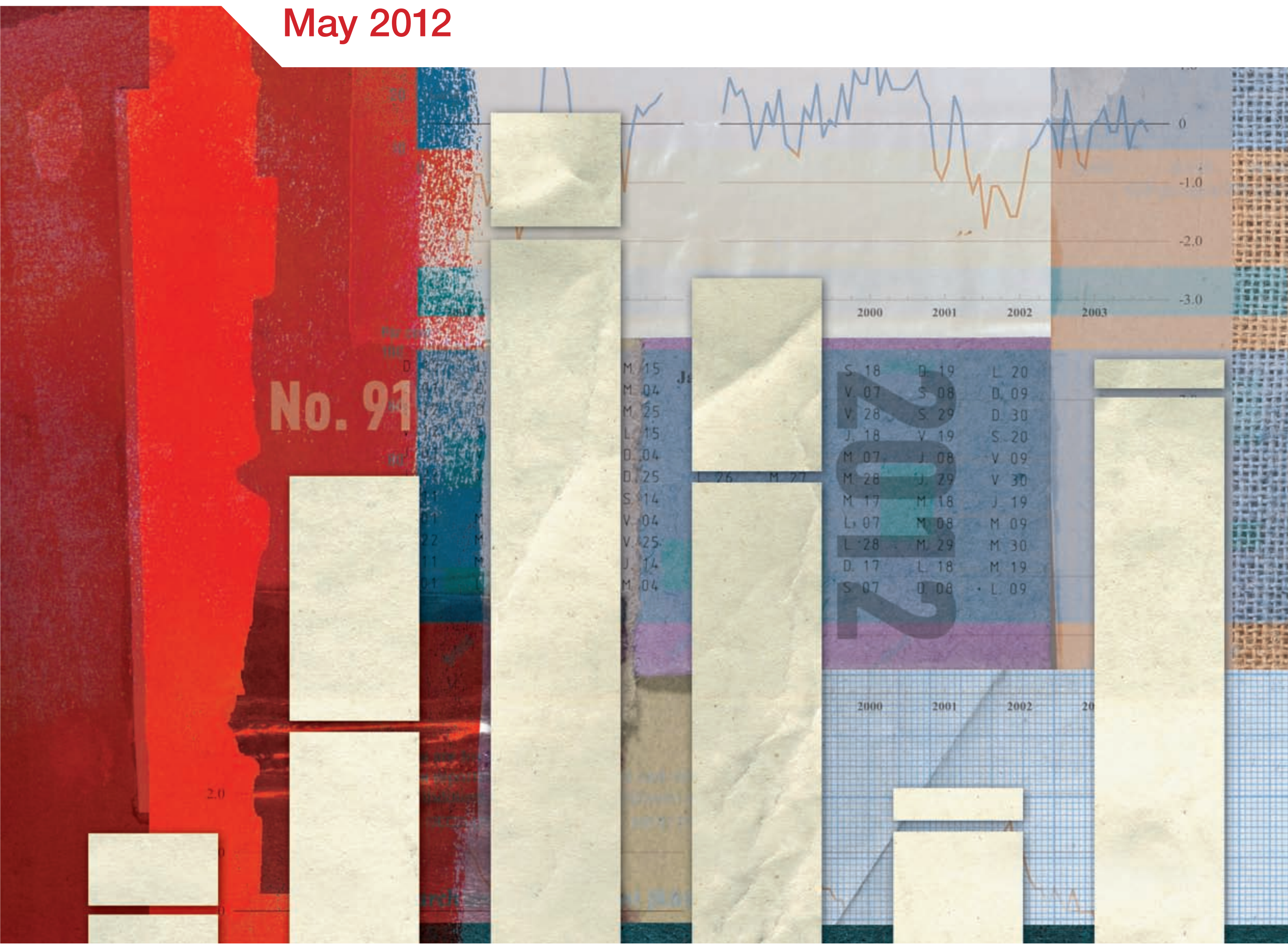
OECD Economic Outlook

May 2012



OECD

OECD ECONOMIC OUTLOOK

91

MAY 2012

BETTER POLICIES FOR BETTER LIVES

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Conventional signs

$	US dollar	.	Decimal point
¥	Japanese yen	I, II	Calendar half-years
£	Pound sterling	Q1, Q4	Calendar quarters
€	Euro	Billion	Thousand million
mb/d	Million barrels per day	Trillion	Thousand billion
. .	Data not available	s.a.a.r.	Seasonally adjusted at annual rates
0	Nil or negligible	n.s.a.	Not seasonally adjusted
–	Irrelevant		

Summary of projections

	2011	2012	2013	2011		2012				2013				2011	2012	2013
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 / Q4		
								Per cent								
Real GDP growth																
United States	1.7	2.4	2.6	1.8	3.0	2.2	2.5	2.5	2.5	2.6	2.7	2.8	2.8	1.6	2.4	2.7
Euro area	1.5	-0.1	0.9	0.7	-1.5	0.0	-0.3	0.3	0.7	0.9	1.2	1.5	1.7	0.7	0.2	1.3
Japan	-0.7	2.0	1.5	7.1	-0.7	4.1	0.8	1.2	1.4	1.5	1.6	1.6	1.8	-0.6	1.9	1.6
Total OECD	1.8	1.6	2.2	2.5	0.9	1.6	1.5	1.9	2.1	2.2	2.4	2.5	2.7	1.4	1.8	2.4
Inflation[1]								year-on-year								
United States	2.5	2.0	1.8	2.9	2.7	2.3	2.0	1.9	2.0	1.9	1.8	1.8	1.8			
Euro area	2.7	2.4	1.9	2.7	2.9	2.7	2.4	2.5	2.2	2.1	2.0	1.9	1.6			
Japan	-0.3	-0.2	-0.2	0.2	-0.3	0.3	-0.3	-0.4	-0.2	-0.8	-0.1	-0.1	-0.1			
Total OECD	2.5	2.2	1.9	2.7	2.7	2.4	2.2	2.2	2.1	2.0	1.9	1.9	1.9			
Unemployment rate[2]																
United States	8.9	8.1	7.6	9.1	8.7	8.2	8.1	8.0	7.9	7.8	7.7	7.5	7.4			
Euro area	10.0	10.8	11.1	10.0	10.4	10.6	10.8	10.9	11.1	11.1	11.1	11.1	11.0			
Japan	4.6	4.5	4.4	4.4	4.5	4.6	4.5	4.5	4.5	4.4	4.4	4.3	4.3			
Total OECD	8.0	8.0	7.9	8.0	7.9	7.9	7.9	8.0	8.0	8.0	7.9	7.8	7.7			
World trade growth	6.0	4.1	7.0	4.9	0.1	4.6	5.5	6.3	6.7	7.1	7.4	7.6	7.8	3.4	5.7	7.5
Current account balance[3]																
United States	-3.1	-3.7	-4.3													
Euro area	0.5	1.0	1.5													
Japan	2.1	1.6	1.9													
Total OECD	-0.6	-0.8	-0.8													
Fiscal balance[3]																
United States	-9.7	-8.3	-6.5													
Euro area	-4.1	-3.0	-2.0													
Japan	-9.5	-9.9	-10.1													
Total OECD	-6.3	-5.3	-4.2													
Short-term interest rate																
United States	0.4	0.4	0.3	0.4	0.5	0.4	0.4	0.4	0.3	0.3	0.2	0.3	0.4			
Euro area	1.4	0.6	0.3	1.6	1.5	1.0	0.6	0.4	0.4	0.3	0.3	0.2	0.2			
Japan	0.1	0.3	0.3	0.1	0.1	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.3			

Note: Real GDP growth and world trade growth (the arithmetic average of world merchandise import and export volumes) are seasonally and working-day adjusted annualised rates. Inflation is measured by the increase in the consumer price index or private consumption deflator for the United States and total OECD. The "fourth quarter" columns are expressed in year-on-year growth rates where appropriate and in levels otherwise. Interest rates are for the United States: 3-month eurodollar deposit; Japan: 3-month certificate of deposits; euro area: 3-month interbank rate.

The cut-off date for information used in the compilation of the projections is 15 May 2012.

1. USA; price index for personal consumption expenditure, Japan; consumer price index and the euro area; harmonised index of consumer prices.
2. Per cent of the labour force.
3. Per cent of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609437

EDITORIAL
CONFIDENCE, RECOVERY, AND THE EURO: IS IT DIFFERENT THIS TIME?

The global economy is, once again, trying to return to growth, helped by a modest pick-up of trade and an improvement in confidence. It is doing so, however, at different speeds, with the United States and Japan growing at a stronger pace than the euro area and large emerging economies enjoying a moderate cyclical upswing. Different dynamics are also developing in labour markets in the United States, where unemployment is slowly decreasing, and in the euro area, where instead it keeps rising.

In the *United States*, growth should continue to strengthen as confidence is picking up in both businesses and households. Financial markets are firming and household deleveraging is well underway which should allow saving rates to ease. More generally, growth seems to be increasingly driven by private-sector demand rather than by policy. Fiscal consolidation is dragging growth, but only at a moderate pace. However, the risk of excessive fiscal tightening in 2013 remains to be addressed, failing which, growth would be severely affected. Looking forward, long-term fiscal sustainability remains to be achieved, and a credible fiscal plan is needed to ensure it. Given the still weak recovery and sluggish job creation, monetary policy should remain accommodative, but conditional upon activity developments.

In *Japan*, the very high sovereign debt requires the establishment of a more detailed and credible consolidation programme to put debt firmly on a downward path, and structural reforms are needed to boost growth.

In most *emerging economies*, activity remains strong but policy challenges are different across countries as inflation acts as a drag on real incomes in some, while it remains subdued in others. Where available, lower inflation provides policy space that could be used to sustain activity. In many emerging countries there are renewed risks of asset price bubbles, also related to capital inflows. Prudential and fiscal policies should deal with such risks.

More generally, while international financial integration enhances efficiency and boosts growth, it may increase financial fragility. OECD research shows that very limited progress has been achieved since 2007 in making the structure of external financial accounts more robust, and this could be a source of adverse risk going forward.

Global imbalances are likely to remain at current levels for some time, but with important changes in geographical composition. Oil producers' surpluses are increasing, while surpluses in Japan and China are slightly declining, reflecting, especially in the latter case, a welcome strengthening of domestic demand.

After some retrenchment at the end of last year, the crisis in the *euro area* has become more serious recently, and it remains the most important source of risk to the global economy. Confidence remains weak or is even declining, financial markets are again volatile, and deleveraging has barely begun. Fiscal drag on growth from consolidation may be significant, especially in some countries.

Such persistent weakness reflects underlying economic, fiscal, and financial imbalances within the euro area, which have been the root cause of the crisis, and have barely begun to unwind. Recovery in healthier countries, while welcome, is not strong enough to offset flat or negative growth elsewhere. Weak competitiveness must be addressed in deficit countries, while structural adjustment and higher wages in surplus countries would contribute to a growth-friendly rebalancing process. Adjustment is underway; however, it is taking place in an environment of slow or negative growth and deleveraging. Against this background the risk is increasing of a vicious circle, involving high and rising sovereign indebtedness, weak banking systems, excessive fiscal consolidation and lower growth.

Recent events have further increased downside risks. Elections in a number of euro area countries have signalled that reform fatigue is increasing and tolerance for fiscal adjustment may be reaching a limit. With the expectation of euro area with no growth in 2012, but with recession in a number of countries in 2012 and 2013, a combination of enduring financial fragility, rising unemployment and social pain may spark political contagion and adverse market reaction. Dramatic developments in individual countries would accelerate the process. A downside scenario, like the one described in the previous *Economic Outlook*, may materialise and spill over outside the euro area with very serious consequences for the global economy. Avoiding such a scenario requires action to be taken both at country and supranational level.

Fiscal consolidation and structural measures must proceed hand in hand to make the process as growth-friendly as possible. The composition of fiscal consolidation, with a careful balance between spending cuts and revenue increases, is critically important. In addition, much can be gained in efficiency of public spending and through a composition of taxation that is least harmful to growth. Importantly, the reform agenda must be targeted at supporting employment through both labour and product market reforms. Last but not least, resources should be devoted to support the weakest segments of the population and mitigate the pressure of consolidation.

While trying to improve the quality of fiscal consolidation is of the essence, the speed of consolidation should depend on country-specific circumstances. While for some countries there is no alternative but for consolidation to keep its course, for others there is scope for easing the pace. In general, should unforeseen circumstances lead to a further slowdown in activity, the additional structural consolidation needed to attain deficit goals should be implemented only partially.

Credible medium-term consolidation programmes are a key prerequisite for successful adjustment. However, in the current circumstances, when several countries are undergoing fiscal tightening, credibility and confidence would be enhanced by euro area and EU-wide measures.

In this respect much progress has been achieved in recent months. The euro area firewall has been enhanced. IMF resources have been increased, and the LTROs activated by the ECB have injected confidence. However, the effectiveness of the firewall can be further enhanced, for instance by allowing ESM resources to be used directly to meet bank recapitalisation needs. Also, the operational conditions of firewall resources should be improved to provide quick deployment if needed. Were instability and volatility in sovereign markets to increase, the ECB should resume and expand its SMP. Last but not least, given declining inflationary pressures, there is room for further monetary easing.

The "fiscal compact" has introduced a stronger framework for fiscal discipline. It could be further improved to allow for more selective assessment of spending items in computing debt reduction obligations. In the new regime, a number of fiscal rules will be in force at the same time, so it will be important to ensure transparency in the communication of the fiscal position to avoid unjustified market reactions to inaccurate interpretation of the adjustment efforts. Ultimately, it is important to implement the new framework in a balanced way, ensuring that remaining discretion is used only if appropriate.

Firm fiscal discipline and successful consolidation provide the background conditions for additional measures towards the establishment of a "growth compact". Such measures could include: *i)* issuance of new jointly guaranteed government bonds to help recapitalise banks and enhance credit availability; *ii)* increasing jointly guaranteed resources available for the European Investment Bank to fund infrastructure projects; *iii)* such moves could pave the way to a broader issuance of euro-bonds; *iv)* redirecting available structural fund resources toward more growth enhancing allocations; and *v)* a decisive acceleration of single market integration promises to be a major source of growth.

Such set of EU-wide measures would strengthen activity, both directly and indirectly, by boosting confidence and making it easier to achieve the intra euro area rebalancing effort. At national level deficit countries should enhance competitiveness by improving the functioning of their labour and product markets, and surplus countries could enhance investment through liberalisation measures notably in the service sectors. A further boost to confidence could be obtained if euro area countries were to announce and commit to implement such reforms in a coordinated and parallel fashion, signalling enhanced coordination. Higher nominal wages in surplus countries, while boosting domestic demand, could contribute to a less painful readjustment in deficit countries where wage deflation adds to the pressure of increasing unemployment.

Almost five years ago, in the summer of 2007, turbulence in the US subprime market sparked off the most dramatic financial and economic crisis in several decades. After five years we cannot yet say that the crisis is behind us. More than once signs of recovery have disappointed. Policy mistakes have been made, sometimes reflecting inaccurate reading of events, at other times reflecting policy and political failures. Is it different this time? As long as confidence is not rebuilt on a solid basis with the right policy choices, downside risks will prevail. This is important everywhere but particularly so in the euro area, where crisis management goes hand in hand with the building of the institutions needed for a monetary union to work properly.

22 May 2012

Pier Carlo Padoan
Deputy Secretary-General and Chief Economist

OECD Economic Outlook
Volume 2012/1

Chapter 1

GENERAL ASSESSMENT OF THE MACROECONOMIC SITUATION

Summary

- The projection presented in this *Economic Outlook* rests on the assumption that policy actions will be sufficient to prevent destabilising euro area developments, that there will be no major disturbances affecting oil prices, and that disruptive US fiscal consolidation will be avoided.
- The projection shows a muted and uneven recovery in OECD economies, reflecting both lingering effects from past turmoil and particularly strong fiscal headwinds in the euro area countries under market pressure, and a gradual cyclical recovery in most emerging economies.
- Mirroring the relative strength of recovery, unemployment would decline modestly in the United States and Japan but continue to rise in the euro area throughout 2012 and 2013, with increasing slack strengthening disinflation pressures. Structural policy could help mitigate labour market slack and ensure that cyclical unemployment does not become structural.
- The outlook would call for the maintenance of current accommodative monetary policy settings in the United States and Japan, and a further easing in the euro area.
- Budget consolidation is assumed to take place in most OECD countries except Japan; in the United States it is assumed to be weaker than current legislation would imply and in the euro area broadly in line with official consolidation plans, with unforeseen cyclical budget shortfalls compensated to only a small extent by additional consolidation measures.
- Risks around the projection are extensive and predominantly on the downside, though tail risks are somewhat lower than in December.
- The euro area crisis remains the most important downside risk to the global economy at present, though recent policy measures have created a window of opportunity to tackle the economic, fiscal and financial imbalances at the root of the crisis. Some signs of rebalancing within the euro area have emerged in response to the policy measures taken, mainly in deficit countries, but the process will take time. Structural reforms could play a major role in speeding up adjustment and boosting growth and thereby fiscal sustainability.
- The recently agreed increases in the euro area firewall and IMF resources have significantly raised the capacity to deal with direct government funding problems during the rebalancing process. Nonetheless, potential turbulence in the secondary government bond markets could have repercussions for the stability of the banking system and ultimately public finances, and therefore may also need a policy response, which could involve further action by the ECB through its government bond purchasing programme.
- Other serious downside risks include that no action will be agreed to counter pre-programmed fiscal tightening in the United States in 2013 and that a relatively moderate further deterioration in supply conditions in the oil market could trigger a significant upward spike in oil prices in the near term.
- With a growing perception that the burden of the crisis has not been shared fairly, the risk of disruptive policy changes has probably increased, with potential adverse long-term, and possibly near-term, effects on growth prospects. It is important that policy approaches be seen as fair and measured.

Introduction

Immediate downside risks have been averted so far…

The prospects for the global economy are somewhat brighter than six months ago, with the immediate downside risks in the euro area associated with sovereign defaults and systemic bank failures having been contained so far by policy actions. These have improved confidence and financial conditions, but clear fragilities remain. The breathing space created needs to be used to bolster confidence that the economic adjustment required to durably solve the underlying solvency problems and imbalances at the root of the euro area crisis will be forthcoming. In a number of other OECD economies, the post-crisis healing process is advancing gradually. This is the case particularly in the United States, where it is helped by the avoidance of excessive fiscal consolidation this year and hopefully next. In the emerging economies, a gradual cyclical upswing is now getting underway, supported by moves to ease domestic monetary conditions now that inflation has eased.

… but growth is likely to remain subdued

The projection presented here rests on the assumption that policy actions will be sufficient to prevent destabilising euro area developments, that there will be no major disturbances affecting oil prices, and that excessively rapid fiscal consolidation will be avoided. On this basis, a muted, and possibly bumpy, recovery in the OECD economies is foreseen, supported by accommodative monetary policies and a gradual firming of confidence. Growth is set to be stronger in the United States and Japan than in the euro area, reflecting both lingering effects from past turmoil and particularly strong fiscal headwinds in the countries under market pressure (Table 1.1). With the upturn projected to occur in the emerging market economies, global growth should gradually move back to its long-run average. OECD-wide unemployment would remain very high, while inflation would drift down, particularly in the euro area where an already sizeable negative output gap is increasing further, arguing for additional monetary policy easing.

This chapter is organised as follows. After reviewing the main forces at work, it sets out the projection and discusses the structural measures that could help improve employment and growth outcomes. It then turns to the progress being made in tackling the real imbalances at the root of the euro area crisis and the policy requirements that would facilitate adjustment and further damp the risks of contagion. Finally, it sets out the main macroeconomic and financial policy requirements that are appropriate given the projections, and discusses the short-term effects of structural reforms.

Table 1.1. **The global recovery is slowly regaining momentum**

OECD area, unless noted otherwise

	Average 1999-2008	2009	2010	2011	2012	2013	2011	2012 Q4 / Q4	2013
	Per cent								
Real GDP growth[1]	2.4	-3.8	3.2	1.8	1.6	2.2	1.4	1.8	2.4
United States	2.5	-3.5	3.0	1.7	2.4	2.6	1.6	2.4	2.7
Euro area	2.1	-4.4	1.9	1.5	-0.1	0.9	0.7	0.2	1.3
Japan	1.1	-5.5	4.5	-0.7	2.0	1.5	-0.6	1.9	1.6
Output gap[2]	1.3	-4.1	-2.6	-2.5	-2.7	-2.5			
Unemployment rate[3]	6.4	8.2	8.3	8.0	8.0	7.9	7.9	8.0	7.7
Inflation[4]	2.7	0.5	1.9	2.5	2.2	1.9	2.7	2.1	1.9
Fiscal balance[5]	-2.1	-8.1	-7.5	-6.3	-5.3	-4.2			
Memorandum Items									
World real trade growth	6.7	-10.7	12.8	6.0	4.0	7.0	3.4	5.7	7.5
World real GDP growth[6]	3.8	-1.2	5.1	3.6	3.4	4.2	3.1	3.8	4.4

1. Year-on-year increase; last three columns show the increase over a year earlier.
2. Per cent of potential GDP.
3. Per cent of labour force.
4. Private consumption deflator. Year-on-year increase; last 3 columns show the increase over a year earlier.
5. Per cent of GDP.
6. Moving nominal GDP weights, using purchasing power parities.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609456

Key forces acting

Financial conditions

Euro area financial markets remain fragile…

The improvement in euro area financial markets that followed strong action to provide additional liquidity and funding to the euro area banking sector seems to have run its course. Indeed, the situation remains fragile, with market turbulence and sovereign debt concerns intensifying once more in the aftermath of the elections in Greece. Key recent developments include:

… despite some improvements in bank and sovereign funding costs…

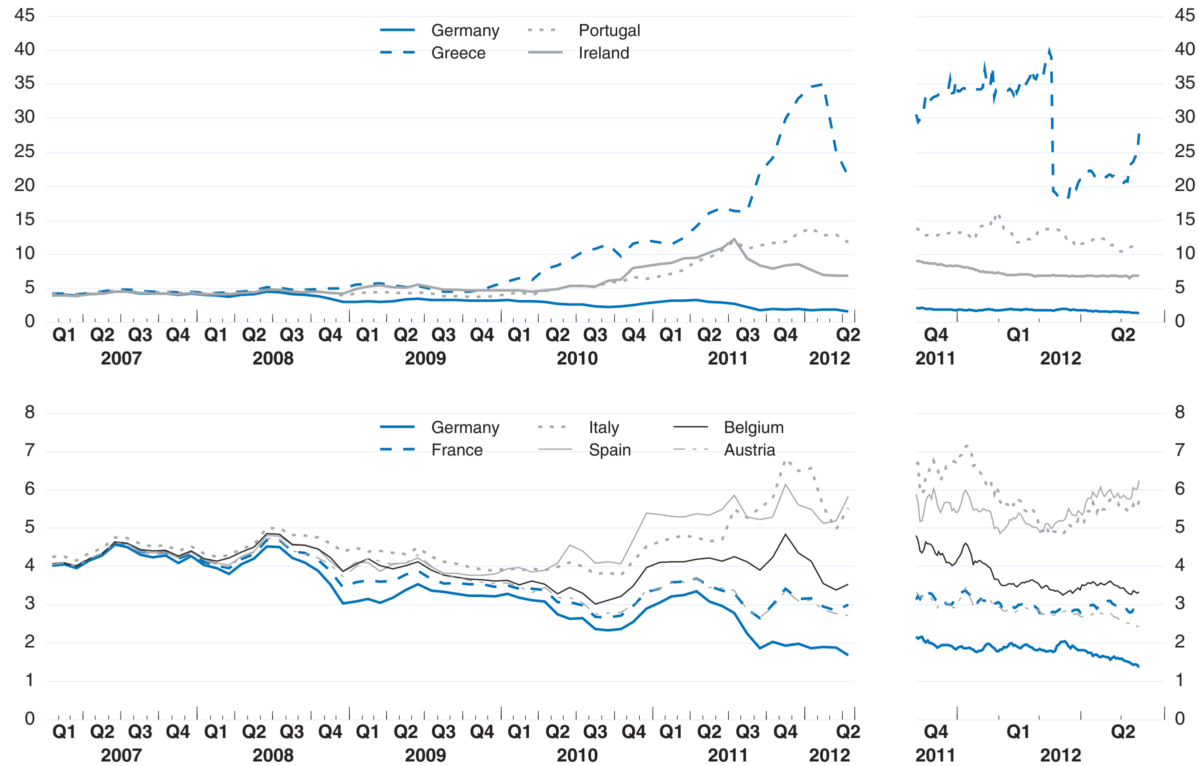
- Following declines in sovereign bond yields during the first quarter of 2012 in many economies under market pressure, renewed concerns about fiscal and banking sustainability, and about possible spillovers from developments in Greece, have led to some backing-up, most notably in Spain and Italy (Figure 1.1). Concerns about banks' medium and long-term funding have also reappeared in the euro area, with money market spreads and credit default swap rates recently turning up again (Figure 1.2).

… and bank lending remains subdued

- Recent euro area bank lending numbers remain weak, though the extent to which weak credit growth reflects supply or demand factors remains uncertain. The two long-term refinancing operations undertaken by the ECB in December and February helped to markedly soften the pace at which credit standards appeared to tighten at the start of the year. Even so, fundamental differences across the euro area

Figure 1.1. **Investors continue to discriminate strongly across euro area sovereign bonds**

10-year sovereign bond yield, in per cent

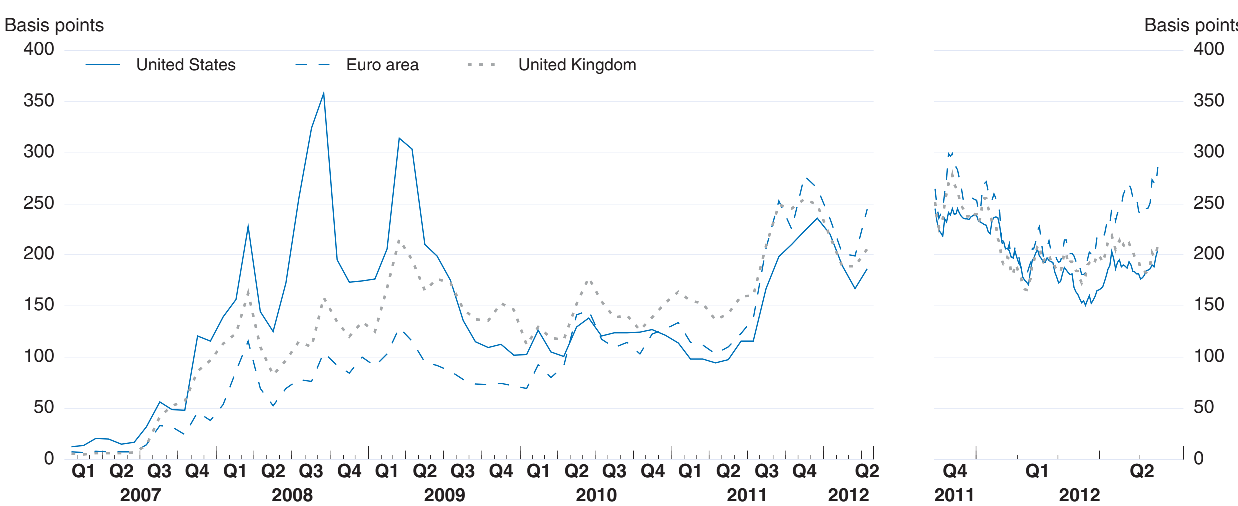


Source: Datastream.

StatLink http://dx.doi.org/10.1787/888932607974

Figure 1.2. **It is relatively expensive to insure unsecured bank debt against default**

Annual rates of five-year credit default swap contracts on very large banks



Note: Banking sector 5-year credit default swap rates.

Source: Datastream.

StatLink http://dx.doi.org/10.1787/888932607993

remain clearly visible. In Germany, there has been little tightening of credit standards at all, and the IFO survey suggests that companies continue to enjoy good access to bank credit. By contrast, in euro area countries under market pressure, credit standards have tightened considerably.

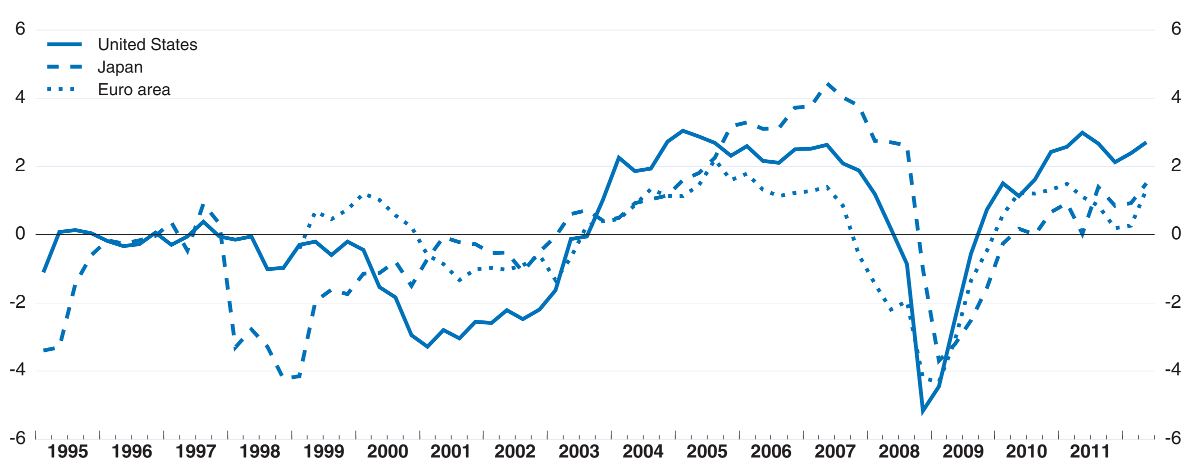
Financial markets have strengthened outside the euro area

Financial conditions in other OECD economies and emerging economies have tended to stabilise or improve as markets have reacted to better news and become less risk averse. Global equity prices have increased since the end of 2011, and yields on government and investment-grade corporate bonds have remained low, with spreads narrowing. In the United States, the banking sector, which is less highly geared than in the euro area, now seems to have been restored to good health overall. The euro and the dollar effective exchange rates have been broadly flat in recent months, but the yen effective exchange rate has depreciated since mid-February, possibly reflecting a decrease in safe-haven effects and the Bank of Japan's moves to ease monetary policy by more than had been expected. Mirroring an enhanced willingness to take risk, capital inflows into emerging markets have picked up this year, reversing the tendency prevailing in the latter half of 2011.

These changes provide a mild boost to growth prospects

Putting these developments together, the OECD financial conditions indices (FCIs) show some recent improvements in all the main regions (Figure 1.3), including in aggregate euro area conditions, notwithstanding recent turbulence. On the basis of past relationships between the FCIs and activity, the recent changes in the FCIs imply that GDP growth in the

Figure 1.3. **Aggregate financial conditions have improved this year**



Note: A unit increase (decline) in the index implies an easing (tightening) in financial conditions sufficient to produce an average increase (reduction) in the level of GDP of ½ to 1% after four to six quarters. See details in Guichard *et al.* (2009). Estimation done with available information up to 11 May 2012.

Source: Datastream; OECD Economic Outlook 91 database; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888932608012

United States and the euro area could be raised by around ¼ and ½ percentage point in 2012 and 2013 respectively, and by a little over ¼ percentage point in Japan in 2013, compared with the outcome if the FCIs had remained unchanged since the end of last year. The OECD projection for the euro area does not build in any direct additional allowance for possible bank deleveraging over and above the effects that operate via the credit standards component of the FCI. This implies that negative bank deleveraging effects in the projections are confined to the few euro area countries where banks are under particularly intense pressure.

Safe-haven government bond yields are very low

The current very low government bond yields in the United States, Germany, Japan and the United Kingdom, four sovereign issuers seen as safe havens, reflect underlying supply-demand conditions in the bond markets, including expectations of a prolonged period of low policy rates. Recent empirical studies suggest that US quantitative easing and the first UK quantitative easing could have lowered medium and long-term government bond yields by around 100 basis points in both countries, although there is considerable uncertainty around these estimates.[1] Stronger financial regulation worldwide, together with rising investor appetite for safe assets and collateral that is readily accepted in financial transactions, has also raised demand for safe-haven government bonds. At the same time, the global supply of safe assets has decreased, with the debts of several euro area sovereigns no longer being regarded as risk-free. These underlying supply-demand forces seem likely to persist, but yields may nonetheless increase in the countries concerned due to rising public debt levels (see Box 1.2 below for details).

Demand and activity developments

Economic conditions are improving moderately but remain fragile

Global economic conditions are now improving moderately, with confidence having started to stabilise or recover and some immediate near-term risks having receded. Even so, the recovery remains slow and fragile, with demand and supply indicators both pointing to a muted upturn in the OECD economies, with the euro area lagging behind, and a moderate cyclical upswing getting underway in many emerging economies. Key activity and demand developments include:

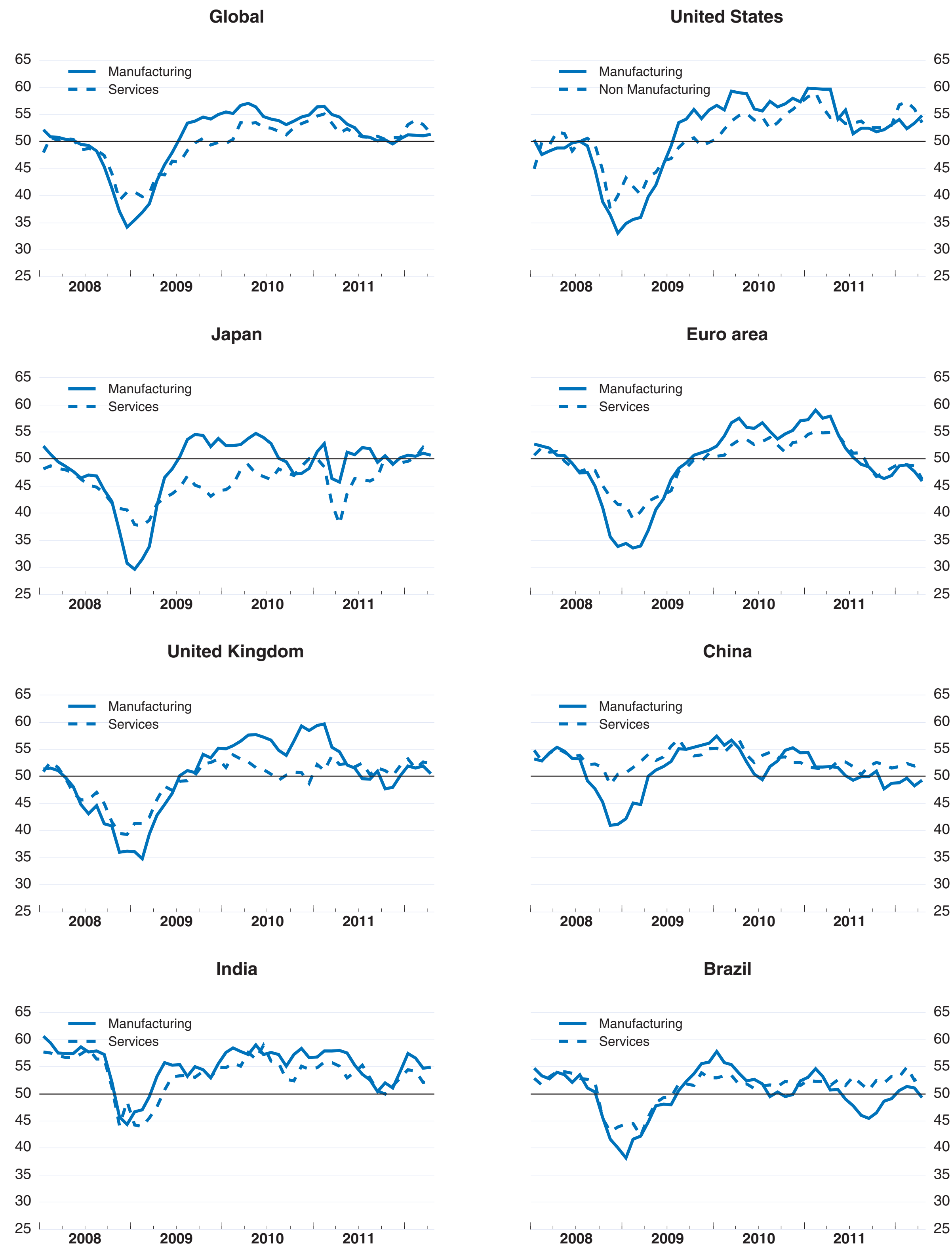
Business sentiment has stabilised or begun to recover…

- Business sentiment and order books continue to fluctuate, but have tended to either stabilise or turn up over the past six months in many of the major OECD and non-OECD economies (Figure 1.4), whereas they had been expected to weaken for some time in the baseline scenario in

1. The calculation uses results reported in D'Amico and King (2011), Gagnon *et al.* (2011), Krishnamurthy and Vissing-Jorgensen (2011), Hamilton and Wu (2012), Meaning and Zhu (2011), and Joyce *et al.* (2011). According to them and Stroebel and Taylor (2011), who study the effects on US mortgage rates, and Oda and Ueda (2007) and Lam (2011), who study the effects of the Bank of Japan's asset purchases, asset purchases corresponding to 1% of nominal GDP reduce long-term interest rates by estimates that range from not statistically significant to 28 basis points, with an average of 7 basis points across the studies.

Figure 1.4. **Business confidence has tended to stabilise or improve**

PMI indicators



Source: Markit.

the November 2011 *Economic Outlook*. In the euro area as a whole, sentiment has been broadly flat, fluctuating around a low level, but intra-area disparities have continued to widen with substantial weakening of sentiment in economies under market pressure, such as Italy and Spain, but somewhat stronger outturns in Germany, especially in the services sector. The PMI surveys in the major emerging market economies are mixed, with some signs that the moderation of output growth in India and Brazil may be easing, but conflicting signals provided by different business sentiment surveys in China.

… global trade may be picking up…

- The full restoration of global supply chains following natural disasters in Asia boosted trade in the early months of 2012. Estimates by the Dutch Central Planning Bureau (CPB) suggest that global merchandise trade volumes in the three months to February were 6¼ per cent (at an annualised rate) higher than in the previous three months. High-frequency trade-related indicators presently provide mixed signals. Export order books are consistent with trade growth picking up, especially outside Europe, but container and bulk commodity shipping rates are more consistent with much softer outcomes in the near term, though in part their weakness reflects significant excess capacity in shipping markets.[2]

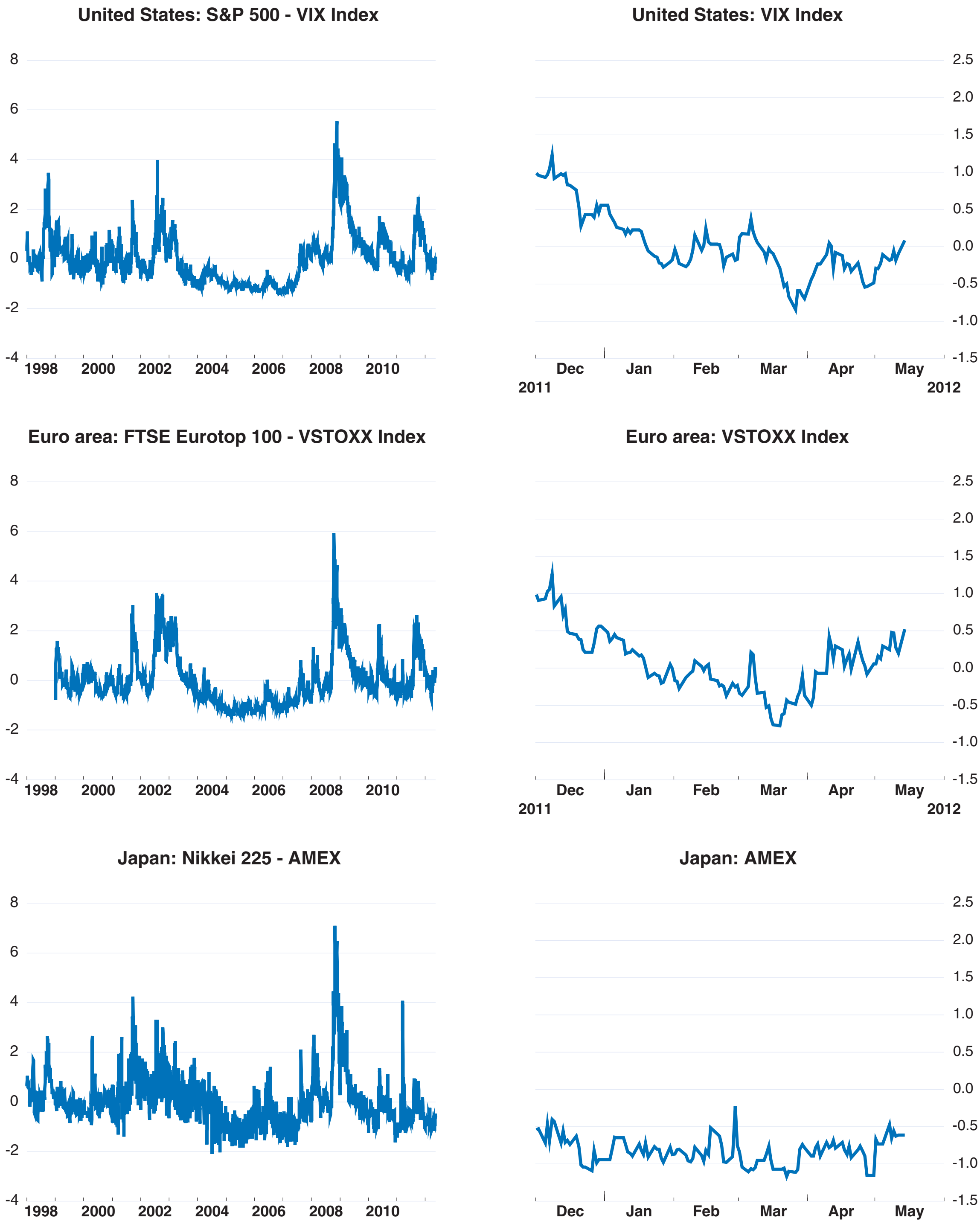
… business investment should strengthen…

- Business investment remains well below longer-term norms in many countries, but has risen gradually since the start of the recovery, buoyed by strong corporate profitability and generally healthy corporate balance sheets. The pace of the upturn has slowed outside of Japan, where reconstruction demands are continuing to boost investment, reflecting the option value of delaying new investment amidst heightened uncertainty in the latter half of 2011, as well as subdued expectations about economic prospects (OECD, 2011a). However, these latter factors may gradually fade, particularly in the United States, where investment intentions have rebounded and stock market volatility, a measure of uncertainty, has diminished considerably (Figure 1.5).[3,4] In the euro area, the underlying conditions for investment have improved a little in recent months with the stabilisation of confidence, albeit at a low level, but

2. A potential concern was that constraints on the lending of euro area banks might have an adverse impact on trade growth in 2012, given that they account for a large share of global trade finance. At present, this risk does not seem to have materialised, with some signs that non-European banks are replacing at least part of the shortfall in lending by European banks, especially in Asia (Vause *et al.*, 2012).
3. In the IT sector, indicators of aggregate activity, such as the US Tech Pulse Index and global semi-conductor billings, have gone through a period of pronounced weakness stemming from soft consumer demand, especially in Europe, supply disruptions arising from natural disasters in Asia, and, for semiconductors, a correction from high inventory levels. Signs of a possible upturn have recently appeared, and if this is sustained, it would provide a boost to IT-related investments and activity in the latter part of this year and 2013.
4. A simple indicator-type model for business investment in the United States, in which investment growth is related to survey measures of investment intentions, the OECD US financial conditions index and US stock market volatility (OECD, 2011a), points to solid growth in investment volumes of around 6¼ per cent this year, a little above the projected growth rate of 5½ per cent.

Figure 1.5. **The implied volatility of share prices has moderated**[1]

Normalised figure[2] – 1998 to last available point



1. Implied volatility can be interpreted as market expectation of risk (future volatility) and is derived from at-the-money call option prices (interpolated) using the Black-Scholes formula. For more recent data (Datastream), the Cox-Rubinstein binomial method is used for American style options.
2. VIX from 1st April 2004; VSTOXX from 1 January 1999; AMEX from 1st January 2001 to June 2007. NIKKEI 225 earlier, and again from July 2007.

Source: Bloomberg (weekly, 1998-2000), Datastream (daily, 2001-last observation).

StatLink http://dx.doi.org/10.1787/888932608050

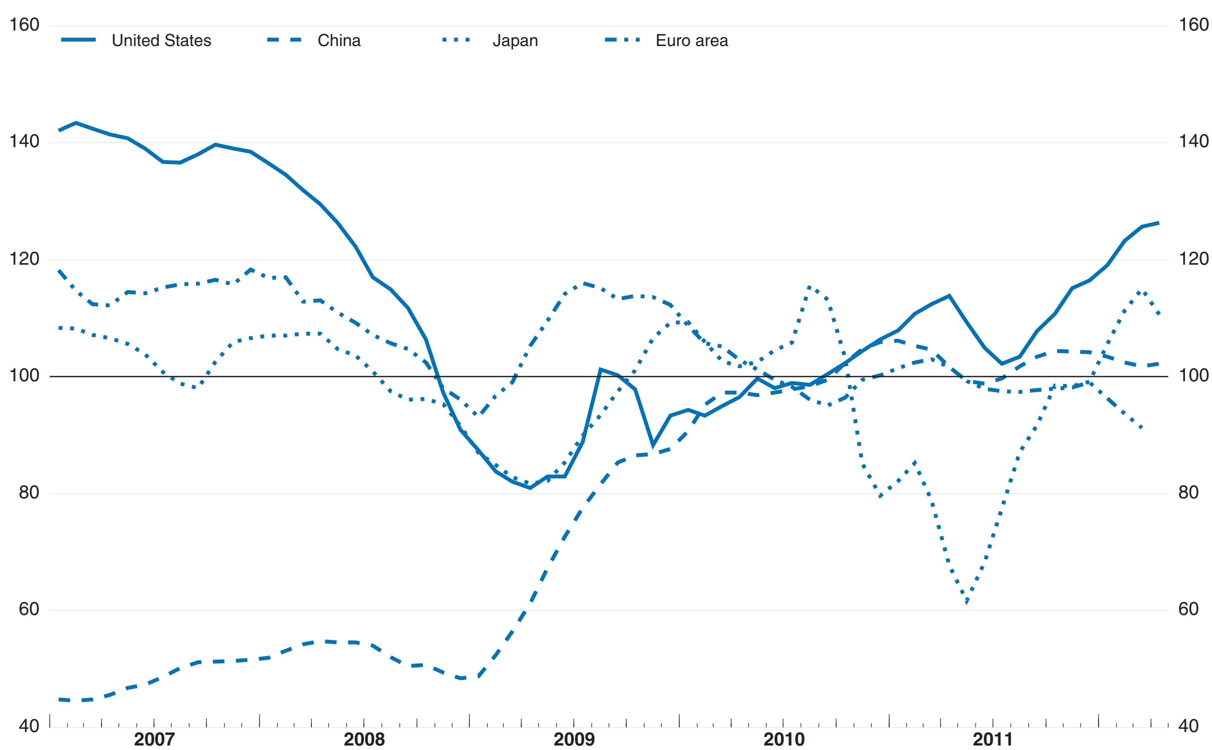
normal cyclical forces are likely to hold back investment for some time.[5] At the margin, weak bank lending could damp some investment expenditure, especially in the European economies under market pressure and for small firms, but generally healthy corporate bond markets and the upturn in equity markets increasingly offer alternative sources of finance for large enterprises.

… and car sales have recently been buoyant in some countries

- Car sales constitute an important part of consumer demand, with information available on a timely basis. Recent high-frequency information on sales points to diverging near-term activity developments, with weak outcomes in the euro area, a modest upturn in sales in China, but stronger outcomes in the United States and in Japan, helped by the reintroduction of the government's subsidy programme for purchases of environmentally friendly cars (Figure 1.6).

Figure 1.6. **Recent trends in new car registrations diverge across regions**

2010 = 100, 3 months moving average



Source: Bureau of Economic Analysis; China Association of Automobile Manufacturers; Japan Automobile Manufacturers Association and European Central Bank.

StatLink http://dx.doi.org/10.1787/888932608069

5. For the euro area, an indicator-type model using survey measures of production expectations and the euro area financial conditions index points to area-wide investment growth of around 1¼ per cent in 2012. This compares with a projected growth rate of just over 1¾ per cent in the five euro area members for which business investment projections are available (Belgium, Finland, France, Germany and the Netherlands).

But household balance-sheet adjustment is continuing…

- Household saving rates remain high relative to pre-crisis norms, but have recently begun to edge down in many OECD countries. Nonetheless, total private consumption growth remains comparatively subdued, particularly in the euro area and the United Kingdom, though less so in the United States. This reflects the ongoing need for balance sheet adjustment and debt deleveraging (Box 1.1), and subdued growth

Box 1.1. **Cross-country progress in private sector deleveraging**

In the run-up to the crisis, households and non-financial businesses in several countries increased their indebtedness to exceptionally high levels, while financial institutions expanded their balance sheets massively. Much of this debt build-up appears to have been driven by low global interest rates and financial innovation, in the context of inadequate regulation. The latter provided increased scope for regulatory arbitrage and excessive risk-taking by financial institutions, especially those regarded as being too big to fail (Blundell-Wignall and Atkinson, 2011; Slovik, 2012), and amplified feed-back loops between higher household debt and higher property prices. In many countries, a large part of the increase in indebtedness and leverage in the run-up to the crisis can probably be regarded as being "excessive." Questions that are relevant for economic prospects are whether any such overhangs will be followed by declines in debt ratios in coming years and the possible implications for activity.

Among the countries where debt increased strongly before the crisis, the United Kingdom and the United States have seen significant reductions in household debt, cutting household debt-to-income ratios by close to 20 percentage points since 2007 (see table below). In the United States, the debt ratio of the financial sector has fallen below the level in 2007, partly because of write-offs related to the collapse of Lehman Brothers and consolidation in the banking sector. In the United Kingdom, the ratio of non-financial corporate debt to GDP has declined moderately since 2007 but remains well above its 2000 level, while debt in the financial sector has continued to increase relative to GDP. The debt-reduction process has barely begun in other large countries that experienced a credit boom over the past decade and in some, debt is still rising relative to GDP.

Using the increase in debt ratios from their pre-boom levels in 2000 as a simple indicator of the risk of potential deleveraging pressures, three groups of countries can be distinguished: (i) no reduction in indebtedness appears to be likely in Japan and Germany; (ii) following considerable debt reduction, a mild further reduction in indebtedness might occur in the United States; (iii) significant cuts in indebtedness risk taking place in many other countries, though it bears mention that recent run-ups in debt occurred from low levels in some (including France, Belgium and Italy) and have generally been accompanied by increases in the net worth of households.

Deleveraging in the coming years may have large economic consequences though these will differ depending on the current pace of debt reduction, the time period over which debt is to be reduced and the debt reduction strategies adopted. In the United States, should deleveraging continue at its pace over the past four years, with continued significant write-downs of household debt, the debt ratio would regain its 2000 level in 2015. For households in the United Kingdom, at the adjustment speed observed since 2008, the adjustment period would be longer, at around ten years, reflecting the larger debt overhang. In both countries, the major headwinds associated with deleveraging, namely the increase in saving rates and reduction in residential investment, are, however, likely behind them (though falling saving rates and rising residential investment may contribute less to the recovery than is usual).

In other countries where household debt ratios could fall but the process has not started, growth might be reduced temporarily as debt reduction commences. The assumption behind these projections, however, is that household deleveraging does not generate strong headwinds for growth in 2012 and 2013, but that it is a negative risk to growth.

Box 1.1. **Cross-country progress in private sector deleveraging** *(cont.)*

Debt indicators in the private sector

Per cent

	Households' gross debt-to-disposable income ratio			Non-financial corporations' gross debt-to-GDP ratio			Financial corporations' gross debt-to-GDP ratio[1]		
	2011 Q3[2]	Pre-crisis level 2007	Pre-boom level 2000	2011 Q3[2]	Pre-crisis level 2007	Pre-boom level 2000	2011 Q3[2]	Pre-crisis level 2007	Pre-boom level 2000
United States[3]	118.3	137.6	100.7	106.7	116.5	113.3	308.1	333.9	277.4
Japan[3]	124.5	136.7	143.6	153.2	148.1	172.8	555.9	519.1	566.6
Germany	94.3	103.0	116.4	74.6	77.7	78.9	319.3	322.1	290.1
France	101.1	92.9	70.4	104.5	89.9	82.0	335.0	275.4	185.3
Italy	80.1	71.1	44.7	92.7	88.3	66.7	207.0	178.7	124.7
United Kingdom[3]	160.7	183.4	117.1	113.4	116.9	93.3	853.7	810.1	569.2
Canada[3]	183.7	137.3	112.6	103.5	100.7	111.0	327.4	298.7	238.0
Australia	183.7	186.4	124.0	74.3	83.8	72.7	289.5	315.9	191.1
Belgium	91.7	84.1	67.8	73.0	72.5	79.4	346.6	391.6	268.5
Greece	97.8	74.7	28.6	68.4	63.9	47.9	219.2	154.4	109.4
Ireland[3]	228.7	228.2	..	298.2	166.5	..	1404.3	1101.5	..
Korea[3]	154.9	145.8	95.9	158.6	143.9	..	373.2	349.5	..
Netherlands	290.5	261.0	174.3	111.1	118.2	136.6	670.6	669.7	491.0
Portugal	154.1	154.4	111.7	148.9	128.8	118.8	304.1	257.6	202.4
Spain	140.5	147.4	85.6	132.6	128.4	72.8	239.5	232.7	154.9
Sweden	169.3	160.0	108.7	148.2	139.4	119.0	266.5	245.3	184.3
Switzerland[3]	213.4	201.0	186.0	99.0	88.1	83.6	671.0	734.0	605.3
Euro area	107.9	105.6	85.3	96.8	91.4	78.8	381.7	365.4	269.1

1. Gross debt is defined as total financial liabilities – including deposits – less shares and financial derivatives.
2. Or latest available.
3. Not consolidated.

Source: OECD national accounts, OECD Economic Outlook 91 database, national central banks, national statistical institutes, ECB, Eurostat.

StatLink http://dx.doi.org/10.1787/888932609475

As concerns debt-reduction strategies, household debt write-downs or defaults may mitigate the negative effects of deleveraging on economic activity by redistributing losses from debtors with a high propensity to consume to creditors with a lower propensity. Such an adjustment is relatively easy to initiate at a comparatively low cost by debtors in the United States because of the non-recourse nature of mortgage loans but is more costly elsewhere in the OECD because of the unlimited liability of households as borrowers. However, large-scale household defaults could risk destabilising the financial system if additional private capital injections were not available, requiring public capital injections to safeguard the banking system. While this might simply transform a household debt problem into a public debt one, the economic costs may still be lower than keeping household spending compressed for long periods to honour debt obligations.

The restructuring of household debt, including debt forgiveness to write down debt to a certain percentage of disposable income or the value of the underlying collateral, could also raise the average propensity to spend and, by reducing foreclosures, would also lower the social cost of home eviction and prevent fire-sales of repossessed property. Several OECD countries have public programmes that provide subsidies for household debt restructuring and discussions are on-going in some to increase such support. For example, in the United States, discussions centre on how the government-sponsored agencies, Freddie Mac and Fanny Mae, as owners and guarantors of mortgages, could reduce the extent of mortgages that are underwater, *i.e.* mortgages higher than the value of the underlying property.

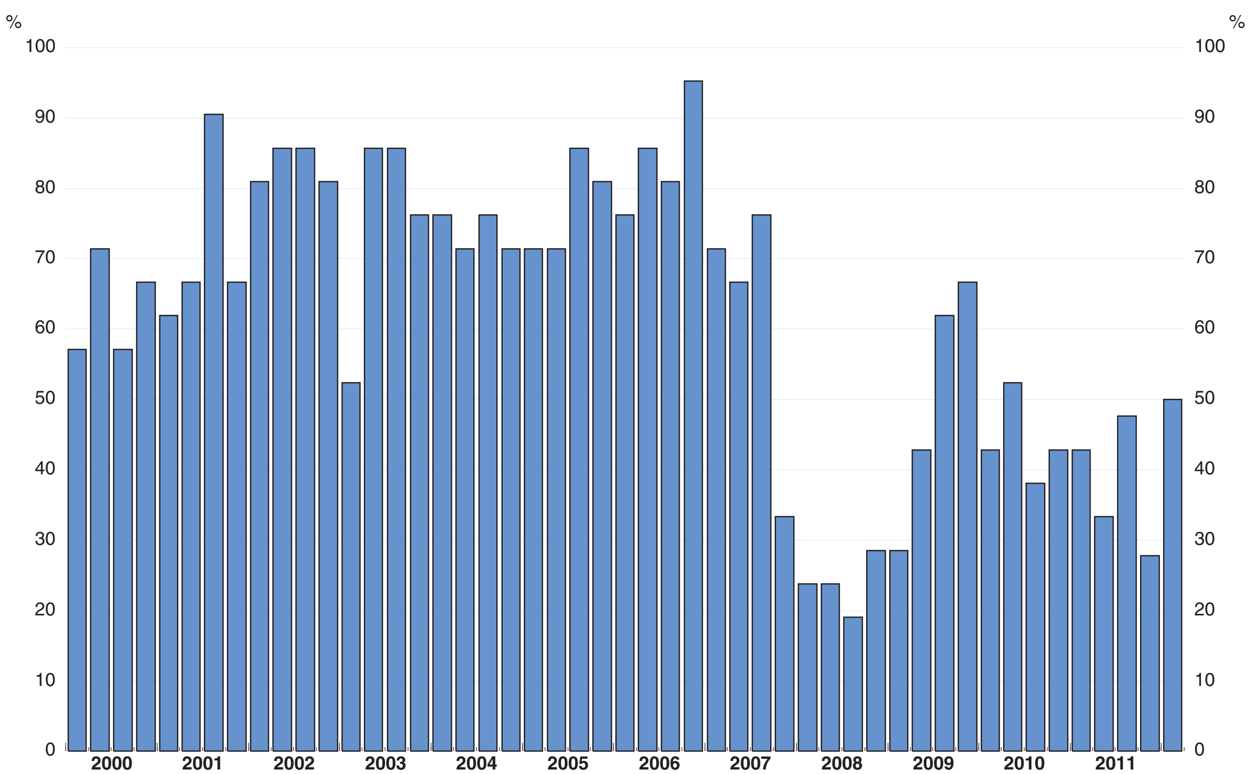
of real disposable incomes, which are being constrained by labour market slack (see below), high oil prices and ongoing fiscal consolidation. Soft consumer confidence, even after recent improvements, and tighter constraints on bank loans may also moderate consumption growth in the near term. In the United States, additional balance sheet adjustment is likely to be required, but with household debt deleveraging much further advanced than elsewhere, a higher saving rate will not be required to ensure adjustment. With improved job creation reducing the need for precautionary saving, the US saving ratio is projected to be close to 4% in 2013, around ½ percentage point lower than in 2011-12. The saving ratio is projected to be broadly flat through the projection period in Japan and the euro area. In the latter, this reflects small declines in Germany and France and an upward drift in saving in several of the economies under market pressure.

… and housing market developments are mixed

- Recent housing market developments are mixed (Figure 1.7; Table 1.2). In the United States, ongoing housing market weakness remains a key factor constraining the pace of the recovery (FRB, 2012), but some

Figure 1.7. **House prices are falling in real terms in many countries**

Proportion of countries with rising house prices, based on quarter-on-quarter change



Note: House prices deflated by the private consumption deflator, published and forecasted. Calculation based on 21 countries (18 available in 2011q4 and 10 available in 2012q1).

Source: National sources.

StatLink http://dx.doi.org/10.1787/888932608088

Table 1.2. **House price-to-rent ratios remain high in some countries**

	Per cent annual rate of change				*Level relative to long-term average* [1]		
	2003-2009	2010	2011 [2]	Latest quarter [3]	Price-to-rent ratio	Price-to-income ratio	Latest available quarter
United States	0.7	-5.3	-5.8	-5.5	100	87	Q4 2011
Japan	-2.7	-2.1	-1.9	-2.4	63	66	Q3 2011
Germany	-1.4	0.6	3.2	7.3	85	80	Q1 2012
France	5.0	3.9	3.9	1.7	142	135	Q4 2011
Italy	2.3	-3.5	-3.8	-4.7	103	114	Q3 2011
United Kingdom	1.6	3.1	-4.5	-4.0	134	125	Q4 2011
Canada	5.9	5.5	5.0	-0.8	161	136	Q1 2012
Australia	3.1	9.1	-5.1	-6.2	139	121	Q1 2012
Belgium	5.4	3.5	-0.2	0.5	165	148	Q3 2011
Denmark	3.6	0.3	-5.4	-9.6	114	111	Q4 2011
Finland	3.0	6.6	-0.2	-2.8	133	99	Q1 2012
Greece	1.7	-8.5	-8.3	-11.3	88	97	Q1 2012
Ireland	1.0	-11.2	-14.0	-18.5	87	87	Q1 2012
Korea	0.8	-0.2	1.4	2.5	110	63	Q1 2012
Netherlands	1.4	-3.4	-4.5	-5.9	126	130	Q1 2012
Norway	5.5	6.0	6.6	5.5	170	128	Q1 2012
New Zealand	5.0	0.7	-1.8	1.2	150	120	Q4 2011
Spain	3.7	-5.9	-9.0	-9.5	119	118	Q1 2012
Sweden	5.9	6.3	-0.6	-4.2	132	125	Q1 2012
Switzerland	1.6	3.9	3.6	4.4	96	95	Q1 2012
Total of above euro area [4,]	2.0	-0.9	-1.0	-0.8	113	110	Q1 2012
Total of above countries [5]	1.1	-1.9	-2.9	-3.1	106	96	

Note: House prices deflated by the private consumption deflator.
1. Average from 1980 (or earliest available date) to latest quarter available = 100.
2. Average of available quarters where full year is not yet complete.
3. Increase over a year earlier to the latest available quarter.
4. Germany, France, Italy, Belgium, Finland, Grece, Ireland, Netherlands and Spain.
5. Using 2010 GDP weights, calculated using latest country data available.

Source: Girouard *et al.* (2006); and OECD.

StatLink http://dx.doi.org/10.1787/888932609494

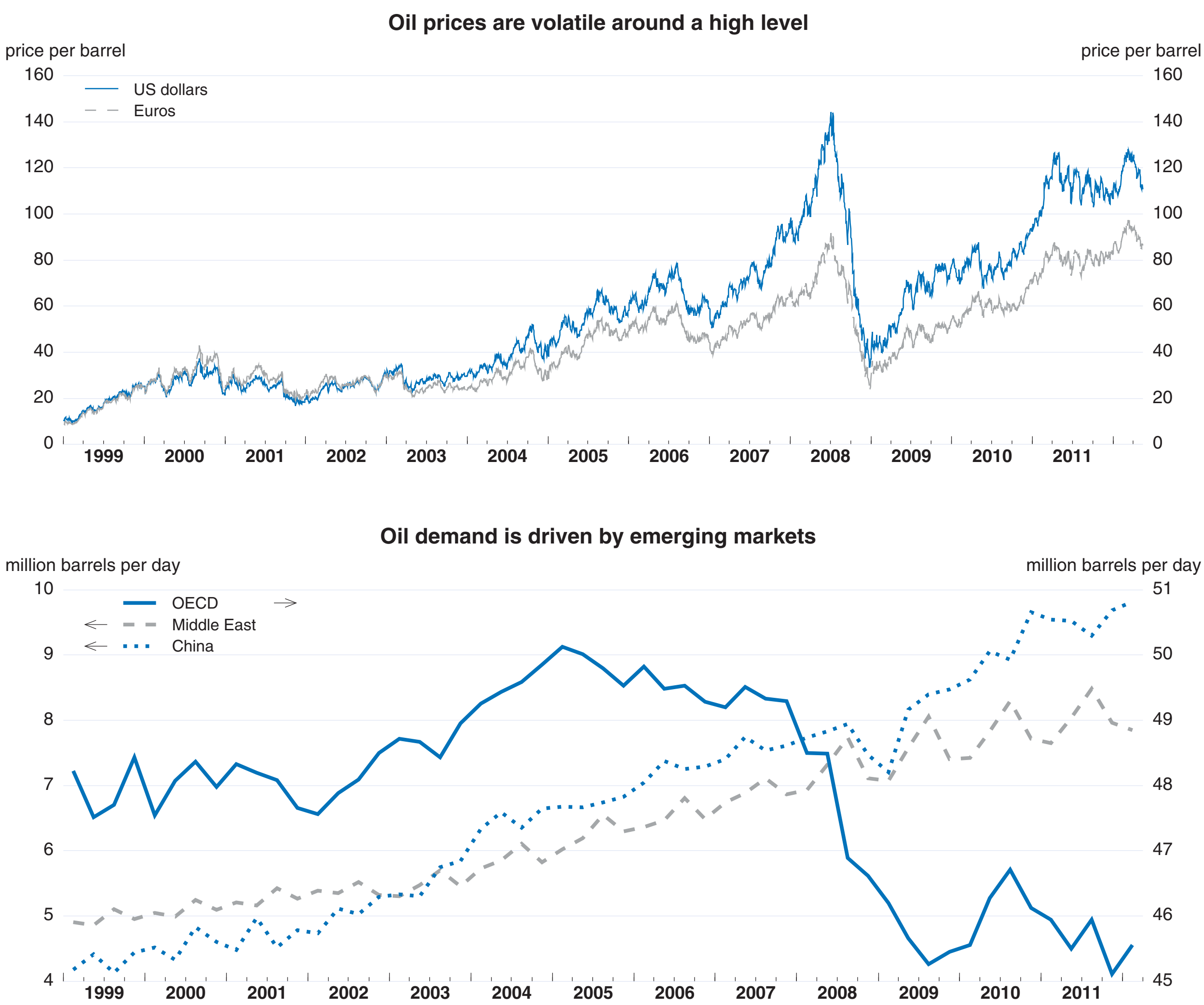
tentative signs of an upturn in housing market prospects have emerged, with builders' optimism edging up, accompanied by a higher level of housing starts and sales. Nominal prices appear to be stabilising, the price-to-rent ratio is finally back in line with historic norms, and the overhang of unsold properties is at the lowest level since 2006. Even so, a large shadow inventory remains from properties in foreclosure and, potentially, from properties whose owners are currently in arrears with their mortgage payments. However, this should be set against a rate of household formation that has been low for an extended period, possibly indicating some pent-up shadow demand. In the euro area, house price developments are pointing to diverging near-term economic prospects, with house prices now rising in Germany after years of stagnation, but continuing to decline in

Greece, Ireland, Italy and Spain. In some countries, such as Canada, Belgium, France, Australia, Norway and Sweden, house prices are now very high relative to rents and incomes, pointing to possible price corrections at some point, or further corrections in those countries in which real house prices are already declining.

Commodity prices have risen

Crude oil prices rose steeply in the early part of this year, mainly due to supply disruptions in the Middle East and Africa, continuing outages in North Sea oil production and concerns that supply disruptions might spread (Figure 1.8, upper panel). More recently, prices have eased somewhat, with oil inventories rising and OPEC crude oil supply strengthening. Overall, the price increases so far this year are likely to damp growth slightly over the next two years (Table 1.3), an effect

Figure 1.8. **Oil prices are high**



Source: OECD, Main Economic Indicators database; Datastream; and IEA, Monthly Oil Data service.

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Table 1.3. **Effects of an oil price increase on GDP and inflation – Survey of recent estimates**

Study	Approach	Type of stock	Impact on real GDP			Impact on inflation		
			United States	Euro area	Japan	United States	Euro area	Japan
			Deviation from baseline in the second year (in %)					
Carabenciov *et al.* (2008), IMF	Macro-econometric model	(Permanent) 10% increase	-0.20	-0.06	-0.04	0.27	0.16	0.08
Barell and Pomerantz (2004), NIESR	NiGEM Macro-econometric model	(Permanent) $10 increase	-0.48	-0.39		0.52	0.29	
European Commission (2004)	QUEST Macro-econometric model	(Permanent) 25% increase		-0.39			0.29	
European Commission (2008)	QUEST III Dynamic stochastic general equilibrium model (DSGE)	Gradual increase of 100% over a period of three years		-0.60			1.30	
OECD Global Model, Hervé *et al.* (2010)	Macro-econometric model	(Permanent) $10 increase	-0.31	-0.20	-0.31	0.41	0.31	0.10
Jimenez-Rodoriguez and Sanchez (2004), ECB	Vector autoregression (VAR)	Impulse response to a 1% oil price shock	-0.04[1]	-0.01[1]				

1. Accumulated effects in the growth rate to the 8th quarter:

Source: OECD.

StatLink http://dx.doi.org/10.1787/888932609513

reinforced by the recent strengthening of international food and other non-oil commodity prices. Oil prices will be subject to conflicting forces over the projection period. On the one hand, prices could come down further if the risk premium associated with supply-side disruptions diminishes. On the other, underlying upward pressure on prices seems likely to continue, with growth in China and other emerging economies pushing up oil demand (Figure 1.8, lower panel) and crude oil production from existing fields likely to decline at a significant rate in the future.[6] On balance, the projection embodies a moderate upward price movement, of $5 per year in nominal terms. Non-oil commodity prices are assumed to remain constant at recent levels over the projection period.

6. On the supply side, crude oil production from fields that were producing in 2010 is projected to drop by around a quarter by 2020, see IEA (2011).

The near-term projection

Growth is likely to recover only slowly…

Although some positive signals have appeared in recent indicators, the recovery seems likely to remain gradual and bumpy, particularly given the possibility of renewed tensions arising from sovereign debt and banking sector problems in the euro area. The projection presented here rests on the assumption that such tensions continue to be contained successfully and that other downside risks do not materialise. On this basis, near-term output growth is projected to remain modest in the OECD economies and pick up gradually towards trend rates in the major emerging market economies, developments which should foster a further recovery of confidence. Ongoing support from accommodative monetary policies (Box 1.2),

Box 1.2. **Policy and other assumptions underlying the projections**

Fiscal policy settings for 2012-13 are based as closely as possible on legislated tax and spending provisions. Where government plans for 2013 have been announced but not legislated, they are incorporated if it is deemed clear that they will be implemented in a shape close to that announced. Otherwise, in countries with impaired public finances, a tightening of the underlying primary balance of at least 1% of GDP in 2013 has been been built into the projections. In euro area countries where lower growth than earlier expected would imply that nominal targets will be missed, it is assumed that one-third of the cyclical weakening relative to the GDP growth embedded in consolidation plans under the excessive deficit procedure and stability programmes is offset with further structural tightening, with the remaining two-thirds showing up in higher headline deficits. Where there is insufficient information to determine the allocation of budget cuts, the presumption is that they apply equally to the spending and revenue sides, and are spread proportionally across components. These conventions allow for needed consolidation in countries where plans have not been announced at a sufficiently detailed level to be incorporated in the projections. Along this line, the following assumptions were adopted (with additional adjustments if OECD and government projections for economic activity differ):

- For the United States, the assumptions for 2012 are based on legislated measures. Given the legislative uncertainty about budget policy next year, the general government underlying primary balance is assumed to improve by 1½ per cent of GDP in 2013.
- For Japan, the projections are based on the revised Medium-term Fiscal Framework announced in August 2011. The projection also includes reconstruction spending of around 2% of GDP in 2012 and 2013 combined and the tax increases planned to finance such spending over a longer time horizon.
- In the large European Union countries, structural budget components are assumed to evolve as follows. For Germany, the government's medium-term fiscal plans, as announced in March 2012 and presented in the Stability Programme, have been built into the projections. For France, the projections incorporate the government's medium-term consolidation programme as well as the legislated shift of about 0.7% of GDP away from employers' social contributions toward indirect and personal income taxes. For Italy the projections incorporate the government's medium-term fiscal plans, as presented in March 2012 in its Stability Programme, including additional tightening so as to offset part of the budgetary effects of lower growth in 2013 relative to the growth assumption embedded in the Stability Programme. For the United Kingdom, the projections are based on tax measures and spending paths set in the March 2012 budget.

The concept of general government financial liabilities applied in the OECD *Economic Outlook* is based on national accounting conventions. These require that liabilities are recorded at market prices as opposed to constant nominal prices (as is the case, in particular, for the Maastricht definition of general government debt). In 2010 and 2011, euro area programme countries (Greece, Ireland and Portugal) experienced large declines in the price of government bonds. For the purpose of making the analysis in the *Economic Outlook* independent from strong fluctuations in government debt levels on account of valuation effects, the change in 2010 and 2011 in government debt for these countries has been approximated by the change in government liabilities recorded for the Maastricht definition of general government debt.

Box 1.2. **Policy and other assumptions underlying the projections** *(cont.)*

Policy-controlled interest rates are set in line with the stated objectives of the relevant monetary authorities, conditional upon the OECD projections of activity and inflation, which may differ from those of the monetary authorities. The interest rate profile is not to be interpreted as a projection of central bank intentions or market expectations thereof.

- In the United States, the target Federal Funds rate is assumed to remain constant at ¼ per cent for the entire projection horizon. The current forward guidance on interest rates is assumed to be maintained.
- In the euro area, the overnight rate is assumed to be reduced to near-zero levels in mid-2012 and remain at that level until the end of 2013.
- In Japan, the current interest rate policy needs to be continued until inflation is firmly positive. The short-term policy interest rate is assumed to remain at 10 basis points for the entire projection horizon.

In all these economies, quantitative easing and other unconventional measures are assumed to be unchanged, including in the euro area where the projection for inflation and activity might argue for additional measures, in part because the transmission of such policies is hard to build in given the assumption of unchanged exchange rates.

For the United States, Japan, Germany and other countries outside the euro area, 10-year government bond yields are assumed to converge slowly toward a reference rate (reached only after the projection period), determined as future projected short rates plus a term premium and an additional fiscal premium. The latter premium is assumed to be 2 basis points per percentage point of gross government debt-to-GDP ratio in excess of 75% and an additional 2 basis points (4 basis points in total) per percentage point of the debt ratio in excess of 125%. For Japan, the premium is assumed to be 1 basis point per percentage point of gross government debt-to-GDP ratio in excess of 75%. The long-term sovereign debt spreads in the euro area *vis-à-vis* Germany are assumed to remain unchanged at their recent levels for the remainder of this year and in 2013 for all other euro area member countries.

The projections assume unchanged exchange rates from those prevailing on 4 May 2012: $1 equals 79.85 JPY, €0.761 (or equivalently, €1 equals $1.31) and CNY 6.31.

The price of a barrel of Brent crude oil is assumed to increase at a rate of $5 per year from the second quarter of this year onwards, based on the price that prevailed in April. Non-oil commodity prices are assumed to be constant over the projection period at the average level of April 2012.

The cut-off date for information used in the projections is 15 May 2012. Details of assumptions for individual countries are provided in Chapters 2 and 3.

improved financial market conditions and the gradual firming of confidence should provide continued impetus to growth in the United States, where the recovery in private sector domestic demand since the recession is already in line with that seen in recent recoveries.[7] The same factors should help activity to strengthen gradually from the latter half of this year in most major European economies, and augment the boost to activity in Japan provided by reconstruction expenditures. Even so, the

7. Private sector domestic demand has risen at an average annual pace of 3½ per cent per annum in the United States since the trough of the recession in mid-2009, broadly in line with the pick-up following the trough of the 1991 and 2001 recessions. GDP growth has been slower, at an average rate of close to 2½ per cent per annum, in part reflecting stronger declines in the volume of government consumption and investment than in the aftermath of the previous two recessions.

pace of the upturn will remain constrained by the drag exerted from continued fiscal consolidation in most OECD economies, with further declines in output in many countries under market pressure in Europe. The key features of the economic outlook for the major economies are as follows:

... in the United States...

- Growth in the United States is expected to pick up gradually through the projection period, against a backdrop of supportive financial conditions and accommodative monetary policy. However, the momentum of the recovery is likely to remain modest, with some drag on activity from ongoing fiscal consolidation and from prolonged housing market adjustments, and with the negative output gap narrowing only slowly through 2013. Private consumption growth should nonetheless be supported by stronger labour market conditions and improved confidence, although ongoing balance-sheet adjustment may limit declines in the household saving rate. Healthy corporate balance sheets, low interest rates, normal cyclical forces and reduced uncertainty should also help business investment growth to pick up through the projection period. Supported by continued modest employment gains, the unemployment rate is projected to decline further to just below 7½ per cent by the end of 2013, still leaving significant, albeit diminishing, labour market slack.

... in the euro area...

- Area-wide output remained unchanged in the first quarter, with activity developments diverging widely across member states. Financial conditions have improved modestly, and monetary policy is accommodative, but ongoing fiscal consolidation, deteriorating labour market conditions and, in some cases, private sector deleveraging will all act as a drag on area-wide activity this year and next. Overall, provided policy actions can continue to contain sovereign debt and banking problems and thereby foster further improvements in confidence, activity should recover slowly from the second half of this year, helped by further gains in net exports. However, area-wide growth is not projected to reach trend levels until late in 2013, allowing a large negative output gap to open up, with the unemployment rate rising further to a little over 11%. Differences between developments in Germany and the economies under market pressure are expected to persist. In Germany, domestic demand should strengthen and unemployment decline further, against a background of low interest rates, few balance sheet pressures and little ongoing fiscal consolidation. In the EU/IMF programme countries, as well as Spain and Italy, the opposing forces are at work, with domestic demand likely to continue to contract and unemployment continuing to rise. However, stronger export growth will provide a positive boost to activity in these countries, especially in Ireland.

... in Japan...

- After stalling at the end of last year, output growth has resumed in Japan. Financial conditions have continued to improve, and fiscal policy will provide some additional stimulus to activity this year. Ongoing reconstruction expenditure will help to support demand, with public reconstruction spending possibly amounting to 1½ per cent of GDP in 2012. As public reconstruction efforts fade, continued solid business investment growth and a recovery in export growth, fuelled by the pick-up in global demand, are likely to be the main forces supporting the recovery, with the negative output gap diminishing gradually through the projection period.

… and in emerging markets…

- A gradual cyclical upswing is now getting underway in the major emerging market economies, with their contribution to global growth likely to remain substantial throughout the projection period. In China, after a marked slowdown in the first quarter reflecting softer export growth and a sharp temporary correction in inventories, output growth should pick up through 2012 and stabilise at between 9-9½ per cent in 2013, with monetary policy easing and increased outlays on social spending supporting domestic demand. In India, growth should strengthen gradually through the projection period, and be just above 7½ per cent on a calendar-year basis in 2013, helped by improvements in confidence, a cyclical upturn in investment, stronger external demand and the modest effects from the recent reduction in policy interest rates. However, high inflation will continue to act as a drag on real incomes. In Brazil, a period of weak growth now seems to be ending, with domestic demand set to strengthen on the back of strong policy support, favourable financial conditions and a tight labour market. Even with the impact of policy stimulus likely to soften next year, GDP growth should still be around 4¼ per cent on a calendar-year basis, with robust domestic demand being offset by further net export declines. In Russia, GDP growth is expected to remain close to potential rates, at around 4¼ per cent per annum on average over 2012-13, with incomes and domestic demand sustained by the high level of oil prices.

Inflation is drifting down gently

Headline inflation is drifting down in many economies, but only slowly in the United States and the euro area, with recent increases in oil prices and, in Europe, administered prices and indirect taxes, partially offsetting favourable base effects. The oil price increase since the start of 2012 will likely add a little under ¼ percentage point to headline inflation in the OECD economies this year, and a little more in the emerging market economies, given the relatively energy-intensive nature of production in these economies. The assumed slight upward drift in oil prices will serve to keep headline inflation rates marginally above core inflation rates through the projection period. However, with long-term inflation expectations in the OECD economies, especially survey-based measures, remaining reasonably well anchored, substantial spare capacity in many OECD economies should bear down on price inflation through much of the projection period (Figure 1.9). Core inflation is set to remain relatively sticky in the United States, dropping only to around 1¾ per cent, with unit labour costs continuing to rise by between 2¼-2¾ per cent per annum as the labour market firms. In the euro area, where the

Figure 1.9. **Underlying inflation is likely to remain subdued**

12-month percentage change

Note: PCE deflator refers to the deflator of personal consumption expenditures, HICP to the harmonised index of consumer prices and CPI to the consumer price index. Unit labour costs are economy-wide measures.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932608126

output gap seems likely to widen through most of the projection period, disinflationary pressures are likely to be stronger, notwithstanding the impact of further increases in indirect taxes in France and Italy, and core inflation could eventually drift down to a little below 1½ per cent. In Japan, deflation is expected to diminish gradually over the projection period. In the major emerging market economies, a period of below-trend growth has alleviated underlying inflationary tensions arising from past capacity pressures, and the likely cyclical upturn is not projected to be at a pace that would raise core inflation significantly, although the effect of higher commodity prices will be seen in headline inflation.

Labour markets are likely to continue diverging…

The recent upward drift in aggregate euro area unemployment hides sharply divergent developments, with large increases from already-high levels in the economies under market pressure, more moderate increases elsewhere and continuing declines in Germany. In contrast, the US unemployment rate has declined by ¾ percentage point during the past half year. These differences across areas and countries may continue in the near term. In the projection, total OECD employment rises by around ¾ per cent in 2012 and just under 1% in 2013 (Table 1.4), with ongoing job growth in the United States and many other non-European economies offset in part by job losses in some European economies, as well as in Japan, where the labour force is shrinking. The OECD-wide unemployment rate is projected to remain broadly flat this year and next. This would leave a large and persistent degree of labour market slack in most OECD economies (Figure 1.10).

Table 1.4. **OECD labour market conditions are diverging**

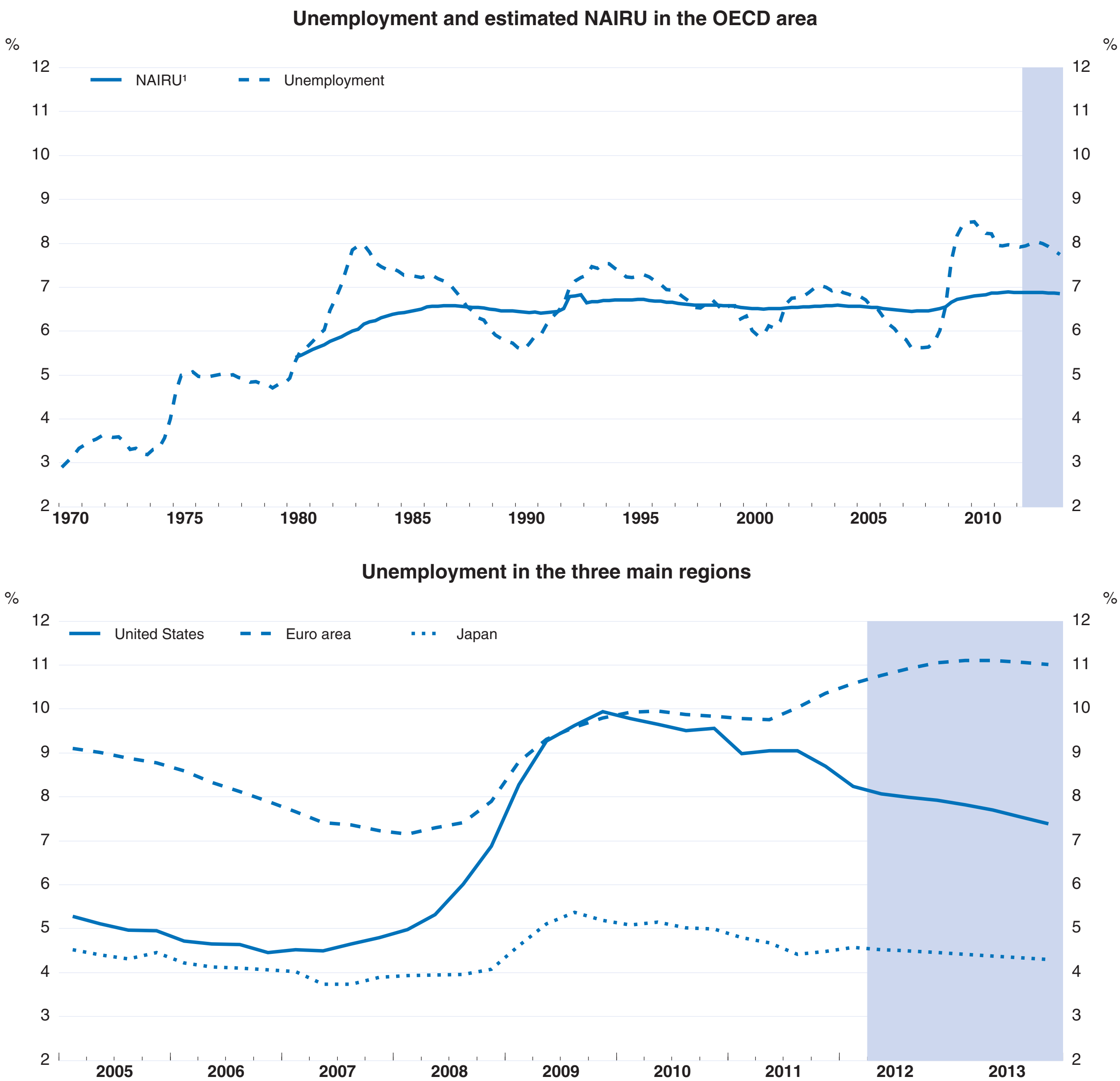
	2008	2009	2010	2011	2012	2013
	Percentage change from previous period					
Employment						
United States	-0.5	-3.8	-0.6	0.6	1.8	1.6
Euro area	0.9	-1.8	-0.5	0.1	-0.6	-0.1
Japan	-0.4	-1.6	-0.4	-0.2	0.1	-0.2
OECD	0.6	-1.8	0.6	1.0	0.7	0.9
Labour force						
United States	0.8	-0.1	-0.2	-0.2	0.8	1.1
Euro area	1.0	0.3	0.1	0.1	0.3	0.1
Japan	-0.3	-0.5	-0.4	-0.7	0.0	-0.3
OECD	1.0	0.5	0.7	0.6	0.7	0.8
Unemployment rate	Per cent of labour force					
United States	5.8	9.3	9.6	8.9	8.1	7.6
Euro area	7.4	9.4	9.9	10.0	10.8	11.1
Japan	4.0	5.1	5.1	4.6	4.5	4.4
OECD	6.0	8.2	8.3	8.0	8.0	7.9

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609532

Figure 1.10. **Considerable labour market slack is set to persist**

Percentage of labour force



1. NAIRU is based on OECD estimates. For the United States, it has not been adjusted for the effect of extended unemployment benefit duration.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932608145

... although there are significant uncertainties...

In addition to the general uncertainty about the projections for activity, the unemployment projections are afflicted by a specific uncertainty concerning the strength of the link between activity and unemployment. This is the case for both Europe and the United States:

... in Europe...

- In some European economies as in 2008-09, it is possible that lower working hours might cushion employment, although the scope for doing so is more limited at present, with average working hours now close to estimated trend levels, rather than above them as in 2007-08. Aggregate employment in the euro area is declining broadly in line with the fall in output at present, a larger and faster change than seen on previous occasions, bringing the unemployment rate back towards a level that might normally be expected given output developments (Box 1.3). This absence of labour hoarding is projected to continue, with

Box 1.3. **Using Okun's law to track recent cyclical developments**

The cyclical relationship between output and the unemployment rate is often assessed by means of the so-called Okun's law (Okun, 1962). The relationship can be considered in terms of changes in unemployment and output (the "first difference" approach), or as a means of inferring the inherently uncertain economy-wide output gap conditional on an estimate of the unemployment gap (the "gap" approach), see for instance (ECB, 2011; Bernanke, 2012).

Two important empirical issues are whether the statistical relationship between output and unemployment is stable over time and whether it differs across countries. If it is unstable, it would complicate the usefulness of a simple rule-of-thumb of this kind. Possible factors that could lead to variation over time and across countries include differences in labour market institutions that affect labour market outcomes (IMF, 2010), and variation in factors such as labour productivity, hours worked, labour force participation and capital accumulation that cause the output gap to change independently of the unemployment gap (Daly and Hobijn, 2010; Bouis et al., 2012).

New OECD empirical estimates for both the first-difference and gap versions of Okun's law have been derived for the G7 economies plus the aggregate euro area using annual and quarterly data from the late 1960s (data permitting) through to 2011. Collectively, the results suggest that considerable care needs to be exercised in seeking to back out estimates of output gaps given developments in unemployment. In particular, key findings include:

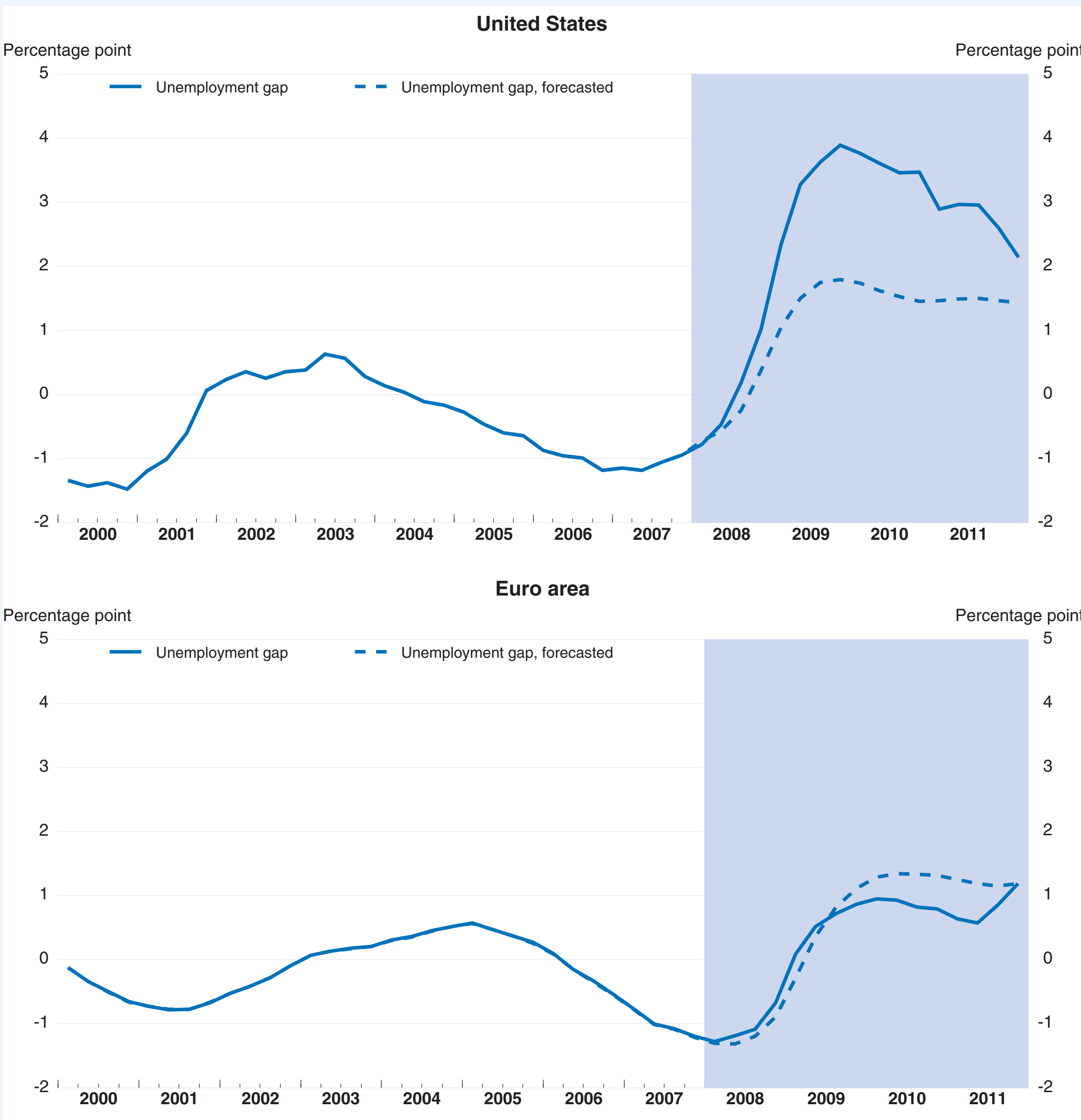
- Unemployment is more responsive to output in the United States, Canada and the United Kingdom than in the euro area and Japan. This pattern emerges from both versions of the model and is consistent with the findings from many other studies, see, for example, (IMF, 2010; OECD, 2012e). These differences across countries are statistically significant, which means that versions of Okun's law estimated for one country cannot be readily used as a benchmark in other countries.
- In the "gap" versions of the model, representative findings are that the Okun coefficient – the near-term decline in the output gap typically associated with a percentage point rise in the unemployment gap – was close to 2½ per cent in the United States and Canada, based on a 35-year plus sample period, but over 4 in the aggregate euro area, based on a 25-year sample, and around 7 in Japan.
- There is evidence of structural instability in the Okun's law relationship in all of the countries in at least one of the specifications estimated. Using rolling regressions, with a window of 15 or 20 years respectively, reveals that the change in unemployment associated with a given change in output has risen over time in the euro area economies, possibly reflecting greater flexibility arising from labour market reforms, and, to a lesser extent, Japan. In the other countries, the steady-state relationship between output and unemployment changes appears to fluctuate slowly around a longer-term norm.

The estimated equations can also be used to interpret recent movements in the US and euro area unemployment rates/gaps conditional on OECD estimates of the economy-wide output gap. The projections below are derived from the "gap" model, with the unemployment gap regressed on the lagged unemployment gap, plus current and lagged values of the output gap. These relationships were estimated separately up to the end of 2007 for the United States and the euro area and used to obtain predicted outcomes for the unemployment gap conditional on OECD estimates of the output gap.

Box 1.3. **Using Okun's law to track recent cyclical developments** *(cont.)*

The simulated results (see figure below) suggest that in the United States the recent unexpectedly rapid declines in the unemployment rate (and the unemployment gap) may simply reflect a gradual adjustment towards a more normal pattern of output and unemployment, with firms rehiring workers that had been laid off exceptionally rapidly in the recession (OECD, 2011b). In the euro area, it appears that the converse may be occurring. The unemployment gap in late 2009 and 2010 was much lower than might have been expected, possibly reflecting factors such as widespread use of short-time working schemes, and the recent sharp rises in the unemployment rate have acted to close this gap.

Gauging spare capacity using Okun's law



Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932608164

employment set to decline by a little over ½ per cent this year and fall a little further in 2013. Given very muted increases in the labour force, this would push up the unemployment rate to over 11% in 2013.

… and the United States

- In the United States, the sizable recent fall in unemployment is puzzling, given output growth at or below trend. One possibility is that this simply reflects a one-off readjustment aligning employment more closely with production, with strong rehiring of workers being the counterpart to the exceptionally rapid declines in employment during the recession (Bernanke, 2012; Box 1.3). An alternative possibility is that unexpectedly robust employment growth could persist; in particular, the average private sector workweek has recently returned to pre-crisis levels, and thus it is likely that a greater proportion of rising labour demand may now be met by increases in employment rather than in hours worked.[8] Additional uncertainties arise regarding the participation rate, which has continued to decline even as hiring has picked up. A pro-cyclical upturn in the labour participation rate would normally be expected to constrain the speed at which improved employment outcomes lowered the unemployment rate. However, a considerable part of the recent fall in the aggregate participation rate may not be reversed as it reflects ongoing demographic change, with a rising share of over 55-year olds in the working-age population and a declining share of the prime-age 25-54 year olds, the cohort with the highest participation rate (Aaronson *et al.*, 2012). Thus it is possible that higher employment growth may result in more rapid declines in the unemployment rate than would normally be expected. In the projection, greater weight is placed on the one-off readjustment story, with employment growth expected to average a little over 1¾ per cent per annum in 2012-13, well below the growth rates observed since last autumn. With the increase in the labour force held down in 2013 by the assumed termination of the extended entitlement to unemployment benefit, this employment growth will still enable the unemployment rate to decline by a further ½-¾ percentage point over the projection period.

Structural measures are needed to foster near-term employment growth

Against a backdrop of persistently high unemployment, many countries have begun to actively implement structural reforms to boost employment in recent years, with reform intensity being particularly strong in those countries in which sizable fiscal consolidation is being undertaken (OECD, 2012a). Labour market reforms remain essential to foster near-term employment growth and reduce the risk that higher unemployment becomes permanently entrenched. In a context of ongoing fiscal consolidation, hiring incentives can be raised by reforms that include: strengthening public employment services and training programmes to improve the matching of workers and jobs, which may

8. A third possibility is that GDP growth has been under-estimated in recent quarters.

require that such expenditures be sheltered from fiscal consolidation efforts; growth-friendly tax reforms to shift the tax burden towards tax bases that are less harmful for job creation, such as property and consumption taxes; and temporary reductions in labour taxation, where feasible through well-targeted marginal job subsidies (for new hires where net jobs are rising) rather than via across-the-board reductions in payroll taxes.[9] In the euro area economies under market pressure, the impact of the labour market downturn could also be cushioned by broader use of work-sharing arrangements and maintaining the resources necessary to help fund short-time working schemes. In this context it will be important to build in incentives so that schemes focus on protecting long-term viable jobs. Product market reforms to relax regulatory restrictions in sectors in which there is a strong potential for new job growth, such as retail trade and professional services, could also serve to improve labour market outcomes relatively quickly. Other structural measures that might help to improve long-term labour market outcomes, such as rebalancing employment protection towards less-strict protection for regular workers, but more protection for temporary workers, and reductions in unemployment benefit duration, may be less effective when labour demand is particularly weak. and should be pursued in the current context only when existing policy settings in these areas is clearly excessive.

World trade growth will pick up

World trade growth is projected to continue to pick up, to grow at a rate a little over 7½ per cent by the latter half of 2013, broadly following its normal pattern relative to world GDP growth through the projection period. The recent monthly merchandise trade data from the CPB (quoted above) and a benchmark dynamic-factor model of trade growth that uses a wide range of trade indicator variables (Guichard and Rusticelli, 2011) both suggest that, if anything, trade growth could turn out to be a little stronger than projected in the first half of this year.

External imbalances will shift across countries…

Global imbalances are set to remain at their recent overall levels, but with a changing geographical composition (Figure 1.11; Table 1.5). The sum of all external balances in absolute terms is projected to remain between 3¾-4 per cent of world GDP over the projection period, well below the level immediately prior to the crisis. Two notable developments that may be durable are the increase in the external surpluses of the oil producers and the declines in the current account surpluses of Japan and China:

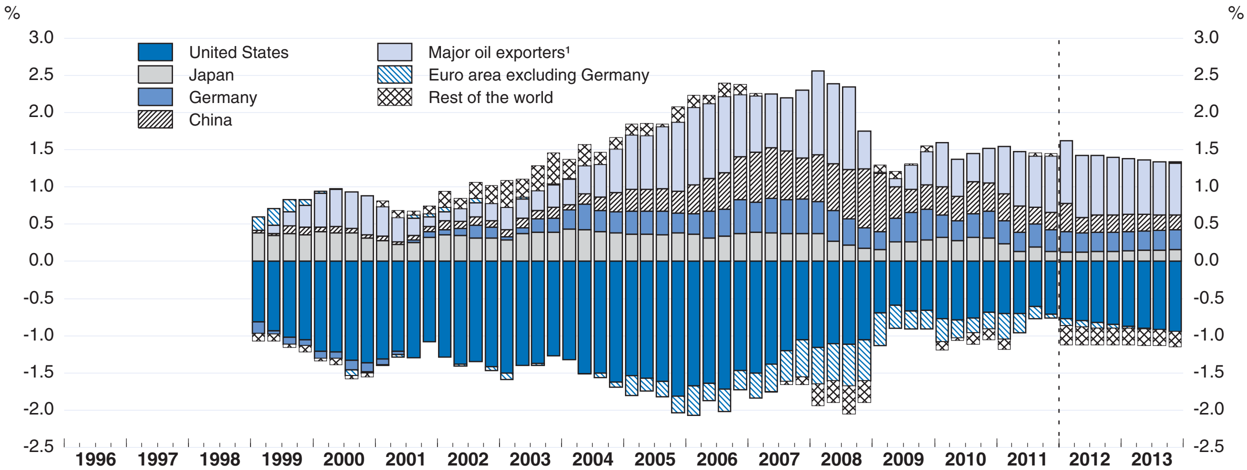
… with the external surpluses of the oil producers rising…

- The already sizable external surpluses of the high-saving oil-producing economies are increasing further, taking them to around ¾ per cent of world GDP (and just over 3% of global saving), on the back of the

9. A full range of structural reforms that could help to increase near-term employment growth and minimise the employment cost of the downturn are discussed in detail in OECD (2011b).

Figure 1.11. **Progress in reducing global imbalances has stalled**

Current account balance, in per cent of world GDP



Note: The vertical dotted line separates actual data from forecasts.

1. Include Azerbaijan, Kazakhstan, Turkmenistan, Brunei, Timor-Leste, Bahrain, Iran, Iraq, Kuwait, Libya, Oman, Qatar, Russian Federation, Saudi Arabia, United Arab Emirates, Yemen, Ecuador, Trinidad and Tobago, Venezuela, Algeria, Angola, Chad, Rep. of Congo, Equatorial Guinea, Gabon, Nigeria and Sudan.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932608183

assumed modest upward drift in oil prices. Whilst partial re-spending of oil revenues is likely to reduce the external surpluses of oil-producing economies somewhat, much of the additional revenue accrued is likely to be saved, as is appropriate for countries in which a finite resource is being depleted. Recycling of the sizable surpluses of the oil producers will likely be exerting some downward pressure on the yields of safe assets, especially government bonds. Assuming, for the sake of illustration, that all of the oil producers' external surpluses are invested in US government securities, the overall size of their surpluses may be acting to keep US long-term bond rates lower than they otherwise would be by up to 20-25 basis points.[10]

… the Japanese trade deficit persisting…

- In 2011, Japan experienced its first annual merchandise trade deficit for several decades. Whilst some of the factors underlying this may fade, the likely structural shift away from domestic nuclear power, along with the acceleration in the overseas production plans of domestic companies triggered by the earthquake, is projected to keep the trade balance in deficit. However, the overall current account balance is

10. As discussed above, recent estimates of the effect of central banks' asset purchases point to an average reduction of 7 basis points in long-term bond rates effects for purchases corresponding to 1% of annual nominal GDP. With oil producers' surpluses now equivalent to around 3½ per cent of US GDP, the exogenous demand for US long-term bonds that could arise, under the extreme assumption that all of the surplus represents new investment in such securities, might be lowering the yields by up to 25 basis points, all else being equal.

Table 1.5. **World trade is set to strengthen, but imbalances remain**

	2009	2010	2011	2012	2013
Goods and services trade volume	Percentage change from previous period				
World trade[1]	-10.7	12.8	6.0	4.1	7.0
of which: OECD	-12.0	11.4	5.3	3.2	5.8
OECD America	-12.5	12.6	5.9	4.5	6.4
OECD Asia-Pacific	-13.0	15.9	5.0	4.8	7.4
OECD Europe	-11.6	10.0	5.0	2.3	5.1
China	-4.0	24.4	9.2	6.2	11.0
Other industrialised Asia[2]	-10.1	18.4	7.2	5.0	8.6
Russia	-17.2	14.6	9.3	8.4	8.0
Brazil	-8.4	24.5	7.6	7.4	11.2
Other oil producers	-4.2	2.8	4.5	6.6	8.6
Rest of the world	-10.2	9.4	6.8	4.8	7.2
OECD exports	-11.6	11.5	5.7	3.7	6.1
OECD imports	-12.4	11.3	4.8	2.7	5.5
Trade prices[3]					
OECD exports	-9.1	2.6	9.1	-0.8	1.9
OECD imports	-11.3	3.6	10.7	0.1	1.9
Non-OECD exports	-13.3	10.1	12.9	4.3	2.2
Non-OECD imports	-8.5	8.6	10.7	3.0	2.0
Current account balances	Per cent of GDP				
United States	-2.7	-3.2	-3.1	-3.7	-4.3
Japan	2.8	3.6	2.1	1.6	1.9
Euro area	0.1	0.4	0.5	1.0	1.5
OECD	-0.5	-0.6	-0.6	-0.8	-0.8
China	5.2	4.0	2.8	2.3	1.7
	$ billion				
United States	-377	-471	-473	-584	-698
Japan	143	196	120	94	116
Euro area	21	43	62	131	194
OECD	-194	-254	-289	-374	-389
China	261	238	202	191	165
Other industrialised Asia[2]	132	104	186	76	79
Russia	49	70	99	129	100
Brazil	-24	-47	-53	-68	-87
Other oil producers	87	234	392	456	459
Rest of the world	-85	-105	-145	-165	-156
Non-OECD	418	494	681	619	559
World	225	240	392	245	170

Note: Regional aggregates include intra-regional trade.
1. Growth rates of the arithmetic average of import volumes and export volumes.
2. Chinese Taipei; Hong Kong, China; Malaysia; Philippines; Singapore: Vietnam; Thailand; India and Indonesia.
3. Average unit values in dollars.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609551

projected to remain positive, at around 1¾ per cent of GDP, reflecting the strong income flows from Japan's net external assets. More generally, the excess saving of the Japanese private sector that has been the counterpart of the continuous external surplus has also facilitated the smooth and inexpensive financing of the huge public debt. A trend towards lower excess saving, reflecting the impact of demographic developments, could affect both of these outcomes.

... and the Chinese external surplus narrowing further

- The Chinese current account surplus declined to around 2% of GDP in the latter half of 2011. After a temporary rise in the first quarter of 2012, the projections embody further declines in the surplus this year and next, to around 1½ per cent by end-2013, reflecting relatively strong domestic demand growth and the planned moves to raise the shares of service sector activities and household consumption in the economy. Import spending will also be supported by the increase in oil prices over the projection period.

Elsewhere, a persistent deterioration in the terms of trade and relatively robust domestic demand growth are projected to result in a marked widening of the US current account deficit by around 1% of GDP over 2012-13. For the aggregate euro area, soft domestic demand, not least reflecting ongoing fiscal consolidation, is projected to more than offset the effects of a terms-of-trade deterioration, with the euro area current account surplus rising by around 1% of GDP from 2011 to 2013. (Trends in imbalances within the euro area are discussed below.)

Structural reforms would help narrow imbalances

Durable reductions in global imbalances, in line with G20 objectives, as well as in intra-euro area imbalances (see below), will likely require greater adjustment of real exchange rates as well as structural reforms and fiscal adjustments, with actions undertaken in both external-deficit and external-surplus economies (OECD, 2011c). Structural reforms with beneficial effects on global rebalancing would also provide much-needed support for global demand growth.

Risks are significant and mainly to the downside...

Risks around the baseline scenario are extensive and predominantly on the downside, though tail risks are presently somewhat lower than in December. The main risk around the projection, discussed further below, remains the possible adverse developments that could result if the euro area debt crisis were to worsen significantly once more. In addition there are a number of other specific risks that could affect growth outcomes if they materialised:

... including disruptions to oil supply...

- Against a backdrop of firming oil demand and limited spare capacity, even a relatively moderate further deterioration in supply conditions could trigger a significant upward spike in oil prices in the near term, with adverse effects for economic activity. An increase in the oil price of $10 per barrel relative to the assumption used for the projection could reduce GDP growth by around ¼ percentage point over 2012-13 and raise headline inflation by a little under ¼ percentage point in both years (see Table 1.3).

... a sharp fiscal contraction in the United States...

- As discussed below, US budgetary policy remains opaque, with current legislation still implying the possibility of an extremely sharp fiscal tightening in 2013, amounting to close to 4% of GDP, compared with the normative assumption of tightening of around 1½ per cent of GDP in the projection. Based on the simulation analysis reported in OECD (2011a), additional tightening of 2½ per cent of GDP could imply a further drag on US GDP growth in 2013 of between 1¼-1¾ percentage points, and possibly even more in some circumstances (DeLong and Summers, 2012), partially offsetting projected GDP growth of just over 2½ per cent that year.

… rapid private sector deleveraging in Europe…

- In contrast to the United States, the deleveraging process has barely started in many continental European countries. If deleveraging does not occur via defaults, reductions in household indebtedness could imply higher household saving rates or reduced residential investment. In the financial system, deleveraging could curtail output growth significantly if it were to involve reduced lending, but the cost to growth would be comparatively low if it were achieved by raising equity. The attainment of the 9% Tier-one capital ratio in the European Union by 30 June 2012 could in particular result in curtailment of credit, although this is not expected at present. Anecdotal evidence suggests that the risk of credit supply contraction beyond that already built into current financial conditions is higher in the Central and Eastern European countries than in the euro area, as trans-national banks may face fewer restrictions on reducing lending in the former countries.

… and sluggish growth in China

- In China, medium-term uncertainties relate to the ease with which the transition to lower trend growth rates can be achieved (see Chapter 4). In particular, there is a risk that the process of slowing the growth of fixed investment and raising the share of household consumption in aggregate demand may not be achieved smoothly. In the shorter term, lingering concerns also remain about domestic property market developments, with property prices continuing to decline and a risk that housing investment could be markedly weaker.

Pent-up demand pressure is an upside risk…

- Pent-up demand pressure, notably in the United States, is a significant upside risk to the projections with, for instance, car sales still remaining well below medium-term trend levels (Haugh *et al.*, 2010). Moreover, family formation in the United States has been well below normal in recent years; an eventual return to normal would give a boost to the housing market.

… and structural reforms could improve growth prospects earlier than anticipated

- The implementation of structural reforms in labour and product markets has accelerated recently in several OECD economies, especially in the euro area countries under market pressure (OECD, 2012a). Over time, these reforms should help to boost activity levels, with the impact possibly emerging earlier than assumed in the projection.

There are renewed risks of asset price bubbles in emerging economies…

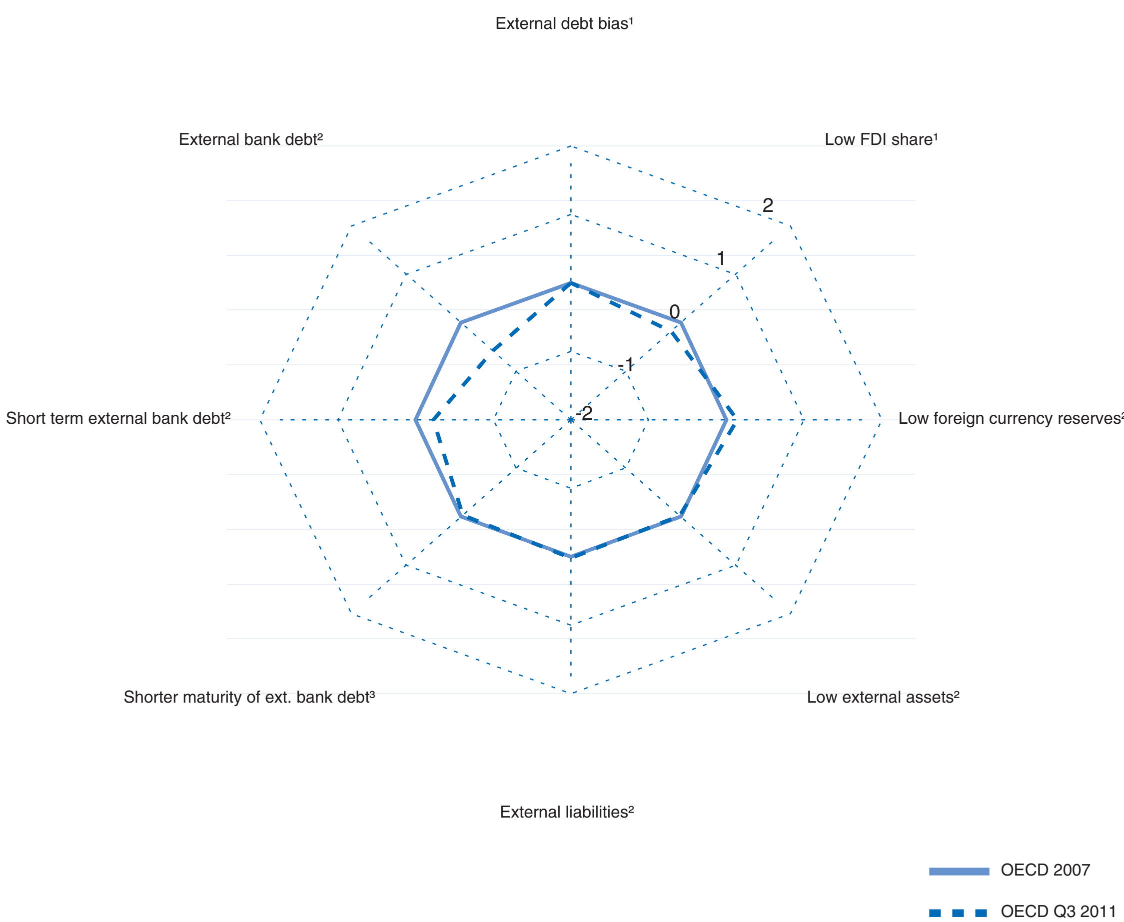
- The moderate increase in global risk appetite and the low returns presently available from many financial investments in many OECD economies is likely to stimulate capital flows towards emerging economies to benefit from higher returns. Such considerations underline the need for appropriate prudential controls and fiscal policies which do not unduly push up returns and thereby attract capital inflows.

... and more generally from persistent financial fragilities...

- International financial integration should enhance economic efficiency and boost growth, but also increases the risk of suffering financial fragilities associated with the particular asset composition of the external financial account and international capital flows. Recent OECD work suggests that, apart from slightly lower external bank debt, only limited progress has been made since 2007 in making the structure of the external financial account more robust in OECD economies in general (Figure 1.12). This could be a source of negative risk in the future, unless structural measures are taken to damp fragilities.

Figure 1.12. **Financial account related risk factors to financial stability**

Median across OECD countries for individual risk factors expressed in multiples of standard deviation. 2011 compared with 2007.



1. As a per cent of external liabilities.
2. As a per cent of GDP.
3. As a per cent of external bank debt.

Note: In recent OECD work (see Ahrend and Goujard, 2011), all of these factors have been found to be associated with the risk of a crisis. Each factor is presented for the OECD median country in 2011, compared to the situation in 2007 (which is normalised to zero). Variables are measured in standard deviations of the sample. Values above zero indicate a financial account position which is less conducive to financial stability.

Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888932608202

… and the risk of policy disruptions

- The risk of disruptive policy changes has probably increased. Against the backdrop of fiscal consolidation, increased inequality and high and rising unemployment, a sense may be spreading that the burden of the crisis has not been shared fairly. This risks giving rise to policy upheavals with adverse long-term, and possibly near-term, effects on growth prospects. This would be the case, for example, were countries to disregard or retreat from international agreements or renege on their commitments in financial and fiscal matters. The international trading system could be vulnerable to such developments. Such threats underline the need for policy action to be seen as measured and fair, and for policy settings that help bring about equitable outcomes. Policy settings over a wide front will have to be considered in this light. Amongst structural policies, and based on OECD analysis, measures that can offer a dual dividend by lowering income inequality and boosting long-run living standards include: facilitating the accumulation of human capital; making educational potential less dependent on personal and social circumstances; reducing labour market dualism; promoting the integration of immigrants and fostering female labour market participation. Reducing tax expenditures that benefit mainly high-income earners also typically contributes to both goals (OECD, 2012a).

Tackling imbalances in the euro area

The euro area crisis remains the most important downside risk to the global economy

The euro area crisis remains the most important downside risk to the global economy at present. However, a stabilisation of confidence, albeit at a low level, and an improvement in financial conditions have been generated by recent ECB policy measures, the successful private sector debt restructuring in Greece, and initiatives – both European and global – to build capacity to handle sovereign liquidity risks, help restore longer-term fiscal discipline and improve capital ratios in the banking system. These actions have created a window of opportunity which needs to be exploited fully and promptly, with the intensified financial market turbulence following the elections in Greece in early May illustrating the speed at which renewed challenges can appear.

Rebalancing challenges

The crisis has its origins in economic imbalances

The present crisis has its origins in economic, fiscal and financial imbalances that have gradually built up amongst the euro area economies. In the economies that presently appear stronger, growth was particularly reliant on exports, domestic demand was subdued, the build-up of internal and external debts was largely contained and surplus domestic saving flowed to currently weaker economies to finance consumption and investments, often in property markets. Amongst the economies that are currently under market pressure, where underlying growth was in most cases constrained by structural policy settings, there was an over-reliance on domestic demand to drive growth and a rapid accumulation of private and public sector debt. At the same time, wages became increasingly out of line with productivity, resulting in weak external competitiveness and rising external debts (OECD, 2012b).

Rebalancing calls for changes in absorption and expenditure switching…

For these imbalances to be durably reduced, growth-friendly adjustments are needed in both surplus and deficit economies so that saving and investment decisions are based on sound incentives, with competitiveness positions converging as quickly as possible towards levels that are sustainable in the long term. Rebalancing requirements differ across external deficit and surplus economies:

… in both external deficit economies…

- For those countries in which large fiscal and external deficits have built up, durable adjustment will require both expenditure-reduction, via changes in domestic absorption, and expenditure-switching, via a depreciation of the real exchange rate (Meade, 1951; Swan, 1960). Against the backdrop of low inflation in the euro area as a whole, the required expenditure switching will likely take time unless structural reforms to enhance product and labour market flexibility are undertaken. These would facilitate the necessary adjustment of the real exchange rate required to regain external competitiveness. Structural reforms are also essential to increase the flexibility of wages with respect to labour market pressures and boost productivity growth.

… and external surplus economies

- For those countries with long-standing external surpluses, domestic absorption needs to be increased and resources switched from tradable to non-tradable sectors. Adjustment will likely imply higher domestic wages and private consumption. It will also imply higher inflation than in the run-up to the crisis, given the need for improved competitiveness in the external deficit economies and close to target area-wide inflation.

Throughout the euro area, the process of rebalancing would be facilitated if it were to take place against a background of stronger growth.

The required policy adjustment has begun…

The required adjustment process has already begun and seems set to continue over the projection period. In deficit countries, increases in household saving and fiscal consolidation have driven the reduction in absorption (see below), with households and companies having little access to credit markets to offset the pressures on their incomes. This has been accompanied by an acceleration of politically-sensitive reforms designed to help lift potential growth, regain price competitiveness and restore fiscal sustainability.[11] In surplus countries, there has been less policy adjustment to foster rebalancing; fiscal policy has been mildly restrictive in order to restore long-term sustainability and structural reforms that are essential to ensure adjustment have yet to be implemented. In particular, reforms that could boost growth by removing

11. Indeed, there is a strong cross-country correlation between the intensity of ongoing fiscal consolidation efforts and responsiveness to structural reform priorities identified in *Going for Growth* in recent years (OECD, 2012a). At the EU level, the new macroeconomic imbalances procedure introduced by the so-called “six-pack” and the related surveillance procedures could also potentially help to address underlying sources of imbalances and help prevent their build-up in the future, provided they are implemented effectively and consider necessary changes in both surplus and deficit economies.

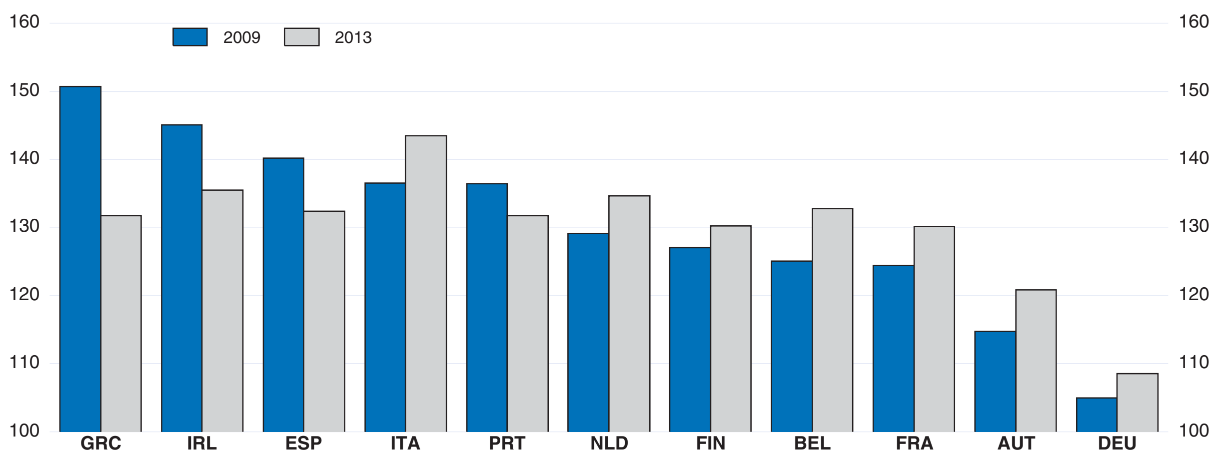
obstacles to investment and raising efficiency in service sectors, such as reductions in entry barriers and operational regulations, are still pending.

… and imbalances are beginning to unwind

Nonetheless, there are signs of progress in reversing underlying cross-border imbalances, though some changes may be more cyclical than structural in character. With Italy as an exception, the unit labour costs of the external deficit countries have declined since 2009, and by 2013 they are projected to be much more closely aligned with the majority of euro area members (Figure 1.13), although a prolonged period of adjustment on both sides would be necessary to make them more closely aligned with costs in Germany. Domestic absorption has also fallen sharply in the EU/IMF programme countries, as well as Spain, helping to bring about a marked improvement in their external trade balances (Figure 1.14). This improvement will need to be sustained, since it will take many years to bring the elevated net external debts of these economies, which currently amount to between 75 and 100% of GDP, down to more sustainable levels.[12] Further structural reforms will also be

Figure 1.13. **Euro area unit labour costs have begun to adjust**

1999=100

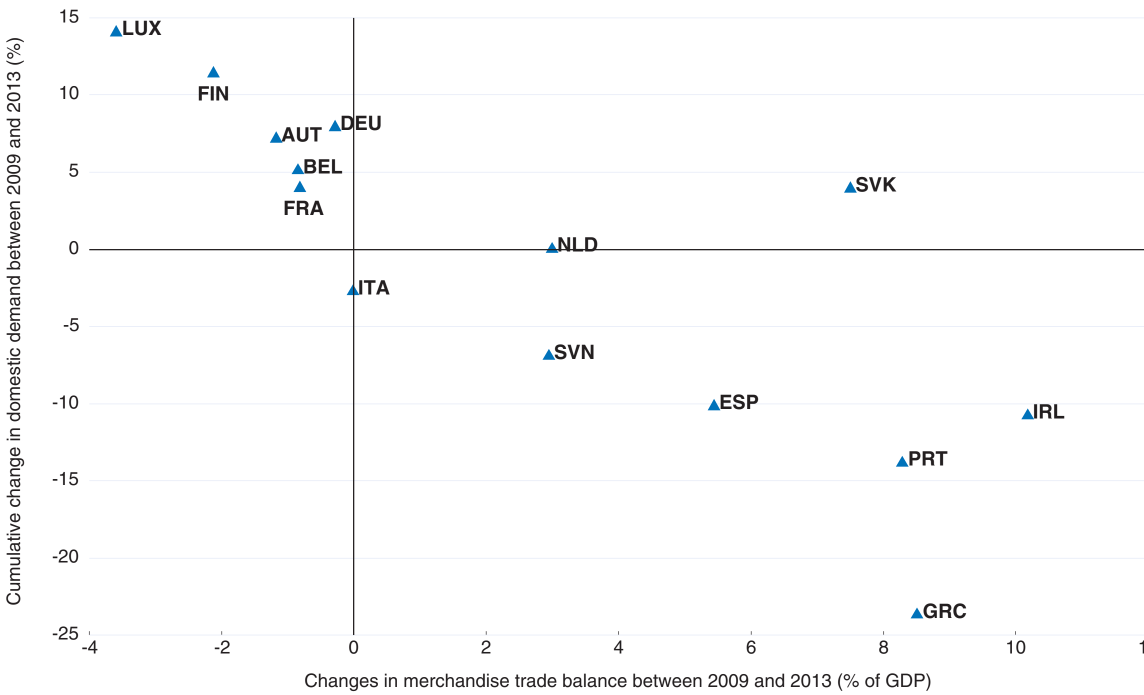


Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932608221

12. The sustainable level of net external liabilities is difficult to know for certain, but is likely to be considerably lower than at present for these economies. For example, small open economies such as the United Kingdom, Canada and Sweden have net external liability positions between 10-25 per cent of GDP. The new macroeconomic imbalances procedure put in place by the European Commission suggests an upper sustainable threshold of 35% of GDP for net external liabilities, which given medium-term growth prospects might require attaining a current account deficit of no more than 1½ per cent of GDP and achieving approximate trade balance. In Ireland, the current account balance has already become positive, and by the end of the projection period the external deficits of Spain and Portugal are expected to be at levels that, if sustained, would help to durably reduce their net external liabilities. However, the current account deficit of Greece, projected to be 6½ per cent in 2013, is not yet at a level sufficient to durably stabilise net external liabilities.

Figure 1.14. **Changes in euro area countries domestic demand and trade balances 2009-13**



Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932608240

required in the external surplus economies if a durable rebalancing in the euro area is to be achieved, given the muted growth in their domestic demand over 2009-13. In the absence of faster progress in the external surplus economies, the near-term consequence of the adjustments currently taking place is the development of a much more negative area-wide output gap.

Tackling financial market risks

Immediate near-term risks have been damped partially

With the rebalancing process and fiscal consolidation likely to take time, the potential for further near-term problems in the euro area remains. In particular, against the backdrop of high and rising government debt, high overall bank leverage, weak growth and still-fragile market confidence, the close relationships between the balance sheets of national governments and banking systems mean that potential remains for strong adverse feedback effects between fiscal sustainability and financial stability in the near term. Such risks were illustrated in a scenario analysis reported in the November 2011 *Economic Outlook*, in which the euro area would plunge into a deep recession with large negative effects for the global economy (OECD, 2011a). The immediate dangers of such developments have receded somewhat since last autumn, although, as shown by the unsettled situation following the parliamentary elections in Greece in early May, the dangers have not disappeared.

Firewalls have been enhanced...

The capacity to deal with contagion and turbulence in government primary debt markets has been strengthened by the end-March Euro Group agreement to enhance the funds available to help governments facing liquidity shocks. Total commitments under the European Financial Stability Facility (EFSF) and the European Stability Mechanism (ESM) will amount to up to €700 billion, of which approximately €500 billion is still available for new commitments. Additional funding is also likely to be available from the IMF, following the additional resources of $430 billion it has recently raised, over half of which is from EU governments. Although full deployment of all of the resources from the fragmented sources of support in the event of significant contagion will likely take some time,[13] the enhanced joint capacity of the EFSF and ESM is welcome. Combined with the total additional resources now available to the IMF, the firewall may now be close to a level sufficient to fully decouple the sovereign financing needs of the vulnerable countries from the sovereign bond markets for some time in a downside scenario. For instance, resources equivalent to around €1¼ trillion (around 13% of euro area GDP) would be required to fully satisfy the funding needs of Italy and Spain in the remainder of 2012 and 2013. The adequacy of the combined firewall for addressing such a need would depend on whether resources would have to be committed for other purposes, such as supporting the banking sector or non-euro area IMF members, and also whether a crisis could be relied on to be as short-lived as assumed. In the event of a funding shortfall, further increases in the scale of the EFSF/ESM funds would involve even more direct pressure on the fiscal positions of those countries that provide capital to these schemes. Thus, there is a possibility that any further enhancements to the existing firewall might require significant involvement by the ECB. The urgency of considering these issues has increased given the renewed uncertainty since the start of May.

... but additional measures may be needed

A further issue is that satisfying financing needs in primary markets may not suffice to prevent turbulence in the secondary government bond markets, with potential repercussions for the stability of the banking system. The loss-absorbing capacity of European banks has been strengthened by increasing their minimum Tier-one capital to 9% of risk-weighted assets by mid-2012, which banks are in the process of achieving through measures such as raising capital, retaining earnings and selling assets. Nonetheless, banks are heavily exposed to their own national sovereign debt, a development accentuated recently in some countries by

13. For example, the EFSF requires unanimity, and possibly parliamentary approval, and the ESM requires mutual consent, although there is an emergency majority voting procedure that can be invoked by the European Commission and the ECB.

the use of LTRO funds to purchase additional government bonds. Falling prices in secondary bond markets could thus generate losses that banks may not be able to absorb. Such falls in prices can coincide with governments' funding needs being met by official channels, especially if private investors believe that official investors are unwilling to bear any losses, as was the case with the recent debt restructuring in Greece. In turn, losses among banks could undermine confidence in public finances and set in motion adverse feed-back loops. Additional improvements in loss-absorbing capacity of the banking system via higher capital requirements would be the best means of guarding against such outcomes in the long run. However, this may not be feasible in the shorter term and, in the absence of sufficient capacity for the fiscal authorities to intervene in secondary markets, further ECB actions could be necessary if tensions were to rise, including through the Securities Market Programme.

