



OECD Economic Outlook

November 2012



OECD ECONOMIC OUTLOOK

92

NOVEMBER 2012

The OECD Economic Outlook is published on the responsibility of the Secretary-General of the OECD. The assessments given of countries' prospects do not necessarily correspond to those of the national authorities concerned. The OECD is the source of statistical material contained in tables and figures, except where other sources are explicitly cited.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

Please cite this publication as:

OECD (2012), *OECD Economic Outlook*, Vol. 2012/2, OECD Publishing.
http://dx.doi.org/10.1787/eco_outlook-v2012-2-en

ISBN 978-92-64-13062-3 (print)

ISBN 978-92-64-13063-0 (PDF)

Periodical: OECD Economic Outlook

ISSN 0474-5574 (print)

ISSN 1609-7408 (online)

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.

Corrigenda to OECD publications may be found on line at: www.oecd.org/publishing/corrigenda.

© OECD 2012

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.

TABLE OF CONTENTS

Editorial: The Policy Challenges: Now and In The Long Term	7
Chapter 1. General Assessment of the Macroeconomic Situation	11
Summary	12
Introduction	13
Key forces acting	14
The near-term projections and risks	28
Euro area vulnerabilities	43
Macroeconomic and financial policies	58
Chapter 2. Developments in Individual OECD Countries	73
United States	74
Japan	79
Euro Area	83
Germany	88
France	92
Italy	96
United Kingdom	100
Canada	105
Australia	109
Austria	112
Belgium	115
Chile	117
Czech Republic	120
Denmark	122
Estonia	125
Finland	127
Greece	130
Hungary	133
Iceland	136
Ireland	138
Israel	141
Korea	144
Luxembourg	146
Mexico	148
Netherlands	150
New Zealand	153
Norway	156
Poland	159
Portugal	161
Slovak Republic	164
Slovenia	167
Spain	170
Sweden	173
Switzerland	176
Turkey	178
Chapter 3. Developments in Selected Non-member Economies	181
Brazil	182
China	185
India	188
Indonesia	192
Russian Federation	194
South Africa	197
Statistical Annex	201
Boxes	
1.1. Spillovers from the euro area crisis on emerging market economies	15
1.2. Policy and other assumptions underlying the projections	29
1.3. Stall speeds	41
1.4. Policies to ease euro area rebalancing	44
1.5. Estimated additional capital needs in large euro area banks	51
1.6. A stylised downside scenario in the euro area	56
1.7. The redistributive impact of tax and transfer-based consolidation	66

Tables

1.1. The global recovery will gain momentum only slowly	14
1.2. Housing market developments remain mixed	23
1.3. OECD labour market conditions are diverging	35
1.4. World trade will strengthen only gradually	38
1.5. Fiscal positions will improve only slowly	62

Figures

1.1. OECD recoveries compared	15
1.2. Business sentiment is weak in many economies	19
1.3. Financial constraints on euro area business activity are elevated	20
1.4. Consumer confidence is soft	21
1.5. House price-to-rent ratios differ considerably across countries	24
1.6. Non-oil commodity price developments have diverged	24
1.7. Aggregate financial conditions have improved	25
1.8. The degree of stock market rebound differs	26
1.9. The cost of credit among euro area countries has diverged	27
1.10. Inflation pressures are likely to remain moderate	33
1.11. Actual and predicted changes in unemployment rates	34
1.12. Considerable labour market slack is set to persist	36
1.13. Little further progress in reducing global imbalances is foreseen	39
1.14. GDP growth and estimated stall speeds	40
1.15. Euro area unit labour costs are adjusting	48
1.16. Export market performance is improving in some countries	48
1.17. GDP growth in the baseline and a downside scenario	58
1.18. Expenditure versus revenue-based consolidation plans	64

This book has...
StatLinks 
**A service that delivers Excel® files
from the printed page!**

Look for the *StatLinks* at the bottom right-hand corner of the tables or graphs in this book. To download the matching Excel® spreadsheet, just type the link into your Internet browser, starting with the <http://dx.doi.org> prefix.

If you're reading the PDF e-book edition, and your PC is connected to the Internet, simply click on the link. You'll find *StatLinks* appearing in more OECD books.

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

	2012	2013	2014	2012	2013				2014				2012	2013	2014	
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 / Q4		
Per cent																
Real GDP growth																
United States	2.2	2.0	2.8	3.0	1.2	2.1	2.0	2.3	2.6	2.9	3.0	3.3	3.5	1.8	2.2	3.2
Euro area	-0.4	-0.1	1.3	-0.1	-1.3	-0.2	0.4	0.8	1.2	1.3	1.6	1.7	1.9	-0.5	0.6	1.6
Japan	1.6	0.7	0.8	-3.5	-0.4	1.5	1.9	1.9	2.7	2.8	-5.0	1.0	1.0	0.3	2.0	-0.1
Total OECD	1.4	1.4	2.3	1.1	0.5	1.5	1.8	2.1	2.3	2.5	1.9	2.7	2.8	1.0	1.9	2.5
Inflation ¹																
				year-on-year												
United States	1.8	1.8	2.0	1.5	1.8	1.5	1.8	1.9	1.8	2.0	2.0	2.0	2.0			
Euro area	2.4	1.6	1.2	2.5	2.1	1.8	1.7	1.6	1.4	1.4	1.3	1.2	1.2			
Japan	0.0	-0.5	1.3	-0.3	-0.2	-0.9	-0.7	-0.3	-0.3	-0.3	1.8	1.8	1.8			
Total OECD	2.1	1.7	1.9	2.0	2.0	1.7	1.8	1.8	1.7	1.8	2.0	2.0	2.0			
Unemployment rate ²																
United States	8.1	7.8	7.5	8.1	7.9	7.9	7.8	7.8	7.7	7.7	7.6	7.5	7.4			
Euro area	11.1	11.9	12.0	11.3	11.5	11.7	11.9	12.0	12.1	12.1	12.0	12.0	11.9			
Japan	4.4	4.4	4.3	4.2	4.4	4.4	4.4	4.3	4.3	4.3	4.3	4.3	4.3			
Total OECD	8.0	8.2	8.0	8.0	8.1	8.1	8.2	8.2	8.1	8.1	8.0	8.0	7.9			
World trade growth																
	2.8	4.7	6.8	1.5	3.6	5.0	5.7	6.3	6.6	6.9	7.2	7.3	7.3	3.2	5.9	7.2
Current account balance ³																
United States	-3.0	-3.0	-3.2													
Euro area	1.4	1.9	2.2													
Japan	1.1	1.2	1.5													
Total OECD	-0.6	-0.6	-0.6													
Fiscal balance ³																
United States	-8.5	-6.8	-5.2													
Euro area	-3.3	-2.8	-2.6													
Japan	-9.9	-10.1	-7.9													
Total OECD	-5.5	-4.6	-3.6													
Short-term interest rate																
United States	0.4	0.4	0.5	0.4	0.4	0.4	0.3	0.4	0.5	0.5	0.5	0.5	0.5			
Euro area	0.6	0.2	0.1	0.4	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1			
Japan	0.2	0.3	0.2	0.1	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2			

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 November 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 92 database.

EDITORIAL

THE POLICY CHALLENGES: NOW AND IN THE LONG TERM

After five years of crisis, the global economy is weakening again. In this we are not facing a new pattern. Over the recent past, signs of emergence from the crisis have more than once given way to a renewed slowdown or even a double-dip recession in some countries. The risk of a new major contraction cannot be ruled out. A recession is ongoing in the euro area. The US economy is growing but performance remains below what was expected earlier this year. A slowdown has surfaced in many emerging market economies, partly reflecting the impact of the recession in Europe.

The weaker outlook has several causes. A significant drop in confidence is a key driver. This takes place against a background of deleveraging, simultaneous fiscal consolidation across countries and a large multiplier, and weakening global trade. High and, in some countries, rising unemployment is further depressing confidence and spending.

Lack of confidence largely reflects insufficient or ineffective policy responses, both in terms of too little short-term action and a lack of credible long-term strategies. This, in turn, seems to be determined not so much by a lack of understanding of the policy requirements, but rather by failure to reach consensus on the policy response. The fiscal cliff and the debt ceiling in the United States, and the management of the euro area crisis are two cases in point. Policy challenges, both macroeconomic and structural, are present in emerging market economies as well, reflecting a range of country-specific conditions.

Failure to take sufficient action now could have significant consequences on the global outlook. If the fiscal cliff is not avoided, a large negative shock could bring the US and the global economy into recession. In the euro area, where the greatest threats to the world economy remain, progress in adjustment and in strengthening institutions has been significant over the recent past. However, challenging fiscal sustainability conditions in some countries risk sparking a chain of events that could considerably harm activity in the monetary union and push the global economy into recession, as described in a downside scenario in this *Economic Outlook*.

The crisis in the euro area is being sustained by three negative feedback loops that amplify shocks and interact. Solvency fears for banks and their sovereigns are feeding on each other due to government guarantees for banks and bank holdings of government bonds. The possibility of exit from monetary union pushes up yields, which in turn reinforces breakup fears. Worries about government debt are also driving up yields, which further weigh on debt dynamics. Against such a fragile background, it is not difficult to imagine a situation in which something goes wrong, for example a programme country is unable to deliver or the new EU rescue mechanisms cannot be deployed in time with sufficient impact. This would precipitate a deterioration in market risk assessments, inverting the positive trend which has emerged over recent months. In addition, rising unemployment could trigger reform fatigue and social resistance. The euro area, which is witnessing significant fragmentation pressures, could be in danger.

A positive policy response, avoiding the downside scenario and securing more sustainable growth, is possible. It should be based on the full use of available policy tools: monetary, fiscal, and structural.

The monetary policy stance should be further eased in many economies. Current policies in the United States are appropriate as the employment outlook is improving only slowly and inflation expectations are well anchored. Additional easing is required in the euro area, Japan and some emerging market economies, including China and India. In a longer-term perspective, however, it should be kept in mind that unconventional monetary stimulus, while necessary in the current situation, involves negative risks. Keeping long-term rates very low for a long period could delay necessary deleveraging and prompt excessive risk-taking and resource misallocation.

Excessive near-term fiscal consolidation should be avoided, given high fiscal multipliers at present. In the United States, budgetary tightening should proceed at a more measured pace than currently legislated, in the context of a detailed medium-term consolidation plan. This framework needs to be established. In the euro area, structural budgetary tightening should be limited to that embedded in current fiscal commitments, with the automatic stabilisers operating freely. To enhance credibility, this policy should be set out and communicated in a coordinated fashion. In the large majority of euro area countries, underlying budget positions by the end of the projection period will be consistent with declining debt-to-GDP ratios with a further positive impact on confidence.

In Japan, given the extraordinarily high sovereign debt ratio, a more detailed and credible medium-term fiscal consolidation programme needs to be established. High indebtedness limits the room for manoeuvre, in the event of a negative shock, to allow automatic stabilisers to work.

If serious downside risks were to materialise, further policy support would be essential. Lower interest rates, where possible, and much stronger additional quantitative easing would be warranted in major OECD economies. Temporary fiscal stimulus should be provided by countries with robust fiscal positions (including Germany and China). Most other economies should either slow planned budgetary consolidation or, in the case of those with very high debt levels or under intense market pressure, allow the automatic stabilisers to operate fully.

Structural policies have already been activated in many countries. These reforms should be fully implemented. They could begin delivering fruit sooner than expected in terms of higher growth, better employment performance, and sustainable current account rebalancing, especially in the euro area where ongoing rebalancing reflects cyclical weakness more than underlying structural adjustment. Ambitious reforms are needed in all countries to boost growth potential and make the adjustment more symmetric.

Strong institutions, such as independent fiscal councils or credible fiscal rules, can provide additional support. Indeed, the ongoing sovereign debt crisis suggests that countries with strong institutions can enjoy market confidence beyond what would be warranted by their fiscal policy performance alone.

Institution building is very relevant in the euro area, where the progress has been remarkable over the past two years. The establishment of a crisis management mechanism based on the OMT/ESM buys time, but also shows the resolve to address major weaknesses in the structure of monetary union. Markets have reacted positively to its establishment. Its effectiveness, however, will ultimately depend on the progress in reform implementation in countries that require assistance, as well as the willingness of creditor countries to agree on the use of common resources.

Progress towards a fully fledged banking union is essential to complete the architecture of the euro area and to facilitate disentangling sovereign and banking sector fragilities. This will involve supervision at euro area level, effective cross-border crisis resolution procedures, a common deposit guarantee mechanism, and a euro area fiscal backstop. Delays in putting the banking union in place could have negative consequences on the sustainability of the euro area. Furthermore, it remains essential to address in the coming years the capital shortage of euro area banks.

At the global level, stronger confidence and more sustained growth will require taking international spillovers more into account. This concern is at the heart of the G20 agenda, a key policy institution on issues such as global imbalances and the impact of monetary policies on capital flows and exchange rates. Indeed, the global nature of the current slowdown reminds us, once again, of the need to take interdependence and channels of transmission into serious consideration and shape the policy response accordingly.

Decisive policy action to deal with the immediate challenges is a necessary condition to lengthen the horizon for policy. Looking beyond the forecast interval presented in this *Economic Outlook*, the policy challenge is to guide the global economy forward towards a new long-term path. This requires a departure from the pre-crisis business as usual. In addition to repairing the financial system, policy will need to find ways to ensure environmental sustainability and to tackle rising inequality. New sources of growth, such as green growth and innovation in intangible assets, will have to play an increasingly important role.

Potential trade-offs between growth and equity, growth and sustainability, growth and environmental sustainability will have to be addressed. For example, as this *Economic Outlook* shows, the impact on inequality of fiscal consolidation can be significantly different according to the specific consolidation strategies that are put in place. Well-designed structural reform packages, together with credible fiscal consolidation, are key both in dealing with such trade-offs and in addressing imbalances that may be associated with long-term growth. Even as policy deals with the immediate challenges, there is no need to wait any longer for such long-term strategies that can and should be activated now.

27 November 2012



Pier Carlo Padoa
Deputy Secretary-General and Chief Economist

Chapter 1

GENERAL ASSESSMENT OF THE MACROECONOMIC SITUATION

Summary

- A hesitant and uneven recovery is projected over the next two years. Growth in the OECD area is set to be modest in the near term, with the euro area remaining in or close to recession until well into 2013. Headwinds stem from fiscal consolidation, household deleveraging in many countries and confidence at low levels. Although conditions differ by country, a quicker recovery is expected in the non-OECD area, in part reflecting the greater scope for policy stimulus.
- Outcomes could be considerably weaker, given high downside risks. It is assumed that policy actions will prevent destabilising euro area developments and disruptive fiscal consolidation in the United States. It is also assumed that there will be no major disturbance affecting oil prices and that prolonged sub-par growth will not make economies stall under the weight of confidence losses, rising uncertainty and declining spending.
- Further deterioration in OECD-wide labour market conditions is likely. Reflecting cross-country activity differences, unemployment will continue to rise in the euro area but decline in the United States. Structural reforms are essential to foster employment growth and prevent cyclical unemployment from becoming entrenched.
- High and rising economic slack will generate disinflationary pressures, but well-anchored inflation expectations should keep OECD area-wide inflation broadly stable, though this masks some decline in the euro area and fiscally induced increases in Japan.
- Accommodative monetary policies are warranted given the weak economic outlook. Current policies in the United States are appropriate, but additional easing is required in the euro area, Japan and some emerging market economies, including China.
- Fiscal consolidation is required in many countries but excessive tightening could be costly, given high fiscal multipliers at present. In the United States, budgetary tightening should proceed at a more measured pace than currently legislated, in the context of a detailed medium-term consolidation plan. In the euro area, structural budgetary tightening should be limited to that embedded in current fiscal commitments, with the automatic stabilisers operating freely. To avoid loss of credibility for individual countries acting alone, such a policy should be set and communicated in co-ordination.
- If serious downside risks were to materialise, further policy support would be essential. Lower interest rates, where possible, and much stronger additional quantitative easing would be merited in all economies. Temporary fiscal stimulus should be provided by countries with robust fiscal positions (including Germany and China). Most other economies should either slow planned budgetary consolidation or, in the case of those with very high debt levels or under intense market pressure, allow the automatic stabilisers to operate fully.
- The euro area crisis remains the greatest threat to the world economy at present, despite recent policy measures that have damped near-term pressures. Adjustment of deep-rooted intra-area imbalances has begun, but much more is needed to ensure long-term sustainability – helped by structural reform in both deficit and surplus countries. As well, more needs to be done to tackle adverse feedback loops between public finances, bank solvency and exit risks. In the long run this requires a fully-fledged banking union with common fiscal backstops. In the near term, direct ESM recapitalisation of banks should be undertaken where necessary, with vulnerable countries entering an EFSF/ESM programme that would allow sovereign bond purchases by the ECB if needed.

Introduction

The global recovery has stalled...

The global recovery has slowed markedly over the past year, with the fragilities apparent at the end of 2011 further accentuated by the recession in the euro area and the unexpectedly strong slowdown in many emerging market economies. The factors behind these developments include the negative spillovers from the euro crisis on global activity and confidence, prolonged deleveraging in the aftermath of the financial crisis, stronger effects from past policy tightening than anticipated and widespread uncertainty, not least about the future stance of fiscal policy but also about the extent of the slowdown in trend growth in some non-OECD economies. In OECD countries outside the euro area, following a pattern that has been common in past years, growth has fluctuated around a modest trend. In some of these economies there remains a risk that endogenous dynamic forces from high unemployment, excess inventories and weak confidence could further undermine activity. Overall, notwithstanding some recent signs of stabilisation, global prospects remain fragile, with strong downside risks, and are heavily dependent on the speed and decisiveness of policy actions.

... and growth is likely to remain subdued for some time

The baseline projection presented here rests on the assumption that policy actions will suffice to avert large adverse risks. Even so, only a hesitant and uneven recovery is projected to occur, with growth struggling to accelerate through 2013 and an unwelcome further deterioration in already-weak labour market conditions (Table 1.1). OECD growth is projected to be only modest in the near term, with growth holding up better in the United States than in Japan, where output has declined in the latter half of 2012 and where the likely resumption of growth will be modest as the boost from reconstruction efforts fades gradually. The euro area is projected to remain in or near recession until well into 2013 and fiscal headwinds and private sector deleveraging are expected to be sizable. Against this background, OECD unemployment could continue to rise until mid-2013 and drift down only slowly thereafter. Widening economic slack is putting downward pressure on inflation in the euro area but, as elsewhere, well-anchored inflation expectations help to moderate changes in inflation. Though differentiated in terms of pace and extent, the recovery in the key non-OECD economies is projected to be a little quicker than in the OECD area, in part reflecting the greater scope for policy stimulus to support activity in many of these countries. If key adverse risks cannot be averted, and especially if the euro area crisis were to intensify significantly, the likely outcome would be considerably weaker, potentially plunging the global economy into deep recession and deflation, with large additional rises in unemployment.

Table 1.1. **The global recovery will gain momentum only slowly**
OECD area, unless noted otherwise

	Average 2000-2009	2010	2011	2012	2013	2014	2012 Q4 / Q4	2013 Q4 / Q4	2014 Q4 / Q4
	Per cent								
Real GDP growth¹	1.7	3.0	1.8	1.4	1.4	2.3	1.0	1.9	2.5
United States	1.7	2.4	1.8	2.2	2.0	2.8	1.8	2.2	3.2
Euro area	1.3	1.9	1.5	-0.4	-0.1	1.3	-0.5	0.6	1.6
Japan	0.5	4.5	-0.7	1.6	0.7	0.8	0.3	2.0	-0.1
Output gap²	0.8	-2.7	-2.5	-2.9	-3.3	-2.9			
Unemployment rate³	6.5	8.3	8.0	8.0	8.2	8.0	8.1	8.1	7.9
Inflation⁴	2.5	1.9	2.6	2.1	1.7	1.9	2.0	1.7	2.0
Fiscal balance⁵	-2.8	-7.7	-6.5	-5.5	-4.6	-3.6			
<i>Memorandum Items</i>									
World real trade growth	4.9	12.8	6.0	2.8	4.7	6.8	3.2	5.9	7.2
World real GDP growth⁶	3.3	4.9	3.7	2.9	3.4	4.2	2.9	3.9	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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744109>

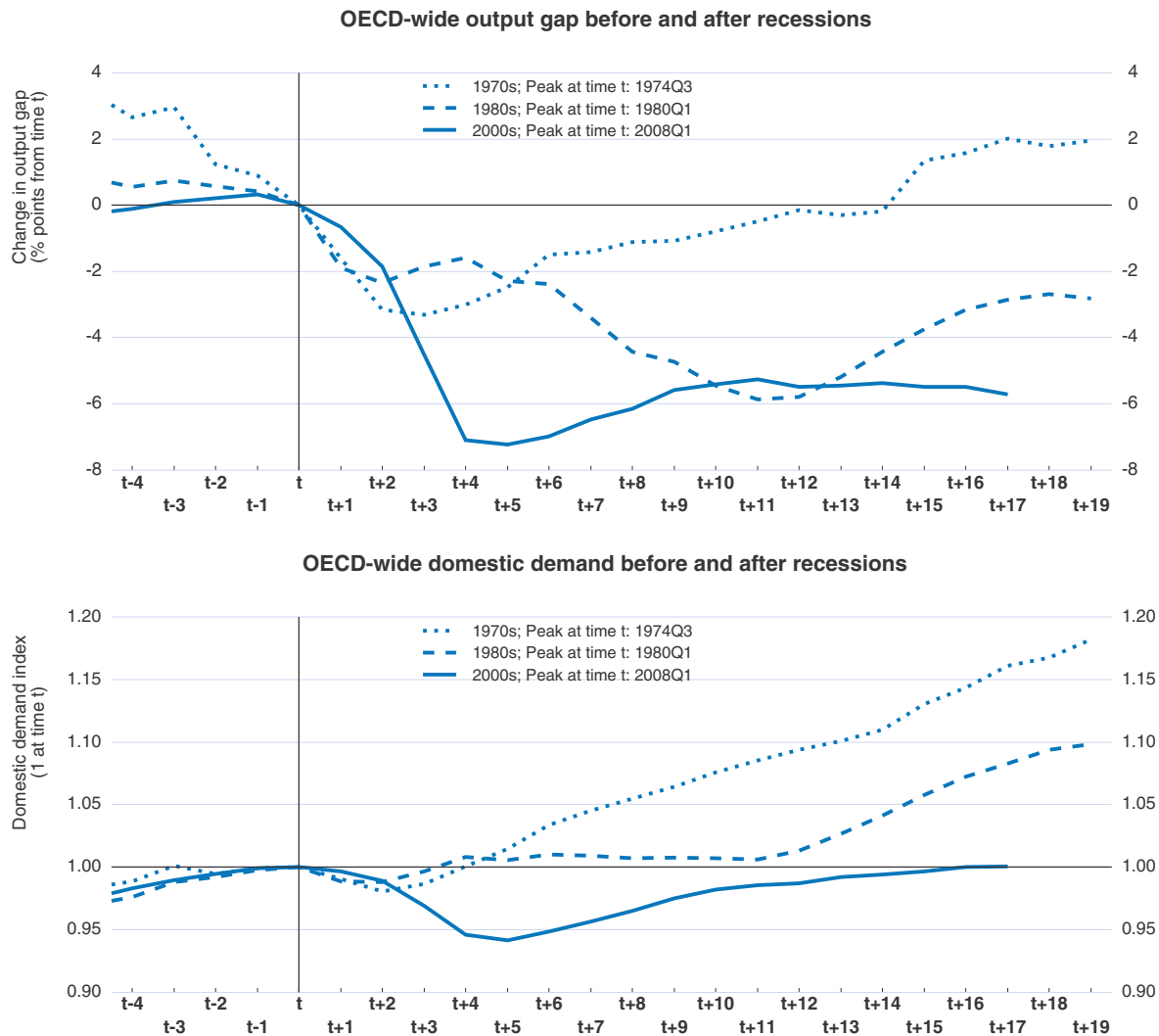
This chapter is organised as follows. After outlining the main economic and financial forces presently acting, the projection is set out and the implications for inflation, labour markets and external balances discussed. Subsequent sections discuss the key risks around the projection, and the policy actions required to resolve the crisis in the euro area. Finally, the main macroeconomic and financial policy requirements that are appropriate given the projections are presented, along with the additional policy measures merited if serious downside risks were to materialise.

Key forces acting

Demand and activity developments

*Economic conditions are
very fragile*

The pace of the recovery in the OECD area as a whole continues to be extremely modest. Indeed, activity is lagging well behind the recoveries experienced from past OECD recessions (Figure 1.1). There is unanticipated weakness in many OECD and non-OECD economies, and generally soft business and consumer confidence, with slowing demand for consumer durables and capital goods depressing business order books. The forces behind the simultaneous slowdown in activity are hard to identify fully, although the euro area crisis and the slow and uneven progress being made on necessary policy actions are undoubtedly having an adverse impact on the global economy, with other economies inside and outside the OECD being affected through trade, financial and confidence channels (Box 1.1). Widespread fiscal consolidation and, in the emerging markets, past monetary policy tightening have also been a factor. Key activity and demand developments include:

Figure 1.1. **OECD recoveries compared**Quarters; GDP peak at time t 

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932742741>**Box 1.1. Spillovers from the euro area crisis on emerging market economies**

Output growth in the major emerging market economies in 2012 has been considerably softer than a year earlier. This slowdown has occurred against a backdrop of significant domestic monetary policy tightening in many countries into early 2012 and the deepening of the euro area crisis. This box provides an overview of the extent to which the euro area crisis might have constrained growth, considering in turn the spillover effects via trade, financial and business sentiment channels as well as estimates of spillovers from macroeconomic model simulations.

The extent to which countries are exposed to the euro area via trade linkages varies markedly. In general, exposure in many Central and Eastern European economies is relatively high, reflecting both the high share of exports to the euro area in total exports, and a high share of total exports in GDP. Outside Europe, exposure is comparatively higher in South Africa and many Asian economies, including China, compared

Box 1.1. Spillovers from the euro area crisis on emerging market economies (cont.)

with other regions. As the crisis has deepened, the total volume of imports by euro area countries from non-euro area countries has fallen, declining by 3¼ per cent (annualised rate) between the first and second halves of 2011, and by a further 2¾ per cent in the first half of 2012 (a.r.). The volumes of goods imported from India and South Africa by the euro area in the first half of 2012 were some 13-14% lower than a year earlier, with declines in import volumes from Russia and Indonesia of some 8-9% and declines in import volumes from China and Brazil of 6 and 3% respectively. In contrast, the volume of imports from all of these countries, with the exception of Russia, had risen steadily over the year to the first half of 2011.

By itself, the direct impact effect of the export declines over the year to the first half of 2012 corresponds to a hit to GDP growth over this period of around ¼ percentage point in India, China and Indonesia, 0.1 percentage point in Brazil and between ½-¾ percentage point in Russia and South Africa.¹ Allowing for the import content of exports would lower these estimated effects, possibly by up to a half in a country such as China where there is a strong integration into global supply chains. On the other hand, it is likely that there would be negative multiplier effects from the hit to exports, especially on investment. Weaker demand in the euro area will also have lowered exports of services to the euro area from these countries, a factor relatively important for India, and may also have had an indirect impact by reducing third-party demand for exports from these countries.

Going further, by taking export volume growth rates over the year to the first half of 2011 as a benchmark, as shown in the table below, the direct impact of the changes in euro area import volumes corresponds to around three-quarters of the slowdown in output growth in South Africa (comparing GDP growth over the year to 2012H1 with GDP growth over the year to 2011H1), but only for around one-quarter of the slowdown in output growth in China and hardly any of the growth slowdowns in Brazil or India.

The estimated direct impact of exports to the euro area on GDP growth

	Growth in exports to euro area (yr-on-yr, % of national GDP)		Change in growth contribution (% pts)	Change in annual GDP growth between 2011H1 and 2012H1 (% pts)
	2011H1	2012H1		
China	0.3	-0.2	-0.5	-1.9
India	0.2	-0.3	-0.5	-4.3
Russia	0	-0.7	-0.7	0.7
Brazil	0.1	-0.1	-0.2	-3.1
Indonesia	0.1	-0.2	-0.3	-0.1
South Africa	0.2	-0.6	-0.8	-1.1

Sources: Eurostat, IMF Direction of Trade Statistics and OECD Analytical Database.

StatLink  <http://dx.doi.org/10.1787/888932744204>

Financial channels also have a relatively important role in the propagation of shocks. Heightened general risk aversion at times of intensified stress in the euro area places downward pressures on global equity prices and widens credit spreads, with negative effects on aggregate financial conditions. Pressures on euro area banks to re-trench and possibly deleverage can adversely affect credit growth and activity in many countries, especially in Central and Eastern Europe, where euro area banks account for a large proportion of aggregate banking activity.² BIS statistics on the cross-border claims of euro area banks, available only with a considerable lag, point to mixed developments since mid-2011. There was a sharp contraction in euro area banks' cross-border credit to emerging market economies in the latter half of 2011, when strains in euro area financial markets were very high, but little further change in the first quarter of 2012. Cross-border

Box 1.1. Spillovers from the euro area crisis on emerging market economies (cont.)

claims on China and Brazil rose, offset by further declines in claims on emerging European economies, including Russia. Euro area banks have cut back relatively sharply on loans with high risk weights, such as leveraged loans or project finance, and for loans that often require dollar funding, such as aircraft and ship leases and trade financing (BIS, 2012). With euro area banks providing a high proportion of global trade finance, constraints on their lending could be having an adverse impact on trade growth this year, although there are signs that non-European banks are replacing a considerable part of the shortfall in lending by European banks in some regions, especially Asia (Vause et al., 2012a).

The euro area crisis may also affect activity by simultaneously damaging business sentiment around the world, although this propagation channel is hard to separate from trade and financial spillovers from the crisis. Little empirical evidence exists about potential spillovers via sentiment channels into emerging market economies. To assess these, a monthly vector auto-regression model has been developed, in which the PMI manufacturing indices in Brazil, China, India and Russia are related to the aggregate euro area PMI manufacturing index, with the PMI indices in the United States and Japan included as additional control variables. These suggest that the decline in euro area business sentiment is associated with negative adverse effects on sentiment elsewhere (possibly reflecting trade and financial factors):

- A negative shock of 1 standard deviation in the euro area normalised manufacturing PMI (roughly a decline of 6 points in the headline index, as has occurred since mid-2011) is found to be associated with a negative effect on the PMI in each of the four emerging market economies that lasts for between 7-9 months, all else being equal.³
- Feedback effects from weakening sentiment in other countries (including the United States and Japan) amplify the initial downward shock to euro area sentiment by up to one-half for a few months.
- By the third month following the initial downward shock to euro area sentiment, sentiment in Russia and China has declined by a similar extent. Sentiment in India and Brazil has declined respectively by around four-fifths and two-thirds of the decline in the euro area. In each of these countries, a 1 standard deviation decline in the normalised manufacturing PMI corresponds to a decline of 3½-4 points in the headline PMI index.

Analyses using estimated macroeconomic models provide integrated estimates of the extent to which shocks in one country are transmitted to others through trade and international financial linkages. Such models usually do not incorporate sentiment variables directly, although such effects are likely to be captured indirectly via the estimated model parameters. In general, the size of spillovers that emerge from these models will vary according to the types of shock considered, the specification of the model and the policy responses that are taken into account. Typically however, there are significant spillovers from euro area shocks (IMF, 2012),⁴ especially once global financial factors are incorporated. Amongst emerging markets, such shocks are relatively high for emerging economies in Central and Eastern Europe.

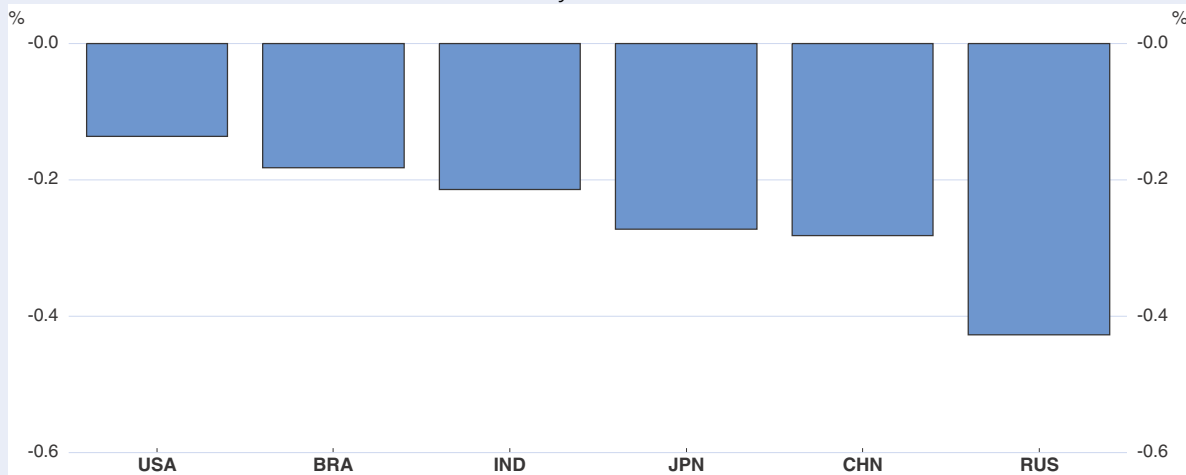
This pattern also appears in the euro-only crisis simulation reported in Box 1.6, in which euro area GDP growth declines by 2¼ percentage points in the first year of the simulation. The figure below reports the corresponding first-year GDP declines in selected emerging market economies (plus the United States and Japan) expressed as a ratio of the decline in euro area GDP. The negative spillover effects are strongest in Russia – reflecting the strength of bilateral trade linkages – and the Asian economies, with the smallest effects found for Brazil and the United States.

Overall, the evidence suggests that the euro area crisis is having a negative impact on growth in the major emerging market economies, but, as of the first half of 2012, it likely accounted for less than one-half of the observed growth slowdowns in China, India and Brazil, with the bulk of their slowdown reflecting domestic developments. Nonetheless, it is possible that the euro crisis may now be acting as a relatively more important drag on growth, with further weakness in euro area domestic demand, and hence imports, set to persist into 2013, and macroeconomic policies in the major emerging market economies now easing gradually and becoming less of a drag on growth.

Box 1.1. Spillovers from the euro area crisis on emerging market economies (cont.)

First year decline in GDP in euro-only adverse shock

As a ratio of the first-year decline in euro area GDP



Note: Based on the euro-only simulation in Box 1.6 below.

Source: OECD calculations.

StatLink  <http://dx.doi.org/10.1787/888932742665>

1. These calculations make the assumption that the decline in import volumes recorded by Eurostat is mirrored by an equal decline in export volumes from these countries as recorded in their national accounts and use weights based on the nominal share of exports to the euro area in total exports of goods and the nominal share of exports of goods in GDP.
2. In the first quarter of 2012, cross-border claims by euro area banks in Central and Eastern Europe were equivalent to around 29% of regional GDP, compared with Latin America and Emerging Asia where claims were equivalent to around 11 and 2% of GDP respectively.
3. A vector-autoregression model is used, estimated on monthly data for 2006-2012, with lags selected using standard tests. Generalised impulse responses were calculated as in Pesaran and Shin (1998), ensuring that the responses to a shock in a given country are invariant to the ordering of the variables in the model. Variables such as oil prices and stock market uncertainty were initially included to control for common shocks, but were not found to be significant.
4. In a simulation of an euro area fiscal shock, Hervé et al. (2010) report a first year impact on euro area GDP growth of 0.8 percentage points (relative to baseline), with impacts of between 0.1-0.3 percentage points on GDP growth in emerging market economies.

Business sentiment has weakened markedly...

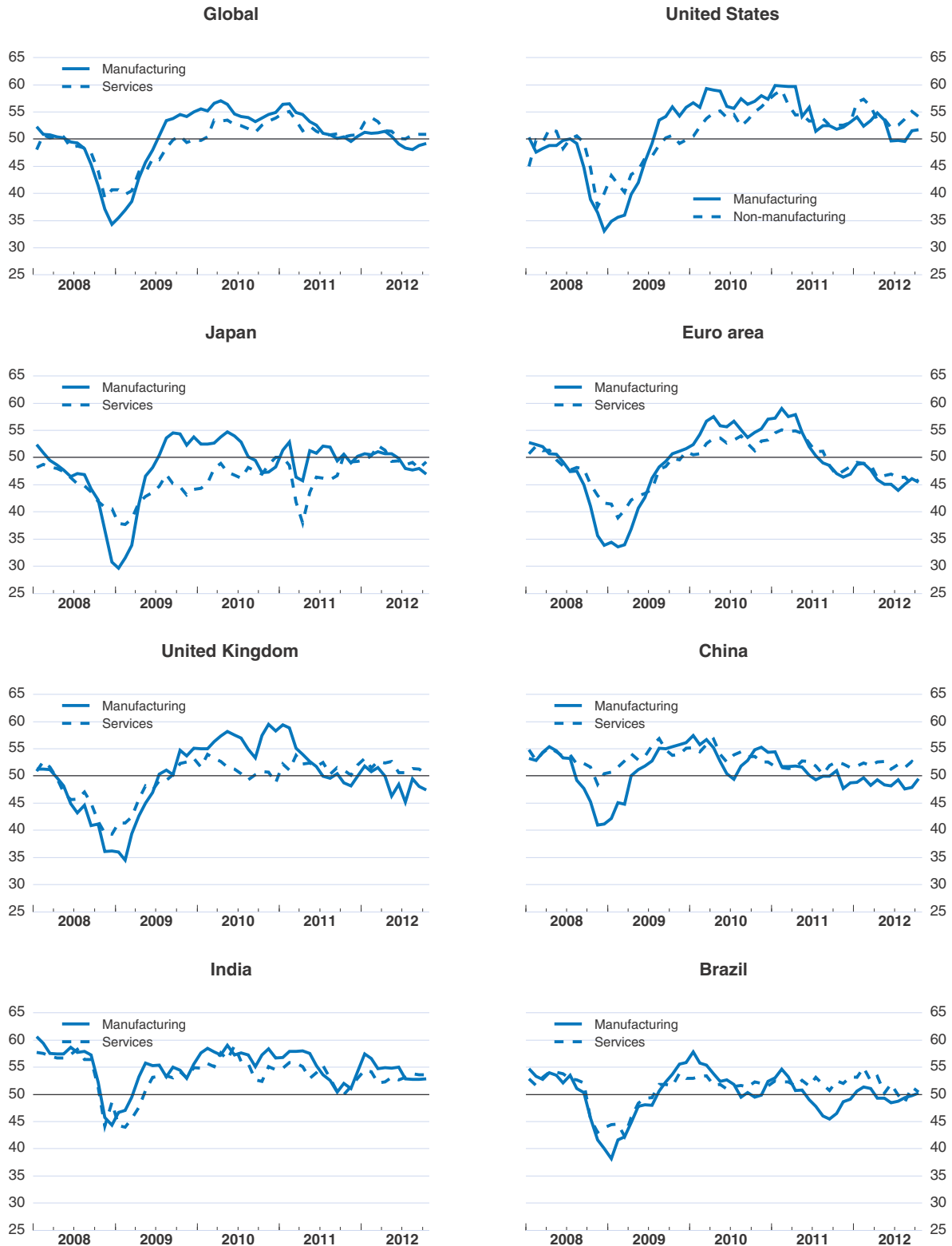
- Business sentiment and order books are weak in many of the major economies (Figure 1.2), though they remain noticeably stronger in the United States and Canada than in Japan and the euro area, consistent with diverging activity outcomes. In the euro area, sentiment has softened considerably in all countries, remaining weak even after the ECB announcement of the Outright Monetary Transactions (OMT) programme. The PMI surveys in the major emerging market economies are mixed but generally point to stabilising activity. Inventory levels of finished manufactures remain high in some countries, raising the risk of continued near-term weakness in industrial production if firms try to bring inventory-sales ratios back down to more normal levels.

... and global trade growth is weak

- Global trade growth has slowed to very weak rates, reflecting slowing demand for durable and capital goods, and soft activity in trade-intensive global tech. Import volumes in the euro area have declined

Figure 1.2. **Business sentiment is weak in many economies**

PMI indicators



Source: Markit.

StatLink  <http://dx.doi.org/10.1787/888932742760>

this year and export growth has slowed around the world, especially in many economies in Central and Eastern Europe and Asia, although recent monthly trade data for several Asian economies have firmed a little. However, indicators such as new export orders and shipping rates point to, at best, only tepid global trade growth in the near term.

Fiscal consolidation is weighing on activity...

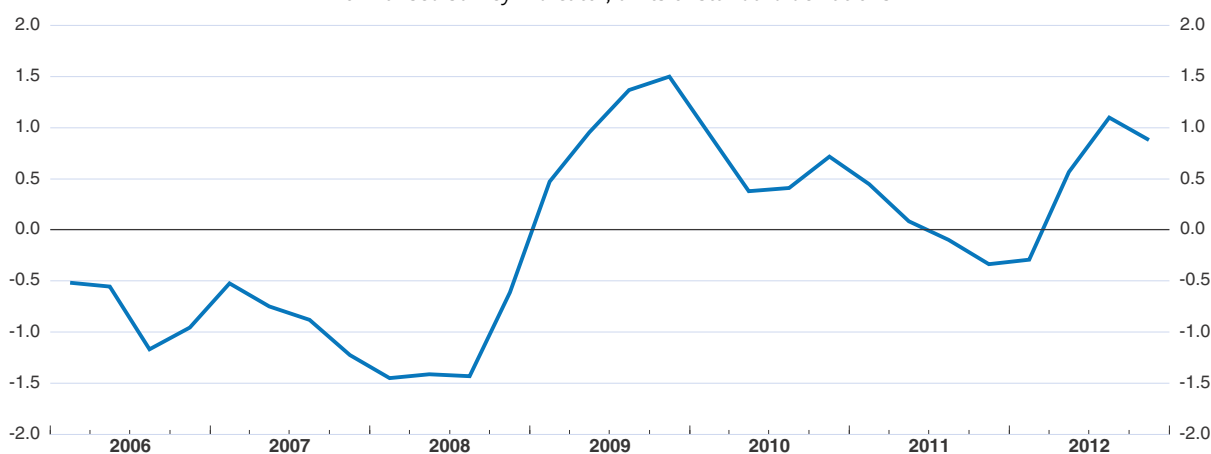
- The strong fiscal consolidation underway throughout the OECD (discussed in the policy section below) could be subtracting some 1 to 1½ percentage points from OECD-wide growth in 2012 and more for the euro area. The size of the drag reflects the spillovers that arise from simultaneous consolidation in many countries, especially in the euro area, increasing standard fiscal multipliers by around a third according to model simulations, and the limited scope for monetary policy to react, possibly increasing the multipliers by an additional one-third. It also mirrors the fact that reductions in public expenditure typically account for the bulk of consolidation in most countries. This is likely beneficial for long-term growth prospects, but it implies a bigger drag on near-term growth. In current circumstances, the negative short-term impact of consolidation could be even larger than mentioned above. This is particularly the case in some euro area countries, where pre-existing weakness and dysfunctional financial systems might limit the ability of households and firms to smooth spending in the face of further fiscal tightening.

... with cyclical weakness and uncertainty slowing business investment ...

- Sluggish growth and uncertainty are now slowing business investment in the OECD area. Recent indicators of new capital goods orders and shipments in the major economies have been particularly weak and point to subdued near-term outcomes. This partly reflects the underlying weakness of final demand, fading confidence, and, in the euro area, tightening financial constraints (Figure 1.3). Anecdotal evidence also

Figure 1.3. **Financial constraints on euro area business activity are elevated**

Normalised survey indicator, units of standard deviations



Note: Weighted average, based on average gross value-added shares in 2009 and 2010, of companies in industry, services and construction stating that financial constraints are limiting activity. All figures taken from January, April, July and October surveys, and normalised over 2004Q1-2012Q4. The series shown is a two-quarter moving average of the normalised measure. Values above zero signify financial constraints tighter than the period average.

Source: European Commission business survey and OECD calculations.

StatLink  <http://dx.doi.org/10.1787/888932742779>

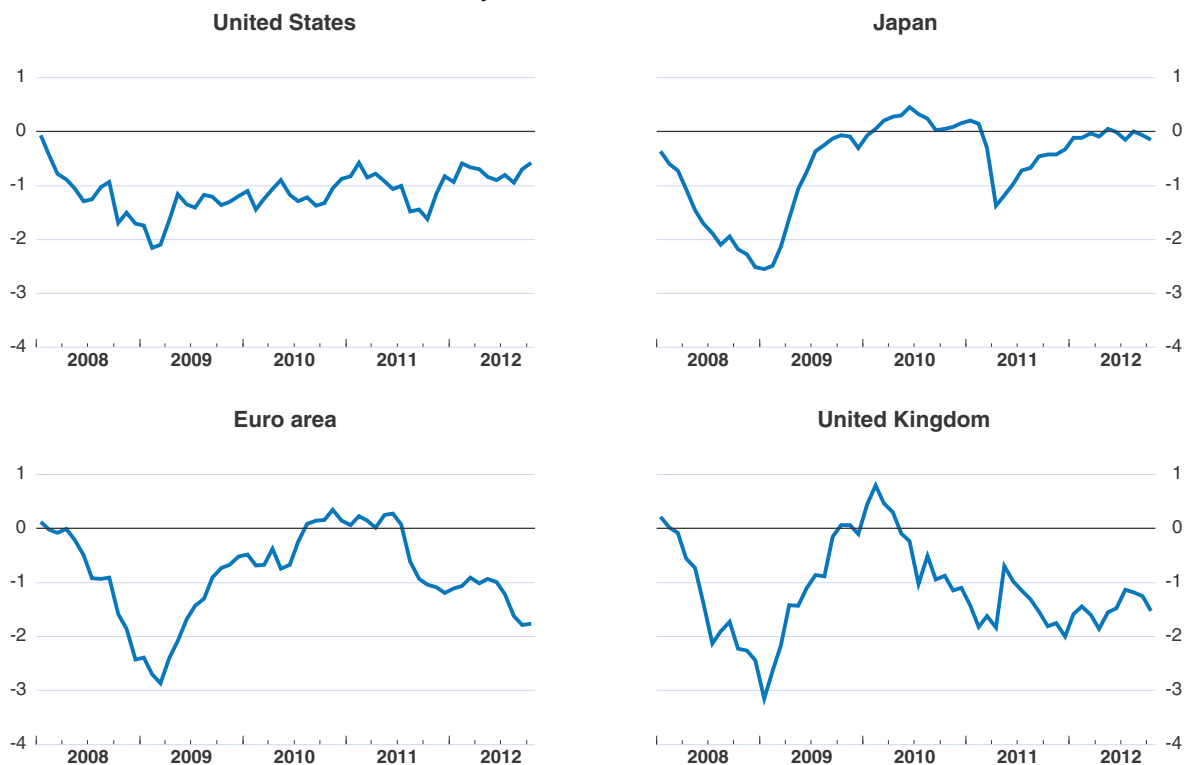
suggests that economic policy uncertainty, for example uncertainty over the US “fiscal cliff” and debt ceiling, may also be delaying investment projects at present, although in contrast to the latter half of 2011, market-based measures of uncertainty, such as stock market volatility, remain at very low levels. Investment growth is likely to remain subdued until a clear cyclical upturn in demand gets underway and financial conditions improve. In the euro area, investment could be softer than elsewhere, damped by weak bank lending. Outside the OECD area, infrastructure spending is boosting public investment in China, but slowing trend growth has raised uncertainty about the strength of business investment.

... and household balance-sheet adjustment constraining spending...

- Household demand remains soft in many OECD economies, reflecting subdued growth of real disposable incomes amidst worsening labour market conditions and the need for balance sheet adjustments. Demand for durable goods has eased considerably, especially in the euro area where car sales plummeted by 23% at an annualised rate in the third quarter, though it has held up relatively well in China, Indonesia and some other emerging market economies. Consumer confidence has deteriorated further in the euro area this year, and remains low relative to historic norms in many other OECD economies (Figure 1.4). However, despite recent

Figure 1.4. **Consumer confidence is soft**

Normalised survey indicators, units of standard deviations



Note: Data for United States is provided by the Conference Board. Normalised figures over the period 1999M1-2012M10. Values above zero signify levels of consumer confidence above the historical average.

Source: Datastream and European Commission.

StatLink  <http://dx.doi.org/10.1787/888932742798>

setbacks, stronger equity prices are supporting household balance sheets. Moreover, in a handful of countries, including the United States, rising house prices and progress in debt deleveraging are further improving net worth. In such countries, additional balance sheet adjustment will be able to take place with saving ratios at or just below current levels and consumption continuing to rise modestly. In 2013-14, the US saving ratio is projected to be 1 percentage point lower than in 2012. For the euro area in aggregate, where debt deleveraging has yet to get underway and area-wide house prices are declining, saving ratios seem more likely to rise and consumption is likely to remain weak in the near term, especially in countries with soaring unemployment. Germany may be an exception, with strong household balance sheets and a tight labour market helping to support demand. In Japan, future consumption patterns seem likely to reflect pre-announced indirect tax rises, with expenditure rising immediately prior to the increase and falling immediately after.

... with mixed
developments in housing
markets

- Recent housing market developments remain generally weak in the OECD (Table 1.2), with declining real prices and subdued housing investment in many countries.¹ In the euro area, housing investment is now declining, and strong growth in real house prices in Germany is more than offset by large price declines in the countries under market pressure, and declines in the Netherlands and, more recently, Belgium and France, where price-rent ratios remain high (Figure 1.5). In contrast, US housing market conditions are now improving slowly, with the price-rent ratio having declined back to its long-run average and builders' optimism, transaction prices, sales and housing starts all turning up. Real housing investment is now making a positive contribution to GDP growth. Further improvements are projected, with nominal mortgage rates at very low levels, though mortgage lending standards remain tight and a shadow inventory still remains from properties in, or close to, foreclosure. In other countries, such as Canada, Australia, Norway and Sweden, house prices remain very high relative to rents and incomes. In China, widespread recent property price declines have now ended, which should help to underpin activity.

1. In the OECD as a whole, the share of housing investment in GDP is around 1½ percentage points below the share at the most recent cyclical peak, with declines of between 6-10 percentage points in the investment share having occurred in Spain, Greece and Ireland.

Table 1.2. **Housing market developments remain mixed**

	Per cent annual rate of change				Level relative to long-term average ¹		
	2004-2010	2011	2012 ²	Latest quarter ³	Price-to-rent ratio	Price-to-income ratio	Latest available quarter
United States	-2.3	-6.6	0.4	1.4	97	84	Q2 2012
Japan	-2.1	-2.1	-1.6	-2.3	63	65	Q1 2012
Germany	-0.8	3.3	8.0	8.4	89	84	Q3 2012
France	3.6	3.8	-1.4	-2.0	139	133	Q2 2012
Italy	0.5	-4.6	-4.0	-6.2	99	112	Q1 2012
United Kingdom	0.6	-5.4	-1.2	-1.0	132	126	Q3 2012
Canada	5.6	2.8	3.3	2.9	160	135	Q3 2012
Australia	3.7	-5.0	-2.6	-1.9	139	121	Q3 2012
Belgium	4.9	0.0	-0.1	0.2	163	152	Q2 2012
Denmark	2.4	-5.1	-5.6	-7.9	112	109	Q2 2012
Finland	2.8	-0.6	-1.4	-1.7	135	99	Q3 2012
Greece	0.4	-8.6	-9.4	-12.0	87	98	Q2 2012
Ireland	-1.7	-14.4	-14.2	-13.2	90	91	Q3 2012
Korea	1.1	1.3	1.0	0.1	108	64	Q3 2012
Netherlands	0.3	-4.5	-7.0	-10.2	116	125	Q3 2012
Norway	5.0	6.7	4.9	6.4	172	128	Q3 2012
New Zealand	2.4	-2.2	1.7	2.6	150	119	Q2 2012
Spain	0.4	-8.8	-9.5	-11.8	112	118	Q3 2012
Sweden	5.5	-0.5	-3.4	-2.9	130	122	Q3 2012
Switzerland	1.8	4.0	3.5	3.8	97	93	Q3 2012
Total of above euro area ^{4,5}	0.9	-1.1	-1.0	-2.0	111	111	Q2 2012
Total of above countries ⁵	-0.4	-3.4	-0.3	-0.3	104	95	

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, Greece, 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/10.1787/888932744128>

Commodity prices have eased

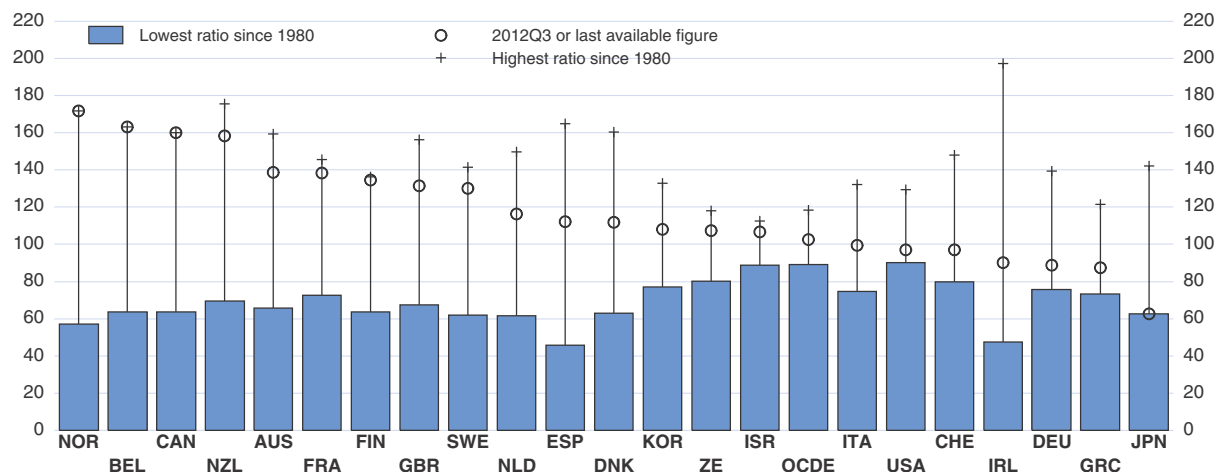
Recent commodity price developments have been mixed, though oil and aggregate non-oil commodity prices have declined since the early part of the year.

Geopolitical tensions have increased oil price volatility

- Even so, oil prices have remained relatively high in the face of weak activity and some strengthening in oil supply. This is likely to reflect risk premia, mainly on account of geopolitical concerns, although underlying supply-demand forces might have contributed as well. While global oil demand has temporarily weakened, reflecting sluggish economic growth, oil demand by China and other emerging markets

Figure 1.5. **House price-to-rent ratios differ considerably across countries**

Long term average = 100



Note: Countries are ranked according to their price-to-rent ratio in 2012Q3 or last available figure.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932742817>

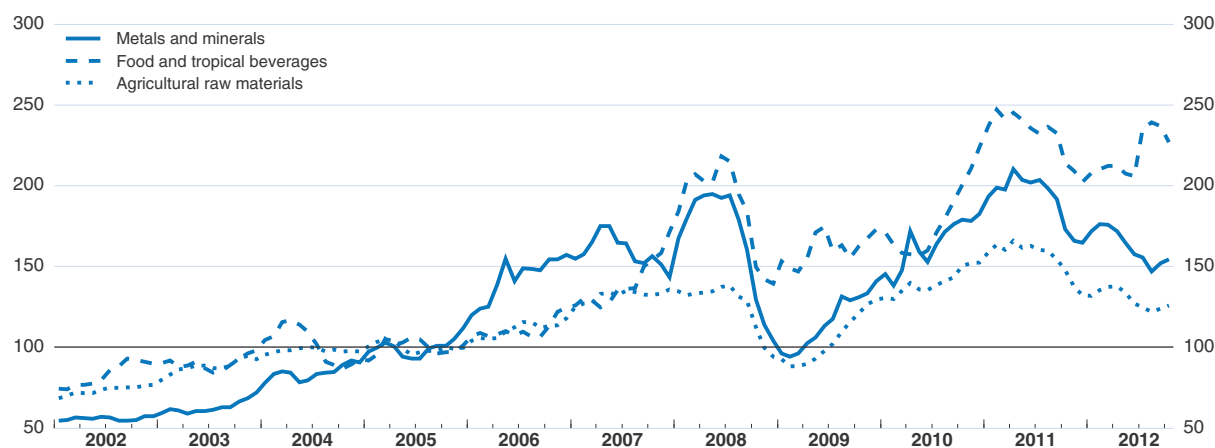
will strengthen again in the future as economic activity firms. The projection assumes a moderate upward price movement of \$5 per year in nominal terms.

International food prices have risen, but low growth has depressed prices for industrial commodities

- International grain prices have risen since mid-2012, reflecting significant supply shortfalls on account of the drought in the United States and adverse weather conditions in some other parts of the world (Figure 1.6). Prices have eased a little very recently, but are likely to remain at a high level in the near future, and could spread to meat and

Figure 1.6. **Non-oil commodity price developments have diverged**

2005 = 100



Source: OECD Economic Outlook database.

StatLink  <http://dx.doi.org/10.1787/888932742836>

other food products, before coming down when supply conditions normalise. Prices for other agricultural products and minerals and metals are at lower levels than in 2011 and early 2012, mainly reflecting sluggish economic activity. Overall, non-oil commodity prices are assumed to remain constant at recent levels over the projection period.

Financial conditions

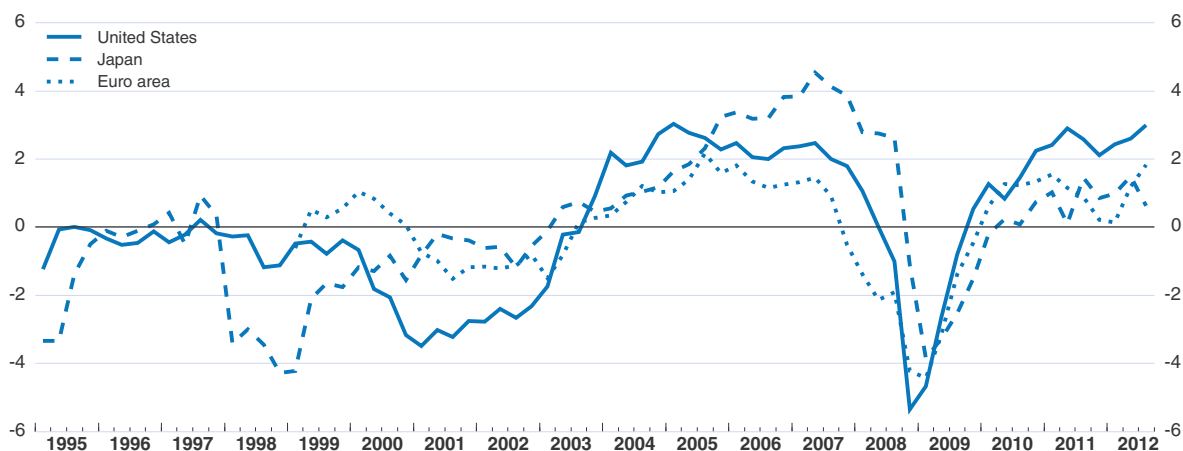
Financial conditions are supportive but the growth impact will be delayed

In marked contrast to subdued activity indicators, the OECD financial conditions indices (FCI), derived largely from price-based indicators, show an increasingly supportive environment in major OECD economies (Figure 1.7). However, the boost to growth expected from this development is likely to be delayed and possibly weaker than it would have been in the past, especially in the euro area. This reflects the impaired transmission of financial conditions to the real economy mainly brought about by ongoing balance-sheet adjustments and uncertainty related to tail risks. In addition, as described above, growth is held back by a number of other headwinds. Outside the OECD area, financial conditions have also eased but to a different degree. This reflects contrasting policy settings: very loose in Brazil and less so in other emerging economies. Key developments in different economies include:

Euro area financial conditions have improved, but there are large intra-area differences

- In the euro area, aggregate indicators of financial market conditions have improved but this masks large differences across member states, with financial strains in vulnerable euro area countries and easy conditions in the core countries. On the positive side, since May, money market rates, credit default swap rates, and sovereign and corporate bond yields have eased and equity markets have improved (Figure 1.8).

Figure 1.7. **Aggregate financial conditions have improved**



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 15 November 2012.

Source: Datastream; OECD Economic Outlook 92 database; and OECD calculations.

StatLink  <http://dx.doi.org/10.1787/888932742855>

Figure 1.8. **The degree of stock market rebound differs**

2009 Q1 = 100



Note: Stock indices are based on: US Dow Jones (total) for the United States, FTSE Eurotop 100 for the euro area, Nikkei 225 for Japan, Shanghai composite for China, Emerging MSCI EM for Latin America, and MSCI EM for Emerging Europe, Middle East and Africa (the latter includes: the Czech Republic, Egypt, Hungary, Morocco, Poland, Russia, South Africa and Turkey).

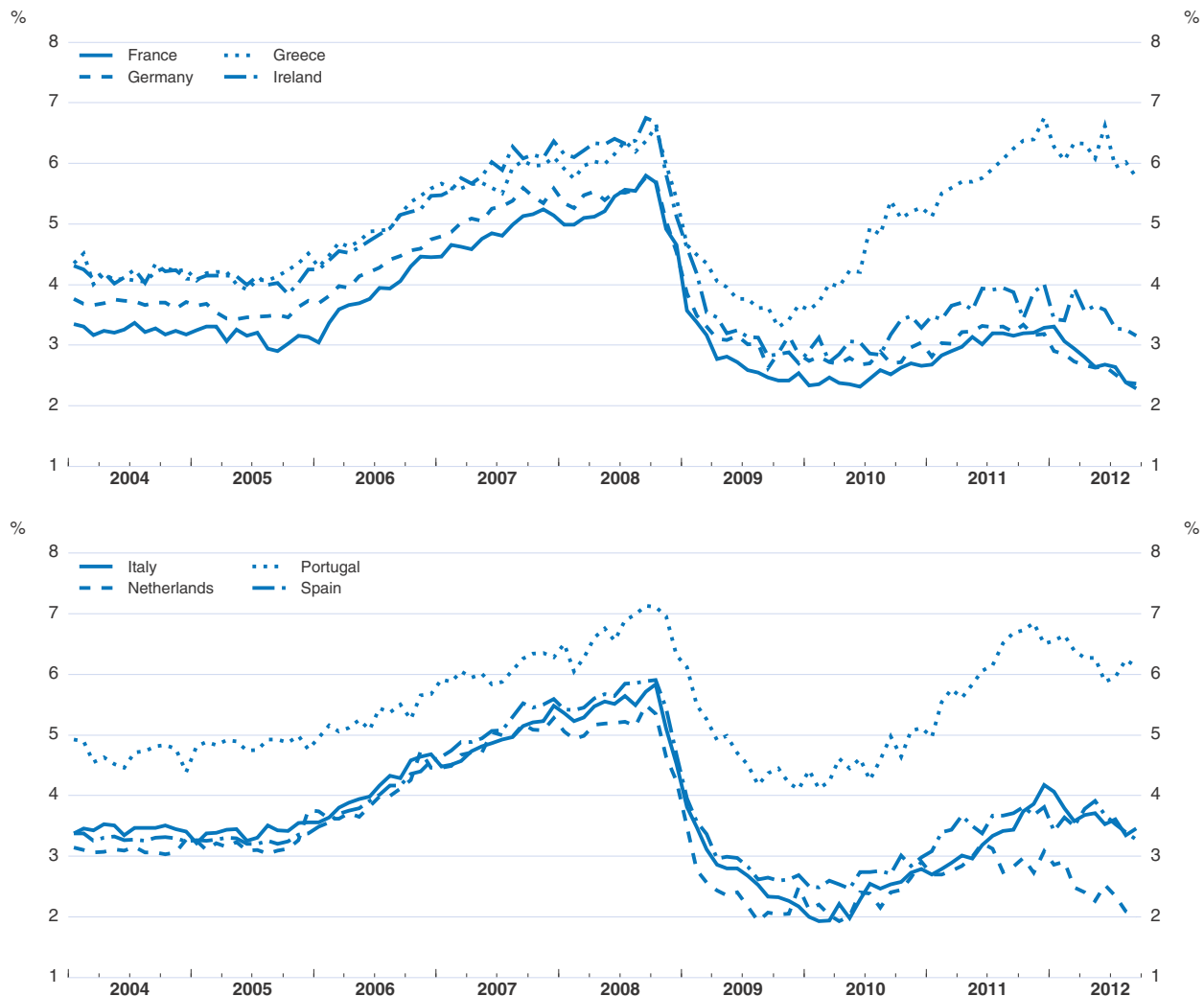
Source: Datastream.

StatLink  <http://dx.doi.org/10.1787/888932742874>

These trends reflect measures to address the euro area crisis (see below) which, at least initially, have diminished perceptions of euro area break-up risks. In addition, strains in bank funding markets eased in the second quarter of 2012 after the 3-year long-term refinancing operations of the ECB earlier in the year. Nonetheless, the proportion of banks reporting tighter credit standards did not ease further in the third quarter and serious problems remain, or, in some cases, still build in the banking system, with annual credit growth turning negative again for virtually all types of borrowers. The overall funding costs of large core euro area banks are at historical lows, but they are high for a number of banks in

fiscally vulnerable economies where some financial institutions are excluded from the market and overall financial conditions remain tight. The divergence in bank lending rates for non-financial corporations also remains at very high levels (Figure 1.9).

Figure 1.9. **The cost of credit among euro area countries has diverged**



Note: Cost of credit is defined as interest rates on new loans to non-financial corporations (all maturities) with the exception of Greece where it refers to new loans with maturity of up to one year. Last observation refers to August 2012.

Source: European Central Bank.

StatLink  <http://dx.doi.org/10.1787/888932742893>

Financial conditions have improved further in the United States...

- In the United States, financial conditions have improved in virtually all market segments this year. The rally in equity markets up to September took prices to their highest level for five years (Figure 1.8), though more recently prices have slipped back. Adjusted for nominal trend growth, price-earnings ratios still remain below historic averages. Stock market uncertainty, as measured by implied volatility, has remained at a surprisingly low level given the amount of policy uncertainty and risks

facing the global economy. US government bond yields have remained very low by historical standards, reflecting ample liquidity rather than better credit quality as compared with other countries,² and mortgage rates have continued to decline. Credit standards for small and large firms are easing and bank lending rates remain low.

... but have become less favourable in Japan

- In Japan financial conditions remain supportive, but have tightened a little since May, reflecting the recent yen effective exchange rate appreciation and higher corporate bond spreads. In contrast, credit conditions have eased.

Emerging market financial conditions have generally improved

- Financial market conditions in most emerging economies have improved recently, with rising equity markets, declining sovereign bond spreads and lower policy interest rates (especially in Brazil – see below). Developments in China are mixed. Stock markets have declined and underperformed those in other economies, amid concerns that the economic slowdown may be prolonged, uncertainty about monetary policy and doubts about the strength of potential growth. On the other hand, liquidity supply has been eased, credit growth has picked up and the renminbi has remained broadly stable in effective terms since May.

The near-term projections and risks

Economic prospects are very uncertain...

Economic prospects are very uncertain and highly dependent on the risks associated with the nature and timing of policy decisions related to the euro area crisis, the US fiscal cliff and debt ceiling, the extent to which growth can rebound in the emerging market economies given uncertainties about potential output growth, and the possibility that self-reinforcing endogenous dynamics might slow demand even further. Particularly challenging fiscal sustainability conditions in some euro area countries also create an event risk. The projection presented here rests on the assumption that the key risks identified above can be reduced successfully and that other downside risks do not materialise, although, in the euro area especially, progress in implementing the necessary policy measures to achieve this outcome may remain slow and hesitant.

... with growth likely to recover only slowly...

On the basis of these assumptions, only a muted and uneven upturn in activity is projected to occur in the major OECD economies through 2013-14, with growth picking up only slowly from very weak near-term outcomes, especially in the euro area where recessionary conditions are projected to persist into 2013. Ongoing support from accommodative monetary policies (Box 1.2), firming confidence and relatively supportive

2. Liquidity effects in the United States show up in a much larger decline in sovereign bond yields than in government agencies bond yields (by around 70 basis points) during recent episodes of mounting financial stress. Under such circumstances, investors primarily value liquidity and safety of assets. Sovereign bonds are typically perceived as having both features, whereas government agency bonds benefit only from safety. This contrasts with developments in Canada, France, Germany, Japan and the United Kingdom.

Box 1.2. Policy and other assumptions underlying the projections

Fiscal policy settings for 2013 and 2014 are based as closely as possible on legislated tax and spending provisions. Where government plans for 2013-14 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 normative assumption is made, implying a tightening of the underlying primary balance of at least 1% of GDP in 2013 and 2014. 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.

In the euro area countries, fiscal consolidation in 2013 and 2014 is assumed to proceed as to attain the size of structural consolidation (in terms of the change in the structural primary balance) that is implied by the stated targets in consolidation plans under the Excessive Deficit Procedure and Stability Programmes. Automatic stabilisers are allowed to operate freely around the structural adjustment path. Along this line, the following assumptions were adopted (with adjustments if OECD and government projections for economic activity differ):

- For the United States, given the legislative uncertainty about budget policy, the general government underlying primary balance is assumed to improve by 1½ per cent of GDP in each of the next two years, a slower rate than that implied by current legislation.
- For Japan, the projections are based on the revised Medium-term Fiscal Framework announced in August 2012. The projection also includes reconstruction spending totaling around 1¼ per cent of GDP in 2013-14 and the tax increases planned to finance such spending over a longer time horizon. In addition, the projection assumes the planned increase in the consumption tax rate from the current 5% to 8% in April 2014 is implemented.
- 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, as well as legislated and announced budgetary measures have been built into the projections. In France, the projections incorporate the government's consolidation programme of a cumulative 2.6% of GDP in structural terms over 2013-14, achieved on the tax side in 2013 and mostly on the spending side in 2014. For Italy, the projections incorporate the government's medium-term fiscal plans, as presented in September 2012 in the update of the Economic and Financial Document. For the United Kingdom, the projections are based on tax measures and spending paths set in the March 2012 budget.

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 upper bound of the target Federal Funds rate is assumed to remain constant at ¼ per cent for the entire projection period. The current forward guidance on interest rates is assumed to be maintained.
- In the euro area, the refinancing rate is assumed to be reduced to ½ per cent by the end of 2012 and remain at this level until the end of 2014. The overnight rate is assumed to remain at near-zero levels for the entire projection period. In addition, the European Central Bank is assumed to issue forward guidance on maintaining low policy rates beyond the end of the projection horizon.
- In Japan, the short-term policy interest rate is assumed to remain at 0.1% for the entire projection period.

In all these economies, quantitative easing and other unconventional measures are assumed to proceed as planned.

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

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 well after the end of the projection period), determined by future projected short-term rates, a term premium and an additional fiscal premium. The latter premium is assumed to be 2 basis points per each percentage point of the gross government debt-to-GDP ratio in excess of 75% and an additional 2 basis points (4 basis points in total) per each percentage point of the debt ratio in excess of 125%. For Japan, the premium is assumed to be 1 basis point per each 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 decline by one-third from their recent levels by the end of 2014.

The projections assume unchanged exchange rates from those prevailing on 13 November 2012: one USD equals 79.42 JPY, EUR 0.787 (or equivalently one euro equals 1.27 dollars) and 6.23 renminbi.

The price of a barrel of Brent crude oil is assumed to increase at a rate of \$5 per year from the first quarter 2013 onwards, from an assumed price of \$110 in the last quarter of 2012. Non-oil commodity prices are assumed to be constant over the projection period at the average level of October 2012.

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

financial market conditions should all help to eventually underpin growth in most major economies, despite the ongoing drag from fiscal consolidation and persistent high unemployment. The key features of the economic outlook for the major economies are as follows:

... in the United States...

- Growth in the United States has held up this year, despite the temporary drag exerted by drought-related losses in farm output and disruptions from Hurricane Sandy, and is expected to strengthen gradually through the projection period. Private consumption growth should be supported by improving labour market conditions and a decline in the household saving rate, reflecting past balance-sheet improvements. Business investment growth should rebound as policy uncertainty fades, and housing investment should continue to rise quickly from its current low level as the housing market recovers. With external demand expanding less rapidly than domestic demand, net exports are likely to be a modest drag on the recovery through 2013-14. Employment growth is projected to strengthen over the next two years, with the unemployment rate declining to just below 7½ per cent by the end of 2014, still leaving significant, albeit diminishing, labour market slack.

... in the euro area...

- The euro area economy remains very weak, with area-wide indicators of activity at very low levels and widespread fiscal consolidation and faltering confidence exerting a significant drag on activity. Aggregate financial conditions have improved a little and monetary policy is increasingly accommodative, but the impact of this on area-wide activity will appear only slowly, reflecting the impaired transmission mechanism. Deleveraging is expected to occur in those member states with very high levels of household and corporate debts, raising

household saving rates and damping investment. Provided policy actions suffice to diminish the risk of destabilising euro area developments, and as the strength of area-wide fiscal consolidation eases, confidence should begin to recover and activity strengthen gradually. However, growth is not projected to reach trend rates until late in 2014, with a large negative output gap widening further and already weak labour market conditions deteriorating even further, as unemployment rises to just over 12%.

... in Japan...

- In Japan, robust growth in the first half of 2012 has been followed by output declines in the latter half of the year. Export volumes have fallen sharply and domestic demand has slowed, in part because of the ending of subsidies for the purchase of eco-friendly vehicles. GDP growth is set to pick up once more from early 2013, but to only modest rates. Domestic demand will be held back by the waning of post-disaster reconstruction expenditures and the increasing drag exerted by fiscal consolidation, which gets underway next year and intensifies strongly in 2014 as the planned increase in the consumption tax rate is implemented. Some expenditure switching is projected to occur in 2014, with private consumption brought forward to before the tax increase, although offsetting changes in the household saving rate and stockbuilding could help smooth the overall activity profile. A recovery in export growth, as external demand strengthens, and a corresponding improvement in business investment are likely to be the main forces supporting the recovery, with the unemployment rate falling marginally through the projection period.

... and in emerging market economies

- After a period of greater than expected softness, output growth is now beginning to pick up slowly in the major emerging market economies, with increasingly supportive monetary and fiscal policies offsetting the drag exerted by weak external demand. In China, output growth has begun to edge up on a quarterly basis, helped by the acceleration of public infrastructure spending. Growth is expected to stabilise at just below 9% by 2014, with macroeconomic policy easing, an improving housing market and increased outlays on social spending supporting domestic demand. In India, annual GDP growth is expected to strengthen gradually, to around 6% in 2013 and 7% in 2014, with improving financial conditions and a normalisation of agricultural output boosting activity, and diminishing inflationary pressures providing greater scope for monetary easing and reducing the drag on household real incomes. In Brazil, the period of weak growth appears to have ended, helped by strong and timely monetary and fiscal stimulus, and GDP growth is projected to be close to potential rates, at around 4% per annum in both 2013 and 2014. Domestic demand is expected to remain robust, amidst strong investment growth and a tight labour market, offset in part by small net export declines. In Russia, GDP growth is expected to strengthen to around 4% per annum in 2013-14,

helped by the near-term effects of fiscal easing, the high level of oil prices and the gradual fading of headwinds from the euro area crisis.

*Inflationary pressures
remain weak...*

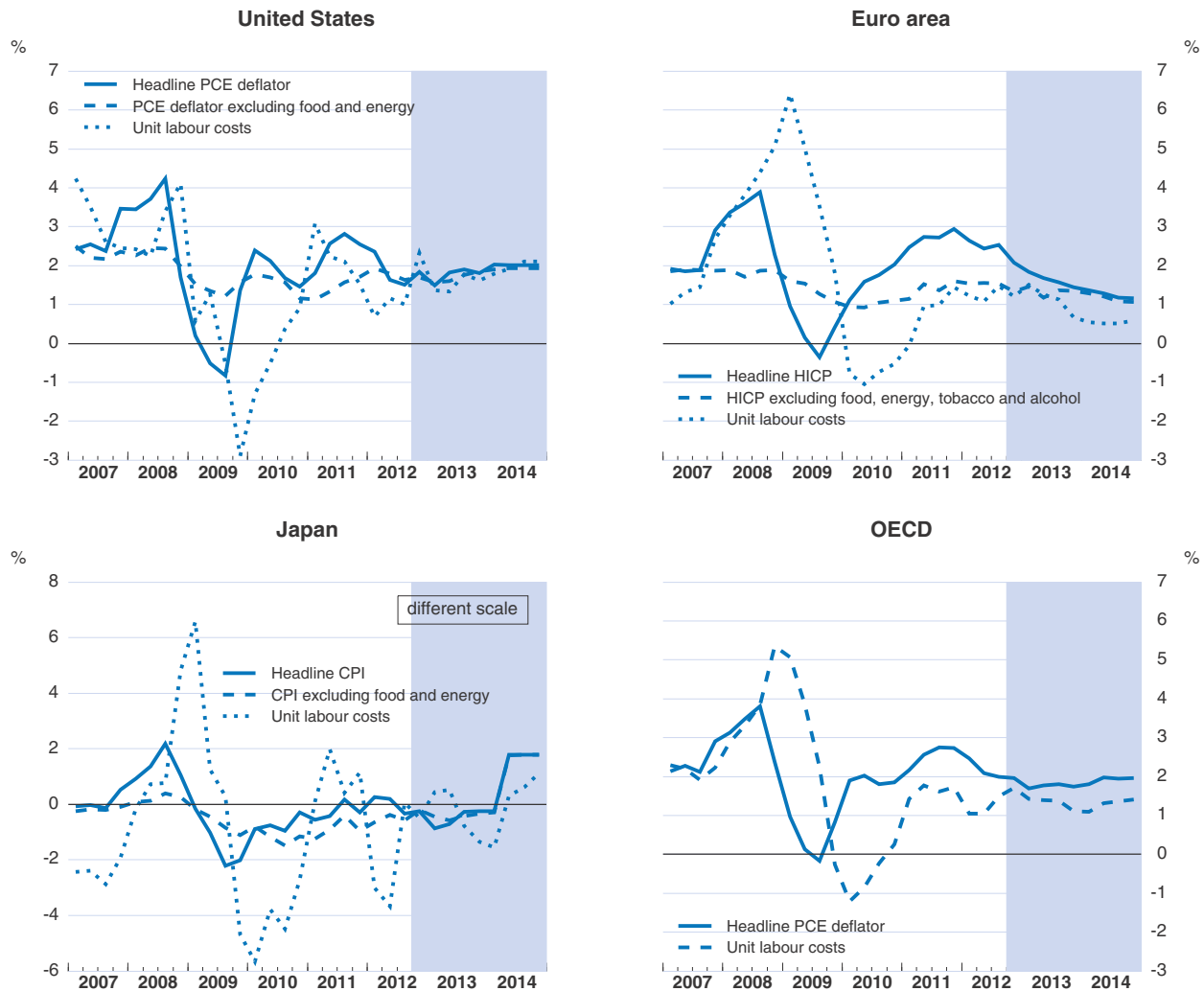
Inflationary pressures are weak at present, with core inflation rates in most major economies either stable at low levels or drifting down. Higher food prices will continue to push up headline inflation a little until early 2013, especially in emerging market economies. Long-term inflation expectations in the OECD economies remain reasonably well anchored, although market-based measures have drifted up a little in the United States since the introduction of the QE3 programme. The anchoring of inflation expectations should help check disinflationary pressures, though substantial spare capacity in many OECD economies will keep price inflation below official inflation objectives in the coming years (Figure 1.10), notwithstanding uncertainty about the precise degree of slack at the current juncture. Core inflation is set to remain subdued in the United States, edging up eventually to around 2% during 2014, broadly in line with the projected growth of unit labour costs. In the euro area, widening slack could push core inflation down to around 1¼ per cent by 2014.³ In Japan, deflation is expected to diminish gradually over the projection period, with the impact of the first of the planned increases in the consumption tax rate adding around 2% to the price level during 2014. In the major emerging market economies, a period of below-trend growth has likely resulted in negative output gaps, helping to place downward pressure on inflation. That said, the size of the output gaps is unclear, given uncertainties about potential growth rates, but the likely cyclical upturn is not projected to be at a pace that would raise core inflation significantly.

*... with different measures
of economic slack all
pointing to disinflationary
pressures*

Judgements about the extent of economic slack at the current juncture, and thus the extent of disinflationary pressures, are very uncertain. In the OECD this arises in part from uncertainty about the impact of both the crisis and the subsequent prolonged period of sub-par growth on potential, with the near-term output gap possibly estimated to be more negative than it actually is. In such circumstances, judgements about prospective inflationary pressures need to pay greater attention to survey-based measures of slack and to the gap between actual and potential growth (Orphanides, 2003; Pain and Röhn, 2011).⁴ At present,

3. Past rises in administered prices and indirect taxes are currently adding around ½ percentage point to the annual rate of headline inflation in the euro area, allowing for possible double counting from indirect taxes levied on administered prices. In September, the latest month for which comparable data are available, the euro area annual rate of headline inflation was 2.6%; the annual rates excluding administered prices and indirect tax increases were 2.4% and 2% respectively. The annual rate of core inflation is likely boosted by the same factors and was running at 1.5% in September.
4. Long-lasting one-sided errors are less likely to occur in such measures, with potential growth estimates not affected persistently by past shifts in the difficult-to-estimate level of potential.

Figure 1.10. **Inflation pressures are likely to remain moderate**
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 92 database.

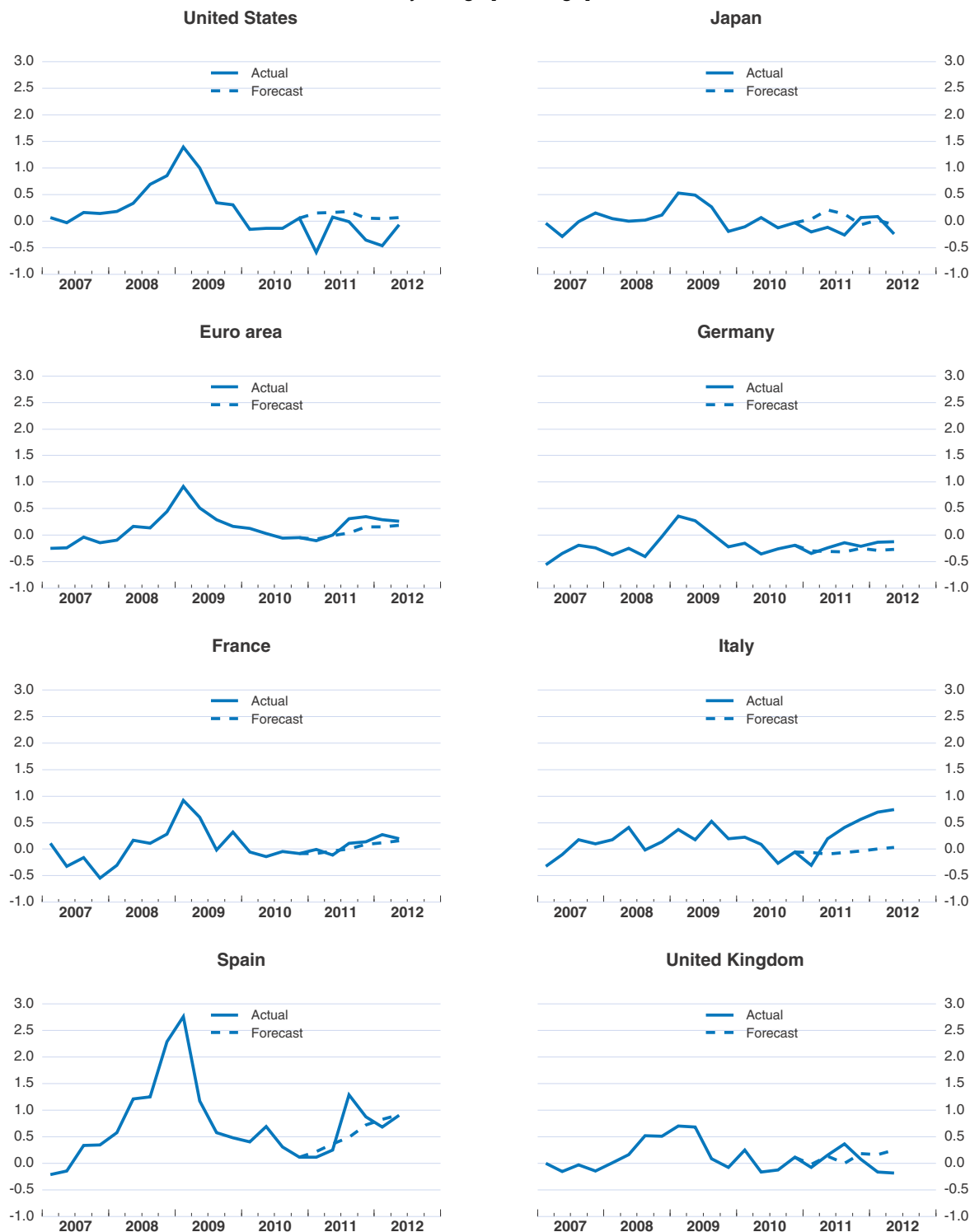
StatLink  <http://dx.doi.org/10.1787/888932742912>

these alternative indicators also suggest that disinflationary pressures are more pronounced in the euro area than in the United States or Japan.

Labour market conditions have deteriorated...

Labour market conditions generally remain weak, especially in the euro area countries under market pressure. Elsewhere, the gradual reduction in unemployment in Germany has stalled as growth has eased, though unemployment has continued to drift down in the United States despite only modest job growth, with the labour force participation rate having fallen to its lowest level since 1980. Estimates derived using simple equations relating the change in the unemployment rate to output growth (Figure 1.11), suggest that unemployment outcomes in recent quarters in

Figure 1.11. **Actual and predicted changes in unemployment rates**
Quarterly change, percentage points



Note: Predicted change is a dynamic forecast of the change in the unemployment rate from 2011Q1, using an equation estimated over 1994Q1-2010Q4 in which the change in the unemployment rate is regressed on lagged changes in the unemployment rate and current and lagged output growth.

Source: OECD Economic Outlook 92 database and OECD calculations.

StatLink  <http://dx.doi.org/10.1787/888932742931>

the United States and the United Kingdom have been persistently better than might have been expected on the basis of past relationships with output growth. An implication is that unemployment could rise quickly in these countries if growth were to weaken. In contrast, the increases in the euro area unemployment rate have been somewhat stronger than might have been expected given output growth, suggesting that firms anticipate a sustained period of weakness and also possibly reflecting a pay-back from a muted unemployment response earlier in the crisis.

... and seem likely to improve only modestly in the next two years...

Unemployment is set to remain high or even rise further in many countries. Indeed, weak survey measures of hiring intentions, the likelihood of a further period of sub-par output growth and uncertainty possibly postponing hiring decisions (Leduc and Liu, 2012) are all suggestive of weak employment prospects, with adverse effects on income growth, confidence and activity. Total OECD employment is projected to rise by around $\frac{3}{4}$ per cent in 2013 and 1% in 2014 (Table 1.3), with job growth in the United States and many other non-European economies offset in part by employment declines in the euro area and Japan, where the population of working age is declining. The already high OECD-wide unemployment rate is projected to edge up next year before dropping back in 2014, with the number of unemployed at end-2014 being only marginally lower than at present (Figure 1.12).

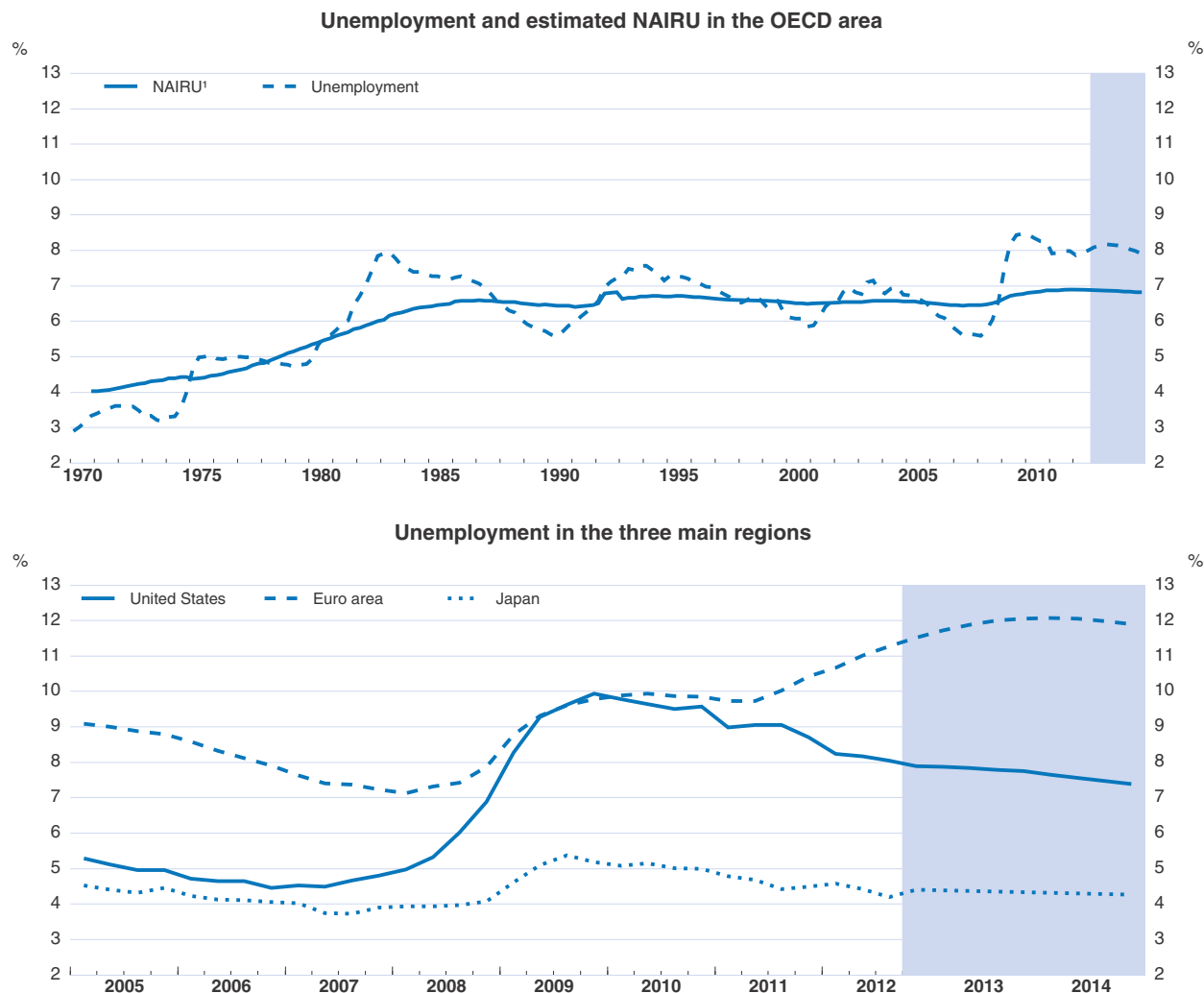
Table 1.3. **OECD labour market conditions are diverging**

	2009	2010	2011	2012	2013	2014
Percentage change from previous period						
Employment						
United States	-3.8	-0.6	0.6	1.9	1.6	1.5
Euro area	-1.8	-0.5	0.1	-0.5	-0.8	0.0
Japan	-1.6	-0.4	-0.2	0.3	-0.2	-0.1
OECD	-1.8	0.3	1.0	1.0	0.7	1.0
Labour force						
United States	-0.1	-0.2	-0.2	0.9	1.3	1.2
Euro area	0.3	0.1	0.2	0.7	0.1	0.1
Japan	-0.5	-0.4	-0.7	0.1	-0.3	-0.2
OECD	0.6	0.5	0.6	1.0	0.9	0.8
Unemployment rate						
Per cent of labour force						
United States	9.3	9.6	8.9	8.1	7.8	7.5
Euro area	9.4	9.9	10.0	11.1	11.9	12.0
Japan	5.1	5.1	4.6	4.4	4.4	4.3
OECD	8.2	8.3	8.0	8.0	8.2	8.0

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744147>

Figure 1.12. **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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932742950>

*...unless structural
measures are used to foster
near-term employment
growth*

At the OECD-wide level around 16 million more people are out of work than at the end of 2007, just before the crisis began. Furthermore, high long-term unemployment in some countries raises concerns that the persistent cyclical increase in unemployment could increasingly become structural. A related concern is that the increase in the number of discouraged workers could also become permanent. In some countries, including the United States, the United Kingdom and Sweden, the Beveridge curve (an indicator of efficiency of job matching in the labour market relating the unemployment rate to the vacancy rate) has recently shifted to the right (implying a higher unemployment rate for a given vacancy rate), possibly suggesting that matching frictions have risen

(OECD, 2012c; Hobijn and Sahin, 2012).⁵ However, it could also simply reflect a normal cyclical pattern (Daly *et al.*, 2012), with vacancy rates responding to cyclical conditions more rapidly than the unemployment rate. As discussed in detail in OECD (2012a, b), labour market reforms remain essential to foster near-term employment growth, facilitate wage adjustment, particularly in the euro area, and reduce the risk that higher unemployment becomes entrenched. 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 improve labour market outcomes relatively quickly.⁶ An encouraging development is that the recent intensity of labour market structural reforms is particularly strong in those countries in which sizable fiscal consolidation is being undertaken, where such reforms are often needed the most and offer the largest potential gains – albeit possibly also the largest near-term costs because the reforms are introduced in conditions of particularly depressed activity (Bouis and Duval, 2011).

*External imbalances
remain elevated...*

The sum of all external balances in absolute terms is now between 3¼-4 per cent of world GDP, well below the level immediately prior to the financial crisis. Over the next two years, it is projected to decline by around ½ percentage point, helped by relatively robust import demand in China and the lagged effects of past effective exchange rate movements in the United States, China and Japan (Table 1.4; Figure 1.13). Key developments across major external surplus and deficit economies include:

*... with the euro area
surplus likely to rise
further...*

- The euro area external surplus has risen by just under 1 percentage point of GDP this year, with soft domestic demand in the peripheral countries, not least reflecting ongoing fiscal consolidation, not being offset by stronger demand in the core countries. Over the next two years the area-wide surplus is expected to rise by a further ¾ percentage point, with domestic demand growth remaining subdued relative to elsewhere. Developments in intra-area imbalances are discussed further below.

*... the US external deficit set
to broadly stabilise...*

- In the United States, the trade balance has been broadly stable this year, with an increasing non-oil deficit, reflecting the relative strength of domestic demand, being offset by rising exports of petroleum products, on the back of domestic supply developments. A deterioration in the terms of trade and relatively robust domestic demand growth over

5. Possible reasons include: a reduction in job search intensity due, for example, to extensions in benefit duration or less-intensive searching by the long-term unemployed; or a reduction in “recruitment intensity” (Davis *et al.*, 2012), with firms more willing to wait for suitable workers during a period of soft demand.
6. 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.

Table 1.4. **World trade will strengthen only gradually**

	2010	2011	2012	2013	2014
Goods and services trade volume					
Percentage change from previous period					
World trade¹	12.8	6.0	2.8	4.7	6.8
<i>of which:</i> OECD	11.3	5.3	2.2	3.5	5.8
OECD America	12.6	5.8	3.3	4.0	6.1
OECD Asia-Pacific	15.9	5.0	3.8	5.0	8.1
OECD Europe	9.8	5.2	1.4	2.9	5.1
China	24.4	9.2	5.9	9.9	11.8
Other industrialised Asia ²	18.3	7.7	3.1	6.3	8.0
Russia	14.6	9.3	2.9	6.6	6.6
Brazil	24.5	7.7	2.6	6.6	8.2
Other oil producers	3.3	2.5	3.8	5.9	8.1
Rest of the world	9.2	7.1	2.6	3.8	5.9
OECD exports	11.3	5.7	2.8	3.6	6.0
OECD imports	11.3	4.9	1.7	3.4	5.6
Trade prices³					
OECD exports	2.7	9.0	-3.7	0.8	1.5
OECD imports	3.6	10.5	-2.6	1.0	1.7
Non-OECD exports	9.7	13.7	2.6	2.0	3.2
Non-OECD imports	8.3	10.3	1.9	2.0	3.0
Current account balances					
Per cent of GDP					
United States	-3.0	-3.1	-3.0	-3.0	-3.2
Japan	3.7	2.1	1.1	1.2	1.5
Euro area	0.5	0.5	1.4	1.9	2.2
OECD	-0.4	-0.7	-0.6	-0.6	-0.6
China	4.0	2.8	2.9	2.9	2.2
\$ billion					
United States	-442	-466	-470	-482	-540
Japan	205	120	63	69	91
Euro area	55	66	173	234	269
OECD	-189	-317	-300	-296	-300
China	238	202	238	265	220
Other industrialised Asia ²	96	84	35	52	53
Russia	71	99	91	57	42
Brazil	-47	-52	-57	-64	-72
Other oil producers	242	464	425	435	524
Rest of the world	-107	-150	-152	-104	-72
Non-OECD	492	646	579	641	696
World	303	329	279	346	396

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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744166>

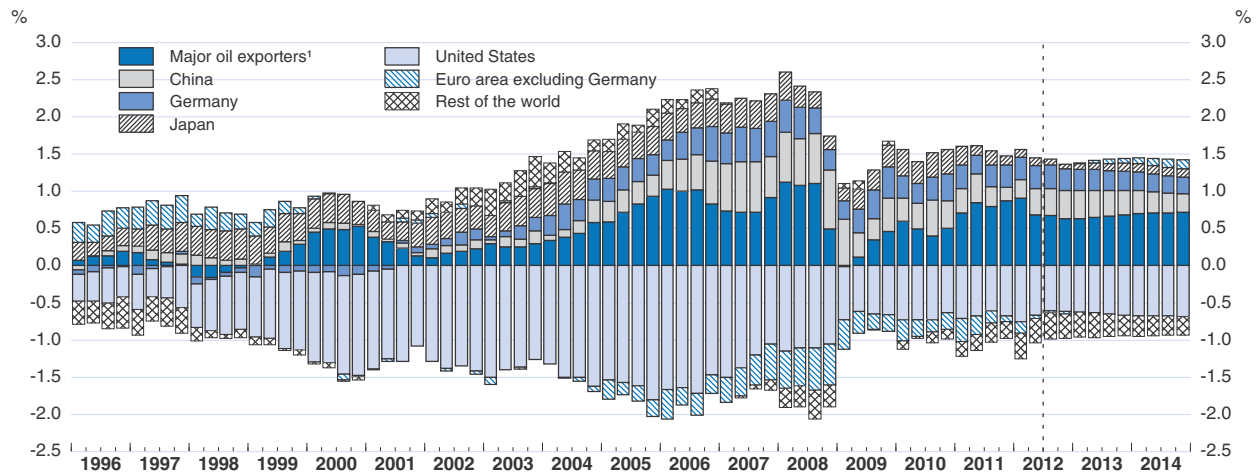
2013-14 are projected to result in the US current account deficit widening by around ¼ per cent of GDP.

... the Japanese surplus to persist...

- In Japan, the current account surplus has declined further this year, by close to 1% of GDP, reflecting rising energy imports, as well as slower exports as a result of the strength of the effective exchange rate and sluggish overseas demand. Whilst some of these factors may persist, notably the recourse to energy imports to replace domestic nuclear

Figure 1.13. **Little further progress in reducing global imbalances is foreseen**

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, Republic of Congo, Equatorial Guinea, Gabon, Nigeria and Sudan.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932742969>

power, the overall current account balance is projected to remain positive, at around 1¼-1½ per cent of GDP over 2013-14, reflecting strong and rising income flows from Japan's net external assets.

... the Chinese external surplus declining...

- In China, the overall current account surplus is projected to be just over 2¾ per cent of GDP in 2012, around ½ per cent of GDP higher than in the latter half of 2011, with some imported commodity prices having softened and domestic demand growth having moderated, although remaining robust relative to that in China's trading partners. Thereafter, a modest further decline in the surplus is projected, to around 2¼ per cent of GDP in 2014, reflecting solid domestic demand growth and declines in the terms of trade as Chinese exporters price to market.

... but the oil producers' external surplus remaining high

- The high-saving oil-producing economies are continuing to run large external surpluses of just under ¾ per cent of world GDP. Going forward, with only limited re-spending of oil revenues, the external surpluses of oil-producing economies are projected to remain elevated. The resulting outward financial investments are exerting some downward pressure on the yields of perceived safe assets in other countries, especially government bonds.

Structural reforms would help narrow imbalances

The current account projections over the next two years largely reflect cyclical developments. Durable reductions in global imbalances (including in China), as well as in intra-euro area imbalances, 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, 2012b).

Risks are high and mainly to the downside...

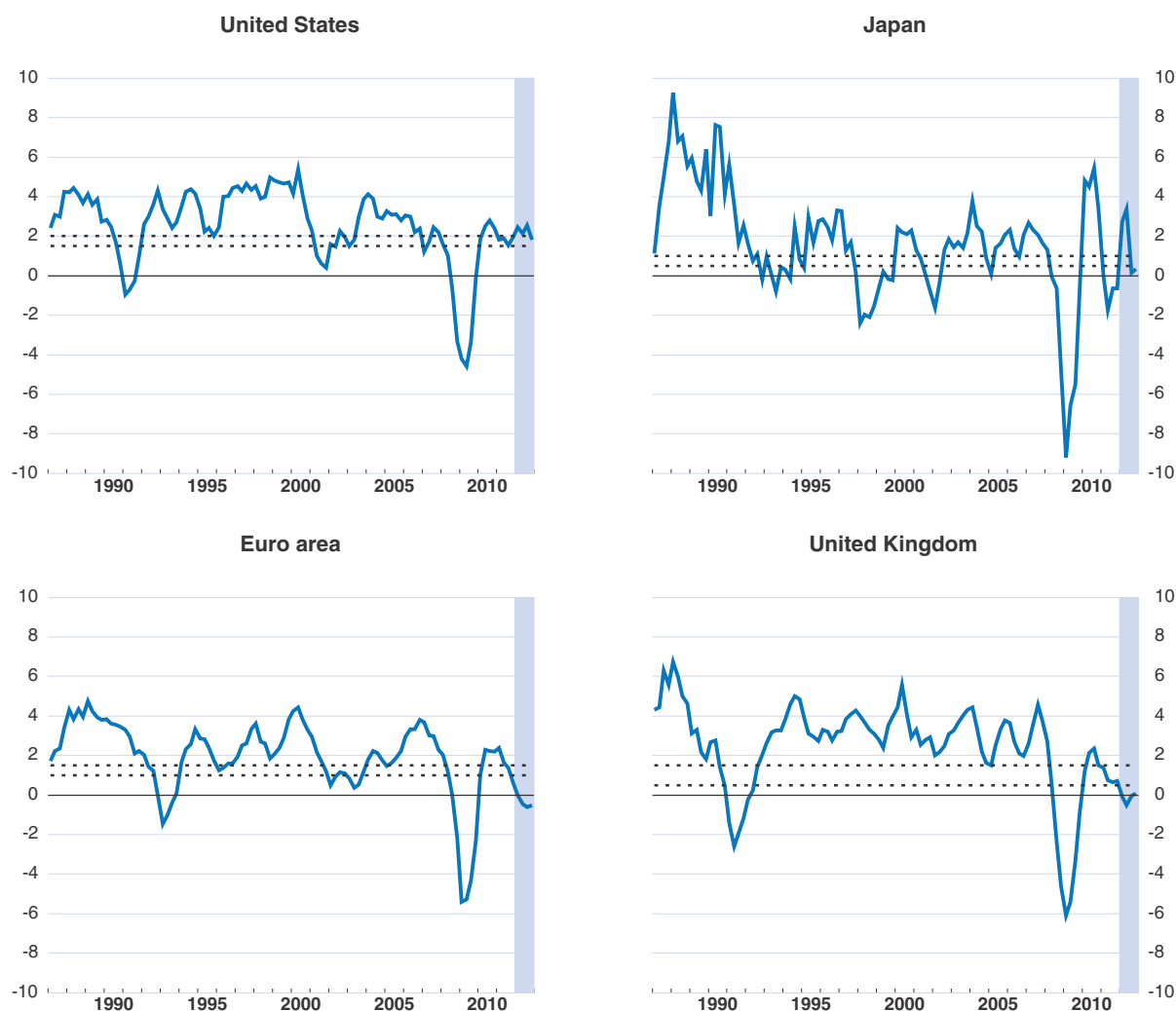
Risks around the baseline scenario remain extensive and are predominantly on the downside. The main risk, discussed further below, continues to come from the euro area, with the crisis being intensified by adverse debt dynamics, banking sector stress (including possible bank failure), weak growth and a collapse in confidence or the exit of a member state. In addition, there are a number of other specific risks that could affect growth outcomes if they materialised:

... self-reinforcing dynamics could cause a marked slowdown...

- In some economies output growth is now close to or below estimated stall-speed thresholds (Figure 1.14; Box 1.3), with a risk that self-reinforcing endogenous dynamics could push them into outright

Figure 1.14. **GDP growth and estimated stall speeds**

Year-on-year percentage changes



Note: The dotted lines represent the upper and lower stall speed thresholds from Sheets and Sockin (2012). If GDP growth over a rolling 4-quarter period is within these thresholds there is a statistically significant chance of an outright decline in GDP over the following 4-quarter period. The series are shown for 1987Q1 - 2012Q4. Values for 2012Q3 and 2012Q4 are projections.

Source: OECD Economic Outlook 92 database, and Sheets and Sockin (2012).

