

GERMANY

The fall in output accelerated at the beginning of 2009 and activity is expected to continue falling throughout 2009, though at a slowing pace. The annual decline in GDP growth is projected to amount to around 6% this year. Activity will slowly pick up in the course of 2010. Unemployment is projected to rise sharply, and firms have already reduced their labour input significantly by reducing working hours.

The main policy challenge is to prevent the rise in unemployment from turning into structural unemployment. In addition, given the deterioration in the fiscal outlook, the new fiscal rule will bolster credibility regarding medium-term consolidation.

Germany: Demand and output

	2005	2006	2007	2008	2009	2010
	Current prices € billion	Percentage changes, volume (2000 prices)				
Private consumption	1 323.0	1.2	-0.3	-0.1	0.4	-0.3
Government consumption	420.0	0.6	2.2	1.8	1.1	2.0
Gross fixed investment	388.9	8.5	4.5	3.6	-10.9	0.2
Public	30.9	3.8	4.4	4.4	-1.3	18.1
Residential	116.4	6.5	0.4	-0.1	-4.2	0.5
Non-residential	241.6	10.1	6.5	5.3	-15.2	-3.0
Final domestic demand	2 131.8	2.4	1.1	1.0	-1.8	0.2
Stockbuilding ¹	- 11.4	-0.1	0.1	0.5	0.1	-0.1
Total domestic demand	2 120.4	2.3	1.2	1.6	-1.7	0.1
Exports of goods and services	918.6	13.1	7.7	2.2	-18.9	0.9
Imports of goods and services	799.7	12.2	5.2	3.9	-10.8	0.9
Net exports ¹	118.9	1.0	1.4	-0.5	-4.5	0.0
GDP at market prices	2 239.3	3.2	2.6	1.0	-6.1	0.2
<i>Memorandum items</i>						
GDP without working day adjustments	2 243.2	3.0	2.5	1.3	-6.1	0.3
Investment in machinery and equipment	186.5	11.4	7.4	5.3	-17.3	0.0
Construction investment	202.3	5.8	1.9	2.0	-5.1	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.

Source: OECD Economic Outlook 85 database.