Moral hazard has to be addressed by strict conditionality…

The availability of insurance, and any further additional ECB intervention, raises serious issues of future moral hazard. To reduce moral hazard, strict conditionality would have to be attached to any direct financial assistance. Moreover, if the ECB were to become involved in market support, it could be seen to be engaged in quasi-fiscal operations, with an associated loss of credibility that might render inflation control difficult in the future. Set against this, monetary policy requirements could more easily motivate further ECB actions in the secondary bond markets.

… and new fiscal governance arrangements

In the longer term, increased mutualisation of risk must be accompanied by governance changes to reduce the risk of future bail-outs. Indeed, in response to the European debt crisis, a number of legislative and multilateral initiatives have now been taken to help ensure that general government headline deficits and debt are durably reduced to below the EU's reference levels of 3% and 60% of GDP, respectively. However, the application of the various procedures and their transposition into national fiscal systems is likely to prove challenging (Box 1.4). The new fiscal framework will also be important for the restoration and maintenance of fiscal sustainability. In this regard, the new fiscal procedures might have helped to prevent the build-up of excessive fiscal deficits in some euro area countries, notably Greece, had they been in place prior to the crisis. However, by themselves, they would not have prevented the underlying problems that eventually led to fiscal imbalances emerging in countries such as Spain, Portugal and Ireland, although the problems in these countries might perhaps have been caught by the procedures now introduced to monitor private sector imbalances.

Box 1.4. **Challenges in implementing the new budgetary rules in the European Union**

Legislative initiatives to solve the euro area debt crisis include several multilateral agreements designed to reinforce fiscal and economic governance and policy surveillance. In December 2011 the "Six Pack" came into force, its name referring to the six legislative proposals to strengthen governance put forward by the EU Commission in September 2010. The "Treaty on Stability, Coordination and Governance in the Economic and Monetary Union", containing the "Fiscal Compact", was signed by 25 EU Member States in early March 2012 and is scheduled to come into force, following ratification by national legislators, in January 2013.

As a result of these reforms and already existing rules, budget policy in EU countries in the coming years will be subject to four rules, with the rule that binds differing by country and year:[1]

- Provisions in the excessive deficit procedure (EDP) aimed at attaining the 3% of GDP reference headline deficit ceiling by 2012-14, with countries already having made commitments to an annual path to reach this goal.
- Medium-term Objectives (MTO) set at a maximum structural deficit excluding one-offs of 1 or 0.5% of GDP (with the amount depending on the level and sustainability of debt) to be reached by reducing structural deficits by at least 0.5 percentage points of GDP annually.
- The debt reduction rule (DR), whereby the gap between actual debt and the 60% reference level, averaged over three years, needs to be reduced by 1/20 annually.
- The transition to the debt reduction rule from the EDP (TRANS), aimed at reducing the deficit to conform to the debt reduction rule in three years, though with annual structural adjustment not exceeding ¾ per cent of GDP.

Enforcement procedures both at EU and national level will be strengthened in the light of the almost complete failure to achieve requirements on a sustainable basis prior to the crisis. In particular, automatic financial sanctions, notably the deposition of funds into a blocked non-interest-bearing account, will apply unless a qualified majority of countries votes against it (reversed majority principle).

The multiplicity and the complexity of the fiscal rules obscure their likely impact on government finances. Complexity may also be an impediment to communication about fiscal policy and to achieving popular buy-in to a sustainability oriented policy, without which rules may be harder to enforce. There are no official projections or scenarios published of the rules' implications. Stylised simulations are used here to highlight the phasing of the rules under exact compliance with the numerical rules.[2] For each country, the fiscal position, debt servicing costs and economic growth determine what rule becomes binding over time, and the most stringent rule in terms of the structural budget balance is assumed to be the binding constraint. This might produce a structural adjustment path towards the MTO that exceeds 0.5% of GDP per annum. MTOs are assumed to remain at their current levels, although these will be reviewed during 2012. The table below indicates the phasing of the rules for selected countries under a set of assumptions conditional on the OECD's long-term growth scenario.[3]

In the short term, consolidation dynamics in almost all EU countries will be driven by the EDP requiring headline deficits in terms of GDP to fall below the 3% limit. For the purpose of the stylised simulations in this box, all EU countries are assumed to meet their deadlines to correct excessive deficits. For most countries this would be the case by 2013 at the latest. After the 3% limit is met, other rules become relevant. Once the MTO is reached, underlying balances are required to remain constant.

In the medium term, consolidation dynamics will be mostly driven by the MTO. In fact, the DR rule applies fairly rarely because, even though countries have debt-to-GDP ratios well above 60%, the MTOs are often stricter in terms of the budget balance than the implied balance under the 1/20th debt rule and because of the transitional arrangements that have been put in place. The higher the debt-to-GDP ratio and the larger the structural deficit, the more likely it is that the DR rule will be binding. By about the middle of the decade, most EU countries would attain or exceed their MTOs.

Box 1.4. **Challenges in implementing the new budgetary rules in the European Union** *(cont.)*

Most binding European Union fiscal rules under stylised assumptions

	for EDP correction	2012	2013	2014	2015	2016	2017	2018
Austria	2013	->MTO	->MTO	->MTO	DR	MTO	MTO	MTO
Belgium	2012	EDP	->MTO	->MTO	->MTO	->MTO	->MTO	MTO
Estonia	..	MTO	MTO	MTO	MTO	MTO	MTO	MTO
Finland	..	->MTO	->MTO	MTO	MTO	MTO	MTO	DR
France	2013	EDP	EDP	->MTO	MTO	MTO	MTO	MTO
Germany	2013	MTO	MTO	TRANS	DR	DR	MTO	MTO
Greece	2014	EDP	EDP	EDP	TRANS	TRANS	MTO	MTO
Ireland	2015	EDP	EDP	EDP	EDP	TRANS	->MTO	->MTO
Italy	2012	EDP	MTO	TRANS	TRANS	DR	MTO	DR
Luxembourg	..	MTO	MTO	MTO	MTO	MTO	MTO	MTO
Netherlands	2013	EDP	EDP	->MTO	MTO	MTO	MTO	MTO
Portugal	2013	EDP	EDP	TRANS	TRANS	TRANS	DR	DR
Slovak Republic	2013	EDP	EDP	->MTO	->MTO	->MTO	->MTO	->MTO
Slovenia	2013	EDP	EDP	->MTO	->MTO	MTO	MTO	MTO
Spain	2013	EDP	EDP	TRANS	TRANS	MTO	MTO	MTO
Czech Republic	2013	EDP	EDP	->MTO	MTO	MTO	MTO	MTO
Denmark	2013	MTO	MTO	MTO	MTO	MTO	MTO	MTO
Hungary	2011	TRANS	TRANS	TRANS	DR	MTO	MTO	MTO
Poland	2012	EDP	->MTO	->MTO	->MTO	->MTO	MTO	MTO
Sweden	..	MTO	MTO	MTO	MTO	MTO	MTO	MTO
United Kingdom	2014	EDP	EDP	EDP	TRANS	->MTO	->MTO	MTO

Notes: The table shows what the European Union fiscal rules would be most binding, given a set of stylised assumptions. GDP growth and interest rates are assumed to be independent of fiscal policy and to follow the OECD Economic Outlook No. 91 until 2013 and thereafter the new OECD long-term projections. It is assumed that current EDP correction deadlines are met, superseding other rules, and that the countries just follow the rules. "EDP" stands for adjustment to the 3% of GDP deficit rule, "TRANS" stands for the transition period under the debt reduction rule, "DR" stands for the debt reduction rule, "→MTO" notes convergences to the Medium-Term Objective (MTO), and "MTO" notes that the MTO is reached.

Source: OECD calculations.

1. Countries will be also subject to an expenditure rule, requiring expenditure net of discretionary measures to grow below a medium-term rate of potential GDP until MTO is achieved. This rule is not included in the simulations of this box.
2. See also Barnes *et al.* (2012).
3. See Chapter 4.

Fostering area-wide growth

EU-wide initiatives could help to foster growth

Given the likely slow growth of private demand during the prolonged period of adjustment that is necessary to tackle imbalances, actions at the European level to foster area-wide growth could help to speed up the process and generate a more propitious environment in which to undertake structural reforms. One possible step in the near term would be to issue new jointly-guaranteed government bonds to help recapitalise the banking sector and encourage the write-off of bad loans, thereby setting the stage for increased credit availability. A side-effect of such a measure would be to take a step towards the issuance of euro-bonds, which could help increase private-sector confidence that such financing will eventually emerge as the euro area evolves, at which point sovereign debt crises would seem less intractable. A second possibility would be to increase the jointly-guaranteed resources available for the European Investment Bank to provide financial assistance to new trans-European network infrastructure projects, in areas such as transport, energy and telecommunications. Other policy measures at the EU level that can improve medium-term growth prospects include strengthening and deepening the Single Market; improving the EU co-ordination of national innovation policies; further opening markets to trade and investment; and enhancing labour mobility within the European Union (OECD, 2012c).

Policies in the main projection

Monetary policy

Additional monetary accommodation has been provided through different tools…

Reflecting the modest economic outlook, the significant downside risks and mostly moderate inflation, the monetary authorities in several OECD and non-OECD economies have provided additional monetary accommodation in recent months. Policy measures have become increasingly differentiated, reflecting cross-country differences in the pre-existing use of non-traditional monetary policy tools and in bank funding conditions. The measures have included changes in communication strategies, asset purchases, liquidity provision, lowering of required reserve requirements, reduction of collateral quality and cuts in policy interest rates:

… including enhanced communication policies…

- Enhanced use of communication policies was made in the United States and Japan. The Federal Reserve now publishes the longer-run inflation objective and provides information about individual FOMC members' expectations of the future federal funds rate, conditional on their projected economic outlook. In February, the Bank of Japan also published a clear statement about its price stability goal, which is now set at achieving an inflation rate of 1%.

… expansions of asset purchase programmes…

- Asset purchase programmes have been expanded further in Japan and the United Kingdom. In Japan, the overall size of the programme has now risen to 70 trillion yen (15% of GDP) with the new purchases being allocated to long-term government bonds. The Bank of England has also expanded its asset purchase programme to a total of £325 billion (22% of GDP).

… large scale liquidity provisions…

- The European Central Bank implemented the two LTROs, reduced the policy rate and reserve requirements, and expanded collateral eligibility for banks. Together, these measures eased policy considerably, pushing the overnight interest rate down to around 0.35%. National central banks also began to accept bank loans as collateral in their liquidity operations at their own risk. These measures allowed for some convergence in liquidity conditions within the single currency area, reducing excessive tightening of liquidity conditions in the economies under market pressure.

... and the reduction of policy rates and reserve requirements

- Interest rates were cut in Brazil already in mid-2011 and have since then been reduced by a total of 350 basis points. Since late-2011, policy rates have also been lowered in Australia, Sweden and Norway, as well as in India and Russia. In China, reserve requirements have been reduced although policy interest rates have remained unchanged.

Continuing accommodative monetary policy will be appropriate...

Looking forward, against a likely backdrop of modest economic growth, limited inflationary pressures and widespread fiscal consolidation over the next few years, monetary conditions need to remain accommodative with policy interest rates close to zero in most OECD countries and asset purchases programmes implemented as planned or expanded. In the large emerging market economies outside the OECD, monetary policy requirements differ across countries, depending on the economic outlook.

... in the United States...

- In the United States, keeping the target federal funds rate at its present level, as stated in the current forward guidance, is predicated on continued spare capacity, with fiscal tightening contributing to limit growth to close-to-trend rates. In the event of the adoption of a very restrictive fiscal policy for 2013, or a materialisation of downside risks in the euro area, the Federal Reserve would have to respond to the implications for inflation and activity by additional purchases of long-term government bonds and possibly by expanding the range of purchased assets. On the other hand, given that the neutral policy rate appears to be at or above 4%, the current forward guidance to the end of 2014 entails a risk that monetary policy would have to move in a potentially destabilising manner afterwards or be delayed with respect to economic requirements. This possibility means that potential changes in economic conditions from those currently envisaged need to be monitored closely; this might happen, for example, if political agreements were to result in little or no fiscal consolidation in the coming fiscal year or if the absorption of labour market slack did not slow down to the extent currently anticipated.

... Japan...

- In Japan, the current zero-interest-rate policy needs to be continued until inflation is firmly positive, which is not expected to occur before the end of 2013. If there are no clear signs of a trend toward achieving the 1% inflation goal, the Bank of Japan should undertake further measures, including the expansion of the scale of the asset purchase programme.

... and the euro area

- In the euro area, there is a need for easier monetary conditions given the prospects for weak economic activity and declining inflationary pressures (except for increases in administered prices and indirect taxes). With different official interest rates relevant for different banks, it will be appropriate to bring down the overnight rate to near-zero levels by decreasing both the main refinancing rate and the deposit rate. The outlook could justify going further to expand unsterilised purchases of long-term securities, possibly directed to the government bond market as well as the covered bond market. In the former case, government guarantees would be desirable to maintain a clear separation between monetary and fiscal policies.

More accommodative domestic policy and tighter exchange rate policy are desirable in China…

- In China, following some reductions in bank reserve requirements, overall monetary conditions seem to be appropriate at present, but domestic monetary conditions are relatively tight, though hard to gauge given the reliance on administrative measures and uncertainty about their transmission. Against this background, the Chinese monetary authorities might be better served by a more accommodative domestic policy with the priority being given to market-based measures rather than reserve requirements and window guidance, while allowing for faster appreciation of the effective exchange rate. Such a policy combination should help to reduce the risk of activity slowing more sharply than projected, and the risk of disorderly property market outcomes. The recent expansion of the band for daily fluctuations of the renminbi-US dollar rate is a useful step in this direction.

… while policy requirements differ across the other emerging economies

- In India, the scope to move further towards a more accommodative stance is limited, given inflation pressures and limited spare capacity. In Brazil, on the other hand, some of the monetary stimulus currently in place will have to be withdrawn to bring inflation back to the mid-range of the target band. The monetary authorities in Indonesia should also be alert to possible inflationary pressures and tighten policy if they emerge.

Taking risks related to ultra-accommodative monetary policy is warranted for the time being

The extremely accommodating monetary policy stance likely in most countries in coming years entails negative risks. Monetary easing, such as the extension of the period of near-zero policy rates and liquidity provision with long maturity and very low interest rates, potentially prompts excessive risk taking and resource misallocation that may allow zombie banks and enterprises to survive. Moreover, the expansion of the scale of asset purchase programmes increases the vulnerability of central bank balance sheets to asset price fluctuations. However, the need to support weak activity, and downside risks to growth, warrants taking the risks associated with ultra-accommodative monetary policy for the time being. To some extent the risks could be contained by prudential policies, such as preventing the ever-greening of bad loans (see below).

Rising oil prices could influence policy settings

If further increases in oil prices, including spikes due to supply disruptions, were only temporary, they might have few monetary policy implications, given well-anchored inflation expectations and the need for policy interest rates to be set to meet inflation objectives two or more years ahead. However, an upward trend drift in oil prices on the back of steadily rising demand and a slow response of supply might be more likely to influence monetary policy settings. In particular, a steady upward trend would raise questions about the inflation rate and the appropriate inflation concept to target, since a trend increase in oil prices would require slower growth of non-oil domestic prices and hence possibly tighter policy than otherwise, at least temporarily, if inflation objectives remain unchanged.

Fiscal policy

Fiscal consolidation will be widespread but debt ratios are likely to continue drifting up in many countries…

Budget outcomes in 2011 were broadly in line with expectations (as measured by OECD projections from last November) in the United States and the United Kingdom, but weaker than expected for Japan and the euro area. In the current projection, the OECD area-wide fiscal deficit is expected to fall by 1% of GDP in 2012 and by between 1 and 1¼ per cent of GDP in 2013 (Table 1.6). Gross debt in terms of GDP is set to continue drifting upwards, with 2013 debt ratios projected to exceed 2011 levels in the United States, the euro area and Japan by 8½, 4¾ and 17 percentage points, respectively.

Table 1.6. **Fiscal positions will improve only slowly**

Per cent of GDP / Potential GDP

	2009	2010	2011	2012	2013
United States					
Actual balance	-11.6	-10.7	-9.7	-8.3	-6.5
Underlying balance	-9.0	-8.6	-7.7	-6.8	-5.4
Underlying primary balance	-7.5	-7.0	-5.9	-5.0	-3.4
Gross financial liabilities	89.7	98.3	102.7	108.6	111.2
Euro area					
Actual balance	-6.4	-6.2	-4.1	-3.0	-2.0
Underlying balance	-4.8	-4.1	-3.1	-1.6	-0.4
Underlying primary balance	-2.4	-1.7	-0.5	1.0	2.3
Gross financial liabilities	87.8	93.1	95.1	99.1	99.9
Japan					
Actual balance	-8.8	-8.4	-9.5	-9.9	-10.1
Underlying balance	-7.6	-8.0	-8.8	-9.2	-9.3
Underlying primary balance	-7.1	-7.4	-8.0	-8.2	-7.9
Gross financial liabilities	188.8	192.7	205.5	214.1	222.6
OECD[1]					
Actual balance	-8.1	-7.5	-6.3	-5.3	-4.2
Underlying balance	-6.6	-6.3	-5.5	-4.6	-3.5
Underlying primary balance	-5.1	-4.6	-3.7	-2.7	-1.5
Gross financial liabilities	92.5	98.7	103.0	107.6	109.3

Note: Actual balances and liabilities are in per cent of nominal GDP. Underlying balances are in per cent of potential GDP and they refer to fiscal balances adjusted for the cycle and for one-offs. Underlying primary balance is the underlying balance excluding net debt interest payments.

1. Excludes Chile, Mexico and Turkey.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609570

... and in most countries consolidation needs remain large

Calculations by the OECD indicate that, based on plausible assumptions about medium-term growth and interest rates, stabilising the debt-to-GDP ratio may require a tightening of underlying primary balances after 2011 of 13 percentage points of GDP in Japan, and about 6½ percentage points of GDP in the United States (see Chapter 4). Moreover, for many other countries, stabilisation of the debt ratio would occur at high levels. Bringing debt ratios back to pre-crisis levels or to more comfortable levels of some 60% of GDP would require substantially greater consolidation than for debt stabilisation.

The consolidation pace should depend on the state of the economy ...

However, decisions on the pace of consolidation must take into account the adverse effects of fiscal policies on aggregate demand. For example, in the euro area on average, a one percentage point tightening of the underlying primary balance in an individual country might typically reduce growth by around ½ per cent of GDP, although fiscal multipliers will vary in size across consolidation instruments and countries, and depend on circumstances (Barrell *et al.*, 2012). Moreover, if tightening occurs in several countries simultaneously, as is presently the case, the impact is larger. In the current environment, with limited scope for further monetary policy relaxation, the adverse impact of fiscal consolidation on growth could be much stronger than in normal times. On the other hand, a number of countries are in acute risk of losing credibility in financial markets. On balance, if economic activity turns out to be weaker than embedded in current consolidation plans, it would be appropriate in most cases to compensate implied budgetary shortfalls only partially by additional fiscal restraint, while taking into account country-specific circumstances. It is essential in any case that the credibility of consolidation plans is preserved.

... and the composition of consolidation should be choosen on the basis of its impact on...

Current consolidation plans in the OECD area incorporate a mixture of revenue raising measures and spending reductions, with public spending reductions accounting for more than half of the consolidation in most countries.[14] The composition of consolidation can have significant impact on efficiency and equity outcomes, and needs to be calibrated to attain the best balance between important competing objectives, which can also significantly influence the political acceptance of consolidation strategies:[15]

... economic efficiency...

- If carefully designed, some consolidation measures might prompt an increase in public sector efficiency and could be growth enhancing. For example, as earlier work by the OECD has shown, there is scope to improve efficiency in major spending areas of the public sector, such as health and education, and such gains could yield large savings without

14. In 17 of the 21 countries where consolidation exceeds 1% of GDP in 2012 and 2013 combined, spending reductions are expected to account for more than half of the fiscal adjustment.
15. For a discussion of consolidation instruments and trade-offs involved see Chapter 4 in OECD *Economic Outlook* 88 (OECD, 2010) and Hagemann (2012).

jeopardising the outcomes of public sector services. On the other hand, achieving consolidation by reducing public investment in infrastructure and human capital, or increasing taxes on corporate and labour income, may undermine economic growth.

... and equity

- There are many channels through which consolidation measures can affect equity outcomes by changing structural-policy settings that influence the distribution of income (see above). Areas where particular care needs to be taken include ensuring that consolidation measures do not result in reductions in educational system outputs, including weaker attainment levels, and do not weaken the re-distributional effects of the tax and transfer system.

The key fiscal policy assumptions are...

The fiscal policy assumptions employed in the projections are based on government programmes in most cases, though normative assumptions have been made where there is particular uncertainty about the likely evolution of budget policy in 2012 and 2013 (see Box 1.2 above):

... in the United States, consolidation could be a bit more ambitious than previously appeared prudent...

- In the United States, the risk of an excessively tight fiscal stance this year has been averted, with the payroll tax cut and the extensions to unemployment benefit duration having been maintained. This should mean that fiscal consolidation this year is of the order of 1% of GDP. Looking ahead to 2013, current legislation implies the expiry of the extensions of the 2001-03 tax cuts, the payroll tax cut and extended unemployment benefit duration, and automatic expenditure reductions worth around ¾ percentage point of GDP, amounting to a total tightening of close to 4% of GDP. The projection assumes this will not occur. Nonetheless, with growth prospects better than foreseen a few months ago, and less pronounced downside risks, the normative assumption employed in the projections is that there is scope for a slight increase in the pace of consolidation, improving the underlying primary balance by 1½ per cent of GDP between 2012 and 2013, somewhat faster than had previously appeared prudent. Crucially, the Administration and Congress have yet to establish an agreed credible consolidation path towards the restoration of fiscal sustainability; this is urgent and will become more so as the recovery firms and government borrowing costs increase. In this regard, there is plenty of scope to improve horizontal and vertical equity in the tax code in a way that will enhance revenue and to address long-term trends in entitlement spending.

... in Japan, consolidation should start earlier than foreseen by the government...

- In Japan, given the very high sovereign debt level, the top priority is to establish a more detailed and credible fiscal consolidation programme, including tax increases and spending limits, to put public debt firmly on a downward path towards more sustainable levels. Under currently-announced government policy, the underlying primary balance is projected to remain almost unchanged, with the headline deficit reaching 10% of GDP in 2013. This incorporates cumulative postearthquake reconstruction spending, estimated to total about 2% of GDP spread over 2012 and 2013, partially financed by temporary, albeit long-lasting, tax increases. As a step towards attaining the long-term goals of achieving a primary budget surplus by financial year 2020 and putting the public debt ratio on a downward path thereafter, the government has proposed raising the consumption tax rate to 10% by 2015. A phase-in of such an increase, which may have to be followed by more, should be enacted swiftly to demonstrate commitment to longer-term fiscal goals. Indeed, given the size of the task, and the risks associated with gross public debt above 200% of GDP, it would be prudent to start consolidation earlier than foreseen by the government.

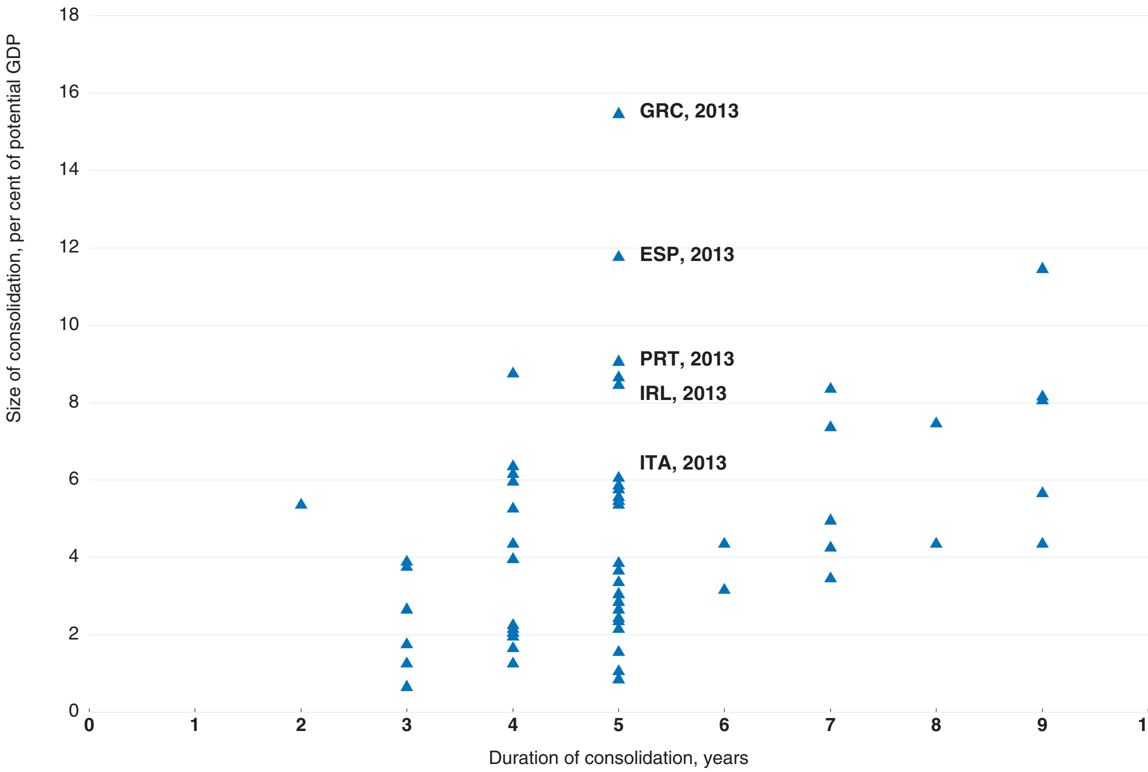
... in the euro area, structural objectives need to be met, but unforeseen cyclical weakness may leave headline deficits above their targets...

- In the euro area, a difficult balance must be struck between minimising the adverse short-term impact of consolidation on demand and the need to maintain credibility in medium-term consolidation plans. The required tightening to attain nominal budget targets in 2012 would likely amount to around 2% of GDP in the euro area as a whole, but would be much stronger in some of the countries under market pressure, notably Greece, Portugal, Italy and Spain (even with the revisions of the nominal deficit targets in the latter two countries). Hence, as discussed above, it appears appropriate that budgetary shortfalls due to unforeseen economic weakness be compensated by additional consolidation measures only partially. In the projections it is generally assumed that one-third of the cyclical weakening relative to the GDP growth embedded in the consolidation plans of euro area countries is offset with further structural tightening, with the remaining two-thirds showing up in higher-than-targeted headline deficits. This implies an area-wide tightening of close to 1½ per cent of GDP in both 2012 and 2013.

... while fiscal policies will be exceptionally tight in some countries

- Even with such assumed slippage, fiscal policy looks set to be exceptionally tight in the current and coming years in the countries under market pressure. In 2012 and 2013, underlying primary balances are projected to improve by 4½ per cent in Italy, 5% in Portugal and Greece, and 7% in Spain, following already large cumulative adjustments in the preceding two years (10½ per cent in Greece, 3¾ per cent in Portugal and 4½ per cent in Spain). These improvements are exceptionally large by historical standards (Figure 1.15). As fiscal multipliers could be unusually large in some of these countries at present, due to fragile banking systems that limit the possibility of consumption smoothing, weak confidence and no scope for monetary policy reaction at the domestic level, the induced economic weakness will limit the improvement in headline fiscal balances. While such pro-cyclical fiscal tightening is inherently undesirable, the starting point of high debt and deficits and low credibility leaves little room for manoeuvre. Only small further fiscal consolidation is assumed this year in Germany. For countries with some fiscal space, the pace of planned

Figure 1.15. **Size and duration of consolidation episodes in the OECD area since the 1980s**



Note: Consolidation episodes are identified by a rising trend in the underlying primary balance that allows for small and temporary fiscal reversals. For Greece, Ireland, Italy and Spain the largest past and current consolidations are shown (*i.e.* including projections until 2013), whereas for other OECD countries only the largest past or current consolidation is displayed.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932608259

consolidation could even be eased if the state of the economy were to worsen markedly, subject to long-term sustainability.

China has scope for counter-cyclical fiscal policies while in India priority should be given to consolidation

- In China, the general government budget deficit for 2012 is planned to be equivalent to around 1¼ per cent of GDP, which is moderately supportive, with social spending set to rise significantly. Overall, with another year of strict control over new local authority borrowing, on-budget debt could fall to a little over 15% of GDP in 2012. This excludes contingent liabilities of about 28% of GDP, associated with *inter alia* bank lending to local government sponsored corporations, which could eventually become a liability of the government. While this is, in itself, comfortable, the authorities have ample scope to use fiscal policy to counter any unexpected weakening of the economy without increasing borrowing as they have accumulated significant cash balances in their budget stabilisation fund. In India, the government has planned for modest fiscal consolidation in the current fiscal year. With the government deficit projected to remain close to 8% of GDP, consolidation appears necessary to help reduce inflation, ease current account pressures and promote more balanced growth.

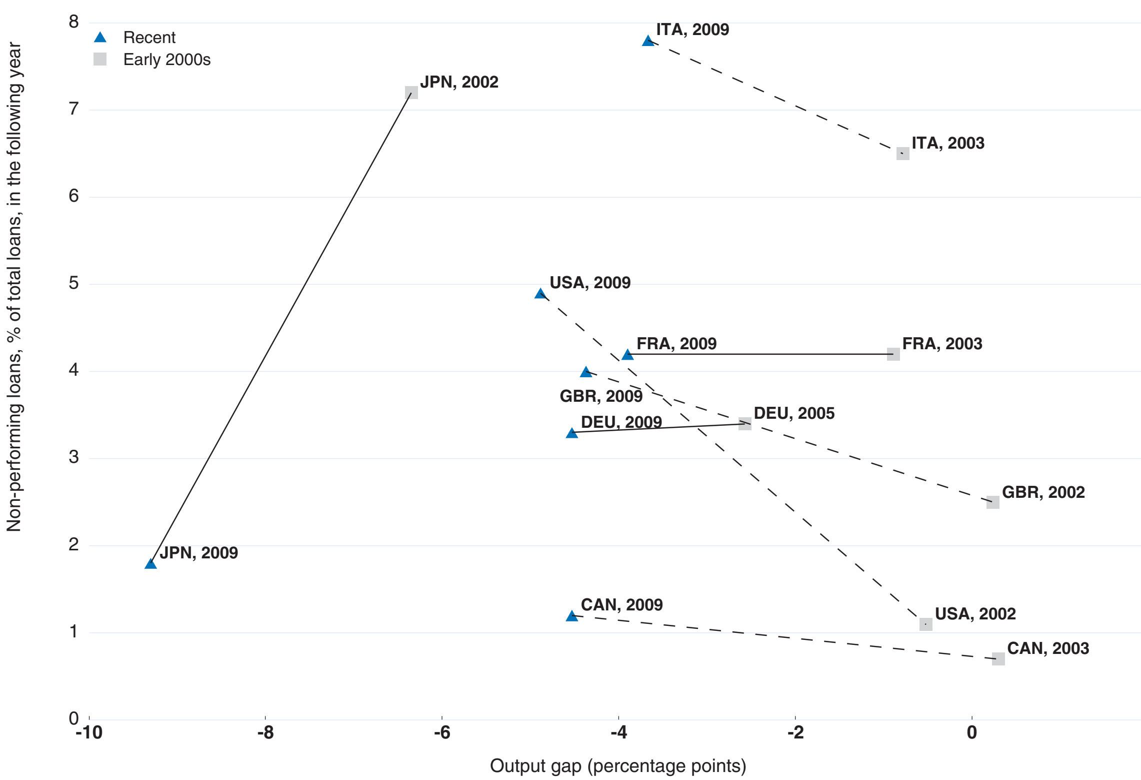
Financial market policy

Non-performing loans need to be recognised and addressed

The current environment of low interest rates and, especially in Europe, scarce equity capital might make banks reluctant to duly recognise and deal with bad loans. The opportunity cost for a bank of rolling over doubtful loans is low, compared with the alternative option of recognising these and taking capital-depleting provisions and write-offs. Indeed, in some of the largest euro area countries the shares of recognised non-performing loans in total loans are similar to their levels in the early 2000s despite a current much weaker economic situation, in marked contrast to the United States (Figure 1.16).[16] While this may reflect better risk management,[17] it underscores the need for active supervision to enforce the early recognition of non-performing loans, and steps to raise

Figure 1.16. **Output gaps and non-performing loans**

Selected countries, recent and early 2000s



Source: IMF Global Financial Stability Reports (2006, 2007, 2009) and IMF Financial Soundness Indicators.

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16. In addition, the strong declining trend in the share of risk-weighted assets in the total assets of systemically important banks suggests that there might be risk assets that are not identified by the current regulatory framework (Slovik, 2011). Hence, there is a risk that many loans may become non-performing.
17. More generally, when assessing the level non-performing loans, account also needs to be taken of asset price developments over the past decade and broader changes in the composition of aggregate loan portfolios (that are independent of changes in risk-weightings).

equity as needed, including through public capital injections if private funding is not forthcoming.

The financial reform agenda needs to be implemented swiftly

While the most immediate priority for financial policy is a rapid recognition of bad loans, followed by any necessary recapitalisation, especially in the euro area, this should not delay efforts to complete the financial reform agenda set out by the G20, as greater clarity about future regulation could boost near-term activity, in particular by facilitating investment decisions. Although it is important that decisions are made rapidly to dissipate regulatory uncertainty, some standards, such as capital and liquidity requirements, have to be phased in gradually, as is planned, to avoid a credit crunch. More importantly, reform still needs to come to full fruition in a number of areas in order to check the risks of repeated financial crises in the future. The key priority is to complete the task of dealing with the risks associated with large institutions that obtain rents as a result of the *de facto* public guarantee against a systemic collapse of the financial sector. Specific capital surcharges for systemically important financial institutions (SIFIs) can be a useful tool for this purpose and should be accompanied by resolution plans vetted by regulators. Structural separation between retail and investment banking could also help to ensure that sufficient regulatory capital is available for retail institutions where some form of *de facto* government guarantee cannot be completely eliminated. Taxing the value of the residual effective government guarantee would reduce the incentive for banks to grow too big to fail.

Reforms are also required in other areas

Besides the banking sector, completing financial reform is also important in other areas. Close deadlines should be set for the vast majority of derivatives to become cleared and settled centrally, whilst ensuring that clearing houses enforce sufficient discipline regarding collateral requirements. Speeding up convergence in accounting standards would enhance the monitoring of risk globally and also help to reduce the potential for regulatory arbitrage. Other financial centres could follow the US lead to eliminate credit ratings from public rules. In addition, to reduce incentives to leverage, governments should review tax biases that favour debt accumulation rather than equity financing.

The short-term effects of structural reforms

Structural reforms can have favourable short-run effects

As discussed above, structural reforms are essential to help foster job creation and economic growth and durably tackle global and intra-euro area imbalances. However, against a backdrop of soft economic activity, there could be a temptation for governments to delay structural reforms because of a concern that they might have detrimental short-term effects. Recent OECD empirical analysis confirms that the full benefits from reforms take time to materialise, but also suggests that some reforms have marked positive effects on growth and employment over a period of 3-5 years (OECD, 2012d). Relevant examples include stronger active labour market policies, such as enhanced job search services, and growth-friendly tax reforms that seek to lower direct taxes on labour. Moreover, there is only limited evidence that reforms have negative effects in the near term though certain labour market measures, such as unemployment benefit and job protection reforms, can have mildly negative short-term effects if introduced when activity is weak. A broad reform effort, with a well designed package of labour and product market reforms, would be most likely to deliver overall gains and alleviate the transitional costs of certain individual reforms. The short-term impact of structural reforms could also be enhanced if accompanied by an effective communication strategy and a strong and well-regulated financial sector, thereby fostering confidence and enabling households and firms to spend against future reform-driven income gains.

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OECD Economic Outlook
Volume 2012/1

Chapter 2

DEVELOPMENTS IN INDIVIDUAL OECD COUNTRIES

UNITED STATES

The economic recovery has gained momentum since the first half of last year, with moderate employment gains and a pick-up in the pace of consumer spending. Nevertheless, real GDP growth is projected to increase only gradually this year and next, as the economy is still overcoming important hurdles. Housing demand has increased noticeably, but the overhang of unsold homes and the tide of foreclosures will restrain the revival in residential investment.

The programmed expiration of tax cuts and emergency unemployment benefits, together with automatic federal spending cuts, would result in a sharp fiscal retrenchment in 2013 that might derail the recovery. Consolidation is necessary, but it should be implemented at a steady, gradual pace consistent with a medium-term plan to restore fiscal stability. Restricting tax expenditures would lower the deficit while reducing market distortions and narrowing income inequality. Monetary policy should remain accommodative as long as the extensive economic slack persists.

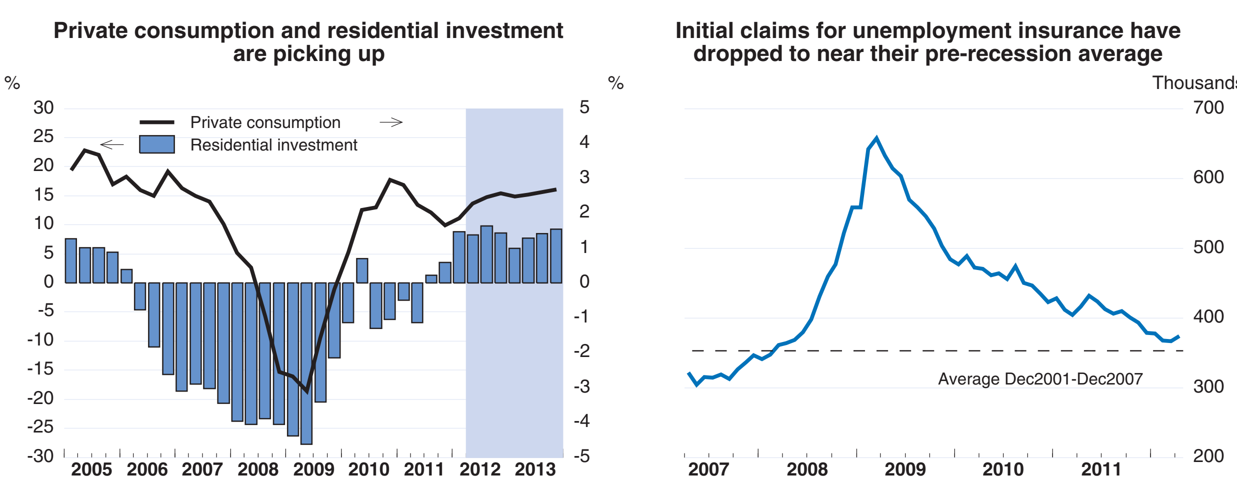
The economic recovery is continuing, but resource utilisation is still low

Since the middle of 2011, output has expanded at a pace close to potential growth. In the labour market, initial claims for unemployment insurance have dropped close to the levels observed prior to the recession, and indicators of hiring activity have brightened. Nevertheless, the economy is still healing from the financial crisis, the unemployment rate remains well above its pre-recession norms and capacity utilisation is persistently low.

Private consumption and investment outlays are expanding...

After rising at a sluggish pace through most of last year, private consumption has accelerated in recent months. Moderate employment growth has contributed to rising labour income, although the rise in energy prices so far this year has held back these gains somewhat. Households continue to reduce their debt burdens, and this deleveraging restrains their spending. Private business investment has moderated somewhat from the robust pace of the middle of last year.

United States



Source: OECD Economic Outlook 91 database and the US Bureau of Labor Statistics 2012.

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United States: **Employment, income and inflation**

Percentage changes

	2009	2010	2011	2012	2013
Employment[1]	-4.3	-0.7	0.9	1.6	1.7
Unemployment rate[2]	9.3	9.6	8.9	8.1	7.6
Compensation per employees[3]	1.1	2.8	2.8	3.0	3.5
Labour productivity	0.8	3.7	0.8	0.8	0.9
Unit labour cost	0.1	-0.8	2.3	2.1	2.7
GDP deflator	1.1	1.2	2.1	1.6	1.6
Consumer price index	-0.3	1.6	3.1	2.3	1.9
Core PCE deflator[4]	1.6	1.4	1.4	1.9	1.8
PCE deflator[5]	0.2	1.8	2.5	2.0	1.8
Real household disposable income	-2.3	1.8	1.3	1.8	2.2

1. Based on the Bureau of Labor Statistics (BLS) Establishment Survey.
2. As a percentage of labour force, based on the BLS Household Survey.
3. In the total economy.
4. Deflator for private consumption excluding food and energy.
5. Private consumption deflator. PCE stands for personal consumption expenditures.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609589

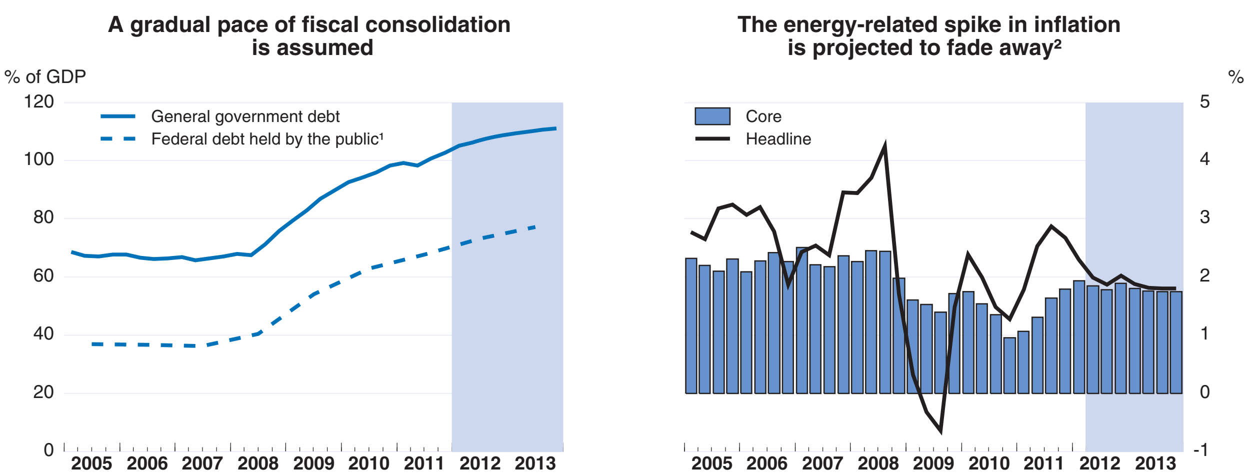
... but ongoing imbalances are restraining residential investment

Although construction activity picked up in early 2012, much of the increase was due to unseasonably warm winter weather, which likely pulled forward some activity from later this year. Housing demand has moved up noticeably from its recessionary lows, but even so, the large overhang of unsold homes and the ongoing tide of foreclosures continue to put downward pressure on house prices and residential investment.

The current account deficit has widened again

Following a considerable reduction from 6% of GDP in 2006 to 2¾ per cent in 2009, the current account deficit has begun to widen again, as

United States



1. Congressional Budget Office.
2. Headline PCE and core PCE deflators, annual percentage change.

Source: OECD Economic Outlook 91 database and the Congressional Budget Office.

StatLink http://dx.doi.org/10.1787/888932608316

United States: **Financial indicators**

	2009	2010	2011	2012	2013
Household saving ratio[1]	5.1	5.3	4.7	4.3	4.0
General government financial balance[2]	-11.6	-10.7	-9.7	-8.3	-6.5
General government gross debt[2]	89.7	98.3	102.7	108.6	111.2
Current account balance[2]	-2.7	-3.2	-3.1	-3.7	-4.3
Short-term interest rate[3]	0.9	0.5	0.4	0.4	0.3
Long-term interest rate[4]	3.3	3.2	2.8	2.3	3.2

1. As a percentage of disposable income.
2. As a percentage of GDP.
3. 3-month rate on euro-dollar deposits.
4. 10-year government bonds.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609608

growth in the United States has exceeded that of some of its trading partners.

Financial conditions will remain supportive of growth…

Recent energy price pressures have not raised inflation expectations, which still appear to be well anchored. Given the large amount of slack that remains, monetary policy is assumed to remain accommodative during the projection period, and financial conditions are generally expected to remain supportive of growth. Banks are likely to become

United States: **Demand and output**

	2010	2011	2012	2013	Fourth quarter 2011	Fourth quarter 2012	Fourth quarter 2013
	Current prices $ billion	Percentage changes from previous year, volume (2005 prices)					
GDP at market prices	14 526.6	1.7	2.4	2.6	1.6	2.4	2.7
Private consumption	10 245.6	2.2	2.3	2.6	1.6	2.6	2.7
Government consumption	2 497.5	-1.2	-1.3	-0.1	-1.7	-0.3	-0.3
Gross fixed investment	2 233.5	3.7	4.4	6.3	3.9	4.2	6.5
Public	505.3	-6.7	-1.9	1.0	-7.9	-0.5	0.6
Residential	338.1	-1.3	8.8	7.9	3.5	8.6	9.2
Non-residential	1 390.1	8.8	5.4	7.3	8.2	4.6	7.4
Final domestic demand	14 976.6	1.8	2.0	2.7	1.4	2.4	2.8
Stockbuilding[1]	66.9	-0.2	0.3	0.0			
Total domestic demand	15 043.4	1.6	2.3	2.7	1.5	2.5	2.8
Exports of goods and services	1 839.8	6.7	4.9	6.7	4.7	5.9	7.1
Imports of goods and services	2 356.7	4.9	3.9	6.2	3.6	5.2	6.4
Net exports[1]	- 516.9	0.0	0.0	-0.2			

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*
Detailed quarterly projections are reported for the major seven countries, the euro area and the total OECD in the Statistical Annex.

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609627

United States: **External indicators**

	2009	2010	2011	2012	2013
			$ billion		
Goods and services exports	1 583.1	1 839.8	2 085.5	2 220	2 427
Goods and services imports	1 974.6	2 356.7	2 664.2	2 871	3 159
Foreign balance	- 391.5	- 516.9	- 578.8	- 651	- 731
Invisibles, net	14.9	46.0	105.3	68	34
Current account balance	- 376.6	- 470.9	- 473.4	- 584	- 698
			Percentage changes		
Goods and services export volumes	- 9.4	11.3	6.7	4.9	6.7
Goods and services import volumes	- 13.6	12.5	4.9	3.9	6.2
Export performance[1]	2.4	- 2.4	0.4	0.3	- 0.5
Terms of trade	5.9	- 1.6	- 1.4	- 2.1	- 1.1

1. Ratio between export volume and export market of total goods and services.
Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609646

increasingly willing to lend, thus helping reinforce the recovery in household spending.

... but fiscal consolidation will restrain aggregate demand

Although fiscal consolidation is needed to put government debt on a sustainable path, current legislation implies a very sharp fiscal retrenchment in FY 2013 that would be badly timed given the still-fragile state of the economy. There is, however, significant uncertainty about fiscal policy in the coming year. The projection therefore assumes an alternative path for fiscal policy that reduces the underlying primary deficit by 1% and 1½ per cent of GDP, respectively, in 2012 and 2013. This smoother and more gradual pace of consolidation would greatly reduce the risks of derailing the recovery, at little cost to longer-term fiscal sustainability.

The output gap will narrow gradually

Real GDP is projected to accelerate gradually as private consumption strengthens and the slow recovery in the housing sector begins to feed a modest rebound in construction activity. Employment growth will also rise steadily, and the unemployment rate is projected to edge down further. With the pace of output growth expected to be only a bit ahead of potential, the output gap is projected to narrow slowly, to just below 3%, by the end of 2013.

Significant risks remain

Although the negative spillovers from the euro-area sovereign debt crisis to the United States seem to be limited thus far, the potential effects of future credit market disruptions remain a major source of concern. In addition, the persistently high long-term unemployment presents a rising risk that unemployment will become structural. On the other hand, the recent momentum in hiring activity may presage a faster recovery of the labour market than projected, which in turn would foster a quicker normalisation in economic activity.

JAPAN

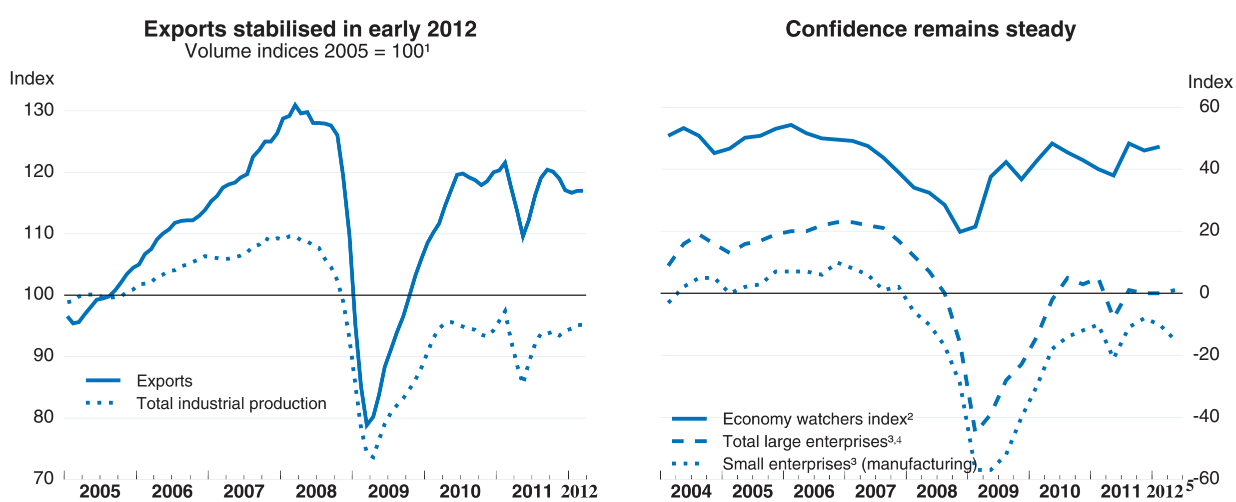
Following a trade-induced slowdown in late 2011, public reconstruction spending in response to the Great East Japan Earthquake will help boost growth to around 2% in 2012. As reconstruction outlays wane, the expansion will be supported through 2013 by a pick-up in exports. Deflation is likely to diminish, although the unemployment rate will remain above its pre-2008 crisis level.

A budget deficit of around 10% of GDP (excluding one-off factors) in 2012-13 will further push up government debt. A detailed and credible fiscal consolidation plan, including both revenue increases and spending cuts, is therefore essential to maintain confidence in Japan's fiscal situation. A top priority is to implement the government's proposal to hike the consumption tax rate beginning in 2014, if not before. The Bank of Japan should maintain its virtually zero interest rate policy and continue active quantitative measures until inflation is firmly positive at the target rate of around 1%.

The economy began to recover after a slowdown in late 2011

After a sharp rebound from the March 2011 Great East Japan Earthquake, the economy stalled in the final quarter of the year. The slowdown was primarily due to a fall in exports, which were affected by the weaker world economy, persistent yen strength and the flooding in Thailand. However, the recovery resumed in the first quarter of 2012, thanks in part to a rebound in exports supported by the pick-up in world trade and some reversal of the yen's appreciation. By March 2012, industrial production had risen to within 4% of its pre-earthquake peak a year earlier.

Japan



1. Data are three-month moving averages of seasonally-adjusted industrial production and exports.
2. A survey of workers, such as taxi drivers and shop clerks, whose jobs are sensitive to economic conditions. The index ranges from 100 (better) to 0 (worse), with 50 indicating no change.
3. Diffusion index of "favourable" minus "unfavourable" conditions.
4. Large enterprises are capitalised at a billion yen or more and small enterprises at between 20 million yen and a hundred million yen.
5. Except for economy watchers index where there are no projections, numbers for the second quarter are companies' projections made in March 2012.

Source: Ministry of Economy, Trade and Industry; Bank of Japan; Cabinet Office.

StatLink http://dx.doi.org/10.1787/888932608335

Japan: **Employment, income and inflation**

Percentage changes

	2009	2010	2011	2012	2013
Employment	-1.6	-0.4	-0.2	0.1	-0.2
Unemployment rate[1]	5.1	5.1	4.6	4.5	4.4
Compensation of employees	-4.8	0.2	0.2	0.5	0.8
Unit labour cost	0.8	-4.1	1.0	-1.5	-0.7
Household disposable income	-1.1	0.4	-0.2	0.5	0.8
GDP deflator	-0.5	-2.1	-2.1	-0.9	-0.3
Consumer price index[2]	-1.4	-0.7	-0.3	-0.2	-0.2
Core consumer price index[3]	-0.6	-1.2	-0.9	-0.5	-0.3
Private consumption deflator	-2.5	-1.7	-1.1	-0.6	-0.4

1. As a percentage of labour force.
2. Calculated as the sum of the seasonally adjusted quarterly indices for each year.
3. Consumer price index excluding food and energy.

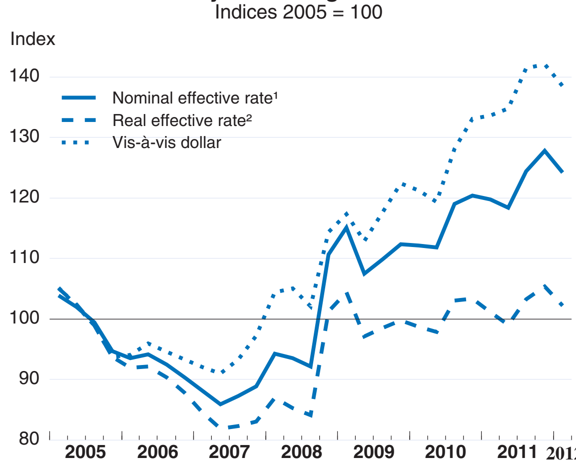
Source: OECD Economic Outlook 91 database.

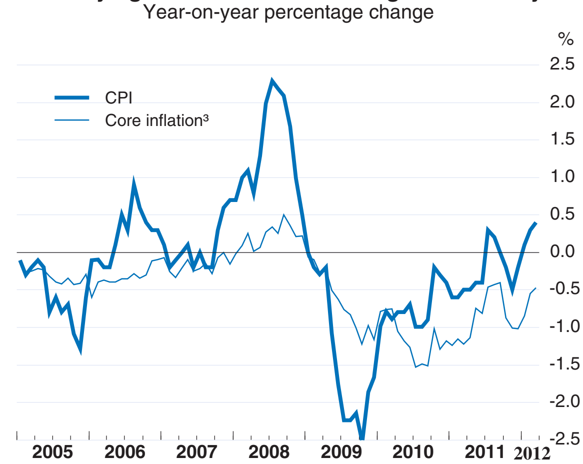
StatLink http://dx.doi.org/10.1787/888932609665

Public reconstruction spending is supporting the recovery…

The government plans to spend a total of around 19 trillion yen (about 4% of GDP) over five years for reconstruction following the disaster. Three packages and the FY 2012 budget, containing a total of around 18 trillion yen of reconstruction spending, have been approved. Reconstruction spending may amount to around 1½ per cent of GDP in 2012. Moreover, the government implemented a fourth supplementary budget of around ½ per cent of GDP in December 2011 in part to cope with the impact of yen appreciation. Consequently, public spending will play an important role in supporting a pick-up in growth in 2012.

Japan





1. Trade-weighted, *vis-à-vis* 48 trading partners.
2. Deflated based on consumer price indices.
3. Corresponds to the OECD measure of core inflation, which excludes food and energy.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932608354

Japan: **Financial indicators**

	2009	2010	2011	2012	2013
Household saving ratio[1]	2.4	2.1	2.9	1.9	1.9
General government financial balance[2]	-8.8	-8.4	-9.5	-9.9	-10.1
General government gross debt[2]	188.8	192.7	205.5	214.1	222.6
Current account balance[2]	2.8	3.6	2.1	1.6	1.9
Short-term interest rate[3]	0.3	0.2	0.1	0.3	0.3
Long-term interest rate[4]	1.3	1.1	1.1	1.1	1.8

1. As a percentage of disposable income.
2. As a percentage of GDP.
3. 3-month CDs.
4. 10-year government bonds.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609684

... but the government budget deficit is projected to rise to 10% of GDP

Reconstruction spending, though, is further exacerbating the fiscal situation in the short run, even if planned tax increases over the next 25 years will eventually cover the cost. The budget deficit is projected to be around 10% of GDP (excluding one-off factors) this year and next, boosting gross public debt to over 220% of GDP and pushing Japan's public finances further into uncharted territory. Achieving the government's goal of a primary budget surplus (for central and local governments) by FY 2020 and putting the public debt ratio on a downward trend from FY 2021 is essential

Japan: **Demand and output**

	2010	2011	2012	2013	Fourth quarter 2011	Fourth quarter 2012	Fourth quarter 2013
	Current prices ¥ trillion	Percentage changes from previous year, volume (2005 prices)					
GDP at market prices	481.9	-0.7	2.0	1.5	-0.6	1.9	1.6
Private consumption	285.5	0.1	2.2	1.2	0.6	1.7	1.4
Government consumption	95.4	2.0	1.8	0.1	1.8	1.5	-0.3
Gross fixed investment	96.8	0.5	2.3	2.8	3.2	1.2	2.6
Public[1]	22.2	-3.7	6.1	-6.5	-0.2	6.7	-9.6
Residential	12.7	5.1	1.6	4.9	2.9	2.7	4.2
Non-residential	61.8	1.0	1.3	5.4	4.5	-0.8	6.3
Final domestic demand	477.6	0.5	2.2	1.3	1.4	1.6	1.3
Stockbuilding[2]	-1.5	-0.5	0.1	0.0			
Total domestic demand	476.1	0.1	2.3	1.3	0.5	1.7	1.4
Exports of goods and services	73.2	0.0	2.3	6.5	-1.6	4.2	7.3
Imports of goods and services	67.5	5.8	3.8	4.9	5.8	2.8	5.4
Net exports[2]	5.8	-0.8	-0.3	0.2			

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.
Detailed quarterly projections are reported for the major seven countries, the euro area and the total OECD in the Statistical Annex.

1. Including public corporations.
2. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609703

Japan: **External indicators**

	2009	2010	2011	2012	2013
			$ billion		
Goods and services exports	640.0	835.6	896.7	916	986
Goods and services imports	621.9	770.3	949.6	1 010	1 067
Foreign balance	18.1	65.3	- 52.9	- 93	- 80
Invisibles, net	124.5	130.7	173.3	187	197
Current account balance	142.6	196.1	120.4	94	116
			Percentage changes		
Goods and services export volumes	- 24.4	24.4	0.0	2.3	6.5
Goods and services import volumes	- 15.8	11.1	5.8	3.8	4.9
Export performance[1]	- 17.2	7.5	- 6.1	- 2.7	- 1.7
Terms of trade	13.3	- 5.8	- 7.9	- 2.6	0.3

1. Ratio between export volume and export market of total goods and services.
Source: OECD Economic Outlook 91 database.

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to restore fiscal sustainability. The government has proposed doubling the consumption tax rate in two steps, from the current 5% to 8% in April 2014, and to 10% in October 2015, to finance swelling social spending due to population ageing, while reducing the budget deficit.

The Bank of Japan has taken further steps to support the recovery

The Bank of Japan has kept the policy interest rate close to zero, while expanding quantitative easing measures since mid-2011. Its asset purchase programmes now total 70 trillion yen (14% of annual GDP), with their latest enlargement in April 2012 to be used mainly to purchase government bonds. The Bank's loan programme encouraging financial institutions to boost lending to companies in "growth industries" was augmented in March 2012 to reach 5.5 trillion yen (1.1% of annual GDP). In addition, the Bank announced that its price stability goal is a 1% annual change in the CPI, thereby clarifying its commitment to end deflation. Nevertheless, the core consumer price index (excluding food and energy) fell by 0.6% in the first quarter of 2012 (year-on-year).

The expansion is projected to continue through 2013...

Despite the headwinds from deflation, output is projected to rise by around 2% in 2012, supported by public reconstruction spending. As the public sector's contribution to growth fades, the pace of the expansion is likely to moderate, although the pick-up in world trade will boost Japanese exports. Deflation, though, is likely to continue through 2013.

... although there are many risks, both domestic and external

One of the main risks is a possible energy shortage. Following the Fukushima accident, all of Japan's 50 nuclear power plants, which had supplied almost one-third of the country's electricity, were closed. Delays in re-opening these plants – or in securing alternative energy sources – could constrain output growth. In addition, the delay in fiscal consolidation and the continuing rise in the public debt ratio increase the risk of a run-up in long-term interest rates. Finally, there are risks related to the world economy, exchange rates and commodity prices.

EURO AREA

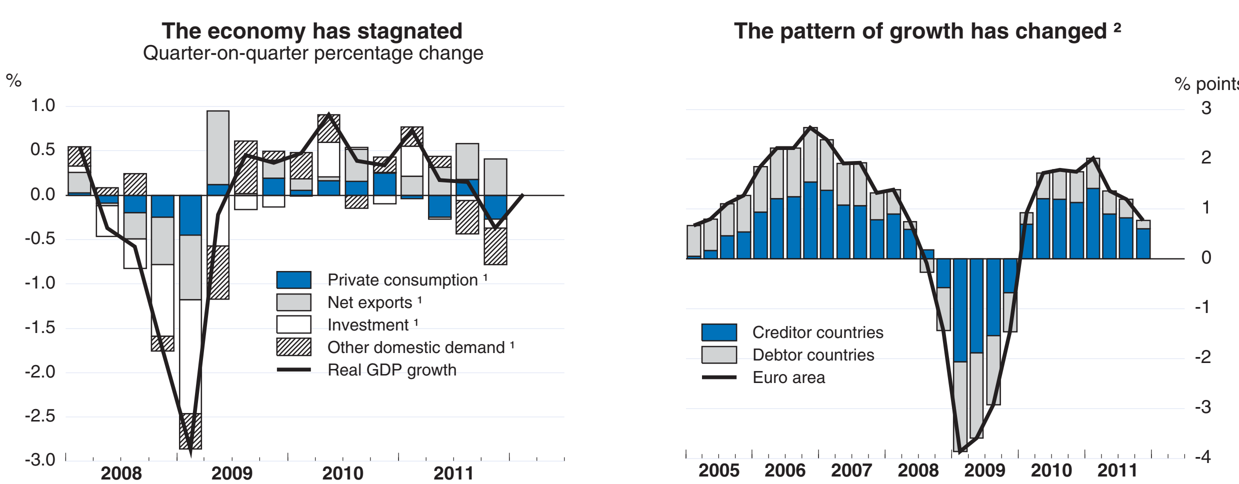
Activity has stagnated after contracting in end-2011 and unemployment is set to rise further, owing to weak confidence and difficult financial conditions related to the sovereign debt crisis. Provided that policy actions are sufficient to improve confidence, activity will begin gradually to recover in the second half of 2012, notwithstanding fiscal consolidation and private sector deleveraging. There will be a marked divergence between stronger growth in creditor countries and a weaker and delayed recovery in those with a large debt overhang. The large margin of spare capacity will moderate underlying inflationary pressures. The main risks centre on intensification of the debt crisis and the economic effects of high public and private indebtedness.

Recent decisions have significantly increased the capacity of the firewall to address government funding problems. However, issues remain, including: how to rapidly marshall funds from diverse sources; how to address more protracted and large funding gaps; how to simultaneously address needs of governments and banks; and how to deal with disturbances in secondary markets. To support growth, monetary conditions should be further eased and bank balance sheets should be strengthened while avoiding excessive deleveraging. Substantial fiscal consolidation is needed, but each country's response to the downturn should depend on the strength of its fiscal position. Abrupt fiscal adjustments should be avoided where growth disappoints. With scope for monetary and fiscal stimulus limited, reforms to labour market institutions, product market regulations and the tax system are needed to sustain growth and boost jobs.

The economy has stagnated

Output stagnated in early 2012 after contracting at end-2011 in the wake of a sharp fall in business and consumer confidence related to the intensification of the sovereign debt crisis. Financial conditions deteriorated in the latter half of 2011 as equity prices fell and tensions increased in the interbank market. Risk spreads on government debt of

Euro area



1. Contribution to the quarterly percentage change of the euro area GDP.
2. Contribution to year-on-year percentage change of the euro area GDP. The creditor and debtor countries are defined by their net foreign asset position as a share of GDP in 2010.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932608373

Euro area: **Employment, income and inflation**

Percentage changes

	2009	2010	2011	2012	2013
Employment	-1.8	-0.5	0.1	-0.6	-0.1
Unemployment rate[1]	9.4	9.9	10.0	10.8	11.1
Compensation of employees	-0.4	1.1	2.6	1.5	1.9
Labour productivity	-2.6	2.4	1.3	0.4	1.0
Unit labour cost	4.1	-0.9	0.8	1.3	0.8
Household disposable income	-0.4	1.2	2.3	1.5	2.1
GDP deflator	0.9	0.7	1.3	1.2	1.6
Harmonised index of consumer prices	0.3	1.6	2.7	2.4	1.9
Core harmonised index of consumer prices[2]	1.4	1.0	1.4	1.5	1.8
Private consumption deflator	-0.4	1.7	2.5	2.2	1.8

Note: Covers the euro area countries that are members of the OECD.

1. As a percentage of labour force.
2. Harmonised index of consumer prices excluding energy, food, drink and tobacco.

Source: OECD Economic Outlook 91 database.

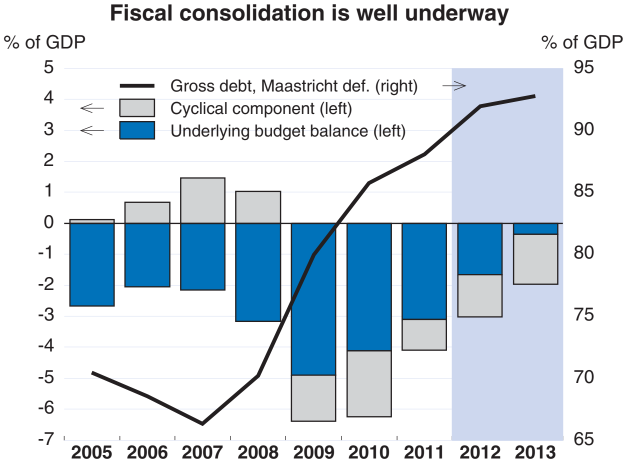
StatLink http://dx.doi.org/10.1787/888932610064

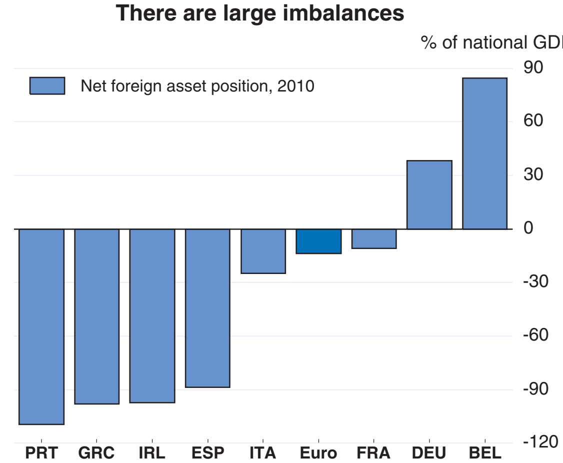
some countries increased, inducing further fiscal consolidation measures and putting further funding pressures on banks. The slowdown in demand has been broadly based across private consumption, business investment and government spending. However, while high debt countries are experiencing deep and long lasting recessions, prospects are significantly better in some other euro area economies.

Private sector deleveraging is constraining growth in some countries

The high burden of household and corporate debts will sustain high saving rates and hold back investment during the recovery. House prices are falling or rising only slowly in most euro area countries. Area-wide aggregate financial conditions have improved this year, but bank balance

Euro area





Source: IMF, International Financial Statistics and OECD Economic Outlook 91 database.

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Euro area: **Financial indicators**

	2009	2010	2011	2012	2013
Household saving ratio[1]	10.1	8.9	8.5	8.4	8.4
General government financial balance[2]	-6.4	-6.2	-4.1	-3.0	-2.0
General government gross debt[2]	87.8	93.1	95.1	99.1	99.9
General government debt, Maastricht definition[2]	80.0	85.8	88.1	92.2	93.0
Current account balance[2]	0.1	0.4	0.5	1.0	1.5
Short-term interest rate[3]	1.2	0.8	1.4	0.6	0.3
Long-term interest rate[4]	3.8	3.6	4.3	3.9	4.5

Note: Covers the euro area countries that are members of the OECD.
1. As a percentage of disposable income.
2. As a percentage of GDP.
3. 3-month interbank rate.
4. 10-year government bonds.
Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610083

sheets remain weak, despite increased liquidity provision from the European Central Bank. The EU recapitalisation exercise is requiring banks to increase their Tier-1 capital ratios by June 2012. The April 2012 ECB Bank Lending Survey points to a further tightening in bank lending standards to households and corporations, through at a slower rate than in late-2011. The burden of private sector debt is particularly high in countries that experienced credit and housing booms during the upswing and where little progress has been made in reducing outstanding debt.

Significant fiscal consolidation is taking place

The scale of the simultaneous fiscal adjustment will be a significant drag on demand growth. However, the fragility of confidence in public finances of euro area countries, and a high and rising debt-to-GDP ratio,

Euro area: **Demand and output**

	2010	2011	2012	2013	Fourth quarter 2011	Fourth quarter 2012	Fourth quarter 2013
	Current prices € billion	Percentage changes from previous year, volume (2009 prices)					
GDP at market prices	9 124.4	1.5	-0.1	0.9	0.7	0.2	1.3
Private consumption	5 246.1	0.2	-0.5	0.3	-0.7	-0.2	0.7
Government consumption	2 008.6	0.0	-0.8	-0.5	-0.3	-0.8	-0.3
Gross fixed investment	1 744.1	1.5	-1.8	1.3	0.7	-1.2	2.2
Final domestic demand	8 995.5	0.4	-0.8	0.3	-0.3	-0.5	0.8
Stockbuilding[1]	11.2	0.2	-0.4	0.0			
Total domestic demand	9 010.0	0.6	-1.2	0.3	-0.7	-0.5	0.8
Net exports[1]	114.4	1.0	1.1	0.6			

Note: Detailed quarterly projections are reported for the major seven countries, the euro area and the total OECD in the Statistical Annex.
Covers the euro area countries that are members of the OECD.
1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
Source: OECD Economic Outlook 91 database.

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Euro area: **External indicators**

	2009	2010	2011	2012	2013
			$ billion		
Foreign balance	165.9	151.6	184.1	243	312
Invisibles, net	- 144.9	- 108.3	- 121.7	- 112	- 118
Current account balance	21.1	43.3	62.5	131	194

Note: Covers the euro area countries that are members of the OECD.
Source: OECD Economic Outlook 91 database.

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warrant ongoing measures to bring the public finances onto a sustainable path. This process of fiscal consolidation has intensified and all euro area countries are now undertaking budgetary adjustment. Fiscal consolidation will have a particularly sharp effect in countries where the fiscal stance is being tightened very rapidly and domestic conditions are already weak. The underlying fiscal position is assumed to evolve in line with current budgetary plans and commitments under the Stability and Growth Pact. However, in general, to the extent that the OECD projections are weaker than used for government budget plans, the headline budgetary shortfall is compensated only partially in the OECD projections to avoid excessive fiscal restraints. The underlying budget balance in the euro area is estimated to improve by more than 1¼ percentage point of GDP in 2012 and again in 2013. The majority of the fiscal adjustment is taking place through reductions in expenditure.

Inflationary pressures remain weak

Underlying inflationary pressures are muted by sluggish growth and a large margin of economic slack. Unemployment is rising, as weak demand fails to create enough jobs. At the same time, increases in administered prices, higher indirect taxes and energy prices have been temporarily pushing up inflation. There is a need for wage and price adjustment across the euro area, so that wages boost domestic demand in external-surplus countries and restore competitiveness in external-deficit economies. Given weak overall price pressures, monetary policy is assumed to be eased to boost demand in the euro area as a whole.

The recovery will be slow with important downside risks

Activity will begin to recover from mid-2012 provided that policy actions are sufficient for confidence to improve. However, the recovery will be modest and depend heavily on external demand, as private consumption and investment will strengthen only slowly. By contrast, some economies with high debt and substantial fiscal consolidation will contract further, and their recovery will not begin for some time. The risks are large and mainly on the downside. These stem from the possible intensification of the sovereign debt crisis, which would further undermine confidence and the financial system, and more negative than anticipated effects from the financial deleveraging and fiscal consolidation. On the upside, more rapid repair of the financial system and ambitious structural reforms would improve the growth outlook.

GERMANY

Following a strong start at the beginning of the year, activity is set to pick up further as confidence improves and domestic demand strengthens. Strong labour market performance, low deleveraging needs and favourable financing conditions will contribute to the rebound in private consumption and investment over the projection period. The expected recovery of world trade should further improve business confidence and mitigate negative spillovers from weakness in the rest of the euro area.

As fiscal consolidation is on track, automatic stabilisers should be allowed to work unhindered to support domestic demand. Structural reforms to further improve business conditions and the innovation framework would strengthen economic performance and contribute to narrowing persistent current account imbalances by making the domestic sector more dynamic.

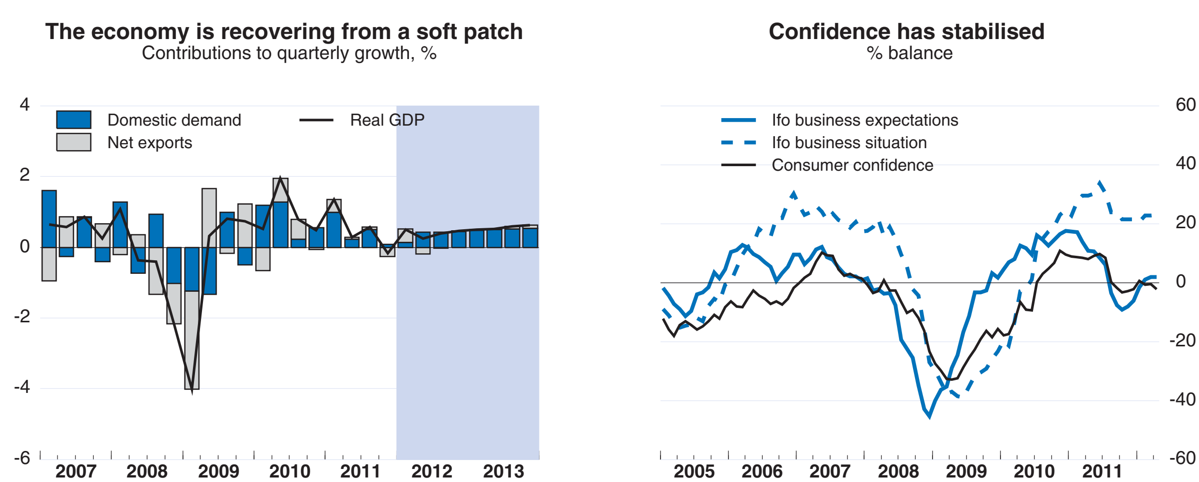
The economy is recovering from a soft patch…

Following the rebound at the beginning of the year on the back of strong exports, the economy is continuing to recover, even though the euro area as a whole is very weak. Financial conditions are improving, turning around confidence which has now reached above average levels. Residential construction should particularly benefit from low financing costs. Capacity utilisation has remained relatively high, creating a positive environment for investment spending.

… supported by a strong labour market

The unemployment rate has reached historical lows, confirming the ongoing decline in structural unemployment, the fruit of past labour market reforms. Employment has continued to grow strongly, despite soft economic activity, and wage growth has started to normalise with high wage drift due to bonus payments in the manufacturing sector. Firms are likely to maintain competitiveness and contain increases in unit labour costs by slowing hiring. Consumer confidence is nevertheless expected to improve gradually as labour market performance remains relatively

Germany



Source: European Commission; Ifo Institut für Wirtschaftsforschung; OECD, National Accounts database; OECD Economic Outlook 91 database.

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Germany: **Employment, income and inflation**

Percentage changes

	2009	2010	2011	2012	2013
Employment	0.0	0.5	1.3	0.9	0.2
Unemployment rate[1]	7.4	6.8	5.7	5.4	5.2
Compensation of employees	0.1	2.5	4.4	3.1	3.2
Unit labour cost	5.4	-1.0	1.3	1.9	1.2
Household disposable income	-0.7	2.9	3.2	3.2	3.2
GDP deflator	1.2	0.6	0.8	1.4	1.9
Harmonised index of consumer prices	0.2	1.2	2.5	2.3	2.0
Core harmonised index of consumer prices[2]	1.3	0.6	1.2	1.5	1.9
Private consumption deflator	0.1	2.0	2.1	2.1	2.0

1. As a percentage of labour force, based on national accounts.
2. Harmonised index of consumer prices excluding food, energy, alcohol and tobacco.

Source: OECD Economic Outlook 91 database.

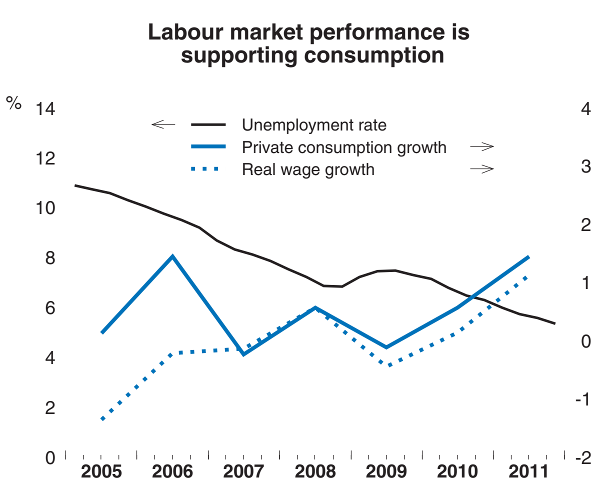
StatLink http://dx.doi.org/10.1787/888932609741

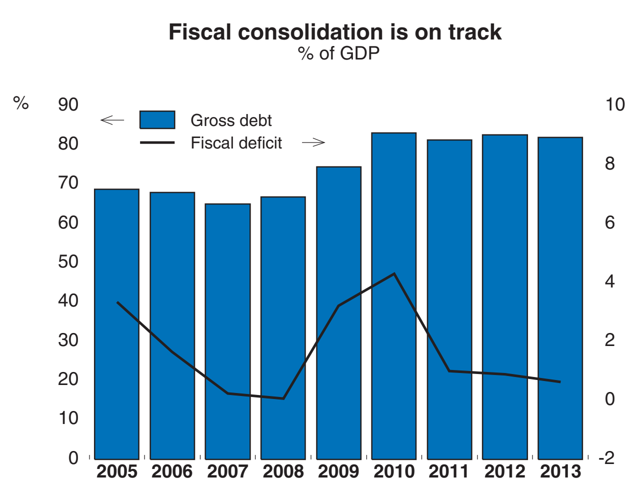
strong. As a result, domestic demand is set to increasingly contribute to the recovery as household income rises and the saving ratio declines below pre-crisis levels.

Fiscal consolidation is on track

The fiscal situation improved substantially in 2011 with the budget deficit falling to 1% of GDP, from 4.3% in 2010. Germany is now already in a position to allow automatic stabilisers to work fully, although the resilience of the labour market – unemployment did not rise in the recent soft patch – means they may be relatively small. The government is expected to implement budget consolidation measures in line with fiscal plans as some further consolidation is needed to comply with the fiscal

Germany





Note: Growth is annual. Real wage growth is per employee and deflated by the private consumption deflator. Fiscal deficit and gross debt (Maastricht definition) refer to general government.

Source: OECD, National Accounts database; OECD Economic Outlook 91 database.

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Germany: **Financial indicators**

	2009	2010	2011	2012	2013
Household saving ratio[1]	11.1	11.3	11.0	11.0	10.6
General government financial balance[2]	-3.2	-4.3	-1.0	-0.9	-0.6
General government gross debt[2]	77.4	86.8	87.2	88.5	87.8
General government debt, Maastricht definition[2]	74.5	83.2	81.4	82.7	82.0
Current account balance[2]	5.9	6.0	5.7	5.4	5.5
Short-term interest rate[3]	1.2	0.8	1.4	0.6	0.3
Long-term interest rate[4]	3.2	2.7	2.6	1.8	2.4

1. As a percentage of disposable income.
2. As a percentage of GDP.
3. 3-month interbank rate.
4. 10-year government bonds.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609760

rules, including a structural deficit at the federal level of at most 0.35% of GDP by 2016. The fiscal deficit is projected to gradually decline to 0.6% of GDP in 2013 on the back of both cyclical and structural improvements.

Growth will be driven by domestic demand

Growth is projected to rise above potential in 2013, mainly driven by domestic demand. Consumer spending will benefit from strong labour

Germany: **Demand and output**

	2010	2011	2012	2013	Fourth quarter 2011	Fourth quarter 2012	Fourth quarter 2013
	Current prices € billion	Percentage changes from previous year, volume (2005 prices)					
GDP at market prices	2 471.9	3.1	1.2	2.0	2.0	1.6	2.2
Private consumption	1 422.9	1.4	1.1	1.7	0.8	1.4	1.7
Government consumption	488.8	1.4	1.0	1.3	1.6	0.8	1.5
Gross fixed investment	431.3	6.6	2.0	3.7	5.6	2.2	4.2
Public	40.7	1.7	-5.3	-0.3	-0.2	-7.4	1.2
Residential	130.8	6.4	2.1	2.8	8.8	2.3	2.9
Non-residential	259.8	7.5	3.0	4.6	4.9	3.4	5.1
Final domestic demand	2 343.0	2.4	1.2	2.0	1.8	1.5	2.1
Stockbuilding[1]	- 4.4	0.0	-0.1	0.0			
Total domestic demand	2 338.6	2.4	1.2	2.0	1.8	1.5	2.1
Exports of goods and services	1 154.5	8.4	4.4	6.2	6.3	5.0	6.9
Imports of goods and services	1 021.1	7.5	4.7	6.7	6.4	5.1	7.2
Net exports[1]	133.3	0.8	0.1	0.0			
Memorandum items							
GDP without working day adjustments	2 476.7	3.0	1.0	1.9			

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*
Detailed quarterly projections are reported for the major seven countries, the euro area and the total OECD in the Statistical Annex.

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609779

market performance and real wage increases. Financing conditions will continue to support investment, with little tightening in credit standards and limited increases in borrowing costs. The absence of deleveraging needs for households and the corporate sector clears the way for a recovery of consumption financed from savings and loan-financed investment. The external environment is also expected to improve as global trade recovers, although wage increases may limit gains in price competitiveness. At the same time, stronger domestic demand will boost imports. Overall, real GDP growth is expected to reach around 1¼ per cent this year and 2% in 2013. Increases in labour costs, as slack is taken up, will lead to an increase in core inflation to around 2% in 2013.

Substantial risks remain

The risks surrounding the projections remain substantial but have become broadly balanced. The main downside risk relates to international developments. In particular, further stress in euro area sovereign debt markets could weaken domestic bank balance sheets and lead to tighter financing conditions. Rising oil prices could hurt domestic demand. By contrast, better domestic demand prospects could make Germany more attractive for investment and innovation in the services sectors, especially if structural reforms in this area were to be implemented.

FRANCE

After stagnating in the first half of this year, economic activity is expected to pick up modestly. Real GDP is projected to grow by just 0.6% in 2012 and 1.2% in 2013. Residential investment might decrease as house prices have started to decline from high levels, and affordability is poor. The unemployment rate may peak at 10.5% at the beginning of 2013 and fall only slowly thereafter. Headline inflation should recede to below 2% in 2013.

Despite weak growth, the 2012 target for the general government deficit of 4½ per cent of GDP is likely to be attained, given a better fiscal outcome in 2011 than had been expected. The authorities should stick to the 2013 deficit objective of 3% of GDP by reducing public spending. This fiscal strategy should be accompanied by measures that boost potential growth, including by changing the tax structure and undertaking a wide range of reforms in education, labour and product markets.

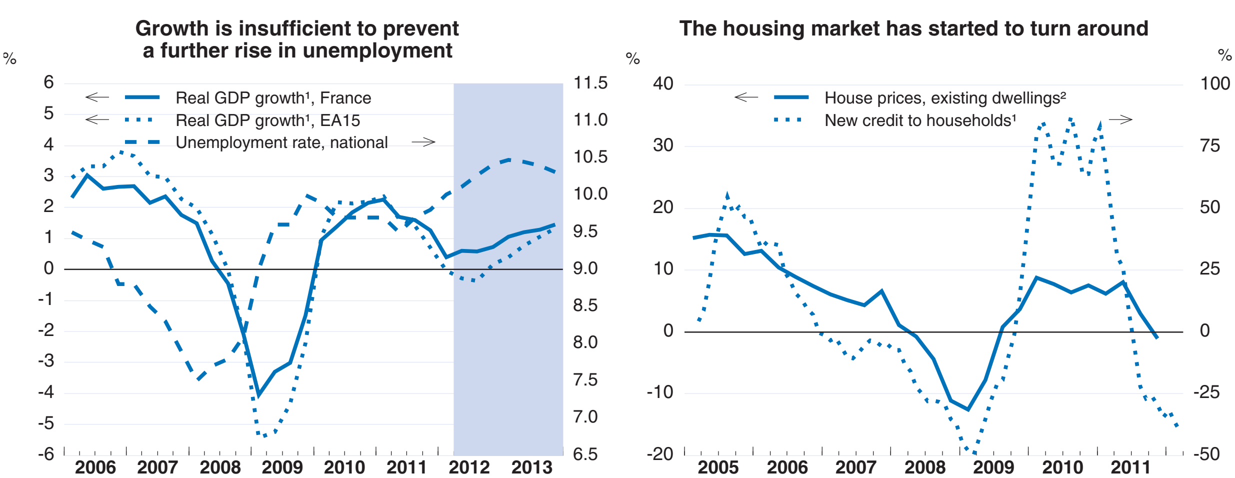
Growth has come to a halt

Renewed tensions in the euro area are again weighing on confidence. With fiscal consolidation and the impact on real incomes of food and energy price pressures curtailing domestic demand, the economy has been close to stagnation. The unemployment rate has been rising steadily, and the share of long-term unemployed has been increasing since early 2009.

Margins are low

While capital formation and credit to non-financial companies have withstood the headwinds, firms' margins and self-financing rates have fallen to low levels. Hence, business investment and employment are projected to be more affected by sluggish demand than until now. The extent to which banks' further capitalisation needs will squeeze credit supply is unclear.

France



1. Year-on-year growth rates, 3-month moving averages of flows of new credit to households.
2. Quarter-on-quarter annualised growth rate.

Source: OECD, Economic Outlook 91 database; INSEE; Banque de France.

StatLink http://dx.doi.org/10.1787/888932608449

France: **Employment, income and inflation**

Percentage changes

	2009	2010	2011	2012	2013
Employment	-0.9	0.2	0.3	-0.1	0.2
Unemployment rate[1]	9.1	9.4	9.3	9.8	10.0
Compensation of employees	0.2	2.1	3.5	2.2	1.9
Unit labour cost	3.2	0.5	1.7	1.6	0.7
Household disposable income	0.7	2.1	3.1	2.0	2.1
GDP deflator	0.5	0.8	1.6	1.3	1.4
Harmonised index of consumer prices	0.1	1.7	2.3	2.4	1.8
Core harmonised index of consumer prices[2]	1.4	1.0	1.1	1.6	1.7
Private consumption deflator	-0.5	1.2	2.0	2.1	1.6
Memorandum item					
Unemployment rate[3]	9.6	9.8	9.7	10.2	10.4

1. As a percentage of labour force, metropolitan France.
2. Harmonised index of consumer prices excluding food, energy, alcohol and tobacco.
3. As a percentage of labour force, national unemployment rate, includes overseas departments and territories.

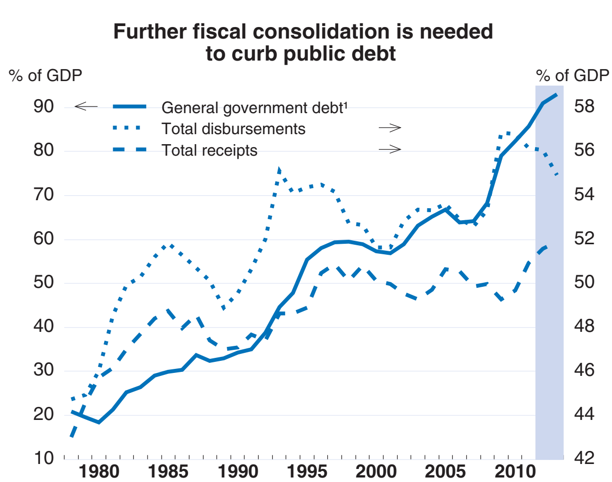
Source: OECD Economic Outlook 91 database.

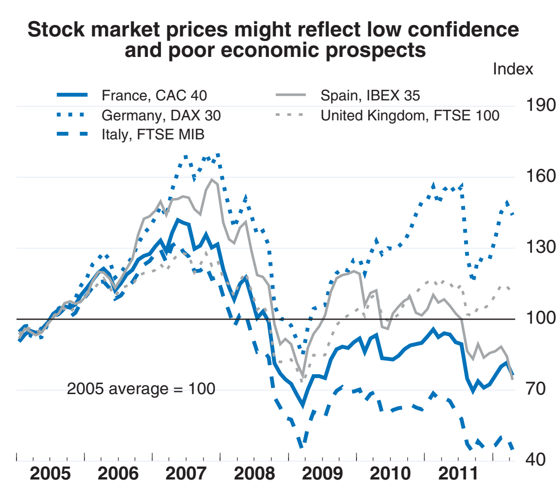
StatLink http://dx.doi.org/10.1787/888932609798

The housing market needs to correct

The housing market has started to weaken due to a combination of lower public support, tighter credit conditions, reduced affordability and lower income prospects. Nominal house prices are assumed to decline by about 10% over the projection period. This development will weaken the construction sector. Beyond that, however, the economic consequences should be limited by cautious bank lending policies, small household wealth effects, high household savings and contained household indebtedness despite its sharp rise over the past decade.

France





1. Maastricht definition.

Source: OECD, Economic Outlook 91 database; Datastream.

StatLink http://dx.doi.org/10.1787/888932608468

France: **Financial indicators**

	2009	2010	2011	2012	2013
Household saving ratio[1]	16.5	16.1	16.8	16.1	15.8
General government financial balance[2]	-7.6	-7.1	-5.2	-4.5	-3.0
General government gross debt[2]	91.2	95.8	100.1	105.5	107.3
General government debt, Maastricht definition[2]	79.3	82.7	86.2	91.6	93.5
Current account balance[2]	-1.5	-1.8	-2.1	-1.9	-1.7
Short-term interest rate[3]	1.2	0.8	1.4	0.6	0.3
Long-term interest rate[4]	3.6	3.1	3.3	2.9	3.5

1. As a percentage of disposable income (gross saving).
2. As a percentage of GDP.
3. 3-month interbank rate.
4. 10-year benchmark government bonds.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609817

Recent credibility-building fiscal efforts should be maintained

Given the persistent long-term deterioration of public finances, there is no room for discretionary measures to offset the economic weakness without risking an upsurge in financing costs. Better-than-expected fiscal outcomes in 2011 will enable the government to meet the objective of a general government deficit of 4½ per cent of GDP in 2012 despite weak economic growth. The real challenge will be to achieve the 3% target in 2013, confirmed by the new president, and the resolve of the new government will no doubt be quickly tested. It is critical that this

France: **Demand and output**

	2010	2011	2012	2013	Fourth quarter 2011	Fourth quarter 2012	Fourth quarter 2013
	Current prices € billion	Percentage changes from previous year, volume (2005 prices)					
GDP at market prices	1 936.0	1.7	0.6	1.2	1.3	0.7	1.5
Private consumption	1 124.2	0.3	0.6	1.0	-0.4	0.9	1.4
Government consumption	481.7	0.9	0.9	0.2	1.0	0.7	0.0
Gross fixed investment	376.0	2.9	0.6	1.7	3.2	-0.3	2.5
Public	60.3	-0.1	0.3	-1.2	3.3	-0.9	-1.1
Residential	105.6	2.6	0.0	-1.5	2.3	-2.1	-0.5
Non-residential	210.1	4.0	0.9	4.0	3.7	0.7	4.8
Final domestic demand	1 981.9	1.0	0.7	0.9	0.6	0.6	1.3
Stockbuilding[1]	- 4.2	0.8	-0.7	0.0			
Total domestic demand	1 977.8	1.7	0.0	0.9	0.3	0.7	1.2
Exports of goods and services	493.7	5.0	3.7	6.3	4.6	4.0	7.0
Imports of goods and services	535.5	4.7	1.3	4.7	0.8	3.6	5.8
Net exports[1]	- 41.8	0.0	0.6	0.3			

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.
Detailed quarterly projections are reported for the major seven countries, the euro area and the total OECD in the Statistical Annex.

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609836

commitment is fulfilled in order to continue to build credibility. Improving the fiscal framework through a strengthened national fiscal rule and creating an independent fiscal council would send the right signals.

Restraining public spending is crucial

Most of the consolidation effort in France must come from curbing spending, which is already very high in relation to GDP. Extending the overview of public sector inefficiencies to all levels of public administration and shrinking programmes that are badly targeted or induce severe distortions will be key. Considerable savings could be made without impairing the quality of the health-care system by reducing the frequency and length of hospital stays, lowering administrative costs, eliminating reimbursement of the least effective drugs and expanding the use of generics. Streamlining the territorial structure and increasing incentives to control local governments' spending would also generate substantial savings.

Now is the time to conduct deep reforms

To achieve strong and inclusive output and employment growth, and spur innovation, the fiscal strategy should be accompanied by structural reforms covering education and product and labour markets. There is also ample room to rebalance the tax structure by lowering labour taxes, eliminating inefficient tax expenditures and increasing property, inheritance and environmental taxes.

Growth will be weak

Real GDP is projected to increase only slowly. Residential investment will be a drag, while the strength of the pick-up in business investment might be limited by weakened financing capacity. Accommodative monetary policy and a decline in the household saving rate should partly offset the negative demand impacts of fiscal consolidation. The shift from social contributions to VAT, currently legislated and therefore incorporated in the projections, would increase exports and lower private consumption and imports. Headline inflation should fall below 2% by 2013 despite the VAT increase as the unemployment rate drifts up towards 10.5%.

The economy might become more sensitive to risks

Euro-area tensions are generating substantial uncertainty regarding economic prospects, and a much darker scenario remains plausible. The new government's initial decisions will be closely scrutinised and might have a significant impact on household, business and market sentiment. Healthy household balance sheets may support a faster recovery if confidence improves.

ITALY

Since late 2011, Italy has introduced significant structural reforms while making progress in fiscal consolidation. The economy has re-entered recession, under pressure from weak European economies and the short-term consequences of fiscal tightening. Activity seems likely to continue to decline over the next year but will turn up in late 2013. Assumed rising oil prices and another increase in VAT will lead to temporarily higher inflation, but underlying price increases are moderate.

The planned spending cuts and tax increases should further reduce the deficit to a very low level in 2013 and are on track to eliminate it in 2014. Some additional fiscal action may be needed, given the projected recession but prudent government assumptions about revenues from anti tax-evasion measures provide a safety margin. With the primary budget balance recording a rising surplus, the debt ratio should start to fall in 2013. Structural reforms have already boosted longer-term prospects and must continue. Reductions in real wages to bring them more in line with productivity would boost competitiveness and contain unemployment.

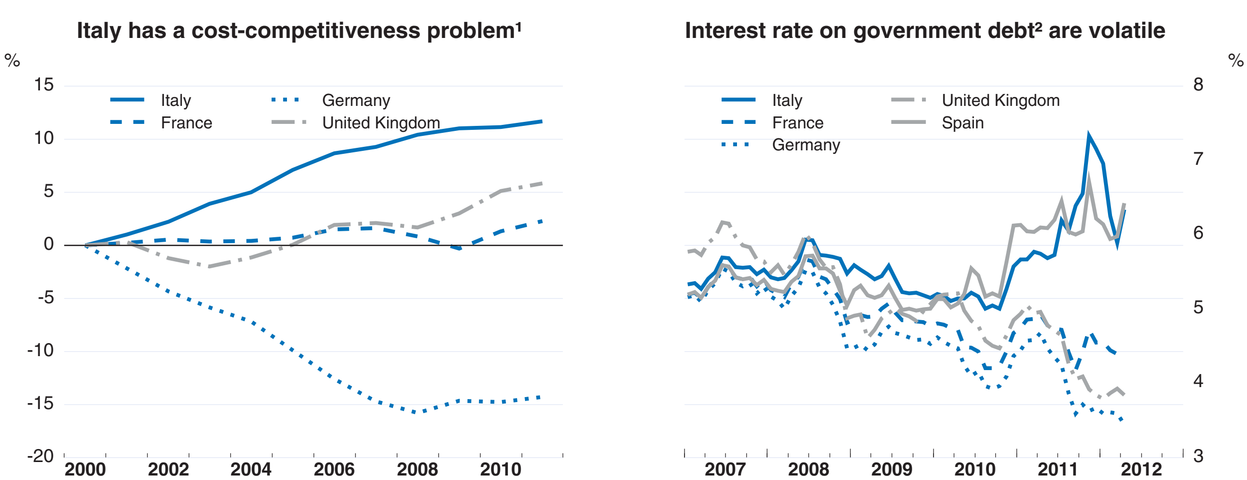
The economy is contracting

Economic activity has been declining since mid-2011. Consumption, both private and public, has been weak or falling. Households face a squeeze on real incomes through falling employment and higher taxes, while the government reins back public spending.

Unemployment has been rising quite fast...

Since mid-2011, unemployment has risen quite strongly, surpassing its 2010 peak. This may be partly due to people reaching the end of their eligibility for the short-time working scheme but also to a significant increase in the number of people actively seeking employment. Also, renewed weakness in output and uncertainty, probably exacerbated by the difficulty some firms have in maintaining levels of working capital in

Italy



1. Change in unit labour costs relative to euro area average since 2000.
2. 10-year benchmark government bond yields where available or yield on similar instruments. Last monthly observation: April 2012.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932608487

Italy: **Employment, income and inflation**

Percentage changes

	2009	2010	2011	2012	2013
Employment[1]	-1.6	-0.7	0.3	-0.3	-0.3
Unemployment rate[1,2]	7.8	8.4	8.4	9.4	9.9
Compensation of employees	-1.1	1.0	1.8	1.3	1.2
Unit labour cost	4.6	-0.8	1.2	3.0	1.6
Household disposable income	-3.1	0.8	2.2	0.8	1.2
GDP deflator	2.1	0.4	1.3	0.9	1.6
Harmonised index of consumer prices	0.8	1.6	2.9	3.3	2.3
Core harmonised index of consumer prices[3]	1.6	1.7	2.0	1.9	2.2
Private consumption deflator	-0.1	1.5	2.7	2.6	2.0

1. Data for whole economy employment are from the national accounts. These data include an estimate made by Istat for employment in the underground economy. Total employment according to the national accounts is higher than labour force survey data indicate, by approximately 2 million or about 10%. The unemployment rate is calculated relative to labour force survey data.
2. As a percentage of labour force.
3. Harmonised index of consumer prices excluding food, energy, alcohol and tobacco.

Source: OECD Economic Outlook 91 database.

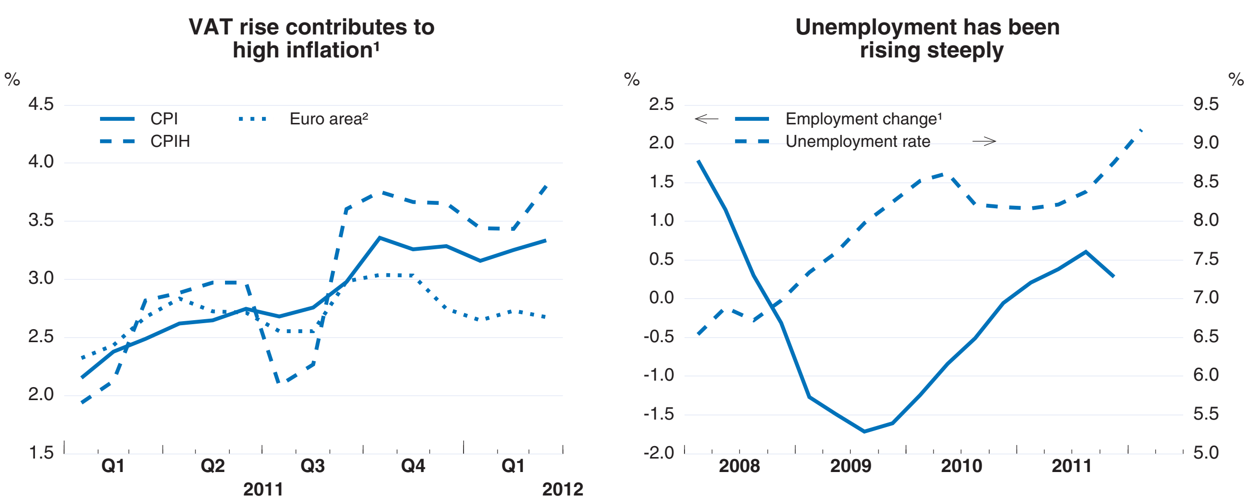
StatLink http://dx.doi.org/10.1787/888932609855

the face of tightening access to bank credit, has prompted employers to increase layoffs.

...with little effect on wages, while tax increases have boosted inflation

There was some slowing in wage growth in 2011, but recent data on wage settlements appear to show that the effect of high and rising unemployment on reducing wage costs is small or has yet to come through. Inflation remains significantly above the euro area average, mainly because of a 1 percentage point increase in the VAT rate in September 2011. A further rise of 2 percentage points is planned for October 2012.

Italy



1. Change over a year earlier.
2. Data refer to CPIH for the EU17.

Source: Eurostat; OECD, Main Economic Indicators and OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932608506

Italy: **Financial indicators**

	2009	2010	2011	2012	2013
Household saving ratio[1]	7.1	5.3	4.5	4.3	4.5
General government financial balance[2]	-5.4	-4.5	-3.8	-1.7	-0.6
General government gross debt[2]	127.7	126.5	119.7	122.7	122.1
General government debt, Maastricht definition[2]	116.0	118.7	120.0	123.1	122.5
Current account balance[2]	-2.0	-3.5	-3.1	-2.2	-1.7
Short-term interest rate[3]	1.2	0.8	1.4	0.6	0.3
Long-term interest rate[4]	4.3	4.0	5.4	5.6	6.3

1. Net saving as a percentage of net disposable income. Includes "famiglie produttrici".
2. As a percentage of GDP. These figures are national accounts basis; they differ by 0.1% from the frequently quoted Excessive Deficit Procedure figures.
3. 3-month interbank rate.
4. 10-year government bonds.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609874

Fiscal tightening is on track to balance the budget

On current government plans the ratio of public borrowing to GDP will fall by over 4 percentage points between 2010 and 2013, while GDP will have fallen; in structural terms, much of this tightening is scheduled to occur in 2012. Recent official projections show real government consumption spending falling by around 1% per year in 2012-13, slightly faster than in 2010-11, while capital spending will also decline. The effect of tax increases that cut significantly into household real incomes further damps demand.

Italy: **Demand and output**

	2010	2011	2012	2013	Fourth quarter 2011	2012	2013
	Current prices € billion	Percentage changes from previous year, volume (2005 prices)					
GDP at market prices	1 552.0	0.5	-1.7	-0.4	-0.4	-1.5	0.0
Private consumption	941.7	0.2	-1.6	-1.0	-1.1	-1.4	-0.7
Government consumption	327.4	-0.9	-1.1	-1.1	-1.4	-0.5	-1.2
Gross fixed investment	302.9	-1.2	-4.7	-0.8	-3.1	-3.2	-0.2
Final domestic demand	1 572.0	-0.3	-2.1	-1.0	-1.6	-1.5	-0.7
Stockbuilding[1]	10.1	-0.6	-0.8	0.0			
Total domestic demand	1 582.0	-0.8	-2.9	-0.9	-3.3	-1.7	-0.7
Exports of goods and services	411.4	6.3	2.3	4.4	3.0	2.4	5.1
Imports of goods and services	441.3	1.0	-2.0	2.4	-7.2	1.7	2.5
Net exports[1]	- 30.0	1.4	1.3	0.6			

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*
Detailed quarterly projections are reported for the major seven countries, the euro area and the total OECD in the Statistical Annex.

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609893

Tightening credit conditions have constrained demand

The impact of real income losses on consumption is likely to be accentuated by tight credit, although credit conditions ameliorated somewhat in early 2012. The household saving rate has already declined in recent years so cuts in incomes are likely to be reflected more rapidly in lower spending. Similar behaviour is likely in the company sector, especially among small companies. Many private companies suffer in addition from lengthening delays in receiving payments for goods and services supplied to the public sector.

High labour costs and low participation penalise supply

In common with other countries under market pressure, Italy needs to improve its cost competitiveness and increase low average levels of labour market participation to bolster output. Despite some recent improvement in relative terms, its poor record on both wage costs and participation is likely to handicap exports and encourage imports even in the face of weak domestic demand. Government proposals that would significantly improve labour market functioning are under discussion in parliament.

Recent reforms will be beneficial in the medium term

In addition to the proposed labour market reforms, the parliament has already legislated a wide range of important structural reforms to increase competition and streamline regulation, and tax reform proposals are under development. Taken together these reforms should improve the potential for growth in the medium term. These are not, however, expected to have a significant impact on growth in the current projection period. The current government has made a radical break with Italy's past sluggish pace of reform, but it will also need to close the gap between legislation and its effective implementation, traditionally wider in Italy than in many other countries.

Growth will resume gradually in 2013

Some positive effects on growth may be visible by 2013 thanks to export growth picking up as foreign demand improves. However, the damping effect of fiscal tightening and falling household real incomes following a second increase in VAT will persist, with no recovery in investment expected.

Much depends on the volatile interest rate spread

A major risk is that, despite the government's clear intention to continue fiscal consolidation, contagion effects related to euro area weakness could result in higher interest rates on public debt. The repercussions on domestic banks could also accentuate the credit squeeze and further damp growth. There is upside risk as well. The major improvements in the orientation of structural policies could improve confidence, investment and labour market performance earlier, and a further fall in the household saving rate could boost demand significantly more than projected.

UNITED KINGDOM

The global economic slowdown and uncertainties in the euro area outlook, alongside fiscal retrenchment and private deleveraging, are generating headwinds to growth. Growth will remain weak in the first half of 2012, but should gain momentum thereafter, with private consumption supported by higher real incomes, as inflation slows, and exports and business investment revive with stronger external demand. Unemployment will continue to rise over the projection period, due to job cuts in public administration and weak output growth.

Budget deficit reduction remains on target, fostering fiscal policy credibility and leaving room to let the automatic stabilisers work. Structural reforms to promote fiscal sustainability, strengthen the financial sector and improve educational outcomes should help the necessary rebalancing of the economy from debt-financed private consumption and public spending to exports and investment.

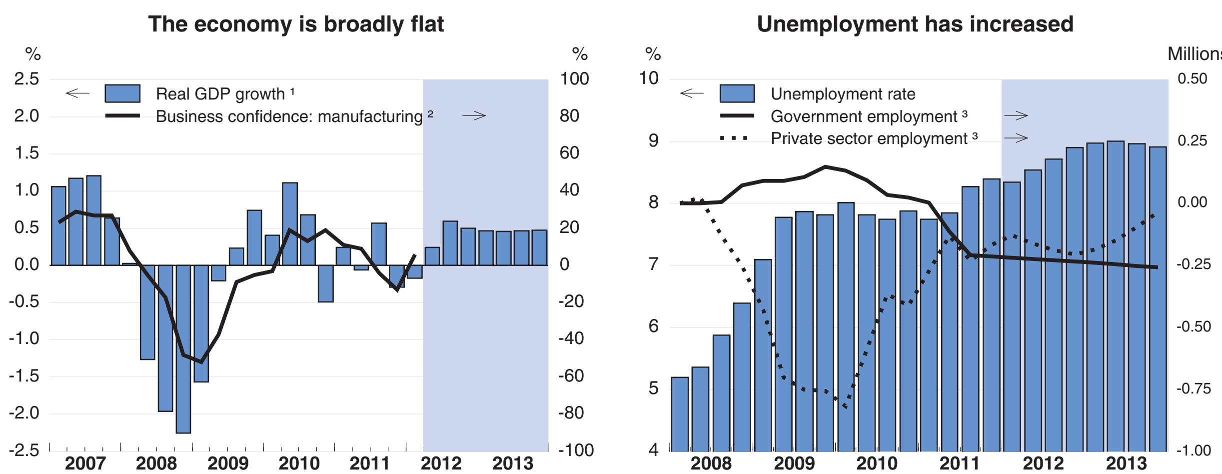
The economy is broadly flat

Current weakness in the global economy compounds the restrictive effects of deep, but necessary, fiscal consolidation, as purchasing power is eroded by inflation and private deleveraging. Households are containing spending as real incomes decline, unemployment increases and indebtedness remains among the highest in the European Union. The slowdown in the global economy and weak export performance, despite the sharp depreciation of sterling over recent years, are holding back the recovery. Weak domestic and foreign demand, tight credit conditions and large uncertainties regarding the evolution of the world economy translate into low investment.

Unemployment has increased

Unemployment edged down recently, but has increased significantly since mid-2011, as the public sector has shed workers and private job creation has been held back by slow output growth. While falling real

United Kingdom



1. Quarter-on-quarter.
2. Refers to domestic orders.
3. Changes compared to 2008Q1.

Source: OECD Economic Outlook 91 database and the British Chambers of Commerce.

StatLink http://dx.doi.org/10.1787/888932608525

United Kingdom: **Employment, income and inflation**

Percentage changes

	2009	2010	2011	2012	2013
Employment	-1.6	0.3	0.5	-0.2	0.1
Unemployment rate[1]	7.6	7.9	8.1	8.6	9.0
Compensation of employees	0.8	3.2	2.1	1.8	2.8
Unit labour cost	5.4	1.1	1.5	1.3	0.9
Household disposable income	2.9	4.1	2.4	1.9	1.7
GDP deflator	1.7	2.9	2.3	1.9	1.7
Harmonised index of consumer prices[2]	2.2	3.3	4.5	2.6	1.9
Core harmonised index of consumer prices[3]	1.7	2.7	3.0	1.7	1.7
Private consumption deflator	1.4	4.1	4.0	2.3	1.8

1. As a percentage of labour force.
2. The HICP is known as the Consumer Price Index in the United Kingdom.
3. Harmonised index of consumer prices excluding food, energy, alcohol and tobacco.

Source: OECD Economic Outlook 91 database.

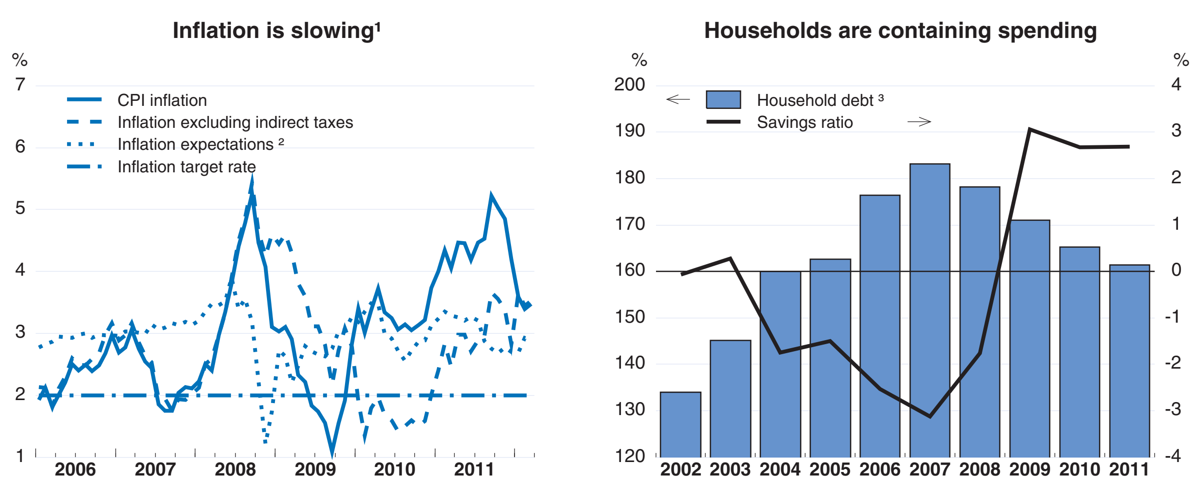
StatLink http://dx.doi.org/10.1787/888932609912

wages provide some support to employment, firms are reluctant to hire given low demand for goods and services and uncertainties about the economic outlook. High youth unemployment, with one in five young people in the labour force out of work, is of great concern. Active labour market policies need to prevent young people not in employment, education or training from being permanently excluded from the labour force, which would have dire economic and social consequences.

The budget deficit needs to be reduced as planned

Fiscal consolidation is a drag on growth. However, with the budget deficit still over 8% of GDP and gross government debt over 80% of GDP,

United Kingdom



1. Year-on-year percentage change.
2. Implied by yield differentials between 10-year government benchmark bonds and inflation-indexed bonds.
3. As a percentage of household disposable income.

Source: OECD Economic Outlook 91 database, Bank of England and Office for National Statistics.

StatLink http://dx.doi.org/10.1787/888932608544

United Kingdom: **Financial indicators**

	2009	2010	2011	2012	2013
Household saving ratio[1]	7.8	7.2	7.4	6.6	5.4
General government financial balance[2]	-11.0	-10.3	-8.4	-7.7	-6.6
General government gross debt[2]	72.4	81.9	97.9	104.2	108.2
General government debt, Maastricht definition[2]	68.2	75.7	82.9	89.6	94.1
Current account balance[2]	-1.5	-3.3	-1.9	-2.1	-1.0
Short-term interest rate[3]	1.2	0.7	0.9	1.0	0.7
Long-term interest rate[4]	3.6	3.6	3.1	2.6	3.7

1. As a percentage of disposable income (gross saving).
2. As a percentage of GDP.
3. 3-month interbank rate.
4. 10-year government bonds.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609931

fiscal policy remains heavily constrained. The ambitious government plan to restore fiscal sustainability remains on track and appropriate despite disappointing economic growth. Meeting deficit targets has earned credibility, as evidenced by the very low interest rates on long-term government debt. This credibility allows the government to let the automatic stabilisers play, in accordance with the fiscal mandate.

Monetary policy is supportive

With the policy rate at 0.5% and quantitative easing at £325 billion (21% of GDP) since February 2012, monetary policy is appropriately providing strong support to the economy.

United Kingdom: **Demand and output**

	2010	2011	2012	2013	Fourth quarter 2011	Fourth quarter 2012	Fourth quarter 2013
	Current prices £ billion	Percentage changes from previous year, volume (2008 prices)					
GDP at market prices	1 463.7	0.7	0.5	1.9	0.5	1.2	1.9
Private consumption	942.0	-1.2	0.8	1.4	-1.2	1.4	1.2
Government consumption	337.4	0.1	-0.7	-1.8	0.3	-1.6	-1.8
Gross fixed investment	218.2	-1.2	-0.9	2.8	-1.0	0.0	3.4
Public[1]	39.6	-9.6	-6.8	-3.9	-7.2	-3.9	-3.9
Residential	56.3	-0.4	-3.3	1.8	-2.9	-1.8	1.7
Non-residential	122.3	1.2	1.8	5.3	1.6	2.0	6.3
Final domestic demand	1 497.6	-0.9	0.2	0.9	-0.8	0.5	0.9
Stockbuilding[2]	2.8	0.1	0.1	0.0			
Total domestic demand	1 500.5	-0.9	0.2	0.9	-0.7	0.7	0.9
Exports of goods and services	440.9	4.6	1.9	5.3	0.7	3.1	5.8
Imports of goods and services	477.6	1.2	1.5	2.3	-1.3	1.6	2.6
Net exports[2]	- 36.7	1.0	0.1	1.0			

Note: Detailed quarterly projections are reported for the major seven countries, the euro area and the total OECD in the Statistical Annex.

1. Including nationalised industries and public corporations.
2. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609950

United Kingdom: **External indicators**

	2009	2010	2011	2012	2013
			$ billion		
Goods and services exports	618.9	681.3	781.3	811	878
Goods and services imports	658.8	738.2	825.9	854	897
Foreign balance	- 39.9	- 56.9	- 44.6	- 43	- 19
Invisibles, net	8.5	- 18.3	- 1.7	- 9	- 7
Current account balance	- 31.4	- 75.2	- 46.3	- 52	- 25
			Percentage changes		
Goods and services export volumes	- 9.5	7.4	4.6	1.9	5.3
Goods and services import volumes	- 12.2	8.6	1.2	1.5	2.3
Export performance[1]	1.6	- 3.0	- 0.6	- 1.7	- 1.2
Terms of trade	- 0.5	- 0.6	- 0.8	- 0.1	0.2

1. Ratio between export volume and export market of total goods and services.
Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609969

The economy should pick up in the second half of 2012

Gross domestic product will remain stagnant in the first half of 2012. Growth should gather momentum in the second half of the year, when falling inflation releases purchasing power, raising private consumption, and a brighter international environment favours exports and investment. Nevertheless, household deleveraging is likely to limit consumption growth over the projection period. Unemployment will continue to rise, and will likely reach 9% of the labour force in 2013.

Structural reforms are laying the foundations for long-term growth

The government is implementing a number of reforms which, if successful, will boost both short and long term growth. It has committed to increasing the state pension age in line with longevity, fostering long-term fiscal sustainability. Implementing the recommendations of the Independent Commission on Banking will strengthen the financial system. Government training and apprenticeship programmes will contribute to a better integration of young people into the labour market and enhance the availability of skilled workers. The government's plans to reform land-use planning and further reforms in this direction would allow the housing market to perform better and construction to grow.

Risks are mainly on the downside

A weaker world economy would endanger exports and growth at a time when domestic demand is set to be subdued. Global financial turmoil might result in tighter financial conditions. Higher oil and commodity prices would take out purchasing power, hindering the recovery in consumption. Uncertainty and rising unemployment may lead households to increase precautionary saving. A stronger than expected world economy would revive exports, investment and confidence. Company's financial balance sheets are strong, providing scope for rapid expansion when conditions improve.

CANADA

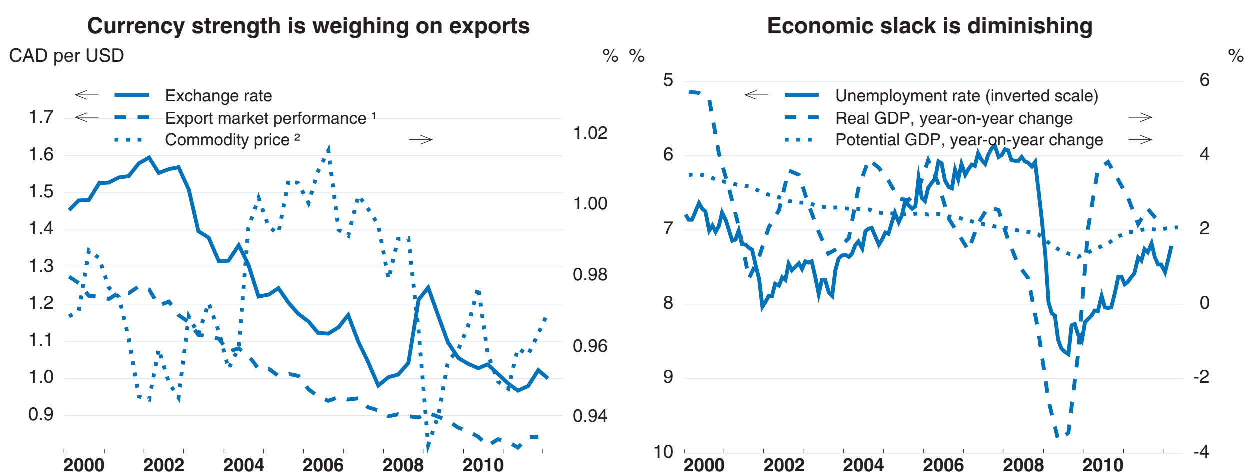
The outlook has been gradually improving, despite the persistent European debt crisis and consequent economic uncertainties. Against this backdrop, the main drivers of growth will continue to be private consumption and investment. External demand is also expected to be increasingly supportive. By contrast, fiscal consolidation will work in the opposite direction. In all, growth is projected to be around 2¼ per cent in 2012 and 2½ per cent in 2013.

The plans for fiscal consolidation presented in recent federal and provincial budgets are intended to ensure fiscal sustainability, and the decisions to implement these measures while the economy is strong were good ones. Imbalances remain in the housing sector, but they have been attenuated by actual and expected tightening of mortgage lending standards. The Bank of Canada's highly accommodative monetary stance is appropriate in light of the downside risks to the economic outlook and the fiscal tightening, but withdrawal of monetary stimulus will be warranted when these risks recede.

Growth appears to be picking up somewhat

The economy is picking up somewhat following a brief soft patch late in 2011. Recent indicators are pointing to renewed weakness during the winter, largely reflecting temporary factors. Private consumption and investment have been bolstered by stimulative monetary policy and financial conditions more broadly, an upsurge in housing starts, rising confidence and income gains related to improvements in the terms of trade. The associated strength of the Canadian dollar has, however, generally led to losses in market shares, a shift in activity away from tradables and a migration of economic activity towards the energy-producing provinces. Nonetheless, the current account deficit has shrunk slightly. The labour market has shown recent signs of strength, with hefty

Canada



1. Ratio between export volume and export market of total goods and services.
2. Ratio of commodity export price to commodity import price.

Source: OECD, Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932608563

Canada: **Employment, income and inflation**

Percentage changes

	2009	2010	2011	2012	2013
Employment	-1.6	1.4	1.5	1.1	1.1
Unemployment rate[1]	8.3	8.0	7.5	6.9	6.6
Compensation of employees	-0.5	4.3	4.7	3.9	4.0
Unit labour cost	2.4	1.0	2.2	1.6	1.4
Household disposable income	1.3	4.9	3.3	3.7	4.2
GDP deflator	-1.9	2.9	3.3	2.2	1.8
Consumer price index	0.3	1.8	2.9	2.3	2.2
Core consumer price index[2]	1.8	1.7	1.7	2.1	2.0
Private consumption deflator	0.5	1.3	2.0	1.8	1.7

1. As a percentage of labour force.
2. Consumer price index excluding the eight more volatile items.

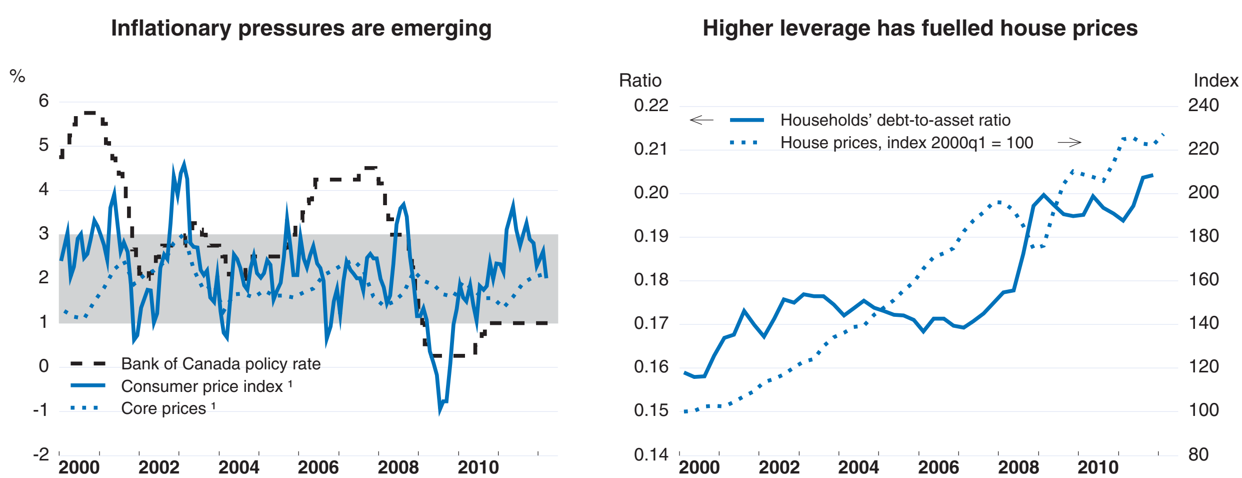
Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609988

employment gains in March and April, and the unemployment rate is continuing its slow downtrend.

Historical revisions and the stronger GDP growth than projected early in the winter imply that the output gap is smaller than earlier believed, with the Bank of Canada recently estimating output to be only marginally below potential. The core measure of consumer price inflation edged up to slightly above the Bank's target rate of 2% in the first quarter of 2012, despite the moderating impact of the strong exchange rate. But the headline rate continues to be higher, led as elsewhere by food and especially energy prices.

Canada



1. Year-on-year percentage change.

Source: Bank of Canada; Statistics Canada; OECD Economic Outlook 91 database; and OECD.

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Canada: **Financial indicators**

	2009	2010	2011	2012	2013
Household saving ratio[1]	4.6	4.8	3.8	3.3	3.0
General government financial balance[2]	-4.9	-5.6	-4.5	-3.5	-2.4
General government gross debt[2]	82.4	84.0	83.8	84.5	81.4
Current account balance[2]	-3.0	-3.1	-2.8	-2.4	-2.3
Short-term interest rate[3]	0.8	0.8	1.2	1.3	2.1
Long-term interest rate[4]	3.2	3.2	2.8	2.2	3.2

1. As a percentage of disposable income.
2. As a percentage of GDP.
3. 3-month interbank rate.
4. 10-year government bonds.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610007

Fiscal consolidation will begin in earnest…

Federal and provincial fiscal consolidation plans, which will largely be implemented through spending restraint, are projected to cut the general government deficit to 2.4% of GDP in 2013. Growth in federal government spending is to be capped at 1.4% per year over the next two years. The most notable measures with regard to revenues include an increase in the contribution rates to Employment Insurance and in the employee share of the cost of the public service pension plan. The

Canada: **Demand and output**

	2010	2011	2012	2013	Fourth quarter 2011	Fourth quarter 2012	Fourth quarter 2013
	Current prices CAD billion	Percentage changes from previous year, volume (2002 prices)					
GDP at market prices	1 624.6	2.5	2.2	2.6	2.2	2.3	2.7
Private consumption	940.6	2.2	2.4	2.9	1.8	2.5	3.0
Government consumption	353.6	1.2	0.2	-0.5	0.9	-0.4	-0.5
Gross fixed investment	358.5	6.9	3.9	5.0	4.1	5.1	4.8
Public[1]	66.5	-3.0	-7.1	-0.5	-13.3	-0.4	-0.5
Residential	113.5	2.3	3.7	2.6	5.1	2.9	2.5
Non-residential	178.5	13.7	7.1	7.2	9.9	7.3	7.0
Final domestic demand	1 652.7	3.0	2.2	2.7	2.1	2.5	2.7
Stockbuilding[2]	2.5	0.2	-0.3	0.0			
Total domestic demand	1 655.1	3.2	2.0	2.7	2.5	2.6	2.7
Exports of goods and services	478.1	4.4	5.2	6.2	4.5	4.9	6.6
Imports of goods and services	508.7	6.5	4.3	6.3	5.3	5.6	6.5
Net exports[2]	- 30.5	-0.8	0.2	-0.1			

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*

Detailed quarterly projections are reported for the major seven countries, the euro area and the total OECD in the Statistical Annex.

1. Excluding nationalised industries and public corporations.
2. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610026

Canada: **External indicators**

	2009	2010	2011	2012	2013
			$ billion		
Goods and services exports	386.5	464.3	540.3	588	640
Goods and services imports	409.3	493.9	562.6	603	653
Foreign balance	- 22.8	- 29.6	- 22.3	- 15	- 13
Invisibles, net	- 17.5	- 19.8	- 26.7	- 29	- 30
Current account balance	- 40.3	- 49.3	- 49.0	- 44	- 43
			Percentage changes		
Goods and services export volumes	- 13.8	6.4	4.4	5.2	6.2
Goods and services import volumes	- 13.4	13.1	6.5	4.3	6.3
Export performance[1]	- 1.0	- 5.6	- 0.8	1.0	- 0.2
Terms of trade	- 9.2	5.8	4.3	0.7	0.7

1. Ratio between export volume and export market of total goods and services.
Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610045

government also programmed a rise in the eligibility age for the first-pillar public pension plan to 67 to be phased in from 2023 to 2029. The key challenge for the provinces is to slow their health-care outlays significantly, which have been rising at an unsustainable pace and which will be further strained by population aging.