StatLink  <http://dx.doi.org/10.1787/888932742988>

Box 1.3. Stall speeds

As discussed in the main text and illustrated in Figure 1.14, GDP growth rates in many OECD economies may now be close to estimated stall-speed thresholds, following a prolonged period of slow recovery. Based on past outcomes when this has occurred, there is a risk that the economies could experience weaker growth in the year ahead and possibly even slip into recession. This box provides an overview of the stall speed concept, and recent attempts to estimate stall-speed thresholds.

The stall-speed concept, as it has been used in the recent literature, refers to a rate of output growth below which a cyclical upswing turns into a period of weak growth and then possibly into recession (Sheets and Sockin, 2011 and 2012). An analogy can be drawn with the gap between actual and potential output growth, with stall-speed growth corresponding to a period of below-trend positive output growth. A variant of the stall-speed concept is that, at a certain prolonged period of low output growth, it is more likely that low growth will be followed by a recession rather than an acceleration in output growth. Self-fulfilling forces such as rising unemployment and declining confidence generate further weakness in activity via higher household saving rates and cutbacks in private investment, and the economy becomes more vulnerable to negative shocks.

Several recent studies have attempted to provide empirical estimates of stall speeds:

- Work at the US Federal Reserve suggests that, using US GDP between 1947-2007, there has been a 48% chance of a recession within a year of the two-quarter annualised real GDP growth rate falling below 2%. The probability of a subsequent recession rises to 70% if the year-on-year real GDP growth falls below 2% (Nalewaik, 2011).
- Using year-on-year growth rates of GDP, Sheets and Sockin (2012) provide estimates of ranges of output growth (stall-speed thresholds) below which there is a statistically significant chance of a decline in output growth of equal or greater magnitude than the current growth rate within the subsequent year. For the United States, the stall-speed thresholds are estimated to occur for growth rates between 1½-2 per cent. The corresponding stall-speed thresholds estimated for the euro area, Japan and the United Kingdom are for growth rates between 1-1½ per cent, ½-1 per cent and ½-1½ per cent respectively. For Canada and Australia, the concept appears less useful, with significant stall speeds being found only when the growth has slipped close to zero.
- Estimates by Ho and Yetman (2012) suggest that for the United States a period of low positive GDP growth is as likely to be followed by faster growth as it is by even slower growth, including recession. However, if the period of low positive GDP growth follows a period of faster growth, there is a significant chance that it, in turn, will be followed by a recession, as found by Sheets and Sockin (2012). In a low-growth period following a recession, the chance of moving into a higher-growth period is found to be over twice as large as the chance of slipping back into recession.

With the main body of empirical work on stall speeds relating to periods in which low growth has followed high growth, it is not clear how relevant it is for the current low-growth situation, since there has not been a sustained period of strong growth beforehand. Nonetheless, the risk of a renewed slowdown via self-fulfilling endogenous dynamic forces remains when output growth is weak for a sustained period.

More generally, the relevant stall-speed thresholds and the period over which growth stalls may both vary over time, reflecting changes in the structure of the economy. For instance, the stall-speed thresholds for Japan and the euro area estimated on historical data by Sheets and Sockin (2012) are close to OECD estimates of current potential output growth in both economies. This suggests that stall-speed estimates should be endogenous and change as potential output growth estimates vary over time. There are also likely to be issues in selecting the relevant period of GDP growth to calculate stall speeds if an early warning of recession is to be provided. For instance, in the 2008-09 recession and using year-on-year GDP growth rates, annual GDP growth in the United States, Japan, the euro area and the United Kingdom fell within the stall-speed thresholds estimated by Sheets and Sockin (2012) only in the quarter in which GDP had begun to decline.

Box 1.3. **Stall speeds** (cont.)

Account also needs to be taken of the broader economic context in which low growth is occurring. If there are economic reasons why recoveries should be weaker for some time in the aftermath of a financial crisis – such as necessary debt deleveraging, then slow growth with debt deleveraging should not necessarily be taken as a signal of impending recession, although such an outcome remains a risk.

recession. High and rising unemployment, excess inventories and weak confidence in some economies could all result in higher household saving rates and sharp cutbacks in production and new investment. Output is already declining in the euro area and GDP growth over the year to the fourth quarter of 2012 in the United States and Japan is projected be in or close to the range in which there is estimated to be a strong chance of an outright decline in GDP over the following year given the stall-speed thresholds estimated by Sheets and Sockin (2012).

... as would a sharp fiscal contraction or hitting the debt ceiling in the United States...

- As discussed below, current legislation implies that, in the absence of a bipartisan agreement, there will be an extremely sharp US fiscal tightening in 2013, amounting to close to 4% of GDP, and failure to lift the debt ceiling in a timely manner could also be very disruptive. Based on recent estimates of multipliers at the zero bound (CBO, 2012; DeLong and Summers, 2012), the additional consolidation of around 2½ per cent of GDP relative to the baseline could push the US economy into or near to recession in 2013.

... a large disruption to oil supply...

- With continued geopolitical tensions, there remains a risk of a temporary supply disruption generating a sharp spike in oil prices and in general price developments. Emerging market economies are particularly exposed to this risk, given the comparatively high energy-intensity of their production. For each increase in the oil price of \$10 per barrel relative to the assumption used for the projection, OECD GDP growth could be reduced by around ¼ percentage point over 2013-14 and headline inflation raised by a little under ¼ percentage point in both years.

... a large correction in equity prices...

- Although they have recently fallen back, equity prices are relatively buoyant and, especially in the euro area, appear to be at odds with broader economic conditions, as reflected in growth prospects, and very weak sentiment. This raises the risk of a sudden deterioration in financial market sentiment and a marked tightening of financial conditions via weaker equity prices, checking the pace of the recovery.

... and a slower than expected pick-up in the emerging market economies

- There are several factors that may combine to bring about a slower growth pick-up in emerging market economies than projected. In many emerging market economies, with Brazil a notable exception, there has yet to be aggressive policy easing as growth rates have slowed below recent trend rates. One possible factor behind this is uncertainty about the true extent of economic slack and downward reassessments of

recent and future potential output. In China, the labour market remains tight, despite the easing of growth, limiting the extent to which future growth can be met by increased hiring. Moreover, as with many other emerging markets, there is also a possibility that potential growth rates may be over-estimated as a result of an excessive investment rate in the past fuelled by strong credit growth, resulting in investments with very low economic returns being undertaken. A further downside risk in China, with negative spillovers to other countries (Ahuja and Nabar, 2012), arises from the difficulties of sustaining a stable, high GDP growth rate in the context of the ongoing process to lower the share of fixed investment in aggregate demand and raise the share of household consumption significantly.

Upside risks stem from swift policy actions to resolve the euro area crisis and the US fiscal cliff...

Upside risks emanate from swift policy actions to resolve the euro area crisis and establish agreed fiscal plans in the United States that address both the near-term fiscal cliff and the necessary budgetary consolidation required in the medium-term. Other specific upside risks include:

... pent-up demand pressure...

- Against the backdrop of relatively favourable financial conditions, there is a potential for stronger recovery in the United States from pent-up demand pressure. Car sales have been rising steadily in recent months, but remain well below trend levels and the ageing car fleet will need to be replaced. This process could gather force over the projection period. More generally, durable goods consumption as a share of GDP remains extremely low by historical standards. Also, family formation in the United States has been well below normal in recent years and an eventual return to normal patterns would give a boost to the housing market.

... and structural reforms that could improve growth prospects earlier than anticipated

- The implementation of structural reforms in labour and product markets has accelerated in recent years 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 (OECD, 2012d,f), with the impact possibly emerging earlier than assumed in the projection if financial market conditions improve more rapidly than presently seems likely, thereby helping to bring forward the output effects from reforms.

Euro area vulnerabilities

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

With the euro area in recession and weighing on global growth through trade, financial and confidence effects, it is urgent to resolve the crisis in the monetary union. Ultimately, this will require further progress being made to address the imbalances that built up prior to the crisis. In the short run, however, it requires blocking various adverse feedback mechanisms between public finances, bank solvency and exit risks that threaten the survival of the single currency area. Failure to do so could

result in much weaker outcomes than in the baseline projection. In addition, the monetary union faces potential challenges from the difficulties of some existing EU/IMF programme countries in observing conditionality at a time when activity is much weaker than initially assumed.

Progress in intra-area rebalancing

Rebalancing calls for changes in domestic demand and real exchange rates...

The origins of the present crisis lie in the economic and financial imbalances that gradually built up amongst the euro area economies (OECD, 2012e). For these imbalances to be durably reduced, growth-friendly adjustments and reforms are needed in both external surplus and external deficit economies. Illustrative estimates of the extent to which structural reforms and medium-term fiscal consolidation might contribute to the required rebalancing process are discussed in Box 1.4.

Box 1.4. Policies to ease euro area rebalancing

The large imbalances that built up in the euro area during the decade or so preceding the start of the global financial and economic crisis — in relative prices, current accounts, external debt, fiscal deficits and public and private debt — have reversed only partially since then. This box provides indications of the scale of the challenges faced to achieve rebalancing and of the policies that could facilitate the further reduction of imbalances (see Guillemette and Turner, 2013 for the methodology).

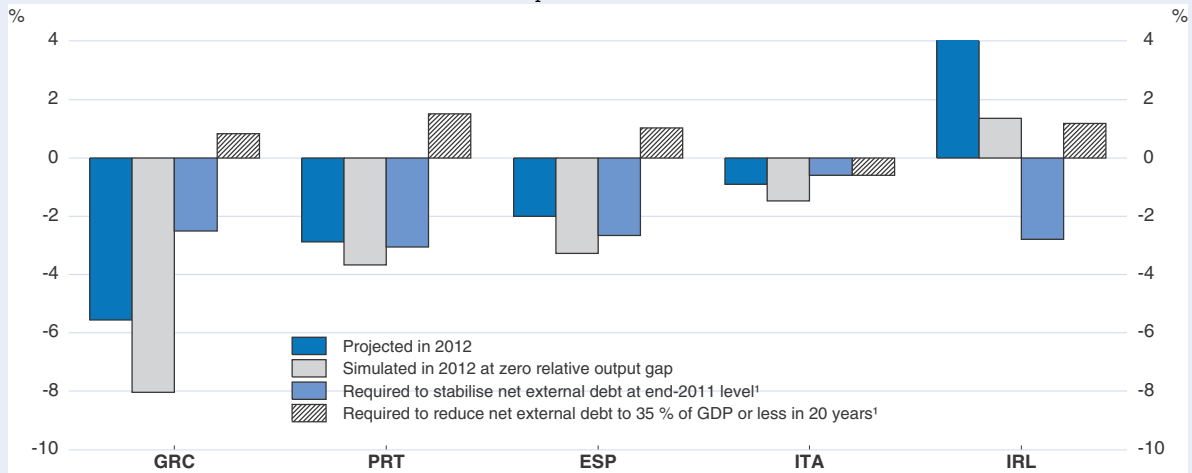
The analysis makes use of a simple econometric framework in which current account balances in euro area countries are linked to economies' cyclical positions, total-economy unit labour costs relative to other euro area economies and, separately, to economies outside the euro area, structural fiscal balances and the oil price. Calculations using this framework suggest that much of the widening of current account imbalances between the introduction of the single currency and the start of the crisis is associated with divergences in relative cost competitiveness within the euro area. In a simulation that maintains relative unit labour costs at their 1998 levels, aggregate current account imbalances (measured as the sum of absolute current balances of individual euro area countries divided by two) increase from 1% of euro area GDP in 1998 to a maximum of 1.8% in 2007 just prior to the crisis, as compared with an actual maximum of 2.6%. These calculations are illustrative only, as the direction of causation between competitiveness and the current account runs both ways.

Since 2007, total-economy relative unit labour costs of euro area countries under financial market stress have come down, bringing current account deficits down with them. Greece and Ireland are already back to their 1998 competitiveness levels relative to the rest of the euro area – that is, back to the level prevailing at the beginning of monetary union. Portugal and Spain need only an extra 5-7% reduction in relative unit labour costs to reach this benchmark. Italy has not reduced relative unit labour costs since the crisis, and they remain 15% higher than in 1998, though a small decline in absolute unit labour costs is projected to occur in 2014. Much of the falls in total-economy unit labour costs may be due to cuts in public-sector employment and wages, however, with smaller adjustments in tradable sectors and thus in external competitiveness. Also, a significant part of the improvement in external balances in these euro area countries since 2007 is related to a collapse in economic activity. Correcting for its much weaker cyclical position as compared with its trading partners, Spain's cyclically-adjusted current account deficit in 2012 is estimated to be 3.3% of GDP (as opposed to a projected 2%), with similar adjustments for Greece, Ireland, Italy and Portugal (see chart). Thus, a generalised recovery in the euro area with no further changes in competitiveness and relative domestic demand would imply some re-emergence of current account imbalances.

Box 1.4. Policies to ease euro area rebalancing (cont.)

Current account balances in euro area countries under financial market pressure

In per cent of GDP



1. Under the hypothesis of 3% nominal GDP growth.

Source: OECD Economic Outlook 92 database and OECD calculations.

StatLink <http://dx.doi.org/10.1787/888932742684>

Despite the relative competitiveness of countries under market pressure approaching 1998 levels, not only do cyclically-adjusted imbalances remain, but external debt has increased substantially in these countries. Hence, simply attaining relative competitiveness positions within the euro area at 1998 levels would probably be insufficient to restore sustainable external positions. Only Ireland has a current account balance that, once adjusted for its relative cyclical position, is consistent with reducing net external debt to 35% of GDP in the next two decades, assuming nominal GDP growth of 3%. Being based on a simple framework, this assessment leaves out other important considerations in the sustainability of external positions, such as the evolution of relative competitiveness outside the euro area, the interest rate paid on foreign liabilities, or the influence of non-price competitiveness. It also abstracts from the contribution that fiscal consolidation will make to external adjustment, which is set to be large in the countries concerned. Even so, adjustment costs are likely to be substantial before external balances are sustainable, even if much adjustment has already occurred.

Improvements in competitiveness relative to countries outside the euro area, achieved through a depreciation of the euro exchange rate, might do little to help imbalances within the euro area as they would probably boost the pre-existing imbalances in surplus countries by more than they would reduce the imbalances in deficit countries. Even so, euro depreciation would contribute towards the external sustainability of Greece, Portugal and Spain, although estimates from this framework suggest that the boost to the current account from an improvement in competitiveness relative to countries outside the euro area is only about one-third of that from an equivalent percentage improvement in competitiveness relative to countries within the area.

Being “relative” adjustments, changes in competitiveness within the euro area could occur through further reductions in unit labour costs in countries under financial stress, but they could just as well occur through increases in unit labour costs in the rest of the euro area, or a combination of the two. Higher inflation in surplus countries, together with a rebalancing of spending toward domestic demand, would indeed help reduce euro area imbalances with or without further declines in unit labour costs in deficit countries. A 23% increase in unit labour costs relative to the rest of the euro area would be needed in Germany to restore 1998 relative competitiveness levels, for instance. If rebalancing takes place only in the countries under financial market stress, the costs would be very high as downward adjustments to relative wages and prices in these countries are currently occurring through economic weakness and high unemployment.

Box 1.4. Policies to ease euro area rebalancing (cont.)

Euro area countries experiencing financial market pressure can reduce such adjustment costs by making their labour market more flexible. Studies indeed show that the output/employment costs of reducing inflation tend to be lower in countries that have more flexible labour markets, for instance less restrictive employment protection laws. Greece, Portugal and Spain have relatively inflexible labour markets (Venn, 2009), so efforts already under way in these countries to make labour markets more flexible are steps in the right direction, although greater labour market dynamism could lead to larger employment losses in the short term.

More broadly, other structural reforms can also help improve competitiveness by boosting productivity. Employment protection legislation reforms, in addition to lowering the employment costs of restoring competitiveness, could raise productivity by between $\frac{1}{2}$ and $1\frac{3}{4}$ per cent over 10 years in Italy, Spain, Greece, Portugal and Ireland (Bouis and Duval, 2011). The scope for product market reform in many of the euro area countries where competitiveness needs to improve further is also considerable. OECD estimates suggest that for Italy, Spain, Greece and Portugal, fast implementation of product market reforms could raise productivity by 3-4% over five years and 7-8% over 10 years. For productivity improvements to be reflected in lower unit labour costs, wages would have to rise by less than productivity, but this is more likely to occur in economies where demand conditions are very depressed and unemployment high, as is the case now where financial market pressures are greatest.

Finally, and as mentioned above, the countries with the largest current account deficits also tend to be those with the largest fiscal deficits. Ongoing fiscal consolidation in these countries has already reduced current account deficits substantially. While fiscal consolidation efforts must be balanced against growth concerns in the short term, ambitious medium-term fiscal targets would help to ensure a continued reduction in current account imbalances once recoveries are under way. Relative to a scenario in which all countries undertake up to $\frac{1}{2}$ percentage point of GDP of fiscal consolidation per year to stabilise debt-to-GDP ratios, an alternative scenario in which gross debt-to-GDP ratios are gradually reduced to 60% – with up to 1 percentage point of GDP of consolidation per year – could improve current account balances by $1\frac{1}{2}$ percentage points of GDP in Spain, 2 percentage points in Italy, 4 percentage points in Ireland, $4\frac{1}{2}$ percentage points in Portugal and $7\frac{1}{2}$ percentage points in Greece. Such current account improvements would come only gradually, but would make a substantial contribution to external sustainability and reduce the need for further adjustments to cost competitiveness.

While the simple framework used here does not allow for the likely interaction between policy channels, it does suggest that a combination of reforms in Greece, Ireland, Portugal, Spain and Italy to make both product and labour markets more flexible, inflation well in excess of 2% in the rest of the euro area over several years, and ambitious fiscal adjustment could substantially facilitate the rebalancing process and so reduce the extent to which the burden of adjustment is reliant on further prolonged demand weakness.

... in both external deficit economies...

- For those countries in which large external deficits have built up, durable adjustment requires both a reduction in domestic spending and a depreciation of the real exchange rate. Against the backdrop of low inflation in the euro area as a whole, the required relative price changes and expenditure switching will likely take time, but can be expedited by structural reforms that enhance product and labour market flexibility, and facilitate the necessary reallocation of resources and adjustment of prices and wages required to regain external competitiveness. Structural reforms are also essential to boost productivity growth and enhance the quality and variety of exportable

goods and services. In addition, higher trend growth will help ease debt dynamics.

... and external surplus economies

- For countries with long-standing external surpluses, domestic spending needs to increase and resources to be switched from tradable to non-tradable sectors via an appreciation of the real exchange rate and higher relative returns on capital in the service sectors, driven by structural reforms. Adjustment will likely imply higher domestic wages, private consumption and residential investment. 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.

The required economic adjustment has begun...

The required adjustment process is underway in most deficit countries, with spending being reduced by increases in household saving, reduced housing investment and fiscal consolidation. This has been accompanied by an acceleration of structural reforms.⁷ In surplus countries, there has been much less policy adjustment to foster rebalancing and few structural reforms to facilitate the transfer of resources into sheltered sectors have been implemented. In particular, reforms are still pending that could boost growth by removing obstacles to investment and efficiency in service sectors, such as reductions in entry barriers and operational regulations.

... with cost competitiveness adjusting...

The necessary adjustment in intra-area cost competitiveness is also underway, although not yet complete. The unit labour costs of many of the external deficit countries have started to decline and by 2014 relative costs within the euro area are projected to be more closely aligned with those in 1998, when the value of national currencies against the euro were fixed (Figure 1.15). Even so, to bring relative costs in external deficit countries to levels consistent with external debt stability during normal cyclical conditions (Box 1.4), further adjustment in relative costs in the external deficit economies is needed, either through domestic developments or developments in surplus countries, to regain competitiveness against other euro area members and against increasingly important potential competitors from emerging markets (Chen et al., 2012).

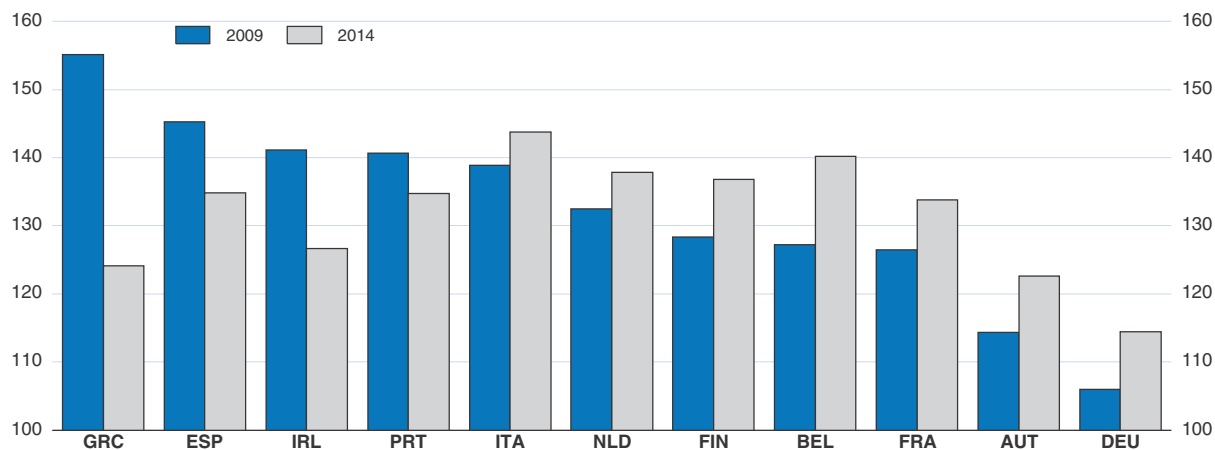
... and imbalances starting to unwind

The adjustment that has taken place in relative costs has contributed to the signs of progress in reversing cross-border imbalances. Intra-area trade imbalances have continued to narrow in the first half of 2012, with sharp declines in domestic demand in the EU/IMF programme countries and Spain helping to bring about a marked improvement in their aggregate external trade balances and the private sector

7. There is a strong cross-country correlation between the intensity of ongoing fiscal consolidation efforts and responsiveness to structural reform priorities in recent years (OECD, 2012a).

Figure 1.15. **Euro area unit labour costs are adjusting**

1998 = 100



Note: The figures shown are for whole economy unit labour costs. If wage developments in the public sector diverge from those in the rest of the economy, changes in private sector costs may differ from those shown. This may mean that economy-wide labour costs are falling more sharply than private sector costs in the EU/IMF programme countries.

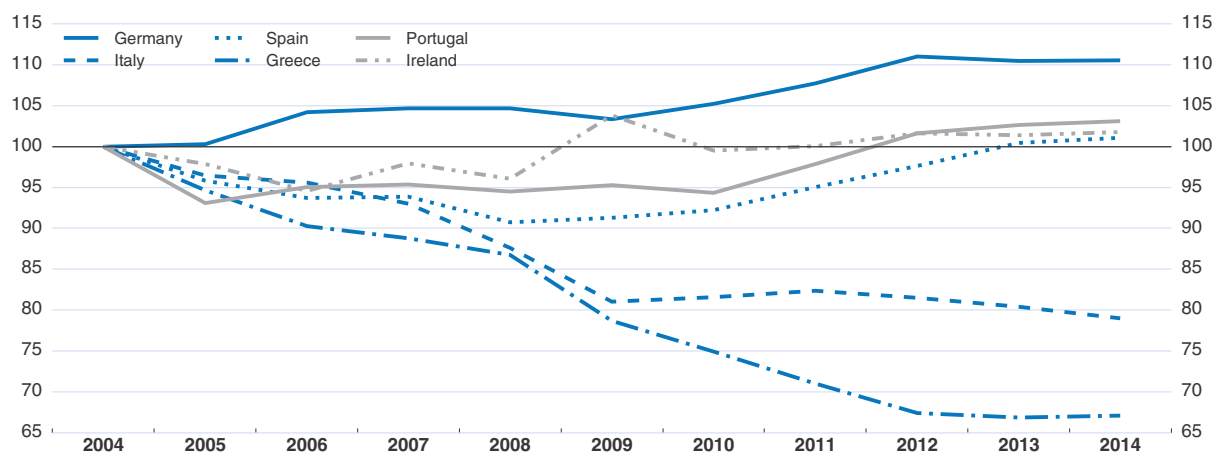
Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932743007>

involvement in debt restructuring in Greece reducing net income payments abroad. Some of these developments stem from structural factors, with Ireland, Spain and Portugal broadly maintaining or improving their export market share between 2009 and 2014, and a gradual stabilisation of Italian and Greek export performance after losing market share for many years (Figure 1.16). Nonetheless, the underlying

Figure 1.16. **Export market performance is improving in some countries**

2004 = 100



Note: Export performance refers to the ratio of export volumes and export market growth.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932743026>

external balances of the traditional external deficit countries are somewhat weaker than their headline balances, given the depressed state of domestic demand in these economies relative to their trading partners (see Box 1.4).

Enhancing area-wide growth prospects

EU-wide initiatives could help to foster growth

The political and social challenges involved in the adjustment process would be smoothed if adjustment could take place against a background of stronger area-wide growth. Structural reforms underway in some of the deficit countries could increase output significantly, with OECD estimates for the ultimate increase in GDP due to reforms in Italy and Greece amounting to about 4½ and 10 per cent, respectively (OECD, 2011, 2012f). Actions at the European level to foster area-wide potential growth could help to speed up rebalancing and generate a more propitious environment in which to undertake structural reforms. Several initiatives were announced in the “Compact for Growth and Jobs” at the end-June European Council meeting. The additional financial assistance in the package,⁸ worth up to 1¼ per cent of GDP, whilst welcome, is likely to have only a modest effect on near-term growth prospects. Planned structural initiatives to deepen the Single Market, reduce regulations, strengthen the European Research Area and enhance labour mobility, are likely to do much more to improve medium-term growth prospects (OECD, 2012g) although they will likely take some time to come into full effect.

Ending destabilising feedback loops

Adverse feedback loops need to be blocked

Deep imbalances within the euro area and weaknesses in its institutional set-up have led to several adverse feedback loops that threaten the survival of the monetary union. Firstly, solvency fears for banks and their sovereigns have fed on each other due to implicit or explicit government guarantees for banks and bank holdings of government bonds. Secondly, concerns about the possibility of exit from the euro area have pushed up sovereign yields, which in turn have reinforced breakup fears and increased yields further. Thirdly, worries about government debt levels have driven yields up and growth down, which has weighed further on debt dynamics. To terminate the crisis, it is essential to overcome all three interactions.

Breaking the feedback loop between banks and governments

The bank-sovereign loop can be arrested...

The negative feedback loop between banks and government finances reflects a number of serious weaknesses in the euro area financial system and its robustness. In particular, European banks are often heavily reliant

8. The financial measures comprise: additional capital to raise the lending capacity of the European Investment Bank; new Project Bonds worth up to EUR 4.5 billion for key infrastructure projects; and a commitment to reallocate some structural funds to support innovation projects, SMEs and employment initiatives.

on non-deposit sources of funding and not sufficiently well capitalised to deal with large negative shocks, although the situation has improved a little this year as a result of the successful EU-wide exercise to raise capital buffers in the banking sector. Banks thus depend on explicit and implicit guarantees from national authorities. This forces individual governments to inject capital into their banks to save the banking system when large negative shocks occur, but the accompanying weakening of public finances raises yields on government bonds, which in turn impose losses on bank holdings of sovereign debt on top of the operating losses associated with weaker activity.

*... by strengthening bank
balance sheets...*

The feedback loop between sovereign and bank balance sheets would in principle cease to operate if banks were seen to be so well capitalised that they could withstand further sovereign weakness. Even though EU banks have brought their ratio of Core Tier-1 capital to 9% of risk-weighted assets as requested by the European Council in October 2011, confidence in the euro area banking system remains weak. Indeed, the ratio of Core Tier-1 capital to un-weighted total assets in euro-area banks falls well short of 5%, identified as a benchmark for well-capitalised banks (see e.g. Blundell-Wignall and Atkinson, 2012). If the largest banks in the euro area were all to respect such a minimum standard, which is more demanding than the minimum Basel III leverage ratio scheduled to become mandatory in 2018, they would need to raise additional capital at some stage. At the present time, the capital shortage with respect to a 5% standard is estimated at around EUR 400bn (4¼ per cent of euro area GDP), with large capital increases necessary in banks in both core and vulnerable countries (see Box 1.5). Raising capital through retained earnings may be made harder by bad loan losses, which may increase substantially from current surprisingly low levels in some countries. Hence, it is likely that national governments would have to provide some of the extra capital if such a capital standard is to be achieved and especially if it is to be achieved quickly. However, in the current environment, such capital injections by national governments may not be feasible in countries where public deficits and debt are high, limiting the scope to use such measures to block the bank-sovereign loop in the near-term. Nonetheless, it remains essential to address the capital shortage of euro area banks in the coming years.

*... but will most likely
require a full multi-pillar
banking union*

A banking union of the euro area countries would be desirable even with better capitalised banks. At current levels of capital it is indispensable to overcome the bank-government feedback loop at the national level. For this purpose, a banking union would have to consist of 4 pillars and go well beyond the steps currently being discussed:

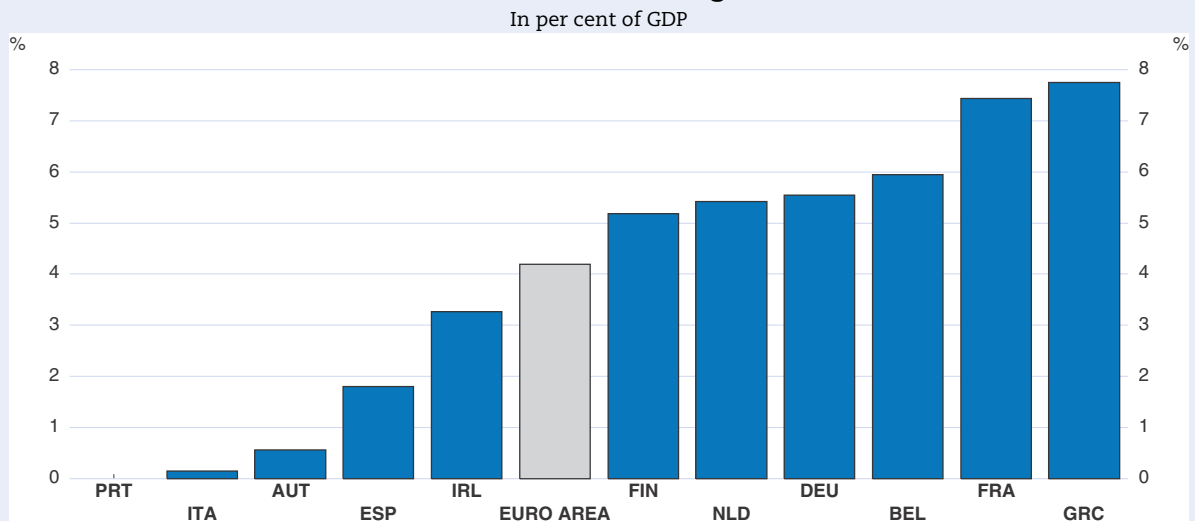
- Joint bank supervision to counter the moral hazard embedded in joint fiscal backstops and to reduce the risk of excessive risk taking in the banking system as a whole.

Box 1.5. Estimated additional capital needs in large euro area banks

This box presents estimates of additional capital needs of large banks in the euro area so as to attain a minimum leverage ratio in each bank of 5%, i.e. Core Tier-1 capital being at least equal to 5% of total assets not weighted by risk. A 5% leverage ratio has been recommended by the OECD and is close to the median leverage ratio of the largest US and European banks (Blundell-Wignall and Atkinson, 2012; Blundell-Wignall and Roulet, 2012). To derive the estimates, a bottom-up approach is employed by first assessing the capital addition required for each individual bank to reach a leverage ratio of 5% and then adding up the needs for the banks that are currently under-capitalised based on this yardstick to obtain national and area-wide estimates of additional capital needs. The estimates are based on consolidated bank balance sheets which are prepared on an IFRS basis and refer to the latest available information. It should be underlined that a 5% leverage ratio does not currently form part of the internationally agreed Basel III framework, which expresses capital requirements in terms of risk-weighted assets, with a 3% leverage ratio to be introduced as a backstop from 2018.¹

On the basis of the 5% leverage ratio, the capital shortage in the large banks in the euro area amounts to around EUR 400bn or 4¼ per cent of GDP in the euro area (see figure below). Relative to GDP, the required injections are 6% or more in Greece, France and Belgium, whereas additional capital needs are estimated to be less than 2% of GDP in Portugal, Italy, Austria and Spain.

The euro area banking system: Core Tier-1 capital additions required to reach 5% of total assets in each large bank



Note: Based on around 200 euro area banks. The number of banks in the sample for each country displayed and the corresponding number of banks with less than 5% leverage ratio (in brackets) are as follows: Austria 19 (8), Belgium 9 (4), Finland 5 (3), France 8 (8), Germany 60 (30), Greece 9 (4), Ireland 10 (2), Italy 33 (8), Netherlands 9 (5), Portugal 8 (0) and Spain 27 (8). The euro area refers to the countries displayed.

Source: Company Reports, OECD.

StatLink  <http://dx.doi.org/10.1787/888932742703>

There are some caveats to these estimates. For example, a 5% leverage ratio calculated on the basis of IFRS standards is a more demanding benchmark for banks in the euro area, because derivative positions are accounted for on a gross basis, than is the 5% leverage ratio considered by the US Federal Deposit Insurance Corporation (FDIC) as a criterion for well capitalised banks in the United States, where these positions are netted out. Also, these estimates do not incorporate additional capital to cover potential future losses nor do they incorporate increases due to changes in the definition of Core Tier-1 capital under Basel III to be implemented by 2018.

1. The Basel III leverage ratio is based on Tier-1 and not Core Tier-1 capital.

- A joint bank resolution framework so that the same rules and processes apply to the closing or restructuring of failing banks throughout the euro area once a single supervisor decides that corrective action is needed.
- A joint deposit guarantee scheme to limit the risk of national bank runs.
- A joint fiscal backstop so that in the event of a corrective action being needed, the possible associated fiscal costs are shared among all members and not limited to the sovereign where the bank is located. Various options for a backstop of this kind can be considered, including pre-funded schemes, ex-ante agreements on burden sharing and contingent taxation. The possibility for the ESM to directly recapitalise banks represents an embryonic backstop (see below).

The planned single supervisory system will not break the loop...

The decision in June to create a single supervisory system for euro area countries is a first step towards a banking union. The European Commission's proposal from September was for a transfer of key supervisory authority, starting on 1 January 2013, and encompassing all banks in the euro area by the start of 2014, to a "Single Supervisory Mechanism", with the ECB having the ultimate authority. The subsequent decision of the European Council on 18 October was that the relevant legislative framework would be agreed by the start of 2013, with work on the operational implementation required to ensure centralised supervision taking place in the course of 2013. Although it remains uncertain how this system would work in practice, notably the interaction between the ECB and national supervisory authorities, and how quickly effective central supervision can be implemented, it should strengthen effective supervision of banks *inter alia* by reducing the risk of supervisory forbearance at the national level. However, the centralisation of supervision is unlikely on its own to block fully the feedback loop between weak banks and weak sovereigns.

... and the direct recapitalisation of banks by the ESM has yet to be made effective

On the other hand, the decision taken in June, and reinforced at the October European Council meeting, that the ESM could possibly recapitalise banks directly (rather than via the government) once "an effective single supervisory mechanism is established" could sever such links. In practice, potential procedural hurdles, such as the required unanimity of all Eurogroup members on any action, and uncertainty over interpretation, such as whether the agreement covers only new banking problems or also legacy problems and when an effective single supervisory mechanism can be said to be in place, cast some doubt on whether it will do that.

A complete bank union is needed for the long term; direct ESM injections into banks are necessary in the short term

The Single Supervisory Mechanism and an effective joint fiscal backstop need to be complemented by adding a joint bank resolution regime and a joint deposit guarantee scheme. Such institution building should be expedited but will inevitably take time. In the meantime, to block the adverse feedback between national government finances and

bank balance sheets, it is necessary to swiftly implement the decision on direct capital injection by ESM into banks in such a way that it can address problems inherited from the past. Even then, there are some doubts about the adequacy of available resources for bank recapitalisation by the ESM, given other commitments.

Breaking the feedback loop between exit risk and government bond yields

The feedback loop between exit risk and bond yields can be stopped...

As long as investors believe that exit is possible or even likely, sovereign bond yields will include a currency-conversion risk premium which will go up with – and raise – the exit probability. This instability is likely to be a key reason why the bond yield spreads of fiscally stressed euro area countries have increased considerably more than might be expected given past relationships between public indebtedness and risk premia. It has also counteracted monetary policy transmission in the fiscally weak countries, as indicated by very high bank lending rates in some of the vulnerable countries (see Figure 1.9) despite very low monetary policy rates.

... by the ECB's OMT scheme...

These deleterious effects of exit risks prompted the ECB to introduce the Outright Monetary Transactions (OMT) scheme. For eligible countries, the scheme involves purchases of short-term (up to 3 years maturity) sovereign bonds without limits in order to remove the exit risk premia in bond yields and without seniority claims. Eligibility is limited to countries that have established either a macroeconomic adjustment programme or a precautionary programme with the EFSF or ESM; in either case the programme could involve primary bond market purchases by the EFSF/ESM. Continued ECB bond purchases in the secondary market would be dependent on countries fully respecting programme conditionality. It remains to be clarified how the mechanism would operate if there was a failure to comply with conditionality, as interruption of support would spark financial instability in the sovereign debt market with possible contagion effects.

... but vulnerable countries need to enter programmes for it to be fully effective

Sovereign bond yields in Spain and Italy fell sharply after the announcement of the OMT scheme in early August, especially at shorter maturities. Even though the benefits of programme entry should have increased with the OMT, the Italian and Spanish authorities have not indicated that they will seek a programme, although this would be likely in the case of Spain if yields were to move up again significantly. Apart from possible stigma effects and political costs, reluctance to enter programmes might also reflect concerns about hardening attitudes of would-be creditors and the potentially more onerous conditionality required for programme entry. The unanimity required for an EFSF/ESM programme gives those advocating strict conditionality a strong hand. In contrast, programme applicants have little bargaining power since they have to publicly instigate discussions. However, even in the absence of actual programme entry, the OMT scheme has reduced exit risks by

creating the option of programme entry. It has accordingly put limits on how far the feedback between exit risk and bond yields can go, but as long as vulnerable countries do not enter a programme their bond yields will remain higher than otherwise. The benefits of programme entry, including sizeable cuts in borrowing costs for the public and private sectors alike, and the costs of abandoning a programme should increase its credibility. At the same time, the decision-making process for a programme should be made as quick and smooth as possible to avoid adding uncertainty and possibly sparking negative market reactions.

Breaking the feedback loop between bond yields and debt sustainability

The feedback loop between high debt and yields can be arrested by the Fiscal Compact

Debt levels that are large and seen as set to grow further normally translate into high yields. In usual circumstances, such reactions by markets provide a useful disciplining mechanism, but this feedback can also become destabilising because higher bond yields will make debt dynamics more unsustainable. In the context of the euro area, this may create area-wide spillovers. Destabilisation is particularly likely because market discipline had been largely absent for many years, leading some countries to run up high debts, before it asserted itself with a vengeance. Indeed, more recently markets may have over-reacted in pricing risk. Over the long run, explicit means of coordination such as the Fiscal Compact and the updated Stability and Growth Pact (SGP) should in principle ensure that debt does not reach levels raising questions about sustainability – though past experience with the SGP suggests caution. In the near term, given the high level of legacy debt and the limited resources available through the EFSF/ESM, the temporary mutualisation of debt above a certain threshold, subject to conditionality, might be a means of impeding this feedback loop (Sachverständigenrat, 2012).

The cost of inaction: a risk of deep recession

The costs of inaction are high

Inaction, or weak and chequered progress in implementing the measures necessary to instill greater confidence in the survival of monetary union, would intensify the adverse feedback mechanisms discussed above. The resulting heightened sovereign and banking stress could plunge the euro area into a deep and protracted recession, with serious implications for the world economy. These developments are discussed below against the background of a stylised scenario.

Bond yields would rise significantly in many countries...

- The intensified concerns that would appear about sovereign debt sustainability in countries already under market pressure would have potentially dire consequences for public finances and the banking sector. The stylised scenario set out below incorporates a rise of 300 basis points in 10-year government bond yields in the countries under greatest market pressure in the euro area relative to the baseline projection. This is broadly consistent with the scale of the increase in yields seen in recent episodes of significant deterioration in market

sentiment,⁹ but could be an over-estimate if market participants, and hence market prices, already assign a non-zero probability to such an outcome.¹⁰

... with adverse effects on debt dynamics, credit growth, output and confidence...

- Intensified sovereign stress would significantly worsen debt dynamics in the euro area and further weaken confidence in public finances and growth prospects. Banks' balance sheets would be hit by the large decline in the market value of sovereign bonds issued by the countries affected, likely resulting in widespread bank deleveraging and very tight credit conditions. Economic growth would weaken further, accentuating the already elevated social costs of high and rising unemployment in the euro area, and private sector confidence would plummet. Repeated interaction of these forces would result in a deep downward spiral in the euro area economy.

... triggering similar effects around the world

- An intense euro area crisis would have large adverse spillover effects around the world through trade, confidence and financial channels (see also Box 1.1). On the financial side, equity prices would fall elsewhere, especially for firms with large sales in the euro area and financial institutions that face losses on their investments in the euro area. In turn, this would damp credit growth elsewhere and heighten risk aversion, putting downward pressure on all assets seen to be relatively risky and reducing the willingness to be exposed to all but the most safe counterparties.

The global consequences would be large

Some illustrative estimates of the possible impact effects of one particular euro area scenario are set out in Box 1.6. Although highly stylised and only illustrative, with many simplifying assumptions, this scenario highlights the potential scale of the counteracting policy action required if it were to occur (such actions are not included in the scenario), and the urgency of implementing fully the policy actions necessary to minimise the chances of it occurring. Key features of the stylised scenario include: large falls in the level of output in the OECD economies relative to the baseline projection (Figure 1.17), especially in the euro area where GDP levels could decline by over 6%, with declines of around 5% in GDP levels in the United States and Japan if worldwide financial stress resulted; further large increases in unemployment; the level of world trade plummeting by up to 11% relative to the baseline projection by the latter part of 2014; and likely deflation in many OECD economies by 2014. In a worst-case situation, this downside scenario could be strongly amplified by the turmoil that would likely result if one or several euro area countries were forced to (re-)establish their own national currencies.

9. For instance, as uncertainty grew about the effective lending capacity of the EFSF in 2011, Irish and Portuguese yields rose by almost 3½ percentage points from mid-June to mid-July that year.

10. There might also be an offsetting effect from a decline in the 10-year government bond yields in Germany, reflecting a flight-to-safety, but this is not incorporated in the scenario below.

Box 1.6. A stylised downside scenario in the euro area

The scenario set out in this box provides some illustrative indications of the possible economic effects resulting from one particular stylised downside scenario in the euro area. It assumes that sovereign and banking stress in the euro area intensifies significantly relative to that in the baseline projection, with confidence and financial conditions deteriorating, intensifying financial stress in the rest of the world. The scenario does not allow for the exit of any member state from the euro area, which would further deepen the economic impact.

Given the likely global nature of the downturn and likely widespread financial market contagion that could result, the 2008-09 crisis provides a basis for calibrating possible developments in the downside scenarios. In particular, the deterioration in credit conditions, corporate bond spreads and equity prices between the latter half of 2007 (the half-year prior to the onset of a generalised collapse in confidence) and the height of the crisis in the first quarter of 2009 has been used to calibrate a benchmark for the declines that could occur in major OECD economies in this downside scenario. Thereafter, the reversion in these variables towards more normal, pre-crisis levels is assumed to be protracted compared with 2008-09, reflecting the more limited scope for sizable support from conventional macroeconomic policies at the current conjuncture. In addition, as discussed in the main text, long-term government bond yields in this stylised scenario are also assumed to rise by 300 basis points in the countries under greatest market pressure in the euro area, broadly in line with past experience following major changes in financial market sentiment.

A broad picture of the possible near-term outcomes and effects if such a downside scenario were to occur is provided by simulations on NiGEM, the global macroeconomic model of the National Institute of Economic and Social Research. The model permits a full account to be taken of the spillovers between countries arising from changes in trade and international financial linkages via asset prices and net foreign asset accumulation. However, it does not allow for possible additional effects that might arise were private sector confidence to plummet throughout the world.

In simulations of the downside scenario, equity risk premia, corporate bond spreads, household sector interest rate spreads, equity prices and euro area bond yields are changed as set out above. The simulations also incorporate a 40% decline in equity prices (again reflecting the pattern of changes between the latter half of 2007 and the first quarter of 2009) and the stylised rise of 300 basis points in long-term government bond rates in the countries under greatest market pressure in the euro area. All shocks are assumed, for simplicity, to persist fully for two years. Policy interest rates are assumed to remain at their baseline settings (close to the zero bound) and inflation expectations are held constant. Budget solvency rules are turned off, so that the full effect of the downturn is reflected in the automatic stabilisers in all economies. Two sets of results are shown below. In the first, the shocks are applied only to the euro area, with spillovers to other countries primarily stemming from trade linkages. In the second set of results, global financial contagion is incorporated as well, magnifying the impact of the euro area shocks.

Given the very-weak projection for area-wide activity in the forecast baseline, the simulation results (see table below and Figure 1.17) point to a likely prolonged and increasingly deep recession in the euro area in the absence of any discretionary counteracting policy responses, with additional increases in unemployment adding to the already-high social costs of adjustment in many countries. The OECD as a whole would move into recession, with marked declines in activity in both the United States and Japan, with the adverse impact of the euro area shock on US activity rising considerably if it is accompanied by global rather than localised financial market weakness. Business investment would be particularly weak in the worldwide shock, declining by around 20% over two years in the United States and Japan, and by more than a quarter in the euro area. China and other emerging market economies would not be immune from this shock, with global trade volumes some 10 to 11% lower than baseline after two years, and the value of their international asset holdings being hit by weaker equity prices.

Box 1.6. A stylised downside scenario in the euro area (cont.)

Disinflationary forces would intensify, with deflation likely occurring in many OECD economies by 2014, given the already low level of inflation in the main projection and the gradual extent to which rising economic slack generates disinflationary pressures. Unemployment would also rise sharply, by over 2 percentage points in the OECD economies by 2014. If euro area governments made efforts to stick to their announced fiscal objectives for the headline budget balance, the necessary further *ex-ante* fiscal tightening would exceed 1% of GDP in 2013 and 2¼ per cent of GDP in 2014. If such a policy was pursued, the large adverse multiplier effects would intensify the adverse near-term effects on growth considerably.

If exchange rates were allowed to adjust in these simulations it could change the balance of the different activity effects for different economies somewhat. In particular, the euro exchange rate could be expected to depreciate, which would ease the adverse activity effects by the raising external competitiveness of euro area exporters. In contrast, the activity impact would be likely higher in other economies, given the appreciation of their currencies relative to the euro.

In a situation of extremely high financial stress and heightened risk aversion it might also be that a generalised flight to safety could lower government bond yields somewhat in the United States and perhaps Germany. Such effects are not incorporated in the simulations presented here, but could alleviate the overall hit to activity in these countries a little.

A stylised euro area downside scenario: macroeconomic model simulation results
differences from baseline

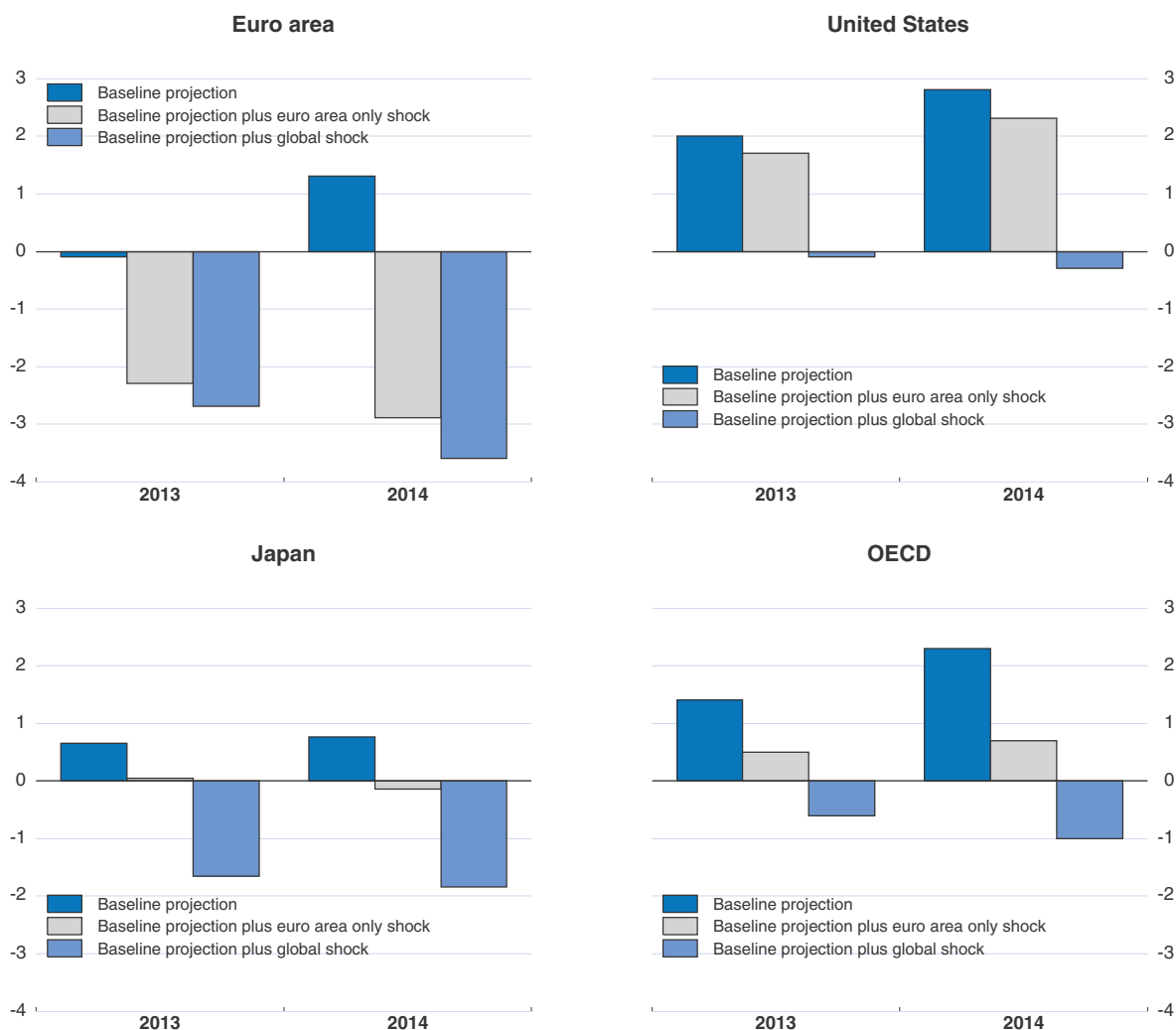
	Euro shock only		Worldwide shock	
	2013	2014	2013	2014
United States				
GDP growth (% pts)	-0.3	-0.5	-2.1	-3.1
Inflation (% pts)	-0.1	-0.6	-0.3	-2.5
Unemployment rate (% pts)	0.1	0.4	0.6	2.2
Budget balance (% of GDP)	-0.1	-0.2	-0.6	-1.3
Current balance (% of GDP)	-0.2	-0.5	0.0	0.0
Euro area				
GDP growth (% pts)	-2.2	-4.2	-2.6	-4.9
Inflation (% pts)	-0.2	-1.7	-0.2	-2.2
Unemployment rate (% pts)	0.8	2.6	0.9	3.0
Budget balance (% of GDP)	-0.9	-2.0	-1.0	-2.3
Current balance (% of GDP)	1.6	3.5	1.4	3.1
Japan				
GDP growth (% pts)	-0.6	-0.9	-2.3	-2.6
Inflation (% pts)	0.0	-0.3	-0.1	-0.8
Unemployment rate (% pts)	0.1	0.4	0.2	1.3
Budget balance (% of GDP)	-0.1	-0.4	-0.5	-1.3
Current balance (% of GDP)	-0.1	-0.2	0.3	0.3
China				
GDP growth (% pts)	-0.6	-1.3	-1.2	-2.4
Inflation (% pts)	-0.1	-1.2	-0.2	-2.3
Current balance (% of GDP)	-0.1	-0.1	-0.1	-0.2
OECD				
GDP growth (% pts)	-0.9	-1.6	-2.0	-3.3
Inflation (% pts)	-0.1	-0.9	-0.3	-2.0
World				
GDP growth (% pts)	-0.7	-1.4	-1.5	-2.6
Trade growth (% pts)	-2.8	-4.2	-4.8	-6.7

Note: Equity prices drop by 40% in the euro area only in the first simulation and worldwide in the second simulation. Investment risk premia (corporate bond spreads) are raised to their peak in 2009Q1 in the euro area in both simulations and in all countries in the second simulation. Household borrowing-lending wedges go up by 400bp in the euro area in both simulations and by 100bp in Japan and 200bp elsewhere in the second simulation only. Equity risk premiums go up by 300bp in the euro area in both simulations and by 75bp in Japan and 150bp elsewhere in the second simulation only. In both simulations: long bond rates go up by 300bp in countries under greatest market pressure in the euro area; short-term interest rates, inflation expectations and nominal exchange rates are held fixed; and budget solvency rules turned off everywhere. Model run in backward-looking mode.

Sources: OECD calculations.

StatLink  <http://dx.doi.org/10.1787/888932744223>

Figure 1.17. **GDP growth in the baseline and a downside scenario**
Per cent



Source: OECD calculations.

StatLink  <http://dx.doi.org/10.1787/888932743045>

Macroeconomic and financial policies

Monetary policy

The monetary policy stance has been eased

In the large OECD economies where short-term policy rates are at near-zero levels and where the recovery has faltered or has only moderate momentum, central banks have recently further expanded the scale of already adopted unconventional tools and introduced some new measures. Central banks in several other OECD and non-OECD economies have cut short-term interest rates.

An accommodative policy stance will need to be maintained...

Looking forward, and as described above, inflationary pressures seem likely to be weak, with economic growth only moderate relative to potential in most OECD and many non-OECD economies, and serious

downside risks looming large. This warrants at least the continuation of the current accommodative monetary policy stance, with interest rates close to zero in most OECD countries and asset purchase programmes implemented as planned. Further monetary stimulus is warranted in the euro area and also in some emerging economies.

... but in a downside scenario more monetary stimulus would be necessary

If severe downside risks to growth and inflation were to materialise, further monetary stimulus would need to be implemented, using unconventional and, where possible, conventional policy measures. Large-scale liquidity provision with a long maturity could help to support financial markets and asset purchase programmes should be expanded. In countries with already low government bond yields, additional purchases of government debt are likely to have diminishing returns and moves to purchase additional private sector assets might be needed. In view of the near-fiscal nature of such intervention, it should, if it becomes necessary, be accompanied by government guarantees and be undertaken in a transparent way, with principles being established for the types of assets to buy. Programmes which directly incentivise banks to lend, like the fund-provisioning measure undertaken in Japan and the UK Funding for Lending Scheme, could also be introduced to expand credit supply.

Monetary policy should remain highly expansionary...

Outside such a downside scenario, the key policy requirements in the major economies consistent with the projection are as follows:

... in the United States...

- In the United States, given the modest economic outlook and the risk of a more negative outcome, the Federal Reserve's current quantitative easing programme and the lengthening of the period at which current low interest rates are expected to be maintained are appropriate.¹¹ However, if the economic situation were to turn out significantly worse than expected, the Federal Reserve should further expand the size of its purchases of government and mortgage-backed securities and start purchasing other types of assets if necessary to ease financial conditions.

... Japan...

- In Japan, the current zero-interest-rate policy needs to be maintained until inflation is firmly positive. To speed up this process, the Bank of Japan should also undertake further measures, including expanding the scale of the asset purchase programme beyond its current size of 91 trillion yen (19% of GDP) after the cumulative 21 trillion yen increase in September and October. More forceful action would be required if further downside risks were to materialise.

11. In June, the Federal Reserve decided to continue through the end of 2012 the programme to extend the average maturity of its holdings of securities (known as "Operation Twist") which was scheduled to end in June. The Federal Reserve's first and second asset purchase programmes and Operation Twist amount together to 20% of GDP. In September, it committed to purchase mortgage-backed securities at the rate of \$40 billion per month (3% of US GDP per year) until the outlook for the labour market improves substantially.

- ... the euro area...
- In the euro area, there is a need for easier monetary conditions given the prospects for weak economic activity and growing disinflationary pressures. Hence, the ECB should lower its refinancing rate by a further 25 basis points, possibly in conjunction with a negative deposit rate, and issue forward guidance on maintaining the accommodative policy stance for a long period. The effectiveness of lower policy rates will be enhanced if large differences in intra-euro area financial conditions can be diminished, including via the OMT programme. In case of severe turmoil, liquidity provisions and broad-based purchases of assets should be expanded.
- ... and the United Kingdom...
- In the United Kingdom, following the expansion of the asset purchase programme by £50 billion (taking the total to £375 billion – 25% of GDP) and the introduction of the Funding for Lending Scheme,¹² the current monetary policy stance is appropriate to help reduce slack in the economy and ensure that the inflation target is met in the medium term. If growth were to deteriorate significantly, a further expansion of the asset purchase scheme would be required.
- ... and ease further in China...
- In China, where monetary policy easing has so far been relatively modest¹³ given recent declines in inflation and likely moderate inflation pressures ahead, there is scope to ease monetary conditions further. In conjunction with moves to allow more flexibility of the renminbi, this should help reduce the risk of activity being weaker than projected and help to rebalance the economy. The rebound of the property market signals a potential need for macro-prudential policies to avoid future overheating in housing markets. There would be considerable scope to ease monetary policy forcefully in case of much weaker growth, even if potential growth rates are in the process of declining.
- ... and India but not in Brazil
- In India, the central bank could adopt a more accommodative stance, looking through temporary increases in regulated petroleum prices, unless inflation remains elevated and signs emerge that potential growth is lower than previously thought. In Brazil, following interest rate cuts over the past year (5¼ percentage points in total), the current monetary stimulus appears appropriate to ensure GDP growth close to potential and hence to sustain inflation close to the middle of the target band over the medium term.

12. The scheme is intended to boost lending to households and businesses. It involves swapping UK Treasury bills for less liquid assets, thereby allowing banks and building societies to obtain funding for up to 4 years at below currently elevated market rates.

13. Since May, the benchmark rate and the required reserve ratio have been cut in China by 56 and 50 basis points respectively. In addition, large liquidity injections have been provided, reducing short-term market rates.

*Risks related to
unconventional policy
should be addressed*

Even though unconventional monetary stimulus is currently required and may have to be expanded further in the future, it involves negative risks. Keeping long-term rates very low for a long period could delay necessary deleveraging, prompt excessive risk taking and resource misallocation, and also allow zombie banks and enterprises to survive. Furthermore, purchases of private-sector assets might entail additional risks, such as greater public concern about fairness and the increased vulnerability of central bank balance sheets to asset price fluctuations. The materialisation of these risks might eventually jeopardise public support for central bank independence. Some of the risks could be contained by prudential policies and stricter financial supervision (see below), and central banks could prepare for possible losses on the purchased assets in co-operation with governments, for example by raising net assets or obtaining guarantees against the losses. Even so, in event of a severe downturn, the benefits from expanded unconventional monetary policy measures would most likely be higher than their potential future costs.

Fiscal policy

*The consolidation path
needs to depend on the
state of the economy*

With the recovery of economic activity projected to be weak and surrounded by significant downside risks, fiscal policy decisions over the next two years need to balance two main challenges. On the one hand, there is an urgent need for a large majority of OECD countries to implement credible fiscal consolidation programmes that put government finances on a sustainable path and reduce financial vulnerabilities. At the same time, the pace of consolidation must take into account the state of the economy and the adverse effects of fiscal policies on aggregate demand, with fiscal multipliers at present likely to be higher than in normal times (see above). Thus, budgetary outcomes should be allowed to deviate from announced consolidation plans if economic activity turns out to be temporarily weaker than assumed, with the scope for deviation depending on fiscal positions and market pressures. For countries with impaired public finances acting alone, there is only limited scope to stretch out the path of consolidation without further losses to credibility in financial markets. However, it may be both possible and desirable to let automatic stabilisers work around the structural adjustment path as part of a more general and co-ordinated approach. At the same time, there is some scope for fiscal easing or postponement of structural adjustment in countries with relatively healthy public finances. In particular, there would be a need to temporarily ease fiscal tightening or even provide fiscal stimulus if serious downside risks materialise. The projection discussed above is based on the assumption that, where announced, consolidation plans will be implemented in structural terms in all countries, but not necessarily in nominal terms.

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

In the baseline projections, the OECD area-wide fiscal deficit is expected to fall by about 1% of GDP in both 2013 and 2014, with the improvement more than accounted for by planned consolidation measures, partly offset by rising interest payments (Table 1.5). Gross government debt in terms of GDP is set to continue drifting upwards in most OECD countries, although at a declining rate, with 2014 debt-to-GDP ratios projected to reach 114% in the United States, 103% in the euro area and 230% in Japan. Earlier calculations by the OECD indicate that, based on plausible assumptions about medium-term growth and interest rates, reducing debt ratios to pre-crisis levels or to more comfortable levels of some 60% of GDP would require improvements in underlying primary balances of several percentage points in most OECD countries, with consolidation episodes likely to extend over several more years.¹⁴

Table 1.5. Fiscal positions will improve only slowly

Per cent of GDP / Potential GDP

	2010	2011	2012	2013	2014
United States					
Actual balance	-11.4	-10.2	-8.5	-6.8	-5.2
Underlying balance	-9.2	-8.3	-7.1	-5.5	-4.1
Underlying primary balance	-7.6	-6.4	-5.3	-3.8	-2.4
Gross financial liabilities	97.8	102.2	109.8	113.0	114.1
Euro area					
Actual balance	-6.2	-4.1	-3.3	-2.8	-2.6
Underlying balance	-4.1	-3.0	-1.7	-0.5	-0.3
Underlying primary balance	-1.7	-0.5	0.9	2.0	2.3
Gross financial liabilities	93.1	95.2	100.6	102.5	103.4
Japan					
Actual balance	-8.4	-9.3	-9.9	-10.1	-7.9
Underlying balance	-7.8	-8.3	-8.8	-8.6	-6.3
Underlying primary balance	-7.2	-7.6	-7.9	-7.4	-4.8
Gross financial liabilities	192.7	205.3	214.3	224.3	230.0
OECD¹					
Actual balance ¹	-7.7	-6.5	-5.5	-4.6	-3.6
Underlying balance ²	-6.5	-5.7	-4.8	-3.5	-2.6
Underlying primary balance ²	-4.9	-3.9	-3.0	-1.8	-0.8
Gross financial liabilities ²	98.7	102.9	108.7	111.4	112.5

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 and Mexico.

2. Excludes Chile, Mexico and Turkey.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744185>

The key fiscal policy requirements are...

The fiscal policy assumptions employed in the projections are based on government programmes in most cases, though normative assumptions have been made, conditional on the projections, where there is particular uncertainty about the likely evolution of budget policy, which

14. See Chapter 4 in OECD (2012b).

mainly concerns 2014 (see Box 1.2). The policy requirements in the United States and Japan are as follows:

*... in the United States,
removing policy
uncertainty...*

- In the United States, budgetary policy in the short and medium term remains uncertain. Current legislation still implies an extremely sharp fiscal tightening in 2013, amounting to close to 4% of GDP, with the extensions of the 2001-03 tax cuts set to expire and automatic expenditure reductions set to be implemented, lowering GDP growth by at least 2 percentage points compared with the projection (CBO, 2012). Thus, there remains an urgent need to avert a potential sharp negative shock and remove risks that would undermine private spending. At the same time, the constitutional debt ceiling needs to be raised in a timely and orderly way to avoid serious disruptions. The assumption adopted here is that a bipartisan agreement in Congress brings about fiscal consolidation amounting to 1½ per cent of GDP in 2013. Against the background of very large consolidation needs, and with the economy projected to strengthen further, consolidation amounting to 1½ per cent of GDP would appear to be justified, and has been assumed, in 2014. However, if downside or upside risks materialise, the automatic stabilisers should be allowed to work fully. Potentially adverse reactions in financial markets would be reduced if political stalemate on the appropriate design of the needed medium and long-term fiscal retrenchment could be overcome. It is in any case necessary to establish agreed detailed medium-term consolidation plans to maintain confidence in fiscal probity and thereby avoid the risk of destabilising increases in government bond yields.

*... in Japan, establishing a
detailed and credible
programme to attain the
authorities' medium and
long-term fiscal goals...*

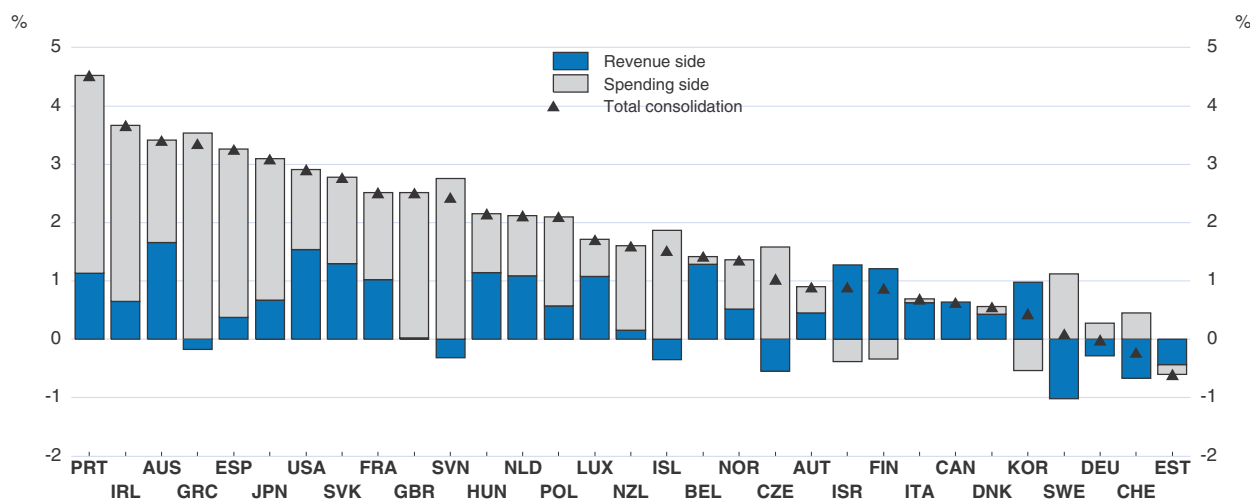
- In Japan, on currently announced government policy, the underlying primary deficit is projected to decline in 2013 by ½ per cent of GDP, with the headline deficit increasing to around 10% of GDP. In 2014 the underlying primary balance is projected to strengthen very substantially, by 2½ per cent of GDP, mainly due to the increase in the consumption tax rate and a freeze in non-reconstruction spending by the central government in fiscal year (FY) 2013-14. While in itself such abrupt tightening may seem undesirable, this should be seen as a step towards Japan meeting its FY 2015 target of bringing the primary budget deficit of local and central governments, excluding reconstruction spending, to 3.2% of GDP. However, additional measures are required to attain the long-term goals of achieving a primary budget surplus by FY 2020 and putting the public debt ratio on a downward path from FY 2021. Given the risks associated with the extraordinarily high sovereign debt ratio, a more detailed and credible medium-term fiscal consolidation programme needs to be established. High indebtedness limits the room for manoeuvre in event of a negative shock to allowing automatic stabilisers to work.

... in the euro area,
implementing planned
structural consolidation
and allowing the automatic
stabilisers to work...

In the euro area, fiscal policy is set to be very tight in the current and coming years in the countries under market pressure. Fiscal consolidation in 2013 and 2014 combined is largest in Greece, Ireland, Portugal and Spain, totalling 3¼, 3¾, 4½ and 3¾ percentage points respectively. Fiscal consolidation plans have been reinforced by new consolidation measures, mostly on the spending side, in some of the programme countries in order to meet deficit targets against lower growth prospects (Figure 1.18). These measures will create additional headwinds to activity in the short run. Such pro-cyclical fiscal tightening is in principle undesirable, but each programme country has, on its own, little room for manoeuvre. Moreover, the weak growth that is projected in the OECD's baseline scenario undercuts the growth assumptions embedded in the current consolidation programmes of many other European countries, notably the national Stability and Convergence Programmes presented at the level of the European Union. In this environment, it would be appropriate for the economies in the euro area to consolidate in line with the improvement in underlying balances embedded in current programmes while taking no action to offset budgetary shortfalls arising from weaker economic activity than assumed in current plans. This departure from current nominal plans should be agreed at the level of the European Union for all countries concerned; a series of separate national announcements would be much more likely to trigger adverse market reactions. In a number of countries, including Portugal and Spain, nominal consolidation targets have already been revised, in agreement with the European Commission, amid the economies' deep recession and

Figure 1.18. **Expenditure versus revenue-based consolidation plans¹**

2013-14, in per cent of potential GDP



1. Total consolidation is the projected difference in the underlying primary balance; revenue side is the projected increase in the underlying receipts excluding interest earned on financial assets; and spending side is the projected decline in the underlying primary spending excluding interest payments on debt.

Source: OECD Economic Outlook 92 database.

StatLink <http://dx.doi.org/10.1787/888932743064>

shortfalls in tax receipts.¹⁵ Opportunities to initiate reforms must be exploited. In particular, France must seize the opportunity of the initial phase of a new government mandate to launch a comprehensive medium-term strategy of fiscal consolidation and structural reforms that would boost confidence and raise competitiveness and growth. In the event that serious downside risks materialise in the euro area, countries with relatively robust fiscal positions should give a temporary discretionary fiscal stimulus to demand, implying either declines in underlying net lending (including Germany and Finland) or tempering planned reduction in underlying deficits (including France and Belgium), while other euro area countries (including Italy, Spain and the EU/IMF programme countries) would only be in a position to allow automatic stabilisers to work.

*... which is equally relevant
for the United Kingdom*

In the United Kingdom, with the budget deficit and government debt still high, fiscal policy remains appropriate. The present stance has secured credibility as demonstrated by very low government bond yields. If growth underperforms expectations, the automatic stabilisers should be allowed to operate around the structural consolidation path in line with the fiscal framework, even though this may imply pushing out the debt target.

*Fiscal policy needs differ
across emerging economies
including...*

In emerging market economies, fiscal policy settings and requirements differ:

... China...

- In China, fiscal policy has become more supportive of demand this year, with the general government budget deficit projected to amount to 2% of GDP in 2012, compared with approximate balance in 2011. Public expenditure has grown more rapidly this year, reflecting both higher social spending and rising government infrastructure spending, as local authorities commence implementing projects agreed under the current Economic Plan. With the general government budget deficit projected to remain around 2% of GDP in 2013-14, and given the low public debt ratio, there remains much scope for counter-cyclical fiscal policy action in case of a weakening of the economy.

... India...

- In India, the government has planned for modest fiscal consolidation in fiscal year 2013. With the government deficit projected to remain close to 8½ per cent of GDP, consolidation appears necessary to help reduce inflation, ease current account pressures and promote more balanced growth. The high deficit limits the scope for fiscal stimulus if serious risks were to materialise. The room to manoeuvre could be even more constrained if potential growth rates turn out to be lower than hitherto assumed.

15. In Portugal, targets for headline fiscal balances under the EU excessive deficit procedure have been relaxed by 0.5 and 1.5 percentage points for 2012 and 2013, respectively, so as to reach a general government deficit of 3% in 2014. Similarly, in Spain, the targets were relaxed by 1 and 1.5 percentage points for 2012 and 2013 so as to reach a general government deficit of 2.8% in 2014. In Italy, the government has announced that it aims to attain the 2013 consolidation target for the structural general government balance rather than the nominal target.

... Brazil...

- In Brazil, the effects of strong fiscal stimulus are helping to gradually lift the economy out of a patch of below-trend growth. Over the projection period, fiscal policy is expected to be guided by the government's overall primary surplus target, with the aggregate general government budget deficit settling at around 1¼-2 per cent of GDP in 2013-14. There appears to be space for further fiscal stimulus if serious risks were to materialise.

... and the Russian Federation

- In the Russian Federation, the draft budget for 2013 includes a rule intended to constrain spending by limiting the use of oil revenues to those generated at a reference price of \$91 per barrel. On this basis, a balanced budget is projected for both 2013 and 2014. In case of a serious negative shock, there would be sufficient space for a discretionary fiscal stimulus.

The composition of consolidation needs to take account of equity implications

Continued consolidation is increasingly being challenged on the grounds that spending cuts and tax increases are considered inequitable, highlighting the need for fiscal retrenchment to be seen as being fair. Indeed, some of the most frequently employed consolidation instruments tend to widen the static income distribution if not designed carefully (OECD, 2012h). This applies in particular to spending on welfare, pensions, health care and education and to consumption taxes. Concerns about equity impacts have already prompted changes in the composition of consolidation. For example, in France a shift has taken place from spending restraint and indirect tax increases to income tax increases, in particular for higher incomes. In Portugal, the government has had to revise consolidation measures so as to avoid raising employees' social security contributions. These changes reflect the necessity for balancing the immediate impact of consolidation on the distribution of income and its effect on growth in the long term. Some consolidation instruments, notably reducing distortionary tax shelters that benefit high-income and wealthy individuals, could be employed more extensively to achieve a fair, growth-friendly consolidation. However, such instruments apart, it is a challenge to calibrate the composition of policy packages so as to attain the best balance between near-term activity, long-term efficiency and equity objectives (Box 1.7).

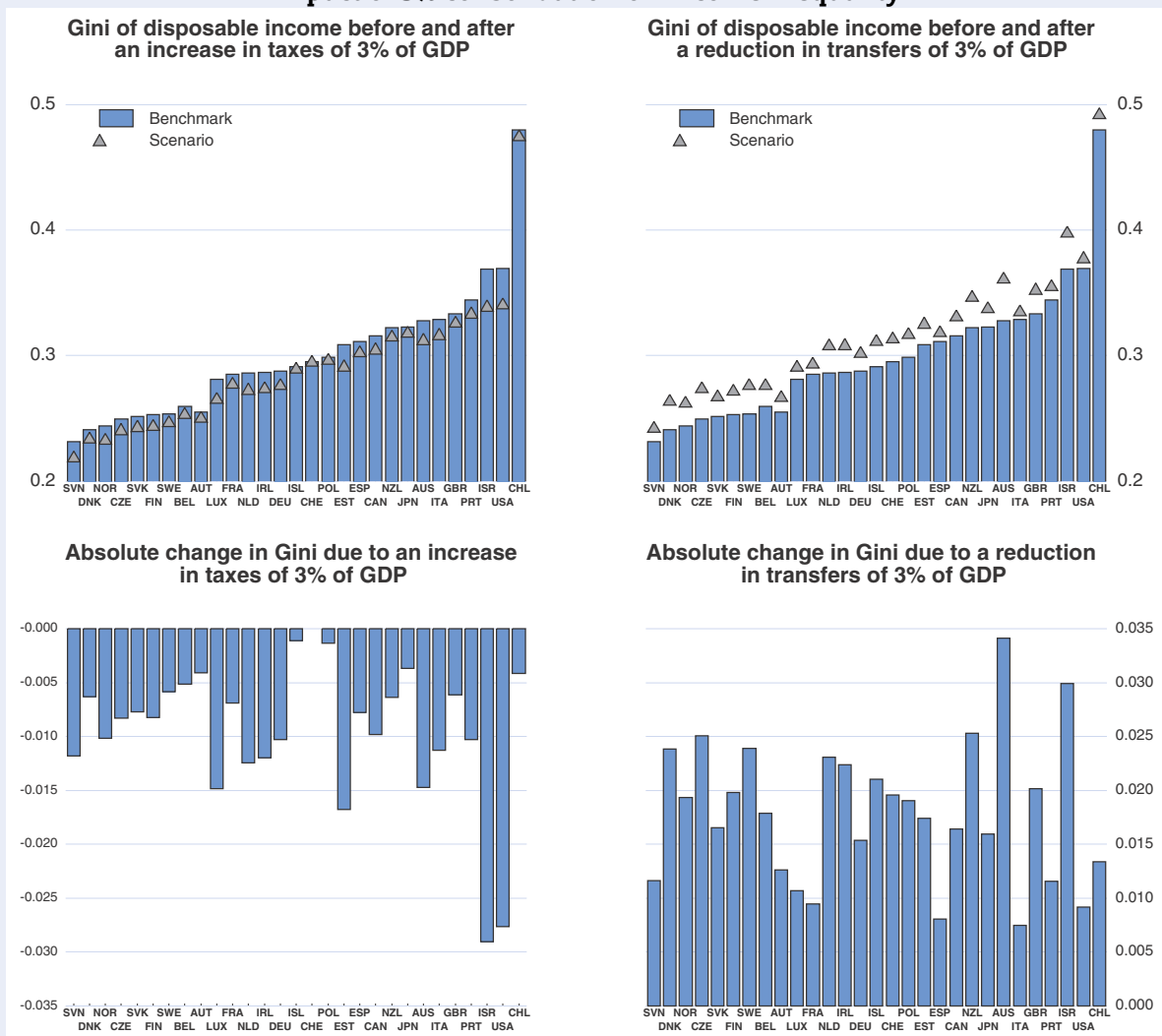
Box 1.7. The redistributive impact of tax and transfer-based consolidation

The overall redistributive impact of taxes and transfers depends on the progressivity of each instrument, the weight of each instrument in the tax and transfer system and the overall size of the tax and transfer system. Thus, governments can exercise a certain degree of discretion about the redistributive impact of their consolidation strategies by choosing particular combinations of spending reductions and revenue increases, or by changing the progressivity and size mix of transfers and taxes.

This is illustrated by the redistributive impact of two polar consolidation strategies. For both strategies it is assumed that the government targets a deficit reduction of 3% of GDP. The first strategy relies entirely on raising direct household taxes and the second on cutting cash transfers to households. The exercise is

Box 1.7. The redistributive impact of tax and transfer-based consolidation (cont.)

based on the size and progressivity of taxes and transfers as of the late 2000s (see Joumard *et al.*, 2012). It is assumed that the change in taxes and transfers is proportional across all deciles in each of the two calculations and that market income is not affected. More generally, no behavioural response is considered. As the example shows (see figure below), the required tax increases reduce income inequality, measured by the Gini coefficient, in all OECD countries, although to varying degrees. Similarly, if the same consolidation outcome is to be achieved via reductions in transfers, inequality increases in all countries, to different degrees and with absolute changes in inequality usually higher than in the case of tax increases. Cross-country differences in impacts reflect pre-existing differences in the progressivity of individual instruments and in their relative size. Any combination of changes in taxes on the one hand and transfers on the other hand would moderate the redistributive impact of consolidation in comparison with exclusive changes in either taxes or transfers, respectively. Changes in progressivity of particular instruments would also change the redistributive impact of the consolidation package.

Impact of 3% consolidation on income inequality

Note: The impact of the tax change on the Gini coefficient for Switzerland is slightly positive but has been set to zero.

Source: OECD calculations based on Joumard *et al.* (2012) and OECD Income and Poverty Distribution database.

StatLink <http://dx.doi.org/10.1787/888932742722>

Box 1.7. The redistributive impact of tax and transfer-based consolidation (cont.)

In some cases, cuts in transfers can be designed and supplemented by structural measures in a way that minimises adverse distributive impacts or even avoids them entirely, though possibly at the price of a delay in consolidation. In particular, raising the effective retirement age would be a preferential consolidation measure, as it will increase labour force participation and thus boost income for some persons who otherwise would have received a pension instead, but will produce budgetary savings only very gradually. Reform in the education and health care systems should also rank high on the policy agenda in that it can produce large consolidation gains without compromising equity or service quality. However, such reform would require meticulous programme planning and implementation to be effective and avoid disadvantaging the less well-off. Cuts in unemployment-related benefits and disability benefits would likely hit poorer people in the first place, especially if weak economic activity prevents an offsetting rise in employment. However, if designed properly and supplemented with coherent activation strategies, such adverse effects can be offset by higher employment once the economy adjusts.

On the revenue side, cutting certain tax expenditures can increase both equity and economic growth and should be given high priority. Higher taxation of immovable property, which is taxed at a lower rate than other assets in most countries, appears broadly consistent with equity objectives and belongs to the tax increases that are least harmful to long-term growth. However, to be effective, additional measures might be needed that could increase near-term administrative costs, such as proper valuation of property. Raising other property taxes would be beneficial for equity, although potentially at the cost of negative growth effects. Increasing consumption taxes would be regressive from the perspective of the static income distribution, although much less so from a lifetime perspective as over their lifetime people spend more of what they earn. If increases are broadly based, little damage might be done to lifetime income equity and growth. Higher capital income taxes would be positive for equity. They can be distortive with respect to growth, but are more worth considering when capital income is taxed at a significantly lower rate than labour income. Raising labour income taxes can enhance equity in the short run, but would likely reduce growth in the long run.

Financial market policy

It is necessary to complete international commitments in the areas of...

... banks' capital adequacy...

It is essential to keep up the momentum of making the global financial system more transparent, less complex and less risky. Progress so far has been uneven and more remains to be done.

- The implementation of new Basel III capital regulations is progressing, and the additional capital needed to ultimately meet this requirement has fallen, though it still remains large (BIS, 2012b). However, there are concerns that national and regional implementation will be weaker than globally agreed standards in some key areas, such as the definition of Core Tier-1 capital. The discretion of banks in determining their capital needs through the use of their own internal risk models is another concern.¹⁶ Indeed, risk-weighted asset calculations create extensive scope for regulatory arbitrage. Greater emphasis on a

16. For large banks, risk weights are derived at discretion from banks' own internal risk models which allows banks to use derivatives to shift financial assets and liabilities to avoid capital and obscures comparison across banks. There is a growing empirical literature showing the predictive superiority of leverage over capital ratios – see for instance Haldane (2012) and Blundell-Wignall et al. (2010).

minimum leverage ratio, which is only a backstop measure in Basel III once it becomes mandatory in 2018, and increasing the ratio from 3% to a more demanding standard¹⁷ would limit the scope for such regulatory arbitrage. That said, on its own, such a standard may strengthen incentives to engage in high-risk, high-return activities.

- ... *too-big-to-fail institutions...*

 - Notwithstanding some progress in developing living wills, national resolution regimes for too-big-to-fail financial institutions often fall short of the international standard set by the Financial Stability Board. At the same time, structural separation between low-risk retail banking activities and riskier banking activities is being pursued at the national and regional level. While structural separation is welcome, the diversity of opinions on the most appropriate structural separation, as reflected in three recent proposals,¹⁸ could lead to an undesirable fragmentation of the global financial market.
- ... *shadow banking institutions...*

 - Global and national oversight of shadow banking institutions has been strengthened and work is in progress to tighten regulation of money market funds and other shadow banking institutions. However, more transparency is needed in this area.
- ... *OTC derivatives reforms...*

 - Some progress has been made in OTC derivatives reform, especially in countries and regions where most derivatives trading takes place. However, the G20 commitment that all standardised derivative contracts should be traded on exchanges or electronic platforms and cleared through central counterparties by end-2012 is set to be missed.
- ... *and accounting standards*

 - Progress in convergence of accounting standards for the valuation of financial instruments is taking longer than expected in some areas. No progress has been made on harmonising accounting standards on the netting/offsetting of derivatives contracts.

17. For instance, Haldane (2012) argues that a ratio of above 7% would have been needed for the world's largest banks to protect them against failure in the current crisis. See also Box 1.5.

18. In the United States, the Volcker rule bans proprietary trading. In the United Kingdom, the Vickers report proposes a separation of deposit-taking from investment banking. In the euro area, the Liikanen report advocates legally separating certain particularly risky financial activities (those closely linked with proprietary trading of securities and derivatives) from deposit-taking banks in the European Union.

Bibliography

- Ahuja, A. and M. Nabar (2012), "Investment Led Growth in China: Global Spillovers", *IMF Working Paper* No. WP/12/267.
- BIS (2012a), *BIS Annual Report 2011/12*, Bank for International Settlements, Basle.
- BIS (2012b), "Results of the Basel III Monitoring Exercise as of 31 December 2011", Basel Committee on Banking Supervision, Bank for International Settlements, September.
- Blundell-Wignall, A. and P. Atkinson (2012), "Deleveraging, Traditional versus Capital Markets Banking and the Urgent Need to Separate and Recapitalise G-SIFI Banks", *OECD Journal: Financial Market Trends*, Vol. 2012/1.
- Blundell-Wignall, A. and C. Roulet (2012), "Business Models of Banks, Leverage and the Distance-to-Default", *OECD Journal: Financial Market Trends*, Vol. 2012/2.
- Blundell-Wignall, A., G. Wehinger and P. Slovik (2010), "The Elephant in the Room: The Need to Deal with What Banks Do", *OECD Journal: Financial Market Trends*, Vol. 2009/2.
- Bouis, R. and R. Duval (2011), "Raising the Potential Growth After the Crisis: A Quantitative Assessment of the Potential Gains from Various Structural Reforms in the OECD Area and Beyond", *OECD Economics Department Working Papers*, No. 835.
- CBO (2012), *Economic Effects of Policies Contributing to Budget Tightening in 2013*, Congressional Budget Office, August.
- Chen R., Milesi-Ferretti, G.-M. and T. Tressel (2012), "External Imbalances in the Euro Area", *IMF Working Paper*, WP/12/236.
- Daly, M., Hobijn, B., Sahin, A. and R. Valletta (2012), "A Search and Matching Approach to Labour Markets: Did The Natural Rate of Unemployment Rise?" *Journal of Economic Perspectives*, Vol. 26.
- Davis, S., Faberman, J. and J.C. Haltiwanger (2012), "Recruiting Intensity During and After the Great Recession: National and Industry Evidence", *American Economic Review Papers & Proceedings*, May 2012.
- DeLong, B. and L. Summers (2012), "Fiscal Policy in a Depressed Economy", *Brookings Paper on Economic Activity*, Spring 2012.
- Girouard, N. et al. (2006), "Recent House Price Developments: The Role of Fundamentals", *OECD Economics Department Working Papers*, No. 475.
- Guillemette, Y. and D. Turner (2013), "Policy Options to Permanently Resolve Euro Area Imbalances", *OECD Economics Department Working Paper*, forthcoming.
- Haldane, A. (2012), "The Dog and the Frisbee", Speech given at the Federal Reserve Bank of Kansas City's 36th Economic Policy Symposium, Jackson Hole, Wyoming, 31 August.
- Hervé, K., Pain, N., Richardson, P., Sédillot, F. and P.O. Beffy (2010), "The OECD's New Global Model", *Economic Modelling*, Vol. 28.
- Ho, W.A. and J. Yetman "Does US GDP Stall?", *BIS Working Paper*, No. 387.
- Hobijn, B. and A. Sahin (2012), "Beveridge Curve Shifts across Countries since the Great Recession", *Federal Reserve Bank of San Francisco Working Paper*, No. 2012-24.
- IMF (2012), *2012 Spillover Report*, International Monetary Fund, Washington D.C.
- Joumard, I., M. Pisu and D. Bloch (2012), "Less Income Inequality and More Growth – Are They Compatible? Part 3. Income Redistribution via Taxes and Transfers Across OECD Countries", *OECD Economics Department Working Papers*, No. 926.
- Leduc, S. and Z. Liu (2012), "Uncertainty, Unemployment and Inflation", *Federal Reserve Bank of San Francisco Economic Letter*, No.2012-28.
- Nalewaik, J.J. (2011), "Forecasting Recessions using Stall Speeds", *Federal Reserve FEDS Working Paper*, No. 2011-24.
- OECD (2011), *Economic Surveys: Greece*, OECD Publishing.

- OECD (2012a), *Economic Policy Reforms 2012: Going for Growth*, OECD Publishing.
- OECD (2012b), *OECD Economic Outlook No. 91*, OECD Publishing.
- OECD (2012c), *OECD Employment Outlook 2012*, OECD Publishing.
- OECD (2012d), "Can Structural Reforms Kick-Start the Recovery? Lessons from 30 Years of OECD Reform", *Economic Policy Reforms 2012: Going for Growth*, OECD Publishing.
- OECD (2012e), *Economic Surveys: Euro Area*, OECD Publishing.
- OECD (2012f), *Italy: Reviving Growth and Productivity*, OECD Better Policies Series, OECD Publishing.
- OECD (2012g), *Economic Surveys: European Union*, OECD Publishing.
- OECD (2012h), "The Equity Implications of Fiscal Consolidation". *OECD Economics Department Policy Note*, forthcoming.
- Orphanides, A. (2003), "Historical Monetary Policy Analysis and the Taylor Rule", *Journal of Monetary Economics*, Vol. 50.
- Pain, N. and O. Röhn (2011), "Policy Frameworks in the Post-Crisis Environment", *OECD Economics Department Working Paper*, No. 857.
- Pesaran, M.H. and Y. Shin (1998), "Generalised Impulse Response Analysis in Linear Multivariate Models", *Economic Letters*, Vol. 58.
- Sachverständigenrat (2012), "The European Redemption Pact (ERP) – Questions and Answers", 25 January.
- Sheets, N. (2011), "Is The US Economy Approaching Stall Speed?", *Citi Empirical and Thematic Perspectives*, Nov. 2011.
- Sheets, N. and R. Sockin (2012), "Stall Speeds and Spillovers: Some New Evidence for the Global Economy", *Citi Empirical and Thematic Perspectives*, Sep. 2012.
- Vause, N., G. von Peter, M. Drehmann and V. Sushko (2012), "European Bank Funding and Deleveraging", *BIS Quarterly Review*, March 2012.
- Venn, D. (2009), "Legislation, Collective Bargaining and Enforcement: Updating the OECD Employment Protection Indicators", *OECD Social, Employment and Migration Working Papers*, No. 89.

Chapter 2

DEVELOPMENTS IN INDIVIDUAL OECD COUNTRIES

UNITED STATES

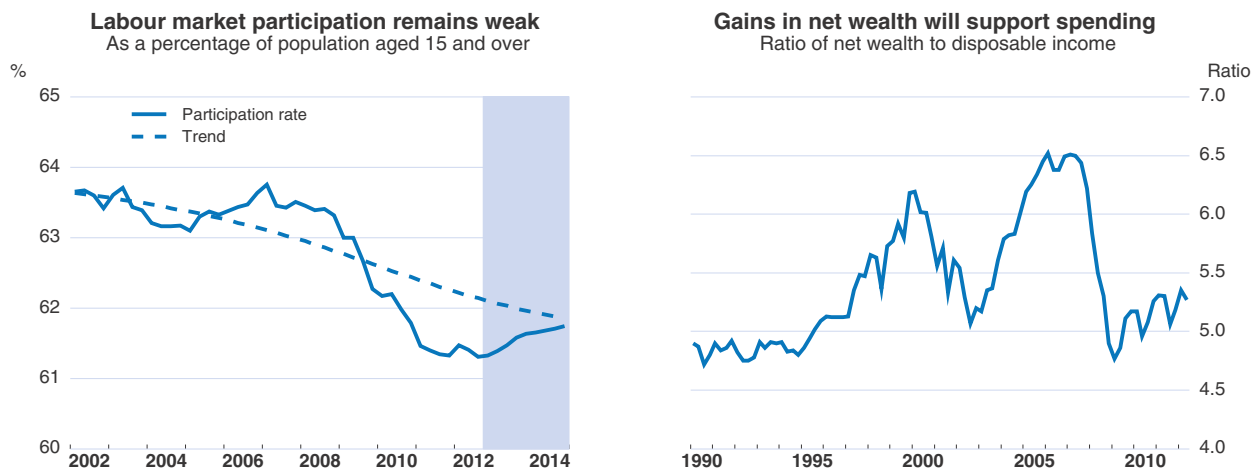
The gradual recovery is continuing. Activity has been expanding at a pace just slightly ahead of potential, while the labour market has recovered very slowly. The housing market has shown signs of a turnaround, but its contribution to overall GDP growth remains small. Faced with these developments, the Federal Reserve announced in September that it would take further measures to sustain the upturn through a new round of long-term asset purchases, and that the federal funds rate was likely to remain at exceptionally low levels at least through mid-2015. Nevertheless, given the substantial fiscal drag still ahead, output is projected to expand only moderately next year and pick up slowly thereafter.

Reducing the large federal budget deficit is necessary to restore fiscal sustainability, but this should be done gradually and in the context of a well identified medium-term consolidation plan. It is thus essential that current legislation be amended to smooth the implementation of tax increases and spending cuts and to raise the debt ceiling in an orderly manner. Given the low levels of resource utilisation, monetary policy can remain accommodative for an extended period, provided that inflation expectations stay well anchored.

The recovery remains sluggish

Economic activity increased at an annual rate of about 2 per cent in the first three quarters of 2012. Private consumption increased moderately, but growth in business investment softened noticeably, likely owing to caution in the face of uncertainty about the US fiscal outlook and developments in Europe, as suggested by weak business confidence indicators. By contrast, household confidence has been relatively buoyant, moving up close to its pre-recession average. GDP growth in the second half of this year will be held back by drought-related losses in farm output and disruptions related to Hurricane Sandy, but these effects should be reversed early next year.

United States



Source: OECD Economic Outlook 92 database, U.S. Federal Reserve and the Bureau of Economic Analysis.

StatLink  <http://dx.doi.org/10.1787/888932743862>

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

Percentage changes

	2010	2011	2012	2013	2014
Employment ¹	-0.7	0.9	1.5	1.6	1.5
Unemployment rate ²	9.6	8.9	8.1	7.8	7.5
Compensation per employees ³	2.9	2.9	2.1	2.2	2.9
Labour productivity	3.1	0.9	0.8	0.4	1.3
Unit labour cost	-0.1	2.2	1.3	1.5	2.0
GDP deflator	1.3	2.1	1.8	1.8	1.9
Consumer price index	1.6	3.1	2.1	1.8	2.0
Core PCE deflator ⁴	1.5	1.4	1.8	1.7	1.9
PCE deflator ⁵	1.9	2.4	1.8	1.8	2.0
Real household disposable income	1.8	1.3	1.4	1.0	2.8

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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744242>

Conditions in the housing
sector have improved
noticeably...

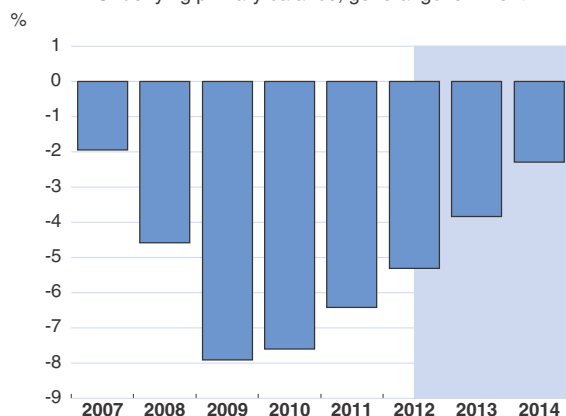
The housing market has shown noticeable improvement, with home sales rising steadily and house prices up more than 7% since the start of the year. Although stronger housing demand will boost residential investment, the still-high levels of vacancies and foreclosure sales are likely to restrain construction activity for some time.

... but foreign demand has
weakened

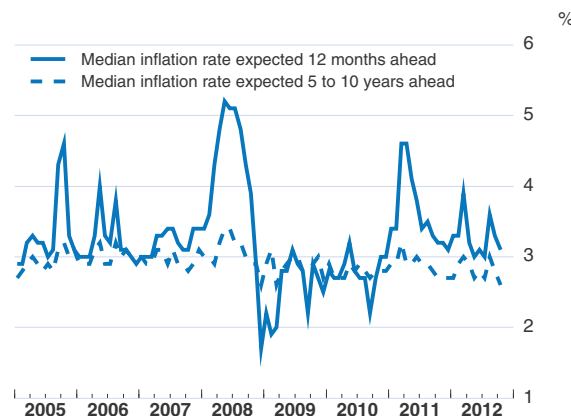
After rising at a solid pace in the first half of this year, both exports and imports decelerated sharply in the third quarter. The slowing of

United States

The budget deficit is assumed to narrow gradually
Underlying primary balance, general government¹



Inflation expectations appear well anchored



1. Includes all levels of government as well as social security funds and non-profit institutions that are controlled and mainly financed by government.

Source: OECD, Economic Outlook 92 database and Datastream/ Michigan Surveys of Consumers.

StatLink  <http://dx.doi.org/10.1787/888932743881>

United States: **Financial indicators**

	2010	2011	2012	2013	2014
Household saving ratio ¹	5.1	4.2	3.7	2.7	2.7
General government financial balance ²	-11.4	-10.2	-8.5	-6.8	-5.2
General government gross debt ²	97.8	102.2	109.8	113.0	114.1
Current account balance ²	-3.0	-3.1	-3.0	-3.0	-3.2
Short-term interest rate ³	0.5	0.4	0.4	0.4	0.5
Long-term interest rate ⁴	3.2	2.8	1.8	2.0	2.6

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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744261>

exports is in large part due to weaker foreign demand, although the temporary effects of the drought may also have played a role.

*The labour market recovery
has proceeded slowly*

Recovery in the labour market has been slow, with payrolls expanding below their long-run average pace. The unemployment rate was little changed for most of the year before dropping below 8% in October, more than 2 percentage points below the peak in 2009. The modest pace of job creation so far this year has occurred against a backdrop of continued weakness in the participation rate, which stands near its lowest levels since the 1980s.

United States: **Demand and output**

	2011	2012	2013	2014	Fourth quarter		
					2012	2013	2014
	Current prices \$ billion	Percentage changes from previous year, volume (2005 prices)					
GDP at market prices	15 075.7	2.2	2.0	2.8	1.8	2.2	3.2
Private consumption	10 729.1	1.9	2.1	2.9	2.0	2.4	3.2
Government consumption	2 579.6	-1.0	-0.5	-0.8	-0.3	-0.7	-0.8
Gross fixed investment	2 298.5	5.7	4.4	7.1	3.3	5.9	7.7
Public	480.2	-4.0	-0.6	-1.1	-3.2	-0.9	-1.1
Residential	338.7	11.8	12.4	15.6	13.7	12.9	17.1
Non-residential	1 479.6	7.4	3.8	6.9	3.0	5.9	7.2
Final domestic demand	15 607.2	2.0	2.1	3.0	1.8	2.4	3.3
Stockbuilding ¹	36.6	0.2	0.0	0.0			
Total domestic demand	15 643.7	2.2	2.1	3.0	1.6	2.5	3.3
Exports of goods and services	2 094.2	3.6	4.1	6.2	3.2	5.4	6.7
Imports of goods and services	2 662.3	2.8	4.0	6.6	1.7	6.0	6.7
Net exports ¹	- 568.1	0.0	-0.1	-0.3			

Note: 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, actual amount in the first column.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744280>

United States: **External indicators**

	2010	2011	2012	2013	2014
\$ billion					
Goods and services exports	1 844.5	2 094.2	2 184.8	2 278	2 445
Goods and services imports	2 356.1	2 662.3	2 748.9	2 864	3 098
Foreign balance	- 511.6	- 568.1	- 564.1	- 586	- 653
Invisibles, net	69.6	102.1	93.8	105	114
Current account balance	- 442.0	- 465.9	- 470.3	- 482	- 540
Percentage changes					
Goods and services export volumes	11.1	6.7	3.6	4.1	6.2
Goods and services import volumes	12.5	4.8	2.8	4.0	6.6
Export performance ¹	- 2.5	0.4	0.4	- 0.5	- 0.2
Terms of trade	- 1.4	- 1.3	0.3	- 0.1	- 0.4

1. Ratio between export volume and export market of total goods and services.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744299>

The withdrawal of fiscal support will weigh on the recovery...

Further reductions in the large federal budget deficit are necessary to restore fiscal sustainability, but the pace of consolidation should be gradual so as not to derail the already weak recovery. The projection assumes that current law is amended to limit the reduction in the underlying primary deficit to about 1½ per cent of GDP in each of 2013 and 2014. Even so, growth in disposable income will be restrained significantly by the withdrawal of fiscal support.

...and accommodative monetary policy is warranted

In September, the Federal Reserve extended to at least mid-2015 its conditional commitment to keep the policy rate close to zero and announced a further round of quantitative easing focused on mortgage-backed securities. With significant slack in resource utilisation and inflation expectations appearing well anchored, this highly accommodative stance of monetary policy is warranted.

Improvements in financial conditions will support aggregate demand

Household balance sheets continue to improve, with equity values recently returning to near cyclical highs and home prices showing a sharp and sustained upturn. The gains in net wealth, coupled with low interest rates and a continued easing in lending conditions, should contribute to a pick-up in aggregate demand going forward.

Growth will pick up after next year and inflation will remain low

The pace of output growth is projected to be little better than potential next year but then to strengthen gradually to above 3% in mid-2014. The output gap is projected to narrow to 2½ per cent by the end of 2014, and improvements in the labour market to bring the unemployment rate down to 7½ per cent over the same period. Given the abundant slack in the economy, underlying price inflation is set to remain below 2%, although wages may move up a bit more rapidly as the labour market continues to firm.

The looming fiscal cliff and euro area risks are of major concern

If unresolved, the fiscal cliff would generate a significant drop in activity in 2013. In addition, the potential credit market disruptions associated with the ongoing crisis in the euro area remain a major concern. On the other hand, the continued easing in financial conditions could release pent-up demand that drives a quicker than expected normalisation of economic activity.

JAPAN

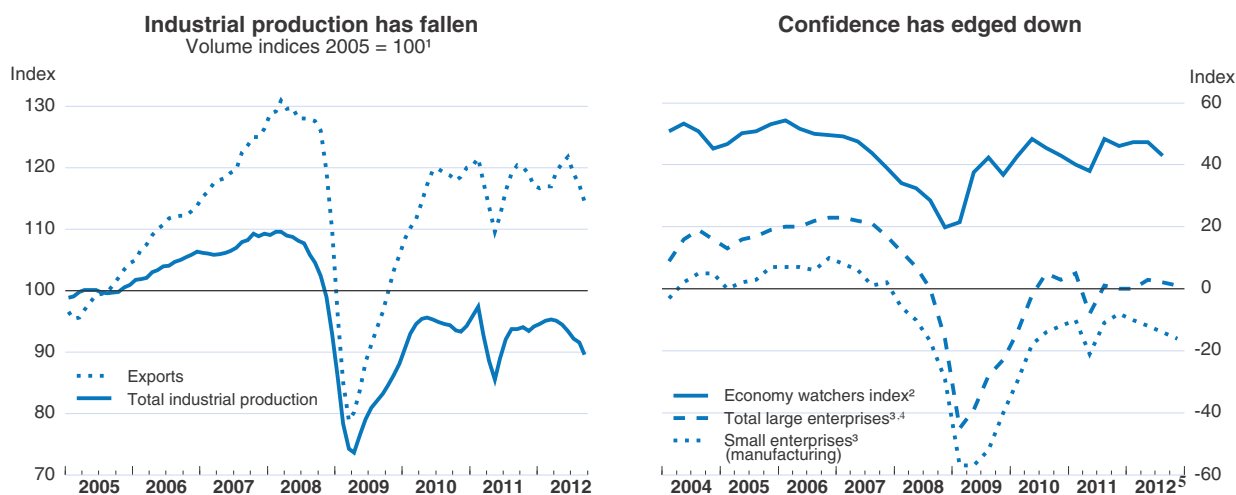
After strong growth in the first half of 2012, supported by reconstruction spending in response to the 2011 Great East Japan Earthquake, the recovery stalled, reflecting the slowdown in world trade and weaker domestic demand. While the economy is projected to pick up in 2013, annual growth may be limited to around $\frac{3}{4}$ per cent in both 2013 and 2014, as reconstruction outlays wane and planned tax hikes damp private consumption. The unemployment rate will remain above its pre-2008 crisis level.

The increase in the consumption tax rate from 5% to 10% by 2015, combined with spending restraint, should enable Japan to achieve its objective of halving its primary budget deficit to 3.2% in FY 2015, with much of the consolidation occurring in 2014. With gross public debt projected to reach 230% of GDP in 2014, additional measures to attain a primary budget surplus by FY 2020 as intended are a priority. A detailed and credible fiscal consolidation plan, including specific revenue increases and spending cuts, is essential to sustain confidence in Japan's public finances. The Bank of Japan has steadily expanded its asset purchase programme to 19% of GDP by October 2012. It should maintain its virtually zero interest rate policy and continue increasing quantitative measures until inflation is firmly positive at its target rate of 1%.

The economic recovery following the earthquake paused in mid-2012...

The deceleration in world trade in the third quarter of 2012 and the persistent strength of the yen stalled exports, one of the main drivers of the recovery from the March 2011 disaster. Domestic demand also slowed, in part as the phasing out of government subsidies to promote car purchases weakened private consumption. The worsening external and domestic conditions led to a fall in business sentiment among large manufacturers.

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 fourth quarter are companies' projections made in September 2012.

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

StatLink  <http://dx.doi.org/10.1787/888932743596>

Japan: **Employment, income and inflation**

Percentage changes

	2010	2011	2012	2013	2014
Employment	-0.4	-0.2	0.3	-0.2	-0.1
Unemployment rate ¹	5.1	4.6	4.4	4.4	4.3
Compensation of employees	0.2	0.2	-0.2	0.4	0.9
Unit labour cost	-4.2	0.9	-1.8	-0.3	0.1
Household disposable income	0.4	-0.2	0.4	0.3	1.5
GDP deflator	-2.2	-2.1	-0.9	-0.5	0.7
Consumer price index ²	-0.7	-0.3	0.0	-0.5	1.3
Core consumer price index ³	-1.2	-0.9	-0.4	-0.4	1.3
Private consumption deflator	-1.7	-1.1	-0.7	-0.6	1.2

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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744318>

... despite support from
public reconstruction
spending

The expansion has been underpinned by the 17 trillion yen (3.6% of GDP) allocated for public reconstruction spending. Such spending, though, is expected to peak in 2012. Although planned tax increases over the next 25 years, as well as spending cuts and non-tax revenues, will eventually cover the cost, reconstruction outlays are exacerbating the current fiscal predicament. The budget deficit is projected to remain close to 10% of GDP (excluding one-off factors) in 2012-13, pushing public debt further into uncharted territory.