... but monetary policy will remain supportive

The central bank has held the policy rate very low, and the OECD projects that it will be some time before it returns to neutral. In April, the Bank stated that some withdrawal of monetary stimulus may become appropriate to achieve the 2% inflation rate target over the medium term. It is assumed here that the first policy rate increase will be implemented in autumn 2012, which is a few months ahead of current market expectations. However, on this projection, further increases towards the neutral rate will also be needed in 2013 to hit the inflation target. House prices have risen substantially for several years and may have become overvalued in some markets. The government has taken steps to rein in mortgage lending, and a measured increase in monetary policy rates will reinforce these actions.

The risks are broadly balanced

As always, Canada's growth will depend to a large extent on that of the United States. The European sovereign debt crisis remains an additional global risk to the economic outlook through its influence on financial, trade and confidence channels. Domestically, the key downside risk is the possibility of a sharp fall in house prices. The main upside risk remains the extent of the rise in interest-sensitive spending relating to housing and durable goods.

AUSTRALIA

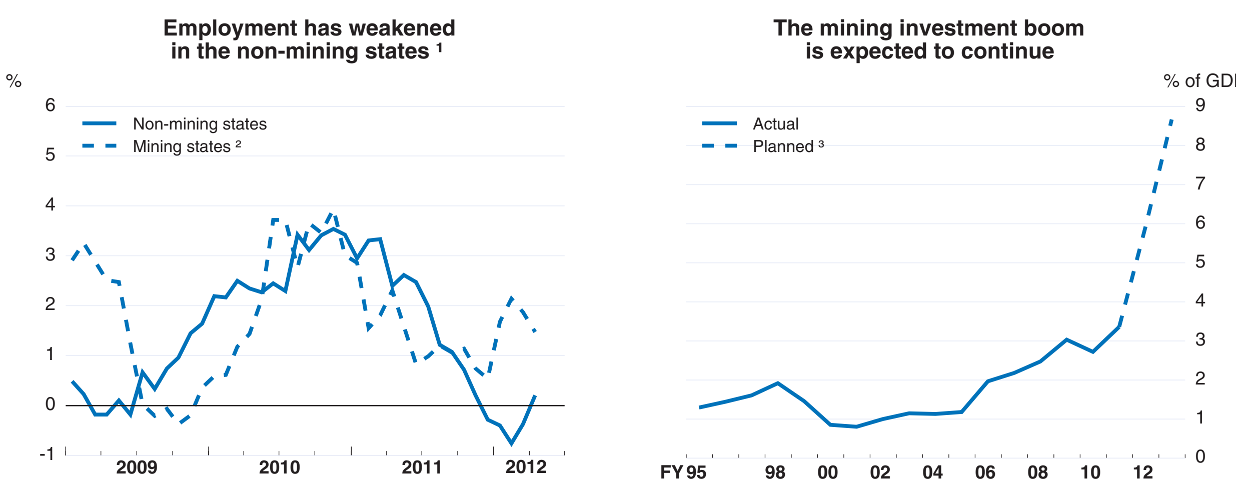
Australia can be expected to keep reaping benefits from the mining boom. Despite sharp sectoral disparities, economic growth should be around potential in 2012 and 2013. Mining expansion will continue, but some other sectors are having to adjust to the high level of the exchange rate and raise their productivity, which can be expected to weigh on the labour market. Faster fiscal consolidation will also weigh somewhat on demand.

Restoring fiscal leeway while macroeconomic conditions are still favourable, and the terms of trade high, is welcome. In the absence of inflationary pressures, the accommodating monetary stance which accompanies this budget-tightening should help limit the risk of weakening employment. The authorities should preserve the economy's flexibility and facilitate the adjustments made necessary by the changes underway, rather than impeding those changes by, for example, subsidising certain sectors.

The economy is undergoing substantial structural adjustments

The moderate expansion of activity, which reached about 2% in 2011, is still accompanied by sharp sectoral disparities reflecting structural changes underway in the economy. The development of the mining sector and its positive spillovers continue to sustain growth. Nevertheless, a persistently high exchange rate, the cautious consumption and investment behaviour of households since the global financial crisis and continued fiscal consolidation are weighing on many sectors. Despite an unemployment rate stable at around 5% at the beginning of 2012, employment growth slowed substantially in the non-mining states. Thanks in particular to lower import prices, core inflation has weakened to 2% in early 2012.

Australia



1. Year-on-year percentage change.
2. Western Australia, Queensland and Northern Territory.
3. Survey-based of expected capital expenditure corrected for the average realisation ratio.

Source: ABS, Cat. No. 5204.0, No. 5625.0 and No. 6202.0.

StatLink http://dx.doi.org/10.1787/888932608601

Australia: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices AUD billion	Percentage changes, volume (2009/2010 prices)				
GDP at market prices	1 232.4	1.5	2.4	2.2	3.1	3.7
Private consumption	668.6	1.0	2.9	3.4	2.8	3.1
Government consumption	213.3	0.6	3.4	1.8	0.7	0.4
Gross fixed capital formation	355.4	-2.5	4.6	7.2	8.3	9.1
Final domestic demand	1 237.3	-0.1	3.5	4.1	3.9	4.3
Stockbuilding[1]	3.5	-0.8	0.6	0.3	0.0	0.0
Total domestic demand	1 240.8	-0.8	3.8	4.6	4.0	4.3
Exports of goods and services	277.0	2.4	5.3	-1.6	6.3	6.6
Imports of goods and services	285.4	-8.5	14.2	11.4	9.3	9.4
Net exports[1]	- 8.4	2.5	-1.8	-2.6	-0.5	-0.6
Memorandum items						
GDP deflator	_	0.1	5.7	4.2	1.3	2.4
Consumer price index	_	1.8	2.9	3.4	1.8	2.8
Private consumption deflator	_	2.5	2.7	2.6	2.2	2.8
Unemployment rate	_	5.6	5.2	5.1	5.4	5.7
Household saving ratio[2]	_	10.4	8.9	9.7	9.6	9.1
General government financial balance[3]	_	-4.5	-4.7	-3.9	-2.2	0.4
General government gross debt[3]	_	19.4	23.5	26.6	28.7	27.8
Current account balance[3]	_	-4.2	-2.8	-2.2	-3.9	-4.7

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. As a percentage of disposable income.
3. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610140

Leeway for monetary easing is being used

In the absence of inflationary pressures, the Reserve Bank of Australia (RBA) reduced its cash rate by a full percentage point, to 3¾ per cent in three steps, between November 2011 and May 2012. Although this lower rate has not been fully transmitted to borrowers, because of the higher other funding costs of lenders, the monetary stance has become accommodative. Long-term interest rates have also dipped since mid-2011, and the prices of financial and property assets tended to level off at the start of 2012, mitigating the impact on financial conditions of the Australian dollar's persistent strength.

Fiscal policy is being tightened

While the general government deficit reached 4% of GDP in 2011, the federal authorities are planning to attain a slight budget surplus for the fiscal year 2012/13. Tax revenue, as a proportion of GDP, has declined sharply since the financial crisis, in part because of the changing composition of demand, which is being pulled more by capital investment and exports. To meet their ambitions budget target for the next fiscal year, the authorities have announced several measures on both the expenditure and revenue sides. The choice of measures, which include cancelling previously-announced tax cuts, or changing the timing of some others, and reducing defence spending and international aid, all with weak direct effect on domestic demand, should limit the negative impact on activity of this substantial tightening.

An increase in growth is likely

Sustained by exports and mining-sector investments, growth could speed up to 3% in 2012 and 3¾ per cent in 2013. Activity will nonetheless remain modest in numerous sectors that are being compelled to make productivity-rising efforts to adjust to the high level of the Australian dollar. The negative impact of those adjustments on employment should however be limited by the easier monetary conditions. With unemployment running at 5½ to 5¾ per cent and a still negative output gap, inflation can be expected to remain low, at 2½ to 2¾ per cent, even when the introduction of a carbon price in July 2012 is factored in.

Risks are mainly on the downside

Exacerbation of the sovereign debt crisis in Europe or a sharper-than-expected economic slowdown in China would have a detrimental effect, including probably through adverse terms-of-trade movements. The structural adjustments currently underway are also generating substantial uncertainties that could weigh on employment, confidence and growth, with potential negative spillovers on house prices.

AUSTRIA

After slowing markedly over the course of 2011, activity stabilised in early 2012 as investor sentiment and financing conditions improved. Consumption and investment will continue to grow modestly in the near term and weakness in export demand persists. The economy is projected to return to trend growth by early 2013 driven by improving global conditions that will strengthen exports and investment.

Strong tax revenues and expenditure restraint pushed the budget deficit below 3% of GDP in 2011 and a second consolidation programme will help reduce the deficit further after 2012. However, the financial sector poses fiscal and financial stability risks. Additional government support might be required and macroprudential policies should be carefully designed to ensure financial stability.

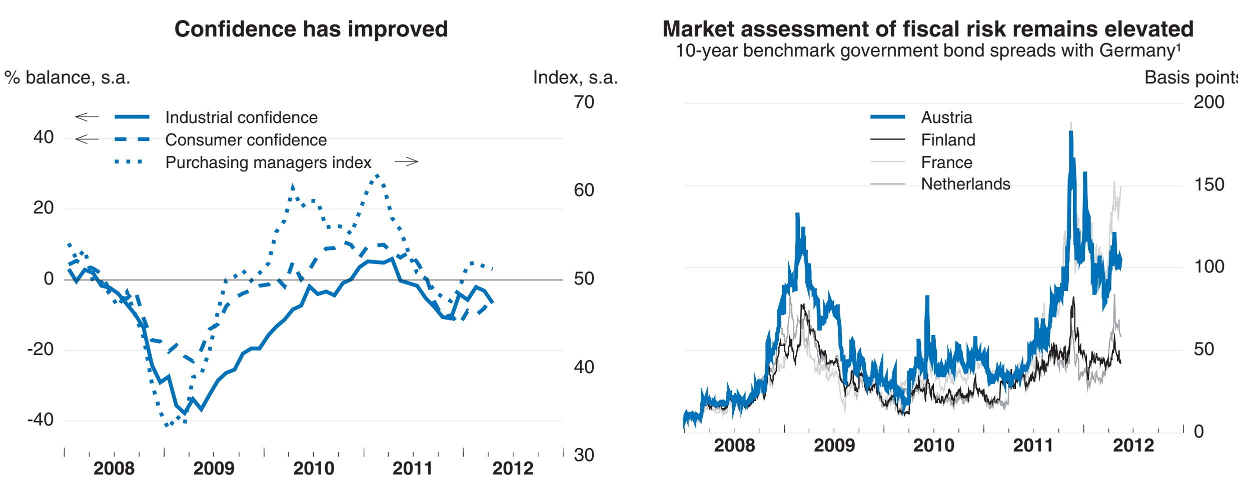
Activity has stabilised

Output stagnated in the second half of 2011, reflecting falling external demand and effects of the intensification of the euro area debt crisis. However, since December 2011 consumer and business confidence have strengthened, financial conditions have improved somewhat and output grew modestly in the first quarter of 2012. However, external demand remains weak.

The labour market weakens somewhat and inflation will abate

The unemployment rate remains the lowest in the European Union but subdued activity is projected to slow employment growth and push the unemployment rate above its estimated structural level of 4¼ per cent. Consumer price inflation is projected to abate from the high level in 2011 as it will no longer be affected by higher indirect taxes and as spare capacity increases. It will remain above 2% in 2012 on account of rising oil prices. However, relatively strong wage increases in 2012 will still generate real disposable income growth to support private consumption.

Austria



1. As of 15th May 2012.

Source: Datastream; OECD, Main Economic Indicators database; OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932608620

Austria: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices € billion	Percentage changes, volume (2005 prices)				
GDP at market prices	281.2	-3.6	2.5	3.0	0.8	1.6
Private consumption	148.9	0.2	1.7	0.8	0.9	1.2
Government consumption	51.9	0.7	0.0	2.4	0.7	0.0
Gross fixed capital formation	60.6	-7.4	0.0	5.2	1.8	2.1
Final domestic demand	261.3	-1.5	1.0	2.1	1.0	1.1
Stockbuilding[1]	2.2	-0.5	0.7	1.4	0.2	0.0
Total domestic demand	263.5	-2.6	1.9	2.9	1.1	1.1
Exports of goods and services	167.0	-13.7	8.3	6.8	2.6	6.3
Imports of goods and services	149.2	-12.5	7.4	6.6	2.9	5.6
Net exports[1]	17.7	-1.5	0.8	0.4	-0.1	0.6
Memorandum items						
GDP deflator	_	1.2	1.9	2.0	1.5	1.4
Harmonised index of consumer prices	_	0.4	1.7	3.6	2.3	1.8
Private consumption deflator	_	0.6	2.1	2.8	2.0	1.5
Unemployment rate[2]	_	4.8	4.4	4.1	4.6	4.8
Household saving ratio[3]	_	10.7	8.3	7.5	7.5	7.5
General government financial balance[4]	_	-4.2	-4.5	-2.6	-2.9	-2.3
General government gross debt[4]	_	74.4	78.1	79.7	83.0	84.4
General government debt, Maastricht definition[4]	_	69.6	71.8	72.2	75.5	76.9
Current account balance[4]	_	2.7	3.0	1.9	2.2	2.5

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. Based on Labour Force Survey data.
3. As a percentage of disposable income.
4. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610159

Consolidation goes on and the financial sector remains a drag

In line with the recently introduced debt brake, a second consolidation programme was enacted in early 2012 to bring the general government structural deficit to 0.45% by 2017, with two-thirds of savings coming from spending restraint. The new package is projected to affect government spending mainly from 2013 onwards. The strong expansion of the Austrian banking sector into central and south-eastern European markets prior to the crisis has created fiscal and financial stability risks and required the government to nationalise several banks. Balance sheet risks remain and may affect activity in the financial sector. Steps have been taken to strengthen macroprudential policies to ensure financial stability without provoking a credit squeeze.

Foreign demand and investment are driving the recovery

As the external environment improves, uncertainty is further reduced and monetary policy remains supportive, exports and private investment are expected to gradually pick up from the second half of 2012 and into 2013. Growth is projected to remain subdued at 0.8% in 2012 but to increase moderately to 1.6% in 2013.

Risks remain skewed to the downside

Bank balance sheet risks, renewed turbulence associated with sovereign debt problems in the euro area and a weaker outlook in central, eastern and south-east Europe may exacerbate financial-sector tensions and weaken export growth. On the positive side, stronger external demand, in particular from Germany, would improve prospects.

BELGIUM

The economy will enter a steady expansion path only during the second half of 2012 as exports gain traction from faster world trade. Fiscal consolidation, low capacity utilisation and profitability, and high unemployment will subdue domestic demand.

Fiscal consolidation in 2012 amounts to about ¾ per cent of GDP and should suffice to reduce the public deficit to 2.8% of GDP. About a fifth is one-off measures and the rest is equally divided between spending and revenue measures. Consolidation of another 1% of GDP is assumed for 2013. Durable consolidation will have to depend on spending measures, particularly to curb ageing-related cost increases in pension and health spending. The automatic wage indexation mechanism should be reformed to prevent further erosion of external competitiveness.

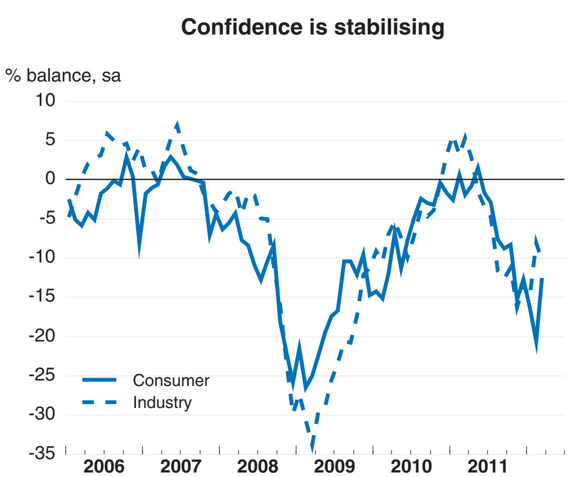
The economy is emerging from a mild downturn

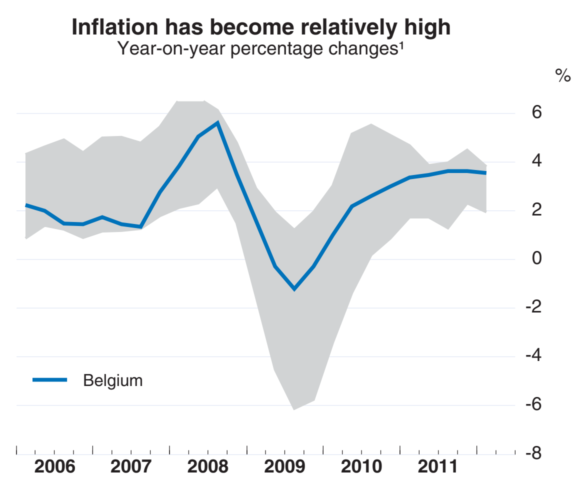
The economy came to a standstill in mid-2011, driven by slowing world trade and heightened financial market turmoil, but growth resumed in early 2012. Employment and the labour force have contracted, leaving the unemployment rate little changed. Inflation has remained high, hovering just below 3¾ per cent in early 2012, under the influence of higher energy prices and a pick-up in underlying inflation. Despite agreed low real wage increases, the automatic wage indexation is translating high inflation into nominal wage increases that are eroding external cost competitiveness.

Fiscal consolidation is helping to secure sustainability

The 2012 budget and an additional consolidation package in early 2012 will result in fiscal consolidation of about ¾ per cent of GDP this year. In line with the Stability Programme, an additional 1% of GDP consolidation is assumed in 2013 with an equal weight on spending and revenue measures; this should allow the government to reach its objective of a balanced budget in 2015. The announcement of consolidation

Belgium





1. The shaded area represents the highest and lowest inflation in the original euro countries.

Source: OECD, Main Economic Indicators database.

StatLink http://dx.doi.org/10.1787/888932608639

Belgium: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices € billion	Percentage changes, volume (2009 prices)				
GDP at market prices	345.8	-2.7	2.2	2.0	0.4	1.3
Private consumption	180.0	0.8	2.3	0.9	0.3	1.1
Government consumption	80.0	0.7	0.3	0.6	0.3	0.8
Gross fixed capital formation	77.3	-7.9	-1.0	5.2	0.1	1.3
Final domestic demand	337.3	-1.2	1.1	1.7	0.3	1.1
Stockbuilding[1]	4.8	-0.8	0.0	0.8	0.1	0.0
Total domestic demand	342.1	-2.0	1.1	2.6	0.4	1.1
Exports of goods and services	292.9	-11.3	9.9	4.4	0.6	5.3
Imports of goods and services	289.2	-10.6	8.7	5.1	0.5	5.1
Net exports[1]	3.7	-0.7	1.2	-0.5	0.1	0.3
Memorandum items						
GDP deflator	_	1.2	1.8	1.9	2.0	1.8
Harmonised index of consumer prices	_	0.0	2.3	3.5	2.9	1.9
Private consumption deflator	_	-0.9	1.8	3.3	2.9	1.9
Unemployment rate	_	7.9	8.3	7.2	7.5	7.8
Household saving ratio[2]	_	13.7	11.2	11.2	10.5	9.5
General government financial balance[3]	_	-5.7	-3.9	-3.9	-2.8	-2.2
General government gross debt[3]	_	99.9	100.0	102.3	103.1	102.0
General government debt, Maastricht definition[3]	_	95.7	96.0	98.1	98.9	97.8
Current account balance[3]	_	-1.7	1.3	-0.8	-0.5	-0.3

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. As a percentage of disposable income.
3. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610178

contributed to more than halving the long-term interest rate spread *vis-à-vis* Germany from its peak in end-2011 to around 150 basis points in early 2012. Nevertheless, a concern is the relatively high reliance on revenue and one-off measures, which may prove unsustainable over the medium term.

Growth should return in the second half of 2012

Activity should accelerate from mid-2012 onwards as world trade growth picks up and supportive monetary policy eventually boosts private domestic demand. However, fiscal consolidation will weigh on the economy throughout the projection period. The weak growth prospects imply that the output gap will continue to widen throughout the projection period and that the rise in unemployment will end only in late 2013.

Risks are tilted to the downside

The main downside risk is that there is further euro area tension and weaker external demand. A stronger-than-projected increase in unemployment would also curb domestic demand. Faster-than-expected recovery in world trade and normalisation of financial markets would boost exports as well as domestic confidence.

CHILE

Following a period of robust economic expansion, the economy has started to slow, reflecting the spillover effects of the euro area sovereign debt crisis through lower confidence and tighter credit conditions. A moderate easing of growth to 4½ per cent is expected in 2012 as domestic demand softens and international financial conditions remain volatile. Better global growth prospects should contribute to faster growth of 5% in 2013.

While inflation accelerated in late 2011, it has recently eased and inflation expectations remain well anchored within the central bank's target range. The economic slowdown, though mild, implies there will be little inflationary pressure, allowing the central bank to keep its neutral policy stance for some time. While slower growth and social pressures for higher spending in education will increase the budget deficit in 2012, fiscal policy should thereafter return to the target of achieving a structural deficit of 1% of GDP in 2014.

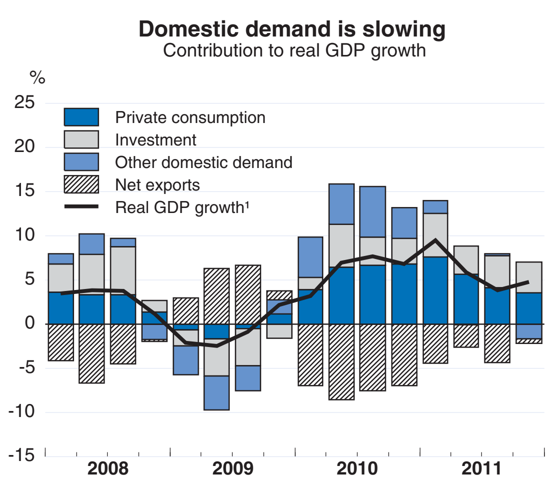
The economy is slowing

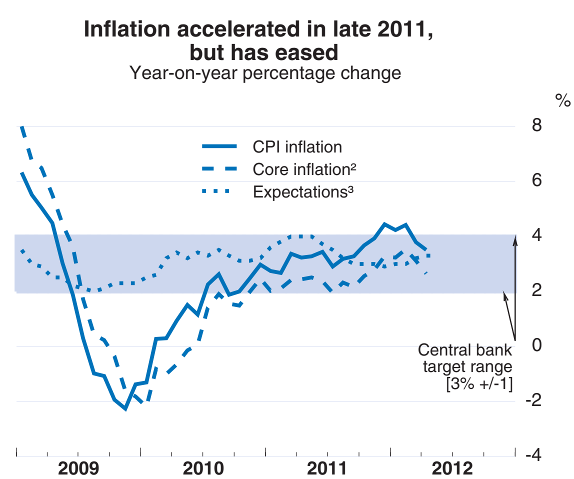
The global economic slowdown in the second half of 2011 and the financial turbulence coming from Europe had a cooling effect on the Chilean economy. The exchange rate depreciated towards the end of 2011 and the money market temporarily tightened, prompting the central bank to introduce transitory measures to increase liquidity. While private consumption continued to be strong, boosted by the dynamic labour market, its pace of growth softened.

The monetary stance is appropriate

The negative external environment, reflected in lower domestic confidence and tight financial conditions, prompted the central bank to cut the policy rate by 25 basis points to 5%, close to its neutral level. With high wage and commodity prices growth, headline and core consumer price inflation increased in late 2011, although they have recently eased.

Chile





1. Year-on-year percentage change.
2. CPI excluding fuels and fresh fruits and vegetables.
3. Eleven months ahead, Monthly Survey of Economic Expectations.

Source: Central Bank of Chile.

StatLink http://dx.doi.org/10.1787/888932608658

Chile: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices CLP billion	Percentage changes, volume (2008 prices)				
GDP at market prices	93 847.9	-0.9	6.1	5.9	4.4	5.1
Private consumption	57 081.9	-0.8	10.0	8.8	4.9	6.2
Government consumption	10 553.3	9.2	3.9	3.9	4.0	2.7
Gross fixed capital formation	23 178.5	-12.1	14.3	17.6	7.0	7.7
Final domestic demand	90 813.8	-2.6	10.1	10.2	5.3	6.1
Stockbuilding[1]	1 183.5	-3.1	4.1	-0.6	-1.0	0.0
Total domestic demand	91 997.3	-5.8	14.7	9.4	4.2	6.1
Exports of goods and services	38 953.2	-4.5	1.4	4.6	3.9	5.6
Imports of goods and services	37 102.5	-16.2	27.4	14.4	5.1	8.4
Net exports[1]	1 850.7	4.5	-7.6	-2.8	-0.3	-0.9
Memorandum items						
GDP deflator	_	4.0	7.4	2.8	2.4	3.4
Consumer price index	_	0.4	1.4	3.3	3.7	2.9
Private consumption deflator	_	1.9	1.3	3.4	3.8	2.9
Unemployment rate	_	10.8	8.1	7.1	7.2	7.2
Central government financial balance[2]	_	-4.2	-0.4	1.4	-0.5	0.1
Current account balance[2]	_	2.0	1.5	-1.3	-2.0	-0.1

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610197

With any inflationary pressures easing, monetary policy is expected to remain on hold throughout 2012.

Fiscal consolidation has shifted to a slower pace

The 2012 budget stipulates a 5% increase in real spending relative to 2011, mostly to improve the quality of education and finish reconstruction after the earthquake, resulting in a headline deficit of 0.4% of GDP and a structural deficit of 1.5% of GDP. The projection assumes slower growth and lower copper prices than the government, leading to lower tax receipts and an actual budget deficit of 0.5% of GDP in 2012. Stronger growth and the winding-down of reconstruction projects should secure a return to a small surplus in 2013.

Slower domestic and external demand will soften growth

After slowing in 2012, growth is expected to pick up again close to potential in 2013, as confidence improves and the global economy normalises. With the slowdown in growth this year, inflation should stabilise at around 3%.

Risks are mainly external

Slower global growth, and in particular a downturn in China, would damp exports and copper prices, weakening growth more than projected. On the upside, faster-than-expected global growth with higher commodity prices and better financial conditions would lead to higher domestic growth, but also to inflationary pressures and tighter monetary policy.

CZECH REPUBLIC

Real GDP will fall in 2012 owing to a decline in domestic consumption spurred by fiscal consolidation. Growth is projected to return in 2013 due to stronger exports and investment.

Fiscal consolidation should continue at a reasonable pace that reconciles the objectives of balancing the government's budget and exiting from the economic recession. Structural reforms to deregulate product markets should be deepened to support investment growth and job creation.

The economy is weak

Following the slowdown in 2011, economic activity plummeted in the first quarter of 2012. Fiscal consolidation triggered a marked decline in government consumption, and the increase in the preferential VAT rate damped consumer demand. Labour market conditions have deteriorated as the average real wage has fallen and unemployment has increased since the second half of 2011. However, activity has been supported by a buoyant export sector.

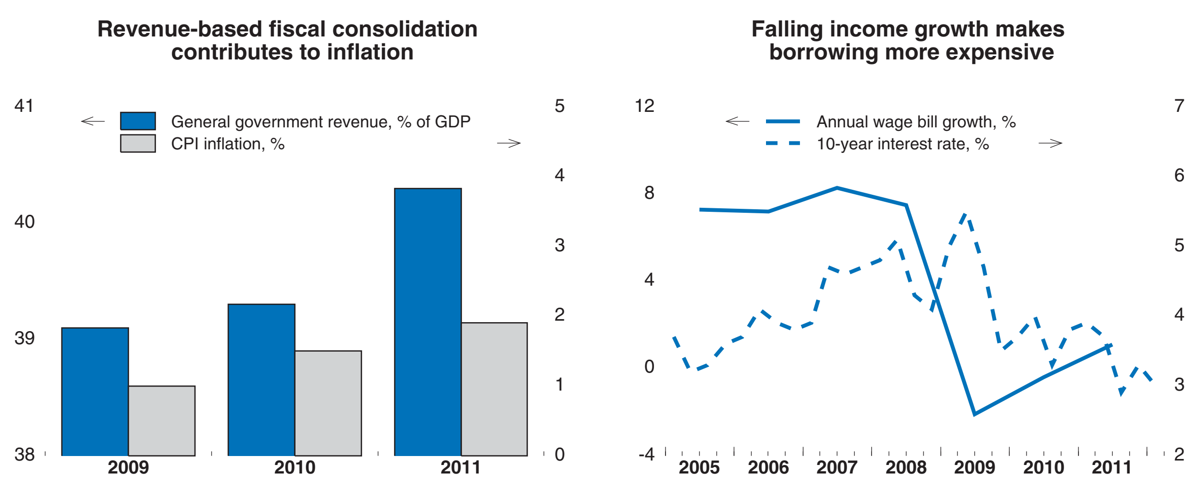
Fiscal consolidation is on track

Fiscal consolidation reduced the general government deficit to 3.1% of GDP in 2011, well below the government's target of 4.2% of GDP. Consolidation is expected to continue at a slower pace until the budget is balanced in 2016.

Monetary policy is expected to remain accommodative

The hike in the preferential VAT rate and excise taxes, high oil prices and a weaker exchange rate are expected to temporarily increase inflation in 2012. But given economic weakness, inflation is expected to come back to the 2% target in 2013. Therefore, monetary authorities should use the available room for further cuts in interest rates. With inflation expectations well anchored, long-term interest rates are expected to remain close to their current level for the rest of the year.

Czech Republic



Source: Czech National Bank; OECD, National Accounts database.

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Czech Republic: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices CZK billion	Percentage changes, volume (2005 prices)				
GDP at market prices	3 845.8	-4.5	2.6	1.7	-0.5	1.7
Private consumption	1 883.1	-0.3	0.5	-0.5	-1.6	0.8
Government consumption	759.4	3.8	0.6	-1.4	-1.3	0.3
Gross fixed capital formation	1 030.8	-11.4	0.0	-1.2	1.2	2.8
Final domestic demand	3 673.3	-2.6	0.4	-0.8	-0.8	1.2
Stockbuilding[1]	80.6	-2.9	1.3	-0.1	-0.6	0.1
Total domestic demand	3 753.8	-5.5	1.8	-0.9	-1.5	1.3
Exports of goods and services	2 477.5	-9.7	16.0	11.0	2.5	6.9
Imports of goods and services	2 385.6	-11.4	15.7	7.5	1.3	6.8
Net exports[1]	91.9	0.8	0.8	2.6	0.9	0.4
Memorandum items						
GDP deflator	_	2.0	-1.7	-0.7	2.4	1.1
Consumer price index	_	1.0	1.5	1.9	3.9	2.1
Private consumption deflator	_	0.2	0.4	1.8	3.2	1.5
Unemployment rate	_	6.7	7.3	6.7	7.0	6.9
General government financial balance[2]	_	-5.8	-4.8	-3.1	-2.5	-2.2
General government gross debt[2]	_	41.0	45.5	48.3	50.7	52.6
General government debt, Maastricht definition[2]	_	34.3	38.1	41.2	43.5	45.5
Current account balance[2]	_	-2.4	-3.8	-2.6	-0.2	-1.6

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610216

A dynamic export sector will drive the recovery in 2013

Real GDP will fall in 2012, while the pick-up in world trade and stronger growth in Germany should spur trade and investment in 2013. Recently legislated product market reforms are expected to improve the business environment, stimulate job creation and sharpen employment incentives. The projected slowdown in the pace of fiscal consolidation should reduce the drag on private consumption.

Main risks are on the external side

As the economy has no major internal imbalances, the major risks to the projection come from further unfavourable developments in the external environment. Risks concerning the value of the Czech koruna go in both directions: it could appreciate too much relative to fundamentals and damage competitiveness or excessive depreciation would fuel inflation.

DENMARK

Growth in 2012 will be driven mainly by fiscal stimulus. Weak external demand will slow exports, while a stagnant labour market and renewed declines in house prices will constrain household consumption. In 2013, as the international environment becomes more supportive and confidence improves, private demand will gradually replace public investment as the driver of growth. With continued slack in the economy, core inflation is projected to be subdued.

Following earlier decisions on fiscal stimulus in 2012, the adoption of four-year expenditure ceilings in March 2012 to be implemented in 2014-17 will reinforce policymakers' commitment to contain spending at all levels of government and contribute to fiscal sustainability. Reforms to improve competitiveness and boost labour supply would strengthen growth and fiscal prospects over the long run.

Domestic demand remains weak

The stagnation in the last quarter of 2011 was driven by low government consumption and private investment. Despite weak external demand, exports increased, aided by improved competitiveness. Private consumption expanded in late 2011 but continues to be constrained by rising unemployment and falling real wages. In early 2012, business and consumer confidence indicators firmed, although they remain below pre-crisis levels.

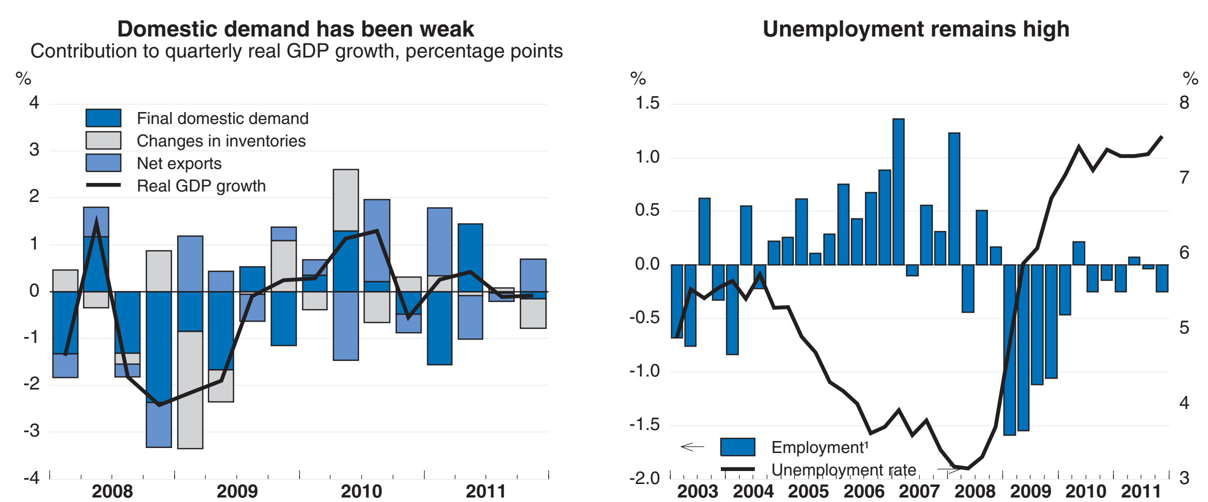
Financial conditions have not normalised yet

Despite the introduction of a temporary three-year loan facility by the Danish National Bank in December 2011, bank lending to companies remains low, partly due to weak demand. Declines in house prices intensified in the second half of 2011, despite record-low interest rates, adding to the uncertain environment. Interest rates are set to remain supportive in 2012-13.

Fiscal policy is supportive in 2012

The fiscal stance is supportive in 2012 due to strong public investment and the paying out of contributions to the early retirement

Denmark



1. Quarter-on-quarter percentage change.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932608696

Denmark: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices DKK billion	Percentage changes, volume (2005 prices)				
GDP at market prices	1 753.2	-5.8	1.3	1.0	0.8	1.4
Private consumption	840.0	-4.2	1.9	-0.5	0.7	1.7
Government consumption	465.4	2.5	0.3	-1.0	1.3	0.2
Gross fixed capital formation	368.8	-13.4	-3.8	0.4	2.9	1.7
Final domestic demand	1 674.2	-4.3	0.3	-0.5	1.3	1.3
Stockbuilding[1]	23.4	-2.3	1.0	0.4	-0.2	0.0
Total domestic demand	1 697.5	-6.6	1.3	-0.1	1.0	1.3
Exports of goods and services	959.6	-9.8	3.2	6.8	2.0	4.7
Imports of goods and services	904.0	-11.6	3.5	5.2	2.5	4.7
Net exports[1]	55.6	0.7	0.0	1.1	-0.2	0.2
Memorandum items						
GDP deflator	_	1.0	3.9	0.8	1.8	1.6
Consumer price index	_	1.3	2.3	2.8	2.7	1.9
Private consumption deflator	_	1.3	2.5	2.5	2.0	1.6
Unemployment rate[2]	_	5.9	7.3	7.4	7.6	7.5
Household saving ratio[3]	_	-0.4	-0.2	-1.3	-0.9	-1.8
General government financial balance[4]	_	-2.7	-2.7	-1.9	-3.9	-2.0
General government gross debt[4]	_	51.2	54.8	61.8	63.0	64.8
General government debt, Maastricht definition[4]	_	40.6	42.9	46.5	47.7	49.6
Current account balance[4]	_	3.5	5.5	6.5	5.4	5.4

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. The unemployment rate is based on the Labour Force Survey and differs from the registered unemployment rate.
3. As a percentage of disposable income, net of household consumption of fixed capital.
4. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610235

scheme as part of its reform. By contrast, in 2013, implementation of the commitment to bring the deficit below the EU target of 3% of GDP will imply a sizeable fiscal tightening.

Private domestic demand will pick up gradually in 2013

Private consumption will be held back in 2012 by adverse housing and labour market conditions, but is projected to pick up in 2013 as confidence firms. Improved competitiveness, driven by subdued wage growth and a rebound in productivity, will allow exports to grow more in line with export markets and to pick up in 2013 as external demand regains momentum. Consequently, private investment will rebound in 2013. Headline inflation will rise in 2012, reflecting higher commodity prices, but core inflation is set to remain subdued as slack persists through the projection period.

Risks are broadly balanced

The recovery could be stronger if confidence were to return more rapidly than expected, releasing pent-up private consumption and investment. However, the labour and housing markets might deteriorate more than expected, putting pressure on highly-leveraged households.

ESTONIA

Export-led growth was strong in 2011, but is projected to weaken substantially in 2012 due to the weak external environment, notably euro area tensions. As world trade growth improves, activity is projected to pick up again in 2013. Disinflation will be interrupted temporarily by oil price increases and electricity market liberalisation.

Estonia should introduce a fiscal rule that is consistent with medium-term objectives but allows the automatic stabilisers to operate. Spending increases on policies to activate long-term unemployed should be continued to spur further employment gains.

The weak external environment is slowing growth

The economy grew by 7.6% in 2011, but it weakened in the course of the year and contracted slightly in the fourth quarter. This slowdown was primarily due to weak exports, as the global environment deteriorated, but was aggravated by unusually large temporary factors. Core inflation has been moderate, reflecting economic slack, although various shocks have pushed up headline inflation.

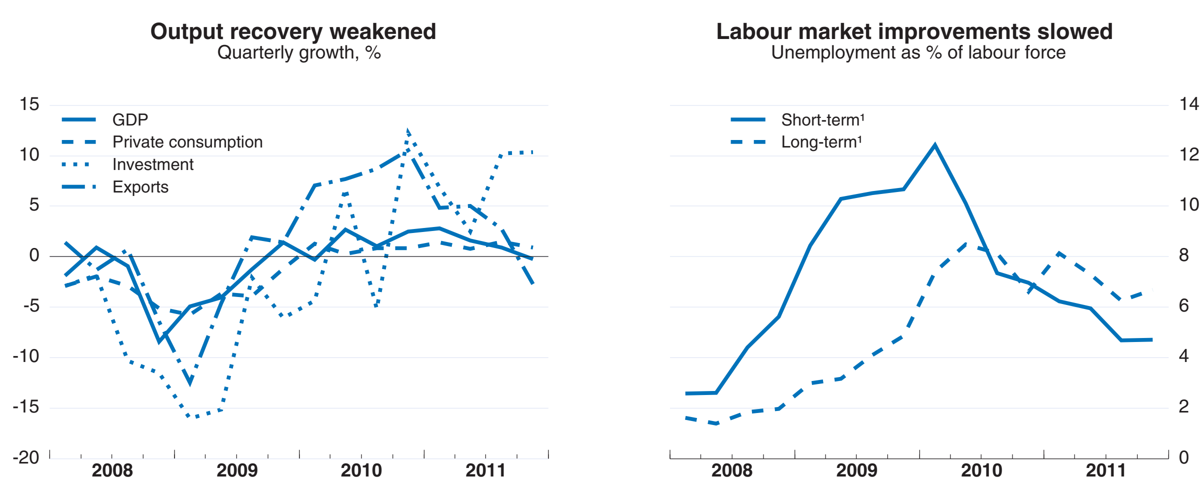
The labour market is weakening

The unemployment rate has been falling rapidly, employment is above its pre-boom level and participation rates are high. However, employment gains have been slowing with weaker demand. Moreover, high long-term unemployment and labour market mis-matches persist.

Public investment will play an important role in 2012

Private investment was strong throughout 2011 despite continued deleveraging, driven by high foreign direct investment. But capacity utilisation has been falling more recently and demand for new loans remains very low despite the accommodative ECB monetary policy. However, public investment, financed with revenues from the Kyoto emission permit sales and EU structural funds, will peak in 2012, providing an important stimulus to the economy.

Estonia



1. Short-term is less than 12 months, long-term is 12 months or more.

Source: OECD, National Accounts database; Statistics Estonia, Labour Force Survey.

StatLink http://dx.doi.org/10.1787/888932608715

Estonia: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices € billion	Percentage changes, volume (2005 prices)				
GDP at market prices	16.3	-14.3	2.3	7.6	2.2	3.6
Private consumption	8.9	-15.6	-1.7	4.2	3.0	2.9
Government consumption	3.1	-1.6	-1.1	1.6	2.4	1.9
Gross fixed capital formation	4.8	-37.9	-9.1	26.8	15.9	4.9
Final domestic demand	16.8	-19.3	-3.2	8.3	5.9	3.2
Stockbuilding[1]	0.2	-3.3	3.4	2.8	-1.5	0.1
Total domestic demand	17.0	-22.1	1.2	10.8	4.2	3.2
Exports of goods and services	11.5	-18.6	22.5	24.9	3.8	7.7
Imports of goods and services	12.2	-32.4	20.6	27.0	3.9	7.4
Net exports[1]	- 0.7	11.1	2.5	0.1	0.1	0.6
Memorandum items						
GDP deflator	_	-1.0	1.1	3.7	3.2	2.7
Harmonised index of consumer prices	_	0.2	2.7	5.1	3.9	3.0
Private consumption deflator	_	-0.9	2.3	4.8	2.9	3.0
Unemployment rate	_	13.9	16.8	12.5	11.4	10.4
General government financial balance[2]	_	-2.0	0.3	1.0	-2.0	-0.3
General government gross debt[2]	_	12.7	12.5	10.0	12.7	12.8
General government debt, Maastricht definition[2]	_	7.2	6.7	6.0	8.7	8.8
Current account balance[2]	_	3.7	3.6	3.2	1.0	0.7

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610254

Fiscal position remains prudent

Another fiscal surplus was recorded in 2011, partly due to one-off revenues, and public debt declined to 6% of GDP. Fiscal policy will remain prudent in 2012 and 2013 with underlying fiscal position close to a balance. The headline fiscal position will temporarily deteriorate in 2012 due to reversals of one-off measures, including the full restoration of second-pillar pension payments and spending of emission permit revenues.

Growth will strengthen in the second half of 2012

Growth will remain subdued and the labour market sluggish at least throughout the first half of 2012 before external conditions improve. Disinflation will remain slow due to the projected upward trend in international fuel prices and electricity market liberalisation.

Downside risks are linked to the external environment

The risks to the projections are predominantly external. Intensification of the euro area sovereign debt crisis combined with a slowdown in Nordic countries could push the economy into recession in 2012, mainly by weakening export demand. A deterioration of funding conditions for foreign parent banks could potentially lead to tightened credit standards. Higher oil prices would push up inflation and undermine demand, considering the high energy intensity of the economy.

FINLAND

The economy is slowing markedly as exports weaken. Activity will be supported mainly by private consumption in 2012 on the back of firm wage growth and consumer confidence. The expected recovery in the global economy towards end-2012 should revive exports and investment, strengthening growth in 2013.

Finland has a relatively strong fiscal position, leaving room for letting the automatic stabilisers play in the event of lower-than-expected growth. Nevertheless, the rising burden of ageing calls for further reforms of the pension system and greater public sector efficiency, especially in health care. In the longer term, stronger competition in shielded private and public service sectors would boost productivity and growth.

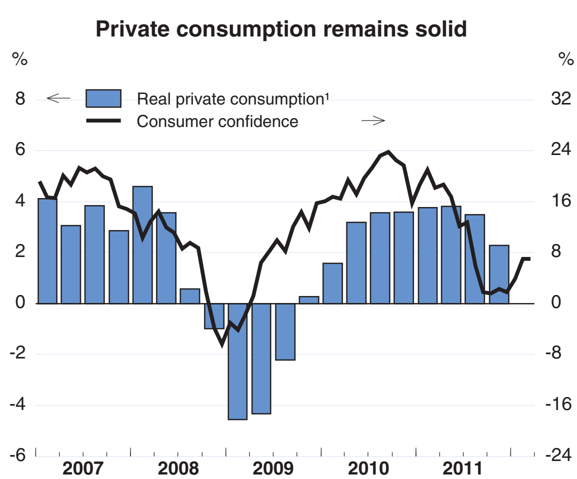
Economic growth is being pulled down by weak exports

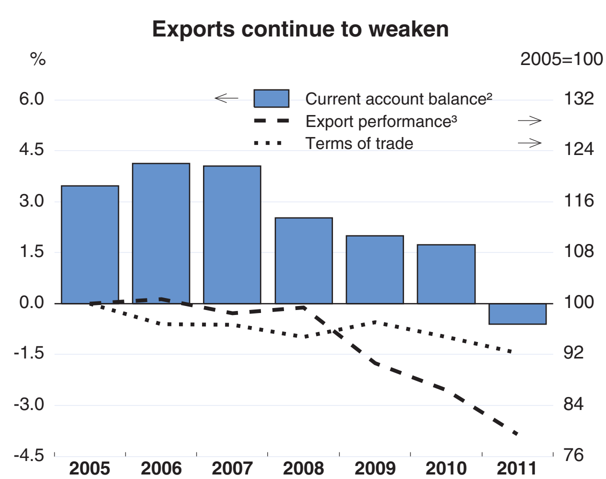
Weak external demand has exacerbated ongoing structural losses in export market shares in the forestry and electronics sectors. Coupled with the related continued erosion of terms of trade, this produced the first current account deficit since the early 1990s in 2011. The slowdown in exports is starting to feed through the domestic economy, reducing consumption and investment growth. Higher indirect taxes and energy prices are pushing up consumer prices, but underlying price pressures remain weak due to continued slack.

Consolidation should continue

Low ECB interest rates are supporting the economy. Fiscal policy is set to be mildly contractionary in 2012 as consolidation continues in line with targets; the deficit is expected to be almost eliminated by 2013. Given Finland's relatively strong fiscal position, the automatic stabilisers should be allowed to work should growth turn out to be weaker than projected. Finland faces a long-term fiscal challenge due to population ageing, and

Finland





1. Year-on-year growth.
2. As a percentage of GDP.
3. Ratio of real exports to export markets (trade-weighted average of trading partners' imports).

Source: OECD Economic Outlook 91 database and Statistics Finland.

StatLink http://dx.doi.org/10.1787/888932608734

Finland: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices € billion	Percentage changes, volume (2000 prices)				
GDP at market prices	185.5	-8.4	3.7	2.9	0.9	2.0
Private consumption	95.6	-2.7	3.0	3.3	1.7	1.9
Government consumption	41.7	1.1	0.2	0.8	1.0	0.9
Gross fixed capital formation	39.7	-13.3	2.6	4.6	0.6	1.6
Final domestic demand	177.0	-4.2	2.2	3.0	1.3	1.6
Stockbuilding[1,2]	1.5	-1.9	0.9	1.4	0.5	-0.1
Total domestic demand	178.5	-6.1	3.2	4.5	1.9	1.5
Exports of goods and services	87.0	-21.5	7.8	-0.8	0.5	3.3
Imports of goods and services	80.0	-16.4	7.7	0.1	1.3	1.8
Net exports[1]	7.0	-3.0	0.2	-0.3	-0.3	0.6
Memorandum items						
GDP without working day adjustments	_	-8.4	3.7	2.9	..	..
GDP deflator	_	1.4	0.4	3.6	2.3	2.2
Harmonised index of consumer prices	_	1.6	1.7	3.3	3.2	2.4
Private consumption deflator	_	1.3	2.0	3.0	2.9	2.4
Unemployment rate	_	8.3	8.4	7.8	7.9	7.8
General government financial balance[3]	_	-2.7	-2.9	-0.9	-0.7	0.0
General government gross debt[3]	_	51.8	57.6	57.2	59.1	61.8
General government debt, Maastricht definition[3]	_	43.5	48.4	48.6	50.6	53.2
Current account balance[3]	_	2.0	1.7	-0.6	-1.1	-0.7

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. Including statistical discrepancy.
3. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610273

further reforms to raise the effective retirement age and enhance public sector efficiency would strengthen fiscal sustainability and improve growth prospects.

Growth will be sluggish in 2012, but will strengthen in 2013 as exports pick up

Growth will be weak in 2012, as private consumption will be held back by slower real income growth, falling real house prices and higher precautionary saving due to high uncertainties. Slow growth in 2012 is likely to lead to a rise in unemployment, despite some expected reduction of hours worked. Higher oil and commodity prices and increases in indirect taxes will maintain inflation significantly above 2% throughout the projection period. The global recovery in 2013 will revive Finnish exports and raise growth.

Risks are mainly on the downside

As a very open economy, Finland is vulnerable to a further deterioration in the international economic environment, especially in the advanced economies that are its main trading partners. Further deterioration of export performance would put the recovery at risk. Conversely, stronger exports would strengthen growth.

GREECE

The economy contracted sharply in 2011 due to strong fiscal retrenchment, severe economic dislocation and weak exports. Unemployment has risen rapidly, especially among the young. Output is set to decline further until the second half of 2013 when the pace of fiscal consolidation is expected to ease somewhat, wide-ranging structural reforms to boost competitiveness and promote investment start to bear fruit, and international demand strengthens. These projections assume that the EU/IMF programme of fiscal consolidation and structural reform is fully implemented.

The economic adjustment programme approved in March 2012 gives Greece time to proceed with the fundamental reforms it needs. It should be implemented rigorously to restore growth and stabilise the public finances.

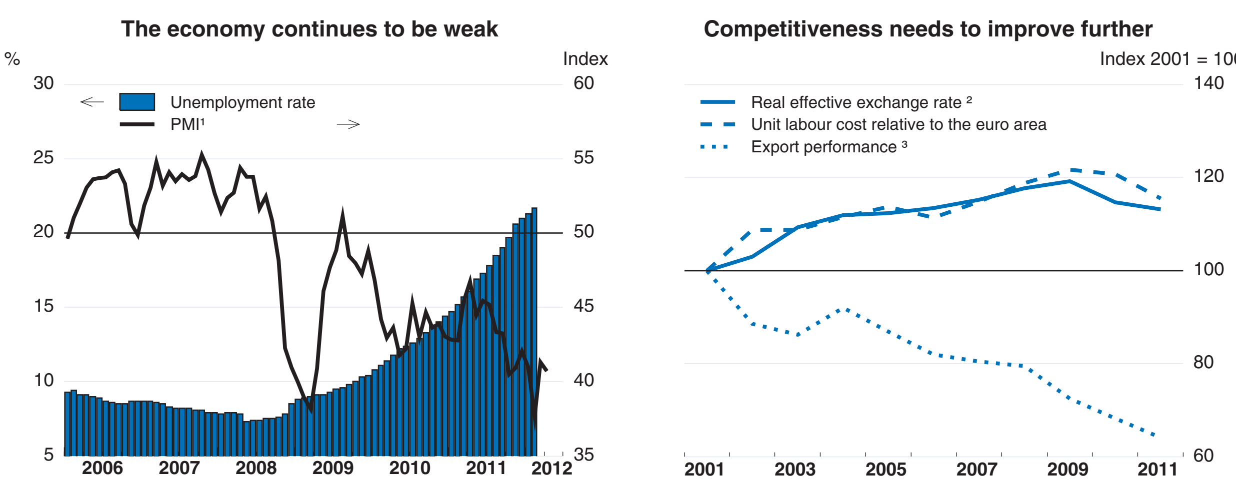
The economy fell deeper into recession

Real GDP dropped by 7% in 2011, driven by shrinking domestic demand, and continued to contract by around 6¼ per cent (year-on-year) in the first quarter of 2012. Income losses, increasing unemployment, and credit constraints undermined consumption and investment. Exports weakened as tourism revenues and goods exports fell towards end-2011. The unemployment rate surpassed 20% in early 2012. Inflation eased further, with headline inflation falling well below the euro area average once the effects of the substantial tax increases are stripped out. Unit labour costs also continued to fall, which has significantly improved cost competitiveness, although the impact is not yet reflected in export performance and further improvement is needed.

Reducing the large fiscal deficit and debt remain a key challenge

The initial target for fiscal consolidation was missed in 2011 due to a weaker economy than had been anticipated and to delays in implementation of structural fiscal reforms. To attain the 7¼ per cent of

Greece



1. Manufacturing Purchasing Managers' Index. An index reading above 50 indicates an expansion of activity and below 50 a contraction.
2. Corrected for the impact of taxes in 2010 and 2011.
3. Ratio between export volumes and export markets for total goods and services.

Source: Markit, Hellenic Statistical Authority and OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932608753

Greece: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices € billion	Percentage changes, volume (2005 prices)				
GDP at market prices	232.9	-3.2	-3.5	-6.9	-5.3	-1.3
Private consumption	169.1	-1.3	-3.6	-7.1	-6.6	-1.9
Government consumption	42.2	4.8	-7.2	-9.1	-9.3	-8.3
Gross fixed capital formation	51.6	-15.2	-15.0	-20.7	-13.4	-2.0
Final domestic demand	262.9	-3.0	-6.3	-9.5	-8.0	-2.9
Stockbuilding[1,2]	3.6	-2.9	0.4	1.1	-0.5	0.0
Total domestic demand	266.5	-5.8	-6.0	-8.6	-8.4	-2.9
Exports of goods and services	56.2	-19.5	4.2	-0.3	3.7	6.9
Imports of goods and services	89.8	-20.2	-7.2	-8.1	-9.8	0.5
Net exports[1]	- 33.6	3.1	3.0	2.4	4.0	1.7
Memorandum items						
GDP deflator	_	2.8	1.7	1.6	0.1	-0.4
Harmonised index of consumer prices	_	1.3	4.7	3.1	0.8	-0.5
Private consumption deflator	_	0.7	4.5	3.1	0.8	-0.5
Unemployment rate	_	9.5	12.5	17.6	21.2	21.6
General government financial balance[3]	_	-15.6	-10.5	-9.2	-7.4	-4.9
General government gross debt[3]	_	134.0	149.6	170.0	168.0	173.1
General government debt, Maastricht definition[4]	_	129.4	145.0	165.4	163.3	168.5
Current account balance[4]	_	-11.1	-10.1	-9.8	-7.6	-6.5

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. Including statistical discrepancy.
3. National Accounts basis, as a percentage of GDP.
4. On settlement basis, as a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610292

GDP target in 2012 the government has announced new spending initiatives of around ½ per cent of GDP, including reductions in pharmaceutical spending and further cuts, mainly in higher pensions. Additional measures will be needed in 2013. The OECD deficit projections are in line with the official forecast for 2012, but are higher for 2013 due to a weaker growth projection. The new programme approved in March 2012 by the EU and IMF, along with deep private sector involvement (a 53% write-down of debt in nominal terms), should lead to debt sustainability in the medium term provided vigorous consolidation continues and the economy recovers competitiveness and growth, which will require further structural reforms. These projections are a baseline scenario that assumes the EU/IMF programme is implemented in full, and that growth restarts as deep structural reforms take hold and export performance improves.

Recovery will be slow

The economy is set to contract until mid-2013, due mainly to needed fiscal retrenchment. Growth may turn positive in the second half of 2013. By then, structural reforms already undertaken should begin to bear fruit, the pace of fiscal consolidation should begin to ease somewhat, and a greater use of available EU structural funds would support growth.

Inflation is expected to continue to recede, given the huge economic slack, and deflation may appear in 2013. The current account deficit is likely to narrow to around 6 ½ per cent of GDP in 2013.

Major downside risks prevail

Reforms could become increasingly difficult to implement, in part due to rising social and political discontent. However, if the EU/IMF programme were not implemented, the risk of debt default would rise sharply, with incalculable consequences. A further weakening in the banking sector's already limited capacity to support growth also poses a major risk to the outlook. Much depends on exports, although it is difficult to judge how soon improving competitiveness will result in better performance.

HUNGARY

Economic activity, which has so far been mainly driven by exports, is expected to decline in 2012. As domestic demand gradually improves, growth should return in 2013. A weak currency, rising oil prices and hikes in indirect taxes have significantly increased prices, though their effects should moderate gradually.

Following a major cumulative increase in the structural deficit in 2010 and 2011, fiscal consolidation has resumed with a view to restoring sound public finances and exiting from the EU excessive deficit procedure. Budget adjustment will weigh on activity in 2012 and 2013. Rapidly reaching an agreement with the IMF and the EU – which is assumed in the projections – would restore investor confidence, create conditions for monetary accommodation and boost growth.

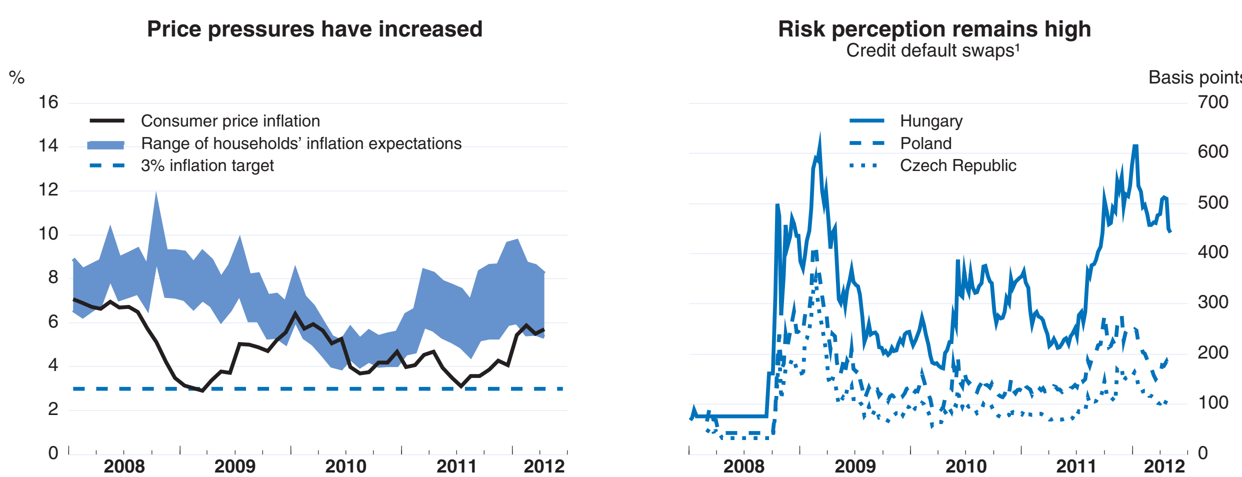
The economy is contracting

Economic activity has been mainly driven by external demand, supported by gains in price and cost competitiveness, but the fall in domestic demand has steepened. Lending to the private sector has dropped further and credit conditions have become tighter. The minimum wage was raised by 19% in January 2012 and the labour market remains weak despite a large-scale public works programme.

The scope for monetary easing is very limited

Despite considerable slack in the economy and high nominal interest rates, there is little scope for monetary accommodation. Price pressures have intensified along with currency weakness, hikes in indirect taxes and higher fuel prices. Markets view Hungary as being high risk. This projection assumes that a conclusion of a financial agreement with the International Monetary Fund and the European Union will allow an interest rate cut of 75 basis points to 6¼ per cent in the second half of 2012.

Hungary



1. Five year rates for sovereign bonds in euros; mid-rate spread between the entity and the relevant benchmark curve.

Source: Magyar Nemzeti Bank and Datastream.

StatLink http://dx.doi.org/10.1787/888932608772

Hungary: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices HUF billion	Percentage changes, volume (2005 prices)				
GDP at market prices	26 561.9	-6.7	1.2	1.7	-1.5	1.1
Private consumption	14 380.8	-6.2	-2.2	0.0	-1.9	-0.1
Government consumption	5 802.2	-0.7	-2.1	-0.4	-1.7	-0.4
Gross fixed capital formation	5 760.0	-11.0	-9.7	-5.4	-5.4	0.0
Final domestic demand	25 943.0	-6.1	-3.7	-1.1	-2.5	-0.2
Stockbuilding[1]	498.3	-4.5	3.2	0.6	0.1	0.0
Total domestic demand	26 441.3	-10.5	-0.5	-0.5	-3.1	-0.1
Exports of goods and services	21 677.1	-10.2	14.3	8.4	4.8	7.4
Imports of goods and services	21 556.6	-14.8	12.8	6.3	3.4	6.6
Net exports[1]	120.6	3.6	1.8	2.2	1.6	1.3
Memorandum items						
GDP deflator	_	3.9	3.0	3.5	5.4	2.8
Consumer price index	_	4.2	4.9	3.9	5.7	3.6
Private consumption deflator	_	3.7	4.2	4.4	6.5	3.0
Unemployment rate	_	10.1	11.2	11.0	12.0	12.2
General government financial balance[2]	_	-4.5	-4.3	4.2	-3.0	-2.9
General government gross debt[2]	_	86.2	86.4	84.7	84.8	84.1
General government debt, Maastricht definition[2]	_	79.4	81.0	80.2	79.7	78.8
Current account balance[2]	_	-0.2	1.2	1.3	2.7	3.8

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610311

Financial policies need to smooth deleveraging

An agreement with banks in late 2011 should contribute to alleviate the burden of households' foreign-currency debt, though measures should be adapted to better target distressed borrowers. To offset the withdrawal of foreign funding from the banking sector and support lending, the central bank has launched a two-year collateralised lending facility, but take-up has so far been low. The exceptional bank levy should be reduced next year and redesigned by end-2013 as planned.

Fiscal consolidation should continue

The underlying fiscal balance deteriorated in 2010 and 2011, but one-off revenues – mainly the assumption of second-pillar pension assets in 2011 – greatly improved the headline balance. Fiscal consolidation has resumed through spending cuts and many revenue-increasing measures, such as hikes in indirect taxes and employees' social security contributions, with an expected improvement in the structural balance of over 2% of GDP in 2012. Additional fiscal adjustment, including new taxes on universal financial transactions and telecommunication services, is projected to offset the removal of temporary sectoral levies and lower the headline deficit to slightly below 3% of GDP in 2013. This should avoid Hungary losing access to EU cohesion funds amounting to 0.5% of GDP.

A recession is expected in 2012

GDP is projected to fall this year driven by a further drop in domestic demand, before a recovery takes hold in 2013. The unemployment rate is projected to rise further, but price pressures should moderate only gradually.

Risks are on the downside

Failure to conclude a financial agreement with multilateral organisations would aggravate uncertainty and lead to a spiral of rising risk premiums. This would further weaken fiscal sustainability, hamper market access and lead to a potential burst of inflation driven by currency depreciation.

ICELAND

Following two years of deep recession, the economy returned to buoyant economic growth in 2011. The recovery, which is being led by private consumption and business investment, is projected to moderate, with growth easing to 2¾ per cent by 2013. Inflation should fall but remain above the authorities' target in 2013.

The government should ensure that it remains on track to meet its fiscal objectives and pass the proposed law to strengthen the fiscal framework. Monetary policy should be gradually tightened to reduce inflation and support capital account liberalisation. Prudential rules and supervision, including macro-prudential arrangements, should be strengthened.

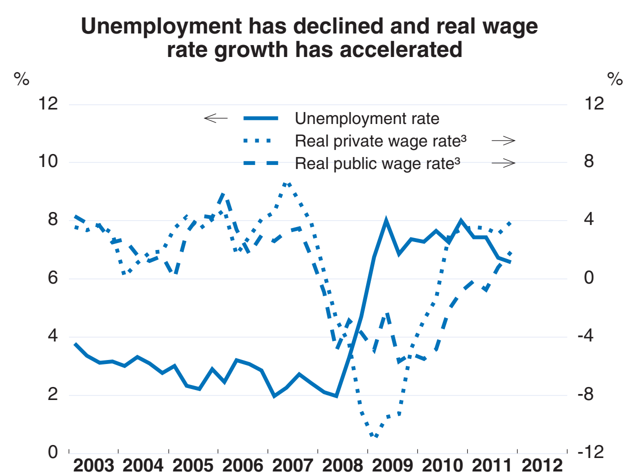
The economic recovery is gaining strength

Growth is being led by private consumption, which has been boosted by debt write-downs, temporary access to pension savings and high wage settlements, and by business investment. Residential investment has also been strong owing to the resumption of work on incomplete housing projects. Total hours worked have increased and employers plan to expand employment over coming months. The unemployment rate fell to 6½ per cent in the final quarter of 2011 but long-term unemployment remains high. Large collective wage increases, currency depreciation and rising commodity prices have pushed up inflation to well above the central bank's 2.5% target.

The drag from fiscal consolidation is set to diminish

Fiscal consolidation is set to continue but at a more moderate pace than over the past two years. The government plans consolidation amounting to 2½ per cent of GDP in 2012, bringing the primary balance into surplus (abstracting from write-offs of 2% of GDP), and to another

Iceland



1. Year-on-year percentage change.
2. Estimate of inflation expectations based on principal components analysis, measuring the common trend of a number of measures of inflation expectations.
3. Deflated by the consumer price index, year-on-year percentage change.

Source: OECD Economic Outlook 91 database; Statistics Iceland.

StatLink http://dx.doi.org/10.1787/888932608791

Iceland: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices ISK billion	Percentage changes, volume (2005 prices)				
GDP at market prices	1 482.0	-6.8	-4.0	3.1	3.1	2.7
Private consumption	789.9	-14.9	-0.4	4.0	3.2	2.3
Government consumption	367.3	-1.7	-3.4	-0.6	-0.3	0.3
Gross fixed capital formation	362.5	-51.6	-8.1	13.4	16.5	10.3
Final domestic demand	1 519.8	-20.9	-2.6	4.0	4.2	3.1
Stockbuilding[1]	3.3	0.0	-0.2	0.6	0.0	0.0
Total domestic demand	1 523.0	-20.5	-2.7	4.7	4.0	3.1
Exports of goods and services	657.3	6.6	0.4	3.2	3.9	3.2
Imports of goods and services	698.3	-24.0	4.0	6.4	5.9	4.0
Net exports[1]	- 41.0	14.2	-1.5	-1.1	-0.7	-0.2
Memorandum items						
GDP deflator	_	8.3	6.9	3.1	6.0	4.8
Consumer price index	_	12.0	5.4	4.0	6.0	4.1
Private consumption deflator	_	13.7	3.4	4.1	6.7	4.2
Unemployment rate	_	7.2	7.5	7.0	5.8	5.1
General government financial balance[2]	_	-10.0	-10.1	-4.4	-2.6	-1.4
General government gross debt[2]	_	120.0	125.2	128.3	126.7	124.7
Current account balance[2]	_	-11.7	-8.0	-7.1	-4.7	-1.1

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610330

1% of GDP in 2013. To reach the government's goal of overall budget balance by 2014, further consolidation of only one-half of a per cent of GDP would be required. On the basis of these plans, general government gross debt should have peaked in 2011 and fall to the government's target of 60% of GDP towards the end of the decade.

Monetary policy needs to be tightened

To counter inflationary pressures, the central bank has been raising its policy interest rates. Nevertheless, real rates remain negative. Monetary policy will need to be tightened further to reduce the risk of high wage increases flowing into second-round price increases and to pave the way for the gradual liberalisation of capital controls. While much progress has been made in debt restructuring, firms and households remain highly leveraged and banks still have a high level of non-performing loans.

The recovery should continue at a moderate pace

Growth is projected to ease to 2¾ per cent by 2013 as the factors that boosted consumption in 2011 and the surge in private investment pass. Unemployment should fall to 5% by the end of 2013 and inflation should be on the way to the authorities' target.

There are mainly downside risks

The main risks to the economic outlook are that energy-intensive investment projects could be delayed and that there could be further wage increases in excess of productivity growth, which would fuel inflation, erode export competitiveness and undermine labour market performance. Capital account liberalisation could also affect growth through currency depreciation and confidence effects.

IRELAND

Ireland returned to growth last year and the economic recovery is projected to gain further momentum, despite ongoing budgetary consolidation. A recovery in Europe and North America should boost exports in 2013. With activity improving gradually, the labour market situation will slowly turn around and unemployment will stabilise. Inflation is projected to remain low, apart from a temporary energy and VAT-related spike in prices.

Progress in narrowing macroeconomic and financial imbalances is being made and needs to continue. It is the only way to gain further confidence of financial markets. Adjustment would be aided by a rapid resolution of growing mortgage arrears. Given the risk that high unemployment might become structural, reforms to public employment services and job training should be fully implemented to help job seekers return to work.

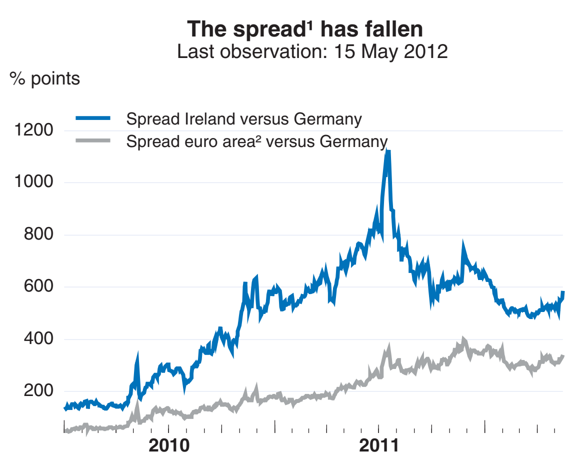
A slow recovery is underway

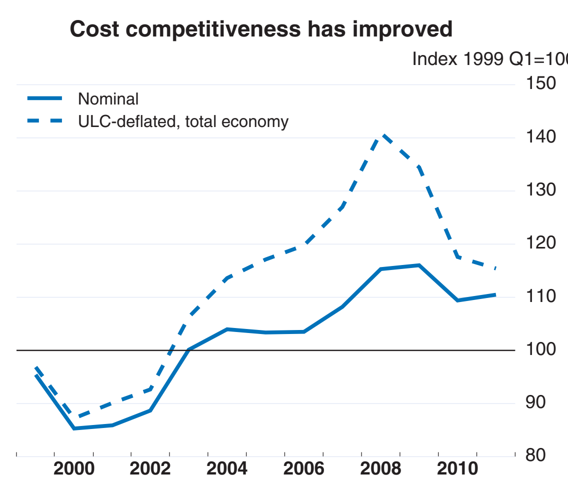
The economy has embarked on a gradual recovery, despite weak growth in trading partners and ongoing fiscal consolidation. Improvements in cost competitiveness have helped exports, which have in turn been the factor behind positive growth. Encouragingly, employment expanded at the end of 2011 for the first time since the crisis began more than four years ago. The narrowing of macroeconomic imbalances nevertheless continues to generate headwinds, with house prices and construction activity still falling and household debt remaining high.

Lending conditions are stable but banks have not fully returned to health

Reflecting low ECB policy rates and declining market spreads, lending conditions are steady. The two main remaining domestic banks are well capitalised and operationally profitable but continue to make overall losses due to large debt write-offs. Reforms underway to speed up the

Ireland





1. 10-year sovereign bond spread.
2. Simple average. Excluding Greece, Luxembourg, Slovenia and the Slovak Republic.

Source: OECD Economic Outlook 91 database; European Central Bank (ECB); Central Statistics Office Ireland and Datastream.

StatLink http://dx.doi.org/10.1787/888932608810

Ireland: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices € billion	Percentage changes, volume (2009 prices)				
GDP at market prices	180.0	-7.0	-0.4	0.7	0.6	2.1
Private consumption	92.1	-7.3	-0.9	-2.7	-1.5	0.0
Government consumption	33.5	-3.7	-3.1	-3.5	-2.9	-2.2
Gross fixed capital formation	39.3	-28.7	-25.0	-10.6	-2.1	1.3
Final domestic demand	164.9	-11.6	-5.7	-4.0	-1.9	-0.4
Stockbuilding[1]	- 1.3	-0.9	1.0	0.9	-0.9	0.0
Total domestic demand	163.6	-12.6	-4.7	-3.0	-3.0	-0.3
Exports of goods and services	150.3	-4.2	6.3	4.1	2.1	5.3
Imports of goods and services	133.9	-9.3	2.7	-0.6	-0.6	4.0
Net exports[1]	16.4	3.4	3.7	4.7	2.7	2.3
Memorandum items						
GDP deflator	_	-4.1	-2.4	-0.4	0.6	0.9
Harmonised index of consumer prices	_	-1.7	-1.6	1.2	2.0	1.2
Private consumption deflator	_	-4.2	-2.2	1.0	1.5	1.0
Unemployment rate	_	11.8	13.6	14.5	14.5	14.4
General government financial balance[2,3]	_	-14.0	-31.2	-13.0	-8.4	-7.6
General government gross debt[2]	_	71.1	98.4	114.1	121.6	126.9
General government debt, Maastricht definition[2]	_	65.1	92.5	108.2	115.7	120.9
Current account balance[2]	_	-2.9	0.5	0.1	1.3	2.0

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. As a percentage of GDP.
3. Includes the one-off impact of recapitalisations in the banking sector.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610349

process of mortgage loan resolution should help to clean up banks' balance sheets, boost investor confidence and make it easier for the banks to raise funding and therefore supply credit when demand picks up.

Fiscal consolidation is making steady progress

Staying the course of deficit reduction is important because the public debt outlook remains vulnerable to downside risks. The projection assumes the government will continue implementing fully its announced consolidation measures, steadily reducing the fiscal deficit from 9.4% of GDP in 2011 (excluding bank support measures) to 7.6% in 2013. Budgetary consolidation in 2012 is taking the form of durable savings in health, social protection, education and capital spending. Indirect taxes have been raised while, at the same time, tax relief is providing a shield from austerity to low-income and part-time workers, small businesses, homeowners and mortgage borrowers.

The economy should gather more pace in 2013

Continued low euro-area interest rates will help to offset the effects of fiscal consolidation on private domestic demand. Combined with a pick-up in international conditions, including in Europe and North America, this will strengthen the momentum of output growth in 2013.

Risks are both on the downside and upside

Households face substantial headwinds and private consumption may take longer to strengthen than projected. Weaker growth abroad and contagion from ongoing sovereign debt problems elsewhere could also derail the recovery. On the other hand, exports may strengthen more than expected given cost competitiveness gains which may lead to an improved export market performance. In addition, recent structural reforms and continued strong programme performance may help to boost growth more than anticipated.

ISRAEL*

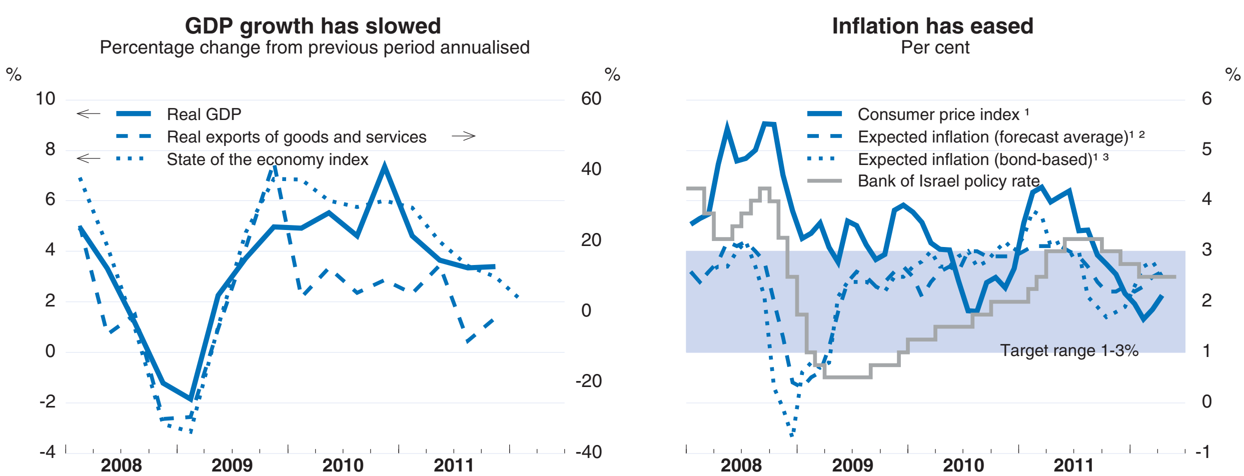
Economic activity has been slowing in line with export market developments but is expected to pick up on the back of stronger external demand. Underlying inflationary pressures will rise slightly, encouraging a resumption of policy-rate increases by the Bank of Israel.

The authorities need to avoid substantial overshoots of deficit targets while remaining committed to the additional outlays and tax expenditures associated with positive structural reforms. Keeping personal income tax cuts firmly off the policy agenda is important, as is resisting any pressure for further concessions on the gasoline excise duty. Furthermore, cutbacks in tax exemptions and a modest hike in the rate of VAT should be considered to help square deficit consolidation with spending requirements.

Monetary policy is in a holding position

Growth slowed in 2011, but the unemployment rate fell and product markets remain tight. Trade and private consumption, which were soft in the fourth quarter of 2011, seem to be recovering. While the housing market has cooled further, high-frequency measures of inflation have been picking up, with energy price hikes becoming more prominent. Furthermore, inflation expectations are above the centre of the target band (1 to 3% increase in consumer prices). The policy interest rate has been held at 2.5% since February, following three rate cuts totalling 75 basis points since September 2011. The shekel has remained

Israel



1. Year-on-year change.
2. The simple average of inflation forecasts for the next 12 months of the commercial banks and economic consultancy companies that publish their forecasts on a regular basis.
3. Based on comparison of yields on CPI-indexed and non-indexed government bonds.

Source: Bank of Israel; CBS; OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932608829

* The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Israel: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices NIS billion	Percentage changes, volume (2005 prices)				
GDP at market prices	723.6	0.8	4.8	4.8	3.2	3.6
Private consumption	419.7	1.4	5.3	3.7	1.6	3.3
Government consumption	177.3	1.8	2.5	3.5	2.5	3.1
Gross fixed capital formation	133.3	-4.9	13.7	16.7	7.6	7.6
Final domestic demand	730.3	0.4	6.0	6.0	3.0	4.1
Stockbuilding[1]	2.7	-0.5	-1.4	0.4	-0.1	0.0
Total domestic demand	732.9	-0.2	4.7	6.4	2.9	4.2
Exports of goods and services	291.4	-11.9	13.6	5.6	3.7	7.0
Imports of goods and services	300.8	-14.0	12.8	10.6	3.7	8.4
Net exports[1]	- 9.4	1.0	0.6	-1.7	0.0	-0.6
Memorandum items						
GDP deflator	_	5.0	1.2	2.1	2.8	2.3
Consumer price index	_	3.3	2.7	3.5	2.2	2.5
Private consumption deflator	_	2.5	2.9	3.3	2.3	2.7
Unemployment rate[2]	_	9.4	8.2	7.0	6.9	6.7
General government financial balance[3,4]	_	-6.4	-5.0	-4.4	-4.3	-4.2
General government gross debt[3]	_	79.5	76.1	74.2	73.9	73.2
Current account balance[3]	_	3.6	3.0	-0.1	-0.4	-1.2

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. Employment and unemployment data prior to Q1 2012 are derived from a quarterly labour-Force survey that has since been replaced by a monthly survey, which included a number of methodological changes. The data prior to Q1 2012 have been adjusted to be compatible with the new series
3. As a percentage of GDP.
4. Excluding Bank of Israel profits and the implicit costs of CPI-indexed government bonds.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610368

substantially weaker against the dollar compared with the extreme highs reached in mid-2011, and the Bank of Israel has not had to intervene in the foreign-currency market since that time.

Fiscal challenges have become tougher

The social protests of 2011 prompted the abandonment of income-tax cuts but also resulted in commitments for increased outlays (such as an expansion of early childhood education) and revenue-reducing measures (notably, increased child tax allowances and reductions in customs duties). Negotiated multi-year pay hikes in healthcare and education are adding further spending pressure as are recent concessions on excise duty on gasoline. As a result, keeping expenditure on track for 2012 will be challenging, as will formulation of the next budget.

Growth will slow markedly in 2012

Output growth is expected to slow from 4.8% in 2011 to 3.2% in 2012 but to rebound to 3.6% in 2013. Global oil-price hikes will temporarily push up headline inflation, but the authorities will need to pay attention to underlying inflationary pressures. The projection incorporates a tightening of monetary conditions by the end of this year.

Labour-supply capacities will continue to be stretched. Assuming expenditure increases in line with the spending rule and an absence of active revenue measures, the projection implies overshoots in the budget deficit from the current targets in both 2012 and 2013, resulting in only modest reductions in the public debt-to-GDP ratio.

Heightened geopolitical tensions pose additional risk to the economy

Risks in the global economy present the greatest threat to growth. But geopolitical tensions remain high and disruptions to natural gas deliveries from Egypt continue to complicate energy supply, contributing to electricity-price increases. However, the risk of a substantial downturn in the housing market has diminished.

KOREA

Following a slowdown in late 2011, output growth is projected to pick up gradually, led by a rebound in exports as world trade gains momentum. Stronger exports will in turn boost domestic demand, helping to achieve output growth of 4% in 2013. With higher oil prices, the current account surplus is expected to fall to around 1½ per cent of GDP.

As the economy picks up, the central bank will need to raise its policy interest rate from the current level of 3¼ per cent to keep inflation near the mid-point of its 2 to 4% target range. The government should pursue its target of a balanced budget (excluding the social security surplus) by 2013. Sustaining growth over the medium term requires reforms to boost labour force participation in the face of demographic headwinds and to enhance productivity, particularly in services.

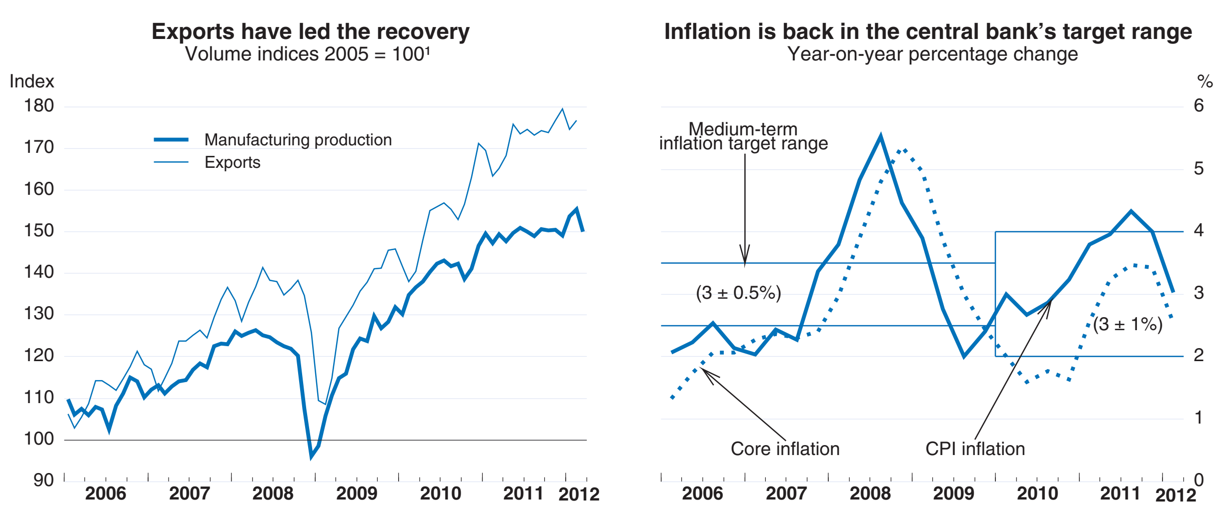
The economy is rebounding from a slowdown in late 2011...

Output growth slowed in the second half of 2011, reflecting the deceleration in world trade and substantial terms-of-trade losses. Slower growth helped reduce inflation from 4% in 2011 to 3% (year-on-year) in the first quarter of 2012. The weakness in activity in late 2011 appears to be fading, particularly in the manufacturing sector, mirroring faster growth in world trade and an improvement in business confidence. Meanwhile, slower inflation is boosting households' purchasing power.

... underpinned by supportive monetary conditions

The Bank of Korea has left its policy interest rate at 3¼ per cent since June 2011, keeping real interest rates close to zero. The relatively low value of the won has also kept monetary conditions relaxed. Despite some appreciation in the first quarter of 2012, the won remains about 25% below its 2007 level in real effective terms. Growth has been restrained by fiscal consolidation as the government pursues its 2013 target of a balanced central government budget (excluding the social security surplus), helping to keep public debt below 35% of GDP. Consolidation is

Korea



1. Seasonally-adjusted for production and a three-month moving average for non-seasonally-adjusted exports.

Source: Statistics Korea, OECD Economic Outlook 91 database and Bank of Korea.

StatLink http://dx.doi.org/10.1787/888932608848

Korea: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices KRW trillion	Percentage changes, volume (2005 prices)				
GDP at market prices	1 026.5	0.3	6.3	3.6	3.3	4.0
Private consumption	561.6	0.0	4.4	2.3	2.6	3.5
Government consumption	156.9	5.6	2.9	2.1	4.0	3.0
Gross fixed capital formation	300.8	-1.0	5.8	-1.1	4.5	4.0
Final domestic demand	1 019.4	0.6	4.6	1.2	3.3	3.5
Stockbuilding[1]	19.2	-3.9	2.5	0.8	-0.2	0.0
Total domestic demand	1 038.5	-3.4	7.2	2.0	3.1	3.5
Exports of goods and services	544.1	-1.2	14.7	9.5	6.4	9.6
Imports of goods and services	556.2	-8.0	17.3	6.5	6.1	8.8
Net exports[1]	- 12.1	3.7	-0.6	1.8	0.3	0.6
Memorandum items						
GDP deflator	_	3.4	3.6	1.7	2.4	2.1
Consumer price index	_	2.8	2.9	4.0	3.0	3.0
Private consumption deflator	_	2.6	2.6	3.8	3.1	2.8
Unemployment rate	_	3.6	3.7	3.4	3.5	3.5
Household saving ratio[2]	_	4.6	4.3	3.1	2.9	3.1
General government financial balance[3]	_	-1.1	1.3	1.8	2.3	2.8
General government gross debt[3]	_	33.5	34.6	34.7	34.5	33.9
Current account balance[3]	_	3.9	2.9	2.4	1.5	1.6

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. As a percentage of disposable income.
3. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610387

being achieved by limiting spending growth to 3 percentage points below the projected increase in revenues.

Output growth is projected to accelerate to 4% in 2013...

Export growth is projected to gain momentum as world trade picks up in 2012. Trade will also be stimulated by the front-loaded implementation of the Korea-US Free Trade Agreement beginning in 2012. Given that exports are equivalent to more than one-half of the Korean economy, stronger exports are likely to boost fixed investment and support private consumption. Smaller terms-of-trade losses in 2012-13 will also have less negative effects on income growth and domestic demand. This may help balance the economic expansion by boosting the service sector, which has been relatively stagnant thus far during the recovery from the 2008 global financial crisis.

... although there are a number of risks, both external and domestic

However, Korea faces external and domestic risks. On the external side, a stronger rebound in world trade could result in faster output growth in Korea. However, a deterioration in the euro area could weaken the global economy. Moreover, there is considerable uncertainty about growth in China, Korea's major trading partner, and in other emerging economies. Another important risk is rising oil prices, given that Korea is the world's fifth-largest oil importer. On the domestic side, household debt reached 135% of household income in 2011. Rising interest rates, once Korea overcomes the current soft patch, could thus have a larger-than-projected damping effect on private consumption.

LUXEMBOURG

Growth has slowed as weak equity markets led to a fall in financial services activity and lower demand in the euro area reduced exports of industrial goods. Demand will remain sluggish in the near term and unemployment will continue to rise. Inflation will fall only slowly due to rising oil prices. The main risk to the outlook is a worsening of the crisis in the euro area, which could have a lasting impact on activity in Luxembourg's large financial sector.

Growth of government current spending should be contained in the context of the government's plans to narrow the budget deficit in 2013 . Unexpectedly strong tax receipts should be used to reduce the budget deficit. Far-reaching and comprehensive pension reforms need to be implemented to achieve long-run fiscal sustainability. Wage indexation should be reformed to avoid losing competitiveness. The high rate of unemployment among residents would be reduced by changes to labour market institutions and by improving work incentives.

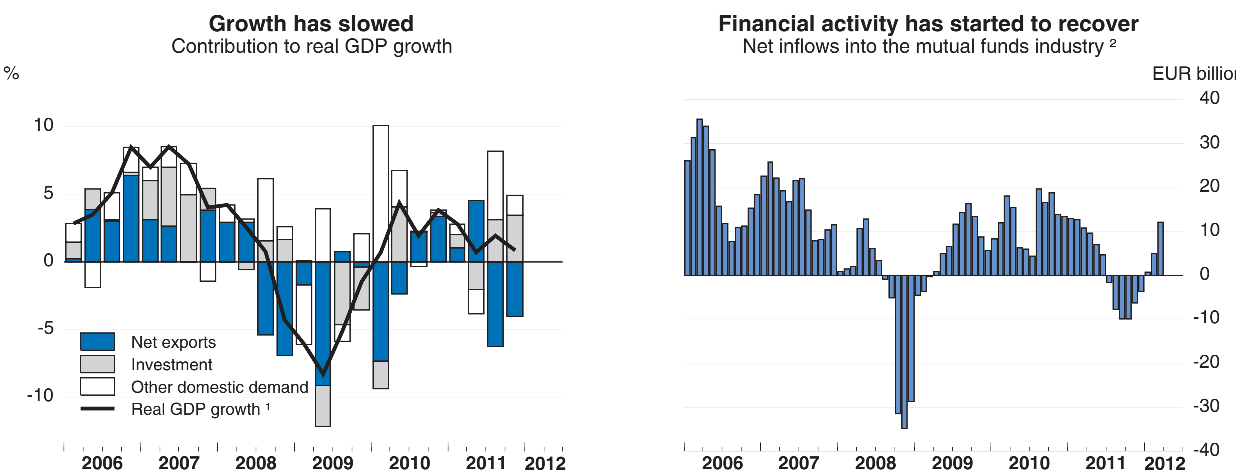
Growth has slowed

Growth slowed in the second half of 2011 as the euro area sovereign debt crisis intentsified, reducing financial services activity and leading to a fall in exports of industrial goods. By contrast, domestic demand held firmer, even excluding exceptional investments in the aviation sector. Employment growth remained robust but not strong enough to prevent unemployment from picking up towards the end of the year. Inflation has been running at around 3%, boosted by high energy prices.

Financial and trade developments will be key to growth

Activity in the financial sector is expected to remain subdued as confidence only slowly returns to euro area and international financial markets. The recovery in demand for industrial goods will be delayed by weak confidence in export markets, although it may pick up more rapidly once consumers and businesses become more willing to make capital

Luxembourg



1. Year-on-year percentage change.
2. Three-month moving average. Inflows are defined as net of markets' variations.

Source: OECD Economic Outlook 91 database and Commission de Surveillance du Secteur Financier.

StatLink http://dx.doi.org/10.1787/888932608867

Luxembourg: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices € billion	Percentage changes, volume (2005 prices)				
GDP at market prices	39.4	-5.3	2.7	1.6	0.6	2.2
Private consumption	12.8	1.1	2.1	1.8	1.0	2.2
Government consumption	5.8	4.9	3.1	2.5	4.2	2.3
Gross fixed capital formation	8.2	-13.0	3.0	7.7	0.4	2.0
Final domestic demand	26.8	-2.4	2.6	3.5	1.6	2.2
Stockbuilding[1]	0.0	-1.9	2.2	0.6	-0.1	0.1
Total domestic demand	26.8	-3.9	5.3	4.1	1.8	2.3
Exports of goods and services	68.9	-10.9	2.8	1.7	-0.6	2.9
Imports of goods and services	56.2	-12.0	4.6	3.2	-0.3	3.1
Net exports[1]	12.7	-1.8	-1.4	-1.5	-0.5	0.5
Memorandum items						
GDP deflator	_	0.1	4.9	4.7	0.8	1.2
Harmonised index of consumer prices	_	0.0	2.8	3.7	3.1	2.3
Private consumption deflator	_	1.0	1.4	3.9	2.8	1.9
Unemployment rate	_	5.5	5.8	5.7	6.3	6.6
General government financial balance[2]	_	-0.8	-0.9	-0.6	-1.4	-1.1
General government gross debt[2]	_	18.0	24.7	23.9	26.0	28.7
General government debt, Maastricht definition[2]	_	14.8	19.1	18.2	20.4	23.0
Current account balance[2]	_	6.5	7.7	7.1	3.5	4.2

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610406

purchases. High costs and inflation may drag down external demand through weaker competitiveness. Lower external demand will damp employment and disposable income growth, contributing to slower consumption growth. In the longer term, the euro area crisis may have a lasting effect on growth in the sectors in which Luxembourg is specialised.

The fiscal position is weaker

The slowdown in economic activity will reduce the growth rate of tax revenues. At the same time, government current expenditure has been growing rapidly, in part due to increases in social benefits and public sector wages. No substantial consolidation measures are anticipated for 2012, but current plans envisage substantial measures in 2013 to narrow the budget deficit. Proposed long-term reforms of the pension system have yet to legislated.

Recovery will begin in the second half of 2012

The main risks to the recovery in the second half of the year relate to the resolution and impact of the euro area sovereign debt crisis. Uncertainty about the future trend growth of the economy is high, as it depends on how the financial services industry evolves and on the ability to remain competitive as a location for international business.

MEXICO

The strengthening of the US economy should make up for headwinds from the euro area and moderating domestic demand in Mexico. Combined with an ongoing expansion of export market shares and gradually improving domestic conditions, this would contribute to sustain GDP growth just over 3½ per cent in 2012, and close to 4% in 2013. Uncertainties in the outlook are primarily related to the evolution of the US economic recovery.

Inflation pressures remain moderate, so that in the face of global uncertainty and recent peso appreciation, the central bank can keep interest rates on hold for some time. In the event of a strong downturn, with inflation expectations well anchored, there is scope for a further reduction of the policy interest rate to stimulate demand. The government's plans to return to a balanced budget by 2013 should not impair the recovery, given improving conditions. Nevertheless, a larger proportion of the higher revenues associated with increasing oil prices should be saved or used to increase investment, and costly energy subsidies should be further reduced.

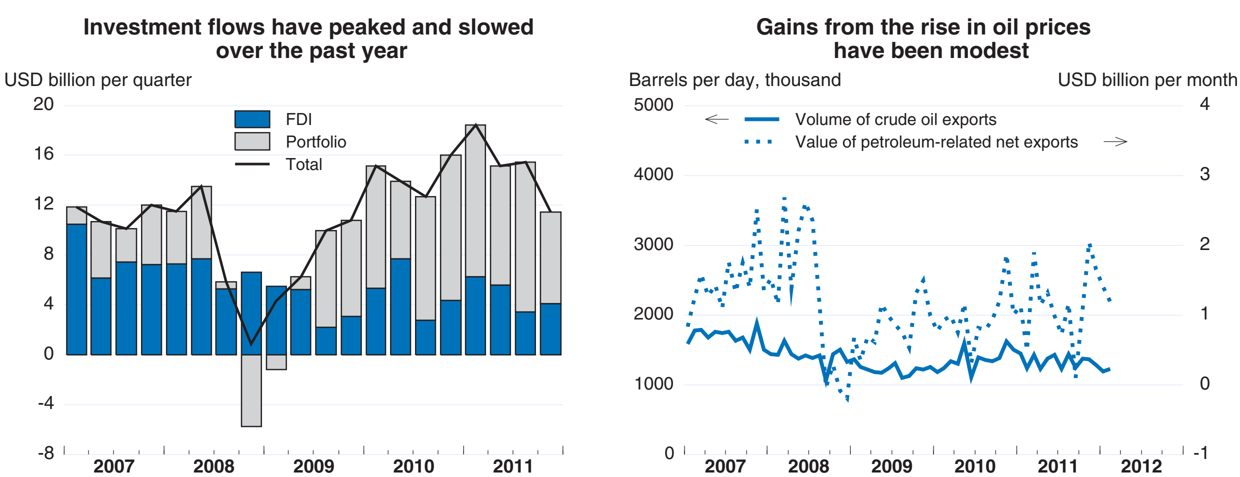
Exports and activity have slowed somewhat

After weakening in the second half of last year, industrial production and exports have picked up again early this year, following with a lag the recovery in Mexico's main trading partner, the United States. Gains in formal employment have continued, and the unemployment rate fell slightly. Headline and core inflation have been converging towards the centre of the central bank's inflation target of 3 (+/–1) per cent, despite a recent spike in food prices.

Capital inflows have risen

Solid growth, a sound macroeconomic policy framework and low inflation have led to a surge in capital inflows, dominated by bond and money market purchases. The Mexican peso has appreciated over the past six months, and foreign exchange reserves have grown. The financial regulatory and supervisory framework is relatively well equipped to deal

Mexico



Source: OECD Economic Outlook 91 database; Bank of Mexico; INEGI.

StatLink http://dx.doi.org/10.1787/888932608886

Mexico: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices MXN billion	Percentage changes, volume (2003 prices)				
GDP at market prices	12 176.3	-6.3	5.5	4.0	3.6	3.8
Private consumption	7 868.1	-7.4	5.3	4.6	3.6	4.0
Government consumption	1 306.6	3.2	2.1	0.6	0.8	0.7
Gross fixed capital formation	2 686.1	-11.8	6.3	8.8	4.8	6.1
Final domestic demand	11 860.9	-7.3	5.1	5.0	3.6	4.1
Stockbuilding[1]	588.5	-1.6	0.6	-0.9	0.5	0.0
Total domestic demand	12 449.3	-8.1	5.4	4.0	3.8	3.9
Exports of goods and services	3 415.4	-13.6	21.7	6.8	4.5	6.5
Imports of goods and services	3 688.5	-18.5	20.6	6.8	5.1	6.6
Net exports[1]	- 273.1	1.8	0.0	-0.1	-0.2	-0.1
Memorandum items						
GDP deflator	_	4.4	4.0	5.5	6.0	4.3
Consumer price index	_	5.3	4.2	3.4	4.0	3.4
Private consumption deflator	_	7.6	4.0	4.1	5.0	4.1
Unemployment rate[2]	_	5.5	5.3	5.2	5.1	4.9
Public sector borrowing requirement[3,4]	_	-4.8	-4.3	-3.4	-2.9	-2.2
Current account balance[4]	_	-0.6	-0.3	-0.8	-0.4	-0.4

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. Based on National Employment Survey.
3. Central government and public enterprises.
4. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610425

with volatile capital flows, though implementation of new capital rules is ongoing.

The output gap is closing

A gradual closure of the output gap is projected. The central bank's policy rate is set to remain at 4.5%, and may be reduced further if capital inflows persist. The planned fiscal consolidation has been delayed somewhat, but this is not a major concern since debt levels are low, the deficit is moderate and a gradual consolidation is taking place. More worrying is the ongoing cost of energy subsidies due to rising oil prices – funds that could be better spent on investment or anti-poverty programmes. Another concern is the low efficiency of the state oil company PEMEX that limits its ability to increase production.

Gains in exports should continue

Moderate wage increases and rising labour productivity have meant relative unit labour costs increased less than in key competitor economies, helping export performance. Business investment is expected to rebound, leading to a boost to incomes and consumption, on top of terms-of-trade gains. GDP growth is projected to reach potential by 2013, and monetary policy will have to act should inflationary pressures arise.

Risks are primarily external

Ongoing uncertainty regarding the European sovereign debt crisis and the risk of a derailment of the US economic recovery – such as from an abrupt fiscal tightening – pose the main risks to a smooth return to potential output. Capital inflows should be monitored closely since they may be partly motivated by short-term considerations, and hence involve the risk of abrupt reversals. Well-anchored inflation expectations and foreign reserve accumulation leave considerable room for policy response.

NETHERLANDS

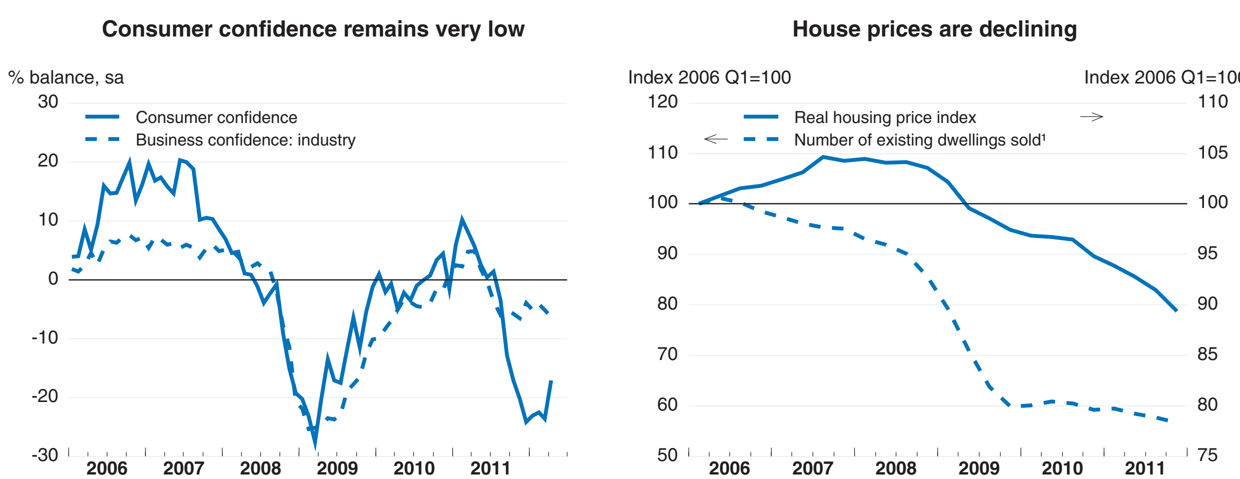
After a significant downturn, the economy should start recovering in the second half of 2012, mainly due to stronger world trade, which will feed into higher business investment. On the other hand, private consumption will remain depressed given sluggish growth in real incomes, reflecting higher unemployment and only modest real wage increases, as well as planned pension cuts and a depressed housing market. A further drag on growth comes from the planned fiscal consolidation. Overall, growth is set to remain below potential throughout 2012-13, and unemployment will rise further.

A fiscal consolidation of 1% of GDP is being implemented in 2012. For 2013, the projection incorporates additional consolidation of about 1½ per cent of GDP to meet the Maastricht deficit target, consistent with the agreement brokered by the caretaker government following the government collapse in April. If downside risks materialise, the automatic stabilisers should be allowed to support growth. To secure fiscal sustainability, planned measures to curb ageing-related spending growth in the area of pensions and health care should be implemented.

A recovery is underway after the recession

The economy is gradually recovering following declining activity from mid-2011. The Dutch recession was deeper than in neighbouring euro area countries, mainly reflecting depressed private consumption. Consumer confidence was undermined by falling house prices and planned pension cuts aimed at restoring pension funds' solvency. Housing markets have weakened as banks have tightened mortgage credit reflecting their reduced access to capital markets in the wake of the euro area crisis. Exports are recovering after declining in the second half of 2011. Headline inflation has risen on the back of higher energy prices, but core inflation has been broadly stable. Wage moderation is continuing as the harmonised unemployment rate reached 5%, up by 1 percentage point since last summer, reflecting less labour hoarding than in 2009.

Netherlands



1. 12-months moving average.

Source: OECD, Main Economic Indicators database and CBS, Statistics Netherlands.

StatLink http://dx.doi.org/10.1787/888932608905

Netherlands: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices € billion	Percentage changes, volume (2005 prices)				
GDP at market prices	594.7	-3.5	1.6	1.3	-0.6	0.7
Private consumption	270.4	-2.6	0.4	-1.1	-0.7	-0.2
Government consumption	152.8	4.8	1.0	0.2	-0.7	-1.3
Gross fixed capital formation	121.8	-10.2	-4.4	5.8	-1.9	2.5
Final domestic demand	545.1	-2.2	-0.4	0.7	-0.9	0.0
Stockbuilding[1]	0.2	-0.8	1.2	0.1	-0.5	0.0
Total domestic demand	545.3	-3.1	0.9	0.8	-1.5	0.0
Exports of goods and services	453.4	-8.1	10.8	3.8	5.4	5.4
Imports of goods and services	404.0	-8.0	10.6	3.5	4.7	5.0
Net exports[1]	49.4	-0.7	0.9	0.5	0.9	0.8
Memorandum items						
GDP deflator	_	-0.4	1.3	1.1	0.9	1.5
Harmonised index of consumer prices	_	1.0	0.9	2.5	2.4	1.5
Private consumption deflator	_	-0.5	1.5	2.3	2.2	1.5
Unemployment rate	_	3.7	4.4	4.4	5.3	5.7
Household saving ratio[2]	_	6.4	3.9	5.5	6.4	7.0
General government financial balance[3]	_	-5.5	-5.0	-4.6	-4.3	-3.0
General government gross debt[3]	_	67.5	70.6	75.2	81.0	83.6
General government debt, Maastricht definition[3]	_	60.7	62.9	65.1	70.9	73.5
Current account balance[3]	_	4.1	7.1	9.2	9.0	9.7

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. As a percentage of disposable income, including savings in life insurance and pension schemes.
3. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610444

Additional fiscal consolidation is assumed for 2013

The 2012 Budget aims at a fiscal consolidation of 1% of GDP, mainly through cuts in social spending, the public wage bill and subsidies. For 2013, the caretaker government reached an agreement with other parties in parliament on a package of additional consolidation measures of about 1½ per cent of GDP to reach the Maastricht deficit target. Together with previously decided measures, this brings the total consolidation to 2% of GDP for 2013.

Moderate growth is projected for 2013

Activity will benefit from faster world trade and supportive monetary conditions. Improving export prospects will support a progressive acceleration in business investment, but the housing market and private consumption are likely to remain depressed over most of the projection period in a context of subdued household income growth. Fiscal consolidation will also weigh on domestic demand. Unemployment is thus set to increase until the second half of 2013, putting downwards pressure on wages.

Housing is the main domestic risk

A main downside risk is further substantial declines in house prices, which would put additional pressure on banks and further depress private consumption. On the upside, a strong recovery in equity prices would improve the solvency of pension funds, reducing the need to implement the planned pension cuts and boosting household confidence.

NEW ZEALAND

Growth is expected to pick up from 1¼ per cent in 2011 to 2¾ per cent in 2013. The main supports to growth will be low interest rates, comparatively strong growth in New Zealand's main trading partners (Australia and China) and the rebuilding of Canterbury following the reduction in seismic activity in the region. The expansion is being held back by the strong exchange rate, falling commodity prices, the withdrawal of fiscal stimulus and pressures for households to deleverage.

The government needs to adhere to its fiscal consolidation plans, given the twin vulnerabilities of rapidly rising public debt and high external debt. Delaying monetary tightening is appropriate in light of the fiscal contraction and risks to global growth, though as reconstruction accelerates, capacity pressures will bear close watching. As the government shrinks, reinvigorated structural policies are needed to channel resources into productive economic uses.

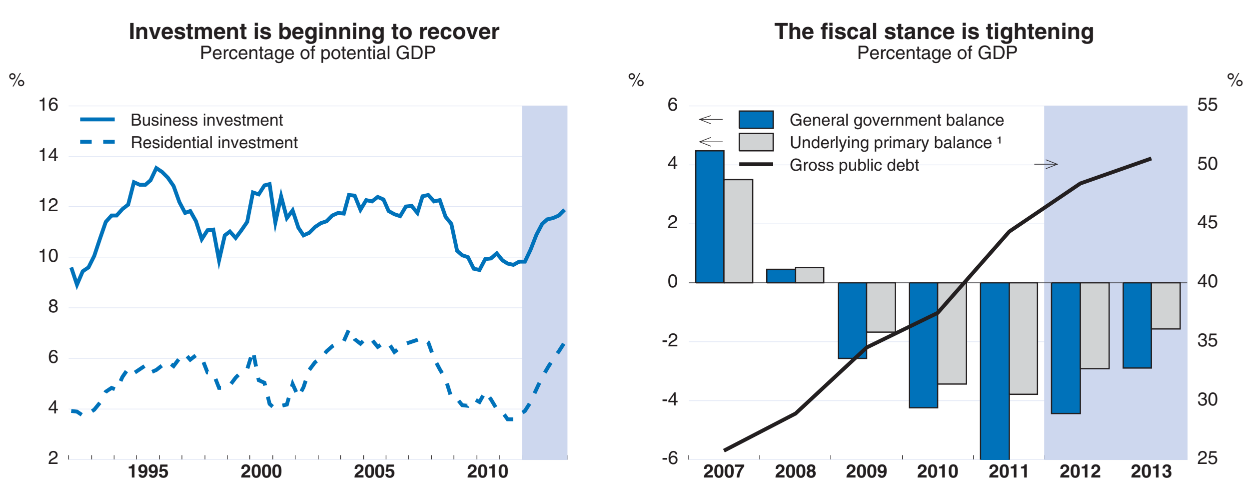
Growth will be driven by reconstruction

The outlook for 2012-13 reflects recovering domestic demand, set against persisting drag from the external sector. Reconstruction activity, involving both residential and essential infrastructure work, is finally getting underway and is expected to accelerate into next year. Business confidence has been slowly improving, largely in response to intensifying earthquake reconstruction. Business credit growth is turning positive, notwithstanding higher bank funding costs. Private consumption growth, after receiving a temporary boost from last year's Rugby World Cup, will be restrained by households' efforts to restore balance sheets. Competitiveness losses stemming from past exchange rate appreciation are holding growth back and, along with slow employment recovery, curbing disposable income growth.

Monetary tightening has been deferred

The Reserve Bank has signalled its intention to maintain the official cash rate at 2.5% for the time being. Inflation has fallen below the mid-

New Zealand



1. Percentage of potential GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932608924

New Zealand: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices NZD billion	Percentage changes, volume (1995/1996 prices)				
GDP at market prices	184.5	-0.1	2.4	1.3	1.9	2.8
Private consumption	108.3	-0.8	2.2	2.5	2.2	2.3
Government consumption	36.7	0.5	3.4	1.8	-0.7	-0.7
Gross fixed capital formation	41.2	-11.8	2.5	2.5	6.2	11.2
Final domestic demand	186.1	-2.9	2.5	2.4	2.4	3.6
Stockbuilding[1]	1.6	-1.8	1.3	0.2	0.0	0.0
Total domestic demand	187.7	-5.3	4.3	2.5	2.1	3.6
Exports of goods and services	57.1	2.0	2.9	2.4	1.9	4.6
Imports of goods and services	60.3	-14.6	10.3	6.0	3.1	7.2
Net exports[1]	- 3.2	5.4	-2.0	-0.9	-0.3	-0.8
Memorandum items						
GDP deflator	_	0.7	2.7	3.5	1.4	2.2
Consumer price index	_	2.1	2.3	4.0	1.7	2.6
Core consumer price index[2]	_	2.2	1.9	2.7	1.8	2.5
Private consumption deflator	_	2.3	1.3	3.0	1.1	1.9
Unemployment rate	_	6.1	6.5	6.5	6.5	6.1
Household saving ratio[3]	_	-2.2	0.1	0.8	1.3	1.6
General government financial balance[4]	_	-2.6	-4.2	-8.2	-4.4	-2.9
General government gross debt[4]	_	34.5	37.4	44.3	48.4	50.5
Current account balance[4]	_	-2.6	-3.4	-4.1	-5.2	-6.2

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. Consumer price index excluding food and energy.
3. As a percentage of disposable income.
4. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610463

point of the Bank's 1-3% target band thanks in part to the moderating impact of exchange rate appreciation. Capacity constraints in the construction sector appear to be tightening in areas of earthquake reconstruction, and businesses are reporting increasing skills shortages. Inflation pressures are likely to rise as the unemployment gap closes, requiring the central bank to begin tightening by the start of next year.

Fiscal consolidation will be significant

The projections embody a structural fiscal tightening of about 2% of GDP. This is in line with the government's medium-term plan, which targets a return to budget surplus by FY 2014-15. The consolidation strategy relies on tight limits on expenditure growth. This will necessitate a re-prioritisation across spending programmes, with the government intending to favour education and health care. Public capital investment remains at a high level, and there will be capital outlays funded by the mixed ownership model programme (partial privatisation of energy SOEs). Gross debt, nonetheless, will grow to 50% of GDP by the end of the projection horizon, in part due to one-off earthquake costs and high interest payments on the debt.

Risks remain elevated

External risks appear to be mostly on the downside whereas internal ones are more evenly balanced. Global risks include a persisting euro area debt crisis, volatile commodity prices and weaker than expected growth in Australia and China. Domestically, a faster Canterbury rebuild and less household deleveraging could provide substantial upside to domestic demand. On the other hand, the continuing violent aftershocks, and associated difficulty in obtaining earthquake insurance, have increased uncertainty about the timing of reconstruction. The renewed widening of the current account deficit could prove worrying in the event of significant deviations from the planned consolidation path.

NORWAY

The economy is projected to continue its robust expansion through 2013. Private consumption and investment will rise appreciably, supported by fiscal and monetary policy. Exports will benefit from their concentration on relatively strong economies in Europe and Asia. Higher activity and commodity prices are likely to lift consumer price inflation from its currently low level.

With monetary policy facing very low interest rates abroad and potential exchange rate pressure, the authorities should keep the structural non-oil budget deficit below 4% of the assets in the Government Pension Fund Global. Imbalances in asset markets, particularly high house prices and household debt, need to be addressed with macro-prudential tools and through consumer protection legislation.

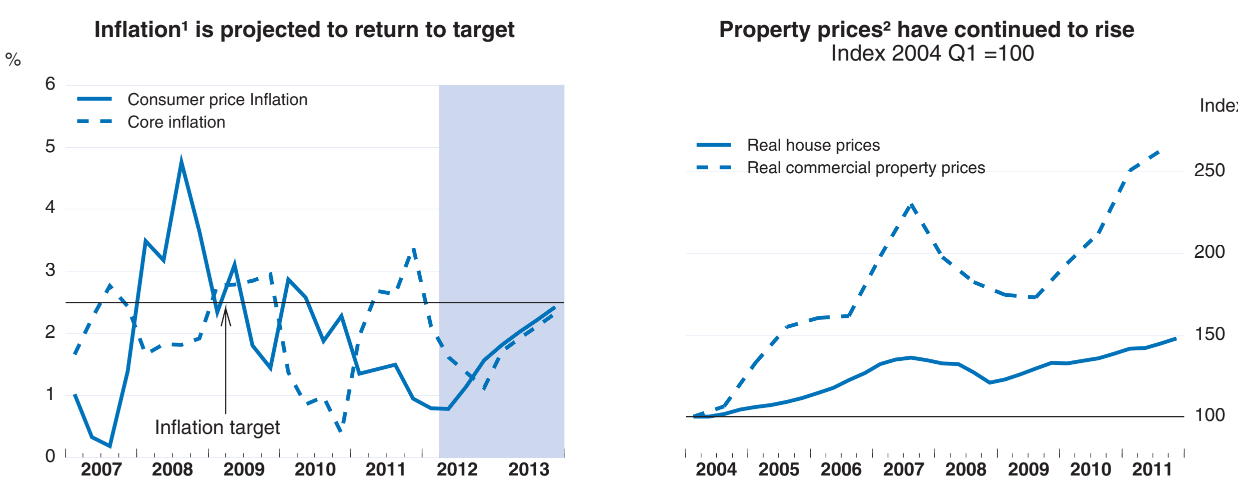
The economy has regained momentum

The mainland economy has returned to robust expansion after the soft patch it experienced going into 2012. The negative output gap that had opened up in the wake of the global financial crisis is narrowing. Petroleum investment in platforms and drilling rigs has boosted domestic demand. Strong petroleum prices and the soundness of the economy are reflected in the high value of the krone.

Norges Bank is assumed to gradually reduce the monetary stimulus…

Low prices for imports and the strong krone have held inflation below target. In March, Norges Bank responded by cutting the policy rate to 1.5%, significantly below the "normal" level of around 4%. However, rising activity and oil prices are likely to cause inflation to return to target by the end of 2013. Norges Bank is therefore assumed to gradually reduce the monetary stimulus.

Norway



1. Change over a year earlier.
2. Deflated by consumer price inflation. The data for house prices are seasonally adjusted. The data for commercial properties are office premises in Oslo.

Source: Statistics Norway; Norges Bank and OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932608943

Norway: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices NOK billion	Percentage changes, volume (2009 price				
GDP at market prices	2 559.9	-1.7	0.7	1.6	2.3	2.6
Private consumption	1 002.6	0.0	3.7	2.2	3.0	4.3
Government consumption	488.4	4.3	1.7	1.5	1.5	1.5
Gross fixed capital formation	542.3	-7.5	-5.2	6.9	5.7	5.2
Final domestic demand	2 033.4	-1.0	1.0	3.1	3.3	3.8
Stockbuilding[1]	84.8	-2.6	1.9	0.1	-0.1	0.0
Total domestic demand	2 118.2	-4.1	3.1	3.1	3.0	3.7
Exports of goods and services	1 197.1	-4.2	1.8	-1.1	-0.1	1.5
Imports of goods and services	755.3	-12.5	9.9	2.5	1.2	4.4
Net exports[1]	441.7	1.7	-2.1	-1.2	-0.4	-0.5
Memorandum items						
Mainland GDP at market prices[2]	_	-1.6	1.9	2.6	2.7	3.6
GDP deflator	_	-6.4	6.4	5.7	3.7	2.7
Consumer price index	_	2.2	2.4	1.3	1.1	2.1
Private consumption deflator	_	2.5	2.1	1.3	1.0	2.2
Unemployment rate	_	3.2	3.6	3.3	3.3	3.2
Household saving ratio[3]	_	6.6	6.1	8.0	8.9	7.6
General government financial balance[4]	_	10.6	11.2	13.6	15.1	16.3
General government gross debt[4]	_	48.9	49.6	34.0	28.1	20.2
Current account balance[4]	_	10.8	12.4	14.6	16.9	16.0

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. GDP excluding oil and shipping.
3. As a percentage of disposable income.
4. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610482

… and fiscal policy to stay somewhat below the 4% path

The projection assumes that the government will implement the fiscal plans in the October 2011 National Budget. This means tax revenue will grow in line with GDP over the next two years and the structural non-oil budget deficit increase in 2012, while remaining below 4% of the assets in the Government Pension Fund Global (GPFG). For 2013, the government is assumed to keep the structural non-oil budget deficit below 4% of the assets in the GPFG, given that monetary policy is faced with very low interest rates abroad and the annual real return on the GPFG since its inception has averaged 2.9%.

Growth is projected to increase through 2013

Private consumption and investment are projected to rise strongly, helping GDP growth through 2013. Petroleum investment is likely to expand on the back of rising oil prices. Residential investment will remain strong, fuelled by population growth and favourable tax treatment. Prices for housing and commercial properties have continued their upward trends, as have household and corporate sector debt. The projected increase in interest rates should, however, mitigate the incentives to accumulate further debt. Rising activity is likely to attract a continuing flow of new immigrants, who will have a moderating effect on wage rates.

Property prices and domestic debt are high and pose risks

High property prices and domestic debt nevertheless pose risks to the economy and could give rise to financial imbalances ahead. On the external side, an intensification of the euro area crisis, which would impact Norway through financial linkages, continues to be the most important downside risk.

POLAND

Following strong economic performance in 2011, GDP growth is projected to slow to about 3% in 2012 and 2013 as a result of softer external demand, uncertainty related to the euro area crisis, ongoing fiscal consolidation, the marked deceleration of public investment in the aftermath of the 2012 football championships, and the levelling off of EU funds in 2013.

The government is set to meet its budget deficit objective in 2012. But it will need to make additional efforts to reach its deficit target of 2.2% of GDP for 2013.

The economy is slowing gently

Real GDP growth is projected to decelerate from 4.4% in 2011 to about 3% in 2012 and 2013 due to fiscal retrenchment, weaker external demand and a plateauing of incoming EU funds in 2013, which in turn weaken private consumption and investment. Uncertainty stemming from the euro area crisis and a weak labour market also act as a drag on private consumption. Unemployment is likely to rise to 10.7% at the end of 2013, which will keep real wage gains in line with productivity increases.

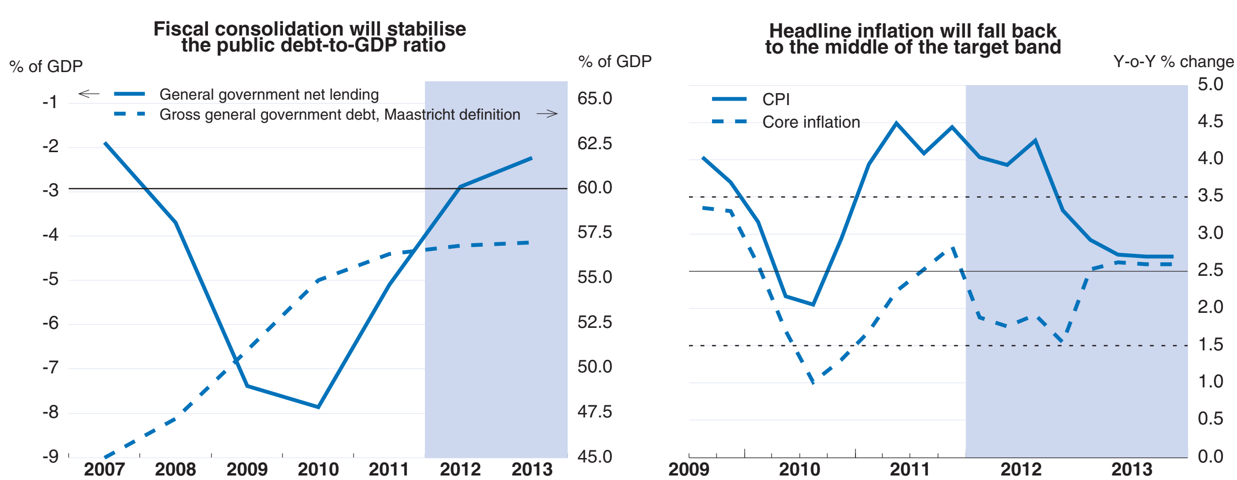
Fiscal consolidation is on track for 2012…

The government is on track to meet its general government deficit target of 2.9% of GDP in 2012 as a result of a better budget outcome in 2011 than had been expected and consolidation measures. Almost half of the budget improvements concern the revenue side, with the largest items being a rise in the disability pension contribution and the weakening of the second pension pillar. On the spending side, the continued freeze on the wage bill and the maintainance of a spending cap on discretionary spending coupled with lower public investment will contribute to deficit reduction.

… but more measures will be needed in 2013

Further measures will be needed to reduce the deficit to the government's current goal of 2.2% of GDP in 2013. These measures should

Poland



Source: OECD, Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932608962

Poland: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices PLN billion	Percentage changes, volume (2005 prices)				
GDP at market prices	1 273.7	1.7	3.9	4.4	2.9	2.9
Private consumption	785.0	2.1	3.1	3.1	1.8	2.9
Government consumption	235.4	2.4	3.7	-0.6	0.2	0.6
Gross fixed capital formation	281.4	-1.2	-0.2	8.1	7.1	4.0
Final domestic demand	1 301.9	1.5	2.5	3.4	2.6	2.7
Stockbuilding[1]	23.8	-2.1	1.9	0.2	-0.5	0.0
Total domestic demand	1 325.6	-0.6	4.4	3.5	2.0	2.7
Exports of goods and services	507.8	-6.0	12.1	7.7	5.8	6.2
Imports of goods and services	559.7	-11.1	13.8	5.9	4.7	5.7
Net exports[1]	- 52.0	2.5	-0.7	0.7	0.5	0.2
Memorandum items						
GDP deflator	_	3.6	1.5	3.2	2.8	2.5
Consumer price index	_	3.8	2.6	4.2	3.9	2.8
Private consumption deflator	_	2.5	2.7	4.2	3.4	2.5
Unemployment rate	_	8.2	9.6	9.6	10.3	10.6
General government financial balance[2,3]	_	-7.4	-7.9	-5.1	-2.9	-2.2
General government gross debt[2]	_	58.4	62.3	63.3	62.9	62.3
General government debt, Maastricht definition[2]	_	51.0	54.9	56.4	56.0	55.4
Current account balance[2]	_	-3.9	-4.6	-4.3	-4.4	-4.1

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. As a percentage of GDP.
3. With private pension funds (OFE) classified outside the general government sector.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610501

focus on: cutting tax expenditures, reforming the farmers' social security system and further tightening of eligibility criteria for disability support. Government plans to increase the retirement age to 67 years for men and women are a welcome step, but early retirement schemes should be avoided. Pension privileges for selected occupations should also be progressively removed.

Monetary policy is broadly appropriate

Given fiscal consolidation, the current accommodative monetary policy is broadly appropriate for 2012-13. Headline inflation should fall back towards the central bank's inflation target of 2.5%, as the temporary effects of energy and food price increases fade. Monetary policy is complicated by a persistent wedge between core and headline inflation and the large weight of non-core items in Poland. Therefore, upside inflation risks due to second-round effects should be closely monitored.

Risks are mostly external and on the downside

Increased tensions in the euro area could affect Poland through lower exports, the predominantly foreign-owned banking sector and higher interest rates on sovereign debt, as non-residents hold about 30% of government bonds. Under a scenario of a significantly sharper slowdown, Poland would have policy space to cushion the shock by easing monetary conditions, although substantial weakening of the zloty could be destabilising. Automatic fiscal stabilisers should be allowed to work, but are constrained by the constitutional debt rule.

PORTUGAL

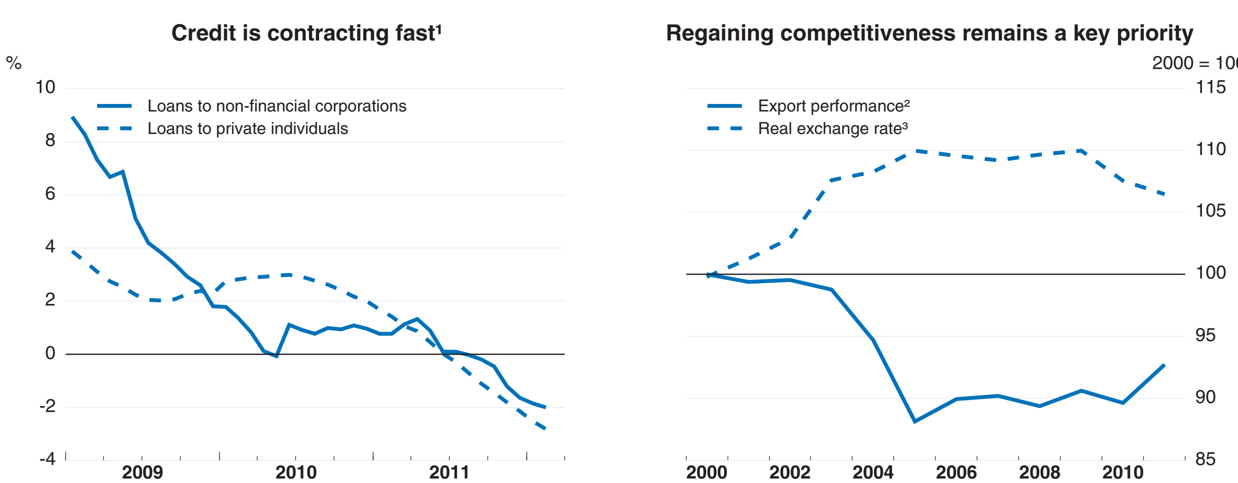
Deep fiscal consolidation, bank deleveraging and weak external demand will leave the economy in recession until mid-2013, and the unemployment rate is set to rise to around 16%. As global conditions improve and exports accelerate, growth should resume. As the impact of indirect taxes hikes and more expensive oil wanes, inflation is expected to decrease markedly owing to the persistent slack. The current account deficit narrowed substantially in 2011, and will continue to shrink as economic adjustment continues.

Strictly implementing announced budget consolidation measures and improving fiscal governance must remain priorities to ensure that structural fiscal targets are met. Credit is contracting, and measures to strengthen the banking system, such as reductions in loan-to-deposit ratios, should not be rushed. However, problematic loans need to continue to be recognised and adequately provisioned. To foster employment and productivity growth, shift resources to traded goods production and ensure international competitiveness, it is critical that the authorities persevere with structural reforms in labour and product markets.

The economy is contracting

The contraction in economic activity accelerated towards the end of 2011 due to a sharp fall in private internal demand and the partial reversal of the export buoyancy of the preceding quarters, reflecting more adverse conditions in the euro area. Job losses surged, taking the unemployment rate to record-high levels. Output continued to fall in the first quarter of 2012, although at a more moderate pace, as domestic demand weakened further. Apart from oil, administered prices and VAT rate increases, inflationary pressures are very weak. Despite a sizeable terms-of-trade deterioration in 2011, the current account deficit narrowed

Portugal



1. Annual growth rates; loans have been adjusted for securitisation operations and credit portfolio sales.
2. Ratio between export volumes and export markets for total goods and services.
3. Real harmonised competitiveness indicator based on unit labour cost indices for the total economy.

Source: Banco de Portugal, European Central Bank and OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932608981

Portugal: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices € billion	Percentage changes, volume (2006 prices)				
GDP at market prices	172.0	-2.9	1.4	-1.6	-3.2	-0.9
Private consumption	115.0	-2.3	2.1	-3.9	-6.8	-3.2
Government consumption	34.5	4.7	0.9	-3.9	-2.9	-2.4
Gross fixed capital formation	38.6	-8.6	-4.1	-11.4	-10.1	-3.2
Final domestic demand	188.1	-2.3	0.7	-5.3	-6.7	-3.0
Stockbuilding[1]	1.2	-1.1	0.1	-0.5	0.4	0.0
Total domestic demand	189.3	-3.2	0.8	-5.8	-6.4	-3.0
Exports of goods and services	55.8	-10.9	8.8	7.4	3.4	5.1
Imports of goods and services	73.1	-10.0	5.4	-5.5	-5.7	-0.1
Net exports[1]	- 17.3	0.7	0.6	4.4	3.5	2.1
Memorandum items						
GDP deflator	_	0.9	1.1	0.7	0.1	0.4
Harmonised index of consumer prices	_	-0.9	1.4	3.6	3.1	0.7
Private consumption deflator	_	-2.2	1.6	3.7	3.0	0.7
Unemployment rate	_	9.5	10.8	12.8	15.4	16.2
Household saving ratio[2]	_	10.9	10.2	9.7	10.5	12.1
General government financial balance[3,4]	_	-10.2	-9.8	-4.2	-4.6	-3.5
General government gross debt[3]	_	92.9	103.2	117.6	124.3	130.1
General government debt, Maastricht definition[3]	_	83.1	93.4	107.8	114.5	120.3
Current account balance[3]	_	-10.9	-10.0	-6.4	-4.0	-2.2

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. As a percentage of disposable income.
3. As a percentage of GDP.
4. Based on national accounts definition.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610520

from 10% to 6.4% of GDP, reflecting both declining import volumes and strong export performance.

Fiscal consolidation targets are particularly ambitious

The combined effect of fiscal consolidation and bank deleveraging has weighed heavily on domestic demand. In 2011, major fiscal consolidation took place, as the underlying primary balance improved by about 3% of GDP. Under the EU-IMF financial assistance programme, the authorities are implementing an even larger discretionary adjustment in 2012 of over 3.5% of GDP, and have committed to further adjustment in 2013; this is incorporated in the projections. However, on this projection, compliance with official deficit targets of 4.5% and 3% of GDP in 2012 and 2013, respectively, will require consolidation measures beyond those in the programme.

Further output and employment losses are expected

GDP is expected to continue falling until mid-2013 and recover gradually afterwards, as export growth eventually outweighs the prolonged drag from domestic demand. Unemployment is projected to rise further, while inflation should wane in the second half of 2012. The current account deficit is set to narrow further as global markets recover and domestic economic adjustments continue.

Risks are skewed to the downside

A further deterioration in credit conditions or the euro area would take its toll on economic activity. On the upside, exports have been doing surprisingly well, perhaps due to export diversification and beneficial effects of structural reform. If this continues, the recession would be less deep and the recovery stronger than projected.

SLOVAK REPUBLIC

GDP growth has been driven mainly by exports and investment. Private consumption has remained subdued, reflecting persistent high unemployment and the effect of fiscal consolidation. Economic activity is now projected to grow by about 2½ per cent in 2012 and 3% in 2013 as world trade recovers. However, employment prospects remain poor as firms try to increase productivity growth to regain competitiveness.

The new government is rightly committed to reduce the fiscal deficit to below 3% of GDP by 2013. Fiscal consolidation should be carefully designed, so as to preserve the growth potential of the economy. Deep structural reforms are necessary to reverse the emerging duality in the economy between the highly productive, capital intensive export sector and the domestic sector, which is not innovative enough.

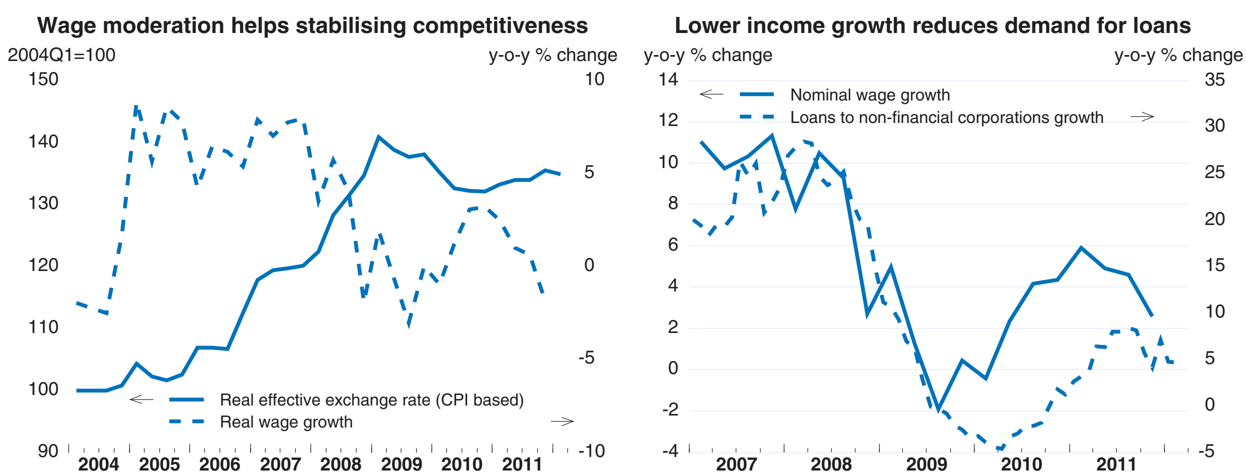
A jobless recovery has taken hold

Industrial production and productivity in export manufacturing have recovered strongly and FDI inflows are strengthening productivity and competitiveness in existing enterprises. But recovery in the labour market is slowing and employment remains below pre-crisis levels. The high levels of youth unemployment and the extraordinarily high share of long-term unemployed are particularly worrying. Real wage growth has come to a standstill. While this has improved competitiveness, further adjustments of wages and productivity are likely to be required if the Slovak Republic is to remain attractive for export-manufacturing FDI projects. Depressed income prospects and increased borrowing costs are both cutting the demand for credit and subduing consumption growth.

Fiscal consolidation is weighing on the economy

While still below 60% of GDP, government debt has risen sharply over the past decade and is on an unsustainable path. Interest rate spreads have increased in the wake of the euro crisis. The general government deficit needs to be reduced to restore fiscal sustainability. The windfall generated by the lower fiscal deficit last year should be used to frontload

Slovak Republic



Source: OECD Economic Outlook 91 database; OECD, Main Economic Indicators database.

StatLink http://dx.doi.org/10.1787/888932609000

Slovak Republic: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices € billion	Percentage changes, volume (2005 prices)				
GDP at market prices	66.8	-4.9	4.2	3.3	2.6	3.0
Private consumption	38.2	0.2	-0.7	-0.4	0.3	1.1
Government consumption	11.7	6.1	1.1	-3.5	-0.7	-1.8
Gross fixed capital formation	16.6	-19.7	12.4	5.7	3.8	4.8
Final domestic demand	66.5	-3.7	2.2	0.4	0.9	1.4
Stockbuilding[1]	1.9	-3.5	1.8	-1.9	-1.1	0.1
Total domestic demand	68.4	-6.4	4.2	-1.5	-0.2	1.6
Exports of goods and services	55.8	-15.9	16.5	10.8	6.1	6.3
Imports of goods and services	57.4	-18.1	16.3	4.5	2.0	4.9
Net exports[1]	- 1.6	2.3	0.0	5.1	3.7	1.6
Memorandum items						
GDP deflator	_	-1.2	0.5	1.6	3.5	1.9
Harmonised index of consumer prices	_	0.9	0.7	4.1	3.2	2.3
Private consumption deflator	_	0.1	1.0	3.7	3.4	2.3
Unemployment rate	_	12.0	14.4	13.5	14.0	13.5
General government financial balance[2]	_	-8.0	-7.7	-4.8	-4.6	-2.9
General government gross debt[2]	_	40.4	47.1	46.8	52.1	54.2
General government debt, Maastricht definition[2]	_	35.6	41.1	43.3	48.6	50.6
Current account balance[2]	_	-2.6	-2.5	0.1	1.5	2.3

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610539

fiscal consolidation in 2012. The new government is rightly sticking to its plan of reducing the deficit to below 3% of GDP by 2013, but is expected to rely more on revenue increases than earlier planned.

The financial sector is under stress

The financial sector faces multiple objectives including absorbing non-performing loans, helping finance the cost of the crisis, adapting to stricter regulation, and financing the recovery. Reaching these objectives may induce some trade-offs. In particular, the increase in capital adequacy ratios for banks and new macro-prudential regulation, while improving the financial framework, may limit credit supply. Also, a bank levy reduces the overall profitability of the banking sector and may make it more difficult to raise new capital. Close co-operation with mother-bank supervisors is important to minimise the risk of a credit crunch.

The outlook is for strong output growth, but weak job creation

The economy is projected to benefit from the improving external environment and, in particular, from a firming outlook for the German economy. Efforts to restore competitiveness will weigh on wage growth, however, while capital deepening will raise productivity but create few new jobs. Unemployment will therefore remain high. Headline inflation will rise because of higher oil prices and the pass-through of past euro weakness.

Relocation is a downside risk

There is a risk that foreign investors come to the conclusion that the room for productivity increases and wage moderation is not sufficient to restore competitiveness. In this case, production might move to more cost-advantageous countries. An upside risk could come from a successful mobilisation of domestic drivers of growth, in particular the activation of the unemployed.

SLOVENIA

The economy has been contracting since the beginning of 2011 and the weakening of activity is expected to continue over the projection period, driven by strong consolidation and ongoing deleveraging in the financial and corporate sectors. Unemployment is unlikely to stabilise before 2013. Inflationary pressures are likely to remain in check, owing to the large economic slack.

The new government adopted an ambitious consolidation package with a view to bringing down the budget deficit to below 3% of GDP in 2013. The consolidation measures will weigh on activity and additional structural reforms are necessary to return to growth, notably by increasing the stability of the banking sector, enhancing labour market flexibility and reforming the pension system.

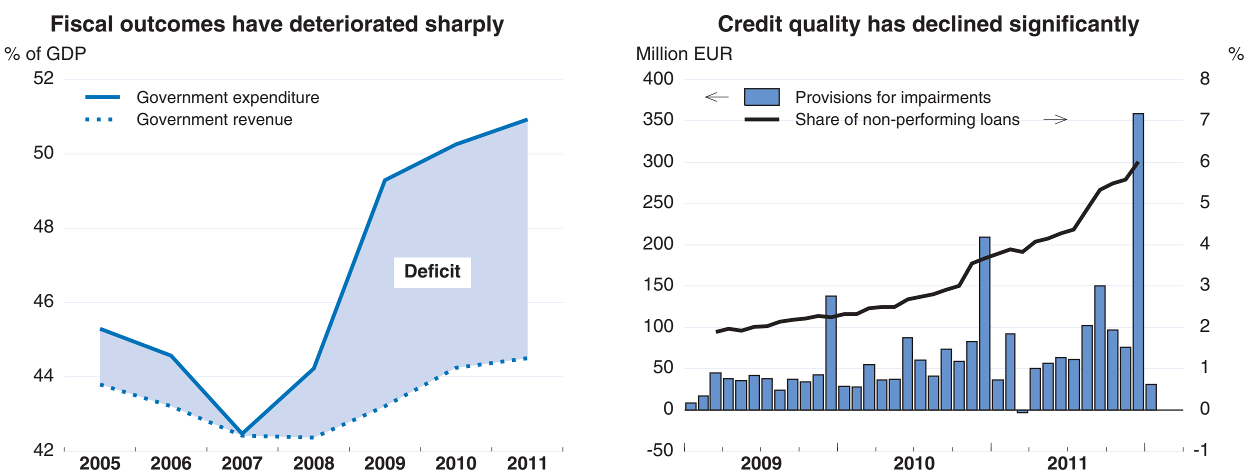
The economy is contracting

The economy has been in recession since the beginning of 2011. The pattern to date has been falling domestic demand, which has more than offset strong exports. Lending to the private sector has dropped further and credit conditions have become tighter.

Fiscal consolidation plans are ambitious

The larger-than-anticipated budget deficit in 2011 and severe tensions in the sovereign bond market prompted the government to adopt a sizable consolidation package for 2012. The main spending measures were lower public sector wages, cuts to certain social and retirement benefits, and delisting some health services from compulsory health insurance. These measures were coupled with a gradual reduction in corporate income taxes and other tax incentives to boost investment. Should growth deteriorate further, the government should consider a less front-loaded approach while adopting necessary reforms to put public finances on a sustainable footing in the medium term, notably the overdue adoption of a comprehensive pension reform.

Slovenia



Source: OECD Economic Outlook 91 database and IMAD (2012), Slovenian Economic Mirror, No. 2, Institute of Macroeconomic Analysis and Development.

StatLink http://dx.doi.org/10.1787/888932609019

Slovenia: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices € billion	Percentage changes, volume (2000 prices)				
GDP at market prices	37.3	-8.0	1.4	-0.2	-2.0	-0.4
Private consumption	19.8	-0.1	-0.7	-0.3	-2.1	-1.7
Government consumption	6.8	2.9	1.5	-0.9	-3.5	-0.7
Gross fixed capital formation	10.7	-23.3	-8.3	-10.7	-4.6	-0.5
Final domestic demand	37.3	-6.3	-2.0	-2.7	-2.9	-1.2
Stockbuilding[1]	1.2	-4.0	1.9	1.0	-0.4	0.0
Total domestic demand	38.5	-10.0	-0.2	-1.6	-4.0	-1.2
Exports of goods and services	25.0	-17.2	9.5	6.8	2.9	4.9
Imports of goods and services	26.2	-19.6	7.2	4.7	1.4	4.0
Net exports[1]	- 1.2	2.3	1.5	1.4	1.2	0.8
Memorandum items						
GDP deflator	_	3.0	-1.1	0.8	1.8	1.2
Harmonised index of consumer prices	_	0.9	2.1	2.1	2.4	1.4
Private consumption deflator	_	-0.4	1.4	2.2	1.4	1.0
Unemployment rate	_	5.9	7.2	8.2	8.8	9.2
General government financial balance[2]	_	-6.1	-6.0	-6.4	-3.9	-3.0
General government gross debt[2]	_	44.3	48.4	56.4	60.3	63.2
General government debt, Maastricht definition[2]	_	35.3	38.8	47.6	51.5	54.4
Current account balance[2]	_	-1.3	-0.8	-1.1	0.8	1.4

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610558

Weaknesses in the financial sector continue

A relatively rapid deterioration in the quality of Slovenian banks' asset portfolios presents a major challenge. Negative feedback effects from the weak economy and the ongoing deleveraging of the corporate and banking sectors are likely to weigh on economic and lending activity. Further re-capitalisation of state-owned banks is necessary. Should they fail to attract private capital, the authorities should inject capital using budgetary funds.

The recession is projected to deepen further

The contraction in activity is expected to continue over almost the entire projection period, with the pace of contraction tapering off over the next year as domestic demand stabilises. The unemployment rate is expected to increase further to beyond 9%. Given the substantial economic slack, inflationary pressures will remain weak.

Downside risks are dominant

Risks to the projections are predominantly on the downside. There are significant implementation risks to the fiscal consolidation plans. Lack of social consensus and the threat of a referendum on some consolidation measures could further unsettle markets. Headwinds in the financial sector are substantial and may harm growth more than assumed. By contrast, swift adoption of the new budget and structural reforms would instil confidence and improve growth prospects.

SPAIN

The economy is projected to continue contracting throughout 2012, as budgetary consolidation and deleveraging in the private sector weigh on domestic demand. Expanding world trade and competitiveness gains will allow for stronger export growth. Real GDP is expected to fall by 1½ per cent in 2012 and then by a further ¾ per cent in 2013. The unemployment rate will rise above 25%. The budget deficit is projected to fall from 8.5% of GDP in 2011 to 3.3% in 2013.

To strengthen credibility, a medium-term plan with permanent deficit-reducing measures should be introduced, including higher VAT revenues and stronger environmental taxation, and measures to control regional government deficits need to be fully implemented. Comprehensive labour market reform is expected to boost employment prospects in the medium term. Access of unqualified young unemployed to vocational education and training should be widened and job placement services should be reformed. The difference in the cost of dismissing workers on new permanent and temporary contracts should be reduced further, moving closer to a unified contract.

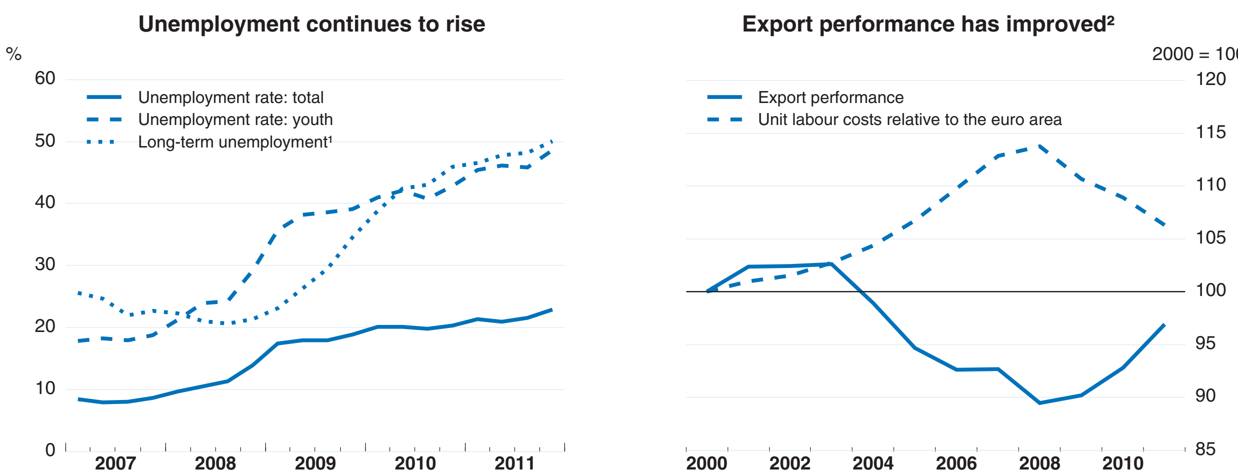
Domestic demand is falling as the economy is deleveraging

Activity continued to contract in the first quarter of 2012 on account of a marked decline in private sector and government spending, pushing the unemployment rate to 23¾ per cent. Funding conditions for the government remain tight, as reflected in a persistently high risk premium on long-term sovereign bonds, although extraordinary liquidity provision by the ECB provided relief. Weak demand from euro area trading partners lowered export growth.

Budgetary consolidation is intensifying with greater central control

The central government introduced budget consolidation measures estimated to be worth around 3½ per cent of GDP in 2012, of which about half falls on expenditures. Investment, payroll and transfer spending have been cut further. Revenue measures are mostly temporary and include

Spain



1. Unemployment duration of one year or longer in per cent of total unemployment.
2. Unit labour costs for total economy. Export performance is the ratio between export volumes and export markets for total goods and services.

Source: Instituto Nacional de Estadística and OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609038

Spain: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices € billion	Percentage changes, volume (2008 prices)				
GDP at market prices	1 087.7	-3.7	-0.1	0.7	-1.6	-0.8
Private consumption	622.4	-4.3	0.8	-0.1	-2.9	-1.8
Government consumption	212.0	3.7	0.2	-2.2	-7.7	-4.5
Gross fixed capital formation	312.0	-16.6	-6.3	-5.1	-9.3	-2.4
Final domestic demand	1 146.4	-6.1	-1.0	-1.7	-5.2	-2.5
Stockbuilding[1]	4.6	0.0	0.0	0.0	-0.1	0.0
Total domestic demand	1 151.0	-6.2	-1.0	-1.7	-5.3	-2.5
Exports of goods and services	288.2	-10.4	13.5	9.0	3.1	5.7
Imports of goods and services	351.5	-17.2	8.9	-0.1	-9.2	0.8
Net exports[1]	- 63.3	2.8	0.9	2.5	3.7	1.6
Memorandum items						
GDP deflator	_	0.1	0.4	1.4	0.5	1.4
Harmonised index of consumer prices	_	-0.2	2.0	3.1	1.6	2.1
Private consumption deflator	_	-1.2	2.4	3.2	2.1	2.1
Unemployment rate	_	18.0	20.1	21.6	24.5	25.3
Household saving ratio[2]	_	13.0	7.7	5.7	5.0	6.9
General government financial balance[3]	_	-11.2	-9.3	-8.5	-5.4	-3.3
General government gross debt[3]	_	62.9	67.1	75.3	87.9	90.9
General government debt, Maastricht definition[3]	_	53.9	61.2	68.5	81.1	84.1
Current account balance[3]	_	-4.8	-4.5	-3.5	-0.9	0.1

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. As a percentage of disposable income.
3. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610577

increases in personal income and real estate taxes, reductions in corporate tax expenditures, and a special tax on previously undeclared household wealth combined with an amnesty. The central government has presented measures to reduce regional government spending on education and health services. Regional and local governments are required to take further steps to meet their deficit targets and central government powers to intervene in non-compliant regions have been strengthened. Across all government levels, budget consolidation worth 4½ per cent of GDP is assumed for 2012. Although measures to reach the 2013 government deficit target of 3% of GDP in 2013 have not yet been fully specified, broad-based consolidation amounting to about 2¾ per cent of GDP is assumed in the projections, including increases in consumption taxes.

Financial and structural reforms are in hand

Non-performing loans have risen to around 8% of total bank lending. Recent measures will raise banks' specific buffers to cover losses from exposures to real estate developers from 7 per cent of GDP at the end of 2011 to 14 per cent of GDP by 2013. Exposures to real estate developers amount to about 30% of GDP. The government is expected to provide capital injections worth 1.5% of GDP to the banking sector. It has also partially nationalised a large savings bank group. Labour market reform has lowered dismissal costs and increased firms' leeway to adapt pay and work arrangements to business conditions, which may lower consumer confidence in the short term while strengthening employment in the medium term.

Continued poor prospects with risks of worse

GDP is expected to contract in 2012, pushing the unemployment rate to above 25%. Employment losses could level off in 2013, slowing the decline in domestic demand, while accelerating exports will generate some growth momentum. A further increase in the risk premium on yields of Spanish government bonds would raise private sector funding costs and deepen the recession.

SWEDEN

Activity was hit hard by the global economic slowdown in late 2011 and unemployment rose. Growth is expected to be modest this year but stronger in 2013 as world trade regains strength and confidence improves. With ample spare capacity, core inflation should stay subdued.

The stance of monetary policy ought to remain accommodative. Thanks to steadfast fiscal discipline in the past, Sweden now has room for discretionary stimulus, which might be warranted if growth turns out to be significantly weaker than expected. To avoid high unemployment becoming entrenched and to combat social exclusion, reforms are needed that lower hurdles to labour market entry, notably for youth.

Activity has decelerated…

Real GDP fell in late 2011, as both demand from the rest of Europe and the competitiveness of Swedish exports weakened, and as residential investment and housing prices fell. However, there are signs that the economy has bottomed out, with household and business confidence improving somewhat and exports growing again in early 2012. With weak activity, resource utilisation has decreased and core inflation has eased to well under 2%. Collective agreements point to relatively strong wage growth in 2012 and 2013, which could support household incomes.

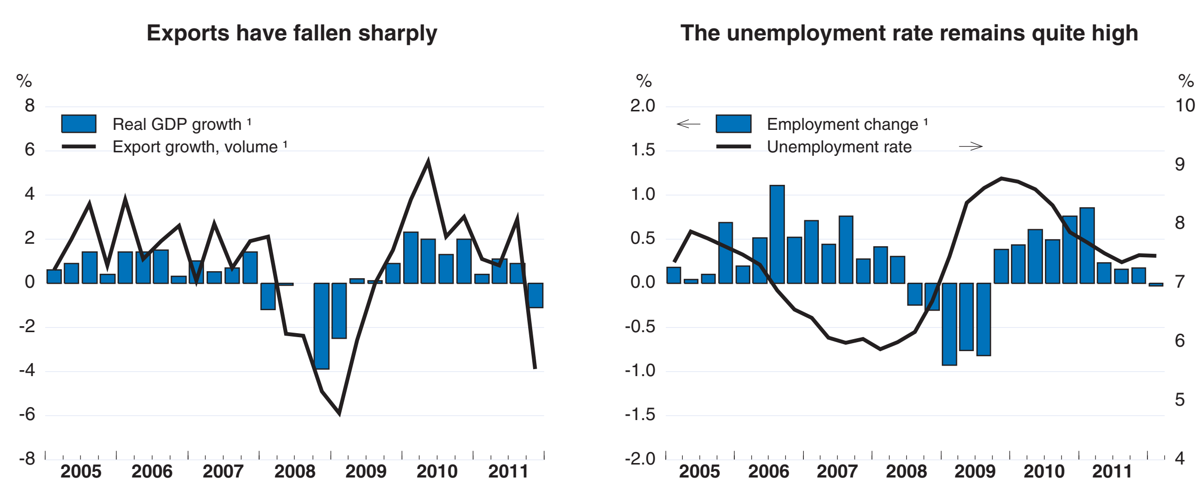
… and unemployment remains quite high

The unemployment rate rose in the latter part of 2011 but then declined again. To mitigate the risk that unemployment becomes entrenched, it is important that the ongoing negotiations with social partners and plans to lower social security contributions for some groups make progress and lead to lower thresholds for labour market entry.

Financial and fiscal conditions are a bit less supportive

Bank lending to households has decelerated as a result of both weaker demand and the introduction of a cap to the loan-to-value ratio for mortgage loans. The Riksbank left its policy rate unchanged in

Sweden



1. Percentage change compared to last quarter.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609057

Sweden: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices SEK billion	Percentage changes, volume (2010 prices)				
GDP at market prices	3 204.3	-5.0	5.8	4.0	0.6	2.8
Private consumption	1 504.8	-0.2	3.6	2.1	0.9	3.2
Government consumption	835.2	2.0	1.6	1.8	0.5	0.2
Gross fixed capital formation	641.8	-14.7	6.7	6.2	2.1	4.4
Final domestic demand	2 981.7	-2.7	3.6	2.8	1.1	2.6
Stockbuilding[1]	6.2	-1.8	2.2	0.6	-0.3	0.0
Total domestic demand	2 988.0	-4.7	6.1	3.4	0.7	2.6
Exports of goods and services	1 715.2	-12.4	10.5	6.8	0.3	5.6
Imports of goods and services	1 498.9	-14.1	12.3	6.1	1.4	5.5
Net exports[1]	216.3	0.0	-0.1	0.7	-0.5	0.4
Memorandum items						
GDP deflator	_	2.0	1.3	0.9	1.2	1.6
Consumer price index[2]	_	-0.5	1.2	3.0	1.4	1.7
Private consumption deflator	_	2.1	1.5	1.3	0.8	1.6
Unemployment rate[3]	_	8.3	8.4	7.5	7.6	7.6
Household saving ratio[4]	_	11.2	8.5	9.7	10.7	9.4
General government financial balance[5]	_	-1.0	-0.1	0.1	-0.3	0.3
General government gross debt[5]	_	51.8	48.9	48.7	48.0	46.0
General government debt, Maastricht definition[5]	_	42.6	39.4	38.4	37.6	35.7
Current account balance[5]	_	7.1	6.9	7.2	6.5	6.3

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. The consumer price index includes mortgage interest costs.
3. Historical data and projections are based on the definition of unemployment which covers 15 to 74 year olds and classifies job-seeking full-time students as unemployed.
4. As a percentage of disposable income.
5. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610596

April 2012 at a supportive level and expects to keep it there for around one year. The government has announced that it will continue to build up public finance safety margins to be able to cope with a possible intensification of the euro area crisis. If activity were to weaken more than expected, Sweden's fiscal space should be used to provide discretionary stimulus.

Growth is set to pick up gradually

Activity is projected to be lacklustre in 2012, due to weak export growth and residential investment. With anaemic employment growth, the unemployment rate is set to edge up. Against the backdrop of a deteriorating labour market, high household debt and some fall in house prices, household saving will remain high, holding back private consumption. Activity is projected to recover some momentum into 2013, as world trade picks up and confidence firms up, allowing the unemployment rate to edge down and business investment to regain strength. The output gap will start to close but with ample remaining slack, inflation will stay subdued.

Main risks relate to exports and house prices

On the upside, the improvement in competitiveness could be quicker if productivity rebounds earlier than expected, boosting exports. On the downside, however, if house prices were to fall sharply in a period of rising unemployment, consumers might step up saving and cut back on consumption.

SWITZERLAND

Growth is expected to pick up from the second half of 2012 onwards, on the back of strengthening activity in Switzerland's main trading partners, and unemployment is projected to decline slowly. Inflation will remain low, increasing only moderately from the end of 2012 onwards. The general government budget balance will remain in surplus.

Policy rates may need to rise somewhat in 2013 consistent with some narrowing of the output gap. If mortgage lending becomes excessive, additional macroprudential tools such as limits on loan-to-value ratios should be introduced to avoid the building up of imbalances in the housing market. The leverage requirements for the two largest banks should be tightened more rapidly than foreseen to help counter potential risks in the context of ongoing global financial instability.

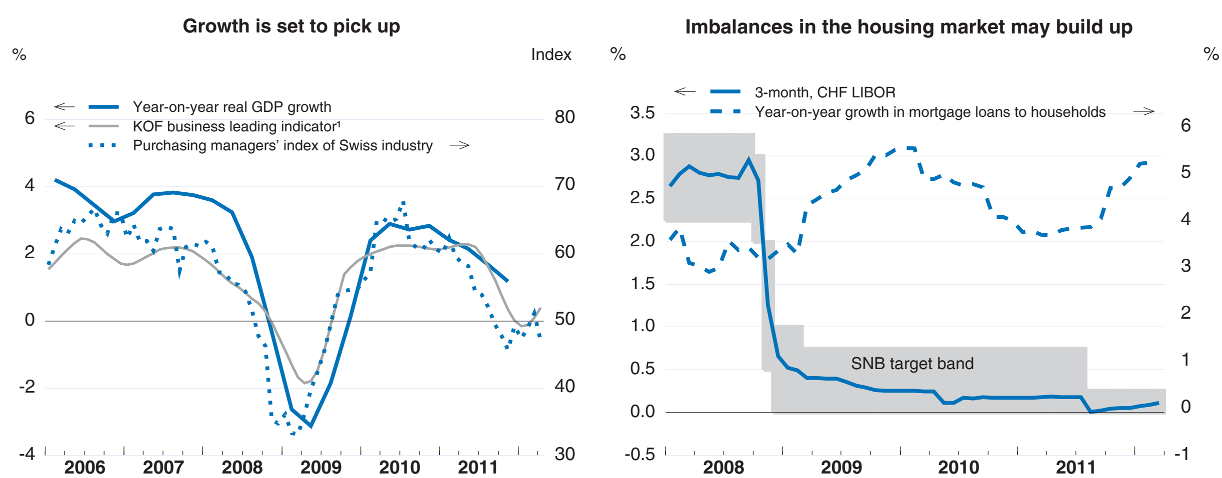
The recent downturn is coming to an end

Robust export demand from emerging market economies and for watches and pharmaceuticals has contributed to positive export growth in the first half of 2012, although firms continue to struggle with the strong Swiss franc. A positive impulse for GDP growth results also from continuously strong residential investment. Forward-looking business and consumer confidence indicators suggest that the recent weakening in economic activity has come to an end. While oil prices have pushed up headline inflation, core inflation remains negative, reflecting the lagged pass-through of the 2011 exchange rate appreciation on prices.

Monetary policy remains expansionary while fiscal policy is neutral

The Swiss National Bank has left the target band for the policy rate unchanged at 0-0.25%. It announced that it will continue to enforce the minimum exchange rate of CHF 1.20 per euro and that it is prepared to buy foreign currency in unlimited quantities for this purpose. As a result of persistent low interest rates, mortgage lending to households and house prices have been increasing strongly, pointing to the build-up of

Switzerland



1. Composite leading indicator of business cycle trends in manufacturing, private consumption, financial services, construction and EU export markets.

Source: KOF Institute; OECD, Economic Outlook 91 database; Procure.ch and Credit Suisse; SNB.

StatLink http://dx.doi.org/10.1787/888932609076

Switzerland: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices CHF billion	Percentage changes, volume (2000 prices)				
GDP at market prices	545.0	-1.9	2.7	1.9	0.9	1.9
Private consumption	308.7	1.4	1.7	1.0	1.2	1.6
Government consumption	59.3	3.3	0.8	1.7	1.1	0.7
Gross fixed capital formation	115.2	-4.9	7.5	3.9	2.8	3.8
Final domestic demand	483.2	0.1	2.9	1.7	1.6	2.0
Stockbuilding[1]	0.2	0.2	-1.2	-0.7	-1.0	0.0
Total domestic demand	483.4	0.5	1.5	0.9	0.6	2.1
Exports of goods and services	307.3	-8.6	8.4	3.4	1.4	4.6
Imports of goods and services	245.6	-5.5	7.3	1.9	0.8	5.6
Net exports[1]	61.7	-2.4	1.3	1.0	0.4	0.1
Memorandum items						
GDP deflator	_	0.2	0.1	0.7	-0.2	0.3
Consumer price index	_	-0.5	0.7	0.2	-0.5	0.1
Private consumption deflator	_	-0.5	0.7	0.5	0.3	0.4
Unemployment rate	_	4.3	4.4	4.0	3.9	3.7
General government financial balance[2]	_	1.0	0.6	0.8	0.6	0.6
General government gross debt[2]	_	42.5	41.7	41.0	40.8	39.4
Current account balance[2]	_	11.0	15.2	14.8	16.0	16.5

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610615

imbalances in the housing market. Introducing additional macroprudential measures, such as limits on loan-to-value ratios could counter this risk. In line with some narrowing of the output gap, the policy rate may need to rise gradually in 2013. The general government budget surplus will decline in 2012 and 2013 as a result of the lagged effects of the recent downturn and of the 2011 stimulus of 0.2% of GDP to cushion the impact of the strong Swiss franc on the economy.

GDP growth will strengthen again

Growth will pick up from the second half of 2012 onwards as demand from main trading partners strengthens, in part linked to the recovery in euro area economies. Employment will react with some lag so that the unemployment rate will decline very slowly to below 4% over the projection period. Interest rates and inflation are projected to rise modestly in 2013.

Risks relate to trade and financial developments

Risks for economic growth in Switzerland are two-sided and relate mainly to developments in main trading partners, notably in the euro area, and the evolution of the exchange rate. While direct exposure of Swiss banks to countries most affected by the euro area crisis is modest, the two largest Swiss banks maintain very low levels of loss-absorbing capital, raising the potential risk for the Swiss economy if global financial turmoil persists.

TURKEY

Economic activity decelerated markedly in the second half of 2011 following policy measures to curb domestic demand and a weakening of external demand. Growth is projected to recover gradually in 2012 as confidence and international conditions improve, reaching 3¼ per cent in 2012 and 4½ per cent in 2013.

To reduce the large current account deficit to more sustainable levels, policymakers need to keep domestic demand growth in check without undermining the competitiveness of the economy. Stepping up structural reforms in product and labour markets would help moderate inflationary pressures and support the rebalancing process.

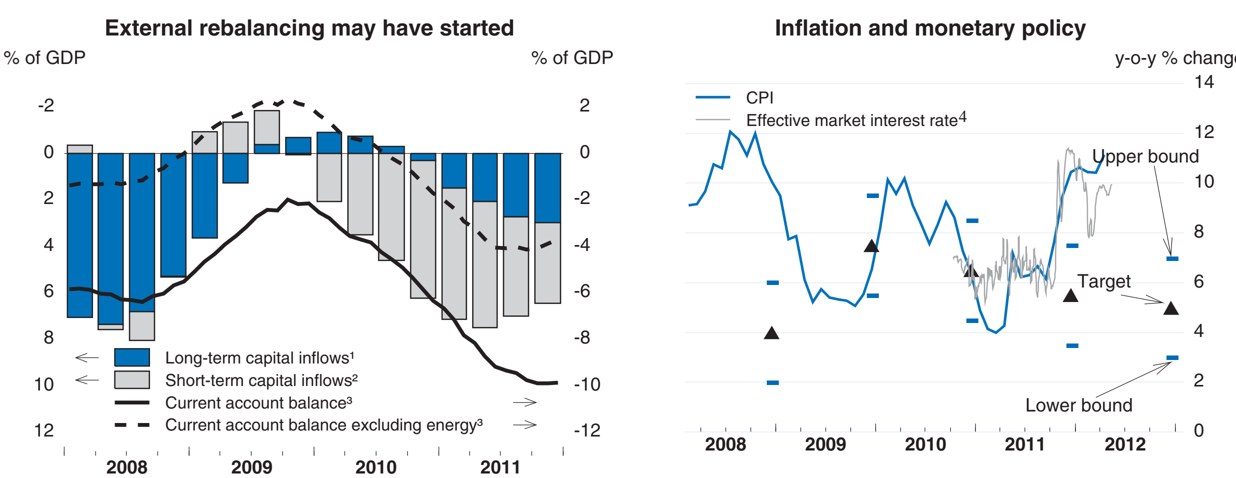
After a marked slowdown, growth has started to rebalance

The swift post-crisis recovery continued in 2011 with GDP growing by 8.5%. However, as the current account deficit soared to unsustainable levels, the authorities appropriately took measures around mid-2011 to curb credit growth and public consumption. Domestic demand decelerated markedly as a result. At the same time, exchange-rate depreciation helped rebalance demand between domestic and external sources. Employment remained resilient, and business and household confidence improved in the first quarter of 2012.

Inflation remains well above target

Headline consumer price inflation soared in 2011, far exceeding the official target of 5.5%. This largely reflected exchange rate pass-through, rising food prices and administered price hikes. As of April 2012, annual headline inflation was running at 11.1%. Survey measures of end-2012 inflation expectations average 7½ per cent, as against a 5% target.

Turkey



1. Increase in foreign direct investment and long-term credits as a percentage of 4-quarter rolling cumulative GDP.
2. Increase in bilateral short-term debt, short-term debt securities and deposits as a percentage of 4-quarter rolling cumulative GDP.
3. 12-month rolling cumulative current account balance as a percentage of 12-month rolling cumulative GDP. Monthly GDP figures are approximated by using industrial production index.
4. Overnight repo rate in the Istanbul Stock Exchange, 7-business day moving average.

Source: OECD Economic Outlook 91 database and Central Bank of Turkey.

StatLink http://dx.doi.org/10.1787/888932609095

Turkey: **Demand, output and prices**

	2008	2009	2010	2011	2012	2013
	Current prices TRY billion	Percentage changes, volume (1998 prices)				
GDP at market prices	950.5	-4.8	9.2	8.5	3.3	4.6
Private consumption	663.9	-2.3	6.7	7.7	1.9	4.7
Government consumption	121.7	7.8	2.0	4.5	3.8	4.6
Gross fixed capital formation	189.1	-19.0	30.5	18.3	1.6	6.6
Final domestic demand	974.7	-4.3	9.7	9.2	2.1	5.1
Stockbuilding[1]	17.9	-2.5	2.1	-0.1	-0.5	0.0
Total domestic demand	992.7	-6.3	12.4	9.0	1.7	5.0
Exports of goods and services	227.3	-5.0	3.4	6.5	4.3	6.8
Imports of goods and services	269.4	-14.3	20.7	10.6	0.3	7.3
Net exports[1]	- 42.1	2.8	-4.3	-1.5	0.9	-0.7
Memorandum items						
GDP deflator	_	5.3	5.7	8.6	8.5	8.4
Consumer price index	_	6.3	8.6	6.5	9.2	7.2
Private consumption deflator	_	4.9	8.5	8.5	8.5	7.0
Unemployment rate	_	13.7	11.7	9.6	9.5	9.1
Current account balance[2]	_	-2.1	-6.3	-9.8	-8.9	-8.4

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610634

The current account deficit is very high, but funding has improved

The current account deficit reached 9.8% of GDP in 2011, a historical record, but started to shrink in the second half of the year despite rising oil prices. The composition of its funding improved in the course of 2011 as the share of foreign direct investment and other long-term flows recovered. However, foreign funding needs will remain very large through the projection period, making Turkey vulnerable to volatility in capital markets and changes in investor sentiment.

A new monetary policy regime is in place

The monetary framework to try to tame inflation without undermining competitiveness, put in place in late 2010, relies heavily on macro-prudential instruments to modulate domestic demand, with the support of the banking regulator. At the same time, policy seeks to avoid excessive deviations of the exchange rate from long-term sustainable levels, using active liquidity management, discretionary changes in the effective interest rate within a wide interest rate corridor, and occasional foreign exchange market interventions. At its inception, a key concern was to steer the exchange rate down, with a view to narrowing the current account deficit. In late 2011, however, the priority shifted to avoiding excessive depreciation and inflation pass-through.

The fiscal stance will remain fairly restrictive

Fiscal restraint helped slow domestic demand from mid-2011. The Medium Term Economic Programme 2012-14 aims at improving the headline fiscal balance further in 2012 and 2013, despite slower and below-potential growth. A new investment incentive regime was introduced in April 2012, involving concessions on future corporate tax and social security dues, but in the short term it should have only limited fiscal impact.

Growth is projected to recover gradually, with risks on both sides

Growth is set to reach 3.3% in 2012 and 4.6% in 2013. There are risks on both sides. If the uncertainties in the euro area deepen, oil prices grow faster than currently assumed, or investor concerns over imbalances become more intense, risk premia may increase, external funding may become more difficult, and growth would be lower. Conversely, if the international environment turns out to be more benign than projected, growth may be stronger.

OECD Economic Outlook
Volume 2012/1

Chapter 3

DEVELOPMENTS IN SELECTED NON-MEMBER ECONOMIES

BRAZIL

A patch of weak growth seems to be coming to an end thanks to prompt and strong policy support. Activity is projected to pick up quickly and then gradually ease to trend rates, driven by private consumption and investment. In the context of a tight labour market and recovering credit growth, inflationary pressures may resurface.

As the economy picks up, some monetary stimulus will need to be withdrawn to bring inflation back towards the target mid-point. Macro-prudential measures may be needed to contain credit growth. The structural factors underlying weak manufacturing performance should be addressed by further reducing the tax burden and tax complexity, deepening long-maturity financial markets and improving infrastructure. Limiting currency appreciation can provide only short-term relief for domestic industry, while measures reducing import competition will harm medium-term productivity growth.

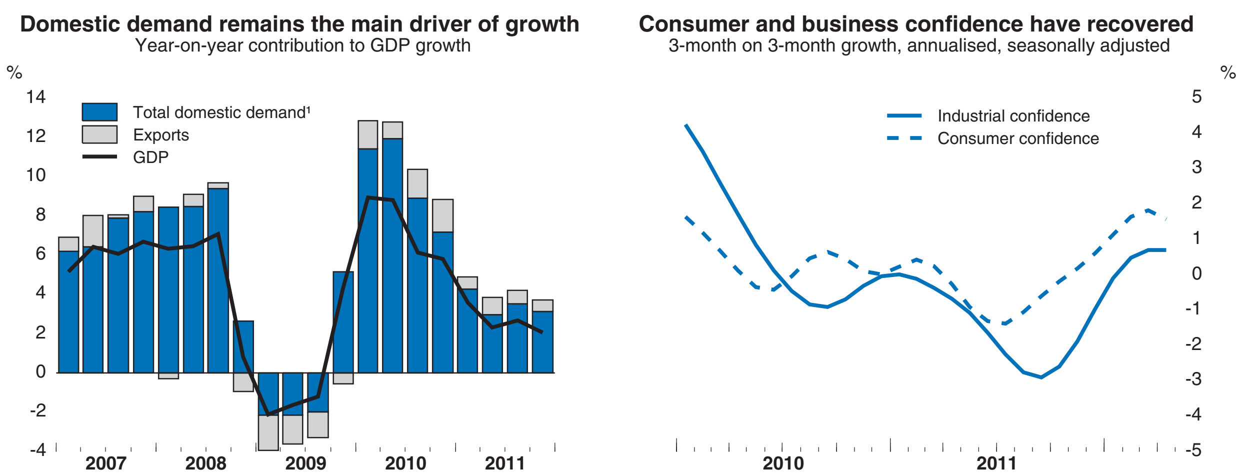
Activity is picking up again…

After a slowdown in which Brazil underperformed all major Latin American economies in 2011, a timely policy response is beginning to bear fruit. There are increasing signs that the economy is gathering steam again, with confidence indicators suggesting a positive outlook for private domestic demand.

… with solid private consumption and investment

Household consumption growth will be backed by significant wage increases in the context of low unemployment and, as inflation eases, improving real purchasing power. Credit growth will be fuelled by declining market interest rates and intermediation spreads as well as by expanding public-sector credit. Fiscal incentives and public investment programmes for social housing and infrastructure will continue to bolster investment growth. However, export performance is weakening and import penetration rising.

Brazil



1. Includes stockbuilding and statistical discrepancy.

Source: IBGE; OECD, Main Economic Indicator.

StatLink http://dx.doi.org/10.1787/888932609114

Brazil: **Macroeconomic indicators**

	2009	2010	2011	2012	2013
Real GDP growth	-0.3	7.6	2.7	3.2	4.2
Inflation (CPI)	4.9	5.0	6.6	4.9	5.3
Fiscal balance (per cent of GDP)	-3.3	-2.5	-2.6	-3.2	-2.9
Current account balance (per cent of GDP)	-1.4	-2.2	-2.1	-2.7	-3.2

Note: Real GDP growth and inflation are defined in percentage change from the previous period.
Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610691

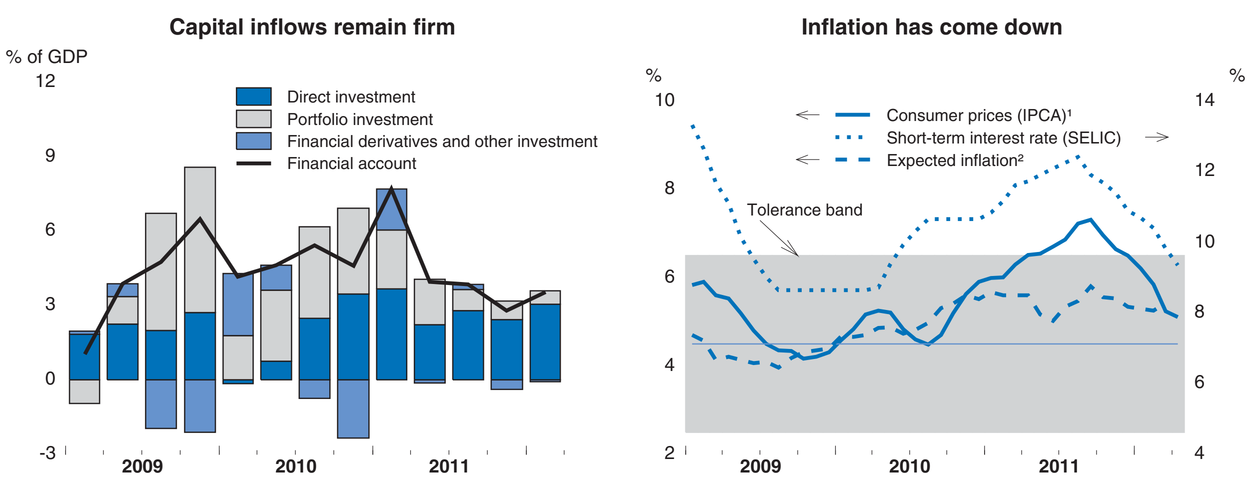
Price pressures have eased but may reappear as growth picks up

Inflation, measured on a year-on-year basis, has declined to the target range. Inflation expectations, although stable, are visibly above the target mid-point. Some of the recent monetary stimulus will need to be withdrawn before inflationary tensions in product and labour markets emerge, with policy rates moving up again before end-2012. Interest rates will not need to rise to levels prevalent before the recent slowdown. Macro-prudential measures may be needed to contain possibly destabilising credit growth.

Further fiscal stimulus is planned

As part of the Greater Brazil Plan (*Plano Brazil Maior*), the authorities have decided to implement further fiscal stimulus. This includes payroll tax reductions for selected tradable sectors and an additional budget transfer to the public development bank BNDES to increase credit supply. The total size of the package is estimated at 1.5% of GDP, although not all of this will affect the budget. Meeting the fiscal target in 2012 will be

Brazil



1. Year-on-year growth.
2. 12-months ahead.

Source: Central Bank of Brazil, IBGE.

StatLink http://dx.doi.org/10.1787/888932609133

Brazil: **External indicators**

	2009	2010	2011	2012	2013
			$ billion		
Goods and services exports	179.0	233.3	294.3	320	359
Goods and services imports	182.3	255.3	312.5	343	396
Foreign balance	- 3.4	- 22.1	- 18.2	- 23	- 37
Invisibles, net	- 20.9	- 25.3	- 34.5	- 44	- 50
Current account balance	- 24.3	- 47.3	- 52.6	- 68	- 87
			Percentage changes		
Goods and services export volumes	- 9.1	11.5	4.5	6.6	9.1
Goods and services import volumes	- 7.7	35.9	9.9	8.0	12.7
Terms of trade	- 1.3	12.9	8.5	0.2	0.5

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610710

challenging without having recourse to some fiscal adjustment. The successful approval of a public-sector pension reform may improve confidence in Brazil's fiscal position in the longer run.

Export performance is weakening

Brazil continues to attract significant foreign capital inflows, resulting in a strong yet volatile exchange rate. Export performance, and in particular manufacturing competitiveness, is suffering from both earlier currency appreciation and structural challenges. However, measures to stem the appreciation can provide temporary relief at best. By contrast, tackling underlying structural competitiveness issues and taking advantage of the competitive pressures provided by open trade will enhance long-term productivity growth.

Activity is expected to return to potential rates

Domestic demand should continue to sustain GDP growth, which will rise above trend rates in the first half of 2012 and then decelerate as some of the policy stimulus is withdrawn. Inflation is set to remain within the tolerance band of the official target. The current account deficit is expected to widen over the projection period mainly because of buoyant import growth.

Risks are slightly tilted to the downside

The central bank's strategy of providing additional monetary ease, even though inflation is above the target mid-point, raises the risk of higher inflation later on. However, such interest rate reductions may be a step in a long-awaited and warranted shift towards a durably lower structure of borrowing rates. Stronger competitive pressures from public-sector financial institutions may also support lower borrowing rates, but, along with rising household default rates, this may also pose risks for private banks' balance sheets. In the longer term, measures for sectoral support and to dampen external competitive pressures in the Greater Brazil Plan may restrain productivity gains. External risks include a reversal of capital inflows should investor sentiment deteriorate.

CHINA

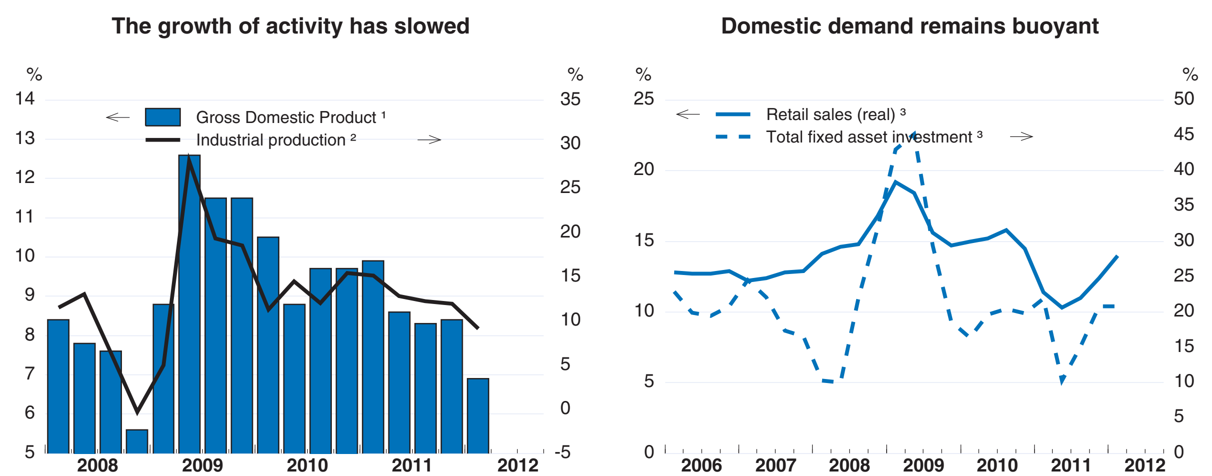
China's slowdown became more pronounced in late 2011 and early 2012 as first exports and then inventories fell. Final domestic demand held up well though, aided by accelerating household incomes and slower inflation. As the inventory cycle turns, and fiscal and monetary policy become more expansionary, growth should pick up in the course of 2012 and stabilise at over 9% in 2013. The current account surplus continued to shrink during 2011 and is projected to drop to just over 1½ per cent of GDP by 2013.

If growth continues to weaken in the second quarter of this year, the government should speed up the implementation of key infrastructure projects laid out in the 12th Plan. More generally, stronger competition should be introduced into the banking sector by establishing pilot projects to deregulate bank lending rates. If successful, then deposit rates should also be deregulated. Private capital should be allowed into the banking sector and a deposit insurance scheme established. Capital outflows should be liberalised with appropriate sequencing so as to help create a more balanced two-way market for the renminbi.

Although final demand held up well, the economy has slowed…

Around the turn of the year, the expansion slowed markedly, averaging 7½ per cent (at an annual rate) over the last quarter of 2011 and first quarter of 2012. However, during this period final domestic demand accelerated slightly. In real terms, retail sales growth picked up along with household incomes. The social housing programme gained momentum, bringing a slight acceleration in fixed asset investment. The downward pressure on output came initially from a decline in exports in late 2011, which was reversed in the first quarter of 2012. It then stemmed from destocking, which was only partially offset by lower imports. This pattern of weak output growth and continued momentum of total demand was

China



1. GDP growth is measured at an annualised quarterly rate.
2. Growth in industrial production is measured as the three-month change in a three-month moving average expressed at an annual rate.
3. Growth of retail sales and investment measured as an annualised six month change in a six month moving average.

Source: CEIC.

StatLink http://dx.doi.org/10.1787/888932609152

China: **Macroeconomic indicators**

	2009	2010	2011	2012	2013
Real GDP growth	9.2	10.4	9.2	8.2	9.3
GDP deflator (per cent change)	-0.6	6.6	7.5	3.8	2.9
Consumer price index (per cent change)	-0.7	3.2	5.5	3.3	2.8
Fiscal balance (per cent of GDP)[1]	-1.1	-0.7	0.1	-1.3	-0.9
Current account balance (per cent of GDP)	5.2	4.0	2.8	2.3	1.7

Note: The figures given for GDP are percentage changes from the previous year.
1. Consolidated budget, social security and extra-budgetary accounts on a national accounts basis.
Source: OECD Economic Outlook 91 database.

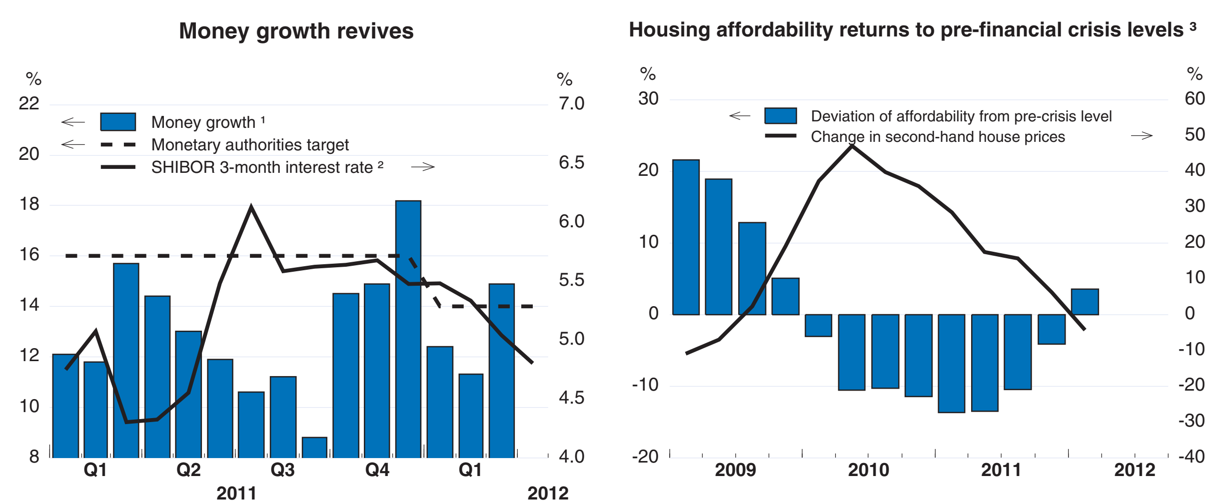
StatLink http://dx.doi.org/10.1787/888932610653

maintained in April. The trade surplus fell in the last quarter of 2011 but rebounded in the first quarter of 2012, to 2% of GDP, and increased further in April.

... cooling inflation...

Inflation has eased back across all categories of demand. The deceleration in prices was most marked for investment and exports but consumer price inflation also declined. By contrast, wages have been accelerating, notably for migrant workers. In the housing market, there is some evidence that prices for second-hand houses stabilised during the first quarter, even if they were still falling on an annual basis. This drop and the continued rise in household income resulted in the affordability of housing returning to its pre-financial crisis level in the first quarter.

China



1. Money growth is measured as the annualised growth of the quarterly change in M2.
2. The SHIBOR rate is a monthly average.
3. House prices are measured as the annual change in a index of second-hand house prices in nine major cities. Affordability is measured as the percentage deviation of the ratio of average urban household income per capita to average house prices from the value of the ratio in the first half of 2008.

Source: CEIC and Soufun.

StatLink http://dx.doi.org/10.1787/888932609171

China: **External indicators**

	2009	2010	2011	2012	2013
			$ billion		
Goods and services exports	1 333.3	1 743.6	2 086.6	2 250	2 517
Goods and services imports	1 113.2	1 520.5	1 898.4	2 075	2 364
Foreign balance	220.1	223.1	188.2	174	154
Net investment income and transfers	41.0	14.8	13.4	17	11
Current account balance	261.1	237.9	201.6	191	165
			Percentage changes		
Goods and services export volumes	- 10.2	27.7	8.8	5.8	10.6
Goods and services import volumes	4.5	20.6	9.7	6.7	11.5
Export performance[1]	2.4	12.9	2.7	1.0	3.3
Terms of trade	8.6	- 9.5	- 3.4	- 0.6	- 0.9

1. Ratio between export volume and export market of total goods and services.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610672

… giving room for a less tight monetary policy…

The stance of monetary policy was eased from November 2011. The required reserve ratios for major banks were lowered three times, to 20%, the most recent cut being in May. At the same time the additional discretionary reserve ratios, set for individual institutions, were also lowered for banks operating in rural areas. There have been signs that the central bank also has been using reverse repurchase agreements more frequently, so moving towards a more market-based system for monetary policy. These measures have reduced interbank interest rates and have spurred the growth of money and bank lending. In addition, the bank regulator raised the allowed loan-to-deposit ratio and banks were encouraged to lend to first-time house buyers and sound property developers.

… and a more expansionary fiscal policy…

The fiscal stance has also been relaxed. The 2012 Budget projects an increase in the national fiscal deficit of almost 2% of GDP, once cash transactions with the budget stabilisation fund are taken into account. The social security surplus is expected to ease back, reflecting a large increase in pension payments, leaving a small overall budget deficit. The government debt ratio (including the contingent liabilities of all off-budget entities) dropped substantially in 2011 as there was no net increase in local government off-budget borrowing. While some increase in this form of borrowing may occur in 2012 to finance social housing, the overall debt ratio is projected to fall to 44% of GDP by the end of 2012, down from 54% two years earlier.

… that should result in a rebound in activity

Several factors point to a rebound in activity in the second half of 2012 that should be sustained in 2013. In the short term, the rundown in stocks may have ended, as evidenced by the sharp pick-up in steel and cement output in March. Going forward, monetary easing should support activity, especially in the housing area, where prices have become more affordable. Fiscal policy will also boost consumption, with increased outlays being directed to social spending. Finally, exports are projected to regain momentum as the world economy picks up. The level of output, although growing more rapidly, will remain below potential for some time, continuing to exert downward pressure on inflation despite higher oil prices and possible hikes in regulated electricity prices for households.

Risks surround the outlook for investment

Strong wage growth coupled with disinflation has squeezed profit margins, especially for exporting companies. While manufacturing investment has been strong recently, the fall in profits could translate into weaker investment. There is also still some risk of markedly weaker residential investment. On the other hand, recent official statements suggest that were risks of lower demand to materialise, they would be countered by additional policy stimulus.

INDIA

The economy has slowed, with the weakness focussed in manufacturing and investment spending. Softening external demand, together with continued strength in imports, led to a widening current account deficit. Although inflation has moderated from double-digit rates it remains relatively high and expected increases in regulated prices of some oil-related products will add to price pressures which will continue to weigh on household consumption. This in turn will make the climate for investment less favourable. As a result, growth is expected to remain subdued through much of the year.

Monetary policy easing has begun but further action will be constrained by inflationary pressures and limited spare capacity. Fiscal slippage caused the central government budget deficit to rise in the 2011-12 fiscal year. The government plans modest fiscal consolidation this year, which would help reduce inflation, narrow the current account deficit and promote more balanced growth. However, spending pressures, notably on subsidies, are again likely to result in overruns.

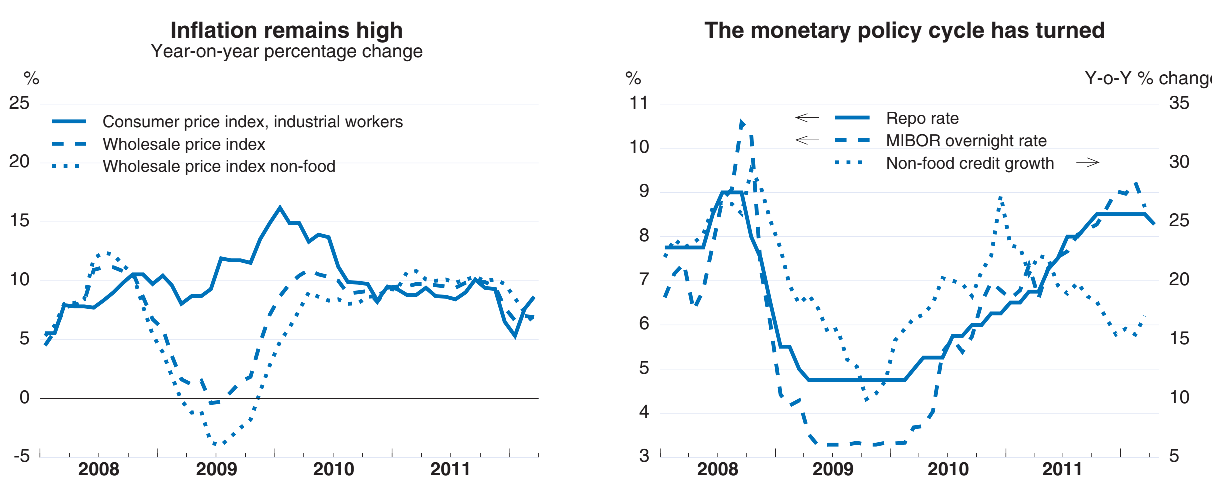
Growth has slowed but may have bottomed out

Growth slowed markedly through the 2011-12 fiscal year to 7%. Household consumption has remained firm, but tighter financial conditions, weak business sentiment and policy uncertainty held back investment spending. The industrial sector was weak, especially manufacturing. Elsewhere production was firmer, with services and agriculture expanding at a close-to-trend pace. Growth may have bottomed out, as investment rebounded and industrial production accelerated.

Inflation has trended down

There has been a quite significant moderation in inflation over the past year. The wholesale price index for non-food manufactured goods (a measure of core inflation) has decelerated, rising by only 4.7% in the year to April, a decline of slightly more than three percentage points from the peak inflation rate seen at the end of 2011. For the past two years, the trend in food prices has been the same as that of core prices, after a very

India



Source: CEIC.

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India: **Macroeconomic indicators**

	2009	2010	2011	2012	2013
Real GDP growth[1]	8.2	9.6	7.0	7.3	7.8
Inflation[2]	5.9	8.5	7.7	7.1	6.6
Consumer price index[3]	12.4	10.4	8.4	7.9	6.8
Wholesale price index (WPI)[4]	3.8	9.6	8.8	6.7	6.5
Short-term interest rate[5]	4.8	6.0	8.1	8.0	7.6
Long-term interest rate[6]	7.3	7.9	8.4	8.3	8.0
Fiscal balance (per cent of GDP)[7]	-9.4	-7.9	-8.1	-7.9	-7.3
Current account balance (per cent of GDP)	-2.8	-2.7	-3.1	-2.7	-2.9
Memorandum: calendar year basis					
Real GDP growth	5.8	10.6	7.3	7.1	7.7
Fiscal balance (per cent of GDP)[7]	-9.5	-8.2	-8.0	-7.9	-7.8

Note: Data refer to fiscal years starting in April.
1. GDP measured at market prices.
2. Percentage change in GDP deflator.
3. Percentage change in the industrial workers index.
4. Percentage change in the all commodities index.
5. RBI repo rate.
6. 10-year government bond.
7. Gross fiscal balance for central and state governments.

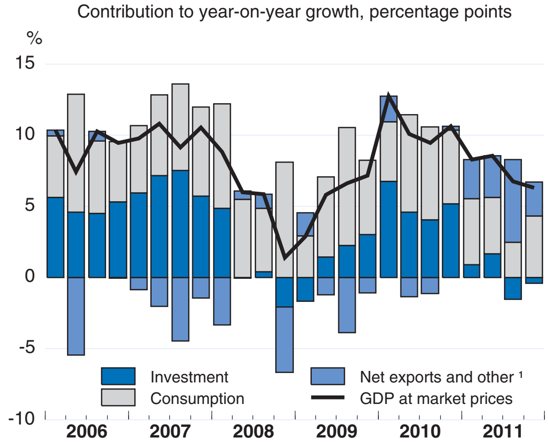
Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610767

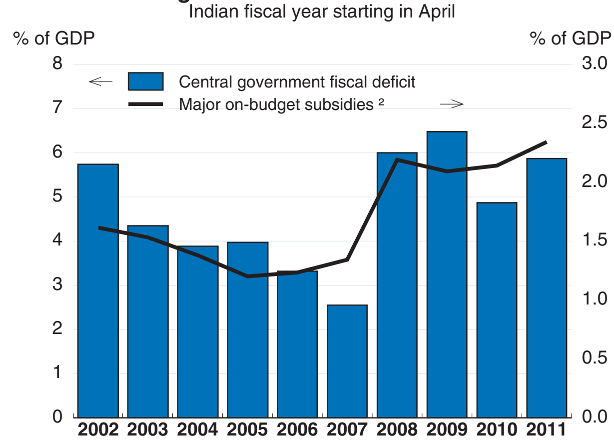
strong increase in the previous two years. Over the past year, though, there has been a large (and probably temporary) swing in food prices. As a result, recently the increase in the overall wholesale price index (the authorities' preferred inflation indicator) has been higher than that of the core inflation measure, rising by just over 7% in year to April, but nonetheless registering a similar decline to that of core inflation.

India

Growth has slowed
Contribution to year-on-year growth, percentage points



The central government fiscal deficit has widened
Indian fiscal year starting in April



1. Other includes statistical discrepancy, stocks and valuables.
2. Includes central government spending on food, fertiliser and petroleum subsidies.

Source: CEIC.

StatLink http://dx.doi.org/10.1787/888932609209

India: **External indicators**

	2009	2010	2011	2012	2013
			$ billion		
Goods and services exports	275.0	384.6	461.0	484	562
Goods and services imports	348.8	454.6	536.7	588	684
Foreign balance	- 73.8	- 70.0	- 75.6	- 103	- 122
Net investment income and transfers	35.7	24.0	17.8	51	60
Current account balance	- 38.2	- 46.1	- 57.9	- 52	- 64
			Percentage changes		
Goods and services export volumes	- 4.1	22.7	16.5	8.4	10.4
Goods and services import volumes	- 2.0	15.6	15.1	10.8	10.8
Export performance[1]	- 0.9	10.1	11.9	2.1	1.8

Note: Data refer to fiscal years starting in April.

1. Ratio between export volume and export market of total goods and services.

Source: OECD Economic Outlook 91 database.

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Monetary policy easing has commenced

After raising official rates in 2011, the Reserve Bank of India (RBI) has cut reserve requirements twice, primarily to ease liquidity pressure in money markets which saw overnight bank borrowing costs rise above official rates by around 50 basis points. In April these changes were followed by a 50 basis point cut in the repo rate.

The central government deficit has widened

The central government deficit for the 2011-12 fiscal year was revised from 4.6% to 5.9% of GDP. This slippage reflected weaker-than-expected tax receipts and divestment proceeds, and higher-than-anticipated outlays, including for subsidies. The government has planned for a deficit of 5.1% of GDP in the 2012-13 fiscal year. Tax receipts will benefit from a broadening of the services tax base, an increase in the applicable rate and hikes in general excise rates. However, these will be partially offset by an increase in the thresholds at which income tax rates apply. In addition, if international oil prices trend up as assumed in the projection, it is expected that spending on petroleum subsidies will again overshoot the budget target.

A slow fall in inflation is likely

Inflation is projected to edge down only gradually, remaining uncomfortably high for some time. The decision by the government not to raise regulated petroleum prices in line with increases in international oil prices has resulted in oil marketing companies incurring large financial losses. It is expected that regulated prices will need to rise significantly this year, contributing to higher, if transitory, inflation. In addition, despite the slowdown, the economy may not be operating with significant spare capacity, as weak investment and inertia in implementing important structural reforms have likely dragged down potential growth.

Growth will rise only gradually

A moderate cyclical pick-up in investment is projected in the near term. Later this year and into the next, growth is set to pick up to around trend rates, supported by the delayed effects of the recent monetary policy easing. However, still high inflation will limit the room for significant further relaxation. The recent widening of the current account deficit will unwind as domestic demand remains relatively subdued and external demand strengthens.

Domestic policy is a major source of uncertainty

Continued policy uncertainty, including as regards further fiscal slippage, would weaken investment sentiment and result in softer near-term growth and an erosion of longer-run prospects. Conversely, fiscal discipline and the implementation of important structural reforms would boost confidence and create space for more accommodative monetary policy.

INDONESIA

Domestic spending has remained solid, but demand from other Asian countries has been slowing. Nonetheless, output is expected to grow at close to trend rates of around 6% this year and next, supported by infrastructure spending and rebounding exports. An intended hike in the price of subsidised fuel at mid-year will temporarily drive up inflation.

Lowering energy subsidies, as planned by the government, is an efficient way to create additional fiscal space and finance spending in priority areas, such as infrastructure and social programmes. Improving the quality of public capital spending and budget execution would also be useful. The authorities should stand ready to tighten monetary policy if inflationary pressures begin to emerge.

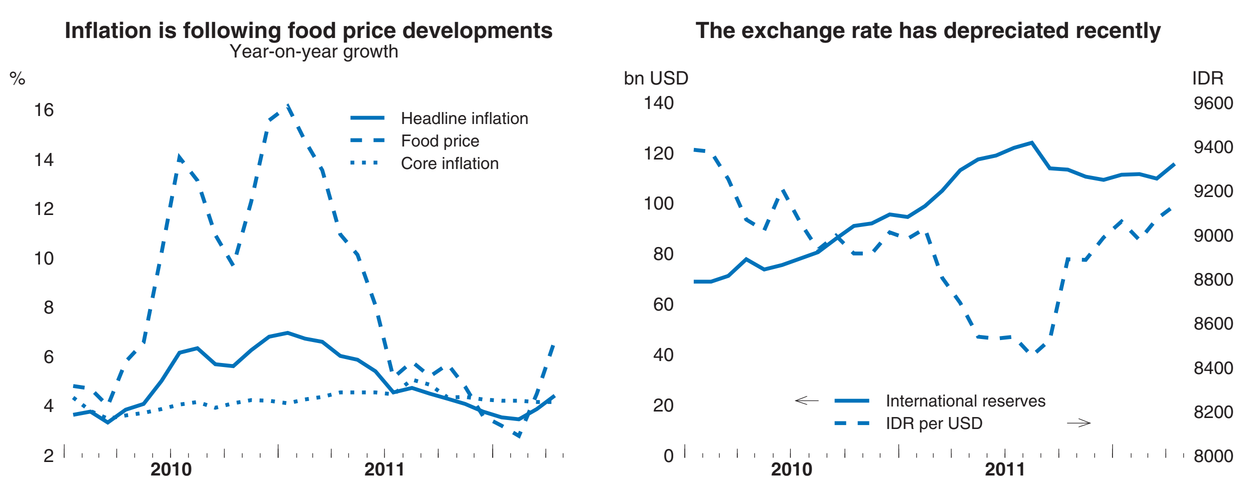
Domestic demand has remained robust

The economy has continued to grow at a rapid pace, despite signs of slowing elsewhere in Asia and its impact on regional trade. Consumption has been robust, and investment has been spurred by large investment programmes. Financial turbulence in late 2011 generated marked, but short-lived, volatility in the exchange rate and in foreign capital flows. Efforts to stabilise the exchange rate have led to a major change in the size of the central bank's balance sheet.

Energy subsidies are costly for the budget

The rise in oil prices has substantially increased the fiscal cost of energy subsidies, which are also the source of important economic distortions. Although the subsidies originally aimed at making a basic need affordable to the poor, they divert resources away from growth-enhancing spending on infrastructure and social programmes, but recent governmental attempts to lower fossil-fuel and electricity subsidies have encountered strong political resistance. The OECD projections assume a 33% hike in the price of subsidised fuel at mid-year, when the oil price first exceeds the trigger set in the revised 2012 Budget. As planned by the government, cash-transfer programmes would compensate poor

Indonesia



Source: Statistics Indonesia (BPS), Thomson Datastream.

StatLink http://dx.doi.org/10.1787/888932609228

Indonesia: **Macroeconomic indicators**

	2009	2010	2011	2012	2013
Real GDP growth	4.6	6.2	6.5	5.8	6.0
Inflation	4.4	5.1	5.4	5.9	5.2
Fiscal balance (per cent of GDP)	-1.6	-0.7	-2.0	-2.0	-1.8
Current account balance ($ billion)	10.6	5.1	2.1	-7.6	-13.3
Current account balance (per cent of GDP)	1.9	0.7	0.2	-0.8	-1.3

Note: Real GDP growth and inflation are defined in percentage change from the previous period.
Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610805

households from the jump in fuel prices and prevent a rise in poverty. The challenge will be to ensure that inflation expectations remain anchored despite the one-off increase in energy prices.

Monetary policy has eased

Headline inflation has followed developments in food prices, declining rapidly in 2011 and creeping up recently. However, core inflation has stayed fairly stable. Some pressure may come from wages, as labour markets are tight and the minimum wage is expected to increase sharply in some provinces. Bank Indonesia has cut its policy rate three times since October 2011 to 5.75%. It has also widened the trading band for interbank interest rates and plans to raise the interest rate of its monetary policy instruments to remove excess liquidity. The policy stance will need to be tightened if inflationary pressures reappear.

Growth should remain strong

Strong investment and exports are expected to be the main drivers of growth. The hike in the price of subsidised fuel, if implemented, is expected to push inflation above the ceiling of the monetary-policy corridor, though only temporarily. The current account should steadily deteriorate, as the balance on investment income worsens.

The main risks are external

The country remains vulnerable to a change in global risk appetite that could reverse capital inflows and cut growth. Postponing the rise in energy prices could question the government's commitment in this area and endanger the fiscal position.

RUSSIAN FEDERATION

Higher oil prices and the easing of euro area tensions will allow economic growth to continue at above 4 per cent in 2012 and 2013. Inflation will rebound from record-low levels in the second half of this year as temporary favourable factors fade, before resuming a gradual downward trend. The budget is projected to remain in surplus in 2012-13, but the non-oil deficit will remain wide.

The government should use high oil prices to accelerate fiscal consolidation and restore the fiscal rules suspended during the 2008-09 global crisis. Given subdued inflation, the central bank can afford to wait for confirmation that the economy is continuing to grow at least in line with potential before beginning to tighten. The formation of a new government is a propitious moment to set out an ambitious programme of market-oriented structural reforms, which is needed to improve the business environment.

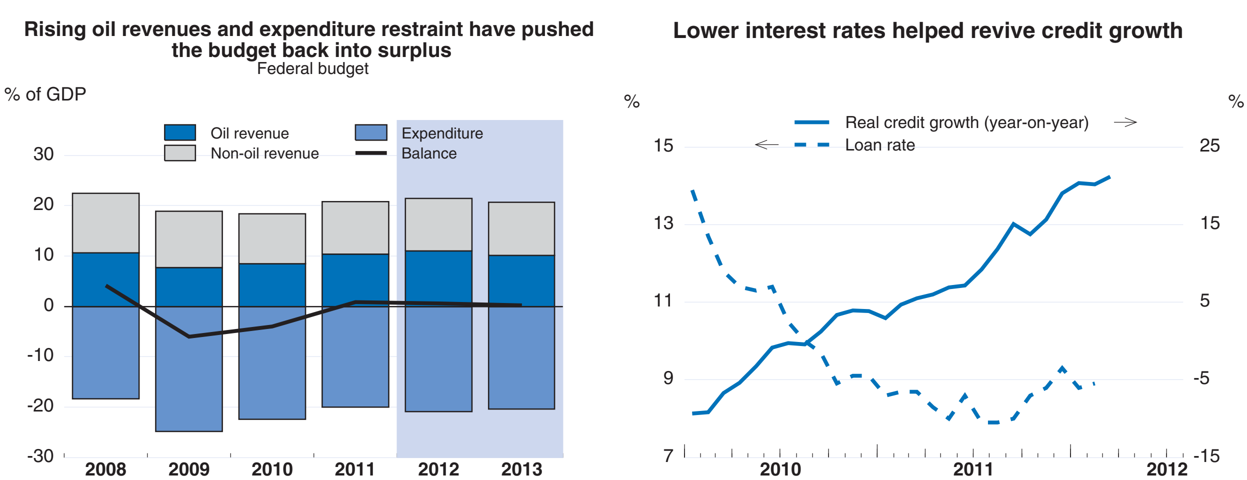
Output growth is broadly in line with potential

In recent quarters, a number of headwinds – intensification of the euro area crisis in mid-2011, the associated turmoil in international capital markets, and political uncertainty in Russia surrounding the parliamentary and presidential elections – have been roughly offset by the tailwinds provided by rising oil and gas prices and a strong harvest, leaving annual growth in 2011 close to potential. Real wage gains, employment growth and terms-of-trade improvements are underpinning increases in consumption, while fixed investment has also been boosted by easier credit conditions. However, the economy has not been ready to absorb the surge in export receipts associated with the rise in oil prices and capital outflows have picked up.

Inflation is likely to rise temporarily

Inflation has fallen to a post-Soviet-era low of 3.6%, but, abstracting from temporary favourable factors, underlying consumer price inflation is estimated to be around 6% and following a gradual downtrend. Inflation has been temporarily reduced below the underlying rate mainly by food

Russian Federation



Source: OECD calculations and estimates based on Central Bank of Russia, Rosstat and Economic Expert Group.

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Russian Federation: **Macroeconomic indicators**

	2009	2010	2011	2012	2013
Real GDP growth	-7.8	4.3	4.3	4.5	4.1
Inflation (CPI), period average	11.7	6.9	8.4	4.6	5.8
Fiscal balance (per cent of GDP)[1]	-4.3	-3.5	1.6	1.0	0.7
Current account balance (per cent of GDP)	3.9	4.7	5.4	6.3	4.4

1. Consolidated budget.

Source: OECD Economic Outlook 91 database.

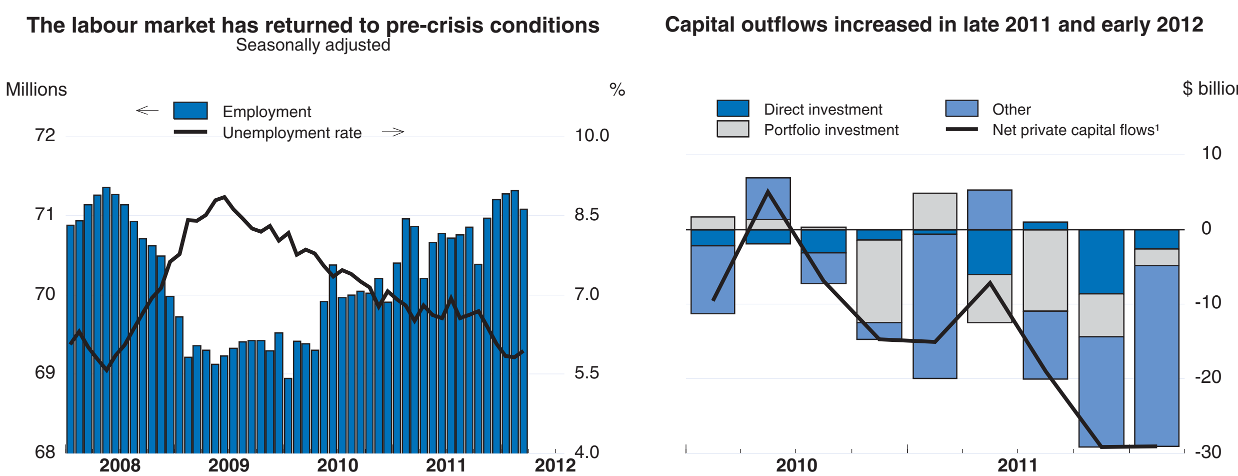
StatLink http://dx.doi.org/10.1787/888932610729

price moderation following the strong 2011 harvest, the delay of administered price increases this year from January to July and the strengthening of the rouble since October 2011. Year-on-year producer price inflation fell from above 20% to 7.4% between March 2011 and March 2012.

Gradual fiscal consolidation is underway

Strong revenues, including from oil and gas, pushed the budget into surplus in 2011. OECD projections for oil prices and growth imply that surpluses will be maintained in 2012-13, although the non-oil deficit will remain far above the 4.7% of GDP allowed for in the currently suspended fiscal rules. So far the government has resisted the temptation to spend much of the revenue windfall this year, which has come mainly from higher oil prices. Budgetary amendments approved in May raise federal government expenditures by only 0.7%, whereas official projections of federal government revenue are 7.6% higher than originally budgeted. In the absence of binding rules on the saving of such windfalls, however, a further ratcheting up of spending is possible.

Russian Federation



1. Excluding errors and omissions.

Source: OECD calculations based on Rosstat and Central Bank of Russia.

StatLink http://dx.doi.org/10.1787/888932609266

Russian Federation: **External indicators**

	2009	2010	2011	2012	2013
	$ billion				
Goods and services exports	343.7	445.3	576.1	669	702
Goods and services imports	251.0	322.0	413.9	477	544
Foreign balance	92.7	123.3	162.2	192	158
Invisibles, net	- 44.0	- 53.0	- 63.3	- 63	- 58
Current account balance	48.6	70.3	98.8	129	100
	Percentage changes				
Goods and services export volumes	- 4.7	7.0	0.4	2.0	2.9
Goods and services import volumes	- 30.4	25.8	20.3	15.0	12.8
Terms of trade	- 29.8	19.2	20.8	13.5	1.0

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610748

Monetary policy is on hold

The central bank is progressing towards its declared objective of implementing an inflation targeting regime by allowing more exchange rate fluctuation and by narrowing the corridor between its lending and borrowing rates to regulate banking system liquidity and achieve low and stable inflation. Despite growing labour market tightness and a strong pick-up in annual credit growth, the main policy lending rate has been held constant since September 2011 owing to the unsettled external environment and the absence of inflationary pressures.

Growth will continue to be driven by domestic demand

Oil prices are assumed to rise gradually over the projection horizon, which should ensure that rapid domestic demand growth continues, as stronger oil prices boost real incomes, wealth and confidence. Russia's high income elasticity of imports and the recent real appreciation of the rouble will mean that the growth of import volumes far outpaces that of export volumes in 2012-13, so that output growth, staying at above 4 per cent in 2012 and 2013, will lag well behind domestic demand. Annual average inflation is projected to hit a new low of 4.6% this year before rising temporarily in 2013 as a number of favourable factors drop out of the numbers. The current account surplus is expected to widen this year due to a large improvement in the terms of trade, but it will fall back again in 2013 as the terms-of-trade improvement ebbs while volume growth of imports continues to outpace that of exports.

The oil price remains the main swing factor

As ever, the oil price is a key factor shaping the scenario. If supply disruptions were to push the oil price much higher than the $121 per barrel (Brent) assumed in 2012, domestic demand would probably increase even more and the fiscal and external surpluses would be larger than projected. Correspondingly, a much weaker oil price than assumed would tend to undermine consumption and investment and could trigger a procyclical fiscal response if worries arose about financing constraints.

SOUTH AFRICA

A resumption of employment growth is now reinforcing increases in domestic demand and, barring adverse shocks, the hitherto sluggish recovery should accelerate. Increases in food and fuel prices have pushed inflation above the target range, but there is still much spare capacity and, as temporary influences wane, inflation is projected to fall back into the target range by end-2012.

Fiscal consolidation should be stepped up, in part via a moderation of public sector wage increases. This would mitigate the widening of the current account deficit and help contain inflation pressures, making it easier for the central bank to maintain an accommodative monetary policy stance until the recovery is more firmly established. The still extremely high unemployment rate means that policy actions to improve the functioning of the labour market remain urgent.

Growth is picking up but considerable idle resources remain

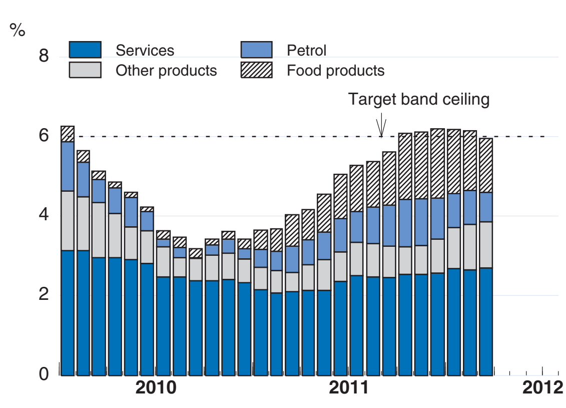
After a stuttering pattern of recovery since the 2008-09 global crisis, economic growth is gradually building momentum. Notably, the decline in employment has been reversed, with the number of jobs increasing by 2.3% in the year to the first quarter of 2012. At the same time, considerable slack appears still to exist: just over 40% of the working-age population is employed, while the output of several sectors, including manufacturing and mining, is still well below pre-crisis peaks.

Inflation has been above target, but core inflation is contained

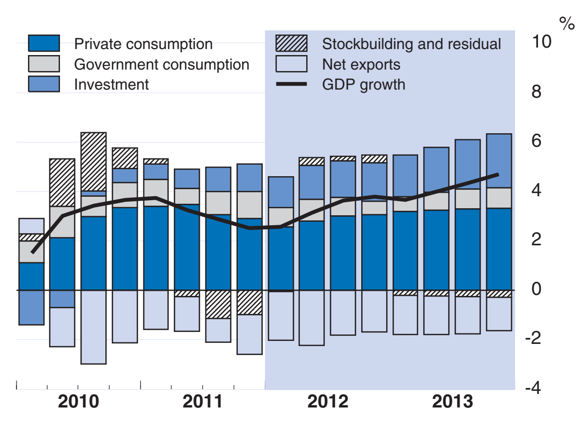
Strong increases in food and oil prices pushed headline inflation above the 6% ceiling of the South African Reserve Bank (SARB) in late 2011. Core inflation has stayed below the middle of the inflation target range, however, and inflation expectations appear consistent with the SARB's target range.

South Africa

Food and fuel price increases have pushed inflation above the target range
Contributions to CPI growth over same period previous year



Final domestic demand growth is building
Contributions to GDP growth over same period previous year



Source: OECD calculations based on Statistics South Africa and OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932609285

South Africa: **Macroeconomic indicators**

	2009	2010	2011	2012	2013
Real GDP growth	-1.5	2.9	3.1	3.3	4.2
Inflation	7.1	4.3	5.0	5.6	4.7
Fiscal balance (per cent of GDP)	-5.5	-6.0	-5.7	-5.4	-4.7
Current account balance ($ billion)	-11.4	-10.2	-13.6	-18.3	-23.6
Current account balance (per cent of GDP)	-4.0	-2.8	-3.3	-4.4	-5.2

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932610824

Fiscal consolidation is underway, but could be accelerated

The 2012 budget plan aims to virtually eliminate the primary deficit over three years by holding expenditure increases below GDP growth. But it implies little improvement in the first two years and would still leave a sizable cyclically-adjusted deficit in 2014-15. Thus, fiscal consolidation should be speeded up, especially if output accelerates as projected. This would not only safeguard fiscal sustainability but also contribute to limiting external vulnerability by raising national saving. Restraint in public sector wage settlements after recent large increases would be particularly useful, as it would both contribute to fiscal consolidation and help contain inflation expectations, allowing the SARB to maintain an accommodative monetary policy stance.

There is no urgency to tighten monetary policy

The SARB has kept its main policy rate unchanged at 5.5% since late 2010, not reacting to the cost-push factors, notably food and energy price increases, that drove headline inflation above the target ceiling. Given that there has as yet been little if any closing of the output gap and that cost-push factors are projected to become more favourable, the accommodative stance can be maintained.

Barring new shocks, growth will strengthen

Output growth is projected to pick up this year and next, driven largely by rising investment growth. The output gap would stabilise this year at around 3% and narrow somewhat in 2013. Core inflation is expected to rise gradually through end-2013, but the headline rate will trend downwards, falling below 5% in 2013.

Various shocks could disrupt the projected improvement in growth

Plausible external risks include a worsening of the euro area crisis, which would both undermine demand for South African exports and probably sap investment flows to emerging markets. A further increase in oil prices would also dent domestic demand growth. As to domestic factors, ongoing household deleveraging could exert a headwind, especially via continued weak house price dynamics, and electricity supply constraints could hold back growth, as capacity margins are again narrow.

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Chapter 4

MEDIUM AND LONG-TERM SCENARIOS FOR GLOBAL GROWTH AND IMBALANCES

Introduction and summary

This chapter considers long-term prospects and risks for the world economy

Many countries face a long period of adjustment to erase the legacies of the crisis, particularly high unemployment, excess capacity and large fiscal imbalances. Further ahead, demographic changes, including ageing, and fundamental forces of economic convergence will bring about massive shifts in the composition of global GDP. To illustrate the nature and scale of some of the policy challenges posed by these developments, this chapter describes medium and long-term scenarios for OECD and non-OECD G20 countries using a new modelling framework to extend the short-term projections described in Chapters 1 to 3. This framework focuses on the interaction between technological progress, demographic change, fiscal adjustment, current account imbalances and structural policies. The scenarios suggest that gradual but ambitious fiscal consolidation and structural reforms could bring about substantial gains in growth as well as reducing a range of risks, particularly by reducing large fiscal and current account imbalances.

The key findings are:

The main conclusions are:

The next 40 years will see major changes in the relative size of economies…

- Growth of the present non-OECD economies will continue to outpace that of the present OECD countries, driven primarily by catch-up in multi-factor productivity, but the difference will likely narrow substantially over coming decades. From over 7% per year on average over the last decade, non-OECD growth may decline to around 5% in the 2020s and to about half that by the 2040s. Until 2020, China will have the highest growth rate among major countries, but could be then surpassed by both India and Indonesia. Fast growth in China and India will take their combined GDP, measured at 2005 purchasing power parities (PPPs), from less than half of the total output of the major seven OECD economies in 2010 to exceeding it by around 2025. China's GDP is projected to surpass that of the United States in 2017.

… but large gaps in living standards will persist in 2050

- Large GDP per capita differences will persist despite more rapid growth in poorer countries; for example, by 2050 GDP per capita in China and Russia will be about half of that of the leading countries, while in Brazil it will be about 40% and in India and Indonesia it will be about one-quarter. Among OECD countries, the most rapid catch-up in income per capita will likely occur in initially lower-income countries (Mexico, Turkey, Chile and Eastern European countries) while the dispersion in income per capita among initially high-income countries will change only marginally.

Fiscal and current account imbalances are expected to worsen

- In the absence of ambitious policy changes, in particular if governments just undertake sufficient measures to stabilise public debt, worsening and re-emerging imbalances could undermine growth prospects. Firstly, as the current cycle unwinds, the scale of global current account imbalances may increase to pre-crisis peaks by the late 2020s. In addition, in many OECD countries government indebtedness will exceed thresholds at which there is evidence of adverse effects on interest rates, growth and the ability to stabilise the economy.

Consolidation needs to stabilise debt are substantial for many countries

- Fiscal consolidation requirements are substantial in many countries, particularly in the two largest. For Japan, stabilising the debt-to-GDP ratio would eventually require a total improvement in the underlying primary balance of 13 percentage points of GDP from the 2011 position, with little progress expected over the next two years.[1] For the United States, the total required fiscal consolidation to stabilise debt is about 6½ percentage points of GDP, of which about 2½ percentage points is expected to be achieved by 2013. Other countries for which consolidation requirements are large include the euro area countries that have been under financial market pressure: Ireland, Greece, Portugal and Spain. To stabilise debt they require between 4 and 7 percentage points of GDP improvement in the underlying primary balance from the 2011 position on average until 2030, but most of this adjustment is expected to be completed within the next two years. Other OECD countries requiring more than 4 percentage points of GDP of consolidation from 2011 include Poland, Slovak Republic, Slovenia and United Kingdom. In addition, for a typical OECD country, additional offsets of 3 to 4% of GDP will have to be found over the coming 20 years to meet spending pressures due to increasing pension and health care costs.

On this basis there are large differences in the adequacy of current official plans

- The United States and Japan also stand out because there is, as yet, a lack of any detailed official medium-term fiscal plan that would be sufficient to stabilise debt. Japan has a medium-term plan, but it is not sufficiently ambitious. In the United States, there are a number of fiscal plans, but political disagreement makes the extent, pace and instruments of future consolidation very uncertain. Very substantial front-loaded consolidation is planned in those euro area countries – Greece, Ireland and Portugal – that requested assistance from the European Union and the IMF. For these countries, and for most other

1. For both Japan and the United States, the consolidation requirements reported here are higher than the average consolidation reported in Table 4.3, because a protracted period of adjustment implies the total increase in the underlying primary balance by the end-year (2030 for the United States and 2040 for Japan) is significantly larger than the average increase over the period from 2011 to the end-year. For other countries, where the requirement is smaller and/or much of the adjustment is expected by 2013, the difference between the average and end-year measure is typically small.

countries where consolidation needs are most severe, official medium-term consolidation plans exceed the requirements to stabilise debt, so their implementation would put the debt ratio on a downward path.

To reduce debt levels rapidly would require much greater consolidation

- Consolidation requirements would be more demanding if the aim were to lower debt-to-GDP ratios to 60%, which for most countries could be achieved before 2030. For the OECD area as a whole, fiscal tightening equivalent to a 6 percentage points of GDP increase in the underlying primary balance from the 2011 position would be required on average until 2030, although this calculation is dominated by the requirements of the two largest OECD economies. Among OECD economies for which debt exceeds 100% of GDP, lowering the debt ratio to 60% by 2030 requires 2-3 percentage points of GDP more consolidation than to only stabilise debt. Japan is an exception, however, as it would require much more consolidation and even then there would be little prospect of reaching a debt ratio of 60% within the next two decades.

Sustaining fiscal consolidation would help reduce global imbalances and risks

- Because consolidation needs are higher in current account deficit countries, more ambitious long-term fiscal consolidation among OECD countries would help relieve global current account imbalances. Lowering government indebtedness to below thresholds where they risk affecting interest rates and lowering trend growth would also create fiscal space for dealing with future shocks, as well as reduce vulnerability to any future decline in global saving, whether due to ageing or other factors.

Ambitious reforms could boost growth and reduce imbalances

- A combination of ambitious fiscal consolidation efforts and deep structural reforms can both raise long-run living standards and reduce the risks of major disruptions to growth by mitigating global imbalances, raising aggregate OECD GDP in 2050 by 10% and non-OECD GDP by 14%, with much larger effects in countries where policy lags most behind best practice.

A new modelling framework based on conditional convergence

Scenarios are underpinned by a new modelling framework

Long-term growth projections are needed to facilitate the analysis of macroeconomic issues related to fiscal and international imbalances and demographic shifts, which develop gradually over long time horizons, as well as the effects of structural reforms on trend growth over the long run. While there is no single theory of economic growth, there is wide support for a view in which each country converges to its own steady-state trajectory of GDP per capita determined by the interface between global technological development and country-specific structural conditions and policies (so-called conditional convergence). The scenarios presented in this chapter are underpinned by a new model which is used to extend the short-term projections presented in Chapters 1 to 3 by about 40 years within a conditional convergence economic growth framework (Box 4.1).

Box 4.1. **The new modelling framework for long-term economic projections**

The new model is designed to extend the short-term projections over a horizon of about 40 years. It is a replacement for the OECD's Medium-Term Baseline (MTB) model (Beffy *et al.*, 2006) which was also used to extend the short-term projections, but over a shorter horizon. The country coverage has also broadened to include all OECD countries as well as current non-OECD G20 countries (Argentina, Brazil, China, India, Indonesia, the Russian Federation, Saudi Arabia and South Africa), equivalent to about 90% of world GDP in 2010 at market exchange rates. The level of detail in the model is greater for OECD countries than for non-OECD countries, reflecting wider data availability for OECD countries, particularly in respect of fiscal accounts.

The backbone of the model is a consistent set of long-run projections for potential output. Potential output is based on a Cobb-Douglas production function with constant returns to scale featuring physical capital, human capital and labour as production factors plus labour-augmenting technological progress. By projecting these trend input components, assuming a degree of convergence in total factor productivity, potential output is also projected over a 40-year horizon. The degree of convergence in total factor productivity depends on the starting point, with countries farther away from the technology frontier converging faster, but it also depends on the country's own structural conditions and policies, hence the "conditional convergence" nomenclature. Given the long time horizon, even the baseline scenario includes changes in policies that affect the speed of convergence (see main text and Box 4.2).

In the long run, all countries grow at the same rate determined by the worldwide rate of technical progress, but cross-country GDP per capita gaps remain, mainly reflecting differences in technology levels, capital intensity and human capital. These in turn partly depend on differences in structural conditions and policies. In this framework, two forces can reduce cross-country GDP per capita gaps in the long run: first, countries that are initially below their steady state level of GDP per capita "catch up" to this level principally as a result of accumulation of different kinds of capital (human and physical) and improvements in efficiency driven by technology adoption and innovation; second, cross-country differences in steady-state GDP per capita are evened out as some structural conditions converge (*e.g.* due to globalisation) and best policy practices disseminate, affecting in turn factor accumulation, efficiency improvements and the speed of catch up.

Private saving rates for OECD countries are determined according to recent OECD empirical work (Kerdrain *et al.,* 2010), which suggests that demographic effects, captured by old-age and youth dependency ratios, are important drivers of long-term trends in saving, but with additional effects from fiscal balances, the terms of trade, productivity growth, net oil balances and the availability of credit. Total saving in OECD countries is then determined as the sum of public and private saving, assuming a 40% offset of any improvement in public saving from reduced private saving due to partial Ricardian equivalence (in line with recent OECD estimates, see for example Roehn, 2011). For non-OECD countries, the total saving rate is determined according to an equation, which is close to being a total economy variant of the private saving equation for OECD, with effects from the old-age and youth dependency ratios, the terms of trade, the availability of credit, the level of public expenditure (a proxy for public social protection) and productivity growth.

Short-term interest rates vary with the state of the cycle. Once the output gap has closed, they depend on the country-specific inflation target (see Box 4.2), on the growth rate of potential output and on a global balancing premium which keeps the global sum of current account balances stable. Long-term interest rates are determined as a forward convolution of short-term rates plus a fixed term premium plus a fiscal risk premium (see below). Interest rates affect both the cost of government debt servicing and also investment through the cost of capital.

Box 4.1. **The new modelling framework for long-term economic projections** *(cont.)*

Through the global interest rate balancing premium just mentioned, movements in long-term interest rates ensure that global saving and investment remain aligned, whereas imbalances at the national level are reflected in current account balances. An exception is a group of major non-OECD oil exporting countries, defined to include Saudi Arabia, Russia as well as 27 smaller non-OECD countries. For these countries, no individual projections of current balances are made. Rather, the combined current account balance of all non-OECD oil exporting countries is calculated based on projections of their balance of trade in oil. The real price of oil is assumed to rise by 5% per annum to 2020 and continue rising thereafter, but at a more moderate pace (see Box 4.2).

The fiscal side of the model ensures that government debt-to-GDP ratios stabilise over the medium term. This is achieved through alternative fiscal closure rules for the primary balance which either stabilise debt through a gradual improvement in the primary balance or target a specific (usually lower) debt-to-GDP ratio. Debt service responds to changes in debt and market interest rates, but with lags which reflect the maturity structure of debt. Higher debt levels are assumed to entail higher country-specific fiscal risk premia consistent with the findings of Égert (2010) and Laubach (2009): for every percentage point that the debt ratio exceeds a threshold of 75% of GDP, the fiscal risk premium applied to long-term interest rates increases by 2 basis points, with an additional increase of 2 basis points for every percentage point that the debt ratio exceeds 125%. No allowance for an additional interest rate premium is made for countries which do not have their own national currency.

Further details on the new model and on the methodology used to make the long-term projections are available in Johansson *et al.* (2012).

It should be kept in mind that projections made over several decades are inherently speculative, with many layers of uncertainty including the determinants of growth and the size of their impact on growth.

Output is assumed to return to potential over four to five years…

The long-term scenarios are anchored on the short-term projections for 2013,[2] beyond which output gaps are assumed to close smoothly over a period of four to five years (under both fiscal rules considered), depending on their initial size, and are generally almost entirely closed by 2018. This implies above-trend growth for the first few years of the projections in countries with negative output gaps in 2013, including where this gap is exceptionally large such as Greece, Ireland, Portugal and Spain. Also, despite continued and, in many cases, large negative output gaps over this period, no country experiences sustained deflation. Once the output gap is closed, output grows in line with potential and monetary policy ensures that inflation returns to a country or region-specific target (see Box 4.2).[3]

… but there are large risks and uncertainties around this path

The scenarios presented in this chapter thus provide a benign, even optimistic, medium-term outlook for the world economy. There are large risks around this central path that could derail the recovery in one or more countries, including: further crises of confidence around the debt of one or more governments; disorderly debt defaults; the collapse of one or more systemically important financial institutions or renewed concerns

2. An exception is that there is a minor discrepancy between the short-term and long-term projections for Japan, with the former including the most recent quarterly GDP update.
3. This is consistent with inflation expectations remaining fairly well anchored (both upwards and downwards) and with the operation of "speed-limit" effects.

Box 4.2. **Assumptions in the baseline long-term economic scenario**

The baseline represents a stylised scenario that includes the following structural and policy assumptions for the period beyond the short-term projection horizon that ends in 2013:

- The gap between actual and potential output in both OECD and non-OECD countries is gradually eliminated from 2013, for most countries within four to five years, depending on the size of the initial output gap.
- The upward pressure on oil prices, on which the short-term projections are based, is assumed to continue for the remainder of the decade, but is thereafter assumed to be mitigated by a supply response. Hence, an increase in real oil prices by about 5% per annum is assumed from 2013 to 2020, 2% per annum from 2020 to 2030 and 1% per annum thereafter.
- Bilateral exchange rates between most OECD countries remain unchanged in real terms. The real dollar exchange rate for non-OECD countries, as well as those OECD countries below a certain real per capita income threshold relative to the United States (taken to be 40%, and so including Chile, Mexico and Turkey), appreciates in line with convergence in living standards, through the so-called Harrod-Balassa-Samuelson effect, based on the empirical work of Rogoff (1996) and Wilson *et al.* (2011).
- The availability of private-sector credit in the economy (relative to GDP) is assumed to gradually catch up with the situation in the United States – where private credit is assumed to remain constant at around 200% of GDP – with the gap assumed to close at 2% per annum. For example, this means that for an average of the BRIC countries, the availability of credit rises from just over one-third of that in the United States in 2010, to around three-quarters in 2050. The wider availability of credit in turn reduces precautionary saving and saving that reflects repressed consumption (in the case of the BRIC countries this effect reduces saving rates by about 2-3 percentage points).

Assumptions regarding monetary and fiscal policy are as follows:

- Policy interest rates continue to normalise as output gaps close and beyond that are directed to converge on a neutral real short-term rate, which in turn follows the potential growth rate of the economy.
- The target for inflation is generally taken to be 2%, with the following exceptions: Japan targets 1%; Australia, Poland, Iceland and Norway target 2.5%; Chile, Hungary, Mexico and Korea target 3%; Turkey targets 5%; Argentina, China, India and Russia target 4% and Brazil, Indonesia and South Africa target 4.5%.
- For those countries where the debt-to-GDP ratio is currently rising, there is a gradual increase in the underlying fiscal primary balance of ½ percentage point of GDP per year from 2013 onwards (1 percentage point per annum for Japan given the severity of the task of stabilising debt) through a combination of reduced government spending and higher revenues until the ratio of government debt to GDP is stable given long-term trend growth and long-term interest rates. The rule is symmetric so that countries for which the debt ratio is falling are assumed to undertake gradual fiscal expansion in order to stabilise debt ratios. It should be noted that in many cases this assumption may contradict current government plans and is not necessarily consistent with national or supra-national fiscal objectives, targets or rules. No allowance is made for Keynesian effects of consolidation on demand.
- There are no further losses to government balance sheets as a result of asset purchases or guarantees made in dealing with the financial crisis. No contribution to deficit or debt reduction is assumed from government asset sales.
- Effects on public budgets from population ageing and continued upward pressures on health spending are not explicitly included, or, put differently, they are implicitly assumed to be alleviated through reforms of relevant spending programmes or offset by other budgetary measures.

Box 4.2. **Assumptions in the baseline long-term economic scenario** *(cont.)*

Assumptions regarding structural policies are as follows:

- The share of active life in life expectancy is assumed to remain constant, hence the legal pensionable age is implicitly assumed to be indexed to longevity. In addition, recently-legislated pension reforms that involve an increase in the normal retirement age by 2020 are assumed to be implemented as planned, which lowers exit rates for the 50-to-64 age group in the countries concerned according to estimated elasticities and thus raises overall participation rates.[1] On average, these reforms raise total labour force participation in 2050 by 0.7 percentage points.
- Structural unemployment in OECD countries gradually returns to the lowest value estimated between 2007 and 2013. Unemployment in non-OECD countries where the level is currently above the OECD average is assumed to gradually converge to the average level of unemployment in OECD countries, while it remains unchanged in countries currently below the OECD average.
- The long-term trend increase in average years of schooling per worker (the proxy that represents human capital) is assumed to continue in all countries, which has two countervailing effects on aggregate labour force participation. On the one hand, a longer schooling period lowers the labour force entry rate of young cohorts. On the other hand, educated workers are more likely to enter the labour force once they have completed their education and possibly less likely to exit the labour force at older age. Due to these offsetting forces, the projected increase in educational attainment only moderately raises labour force participation – on average by 0.5 percentage points in 2050, although the effect is noticeably larger in some countries (*e.g.* Turkey, Mexico, Korea, Italy and Hungary).
- Countries with relatively stringent product market and trade regulations are assumed to gradually converge towards the average regulatory stance observed in OECD countries in 2011. For other countries regulations remain unchanged. This implies faster MFP growth in countries where the regulatory stance is currently more stringent than the OECD average.
- For non-OECD countries, a gradual increase in public spending on social protection is assumed, amounting on average to an increase of four percentage points of GDP to a level of provision similar to the average OECD country. It is further assumed that this is financed in a way in which there is no effect on public saving.

1. Countries for which adjustments to the exit rates of older workers are made on the basis of recently-legislated pension reforms include Australia, Belgium, Canada, the Czech Republic, Germany, Spain, Estonia, France, the United Kingdom, Greece, Hungary, Ireland, Israel, Italy, Japan, New Zealand, the Slovak Republic, Slovenia, Turkey and the United States.

around bank solvency that would further impair private credit necessary to fuel the recovery; worse-than-anticipated growth impacts from private-sector deleveraging; worse-than-anticipated drag from sustained and concurrent fiscal consolidation; a spike in energy prices from already elevated levels; and more generally risks from political turmoil, conflict or natural disaster. Any or a combination of these factors could tip countries back into recession or lead to stagnation (OECD, 2011a). Policies that could help reduce some of these risks are discussed in Chapter 1.

Policies play an important role in the baseline scenario

Structural and fiscal policies play an important role in the scenarios presented here. The projection framework takes into account the effect of labour market policies on developments in unemployment and labour force participation, the effect of product market and trade regulations on innovation and technological diffusion, as well as the effect of fiscal consolidation and enhanced welfare policies in emerging economies on saving, global imbalances, indebtedness and capital accumulation *via* changes in the cost of capital. Over a time horizon covering several decades, these structural conditions and policies are likely to evolve, and so the baseline scenario incorporates a number of policy developments seen as probable in several areas (Box 4.2).[4] While these policy changes are, in some respects, significant and perhaps even ambitious, there remains considerable scope for further fiscal consolidation and structural reforms over the projection period to improve trend growth and reduce the build-up of macroeconomic imbalances, as explored in variant scenarios.

The crisis had permanent adverse effects on the level of potential output

Another optimistic assumption that underlies the scenarios presented here is that the crisis has only reduced the level of potential output and has had no permanent adverse effect on its growth rate. Compared with pre-crisis projections, the level of aggregate OECD potential output, both currently and over the next few years, has been revised downwards by about 2½ per cent.[5, 6] Underlying the loss are permanent reductions in capital endowment as firms have adjusted to the end of cheap financing and increases in the number of people becoming detached from the labour force as long-duration cyclical unemployment has evolved into structural unemployment. Some of the smaller countries, including Greece and Ireland, experienced losses exceeding 10% of potential output relative to pre-crisis projections, the difference *vis-à-vis* the OECD as a whole being attributable mainly to much larger negative hysteresis effects due to very large and sustained negative output gaps. Because even very large output gaps are assumed to close fairly quickly, the possibility of large negative output gaps persisting for several years, with hysteresis-type effects continuing to drag down the level of potential output, is thus a downside risk to the scenarios presented here.

OECD potential growth rates moderate over the long term mainly for demographic reasons

From 2013 onwards the growth rate of OECD-wide potential output recovers from the immediate post-crisis slowdown to average 2¼ per cent per annum over the period 2018-30 and beyond that 2% to 2050 (Table 4.1). The moderation of OECD potential growth over the long term is due to demographic factors, particularly ageing, as the population of working age and aggregate participation rates grow more slowly. The slowdown in the potential growth of non-OECD countries is much more marked, particularly because, in addition to the demographic effects, productivity growth slows as their economies catch up with the technology frontier and gaps in human capital, represented by years of schooling, begin to close.

4. Baseline projections for euro area countries receiving assistance from the European Union and IMF (*e.g.* Greece) do not take into account the impact of structural reforms announced in the recent programmes, which could alter growth prospects and fiscal positions for these countries.
5. Studies of the effect of past financial crises on GDP tend to find considerable heterogeneity in responses across different countries, with an important factor being how policy responds to the crisis, see for example Haugh *et al.* (2009).
6. While the downward revision may appear small, even prior to the crisis potential output growth was projected to fall significantly in most OECD countries on account of demographic changes.

Table 4.1. Growth in total economy potential output and its components

Annual averages, percentage change

	Output Gap	Potential real GDP growth				Potential labour productivity growth (output per employee)				Potential employment growth				Real GDP growth
	2012	2001-2007	2012-2017	2018-2030	2031-2050	2001-2007	2012-2017	2018-2030	2031-2050	2001-2007	2012-2017	2018-2030	2031-2050	2012-2017
Australia	-2.0	3.2	3.3	2.9	2.3	1.1	2.0	2.0	1.6	2.1	1.3	0.9	0.7	3.6
Austria	-1.8	2.1	1.7	1.4	1.4	1.1	1.1	1.5	1.4	1.0	0.6	-0.1	0.0	1.8
Belgium	-1.1	1.8	1.8	2.2	2.0	0.7	1.1	1.8	1.7	1.0	0.7	0.3	0.3	1.8
Canada	-1.0	2.6	2.1	2.1	2.3	0.9	1.4	1.8	1.8	1.7	0.8	0.4	0.5	2.3
Chile	-0.2	3.9	4.9	3.6	2.3	1.6	2.5	2.5	2.0	2.3	2.4	1.1	0.3	4.8
Czech Republic	-2.9	3.7	2.4	2.9	1.8	3.3	2.3	2.7	1.9	0.4	0.2	0.2	-0.1	2.5
Denmark	-3.1	1.5	0.8	1.6	2.1	1.0	0.6	1.4	1.8	0.5	0.2	0.2	0.3	1.3
Estonia	-2.4	5.0	2.9	2.8	2.1	4.0	2.8	3.0	2.3	1.0	0.2	-0.1	-0.1	3.3
Finland	-1.0	2.6	2.0	2.2	1.6	1.7	1.9	2.0	1.4	0.9	0.1	0.1	0.2	2.1
France	-3.4	1.8	1.8	2.1	1.4	0.9	1.4	1.9	1.2	0.9	0.4	0.1	0.1	2.2
Germany	-1.0	1.3	1.6	1.1	1.0	0.9	1.4	1.7	1.4	0.4	0.2	-0.6	-0.4	1.7
Greece	-11.9	2.9	0.6	2.4	1.1	1.8	0.3	2.2	1.6	1.1	0.3	0.2	-0.4	1.7
Hungary	-5.1	2.7	1.8	2.9	1.8	2.4	1.3	2.6	2.3	0.3	0.6	0.2	-0.5	2.2
Iceland	-3.6	3.7	1.4	2.5	2.4	2.2	0.8	1.6	1.9	1.4	0.6	0.9	0.6	2.3
Ireland	-8.6	5.0	1.2	2.6	1.7	2.2	0.9	1.3	1.0	2.8	0.3	1.3	0.7	2.6
Israel	1.6	3.5	3.2	2.4	2.6	0.6	1.1	0.9	1.2	2.8	2.1	1.5	1.3	2.8
Italy	-4.7	1.2	0.6	1.6	1.6	0.2	0.1	1.5	1.7	0.9	0.5	0.1	-0.1	0.9
Japan	-0.8	0.6	0.9	1.3	1.3	0.9	1.2	1.7	2.0	-0.3	-0.3	-0.3	-0.7	1.2
Korea	-0.3	4.4	3.4	2.4	1.0	3.1	2.7	2.4	1.7	1.2	0.7	0.0	-0.6	3.4
Luxembourg	-4.6	4.0	2.4	1.5	0.6	1.8	0.4	0.6	0.3	2.1	2.0	0.9	0.3	2.8
Mexico	-0.8	2.4	3.2	3.5	3.0	0.6	1.1	1.9	2.3	1.8	2.1	1.6	0.6	3.5
Netherlands	-2.8	1.9	1.6	1.9	1.5	1.0	1.1	2.0	1.7	0.9	0.5	0.0	-0.2	1.7
New Zealand	-1.0	3.1	2.3	2.8	2.7	0.9	1.2	2.0	2.0	2.2	1.1	0.8	0.6	2.5
Norway[1]	-1.5	2.9	3.1	2.8	2.0	1.8	1.8	2.1	1.4	1.1	1.3	0.7	0.6	3.6
Poland	0.5	4.2	3.3	2.2	1.0	3.1	3.0	2.6	1.9	1.0	0.3	-0.4	-0.8	3.1
Portugal	-6.4	1.6	0.7	1.8	1.5	1.1	0.5	1.7	1.9	0.5	0.1	0.2	-0.4	1.0
Slovak Republic	-0.3	4.6	3.3	2.7	1.5	3.4	3.1	2.5	1.8	1.2	0.2	0.2	-0.3	3.3
Slovenia	-4.8	3.2	1.5	2.2	1.7	2.2	1.5	2.3	2.0	1.0	0.0	-0.1	-0.3	1.7
Spain	-8.4	3.4	1.5	2.3	1.4	0.3	0.8	1.6	1.6	3.1	0.7	0.7	-0.2	2.3
Sweden	-1.9	2.6	2.5	2.3	1.8	1.7	1.8	1.9	1.3	0.9	0.7	0.4	0.5	2.6
Switzerland	-1.0	1.8	2.1	2.2	2.1	0.8	1.1	1.9	1.8	1.0	1.0	0.3	0.2	2.1
United Kingdom	-3.2	2.4	1.5	2.1	2.2	1.4	0.8	1.5	1.6	1.0	0.7	0.5	0.6	1.9
United States	-3.6	2.5	2.1	2.4	2.1	1.5	1.3	1.4	1.3	1.0	0.8	0.9	0.8	2.7
Turkey	-2.2	4.0	5.2	4.1	2.3	2.7	2.7	2.4	1.8	1.3	2.5	1.6	0.5	5.2
Argentina	5.4	4.0	4.5	3.2	2.3	0.9	2.9	1.9	1.9	3.0	1.6	1.3	0.4	3.7
Brazil	-1.4	3.2	4.4	3.9	2.5	0.9	2.9	3.1	2.6	2.2	1.4	0.8	-0.1	4.4
China	-0.8	10.2	8.9	5.5	2.8	9.2	8.4	5.9	3.6	0.9	0.5	-0.3	-0.8	8.8
Indonesia	0.9	4.0	5.9	5.1	3.7	2.1	4.0	4.0	3.7	1.9	1.8	1.0	0.0	5.7
India	-0.3	7.4	7.2	6.5	4.5	5.5	5.3	4.6	3.6	1.8	1.8	1.8	0.8	7.2
Russian Federation	-3.4	5.3	3.6	2.7	0.9	4.6	4.8	3.4	2.0	0.7	-1.1	-0.7	-1.2	4.2
South Africa	-2.4	3.5	4.0	3.8	2.7	0.7	1.5	1.9	2.1	2.7	2.5	1.8	0.6	4.3
Euro area	-3.6	1.8	1.5	1.8	1.4	2.0	1.5	1.8	1.4	-0.1	0.0	-0.1	0.0	1.8
Total OECD	-2.7	2.3	2.1	2.3	1.9	2.3	2.1	2.3	1.9	0.0	0.0	-0.1	0.0	2.4
Total non-OECD	-0.8	6.9	6.9	5.1	3.0	5.5	5.8	4.4	3.0	1.3	1.0	0.6	0.0	6.9
World		2.7	3.4	3.3	2.4	1.5	2.4	2.7	2.3	1.2	0.9	0.6	0.1	3.6

1. As a % of mainland potential GDP.

Source: OECD Economic Outlook 91 long-term database.

StatLink http://dx.doi.org/10.1787/888932610843

A higher oil price may lower growth but is unlikely to disrupt the recovery

High and rising oil prices are yet another factor that may hinder economic growth over the medium term. Sharp rises in oil and commodity prices combined with macroeconomic policy mistakes led to stagflation in the 1970s. By draining away funds that consumers would otherwise spend on other things, high oil prices reduce consumption and output in the short run (see Chapter 1). But high oil prices can affect the economy's supply side as well. Previous OECD estimates based on a Cobb-Douglas production approach (OECD, 2008) suggest that over the full scenario horizon to 2050, with assumed increases in real oil prices amounting to more than 125%, the level of potential GDP in 2050 could be reduced by 1.2% to 3.2% depending on the country.[7] On the other hand, this does not account for attendant revenues accruing to oil-producing countries being recycled into safe government securities in major OECD countries, resulting in lower long-term interest rates that may boost growth.

Fiscal imbalances will build up without stronger policy action

The baseline scenario suggests a build up of imbalances

Over a horizon to 2030, the period of focus in this and the next sections of the chapter, the baseline scenario shows a build-up of a number of major macroeconomic imbalances including: high and widespread government indebtedness; rising global current account imbalances; and upward pressures on interest rates (Table 4.2). These imbalances should be viewed as identifying future tensions which will need to be addressed by policy rather than most likely outcomes, not only because projections made over several decades are inevitably subject to huge uncertainty, but also because no specific policy or endogenous economic response to these tensions is built into the baseline.

Government indebtedness will be high and widespread among OECD countries

Fiscal consolidation is planned in almost all OECD countries in 2012 and 2013. Nonetheless, fiscal deficits are projected to remain large in 2013 (see Chapter 1) and with a substantial component that is not explained by the cycle. In the absence of further action, debt would remain on an increasing trajectory in about a third of OECD countries, so some fiscal consolidation (at least 1 percentage point of GDP) needs to continue after 2013 just to stabilise debt-to-GDP ratios (Table 4.3). Here it is assumed to follow a stylised rule whereby, beyond the improvement which results from the operation of the automatic stabilisers as output gaps close, underlying primary balances improve in a gradual manner which is just sufficient to stabilise gross debt-to-GDP ratios (Box 4.2).[8] The stylised rule provides a common metric against which to assess the need for further consolidation, although it should be recognised that this assumption may contradict current government plans and is not necessarily consistent with national or supra-national fiscal objectives, targets or rules. Japan and the United States are the countries requiring the

7. These estimates are likely to exaggerate the long-run costs of higher energy prices because they assume fixed factor shares and do not allow for changes in technology in response to changing relative factor prices.

Table 4.2. **Summary of the baseline long-term scenario**

As percentage of GDP (unless otherwise specified)

	Average 2000-07	2010	2013	2020	2025	2030
United States						
Potential real GDP growth (%)	2.6	1.7	2.1	2.3	2.4	2.4
Fiscal balance	-2.6	-10.7	-6.5	-4.1	-4.1	-4.1
Gross government debt	62	98	111	115	116	116
Real interest rate (%)	2.4	1.7	1.4	3.4	3.6	3.6
Total national saving	14.7	12.5	12.7	11.6	10.7	9.9
Total investment	19.7	15.8	17.0	16.3	16.4	16.3
Current balance	-4.9	-3.2	-4.3	-4.7	-5.7	-6.4
Japan						
Potential real GDP growth (%)	0.7	0.6	0.8	1.2	1.4	1.4
Fiscal balance	-5.4	-8.4	-10.1	-7.1	-4.7	-4.6
Gross government debt	157	193	223	258	265	266
Real interest rate (%)	2.7	2.4	3.0	3.0	3.4	3.4
Total national saving	26.4	23.2	22.4	21.8	22.7	22.2
Total investment	23.1	19.8	20.6	22.0	23.1	23.2
Current balance	3.3	3.6	1.9	0.0	-0.3	-0.9
Euro Area						
Potential real GDP growth (%)	1.9	1.0	1.3	1.9	1.8	1.6
Fiscal balance	-1.9	-6.2	-2.0	-2.0	-2.3	-2.2
Gross government debt	75	93	100	96	96	96
Real interest rate (%)	2.4	2.3	3.2	3.0	2.8	2.6
Total national saving	21.6	19.4	20.5	17.4	16.2	14.7
Total investment	19.2	20.5	19.9	21.2	20.9	20.3
Current balance	0.3	0.4	1.6	-2.7	-3.7	-4.7
OECD Total						
Potential real GDP growth (%)	2.3	1.6	2.0	2.3	2.3	2.2
Fiscal balance	-2.1	-7.8	-4.4	-3.0	-2.8	-2.8
Gross government debt	74	99	109	112	113	113
Real interest rate (%)	2.5	1.9	2.2	3.2	3.3	3.1
Total national saving	19.8	18.0	18.8	17.3	16.5	15.5
Total investment	21.0	18.6	19.5	19.2	20.0	18.6
Current balance	-1.2	-0.6	-0.9	-2.1	-2.7	-3.4
China						
Potential real GDP growth (%)	10.0	10.2	9.5	6.8	5.1	4.0
Total national saving	44.6	51.8	50.1	42.9	38.2	33.2
Total investment	40.1	47.8	48.3	38.6	31.8	27.5
Current balance	4.6	4.0	1.7	4.3	6.4	5.7
India						
Potential real GDP growth (%)	7.4	7.8	7.3	6.8	6.4	5.9
Total national saving	29.6	31.8	28.3	26.1	24.5	22.8
Total investment	29.1	34.3	31.2	30.2	29.0	27.4
Current balance	0.0	-3.2	-2.9	-4.1	-4.5	-4.6
Brazil						
Potential real GDP growth (%)	3.1	4.2	4.5	4.1	3.9	3.5
Total national saving	16.1	17.5	16.7	16.5	15.8	14.7
Total investment	17.1	20.2	19.9	19.0	18.3	17.3
Current balance	0.7	-2.2	-3.2	-2.5	-2.5	-2.6
Potential real GDP growth (%)						
OECD	2.3	1.6	2.0	2.3	2.3	2.2
Non-OECD	6.8	7.5	7.3	5.8	4.8	4.1
World	2.8	2.7	3.4	3.5	3.2	3.0

Source: OECD Economic Outlook 91 long-term database.

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most consolidation beyond 2013 with, respectively, an extra 13 and 4 percentage points of GDP in budget restraint by 2030 to stabilise debt burdens.[9] In Italy and Spain, the substantial fiscal consolidation projected for 2012 and 2013 should be more than sufficient to stabilise debt ratios, and the additional required consolidation beyond 2013 of 2 percentage points of GDP in Greece and 1 percentage point in Ireland and Portugal appears modest against the planned tightening over 2012-13. Nevertheless, government indebtedness increases substantially relative to pre-crisis levels (Table 4.3). The OECD government debt-to-GDP ratio increases from a pre-crisis level of 74% to stabilise at some 110-115% of GDP.

Rising government debt poses a risk to the growth outlook

In many OECD countries, government debt-to-GDP ratios are projected to increase well above levels at which a growing empirical literature suggests adverse effects on interest rates and growth.[10] Applying estimates from this literature in a crude ready-reckoner fashion to compute the effect of the recent and projected build-up of government debt leads to rather alarming conclusions: if applied to the baseline projections described above for the OECD area as whole, the estimates imply a loss in the trend GDP growth rate of ½-¾ percentage point. The transmission mechanism by which negative growth effects occur is likely to involve higher interest rates and a crowding out of private investment and R&D, with adverse consequences for trend productivity growth. In the scenarios presented here, they arise only *via* the effect of higher real interest rates, which occur both at the country level from higher fiscal risk premia and at the global level to the extent that fiscal imbalances contribute to an *ex ante* shortage of global savings and so push up interest rates everywhere. Higher interest rates in turn lower capital investment and thus potential output. Many OECD countries would appear vulnerable to these effects, with the gross debt-to-GDP ratio projected to stabilise at

8. Actual fiscal consolidation requirements are typically larger than implied by this rule because fiscal consolidation would also be required to offset the fiscal implications of ageing populations that are not explicitly incorporated in the framework. On the basis of unchanged policies, public spending on pensions for a typical OECD country could increase by about 3 percentage points of GDP by 2050 (OECD, 2011b) and even under optimistic assumptions about "cost containment" spending on health and long-term care could increase by 3-4 percentage points of GDP to 2050 (Oliveira Martins and de la Maisonneuve, 2006).
9. The consolidation requirements reported here are higher than the 'average' figure reported in Table 4.3 because for Japan and the United States the protracted period of adjustment implies that the average increase in the primary balance over 2013-30 is smaller than the final increase between 2013 and 2030.
10. Reinhart and Rogoff (2010) find that GDP growth rate in advanced economies falls by one percentage point when gross public debt reaches 90% of GDP; Kumar and Woo (2010) find that each 10 percentage point increase in the gross debt-to-GDP ratio is associated with a slowdown in annual real per-capita GDP growth of about 0.15-0.2 percentage points per year for advanced economies, the effect being larger when debt goes above 90% of GDP; Cecchetti *et al.* (2011) find that government debt can be a drag on growth beyond a threshold of 85% of GDP (2010); whereas Elmeskov and Sutherland (2012) find even lower debt thresholds, of around 40% and 70% of GDP.