The government plans to
raise the consumption tax
rate to 10% by 2015

In August 2012, the Diet approved a hike in the consumption tax rate in two stages, from 5% to 8% in April 2014, and to 10% in October 2015, conditional on an improvement in economic conditions. The additional

Japan

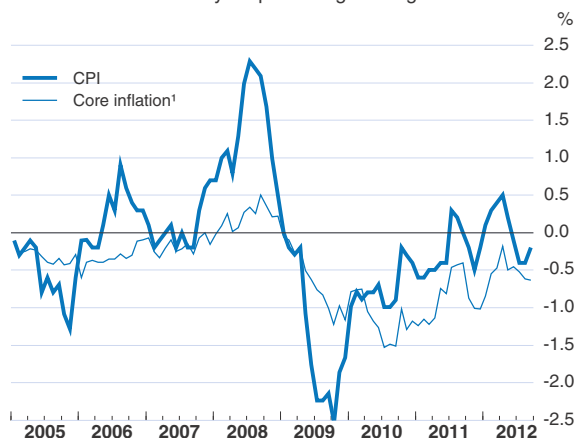
Car sales plunge after the end of subsidies

Year-on-year percentage change



Underlying deflation remains entrenched

Year-on-year percentage change



1. Corresponds to the OECD measure of core inflation, which excludes food and energy.

Source: Japan Automobile Dealers Association and OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932743615>

Japan: Financial indicators

	2010	2011	2012	2013	2014
Household saving ratio ¹	2.1	2.9	1.9	1.9	1.5
General government financial balance ²	-8.4	-9.3	-9.9	-10.1	-7.9
General government gross debt ²	192.7	205.3	214.3	224.3	230.0
Current account balance ²	3.7	2.1	1.1	1.2	1.5
Short-term interest rate ³	0.2	0.1	0.2	0.3	0.2
Long-term interest rate ⁴	1.1	1.1	0.8	1.1	1.6

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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744337>

revenue will partly go to financing swelling social spending due to population ageing and partly to reducing the budget deficit. Combined with ongoing spending restraint, the government may achieve a consolidation of more than 2% of GDP in 2014, enabling it to meet its objective of halving the primary budget deficit (for central and local governments, excluding reconstruction spending) from 6.4% of GDP in FY 2010 to 3.2% in FY 2015. However, additional measures are needed to achieve the government's goals of a primary budget surplus by FY 2020 and putting the public debt ratio on a downward trend from FY 2021. The

Japan: Demand and output

	2011	2012	2013	2014	Fourth quarter		
					2012	2013	2014
	Current prices ¥ trillion	Percentage changes from previous year, volume (2005 prices)					
GDP at market prices	468.2	1.6	0.7	0.8	0.3	2.0	-0.1
Private consumption	282.8	2.1	0.9	0.8	0.5	2.4	-0.9
Government consumption	96.7	2.2	0.2	-0.5	2.0	-0.2	-0.8
Gross fixed investment	97.0	2.9	0.9	0.4	0.2	1.8	0.1
Public ¹	21.8	7.9	-11.1	-18.6	8.5	-19.0	-16.0
Residential	13.6	2.1	9.0	-2.5	2.6	14.1	-10.0
Non-residential	61.7	1.4	3.2	6.7	-3.2	6.5	6.6
Final domestic demand	476.5	2.3	0.7	0.5	0.7	1.8	-0.7
Stockbuilding ²	- 4.0	0.1	0.0	0.1			
Total domestic demand	472.5	2.4	0.8	0.5	1.1	1.5	-0.2
Exports of goods and service	71.3	1.0	1.6	6.5	-0.8	6.7	6.3
Imports of goods and service	75.6	6.0	2.1	4.4	3.9	2.9	5.3
Net exports ²	- 4.3	-0.8	-0.1	0.2			

Note: 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, actual amount in the first column.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744356>

Japan: **External indicators**

	2010	2011	2012	2013	2014
\$ billion					
Goods and services exports	835.6	895.0	882.2	897	966
Goods and services imports	770.1	949.5	999.4	1 019	1 072
Foreign balance	65.5	- 54.6	- 117.2	- 122	- 106
Invisibles, net	139.2	174.6	180.0	191	197
Current account balance	204.7	120.1	62.7	69	91
Percentage changes					
Goods and services export volumes	24.3	- 0.1	1.0	1.6	6.5
Goods and services import volumes	11.2	6.3	6.0	2.1	4.4
Export performance ¹	7.5	- 6.2	- 2.7	- 4.4	- 2.0
Terms of trade	- 5.7	- 7.6	- 1.7	0.3	0.3

1. Ratio between export volume and export market of total goods and services.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744375>

large increase in the consumption tax rate is welcome, but is just a first step to restore fiscal sustainability.

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

The Bank of Japan has maintained the policy interest rate at close to zero, while expanding quantitative measures to counter the economic slowdown. By October 2012, it had increased the size of its asset purchase programme to 91 trillion yen (19% of GDP) to be attained by the end of 2013. Nevertheless, deflation continues, as the core consumer price index (excluding food and energy) fell by 0.6% in the third quarter of 2012 (year-on-year). In October 2012, the government and the Bank of Japan released a joint statement expressing their commitment to pursuing policies, notably measures to boost Japan's growth potential and monetary easing, to overcome deflation.

Japan's expansion is expected to resume from 2013...

As world trade growth rebounds, output growth is projected to pick up to around ¾ per cent in both 2013 and 2014, despite the waning contribution from reconstruction spending. Domestic demand will be restrained by the planned hike in the consumption tax rate as well as temporary surcharges on income to finance reconstruction spending, although the economic impact of higher tax rates is likely to be partially offset by a fall in the household saving ratio. Deflationary pressures are also likely to remain headwinds for growth through 2014.

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

Any decision to delay fiscal consolidation could result in a run-up in long-term interest rates, with risks for both the banking sector and fiscal sustainability. Japan's future energy supply also remains a question mark, as 48 nuclear reactors (out of a total of 50) remain closed for the time being. On the external side, developments in the euro area crisis, which has contributed to the yen's strength, and in China, Japan's largest trading partner, pose both upside and downside risks.

EURO AREA

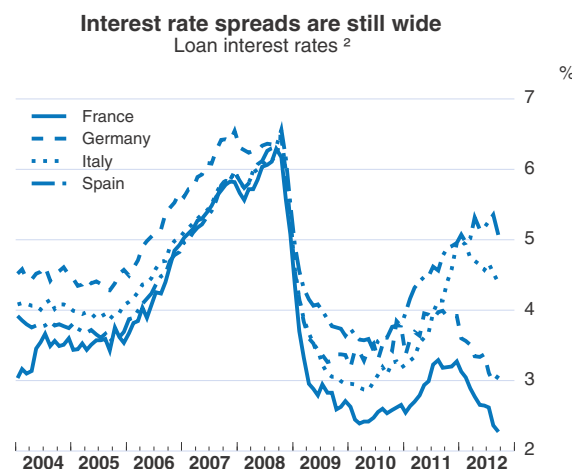
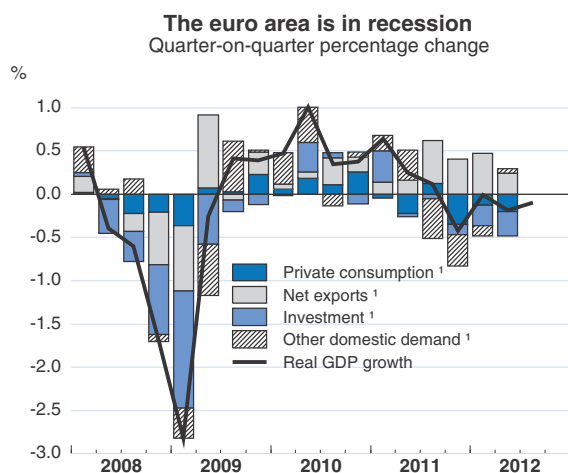
The euro area is in a recession, driven by faltering confidence, which is projected to persist into the early part of 2013. Growth is projected to pick up only slowly during 2013 and into 2014. On-going fiscal consolidation will hold back activity, but private demand will pick up as confidence and the functioning of the financial sector improve. Continued high unemployment and a large margin of excess capacity will depress inflationary pressures. The main risk is a lack of sufficient progress by policy makers in resolving the crisis.

Stronger bank balance sheets and a full banking union would reduce the adverse feedback loop between sovereigns and the banking system. Vulnerable economies should enter the ECB's Outright Monetary Transaction (OMT) programme if needed. To support demand, the ECB should reduce interest rates further and issue forward guidance on maintaining the accommodative policy stance for a long period. In the event of severe turmoil, further non-standard measures should be taken. Euro area member countries should implement fiscal consolidation measures as planned, but if activity weakens more than expected in their fiscal programmes they should allow the automatic stabilisers to work. To avoid loss of credibility for individual countries acting alone, this should be announced in co-ordination. Structural reforms are essential in both debtor and creditor economies to boost growth and rebalance their economies. The EU Single Market should be given greater priority.

The economy is in recession

Output is falling owing to weak confidence in the ability of policy makers to take decisive action to resolve the sovereign debt crisis. Household consumption, business investment and government spending are all contracting, and export demand is weakening. Headwinds created by simultaneous fiscal consolidation in almost all euro area countries and private sector deleveraging in high-debt economies have spread through the financial system to weaken confidence in all euro area countries.

Euro area



1. Contribution to the quarterly percentage change of the euro area GDP.

2. Interest rates on new loans up to EUR 1 million and for one year.

Source: Datastream and OECD Economic Outlook 92 database.

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

Percentage changes

	2010	2011	2012	2013	2014
Employment	-0.5	0.1	-0.5	-0.8	0.0
Unemployment rate ¹	9.9	10.0	11.1	11.9	12.0
Compensation of employees	1.3	2.6	1.2	1.3	2.1
Labour productivity	2.4	1.2	0.2	0.6	1.3
Unit labour cost	-0.8	0.8	1.2	1.1	0.5
Household disposable income	1.2	1.9	0.7	0.9	2.0
GDP deflator	0.8	1.2	1.2	1.3	1.0
Harmonised index of consumer prices	1.6	2.7	2.4	1.6	1.2
Core harmonised index of consumer prices ²	1.0	1.4	1.5	1.3	1.2
Private consumption deflator	1.7	2.5	2.0	1.3	1.1

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.

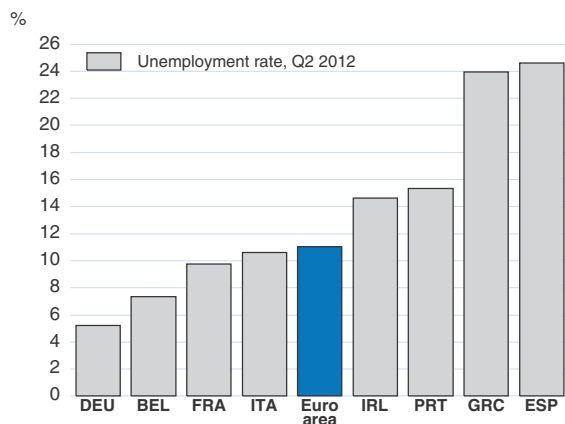
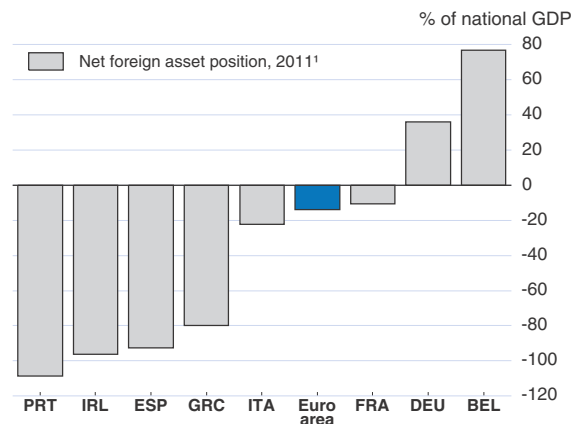
Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744717>*Financial conditions are difficult*

The sovereign debt crisis in the euro area has led to an adverse feedback loop between sovereigns and banks. This has impaired credit in some euro area countries and reduced the effectiveness of monetary policy transmission.

High debt burdens will prompt deleveraging

The high burden of household and corporate debt in some euro area economies requires deleveraging, holding back consumption and investment. House prices are still falling in many euro area countries. These pressures coupled with high exposures to sovereigns will continue

Euro area**Unemployment rates are high in many countries****There are large imbalances**

1. 2010 for Belgium, France, Ireland, Portugal and the euro area.

Source: IMF, International Financial Statistics and OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932743349>

Euro area: **Financial indicators**

	2010	2011	2012	2013	2014
Household saving ratio ¹	8.6	8.0	7.7	7.6	7.7
General government financial balance ²	-6.2	-4.1	-3.3	-2.8	-2.6
General government gross debt ²	93.1	95.2	100.6	102.5	103.4
General government debt, Maastricht definition ²	85.7	88.1	93.6	95.4	96.3
Current account balance ²	0.5	0.5	1.4	1.9	2.2
Short-term interest rate ³	0.8	1.4	0.6	0.2	0.1
Long-term interest rate ⁴	3.5	4.2	3.8	3.5	3.7

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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744736>

to create difficulties for domestic banking systems so long as bank balance sheets have not been strengthened sufficiently.

A rebalancing of demand is underway but is incomplete

High-debt economies experienced a significant decline in competitiveness in the run up to the crisis. This needs to be reversed to shift resources from domestic to exporting sectors. Some progress has been made in the necessary adjustment of relative prices in both debtor and creditor economies. However, adjustment is far from complete, raising unemployment rates, especially in countries with rigid labour markets.

Euro area: **Demand and output**

	2011	2012	2013	2014	Fourth quarter		
					2012	2013	2014
	Current prices € billion	Percentage changes from previous year, volume (2009 prices)					
GDP at market prices	9 393.2	-0.4	-0.1	1.3	-0.5	0.6	1.6
Private consumption	5 389.2	-1.0	-0.2	0.9	-0.8	0.3	1.2
Government consumption	2 026.1	-0.1	-0.3	0.4	-0.2	0.1	0.5
Gross fixed investment	1 805.6	-3.6	-1.9	2.1	-4.4	0.0	2.9
Final domestic demand	9 215.0	-1.3	-0.5	1.0	-1.4	0.2	1.3
Stockbuilding ¹	43.7	-0.5	-0.1	0.0			
Total domestic demand	9 258.8	-1.9	-0.6	1.0	-1.6	0.2	1.3
Net exports ¹	134.5	1.4	0.5	0.3			

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, actual amount in the first column.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744755>

Euro area: **External indicators**

	2010	2011	2012	2013	2014
	\$ billion				
Foreign balance	161.6	186.5	306.2	365	405
Invisibles, net	- 106.6	- 121.0	- 132.9	- 131	- 136
Current account balance	55.0	65.5	173.3	234	269

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

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744774>

The financial system needs to be repaired

A robust pick-up in growth will require strengthening the financial system. The ECB Outright Monetary Transaction (OMT) programme provides an instrument to stabilise sovereign debt markets, but will only be fully effective if vulnerable countries rapidly fulfil the conditions required for it to operate. A full banking union, including progress towards common financial backstops and crisis resolution, would reduce the sovereign-bank feedback loop. To block this pernicious link until a banking union is established, direct capital injections into banks by ESM should be swiftly implemented in a way that legacy assets can be addressed. Further measures are required to clean up bank balance sheets and ensure that the banking system is well capitalised.

Fiscal consolidation should proceed

The projection assumes that all euro area countries reach their fiscal consolidation targets in terms of the structural deficit. Should growth fall short of what is assumed in budget plans, the automatic stabilisers should be allowed to work around the structural consolidation path, implying that headline deficit targets would be missed. If serious downside risks materialise, countries with fiscal space should engage in temporary discretionary stimulus.

Weak inflationary pressures warrant further policy easing

Weak growth is projected to increase unemployment rates from their high levels. The large margin of excess capacity will put downward pressure on underlying inflation, while headline inflation is also set to fall in the near term as the effect of past energy price increases dissipates. Weak inflationary pressures and on-going financial market tensions warrant a further reduction in monetary policy rates. Moreover, the ECB should issue forward guidance that, subject to growth and inflation developments, it will hold rates low for a long period. If downside risks materialise, further non-standard measures will be necessary.

The period of economic weakness is likely to persist

The economy is projected to remain in recession into 2013, as domestic demand continues to fall. Growth will return in 2013, but only slowly as private demand will remain fragile and fiscal consolidation will continue.

*An insufficient policy
response remains a major
risk*

The risks around this projection are on the downside. The main risk is that policy makers will not make sufficient progress in addressing the crisis, including: a failure to create the conditions to mobilise OMT; a failure to restore the financial sector; and insufficient progress on structural reforms in both debtor and creditor countries. Unexpected events could cause a crisis in individual euro area countries, with incalculable consequences. More rapid progress on policy measures, however, might lead to an improvement in financial conditions and a stronger turnaround in consumption and business investment.

GERMANY

The economy is weakening markedly as world trade has slowed. Unusually low interest rates are supporting domestic demand, raising imports and reducing the current account surplus. As export markets recover, real GDP is projected to expand by ½ per cent in 2013 and by 2% in 2014. Unemployment is projected to rise somewhat in 2013. Consumer price inflation is projected to remain close to 2%, on the back of rising energy prices and robust domestic demand.

The fiscal rule for the central government allows for the full working of the automatic stabilisers, providing some welcome confidence-building support for activity. Available discretionary fiscal space should be used if overall conditions were to deteriorate significantly. Structural reforms to deregulate professional services, remove barriers to entrepreneurship and improve access to tertiary education would strengthen growth performance and narrow the current account surplus.

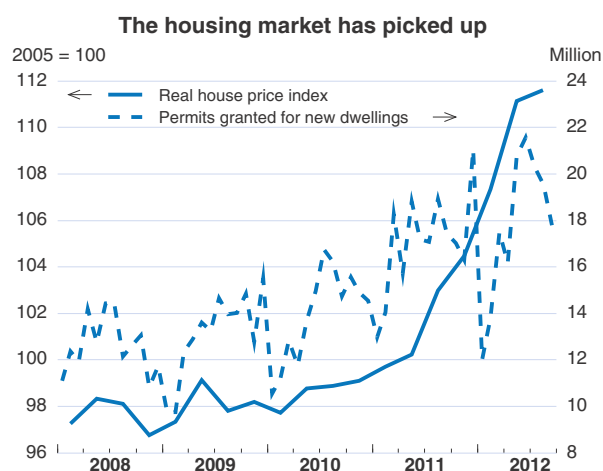
Activity is slowing as export markets weaken

Economic activity weakened in the second half of 2012 as foreign demand, especially from other euro area economies, fell markedly. Demand for investment goods, in which German manufacturing is specialised, has been especially weak, reflecting the scaling back of investment plans both domestically and abroad. While incoming orders and confidence indicators point to subdued business prospects in manufacturing and retailing in the near term, low mortgage interest rates and rising house prices are boosting residential construction.

Wage growth and easy monetary conditions will sustain domestic demand

Job creation has slowed, although unemployment remains close to historic lows. The share of long-term unemployment in total unemployment remains large and supply shortages for some skills have emerged, indicating that labour markets have tightened. This is boosting wage growth, which should support household demand over the projection period. While stock market indices have risen markedly,

Germany



1. Seasonally adjusted inflow of manufacturing orders in volume terms.
Source: Statistisches Bundesamt ; Deutsche Bundesbank and OECD calculations.

Germany: **Employment, income and inflation**

Percentage changes

	2010	2011	2012	2013	2014
Employment	0.6	1.4	1.1	-0.1	0.2
Unemployment rate ¹	6.8	5.8	5.3	5.5	5.6
Compensation of employees	3.0	4.5	3.8	3.3	3.9
Unit labour cost	-1.0	1.4	2.8	2.7	1.9
Household disposable income	3.0	3.2	2.1	2.6	3.9
GDP deflator	0.9	0.8	1.4	1.6	1.6
Harmonised index of consumer prices	1.2	2.5	2.1	1.9	2.0
Core harmonised index of consumer prices ²	0.6	1.2	1.3	1.5	1.9
Private consumption deflator	2.0	2.1	1.6	1.6	1.6

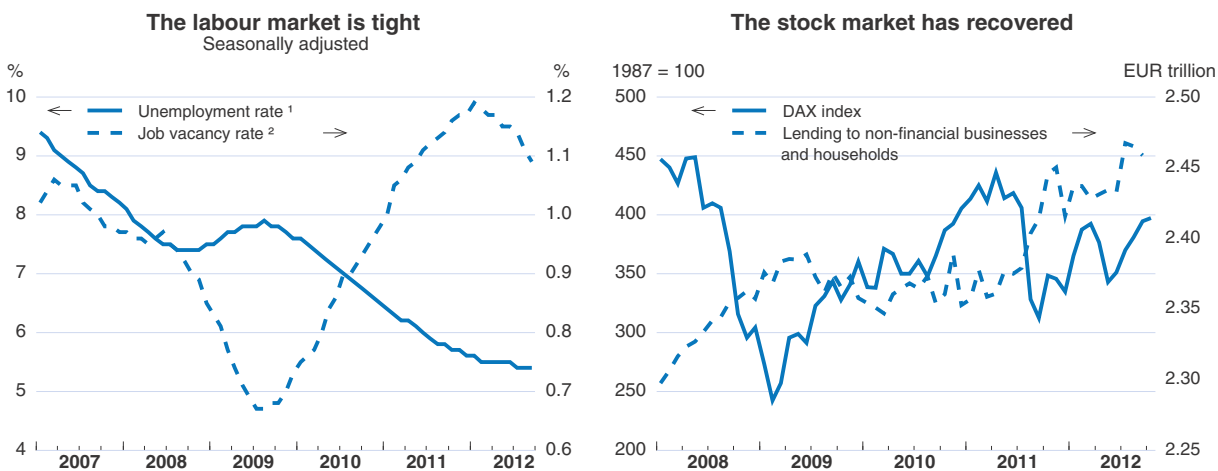
1. As a percentage of labour force, based on national accounts.

2. Harmonised index of consumer prices excluding food, energy, alcohol and tobacco.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744394>

lending growth has so far remained modest, as uncertainty about the resolution of the euro area debt crisis has kept confidence low. The spread between lending rates and policy rates is relatively high and commercial banks raised their reserve holdings at the European Central Bank following the increase in euro area sovereign debt tension in July. However, very low monetary policy rates and the abundant liquidity generated by the “safe haven” character of German financial assets are expected to support domestic demand over the projection period, as confidence strengthens and short-term interest rates decline further.

Germany

1. Population aged 15-74 years. Based on the German labour force survey.

2. Percentage of unfilled job vacancies relative to the labour force.

Source: Deutsche Bundesbank ; Statistisches Bundesamt.

StatLink  <http://dx.doi.org/10.1787/888932743254>

Germany: Financial indicators

	2010	2011	2012	2013	2014
Household saving ratio ¹	10.9	10.4	10.1	10.0	9.9
General government financial balance ²	-4.2	-0.8	-0.2	-0.4	-0.7
General government gross debt ²	86.3	86.4	87.6	86.2	85.1
General government debt, Maastricht definition ²	82.6	80.6	81.8	80.4	79.3
Current account balance ²	5.9	5.7	6.4	5.9	5.3
Short-term interest rate ³	0.8	1.4	0.6	0.2	0.1
Long-term interest rate ⁴	2.7	2.6	1.5	1.7	2.3

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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744413>

Some budget consolidation
is expected in 2013

The budget deficit is expected to be close to zero in 2012. Although the weak pace of economic activity is projected to raise the deficit slightly in 2013 and 2014, underlying consolidation is expected to continue in 2013, as stimulus measures introduced in earlier years are phased out and spending on pension and active labour market policies falls. These spending cuts are to be offset by reductions of social security contributions in 2013 as well as by transfers to families who chose not to

Germany: Demand and output

	2011	2012	2013	2014	Fourth quarter		
					2012	2013	2014
	Current prices € billion	Percentage changes from previous year, volume (2005 prices)					
GDP at market prices	2 589.3	0.9	0.6	1.9	0.8	1.2	2.1
Private consumption	1 487.0	0.9	1.4	2.3	1.0	1.7	2.6
Government consumption	499.8	1.1	1.1	1.7	0.8	1.4	1.8
Gross fixed investment	468.3	-1.3	0.9	4.6	-3.1	3.7	4.5
Public	42.7	-11.8	0.3	0.5	-11.7	0.7	0.5
Residential	144.8	3.0	4.5	6.0	3.5	5.4	6.1
Non-residential	280.9	-1.8	-0.7	4.4	-4.9	3.2	4.1
Final domestic demand	2 455.0	0.5	1.2	2.6	0.2	2.0	2.8
Stockbuilding ¹	4.5	-0.5	-0.1	0.0			
Total domestic demand	2 459.5	0.0	1.1	2.6	-0.2	2.0	2.8
Exports of goods and services	1 296.6	4.4	3.2	5.8	4.6	4.1	6.3
Imports of goods and services	1 166.8	2.9	4.8	7.6	3.0	6.2	7.9
Net exports ¹	129.8	0.9	-0.5	-0.5			
Memorandum items							
GDP without working day adjustments	2 592.6	0.8	0.5	1.9			

Note: 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, actual amount in the first column.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744432>

use publicly funded childcare facilities and some reductions of personal income taxes to offset the impact of past inflation on tax burdens, to be introduced in 2013 and 2014.

Exports and domestic demand are projected to strengthen gradually

Economic growth is projected to pick up gradually in the course of 2013 as export markets recover. Improving export prospects and confidence as well as favourable financing conditions will boost investment. Consumer spending will benefit from real wage increases and solid household balance sheets. The unemployment rate is projected to rise somewhat in 2013 but will remain close to 5½ per cent. The costs of producing renewable energy as well as strengthening domestic demand and wage growth are projected to keep consumer price inflation close to 2% in 2013 and 2014, while the current account surplus may fall to 5¼ per cent in 2014.

The euro area crisis poses the main risk to the outlook

If stress in euro area sovereign debt markets remains high, German exports may not recover to the extent projected and domestic bank balance sheets could deteriorate, tightening financing conditions. By contrast, as confidence returns the rebound in German manufacturing and exports could be larger than projected.

FRANCE

Activity has been more or less stagnating since late 2011, and real GDP is projected to rise by only 0.3% in 2013, but then to expand by 1.3% in 2014. Joblessness and slack more generally will therefore continue to increase until late in the projection period, when the unemployment rate could reach 11¼ per cent. With weak growth, consumer price inflation is expected to fall gradually to below 1½ per cent per year.

France must seize the opportunity of the initial phase of a new government mandate to launch a comprehensive medium-term strategy of fiscal consolidation, spending cuts and structural reforms to boost confidence and raise competitiveness and growth. The government has shown welcome commitment to consolidate public finances. However, automatic stabilisers should be allowed to play fully if growth turns out to be weaker than assumed in the budget. In 2014 and beyond, public spending needs to be contained to allow the lower taxes required to restore firms' competitiveness. Confidence would be spurred by implementing a wide range of growth-inducing reforms of the tax structure, education, and labour and product markets.

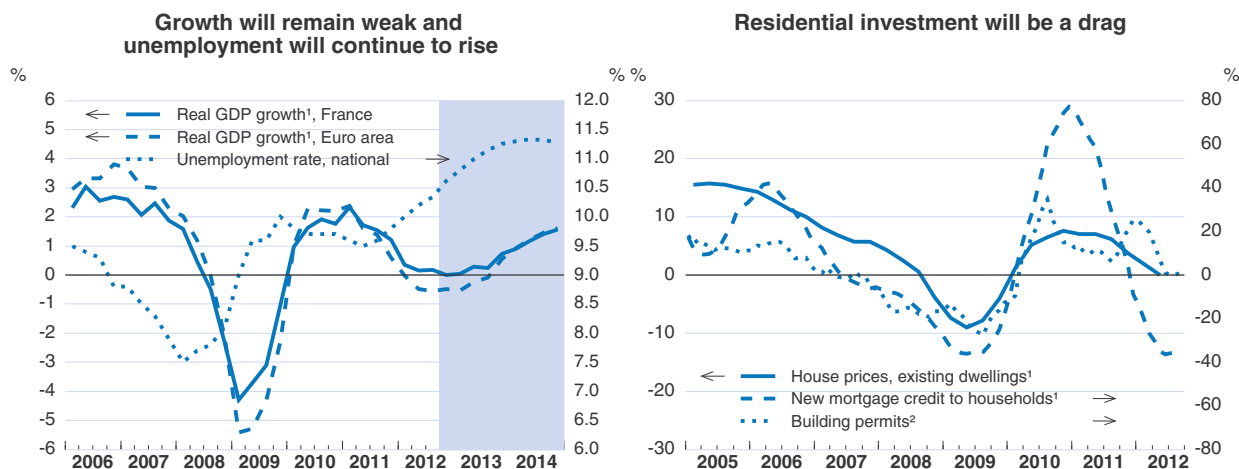
Economic activity has stalled

Real GDP has been almost flat for more than a year. Despite labour hoarding, unemployment is rising rapidly, which is weighing on private consumption. Business surveys paint a bleak picture, but hard indicators are less gloomy. External imbalances persist, with both the trade and current account deficits at about 2% of GDP, reflecting structurally weak competitiveness.

The construction sector is particularly affected

The construction sector continues to deteriorate. Lower credit demand is driving a sharp decline in new mortgages. Having already fallen about 3% from their 2011 peak, house prices are likely to retrench further. As lending policies have been cautious, the quality of mortgages is good, but could weaken substantially as unemployment rises.

France



1. Year-on-year growth rates.

2. 6-month moving average of year-on-year growth rates.

Source: OECD Economic Outlook 92 database; INSEE; Banque de France.

France: **Employment, income and inflation**

Percentage changes

	2010	2011	2012	2013	2014
Employment	0.2	0.3	0.0	-0.4	0.1
Unemployment rate ¹	9.3	9.2	9.9	10.7	10.9
Compensation of employees	2.3	3.4	2.0	1.5	1.6
Unit labour cost	0.7	1.6	1.9	1.2	0.4
Household disposable income	2.0	2.7	1.8	1.1	1.5
GDP deflator	1.1	1.3	1.5	1.1	0.7
Harmonised index of consumer prices	1.7	2.3	2.2	1.3	1.2
Core harmonised index of consumer prices ²	1.0	1.1	1.5	1.0	1.0
Private consumption deflator	1.1	2.1	1.7	0.9	0.9
<i>Memorandum item</i>					
Unemployment rate ³	9.7	9.6	10.3	11.1	11.3

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 92 database.

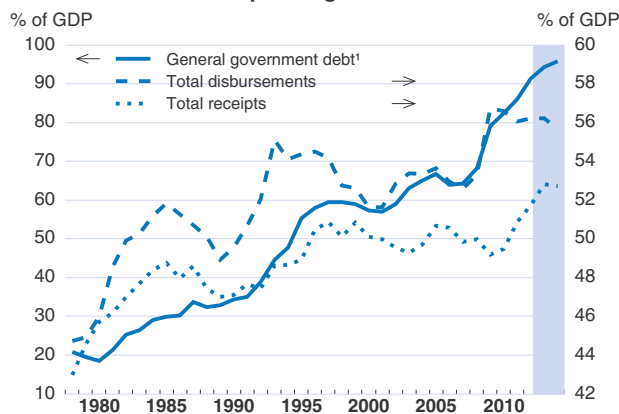
StatLink  <http://dx.doi.org/10.1787/888932744451>

The new government is committed to restoring public finances

Despite renewed cyclical weakness, the government is set to meet its 2012 target for the general government deficit of 4.5% of GDP. The fiscal framework has been substantially strengthened, including through the creation of a fiscal council to be tightly integrated with the Court of Accounts. This, together with the government's resolve to correct the deficit, strengthens credibility. However, how the council's influence develops will be important in the longer run.

France

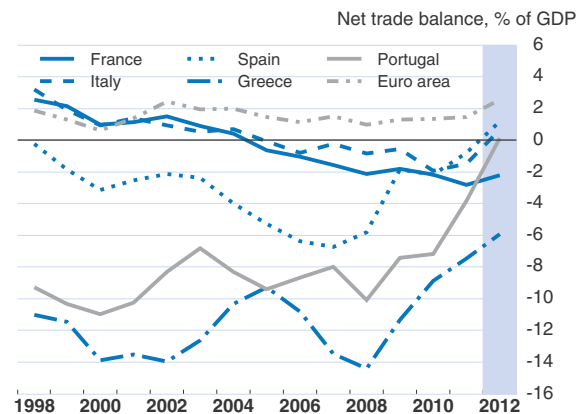
Further fiscal consolidation should target spending cuts



1. Maastricht definition.

Source: OECD Economic Outlook 92 database.

France's trade imbalance persists

StatLink  <http://dx.doi.org/10.1787/888932743406>

France: **Financial indicators**

	2010	2011	2012	2013	2014
Household saving ratio ¹	15.9	16.2	16.2	16.0	15.8
General government financial balance ²	-7.1	-5.2	-4.5	-3.4	-2.9
General government gross debt ²	95.5	100.0	105.1	108.2	109.7
General government debt, Maastricht definition ²	82.4	86.0	91.2	94.2	95.8
Current account balance ²	-1.6	-2.0	-2.1	-2.0	-1.9
Short-term interest rate ³	0.8	1.4	0.6	0.2	0.1
Long-term interest rate ⁴	3.1	3.3	2.6	2.6	3.1

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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744470>

Its short-term goals are ambitious

Based on the budget law, which relies on optimistic growth assumptions of 0.8% and 2%, respectively, in 2013 and 2014, the headline deficit would fall to 3% of GDP in 2013 and 2.2% in 2014, and the structural deficit would be close to zero. However, the implied cumulative reduction in the structural deficit of 2.6 percentage points of GDP, which is built into the OECD projections, is ambitious, given current headwinds, and automatic stabilisers should be allowed to play fully.

The 2013 consolidation relies on higher taxes...

According to government plans, the 2013 deficit reduction results almost exclusively from higher household and business taxes. Those on

France: **Demand and output**

	2011	2012	2013	2014	Fourth quarter		
					2012	2013	2014
	Current prices € billion	Percentage changes from previous year, volume (2005 prices)					
GDP at market prices	1 995.4	0.2	0.3	1.3	0.0	0.7	1.6
Private consumption	1 150.5	0.0	0.5	0.7	0.3	0.6	0.8
Government consumption	489.4	1.2	0.9	0.8	1.2	0.9	0.7
Gross fixed investment	400.7	0.3	-0.1	2.9	-1.2	0.9	4.0
Public	61.4	1.6	0.1	0.3	0.7	0.2	0.4
Residential	112.9	0.7	-1.0	0.9	-0.9	-0.7	1.8
Non-residential	226.4	-0.2	0.3	4.5	-1.9	1.8	5.9
Final domestic demand	2 040.5	0.3	0.4	1.2	0.2	0.7	1.4
Stockbuilding ¹	10.7	-0.8	-0.1	0.0			
Total domestic demand	2 051.2	-0.4	0.3	1.2	0.2	0.7	1.4
Exports of goods and services	537.6	2.6	3.3	6.1	1.2	4.7	6.7
Imports of goods and services	593.4	0.4	3.2	5.4	2.0	4.5	5.8
Net exports ¹	- 55.8	0.6	0.0	0.1			

Note: 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, actual amount in the first column.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744489>

personal income are targeted at the top end of the distribution, which may limit their negative effects on demand. Although tax increases might be easier to implement and less prone to social turmoil that might unnerve financial markets, ultimately public spending must be curbed.

... while restraining spending is crucial

The ratio of public spending to GDP is very high, and reducing it will be an important part of a strategy to rebalance the economy towards exports. Extending the government's overview of public-sector efficiency to all levels of public administration will be key. Considerable savings could be made on health care without impairing quality. Streamlining the structure of sub-national governments and increasing incentives to better control local governments' spending could also generate substantial savings.

Deep reforms would boost confidence

Fiscal efforts, ECB action and more serious problems elsewhere in the euro area have helped to reduce the cost of debt financing. Implementing broad structural reforms covering education and product and labour markets would help maintain confidence and strengthen France's economic prospects. There is also ample room to rebalance the tax structure by lowering social contributions, eliminating inefficient tax expenditures and increasing property, inheritance and environmental taxes. The recently announced Competitiveness Pact is an important first step in this direction and would support job creation, investment and exports as of 2014.

Growth will be weak and unemployment will rise

Real GDP is projected to increase only slowly. Residential investment is likely to be a drag while low profit margins and high levels of firms' indebtedness could limit the pick-up in business investment. The unemployment rate may rise sharply in the coming quarters before stabilising at the end of 2013 at 11¼ per cent. Extended slack should reduce inflation below 1½ per cent in both 2013 and 2014. With automatic stabilisers allowed to play fully, the fiscal deficit is projected to be 3.4% of GDP in 2013 and 2.9% in 2014.

Uncertainty remains huge

Targeting the headline (rather than the structural) deficit might have significant adverse effects on activity in the short term, compounding any further growth weakening, especially if insufficient structural reforms cast doubt on France's ability to reduce its imbalances. On the other hand, should confidence improve, a faster decline in the household saving rate from its currently high level would quicken the recovery.

ITALY

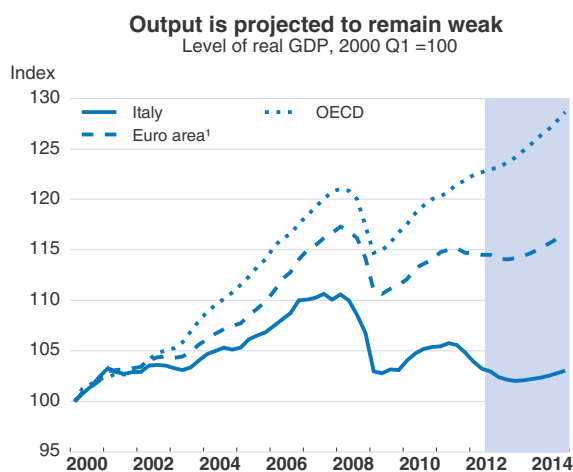
Italy's comprehensive policy of growth-friendly structural reforms and fiscal consolidation is well underway. Nonetheless, the economy is projected to continue contracting in the short term, reflecting budgetary tightening, weak confidence and tight credit supply. Weak growth will put further downward pressure on employment, wages and consumer prices. With gradual improvements in competitiveness, confidence and financial conditions, the economy is projected to return to growth during 2013.

The projection assumes that the government will attain its fiscal targets of structural balance in 2013 and 2014. However, as these growth projections are weaker than the government's, the deficit rises through the projection period. Should the OECD projection be realised, further fiscal tightening in 2014 would be necessary to achieve the planned debt reduction path. The reforms of the product and labour markets which parliament has adopted over the past twelve months are impressive but must be fully and consistently implemented if they are to produce results.

Reforms have improved Italy's long-term prospects

The government has taken action to tackle the twin problems of low economic growth and high public debt. Recent reforms of product and labour markets, once fully implemented, should help to lift the economy out of the stagnation it has experienced over the past decade. The ongoing spending review will contribute to needed fiscal consolidation, and the constitution has been amended to provide for a balanced-budget rule. Actions on the euro area level have helped, too. The announcement by the European Central Bank of the Outright Monetary Transactions scheme for countries that have established a programme with the EFSF or ESM had the immediate effect of reducing excess risk premia related to exit risks in Italian sovereign bond yields.

Italy



1. Excluding Cyprus and Malta.

2. Excluding construction.

Source: ISTAT and OECD Economic Outlook 92 database.

Italy: Employment, income and inflation

Percentage changes

	2010	2011	2012	2013	2014
Employment ¹	-0.7	0.3	-0.4	-0.7	-0.4
Unemployment rate ^{1,2}	8.4	8.4	10.6	11.4	11.8
Compensation of employees	1.0	1.7	0.2	0.2	0.1
Unit labour cost	-0.8	1.1	2.4	1.2	-0.4
Household disposable income	0.9	1.9	-0.8	0.8	1.4
GDP deflator	0.4	1.3	1.1	1.3	0.6
Harmonised index of consumer prices	1.6	2.9	3.2	1.9	0.9
Core harmonised index of consumer prices ³	1.7	2.0	2.0	1.8	0.9
Private consumption deflator	1.5	2.8	2.4	1.5	0.6

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.

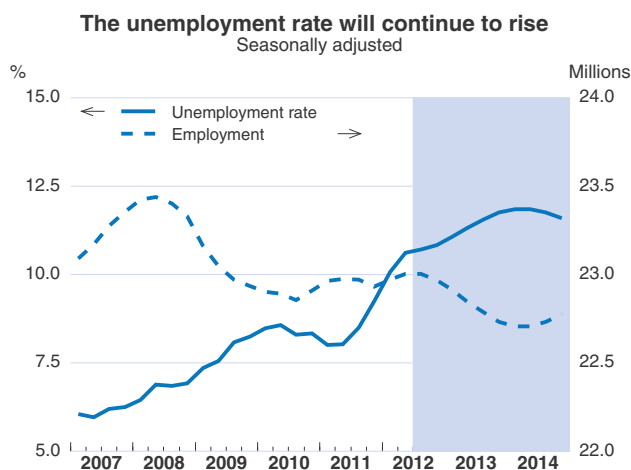
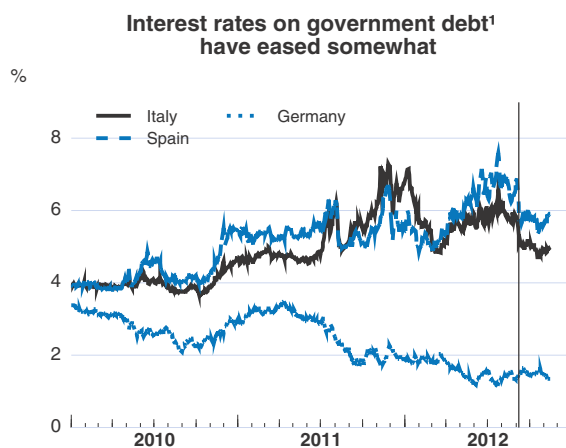
Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744508>

But the economy is now in a double-dip recession

While these actions have been able to avert downside tail risks so far, Italy entered its second severe recession in three years. Fiscal consolidation of nearly 3% of GDP this year weakened domestic demand, and private consumption has been falling at the steepest rate since the Second World War. Business confidence is low. The economic slowdown has put pressure on the financial sector: non-performing loans are high and rising, liquidity conditions are tight and lending standards have become stricter.

Italy



Note: The vertical line indicates the date of the European Central Bank's OMT announcement (6 September 2012).

1. 10-year benchmark government bond yields. Last observation: 14 November 2012.

Source: Datastream and OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932743577>

Italy: Financial indicators

	2010	2011	2012	2013	2014
Household saving ratio ¹	5.3	4.3	4.4	4.7	5.0
General government financial balance ²	-4.3	-3.8	-3.0	-2.9	-3.4
General government gross debt ²	126.7	119.8	127.0	129.6	131.4
General government debt, Maastricht definition ²	119.3	120.6	127.8	130.4	132.2
Current account balance ²	-3.5	-3.2	-0.9	0.3	0.7
Short-term interest rate ³	0.8	1.4	0.6	0.2	0.1
Long-term interest rate ⁴	4.0	5.4	5.5	4.9	4.9

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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744527>

Public debt is projected to rise significantly through 2014

Several measures during the second half of 2012, including raising municipal property tax and enacting recommendations of the spending review, should help to reduce the deficit from last year's 3.8% of GDP. However, it is set to exceed the 2.6% of GDP projected by the government. For 2013 and 2014, the projection assumes that the government will meet its target of structural balance. Nevertheless, given the OECD macroeconomic outlook, both the deficit and public debt will continue to rise over the projection period.

The recession is likely to continue into 2013

With confidence and financial conditions gradually improving, GDP is projected to begin to rise in the course of 2013. Fiscal consolidation, the

Italy: Demand and output

	2011	2012	2013	2014	Fourth quarter		
					2012	2013	2014
	Current prices € billion	Percentage changes from previous year, volume (2005 prices)					
GDP at market prices	1 580.4	-2.2	-1.0	0.6	-2.3	-0.2	0.8
Private consumption	969.0	-3.2	-1.1	0.5	-3.0	-0.2	0.7
Government consumption	323.4	-0.4	-1.0	-0.5	0.8	-1.7	-0.5
Gross fixed investment	309.6	-8.2	-5.1	-1.0	-8.2	-3.5	0.5
Final domestic demand	1 602.0	-3.6	-1.8	0.0	-3.2	-1.1	0.4
Stockbuilding ¹	1.7	-1.0	0.0	0.0			
Total domestic demand	1 603.7	-4.5	-1.9	0.0	-3.8	-1.1	0.4
Exports of goods and services	456.4	0.9	2.6	4.2	0.3	3.4	4.6
Imports of goods and services	479.7	-7.3	-0.2	2.5	-4.9	0.5	3.4
Net exports ¹	- 23.3	2.5	0.9	0.6			

Note: 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, actual amount in the first column.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744546>

rebuilding of household savings and low business confidence will hold back growth. Since the beginning of the double-dip recession, the current account balance has improved, reflecting primarily falling domestic demand and, therefore, imports.

*Slowing wages and prices
will improve
competitiveness*

Despite the large fall in output over the past year, employment has stayed remarkably robust so far, although unemployment has risen on account of higher participation. Continued economic weakness is projected to raise the unemployment rate to close to 12% by 2014. This will slow wage growth and reduce consumer price inflation. This improvement in competitiveness will, over time, boost exports.

*Risks to the outlook are
mainly tilted to the
downside*

One major source of uncertainty relates to the commitment of the post-April 2013 government to maintain the course on fiscal consolidation and growth-friendly structural reforms. Backing off either would damage market sentiment and growth. Another risk is that the fiscal balance improves less than projected in 2012, despite measures introduced in the second half of the year. Furthermore, an intensification of financial stress and unduly rapid bank deleveraging might accentuate the credit squeeze and further damp growth. On the upside, the improvement in the orientation of structural policies may lift confidence, investment and labour market performance earlier than envisaged.

UNITED KINGDOM

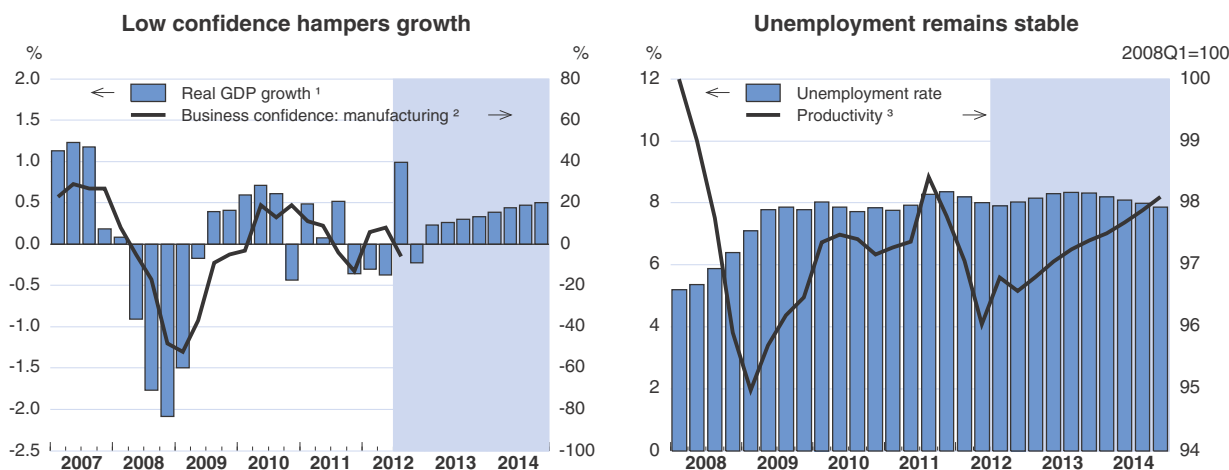
The global economic slowdown, euro area uncertainty, necessary fiscal retrenchment and private deleveraging are generating headwinds for the economy. Output remains about 3% below its pre-crisis peak. Growth is projected to recover gradually and gain momentum towards the end of 2013, as exports and household spending pick up as confidence recovers. Although employment grew strongly in 2012, unemployment is expected to rise slightly in 2013, as the subdued recovery and continued uncertainty may make firms hesitant to hire.

The Bank of England is providing significant support to the economy through quantitative easing, which should continue. With the fiscal deficit and public debt still high, the policy of fiscal consolidation remains appropriate to ensure the sustainability of the public finances. In the event of lower than expected growth, the flexibility of the fiscal mandate should be utilised to allow the automatic stabilisers to continue to operate, even though this may imply pushing out the debt target. The strong institutional framework and medium-term structural consolidation plans should be maintained to ensure credibility. The governments' fiscal plans allow reprioritising spending to focus further on long-term growth enhancing infrastructure investment. Recent and planned structural reforms, especially on planning and work incentives, should boost growth over time.

The economy faces strong headwinds

Continuing weakness in the global economy and deep, but necessary, fiscal consolidation, continue to drag down growth. The sharp depreciation of sterling over recent years has failed to rebalance the economy and lift exports by as much as expected, as the euro area has fallen back into recession. Weak demand and confidence, tight credit conditions and the bleak world economy translate into low investment. Household deleveraging, and income gains that have been eroded by inflation, have weighed on household spending. The considerable slack in the economy is projected to keep inflation below 2%.

United Kingdom



1. Quarter-on-quarter.

2. Refers to domestic orders.

3. Real GDP divided by total employment.

Source: OECD Economic Outlook 92 database and the British Chambers of Commerce.

StatLink  <http://dx.doi.org/10.1787/888932743425>

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

	2010	2011	2012	2013	2014
Employment	0.2	0.5	1.0	0.4	0.9
Unemployment rate ¹	7.9	8.1	8.0	8.3	8.0
Compensation of employees	2.4	2.3	3.1	2.8	3.7
Unit labour cost	0.6	1.4	3.2	1.9	2.1
Household disposable income	4.5	2.9	3.8	3.2	3.4
GDP deflator	2.8	2.7	2.1	1.7	1.7
Harmonised index of consumer prices ²	3.3	4.5	2.6	1.9	1.8
Core harmonised index of consumer prices ³	2.7	3.0	2.0	1.7	1.6
Private consumption deflator	3.7	4.7	3.0	2.1	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.

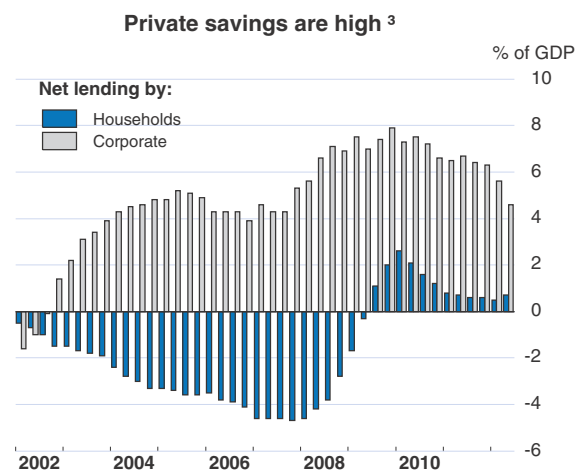
Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744565>

The labour market shows surprising resilience

While unemployment has increased since mid-2011, the rise is moderate relative to output losses and employment growth has been strong in 2012. Falling productivity has been accompanied by subdued real wage growth and increased part-time employment, which has limited job losses. High youth unemployment is nonetheless of great concern, notwithstanding some recent declines, and continued stagnation of the economy could worsen the situation. Active labour market policies are focused on the necessary prevention of young people not in employment,

United Kingdom



Source: 1. Year-on-year percentage changes.

Source: 2. Refers to compensation of employees divided by hours worked.

Source: 3. Four-quarter moving averages. Corporate net lending excludes the transfer from the Royal Mail pension fund to the government.

Source: OECD Economic Outlook 92 database and Office for National Statistics.

StatLink  <http://dx.doi.org/10.1787/888932743444>

United Kingdom: **Financial indicators**

	2010	2011	2012	2013	2014
Household saving ratio ¹	6.6	6.0	5.3	4.3	4.3
General government financial balance ²	-10.1	-8.3	-6.6	-6.9	-6.0
General government gross debt ²	85.6	99.9	105.3	110.4	113.9
General government debt, Maastricht definition ²	79.4	85.0	89.5	93.7	96.7
Current account balance ²	-2.5	-1.9	-3.3	-3.5	-3.1
Short-term interest rate ³	0.7	0.9	0.9	0.7	0.6
Long-term interest rate ⁴	3.6	3.1	1.9	2.1	2.7

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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744584>

education or training from dropping out of the labour force, with lasting economic and social consequences.

The flexibility of the fiscal framework should be utilised if growth disappoints

With the budget deficit (excluding temporary factors) at over 8% of GDP and gross government debt at over 80% of GDP, fiscal consolidation is necessary to restore the sustainability of public finances and will strengthen medium-term growth prospects. The fiscal stance remains appropriate, and is supported by the strong institutional framework. The flexibility of the fiscal framework should be utilised if growth significantly

United Kingdom: **Demand and output**

	2011	2012	2013	2014	Fourth quarter		
					2012	2013	2014
	Current prices £ billion	Percentage changes from previous year, volume (2009 prices)					
GDP at market prices	1 519.1	-0.1	0.9	1.6	0.1	1.1	1.8
Private consumption	976.7	1.1	1.6	1.4	1.9	1.2	1.6
Government consumption	337.0	1.3	-3.0	-1.8	-1.0	-1.8	-1.8
Gross fixed investment	215.3	1.8	2.5	3.7	2.7	3.1	3.9
Public ¹	36.4	-11.6	-3.8	-3.0	-6.5	-3.0	-3.0
Residential	59.4	6.8	0.0	1.4	12.2	0.7	1.7
Non-residential	119.5	3.2	5.3	6.4	0.7	5.8	6.6
Final domestic demand	1 529.1	1.3	0.7	1.1	1.4	0.9	1.2
Stockbuilding ²	13.8	-0.5	0.3	0.0			
Total domestic demand	1 542.8	0.8	1.0	1.1	1.4	0.9	1.2
Exports of goods and services	492.9	-0.2	2.4	3.6	-1.3	3.0	4.0
Imports of goods and services	516.6	2.8	2.6	2.0	2.9	2.1	2.0
Net exports ²	- 23.7	-1.0	-0.1	0.5			

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, actual amount in the first column.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744603>

United Kingdom: **External indicators**

	2010	2011	2012	2013	2014
\$ billion					
Goods and services exports	692.2	790.2	767.6	791	836
Goods and services imports	740.9	828.2	836.3	868	907
Foreign balance	- 48.7	- 38.0	- 68.7	- 77	- 71
Invisibles, net	- 9.0	- 8.5	- 12.5	- 11	- 11
Current account balance	- 57.7	- 46.5	- 81.2	- 88	- 82
Percentage changes					
Goods and services export volumes	6.4	4.5	- 0.2	2.4	3.6
Goods and services import volumes	8.0	0.5	2.8	2.6	2.0
Export performance ¹	- 3.8	- 1.0	- 2.2	- 1.7	- 2.7
Terms of trade	- 0.3	- 1.8	- 0.9	- 0.5	- 0.4

1. Ratio between export volume and export market of total goods and services.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744622>

underperforms expectations. With clear plans for medium-term fiscal consolidation in place, the fiscal mandate allows automatic stabilisers to play and potentially leaves room for changing the composition of expenditure to focus further on long-term growth-enhancing public investment, including in infrastructure. The government's fiscal policy stance and strong institutions have secured the confidence of financial markets, as evidenced by the near-record low government bond yields.

Monetary policy should remain supportive

With the policy rate at 0.5% and quantitative easing at £375 billion (25% of GDP), monetary policy is appropriately providing strong support to the economy. The Funding for Lending Scheme in place since July 2012 is expected to provide incentives to banks to increase domestic lending through cheap funding. Reserve and collateral requirements have also been reduced to increase credit supply. However, constrained aggregate demand and house price uncertainty continue to limit credit demand.

The economy is projected to gradually accelerate in 2013

Output growth has been broadly flat over the past year, but strong headline growth in the third quarter of 2012 was consistent with moderate underlying expansion. Real GDP growth is projected to rise gradually during 2013 as falling inflation boosts purchasing power and private consumption, and a brighter international environment supports exports and investment. Notwithstanding strong employment growth in 2012, unemployment is expected to rise slightly to 8.3% in 2013 owing to the subdued recovery and high uncertainty.

Structural reforms should boost growth over time

The government has committed to implementing a number of reforms which, if implemented fully, will boost both short and long-term growth. Increasing the state pension age in line with longevity will foster long-term fiscal sustainability. Implementing the recommendations of the Independent Commission on Banking will strengthen the financial

system. The Universal Credit will reduce disincentives to work, and 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 planning reform and further support to the housing market and infrastructure should allow construction to grow.

*Risks are mainly on the
downside*

A weaker world economy would endanger export growth at a time when domestic demand is still weak. Global financial turmoil might result in tighter financial conditions, while blows to household and business confidence may lead to increased precautionary saving and lower investment. Higher food and energy prices would lower purchasing power, hindering the recovery in consumption. A stronger than expected world economy would revive exports, investment and confidence. Corporate balance sheets are strong and households' leverage has been reduced, providing scope for rapid expansion should economic prospects improve.

CANADA

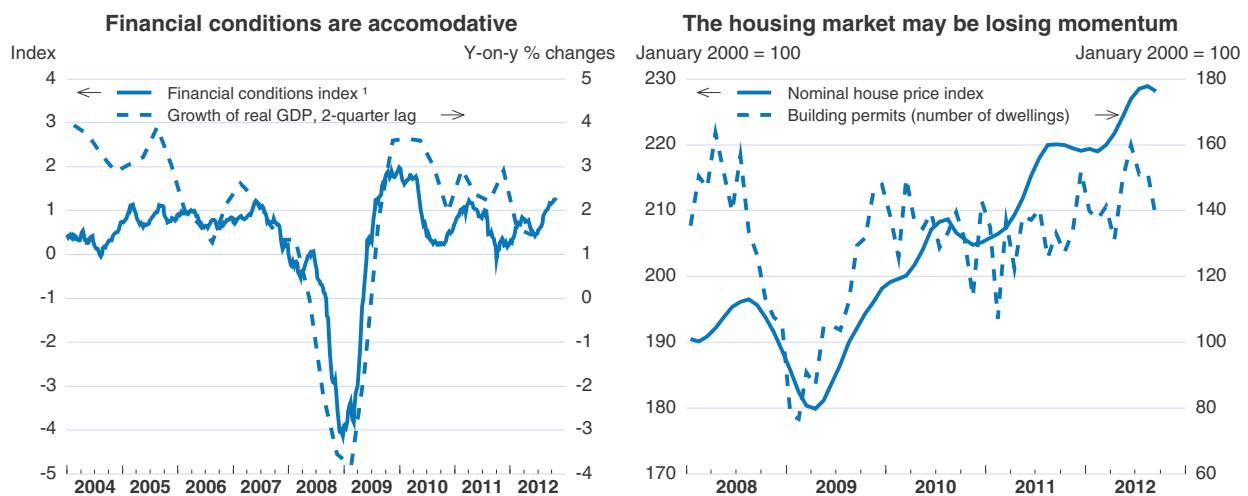
Economic growth has softened as the year has wore on and is likely to remain only moderate until mid-2013. Housing investment and house prices are set to cool somewhat in response to tighter mortgage rules to prevent households from becoming over-extended. The public sector is consolidating, and exports are being held back by poor competitiveness and weak global growth. Business investment should remain relatively strong, however, thanks to global demand for natural resources, low capital costs and corporate tax rates, and the high exchange rate, which is reducing the price of imported capital equipment.

Easy monetary policy has been maintained in a context of downside external risks, low inflation and restrictive fiscal policies. However, economic slack is not large, so that a shift toward a tightening stance by the latter half of 2013 may be needed. If housing-market imbalances worsen, the government should respond with further macro-prudential measures. Federal and provincial budget consolidation is needed and welcome, but if new shocks were to weaken underlying growth materially, the pace of debt reduction should be slowed.

*Growth has slowed but
may be rebalancing...*

Activity moderated in the second half of 2012 to below the estimated potential growth rate. This reflected a softening of commodity prices, which curtailed profits and investments in the fast-growing resource sectors. The strength of the housing market, which had been hardly interrupted at all during the global economic and financial crisis, has by most measures started to diminish following recent regulatory tightening of mortgage lending terms. Tight budgets have also begun to kick in. At the same time, the high Canadian dollar and ongoing global weakness have undermined exports and manufacturing in particular. Employment growth has held up well, however, and remained concentrated in full-time work, although productivity gains have been correspondingly small. The

Canada



1. Downward movements in the FCI capture tighter financial conditions, which are therefore consistent with weaker economic activity; upward movements represent improving financial conditions, consistent with stronger economic activity.

Source: Bank of Canada, Teranet - National Bank National Composite House Price Index and OECD Economic Outlook 92 database.

StatLink <http://dx.doi.org/10.1787/888932743140>

Canada: **Employment, income and inflation**

Percentage changes

	2010	2011	2012	2013	2014
Employment	1.4	1.5	1.0	1.1	1.2
Unemployment rate ¹	8.0	7.5	7.3	7.2	6.9
Compensation of employees	4.3	4.7	3.6	3.3	4.1
Unit labour cost	1.1	2.1	1.5	1.5	1.6
Household disposable income	4.9	3.3	3.0	3.3	4.0
GDP deflator	3.1	3.2	0.9	1.4	1.8
Consumer price index	1.8	2.9	1.6	1.4	1.8
Core consumer price index ²	1.7	1.7	1.7	1.3	1.7
Private consumption deflator	1.5	2.2	1.4	1.1	1.3

1. As a percentage of labour force.

2. Consumer price index excluding the eight more volatile items.

Source: OECD Economic Outlook 92 database.

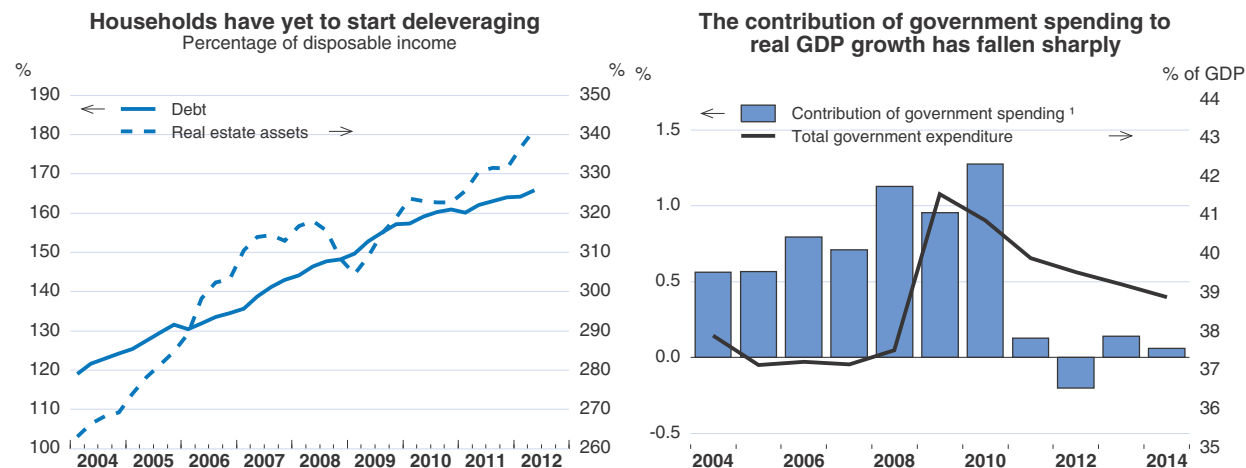
StatLink  <http://dx.doi.org/10.1787/888932744641>

main growth driver is expected to continue to be non-housing investment, given highly favourable financial conditions and increasingly healthy corporate balance sheets.

... and inflation is muted

Given slower growth and the strong exchange rate, core consumer price inflation has softened so far this year. Headline inflation has moderated even more, thanks to some easing in prices for oil and other non-food commodities. The recent drought in the United States and neighbouring Canadian regions points to upward pressures on Canadian food prices (which are expected to rise by 3-4% in 2013), but their impact on headline inflation should be limited by the small weight (16%) of food in the Canadian consumer basket. Inflation is projected to rise to near 2% by the end of the projection horizon, as slack is used up.

Canada



1. Change in real government spending on goods and services divided by real GDP in previous year.

Source: Statistics Canada; OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932743159>

Canada: Financial indicators

	2010	2011	2012	2013	2014
Household saving ratio ¹	4.8	3.5	3.5	3.6	3.7
General government financial balance ²	-5.4	-4.3	-3.5	-3.0	-2.5
General government gross debt ²	83.0	83.4	85.8	85.5	86.0
Current account balance ²	-3.1	-2.7	-3.6	-4.0	-3.5
Short-term interest rate ³	0.8	1.2	1.3	1.3	2.3
Long-term interest rate ⁴	3.2	2.8	1.9	2.2	2.8

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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744660>Fiscal consolidation is
largely on track

Budgetary consolidation is underway, and the federal and most provincial governments appear to be on track to achieving their medium-term targets, although with a slight delay because of slower economic growth. The federal government is seeking to return to surplus by 2016-17, one year later than initially budgeted, while Ontario intends to move from a deficit of 2.2% of provincial GDP to a small surplus by 2017-18. Most of the federal and provincial adjustments are taking place on the spending side. Federal direct programme spending will be virtually frozen in real terms over the five-year planning period and federal employment will fall

Canada: Demand and output

	2011	2012	2013	2014	Fourth quarter		
					2012	2013	2014
	Current prices CAD billion	Percentage changes from previous year, volume (2007 prices)					
GDP at market prices	1 762.4	2.0	1.8	2.4	1.5	2.2	2.5
Private consumption	983.5	1.7	2.1	2.5	1.6	2.3	2.6
Government consumption	385.4	0.0	0.0	0.0	-0.5	0.0	0.0
Gross fixed investment	374.9	4.4	4.7	3.7	5.9	3.9	3.7
Public ¹	76.3	-5.2	4.0	4.0	3.6	3.2	4.7
Residential	117.6	6.9	-0.8	-3.4	5.2	-2.8	-3.7
Non-residential	181.0	7.4	8.3	7.7	8.1	8.2	7.4
Final domestic demand	1 743.7	1.9	2.2	2.2	2.1	2.2	2.3
Stockbuilding ²	40.8	0.3	0.0	0.0			
Total domestic demand	1 784.5	2.1	2.2	2.2	2.8	2.1	2.3
Exports of goods and services	539.3	1.9	2.6	5.6	-1.6	5.0	5.8
Imports of goods and services	561.4	2.3	3.6	4.7	2.2	4.5	4.8
Net exports ²	- 22.1	-0.2	-0.4	0.2			

Note: 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, actual amount in the first column.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744679>

Canada: **External indicators**

	2010	2011	2012	2013	2014
\$ billion					
Goods and services exports	468.3	545.1	544.0	557	601
Goods and services imports	499.3	567.6	584.7	608	646
Foreign balance	- 30.9	- 22.5	- 40.7	- 51	- 45
Invisibles, net	- 18.4	- 26.6	- 23.8	- 24	- 24
Current account balance	- 49.3	- 49.1	- 64.5	- 75	- 69
Percentage changes					
Goods and services export volumes	6.5	4.6	1.9	2.6	5.6
Goods and services import volumes	13.6	5.8	2.3	3.6	4.7
Export performance ¹	- 5.4	- 0.6	- 1.1	- 1.6	- 1.0
Terms of trade	5.2	3.6	- 2.7	- 0.5	0.6

1. Ratio between export volume and export market of total goods and services.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744698>

by nearly 5%. Provinces with large structural deficits will face a more difficult task. The Ontario government has negotiated two-year pay freezes with 10 000 public service managers and the province's 25 000 doctors, and is pursuing similar agreements with teachers and other unionised public sector workers. Public sector spending restraint at all levels will be a significant drag on growth but is necessary to bring the government's spending share of GDP back to pre-crisis levels and to put public debt back on a sustainable path.

Monetary policy remains highly supportive

Monetary policy and financial conditions continue to be highly accommodative. With a well functioning policy transmission mechanism, output has grown comparatively rapidly through much of the recovery, and Canada's estimated output gap is the smallest in the G7 countries. Hence, above-trend growth could cause inflation pressures to re-emerge. The Bank of Canada has indicated that some withdrawal of the currently considerable policy stimulus may become appropriate to ensure the medium-term inflation target of 2%. Signs of stress in household balance sheets following the prolonged period of low interest rates are also a matter of policy concern. Given the central projection, the Bank should begin to tighten in the latter half of 2013.

Downside risks preponderate

If the euro zone crisis continues unresolved, Canadian growth could be negatively affected via the trade, financial market and confidence channels. But the US economy is critical for Canada, and the risks there appear to be better balanced. The dominant domestic risk is that of renewed momentum in housing demand and house prices, aggravating existing imbalances. Continuing high household debt levels could lead to a sharp deceleration in household spending, while a sudden weakening of the housing market could have sizable negative spillover effects.

AUSTRALIA

Output is projected to expand by roughly 3¼ per cent in 2013 and 2014, which would be slightly below potential. Despite the decrease in the terms of trade, the mining sector can still be expected to sustain growth which remains marked by substantial sectoral disparities. Nevertheless, the high exchange rate, continued household deleveraging and budget-tightening in 2012/13 should damp activity in many other sectors.

In the absence of inflationary pressures, the current easing of monetary policy to stimulate demand is welcome. If the economic situation were to deteriorate significantly, the authorities should let the automatic stabilisers work and should slow budget consolidation. Sustaining a robust rise in the standard of living will entail bolstering productivity by pursuing reforms in taxation, infrastructure and innovation.

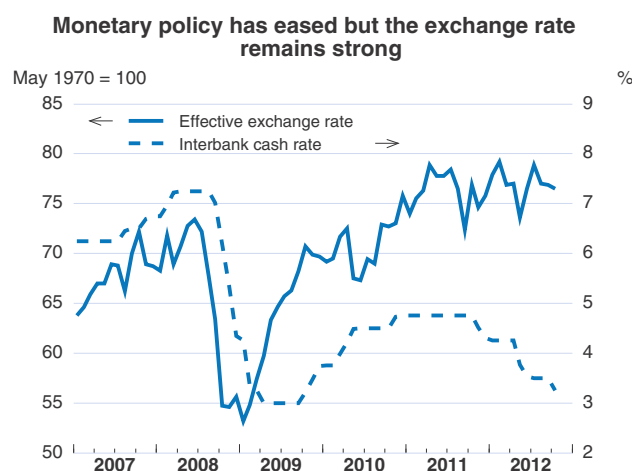
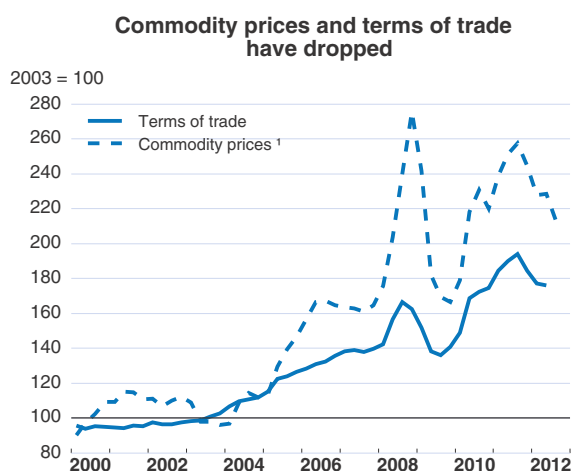
Although solid, activity has slowed down

Sustained at the beginning of the year by rebounding production in the wake of natural disasters in 2011, growth moderated in the second half of 2012, probably settling at roughly 3¼ per cent in 2012. Economic conditions remain disparate from sector to sector. The mining investment boom continued despite the receding terms of trade. Apart from the mining and transport sectors, the business climate is challenging, particularly in construction. Job creation has slowed, and the unemployment rate increased slightly, to 5½ per cent in September 2012. Despite the introduction of a carbon tax in July, headline and core inflation remained contained between 2 and 2½ per cent in the third quarter of 2012 because of low import prices and under-utilisation of resources, including in the labour market.

Monetary conditions continue to ease

The central bank has lowered its base rate since May 2012 by half a percentage point, to 3¼ per cent in October, and is expected to further

Australia



1. RBA index of commodity prices reflecting the prices received by Australian exporters.

Source: Reserve Bank of Australia and OECD Economic Outlook 92 database.

Australia: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices AUD billion	Percentage changes, volume (2009/2010 prices)				
GDP at market prices	1 251.4	2.4	2.3	3.7	3.0	3.2
Private consumption	692.2	2.9	3.3	3.9	2.6	3.1
Government consumption	224.7	3.4	2.5	2.6	0.1	1.1
Gross fixed capital formation	346.6	4.6	7.2	8.6	7.3	5.0
Final domestic demand	1 263.6	3.4	4.2	4.9	3.5	3.3
Stockbuilding ¹	- 7.3	0.6	0.4	-0.1	-0.2	0.0
Total domestic demand	1 256.3	3.7	4.7	4.9	3.3	3.3
Exports of goods and services	249.6	5.4	-1.3	5.6	5.6	6.1
Imports of goods and services	254.4	14.3	11.1	7.1	6.6	6.6
Net exports ¹	- 4.8	-1.8	-2.5	-0.2	-0.3	-0.2
<i>Memorandum items</i>						
GDP deflator	—	5.7	4.1	-0.3	1.7	2.3
Consumer price index	—	2.9	3.4	1.8	2.8	2.3
Private consumption deflator	—	2.7	2.5	2.0	2.8	2.3
Unemployment rate	—	5.2	5.1	5.2	5.5	5.5
Household saving ratio ²	—	8.9	9.9	8.9	8.7	9.0
General government financial balance ³	—	-4.7	-4.0	-2.8	0.0	0.5
General government gross debt ³	—	23.5	26.7	29.3	28.9	28.0
Current account balance ³	—	-2.8	-2.2	-3.8	-5.0	-5.2

1. Contributions to changes in real GDP, actual amount in the first column.

2. As a percentage of disposable income.

3. As a percentage of GDP.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744793>

relax monetary conditions in the OECD projections. Credit growth has remained subdued, partly reflecting households' reduced appetite for housing debt because of rising global uncertainties. Despite this easing and the receding terms of trade, the effective exchange rate has remained strong since the end of 2011. The recent recovery of real estate prices and the stock market, along with continued historically low long-term interest rates, are improving financial conditions.

Fiscal tightening should weaken growth

Fiscal tightening of around 3% of GDP is planned to bring federal accounts back into balance by 2012/13, though this should be less restrictive than it would first appear. This fiscal consolidation stems partially from advancing expenditures between the fiscal years 2011/12 and 2012/13, changes in the accounting treatment of unclaimed financial assets, which will boost government revenues, and restrictions in defence spending and international aid, which will have limited impact on domestic demand.

Growth is expected to remain moderate in 2013 and 2014

Activity should remain sluggish in many sectors that must adjust to a strong dollar, and budget-tightening will damp demand in 2012/13. These factors will be partially offset, however, by easier monetary and financial conditions, which should stimulate housing investment. Mining

investments should continue to expand vigorously in 2013 in view of announced plans. Furthermore, export growth should gather pace with the expansion of mining capacities, and the expected improvement in the external environment in 2014. With production below capacity in some sectors and an unemployment rate hovering around 5½ per cent, inflation should remain low, at 2¼ to 2½ per cent.

*Risks are on the downside
reflecting the negative
external outlook*

A pronounced slowdown in China would hamper exports and the terms of trade. An increase in the overall world supply of commodities would also weaken raw materials prices as well as, in all likelihood, the real exchange rate.

AUSTRIA

After moderate growth in early 2012, activity stagnated in the latter half of the year due to softening external demand and deteriorating confidence, which offset gains in real disposable income and generally favourable financing conditions. Both domestic and external demand will benefit from gradually improving confidence and strengthening world trade over the forecast horizon, and growth is projected to reach 0.8% in 2013 and 1.8% in 2014.

The consolidation programme enacted in early 2012 strikes an appropriate balance between growth and fiscal sustainability considerations; the automatic stabilisers should be allowed to work freely around the implied structural improvement. However, consolidation measures after 2013 should be further specified. Available discretionary fiscal space should be used if economic conditions were to deteriorate significantly. Support to medium-sized banks may require additional measures, which should be financed so as not to endanger the fragile recovery.

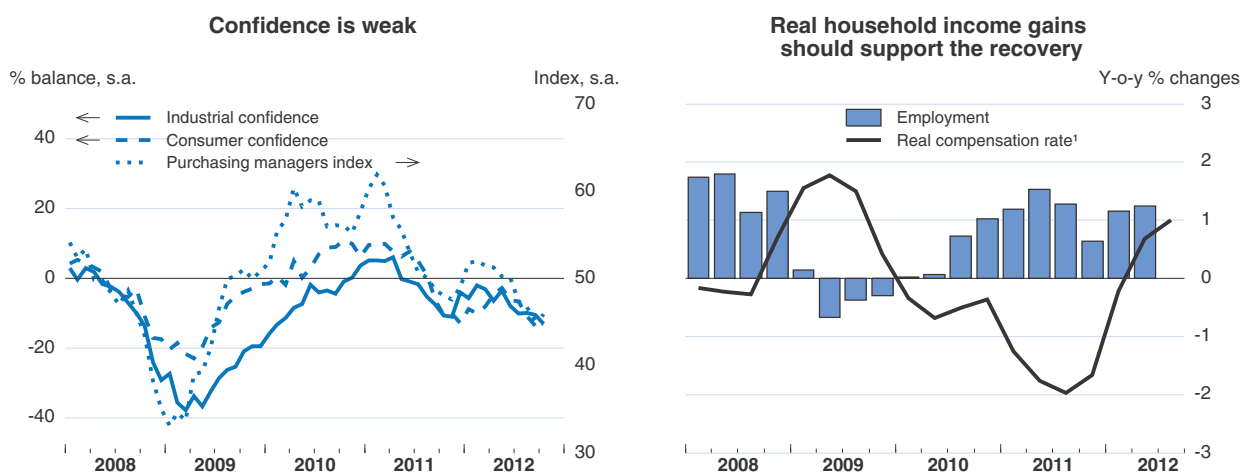
The economy is stagnating

Since spring 2012, business and consumer confidence have fallen markedly, leading to destocking and a further reduction of private consumption and investment growth. Both export and import growth picked up over the course of the year but remain moderate.

The labour market is weakening

Employment growth remained robust in the first half of 2012 but was outpaced by labour force growth, leading to a moderate increase in the unemployment rate to 4.4% in September, slightly above its estimated structural level. With activity likely to stay weak in the near term, employment growth is expected to slow down and unemployment to rise further. Inflation abated from the high levels in 2011 as it is no longer affected by indirect tax increases, and is projected to decline further as spare capacity increases. Gains in real disposable income in 2012 should support consumption once confidence improves. Financing conditions

Austria



1. Deflated by the consumer price index.

Source: Datastream; OECD, Main Economic Indicators database; OECD Economic Outlook 92 database.

StatLink <http://dx.doi.org/10.1787/888932743102>

Austria: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices € billion	Percentage changes, volume (2005 prices)				
GDP at market prices	275.7	2.2	2.7	0.6	0.8	1.8
Private consumption	151.0	1.6	0.9	0.2	0.4	1.0
Government consumption	54.5	0.0	0.5	1.2	0.2	0.1
Gross fixed capital formation	57.5	0.7	6.3	1.6	1.2	3.0
Final domestic demand	263.0	1.1	2.0	0.7	0.5	1.3
Stockbuilding ¹	2.3	0.6	0.5	-0.3	-0.1	0.0
Total domestic demand	265.3	1.8	2.3	0.3	0.4	1.2
Exports of goods and services	137.1	8.9	7.2	1.7	3.5	6.9
Imports of goods and services	126.7	8.0	6.9	1.0	2.9	6.1
Net exports ¹	10.4	0.7	0.4	0.4	0.4	0.6
<i>Memorandum items</i>						
GDP deflator	—	1.8	2.1	2.0	1.7	1.4
Harmonised index of consumer prices	—	1.7	3.6	2.4	1.9	1.6
Private consumption deflator	—	2.0	3.5	2.8	1.9	1.5
Unemployment rate ²	—	4.4	4.1	4.4	4.7	4.7
Household saving ratio ³	—	9.1	7.4	7.9	8.0	7.7
General government financial balance ⁴	—	-4.5	-2.5	-3.1	-2.7	-2.1
General government gross debt ⁴	—	78.0	79.8	83.1	85.2	86.0
General government debt, Maastricht definition ⁴	—	71.7	72.2	75.6	77.6	78.5
Current account balance ⁴	—	3.0	1.9	1.8	2.0	2.5

1. Contributions to changes in real GDP, 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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744812>

are also supportive as banks have passed on low funding costs to customers without significantly tightening lending conditions. But credit demand remains moderate, likely reflecting high uncertainty about the recovery.

The consolidation path is appropriate but fiscal risks remain

The pace of the envisaged consolidation path in structural terms appears appropriate. The automatic stabilisers should be allowed to operate freely, even though this might imply missing headline budget deficit targets in 2013 and 2014. Nevertheless, envisaged expenditure savings after 2013, in particular related to health care and subsidy reform, should be more concretely specified, as should the contributions of states and municipalities to fiscal consolidation. Additional measures to support the banks, which are in the pipeline, should also be made fully transparent.

Growth should pick up in 2013

As confidence and external demand gradually improve, and financing and income conditions remain broadly supportive, growth is projected to pick up gradually to 0.8% in 2013 and 1.8% in 2014.

Risks are broadly balanced

Downside risks relate mainly to a renewed deterioration of the sovereign debt crisis in the euro area and a weaker outlook in central, eastern and south-east Europe, which would harm export growth and exacerbate financial sector and fiscal risks. On the positive side, a quicker restoration of confidence could lead to stronger domestic demand in the near term.

BELGIUM

The economy is recovering slowly from a broad-based contraction in spring 2012, which reflected weak domestic demand, fiscal consolidation and slowing exports. A gradual pick-up is projected as world trade gathers pace and the dissipation of the euro area crisis strengthens confidence. The unemployment rate will rise through 2013, but stabilise in 2014.

Consolidation is necessary to secure fiscal sustainability and improve financial market confidence, but if growth proves lower than expected in fiscal programmes the automatic stabilisers should be allowed to work. Substantial labour and pension reforms already in place should boost labour supply, but need to be complemented with improved incentives to hire low-skilled workers and by a wage formation process that better aligns wage and productivity increases.

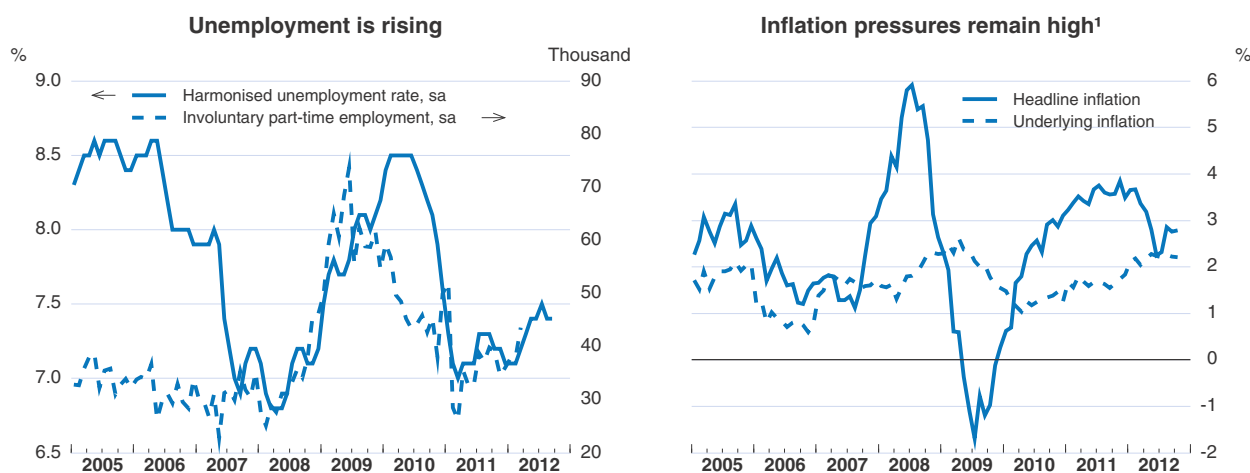
The economy contracted in 2012

In 2012, the economy experienced a broad-based contraction, owing to depressed private domestic demand, fiscal consolidation and, as export market growth slowed and competitiveness deteriorated, weak exports. Employment contracted and unemployment increased notwithstanding a falling labour supply. Headline inflation was higher than in neighbouring countries as automatic wage indexation translated rising oil prices into nominal wage increases, while underlying inflation remained around 2¼ per cent.

Fiscal consolidation is progressing

Fiscal consolidation of about ¾ per cent of GDP is assumed in both 2013 and 2014, consistent with the stability programme, with equal weight on spending and revenue measures. Fiscal consolidation has contributed to the halving of interest rate differentials vis-à-vis Germany since end-2011 to around 100 basis points. Looking ahead, it is important that consolidation is continued to secure fiscal sustainability. Emphasis should be on spending measures to avoid negative effects on potential growth.

Belgium



1. Year-on-year percentage changes.

Source: OECD, Main Economic Indicators database.

Belgium: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices € billion	Percentage changes, volume (2010 prices)				
GDP at market prices	340.8	2.4	1.8	-0.1	0.5	1.6
Private consumption	179.8	2.7	0.2	-0.6	0.4	1.2
Government consumption	84.2	0.7	0.8	0.3	1.3	0.9
Gross fixed capital formation	70.9	-1.4	4.1	0.1	0.3	2.3
Final domestic demand	334.9	1.4	1.2	-0.2	0.6	1.3
Stockbuilding ¹	- 3.5	0.3	0.7	-0.2	-0.1	0.0
Total domestic demand	331.4	1.7	1.9	-0.4	0.5	1.3
Exports of goods and services	248.0	9.6	5.5	0.1	2.0	4.9
Imports of goods and services	238.7	8.9	5.7	-0.1	1.9	4.7
Net exports ¹	9.4	0.7	-0.1	0.2	0.1	0.3
<i>Memorandum items</i>						
GDP deflator	—	2.0	2.0	2.1	1.8	1.7
Harmonised index of consumer prices	—	2.3	3.5	2.6	1.8	1.6
Private consumption deflator	—	2.0	3.1	2.7	1.8	1.6
Unemployment rate	—	8.3	7.2	7.4	7.7	7.7
Household saving ratio ²	—	10.1	8.8	8.5	8.2	8.4
General government financial balance ³	—	-3.9	-3.9	-2.8	-2.3	-1.7
General government gross debt ³	—	99.5	101.9	103.2	102.9	101.9
General government debt, Maastricht definition ³	—	95.5	97.8	99.0	98.7	97.7
Current account balance ³	—	1.9	-1.4	-1.3	-1.4	-1.3

1. Contributions to changes in real GDP, actual amount in the first column.

2. As a percentage of disposable income.

3. As a percentage of GDP.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744831>

Economic activity should slowly gather pace

A slow recovery is expected as world trade growth gathers pace and supportive monetary policy eventually stimulates domestic demand. On the other hand, ongoing fiscal consolidation will restrain demand. Only after mid-2014 will growth be sufficiently strong to narrow the output gap and stabilise unemployment.

Domestic risks go both ways

Additional confidence shocks, such as a house price correction, could have substantially negative and prolonged effects on domestic demand. On the upside, the reforms now in place to boost the effective retirement age and effectively limit the unemployment benefit period to 4 years could have faster and stronger positive effects on employment than now thought.

CHILE

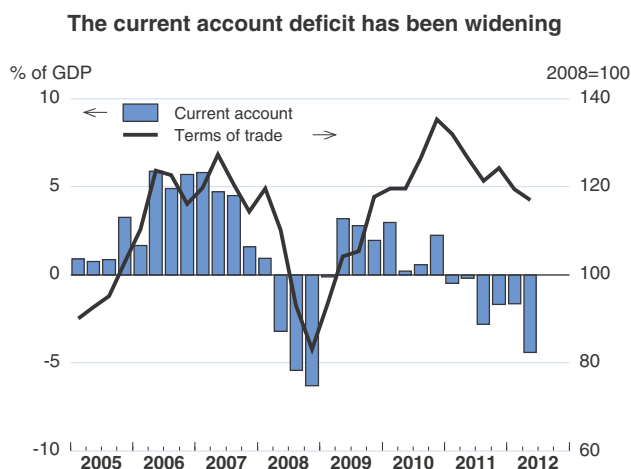
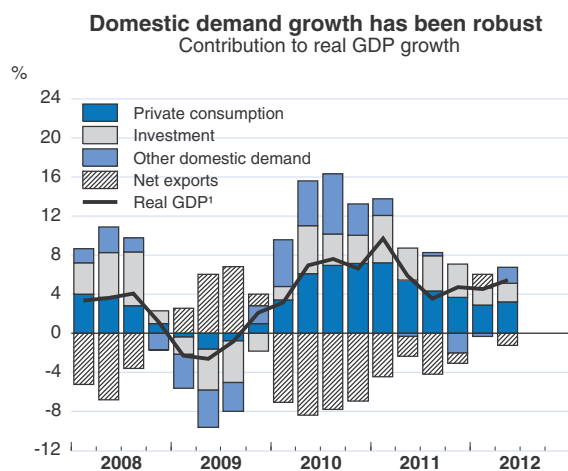
Growth has been robust in 2012, primarily supported by domestic demand, reflecting real wage growth and strong job creation. Despite intense utilisation of production capacity and low unemployment, headline and core inflation have remained in the lower part of the central bank's tolerance range of 2-4%. With weakening global conditions, activity is projected to slow next year. As export markets – notably China – strengthen in late 2013, growth is projected to pick up again in 2014 to about 5½ per cent.

The economic slowdown in the coming year will help to keep inflation well within the central bank's target band. The current stance of monetary policy should therefore remain unchanged. Fiscal consolidation has continued but further measures to close the structural budget deficit of 1% of GDP would contribute to strengthening the government's financial buffer sufficiently to more readily address possible adverse developments. It would also be appropriate to expand the recently introduced cash transfers for the poor that combine support for recipients to find employment.

The economy has performed well

The economy has expanded at robust rates in 2012, supported by strong and resilient domestic demand. Real wage and employment growth have raised consumer confidence and boosted consumption, while tensions on production capacity and favourable financial conditions have led to buoyant investment activity. In particular, investment has been strong in the mining, energy and real estate sectors. Inflation has eased during the year and inflation expectations remain well anchored. Some components of core inflation have remained high, especially non-tradable services where the inflation rate has hovered near 5%, but overall headline inflation has been kept low by energy prices and peso (CLP) appreciation.

Chile



1. Year-on-year percentage change.
Source: Central Bank of Chile.

Chile: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices CLP billion	Percentage changes, volume (2008 prices)				
GDP at market prices	96 799.2	6.1	5.9	5.2	4.6	5.4
Private consumption	57 713.2	10.0	8.8	5.3	5.0	5.2
Government consumption	12 219.9	3.9	3.9	3.7	2.6	2.0
Gross fixed capital formation	21 026.6	14.3	17.6	7.4	7.0	6.7
Final domestic demand	90 959.7	10.3	10.2	5.7	5.2	5.2
Stockbuilding ¹	-1 464.6	4.1	-0.6	0.5	-0.4	0.0
Total domestic demand	89 495.1	14.8	9.4	6.2	4.8	5.1
Exports of goods and services	35 849.0	1.4	4.6	3.8	4.1	5.1
Imports of goods and services	28 545.0	27.4	14.4	4.1	6.0	4.4
Net exports ¹	7 304.0	-7.6	-2.8	0.0	-0.6	0.2
<i>Memorandum items</i>						
GDP deflator	—	7.5	2.8	0.5	2.5	3.2
Consumer price index	—	1.4	3.3	3.2	2.8	3.1
Private consumption deflator	—	1.3	3.4	3.8	2.8	3.0
Unemployment rate	—	8.1	7.1	6.5	6.8	6.8
Central government financial balance ²	—	-0.4	1.3	-0.2	-0.8	-0.9
Current account balance ²	—	1.5	-1.3	-3.4	-3.6	-2.9

1. Contributions to changes in real GDP, actual amount in the first column.

2. As a percentage of GDP.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744850>

The current account deficit persists despite favourable terms of trade

The current account has been deteriorating, reflecting weaker foreign demand, even though the terms of trade have been favourable, if falling. Improving external conditions in 2013-14 should help to increase export volumes and reduce the current account deficit somewhat.

Fiscal policy has remained relatively neutral

Fiscal policy has been conducted in line with the government objective of achieving a structural deficit of 1% of GDP in 2014. Latest government estimates project a small headline deficit of 0.2% of GDP, and a structural deficit of 1% already in 2012. The 2013 budget proposal projects near 5% increase in real spending focused on education, raising the headline deficit by ½ per cent of GDP, although the structural deficit would remain at 1%. While this is consistent with the government achieving its objective, further measures to close the structural deficit would contribute to strengthening the government's financial buffer, which has been useful in the recent past in the face of adverse developments.

Growth is projected to weaken somewhat in the short term

With a more adverse external environment expected for next year and some constraints on domestic production capacity, overall activity is projected to ease somewhat in 2013. A pick-up in growth is expected in 2014 as global conditions improve, and export volumes pick up. Inflation should stabilise near the centre of the target band, and may start rising again in 2014.

The main risks are external

A downside risk to the projection is that a deeper global slowdown would damp exports and copper prices, further weakening growth. Inflationary pressures could come from rising energy and non-energy commodity prices, especially considering current capacity constraints.

CZECH REPUBLIC

The economy contracted in 2012 due to the impact of fiscal consolidation on private consumption expenditures and the effects on investment of uncertainty about the euro area. The economy is projected to recover slowly in 2013 as domestic demand strengthens and external conditions improve. Indirect tax increases are temporarily boosting inflation, but inflation expectations are well anchored.

Fiscal consolidation should continue at a steady pace. In case of a further weakening of the economy, the automatic stabilisers should be allowed to work fully. Structural reforms to foster competition should be deepened to support investment and job creation.

The economy has been contracting

Real GDP has been falling, as government consumption has declined and private consumption has been damped by indirect tax increases related to fiscal consolidation. Large uncertainties in the euro area have depressed investment, but exports have held up well. The average real wage has fallen since last year and unemployment has been increasing.

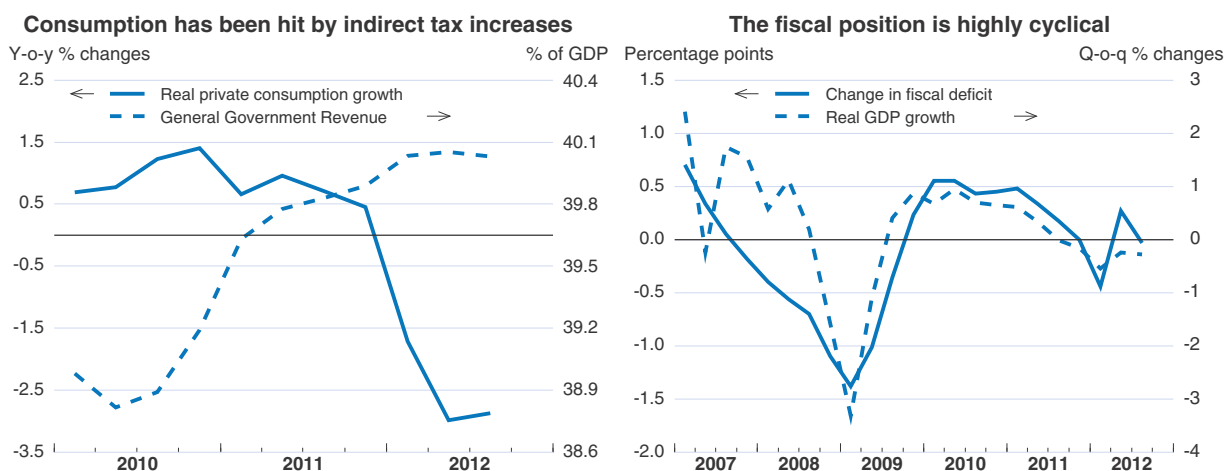
The budget impact of fiscal consolidation will be offset by the weak economy

The general government deficit will stagnate at 3.3% of GDP in 2013 as cyclical weakness will offset the impact of planned indirect tax hikes and on-going reductions in government spending. The government deficit is projected to fall in 2014, thanks to structural budget improvements and stronger economic growth.

Indirect tax increases are temporarily raising inflation

The 4 percentage points increase in the preferential VAT rate in 2012 caused a jump in the price level, and the planned hikes in both standard and preferential VAT rates by 1 percentage point in 2013 will again temporarily boost the headline inflation rate. Given that inflation expectations are well anchored, the monetary authorities have rightly cut the main refinancing rate to 0.05%.

Czech Republic



Source: OECD Economic Outlook 92 database.

StatLink <http://dx.doi.org/10.1787/888932743216>

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

	2009	2010	2011	2012	2013	2014
	Current prices CZK billion	Percentage changes, volume (2005 prices)				
GDP at market prices	3 759.0	2.5	1.9	-0.9	0.8	2.4
Private consumption	1 901.7	1.0	0.7	-2.6	0.4	1.5
Government consumption	809.3	0.5	-2.5	-1.4	-1.9	-1.6
Gross fixed capital formation	926.1	1.0	-0.7	-0.7	1.7	4.6
Final domestic demand	3 637.0	0.9	-0.4	-1.9	0.2	1.6
Stockbuilding ¹	- 29.7	1.1	-0.1	-1.5	0.1	0.0
Total domestic demand	3 607.4	2.0	-0.5	-3.4	0.4	1.6
Exports of goods and services	2 216.0	15.5	9.4	4.2	3.3	6.4
Imports of goods and services	2 064.4	15.8	6.7	1.2	2.9	5.7
Net exports ¹	151.6	0.5	2.0	2.2	0.4	0.9
<i>Memorandum items</i>						
GDP deflator	—	-1.4	-0.8	1.0	0.3	0.2
Consumer price index	—	1.5	1.9	3.2	2.0	2.1
Private consumption deflator	—	0.3	0.5	2.7	1.0	1.2
Unemployment rate	—	7.3	6.7	6.9	7.2	7.1
General government financial balance ²	—	-4.8	-3.2	-3.3	-3.3	-2.7
General government gross debt ²	—	45.1	48.0	51.3	54.5	56.9
General government debt, Maastricht definition ²	—	37.8	40.8	44.1	47.3	49.7
Current account balance ²	—	-3.7	-2.7	-0.1	-0.5	-1.9

1. Contributions to changes in real GDP, actual amount in the first column.

2. As a percentage of GDP.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744869>

*Improving demand for
exports will support growth*

A strengthening of international trade and a brighter investment climate should result in stronger growth in 2013 and 2014. Recently legislated labour and product market reforms are expected to gradually manifest their effects in stronger job creation once business conditions improve.

*There are domestic and
external risks*

Political uncertainty surrounding indirect tax increases proposed by the government threatens headline fiscal targets and may reduce confidence. Other major risks to the projections stem from positive or negative developments in the euro area that would alter the pace of export growth.

DENMARK

Growth has been weak but is projected to gain some strength from the second half of 2013, supported by low interest rates. The labour market is likely to remain weak, but unemployment is projected to start to decline in 2013. Private consumption is being held back by uncertainty and deleveraging but is expected to gather strength as confidence improves.

Fiscal policy is expected to tighten somewhat from 2013, although the effects of the past measures will continue to support growth, which is appropriate. To limit risks arising from high household debt, financial supervision and prudential policies should be strengthened.

Domestic demand remains weak

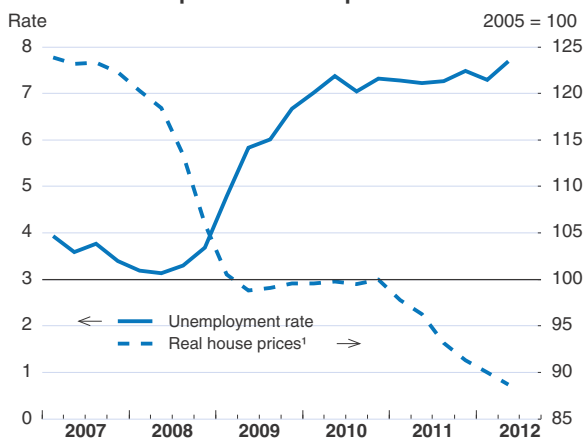
With both exports and domestic private demand weakening, output growth slumped during 2012. Residential investment contracted sharply, while business investment remained anaemic. Despite the boost from the pay-out of past contributions to the early retirement scheme as part of its phasing-out, private consumption has been weak, held back by continued uncertainty and stagnant housing and labour markets. The unemployment rate rose in 2012 reflecting falling employment, including in the public sector. Wage growth continues to be subdued and below inflation.

Monetary conditions are accommodative

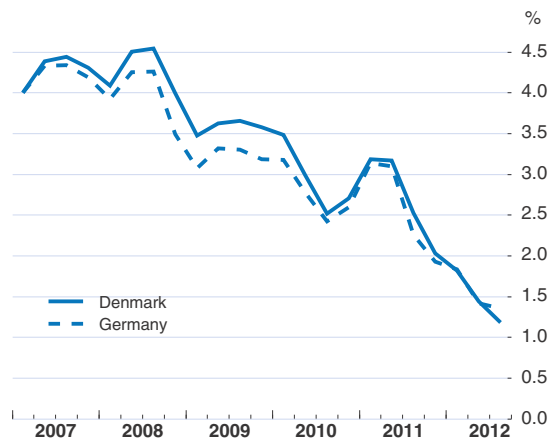
In July, in response to upward pressure on the krone, the Danish National Bank cut its lending rate to 0.2% and the rate on certificates of deposits to -0.2%. Long-term interest rates have fallen below Germany's due to Denmark's safe haven status, which reflects sound public finances and a more limited exposure to the euro area crisis. However, lending conditions are tight due to low risk appetite by banks. The housing market shows signs of stabilisation, but remains weak, with high supply and modest turnover.

Denmark

Labour and housing market conditions constrain private consumption



Long-term interest rates are exceptionally low



1. House prices are deflated by the private consumption deflator.
Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932743273>

Denmark: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices DKK billion	Percentage changes, volume (2005 prices)				
GDP at market prices	1 664.8	1.6	1.1	0.2	1.4	1.7
Private consumption	822.0	1.7	-0.5	1.0	1.6	2.0
Government consumption	495.9	0.4	-1.5	0.6	0.9	0.7
Gross fixed capital formation	300.8	-2.4	2.9	1.9	2.7	3.9
Final domestic demand	1 618.8	0.5	-0.2	1.0	1.6	2.0
Stockbuilding ¹	- 19.0	1.0	0.5	-0.1	0.0	0.0
Total domestic demand	1 599.8	1.6	0.3	0.5	1.4	2.0
Exports of goods and services	793.1	3.0	6.5	2.0	4.0	5.5
Imports of goods and services	728.2	3.2	5.6	2.8	4.3	6.3
Net exports ¹	65.0	0.0	0.8	-0.3	0.0	-0.2
<i>Memorandum items</i>						
GDP deflator	—	4.1	0.6	2.0	1.2	1.6
Consumer price index	—	2.3	2.8	2.4	1.8	2.0
Private consumption deflator	—	2.5	2.5	2.6	1.5	1.7
Unemployment rate ²	—	7.2	7.3	7.5	7.4	7.3
Household saving ratio ³	—	-1.0	-0.6	-0.6	0.0	0.0
General government financial balance ⁴	—	-2.7	-2.0	-4.1	-2.1	-1.7
General government gross debt ⁴	—	54.6	61.5	61.0	61.0	60.7
General government debt, Maastricht definition ⁴	—	42.7	46.4	45.9	45.8	45.5
Current account balance ⁴	—	5.9	5.6	5.6	5.3	4.9

1. Contributions to changes in real GDP, 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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744888>

Fiscal policy will be less supportive in 2013-14

In 2012, a burst of public investment and a one-off payout from the early retirement scheme (linked to its phasing-out) resulted in a temporary fiscal impulse. The fiscal stance will therefore tighten somewhat in 2013, although some stimulus effect may remain as delays in project implementation may shift some investment backward and households may spend some of their pension rebate in 2013. The fiscal stance is set to be broadly neutral in 2014, which is appropriate.

Recovery will be gradual, driven by private demand

As world trade regains momentum and confidence returns, private demand is projected to pick up gradually, replacing public spending as the driver of growth. Investment will also be supported in 2013 by a temporary budget provision for more generous depreciation allowances. The recovery in exports is likely to fall short of export market growth, despite recent improvements in competitiveness. With higher imports in 2013-14, the current account surplus will edge down. Stronger labour demand will push down the unemployment rate in 2013-14 and re-invigorate private consumption. Wage growth will gradually pick up, but remain moderate. With persisting economic slack, core inflation should stay subdued.

*Risks are mainly on the
downside*

An intensification of the euro area crisis or smaller-than-expected improvements in competitiveness would depress private demand and exports. However, pent-up private consumption and investment demand could materialise faster than projected were confidence to improve swiftly.