Table 4.3. **Fiscal trends with debt stabilisation**

As percentage of nominal GDP

	Underlying fiscal balance	Average consolidation to stabilise debt from:[1]		Financial balances[2]			Net financial liabilities[3]			Gross financial liabilities[4]		
	2011	2011	2013	2011	2020	2030	2011	2020	2030	2011	2020	2030
Australia	-3.5	3.7	-1.0	-3.9	-0.4	-0.3	5	6	6	27	27	28
Austria	-2.1	0.9	-0.1	-2.6	-1.8	-1.6	46	48	49	80	84	85
Belgium	-3.9	1.3	-1.1	-3.9	-3.5	-3.3	82	81	82	102	101	102
Canada	-4.1	2.4	0.9	-4.5	-1.8	-1.7	33	39	39	84	84	85
Czech Republic	-3.1	3.2	1.2	-3.1	-0.8	-0.6	8	14	14	48	54	54
Denmark	0.0	-0.2	0.2	-1.9	-0.3	-0.4	4	9	9	62	64	65
Estonia	-0.1	1.3	1.1	1.0	1.3	1.0	-33	-25	-25	10	15	15
Finland	-0.7	2.7	2.1	-0.9	1.9	1.7	-53	-47	-46	57	65	66
France	-4.0	2.7	0.0	-5.2	-2.9	-2.6	63	66	67	100	106	107
Germany	-0.9	-0.3	-0.4	-1.0	-1.8	-1.5	52	50	51	87	88	89
Greece	-5.9	7.1	2.4	-9.2	-6.7	-5.2	135	146	144	170	178	176
Hungary	-4.7	3.2	-1.2	4.2	-3.1	-2.8	52	52	53	85	83	83
Iceland	-1.4	1.6	-0.1	-4.4	-2.2	-2.5	50	47	47	128	125	126
Ireland	-5.4	4.5	1.1	-13.0	-3.9	-4.0	74	91	91	114	131	131
Israel	-5.3	1.3	0.9	-4.4	-2.9	-3.1	67	71	71	74	77	76
Italy	-3.0	1.9	-3.0	-3.8	-1.2	-2.7	94	78	76	120	104	102
Japan[5]	-8.8	8.9	9.5	-9.5	-7.1	-4.6	126	178	186	205	258	266
Korea	1.2	0.9	0.1	1.8	2.2	1.8	-37	-38	-39	35	34	33
Luxembourg	0.7	1.1	0.8	-0.6	1.8	1.1	-48	-42	-42	24	30	30
Netherlands	-3.9	3.0	0.3	-4.6	-1.9	-1.7	39	45	46	75	83	84
New Zealand	-4.6	3.8	1.9	-8.2	-1.0	-1.1	11	21	22	44	54	55
Poland	-5.6	4.3	0.7	-5.1	-1.9	-1.5	33	36	36	63	64	64
Portugal	-5.8	6.0	1.1	-4.2	-3.1	-3.2	74	85	84	118	130	129
Slovak Republic	-5.5	4.0	1.3	-4.8	-1.7	-1.4	27	33	33	47	55	56
Slovenia	-4.1	4.2	0.4	-6.4	-0.6	-0.6	7	15	15	56	64	64
Spain	-5.2	5.0	-2.0	-8.5	-1.6	-2.0	49	49	49	75	82	82
Sweden	0.4	0.9	0.2	0.1	0.8	0.7	-21	-19	-18	49	47	48
Switzerland	0.6	-0.1	-0.1	0.8	0.1	0.1	-3	-4	-3	41	40	40
United Kingdom	-7.1	4.6	2.7	-8.4	-3.4	-3.6	68	85	86	98	114	115
United States	-7.7	5.1	3.0	-9.7	-4.1	-4.1	80	92	94	103	115	116
Euro Area	-3.1	2.1	-0.7	-4.1	-2.0	-2.2	61	59	60	95	96	96
OECD	-5.6	3.9	2.1	-6.6	-3.0	-2.8	65	75	75	103	112	113

Note: **These fiscal projections are the consequence of applying a stylised fiscal consolidation path and should not be interpreted as a forecast.**

1. The average improvement in the underlying primary balance to 2030 (or 2040 for Japan) required to stabilise the gross government debt-to-GDP ratio, assuming consolidation in 2012-13 is consistent with the short-term projections described in Chapters 1 and 2 and thereafter amounts to ½ percentage point of GDP per annum (1 percentage point of GDP in Japan).
2. General government fiscal surplus (+) or deficit (-) as a percentage of GDP.
3. Includes all financial liabilities minus financial assets as defined by the system of national accounts (where data availability permits) and covers the general government sector, which is a consolidation of central, state and local governments and the social security sector.
4. Includes all financial liabilities as defined by the system of national accounts (where data availability permits) and covers the general government sector, which is a consolidation of central, state and local governments and the social security sector. The definition of gross debt differs from the Maastricht definition used to assess EU fiscal positions.
5. Japan requires more consolidation from 2013 than from 2011 because given its high debt level, projected improvements in the underlying primary balance in 2012 and 2013 reduce future deficits less than the future cost of servicing the extra debt accumulated in these two years.

Source: OECD Economic Outlook 91 long-term database.

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above 75% in more than half of all OECD countries, and above 90% in nearly one-third of OECD countries.

Higher interest rates and lower growth aggravate debt dynamics

Together with the primary fiscal balance, interest rates and growth are the main determinants of public debt dynamics. Higher nominal GDP growth reduces the debt-to-GDP ratio (simply by virtue of increasing the denominator), while higher interest rates raise it by increasing debt service. During the years prior to the crisis, this differential between interest rates on government bonds and nominal potential growth rates was unusually favourable to restraining the endogenous snowballing of debt. It was negative for many OECD economies, compared with an average positive differential of over 200 basis points over the 1980s and 1990s (Turner and Spinelli, 2011). With potential output growth generally projected to decline relative to the pre-crisis period and interest rates to rise as financial conditions and policy rates normalise, the interest rate-growth differential is expected to increase rapidly and soon be positive across the OECD, thereby worsening debt dynamics.

Japan's situation looks particularly daunting

Japan's fiscal situation appears particularly challenging. Not only is it projected to have the highest gross debt ratio in the OECD in 2013 at 223% of GDP, but at 9% of GDP in 2013, its structural deficit is such that, according to the stylised fiscal rule used in the baseline scenario, it would need 13 percentage points of GDP of fiscal consolidation before the debt ratio would stabilise. And it would do so at the extreme level of more than 260% of GDP. Moreover, because Japan has seen a substantial increase in indebtedness over the past two decades with little effect so far on interest rates, it is treated as an exception in the baseline scenario by assuming that the magnitude of its fiscal risk premium, in terms of the increase in interest rates per percentage point of public debt ratio beyond certain thresholds, is only one-quarter that of other OECD countries. One reason why the risk premium may be low in Japan is the high proportion of government debt which is financed from domestic sources. This has been possible thanks to a high private saving rate, to a stable domestic institutional investor base and to a current account that has been in surplus since the early 1980s, so that for the past three decades Japan has not had to rely on external sources to finance its government deficits. However, in the baseline scenario, Japan's current account is expected to move into deficit by the late 2010s, mostly because of a decline in the private saving rate due to population ageing. When this occurs, and the government needs to seek foreign sources of financing, foreigners may well ask for a more "normal" fiscal risk premium, which could quickly generate an unsustainable and unstable situation. Set against these arguments, Japanese government financial assets are particularly high in international comparison.

On a net debt measure the situation looks less worrisome in some countries

The evolution of government indebtedness is presented here using the gross government debt concept, but net debt (net of financial assets held by government) is another measure that is sometimes used. Both concepts are useful. Gross debt is preferable when looking at the borrowing needs of governments as it is a good approximation of the debt that must be financed on the markets. When looking at debt burdens and long-term sustainability, however, the net debt measure is conceptually preferable as it represents the amount of debt that would remain if the government were to liquidate all the financial assets it holds, although government assets may not always easily be used to offset liabilities. The gap between gross and net debt is particularly large for Norway (gross debt of 49% of GDP in 2009 against a net debt of –157%), Japan (189% vs 106%), Sweden (52% vs –22%) and Canada (82% vs 28%).[11] The more practical reason to focus on gross debt is that it is more comparable across countries because data on financial assets are of unequal quality.

Requirements to put public indebtedness on a lower path

Many OECD countries require consolidation just to stabilise debt ratios

In many countries, including Japan and the United States, following the fiscal consolidation rule assumed in the baseline scenario would stabilise debt ratios, but at very high levels which are neither desirable nor likely to prove sustainable. Fiscal consolidation needs to be more ambitious if the aim is to reduce debt-to-GDP ratios to sustainable levels rather than merely stabilise them. Lower debt ratios would avoid the high interest rates associated with high public debt undermining economic growth and provide a safety margin for public finances to tackle future shocks.

Reducing debt ratios to 60% would require greater consolidation

In an alternative scenario, OECD countries[12] are assumed to undertake deeper fiscal consolidation, improving their fiscal balance by up to 1 percentage point of GDP each year (1.5 percentage point in the case of Greece, Ireland, Italy, Portugal, United States, United Kingdom and Japan) and targeting a gross debt ratio of 60%, unless the debt ratio is already projected to be lower than 60% in 2013 in which case the 2013 ratio is maintained (Table 4.4, Figure 4.1).[13] While in the baseline scenario where debt is stabilised, total required consolidation depends mostly on the size of the underlying primary balance projected for 2013, here it also depends importantly on the debt ratio in 2013. Countries such as Greece,

11. At the same time, some governments hold financial assets in special accounts that are meant to "pre-fund" future liabilities such as pension promises (*e.g.* US Social Security Trust Fund). And while they may recognise the financial assets on their books, they do not always recognise the corresponding long-term liability. Netting out financial assets against a gross debt concept that does not recognise the present value of the corresponding long-term liabilities could thus distort the picture of a government's fiscal health. The issue of including in government liabilities the present value of pension, health and other services promised is a separate one, however.
12. Among non-OECD countries considered here, India stands out as having a large structural deficit in 2013. Fiscal consolidations of 1 percentage point of GDP for sufficient time to generate a balanced budget is therefore assumed after 2013.
13. Gradual fiscal consolidation paths consistent with debt stabilisation at the target are obtained using a fiscal rule derived by Rawdanowicz (2012). The fiscal rule accounts for the current gross debt-to-GDP ratio, its target, the current level of government assets, the current fiscal balance, nominal GDP growth relative to potential in the current year as well as projected nominal GDP growth 10 years ahead (the rule is forward-looking). There is also a parameter to account for the size of automatic stabilisers. In years where the rule would call for fiscal consolidation greater than a certain cap (here 1% of GDP) the cap is applied instead.

Table 4.4. **Fiscal trends in the baseline scenario with debt targeting**

As percentage of nominal GDP

	Underlying fiscal balance	Average consolidation to target 60% from:[1]		Financial balances[2]			Net financial liabilities[3]			Gross financial liabilities[4]		
	2011	2011	2013	2011	2020	2030	2011	2020	2030	2011	2020	2030
Australia	-3.5	3.6	-1.0	-3.9	-0.6	-0.4	5	7	7	27	28	29
Austria	-2.1	2.1	1.2	-2.6	0.9	-0.6	46	34	25	80	70	61
Belgium	-3.9	3.2	1.1	-3.9	1.1	-1.3	82	56	41	102	76	61
Canada	-4.1	3.7	2.4	-4.5	0.9	-0.4	33	24	15	84	69	61
Czech Republic	-3.1	3.4	1.5	-3.1	-0.4	-0.5	8	13	12	48	53	52
Denmark	0.0	0.2	0.7	-1.9	0.3	-0.1	4	7	5	62	63	60
Estonia	-0.1	1.3	1.2	1.0	1.0	1.0	-33	-23	-23	10	18	18
Finland	-0.7	3.5	3.0	-0.9	2.6	2.1	-53	-50	-52	57	62	60
France	-4.0	4.9	2.4	-5.2	2.6	-0.2	63	45	22	100	84	62
Germany	-0.9	1.0	1.1	-1.0	1.0	-0.4	52	31	23	87	69	61
Greece	-5.9	9.7	5.3	-9.2	5.6	0.3	135	92	34	170	123	65
Hungary	-4.7	4.2	0.0	4.2	-0.3	-1.5	52	38	30	85	68	60
Iceland	-1.4	4.7	3.4	-4.4	5.2	1.8	50	16	-16	128	95	62
Ireland	-5.4	7.7	4.6	-13.0	2.9	0.5	74	72	25	114	112	65
Israel	-5.3	2.0	1.6	-4.4	-1.4	-2.3	67	60	54	74	65	60
Italy	-3.0	3.6	-1.0	-3.8	3.0	-0.8	94	55	35	120	82	61
Japan[5]	-8.8	14.1	15.1	-9.5	0.4	10.9	126	149	42	205	229	122
Korea	1.2	1.2	0.4	1.8	2.2	1.8	-37	-38	-38	35	33	34
Luxembourg	0.7	1.3	1.0	-0.6	1.7	1.1	-48	-38	-39	24	34	33
Netherlands	-3.9	4.2	1.7	-4.6	0.9	-0.6	39	33	23	75	71	61
New Zealand	-4.6	4.1	2.2	-8.2	-0.6	-0.8	11	19	17	44	52	50
Poland	-5.6	4.5	0.9	-5.1	-1.5	-1.3	33	33	32	63	61	60
Portugal	-5.8	8.6	4.0	-4.2	4.8	0.2	74	51	18	118	96	63
Slovak Republic	-5.5	4.1	1.4	-4.8	-1.6	-1.3	27	33	32	47	55	55
Slovenia	-4.1	4.5	0.7	-6.4	-0.1	-0.3	7	14	11	56	63	60
Spain	-5.2	6.1	-0.8	-8.5	1.1	-0.8	49	40	28	75	74	61
Sweden	0.4	1.3	0.7	0.1	1.0	0.8	-21	-20	-21	49	46	45
Switzerland	0.6	0.1	0.1	0.8	0.1	0.2	-3	-4	-4	41	39	39
United Kingdom	-7.1	7.0	5.5	-8.4	2.7	-0.5	68	63	33	98	92	63
United States	-7.7	7.6	5.8	-9.7	2.4	-0.9	80	67	39	103	90	62
Euro Area	-3.1	3.7	1.1	-4.1	1.9	-0.4	61	40	24	95	77	61
OECD	-5.6	6.3	4.7	-6.6	1.8	0.6	65	55	26	103	92	64

Note: **These fiscal projections are the consequence of applying a stylised fiscal consolidation path and should not be interpreted as a forecast.**

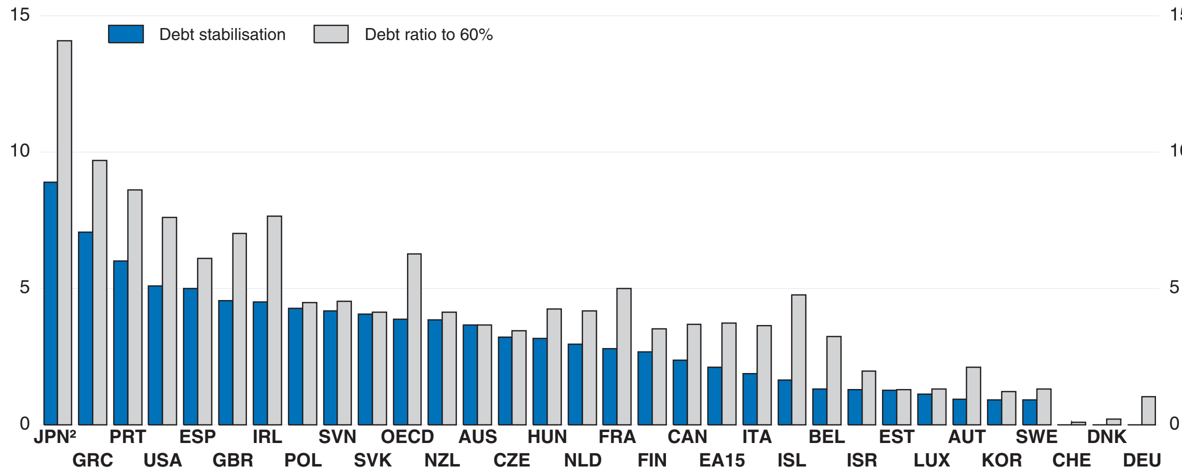
1. The average improvement in the underlying primary balance to 2030 (2040 for Japan) required to reach a target gross debt-to-GDP ratio of 60%, assuming consolidation in 2012-13 is consistent with the short-term projections described in Chapters 1 and 2 and thereafter amounts to 1 percentage point of GDP per annum (1.5 percentage points in the case of Greece, Ireland, Italy, Portugal, United States, United Kingdon and Japan). Some countries have not quite achieved the 60% debt target by 2030, but with the exception of Japan, it is close enough that it is achieved within a few years after 2030 with little further consolidation. Countries with a projected debt ratio lower than 60% in 2013 are assumed to target their 2013 debt ratio.
2. General government fiscal surplus (+) or deficit (-) as a percentage of GDP.
3. Includes all financial liabilities minus financial assets as defined by the system of national accounts (where data availability permits) and covers the general government sector, which is a consolidation of central, state and local governments and the social security sector.
4. Includes all financial liabilities as defined by the system of national accounts (where data availability permits) and covers the general government sector, which is a consolidation of central, state and local governments and the social security sector. The definition of gross debt differs from the Maastricht definition used to assess EU fiscal positions.
5. Japan requires more consolidation from 2013 than from 2011 because, given its high debt level, projected improvements in the underlying primary balance in 2012 and 2013 reduce future deficits less than the future cost of servicing the extra debt accumulated in these two years.

Source: OECD Economic Outlook 91 long-term database.

StatLink http://dx.doi.org/10.1787/888932610900

Figure 4.1. **Consolidation required to meet alternative debt targets**

Average increase in the underlying primary balance from 2011 to 2030, in percentage points of GDP[1]



1. The bars show the average improvement in the underlying primary balance between 2011 and 2030 (2040 for Japan) necessary to either stabilise government debt ratios or bring them down to 60% of GDP. When simply stabilising debt ratios, the average increase in the underlying primary balance over this period corresponds closely to the peak increase over the same period. When targeting 60%, however, the peak increase will be substantially higher than the average increase, but past the peak fiscal policy can be loosened and the underlying primary balance decrease before the debt ratio stabilises at 60% of GDP. In some cases the debt target is reached only after 2030.
2. In Japan's case, the average consolidation shown would be sufficient to stabilise the debt ratio but only after 2030.

Source: OECD Economic Outlook 91 long-term database.

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Ireland and Portugal, where the planned consolidation in 2012 and 2013 was almost enough to stabilise debt but at a high level, require further substantial consolidation to get it down to 60%. Other countries requiring very substantial consolidation beyond 2013 to meet a 60% debt ratio target are the United States (average consolidation of nearly 6 percentage points of GDP), the United Kingdom (5 percentage points) and Japan (15 percentage points).[14] Average gross government debt in the OECD is lower by about 50 percentage points of GDP by 2030. Not only does OECD-wide public indebtedness go down substantially, but, perhaps more importantly, the number of OECD countries with debt ratios in excess of 100% in 2013 declines from ten to only one (Japan) by 2030.

14. For these countries, lowering the debt burden down to 60% of GDP initially requires substantial fiscal consolidation, but the fiscal stance can eventually be loosened so that the ratio stabilises at 60% rather than continuing to fall. To take the United States as an example, the underlying primary balance must go from –3½ per cent of GDP in 2013 to as high as 5% of GDP in the early 2020s, for a total *maximum* consolidation effort of more than 8 percentage points of GDP over roughly a decade, but the fiscal stance can then be loosened gradually and the underlying primary balance eventually stabilised at around ½ per cent of GDP for the debt ratio to stabilise at 60% around the same time. The consolidation requirement reported in the text and in Table 4.4 corresponds to the *average* increase in the underlying primary balance to 2030 (5.8 percentage points from 2013 in the case of the United States). Although this debt targeting rule does not generate a 60% debt ratio (or less) for all countries by 2030, with the exception of Japan, it is close enough so that it is achieved within a few years.

Sustained fiscal consolidation would lower interest rates and boost growth…

As the recovery becomes established, sustaining OECD-wide fiscal consolidation has two distinct effects on interest rates: firstly, lower government indebtedness lowers a country's fiscal risk premium; secondly, it increases global savings and so puts downward pressure on global interest rates (Figure 4.2). The second effect is obviously more important when larger rather than smaller countries undertake substantial consolidation, as is the case in this alternative scenario because the United States, Japan, Italy, the United Kingdom and France are among the countries with the highest levels of debt in the baseline. Overall, by 2030 the average OECD long-term real interest rate is more than 100 basis points lower in this alternative scenario than in the baseline, with a much larger difference for countries undertaking the most consolidation. OECD potential output growth is noticeably higher for a period as lower real interest rates reduce the cost of capital, thereby increasing capital deepening. The level of potential OECD output increases by more than 2½ per cent by 2030 and by much more in those countries where indebtedness falls most; for example, potential output in Greece is boosted by more than 7%.

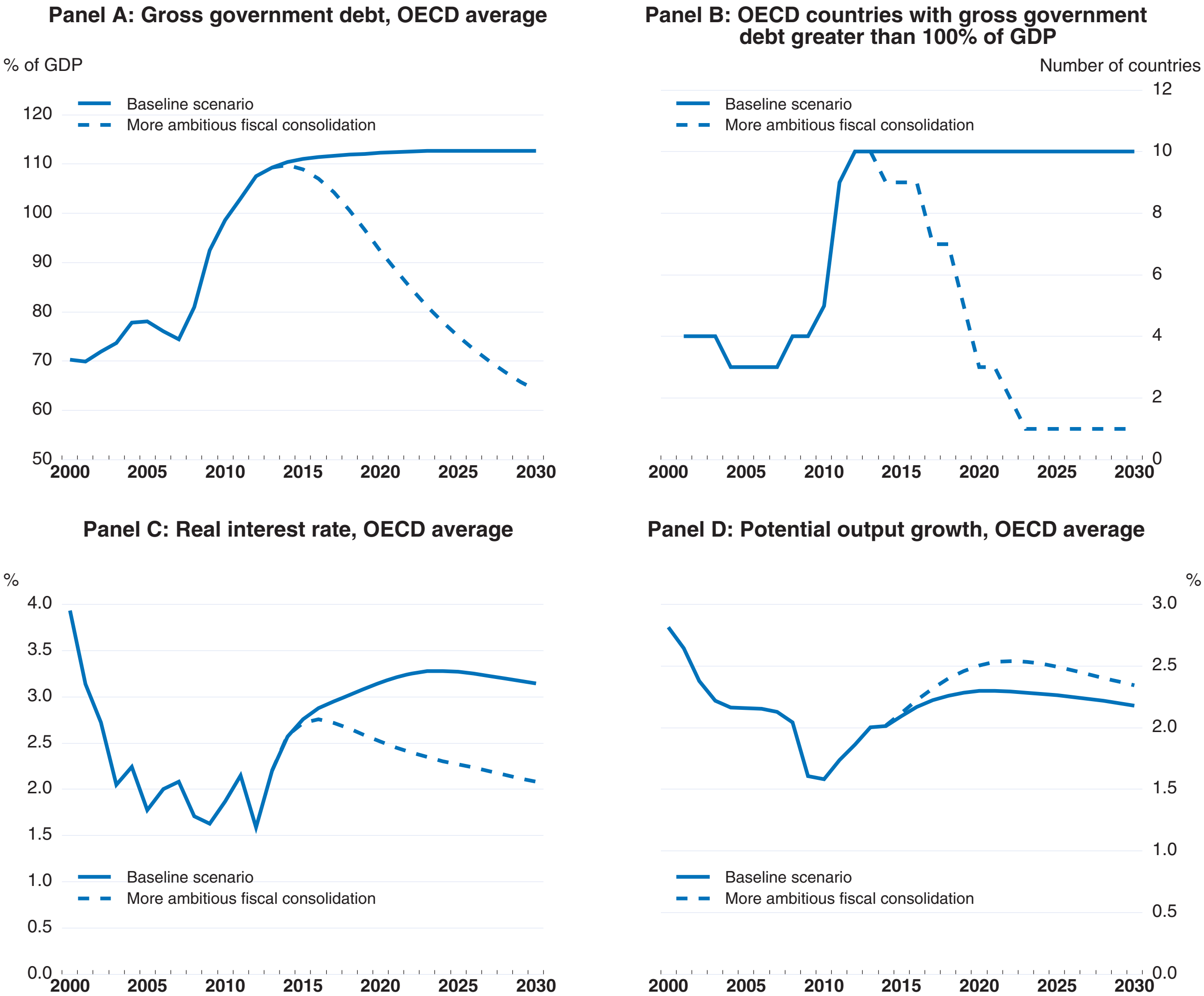
… but there may still be a trade-off between consolidation and growth

An important qualification to the more ambitious fiscal consolidation scenario presented above is that no explicit account is taken of the short-term adverse effect of fiscal consolidation on demand, rather the focus is on the medium and long-term effects on potential output. There is unfortunately a trade-off between slowing the accumulation of government debt to stave off its possible negative effect on growth, and the risk that fiscal consolidation itself may create sustained headwinds for the recovery and reduce growth for the duration of the consolidation effort. The size of the adverse demand effects will vary by country and depend on the scope to cut policy interest rates, the effect of consolidation on confidence and thus private spending and interest rates, the fiscal instruments used and the speed of consolidation. In some circumstances, fiscal austerity could potentially be self-defeating if it reduces growth and magnifies negative hysteresis effects on trend output by enough to worsen long-term government solvency more than short-term deficit reductions help (DeLong and Summers, 2012).

A judicious choice of measures would minimise growth impacts

Countries face particularly difficult choices regarding the speed of consolidation and the instruments to use, but both provide opportunities to reduce adverse effects. Fiscal consolidation should be more ambitious if there is scope for monetary policy to offset some of the negative demand effects. If the recovery proceeds at the projected pace, the constraints on monetary policy should be less of a concern from 2014 onwards for most countries and the pace of normalisation of interest rates could be then adjusted to partially or fully offset demand weakness resulting from budget improvements. The growth trade-off can be further improved by placing more weight on measures that improve long-term fiscal positions but which have relatively limited immediate negative effects on demand. Country-specific estimates of budgetary gains from a

Figure 4.2. **More ambitious fiscal consolidation boosts potential growth**



Source: OECD Economic Outlook 91 long-term database.

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wide range of spending and revenue measures which have little adverse or even a positive effect on growth, at least in the medium term, amount to 7% on average across OECD countries (OECD, 2012). On the expenditure side, these include adopting best practices in many spending areas such as health and education (Joumard *et al.*, 2010; Sutherland *et al.*, 2007); reforming public pensions and transfer programmes to better target the poor and sharpen incentives to work and save; and reducing distortionary subsidies. On the revenue side, measures include broadening tax bases, for instance by reducing poorly targeted and distorting tax expenditures such as those aimed at boosting retirement savings, promoting homeownership and charitable giving (OECD, 2010); and choosing less harmful taxes such as those on immobile property and corrective taxes such as pollution charges.[15]

Current consolidation plans

Among countries requiring substantial consolidation…

Most governments recognise the need for further consolidation and have objectives that imply moving back towards more sustainable fiscal positions. Among a group of 11 OECD countries where consolidation needs are greatest, there are, however, considerable differences in the extent to which such objectives are clearly articulated in terms of credible medium-term fiscal plans (Table 4.5).

… US medium-term fiscal plans are unclear…

- In the United States, there are a number of fiscal plans, but political disagreement makes the extent, pace and tools of future consolidation uncertain, as discussed in Chapter 1. Given the scale of the needed consolidation, such plans would need to include the major spending categories, notably entitlement spending and defence outlays, as well as revenue increases. Agreeing on a credible consolidation path to restore long-term fiscal sustainability will become more urgent as the recovery firms and government borrowing costs may increase.

… and those of Japan appear inadequate

- In Japan, the government's medium-term fiscal objectives, announced in June 2010, aimed at halving the primary deficit of the central and local governments by fiscal year (FY) 2015 and eliminating it by FY 2020. Given the very high sovereign debt level, specifying a more detailed medium-term consolidation plan that identifies the revenue and spending measures to achieve these long-term objectives is a priority. The government has proposed raising the consumption tax rate to 10% by 2015, and the phase-in of this measure should be swiftly initiated to demonstrate commitment to longer-term fiscal goals.

Planned consolidation would put debt on a downward trend in Portugal, Ireland and Greece…

- Very substantial front-loaded consolidation is planned in those euro area countries – Greece, Ireland, Portugal – that have been under the greatest pressure from financial markets and requested assistance from the European Union and the IMF. The extent of the planned consolidation beyond 2013 exceeds the stylised rule of the debt-stabilisation scenario presented above and would be sufficient to put the debt-to-GDP ratio on a clear downward trajectory.

… and in the United Kingdom

- In the United Kingdom, current plans embody cumulative structural fiscal tightening of 3.6% of GDP over the next three fiscal years, with additional medium-term policy measures worth around 1.3% of GDP to be implemented from 2015 onwards to ensure a decline in the debt ratio from fiscal year 2015/16. These plans are more ambitious than the stylised rule for debt-stabilisation in the scenario presented above.

15. See OECD (2012) and references therein for detailed discussions of the pros and cons of different fiscal consolidation instruments on both the revenue and spending sides.

Table 4.5. **Medium-term fiscal plans in OECD countries requiring substantial consolidation**

	Fiscal situation in 2011			
	Fiscal balance	Average consolidation to stabilise debt[1]	Gross debt	Summary of latest official medium-term fiscal plans
	As percentage of nominal GDP			
Belgium	-3.9	1.3	102	Medium-term consolidation plan is to achieve a nominal balanced budget in 2015, requiring fiscal consolidation of 1% of GDP per year.
Greece	-9.2	7.1	170	Reduce the fiscal deficit to around 2% of GDP by 2014, primary balance remaining at around 4½ per cent of GDP until 2020, through cuts in spending in areas such as pharmaceuticals and the wage bill, a reform in tax system, improvements in tax administration and the implementation of the revised privatisation programme.
Ireland	-13.0	4.5	114	Reduce the headline deficit to 2.9% of GDP in 2015, mainly through expenditure reduction (2/3 of measures) including cutting public sector employment, capital spending and the coverage of welfare benefits. Revenue raising measures include raising VAT, capital taxes and user charges and abolishing tax reliefs.
Italy	-3.8	1.9	120	Reduction of the deficit to 1.7% of GDP in 2012, 0.5% in 2013 and 0.1% in 2014. Tax increases make the main contribution in 2012, expenditure restraint thereafter.
Japan	-9.5	8.9	205	Halving the primary budget deficit of central and local governments by FY 2015, achieving a primary budget surplus by FY 2020 and putting the public debt ratio on a downward trend from FY 2021.To meet these objectives, central government primary spending, excluding reconstruction, is to be held stable until FY 2014 and the government proposes doubling the consumption tax rate to 10% by 2015.
Poland	-5.1	4.3	63	Reduce general government deficit to 2.9% of GDP in 2012, 2.5% in 2013 and 1% by 2015.
Portugal	-4.2	6.0	118	Reduce the nominal budget deficit to 4.5% of GDP in 2012, 3% in 2013 and 0.5% in 2016, through mainly expenditure-based consolidation.
Slovak Republic	-4.8	4.0	47	Reduce the fiscal deficit below 3% of GDP by 2013. According to recently introduced fiscal rules, keep the debt below 60% of GDP until 2017 and below 50% from 2028.
Spain	-8.5	5.0	75	Specific measures have been taken to reduce the government deficit to 5.3% of GDP in 2012. The government aims to reduce the deficit to 3% of GDP in 2013.
United Kingdom	-8.4	4.6	98	The consolidation program aims at a cyclically-adjusted surplus on current budget by fiscal year 2016-17 and declining public sector net debt by 2015-16, essentially through spending cuts. Entitlements, including pensions, are being limited.
United States	-9.7	5.1	103	No specific medium-term plan has yet been adopted. Current law provides for substantial consolidation but is likely to be overridden. The Administration's FY 2013 budget proposal, which also is unlikely to be adopted, provides for deficit reductions of 2% of GDP in both 2013 and 2014 and smaller reductions to 2018 and would halt the rise in the debt-to-GDP ratio by 2015.

Note: This table summarises official medium-term fiscal plans for those countries where consolidation requirements are judged to be substantial, based on two criteria, either (a) the required increase in the underlying primary balance to stabilise the debt-to-GDP ratio in 2011 is at least 4 percentage points of GDP or (b) gross government debt as a share of GDP exceeds 100% in 2011.

1. The average improvement in the underlying primary balance to 2030 (or 2040 for Japan) required to stabilise the gross government debt-to-GDP ratio, assuming consolidation in 2012-13 is consistent with the short-term projections described in Chapters 1 and 2 and thereafter amounts to ½ percentage point of GDP per annum (1 percentage point of GDP in Japan).

Sources: Most recent budget documentation or, for EU countries, the latest Stability Programme.

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Other EU countries also require credible medium-term fiscal plans

- Other EU countries requiring substantial consolidation beyond 2011 to stabilise debt include Poland, the Slovak Republic and Slovenia. While aggregate fiscal objectives in these countries are consistent with stabilising debt ratios, specific consolidation objectives and measures need to be specified to reduce uncertainty. In Belgium, Italy, France and Spain, planned fiscal consolidation to 2013 should be more than sufficient to stabilise debt ratios, but additional measures may be warranted after 2013 to reduce these ratios from high levels.

Global saving and current account imbalances may return to pre-crisis levels

The global saving rate will decline...

In the short term, most OECD countries face a cyclical fall in private saving rates as output gaps close, although this may be offset by deleveraging in some countries. Ageing populations are then projected to be the dominant force driving down saving rates over the long term.[16] Demographic developments (combining the effect of changes in old-age and youth dependency ratios as well as life expectancy) are estimated to reduce the private saving rate for the median OECD country by about 3-4 percentage points by 2030, with much heterogeneity around this median. Increases in OECD public saving, required to stabilise general government debt, offset much of the fall in private saving at least until the mid-2020s, particularly in Japan and the United States. Among the largest non-OECD economies, projected demographic influences on saving are even more heterogeneous, with two extreme and important cases being India and China. For India, the effect of a falling youth dependency ratio offsets much of the effect on saving from a moderate increase in the old-age dependency ratio, so that the overall demographic effect on saving is small. In contrast, for China, a legacy of the "one-child policy" is that the old-age dependency ratio is projected to rise more steeply than even in most OECD countries, with little change in the youth dependency ratio.

... and be increasingly driven by China and India

Paradoxically, while saving rates are falling in most countries, the global saving rate remains relatively stable until the early 2030s as the share of high-saving countries in global output rises sharply. Particularly striking is the growing importance of China and India in accounting for global saving (here assessed at market exchange rates). Their combined share rises from just under 30% in 2010 to 50% by 2030. However, large uncertainty surrounds projections for saving rates in emerging economies. Firstly, the panel equations used to project saving have generally under-estimated the rise in saving, notably in China and India, over the past decade, which in turn suggests that there are other, perhaps

16. A note of caution is warranted in using old-age dependency ratios based on fixed age groups when projecting saving rates, given that changes in life expectancy and retirement ages are also expected in future decades. For the purposes of sensitivity analysis, an alternative approach was tried using a rolling definition of the old-age dependency ratio for which the upper age limit was increased in line with the assumption about the extension of working lives. However, this approach eliminated virtually any demographically-induced fall in saving rates and was judged too extreme. Instead, a compromise approach, adopted for the projections reported here, was to incorporate an estimated positive effect from increasing longevity on saving, based on Li *et al.* (2007), which acts to partially offset the negative effect of rising old-age dependency rates.

country-specific, factors at work or that saving rates may have overshot levels supported by fundamentals. Secondly, future saving rates in emerging economies could be subject to additional change if, for example, the provision of more comprehensive social safety nets or access to easier credit were to be introduced more quickly than assumed in the baseline scenario.

Current account imbalances will build up again

After narrowing during the global recession of 2008/09, global current account imbalances started widening again as economies recovered, though they remain well below the peaks seen prior to the crisis. Going forward, the same factors that drove increased global financial flows before the crisis are projected to continue reasserting themselves. In the baseline scenario, a widening of global current account imbalances in the short term is mostly a cyclical response given the assumption that output gaps close mainly through a recovery in domestic demand, because those countries that had been running the largest deficits prior to the crisis (most obviously the United States) have more typically experienced sharper downturns than those that had been running surpluses (most obviously China but also Germany and to a lesser extent Japan). Over the longer term, the negative effect of ageing populations on saving is the dominant effect, leading to lower current account balances in most OECD countries. China's current account surplus widens until 2030 as the investment rate falls more rapidly than the saving rate due to slowing potential growth. Moreover, the increasing share of China in world GDP means that the increase in the surplus as a share of Chinese GDP becomes a relatively much larger increase as a share of world GDP. The current account surplus of oil exporters rises sharply to 2020 before roughly stabilising as a share of world GDP, reflecting the profile of increasing real oil prices which offset the tendency for oil exporters to gradually run down any overall current account surplus. Overall, the scale of current account imbalances (normalised on world GDP) reaches the pre-crisis (2007) peak by the late 2020s (Figure 4.3).

Over the longer term, living standards in non-OECD countries will slowly catch up to OECD levels

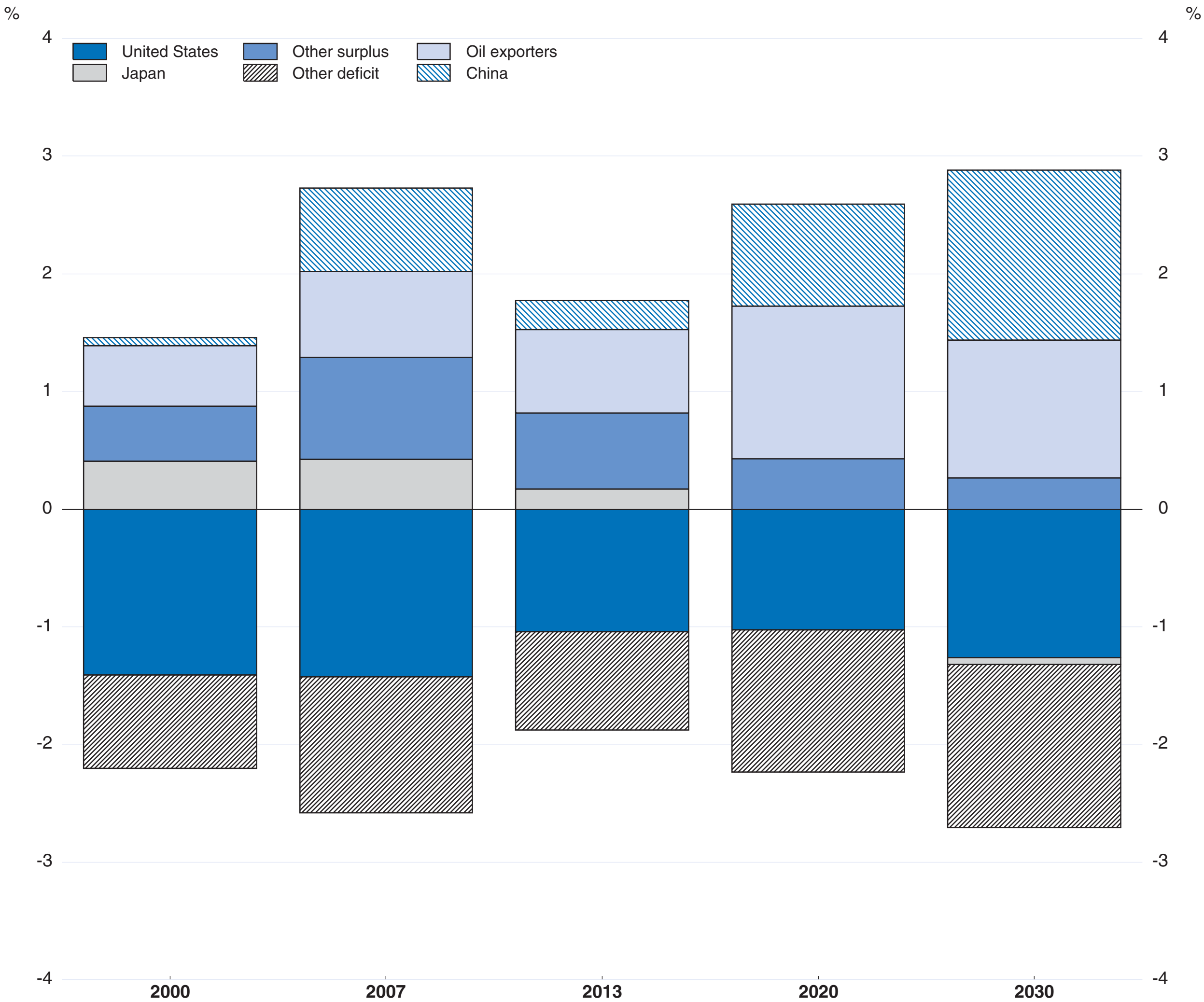
Growth in the non-OECD will outpace that of the OECD, shrinking gaps in living standards

In the baseline scenario, the aggregate trend real GDP growth rate of the OECD remains at about 2% per annum to 2050, whereas that of the non-OECD declines from 7-8% per annum over the last decade to 4-6% per annum in the 2020s and 2-3% per annum in the 2040s. Until 2020, China has the highest growth rate of any country, but it is then surpassed by India and by Indonesia a few years later.[17] The trend growth rate of world real GDP declines gradually as of the next decade as the contribution from the non-OECD economies from their rising share in global output does not entirely compensate for their declining growth rate.

17. There is uncertainty about how quickly the rate of growth of China will decline. For example, Eichengreen *et al.* (2011) and Herd and Dougherty (2007) suggest the slowdown may be more gradual.

Figure 4.3. **Global imbalances are projected to rise over the next two decades**

Current account balance, in per cent of world GDP



Source: OECD Economic Outlook 91 long-term database.

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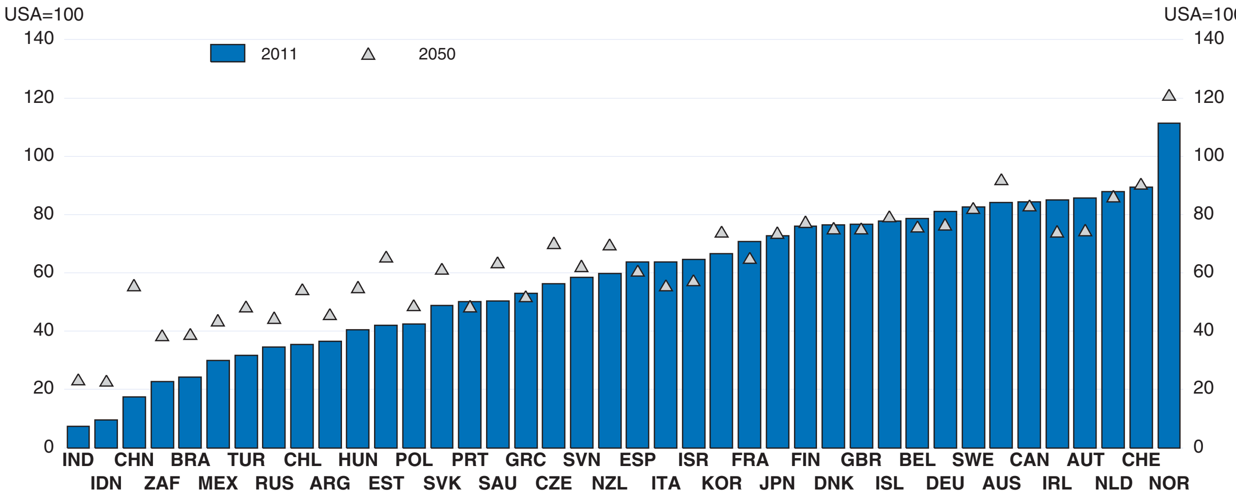
Looking at the evolution of per capita measures to assess living standards, income differences between poor and rich countries are reduced when compared with 2011, with the most noticeable improvements in emerging economies (Figure 4.4). Over the projection period, GDP per capita in the 10 poorest economies more than quadruples (in 2005 PPP terms), whereas it only doubles in the 10 richest economies. China and India experience a six-fold increase of their income per capita by 2050, which roughly leaves China at the current (2011) income level of the United States and India at a little less than half the current US level. By contrast, in a few countries (*e.g.* Italy, Israel and Greece) living standards deteriorate relative to the United States over the projection period, mainly due to weaker labour utilisation driven by low

Figure 4.4. **Stronger convergence will be experienced by poorer countries**

GDP per capita, measured at 2005 PPPs, relative to the United States



Source: OECD Economic Outlook 91 long-term database.

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participation in combination with ageing. But despite fast output growth among "catching up" countries, large differences in GDP per capita persist across countries in 2050 – the dispersion of relative living standards across all countries is reduced by only about one quarter between 2011 and 2050.[18]

The relative size of economies will change dramatically

The next 40 years will see major changes in country rankings and shares of world GDP (Figure 4.5). On the basis of 2005 PPPs, in 2017 China surpasses the United States to become the largest economy in the world, and India is about now surpassing Japan. The combined GDP of China and India exceeds that of the major seven (G7) OECD economies by around 2025 and by 2050 it is 1½ times larger, whereas in 2010 these two countries accounted for less than one-half of the G7's GDP. Using market exchange rates rather than 2005 PPPs, China surpasses the United States in the early 2020s and India only surpasses Japan in the late-2020s, but the combined GDP of China and India grows from less than one-quarter the size of the G7 in 2010 to exceed it by 2040.

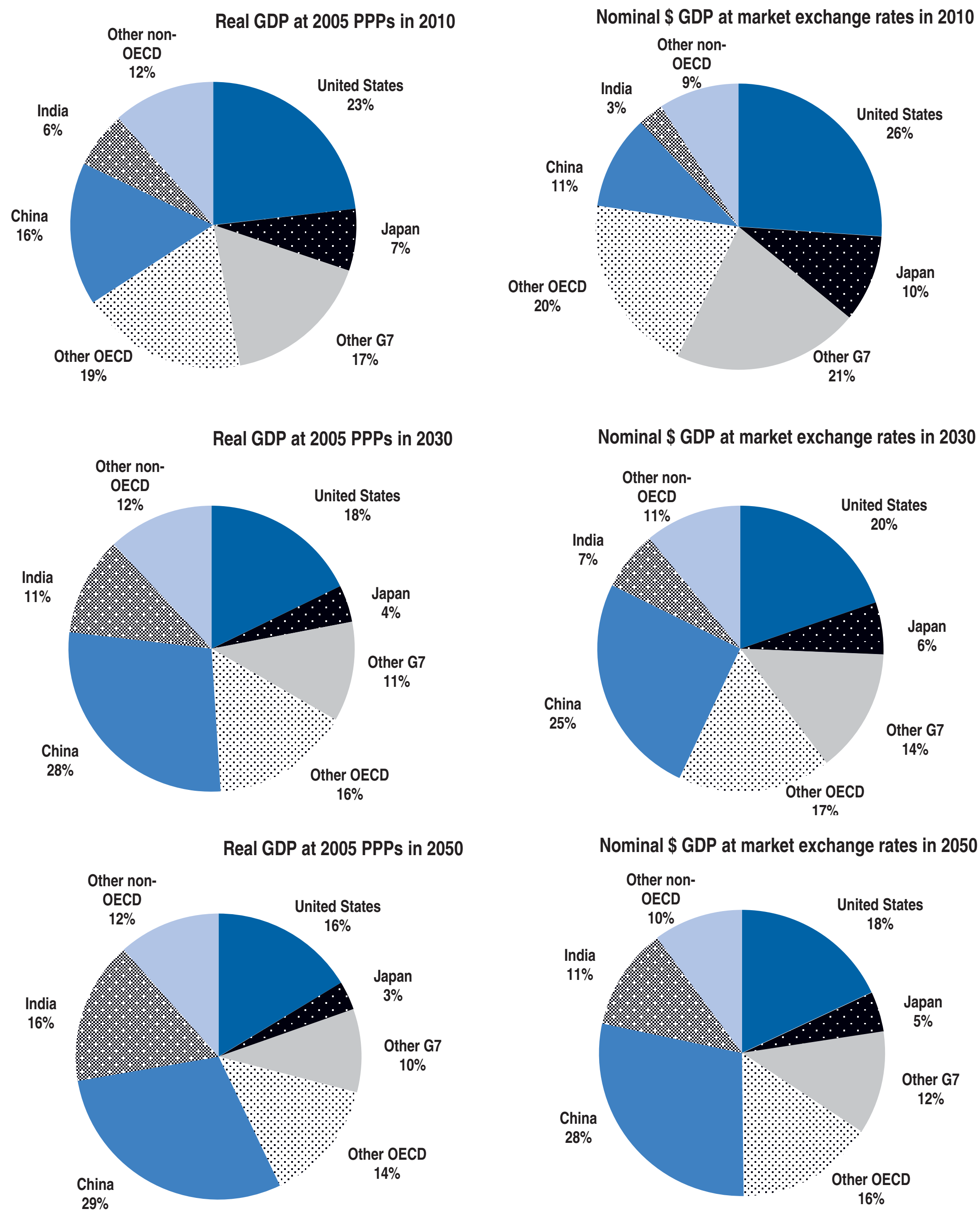
Convergence in living standards is driven mostly by efficiency gains…

Multi-factor productivity (MFP) is the main driver of growth and the main driver of convergence between non-OECD and OECD countries. MFP projections are driven by the global rate of technological progress, assumed to be 1.3% per year (corresponding to the average rate of MFP growth observed among advanced economies over the period 1996-2006) and by catching up toward country-specific steady-state levels of MFP. This catch-up occurs at a speed dependent on the country's trade

18. One caveat to these comparisons of GDP levels is that using PPP estimates with a fixed base year may bias comparisons far into the future, as discussed in Johansson *et al.* (2012).

Figure 4.5. **There will be major changes in the composition of world GDP**

Percent of world GDP



Note: World GDP is taken as the sum of GDP for all countries which are distinguished by the model.

Source: OECD Economic Outlook 91 long-term database.

StatLink http://dx.doi.org/10.1787/888932609380

openness and the strength of domestic competition.[19] In this set-up, countries exhibiting comparatively low initial MFP levels – such as India, China, Indonesia and Eastern European countries – tend to grow faster than more developed economies. However, in fast-growing catching-up countries (*e.g.* Brazil, China, Czech Republic, Estonia, India, Slovak Republic and Slovenia), MFP growth tends to slow down over the projection period as MFP levels approach steady-state.

… and additions to human capital

Educational attainment of cohorts aged 25-29 slowly converge in all countries towards those in the leading country (Korea) at the average speed observed globally over the period 1960-2005, with attainment in Korea also continuing to rise slowly. Average years of schooling of the adult population thus increases by two years on average over the period 2011-50, compared with an increase of four years over 1970-2010. In several countries with initially low levels of education, particularly in India, Turkey, China, Portugal and South Africa, the contribution of human capital to annual GDP per capita growth is more than 0.6 percentage points, driven by fast catch-up.

Capital intensity varies with interest rates

Compared with human capital, physical capital accumulation contributes little to potential output growth in the baseline scenario. Any recent trend in the capital-to-output ratio is *a priori* assumed to stabilise gradually, which means that there can be a slight negative or positive contribution at the beginning of the projection period. After that, investment and thus capital intensity are affected to the extent that interest rates respond to changes in government indebtedness or to the global saving-investment balance. For countries where the capital-to-output ratio has been trending strongly in recent years, the assumption that trends gradually disappear over the projection period can produce large changes in the share of investment in output. One such country is China: with an investment share in output of 45-50% in recent years, the capital-to-output ratio has been rising quickly. Over the projection period, however, the assumed stabilisation of this ratio combined with declining potential growth lowers the investment share in output gradually to about 30% in 2030.

Demographics will drag down growth in most countries

Population ageing generally has a negative effect on trend per capita growth rates as it leads to a declining share of the population of traditional working age and a declining participation rate in most countries. Only a few countries experience a demographic dividend to 2050, either due to a significant increase in the share of the population of traditional working age (India and South Africa) or a significant increase in labour force participation (Chile, Estonia, the United States and New Zealand). Net migration mitigates the increase in dependency

19. On average across countries, the estimated speed of convergence is 6% per year, broadly in line with existing empirical evidence (*e.g.* Bouis *et al.*, 2011; Bourlès *et al.*, 2010; Fouré *et al.*, 2010), implying that it takes roughly 12 years to eliminate half of the initial MFP gap.

ratios in most countries, by 2 percentage points on average between now and 2050, but given the sheer size of projected increases in dependency ratios (22 percentage points on average to 2050), policies aimed at attracting migrants would be unable to offset the adverse consequences of population ageing on the labour force.

Bold fiscal and structural policies can boost growth and reduce global current account imbalances

An alternative scenario assumes more ambitious structural policy reforms

This section presents the results of an alternative scenario where OECD countries consolidate their budget positions faster than in the baseline scenario to reduce debt ratios to 60% or lower and, simultaneously, OECD and non-OECD countries implement more ambitious structural reforms than those assumed in the baseline scenario (Table 4.6). These more ambitious structural policy reforms provide for stronger improvement in product market regulation, reductions in the tax wedge to lower trend unemployment and higher labour force participation rates. In addition, welfare and financial reforms in non-OECD countries are assumed to occur more quickly than in the baseline scenario: whereas public spending on social protection was assumed to increase gradually to 2040 in the baseline, the same increases are assumed to take place by 2025; similarly, the availability of credit (expressed as a share of GDP) is assumed to reach the same level in 2035 as was previously achieved in the baseline by 2050.

Product market liberalisation would speed up convergence

The baseline scenario assumption of relatively slow convergence of product market policies towards average OECD levels of regulation may be too conservative given the push for structural reform currently exerted in the context of the G20 mutual assessment process and given the further urgency of reform as one response to the euro area crisis. If more rapid liberalisation in product markets is achieved, productivity gaps may be closed faster. Hence, the alternative scenario assumes that the target for product market regulation is the average level of regulation in the five "best practice" countries in 2011 (*i.e.* the United States, the United Kingdom, Ireland, Canada and the Netherlands). More rapid product market liberalisation raises GDP by an average of 8% in 2050 relative to the baseline, the impact being greater in countries with relatively stringent regulation, including most non-OECD countries and Turkey, Slovenia and Greece (when some of these adjustments may already be taking place as part of the current programme).

Labour market reforms can partly counteract demographic effects

The alternative scenario also assumes deeper labour market reforms than the baseline scenario, which results in convergence towards higher labour force participation rates and lower structural unemployment rates.[20] Cross-country differences in active life expectancy are assumed to

20. It should be noted that this stylised scenario does not take into account any ramifications on public budgets and interest rates from the labour market reforms.

progressively disappear: the average duration of individual active life slowly converges in all countries towards 46% of life expectancy, which is the standard observed in Switzerland, one of the leading countries in terms of aggregate participation. The increases in participation rates add on average about 4% to potential output by 2050, but with much larger increases in Italy (24%), Israel (11%) and Korea (14%). The overall effect of all labour market reforms is to raise GDP by 5% on average in 2050 compared with the baseline scenario.

More ambitious structural and fiscal reforms boost growth

The main macroeconomic impact of more ambitious structural and fiscal reforms is to boost trend output. The level of potential output in 2050 is higher in both OECD and non-OECD countries, by about 10% and 14%, respectively (Figure 4.6). There are, however, large differences in the magnitude of this effect across countries, the effect being generally larger in countries with the greatest scope for improvement in structural policies relative to best practice. The largest gainers include Italy, Korea and Israel, where there are large potential gains from raising labour force participation, as well as many countries which currently have relatively stringent product market regulation and stand to gain around 10% or more of GDP by 2050 by improving competition and so speeding up the convergence process. On the other hand, countries such as Canada, Denmark, Iceland, and the Netherlands benefit less from structural reforms, but this is only because they are currently at, or close to, best practices in respect of product market regulation and labour force participation. The effects of reform are generally lower when all countries take action than they would be if reforms applied to only one country. This reflects that simultaneous reform boosts global growth, which again raises global interest rates, thereby partially offsetting the positive effect of structural reforms on GDP. Exceptions are countries where fiscal consolidation is so large that the domestic reduction in interest rates more than compensates for this global effect (notably Greece and Japan).

Structural reforms can reduce current account imbalances

More ambitious structural policy reforms combined with faster fiscal consolidation reduce global current account imbalances. This improvement comes about principally by lowering large current account surpluses in some non-OECD economies, especially China, because precautionary saving falls more rapidly as a consequence of more rapid welfare and financial reforms. By narrowing the gaps between public (and thereby national) saving and investment, fiscal tightening also contributes to reducing external imbalances as the need for such tightening is generally higher in external deficit countries. The peak effect on total global imbalances – measured as half the sum of individual current balances in absolute value as a share of world GDP – occurs in the late 2020s when they are approximately 0.7 percentage point of world GDP lower than in the baseline scenario, implying a reduction in total global imbalances by one-quarter (Figure 4.7). The timing for the peak effect is opportune as it is when global imbalances would otherwise have returned to their pre-crisis maximum.

Table 4.6. **Summary of scenario with more ambitious fiscal consolidation and structural reform**

As percentage of GDP (unless otherwise specified)

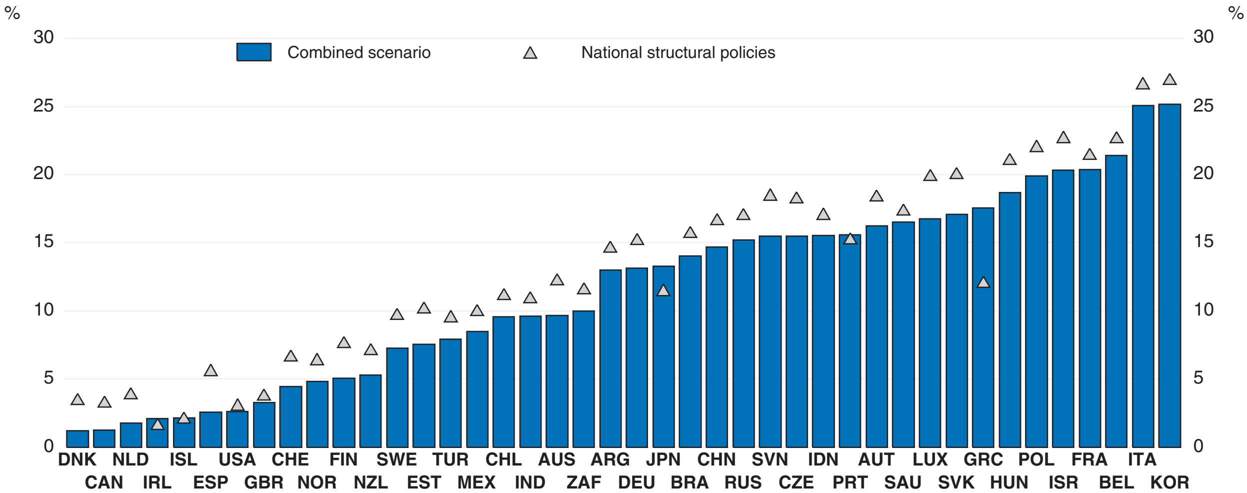
	Average 2000-07	2010	2013	2020	2025	2030
United States						
Potential real GDP growth (%)	2.6	1.7	2.1	2.5	2.5	2.4
Fiscal balance	-2.6	-10.7	-6.5	2.4	0.6	-0.9
Gross government debt	62	98	111	90	70	62
Real interest rate (%)	2.4	1.7	1.4	3.1	3.4	3.7
Total national saving	14.7	12.5	12.7	15.6	13.5	11.8
Total investment	19.7	15.8	17.0	17.4	17.1	16.1
Current balance	-4.9	-3.2	-4.3	-1.8	-3.6	-4.3
Japan						
Potential real GDP growth (%)	0.7	0.6	0.8	1.4	1.6	1.8
Fiscal balance	-5.4	-8.4	-10.1	0.4	7.9	11.0
Gross government debt	157	193	223	229	188	122
Real interest rate (%)	2.7	2.4	3.0	2.8	3.4	3.3
Total national saving	26.4	23.2	22.4	26.4	30.3	31.6
Total investment	23.1	19.8	20.6	23.6	24.7	26.2
Current balance	3.3	3.6	1.9	2.9	5.7	5.6
Euro Area						
Potential real GDP growth (%)	1.9	1.0	1.3	2.3	2.2	1.9
Fiscal balance	-1.9	-6.2	-2.0	1.8	0.3	-0.5
Gross government debt	75	93	100	77	65	61
Real interest rate (%)	2.4	2.3	3.2	3.0	3.2	3.4
Total national saving	21.6	19.4	20.5	19.9	17.9	15.8
Total investment	19.2	20.5	19.9	23.7	22.2	20.6
Current balance	0.3	0.4	1.6	-2.5	-3.2	-3.7
OECD Total						
Potential real GDP growth (%)	2.3	1.6	2.0	2.6	2.5	2.4
Fiscal balance	-2.1	-7.8	-4.4	1.8	1.3	0.6
Gross government debt	74	99	109	92	75	64
Real interest rate (%)	2.5	1.9	2.2	3.0	3.4	3.6
Total national saving	19.8	18.0	18.8	20.1	18.9	17.5
Total investment	21.0	18.6	19.5	20.6	20.8	18.7
Current balance	-1.2	-0.6	-0.9	-0.6	-1.0	-1.5
China						
Potential real GDP growth (%)	10.0	10.2	9.5	7.2	5.4	4.3
Total national saving	44.6	51.8	50.1	37.9	29.6	27.2
Total investment	40.1	47.8	48.3	39.7	32.2	27.4
Current balance	4.6	4.0	1.7	-1.8	-2.6	-0.3
India						
Potential real GDP growth (%)	7.4	7.8	7.3	7.1	6.6	6.1
Total national saving	29.6	31.8	28.3	27.6	23.9	23.2
Total investment	29.1	34.3	31.2	30.7	29.1	27.2
Current balance	0.0	-3.2	-2.9	-3.1	-5.2	-4.0
Brazil						
Potential real GDP growth (%)	3.1	4.2	4.5	4.4	4.2	3.9
Total national saving	16.1	17.5	16.7	16.2	15.2	13.7
Total investment	17.1	20.2	19.9	19.6	18.5	17.3
Current balance	0.7	-2.2	-3.2	-3.4	-3.3	-3.6
Potential real GDP growth (%)						
OECD	2.3	1.6	2.0	2.6	2.5	2.4
Non-OECD	6.8	7.5	7.3	6.1	5.1	4.4
World	2.8	2.7	3.4	3.8	3.5	3.2

Source: OECD Economic Outlook 91 long-term database.

StatLink http://dx.doi.org/10.1787/888932610938

Figure 4.6. **Structural reforms and more ambitious fiscal consolidation raise GDP**

Difference in level of GDP in 2050, compared to baseline

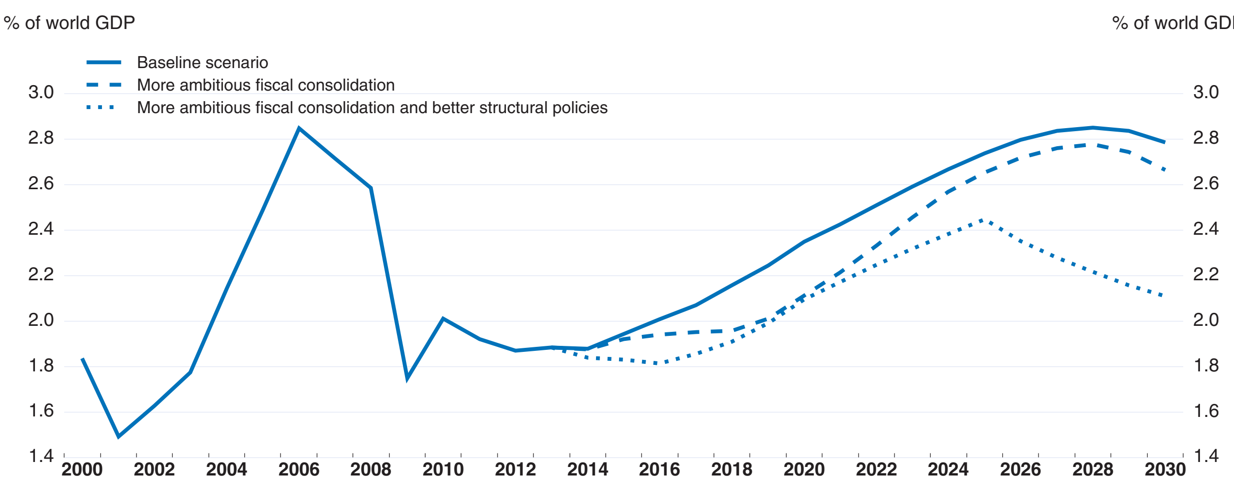


Source: OECD Economic Outlook 91 long-term database.

StatLink http://dx.doi.org/10.1787/888932609399

Figure 4.7. **Policy action can reduce global imbalances**

Absolute sum of current account balances, as a share of world GDP divided by 2



Source: OECD Economic Outlook 91 long-term database.

StatLink http://dx.doi.org/10.1787/888932609418

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STATISTICAL ANNEX

This annex contains data on key economic series which provide a background to the recent economic developments in the OECD area described in the main body of this report. Data for 2011 to 2013 are OECD estimates and projections. The data in some of the tables have been adjusted to conform to internationally agreed concepts and definitions in order to make them more comparable across countries, as well as consistent with historical data shown in other OECD publications. Regional aggregates are based on weights that change each period, with the weights depending on the series considered. For details on aggregation, see *OECD Economic Outlook* Sources and Methods.

The OECD projection methods and underlying statistical concepts and sources are described in detail in *OECD Economic Outlook* Sources and Methods (*www.oecd.org/eco/sources-and-methods*).

Corrigenda for the current and earlier issues, as applicable, can be found at *www.oecd.org/publishing/corrigenda*.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

NOTE ON FORECASTING FREQUENCIES

OECD quarterly projections are on a seasonal and working-day-adjusted basis for selected key variables. This implies that differences between adjusted and unadjusted annual data may occur, though these in general are quite small. In some countries, official forecasts of annual figures do not include working-day adjustments. Even when official forecasts do adjust for working days, the size of the adjustment may in some cases differ from that used by the OECD. The cut-off date for information used in the compilation of the projections is 15 May 2012.

Additional information

2010 weights used for real GDP regional aggregates

	OECD Euro area[1]	OECD	World		OECD Euro area[1]	OECD	World
Australia		2.1	1.3	Slovenia	0.5	0.1	0.1
Austria	3.0	0.8	0.5	Spain	13.0	3.5	2.1
Belgium	3.6	1.0	0.6	Sweden		0.9	0.5
Canada		3.2	1.9	Switzerland		0.9	0.5
Chile		0.7	0.4	Turkey		2.7	1.6
Czech Republic		0.6	0.4	United Kingdom		5.3	3.1
Denmark		0.5	0.3	United States		34.6	20.6
Estonia	0.2	0.1	0.0	Euro area	100.0	27.0	16.0
Finland	1.7	0.5	0.3	OECD total		100.0	59.4
France	19.5	5.3	3.1				
Germany	27.0	7.3	4.3			**Non OECD**	**World**
Greece	2.8	0.8	0.5				
Hungary		0.5	0.3	Argentina		2.2	0.9
Iceland		0.0	0.0	Brazil		7.8	3.2
Ireland	1.6	0.4	0.3	China		35.4	14.4
Israel		0.5	0.3	Indonesia		3.6	1.5
Italy	17.0	4.6	2.7	India		13.9	5.6
Japan		10.3	6.1	Russian Federation		9.9	4.0
Korea		3.4	2.0	Saudi Arabia		2.2	0.9
Luxembourg	0.4	0.1	0.1	South Africa		1.9	0.8
Mexico		3.9	2.3	Dynamic Asian Economies		5.6	2.3
Netherlands	6.2	1.7	1.0	Other major oil producers		8.4	3.4
New Zealand		0.3	0.2	Rest of non OECD		9.2	3.8
Norway		0.7	0.4				
Poland		1.8	1.1	Non-OECD countries		100.0	40.6
Portugal	2.4	0.6	0.4				
Slovak Republic	1.1	0.3	0.2	World			100.0

Note: Weights are calculated using nominal GDP at PPP rates in 2010. Regional aggregates are calculated using moving nominal GDP weights evaluated at PPP rates. Thus, the country weights differ from year to year. Also weights may vary for different components of GDP, as the weights are based on countries' share in the total of the particular component.

1. Countries that are members of both the euro area and the OECD.

Source: OECD Economic Outlook 91 database.

Irrevocable euro conversion rates

National currency unit per euro

Austria	13.7603	Italy	1936.27
Belgium	40.3399	Luxembourg	40.3399
Estonia	15.6466	Netherlands	2.20371
Finland	5.94573	Portugal	200.482
France	6.55957	Spain	166.386
Germany	1.95583	Slovak Republic	30.126
Greece	340.75	Slovenia	239.64
Ireland	0.78756		

Source : European Central Bank.

Non-OECD trade regions

Other industrialised Asia:	Dynamic Asia (Chinese Taipei; Hong Kong, China; Malaysia; Philippines; Singapore; Thailand and Vietnam) plus Indonesia and India.
Other oil producers:	Azerbaijan, Kazakhstan, Turkmenistan, Brunei, Timor-Leste, Bahrain, Iran, Iraq, Kuwait, Libya, Oman, Qatar, Saudi Arabia, United Arab Emirates, Yemen, Ecuador, Trinidad and Tobago, Venezuela, Algeria, Angola, Chad, Republic of Congo, Equatorial Guinea, Gabon, Nigeria, Sudan.

National accounts reporting systems, base years and latest data updates

In the present edition of the OECD Economic Outlook*, the status of national accounts in the OECD countries is as follows :*

	Expenditure accounts	Household accounts	Government accounts	Benchmark/ base year
Australia	SNA08 (1959q3-2011q4)	SNA08 (1959q3-2011q4)	SNA08 (1959q3-2011q4)	2009/2010
Austria	ESA95 (1988q1-2011q1)	ESA95 (1995-2011)	ESA95 (1976-2011)	2005
Belgium	ESA95 (1995q1-2011q4)	ESA95 (1995-2010)	ESA95 (1985-2011)	2009
Canada	SNA93 (1961q1-2011q4)	SNA93 (1961q1-2011q4)	SNA93 (1961q1-2011q4)	2002
Chile	SNA93 (2003q1-2011q4)	..	..	2008
Czech Republic	ESA95 (1995-2011)	ESA95 (1995-2011)	ESA95 (1995-2011)	2005
Denmark	ESA95 (1990q1-2011q4)	ESA95 (1990-2011)	ESA95 (1990-2011)	2005
Estonia	ESA95 (1995q1-2011q4)	ESA95 (1995-2010)	ESA95 (1995-2011)	2005
Finland	ESA95 (1990q1-2011q4)	ESA95 (1975-2010)	ESA95 (1975-2011)	2000
France	ESA95 (1949q1-2011q4)	ESA95 (1978q1-2011q4)	ESA95 (1978-2011)	2005
Germany	ESA95 (1991q1-2011q4)	ESA95 (1991-2010)	ESA95 (1991-2011)	2005
Greece	ESA95 (2000-2011)	..	ESA95 (2000-2011)	2005
Hungary	ESA95 (1995-2011)	ESA95 (1995-2010)	ESA95 (1995-2011)	2005
Iceland	SNA93 (1997q1-2011q4)	..	SNA93 (1995-2011)	2005
Ireland	ESA95 (1997q1-2011q4)	ESA95 (2002-2010)	ESA95 (1990-2011)	2009
Israel	ESA95 (1995q1-2011q4)	..	ESA95 (1990-2010)	2005
Italy	ESA95 (1991q1-2011q4)	ESA95 (1990-2011)	ESA95 (1980-2011)	2005
Japan	SNA93 (1994q1-2011q1)	SNA93 (1980-2009)	SNA93 (1980-2010)	2005
Korea	SNA93 (1970q1-2011q3)	SNA93 (1975-2011)	SNA93 (1975-2010)	2005
Luxembourg	ESA95 (1995q1-2011q4)	..	ESA95 (1990-2011)	2005
Mexico	SNA93 (1993q1-2011q4)	..	..	2003
Netherlands	ESA95 (1987q1-2012q1)	ESA95 (1990-2010)	ESA95 (1969-2011)	2005
New Zealand	SNA93 (1987q4-2011q4)	..	SNA93 (1986-2009)	1995/1996
Norway	SNA93 (1978q1-2011q4)	SNA93 (1978-2011)	SNA93 (1995-2011)	2009
Poland	ESA95 (1995q1-2011q4)	ESA95 (1995-2010)	ESA95 (1995-2011)	2005
Portugal	ESA95 (1995q1-2011q4)	ESA95 (1999-2011)	ESA95 (1995-2011)	2006
Slovak Republic	ESA95 (1995-2011)	ESA95 (1995q1-2010q4)	ESA95 (1995-2011)	2005
Slovenia	ESA95 (1995q1-2011q4)	ESA95 (2000-2010)	ESA95 (1995-2011)	2000
Spain	ESA95 (2000q1-2011q4)	ESA95 (2000-2011)	ESA95 (1995-2011)	2008
Sweden	ESA95 (1993q1-2011q4)	ESA95 (1993q1-2011q4)	ESA95 (1993-2011)	2010
Switzerland	SNA93 (1980q1-2011q4)	SNA93 (1990-2009)	SNA93 (1990-2010)	2000
Turkey	SNA93 (1998q1-2011q4)	..	..	1998
United Kingdom	ESA95 (1955q1-2011q4)	ESA95 (1987q1-2011q4)	ESA95 (1987q1-2011q4)	2008
United States	NIPA (SNA93) (1947q1-2011q4)	NIPA (SNA93) (1947q1-2011q4)	NIPA (SNA93) (1947q1-2011q4)	2005

Note: SNA: System of National Accounts. ESA: European Standardised Accounts. NIPA: National Income and Product Accounts. GFS: Government Financial Statistics. The numbers in brackets indicate the starting year for the time series and the latest available historical data included in this Outlook database.

1. Data prior to 1991 refer to the new SNA93/ESA95 accounts for western Germany data.

Annex Tables

Demand and Output

Wages, Costs, Unemployment and Inflation

Key Supply-Side data

Saving

Fiscal Balances and Public Indebteness

Interest Rates and Exchange Rates

External Trade and Payments

Other background Data

Annex Table 1. **Real GDP**

Percentage change from previous year

	Average 1987-97	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Fourth quarter 2011	2012	2013
Australia	3.2	5.2	4.1	3.1	2.8	3.8	3.4	3.8	3.3	2.6	4.9	2.3	1.5	2.4	2.2	3.1	3.7	2.5	3.3	3.8
Austria	2.5	3.8	3.4	3.8	1.0	1.3	0.8	2.3	2.7	3.7	3.7	1.1	-3.6	2.5	3.0	0.8	1.6	1.4	1.1	1.8
Belgium	2.4	1.9	3.5	3.8	0.7	1.4	0.8	3.2	1.9	2.7	2.8	0.9	-2.7	2.2	2.0	0.4	1.3	1.2	0.7	1.9
Canada	2.2	4.1	5.5	5.2	1.8	2.9	1.9	3.1	3.0	2.8	2.2	0.7	-2.8	3.2	2.5	2.2	2.6	2.2	2.3	2.7
Chile	..	3.3	-0.7	4.5	3.3	2.2	4.0	6.0	5.6	4.6	4.6	3.7	-0.9	6.1	5.9	4.4	5.1	4.8	4.1	5.5
Czech Republic	..	-0.2	1.5	4.6	3.1	2.0	3.8	4.6	6.8	7.2	5.7	2.9	-4.5	2.6	1.7	-0.5	1.7	0.6	0.0	2.1
Denmark	2.0	2.2	2.6	3.5	0.7	0.5	0.4	2.3	2.4	3.4	1.6	-0.8	-5.8	1.3	1.0	0.8	1.4	0.5	1.4	1.4
Estonia	..	6.8	-0.3	9.7	6.3	6.6	7.8	6.3	8.9	10.1	7.5	-3.7	-14.3	2.3	7.6	2.2	3.6	5.1	2.6	4.0
Finland	1.7	5.0	3.9	5.3	2.3	1.8	2.0	4.1	2.9	4.4	5.3	0.3	-8.4	3.7	2.9	0.9	2.0	1.4	1.1	1.9
France	2.1	3.4	3.2	3.9	1.8	0.9	0.9	2.3	1.9	2.7	2.2	-0.2	-3.0	1.6	1.7	0.6	1.2	1.3	0.7	1.5
Germany	2.6	1.7	1.8	3.3	1.6	0.0	-0.4	0.7	0.8	3.9	3.4	0.8	-5.1	3.6	3.1	1.2	2.0	2.0	1.6	2.2
Greece	..	3.4	3.4	4.5	4.2	3.4	5.9	4.4	2.3	5.5	3.0	-0.2	-3.2	-3.5	-6.9	-5.3	-1.3	-7.5	-1.7	0.0
Hungary	..	4.1	3.2	4.1	3.9	4.5	3.8	4.6	4.1	4.0	0.1	0.7	-6.7	1.2	1.7	-1.5	1.1	1.0	-1.5	1.9
Iceland	1.2	6.3	4.1	4.3	3.9	0.1	2.4	7.8	7.2	4.7	6.0	1.3	-6.8	-4.0	3.1	3.1	2.7	2.8	0.1	5.1
Ireland	6.1	7.8	9.9	9.3	4.8	5.9	4.2	4.5	5.3	5.3	5.2	-3.0	-7.0	-0.4	0.7	0.6	2.1	1.0	1.8	2.3
Israel	..	4.1	3.4	9.3	-0.3	-0.6	1.5	4.8	4.9	5.6	5.5	4.0	0.8	4.8	4.8	3.2	3.6	3.8	3.2	3.7
Italy	1.9	1.3	1.4	3.9	1.8	0.4	0.0	1.6	1.1	2.3	1.5	-1.2	-5.5	1.8	0.5	-1.7	-0.4	-0.4	-1.5	0.0
Japan	2.9	-2.1	-0.1	2.2	0.4	0.3	1.7	2.3	1.3	1.7	2.2	-1.1	-5.5	4.5	-0.7	2.0	1.5	-0.6	1.9	1.6
Korea	8.0	-5.7	10.7	8.8	4.0	7.2	2.8	4.6	4.0	5.2	5.1	2.3	0.3	6.3	3.6	3.3	4.0	3.4	3.9	3.9
Luxembourg	5.1	6.5	8.4	8.4	2.5	4.1	1.5	4.4	5.4	5.0	6.6	0.8	-5.3	2.7	1.6	0.6	2.2	0.8	0.7	2.5
Mexico	3.1	5.0	3.6	6.0	-0.9	0.1	1.4	4.0	3.2	5.1	3.2	1.2	-6.3	5.5	4.0	3.6	3.8	3.7	3.8	3.8
Netherlands	3.1	3.9	4.6	4.0	2.0	0.1	0.3	2.0	2.2	3.5	3.9	1.8	-3.5	1.6	1.3	-0.6	0.7	-0.2	0.3	0.9
New Zealand	2.4	0.6	4.7	3.7	2.5	4.6	4.4	4.1	3.2	2.0	3.4	-0.7	-0.1	2.4	1.3	1.9	2.8	2.0	1.8	3.3
Norway	3.2	2.7	2.0	3.3	2.0	1.5	1.0	4.0	2.6	2.5	2.7	0.0	-1.7	0.7	1.6	2.3	2.6	1.7	2.2	2.8
Poland	..	4.9	4.4	4.5	1.3	1.5	3.9	5.2	3.6	6.2	6.8	5.0	1.7	3.9	4.4	2.9	2.9	4.4	2.3	3.1
Portugal	3.4	5.1	4.1	3.9	2.0	0.8	-0.9	1.6	0.8	1.4	2.4	0.0	-2.9	1.4	-1.6	-3.2	-0.9	-2.8	-2.9	0.6
Slovak Republic	..	4.4	0.0	1.4	3.5	4.6	4.8	5.1	6.7	8.3	10.5	5.8	-4.9	4.2	3.3	2.6	3.0	3.4	2.1	4.1
Slovenia	..	3.5	5.3	4.3	2.9	3.8	2.9	4.4	4.0	5.8	6.9	3.6	-8.0	1.4	-0.2	-2.0	-0.4	-1.9	-1.8	0.8
Spain	2.7	4.5	4.7	5.0	3.7	2.7	3.1	3.3	3.6	4.1	3.5	0.9	-3.7	-0.1	0.7	-1.6	-0.8	0.3	-2.2	0.4
Sweden	1.4	4.1	4.4	4.6	1.4	2.5	2.5	3.7	3.2	4.6	3.4	-0.8	-5.0	5.8	4.0	0.6	2.8	1.2	1.5	3.5
Switzerland	1.4	2.6	1.3	3.6	1.2	0.4	-0.2	2.5	2.6	3.6	3.6	2.1	-1.9	2.7	1.9	0.9	1.9	1.2	1.1	2.5
Turkey	4.2	3.1	-3.4	6.8	-5.7	6.2	5.3	9.4	8.4	6.9	4.7	0.7	-4.8	9.2	8.5	3.3	4.6	..	..	..
United Kingdom	2.3	3.8	3.7	4.5	3.2	2.7	3.5	3.0	2.1	2.6	3.5	-1.1	-4.4	2.1	0.7	0.5	1.9	0.5	1.2	1.9
United States	3.0	4.4	4.7	4.1	1.1	1.8	2.5	3.5	3.1	2.7	1.9	-0.3	-3.5	3.0	1.7	2.4	2.6	1.6	2.4	2.7
Euro area	2.4	2.7	2.8	3.9	2.0	0.9	0.7	2.0	1.8	3.4	3.0	0.2	-4.4	1.9	1.5	-0.1	0.9	0.7	0.2	1.3
Total OECD	2.9	2.7	3.4	4.2	1.3	1.7	2.0	3.1	2.7	3.2	2.8	0.1	-3.8	3.2	1.8	1.6	2.2	1.4	1.8	2.4

Note: The adoption of national accounts systems SNA93 or ESA95 has been proceeding at an uneven pace among OECD member countries, both with respect to variables and the time period covered. As a consequence, there are breaks in many national series. For further information, see table "National Accounts Reporting Systems, base years and latest data updates" at the beginning of the Statistical Annex. These numbers are working-day adjusted and hence may differ from the basis used for official projections.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636379

Annex Table 2. **Nominal GDP**

Percentage change from previous year

	Average 1987-97	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Fourth quarter 2011	2012	2013
Australia	6.5	5.4	5.4	7.9	6.2	7.0	5.9	7.7	7.9	7.8	9.1	9.2	1.5	8.2	6.4	4.4	6.2	5.5	5.0	6.0
Austria	5.0	4.1	3.7	4.9	2.7	2.6	2.1	4.0	4.8	5.7	5.7	2.8	-2.4	4.4	5.1	2.3	3.1	3.0	2.8	3.1
Belgium	4.9	3.8	3.8	5.7	2.9	3.4	2.8	5.4	4.3	5.1	5.2	3.0	-1.5	4.1	4.0	2.5	3.2	2.6	2.9	3.6
Canada	4.7	3.7	7.4	9.6	2.9	4.0	5.2	6.4	6.4	5.6	5.5	4.8	-4.6	6.3	5.8	4.4	4.5	5.4	4.0	4.7
Chile	..	5.3	1.7	9.3	7.3	6.5	10.0	15.0	13.8	19.1	10.3	3.8	3.1	14.0	8.9	6.8	8.7	4.4	8.3	8.9
Czech Republic	..	9.4	4.1	6.0	7.9	4.8	4.7	8.8	6.5	7.8	9.2	4.9	-2.7	0.8	0.9	1.8	2.8	1.5	1.7	3.2
Denmark	4.4	3.4	4.3	6.6	3.2	2.8	2.0	4.7	5.4	5.6	3.9	3.4	-4.9	5.2	1.8	2.6	3.1	1.0	3.7	2.8
Estonia	..	12.3	6.5	15.0	13.2	11.6	12.1	11.1	15.5	19.8	20.0	1.5	-15.1	3.4	11.7	5.4	6.4	9.8	4.5	7.2
Finland	4.9	8.6	4.9	8.1	5.4	3.1	1.3	4.6	3.4	5.3	8.5	3.2	-7.1	4.2	6.6	3.2	4.2	4.7	3.5	4.1
France	4.2	4.5	3.4	5.5	3.8	3.2	2.9	4.0	3.8	4.9	4.9	2.3	-2.5	2.4	3.3	1.9	2.6	3.2	2.0	2.7
Germany	5.2	2.2	1.9	2.6	2.8	1.5	0.7	1.8	1.5	4.2	5.1	1.6	-4.0	4.2	3.9	2.6	3.9	3.1	3.3	4.3
Greece	..	8.7	6.6	8.0	7.4	7.0	10.1	7.4	5.2	8.2	6.6	4.6	-0.5	-1.9	-5.4	-5.2	-1.7	-6.3	-2.1	-0.8
Hungary	..	18.2	11.1	14.2	16.0	13.3	9.3	9.6	6.8	8.1	5.6	5.5	-3.0	4.3	5.3	3.8	4.0	5.7	2.7	4.8
Iceland	9.6	11.8	7.5	8.1	12.9	5.8	3.1	10.5	10.3	13.9	12.0	13.3	0.9	2.6	6.3	9.3	7.6	9.4	7.0	10.6
Ireland	9.2	15.7	15.2	15.8	11.6	11.2	7.4	6.8	8.5	9.1	6.5	-5.2	-10.8	-2.9	0.3	1.2	3.0	3.4	3.4	3.1
Israel	..	11.5	9.9	11.0	1.5	3.5	1.0	5.0	6.0	7.8	5.9	5.4	5.9	6.1	7.0	6.1	6.0	7.3	5.0	6.5
Italy	7.3	4.0	3.2	5.9	4.7	3.7	3.1	4.0	2.9	4.0	4.0	1.3	-3.5	2.2	1.9	-0.8	1.3	0.9	0.2	1.0
Japan	3.8	-2.2	-1.3	1.0	-0.9	-1.3	0.0	0.9	0.0	0.5	1.2	-2.3	-6.0	2.3	-2.8	1.1	1.2	-2.4	1.4	1.5
Korea	15.7	-1.0	9.6	9.9	8.0	10.6	6.5	7.8	4.6	5.0	7.3	5.3	3.8	10.2	5.4	5.7	6.2	4.8	5.9	5.7
Luxembourg	8.0	6.1	14.2	10.6	2.6	6.3	7.7	6.3	10.3	12.0	10.5	5.2	-5.2	7.7	6.3	1.5	3.4	3.9	0.6	3.6
Mexico	31.0	20.2	21.5	17.4	4.4	2.7	10.9	13.5	7.9	12.2	9.1	7.6	-2.1	9.8	9.7	9.8	8.3	10.9	8.4	8.4
Netherlands	5.1	5.9	6.5	8.3	7.2	3.9	2.5	2.8	4.7	5.3	5.8	3.9	-3.9	3.0	2.4	0.2	2.3	0.9	1.2	2.3
New Zealand	5.2	1.6	5.1	6.4	6.8	5.9	6.0	8.1	5.4	4.7	7.5	3.3	0.6	5.1	4.8	3.3	5.2	2.5	5.5	3.8
Norway	6.0	1.9	8.8	19.4	3.8	-0.3	3.9	10.1	11.8	11.3	5.8	11.0	-7.9	7.1	7.4	6.1	5.4	6.1	6.2	5.5
Poland	..	16.5	10.7	12.1	5.1	3.7	4.3	9.3	6.5	7.8	11.1	8.2	5.3	5.5	7.7	5.8	5.5	8.0	4.9	5.5
Portugal	11.7	9.1	7.5	7.3	5.6	4.5	2.1	4.1	3.3	4.3	5.3	1.6	-2.0	2.5	-1.0	-3.1	-0.6	-2.5	-2.6	0.8
Slovak Republic	..	9.7	7.4	10.9	8.7	8.6	10.3	11.2	9.2	11.5	11.7	8.8	-6.1	4.7	5.0	6.3	5.0	5.2	5.9	5.8
Slovenia	..	10.8	12.2	9.7	11.8	11.7	8.6	7.8	5.7	8.1	11.3	7.9	-5.3	0.3	0.6	-0.3	0.9	0.6	-0.7	2.2
Spain	8.2	7.1	7.5	8.7	8.0	7.2	7.4	7.4	8.1	8.4	6.9	3.3	-3.7	0.3	2.1	-1.1	0.6	1.5	-1.7	2.0
Sweden	5.9	4.8	5.6	5.9	3.7	4.1	4.1	4.6	4.1	6.3	6.2	2.5	-3.1	7.2	4.9	1.8	4.4	1.5	2.6	5.4
Switzerland	3.7	2.9	1.9	4.8	2.0	0.9	0.8	3.1	2.8	5.8	6.2	4.6	-1.7	2.8	2.6	0.7	2.3	1.7	1.0	3.0
Turkey	81.4	81.1	49.0	59.3	44.1	45.9	29.8	22.9	16.1	16.9	11.2	12.7	0.2	15.4	17.8	12.1	13.4	..	..	..
United Kingdom	6.8	5.9	5.7	5.1	4.6	5.3	6.0	5.5	4.3	5.9	5.8	2.0	-2.8	5.0	3.0	2.4	3.7	2.8	2.8	3.6
United States	5.8	5.5	6.4	6.4	3.4	3.5	4.7	6.4	6.5	6.0	4.9	1.9	-2.5	4.2	3.9	4.0	4.2	3.8	4.0	4.3
Euro area	5.8	4.4	3.9	5.5	4.5	3.5	3.0	3.9	3.7	5.2	5.4	2.2	-3.5	2.6	2.8	1.0	2.5	2.1	1.5	2.8
Total OECD	8.7	6.4	6.3	7.3	4.5	4.2	4.6	5.8	5.2	5.8	5.4	2.6	-2.7	4.6	3.7	3.4	4.0	3.4	3.5	4.2

Note: The adoption of national accounts systems SNA93 or ESA95 has been proceeding at an uneven pace among OECD member countries, both with respect to variables and the time period covered. As a consequence, there are breaks in many national series. For further information, see table "National Accounts Reporting Systems, base years and latest data updates" at the beginning of the Statistical Annex. Working-day adjusted -- see note to Annex Table 1.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636398

Annex Table 3. **Real private consumption expenditure**

Percentage change from previous year

	Average 1987-97	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Fourth quarter 2011	2012	2013
Australia	3.3	4.3	5.3	3.5	3.0	4.1	3.7	5.5	3.1	3.3	5.5	2.0	1.0	2.9	3.4	2.8	3.1	3.5	2.7	3.3
Austria	2.4	2.2	2.1	2.8	1.1	1.0	1.5	1.9	2.2	1.9	0.8	0.7	0.2	1.7	0.8	0.9	1.2	0.6	0.9	1.2
Belgium	2.0	2.6	1.9	2.7	1.5	0.5	0.8	1.6	1.0	2.0	1.7	1.9	0.8	2.3	0.9	0.3	1.1	0.3	0.3	1.6
Canada	2.3	2.8	3.8	4.0	2.3	3.6	3.0	3.3	3.7	4.2	4.6	3.0	0.4	3.3	2.2	2.4	2.9	1.8	2.5	3.0
Chile	..	4.7	-1.0	3.7	2.9	2.4	4.2	8.4	8.5	7.8	7.6	5.2	-0.8	10.0	8.8	4.9	6.2	6.1	5.4	6.6
Czech Republic	..	-1.3	2.1	1.0	3.1	3.1	5.3	3.2	3.1	4.4	4.2	2.8	-0.3	0.5	-0.5	-1.6	0.8	-0.7	-1.0	0.9
Denmark	1.6	2.3	-0.4	0.2	0.1	1.5	1.0	4.7	3.8	3.6	3.0	-0.3	-4.2	1.9	-0.5	0.7	1.7	-0.1	0.5	2.3
Estonia	..	5.3	0.9	7.8	7.0	9.5	9.2	8.1	9.5	13.5	8.8	-6.1	-15.6	-1.7	4.2	3.0	2.9	4.7	2.3	3.1
Finland	1.3	4.6	2.8	2.2	3.0	2.5	4.8	3.4	3.1	4.3	3.5	1.9	-2.7	3.0	3.3	1.7	1.9	2.3	1.6	2.2
France	1.5	3.7	3.4	3.5	2.3	2.0	1.8	1.6	2.4	2.4	2.3	0.2	0.2	1.3	0.3	0.6	1.0	-0.4	0.9	1.4
Germany	2.4	1.1	2.4	2.1	1.4	-0.6	0.3	0.1	0.2	1.6	-0.2	0.5	0.0	0.6	1.4	1.1	1.7	0.8	1.4	1.7
Greece	..	3.5	2.5	2.0	5.1	4.7	3.3	3.8	4.4	4.3	3.7	4.0	-1.3	-3.6	-7.1	-6.6	-1.9	..	..	..
Hungary	..	4.9	6.8	3.1	4.6	8.2	8.4	1.7	2.3	1.7	1.1	-0.7	-6.2	-2.2	0.0	-1.9	-0.1	0.1	-2.4	0.8
Iceland	0.0	10.2	7.9	4.2	-2.8	-1.5	6.2	7.0	12.7	3.6	5.7	-7.9	-14.9	-0.4	4.0	3.2	2.3	3.8	2.1	2.4
Ireland	4.2	7.5	9.0	10.5	4.6	3.7	2.9	3.6	6.7	6.6	6.3	-1.3	-7.3	-0.9	-2.7	-1.5	0.0	-2.3	-1.6	0.7
Israel	..	5.5	3.9	8.7	3.5	0.7	-0.1	5.2	3.0	4.2	6.4	2.8	1.4	5.3	3.7	1.6	3.3	1.2	2.5	3.8
Italy	1.9	3.5	2.6	2.4	0.7	0.2	0.9	0.8	1.2	1.4	1.1	-0.8	-1.5	1.2	0.2	-1.6	-1.0	-1.1	-1.4	-0.7
Japan	2.8	-0.7	1.2	0.4	1.6	1.2	0.5	1.1	1.5	1.1	0.9	-0.9	-0.7	2.6	0.1	2.2	1.2	0.6	1.7	1.4
Korea	8.1	-12.5	11.9	9.2	5.7	8.9	-0.4	0.3	4.6	4.7	5.1	1.3	0.0	4.4	2.3	2.6	3.5	1.2	4.0	3.3
Luxembourg	3.4	5.7	3.6	5.0	3.4	5.8	-5.3	2.2	2.6	3.2	3.3	3.4	1.1	2.1	1.8	1.0	2.2	1.6	1.2	2.7
Mexico	2.8	5.5	4.3	8.2	2.5	1.6	2.3	5.6	4.8	5.7	4.0	1.7	-7.4	5.3	4.6	3.6	4.0	4.1	3.4	4.1
Netherlands	2.5	5.1	5.3	3.7	1.8	0.9	-0.2	1.0	1.0	-0.3	1.8	1.3	-2.6	0.4	-1.1	-0.7	-0.2	-2.4	-0.1	-0.1
New Zealand	2.2	2.5	3.5	1.9	2.0	4.3	5.7	5.3	4.6	2.2	4.1	-0.3	-0.8	2.2	2.5	2.2	2.3	3.3	1.4	2.7
Norway	2.1	2.8	3.7	4.2	2.1	3.1	3.2	5.4	4.4	5.0	5.4	1.8	0.0	3.7	2.2	3.0	4.3	1.5	3.7	4.6
Poland	..	5.0	5.7	3.0	2.2	3.3	2.3	4.5	2.2	5.1	4.9	5.5	2.1	3.1	3.1	1.8	2.9	2.5	2.1	3.1
Portugal	3.5	5.1	5.5	3.8	1.3	1.3	-0.2	2.7	1.7	1.8	2.5	1.3	-2.3	2.1	-3.9	-6.8	-3.2	-6.5	-6.2	-1.8
Slovak Republic	..	6.6	0.4	2.2	5.5	5.7	1.7	4.6	6.5	5.9	6.8	6.1	0.2	-0.7	-0.4	0.3	1.1	-0.3	0.8	1.2
Slovenia	..	2.8	6.6	0.8	2.5	2.6	3.4	3.0	2.1	2.8	6.1	3.7	-0.1	-0.7	-0.3	-2.1	-1.7	-1.1	-2.6	-0.8
Spain	2.5	4.8	5.3	5.0	3.5	2.8	2.9	4.2	4.1	4.0	3.5	-0.6	-4.3	0.8	-0.1	-2.9	-1.8	-1.1	-3.1	-0.6
Sweden	0.7	3.2	3.9	5.4	0.8	2.6	2.4	2.6	2.8	2.8	3.8	-0.1	-0.2	3.6	2.1	0.9	3.2	0.8	1.7	4.3
Switzerland	1.2	2.2	2.3	2.4	2.3	0.1	0.9	1.6	1.7	1.6	2.3	1.4	1.4	1.7	1.0	1.2	1.6	0.8	1.4	1.7
Turkey	4.3	0.6	0.1	5.9	-6.6	4.7	10.2	11.0	7.9	4.6	5.5	-0.3	-2.3	6.7	7.7	1.9	4.7	..	..	..
United Kingdom	2.6	4.8	5.3	5.4	4.0	4.3	3.1	3.0	2.1	1.8	2.7	-1.5	-3.5	1.2	-1.2	0.8	1.4	-1.2	1.4	1.2
United States	3.0	5.2	5.4	5.1	2.7	2.7	2.8	3.3	3.4	2.9	2.3	-0.6	-1.9	2.0	2.2	2.3	2.6	1.6	2.6	2.7
Euro area	2.1	3.0	3.2	3.0	1.9	0.9	1.2	1.4	1.8	2.2	1.6	0.3	-1.1	0.9	0.2	-0.5	0.3	-0.7	-0.2	0.7
Total OECD	2.8	3.2	4.2	4.1	2.3	2.4	2.3	2.9	2.9	2.8	2.5	0.1	-1.7	2.2	1.6	1.5	2.0	1.0	1.7	2.2

Note: The adoption of national accounts systems SNA93 or ESA95 has been proceeding at an uneven pace among OECD member countries, both with respect to variables and the time period covered. As a consequence, there are breaks in many national series. For further information, see table "National Accounts Reporting Systems, base years and latest data updates" at the beginning of the Statistical Annex. Working-day adjusted -- see note to Annex Table 1.

Source: OECD Economic Outlook 91 database.

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Annex Table 4. **Real public consumption expenditure**

Percentage change from previous year

	Average 1987-97	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Fourth quarter 2011	2012	2013
Australia	2.9	3.5	3.1	3.8	2.3	2.6	3.9	3.8	2.3	3.5	3.4	3.6	0.6	3.4	1.8	0.7	0.4	1.6	0.3	0.7
Austria	2.4	2.9	3.2	0.5	-0.4	1.0	1.2	0.5	1.9	2.2	2.6	4.0	0.7	0.0	2.4	0.7	..	2.5	0.1	0.0
Belgium	1.1	1.6	2.7	3.1	1.6	3.1	1.4	1.5	1.1	0.9	1.9	2.5	0.7	0.3	0.6	0.3	0.8	0.8	0.2	1.0
Canada	1.1	3.2	2.1	3.1	3.9	2.5	3.1	2.0	1.4	3.0	2.7	4.4	3.6	2.4	1.2	0.2	-0.5	0.9	-0.4	-0.5
Chile	..	2.2	2.7	3.0	2.9	3.1	2.4	6.1	5.9	6.4	7.0	0.3	9.2	3.9	3.9	4.0	2.7	2.6	2.5	2.8
Czech Republic	..	-2.9	4.3	0.0	3.9	7.9	6.0	-3.3	1.6	-0.6	0.4	1.2	3.8	0.6	-1.4	-1.3	0.3	-1.7	0.0	0.0
Denmark	1.3	3.5	2.4	2.3	2.2	2.1	0.7	1.8	1.3	2.8	1.3	1.9	2.5	0.3	-1.0	1.3	0.2	-1.4	3.3	-1.7
Estonia	..	2.2	-0.2	-2.1	2.7	3.4	6.3	1.1	3.2	5.0	6.6	5.0	-1.6	-1.1	1.6	2.4	1.9	0.3	4.3	1.1
Finland	1.2	1.8	1.3	0.3	1.3	2.8	1.6	1.7	2.2	0.4	1.1	1.9	1.1	0.2	0.8	1.0	0.9	-0.1	1.3	0.7
France	2.2	-0.7	1.4	2.0	1.3	1.9	1.9	2.1	1.3	1.5	1.5	1.2	2.3	1.2	0.9	0.9	0.2	1.0	0.7	0.0
Germany	1.8	2.2	0.9	1.4	0.5	1.2	0.3	-0.6	0.3	0.9	1.4	3.1	3.3	1.7	1.4	1.0	1.3	1.6	0.8	1.5
Greece	..	1.7	2.1	14.8	0.7	7.2	-0.9	3.5	1.1	2.3	7.6	-2.1	4.8	-7.2	-9.1	-9.3	-8.3	..	..	..
Hungary	..	-0.5	1.5	0.7	3.2	5.6	5.1	1.6	2.4	3.4	-7.2	1.1	-0.7	-2.1	-0.4	-1.7	-0.4	-0.4	-1.4	0.0
Iceland	2.6	4.2	4.4	3.8	4.7	5.3	1.8	2.2	3.5	4.0	4.1	4.6	-1.7	-3.4	-0.6	-0.3	0.3	0.0	-0.3	0.4
Ireland	2.1	5.9	6.0	9.9	10.6	6.9	2.3	2.3	4.6	5.6	7.0	1.2	-3.7	-3.1	-3.5	-2.9	-2.2	-6.4	0.0	-3.6
Israel	..	1.8	2.6	1.6	3.6	5.0	-2.8	-1.7	2.2	3.0	3.3	1.7	1.8	2.5	3.5	2.5	3.1	4.1	1.0	4.0
Italy	0.4	0.4	1.4	2.1	4.1	2.6	2.0	2.5	1.9	0.5	1.0	0.6	0.8	-0.6	-0.9	-1.1	-1.1	-1.4	-0.5	-1.2
Japan	3.2	1.2	3.7	4.6	4.2	2.6	1.9	1.5	0.8	0.0	1.1	-0.1	2.3	2.1	2.0	1.8	0.1	1.8	1.5	-0.3
Korea	6.2	2.2	3.0	1.8	5.0	4.9	4.4	3.8	4.3	6.6	5.4	4.3	5.6	2.9	2.1	4.0	3.0	1.9	4.7	3.2
Luxembourg	4.7	1.6	8.3	4.7	6.1	4.6	4.1	4.5	3.3	1.7	3.8	1.7	4.9	3.1	2.5	4.2	2.3	3.9	3.2	2.0
Mexico	1.8	2.5	4.5	2.6	-2.4	-0.2	1.0	-2.8	2.5	1.9	3.1	1.1	3.2	2.1	0.6	0.8	0.7	1.9	-1.0	1.9
Netherlands	1.9	2.5	2.8	1.9	4.6	3.3	2.9	-0.1	0.5	9.5	3.5	2.8	4.8	1.0	0.2	-0.7	-1.3	-0.3	-0.9	-1.6
New Zealand	2.2	-0.3	6.9	-2.4	4.3	1.5	3.4	6.0	4.1	4.5	4.4	5.0	0.5	3.4	1.8	-0.7	-0.7	0.4	-0.8	-0.5
Norway	2.9	3.4	3.1	1.9	4.6	3.1	1.3	1.2	1.4	1.9	2.7	2.7	4.3	1.7	1.5	1.5	1.5	2.4	0.9	1.6
Poland	..	2.2	1.8	1.6	2.3	2.1	4.5	3.3	5.5	5.6	3.7	6.8	2.4	3.7	-0.6	0.2	0.6	-1.1	0.1	0.8
Portugal	3.8	6.7	3.8	4.2	3.8	1.9	0.4	2.4	3.4	-0.6	0.5	0.3	4.7	0.9	-3.9	-2.9	-2.4	-5.7	-2.8	-2.4
Slovak Republic	..	5.6	-7.3	4.6	5.4	3.0	4.3	-2.9	3.9	8.8	-0.2	6.1	6.1	1.1	-3.5	-0.7	-1.8	-2.9	-0.2	-2.8
Slovenia	..	4.8	3.3	3.1	3.7	3.3	2.3	3.3	3.5	4.0	0.6	6.1	2.9	1.5	-0.9	-3.5	-0.7	-2.5	-4.2	1.8
Spain	3.7	3.5	4.0	5.3	4.0	4.6	4.8	6.2	5.5	4.6	5.6	5.9	3.7	0.2	-2.2	-7.7	-4.5	-3.6	-8.5	-1.8
Sweden	1.1	3.5	1.3	-1.0	0.9	2.2	1.0	-0.8	0.0	1.8	0.9	1.0	2.0	1.6	1.8	0.5	0.2	1.0	0.3	0.2
Switzerland	2.3	-1.1	0.5	2.3	4.5	1.2	1.9	0.8	1.2	0.3	0.3	2.7	3.3	0.8	1.7	1.1	0.7	1.9	0.9	0.6
Turkey	3.7	7.8	4.0	5.7	-1.1	5.8	-2.6	6.0	2.5	8.4	6.5	1.7	7.8	2.0	4.5	3.8	4.6	..	..	..
United Kingdom	0.9	1.7	3.8	3.5	2.6	3.9	4.4	3.4	2.2	1.5	0.6	1.6	-0.1	1.5	0.1	-0.7	-1.8	0.3	-1.6	-1.8
United States	1.1	1.8	2.8	1.8	3.7	4.5	2.2	1.4	0.6	1.0	1.3	2.2	2.0	0.9	-1.2	-1.3	-0.1	-1.7	-0.3	-0.3
Euro area	1.8	1.4	1.7	2.4	2.1	2.4	1.7	1.6	1.6	2.1	2.2	2.3	2.5	0.5	0.0	-0.8	-0.5	-0.3	-0.8	-0.3
Total OECD	1.7	1.8	2.6	2.6	2.9	3.3	2.2	1.7	1.4	1.8	1.9	2.1	2.4	1.2	0.1	-0.2	0.0	-0.4	0.0	-0.1

Note: The adoption of national accounts systems SNA93 or ESA95 has been proceeding at an uneven pace among OECD member countries, both with respect to variables and the time period covered. As a consequence, there are breaks in many national series. For further information, see table "National Accounts Reporting Systems, base years and latest data updates" at the beginning of the Statistical Annex. Working-day adjusted -- see note to Annex Table 1.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636436

Annex Table 5. **Real total gross fixed capital formation**

Percentage change from previous year

	Average 1987-97	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Fourth quarter 2011	Fourth quarter 2012	Fourth quarter 2013
Australia	4.0	6.6	4.9	2.4	-3.2	14.6	9.2	8.0	9.1	4.6	9.6	7.7	-2.5	4.6	7.2	8.3	9.1	8.6	9.5	8.8
Austria	3.6	2.7	1.9	4.7	-0.8	-3.8	3.4	1.2	0.8	0.8	3.1	0.0	-7.4	0.0	5.2	1.8	2.1	4.1	1.1	2.6
Belgium	4.0	3.7	2.9	4.9	1.2	-5.0	0.6	7.8	6.6	2.1	6.3	2.1	-7.9	-1.0	5.2	0.1	1.3	4.3	0.2	1.5
Canada	2.4	2.4	7.3	4.7	4.0	1.6	6.2	7.8	9.3	7.1	3.5	2.0	-13.0	10.0	6.9	3.9	5.0	4.1	5.1	4.8
Chile	..	1.9	-18.2	8.9	4.3	1.5	5.7	11.4	23.5	4.3	10.8	17.9	-12.1	14.3	17.6	7.0	7.7	16.7	7.1	7.8
Czech Republic	..	-1.0	-2.1	6.7	4.5	3.8	0.6	2.8	6.1	5.9	13.2	4.0	-11.4	0.0	-1.2	1.2	2.8	-1.7	-1.0	4.8
Denmark	2.2	8.1	-0.1	7.6	-1.4	0.1	-0.2	3.9	4.7	14.3	0.4	-4.2	-13.4	-3.8	0.4	2.9	1.7	1.1	2.5	1.1
Estonia	..	21.4	-15.5	16.7	13.1	24.2	16.7	6.0	15.2	23.0	9.3	-15.1	-37.9	-9.1	26.8	15.9	4.9	33.2	3.9	5.5
Finland	-0.2	11.1	3.3	6.4	2.9	-3.7	3.0	4.9	3.6	1.9	10.7	-0.6	-13.3	2.6	4.6	0.6	1.6	2.5	-0.2	2.7
France	1.6	7.4	8.4	7.1	2.1	-1.9	2.2	3.0	4.4	4.2	6.2	0.1	-8.8	-1.4	2.9	0.6	1.7	3.2	-0.3	2.5
Germany	3.0	3.5	4.2	3.3	-3.0	-6.2	-1.2	-1.2	1.0	8.9	5.0	1.0	-11.4	5.2	6.6	2.0	3.7	5.6	2.2	4.2
Greece	..	10.6	11.0	8.0	4.8	9.5	11.8	0.4	-6.3	20.4	5.4	-6.7	-15.2	-15.0	-20.7	-13.4	-2.0	..	..	..
Hungary	..	12.8	7.4	6.0	1.9	7.4	1.5	7.2	4.5	-2.7	3.8	2.9	-11.0	-9.7	-5.4	-5.4	0.0	-4.5	-3.7	0.8
Iceland	0.5	34.4	-4.1	11.8	-4.3	-14.0	11.1	28.7	34.4	24.4	-12.2	-20.0	-51.6	-8.1	13.4	16.5	10.3	30.8	-7.9	23.1
Ireland	7.3	13.8	13.6	5.8	0.1	2.6	6.5	9.6	14.9	4.4	2.1	-10.4	-28.7	-25.0	-10.6	-2.1	1.3	-1.3	-2.5	3.3
Israel	..	-4.1	0.2	3.3	-3.6	-6.6	-4.1	0.1	3.4	13.1	14.5	4.4	-4.9	13.7	16.7	7.6	7.6	12.3	6.8	7.4
Italy	1.4	3.4	3.8	7.4	2.4	3.3	-1.0	1.2	1.9	3.7	1.3	-3.8	-11.7	1.7	-1.2	-4.7	-0.8	-3.1	-3.2	-0.2
Japan	3.1	-7.3	-0.3	0.7	-2.2	-4.8	0.3	0.3	0.8	1.5	0.2	-4.4	-10.4	-0.1	0.5	2.3	2.8	3.2	1.2	2.6
Korea	10.8	-22.0	8.7	12.3	0.3	7.1	4.4	2.1	1.9	3.4	4.2	-1.9	-1.0	5.8	-1.1	4.5	4.0	-1.7	6.6	4.0
Luxembourg	5.2	6.1	22.0	-4.7	8.8	5.5	6.3	2.7	2.5	3.8	17.9	3.2	-13.0	3.0	7.7	0.4	2.0	19.7	-8.4	4.3
Mexico	5.1	10.5	7.7	11.4	-5.6	-0.7	0.4	8.0	7.4	9.9	6.9	5.5	-11.8	6.3	8.8	4.8	6.1	5.5	6.1	6.1
Netherlands	3.7	6.8	8.7	0.6	0.2	-4.5	-1.5	-1.6	3.7	7.5	5.5	4.5	-10.2	-4.4	5.8	-1.9	2.5	3.7	0.2	3.2
New Zealand	3.1	-4.0	7.0	8.1	-1.2	10.8	10.9	12.7	5.4	-1.4	6.0	-4.2	-11.8	2.5	2.5	6.2	11.2	-1.8	10.0	11.6
Norway	1.5	13.6	-5.4	-3.5	-1.1	-1.1	0.8	11.1	13.5	9.8	11.4	0.2	-7.5	-5.2	6.9	5.7	5.2	5.1	6.0	4.8
Poland	..	14.2	6.7	2.6	-9.7	-6.3	0.0	6.5	6.3	14.9	17.6	9.7	-1.2	-0.2	8.1	7.1	4.0	10.4	4.7	3.8
Portugal	5.6	11.8	6.0	3.9	0.6	-3.2	-7.1	0.0	-0.5	-1.3	2.6	-0.3	-8.6	-4.1	-11.4	-10.1	-3.2	-16.1	-4.3	-0.5
Slovak Republic	..	9.4	-15.7	-9.6	12.9	0.2	-2.7	4.8	17.5	9.3	9.1	1.0	-19.7	12.4	5.7	3.8	4.8	7.4	0.2	8.9
Slovenia	..	8.6	14.7	2.6	1.3	0.3	7.6	5.0	3.0	10.4	13.3	7.8	-23.3	-8.3	-10.7	-4.6	-0.5	-9.2	-2.8	0.9
Spain	3.6	11.3	10.4	6.6	4.8	3.4	5.9	5.1	7.1	7.1	4.5	-4.7	-16.6	-6.3	-5.1	-9.3	-2.4	-6.2	-7.8	0.2
Sweden	0.3	8.3	8.6	5.7	1.0	-1.2	1.7	4.8	8.3	9.4	9.0	0.4	-14.7	6.7	6.2	2.1	4.4	2.9	2.3	5.7
Switzerland	1.5	6.4	1.5	4.2	-3.5	-0.5	-1.2	4.5	3.8	4.7	5.1	0.5	-4.9	7.5	3.9	2.8	3.8	1.8	3.0	4.1
Turkey	6.6	-3.9	-16.2	17.5	-30.0	14.7	14.2	28.4	17.4	13.3	3.1	-6.2	-19.0	30.5	18.3	1.6	6.6	..	..	..
United Kingdom	2.8	13.5	2.8	2.6	2.7	3.6	1.1	5.1	2.4	6.4	8.1	-4.8	-13.4	3.1	-1.2	-0.9	2.8	-1.0	0.0	3.4
United States	3.9	9.7	9.0	6.8	-1.0	-2.7	3.3	6.3	5.3	2.5	-1.4	-5.1	-15.2	2.0	3.7	4.4	6.3	3.9	4.2	6.5
Euro area	2.6	5.8	5.9	5.1	0.7	-1.6	1.1	1.8	3.4	6.0	4.6	-1.3	-12.0	-0.7	1.5	-1.8	1.3	0.7	-1.2	2.2
Total OECD	3.6	3.8	5.1	5.5	-1.1	-0.9	2.4	4.5	4.7	4.7	2.8	-2.2	-12.1	2.4	3.2	2.2	4.2	2.6	2.6	4.6

Note: The adoption of national accounts systems SNA93 or ESA95 has been proceeding at an uneven pace among OECD member countries, both with respect to variables and the time period covered. As a consequence, there are breaks in many national series. For further information, see table "National Accounts Reporting Systems, base years and latest data updates" at the beginning of the Statistical Annex. Working-day adjusted -- see note to Annex Table 1.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636455

Annex Table 6. **Real gross private non-residential fixed capital formation**

Percentage change from previous year

	Average 1987-97	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Fourth quarter 2011	Fourth quarter 2012	Fourth quarter 2013
Australia	4.2	3.6	6.1	0.1	-0.8	12.7	13.1	8.9	13.6	8.2	12.4	7.5	-3.4	-0.3	12.1	13.8	12.7	15.7	13.5	12.1
Belgium	4.1	7.8	0.8	7.5	4.3	-5.5	-0.4	9.0	4.8	0.9	8.6	4.4	-9.0	-2.0	8.9	0.1	2.7	9.0	-0.8	4.2
Canada	4.3	5.3	7.2	4.7	0.2	-4.1	6.9	8.2	12.4	9.9	3.3	3.7	-20.8	7.3	13.7	7.1	7.2	9.9	7.3	7.0
Denmark	3.2	11.9	-1.7	6.6	-0.4	0.6	-3.3	-0.3	-0.3	16.5	4.5	0.7	-15.8	-4.5	-3.5	2.7	5.8	-1.1	2.9	7.1
Finland	-0.8	14.7	1.6	9.5	9.7	-8.2	-2.3	1.6	6.6	2.4	18.3	4.1	-17.1	-6.6	5.3	1.4	2.0	5.0	1.0	2.6
France	2.1	10.7	9.6	7.7	3.3	-2.9	1.5	2.8	3.1	5.3	7.9	2.8	-12.0	1.3	4.0	0.9	4.0	3.7	0.7	4.8
Germany	2.4	5.8	5.5	7.5	-2.0	-6.8	0.0	1.3	4.3	10.4	8.5	2.8	-17.5	7.4	7.5	3.0	4.6	4.9	3.4	5.1
Iceland	0.4	46.2	-7.4	11.1	-11.3	-20.2	20.9	35.0	57.9	27.1	-23.5	-23.3	-55.6	-0.5	25.8	19.8	10.0	41.0	-5.8	20.9
Japan	3.4	-6.0	-3.3	6.4	-0.5	-5.1	5.1	3.3	5.8	4.1	4.7	-2.9	-14.2	0.8	1.0	1.3	5.4	4.5	-0.8	6.3
Korea	10.7	-28.1	13.8	18.8	-3.3	8.1	2.3	1.9	2.0	7.6	6.9	-0.4	-6.0	15.1	2.4	1.5	4.2	-1.1	4.6	4.1
Netherlands	4.3	8.4	11.4	-2.0	-3.0	-7.6	-1.0	-2.6	2.1	9.8	6.4	7.1	-12.2	-0.9	8.7	0.6	5.6	7.9	1.9	6.7
New Zealand	3.8	-1.9	7.4	18.9	-3.1	-0.4	13.1	14.3	7.9	-0.9	10.0	1.3	-17.2	5.3	6.2	6.2	10.3	0.4	9.9	10.4
Norway	1.9	16.0	-8.3	-3.9	-4.3	-1.9	-2.4	11.5	18.0	12.0	15.2	2.2	-10.6	-5.4	3.8	6.5	6.1	1.8	8.9	5.1
Sweden	2.1	9.4	8.8	7.5	-0.6	-5.5	2.3	3.7	8.7	8.6	10.5	3.7	-17.2	4.2	5.6	5.1	6.3	7.0	2.5	8.7
Switzerland	1.5	8.2	4.4	5.4	-2.3	-0.5	-4.3	4.7	6.4	7.5	8.1	1.5	-7.7	7.7	4.0	2.5	4.5	0.0	3.5	4.8
United Kingdom	4.4	16.9	3.8	4.3	-0.4	-0.5	-2.6	0.3	18.5	-4.3	11.5	0.0	-12.7	-2.1	1.2	1.8	5.3	1.6	2.0	6.3
United States	5.8	12.0	9.8	9.8	-2.8	-7.9	1.4	6.2	6.7	8.0	6.5	-0.8	-17.9	4.4	8.8	5.4	7.3	8.2	4.6	7.4

Note: The adoption of national account systems SNA93 or ESA95 has been proceeding at an uneven pace among OECD member countries, both with respect to variables and the time period covered. As a consequence, there are breaks in many national series. For further information, see table “National Accounts Reporting Systems, base years and latest data updates” at the beginning of the Statistical Annex. National account data do not always have a sectoral breakdown of investment expenditures, and for some countries data are estimated by the OECD. Working-day adjusted -- see note to Annex Table 1.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636474

Annex Table 7. **Real gross residential fixed capital formation**

Percentage change from previous year

	Average 1987-97	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Fourth quarter 2011	Fourth quarter 2012	Fourth quarter 2013
Australia	4.0	13.3	4.4	1.4	-10.7	23.7	5.4	5.7	-1.9	-3.1	2.0	2.6	-4.4	4.2	0.9	-2.6	2.2	-2.0	1.1	2.9
Austria	3.9	-2.8	-2.2	-4.9	-6.5	-4.6	-4.1	-0.1	1.5	1.4	1.5	-0.4	-3.6	-1.8	1.0	1.0	1.2	1.6	0.8	1.4
Belgium	5.4	-4.3	3.2	-1.0	-2.6	-5.2	3.1	8.0	10.7	6.5	3.3	-2.7	-9.2	1.6	-3.5	-1.9	1.3	-7.3	0.7	1.9
Canada	-1.3	-3.6	3.6	5.2	10.5	14.1	5.4	7.5	3.3	2.2	2.9	-3.3	-7.8	10.1	2.3	3.7	2.6	5.1	2.9	2.5
Denmark	-1.0	1.9	4.3	10.3	-9.3	0.8	11.8	11.9	17.3	9.6	-6.0	-15.8	-14.0	-7.4	8.8	-0.7	1.1	4.2	-0.7	1.7
Finland	0.5	10.2	8.9	6.0	-9.9	-0.1	11.7	11.5	5.4	4.2	0.0	-9.7	-13.0	25.1	4.4	-1.3	1.1	-1.3	-2.7	3.5
France	0.5	4.0	7.1	2.7	1.2	1.0	2.2	3.4	5.7	5.7	4.9	-3.1	-8.3	-1.3	2.6	0.0	-1.5	2.3	-2.1	-0.5
Germany	6.4	0.2	1.2	-2.7	-5.7	-6.1	-2.0	-4.1	-4.2	6.7	-1.6	-4.3	-2.3	3.2	6.4	2.1	2.8	8.8	2.3	2.9
Greece	..	8.8	3.8	-4.3	4.3	15.2	12.1	-1.0	-0.5	31.4	-9.0	-28.2	-23.5	-18.0	-23.6	-19.9	-4.1	..	..	..
Iceland	-0.5	1.0	0.6	12.8	12.3	12.4	3.7	14.2	11.9	16.5	13.2	-21.9	-55.7	-16.7	8.6	20.0	15.0	-2.3	37.9	7.4
Ireland	7.4	4.5	12.7	7.9	1.7	3.5	18.1	11.2	15.8	3.1	-11.2	-15.9	-38.0	-34.9	-14.1	-5.3	2.1	-14.2	1.8	2.3
Italy	0.6	-1.1	1.5	5.2	1.5	2.4	3.6	2.5	5.7	4.2	0.6	-1.3	-8.4	-2.1	-2.3	-2.7	-1.5	-2.9	-2.1	-1.7
Japan	0.7	-14.2	-0.2	0.9	-4.9	-3.5	-1.4	1.8	-0.9	0.6	-9.5	-7.0	-16.3	-4.6	5.1	1.6	4.9	2.9	2.7	4.2
Korea	11.8	-13.4	-5.5	-9.6	12.5	11.2	8.6	3.6	2.4	-2.4	-3.0	-7.8	-2.0	-13.4	-15.9	7.5	4.0	-5.4	3.9	3.9
Netherlands	2.9	3.0	2.8	1.6	3.2	-6.5	-3.7	4.1	5.0	5.8	4.7	-0.2	-14.6	-11.5	6.3	-3.8	-0.3	5.6	-1.9	-0.1
New Zealand	5.2	-12.8	7.5	0.5	-11.7	21.3	19.8	4.6	-4.4	-2.7	5.2	-19.0	-18.7	5.8	-12.5	20.6	35.3	-5.7	32.5	33.2
Norway	-2.1	7.7	3.0	5.6	8.1	-0.7	1.8	16.3	9.7	4.0	2.7	-9.0	-8.2	-2.2	22.0	9.0	5.8	20.2	7.4	5.4
Spain	3.0	10.9	11.4	10.3	6.7	6.1	7.6	5.2	6.4	6.6	1.4	-9.1	-22.1	-9.9	-4.9	-5.5	-2.6	-4.3	-4.8	-1.5
Sweden	-9.8	5.4	13.3	14.8	7.4	11.3	4.3	12.4	11.9	15.5	8.0	-13.1	-19.1	17.2	12.8	-4.7	1.2	-0.1	0.7	1.5
Switzerland	0.9	2.8	-5.5	-2.7	-4.1	-3.7	14.4	7.0	1.1	-1.6	-3.0	-4.2	1.8	2.5	1.6	0.6	1.9	0.8	1.1	2.5
United Kingdom	-0.2	2.6	-1.1	0.0	8.8	12.8	3.4	14.9	-15.6	-2.5	3.4	-21.7	-25.7	12.6	-0.4	-3.3	1.8	-2.9	-1.8	1.7
United States	1.3	7.7	6.3	1.0	0.6	5.3	8.2	9.8	6.2	-7.3	-18.7	-23.9	-22.2	-4.3	-1.3	8.8	7.9	3.5	8.6	9.2

Note: The adoption of national accounts systems SNA93 or ESA95 has been proceeding at an uneven pace among OECD member countries, both with respect to variables and the time period covered. As a consequence, there are breaks in many national series. For further information, see table “National Accounts Reporting Systems, base years and latest data updates” at the beginning of the Statistical Annex. Working-day adjusted -- see note to Annex Table 1.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636493

Annex Table 8. **Real total domestic demand**

Percentage change from previous year

	Average 1987-97	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Fourth quarter 2011	2012	2013
Australia	3.3	6.0	4.8	2.4	1.7	5.6	6.0	5.6	4.4	3.0	7.1	3.5	-0.8	3.8	4.6	4.0	4.3	5.0	4.0	4.4
Austria	2.4	2.4	2.9	2.5	0.4	-0.1	1.9	2.2	2.6	1.5	2.3	0.3	-2.6	1.9	2.9	1.1	1.1	1.9	0.8	1.2
Belgium	2.7	2.4	2.3	4.2	-0.5	0.0	0.8	2.9	3.2	2.3	2.7	1.7	-2.0	1.1	2.6	0.4	1.1	1.5	0.3	1.4
Canada	2.1	2.5	4.2	4.7	1.3	3.2	4.5	4.1	4.9	4.4	3.9	2.8	-2.8	5.2	3.2	2.0	2.7	2.5	2.6	2.7
Chile	..	3.9	-6.5	6.0	2.1	2.4	5.0	8.1	11.4	8.0	7.3	8.3	-5.8	14.7	9.4	4.2	6.1	5.7	5.4	6.4
Czech Republic	..	-2.1	1.2	4.0	3.8	3.5	3.8	2.6	3.2	5.1	6.6	2.0	-5.5	1.8	-0.9	-1.5	1.3	-1.7	0.1	1.7
Denmark	1.8	3.7	-0.5	3.1	0.0	1.6	0.2	4.3	3.4	5.2	2.3	-0.9	-6.6	1.3	-0.1	1.0	1.3	-0.6	2.0	0.9
Estonia	..	7.3	-3.9	10.5	7.8	14.5	10.7	7.0	9.8	16.1	9.1	-9.3	-22.1	1.2	10.8	4.2	3.2	8.1	4.2	3.3
Finland	1.2	5.7	1.5	3.8	2.1	1.5	3.7	3.6	4.3	2.9	5.0	0.5	-6.1	3.2	4.5	1.9	1.5	5.6	-0.3	1.9
France	1.7	4.1	3.6	4.3	1.7	1.0	1.5	2.5	2.6	2.7	3.1	0.1	-2.7	1.5	1.7	0.0	0.9	0.3	0.7	1.2
Germany	2.3	2.1	2.5	2.4	-0.1	-1.9	0.5	-0.4	-0.1	2.8	1.9	1.1	-2.5	2.3	2.4	1.2	2.0	1.8	1.5	2.1
Greece	..	4.5	3.9	6.4	5.5	5.1	7.9	4.0	1.4	7.7	5.8	0.3	-5.8	-6.0	-8.6	-8.4	-2.9	..	..	..
Hungary	..	7.4	4.0	3.5	1.9	6.6	5.9	4.7	1.4	1.6	-1.4	0.7	-10.5	-0.5	-0.5	-3.1	-0.1	-2.2	-2.3	0.6
Iceland	0.7	13.8	4.2	5.9	-2.1	-2.3	5.8	10.1	15.4	9.9	-0.4	-8.6	-20.5	-2.7	4.7	4.0	3.1	6.5	1.2	5.2
Ireland	5.1	8.8	8.6	9.6	3.9	4.2	4.2	4.0	8.9	6.5	4.5	-4.3	-12.6	-4.7	-3.0	-3.0	-0.3	-4.0	-0.8	0.0
Israel	..	2.9	4.1	5.4	1.9	-0.3	-1.7	2.9	4.6	4.6	6.5	2.1	-0.2	4.7	6.4	2.9	4.2	4.4	3.5	4.6
Italy	1.6	2.7	2.8	3.3	1.5	1.3	0.9	1.2	1.1	2.1	1.3	-1.2	-4.4	2.1	-0.8	-2.9	-0.9	-3.3	-1.7	-0.7
Japan	3.0	-2.5	0.0	1.9	1.2	-0.5	1.1	1.5	1.0	0.9	1.1	-1.3	-4.0	2.7	0.1	2.3	1.3	0.5	1.7	1.4
Korea	8.6	-17.1	14.6	9.6	3.7	8.0	1.5	1.5	3.9	4.9	4.7	1.3	-3.4	7.2	2.0	3.1	3.5	2.1	4.0	3.4
Luxembourg	4.0	6.7	7.7	4.6	5.0	3.1	0.5	3.1	5.1	2.2	6.1	3.6	-3.9	5.3	4.1	1.8	2.3	7.5	1.0	2.9
Mexico	3.6	6.0	4.0	7.3	-0.4	0.1	0.9	4.0	3.7	5.7	3.7	1.9	-8.1	5.4	4.0	3.8	3.9	4.3	3.4	4.1
Netherlands	2.7	5.2	4.9	2.7	2.3	-0.4	0.4	0.5	1.3	4.1	3.2	2.0	-3.1	0.9	0.8	-1.5	0.0	-0.7	-0.2	0.1
New Zealand	2.5	0.3	5.9	1.9	1.7	5.6	6.1	7.2	4.6	1.0	4.8	0.4	-5.3	4.3	2.5	2.1	3.6	0.5	3.3	4.0
Norway	2.0	5.8	0.4	2.9	0.6	2.3	1.6	7.1	5.4	6.4	5.9	1.3	-4.1	3.1	3.1	3.0	3.7	2.7	3.5	3.8
Poland	..	6.6	5.1	2.3	-1.1	0.7	3.3	6.1	2.7	7.2	8.7	5.2	-0.6	4.4	3.5	2.0	2.7	2.7	2.1	2.8
Portugal	4.1	7.2	5.7	3.3	1.7	-0.1	-1.9	2.9	1.4	0.8	2.0	0.9	-3.2	0.8	-5.8	-6.4	-3.0	-9.6	-4.2	-1.7
Slovak Republic	..	4.9	-5.5	1.1	8.5	4.2	-0.7	5.7	8.5	6.4	6.3	6.0	-6.4	4.2	-1.5	-0.2	1.6	-2.3	0.9	2.3
Slovenia	..	4.6	8.4	1.8	1.2	2.8	4.8	4.9	1.8	5.7	8.9	4.2	-10.0	-0.2	-1.6	-4.0	-1.2	-4.3	-3.0	0.1
Spain	3.0	6.2	6.4	5.3	3.8	3.2	3.8	4.8	5.0	5.2	4.1	-0.5	-6.2	-1.0	-1.7	-5.3	-2.5	-2.9	-5.2	-0.7
Sweden	0.8	4.6	3.5	4.1	0.4	1.4	2.1	1.8	2.9	4.0	4.8	0.0	-4.7	6.1	3.4	0.7	2.6	1.7	1.2	3.3
Switzerland	1.3	3.7	0.2	2.2	2.0	0.0	0.5	1.9	1.8	1.4	1.4	0.5	0.5	1.5	0.9	0.6	2.1	0.4	1.7	2.2
Turkey	5.1	1.0	-2.2	8.0	-11.7	9.9	8.7	11.6	9.3	6.8	5.6	-1.3	-6.3	12.4	9.0	1.7	5.0	..	..	..
United Kingdom	2.4	5.6	4.6	4.5	3.7	3.6	3.5	3.4	2.1	2.5	3.4	-1.7	-5.4	2.8	-0.9	0.2	0.9	-0.7	0.7	0.9
United States	2.9	5.5	5.6	4.8	1.2	2.4	2.9	3.9	3.2	2.6	1.2	-1.5	-4.4	3.4	1.6	2.3	2.7	1.5	2.5	2.8
Euro area	2.1	3.5	3.4	3.5	1.4	0.4	1.4	1.7	1.9	3.2	2.7	0.2	-3.8	1.2	0.6	-1.2	0.3	-0.7	-0.5	0.8
Total OECD	2.8	3.1	4.0	4.3	1.2	1.9	2.4	3.2	2.9	3.1	2.5	-0.3	-4.3	3.3	1.5	1.3	2.0	0.9	1.6	2.3

Note: The adoption of national accounts systems SNA93 or ESA95 has been proceeding at an uneven pace among OECD member countries, both with respect to variables and the time period covered. As a consequence, there are breaks in many national series. For further information, see table “National Accounts Reporting Systems, base years and latest data updates” at the beginning of the Statistical Annex. Working-day adjusted -- see note to Annex Table 1.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636512

Annex Table 9. **Foreign balance contributions to changes in real GDP**

Percentage points

	Average 1987-97	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Fourth quarter[1] 2011	2012	2013
Australia	-0.2	-1.2	-0.9	0.5	1.6	-2.2	-2.6	-2.3	-1.2	-0.9	-2.1	-1.6	2.5	-1.8	-2.6	-0.5	-0.6	1.4	-0.7	-0.6
Austria	0.1	1.3	0.6	1.3	0.4	1.9	-1.0	0.5	0.6	1.5	1.4	1.1	-1.5	0.8	0.4	-0.1	0.6	-1.5	0.5	0.7
Belgium	0.1	-0.4	1.4	-0.1	1.1	1.4	0.0	0.5	-1.1	0.6	0.2	-0.8	-0.7	1.2	-0.5	0.1	0.3	1.1	0.1	0.4
Canada	0.1	1.7	1.4	0.6	0.7	-0.1	-2.5	-0.9	-1.7	-1.5	-1.5	-2.1	-0.3	-2.2	-0.8	0.2	-0.1	0.7	-0.1	0.0
Chile	-0.3	-0.5	4.6	-1.2	1.0	-0.2	-0.9	-0.8	-4.1	-1.6	-1.1	-3.9	4.5	-7.6	-2.8	-0.3	-0.9	6.1	-0.8	-0.7
Czech Republic	-2.2	2.0	0.4	0.5	-0.8	-1.5	0.0	2.0	3.7	2.3	-0.7	0.9	0.8	0.8	2.6	0.9	0.4	9.3	0.7	0.3
Denmark	0.2	-1.4	3.2	0.5	0.7	-1.1	0.2	-1.8	-0.8	-1.5	-0.7	0.1	0.7	0.0	1.1	-0.2	0.2	2.8	-0.4	0.5
Estonia	-5.4	-0.7	5.3	-1.1	-0.8	-8.0	-3.3	-1.2	-1.5	-7.0	-2.6	5.3	11.1	2.5	0.1	0.1	0.6	7.6	0.7	0.8
Finland	0.8	0.9	3.0	1.7	0.3	0.4	-1.8	0.8	-1.0	2.1	0.9	-0.4	-3.0	0.2	-0.3	-0.3	0.6	-7.1	1.2	-0.8
France	0.4	-0.5	-0.3	-0.4	0.1	0.0	-0.6	-0.2	-0.7	0.0	-0.9	-0.3	-0.2	0.1	0.0	0.6	0.3	2.9	1.3	0.0
Germany	0.3	-0.4	-0.7	0.9	1.7	1.9	-0.8	1.1	0.9	1.2	1.5	-0.2	-2.7	1.4	0.8	0.1	0.0	-1.0	0.1	0.4
Greece	-0.7	-1.7	-1.0	-1.9	-0.5	-1.6	-0.4	1.7	1.1	-2.0	-3.3	-0.5	3.1	3.0	2.4	4.0	1.7	..	..	..
Hungary	1.6	-3.2	-0.9	0.7	1.8	-2.1	-2.1	-0.1	2.5	2.3	1.6	0.2	3.6	1.8	2.2	1.6	1.3	3.9	1.0	1.6
Iceland	0.4	-7.5	-0.3	-1.9	6.2	2.5	-3.2	-2.5	-9.0	-6.4	6.5	10.8	14.2	-1.5	-1.1	-0.7	-0.2	-9.0	-0.5	0.1
Ireland	2.1	0.0	3.9	2.6	2.1	2.8	1.6	0.5	-2.0	-0.6	1.1	1.2	3.4	3.7	4.7	2.7	2.3	-1.3	2.5	2.3
Israel	0.1	1.4	-0.8	3.6	-2.2	-0.2	3.3	2.0	0.4	1.0	-1.0	1.8	1.0	0.6	-1.7	0.0	-0.6	1.4	-0.1	-1.0
Italy	0.4	-1.3	-1.3	0.7	0.2	-0.9	-0.8	0.4	0.0	0.1	0.2	0.0	-1.1	-0.3	1.4	1.3	0.6	3.1	0.5	0.9
Japan	0.0	0.4	-0.1	0.4	-0.8	0.8	0.7	0.9	0.3	0.8	1.1	0.2	-1.6	1.7	-0.8	-0.3	0.2	-2.6	0.2	0.2
Korea	-0.5	11.2	-2.1	-0.2	0.4	-0.5	1.3	3.1	0.4	0.3	0.5	1.0	3.7	-0.6	1.8	0.3	0.6	1.3	0.7	0.6
Luxembourg	1.7	1.3	1.7	4.8	-1.1	2.0	1.1	1.9	1.5	3.6	2.6	-1.1	-1.8	-1.4	-1.5	-0.5	0.5	8.9	0.8	0.4
Mexico	-0.9	-1.2	-0.7	-1.6	-0.5	0.0	0.5	0.0	-0.6	-0.6	-0.5	-0.7	1.8	0.0	-0.1	-0.2	-0.1	-0.5	0.2	-0.3
Netherlands	0.5	-0.9	0.1	1.3	-0.2	0.5	-0.1	1.7	0.8	-0.3	1.0	0.0	-0.7	0.9	0.5	0.9	0.8	-0.7	0.7	0.9
New Zealand	-0.1	0.1	-1.2	2.2	0.5	-0.8	-1.9	-2.7	-1.7	1.2	-1.6	-1.0	5.4	-2.0	-0.9	-0.3	-0.8	6.6	-0.9	-0.7
Norway	1.3	-2.6	1.6	0.6	1.5	-0.4	-0.4	-2.3	-2.1	-2.9	-2.2	-1.1	1.7	-2.1	-1.2	-0.4	-0.5	-7.0	-0.5	-0.4
Poland	-1.2	-1.7	-1.0	1.3	2.3	0.5	0.9	-0.7	0.9	-1.1	-2.1	-0.3	2.5	-0.7	0.7	0.5	0.2	1.1	0.2	0.2
Portugal	-1.2	-3.0	-2.3	0.3	0.1	1.0	1.2	-1.5	-0.8	0.5	0.1	-1.0	0.7	0.6	4.4	3.5	2.1	13.1	2.0	2.3
Slovak Republic	-1.0	-0.8	6.9	0.1	-4.9	0.3	5.5	-0.9	-2.1	1.6	3.9	0.0	2.3	0.0	5.1	3.7	1.6	13.4	1.5	2.2
Slovenia	-2.6	-1.1	-3.3	2.5	1.6	1.0	-1.9	-0.5	2.2	0.2	-2.0	-0.6	2.3	1.5	1.4	1.2	0.8	1.0	0.9	0.6
Spain	-0.4	-1.7	-1.7	-0.4	-0.2	-0.6	-0.8	-1.7	-1.7	-1.4	-0.8	1.5	2.8	0.9	2.5	3.7	1.6	6.1	1.3	0.8
Sweden	0.7	0.0	1.3	0.5	1.5	0.9	0.4	2.0	0.6	0.7	-0.8	-1.2	0.0	-0.1	0.7	-0.5	0.4	-7.6	0.5	0.4
Switzerland	0.2	-0.8	1.1	1.5	-0.7	0.4	-0.7	0.8	1.0	2.3	2.4	1.6	-2.4	1.3	1.0	0.4	0.1	5.6	-0.2	1.1
Turkey	-0.3	2.1	-1.5	-1.1	6.5	-3.0	-3.8	-2.4	-1.3	-0.3	-1.3	1.7	2.8	-4.3	-1.5	0.9	-0.7	..	..	..
United Kingdom	-0.1	-1.7	-0.9	-0.1	-0.6	-1.0	-0.1	-0.6	-0.1	0.1	-0.1	0.7	1.1	-0.5	1.0	0.1	1.0	0.8	1.0	1.0
United States	0.1	-1.2	-1.0	-0.8	-0.2	-0.7	-0.4	-0.6	-0.3	-0.1	0.6	1.2	1.2	-0.5	0.0	0.0	-0.2	-0.3	-0.3	-0.2
Euro area	0.2	-0.6	-0.5	0.4	0.6	0.5	-0.6	0.3	-0.1	0.2	0.3	0.0	-0.7	0.7	1.0	1.1	0.6	1.9	0.8	0.7
Total OECD	0.1	-0.4	-0.6	-0.1	0.2	-0.2	-0.4	-0.1	-0.2	0.1	0.2	0.4	0.6	-0.1	0.2	0.3	0.1	0.6	0.1	0.2

Note: The adoption of national accounts systems SNA93 or ESA95 has been proceeding at an uneven pace among OECD member countries, both with respect to variables and the time period covered. As a consequence, there are breaks in many national series. For further information, see table "National Accounts Reporting Systems, base years and latest data updates" at the beginning of the Statistical Annex. Working-day adjusted -- see note to Annex Table 1.

1. Contributions to per cent change from the previous period, seasonnally adjusted at annual rates.

Source: OECD Economic Outlook 91 database.

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Annex Table 10. **Output gaps**

Deviations of actual GDP from potential GDP as a per cent of potential GDP

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	-1.4	-1.5	-1.4	-1.2	0.3	0.7	0.4	0.1	0.9	1.1	1.6	1.4	0.6	2.2	1.0	-0.5	-1.1	-1.9	-2.0	-1.8
Austria	-2.5	-2.3	-2.1	-1.6	0.1	1.4	3.1	1.8	1.1	-0.2	0.0	0.5	2.0	3.5	2.5	-2.9	-2.2	-0.9	-1.8	-1.9
Belgium	-1.3	-1.1	-2.0	-0.5	-0.9	0.3	1.8	0.4	-0.1	-1.0	0.5	0.6	1.6	2.9	2.2	-1.8	-0.8	-0.1	-1.1	-1.3
Canada	-1.4	-1.4	-2.5	-1.5	-0.9	1.1	2.8	1.4	1.5	0.8	1.4	1.9	2.4	2.4	1.1	-3.1	-1.5	-1.1	-1.0	-0.6
Chile	..	..	..	3.5	3.0	-0.9	0.4	0.4	-0.8	-0.4	2.0	3.1	3.1	3.1	1.8	-3.3	-0.9	0.6	-0.2	-0.2
Czech Republic	..	..	..	3.3	-0.4	-2.1	-0.9	-1.4	-3.2	-3.3	-2.6	0.2	3.7	6.1	5.9	-1.2	-0.5	-0.7	-2.9	-3.1
Denmark	-1.4	-0.3	0.5	1.6	1.6	2.2	3.9	2.8	1.7	0.7	1.6	2.4	4.3	4.6	2.5	-4.2	-3.6	-3.2	-3.1	-2.4
Estonia	..	..	..	..	..	..	..	-3.0	-2.2	-0.5	0.4	4.3	10.0	13.6	6.1	-10.0	-8.4	-2.4	-2.4	-1.4
Finland	-6.1	-4.6	-3.9	-1.3	0.1	0.3	2.1	0.8	-0.4	-1.3	0.3	0.8	3.2	6.6	5.0	-4.8	-2.2	-0.5	-1.0	-0.5
France	-1.5	-1.1	-1.7	-1.3	0.1	1.2	2.7	2.2	1.3	0.5	1.2	1.5	2.5	3.0	1.1	-3.0	-2.7	-2.5	-3.4	-3.8
Germany	0.4	0.4	-0.3	-0.1	-0.1	0.0	1.5	1.6	0.3	-1.2	-1.6	-1.8	0.6	2.5	1.7	-4.6	-2.3	-0.7	-1.0	-0.7
Greece	-0.8	-1.3	-1.9	-1.5	-1.4	-1.5	-1.1	-0.9	-1.3	0.9	2.2	1.9	5.5	6.9	5.3	1.4	-1.7	-7.7	-11.9	-12.7
Hungary	..	..	-3.1	-2.8	-2.0	-2.4	-1.8	-1.5	-0.4	0.2	1.8	3.4	5.4	3.8	3.2	-4.3	-3.9	-3.0	-5.1	-4.9
Iceland	-4.4	-5.8	-3.5	-1.4	1.3	1.5	2.0	2.3	-0.5	-0.9	3.6	6.7	6.4	8.2	6.3	-2.5	-7.3	-5.3	-3.6	-2.4
Ireland	-6.8	-3.4	-2.0	2.2	3.2	6.2	8.7	7.2	7.5	6.5	6.1	6.8	7.9	9.0	2.0	-6.8	-8.4	-8.5	-8.6	-7.3
Israel	..	..	2.0	0.6	0.3	-0.6	4.7	0.9	-3.1	-4.8	-3.2	-1.6	0.2	1.9	2.1	-0.4	1.1	2.4	1.6	1.3
Italy	-1.8	-0.1	-0.4	0.3	0.2	0.2	2.5	2.8	1.8	0.5	0.9	0.9	2.3	3.0	1.2	-4.6	-3.1	-2.8	-4.7	-5.4
Japan	0.7	0.8	1.8	1.8	-1.7	-3.0	-1.9	-2.3	-2.7	-1.6	0.1	0.8	1.8	3.4	1.6	-4.5	-0.8	-2.2	-0.8	-0.2
Luxembourg	..	..	-4.1	-3.2	-1.9	1.1	4.4	2.1	1.6	-1.1	-0.7	1.1	2.7	6.2	4.0	-3.5	-2.7	-3.2	-4.6	-4.6
Mexico	1.0	-7.1	-4.3	-0.1	1.8	2.0	4.8	0.9	-1.5	-2.4	-0.6	0.3	3.0	3.9	2.6	-5.9	-2.8	-1.5	-0.8	-0.1
Netherlands	-1.7	-1.4	-1.2	-0.2	0.4	1.8	2.8	2.2	-0.1	-1.6	-1.3	-0.8	1.1	3.3	3.3	-1.6	-1.1	-1.0	-2.8	-3.4
New Zealand	-0.1	0.7	0.6	0.4	-2.0	-0.6	-0.3	-1.1	0.2	1.4	2.2	2.3	1.4	2.4	-0.4	-1.7	-0.6	-1.0	-1.0	-0.4
Norway[1]	-1.6	-1.3	-0.4	1.4	2.1	1.3	1.0	0.1	-1.4	-3.0	-1.4	0.1	2.0	4.2	2.8	-1.4	-1.8	-1.6	-1.5	-0.8
Poland	..	-0.6	-0.5	0.9	0.8	1.2	1.6	-0.8	-2.6	-2.1	-0.8	-1.7	-0.7	0.7	1.0	-1.0	-0.2	1.0	0.5	0.1
Portugal	-2.8	-1.2	-0.3	1.1	3.0	3.9	4.7	4.0	2.6	0.0	0.1	-0.3	0.2	1.6	0.6	-2.8	-1.8	-3.0	-6.4	-7.5
Slovak Republic	..	..	5.0	5.1	3.8	-1.0	-3.8	-4.5	-4.3	-3.9	-3.6	-2.0	1.1	6.4	7.6	-1.2	0.1	0.3	-0.3	-0.6
Spain	-1.2	-1.0	-1.3	-0.5	0.5	1.4	2.5	2.3	1.4	0.9	0.7	0.9	1.9	2.5	1.1	-4.0	-5.3	-5.8	-8.4	-10.2
Sweden	-4.3	-2.4	-3.1	-2.7	-1.4	0.0	1.6	0.1	-0.1	-0.2	1.0	1.7	3.7	4.7	1.4	-5.5	-1.9	-0.3	-1.9	-1.6
Switzerland	-0.7	-1.5	-2.1	-1.4	-0.3	-0.6	1.3	0.7	-0.4	-2.2	-1.4	-0.7	1.0	2.5	2.6	-1.0	0.0	0.0	-1.0	-1.1
United Kingdom	-1.1	-0.8	-0.9	-0.6	-0.3	-0.2	0.8	0.6	0.2	1.0	1.6	1.6	2.5	4.4	1.8	-3.5	-2.4	-2.6	-3.2	-2.6
United States	-1.6	-2.0	-1.3	0.1	1.3	2.9	3.8	1.8	1.0	1.1	2.1	2.8	3.1	2.8	0.2	-5.0	-3.7	-3.9	-3.6	-3.1
Euro area	-1.0	-0.5	-1.0	-0.4	0.2	0.7	2.3	2.0	1.0	-0.1	0.1	0.3	1.9	3.2	1.8	-3.6	-2.8	-2.4	-3.6	-3.9
Total OECD	-1.0	-1.1	-0.8	0.1	0.2	0.8	2.1	0.9	0.2	0.0	1.0	1.5	2.5	3.1	1.2	-4.1	-2.6	-2.5	-2.7	-2.5

Note: Potential output follows the methodology outlined in Chapter 4 of *OECD Economic Outlook* n°. 91 and described in more details in A. Johansson *et.al*., "long-term scenarios", *OECD Economics Department Working Papers,* forth coming.

1. Mainland Norway.

Source: OECD Economic Outlook 91 database.

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Annex Table 11. **Compensation per employee in the total economy**

Percentage change from previous period

	Average 1984-1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	5.1	2.5	5.3	4.4	2.4	3.8	3.8	4.9	3.4	3.1	5.3	4.2	4.7	6.4	3.7	0.8	4.1	5.3	4.9	4.7
Austria	4.8	2.8	1.4	0.8	2.5	1.9	2.2	1.2	1.8	1.7	1.5	2.4	3.0	3.0	3.3	1.7	1.5	2.9	2.9	2.4
Belgium	4.7	0.9	1.6	3.2	1.3	3.5	2.2	3.7	3.8	2.0	1.6	1.8	3.5	3.3	3.5	1.2	1.4	3.0	2.9	2.4
Canada	4.2	1.7	2.1	4.6	2.5	2.8	4.8	2.3	1.6	2.4	4.2	4.6	4.6	3.5	2.4	1.9	2.5	2.8	3.1	3.2
Czech Republic	..	19.3	17.1	10.5	8.7	6.2	7.9	8.4	7.8	7.9	8.2	3.8	6.0	6.3	4.2	-1.2	3.7	1.6	2.0	2.0
Denmark	4.4	3.8	4.3	3.1	4.1	3.9	3.5	4.2	3.7	3.8	3.3	3.7	3.5	3.6	3.5	2.8	2.6	1.7	1.8	1.9
Finland	6.5	4.1	2.6	1.6	4.5	2.1	3.8	4.6	1.7	2.7	3.7	3.7	2.9	3.7	4.4	2.3	3.5	2.7	3.0	2.8
France	3.8	2.1	1.8	1.6	1.6	2.0	2.5	2.7	3.5	2.8	3.5	3.0	3.2	2.5	2.6	1.5	2.0	2.9	2.4	1.7
Germany	4.1	3.4	1.1	0.6	0.9	0.9	1.8	1.7	1.3	1.4	0.3	-0.1	1.0	0.8	2.1	0.0	2.0	3.0	2.5	3.0
Greece	15.4	13.1	8.8	13.7	5.3	6.5	6.0	3.7	11.4	6.3	4.2	2.6	1.4	5.0	6.1	4.0	-3.3	-3.2	-5.2	-3.9
Hungary	..	..	21.2	22.1	14.5	6.5	15.0	15.2	13.6	9.9	10.3	7.1	5.6	6.4	6.8	-1.4	-2.3	5.9	4.4	3.2
Iceland	17.7	4.6	6.2	5.5	11.5	7.9	9.0	7.4	8.8	2.1	10.2	9.0	12.5	10.1	4.0	-2.9	4.4	8.4	7.9	5.9
Ireland	5.3	3.0	4.4	5.0	4.9	4.4	7.9	7.6	5.0	6.0	5.2	6.0	5.0	5.8	5.5	-1.1	-3.2	1.9	0.3	1.7
Israel	..	..	..	..	6.8	6.4	6.0	2.6	0.7	-1.9	0.6	2.1	5.9	1.8	2.2	0.3	4.1	2.3	3.9	3.8
Italy	7.3	4.4	5.7	4.4	-1.6	1.6	2.3	2.7	2.2	2.5	3.3	2.7	2.2	2.0	3.0	-0.1	2.0	1.1	1.0	0.9
Japan	2.8	1.3	0.1	0.9	-0.9	-1.5	-0.2	-0.9	-2.1	-2.0	-1.4	-0.1	-0.8	-1.2	0.4	-3.7	0.1	0.1	0.2	0.9
Korea	12.4	14.9	12.3	4.4	4.2	3.1	4.0	7.3	6.0	7.4	4.7	5.3	3.4	4.1	4.2	2.4	3.4	3.5	5.5	5.2
Luxembourg	5.1	1.3	1.9	2.6	0.9	4.0	5.3	3.5	3.0	1.1	3.3	4.6	2.6	3.7	2.2	1.8	2.6	2.0	2.7	2.4
Mexico	..	9.8	21.3	22.6	20.7	20.6	16.2	11.0	5.5	6.8	3.5	5.9	3.8	5.6	4.8	3.2	4.7	4.3	3.4	3.2
Netherlands	1.4	1.1	1.5	2.4	4.0	3.4	4.6	4.9	4.3	3.4	3.4	1.1	2.3	3.0	3.3	2.2	1.1	1.5	2.3	2.4
Norway	5.5	3.4	4.5	5.0	7.0	5.5	4.9	5.7	4.3	4.1	4.4	4.6	5.4	6.2	6.0	3.3	3.9	4.5	3.4	3.9
Poland	..	..	27.1	20.5	14.0	13.5	10.9	10.2	2.3	1.6	1.5	2.1	2.0	4.7	8.6	3.7	5.6	4.4	7.4	5.6
Portugal	..	..	6.0	5.7	5.6	5.1	6.3	4.0	3.4	3.5	2.6	4.7	1.8	3.6	3.0	2.8	1.4	-0.8	-3.1	-0.6
Slovak Republic	..	18.7	12.9	16.2	9.8	6.9	15.4	5.6	8.9	7.8	8.1	9.1	7.9	8.7	7.0	3.6	4.4	0.9	3.3	3.5
Slovenia	..	..	13.3	12.7	8.6	8.2	10.5	11.6	8.2	7.8	7.6	6.2	5.3	6.1	7.0	2.3	3.9	2.1	0.5	0.9
Spain	8.3	3.7	4.3	2.3	1.8	2.1	2.8	3.6	3.4	2.6	2.1	2.8	3.2	4.6	5.9	4.5	-0.1	0.9	1.1	0.1
Sweden	7.4	2.7	7.2	4.8	2.5	1.3	7.3	4.3	2.9	3.2	4.0	3.1	2.1	5.2	1.5	1.6	3.0	0.8	1.9	2.9
Switzerland	4.4	2.2	1.2	2.3	0.4	1.2	2.4	3.8	1.4	-0.2	-0.8	3.0	2.1	3.1	1.9	1.1	0.3	1.0	0.2	1.0
United Kingdom	7.1	3.2	3.2	4.0	6.5	4.7	5.7	5.1	3.3	4.8	3.8	3.7	4.7	4.8	1.8	2.7	3.5	1.8	2.5	2.6
United States	3.9	2.2	2.9	3.8	4.9	4.0	6.4	3.4	3.4	4.5	4.3	3.5	4.0	4.1	3.2	1.1	2.8	2.8	3.0	3.5
Euro area	4.9	3.6	3.2	2.8	1.7	2.1	3.0	2.9	2.9	2.6	2.4	2.1	2.4	2.7	3.4	1.4	1.5	2.0	1.7	1.7
Total OECD	5.1	3.9	5.5	5.3	4.7	4.3	5.3	3.9	2.8	3.3	2.9	3.0	2.9	3.3	3.2	1.0	2.4	2.4	2.6	2.7

Note: The private sector in the OECD terminology is defined as total economy less the public sector. Hence private sector employees are defined as total employees less public sector employees.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636569

Annex Table 12. **Labour productivity in the total economy**

Percentage change from previous period

	Average 1984-1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	1.3	-0.4	2.5	2.7	3.1	2.4	0.6	1.6	1.7	1.0	1.9	-0.2	0.0	1.7	-0.5	0.7	-0.2	0.5	2.9	2.8
Austria	1.9	2.6	1.7	1.8	2.7	1.7	2.5	0.3	1.3	0.2	1.6	1.5	1.9	1.8	-0.8	-2.8	1.6	1.5	0.2	1.4
Belgium	1.7	1.7	1.0	3.2	0.2	2.1	1.7	-0.6	1.6	0.9	2.1	0.4	1.6	1.2	-0.9	-2.5	1.4	0.6	0.3	1.2
Canada	1.0	1.0	0.7	2.1	1.6	2.9	2.7	0.6	0.5	-0.5	1.4	1.7	1.0	-0.2	-1.0	-1.2	1.8	0.9	1.1	1.5
Chile	..	9.3	5.6	4.6	1.1	0.7	2.5	2.3	0.3	0.0	3.2	1.7	2.9	1.7	0.7	-0.9	-1.1	0.9	3.2	3.1
Czech Republic	..	5.2	3.6	-0.2	1.6	3.8	5.4	3.4	1.4	4.6	4.9	4.6	5.8	3.5	0.6	-3.4	4.3	1.4	0.0	1.2
Denmark	1.8	2.3	1.9	1.8	0.7	1.7	3.0	-0.2	0.4	1.5	2.9	1.4	1.3	-1.2	-2.4	-2.7	3.6	1.5	0.9	1.2
Estonia	..	..	8.4	11.7	8.9	4.3	11.4	5.4	5.2	6.3	6.4	6.7	4.7	6.7	-3.9	-4.8	7.4	0.6	0.9	2.7
Finland	3.2	2.2	2.1	2.7	3.1	1.4	3.2	0.9	0.9	2.0	3.7	1.5	2.5	3.1	-2.2	-5.9	4.9	1.7	1.0	1.9
France	1.8	1.2	0.5	1.5	1.7	0.9	1.2	0.3	0.4	0.8	2.2	1.2	1.5	0.8	-0.7	-1.8	1.4	1.1	0.7	1.0
Germany	1.8	1.4	0.9	1.9	0.5	0.2	1.6	1.4	0.6	0.5	0.4	1.0	3.3	1.7	-0.4	-5.1	3.1	1.7	0.3	1.8
Greece	..	1.2	1.1	4.0	-1.0	3.1	3.0	4.1	1.2	4.7	1.9	-0.7	3.6	1.4	-0.9	-3.0	-1.7	-0.2	-0.3	-0.2
Hungary	..	..	-0.1	3.1	2.5	0.4	3.1	4.0	4.6	3.8	5.6	4.5	3.5	0.1	2.2	-4.0	0.9	1.3	-1.4	1.1
Iceland	1.2	-2.9	4.8	4.9	2.1	0.4	2.3	2.2	1.6	2.3	8.3	3.8	-0.4	1.4	0.5	-0.9	-3.8	3.1	2.0	1.5
Ireland	3.0	4.5	3.9	5.1	-0.6	3.2	4.6	1.7	4.2	2.3	1.1	0.4	0.9	1.5	-1.9	1.2	4.0	2.8	0.7	1.9
Israel	..	..	1.3	0.6	0.4	-0.1	5.6	-1.8	-1.0	0.6	2.6	1.2	2.3	0.6	-0.1	0.1	1.6	1.5	1.4	1.2
Italy	2.0	3.2	0.4	1.6	0.3	0.3	1.9	-0.3	-1.2	-1.4	1.1	0.5	0.3	0.3	-1.4	-3.9	2.5	0.2	-1.4	0.0
Japan	2.5	1.9	2.2	0.5	-1.5	0.7	2.5	0.9	1.6	2.0	2.1	0.9	1.3	1.7	-0.7	-4.0	4.9	-0.5	2.0	1.7
Korea	5.6	5.9	4.9	4.0	0.3	8.8	4.4	1.9	4.3	3.0	2.7	2.6	3.8	3.8	1.7	0.6	4.9	1.9	1.8	2.8
Luxembourg	2.9	-1.2	-1.0	2.8	1.9	3.3	2.7	-2.9	0.8	-0.3	2.1	2.5	1.3	2.1	-3.8	-6.2	0.8	-1.1	-0.7	0.9
Mexico	..	..	1.4	1.4	2.3	2.4	3.8	-1.0	-2.2	0.6	0.6	2.6	1.6	1.5	-1.0	-5.1	1.1	1.7	1.5	1.3
Netherlands	0.1	1.0	1.0	1.2	1.2	2.0	1.7	-0.1	-0.4	0.8	2.9	1.7	1.7	1.3	0.3	-2.8	1.9	0.9	-0.4	0.7
New Zealand	1.7	0.5	0.0	2.7	-1.9	1.5	4.0	-0.1	1.5	1.6	0.8	-1.1	-0.2	2.3	-3.0	1.0	1.6	-0.3	0.7	1.1
Norway	2.4	2.0	3.0	2.4	0.0	1.1	2.7	1.7	1.1	2.2	3.5	1.3	-1.0	-1.4	-3.1	-1.3	0.8	0.2	0.9	1.2
Poland	..	..	5.2	5.2	3.7	8.0	6.9	3.6	4.7	5.1	4.0	1.3	2.8	2.3	1.2	1.1	3.4	3.4	2.7	3.0
Portugal	2.4	4.9	2.0	1.7	2.3	2.7	1.8	0.2	0.2	-0.3	1.6	1.1	0.9	2.4	-0.5	-0.3	3.0	-0.1	0.7	0.2
Slovak Republic	..	4.0	4.8	6.8	4.9	2.6	3.4	2.9	4.5	3.7	5.3	5.0	6.1	8.2	2.4	-3.0	5.8	1.5	2.6	2.3
Slovenia	..	..	5.8	6.9	3.6	3.7	2.7	2.4	2.2	3.2	4.0	4.5	4.2	3.4	1.0	-6.3	4.0	1.6	1.3	2.4
Spain	1.6	0.9	0.7	0.3	0.0	0.2	0.0	0.4	0.2	-0.1	-0.4	-0.5	0.1	0.4	1.1	3.2	2.6	2.8	2.6	0.3
Sweden	2.1	2.5	2.5	4.2	2.4	2.3	2.1	-0.7	2.5	3.1	4.5	2.9	2.8	1.1	-1.6	-2.6	4.7	1.8	0.2	1.9
Switzerland	0.3	0.4	0.7	2.2	1.3	0.5	2.6	-0.5	-0.3	0.1	2.3	1.9	1.5	1.0	-0.3	-2.3	2.0	-0.6	-0.4	0.9
Turkey	2.2	4.2	4.0	7.5	0.4	-4.5	9.0	-5.7	6.5	6.1	7.3	6.1	5.1	3.1	-1.5	-5.2	2.9	1.8	1.6	2.4
United Kingdom	2.0	1.8	1.9	1.6	2.8	2.2	3.3	2.3	1.9	2.6	1.9	1.1	1.7	2.7	-1.8	-2.8	1.8	0.2	0.7	1.8
United States	1.2	0.2	1.8	2.1	2.1	2.7	2.4	1.2	3.0	2.5	2.4	1.5	0.9	1.0	0.4	0.8	3.7	0.8	0.8	0.9
Euro area	1.7	1.8	0.9	1.8	0.9	0.9	1.6	0.7	0.4	0.4	1.3	0.8	1.8	1.3	-0.4	-2.6	2.4	1.3	0.4	1.0
Total OECD	1.9	1.7	2.0	2.2	1.2	2.0	2.9	0.8	1.7	1.8	2.2	1.5	1.7	1.5	-0.3	-1.8	3.0	1.0	1.1	1.4

Note: Labour productivity measured as GDP per person employed.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636588

Annex Table 13. **Unemployment rates: commonly used definitions**

Per cent of labour force

	2008 Unemployment thousands	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Fourth quarter 2011	2012	2013
Australia	483	7.7	6.9	6.2	6.7	6.3	5.9	5.4	5.0	4.8	4.4	4.2	5.6	5.2	5.1	5.4	5.7	5.2	5.6	5.6
Austria	162	4.3	3.7	3.5	3.6	3.9	4.3	4.9	5.2	4.7	4.4	3.8	4.8	4.4	4.1	4.6	4.8	4.4	4.7	4.8
Belgium	343	9.3	8.5	6.9	6.6	7.5	8.2	8.4	8.5	8.2	7.5	7.0	7.9	8.3	7.2	7.5	7.8	7.2	7.7	7.8
Canada	1 119	8.3	7.6	6.8	7.3	7.7	7.6	7.2	6.7	6.3	6.0	6.1	8.3	8.0	7.5	6.9	6.6	7.4	6.8	6.4
Chile	561	6.4	10.1	9.7	9.9	9.8	9.5	10.0	9.2	7.8	7.2	7.8	10.8	8.1	7.1	7.2	7.2	7.0	7.4	7.2
Czech Republic	230	6.5	8.8	8.9	8.2	7.3	7.8	8.3	8.0	7.2	5.3	4.4	6.7	7.3	6.7	7.0	6.9	6.6	7.0	6.8
Denmark	102	4.8	5.0	4.2	4.5	4.5	5.3	5.5	4.8	3.9	3.7	3.3	5.9	7.3	7.4	7.6	7.5	7.6	7.6	7.4
Estonia	39	..	..	13.6	12.6	10.3	10.0	9.7	7.9	5.9	4.7	5.6	13.9	16.8	12.5	11.4	10.4	12.2	11.4	9.9
Finland	172	11.4	10.3	9.8	9.1	9.1	9.0	8.8	8.4	7.7	6.9	6.4	8.3	8.4	7.8	7.9	7.8	7.6	8.2	7.2
France	2 067	10.3	10.0	8.5	7.7	7.9	8.5	8.9	8.9	8.8	8.0	7.4	9.1	9.4	9.3	9.8	10.0	9.4	10.0	9.9
Germany	3 123	8.9	8.1	7.5	7.3	8.1	9.1	9.8	10.7	9.7	8.3	7.2	7.4	6.8	5.7	5.4	5.2	5.4	5.4	5.2
Greece	378	11.2	12.1	11.4	10.8	10.3	9.7	10.5	9.8	8.9	8.3	7.7	9.5	12.5	17.6	21.2	21.6	..	..	..
Hungary	330	7.9	7.1	6.5	5.8	5.9	5.9	6.2	7.3	7.5	7.4	7.9	10.1	11.2	11.0	12.0	12.2	11.0	12.3	12.1
Iceland	6	2.7	2.0	2.3	2.3	3.3	3.4	3.0	2.6	2.9	2.3	3.0	7.2	7.5	7.0	5.8	5.1	6.6	5.4	5.0
Ireland	135	7.6	5.6	4.3	3.9	4.4	4.7	4.5	4.3	4.4	4.6	6.0	11.8	13.6	14.5	14.5	14.4	15.1	14.5	14.2
Israel	247	10.5	10.9	10.8	11.5	12.6	13.1	12.7	11.2	10.4	9.0	7.6	9.4	8.2	7.0	6.9	6.7	6.8	7.0	6.5
Italy	1 702	11.4	11.0	10.1	9.1	8.7	8.4	8.0	7.7	6.8	6.1	6.8	7.8	8.4	8.4	9.4	9.9	8.8	9.7	10.0
Japan	2 647	4.1	4.7	4.7	5.0	5.4	5.3	4.7	4.4	4.1	3.8	4.0	5.1	5.1	4.6	4.5	4.4	4.5	4.5	4.3
Korea	769	7.0	6.6	4.4	4.0	3.3	3.6	3.7	3.7	3.5	3.2	3.2	3.6	3.7	3.4	3.5	3.5	3.3	3.5	3.5
Luxembourg	9	2.8	2.7	2.4	2.2	2.5	3.3	3.7	4.1	4.2	4.2	4.2	5.5	5.8	5.7	6.3	6.6	5.8	6.6	6.5
Mexico[1]	1 791	3.6	2.6	2.6	2.6	2.9	3.0	3.7	3.6	3.6	3.7	4.0	5.5	5.3	5.2	5.1	4.9	5.0	5.2	4.7
Netherlands	268	4.1	3.4	2.9	2.4	3.0	4.0	4.9	5.1	4.2	3.5	3.0	3.7	4.4	4.4	5.3	5.7	4.8	5.6	5.8
New Zealand	95	7.7	7.0	6.1	5.5	5.3	4.8	4.0	3.8	3.8	3.7	4.2	6.1	6.5	6.5	6.5	6.1	6.4	6.4	5.9
Norway	68	3.2	3.2	3.4	3.5	3.9	4.5	4.5	4.6	3.4	2.5	2.6	3.2	3.6	3.3	3.3	3.2	3.4	3.3	3.2
Poland	1 211	10.6	14.0	16.1	18.2	19.9	19.6	19.0	17.7	13.8	9.6	7.1	8.2	9.6	9.6	10.3	10.6	10.0	10.4	10.7
Portugal	427	5.0	4.4	4.0	4.0	5.0	6.3	6.7	7.7	7.7	8.0	7.6	9.5	10.8	12.8	15.4	16.2	14.1	15.8	16.3
Slovak Republic	256	12.6	16.4	18.8	19.3	18.7	17.5	18.2	16.2	13.4	11.1	9.5	12.0	14.4	13.5	14.0	13.5	14.1	13.8	13.3
Slovenia	46	..	7.4	6.7	6.2	6.3	6.7	6.3	6.5	5.9	4.8	4.4	5.9	7.2	8.2	8.8	9.2	8.6	9.1	9.2
Spain	2 591	14.6	12.2	10.8	10.1	11.0	11.0	10.5	9.2	8.5	8.3	11.3	18.0	20.1	21.6	24.5	25.3	23.0	25.2	25.2
Sweden	303	9.7	8.2	6.7	5.8	6.0	6.6	7.4	7.7	7.1	6.1	6.2	8.3	8.4	7.5	7.6	7.6	7.5	7.7	7.4
Switzerland	150	3.4	2.9	2.6	2.3	3.0	4.0	4.3	4.3	3.9	3.6	3.3	4.3	4.4	4.0	3.9	3.7	4.0	3.9	3.6
Turkey	2 611	7.3	8.1	6.9	8.7	10.6	10.9	10.6	10.4	10.0	10.1	10.7	13.7	11.7	9.6	9.5	9.1	..	..	..
United Kingdom	1 782	6.3	6.0	5.5	5.1	5.2	5.0	4.8	4.9	5.5	5.4	5.7	7.6	7.9	8.1	8.6	9.0	8.4	8.9	8.9
United States	8 951	4.5	4.2	4.0	4.8	5.8	6.0	5.5	5.1	4.6	4.6	5.8	9.3	9.6	8.9	8.1	7.6	8.7	7.9	7.4
Euro area	11 715	9.9	9.2	8.3	7.8	8.2	8.7	8.9	8.9	8.2	7.4	7.4	9.4	9.9	10.0	10.8	11.1	10.4	11.1	11.0
Total OECD	35 169	6.6	6.5	6.0	6.3	6.8	7.0	6.9	6.6	6.1	5.7	6.0	8.2	8.3	8.0	8.0	7.9	7.9	8.0	7.7

Note: Labour market data are subject to differences in definitions across countries and to many breaks in series, though the latter are often of a minor nature.

1. Based on National Employment Survey.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636607

Annex Table 14. **Harmonised unemployment rates**

Per cent of civilian labour force

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Australia	10.8	10.9	9.7	8.5	8.5	8.5	7.7	6.9	6.3	6.8	6.4	5.9	5.4	5.0	4.8	4.4	4.2	5.6	5.2
Austria	..	4.0	3.8	3.9	4.3	4.4	4.5	3.9	3.6	3.6	4.2	4.3	4.9	5.2	4.7	4.4	3.8	4.8	4.4
Belgium	7.1	8.6	9.8	9.7	9.6	9.2	9.3	8.5	6.9	6.6	7.5	8.2	8.4	8.5	8.2	7.5	7.0	7.9	8.3
Canada	11.2	11.4	10.4	9.5	9.6	9.1	8.3	7.6	6.8	7.2	7.7	7.6	7.2	6.8	6.3	6.0	6.1	8.3	8.0
Chile	6.7	6.5	7.8	7.3	6.3	6.1	6.4	10.1	9.7	9.9	9.8	9.5	10.0	9.2	7.8	7.1	7.8	10.8	8.2
Czech Republic	2.8	4.4	4.3	4.1	3.9	4.8	6.4	8.6	8.7	8.0	7.3	7.8	8.3	7.9	7.2	5.3	4.4	6.7	7.3
Denmark	8.6	9.5	7.7	6.8	6.3	5.2	4.9	5.1	4.3	4.5	4.6	5.4	5.5	4.8	3.9	3.8	3.4	6.1	7.5
Estonia	..	..	..	..	..	9.7	9.2	11.4	13.7	12.6	10.3	10.0	9.6	7.9	5.9	4.7	5.6	13.9	16.9
Finland	11.6	16.2	16.7	15.1	14.9	12.7	11.4	10.3	9.6	9.1	9.1	9.1	8.9	8.3	7.7	6.9	6.4	8.2	8.4
France	9.3	10.6	11.1	10.5	11.0	11.1	10.8	10.4	9.0	8.2	8.3	8.9	9.3	9.3	9.2	8.4	7.8	9.5	9.8
Germany	6.6	7.8	8.4	8.2	8.9	9.7	9.4	8.6	8.0	7.9	8.7	9.8	10.5	11.3	10.2	8.7	7.5	7.8	7.1
Greece	7.8	8.6	8.9	9.1	9.7	9.6	10.9	12.0	11.2	10.7	10.3	9.8	10.5	9.9	8.9	8.3	7.7	9.5	12.6
Hungary	9.9	12.1	11.0	10.4	9.6	9.0	8.4	6.9	6.4	5.7	5.8	5.9	6.1	7.2	7.5	7.4	7.8	10.0	11.2
Iceland	4.3	5.3	5.3	4.9	3.7	3.9	2.7	2.0	2.3	2.3	3.3	3.4	3.1	2.6	2.9	2.3	3.0	7.2	7.5
Ireland	15.4	15.6	14.4	12.3	11.7	9.9	7.6	5.7	4.2	4.0	4.5	4.6	4.5	4.4	4.5	4.6	6.3	11.9	13.7
Israel	..	..	..	6.9	6.7	7.7	8.5	8.9	8.8	9.3	10.3	10.7	10.4	9.0	8.4	7.3	6.1	7.5	6.7
Italy	8.8	9.8	10.6	11.2	11.2	11.2	11.3	10.9	10.1	9.1	8.6	8.5	8.0	7.7	6.8	6.2	6.7	7.8	8.4
Japan	2.2	2.5	2.9	3.1	3.4	3.4	4.1	4.7	4.7	5.0	5.4	5.3	4.7	4.4	4.1	3.9	4.0	5.1	5.1
Korea	2.5	2.9	2.5	2.1	2.0	2.6	7.0	6.6	4.4	4.0	3.3	3.6	3.7	3.7	3.5	3.2	3.2	3.6	3.7
Luxembourg	2.1	2.6	3.2	2.9	2.9	2.7	2.7	2.4	2.2	1.9	2.6	3.8	5.0	4.6	4.6	4.2	4.9	5.2	4.6
Mexico	2.8	3.4	3.7	6.2	5.4	3.7	3.2	2.5	2.5	2.8	3.0	3.4	3.9	3.6	3.6	3.7	4.0	5.5	5.3
Netherlands	4.9	5.6	6.2	7.0	6.4	5.4	4.3	3.6	3.0	2.6	3.1	4.1	5.1	5.3	4.3	3.6	3.1	3.7	4.5
New Zealand	10.7	9.8	8.4	6.5	6.3	6.8	7.7	7.1	6.2	5.5	5.3	4.8	4.1	3.8	3.9	3.7	4.2	6.1	6.5
Norway	6.5	6.6	6.0	5.5	4.8	3.9	3.1	3.0	3.2	3.4	3.7	4.2	4.3	4.5	3.4	2.5	2.5	3.1	3.5
Poland	..	14.0	14.4	13.3	12.4	10.9	10.2	13.4	16.2	18.3	20.0	19.7	19.0	17.8	13.9	9.7	7.2	8.2	9.6
Portugal	4.1	5.5	6.8	7.2	7.2	6.7	5.6	5.0	4.5	4.6	5.7	7.1	7.5	8.6	8.6	8.9	8.5	10.6	12.0
Slovak Republic	..	..	13.7	13.1	11.3	11.8	12.6	16.3	18.7	19.3	18.7	17.6	18.2	16.2	13.3	11.2	9.5	12.0	14.4
Slovenia	..	..	..	..	6.9	6.9	7.4	7.4	6.7	6.2	6.3	6.7	6.3	6.5	6.0	4.9	4.4	5.9	7.3
Spain	16.3	20.1	21.3	20.1	19.1	17.8	15.9	13.3	11.7	10.5	11.4	11.4	10.9	9.2	8.5	8.3	11.4	18.0	20.1
Sweden	5.6	9.0	9.3	8.8	9.5	9.9	8.2	6.7	5.6	5.9	6.0	6.6	7.4	7.7	7.1	6.1	6.2	8.3	8.4
Switzerland	2.7	3.6	3.6	3.2	3.5	3.9	3.3	2.8	2.5	2.2	2.9	3.9	4.1	4.2	3.8	3.4	3.2	4.1	4.2
Turkey	..	..	..	..	..	..	..	..	..	..	..	..	..	9.2	8.7	8.8	9.7	12.5	10.6
United Kingdom	9.8	10.2	9.3	8.5	7.9	6.8	6.1	5.9	5.4	5.0	5.1	5.0	4.7	4.8	5.4	5.3	5.6	7.6	7.8
United States	7.5	6.9	6.1	5.6	5.4	5.0	4.5	4.2	4.0	4.7	5.8	6.0	5.5	5.1	4.6	4.6	5.8	9.3	9.6
Euro area	8.5	10.2	10.9	10.7	10.8	10.8	10.3	9.6	8.7	8.2	8.5	9.0	9.3	9.2	8.5	7.6	7.6	9.6	10.1
Total OECD	7.4	7.8	7.7	7.3	7.2	7.0	6.9	6.8	6.4	6.6	7.2	7.4	7.2	6.9	6.3	5.8	6.1	8.4	8.6

Note: In so far as possible, the data have been adjusted to ensure comparability over time and to conform to the guidelines of the International Labour Office. Annual figures are calculated by averaging the monthly and/or quarterly estimates (for both unemployed and the labour force). Further information is available from OECD.stat *(http://stats.oecd.org/index.aspx),* see the metadata relating to the harmonised unemployment rate.

Source: OCDE, Main Economic Indicators.

StatLink http://dx.doi.org/10.1787/888932636626

Annex Table 15. **Labour force, employment and unemployment**

Millions

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Labour force														
Major seven countries	347.6	349.5	351.2	353.9	355.7	358.8	361.8	364.6	366.8	366.9	366.6	366.6	368.7	370.7
Total of smaller countries	196.1	198.4	201.6	203.3	207.3	210.3	213.7	216.8	220.3	223.4	228.0	231.3	233.6	236.1
Euro area	145.2	146.6	148.2	149.9	151.6	153.3	154.6	156.0	157.5	158.0	158.1	158.4	158.9	159.1
Total OECD	543.7	547.8	552.9	557.2	563.1	569.2	575.4	581.4	587.1	590.3	594.6	597.9	602.3	606.8
Employment														
Major seven countries	328.3	329.2	328.8	330.6	333.2	336.7	341.0	344.8	345.4	337.5	336.9	338.6	341.7	344.2
Total of smaller countries	182.6	184.3	186.4	187.7	191.2	194.7	199.3	203.6	206.5	204.6	208.3	211.7	212.6	214.9
Euro area	133.1	135.1	136.0	136.9	138.0	139.6	141.8	144.4	145.8	143.2	142.5	142.5	141.7	141.5
Total OECD	510.9	513.5	515.3	518.3	524.4	531.4	540.3	548.5	551.9	542.1	545.2	550.4	554.3	559.0
Unemployment														
Major seven countries	19.4	20.2	22.4	23.3	22.6	22.1	20.8	19.7	21.4	29.3	29.8	27.9	27.0	26.6
Total of smaller countries	13.5	14.1	15.2	15.6	16.1	15.7	14.3	13.2	13.8	18.9	19.7	19.6	21.0	21.2
Euro area	12.1	11.5	12.2	13.0	13.6	13.7	12.7	11.6	11.7	14.8	15.6	15.8	17.2	17.6
Total OECD	32.8	34.3	37.6	38.9	38.7	37.8	35.2	32.9	35.2	48.2	49.5	47.5	48.0	47.8

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636645

Annex Table 16. **GDP deflators**

Percentage change from previous year

	Average 1987-97	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Fourth quarter 2011	2012	2013
Australia	3.2	0.2	1.3	4.6	3.4	3.1	2.4	3.7	4.5	5.1	4.0	6.7	0.1	5.7	4.2	1.3	2.4	3.0	1.7	2.1
Austria	2.5	0.3	0.2	1.0	1.7	1.3	1.2	1.6	2.0	1.9	1.9	1.7	1.2	1.9	2.0	1.5	1.4	1.6	1.6	1.2
Belgium	2.5	1.8	0.3	1.9	2.2	2.0	2.0	2.1	2.4	2.3	2.3	2.2	1.2	1.8	1.9	2.0	1.8	1.4	2.2	1.8
Canada	2.4	-0.4	1.7	4.1	1.1	1.1	3.3	3.2	3.3	2.7	3.2	4.1	-1.9	2.9	3.3	2.2	1.8	3.1	1.6	1.9
Chile	12.6	2.0	2.5	4.6	3.8	4.2	5.9	8.5	7.8	13.8	5.4	0.1	4.0	7.4	2.8	2.4	3.4	-0.4	4.0	3.2
Czech Republic	..	9.6	2.5	1.4	4.6	2.7	0.9	4.0	-0.3	0.5	3.3	1.9	2.0	-1.7	-0.7	2.4	1.1	0.9	1.7	1.1
Denmark	2.3	1.2	1.7	3.0	2.5	2.3	1.6	2.3	2.9	2.1	2.3	4.2	1.0	3.9	0.8	1.8	1.6	0.5	2.3	1.3
Estonia	..	5.2	6.8	4.8	6.5	4.7	4.0	4.5	6.1	8.8	11.6	5.3	-1.0	1.1	3.7	3.2	2.7	4.5	1.8	3.1
Finland	3.1	3.4	0.9	2.6	3.0	1.3	-0.7	0.5	0.5	0.8	3.0	2.9	1.4	0.4	3.6	2.3	2.2	3.3	2.4	2.2
France	2.0	1.0	0.2	1.6	2.0	2.2	2.0	1.7	1.9	2.1	2.6	2.5	0.5	0.8	1.6	1.3	1.4	1.9	1.2	1.2
Germany	2.6	0.6	0.2	-0.7	1.1	1.4	1.1	1.1	0.6	0.3	1.6	0.8	1.2	0.6	0.8	1.4	1.9	1.0	1.7	2.0
Greece	..	5.2	3.0	3.4	3.1	3.4	3.9	2.9	2.8	2.5	3.5	4.7	2.8	1.7	1.6	0.1	-0.4	1.3	-0.4	-0.8
Hungary	..	13.6	7.7	9.6	11.6	8.5	5.3	4.8	2.5	4.0	5.5	4.8	3.9	3.0	3.5	5.4	2.8	4.7	4.2	2.8
Iceland	8.3	5.1	3.3	3.6	8.6	5.6	0.6	2.5	2.8	8.8	5.7	11.8	8.3	6.9	3.1	6.0	4.8	6.4	6.8	5.3
Ireland	2.9	7.3	4.8	6.0	6.5	5.0	3.1	2.2	3.0	3.6	1.3	-2.3	-4.1	-2.4	-0.4	0.6	0.9	2.4	1.6	0.8
Israel	13.5	7.1	6.3	1.6	1.8	4.1	-0.5	0.1	1.0	2.1	0.4	1.3	5.0	1.2	2.1	2.8	2.3	3.4	1.8	2.6
Italy	5.3	2.7	1.8	1.9	2.9	3.2	3.1	2.4	1.8	1.7	2.4	2.5	2.1	0.4	1.3	0.9	1.6	1.4	1.8	1.0
Japan	0.9	-0.1	-1.3	-1.3	-1.2	-1.6	-1.7	-1.4	-1.2	-1.1	-0.9	-1.3	-0.5	-2.1	-2.1	-0.9	-0.3	-1.8	-0.5	-0.2
Korea	7.1	5.0	-1.0	1.0	3.9	3.2	3.6	3.0	0.7	-0.1	2.1	2.9	3.4	3.6	1.7	2.4	2.1	1.4	1.9	1.6
Luxembourg	2.8	-0.4	5.3	2.0	0.1	2.1	6.0	1.8	4.6	6.7	3.6	4.4	0.1	4.9	4.7	0.8	1.2	3.0	-0.2	1.0
Mexico	27.0	14.5	17.4	10.8	5.4	2.6	9.4	9.1	4.5	6.7	5.6	6.4	4.4	4.0	5.5	6.0	4.3	7.0	4.4	4.4
Netherlands	2.0	1.9	1.8	4.1	5.1	3.8	2.2	0.7	2.4	1.8	1.8	2.1	-0.4	1.3	1.1	0.9	1.5	1.1	0.9	1.5
New Zealand	2.8	1.0	0.3	2.6	4.2	1.2	1.6	3.8	2.2	2.6	4.0	4.1	0.7	2.7	3.5	1.4	2.2	0.5	3.6	0.5
Norway	2.8	-0.8	6.6	15.7	1.7	-1.8	2.9	5.9	8.9	8.7	3.0	11.0	-6.4	6.4	5.7	3.7	2.7	4.3	3.9	2.7
Poland	..	11.0	6.0	7.3	3.8	2.2	0.3	3.8	2.9	1.5	4.0	3.1	3.6	1.5	3.2	2.8	2.5	3.5	2.5	2.4
Portugal	8.0	3.8	3.3	3.3	3.6	3.7	3.0	2.5	2.5	2.8	2.8	1.6	0.9	1.1	0.7	0.1	0.4	0.4	0.3	0.2
Slovak Republic	..	5.1	7.4	9.4	5.0	3.9	5.3	5.8	2.4	2.9	1.1	2.9	-1.2	0.5	1.6	3.5	1.9	1.8	3.7	1.6
Slovenia	..	7.0	6.6	5.2	8.7	7.6	5.5	3.3	1.7	2.1	4.2	4.1	3.0	-1.1	0.8	1.8	1.2	2.5	1.1	1.4
Spain	5.3	2.5	2.6	3.5	4.2	4.4	4.2	4.0	4.3	4.1	3.3	2.4	0.1	0.4	1.4	0.5	1.4	1.2	0.4	1.6
Sweden	4.4	0.6	1.2	1.3	2.2	1.5	1.6	0.8	0.9	1.7	2.6	3.3	2.0	1.3	0.9	1.2	1.6	0.3	1.1	1.8
Switzerland	2.3	0.3	0.6	1.1	0.8	0.5	1.0	0.6	0.1	2.1	2.5	2.4	0.2	0.1	0.7	-0.2	0.3	0.5	0.0	0.5
Turkey	74.1	75.7	54.2	49.2	52.9	37.4	23.3	12.4	7.1	9.3	6.2	12.0	5.3	5.7	8.6	8.5	8.4	..	..	..
United Kingdom	4.5	2.0	1.9	0.6	1.4	2.5	2.4	2.5	2.2	3.2	2.3	3.1	1.7	2.9	2.3	1.9	1.7	2.3	1.6	1.7
United States	2.7	1.1	1.6	2.2	2.3	1.6	2.1	2.8	3.3	3.2	2.9	2.2	1.1	1.2	2.1	1.6	1.6	2.2	1.5	1.6
Euro area	3.4	1.6	1.0	1.4	2.5	2.5	2.2	1.9	1.9	1.8	2.3	1.9	0.9	0.7	1.3	1.2	1.6	1.4	1.4	1.4
Total OECD	5.6	3.5	2.9	3.0	3.2	2.4	2.4	2.6	2.4	2.6	2.5	2.5	1.1	1.3	1.9	1.7	1.8	2.0	1.7	1.7

Note: The adoption of national accounts systems SNA93 or ESA95 has been proceeding at an uneven pace among OECD member countries, both with respect to variables and the time period covered. As a consequence, there are breaks in many national series. For further information, see table "National Accounts Reporting Systems, base years and latest data updates" at the beginning of the Statistical Annex.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636664

Annex Table 17. **Private consumption deflators**

Percentage change from previous year

	Average 1987-97	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Fourth quarter 2011	Fourth quarter 2012	Fourth quarter 2013
Australia	3.6	1.5	1.0	3.5	3.5	2.8	2.0	1.2	2.0	3.4	3.5	3.2	2.5	2.7	2.6	2.2	2.8	2.7	2.8	2.4
Austria	2.5	0.5	0.5	2.3	1.7	0.8	1.5	2.0	2.6	2.1	2.4	2.1	0.6	2.1	2.8	2.0	1.5	2.7	1.9	1.3
Belgium	2.4	1.0	0.3	3.5	1.9	1.2	1.4	2.3	2.7	3.0	2.9	3.3	-0.9	1.8	3.3	2.9	1.9	3.3	2.7	1.7
Canada	2.7	1.2	1.7	2.2	1.8	2.0	1.6	1.5	1.7	1.4	1.6	1.6	0.5	1.3	2.0	1.8	1.7	2.0	1.7	1.6
Chile	..	3.4	2.3	4.7	4.6	3.2	3.2	0.7	4.1	3.2	3.9	7.5	1.9	1.3	3.4	3.8	2.9	4.4	3.4	2.8
Czech Republic	..	8.4	2.0	3.4	3.7	1.3	-0.2	3.6	0.8	1.5	2.9	4.8	0.2	0.4	1.8	3.2	1.5	2.2	3.0	1.1
Denmark	2.4	1.4	1.9	2.7	2.3	1.7	1.3	1.3	1.5	1.9	1.2	2.7	1.3	2.5	2.5	2.0	1.6	2.3	2.2	1.5
Estonia	..	6.9	4.3	3.5	6.3	3.5	1.6	3.3	3.9	5.2	7.9	8.5	-0.9	2.3	4.8	2.9	3.0	4.2	2.9	3.1
Finland	3.3	2.1	1.4	4.3	2.4	2.2	-0.5	0.4	0.8	1.4	2.2	3.5	1.3	2.0	3.0	2.9	2.4	3.2	1.9	2.7
France	2.2	0.4	-0.5	2.4	2.0	1.0	1.9	2.1	1.8	2.1	2.1	2.9	-0.5	1.2	2.0	2.1	1.6	2.2	1.9	1.3
Germany	2.6	0.5	0.4	0.8	1.9	1.2	1.6	1.2	1.7	1.0	1.5	1.7	0.1	2.0	2.1	2.1	2.0	2.1	2.0	2.0
Greece	..	4.5	2.3	3.3	2.5	2.7	3.4	2.9	3.4	3.5	3.3	4.4	0.7	4.5	3.1	0.8	-0.5	..	..	..
Hungary	..	13.6	9.2	11.3	9.4	5.8	4.2	5.6	3.6	3.5	6.9	5.3	3.7	4.2	4.4	6.5	3.0	6.4	4.5	3.0
Iceland	8.8	1.5	2.8	5.0	7.8	4.8	1.3	3.0	1.9	7.6	4.6	14.1	13.7	3.4	4.1	6.7	4.2	6.8	6.5	3.3
Ireland	2.8	4.0	3.2	5.0	4.5	5.5	4.1	1.8	1.8	2.5	3.2	3.0	-4.2	-2.2	1.0	1.5	1.0	1.5	1.4	1.0
Israel	..	6.3	6.0	2.1	1.0	4.3	0.3	0.5	2.0	2.7	1.8	5.0	2.5	2.9	3.3	2.3	2.7	2.3	2.8	2.8
Italy	5.4	1.8	1.8	3.4	2.6	2.8	2.8	2.6	2.2	2.6	2.2	3.1	-0.1	1.5	2.7	2.6	2.0	3.1	2.9	1.0
Japan	1.2	-0.1	-0.7	-0.6	-1.0	-1.4	-1.0	-0.8	-0.7	-0.3	-0.7	0.2	-2.5	-1.7	-1.1	-0.6	-0.4	-0.8	-0.3	-0.3
Korea	7.6	6.2	2.8	4.4	4.3	3.1	3.2	3.2	2.3	1.5	2.0	4.5	2.6	2.6	3.8	3.1	2.8	3.9	2.7	2.8
Luxembourg	2.8	1.7	2.5	4.0	2.0	0.5	2.2	2.4	2.8	2.4	2.2	2.8	1.0	1.4	3.9	2.8	1.9	3.3	2.4	1.9
Mexico	27.9	20.4	14.0	10.3	7.1	5.3	7.1	6.5	3.3	3.4	4.8	5.7	7.6	4.0	4.1	5.0	4.1	5.2	4.6	4.0
Netherlands	2.3	2.0	1.9	3.8	4.5	3.0	2.4	1.0	2.1	2.2	1.8	1.1	-0.5	1.5	2.3	2.2	1.5	2.3	1.9	1.4
New Zealand	3.1	2.0	0.7	2.2	2.3	2.0	0.8	1.5	2.2	3.0	1.6	3.6	2.3	1.3	3.0	1.1	1.9	1.5	1.4	2.3
Norway	3.1	2.5	2.0	2.9	2.2	1.4	2.8	1.2	1.1	1.8	1.3	3.4	2.5	2.1	1.3	1.0	2.2	0.9	1.7	2.5
Poland	..	10.6	6.3	9.9	3.8	3.3	0.3	3.1	2.1	1.2	2.4	4.3	2.5	2.7	4.2	3.4	2.5	3.9	3.1	2.5
Portugal	7.9	2.4	2.3	3.5	3.5	2.8	3.0	2.5	2.7	3.0	3.0	2.6	-2.2	1.6	3.7	3.0	0.7	3.4	2.6	0.5
Slovak Republic	..	5.7	9.9	8.3	5.6	2.9	6.5	7.3	2.6	4.9	2.6	4.5	0.1	1.0	3.7	3.4	2.3	3.7	2.6	2.9
Slovenia	..	7.0	6.4	6.9	7.5	7.5	5.2	3.0	2.3	2.4	4.1	5.4	-0.4	1.4	2.2	1.4	1.0	1.7	1.4	1.0
Spain	5.2	1.9	2.3	3.7	3.4	2.9	3.2	3.6	3.5	3.6	3.2	3.6	-1.2	2.4	3.2	2.1	2.1	2.7	1.3	2.1
Sweden	4.9	0.5	1.5	0.8	2.1	1.6	1.6	1.0	1.1	1.1	1.3	3.1	2.1	1.5	1.3	0.8	1.6	0.6	1.2	1.8
Switzerland	2.6	-0.1	0.4	0.8	0.7	0.9	0.4	0.8	0.5	1.3	1.3	2.6	-0.5	0.7	0.5	0.3	0.4	0.4	0.3	0.5
Turkey	73.9	83.0	53.4	54.9	49.7	38.5	23.4	10.8	8.3	9.8	6.6	10.8	4.9	8.5	8.5	8.5	7.0	..	..	..
United Kingdom	4.5	1.8	1.2	0.4	1.0	0.8	1.8	1.9	2.4	2.7	2.6	3.4	1.4	4.1	4.0	2.3	1.8	3.9	1.7	1.7
United States	3.0	0.9	1.7	2.5	1.9	1.4	2.0	2.6	3.0	2.7	2.7	3.3	0.2	1.8	2.5	2.0	1.8	2.7	2.0	1.8
Euro area	3.5	1.2	0.9	2.5	2.4	1.9	2.2	2.0	2.2	2.1	2.2	2.7	-0.4	1.7	2.5	2.2	1.8	2.5	2.0	1.5
Total OECD	6.0	3.9	3.0	3.7	3.2	2.3	2.3	2.3	2.4	2.4	2.4	3.2	0.5	1.9	2.5	2.2	1.9	2.7	2.1	1.9

Note: The adoption of national accounts systems SNA93 or ESA95 has been proceeding at an uneven pace among OECD member countries, both with respect to variables and the time period covered. As a consequence, there are breaks in many national series. For further information, see table "National Accounts Reporting Systems, base years and latest data updates" at the beginning of the Statistical Annex.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636683

Annex Table 18. **Consumer price indices**

Percentage change from previous year

	Average 1987-97	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Fourth quarter 2011	Fourth quarter 2012	Fourth quarter 2013
Australia	3.7	0.9	1.4	4.4	4.4	3.0	2.8	2.3	2.7	3.5	2.4	4.3	1.8	2.9	3.4	1.8	2.8	3.0	2.4	2.4
Austria	..	0.8	0.5	2.0	2.3	1.7	1.3	2.0	2.1	1.7	2.2	3.2	0.4	1.7	3.6	2.3	1.8	3.7	2.1	1.5
Belgium	..	0.9	1.1	2.7	2.4	1.6	1.5	1.9	2.5	2.3	1.8	4.5	0.0	2.3	3.5	2.9	1.9	3.4	2.5	1.7
Canada	2.8	1.0	1.7	2.7	2.5	2.3	2.7	1.8	2.2	2.0	2.1	2.4	0.3	1.8	2.9	2.3	2.2	2.7	2.3	2.2
Chile	13.9	5.1	3.3	3.8	3.6	2.5	2.8	1.1	3.1	3.4	4.4	8.7	0.4	1.4	3.3	3.7	2.9	4.0	3.4	2.8
Czech Republic	..	10.7	2.1	3.9	4.7	1.8	0.1	2.8	1.9	2.6	3.0	6.3	1.0	1.5	1.9	3.9	2.1	2.4	3.7	1.8
Denmark	2.6	1.8	2.5	2.9	2.3	2.4	2.1	1.2	1.8	1.9	1.7	3.4	1.3	2.3	2.8	2.7	1.9	2.6	2.5	1.8
Estonia	..	8.8	3.1	3.9	5.6	3.6	1.4	3.0	4.1	4.4	6.7	10.6	0.2	2.7	5.1	3.9	3.0	4.4	3.7	3.0
Finland	..	1.3	1.3	2.9	2.7	2.0	1.3	0.1	0.8	1.3	1.6	3.9	1.6	1.7	3.3	3.2	2.4	3.0	3.3	2.1
France	..	0.7	0.6	1.8	1.8	1.9	2.2	2.3	1.9	1.9	1.6	3.2	0.1	1.7	2.3	2.4	1.8	2.7	2.2	1.5
Germany	..	0.6	0.6	1.4	1.9	1.4	1.0	1.8	1.9	1.8	2.3	2.8	0.2	1.2	2.5	2.3	2.0	2.6	2.1	2.0
Greece	..	4.5	2.1	2.9	3.7	3.9	3.4	3.0	3.5	3.3	3.0	4.2	1.3	4.7	3.1	0.8	-0.5	2.6	-0.3	-0.7
Hungary	..	14.2	10.0	9.8	9.1	5.3	4.7	6.7	3.6	3.9	8.0	6.0	4.2	4.9	3.9	5.7	3.6	4.1	5.4	3.4
Iceland[1]	8.1	1.7	3.2	5.1	6.4	5.2	2.1	3.2	4.0	6.7	5.1	12.7	12.0	5.4	4.0	6.0	4.1	5.3	6.3	3.2
Ireland	..	2.1	2.5	5.3	4.0	4.7	4.0	2.3	2.2	2.7	2.9	3.1	-1.7	-1.6	1.2	2.0	1.2	1.6	2.0	1.0
Israel	13.8	5.4	5.2	1.1	1.1	5.7	0.7	-0.4	1.3	2.1	0.5	4.6	3.3	2.7	3.5	2.2	2.5	2.5	2.7	2.7
Italy	..	2.0	1.7	2.6	2.3	2.6	2.8	2.3	2.2	2.2	2.0	3.5	0.8	1.6	2.9	3.3	2.3	3.7	3.2	1.3
Japan	1.4	0.7	-0.3	-0.5	-0.8	-0.9	-0.3	0.0	-0.6	0.2	0.1	1.4	-1.4	-0.7	-0.3	-0.2	-0.2	-0.3	-0.2	-0.1
Korea	6.2	7.5	0.8	2.3	4.1	2.8	3.5	3.6	2.8	2.2	2.5	4.7	2.8	2.9	4.0	3.0	3.0	4.0	2.9	3.0
Luxembourg	..	1.0	1.0	3.8	2.4	2.1	2.5	3.2	3.8	3.0	2.7	4.1	0.0	2.8	3.7	3.1	2.3	3.7	2.8	2.3
Mexico	28.0	15.9	16.6	9.5	6.4	5.0	4.5	4.7	4.0	3.6	4.0	5.1	5.3	4.2	3.4	4.0	3.4	3.5	3.9	3.4
Netherlands	..	1.8	2.0	2.3	5.1	3.9	2.2	1.4	1.5	1.7	1.6	2.2	1.0	0.9	2.5	2.4	1.5	2.6	2.0	1.4
New Zealand	3.2	1.3	-0.1	2.6	2.6	2.7	1.8	2.3	3.0	3.4	2.4	4.0	2.1	2.3	4.0	1.7	2.6	1.9	2.0	2.9
Norway	3.1	2.3	2.3	3.1	3.0	1.3	2.5	0.5	1.5	2.3	0.7	3.8	2.2	2.4	1.3	1.1	2.1	0.9	1.6	2.4
Poland	..	11.6	7.2	9.9	5.4	1.9	0.7	3.4	2.2	1.3	2.4	4.2	3.8	2.6	4.2	3.9	2.8	4.4	3.3	2.7
Portugal	..	2.2	2.2	2.8	4.4	3.7	3.3	2.5	2.1	3.0	2.4	2.7	-0.9	1.4	3.6	3.1	0.7	3.8	2.3	0.5
Slovak Republic	..	6.7	10.4	12.2	7.2	3.5	8.4	7.5	2.8	4.3	1.9	3.9	0.9	0.7	4.1	3.2	2.3	4.7	2.6	2.8
Slovenia	..	7.9	6.1	8.9	8.6	7.5	5.7	3.7	2.5	2.5	3.8	5.5	0.9	2.1	2.1	2.4	1.4	2.6	1.8	1.4
Spain	..	1.8	2.2	3.5	2.8	3.6	3.1	3.1	3.4	3.6	2.8	4.1	-0.2	2.0	3.1	1.6	2.1	2.7	1.3	2.1
Sweden[2]	4.4	-0.3	0.5	0.9	2.4	2.2	1.9	0.4	0.5	1.4	2.2	3.4	-0.5	1.2	3.0	1.4	1.7	2.7	1.3	1.9
Switzerland	2.7	0.0	0.8	1.6	1.0	0.6	0.6	0.8	1.2	1.1	0.7	2.4	-0.5	0.7	0.2	-0.5	0.1	-0.4	0.0	0.2
Turkey	75.0	84.6	64.9	54.9	54.4	45.0	21.6	8.6	8.2	9.6	8.8	10.4	6.3	8.6	6.5	9.2	7.2	..	..	..
United Kingdom[3]	..	1.6	1.3	0.8	1.2	1.3	1.4	1.3	2.0	2.3	2.3	3.6	2.2	3.3	4.5	2.6	1.9	4.7	1.8	1.8
United States	3.5	1.5	2.2	3.4	2.8	1.6	2.3	2.7	3.4	3.2	2.9	3.8	-0.3	1.6	3.1	2.3	1.9	3.3	2.1	1.8
Euro area	..	1.2	1.2	2.2	2.4	2.3	2.1	2.2	2.2	2.2	2.1	3.3	0.3	1.6	2.7	2.4	1.9	2.9	2.2	1.6

Note: For the euro area countries, the euro area aggregate and the United Kingdom: harmonised index of consumer prices (HICP).

1. Excluding rent, but including imputed rent.
2. The consumer price index includes mortgage interest costs.
3. Known as the CPI in the United Kingdom.

Source: OECD Economic Outlook 91 database.

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Annex Table 19. **Oil and other primary commodity markets**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Oil market conditions[1]	Million barrels per day																	
Demand																		
OECD	184.1	187.2	187.9	191.9	191.9	192.2	192.0	194.8	198.1	199.5	198.2	197.4	190.5	182.6	184.6	182.5	180.5	..
of which: North America	89.0	90.9	92.5	95.5	96.4	96.4	96.7	98.4	101.8	102.4	101.6	101.9	96.7	93.2	95.1	94.0	93.1	..
Europe	60.0	60.6	61.8	61.4	60.8	61.5	61.3	61.8	62.2	62.7	62.7	61.9	61.6	58.7	58.3	57.1	55.7	..
Pacific	35.2	35.7	33.6	34.9	34.6	34.2	34.0	34.6	34.1	34.4	33.9	33.5	32.2	30.7	31.3	31.4	31.7	..
Non-OECD	104.3	108.8	110.3	113.9	116.5	119.0	122.1	125.3	134.7	138.8	144.2	151.0	155.6	159.6	168.6	173.9	179.0	..
Total	288.4	296.1	298.2	305.8	308.4	311.1	314.1	320.1	332.8	338.3	342.3	348.4	346.1	342.1	353.3	356.4	359.5	..
Supply																		
OECD	86.7	88.1	87.3	85.5	87.6	86.9	87.1	85.9	84.3	80.6	79.1	77.9	75.0	75.3	75.4	75.5	77.5	..
OPEC total	112.5	118.7	122.4	117.0	123.1	121.1	115.2	123.1	133.2	139.3	140.7	140.0	144.7	136.3	138.8	142.7	..	..
Former USSR	28.3	29.1	29.1	29.8	31.9	34.6	38.0	41.9	45.7	47.3	49.2	51.3	51.3	53.1	54.2	54.3	55.1	..
Other non-OECD	62.7	64.2	65.4	66.5	66.8	67.6	69.2	70.1	70.6	71.9	73.3	73.8	76.1	77.8	80.7	81.0	..	..
Total	290.3	300.0	304.2	298.8	309.4	310.3	309.4	321.0	333.9	339.1	342.2	343.0	347.0	342.5	349.1	353.5	..	..
Trade																		
OECD net imports	97.5	100.4	102.1	103.4	105.0	106.5	103.8	109.9	114.6	119.8	120.1	118.6	116.9	107.3	109.6	105.9	103.0	..
Former USSR net exports	12.6	13.6	14.0	15.0	16.8	19.4	23.0	26.4	30.3	31.8	33.0	34.7	34.4	36.3	36.4	35.6	35.9	..
Other non-OECD net exports	84.8	86.7	88.1	88.4	88.2	87.1	80.9	83.5	84.3	88.0	87.1	83.9	82.5	70.9	73.2	70.3	67.2	..
Prices[2]	fob, $ per bl																	
Brent crude oil price[3]	20.6	19.1	12.8	17.9	28.4	24.5	25.0	28.8	38.3	54.4	65.2	72.5	97.0	61.5	79.5	111.2	121.0	126.2
Prices of other primary commodities[2]	$ indices																	
Food and tropical beverages	126	128	106	86	81	75	83	90	102	100	111	140	187	161	179	231	212	212
Agricultural raw materials	99	96	83	82	88	76	73	88	98	100	111	132	126	105	140	155	137	138
Minerals, ores and metals	66	68	57	56	63	57	56	63	84	100	143	160	167	116	164	192	173	172
Total[4]	89	90	75	69	73	66	67	75	92	100	128	149	164	125	163	195	176	176

1. Based on data published in various issues of International Energy Agency, *Oil Market Report*.
2. Indices through 2011 are based on data compiled by the International Energy Agency for oil and by the Hamburg Institute of International Economics (HWWI) for the prices of other primary commodities; OECD estimates and projections for 2012 and 2013.
3. North Sea Dated, London close, midpoint.
4. OECD calculations. The total price index for non-energy primary commodities is a weighted average of the individual HWWI non-oil commodities price indices with the weights based on the commodities' share in total non-energy commodities world trade.

Source: OECD Economic Outlook 91 database.

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Annex Table 20. **Employment and labour force**

Percentage change from previous period

	Employment									Labour force								
	Average 1987-96	Average 1997-06	2007	2008	2009	2010	2011	2012	2013	Average 1987-96	Average 1997-06	2007	2008	2009	2010	2011	2012	2013
Australia	1.7	1.8	3.1	2.8	0.7	2.7	1.7	0.2	0.9	1.8	1.7	2.7	2.7	2.2	2.3	1.5	0.5	1.2
Austria	1.2	0.6	2.5	1.5	-0.3	0.5	1.2	0.5	0.3	1.3	0.8	2.2	0.9	0.7	0.1	0.9	1.0	0.4
Belgium	0.5	0.8	1.7	1.8	-0.1	0.8	1.4	0.1	0.2	0.5	1.0	0.8	1.3	0.8	1.3	0.2	0.4	0.5
Canada	0.9	1.7	2.4	1.7	-1.6	1.4	1.5	1.1	1.1	1.0	1.7	2.1	1.8	0.7	1.0	1.0	0.6	0.7
Czech Republic	..	-0.3	2.0	1.6	-1.3	-1.0	0.4	-0.6	0.5	..	0.1	0.0	0.6	1.1	-0.4	-0.2	-0.3	0.3
Denmark	-0.2	0.6	2.8	1.7	-3.3	-2.2	-0.5	-0.1	0.2	0.0	0.4	2.6	1.3	-0.6	-0.7	-0.3	0.1	0.1
Estonia	..	..	1.4	0.2	-9.2	-4.2	6.7	1.1	0.9	..	..	0.0	1.2	-0.5	-0.8	1.4	0.0	-0.2
Finland	-1.6	0.8	2.0	1.6	-2.9	-0.5	1.1	-0.1	0.2	-0.3	0.7	1.1	1.1	-0.9	-0.3	0.4	0.1	0.0
France	0.2	0.7	1.7	1.4	-0.9	0.2	0.3	-0.1	0.2	0.3	0.8	0.8	0.7	1.0	0.4	0.2	0.5	0.5
Germany	0.8	0.4	1.7	1.2	0.0	0.5	1.3	0.9	0.2	0.9	0.5	0.2	0.0	0.3	-0.3	0.3	0.6	0.0
Greece	0.8	1.3	1.3	1.1	-1.1	-2.7	-6.7	-5.0	-1.1	1.2	1.4	0.6	0.4	0.9	0.8	-1.0	-0.7	-0.5
Hungary	..	0.7	0.1	-1.2	-2.3	0.0	1.0	-0.1	0.1	..	0.8	0.0	-0.7	0.0	1.3	0.7	1.1	0.4
Iceland	-0.1	1.4	4.5	0.7	-6.0	-0.3	0.0	1.0	1.2	0.2	1.9	3.9	1.4	-1.7	0.1	-0.5	-0.3	0.4
Ireland	2.0	4.0	3.6	-0.7	-8.2	-4.2	-2.1	-0.1	0.3	1.3	3.4	3.7	0.8	-2.2	-2.2	-1.1	-0.1	0.0
Israel	..	2.4	4.3	3.4	2.0	3.5	3.0	1.8	2.3	..	2.7	2.7	1.8	3.9	2.2	1.7	1.6	2.1
Italy	-0.2	0.6	1.1	0.7	-1.5	-0.7	0.4	-0.3	-0.3	-0.1	0.8	0.4	1.5	-0.4	0.0	0.4	0.9	0.2
Japan	1.0	0.0	0.5	-0.4	-1.6	-0.4	-0.2	0.1	-0.2	1.1	-0.2	0.2	-0.3	-0.5	-0.4	-0.7	0.0	-0.3
Korea	2.7	1.3	1.2	0.6	-0.3	1.4	1.7	1.4	1.2	2.6	1.1	1.0	0.5	0.2	1.5	1.4	1.5	1.2
Luxembourg	0.9	1.5	2.6	3.0	1.2	1.7	2.3	1.4	1.3	1.1	2.0	2.5	2.9	2.5	2.1	2.1	2.1	1.6
Mexico	..	2.3	1.7	1.1	0.5	4.4	2.2	2.1	2.4	..	1.7	1.8	1.4	2.0	4.3	2.1	2.0	2.2
Netherlands	1.8	1.7	2.0	1.2	-0.6	-0.3	0.2	-0.3	0.1	1.7	1.0	1.3	0.7	0.1	0.4	0.2	0.8	0.5
New Zealand	0.8	2.0	1.9	0.6	-1.1	0.7	1.6	1.2	1.8	1.0	1.9	1.7	1.2	1.0	1.2	1.6	1.2	1.3
Norway	0.0	1.1	3.4	3.3	-0.6	0.0	1.4	1.5	1.4	0.4	0.7	2.5	3.4	-0.1	0.5	1.1	1.5	1.3
Poland	..	-0.7	4.4	3.7	0.4	0.6	1.1	0.1	-0.1	..	-0.1	-0.5	0.9	1.6	2.2	1.1	0.8	0.3
Portugal	1.0	1.0	0.1	0.6	-2.7	-1.4	-2.9	-3.9	-1.2	1.0	1.1	0.5	0.2	-0.7	0.0	-0.8	-0.9	-0.2
Slovak Republic	..	0.2	2.4	3.2	-2.7	-2.1	1.5	-0.1	0.7	..	0.7	-0.2	1.4	0.1	0.6	0.5	0.4	0.1
Slovenia	..	..	2.5	1.1	-1.5	-1.5	-3.1	-3.3	-2.7	..	..	1.3	0.6	0.0	0.0	-2.1	-2.6	-2.3
Spain	1.0	3.0	3.1	-0.5	-6.8	-2.3	-1.9	-4.1	-1.1	1.2	3.3	2.8	3.0	0.8	0.2	0.1	-0.4	-0.1
Sweden	-1.0	0.2	2.6	1.1	-2.1	1.0	2.1	0.4	0.9	0.1	0.5	1.6	1.2	0.2	1.1	1.2	0.5	0.8
Switzerland	1.0	0.5	2.3	2.3	0.4	0.5	2.2	1.3	1.0	1.3	0.8	1.9	2.0	1.3	0.7	1.7	1.3	0.8
United Kingdom	0.4	0.8	0.7	0.7	-1.6	0.3	0.5	-0.2	0.1	0.1	0.8	0.6	1.1	0.4	0.5	0.7	0.4	0.5
United States	1.3	1.4	1.1	-0.5	-3.8	-0.6	0.6	1.8	1.6	1.2	1.2	1.1	0.8	-0.1	-0.2	-0.2	0.8	1.1
Euro area	0.6	1.0	1.8	0.9	-1.8	-0.5	0.1	-0.6	-0.1	0.7	1.1	0.9	1.0	0.3	0.1	0.1	0.3	0.1
Total OECD	0.2	0.8	1.5	0.6	-1.8	0.6	1.0	0.7	0.9	0.3	1.0	1.0	1.0	0.5	0.7	0.6	0.7	0.8

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636740

Annex Table 21. **Potential GDP and productive capital stock**

Percentage change from previous period

	Potential GDP									Productive Capital stock[1]								
	Average 1987-96	Average 1997-06	2007	2008	2009	2010	2011	2012	2013	Average 1987-96	Average 1997-06	2007	2008	2009	2010	2011	2012	2013
Australia	3.4	3.4	3.3	3.5	3.0	3.0	3.0	3.2	3.5	2.1	3.5	5.7	6.0	5.3	5.2	5.6	6.0	6.4
Austria	2.6	2.2	2.1	2.1	1.8	1.7	1.7	1.7	1.7	2.3	2.0	1.8	1.7	1.1	1.1	1.4	1.4	1.5
Belgium	2.3	2.1	1.6	1.5	1.3	1.2	1.3	1.4	1.5	2.2	1.4	2.0	2.1	1.5	1.3	1.7	1.7	1.6
Canada	2.4	2.9	2.2	2.0	1.4	1.6	2.0	2.1	2.2	3.8	3.9	4.6	4.4	2.8	3.9	4.1	4.0	4.0
Czech Republic	..	3.6	3.4	3.1	2.3	1.9	1.8	1.7	1.9	..	..	..	..	..	..	..	..	..
Denmark	2.0	1.9	1.2	1.2	0.8	0.6	0.6	0.6	0.7	2.3	2.5	2.7	2.6	1.5	1.4	1.2	1.3	1.4
Estonia	..	..	4.1	3.1	1.1	0.4	1.1	2.1	2.6	..	8.3	10.8	8.4	1.5	2.0	2.9	4.6	4.5
Finland	1.8	2.8	2.0	1.8	1.1	0.9	1.2	1.3	1.6	2.0	1.8	2.9	3.0	1.8	1.3	1.4	1.3	1.3
France	2.1	1.9	1.7	1.7	1.2	1.3	1.4	1.5	1.6	1.9	2.0	2.4	2.4	1.8	1.7	1.8	1.7	1.8
Germany	..	1.5	1.5	1.5	1.2	1.1	1.4	1.6	1.7	2.3	1.2	1.5	1.5	0.3	0.5	1.0	1.3	1.6
Greece	..	3.4	1.6	1.4	0.4	-0.4	-0.9	-0.8	-0.4	..	4.8	6.0	6.5	4.8	3.3	1.4	0.9	0.9
Hungary	..	3.2	1.7	1.3	0.7	0.8	0.7	0.7	0.9	..	3.9	4.1	4.2	2.9	2.3	1.8	1.5	1.3
Iceland	1.9	2.9	4.2	3.1	1.6	0.9	0.9	1.2	1.4	2.5	5.9	6.8	4.5	-0.1	-0.2	0.2	0.9	1.4
Ireland	5.3	6.0	4.1	3.7	1.8	1.2	0.9	0.7	0.7	2.4	5.8	7.0	6.0	3.5	1.8	0.7	0.0	-0.4
Israel	..	3.7	3.8	3.8	3.4	3.2	3.5	3.9	3.9	6.0	4.7	5.3	5.3	4.3	4.7	5.8	6.2	6.4
Italy	1.7	1.4	0.8	0.6	0.2	0.2	0.3	0.3	0.3	2.5	2.4	2.4	1.9	0.9	1.0	0.9	0.6	0.5
Japan	2.5	1.4	0.6	0.6	0.5	0.6	0.6	0.7	0.8	4.6	1.6	0.9	0.8	0.4	0.5	0.5	0.5	0.6
Luxembourg	..	4.5	3.1	2.9	2.1	1.8	2.0	2.1	2.2	..	..	..	..	..	..	..	..	..
Mexico	..	2.7	2.4	2.5	2.1	2.2	2.6	2.9	3.1	..	..	..	..	..	..	..	..	..
Netherlands	3.0	2.8	1.7	1.7	1.3	1.1	1.1	1.2	1.3	2.0	1.8	2.6	2.7	1.8	1.4	1.6	1.4	1.6
New Zealand	2.3	3.1	2.4	2.1	1.3	1.3	1.7	1.9	2.2	1.6	3.3	4.6	3.8	2.2	2.6	2.8	2.9	3.3
Norway	2.2	3.0	3.0	2.9	2.5	2.3	2.4	2.6	2.8	1.5	3.0	4.9	5.0	3.4	2.8	2.8	2.8	2.8
Poland	..	4.2	5.3	4.7	3.7	3.1	3.2	3.4	3.4	..	..	..	..	..	..	..	..	..
Portugal	2.7	2.7	0.9	0.9	0.5	0.4	-0.4	0.3	0.3	3.2	4.1	2.9	3.0	2.2	1.8	0.8	0.2	0.0
Slovak Republic	..	4.7	4.9	4.6	3.6	2.8	3.1	3.2	3.3	..	..	..	..	..	..	..	..	..
Slovenia	..	..	2.7	2.5	1.5	0.9	0.8	0.8	0.9	..	4.5	5.2	5.8	3.0	2.6	1.9	1.6	1.4
Spain	2.5	3.2	2.8	2.3	1.4	1.3	1.2	1.2	1.2	4.8	5.1	5.8	5.2	3.7	3.2	2.7	1.9	1.7
Sweden	2.0	2.5	2.5	2.4	2.0	2.0	2.3	2.3	2.4	2.2	2.3	3.1	3.1	1.4	1.7	2.1	2.4	2.6
Switzerland	1.5	1.5	2.1	2.0	1.7	1.7	1.8	1.9	2.0	2.9	2.2	2.6	2.5	1.7	2.1	2.4	2.5	2.6
United Kingdom	2.3	2.9	1.6	1.4	0.9	0.9	0.9	1.1	1.3	2.8	3.5	4.4	4.4	3.5	3.4	3.0	2.8	2.9
United States	3.1	2.9	2.3	2.2	1.8	1.7	1.9	2.0	2.1	2.5	3.0	2.9	2.6	1.4	1.7	1.9	2.1	2.4
Euro area	2.2	2.0	1.7	1.6	1.1	1.0	1.1	1.2	1.3	..	..	..	..	..	..	..	..	..
Total OECD	2.8	2.6	2.0	1.9	1.5	1.5	1.6	1.7	1.8	..	..	..	..	..	..	..	..	..

Note: For methodological detail see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*

1. Total economy less housing.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636759

Annex Table 22. **Structural unemployment and unit labour costs**

	Structural unemployment rate									Unit labour costs[1]								
	Average 1987-96	Average 1997-06	2007	2008	2009	2010	2011	2012	2013	Average 1987-96	Average 1997-06	2007	2008	2009	2010	2011	2012	2013
	Per cent									*Percentage change*								
Australia	7.9	6.2	5.1	5.1	5.2	5.3	5.3	5.3	5.3	3.4	2.9	5.1	4.5	0.1	4.4	5.3	2.3	1.7
Austria	3.7	4.2	4.3	4.3	4.4	4.3	4.3	4.3	4.3	2.6	0.4	1.4	4.2	4.6	-0.1	1.6	2.7	1.1
Belgium	8.1	8.1	8.0	7.9	8.0	8.0	7.9	7.9	7.9	2.5	1.7	2.3	4.5	3.6	0.0	2.4	2.4	1.1
Canada	9.3	7.8	7.1	7.2	7.4	7.4	7.4	7.4	7.4	2.1	2.2	3.3	3.6	2.4	1.0	2.2	1.6	1.4
Czech Republic	5.0	7.1	6.8	6.5	6.5	6.3	6.1	6.1	6.1	12.2	2.6	2.7	3.8	1.5	-1.9	-0.3	2.3	0.9
Denmark	6.6	5.3	5.0	5.1	5.3	5.5	5.6	5.7	5.7	1.9	2.4	5.0	6.2	5.4	-1.1	0.3	0.9	0.6
Estonia	..	10.0	9.4	9.9	10.5	11.3	11.8	11.8	11.8	..	4.7	15.9	15.7	1.0	-5.7	0.6	3.2	1.2
Finland	9.4	9.9	8.2	8.0	8.2	8.3	8.3	8.4	8.4	2.3	1.4	0.6	6.8	7.8	-1.5	1.1	2.0	1.0
France	9.1	9.0	8.5	8.4	8.8	8.9	9.0	9.0	9.0	2.0	1.7	1.7	3.3	3.2	0.5	1.7	1.6	0.7
Germany	6.9	7.9	8.0	7.7	7.7	7.5	7.3	7.1	6.8	2.2	-0.1	-0.8	2.7	5.4	-1.0	1.3	1.9	1.2
Greece	8.5	10.2	9.9	9.9	10.5	11.3	11.9	12.2	12.3	10.0	3.9	4.9	7.6	6.5	-1.6	-3.6	-4.9	-3.1
Hungary	8.9	6.9	8.1	8.6	9.3	9.4	9.6	10.0	10.4	..	7.8	6.9	4.8	3.3	-2.9	4.2	4.7	1.9
Iceland	2.8	3.2	3.7	4.0	4.4	4.7	4.9	5.0	5.0	8.2	6.4	9.9	4.8	-1.3	7.6	5.6	5.0	4.4
Ireland	13.1	8.3	7.6	7.7	8.8	9.7	10.2	10.5	10.6	1.5	4.2	3.4	6.8	-2.6	-6.1	-0.4	0.0	-0.1
Israel	8.8	10.7	9.8	9.3	9.0	8.8	8.5	7.9	7.4	..	1.7	1.7	2.6	-0.1	2.4	0.8	2.3	2.5
Italy	9.0	8.7	7.4	7.4	7.6	7.6	7.6	7.6	7.6	4.6	2.2	2.2	5.2	4.6	-0.8	1.2	3.0	1.6
Japan	2.7	3.9	4.2	4.2	4.3	4.3	4.3	4.3	4.3	1.3	-1.8	-2.4	1.5	0.8	-4.1	1.0	-1.5	-0.7
Korea	3.0	3.9	3.5	3.5	3.6	3.6	3.7	3.7	3.7	9.5	2.2	1.7	3.4	3.6	0.3	2.3	3.3	2.1
Luxembourg	..	..	..	..	..	..	..	..	..	2.9	2.1	1.8	6.4	8.6	1.7	3.3	3.2	1.7
Mexico	4.1	3.5	4.1	4.4	4.7	4.8	4.8	4.9	4.9	27.9	9.2	4.0	6.2	8.7	0.4	2.1	1.4	1.0
Netherlands	6.3	4.1	3.8	3.7	3.7	3.7	3.7	3.7	3.8	1.1	2.4	1.8	3.3	5.0	-1.0	0.7	2.8	1.7
New Zealand	7.2	5.4	4.3	4.7	5.4	5.9	6.2	6.3	6.4	1.3	2.5	4.2	6.4	1.3	0.4	2.7	2.2	2.7
Norway	4.3	3.8	3.3	3.2	3.3	3.3	3.3	3.3	3.3	1.5	3.8	8.2	9.7	4.6	3.1	4.4	2.6	2.7
Poland	13.3	15.2	11.3	9.8	9.6	10.0	10.0	10.0	10.0	25.0	2.4	3.9	8.1	2.8	2.2	1.1	5.1	2.8
Portugal	6.1	6.4	8.1	8.4	9.1	9.5	10.8	11.0	11.0	8.8	3.4	1.6	3.4	3.2	-0.4	0.5	-3.0	-0.6
Slovak Republic	12.4	15.5	13.5	13.1	13.2	14.0	14.6	14.9	15.2	7.9	3.4	-0.1	3.2	5.4	-1.3	0.1	1.0	1.1
Slovenia	..	6.4	6.0	6.0	6.2	6.5	6.6	6.7	6.8	..	4.9	2.9	6.1	8.3	-0.7	0.1	-0.4	-1.6
Spain	15.0	12.8	12.6	13.5	14.8	15.6	16.2	16.5	16.5	6.3	3.2	4.5	4.9	1.2	-2.5	-1.7	-1.3	-0.3
Sweden	6.0	7.6	7.3	7.3	7.3	7.2	7.0	7.0	7.0	4.3	1.1	4.1	3.6	4.2	-1.7	-0.6	1.9	0.9
Switzerland	2.1	3.4	3.7	3.8	3.9	3.9	3.9	3.9	3.9	2.8	0.8	1.6	2.9	4.5	-2.0	1.8	0.4	-0.2
United Kingdom	8.8	6.1	6.0	6.2	6.6	6.7	6.9	6.9	6.9	4.2	2.5	1.8	3.7	5.4	1.1	1.5	1.3	0.9
United States	5.9	5.5	5.7	5.8	6.0	6.1	6.1	6.1	6.1	2.4	2.2	3.2	3.0	0.1	-0.8	2.3	2.1	2.7
Euro area	8.9	8.7	8.4	8.5	8.8	9.0	9.2	9.1	9.1	3.5	1.7	1.7	4.1	4.1	-0.9	0.8	1.3	0.8
Total OECD	6.6	6.6	6.5	6.5	6.7	6.8	6.9	6.9	6.9	4.1	2.2	2.2	3.8	2.8	-0.7	1.6	1.6	1.4

Note: The structural unemployment rate corresponds to "NAIRU".

For more information about sources and definitions, see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.

1. Total economy.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636778

Annex Table 23. **Household saving rates**

Per cent of disposable household income

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net saving																				
Australia	6.1	5.3	6.0	4.7	2.0	1.2	1.8	3.6	0.3	0.8	1.0	1.9	2.4	4.5	6.1	10.4	8.9	9.7	9.6	9.1
Austria	12.5	12.8	9.8	8.0	8.6	10.0	9.4	7.6	8.0	8.8	9.2	9.7	10.4	11.7	11.5	10.7	8.3	7.5	7.5	7.5
Belgium	15.7	16.4	14.4	13.3	12.8	13.2	12.5	13.8	13.1	12.3	10.9	10.1	10.8	11.4	11.7	13.7	11.2	11.2	10.5	9.5
Canada	9.5	9.2	7.0	4.9	4.9	4.0	4.7	5.2	3.5	2.6	3.2	2.1	3.5	2.8	3.9	4.6	4.8	3.8	3.3	3.0
Czech Republic	-1.5	8.1	6.4	6.8	5.0	4.7	5.8	5.2	5.2	4.1	2.9	4.8	6.1	5.7	4.8	6.1	5.7	4.2	3.9	4.3
Denmark	-2.7	0.2	-0.2	-2.8	-1.2	-5.6	-4.0	2.1	2.1	2.4	-1.3	-4.2	-2.3	-4.0	-3.7	-0.4	-0.2	-1.3	-0.9	-1.8
Estonia	..	4.2	2.0	-0.1	-2.8	-5.4	-3.0	-4.0	-6.4	-7.1	-12.8	-10.8	-13.1	-8.2	-2.6	5.7	3.7	1.4	0.6	0.5
Finland	1.4	4.2	0.7	2.6	0.6	2.4	0.5	0.4	0.5	1.4	2.7	0.9	-1.1	-0.9	-0.3	4.1	4.1	2.2	1.4	0.6
Germany	11.6	11.2	10.8	10.3	10.3	9.6	9.4	9.5	10.1	10.4	10.6	10.7	10.8	11.0	11.7	11.1	11.3	11.0	11.0	10.6
Hungary	..	14.4	13.6	12.5	11.7	7.8	6.2	6.7	5.3	2.9	5.4	6.7	7.2	3.3	2.7	4.5	2.5	3.0	3.2	3.7
Ireland	..	..	..	..	..	..	..	..	0.4	-0.6	0.9	1.7	-0.9	-0.1	5.5	10.1	8.9	9.4	8.3	7.3
Italy	18.1	16.7	17.5	14.7	10.7	10.0	7.9	9.9	10.8	10.3	10.5	10.2	9.5	8.9	8.4	7.1	5.3	4.5	4.3	4.5
Japan	12.9	12.2	9.7	9.3	10.2	8.7	7.3	3.7	3.1	2.5	2.1	1.4	1.1	0.9	0.4	2.4	2.1	2.9	1.9	1.9
Korea	21.8	18.5	18.1	16.1	23.2	16.1	9.3	5.2	0.4	5.2	9.2	7.2	5.2	2.9	2.9	4.6	4.3	3.1	2.9	3.1
Netherlands	14.4	14.3	12.7	13.3	12.2	9.0	6.9	9.7	8.7	7.6	7.4	6.4	6.1	6.9	5.9	6.4	3.9	5.5	6.4	7.0
New Zealand	-3.2	-3.5	-3.7	-3.5	-3.2	1.1	-4.7	-3.6	-9.5	-7.4	-6.0	-8.3	-8.9	-4.0	-4.5	-2.2	0.1	0.8	1.3	1.6
Norway	5.5	4.9	2.6	3.0	5.7	4.7	4.3	3.1	8.2	8.8	6.9	9.6	-0.5	0.8	3.4	6.6	6.1	8.0	8.9	7.6
Poland	..	14.6	11.7	11.7	12.1	10.5	10.0	11.9	8.3	7.7	5.5	5.9	6.1	4.6	-0.3	6.8	6.4	3.9	4.7	4.9
Slovak Republic	..	5.0	8.7	9.1	7.5	6.1	5.9	3.7	3.2	1.0	0.2	1.0	-0.1	2.0	0.9	2.7	6.4	5.4	5.3	5.2
Sweden	7.4	7.5	5.4	2.4	1.8	1.6	3.1	7.3	7.1	5.9	4.7	4.0	4.9	7.2	8.9	11.2	8.5	9.7	10.7	9.4
Switzerland	12.4	12.7	10.9	10.7	10.7	10.8	11.7	11.9	10.7	9.4	9.0	10.1	11.4	12.6	11.7	12.0	9.9	11.4	12.1	12.0
United States	5.2	5.2	4.9	4.6	5.3	3.1	2.9	2.7	3.5	3.5	3.6	1.5	2.6	2.4	5.4	5.1	5.3	4.7	4.3	4.0
Gross saving																				
France	14.8	15.8	14.8	15.8	15.1	14.6	14.3	15.0	16.3	15.3	15.8	14.8	14.8	15.4	15.6	16.5	16.1	16.8	16.1	15.8
Portugal	..	12.7	11.7	10.9	10.3	10.7	10.6	10.6	10.3	10.7	10.0	10.0	8.0	7.0	7.1	10.9	10.2	9.7	10.5	12.1
Spain	13.1	17.4	17.3	15.9	14.3	12.6	11.1	11.0	11.1	12.1	11.0	10.8	10.2	10.4	13.5	18.5	13.9	12.0	11.6	13.6
United Kingdom	9.3	10.3	9.4	9.5	7.4	5.2	4.7	6.1	4.8	5.0	3.6	3.7	3.1	2.7	3.1	7.8	7.2	7.4	6.6	5.4

Note: The adoption of new national account systems SNA93 or ESA95 has been proceeding at an uneven pace among OECD member countries, both with respect to variables and the time period covered. As a consequence, there are breaks in many national series. See table "National Accounts Reporting Systems, base years and latest data updates" at the beginning of the Statistical Annex. Most countries report household saving on a net basis (i.e. excluding consumption of fixed capital by households and unincorporated businesses). In most countries household refers to the "household" sector plus non-profit institutions servicing households (in some cases referred to as personal saving).

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636797

Annex Table 24. **Gross national saving**

Per cent of nominal GDP

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Australia	19.6	21.3	20.3	20.3	21.2	21.4	20.6	21.3	20.7	21.6	21.0	21.6	21.0	22.5	22.8	23.5	25.2	23.5	..	..
Austria	22.8	22.2	22.2	22.4	22.3	22.8	23.4	23.2	23.7	23.3	25.1	24.6	25.2	24.8	25.7	27.3	27.7	24.2	24.6	25.9
Belgium	23.3	24.4	25.6	25.5	24.5	25.7	25.7	26.4	26.8	25.5	25.1	25.0	25.4	25.1	25.8	26.8	25.1	20.5	23.3	23.5
Canada	13.4	14.0	16.2	18.3	18.8	19.6	19.1	20.7	23.6	22.2	21.2	21.4	23.0	23.9	24.5	23.7	23.4	17.4	18.4	..
Chile	..	..	..	..	22.3	22.2	21.1	20.4	20.0	19.9	20.0	20.0	22.2	23.4	24.9	25.1	22.8	20.5	..	..
Czech Republic	28.0	28.1	27.8	28.6	27.8	24.9	26.9	25.3	26.0	25.2	23.2	21.9	23.0	24.5	25.1	24.7	26.0	20.7	20.7	20.9
Denmark	20.0	19.1	19.3	20.4	20.5	21.4	20.7	21.7	22.6	23.5	22.9	23.1	23.4	25.2	25.7	24.7	25.2	20.9	22.7	24.0
Estonia	..	..	..	21.4	20.7	20.3	21.7	20.6	23.1	22.9	21.9	21.8	21.7	23.6	23.0	22.9	21.6	23.2	23.9	25.3
Finland	13.7	14.8	18.1	21.7	20.7	23.8	24.8	26.4	28.5	28.9	27.7	24.5	26.3	25.3	25.9	27.1	25.5	20.6	20.9	21.3
France	19.1	17.8	18.2	18.6	18.3	19.6	20.8	21.6	21.3	21.0	19.5	18.9	19.4	19.2	20.0	20.6	20.1	17.0	17.1	..
Germany	22.4	21.3	21.1	21.2	20.7	20.8	21.1	20.5	20.5	20.2	20.1	19.7	22.3	22.4	24.6	26.8	25.6	22.3	23.1	23.2
Greece	10.9	10.9	11.0	11.3	11.5	11.2	11.3	11.3	11.3	11.6	10.5	12.3	12.1	10.6	11.2	8.8	5.8	4.0	3.9	3.2
Hungary	..	..	..	18.9	20.4	21.2	21.3	18.5	19.3	19.7	17.9	15.3	16.4	16.4	16.6	15.0	16.6	17.8	19.4	..
Iceland	15.7	17.6	17.9	17.1	17.2	17.9	17.4	15.0	13.1	17.0	19.7	15.0	13.7	12.2	11.4	13.1	0.1	2.3	1.6	..
Ireland	16.1	17.8	18.1	20.2	21.5	23.2	24.8	23.8	23.4	21.4	20.2	22.5	23.0	23.2	24.3	21.1	15.5	10.8	11.6	..
Israel	24.3	21.9	20.0	20.0	19.7	20.4	20.8	20.1	18.8	18.3	17.1	17.9	19.1	22.0	23.8	22.9	19.7	20.3	18.9	..
Italy	19.2	19.9	20.2	22.2	22.4	22.3	21.5	21.2	20.6	21.0	21.0	20.1	20.6	20.0	20.3	20.8	18.8	16.9	16.7	16.5
Japan	32.7	31.5	29.9	29.0	29.2	29.2	28.4	26.9	27.2	25.6	24.7	24.9	25.6	25.8	26.4	27.5	25.9	22.1	22.9	..
Korea	37.0	37.0	36.4	36.1	34.6	34.4	36.4	34.3	32.9	31.0	30.4	31.8	34.0	32.0	30.8	30.8	30.7	30.3	31.9	..
Mexico	18.8	16.7	16.2	21.3	26.0	28.5	23.5	23.8	24.1	20.3	21.1	21.9	24.1	23.5	25.4	25.4	25.3	22.7	23.0	..
Netherlands	24.8	25.0	26.1	27.2	26.7	28.1	25.2	27.1	28.4	26.7	25.8	25.4	27.6	26.5	29.0	28.8	25.2	21.5	23.8	26.4
New Zealand	14.4	17.0	17.8	17.7	16.6	16.3	16.0	15.6	17.6	19.4	18.8	18.9	18.2	16.0	15.2	16.2	14.8	16.8	..	..
Norway	23.1	23.3	24.2	25.9	27.9	29.6	26.3	28.5	35.4	35.1	31.5	30.3	32.9	37.5	39.4	38.3	40.4	33.3	36.0	37.2
Poland	36.2	29.1	23.2	20.1	19.8	20.1	21.2	20.2	19.5	18.4	16.5	17.0	15.9	18.1	18.0	19.4	19.1	18.2	16.4	..
Portugal	21.8	19.3	18.5	20.5	19.8	20.1	20.5	19.8	17.7	17.1	17.2	16.8	15.7	13.2	12.3	12.7	10.6	9.4	9.9	10.8
Slovak Republic	..	23.7	26.3	26.7	24.5	25.1	24.1	23.7	23.4	22.4	21.6	18.2	19.7	20.3	19.7	22.2	21.4	16.3	19.8	21.9
Slovenia	..	..	..	22.9	23.2	24.2	24.6	24.0	24.2	24.7	24.9	24.5	24.9	25.4	26.5	27.5	24.9	21.2	21.8	21.3
Spain	20.0	20.0	19.5	21.7	21.5	22.2	22.4	22.4	22.3	22.0	22.9	23.4	22.4	22.1	21.9	21.0	19.5	19.3	18.8	..
Sweden	16.9	14.4	18.0	21.0	20.6	21.0	21.8	22.3	23.3	23.2	22.5	24.0	23.7	24.8	26.6	28.9	29.0	23.3	24.6	..
Switzerland	28.6	29.7	29.3	29.6	28.8	30.8	32.0	32.9	34.7	31.4	29.0	33.1	32.9	36.0	35.5	31.0	23.8	31.9	33.1	..
United Kingdom	14.3	14.0	15.7	15.9	16.1	17.2	18.0	15.8	15.0	15.4	15.4	15.1	15.0	14.4	14.3	15.8	15.6	12.8	11.8	13.2
United States	13.9	13.7	14.9	16.0	16.7	18.0	18.5	17.9	17.8	16.2	14.3	13.5	14.3	14.8	16.0	14.1	12.8	10.8	11.9	..

Note: Based on SNA93 or ESA95.

Source: National accounts of OECD countries database.

StatLink http://dx.doi.org/10.1787/888932636816

Annex Table 25. **General government total outlays**

Per cent of nominal GDP

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	36.2	35.8	35.2	34.4	33.7	33.5	33.9	34.5	33.8	33.3	33.8	33.3	33.0	33.0	33.9	36.6	36.3	35.2	34.7	33.3
Austria	56.1	56.3	56.1	53.3	53.6	53.4	51.8	51.2	50.7	51.3	53.9	50.0	49.2	48.7	49.6	53.0	52.6	50.5	51.4	50.8
Belgium	52.6	52.1	52.5	51.2	50.4	50.1	49.1	49.1	49.8	51.0	49.2	51.9	48.5	48.3	49.8	53.7	52.8	53.4	53.5	53.3
Canada	49.8	48.5	46.7	44.3	44.8	43.0	41.1	42.0	41.2	41.2	39.9	39.3	39.4	39.4	40.0	44.4	44.1	42.9	41.8	40.7
Czech Republic	..	53.0	41.7	42.6	43.0	42.3	41.6	43.9	45.6	50.0	43.3	43.0	41.9	41.0	41.2	44.9	44.1	43.4	43.3	43.0
Denmark	60.2	59.3	58.9	56.7	56.3	55.5	53.7	54.2	54.6	55.1	54.6	52.8	51.6	50.8	51.5	58.0	57.8	57.9	59.3	57.6
Estonia	..	41.3	39.5	37.4	39.2	40.1	36.1	34.8	35.8	34.8	34.0	33.6	33.6	34.0	39.5	45.2	40.6	38.2	40.2	38.4
Finland	63.6	61.6	60.2	56.7	53.0	51.8	48.4	48.0	49.1	50.4	50.3	50.4	49.3	47.5	49.4	56.1	55.6	54.1	54.4	54.0
France	54.1	54.4	54.5	54.2	52.7	52.6	51.6	51.6	52.8	53.4	53.3	53.6	52.9	52.6	53.3	56.9	56.8	56.1	56.1	54.9
Germany	48.0	54.8	49.0	48.2	48.0	48.3	45.1	47.5	47.9	48.4	47.2	47.0	45.3	43.5	44.1	48.1	48.0	45.7	45.7	45.3
Greece	45.1	46.2	44.5	45.3	44.7	44.8	47.1	45.7	45.5	45.1	45.9	44.6	45.2	47.6	50.6	53.8	50.2	50.1	48.5	46.6
Hungary	..	55.5	51.5	50.2	51.4	49.3	47.7	47.5	51.1	49.4	49.1	50.0	51.8	50.3	49.2	51.1	49.2	48.4	47.7	47.5
Iceland	39.9	42.7	42.2	40.7	41.3	42.0	41.9	42.6	44.3	45.6	44.0	42.2	41.6	42.3	57.6	51.0	51.6	46.1	44.8	43.2
Ireland	43.5	40.9	39.0	36.5	34.4	33.9	31.2	33.0	33.3	33.1	33.5	33.8	34.3	36.6	42.8	48.8	66.8	48.7	44.2	43.5
Israel	..	..	..	..	55.0	53.6	51.4	53.7	55.8	54.4	51.0	49.4	47.8	46.4	46.1	45.7	45.4	45.0	44.7	44.8
Italy	53.2	52.2	52.2	49.9	49.0	47.9	45.8	47.7	47.1	48.0	47.6	47.9	48.4	47.6	48.6	51.9	50.5	49.9	50.4	50.2
Japan	34.6	35.6	36.2	35.2	42.0	38.0	38.5	38.0	38.2	37.8	36.6	36.4	36.0	35.8	37.0	41.9	40.8	42.8	43.3	42.7
Korea	20.6	20.4	21.2	21.8	24.1	23.2	22.4	23.9	23.6	28.9	26.1	26.6	27.7	28.7	30.4	33.1	30.1	30.1	30.0	29.7
Luxembourg	38.9	39.7	41.1	40.7	41.1	39.2	37.6	38.1	41.5	41.8	42.6	41.5	38.6	36.3	37.1	43.0	42.4	42.0	43.4	43.2
Netherlands	53.5	56.3	49.4	47.5	46.6	46.0	44.1	45.3	46.1	47.0	46.1	44.8	45.5	45.2	46.2	51.5	51.2	50.1	50.7	50.1
New Zealand	42.8	41.9	40.8	41.6	40.6	40.2	38.3	37.8	36.9	37.5	37.1	38.2	39.6	39.6	41.9	42.9	43.2	47.2	43.4	41.8
Norway	54.1	50.9	48.5	46.8	49.1	47.7	42.3	44.1	47.1	48.2	45.1	41.8	40.0	40.3	39.8	46.7	45.5	44.6	43.6	42.6
Poland	..	47.7	51.1	46.6	44.5	42.9	41.2	43.7	44.2	44.6	42.7	43.5	43.9	42.2	43.3	44.6	45.4	43.6	42.8	42.4
Portugal	42.8	41.9	42.4	41.6	41.4	41.5	41.6	43.2	43.1	44.7	45.4	46.6	45.2	44.4	44.8	49.8	51.3	48.9	46.6	46.2
Slovak Republic	..	48.6	53.8	48.9	45.7	48.1	52.2	44.5	45.1	40.1	37.7	38.0	36.5	34.2	34.9	41.5	40.0	37.4	37.4	36.6
Slovenia	..	52.3	44.2	44.5	45.4	46.2	46.5	47.3	46.2	46.2	45.7	45.3	44.6	42.5	44.2	49.3	50.3	50.9	48.9	47.8
Spain	46.8	44.5	43.2	41.7	41.1	39.9	39.2	38.7	38.9	38.4	38.9	38.4	38.4	39.2	41.5	46.3	45.6	43.6	41.6	39.9
Sweden	68.3	64.9	62.9	60.7	58.8	58.1	55.1	54.5	55.6	55.7	54.2	53.9	52.7	51.0	51.7	54.9	52.5	51.3	52.2	51.3
Switzerland	35.2	35.0	35.3	35.5	35.8	34.3	35.1	34.8	36.2	36.4	35.9	35.3	33.5	32.3	32.4	34.1	34.2	34.0	34.3	33.9
United Kingdom	44.6	44.1	42.2	40.6	39.5	38.8	36.5	39.8	40.9	42.3	43.1	44.0	44.2	43.9	47.9	51.1	50.4	49.1	48.7	47.4
United States[1]	37.1	37.1	36.6	35.4	34.6	34.2	33.9	35.0	35.9	36.3	36.0	36.3	36.1	36.9	39.1	42.7	42.5	41.7	40.5	39.8
Euro area	50.9	53.0	50.5	49.2	48.5	48.1	46.2	47.2	47.5	48.0	47.5	47.4	46.7	46.0	47.2	51.3	51.1	49.4	49.2	48.5
Total OECD	41.9	42.7	41.6	40.3	40.7	39.7	38.8	39.8	40.3	40.0	39.3	39.4	39.1	39.2	41.0	44.5	44.0	43.2	42.5	41.7

Note: Data refer to the general government sector, which is a consolidation of accounts for the central, state and local governments plus social security.

1. These data include outlays net of operating surpluses of public enterprises.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636835

Annex Table 26. **General government total tax and non-tax receipts**

Per cent of nominal GDP

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	33.1	33.5	34.0	34.4	35.7	36.1	35.3	34.5	35.2	35.3	35.5	35.3	35.3	34.7	33.1	32.0	31.6	31.3	32.4	33.7
Austria	51.2	50.4	52.0	51.4	51.1	50.9	49.9	51.0	49.8	49.7	49.4	48.2	47.5	47.7	48.6	48.8	48.1	47.9	48.5	48.6
Belgium	47.4	47.5	48.5	48.9	49.4	49.5	49.0	49.5	49.6	50.9	49.0	49.2	48.8	48.2	48.8	48.1	48.8	49.5	50.7	51.2
Canada	43.0	43.2	43.8	44.5	44.9	44.3	44.1	42.6	41.1	41.1	40.7	40.8	41.1	40.8	39.6	39.5	38.5	38.4	38.3	38.3
Czech Republic	..	40.2	38.6	39.0	38.2	38.7	38.0	38.3	39.1	43.3	40.5	39.8	39.5	40.3	39.0	39.1	39.3	40.3	40.8	40.8
Denmark	56.8	56.4	56.9	56.1	56.2	56.8	55.8	55.4	54.8	55.0	56.4	57.8	56.6	55.6	54.8	55.2	55.1	56.0	55.4	55.6
Estonia	..	42.4	39.1	39.6	38.5	36.7	35.9	34.7	36.0	36.5	35.6	35.2	36.1	36.4	36.5	43.2	40.9	39.2	38.3	38.1
Finland	57.0	55.4	56.7	55.3	54.6	53.5	55.4	53.1	53.2	52.8	52.5	53.1	53.3	52.8	53.6	53.4	52.7	53.2	53.8	53.9
France	48.6	48.9	50.5	50.9	50.1	50.8	50.1	50.0	49.6	49.3	49.7	50.7	50.6	49.8	50.0	49.3	49.7	50.9	51.6	51.9
Germany	45.6	45.4	45.7	45.4	45.7	46.7	46.2	44.5	44.0	44.2	43.4	43.6	43.7	43.7	44.0	44.9	43.7	44.7	44.8	44.7
Greece	36.8	37.0	37.8	39.3	40.9	41.7	43.3	41.2	40.6	39.4	38.4	39.0	39.2	40.8	40.7	38.2	39.7	41.0	41.1	41.6
Hungary	..	46.8	46.9	44.1	43.4	43.8	44.6	43.4	42.2	42.2	42.6	42.1	42.4	45.2	45.5	46.6	45.0	52.6	44.7	44.6
Iceland	35.3	39.8	40.6	40.7	40.9	43.2	43.6	41.9	41.7	42.8	44.0	47.1	48.0	47.7	44.1	41.1	41.5	41.7	42.2	41.8
Ireland	41.5	38.9	38.8	38.0	36.6	36.5	35.9	34.0	33.0	33.5	34.9	35.4	37.2	36.7	35.5	34.8	35.6	35.7	35.8	35.9
Israel	..	..	..	..	47.0	47.4	47.4	47.4	47.6	46.0	44.9	44.5	45.3	44.9	42.4	39.3	40.5	40.6	40.4	40.6
Italy	44.2	44.7	45.2	47.2	46.0	45.9	44.9	44.5	44.0	44.4	44.0	43.4	45.0	46.0	45.9	46.5	46.1	46.1	48.7	49.6
Japan	30.9	31.0	31.3	31.4	31.0	30.9	31.1	32.0	30.5	30.1	30.6	31.6	34.7	33.7	35.1	33.1	32.4	33.3	33.3	32.6
Korea	22.9	23.9	24.4	24.8	25.5	25.5	27.9	28.3	28.7	29.4	28.8	30.0	31.7	33.3	33.4	31.9	31.4	31.9	32.3	32.4
Luxembourg	41.4	42.1	42.3	44.3	44.4	42.6	43.6	44.2	43.6	42.2	41.5	41.5	39.9	39.9	40.1	42.2	41.6	41.4	42.0	42.1
Netherlands	50.0	47.1	47.5	46.2	45.8	46.4	46.1	45.0	44.0	43.9	44.4	44.5	46.0	45.4	46.7	46.0	46.2	45.5	46.4	47.1
New Zealand	45.5	44.4	43.3	42.6	40.6	40.0	40.0	39.3	40.6	41.3	41.2	42.9	44.9	44.1	42.3	40.3	39.0	39.0	39.0	38.9
Norway	54.3	54.2	54.8	54.5	52.4	53.7	57.7	57.4	56.3	55.5	56.2	56.8	58.3	57.6	58.6	57.4	56.7	58.3	58.7	59.0
Poland	..	43.3	46.3	41.9	40.2	40.6	38.1	38.5	39.2	38.4	37.3	39.4	40.3	40.3	39.6	37.3	37.6	38.5	39.9	40.2
Portugal	35.4	36.5	37.6	37.9	37.6	38.4	38.3	38.3	39.6	40.9	41.4	40.1	40.6	41.1	41.1	39.6	41.4	44.7	42.0	42.7
Slovak Republic	..	45.2	43.8	42.6	40.5	40.7	39.9	38.0	36.8	37.4	35.3	35.2	33.3	32.4	32.8	33.5	32.4	32.6	32.7	33.7
Slovenia	..	44.0	43.0	42.2	43.0	43.1	42.8	43.4	43.8	43.6	43.5	43.8	43.2	42.4	42.4	43.2	44.2	44.5	45.0	44.8
Spain	38.9	37.3	37.7	37.6	38.1	38.7	38.2	38.1	38.7	38.0	38.8	39.7	40.7	41.1	37.0	35.1	36.3	35.1	36.2	36.6
Sweden	59.3	57.6	59.6	59.0	59.7	58.9	58.7	56.1	54.1	54.4	54.6	55.8	54.9	54.5	53.9	54.0	52.4	51.4	51.9	51.6
Switzerland	32.4	33.0	33.5	32.7	33.8	33.8	35.2	34.7	35.0	34.6	34.2	34.6	34.3	34.0	34.7	35.1	34.8	34.7	34.8	34.6
United Kingdom	37.8	38.2	38.0	38.4	39.4	39.8	40.2	40.5	38.9	38.6	39.5	40.7	41.5	41.1	42.9	40.1	40.1	40.7	41.0	40.8
United States[1]	33.4	33.8	34.3	34.6	34.9	34.9	35.4	34.4	31.9	31.3	31.6	33.0	33.9	34.0	32.6	31.0	31.7	32.0	32.2	33.4
Euro area	45.8	45.5	46.2	46.4	46.1	46.6	46.0	45.2	44.8	44.8	44.6	44.8	45.3	45.3	45.0	44.9	44.8	45.3	46.2	46.5
Total OECD	37.6	37.9	38.3	38.5	38.6	38.7	38.9	38.3	37.0	36.1	36.1	36.9	37.9	37.9	37.6	36.5	36.5	36.9	37.2	37.5

Note: Data refer to the general government sector, which is a consolidation of accounts for central, state and local governments plus social security.

1. Excludes the operating surpluses of public enterprises.

Source: OECD Economic Outlook 91 database.