ESTONIA

Growth is projected to accelerate in 2013 as improving external conditions give a boost to exports. While public investment will contract, private investment will pick up, driven by rising capacity utilisation and the planned modernisation of energy and transport infrastructure. Private consumption growth will be underpinned by increasing employment and wages. Headline inflation will continue to fall due to softening commodity prices, even while domestic price pressures are strengthening.

The fiscal position is sound, but the policy framework should be strengthened by introducing a multi-year spending ceiling and an independent fiscal council, as planned by the government. Further investments in active labour market policies and life-long learning are needed to overcome skills mismatches.

External conditions for growth remain challenging...

The economy slowed down in the first half of 2012 as the global environment deteriorated, weakening industrial production and exports, but growth picked up in the third quarter. Bottlenecks in the labour market have led to upward pressures on inflation, but these have been offset in the headline numbers by weaker commodity prices.

... but domestic demand growth remains solid

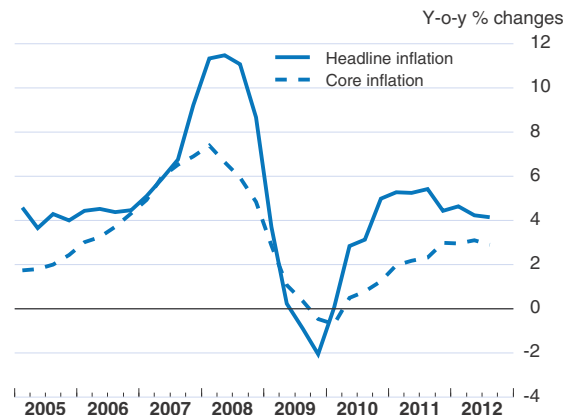
Domestic demand has been robust in 2012. Public investment linked to earlier sales of Kyoto emission permits and EU-financed projects provided important stimulus to the economy. While this source of growth is fading out, energy and transport sector modernisation plans, increasing capacity utilisation and a pick-up in credit to enterprises point to an acceleration in private investment in the future. Continued growth in employment and real wages has boosted retail sales and consumption, even though credit to households has yet to bottom out. Both business and consumer confidence remain strong.

Estonia

Employment and output growth accelerated again



Inflation is stabilising



Note: Headline refers to the harmonised index of consumer prices (HICP) and core excludes food, energy, alcohol and tobacco.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932743311>

Estonia: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices € billion	Percentage changes, volume (2005 prices)				
GDP at market prices	13.8	3.3	8.3	3.1	3.7	3.4
Private consumption	7.5	-2.4	3.5	2.1	2.4	3.2
Government consumption	3.0	-0.8	1.4	3.3	1.1	0.8
Gross fixed capital formation	2.9	-7.4	25.7	15.3	5.6	5.7
Final domestic demand	13.5	-2.9	7.7	5.5	2.9	3.4
Stockbuilding ¹	-0.5	4.0	2.1	-1.2	0.5	0.0
Total domestic demand	13.0	1.3	9.4	4.2	3.4	3.3
Exports of goods and services	9.0	22.9	23.4	5.1	7.4	7.5
Imports of goods and services	8.2	21.0	25.0	6.1	6.3	7.5
Net exports ¹	0.8	2.5	0.4	-0.7	1.2	0.3
<i>Memorandum items</i>						
GDP deflator	—	0.7	2.9	3.7	3.3	2.4
Harmonised index of consumer prices	—	2.7	5.1	4.3	3.3	2.8
Private consumption deflator	—	2.6	5.0	3.4	3.2	2.9
Unemployment rate	—	16.8	12.5	9.9	9.1	8.7
General government financial balance ²	—	0.2	1.2	-1.0	-0.3	0.2
General government gross debt ²	—	12.5	9.8	14.5	16.0	15.7
General government debt, Maastricht definition ²	—	6.7	6.1	10.8	12.3	12.0
Current account balance ²	—	2.9	2.0	-0.3	0.2	0.2

1. Contributions to changes in real GDP, actual amount in the first column.

2. As a percentage of GDP.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744907>

*The fiscal position will
improve further*

The phasing out of large one-off operations linked to Kyoto permit-financed investments will bring the budget close to balance in 2013 and further improvement is planned in 2014 despite compensatory payments to the second pillar pension system. Gross debt will remain low.

*Growth will accelerate as
external conditions improve*

Growth is projected to pick up in 2013 as external conditions strengthen. The labour market will continue to improve, but further employment gains are likely to be more modest due to skill mismatches and wage pressures are likely to intensify. Inflation is projected to fall slowly on a year-on-year basis despite a one-off price increase due to the opening of the electricity market in January 2013.

*Estonia remains vulnerable
to external shocks*

The risks to the projections are roughly balanced. A further intensification of the euro area crisis would check the pace of exports and investment. Banking sector stress in the euro area, affecting funding conditions for parent banks would undermine domestic demand. On the other hand, a faster resolution of the euro area crisis might easily turn investor confidence around and spark a new boom.

FINLAND

The economy is slowing, with the worsening external environment hitting exports of capital goods particularly hard. Falling confidence, weak real income growth and continued fiscal consolidation will hold back activity and employment in 2013. The expected global recovery in 2014 and strengthening confidence should revive exports, consumption and investment and gradually bring down unemployment. The tax-driven hikes in inflation to well above the euro area average should fade in 2014.

Fiscal consolidation should continue, but the automatic stabilisers should be allowed to operate around the structural consolidation path. In the event of significantly lower than forecast growth, the fiscal space for discretionary action should be used. The rising burden of ageing on public finances should be addressed through raising the retirement age and improving public service efficiency. Structural reforms to boost competition are needed to raise productivity and restore competitiveness.

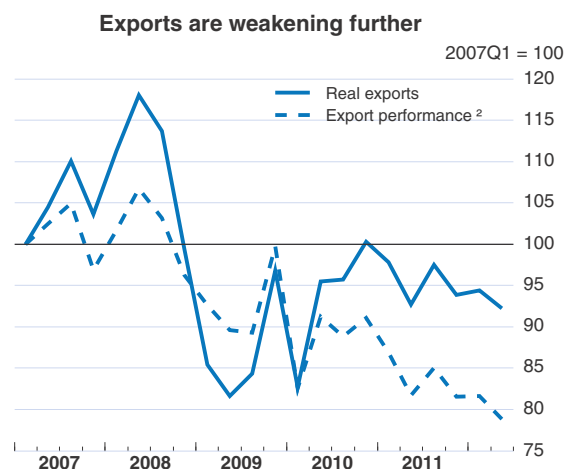
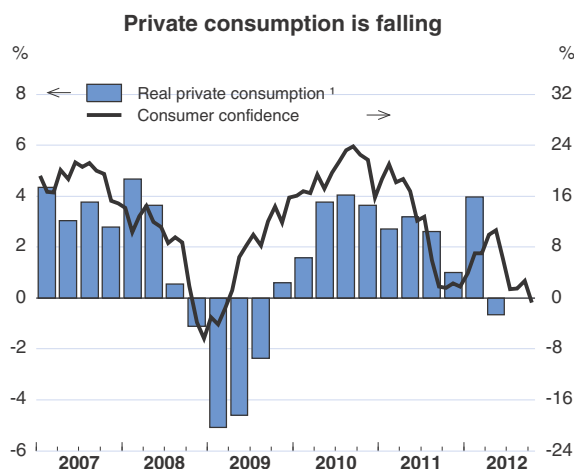
Falling exports and weak domestic demand have slowed growth

Subdued demand for capital goods from trading partners, coupled with ongoing structural losses in export market shares in the forestry and electronics sectors, continue to depress export growth. With falling confidence in Finland, the euro area debt crisis is feeding through to the domestic economy. Higher unemployment and weaker real wages are slowing household consumption and residential investment. Inflation will remain above the euro area average until the effect of the indirect tax increases wears off in 2014. But more fundamentally, the relatively rapid rise in unit labour costs is eroding competitiveness.

Fiscal consolidation should continue

Despite weaker than expected growth, the deficit is projected to be almost eliminated by 2014. Given Finland's relatively strong fiscal position, if growth proves slower than projected in the government's fiscal

Finland



1. Year-on-year growth.

2. Ratio of real exports to export markets (trade-weighted average of trading partners' imports).

Source: OECD Economic Outlook 92 database and Statistics Finland.

Finland: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices € billion	Percentage changes, volume (2000 prices)				
GDP at market prices	172.2	3.3	2.7	0.7	1.1	2.2
Private consumption	94.2	3.3	2.4	0.7	0.4	2.0
Government consumption	43.4	-0.3	0.4	0.2	1.0	0.9
Gross fixed capital formation	34.0	1.9	6.8	-0.2	0.9	2.4
Final domestic demand	171.5	2.1	2.7	0.4	0.7	1.8
Stockbuilding ^{1,2}	-2.1	0.8	1.7	-2.4	0.2	0.0
Total domestic demand	169.4	3.0	4.6	-2.0	0.8	1.8
Exports of goods and services	64.4	7.5	2.0	-1.0	3.3	4.4
Imports of goods and services	61.5	6.9	5.0	-0.8	2.7	3.5
Net exports ¹	2.8	0.4	-1.1	-0.1	0.2	0.3
<i>Memorandum items</i>						
GDP without working day adjustments	—	3.3	2.7	..	..	..
GDP deflator	—	0.4	3.1	2.0	2.1	1.8
Harmonised index of consumer prices	—	1.7	3.3	3.1	2.7	2.3
Private consumption deflator	—	2.0	3.4	3.0	2.5	2.1
Unemployment rate	—	8.4	7.8	7.7	8.0	7.8
General government financial balance ³	—	-2.8	-0.9	-1.4	-1.0	-0.4
General government gross debt ³	—	57.9	58.0	62.3	65.5	67.7
General government debt, Maastricht definition ³	—	48.7	49.1	53.4	56.6	58.8
Current account balance ³	—	1.3	-1.3	-1.0	-1.2	-0.7

1. Contributions to changes in real GDP, actual amount in the first column.

2. Including statistical discrepancy.

3. As a percentage of GDP.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744926>

plans the automatic stabilisers should be allowed to work, even if this means deficit targets are missed. To deal with the long-term fiscal challenges from one of the most rapidly ageing populations in Europe, further reforms are needed to raise the retirement age and enhance public sector efficiency, especially in health and other municipal services. In this context, the envisaged municipal reform towards larger units is welcome.

Growth depends on global trade picking up

Global trade is projected to recover in 2013 and to accelerate in 2014, driving a solid recovery in exports. This should improve confidence, strengthen consumption and investment, and reverse the recent increase in unemployment.

Structural reforms are needed to boost growth

Growth would benefit from further reforms to increase competition in the retail sector, through loosening planning restrictions, and in network industries by easing regulations. Opening health provision further to competition could increase efficiency. Enhanced active labour market policies would facilitate labour reallocation and reduce incentives to retire early.

Risks are mainly linked to the global economy

Risks are mostly on the downside. Finland is exposed to developments in the euro area. While persistent weakness in external demand would hamper growth, a global trade recovery would boost the economy rapidly. A strong recovery in global fixed investment would benefit Finland particularly, as its export product mix is tilted towards capital goods.

GREECE

The economy contracted further in 2012 owing to strong, but absolutely necessary, fiscal consolidation, declining wages and confidence, and weak external demand. Unemployment has risen to historical highs. A return to positive growth is projected only towards the end of 2014 as world trade strengthens, confidence returns and competitiveness improves.

The agreed consolidation measures should be put in place. But if growth proves lower than assumed in the government's fiscal plans, then the automatic stabilisers should be allowed to operate, even if this means missing the set targets. The most vulnerable in Greek society need to be better protected from cuts in social spending. Recapitalisation of the banking system should be a priority to restore credit channels to support growth. It is vital to vigorously implement structural reforms, including combating tax evasion, enhancing efficiency in public administration and removing barriers to competition. Such reforms are the only path to the renewal of sustained growth in Greek living standards.

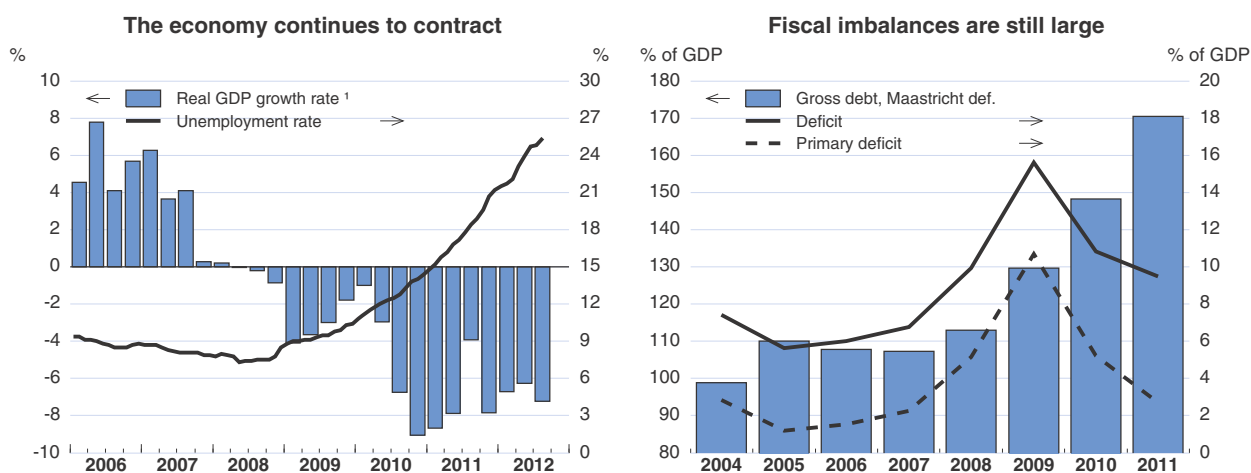
Economic activity continues to shrink

Output fell sharply in 2012 due to falling real incomes and confidence, rapidly rising unemployment, limited access to credit and weak tourism. The overall unemployment rate reached 25% by mid-2012, and youth unemployment rates exceeded 50%. Reflecting the very weak economy, consumer price inflation fell below the euro area average and wages are declining. Competitiveness remains a major challenge, however, as gains in export performance have yet to materialise despite falling costs in Greece relative to its trading partners.

Consolidation should continue

The 2012 fiscal target, a 2 percentage point of GDP consolidation, appears to be on track despite the underperformance of tax revenues due to weaker growth and delays with implementing fiscal reforms. For 2013 and 2014, the government has adopted a new frontloaded consolidation

Greece



1. Year-on-year percentage change growth rate.

Source: Hellenic Statistical Authority and OECD Economic Outlook 92 database.

StatLink <http://dx.doi.org/10.1787/888932743463>

Greece: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices € billion	Percentage changes, volume (2005 prices)				
GDP at market prices	231.1	-4.9	-7.1	-6.3	-4.5	-1.3
Private consumption	167.2	-6.2	-7.7	-8.1	-5.4	-4.3
Government consumption	47.5	-8.7	-5.2	-5.9	-7.1	-4.0
Gross fixed capital formation	45.9	-15.0	-19.6	-18.0	-9.5	-1.2
Final domestic demand	260.6	-8.4	-9.2	-9.2	-6.2	-3.9
Stockbuilding ^{1,2}	- 3.0	1.4	0.6	0.4	0.1	0.0
Total domestic demand	257.6	-7.2	-8.8	-8.5	-6.0	-3.9
Exports of goods and services	44.5	5.2	0.3	-2.9	3.0	6.1
Imports of goods and services	71.0	-6.2	-7.3	-11.6	-4.3	-3.2
Net exports ¹	- 26.5	2.9	2.4	3.1	2.2	2.7
<i>Memorandum items</i>						
GDP deflator	—	1.1	1.0	-0.6	-0.5	-0.8
Harmonised index of consumer prices	—	4.7	3.1	1.0	-0.2	-0.8
Private consumption deflator	—	4.0	3.4	1.3	-0.2	-0.8
Unemployment rate	—	12.5	17.7	23.6	26.7	27.2
General government financial balance ³	—	-10.8	-9.5	-6.9	-5.6	-4.6
General government gross debt ³	—	153.0	175.2	181.3	193.2	199.9
General government debt, Maastricht definition ⁴	—	148.3	170.5	176.7	188.6	195.2
Current account balance ⁴	—	-10.1	-9.9	-5.5	-4.6	-2.3

1. Contributions to changes in real GDP, 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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744945>

package of around 7½ per cent of GDP relative to a deteriorating baseline. It relies largely on expenditure restraint, including through restructuring of the public sector and further cuts in pensions and social expenditure. The agreed consolidation programme should be implemented, but if growth turns out weaker than assumed the automatic stabilisers should be allowed to operate, even if this means missing the nominal fiscal targets.

Further consolidation will still not be sufficient for debt sustainability

The OECD projections for the headline deficit are in line with those set by Greece's third EU/IMF adjustment programme. However, they are lower for the primary balance for 2013, and especially, for 2014 due to weaker projected growth and the assumed operation of the automatic stabilisers. The projections incorporate the two-year extension of the adjustment period granted to Greece in November 2012. The financing of the extension is assumed to be partly borne by Greece's creditors in terms of lower interest payments. The assumed cut in interest payments would, however, not be sufficient to secure debt sustainability.

Output losses are set to continue until end-2014

The economy is projected to remain in recession until end-2014, due mostly to fiscal retrenchment. As confidence returns, competitiveness improves and structural reforms take effect, growth is projected to pick up

after that. A healthier banking system, competitiveness-enhancing product and labour market reforms, greater use of EU structural funds, and strengthened external demand would all boost investment and exports. Prices and wages will continue to fall over the projection period, given the substantial economic slack and very high unemployment. The current account deficit, which narrowed in 2012 partly due to the write-down of private debt, is likely to decline further to around 2¼ per cent of GDP in 2014.

Risks to the outlook remain heavily skewed to the downside

The implementation of the new austerity package and agreed structural reforms remain a challenge, given potential social resistance and weak administrative capacity. Lack of bank liquidity poses additional risks to the outlook, although forthcoming bank recapitalisation and restructuring should help mitigate this risk. The expected recovery will be delayed if improvements in competitiveness, investment and confidence take more time to materialise.

HUNGARY

Hungary fell back into recession in 2012, but real GDP is projected to expand from mid-2013. Headline inflation accelerated sharply owing to higher fuel and food prices, and hikes in indirect taxes. Inflation expectations have risen above 6%, calling into question the credibility of the inflation target.

Fiscal consolidation has continued, with targeted tax cuts being more than offset by other measures which will weigh on economic activity. The rapid conclusion of an agreement with multilateral organisations, which is assumed in the projections, is critical to growth, as it would lower the cost of funding, improve investor confidence and support domestic lending. Further easing of the monetary stance would be warranted only once headline inflation durably falls back to the central bank's inflation target of 3%.

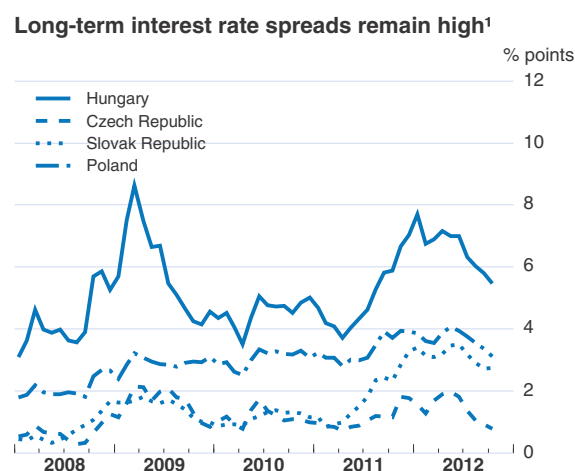
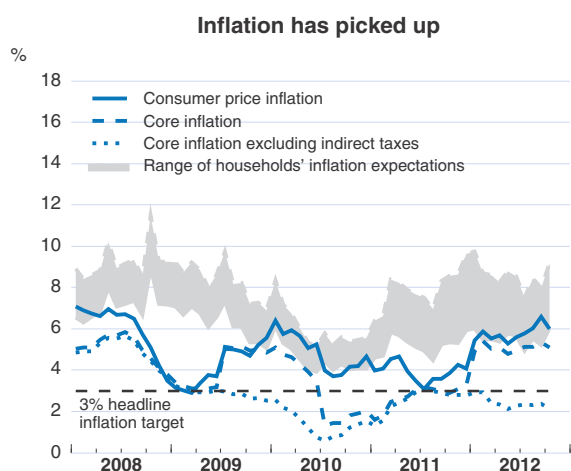
The economy is shrinking

The economy has entered its second-dip recession since the outbreak of the global crisis, driven by further contraction in domestic demand and decelerating exports. Business confidence has been weak and lending to the non-financial sector has continued to drop, while deleveraging of households has weighed on consumption. The employment rate has risen, which is to some extent due to a large-scale public works programme. The government also adopted a “job protection action plan” aimed to boost private sector employment through targeted reductions in social security contributions for groups weakly attached to the labour market, and by alleviating tax burdens on small businesses.

Monetary policy easing has been premature

The central bank cut the policy rate by 25 basis points in August, September and October to 6.25%, despite high and rising headline inflation and still elevated risk premiums. Even though higher inflation appears to be due to hikes in indirect taxes and higher fuel and food prices, which should have only temporary effects, inflation expectations

Hungary



1. Ten-year government bond spreads relative to the German rate.

Source: OECD, Main Economic Indicators database and Magyar Nemzeti Bank.

StatLink  <http://dx.doi.org/10.1787/888932743482>

Hungary: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices HUF billion	Percentage changes, volume (2005 prices)				
GDP at market prices	25 626.5	1.3	1.6	-1.6	-0.1	1.2
Private consumption	13 958.9	-3.0	0.5	-0.5	-1.5	-0.1
Government consumption	5 804.7	-0.7	-0.3	-2.4	-1.3	-0.3
Gross fixed capital formation	5 301.9	-9.5	-3.6	-4.9	-3.0	-0.3
Final domestic demand	25 065.5	-3.8	-0.5	-1.8	-1.8	-0.2
Stockbuilding ¹	- 683.8	3.3	0.6	-1.1	0.0	0.0
Total domestic demand	24 381.7	-0.5	-0.6	-3.6	-2.1	-0.2
Exports of goods and services	19 881.0	14.2	6.3	1.3	2.2	4.3
Imports of goods and services	18 636.2	12.7	5.0	-0.4	0.3	3.2
Net exports ¹	1 244.8	1.8	1.5	1.5	1.8	1.3
<i>Memorandum items</i>						
GDP deflator	—	2.5	3.1	2.9	4.3	3.3
Consumer price index	—	4.9	3.9	5.8	4.8	3.9
Private consumption deflator	—	3.9	4.5	5.6	4.7	3.6
Unemployment rate	—	11.1	10.9	11.1	11.1	10.8
General government financial balance ²	—	-4.5	4.3	-3.0	-2.7	-2.7
General government gross debt ²	—	87.5	86.1	87.4	86.4	86.7
General government debt, Maastricht definition ²	—	81.8	81.4	78.9	77.8	77.1
Current account balance ²	—	1.1	0.9	1.7	3.4	4.4

1. Contributions to changes in real GDP, actual amount in the first column.

2. As a percentage of GDP.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744964>

have become detached from the central bank's inflation target of 3%, rising to between 6 and 9%. Under these circumstances, monetary accommodation risks compromising price stability and undermining policy credibility. This projection assumes an interest rate cut of 25 basis points, but only at the end of 2014 and only once headline inflation eases off close to the central bank's inflation target.

Fiscal consolidation should be pursued

Fiscal consolidation continues, with a projected reduction in the structural deficit of over 2% of GDP in 2012 and of 1.5% of GDP in 2013. This consolidation should help Hungary to exit from the excessive deficit procedure and avoid losing access to EU cohesion funds, worth 0.5% of GDP, in 2013. Adopted measures will more than offset the budgetary effect of the "job protection action plan". They include ending the ceiling on social security contributions, more efficient tax collection and the continuation of the wage and headcount freeze in the public sector. Another fiscal package for 2013 delayed the halving of a large and distortive bank crisis tax by one year, doubled a recently created tax on financial transactions, broadened the base of a local business tax and introduced a new levy on the network of utility companies. Progress has been made in the negotiations with multilateral organisations by

scrapping plans to impose a financial transaction tax on monetary operations of the central bank, but long-term interest rates remain high.

*Growth is projected to
resume gradually*

Assuming that a new programme is agreed with multilateral organisations, a modest revival in growth is projected from mid-2013, and a further pick-up in 2014. The continuation of public and private sector deleveraging is expected to restrain the recovery in domestic demand, compounded by large tax burdens on banks weighing on lending, but external demand is projected to gather pace over the projection period.

Risks are broadly balanced

Failure to conclude a financial agreement with the multilateral organisations could undermine already weak confidence, endanger fiscal sustainability and destabilise the exchange rate. On the upside, an agreement coupled with greater predictability and transparency of policymaking could have a stronger positive impact on confidence, and hence growth, than assumed in these projections.

ICELAND

Following a deep recession, the economy has grown steadily since late 2010. The recovery, which is being led by private consumption and residential and business investment, is projected to continue with growth at just over 2½ per cent in both 2013 and 2014. Inflation is set to fall sharply from almost 6% in spring 2012 to 3½ per cent by 2014, but to remain above the authorities' target of 2.5%.

The government should ensure that it remains on track to meet its budget objectives and pass the law that establishes a clearer framework and a medium-term focus for fiscal policy. It should undertake a public expenditure review to identify structural savings. Monetary policy accommodation should be withdrawn at a gradual pace as economic slack is taken up. Prudential regulation and supervision should be strengthened.

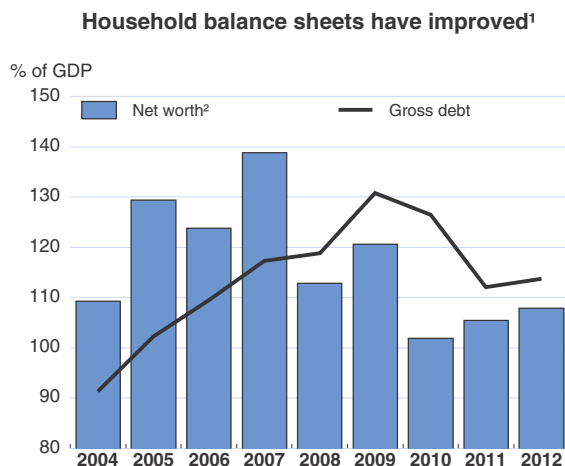
Economic recovery is continuing at a steady pace

Growth is being led by private consumption, which has been boosted by debt write-downs and high wage settlements, and by residential and business investment. While household balance sheets have improved, firms are still deleveraging. The central bank has started to withdraw monetary policy accommodation, but its policy rate is still low after adjusting for inflation. The unemployment rate fell to 5.7% in the third quarter of 2012, partly owing to a temporary programme to employ long-term unemployed persons. Following large collective wage increases at the end of 2011, wage growth has slowed and is likely to continue doing so. Inflation has fallen sharply, as the effects of the earlier increase in commodity prices and exchange rate depreciation pass, but remains well above the central bank's 2.5% target.

The drag from fiscal consolidation is set to decline

The primary balance should improve by 4% of GDP in 2012. The government plans consolidation amounting to 1½ per cent of GDP in 2013 and 1% in 2014, which would increase the primary surplus to 4% of GDP in 2014 and reinforce the declining trend in the government debt-to-GDP ratio.

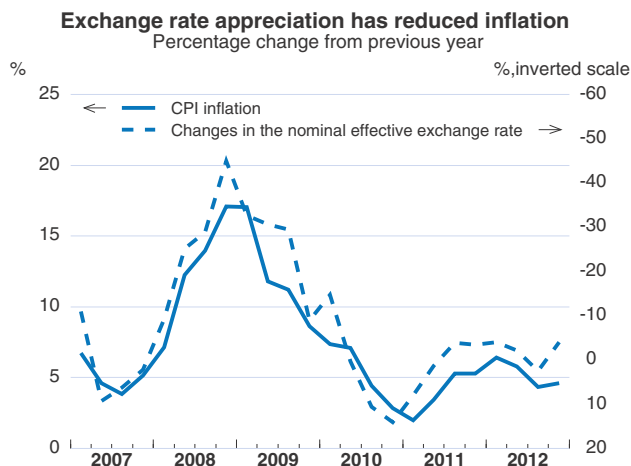
Iceland



1. End of year and for 2012, end of June.

2. Without pension assets.

Source: Central Bank of Iceland and Statistics Iceland.



StatLink <http://dx.doi.org/10.1787/888932743520>

Iceland: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices ISK billion	Percentage changes, volume (2005 prices)				
GDP at market prices	1 495.4	-4.0	2.6	2.5	2.7	2.7
Private consumption	764.3	0.0	2.7	3.5	2.5	3.0
Government consumption	396.9	-3.4	-0.9	-0.6	0.3	0.1
Gross fixed capital formation	207.3	-8.6	12.8	8.4	4.8	17.0
Final domestic demand	1 368.6	-2.4	3.1	3.5	2.4	4.5
Stockbuilding ¹	0.7	-0.2	0.6	0.0	-0.1	0.0
Total domestic demand	1 369.3	-2.6	3.8	3.5	1.6	4.5
Exports of goods and services	788.3	0.6	4.1	4.9	3.0	2.9
Imports of goods and services	662.2	4.5	6.8	6.6	2.1	6.1
Net exports ¹	126.1	-1.7	-0.8	-0.4	0.7	-1.5
<i>Memorandum items</i>						
GDP deflator	—	6.9	3.6	3.6	4.8	4.7
Consumer price index	—	5.4	4.0	5.2	4.1	3.5
Private consumption deflator	—	3.0	5.4	4.7	4.2	3.9
Unemployment rate	—	7.6	7.1	6.1	5.4	5.1
General government financial balance ²	—	-10.1	-5.4	-1.8	-0.4	0.7
General government gross debt ²	—	125.2	128.4	124.7	120.6	115.4
Current account balance ²	—	-8.0	-6.9	-8.4	-3.8	-4.7

1. Contributions to changes in real GDP, actual amount in the first column.

2. As a percentage of GDP.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932744983>

*The modest pace of recovery
should continue*

Consumption expenditure and business investment, notably in power plants and energy-intensive industry, are projected to remain the mainstays of the recovery, sustaining the growth rate at just over 2½ per cent. Unemployment is projected to fall to its structural rate by 2014 and inflation should fall to 3.5%. As economic slack is taken up, monetary policy accommodation should be withdrawn gradually to stave off the emergence of inflationary pressures and to prepare for the gradual liberalisation of capital controls

*There are mainly downside
risks*

The main risk to the outlook is that energy-intensive investments could be delayed owing to structural difficulties in the global aluminium industry. Capital account liberalisation might lower short-term growth if it weakens balance sheets but it could also increase growth should it raise business confidence.

IRELAND

While marked progress has been made in resolving the financial and banking crises, economic growth is projected to remain low, but positive, during the next two years. The weak European economy, accounting for a majority of Irish exports by destination, will make it difficult to offset the drag from ongoing fiscal consolidation, household deleveraging, low credit availability and subdued sentiment. Weak growth makes it unlikely that unemployment will decline substantially from the current high levels. Ample spare capacity will keep inflation low.

Steady progress to date in addressing fiscal imbalances has already paid dividends and has allowed Ireland to regain access to sovereign bond markets. The government should continue to implement its medium-term fiscal plan and halt the rise of public debt, although the automatic stabilisers should be allowed to work freely around the envisaged structural improvement. A European retroactive recapitalisation of the Irish banks would ease the burden of repaying bank-support-related sovereign debt.

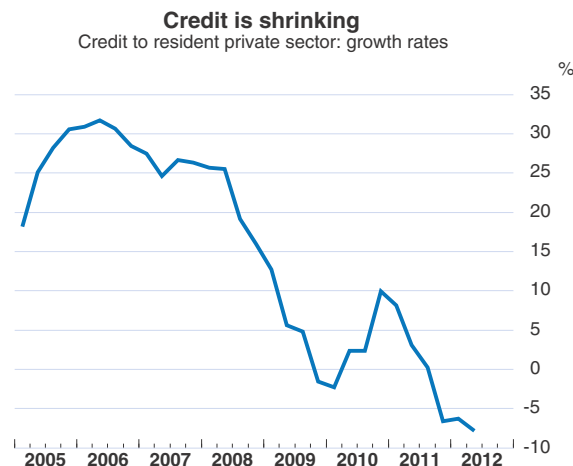
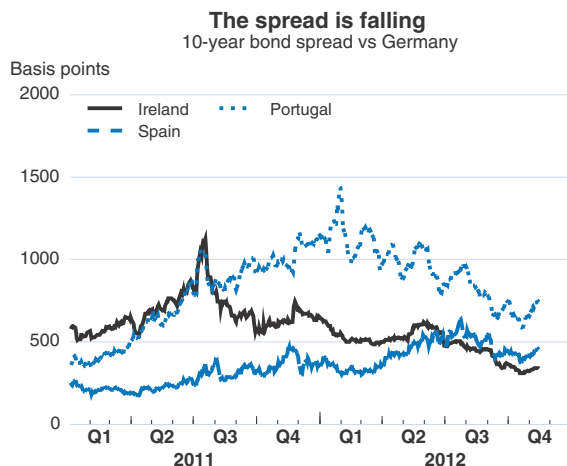
A slow recovery is underway

Ireland has returned to growth but risks remain. The weak European economy is likely to further damp Ireland's main engine of recovery, exports, and to postpone an improvement in domestic sentiment. However, as a result of strong export growth to date and subdued domestic demand, the current account has moved into surplus, while core inflation is only about 0.5% and the unemployment rate is steady, but high, at around 15%.

Ireland is doing its homework

The government is on track to reach its fiscal consolidation objectives in 2012, thanks to steady progress in addressing the fiscal deficit and tax revenues that have exceeded targets. This has been rewarded with a marked fall in bond spreads. Planned structural improvements in the budget positions in 2013 and 2014 need to be implemented. If growth turns out to be weaker than expected, however, this should be allowed to

Ireland



Source: Central Bank of Ireland and Datastream.

StatLink  <http://dx.doi.org/10.1787/888932743501>

Ireland: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices € billion	Percentage changes, volume (2010 prices)				
GDP at market prices	161.3	-0.8	1.4	0.5	1.3	2.2
Private consumption	79.4	0.6	-2.3	-2.1	-0.6	0.2
Government consumption	33.0	-4.6	-4.3	-4.1	-3.1	-3.6
Gross fixed capital formation	25.5	-22.7	-12.7	-7.7	-8.1	5.4
Final domestic demand	137.9	-5.0	-4.3	-3.4	-1.8	-0.1
Stockbuilding ¹	-2.6	0.7	0.4	-0.3	0.0	0.0
Total domestic demand	135.2	-4.3	-3.7	-3.8	-2.0	-0.1
Exports of goods and services	146.5	6.2	5.0	3.3	3.3	5.8
Imports of goods and services	120.4	3.6	-0.3	-0.3	0.9	4.9
Net exports ¹	26.1	2.9	5.4	3.7	2.8	2.3
<i>Memorandum items</i>						
GDP deflator	—	-2.2	0.2	1.8	0.3	0.6
Harmonised index of consumer prices	—	-1.6	1.2	2.0	1.3	0.7
Private consumption deflator	—	-2.1	1.4	1.7	0.9	0.8
Unemployment rate	—	13.6	14.5	14.8	14.7	14.6
General government financial balance ^{2,3}	—	-30.9	-13.3	-8.1	-7.5	-5.3
General government gross debt ²	—	98.1	112.2	123.2	127.7	127.8
General government debt, Maastricht definition ²	—	92.1	106.4	117.3	121.9	122.0
Current account balance ²	—	1.1	1.1	4.0	5.2	6.4

1. Contributions to changes in real GDP, 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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745002>

show up in slower improvements in the headline fiscal balance. Reductions in absolute and relative labour and other costs have helped restore competitiveness of the economy. Combined with a timely recapitalisation of the banking sector, Ireland is on its way to addressing the main imbalances that had built up prior to the crisis.

Credit availability is a concern

Credit availability has fallen sharply since the onset of the banking crisis, and is now excessively tight. Non-performing loans are still around 21% of total loans and advances, although banks hold significant provisions against them, and 50% of mortgages holders have negative equity. As a result, credit institutions are reluctant to lend, hampering the recovery, especially of SMEs. Bank lending survey evidence shows that access to credit in 2011 was two-thirds more difficult than in 2009 and that Ireland suffers the second worst lending conditions for small businesses in Europe, after Greece.

A moderate recovery is in the pipeline

Reflecting a slowdown of the world economy, especially in Europe, ongoing fiscal consolidation and tight credit conditions, the recovery is expected to proceed at an only moderate pace. GDP growth is projected to gradually strengthen to 1.3% in 2013 and 2.2% in 2014. Employment

growth is therefore likely to remain subdued and the unemployment rate stubbornly high. Inflation will remain moderate.

Risks remain but Ireland is well positioned to rebound

The intensification of the euro area crisis remains a worrisome negative risk. On the other hand, Ireland is well positioned to take advantage of a turnaround in global and European sentiment. Two developments could contribute to a more positive outlook: a steady resolution of the euro-area crisis, including the activation of debt-relief mechanisms at the European level; and alleviation in the government debt-servicing burden stemming from a retroactive recapitalisation for Irish banks by the European Stability Mechanism.

ISRAEL*

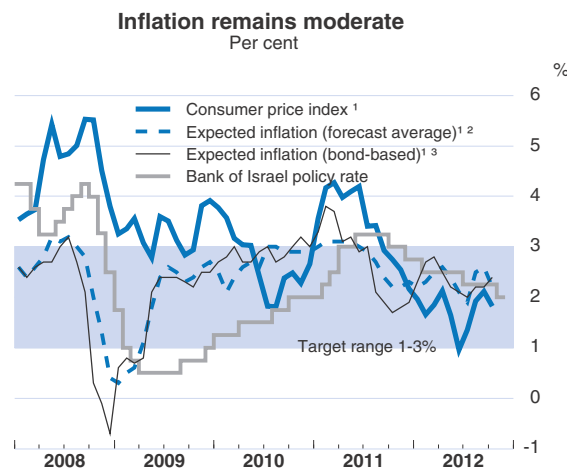
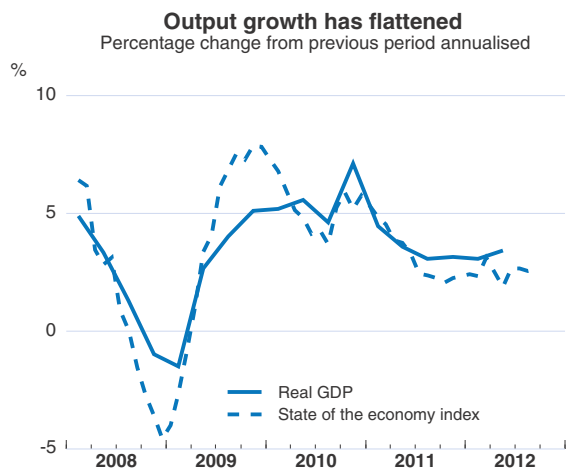
Output growth has flattened out. However, driven largely by external demand, economic growth is projected to start picking up in the first half of 2013. Inflation remains moderate, but underlying price pressures will strengthen as the economy gathers momentum.

Whatever the outcome of January's parliamentary election, fiscal challenges will remain prominent. Further easing of deficit targets should be avoided, and the government should ensure outlays are in line with its expenditure rule and be prepared for further revenue-raising measures in 2014.

Indicators point to weakening economic activity

Growth in real GDP stopped slowing in the first half of this year. However, anticipation of a VAT hike in September is likely to have temporarily boosted private consumption, implying that underlying growth in demand was somewhat weaker. In addition, indicators point to slower growth in the second half of 2012. Consumer price inflation remains well within the target band (1% to 3%) despite energy and food price hikes. Also, inflation expectations have dipped recently and are close to the centre of the band. However, house prices have picked up. The policy interest rate was reduced by 25 basis points to 2% in November, the fifth cut since September 2011. The nominal effective exchange rate depreciated by around 5% between May and August, but this has since

Israel



1. Year-on-year percentage 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; Central Bureau of Statistics; OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932743539>

* 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

	2009	2010	2011	2012	2013	2014
	Current prices NIS billion	Percentage changes, volume (2005 prices)				
GDP at market prices	766.0	5.0	4.6	3.1	2.9	3.9
Private consumption	440.0	5.3	3.8	3.2	2.2	3.3
Government consumption	187.4	2.9	2.8	3.6	3.2	3.5
Gross fixed capital formation	125.2	12.3	16.2	5.0	2.1	5.6
Final domestic demand	752.6	5.9	5.7	3.6	2.5	3.8
Stockbuilding ¹	- 6.9	-1.1	0.7	1.0	-0.3	0.0
Total domestic demand	745.7	4.8	6.6	4.6	2.2	3.8
Exports of goods and services	268.1	13.7	5.4	3.7	3.9	5.1
Imports of goods and services	247.8	12.7	11.1	7.5	2.0	4.9
Net exports ¹	20.3	0.7	-1.9	-1.4	0.7	0.0
<i>Memorandum items</i>						
GDP deflator	—	1.2	2.4	2.8	2.1	2.4
Consumer price index	—	2.7	3.5	1.8	1.9	2.4
Private consumption deflator	—	2.9	3.2	1.7	1.8	2.3
Unemployment rate ²	—	8.3	7.1	6.9	7.4	6.9
General government financial balance ^{3,4}	—	-4.8	-4.4	-4.7	-4.1	-4.0
General government gross debt ³	—	76.0	74.0	73.5	73.1	71.8
Current account balance ³	—	4.0	0.5	-1.0	-0.6	-0.5

1. Contributions to changes in real GDP, 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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745021>

been partially reversed. The Bank of Israel has not intervened in the foreign-currency market since the extreme highs in the value of the shekel reached in mid-2011.

Fiscal difficulties have led to a revision of deficit targets

Pressure on public spending, arising partly from the policy response to the social protests of 2011, coupled with lower-than-expected revenues will drive the government deficit for 2012 significantly above original plans. Central government deficit targets for 2013 and 2014 have been raised to 3% and 2.75% of GDP, respectively, instead of 1.5% and 1%. Achieving these revised targets will nevertheless prove challenging, and the authorities have already embarked on revenue-raising measures, such as the aforementioned VAT hike, increases in personal income tax and social contributions, and intensified tax collection. Agreement on a 2013 budget has been postponed until after the election.

Growth will accelerate in 2014

Output growth is projected to drop to 2.9% in 2013 (incorporating a 0.2 percentage-point boost from the new Tamar gas field) but then rebound to 3.9% in 2014. Electricity and food price hikes will continue to push up headline inflation in the near term. Further ahead, underlying inflationary pressures will require a tightening of the monetary stance which is assumed to begin in the second quarter of 2013. If public

expenditure rises in line with the legislated ceiling and revenue-raising measures yield the expected results, then the central government deficit should be on target in 2013, but fall short in 2014, implying a need for further consolidation. Reductions in public indebtedness will be modest.

*Geopolitical tensions and
fiscal uncertainties pose
risks*

Risks in the global economy present the greatest threat to growth. In addition, geopolitical tensions remain high. There are risks surrounding budget outcomes, as the proceeds of intensified tax collection are particularly uncertain. The budget postponement and the upcoming general election add further risk.

KOREA

Following a pause in mid-2012, output growth is projected to pick up gradually to around 4½ per cent by 2014, led by a rebound in exports as world trade gains momentum. Private consumption is likely to remain subdued, given the high level of household debt. Inflation, which has fallen to less than 2%, is expected to return to the central bank's target range of 2.5-3.5%.

Achieving Korea's medium-term fiscal target is a priority. However, if the projected recovery in the world economy fails to materialise, Korea has scope for fiscal, as well as monetary, stimulus, given its sound public finances and low inflation. Sustaining growth over the medium term requires structural reforms to boost labour force participation and productivity, particularly in services.

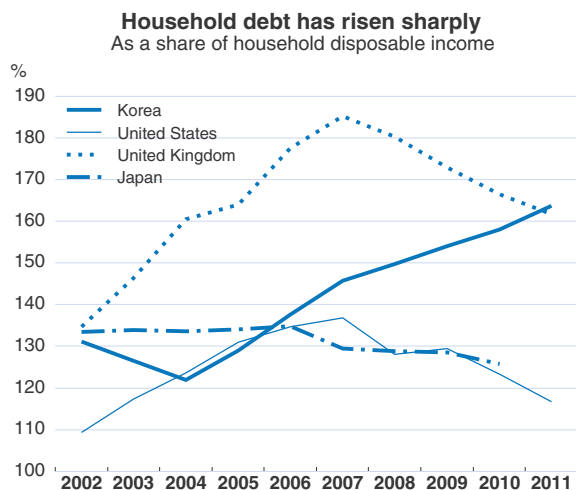
The expansion stalled in mid-2012 due to a slowdown in world trade

Output growth slowed during 2012 as exports fell in the second quarter, reflecting weaker demand from the European Union and China, Korea's major trading partner. Falling overseas demand led to stagnant industrial production and weak fixed investment growth. By September 2012, business confidence had dropped to its lowest level since early 2009. Private consumption has been damped by household debt, which reached 164% of household disposable income in 2011, one of the highest in the OECD. Slower growth helped to reduce inflation from 4% in 2011 to 1.6% in the third quarter of 2012, when the economy appears to have bottomed out.

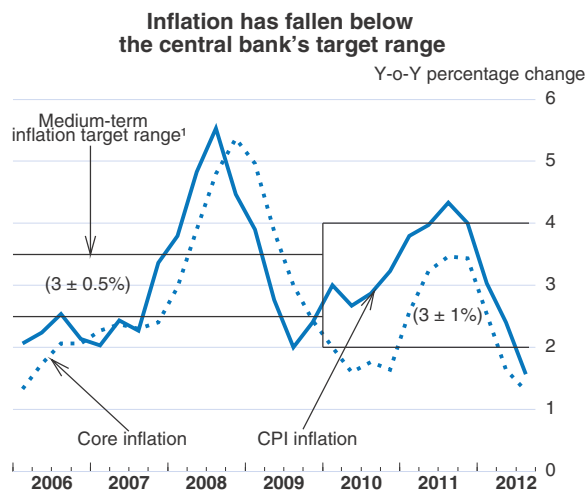
Fiscal consolidation remains the government's priority

Fiscal policy has focused on the medium-term target of a balanced consolidated central government budget (excluding the social security surplus) by 2014. Fiscal stimulus in 2012 was limited primarily to reductions in housing-related taxes in an effort to activate the moribund real estate market. Spending restraint, which helped to reduce the deficit from 2% of GDP in 2011 to around 1% in 2012 (on a central government consolidated basis, excluding the social security surplus), is set to continue, with nominal spending growth of around 5% in 2013. The focus

Korea



1. The target range has been narrowed to 2.5-3.5% for 2013-15.
Source: OECD Economic Outlook 92 database and Bank of Korea.



StatLink <http://dx.doi.org/10.1787/888932743634>

Korea: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices KRW trillion	Percentage changes, volume (2005 prices)				
GDP at market prices	1 065.0	6.3	3.6	2.2	3.1	4.4
Private consumption	576.0	4.4	2.3	1.7	2.7	3.2
Government consumption	170.3	2.9	2.1	4.3	4.0	3.0
Gross fixed capital formation	309.7	5.8	-1.1	-0.1	2.8	4.6
Final domestic demand	1 056.0	4.6	1.2	1.6	3.0	3.6
Stockbuilding ¹	- 30.4	2.5	0.8	-0.2	-0.1	0.0
Total domestic demand	1 025.6	7.2	2.0	1.4	2.8	3.5
Exports of goods and services	529.6	14.7	9.5	4.3	8.8	12.9
Imports of goods and services	490.2	17.3	6.5	3.0	8.6	11.6
Net exports ¹	39.5	-0.6	1.8	0.8	0.3	1.0
<i>Memorandum items</i>						
GDP deflator	—	3.6	1.7	1.3	1.6	1.5
Consumer price index	—	2.9	4.0	2.2	2.7	3.0
Private consumption deflator	—	2.6	3.8	2.2	2.4	2.8
Unemployment rate	—	3.7	3.4	3.4	3.6	3.4
Household saving ratio ²	—	4.3	3.1	2.8	3.0	3.3
General government financial balance ³	—	1.3	0.5	0.9	1.6	1.7
General government gross debt ³	—	34.3	36.1	36.4	36.4	36.7
Current account balance ³	—	2.9	2.4	3.3	2.4	1.8

1. Contributions to changes in real GDP, actual amount in the first column.

2. As a percentage of disposable income.

3. As a percentage of GDP.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745040>

on a balanced budget has contained gross public debt at 36% of GDP. Meanwhile, the Bank of Korea reduced its policy interest rate by a total of 50 basis points in the second half of 2012, to 2¾ per cent.

A gradual pick-up in growth is projected during 2013-14...

Output growth is projected to reach 4½ per cent by 2014, driven by exports as world trade rebounds. Korea is well placed to gain market share in global markets, given the recent implementation of free trade agreements with the United States and European Union and the low value of the won, which is about one-fifth below its 2007 level in real effective terms. However, private consumption faces headwinds due to the high level of household debt. In addition, wage gains will be constrained by the large number of older workers seeking employment, as the first wave of the baby boomers reach age 57 in 2012, the average mandatory retirement age set by firms for their regular employees.

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

A major risk is financial turbulence in the world economy, which in the past has negatively affected Korea both through trade and financial channels, although Korea is now better prepared for the latter. Economic developments in China, which accounts for a quarter of Korean exports, will also have an important impact. The key domestic uncertainty is the pace of deleveraging by highly indebted households.

LUXEMBOURG

Growth has stalled, reflecting a slowdown in exports. A moderate pick-up in growth is projected to begin towards 2014 as external demand and confidence recover. Unemployment is set to rise, but then to stabilise as demand picks up. Core inflation will remain above the euro area average, driven by the backward-looking wage indexation mechanism.

Fiscal consolidation should continue to help restore the sustainability of the public finances. However, the government has significant fiscal space and there is no need for additional consolidation if growth is weaker than expected in the government's fiscal plan. Continued strong financial supervision and stronger financial regulations in line with EU and international initiatives is important to monitor and contain financial sector risks. Structural reforms to enhance work incentives, reduce barriers to competition and improve the education system would enhance growth potential.

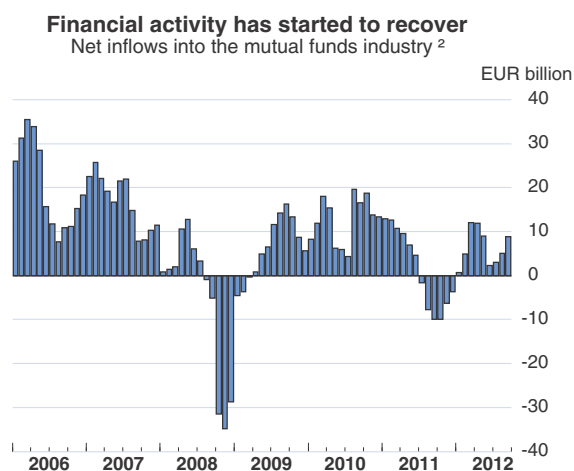
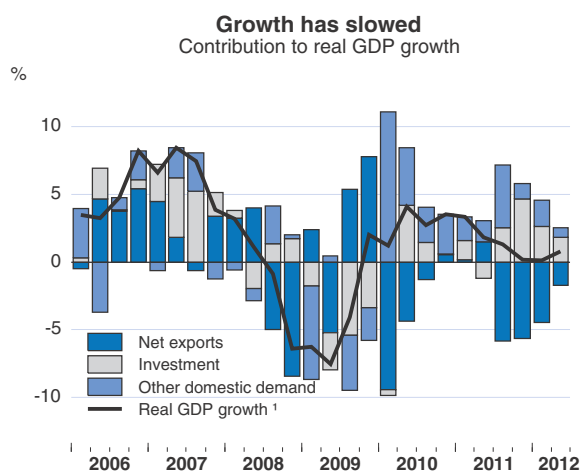
Economic activity is stagnating

Economic activity has stalled since the end of 2011 owing to a sharp decline in exports and restrained domestic demand due to weak confidence and the ongoing euro area debt crisis. While employment has increased in the financial sector, unemployment is on the rise among lower-skilled workers due to lower demand in the export and construction industries. Although weak demand and rising unemployment create downward pressures on prices, energy price hikes passed on through wage indexation have kept inflation above the euro area average.

Automatic stabilisers have been allowed to work in 2012

The budget deficit is expected to reach 2% of GDP in 2012, significantly overshooting the target of 0.7% of GDP due to lower growth and the automatic stabilisers. The government should continue to allow the automatic stabilisers to work in 2013-14. Long-term fiscal sustainability would be enhanced by ambitious reforms to the pension system, which has large future liabilities.

Luxembourg



1. Year-on-year percentage change.

2. Three-month moving average. Inflows are defined as net of markets' variations.

Source: OECD Economic Outlook 92 database and Commission de Surveillance du Secteur Financier.

StatLink  <http://dx.doi.org/10.1787/888932743653>

Luxembourg: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices € billion	Percentage changes, volume (2005 prices)				
GDP at market prices	36.0	2.9	1.7	0.6	1.2	2.0
Private consumption	12.2	2.1	2.4	2.1	0.5	1.4
Government consumption	6.3	3.1	1.5	3.0	0.2	0.8
Gross fixed capital formation	6.9	6.8	10.2	4.8	1.6	3.7
Final domestic demand	25.3	3.7	4.3	3.1	0.7	1.9
Stockbuilding ¹	- 0.7	4.0	1.4	-0.6	-0.4	0.0
Total domestic demand	24.7	9.5	6.2	2.4	0.3	1.8
Exports of goods and services	59.0	6.8	6.0	-4.1	0.9	2.3
Imports of goods and services	47.6	12.1	8.6	-4.0	0.8	2.3
Net exports ¹	11.4	-4.8	-1.7	-1.4	0.4	0.7
<i>Memorandum items</i>						
GDP deflator	—	7.6	5.1	4.1	1.5	0.6
Harmonised index of consumer prices	—	2.8	3.7	2.8	2.0	1.9
Private consumption deflator	—	1.7	2.6	2.2	1.6	1.4
Unemployment rate	—	5.8	5.6	6.1	6.6	6.7
General government financial balance ²	—	-0.8	-0.3	-2.0	-1.7	-0.9
General government gross debt ²	—	25.8	25.8	29.8	32.6	34.4
General government debt, Maastricht definition ²	—	19.2	18.3	22.3	25.1	26.9
Current account balance ²	—	7.7	7.1	5.8	7.8	9.3

1. Contributions to changes in real GDP, actual amount in the first column.

2. As a percentage of GDP.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745059>

Financial sector regulation is being updated

Financial supervision has been strong and the sector is weathering the crisis relatively well. Luxembourg should continue to upgrade its regulatory and supervisory framework of the financial sector in line with European and international initiatives.

The recovery will be gradual

Output is projected to recover slowly through 2013 and into 2014, driven by a pickup in exports as confidence returns to the euro area and foreign demand increases. Headline inflation will continue to run above the euro area average, as wages are pushed up by the automatic indexation mechanism. Employment is likely to rise slowly, supported by the resilience of the non-banking financial sector.

Risks are mostly on the downside

If the euro area debt crisis continues, confidence will remain low and drag down exports and growth by more than anticipated. At the same time, this may be mitigated by larger safe haven flows that boost financial sector activity.

MEXICO

Despite the global slowdown, Mexico's economy has been expanding rapidly and formal employment has been rising, supported by strong domestic demand and exports. The weak recoveries of Mexico's key trading partners and falling external demand in late 2012 will moderate exports and investment into mid-2013. As world and in particular US demand picks up in late 2013 and into 2014, growth will gradually strengthen to around 3½ per cent by 2014.

The central bank may have to tighten its policy stance as headline inflation has risen and, even though price rises largely result from transitory effects, core inflation has also begun to rise. Fiscal policy should continue to reduce the public sector deficit to preserve Mexico's strong macroeconomic fundamentals. Tightening should however be gradual in the current uncertain environment. Structural reforms are needed to raise potential growth, notably the rapid passage of the labour market bill that seeks to boost job creation and incomes, and energy sector liberalisation.

The pace of external demand drives the cycle

The manufacturing sector has prospered since the 2009 downturn, reflecting improving competitiveness, which has helped Mexico to regain lost market share, and solid export market growth. This has led to sustained gains in formal employment and high rates of private investment. Though weakening external demand is likely to slow activity in the manufacturing sector, domestic demand should remain strong and offset part of this slowdown.

Large increases in food prices have raised inflation concerns

Headline inflation has risen since mid-2012, surpassing the upper limit of the central bank's variability interval of 3 (+/- 1) per cent. The rise in headline inflation has been caused primarily by a succession of temporary disturbances – most recently an outbreak of bird flu that caused an egg shortage and an international drought. Food price increases tend to fall more heavily on the lower-income population, and thus impose a significant economic and social cost. However, consistent with strong growth, core inflation has also increased, although by less. So far,



1. For a horizon of one to four years.

Source: OECD Economic Outlook 92 database; Bank of Mexico.

StatLink <http://dx.doi.org/10.1787/888932743672>

Mexico: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices MXN billion	Percentage changes, volume (2003 prices)				
GDP at market prices	11 930.4	5.6	3.9	3.8	3.3	3.6
Private consumption	7 844.2	5.0	4.5	3.4	3.4	3.5
Government consumption	1 426.0	2.4	0.6	0.7	0.5	0.4
Gross fixed capital formation	2 539.5	6.2	8.9	6.9	3.0	3.4
Final domestic demand	11 809.7	4.9	5.0	3.9	3.0	3.2
Stockbuilding ¹	294.8	0.8	-0.9	-0.3	0.1	0.0
Total domestic demand	12 104.5	5.5	3.9	3.4	3.0	3.1
Exports of goods and services	3 292.1	21.7	6.8	6.0	5.2	6.9
Imports of goods and services	3 466.2	20.7	6.8	4.7	4.1	5.4
Net exports ¹	- 174.1	0.0	-0.1	0.3	0.3	0.4
<i>Memorandum items</i>						
GDP deflator	—	3.9	5.4	4.0	4.0	4.2
Consumer price index	—	4.2	3.4	4.1	3.6	3.3
Private consumption deflator	—	3.9	4.1	5.7	4.3	3.9
Unemployment rate ²	—	5.4	5.2	5.0	5.0	4.9
Public sector borrowing requirement ^{3,4}	—	-4.3	-3.4	-2.9	-2.3	-1.9
Current account balance ⁴	—	-0.4	-1.0	-0.3	-0.3	0.3

1. Contributions to changes in real GDP, 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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745078>

long-term expectations have remained stable, although short-term inflation expectations have risen markedly.

Fiscal policy is slightly contractionary

The public sector borrowing requirement is projected to decline to 3% of GDP in 2012, with fiscal consolidation set to continue at a gradual pace, with the underlying deficit falling by about half a percentage point of GDP per year. This should balance the budget (under the government's definition, which excludes oil investment) in 2013.

A slowing of growth next year should be short-lived

Weak external demand and investment is projected to begin to reverse by end-2013 with the gradual pick-up in global growth. Consumption should slow only slightly. Together, this will raise GDP growth from 3.3% in 2013 to 3.6% in 2014. Core inflation should fall towards the central bank's inflation target by end-2013 as demand eases. However, as the recovery picks up, the output gap will close and the unemployment rate fall. Accordingly, monetary policy accommodation is assumed to have been withdrawn by mid-2014.

Downside risks dominate

Downside risks stem from a more pronounced US slowdown and a worsening of the European sovereign debt crisis, but Mexico has ample monetary and fiscal policy space to respond if needed. Capital inflows, which have been rising, should be monitored closely for abrupt reversals, although the accumulation of foreign exchange reserves and strong macroeconomic fundamentals should help avoid significant disruptions.

NETHERLANDS

After a slowdown in the second half of 2012, activity is projected to gather pace gradually, driven by stronger world trade and, in turn, business investment. In contrast, private consumption will remain depressed as real incomes decline further in 2013, reflecting cuts in social spending and private pensions, higher VAT and a deepening of the housing market crisis. Only in 2014 will growth return to potential and unemployment stabilise.

The 2013 budget aims to bring the deficit below the 3% Maastricht ceiling through an underlying fiscal consolidation of 1½ per cent of GDP. Additional consolidation of ½ per cent of GDP in 2014 is assumed in the projections. The automatic fiscal stabilisers should be allowed to support the economy in the event that growth proves lower than assumed in the budget. Discretionary fiscal space should be used if overall conditions deteriorate significantly.

Activity has slowed

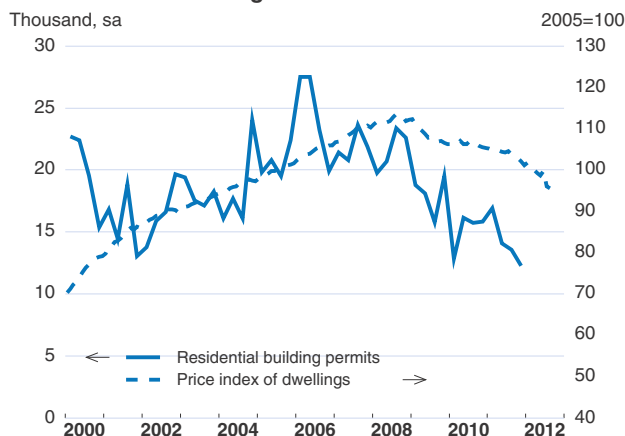
Activity slowed in the second half of 2012, reflecting slower world trade, fiscal consolidation and much weaker private consumption than in neighbouring countries. The housing market crisis worsened in a context of tight mortgage credit conditions and uncertainty about the medium-term tax treatment of mortgage interest payments. Tax treatment was clarified by the announcement by the government that tax deductibility of mortgage interest payments is to be phased out gradually. Inflation edged down in line with softer activity and lower energy prices. Wage growth is picking up gradually, although from a very low base, and real wages are falling. The unemployment rate is up by 1 percentage point over last year's level but is still low by international standards.

Households face multiple shocks

Households face declining real incomes, reflecting falling real wages, social spending cuts and a 2 percentage point hike in the VAT rate that took effect in October 2012. In addition, housing prices are declining and

Netherlands

The housing crisis has intensified



Real wages are declining¹



1. Year-on-year percentage changes.

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

StatLink  <http://dx.doi.org/10.1787/888932743691>

Netherlands: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices € billion	Percentage changes, volume (2005 prices)				
GDP at market prices	573.5	1.6	1.1	-0.9	0.2	1.5
Private consumption	263.5	0.3	-1.0	-1.5	-0.6	0.6
Government consumption	164.1	0.7	0.1	0.4	-0.7	0.0
Gross fixed capital formation	108.8	-7.2	5.7	-4.7	-0.5	3.0
Final domestic demand	536.5	-1.1	0.6	-1.5	-0.6	0.9
Stockbuilding ¹	- 3.0	1.2	-0.1	0.1	0.2	0.0
Total domestic demand	533.5	0.2	0.5	-1.5	-0.4	0.9
Exports of goods and services	393.0	11.2	3.9	2.6	2.6	5.5
Imports of goods and services	353.0	10.2	3.6	2.5	2.6	5.2
Net exports ¹	40.1	1.4	0.5	0.3	0.2	0.7
<i>Memorandum items</i>						
GDP deflator	—	1.1	1.2	0.8	1.7	1.5
Harmonised index of consumer prices	—	0.9	2.5	2.8	2.4	1.4
Private consumption deflator	—	1.3	2.3	2.5	2.3	1.4
Unemployment rate	—	4.4	4.3	5.2	5.8	6.1
Household saving ratio ²	—	3.4	5.0	5.5	5.7	5.8
General government financial balance ³	—	-5.0	-4.4	-3.8	-3.0	-2.5
General government gross debt ³	—	71.6	75.9	82.5	83.6	84.0
General government debt, Maastricht definition ³	—	63.2	65.4	72.1	73.1	73.5
Current account balance ³	—	7.7	9.7	8.4	8.4	9.0

1. Contributions to changes in real GDP, 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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745097>

private pension cuts are looming as a number of pension funds need to improve their coverage ratio to secure the financing of future pension outlays. However, the pressure for pension cuts has somewhat abated as recent regulatory changes will raise pension funds' discount rate for actuarial calculations, in a move to make these rates less dependent on market interest rates.

Fiscal consolidation is underway

The 2013 budget prepared by the caretaker government should reduce the deficit to 3% of GDP via fiscal consolidation of 1½ per cent of GDP. Consolidation measures are mainly on the revenue side. The incoming government is expected to stick to the broad lines of this consolidation plan. In 2014, an additional consolidation of ½ per cent of GDP is assumed.

Growth will return to potential only in 2014

Activity is projected to gather pace gradually on the back of faster world trade and supportive monetary conditions. In turn, business investment will pick up, but private consumption is set to recover much more slowly as housing prices continue their correction. Unemployment should only stabilise after mid-2014, limiting upward pressures on wages and consumer price inflation should fall.

*The main domestic risk is
household demand*

The main downside risk in the near term is that households react more negatively than anticipated to the combination of shocks they are facing. On the upside, the recovery may be stronger than anticipated in 2014 if confidence returns faster than expected.

NEW ZEALAND

The economy is set to expand at only a modest pace with headwinds from weak external demand, a strong currency, high household indebtedness and fiscal consolidation. Post-earthquake rebuilding will provide the main impetus over the coming two years through buoyant investment activity.

The persistence of a heavy net foreign debt burden in an environment of considerable external risks underscores the need for proceeding with fiscal consolidation plans and for implementing structural reforms to raise national saving and improve long-term growth prospects. With the weak projected expansion, monetary policy should remain supportive through 2013.

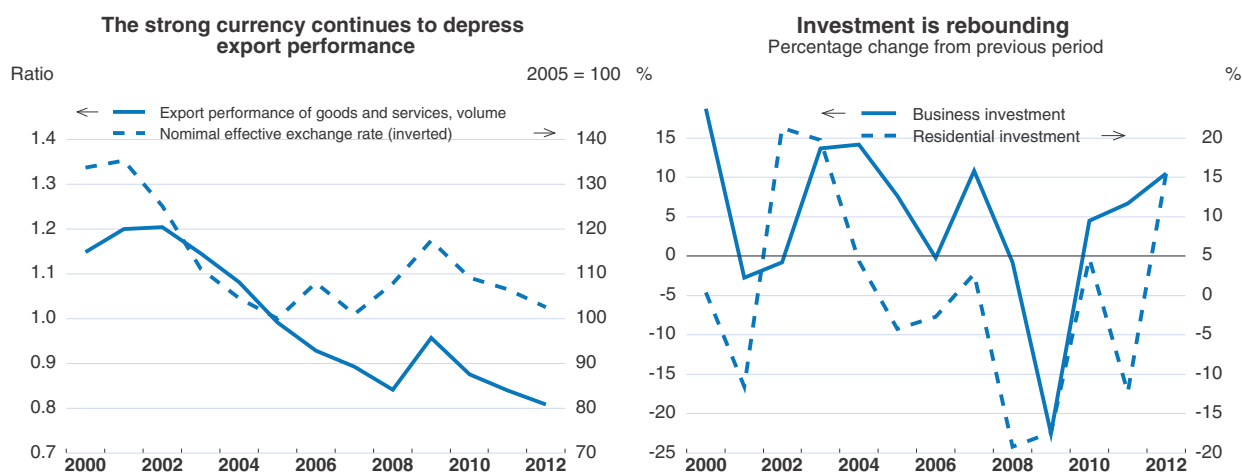
The recovery is patchy

Real GDP growth slowed in 2012 as weak foreign demand and persistent strength in the exchange rate depressed exports. Business confidence has slid, and unemployment has risen. Sluggish real household income growth and high debt loads have pared consumer spending. Currency appreciation and falling world commodity prices have pushed headline and underlying inflation below 1%. Meanwhile, low interest rates have supported business investment and allowed households to deleverage through faster mortgage repayments. Reconstruction from the 2010-11 earthquakes is beginning to gather momentum, and the housing market has shown signs of firming. Credit growth has also risen in the agriculture sector, benefiting from the recent rebound in dairy prices.

Substantial fiscal consolidation will weigh on growth

The planned sizeable fiscal contraction to balance the budget by FY2014-15 will imply cumulative tightening of about 6% of GDP since 2011. This is to be achieved mainly via spending restraint, based on reforms to improve public-sector efficiency and measures to reduce long-term welfare dependency. The partial privatisation of five large state-owned

New Zealand



Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932743729>

New Zealand: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices NZD billion	Percentage changes, volume (1995/1996 prices)				
GDP at market prices	184.9	0.9	0.5	1.6	2.4	2.9
Private consumption	110.1	2.3	1.4	1.5	2.1	2.5
Government consumption	38.1	0.5	0.5	0.2	-0.3	-0.5
Gross fixed capital formation	36.0	2.2	1.6	4.9	7.8	7.4
Final domestic demand	184.2	1.9	1.3	1.9	2.7	2.9
Stockbuilding ¹	- 2.0	0.6	0.5	0.1	-0.3	0.0
Total domestic demand	182.2	2.6	1.8	2.0	2.4	2.9
Exports of goods and services	53.8	3.7	2.7	0.8	4.2	6.2
Imports of goods and services	51.1	11.0	6.7	2.3	4.1	6.1
Net exports ¹	2.7	-2.0	-1.1	-0.4	0.0	0.0
<i>Memorandum items</i>						
GDP deflator	—	4.0	3.1	1.7	2.0	1.9
Consumer price index	—	2.3	4.0	1.1	1.6	2.4
Core consumer price index ²	—	1.9	2.7	1.1	1.4	2.3
Private consumption deflator	—	1.7	3.4	1.1	1.4	2.1
Unemployment rate	—	6.5	6.5	6.9	6.6	6.0
Household saving ratio ³	—	0.3	2.3	2.9	3.4	3.2
General government financial balance ⁴	—	-3.8	-7.9	-4.3	-3.6	-2.1
General government gross debt ⁴	—	39.6	48.3	51.3	54.3	55.6
Current account balance ⁴	—	-3.2	-4.1	-5.5	-5.9	-5.9

1. Contributions to changes in real GDP, 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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745116>

enterprises will free up capital to fund public infrastructure and reduce gross public debt.

Monetary policy is supportive

The Reserve Bank has maintained an accommodative stance, keeping its policy rate on hold at 2.5% since early-2011. Under the renewed Policy Targets Agreement, the Bank will take more account of asset prices and financial stability in conducting monetary policy and aim to keep inflation close to the 2% midpoint of the target range. As earthquake rebuilding accelerates, however, supply constraints and skills shortages are likely to boost wage and price pressures, especially in the construction sector. The Bank will need to monitor these developments closely and, as slack is taken up, begin removing monetary stimulus in 2014.

Earthquake rebuilding will drive growth dynamics

Real GDP growth is projected to pick up and exceed potential rates over 2013-14, steadily diminishing economic slack. Growth will be powered by buoyant post-earthquake private investment and strengthening household consumption as balance sheets recover and employment conditions improve. Exports will be curbed by soft global growth prospects over the next year, albeit with some firming in 2014. Price pressures are expected to edge up and peak in late-2013 before

inflation returns towards the 2% objective over the course of 2014 as monetary stimulus is withdrawn.

Downside risks loom large

In addition to risks arising from the external environment, the impact of earthquake rebuilding on the economy is uncertain. A faster pickup in reconstruction activity may boost inflation more than projected and force the Reserve Bank to raise interest rates earlier. Such a scenario could squeeze heavily indebted households and increase upward pressures on the already strong currency.

NORWAY

Strong growth will continue into 2013 and 2014. Investment in the petroleum industry will give way to consumption as the main source of demand growth for the mainland economy. External demand will initially be very weak but recover somewhat in 2014. Demand for labour will remain buoyant. Low import prices and exchange rate appreciation have helped to keep inflation low, but it will rise through 2014.

The authorities should continue to keep the structural non-petroleum budget deficit below 4% of the value of the Government Pension Fund Global. Despite guidelines on mortgage lending, house price growth has accelerated; the vulnerability of households to credit shocks should be monitored.

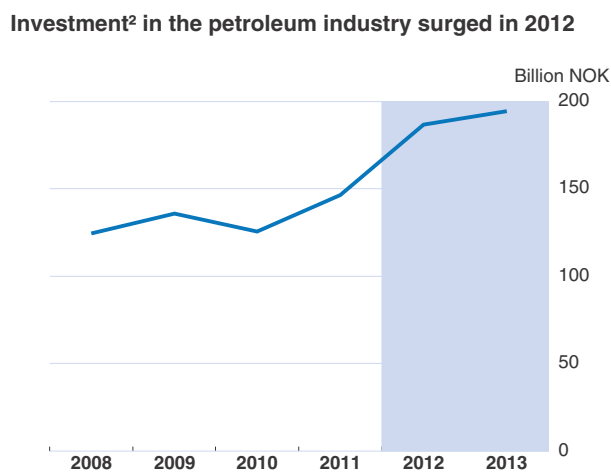
The economy has maintained its momentum

The mainland economy has expanded strongly in 2012, supplying particularly strong investment in the petroleum industry. Household consumption growth has been supported by gains in both real income and employment. Strongly rising house prices have stimulated growth in housing investment. Inflation has continued to undershoot most forecasts, due to low import prices but also surprisingly low domestic inflation, even after taking account of falls in energy prices. Unemployment has remained low and steady as immigration continues to increase the labour force.

Monetary policy will remain expansionary, fiscal policy broadly neutral

The central bank has maintained policy rates unchanged since March. Inflation is projected to rise towards, though not reach, the 2½ per cent inflation target, so the central bank is assumed to gradually raise the policy interest rate. After providing some stimulus in 2012, the structural non-petroleum budget deficit is planned to remain broadly

Norway



1. Change over a year earlier.

2. Investment costs for oil and gas in current prices. Figures for 2012 and 2013 are estimates and projections made by Statistics Norway in Q3 2012.

Source: Statistics Norway and OECD Economic Outlook 92 database.

StatLink <http://dx.doi.org/10.1787/888932743710>

Norway: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices NOK billion	Percentage changes, volume (2009 prices)				
GDP at market prices	2 356.6	0.7	1.4	3.3	2.5	2.0
Private consumption	1 027.7	3.7	2.4	3.7	4.3	4.6
Government consumption	530.7	1.7	1.5	1.9	2.5	1.6
Gross fixed capital formation	515.6	-5.2	6.4	7.6	5.4	4.6
Final domestic demand	2 074.0	1.0	3.1	4.1	4.1	3.8
Stockbuilding ¹	13.9	1.9	0.3	-0.2	-0.1	0.0
Total domestic demand	2 087.9	3.1	3.4	3.8	3.8	3.7
Exports of goods and services	929.1	1.8	-1.4	1.0	0.6	0.8
Imports of goods and services	660.4	9.9	3.5	1.6	3.7	5.7
Net exports ¹	268.7	-2.1	-1.6	0.0	-0.8	-1.2
<i>Memorandum items</i>						
Mainland GDP at market prices ²	—	1.9	2.4	3.7	3.2	3.1
GDP deflator	—	6.4	6.3	3.3	2.0	2.6
Consumer price index	—	2.4	1.3	0.6	1.3	2.0
Private consumption deflator	—	2.1	1.3	0.9	1.2	2.1
Unemployment rate	—	3.5	3.2	3.1	3.1	3.0
Household saving ratio ³	—	6.1	7.8	9.0	8.7	8.3
General government financial balance ⁴	—	11.2	13.7	15.2	16.0	16.8
General government gross debt ⁴	—	49.6	33.8	44.7	44.0	42.9
Current account balance ⁴	—	12.4	14.5	15.3	14.9	13.6

1. Contributions to changes in real GDP, 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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745135>

unchanged as a share of mainland GDP in 2013, somewhat below 4% of the value of the Government Pension Fund Global. These projections assume that the same approach is applied in 2014.

*Strong domestic demand
will sustain mainland
growth*

Industry surveys show a likely fall in the rate of growth of investment in the petroleum industry in 2013, and it is projected to slow further in 2014. However, with little excess capacity in some sectors and strong demand for housing, overall investment demand will remain quite strong. Sustained real wage growth and rising employment generate continuing household income growth and private consumption growth is projected to pick up to around 4½ per cent in 2013 and 2014. Much of the additional labour demand is expected to be met from further immigration, which will probably also be a significant source of demand for housing. Mainland GDP will thus remain strong, with only a slight decline in the growth rate after 2012, while overall GDP will slow rather faster in line with the secular decline in petroleum output.

*Risks to growth and
inflation risks are
symmetrical*

Investment in the petroleum industry, which affects the mainland economy, is volatile and could prove stronger than projected if oil prices strengthen further. High household indebtedness might moderate the growth in consumption and housing investment, despite strong income growth. Given the strength of demand, inflation could rise more rapidly than in these projections, but it has been persistently below expectations for some time and could equally continue to surprise on the downside.

POLAND

Growth is projected to slow considerably in coming quarters as a result of weaker domestic and external demand. However, activity should pick up again in the second half of 2013 and strengthen further in 2014. Yet slack in both product and labour markets will increase, pushing inflation below 2% in 2014. The current account deficit should stabilise above 3% of GDP in 2014.

While the government can allow the automatic stabilisers to function, the reduction of the structural budget deficit needs to continue. A sizeable monetary policy easing would help accommodate fiscal tightening and alleviate the cyclical downturn. The government should implement structural reforms to boost potential growth and strengthen the recovery.

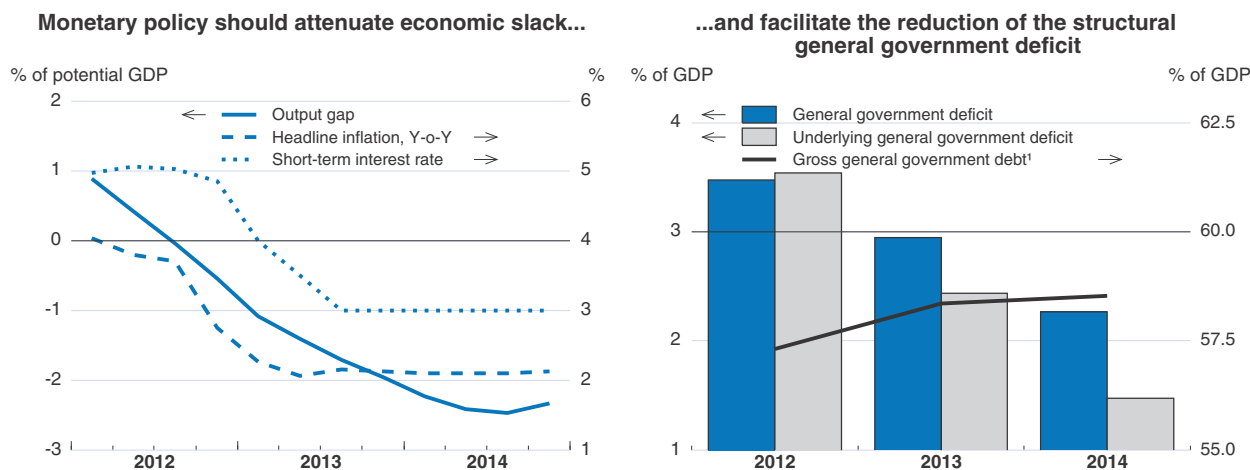
A slowdown will be followed by a gentle pick-up

Real GDP growth is projected to fall from 4.3% in 2011 to below 2% in 2013, due to the weak European economy and fiscal retrenchment. The fiscal tightening reflects in part lower public investment as the flow of EU funds is set to plateau. A deteriorating labour market and a rising saving rate will restrain private consumption. A gradual recovery is projected to start in the second half of 2013 with real GDP growth reaching some 3% through 2014. The unemployment rate could rise to about 11% at the end of 2014, which would hold real wage gains below trend productivity increases.

Fiscal tightening will continue

The projection assumes an annual one percentage point discretionary fiscal tightening, which would help stabilise the public debt ratio. As Maastricht debt is below 60% of GDP, the annual costs of the pension reform, estimated at 0.6% of GDP, are allowed by EU rules to be considered for the assessment of Poland's fiscal consolidation efforts. Nevertheless, the automatic stabilisers are assumed to work, which limits the headline deficit reduction relative to the underlying effort.

Poland



Source: OECD Economic Outlook 92 database.

StatLink <http://dx.doi.org/10.1787/888932743748>

Poland: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices PLN billion	Percentage changes, volume (2005 prices)				
GDP at market prices	1 341.0	3.9	4.3	2.5	1.6	2.5
Private consumption	821.9	3.0	2.5	1.0	0.7	1.4
Government consumption	248.8	3.6	-0.9	0.1	0.7	0.8
Gross fixed capital formation	282.2	-0.4	9.0	2.3	2.3	6.2
Final domestic demand	1 352.9	2.4	3.1	1.1	1.1	2.3
Stockbuilding ¹	- 13.2	2.0	0.4	-0.7	-0.1	0.0
Total domestic demand	1 339.7	4.4	3.5	0.4	0.9	2.3
Exports of goods and services	530.8	12.1	7.8	2.2	4.9	6.2
Imports of goods and services	529.5	13.8	5.6	-2.1	3.4	5.6
Net exports ¹	1.3	-0.7	0.9	2.0	0.7	0.3
<i>Memorandum items</i>						
GDP deflator	—	1.6	3.0	2.6	1.5	2.0
Consumer price index	—	2.6	4.2	3.6	2.1	2.1
Private consumption deflator	—	2.7	4.7	3.6	2.1	2.0
Unemployment rate	—	9.6	9.6	10.1	10.5	10.7
General government financial balance ^{2,3}	—	-7.9	-5.0	-3.5	-2.9	-2.3
General government gross debt ²	—	62.3	63.3	64.1	65.2	65.4
General government debt, Maastricht definition ²	—	54.9	56.5	57.3	58.4	58.5
Current account balance ²	—	-5.1	-4.8	-3.5	-3.0	-2.8

1. Contributions to changes in real GDP, 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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745154>

There is room for monetary easing

Headline inflation is likely to fall to the lower bound of the central bank's 1.5-3.5% target band and remain there over the projection period. This and the projected economic slowdown imply that the monetary policy stance should be eased to support activity. The Financial Supervision Authority's plan to ease regulatory requirements for bank lending is also welcome as a countercyclical measure.

The government should implement reforms to strengthen the recovery

In addition to the planned deregulation of selected professions, the government should implement further structural reforms to help strengthen the recovery by raising long-term growth and reducing the burden of fiscal consolidation. They include: reducing state ownership in the economy, reducing the administrative burden of doing business, improving the tax structure (by reducing the tax wedge on labour), increasing the female employment rate and workers' internal mobility, phasing out special pension schemes and reforming the farmers' health and pension insurance system.

Risks are on the downside

Private consumption would be weaker if households decide to increase saving rates faster, given their current low level. A renewal of euro-area tensions would affect Poland via the trade channel, the predominantly foreign-owned banking sector and higher interest rates on sovereign debt, as non-residents hold about half of all government bonds.

PORTUGAL

A large, but necessary, fiscal consolidation, continued bank deleveraging and weak external demand are projected to leave the economy in recession for some time. Inflation is set to fall to a very low level as economic slack increases. As global conditions improve and exports pick up, growth is projected to turn positive by the end of 2013, although unemployment will remain at very high levels for longer. Improvements in competitiveness are projected to eliminate the current account deficit by the end of the projection period.

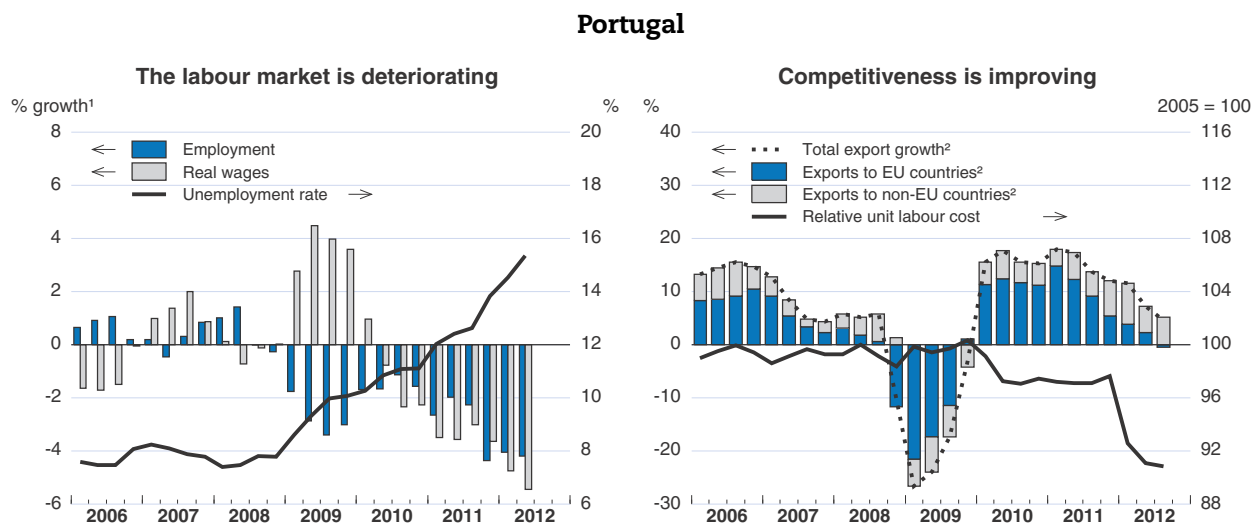
Strict implementation of consolidation plans should remain the priority. At the same time, the government should let automatic stabilisers operate if growth turns out lower than expected in the plans to avoid a worsening of the recession. While bank deleveraging is inevitable, an overly fast pace of credit contraction should be avoided and remaining barriers to credit reallocation removed. Further enhancements in labour and product market flexibility would support a faster recovery.

The economy is rapidly contracting

The decline of activity has accelerated due to a strong contraction in domestic demand. Unemployment, currently at record-high levels, will continue to rise further in the near term, while inflation and wages are declining. The combination of fiscal consolidation and bank deleveraging has weighed heavily on domestic demand. The steepening decline in credit and a one-off personal income tax surcharge help to explain the accelerating contraction in 2012.

Fiscal consolidation targets are ambitious

Significant fiscal slippage became apparent during the year, jeopardising the achievement of the fiscal target by as much as one percentage point of GDP. This was offset by additional measures to get back on track. To meet the revised budget targets under the EU/IMF financial assistance programme, which are still very ambitious, the



1. Year-on-year percentage changes.

2. Exports of goods. Year-on-year percentage change for total exports and contributions to growth by exports to EU and non-EU countries.

Source: OECD Economic Outlook 92 database and Statistics Portugal.

StatLink <http://dx.doi.org/10.1787/888932743767>

Portugal: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices € billion	Percentage changes, volume (2006 prices)				
GDP at market prices	168.5	1.4	-1.7	-3.1	-1.8	0.9
Private consumption	109.8	2.1	-4.0	-5.9	-3.5	-0.1
Government consumption	37.2	0.9	-3.8	-3.4	-4.0	-1.6
Gross fixed capital formation	34.6	-4.1	-11.3	-14.5	-6.5	1.6
Final domestic demand	181.6	0.7	-5.3	-7.0	-4.1	-0.1
Stockbuilding ¹	- 0.6	0.1	-0.5	-0.1	-0.1	0.0
Total domestic demand	181.0	0.8	-5.8	-7.1	-4.2	-0.1
Exports of goods and services	47.2	8.8	7.5	4.2	3.6	5.8
Imports of goods and services	59.7	5.4	-5.3	-6.9	-2.8	3.4
Net exports ¹	- 12.5	0.6	4.4	4.2	2.5	1.0
<i>Memorandum items</i>						
GDP deflator	—	1.1	0.7	-0.2	0.9	0.7
Harmonised index of consumer prices	—	1.4	3.6	2.7	0.8	1.0
Private consumption deflator	—	1.6	3.6	2.1	0.6	1.0
Unemployment rate	—	10.8	12.7	15.5	16.9	16.6
Household saving ratio ²	—	10.2	10.0	10.6	9.9	9.4
General government financial balance ^{3,4}	—	-9.8	-4.4	-5.2	-4.9	-2.9
General government gross debt ³	—	103.9	118.1	125.6	133.1	134.6
General government debt, Maastricht definition ³	—	93.5	108.1	115.5	123.0	124.5
Current account balance ³	—	-10.0	-6.5	-2.9	-1.5	-0.6

1. Contributions to changes in real GDP, 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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745173>

authorities have announced additional measures in the Supplementary Budget Law for 2012 and the draft 2013 Budget Law. These include a capital gains tax increase and airport concessions for 2012, and a significant consolidation package of 3% of GDP for 2013, including higher taxes on personal and corporate income, property and specific consumption items. For 2013-14, a comprehensive expenditure review aims at cutting expenditure by EUR 4 billion. However, compliance with the headline deficit targets of 4.5% and 2.5% of GDP for 2013 and 2014, respectively, are likely to require additional consolidation measures due to the weak economy. The government should aim at reducing structural deficits as planned while letting automatic stabilisers operate in case growth turns out lower than expected in government plans.

Further output and employment losses are projected

GDP is projected to continue contracting until the latter half of 2013. A weak recovery is then projected as export growth eventually offsets weak domestic demand. Unemployment will recede only slowly, while inflationary pressures will continue to be negligible. Despite deteriorating terms of trade in 2012, the current account deficit is projected to disappear at the end of the projection period, reflecting both declining

import volumes and a strong export performance with increasing diversification towards non-EU countries.

*Risks are skewed to the
downside*

The economy will remain sensitive to a further deterioration in credit conditions and worsening conditions in other euro area economies. If the demand effects of the required fiscal retrenchment turn out higher than expected, this could lead the economy into a downward spiral of worsening economic, financial and fiscal conditions. On the upside, competitiveness gains and the benefits of structural reforms could sustain further gains in export market shares and spur private investment.

SLOVAK REPUBLIC

Economic growth, mainly driven by exports in the automotive sector, slowed in the second half of 2012, but was still among the strongest in the OECD area. The economy is projected to pick up slowly through 2013 and grow by about 3½ per cent in 2014 on the back of stronger world trade. Private consumption is likely to remain subdued due to the weak labour market and significant fiscal consolidation.

Reaching the budget deficit target of 3% of GDP by 2013 would be a welcome step towards the long-term sustainability of public finances and will require a strong consolidation effort. Spending restraint should avoid affecting growth enhancing items like education and active labour market policies.

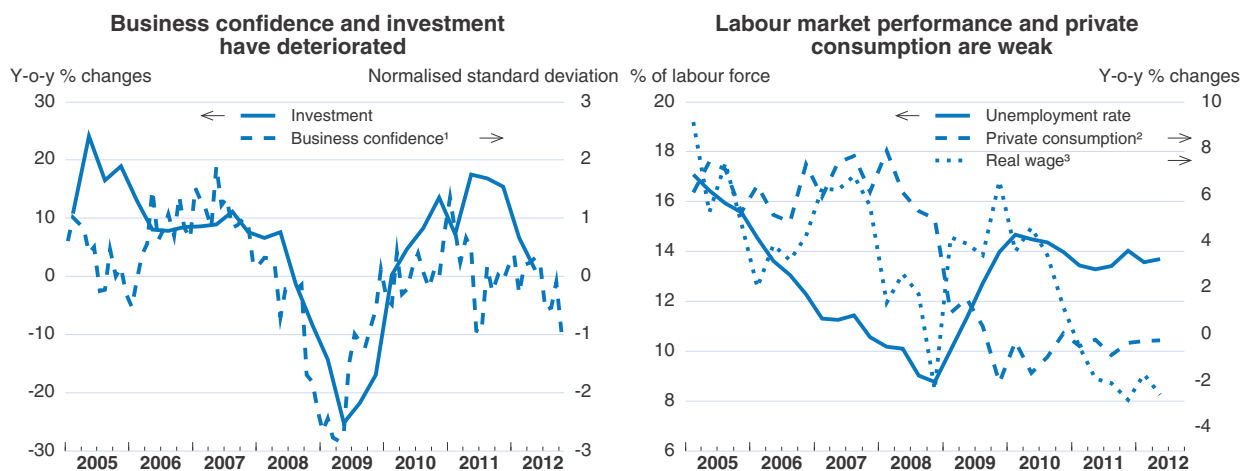
The economy has slowed

Business confidence has deteriorated sharply over the past few months. The automotive sector and the launch of new factories have slowed. The euro area debt crisis has caused uncertainty among investors and has reduced external demand. Fiscal consolidation and weak labour market outcomes weigh on disposable income, resulting in stagnant private consumption.

Fiscal consolidation is intensifying

Curbing the growth of public debt and ensuring fiscal sustainability require strong fiscal consolidation. Despite the cyclical deterioration, the government is committed to reduce the budget deficit below 3% of GDP by the end of 2013 from almost 5% in 2011. This consolidation effort is to be mainly achieved by revenue increases (including the enlargement of the size of the first pension pillar financed by the reduction in the share of social security contributions put into pension funds). Public spending is

Slovak Republic



1. Manufacturing confidence indicator from Joint Harmonised EU Programme on Business Opinion Surveys. Data are shown as deviations from the mean, expressed in standard deviations.

2. Quarterly real private consumption year-on-year percentage changes.

3. Annual real wage growth is per employee and deflated by the private consumption deflator.

Source: OECD Economic Outlook 92 database; OECD, Main Economic Indicators database.

StatLink  <http://dx.doi.org/10.1787/888932743786>

Slovak Republic: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices € billion	Percentage changes, volume (2005 prices)				
GDP at market prices	62.8	4.4	3.2	2.6	2.0	3.4
Private consumption	38.3	-0.7	-0.5	-0.1	0.8	1.4
Government consumption	12.5	1.0	-4.3	-0.6	0.2	0.7
Gross fixed capital formation	13.0	6.5	14.2	0.5	0.6	2.5
Final domestic demand	63.8	1.0	1.9	0.0	0.6	1.5
Stockbuilding ¹	- 0.8	2.5	-0.7	0.0	-0.1	0.0
Total domestic demand	63.1	3.8	1.1	0.0	0.5	1.5
Exports of goods and services	44.3	16.0	12.7	8.8	4.7	6.7
Imports of goods and services	44.6	14.9	10.1	6.3	3.7	4.9
Net exports ¹	- 0.3	0.7	2.0	2.3	1.0	1.9
<i>Memorandum items</i>						
GDP deflator	—	0.5	1.6	1.8	1.4	1.6
Harmonised index of consumer prices	—	0.7	4.1	3.7	2.5	2.4
Private consumption deflator	—	1.0	3.8	3.6	2.5	2.4
Unemployment rate	—	14.4	13.5	13.7	13.6	13.0
General government financial balance ²	—	-7.7	-4.9	-4.6	-2.9	-2.4
General government gross debt ²	—	45.9	48.0	57.0	59.7	60.9
General government debt, Maastricht definition ²	—	41.0	43.3	52.2	54.9	56.2
Current account balance ²	—	-3.7	-2.1	1.7	1.8	3.1

1. Contributions to changes in real GDP, actual amount in the first column.

2. As a percentage of GDP.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745192>

also to be contained (including by freezing public wages and restraining public consumption and investment). In 2014, the pace of consolidation will ease, and the deficit is projected to fall to 2.4% of GDP.

The labour market will improve only slowly

Employment gains are likely to be limited as export-dependent firms are focusing on improving productivity to maintain competitiveness rather than expanding jobs. Unemployment will remain higher than its pre-crisis level over the projection period. Although real wages will continue to lag behind productivity gains, household disposable income will increase slightly, providing some support to private consumption.

Growth is set to pick up gradually

After a slowdown at the end of 2012, real GDP growth is projected to progressively broaden and return to its trend rate in 2014. The gradual improvement in the international environment will raise exports and foreign direct investment. Domestic demand should contribute increasingly to growth as business and consumer sentiment improve. Investment should also be boosted by higher absorption of EU funds. Private consumption is expected to gradually pick up in line with real disposable income as employment performance improves, inflation decelerates, and the pace of fiscal consolidation slows.

Downside risks dominate

The euro crisis could lead to a deterioration of the financial conditions, depress investor sentiment and reduce FDI inflows and external demand. There is a risk of FDI moving to locations with greater cost advantages. By contrast, a successful growth-friendly fiscal consolidation would strengthen confidence and thus stimulate domestic demand and, perhaps, foreign investment.

SLOVENIA

Economic activity is projected to contract further in 2013, driven by rapid fiscal consolidation and ongoing deleveraging in the financial and corporate sectors. Growth is projected to turn positive again in 2014. Unemployment is unlikely to level off until the end of 2013, and the large degree of economic slack should keep inflationary pressures contained.

The new government has embarked on an ambitious fiscal consolidation. It should, however, stand ready to let automatic stabilisers operate if growth turns out lower than expected. To bolster longer-term fiscal sustainability, it should implement an ambitious pension reform as well. A transparent and durable resolution of bad assets in the banking sector is urgently needed to ensure the stability of the financial system and revive credit activity.

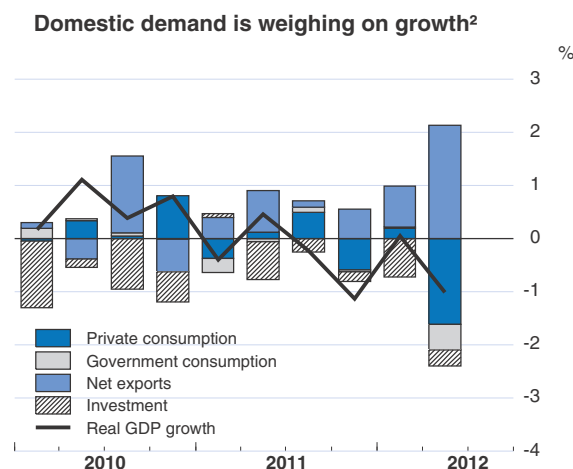
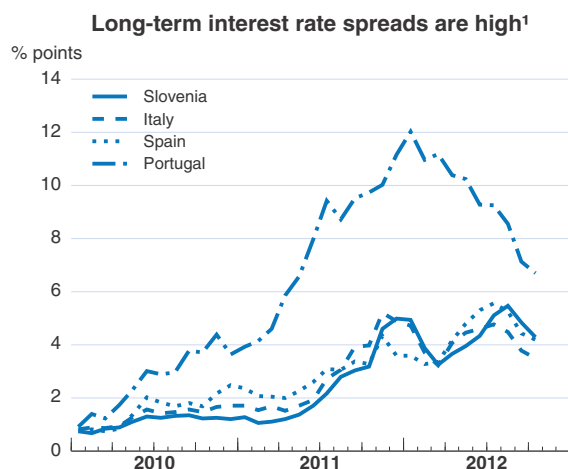
The economy faces renewed weakness

The economic downturn has proved protracted. Falling domestic demand has dominated the positive contribution from exports. Financial conditions have been tightening and lending to the private sector has been contracting.

Fiscal consolidation remains a key issue

After adopting an ambitious fiscal consolidation package in April 2012, in the wake of a larger-than-anticipated budget deficit in 2011 and amid severe tensions in the sovereign bond market, the government has proposed additional consolidation measures going forward. On the spending side, they involve lowering the public sector wage bill further, through cuts in public sector wages and headcount, and in social transfers, including unemployment benefits. Measures to boost revenues include raising intermediate VAT rates for some goods and services, the introduction of a financial transaction tax on commissions on services provided by financial institutions, an extension and broadening of the tax

Slovenia



1. Ten-year government bond spreads relative to the German rate.

2. Contribution to real GDP growth over previous quarter. The sum of components may not add up to total GDP growth due to balancing and residual items, chain-linking procedures and seasonal adjustment method.

Source: OECD, Main Economic Indicators database and OECD Economic Outlook 92 database.

StatLink <http://dx.doi.org/10.1787/888932743805>

Slovenia: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices € billion	Percentage changes, volume (2000 prices)				
GDP at market prices	35.6	1.2	0.6	-2.4	-2.1	1.1
Private consumption	19.8	1.3	0.9	-3.1	-4.0	-0.7
Government consumption	7.2	1.5	-1.2	-3.2	-7.5	-3.2
Gross fixed capital formation	8.2	-13.8	-8.1	-8.3	-2.7	0.7
Final domestic demand	35.2	-2.1	-1.4	-4.1	-4.5	-1.0
Stockbuilding ¹	-0.3	1.9	0.7	-1.8	-0.5	0.0
Total domestic demand	34.8	-0.3	-0.7	-5.9	-5.1	-1.0
Exports of goods and services	20.9	10.1	7.0	1.8	2.7	4.1
Imports of goods and services	20.1	7.9	5.2	-3.0	-0.8	1.7
Net exports ¹	0.7	1.5	1.3	3.5	2.6	2.0
<i>Memorandum items</i>						
GDP deflator	—	-1.1	1.0	1.6	1.9	1.4
Harmonised index of consumer prices	—	2.1	2.1	2.8	2.3	1.8
Private consumption deflator	—	1.5	1.7	2.9	2.2	1.5
Unemployment rate	—	7.2	8.2	8.5	9.7	9.8
General government financial balance ²	—	-5.7	-6.4	-4.3	-3.6	-3.0
General government gross debt ²	—	48.2	55.5	59.9	63.5	66.1
General government debt, Maastricht definition ²	—	38.6	46.9	53.9	58.5	61.0
Current account balance ²	—	-0.6	0.0	2.5	5.1	6.4

1. Contributions to changes in real GDP, actual amount in the first column.

2. As a percentage of GDP.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745211>

on banks' balance sheets, and the abolition of some income tax exemptions and tax credits. These additional measures to meet nominal fiscal targets are projected to further weigh on aggregate demand. The authorities also need to put public finances on a sustainable footing in the medium term, notably with a comprehensive pension reform, which is overdue.

Efforts to stabilise banks should continue

The sizable deterioration in the quality of Slovenian banks' asset portfolios is a major concern. It is undermining credit growth and becoming a major obstacle to economic expansion. To stabilise the banking sector the government introduced legislation in October 2012 setting up a Bank Asset Management Company (BAMC), which is to take over problem loans from systemically important financial institutions. The authorities should ensure that asset transfers are transparent and consistent with international best practices. According to official plans, the BAMC will issue government-guaranteed bonds of up to EUR 4 billion (11% of GDP) in return for the transfer of problem loans; additional capital injections are envisaged to cost around 1.3-2.7% of GDP. (The OECD projections do not incorporate a corresponding worsening of the public finances.) The legislation, however, faces considerable opposition, notably from the social partners, and may face a referendum.

*A return to growth is not
expected before 2014*

The contraction in activity is projected to continue until 2014, with the pace tapering off over the next year. Given the substantial economic slack, inflation should remain in check.

Downside risks prevail

Downside risks dominate the outlook. The threat of a referendum on some key policy measures may undermine market confidence, and rejection of key measures could prolong the recession. The swift adoption of structural reforms and resolution of banking sector problems, on the other hand, would improve growth prospects.

SPAIN

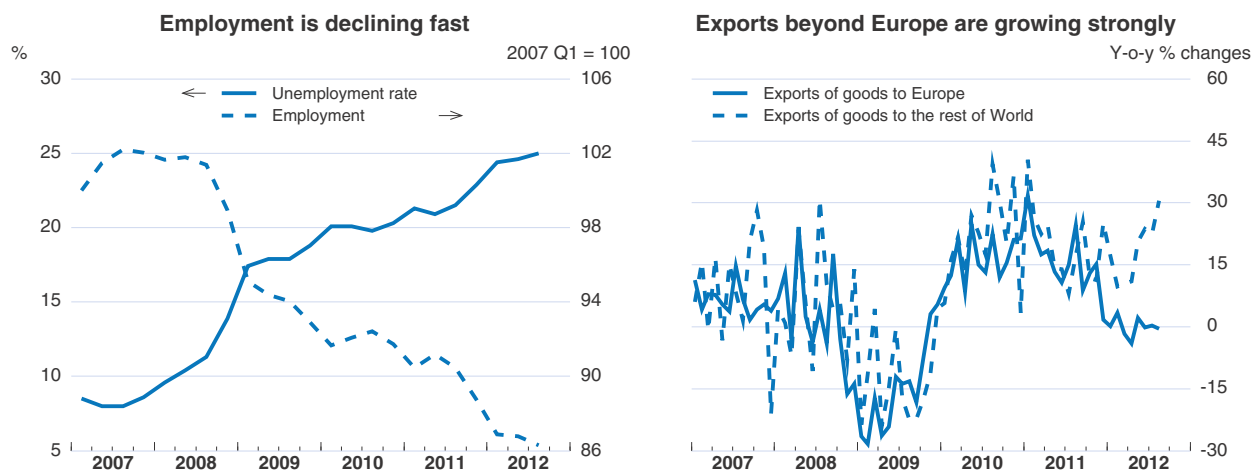
The recession is projected to intensify with the economy contracting again in 2013. Growth is projected to return in 2014. Jobs will continue to be shed and the unemployment rate could rise to over 26%. Significant fiscal consolidation, weaker demand from trading partners and difficult financial conditions will take their toll. Inflation is expected to remain subdued after a VAT-related spike in prices. Notwithstanding ongoing underlying consolidation, the fiscal deficit is projected to fall only gradually owing to weak economic growth.

Bank restructuring should proceed briskly as planned, and subordinated owners of the debt of banks receiving government support should absorb losses. It is important that the government spells out and fully implements the fiscal measures needed to achieve medium-term deficit targets. However, it should stand ready to let the automatic stabilisers operate were economic conditions to materially diverge from those expected in the government budget. The government should continue its structural reforms to boost growth, giving priority to ensuring that the recent reforms to reduce labour market duality and to reform wage bargaining are effective. Key reforms for longer-term growth are reducing school drop-outs and improving access to upper secondary vocational education.