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Annex Table 27. **General government financial balances**

Surplus (+) or deficit (-) as a per cent of nominal GDP

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	-3.0	-2.4	-1.2	0.1	1.9	2.6	1.4	0.1	1.3	2.0	1.8	2.0	2.3	1.8	-0.8	-4.5	-4.7	-3.9	-2.2	0.4
Austria	-4.9	-5.9	-4.2	-1.9	-2.5	-2.4	-1.8	-0.2	-0.9	-1.7	-4.6	-1.8	-1.7	-1.0	-1.0	-4.2	-4.5	-2.6	-2.9	-2.3
Belgium	-5.1	-4.5	-4.0	-2.3	-1.0	-0.7	-0.1	0.4	-0.2	-0.2	-0.2	-2.6	0.3	-0.1	-1.0	-5.7	-3.9	-3.9	-2.8	-2.2
Canada	-6.7	-5.3	-2.8	0.2	0.1	1.3	3.0	0.7	-0.1	-0.1	0.9	1.5	1.6	1.4	-0.4	-4.9	-5.6	-4.5	-3.5	-2.4
Czech Republic	..	-12.8	-3.1	-3.6	-4.8	-3.6	-3.6	-5.6	-6.5	-6.7	-2.8	-3.2	-2.4	-0.7	-2.2	-5.8	-4.8	-3.1	-2.5	-2.2
Denmark	-3.4	-2.9	-2.0	-0.6	-0.1	1.3	2.2	1.2	0.3	-0.1	1.9	5.0	5.0	4.8	3.3	-2.7	-2.7	-1.9	-3.9	-2.0
Estonia	..	1.1	-0.4	2.2	-0.7	-3.5	-0.2	-0.1	0.3	1.7	1.6	1.6	2.5	2.4	-2.9	-2.0	0.3	1.0	-2.0	-0.3
Finland	-6.7	-6.1	-3.5	-1.4	1.6	1.7	6.9	5.1	4.1	2.4	2.3	2.7	4.0	5.3	4.2	-2.7	-2.9	-0.9	-0.7	0.0
France	-5.5	-5.5	-4.0	-3.3	-2.6	-1.8	-1.5	-1.7	-3.3	-4.1	-3.6	-3.0	-2.4	-2.7	-3.3	-7.6	-7.1	-5.2	-4.5	-3.0
Germany	-2.5	-9.5	-3.3	-2.7	-2.3	-1.6	1.1	-3.1	-3.8	-4.1	-3.8	-3.3	-1.7	0.2	-0.1	-3.2	-4.3	-1.0	-0.9	-0.6
Greece	-8.3	-9.1	-6.7	-5.9	-3.9	-3.1	-3.8	-4.5	-4.9	-5.8	-7.5	-5.6	-6.0	-6.8	-9.9	-15.6	-10.5	-9.2	-7.4	-4.9
Hungary	..	-8.7	-4.6	-6.1	-8.0	-5.5	-3.1	-4.1	-8.9	-7.2	-6.5	-7.9	-9.4	-5.1	-3.7	-4.5	-4.3	4.2	-3.0	-2.9
Iceland	-4.7	-3.0	-1.6	0.0	-0.4	1.1	1.7	-0.7	-2.6	-2.8	0.0	4.9	6.3	5.4	-13.5	-10.0	-10.1	-4.4	-2.6	-1.4
Ireland	-2.0	-2.0	-0.1	1.4	2.2	2.6	4.7	0.9	-0.3	0.4	1.4	1.7	2.9	0.1	-7.3	-14.0	-31.2	-13.0	-8.4	-7.6
Israel	..	..	..	..	-8.0	-6.3	-4.0	-6.4	-8.2	-8.3	-6.1	-4.9	-2.5	-1.5	-3.8	-6.4	-5.0	-4.4	-4.3	-4.2
Italy	-9.0	-7.4	-7.0	-2.7	-2.9	-2.0	-0.9	-3.2	-3.2	-3.6	-3.6	-4.5	-3.4	-1.6	-2.7	-5.4	-4.5	-3.8	-1.7	-0.6
Japan	-3.7	-4.6	-4.9	-3.8	-11.0	-7.1	-7.4	-6.0	-7.7	-7.7	-5.9	-4.8	-1.3	-2.1	-1.9	-8.8	-8.4	-9.5	-9.9	-10.1
Korea	2.3	3.5	3.2	3.0	1.3	2.4	5.4	4.3	5.1	0.5	2.7	3.4	3.9	4.7	3.0	-1.1	1.3	1.8	2.3	2.8
Luxembourg	2.5	2.4	1.2	3.7	3.4	3.4	6.0	6.1	2.1	0.5	-1.1	0.0	1.4	3.7	3.0	-0.8	-0.9	-0.6	-1.4	-1.1
Netherlands	-3.5	-9.2	-1.9	-1.2	-0.9	0.4	2.0	-0.3	-2.1	-3.2	-1.8	-0.3	0.5	0.2	0.5	-5.5	-5.0	-4.6	-4.3	-3.0
New Zealand	2.7	2.5	2.5	0.9	0.0	-0.2	1.8	1.5	3.6	3.8	4.1	4.7	5.3	4.5	0.4	-2.6	-4.2	-8.2	-4.4	-2.9
Norway	0.3	3.2	6.3	7.6	3.3	6.0	15.4	13.3	9.2	7.4	11.1	15.0	18.3	17.3	18.8	10.6	11.2	13.6	15.1	16.3
Poland	..	-4.4	-4.9	-4.6	-4.3	-2.3	-3.0	-5.3	-5.0	-6.2	-5.4	-4.1	-3.6	-1.9	-3.7	-7.4	-7.9	-5.1	-2.9	-2.2
Portugal	-7.4	-5.4	-4.8	-3.7	-3.9	-3.1	-3.3	-4.8	-3.4	-3.7	-4.0	-6.5	-4.6	-3.2	-3.7	-10.2	-9.8	-4.2	-4.6	-3.5
Slovak Republic	..	-3.4	-10.0	-6.3	-5.3	-7.4	-12.3	-6.5	-8.2	-2.8	-2.4	-2.8	-3.2	-1.8	-2.1	-8.0	-7.7	-4.8	-4.6	-2.9
Slovenia	..	-8.3	-1.1	-2.3	-2.4	-3.0	-3.7	-4.0	-2.4	-2.7	-2.3	-1.5	-1.4	0.0	-1.9	-6.1	-6.0	-6.4	-3.9	-3.0
Spain	-7.8	-7.2	-5.5	-4.0	-3.0	-1.2	-1.0	-0.5	-0.2	-0.4	-0.1	1.3	2.4	1.9	-4.5	-11.2	-9.3	-8.5	-5.4	-3.3
Sweden	-9.1	-7.3	-3.3	-1.6	0.9	0.8	3.6	1.6	-1.5	-1.3	0.4	1.9	2.2	3.6	2.2	-1.0	-0.1	0.1	-0.3	0.3
Switzerland	-2.8	-2.0	-1.8	-2.8	-1.9	-0.5	0.1	-0.1	-1.2	-1.7	-1.8	-0.7	0.8	1.7	2.3	1.0	0.6	0.8	0.6	0.6
United Kingdom	-6.8	-5.8	-4.2	-2.2	-0.1	0.9	3.7	0.6	-2.0	-3.7	-3.6	-3.3	-2.7	-2.8	-5.0	-11.0	-10.3	-8.4	-7.7	-6.6
United States	-3.7	-3.3	-2.3	-0.9	0.3	0.7	1.5	-0.6	-4.0	-5.0	-4.4	-3.3	-2.2	-2.9	-6.6	-11.6	-10.7	-9.7	-8.3	-6.5
Euro area	-5.1	-7.5	-4.3	-2.8	-2.4	-1.5	-0.1	-2.0	-2.7	-3.2	-2.9	-2.6	-1.4	-0.7	-2.1	-6.4	-6.2	-4.1	-3.0	-2.0
Total OECD	-4.3	-4.8	-3.3	-1.9	-2.1	-0.9	0.1	-1.4	-3.3	-3.9	-3.2	-2.4	-1.2	-1.3	-3.4	-8.1	-7.5	-6.3	-5.3	-4.2
Memorandum items																				
General government financial balances excluding social security																				
United States	-4.5	-4.1	-3.2	-1.9	-0.9	-0.7	-0.1	-2.2	-5.5	-6.3	-5.8	-4.6	-3.6	-4.3	-7.8	-12.5	-11.2	-10.2	-8.9	-7.1
Japan	-5.7	-6.5	-6.7	-5.5	-12.3	-8.2	-8.0	-6.2	-7.5	-7.8	-6.4	-5.1	-1.4	-1.9	-1.3	-7.6	-7.5	-8.7	-8.9	-9.0

Note: Financial balances include one-off factors, such as those resulting from the sale of the mobile telephone licenses. As data are on a national accounts basis (SNA93/ESA95), the government financial balances may differ from the numbers reported to the European Commission under the Excessive Deficit Procedure for some EU countries. For more details, see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*

Source: OECD Economic Outlook 91 database.

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Annex Table 28. **General government cyclically-adjusted balances**

Surplus (+) or deficit (-) as a per cent of potential GDP

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	-2.4	-1.9	-0.7	0.5	2.0	2.4	1.2	0.1	1.2	1.7	1.3	1.5	2.0	1.1	-1.3	-4.4	-4.4	-3.4	-1.6	1.0
Austria	-3.9	-4.8	-3.1	-1.1	-2.2	-3.0	-3.2	-1.4	-1.6	-1.7	-4.4	-1.8	-2.2	-2.3	-2.4	-3.4	-3.4	-2.1	-2.1	-1.3
Belgium	-4.2	-3.7	-2.8	-1.8	-0.3	-0.7	-1.2	-0.2	-0.2	0.3	-0.4	-2.8	-0.4	-1.5	-2.3	-4.8	-3.4	-4.0	-2.3	-1.6
Canada	-5.8	-4.8	-1.8	0.9	0.5	1.0	2.0	0.0	-0.6	-0.4	0.4	0.9	0.8	0.5	-1.0	-3.9	-4.8	-4.1	-3.2	-2.3
Czech Republic	..	..	..	..	..	-2.8	-3.2	-5.0	-5.3	-5.3	-1.8	-3.3	-3.7	-3.0	-4.4	-5.3	-4.5	-2.8	-1.4	-1.1
Denmark	-1.9	-2.5	-2.1	-1.4	-1.2	0.1	0.2	-0.6	-0.9	-0.5	1.4	3.9	3.0	2.3	1.2	-1.5	-0.3	0.2	-1.9	-0.3
Estonia	..	..	..	..	..	..	..	..	0.9	1.8	1.5	0.4	-0.3	-1.4	-5.1	1.5	3.0	1.8	-1.2	0.1
Finland	-3.2	-3.5	-1.2	-0.6	1.6	1.5	6.2	4.6	4.2	2.9	2.2	2.3	2.8	2.9	2.1	-1.0	-1.9	-0.7	-0.4	0.1
France	-4.6	-4.9	-3.2	-2.5	-2.4	-2.1	-2.6	-2.9	-4.2	-4.5	-4.1	-3.6	-3.4	-4.2	-4.4	-6.5	-5.6	-3.9	-2.8	-1.1
Germany	-2.0	-9.2	-2.7	-2.1	-1.8	-1.5	0.6	-3.8	-4.0	-3.5	-2.9	-2.2	-1.5	-0.6	-0.9	-1.6	-3.3	-1.0	-0.9	-0.7
Greece	-8.0	-8.6	-5.9	-5.3	-3.3	-2.4	-3.3	-4.1	-4.3	-6.2	-8.4	-6.5	-8.4	-9.9	-12.5	-16.4	-9.6	-5.4	-1.8	0.8
Hungary	..	..	..	-4.8	-7.0	-4.4	-2.2	-3.5	-8.7	-7.3	-7.2	-9.3	-11.8	-7.0	-5.2	-3.1	-2.5	5.2	-1.1	-1.0
Iceland	-2.9	-0.9	-0.1	0.7	-0.6	0.6	1.0	-1.5	-2.6	-2.5	-0.9	2.8	4.0	2.6	-17.0	-9.6	-7.2	-1.8	-0.9	-0.3
Ireland	1.2	-0.3	0.8	1.0	1.1	0.4	1.8	-2.0	-3.1	-2.1	-1.0	-0.9	-0.1	-3.5	-8.8	-11.1	-25.6	-8.8	-4.5	-4.2
Israel	..	..	..	..	-8.1	-6.0	-5.8	-6.8	-6.8	-6.2	-4.7	-4.2	-2.5	-2.2	-4.6	-6.2	-5.4	-5.3	-5.0	-4.7
Italy	-7.8	-7.1	-6.7	-2.7	-3.0	-2.0	-1.9	-4.6	-4.2	-4.0	-4.0	-5.0	-4.5	-3.2	-3.6	-3.5	-2.5	-2.2	0.8	2.4
Japan	-4.0	-4.8	-5.4	-4.4	-10.4	-6.1	-6.6	-5.2	-6.7	-7.0	-5.8	-5.0	-1.8	-3.1	-2.5	-7.5	-7.8	-8.8	-9.5	-10.0
Korea	2.3	3.2	2.8	2.7	2.7	3.3	5.5	4.4	4.9	0.4	2.7	3.4	3.7	4.2	2.7	-0.6	1.4	1.8	2.3	2.8
Luxembourg	..	..	..	5.2	4.3	3.3	4.5	4.9	1.2	0.6	-0.8	-0.3	0.4	1.6	1.2	0.0	0.5	0.8	0.6	1.1
Netherlands	-2.4	-8.2	-1.1	-0.9	-1.1	-0.3	0.7	-1.8	-2.7	-2.7	-0.9	0.5	0.5	-0.8	-1.1	-5.8	-4.2	-3.9	-2.9	-1.1
New Zealand	2.8	2.2	2.2	0.8	0.8	0.0	1.9	1.8	3.6	3.3	3.4	3.9	4.8	3.6	0.4	-1.8	-3.9	-7.8	-4.1	-2.8
Norway[1]	-4.3	-1.5	-1.2	-0.7	-1.7	-0.5	1.2	0.5	-1.2	-2.6	-1.1	-0.3	0.9	2.2	1.0	-0.6	0.0	0.5	1.7	2.8
Poland	..	..	-4.7	-5.0	-4.6	-2.7	-3.5	-5.0	-4.1	-5.4	-5.1	-3.5	-3.4	-2.1	-4.1	-7.1	-7.8	-5.4	-3.0	-2.2
Portugal	-6.2	-4.8	-4.6	-4.1	-5.1	-4.7	-5.4	-6.7	-4.6	-3.8	-4.1	-6.3	-4.7	-3.9	-4.0	-8.9	-8.9	-2.8	-1.6	0.0
Slovenia	..	..	..	..	..	..	..	-3.4	-2.0	-2.0	-2.0	-1.6	-2.6	-2.9	-5.4	-5.5	-5.4	-5.4	-1.8	-0.4
Spain	-6.9	-6.5	-4.8	-3.6	-3.1	-1.8	-2.1	-1.8	-1.0	-0.9	-0.6	0.6	1.2	0.3	-5.4	-9.5	-6.6	-5.5	-1.5	1.3
Sweden	-6.3	-5.8	-1.4	0.0	1.7	0.8	2.8	1.3	-1.6	-1.3	0.0	1.2	0.5	1.4	1.4	1.7	1.0	0.3	0.6	1.1
Switzerland	-2.3	-1.4	-1.0	-2.2	-1.7	-0.4	-0.4	-0.6	-1.2	-1.0	-1.2	-0.4	0.7	1.0	1.5	1.3	0.7	0.8	0.8	0.9
United Kingdom	-6.1	-5.4	-3.8	-2.0	0.0	1.0	3.5	0.3	-2.1	-4.1	-4.2	-4.1	-3.8	-4.6	-6.1	-9.7	-8.9	-7.1	-6.1	-5.2
United States	-3.1	-2.7	-1.8	-0.9	-0.1	-0.2	0.2	-1.4	-4.3	-5.2	-5.0	-4.2	-3.3	-4.0	-6.8	-9.8	-9.0	-8.0	-6.8	-5.2
Euro area	-4.3	-7.0	-3.6	-2.3	-2.1	-1.7	-1.1	-3.1	-3.3	-3.2	-2.9	-2.6	-2.1	-2.1	-3.2	-5.1	-4.7	-3.0	-1.4	-0.1
Total OECD	-3.8	-4.3	-2.9	-1.8	-2.1	-1.2	-0.7	-2.1	-3.5	-4.2	-3.7	-3.1	-2.2	-2.6	-4.2	-7.0	-6.6	-5.5	-4.5	-3.4

Note: For more details on the methodology used for estimating the cyclical component of government balances, see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*

1. As a percentage of mainland potential GDP. The financial balances shown are adjusted to exclude net revenues from petroleum activities.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636892

Annex Table 29. General government underlying balances

Surplus (+) or deficit (-) as a per cent of potential GDP

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	-2.5	-1.8	-0.6	0.5	1.9	2.3	1.0	0.4	1.4	1.5	1.3	1.5	1.9	1.0	-1.5	-4.3	-4.2	-3.5	-1.6	1.0
Austria	-3.9	-5.1	-3.2	-1.1	-1.8	-2.9	-3.4	-1.0	-1.5	-1.8	-0.9	-1.8	-2.4	-2.0	-2.4	-3.3	-2.7	-2.1	-1.7	-1.0
Belgium	-4.2	-3.8	-2.8	-1.7	-0.2	-0.7	-1.1	-0.4	-0.3	-1.0	-0.7	-0.6	-0.6	-1.5	-2.4	-4.3	-3.6	-3.9	-2.3	-1.5
Canada	-6.0	-4.8	-1.9	0.6	0.3	1.1	2.0	0.0	-0.6	-0.4	0.5	1.0	0.9	0.5	-1.1	-3.8	-4.8	-4.1	-3.2	-2.3
Czech Republic	..	..	..	..	..	-3.3	-4.9	-4.2	-4.1	-7.8	-2.6	-4.5	-4.3	-3.4	-4.2	-6.1	-4.9	-3.1	-1.6	-1.1
Denmark	-1.8	-2.6	-2.2	-1.5	-1.1	0.1	0.3	-0.7	-1.0	-0.4	1.2	3.8	2.8	2.1	1.5	-1.6	-0.5	0.0	-1.2	-0.3
Estonia	..	..	..	..	..	..	..	..	1.0	1.8	1.3	0.2	-0.6	-1.2	-3.9	-1.8	-0.6	-0.1	0.0	0.1
Finland	-2.8	-2.1	-1.0	-1.4	1.1	1.5	6.0	4.7	4.2	2.8	2.2	2.4	2.8	2.9	2.1	-0.8	-1.9	-0.7	-0.4	0.1
France	-4.6	-4.5	-3.4	-3.0	-2.4	-2.0	-2.8	-2.9	-4.1	-4.6	-4.2	-4.1	-3.4	-4.2	-4.2	-6.4	-5.6	-4.0	-2.9	-1.2
Germany	-1.9	-2.6	-2.7	-2.2	-1.8	-1.6	-2.0	-3.7	-3.9	-3.4	-2.9	-2.2	-1.6	-0.7	-0.8	-1.4	-2.2	-0.9	-0.9	-0.7
Greece	-8.8	-9.0	-7.0	-5.0	-3.1	-1.5	-4.2	-4.1	-4.3	-6.5	-8.1	-7.1	-9.2	-10.4	-12.3	-15.1	-9.7	-5.9	-2.3	0.1
Hungary	..	..	..	-4.3	-5.0	-4.9	-2.4	-3.4	-7.3	-7.5	-7.9	-9.7	-11.7	-6.3	-4.6	-3.0	-4.5	-4.7	-2.2	-1.2
Iceland	-2.5	-1.1	0.0	0.7	-0.8	0.4	0.9	-1.4	-2.7	-2.3	-0.8	2.8	4.0	2.5	-3.0	-9.0	-3.5	-1.4	-0.9	-0.3
Ireland	1.7	-0.1	0.7	0.6	0.7	1.7	1.4	-1.9	-3.3	-2.2	-0.9	-0.9	-0.2	-3.6	-7.6	-8.5	-7.2	-5.4	-4.3	-3.9
Israel	..	..	..	..	-8.4	-6.0	-5.9	-6.9	-6.8	-6.5	-4.7	-4.2	-2.5	-2.2	-4.4	-5.9	-5.4	-5.3	-5.0	-4.7
Italy	-7.7	-6.4	-6.5	-3.4	-3.2	-2.0	-3.2	-4.2	-3.9	-5.0	-4.6	-5.0	-3.5	-3.1	-3.7	-3.9	-2.8	-3.0	-0.1	1.5
Japan	-4.1	-4.8	-5.3	-4.6	-4.8	-6.0	-6.0	-5.5	-6.5	-6.4	-6.5	-4.9	-3.4	-3.3	-3.5	-7.6	-8.0	-8.8	-9.2	-9.3
Korea	2.1	3.0	2.8	2.9	3.3	3.3	5.2	4.3	4.9	4.2	2.8	3.2	3.6	4.0	2.8	-0.2	1.0	1.2	1.7	2.1
Luxembourg	..	..	..	5.2	4.2	3.2	4.5	3.3	1.3	0.7	-0.5	-0.2	0.8	1.5	0.9	0.1	0.5	0.7	0.6	1.1
Netherlands	-2.4	-3.0	-1.6	-0.9	-1.1	-0.3	0.1	-1.3	-2.5	-2.4	-0.9	0.3	0.2	-0.9	-1.0	-4.8	-3.6	-3.9	-2.9	-1.1
New Zealand	2.7	2.3	2.4	1.0	0.8	0.1	1.9	1.9	3.6	3.3	3.3	3.7	4.7	3.4	0.5	-1.8	-4.0	-4.6	-4.0	-2.7
Norway[1]	-4.1	-1.5	-1.4	-0.9	-1.9	-0.5	1.6	0.4	-1.2	-2.6	-1.2	-0.4	0.9	2.1	1.1	-0.6	0.0	0.5	1.7	2.8
Poland	..	..	-3.7	-4.7	-4.1	-2.8	-3.6	-5.0	-4.2	-5.1	-5.2	-3.4	-3.3	-2.3	-4.0	-6.8	-7.9	-5.6	-3.0	-2.2
Portugal	-6.3	-4.8	-4.7	-4.6	-4.7	-4.4	-5.3	-6.5	-5.2	-4.7	-5.6	-6.0	-4.4	-3.7	-4.4	-8.5	-7.9	-5.8	-2.4	-0.8
Slovenia	..	..	..	..	..	..	..	-3.5	-2.2	-1.8	-2.0	-1.7	-2.9	-3.2	-5.1	-5.3	-5.2	-4.1	-1.8	-0.4
Spain	-6.3	-6.5	-4.9	-3.7	-3.2	-2.1	-2.0	-1.6	-1.0	-1.1	-0.3	0.4	1.0	0.3	-5.2	-9.0	-6.3	-5.2	-1.8	1.1
Sweden	-5.3	-5.4	-1.6	0.3	0.8	0.8	2.6	1.2	-1.6	-1.2	-0.1	1.3	0.6	1.4	1.3	1.7	0.9	0.4	0.6	1.1
Switzerland	-2.3	-1.4	-1.1	-2.3	-1.3	-0.6	1.0	-0.1	-0.5	-1.0	-1.2	-0.5	0.5	0.9	1.8	1.0	0.5	0.6	0.7	0.8
United Kingdom	-6.2	-5.3	-3.8	-2.0	-0.1	0.8	0.9	0.3	-2.2	-4.0	-4.3	-3.0	-3.5	-4.5	-5.6	-8.5	-8.4	-7.1	-6.1	-5.2
United States	-3.0	-2.7	-1.9	-1.0	-0.2	-0.2	0.2	-1.5	-4.3	-5.1	-5.0	-4.1	-3.5	-4.0	-6.5	-9.0	-8.6	-7.7	-6.8	-5.4
Euro area	-4.2	-4.2	-3.7	-2.6	-2.2	-1.7	-2.1	-2.9	-3.2	-3.4	-2.9	-2.6	-2.0	-2.1	-3.1	-4.8	-4.1	-3.1	-1.6	-0.4
Total OECD	-3.8	-3.6	-2.9	-1.9	-1.4	-1.2	-1.1	-2.1	-3.5	-4.0	-3.8	-3.0	-2.4	-2.6	-4.2	-6.6	-6.3	-5.5	-4.6	-3.5

Note: The underlying balances are adjusted for the cycle and for one-offs. For more details, see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*

1. As a percentage of mainland potential GDP. The financial balances shown are adjusted to exclude net revenues from petroleum activities.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636911

Annex Table 30. **General government underlying primary balances**

Surplus (+) or deficit (-) as a per cent of potential GDP

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	-0.6	0.0	0.9	1.9	3.0	3.2	1.7	0.7	1.8	1.8	1.6	1.7	2.0	1.0	-1.7	-4.2	-3.8	-3.1	-1.0	1.6
Austria	-1.0	-1.8	0.2	2.0	1.3	0.0	-0.5	1.7	1.0	0.6	1.3	0.5	-0.2	0.1	-0.3	-1.1	-0.7	0.0	0.4	1.0
Belgium	4.5	4.4	5.0	5.6	6.8	5.9	5.4	5.7	5.1	4.0	3.9	3.6	3.2	2.3	1.3	-0.9	-0.3	-0.7	0.9	1.7
Canada	-0.9	0.9	3.3	5.3	5.1	5.4	5.2	2.9	2.0	1.5	2.1	2.0	1.5	1.1	-1.0	-2.9	-4.1	-3.7	-2.9	-2.1
Czech Republic	..	..	..	..	..	-2.8	-4.8	-3.9	-3.8	-7.4	-1.9	-3.8	-3.6	-2.7	-3.4	-5.1	-3.7	-1.9	-0.4	0.2
Denmark	1.7	0.9	1.1	1.5	1.6	2.7	2.5	1.2	0.8	1.1	2.4	4.8	3.4	2.5	1.5	-1.2	-0.1	0.5	-0.8	0.1
Estonia	..	..	..	..	..	..	..	..	0.9	1.4	1.0	0.0	-0.8	-1.5	-4.4	-2.0	-0.7	-0.2	-0.1	0.1
Finland	-1.8	-1.3	0.3	0.3	2.7	3.0	6.9	5.2	4.2	2.8	2.1	2.2	2.4	2.3	1.1	-1.4	-2.0	-0.6	-0.3	0.2
France	-1.8	-1.6	-0.3	0.1	0.6	0.8	-0.1	-0.1	-1.4	-2.0	-1.6	-1.6	-1.0	-1.6	-1.5	-4.3	-3.4	-1.5	-0.5	1.3
Germany	0.8	0.3	0.2	0.7	1.2	1.2	0.8	-1.0	-1.4	-0.8	-0.4	0.3	0.9	1.8	1.6	0.8	-0.1	1.0	0.9	1.1
Greece	2.9	1.5	2.8	2.7	4.1	4.8	2.2	1.7	0.8	-1.7	-3.4	-2.6	-4.5	-5.6	-7.2	-10.1	-4.2	0.4	3.2	5.5
Hungary	..	..	..	2.7	1.1	1.2	2.4	0.5	-3.7	-3.8	-3.8	-5.8	-7.8	-2.4	-0.8	0.9	-0.9	-1.0	1.9	3.3
Iceland	-1.1	0.3	1.3	1.8	0.2	1.3	1.6	-0.8	-2.3	-1.7	-0.4	2.5	3.2	1.5	-3.6	-6.1	-0.8	0.9	2.2	2.6
Ireland	6.9	4.6	4.8	4.2	3.9	4.0	3.4	-0.6	-2.1	-1.0	0.1	0.1	0.6	-2.9	-6.8	-7.1	-4.7	-2.7	-0.8	0.9
Israel	..	..	..	..	-0.2	1.2	1.4	-0.1	-0.1	0.2	2.0	2.4	2.9	2.9	0.1	-1.7	-1.2	-1.3	-1.0	-0.8
Italy	2.6	4.2	4.2	5.4	4.6	4.3	3.0	1.9	1.6	-0.1	0.1	-0.4	1.0	1.7	1.3	0.3	1.4	1.6	4.5	6.2
Japan	-3.4	-4.1	-4.5	-3.8	-4.0	-5.2	-5.1	-4.6	-5.9	-5.8	-6.1	-4.8	-3.5	-3.3	-3.2	-7.1	-7.4	-8.0	-8.2	-7.9
Korea	1.7	2.4	2.1	2.0	2.2	2.4	4.0	3.4	3.9	3.4	1.9	2.1	2.4	2.5	1.4	-1.2	0.1	0.4	0.8	1.2
Luxembourg	..	..	..	4.2	3.2	2.3	3.2	1.9	0.2	-0.2	-1.3	-0.9	0.0	0.5	-0.3	-0.4	0.3	0.7	0.6	1.1
Netherlands	1.7	1.4	2.8	3.3	2.9	3.4	3.1	1.2	-0.4	-0.5	0.9	2.1	1.9	0.7	0.7	-3.4	-2.3	-2.5	-1.5	0.3
New Zealand	6.2	5.1	4.7	2.8	2.4	1.5	3.3	3.0	4.6	4.0	4.0	4.3	5.1	3.5	0.5	-1.7	-3.4	-3.8	-2.9	-1.6
Norway[1]	-5.9	-3.1	-2.9	-2.3	-3.1	-2.0	-0.1	-1.5	-3.3	-4.4	-3.1	-2.3	-1.4	-0.9	-2.0	-3.1	-2.2	-1.6	-0.5	0.4
Poland	..	..	0.4	-0.8	-0.3	-0.4	-1.0	-2.3	-2.1	-2.7	-2.8	-1.3	-1.2	-0.6	-2.5	-4.8	-5.6	-3.2	-0.5	0.5
Portugal	-1.3	-0.3	-0.5	-1.3	-2.0	-1.7	-2.7	-3.9	-2.6	-2.3	-3.3	-3.8	-1.9	-1.1	-1.7	-5.9	-5.1	-2.3	1.4	2.9
Slovenia	..	..	..	..	..	..	..	-1.7	-0.5	-0.3	-0.5	-0.3	-1.7	-2.1	-4.3	-4.2	-3.9	-2.5	0.0	1.4
Spain	-2.0	-1.9	-0.3	0.5	0.7	1.2	1.0	1.1	1.4	1.1	1.6	2.0	2.3	1.4	-4.1	-7.7	-4.9	-3.3	0.5	3.7
Sweden	-3.6	-3.1	1.1	3.3	3.4	3.3	4.8	3.0	0.5	0.1	0.8	2.3	1.4	2.1	1.8	1.9	1.1	0.6	0.9	1.3
Switzerland	-1.5	-0.6	-0.4	-1.5	-0.4	0.5	2.0	0.8	0.5	0.0	-0.2	0.4	1.2	1.5	2.2	1.3	0.8	0.8	0.8	0.8
United Kingdom	-3.5	-2.2	-0.7	1.2	2.9	3.3	3.3	2.3	-0.5	-2.3	-2.6	-1.1	-1.8	-2.6	-3.7	-7.0	-5.8	-4.1	-3.0	-1.9
United States	0.3	0.8	1.5	2.3	2.9	2.6	2.8	0.8	-2.3	-3.3	-3.2	-2.2	-1.6	-2.0	-4.6	-7.5	-7.0	-5.9	-5.0	-3.4
Euro area	0.5	0.5	1.1	1.8	2.0	2.0	1.4	0.5	-0.1	-0.5	-0.1	0.1	0.6	0.6	-0.4	-2.4	-1.7	-0.5	1.0	2.3
Total OECD	-0.5	-0.2	0.4	1.2	1.6	1.5	1.4	0.2	-1.4	-2.1	-2.0	-1.3	-0.8	-0.9	-2.5	-5.1	-4.6	-3.7	-2.7	-1.5

Note: Adjusted for the cycle and for one-offs, and excludes net interest payments. For more details, see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*

1. As a percentage of mainland potential GDP. The financial balances shown are adjusted to exclude net revenues from petroleum activities.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636930

Annex Table 31. **General government net debt interest payments**

Per cent of nominal GDP

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	1.9	1.8	1.5	1.4	1.0	0.8	0.7	0.4	0.4	0.3	0.2	0.1	0.0	0.0	-0.2	0.1	0.3	0.4	0.6	0.6
Austria	2.9	3.3	3.4	3.2	3.1	2.8	2.8	2.7	2.5	2.4	2.2	2.2	2.2	2.0	2.1	2.2	2.1	2.1	2.1	2.1
Belgium	8.8	8.4	8.0	7.3	7.0	6.5	6.3	6.1	5.4	5.0	4.6	4.1	3.8	3.7	3.6	3.5	3.3	3.2	3.2	3.2
Canada	5.2	5.7	5.3	4.8	4.8	4.3	3.1	2.9	2.6	1.8	1.6	1.0	0.7	0.6	0.1	0.9	0.7	0.5	0.3	0.2
Czech Republic	..	0.3	0.5	0.4	0.5	0.5	0.2	0.3	0.3	0.5	0.6	0.7	0.7	0.7	0.7	1.0	1.1	1.2	1.2	1.3
Denmark	3.6	3.5	3.2	2.9	2.7	2.5	2.1	1.8	1.7	1.5	1.3	0.9	0.6	0.4	0.0	0.4	0.5	0.5	0.5	0.4
Estonia	..	0.2	0.1	-0.1	0.1	-0.1	0.0	-0.1	-0.1	-0.3	-0.3	-0.2	-0.2	-0.3	-0.4	-0.3	-0.2	-0.1	-0.1	0.0
Finland	1.0	0.8	1.4	1.8	1.6	1.4	0.9	0.5	0.0	-0.1	-0.1	-0.2	-0.4	-0.6	-0.9	-0.6	-0.2	0.1	0.1	0.1
France	2.9	3.0	3.2	3.1	3.0	2.7	2.6	2.7	2.7	2.6	2.6	2.5	2.4	2.5	2.7	2.2	2.3	2.5	2.5	2.6
Germany	2.8	2.9	2.9	2.9	3.0	2.8	2.7	2.6	2.5	2.6	2.5	2.5	2.5	2.5	2.4	2.3	2.1	2.0	1.8	1.8
Greece	11.8	10.6	10.0	7.8	7.3	6.4	6.6	5.9	5.2	4.7	4.6	4.4	4.5	4.5	4.8	5.0	5.7	6.8	6.3	6.2
Hungary	..	8.2	7.6	7.3	6.2	6.2	4.8	4.0	3.6	3.7	4.0	3.8	3.7	3.8	3.7	4.1	3.8	3.8	4.3	4.8
Iceland	1.5	1.5	1.4	1.1	1.0	0.9	0.7	0.5	0.3	0.6	0.3	-0.4	-0.7	-0.9	-0.5	3.0	2.9	2.5	3.2	3.0
Ireland	5.6	5.0	4.2	3.5	3.2	2.2	1.8	1.2	1.1	1.1	1.0	0.9	0.7	0.6	0.8	1.4	2.7	3.0	3.8	5.2
Israel	..	..	..	..	8.2	7.2	7.0	6.8	6.9	7.0	6.9	6.7	5.4	5.0	4.5	4.2	4.1	3.9	3.9	3.9
Italy	10.6	10.7	10.7	8.7	7.8	6.3	6.0	6.0	5.4	4.9	4.6	4.5	4.4	4.7	4.9	4.4	4.3	4.7	4.9	5.0
Japan	0.6	0.7	0.7	0.7	0.9	0.9	0.9	0.9	0.7	0.6	0.4	0.1	-0.1	0.0	0.3	0.5	0.6	0.8	1.1	1.4
Korea	-0.4	-0.6	-0.7	-0.9	-1.2	-1.0	-1.2	-0.9	-0.9	-0.8	-1.0	-1.0	-1.2	-1.5	-1.3	-1.0	-1.0	-0.9	-0.9	-0.9
Luxembourg	-1.6	-1.4	-1.1	-1.0	-1.0	-0.9	-1.2	-1.4	-1.1	-0.9	-0.8	-0.7	-0.7	-1.0	-1.2	-0.5	-0.2	0.0	0.0	0.1
Netherlands	4.2	4.4	4.4	4.2	4.0	3.6	2.9	2.4	2.2	2.0	1.9	1.8	1.6	1.6	1.6	1.4	1.3	1.4	1.4	1.4
New Zealand	3.5	2.8	2.3	1.8	1.6	1.4	1.4	1.2	1.0	0.7	0.7	0.6	0.4	0.1	0.0	0.2	0.6	0.8	1.1	1.1
Norway	-1.9	-1.6	-1.6	-1.4	-1.1	-1.5	-1.7	-1.9	-2.1	-1.9	-2.0	-2.0	-2.2	-2.9	-3.0	-2.4	-2.2	-2.2	-2.2	-2.4
Poland	..	5.1	4.2	3.8	3.7	2.4	2.5	2.7	2.1	2.4	2.5	2.2	2.1	1.7	1.6	2.1	2.2	2.3	2.5	2.7
Portugal	5.2	4.6	4.2	3.3	2.7	2.6	2.5	2.5	2.5	2.4	2.4	2.3	2.5	2.6	2.7	2.6	2.8	3.6	4.0	4.0
Slovak Republic	..	1.3	1.6	1.8	2.1	2.9	3.1	3.1	3.0	1.7	1.4	1.1	0.9	1.0	0.9	1.1	1.2	1.4	1.6	1.7
Slovenia	..	1.6	1.7	2.0	1.8	1.9	1.8	1.8	1.8	1.5	1.4	1.3	1.2	1.0	0.8	1.1	1.3	1.6	1.8	1.9
Spain	4.4	4.7	4.7	4.2	3.8	3.3	2.9	2.6	2.4	2.1	1.8	1.6	1.3	1.1	1.1	1.4	1.5	2.0	2.6	2.9
Sweden	1.8	2.4	2.8	3.0	2.6	2.5	2.1	1.7	2.1	1.3	0.9	1.0	0.8	0.7	0.5	0.2	0.2	0.3	0.3	0.3
Switzerland	0.8	0.8	0.8	0.9	0.9	1.1	1.0	0.9	1.0	1.0	1.0	0.9	0.7	0.6	0.4	0.3	0.3	0.2	0.1	0.0
United Kingdom	2.8	3.1	3.1	3.2	3.0	2.5	2.4	2.0	1.7	1.7	1.7	1.8	1.7	1.8	1.8	1.6	2.7	3.1	3.2	3.4
United States	3.4	3.5	3.4	3.2	3.1	2.7	2.5	2.2	2.0	1.8	1.8	1.8	1.8	1.9	1.9	1.6	1.7	1.9	2.0	2.1
Euro area	4.7	4.7	4.9	4.4	4.1	3.6	3.5	3.3	3.1	3.0	2.8	2.7	2.6	2.6	2.6	2.5	2.5	2.7	2.7	2.8
Total OECD	3.3	3.5	3.4	3.1	3.0	2.6	2.4	2.3	2.0	1.9	1.8	1.7	1.6	1.6	1.6	1.5	1.6	1.8	1.9	2.0

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636949

Annex Table 32. **General government gross financial liabilities**

Per cent of nominal GDP

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	40.3	42.0	39.2	37.5	32.4	28	25.0	22.1	20.1	18.6	16.8	16.3	15.6	14.5	13.8	19.4	23.5	26.6	28.7	27.8
Austria	65.3	69.5	70.3	66.2	67.8	70.8	70.5	71.6	72.8	71.1	70.9	70.6	66.4	63.4	68.7	74.4	78.1	79.7	83.0	84.4
Belgium[1]	137.7	135.3	133.2	127.8	123.1	119.5	113.6	111.9	108.3	103.3	98.3	95.8	91.6	87.9	92.9	99.9	100.0	102.3	103.1	102.0
Canada	98.0	101.6	101.7	96.3	95.2	91.7	82.4	82.9	80.8	76.8	72.8	71.8	70.4	66.7	71.2	82.4	84.0	83.8	84.5	81.4
Czech Republic	..	..	..	..	..	..	..	..	31.5	33.2	33.2	32.8	32.5	31.0	34.4	41.0	45.5	48.3	50.7	52.6
Denmark	85.8	81.7	79.1	74.8	72.4	67.1	60.4	58.4	58.2	56.6	54.0	45.9	41.2	34.3	41.4	51.2	54.8	61.8	63.0	64.8
Estonia	..	13.3	12.3	11.3	10.0	10.9	9.4	8.9	10.2	10.8	8.5	8.2	8.0	7.3	8.5	12.7	12.5	10.0	12.7	12.8
Finland	60.7	65.3	66.2	64.7	61.2	54.9	52.4	49.9	49.5	51.4	51.5	48.4	45.6	41.4	40.4	51.8	57.6	57.2	59.1	61.8
France	60.1	62.6	66.4	68.9	70.4	66.9	65.7	64.3	67.5	71.7	74.1	76.0	71.2	73.0	79.3	91.2	95.8	100.1	105.5	107.3
Germany[2]	46.5	55.7	58.8	60.4	62.3	61.8	60.8	60.1	62.5	65.9	69.3	71.9	69.8	65.6	69.8	77.4	86.8	87.2	88.5	87.8
Greece	..	102.0	104.1	100.9	98.6	102.4	116.4	119.2	118.6	113.3	115.8	113.4	117.0	115.4	118.7	134.0	149.6	170.0	168.0	173.1
Hungary	91.9	88.5	76.8	67.0	65.2	67.5	62.1	60.0	60.7	61.7	65.5	68.7	71.9	72.9	77.0	86.2	86.4	84.7	84.8	84.1
Iceland	..	..	..	..	77.3	73.6	72.9	75.0	72.0	71.0	64.4	52.6	57.4	53.3	102.1	120.0	125.2	128.3	126.7	124.7
Ireland	..	..	..	..	62.6	51.7	39.7	36.8	35.8	34.5	33.1	32.9	29.0	28.6	49.5	71.1	98.4	114.1	121.6	126.9
Israel	..	..	..	..	101.0	94.8	84.3	89.0	96.7	99.3	97.7	93.7	84.7	78.1	77.1	79.5	76.1	74.2	73.9	73.2
Italy	120.3	121.9	128.1	129.6	131.8	125.7	120.8	120.1	118.8	116.3	116.8	119.4	116.7	112.1	114.6	127.7	126.5	119.7	122.7	122.1
Japan[3]	80.2	87.8	95.4	102.0	115.0	128.9	137.5	144.6	153.4	158.2	166.2	169.5	166.7	162.4	171.2	188.8	192.7	205.5	214.1	222.6
Korea[4]	..	..	..	..	..	..	..	..	19.2	19.7	23.3	25.5	28.5	28.7	30.4	33.5	34.6	34.7	34.5	33.9
Luxembourg	..	..	..	..	16.2	14.8	13.4	13.5	12.2	13.1	14.0	12.1	11.5	11.3	18.3	18.0	24.7	23.9	26.0	28.7
Netherlands	86.6	89.5	88.0	82.1	80.7	71.6	63.8	59.4	60.2	61.3	61.9	60.7	54.5	51.5	64.8	67.5	70.6	75.2	81.0	83.6
New Zealand	56.8	50.7	44.3	41.7	41.6	39.0	36.9	34.9	33.0	30.9	28.2	26.9	26.6	25.7	28.9	34.5	37.4	44.3	48.4	50.5
Norway	34.6	37.9	33.6	29.7	28.0	29.1	32.7	31.8	39.0	48.4	50.9	47.8	59.0	56.8	54.3	48.9	49.6	34.0	28.1	20.2
Poland	..	51.6	51.5	48.4	44.0	46.8	45.4	43.7	55.0	55.3	54.8	54.8	55.2	51.8	54.5	58.4	62.3	63.3	62.9	62.3
Portugal	..	66.7	66.5	65.2	63.1	60.4	60.1	61.5	64.8	66.5	69.1	72.6	77.3	75.4	80.7	92.9	103.2	117.6	124.3	130.1
Slovak Republic	..	38.2	37.6	39.0	41.2	53.5	57.6	57.1	50.2	48.2	47.6	39.2	34.1	32.9	32.0	40.4	47.1	46.8	52.1	54.2
Slovenia	..	..	..	..	..	..	..	33.6	34.7	34.1	34.9	34.0	33.8	30.7	30.4	44.3	48.4	56.4	60.3	63.2
Spain	64.3	69.3	76.0	75.0	75.4	69.4	66.5	61.9	60.3	55.3	53.3	50.7	46.2	42.3	47.7	62.9	67.1	75.3	87.9	90.9
Sweden	82.5	81.1	84.4	83.0	82.0	73.2	64.3	62.7	60.2	59.3	60.0	60.8	53.9	49.3	49.6	51.8	48.9	48.7	48.0	46.0
Switzerland	45.5	47.7	50.1	52.1	54.8	51.9	52.4	51.2	57.2	57.0	57.9	56.4	50.2	46.8	43.6	42.5	41.7	41.0	40.8	39.4
United Kingdom	46.8	51.6	51.2	52.0	52.5	47.4	45.2	40.4	40.8	41.5	43.8	46.4	46.0	47.2	57.4	72.4	81.9	97.9	104.2	108.2
United States	71.1	70.7	69.9	67.4	64.2	60.5	54.5	54.4	56.8	60.2	68.0	67.6	66.4	67.0	75.9	89.7	98.3	102.7	108.6	111.2
Euro area	71.1	75.5	80.0	81.0	81.6	78.2	75.9	74.4	75.3	76.0	77.3	78.1	74.7	71.8	77.0	87.8	93.1	95.1	99.1	99.9
Total OECD	70.0	72.6	74.2	73.9	74.5	72.9	70.2	69.9	71.9	73.7	77.8	78.1	76.0	74.5	81.0	92.5	98.7	103.0	107.6	109.3

Note: Gross debt data are not always comparable across countries due to different definitions or treatment of debt components. Maastricht debt for European Union countries is shown in Annex Table 61.

For more details, see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.

For euro area countries with unsustainable fiscal positions that have asked for assistance from the European Union and the IMF (Greece, Ireland and Portugal) the change in 2010 and 2011 in government financial liabilities has been approximated by the change in government liabilities recorded for the Maastricht definition of general government debt (see Box 1.2 on policy and other assumptions in Chapter 1).

1. Includes the debt of the Belgium National Railways Company (SNCB) from 2005 onwards.
2. Includes the debt of the Inherited Debt Fund from 1995 onwards.
3. Includes the debt of the Japan Railway Settlement Corporation and the National Forest Special Account from 1998 onwards.
4. Data are on a non-consolidated basis (SNA93).

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932636968

Annex Table 33. **General government net financial liabilities**

Per cent of nominal GDP

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	25.9	26.4	21.0	21.2	16.1	14.9	8.9	6.4	4.5	2.4	0.3	-1.3	-4.6	-7.3	-7.6	-3.7	1.8	5.3	7.3	6.5
Austria	35.2	38.6	40.3	36.3	36.5	35.6	34.6	35.5	37.1	36.2	38.2	37.9	34.0	31.4	34.9	40.7	44.0	46.2	48.0	48.9
Belgium[1]	114.4	114.5	115.3	110.8	107.7	103.0	97.5	94.9	93.1	90.2	83.7	81.9	77.0	73.1	73.5	79.6	80.1	81.6	82.4	82.0
Canada	67.9	70.7	70.0	64.7	60.8	56.1	46.5	44.5	42.9	38.9	35.4	31.2	26.5	23.1	22.8	28.5	30.6	33.3	35.3	36.3
Czech Republic	..	..	..	..	..	..	..	..	-15.6	-7.1	-10.5	-12.2	-12.5	-15.5	-6.7	-2.7	5.1	8.3	10.6	12.6
Denmark	32.9	33.4	33.3	32.3	35.1	28.4	22.5	20.1	19.1	18.0	14.8	10.5	1.9	-3.8	-6.1	-4.5	-1.7	3.5	7.4	9.2
Estonia	..	-39.1	-28.6	-23.5	-40.4	-39.8	-30.4	-28.5	-28.6	-29.1	-32.1	-31.9	-31.4	-28.9	-26.3	-29.6	-36.5	-33.4	-29.8	-27.7
Finland[2]	-16.3	-7.3.0	-6.7	-7.5	-14.5	-50.3	-31.1	-31.7	-31.3	-38.5	-46.7	-58.6	-69.5	-72.6	-52.2	-62.8	-65.1	-52.6	-52.2	-50.1
France	29.6	37.4	41.9	42.4	40.6	33.6	35.2	36.7	41.9	44.4	45.4	43.4	37.4	35.7	45.9	52.0	57.4	63.0	66.3	67.6
Germany[3]	19.1	29.7	32.7	32.5	36.3	34.5	33.8	36.1	40.4	43.4	47.5	49.8	47.8	42.6	44.7	49.3	50.5	52.0	51.5	50.2
Greece	..	81.7	82.2	77.5	73.3	71.2	89.8	94.1	95.9	88.4	88.5	83.7	87.1	82.6	91.0	100.7	114.6	134.6	134.2	141.4
Hungary	3.3	24.4	25.5	25.1	31.9	34.3	33.0	32.2	36.7	37.5	41.8	46.1	51.4	53.1	51.8	59.6	60.5	52.0	53.1	54.0
Iceland	..	..	..	..	42.6	35.9	37.5	29.2	28.5	30.7	27.6	13.6	7.9	-1.0	26.0	39.9	48.3	49.7	48.1	46.1
Ireland	..	..	..	..	42.2	27.4	15.9	12.4	14.0	11.9	8.7	6.4	1.9	0.0	12.9	26.3	57.4	74.2	81.8	87.0
Italy	103.9	98.4	104.0	104.1	106.4	100.5	94.9	95.8	95.2	92.3	92.0	93.3	90.2	86.8	89.7	100.6	99.3	93.7	96.2	95.6
Japan[4]	18.6	22.8	28.3	33.8	45.4	53.0	59.7	65.5	74.5	77.5	82.4	82.1	81.0	80.5	95.3	106.2	112.8	125.5	134.1	142.7
Korea[5]	..	..	..	..	..	..	..	..	-32.3	-31.1	-31.6	-35.9	-36.8	-40.3	-37.7	-39.0	-37.4	-37.2	-37.5	-38.1
Luxembourg	..	..	..	..	-53.2	-52.4	-54.5	-60.6	-59.2	-56.9	-54.1	-51.4	-51.0	-55.0	-50.9	-55.8	-51.6	-48.2	-46.2	-43.5
Netherlands	44.6	54.0	52.7	49.7	48.2	36.7	34.9	33.0	34.8	36.2	37.6	35.0	31.6	27.8	27.0	29.7	34.4	39.0	43.2	45.3
New Zealand	43.9	37.6	32.4	29.8	27.8	25.4	23.4	21.1	17.6	13.1	8.3	3.7	-1.2	-5.5	-5.0	-1.0	3.3	11.4	15.5	17.6
Norway	-30.6	-36.1	-41.0	-48.5	-51.9	-57.3	-67.2	-84.2	-80.5	-95.0	-103.4	-120.4	-133.7	-138.9	-123.5	-156.7	-164.9	-160.9	-166.8	-174.6
Poland	..	-15.0	-5.7	0.3	6.4	13.5	15.5	18.5	22.1	22.7	20.8	23.5	22.4	17.0	17.3	22.4	28.0	32.7	33.7	34.2
Portugal	..	24.3	26.5	31.1	32.4	30.3	28.0	29.8	33.9	36.0	41.0	43.9	49.9	49.6	54.1	64.5	69.4	74.2	81.2	85.1
Slovak Republic	..	-30.7	-18.2	-12.1	-3.7	1.2	12.5	10.9	1.7	1.8	7.6	5.0	6.5	7.3	9.1	17.7	25.2	27.0	30.0	31.5
Slovenia	..	..	..	..	..	..	..	-15.6	-14.2	-9.5	-9.7	-8.5	-9.9	-16.9	-5.0	0.1	1.0	7.2	11.2	14.1
Spain	46.5	51.6	55.5	54.2	53.7	47.7	44.2	41.6	40.3	36.8	34.6	29.1	22.4	17.8	22.6	34.3	40.2	48.6	54.4	57.4
Sweden	20.7	25.6	26.6	24.6	22.0	12.4	5.5	-2.5	3.9	0.0	-2.7	-7.9	-18.9	-22.5	-14.9	-22.4	-24.0	-21.1	-20.4	-19.9
Switzerland	..	..	..	..	..	6.0	3.3	2.8	7.3	7.4	9.3	8.3	5.4	0.9	2.8	-1.8	-2.4	-3.1	-3.6	-4.2
United Kingdom	19.7	26.3	27.9	30.6	32.6	29.0	26.8	23.2	23.7	23.9	25.9	27.1	27.5	28.4	33.3	44.1	53.8	68.3	74.4	78.4
United States	54.4	53.8	51.9	48.8	44.9	40.2	35.3	34.6	37.2	40.5	48.9	49.0	48.4	48.0	53.6	65.7	72.9	80.1	85.3	88.3
Euro area	44.2	49.2	53.6	53.6	53.9	48.4	47.5	48.0	50.4	50.6	51.5	50.5	46.6	42.7	47.5	54.6	57.8	60.7	62.7	63.2
Total OECD	41.8	43.2	44.1	43.5	43.9	40.4	38.1	37.7	40.3	41.6	45.1	44.4	42.2	40.2	45.7	54.0	59.3	65.3	69.1	71.3

Note: Net debt measures are not always comparable across countries due to different definitions or treatment of debt (and asset) components, see also *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*

1. Includes the debt of the Belgium National Railways Company (SNCB) from 2005 onwards.
2. From 1995 onwards housing corporation shares are no longer classified as financial assets.
3. Includes the debt of the Inherited Debt Fund from 1995 onwards.
4. Includes the debt of the Japan Railway Settlement Corporation and the National Forest Special Account from 1998 onwards.
5. Data are on a non-consolidated basis (SNA93).

Source: OECD Economic Outlook 91 database.

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Annex Table 34. **Short-term interest rates**

Per cent, per annum

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Fourth quarter		
																		2011	2012	2013
Australia	5.4	5.0	5.0	6.2	4.9	4.7	4.9	5.5	5.6	6.0	6.7	7.0	3.4	4.7	4.8	4.1	4.4	4.6	3.9	4.5
Austria	3.5	3.6																		
Belgium	3.4	3.6																		
Canada	3.6	5.1	4.9	5.7	4.0	2.6	3.0	2.4	2.8	4.1	4.6	3.5	0.8	0.8	1.2	1.3	2.1	1.3	1.5	2.5
Chile	13.0	16.4	11.0	10.8	7.2	3.9	2.8	1.8	3.5	4.8	5.2	7.3	1.7	1.9	4.9	4.7	4.6	5.1	4.6	4.6
Czech Republic	16.0	14.3	6.9	5.4	5.2	3.5	2.3	2.4	2.0	2.3	3.1	4.0	2.2	1.3	1.2	1.2	1.5	1.2	1.2	1.6
Denmark	3.7	4.1	3.3	4.9	4.6	3.5	2.4	2.1	2.2	3.1	4.3	4.9	1.8	0.7	1.1	0.5	0.3	1.0	0.4	0.2
Estonia	8.6	13.9	7.8	5.7	5.3	3.9	2.9	2.5	2.4	3.2	4.9	6.7	5.9	1.6						
Finland	3.2	3.6																		
France	3.5	3.6																		
Germany	3.3	3.5																		
Greece	10.4	11.6	8.9																	
Hungary	20.1	18.0	14.7	11.0	10.8	8.9	8.2	11.3	7.0	6.9	7.6	8.9	8.5	5.4	6.0	7.1	6.7	6.5	6.7	6.7
Iceland	7.1	7.5	9.3	11.2	12.0	9.0	5.3	6.3	9.4	12.4	14.3	15.8	11.3	6.8	4.5	6.2	6.6	5.7	6.6	6.6
Ireland	6.1	5.4																		
Israel	13.8	11.9	12.0	9.0	6.5	7.2	6.6	4.3	3.9	5.5	4.3	3.6	0.6	1.6	2.8	2.6	3.3	2.7	2.8	3.5
Italy	6.9	5.0																		
Japan	0.6	0.7	0.2	0.2	0.1	0.1	0.0	0.0	0.0	0.2	0.7	0.7	0.3	0.2	0.1	0.3	0.3	0.1	0.3	0.3
Korea	13.4	15.2	6.8	7.1	5.3	4.8	4.3	3.8	3.6	4.5	5.2	5.5	2.6	2.7	3.4	3.9	5.2	3.6	4.4	5.6
Luxembourg	3.4	3.6																		
Mexico	21.3	26.2	22.4	16.2	12.2	7.4	6.5	7.1	9.3	7.3	7.4	7.9	5.5	4.6	4.4	4.5	4.9	4.4	4.8	5.0
Netherlands	3.3	3.5																		
New Zealand	7.7	7.3	4.8	6.5	5.7	5.7	5.4	6.1	7.1	7.5	8.3	8.0	3.0	3.0	2.8	2.7	3.3	2.7	2.8	3.6
Norway	3.7	5.8	6.5	6.7	7.2	6.9	4.1	2.0	2.2	3.1	5.0	6.2	2.5	2.5	2.9	2.5	2.8	3.1	2.6	3.0
Poland	23.1	19.9	14.7	18.9	15.7	8.8	5.7	6.2	5.2	4.2	4.8	6.3	4.3	3.9	4.6	5.1	5.2	5.0	5.2	5.2
Portugal	5.7	4.3																		
Slovak Republic	22.4	21.1	15.7	8.6	7.8	7.8	6.2	4.7	2.9	4.3	4.3									
Slovenia	..	..	..	..	..	8.0	6.8	4.7	4.0	3.6										
Spain	5.4	4.2																		
Sweden	4.1	4.2	3.1	4.0	4.0	4.1	3.0	2.1	1.7	2.3	3.6	3.9	0.4	0.5	1.7	1.5	1.8	1.4	1.5	2.0
Switzerland	1.6	1.5	1.4	3.2	2.9	1.1	0.3	0.5	0.8	1.6	2.6	2.5	0.4	0.2	0.1	0.1	0.2	0.0	0.1	0.3
Turkey	..	..	..	38.4	92.4	59.5	38.5	23.8	15.9	17.9	18.2	18.8	11.0	7.8	8.7	10.3	10.9	9.9	10.5	11.0
United Kingdom	6.8	7.3	5.4	6.1	5.0	4.0	3.7	4.6	4.7	4.8	6.0	5.5	1.2	0.7	0.9	1.0	0.7	1.1	0.9	0.6
United States	5.7	5.5	5.4	6.5	3.7	1.8	1.2	1.6	3.5	5.2	5.3	3.2	0.9	0.5	0.4	0.4	0.3	0.5	0.3	0.4
Euro area	4.5	4.1	3.1	4.4	4.3	3.4	2.4	2.1	2.2	3.1	4.3	4.6	1.2	0.8	1.4	0.6	0.3	1.5	0.4	0.2

Note: Three-month money market rates where available, or rates on similar financial instruments. For further information, see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).* Individual euro area countries are not shown after 1998 (1999 for Greece, 2006 for Slovenia, 2007 for the Slovak Republic and 2010 for Estonia) since their short-term interest rates are equal to the euro area rate.

Source: OECD Economic Outlook 91 database.

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Annex Table 35. **Long-term interest rates**

Per cent, per annum

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Fourth quarter 2011	2012	2013
Australia	7.0	5.5	6.0	6.3	5.6	5.8	5.4	5.6	5.3	5.6	6.0	5.8	5.0	5.4	4.9	4.1	4.7	4.1	4.1	5.0
Austria	5.7	4.7	4.7	5.6	5.1	5.0	4.2	4.2	3.4	3.8	4.3	4.4	3.9	3.2	3.3	3.0	3.6	3.1	3.2	3.9
Belgium	5.6	4.7	4.7	5.6	5.1	4.9	4.1	4.1	3.4	3.8	4.3	4.4	3.8	3.3	4.2	3.6	4.2	4.4	3.7	4.5
Canada	6.1	5.3	5.5	5.9	5.5	5.3	4.8	4.6	4.1	4.2	4.3	3.6	3.2	3.2	2.8	2.2	3.2	2.1	2.6	3.6
Chile	..	..	..	..	..	..	..	6.3	6.0	6.1	6.1	7.0	5.7	6.3	6.0	5.3	5.3	5.3	5.3	5.3
Czech Republic	..	..	..	6.9	6.3	4.9	4.1	4.8	3.5	3.8	4.3	4.6	4.8	3.9	3.7	3.4	4.4	3.5	3.7	4.6
Denmark	6.3	5.0	4.9	5.7	5.1	5.1	4.3	4.3	3.4	3.8	4.3	4.3	3.6	2.9	2.7	2.0	2.5	2.0	2.1	2.7
Finland	6.0	4.8	4.7	5.5	5.0	5.0	4.1	4.1	3.4	3.8	4.3	4.3	3.7	3.0	3.0	2.2	2.9	2.5	2.4	3.2
France	5.6	4.6	4.6	5.4	4.9	4.9	4.1	4.1	3.4	3.8	4.3	4.2	3.6	3.1	3.3	2.9	3.5	3.2	3.0	3.8
Germany	5.7	4.6	4.5	5.3	4.8	4.8	4.1	4.0	3.4	3.8	4.2	4.0	3.2	2.7	2.6	1.8	2.4	1.9	1.9	2.7
Greece	9.9	8.5	6.3	6.1	5.3	5.1	4.3	4.3	3.6	4.1	4.5	4.8	5.2	9.1	15.7	22.4	22.2	19.0	21.7	22.5
Hungary	..	..	10.0	8.6	7.9	7.1	6.8	8.3	6.6	7.1	6.7	8.2	9.1	7.3	7.6	8.5	7.2	8.5	7.7	6.8
Iceland	8.7	7.7	8.5	11.2	10.4	8.0	6.7	7.5	8.6	8.8	9.4	11.1	8.3	6.1	6.0	6.6	7.0	5.8	7.0	7.0
Ireland	6.3	4.7	4.8	5.5	5.0	5.0	4.1	4.1	3.3	3.8	4.3	4.6	5.2	6.0	9.6	7.0	7.6	8.7	7.2	7.9
Israel	4.1	4.9	5.2	5.5	4.8	5.3	4.7	7.6	6.4	6.3	5.6	5.9	5.1	4.7	5.0	4.6	5.0	4.6	4.7	5.1
Italy	6.9	4.9	4.7	5.6	5.2	5.0	4.3	4.3	3.6	4.0	4.5	4.7	4.3	4.0	5.4	5.6	6.3	6.6	5.8	6.6
Japan	2.4	1.5	1.7	1.7	1.3	1.3	1.0	1.5	1.4	1.7	1.7	1.5	1.3	1.1	1.1	1.1	1.8	1.0	1.3	2.1
Korea	11.7	12.8	8.7	8.5	6.9	6.6	5.0	4.7	5.0	5.2	5.4	5.6	5.2	4.8	4.2	4.2	5.3	3.8	4.7	5.6
Luxembourg	5.6	4.7	4.7	5.5	4.9	4.7	3.3	2.8	2.4	3.3	4.5	4.6	4.2	3.2	2.9	2.0	2.7	2.3	2.2	3.0
Mexico	26.6	32.8	28.0	20.2	14.9	10.1	9.0	9.5	9.4	8.4	7.8	8.3	8.0	7.0	6.8	6.2	7.1	6.6	6.3	7.5
Netherlands	5.6	4.6	4.6	5.4	5.0	4.9	4.1	4.1	3.4	3.8	4.3	4.2	3.7	3.0	3.0	2.2	2.8	2.4	2.3	3.1
New Zealand	7.2	6.3	6.4	6.9	6.4	6.5	5.9	6.1	5.9	5.8	6.3	6.1	5.5	5.6	4.9	4.3	5.0	4.2	4.5	5.3
Norway	5.9	5.4	5.5	6.2	6.2	6.4	5.0	4.4	3.7	4.1	4.8	4.5	4.0	3.5	3.1	2.4	3.0	2.5	2.6	3.3
Portugal	6.4	4.9	4.8	5.6	5.2	5.0	4.2	4.1	3.4	3.9	4.4	4.5	4.2	5.4	10.2	12.1	12.7	12.2	12.2	13.0
Slovak Republic	9.4	21.7	16.2	9.8	8.0	6.9	5.0	5.0	3.5	4.4	4.5	4.7	4.7	3.9	4.4	5.0	5.6	4.8	5.1	5.9
Slovenia	..	..	..	..	..	8.6	6.4	4.7	3.8	3.9	4.5	4.6	4.4	3.8	5.0	5.8	6.4	6.2	6.0	6.7
Spain	6.4	4.8	4.7	5.5	5.1	5.0	4.1	4.1	3.4	3.8	4.3	4.4	4.0	4.2	5.4	5.2	5.8	5.7	5.3	6.1
Sweden	6.7	5.0	5.0	5.4	5.1	5.3	4.6	4.4	3.4	3.7	4.2	3.9	3.2	2.9	2.6	2.1	2.8	1.8	2.4	2.9
Switzerland	3.4	3.0	3.0	3.9	3.4	3.2	2.7	2.7	2.1	2.5	2.9	2.9	2.2	1.6	1.5	1.0	1.7	0.9	1.2	2.0
Turkey	..	..	..	36.9	95.2	65.0	46.5	25.2	16.5	17.9	18.3	19.2	11.6	8.4	8.8	10.4	10.9	9.9	10.7	11.1
United Kingdom	7.1	5.6	5.1	5.3	4.9	4.9	4.5	4.9	4.4	4.5	5.0	4.6	3.6	3.6	3.1	2.6	3.7	2.3	3.0	4.1
United States	6.4	5.3	5.6	6.0	5.0	4.6	4.0	4.3	4.3	4.8	4.6	3.7	3.3	3.2	2.8	2.3	3.2	2.0	2.6	3.5
Euro area	6.0	4.8	4.7	5.4	5.0	4.9	4.2	4.1	3.4	3.8	4.3	4.3	3.8	3.6	4.3	3.9	4.5	4.3	4.1	4.8

Note: 10-year benchmark government bond yields where available or yield on similar financial instruments (for Korea a 5-year bond is used). The long-term interest rates refer to yields in secondary bond markets and are not representative of average government funding costs. For further information, see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.
Source: OECD Economic Outlook 91 database.

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Annex Table 36. **Nominal exchange rates (*vis-à-vis* the US dollar)**

Average of daily rates

	Monetary unit	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Estimates and assumptions[1] 2011	2012	2013
Australia	*Dollar*	1.727	1.935	1.841	1.542	1.359	1.313	1.328	1.195	1.198	1.282	1.090	0.969	0.971	0.981
Canada	*Dollar*	1.485	1.548	1.570	1.400	1.301	1.212	1.134	1.074	1.068	1.141	1.030	0.989	0.990	0.987
Chile	*Peso*	539.5	634.9	688.9	691.4	609.5	559.8	530.3	522.5	523.5	558.9	510.0	483.4	483.9	482.5
Czech Republic	*Koruny*	38.64	38.02	32.73	28.13	25.69	23.95	22.59	20.29	17.08	19.05	19.08	17.67	19.03	19.035
Denmark	*Krone*	8.088	8.321	7.884	6.577	5.988	5.996	5.943	5.443	5.099	5.359	5.622	5.360	5.659	5.657
Estonia	*Kroon*	17.0	17.5	16.6	13.9	12.6	12.6	12.5	11.4	10.7	11.3	11.8			
Hungary	*Forint*	282.3	286.5	257.9	224.3	202.6	199.5	210.4	183.6	172.5	202.1	207.8	200.9	219.8	217.1
Iceland	*Krona*	78.84	97.67	91.59	76.69	70.19	62.88	69.90	64.07	88.00	123.66	122.24	116.06	124.59	124.33
Israel	*Sheqel*	4.08	4.21	4.74	4.55	4.48	4.49	4.46	4.11	3.58	3.93	3.73	3.57	3.75	3.74
Japan	*Yen*	107.8	121.5	125.3	115.9	108.1	110.1	116.4	117.8	103.4	93.6	87.8	79.7	79.8	79.9
Korea	*Won*	1 130.6	1 290.4	1 251.0	1 191.0	1 145.2	1 024.2	954.7	929.5	1 100.9	1 274.9	1 155.4	1 107.3	1 131.6	1 131.8
Mexico	*Peso*	9.453	9.344	9.660	10.790	11.281	10.890	10.903	10.929	11.153	13.504	12.632	12.434	13.049	13.079
New Zealand	*Dollar*	2.205	2.382	2.163	1.724	1.509	1.421	1.542	1.361	1.425	1.600	1.388	1.266	1.246	1.259
Norway	*Krone*	8.797	8.993	7.986	7.078	6.739	6.441	6.415	5.858	5.648	6.290	6.044	5.605	5.768	5.764
Poland	*Zloty*	4.346	4.097	4.082	3.888	3.651	3.234	3.103	2.765	2.410	3.119	3.015	2.962	3.194	3.187
Slovak Republic	*Koruna*	46.23	48.35	45.30	36.76	32.23	31.04	29.65	24.68						
Slovenia	*Tolar*	222.7	242.8	240.3	207.1	192.3	192.8	191.0							
Sweden	*Krona*	9.161	10.338	9.721	8.078	7.346	7.472	7.373	6.758	6.597	7.653	7.202	6.489	6.766	6.779
Switzerland	*Franc*	1.688	1.687	1.557	1.345	1.243	1.246	1.253	1.200	1.084	1.086	1.043	0.887	0.916	0.914
Turkey	*Lira*	0.624	1.228	1.512	1.503	1.426	1.341	1.430	1.300	1.299	1.547	1.499	1.672	1.761	1.748
United Kingdom	*Pound*	0.661	0.694	0.667	0.612	0.546	0.550	0.543	0.500	0.546	0.641	0.647	0.624	0.623	0.618
United States	*Dollar*	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Euro area	*Euro*	1.084	1.118	1.060	0.885	0.806	0.805	0.797	0.730	0.681	0.718	0.754	0.719	0.761	0.761

1. On the technical assumption that exchange rates remain at their levels of 4 May 2012.

Source: OECD Economic Outlook 91 database.

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Annex Table 37. **Effective exchange rates**

Indices 2005 = 100, average of daily rates

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Estimates and assumptions[1] 2011	2012	2013
Australia	89.0	89.4	83.0	77.7	80.8	90.3	97.5	100.0	98.6	104.8	102.6	98.0	111.3	119.4	120.5	119.2
Austria	96.9	97.2	95.0	95.4	96.2	99.6	100.7	100.0	100.1	100.8	101.4	102.3	99.8	99.7	98.7	98.7
Belgium	94.7	94.4	90.6	91.7	93.6	98.6	100.4	100.0	100.2	101.6	103.7	104.6	101.4	101.8	100.2	100.2
Canada	82.9	82.7	83.5	81.0	79.7	88.1	93.5	100.0	106.6	111.3	110.7	104.8	115.0	118.0	118.6	118.9
Chile	115.6	107.8	105.0	94.0	92.0	86.8	94.5	100.0	103.6	100.6	98.3	95.3	102.7	104.7	106.7	106.9
Czech Republic	79.7	79.2	80.1	84.2	93.9	93.8	94.1	100.0	105.0	107.4	119.8	114.9	117.3	120.8	117.6	117.5
Denmark	96.5	95.8	91.8	93.4	94.9	99.5	100.9	100.0	99.9	101.2	103.2	105.7	101.6	101.1	99.6	99.6
Estonia	85.7	93.7	91.4	92.8	94.8	99.3	100.8	100.0	99.8	100.9	102.4	106.1	101.8	101.5	99.9	99.9
Finland	91.4	93.9	89.6	91.5	93.5	98.9	100.8	100.0	99.9	101.6	103.8	106.0	100.9	100.6	98.2	98.1
France	96.1	95.4	91.8	92.7	94.3	99.0	100.5	100.0	100.1	101.5	103.2	103.9	101.0	101.2	99.7	99.6
Germany	94.5	94.4	90.2	91.3	93.2	99.0	101.1	100.0	100.1	101.6	103.0	104.6	100.6	100.7	98.9	98.8
Greece	98.1	98.3	91.6	92.5	94.4	99.2	100.9	100.0	100.0	101.3	103.2	104.2	101.1	101.5	100.0	99.9
Hungary	98.4	94.7	89.7	91.4	97.8	97.4	99.5	100.0	93.7	99.2	99.6	90.6	89.5	88.6	84.2	85.2
Iceland	94.2	95.5	96.3	82.1	84.8	89.0	89.9	100.0	89.7	90.7	65.8	47.7	48.9	48.9	47.4	47.5
Ireland	96.0	93.3	86.8	87.9	90.1	97.9	100.2	100.0	100.2	102.6	107.9	110.1	105.9	106.6	103.1	102.9
Israel	120.3	113.3	122.9	124.3	109.1	104.9	101.1	100.0	100.3	103.7	115.7	109.9	115.1	116.7	113.7	113.8
Italy	94.9	94.6	91.0	92.3	94.3	99.1	100.8	100.0	100.1	101.4	102.9	104.1	100.7	100.9	99.3	99.3
Japan	86.4	99.4	108.0	99.5	95.6	98.9	103.1	100.0	92.6	87.5	97.6	111.2	115.9	122.6	123.2	123.1
Korea	76.7	88.3	94.5	87.3	90.3	89.8	89.8	100.0	107.4	106.8	86.1	73.4	78.8	78.1	76.8	76.7
Luxembourg	97.7	97.5	94.7	95.1	96.2	99.5	100.6	100.0	100.2	101.6	102.8	102.4	100.6	100.7	99.1	99.0
Mexico	121.6	116.1	118.6	122.0	118.5	103.4	97.2	100.0	99.3	97.3	94.7	78.7	83.3	83.3	79.8	79.6
Netherlands	93.6	93.3	88.3	89.6	91.8	98.2	100.7	100.0	100.1	102.0	104.0	104.6	100.5	100.8	98.5	98.4
New Zealand	83.8	81.1	73.4	72.3	78.4	89.3	95.5	100.0	92.4	98.8	92.4	84.8	91.5	94.0	96.4	95.6
Norway	92.6	92.3	90.2	93.2	101.2	99.1	95.8	100.0	99.5	101.0	100.9	97.8	101.9	103.9	105.1	105.1
Poland	100.3	93.4	96.1	105.9	101.5	91.4	89.5	100.0	103.1	106.8	116.3	95.5	100.9	98.1	94.9	95.1
Portugal	98.0	97.5	95.1	96.0	97.1	99.8	100.5	100.0	100.0	100.8	102.0	102.5	100.3	100.5	99.4	99.4
Slovak Republic	96.3	89.2	90.6	88.5	88.9	94.0	98.1	100.0	103.1	113.6	122.6	131.3	127.1	127.1	126.5	126.5
Slovenia	118.5	117.4	107.6	102.3	100.1	101.7	101.3	100.0	99.8	101.0	102.2	104.5	101.1	101.5	100.4	100.3
Spain	96.1	95.6	92.5	93.6	95.4	99.3	100.5	100.0	100.2	101.3	102.9	104.0	101.3	101.6	100.2	100.1
Sweden	101.0	100.7	100.9	92.7	95.1	100.7	102.5	100.0	100.4	101.6	99.6	91.4	98.7	104.6	104.5	104.2
Switzerland	91.2	91.9	90.1	93.8	98.7	100.4	100.8	100.0	98.6	96.1	101.6	107.2	113.7	128.3	128.8	128.9
Turkey	548.7	361.9	263.0	148.1	110.3	97.4	95.0	100.0	93.2	95.3	91.4	81.4	84.7	72.8	71.4	71.8
United Kingdom	97.2	97.7	100.0	99.1	100.6	96.9	101.5	100.0	100.6	102.4	89.5	79.5	79.3	78.8	81.9	82.6
United States	105.5	105.2	107.7	113.3	113.9	107.3	102.6	100.0	98.3	94.0	90.7	95.8	92.2	88.1	89.7	89.7
Euro area	90.6	89.7	81.5	83.5	87.0	97.7	101.6	100.0	100.2	103.4	107.1	109.6	102.0	102.3	98.5	98.4

Note: For details on the method of calculation, see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*

1. On the technical assumption that exchange rates remain at their levels of 4 May 2012.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932637063

Annex Table 38. **Export volumes of goods and services**

National accounts basis, percentage changes from previous year

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	8.2	5.3	10.3	12.2	0.3	4.5	11.2	2.8	0.6	-1.8	4.1	3.1	3.3	3.3	3.7	2.4	5.3	-1.6	6.3	6.6
Austria	5.8	7.0	4.9	11.9	8.4	6.3	13.1	6.2	3.8	1.6	10.0	7.4	7.8	8.8	1.0	-13.7	8.3	6.8	2.6	6.3
Belgium	8.3	5.0	3.8	10.1	4.7	4.5	11.7	1.1	2.5	0.5	6.2	3.8	5.5	5.2	1.8	-11.3	9.9	4.4	0.6	5.3
Canada	12.7	8.5	5.6	8.3	9.1	10.7	8.9	-3.0	1.2	-2.3	5.0	1.9	0.6	1.2	-4.7	-13.8	6.4	4.4	5.2	6.2
Chile	..	..	11.8	11.2	5.2	7.3	5.1	7.2	1.6	6.5	14.0	2.8	5.1	7.2	-0.7	-4.5	1.4	4.6	3.9	5.6
Czech Republic	0.2	16.7	5.7	9.6	11.6	5.4	17.9	11.6	2.3	7.6	13.2	11.8	14.2	11.2	3.6	-9.7	16.0	11.0	2.5	6.9
Denmark	8.4	3.1	4.2	4.9	4.1	11.6	12.7	3.1	4.1	-1.0	2.8	8.0	9.0	2.8	3.3	-9.8	3.2	6.8	2.0	4.7
Estonia	..	..	0.3	26.4	13.4	0.4	27.4	4.0	-2.7	7.7	14.5	18.6	6.1	3.7	0.6	-18.6	22.5	24.9	3.8	7.7
Finland	13.7	8.5	5.9	13.9	9.2	11.1	17.3	1.7	3.3	-1.9	8.2	7.0	12.2	8.2	5.8	-21.5	7.8	-0.8	0.5	3.3
France	8.1	8.4	3.6	12.9	8.2	4.3	12.8	2.6	1.6	-1.3	4.2	3.1	5.5	2.3	-0.6	-12.2	9.3	5.0	3.7	6.3
Germany	8.2	6.8	6.6	11.6	7.1	5.4	13.9	6.8	4.3	2.4	9.7	8.0	13.5	8.3	2.1	-13.6	13.4	8.4	4.4	6.2
Greece	7.4	3.0	3.5	20.0	5.3	18.1	14.1	0.0	-8.4	2.9	17.3	2.5	3.1	6.9	3.0	-19.5	4.2	-0.3	3.7	6.9
Hungary	..	..	11.1	21.0	16.5	11.1	19.7	8.0	3.8	6.2	15.0	11.3	19.1	15.0	5.7	-10.2	14.3	8.4	4.8	7.4
Iceland	9.3	-2.3	9.9	5.6	2.5	4.0	4.2	7.4	3.8	1.6	8.4	7.5	-4.6	17.7	7.0	6.6	0.4	3.2	3.9	3.2
Ireland	15.1	20.0	12.5	17.6	23.1	15.5	21.1	8.4	4.9	0.6	7.7	4.4	5.1	8.4	-1.1	-4.2	6.3	4.1	2.1	5.3
Israel	..	..	5.9	9.1	6.8	14.2	23.7	-11.2	-2.2	8.1	17.6	4.4	5.5	9.2	6.6	-11.9	13.6	5.6	3.7	7.0
Italy	10.3	13.0	0.8	5.5	2.0	-1.2	12.9	2.2	-3.0	-0.9	5.5	4.1	8.8	5.6	-2.8	-17.7	11.4	6.3	2.3	4.4
Japan	3.8	4.2	5.8	11.1	-2.7	1.7	12.6	-6.9	7.8	9.4	14.1	6.2	10.0	8.7	1.6	-24.4	24.4	0.0	2.3	6.5
Korea	16.4	24.7	11.6	19.8	12.9	14.4	18.1	-3.4	12.1	14.5	19.7	7.8	11.4	12.6	6.6	-1.2	14.7	9.5	6.4	9.6
Luxembourg	7.7	4.6	2.3	11.4	11.2	14.2	12.6	4.5	2.1	6.8	11.1	4.5	13.0	9.1	4.0	-10.9	2.8	1.7	-0.6	2.9
Mexico	17.7	30.2	18.2	10.6	12.3	12.3	16.3	-3.5	1.4	2.7	11.2	6.6	11.0	5.7	0.6	-13.6	21.7	6.8	4.5	6.5
Netherlands	8.7	9.2	4.4	10.9	6.7	8.7	13.5	1.9	0.9	1.5	7.9	6.0	7.3	6.4	2.0	-8.1	10.8	3.8	5.4	5.4
New Zealand	9.9	3.8	3.8	3.9	1.5	7.9	7.0	3.3	6.4	2.3	6.2	-0.5	1.7	4.0	-1.2	2.0	2.9	2.4	1.9	4.6
Norway	8.4	5.0	10.0	7.8	0.7	2.8	3.2	4.3	-0.3	-0.1	1.0	0.5	-0.8	1.4	0.1	-4.2	1.8	-1.1	-0.1	1.5
Poland	13.1	22.9	11.0	13.3	14.4	-2.6	22.2	4.1	4.8	14.0	12.8	9.2	14.8	9.1	5.9	-6.0	12.1	7.7	5.8	6.2
Portugal	8.4	8.8	7.2	7.1	8.3	3.8	8.8	1.8	2.8	3.6	4.1	0.2	11.6	7.5	-0.1	-10.9	8.8	7.4	3.4	5.1
Slovak Republic	14.8	4.5	-1.4	10.0	21.0	12.2	8.9	6.9	5.2	15.9	7.4	10.0	21.0	14.3	3.1	-15.9	16.5	10.8	6.1	6.3
Slovenia	..	..	..	11.1	7.5	1.6	13.1	6.4	6.8	3.1	12.4	10.6	12.5	13.7	2.9	-17.2	9.5	6.8	2.9	4.9
Spain	16.7	9.4	10.3	15.0	8.0	7.5	10.2	4.2	2.0	3.7	4.2	2.5	6.7	6.7	-1.0	-10.4	13.5	9.0	3.1	5.7
Sweden	13.4	11.2	4.8	13.6	9.1	6.9	11.4	1.8	0.9	4.3	9.5	7.0	9.4	6.3	0.4	-12.4	10.5	6.8	0.3	5.6
Switzerland	1.9	0.6	3.7	11.2	4.3	6.5	12.5	0.5	-0.1	-0.5	7.9	7.8	10.3	9.6	3.1	-8.6	8.4	3.4	1.4	4.6
Turkey	15.2	8.0	22.0	19.1	12.0	-10.7	16.0	3.9	6.9	6.9	11.2	7.9	6.6	7.3	2.7	-5.0	3.4	6.5	4.3	6.8
United Kingdom	9.2	9.4	8.8	8.1	3.9	3.4	9.6	3.1	1.9	1.9	5.1	7.7	11.7	-1.3	1.3	-9.5	7.4	4.6	1.9	5.3
United States	8.7	10.1	8.3	11.9	2.3	4.3	8.6	-5.6	-2.0	1.6	9.5	6.8	9.0	9.3	6.1	-9.4	11.3	6.7	4.9	6.7
Total OECD	9.0	9.0	6.7	11.1	5.4	5.5	12.0	0.6	1.9	2.4	8.5	5.9	8.9	6.6	2.0	-11.6	11.5	5.7	3.7	6.1

Note: Regional aggregates are calculated inclusive of intra-regional trade as the sum of volumes expressed in 2005 $.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932637082

Annex Table 39. **Import volumes of goods and services**

National accounts basis, percentage changes from previous year

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	14.3	8.4	8.0	10.5	6.6	8.3	7.4	-4.5	11.1	10.6	15.0	8.6	7.2	12.9	10.9	-8.5	14.2	11.4	9.3	9.4
Austria	8.8	6.5	4.4	7.6	5.2	5.0	10.3	5.5	-0.1	4.1	9.6	6.8	5.4	6.9	-0.9	-12.5	7.4	6.6	2.9	5.6
Belgium	7.3	4.7	3.7	9.2	5.6	2.7	12.6	-0.4	0.7	0.5	6.0	5.6	5.0	5.2	2.9	-10.6	8.7	5.1	0.5	5.1
Canada	8.1	5.7	5.1	14.2	5.1	7.8	8.1	-5.1	1.7	4.1	8.0	7.1	4.9	5.9	1.5	-13.4	13.1	6.5	4.3	6.3
Chile	..	..	11.8	13.2	6.7	-9.5	10.1	4.1	2.3	9.7	18.3	17.3	11.4	14.3	11.2	-16.2	27.4	14.4	5.1	8.4
Czech Republic	7.8	21.2	12.2	6.5	7.1	4.6	16.8	12.4	4.6	7.4	9.6	6.0	11.1	12.8	2.4	-11.4	15.7	7.5	1.3	6.8
Denmark	12.8	7.2	3.3	9.5	8.5	3.5	13.0	1.9	7.5	-1.6	7.7	11.1	13.4	4.3	3.3	-11.6	3.5	5.2	2.5	4.7
Estonia	..	..	8.5	28.6	12.5	-5.9	27.1	4.8	7.2	11.2	14.7	18.9	13.9	6.3	-6.3	-32.4	20.6	27.0	3.9	7.4
Finland	13.0	8.2	7.2	11.9	8.7	4.2	16.7	1.3	3.2	3.2	7.4	11.4	7.9	7.0	7.5	-16.4	7.7	0.1	1.3	1.8
France	8.9	7.5	2.2	8.0	11.6	6.2	15.4	2.3	1.7	1.0	5.0	5.8	5.5	5.5	0.6	-10.6	8.3	4.7	1.3	4.7
Germany	8.5	7.3	4.6	8.7	9.0	8.3	11.0	1.5	-1.2	5.4	7.5	6.4	12.2	5.6	3.0	-9.2	11.5	7.5	4.7	6.7
Greece	1.5	8.9	7.0	14.2	9.2	15.0	15.1	1.2	-1.3	3.0	5.7	-1.5	8.2	14.6	3.3	-20.2	-7.2	-8.1	-9.8	0.5
Hungary	..	..	9.0	22.2	22.9	12.3	18.0	5.4	6.7	9.3	14.3	6.9	15.1	12.8	5.5	-14.8	12.8	6.3	3.4	6.6
Iceland	3.8	3.6	16.5	8.0	23.4	4.4	8.6	-9.1	-2.6	10.7	14.5	29.3	11.3	-1.5	-18.4	-24.0	4.0	6.4	5.9	4.0
Ireland	15.5	16.4	12.8	16.5	27.5	12.7	21.5	7.2	2.4	-1.4	8.7	8.4	6.9	8.0	-2.9	-9.3	2.7	-0.6	-0.6	4.0
Israel	..	..	7.3	4.0	1.8	15.6	12.2	-5.3	-1.4	-1.2	11.9	3.3	3.2	11.7	2.2	-14.0	12.8	10.6	3.7	8.4
Italy	8.7	10.0	-1.2	9.7	8.4	4.3	11.0	1.4	0.2	2.5	4.0	4.2	8.3	4.6	-2.9	-13.6	12.4	1.0	-2.0	2.4
Japan	8.2	11.4	14.4	1.3	-6.7	3.2	10.7	1.0	0.3	4.0	7.9	4.2	4.5	2.3	0.4	-15.8	11.1	5.8	3.8	4.9
Korea	22.8	22.5	14.7	4.2	-22.0	26.4	22.6	-4.9	14.4	11.1	11.7	7.6	11.3	11.7	4.4	-8.0	17.3	6.5	6.1	8.8
Luxembourg	6.7	4.2	5.4	12.6	11.8	14.8	10.5	6.0	0.8	6.9	11.8	4.2	12.8	9.3	5.6	-12.0	4.6	3.2	-0.3	3.1
Mexico	21.2	-15.1	22.7	22.7	16.8	13.9	21.6	-1.5	1.4	0.7	10.7	8.4	12.6	7.1	2.9	-18.5	20.6	6.8	5.1	6.6
Netherlands	9.0	10.2	5.3	11.9	9.0	9.3	12.2	2.5	0.3	1.8	5.7	5.4	8.8	5.6	2.3	-8.0	10.6	3.5	4.7	5.0
New Zealand	13.1	8.7	7.6	2.1	1.3	12.0	-0.4	2.0	9.6	8.4	15.9	5.4	-2.5	9.1	2.4	-14.6	10.3	6.0	3.1	7.2
Norway	5.8	5.8	8.8	12.5	8.8	-1.6	2.0	1.7	1.0	1.2	9.7	7.9	9.1	10.0	3.9	-12.5	9.9	2.5	1.2	4.4
Poland	11.3	24.2	26.3	23.1	18.6	1.2	13.6	-3.6	2.6	9.5	13.9	6.4	17.5	13.7	6.3	-11.1	13.8	5.9	4.7	5.7
Portugal	8.8	7.4	5.8	10.5	14.7	9.0	5.6	1.0	-0.5	-0.5	7.6	2.3	7.2	5.5	2.3	-10.0	5.4	-5.5	-5.7	-0.1
Slovak Republic	-4.7	11.6	17.3	10.2	19.1	0.4	8.1	13.4	4.4	7.4	8.3	12.3	17.8	9.2	3.1	-18.1	16.3	4.5	2.0	4.9
Slovenia	..	..	..	11.3	9.6	7.8	7.1	3.1	4.9	6.7	13.3	6.7	12.2	16.7	3.7	-19.6	7.2	4.7	1.4	4.0
Spain	11.4	11.1	8.8	13.3	14.8	13.7	10.8	4.5	3.7	6.2	9.6	7.7	10.2	8.0	-5.2	-17.2	8.9	-0.1	-9.2	0.8
Sweden	12.5	7.7	3.4	12.9	11.1	4.6	12.1	-1.5	-1.3	3.9	5.7	6.9	9.5	9.3	3.1	-14.1	12.3	6.1	1.4	5.5
Switzerland	7.7	4.0	4.0	8.1	7.4	4.1	10.3	2.3	-1.1	1.3	7.3	6.6	6.5	6.1	0.3	-5.5	7.3	1.9	0.8	5.6
Turkey	-21.9	29.6	20.5	22.4	2.3	-3.7	21.8	-24.8	20.9	23.5	20.8	12.2	6.9	10.7	-4.1	-14.3	20.7	10.6	0.3	7.3
United Kingdom	5.9	5.5	9.7	9.7	10.1	6.8	9.4	5.0	5.3	1.9	6.7	7.4	10.2	-0.9	-1.2	-12.2	8.6	1.2	1.5	2.3
United States	11.9	8.0	8.7	13.5	11.7	11.4	13.0	-2.8	3.4	4.4	11.1	6.1	6.1	2.4	-2.7	-13.6	12.5	4.9	3.9	6.2
Total OECD	9.5	8.2	7.6	10.4	7.8	8.1	12.4	0.1	2.4	4.0	8.7	6.5	8.2	5.3	0.5	-12.4	11.3	4.8	2.7	5.5

Note: Regional aggregates are calculated inclusive of intra-regional trade as the sum of volumes expressed in 2005 $.
Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932637101

Annex Table 40. **Export prices of goods and services**

National accounts basis, percentage changes from previous year, national currency terms

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	-3.7	6.0	-2.3	-0.6	2.1	-4.7	12.4	5.9	-2.2	-5.4	4.1	11.9	12.6	1.0	22.1	-12.0	8.0	12.0	-3.5	0.2
Austria	1.3	1.6	0.3	0.9	0.1	0.3	1.3	0.5	0.7	-0.2	1.1	1.8	2.4	1.8	2.3	-3.4	2.9	3.5	1.7	1.2
Belgium	1.3	1.6	-1.4	1.2	-1.0	-0.2	5.6	1.4	-0.6	-1.4	2.1	4.0	2.3	2.4	3.8	-5.2	4.7	5.7	1.6	1.6
Canada	5.9	6.4	0.6	0.2	-0.3	1.1	6.2	1.3	-1.9	-1.3	2.2	2.8	0.3	0.8	10.5	-9.5	2.2	7.1	3.5	2.3
Chile	..	..	-8.1	-0.7	-2.9	6.6	11.0	5.5	7.1	11.2	13.2	12.0	23.5	5.9	-4.1	-3.6	15.6	4.1	4.2	2.7
Czech Republic	5.2	6.4	5.1	4.4	2.9	0.7	2.9	-0.7	-5.8	-0.2	2.3	-2.5	-1.8	0.1	-4.5	0.1	-1.5	0.3	3.1	2.4
Denmark	-0.3	1.0	1.5	2.7	-2.1	-0.5	8.2	1.6	-1.3	-1.1	1.9	5.4	3.0	1.4	4.9	-8.3	7.8	1.5	1.7	1.8
Estonia	..	..	19.1	13.0	2.9	0.2	8.3	2.7	1.8	1.5	2.4	3.5	5.6	6.8	6.5	-4.6	3.5	4.4	1.7	0.7
Finland	1.3	4.9	-0.6	-1.0	-1.0	-5.0	3.4	-1.3	-2.6	-1.4	-0.4	1.2	2.3	1.0	-0.3	-5.7	3.9	4.7	1.0	1.5
France	-0.5	-0.5	0.8	1.3	-1.4	-1.5	2.5	-0.3	-1.5	-1.7	0.3	1.7	2.0	1.9	3.1	-3.4	1.7	3.5	2.3	1.4
Germany	0.9	1.3	-0.4	1.1	-0.7	-0.7	2.7	0.5	-0.2	-1.6	-0.3	0.9	1.3	0.7	1.1	-3.0	2.4	2.7	1.9	1.8
Greece	8.6	8.7	5.6	3.6	4.1	1.9	8.0	3.9	2.4	1.6	2.3	2.9	3.3	2.7	4.2	-1.8	5.5	6.0	4.8	0.8
Hungary	18.5	45.5	19.3	15.8	13.2	4.8	10.3	3.0	-4.1	0.1	-1.1	-0.4	6.5	-4.0	1.0	2.2	1.9	3.5	5.5	0.7
Iceland	6.2	4.8	-0.2	2.1	4.5	0.0	3.8	21.5	-1.7	-7.1	1.3	-4.5	21.3	2.2	35.5	12.5	8.8	7.1	2.5	2.3
Ireland	0.2	1.9	-0.3	1.2	2.7	2.3	5.3	5.0	-0.1	-5.1	-0.8	1.3	1.1	-0.1	-0.4	1.4	1.6	0.7	2.8	1.3
Israel	..	..	7.8	6.3	6.7	9.7	-1.9	0.8	11.9	-1.9	0.9	5.0	2.2	-3.7	-6.2	3.5	-0.7	2.0	3.1	1.9
Italy	3.4	8.2	0.4	1.3	1.4	0.8	4.4	2.3	1.4	0.0	1.2	2.1	2.3	2.3	2.9	-2.4	2.6	4.1	1.5	1.4
Japan	-3.3	-2.4	3.3	1.8	1.1	-8.6	-4.1	2.3	-1.4	-3.7	-1.5	2.0	3.4	2.3	-3.8	-11.1	-1.5	-2.4	0.1	1.1
Korea	1.8	1.8	-2.0	5.0	22.7	-19.6	-3.6	3.6	-8.5	-0.7	4.1	-6.7	-4.7	0.7	24.9	-1.5	1.0	3.4	5.2	0.9
Luxembourg	3.1	1.5	6.8	1.6	0.6	5.3	9.8	-4.0	-0.1	-1.8	6.4	8.0	8.1	4.9	0.4	-2.0	7.3	4.4	1.4	2.9
Mexico	5.9	79.5	23.0	7.2	9.3	6.6	3.4	-2.3	3.3	11.2	7.0	3.0	4.3	3.0	7.5	11.6	-1.1	7.2	4.4	3.4
Netherlands	0.6	0.7	0.8	2.5	-2.0	-1.2	6.0	0.9	-1.8	-0.8	0.6	3.4	2.6	1.3	4.8	-5.7	5.5	4.5	2.7	1.6
New Zealand	-2.6	-0.5	-2.5	-2.4	4.9	-0.1	14.3	7.2	-7.2	-7.3	-0.1	1.2	6.9	1.2	15.8	-8.5	3.4	5.6	0.5	1.4
Norway	-2.8	1.8	6.9	2.0	-7.9	10.7	36.7	-2.2	-10.2	2.0	12.9	17.4	15.5	1.5	17.5	-18.9	9.8	11.2	6.7	2.2
Poland	31.7	19.6	7.7	12.8	13.0	6.7	1.3	1.3	5.0	7.2	8.2	-2.7	1.9	3.1	-0.5	11.4	0.3	6.4	5.7	2.6
Portugal	6.4	5.6	-0.8	3.3	1.4	0.4	5.4	0.7	0.0	-1.4	1.5	1.7	4.4	1.9	2.5	-5.0	4.2	5.5	3.4	1.4
Slovak Republic	10.7	8.4	4.3	6.5	-4.8	-1.1	17.3	4.9	1.0	1.5	1.8	1.6	2.2	0.5	1.4	-5.1	3.0	4.0	2.5	1.2
Slovenia	17.3	9.6	13.0	5.4	2.6	2.1	10.3	8.1	4.4	2.9	3.0	2.9	2.8	2.3	1.2	-0.5	2.6	4.1	2.2	1.7
Spain	4.6	5.9	1.4	3.0	0.5	0.0	7.3	1.8	0.7	-0.2	1.6	4.3	4.1	2.5	2.8	-3.1	0.0	4.5	1.4	1.5
Sweden	3.7	6.7	-5.1	0.2	-1.8	-1.1	2.6	1.4	-1.1	-2.1	0.9	2.5	2.5	1.4	5.4	-0.9	0.6	-1.2	0.7	1.1
Switzerland	-0.4	-0.3	-1.1	0.7	-0.3	-0.8	2.9	0.3	-2.4	0.5	0.5	0.8	2.7	3.8	1.7	-1.4	-1.7	-2.0	-0.9	0.2
Turkey	164.8	73.0	69.0	87.0	60.1	52.0	42.0	89.4	25.4	10.7	13.3	-0.2	13.7	2.1	17.5	2.9	1.5	24.2	9.6	3.5
United Kingdom	1.2	3.3	1.6	-4.1	-5.4	0.6	1.5	-0.5	-0.6	1.6	-0.5	1.2	2.5	0.0	11.6	3.3	3.8	5.7	1.7	2.0
United States	1.1	2.3	-1.3	-1.7	-2.3	-0.5	1.8	-0.4	-0.4	2.1	3.5	3.6	3.4	3.3	4.7	-5.4	4.4	6.3	1.5	2.5
Total OECD	4.2	6.5	2.7	2.8	2.0	-0.1	4.1	2.5	-0.3	0.3	2.1	2.1	2.9	1.7	5.0	-3.0	2.6	4.6	2.5	1.8

Note: Regional aggregates are calculated inclusive of intra-regional trade. They are calculated as the geometric averages of prices weighted by 2005 GDP volumes expressed in $.

Source: OECD Economic Outlook 91 database.

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Annex Table 41. **Import prices of goods and services**

National accounts basis, percentage changes from previous year, national currency terms

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	-4.3	3.0	-6.6	-1.6	6.4	-4.3	7.6	5.9	-4.1	-8.5	-5.0	0.7	4.2	-4.0	7.5	-2.5	-7.5	-1.4	1.5	1.4
Austria	1.2	1.4	2.2	1.7	0.4	0.5	2.9	0.5	-1.0	-0.6	1.3	2.6	3.3	1.9	3.8	-3.1	4.7	6.3	2.2	1.4
Belgium	1.8	1.7	-0.6	1.5	-1.8	1.0	7.8	1.3	-1.8	-1.2	3.0	4.4	3.0	2.1	6.4	-8.4	6.4	7.0	1.3	1.6
Canada	6.6	3.4	-1.1	0.8	3.7	-0.2	2.1	3.0	0.6	-6.5	-2.2	-0.7	-0.7	-2.2	5.1	-0.2	-3.4	2.7	2.8	1.5
Chile	..	..	5.4	-1.0	-0.2	3.9	8.0	10.2	3.6	2.9	-6.1	1.4	-0.5	4.0	15.5	-8.2	-3.2	3.7	6.2	2.4
Czech Republic	2.6	5.8	2.3	5.5	-0.7	1.4	6.6	-2.5	-8.2	-0.1	2.0	-0.2	0.7	-0.7	-3.1	-1.4	1.1	2.7	3.1	2.6
Denmark	0.5	0.5	-0.1	2.4	-2.1	-0.5	7.2	1.5	-2.5	-2.0	0.7	3.3	3.3	1.8	3.3	-8.5	4.5	3.7	2.2	1.7
Estonia	..	..	16.7	8.6	2.2	0.8	5.9	0.8	-1.0	-1.2	1.2	2.1	3.5	3.8	6.6	-1.5	5.6	6.4	1.4	0.6
Finland	-0.5	0.1	0.3	0.4	-2.8	-2.0	7.4	-3.0	-2.7	0.0	1.9	4.8	5.7	1.2	1.7	-7.9	6.4	7.6	1.6	1.6
France	0.1	0.2	1.6	1.2	-2.8	-1.8	5.3	-0.6	-3.2	-1.7	1.3	3.1	3.6	0.6	3.8	-5.1	4.0	5.3	4.4	1.8
Germany	-0.2	-0.3	0.1	2.8	-2.4	-1.5	7.5	0.6	-2.4	-2.6	-0.5	2.8	2.8	0.2	2.7	-6.6	4.5	5.2	2.9	1.7
Greece	5.6	7.5	5.0	2.8	3.8	1.7	9.3	3.0	0.8	-0.3	2.1	3.7	3.5	2.3	5.5	-1.3	5.2	6.7	6.9	0.8
Hungary	15.6	41.1	20.8	13.7	12.0	5.6	12.7	2.4	-5.3	0.4	-1.0	1.3	8.0	-4.3	1.7	1.4	1.8	5.0	7.4	0.8
Iceland	5.9	3.7	3.1	0.0	-0.7	0.6	6.3	21.1	-2.3	-3.1	2.6	-5.4	17.4	2.1	44.3	24.8	2.7	8.9	3.1	1.5
Ireland	2.4	3.8	-0.5	0.9	2.5	2.3	7.3	3.7	-1.1	-4.2	-0.1	1.7	1.9	1.5	1.9	-0.3	2.9	3.7	3.4	1.6
Israel	..	..	5.0	3.0	4.4	7.4	0.6	1.5	12.2	0.8	3.8	6.7	3.0	-1.9	-2.4	-4.4	1.8	4.5	3.7	2.6
Italy	4.8	11.4	-2.6	1.8	-1.6	0.7	11.2	1.5	-0.3	-1.8	1.9	5.2	5.6	1.2	5.1	-7.7	6.7	7.3	4.4	1.7
Japan	-4.7	-0.3	7.2	5.5	-3.1	-8.1	0.2	2.2	-0.6	-0.9	3.0	10.0	11.3	6.6	6.4	-21.6	4.5	5.9	2.8	0.8
Korea	1.0	4.3	3.0	11.4	26.8	-17.0	4.0	6.4	-8.6	0.2	7.0	-3.2	-1.2	1.4	35.2	-4.2	1.5	7.9	6.9	1.5
Luxembourg	2.1	1.3	5.9	5.2	1.7	3.0	12.3	-3.2	-1.0	-5.8	7.6	7.7	6.0	4.5	-1.2	-1.8	6.1	4.1	2.5	3.2
Mexico	5.1	95.1	21.4	3.6	12.0	3.7	0.1	-2.8	2.0	12.5	8.5	0.3	1.9	2.9	7.4	15.4	-1.5	7.4	2.8	3.0
Netherlands	0.3	0.3	0.7	1.5	-2.4	-0.9	5.8	-0.4	-2.9	-0.9	1.4	2.7	3.0	1.5	4.7	-4.8	6.1	4.5	3.0	1.6
New Zealand	-3.8	-1.8	-3.7	-0.4	5.7	0.7	15.4	2.2	-5.9	-11.4	-4.3	1.0	10.0	-4.7	13.3	-1.7	-3.6	3.2	2.2	1.8
Norway	0.7	0.6	0.8	0.3	1.2	-1.1	7.5	-0.1	-5.0	1.4	4.0	1.5	3.2	3.9	3.5	-0.1	0.0	2.7	-0.6	1.5
Poland	27.0	18.0	11.8	13.9	10.9	6.9	9.6	-0.2	5.5	6.9	6.5	-5.1	2.3	1.1	2.5	6.4	2.0	7.5	7.7	2.8
Portugal	4.3	3.9	1.7	2.6	-1.4	-0.8	8.5	0.4	-1.6	-1.7	2.2	3.0	3.9	1.3	5.0	-9.2	4.8	8.0	5.1	1.6
Slovak Republic	12.3	7.3	9.6	3.6	-2.4	0.3	14.1	6.0	1.0	1.9	2.1	1.7	3.6	1.6	3.0	-4.1	3.6	5.3	3.0	1.6
Slovenia	14.4	6.9	11.6	5.0	1.9	1.9	13.9	6.3	2.5	2.1	4.1	5.0	3.3	1.4	2.7	-4.6	6.6	5.6	0.5	1.7
Spain	5.8	4.4	0.4	3.4	-1.5	0.3	10.6	-0.2	-2.0	-1.5	2.2	3.7	3.8	1.9	4.7	-7.3	4.3	7.8	5.3	2.1
Sweden	3.4	4.2	-3.9	0.0	-0.9	1.6	3.8	3.8	0.1	-2.3	1.8	4.6	2.8	0.3	4.7	0.0	0.1	-0.4	1.1	1.4
Switzerland	-4.5	-2.6	-0.4	3.8	-1.6	-0.1	5.8	0.5	-5.9	-1.4	1.2	3.3	3.9	4.1	2.2	-6.1	-0.6	-1.2	-0.2	0.2
Turkey	163.3	85.0	80.4	74.1	62.5	47.9	56.7	93.4	22.1	7.1	10.8	0.2	19.0	0.1	21.3	0.8	4.7	30.1	11.9	2.0
United Kingdom	3.0	5.9	0.1	-7.0	-6.4	-0.1	2.8	-0.5	-2.6	0.7	-0.5	3.5	2.0	0.1	12.2	3.9	4.4	6.6	1.8	1.8
United States	0.9	2.7	-1.7	-3.5	-5.4	0.7	4.3	-2.4	-1.1	3.5	4.8	6.2	4.1	3.5	10.6	-10.6	6.1	7.7	3.7	3.6
Total OECD	4.6	7.8	2.8	2.6	1.2	0.3	6.4	2.2	-1.3	0.2	2.5	3.3	3.9	1.7	7.9	-5.4	3.6	6.6	3.8	2.1

Note: Regional aggregates are calculated inclusive of intra-regional trade. They are calculated as the geometric averages of prices weighted by 2005 GDP volumes expressed in $.

Source: OECD Economic Outlook 91 database.

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Annex Table 42. **Competitive positions: relative consumer prices**

Indices, 2005 = 100

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Australia	79.3	83.2	81.9	89.6	88.5	80.8	81.5	77.7	74.7	79.1	89.5	97.0	100.0	99.9	105.9	103.8	100.6	114.9	123.2
Austria	102.4	102.6	105.5	103.1	99.3	99.6	98.4	95.9	96.1	96.6	99.5	100.5	100.0	99.4	99.8	100.0	100.6	98.2	98.6
Belgium	98.0	99.6	103.0	100.5	95.3	96.1	94.8	91.1	92.0	93.4	98.0	99.8	100.0	99.7	100.5	103.4	103.4	100.4	101.3
Canada	99.4	91.3	89.3	89.4	88.7	83.7	83.1	83.6	81.1	80.4	89.4	94.2	100.0	105.6	109.6	107.3	101.9	111.8	114.3
Chile	..	..	..	..	113.1	111.8	105.5	104.1	95.7	94.7	88.6	94.7	100.0	104.0	102.1	103.7	100.0	106.4	107.7
Czech Republic	62.2	65.3	67.6	72.0	73.1	80.1	78.9	80.4	85.9	95.5	93.5	94.3	100.0	105.5	108.3	123.9	118.9	120.9	123.2
Denmark	94.2	94.0	97.3	95.9	93.4	95.5	95.6	92.1	93.5	95.4	100.3	101.0	100.0	99.7	100.2	101.8	104.9	101.2	100.4
Estonia	..	..	..	..	82.2	86.1	90.7	88.5	91.2	93.7	97.0	99.3	100.0	101.7	106.4	113.9	116.3	112.4	113.6
Finland	97.8	101.5	109.0	102.7	98.9	100.5	100.3	96.0	97.3	98.5	102.7	102.6	100.0	99.0	100.3	102.1	103.0	97.1	96.7
France	102.0	101.9	104.1	103.4	99.0	99.8	97.8	93.3	93.2	94.7	99.4	101.0	100.0	99.6	99.9	100.7	100.8	97.5	96.8
Germany	107.4	108.1	112.2	107.7	102.2	103.3	100.9	94.8	94.8	95.8	100.5	101.9	100.0	99.4	100.5	100.4	101.2	96.2	95.5
Greece	88.5	89.2	92.1	94.7	95.3	93.9	94.2	88.1	89.0	91.7	97.3	99.6	100.0	100.9	102.6	104.8	106.1	105.5	106.2
Hungary	72.1	70.4	66.9	67.5	71.7	72.1	74.2	75.1	81.3	89.7	91.9	98.0	100.0	95.4	106.3	109.0	102.4	104.1	103.8
Iceland	83.9	78.6	77.5	77.0	78.6	80.6	82.7	85.9	76.3	81.6	85.8	88.1	100.0	93.7	97.5	76.4	62.0	66.0	66.8
Ireland	86.9	86.8	87.8	89.3	88.4	86.4	83.7	80.6	83.7	88.4	97.6	100.0	100.0	101.8	106.9	112.7	108.8	101.4	101.3
Israel	..	..	..	..	128.7	125.5	120.9	128.6	127.6	115.6	109.4	102.5	100.0	99.7	100.6	112.5	109.5	114.9	116.3
Italy	93.7	91.1	84.6	93.6	93.8	95.2	94.3	90.6	91.9	94.0	99.4	101.0	100.0	100.0	100.5	101.4	102.4	98.4	98.3
Japan	118.9	128.3	130.5	109.1	102.5	102.9	115.7	122.5	109.6	103.0	104.4	106.0	100.0	90.5	82.9	89.4	100.0	100.7	102.2
Korea	93.1	94.2	95.3	98.7	92.6	70.2	80.2	86.4	81.7	86.2	87.5	89.0	100.0	107.8	107.1	86.8	76.0	82.4	82.4
Luxembourg	98.7	99.9	102.3	99.8	96.2	96.2	95.5	93.5	94.1	95.4	98.9	100.2	100.0	100.9	102.3	103.1	102.9	101.4	101.9
Mexico	104.6	100.0	67.8	75.7	87.5	88.3	96.7	105.1	112.1	112.5	100.4	96.4	100.0	100.0	99.1	97.4	85.4	92.4	92.5
Netherlands	94.2	94.3	97.9	95.2	89.9	92.5	91.9	86.9	89.5	93.1	99.7	101.3	100.0	99.0	99.8	100.2	101.2	96.4	95.8
New Zealand	76.4	80.5	86.3	91.5	92.9	82.7	78.9	71.6	70.7	77.5	88.3	94.6	100.0	93.2	99.7	93.1	86.7	93.7	97.0
Norway	94.3	91.9	94.1	93.0	94.0	91.6	92.1	91.0	94.5	102.0	100.5	96.0	100.0	99.9	99.7	99.7	98.1	102.7	102.9
Poland	69.0	69.7	74.5	79.9	82.6	88.0	85.4	94.0	106.2	101.5	90.2	89.4	100.0	102.2	105.7	115.4	97.6	103.7	102.0
Portugal	92.2	90.8	94.1	94.0	92.7	93.5	93.6	91.7	94.0	96.2	99.9	100.7	100.0	100.6	101.2	101.2	100.3	97.7	98.4
Slovak Republic	66.0	65.3	66.7	66.6	70.2	70.7	69.7	76.9	77.9	78.9	89.1	97.6	100.0	105.4	116.1	125.8	135.2	129.5	130.6
Slovenia	..	..	..	..	91.4	96.5	97.3	94.1	93.9	96.3	100.9	101.4	100.0	99.8	101.6	104.2	106.0	102.1	101.1
Spain	94.9	90.7	92.0	93.5	89.2	90.2	90.1	88.1	90.1	92.5	97.2	99.3	100.0	101.5	103.0	105.1	105.1	102.2	102.6
Sweden	110.8	109.2	108.4	116.7	110.8	107.8	105.7	104.2	95.6	98.2	104.0	104.2	100.0	99.6	100.5	98.2	88.8	95.0	100.5
Switzerland	99.6	104.1	110.4	106.4	98.0	100.2	99.1	96.2	98.5	102.3	102.7	101.8	100.0	97.4	93.2	97.1	101.1	105.8	115.9
Turkey	83.3	61.2	66.4	67.1	71.5	78.8	82.8	92.4	75.4	82.3	86.9	89.9	100.0	99.6	108.1	109.7	102.5	113.3	100.1
United Kingdom	88.2	88.1	84.3	85.7	98.6	104.1	103.8	104.4	101.8	102.3	97.9	101.6	100.0	100.6	102.1	89.0	80.4	81.3	81.8
United States	89.8	90.0	88.7	91.5	95.9	103.3	102.3	105.6	111.6	112.0	105.7	101.4	100.0	99.3	95.1	91.5	95.3	91.1	86.8
Euro area	100.2	99.8	103.4	102.0	92.8	95.2	91.9	82.7	84.3	87.8	98.5	102.0	100.0	99.7	101.9	104.0	105.1	96.5	96.0

Note . Competitiveness-weighted relative consumer prices in dollar terms. Competitiveness weights take into account the structure of competition in both export and import markets of the manufacturing sector of 49 countries. An increase in the index indicates a real effective appreciation and a corresponding deterioration of the competitive position. For details on the method of calculation, see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932637158

Annex Table 43. **Competitive positions: relative unit labour costs**

Indices, 2005 = 100

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Australia	71.2	64.5	68.4	71.1	79.2	80.4	73.4	77.3	73.1	67.0	71.5	81.8	92.2	100.0	100.4	109.9	105.6	100.6	115.3
Austria	109.7	110.7	111.2	108.9	103.3	100.4	101.6	100.2	94.8	93.9	95.1	98.9	100.4	100.0	98.2	96.8	92.5	92.7	92.7
Belgium	98.0	99.5	103.5	105.1	100.6	93.2	93.9	95.0	90.3	90.6	93.6	99.3	100.5	100.0	102.4	104.0	104.5	105.9	101.1
Canada	80.0	72.5	67.7	69.3	71.9	71.1	68.0	68.4	65.6	65.8	69.0	79.7	92.0	100.0	108.8	117.2	115.0	108.4	118.4
Czech Republic	..	68.4	66.7	66.6	72.6	73.4	83.5	76.8	75.8	85.5	96.5	101.1	99.0	100.0	100.6	101.9	107.7	100.2	98.3
Denmark	80.3	82.5	79.6	83.4	85.4	82.2	85.9	86.6	83.1	85.3	89.4	96.2	98.6	100.0	100.3	103.3	100.7	101.5	94.6
Estonia	..	..	..	..	..	77.7	85.0	90.6	88.3	85.2	90.2	96.0	100.0	100.0	104.1	117.6	121.9	125.8	106.4
Finland	136.6	103.7	109.2	126.6	119.6	112.7	112.4	112.5	101.5	100.3	98.1	100.6	101.5	100.0	93.7	88.1	87.1	89.5	85.2
France	109.6	112.0	111.6	113.1	112.4	105.1	102.7	99.8	95.0	94.0	96.2	98.5	101.2	100.0	101.4	103.4	102.8	101.8	101.0
Germany	99.7	104.4	104.6	114.3	112.3	103.2	105.9	105.9	99.3	98.0	100.2	104.7	104.9	100.0	95.8	95.0	97.5	101.3	98.0
Hungary	..	103.8	92.9	84.3	78.6	79.5	76.7	76.7	80.1	87.0	94.1	91.7	97.6	100.0	92.9	99.2	100.7	92.4	84.9
Iceland	67.2	61.7	60.4	61.2	60.9	64.3	70.2	77.7	84.4	73.6	78.3	82.6	85.6	100.0	97.4	104.5	77.4	53.3	60.5
Ireland	133.4	127.1	126.4	119.0	118.1	112.1	101.9	95.0	88.3	85.8	81.2	90.2	94.4	100.0	99.5	96.4	96.6	84.4	70.9
Israel	..	..	..	..	..	109.8	111.0	111.1	121.2	125.0	111.4	103.5	100.3	100.0	102.6	107.4	117.1	107.8	117.0
Italy	96.8	80.3	76.4	69.5	78.7	81.6	82.3	83.5	79.1	80.4	84.5	94.1	98.9	100.0	100.7	103.6	108.0	109.9	106.7
Japan	113.2	131.9	150.4	149.9	122.3	116.3	120.0	137.5	140.6	128.6	120.8	113.3	111.3	100.0	87.8	77.1	82.2	97.4	94.0
Korea	105.9	102.3	106.3	117.6	126.6	111.6	77.1	80.1	84.7	79.3	84.1	83.5	86.9	100.0	103.8	101.7	79.0	67.0	70.0
Luxembourg	95.6	91.3	91.8	98.1	95.8	91.5	88.7	85.2	82.7	88.6	89.1	92.4	96.1	100.0	106.7	100.1	110.8	135.9	127.2
Mexico	80.0	87.4	84.8	52.8	55.6	66.1	68.0	78.6	91.1	100.5	105.2	95.9	95.7	100.0	100.6	100.8	94.2	79.1	86.2
Netherlands	98.8	97.0	94.9	97.6	94.3	91.5	94.9	94.6	88.0	89.6	93.5	101.5	103.4	100.0	98.1	97.8	100.3	99.1	92.8
New Zealand	63.2	63.8	69.7	73.8	80.1	83.1	74.9	72.1	63.6	64.7	70.5	82.6	92.4	100.0	95.9	102.9	96.3	85.4	93.6
Norway	70.2	68.8	71.8	76.2	75.7	79.9	79.5	86.1	88.1	91.0	101.9	96.9	93.7	100.0	108.7	115.3	115.1	111.4	120.1
Poland	..	97.3	103.3	110.6	118.2	122.0	128.8	122.5	125.9	129.2	114.4	94.2	88.8	100.0	97.7	99.0	105.0	75.6	76.9
Portugal	95.5	92.0	92.2	94.8	92.0	92.6	94.0	95.0	93.0	93.2	94.6	96.8	98.5	100.0	100.9	99.9	98.1	96.4	96.2
Slovak Republic	..	78.6	94.7	97.4	101.2	117.9	109.6	101.7	114.3	105.6	104.3	105.8	102.5	100.0	102.5	108.0	117.4	134.2	131.5
Slovenia	..	..	..	..	..	81.5	85.5	87.6	87.3	88.3	89.6	95.1	99.2	100.0	101.1	104.0	105.9	112.5	109.1
Spain	98.1	90.3	86.5	87.0	89.0	87.0	87.3	85.7	84.8	85.8	88.4	94.1	97.7	100.0	102.5	107.3	111.4	111.0	104.4
Sweden	195.9	143.8	134.8	129.5	145.0	134.8	126.9	118.0	118.2	113.0	108.2	110.2	106.2	100.0	95.2	99.1	99.7	97.8	94.0
Turkey	124.4	114.7	84.5	72.2	70.9	76.0	82.1	107.1	119.3	89.1	90.8	85.4	86.6	100.0	96.3	102.1	106.9	97.3	109.5
United Kingdom	79.1	70.9	71.0	68.5	69.6	83.3	94.2	96.0	98.4	96.2	99.2	96.3	101.1	100.0	102.4	104.9	89.8	83.6	88.1
United States	127.1	126.5	124.4	117.9	119.7	124.6	131.5	128.5	134.9	138.0	128.9	119.7	105.3	100.0	96.8	89.6	87.3	89.5	83.8
Euro area	104.1	99.5	98.1	103.4	103.8	93.3	94.5	93.1	82.6	82.0	86.9	98.2	103.1	100.0	98.9	101.2	105.3	107.6	100.0

Note: Competitiveness-weighted relative unit labour costs in the manufacturing sector in dollar terms. Competitiveness weights take into account the structure of competition in both export and import markets of the manufacturing sector of 49 countries. An increase in the index indicates a real effective appreciation and a corresponding deterioration of the competitive position. For details on the method of calculation, see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*

Source: OECD Economic Outlook 90 database.

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Annex Table 44. **Export performance for total goods and services**

Percentage changes from previous year

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	0.4	5.1	1.2	-0.5	-1.6	2.9	-5.1	-9.7	-8.2	-6.0	-5.7	-4.4	-1.6	13.5	-8.2	-8.0	0.6	-1.5
Austria	-0.8	2.0	0.2	0.2	1.3	4.1	2.1	-3.6	1.0	0.0	-2.7	1.0	-2.0	-2.6	-3.0	0.7	-1.1	0.0
Belgium	-1.8	0.1	-4.2	-2.2	-0.4	-0.6	0.5	-3.6	-2.0	-3.4	-3.9	-1.2	-0.9	-0.3	-0.8	-0.9	-2.7	-0.5
Canada	-3.0	-3.8	-0.9	0.3	-3.6	-0.9	-2.3	-6.7	-5.5	-4.5	-5.9	-2.3	-3.5	-1.0	-5.6	-0.8	1.0	-0.2
Chile	1.8	1.1	2.0	1.7	-6.7	6.9	-1.2	-0.6	2.2	-5.2	-4.4	-1.4	-4.5	5.9	-12.2	-2.0	-0.9	-1.9
Czech Republic	-1.0	-0.5	1.7	-0.3	6.0	8.6	0.8	2.2	4.3	3.9	2.5	3.3	0.6	2.4	4.0	4.7	-1.1	0.9
Denmark	-2.3	-5.1	-4.0	5.4	1.2	2.1	2.2	-5.4	-5.6	0.4	-0.6	-4.2	0.6	2.3	-7.4	1.3	-1.2	-1.2
Estonia	-5.4	14.2	5.1	-3.3	13.5	2.1	-5.5	2.9	4.9	8.7	-3.8	-5.3	-4.7	-5.1	10.5	18.1	0.1	1.8
Finland	-0.1	3.7	3.4	7.5	4.0	-0.5	-0.2	-7.8	-2.4	-2.3	0.6	-2.1	0.9	-9.0	-4.6	-8.0	-4.6	-4.0
France	-2.6	2.5	0.6	-1.4	1.4	1.0	-1.0	-6.0	-4.6	-4.3	-3.8	-4.9	-3.2	-1.2	-1.4	0.2	0.8	0.2
Germany	-0.1	1.2	-0.5	0.0	1.3	4.9	1.2	-2.3	0.1	0.2	3.9	0.4	-0.2	-2.0	1.9	3.1	1.4	0.1
Greece	-2.5	9.1	-2.0	13.1	3.7	-1.3	-11.4	-2.6	6.7	-5.6	-5.6	-1.9	-1.3	-9.0	-5.9	-5.9	-0.1	0.5
Hungary	4.7	10.4	7.7	5.3	7.7	5.4	2.0	1.0	5.7	3.5	7.8	6.4	2.5	1.7	3.0	2.3	1.4	1.3
Iceland	3.1	-4.0	-5.9	-2.8	-6.3	5.0	1.2	-2.0	0.2	0.3	-13.0	11.2	5.4	20.6	-8.4	-1.1	1.5	-1.9
Ireland	5.5	7.0	14.2	8.0	8.3	7.3	2.1	-3.1	-0.7	-2.3	-3.3	3.4	-2.0	8.1	-4.1	-0.3	-0.4	-0.1
Israel	-1.7	-1.6	-0.4	6.7	9.5	-10.3	-5.7	2.1	5.7	-3.4	-3.0	2.9	3.9	-0.6	0.0	-0.6	-0.6	0.0
Italy	-5.5	-4.1	-5.4	-6.5	1.0	0.4	-5.6	-5.9	-3.8	-3.6	-0.8	-2.8	-6.0	-7.0	0.7	0.7	-1.0	-1.8
Japan	-2.8	1.3	-3.4	-5.6	-2.2	-5.7	0.4	-0.1	-0.1	-2.6	0.1	0.2	-1.7	-17.2	7.5	-6.1	-2.7	-1.7
Korea	1.6	9.7	10.8	7.9	3.4	-3.9	4.8	3.5	4.6	-1.8	0.8	3.1	2.3	7.3	-0.7	2.2	0.9	0.8
Luxembourg	-2.5	1.8	2.6	7.7	0.6	2.8	0.7	3.2	3.4	-2.1	3.7	3.0	2.5	0.4	-6.9	-2.9	-2.8	-2.4
Mexico	8.9	-2.1	1.3	1.8	3.4	-1.2	-1.7	-1.9	0.2	0.0	4.1	2.1	2.0	-0.7	8.1	1.5	0.6	0.1
Netherlands	-1.2	1.1	-1.2	2.7	1.4	0.3	-1.1	-2.6	-0.5	-1.2	-2.1	-0.4	-0.4	3.7	0.1	-1.5	2.4	-0.5
New Zealand	-4.6	-4.5	-1.0	1.8	-4.3	4.4	0.5	-4.9	-5.6	-8.4	-6.5	-4.2	-6.0	13.7	-9.2	-4.4	-3.8	-3.1
Norway	3.3	-2.3	-7.3	-3.5	-7.7	2.8	-2.9	-3.4	-6.5	-6.4	-9.3	-3.5	-1.4	8.5	-8.1	-5.6	-3.0	-3.6
Poland	5.3	3.5	5.8	-7.5	9.5	1.2	2.8	8.5	3.7	1.3	3.6	0.8	2.3	7.2	0.4	1.0	1.9	-0.1
Portugal	1.0	-3.1	-1.1	-3.1	-2.3	-0.6	0.1	-0.8	-4.2	-6.9	2.2	0.3	-1.0	1.3	-1.1	3.5	2.7	0.1
Slovak Republic	-7.7	-0.1	10.9	5.9	-3.0	3.5	3.1	9.8	-1.6	2.9	9.2	5.2	0.3	-4.9	4.2	4.2	2.9	0.2
Slovenia	-2.1	1.6	-0.5	-2.9	1.9	3.1	4.8	-2.0	3.4	2.8	2.1	4.4	-0.8	-5.6	-1.3	0.5	-0.5	-1.1
Spain	4.4	4.6	-1.0	1.8	-0.9	2.4	0.1	0.2	-3.6	-4.2	-2.2	0.1	-3.5	0.7	2.9	4.4	0.5	0.3
Sweden	-2.0	2.8	1.3	2.3	0.2	0.4	-2.1	0.1	-0.1	-1.5	-0.4	-1.1	-2.9	-0.6	-0.2	1.6	-3.1	-0.4
Switzerland	-2.3	1.4	-3.0	0.1	0.6	-0.8	-2.2	-5.4	-1.2	0.2	0.6	2.2	0.5	2.8	-2.8	-2.1	-1.9	-1.6
Turkey	16.0	8.8	4.4	-14.6	5.3	0.9	3.7	1.7	1.7	-1.1	-3.0	-2.8	-2.1	6.7	-5.3	1.2	0.0	-0.1
United Kingdom	2.1	-2.0	-4.0	-2.9	-2.5	2.1	-0.9	-2.6	-4.3	-0.4	2.7	-8.5	-1.6	1.6	-3.0	-0.6	-1.7	-1.2
United States	-0.5	1.0	-1.8	-1.9	-3.5	-5.0	-4.9	-3.6	-1.0	-1.6	-0.2	1.0	2.0	2.4	-2.4	0.4	0.3	-0.5
Total OECD	-0.5	0.7	-1.1	-0.9	-0.3	-0.1	-1.3	-2.9	-1.5	-1.9	-0.4	-0.8	-0.8	-0.4	-0.7	0.0	-0.1	-0.5
Memorandum items																		
China	9.0	13.0	3.3	6.4	13.3	6.6	21.4	19.4	11.5	14.8	14.3	12.0	5.2	2.4	12.9	2.7	1.0	3.3
Other industrialised Asia[1]	-1.7	-1.3	-0.5	-0.2	2.3	-2.7	2.2	1.0	2.0	2.1	1.8	-0.2	1.2	-0.1	2.2	0.6	-0.8	0.2
Russia	-3.1	-10.1	-5.4	5.8	-1.6	2.6	6.5	5.9	1.7	-1.8	-2.4	-2.7	-3.4	5.9	-4.0	-4.9	-1.5	-3.4
Brazil	..	-1.3	-1.4	2.5	2.3	10.7	8.8	1.9	1.7	-0.9	-4.8	-3.9	-4.7	2.9	-2.8	-3.1	1.2	1.8
Other oil producers	-4.8	-2.0	-2.0	-6.5	-3.6	0.7	-6.5	6.0	-0.3	5.5	-1.2	-1.2	3.2	6.2	-8.8	-0.1	-0.1	-0.9
Rest of the world	-1.5	-3.5	-2.7	0.3	-3.4	3.2	-0.6	-0.4	-0.6	-2.7	-3.5	-1.7	-0.3	4.7	-3.6	-1.5	0.3	1.0

Note: Regional aggregates are calculated inclusive of intra-regional trade. Export performance is measured as actual growth in exports relative to the growth of the country's export market. For more details, see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods)*.

1. Chinese Taipei; Hong Kong, China; Malaysia; Philippines; Singapore; Vietnam; Thailand; India and Indonesia.

Source: OECD Economic Outlook 91 database.