The economy is in a deep recession

A large fiscal consolidation effort and tight financial conditions have cut deeply into economic growth. These factors have been compounded by weakening European growth. Labour market conditions have been bleak: employment has contracted rapidly and the unemployment rate has risen above 25%. However, core inflation is subdued and wage pressures have been easing. This has allowed the economy to improve cost competitiveness, facilitating gains in export market shares. Export growth has remained strong outside recession-bound Europe. Reflecting this, as well as declining import volumes, the trade balance recently moved into surplus for the first time since 1998, helping to narrow the current account deficit from a peak of 10% of GDP in 2007 to around 2%.

Spain



Source: INE (2012), Boletín mensual de Estadística, November.

StatLink  <http://dx.doi.org/10.1787/888932743292>

Spain: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices € billion	Percentage changes, volume (2008 prices)				
GDP at market prices	1 048.1	-0.3	0.4	-1.3	-1.4	0.5
Private consumption	592.4	0.7	-1.0	-1.9	-2.3	-0.5
Government consumption	223.6	1.5	-0.5	-4.1	-4.0	-0.8
Gross fixed capital formation	247.4	-6.2	-5.3	-9.1	-9.0	-2.7
Final domestic demand	1 063.4	-0.8	-1.8	-3.9	-4.0	-0.9
Stockbuilding ¹	4.2	0.1	-0.1	0.0	0.0	0.0
Total domestic demand	1 067.6	-0.6	-1.9	-3.9	-4.0	-0.9
Exports of goods and services	250.7	11.3	7.6	4.0	6.4	6.2
Imports of goods and services	270.2	9.2	-0.9	-4.5	-1.3	2.4
Net exports ¹	- 19.5	0.3	2.3	2.6	2.5	1.4
<i>Memorandum items</i>						
GDP deflator	—	0.4	1.0	0.3	0.7	0.4
Harmonised index of consumer prices	—	2.0	3.1	2.2	1.2	0.4
Private consumption deflator	—	2.0	2.9	2.2	0.8	0.3
Unemployment rate	—	20.1	21.6	25.0	26.9	26.8
Household saving ratio ²	—	7.1	4.7	3.0	2.0	2.3
General government financial balance ^{3,4}	—	-9.7	-9.4	-8.1	-6.3	-5.9
General government gross debt ³	—	67.7	76.9	93.8	100.2	105.3
General government debt, Maastricht definition ³	—	61.5	69.3	86.1	92.6	97.6
Current account balance ³	—	-4.5	-3.5	-2.0	0.5	1.8

1. Contributions to changes in real GDP, actual amount in the first column.

2. As a percentage of disposable income.

3. As a percentage of GDP.

4. The deficit for Spain in 2012 of 8.1% of GDP includes outlays related to one-off bank restructuring operations amounting to 1% of GDP.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745230>

Restoring credit growth is a
pre-requisite for sustained
recovery

Funding conditions for the government and for Spanish banks improved somewhat following the ECB's announcement of its sovereign bond buying programme in September. This projection assumes the government continues to rapidly recapitalise viable banks and close non-viable banks. This should lead to a gradual restoration of healthy credit supply. Recent independent “bottom-up stress testing” identified EUR 54 billion in capital needs in an adverse scenario, substantially less than the EUR 100 billion credit line from the euro area member states that the government can use for bank recapitalisation. Bank restructuring plans will aim to minimize the amount of public capital injections. The rapid introduction of common bank supervision and direct recapitalisation of banks with euro area funds would help diminish the negative feedback loops between bank financial positions and sovereign spreads, putting the economy on a faster road to recovery.

Fiscal consolidation will
continue to weaken the
economy

The government has put in place an ambitious fiscal consolidation plan, which is both appropriate and needed to restore confidence. This projection assumes that the government will fully implement announced consolidation measures of around 2.7% of GDP in 2013 and 1% in 2014. As a result, the headline deficit is projected to decline. However, it will exceed

the targets due to weak economic growth, including in 2012. Fiscal consolidation is expected to have stronger than usual effects on growth in this credit-constrained environment, which militates against taking further measures to hit headline targets, especially if growth turns out much weaker than expected in government plans. In this case, the automatic stabilisers should be allowed to operate.

*Risks remain tilted to the
downside*

The economy is projected to continue to shrink in 2013. Partly reflecting a slow pick-up in the euro area, a mild recovery is expected to take hold in 2014. There are significant risks around the projection on both sides. On the downside, further turbulence elsewhere in the euro zone may lead to higher sovereign and bank borrowing costs, and to weaker trading partner growth, aggravating the recession and the fiscal deficit in Spain. Trying to counter-act this with additional fiscal measures would further hit short-term activity and might lead to deterioration in financial market sentiment. On the upside, the creation of the EU banking union and direct recapitalisation of banks with euro area funds could help break the negative feedback loop between banks and the fiscal position. In addition, cost competitiveness and export share gains may be even stronger than projected, leading to more rapid export growth.

SWEDEN

The economy lost momentum this year, reflecting the uncertain external environment and weakening household confidence as unemployment increased and house prices fell. From mid-2013, however, growth is projected to pick up to beyond its potential rate. The unemployment rate is projected to begin to fall, although remaining spare capacity should keep inflation at low rates.

The macroeconomic policy stance is appropriate, but the scope for more stimulative monetary and fiscal policies should be used if growth proves to be weaker than expected. To avoid unemployment becoming entrenched, the government should continue its efforts to lower the relative labour cost for groups at risk.

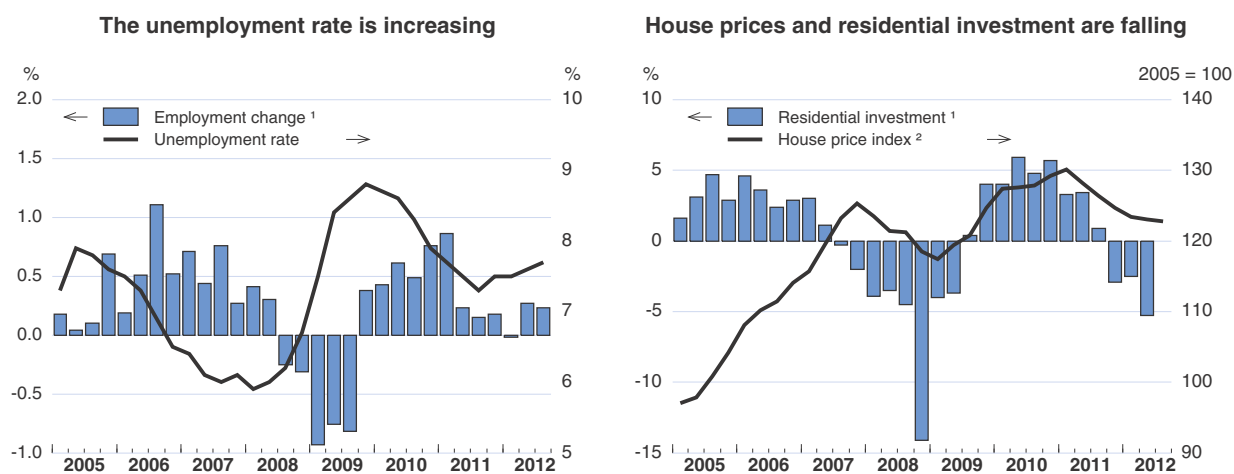
Activity has decelerated...

Activity slowed somewhat in 2012, and GDP growth has become gradually less broad-based. Exports and private consumption slowed while stockbuilding increased substantially. House prices and housing investment have continued to fall. Confidence in the construction sector has fallen, suggesting that further declines in house prices and investment may occur. Household confidence has also dropped, although it remains close to its long-term average. With activity weak, core inflation has declined to around 1%.

... and unemployment remains quite high

With the labour force on the rise and weak employment growth in the private sector, the unemployment rate has edged up, even though employment grew in the public sector. Wage growth, which was strong in the first part of 2012, is expected to slow, which should support employment to some extent. Recent measures proposed by the government to combat youth unemployment and develop short-time

Sweden



1. Percentage change compared to last quarter.

2. Real estate price index for one- and two-dwelling buildings for permanent living.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932743824>

Sweden: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices SEK billion	Percentage changes, volume (2011 prices)				
GDP at market prices	3 105.8	6.3	3.9	1.2	1.9	3.0
Private consumption	1 532.5	3.9	2.2	1.6	1.8	3.1
Government consumption	859.7	1.8	1.9	0.8	0.8	1.1
Gross fixed capital formation	558.6	6.7	6.9	3.9	1.7	5.5
Final domestic demand	2 950.8	3.8	3.0	1.9	1.5	3.0
Stockbuilding ¹	- 46.3	2.2	0.4	-0.5	0.1	0.0
Total domestic demand	2 904.6	6.3	3.4	1.2	1.6	3.0
Exports of goods and services	1 489.4	10.0	7.4	0.7	3.6	5.8
Imports of goods and services	1 288.2	11.5	6.3	0.3	2.8	6.2
Net exports ¹	201.2	0.0	0.9	0.2	0.5	0.2
<i>Memorandum items</i>						
GDP deflator	—	1.1	1.0	1.1	1.3	1.8
Consumer price index ²	—	1.2	3.0	1.0	0.9	1.7
Private consumption deflator	—	1.6	1.2	1.1	0.7	1.5
Unemployment rate ³	—	8.4	7.5	7.7	7.9	7.6
Household saving ratio ⁴	—	8.3	10.0	10.5	10.8	9.7
General government financial balance ⁵	—	0.0	0.2	-0.3	-0.8	-0.2
General government gross debt ⁵	—	49.3	49.2	48.6	47.9	47.2
General government debt, Maastricht definition ⁵	—	39.5	38.4	37.7	37.1	36.4
Current account balance ⁵	—	6.7	6.5	6.2	6.0	5.9

1. Contributions to changes in real GDP, 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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745249>

work should also limit the increase in the unemployment rate and the risk that unemployment becomes entrenched.

Monetary conditions are supportive

The Budget Bill for 2013 contains measures, including a cut in the corporate tax rate, that are expected to boost growth, but judging by the change in the structural budget balance, the fiscal stance will be broadly neutral. The government should let the automatic stabilisers work unimpeded. Slowing activity and krona appreciation have kept inflation below target, allowing the Riksbank to cut its policy rate in September 2012 to 1.25%. With subdued inflationary pressures, the Riksbank should lower its policy rate further.

Growth is set to pick up gradually

Growth is expected to be sluggish in the near term as weakening euro area demand and krona appreciation hold back exports whilst rising unemployment and falling house prices weigh on household confidence. Activity is projected to regain strength in the second half of 2013 as labour and housing market conditions improve, boosting private consumption. With world trade and business confidence turning up, exports and private

investment will accelerate. As ample spare capacity remains, core inflation is set to remain subdued.

*Risks are skewed to the
downside*

Risks are tilted to the downside. If house prices were to fall sharply in a period of rising unemployment, consumers might step up saving, cutting back on consumption, and the banking system could be affected. The external situation could also turn out worse if the euro area problems are not resolved. On the upside, competitiveness losses could be smaller if wage increases are lower than expected, boosting exports.

SWITZERLAND

Growth has slowed in 2012 due to export weakness, although most domestic demand components remain fairly robust. The slowdown is projected to continue into 2013, but activity should then gradually recover as export markets expand. Uncertainty about euro-area developments is high, posing a threat to financial stability.

Zero policy interest rates should be maintained in view of weak underlying price pressures. Given the government's healthy fiscal position, the automatic stabilisers should be allowed to operate fully. Targeted macro-prudential measures to slow credit growth should be envisaged, especially for the cantonal banks, which are exposed to the housing sector. In the light of the continuing global financial-market risks, the loss-absorbing capital of the two biggest banks should be increased.

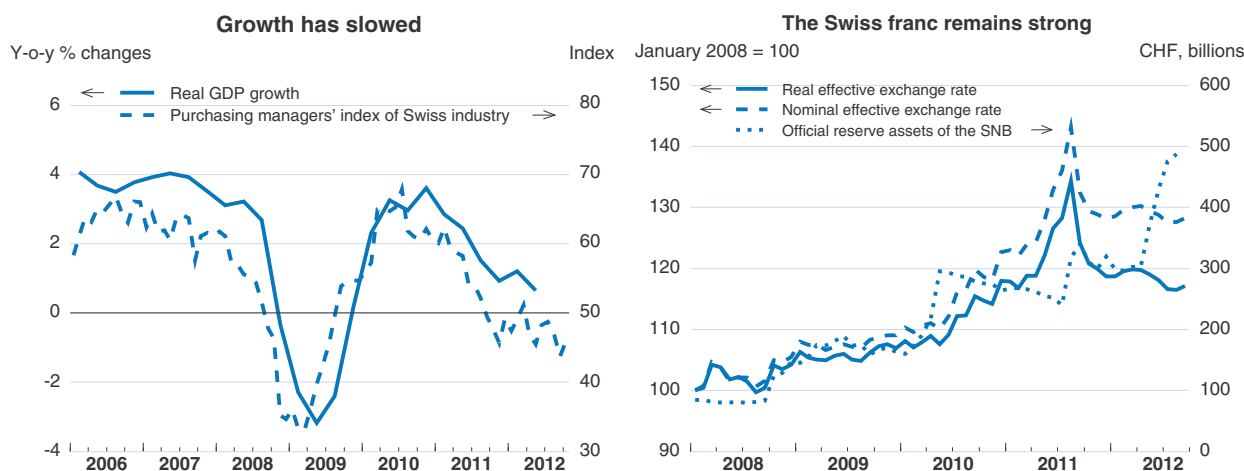
Growth has slowed

A decline in global activity and the continued strength of the Swiss franc are restraining exports. As a result, economic growth is slowing down. However, domestic demand, particularly consumption and construction investment, is holding firm, supporting growth and limiting the impact of external economic weakness on the labour market. Deflationary pressures remain, although consumer prices have been rising of late, driven by higher prices for fuel. Yet core inflation remains negative, reflecting the impact of the strong franc.

Monetary policy is supportive

With the target band of the policy interest rate at 0-0.25% and interventions in the foreign exchange market to enforce the exchange rate ceiling, monetary policy is providing strong counter-cyclical support. As a consequence, official foreign currency holdings have surged to unprecedented levels. Despite these large-scale interventions, firms are still struggling with the appreciated currency. Although there are some signs of a loss of momentum, mortgage lending and house prices continue to increase strongly, creating the risk of rising housing-market imbalances. Targeted macro-prudential measures to slow credit growth

Switzerland



Source: OECD Economic Outlook 92 database; Procure.ch and Credit Suisse; SNB.

StatLink <http://dx.doi.org/10.1787/888932743178>

Switzerland: **Demand, output and prices**

	2009	2010	2011	2012	2013	2014
	Current prices CHF billion	Percentage changes, volume (2005 prices)				
GDP at market prices	554.4	3.0	1.9	0.8	1.1	2.3
Private consumption	324.1	1.6	1.2	2.5	1.8	2.3
Government consumption	62.0	0.7	2.0	2.2	1.7	1.2
Gross fixed capital formation	110.4	4.8	4.0	1.0	1.7	2.4
Final domestic demand	496.6	2.9	1.8	1.7	1.8	2.2
Stockbuilding ¹	- 3.5	0.1	-0.1	0.0	-0.1	0.0
Total domestic demand	493.1	2.3	1.9	2.1	1.6	2.2
Exports of goods and services	279.2	7.8	3.8	-0.5	1.6	3.5
Imports of goods and services	218.0	7.4	4.2	1.8	3.0	3.5
Net exports ¹	61.2	1.0	0.3	-1.0	-0.4	0.3
<i>Memorandum items</i>						
GDP deflator	—	0.5	0.2	0.2	0.2	0.4
Consumer price index	—	0.7	0.2	-0.6	0.1	0.2
Private consumption deflator	—	0.9	0.1	-0.3	0.0	0.3
Unemployment rate	—	4.4	3.9	3.9	4.1	4.0
General government financial balance ²	—	0.3	0.5	0.7	0.5	0.4
General government gross debt ²	—	40.6	40.2	39.5	39.0	38.6
Current account balance ²	—	14.4	10.4	11.5	11.3	11.7

1. Contributions to changes in real GDP, actual amount in the first column.

2. As a percentage of GDP.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745268>

should be envisaged, especially for the cantonal banks, which are particularly exposed to housing.

The automatic fiscal stabilisers should operate

As a result of reduced primary expenditure and lower interest payments, the deterioration in the budget balance feared to begin in 2012 did not materialise. This, along with the generally strong fiscal position, leaves room for the automatic stabilisers to operate should economic outcomes deteriorate.

GDP growth should pick up again in the second half of 2013

Economic growth is projected to pick up again in the second half of 2013 on the back of increases in private consumption and investment. The recovery in world trade will also lead to a modest improvement in export growth. Nonetheless, due to the continued strength of the franc, increases in imports are expected to outpace export gains. Once growth picks up, the unemployment rate should gradually decline. Policy interest rates should stay unchanged over the projection period, consistent with the persistent economic slack and minimal inflation.

There are risks to trade and financial developments

Downside risks to export growth emanate from weaker global demand and continued currency strength. The pace of lending to households and rising house prices need to be closely monitored to avoid imbalances that might pose a macroeconomic risk. In the light of the continuing turmoil in global financial markets, the amount of loss-absorbing capital of the two biggest banks, which remain highly leveraged, should be increased.

TURKEY

Growth has slowed markedly since mid-2011, with a deceleration in domestic demand only partly offset by surging exports. As a result, the large current account deficit has begun to narrow. However, the competitiveness gains, mainly stemming from the nominal exchange rate depreciation in 2011, have since largely been eroded, not least by persistently high inflation. Growth is projected to regain momentum on the back of recovering domestic demand, rising to around 4% in 2013 and exceeding 5% in 2014. Inflation and the current account deficit are projected to remain well above comfort levels.

Monetary policy should continue to focus on disinflation. Fiscal policy could play a more active countercyclical role if international and domestic conditions worsen. However, this should be done without undermining fiscal credibility. Fiscal credibility would be bolstered by introducing a public spending ceiling and publishing quarterly consolidated general government accounts based on international standards.

Growth has slowed

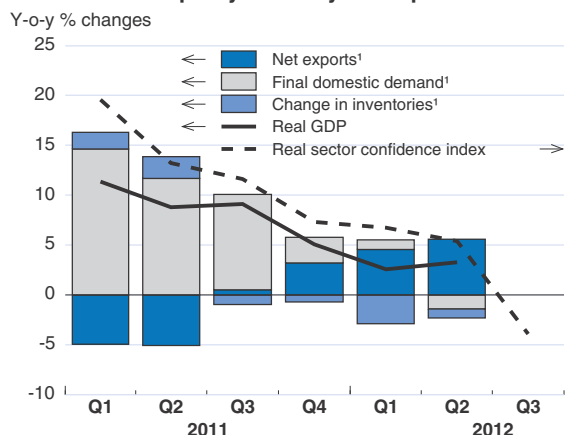
Growth has slowed since mid-2011, with private consumption, investment and imports losing steam. Exports, however, are surging as manufacturers have successfully diversified away from the weak European markets and towards higher-growth Middle East, African and Asian markets. This shift has been facilitated by sizeable nominal exchange rate depreciation following the decline in risk appetite in global markets and Turkish policy efforts to reverse earlier appreciation. As a result, the current account deficit, which peaked at 10% of GDP in the first half of 2011, fell below 7% in 2012. Headline consumer price inflation peaked at 10.5% in late 2011 and has begun to edge down only slowly.

Employment is resilient but competitiveness has weakened

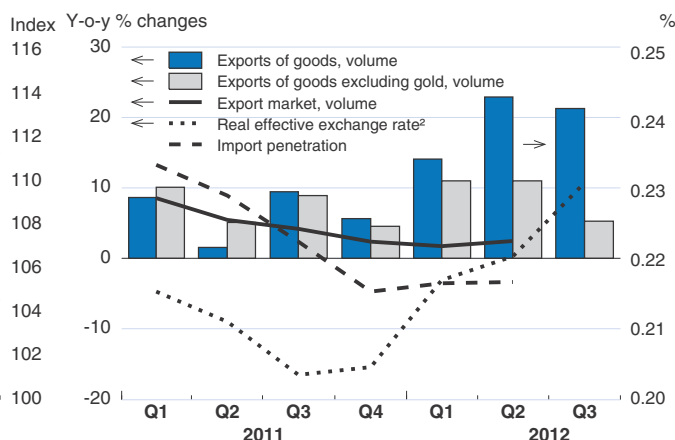
Employment remains exceptionally resilient. Despite the slowdown in activity, it rose in 2012, with most new jobs being created in service sectors. The unemployment rate continued to decline in 2012. A variety of

Turkey

The sharp decline of domestic demand was partly offset by net exports ...



... but rebalancing might loose pace



1. Contributions to year-on-year real GDP growth.

2. Based on the CPI.

Source: OECD Economic Outlook 92 database; Central Bank of Republic of Turkey; Turkish Statistical Institute; OECD calculations.

StatLink <http://dx.doi.org/10.1787/888932743843>

Turkey: Demand, output and prices

	2009	2010	2011	2012	2013	2014
	Current prices TRY billion	Percentage changes, volume (1998 prices)				
GDP at market prices	952.6	9.2	8.5	2.9	4.1	5.2
Private consumption	680.8	6.7	7.8	-0.3	3.5	4.4
Government consumption	140.0	2.0	4.5	4.5	4.2	3.1
Gross fixed capital formation	160.7	30.5	18.5	-2.3	4.1	7.8
Final domestic demand	981.5	9.7	9.2	-0.1	3.7	4.9
Stockbuilding ¹	- 18.4	2.1	-0.1	0.0	0.1	0.0
Total domestic demand	963.1	12.1	9.2	0.1	3.9	5.0
Exports of goods and services	222.1	3.4	6.4	15.3	5.9	6.8
Imports of goods and services	232.6	20.7	10.9	-0.7	5.5	5.8
Net exports ¹	- 10.5	-4.3	-1.5	3.9	-0.2	-0.1
<i>Memorandum items</i>						
GDP deflator	—	5.7	8.9	7.2	6.1	6.1
Consumer price index	—	8.6	6.5	9.1	6.9	6.1
Private consumption deflator	—	8.5	8.8	9.1	7.3	5.9
Unemployment rate	—	11.7	9.6	9.0	9.3	8.7
Current account balance ²	—	-6.3	-9.8	-7.2	-7.3	-7.5

1. Contributions to changes in real GDP, actual amount in the first column.

2. As a percentage of GDP.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745287>

measures which have reduced employment costs in the formal sector, notably for young and female workers, appear to have helped. In contrast, as a repercussion of the crisis in Europe, household and business confidence have weakened through the year. On the monetary policy side, the average funding rate of the central bank has been cut in recent months in steps, falling to a post-crisis low of 5.8% in late September. Nevertheless, the still-large interest rate differential with major OECD economies, combined with the persisting inflation gap *vis-à-vis* trade partners, pushed up the real exchange rate in 2012 on a unit labour cost basis by 15% over a year earlier.

*Stronger fiscal institutions
would help with
countercyclical policy*

Fiscal policy, after loosening with increases in public wages and social transfers in early 2012, was tightened in September. Increases in indirect taxes and administered prices are expected to add about one percentage point to year-on-year inflation by end-2012 and to curb real household incomes and consumption. According to the Medium-Term Economic Programme published in October, the fiscal stance will remain tight in 2013 to preserve confidence in the integrity of public finances. Fiscal policy would have room to play a more active countercyclical role if conditions worsen, but this should be done without undermining confidence. Strengthening fiscal institutions by starting to publish quarterly general government accounts according to international standards, and enforcing a public spending ceiling would all help preserve

confidence and thereby facilitate the implementation of countercyclical policy.

*The projected recovery has
risks on both sides*

GDP growth is projected to pick up from 2.9% in 2012 to just over 4% in 2013 and 5% in 2014 in the absence of any further headwinds from the international environment. Inflation is set to decline only slightly in 2013, but by more in 2014. Risks are skewed to the downside, and emanate largely from the euro area. The current account deficit and hence funding risks are projected to remain high. A spike in oil prices would worsen the external imbalance and add to inflationary pressures. Also, additional repercussions on Turkey from political instability in Syria may hurt investor confidence and tourism – which have been spared to date. On the other hand, a significant improvement in the European and international conditions would lift confidence, exports and growth.

Chapter 3

DEVELOPMENTS IN SELECTED NON-MEMBER ECONOMIES

BRAZIL

The effects of strong monetary and fiscal stimulus are gradually lifting the economy out of below-trend growth. Forward-looking confidence indicators look promising and unemployment is low. Inflation has declined and stabilised, albeit somewhat above the midpoint of the target range.

Growth is projected to pick up to about potential rates as stronger global growth, the depreciated *real* and recent measures to address the supply-side factors behind weak performance benefit investment and exports. Growth would be supported by further reducing the tax burden and tax complexity, containing labour costs, deepening long-term financial markets and improving infrastructure. The recently adopted trade protection measures, in contrast, could slow down productivity growth.

Activity is picking up again

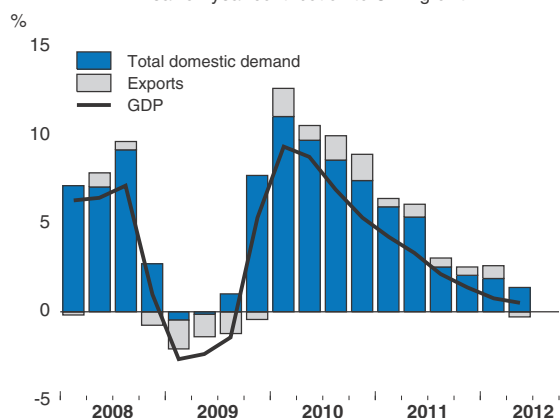
After a disappointing start, activity appears to have gained momentum in the second half of 2012, as fiscal stimulus, tax cuts on labour and capital, and the lagged effects of monetary easing are becoming increasingly visible. Evidence from confidence measures and retail sales suggests that rising domestic demand will buoy activity despite the weak external environment. The recovery will initially come from sectors most exposed to recent stimulus measures, but will then become more broadly based.

Inflation has come down but price pressures may resurface

Brazil's neutral interest rate seems to be trending downward, as evidenced by the decline in inflation in the face of several policy rate cuts. Both headline and core inflation are again inside the target range, although above the target mid-point of 4.5%. Inflation expectations remain well anchored, and the authorities should ensure that this remains the case. Regarding headline inflation, upside risks may once again come from commodity prices, but the announced reductions in energy costs should contain it for some time.

Brazil

Domestic demand remains the main driver of growth
Year-on-year contribution to GDP growth



Consumer and industry confidence are recovering



Source: IBGE; Getulio Vargas Foundation.

StatLink  <http://dx.doi.org/10.1787/888932743900>

Brazil: Macroeconomic indicators

	2010	2011	2012	2013	2014
Real GDP growth	7.6	2.7	1.5	4.0	4.1
Inflation (CPI)	5.0	6.6	5.3	5.3	5.2
Fiscal balance (per cent of GDP)	-2.5	-2.6	-2.2	-1.7	-2.0
Current account balance (per cent of GDP)	-2.2	-2.1	-2.5	-2.7	-2.8

Note: Real GDP growth and inflation are defined in percentage change from the previous period.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745344>

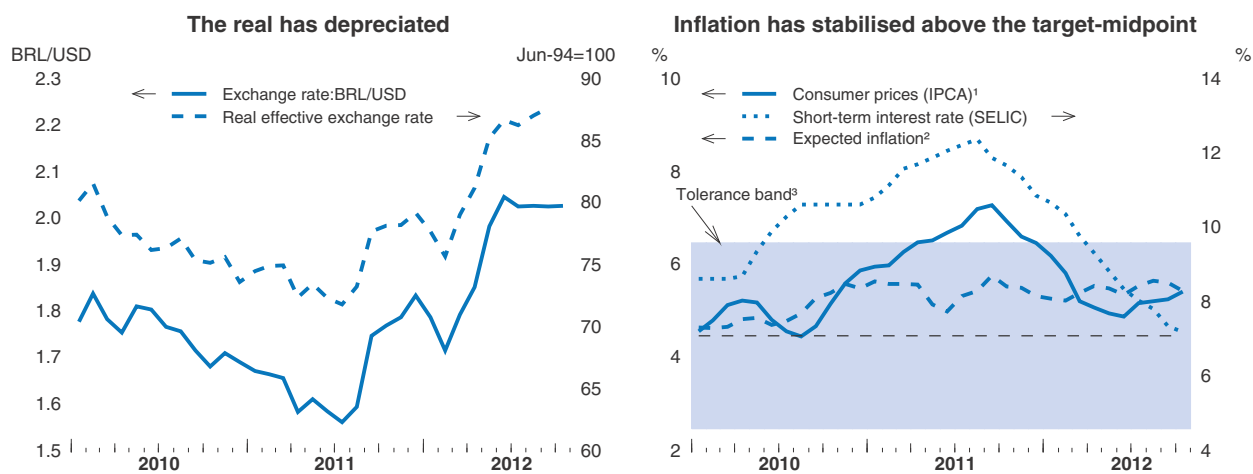
Fiscal policy is supporting growth in the short and long term...

Fiscal policy has supported the recovery by providing tax relief on payroll taxes and selected indirect taxes. The government's determination to contain wage costs and some progress in pension reform will improve fiscal prospects, and the primary fiscal balance target is consistent with a reduction in public debt. The timely fiscal stimulus earlier in the year may, however, present a challenge for meeting the 2012 primary fiscal balance target, given revenue and spending patterns in the first half of 2012.

... and reforms on the supply side will improve productivity

A number of supply-side reforms will improve productivity and competitiveness, as will the depreciated *real*. Electricity costs will fall as a result of lower taxes and price revisions in concession contracts coming up for renewal. A new agenda of infrastructure investment, involving greater private sector participation, will foster urgently needed improvements in roads, rail and airports. Incentives to work will be

Brazil



1. Year-on-year growth.

2. 12-months ahead.

3. The inflation target is met whenever the accumulated inflation during the period January-December of each year falls within the tolerance band.

Source: Central Bank of Brazil, IBGE.

StatLink  <http://dx.doi.org/10.1787/888932743919>

Brazil: External indicators

	2010	2011	2012	2013	2014
\$ billion					
Goods and services exports	233.2	294.4	289.9	309	344
Goods and services imports	255.3	312.5	320.7	341	380
Foreign balance	- 22.1	- 18.1	- 30.8	- 32	- 36
Invisibles, net	- 25.2	- 34.4	- 26.6	- 32	- 35
Current account balance	- 47.3	- 52.5	- 57.4	- 64	- 72
Percentage changes					
Goods and services export volumes	11.5	4.5	0.7	6.1	8.0
Goods and services import volumes	35.9	10.0	4.0	6.9	8.3
Terms of trade	12.9	8.5	- 1.0	1.1	0.0

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745363>

strengthened by incipient reform progress in the areas of pensions and unemployment benefits, while measures to deepen financial markets are expected to improve firms' access to finance. Recent increases in tariff protection on over 100 items are meant to give temporary support to industries facing difficult times, but to the extent that they distort necessary structural adjustments of the economy, they can hamper long-term productivity growth.

Growth will remain close to trend levels...

GDP growth is projected to remain close to trend over the projection period, with the weak external outlook being the main obstacle to faster growth. Both structural improvements on the supply side and increased demand related to international sports events (FIFA World Cup and Olympic Games) will sustain strong investment growth for the next couple of years. Private consumption will remain solid as the labour market remains tight and wages increase at a fast pace. Inflation is projected to remain within the target range, while fiscal policy will continue to be guided by the government's primary surplus target. Although export growth is expected to rise, its contribution to GDP growth will be offset by parallel fast-growing import demand. The current account balance is projected to decrease slightly, but this can be easily financed by capital inflows, including foreign direct investment.

... while risks are broadly balanced

Both investment and export performance could turn out stronger than expected if the competitiveness of Brazilian firms is improved through further progress in structural reform. A global increase in risk aversion could potentially disrupt capital inflows, although substantial foreign currency reserves would cushion the economy from any immediate effects.

CHINA

Growth fell to an estimated 7½ per cent in 2012 – the lowest rate for over a decade. This reflects weak export market growth and the effect on domestic demand of government measures to cool inflationary pressures. This objective has now been achieved, including for property prices, and the authorities have started to ease the stance of macroeconomic policy. Going forward, the economy will still face external headwinds, but housing and infrastructure outlays are likely to revert to their longer-term trend. With domestic demand gathering renewed momentum, the current account surplus is set to shrink to 2¼ per cent of GDP by 2014, compared with the peak of 10% in 2007.

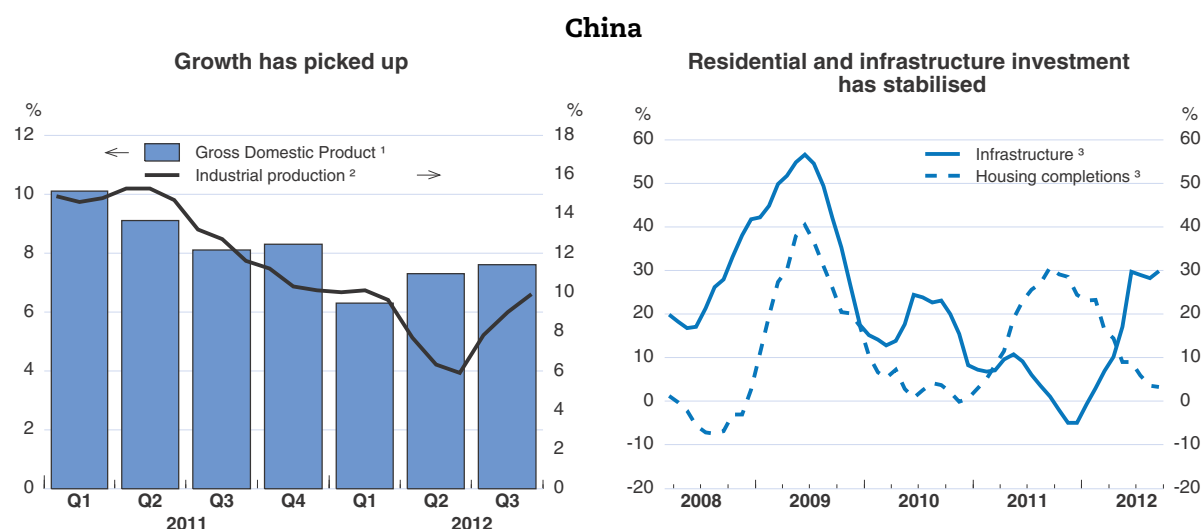
As growth picks up, the pace of public spending should be reined in but its re-orientation towards social services should continue. If economic prospects were to unexpectedly worsen, however, there would be room for monetary and fiscal stimulus. On the financial side, further interest rate deregulation and greater freedom for long-term capital movement would support growth.

Economic activity has slowed...

Economic activity has fallen to about 1% below its potential level, but the growth of real GDP likely troughed in early 2012. The quarterly growth rate inched up in both the second and third quarter thanks to a turnaround in the growth of domestic demand. This slight pick-up reflected a stabilisation in the growth of residential investment as social housing projects got underway, and an acceleration in infrastructure investment as work started on many projects authorised under the 12th Five-Year Plan. The unemployment rate in urban areas remains high, with the rapidly increasing number of college graduates struggling to find jobs, but demand for workers from the countryside remains strong and their wages are rising substantially.

... and inflation has declined rapidly

The government has achieved its objective of markedly reducing inflation and stabilising property prices. Consumer price inflation dropped by



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. Measured as the six-month change in a six-month moving average expressed at an annual rate.

Source: CEIC, OECD estimates for quarterly GDP growth.

StatLink <http://dx.doi.org/10.1787/888932743938>

China: **Macroeconomic indicators**

	2010	2011	2012	2013	2014
Real GDP growth	10.4	9.3	7.5	8.5	8.9
GDP deflator (per cent change)	6.6	7.8	1.5	2.4	1.5
Consumer price index (per cent change)	3.2	5.5	2.6	1.5	1.4
Fiscal balance (per cent of GDP) ¹	-0.7	0.1	-2.0	-2.2	-1.7
Current account balance (per cent of GDP)	4.0	2.8	2.9	2.9	2.2

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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745306>

over four percentage points in the year to September 2012, to under 2%. Disinflation was aided by a substantial drop in the prices of imported commodities. At the same time, restrictions on mortgage financing have stabilised the price of existing homes, though there have been signs of prices edging up in recent months as first-time buyers returned to the market.

Some rebalancing of the economy has occurred

Wages have slowed less than prices. The resulting increases in real household income in both rural and urban areas has boosted retail sales in the first three quarters of the year. As a result, and for the first time in about a decade, consumption is set to contribute more to growth this year than capital formation. In addition, the contribution of exports to the growth of demand eased substantially. However, with the improvement in the terms of trade, there has been an interruption in the decline of the current account surplus in the first three quarters of the year.

The macroeconomic policy stance has been eased

Since the beginning of 2012, the central bank has lowered the regulated bank lending rate twice by just over 50 basis points, to 6%, with



1. Deflated with the consumer price index, year-over-year growth rate.

2. Year-over-year growth rate.

Source: CEIC.

StatLink  <http://dx.doi.org/10.1787/888932743957>

China: **External indicators**

	2010	2011	2012	2013	2014
\$ billion					
Goods and services exports	1 743.6	2 086.6	2 248.6	2 508	2 809
Goods and services imports	1 520.6	1 898.4	2 018.9	2 269	2 615
Foreign balance	223.0	188.2	229.7	239	195
Net investment income and transfers	14.7	13.6	8.0	26	26
Current account balance	237.7	201.8	237.7	265	220
Percentage changes					
Goods and services export volumes	27.6	8.9	5.5	9.9	10.9
Goods and services import volumes	20.6	9.7	6.4	9.9	12.9
Export performance ¹	12.9	2.6	2.3	5.0	3.8
Terms of trade	- 9.5	- 3.4	2.2	- 0.8	- 1.0

1. Ratio between export volume and export market of total goods and services.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745325>

a similar cut in deposit rates. It has also supplied considerable liquidity to the market so that short-term interbank rates have fallen far more than regulated rates. These actions have boosted the growth of the money stock and bank lending. In addition, fiscal policy has become easier. Income tax thresholds were lowered in late 2011 while the growth of real expenditures has been maintained with a growing emphasis on social spending.

A recovery is likely...

The easing of the macroeconomic policy stance from around mid-2012, including the central government's encouragement to frontload infrastructure spending, is set to support near-term growth. The underlying expansion in the demand for housing is beginning to show through again and banks have been asked to lower interest rates for first-time buyers. At the same time, outlays under the government's social housing programme have been growing. The pick-up in business investment also seems likely to continue as market interest rates fall and credit availability improves. However by past standards, export growth is set to remain subdued. As a result, the upswing may be moderately-paced by China's past standards, with growth not exceeding 9% during the next two years. Inflation seems likely to ease back further given persistent slack, though there is considerable uncertainty about the pace at which capacity is expanding.

... but risks remain

On the domestic side, policy measures designed to cool property prices have succeeded but no steps have been taken to increase the supply of building land. Hence, prices might accelerate again, prompting new measures to contain demand that would weaken the recovery. Besides, inventory levels have been rising, bringing the risk of destocking if falling profitability puts pressure on companies to raise cash. On the external side, a weaker-than-expected recovery in OECD economies would adversely affect growth in China.

INDIA

The economy has experienced a broad-based slowdown and growth is expected to remain weak for some time. The current account deficit has narrowed as imports have softened on account of cooling domestic demand and a weaker rupee. Inflation has temporarily been pushed up by hikes in regulated petroleum prices but is expected to decline as spare capacity mounts. This will create room for easing monetary policy, which has been hindered by persistently high inflation and a widening fiscal deficit.

Recent moves to liberalise foreign direct investment in some sectors, including retail and aviation, have boosted business sentiment somewhat and will promote higher investment and productivity over the medium term. The fiscal position has weakened as tax revenues have been hit by the slowdown and spending has overshot. Spending restraint is needed to ensure that fiscal slippage is limited and confidence does not suffer further on account of policy uncertainty.

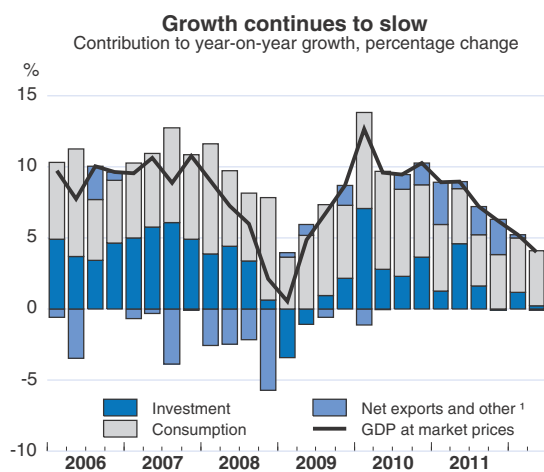
The economy has slowed markedly...

Growth has been below trend for some time. Business investment is subdued and industrial production weak, with sentiment suffering from policy uncertainty. The slowdown has recently broadened with private consumption easing and exports softening on account of deteriorating external conditions. Cooling domestic demand and a weak rupee have reduced imports, narrowing the current account deficit.

... while headline inflation has remained high

Despite the slowdown, headline inflation remains high, especially as measured by consumer prices, with the new national CPI up 9.8% year-on-year in October. At the same time, wholesale price inflation was running at 7½ per cent year-on-year, well above the target range of the Reserve Bank of India (RBI). Recent high inflation partly reflects a hike in regulated diesel prices in September which was necessary to reduce subsidies and

India



1. Other includes statistical discrepancy, stocks and valuables.
Source: CEIC.

India: **Macroeconomic indicators**

	2010	2011	2012	2013	2014
Real GDP growth ¹	9.6	6.9	4.4	6.5	7.1
Inflation ²	8.5	8.0	8.2	7.0	6.2
Consumer price index ³	10.4	8.4	10.0	7.7	6.6
Wholesale price index (WPI) ⁴	9.6	8.9	7.6	6.7	6.1
Short-term interest rate ⁵	6.0	8.1	7.9	6.6	6.0
Long-term interest rate ⁶	7.9	8.4	8.3	8.0	7.9
Fiscal balance (per cent of GDP) ⁷	-6.9	-8.2	-8.5	-8.1	-7.5
Current account balance (per cent of GDP)	-2.7	-4.2	-3.2	-3.1	-3.2
<i>Memorandum: calendar year basis</i>					
Real GDP growth	10.5	7.8	4.5	5.9	7.0
Fiscal balance (per cent of GDP) ⁷	-7.4	-7.9	-8.4	-8.3	-7.6

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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745420>

financial losses of state-owned oil marketing companies. However, underlying pressures may be less severe, with non-food manufacturing prices slowing.

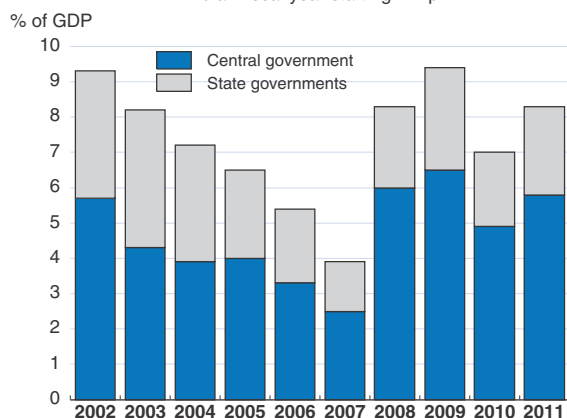
Government finances have weakened

For the 2012-13 fiscal year, spending on subsidies is anticipated to significantly exceed the budget allocation while tax receipts and revenue from asset sales will fall short owing to the economic weakness. As a result, the general government deficit is expected to widen to around 8½ per cent of GDP.

India

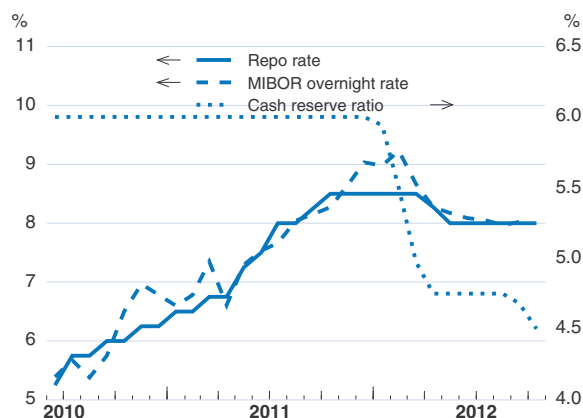
The general government fiscal deficit is high

Indian fiscal year starting in April



Source: CEIC.

Financial conditions are turning more supportive



StatLink  <http://dx.doi.org/10.1787/888932744014>

India: **External indicators**

	2010	2011	2012	2013	2014
\$ billion					
Goods and services exports	384.6	455.5	451.8	514	590
Goods and services imports	454.5	552.8	539.8	610	700
Foreign balance	- 69.8	- 97.3	- 88.0	- 97	- 110
Net investment income and transfers	23.8	19.3	29.3	32	35
Current account balance	- 46.1	- 78.0	- 58.7	- 65	- 75
Percentage changes					
Goods and services export volumes	22.7	15.3	6.8	8.2	9.5
Goods and services import volumes	15.6	18.5	2.6	7.9	9.5
Export performance ¹	10.2	11.1	2.5	2.0	1.3

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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745439>

Financial conditions have improved a little recently

Stubbornly high inflation has limited the room for monetary policy easing. After cutting the repo rate earlier in the year the RBI has kept it relatively high at 8%. However, the cash reserve ratio was lowered again in September, by 25 basis points, bringing total reductions this year to 1.5 percentage points. This has eased liquidity pressures and reduced interbank interest rates. The major commercial banks have cut lending costs marginally, but credit growth remains subdued. Equity prices and sentiment have been buoyed somewhat by recent moves to liberalise foreign direct investment in aviation, retail and other sectors and by announcements that barriers will be reduced in other areas.

Headline inflation is expected to moderate...

With growth expected to remain modest in the near term, spare capacity will mount. This, together with an assumed stabilisation in the exchange rate, will continue to exert a downward force on inflationary pressures. This will help ensure that the knock-on effects of higher regulated diesel prices are limited and that inflation slowly moderates into next year and beyond.

... and growth begin to pick up slowly

Normalisation of agricultural production following this summer's below-average monsoon will boost growth towards the end of 2012 and into 2013. Investment is also expected to pick up in response to a further improvement in financial conditions, including an easing in monetary policy made possible by cooling inflation. This will be supported by a boost in business confidence from the recent structural policy reforms. However, investment intention indicators suggest that this recovery will occur only gradually. Exports will also begin to accelerate as conditions in the global economy improve and external demand strengthens. This will help ensure that the current account deficit stabilises at a little over 3% of GDP next year.

*Policy uncertainty remains
a key risk*

Further fiscal slippage would undermine the recovery by limiting the scope for monetary easing and weighing on sentiment. Alternatively, if spending can be brought under control and the deficit reined in faster, sentiment is likely to strengthen more, which would buoy investment and consumption. This would also be achieved if other important policy changes, notably further foreign direct investment liberalisation and tax reform, were implemented without delay.

INDONESIA

Domestic spending has remained solid, but demand from key trading partners has been slowing sharply. Output is nevertheless expected to grow at close to trend rates over the projection period, held up by domestic demand. An intended hike in the price of electricity next year will drive inflation up temporarily. However, tight labour markets and large minimum wage rises will exert more fundamental pressures.

The central bank needs to further tighten monetary policy to keep inflation under control. However, if the economy unexpectedly deteriorates, the authorities have the room to increase monetary and fiscal support. Lowering energy subsidies would create additional fiscal space to finance key development programmes. Continued commitment to free trade and investment will boost investor confidence and reduce vulnerability to any rapid reversal in capital inflows.

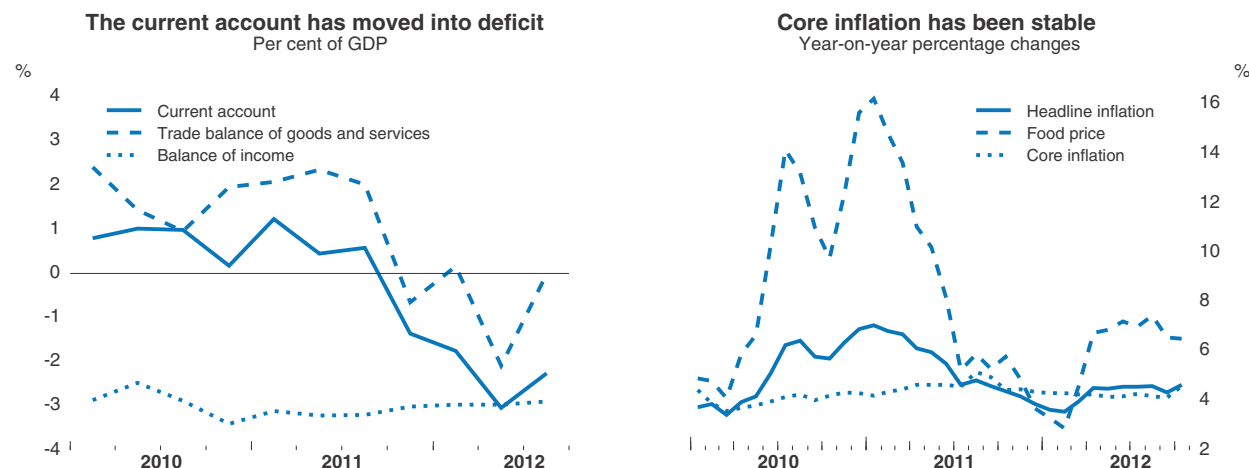
Domestic demand has been buoyant

The economy has continued to grow at a rapid pace, despite signs of slowing elsewhere in Asia. Household consumption has been accelerating, and investment has been spurred by large infrastructure programmes. However, exports have slowed sharply, reflecting falling global commodity prices and volumes. In part, this was the result of recent changes in tax and regulatory policies that aimed at ensuring more commodity revenue stays in Indonesia. The current account has moved into deficit. But despite a weakening currency, foreign direct investment into Indonesia has continued to expand rapidly.

Fiscal policy is accommodative

In the 2013 Budget, the authorities plan to continue to support the economy through tax cuts. Despite some improvement in tax collection, the fiscal deficit is expected to worsen, though remaining near the 2% of GDP outcome of 2011. Energy subsidies are expected to absorb about one-fourth of central government spending in 2013. The government has the leeway to reduce these subsidies in 2013 even without Parliament's

Indonesia



Source: Statistics Indonesia (BPS), OECD Economic Outlook 92 database.

StatLink <http://dx.doi.org/10.1787/888932743976>

Indonesia: **Macroeconomic indicators**

	2010	2011	2012	2013	2014
Real GDP growth	6.2	6.5	6.2	6.3	6.5
Inflation (CPI), period average	5.1	5.4	4.3	4.9	5.5
Fiscal balance (per cent of GDP)	-0.7	-1.1	-2.0	-1.8	-1.6
Current account balance (\$ billion)	5.1	1.7	-22.0	-30.5	-33.7
Current account balance (per cent of GDP)	0.7	0.2	-2.5	-3.2	-3.1

Note: Real GDP growth and inflation are defined in percentage change from the previous period.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745458>

approval. Reallocating these budgetary resources would help to finance programmes in key development.

Monetary policy has tightened

Headline inflation has followed developments in food prices, but there has been little apparent impact from the currency depreciation. Looking forward, tight labour markets and a sharp rise in the minimum wage in some provinces will drive inflation back up somewhat. A 15% increase in electricity tariffs in 2013 will also have a significant, though temporary, impact. Bank Indonesia has been tightening monetary policy indirectly by increasing the lower end of the trading band for interbank interest rates. It also strengthened regulations on lending and banned the use of unsecured loans for down payments for housing and vehicles. However, its inflation-fighting credentials may have been harmed by its decision to raise the inflation target for 2013 to 5%. Increases in the policy rate itself would signal to markets that controlling inflation remains the central bank's primary objective.

Growth will remain strong

Robust investment and consumption are projected to be the main drivers of growth. Inflation is projected to edge up, although it should remain near the official target. The current account is likely to remain in deficit and may even deteriorate somewhat.

The main risks are external

The country remains vulnerable to a change in global risk appetite that could reverse capital inflows. On the other hand, recent regulatory changes have eased constraints on infrastructure developments and may result in faster project implementation than currently envisaged.

RUSSIAN FEDERATION

Following a soft patch in the second half of 2012, growth is projected to pick up again to around 4% in 2013 and 2014, underpinned by increasing oil prices and easing headwinds from the euro area crisis. Gradual disinflation will continue after a temporary rebound of inflation due to the delayed increase of administrative prices and food price increases. The budget will be in surplus, but the non-oil deficit will remain substantial. The large current account surplus will diminish slowly.

Post-election budgetary spending pressures need to be contained. While the new fiscal rule will provide more stabilisation against fluctuations in oil revenues, a non-oil deficit rule would be a better anchor for a sound medium-term fiscal position. Monetary policy should target disinflation, while allowing the exchange rate to fluctuate and absorb shocks. Improvements in corporate governance and the business environment are essential for boosting output and increasing potential growth.

The economy has slowed down

Growth slowed in 2012 due to the global economic weakening, political uncertainty surrounding the elections, a bad harvest and the continuation of the euro area crisis. On the other hand, moderation in capital outflows suggests solid investor confidence in the domestic growth outlook and policy framework.

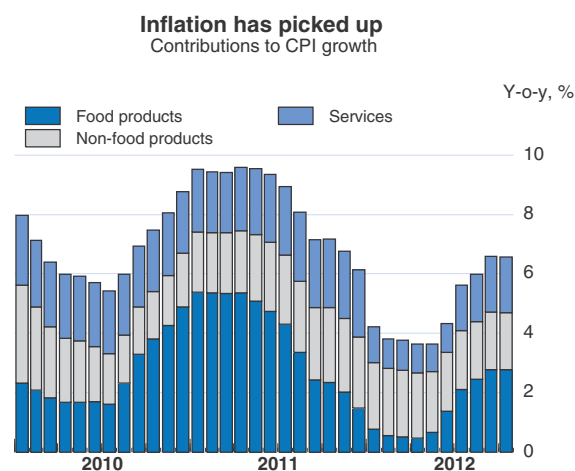
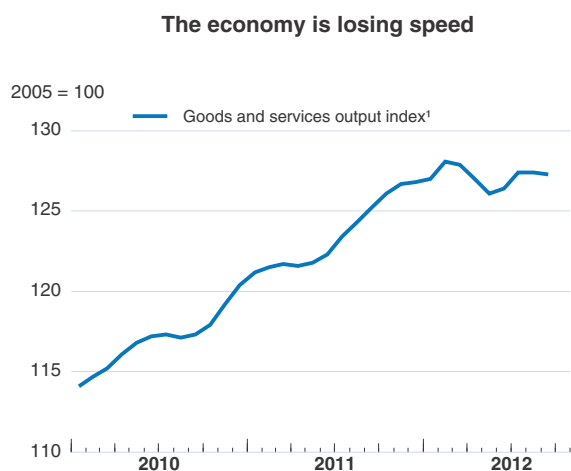
Consumption has been sustained by job gains and credit growth

Domestic demand has weakened but continues to provide the basis for growth. Consumption is supported by a strengthening labour market, as the unemployment rate has reached a pre-crisis low and employment exceeds its pre-crisis peak. Further gains will be more modest, but real wages are likely to grow fast. Rapid consumer credit growth led to fears of overheating, but seems to have eased more recently.

Inflation has picked up

After falling to a post-Soviet era low, inflation picked up sharply in the middle of the year, driven by a delayed increase of administrative

Russian Federation



1. Seasonally adjusted, 3-month moving average.
Source: OECD calculations and estimates based on Rosstat.

StatLink  <http://dx.doi.org/10.1787/888932744033>

Russian Federation: **Macroeconomic indicators**

	2010	2011	2012	2013	2014
Real GDP growth	4.3	4.3	3.4	3.8	4.1
Inflation (CPI), period average	6.9	8.4	5.0	6.4	4.3
Fiscal balance (per cent of GDP) ¹	-3.5	1.6	0.5	0.1	0.0
Current account balance (per cent of GDP)	4.8	5.3	4.6	2.7	1.8

1. Consolidated budget.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745382>

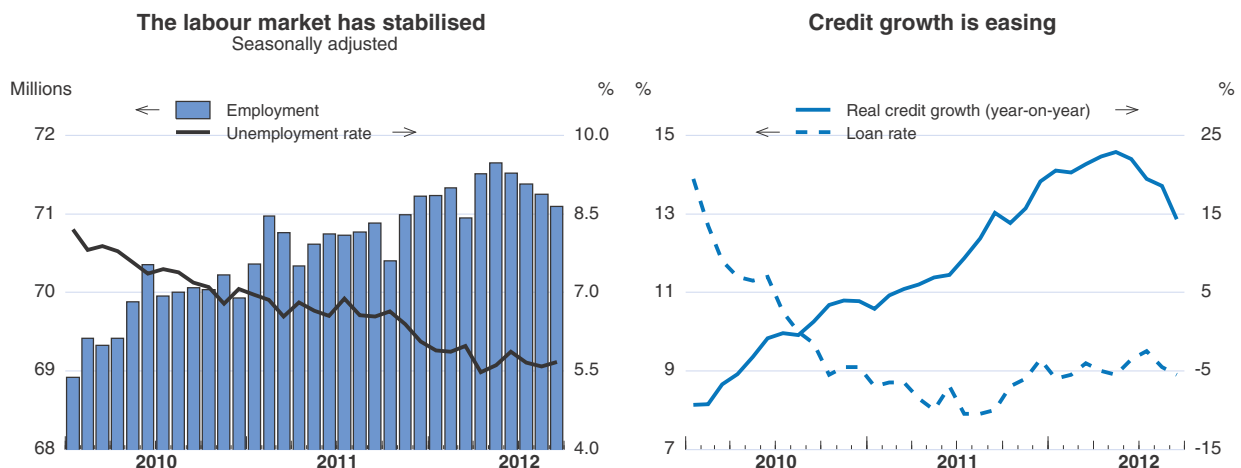
prices and food price increases connected with the poor harvest. While these supply factors will make the largest contribution to overshooting the central bank inflation target in 2012, core inflation has also risen, suggesting significant second-round effects.

Monetary policy needs to react to price pressures

In response to inflation pressures and rapid credit growth, the central bank increased its policy rates by 25 basis points in September, and more tightening will probably be required in 2013 to gain credibility in the run-up to the introduction of a more formal inflation targeting framework. Prudential policy tools, such as ceilings on the loan-to-value ratio might also be considered for containing the growth of credit to households. Increasing exchange rate flexibility further would provide better external shock absorption, and narrowing the corridor between the central bank lending and borrowing rates would help to better regulate liquidity in the banking system.

Uncertainties about fiscal policy should be clarified

High oil and gas prices yielded a budget surplus in 2011, but increasing non-oil deficits imply fiscal loosening in 2012. The 2013 draft

Russian Federation

Source: OECD calculations and estimates based on Rosstat.

StatLink  <http://dx.doi.org/10.1787/888932744052>

Russian Federation: **External indicators**

	2010	2011	2012	2013	2014
\$ billion					
Goods and services exports	445.3	576.3	602.0	607	640
Goods and services imports	322.0	414.0	442.7	486	536
Foreign balance	123.3	162.4	159.4	121	104
Invisibles, net	- 52.2	- 63.5	- 68.6	- 64	- 62
Current account balance	71.1	98.8	90.7	57	42
Percentage changes					
Goods and services export volumes	7.0	0.4	- 0.7	2.0	3.4
Goods and services import volumes	25.8	20.3	6.7	11.1	9.4
Terms of trade	19.2	20.8	4.8	0.1	1.1

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745401>

Budget incorporates a new fiscal rule that limits the use of oil revenues to that calculated at the reference price of \$91 per barrel. While the rule will provide some stabilisation against the fluctuation in oil revenues and reduce the risk that spending will fuel overheating, a non-oil deficit rule would be a better anchor for a sound medium-term fiscal position and intergenerational equity. In line with the draft Budget, it is projected that partial implementation of electoral promises will not lead to an additional pro-cyclical fiscal stimulus. Increasing the retirement age and phasing out early retirement options would help to secure long-term sustainability of public finances, and a decision about such reform is long awaited.

Growth will accelerate

Growth is projected to accelerate in 2013 and 2014 as the headwinds from the euro area crisis ease. As domestic demand outpaces output, the current account surplus will diminish slowly. Inflation will fall gradually towards the central bank's policy objective of 4-5% in 2014. Improvements in corporate governance and the business environment are essential to increase potential growth both within and outside the extraction sectors.

The oil price is the main risk factor

The further intensification of the euro area crisis, substantial weakening of the world economy and rising petroleum supply (from US shale, for example) could lead to downward pressure on oil and gas prices. This would hurt exports and budget revenues, as well as investment in new extraction projects. The impact would spill over into other sectors of the economy through reduced incomes. A sudden deterioration in financial market sentiment and global flight to quality could lead to much larger capital outflows, tightening financial conditions in Russia. On the other hand, it is uncertain how electoral spending promises that amounted to a cumulative 6% of GDP by 2018 will be actually implemented, but they might contribute to overheating.

SOUTH AFRICA

The anticipated acceleration in growth has been delayed by the global slowdown and a wave of strikes. Growth is expected to be 2.6% in 2012, below potential, but is projected to pick up to 3.3% in 2013 and 4% in 2014. Core inflation will be contained by the large degree of slack in the economy, although recent food price increases are expected to fuel a temporary rise in headline inflation. Weak export volumes and the worsening terms of trade have widened the current account deficit this year and will take it to around 6% of GDP in 2013-14.

The government should continue to reduce the structural budget deficit, but allow automatic stabilisers to work in the event of slower-than-expected growth. Monetary policy should be used to provide short-term stimulus; there is scope for further easing while staying within the inflation target band. A combination of competition-friendly product market reforms, better education and training and active labour market policies is needed to raise employment durably.

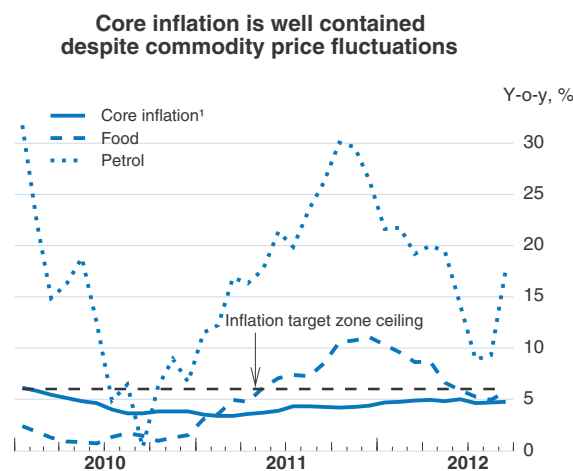
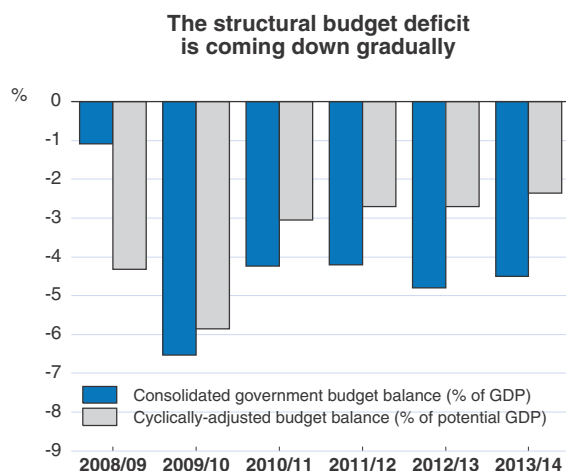
The recovery remains sluggish

Economic activity has continued to disappoint, with output growth below potential for a fifth consecutive year in 2012. The recovery has been held back by private sector deleveraging, as household debt-to-income ratios remain high while business and consumer confidence are weak, and the slow growth of external demand. In addition, a wave of wildcat strikes that began in the mining sector in the third quarter of 2012 and subsequently spread appears to have had significant output costs.

Core inflation is under control, but the external deficit is rising

Headline inflation has been influenced by swings in international food and fuel prices, but core inflation has stayed close to the middle of the inflation target range. The pace of wage settlements has been gradually easing, at least until the outbreak of the wildcat mining strikes, when some large increases were granted to settle disputes. The global

South Africa



1. CPI excluding food and non-alcoholic beverages and petrol.

Note: Fiscal year (1 April-31 March) for government budget data.

Source: OECD estimates and projections, Statistics South Africa and National Treasury.

StatLink <http://dx.doi.org/10.1787/888932744071>

South Africa: **Macroeconomic indicators**

	2010	2011	2012	2013	2014
Real GDP growth	2.9	3.1	2.6	3.3	4.0
Inflation	4.3	5.0	5.6	5.4	5.0
Fiscal balance (per cent of GDP)	-6.0	-5.2	-5.0	-4.7	-4.0
Current account balance (\$ billion)	-10.2	-13.6	-22.2	-23.8	-26.5
Current account balance (per cent of GDP)	-2.8	-3.3	-5.7	-6.1	-6.2

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932745477>

slowdown has both undermined export volume growth and driven a softening of South Africa's key export commodity prices, resulting in a re-emergence of large current account deficits.

Subdued inflation pressure suggests room for monetary easing

In a normal recovery, private spending, especially on investment, would be rising strongly at this stage, but fears about global economic weakness and its implications for South Africa have undermined confidence. Scope for fiscal stimulus is limited, with a still-large structural budget deficit. Indeed, the gradual consolidation of the fiscal position needs to continue, although automatic stabilisers should be allowed to play if growth is slower than expected. As to monetary policy, although the large wage increases seen in some mining sector strike settlements are likely to put some near-term upward pressure on wage demands in other sectors, there is still margin to cut interest rates, as economic slack should restrain core inflation.

Growth is expected to be near potential in 2013-14

Output growth is projected to strengthen over the next two years, although not by enough to generate inflationary pressures. Inflation is projected to decline gradually, although recent rises in international food prices will cause a near-term pick-up. The current account deficit will be around 6 per cent of GDP, with exports and imports both growing slowly in 2013 before picking up more strongly in 2014.

External and domestic downside risks predominate

A worsening of the international economic environment would weaken export demand, domestic confidence and probably global commodity prices. It could also be disruptive for capital inflows, though this at least would weaken the rand and thereby contain external imbalances. If the recent wave of wildcat strikes revives and political uncertainty increases, outcomes for both output and inflation would probably be worse in 2013.

Special chapters in recent issues of OECD Economic Outlook

No 91, May 2012

Medium and long-term scenarios for global growth and imbalances

No. 89, May 2011

Medium and long-term developments: challenges and risks

Persistence of high unemployment: what risks? what policies?

Getting the most out of international capital flows

OECD at 50 - Evolving paradigms in economic policy making

No. 88, November 2010

Fiscal Consolidation: requirements, timing, instruments and institutional arrangements

No. 87, June 2010

Prospects for growth and imbalances beyond the short term

Return to work after the crisis

Counter-cyclical economic policy

No. 86, November 2009

The automobile industry in and beyond the crisis

No. 85, June 2009

Beyond the crisis: medium-term challenges relating to potential output unemployment and fiscal positions

No. 84, December 2008

Responses to inflation shocks: Do G7 countries behave differently?

No. 83, June 2008

The implication of supply-side uncertainties for economic policy

No. 82, December 2007

Corporate saving and investment: recent trends and prospects

No. 81, June 2007

Making the most of globalisation

Fiscal consolidation: lessons from past experiences

No. 80, December 2006

Has the rise in debt made households more vulnerable?

No. 79, June 2006

Future budget pressures arising from spending on health and long-term care

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 2012 to 2014 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 November 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	12.9	3.5	2.1
Belgium	3.6	1.0	0.6	Sweden		0.9	0.5
Canada		3.3	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		34.5	20.5
Estonia	0.2	0.1	0.0	Euro area	100.0	27.1	16.1
Finland	1.7	0.5	0.3	OECD total		100.0	59.4
France	19.5	5.3	3.1				
Germany	27.1	7.3	4.4			Non-OECD	World
Greece	2.8	0.7	0.4				
Hungary		0.5	0.3	Argentina		2.2	0.9
Iceland		0.0	0.0	Brazil		7.6	3.1
Ireland	1.6	0.4	0.3	China		35.2	14.3
Israel		0.5	0.3	Indonesia		3.6	1.5
Italy	17.0	4.6	2.7	India		14.2	5.8
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	3.7
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 92 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 (1959q3-2012q2)	SNA08 (1959q3-2012q2)	SNA08 (1959q3-2012q2)	2009/2010
Austria	ESA95 (1988q1-2012q2)	ESA95 (1995-2011)	ESA95 (1976-2011)	2005
Belgium	ESA95 (1995q1-2012q2)	ESA95 (1995-2011)	ESA95 (1985-2011)	2010
Canada	SNA08 (1961q1-2012q2)	SNA08 (1961q1-2012q2)	SNA08 (1961q1-2012q2)	2007
Chile	SNA93 (2003q1-2012q2)	..	..	2008
Czech Republic	ESA95 (1995q1-2012q2)	ESA95 (1993-2011)	ESA95 (1995-2011)	2005
Denmark	ESA95 (1990q1-2012q2)	ESA95 (1990-2011)	ESA95 (1990-2011)	2005
Estonia	ESA95 (1995q1-2012q2)	ESA95 (1995-2011)	ESA95 (1995-2011)	2005
Finland	ESA95 (1990q1-2012q2)	ESA95 (1975-2011)	ESA95 (1975-2011)	2000
France	ESA95 (1949q1-2012q2)	ESA95 (1978q1-2012q2)	ESA95 (1978-2011)	2005
Germany	ESA95 (1991q1-2012q2)	ESA95 (1991-2011)	ESA95 (1991-2011)	2005
Greece	ESA95 (2000-2011)	..	ESA95 (2000-2011)	2005
Hungary	ESA95 (1995q1-2012q2)	ESA95 (1995-2011)	ESA95 (1995-2011)	2005
Iceland	SNA93 (1997q1-2012q2)	..	SNA93 (1995-2011)	2005
Ireland	ESA95 (1997q1-2012q2)	ESA95 (2002-2011)	ESA95 (1990-2011)	2010
Israel	ESA95 (1995q1-2012q2)	..	ESA95 (1990-2011)	2005
Italy	ESA95 (1991q1-2012q2)	ESA95 (1990-2011)	ESA95 (1980-2011)	2005
Japan	SNA93 (1994q1-2012q3)	SNA93 (1980-2010)	SNA93 (1980-2010)	2005
Korea	SNA93 (1970q1-2012q3)	SNA93 (1975-2011)	SNA93 (1975-2011)	2005
Luxembourg	ESA95 (1995q1-2012q2)	..	ESA95 (1990-2011)	2005
Mexico	SNA93 (1993q1-2012q2)	..	..	2003
Netherlands	ESA95 (1987q1-2012q3)	ESA95 (1990-2011)	ESA95 (1969-2011)	2005
New Zealand	SNA93 (1987q4-2012q2)	..	SNA93 (1986-2009)	1995/1996
Norway	SNA93 (1978q1-2012q2)	SNA93 (1978-2011)	SNA93 (1995-2011)	2009
Poland	ESA95 (1995q1-2012q2)	ESA95 (1995-2011)	ESA95 (1995-2011)	2005
Portugal	ESA95 (1995q1-2012q2)	ESA95 (1999-2011)	ESA95 (1995-2011)	2006
Slovak Republic	ESA95 (1997q1-2012q2)	ESA95 (1995-2011)	ESA95 (1995-2011)	2005
Slovenia	ESA95 (1995q1-2012q2)	ESA95 (2000-2011)	ESA95 (1995-2011)	2000
Spain	ESA95 (2000q1-2012q2)	ESA95 (2000-2011)	ESA95 (1995-2011)	2008
Sweden	ESA95 (1993q1-2012q2)	ESA95 (1993q1-2012q2)	ESA95 (1993-2011)	2011
Switzerland	SNA93 (1980q1-2012q2)	SNA93 (1990-2010)	SNA93 (1990-2011)	2005
Turkey	SNA93 (1998q1-2012q2)	..	..	1998
United Kingdom	ESA95 (1955q1-2012q2)	ESA95 (1987q1-2012q2)	ESA95 (1987q1-2012q2)	2009
United States	NIPA (SNA93) (1947q1-2012q3)	NIPA (SNA93) (1947q1-2012q3)	NIPA (SNA93) (1947q1-2012q3)	2005

Note: SNA: System of National Accounts. ESA: European Standardised Accounts. NIPA: National Income and Product Accounts. The numbers in brackets indicate the starting year for the time series and the latest available historical data included in this Outlook database.

Annex Tables

Demand and Output

1. Real GDP	207
2. Nominal GDP	208
3. Real private consumption expenditure	209
4. Real public consumption expenditure	210
5. Real total gross fixed capital formation	211
6. Real gross private non-residential fixed capital formation	212
7. Real gross residential fixed capital formation	213
8. Real total domestic demand	214
9. Foreign balance contributions to changes in real GDP	215
10. Output gaps	216

Wages, Costs, Unemployment and Inflation

11. Compensation per employee in the total economy	217
12. Labour productivity in the total economy	218
13. Unemployment rates: commonly used definitions	219
14. Harmonised unemployment rates	220
15. Labour force, employment and unemployment	221
16. GDP deflators	222
17. Private consumption deflators	223
18. Consumer price indices	224
19. Oil and other primary commodity markets	225

Key Supply-Side data

20. Employment and labour force	226
21. Potential GDP and productive capital stock	227
22. Structural unemployment and unit labour costs	228

Saving

23. Household saving rates	229
24. Gross national saving	230

Fiscal Balances and Public Indebteness

25. General government total outlays	231
26. General government total tax and non-tax receipts	232
27. General government financial balances	233
28. General government cyclically-adjusted balances	234
29. General government underlying balances	235
30. General government underlying primary balances	236
31. General government net debt interest payments	237
32. General government gross financial liabilities	238
33. General government net financial liabilities	239

Interest Rates and Exchange Rates

34. Short-term interest rates	240
35. Long-term interest rates	241
36. Nominal exchange rates (vis-à-vis the US dollar)	242
37. Effective exchange rates	243

External Trade and Payments

38. Export volumes of goods and services	244
39. Import volumes of goods and services	245
40. Export prices of goods and services	246
41. Import prices of goods and services	247
42. Competitive positions: relative consumer prices	248
43. Competitive positions: relative unit labour costs	249
44. Export performance for total goods and services	250
45. Shares in world exports and imports	251
46. Geographical structure of world trade growth	252
47. Trade balances for goods and services	253
48. Investment income, net	254
49. Total transfers, net	255
50. Current account balances	256
51. Current account balances as a percentage of GDP	257
52. Structure of current account balances of major world regions	258
53. Export market growth in goods and services	259
54. Import penetration	260

Other background Data

55. Quarterly demand and output projections	261
56. Quarterly price, cost and unemployment projections	263
57. Contributions to changes in real GDP in OECD countries	264
58. Household wealth and indebtedness	266
59. House prices	267
60. House price ratios	268
61. Maastricht definition of general government gross public debt	269
62. Macroeconomic indicators for selected non-member economies	270

Annex Table 1. **Real GDP**
Percentage change from previous year

	Average 1988-98	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Fourth quarter		
																		2012	2013	2014
Australia	3.3	4.1	3.1	2.8	3.8	3.4	3.8	3.3	2.6	4.9	2.2	1.5	2.4	2.3	3.7	3.0	3.2	3.4	3.2	3.2
Austria	2.8	3.6	3.6	1.0	1.6	0.9	2.3	2.7	3.6	3.7	1.1	-3.5	2.2	2.7	0.6	0.8	1.8	0.3	1.4	2.1
Belgium	2.2	3.5	3.7	0.8	1.4	0.8	3.2	1.8	2.7	2.9	1.0	-2.7	2.4	1.8	-0.1	0.5	1.6	-0.2	1.1	1.9
Canada	2.1	5.2	5.1	1.7	2.8	2.0	3.2	3.1	2.7	2.1	1.1	-2.8	3.2	2.6	2.0	1.8	2.4	1.5	2.2	2.5
Chile	..	-0.7	4.5	3.3	2.2	4.0	6.8	6.3	5.8	5.2	3.1	-0.9	6.1	5.9	5.2	4.6	5.4	5.0	4.8	5.7
Czech Republic	..	1.7	4.2	3.1	2.1	3.8	4.7	6.8	7.0	5.7	3.1	-4.5	2.5	1.9	-0.9	0.8	2.4	-1.1	1.7	2.7
Denmark	2.2	2.6	3.5	0.7	0.5	0.4	2.3	2.4	3.4	1.6	-0.8	-5.7	1.6	1.1	0.2	1.4	1.7	..	..	..
Estonia	..	-0.3	9.7	6.3	6.6	7.8	6.3	8.9	10.1	7.5	-4.2	-14.1	3.3	8.3	3.1	3.7	3.4	3.1	3.5	3.5
Finland	1.7	3.9	5.3	2.3	1.8	2.0	4.1	2.9	4.4	5.3	0.3	-8.5	3.3	2.7	0.7	1.1	2.2	1.3	0.6	3.2
France	2.0	3.2	3.8	1.8	0.9	0.9	2.3	1.8	2.6	2.2	-0.2	-3.1	1.6	1.7	0.2	0.3	1.3	0.0	0.7	1.6
Germany	2.4	1.7	3.3	1.6	0.0	-0.4	0.7	0.8	3.9	3.4	0.8	-5.1	4.0	3.1	0.9	0.6	1.9	0.8	1.2	2.1
Greece	..	3.4	4.5	4.2	3.4	5.9	4.4	2.3	5.5	3.5	-0.2	-3.1	-4.9	-7.1	-6.3	-4.5	-1.3	-4.8	-1.9	-0.7
Hungary	..	3.2	4.2	3.7	4.5	3.9	4.8	4.0	3.9	0.1	0.9	-6.8	1.3	1.6	-1.6	-0.1	1.2	-2.0	0.7	1.3
Iceland	1.8	4.1	4.3	3.9	0.1	2.4	7.8	7.2	4.7	6.0	1.2	-6.6	-4.0	2.6	2.5	2.7	2.7	3.2	-1.5	4.4
Ireland	6.7	11.0	10.7	5.3	5.7	3.9	4.4	5.9	5.4	5.4	-2.1	-5.5	-0.8	1.4	0.5	1.3	2.2	0.3	1.5	2.3
Israel	..	3.3	8.7	-0.2	-0.1	1.5	4.9	4.9	5.8	5.9	4.1	1.1	5.0	4.6	3.1	2.9	3.9	2.9	3.4	4.0
Italy	1.6	1.4	3.9	1.8	0.4	0.0	1.6	1.1	2.3	1.5	-1.2	-5.5	1.8	0.6	-2.2	-1.0	0.6	-2.3	-0.2	0.8
Japan	2.0	-0.2	2.3	0.4	0.3	1.7	2.4	1.3	1.7	2.2	-1.0	-5.5	4.5	-0.7	1.6	0.7	0.8	0.3	2.0	-0.1
Korea	6.2	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	2.2	3.1	4.4	2.1	3.8	4.8
Luxembourg	4.9	8.4	8.4	2.5	4.1	1.7	4.4	5.3	4.9	6.6	-0.8	-4.1	2.9	1.7	0.6	1.2	2.0	1.1	1.3	2.4
Mexico	3.5	3.6	6.0	-0.9	0.1	1.4	4.0	3.2	5.1	3.2	1.2	-6.0	5.6	3.9	3.8	3.3	3.6	3.1	3.8	3.5
Netherlands	3.2	4.6	4.0	2.0	0.1	0.3	2.0	2.2	3.5	3.9	1.8	-3.7	1.6	1.1	-0.9	0.2	1.5	-0.7	1.0	1.7
New Zealand	2.3	4.5	3.8	2.3	4.6	4.3	4.3	2.6	2.1	3.4	-0.6	-0.2	0.9	0.5	1.6	2.4	2.9	1.4	3.1	2.7
Norway	3.5	2.0	3.3	2.0	1.5	1.0	4.0	2.6	2.5	2.7	0.0	-1.7	0.7	1.4	3.3	2.5	2.0	2.9	2.6	1.8
Poland	..	4.4	4.5	1.3	1.5	3.9	5.2	3.6	6.2	6.8	5.0	1.7	3.9	4.3	2.5	1.6	2.5	1.6	1.9	3.1
Portugal	3.2	4.1	3.9	2.0	0.8	-0.9	1.6	0.8	1.4	2.4	0.0	-2.9	1.4	-1.7	-3.1	-1.8	0.9	-3.4	0.0	1.5
Slovak Republic	..	0.0	1.4	3.5	4.6	4.8	5.1	6.7	8.3	10.5	5.8	-4.9	4.4	3.2	2.6	2.0	3.4	1.9	2.7	3.6
Slovenia	..	5.3	4.3	2.9	3.8	2.9	4.4	4.0	5.8	7.0	3.4	-7.8	1.2	0.6	-2.4	-2.1	1.1	-2.9	-0.7	1.8
Spain	2.7	4.7	5.0	3.7	2.7	3.1	3.3	3.6	4.1	3.5	0.9	-3.7	-0.3	0.4	-1.3	-1.4	0.5	-1.7	-0.7	1.1
Sweden	1.6	4.4	4.6	1.4	2.5	2.5	3.7	3.2	4.6	3.4	-0.8	-5.0	6.3	3.9	1.2	1.9	3.0	1.8	2.5	3.2
Switzerland	1.4	1.4	3.7	1.2	0.2	0.0	2.4	2.7	3.8	3.8	2.2	-1.9	3.0	1.9	0.8	1.1	2.3	0.6	1.7	2.5
Turkey	4.3	-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	2.9	4.1	5.2	..	..	..
United Kingdom	2.5	3.2	4.2	2.9	2.4	3.8	2.9	2.8	2.6	3.6	-1.0	-4.0	1.8	0.9	-0.1	0.9	1.6	0.1	1.1	1.8
United States	3.1	4.7	4.1	1.1	1.8	2.5	3.5	3.1	2.7	1.9	-0.3	-3.1	2.4	1.8	2.2	2.0	2.8	1.8	2.2	3.2
Euro area	2.2	2.8	3.9	2.0	0.9	0.7	2.0	1.8	3.4	3.0	0.3	-4.3	1.9	1.5	-0.4	-0.1	1.3	-0.5	0.6	1.6
Total OECD	2.7	3.3	4.2	1.3	1.7	2.1	3.1	2.7	3.2	2.8	0.2	-3.6	3.0	1.8	1.4	1.4	2.3	1.0	1.9	2.5

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. These numbers are working-day adjusted and hence may differ from the basis used for official projections.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932750436>

Annex Table 2. **Nominal GDP**
Percentage change from previous year

	Average 1988-98	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Fourth quarter		
																		2012	2013	2014
Australia	5.7	5.4	7.9	6.2	7.0	5.9	7.7	7.9	7.8	9.1	9.1	1.6	8.2	6.4	3.4	4.8	5.6	3.4	5.2	5.8
Austria	4.9	3.8	4.7	2.6	3.0	2.1	4.0	4.7	5.6	5.7	2.9	-2.1	4.1	4.9	2.6	2.5	3.2	2.5	2.9	3.4
Belgium	4.6	3.9	5.7	2.9	3.4	2.8	5.4	4.2	5.1	5.3	3.1	-1.6	4.5	3.9	1.9	2.3	3.3	1.9	2.9	3.6
Canada	4.2	7.0	9.6	3.3	4.1	5.3	6.5	6.5	5.3	5.4	5.1	-4.9	6.4	5.9	3.0	3.2	4.3	1.8	3.8	4.6
Chile	..	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	5.8	7.2	8.7	5.9	7.9	9.2
Czech Republic	..	4.2	5.6	7.9	4.9	4.7	9.0	6.4	7.6	9.2	5.1	-2.3	1.1	1.1	0.1	1.1	2.7	-0.9	2.1	2.8
Denmark	4.3	4.3	6.6	3.2	2.8	2.0	4.7	5.4	5.6	3.9	3.4	-5.0	5.8	1.7	2.2	2.6	3.3	..	..	..
Estonia	..	6.5	15.0	13.2	11.6	12.1	11.1	15.5	19.8	20.0	1.0	-15.2	4.1	11.4	7.0	7.1	5.9	7.1	6.2	6.0
Finland	4.4	4.9	8.1	5.4	3.1	1.3	4.6	3.4	5.3	8.5	3.2	-7.2	3.8	5.9	2.7	3.3	4.0	2.0	4.8	3.9
France	3.8	3.4	5.5	3.9	3.2	2.9	4.0	3.8	4.9	4.9	2.4	-2.4	2.6	3.1	1.7	1.4	2.0	1.4	1.7	2.2
Germany	4.9	1.9	2.6	2.8	1.5	0.7	1.8	1.5	4.2	5.1	1.6	-4.0	5.0	3.9	2.3	2.2	3.6	2.4	2.7	3.9
Greece	..	6.6	8.0	7.4	7.0	10.1	7.4	4.2	8.1	7.0	4.5	-0.9	-3.9	-6.1	-6.9	-5.0	-2.1	-6.3	-2.7	-1.5
Hungary	..	11.3	14.4	15.4	13.3	9.5	10.3	6.5	7.5	5.6	6.2	-3.5	3.8	4.8	1.3	4.2	4.5	0.5	4.8	4.0
Iceland	8.6	7.5	8.1	12.9	5.8	3.1	10.5	10.3	13.9	12.0	13.3	0.9	2.6	6.2	6.2	7.6	7.5	9.0	3.1	10.2
Ireland	9.8	15.2	16.6	11.3	11.3	7.6	6.7	8.5	9.0	6.2	-5.2	-9.8	-3.0	1.6	2.2	1.6	2.9	1.6	2.3	3.0
Israel	..	9.8	10.5	1.6	4.0	0.9	5.0	5.9	7.8	5.7	5.8	5.9	6.3	7.1	6.0	5.1	6.4	5.9	5.6	6.5
Italy	6.6	3.2	5.9	4.7	3.7	3.1	4.0	2.9	4.0	4.0	1.3	-3.5	2.2	1.8	-1.0	0.3	1.2	-1.1	1.3	0.9
Japan	2.9	-1.5	1.0	-0.8	-1.3	-0.1	1.0	0.0	0.6	1.2	-2.3	-6.0	2.3	-2.8	0.7	0.1	1.5	-0.3	1.7	1.0
Korea	13.6	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	3.5	4.7	5.9	3.3	4.3	6.8
Luxembourg	7.4	14.2	10.6	2.6	6.3	7.6	6.3	10.3	12.0	10.6	-0.3	-3.6	10.7	6.8	4.7	2.7	2.6	3.7	2.2	2.9
Mexico	24.4	21.5	17.4	4.4	2.7	10.9	13.5	7.9	12.2	9.1	7.6	-2.0	9.7	9.6	8.0	7.5	7.9	5.5	8.4	7.8
Netherlands	5.2	6.5	8.3	7.2	3.9	2.5	2.8	4.7	5.3	5.8	3.9	-3.6	2.6	2.3	-0.1	1.9	2.9	0.1	2.5	3.2
New Zealand	4.3	4.9	6.3	6.9	5.8	6.1	8.1	5.3	5.0	7.8	3.3	-0.1	4.9	3.7	3.4	4.4	4.9	3.5	5.1	4.6
Norway	5.7	8.8	19.4	3.8	-0.3	3.9	10.1	11.8	11.3	5.8	11.0	-7.9	7.1	7.8	6.8	4.6	4.6	5.4	5.0	4.5
Poland	..	10.7	12.2	5.0	3.6	4.2	9.8	6.2	7.8	11.1	8.4	5.2	5.5	7.5	5.1	3.1	4.6	3.7	3.5	5.2
Portugal	10.7	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	-3.3	-0.9	1.6	-3.8	1.5	2.4
Slovak Republic	..	7.4	10.9	8.7	8.6	10.3	11.2	9.2	11.5	11.7	8.8	-6.1	4.9	4.9	4.5	3.3	5.0	4.3	3.2	5.8
Slovenia	..	12.2	9.7	11.8	11.7	8.6	7.8	5.7	8.1	11.4	7.7	-4.5	0.1	1.6	-0.8	-0.2	2.5	-1.5	0.9	3.1
Spain	7.8	7.5	8.7	8.0	7.2	7.4	7.4	8.1	8.4	6.9	3.3	-3.7	0.1	1.4	-1.0	-0.8	0.9	-1.7	0.3	1.0
Sweden	5.5	5.6	5.9	3.7	4.1	4.1	4.6	4.1	6.3	6.2	2.5	-3.1	7.5	4.9	2.3	3.2	4.9	3.6	3.9	5.2
Switzerland	3.4	1.6	5.2	2.5	0.8	0.8	3.3	3.0	6.0	6.4	5.0	-2.4	3.6	2.2	1.0	1.2	2.6	1.2	1.7	3.2
Turkey	82.2	49.0	59.3	44.1	45.9	29.8	22.9	16.1	16.9	11.2	12.7	0.2	15.4	18.1	10.3	10.4	11.6	..	..	..
United Kingdom	6.3	5.3	4.9	4.6	4.8	6.4	5.6	5.2	5.6	5.9	2.0	-2.7	4.6	3.6	2.0	2.7	3.3	2.0	2.9	3.5
United States	5.6	6.4	6.4	3.4	3.5	4.7	6.4	6.5	6.0	4.9	1.9	-2.2	3.8	4.0	4.1	3.8	4.8	3.9	4.0	5.2
Euro area	5.5	3.9	5.4	4.5	3.5	3.0	3.9	3.7	5.2	5.4	2.2	-3.4	2.8	2.7	0.8	1.2	2.4	0.7	1.9	2.5
Total OECD	8.0	6.3	7.3	4.5	4.2	4.6	5.8	5.2	5.8	5.4	2.7	-2.6	4.4	3.8	3.0	3.0	4.1	2.6	3.6	4.4

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. Working-day adjusted -- see note to Annex Table 1.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932750455>

Annex Table 3. **Real private consumption expenditure**
Percentage change from previous year

	Average 1988-98	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Fourth quarter 2012 2013 2014		
Australia	3.3	5.3	3.5	3.0	4.1	3.7	5.5	3.1	3.3	5.5	2.0	1.0	2.9	3.3	3.9	2.6	3.1	3.6	2.8	3.3
Austria	2.2	2.2	2.2	1.2	1.5	1.5	1.7	2.3	1.9	0.8	0.5	1.1	1.6	0.9	0.2	0.4	1.0	0.1	0.7	1.1
Belgium	1.9	2.0	2.6	1.5	0.6	0.8	1.7	1.1	1.7	1.7	2.0	0.6	2.7	0.2	-0.6	0.4	1.2	-0.5	0.7	1.5
Canada	2.3	3.8	4.1	2.4	3.7	3.0	3.0	3.6	4.1	4.2	2.9	0.2	3.4	2.4	1.7	2.1	2.5	1.6	2.3	2.6
Chile	..	-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	5.3	5.0	5.2	5.5	4.8	5.6
Czech Republic	..	2.2	0.9	3.1	3.1	5.3	3.2	3.1	4.4	4.2	2.8	0.2	1.0	0.7	-2.6	0.4	1.5	-2.9	1.1	1.8
Denmark	2.0	-0.4	0.2	0.1	1.5	1.0	4.7	3.8	3.6	3.0	-0.3	-3.6	1.7	-0.5	1.0	1.6	2.0	..	..	..
Estonia	..	0.9	7.8	7.0	9.5	9.2	8.1	9.5	13.5	8.8	-5.2	-14.8	-2.4	3.5	2.1	2.4	3.2	1.4	3.1	3.2
Finland	1.1	2.8	2.2	3.0	2.5	4.8	3.4	3.1	4.3	3.5	1.9	-2.9	3.3	2.4	0.7	0.4	2.0	0.3	0.7	2.7
France	1.6	3.4	3.5	2.3	2.0	1.8	1.5	2.4	2.5	2.3	0.2	0.3	1.5	0.3	0.0	0.5	0.7	0.3	0.6	0.8
Germany	2.2	2.3	2.1	1.4	-0.6	0.3	0.1	0.3	1.6	-0.2	0.6	0.3	0.8	1.7	0.9	1.4	2.3	1.0	1.7	2.6
Greece	..	2.5	2.0	5.0	4.7	3.3	3.8	4.5	4.4	3.6	4.3	-1.6	-6.2	-7.7	-8.1	-5.4	-4.3	..	..	..
Hungary	..	6.8	3.1	4.6	8.2	8.4	1.7	2.3	1.7	1.1	-0.7	-6.6	-3.0	0.5	-0.5	-1.5	-0.1	-1.3	-1.0	0.3
Iceland	1.3	7.9	4.2	-2.8	-1.5	6.2	7.0	12.7	3.6	5.7	-7.8	-15.0	0.0	2.7	3.5	2.5	3.0	2.6	3.0	3.0
Ireland	4.6	9.2	10.7	4.8	3.8	3.1	3.7	7.0	7.0	6.2	-0.4	-5.7	0.6	-2.3	-2.1	-0.6	0.2	-2.5	-0.5	0.6
Israel	..	3.8	8.0	3.5	1.6	-0.2	5.3	3.2	5.1	8.5	1.6	1.9	5.3	3.8	3.2	2.2	3.3	4.0	2.2	3.8
Italy	1.8	2.6	2.4	0.7	0.2	0.9	0.8	1.2	1.4	1.1	-0.8	-1.5	1.2	0.1	-3.2	-1.1	0.5	-3.0	-0.2	0.7
Japan	2.2	1.2	0.4	1.6	1.2	0.5	1.2	1.5	1.1	0.9	-0.9	-0.7	2.6	0.1	2.1	0.9	0.8	0.5	2.4	-0.9
Korea	5.8	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	1.7	2.7	3.2	2.6	3.0	3.5
Luxembourg	3.4	3.6	5.0	3.4	5.8	-5.3	2.2	2.4	3.2	3.3	-0.7	-1.7	2.1	2.4	2.1	0.5	1.4	0.7	0.8	1.7
Mexico	3.3	4.3	8.2	2.5	1.6	2.3	5.6	4.8	5.7	4.0	1.7	-7.3	5.0	4.5	3.4	3.4	3.5	2.9	3.4	3.7
Netherlands	2.9	5.3	3.7	1.8	0.9	-0.2	1.0	1.0	-0.3	1.8	1.3	-2.1	0.3	-1.0	-1.5	-0.6	0.6	-1.2	0.1	1.0
New Zealand	2.4	3.4	1.5	2.4	4.0	5.7	5.4	4.3	2.8	3.6	0.1	-1.5	2.3	1.4	1.5	2.1	2.5	0.8	2.7	2.3
Norway	2.6	3.7	4.2	2.1	3.1	3.2	5.4	4.4	5.0	5.4	1.8	0.0	3.7	2.4	3.7	4.3	4.6	4.2	4.5	4.5
Poland	..	5.7	2.7	2.5	3.2	2.4	4.3	2.4	5.0	4.9	5.3	2.4	3.0	2.5	1.0	0.7	1.4	0.9	0.8	1.9
Portugal	3.3	5.5	3.8	1.3	1.3	-0.2	2.7	1.7	1.8	2.5	1.3	-2.3	2.1	-4.0	-5.9	-3.5	-0.1	-5.4	-2.4	1.1
Slovak Republic	..	0.4	2.2	5.5	5.7	1.7	4.6	6.5	5.9	6.8	6.1	0.2	-0.7	-0.5	-0.1	0.8	1.4	0.1	1.0	1.7
Slovenia	..	6.6	0.8	2.5	2.6	3.4	3.0	2.1	2.8	6.3	2.3	0.1	1.3	0.9	-3.1	-4.0	-0.7	-4.9	-2.6	0.3
Spain	2.5	5.3	5.0	3.5	2.8	2.9	4.2	4.1	4.0	3.5	-0.6	-3.8	0.7	-1.0	-1.9	-2.3	-0.5	-2.0	-1.5	-0.1
Sweden	0.8	3.9	5.4	0.8	2.6	2.4	2.6	2.8	2.8	3.8	-0.1	-0.2	3.9	2.2	1.6	1.8	3.1	1.8	2.6	3.2
Switzerland	1.3	2.4	2.4	2.0	0.1	1.0	1.6	1.7	1.6	2.2	1.2	1.8	1.6	1.2	2.5	1.8	2.3	2.3	1.8	2.6
Turkey	4.2	0.1	5.9	-6.6	4.7	10.2	11.0	7.9	4.6	5.5	-0.3	-2.3	6.7	7.8	-0.3	3.5	4.4	..	..	..
United Kingdom	2.9	5.0	5.2	3.8	3.9	3.6	3.2	2.6	1.5	2.7	-1.6	-3.1	1.3	-0.9	1.1	1.6	1.4	1.9	1.2	1.6
United States	3.1	5.4	5.1	2.7	2.7	2.8	3.3	3.4	2.9	2.3	-0.6	-1.9	1.8	2.5	1.9	2.1	2.9	2.0	2.4	3.2
Euro area	2.1	3.2	3.0	1.9	0.9	1.2	1.4	1.8	2.2	1.6	0.4	-0.9	0.9	0.1	-1.0	-0.2	0.9	-0.8	0.3	1.2
Total OECD	2.7	4.2	4.1	2.3	2.4	2.3	2.9	3.0	2.8	2.5	0.1	-1.6	2.1	1.7	1.1	1.5	2.2	1.1	1.9	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 92 database.

Annex Table 4. **Real public consumption expenditure**

Percentage change from previous year

	Average 1988-98	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Fourth quarter		
																		2012	2013	2014
Australia	3.0	3.1	3.8	2.3	2.6	3.9	3.8	2.3	3.6	3.4	3.6	0.6	3.4	2.5	2.6	0.1	1.1	1.9	-0.1	1.8
Austria	2.7	3.4	0.4	-0.5	1.0	1.2	0.5	1.9	2.2	2.6	3.8	0.9	0.0	0.5	1.2	0.2	0.1	0.9	0.0	0.3
Belgium	1.3	2.6	3.1	1.6	3.2	1.4	1.3	0.8	1.0	1.9	2.7	1.9	0.7	0.8	0.3	1.3	0.9	0.4	1.5	0.5
Canada	0.8	1.4	3.0	3.3	2.2	2.9	2.0	1.6	3.1	2.8	4.6	3.4	3.0	1.0	0.0	0.0	..	-0.5	0.0	0.0
Chile	..	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	3.7	2.6	2.0	3.6	2.0	2.0
Czech Republic	..	4.3	0.0	3.9	7.9	6.0	-3.3	1.6	-0.6	0.4	1.2	4.0	0.5	-2.5	-1.4	-1.9	-1.6	-1.6	-0.8	-1.5
Denmark	1.7	2.4	2.3	2.2	2.1	0.7	1.8	1.3	2.8	1.3	1.9	2.1	0.4	-1.5	0.6	0.9	0.7	..	..	..
Estonia	..	-0.2	-2.1	2.7	3.4	6.3	1.1	3.2	5.0	6.6	4.6	-1.9	-0.8	1.4	3.3	1.1	0.8	4.1	0.8	0.8
Finland	1.2	1.3	0.3	1.3	2.8	1.6	1.7	2.2	0.4	1.1	1.9	1.1	-0.3	0.4	0.2	1.0	0.9	1.0	0.6	1.0
France	1.7	1.4	1.9	1.3	1.9	1.9	2.2	1.3	1.5	1.5	1.2	2.6	1.7	0.2	1.2	0.9	0.8	1.2	0.9	0.7
Germany	1.9	0.9	1.4	0.5	1.2	0.3	-0.6	0.3	0.9	1.4	3.2	3.0	1.7	1.0	1.1	1.1	1.7	0.8	1.4	1.8
Greece	..	2.1	14.8	0.7	7.2	-0.9	3.5	1.1	3.1	7.1	-2.6	4.9	-8.7	-5.2	-5.9	-7.1	-4.0	..	..	..
Hungary	..	1.5	0.7	3.2	5.6	5.0	1.6	2.4	3.4	-7.2	1.1	0.7	-0.7	-0.3	-2.4	-1.3	-0.3	-2.3	-0.8	0.0
Iceland	2.6	4.4	3.8	4.7	5.3	1.8	2.2	3.5	4.0	4.1	4.6	-1.7	-3.4	-0.9	-0.6	0.3	0.1	-0.4	0.4	0.0
Ireland	3.2	5.5	8.1	10.2	6.7	3.2	1.8	4.1	5.4	7.0	1.3	-3.7	-4.6	-4.3	-4.1	-3.1	-3.6	-2.4	-3.6	-3.6
Israel	..	2.7	1.5	3.9	5.0	-2.5	-1.9	1.9	3.0	3.3	2.2	2.0	2.9	2.8	3.6	3.2	3.5	2.0	4.1	3.2
Italy	0.1	1.4	2.1	4.1	2.6	2.0	2.5	1.9	0.5	1.0	0.6	0.8	-0.6	-0.8	-0.4	-1.0	-0.5	0.8	-1.7	-0.5
Japan	2.9	3.7	4.6	4.2	2.6	1.9	1.5	0.8	0.0	1.1	-0.1	2.3	2.2	2.0	2.2	0.2	-0.5	2.0	-0.2	-0.8
Korea	5.6	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	4.3	4.0	3.0	5.6	3.6	3.0
Luxembourg	4.4	8.3	4.7	6.1	4.6	4.1	4.5	3.1	1.6	2.8	1.5	4.5	3.1	1.5	3.0	0.2	0.8	1.8	0.1	1.3
Mexico	2.1	4.5	2.6	-2.4	-0.2	1.0	-2.8	2.5	1.9	3.1	1.1	3.2	2.4	0.6	0.7	0.5	0.4	-1.1	1.5	0.0
Netherlands	2.0	2.8	2.0	4.6	3.3	2.9	-0.1	0.5	9.5	3.5	2.8	5.0	0.7	0.1	0.4	-0.7	0.0	0.0	-0.5	0.3
New Zealand	2.0	6.9	-2.4	4.3	1.5	3.3	6.0	4.0	4.5	4.6	5.2	0.9	0.5	0.5	0.2	-0.3	-0.5	0.2	-0.5	-0.5
Norway	3.2	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	1.9	2.5	1.6	2.3	1.9	1.7
Poland	..	2.1	1.6	2.5	1.7	4.6	3.3	5.6	5.8	3.5	6.7	2.7	3.6	-0.9	0.1	0.7	0.8	0.2	0.8	0.8
Portugal	3.6	3.8	4.2	3.8	1.9	0.4	2.4	3.4	-0.6	0.5	0.3	4.7	0.9	-3.8	-3.4	-4.0	-1.6	-4.6	-2.3	-1.5
Slovak Republic	..	-7.3	4.6	5.4	3.0	4.3	-2.9	3.9	8.8	-0.2	6.1	6.1	1.0	-4.3	-0.6	0.2	0.7	0.5	0.9	0.6
Slovenia	..	3.3	3.1	3.7	3.3	2.3	3.3	3.5	4.0	0.6	5.9	2.5	1.5	-1.2	-3.2	-7.5	-3.2	-6.4	-6.3	-2.0
Spain	3.7	4.0	5.3	4.0	4.6	4.8	6.2	5.5	4.6	5.6	5.9	3.8	1.5	-0.5	-4.1	-4.0	-0.8	-5.7	-1.8	-0.4
Sweden	1.4	1.3	-1.0	0.9	2.2	1.0	-0.8	0.0	1.8	0.9	1.0	2.0	1.8	1.9	0.8	0.8	1.1	0.6	1.0	1.2
Switzerland	1.9	0.0	1.1	3.1	0.7	2.8	0.5	0.2	-0.1	0.9	-2.5	3.3	0.7	2.0	2.2	1.7	1.2	1.4	1.5	1.1
Turkey	4.6	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	4.5	4.2	3.1	..	..	..
United Kingdom	1.0	3.7	3.5	2.6	4.0	4.3	3.4	2.0	1.5	0.6	1.6	0.8	0.4	0.2	1.3	-3.0	-1.8	-1.0	-1.8	-1.8
United States	1.1	2.8	1.8	3.7	4.5	2.2	1.4	0.6	1.0	1.3	2.2	4.3	0.9	-2.3	-1.0	-0.5	-0.8	-0.3	-0.7	-0.8
Euro area	1.7	1.7	2.4	2.1	2.4	1.7	1.6	1.6	2.1	2.2	2.3	2.6	0.7	-0.1	-0.1	-0.3	0.4	-0.2	0.1	0.5
Total OECD	1.7	2.6	2.5	2.9	3.3	2.2	1.7	1.4	1.8	1.9	2.1	3.2	1.2	-0.3	0.3	-0.1	0.0	0.3	0.0	0.0

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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932750493>

Annex Table 5. **Real total gross fixed capital formation**
Percentage change from previous year

	Average 1988-98	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Fourth quarter 2012 2013 2014		
Australia	3.7	4.9	2.4	-3.2	14.6	9.1	8.0	9.1	4.6	9.6	7.7	-2.5	4.6	7.2	8.6	7.3	5.0	8.3	7.2	3.9
Austria	3.0	2.2	4.5	-0.8	-3.2	3.0	1.2	0.9	1.0	2.9	-0.2	-6.4	0.7	6.3	1.6	1.2	3.0	0.3	2.1	3.1
Belgium	2.8	2.6	5.1	1.0	-4.5	0.1	7.8	6.4	2.6	6.3	1.9	-8.4	-1.4	4.1	0.1	0.3	2.3	0.5	0.5	3.5
Canada	1.9	6.0	5.1	5.0	1.1	6.0	8.3	8.7	6.7	3.2	1.3	-11.5	10.5	5.0	4.4	4.7	3.7	5.9	3.9	3.7
Chile	..	-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	7.4	7.0	6.7	3.1	6.2	6.9
Czech Republic	..	-2.1	6.5	4.5	3.8	0.6	3.0	6.0	5.8	13.2	4.1	-11.0	1.0	-0.7	-0.7	1.7	4.6	-3.3	2.3	5.5
Denmark	3.7	-0.1	7.6	-1.4	0.1	-0.2	3.9	4.7	14.3	0.4	-4.2	-15.9	-2.4	2.9	1.9	2.7	3.9	..	..	..
Estonia	..	-15.5	16.7	13.1	24.2	16.7	6.0	15.2	23.0	9.3	-13.3	-38.3	-7.4	25.7	15.3	5.6	5.7	2.9	5.3	6.0
Finland	-0.1	3.3	6.4	2.9	-3.7	3.0	4.9	3.6	1.9	10.7	-0.6	-13.2	1.9	6.8	-0.2	0.9	2.4	-1.3	1.9	2.6
France	1.4	8.4	7.0	2.1	-1.8	2.2	3.0	4.4	4.3	6.3	0.1	-10.4	1.0	3.5	0.3	-0.1	2.9	-1.2	0.9	4.0
Germany	2.9	4.2	3.3	-3.0	-6.2	-1.2	-1.2	1.0	8.9	5.0	0.6	-11.5	5.6	6.4	-1.3	0.9	4.6	-3.1	3.7	4.5
Greece	..	11.0	8.0	4.8	9.5	11.8	0.4	-6.3	14.9	22.8	-14.3	-13.7	-15.0	-19.6	-18.0	-9.5	-1.2	..	..	..
Hungary	..	7.4	6.0	1.9	7.4	1.5	7.2	4.5	-2.7	3.8	2.9	-11.1	-9.5	-3.6	-4.9	-3.0	-0.3	-4.9	-2.0	0.5
Iceland	3.5	-4.1	11.8	-4.3	-14.0	11.1	28.7	34.4	24.4	-12.2	-20.4	-51.4	-8.6	12.8	8.4	4.8	17.0	-12.6	5.5	20.7
Ireland	8.2	13.6	5.8	0.1	2.6	6.5	9.6	15.1	4.9	2.2	-10.2	-27.6	-22.7	-12.7	-7.7	-8.1	5.4	-11.7	3.9	6.0
Israel	..	-0.2	2.2	-3.6	-6.5	-4.4	0.0	3.1	11.7	12.6	4.9	-4.0	12.3	16.2	5.0	2.1	5.6	0.6	3.5	6.6
Italy	1.0	3.8	7.4	2.4	3.3	-1.0	1.2	1.9	3.7	1.3	-3.8	-11.7	2.0	-1.3	-8.2	-5.1	-1.0	-8.2	-3.5	0.5
Japan	1.0	-0.6	0.7	-2.1	-4.9	0.2	0.4	0.8	1.5	0.3	-4.1	-10.6	0.1	0.8	2.9	0.9	0.4	0.2	1.8	0.1
Korea	6.8	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	-0.1	2.8	4.6	-0.4	5.4	4.7
Luxembourg	4.7	22.0	-4.7	8.8	5.2	6.3	2.7	2.5	4.0	18.3	2.0	-15.5	6.8	10.2	4.8	1.6	3.7	-6.1	2.6	4.3
Mexico	5.6	7.7	11.4	-5.6	-0.7	0.4	7.9	7.4	9.9	6.9	5.5	-11.7	6.2	8.9	6.9	3.0	3.4	6.5	3.1	3.9
Netherlands	3.9	8.7	0.6	0.2	-4.5	-1.5	-1.6	3.7	7.5	5.5	4.5	-12.0	-7.2	5.7	-4.7	-0.5	3.0	-4.1	1.7	3.6
New Zealand	2.9	6.4	7.8	-0.9	10.9	10.4	12.3	5.5	-2.1	7.0	-4.0	-15.5	2.2	1.6	4.9	7.8	7.4	7.7	8.9	6.2
Norway	3.0	-5.4	-3.5	-1.1	-1.1	0.8	11.1	13.5	9.8	11.4	0.2	-7.5	-5.2	6.4	7.6	5.4	4.6	5.9	4.3	4.8
Poland	..	6.7	2.8	-9.7	-6.3	-0.1	6.4	6.5	14.9	17.6	9.6	-1.2	-0.4	9.0	2.3	2.3	6.2	0.2	3.9	7.2
Portugal	5.3	6.0	3.9	0.6	-3.2	-7.1	0.0	-0.5	-1.3	2.6	-0.3	-8.6	-4.1	-11.3	-14.5	-6.5	1.6	-12.5	-0.2	1.8
Slovak Republic	..	-15.7	-9.6	12.9	0.2	-2.7	4.8	17.5	9.3	9.1	1.0	-19.7	6.5	14.2	0.5	0.6	2.5	-3.8	1.8	2.8
Slovenia	..	14.7	2.6	1.3	0.3	7.6	5.0	3.0	10.4	13.3	7.1	-23.2	-13.8	-8.1	-8.3	-2.7	0.7	-7.9	-1.0	1.7
Spain	3.4	10.4	6.6	4.8	3.4	5.9	5.1	7.1	7.1	4.5	-4.7	-18.0	-6.2	-5.3	-9.1	-9.0	-2.7	-9.3	-7.8	-0.8
Sweden	0.5	8.5	5.9	0.7	-1.4	2.0	4.8	8.2	9.5	9.1	1.1	-15.5	6.7	6.9	3.9	1.7	5.5	1.8	3.9	5.9
Switzerland	1.1	2.3	4.7	-3.3	-1.0	-2.0	4.2	4.1	5.3	5.4	0.7	-8.0	4.8	4.0	1.0	1.7	2.4	1.3	1.8	2.7
Turkey	6.3	-16.2	17.5	-30.0	14.7	14.2	28.4	17.4	13.3	3.1	-6.2	-19.0	30.5	18.5	-2.3	4.1	7.8	..	..	..
United Kingdom	2.7	2.7	2.6	2.6	3.7	1.2	5.0	2.4	6.3	8.2	-4.6	-13.7	3.5	-2.4	1.8	2.5	3.7	2.7	3.1	3.9
United States	4.6	9.0	6.8	-1.0	-2.7	3.3	6.3	5.3	2.5	-1.4	-5.1	-15.3	-0.3	3.4	5.7	4.4	7.1	3.3	5.9	7.7
Euro area	2.3	5.9	5.1	0.7	-1.5	1.0	1.8	3.4	5.9	5.1	-1.6	-12.7	-0.3	1.6	-3.6	-1.9	2.1	-4.4	0.0	2.9
Total OECD	3.3	5.0	5.5	-1.1	-0.9	2.4	4.5	4.7	4.6	2.9	-2.3	-12.3	1.9	3.1	1.8	2.1	4.3	0.7	3.4	4.7

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. Working-day adjusted -- see note to Annex Table 1.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932750512>

Annex Table 6. **Real gross private non-residential fixed capital formation**

Percentage change from previous year

	Average 1988-98	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Fourth quarter		
																		2012	2013	2014
Australia	3.7	6.1	0.2	-0.8	12.7	13.1	8.9	13.6	8.2	12.4	7.5	-3.4	-0.4	12.1	14.7	10.8	6.3	13.2	10.1	4.4
Belgium	3.6	0.4	7.9	4.0	-4.7	-1.2	8.9	4.4	2.0	8.2	4.3	-10.2	-3.2	8.6	0.9	0.5	3.1	0.9	1.2	4.4
Canada	2.9	4.8	3.5	-1.1	-4.8	6.8	9.3	11.5	10.9	2.6	4.2	-19.5	14.5	10.4	7.4	8.3	7.7	8.1	8.2	7.4
Denmark	5.0	-1.7	6.7	-0.3	0.2	-3.3	-0.3	-0.3	16.5	4.5	0.7	-16.7	-5.1	-2.0	5.2	6.1	5.0	..	..	..
Finland	-0.2	1.6	9.5	9.7	-8.2	-2.3	1.6	6.6	2.4	18.3	4.1	-17.0	-7.4	9.5	-0.6	1.1	2.8	-3.0	2.3	2.9
France	2.2	9.6	7.7	3.3	-2.9	1.5	2.8	3.0	5.4	7.9	2.8	-13.3	4.6	5.3	-0.2	0.3	4.5	-1.9	1.8	5.9
Germany	2.4	5.5	7.5	-2.0	-6.8	0.0	1.3	4.3	10.4	8.5	2.2	-17.6	7.2	7.6	-1.8	-0.7	4.4	-4.9	3.2	4.1
Iceland	5.5	-7.4	11.1	-11.3	-20.2	20.9	35.0	57.9	27.1	-23.5	-23.3	-55.7	-0.3	24.9	12.7	1.3	19.9	-11.4	1.9	26.2
Japan	1.2	-3.3	6.4	-0.5	-5.1	5.1	3.3	5.7	4.1	4.7	-2.9	-14.2	1.1	1.3	1.4	3.2	6.7	-3.2	6.5	6.6
Korea	5.8	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	0.8	5.0	4.9	3.2	6.0	5.1
Netherlands	4.7	11.4	-2.0	-3.0	-7.6	-1.0	-2.6	2.1	9.8	6.4	7.1	-15.5	-5.2	10.2	-2.1	1.9	5.9	-3.7	4.5	6.6
New Zealand	3.8	6.9	18.7	-2.8	-0.8	13.7	14.2	7.7	-0.2	10.9	-0.8	-22.6	4.5	6.7	10.5	3.1	5.4	10.0	5.2	5.0
Norway	3.6	-8.3	-3.9	-4.3	-1.9	-2.4	11.5	18.0	12.0	15.2	2.2	-10.6	-5.4	2.5	10.0	6.1	4.6	7.4	5.2	4.3
Sweden	2.5	8.6	7.7	-1.0	-5.7	2.6	3.8	8.4	8.7	10.8	4.7	-18.6	4.5	6.4	6.7	3.7	7.4	3.3	5.5	7.8
Switzerland	1.1	3.8	7.7	-4.0	-0.4	-4.9	5.6	5.6	7.4	7.9	0.7	-7.7	9.2	3.1	2.2	2.2	2.7	2.6	2.1	3.0
United Kingdom	4.4	2.2	3.2	-0.5	-0.7	-1.7	-3.1	21.6	-7.4	10.9	-0.2	-14.4	-0.4	2.9	3.2	5.3	6.4	0.7	5.8	6.6
United States	6.4	9.8	9.8	-2.8	-7.9	1.4	6.2	6.7	8.0	6.5	-0.8	-18.1	0.7	8.6	7.4	3.8	6.9	3.0	5.9	7.2

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. National accounts 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 92 database.

Annex Table 7. **Real gross residential fixed capital formation**
Percentage change from previous year

	Average 1988-98	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Fourth quarter		
																		2012	2013	2014
Australia	3.5	4.4	1.4	-10.7	23.7	5.4	5.7	-1.9	-3.1	2.0	2.6	-4.4	4.2	1.1	-6.0	-0.3	3.4	-4.5	1.4	4.2
Austria	2.6	-1.9	-5.0	-6.6	-4.7	-4.5	-0.1	1.9	1.6	1.3	-0.2	-0.7	0.5	1.5	1.7	1.0	1.4	1.2	1.2	1.4
Belgium	2.6	3.2	-1.0	-2.6	-5.5	3.4	8.0	10.7	6.4	3.3	-2.7	-8.6	3.1	-5.3	-2.3	0.0	1.1	-0.8	0.5	1.6
Canada	-1.8	4.0	4.8	10.6	14.5	5.3	7.8	3.2	2.4	3.4	-5.0	-6.1	7.6	1.9	6.9	-0.8	-3.4	5.2	-2.8	-3.7
Denmark	0.6	4.3	10.3	-9.3	2.2	11.8	11.9	17.3	9.6	-6.0	-15.8	-21.3	-0.6	14.6	-7.7	0.2	1.8	..	..	..
Finland	-0.1	8.9	6.0	-9.9	-0.1	11.7	11.5	5.4	4.2	0.0	-9.7	-13.0	24.6	5.0	-0.8	0.3	2.5	-0.6	1.8	2.6
France	0.4	7.2	2.7	1.3	1.1	2.1	3.2	5.8	6.0	5.0	-3.1	-11.6	-0.2	3.1	0.7	-1.0	0.9	-0.9	-0.7	1.8
Germany	6.0	1.2	-2.7	-5.7	-6.1	-2.0	-4.1	-4.2	6.7	-1.6	-4.3	-2.4	4.5	6.5	3.0	4.5	6.0	3.5	5.4	6.1
Greece	..	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	-29.4	-20.6	-5.2	..	..	..
Iceland	-1.8	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	10.9	17.8	15.1	17.3	17.0	13.6
Ireland	8.1	12.7	7.9	1.7	3.5	18.1	11.2	15.8	3.1	-11.2	-15.9	-37.6	-34.0	-10.3	-14.3	-1.5	0.5	-13.8	1.0	-0.2
Italy	0.3	1.5	5.2	1.5	2.4	3.6	2.5	5.7	4.2	0.6	-1.2	-8.4	-2.1	-2.1	-6.9	-4.3	-1.8	-7.1	-3.2	-1.2
Japan	-2.1	-0.2	0.9	-4.9	-3.5	-1.4	1.8	-0.9	0.6	-9.5	-7.0	-16.3	-4.5	5.7	2.1	9.0	-2.5	2.6	14.1	-10.0
Korea	7.9	-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	-1.7	0.5	4.4	-8.0	3.8	4.8
Netherlands	2.2	2.8	1.6	3.2	-6.5	-3.7	4.1	5.0	5.8	4.8	-0.2	-14.8	-13.2	6.5	-8.7	-3.7	-0.8	-8.6	-1.8	-0.4
New Zealand	3.4	7.4	0.4	-11.6	21.3	19.8	4.4	-4.3	-2.7	2.8	-19.2	-17.5	4.7	-12.3	15.6	35.7	24.4	27.5	34.2	18.7
Norway	-0.6	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	7.0	6.4	5.1	9.0	2.9	6.5
Spain	2.9	11.4	10.3	6.7	6.1	7.6	5.2	6.4	6.6	1.4	-9.1	-23.1	-10.1	-6.7	-6.7	-4.4	-2.7	-6.0	-3.9	-2.0
Sweden	-10.1	13.8	14.9	7.8	10.7	4.6	12.1	12.3	15.3	7.6	-12.9	-18.7	15.4	14.3	-9.3	-5.7	1.7	-13.1	-0.1	1.8
Switzerland	0.5	-5.5	-2.7	-4.1	-3.7	14.4	7.0	1.1	-1.6	-3.0	-4.2	1.8	3.5	2.2	0.9	1.6	1.9	1.8	1.2	2.3
United Kingdom	-0.1	3.0	3.1	6.3	9.9	0.6	16.9	-7.6	13.9	4.7	-20.0	-26.9	13.8	0.3	6.8	0.0	1.4	12.2	0.7	1.7
United States	2.2	6.3	1.0	0.6	5.3	8.2	9.8	6.2	-7.3	-18.7	-23.9	-22.4	-3.7	-1.4	11.8	12.4	15.6	13.7	12.9	17.1

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 92 database.

Annex Table 8. **Real total domestic demand**

Percentage change from previous year

	Average 1988-98	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Fourth quarter		
																		2012	2013	2014
Australia	3.3	4.8	2.4	1.7	5.6	6.0	5.6	4.4	3.0	7.1	3.5	-0.8	3.7	4.7	4.9	3.3	3.3	4.1	3.6	3.2
Austria	2.6	2.9	2.3	0.5	0.0	1.7	2.3	2.5	1.7	2.3	0.3	-1.3	1.8	2.3	0.3	0.4	1.2	-0.1	0.8	1.4
Belgium	2.3	2.3	3.8	-0.1	-0.1	0.8	3.1	2.7	2.2	2.9	2.0	-2.2	1.7	1.9	-0.4	0.5	1.3	-0.8	0.9	1.6
Canada	1.8	3.8	4.6	1.5	3.1	4.2	4.0	4.8	4.2	3.7	2.8	-2.9	5.2	2.8	2.1	2.2	2.2	2.8	2.1	2.3
Chile	..	-6.5	6.0	2.1	2.4	5.0	8.2	11.6	8.4	7.8	8.7	-5.8	14.8	9.4	6.2	4.8	5.1	7.5	4.8	5.5
Czech Republic	..	1.2	4.0	3.8	3.5	3.8	2.6	3.2	5.0	6.6	2.1	-5.2	2.0	-0.5	-3.4	0.4	1.6	-2.2	1.0	2.0
Denmark	2.4	-0.5	3.1	0.0	1.6	0.2	4.3	3.4	5.2	2.3	-0.9	-6.9	1.6	0.3	0.5	1.4	2.0	..	..	..
Estonia	..	-3.9	10.5	7.8	14.5	10.7	7.0	9.8	16.1	9.2	-9.0	-21.3	1.3	9.4	4.2	3.4	3.3	4.3	3.1	3.3
Finland	1.0	1.5	3.8	2.1	1.4	3.7	3.6	4.2	2.8	5.0	0.6	-6.2	3.0	4.6	-2.0	0.8	1.8	-3.8	0.9	2.3
France	1.6	3.6	4.3	1.7	1.0	1.5	2.5	2.5	2.7	3.1	0.2	-2.6	1.5	1.7	-0.4	0.3	1.2	0.2	0.7	1.4
Germany	2.2	2.5	2.4	-0.1	-1.9	0.4	-0.4	-0.1	2.8	1.9	1.0	-2.4	2.6	2.6	0.0	1.1	2.6	-0.2	2.0	2.8
Greece	..	3.9	6.5	5.4	5.2	8.1	4.0	1.5	8.1	6.3	-0.3	-5.6	-7.2	-8.8	-8.5	-6.0	-3.9	..	..	..
Hungary	..	4.0	3.5	1.9	6.6	5.9	4.7	1.4	1.6	-1.4	0.7	-10.5	-0.5	-0.6	-3.6	-2.1	-0.2	-3.9	-1.2	0.3
Iceland	1.9	4.2	5.9	-2.1	-2.3	5.8	10.1	15.4	9.9	-0.4	-8.6	-20.4	-2.6	3.8	3.5	1.6	4.5	0.2	2.7	5.1
Ireland	6.0	8.4	9.5	3.9	4.2	4.6	4.3	9.0	6.6	4.7	-3.4	-11.3	-4.3	-3.7	-3.8	-2.0	-0.1	-3.3	-0.7	0.2
Israel	..	4.0	4.8	1.9	0.1	-1.7	2.9	4.5	4.8	6.9	2.0	0.1	4.8	6.6	4.6	2.2	3.8	3.5	2.9	4.2
Italy	1.4	2.8	3.3	1.5	1.3	0.9	1.2	1.1	2.1	1.3	-1.2	-4.4	2.1	-0.9	-4.5	-1.9	0.0	-3.8	-1.1	0.4
Japan	1.9	-0.1	1.9	1.2	-0.5	1.0	1.5	1.0	0.9	1.1	-1.3	-4.0	2.8	0.1	2.4	0.8	0.5	1.1	1.5	-0.2
Korea	5.4	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	1.4	2.8	3.5	1.4	3.7	3.7
Luxembourg	3.9	7.5	4.5	4.7	2.6	1.1	3.7	4.8	2.1	6.2	1.2	-9.5	9.5	6.2	2.4	0.3	1.8	1.1	1.1	2.2
Mexico	3.8	4.0	7.4	-0.4	0.1	0.9	3.9	3.7	5.7	3.7	1.9	-7.8	5.5	3.9	3.4	3.0	3.1	2.6	3.1	3.3
Netherlands	3.0	4.9	2.8	2.3	-0.4	0.4	0.5	1.3	4.1	3.2	2.0	-2.8	0.2	0.5	-1.5	-0.4	0.9	-0.5	0.2	1.2
New Zealand	2.6	5.7	1.6	2.0	5.4	6.1	7.1	4.4	0.9	4.9	0.4	-5.4	2.6	1.8	2.0	2.4	2.9	2.8	3.3	2.5
Norway	2.9	0.4	2.9	0.6	2.3	1.6	7.1	5.4	6.4	5.9	1.3	-4.1	3.1	3.4	3.8	3.8	3.7	3.0	3.7	3.8
Poland	..	5.2	2.8	-1.2	0.8	2.9	6.0	2.8	7.3	8.6	5.3	-0.8	4.4	3.5	0.4	0.9	2.3	-0.1	1.4	2.8
Portugal	3.9	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	-7.1	-4.2	-0.1	-6.0	-2.0	0.7
Slovak Republic	..	-5.5	1.1	8.5	4.3	-0.7	5.7	8.5	6.4	6.3	6.0	-6.7	3.8	1.1	0.0	0.5	1.5	0.1	1.2	1.7
Slovenia	..	8.4	1.8	1.2	2.8	4.8	4.9	1.8	5.7	9.0	3.3	-10.0	-0.3	-0.7	-5.9	-5.1	-1.0	-6.7	-3.1	0.1
Spain	2.9	6.4	5.3	3.8	3.2	3.8	4.8	5.0	5.2	4.1	-0.5	-6.3	-0.6	-1.9	-3.9	-4.0	-0.9	-4.2	-2.7	-0.3
Sweden	0.9	3.4	4.1	0.4	1.5	2.1	1.7	3.0	4.1	4.8	-0.1	-4.6	6.3	3.4	1.2	1.6	3.0	1.6	2.4	3.2
Switzerland	1.3	0.5	2.3	1.6	-0.3	0.8	1.8	1.9	1.9	1.6	0.5	0.0	2.3	1.9	2.1	1.6	2.2	1.7	1.7	2.4
Turkey	5.4	-2.1	8.1	-11.8	9.4	8.6	11.5	9.2	6.8	5.6	-1.2	-6.7	12.1	9.2	0.1	3.9	5.0	..	..	..
United Kingdom	2.5	4.4	4.3	3.6	3.4	3.8	3.6	2.3	2.2	3.7	-1.7	-5.0	2.3	-0.4	0.8	1.0	1.1	1.4	0.9	1.2
United States	3.1	5.6	4.8	1.2	2.4	2.9	3.9	3.2	2.6	1.2	-1.5	-4.0	2.8	1.7	2.2	2.1	3.0	1.6	2.5	3.3
Euro area	2.1	3.4	3.5	1.4	0.4	1.4	1.7	1.9	3.2	2.8	0.2	-3.7	1.3	0.6	-1.9	-0.6	1.0	-1.6	0.2	1.3
Total OECD	2.7	3.9	4.3	1.2	1.9	2.4	3.2	2.9	3.0	2.5	-0.3	-4.1	3.0	1.6	1.0	1.3	2.2	0.8	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. Working-day adjusted – see note to Annex Table 1.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932750569>

Annex Table 9. Foreign balance contributions to changes in real GDP

Percentage points

	Average 1991-1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Fourth quarter ¹		
																		2012	2013	2014
Australia	-0.3	-0.9	0.5	1.6	-2.2	-2.6	-2.3	-1.2	-0.9	-2.1	-1.6	2.5	-1.8	-2.5	-0.2	-0.3	-0.2	-0.6	-0.3	0.0
Austria	0.2	0.5	1.5	0.2	1.8	-1.1	0.6	0.5	1.5	1.4	1.2	-2.8	0.7	0.4	0.4	0.4	0.6	0.2	0.6	0.9
Belgium	0.2	1.4	0.1	0.8	1.5	0.0	0.4	-0.8	0.5	0.0	-0.9	-0.6	0.7	-0.1	0.2	0.1	0.3	-0.4	0.3	0.3
Canada	0.6	1.3	0.5	0.6	-0.2	-2.2	-0.8	-1.6	-1.4	-1.5	-1.8	-0.3	-2.2	-0.5	-0.2	-0.4	0.2	-0.7	0.1	0.2
Chile	-0.4	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	0.0	-0.6	0.2	-0.5	0.3	0.1
Czech Republic	-1.5	0.4	0.6	-0.8	-1.5	0.0	2.0	3.7	2.3	-0.7	0.9	0.5	0.5	2.0	2.2	0.4	0.9	0.9	0.8	0.4
Denmark	-0.5	3.2	0.5	0.7	-1.1	0.2	-1.8	-0.8	-1.5	-0.7	0.1	1.1	0.0	0.8	-0.3	0.0	-0.2	..	..	..
Estonia	-3.8	5.3	-1.1	-0.8	-8.0	-3.3	-1.2	-1.5	-7.0	-2.6	6.0	9.4	2.5	0.4	-0.7	1.2	0.3	0.6	0.3	0.2
Finland	1.4	3.0	1.7	0.3	0.4	-1.8	0.8	-1.0	2.1	0.9	-0.4	-2.6	0.4	-1.1	-0.1	0.2	0.3	0.1	-0.2	1.8
France	0.4	-0.4	-0.4	0.1	-0.1	-0.6	-0.2	-0.7	0.0	-0.9	-0.3	-0.4	0.0	0.0	0.6	0.0	0.1	-0.4	0.0	0.2
Germany	0.0	-0.7	0.9	1.7	1.9	-0.8	1.1	0.9	1.2	1.5	-0.1	-2.8	1.6	0.6	0.9	-0.5	-0.5	-1.3	-0.5	-0.5
Greece	-0.8	-1.0	-1.9	-0.5	-1.6	-0.4	1.7	1.1	-2.6	-3.4	0.1	3.1	2.9	2.4	3.1	2.2	2.7	..	..	..
Hungary	0.6	-0.9	0.7	1.8	-2.1	-2.1	-0.1	2.5	2.3	1.6	0.2	3.6	1.8	1.5	1.5	1.8	1.3	0.8	1.5	1.0
Iceland	-0.6	-0.3	-1.9	6.2	2.5	-3.2	-2.5	-9.0	-6.4	6.5	10.8	14.4	-1.7	-0.8	-0.4	0.7	-1.5	8.8	-3.2	-0.4
Ireland	2.1	4.0	2.5	2.1	2.9	1.7	0.5	-2.1	-0.7	1.1	1.2	4.1	2.9	5.4	3.7	2.8	2.3	1.5	2.4	2.2
Israel	0.5	-0.8	3.6	-2.2	-0.2	3.3	2.0	0.4	1.0	-1.0	2.1	1.1	0.7	-1.9	-1.4	0.7	0.0	0.2	0.6	-0.1
Italy	0.6	-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	2.5	0.9	0.6	0.9	0.7	0.5
Japan	0.1	-0.1	0.4	-0.8	0.8	0.7	0.8	0.3	0.8	1.1	0.2	-1.5	1.7	-0.9	-0.8	-0.1	0.2	-0.3	0.4	-0.1
Korea	2.3	-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	0.8	0.3	1.0	-0.2	0.9	1.1
Luxembourg	1.4	0.5	5.9	-1.1	2.5	0.0	1.4	2.1	3.6	3.0	-2.1	2.3	-4.8	-1.7	-1.4	0.4	0.7	0.2	0.6	0.9
Mexico	-0.1	-0.7	-1.6	-0.5	0.0	0.5	0.1	-0.6	-0.6	-0.5	-0.7	1.8	0.0	-0.1	0.3	0.3	0.4	-0.7	0.8	0.2
Netherlands	0.2	0.1	1.3	-0.2	0.5	-0.1	1.7	0.8	-0.3	1.0	0.0	-1.1	1.4	0.5	0.3	0.2	0.7	0.8	0.7	0.5
New Zealand	-0.5	-1.1	2.2	0.4	-0.9	-1.8	-2.7	-1.8	1.2	-1.6	-1.0	5.4	-2.0	-1.1	-0.4	0.0	0.0	-0.5	-0.2	0.3
Norway	0.0	1.6	0.6	1.5	-0.4	-0.4	-2.3	-2.1	-2.9	-2.2	-1.1	1.7	-2.1	-1.6	0.0	-0.8	-1.2	3.8	-0.9	-1.4
Poland	-1.3	-1.0	1.1	2.5	0.5	0.9	-0.9	1.0	-1.1	-2.1	-0.5	2.6	-0.7	0.9	2.0	0.7	0.3	0.8	0.5	0.5
Portugal	-1.2	-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	4.2	2.5	1.0	1.4	1.5	1.0
Slovak Republic	-1.1	6.9	0.1	-4.9	0.3	5.5	-0.9	-2.1	1.6	3.9	0.0	2.6	0.7	2.0	2.3	1.0	1.9	-0.7	1.9	1.9
Slovenia	-2.7	-3.3	2.5	1.6	1.0	-1.9	-0.5	2.2	0.2	-2.0	0.1	2.4	1.5	1.3	3.5	2.6	2.0	2.2	2.3	1.3
Spain	0.3	-1.7	-0.4	-0.2	-0.6	-0.8	-1.7	-1.7	-1.4	-0.8	1.5	2.9	0.3	2.3	2.6	2.5	1.4	2.7	1.4	1.3
Sweden	1.0	1.3	0.5	1.5	0.9	0.4	2.0	0.6	0.7	-0.8	-1.2	-0.1	0.0	0.9	0.2	0.5	0.2	0.9	0.2	0.2
Switzerland	0.2	0.9	1.5	-0.3	0.4	-0.7	0.8	0.9	2.0	2.4	1.7	-1.9	1.0	0.3	-1.0	-0.4	0.3	-1.3	0.4	0.3
Turkey	0.0	-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	3.9	-0.2	-0.1	..	..	..
United Kingdom	-0.2	-1.2	-0.1	-0.8	-1.0	0.0	-0.7	0.4	0.3	-0.2	0.9	1.1	-0.6	1.2	-1.0	-0.1	0.5	0.0	0.4	0.7
United States	-0.4	-1.0	-0.8	-0.2	-0.7	-0.4	-0.6	-0.3	-0.1	0.6	1.2	1.2	-0.5	0.1	0.0	-0.1	-0.3	0.0	-0.3	-0.2
Euro area	0.3	-0.5	0.5	0.6	0.5	-0.6	0.3	-0.1	0.2	0.3	0.1	-0.7	0.7	0.9	1.4	0.5	0.3	0.1	0.3	0.3
Total OECD	0.0	-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	0.4	0.1	0.1	0.0	0.1	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.

1. Contributions to per cent change from the previous period, seasonally adjusted at annual rates.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932750588>

Annex Table 10. **Output gaps**
 Deviations of actual GDP from potential GDP as a per cent of potential GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	-1.4	-1.3	-1.1	0.3	0.7	0.4	0.1	0.9	1.1	1.6	1.3	0.5	2.1	0.9	-0.7	-1.2	-2.0	-1.5	-1.9	-2.2
Austria	-1.3	-1.6	-1.5	0.0	1.4	2.8	1.6	1.1	-0.1	0.1	0.6	2.1	3.7	2.6	-2.6	-2.2	-1.3	-2.4	-3.4	-3.3
Belgium	-1.1	-1.9	-0.5	-0.9	0.4	1.8	0.4	-0.1	-1.0	0.5	0.6	1.6	2.8	2.2	-1.9	-0.6	-0.1	-1.7	-2.6	-2.7
Canada	-1.4	-2.4	-1.4	-0.6	1.1	2.7	1.3	1.3	0.7	1.3	1.9	2.2	2.1	1.2	-2.9	-1.4	-0.7	-0.5	-0.6	-0.4
Chile	..	-2.0	0.9	0.3	-3.2	-1.8	-1.8	-2.8	-2.1	1.2	2.7	3.4	3.8	1.4	-3.6	-1.3	-0.1	-0.1	-0.7	-0.5
Czech Republic	..	4.8	1.5	-1.5	-2.5	-1.4	-1.6	-3.2	-3.3	-2.4	0.3	3.6	6.0	6.1	-0.9	-0.3	-0.2	-2.7	-3.8	-3.5
Denmark	-0.1	0.7	1.8	1.7	2.3	3.9	2.8	1.6	0.6	1.5	2.4	4.2	4.6	2.4	-4.2	-3.3	-2.9	-3.4	-2.9	-2.2
Estonia	..	..	..	..	..	..	-2.6	-2.0	-0.2	0.6	4.4	9.9	13.3	5.1	-11.0	-8.8	-2.4	-1.2	0.1	0.8
Finland	-4.7	-4.0	-1.3	0.0	0.3	2.1	0.8	-0.5	-1.3	0.2	0.8	3.2	6.7	5.3	-4.6	-2.1	-0.4	-0.8	-1.0	-0.4
France	-1.2	-1.8	-1.4	0.0	1.1	2.6	2.2	1.3	0.6	1.3	1.6	2.6	3.2	1.4	-2.7	-2.3	-2.0	-3.2	-4.3	-4.6
Germany	0.3	-0.4	-0.2	-0.1	-0.1	1.5	1.5	0.3	-1.2	-1.6	-1.9	0.5	2.4	1.6	-4.8	-2.1	-0.5	-1.1	-2.1	-1.9
Greece	-2.0	-2.3	-1.7	-1.5	-1.5	-1.0	-0.8	-1.2	1.0	2.2	1.9	5.8	7.4	5.4	1.7	-3.0	-9.0	-14.0	-17.5	-18.4
Hungary	-1.7	-3.7	-3.2	-2.2	-2.5	-1.9	-1.6	-0.5	0.2	2.0	3.4	5.4	3.8	3.5	-3.9	-3.2	-2.1	-4.0	-4.8	-4.7
Iceland	-5.8	-3.4	-1.3	1.3	1.5	1.9	2.2	-0.8	-1.2	3.1	6.1	5.6	7.2	5.0	-3.7	-8.6	-7.4	-6.2	-4.9	-3.8
Ireland	-6.7	-3.9	0.7	2.4	6.2	9.8	8.6	8.3	6.7	5.8	6.7	7.5	8.5	2.0	-5.6	-7.8	-7.6	-8.2	-7.7	-6.6
Israel	..	2.7	0.7	0.4	-0.7	3.9	0.0	-3.5	-5.3	-3.7	-2.3	-0.3	1.7	2.0	-0.4	1.2	2.2	1.4	0.5	0.8
Italy	0.1	-0.2	0.4	0.4	0.4	2.7	3.0	2.0	0.8	1.2	1.3	2.6	3.3	1.5	-4.4	-2.9	-2.8	-5.2	-6.4	-6.3
Japan	0.3	1.2	1.3	-2.0	-3.3	-2.1	-2.6	-3.1	-2.1	-0.4	0.2	1.2	2.8	1.0	-5.0	-1.3	-2.8	-1.9	-2.1	-2.2
Luxembourg	0.2	-2.8	-2.1	-1.0	1.7	4.8	2.3	1.6	-1.1	-0.9	0.5	2.0	5.4	2.9	-2.2	-0.7	-0.6	-1.7	-2.3	-2.4
Mexico	-7.1	-4.3	-0.1	1.8	2.1	4.8	1.0	-1.5	-2.3	-0.6	0.3	3.0	3.9	2.5	-5.6	-2.6	-1.4	-0.6	-0.4	-0.1
Netherlands	-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	3.4	-1.6	-1.1	-1.0	-2.9	-3.8	-3.7
New Zealand	0.6	0.6	0.1	-1.8	-0.5	-0.2	-1.1	0.3	1.4	2.5	2.1	1.5	2.6	0.1	-1.2	-1.4	-2.4	-2.4	-1.9	-1.1
Norway ¹	-1.0	0.0	1.8	2.4	1.6	1.4	0.5	-1.0	-2.6	-1.1	0.4	2.2	4.4	2.9	-1.2	-1.7	-1.7	-0.5	-0.1	0.1
Poland	..	-0.7	1.1	0.7	0.9	1.2	-1.1	-2.7	-2.1	-0.7	-1.5	-0.4	1.1	1.3	-0.8	0.0	1.0	0.2	-1.5	-2.4
Portugal	-0.9	0.0	1.3	3.2	4.0	4.8	4.1	2.5	-0.1	0.0	-0.5	0.0	1.4	0.4	-3.1	-2.2	-3.5	-6.8	-8.8	-8.5
Slovak Republic	..	4.6	3.7	2.7	-1.8	-4.4	-4.9	-4.4	-3.9	-3.4	-1.6	1.6	7.1	8.4	-0.5	1.0	1.0	0.0	-1.6	-1.6
Slovenia	..	..	..	..	..	-0.7	-1.5	-1.2	-1.7	-0.7	0.2	3.1	7.5	8.5	-1.3	-0.8	-0.6	-3.3	-5.8	-5.5
Spain	-0.7	-1.1	-0.3	0.7	1.6	2.7	2.5	1.5	1.0	0.8	1.0	2.0	2.7	1.3	-3.9	-5.4	-6.1	-8.4	-10.7	-11.2
Sweden	-2.3	-3.0	-2.7	-1.4	0.1	1.6	0.1	-0.2	-0.3	1.0	1.7	3.7	4.6	1.3	-5.6	-1.7	-0.1	-1.2	-1.9	-1.5
Switzerland	-1.4	-2.2	-1.4	-0.2	-0.5	1.4	0.9	-0.5	-2.1	-1.5	-0.8	0.9	2.5	2.5	-1.4	-0.3	-0.4	-1.5	-2.4	-2.2
United Kingdom	-0.6	-0.6	0.0	0.1	-0.3	0.6	0.2	-0.3	0.7	1.2	1.7	2.5	4.4	2.0	-2.8	-1.7	-1.4	-2.2	-2.3	-2.0
United States	-2.1	-1.3	0.0	1.2	2.8	3.7	1.7	0.8	0.9	2.0	2.7	3.0	2.6	0.1	-4.6	-4.0	-4.0	-3.7	-3.6	-2.9
Euro area	-0.6	-1.0	-0.4	0.2	0.7	2.3	2.1	1.0	0.0	0.2	0.3	2.0	3.3	1.9	-3.6	-2.7	-2.2	-3.7	-4.9	-4.8
Total OECD	-1.2	-0.8	0.1	0.2	0.7	2.1	0.8	0.1	-0.1	0.8	1.4	2.4	3.1	1.2	-4.0	-2.7	-2.5	-2.9	-3.3	-2.9

Note: Potential output follows the methodology outlined in Chapter 4 of *OECD Economic Outlook* n°. 91 and is described in more details in Å Johansson *et.al.* (2012), "Long-term growth scenarios", *OECD Economics Department Working Papers*, no. 1000.

1. Mainland Norway.

Source: OECD Economic Outlook 92 database.

StatLink  <http://dx.doi.org/10.1787/888932750607>

Annex Table 11. **Compensation per employee in the total economy**
Percentage change from previous period

	Average 1985-1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	4.9	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	5.5	4.6	4.4
Austria	4.6	1.2	0.8	2.5	1.9	2.2	1.2	1.8	1.7	1.5	2.4	3.0	3.0	3.3	1.6	1.3	1.9	2.9	2.4	1.9
Belgium	4.2	1.5	3.3	1.3	3.5	2.2	3.6	3.8	1.9	1.6	1.8	3.6	3.4	3.5	1.2	1.4	3.1	3.2	2.3	2.2
Canada	3.8	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	2.3	2.3	2.8
Czech Republic	..	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	4.5	2.5	1.8	1.7	2.5
Denmark	4.3	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	1.8	2.6	1.6	1.6	1.6	1.8
Finland	6.0	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	1.8	3.4	3.9	2.7	3.1
France	3.4	1.8	1.6	1.6	2.0	2.5	2.7	3.5	2.8	3.4	3.1	3.2	2.5	2.6	1.8	2.3	2.8	2.1	1.9	1.7
Germany	4.2	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	0.2	2.4	3.0	2.6	3.0	3.3
Greece	14.4	8.8	13.7	5.3	6.5	6.0	3.7	11.4	6.3	4.2	2.6	2.4	4.6	4.4	3.3	-3.4	-1.8	-6.4	-5.8	-2.4
Hungary	..	21.2	22.1	14.5	6.5	15.0	15.2	13.6	9.9	10.3	7.1	5.5	6.4	6.8	-1.4	0.1	3.1	4.0	3.5	3.8
Iceland	14.3	6.2	5.5	11.5	7.9	9.0	7.4	8.8	2.1	10.3	8.9	12.4	9.4	4.3	-2.1	5.0	7.1	8.0	6.6	5.6
Ireland	5.1	4.4	5.0	3.7	4.9	7.7	7.9	5.4	6.4	5.2	5.5	4.6	5.9	5.4	-0.8	-3.1	0.2	1.1	0.2	1.5
Israel	..	..	..	6.8	6.4	6.0	2.6	0.7	-1.9	0.6	1.9	5.9	1.5	2.1	1.0	3.5	3.6	2.9	2.7	3.2
Italy	6.7	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	1.0	0.3	0.8	0.5
Japan	2.5	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	0.0	-0.7	0.4	0.9
Korea	13.5	12.3	4.4	4.2	3.1	4.0	7.3	6.0	7.4	4.6	5.3	3.5	4.1	4.2	2.4	3.4	3.4	4.7	4.0	4.6
Luxembourg	4.8	1.9	2.6	0.9	3.9	5.3	3.5	3.0	1.1	3.3	4.6	2.6	3.7	2.1	1.8	2.6	2.0	1.5	1.6	2.0
Mexico	..	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	4.2
Netherlands	1.6	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	2.1	1.3	1.5	1.1	1.6	2.2
Norway	5.1	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	3.2	3.9	4.6	3.8	3.9	4.6
Poland	..	27.1	20.5	14.0	13.5	10.9	10.2	2.3	1.6	1.8	1.7	2.0	4.8	8.9	3.5	4.6	3.9	3.7	3.5	3.6
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	-3.0	-1.9	-0.3
Slovak Republic	..	13.1	16.8	9.9	6.6	13.2	5.6	8.9	7.8	8.1	9.1	7.9	8.7	7.0	3.6	4.4	0.9	2.4	2.8	3.0
Slovenia	..	13.3	12.6	8.6	8.2	10.5	11.6	8.2	7.8	7.6	6.2	5.4	6.1	7.0	2.3	3.5	1.8	-0.8	0.4	1.2
Spain	7.7	4.3	2.3	1.8	2.1	2.8	3.6	3.4	2.6	2.1	2.8	3.2	4.6	6.7	4.4	0.2	0.5	0.2	-1.2	-0.7
Sweden	6.9	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	2.8	0.9	2.9	2.2	3.1
Switzerland	4.2	1.2	2.3	0.4	1.2	2.4	3.8	1.4	-0.2	-0.4	2.6	2.0	3.2	1.9	1.1	-0.5	1.1	1.1	0.5	1.1
United Kingdom	6.6	3.2	4.0	6.5	4.7	5.7	5.2	3.3	4.7	3.8	3.8	4.7	5.1	1.5	2.8	2.7	2.0	2.6	2.3	2.9
United States	3.7	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	1.0	2.9	2.9	2.1	2.2	2.9
Euro area	4.7	3.1	2.8	1.6	2.1	3.0	2.9	2.9	2.6	2.4	2.1	2.5	2.7	3.5	1.5	1.7	1.9	1.4	1.4	1.6
Total OECD	5.0	5.5	5.4	4.7	4.3	5.3	3.9	2.8	3.3	2.9	3.0	3.0	3.3	3.2	1.0	2.4	2.4	2.0	2.0	2.6

Source: OECD Economic Outlook 92 database.

Annex Table 12. **Labour productivity in the total economy**

Percentage change from previous period

	Average 1985-1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	1.1	2.6	2.8	2.9	2.4	0.5	1.6	1.7	1.0	1.9	-0.2	0.0	1.7	-0.6	0.7	-0.3	0.6	3.1	2.1	1.7
Austria	2.2	1.6	1.5	2.7	2.0	2.6	0.3	1.6	0.3	1.6	1.5	1.9	1.8	-0.8	-2.9	1.5	1.0	-0.6	0.5	1.2
Belgium	1.8	1.1	3.1	0.2	2.1	1.6	-0.6	1.5	0.9	2.2	0.4	1.5	1.2	-0.8	-2.6	1.7	0.4	-0.4	0.4	1.1
Canada	0.8	0.8	2.1	1.7	2.5	2.6	0.6	0.4	-0.4	1.4	1.8	0.9	-0.3	-0.6	-1.3	1.8	1.0	1.0	0.7	1.2
Chile	..	5.6	4.6	1.1	0.7	2.5	2.3	0.3	0.0	4.0	2.4	4.1	2.3	0.1	-0.9	-1.2	0.9	2.9	2.9	4.0
Czech Republic	..	4.0	-0.1	1.6	3.9	5.0	3.4	1.5	4.6	5.1	4.6	5.6	3.5	0.8	-3.3	4.2	1.7	-0.9	0.7	2.2
Denmark	1.8	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	-3.4	3.9	1.5	0.5	0.8	0.9
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	-4.4	-4.6	8.5	1.2	0.2	2.5	2.8
Finland	3.1	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	-6.1	3.4	1.6	0.5	1.4	1.9
France	1.8	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	1.6	1.2	0.2	0.7	1.2
Germany	1.8	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	3.4	1.7	-0.1	0.6	1.7
Greece	..	1.1	4.0	-1.0	3.1	3.0	4.1	1.2	4.7	1.9	-0.7	3.6	1.9	-1.0	-2.9	-3.1	-0.4	2.1	1.5	1.1
Hungary	..	0.1	2.9	2.5	0.4	3.2	3.9	4.6	3.8	5.8	4.3	3.4	0.1	2.4	-4.1	1.0	1.3	-2.3	-0.7	0.5
Iceland	0.9	4.8	4.9	2.1	0.4	2.3	2.2	1.6	2.3	8.4	3.8	-0.4	1.4	0.5	-0.6	-3.7	2.5	2.8	2.5	1.9
Ireland	3.2	5.7	5.7	0.3	4.3	6.0	2.1	4.0	2.0	1.0	0.9	1.0	1.7	-1.1	2.9	3.6	3.6	2.0	2.0	2.2
Israel	..	1.3	0.3	0.5	-0.1	5.0	-1.7	-0.5	0.6	2.7	1.2	2.5	0.9	-0.1	0.3	1.5	1.8	-0.4	0.6	1.2
Italy	2.1	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	-1.7	-0.3	0.9
Japan	2.1	2.2	0.5	-1.4	0.6	2.5	0.9	1.6	1.9	2.2	0.9	1.3	1.7	-0.6	-4.0	5.0	-0.5	1.3	0.9	0.9
Korea	5.8	4.9	4.0	0.3	8.8	4.4	1.9	4.3	3.0	2.6	2.6	3.8	3.8	1.7	0.6	4.9	1.9	0.8	2.5	3.2
Luxembourg	2.7	-1.0	2.8	1.9	3.3	2.7	-2.9	0.9	-0.1	2.1	2.3	1.3	2.0	-5.5	-5.1	1.1	-1.2	-1.8	-0.5	0.0
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	-4.9	4.4	1.7	0.7	0.5	0.8
Netherlands	0.4	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	-3.0	2.0	0.4	-0.8	0.4	1.3
New Zealand	2.0	0.0	2.6	-1.5	1.3	4.0	-0.3	1.5	1.5	1.0	-1.6	-0.1	2.3	-3.0	0.9	0.1	-1.1	1.1	1.1	1.3
Norway	2.3	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	0.0	1.3	1.1	0.5
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	1.3	1.2	3.3	3.4	2.1	1.7	2.6
Portugal	2.5	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	0.8	0.0	0.7
Slovak Republic	..	4.8	5.5	4.9	2.6	3.4	2.9	4.5	3.7	5.3	5.0	6.1	8.2	2.4	-3.0	6.0	1.4	2.2	1.5	2.4
Slovenia	..	5.8	6.9	3.6	3.8	2.7	2.3	2.3	3.2	4.0	4.5	4.2	3.5	0.8	-6.2	3.5	2.2	-0.6	0.8	1.6
Spain	1.4	0.7	0.3	0.0	0.2	0.0	0.4	0.2	-0.1	-0.4	-0.5	0.1	0.4	1.0	3.0	2.2	2.0	2.9	1.2	0.7
Sweden	2.2	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	5.0	1.7	0.5	1.4	1.9
Switzerland	0.2	0.5	2.1	1.4	0.6	2.7	-0.4	-0.5	0.4	2.1	2.0	1.7	1.2	-0.2	-2.4	2.3	-0.5	-0.3	0.5	1.3
Turkey	2.3	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	0.3	2.3	2.7
United Kingdom	2.4	2.2	2.0	2.5	1.8	3.0	2.0	1.7	2.8	1.8	1.7	1.7	2.9	-1.7	-2.4	1.6	0.4	-1.1	0.5	0.7
United States	1.1	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	1.3	3.1	0.9	0.8	0.4	1.3
Euro area	1.7	0.9	1.8	0.9	0.9	1.6	0.7	0.4	0.4	1.3	0.9	1.8	1.3	-0.4	-2.6	2.4	1.2	0.2	0.6	1.3
Total OECD	1.8	2.0	2.2	1.2	1.9	2.9	0.7	1.7	1.8	2.2	1.6	1.7	1.5	-0.3	-1.6	3.1	1.0	0.6	0.8	1.4

Note: Labour productivity measured as GDP per person employed.

Source: OECD Economic Outlook 92 database.

Annex Table 13. **Unemployment rates: commonly used definitions**

Per cent of labour force

	2009 Unemployment thousands	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Fourth quarter		
																		2012	2013	2014
Australia	649	6.9	6.3	6.8	6.4	5.9	5.4	5.0	4.8	4.4	4.2	5.6	5.2	5.1	5.2	5.5	5.5	5.4	5.5	5.5
Austria	205	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	4.4	4.7	4.7	4.6	4.8	4.7
Belgium	388	8.5	6.9	6.6	7.5	8.2	8.4	8.5	8.3	7.5	7.0	7.9	8.3	7.2	7.4	7.7	7.7	7.6	7.7	7.7
Canada	1 519	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	7.3	7.2	6.9	7.3	7.1	6.8
Chile	804	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	6.5	6.8	6.8	6.5	6.9	6.6
Czech Republic	353	8.8	8.8	8.2	7.3	7.8	8.3	7.9	7.1	5.3	4.4	6.7	7.3	6.7	6.9	7.2	7.1	7.1	7.3	7.0
Denmark	178	5.0	4.2	4.5	4.5	5.3	5.5	4.8	3.9	3.7	3.3	5.8	7.2	7.3	7.5	7.4	7.3	7.5	7.3	7.2
Estonia	96	..	13.6	12.6	10.3	10.0	9.7	7.9	5.9	4.7	5.6	13.9	16.8	12.5	9.9	9.1	8.7	9.5	8.9	8.7
Finland	222	10.2	9.8	9.1	9.1	9.0	8.8	8.4	7.7	6.9	6.4	8.3	8.4	7.8	7.7	8.0	7.8	8.0	7.9	7.6
France	2 576	10.0	8.5	7.7	7.9	8.5	8.9	8.9	8.8	8.0	7.4	9.1	9.3	9.2	9.9	10.7	10.9	10.2	10.9	10.9
Germany	3 240	8.1	7.5	7.3	8.1	9.1	9.8	10.7	9.7	8.3	7.2	7.4	6.8	5.8	5.3	5.5	5.6	5.4	5.6	5.5
Greece	471	12.1	11.4	10.8	10.3	9.7	10.5	9.8	8.9	8.3	7.7	9.5	12.5	17.7	23.6	26.7	27.2	..	..	..
Hungary	421	7.0	6.4	5.7	5.8	5.9	6.1	7.2	7.5	7.4	7.9	10.0	11.1	10.9	11.1	11.1	10.8	11.1	11.0	10.6
Iceland	13	2.0	2.3	2.3	3.3	3.4	3.1	2.6	2.9	2.3	3.0	7.2	7.6	7.1	6.1	5.4	5.1	5.6	5.3	5.0
Ireland	258	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	14.8	14.7	14.6	14.9	14.6	14.6
Israel	319	11.0	11.0	11.6	12.8	13.3	12.9	11.3	10.5	9.1	7.7	9.5	8.3	7.1	6.9	7.4	6.9	7.0	7.4	6.7
Italy	1 948	10.9	10.0	9.0	8.5	8.4	8.0	7.7	6.8	6.1	6.8	7.8	8.4	8.4	10.6	11.4	11.8	10.8	11.8	11.6
Japan	3 354	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	4.4	4.4	4.3	4.4	4.3	4.3
Korea	889	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	3.4	3.6	3.4	3.5	3.6	3.3
Luxembourg	12	2.7	2.4	2.2	2.5	3.3	3.7	4.1	4.2	4.2	4.1	5.4	5.8	5.6	6.1	6.6	6.7	6.3	6.7	6.7
Mexico ¹	2 575	2.5	2.6	2.6	2.9	3.0	3.7	3.5	3.6	3.7	3.9	5.4	5.4	5.2	5.0	5.0	4.9	5.2	4.8	4.9
Netherlands	327	3.4	2.9	2.4	3.0	4.0	4.9	5.1	4.2	3.5	3.0	3.7	4.4	4.3	5.2	5.8	6.1	5.5	6.0	6.1
New Zealand	142	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	6.9	6.6	6.0	7.0	6.3	5.9
Norway	80	3.1	3.3	3.5	3.8	4.0	4.2	4.4	3.4	2.5	2.6	3.1	3.5	3.2	3.1	3.1	3.0	3.3	3.0	3.0
Poland	1 411	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	10.1	10.5	10.7	10.2	10.6	10.7
Portugal	530	4.5	4.0	4.0	5.0	6.3	6.7	7.6	7.6	8.0	7.6	9.5	10.8	12.7	15.5	16.9	16.6	16.4	17.0	16.5
Slovak Republic	323	16.4	18.8	19.3	18.7	17.6	18.2	16.3	13.4	11.1	9.5	12.0	14.4	13.5	13.7	13.6	13.0	13.8	13.4	12.6
Slovenia	61	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	8.5	9.7	9.8	9.0	9.9	9.7
Spain	4 150	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	25.0	26.9	26.8	26.3	26.9	26.6
Sweden	408	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	7.7	7.9	7.6	7.8	7.9	7.4
Switzerland	193	2.9	2.6	2.3	3.0	4.0	4.3	4.3	3.9	3.6	3.3	4.3	4.4	3.9	3.9	4.1	4.0	3.9	4.2	3.9
Turkey	3 471	8.1	6.9	8.7	10.7	10.8	10.6	10.4	10.0	10.1	10.7	13.7	11.7	9.6	9.0	9.3	8.7	..	..	..
United Kingdom	2 391	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	8.0	8.3	8.0	8.0	8.3	7.9
United States	14 301	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	7.8	7.5	7.9	7.7	7.4
Euro area	14 807	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	11.1	11.9	12.0	11.5	12.1	11.9
Total OECD	48 278	6.5	6.0	6.2	6.8	7.0	6.9	6.6	6.1	5.7	6.0	8.2	8.3	8.0	8.0	8.2	8.0	8.1	8.1	7.9

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 92 database.

Annex Table 14. **Harmonised unemployment rates**

Per cent of civilian labour force

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Australia	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	5.1
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	4.1
Belgium	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	7.2
Canada	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	7.4
Chile	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	7.1
Czech Republic	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	6.8
Denmark	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	7.6
Estonia	..	..	..	..	9.7	9.2	11.4	13.7	12.6	10.3	10.0	9.7	7.9	5.9	4.7	5.6	13.9	16.9	12.4
Finland	16.2	16.8	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	7.8
France	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	9.7
Germany	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	6.0
Greece	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	17.7
Hungary	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	10.9
Iceland	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	7.1
Ireland	15.6	14.4	12.3	11.7	9.9	7.6	5.7	4.2	3.9	4.5	4.6	4.5	4.4	4.5	4.6	6.3	11.9	13.7	14.5
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	6.6	5.6
Italy	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	6.1	6.8	7.8	8.4	8.4
Japan	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	3.8	4.0	5.0	5.0	4.6
Korea	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	3.4
Luxembourg	2.6	3.2	2.9	2.9	2.7	2.7	2.4	2.2	1.9	2.6	3.8	4.9	4.6	4.6	4.2	4.9	5.2	4.6	4.8
Mexico	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	5.4	5.4	5.3
Netherlands	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	4.4
New Zealand	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	6.5
Norway	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	3.2	3.6	3.3
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	9.7
Portugal	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	13.0
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	13.4	11.1	9.5	12.0	14.4	13.6
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	8.2
Spain	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	21.7
Sweden	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	7.5
Switzerland	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	3.8
Turkey	..	..	..	..	..	..	..	..	..	..	..	..	9.2	8.7	8.8	9.7	12.5	10.6	8.8
United Kingdom	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	8.0
United States	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	9.0
Euro area	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	7.7	9.6	10.1	10.2
Total OECD	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	8.2

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.

Annex Table 15. **Labour force, employment and unemployment**

	Millions														
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Labour force															
Major seven countries	348.0	349.8	351.5	353.9	355.7	358.8	361.8	364.6	366.8	366.9	366.7	366.6	369.7	372.1	374.4
Total of smaller countries	197.3	199.7	202.9	204.6	208.7	211.8	215.1	218.3	221.8	225.0	228.0	231.4	234.5	237.2	239.8
Euro area	145.6	147.0	148.5	150.0	151.6	153.4	154.6	156.0	157.5	158.0	158.2	158.5	159.6	159.8	160.0
Total OECD	545.3	549.5	554.4	558.6	564.5	570.6	576.9	582.9	588.6	591.8	594.7	598.0	604.1	609.4	614.2
Employment															
Major seven countries	328.6	329.6	329.1	330.6	333.2	336.7	341.0	344.8	345.4	337.5	336.9	338.7	342.4	344.6	347.2
Total of smaller countries	183.8	185.6	187.7	189.0	192.6	196.1	200.7	205.1	208.0	206.0	208.3	211.8	213.5	215.1	217.9
Euro area	133.5	135.5	136.3	137.0	138.1	139.7	141.9	144.5	145.8	143.2	142.5	142.7	141.9	140.8	140.8
Total OECD	512.5	515.1	516.8	519.6	525.7	532.8	541.7	549.9	553.4	543.5	545.2	550.5	556.0	559.7	565.1
Unemployment															
Major seven countries	19.4	20.2	22.4	23.3	22.5	22.1	20.8	19.7	21.4	29.3	29.8	27.9	27.2	27.6	27.3
Total of smaller countries	13.5	14.1	15.2	15.6	16.2	15.7	14.4	13.2	13.8	18.9	19.7	19.6	20.9	22.1	21.9
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	17.8	19.0	19.2
Total OECD	32.9	34.3	37.6	38.9	38.7	37.8	35.2	33.0	35.2	48.3	49.5	47.6	48.2	49.7	49.2

Source: OECD Economic Outlook 92 database.

Annex Table 16. **GDP deflators**
Percentage change from previous year

	Average 1988-98	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Fourth quarter 2012 2013 2014		
Australia	2.4	1.3	4.6	3.4	3.1	2.4	3.7	4.5	5.1	4.0	6.7	0.1	5.7	4.1	-0.3	1.7	2.3	0.0	2.0	2.5
Austria	2.1	0.3	1.1	1.6	1.4	1.2	1.7	1.9	1.9	2.0	1.8	1.4	1.8	2.1	2.0	1.7	1.4	2.1	1.4	1.3
Belgium	2.4	0.3	2.0	2.1	2.0	2.0	2.1	2.4	2.3	2.4	2.1	1.2	2.0	2.0	2.1	1.8	1.7	2.1	1.8	1.7
Canada	2.0	1.7	4.3	1.6	1.2	3.3	3.2	3.3	2.6	3.2	4.0	-2.2	3.1	3.2	0.9	1.4	1.8	0.4	1.5	2.0
Chile	10.6	2.5	4.6	3.8	4.2	5.9	7.7	7.0	12.5	4.8	0.7	4.1	7.5	2.8	0.5	2.5	3.2	0.8	3.0	3.3
Czech Republic	..	2.5	1.4	4.6	2.7	0.9	4.0	-0.3	0.5	3.3	1.9	2.3	-1.4	-0.8	1.0	0.3	0.2	0.2	0.4	0.1
Denmark	2.1	1.7	3.0	2.5	2.3	1.6	2.3	2.9	2.1	2.3	4.2	0.7	4.1	0.6	2.0	1.2	1.6	..	..	..
Estonia	..	6.8	4.8	6.5	4.7	4.0	4.5	6.1	8.8	11.6	5.4	-1.4	0.7	2.9	3.7	3.3	2.4	3.9	2.6	2.4
Finland	2.7	0.9	2.6	3.0	1.3	-0.7	0.5	0.5	0.8	3.0	2.9	1.5	0.4	3.1	2.0	2.1	1.8	0.6	4.1	0.6
France	1.8	0.2	1.6	2.0	2.2	2.0	1.7	1.9	2.2	2.6	2.5	0.7	1.1	1.3	1.5	1.1	0.7	1.4	1.0	0.6
Germany	2.5	0.2	-0.7	1.1	1.4	1.1	1.1	0.6	0.3	1.6	0.8	1.2	0.9	0.8	1.4	1.6	1.6	1.6	1.5	1.7
Greece	..	3.0	3.4	3.1	3.4	3.9	2.9	1.9	2.4	3.3	4.7	2.3	1.1	1.0	-0.6	-0.5	-0.8	-1.6	-0.8	-0.8
Hungary	..	7.9	9.7	11.3	8.5	5.4	5.2	2.5	3.5	5.4	5.3	3.6	2.5	3.1	2.9	4.3	3.3	2.5	4.1	2.6
Iceland	6.6	3.3	3.6	8.6	5.6	0.6	2.5	2.8	8.8	5.7	11.9	8.0	6.9	3.6	3.6	4.8	4.7	5.7	4.7	5.5
Ireland	2.9	3.8	5.3	5.6	5.3	3.6	2.2	2.5	3.4	0.7	-3.1	-4.6	-2.2	0.2	1.8	0.3	0.6	1.3	0.7	0.6
Israel	12.4	6.3	1.7	1.8	4.0	-0.6	0.1	0.9	1.9	-0.2	1.6	4.8	1.2	2.4	2.8	2.1	2.4	2.9	2.1	2.5
Italy	4.9	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	1.1	1.3	0.6	1.2	1.6	0.1
Japan	0.8	-1.3	-1.2	-1.2	-1.6	-1.7	-1.4	-1.3	-1.1	-0.9	-1.3	-0.5	-2.2	-2.1	-0.9	-0.5	0.7	-0.6	-0.3	1.1
Korea	6.9	-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	1.3	1.6	1.5	1.2	0.5	1.9
Luxembourg	2.5	5.3	2.0	0.0	2.1	5.8	1.8	4.8	6.7	3.8	0.5	0.5	7.6	5.1	4.1	1.5	0.6	2.6	0.9	0.6
Mexico	20.2	17.4	10.8	5.4	2.6	9.4	9.1	4.5	6.7	5.6	6.4	4.2	3.9	5.4	4.0	4.0	4.2	2.3	4.4	4.1
Netherlands	2.0	1.8	4.1	5.1	3.8	2.2	0.8	2.4	1.8	1.8	2.1	0.1	1.1	1.2	0.8	1.7	1.5	0.8	1.5	1.4
New Zealand	2.0	0.4	2.4	4.5	1.1	1.7	3.7	2.6	2.8	4.3	4.0	0.1	4.0	3.1	1.7	2.0	1.9	2.1	2.0	1.8
Norway	2.2	6.6	15.7	1.7	-1.8	2.9	5.9	8.9	8.7	3.0	11.0	-6.4	6.4	6.3	3.3	2.0	2.6	2.5	2.3	2.7
Poland	..	6.0	7.4	3.6	2.1	0.2	4.4	2.5	1.5	4.0	3.2	3.5	1.6	3.0	2.6	1.5	2.0	2.0	1.6	2.1
Portugal	7.3	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	-0.2	0.9	0.7	-0.4	1.4	0.8
Slovak Republic	..	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	1.8	1.4	1.6	2.4	0.5	2.1
Slovenia	..	6.6	5.2	8.7	7.6	5.5	3.3	1.7	2.1	4.2	4.1	3.6	-1.1	1.0	1.6	1.9	1.4	1.4	1.6	1.3
Spain	4.9	2.6	3.5	4.2	4.4	4.2	4.0	4.3	4.1	3.3	2.4	0.1	0.4	1.0	0.3	0.7	0.4	0.0	1.1	-0.1
Sweden	3.8	1.1	1.3	2.2	1.5	1.6	0.8	0.9	1.7	2.6	3.3	2.0	1.1	1.0	1.1	1.3	1.8	1.8	1.4	1.9
Switzerland	2.0	0.2	1.5	1.2	0.6	0.8	0.8	0.3	2.2	2.5	2.8	-0.4	0.5	0.2	0.2	0.2	0.4	0.5	-0.1	0.7
Turkey	74.8	54.2	49.2	52.9	37.4	23.3	12.4	7.1	9.3	6.2	12.0	5.3	5.7	8.9	7.2	6.1	6.1	..	..	..
United Kingdom	3.7	2.1	0.7	1.6	2.3	2.5	2.6	2.4	2.9	2.2	3.0	1.3	2.8	2.7	2.1	1.7	1.7	1.9	1.8	1.7
United States	2.5	1.6	2.2	2.3	1.6	2.1	2.8	3.3	3.2	2.9	2.2	0.9	1.3	2.1	1.8	1.8	1.9	2.0	1.7	1.9
Euro area	3.1	1.0	1.4	2.4	2.5	2.2	1.9	1.9	1.8	2.3	1.9	0.9	0.8	1.2	1.2	1.3	1.0	1.2	1.4	0.9
Total OECD	5.1	2.9	3.0	3.2	2.4	2.5	2.6	2.4	2.6	2.5	2.5	1.0	1.4	1.8	1.6	1.6	1.8	1.5	1.7	1.8

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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932750721>

Annex Table 17. **Private consumption deflators**
Percentage change from previous year

	Average 1988-98	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Fourth quarter		
																		2012	2013	2014
Australia	3.1	1.0	3.5	3.5	2.8	2.0	1.2	2.0	3.4	3.5	3.2	2.5	2.7	2.5	2.0	2.8	2.3	2.6	2.4	2.2
Austria	2.4	0.5	2.3	1.7	0.8	1.5	2.0	2.6	2.1	2.4	2.2	0.4	2.0	3.5	2.8	1.9	1.5	2.6	1.6	1.4
Belgium	2.4	0.3	3.5	1.9	1.2	1.4	2.4	2.7	3.0	2.8	3.3	-0.7	2.0	3.1	2.7	1.8	1.6	2.5	1.7	1.5
Canada	2.3	1.6	2.2	2.0	1.9	1.7	1.6	1.7	1.3	1.6	1.6	0.4	1.5	2.2	1.4	1.1	1.3	1.0	1.1	1.4
Chile	..	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	2.8	3.0	3.1	3.0	3.1
Czech Republic	..	2.0	3.4	3.7	1.3	-0.2	3.6	0.8	1.5	2.9	4.8	0.8	0.3	0.5	2.7	1.0	1.2	2.3	1.3	0.9
Denmark	2.1	1.9	2.7	2.3	1.7	1.3	1.3	1.5	1.9	1.2	2.7	1.5	2.5	2.5	2.6	1.5	1.7	..	..	..
Estonia	..	4.3	3.5	6.3	3.5	1.6	3.3	3.9	5.2	7.9	7.8	-1.3	2.6	5.0	3.4	3.2	2.9	3.1	3.2	2.9
Finland	3.0	1.4	4.3	2.4	2.2	-0.5	0.4	0.8	1.4	2.2	3.5	1.4	2.0	3.4	3.0	2.5	2.1	2.2	2.7	2.0
France	1.9	-0.5	2.4	2.0	1.0	1.9	2.1	1.8	2.1	2.1	2.9	-0.6	1.1	2.1	1.7	0.9	0.9	1.3	0.9	0.8
Germany	2.4	0.4	0.8	1.9	1.2	1.6	1.2	1.7	1.0	1.5	1.6	0.0	2.0	2.1	1.6	1.6	1.6	1.5	1.6	1.8
Greece	..	2.3	3.3	2.7	2.6	3.4	2.9	3.4	3.4	3.1	4.2	0.7	4.0	3.4	1.3	-0.2	-0.8	..	..	..
Hungary	..	9.2	11.3	9.4	5.8	4.2	5.6	3.6	3.5	6.9	5.3	3.9	3.9	4.5	5.6	4.7	3.6	5.0	4.6	2.9
Iceland	6.6	2.8	5.0	7.8	4.8	1.3	3.0	1.9	7.6	4.6	14.0	13.8	3.0	5.4	4.7	4.2	3.9	3.2	5.1	3.2
Ireland	2.8	0.5	5.0	4.3	5.4	3.8	1.6	1.7	2.3	3.1	1.6	-6.7	-2.1	1.4	1.7	0.9	0.8	1.4	0.9	0.8
Israel	..	6.0	2.0	0.9	4.2	0.2	0.5	1.6	2.3	0.5	5.0	2.4	2.9	3.2	1.7	1.8	2.3	1.6	2.0	2.4
Italy	5.0	1.8	3.4	2.6	2.8	2.8	2.6	2.2	2.6	2.2	3.1	-0.1	1.5	2.8	2.4	1.5	0.6	1.7	1.7	0.1
Japan	1.1	-0.7	-0.6	-1.0	-1.4	-1.0	-0.8	-0.6	-0.3	-0.7	0.2	-2.5	-1.7	-1.1	-0.7	-0.6	1.2	-0.6	-0.4	1.7
Korea	7.6	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	2.2	2.4	2.8	1.4	2.8	2.8
Luxembourg	2.7	2.5	4.0	2.0	0.5	2.2	2.4	3.1	2.4	2.2	3.4	0.9	1.7	2.6	2.2	1.6	1.4	2.1	1.5	1.4
Mexico	20.9	14.0	10.3	7.1	5.3	7.1	6.5	3.3	3.4	4.8	5.7	7.5	3.9	4.1	5.7	4.3	3.9	5.5	4.0	3.9
Netherlands	2.3	1.9	3.8	4.5	3.0	2.4	1.0	2.1	2.2	1.8	1.1	-0.5	1.3	2.3	2.5	2.3	1.4	3.0	1.5	1.4
New Zealand	2.5	0.7	2.3	2.1	2.2	0.8	1.6	2.2	3.0	1.8	3.8	2.6	1.7	3.4	1.1	1.4	2.1	1.2	1.9	2.1
Norway	2.7	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	0.9	1.2	2.1	1.1	1.7	2.3
Poland	..	6.3	9.8	3.8	3.4	0.4	2.9	2.3	1.2	2.5	4.1	2.5	2.7	4.7	3.6	2.1	2.0	2.7	2.0	2.0
Portugal	7.0	2.3	3.5	3.5	2.8	3.0	2.5	2.7	3.0	3.0	2.6	-2.2	1.6	3.6	2.1	0.6	1.0	1.3	1.0	0.8
Slovak Republic	..	9.9	8.3	5.6	2.9	6.5	7.3	2.6	4.9	2.6	4.5	0.1	1.0	3.8	3.6	2.5	2.4	3.1	2.5	2.4
Slovenia	..	6.4	6.9	7.5	7.5	5.2	3.0	2.3	2.4	4.1	5.5	1.1	1.5	1.7	2.9	2.2	1.5	3.4	1.7	1.4
Spain	4.9	2.3	3.7	3.4	2.9	3.2	3.6	3.5	3.6	3.2	3.6	-1.1	2.0	2.9	2.2	0.8	0.3	1.6	0.3	0.3
Sweden	4.4	1.5	0.8	2.1	1.6	1.6	1.0	1.1	1.1	1.3	3.1	2.1	1.6	1.2	1.1	0.7	1.5	1.2	1.1	1.7
Switzerland	2.3	0.3	0.9	0.5	0.7	0.2	1.0	0.4	1.5	1.6	3.1	-0.7	0.9	0.1	-0.3	0.0	0.3	0.2	0.1	0.4
Turkey	76.4	53.4	54.9	49.7	38.5	23.4	10.8	8.3	9.8	6.6	10.8	4.9	8.5	8.8	9.1	7.3	5.9	..	..	..
United Kingdom	3.7	1.2	0.4	1.0	0.8	1.7	1.9	2.5	2.7	2.6	3.4	1.4	3.7	4.7	3.0	2.1	1.8	2.8	1.8	1.8
United States	2.7	1.7	2.5	1.9	1.4	2.0	2.6	3.0	2.7	2.7	3.3	0.1	1.9	2.4	1.8	1.8	2.0	1.8	1.8	2.0
Euro area	3.2	0.9	2.5	2.4	1.9	2.2	2.0	2.2	2.1	2.2	2.6	-0.4	1.7	2.5	2.0	1.3	1.1	1.6	1.2	1.0
Total OECD	5.5	3.0	3.7	3.2	2.3	2.3	2.3	2.4	2.4	2.4	3.2	0.5	1.9	2.6	2.1	1.7	1.9	2.0	1.7	2.0

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 92 database.

Annex Table 18. **Consumer price indices**

Percentage change from previous year

	Average 1988-98	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Fourth quarter		
																		2012	2013	2014
Australia	3.1	1.4	4.4	4.4	3.0	2.7	2.3	2.7	3.6	2.4	4.3	1.8	2.9	3.4	1.8	2.8	2.3	2.4	2.4	2.2
Austria	..	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	2.4	1.9	1.6	2.3	1.7	1.5
Belgium	..	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	2.6	1.8	1.6	2.0	1.7	1.5
Canada	2.5	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	1.6	1.4	1.8	1.1	1.6	1.9
Chile	12.9	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	3.2	2.8	3.1	2.6	3.0	3.2
Czech Republic	..	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	3.2	2.0	2.1	2.6	2.3	1.8
Denmark	2.3	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	2.4	1.8	2.0	2.3	1.8	2.1
Estonia	..	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	4.3	3.3	2.8	4.2	3.1	2.9
Finland	..	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	3.1	2.7	2.3	3.1	2.8	2.0
France	..	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	2.2	1.3	1.2	1.7	1.2	1.1
Germany	..	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	2.1	1.9	2.0	2.0	1.9	2.1
Greece	..	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	1.0	-0.2	-0.8	0.2	-0.8	-0.9
Hungary	..	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	5.8	4.8	3.9	5.8	4.8	3.2
Iceland ¹	5.8	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	5.2	4.1	3.5	4.4	4.7	2.9
Ireland	..	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	1.3	0.7	2.2	1.0	0.5
Israel	12.7	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	1.8	1.9	2.4	2.0	2.2	2.5
Italy	..	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	3.2	1.9	0.9	2.2	2.0	0.4
Japan	1.4	-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	0.0	-0.5	1.3	-0.2	-0.3	1.8
Korea	6.2	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	2.2	2.7	3.0	1.7	3.0	3.0
Luxembourg	..	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	2.8	2.0	1.9	2.4	2.0	1.9
Mexico	20.4	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	4.1	3.6	3.3	4.1	3.3	3.2
Netherlands	..	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	2.8	2.4	1.4	3.3	1.5	1.4
New Zealand	2.7	-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	1.1	1.6	2.4	1.1	2.2	2.4
Norway	2.7	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	0.6	1.3	2.0	0.8	1.6	2.2
Poland	..	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	3.6	2.1	2.1	2.7	2.1	2.1
Portugal	..	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	2.7	0.8	1.0	1.9	0.6	1.5
Slovak Republic	..	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	3.7	2.5	2.4	3.3	2.6	2.3
Slovenia	..	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	2.8	2.3	1.8	2.6	2.0	1.7
Spain	..	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	2.2	1.2	0.4	2.4	0.4	0.4
Sweden ²	3.8	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	1.0	0.9	1.7	0.5	1.2	1.9
Switzerland	2.6	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	-0.6	0.1	0.2	0.0	0.1	0.2
Turkey	76.6	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	9.1	6.9	6.1	..	..	..
United Kingdom ³	..	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	1.8	1.9	1.8	1.8
United States	3.3	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	2.1	1.8	2.0	2.0	1.8	2.0
Euro area	..	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	1.6	1.2	2.1	1.4	1.2

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 92 database.

Annex Table 19. Oil and other primary commodity markets

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Oil market conditions¹	Million barrels per day																	
Demand																		
OECD	47.4	47.5	48.5	48.6	48.6	48.6	49.3	50.1	50.5	50.2	50.1	48.4	46.4	46.9	46.6	46.1	45.8	..
<i>of which:</i> North America	23.0	23.4	24.1	24.3	24.3	24.4	24.9	25.7	25.9	25.7	25.8	24.5	23.7	24.1	24.1	23.7	23.8	..
Europe	15.2	15.5	15.4	15.3	15.5	15.4	15.5	15.6	15.7	15.8	15.6	15.5	14.7	14.7	14.4	13.8	13.6	..
Pacific	9.2	8.6	9.0	8.9	8.8	8.7	8.9	8.8	8.9	8.7	8.7	8.3	8.0	8.1	8.1	8.5	8.3	..
Non-OECD	27.0	27.1	27.9	28.6	29.2	30.0	31.0	33.1	34.1	35.4	37.0	38.1	39.1	41.2	42.4	43.5	44.7	..
Total	74.4	74.7	76.4	77.1	77.9	78.5	80.2	83.2	84.5	85.6	87.0	86.5	85.5	88.1	88.9	89.6	90.4	..
Supply																		
OECD	22.1	21.8	21.4	21.8	21.7	21.7	21.5	21.1	20.1	19.8	19.4	18.7	18.8	18.9	18.9	19.7	20.2	..
OPEC total	29.7	30.6	29.2	30.8	30.3	28.8	30.8	33.3	34.8	35.2	35.0	36.1	34.0	34.6	35.7	..	..	..
Former USSR	7.3	7.3	7.5	8.0	8.6	9.5	10.5	11.4	11.8	12.3	12.8	12.8	13.3	13.5	13.6	13.7	13.6	..
Other non-OECD	16.0	16.3	16.6	16.7	16.9	17.3	17.5	17.7	18.0	18.3	18.5	19.0	19.4	20.2	20.3	-33.4	..	..
Total	75.0	76.0	74.7	77.3	77.5	77.3	80.3	83.5	84.8	85.5	85.7	86.7	85.4	87.3	88.4	..	..	..
Trade																		
OECD net imports	25.6	26.1	26.4	26.9	27.2	26.6	28.1	29.2	30.6	30.7	30.4	30.0	27.6	28.1	27.4	26.7	25.5	..
Former USSR net exports	3.6	3.6	3.9	4.2	4.9	5.8	6.6	7.6	8.0	8.3	8.8	8.6	9.2	9.4	9.1	9.1	8.9	..
Other non-OECD net exports	22.0	22.4	22.5	22.6	22.3	20.8	21.4	21.7	22.6	22.4	21.6	21.4	18.3	18.7	18.2	17.6	16.7	..
Prices²	fob, \$ per bl																	
Brent crude oil price ³	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	111.5	112.8	117.8
Prices of other primary commodities²	\$ indices																	
Food and tropical beverages	128	106	86	81	75	83	90	102	100	111	140	187	161	179	231	221	227	227
Agricultural raw materials	96	83	82	88	76	73	88	98	100	111	132	126	105	140	155	129	126	126
Minerals, ores and metals	68	57	56	63	57	56	63	84	100	143	160	167	116	164	192	161	154	154
Total ⁴	90	75	69	73	66	67	75	92	100	128	149	164	125	163	195	170	167	167

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 to 2014.

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 92 database.

Annex Table 20. **Employment and labour force**
Percentage change from previous period

	Employment									Labour force								
	Average 1988-97	Average 1998-07	2008	2009	2010	2011	2012	2013	2014	Average 1988-97	Average 1998-07	2008	2009	2010	2011	2012	2013	2014
Australia	1.5	1.9	2.8	0.7	2.7	1.7	0.6	0.9	1.5	1.6	1.9	2.7	2.2	2.3	1.5	0.7	1.2	1.4
Austria	1.2	0.6	1.5	-0.3	0.5	1.2	1.1	0.3	0.7	1.3	1.0	0.9	0.7	0.1	0.9	1.3	0.6	0.7
Belgium	0.4	0.9	1.8	-0.2	0.7	1.3	0.2	0.2	0.5	0.4	0.9	1.3	0.8	1.1	0.1	0.4	0.5	0.5
Canada	0.8	1.8	1.7	-1.6	1.4	1.5	1.0	1.1	1.2	1.0	1.7	1.8	0.7	1.0	1.0	0.9	0.9	0.9
Czech Republic	..	-0.2	1.6	-1.4	-1.0	0.4	-0.5	0.1	0.2	..	0.1	0.6	1.1	-0.4	-0.2	-0.2	0.4	0.1
Denmark	0.1	0.6	1.7	-2.4	-2.3	-0.4	-0.3	0.6	0.8	0.0	0.6	1.3	0.2	-0.8	-0.2	0.0	0.4	0.7
Estonia	..	..	0.2	-9.2	-4.2	6.7	3.7	1.2	0.6	..	..	1.2	-0.5	-0.8	1.4	0.7	0.3	0.2
Finland	-1.3	1.1	1.6	-2.9	-0.4	1.1	0.3	-0.3	0.2	-0.3	0.8	1.1	-0.9	-0.3	0.4	0.2	0.0	0.0
France	0.2	0.8	1.3	-1.0	0.2	0.3	0.0	-0.4	0.1	0.4	0.8	0.6	0.9	0.4	0.2	0.7	0.5	0.4
Germany	0.6	0.4	1.2	0.1	0.6	1.4	1.1	-0.1	0.2	0.8	0.4	0.0	0.3	-0.2	0.3	0.6	0.2	0.2
Greece	0.6	1.3	1.1	-1.1	-2.7	-6.8	-8.0	-5.9	-2.4	0.9	0.9	0.4	0.9	0.8	-1.0	-0.8	-2.0	-1.6
Hungary	..	0.7	-1.2	-2.5	0.0	0.8	1.5	0.6	0.7	..	0.7	-0.7	-0.2	1.2	0.6	1.7	0.6	0.3
Iceland	0.2	1.5	0.7	-6.1	-0.3	0.0	-0.2	0.2	0.8	0.5	2.0	1.4	-1.7	0.0	-0.5	-1.2	-0.6	0.5
Ireland	2.5	4.1	-0.7	-8.2	-4.2	-2.1	-1.4	-0.7	0.0	1.7	3.4	0.8	-2.2	-2.2	-1.1	-1.1	-0.7	-0.2
Israel	..	2.5	3.4	2.0	3.5	3.0	3.4	2.3	2.7	..	2.7	1.8	4.0	2.2	1.7	3.2	2.8	2.2
Italy	-0.5	0.5	0.8	-1.6	-0.6	0.3	0.1	-0.7	-0.4	-0.3	0.5	1.5	-0.5	0.1	0.3	2.5	0.2	0.0
Japan	1.0	-0.1	-0.4	-1.6	-0.4	-0.2	0.3	-0.2	-0.1	1.1	-0.2	-0.3	-0.5	-0.4	-0.7	0.1	-0.3	-0.2
Korea	2.6	1.3	0.6	-0.3	1.4	1.7	1.4	0.5	1.2	2.6	1.4	0.5	0.2	1.5	1.4	1.4	0.8	0.9
Luxembourg	0.9	1.6	3.3	1.3	1.7	2.5	2.4	1.7	1.9	1.1	2.0	3.3	2.7	2.1	2.3	2.9	2.3	2.0
Mexico	..	2.2	1.1	0.5	1.1	2.2	3.1	2.8	2.7	..	1.7	1.4	2.0	1.1	2.1	2.9	2.8	2.6
Netherlands	2.0	1.6	1.2	-0.6	-0.4	0.6	0.0	-0.3	0.1	1.7	1.0	0.7	0.1	0.3	0.6	0.8	0.4	0.5
New Zealand	1.2	2.1	0.6	-1.1	0.7	1.6	0.6	1.3	1.6	1.3	2.0	1.2	1.0	1.1	1.6	1.0	0.9	1.1
Norway	0.4	1.1	3.3	-0.6	0.1	1.4	2.1	1.4	1.5	0.5	0.9	3.3	0.0	0.5	1.1	2.0	1.4	1.4
Poland	..	-0.6	3.7	0.4	0.6	1.1	0.5	-0.2	0.0	..	-0.2	0.9	1.6	2.2	1.1	0.9	0.3	0.2
Portugal	0.9	1.0	0.5	-2.8	-1.5	-2.8	-3.7	-1.8	0.2	1.0	1.1	0.1	-0.8	-0.1	-0.7	-0.5	-0.2	-0.2
Slovak Republic	..	0.3	3.2	-2.8	-2.1	1.5	1.0	0.3	1.0	..	0.6	1.4	0.0	0.6	0.5	1.2	0.2	0.3
Slovenia	..	..	1.1	-1.5	-1.5	-3.1	-1.8	-2.9	-0.5	..	..	0.7	0.0	0.0	-2.1	-1.4	-1.6	-0.3
Spain	1.0	3.4	-0.5	-6.8	-2.3	-1.9	-4.4	-2.7	-0.1	1.2	3.4	3.0	0.8	0.2	0.1	-0.1	-0.2	-0.3
Sweden	-1.2	0.4	1.1	-2.1	1.0	2.1	0.6	0.5	1.1	-0.1	0.8	1.2	0.2	1.1	1.2	0.7	0.7	0.8
Switzerland	0.8	0.5	2.3	0.4	0.5	2.2	1.0	0.6	1.0	1.2	0.9	2.0	1.3	0.7	1.7	0.9	0.8	0.8
United Kingdom	0.2	0.9	0.7	-1.6	0.2	0.5	1.0	0.4	0.9	0.0	0.9	1.1	0.4	0.5	0.7	0.9	0.6	0.6
United States	1.3	1.3	-0.5	-3.8	-0.6	0.6	1.9	1.6	1.5	1.3	1.2	0.8	-0.1	-0.2	-0.2	0.9	1.3	1.2
Euro area	0.5	1.0	0.9	-1.8	-0.5	0.1	-0.5	-0.8	0.0	0.7	1.0	1.0	0.3	0.1	0.2	0.7	0.1	0.1
Total OECD	0.1	0.9	0.6	-1.8	0.3	1.0	1.0	0.7	1.0	0.2	1.0	1.0	0.6	0.5	0.6	1.0	0.9	0.8

Source: OECD Economic Outlook 92 database.

Annex Table 21. **Potential GDP and productive capital stock**
Percentage change from previous period

	Potential GDP									Productive Capital stock ¹								
	Average 1988-97	Average 1998-07	2008	2009	2010	2011	2012	2013	2014	Average 1988-97	Average 1998-07	2008	2009	2010	2011	2012	2013	2014
Australia	3.3	3.4	3.5	3.0	3.0	3.0	3.2	3.4	3.5	2.1	3.9	6.0	5.3	5.2	5.6	6.1	6.4	6.3
Austria	2.7	2.3	2.1	1.8	1.7	1.8	1.8	1.8	1.8	2.3	2.0	1.7	1.1	1.1	1.5	1.5	1.5	1.6
Belgium	2.3	2.1	1.5	1.3	1.2	1.3	1.4	1.5	1.6	2.1	1.4	2.1	1.4	1.1	1.6	1.5	1.5	1.5
Canada	2.4	2.9	1.9	1.4	1.5	1.8	1.9	2.0	2.1	3.6	4.0	4.4	2.8	3.9	4.0	3.9	4.1	4.3
Czech Republic	..	3.4	3.0	2.2	1.8	1.8	1.7	1.9	2.1	..	..	..	..	..	..	..	..	..
Denmark	1.9	1.8	1.3	0.8	0.7	0.7	0.8	0.9	1.0	2.2	2.5	2.6	1.5	1.3	1.2	1.4	1.5	1.7
Estonia	..	..	3.4	1.5	0.8	1.2	1.9	2.4	2.7	..	8.6	8.7	1.6	2.1	2.9	4.7	4.7	4.8
Finland	1.9	2.9	1.7	0.9	0.7	1.0	1.1	1.3	1.6	1.7	1.9	3.0	1.8	1.4	1.6	1.4	1.3	1.3
France	2.0	1.9	1.6	1.1	1.2	1.3	1.4	1.5	1.6	1.8	2.1	2.4	1.7	1.6	1.7	1.6	1.5	1.6
Germany	..	1.5	1.6	1.2	1.2	1.4	1.6	1.6	1.6	2.2	1.2	1.5	0.3	0.5	1.0	1.0	1.2	1.3
Greece	..	3.2	1.7	0.4	-0.4	-1.0	-0.8	-0.6	-0.1	..	5.3	6.7	5.2	3.5	1.7	1.1	0.8	0.7
Hungary	..	3.0	1.2	0.5	0.5	0.4	0.5	0.6	1.0	..	3.9	4.2	2.9	2.3	2.2	1.9	1.5	1.3
Iceland	1.9	3.1	3.3	1.9	1.2	1.2	1.2	1.4	1.5	2.4	5.9	4.5	-0.1	-0.2	0.2	0.0	0.4	1.1
Ireland	5.7	6.2	4.0	2.2	1.6	1.2	1.1	0.8	1.0	2.6	6.0	6.0	3.5	1.8	0.5	-0.2	-1.0	-0.7
Israel	..	3.8	3.8	3.5	3.3	3.6	4.0	3.8	3.6	6.4	4.3	4.8	4.0	4.2	5.4	5.5	5.1	5.2
Italy	1.6	1.3	0.6	0.3	0.3	0.4	0.3	0.3	0.4	2.3	2.4	1.9	0.9	1.0	0.9	0.4	0.1	0.1
Japan	2.4	1.3	0.7	0.5	0.6	0.7	0.8	0.8	0.9	4.4	1.4	0.8	0.4	0.4	0.5	0.6	0.5	0.6
Luxembourg	..	4.7	1.6	1.0	1.3	1.5	1.7	1.9	2.1	..	..	..	..	..	..	..	..	..
Mexico	..	2.7	2.5	2.2	2.3	2.7	2.9	3.2	3.2	..	..	..	..	..	..	..	..	..
Netherlands	3.0	2.7	1.7	1.3	1.0	1.0	1.1	1.1	1.3	2.0	1.9	2.7	1.6	1.1	1.3	1.0	1.0	1.2
New Zealand	2.5	3.1	1.9	1.1	1.1	1.5	1.7	1.9	2.1	1.6	3.6	3.8	2.2	2.6	2.6	2.6	2.5	2.5
Norway	2.4	3.0	3.0	2.5	2.3	2.4	2.5	2.7	2.9	1.5	3.2	5.0	3.4	2.8	2.8	2.4	2.7	2.7
Poland	..	4.1	4.8	3.7	3.0	3.2	3.4	3.3	3.4	..	..	..	..	..	..	..	..	..
Portugal	2.9	2.6	1.0	0.6	0.5	-0.3	0.3	0.4	0.5	3.5	3.8	3.0	2.2	1.8	0.8	0.2	-0.1	0.0
Slovak Republic	..	4.5	4.5	3.6	2.8	3.3	3.7	3.5	3.4	..	..	..	..	..	..	..	..	..
Slovenia	..	..	2.4	1.4	0.7	0.4	0.4	0.5	0.8	..	4.7	5.8	3.0	2.1	1.5	1.1	0.9	0.8
Spain	2.6	3.3	2.3	1.4	1.3	1.2	1.2	1.1	1.1	4.7	5.2	5.2	3.7	3.2	2.7	2.0	1.3	1.2
Sweden	2.0	2.5	2.5	2.0	2.0	2.3	2.4	2.5	2.7	2.1	2.4	3.1	1.4	1.8	2.2	2.7	2.7	3.0
Switzerland	1.4	1.5	2.2	1.9	1.9	2.0	2.0	2.0	2.1	2.8	2.2	2.5	1.7	2.1	2.2	2.0	1.9	1.9
United Kingdom	2.8	3.0	1.4	0.8	0.6	0.6	0.7	1.0	1.3	2.8	3.5	4.2	3.1	2.7	2.3	2.1	2.2	2.4
United States	3.0	2.9	2.2	1.7	1.7	1.8	1.9	1.9	2.0	2.5	3.0	2.6	1.4	1.7	1.9	2.0	2.1	2.3
Euro area	2.1	2.0	1.6	1.1	1.0	1.1	1.2	1.2	1.3	..	..	..	..	..	..	..	..	..
Total OECD	2.7	2.6	2.0	1.6	1.6	1.7	1.8	1.9	2.0	..	..	..	..	..	..	..	..	..

Note: For methodological detail see *OECD Economic Outlook Sources and Methods* (<http://www.oecd.org/eo/sources-and-methods>).

1. Total economy less housing.

Source: OECD Economic Outlook 92 database.

Annex Table 22. **Structural unemployment and unit labour costs**

	Structural unemployment rate ¹									Unit labour costs ²								
	Average 1988-97	Average 1998-07	2008	2009	2010	2011	2012	2013	2014	Average 1988-97	Average 1998-07	2008	2009	2010	2011	2012	2013	2014
	<i>Per cent</i>									<i>Percentage change</i>								
Australia	7.9	6.0	5.1	5.2	5.3	5.3	5.3	5.3	5.3	2.9	3.4	4.5	0.0	4.5	5.2	2.8	2.6	2.7
Austria	3.8	4.2	4.3	4.4	4.3	4.3	4.3	4.3	4.3	2.2	0.5	4.2	4.5	-0.1	1.2	3.6	1.8	0.7
Belgium	8.1	8.1	7.9	8.0	8.0	7.9	7.9	7.9	7.9	2.5	1.8	4.5	3.7	-0.4	2.7	3.4	1.9	2.2
Canada	9.3	7.6	7.2	7.4	7.4	7.4	7.4	7.4	7.4	1.8	2.5	3.2	2.4	1.1	2.1	1.5	1.5	1.6
Czech Republic	5.3	7.2	6.5	6.5	6.3	6.1	6.1	6.1	6.1	9.6	2.4	3.6	1.5	-1.1	0.4	2.4	1.6	0.4
Denmark	6.6	5.2	5.1	5.3	5.5	5.6	5.7	5.7	5.7	1.5	2.6	6.2	5.3	-1.4	0.2	1.0	0.7	1.0
Estonia	..	10.1	9.4	9.7	10.0	10.2	10.3	10.3	10.3	7.2	6.0	16.2	1.0	-6.3	-1.6	4.6	1.6	1.4
Finland	9.9	9.5	8.0	8.2	8.3	8.3	8.4	8.4	8.4	1.6	1.2	6.8	8.2	-1.6	1.8	3.2	1.8	1.5
France	9.2	8.9	8.4	8.8	8.9	9.0	9.0	9.0	9.0	1.9	1.9	3.3	3.4	0.7	1.6	1.9	1.2	0.4
Germany	7.0	8.0	7.7	7.7	7.5	7.3	7.1	6.8	6.7	1.9	-0.3	2.8	5.6	-1.0	1.4	2.8	2.7	1.9
Greece	8.8	10.2	9.9	10.5	11.3	11.9	12.2	12.3	12.3	9.9	3.7	6.0	5.7	-0.3	-2.0	-8.6	-7.2	-3.5
Hungary	8.6	7.0	8.6	9.3	9.4	9.6	10.0	10.4	10.6	19.0	7.2	4.6	3.4	-0.6	1.5	5.9	3.5	3.4
Iceland	3.0	3.3	4.0	4.4	4.7	4.9	5.0	5.0	5.0	5.8	6.5	5.2	-0.7	8.2	5.0	5.3	4.1	3.7
Ireland	12.7	8.1	7.7	8.8	9.7	10.2	10.5	10.6	10.6	1.7	3.7	5.7	-3.9	-5.7	-2.7	-0.8	-1.0	-0.3
Israel	9.0	10.8	9.3	9.0	8.8	8.5	7.9	7.4	7.0	..	1.6	2.6	0.5	1.9	1.8	2.5	1.5	2.0
Italy	9.1	8.4	7.4	7.6	7.6	7.6	7.6	7.6	7.6	4.4	2.6	5.2	4.6	-0.8	1.1	2.4	1.2	-0.4
Japan	2.8	4.0	4.2	4.3	4.3	4.3	4.3	4.3	4.3	1.5	-2.1	1.5	0.8	-4.2	0.9	-1.8	-0.3	0.1
Korea	3.0	3.9	3.5	3.6	3.6	3.7	3.7	3.7	3.7	8.4	2.2	3.4	3.6	0.3	2.3	3.8	1.7	1.9
Luxembourg	..	..	..	..	..	..	..	..	..	3.1	2.4	8.0	7.3	1.4	3.2	3.4	2.2	1.9
Mexico	4.0	3.5	4.4	4.7	4.8	4.8	4.9	4.9	4.8	21.3	7.6	6.2	8.4	0.3	2.1	1.2	1.5	1.2
Netherlands	6.1	3.9	3.7	3.7	3.7	3.7	3.7	3.8	3.8	1.3	2.2	3.3	5.1	-0.9	1.0	1.5	1.4	1.1
New Zealand	7.3	5.2	4.7	5.4	5.9	6.2	6.3	6.4	6.3	1.2	2.9	6.3	1.3	1.8	3.5	1.1	1.3	2.1
Norway	4.4	3.8	3.2	3.3	3.3	3.3	3.3	3.3	3.3	1.2	3.9	9.7	4.6	3.1	4.7	2.6	2.8	3.1
Poland	13.1	15.1	9.8	9.6	10.0	10.0	10.0	10.0	10.0	22.0	1.6	8.3	2.6	1.3	0.7	1.8	2.2	1.2
Portugal	6.0	6.6	8.4	9.1	9.5	10.8	11.0	11.0	11.0	8.2	3.1	3.4	3.2	-0.4	0.5	-2.9	-1.2	-0.3
Slovak Republic	12.8	15.5	13.1	13.2	14.0	14.4	14.4	14.4	14.4	8.3	2.9	3.2	5.5	-1.5	0.2	0.5	1.3	0.6
Slovenia	..	6.4	6.0	6.2	6.5	6.6	6.7	6.8	6.8	4.9	4.7	6.4	8.1	-0.5	-0.9	0.2	-0.2	-0.4
Spain	15.0	12.6	13.5	14.8	15.6	16.2	16.5	16.5	16.5	6.0	3.4	5.7	1.4	-1.9	-1.2	-2.7	-0.6	-0.9
Sweden	6.4	7.5	7.3	7.3	7.2	7.0	7.0	7.0	7.0	3.7	1.5	3.6	4.2	-2.1	-0.5	2.5	0.8	1.2
Switzerland	2.3	3.4	3.8	3.9	3.9	3.9	3.9	3.9	3.9	2.4	1.0	2.8	4.5	-3.0	1.8	1.5	-0.2	-0.3
United Kingdom	8.5	5.9	6.2	6.6	6.7	6.9	6.9	6.9	6.9	3.4	2.3	3.3	5.0	0.6	1.4	3.2	1.9	2.1
United States	5.8	5.5	5.8	6.0	6.1	6.1	6.1	6.1	6.1	2.2	2.2	3.0	-0.4	-0.1	2.2	1.3	1.5	2.0
Euro area	8.9	8.6	8.5	8.8	9.0	9.1	9.1	9.1	9.0	3.3	1.7	4.1	4.2	-0.8	0.8	1.2	1.1	0.5
Total OECD	6.6	6.5	6.5	6.7	6.8	6.9	6.9	6.9	6.8	4.2	2.0	3.8	2.7	-0.5	1.6	1.3	1.3	1.3

Note: For more information about sources and definitions, see *OECD Economic Outlook* Sources and Methods (<http://www.oecd.org/eco/sources-and-methods>).

1. Corresponds to "NAIRU".

2. Total economy.

Source: OECD Economic Outlook 92 database.

Annex Table 23. **Household saving rates**
Per cent of disposable household income

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net saving																				
Australia	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	9.9	8.9	8.7	9.0
Austria	12.7	9.7	7.9	8.5	9.9	9.3	7.6	7.9	8.7	9.1	9.6	10.4	11.6	11.5	11.2	9.1	7.4	7.9	8.0	7.7
Belgium	16.4	14.4	13.3	12.8	13.2	12.5	13.8	13.1	12.3	10.7	9.9	10.7	11.4	11.5	13.3	10.1	8.8	8.5	8.2	8.4
Canada	9.3	6.9	4.7	4.5	3.8	4.4	4.6	2.8	2.0	2.7	1.7	3.2	2.8	4.0	4.9	4.8	3.5	3.5	3.6	3.7
Czech Republic	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	6.8	6.8	4.9	6.8	7.2	7.1
Denmark	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	0.2	-1.0	-0.6	-0.6	0.0	0.0
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	-4.1	5.7	0.6	-0.2	3.0	4.3	4.0
Finland	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	4.2	3.3	1.1	1.7	1.6	1.0
Germany	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	11.5	10.9	10.9	10.4	10.1	10.0	9.9
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	4.8	5.4	5.1	2.4	4.3	4.7
Ireland	..	..	..	..	..	..	..	-0.5	0.4	1.2	1.9	-0.9	-2.2	3.7	9.8	7.0	5.4	4.0	1.6	0.4
Italy	16.6	17.4	14.7	10.7	9.9	7.9	9.9	10.8	10.3	10.5	10.2	9.5	8.9	8.4	7.1	5.3	4.3	4.4	4.7	5.0
Japan	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	1.5
Korea	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	2.8	3.0	3.3
Netherlands	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	5.6	3.4	5.0	5.5	5.7	5.8
New Zealand	-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	0.3	2.3	2.9	3.4	3.2
Norway	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	7.8	9.0	8.7	8.3
Poland	14.6	11.7	11.7	12.1	10.5	10.0	11.9	8.3	7.7	5.5	5.9	6.5	4.6	-0.3	6.8	5.9	3.5	3.0	3.3	4.1
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	1.6	5.7	4.8	4.2	4.2	4.2
Sweden	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	9.0	11.0	8.3	10.0	10.5	10.8	9.7
Switzerland	12.1	10.7	10.6	10.3	10.6	10.6	11.2	9.9	8.6	8.0	8.8	10.7	12.5	11.7	11.4	11.3	12.7	13.2	12.8	12.3
United States	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	4.7	5.1	4.2	3.7	2.7	2.7
Gross saving																				
France	15.7	14.8	15.8	15.2	14.6	14.3	15.0	16.3	15.2	15.8	14.8	14.8	15.5	15.6	16.4	15.9	16.2	16.2	16.0	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	10.0	10.6	9.9	9.4
Spain	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	13.7	17.8	13.1	11.0	9.3	7.7	7.7
United Kingdom	9.4	8.6	8.1	6.4	4.3	4.2	5.8	5.1	4.7	3.7	2.8	2.7	1.7	2.2	6.6	6.6	6.0	5.3	4.3	4.3

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 92 database.

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	20.4	21.7	20.5	20.7	21.4	21.2	20.6	21.2	20.6	21.6	20.9	21.5	21.2	22.3	22.3	22.7	24.6	23.0	24.1	..
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	27.6	23.6	24.7	25.6
Belgium	23.3	24.4	25.6	25.5	24.5	25.7	25.7	26.4	26.8	25.5	25.1	24.9	25.4	25.1	25.8	26.9	25.1	20.5	23.6	22.8
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	..	..	..	..	24.4	24.2	22.8	21.8	21.2	21.0	20.9	20.8	22.8	23.6	25.3	24.8	22.4	22.2	25.0	23.4
Czech Republic	..	27.0	27.5	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	20.6	19.7	20.7
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	20.3	22.7	23.2
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	21.4	22.0	23.3	25.8
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	25.4	20.5	20.1	19.7
France	19.0	17.6	18.0	18.4	18.1	19.4	20.5	21.4	21.1	20.9	19.6	19.0	19.5	19.3	20.0	20.6	20.1	17.2	17.3	18.1
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	25.4	22.5	23.6	23.9
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	10.9	9.1	6.0	4.2	4.8	4.4
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	17.9	19.9	20.5
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	0.0	2.4	4.5	7.3
Ireland	15.8	17.7	18.0	20.4	21.0	22.8	24.2	23.2	23.5	21.4	20.1	22.7	23.1	23.3	24.3	20.9	15.5	11.9	13.1	12.0
Israel	24.3	21.9	20.0	19.6	19.3	20.0	20.4	19.6	18.4	17.9	16.5	17.4	18.6	21.4	23.1	21.5	19.0	19.2	18.5	18.4
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	16.4
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	32.0	31.7
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	21.6	23.1	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	34.9	37.7
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	17.3	17.2	..
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	10.9
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	17.1	20.1	21.5
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	27.4	25.7	21.7	20.6	20.3
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	19.2	18.4	17.8
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	23.4	25.5	26.1
Switzerland	28.0	29.0	28.7	29.1	28.3	30.4	31.0	31.7	33.8	31.2	28.7	32.7	32.5	36.0	36.7	31.3	24.5	30.7	35.0	32.3
United Kingdom	14.3	14.0	15.7	15.9	16.1	17.1	17.9	15.4	14.8	15.2	15.1	15.1	15.0	14.9	14.5	16.0	16.1	12.9	12.6	13.0
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	10.5	11.6	11.6

Note: Based on SNA93 or ESA95.

Source: National accounts of OECD countries database.