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Annex Table 45. **Shares in world exports and imports**

Percentage, values for goods and services, national accounts basis

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
A. Exports																	
Canada	3.6	3.7	4.0	4.1	4.0	3.7	3.5	3.4	3.3	3.1	2.9	2.7	2.5	2.5	2.5	2.6	2.6
France	5.3	5.6	5.3	4.8	4.9	4.9	5.0	4.7	4.4	4.1	4.1	3.9	3.9	3.5	3.4	3.3	3.2
Germany	8.5	9.0	8.7	7.8	8.4	8.8	9.3	9.2	8.9	9.0	9.2	8.9	8.8	8.2	8.2	7.9	7.8
Italy	4.3	4.4	4.1	3.7	3.9	3.8	4.0	3.9	3.6	3.5	3.6	3.4	3.2	2.9	2.9	2.7	2.6
Japan	6.7	6.1	6.3	6.4	5.6	5.5	5.5	5.4	5.1	4.8	4.5	4.4	4.1	4.5	4.1	4.0	4.0
United Kingdom	5.6	5.6	5.5	5.1	5.1	5.2	5.1	4.9	4.7	4.7	4.4	4.0	3.9	3.7	3.6	3.6	3.5
United States	13.7	13.8	13.7	13.6	13.2	12.3	11.1	10.4	10.1	10.0	9.7	9.4	10.1	9.9	9.6	9.7	9.8
Other OECD countries	26.0	26.8	26.9	26.1	26.6	27.0	27.9	28.0	27.4	27.1	27.6	27.4	27.7	26.7	26.6	25.8	25.5
Total OECD	73.6	75.0	74.4	71.5	71.6	71.3	71.4	69.9	67.4	66.4	65.9	64.1	64.3	61.9	60.9	59.5	59.0
China	3.0	3.0	3.1	3.5	3.8	4.5	5.2	5.8	6.5	7.2	7.8	8.1	8.5	9.4	9.6	9.9	10.1
Other industrialised Asia	12.8	12.6	13.0	14.0	13.7	13.3	11.8	11.8	11.7	11.2	10.8	10.5	11.4	12.2	12.1	12.3	12.5
Brazil	0.9	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	1.1	1.1	1.2	1.1	1.3	1.4	1.4	1.4
Russia	1.4	1.3	1.2	1.4	1.4	1.5	1.6	1.8	2.1	2.3	2.3	2.7	2.2	2.4	2.6	2.9	2.8
Other oil producers	3.8	2.9	3.4	4.6	4.2	4.2	4.6	5.1	6.5	7.0	7.1	8.2	7.0	7.4	7.9	8.3	8.4
Rest of the world	4.5	4.5	4.2	4.2	4.4	4.4	4.5	4.6	4.7	4.8	5.0	5.3	5.5	5.4	5.5	5.7	5.8
Total of non-OECD countries	26.4	25.0	25.6	28.5	28.4	28.7	28.6	30.1	32.6	33.6	34.1	35.9	35.7	38.1	39.1	40.5	41.0
B. Imports																	
Canada	3.5	3.6	3.7	3.6	3.5	3.4	3.2	3.0	3.0	3.0	2.8	2.6	2.7	2.7	2.6	2.7	2.7
France	4.8	5.2	4.9	4.6	4.7	4.7	4.8	4.7	4.5	4.4	4.4	4.3	4.3	3.9	3.8	3.6	3.6
Germany	8.3	8.7	8.5	7.8	7.9	7.8	8.3	8.1	7.8	8.0	8.0	7.9	8.0	7.4	7.5	7.3	7.2
Italy	3.8	3.9	3.8	3.6	3.7	3.7	3.9	3.8	3.7	3.7	3.7	3.5	3.3	3.2	3.1	2.9	2.7
Japan	6.1	5.1	5.4	5.6	5.2	4.9	4.7	4.7	4.6	4.5	4.2	4.4	4.0	4.2	4.4	4.5	4.3
United Kingdom	5.6	5.8	5.8	5.4	5.5	5.7	5.6	5.5	5.3	5.3	5.0	4.4	4.3	4.1	3.9	3.8	3.7
United States	15.5	16.3	17.6	18.4	17.9	17.6	16.6	16.0	16.0	15.5	14.2	13.3	12.9	12.9	12.5	12.8	12.9
Other OECD countries	25.6	26.2	26.2	25.5	25.5	26.0	26.9	27.0	26.7	26.8	27.6	27.6	26.8	25.9	25.8	24.8	24.4
Total OECD	73.3	74.8	75.9	74.4	73.9	73.7	74.1	72.8	71.7	71.2	69.9	68.0	66.2	64.4	63.7	62.3	61.4
China	2.4	2.4	2.7	3.1	3.5	4.0	4.8	5.4	5.6	5.9	6.2	6.4	7.2	8.3	8.9	9.2	9.6
Other industrialised Asia	13.1	11.9	12.0	13.2	12.7	12.3	10.8	11.2	11.2	10.7	10.3	10.4	11.1	12.0	11.9	12.3	12.5
Brazil	1.2	1.1	0.9	0.9	1.0	0.8	0.7	0.7	0.8	0.9	1.0	1.2	1.2	1.4	1.5	1.5	1.6
Russia	1.3	1.1	0.7	0.8	0.9	1.0	1.1	1.2	1.3	1.4	1.7	1.9	1.6	1.8	1.9	2.1	2.2
Other oil producers	3.2	3.1	2.8	2.8	3.1	3.3	3.4	3.5	4.0	4.3	4.8	5.4	6.0	5.7	5.5	5.8	6.0
Rest of the world	5.5	5.6	5.0	4.8	5.0	4.8	5.0	5.2	5.5	5.7	6.2	6.7	6.6	6.4	6.5	6.8	6.6
Total of non-OECD countries	26.7	25.2	24.1	25.6	26.1	26.3	25.9	27.2	28.3	28.8	30.1	32.0	33.8	35.6	36.3	37.7	38.6

Note: Regional aggregates are calculated inclusive of intra-regional trade.

Source: OECD Economic Outlook 91 database.

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Annex Table 46. **Geographical structure of world trade growth**

Average of export and import volumes

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	Percentage changes from previous year																
A. Trade growth																	
OECD America[1]	12.7	7.8	8.7	11.3	-3.7	1.2	2.7	9.9	6.2	6.9	5.1	0.7	-12.5	12.6	5.9	4.5	6.4
OECD Europe	10.6	8.3	5.8	12.4	2.9	1.8	2.6	7.3	6.3	9.4	5.9	1.0	-11.6	10.0	5.0	2.3	5.1
OECD Asia & Pacific[2]	7.4	-4.0	6.9	13.1	-2.7	6.5	7.8	12.1	5.9	8.0	8.0	3.3	-13.0	15.9	5.0	4.8	7.4
Total OECD	10.7	6.6	6.8	12.2	0.4	2.2	3.2	8.6	6.2	8.5	6.0	1.2	-12.0	11.4	5.3	3.2	5.8
China	17.5	1.7	17.5	25.4	6.8	25.7	28.2	23.8	18.9	20.2	17.1	6.5	-4.0	24.4	9.2	6.2	11.0
Other industrialised Asia	7.4	-2.8	2.3	17.7	-4.1	7.8	10.2	16.8	11.2	10.9	7.6	6.7	-10.1	18.4	7.2	5.0	8.6
Brazil	13.6	2.1	-6.8	11.6	5.8	-2.7	4.7	14.4	9.0	10.8	12.5	7.8	-8.4	24.5	7.6	7.4	11.2
Russia	-0.2	-5.0	2.4	15.3	8.4	11.7	14.2	15.7	10.1	12.6	14.4	7.0	-17.2	14.6	9.3	8.4	8.0
Other oil producers	7.3	0.4	-1.9	7.4	2.7	1.7	11.8	11.9	16.8	9.0	13.6	9.6	-4.2	2.8	4.5	6.6	8.6
Rest of the world	7.9	5.2	1.0	5.4	4.4	1.6	7.0	11.2	8.6	9.0	11.7	8.1	-10.2	9.4	6.8	4.8	7.2
Total Non-OECD	8.2	0.0	2.3	13.7	1.2	7.6	12.7	16.0	13.0	12.2	11.8	7.5	-8.1	15.5	7.3	5.8	9.0
World	10.0	4.8	5.7	12.5	0.6	3.5	5.7	10.7	8.2	9.7	7.8	3.3	-10.7	12.8	6.0	4.1	7.0
	Percentage points																
B. Contribution to World Trade growth																	
OECD America[1]	2.5	1.6	1.8	2.4	-0.8	0.2	0.5	1.9	1.2	1.3	0.9	0.1	-2.1	2.1	1.0	0.7	1.1
OECD Europe	4.6	3.6	2.6	5.6	1.3	0.8	1.2	3.2	2.7	4.0	2.5	0.4	-4.7	4.0	2.0	0.9	1.9
OECD Asia & Pacific[2]	0.7	-0.4	0.6	1.1	-0.2	0.5	0.7	1.1	0.5	0.7	0.7	0.3	-1.1	1.3	0.4	0.4	0.6
Total OECD	7.8	4.8	5.1	9.2	0.3	1.6	2.4	6.2	4.4	5.9	4.1	0.8	-8.0	7.5	3.4	2.0	3.7
China	0.4	0.0	0.4	0.7	0.2	0.9	1.1	1.2	1.0	1.2	1.1	0.5	-0.3	2.0	0.8	0.6	1.0
Other industrialised Asia	0.8	-0.3	0.2	1.7	-0.4	0.8	1.0	1.8	1.2	1.2	0.9	0.8	-1.2	2.2	0.9	0.6	1.1
Brazil	0.1	0.0	-0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1	-0.1	0.3	0.1	0.1	0.1
Russia	0.0	-0.1	0.0	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.1	-0.3	0.3	0.2	0.2	0.2
Other oil producers	0.4	0.0	-0.1	0.4	0.1	0.1	0.5	0.6	0.8	0.5	0.7	0.5	-0.2	0.2	0.3	0.4	0.5
Rest of the world	0.4	0.3	0.1	0.3	0.2	0.1	0.3	0.6	0.4	0.5	0.6	0.4	-0.6	0.5	0.4	0.3	0.4
Total Non-OECD	2.2	0.0	0.6	3.4	0.3	1.9	3.3	4.5	3.8	3.7	3.7	2.4	-2.7	5.4	2.6	2.1	3.3
World	10.0	4.8	5.7	12.5	0.6	3.5	5.7	10.7	8.2	9.7	7.8	3.3	-10.7	12.8	6.0	4.1	7.0

Note: Regional aggregates are calculated inclusive of intra-regional trade as the sum of volumes expressed in 2005 $.

1. Canada, Chile, Mexico and United States.
2. Australia, Japan, Korea and New Zealand.

Source: OECD Economic Outlook 91 database.

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Annex Table 47. **Trade balances for goods and services**

$ billion, national accounts basis

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	-4.7	-5.3	-0.5	1.6	-6.4	-10.0	-4.2	2.2	-4.6	-14.0	-18.1	-13.3	-8.4	-17.5	-8.7	-5.0	14.2	18.9	-6.1	-20.1
Austria	-2.5	-2.5	-3.7	-1.0	1.5	2.4	3.2	3.9	9.6	9.2	11.5	12.3	16.1	22.8	26.0	17.5	16.9	14.1	12.3	14.2
Belgium	8.5	10.6	9.1	9.6	9.7	10.7	6.1	8.7	14.7	17.1	18.5	14.1	14.5	17.6	5.6	13.2	12.8	6.8	8.1	9.7
Canada	6.7	18.9	24.7	12.6	12.3	24.2	41.6	41.2	32.4	32.5	42.7	42.5	32.0	27.1	24.3	-22.8	-29.6	-22.3	-15.4	-12.9
Chile	..	1.5	-1.3	-1.8	-2.7	1.6	1.3	1.0	1.6	3.1	9.3	10.5	22.1	22.9	4.5	13.3	13.4	8.3	6.2	4.3
Czech Republic	-0.8	-2.1	-3.3	-2.8	-0.3	-0.3	-1.3	-1.0	-0.9	-1.2	1.0	3.6	4.5	4.9	5.5	8.1	6.3	8.8	10.3	11.3
Denmark	8.1	7.4	9.1	6.3	3.7	8.8	9.6	10.7	10.2	13.3	11.9	12.7	8.7	7.2	11.0	11.8	16.4	17.7	15.6	16.8
Estonia	..	-0.3	-0.5	-0.5	-0.6	-0.3	-0.2	-0.2	-0.5	-0.7	-0.8	-0.9	-1.7	-2.0	-1.1	1.1	1.3	1.1	1.1	1.3
Finland	5.7	9.8	9.0	9.1	10.5	11.9	11.1	11.7	12.6	11.2	12.4	8.1	9.8	12.6	10.5	4.0	2.0	-1.4	-2.7	-1.3
France	19.2	23.5	25.6	40.6	37.3	31.5	13.5	15.4	22.4	15.7	8.8	-12.7	-23.7	-40.6	-59.9	-48.2	-59.3	-79.5	-76.1	-72.6
Germany	6.7	15.0	23.5	27.9	29.7	18.2	6.1	37.7	91.7	96.3	135.2	143.6	164.6	235.8	226.6	165.6	176.7	180.7	162.0	168.3
Greece	-9.5	-12.6	-14.4	-13.3	-15.0	-16.0	-17.6	-17.6	-20.5	-24.3	-23.6	-22.3	-28.4	-41.2	-49.6	-36.7	-26.8	-22.4	-12.0	-7.5
Hungary	..	0.0	0.3	0.6	-0.6	-1.2	-1.6	-0.5	-1.3	-3.2	-3.7	-2.3	-1.0	1.2	0.7	6.3	8.4	10.4	10.0	11.8
Iceland	0.3	0.3	0.0	0.0	-0.4	-0.4	-0.6	-0.1	0.1	-0.3	-0.7	-2.0	-3.1	-2.2	-0.7	1.0	1.3	1.1	1.0	1.0
Ireland	5.6	7.8	8.7	10.4	10.2	13.3	12.9	16.3	21.3	25.4	27.8	23.9	21.7	23.5	23.8	34.8	39.6	46.8	50.1	55.1
Israel	..	-7.8	-7.9	-5.4	-3.0	-3.1	-0.2	-3.2	-3.5	-1.0	-0.1	-0.5	0.4	-2.5	-2.7	4.7	4.2	-1.5	-2.1	-4.4
Italy	36.6	43.6	59.7	47.0	39.2	23.2	10.6	15.5	11.4	8.3	12.1	-0.9	-15.1	-5.3	-19.1	-11.1	-39.8	-32.3	-21.8	-11.5
Japan	96.1	73.1	21.7	46.3	73.6	71.0	69.2	26.9	53.6	71.4	91.1	64.4	54.3	73.6	8.9	18.1	65.3	-52.9	-93.5	-80.2
Korea	-1.5	-2.8	-15.8	-3.6	43.2	29.8	15.3	11.4	8.4	14.7	29.9	22.9	13.2	15.8	-11.6	31.1	26.1	22.5	16.6	18.7
Luxembourg	3.6	4.4	4.2	3.2	3.2	4.1	4.3	3.6	4.4	7.0	8.3	9.6	13.1	16.6	18.6	16.2	16.7	17.6	15.7	16.3
Mexico	-20.0	7.8	7.3	0.1	-8.4	-7.4	-11.2	-13.5	-11.3	-9.9	-13.2	-12.3	-11.8	-16.4	-24.0	-12.9	-12.7	-15.4	-12.3	-12.4
Netherlands	19.8	23.8	22.1	21.9	18.9	17.4	21.3	23.2	28.8	33.9	45.1	54.5	52.5	64.5	72.7	54.1	58.3	68.0	72.0	79.4
New Zealand	1.1	0.7	0.3	0.3	0.2	-0.6	0.4	1.5	0.8	0.7	-0.4	-2.2	-1.7	-1.5	-2.4	1.7	2.1	2.0	0.6	-0.9
Norway	7.6	9.2	14.3	13.0	2.8	11.6	28.7	28.9	25.8	29.1	34.9	49.3	58.5	54.2	80.0	43.2	51.9	67.5	77.7	77.7
Poland	2.2	3.2	-2.3	-6.2	-8.5	-9.8	-11.4	-7.1	-6.8	-5.4	-6.2	-1.7	-6.0	-11.5	-22.0	0.9	-5.6	-4.9	-7.3	-7.0
Portugal	-7.2	-7.9	-8.7	-9.4	-11.4	-13.0	-13.0	-12.3	-11.0	-11.0	-15.5	-18.1	-17.5	-18.6	-25.5	-17.4	-16.4	-9.3	-2.4	1.9
Slovak Republic	0.8	0.4	-2.3	-2.1	-2.4	-0.9	-0.5	-1.7	-1.8	-0.6	-1.2	-2.2	-2.2	-0.8	-2.3	-0.6	-1.1	2.5	5.5	6.7
Slovenia	..	-0.4	-0.2	-0.2	-0.3	-0.9	-0.7	-0.2	0.3	-0.1	-0.4	-0.1	-0.2	-0.8	-1.8	0.7	0.3	0.5	1.6	2.1
Spain	0.1	0.0	3.3	5.0	-1.4	-11.3	-18.2	-15.4	-14.7	-21.2	-41.8	-59.4	-78.7	-97.3	-93.7	-27.3	-29.5	-9.0	29.8	50.1
Sweden	9.7	17.3	18.3	18.9	17.0	16.8	15.7	15.2	17.0	21.6	29.6	29.0	32.4	34.6	33.1	26.3	29.0	33.6	29.1	30.7
Switzerland	14.6	16.1	14.7	14.1	13.1	14.8	14.5	12.6	18.4	21.4	25.1	25.0	32.4	44.7	57.1	54.6	60.1	73.0	70.7	71.6
Turkey	6.1	-0.1	-3.1	-1.1	2.7	0.8	-8.0	7.7	3.7	-3.1	-10.4	-16.9	-26.1	-33.8	-33.7	-7.1	-40.9	-69.1	-69.5	-74.4
United Kingdom	-4.5	-1.4	1.0	7.1	-11.4	-21.7	-27.2	-34.5	-42.2	-43.1	-59.8	-77.6	-75.0	-85.4	-73.7	-39.9	-56.9	-44.6	-43.3	-18.6
United States	-92.7	-90.7	-96.3	-101.4	-161.8	-262.1	-382.1	-371.0	-427.2	-504.1	-618.7	-722.7	-769.3	-713.1	-709.7	-391.5	-516.9	-578.8	-651.1	-731.4
Euro area	87.4	115.2	135.4	148.2	129.0	90.1	38.9	88.6	168.5	166.3	196.3	149.3	124.7	186.7	130.8	165.9	151.6	184.1	243.1	312.1
Total OECD	115.6	160.4	116.6	146.8	94.0	-47.0	-212.5	-182.9	-157.2	-211.2	-259.4	-442.3	-519.2	-411.1	-533.1	-91.9	-212.0	-341.6	-419.7	-406.3

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932637253

Annex Table 48. **Investment income, net**

$ billion

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	-11.2	-13.6	-14.4	-13.8	-11.5	-12.0	-11.2	-10.4	-11.5	-15.0	-21.9	-27.9	-32.5	-41.5	-38.5	-38.2	-48.9	-51.2	-53.3	-55.6
Austria	-0.3	-2.1	-0.6	-1.3	-1.8	-2.8	-2.3	-3.0	-1.5	-1.1	-1.2	-2.0	-1.8	-2.2	2.4	-1.6	0.9	1.2	..	..
Belgium[1]	7.6	7.5	6.9	6.4	7.0	6.7	6.5	4.7	4.6	6.6	5.8	5.1	5.4	7.5	12.4	-0.7	10.5	11.4	10.5	10.5
Canada	-18.9	-22.7	-21.5	-20.9	-20.0	-22.6	-22.3	-25.4	-19.3	-21.3	-18.6	-18.9	-11.9	-12.6	-16.0	-14.1	-16.0	-21.3	-24.3	-26.1
Chile	..	..	-2.5	-2.7	-2.0	-2.3	-3.0	-2.6	-2.9	-4.5	-7.8	-10.4	-18.4	-18.9	-13.6	-11.4	-14.8	-14.0	-13.4	-6.6
Czech Republic	0.0	-0.1	-0.7	-0.8	-1.1	-1.4	-1.4	-2.2	-3.5	-4.3	-6.1	-5.4	-7.3	-12.7	-10.4	-13.1	-14.8	-14.9	-9.9	-13.8
Denmark	-3.8	-3.8	-3.7	-3.4	-2.8	-2.6	-3.6	-3.6	-2.7	-2.6	-2.2	1.6	2.8	1.8	3.5	3.9	5.8	9.4	7.2	7.0
Estonia	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.2	-0.3	-0.3	-0.5	-0.6	-0.6	-0.9	-1.5	-1.3	-0.7	-1.1	-1.2	-1.1	-1.3
Finland	-4.4	-4.4	-3.7	-2.4	-3.1	-2.2	-1.7	-0.9	-0.6	-2.7	0.1	0.0	0.7	-1.0	-1.4	2.2	2.4	0.8	2.0	1.7
France	-6.2	-8.4	-1.9	7.1	8.7	22.8	19.4	19.6	8.7	14.9	22.5	29.5	37.2	42.8	48.6	44.0	48.4	56.9	58.2	59.6
Germany	1.4	-2.8	0.7	-2.7	-10.8	-13.5	-9.2	-10.5	-18.3	-18.2	23.6	29.0	55.0	59.0	48.5	82.2	66.1	68.7	70.6	78.2
Greece	-1.5	-1.9	-2.4	-1.7	-1.6	-0.7	-0.9	-1.8	-2.0	-4.5	-5.4	-7.0	-9.1	-12.7	-15.6	-12.5	-10.8	-12.6	-14.0	-15.2
Hungary	..	-1.7	-2.0	-2.7	-3.0	-2.9	-2.6	-2.9	-3.6	-4.2	-5.4	-6.3	-6.7	-10.1	-10.9	-6.8	-7.1	-8.8	-7.8	-7.9
Iceland	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.3	0.0	-0.2	-0.6	-0.6	-1.0	-1.1	-3.7	-2.4	-2.2	-2.1	-1.5	-1.1
Ireland	-5.4	-7.3	-8.2	-9.7	-10.5	-13.5	-13.8	-16.4	-22.4	-24.8	-28.0	-30.9	-30.2	-38.2	-36.9	-38.9	-36.3	-44.7	-46.0	-49.3
Israel	..	-2.6	-3.4	-4.0	-4.0	-5.1	-8.3	-5.5	-4.6	-4.7	-4.1	-1.4	-0.8	-0.3	-4.1	-5.1	-6.3	-6.4	-7.4	-7.9
Italy	-16.7	-14.1	-14.8	-11.2	-12.3	-11.1	-12.0	-10.4	-14.6	-20.2	-18.4	-17.1	-17.1	-26.8	-28.3	-14.3	-11.6	-16.3	-16.0	-16.0
Japan	40.7	45.3	53.5	58.0	54.3	57.6	60.8	69.0	65.9	71.8	86.1	104.6	119.5	138.1	153.6	131.6	134.7	177.6	193.4	200.1
Korea	-0.5	-1.4	-1.9	-2.5	-5.6	-5.1	-2.4	-1.2	0.4	0.3	1.0	-1.8	0.1	0.1	4.4	2.3	1.0	2.5	3.1	3.4
Luxembourg	..	1.7	1.3	0.5	0.2	-0.5	-1.3	-1.6	-3.4	-4.0	-4.3	-6.5	-11.0	-15.3	-17.0	-15.8	-19.6	-18.8	-11.8	-11.8
Mexico	-13.0	-12.6	-13.4	-12.0	-12.7	-11.9	-13.8	-12.9	-11.8	-11.4	-9.3	-15.0	-17.7	-19.0	-16.4	-13.1	-11.3	-15.8	-16.5	-19.5
Netherlands	4.2	6.6	2.7	7.0	-2.5	4.0	-2.3	-0.4	-0.4	1.4	12.5	4.6	16.3	-0.9	-19.7	-8.9	6.4	19.0	12.2	12.2
New Zealand	-3.5	-4.0	-4.8	-4.8	-2.5	-3.1	-3.2	-2.9	-3.1	-4.0	-5.4	-6.9	-7.7	-9.6	-10.1	-4.8	-7.0	-8.3	-9.2	-9.9
Norway	-2.1	-1.8	-1.8	-1.7	-1.7	-1.3	-2.3	0.2	0.6	1.4	0.5	2.1	0.4	-1.1	-2.8	2.4	5.0	8.5	13.1	13.2
Poland	-2.6	-2.0	-1.1	-1.1	-1.2	-1.0	-0.7	-0.6	-1.1	-2.4	-8.4	-6.8	-9.7	-16.4	-12.8	-16.5	-16.9	-20.2	-21.6	-21.7
Portugal	-0.5	0.2	-0.9	-1.3	-1.5	-1.6	-2.4	-3.5	-3.0	-2.6	-3.7	-4.8	-7.9	-9.7	-11.5	-12.2	-10.5	-12.0	-11.3	-11.3
Slovak Republic	-0.1	0.0	0.0	-0.1	-0.2	-0.3	-0.3	-0.3	-0.5	-1.9	-2.2	-1.9	-2.4	-3.1	-2.6	-1.4	-1.8	-2.4	-3.5	-3.8
Slovenia	..	..	0.2	0.1	0.1	0.1	0.0	0.0	-0.2	-0.3	-0.4	-0.4	-0.6	-1.1	-1.6	-1.1	-0.7	-0.9	-1.0	-1.2
Spain	-7.8	-5.4	-7.5	-7.4	-8.6	-9.5	-6.9	-11.3	-11.6	-11.7	-15.1	-21.3	-26.2	-41.3	-52.1	-35.5	-26.3	-36.4	-36.4	-43.5
Sweden	-5.9	-5.5	-6.3	-4.9	-3.2	-2.0	-1.4	-1.4	-1.8	3.9	0.0	2.8	7.5	14.3	17.1	7.2	8.8	12.5	13.1	12.2
Switzerland	6.0	9.8	10.7	14.2	15.2	17.8	19.2	11.8	9.4	24.3	25.2	33.9	32.0	2.5	-37.7	8.4	30.7	32.8	37.3	42.6
Turkey	-3.3	-3.2	-2.9	-3.0	-3.0	-3.5	-4.0	-5.0	-4.6	-5.6	-5.6	-5.8	-6.7	-7.1	-8.4	-8.2	-7.2	-7.6	-6.1	-7.5
United Kingdom	2.0	-1.4	-3.8	0.5	19.6	-1.7	3.0	13.6	27.9	29.1	33.2	40.1	17.4	43.2	63.8	32.0	13.3	33.8	29.9	33.6
United States	17.1	20.9	22.3	12.6	4.3	11.9	19.2	29.7	25.2	43.7	65.1	68.6	44.2	101.5	147.1	128.0	165.2	221.1	186.0	162.0
Euro area	-29.7	-30.5	-28.2	-17.1	-37.0	-22.1	-27.3	-36.0	-65.3	-69.5	-14.8	-24.3	7.4	-44.4	-75.9	-15.2	16.0	12.7	12.6	8.7
Total OECD	-28.9	-31.1	-26.0	-10.2	-18.2	-13.4	-5.5	11.3	-6.5	24.7	101.0	122.1	110.8	106.9	128.3	166.9	228.0	340.1	324.6	305.2

1. Including Luxembourg until 1994.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932637272

Annex Table 49. **Total transfers, net**

$ billion

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	0.2	0.3	0.5	0.4	0.2	0.4	0.1	0.4	0.4	0.3	0.1	-0.3	-0.4	-0.1	-0.1	-0.5	-0.8	-0.5	-0.3	-0.2
Austria	-0.7	-1.7	-2.0	-2.0	-1.9	-2.1	-1.7	-1.7	-1.5	-1.8	-1.7	-1.8	-1.6	-1.7	-2.4	-2.3	-2.7	-2.9	-3.5	-3.6
Belgium[1]	-3.3	-4.2	-4.1	-3.7	-4.2	-4.6	-3.9	-4.1	-4.4	-6.4	-6.5	-6.3	-6.5	-6.4	-8.8	-9.0	-8.4	-10.0	-9.5	-9.8
Canada	-0.3	-0.1	0.5	0.5	0.6	0.5	0.8	1.0	0.0	-0.2	-0.5	-1.2	-1.3	-1.8	-0.9	-2.4	-2.6	-4.1	-4.6	-4.3
Chile	..	..	0.5	0.5	0.4	0.6	0.5	0.4	0.6	0.6	1.1	1.8	3.4	3.1	2.9	1.6	4.5	2.4	2.0	2.2
Czech Republic	0.1	0.6	0.4	0.4	0.5	0.6	0.4	0.5	0.9	0.6	0.2	0.5	-0.5	-0.4	-0.3	-0.2	0.5	0.2	-0.8	-0.8
Denmark	-2.0	-2.4	-2.6	-1.8	-2.3	-2.9	-3.0	-2.6	-2.6	-3.7	-4.6	-4.2	-4.8	-5.3	-5.5	-5.2	-5.8	-6.0	-5.4	-5.5
Estonia	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.3	0.3	0.4	0.2	0.2
Finland	-0.4	-0.5	-0.9	-0.7	-0.9	-0.8	-0.5	-0.8	-0.8	-1.1	-1.6	-1.6	-1.7	-2.0	-2.5	-2.2	-2.2	-2.3	-2.1	-2.2
France	-10.6	-5.9	-7.4	-13.1	-12.4	-13.2	-14.0	-14.8	-14.2	-19.2	-21.8	-27.3	-27.5	-32.1	-35.5	-37.7	-35.1	-38.2	-32.4	-32.4
Germany	-36.2	-38.8	-34.0	-30.5	-30.2	-26.2	-25.8	-24.0	-25.4	-31.8	-34.3	-35.8	-35.9	-44.9	-48.4	-46.4	-50.8	-46.6	-45.1	-46.9
Greece	8.3	9.0	8.9	8.3	7.9	4.1	3.3	3.5	3.6	4.3	4.5	3.8	4.3	2.2	4.1	1.8	0.1	0.8	0.9	0.9
Hungary	0.9	0.2	0.0	0.2	0.2	0.4	0.4	0.4	0.5	0.7	-0.2	-0.4	-0.4	-0.7	-0.9	0.6	0.5	0.7	1.4	1.5
Iceland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Ireland	1.7	1.8	2.2	2.0	1.5	1.3	0.9	0.3	0.7	0.5	0.5	0.3	-0.6	-1.4	-1.7	-1.7	-1.6	-1.3	-1.5	-1.5
Israel	..	5.5	6.0	6.1	6.1	6.2	6.5	6.8	6.9	6.5	6.3	6.1	7.5	7.3	8.4	7.4	8.4	8.7	8.6	9.1
Italy	-7.1	-4.1	-7.2	-4.2	-7.3	-5.5	-4.4	-5.9	-5.4	-8.0	-10.3	-12.5	-16.6	-19.6	-21.8	-16.4	-21.2	-20.3	-7.7	-7.8
Japan	-6.1	-7.8	-9.1	-8.8	-8.8	-10.8	-9.8	-8.1	-5.6	-7.7	-8.0	-7.3	-10.6	-11.6	-13.1	-12.2	-12.8	-16.0	-14.1	-11.6
Korea	1.3	0.0	0.0	0.6	3.3	1.9	0.6	-0.4	-1.6	-2.9	-2.4	-2.5	-4.1	-3.5	-0.7	-0.7	-3.1	-2.5	-1.8	-1.9
Luxembourg	..	-0.6	-0.6	-0.5	-0.4	-0.6	-0.5	-0.5	-0.3	-0.6	-1.1	-1.1	-1.2	-2.0	-2.7	-1.4	-0.9	-1.7	-1.9	-2.0
Mexico	3.8	4.0	4.5	5.2	6.0	6.3	7.0	9.3	10.3	15.6	18.8	22.1	25.9	26.4	25.5	21.5	21.5	22.9	24.3	26.2
Netherlands	-5.3	-6.4	-6.8	-6.1	-7.1	-6.4	-6.3	-6.8	-6.6	-7.2	-10.4	-12.1	-12.8	-16.3	-17.3	-12.5	-12.9	-13.7	-13.1	-13.1
New Zealand	0.3	0.3	0.6	0.3	0.3	0.2	0.2	0.2	0.1	0.2	0.1	0.2	0.4	0.4	0.6	0.2	0.0	-0.3	-0.2	-0.2
Norway	-1.7	-2.1	-1.5	-1.4	-1.5	-1.4	-1.3	-1.6	-2.2	-2.9	-2.6	-2.7	-3.0	-3.5	-3.8	-4.4	-4.8	-5.2	-6.4	-6.7
Poland	1.3	1.0	1.7	2.0	2.9	2.2	1.3	1.5	2.0	2.5	1.1	2.1	3.4	4.4	3.8	2.4	3.9	6.1	6.7	6.6
Portugal	5.4	7.2	4.4	3.8	4.0	3.8	3.4	3.4	2.8	3.3	3.5	2.8	3.2	3.6	3.6	3.0	2.9	4.2	3.9	3.5
Slovak Republic	0.1	0.1	0.2	0.2	0.4	0.2	0.1	0.2	0.2	0.4	0.1	-0.1	-0.1	-0.6	-1.3	-0.7	-0.4	-0.3	-0.6	-0.6
Slovenia	..	..	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.0	-0.1	-0.1	-0.2	-0.3	-0.4	-0.2	0.1	0.2	-0.2	-0.2
Spain	1.2	4.8	3.2	3.0	3.2	3.0	1.6	1.3	2.4	-0.6	-0.1	-4.2	-8.2	-9.8	-13.7	-11.2	-9.7	-8.3	-5.5	-4.5
Sweden	-1.2	-2.6	-2.0	-2.4	-2.5	-3.0	-2.7	-2.6	-3.2	-2.3	-4.7	-4.6	-5.0	-4.8	-6.3	-5.1	-6.2	-6.8	-8.1	-8.4
Switzerland	-3.5	-4.4	-4.3	-4.0	-4.6	-5.3	-4.5	-5.5	-5.9	-5.6	-6.5	-10.9	-9.3	-9.5	-12.9	-12.2	-12.3	-13.0	-8.5	-8.7
Turkey	3.0	4.4	4.1	4.5	5.5	4.9	4.8	3.0	2.4	1.0	1.1	1.5	1.9	2.2	2.1	2.4	1.4	1.7	2.3	2.6
United Kingdom	-7.9	-11.6	-7.1	-9.0	-13.6	-11.8	-14.7	-9.4	-13.3	-16.0	-18.8	-21.5	-21.9	-27.2	-25.9	-23.5	-31.6	-35.5	-38.9	-40.3
United States	-40.3	-38.1	-43.0	-45.1	-53.2	-50.4	-58.8	-64.6	-65.0	-71.8	-88.2	-105.7	-91.5	-115.1	-125.9	-123.3	-136.1	-134.6	-134.7	-138.7
Euro area	-46.8	-39.2	-43.9	-43.3	-47.4	-46.6	-47.5	-49.8	-48.7	-68.0	-79.0	-96.0	-105.6	-131.2	-148.4	-136.7	-142.4	-139.9	-118.1	-120.0
Total OECD	-99.0	-92.1	-94.7	-95.1	-107.8	-108.1	-119.7	-121.1	-124.2	-153.2	-186.9	-223.2	-215.7	-270.8	-301.5	-290.4	-317.8	-321.7	-296.6	-299.2

1. Including Luxembourg until 1994.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932637291

Annex Table 50. **Current account balances**

$ billion

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	-15.7	-18.6	-14.3	-11.9	-17.6	-21.5	-15.5	-7.6	-15.5	-28.6	-39.8	-41.8	-41.5	-58.7	-47.0	-43.6	-35.4	-32.8	-59.7	-75.9
Austria	-1.7	-6.9	-6.7	-5.1	-3.5	-3.6	-1.4	-1.6	5.6	4.3	6.4	6.6	9.2	13.2	20.3	10.4	11.4	8.2	8.8	10.6
Belgium[1]	14.4	15.5	13.9	13.9	13.3	13.0	9.5	8.0	11.7	13.0	12.7	9.6	8.6	7.5	-7.6	-7.7	5.8	-4.3	-2.7	-1.4
Canada	-13.0	-4.4	3.4	-8.2	-7.7	1.7	19.7	16.3	12.6	10.6	22.9	21.6	18.0	11.8	6.4	-40.3	-49.3	-49.0	-44.4	-43.2
Chile	..	..	-3.1	-3.7	-4.1	0.0	-1.0	-1.2	-0.7	-0.8	2.6	1.9	7.1	7.1	-5.8	3.5	3.3	-3.2	-5.2	-0.2
Czech Republic	-0.8	-1.4	-4.1	-3.6	-1.3	-1.5	-2.7	-3.3	-4.2	-5.8	-5.7	-1.2	-3.0	-7.8	-4.7	-4.6	-7.5	-5.7	-0.4	-3.4
Denmark	2.3	1.2	2.7	0.7	-1.5	3.4	2.5	4.2	5.0	7.3	5.7	11.1	8.2	4.4	9.0	11.1	17.2	21.6	17.5	18.2
Estonia	-0.2	-0.2	-0.4	-0.6	-0.5	-0.2	-0.3	-0.3	-0.8	-1.1	-1.4	-1.4	-2.6	-3.5	-2.4	0.7	0.7	0.7	0.2	0.2
Finland	1.1	5.4	4.9	6.4	6.7	6.7	9.4	10.5	11.5	7.9	11.3	6.8	8.6	10.0	7.0	4.9	4.1	-1.6	-2.8	-1.8
France	8.2	11.0	20.8	37.2	38.9	46.0	19.3	23.6	17.4	14.3	10.5	-10.4	-12.9	-25.9	-50.0	-39.4	-45.2	-59.6	-51.0	-46.2
Germany	-30.3	-29.4	-13.7	-10.0	-17.0	-29.0	-34.3	-0.3	40.6	47.1	124.6	137.9	180.9	250.2	226.9	197.7	196.2	204.6	187.5	199.5
Greece	-0.2	-3.2	-5.1	-5.3	-3.8	-7.7	-9.9	-9.5	-9.7	-12.8	-13.3	-18.3	-29.8	-44.9	-51.2	-36.0	-30.6	-29.3	-20.4	-17.2
Hungary	..	-1.6	-1.7	-2.0	-3.4	-3.8	-4.0	-3.2	-4.7	-6.7	-8.8	-8.3	-8.3	-9.9	-11.3	0.0	1.6	1.9	3.6	5.3
Iceland	0.1	0.1	-0.1	-0.1	-0.6	-0.6	-0.9	-0.4	0.1	-0.5	-1.3	-2.6	-4.0	-3.2	-4.4	-1.4	-1.0	-1.0	-0.7	-0.2
Ireland	1.5	1.7	2.0	1.9	0.7	0.6	0.1	-0.7	-1.2	0.0	-1.1	-7.0	-7.9	-14.0	-15.1	-6.5	1.0	0.2	2.7	4.3
Israel	..	-5.0	-5.3	-3.4	-1.0	-1.7	-3.8	-1.9	-1.2	0.8	2.0	4.4	7.1	4.0	2.3	7.0	6.5	-0.3	-0.9	-3.2
Italy	13.9	23.2	40.2	33.8	19.8	8.1	-5.7	-0.6	-9.8	-19.6	-16.4	-29.5	-48.1	-51.8	-65.4	-41.4	-71.7	-69.2	-45.5	-35.3
Japan	130.6	114.3	65.4	96.8	119.1	115.5	120.2	87.9	112.0	136.4	172.3	166.8	171.2	210.2	158.8	142.6	196.1	120.4	93.9	116.3
Korea	-3.5	-8.0	-23.0	-8.2	42.6	24.5	14.8	8.4	7.5	15.6	32.3	18.6	14.1	21.8	3.2	32.8	29.4	26.5	17.8	20.2
Luxembourg	..	2.6	2.4	1.9	1.8	1.8	2.7	1.8	2.3	2.4	4.1	4.4	4.4	5.3	3.0	3.3	4.1	4.2	2.0	2.5
Mexico	-29.7	-1.6	-2.5	-7.7	-16.0	-14.0	-18.7	-17.7	-14.2	-7.2	-5.2	-5.9	-4.5	-9.3	-15.7	-5.1	-3.1	-8.8	-4.5	-5.6
Netherlands	18.4	25.8	21.2	25.5	13.3	16.6	7.9	10.3	11.4	30.5	48.1	48.2	63.0	52.4	37.2	33.3	55.7	77.2	71.1	78.5
New Zealand	-2.1	-3.1	-4.0	-4.3	-2.0	-3.5	-2.5	-1.2	-2.2	-3.2	-5.7	-8.8	-9.0	-10.7	-11.7	-3.0	-4.9	-6.6	-8.8	-11.0
Norway	3.8	5.3	11.0	10.0	-0.5	8.9	25.1	27.5	24.2	27.6	32.8	48.8	55.9	49.5	73.3	41.2	52.0	70.7	84.4	84.2
Poland	1.0	0.9	-3.3	-5.8	-6.9	-12.5	-10.4	-6.0	-5.6	-5.5	-13.1	-7.1	-12.9	-26.2	-34.6	-16.9	-21.7	-22.1	-22.2	-22.0
Portugal	-2.2	-0.2	-4.9	-6.8	-8.8	-11.0	-12.2	-12.4	-10.9	-10.5	-15.5	-19.8	-21.5	-23.5	-31.9	-25.6	-22.8	-15.4	-8.7	-4.9
Slovak Republic	0.8	0.5	-2.0	-1.8	-2.0	-1.0	-0.7	-1.7	-1.9	-1.9	-3.3	-4.0	-4.4	-4.0	-5.7	-2.1	-2.2	0.0	1.4	2.4
Slovenia	..	..	0.1	0.1	-0.2	-0.9	-0.6	0.0	0.2	-0.2	-0.9	-0.6	-1.0	-2.3	-3.8	-0.6	-0.4	-0.5	0.4	0.7
Spain	-6.5	-1.7	-1.5	-0.6	-7.2	-17.9	-23.0	-24.0	-22.5	-31.1	-54.9	-83.1	-111.1	-144.6	-154.6	-69.9	-62.8	-52.6	-12.2	2.0
Sweden	2.5	8.4	9.7	10.3	9.7	10.4	9.3	8.4	9.5	22.1	23.7	25.0	33.7	43.0	43.2	28.6	32.0	38.9	34.2	34.4
Switzerland	16.9	20.7	21.1	24.6	25.2	29.0	30.1	21.0	24.8	43.4	48.7	52.4	58.5	39.1	8.6	54.8	80.3	94.6	99.4	105.4
Turkey	2.6	-2.3	-2.4	-2.7	2.0	-0.9	-9.9	3.8	-0.6	-7.5	-14.4	-22.3	-32.3	-38.4	-41.5	-13.3	-46.7	-76.6	-73.3	-79.2
United Kingdom	-10.4	-14.3	-9.8	-1.4	-5.4	-35.2	-38.9	-30.3	-27.5	-30.0	-45.5	-59.1	-79.6	-69.4	-35.8	-31.4	-75.2	-46.3	-52.3	-25.3
United States	-121.6	-113.6	-124.8	-140.7	-215.1	-301.7	-416.3	-396.6	-457.2	-519.1	-628.5	-745.8	-800.6	-710.3	-677.1	-376.6	-470.9	-473.4	-583.6	-697.9
Euro area	17.1	44.3	71.3	90.5	51.6	21.6	-39.4	3.0	44.1	42.3	110.9	39.2	35.4	24.1	-93.3	21.1	43.3	62.5	130.7	193.9
Total OECD	-20.0	21.4	-14.0	29.3	-32.8	-181.9	-342.3	-288.8	-293.9	-308.7	-314.1	-513.0	-586.3	-529.0	-678.1	-193.6	-254.0	-288.8	-374.4	-389.0

Note: Balance-of-payments data in this table are based on the concepts and definition of the International Monetary Fund, Fifth Balance of Payments Manual.

1. Including Luxembourg until 1994.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932637310

Annex Table 51. **Current account balances as a percentage of GDP**

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	-4.4	-4.9	-3.4	-2.8	-4.6	-5.2	-3.8	-2.0	-3.6	-5.3	-6.1	-5.7	-5.3	-6.2	-4.3	-4.2	-2.8	-2.2	-3.9	-4.7
Austria	-0.8	-2.9	-2.9	-2.5	-1.6	-1.7	-0.7	-0.8	2.7	1.7	2.2	2.2	2.8	3.5	4.9	2.7	3.0	1.9	2.2	2.5
Belgium[1]	6.1	5.6	5.2	5.7	5.4	5.3	4.2	3.5	4.8	4.3	3.6	2.7	2.0	1.7	-1.6	-1.7	1.3	-0.8	-0.5	-0.3
Canada	-2.3	-0.8	0.5	-1.3	-1.2	0.3	2.7	2.3	1.7	1.2	2.3	1.9	1.4	0.8	0.3	-3.0	-3.1	-2.8	-2.4	-2.3
Chile	..	..	-4.0	-4.4	-5.0	0.0	-1.3	-1.7	-0.9	-1.1	2.6	1.5	4.6	4.1	-3.4	2.0	1.5	-1.3	-2.0	-0.1
Czech Republic	-1.7	-2.4	-6.4	-6.0	-2.0	-2.4	-4.6	-5.1	-5.3	-6.0	-5.0	-1.0	-2.0	-4.3	-2.1	-2.4	-3.8	-2.6	-0.2	-1.6
Denmark	1.5	0.7	1.4	0.4	-0.9	1.9	1.6	2.6	2.9	3.4	2.3	4.3	3.0	1.4	2.6	3.5	5.5	6.5	5.4	5.4
Estonia	..	-4.2	-8.4	-11.1	-8.6	-4.3	-5.4	-5.2	-10.6	-11.3	-11.3	-10.0	-15.3	-16.0	-9.7	3.7	3.6	3.2	1.0	0.7
Finland	1.1	4.2	3.8	5.2	5.2	5.2	7.7	8.4	8.5	4.8	6.0	3.5	4.1	4.1	2.5	2.0	1.7	-0.6	-1.1	-0.7
France	0.6	0.7	1.3	2.6	2.6	3.2	1.4	1.8	1.2	0.8	0.5	-0.5	-0.6	-1.0	-1.8	-1.5	-1.8	-2.1	-1.9	-1.7
Germany	-1.4	-1.2	-0.6	-0.4	-0.8	-1.3	-1.8	0.0	2.0	1.9	4.6	5.0	6.2	7.5	6.2	5.9	6.0	5.7	5.4	5.5
Greece	-0.2	-2.5	-3.7	-3.9	-2.8	-5.6	-7.9	-7.3	-6.6	-6.6	-5.8	-7.6	-11.4	-14.6	-14.9	-11.1	-10.1	-9.8	-7.6	-6.5
Hungary	..	-3.3	-3.8	-4.3	-7.0	-7.8	-8.6	-6.1	-6.9	-8.0	-8.6	-7.4	-7.3	-7.2	-7.3	-0.2	1.2	1.3	2.7	3.8
Iceland	1.9	0.7	-1.8	-1.8	-6.8	-6.8	-10.2	-4.3	1.5	-4.8	-9.8	-16.2	-23.8	-15.7	-24.5	-11.7	-8.0	-7.1	-4.7	-1.1
Ireland	2.7	2.5	2.7	2.4	0.8	0.6	0.0	-0.6	-1.0	0.0	-0.6	-3.5	-3.5	-5.3	-5.6	-2.9	0.5	0.1	1.3	2.0
Israel	..	-5.2	-5.0	-3.1	-0.9	-1.5	-3.1	-1.5	-1.1	0.7	1.6	3.3	4.9	2.4	1.2	3.6	3.0	-0.1	-0.4	-1.2
Italy	1.3	2.0	3.2	2.8	1.6	0.7	-0.5	-0.1	-0.8	-1.3	-0.9	-1.6	-2.6	-2.4	-2.9	-2.0	-3.5	-3.1	-2.2	-1.7
Japan	2.7	2.1	1.4	2.2	3.0	2.6	2.5	2.1	2.8	3.2	3.7	3.6	3.9	4.8	3.3	2.8	3.6	2.1	1.6	1.9
Korea	-0.8	-1.5	-4.0	-1.3	12.0	5.3	2.8	1.7	1.3	2.4	4.5	2.2	1.5	2.1	0.4	3.9	2.9	2.4	1.5	1.6
Luxembourg	..	12.7	11.5	10.3	9.1	8.4	13.2	8.8	10.5	8.1	11.9	11.5	10.4	10.1	5.1	6.5	7.7	7.1	3.5	4.2
Mexico	-5.8	-0.4	-0.7	-1.6	-3.3	-2.5	-2.8	-2.5	-2.0	-1.0	-0.7	-0.7	-0.5	-0.9	-1.5	-0.6	-0.3	-0.8	-0.4	-0.4
Netherlands	5.2	6.2	5.0	6.6	3.3	4.0	2.0	2.6	2.6	5.6	7.9	7.5	9.3	6.7	4.2	4.1	7.1	9.2	9.0	9.7
New Zealand	-4.0	-5.0	-5.9	-6.2	-3.7	-6.1	-4.6	-2.3	-3.6	-3.9	-5.7	-7.9	-8.3	-8.2	-8.8	-2.6	-3.4	-4.1	-5.2	-6.2
Norway	3.0	3.6	6.9	6.3	-0.3	5.6	15.0	16.1	12.6	12.3	12.6	16.1	16.4	12.5	15.9	10.8	12.4	14.6	16.9	16.0
Poland	0.9	0.6	-2.1	-3.7	-4.0	-7.5	-6.1	-3.1	-2.8	-2.5	-5.2	-2.3	-3.8	-6.1	-6.5	-3.9	-4.6	-4.3	-4.4	-4.1
Portugal	-2.2	-0.1	-4.1	-5.9	-7.1	-8.7	-10.3	-10.3	-8.2	-6.4	-8.3	-10.3	-10.7	-10.1	-12.6	-10.9	-10.0	-6.4	-4.0	-2.2
Slovak Republic	4.9	2.6	-9.3	-8.5	-8.9	-4.8	-3.5	-8.3	-7.9	-5.9	-7.8	-8.5	-7.8	-5.3	-6.0	-2.6	-2.5	0.1	1.5	2.3
Slovenia	..	..	0.3	0.3	-0.7	-3.9	-3.1	0.2	1.1	-0.8	-2.6	-1.7	-2.5	-4.8	-6.9	-1.3	-0.8	-1.1	0.8	1.4
Spain	-1.2	-0.3	-0.2	-0.1	-1.2	-2.9	-4.0	-3.9	-3.3	-3.5	-5.2	-7.4	-9.0	-10.0	-9.6	-4.8	-4.5	-3.5	-0.9	0.1
Sweden	1.1	3.3	3.5	4.1	3.8	4.0	3.7	3.7	3.8	7.0	6.5	6.8	8.4	9.3	8.8	7.1	6.9	7.2	6.5	6.3
Switzerland	6.2	6.6	6.9	9.3	9.3	10.8	12.0	8.2	8.8	13.3	13.4	14.0	15.0	9.0	1.7	11.0	15.2	14.8	16.0	16.5
Turkey	2.0	-1.2	-1.0	-1.0	0.9	-0.6	-3.7	2.0	-0.3	-2.5	-3.7	-4.6	-6.1	-5.9	-5.5	-2.1	-6.3	-9.8	-8.9	-8.4
United Kingdom	-1.0	-1.2	-0.8	-0.1	-0.4	-2.3	-2.6	-2.1	-1.7	-1.6	-2.1	-2.6	-3.2	-2.5	-1.4	-1.5	-3.3	-1.9	-2.1	-1.0
United States	-1.7	-1.5	-1.6	-1.7	-2.4	-3.2	-4.2	-3.9	-4.3	-4.7	-5.3	-5.9	-6.0	-5.1	-4.7	-2.7	-3.2	-3.1	-3.7	-4.3
Euro area	0.3	0.6	1.0	1.4	0.8	0.3	-0.6	0.1	0.6	0.5	1.1	0.4	0.3	0.2	-0.7	0.1	0.4	0.5	1.0	1.5
Total OECD	-0.1	0.1	-0.1	0.1	-0.1	-0.7	-1.3	-1.1	-1.1	-1.0	-0.9	-1.4	-1.6	-1.3	-1.5	-0.5	-0.6	-0.6	-0.8	-0.8

1. Including Luxembourg until 1994.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932637329

Annex Table 52. **Structure of current account balances of major world regions**

$ billion

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Goods and services trade balance[1]																	
OECD	147	94	-47	-212	-183	-157	-211	-259	-442	-519	-411	-533	-92	-212	-342	-420	-406
China	43	44	31	29	28	37	36	49	125	209	307	349	220	223	188	174	154
Other industrialised Asia[2]	-1	61	82	75	74	92	94	80	83	108	122	47	93	81	80	36	34
Russia	9	12	33	52	39	37	49	72	105	126	113	155	93	123	162	192	158
Brazil	-19	-17	-8	-11	-8	6	16	26	32	32	20	3	-3	-22	-18	-23	-37
Other oil producers	49	-13	46	145	88	75	116	180	337	418	405	569	170	342	546	603	614
Rest of the world	-62	-75	-55	-49	-48	-37	-44	-63	-90	-119	-181	-259	-153	-161	-195	-211	-195
World[3]	166	107	82	28	-9	54	57	85	148	254	374	332	328	374	422	351	322
Investment income, net																	
OECD	-10	-18	-13	-6	11	-7	25	101	122	111	107	128	167	228	340	325	305
China	-11	-17	-14	-15	-19	-15	-8	-4	-16	-5	8	18	7	-26	-12	6	-1
Other industrialised Asia[2]	-8	-9	-16	-18	-13	-17	-13	-23	-34	-27	-26	-27	-24	-49	-62	-59	-62
Russia	-9	-12	-8	-7	-4	-7	-13	-13	-19	-29	-31	-49	-40	-49	-60	-59	-55
Brazil	-15	-18	-19	-18	-20	-18	-19	-21	-26	-27	-29	-41	-34	-39	-47	-48	-53
Other oil producers	3	3	2	-6	-10	-20	-25	-33	-40	-24	-29	-54	-44	-68	-80	-66	-72
Rest of the world	-28	-26	-27	-31	-30	-31	-38	-45	-48	-54	-68	-75	-68	-85	-101	-106	-113
World[3]	-77	-97	-96	-99	-84	-113	-91	-37	-60	-57	-69	-100	-35	-88	-23	-8	-50
Net transfers, net																	
OECD	-95	-108	-108	-120	-121	-124	-153	-187	-223	-216	-271	-301	-290	-318	-322	-297	-299
China	5	4	5	6	8	13	18	23	25	29	39	46	34	41	25	11	12
Other industrialised Asia[2]	11	7	15	16	17	20	27	24	34	41	53	66	66	68	76	83	90
Russia	0	0	1	0	-1	-1	0	-1	-1	-2	-4	-3	-3	-4	-3	-4	-4
Brazil	2	1	2	2	2	2	3	3	4	4	4	4	3	3	3	3	3
Other oil producers	-18	-18	-18	-19	-20	-20	-19	-19	-13	-7	-20	-30	-39	-40	-50	-57	-59
Rest of the world	35	39	40	46	52	58	68	79	90	105	121	140	134	140	149	151	151
World[3]	-61	-75	-64	-69	-63	-52	-57	-78	-85	-45	-77	-78	-95	-110	-122	-109	-106
Current balance																	
OECD	29	-33	-182	-342	-289	-294	-309	-314	-513	-586	-529	-678	-194	-254	-289	-374	-389
China	37	31	21	21	17	35	46	69	134	233	354	412	261	238	202	191	165
Other industrialised Asia[2]	-8	46	59	47	60	77	104	76	69	120	159	94	132	104	186	76	79
Russia	0	0	25	47	34	29	35	60	85	95	78	104	49	70	99	129	100
Brazil	-30	-33	-25	-24	-23	-8	4	12	14	14	2	-28	-24	-47	-53	-68	-87
Other oil producers	25	-33	23	114	54	31	69	126	283	386	356	486	87	234	392	456	459
Rest of the world	-55	-62	-42	-34	-26	-9	-13	-28	-46	-67	-126	-193	-85	-105	-145	-165	-156
World[3]	-1	-83	-122	-172	-172	-138	-63	0	26	195	293	197	225	240	392	245	170

Note: Historical data for the OECD area are aggregates of reported balance-of-payments data of each individual country. Because of various statistical problems as well as a large number of non-reporters among non-OECD countries, trade and current account balances estimated on the basis of these countries' own balance-of-payments records may differ from corresponding estimates shown in this table.

1. National-accounts basis for OECD countries and balance-of-payments basis for the non-OECD regions.
2. Dynamic Asian Economies (Chinese Taipei; Hong Kong, China; Malaysia; Philippines; Singapore; Vietnam and Thailand), India and Indonesia.
3. Reflects statistical errors and asymmetries. Given the very large gross flows of world balance-of-payments transactions, statistical errors and asymmetries easily give rise to world totals (balances) that are significantly different from zero.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932637348

Annex Table 53. **Export market growth in goods and services**

Percentage changes from previous year

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	10.3	12.6	9.9	6.8	-0.9	5.0	13.1	-0.1	6.0	8.8	13.4	9.7	9.6	8.0	5.5	-9.8	14.7	7.0	5.7	8.2
Austria	8.1	9.5	5.9	9.7	8.3	6.1	11.6	2.1	1.8	5.4	9.0	7.4	10.8	7.8	3.0	-11.4	11.7	6.1	3.7	6.3
Belgium	8.3	8.8	5.8	9.9	9.3	6.9	12.2	1.7	1.9	4.2	8.4	7.4	9.7	6.4	2.8	-10.9	10.9	5.4	3.3	5.9
Canada	11.2	8.0	8.9	12.6	10.2	10.3	13.0	-2.0	3.5	4.8	11.1	6.7	6.9	3.6	-1.2	-12.9	12.8	5.2	4.1	6.5
Chile	8.9	8.6	9.8	10.0	3.2	5.6	12.6	0.3	2.8	7.1	11.6	8.4	9.9	8.7	4.0	-9.9	15.4	6.8	4.8	7.7
Czech Republic	7.4	9.4	6.8	10.1	9.7	5.7	11.3	2.7	1.5	5.2	8.7	7.6	11.4	7.6	3.1	-11.9	11.6	6.0	3.6	6.0
Denmark	9.0	8.9	6.8	10.5	8.4	5.8	11.3	1.0	1.9	4.7	8.9	7.6	9.7	7.3	2.8	-11.8	11.5	5.4	3.2	6.0
Estonia	10.1	10.1	6.1	10.7	7.9	3.8	12.3	1.9	3.0	4.7	9.2	9.2	10.3	9.4	5.6	-14.3	10.9	5.7	3.7	5.7
Finland	9.4	11.5	6.2	9.9	5.7	3.5	12.7	2.3	3.6	6.4	10.8	9.5	11.4	10.5	4.8	-13.8	13.1	7.8	5.4	7.6
France	7.4	9.1	6.5	10.1	7.5	5.9	11.2	1.6	2.6	5.0	9.3	7.8	9.6	7.6	2.6	-11.2	10.9	4.8	2.9	6.0
Germany	8.4	9.8	6.9	10.3	7.6	5.5	12.4	1.8	3.1	4.8	9.5	7.7	9.3	7.8	2.3	-11.9	11.3	5.1	3.0	6.1
Greece	5.2	9.5	6.4	9.9	7.4	4.4	9.2	1.3	3.4	5.7	10.0	8.6	9.2	9.0	4.3	-11.5	10.7	6.0	3.8	6.3
Hungary	7.3	9.3	6.2	9.5	8.2	5.5	11.1	2.5	1.8	5.2	8.8	7.5	10.4	8.1	3.1	-11.7	11.0	5.9	3.4	6.0
Iceland	8.1	8.1	6.6	10.0	8.9	7.0	11.1	2.3	2.5	3.6	8.2	7.2	9.7	5.9	1.6	-11.6	9.6	4.4	2.3	5.2
Ireland	8.5	7.9	6.6	9.9	7.9	6.9	11.8	1.1	2.7	3.8	8.4	6.9	8.7	4.8	0.9	-11.4	10.8	4.4	2.5	5.3
Israel	9.5	9.5	7.7	10.9	7.2	7.0	13.0	-1.0	3.7	5.9	11.2	8.1	8.8	6.1	2.7	-11.4	13.6	6.2	4.2	7.0
Italy	7.3	9.3	6.9	10.0	7.8	5.8	11.7	1.8	2.8	5.2	9.7	8.1	9.7	8.6	3.4	-11.5	10.7	5.5	3.3	6.4
Japan	11.0	12.2	8.8	9.7	0.8	7.8	15.1	-1.3	7.3	9.6	14.1	9.0	9.8	8.5	3.4	-8.8	15.7	6.5	5.1	8.4
Korea	8.8	11.5	9.9	9.2	1.9	6.0	14.2	0.5	7.0	10.6	14.4	9.8	10.5	9.3	4.2	-8.0	15.5	7.2	5.4	8.7
Luxembourg	8.3	8.1	5.0	9.4	8.3	6.0	11.9	1.6	1.3	3.5	7.4	6.7	8.9	5.9	1.5	-11.1	10.4	4.8	2.3	5.4
Mexico	11.0	8.0	8.5	13.0	10.8	10.3	12.5	-2.2	3.1	4.7	11.1	6.6	6.6	3.6	-1.3	-13.1	12.6	5.2	4.0	6.4
Netherlands	8.1	8.5	5.8	9.7	8.0	5.9	11.9	1.6	2.0	4.3	8.5	7.3	9.6	6.8	2.4	-11.4	10.7	5.4	2.9	5.9
New Zealand	9.6	10.1	8.8	8.9	2.6	6.0	11.8	-1.1	5.9	7.5	12.5	8.6	8.7	8.6	5.2	-10.3	13.4	7.2	5.9	7.9
Norway	9.1	8.4	6.7	10.3	8.6	6.6	11.8	1.5	2.7	3.5	8.1	7.3	9.4	5.1	1.6	-11.7	10.8	4.7	3.0	5.3
Poland	8.1	9.9	5.5	9.4	8.1	5.3	11.5	2.9	2.0	5.2	8.8	7.7	10.9	8.3	3.6	-12.3	11.7	6.6	3.8	6.4
Portugal	8.0	8.8	6.4	10.5	9.5	7.2	11.4	2.5	2.6	4.4	8.6	7.7	9.2	7.3	0.9	-12.0	10.0	3.8	0.8	5.1
Slovak Republic	8.3	11.2	6.9	10.1	9.0	5.9	12.4	3.3	2.0	5.6	9.2	6.9	10.8	8.7	2.8	-11.6	11.9	6.3	3.1	6.1
Slovenia	7.5	9.9	4.8	9.3	8.0	4.7	11.0	3.2	1.9	5.2	8.7	7.5	10.4	9.0	3.7	-12.3	11.0	6.3	3.4	6.1
Spain	7.6	8.1	5.9	10.0	9.1	5.7	11.3	1.7	1.9	3.5	8.1	7.1	9.1	6.7	2.6	-11.1	10.3	4.4	2.6	5.4
Sweden	8.4	8.9	7.1	10.5	7.7	4.6	11.2	1.3	3.1	4.2	9.6	8.6	9.8	7.5	3.4	-11.8	10.8	5.2	3.6	6.1
Switzerland	8.1	9.2	6.3	9.7	7.5	6.4	11.8	1.3	2.3	5.3	9.3	7.6	9.7	7.3	2.6	-11.0	11.5	5.6	3.5	6.3
Turkey	3.9	8.1	5.2	9.5	7.2	4.6	10.2	3.0	3.1	5.0	9.4	9.1	10.0	10.3	4.9	-11.0	9.1	5.2	4.3	6.9
United Kingdom	8.3	9.6	6.7	10.3	8.2	6.5	12.4	0.9	2.8	4.7	9.8	8.2	8.8	7.8	2.9	-10.9	10.7	5.2	3.7	6.6
United States	8.7	6.8	8.9	10.8	4.2	6.3	12.6	-0.6	3.1	5.4	10.7	8.5	9.2	8.2	4.0	-11.6	14.0	6.2	4.6	7.2
Total OECD	8.2	8.7	7.3	10.3	6.6	6.4	12.4	0.7	3.3	5.5	10.2	8.0	9.4	7.5	2.8	-11.2	12.3	5.7	3.8	6.7
Memorandum items																				
China	9.2	10.5	8.3	9.0	2.8	6.1	12.8	-1.0	3.8	5.9	11.3	7.9	8.3	7.0	3.2	-12.3	13.1	6.0	4.8	7.1
Other industrialised Asia[1]	10.7	12.7	9.2	8.6	0.0	5.3	14.7	-0.7	6.5	9.4	14.1	9.2	9.7	8.2	4.1	-8.8	15.5	6.7	5.2	8.3
Russia	5.5	10.2	7.0	10.6	7.7	5.1	11.3	1.6	3.5	6.4	9.9	8.4	10.0	9.2	4.1	-10.1	11.4	5.6	3.5	6.4
Brazil	8.5	6.2	8.9	12.5	6.3	3.0	10.3	-0.6	-1.2	8.4	13.4	10.4	10.4	10.5	5.5	-11.7	14.8	7.8	5.3	7.2
Other oil producers	8.4	11.3	8.7	8.5	1.7	6.1	12.8	-0.1	4.7	7.1	11.5	8.3	9.0	8.1	3.4	-10.5	13.4	5.9	4.4	7.4
Rest of the world	5.4	9.1	6.8	10.2	6.1	3.7	11.5	1.6	3.5	6.3	11.1	9.4	10.3	10.0	5.3	-11.7	12.7	6.7	4.9	7.5

Note: Regional aggregates are calculated inclusive of intra-regional trade.

1. Chinese Taipei; Hong Kong, China; Malaysia; Philippines; Singapore; Vietnam; Thailand; India and Indonesia.

Source: OECD Economic Outlook 91 database.

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Annex Table 54. **Import penetration**

Goods and services import volume as a percentage of total final expenditure, constant prices

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	10.1	10.4	10.8	11.3	11.5	11.9	12.3	11.5	12.2	12.9	14.0	14.7	15.2	16.1	17.3	15.8	17.3	18.7	19.5	20.4
Austria	25.7	26.3	26.8	27.7	28.0	28.4	29.7	30.6	30.2	30.8	32.4	33.3	33.6	34.3	33.8	31.6	32.7	33.3	33.7	34.5
Belgium	35.9	36.2	36.8	37.9	38.7	38.5	40.4	40.2	40.0	40.0	40.6	41.5	42.0	42.5	43.0	41.0	42.5	43.2	43.2	44.1
Canada	24.6	25.1	25.8	27.6	27.8	28.2	28.8	27.3	27.1	27.5	28.5	29.4	29.8	30.6	30.8	28.3	30.3	31.2	31.7	32.6
Chile	..	..	18.9	19.7	20.2	19.0	19.8	19.9	19.9	20.8	22.4	24.2	25.1	26.8	28.3	25.1	28.9	30.6	30.9	31.6
Czech Republic	24.8	27.1	28.4	29.8	31.1	31.7	34.1	35.9	36.4	37.2	38.3	38.1	39.0	40.5	40.4	38.5	41.6	43.0	43.4	44.7
Denmark	22.0	22.7	22.8	23.8	24.9	25.1	26.7	27.0	28.3	27.9	28.9	30.6	32.6	33.2	34.1	32.6	33.1	34.0	34.4	35.2
Estonia	..	35.3	35.9	39.0	40.0	38.5	41.7	41.1	41.2	41.8	43.6	45.7	46.6	46.3	45.9	39.2	42.9	46.5	46.5	47.4
Finland	21.4	21.7	22.4	23.2	23.7	23.7	25.6	25.5	25.8	26.1	26.7	28.3	28.9	29.1	30.6	28.8	29.7	28.9	28.8	28.8
France	15.3	16.0	16.1	16.9	17.9	18.3	20.0	20.0	20.2	20.2	20.6	21.2	21.7	22.2	22.4	21.0	22.1	22.6	22.7	23.3
Germany	17.7	18.4	19.0	20.0	21.1	22.2	23.5	23.4	23.2	24.3	25.5	26.5	28.0	28.5	28.9	28.0	29.5	30.4	31.1	32.1
Greece	20.1	21.2	22.0	23.7	24.8	26.9	28.7	27.7	26.6	25.5	25.3	24.6	24.9	26.9	27.6	24.0	23.3	23.0	22.2	22.5
Hungary	..	24.3	25.7	28.7	31.8	33.5	35.9	36.2	36.7	37.9	39.8	40.5	43.0	45.9	47.0	44.8	47.6	48.8	49.8	51.2
Iceland	21.1	21.5	23.4	23.9	26.5	26.6	27.3	24.8	24.3	25.7	26.8	30.6	31.9	30.3	26.0	22.6	23.8	24.3	24.7	24.9
Ireland	33.2	34.3	35.3	36.3	40.0	40.3	42.4	42.8	41.9	40.4	41.5	42.2	42.6	43.3	43.2	42.8	43.5	42.8	42.6	43.0
Israel	..	28.1	28.4	28.5	28.0	30.4	31.0	29.8	29.6	29.1	30.5	30.1	29.6	30.8	30.5	27.2	28.6	29.8	30.0	31.0
Italy	15.5	16.3	16.1	17.1	18.0	18.4	19.5	19.4	19.4	19.7	20.1	20.6	21.6	22.1	21.8	20.3	22.0	22.1	22.0	22.5
Japan	8.2	8.9	9.8	9.8	9.3	9.6	10.3	10.4	10.4	10.6	11.1	11.4	11.7	11.7	11.9	10.8	11.4	12.0	12.2	12.5
Korea	20.1	21.9	23.1	22.9	19.7	21.8	23.9	22.3	23.4	24.9	26.1	26.8	27.9	29.1	29.6	28.0	29.9	30.4	30.9	31.8
Luxembourg	..	48.1	49.2	50.9	52.1	53.5	54.0	54.6	53.7	55.1	56.9	56.6	58.2	58.8	59.7	57.6	58.2	58.7	58.4	58.6
Mexico	14.2	13.0	14.6	16.2	17.6	18.9	21.1	21.0	21.3	21.1	22.2	23.1	24.3	25.0	25.3	22.8	25.2	25.7	26.0	26.5
Netherlands	29.3	30.6	30.9	32.4	33.3	34.2	35.9	36.0	36.1	36.4	37.2	37.9	39.1	39.5	39.7	38.6	40.6	41.1	42.3	43.2
New Zealand	21.1	21.7	22.4	22.2	22.4	23.6	22.9	22.8	23.7	24.3	26.4	26.9	25.9	27.1	27.7	24.4	26.0	26.9	27.1	28.0
Norway	17.9	18.1	18.5	19.4	20.2	19.7	19.5	19.5	19.4	19.4	20.2	21.0	22.1	23.3	24.0	21.9	23.4	23.6	23.5	23.8
Poland	15.5	17.5	20.1	22.1	24.3	23.7	25.4	24.4	24.7	25.6	27.0	27.5	29.6	30.9	31.1	28.3	30.2	30.5	31.0	31.5
Portugal	21.7	22.1	22.5	23.4	25.0	25.9	26.2	26.0	25.8	25.8	27.0	27.3	28.4	29.0	29.5	27.9	28.7	27.9	27.4	27.5
Slovak Republic	31.7	32.7	34.8	35.8	38.7	38.6	40.1	42.2	42.1	42.7	43.5	44.7	46.8	46.6	45.9	42.0	44.7	44.9	44.6	45.0
Slovenia	..	..	32.6	33.9	35.2	35.7	36.4	36.4	36.7	37.5	39.5	40.2	41.6	43.8	43.8	40.5	41.9	43.1	44.0	45.1
Spain	14.8	15.7	16.5	17.7	19.1	20.3	21.2	21.3	21.5	22.0	23.0	23.7	24.8	25.6	24.4	21.7	23.3	23.1	21.7	22.0
Sweden	22.9	23.5	23.8	25.5	26.8	26.8	28.2	27.5	26.9	27.2	27.5	28.2	29.2	30.3	31.2	29.0	30.3	30.7	31.0	31.5
Switzerland	23.8	24.5	25.1	26.2	27.1	27.6	28.9	29.1	28.8	29.1	30.1	30.9	31.5	32.1	31.7	30.9	31.8	31.8	31.8	32.6
Turkey	12.1	14.1	15.3	16.9	16.8	16.8	18.7	15.5	17.2	19.6	21.2	21.8	21.8	22.8	22.0	20.1	21.9	22.3	21.9	22.3
United Kingdom	17.6	17.9	18.9	19.7	20.6	21.1	21.8	22.1	22.6	22.3	23.0	23.9	25.2	24.4	24.4	22.8	23.9	24.1	24.3	24.4
United States	9.0	9.4	9.8	10.6	11.2	11.9	12.7	12.3	12.5	12.7	13.5	13.8	14.2	14.3	14.0	12.7	13.8	14.1	14.3	14.7
Total OECD	14.1	14.8	15.3	16.2	16.8	17.5	18.6	18.4	18.5	18.8	19.7	20.3	21.1	21.5	21.6	20.0	21.3	21.8	22.0	22.6

Note: The OECD aggregate is calculated inclusive of intra-regional trade as the sum of import volumes expressed in 2005 $ divided by the sum of total final expenditure expressed in 2005 $.

Source: OECD Economic Outlook 91 database.

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Annex Table 55. **Quarterly demand and output projections**

Percentage changes from previous period, seasonally adjusted at annual rates, volume

	2011	2012	2013	2011	2012				2013				2011	2012	2013
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 / Q4		
Private consumption															
Canada	2.2	2.4	2.9	2.9	1.9	2.6	2.6	2.8	3.0	3.0	3.0	3.0	1.8	2.5	3.0
France	0.3	0.6	1.0	0.4	0.8	0.6	3.1	-1.0	0.8	1.2	1.6	1.8	-0.4	0.9	1.4
Germany	1.4	1.1	1.7	-0.8	0.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7	0.8	1.4	1.7
Italy	0.2	-1.6	-1.0	-2.8	-1.8	-1.2	-0.5	-2.0	-0.8	-0.8	-0.8	-0.4	-1.1	-1.4	-0.7
Japan	0.1	2.2	1.2	1.4	4.3	0.6	0.9	1.2	1.2	1.3	1.4	1.5	0.6	1.7	1.4
United Kingdom	-1.2	0.8	1.4	1.7	0.4	1.0	2.6	1.6	1.2	1.2	1.2	1.2	-1.2	1.4	1.2
United States	2.2	2.3	2.6	2.1	2.9	2.4	2.5	2.5	2.5	2.6	2.8	2.8	1.6	2.6	2.7
Euro area	0.2	-0.5	0.3	-1.8	-0.6	-0.6	0.4	-0.2	0.1	0.6	0.9	1.2	-0.7	-0.2	0.7
Total OECD	1.6	1.5	2.0	0.8	1.8	1.4	1.9	1.9	2.0	2.2	2.3	2.4	1.0	1.7	2.2
Public consumption															
Canada	1.2	0.2	-0.5	0.1	-0.3	-0.3	-0.3	-0.5	-0.5	-0.5	-0.5	-0.5	0.9	-0.4	-0.5
France	0.9	0.9	0.2	1.1	0.9	1.2	0.4	0.2	0.0	0.0	0.0	0.0	1.0	0.7	0.0
Germany	1.4	1.0	1.3	0.2	0.4	0.8	1.0	1.1	1.3	1.4	1.6	1.6	1.6	0.8	1.5
Italy	-0.9	-1.1	-1.1	-2.7	-0.4	0.4	0.0	-2.0	-1.2	-1.2	-1.2	-1.2	-1.4	-0.5	-1.2
Japan	2.0	1.8	0.1	1.5	2.8	1.9	1.1	0.2	-0.1	-0.4	-0.3	-0.4	1.8	1.5	-0.3
United Kingdom	0.1	-0.7	-1.8	2.2	-1.2	-1.6	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	0.3	-1.6	-1.8
United States	-1.2	-1.3	-0.1	-4.2	-2.1	1.0	-0.5	0.3	-0.1	-0.3	-0.4	-0.4	-1.7	-0.3	-0.3
Euro area	0.0	-0.8	-0.5	-1.3	-0.8	-0.8	-0.8	-0.9	-0.4	-0.3	-0.2	-0.2	-0.3	-0.8	-0.3
Total OECD	0.1	-0.2	0.0	-1.8	0.0	0.4	-0.2	-0.1	-0.1	0.0	0.0	-0.1	-0.4	0.0	-0.1
Business investment															
Canada	13.7	7.1	7.2	8.1	6.5	7.6	7.8	7.5	7.0	7.0	7.0	7.0	9.9	7.3	7.0
France	4.0	0.9	4.0	7.8	-5.5	2.4	2.8	3.2	4.1	4.9	4.9	5.3	3.7	0.7	4.8
Germany	7.5	3.0	4.6	2.9	1.6	3.6	4.1	4.3	4.7	4.9	5.3	5.7	4.9	3.4	5.1
Japan	1.0	1.3	5.4	20.7	-13.9	3.3	3.7	5.2	5.5	6.2	6.4	7.0	4.5	-0.8	6.3
United Kingdom	1.2	1.8	5.3	-12.7	-2.0	1.6	3.2	5.3	5.7	6.1	6.6	7.0	1.6	2.0	6.3
United States	8.8	5.4	7.3	5.2	-2.1	6.1	7.3	7.3	7.4	7.4	7.4	7.4	8.2	4.6	7.4
Total investment															
Canada	6.9	3.9	5.0	1.7	4.6	5.2	5.4	5.1	4.8	4.8	4.8	4.9	4.1	5.1	4.8
France	2.9	0.6	1.7	4.9	-3.4	0.6	0.7	0.9	1.6	2.7	2.7	3.0	3.2	-0.3	2.5
Germany	6.6	2.0	3.7	4.6	-0.6	3.1	2.8	3.4	3.8	4.0	4.4	4.7	5.6	2.2	4.2
Italy	-1.2	-4.7	-0.8	-9.1	-6.6	-3.2	-2.0	-0.8	-0.8	0.0	0.0	0.0	-3.1	-3.2	-0.2
Japan	0.5	2.3	2.8	10.3	-6.0	4.7	3.9	2.6	2.0	2.4	2.7	3.3	3.2	1.2	2.6
United Kingdom	-1.2	-0.9	2.8	-2.2	-4.9	0.4	1.7	2.9	3.0	3.3	3.6	3.9	-1.0	0.0	3.4
United States	3.7	4.4	6.3	4.2	-0.5	5.0	6.3	6.1	6.3	6.5	6.6	6.6	3.9	4.2	6.5
Euro area	1.5	-1.8	1.3	-2.2	-3.8	-1.3	-0.3	0.9	1.4	2.2	2.5	2.9	0.7	-1.2	2.2
Total OECD	3.2	2.2	4.2	1.8	-0.3	3.0	3.7	4.0	4.2	4.5	4.7	5.0	2.6	2.6	4.6

Note: The adoption of national accounts systems SNA93 or ESA95 has been proceeding at an uneven pace among OECD member countries, both with respect to variables and the time period covered. As a consequence, there are breaks in many national series. For further information, see table "National Accounts Reporting Systems, base years and latest data updates" at the beginning of the Statistical Annex.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932637405

Annex Table 55. **Quarterly demand and output projections** ***(cont'd)***

Percentage changes from previous period, seasonally adjusted at annual rates, volume

	2011	2012	2013	2011	2012				2013				2011	2012	2013
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Q4 / Q4	
Total domestic demand															
Canada	3.2	2.0	2.7	1.0	2.2	2.8	2.6	2.6	2.7	2.7	2.7	2.7	2.5	2.6	2.7
France	1.7	0.0	0.9	-2.5	0.5	0.8	2.0	-0.3	0.8	1.2	1.4	1.6	0.3	0.7	1.2
Germany	2.4	1.2	2.0	0.3	0.5	1.8	1.8	1.9	2.0	2.1	2.2	2.3	1.8	1.5	2.1
Italy	-0.8	-2.9	-0.9	-5.5	-3.2	-1.3	-0.9	-1.4	-0.9	-0.7	-0.7	-0.5	-3.3	-1.7	-0.7
Japan	0.1	2.3	1.3	1.9	3.6	0.7	1.1	1.2	1.3	1.4	1.3	1.5	0.5	1.7	1.4
United Kingdom	-0.9	0.2	0.9	-1.9	-0.2	0.5	1.5	1.0	0.8	0.8	0.9	0.9	-0.7	0.7	0.9
United States	1.6	2.3	2.7	3.1	2.1	2.4	2.7	2.7	2.7	2.7	2.9	2.9	1.5	2.5	2.8
Euro area	0.6	-1.2	0.3	-3.1	-1.2	-0.7	0.0	-0.1	0.2	0.7	1.0	1.2	-0.7	-0.5	0.8
Total OECD	1.5	1.3	2.0	0.5	1.4	1.4	1.8	1.9	2.0	2.2	2.4	2.5	0.9	1.6	2.3
Export of goods and services															
Canada	4.4	5.2	6.2	4.6	3.5	4.5	5.5	6.0	6.5	6.5	6.7	6.8	4.5	4.9	6.6
France	5.0	3.7	6.3	4.6	1.2	3.6	4.9	6.1	6.6	6.9	7.1	7.3	4.6	4.0	7.0
Germany	8.4	4.4	6.2	-3.0	5.4	3.6	4.9	6.1	6.3	6.8	7.2	7.5	6.3	5.0	6.9
Italy	6.3	2.3	4.4	0.1	0.4	2.0	3.2	4.1	4.9	5.1	5.2	5.3	3.0	2.4	5.1
Japan	0.0	2.3	6.5	-11.8	2.0	3.5	5.0	6.5	6.7	7.0	7.5	8.0	-1.6	4.2	7.3
United Kingdom	4.6	1.9	5.3	6.4	-0.8	3.2	4.9	5.2	5.5	5.7	5.9	5.9	0.7	3.1	5.8
United States	6.7	4.9	6.7	2.7	5.4	6.0	6.0	6.1	7.0	7.1	7.1	7.1	4.7	5.9	7.1
Total OECD[1]	6.0	3.9	6.3	-0.8	4.9	4.5	5.4	6.0	6.4	6.7	6.9	7.1	3.5	5.2	6.8
Import of goods and services															
Canada	6.5	4.3	6.3	2.2	4.4	5.8	6.0	6.2	6.4	6.4	6.6	6.8	5.3	5.6	6.5
France	4.7	1.3	4.7	-5.6	2.8	3.2	7.4	1.2	4.3	5.8	6.4	6.7	0.8	3.6	5.8
Germany	7.5	4.7	6.7	-1.1	2.6	5.7	5.6	6.6	6.9	7.2	7.3	7.4	6.4	5.1	7.2
Italy	1.0	-2.0	2.4	-9.8	0.4	2.2	2.0	2.3	2.5	2.6	2.5	2.5	-7.2	1.7	2.5
Japan	5.8	3.8	4.9	4.3	-0.5	3.0	4.0	4.6	5.0	5.2	5.5	6.0	5.8	2.8	5.4
United Kingdom	1.2	1.5	2.3	3.6	0.8	1.6	2.0	2.0	2.2	2.6	2.8	3.0	-1.3	1.6	2.6
United States	4.9	3.9	6.2	3.7	4.3	4.3	6.0	6.4	6.4	6.4	6.4	6.4	3.6	5.2	6.4
Total OECD[1]	5.0	2.7	5.6	-2.8	4.3	4.0	5.0	5.3	5.6	6.0	6.2	6.3	1.8	4.7	6.0
GDP															
Canada	2.5	2.2	2.6	1.8	1.9	2.4	2.4	2.5	2.7	2.7	2.7	2.7	2.2	2.3	2.7
France	1.7	0.6	1.2	0.3	0.0	0.8	1.2	1.0	1.3	1.4	1.5	1.6	1.3	0.7	1.5
Germany	3.1	1.2	2.0	-0.7	2.0	1.0	1.6	1.9	2.0	2.1	2.4	2.5	2.0	1.6	2.2
Italy	0.5	-1.7	-0.4	-2.6	-3.2	-1.3	-0.6	-0.9	-0.2	0.0	0.1	0.4	-0.4	-1.5	0.0
Japan	-0.7	2.0	1.5	-0.7	4.1	0.8	1.2	1.4	1.5	1.6	1.6	1.8	-0.6	1.9	1.6
United Kingdom	0.7	0.5	1.9	-1.2	-0.7	1.0	2.4	2.0	1.9	1.8	1.9	1.9	0.5	1.2	1.9
United States	1.7	2.4	2.6	3.0	2.2	2.5	2.5	2.5	2.6	2.7	2.8	2.8	1.6	2.4	2.7
Euro area	1.5	-0.1	0.9	-1.5	0.0	-0.3	0.3	0.7	0.9	1.2	1.5	1.7	0.7	0.2	1.3
Total OECD	1.8	1.6	2.2	0.9	1.6	1.5	1.9	2.1	2.2	2.4	2.5	2.7	1.4	1.8	2.4

Note: The adoption of national accounts systems SNA93 or ESA95 has been proceeding at an uneven pace among OECD member countries, both with respect to variables and the time period covered. As a consequence, there are breaks in many national series. For further information, see table "National Accounts Reporting Systems, base years and latest data updates" at the beginning of the Statistical Annex.

1. Includes intra-regional trade.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932637405

Annex Table 56. **Quarterly price, cost and unemployment projections**

Percentage changes from previous period, seasonally adjusted at annual rates, volume

	2011	2012	2013	2011	2012				2013				2011	2012	2013
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 / Q4		
Consumer price index[1]															
Canada	2.9	2.3	2.2	2.9	2.4	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.7	2.3	2.2
France	2.3	2.4	1.8	3.7	2.4	2.3	1.4	2.6	2.1	1.3	1.3	1.3	2.7	2.2	1.5
Germany	2.5	2.3	2.0	2.6	2.3	2.2	2.0	1.9	1.9	1.9	2.0	2.0	2.6	2.1	2.0
Italy	2.9	3.3	2.3	6.9	2.5	2.4	1.7	6.2	1.3	1.3	1.3	1.3	3.7	3.2	1.3
Japan	-0.3	-0.2	-0.2	-0.7	2.3	-3.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.3	-0.2	-0.1
United Kingdom	4.5	2.6	1.9	4.3	1.3	2.1	2.0	1.9	1.8	1.8	1.8	1.8	4.7	1.8	1.8
United States	3.1	2.3	1.9	1.3	2.5	2.1	1.9	1.8	1.8	1.8	1.8	1.8	3.3	2.1	1.8
Euro area	2.7	2.4	1.9	3.8	2.3	2.1	1.6	2.6	2.0	1.6	1.4	1.4	2.9	2.2	1.6
GDP deflator															
Canada	3.3	2.2	1.8	4.5	1.5	1.7	1.7	1.7	1.8	1.9	2.0	2.0	3.1	1.6	1.9
France	1.6	1.3	1.4	2.3	0.4	1.6	1.1	1.9	1.6	1.1	1.0	1.0	1.9	1.2	1.2
Germany	0.8	1.4	1.9	0.8	1.6	1.3	1.9	1.9	1.9	2.0	2.0	2.0	1.0	1.7	2.0
Italy	1.3	0.9	1.6	0.0	0.7	1.0	1.2	4.3	1.0	1.0	1.0	1.0	1.4	1.8	1.0
Japan	-2.1	-0.9	-0.3	-1.0	-0.3	-1.1	-0.2	-0.3	-0.3	-0.2	-0.1	0.0	-1.8	-0.5	-0.2
United Kingdom	2.3	1.9	1.7	3.5	1.2	1.8	1.8	1.7	1.7	1.8	1.7	1.6	2.3	1.6	1.7
United States	2.1	1.6	1.6	0.9	1.5	1.4	1.6	1.6	1.6	1.6	1.6	1.6	2.2	1.5	1.6
Euro area	1.3	1.2	1.6	1.1	0.8	1.3	1.4	2.0	1.6	1.4	1.3	1.3	1.4	1.4	1.4
Total OECD	1.9	1.7	1.8	2.1	1.4	1.7	1.8	1.9	1.9	1.7	1.7	1.8	2.0	1.7	1.7
Unit labour cost (total economy)															
Canada	2.2	1.6	1.4	2.6	1.8	1.6	1.4	1.3	1.3	1.4	1.4	1.5	1.8	1.5	1.4
France	1.7	1.6	0.7	3.2	1.9	1.4	0.6	-2.4	1.4	1.7	1.6	1.6	2.4	0.4	1.6
Germany	1.3	1.9	1.2	4.3	1.0	2.3	1.7	1.4	1.3	0.9	0.6	0.5	2.1	1.6	0.8
Italy	1.2	3.0	1.6	3.3	5.9	4.5	3.1	2.4	0.8	0.5	0.8	1.2	0.9	4.0	0.8
Japan	1.0	-1.5	-0.7	1.9	-1.6	-1.9	-0.5	-0.6	-0.6	-0.6	-0.4	-0.5	1.1	-1.2	-0.5
United Kingdom	1.5	1.3	0.9	5.0	0.7	-0.6	-1.2	0.4	1.2	1.6	2.1	2.3	3.0	-0.2	1.8
United States	2.3	2.1	2.7	2.0	1.9	1.4	2.4	2.6	2.9	3.0	3.0	3.1	3.2	2.1	3.0
Euro area	0.8	1.3	0.8	2.5	1.0	2.0	1.3	0.3	0.9	0.7	0.6	0.5	1.2	1.2	0.7
Total OECD	1.6	1.6	1.4	2.4	2.0	1.1	1.3	1.2	1.5	1.5	1.6	1.6	2.2	1.4	1.6
				Per cent of labour force											
Unemployment															
Canada	7.5	6.9	6.6	7.4	7.4	6.8	6.8	6.8	6.7	6.6	6.5	6.4			
France	9.3	9.8	10.0	9.4	9.6	9.7	9.9	10.0	10.1	10.0	10.0	9.9			
Germany	5.7	5.4	5.2	5.4	5.4	5.4	5.4	5.4	5.3	5.3	5.2	5.2			
Italy	8.4	9.4	9.9	8.8	9.2	9.3	9.5	9.7	9.8	9.9	10.0	10.0			
Japan	4.6	4.5	4.4	4.5	4.6	4.5	4.5	4.5	4.4	4.4	4.3	4.3			
United Kingdom	8.1	8.6	9.0	8.4	8.3	8.5	8.7	8.9	9.0	9.0	9.0	8.9			
United States	8.9	8.1	7.6	8.7	8.2	8.1	8.0	7.9	7.8	7.7	7.5	7.4			
Euro area	10.0	10.8	11.1	10.4	10.6	10.8	10.9	11.1	11.1	11.1	11.1	11.0			
Total OECD	8.0	8.0	7.9	7.9	7.9	7.9	8.0	8.0	8.0	7.9	7.8	7.7			

Note: The adoption of national accounts systems SNA93 or ESA95 has been proceeding at an uneven pace among OECD member countries, both with respect to variables and the time period covered. As a consequence, there are breaks in many national series. For further information, see table "National Accounts Reporting Systems, base years and latest data updates" at the beginning of the Statistical Annex.

1. For the United Kingdom, the euro area countries and the euro area aggregate, the Harmonised Index of Consumer Prices (HICP) is used.

Source: OECD Economic Outlook 91 database.

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Annex Table 57. **Contributions to changes in real GDP in OECD countries**

	2010	2011	2012	2013		2010	2011	2012	2013
Australia					**France**				
Final domestic demand	3.5	4.1	3.9	4.3	Final domestic demand	0.8	1.0	0.7	0.9
Stockbuilding	0.6	0.3	0.0	0.0	Stockbuilding	0.7	0.8	-0.7	0.0
Net exports	-1.8	-2.6	-0.5	-0.6	Net exports	0.1	0.0	0.6	0.3
GDP	2.4	2.2	3.1	3.7	GDP	1.6	1.7	0.6	1.2
Austria					**Germany**				
Final domestic demand	0.9	2.0	1.0	1.1	Final domestic demand	1.5	2.2	1.2	1.9
Stockbuilding	0.7	1.4	0.2	0.0	Stockbuilding	0.6	0.0	-0.1	0.0
Net exports	0.8	0.4	-0.1	0.6	Net exports	1.4	0.8	0.1	0.0
GDP	2.5	3.0	0.8	1.6	GDP	3.6	3.1	1.2	2.0
Belgium					**Greece**				
Final domestic demand	1.1	1.7	0.3	1.0	Final domestic demand	-7.1	-10.4	-8.5	-3.0
Stockbuilding	0.0	0.8	0.1	0.0	Stockbuilding	0.4	1.1	-0.5	0.0
Net exports	1.2	-0.5	0.1	0.3	Net exports	3.0	2.4	4.0	1.7
GDP	2.2	2.0	0.4	1.3	GDP	-3.5	-6.9	-5.3	-1.3
Canada					**Hungary**				
Final domestic demand	4.6	3.1	2.3	2.7	Final domestic demand	-3.6	-1.0	-2.3	-0.1
Stockbuilding	0.6	0.2	-0.3	0.0	Stockbuilding	3.2	0.6	0.1	0.0
Net exports	-2.2	-0.8	0.2	-0.1	Net exports	1.8	2.2	1.6	1.3
GDP	3.2	2.5	2.2	2.6	GDP	1.2	1.7	-1.5	1.1
Chile					**Iceland**				
Final domestic demand	9.5	9.3	5.0	6.0	Final domestic demand	-2.4	3.6	3.8	2.9
Stockbuilding	4.1	-0.6	-1.0	0.0	Stockbuilding	-0.2	0.6	0.0	0.0
Net exports	-7.6	-2.8	-0.3	-0.9	Net exports	-1.5	-1.1	-0.7	-0.2
GDP	6.1	5.9	4.4	5.1	GDP	-4.0	3.1	3.1	2.7
Czech Republic					**Ireland**				
Final domestic demand	0.4	-0.8	-0.8	1.1	Final domestic demand	-4.9	-3.3	-1.5	-0.3
Stockbuilding	1.3	-0.1	-0.6	0.1	Stockbuilding	1.0	0.9	-0.9	0.0
Net exports	0.8	2.6	0.9	0.4	Net exports	3.7	4.7	2.7	2.3
GDP	2.6	1.7	-0.5	1.7	GDP	-0.4	0.7	0.6	2.1
Denmark					**Israel**				
Final domestic demand	0.3	-0.5	1.2	1.2	Final domestic demand	5.9	5.9	3.0	4.1
Stockbuilding	1.0	0.4	-0.2	0.0	Stockbuilding	-1.4	0.4	-0.1	0.0
Net exports	0.0	1.1	-0.2	0.2	Net exports	0.6	-1.7	0.0	-0.6
GDP	1.3	1.0	0.8	1.4	GDP	4.8	4.8	3.2	3.6
Estonia					**Italy**				
Final domestic demand	-3.1	7.6	5.4	3.0	Final domestic demand	0.9	-0.3	-2.1	-1.0
Stockbuilding	3.4	2.8	-1.5	0.1	Stockbuilding	1.2	-0.6	-0.8	0.0
Net exports	2.5	0.1	0.1	0.6	Net exports	-0.3	1.4	1.3	0.6
GDP	2.3	7.6	2.2	3.6	GDP	1.8	0.5	-1.7	-0.4
Finland					**Japan**				
Final domestic demand	2.2	2.9	1.3	1.6	Final domestic demand	2.0	0.5	2.2	1.3
Stockbuilding	0.9	1.4	0.5	-0.1	Stockbuilding	0.8	-0.5	0.1	0.0
Net exports	0.2	-0.3	-0.3	0.6	Net exports	1.7	-0.8	-0.3	0.2
GDP	3.7	2.9	0.9	2.0	GDP	4.5	-0.7	2.0	1.5

Note: The adoption of national accounts systems SNA93 or ESA95 has been proceeding at an uneven pace among OECD member countries, both with respect to variables and the time period covered. As a consequence, there are breaks in many national series. For further information, see table "National Accounts Reporting Systems, base years and latest data updates" at the beginning of the Statistical Annex. Totals may not add up due to rounding and/or statistical discrepancy.

Source: OECD Economic Outlook 91 database.

StatLink http://dx.doi.org/10.1787/888932637443

Annex Table 57. **Contributions to changes in real GDP in OECD countries *(cont'd)***

	2010	2011	2012	2013
Korea				
Final domestic demand	4.5	1.2	3.2	3.4
Stockbuilding	2.5	0.8	-0.2	0.0
Net exports	-0.6	1.8	0.3	0.6
GDP	6.3	3.6	3.3	4.0
Luxembourg				
Final domestic demand	1.8	2.4	1.1	1.6
Stockbuilding	2.2	0.6	-0.1	0.1
Net exports	-1.4	-1.5	-0.5	0.5
GDP	2.7	1.6	0.6	2.2
Mexico				
Final domestic demand	5.1	4.9	3.5	3.9
Stockbuilding	0.6	-0.9	0.5	0.0
Net exports	0.0	-0.1	-0.2	-0.1
GDP	5.5	4.0	3.6	3.8
Netherlands				
Final domestic demand	-0.4	0.6	-0.8	0.0
Stockbuilding	1.2	0.1	-0.5	0.0
Net exports	0.9	0.5	0.9	0.8
GDP	1.6	1.3	-0.6	0.7
New Zealand				
Final domestic demand	2.5	2.3	2.3	3.6
Stockbuilding	1.3	0.2	0.0	0.0
Net exports	-2.0	-0.9	-0.3	-0.8
GDP	2.4	1.3	1.9	2.8
Norway				
Final domestic demand	0.9	2.7	2.7	3.1
Stockbuilding	1.9	0.1	-0.1	0.0
Net exports	-2.1	-1.2	-0.4	-0.5
GDP	0.7	1.6	2.3	2.6
Poland				
Final domestic demand	2.6	3.4	2.6	2.7
Stockbuilding	1.9	0.2	-0.5	0.0
Net exports	-0.7	0.7	0.5	0.2
GDP	3.9	4.4	2.9	2.9
Portugal				
Final domestic demand	0.7	-5.7	-7.0	-3.1
Stockbuilding	0.1	-0.5	0.4	0.0
Net exports	0.6	4.4	3.5	2.1
GDP	1.4	-1.6	-3.2	-0.9
Slovak Republic				
Final domestic demand	2.3	0.4	0.9	1.4
Stockbuilding	1.8	-1.9	-1.1	0.1
Net exports	0.0	5.1	3.7	1.6
GDP	4.2	3.3	2.6	3.0
Slovenia				
Final domestic demand	-2.0	-2.6	-2.8	-1.2
Stockbuilding	1.9	1.0	-0.4	0.0
Net exports	1.5	1.4	1.2	0.8
GDP	1.4	-0.2	-2.0	-0.4
Spain				
Final domestic demand	-1.0	-1.7	-5.2	-2.4
Stockbuilding	0.0	0.0	-0.1	0.0
Net exports	0.9	2.5	3.7	1.6
GDP	-0.1	0.7	-1.6	-0.8
Sweden				
Final domestic demand	3.4	2.6	1.0	2.4
Stockbuilding	2.2	0.6	-0.3	0.0
Net exports	-0.1	0.7	-0.5	0.4
GDP	5.8	4.0	0.6	2.8
Switzerland				
Final domestic demand	2.6	1.6	1.4	1.8
Stockbuilding	-1.2	-0.7	-1.0	0.0
Net exports	1.3	1.0	0.4	0.1
GDP	2.7	1.9	0.9	1.9
Turkey				
Final domestic demand	10.0	9.6	2.2	5.4
Stockbuilding	2.1	-0.1	-0.5	0.0
Net exports	-4.3	-1.5	0.9	-0.7
GDP	9.2	8.5	3.3	4.6
United Kingdom				
Final domestic demand	1.6	-1.0	0.2	0.9
Stockbuilding	1.3	0.1	0.1	0.0
Net exports	-0.5	1.0	0.1	1.0
GDP	2.1	0.7	0.5	1.9
United States				
Final domestic demand	1.9	1.9	2.1	2.8
Stockbuilding	1.7	-0.2	0.3	0.0
Net exports	-0.5	0.0	0.0	-0.2
GDP	3.0	1.7	2.4	2.6
Euro area				
Final domestic demand	0.5	0.4	-0.8	0.3
Stockbuilding	0.7	0.2	-0.4	0.0
Net exports	0.7	1.0	1.1	0.6
GDP	1.9	1.5	-0.1	0.9
Total OECD				
Final domestic demand	2.1	1.6	1.3	2.1
Stockbuilding	1.2	0.0	0.0	0.0
Net exports	-0.1	0.2	0.3	0.1
GDP	3.2	1.8	1.6	2.2

Note: The adoption of national accounts systems SNA93 or ESA95 has been proceeding at an uneven pace among OECD member countries, both with respect to variables and the time period covered. As a consequence, there are breaks in many national series. For further information, see table "National Accounts Reporting Systems, base years and latest data updates" at the beginning of the Statistical Annex. Totals may not add up due to rounding and/or statistical discrepancy.

Source: OECD Economic Outlook 91 database.

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Annex Table 58. **Household wealth and indebtedness**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Canada												
Net wealth	507.0	502.2	503.2	512.7	516.1	518.1	534.5	545.5	548.5	538.9	551.2	546.4
Net financial wealth	239.1	240.1	235.5	231.4	224.0	214.6	216.5	217.9	210.6	204.0	211.8	206.0
Non-financial assets	267.9	262.0	267.7	281.3	292.1	303.5	318.0	327.7	337.9	334.8	339.4	340.4
Financial assets	353.2	352.7	349.6	348.5	344.7	338.9	345.9	349.6	347.9	345.3	360.4	356.5
of which: Equities	81.1	84.3	84.2	83.6	81.0	79.4	79.4	85.2	85.2	87.5	92.1	91.0
Liabilities	114.1	112.6	114.1	117.1	120.6	124.3	129.4	131.8	137.3	141.3	148.6	150.5
of which: Mortgages	71.8	69.6	69.6	71.2	73.2	75.9	79.1	80.7	84.7	87.6	92.3	94.3
France												
Net wealth	554.4	564.7	560.4	575.9	626.7	683.1	752.0	796.1	808.9	759.8	759.6	811.8
Net financial wealth	221.9	218.6	197.0	187.4	196.1	200.7	209.3	220.0	217.2	191.0	209.4	216.4
Non-financial assets	332.5	346.1	363.4	388.6	430.6	482.4	542.7	576.2	591.8	568.7	550.3	595.4
Financial assets	293.5	288.0	266.7	258.5	270.3	277.3	292.2	307.7	309.0	282.7	305.1	315.4
of which: Equities	93.9	91.4	74.5	65.5	72.4	75.3	80.9	92.7	91.1	65.9	76.6	80.4
Liabilities	71.6	69.4	69.6	71.1	74.3	76.6	82.9	87.7	91.8	91.7	95.7	99.0
of which: Long-term loans	54.2	53.9	54.1	55.1	57.8	61.0	66.3	70.6	74.5	77.9	..	..
Germany												
Net wealth	542.0	545.4	541.6	542.3	555.4	567.4	587.2	599.9	628.9	616.9	..	..
Net financial wealth	154.6	153.9	153.7	148.3	160.4	168.7	181.6	179.5	194.3	179.6	191.6	199.8
Non-financial assets	387.4	391.5	388.0	394.0	395.0	398.6	405.5	420.5	434.6	437.3	..	..
Financial assets	269.4	270.3	267.6	262.1	272.9	279.7	290.0	285.3	297.2	279.0	291.7	297.3
of which: Equities	74.9	76.4	72.7	58.3	64.1	64.3	71.6	67.4	70.6	50.6	53.5	56.8
Liabilities	114.8	116.4	114.0	113.9	112.5	111.0	108.3	105.9	103.0	99.4	100.1	97.5
of which: Mortgages	71.4	72.8	72.6	73.5	73.2	72.6	71.7	71.5	69.7	67.3	68.1	..
Italy												
Net wealth	738.4	760.5	739.4	758.7	778.4	804.2	836.8	856.2	854.7	853.7	878.8	872.1
Net financial wealth	317.4	329.6	305.1	301.1	296.2	306.1	316.4	313.1	291.8	282.5	282.5	273.9
Non-financial assets	421.1	430.9	434.3	457.6	482.2	498.0	520.4	543.1	562.9	571.2	596.3	598.2
Financial assets	366.4	384.3	360.9	359.4	357.7	371.7	387.0	388.6	371.6	364.1	369.1	363.4
of which: Equities	87.8	95.9	78.6	73.1	67.1	70.1	79.1	82.5	70.7	70.6	61.1	56.2
Liabilities	49.1	54.7	55.8	58.3	61.6	65.6	70.7	75.5	79.9	81.6	86.6	89.5
of which: Medium and long-term loans	27.3	30.0	31.4	33.4	35.4	38.6	42.2	45.5	48.6	49.2	52.9	55.0
Japan												
Net wealth	742.5	739.9	778.9	777.9	787.4	780.0	805.6	812.6	808.6	776.8	779.4	775.7
Net financial wealth	325.6	333.8	340.8	357.6	379.1	385.5	417.2	419.2	408.7	381.5	396.5	399.2
Non-financial assets	416.8	406.1	438.0	420.4	408.3	394.5	388.3	393.4	399.8	395.3	383.0	376.5
Financial assets	458.4	467.6	477.2	491.1	513.0	519.1	551.4	554.1	538.1	510.4	525.0	524.9
of which: Equities	45.4	41.2	31.8	29.9	41.9	48.9	77.3	77.0	55.6	34.6	34.9	38.1
Liabilities	132.8	133.8	136.3	133.5	133.9	133.6	134.1	134.9	129.4	128.9	128.5	125.7
of which: Mortgages[1]	58.6	60.7	62.8	62.7	64.1	64.4	64.8	66.0	65.3	65.7	66.2	65.4
United Kingdom												
Net wealth	769.1	768.2	714.3	716.2	749.3	798.6	829.5	870.4	899.7	755.9	803.5	822.9
Net financial wealth	410.2	380.3	323.5	261.1	266.4	270.6	305.3	312.3	307.6	244.3	287.5	299.6
Non-financial assets	358.9	387.9	390.8	455.2	482.9	528.0	524.2	558.1	592.1	511.6	515.9	523.3
Financial assets	523.9	497.4	445.0	395.0	411.5	430.6	468.0	488.6	490.7	422.5	458.5	464.8
of which: Equities	121.4	113.6	85.9	61.5	67.4	71.5	76.2	77.5	72.8	46.8	63.2	67.7
Liabilities	113.6	117.1	121.4	133.9	145.1	160.0	162.6	176.3	183.1	178.1	171.0	165.2
of which: Mortgages	82.7	85.4	88.5	97.2	106.9	119.2	121.5	130.6	138.1	136.3	133.0	..
United States												
Net wealth	627.0	584.1	556.8	516.4	564.3	603.1	647.4	658.0	625.5	475.8	510.9	526.2
Net financial wealth	408.0	355.3	317.3	268.7	304.9	326.4	342.2	360.1	357.2	254.0	290.9	316.2
Non-financial assets	219.0	228.8	239.5	247.8	259.4	276.7	305.2	298.0	268.3	221.8	220.0	210.0
Financial assets	507.7	456.0	421.9	378.3	422.6	450.5	473.6	495.5	494.8	383.1	421.1	440.6
of which: Equities	186.2	148.1	123.5	92.2	115.8	122.8	126.8	139.6	136.6	82.3	107.0	118.4
Liabilities	99.7	100.7	104.6	109.6	117.7	124.1	131.3	135.4	137.6	129.1	130.2	124.4
of which: Mortgages	66.7	67.3	71.2	77.0	84.2	90.0	97.6	101.4	103.1	97.0	97.7	91.5

Note: Assets and liabilities are amounts outstanding at the end of the period, in per cent of nominal disposable income.

For a more detailed description of the variables, see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*

1. Fiscal year data.

Sources: Canada: Statistics Canada; France: INSEE; Germany: Deutsche Bundesbank, Federal Statistical Office (Destatis); Italy: Banca d'Italia; Japan: Economic Planning Agency; United Kingdom: Office for National Statistics; United States: Federal Reserve.

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Annex Table 59. **House prices**

Percentage change from previous year

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Nominal																	
United States	2.9	3.5	3.4	5.2	4.8	6.3	7.6	6.3	6.2	9.3	11.3	7.3	1.3	-4.5	-4.8	-3.7	-3.5
Japan	-1.6	-1.8	-1.4	-1.7	-3.1	-3.8	-4.2	-4.6	-5.4	-6.1	-4.8	-3.0	-1.0	-1.6	-3.8	-3.7	-3.2
Germany	1.0	-0.9	-1.8	-1.9	1.9	0.0	0.0	-2.8	-0.9	-1.9	-2.0	0.0	1.0	0.6	0.5	2.6	5.4
France		-1.6	-0.3	2.0	6.9	8.7	7.9	8.6	11.9	15.1	15.4	12.0	6.5	0.9	-7.1	5.2	6.0
Italy	0.8	-3.3	-4.6	2.1	5.5	8.3	8.2	9.6	10.3	9.9	7.5	6.4	5.2	1.7	-3.7	-2.0	..
United Kingdom	0.7	3.7	8.7	11.5	10.9	14.9	8.2	16.1	15.7	11.9	5.5	6.3	10.9	-0.9	-7.8	7.2	-0.7
Canada	-4.6	0.1	2.9	-1.4	3.8	3.6	4.5	10.0	9.6	9.4	9.8	11.4	10.8	-1.3	4.5	6.9	7.1
Australia	1.2	0.8	4.0	7.3	7.2	8.3	11.2	18.8	18.2	6.5	1.5	7.8	11.3	4.4	3.4	12.1	-2.6
Belgium	4.5	2.2	2.4	6.3	7.1	5.4	4.8	6.4	6.9	8.7	12.7	11.8	9.2	4.9	-0.4	5.4	3.1
Denmark	7.6	10.7	11.5	9.0	6.7	6.5	5.8	3.6	3.2	8.9	17.6	21.6	4.6	-4.5	-12.0	2.8	-3.0
Finland						3.9	-1.4	6.0	6.3	8.1	8.0	6.4	5.5	0.6	-0.3	8.7	2.7
Greece	..	..	..	14.4	8.9	10.6	14.4	13.9	5.4	2.3	10.9	13.0	6.2	1.5	-4.3	-4.4	-5.5
Ireland	6.2	8.7	14.7	24.1	21.5	20.8	12.4	7.0	14.2	11.2	8.1	14.5	8.5	-5.9	-18.3	-13.1	-13.2
Korea	-0.1	0.7	3.0	-9.2	-1.3	1.8	3.9	16.7	9.0	1.1	0.8	6.2	9.0	4.0	0.2	2.4	5.3
Netherlands	7.0	10.7	12.0	10.9	16.3	18.2	11.1	6.4	3.6	4.3	3.8	4.6	4.2	3.0	-3.3	-2.0	-2.3
Norway	7.2	9.2	11.8	11.1	11.2	15.7	7.0	4.9	1.7	10.1	8.2	13.7	12.6	-1.1	2.0	8.2	8.0
New Zealand	9.3	10.3	6.1	-1.7	2.2	-0.4	1.8	10.2	19.6	17.9	13.5	10.5	10.9	-4.4	-1.6	1.9	1.1
Spain	3.5	2.6	4.2	4.9	7.0	7.5	9.5	16.9	20.0	18.3	14.6	10.0	5.5	0.2	-7.6	-3.6	-6.1
Sweden	0.3	0.8	6.6	9.5	9.4	11.2	7.9	6.3	6.6	9.3	9.0	12.2	10.4	3.3	1.6	7.8	0.7
Switzerland	-3.9	-5.3	-3.5	-0.9	-0.1	0.9	1.9	4.6	3.0	2.4	1.1	2.5	2.1	2.7	5.0	4.7	4.1
Real[1]																	
United States	0.7	1.3	1.5	4.2	3.1	3.7	5.6	4.9	4.1	6.5	8.1	4.4	-1.3	-7.5	-5.0	-5.4	-5.8
Japan	-1.3	-1.8	-2.6	-1.6	-2.5	-3.1	-3.2	-3.2	-4.4	-5.4	-4.2	-2.7	-0.3	-1.8	-1.4	-2.1	-2.1
Germany	-0.4	-1.8	-3.0	-2.4	1.5	-0.8	-1.8	-3.9	-2.5	-3.1	-3.6	-1.0	-0.4	-1.0	0.4	0.6	3.3
France		-3.3	-1.2	1.6	7.4	6.2	5.8	7.5	9.8	12.7	13.4	9.8	4.4	-2.0	-6.5	4.0	3.8
Italy	-5.0	-7.1	-6.7	0.3	3.6	4.8	5.4	6.5	7.3	7.1	5.2	3.8	2.9	-1.4	-3.6	-3.5	..
United Kingdom	-2.5	0.2	6.1	9.5	9.6	14.4	7.1	15.2	13.7	9.8	3.0	3.5	8.2	-4.2	-9.2	3.1	-4.5
Canada	-5.8	-1.5	1.3	-2.6	2.1	1.4	2.7	7.9	7.9	7.7	8.0	9.8	9.1	-2.8	4.0	5.5	5.0
Australia	-1.6	-1.4	2.2	5.8	6.1	4.7	7.5	15.6	15.9	5.3	-0.5	4.2	7.6	1.2	0.9	9.1	-5.1
Belgium	2.3	1.5	0.9	5.3	6.7	1.9	2.9	5.2	5.4	6.3	9.7	8.6	6.2	1.6	0.5	3.5	-0.1
Denmark	5.6	9.0	9.4	7.5	4.8	3.7	3.4	1.9	1.9	7.6	15.8	19.3	3.3	-7.0	-13.2	0.3	-5.4
Finland						-0.4	-3.7	3.7	6.9	7.7	7.2	4.9	3.2	-2.7	-1.5	6.6	-0.2
Greece	..	..	..	9.5	6.4	7.1	11.6	10.9	2.0	-0.6	7.2	9.1	2.8	-2.8	-4.9	-8.5	-8.3
Ireland	3.3	5.9	11.7	19.3	17.8	14.9	7.6	1.4	9.7	9.3	6.2	11.8	5.2	-8.7	-14.8	-11.2	-14.0
Korea	-6.2	-5.7	-3.1	-14.6	-3.9	-2.4	-0.5	13.2	5.6	-2.0	-1.4	4.6	6.9	-0.5	-2.3	-0.2	1.4
Netherlands	4.8	8.6	9.4	8.7	14.1	13.9	6.4	3.4	1.2	3.3	1.7	2.4	2.3	1.9	-2.8	-3.4	-4.5
Norway	4.7	7.9	9.2	8.4	9.0	12.5	4.8	3.5	-1.1	8.8	7.0	11.7	11.2	-4.4	-0.5	6.0	6.6
New Zealand	6.8	7.5	4.2	-3.7	1.5	-2.6	-0.4	8.0	18.6	16.2	11.1	7.3	9.2	-7.7	-3.9	0.7	-1.8
Spain	-1.3	-0.6	1.5	2.9	4.6	3.6	5.9	13.6	16.3	14.2	10.7	6.2	2.2	-3.2	-6.4	-5.9	-9.0
Sweden	-2.5	-0.1	5.2	9.0	7.7	10.3	5.7	4.7	5.0	8.2	7.9	11.0	9.0	0.2	-0.5	6.3	-0.6
Switzerland	-5.2	-6.5	-4.3	-0.8	-0.5	0.1	1.3	3.7	2.6	1.5	0.6	1.1	0.7	0.1	5.6	3.9	3.6

1. Nominal house prices deflated by the private consumption deflator.

Source: Various national sources and Nomisma, see table A.1 in Girouard, N., M. Kennedy, P. van den Noord and C. André, "Recent house price developments: the role of fundamentals", *OECD Economics Department Working Papers,* No. 475, 2006.

StatLink http://dx.doi.org/10.1787/888932637481

Annex Table 60. **House price ratios**

Long-term average = 100

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Price-to-rent ratio																	
United States	90.1	90.3	90.6	92.2	94.0	96.8	100.4	102.9	106.8	113.5	123.2	127.7	124.8	116.3	109.5	105.9	100.9
Japan	112.2	108.5	105.5	103.1	99.9	96.0	91.8	87.7	83.0	78.1	74.4	72.1	71.5	70.3	67.7	65.5	63.5
Germany	100.5	96.6	92.7	90.0	90.8	89.8	88.8	85.2	83.6	81.3	78.9	78.0	77.8	77.1	76.6	77.6	80.8
France		74.8	73.5	73.5	77.2	84.0	90.3	95.7	104.2	116.6	129.9	140.7	145.4	143.5	130.6	135.2	141.6
Italy	97.7	87.9	78.5	76.2	77.9	82.3	87.1	93.3	100.1	107.1	112.6	117.0	120.3	119.4	111.2	106.9	103.9
United Kingdom	69.3	68.7	71.9	77.5	83.4	92.9	97.3	110.0	125.2	136.9	140.2	145.0	155.4	148.4	133.4	140.0	134.6
Canada	88.3	88.5	91.3	89.7	92.1	93.4	95.3	103.1	110.1	117.8	126.3	135.8	144.6	137.6	142.1	151.0	159.5
Australia	83.7	81.8	82.7	86.1	90.0	94.5	101.9	118.2	137.1	142.5	141.5	147.7	155.9	151.1	146.3	157.2	146.4
Belgium	86.1	85.9	86.5	91.0	96.0	99.8	102.6	106.6	111.5	119.0	131.4	142.0	152.5	156.9	153.3	159.7	163.0
Denmark	75.1	82.0	89.1	95.3	99.0	102.7	105.9	106.9	107.5	113.9	130.6	155.6	159.5	148.6	127.0	126.9	119.4
Finland						102.5	97.5	103.9	111.0	119.0	125.1	127.5	126.8	122.3	126.5	136.6	134.5
Greece	..	..	74.0	79.6	82.9	88.2	97.1	105.3	105.5	102.5	109.0	118.0	119.9	117.1	108.2	101.0	94.7
Ireland	65.0	71.3	76.9	92.3	135.1	145.8	135.4	148.3	179.8	194.7	193.7	181.0	149.5	125.2	153.5	130.2	99.0
Korea	92.5	89.8	89.5	79.5	81.4	83.1	83.1	92.2	97.0	95.9	96.4	101.4	108.4	109.7	107.9	108.5	110.0
Netherlands	77.5	82.4	89.0	95.3	107.5	123.7	133.6	138.2	138.9	140.5	142.3	145.3	148.0	149.7	141.9	136.2	130.8
Norway	71.7	77.0	84.0	91.2	98.7	109.8	113.2	113.7	111.2	120.1	127.4	141.6	156.4	150.2	148.0	155.8	164.6
New Zealand	75.0	78.9	81.2	78.0	80.5	80.0	89.9	97.2	112.7	128.9	142.8	154.3	166.4	154.4	149.6	150.3	149.3
Spain	91.0	86.9	85.3	85.3	88.2	91.3	95.9	107.4	123.6	140.5	154.4	162.8	164.5	158.2	141.9	135.2	125.6
Sweden	64.4	62.6	64.7	70.3	76.9	85.1	90.3	94.0	97.7	103.6	110.3	122.7	133.3	134.3	132.2	140.3	138.1
Switzerland	91.9	85.9	82.5	81.7	81.1	80.6	79.9	82.7	85.0	85.9	85.7	86.1	85.9	86.1	88.2	91.3	93.8
Price-to-income ratio																	
United States	92.9	92.1	91.4	90.9	92.1	91.9	95.7	98.1	100.5	104.4	112.4	113.9	110.9	101.0	99.0	92.8	87.3
Japan	105.0	103.6	100.7	99.3	97.5	95.6	95.0	91.1	87.2	81.7	77.6	74.9	74.0	73.5	71.4	68.7	66.6
Germany	105.0	102.4	99.3	95.9	95.6	94.1	90.9	87.6	84.9	81.8	78.6	76.7	76.3	74.7	75.4	75.0	76.5
France		79.8	78.0	77.3	81.2	84.1	86.9	91.0	100.1	111.2	125.5	135.5	138.2	135.9	126.0	130.4	134.7
Italy	93.5	85.4	79.8	81.3	83.0	87.1	89.4	94.4	100.8	107.2	113.2	117.0	120.1	121.0	121.1	118.3	114.3
United Kingdom	73.7	71.8	73.5	78.6	84.2	92.3	94.2	106.3	117.7	129.4	131.5	135.5	145.9	139.1	123.5	128.0	123.8
Canada	96.1	95.7	96.2	91.8	91.6	89.3	90.2	96.8	103.1	107.9	114.5	119.9	127.1	120.1	125.4	129.3	135.5
Australia	88.9	85.7	86.3	90.9	93.4	95.2	98.8	114.8	129.2	130.3	126.2	128.6	130.5	130.2	126.5	138.6	128.1
Belgium	86.6	88.6	89.0	92.0	96.1	96.4	96.6	102.3	108.5	115.8	127.6	135.8	142.3	142.6	140.1	147.3	147.3
Denmark	76.0	82.1	90.3	94.8	103.6	107.2	107.3	107.5	107.3	112.6	128.0	150.5	155.9	146.1	127.2	123.5	117.3
Finland						96.9	90.6	92.1	93.2	96.0	102.2	104.9	104.9	100.1	97.2	101.5	100.3
Greece	..	..	76.7	81.9	87.6	94.2	101.2	109.8	107.3	103.8	109.7	114.2	107.8	107.6	99.6	98.6	100.7
Ireland	72.8	73.0	76.8	85.4	98.8	108.5	108.5	119.9	133.2	139.8	140.8	154.5	155.9	138.1	121.0	110.1	96.5
Korea	89.3	79.8	76.8	68.9	64.8	63.5	63.1	69.5	70.3	66.1	63.8	65.2	68.1	67.1	64.7	62.2	62.9
Netherlands	81.7	86.7	91.6	96.9	109.0	122.3	124.2	129.9	135.5	139.6	142.7	145.6	145.4	149.1	146.8	143.0	135.4
Norway	76.9	80.4	85.1	87.8	93.9	102.4	107.8	104.0	98.8	104.8	104.7	125.9	132.9	124.0	120.1	124.5	128.8
New Zealand	92.2	96.7	98.9	93.2	88.6	90.1	86.8	95.4	106.4	119.2	131.7	140.3	143.4	135.0	129.0	126.2	120.8
Spain	87.6	85.5	85.8	86.2	88.3	89.5	92.9	104.0	118.6	134.1	145.4	152.2	153.5	146.5	134.9	134.1	122.7
Sweden	75.9	76.6	81.1	87.0	91.2	95.8	95.3	97.1	101.3	109.0	115.8	124.7	129.6	128.0	125.7	133.3	129.5
Switzerland	94.4	89.8	85.1	82.4	80.2	77.8	77.2	81.7	85.1	85.2	84.1	83.1	81.5	82.5	86.8	91.9	93.5

Source: Various national sources and Nomisma, see table A.1 in Girouard, N., M. Kennedy, P. van den Noord and C. André, "Recent house price developments: the role of fundamentals", *OECD Economics Department Working Papers,* No. 475, 2006 and OECD estimates.

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Annex Table 61. **Maastricht definition of general government gross public debt**

As a percentage of nominal GDP

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Austria	64.3	66.8	66.0	66.7	66.3	65.3	64.9	64.2	62.3	60.3	64.2	69.6	71.8	72.2	75.5	76.9
Belgium	117.2	113.6	107.8	106.5	103.4	98.4	94.1	91.9	87.9	84.0	89.4	95.7	96.0	98.1	98.9	97.8
Czech Republic	14.5	15.9	17.8	23.9	27.1	28.6	29.0	28.4	28.2	27.9	28.7	34.3	38.1	41.2	43.5	45.5
Denmark	61.4	58.1	52.4	49.6	49.5	47.2	45.1	37.8	32.1	27.5	33.4	40.6	42.9	46.5	47.7	49.6
Estonia	6.0	6.5	5.1	4.8	5.7	5.6	5.0	4.6	4.4	3.7	4.5	7.2	6.7	6.0	8.7	8.8
Finland	48.4	45.7	43.8	42.5	41.5	44.5	44.4	41.7	39.7	35.2	34.0	43.5	48.4	48.6	50.6	53.2
France	59.5	58.9	57.3	56.9	59.0	63.2	65.1	66.7	63.9	64.2	68.3	79.3	82.7	86.2	91.6	93.5
Germany	60.5	61.4	60.2	59.1	60.7	64.4	66.5	68.7	68.0	65.1	66.8	74.5	83.2	81.4	82.7	82.0
Greece	95.4	94.9	104.4	104.7	102.6	98.3	99.8	110.0	107.7	107.5	113.0	129.4	145.0	165.4	163.3	168.5
Hungary	60.5	60.6	55.9	52.3	55.5	58.3	59.5	61.6	65.4	66.5	72.9	79.4	81.0	80.2	79.7	78.8
Ireland	53.0	48.0	37.5	35.2	31.9	30.7	29.4	27.2	24.7	24.8	44.2	65.1	92.5	108.2	115.7	120.9
Italy	114.3	113.2	108.4	108.2	105.2	103.8	103.6	105.4	106.0	103.1	105.8	116.0	118.7	120.0	123.1	122.5
Luxembourg	7.1	6.4	6.2	6.3	6.3	6.1	6.3	6.1	6.7	6.7	13.7	14.8	19.1	18.2	20.4	23.0
Netherlands	65.6	61.1	53.7	50.7	50.5	51.9	52.5	51.8	47.3	45.3	58.4	60.7	62.9	65.1	70.9	73.5
Poland	39.0	39.7	36.9	37.5	42.1	47.0	45.8	47.1	47.8	45.0	47.2	51.0	54.9	56.4	56.0	55.4
Portugal	50.3	49.4	48.4	51.1	53.7	55.7	57.5	62.5	63.7	68.3	71.6	83.1	93.4	107.8	114.5	120.3
Slovak Republic	34.5	47.8	50.3	48.9	43.4	42.4	41.5	34.2	30.5	29.6	27.9	35.6	41.1	43.3	48.6	50.6
Slovenia	23.1	24.1	26.3	26.5	27.8	27.2	27.3	26.7	26.4	23.1	21.9	35.3	38.8	47.6	51.5	54.4
Spain	64.2	62.4	59.4	55.6	52.6	48.8	46.3	43.1	39.6	36.2	40.2	53.9	61.2	68.5	81.1	84.1
Sweden	69.9	64.3	53.9	54.7	52.5	51.7	50.3	50.4	45.0	40.2	38.8	42.6	39.4	38.4	37.6	35.7
United Kingdom	46.7	43.7	41.0	37.7	37.5	38.7	40.6	42.2	43.2	44.0	52.6	68.2	75.7	82.9	89.6	94.1
Euro area	72.5	71.8	69.2	68.1	68.0	69.1	69.7	70.4	68.5	66.3	70.2	80.0	85.8	88.1	92.2	93.0

Note: For the period before 2010, gross debt figures are provided by Eurostat, the Statistical Office of the European Communities, unless more recent data are available, while GDP figures are provided by national authorities.This explains why these ratios can differ significantly from the ones published by Eurostat. For the projection period, debt ratios are in line with the OECD projections for general government gross financial liabilities and GDP.

Source: OECD Economic Outlook 91 database.

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Annex Table 62. **Macroeconomic indicators for selected non-member economies**

Calendar year basis

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Real GDP growth																
China	7.8	7.6	8.4	8.3	9.1	10.0	10.1	11.3	12.7	14.2	9.6	9.2	10.4	9.2	8.2	9.3
Brazil	0.1	0.3	4.3	1.3	2.6	1.2	5.7	3.2	3.9	6.1	5.2	-0.3	7.6	2.7	3.2	4.2
India	5.9	6.9	5.5	4.0	4.5	7.0	8.3	9.1	9.3	10.1	5.4	5.8	10.6	7.3	7.1	7.7
Indonesia	-13.1	0.8	4.9	3.6	4.5	4.8	5.0	5.7	5.5	6.3	6.0	4.6	6.2	6.5	5.8	6.0
Russian Federation	-5.3	6.4	10.0	5.1	4.7	7.3	7.2	6.4	8.2	8.5	5.2	-7.8	4.3	4.3	4.5	4.1
South Africa	0.5	2.4	4.2	2.7	3.7	2.9	4.6	5.3	5.6	5.5	3.6	-1.5	2.9	3.1	3.3	4.2
Inflation[1]																
China	-1.7	-2.2	-0.8	0.3	-0.7	1.1	3.8	1.8	1.7	4.8	5.9	-0.7	3.2	5.5	3.3	2.8
Brazil	3.2	4.9	7.0	6.8	8.5	14.7	6.6	6.9	4.2	3.6	5.7	4.9	5.0	6.6	4.9	5.3
India	13.2	4.7	3.9	3.7	4.5	3.7	3.9	4.0	6.3	6.4	8.3	10.9	12.0	8.9	7.8	7.1
Indonesia	58.4	20.5	3.7	11.5	11.9	6.8	6.1	10.5	13.1	6.4	10.2	4.4	5.1	5.4	5.9	5.2
Russian Federation	27.8	85.7	20.8	21.5	15.8	13.7	10.9	12.7	9.7	9.0	14.1	11.7	6.9	8.4	4.6	5.8
South Africa	..	..	..	5.7	9.2	5.9	1.4	3.4	4.6	7.1	11.0	7.1	4.3	5.0	5.6	4.7
Fiscal balance[2]																
China	-0.9	-1.6	-1.9	-1.6	-1.6	-1.2	-0.4	-0.2	0.5	2.0	0.9	-1.1	-0.7	0.1	-1.3	-0.9
Brazil	..	..	..	..	-4.4	-5.2	-2.9	-3.6	-3.6	-2.8	-2.0	-3.3	-2.5	-2.6	-3.2	-2.9
India	-8.3	-9.2	-9.2	-9.6	-9.4	-8.5	-7.4	-6.7	-5.7	-4.1	-7.2	-9.5	-8.2	-8.0	-7.9	-7.8
Indonesia	..	..	..	..	..	..	..	..	-0.9	-1.3	-0.1	-1.6	-0.7	-2.0	-2.0	-1.8
Russian Federation	..	..	..	..	-0.7	1.7	6.0	6.0	8.3	5.6	7.3	-4.3	-3.5	1.6	1.0	0.7
South Africa	-4.3	-3.0	-3.3	-2.0	-2.7	-3.7	-3.8	-2.0	-1.4	-0.8	-2.4	-5.5	-6.0	-5.7	-5.4	-4.7
Current account balance[2]																
China	3.1	1.9	1.7	1.3	2.4	2.8	3.6	5.9	8.6	10.2	9.1	5.2	4.0	2.8	2.3	1.7
Brazil	..	..	..	..	-1.2	0.7	1.8	1.6	1.3	0.1	-1.7	-1.4	-2.2	-2.1	-2.7	-3.2
India	-1.5	-0.7	-0.8	0.4	1.3	1.7	0.2	-1.2	-1.1	-0.6	-2.0	-2.5	-3.2	-3.2	-2.6	-2.9
Indonesia	4.1	3.8	4.9	4.3	4.0	3.5	0.7	0.1	3.0	2.4	0.0	1.9	0.7	0.2	-0.8	-1.3
Russian Federation	2.4	12.8	18.1	11.1	8.5	8.2	10.1	11.1	9.6	5.9	6.1	3.9	4.7	5.4	6.3	4.4
South Africa	-1.8	-0.5	-0.1	0.3	0.8	-1.0	-3.0	-3.5	-5.3	-7.0	-7.2	-4.0	-2.8	-3.3	-4.4	-5.2

1. Percentage change from previous period in the Consumer Price Index (CPI).
2. Percentage of GDP. Fiscal balances are not comparable across countries due to different definitions.

Source: OECD Economic Outlook 91 database.

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