Annex Table 25. **General government total outlays**
Per cent of nominal GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	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	35.3	35.1	33.8	33.5
Austria	56.2	56.1	53.4	53.7	53.5	51.9	51.3	50.7	51.3	53.9	50.0	49.2	48.7	49.5	52.7	52.5	50.5	51.8	51.6	51.1
Belgium	52.1	52.4	51.2	50.4	50.1	49.1	49.1	49.8	51.0	49.2	51.9	48.5	48.2	49.8	53.7	52.5	53.3	53.7	54.0	54.0
Canada	47.5	45.7	43.3	43.7	42.1	40.3	41.0	40.2	40.2	38.8	38.3	38.5	38.4	39.0	43.4	43.0	41.8	41.2	41.0	40.6
Czech Republic	53.0	41.7	42.6	43.0	42.2	41.6	43.9	45.6	50.0	43.3	43.0	41.9	41.0	41.1	44.7	43.7	43.0	43.4	43.1	42.3
Denmark	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	58.1	57.7	57.6	59.5	57.8	57.3
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	39.7	45.5	40.7	38.3	38.8	37.6	36.7
Finland	61.6	60.1	56.6	53.0	51.8	48.4	48.0	49.0	50.3	50.3	50.4	49.2	47.4	49.3	56.2	55.8	54.8	55.9	56.3	56.1
France	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	56.8	56.6	56.1	56.2	56.2	55.6
Germany	54.8	49.0	48.2	48.0	48.3	45.1	47.5	47.9	48.4	47.2	47.0	45.3	43.4	44.1	48.2	47.8	45.4	45.0	45.3	45.2
Greece	45.8	44.1	44.9	44.3	44.5	46.7	45.4	45.1	44.7	45.5	44.6	45.3	47.5	50.6	54.0	51.5	51.8	50.4	48.9	48.2
Hungary	55.8	51.5	50.5	51.7	49.5	47.8	47.8	51.5	49.7	49.1	50.1	52.2	50.7	49.2	51.4	49.8	49.6	48.8	48.7	48.3
Iceland	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	47.2	43.7	42.1	40.7
Ireland	41.0	39.4	36.9	34.8	34.3	31.2	33.2	33.5	33.2	33.6	33.8	34.4	36.8	43.0	48.7	66.1	48.1	43.0	42.7	40.6
Israel	..	..	..	54.7	53.5	51.6	53.9	55.3	54.0	50.8	49.4	47.8	46.5	46.0	45.8	45.1	44.6	44.4	45.2	45.0
Italy	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	50.4	49.9	51.0	51.5	51.7
Japan	35.6	36.3	35.2	42.0	38.0	38.6	38.0	38.2	37.8	36.6	36.4	36.0	35.8	36.9	41.9	40.8	42.7	43.4	42.8	41.5
Korea	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	31.2	31.3	31.5	31.3
Luxembourg	39.7	41.1	40.7	41.0	39.2	37.6	38.1	41.5	41.8	42.6	41.5	38.6	36.3	39.1	44.6	42.9	42.0	42.8	42.6	42.6
Netherlands	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	51.4	51.2	49.8	50.4	50.1	49.8
New Zealand	41.9	40.8	41.7	40.6	40.2	38.3	37.8	37.0	37.5	37.1	38.3	39.5	39.5	41.7	43.0	42.9	47.1	43.5	42.9	41.4
Norway	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	44.5	43.4	43.1	42.4
Poland	47.7	51.1	46.6	44.5	42.9	41.1	43.7	44.3	44.7	42.6	43.5	43.9	42.2	43.2	44.7	45.5	43.7	43.2	42.9	42.8
Portugal	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	49.4	47.4	47.1	45.3
Slovak Republic	48.6	53.7	48.9	45.8	48.1	52.1	44.5	45.1	40.1	37.7	38.0	36.5	34.2	34.9	41.5	40.0	38.2	37.4	36.9	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	42.4	44.3	49.1	50.3	50.7	49.4	48.8	47.9
Spain	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	46.3	45.2	44.0	42.2	41.7
Sweden	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	52.3	51.1	51.3	51.0	50.2
Switzerland	34.8	35.2	35.3	35.4	34.7	35.6	34.8	36.9	36.3	35.9	35.2	33.2	32.1	32.1	34.1	33.8	33.8	34.1	34.1	33.7
United Kingdom	43.5	41.8	40.4	39.3	38.8	36.6	39.9	41.1	42.4	43.1	43.7	44.0	43.7	47.6	50.8	50.2	48.6	49.0	47.5	46.4
United States 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	42.8	42.7	41.6	40.2	39.3	38.3
Euro area	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	51.0	49.5	49.5	49.4	49.1
Total OECD	42.6	41.5	40.3	40.7	39.7	38.7	39.7	40.3	39.9	39.3	39.3	39.0	39.1	41.0	44.5	44.0	43.2	42.6	41.9	41.1

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 92 database.

Annex Table 26. **General government total tax and non-tax receipts**
Per cent of nominal GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	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	32.3	33.8	34.0
Austria	50.4	51.9	51.5	51.3	51.0	50.1	51.1	49.8	49.6	49.3	48.2	47.5	47.7	48.5	48.6	48.0	48.0	48.7	49.0	49.0
Belgium	47.6	48.4	48.9	49.4	49.5	49.0	49.5	49.6	50.9	48.9	49.2	48.8	48.1	48.8	48.1	48.6	49.4	50.9	51.8	52.3
Canada	42.3	42.9	43.5	43.8	43.4	43.2	41.6	40.2	40.1	39.7	39.8	40.1	39.8	38.6	38.6	37.6	37.5	37.7	37.9	38.1
Czech Republic	40.2	38.5	39.0	38.1	38.6	38.0	38.3	39.1	43.3	40.4	39.7	39.6	40.3	38.9	38.9	39.0	39.8	40.0	39.8	39.5
Denmark	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	55.3	55.0	55.7	55.5	55.6	55.5
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	36.7	43.5	40.8	39.4	37.8	37.3	36.9
Finland	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	53.0	53.9	54.6	55.2	55.7
France	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	49.2	49.5	50.9	51.7	52.8	52.7
Germany	45.3	45.7	45.4	45.7	46.7	46.2	44.5	44.0	44.2	43.4	43.6	43.7	43.7	44.1	45.2	43.6	44.6	44.9	44.9	44.6
Greece	36.7	37.4	39.0	40.5	41.4	43.0	40.9	40.3	39.0	38.1	39.0	39.2	40.7	40.7	38.3	40.6	42.3	43.6	43.3	43.7
Hungary	47.1	46.9	44.3	43.6	44.0	44.7	43.7	42.5	42.4	42.6	42.2	42.7	45.6	45.5	46.9	45.4	53.9	45.8	46.0	45.7
Iceland	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	41.8	41.9	41.7	41.4
Ireland	38.8	39.2	38.2	36.9	36.8	36.0	34.1	33.2	33.6	35.0	35.5	37.3	36.9	35.7	34.7	35.2	34.8	34.9	35.2	35.3
Israel	..	..	..	47.2	47.3	47.6	47.5	47.4	45.8	44.6	44.3	45.1	44.9	42.0	39.1	40.3	40.2	39.7	41.1	41.0
Italy	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	48.1	48.6	48.3
Japan	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	33.4	33.5	32.6	33.6
Korea	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	31.7	32.2	33.1	33.0
Luxembourg	42.1	42.3	44.3	44.4	42.6	43.6	44.3	43.6	42.3	41.5	41.5	40.0	40.0	42.3	43.9	42.0	41.6	40.7	40.9	41.7
Netherlands	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	45.8	46.1	45.4	46.6	47.1	47.3
New Zealand	44.4	43.3	42.6	40.5	40.0	40.0	39.3	40.6	41.3	41.2	43.0	44.8	44.0	42.2	40.4	39.1	39.3	39.2	39.3	39.3
Norway	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	58.2	58.6	59.1	59.2
Poland	43.3	46.2	41.9	40.2	40.6	38.1	38.5	39.3	38.5	37.2	39.4	40.3	40.3	39.6	37.3	37.6	38.6	39.7	39.9	40.5
Portugal	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	45.0	42.2	42.2	42.4
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	32.3	33.2	32.8	34.0	34.2
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	43.1	44.5	44.3	45.1	45.2	44.9
Spain	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	36.6	35.7	36.0	35.9	35.8
Sweden	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	52.3	51.3	51.0	50.3	50.0
Switzerland	33.0	33.6	32.7	33.9	34.1	35.2	34.5	34.7	34.3	33.8	34.1	33.8	33.1	34.0	34.9	34.0	34.3	34.9	34.7	34.1
United Kingdom	37.8	37.7	38.1	39.2	39.7	40.3	40.5	39.1	38.7	39.6	40.4	41.3	41.0	42.7	39.9	40.1	40.3	42.4	40.6	40.4
United States ¹	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	30.9	31.3	31.4	31.7	32.5	33.1
Euro area	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	45.1	44.9	44.8	45.4	46.2	46.6	46.5
Total OECD	37.8	38.3	38.4	38.6	38.7	38.8	38.3	37.0	36.0	36.1	36.9	37.9	37.8	37.6	36.4	36.3	36.7	37.0	37.3	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 92 database.

Annex Table 27. **General government financial balances**

Surplus (+) or deficit (-) as a per cent of nominal GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	-2.4	-1.2	0.0	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	-4.0	-2.8	0.0	0.5
Austria	-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	-4.1	-4.5	-2.5	-3.1	-2.7	-2.1
Belgium	-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	-1.1	-5.6	-3.9	-3.9	-2.8	-2.3	-1.7
Canada	-5.2	-2.7	0.2	0.1	1.6	2.9	0.6	-0.1	-0.1	0.8	1.5	1.6	1.4	-0.4	-4.8	-5.4	-4.3	-3.5	-3.0	-2.5
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	-3.2	-3.3	-3.3	-2.7
Denmark	-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	-2.8	-2.7	-2.0	-4.1	-2.1	-1.7
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	0.2	1.2	-1.0	-0.3	0.2
Finland	-6.1	-3.4	-1.3	1.7	1.7	7.0	5.1	4.2	2.5	2.3	2.7	4.1	5.3	4.3	-2.7	-2.8	-0.9	-1.4	-1.0	-0.4
France	-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	-3.4	-2.9
Germany	-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	-3.1	-4.2	-0.8	-0.2	-0.4	-0.7
Greece	-9.1	-6.6	-5.9	-3.8	-3.1	-3.7	-4.4	-4.8	-5.7	-7.4	-5.6	-6.0	-6.8	-9.9	-15.6	-10.8	-9.5	-6.9	-5.6	-4.6
Hungary	-8.8	-4.6	-6.1	-8.0	-5.5	-3.1	-4.1	-9.0	-7.3	-6.5	-7.9	-9.5	-5.1	-3.7	-4.5	-4.5	4.3	-3.0	-2.7	-2.7
Iceland	-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	-5.4	-1.8	-0.4	0.7
Ireland	-2.2	-0.3	1.3	2.1	2.5	4.8	1.0	-0.3	0.4	1.4	1.7	2.9	0.1	-7.4	-13.9	-30.9	-13.3	-8.1	-7.5	-5.3
Israel	..	..	..	-7.5	-6.3	-4.0	-6.4	-7.9	-8.2	-6.2	-5.1	-2.7	-1.6	-4.0	-6.7	-4.8	-4.4	-4.7	-4.1	-4.0
Italy	-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	-4.3	-3.8	-3.0	-2.9	-3.4
Japan	-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	-9.3	-9.9	-10.1	-7.9
Korea	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	0.5	0.9	1.6	1.7
Luxembourg	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	3.2	-0.8	-0.8	-0.3	-2.0	-1.7	-0.9
Netherlands	-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	-5.6	-5.0	-4.4	-3.8	-3.0	-2.5
New Zealand	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	-3.8	-7.9	-4.3	-3.6	-2.1
Norway	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	13.7	15.2	16.0	16.8
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	-5.0	-3.5	-2.9	-2.3
Portugal	-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	-4.4	-5.2	-4.9	-2.9
Slovak Republic	-3.4	-9.9	-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	-4.9	-4.6	-2.9	-2.4
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	-6.0	-5.7	-6.4	-4.3	-3.6	-3.0
Spain	-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	-9.7	-9.4	-8.1	-6.3	-5.9
Sweden	-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	0.0	0.2	-0.3	-0.8	-0.2
Switzerland	-1.7	-1.7	-2.6	-1.6	-0.6	-0.4	-0.4	-2.3	-2.0	-2.1	-1.1	0.5	1.0	2.0	0.8	0.3	0.5	0.7	0.5	0.4
United Kingdom	-5.8	-4.1	-2.2	-0.1	0.9	3.7	0.6	-2.0	-3.7	-3.6	-3.3	-2.7	-2.8	-5.0	-10.9	-10.1	-8.3	-6.6	-6.9	-6.0
United States	-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	-11.9	-11.4	-10.2	-8.5	-6.8	-5.2
Euro area	-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	-6.3	-6.2	-4.1	-3.3	-2.8	-2.6
Total OECD	-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	-8.2	-7.7	-6.5	-5.5	-4.6	-3.6
<i>Memorandum items</i>																				
General government financial balances excluding social security																				
United States	-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	-12.8	-11.9	-11.0	-9.3	-7.5	-5.9
Japan	-6.5	-6.7	-5.6	-12.3	-8.2	-8.0	-6.2	-7.5	-7.8	-6.4	-5.2	-1.4	-1.9	-1.3	-7.6	-7.5	-8.5	-8.9	-9.0	-7.9

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 by 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 92 database.

Annex Table 28. **General government cyclically-adjusted balances**

Surplus (+) or deficit (-) as a per cent of potential GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	-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	-4.3	-4.3	-3.4	-2.3	0.6	1.2
Austria	-5.3	-3.4	-1.2	-2.2	-3.0	-3.1	-1.2	-1.5	-1.8	-4.5	-1.8	-2.3	-2.3	-2.4	-3.5	-3.4	-1.9	-2.2	-1.2	-0.5
Belgium	-3.7	-2.8	-1.8	-0.3	-0.8	-1.2	-0.2	-0.2	0.3	-0.4	-2.8	-0.3	-1.5	-2.3	-4.7	-3.5	-4.0	-2.1	-1.1	-0.5
Canada	-4.8	-1.8	0.9	0.5	0.6	1.4	-0.7	-0.5	-0.3	0.4	0.9	0.8	0.6	-1.0	-3.8	-4.8	-4.0	-3.3	-2.9	-2.5
Czech Republic	..	..	..	..	-2.6	-3.1	-4.9	-5.2	-5.3	-1.9	-3.3	-3.7	-3.0	-4.5	-5.4	-4.6	-3.2	-2.3	-1.9	-1.5
Denmark	-2.6	-2.2	-1.5	-1.2	0.1	0.2	-0.6	-0.9	-0.5	1.4	3.9	3.0	2.3	1.3	-1.5	-0.4	0.0	-1.9	-0.2	-0.1
Estonia	..	..	..	..	..	..	..	0.9	1.8	1.5	0.4	-0.2	-1.3	-4.7	1.9	3.1	1.9	-0.6	-0.3	0.0
Finland	-3.5	-1.1	-0.5	1.7	1.5	6.3	4.7	4.3	3.0	2.2	2.3	2.8	2.9	2.1	-1.0	-1.9	-0.9	-1.2	-0.7	-0.3
France	-4.8	-3.1	-2.5	-2.3	-2.1	-2.6	-2.9	-4.2	-4.5	-4.1	-3.6	-3.4	-4.3	-4.5	-6.6	-5.8	-4.1	-3.0	-1.2	-0.4
Germany	-9.2	-2.7	-2.1	-1.8	-1.5	0.6	-3.8	-4.0	-3.5	-2.9	-2.2	-1.5	-0.5	-0.8	-1.4	-3.3	-0.8	-0.2	0.0	-0.2
Greece	-8.2	-5.7	-5.2	-3.2	-2.4	-3.3	-4.1	-4.3	-6.1	-8.4	-6.5	-8.5	-10.1	-12.6	-16.5	-9.3	-4.9	0.0	2.5	3.9
Hungary	..	-3.0	-4.6	-6.9	-4.4	-2.2	-3.4	-8.7	-7.3	-7.3	-9.4	-11.9	-7.0	-5.3	-3.3	-3.0	5.0	-1.5	-0.9	-0.9
Iceland	-0.9	-0.2	0.6	-0.6	0.6	1.0	-1.5	-2.5	-2.4	-0.7	3.0	4.2	2.9	-16.3	-9.1	-6.6	-2.1	0.7	1.6	2.2
Ireland	0.8	1.5	1.5	1.2	0.3	1.5	-2.4	-3.4	-2.2	-0.9	-0.9	0.1	-3.3	-8.8	-11.5	-25.7	-9.4	-4.4	-3.9	-2.3
Israel	..	..	..	-7.6	-6.0	-5.4	-6.5	-6.4	-5.8	-4.5	-4.1	-2.5	-2.2	-4.8	-6.6	-5.3	-5.3	-5.3	-4.3	-4.3
Italy	-7.2	-6.8	-2.8	-3.1	-2.1	-2.0	-4.7	-4.3	-4.2	-4.1	-5.2	-4.7	-3.4	-3.7	-3.6	-2.5	-2.2	-0.2	0.9	0.5
Japan	-4.7	-5.3	-4.2	-10.3	-6.0	-6.5	-5.1	-6.6	-6.8	-5.7	-4.8	-1.6	-2.9	-2.3	-7.3	-7.6	-8.3	-9.1	-9.4	-7.0
Korea	3.2	2.7	2.7	2.7	3.2	5.5	4.4	4.9	0.4	2.7	3.4	3.7	4.2	2.8	-0.5	1.4	0.5	1.2	2.1	2.0
Luxembourg	..	2.5	4.7	3.9	3.0	4.3	4.8	1.2	0.6	-0.7	-0.1	0.7	2.0	1.7	-0.3	-0.3	0.0	-1.4	-0.6	0.2
Netherlands	-8.2	-1.2	-0.9	-1.1	-0.3	0.7	-1.8	-2.7	-2.7	-0.9	0.5	0.5	-0.9	-1.1	-5.8	-4.2	-3.8	-2.5	-0.9	-0.2
New Zealand	2.2	2.2	0.9	0.7	0.0	1.8	1.8	3.6	3.3	3.3	3.9	4.7	3.5	0.3	-2.0	-3.2	-6.9	-3.4	-2.9	-1.8
Norway ¹	-1.6	-1.3	-0.8	-1.9	-0.6	1.0	0.4	-1.4	-2.7	-1.2	-0.4	0.9	2.1	1.0	-0.7	0.0	0.5	0.8	1.5	2.4
Poland	..	..	-5.4	-4.6	-2.6	-3.4	-4.9	-4.0	-5.4	-5.1	-3.5	-3.5	-2.3	-4.2	-7.2	-7.9	-5.4	-3.5	-2.4	-1.5
Portugal	-4.9	-4.7	-4.1	-5.2	-4.7	-5.4	-6.7	-4.6	-3.8	-4.1	-6.3	-4.6	-3.8	-3.9	-8.7	-8.7	-2.8	-2.0	-0.8	0.9
Slovenia	..	..	..	..	..	..	-3.3	-2.0	-1.9	-1.9	-1.5	-2.6	-3.0	-5.5	-5.5	-5.3	-6.0	-2.8	-1.0	-0.5
Spain	-6.6	-4.9	-3.7	-3.2	-1.9	-2.2	-1.8	-1.1	-0.9	-0.6	0.5	1.2	0.3	-5.5	-9.6	-6.9	-6.2	-3.9	-1.2	-0.4
Sweden	-5.8	-1.4	0.0	1.7	0.8	2.8	1.3	-1.6	-1.2	0.0	1.2	0.5	1.5	1.4	1.7	0.9	0.3	0.3	0.2	0.5
Switzerland	-1.2	-0.9	-2.0	-1.4	-0.5	-0.9	-0.9	-2.2	-1.3	-1.5	-0.7	0.4	0.3	1.2	1.1	0.5	0.6	1.2	1.3	1.1
United Kingdom	-5.4	-3.8	-2.2	-0.2	1.0	3.5	0.5	-1.9	-3.9	-4.1	-4.0	-3.8	-4.6	-6.2	-9.9	-9.1	-7.5	-5.6	-5.7	-4.9
United States	-2.6	-1.8	-0.9	-0.1	-0.2	0.3	-1.4	-4.3	-5.2	-5.0	-4.1	-3.2	-3.9	-6.8	-10.2	-9.6	-8.5	-7.0	-5.4	-4.1
Euro area	-7.0	-3.6	-2.4	-2.2	-1.7	-1.1	-3.1	-3.3	-3.2	-2.9	-2.6	-2.1	-2.1	-3.3	-5.1	-4.8	-3.0	-1.6	-0.4	-0.1
Total OECD	-4.3	-2.9	-1.8	-2.1	-1.2	-0.7	-2.1	-3.5	-4.1	-3.7	-3.1	-2.2	-2.6	-4.2	-7.2	-6.8	-5.7	-4.7	-3.6	-2.6

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 92 database.

Annex Table 29. **General government underlying balances**
 Surplus (+) or deficit (-) as a per cent of potential GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	-1.9	-0.8	0.3	1.7	2.2	0.9	0.3	1.4	1.5	1.4	1.6	2.1	1.2	-1.2	-4.0	-3.8	-3.2	-2.3	0.6	1.2
Austria	-5.5	-3.5	-1.2	-1.8	-2.9	-3.3	-0.8	-1.5	-1.8	-0.9	-1.8	-2.4	-2.1	-2.4	-3.4	-2.9	-2.0	-1.6	-1.0	-0.5
Belgium	-3.8	-2.9	-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	-2.1	-1.2	-0.6
Canada	-4.8	-1.9	0.6	0.3	0.7	1.5	-0.7	-0.5	-0.3	0.5	1.0	0.9	0.6	-1.1	-3.8	-4.7	-4.0	-3.3	-2.9	-2.5
Czech Republic	..	..	..	..	-3.1	-4.8	-4.1	-4.1	-7.8	-2.6	-4.5	-4.3	-3.4	-4.3	-6.2	-4.9	-3.5	-2.4	-1.9	-1.5
Denmark	-2.7	-2.3	-1.5	-1.1	0.1	0.3	-0.7	-1.0	-0.4	1.2	3.9	2.8	2.2	1.6	-1.5	-0.5	-0.1	-0.7	-0.2	-0.1
Estonia	..	..	..	..	..	..	..	0.9	1.7	1.2	0.2	-0.5	-1.0	-3.6	-1.3	-0.5	0.0	0.6	-0.3	0.0
Finland	-1.9	-0.8	-1.2	1.2	1.6	6.1	4.7	4.3	2.9	2.2	2.4	2.8	2.9	2.1	-0.9	-1.9	-0.8	-1.2	-0.7	-0.3
France	-4.4	-3.3	-3.0	-2.4	-2.0	-2.8	-2.9	-4.2	-4.7	-4.2	-4.2	-3.5	-4.3	-4.4	-6.5	-5.8	-4.2	-3.1	-1.2	-0.5
Germany	-2.6	-2.7	-2.2	-1.8	-1.6	-2.0	-3.7	-3.9	-3.4	-2.9	-2.1	-1.6	-0.7	-0.8	-1.2	-2.1	-0.8	-0.2	0.0	-0.2
Greece	-8.7	-6.8	-4.9	-3.0	-1.5	-4.2	-4.1	-4.3	-6.4	-8.1	-7.1	-9.3	-10.6	-12.3	-15.3	-9.1	-4.9	-0.4	2.0	3.4
Hungary	..	-3.3	-4.2	-4.9	-4.9	-2.4	-3.5	-7.3	-7.6	-8.0	-9.8	-11.8	-6.4	-4.7	-3.2	-5.0	-5.1	-2.7	-1.2	-0.9
Iceland	-1.1	0.0	0.7	-0.9	0.4	0.9	-1.3	-2.6	-2.2	-0.6	3.0	4.2	2.9	-2.6	-8.5	-3.0	-1.0	0.5	1.3	1.9
Ireland	1.0	1.4	1.1	0.8	1.5	1.1	-2.4	-3.7	-2.3	-0.9	-0.9	-0.1	-3.5	-7.7	-8.7	-6.9	-5.2	-3.7	-3.1	-1.5
Israel	..	..	..	-7.9	-5.9	-5.6	-6.6	-6.4	-6.1	-4.5	-4.1	-2.5	-2.2	-4.6	-6.2	-5.4	-5.5	-5.3	-4.3	-4.3
Italy	-6.6	-6.6	-3.5	-3.3	-2.1	-3.3	-4.3	-4.1	-5.2	-4.7	-5.1	-3.6	-3.3	-3.8	-4.0	-2.9	-3.0	-0.8	0.3	-0.1
Japan	-4.7	-5.1	-4.5	-4.8	-5.9	-5.9	-5.4	-6.4	-6.2	-6.4	-4.7	-3.2	-3.1	-3.3	-7.4	-7.8	-8.3	-8.8	-8.6	-6.3
Korea	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	1.1	1.2	1.4	2.1	2.0
Luxembourg	..	2.6	4.7	3.8	2.9	4.3	3.2	1.3	0.7	-0.4	0.0	1.0	1.8	1.4	-0.2	-0.2	-0.1	-1.4	-0.6	0.2
Netherlands	-3.0	-1.6	-0.9	-1.1	-0.3	0.1	-1.3	-2.5	-2.4	-0.9	0.3	0.2	-1.0	-1.0	-4.9	-3.6	-3.7	-2.5	-0.9	-0.2
New Zealand	2.3	2.4	1.0	0.7	0.1	1.9	1.9	3.6	3.3	3.2	3.8	4.7	3.3	0.4	-2.0	-3.3	-3.7	-3.3	-2.8	-1.8
Norway ¹	-1.6	-1.5	-1.0	-2.1	-0.7	1.4	0.3	-1.4	-2.8	-1.3	-0.5	0.8	2.1	1.1	-0.7	0.0	0.5	0.8	1.5	2.4
Poland	..	..	-5.1	-4.1	-2.7	-3.5	-4.9	-4.2	-5.1	-5.2	-3.5	-3.4	-2.5	-4.1	-6.9	-7.9	-5.5	-3.5	-2.4	-1.5
Portugal	-4.9	-4.8	-4.6	-4.8	-4.4	-5.3	-6.5	-5.2	-4.7	-5.6	-6.0	-4.3	-3.6	-4.2	-8.2	-7.5	-5.2	-3.1	-0.9	0.6
Slovenia	..	..	..	..	..	..	-3.4	-2.2	-1.7	-1.9	-1.6	-2.9	-3.2	-5.1	-5.3	-5.4	-4.7	-2.8	-1.0	-0.5
Spain	-6.6	-5.0	-3.7	-3.3	-2.2	-2.1	-1.7	-1.0	-1.1	-0.3	0.3	1.0	0.3	-5.1	-9.0	-6.4	-5.4	-3.1	-1.1	-0.4
Sweden	-5.3	-1.4	0.5	1.0	1.0	2.8	1.3	-1.6	-1.2	-0.1	1.4	0.6	1.4	1.4	1.7	0.8	0.3	0.3	0.2	0.5
Switzerland	-1.3	-1.0	-2.1	-1.4	-0.8	1.1	-0.3	-0.6	-1.2	-1.3	-0.7	0.2	0.2	1.6	1.1	0.5	0.8	1.2	1.3	1.1
United Kingdom	-5.3	-3.8	-2.2	-0.3	0.8	0.9	0.5	-2.0	-3.9	-4.2	-3.0	-3.6	-4.5	-5.6	-8.8	-8.6	-7.5	-7.5	-5.7	-5.0
United States	-2.7	-1.8	-0.9	-0.2	-0.2	0.2	-1.4	-4.3	-5.1	-5.0	-4.0	-3.4	-3.9	-6.4	-9.4	-9.2	-8.3	-7.1	-5.5	-4.1
Euro area	-4.2	-3.7	-2.6	-2.2	-1.7	-2.2	-2.9	-3.3	-3.5	-3.0	-2.7	-2.1	-2.2	-3.2	-4.8	-4.1	-3.0	-1.7	-0.5	-0.3
Total OECD	-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	-4.1	-6.7	-6.5	-5.7	-4.8	-3.5	-2.6

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 92 database.

Annex Table 30. **General government underlying primary balances**

Surplus (+) or deficit (-) as a per cent of potential GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	-0.1	0.7	1.7	2.8	3.0	1.5	0.6	1.7	1.8	1.6	1.8	2.1	1.2	-1.4	-3.9	-3.5	-2.8	-1.8	1.0	1.6
Austria	-2.2	-0.1	1.9	1.3	0.0	-0.4	1.9	1.1	0.6	1.3	0.5	-0.2	0.1	-0.3	-1.3	-0.7	0.2	0.6	1.0	1.5
Belgium	4.5	5.0	5.6	6.8	5.8	5.4	5.6	5.1	4.0	3.8	3.6	3.3	2.3	1.2	-0.9	-0.4	-0.7	1.0	1.9	2.5
Canada	0.9	3.3	5.3	5.1	5.1	4.7	2.3	2.0	1.5	2.1	2.0	1.6	1.2	-1.0	-2.9	-4.1	-3.6	-2.9	-2.5	-2.2
Czech Republic	..	..	..	..	-2.6	-4.6	-3.8	-3.8	-7.4	-2.0	-3.8	-3.6	-2.6	-3.5	-5.2	-3.8	-2.4	-1.2	-0.7	-0.2
Denmark	0.8	1.0	1.4	1.6	2.6	2.5	1.2	0.8	1.1	2.5	4.8	3.5	2.6	1.7	-1.2	0.0	0.4	-0.2	0.4	0.4
Estonia	..	..	..	..	..	..	..	0.9	1.4	1.0	0.0	-0.8	-1.4	-4.1	-1.5	-0.6	-0.1	0.5	-0.3	-0.1
Finland	-1.1	0.5	0.5	2.8	3.1	7.0	5.2	4.3	2.8	2.1	2.2	2.4	2.2	1.1	-1.5	-2.1	-1.1	-1.4	-0.9	-0.5
France	-1.5	-0.3	0.1	0.6	0.7	-0.1	-0.2	-1.4	-2.1	-1.6	-1.7	-1.1	-1.7	-1.6	-4.4	-3.6	-1.8	-0.7	1.1	1.8
Germany	0.3	0.2	0.7	1.2	1.2	0.8	-1.0	-1.4	-0.8	-0.4	0.3	0.9	1.9	1.6	1.0	-0.1	1.1	1.6	1.8	1.6
Greece	1.7	2.9	2.7	4.1	4.8	2.2	1.7	0.8	-1.7	-3.4	-2.6	-4.6	-5.8	-7.3	-10.3	-3.6	1.3	4.2	6.5	7.6
Hungary	..	4.6	2.9	1.2	1.1	2.3	0.5	-3.7	-3.8	-3.9	-5.8	-7.9	-2.4	-0.9	0.7	-1.2	-1.4	1.5	3.2	3.6
Iceland	0.3	1.3	1.8	0.2	1.3	1.7	-0.8	-2.2	-1.6	-0.3	2.7	3.5	1.9	-3.1	-5.6	-0.3	1.9	3.8	4.7	5.3
Ireland	5.6	5.4	4.6	4.1	3.9	3.1	-1.0	-2.4	-1.1	0.1	0.1	0.7	-2.8	-6.9	-7.3	-4.5	-2.7	-0.5	1.5	3.2
Israel	..	..	..	0.0	1.2	1.8	0.2	0.3	0.5	2.1	2.5	3.0	2.9	0.0	-2.0	-1.2	-1.5	-1.3	-0.4	-0.4
Italy	4.1	4.1	5.3	4.5	4.2	2.9	1.8	1.5	-0.2	0.0	-0.6	0.9	1.6	1.2	0.2	1.3	1.5	3.9	4.9	4.5
Japan	-4.0	-4.4	-3.7	-3.9	-5.1	-5.0	-4.6	-5.7	-5.6	-5.9	-4.6	-3.3	-3.2	-3.1	-6.9	-7.2	-7.6	-7.9	-7.4	-4.8
Korea	2.4	2.1	2.0	2.2	2.4	4.0	3.4	3.9	3.4	1.9	2.2	2.4	2.5	1.5	-1.2	0.1	0.4	0.5	1.1	0.9
Luxembourg	..	1.5	3.7	2.8	2.0	3.0	1.8	0.2	-0.2	-1.2	-0.7	0.3	0.8	0.1	-0.7	-0.5	-0.1	-1.3	-0.5	0.4
Netherlands	1.4	2.7	3.3	2.9	3.4	3.1	1.2	-0.4	-0.5	0.9	2.1	1.9	0.7	0.7	-3.5	-2.2	-2.2	-1.0	0.4	1.1
New Zealand	5.1	4.7	2.8	2.3	1.5	3.3	3.0	4.6	4.0	3.9	4.4	5.1	3.4	0.4	-1.9	-2.7	-2.8	-2.2	-1.7	-0.6
Norway ¹	-3.2	-3.1	-2.4	-3.2	-2.2	-0.3	-1.6	-3.5	-4.6	-3.3	-2.4	-1.4	-1.0	-2.0	-3.1	-2.2	-1.6	-1.4	-0.8	0.0
Poland	..	..	-0.9	-0.3	-0.3	-0.9	-2.2	-2.1	-2.7	-2.8	-1.4	-1.3	-0.7	-2.5	-4.8	-5.7	-3.2	-1.3	-0.1	0.8
Portugal	-0.4	-0.6	-1.3	-2.0	-1.8	-2.7	-3.9	-2.6	-2.3	-3.2	-3.7	-1.8	-0.9	-1.5	-5.6	-4.8	-1.6	1.1	3.5	5.6
Slovenia	..	..	..	..	..	..	-1.6	-0.4	-0.3	-0.5	-0.3	-1.7	-2.1	-4.3	-4.2	-4.2	-3.3	-1.2	0.7	1.2
Spain	-2.0	-0.4	0.5	0.6	1.1	0.9	1.0	1.4	1.0	1.5	1.9	2.3	1.4	-4.1	-7.6	-5.0	-3.6	-0.9	1.4	2.4
Sweden	-3.0	1.3	3.5	3.6	3.5	4.9	3.1	0.5	0.1	0.8	2.3	1.4	2.2	1.9	1.9	1.0	0.6	0.6	0.4	0.7
Switzerland	-0.5	-0.3	-1.3	-0.5	0.3	2.1	0.6	0.4	-0.3	-0.3	0.2	0.9	0.8	2.0	1.4	0.9	1.1	1.4	1.4	1.2
United Kingdom	-2.3	-0.8	1.0	2.7	3.3	3.3	2.5	-0.3	-2.1	-2.5	-1.1	-1.8	-2.6	-3.8	-7.3	-5.9	-4.5	-4.6	-3.0	-2.1
United States	0.8	1.5	2.3	3.0	2.6	2.8	0.8	-2.2	-3.3	-3.2	-2.1	-1.5	-1.9	-4.6	-7.9	-7.6	-6.4	-5.3	-3.8	-2.4
Euro area	0.5	1.1	1.8	2.0	2.0	1.4	0.5	-0.1	-0.5	-0.2	0.0	0.6	0.5	-0.5	-2.4	-1.7	-0.5	0.9	2.0	2.3
Total OECD	-0.1	0.5	1.2	1.6	1.5	1.4	0.2	-1.4	-2.1	-2.0	-1.3	-0.8	-0.9	-2.5	-5.2	-4.9	-3.9	-3.0	-1.8	-0.8

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 92 database.

Annex Table 31. **General government net debt interest payments**

Per cent of nominal GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	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	0.5	0.4	0.4
Austria	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	2.2	2.2	2.2	2.1	2.1
Belgium	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	3.5	3.4	3.3	3.3	3.2	3.2	3.1
Canada	5.6	5.2	4.7	4.7	4.2	3.0	2.9	2.5	1.8	1.5	1.0	0.7	0.6	0.1	0.9	0.6	0.5	0.4	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	1.3
Denmark	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	0.6	0.6	0.5	0.5
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	-0.2	-0.1	-0.1	-0.1	0.0	0.0
Finland	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	-0.2	-0.2	-0.2	-0.1
France	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	2.4	2.4
Germany	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	1.9	1.8	1.8	1.8
Greece	10.5	9.9	7.7	7.3	6.4	6.5	5.8	5.2	4.7	4.6	4.4	4.5	4.5	4.8	4.9	5.6	6.8	5.4	5.4	5.2
Hungary	8.2	7.6	7.3	6.2	6.2	4.8	4.0	3.6	3.7	4.0	3.9	3.7	3.8	3.7	4.1	3.9	3.8	4.3	4.6	4.7
Iceland	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	3.1	3.6	3.5	3.5
Ireland	4.9	4.2	3.5	3.2	2.2	1.8	1.3	1.2	1.1	1.0	0.9	0.8	0.6	0.7	1.4	2.6	2.7	3.4	5.0	5.0
Israel	..	..	..	7.9	7.2	7.1	6.8	6.9	7.1	6.9	6.7	5.4	5.0	4.5	4.2	4.1	4.0	3.9	3.9	3.8
Italy	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	4.6	4.9	5.0	5.0
Japan	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	0.7	0.9	1.2	1.5
Korea	-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	-1.0	-1.1
Luxembourg	-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	-0.3	-0.1	0.0	0.1	0.1
Netherlands	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	1.4	1.5	1.5	1.4	1.4
New Zealand	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	0.9	1.1	1.1	1.2
Norway	-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	-2.1	-2.2	-2.3	-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	2.2	2.3	2.3
Portugal	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	3.8	4.5	4.8	5.5
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	1.8
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	0.7	1.1	1.2	1.4	1.6	1.8	1.9
Spain	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	1.6	1.9	2.4	2.9	3.1
Sweden	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	0.2	0.2
Switzerland	0.8	0.7	0.8	0.9	1.1	1.0	0.9	1.0	1.0	1.0	0.9	0.7	0.5	0.4	0.3	0.3	0.3	0.2	0.1	0.0
United Kingdom	3.0	3.0	3.1	3.0	2.5	2.4	2.0	1.7	1.7	1.7	1.8	1.7	1.8	1.8	1.6	2.8	3.1	2.9	2.8	2.9
United States	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	2.0	1.8	1.7	1.8
Euro area	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	2.6	2.7	2.8	2.8
Total OECD	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	1.8	1.8	1.8

Source: OECD Economic Outlook 92 database.

Annex Table 32. **General government gross financial liabilities**

Per cent of nominal GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	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	26.7	29.3	28.9	28.0
Austria	69.4	70.3	66.4	68.0	70.9	70.8	71.8	72.8	71.0	70.8	70.6	66.4	63.4	68.6	74.1	78.0	79.8	83.1	85.2	86.0
Belgium ¹	135.4	133.1	127.8	123.1	119.4	113.6	111.9	108.2	103.3	98.2	95.8	91.6	87.9	92.7	99.8	99.5	101.9	103.2	102.9	101.9
Canada	99.6	99.6	94.3	92.9	89.6	80.5	80.7	78.6	74.7	70.8	69.7	68.6	65.0	69.2	81.5	83.0	83.4	85.8	85.5	86.0
Czech Republic	..	..	..	..	..	..	..	31.5	33.2	33.1	32.8	32.6	31.0	34.4	40.9	45.1	48.0	51.3	54.5	56.9
Denmark	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	51.3	54.6	61.5	61.0	61.0	60.7
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	12.8	12.5	9.8	14.5	16.0	15.7
Finland	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	40.3	51.8	57.9	58.0	62.3	65.5	67.7
France	62.6	66.4	68.9	70.4	66.8	65.7	64.3	67.5	71.7	74.1	76.0	71.2	73.0	79.3	91.2	95.5	100.0	105.1	108.2	109.7
Germany ²	55.7	58.8	60.4	62.3	61.8	60.8	60.1	62.5	65.9	69.3	71.8	69.8	65.6	69.9	77.5	86.3	86.4	87.6	86.2	85.1
Greece	101.1	103.1	100.0	97.7	101.5	115.3	118.1	117.6	112.3	114.8	113.4	117.2	115.2	118.5	134.3	153.0	175.2	181.3	193.2	199.9
Hungary	89.1	76.9	67.4	65.5	67.7	62.2	60.5	61.1	62.2	65.6	68.8	72.4	73.6	77.1	86.7	87.5	86.1	87.4	86.4	86.7
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	128.4	124.7	120.6	115.4
Ireland	..	..	..	62.4	51.5	39.3	36.5	35.5	34.2	32.8	32.7	28.8	28.7	49.7	70.7	98.1	112.2	123.2	127.7	127.8
Israel	..	..	..	101.0	94.9	84.8	89.5	96.8	99.4	97.8	93.9	84.9	78.5	77.1	79.5	76.0	74.0	73.5	73.1	71.8
Italy	121.9	128.1	129.6	131.8	125.7	120.8	120.1	118.8	116.3	116.8	119.4	117.0	112.4	114.9	128.0	126.7	119.8	127.0	129.6	131.4
Japan ³	87.7	95.4	102.0	114.9	129.0	137.6	144.7	153.5	158.3	166.3	169.5	166.8	162.4	171.1	188.7	192.7	205.3	214.3	224.3	230.0
Korea ⁴	..	..	..	..	..	..	..	19.2	19.7	23.3	25.6	28.6	28.8	30.4	33.5	34.3	36.1	36.4	36.4	36.7
Luxembourg	..	..	..	16.2	14.8	13.4	13.5	12.2	13.1	14.0	12.2	11.5	11.3	19.3	19.0	25.8	25.8	29.8	32.6	34.4
Netherlands	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	67.6	71.6	75.9	82.5	83.6	84.0
New Zealand	50.7	44.3	41.8	41.6	39.0	37.0	34.9	33.0	31.0	28.2	27.0	26.6	25.6	28.8	34.6	39.6	48.3	51.3	54.3	55.6
Norway	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	33.8	44.7	44.0	42.9
Poland	51.6	51.5	48.4	44.0	46.8	45.4	43.7	55.0	55.4	54.6	54.8	55.2	51.7	54.4	58.4	62.3	63.3	64.1	65.2	65.4
Portugal	66.7	66.5	65.2	64.6	62.3	62.4	64.2	68.0	70.2	73.5	77.7	77.5	75.5	80.8	93.5	103.9	118.1	125.6	133.1	134.6
Slovak Republic	38.2	37.6	39.0	41.2	53.5	57.6	57.1	50.2	48.2	45.9	37.4	35.0	33.5	32.2	40.4	45.9	48.0	57.0	59.7	60.9
Slovenia	..	..	..	..	..	..	33.6	34.7	34.1	34.9	34.0	33.8	30.6	30.4	44.0	48.2	55.5	59.9	63.5	66.1
Spain	69.3	76.0	75.0	75.4	69.4	66.5	61.9	60.3	55.3	53.3	50.8	46.2	42.4	47.7	62.9	67.7	76.9	93.8	100.2	105.3
Sweden	81.1	84.4	83.0	82.0	73.2	64.3	62.7	60.2	59.3	60.0	61.2	54.3	49.8	50.0	52.2	49.3	49.2	48.6	47.9	47.2
Switzerland	46.5	48.9	50.6	53.6	50.9	51.2	49.7	55.6	55.3	56.1	54.6	48.5	45.1	41.9	41.1	40.6	40.2	39.5	39.0	38.6
United Kingdom	51.0	50.8	51.7	52.3	47.4	45.2	40.5	41.1	41.6	43.9	46.1	45.9	47.0	57.1	72.0	85.6	99.9	105.3	110.4	113.9
United States	70.7	69.9	67.4	64.2	60.5	54.5	54.4	56.8	60.2	67.8	67.4	66.1	66.5	75.4	88.8	97.8	102.2	109.8	113.0	114.1
Euro area	75.5	80.0	81.0	81.6	78.2	76.0	74.4	75.4	76.1	77.3	78.2	74.7	71.9	77.1	87.8	93.1	95.2	100.6	102.5	103.4
Total OECD	72.5	74.1	73.8	74.4	72.9	70.2	69.9	71.9	73.6	77.6	77.9	75.8	74.2	80.7	92.2	98.7	102.9	108.7	111.4	112.5

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/eo/sources-and-methods>).

For euro area countries 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.

1. Includes the debt of the Belgium National Railways Company (SNCF) 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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932751025>

Annex Table 33. **General government net financial liabilities**
Per cent of nominal GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	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	7.9	7.5	6.6
Austria	38.6	40.3	36.4	36.6	35.7	34.7	35.6	37.1	36.1	38.2	37.9	34.0	31.4	34.8	40.4	44.0	46.0	47.9	49.4	50.0
Belgium ¹	114.6	115.2	110.8	107.7	102.9	97.4	94.9	93.1	90.1	83.6	81.9	77.0	73.1	73.3	79.5	79.8	81.3	82.5	82.9	82.0
Canada	69.3	68.5	63.4	59.3	54.7	45.3	43.2	41.6	37.7	34.3	30.2	25.7	22.4	22.0	27.6	29.7	32.3	34.9	36.8	37.9
Czech Republic	..	..	..	..	..	..	..	-15.6	-7.1	-10.5	-12.2	-12.5	-15.5	-6.7	-2.7	5.1	5.8	9.1	12.3	14.7
Denmark	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	-1.6	3.3	7.3	9.3	10.7
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	-28.1	-25.5	-28.7	-35.3	-35.3	-32.0	-29.6	-28.2
Finland ²	-7.3	-6.7	-7.5	-14.6	-50.3	-31.1	-31.7	-31.3	-38.5	-46.7	-58.6	-69.5	-72.6	-52.3	-62.9	-65.6	-54.1	-51.4	-48.7	-46.5
France	37.4	41.9	42.4	40.6	33.6	35.2	36.8	41.9	44.4	45.4	43.4	37.4	35.7	45.9	52.1	57.3	63.0	66.4	68.8	70.4
Germany ³	29.7	32.7	32.5	36.3	34.5	33.9	36.2	40.4	43.4	47.4	49.7	47.8	42.5	44.5	49.0	49.8	51.3	50.3	49.7	48.6
Greece	81.0	81.5	76.8	72.6	70.6	89.0	93.3	95.1	87.6	87.7	83.7	87.3	82.4	90.9	101.0	117.2	138.7	145.7	159.0	167.0
Hungary	24.5	25.5	25.2	32.2	34.3	33.0	32.4	36.8	37.8	41.9	46.3	51.9	53.7	51.7	59.7	61.5	52.7	55.0	55.5	55.8
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	48.7	45.6	41.7
Ireland	..	..	..	41.9	27.0	15.3	11.9	13.6	11.4	8.2	5.9	1.4	-0.3	12.7	26.0	56.9	73.4	79.9	86.1	89.0
Italy	98.4	104.0	104.1	106.4	100.5	94.9	95.8	95.2	92.3	92.0	93.3	90.5	87.1	90.0	100.9	99.5	94.1	98.1	100.6	102.9
Japan ⁴	22.8	28.3	33.8	45.4	53.0	59.7	65.5	74.5	77.6	82.4	82.2	81.0	80.5	95.3	106.2	112.8	125.3	134.3	144.3	150.1
Korea ⁵	..	..	..	..	..	..	..	-32.3	-31.1	-31.6	-35.8	-36.8	-40.2	-37.7	-39.0	-38.1	-36.6	-36.2	-36.2	-35.9
Luxembourg	..	..	..	-53.2	-52.4	-54.5	-60.7	-59.3	-56.9	-54.1	-51.4	-50.9	-54.8	-53.6	-57.9	-52.1	-44.9	-40.8	-38.1	-36.3
Netherlands	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	29.6	34.4	38.7	42.6	44.8	46.1
New Zealand	37.6	32.4	29.8	27.7	25.4	23.4	21.1	17.6	13.1	8.3	3.7	-1.2	-5.5	-5.0	-1.0	2.9	10.7	14.7	17.6	19.0
Norway	-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	-160.3	-165.3	-174.0	-183.1
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	17.2	22.3	28.0	33.1	35.0	36.9	37.6
Portugal	24.3	26.5	31.1	34.3	32.7	32.7	34.8	39.3	41.9	47.2	50.6	50.0	49.7	54.2	64.7	70.1	74.8	82.5	88.2	89.7
Slovak Republic	-30.7	-18.2	-12.1	-3.7	1.2	12.5	10.9	1.7	1.8	5.2	3.2	7.7	7.3	9.3	16.1	22.2	26.4	29.9	31.9	32.7
Slovenia	..	..	..	..	..	..	-15.6	-14.2	-9.5	-9.7	-8.5	-9.9	-16.9	-5.0	0.1	1.0	7.1	11.5	15.1	17.7
Spain	51.6	55.5	54.2	53.7	47.7	44.2	41.6	40.3	36.8	34.6	29.1	22.4	17.7	22.6	34.0	40.2	49.5	58.0	64.7	70.1
Sweden	25.6	26.6	24.6	22.0	12.4	5.5	-2.5	3.9	0.0	-2.7	-7.7	-18.7	-22.4	-14.9	-22.3	-23.7	-20.7	-19.9	-18.5	-17.4
Switzerland	..	..	..	..	5.9	3.2	2.7	7.1	7.2	9.0	8.0	5.2	0.8	2.6	-1.8	-2.0	-2.4	-3.1	-3.6	-4.0
United Kingdom	26.0	27.7	30.4	32.4	29.0	26.8	23.3	23.8	24.0	26.0	26.9	27.4	28.3	33.1	43.9	53.8	67.8	73.0	78.0	81.5
United States	53.8	51.9	48.8	44.9	40.2	35.3	34.6	37.2	40.9	48.6	49.0	48.4	48.0	53.6	65.9	74.3	81.6	86.5	90.1	91.2
Euro area	49.2	53.6	53.6	53.9	48.4	47.6	48.1	50.5	50.7	51.6	50.6	46.6	42.7	47.5	54.5	57.6	60.6	63.3	65.3	66.4
Total OECD	43.1	44.1	43.4	43.9	40.4	38.1	37.7	40.3	41.7	45.0	44.3	42.1	40.1	45.6	54.0	59.7	65.6	69.6	72.8	74.1

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 92 database.

Annex Table 34. **Short-term interest rates**

Per cent, per annum

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Fourth quarter		
																		2012	2013	2014
Australia	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	3.7	2.8	3.0	3.1	2.8	3.1
Austria	3.6																			
Belgium	3.6																			
Canada	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	1.3	2.3	1.2	1.7	2.7
Chile	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	5.0	5.0	5.0	5.0	5.0	5.0
Czech Republic	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	1.1	1.1	1.4	1.0	1.1	1.4
Denmark	4.3	3.4	5.0	4.7	3.5	2.4	2.2	2.2	3.2	4.4	5.3	2.5	1.2	1.4	0.6	0.2	0.1	0.2	0.2	0.1
Estonia	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	3.6																			
France	3.6																			
Germany	3.5																			
Greece	11.6	8.9																		
Hungary	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	6.9	6.8	6.9	6.9	6.6
Iceland	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	4.3	5.5	6.3	6.5	6.0	6.3	6.5
Ireland	5.4																			
Israel	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	2.3	2.2	3.0	2.0	2.4	3.4
Italy	5.0																			
Japan	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	0.2	0.3	0.2	0.3	0.3	0.2
Korea	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	3.3	3.0	3.3	3.0	3.0	3.5
Luxembourg	3.6																			
Mexico	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	4.7	5.5	4.7	4.9	5.7
Netherlands	3.5																			
New Zealand	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	2.6	3.1	2.6	2.6	3.5
Norway	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	2.3	2.4	3.2	2.1	2.7	3.8
Poland	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	5.0	3.4	3.0	4.9	3.0	3.0
Portugal	4.3																			
Slovak Republic	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	4.2																			
Sweden	4.4	3.3	4.1	4.1	4.3	3.2	2.3	1.9	2.6	3.9	4.7	0.9	0.9	2.5	2.1	1.8	2.4	1.7	1.9	2.7
Switzerland	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	0.0	0.0	0.0	0.0	0.0
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	8.0	7.3	8.3	6.9	7.5	8.5
United Kingdom	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	0.9	0.7	0.6	0.8	0.6	0.6
United States	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	0.4	0.5	0.4	0.5	0.5
Euro area	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	0.2	0.1	0.2	0.2	0.1

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 92 database.

Annex Table 35. **Long-term interest rates**

Per cent, per annum

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Fourth quarter		
																		2012	2013	2014
Australia	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	3.4	3.1	3.7	3.0	3.4	3.8
Austria	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	2.4	2.3	2.8	2.1	2.5	3.0
Belgium	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	3.0	2.8	3.1	2.6	2.9	3.2
Canada	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	1.9	2.2	2.8	1.8	2.4	3.1
Chile	..	..	..	..	..	..	6.3	6.0	6.1	6.1	7.0	5.7	6.3	6.0	5.5	5.5	5.5	5.5	5.5	5.5
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	2.9	2.5	2.9	2.5	2.5	3.0
Denmark	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	1.5	1.7	2.3	1.4	2.0	2.6
Finland	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	1.9	2.1	2.6	1.9	2.3	2.7
France	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	2.6	2.6	3.1	2.4	2.8	3.2
Germany	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	1.5	1.7	2.3	1.4	1.9	2.5
Greece	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	22.9	16.5	14.3	17.9	15.7	13.5
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	8.1	6.6	6.1	7.4	6.5	5.8
Iceland	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	6.3	6.5	7.0	6.2	6.5	7.0
Ireland	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	6.0	4.9	4.7	4.7	4.8	4.8
Israel	..	..	..	7.2	9.2	8.9	7.6	6.4	6.3	5.6	5.9	5.1	4.7	5.0	4.4	4.3	4.5	4.3	4.4	4.6
Italy	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	5.5	4.9	4.9	4.9	4.9	4.9
Japan	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	0.8	1.1	1.6	0.8	1.3	1.9
Korea	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	3.4	3.2	3.8	2.9	3.3	4.0
Luxembourg	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	1.9	2.2	2.8	1.9	2.4	3.0
Mexico	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	6.4	6.9	6.1	6.5	7.1
Netherlands	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	2.0	2.3	2.7	2.0	2.5	2.9
New Zealand	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	3.7	3.8	4.3	3.6	3.8	4.6
Norway	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	2.1	2.3	3.0	2.1	2.4	3.5
Portugal	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	11.0	9.9	9.9	9.9	9.9	9.9
Slovak Republic	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	4.5	3.9	4.0	3.8	3.9	4.1
Slovenia	..	..	..	..	8.6	6.4	4.7	3.8	3.9	4.5	4.6	4.4	3.8	5.0	5.4	5.3	5.4	5.3	5.4	5.4
Spain	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	5.9	5.7	5.5	5.8	5.6	5.5
Sweden	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	1.5	1.4	2.1	1.2	1.6	2.4
Switzerland	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	0.6	0.8	1.3	0.6	1.0	1.4
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	8.7	8.5	9.8	8.0	8.8	10.0
United Kingdom	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	1.9	2.1	2.7	1.7	2.3	2.9
United States	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	1.8	2.0	2.6	1.7	2.2	2.9
Euro area	4.8	4.7	5.4	5.0	4.9	4.2	4.1	3.4	3.8	4.3	4.3	3.8	3.5	4.2	3.8	3.5	3.7	3.4	3.6	3.8

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 92 database.

Annex Table 36. Nominal exchange rates (*vis-à-vis* the US dollar)

Average of daily rates

	Monetary unit	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Estimates and assumptions ¹		
													2012	2013	2014
Australia	<i>Dollar</i>	1.935	1.841	1.542	1.359	1.313	1.328	1.195	1.198	1.282	1.090	0.969	0.966	0.959	0.959
Canada	<i>Dollar</i>	1.548	1.570	1.400	1.301	1.212	1.134	1.074	1.068	1.141	1.030	0.989	1.000	1.000	1.000
Chile	<i>Peso</i>	634.9	688.9	691.4	609.5	559.8	530.3	522.5	523.5	558.9	510.0	483.4	486.7	483.3	483.3
Czech Republic	<i>Koruny</i>	38.02	32.73	28.13	25.69	23.95	22.59	20.29	17.08	19.05	19.08	17.67	19.63	20.01	20.014
Denmark	<i>Krone</i>	8.321	7.884	6.577	5.988	5.996	5.943	5.443	5.099	5.359	5.622	5.360	5.809	5.867	5.867
Estonia	<i>Kroon</i>	17.5	16.6	13.9	12.6	12.6	12.5	11.4	10.7	11.3	11.8				
Hungary	<i>Forint</i>	286.5	257.9	224.3	202.6	199.5	210.4	183.6	172.5	202.1	207.8	200.9	225.6	224.0	224.0
Iceland	<i>Krona</i>	97.67	91.59	76.69	70.19	62.88	69.90	64.07	88.00	123.66	122.24	116.06	125.20	127.22	127.22
Israel	<i>Sheqel</i>	4.21	4.74	4.55	4.48	4.49	4.46	4.11	3.58	3.93	3.73	3.57	3.86	3.92	3.92
Japan	<i>Yen</i>	121.5	125.3	115.9	108.1	110.1	116.4	117.8	103.4	93.6	87.8	79.7	79.3	79.4	79.4
Korea	<i>Won</i>	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	1 127.3	1 089.4	1 089.4
Mexico	<i>Peso</i>	9.344	9.660	10.790	11.281	10.890	10.903	10.929	11.153	13.504	12.632	12.434	13.189	13.225	13.225
New Zealand	<i>Dollar</i>	2.382	2.163	1.724	1.509	1.421	1.542	1.361	1.425	1.600	1.388	1.266	1.236	1.220	1.220
Norway	<i>Krone</i>	8.993	7.986	7.078	6.739	6.441	6.415	5.858	5.648	6.290	6.044	5.605	5.831	5.766	5.766
Poland	<i>Zloty</i>	4.097	4.082	3.888	3.651	3.234	3.103	2.765	2.410	3.119	3.015	2.962	3.271	3.293	3.293
Slovak Republic	<i>Koruna</i>	48.35	45.30	36.76	32.23	31.04	29.65	24.68							
Slovenia	<i>Tolar</i>	242.8	240.3	207.1	192.3	192.8	191.0								
Sweden	<i>Krona</i>	10.338	9.721	8.078	7.346	7.472	7.373	6.758	6.597	7.653	7.202	6.489	6.788	6.779	6.779
Switzerland	<i>Franc</i>	1.687	1.557	1.345	1.243	1.246	1.253	1.200	1.084	1.086	1.043	0.887	0.940	0.947	0.947
Turkey	<i>Lira</i>	1.228	1.512	1.503	1.426	1.341	1.430	1.300	1.299	1.547	1.499	1.672	1.793	1.797	1.797
United Kingdom	<i>Pound</i>	0.694	0.667	0.612	0.546	0.550	0.543	0.500	0.546	0.641	0.647	0.624	0.632	0.630	0.630
United States	<i>Dollar</i>	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	<i>Euro</i>	1.118	1.060	0.885	0.806	0.805	0.797	0.730	0.681	0.718	0.754	0.719	0.780	0.787	0.787

1. On the technical assumption that exchange rates remain at their levels of 13 November 2012.

Source: OECD Economic Outlook 92 database.

Annex Table 37. **Effective exchange rates**

Indices 2005 = 100, average of daily rates

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Estimates and assumptions ¹		
														2012	2013	2014
Australia	88.4	82.1	77.5	80.8	90.4	97.6	100.0	98.6	105.1	103.4	99.1	111.6	119.7	122.1	122.7	122.7
Austria	95.9	93.5	94.2	95.6	99.5	100.9	100.0	100.0	101.1	102.1	103.5	100.6	100.6	99.2	98.9	98.9
Belgium	91.9	89.9	91.1	93.3	98.7	100.7	100.0	100.1	101.7	103.9	105.3	101.6	102.2	99.8	99.6	99.6
Canada	82.0	83.2	81.6	80.6	88.6	93.7	100.0	106.5	110.5	109.4	105.1	114.6	116.8	117.5	117.4	117.4
Chile	98.9	96.5	86.5	91.2	86.1	93.8	100.0	104.4	101.6	99.5	96.6	103.3	105.3	108.0	109.5	109.5
Czech Republic	78.0	78.8	83.0	93.1	93.7	94.3	100.0	104.9	107.6	120.7	116.6	118.4	122.3	117.6	115.9	115.9
Denmark	94.6	90.4	92.1	94.2	99.2	100.9	100.0	100.0	101.5	103.8	106.5	101.8	101.5	98.9	98.3	98.3
Estonia	91.6	88.7	90.1	93.0	98.9	100.7	100.0	99.7	101.1	103.2	107.1	102.1	102.2	99.7	99.5	99.5
Finland	92.4	88.2	90.0	92.6	98.7	100.9	100.0	99.8	101.6	104.1	107.8	102.4	102.4	99.4	99.0	99.0
France	94.2	90.2	91.4	93.6	98.9	100.7	100.0	100.1	101.6	103.8	105.0	101.5	101.9	99.5	99.2	99.2
Germany	93.5	89.3	90.6	92.9	98.9	101.1	100.0	100.0	101.8	103.8	105.8	101.3	101.6	99.0	98.7	98.7
Greece	97.0	90.6	91.5	94.0	99.1	100.9	100.0	100.1	101.6	103.8	105.7	102.2	102.8	100.3	99.9	99.9
Hungary	93.6	88.4	90.3	97.2	97.4	99.5	100.0	93.7	99.4	100.4	92.2	90.6	89.9	84.8	86.0	86.0
Iceland	96.2	96.8	82.1	84.6	89.0	90.1	100.0	89.5	90.6	66.0	48.2	49.1	49.3	48.3	47.9	47.9
Ireland	92.7	86.9	88.1	90.6	98.0	100.4	100.0	100.1	102.6	107.3	109.2	104.5	105.4	101.3	100.8	100.8
Israel	112.7	123.0	124.8	109.9	105.3	101.2	100.0	100.2	103.5	115.4	110.4	115.5	117.1	112.7	111.4	111.4
Italy	92.8	89.2	90.6	93.4	98.9	100.9	100.0	100.1	101.7	103.6	105.6	101.6	102.1	99.7	99.5	99.5
Japan	99.0	108.0	100.3	96.4	99.2	103.1	100.0	92.7	87.7	98.6	113.2	116.7	123.4	126.0	125.5	125.5
Korea	87.1	94.4	87.2	90.3	89.8	89.9	100.0	107.0	105.8	86.5	75.2	80.6	80.5	80.5	83.3	83.3
Luxembourg	97.8	94.7	95.2	96.3	99.5	100.5	100.0	100.1	101.2	102.6	103.7	101.1	101.3	99.6	99.4	99.4
Mexico	116.5	119.3	123.2	119.6	103.9	97.3	100.0	99.2	97.0	94.3	78.7	83.1	83.1	79.1	78.9	78.9
Netherlands	94.5	90.2	91.5	93.6	98.9	100.7	100.0	100.0	101.5	103.9	105.7	101.8	102.2	99.8	99.5	99.5
New Zealand	80.0	72.3	71.3	77.6	89.0	95.6	100.0	92.1	98.8	92.7	85.7	92.8	96.0	99.8	100.8	100.8
Norway	91.4	89.1	91.5	100.1	99.0	96.1	100.0	99.4	101.3	102.2	98.8	103.1	106.0	107.3	108.9	108.9
Poland	91.1	93.6	103.4	100.1	91.2	89.6	100.0	103.0	107.0	117.0	97.2	102.0	99.3	95.6	95.6	95.6
Portugal	96.4	93.7	94.7	96.3	99.6	100.6	100.0	100.0	100.9	102.5	103.5	101.2	101.5	100.0	100.0	100.0
Slovak Republic	86.2	87.3	85.6	87.4	93.6	98.0	100.0	103.1	114.0	123.5	132.8	128.4	128.6	127.4	127.3	127.3
Slovenia	118.6	109.4	104.0	101.5	102.0	101.1	100.0	100.0	100.8	101.8	104.0	100.8	101.3	99.7	99.6	99.6
Spain	94.4	91.2	92.4	94.9	99.2	100.6	100.0	100.1	101.4	103.4	104.8	101.7	102.3	100.2	100.1	100.1
Sweden	99.1	98.9	91.2	94.1	100.5	102.7	100.0	100.4	101.9	100.4	92.5	99.0	105.0	106.2	106.7	106.7
Switzerland	90.8	89.1	92.9	98.2	100.3	101.0	100.0	98.5	96.0	101.7	107.8	113.5	128.3	127.4	127.1	127.1
Turkey	354.9	257.8	145.3	109.0	97.1	95.0	100.0	93.1	95.5	91.9	83.2	86.1	74.3	72.8	73.1	73.1
United Kingdom	97.5	100.2	99.3	100.8	97.1	101.6	100.0	100.5	102.2	89.5	80.1	79.6	79.0	82.4	83.0	83.0
United States	104.7	107.9	113.7	114.4	107.5	102.6	100.0	98.4	94.0	91.1	96.8	93.3	89.4	92.2	92.4	92.4
Euro area	88.3	80.7	82.9	87.1	97.9	101.7	100.0	100.0	103.2	107.5	111.5	103.4	104.0	99.4	98.7	98.7

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 13 November 2012.

Source: OECD Economic Outlook 92 database.

Annex Table 38. **Export volumes of goods and services**
National accounts basis, percentage changes from previous year

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	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	5.4	-1.3	5.6	5.6	6.1
Austria	7.6	3.1	10.4	8.5	6.2	13.6	5.9	3.8	1.4	10.2	7.5	7.9	8.8	1.1	-15.4	8.9	7.2	1.7	3.5	6.9
Belgium	5.0	3.7	10.0	4.8	4.5	11.8	1.1	2.5	0.5	6.1	3.8	5.4	5.2	2.1	-11.1	9.6	5.5	0.1	2.0	4.9
Canada	8.9	5.7	8.6	9.5	10.8	9.1	-3.0	1.2	-1.7	5.5	2.2	0.9	1.1	-4.5	-12.8	6.5	4.6	1.9	2.6	5.6
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	3.8	4.1	5.1
Czech Republic	18.8	6.5	9.7	11.6	5.7	17.3	11.6	2.4	7.6	13.6	11.6	13.8	11.2	4.0	-8.9	15.5	9.4	4.2	3.3	6.4
Denmark	2.9	4.2	4.9	4.1	11.6	12.8	3.1	4.1	-1.0	2.8	8.1	9.0	2.8	3.3	-9.5	3.0	6.5	2.0	4.0	5.5
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	1.0	-20.6	22.9	23.4	5.1	7.4	7.5
Finland	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	-21.3	7.5	2.0	-1.0	3.3	4.4
France	8.4	3.4	13.0	8.3	4.2	12.8	2.6	1.5	-1.2	4.1	3.1	5.5	2.3	-0.6	-11.8	9.2	5.5	2.6	3.3	6.1
Germany	6.8	6.6	11.6	7.1	5.4	13.9	6.8	4.3	2.5	9.7	8.0	13.5	8.3	2.3	-12.8	13.4	7.9	4.4	3.2	5.8
Greece	3.0	3.5	20.0	5.3	18.1	14.1	0.0	-8.4	2.9	17.3	2.5	4.3	7.1	1.7	-19.4	5.2	0.3	-2.9	3.0	6.1
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	14.2	6.3	1.3	2.2	4.3
Iceland	-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	7.0	0.6	4.1	4.9	3.0	2.9
Ireland	20.0	12.5	17.6	23.1	15.6	20.9	8.4	4.9	0.7	7.6	4.4	5.0	8.4	-1.1	-3.8	6.2	5.0	3.3	3.3	5.8
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	7.2	-11.6	13.7	5.4	3.7	3.9	5.1
Italy	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	11.2	6.7	0.9	2.6	4.2
Japan	4.2	5.9	11.1	-2.7	1.8	12.6	-7.0	7.9	9.5	14.0	6.2	9.9	8.7	1.4	-24.2	24.3	-0.1	1.0	1.6	6.5
Korea	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	4.3	8.8	12.9
Luxembourg	4.6	3.0	10.3	11.8	13.3	13.5	4.5	2.4	5.9	10.8	4.8	13.0	9.4	3.9	-10.5	6.8	6.0	-4.1	0.9	2.3
Mexico	30.2	18.2	10.6	12.3	12.3	16.3	-3.5	1.4	2.7	11.5	6.7	11.0	5.7	0.6	-13.6	21.7	6.8	6.0	5.2	6.9
Netherlands	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	-7.7	11.2	3.9	2.6	2.6	5.5
New Zealand	3.8	3.8	3.9	1.5	7.9	7.0	3.3	6.4	2.3	6.2	-0.5	1.9	4.3	-0.9	2.2	3.7	2.7	0.8	4.2	6.2
Norway	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	-1.4	1.0	0.6	0.8
Poland	22.9	11.0	13.3	14.5	-2.6	22.1	4.0	4.7	14.1	13.1	9.0	14.7	9.1	6.1	-6.0	12.1	7.8	2.2	4.9	6.2
Portugal	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	7.5	4.2	3.6	5.8
Slovak Republic	4.5	-1.4	5.8	21.0	12.2	8.9	6.9	5.2	15.9	7.4	10.0	21.0	14.3	3.1	-16.3	16.0	12.7	8.8	4.7	6.7
Slovenia	..	..	11.1	7.5	1.6	13.1	6.4	6.8	3.1	12.4	10.6	12.5	13.7	4.0	-16.7	10.1	7.0	1.8	2.7	4.1
Spain	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	-10.0	11.3	7.6	4.0	6.4	6.2
Sweden	11.2	4.8	13.6	9.1	6.9	11.4	1.8	0.9	4.3	9.4	7.0	9.5	6.3	0.4	-12.5	10.0	7.4	0.7	3.6	5.8
Switzerland	0.9	3.7	12.0	4.1	6.4	12.8	0.7	0.2	-0.9	7.9	7.7	10.1	9.9	2.9	-7.7	7.8	3.8	-0.5	1.6	3.5
Turkey	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	6.4	15.3	5.9	6.8
United Kingdom	9.4	7.4	7.6	3.6	3.1	9.4	2.3	1.9	2.8	4.8	9.1	12.1	-2.5	1.2	-8.2	6.4	4.5	-0.2	2.4	3.6
United States	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	-9.1	11.1	6.7	3.6	4.1	6.2
Total OECD	9.1	6.6	11.0	5.4	5.4	12.0	0.6	1.9	2.5	8.5	6.0	9.0	6.5	2.0	-11.2	11.3	5.7	2.8	3.6	6.0

Note: Regional aggregates are calculated inclusive of intra-regional trade as the sum of volumes expressed in 2005 \$.

Source: OECD Economic Outlook 92 database.

Annex Table 39. **Import volumes of goods and services**
National accounts basis, percentage changes from previous year

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	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	-8.6	14.3	11.1	7.1	6.6	6.6
Austria	6.6	4.1	8.0	5.2	5.0	10.2	5.6	-0.1	4.0	9.5	6.9	5.4	6.9	-0.9	-11.8	8.0	6.9	1.0	2.9	6.1
Belgium	4.7	4.1	8.9	5.6	2.7	12.4	0.0	0.7	0.5	6.1	5.2	5.0	5.4	3.4	-10.6	8.9	5.7	-0.1	1.9	4.7
Canada	5.8	5.4	14.4	5.3	8.1	8.5	-4.9	1.8	4.2	8.5	7.3	5.3	5.8	0.8	-12.4	13.6	5.8	2.3	3.6	4.7
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	4.1	6.0	4.4
Czech Republic	23.2	12.1	6.6	7.1	4.9	16.0	12.5	4.7	7.4	10.0	5.9	10.8	12.8	2.7	-9.9	15.8	6.7	1.2	2.9	5.7
Denmark	7.0	3.4	9.5	8.5	3.5	13.1	1.9	7.5	-1.6	7.7	11.2	13.4	4.3	3.3	-12.3	3.2	5.6	2.8	4.3	6.3
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	-7.0	-32.0	21.0	25.0	6.1	6.3	7.5
Finland	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	-17.2	6.9	5.0	-0.8	2.7	3.5
France	7.6	2.2	7.9	11.6	6.2	15.5	2.3	1.7	0.9	5.1	5.8	5.5	5.5	0.6	-9.5	8.4	5.2	0.4	3.2	5.4
Germany	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	-8.0	10.9	7.5	2.9	4.8	7.6
Greece	8.9	7.0	14.2	9.2	15.0	15.1	1.2	-1.3	3.0	5.7	-1.5	11.1	14.5	0.9	-20.2	-6.2	-7.3	-11.6	-4.3	-3.2
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	12.7	5.0	-0.4	0.3	3.2
Iceland	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	4.5	6.8	6.6	2.1	6.1
Ireland	16.4	12.8	16.5	27.5	12.6	21.4	7.2	2.4	-1.3	8.7	8.4	6.9	8.0	-2.9	-9.7	3.6	-0.3	-0.3	0.9	4.9
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	2.3	-13.8	12.7	11.1	7.5	2.0	4.9
Italy	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	12.3	1.2	-7.3	-0.2	2.5
Japan	11.4	14.3	1.2	-6.7	3.3	10.7	0.9	0.3	3.9	7.9	4.2	4.5	2.3	0.3	-15.7	11.2	6.3	6.0	2.1	4.4
Korea	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	3.0	8.6	11.6
Luxembourg	4.2	5.3	12.6	11.8	14.7	10.6	6.0	0.8	6.9	11.8	4.1	12.8	9.3	6.2	-14.1	12.1	8.6	-4.0	0.8	2.3
Mexico	-15.1	22.7	22.7	16.8	13.9	21.6	-1.5	1.4	0.7	10.7	8.4	12.6	7.0	2.9	-18.5	20.7	6.8	4.7	4.1	5.4
Netherlands	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	-7.1	10.2	3.6	2.5	2.6	5.2
New Zealand	8.7	7.4	2.5	0.4	11.8	-0.3	2.1	9.7	8.2	15.9	5.6	-2.4	9.3	2.7	-14.3	11.0	6.7	2.3	4.1	6.1
Norway	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	3.5	1.6	3.7	5.7
Poland	24.2	26.7	22.5	18.6	1.1	14.1	-4.2	2.6	9.7	14.6	6.0	17.5	13.6	6.8	-11.4	13.8	5.6	-2.1	3.4	5.6
Portugal	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	-5.3	-6.9	-2.8	3.4
Slovak Republic	11.6	17.3	7.9	19.1	0.4	8.1	13.4	4.4	7.4	8.3	12.3	17.8	9.2	3.1	-18.9	14.9	10.1	6.3	3.7	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	-19.5	7.9	5.2	-3.0	-0.8	1.7
Spain	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	9.2	-0.9	-4.5	-1.3	2.4
Sweden	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	11.5	6.3	0.3	2.8	6.2
Switzerland	3.7	3.2	8.2	6.9	4.5	10.5	1.5	-0.8	0.7	7.2	6.6	6.8	6.2	-0.3	-5.2	7.4	4.2	1.8	3.0	3.5
Turkey	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	10.9	-0.7	5.5	5.8
United Kingdom	5.5	9.6	10.0	9.9	7.5	9.5	4.8	5.2	2.6	7.0	6.9	10.1	-1.7	-1.8	-11.0	8.0	0.5	2.8	2.6	2.0
United States	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	-13.5	12.5	4.8	2.8	4.0	6.6
Total OECD	8.3	7.6	10.4	7.7	8.2	12.4	0.1	2.4	4.0	8.7	6.4	8.2	5.2	0.4	-12.0	11.3	4.9	1.7	3.4	5.6

Note: Regional aggregates are calculated inclusive of intra-regional trade as the sum of volumes expressed in 2005 \$.

Source: OECD Economic Outlook 92 database.

Annex Table 40. **Export prices of goods and services**
National accounts basis, percentage changes from previous year, national currency terms

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	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	11.6	-7.0	-2.1	1.4
Austria	1.7	0.6	0.9	0.1	0.6	1.3	0.7	0.3	-0.4	1.1	1.8	2.4	1.8	2.3	-2.2	3.1	3.6	1.4	1.2	1.2
Belgium	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	3.9	-5.1	4.7	3.9	1.9	1.9	1.8
Canada	6.2	0.5	-0.2	-0.6	1.1	6.3	1.3	-1.8	-1.6	2.1	2.8	0.2	0.8	10.6	-9.9	1.6	6.9	-1.0	-0.2	2.1
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	-3.4	0.6	2.1
Czech Republic	5.7	4.3	4.4	2.9	0.7	2.9	-0.7	-5.8	-0.2	2.2	-2.5	-1.8	0.1	-4.5	-2.0	-1.3	0.9	2.6	1.6	1.5
Denmark	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	-8.7	8.6	1.2	2.4	1.0	1.6
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	6.0	-2.2	3.4	4.0	1.9	0.2	0.2
Finland	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	-6.0	4.1	4.9	1.6	1.6	1.7
France	-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	-3.8	2.5	3.2	1.7	2.8	2.1
Germany	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	-3.1	2.5	2.8	1.3	1.5	1.3
Greece	8.7	5.6	3.6	4.1	1.9	8.0	3.9	2.4	1.6	2.3	2.9	3.3	2.6	4.3	-1.8	5.5	5.4	1.9	-2.2	-0.2
Hungary	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	5.0	0.8	1.0
Iceland	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	12.1	8.6	6.1	3.4	5.0	2.9
Ireland	1.9	-0.3	1.2	2.7	2.3	5.5	4.8	-0.2	-5.1	-0.7	1.4	1.1	0.0	-0.3	1.3	1.5	0.6	2.8	1.1	1.2
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	3.6	-0.6	2.0	5.4	3.2	2.8
Italy	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	2.1	1.4	1.2
Japan	-2.3	3.3	1.8	1.1	-8.6	-4.1	2.4	-1.4	-3.7	-1.4	2.0	3.3	2.2	-3.9	-11.1	-1.6	-2.5	-2.8	0.2	1.1
Korea	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	2.7	-0.6	-1.2
Luxembourg	1.5	6.2	1.4	0.7	5.4	9.8	-4.4	0.2	-2.1	6.5	8.3	8.4	4.3	-1.2	-2.5	8.6	3.8	3.1	2.7	3.3
Mexico	79.5	23.0	7.2	9.3	6.6	3.4	-2.3	3.3	11.2	6.7	3.0	4.3	3.0	7.5	11.6	-1.2	7.3	9.6	4.0	4.0
Netherlands	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	-6.0	5.3	4.4	1.8	1.8	1.5
New Zealand	-0.5	-2.5	-2.4	4.9	-0.1	14.3	7.2	-7.2	-7.3	-0.1	1.3	6.9	1.2	15.8	-8.4	3.0	5.9	-3.5	1.1	2.0
Norway	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	11.9	4.0	2.1	2.1
Poland	19.6	8.3	12.8	11.8	7.1	1.7	1.1	4.6	7.4	8.5	-3.2	2.0	3.2	-0.2	10.8	0.5	6.7	6.2	2.0	2.0
Portugal	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	5.4	1.5	1.1	1.0
Slovak Republic	8.4	4.3	10.7	-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	2.1	1.9	1.4
Slovenia	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	-1.0	2.3	4.2	1.0	1.6	1.8
Spain	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	-3.3	2.2	4.9	2.7	1.6	1.8
Sweden	6.7	-5.1	0.1	-1.8	-1.1	2.6	1.4	-1.2	-2.1	0.9	2.5	2.5	1.4	5.4	-0.8	0.8	-1.4	-0.4	0.7	1.5
Switzerland	-0.6	-1.2	0.0	-0.4	-0.7	2.7	0.0	-2.5	1.0	0.5	1.0	2.9	3.6	1.9	-1.9	-1.3	-2.5	-0.1	0.4	1.1
Turkey	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	6.0	6.4	6.7
United Kingdom	3.3	1.7	-4.1	-5.4	0.4	1.6	0.6	-1.1	1.8	-0.5	1.9	1.7	0.4	11.7	2.5	4.2	5.3	-1.4	0.3	2.0
United States	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	4.5	6.4	0.7	0.1	1.1
Total OECD	6.5	2.7	2.8	2.0	-0.1	4.1	2.6	-0.3	0.3	2.1	2.1	2.9	1.8	5.0	-3.2	2.8	4.6	1.6	1.2	1.6

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 92 database.

Annex Table 41. **Import prices of goods and services**
National accounts basis, percentage changes from previous year, national currency terms

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	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	1.1	1.5	2.0
Austria	1.3	2.2	1.6	0.4	0.5	3.0	0.5	-1.0	-0.6	1.3	2.6	3.3	1.9	3.9	-3.7	4.5	5.7	2.1	1.5	1.4
Belgium	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	6.5	-8.3	6.3	5.3	2.0	2.0	1.8
Canada	3.5	-1.3	0.7	3.5	-0.3	2.0	2.5	0.5	-6.7	-2.2	-0.7	-0.8	-2.2	6.0	-0.7	-3.4	3.2	1.8	0.3	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	4.0	2.5	2.9
Czech Republic	6.5	2.4	5.5	-0.7	1.4	6.6	-2.5	-8.2	-0.1	2.0	-0.2	0.7	-0.7	-3.1	-4.0	0.7	2.5	4.0	2.2	2.7
Denmark	0.5	-0.1	2.3	-2.1	-0.5	7.2	1.5	-2.5	-2.0	0.6	3.3	3.3	1.8	3.3	-8.2	4.9	3.7	3.0	1.7	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	6.9	-1.6	5.5	7.3	2.3	0.2	0.6
Finland	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	-7.1	6.1	7.0	2.1	1.8	1.6
France	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	-6.4	3.9	5.4	2.0	2.2	2.2
Germany	-0.3	0.0	2.8	-2.4	-1.5	7.5	0.6	-2.4	-2.6	-0.5	2.8	2.8	0.3	2.7	-6.6	4.7	5.2	1.8	1.4	1.3
Greece	7.5	5.0	2.8	3.8	1.7	9.3	3.0	0.8	-0.3	2.1	3.7	3.5	2.4	5.4	-1.2	5.1	6.5	3.4	-1.0	-0.2
Hungary	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	1.9	5.1	6.1	0.9	1.1
Iceland	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	24.7	2.2	8.5	5.9	4.3	1.7
Ireland	3.8	-0.5	0.9	2.4	2.4	7.4	3.7	-1.1	-4.3	-0.1	1.7	1.9	1.5	2.0	-0.4	2.9	3.1	3.6	2.0	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	-2.0	-2.5	-4.4	1.8	4.4	4.3	3.2	2.8
Italy	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	7.5	3.2	1.2	1.7
Japan	-0.3	7.1	5.5	-3.1	-8.1	0.2	2.3	-0.6	-0.9	3.0	10.1	11.2	6.5	6.2	-21.5	4.4	5.5	-1.0	0.0	0.8
Korea	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	3.0	0.7	1.1
Luxembourg	1.3	4.6	5.9	2.4	1.4	13.0	-2.7	-1.2	-6.1	5.8	9.9	6.2	4.5	-1.8	-1.6	4.0	3.0	1.7	3.0	3.3
Mexico	95.1	21.4	3.6	12.0	3.7	0.1	-2.8	2.0	12.5	8.4	0.3	1.9	2.9	7.4	15.4	-1.5	7.4	11.4	4.6	3.9
Netherlands	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	-6.0	6.1	4.3	2.8	1.8	1.5
New Zealand	-1.8	-3.5	-0.8	6.6	0.8	15.3	2.2	-5.9	-11.3	-4.3	0.9	10.0	-4.7	13.2	-1.7	-3.9	2.7	-0.5	1.6	2.0
Norway	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	2.5	0.1	1.3	1.9
Poland	18.0	11.5	14.5	10.8	7.0	9.1	0.4	5.5	6.8	5.9	-4.7	2.3	1.2	2.0	6.7	2.0	8.8	7.8	2.8	2.2
Portugal	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	7.6	2.3	1.7	1.5
Slovak Republic	7.3	9.6	5.8	-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	2.6	2.4	2.0
Slovenia	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	6.4	5.9	1.5	1.5	2.1
Spain	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	-7.2	4.4	8.1	5.0	1.7	2.0
Sweden	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	0.1	0.6	-0.3	-0.1	0.6	1.5
Switzerland	-2.3	-0.4	3.1	-1.4	-0.4	5.6	0.1	-5.9	-1.5	1.1	3.3	3.8	4.0	2.3	-6.2	-0.6	-2.1	-0.1	0.5	1.0
Turkey	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	30.0	11.0	7.7	7.6
United Kingdom	5.9	0.1	-7.0	-6.5	-0.8	2.7	-0.2	-2.4	0.5	-0.7	3.6	2.3	0.4	12.8	3.2	4.5	7.3	-0.5	0.9	2.4
United States	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	6.0	7.8	0.4	0.2	1.5
Total OECD	7.8	2.8	2.6	1.2	0.2	6.4	2.2	-1.2	0.2	2.5	3.4	3.9	1.7	8.0	-5.5	3.6	6.7	2.5	1.5	1.9

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 92 database.

Annex Table 42. **Competitive positions: relative consumer prices**

Indices, 2005 = 100

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Australia	81.9	80.5	88.1	87.3	81.2	81.1	77.4	74.8	79.3	89.6	97.1	100.0	99.8	106.2	104.5	101.4	114.8	123.0	124.5
Austria	102.2	105.1	102.7	98.6	99.3	98.6	95.5	95.8	96.6	99.8	100.8	100.0	99.2	99.7	100.0	100.8	97.8	98.1	96.6
Belgium	93.7	96.9	94.5	91.6	92.0	93.2	91.1	92.0	93.6	98.3	100.2	100.0	99.5	100.3	103.1	103.2	99.6	100.5	98.6
Canada	89.0	87.2	87.2	87.1	83.5	82.6	83.5	81.8	81.3	89.8	94.3	100.0	105.6	108.8	106.1	101.7	110.6	112.3	112.5
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	111.3
Czech Republic	64.8	67.0	71.4	72.0	79.6	79.8	80.7	85.8	95.6	94.0	94.8	100.0	105.1	108.0	123.8	119.1	120.3	122.6	119.7
Denmark	93.3	96.7	95.3	92.3	94.9	95.4	91.5	92.8	95.2	100.3	101.2	100.0	99.7	100.3	102.1	105.1	100.6	99.9	97.5
Estonia	..	..	..	81.7	86.6	93.2	89.7	91.7	94.3	97.9	99.8	100.0	101.1	105.7	113.4	115.4	110.6	112.0	110.6
Finland	101.2	108.7	102.3	97.9	100.3	101.3	96.3	97.2	98.7	103.4	103.2	100.0	98.5	99.6	101.3	102.9	96.4	96.0	93.5
France	101.6	103.7	103.0	98.2	99.5	97.6	92.6	92.5	94.4	99.6	101.3	100.0	99.4	99.8	100.7	101.0	97.1	96.4	93.5
Germany	107.3	111.5	107.0	101.2	102.8	101.0	94.6	94.7	95.9	100.6	102.1	100.0	99.1	100.4	100.6	101.5	96.0	95.3	92.4
Greece	89.0	91.9	94.4	94.6	93.3	94.4	88.1	88.8	91.7	97.5	99.8	100.0	100.8	102.5	104.7	106.4	105.2	105.9	101.9
Hungary	70.3	66.7	67.4	71.0	72.0	75.3	75.7	81.6	90.2	92.4	98.4	100.0	95.1	105.9	108.8	102.6	103.5	103.3	100.5
Iceland	80.1	79.0	78.4	79.6	82.0	84.3	87.1	76.7	81.8	86.2	88.4	100.0	93.4	97.1	76.2	62.3	65.5	66.2	67.1
Ireland	85.8	86.7	88.2	87.3	85.9	84.2	81.4	84.4	89.1	97.8	100.3	100.0	101.7	106.7	111.8	107.7	99.9	100.0	95.6
Israel	..	..	..	129.4	126.4	122.1	130.3	129.4	117.3	110.3	102.8	100.0	99.5	100.1	111.7	109.2	114.4	115.7	110.1
Italy	90.6	84.1	93.1	92.8	94.7	94.4	90.2	91.3	93.9	99.6	101.4	100.0	99.6	100.2	101.2	102.5	97.8	97.7	96.0
Japan	128.2	130.4	109.0	102.7	104.9	117.2	124.1	111.5	104.3	104.9	106.3	100.0	90.4	83.0	90.3	101.4	101.1	102.7	101.9
Korea	93.1	94.2	97.6	91.5	70.6	81.1	88.0	82.9	87.1	88.1	89.4	100.0	106.9	105.6	86.5	76.8	82.7	83.0	82.2
Luxembourg	101.1	103.5	101.0	96.8	97.6	96.4	94.0	94.6	95.7	99.0	100.2	100.0	100.7	101.6	102.7	103.4	101.1	101.6	100.1
Mexico	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	89.3
Netherlands	96.0	99.6	96.9	91.4	94.2	94.1	89.6	92.1	95.3	100.6	101.5	100.0	98.8	99.2	99.8	101.6	97.0	96.4	94.1
New Zealand	79.7	85.5	90.6	92.0	82.1	78.3	70.9	70.0	77.0	88.2	94.8	100.0	92.9	99.5	93.1	87.2	94.3	98.1	100.9
Norway	92.6	94.9	93.7	94.2	91.7	92.4	90.8	93.6	101.6	101.0	96.6	100.0	99.6	99.6	100.4	98.4	103.0	103.8	102.7
Poland	69.4	74.1	79.5	81.5	87.5	86.9	94.9	106.3	101.8	90.9	90.0	100.0	101.7	105.0	114.5	97.3	102.5	100.7	98.1
Portugal	90.3	93.5	93.4	91.7	92.6	92.8	90.5	92.9	95.6	99.7	100.8	100.0	100.5	101.3	101.5	100.9	98.0	98.8	97.6
Slovak Republic	63.7	65.2	65.0	67.9	69.6	70.5	76.9	77.3	78.8	89.4	98.0	100.0	105.1	115.8	125.6	135.0	128.9	129.9	129.7
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	98.9
Spain	89.9	91.3	92.8	88.1	89.5	89.6	87.3	89.3	92.4	97.3	99.5	100.0	101.4	103.0	105.3	105.4	102.0	102.5	99.9
Sweden	108.5	107.7	115.9	109.5	107.3	105.6	103.3	94.8	97.7	104.0	104.6	100.0	99.3	100.5	98.4	89.1	94.3	99.7	99.3
Switzerland	104.0	110.3	106.3	97.7	100.2	99.5	96.4	98.7	102.6	103.2	102.3	100.0	97.1	92.8	96.6	100.8	104.7	114.9	110.4
Turkey	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	104.1
United Kingdom	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	85.4
United States	89.7	88.4	91.1	95.8	103.3	102.5	106.4	112.6	112.8	106.0	101.5	100.0	99.3	95.1	91.9	96.1	91.8	87.7	89.8
Euro area	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	95.8

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 92 database.

Annex Table 43. **Competitive positions: relative unit labour costs**
Indices, 2005 = 100

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Australia	76.1	74.2	82.5	83.9	78.7	80.7	76.8	72.3	76.0	86.1	95.4	100.0	101.4	111.5	110.0	103.4	121.3	132.8	135.9
Austria	112.4	114.9	110.3	105.5	106.2	105.9	100.6	98.8	97.7	101.2	101.2	100.0	100.1	100.4	100.9	102.4	99.7	99.0	98.3
Belgium	94.9	98.0	94.7	91.9	93.8	95.5	91.3	93.5	95.8	100.5	100.7	100.0	100.5	102.0	104.0	105.0	100.7	101.9	100.0
Canada	87.4	84.8	85.6	86.1	81.8	80.6	81.6	79.8	78.8	87.6	93.4	100.0	107.7	112.1	110.7	107.1	117.7	119.5	120.0
Czech Republic	56.1	59.8	66.4	69.1	73.7	75.3	75.0	79.6	91.8	92.2	95.1	100.0	103.8	106.9	118.4	111.1	110.7	112.9	109.5
Denmark	87.4	91.2	90.5	88.0	92.3	93.3	87.8	90.1	93.1	98.7	100.1	100.0	100.7	104.4	108.1	112.3	106.0	104.1	99.8
Estonia	..	..	72.8	73.0	80.3	92.2	86.4	85.1	87.6	94.0	97.7	100.0	106.1	119.6	132.4	132.0	117.4	112.8	112.2
Finland	93.9	104.3	98.2	92.9	97.4	101.1	93.8	94.6	95.5	100.4	100.8	100.0	97.3	95.7	98.2	105.1	97.7	97.0	94.2
France	95.9	98.8	98.7	94.1	95.5	95.2	90.6	90.9	93.7	99.0	100.7	100.0	100.0	100.8	101.3	101.9	99.2	99.3	96.6
Germany	117.5	124.2	118.4	108.8	110.7	110.2	102.8	99.9	100.0	104.8	105.1	100.0	95.4	93.2	92.6	96.0	90.8	90.2	88.2
Greece	73.3	79.7	80.8	84.9	86.3	89.9	83.6	81.8	91.0	95.7	99.5	100.0	97.0	100.6	105.0	109.2	103.4	98.2	87.0
Hungary	67.0	59.5	58.7	63.0	64.2	66.4	69.1	76.3	87.4	92.0	97.3	100.0	94.8	104.9	105.4	95.5	91.0	91.6	89.4
Iceland	64.5	67.1	67.4	68.4	74.9	80.6	84.4	74.2	80.4	85.8	87.3	100.0	98.5	106.1	77.9	54.2	59.7	61.6	62.1
Ireland	82.9	82.1	83.9	83.2	82.9	82.3	77.2	80.4	82.5	92.0	97.0	100.0	102.5	105.8	112.2	105.9	95.4	91.5	85.8
Israel	..	..	120.8	129.2	128.7	127.0	136.8	140.2	121.7	110.7	102.8	100.0	100.8	102.3	111.6	104.2	110.5	110.9	106.4
Italy	87.6	78.7	89.1	90.7	89.7	90.3	84.9	85.8	89.5	96.6	99.2	100.0	100.6	101.6	103.3	105.6	100.4	99.8	97.6
Japan	142.1	144.5	121.1	114.4	118.6	133.4	140.0	122.9	112.7	109.4	107.3	100.0	88.7	79.3	86.5	97.8	95.5	98.5	94.9
Korea	92.3	98.2	105.5	95.7	70.3	78.6	84.5	79.5	83.9	87.5	89.4	100.0	104.7	102.6	82.6	72.8	77.6	76.7	76.9
Luxembourg	93.9	97.9	98.3	94.0	93.2	92.3	90.5	94.1	95.1	98.1	99.6	100.0	100.2	100.8	104.0	109.6	108.6	110.4	110.5
Mexico	101.5	62.5	63.7	74.1	76.6	85.8	96.4	107.7	111.7	100.9	95.6	100.0	99.3	98.0	97.5	87.3	92.2	91.7	87.2
Netherlands	91.0	94.1	91.0	86.3	90.8	92.0	88.9	91.7	96.3	102.5	103.3	100.0	98.8	99.6	100.2	103.0	98.1	97.4	93.3
New Zealand	74.2	78.4	84.5	86.3	77.5	73.8	66.3	66.5	73.0	85.3	93.5	100.0	92.8	101.0	96.8	89.3	97.4	100.9	104.8
Norway	80.5	82.9	82.4	83.5	84.9	88.3	86.0	88.7	98.1	97.2	94.3	100.0	104.4	112.2	118.8	115.6	124.4	131.4	132.6
Poland	75.7	82.3	90.1	94.8	103.6	103.4	106.7	118.2	108.0	94.0	89.6	100.0	102.3	107.2	120.1	97.8	103.8	99.6	96.1
Portugal	83.4	85.4	86.1	86.5	88.3	89.2	88.8	89.9	92.8	97.2	98.5	100.0	99.5	99.1	99.2	99.8	97.7	97.2	90.9
Slovak Republic	70.6	75.6	76.5	82.4	84.8	83.5	88.8	84.3	85.9	92.6	95.9	100.0	103.2	110.9	117.6	127.9	122.1	120.1	116.2
Slovenia	..	..	95.0	93.5	97.3	97.9	95.8	96.2	96.5	99.5	100.9	100.0	99.6	100.5	102.5	108.4	104.4	101.8	97.6
Spain	84.2	85.4	87.6	85.4	87.7	88.5	86.6	87.7	90.7	96.1	98.8	100.0	102.2	105.9	109.1	107.6	102.2	99.3	93.6
Sweden	99.9	97.7	110.5	105.2	103.6	101.4	104.2	97.4	98.8	104.1	104.4	100.0	97.5	100.1	96.9	89.1	93.1	96.0	97.3
Turkey	97.5	82.2	80.5	84.0	90.8	118.8	128.2	94.5	95.5	89.2	88.5	100.0	94.4	98.0	102.2	94.2	103.8	90.6	94.6
United Kingdom	76.7	73.2	74.4	86.9	95.3	98.3	101.7	100.2	101.0	96.3	101.4	100.0	101.2	102.2	88.1	80.1	80.0	78.8	83.1
United States	89.2	89.1	92.2	97.6	107.4	108.1	113.1	116.8	115.4	108.0	103.1	100.0	98.9	94.9	90.5	92.4	88.4	84.0	85.2
Euro area	99.4	103.4	102.2	92.4	95.5	95.9	85.4	85.0	89.2	100.4	103.2	100.0	97.7	98.4	100.4	104.4	94.9	93.2	87.6

Note: Competitiveness-weighted relative unit labour costs for the overall economy in dollar terms. Competitiveness weights take into account the structure of competition in both export and import markets of the goods 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 92 database.

Annex Table 44. **Export performance for total goods and services**

Percentage changes from previous year

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	5.0	1.3	-0.6	-1.7	2.8	-5.1	-9.7	-8.3	-6.0	-5.7	-4.4	-1.6	13.4	-8.0	-8.5	1.8	-0.4	-1.9
Austria	0.6	0.2	0.1	1.8	3.7	1.9	-3.8	1.0	0.2	-2.7	0.9	-1.8	-5.1	-2.2	0.9	-0.1	-0.4	0.6
Belgium	0.1	-4.1	-2.4	-0.4	-0.7	0.5	-3.6	-2.1	-3.3	-3.9	-1.1	-0.6	-0.8	-1.1	-0.4	-1.4	-1.9	-1.0
Canada	-3.6	-0.6	0.4	-3.5	-1.0	-2.3	-6.2	-5.0	-4.1	-5.6	-2.3	-3.3	0.0	-5.4	-0.6	-1.1	-1.6	-1.0
Chile	1.0	2.0	1.6	-6.7	6.8	-1.2	-0.5	2.2	-5.1	-4.4	-1.4	-4.5	5.7	-12.1	-2.2	0.8	-1.0	-2.3
Czech Republic	-0.3	1.7	0.0	5.3	8.6	0.9	2.2	4.4	3.8	2.2	3.3	0.9	3.0	3.9	2.6	2.1	-0.6	0.3
Denmark	-5.1	-4.0	5.4	1.2	2.1	2.2	-5.5	-5.6	0.5	-0.7	-4.2	0.7	2.3	-7.4	0.8	0.2	0.0	-0.6
Estonia	14.2	5.1	-3.2	13.5	2.0	-5.5	2.9	4.9	8.7	-3.8	-5.2	-4.2	-7.4	11.3	15.6	3.3	3.4	1.7
Finland	3.6	3.4	7.3	3.9	-0.6	-0.3	-7.9	-2.5	-2.2	0.7	-2.1	1.0	-9.0	-4.7	-5.4	-3.9	-2.0	-2.5
France	2.5	0.7	-1.7	1.4	1.0	-1.2	-5.9	-4.8	-4.3	-3.8	-4.9	-3.1	-1.1	-1.3	0.5	1.2	-0.3	0.2
Germany	1.1	-0.5	-0.2	1.3	4.9	1.1	-2.3	0.1	0.3	3.9	0.5	0.0	-1.3	1.8	2.4	3.0	-0.5	0.0
Greece	9.0	-2.0	13.0	3.7	-1.5	-11.5	-2.6	6.7	-5.3	-4.6	-1.7	-2.3	-9.3	-4.7	-5.3	-5.0	-0.8	0.3
Hungary	10.4	7.7	5.2	7.8	5.3	1.9	0.9	5.7	3.6	7.8	6.4	2.6	1.1	3.1	0.2	-0.5	-1.5	-1.7
Iceland	-4.0	-5.9	-2.9	-6.3	5.0	1.2	-2.0	0.1	0.4	-13.0	11.3	5.5	20.4	-8.2	-0.3	3.2	-0.3	-2.5
Ireland	6.9	14.2	7.9	8.1	7.2	2.1	-3.1	-0.9	-2.1	-3.4	3.5	-1.9	8.1	-4.1	0.6	1.5	-0.2	0.4
Israel	-1.6	-0.4	6.7	9.5	-10.3	-5.7	2.1	5.7	-3.3	-3.1	3.0	4.4	-0.4	0.2	-1.3	1.5	-0.7	-1.5
Italy	-4.2	-5.4	-6.7	1.0	0.4	-5.7	-5.9	-3.9	-3.5	-0.9	-2.7	-5.8	-7.5	0.6	1.0	-1.1	-1.3	-1.8
Japan	1.2	-3.4	-5.6	-2.3	-5.8	0.5	-0.1	-0.2	-2.5	0.1	0.2	-1.9	-17.0	7.5	-6.2	-2.7	-4.4	-2.0
Korea	9.6	10.8	7.8	3.4	-4.0	4.7	3.5	4.6	-1.8	0.8	3.1	2.3	7.2	-0.6	2.0	0.2	2.2	3.8
Luxembourg	0.8	3.2	6.7	1.4	2.7	1.1	2.4	3.1	-1.6	3.8	3.3	2.4	0.2	-3.1	0.9	-5.1	-2.4	-3.1
Mexico	-2.1	1.3	1.8	3.4	-1.3	-1.7	-1.9	0.4	0.0	4.1	2.1	2.0	-0.8	8.2	1.6	3.2	1.2	0.3
Netherlands	1.1	-1.2	2.5	1.3	0.3	-1.1	-2.7	-0.6	-1.2	-2.1	-0.4	-0.4	3.6	0.7	-1.6	1.1	-1.2	-0.5
New Zealand	-4.6	-1.0	1.7	-4.3	4.4	0.4	-4.9	-5.6	-8.3	-6.3	-4.0	-5.7	13.7	-8.5	-4.2	-3.5	-1.3	-0.8
Norway	-2.3	-7.2	-3.7	-7.8	2.8	-2.9	-3.7	-6.6	-6.3	-9.3	-3.4	-1.3	7.9	-7.9	-5.9	-1.1	-3.0	-4.4
Poland	3.5	5.9	-7.5	9.5	1.0	2.7	8.5	3.9	1.3	3.5	0.7	2.5	6.6	0.6	1.0	0.1	0.8	0.0
Portugal	-3.2	-1.1	-3.3	-2.5	-0.7	0.0	-0.8	-4.3	-6.9	2.1	0.3	-0.9	0.8	-1.0	3.7	3.8	1.0	0.5
Slovak Republic	-3.9	11.0	5.9	-3.0	3.5	3.1	9.8	-1.7	3.0	9.2	5.2	0.3	-5.9	3.8	6.1	7.7	1.2	0.8
Slovenia	1.6	-0.5	-2.9	2.0	3.0	4.7	-1.9	3.4	3.0	2.0	4.4	0.4	-5.5	-0.7	0.5	0.7	-0.8	-1.6
Spain	4.5	-1.0	1.6	-1.0	2.4	0.0	0.1	-3.7	-4.1	-2.2	0.2	-3.4	0.6	1.1	3.0	2.8	2.9	0.6
Sweden	2.8	1.3	2.1	0.2	0.4	-2.2	0.1	-0.2	-1.4	-0.3	-1.1	-2.8	-0.9	-0.5	1.7	-1.4	-0.6	-0.3
Switzerland	2.0	-3.2	-0.1	0.9	-0.7	-2.1	-5.9	-1.3	0.1	0.3	2.4	0.3	3.3	-3.3	-2.0	-2.2	-2.4	-2.7
Turkey	8.5	4.4	-14.8	5.0	0.7	3.4	1.7	1.4	-1.0	-3.0	-2.8	-2.0	6.1	-5.0	1.3	12.6	1.6	0.5
United Kingdom	-2.5	-4.3	-3.3	-2.8	1.3	-1.0	-1.8	-4.7	0.8	2.9	-9.6	-1.6	2.8	-3.8	-1.0	-2.2	-1.7	-2.7
United States	1.0	-1.8	-2.0	-3.7	-5.1	-5.0	-3.6	-1.2	-1.6	-0.3	1.0	2.2	2.3	-2.5	0.4	0.4	-0.5	-0.2
Total OECD	0.6	-1.1	-1.0	-0.4	-0.2	-1.4	-2.8	-1.6	-1.8	-0.4	-0.9	-0.7	-0.4	-0.7	-0.1	0.4	-0.8	-0.5
<i>Memorandum items</i>																		
China	12.9	3.4	6.2	13.1	6.5	21.3	19.4	11.9	14.4	14.3	12.0	5.2	2.1	12.9	2.6	2.3	5.0	3.8
Other industrialised Asia ¹	-1.3	-0.5	-0.3	2.3	-2.8	2.2	1.0	1.9	2.1	1.8	-0.2	1.2	-0.2	2.3	0.2	-0.2	0.0	-0.5
Russia	-10.1	-5.4	5.7	-1.7	2.5	6.4	5.9	1.6	-1.7	-2.5	-2.7	-3.2	5.5	-3.7	-5.2	-2.5	-1.9	-2.6
Brazil	-1.5	-1.4	2.4	2.2	10.5	8.6	2.0	1.6	-0.8	-4.8	-3.9	-4.7	2.6	-2.7	-3.1	-0.9	1.5	1.2
Other oil producers	-1.6	-1.7	-7.5	-5.1	1.3	-6.4	5.2	-1.4	3.5	-3.2	-2.5	0.7	6.0	-7.5	-2.9	-1.9	-1.0	-0.4
Rest of the world	-3.4	-2.7	0.0	-3.4	2.9	-0.5	-0.3	-0.6	-2.7	-3.3	-1.4	-0.1	4.5	-3.5	-0.8	0.7	1.0	0.6

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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932751253>

Annex Table 45. **Shares in world exports and imports**
Percentage, values for goods and services, national accounts basis

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
A. Exports																	
Canada	3.6	3.9	4.1	4.0	3.7	3.5	3.4	3.3	3.2	2.9	2.7	2.5	2.5	2.5	2.4	2.3	2.3
France	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	3.2	3.3	3.3
Germany	9.0	8.7	7.8	8.4	8.8	9.3	9.2	8.8	9.0	9.2	8.9	8.9	8.3	8.2	7.9	7.7	7.6
Italy	4.4	4.1	3.7	3.9	3.8	4.0	3.8	3.6	3.5	3.6	3.4	3.2	2.9	2.9	2.7	2.6	2.5
Japan	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	3.8	3.7
United Kingdom	5.6	5.5	5.1	5.1	5.2	5.1	5.0	4.8	4.8	4.4	4.0	4.0	3.7	3.6	3.5	3.3	3.2
United States	13.8	13.8	13.6	13.1	12.3	11.1	10.4	10.1	10.0	9.7	9.4	10.1	9.9	9.6	9.8	9.7	9.6
Other OECD countries	26.8	26.9	26.1	26.6	27.0	27.9	27.9	27.3	27.1	27.6	27.4	27.7	26.7	26.6	25.8	25.7	25.4
Total OECD	75.0	74.3	71.5	71.6	71.3	71.4	69.9	67.5	66.5	66.0	64.1	64.3	62.0	60.9	59.4	58.5	57.6
China	3.0	3.1	3.5	3.8	4.5	5.2	5.8	6.5	7.2	7.8	8.1	8.5	9.3	9.5	10.1	10.6	10.9
Other industrialised Asia	12.6	13.0	14.0	13.7	13.4	11.8	11.8	11.7	11.2	10.8	10.5	11.4	12.2	12.0	12.5	12.7	12.9
Brazil	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	1.1	1.1	1.2	1.1	1.2	1.3	1.3	1.3	1.3
Russia	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	2.7	2.6	2.5
Other oil producers	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	8.1	8.4	8.6	8.9
Rest of the world	4.5	4.2	4.2	4.4	4.4	4.5	4.6	4.7	4.8	5.0	5.3	5.4	5.4	5.5	5.6	5.7	5.9
Total of non-OECD countries	25.0	25.7	28.5	28.4	28.7	28.6	30.1	32.5	33.5	34.0	35.9	35.7	38.0	39.1	40.6	41.5	42.4
B. Imports																	
Canada	3.5	3.6	3.6	3.4	3.3	3.2	3.0	3.0	3.0	2.8	2.6	2.7	2.7	2.7	2.7	2.7	2.6
France	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	3.9	3.6	3.7	3.6
Germany	8.7	8.5	7.8	7.9	7.8	8.3	8.1	7.8	8.0	8.0	7.9	8.0	7.5	7.6	7.2	7.1	7.1
Italy	3.9	3.8	3.6	3.7	3.7	3.9	3.8	3.6	3.7	3.7	3.5	3.3	3.2	3.1	2.7	2.6	2.4
Japan	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	4.6	4.4	4.2
United Kingdom	5.8	5.8	5.4	5.6	5.7	5.6	5.5	5.4	5.4	5.0	4.4	4.3	4.1	3.9	3.8	3.8	3.6
United States	16.3	17.6	18.4	17.9	17.6	16.6	16.0	15.9	15.5	14.2	13.3	12.8	12.9	12.4	12.6	12.4	12.3
Other OECD countries	26.2	26.2	25.5	25.5	26.0	26.9	27.0	26.7	26.8	27.6	27.6	26.7	25.9	25.8	25.0	24.8	24.5
Total OECD	74.8	75.9	74.4	73.9	73.7	74.1	72.8	71.6	71.2	69.9	68.0	66.3	64.4	63.7	62.3	61.3	60.3
China	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	9.3	9.8	10.3
Other industrialised Asia	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	12.1	12.5	12.8	13.1
Brazil	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	1.5	1.5
Russia	1.1	0.7	0.8	1.0	1.0	1.1	1.2	1.3	1.4	1.7	1.9	1.6	1.8	1.9	2.0	2.1	2.1
Other oil producers	3.1	2.8	2.8	3.1	3.3	3.4	3.5	4.1	4.3	4.8	5.4	6.0	5.6	5.4	5.8	6.0	6.2
Rest of the world	5.6	5.1	4.8	5.0	4.8	5.0	5.2	5.4	5.7	6.2	6.7	6.6	6.4	6.6	6.6	6.5	6.5
Total of non-OECD countries	25.2	24.1	25.6	26.1	26.3	25.9	27.2	28.4	28.8	30.1	32.0	33.7	35.6	36.3	37.7	38.7	39.7

Note: Regional aggregates are calculated inclusive of intra-regional trade.

Source: OECD Economic Outlook 92 database.

Annex Table 46. **Geographical structure of world trade growth**
Average of export and import volumes

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Percentage changes from previous year																	
A. Trade growth																	
OECD America ¹	7.9	8.8	11.3	-3.7	1.3	2.8	10.0	6.2	7.0	5.1	0.7	-12.2	12.6	5.8	3.3	4.0	6.1
OECD Europe	8.3	5.8	12.4	2.9	1.8	2.6	7.3	6.3	9.5	5.7	1.0	-11.1	9.8	5.2	1.4	2.9	5.1
OECD Asia & Pacific ²	-4.0	6.9	13.1	-2.8	6.5	7.8	12.1	6.0	8.0	8.0	3.2	-12.9	15.9	5.0	3.8	5.0	8.1
Total OECD	6.6	6.8	12.2	0.3	2.2	3.3	8.6	6.2	8.6	5.9	1.2	-11.6	11.3	5.3	2.2	3.5	5.8
China	1.8	17.5	25.3	6.9	25.7	28.2	24.0	18.6	20.2	17.1	6.5	-4.0	24.4	9.2	5.9	9.9	11.8
Other industrialised Asia	-2.8	2.3	17.7	-4.1	7.8	10.2	16.8	11.2	10.9	7.6	6.8	-10.2	18.3	7.7	3.1	6.3	8.0
Brazil	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	7.7	2.6	6.6	8.2
Russia	-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	2.9	6.6	6.6
Other oil producers	0.5	-2.0	7.1	3.8	2.6	11.2	11.7	15.6	7.4	13.0	8.3	-4.0	3.3	2.5	3.8	5.9	8.1
Rest of the world	5.2	0.6	5.2	4.6	1.7	6.9	11.1	8.1	9.1	11.8	7.7	-9.8	9.2	7.1	2.6	3.8	5.9
Total Non-OECD	0.0	2.2	13.5	1.4	7.8	12.6	16.0	12.7	12.0	11.8	7.2	-8.0	15.6	7.3	3.8	6.8	8.6
World	4.8	5.6	12.5	0.6	3.6	5.7	10.7	8.1	9.6	7.7	3.1	-10.4	12.8	6.0	2.8	4.7	6.8
Percentage points																	
B. Contribution to world trade growth																	
OECD America ¹	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	0.5	0.7	1.0
OECD Europe	3.6	2.6	5.6	1.3	0.8	1.2	3.2	2.7	4.0	2.4	0.4	-4.5	3.9	2.0	0.6	1.1	1.9
OECD Asia & Pacific ²	-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	0.3	0.4	0.7
Total OECD	4.8	5.1	9.2	0.3	1.6	2.4	6.2	4.4	6.0	4.1	0.8	-7.7	7.4	3.5	1.5	2.3	3.7
China	0.0	0.2	0.1	0.1	0.3	0.3	0.3	0.3	0.3	0.3	-0.1	0.3	0.3	0.1	0.2	0.3	0.3
Other industrialised Asia	-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	1.0	0.4	0.8	1.0
Brazil	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	0.0	0.0	0.0
Russia	-0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.1	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Other oil producers	0.0	-0.1	0.3	0.2	0.1	0.5	0.6	0.8	0.4	0.7	0.5	-0.2	0.2	0.1	0.2	0.3	0.5
Rest of the world	0.3	0.0	0.3	0.2	0.1	0.3	0.6	0.4	0.5	0.6	0.4	-0.5	0.5	0.4	0.1	0.2	0.3
Total Non-OECD	0.0	0.6	3.3	0.4	2.0	3.3	4.5	3.7	3.6	3.7	2.3	-2.7	5.4	2.6	1.4	2.5	3.2
World	4.8	5.6	12.5	0.6	3.6	5.7	10.7	8.1	9.6	7.7	3.1	-10.4	12.8	6.0	2.8	4.7	6.8

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 92 database.

Annex Table 47. Trade balances for goods and services

\$ billion, national accounts basis

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	-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	-8.6	-5.3	14.1	19.1	-11.8	-28.5	-35.0
Austria	-1.0	-3.1	-1.8	0.7	1.8	3.0	3.5	8.7	7.9	10.2	10.8	14.6	20.9	24.4	14.5	14.4	12.8	12.2	13.3	15.6
Belgium	11.0	8.7	9.5	9.7	10.6	6.6	8.5	14.6	17.0	18.0	14.7	15.1	17.6	4.8	13.2	10.8	5.9	6.2	6.0	7.4
Canada	18.8	24.6	12.5	12.1	24.1	41.6	41.8	32.8	34.1	44.9	45.6	35.2	30.5	28.3	-20.3	-30.9	-22.5	-40.7	-51.0	-45.1
Chile	1.5	-1.3	-1.8	-2.7	1.6	1.3	1.0	1.6	3.0	9.3	10.5	22.1	22.8	4.7	13.3	13.4	8.3	1.5	-2.1	-2.3
Czech Republic	-2.1	-3.4	-2.8	-0.3	-0.4	-1.3	-1.0	-1.0	-1.2	1.0	3.6	4.5	4.9	5.5	8.1	6.3	8.7	10.7	10.6	10.7
Denmark	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	12.2	17.5	17.4	14.7	13.8	13.4
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	-1.0	1.1	1.3	0.9	0.6	0.9	0.9
Finland	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	3.0	-1.8	-2.4	-2.1	-1.0
France	23.2	25.0	40.6	37.3	31.3	13.3	15.4	22.0	16.1	8.6	-13.0	-23.8	-40.5	-60.0	-47.8	-55.3	-77.7	-58.8	-56.0	-56.0
Germany	15.0	23.6	27.9	29.7	18.2	6.1	37.7	91.8	96.5	135.2	143.6	164.7	236.0	229.2	163.7	181.3	180.4	191.9	175.7	159.5
Greece	-12.6	-14.4	-13.3	-15.0	-16.0	-17.6	-17.6	-20.5	-24.3	-23.5	-22.3	-30.0	-43.4	-50.0	-36.9	-27.4	-23.5	-14.7	-10.0	-3.5
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	9.4	9.4	11.7	13.5
Iceland	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	0.9	1.0	0.9
Ireland	7.8	8.7	10.4	10.2	13.3	12.9	16.3	21.3	25.5	27.8	23.9	21.6	23.4	23.8	36.3	39.1	48.6	52.2	56.6	61.4
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	-2.3	5.2	4.9	-1.1	-3.6	-1.9	-1.8
Italy	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	-32.6	13.9	32.5	41.5
Japan	73.1	21.8	46.3	73.2	70.6	68.6	26.6	53.5	71.7	91.2	64.6	54.7	73.7	8.4	18.8	65.5	-54.6	-117.2	-121.8	-106.4
Korea	-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	29.9	24.9	18.0
Luxembourg	4.4	4.4	3.1	3.1	4.2	4.4	3.5	4.5	6.8	8.7	9.5	13.1	16.2	16.6	15.8	17.1	18.3	17.6	17.9	18.9
Mexico	7.8	7.2	0.0	-8.5	-7.6	-11.3	-13.7	-11.4	-10.1	-13.2	-12.3	-11.7	-16.3	-24.0	-12.8	-12.6	-15.3	-18.2	-17.4	-12.0
Netherlands	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	55.9	63.7	74.8	67.3	69.3	75.8
New Zealand	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	2.2	0.1	-0.1	-0.1
Norway	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	67.1	72.1	71.6	67.0
Poland	3.1	-2.1	-6.0	-8.7	-9.8	-11.3	-7.1	-7.1	-5.4	-5.7	-2.0	-6.2	-11.7	-21.1	0.7	-5.6	-6.1	0.4	2.1	3.1
Portugal	-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	-9.1	0.2	5.0	6.9
Slovak Republic	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	-0.3	-0.2	0.6	2.3	2.8	4.2
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	-1.4	1.0	0.5	0.6	2.0	3.3	4.2
Spain	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	-30.5	-11.7	15.8	49.7	69.0
Sweden	17.2	18.3	18.9	17.0	16.8	15.7	15.2	17.0	21.6	29.6	29.0	32.3	34.6	33.1	26.3	28.8	33.5	32.2	35.3	37.1
Switzerland	13.4	12.7	12.6	11.4	13.0	12.9	12.2	17.9	21.6	25.4	25.5	32.6	44.8	58.3	56.7	61.9	71.3	60.8	58.0	60.6
Turkey	-0.1	-3.1	-1.1	2.8	0.9	-8.0	7.8	3.8	-3.1	-10.4	-16.9	-26.1	-33.8	-33.7	-7.1	-40.9	-69.6	-50.4	-59.2	-67.4
United Kingdom	6.6	5.6	9.6	-9.0	-21.9	-27.1	-33.4	-43.8	-42.2	-60.4	-64.5	-64.5	-75.3	-62.6	-31.9	-48.7	-38.0	-68.7	-77.0	-70.6
United States	-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	-388.7	-511.6	-568.1	-564.1	-586.4	-653.5
Euro area	116.8	135.3	147.2	128.2	89.3	39.3	87.9	167.3	165.2	194.8	148.1	122.1	182.5	128.9	164.7	161.6	186.5	306.2	365.0	404.7
Total OECD	167.2	119.1	146.8	93.1	-50.4	-214.2	-182.6	-160.4	-209.7	-258.5	-426.9	-507.9	-402.0	-517.8	-76.7	-186.6	-328.1	-335.8	-351.3	-365.2

Source: OECD Economic Outlook 92 database.

Annex Table 48. **Investment income, net**
\$ billion

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	-13.6	-14.3	-13.8	-11.5	-12.0	-11.2	-10.3	-11.6	-15.1	-22.0	-28.0	-32.6	-41.4	-38.4	-38.4	-48.6	-51.4	-46.6	-52.5	-54.3
Austria	-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	1.1	1.1	1.1
Belgium	7.3	6.8	6.3	6.9	6.6	6.4	4.6	4.5	6.5	5.7	5.0	5.2	7.2	12.2	-0.2	12.0	9.5	6.6	5.7	5.1
Canada	-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	-22.9	-21.7	-21.5	-21.5
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	-11.2	-8.3	-7.0
Czech Republic	-0.1	-0.7	-0.8	-1.1	-1.3	-1.4	-2.1	-3.5	-4.2	-6.0	-5.3	-7.3	-12.6	-10.0	-13.3	-14.8	-15.1	-10.0	-10.8	-13.6
Denmark	-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	4.5	3.2	5.9	6.8	8.9	8.5	8.5
Estonia	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	-1.2	-1.3	-1.3	-1.4	-1.4
Finland	-4.4	-3.7	-2.4	-3.1	-2.2	-1.7	-0.9	-0.6	-2.7	0.1	0.0	0.7	-0.9	-1.3	1.9	1.9	0.5	1.2	1.6	1.6
France	-8.4	-1.9	7.1	8.7	22.8	19.4	19.5	8.7	14.9	22.6	29.5	37.2	42.8	48.6	45.6	53.9	65.3	45.2	46.2	46.2
Germany	-2.8	0.7	-2.7	-10.8	-13.5	-9.2	-10.5	-18.3	-18.2	23.6	29.1	55.0	59.1	48.9	82.2	66.4	68.8	71.6	75.9	79.0
Greece	-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	-10.2	-12.0	-5.4	-7.1	-8.1
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	-6.9	-7.3	-8.6	-8.1	-8.4	-8.7
Iceland	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.3	0.0	-0.2	-0.6	-0.7	-1.1	-1.1	-3.7	-2.4	-2.2	-2.1	-1.9	-1.5	-1.6
Ireland	-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	-34.4	-44.3	-42.1	-43.8	-45.7
Israel	-2.6	-3.4	-4.0	-4.0	-5.1	-8.3	-5.5	-4.6	-4.8	-4.1	-1.4	-0.8	-0.3	-4.1	-5.2	-5.2	-5.6	-6.8	-7.8	-8.3
Italy	-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	-11.0	-16.6	-9.1	-9.0	-9.0
Japan	45.3	53.3	58.0	54.3	57.5	60.8	68.7	65.8	71.8	86.2	105.2	119.7	139.1	156.6	136.6	143.0	178.2	180.9	193.1	197.7
Korea	-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	7.0	7.5	7.8
Luxembourg	1.6	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	-14.4	-12.7	-12.7
Mexico	-12.6	-13.4	-12.0	-12.7	-11.9	-13.8	-12.9	-11.8	-11.4	-9.3	-15.0	-19.4	-20.9	-18.1	-13.3	-13.0	-18.7	-16.7	-15.9	-15.1
Netherlands	7.3	3.5	7.0	-2.7	3.5	-2.3	-0.2	0.1	1.3	11.3	3.8	16.7	-0.7	-18.9	-2.2	7.6	19.4	9.4	8.1	8.1
New Zealand	-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	-4.7	-6.7	-8.6	-9.7	-11.1	-11.5
Norway	-1.8	-1.8	-1.7	-1.7	-1.3	-2.3	0.2	0.6	1.4	0.5	3.3	0.4	-1.2	-2.7	2.5	5.0	8.5	9.8	12.3	13.9
Poland	-2.0	-1.1	-1.1	-1.2	-1.0	-0.7	-0.6	-1.1	-2.5	-8.4	-6.8	-9.7	-16.4	-12.9	-16.6	-19.1	-22.9	-22.8	-22.5	-23.1
Portugal	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	-11.9	-10.6	-11.4	-11.4
Slovak Republic	0.0	0.0	-0.1	-0.2	-0.3	-0.4	-0.3	-0.5	-1.8	-2.2	-2.0	-2.5	-3.2	-2.7	-1.2	-2.8	-2.3	-2.3	-2.6	-2.6
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	-1.5	-1.0	-0.8	-0.8	-0.9	-0.9	-1.1
Spain	-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	-26.2	-36.3	-31.7	-35.0	-37.2
Sweden	-5.5	-6.3	-4.9	-3.2	-2.0	-1.4	-1.4	-1.8	4.1	0.1	2.8	7.5	14.3	17.1	7.2	9.0	9.4	7.5	6.0	6.0
Switzerland	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	8.3	31.7	14.7	25.2	29.8	31.9
Turkey	-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	-7.1	-7.8	-8.2	-10.2	-11.2
United Kingdom	-3.1	-5.4	-1.9	17.1	-6.5	-0.4	8.4	23.6	26.5	32.4	39.1	14.1	38.4	62.4	28.3	22.6	27.5	21.3	23.8	23.8
United States	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	119.7	183.9	227.0	217.3	241.4	253.8
Euro area	-30.1	-27.5	-17.2	-37.3	-22.8	-27.4	-36.0	-65.0	-69.7	-16.2	-25.3	7.5	-44.6	-74.9	-6.4	26.0	20.2	17.4	14.7	11.9
Total OECD	-32.5	-27.2	-12.7	-20.9	-19.0	-8.9	6.0	-10.7	22.1	99.1	121.9	106.1	101.2	130.7	167.3	273.5	317.2	331.7	366.7	379.5

Source: OECD Economic Outlook 92 database.

Annex Table 49. **Total transfers, net**
\$ billion

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	0.3	0.6	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	-0.8	-0.9	-0.8	-0.8
Austria	-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	-3.4	-3.4	-3.6
Belgium	-4.2	-4.1	-3.7	-4.3	-4.6	-3.9	-4.1	-4.4	-6.4	-6.5	-6.3	-6.5	-6.4	-9.1	-8.8	-8.2	-9.1	-11.2	-11.7	-12.1
Canada	-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	-3.3	-2.7	-2.7	-2.7
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	1.0	0.8	0.9
Czech Republic	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	-0.6	-0.8	-0.9
Denmark	-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	-5.7	-5.3	-5.7	-5.9	-5.8	-5.0	-5.2
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	0.2	0.2	0.3	0.3	0.4	0.4	0.4
Finland	-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	-2.7	-2.4	-2.5	-2.5
France	-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	-46.3	-44.8	-50.9	-48.2	-47.8	-47.8
Germany	-38.8	-34.0	-30.5	-30.2	-26.2	-25.8	-24.0	-25.4	-31.8	-34.3	-35.8	-35.9	-45.0	-48.5	-46.5	-50.8	-46.7	-49.5	-48.4	-50.2
Greece	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	0.8	0.8	0.8
Hungary	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	0.0	0.2	0.2
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	-0.1	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Ireland	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	-2.0	-1.9	-1.6	-1.7	-1.8	-1.9
Israel	5.5	6.0	6.1	6.1	6.2	6.6	6.7	6.9	6.5	6.2	6.1	7.5	7.3	8.5	7.4	8.5	8.8	8.3	8.4	9.0
Italy	-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	-21.6	-22.5	-22.8	-17.4	-17.6
Japan	-7.8	-9.2	-8.8	-8.7	-10.8	-9.8	-8.1	-5.6	-7.7	-8.0	-7.4	-10.6	-11.6	-13.1	-11.9	-12.5	-15.0	-14.1	-12.0	-11.1
Korea	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	-2.4	-2.3	-2.4
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	-0.6	-0.6	-0.7
Mexico	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	21.6	21.5	23.0	25.7	29.1	31.4
Netherlands	-6.4	-6.8	-6.1	-7.2	-6.4	-6.2	-6.7	-6.5	-7.2	-10.4	-12.1	-12.8	-16.2	-17.2	-11.9	-14.5	-15.1	-12.4	-12.0	-12.0
New Zealand	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	-0.2	-0.1	0.1	0.0
Norway	-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	-5.1	-5.3	-5.6
Poland	1.0	1.7	2.0	2.9	2.2	1.3	1.5	2.0	2.5	1.1	2.0	3.2	4.2	3.6	2.2	3.8	6.2	6.5	5.5	5.2
Portugal	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	4.1	3.6	3.6
Slovak Republic	0.1	0.2	0.2	0.4	0.2	0.1	0.2	0.2	0.2	0.2	0.0	-0.1	-0.4	-1.2	-1.0	-0.6	-0.5	-0.4	-0.2	-0.2
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	0.1	-0.1	-0.1
Spain	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	-11.3	-9.7	-8.2	-9.5	-7.6	-7.1
Sweden	-2.6	-2.0	-2.4	-2.5	-3.0	-2.8	-2.7	-3.4	-1.9	-4.1	-4.6	-5.0	-4.8	-6.3	-5.1	-6.2	-7.2	-8.3	-8.4	-8.4
Switzerland	-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	-12.1	-12.2	-13.2	-13.5	-14.3	-14.7
Turkey	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	4.9	2.4	1.4	1.7	3.2	4.7	5.3
United Kingdom	-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	-25.8	-23.6	-31.6	-35.6	-35.4	-36.6	-37.0
United States	-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	-122.5	-131.1	-133.1	-134.0	-136.8	-140.1
Euro area	-39.2	-43.9	-43.4	-47.4	-46.6	-47.5	-49.7	-48.7	-68.1	-79.0	-95.8	-105.6	-131.1	-148.8	-145.3	-154.3	-156.4	-156.8	-148.7	-150.7
Total OECD	-92.0	-94.8	-95.1	-107.8	-108.1	-119.7	-121.1	-124.3	-153.0	-186.3	-223.1	-215.9	-270.9	-299.2	-298.2	-324.1	-335.5	-335.0	-325.2	-327.8

Source: OECD Economic Outlook 92 database.

Annex Table 50. **Current account balances**

\$ billion

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	-18.6	-14.3	-11.8	-17.7	-21.5	-15.2	-7.7	-15.7	-28.8	-40.0	-41.6	-41.4	-59.0	-47.1	-44.2	-35.3	-33.0	-59.4	-81.8	-90.1
Austria	-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	7.1	8.1	10.3
Belgium	16.0	14.4	14.4	13.9	13.5	10.0	8.5	12.3	13.7	13.5	10.5	9.5	8.5	-6.0	-6.4	8.6	-7.3	-6.5	-7.1	-6.6
Canada	-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	-49.1	-64.5	-75.1	-69.2
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	-8.8	-10.0	-8.9
Czech Republic	-1.4	-4.1	-3.6	-1.3	-1.4	-2.6	-3.2	-4.1	-5.6	-5.5	-1.2	-2.9	-7.7	-4.5	-4.8	-7.4	-5.9	-0.3	-1.1	-3.8
Denmark	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	9.9	10.7	18.4	18.9	17.8	16.9	16.3
Estonia	-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	-2.2	0.7	0.6	0.4	-0.1	0.0	0.1
Finland	5.4	4.9	6.4	6.7	6.7	9.4	10.5	11.5	7.9	11.3	6.8	8.4	10.0	7.3	4.4	3.1	-3.3	-2.5	-2.9	-1.9
France	11.0	20.8	37.2	38.9	46.0	19.3	23.6	17.4	14.2	10.5	-10.1	-13.1	-26.2	-50.2	-34.5	-40.7	-54.5	-55.8	-51.6	-51.6
Germany	-29.4	-13.7	-10.1	-17.0	-28.9	-34.4	-0.3	40.5	47.1	124.5	137.9	180.9	250.2	226.9	197.7	196.4	203.2	217.2	203.2	188.4
Greece	-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	-30.0	-28.7	-13.9	-10.8	-5.4
Hungary	-1.6	-1.7	-2.0	-3.4	-3.8	-4.0	-3.2	-4.7	-6.7	-8.8	-8.2	-8.3	-9.9	-11.3	-0.2	1.4	1.2	2.1	4.5	6.0
Iceland	0.1	-0.1	-0.1	-0.6	-0.6	-0.9	-0.4	0.1	-0.5	-1.3	-2.7	-4.0	-3.2	-4.4	-1.4	-1.0	-1.0	-1.2	-0.6	-0.7
Ireland	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	-5.2	2.4	2.5	8.4	11.0	13.8
Israel	-4.9	-5.4	-3.6	-1.2	-1.5	-3.8	-1.9	-1.1	0.8	1.9	4.4	7.3	4.0	2.9	7.2	8.6	1.3	-2.5	-1.4	-1.3
Italy	23.8	38.6	32.6	20.6	8.7	-5.4	-0.4	-11.0	-20.5	-15.6	-28.5	-46.6	-51.2	-71.6	-40.1	-71.6	-70.8	-18.2	6.1	15.0
Japan	114.3	65.1	96.8	119.1	115.5	120.2	87.7	111.9	136.3	172.4	167.4	171.4	211.1	161.5	147.5	204.7	120.1	62.7	69.5	90.6
Korea	-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	29.3	26.3	38.1	30.1	23.4
Luxembourg	2.5	2.3	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	3.3	4.5	5.5
Mexico	-1.6	-2.5	-7.7	-16.0	-14.0	-18.7	-17.7	-14.2	-7.2	-5.2	-5.9	-6.2	-11.1	-17.4	-5.0	-4.5	-11.1	-3.6	-4.2	4.2
Netherlands	26.4	22.0	25.4	13.1	16.1	7.9	10.4	11.8	30.3	46.7	47.3	63.3	52.7	38.1	41.9	59.9	81.6	64.7	65.5	71.9
New Zealand	-3.1	-4.0	-4.3	-2.0	-3.5	-2.5	-1.2	-2.2	-3.1	-5.8	-8.8	-9.0	-10.7	-11.7	-2.9	-4.6	-6.6	-9.3	-10.5	-10.9
Norway	5.3	11.0	10.0	-0.5	8.9	25.1	27.5	24.2	27.6	32.8	50.0	55.9	49.5	73.3	41.2	52.0	70.4	76.4	78.6	75.3
Poland	0.9	-3.3	-5.7	-6.9	-12.5	-10.3	-5.9	-5.5	-5.5	-13.3	-7.2	-13.1	-26.5	-35.0	-17.2	-24.0	-25.0	-17.4	-14.9	-14.8
Portugal	-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	-15.5	-6.1	-3.2	-1.3
Slovak Republic	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	-2.2	-3.3	-2.0	1.6	1.7	3.1
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	-3.4	-0.3	-0.3	0.0	1.1	2.3	3.0
Spain	-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	-70.0	-62.7	-52.2	-27.1	7.1	24.8
Sweden	8.4	9.7	10.3	9.7	10.4	9.2	8.3	9.4	22.0	24.1	25.1	33.5	42.5	44.6	27.1	31.0	34.9	32.7	32.9	33.9
Switzerland	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	54.5	79.5	69.2	72.7	71.9	76.2
Turkey	-2.3	-2.4	-2.6	2.0	-0.9	-9.9	3.8	-0.6	-7.5	-14.4	-22.3	-32.2	-38.4	-41.5	-13.4	-46.6	-76.9	-57.7	-64.6	-73.3
United Kingdom	-16.1	-11.4	-1.3	-5.5	-40.2	-42.3	-34.3	-33.5	-31.8	-46.9	-46.9	-72.3	-64.1	-26.0	-27.2	-57.7	-46.5	-81.2	-88.1	-82.1
United States	-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	-381.9	-442.0	-465.9	-470.3	-481.9	-539.8
Euro area	45.8	70.8	89.7	52.8	22.1	-38.5	4.0	43.7	41.8	111.1	40.6	37.8	25.8	-96.3	38.2	55.0	65.5	173.3	234.0	268.9
Total OECD	21.2	-16.4	28.4	-31.9	-186.1	-344.6	-292.3	-300.3	-311.3	-315.2	-497.5	-578.3	-523.9	-667.4	-175.7	-189.2	-316.5	-300.2	-295.8	-300.2

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.

Source: OECD Economic Outlook 92 database.

Annex Table 51. Current account balances as a percentage of GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	-4.9	-3.4	-2.8	-4.7	-5.2	-3.8	-2.1	-3.7	-5.3	-6.1	-5.7	-5.3	-6.2	-4.3	-4.3	-2.8	-2.2	-3.8	-5.0	-5.2
Austria	-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	1.8	2.0	2.5
Belgium	6.3	5.9	6.5	6.1	5.9	4.7	4.0	5.4	4.8	4.1	3.0	2.3	1.9	-1.3	-1.4	1.9	-1.4	-1.3	-1.4	-1.3
Canada	-0.7	0.5	-1.3	-1.2	0.3	2.7	2.2	1.7	1.2	2.3	1.8	1.4	0.8	0.3	-2.9	-3.1	-2.7	-3.6	-4.0	-3.5
Chile	..	-4.0	-4.4	-5.0	0.0	-1.3	-1.6	-0.9	-1.1	2.6	1.5	4.6	4.1	-3.4	2.0	1.5	-1.3	-3.4	-3.6	-2.9
Czech Republic	-2.3	-6.3	-6.0	-2.0	-2.2	-4.5	-5.0	-5.2	-5.8	-4.9	-0.9	-2.0	-4.2	-2.0	-2.5	-3.7	-2.7	-0.1	-0.5	-1.9
Denmark	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	2.9	3.4	5.9	5.6	5.6	5.3	4.9
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	-9.2	3.4	2.9	2.0	-0.3	0.2	0.2
Finland	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	2.6	1.8	1.3	-1.3	-1.0	-1.2	-0.7
France	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	-1.3	-1.6	-2.0	-2.1	-2.0	-1.9
Germany	-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	5.9	5.7	6.4	5.9	5.3
Greece	-2.4	-3.7	-3.9	-2.8	-5.6	-7.8	-7.2	-6.5	-6.5	-5.8	-7.6	-11.4	-14.6	-14.9	-11.2	-10.1	-9.9	-5.5	-4.6	-2.3
Hungary	-3.3	-3.8	-4.4	-7.1	-7.8	-8.7	-6.1	-7.0	-8.0	-8.6	-7.5	-7.4	-7.3	-7.3	-0.2	1.1	0.9	1.7	3.4	4.4
Iceland	0.7	-1.8	-1.8	-6.8	-6.8	-10.1	-4.3	1.5	-4.8	-9.9	-16.4	-24.0	-15.8	-24.5	-11.7	-8.0	-6.9	-8.4	-3.8	-4.7
Ireland	2.5	2.7	2.4	0.8	0.6	0.0	-0.6	-1.0	0.0	-0.6	-3.5	-3.5	-5.4	-5.7	-2.3	1.1	1.1	4.0	5.2	6.4
Israel	-5.1	-5.1	-3.3	-1.0	-1.4	-3.1	-1.5	-1.0	0.6	1.5	3.3	5.0	2.4	1.5	3.7	4.0	0.5	-1.0	-0.6	-0.5
Italy	2.1	3.0	2.7	1.7	0.7	-0.5	0.0	-0.9	-1.4	-0.9	-1.6	-2.5	-2.4	-3.1	-1.9	-3.5	-3.2	-0.9	0.3	0.7
Japan	2.1	1.4	2.2	3.0	2.6	2.5	2.1	2.8	3.2	3.7	3.7	3.9	4.8	3.4	2.9	3.7	2.1	1.1	1.2	1.5
Korea	-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	3.3	2.4	1.8
Luxembourg	12.2	11.2	10.4	9.2	8.4	13.2	8.8	10.5	8.1	11.9	11.5	10.4	10.1	5.4	6.7	7.7	7.1	5.8	7.8	9.3
Mexico	-0.4	-0.7	-1.6	-3.3	-2.5	-2.8	-2.5	-2.0	-1.0	-0.7	-0.7	-0.7	-1.1	-1.6	-0.6	-0.4	-1.0	-0.3	-0.3	0.3
Netherlands	6.3	5.2	6.6	3.3	3.9	2.0	2.6	2.6	5.5	7.6	7.4	9.3	6.7	4.3	5.2	7.7	9.7	8.4	8.4	9.0
New Zealand	-5.0	-5.9	-6.2	-3.7	-6.1	-4.6	-2.3	-3.6	-3.9	-5.7	-7.9	-8.3	-8.1	-8.8	-2.5	-3.2	-4.1	-5.5	-5.9	-5.9
Norway	3.6	6.9	6.3	-0.3	5.6	15.0	16.1	12.6	12.3	12.6	16.5	16.4	12.5	15.9	10.8	12.4	14.5	15.3	14.9	13.6
Poland	0.6	-2.1	-3.7	-4.0	-7.5	-6.0	-3.1	-2.8	-2.5	-5.3	-2.4	-3.8	-6.2	-6.5	-4.0	-5.1	-4.8	-3.5	-3.0	-2.8
Portugal	-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	-6.5	-2.9	-1.5	-0.6
Slovak Republic	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	-3.7	-2.1	1.7	1.8	3.1
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	-6.2	-0.7	-0.6	0.0	2.5	5.1	6.4
Spain	-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	-2.0	0.5	1.8
Sweden	3.3	3.5	4.1	3.8	4.0	3.7	3.7	3.8	6.9	6.6	6.8	8.4	9.2	9.1	6.7	6.7	6.5	6.2	6.0	5.9
Switzerland	6.4	6.8	9.0	9.1	10.6	11.7	8.0	8.5	12.9	13.0	13.6	14.4	8.7	1.7	10.5	14.4	10.4	11.5	11.3	11.7
Turkey	-1.2	-1.0	-1.0	0.9	-0.6	-3.8	2.0	-0.4	-2.5	-3.7	-4.6	-6.1	-5.9	-5.5	-2.1	-6.3	-9.8	-7.2	-7.3	-7.5
United Kingdom	-1.4	-0.9	-0.1	-0.4	-2.7	-2.9	-2.3	-2.1	-1.7	-2.1	-2.1	-2.9	-2.3	-1.0	-1.3	-2.5	-1.9	-3.3	-3.5	-3.1
United States	-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	-3.0	-3.1	-3.0	-3.0	-3.2
Euro area	0.7	1.0	1.4	0.8	0.3	-0.6	0.1	0.6	0.5	1.2	0.4	0.3	0.2	-0.7	0.3	0.5	0.5	1.4	1.9	2.2
Total OECD	0.1	-0.1	0.1	-0.1	-0.7	-1.3	-1.1	-1.1	-1.0	-0.9	-1.4	-1.5	-1.3	-1.5	-0.4	-0.4	-0.7	-0.6	-0.6	-0.6

Source: OECD Economic Outlook 92 database.

Annex Table 52. Structure of current account balances of major world regions

	\$ billion																
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Goods and services trade balance ¹																	
OECD	93	-50	-214	-183	-160	-210	-259	-427	-508	-402	-518	-77	-187	-328	-336	-351	-365
China	44	31	29	28	37	36	51	125	209	308	349	220	223	188	230	239	195
Other industrialised Asia ²	61	82	75	74	92	94	80	83	109	122	47	94	78	36	55	33	26
Russia	12	33	52	39	37	49	72	105	126	113	155	93	123	162	159	121	104
Brazil	-17	-8	-11	-8	6	16	26	32	32	20	3	-3	-22	-18	-31	-32	-36
Other oil producers	-13	46	145	88	74	116	180	324	415	404	567	171	351	626	612	630	718
Rest of the world	-75	-55	-48	-48	-37	-44	-63	-88	-120	-181	-259	-153	-163	-198	-197	-144	-108
World ³	106	78	27	-9	50	58	88	153	263	383	344	345	404	468	492	496	533
Investment income, net																	
OECD	-21	-19	-9	6	-11	22	99	122	106	101	131	167	273	317	332	367	379
China	-17	-14	-15	-19	-15	-10	-5	-16	-5	8	29	-9	-26	-12	2	19	19
Other industrialised Asia ²	-10	-17	-18	-14	-19	-13	-23	-34	-25	-24	-24	-28	-44	-46	-64	-59	-56
Russia	-12	-8	-7	-4	-7	-13	-13	-19	-29	-31	-49	-40	-49	-60	-60	-55	-54
Brazil	-18	-19	-18	-20	-18	-19	-21	-26	-27	-29	-41	-34	-39	-47	-32	-35	-38
Other oil producers	3	2	-6	-10	-19	-26	-34	-44	-25	-29	-54	-45	-69	-91	-111	-117	-117
Rest of the world	-26	-27	-31	-30	-31	-38	-45	-48	-54	-68	-75	-69	-87	-105	-112	-118	-121
World ³	-101	-102	-104	-92	-119	-96	-41	-65	-60	-72	-83	-56	-41	-44	-46	3	13
Net transfers, net																	
OECD	-108	-108	-120	-121	-124	-153	-186	-223	-216	-271	-299	-298	-324	-335	-335	-325	-328
China	4	5	6	8	13	17	23	24	28	37	43	32	41	25	6	7	7
Other industrialised Asia ²	5	15	16	17	20	27	25	35	43	54	68	68	70	81	92	95	100
Russia	0	1	0	-1	-1	0	-1	-1	-2	-4	-3	-3	-4	-3	-5	-5	-4
Brazil	1	2	2	2	2	3	3	4	4	4	4	3	3	3	3	2	3
Other oil producers	-18	-18	-19	-20	-20	-19	-19	-13	-7	-20	-28	-38	-39	-47	-51	-54	-53
Rest of the world	39	40	45	52	58	68	79	90	104	121	139	133	141	152	155	156	155
World ³	-77	-64	-69	-63	-52	-57	-77	-85	-45	-78	-76	-103	-112	-123	-135	-124	-120
Current balance																	
OECD	-32	-186	-345	-292	-300	-311	-315	-497	-578	-524	-667	-176	-189	-317	-300	-296	-300
China	31	21	21	17	35	43	69	132	232	353	421	243	238	202	238	265	220
Other industrialised Asia ²	51	67	55	68	82	106	77	70	117	147	90	121	96	84	35	52	53
Russia	0	25	47	34	29	35	60	85	95	78	104	49	71	99	91	57	42
Brazil	-33	-25	-24	-23	-8	4	12	14	14	2	-28	-24	-47	-52	-57	-64	-72
Other oil producers	-34	23	113	54	31	69	125	267	383	354	484	88	242	464	425	435	524
Rest of the world	-62	-42	-34	-26	-9	-13	-29	-45	-68	-126	-193	-88	-107	-150	-152	-104	-72
World ³	-79	-118	-167	-169	-139	-67	-1	25	194	283	209	214	303	329	279	346	396

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 92 database.

Annex Table 53. **Export market growth in goods and services**

Percentage changes from previous year

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	12.6	10.0	6.9	-0.9	5.1	13.1	0.0	6.0	8.8	13.5	9.7	9.6	8.0	5.4	-9.7	14.6	7.8	3.6	6.0	8.1
Austria	8.8	5.7	9.7	8.3	6.2	11.6	2.1	1.8	5.4	9.0	7.3	10.8	7.8	3.0	-10.8	11.4	6.2	1.8	4.0	6.2
Belgium	8.5	5.7	9.9	9.3	7.0	12.2	1.8	2.0	4.3	8.4	7.3	9.7	6.4	2.7	-10.4	10.8	5.9	1.6	3.9	5.9
Canada	8.0	8.9	12.6	10.2	10.4	13.0	-2.0	3.6	4.8	11.1	6.6	6.9	3.6	-1.2	-12.8	12.7	5.2	3.0	4.3	6.7
Chile	8.6	10.0	10.1	3.2	5.6	12.6	0.4	2.9	7.0	11.6	8.4	9.9	8.7	3.9	-9.7	15.3	7.0	3.0	5.2	7.5
Czech Republic	8.9	6.8	10.0	9.7	5.7	11.3	2.8	1.5	5.3	8.8	7.5	11.4	7.6	3.0	-11.5	11.2	6.6	2.0	3.9	6.1
Denmark	8.5	6.7	10.5	8.4	5.9	11.4	1.0	1.9	4.8	8.9	7.6	9.7	7.3	2.7	-11.5	11.2	5.7	1.8	3.9	6.2
Estonia	8.9	6.2	10.7	7.9	3.8	12.3	2.0	3.0	4.7	9.2	9.1	10.3	9.4	5.4	-14.3	10.5	6.7	1.7	3.9	5.7
Finland	9.3	6.2	10.0	5.7	3.6	12.8	2.3	3.7	6.5	10.9	9.4	11.4	10.5	4.8	-13.6	12.8	7.8	3.0	5.4	7.1
France	8.6	6.5	10.2	7.5	6.0	11.2	1.6	2.7	5.0	9.4	7.7	9.6	7.6	2.6	-10.8	10.7	4.9	1.4	3.7	5.9
Germany	9.1	6.7	10.3	7.6	5.6	12.4	1.8	3.1	4.8	9.6	7.6	9.3	7.8	2.3	-11.7	11.3	5.4	1.4	3.7	5.8
Greece	9.4	6.5	10.1	7.4	4.5	10.1	1.5	3.5	5.7	10.0	8.3	9.3	9.0	4.0	-11.2	10.4	5.9	2.3	3.8	5.8
Hungary	8.8	6.2	9.5	8.2	5.6	11.1	2.6	1.8	5.2	8.9	7.4	10.4	8.0	3.0	-11.2	10.7	6.2	1.8	3.7	6.1
Iceland	8.1	6.7	10.1	8.9	7.1	11.2	2.3	2.6	3.7	8.3	7.1	9.7	5.8	1.5	-11.1	9.5	4.4	1.6	3.3	5.5
Ireland	7.9	6.7	9.9	7.8	7.1	11.8	1.1	2.7	3.9	8.5	6.7	8.7	4.7	0.8	-11.0	10.7	4.5	1.7	3.5	5.4
Israel	10.3	8.2	10.9	7.2	7.0	13.0	-1.0	3.8	5.9	11.2	8.0	8.8	6.0	2.6	-11.3	13.4	6.8	2.2	4.6	6.7
Italy	8.5	6.8	10.1	7.8	5.9	11.8	1.9	2.9	5.2	9.8	8.0	9.7	8.5	3.2	-11.1	10.5	5.7	2.0	4.0	6.1
Japan	12.3	9.0	9.8	0.8	7.9	15.2	-1.2	7.3	9.6	14.2	9.0	9.8	8.5	3.3	-8.6	15.6	6.5	3.8	6.3	8.6
Korea	11.6	10.1	9.3	1.9	6.1	14.2	0.6	7.1	10.6	14.5	9.7	10.5	9.3	4.2	-7.8	15.4	7.4	4.2	6.4	8.7
Luxembourg	7.8	4.9	9.4	8.3	6.1	11.9	1.7	1.3	3.5	7.5	6.6	8.9	5.9	1.5	-10.6	10.2	5.0	1.0	3.3	5.6
Mexico	8.0	8.6	13.1	10.8	10.3	12.5	-2.2	3.2	4.7	11.1	6.6	6.6	3.6	-1.4	-13.0	12.5	5.1	2.7	3.9	6.5
Netherlands	8.5	5.9	9.7	8.0	6.0	12.0	1.6	2.1	4.3	8.6	7.2	9.6	6.8	2.4	-11.0	10.5	5.5	1.5	3.8	6.0
New Zealand	10.1	8.9	8.9	2.6	6.1	11.9	-1.0	6.0	7.6	12.5	8.6	8.7	8.6	5.1	-10.1	13.3	7.2	4.5	5.5	7.1
Norway	8.0	6.5	10.3	8.5	6.8	11.9	1.5	2.7	3.7	8.2	7.2	9.4	4.9	1.4	-11.2	10.5	4.7	2.1	3.7	5.4
Poland	9.0	5.5	9.4	8.1	5.3	11.5	2.9	2.0	5.2	8.8	7.6	10.8	8.3	3.5	-11.8	11.4	6.8	2.0	4.1	6.2
Portugal	8.4	6.3	10.6	9.6	7.4	11.6	2.5	2.7	4.5	8.7	7.6	9.3	7.2	0.8	-11.6	9.9	3.7	0.3	2.6	5.2
Slovak Republic	11.0	6.8	10.1	9.0	6.0	12.3	3.4	2.1	5.6	9.3	6.7	10.8	8.6	2.9	-11.1	11.7	6.2	1.1	3.4	5.9
Slovenia	9.2	4.8	9.3	8.0	4.6	10.9	3.3	1.9	5.2	8.8	7.4	10.4	9.0	3.6	-11.9	10.9	6.5	1.2	3.5	5.8
Spain	7.7	5.8	10.1	9.1	5.8	11.3	1.8	2.0	3.5	8.2	7.0	9.1	6.6	2.4	-10.6	10.1	4.5	1.2	3.5	5.5
Sweden	8.2	7.0	10.5	7.7	4.7	11.2	1.4	3.1	4.3	9.7	8.5	9.8	7.4	3.3	-11.7	10.6	5.6	2.2	4.2	6.1
Switzerland	8.8	6.2	9.8	7.5	6.4	11.9	1.4	2.3	5.3	9.3	7.5	9.7	7.3	2.6	-10.7	11.4	5.9	1.8	4.1	6.4
Turkey	8.2	5.7	9.8	7.3	4.9	10.4	3.2	3.4	5.0	9.6	9.0	10.0	10.3	4.8	-10.5	8.8	5.1	2.5	4.3	6.3
United Kingdom	9.3	6.8	10.4	8.2	6.6	12.6	1.0	2.9	4.7	9.9	8.2	8.9	7.9	2.8	-10.7	10.6	5.5	2.1	4.2	6.5
United States	6.8	9.1	10.8	4.2	6.4	12.7	-0.5	3.2	5.4	10.9	8.5	9.3	8.2	3.8	-11.2	14.0	6.3	3.3	4.7	6.5
Total OECD	8.8	7.4	10.3	6.6	6.5	12.4	0.8	3.3	5.5	10.3	7.9	9.4	7.5	2.7	-10.9	12.2	5.8	2.4	4.5	6.6
<i>Memorandum items</i>																				
China	10.5	8.5	9.1	2.8	6.2	12.9	-0.9	3.9	5.9	11.4	7.9	8.3	7.0	3.1	-12.0	13.0	6.1	3.1	4.7	6.8
Other industrialised Asia ¹	12.8	9.3	8.7	0.0	5.3	14.7	-0.6	6.6	9.4	14.1	9.2	9.7	8.2	4.1	-8.7	15.4	7.0	3.9	6.2	8.4
Russia	10.2	7.2	10.7	7.8	5.2	11.3	1.7	3.7	6.3	10.0	8.3	10.0	9.2	3.9	-9.7	11.1	6.0	1.8	4.0	6.2
Brazil	6.2	9.3	12.6	6.3	3.1	10.4	-0.4	-1.1	8.3	13.6	10.3	10.3	10.5	5.5	-11.4	14.6	7.9	1.6	4.5	6.7
Other oil producers	11.3	8.9	8.6	1.8	6.2	12.9	0.0	4.8	7.1	11.5	8.2	9.0	8.1	3.3	-10.3	13.3	6.1	2.9	5.1	7.4
Rest of the world	9.2	7.1	10.3	6.2	3.9	11.6	1.8	3.7	6.3	11.2	9.3	10.3	10.0	5.2	-11.4	12.5	6.9	2.6	4.9	6.7

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 92 database.

StatLink  <http://dx.doi.org/10.1787/888932751424>

Annex Table 54. **Import penetration**
 Goods and services import volume as a percentage of total final expenditure, constant prices

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	10.4	10.8	11.3	11.5	11.9	12.3	11.5	12.2	12.9	14.1	14.7	15.2	16.1	17.3	15.8	17.3	18.6	19.0	19.5	20.0
Austria	26.2	26.7	27.7	28.0	28.4	29.7	30.7	30.3	31.0	32.5	33.4	33.8	34.5	34.0	32.1	33.3	34.2	34.2	34.7	35.6
Belgium	37.1	37.7	38.9	39.7	39.5	41.4	41.2	41.0	41.0	41.6	42.4	43.0	43.6	44.2	42.2	43.7	44.6	44.6	45.0	45.7
Canada	19.5	20.0	21.5	21.6	22.1	22.6	21.5	21.3	21.7	22.6	23.3	23.7	24.3	24.3	22.5	24.3	24.9	24.9	25.3	25.7
Chile	..	19.0	19.9	20.4	19.1	19.9	20.1	20.1	20.9	22.6	24.3	25.2	26.9	28.3	25.1	28.9	30.6	30.2	30.6	30.4
Czech Republic	27.0	28.4	29.8	31.2	31.8	34.0	35.8	36.4	37.2	38.4	38.2	38.9	40.5	40.4	39.0	42.1	43.4	43.9	44.5	45.3
Denmark	22.7	22.8	23.8	24.9	25.1	26.7	26.9	28.3	27.9	28.9	30.6	32.6	33.2	34.1	32.4	32.8	33.8	34.3	34.9	35.9
Estonia	35.3	35.9	39.0	40.0	38.5	41.7	41.2	41.2	41.8	43.6	45.7	46.6	46.3	45.4	39.1	42.9	46.3	47.0	47.4	48.4
Finland	21.7	22.4	23.2	23.6	23.7	25.6	25.5	25.8	26.1	26.7	28.3	28.9	29.2	30.6	28.6	29.2	29.6	29.9	30.2	30.5
France	16.0	16.1	16.8	17.9	18.3	20.0	20.0	20.2	20.2	20.6	21.2	21.7	22.2	22.4	21.2	22.3	22.9	23.0	23.5	24.2
Germany	18.4	19.0	20.0	21.1	22.2	23.5	23.4	23.2	24.2	25.5	26.5	28.0	28.5	28.9	28.3	29.6	30.5	30.9	31.8	32.9
Greece	21.3	22.0	23.8	24.8	26.9	28.7	27.7	26.6	25.5	25.3	24.5	25.4	27.3	27.5	23.9	23.6	23.6	22.6	22.6	22.2
Hungary	24.3	25.7	28.7	31.8	33.5	36.0	36.2	36.7	37.8	39.8	40.5	43.0	45.9	47.0	44.7	47.5	48.4	48.6	48.6	49.2
Iceland	21.4	23.3	23.8	26.5	26.5	27.3	24.8	24.3	25.7	26.8	30.6	31.9	30.3	26.0	22.5	23.8	24.5	25.2	25.1	25.6
Ireland	37.0	37.6	38.4	42.3	42.7	44.9	45.3	44.2	42.5	43.8	44.5	44.7	45.5	45.2	44.2	45.2	44.5	44.2	44.1	44.8
Israel	28.0	28.3	28.5	27.9	30.3	31.1	29.9	29.6	29.1	30.5	30.2	29.6	30.7	30.3	27.0	28.4	29.7	30.6	30.4	30.6
Italy	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	21.2	21.3	21.6
Japan	8.9	9.8	9.8	9.3	9.6	10.4	10.4	10.4	10.6	11.1	11.4	11.7	11.7	11.9	10.8	11.4	12.1	12.5	12.7	13.0
Korea	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	30.5	31.6	32.9
Luxembourg	48.2	48.9	50.9	52.0	53.7	54.0	54.7	53.8	55.3	57.1	56.7	58.4	58.8	60.5	58.0	60.4	61.9	60.7	60.8	60.9
Mexico	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	22.7	25.1	25.6	25.8	25.9	26.3
Netherlands	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	38.8	40.8	41.4	42.2	42.9	43.7
New Zealand	21.7	22.3	22.3	22.2	23.4	22.6	22.6	23.5	24.1	26.2	26.8	25.8	27.0	27.6	24.5	26.5	27.7	27.8	28.2	28.9
Norway	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	23.8	23.5	23.8	24.4
Poland	17.6	20.2	22.1	24.3	23.7	25.4	24.3	24.5	25.5	27.1	27.5	29.5	30.8	31.2	28.3	30.2	30.4	29.5	29.9	30.5
Portugal	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	27.2	27.0	27.4
Slovak Republic	32.9	35.0	35.8	38.7	38.6	40.2	42.2	42.1	42.7	43.5	44.7	46.8	46.6	45.8	41.8	44.1	45.7	46.6	47.1	47.5
Slovenia	..	32.7	33.9	35.2	35.7	36.4	36.4	36.7	37.5	39.5	40.2	41.6	43.8	43.9	40.5	42.1	43.3	43.1	43.5	43.6
Spain	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	21.8	23.4	23.1	22.6	22.6	22.9
Sweden	23.4	23.7	25.4	26.6	26.7	28.1	27.4	26.7	27.0	27.4	28.1	29.1	30.2	31.1	28.8	29.9	30.3	30.1	30.3	30.9
Switzerland	23.3	23.7	24.8	25.6	26.1	27.4	27.4	27.2	27.4	28.3	29.0	29.6	30.1	29.6	28.9	29.8	30.2	30.5	30.9	31.1
Turkey	14.1	15.3	16.9	16.8	16.8	18.7	15.5	17.2	19.7	21.3	21.9	22.0	22.9	22.1	20.2	22.1	22.5	21.8	22.0	22.1
United Kingdom	18.2	19.1	20.0	20.9	21.6	22.5	22.8	23.2	23.0	23.7	24.5	25.8	24.8	24.6	23.3	24.3	24.3	24.8	25.1	25.2
United States	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	14.2	14.4	14.9
Total OECD	14.7	15.3	16.1	16.8	17.4	18.6	18.4	18.5	18.8	19.6	20.2	21.0	21.4	21.5	20.0	21.3	21.9	21.9	22.3	22.9

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 92 database.

Annex Table 55. **Quarterly demand and output projections**
 Percentage changes from previous period, seasonally adjusted at annual rates, volume

	2012	2013	2014	2012	2013	2014								2012	2013	2014
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 / Q4			
Private consumption																
Canada	1.7	2.1	2.5	2.2	2.2	2.2	2.3	2.4	2.5	2.6	2.7	2.8	1.6	2.3	2.6	
France	0.0	0.5	0.7	0.2	0.3	0.4	0.6	1.2	0.0	0.8	1.0	1.2	0.3	0.6	0.8	
Germany	0.9	1.4	2.3	1.0	1.2	1.6	1.9	2.1	2.3	2.5	2.7	2.8	1.0	1.7	2.6	
Italy	-3.2	-1.1	0.5	-2.4	-1.0	-0.4	0.2	0.4	0.5	0.6	0.7	0.8	-3.0	-0.2	0.7	
Japan	2.1	0.9	0.8	-0.5	1.5	1.8	1.8	4.7	7.7	-12.3	1.0	1.0	0.5	2.4	-0.9	
United Kingdom	1.1	1.6	1.4	-0.4	1.4	1.2	1.2	1.2	1.4	1.6	1.7	1.7	1.9	1.2	1.6	
United States	1.9	2.1	2.9	2.0	2.0	2.1	2.5	2.7	3.0	3.1	3.3	3.5	2.0	2.4	3.2	
Euro area	-1.0	-0.2	0.9	-0.8	-0.3	0.1	0.5	0.8	0.8	1.1	1.3	1.5	-0.8	0.3	1.2	
Total OECD	1.1	1.5	2.2	1.0	1.5	1.7	2.0	2.4	2.8	1.1	2.6	2.7	1.1	1.9	2.3	
Public consumption																
Canada	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.5	0.0	0.0	
France	1.2	0.9	0.8	0.2	0.8	1.0	1.0	1.0	0.8	0.8	0.7	0.6	1.2	0.9	0.7	
Germany	1.1	1.1	1.7	0.7	1.0	1.4	1.5	1.7	1.7	1.7	1.8	1.8	0.8	1.4	1.8	
Italy	-0.4	-1.0	-0.5	0.8	-2.8	-2.0	-1.4	-0.5	0.1	0.2	-0.7	-1.6	0.8	-1.7	-0.5	
Japan	2.2	0.2	-0.5	0.2	0.1	-0.2	-0.4	-0.4	-0.3	-0.7	-1.0	-1.2	2.0	-0.2	-0.8	
United Kingdom	1.3	-3.0	-1.8	-4.7	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.0	-1.8	-1.8	
United States	-1.0	-0.5	-0.8	-2.9	-0.4	-0.8	-0.9	-0.8	-0.8	-0.8	-0.8	-0.8	-0.3	-0.7	-0.8	
Euro area	-0.1	-0.3	0.4	-0.7	-0.3	0.0	0.2	0.4	0.5	0.6	0.5	0.4	-0.2	0.1	0.5	
Total OECD	0.3	-0.1	0.0	-1.1	0.1	-0.1	-0.1	0.0	0.0	0.0	0.0	-0.1	0.3	0.0	0.0	
Business investment																
Canada	7.4	8.3	7.7	8.3	8.3	8.3	8.2	8.0	7.6	7.5	7.4	7.3	8.1	8.2	7.4	
France	-0.2	0.3	4.5	-2.0	0.0	1.2	2.4	3.4	4.9	5.7	6.1	7.0	-1.9	1.8	5.9	
Germany	-1.8	-0.7	4.4	-4.2	-1.1	4.0	5.0	5.0	4.5	4.0	4.0	4.0	-4.9	3.2	4.1	
Japan	1.4	3.2	6.7	3.6	6.0	6.5	6.7	6.7	7.0	6.5	6.5	6.5	-3.2	6.5	6.6	
United Kingdom	3.2	5.3	6.4	4.1	5.3	5.7	6.1	6.3	6.4	6.6	6.6	6.6	0.7	5.8	6.6	
United States	7.4	3.8	6.9	1.0	4.2	6.1	6.7	6.7	6.7	7.1	7.4	7.6	3.0	5.9	7.2	
Total investment																
Canada	4.4	4.7	3.7	4.8	4.2	3.8	3.8	3.8	3.7	3.8	3.7	3.7	5.9	3.9	3.7	
France	0.3	-0.1	2.9	-1.8	-0.4	0.4	1.4	2.0	3.2	3.8	4.2	4.8	-1.2	0.9	4.0	
Germany	-1.3	0.9	4.6	-1.5	0.8	4.2	4.9	5.0	4.7	4.4	4.4	4.4	-3.1	3.7	4.5	
Italy	-8.2	-5.1	-1.0	-6.8	-5.4	-3.9	-3.0	-1.8	-1.0	0.0	1.0	2.0	-8.2	-3.5	0.5	
Japan	2.9	0.9	0.4	0.7	0.3	1.9	1.7	3.2	-0.1	-5.1	2.6	3.2	0.2	1.8	0.1	
United Kingdom	1.8	2.5	3.7	2.8	2.6	3.0	3.3	3.6	3.8	4.0	4.0	4.0	2.7	3.1	3.9	
United States	5.7	4.4	7.1	2.4	4.7	5.9	6.5	6.7	7.1	7.4	8.0	8.3	3.3	5.9	7.7	
Euro area	-3.6	-1.9	2.1	-3.2	-2.2	-0.4	0.7	1.8	2.3	2.7	3.1	3.5	-4.4	0.0	2.9	
Total OECD	1.8	2.1	4.3	1.0	2.2	3.4	3.8	4.3	4.2	4.0	5.2	5.5	0.7	3.4	4.7	

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 92 database.

Annex Table 55. **Quarterly demand and output projections (cont'd)**
 Percentage changes from previous period, seasonally adjusted at annual rates, volume

	2012	2013	2014	2012	2013	2014								2012	2013	2014
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 / Q4			
Total domestic demand																
Canada	2.1	2.2	2.2	2.2	2.1	2.1	2.1	2.1	2.2	2.3	2.3	2.3	2.8	2.1	2.3	
France	-0.4	0.3	1.2	-0.2	0.3	0.5	0.9	1.3	0.8	1.4	1.6	1.8	0.2	0.7	1.4	
Germany	0.0	1.1	2.6	0.5	1.1	2.0	2.4	2.6	2.6	2.7	2.8	2.9	-0.2	2.0	2.8	
Italy	-4.5	-1.9	0.0	-3.0	-2.2	-1.4	-0.7	-0.2	0.2	0.4	0.5	0.5	-3.8	-1.1	0.4	
Japan	2.4	0.8	0.5	-0.1	1.0	1.4	1.4	2.3	2.5	-5.0	0.9	1.0	1.1	1.5	-0.2	
United Kingdom	0.8	1.0	1.1	-0.9	0.9	0.8	0.9	0.9	1.1	1.2	1.3	1.3	1.4	0.9	1.2	
United States	2.2	2.1	3.0	1.1	2.2	2.2	2.6	2.8	3.0	3.2	3.4	3.6	1.6	2.5	3.3	
Euro area	-1.9	-0.6	1.0	-1.4	-0.6	0.0	0.5	0.9	1.0	1.3	1.5	1.6	-1.6	0.2	1.3	
Total OECD	1.0	1.3	2.2	0.5	1.4	1.7	2.0	2.2	2.4	1.8	2.6	2.7	0.8	1.8	2.4	
Exports of goods and services																
Canada	1.9	2.6	5.6	1.7	4.2	5.0	5.5	5.5	5.7	5.8	5.9	5.9	-1.6	5.0	5.8	
France	2.6	3.3	6.1	1.2	3.7	4.4	5.2	5.5	6.3	6.6	6.8	7.0	1.2	4.7	6.7	
Germany	4.4	3.2	5.8	-0.3	2.3	3.6	4.8	5.9	6.2	6.3	6.3	6.3	4.6	4.1	6.3	
Italy	0.9	2.6	4.2	2.0	2.8	3.2	3.6	3.9	4.3	4.5	4.7	4.9	0.3	3.4	4.6	
Japan	1.0	1.6	6.5	-1.0	6.6	6.7	6.9	6.6	6.3	6.3	6.3	6.3	-0.8	6.7	6.3	
United Kingdom	-0.2	2.4	3.6	2.3	2.5	3.0	3.2	3.4	3.6	3.9	4.1	4.3	-1.3	3.0	4.0	
United States	3.6	4.1	6.2	1.7	5.1	5.3	5.5	5.7	6.4	6.5	6.9	6.9	3.2	5.4	6.7	
Total OECD ¹	3.1	3.9	6.2	2.2	4.3	4.9	5.6	6.0	6.3	6.5	6.7	6.8	3.0	5.2	6.5	
Imports of goods and services																
Canada	2.3	3.6	4.7	3.8	4.1	4.5	4.7	4.6	4.6	4.7	4.8	4.8	2.2	4.5	4.8	
France	0.4	3.2	5.4	2.4	3.6	4.4	5.0	5.0	5.6	5.7	5.8	5.9	2.0	4.5	5.8	
Germany	2.9	4.8	7.6	2.6	4.6	5.7	6.9	7.6	7.8	7.9	8.0	8.0	3.0	6.2	7.9	
Italy	-7.3	-0.2	2.5	-1.0	-1.0	0.0	1.0	1.8	2.8	3.6	3.6	3.6	-4.9	0.5	3.4	
Japan	6.0	2.1	4.4	1.0	2.4	2.8	2.8	3.6	4.3	5.2	5.6	6.1	3.9	2.9	5.3	
United Kingdom	2.8	2.6	2.0	2.0	2.2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.9	2.1	2.0	
United States	2.8	4.0	6.6	1.1	5.2	6.2	6.4	6.4	6.6	6.7	6.8	6.8	1.7	6.0	6.7	
Total OECD ¹	1.6	3.5	5.7	2.1	3.8	4.5	5.1	5.4	5.8	6.0	6.2	6.3	2.2	4.7	6.1	
GDP																
Canada	2.0	1.8	2.4	1.6	2.1	2.1	2.2	2.3	2.4	2.5	2.6	2.6	1.5	2.2	2.5	
France	0.2	0.3	1.3	-0.6	0.2	0.5	0.8	1.4	0.9	1.6	1.8	2.0	0.0	0.7	1.6	
Germany	0.9	0.6	1.9	-0.9	0.1	1.2	1.5	1.9	2.1	2.1	2.2	2.2	0.8	1.2	2.1	
Italy	-2.2	-1.0	0.6	-2.1	-1.0	-0.4	0.1	0.5	0.6	0.7	0.9	1.0	-2.3	-0.2	0.8	
Japan	1.6	0.7	0.8	-0.4	1.5	1.9	1.9	2.7	2.8	-5.0	1.0	1.0	0.3	2.0	-0.1	
United Kingdom	-0.1	0.9	1.6	-0.9	0.9	1.1	1.2	1.3	1.6	1.8	1.9	2.0	0.1	1.1	1.8	
United States	2.2	2.0	2.8	1.2	2.1	2.0	2.3	2.6	2.9	3.0	3.3	3.5	1.8	2.2	3.2	
Euro area	-0.4	-0.1	1.3	-1.3	-0.2	0.4	0.8	1.2	1.3	1.6	1.7	1.9	-0.5	0.6	1.6	
Total OECD	1.4	1.4	2.3	0.5	1.5	1.8	2.1	2.3	2.5	1.9	2.7	2.8	1.0	1.9	2.5	

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.

1. Includes intra-regional trade.

Source: OECD Economic Outlook 92 database.

Annex Table 56. **Quarterly price, cost and unemployment projections**
 Percentage changes from previous period, seasonally adjusted at annual rates, volume

	2012	2013	2014	2012	2013	2014							2012	2013	2014
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 / Q4		
Consumer price index ¹															
Canada	1.6	1.4	1.8	2.0	1.5	1.5	1.6	1.7	1.8	1.9	2.0	2.0	1.1	1.6	1.9
France	2.2	1.3	1.2	1.3	1.3	1.2	1.1	1.0	1.4	1.2	0.9	0.9	1.7	1.2	1.1
Germany	2.1	1.9	2.0	2.1	2.0	2.0	1.8	1.8	1.9	2.0	2.1	2.2	2.0	1.9	2.1
Italy	3.2	1.9	0.9	1.6	1.3	2.1	3.6	1.2	-0.3	0.4	0.7	0.6	2.2	2.0	0.4
Japan	0.0	-0.5	1.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	8.2	-0.3	-0.3	-0.2	-0.3	1.8
United Kingdom	2.6	1.9	1.8	2.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.9	1.8	1.8
United States	2.1	1.8	2.0	2.3	1.1	2.0	2.1	2.0	2.0	2.0	2.0	2.0	2.0	1.8	2.0
Euro area	2.4	1.6	1.2	1.8	1.4	1.5	1.7	1.2	1.1	1.2	1.2	1.2	2.1	1.4	1.2
GDP deflator															
Canada	0.9	1.4	1.8	2.4	1.7	1.4	1.5	1.6	1.8	2.1	2.0	2.1	0.4	1.5	2.0
France	1.5	1.1	0.7	0.8	1.3	1.0	0.9	0.8	0.8	0.6	0.6	0.6	1.4	1.0	0.6
Germany	1.4	1.6	1.6	1.5	1.6	1.6	1.4	1.5	1.6	1.7	1.7	1.8	1.6	1.5	1.7
Italy	1.1	1.3	0.6	1.2	1.0	1.6	2.8	0.9	-0.4	0.2	0.4	0.3	1.2	1.6	0.1
Japan	-0.9	-0.5	0.7	-1.3	-0.3	-0.3	-0.3	-0.2	-0.2	5.0	-0.2	-0.1	-0.6	-0.3	1.1
United Kingdom	2.1	1.7	1.7	2.3	1.9	1.8	1.8	1.7	1.7	1.7	1.7	1.7	1.9	1.8	1.7
United States	1.8	1.8	1.9	1.6	1.2	1.9	1.9	1.9	1.9	1.9	1.9	1.9	2.0	1.7	1.9
Euro area	1.2	1.3	1.0	1.1	1.3	1.4	1.5	1.1	0.8	0.9	0.9	0.9	1.2	1.4	0.9
Total OECD	1.6	1.6	1.8	1.6	1.5	1.7	1.7	1.7	1.6	2.1	1.7	1.7	1.5	1.7	1.8
Unit labour costs (total economy)															
Canada	1.5	1.5	1.6	1.4	1.1	1.2	1.3	1.5	1.6	1.8	1.9	2.0	1.9	1.3	1.8
France	1.9	1.2	0.4	1.5	1.3	1.1	0.7	0.2	0.6	0.1	0.1	-0.1	1.6	0.8	0.2
Germany	2.8	2.7	1.9	4.0	3.1	2.0	1.8	1.5	1.7	2.1	2.3	2.4	3.0	2.1	2.1
Italy	2.4	1.2	-0.4	2.5	0.9	0.0	-0.4	-0.8	-0.5	-0.3	-0.2	0.0	2.9	-0.1	-0.3
Japan	-1.8	-0.3	0.1	0.3	-0.9	-1.3	-1.2	-1.9	-1.8	6.3	0.1	0.1	-0.5	-1.3	1.1
United Kingdom	3.2	1.9	2.1	3.4	2.1	2.1	2.3	2.2	2.1	2.1	2.0	1.9	2.6	2.2	2.0
United States	1.3	1.5	2.0	2.3	1.7	1.8	1.4	1.7	2.3	2.3	2.1	1.7	2.3	1.6	2.1
Euro area	1.2	1.1	0.5	2.1	1.1	0.7	0.6	0.3	0.6	0.6	0.6	0.6	1.2	0.7	0.6
Total OECD	1.3	1.3	1.3	2.0	1.3	1.2	1.0	1.0	1.2	2.0	1.3	1.1	1.7	1.1	1.4
Unemployment															
Per cent of labour force															
Canada	7.3	7.2	6.9	7.3	7.3	7.2	7.1	7.1	7.0	6.9	6.8	6.8			
France	9.9	10.7	10.9	10.2	10.4	10.6	10.8	10.9	10.9	10.9	10.9	10.9			
Germany	5.3	5.5	5.6	5.4	5.4	5.5	5.6	5.6	5.6	5.6	5.5	5.5			
Italy	10.6	11.4	11.8	10.8	11.1	11.3	11.5	11.8	11.8	11.8	11.8	11.6			
Japan	4.4	4.4	4.3	4.4	4.4	4.4	4.3	4.3	4.3	4.3	4.3	4.3			
United Kingdom	8.0	8.3	8.0	8.0	8.2	8.3	8.3	8.3	8.2	8.1	8.0	7.9			
United States	8.1	7.8	7.5	7.9	7.9	7.8	7.8	7.7	7.7	7.6	7.5	7.4			
Euro area	11.1	11.9	12.0	11.5	11.7	11.9	12.0	12.1	12.1	12.0	12.0	11.9			
Total OECD	8.0	8.2	8.0	8.1	8.1	8.2	8.2	8.1	8.1	8.0	8.0	7.9			

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.

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 92 database.

Annex Table 57. Contributions to changes in real GDP in OECD countries

	2011	2012	2013	2014		2011	2012	2013	2014
Australia					France				
Final domestic demand	4.2	4.9	3.5	3.4	Final domestic demand	0.9	0.4	0.5	1.2
Stockbuilding	0.4	-0.1	-0.2	0.0	Stockbuilding	0.8	-0.8	-0.1	0.0
Net exports	-2.5	-0.2	-0.3	-0.2	Net exports	0.0	0.6	0.0	0.1
GDP	2.3	3.7	3.0	3.2	GDP	1.7	0.2	0.3	1.3
Austria					Germany				
Final domestic demand	1.9	0.7	0.5	1.2	Final domestic demand	2.3	0.5	1.2	2.5
Stockbuilding	0.5	-0.3	-0.1	0.0	Stockbuilding	0.2	-0.5	-0.1	0.0
Net exports	0.4	0.4	0.4	0.6	Net exports	0.6	0.9	-0.5	-0.5
GDP	2.7	0.6	0.8	1.8	GDP	3.1	0.9	0.6	1.9
Belgium					Greece				
Final domestic demand	1.1	-0.2	0.6	1.3	Final domestic demand	-10.1	-9.8	-6.5	-4.0
Stockbuilding	0.7	-0.2	-0.1	0.0	Stockbuilding	0.6	0.4	0.1	0.0
Net exports	-0.1	0.2	0.1	0.3	Net exports	2.4	3.1	2.2	2.7
GDP	1.8	-0.1	0.5	1.6	GDP	-7.1	-6.3	-4.5	-1.3
Canada					Hungary				
Final domestic demand	2.7	1.9	2.2	2.3	Final domestic demand	-0.4	-1.7	-1.7	-0.2
Stockbuilding	0.2	0.3	0.0	0.0	Stockbuilding	0.6	-1.1	0.0	0.0
Net exports	-0.5	-0.2	-0.4	0.2	Net exports	1.5	1.5	1.8	1.3
GDP	2.6	2.0	1.8	2.4	GDP	1.6	-1.6	-0.1	1.2
Chile					Iceland				
Final domestic demand	9.4	5.4	5.1	5.2	Final domestic demand	2.8	3.2	2.2	4.1
Stockbuilding	-0.6	0.5	-0.4	0.0	Stockbuilding	0.6	0.0	-0.1	0.0
Net exports	-2.8	0.0	-0.6	0.2	Net exports	-0.8	-0.4	0.7	-1.5
GDP	5.9	5.2	4.6	5.4	GDP	2.6	2.5	2.7	2.7
Czech Republic					Ireland				
Final domestic demand	-0.3	-1.8	0.2	1.5	Final domestic demand	-3.5	-2.6	-1.3	-0.1
Stockbuilding	-0.1	-1.5	0.1	0.0	Stockbuilding	0.4	-0.3	0.0	0.0
Net exports	2.0	2.2	0.4	0.9	Net exports	5.4	3.7	2.8	2.3
GDP	1.9	-0.9	0.8	2.4	GDP	1.4	0.5	1.3	2.2
Denmark					Israel				
Final domestic demand	-0.2	1.0	1.5	1.9	Final domestic demand	5.7	3.7	2.5	3.9
Stockbuilding	0.5	-0.1	0.0	0.0	Stockbuilding	0.7	1.0	-0.3	0.0
Net exports	0.8	-0.3	0.0	-0.2	Net exports	-1.9	-1.4	0.7	0.0
GDP	1.1	0.2	1.4	1.7	GDP	4.6	3.1	2.9	3.9
Estonia					Italy				
Final domestic demand	7.1	5.1	2.7	3.1	Final domestic demand	-0.4	-3.7	-1.8	0.0
Stockbuilding	2.1	-1.2	0.5	0.0	Stockbuilding	-0.5	-1.0	0.0	0.0
Net exports	0.4	-0.7	1.2	0.3	Net exports	1.4	2.5	0.9	0.6
GDP	8.3	3.1	3.7	3.4	GDP	0.6	-2.2	-1.0	0.6
Finland					Japan				
Final domestic demand	2.7	0.4	0.7	1.8	Final domestic demand	0.6	2.3	0.8	0.5
Stockbuilding	1.7	-2.4	0.2	0.0	Stockbuilding	-0.5	0.1	0.0	0.1
Net exports	-1.1	-0.1	0.2	0.3	Net exports	-0.9	-0.8	-0.1	0.2
GDP	2.7	0.7	1.1	2.2	GDP	-0.7	1.6	0.7	0.8

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 92 database.

Annex Table 57. Contributions to changes in real GDP in OECD countries (*cont'd*)

	2011	2012	2013	2014		2011	2012	2013	2014
Korea					Slovenia				
Final domestic demand	1.2	1.5	2.9	3.5	Final domestic demand	-1.3	-4.0	-4.3	-0.9
Stockbuilding	0.8	-0.2	-0.1	0.0	Stockbuilding	0.7	-1.8	-0.5	0.0
Net exports	1.8	0.8	0.3	1.0	Net exports	1.3	3.5	2.6	2.0
GDP	3.6	2.2	3.1	4.4	GDP	0.6	-2.4	-2.1	1.1
Luxembourg					Spain				
Final domestic demand	2.9	2.1	0.5	1.3	Final domestic demand	-1.8	-3.9	-3.9	-0.9
Stockbuilding	1.4	-0.6	-0.4	0.0	Stockbuilding	-0.1	0.0	0.0	0.0
Net exports	-1.7	-1.4	0.4	0.7	Net exports	2.3	2.6	2.5	1.4
GDP	1.7	0.6	1.2	2.0	GDP	0.4	-1.3	-1.4	0.5
Mexico					Sweden				
Final domestic demand	4.9	3.8	2.9	3.1	Final domestic demand	2.8	1.7	1.4	2.8
Stockbuilding	-0.9	-0.3	0.1	0.0	Stockbuilding	0.4	-0.5	0.1	0.0
Net exports	-0.1	0.3	0.3	0.4	Net exports	0.9	0.2	0.5	0.2
GDP	3.9	3.8	3.3	3.6	GDP	3.9	1.2	1.9	3.0
Netherlands					Switzerland				
Final domestic demand	0.6	-1.4	-0.5	0.8	Final domestic demand	1.6	1.5	1.6	2.0
Stockbuilding	-0.1	0.1	0.2	0.0	Stockbuilding	-0.1	0.0	-0.1	0.0
Net exports	0.5	0.3	0.2	0.7	Net exports	0.3	-1.0	-0.4	0.3
GDP	1.1	-0.9	0.2	1.5	GDP	1.9	0.8	1.1	2.3
New Zealand					Turkey				
Final domestic demand	1.3	1.9	2.7	2.9	Final domestic demand	9.7	-0.1	4.0	5.3
Stockbuilding	0.5	0.1	-0.3	0.0	Stockbuilding	-0.1	0.0	0.1	0.0
Net exports	-1.1	-0.4	0.0	0.0	Net exports	-1.5	3.9	-0.2	-0.1
GDP	0.5	1.6	2.4	2.9	GDP	8.5	2.9	4.1	5.2
Norway					United Kingdom				
Final domestic demand	2.6	3.5	3.4	3.2	Final domestic demand	-0.9	1.3	0.7	1.1
Stockbuilding	0.3	-0.2	-0.1	0.0	Stockbuilding	0.4	-0.5	0.3	0.0
Net exports	-1.6	0.0	-0.8	-1.2	Net exports	1.2	-1.0	-0.1	0.5
GDP	1.4	3.3	2.5	2.0	GDP	0.9	-0.1	0.9	1.6
Poland					United States				
Final domestic demand	3.1	1.1	1.0	2.3	Final domestic demand	1.9	2.1	2.1	3.1
Stockbuilding	0.4	-0.7	-0.1	0.0	Stockbuilding	-0.1	0.2	0.0	0.0
Net exports	0.9	2.0	0.7	0.3	Net exports	0.1	0.0	-0.1	-0.3
GDP	4.3	2.5	1.6	2.5	GDP	1.8	2.2	2.0	2.8
Portugal					Euro area				
Final domestic demand	-5.7	-7.3	-4.1	-0.1	Final domestic demand	0.3	-1.3	-0.5	1.0
Stockbuilding	-0.5	-0.1	-0.1	0.0	Stockbuilding	0.2	-0.5	-0.1	0.0
Net exports	4.4	4.2	2.5	1.0	Net exports	0.9	1.4	0.5	0.3
GDP	-1.7	-3.1	-1.8	0.9	GDP	1.5	-0.4	-0.1	1.3
Slovak Republic					Total OECD				
Final domestic demand	1.8	0.0	0.6	1.5	Final domestic demand	1.6	1.1	1.3	2.2
Stockbuilding	-0.7	0.0	-0.1	0.0	Stockbuilding	0.0	-0.2	0.0	0.0
Net exports	2.0	2.3	1.0	1.9	Net exports	0.2	0.4	0.1	0.1
GDP	3.2	2.6	2.0	3.4	GDP	1.8	1.4	1.4	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. Totals may not add up due to rounding and/or statistical discrepancy.

Source: OECD Economic Outlook 92 database.

Annex Table 58. Household wealth and indebtedness

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Canada												
Net wealth	502.2	503.2	512.7	516.1	518.1	534.5	545.5	548.5	538.9	551.2	546.4	550.1
Net financial wealth	240.1	235.5	231.4	224.0	214.6	216.5	217.9	210.6	204.0	211.8	206.0	204.2
Non-financial assets	262.0	267.7	281.3	292.1	303.5	318.0	327.7	337.9	334.8	339.4	340.4	345.9
Financial assets	352.7	349.6	348.5	344.7	338.9	345.9	349.6	347.9	345.3	360.4	356.5	358.6
of which: Equities	84.3	84.2	83.6	81.0	79.4	79.4	85.2	85.2	87.5	92.1	91.0	92.7
Liabilities	112.6	114.1	117.1	120.6	124.3	129.4	131.8	137.3	141.3	148.6	150.5	154.5
of which: Mortgages	69.6	69.6	71.2	73.2	75.9	79.1	80.7	84.7	87.6	92.3	94.3	98.1
France												
Net wealth	564.7	560.4	576.0	626.7	683.1	752.1	796.2	809.0	759.8	761.1	814.6	..
Net financial wealth	218.6	197.0	187.4	196.1	200.7	209.3	220.0	217.2	191.0	209.8	217.2	..
Non-financial assets	346.1	363.4	388.6	430.6	482.4	542.8	576.2	591.8	568.7	551.4	597.4	..
Financial assets	288.0	266.7	258.5	270.3	277.3	292.2	307.7	309.0	282.7	305.7	316.5	..
of which: Equities	91.4	74.5	65.5	72.4	75.3	80.9	92.7	91.1	65.9	76.7	80.7	..
Liabilities	69.4	69.6	71.2	74.3	76.6	82.9	87.7	91.8	91.7	95.9	99.3	..
of which: Long-term loans	53.9	54.1	55.1	57.8	61.0	66.3	70.7	74.5	77.9	..	..	..
Germany												
Net wealth	541.0	538.6	539.8	553.5	565.3	578.7	579.7	609.4	598.1	621.4	625.2	627.0
Net financial wealth	153.9	153.7	148.2	160.4	168.7	181.6	179.6	194.5	179.9	191.8	197.8	194.2
Non-financial assets	387.0	384.9	391.6	393.2	396.6	397.1	400.2	414.9	418.2	429.6	427.3	432.9
Financial assets	270.3	267.6	262.1	272.9	279.7	290.0	285.5	297.5	279.4	291.6	295.0	289.2
of which: Equities	76.4	72.7	58.3	64.1	64.3	71.6	67.5	70.5	50.7	53.4	55.5	50.2
Liabilities	116.4	114.0	113.9	112.5	111.0	108.3	105.9	103.0	99.4	99.8	97.2	95.1
of which: Mortgages	72.8	72.6	73.5	73.2	72.6	71.6	71.5	69.7	67.4	67.9	66.2	64.7
Italy												
Net wealth	760.8	739.6	758.7	778.3	804.0	836.6	856.1	854.7	853.8	879.0	871.4	..
Net financial wealth	329.7	305.2	301.1	296.2	306.1	316.3	313.1	291.8	282.5	282.6	273.6	..
Non-financial assets	431.0	434.5	457.6	482.2	498.0	520.3	543.0	562.9	571.3	596.4	597.7	..
Financial assets	384.4	361.0	359.4	357.7	371.6	386.9	388.5	371.6	364.1	369.2	363.1	..
of which: Equities	95.9	78.6	73.1	67.1	70.1	79.1	82.5	70.7	70.6	61.1	56.2	..
Liabilities	54.7	55.8	58.3	61.6	65.6	70.6	75.4	79.9	81.6	86.6	89.5	..
of which: Medium and long-term loans	30.0	31.5	33.4	35.4	38.6	42.1	45.5	48.7	49.2	52.9	55.0	..
Japan												
Net wealth	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	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	406.1	438.0	420.4	408.3	394.5	388.3	393.4	399.8	395.3	383.0	376.5	..
Financial assets	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	41.2	31.8	29.9	41.9	48.9	77.3	77.0	55.6	34.6	34.9	38.1	..
Liabilities	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	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	770.9	716.4	716.6	752.0	796.8	832.1	871.3	904.3	758.0	806.0	825.6	..
Net financial wealth	380.5	322.8	259.1	264.8	267.3	303.3	309.3	304.9	240.1	284.5	298.4	287.2
Non-financial assets	390.5	393.6	457.6	487.2	529.4	528.7	562.0	599.3	517.8	521.5	527.3	..
Financial assets	498.4	445.1	393.7	411.2	427.8	467.4	486.9	490.2	420.4	457.4	464.8	448.9
of which: Equities	114.4	86.5	61.8	68.0	71.7	76.9	78.0	73.7	47.4	65.5	71.1	63.7
Liabilities	117.9	122.3	134.6	146.4	160.4	164.0	177.6	185.3	180.3	172.9	166.4	161.7
of which: Mortgages	86.0	89.1	97.7	107.9	119.5	122.6	131.5	139.8	137.9	134.5	..	..
United States												
Net wealth	590.7	563.9	525.3	573.1	617.5	659.3	661.3	633.7	484.9	517.6	532.5	520.5
Net financial wealth	360.6	323.2	276.0	312.4	337.7	352.5	363.1	362.8	259.9	296.0	321.8	318.6
Non-financial assets	230.2	240.7	249.3	260.7	279.9	306.8	298.2	270.9	225.0	221.7	210.7	201.9
Financial assets	460.9	427.5	385.4	429.7	461.4	483.4	497.8	499.7	387.9	425.5	445.0	435.3
of which: Equities	148.1	123.5	92.2	115.8	122.7	126.8	139.6	136.6	82.5	108.0	119.9	115.7
Liabilities	100.4	104.3	109.4	117.2	123.7	130.9	134.7	136.8	128.0	129.5	123.3	116.8
of which: Mortgages	67.5	71.4	77.1	84.4	90.2	97.7	101.6	103.3	97.2	98.5	91.1	85.7

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/eo/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.

StatLink  <http://dx.doi.org/10.1787/888932751557>

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	2.6	3.0	2.9	4.8	6.1	6.7	7.0	7.1	7.7	9.5	10.4	6.0	0.2	-7.6	-5.4	-3.0	-4.3
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		-1.7	-0.4	2.0	6.9	8.7	7.9	8.6	11.9	15.1	15.4	12.0	6.5	0.9	-7.1	5.1	5.9
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	-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	-0.9
Canada	-4.5	0.1	2.9	-1.4	3.4	4.5	4.7	8.0	8.4	8.2	8.0	11.7	11.6	5.5	-2.8	8.9	5.0
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	-2.8
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	2.9	-9.2	-1.3	1.8	3.9	16.6	9.0	1.1	0.9	6.2	9.0	4.0	0.2	2.5	5.2
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	1.2
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
Real¹																	
United States	0.3	0.8	1.0	3.9	4.4	4.1	5.0	5.6	5.6	6.7	7.2	3.2	-2.4	-10.5	-5.4	-4.9	-6.6
Japan	-1.3	-1.8	-2.6	-1.6	-2.4	-3.1	-3.2	-3.2	-4.5	-5.4	-4.2	-2.7	-0.3	-1.8	-1.4	-2.0	-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	0.5	0.5	3.3
France		-3.4	-1.3	1.6	7.4	6.2	5.8	7.5	9.8	12.7	13.4	9.8	4.4	-1.9	-6.6	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	-4.6
United Kingdom	-2.4	1.0	7.1	9.4	9.6	14.5	7.1	15.2	13.8	9.8	3.0	3.5	8.1	-4.2	-9.2	3.5	-5.4
Canada	-5.7	-1.4	1.6	-2.7	1.7	2.3	2.7	6.0	6.6	6.5	6.2	10.2	9.8	3.8	-3.1	7.3	2.8
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	-5.0
Belgium	2.3	1.5	0.9	5.3	6.7	1.9	2.9	5.2	5.4	6.2	9.8	8.6	6.2	1.6	0.4	3.3	0.0
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	-13.3	0.2	-5.1
Finland						-0.4	-3.7	3.7	6.9	7.7	7.2	4.9	3.2	-2.7	-1.7	6.5	-0.6
Greece	..	..	..	9.5	6.4	7.1	11.4	10.9	2.0	-0.6	7.3	9.1	3.0	-2.6	-4.9	-8.1	-8.6
Ireland	3.5	6.3	11.8	19.3	20.9	15.0	7.9	1.5	10.0	9.4	6.3	11.9	5.3	-7.4	-12.4	-11.3	-14.4
Korea	-6.2	-5.7	-3.1	-14.5	-3.9	-2.4	-0.4	13.1	5.6	-2.0	-1.4	4.6	6.9	-0.5	-2.3	-0.2	1.3
Netherlands	4.8	8.6	9.4	8.7	14.1	13.9	6.3	3.4	1.2	3.3	1.7	2.4	2.3	1.9	-2.8	-3.2	-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	6.7
New Zealand	7.0	7.6	4.1	-3.5	1.4	-2.7	-0.3	7.8	18.6	16.1	11.1	7.3	8.9	-7.8	-4.1	0.2	-2.2
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	-6.6	-5.5	-8.8
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	6.2	-0.5
Switzerland	-5.0	-6.4	-4.3	-0.7	-0.4	0.0	1.4	4.0	2.7	1.4	0.7	1.0	0.4	-0.5	5.8	3.8	4.0

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.

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	90.6	90.4	90.2	91.5	94.4	97.6	100.6	103.8	109.2	116.4	125.3	128.4	124.1	111.8	104.7	101.9	96.3
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	100.7	96.8	92.9	90.1	90.9	89.9	89.0	85.4	83.7	81.4	79.1	78.1	77.9	77.3	76.7	77.8	80.9
France		74.3	73.0	73.0	76.7	83.4	89.7	95.0	103.5	115.8	129.0	139.8	144.4	142.6	129.8	134.2	140.6
Italy	97.7	87.9	78.5	76.2	77.9	82.3	87.1	93.3	100.1	107.1	112.6	116.9	120.3	119.4	111.2	106.9	103.2
United Kingdom	68.8	68.2	71.4	76.9	82.8	92.2	96.6	109.2	124.3	135.9	139.1	143.9	154.3	147.3	132.4	139.0	133.3
Canada	88.7	88.9	91.7	90.1	92.1	94.3	96.4	102.3	108.1	114.3	120.5	130.0	139.3	141.5	136.0	147.1	152.3
Australia	83.1	81.3	82.2	85.6	89.4	93.9	101.3	117.4	136.2	141.6	140.6	146.8	154.8	150.2	145.4	156.3	145.6
Belgium	85.3	85.1	85.7	90.1	95.1	98.8	101.6	105.5	110.4	117.8	130.2	140.7	150.9	155.4	151.8	158.2	161.4
Denmark	75.0	81.9	88.9	95.0	98.8	102.5	105.7	106.7	107.2	113.6	130.3	155.3	159.1	148.3	126.8	126.6	119.5
Finland						102.0	97.0	103.3	110.5	118.4	124.4	126.8	126.2	121.7	125.8	135.9	133.8
Greece	..	..	74.4	79.9	83.3	88.6	97.5	105.8	106.0	102.9	109.5	118.5	120.4	117.6	108.6	101.4	95.0
Ireland	65.1	71.4	77.1	92.5	135.3	146.1	135.7	148.5	180.1	195.0	194.1	181.3	149.7	125.4	153.8	130.5	99.2
Korea	92.3	89.6	89.3	79.4	81.3	82.9	83.0	92.0	96.8	95.7	96.2	101.2	108.2	109.5	107.7	108.3	109.7
Netherlands	77.3	82.2	88.7	95.0	107.2	123.3	133.2	137.7	138.5	140.1	141.9	144.8	147.6	149.3	141.5	135.8	130.4
Norway	70.9	76.1	83.1	90.2	97.6	108.6	111.9	112.5	110.0	118.8	126.0	140.1	154.7	148.6	146.4	154.1	162.8
New Zealand	74.3	78.2	80.4	77.2	79.8	79.2	89.1	96.3	111.7	127.7	141.5	152.9	164.8	152.9	148.2	148.9	147.9
Spain	90.8	86.7	85.1	85.1	88.0	91.1	95.7	107.2	123.4	140.2	154.1	162.5	164.2	157.9	141.6	134.9	125.4
Sweden	64.0	62.3	64.4	69.9	76.5	84.6	89.8	93.5	97.1	103.0	109.6	122.0	132.5	133.6	131.4	139.5	137.3
Switzerland	92.0	86.0	82.5	81.8	81.1	80.6	79.9	82.8	85.0	86.0	85.7	86.1	85.9	86.1	88.3	91.4	93.9
Price-to-income ratio																	
United States	93.3	92.1	90.9	90.2	92.5	92.7	95.9	98.9	102.7	107.0	114.2	114.5	110.1	97.1	95.3	89.8	83.4
Japan	105.0	103.6	100.8	99.3	97.5	95.7	95.0	91.1	87.2	81.8	77.6	74.9	74.0	73.5	71.4	68.8	66.5
Germany	105.3	102.7	99.5	96.1	95.8	94.3	91.2	87.8	85.1	82.0	78.8	76.9	76.5	74.9	75.5	75.0	76.6
France		79.3	77.5	76.7	80.6	83.6	86.4	90.4	99.4	110.5	124.6	134.6	137.3	135.1	125.5	130.0	134.8
Italy	93.3	85.2	79.7	81.1	82.9	86.9	89.3	94.2	100.6	107.0	112.9	116.7	119.8	120.7	120.8	118.0	114.0
United Kingdom	73.0	71.1	73.2	78.2	83.9	91.8	93.7	105.5	117.2	128.1	131.0	134.7	145.8	138.9	124.9	129.2	125.5
Canada	96.8	96.4	96.7	92.4	91.8	90.3	91.4	96.2	101.3	104.9	109.5	115.0	122.7	123.8	120.3	126.3	129.7
Australia	88.7	85.4	86.0	90.6	93.1	94.9	98.5	114.4	128.8	129.9	125.8	128.1	130.1	129.8	126.1	138.0	127.3
Belgium	85.7	87.7	88.1	91.1	95.2	95.4	95.6	101.3	107.4	114.7	126.5	134.7	140.9	141.4	139.1	147.0	149.6
Denmark	75.9	82.1	90.3	94.8	103.5	107.2	107.3	107.5	107.2	112.6	127.9	150.5	155.9	146.1	125.5	122.9	115.7
Finland						96.9	90.6	92.1	93.2	96.0	102.2	104.9	104.9	100.1	97.1	101.3	101.0
Greece	..	..	76.8	82.0	87.7	94.3	101.3	109.9	107.5	103.9	109.8	114.3	108.0	107.7	99.7	98.8	100.1
Ireland	72.8	72.9	76.6	85.8	99.0	108.9	108.7	119.9	130.9	138.3	139.2	152.8	158.0	140.7	122.4	111.9	99.9
Korea	89.8	80.3	77.2	69.3	65.2	63.9	63.5	69.9	70.7	66.4	64.2	65.7	68.7	68.0	65.7	63.3	64.0
Netherlands	81.3	86.2	91.1	96.4	108.4	121.7	123.5	129.2	134.8	138.9	142.0	144.8	144.6	148.3	146.4	142.5	136.9
Norway	76.6	80.0	84.7	87.4	93.5	102.0	107.4	103.5	98.4	104.3	104.3	125.3	132.3	123.4	119.5	123.9	128.7
New Zealand	91.9	96.4	98.6	92.9	88.3	89.8	86.5	95.1	106.0	118.8	131.3	139.9	142.9	134.6	128.6	125.5	119.5
Spain	87.2	85.1	85.4	85.8	87.9	89.1	92.4	103.5	118.0	133.5	144.7	151.5	152.8	145.4	134.4	134.0	126.7
Sweden	75.7	76.3	80.8	86.7	90.9	95.5	94.9	96.7	101.0	108.6	115.4	124.2	129.1	127.6	125.5	132.5	128.2
Switzerland	95.4	90.2	85.0	82.6	80.2	78.6	77.9	82.8	86.3	86.2	85.4	83.7	81.4	82.0	86.5	89.1	90.8

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.

Annex Table 61. **Maastricht definition of general government gross public debt**

As a percentage of nominal GDP

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Austria	66.9	66.2	66.9	66.2	65.2	64.9	64.2	62.3	60.3	64.1	69.3	71.7	72.2	75.6	77.6	78.5
Belgium	113.6	107.8	106.5	103.4	98.4	94.1	91.9	87.9	84.0	89.2	95.7	95.5	97.8	99.0	98.7	97.7
Czech Republic	15.8	17.8	23.9	27.1	28.6	28.9	28.4	28.3	27.9	28.7	34.2	37.8	40.8	44.1	47.3	49.7
Denmark	58.1	52.4	49.6	49.5	47.2	45.1	37.8	32.1	27.5	33.4	40.7	42.7	46.4	45.9	45.8	45.5
Estonia	6.5	5.1	4.8	5.7	5.6	5.0	4.6	4.4	3.7	4.5	7.2	6.7	6.1	10.8	12.3	12.0
Finland	45.7	43.8	42.5	41.5	44.5	44.4	41.7	39.7	35.2	34.0	43.6	48.7	49.1	53.4	56.6	58.8
France	58.9	57.4	56.9	59.0	63.1	65.1	66.7	63.9	64.2	68.3	79.2	82.4	86.0	91.2	94.2	95.8
Germany	61.4	60.2	59.1	60.6	64.3	66.5	68.7	68.0	65.1	66.9	74.5	82.6	80.6	81.8	80.4	79.3
Greece	94.0	103.5	103.7	101.7	97.5	98.9	110.0	107.8	107.3	112.9	129.7	148.3	170.5	176.7	188.6	195.2
Hungary	60.8	56.1	52.7	55.9	58.6	59.5	61.7	65.9	67.1	73.0	79.8	81.8	81.4	78.9	77.8	77.1
Ireland	47.0	35.1	35.2	32.0	30.7	29.5	27.3	24.6	25.0	44.5	64.9	92.1	106.4	117.3	121.9	122.0
Italy	113.2	108.4	108.2	105.2	103.8	103.6	105.4	106.0	103.1	106.1	116.5	119.3	120.6	127.8	130.4	132.2
Luxembourg	6.4	6.2	6.3	6.3	6.1	6.3	6.1	6.7	6.7	14.4	15.3	19.2	18.3	22.3	25.1	26.9
Netherlands	61.1	53.7	50.7	50.5	51.9	52.5	51.8	47.3	45.3	58.4	60.7	63.2	65.4	72.1	73.1	73.5
Poland	39.7	36.8	37.5	42.2	47.1	45.7	47.1	47.8	45.0	47.1	51.0	54.9	56.5	57.3	58.4	58.5
Portugal	51.4	50.4	53.5	56.6	59.2	61.9	67.7	69.3	68.3	71.7	83.2	93.5	108.1	115.5	123.0	124.5
Slovak Republic	47.8	50.3	48.9	43.4	42.4	41.5	34.2	30.5	29.6	27.9	35.6	41.0	43.3	52.2	54.9	56.2
Slovenia	24.1	26.3	26.5	27.8	27.2	27.3	26.7	26.4	23.1	22.0	35.0	38.6	46.9	53.9	58.5	61.0
Spain	62.4	59.4	55.6	52.6	48.8	46.3	43.2	39.7	36.3	40.2	53.9	61.5	69.3	86.1	92.6	97.6
Sweden	64.3	53.9	54.7	52.5	51.7	50.3	50.4	45.0	40.2	38.8	42.6	39.5	38.4	37.7	37.1	36.4
United Kingdom	43.6	41.1	37.8	37.7	39.1	41.0	42.2	43.3	44.2	52.3	67.8	79.4	85.0	89.5	93.7	96.7
Euro area	71.8	69.2	68.2	68.0	69.2	69.7	70.6	68.6	66.3	70.3	80.1	85.7	88.1	93.6	95.4	96.3

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 92 database.

Annex Table 62. **Macroeconomic indicators for selected non-member economies**

Calendar year basis

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Real GDP growth																
China	7.6	8.4	8.3	9.1	10.0	10.1	11.3	12.7	14.2	9.6	9.2	10.4	9.3	7.5	8.5	8.9
Brazil	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	1.5	4.0	4.1
India	6.9	5.6	4.0	4.5	7.0	8.2	9.2	9.3	10.0	6.0	5.2	10.5	7.8	4.5	5.9	7.0
Indonesia	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	6.2	6.3	6.5
Russian Federation	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	3.4	3.8	4.1
South Africa	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	2.6	3.3	4.0
Inflation¹																
China	-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	2.6	1.5	1.4
Brazil	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	5.3	5.3	5.2
India	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	9.3	8.3	6.8
Indonesia	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	4.3	4.9	5.5
Russian Federation	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	5.0	6.4	4.3
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	5.4	5.0
Fiscal balance²																
China	-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	-2.0	-2.2	-1.7
Brazil	-5.3	-3.4	-3.3	-4.4	-5.2	-2.9	-3.6	-3.6	-2.8	-2.0	-3.3	-2.5	-2.6	-2.2	-1.7	-2.0
India	-9.2	-9.2	-9.6	-9.4	-8.5	-7.4	-6.7	-5.7	-4.0	-7.1	-9.7	-7.4	-7.9	-8.4	-8.3	-7.6
Indonesia	-0.2	-1.2	-2.5	-1.3	-1.7	-1.0	-0.5	-0.9	-1.3	-0.1	-1.6	-0.7	-1.1	-2.0	-1.8	-1.6
Russian Federation	..	..	..	-0.7	1.7	6.0	6.0	8.3	5.6	7.3	-4.3	-3.5	1.6	0.5	0.1	0.0
South Africa	-3.0	-3.3	-2.0	-2.7	-3.7	-3.8	-2.0	-1.4	-0.6	-1.7	-4.9	-6.0	-5.2	-5.0	-4.7	-4.0
Current account balance²																
China	1.9	1.7	1.3	2.4	2.6	3.6	5.9	8.5	10.1	9.3	4.9	4.0	2.8	2.9	2.9	2.2
Brazil	-4.3	-3.8	-4.1	-1.2	0.7	1.8	1.6	1.3	0.1	-1.7	-1.4	-2.2	-2.1	-2.5	-2.7	-2.8
India	-0.7	-0.8	0.4	1.3	1.7	0.2	-1.2	-1.1	-0.6	-2.1	-2.5	-3.2	-3.5	-3.7	-3.1	-3.2
Indonesia	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	-2.5	-3.2	-3.1
Russian Federation	12.8	18.1	11.1	8.5	8.2	10.1	11.1	9.6	5.9	6.1	3.9	4.8	5.3	4.6	2.7	1.8
South Africa	-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	-5.7	-6.1	-6.2

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 92 database.

OECD ECONOMICS DEPARTMENT

A wide range of news and information about recent Economics Department studies and publications on a variety of topics is now regularly available via Internet on the OECD website at the following address: www.oecd.org/eco. This includes links to the *Economics Department Working Papers* series (www.oecd.org/eco/Working_Papers), which can be downloaded free of charge, as well as summaries of recent editions in the OECD Economic Surveys (www.oecd.org/eco/surveys) series, the Department's *Economic Policy Reforms: Going for Growth* (www.oecd.org/eco/economicpolicyreformsgoingforgrowth.htm) and the OECD Economic Outlook (www.oecd.org/OECD_Economic_Outlook).

OECD ECONOMIC OUTLOOK

The OECD Economic Outlook Flashfile, containing a summary of the Economic Outlook forecasts is available on Internet at the time of its preliminary publication at www.oecd.org/OECD_Economic_Outlook under extracts. This includes key macroeconomic variables for all OECD countries and regions in Excel format, which can be input directly into most statistical and analytical software. The Economic Outlook Flashfile is available free of charge.

Subscribers to the OECD Economic Outlook, in addition to the two print editions, also have access to a preliminary online (PDF) edition:

www.SourceOECD.org/periodical/OECD_Economic_Outlook

The full set of historical time series data and projections underlying the OECD Economic Outlook is available online as a **statistical database** via SourceOECD and on CD-ROM. It contains approximately 4 000 macroeconomic time series for OECD countries and non-OECD zones, beginning in 1960 and extending to the end of the published forecast horizon. Subscriptions to the database editions can be combined in sets with the subscriptions to the Print and PDF editions and can be made at any time of the year.

For more information, visit the OECD bookshop at www.OECDbookshop.org, or contact your nearest OECD supplier : www.oecd.org/publishing/distributors .

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

The OECD member countries are: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The European Commission takes part in the work of the OECD.

OECD Publishing disseminates widely the results of the Organisation's statistics gathering and research on economic, social and environmental issues, as well as the conventions, guidelines and standards agreed by its members.

OECD Economic Outlook

The *OECD Economic Outlook* is the OECD's twice-yearly analysis of the major economic trends and prospects for the next two years. The *Outlook* puts forward a consistent set of projections for output, employment, prices, fiscal and current account balances.

Coverage is provided for all OECD member countries as well as for selected non-member countries. This issue includes a general assessment, chapters summarising developments and providing projections for each individual country and a statistical annex.

Contents

Chapter 1. General Assessment of the Macroeconomic Situation

Chapter 2. Developments in Individual OECD Countries

Chapter 3. Developments in Selected Non-Member Economies

Statistical Annex

Please cite this publication as:

OECD (2012), *OECD Economic Outlook*, Vol. 2012/2, OECD Publishing.

http://dx.doi.org/10.1787/eco_outlook-v2012-2-en

This work is published on the *OECD iLibrary*, which gathers all OECD books, periodicals and statistical databases. Visit www.oecd-ilibrary.org, and do not hesitate to contact us for more information.

Volume 2012/2
No. 92, November

OECD publishing
www.oecd.org/publishing

ISBN 978-92-64-13062-3
12 2012 02 1 P

