OECD Economic Outlook

May 2014



OECD

OECD ECONOMIC OUTLOOK

95

MAY 2014

OECD
BETTER POLICIES FOR BETTER LIVES

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 (2014), *OECD Economic Outlook, Vol. 2014/1*, OECD Publishing.
http://dx.doi.org/10.1787/eco_outlook-v2014-1-en

ISBN 978-92-64-20466-9 (print)
ISBN 978-92-64-20467-6 (PDF)

Series: 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/about/publishing/corrigenda.htm*.

© OECD 2014

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: Achieving a Resilient Recovery 7

Chapter 1. **General Assessment of the Macroeconomic Situation** 9
Summary 10
Introduction 11
Key forces shaping economic prospects 13
Economic prospects 34
Economic policy requirements in the major economies 47
Annex 1.1. Indicators of potential financial vulnerabilities 60

Chapter 2. **Developments in Individual OECD Countries** 85

United States 86
Japan 90
Euro Area 94
Germany 99
France 103
Italy 107
United Kingdom 111
Canada 116
Australia 120
Austria 123
Belgium 126
Chile 128
Czech Republic 130
Denmark 132
Estonia 134
Finland 136
Greece 138
Hungary 141
Iceland 144
Ireland 147
Israel 150
Korea 153
Luxembourg 156
Mexico 158
Netherlands 161
New Zealand 164
Norway 167
Poland 170
Portugal 172
Slovak Republic 175
Slovenia 178
Spain 181
Sweden 184
Switzerland 187
Turkey 190

Chapter 3. **Developments in Selected Non-member Economies** 193

Brazil 194
China 197
India 201
Indonesia 205
Russian Federation 207
South Africa 210

Chapter 4. **Growth Prospects and Fiscal Requirements Over the Long Term** 213
Summary 214
Long-term global growth projections 216
Fiscal sustainability and implications for interest rates and global imbalances 233
The effect of structural reforms on employment, growth and fiscal positions 247

Statistical Annex 255

Boxes

1.1. Risks in China's financial system and potential international spillovers . . . 16
1.2. Disinflation in the OECD economies . . . 20
1.3. Investment is low relative to pre-crisis norms and longer-term needs . . . 25
1.4. Financial fragmentation in the euro area . . . 30
1.5. Policy and other assumptions underlying the projections . . . 35
4.1. The growth accounting framework . . . 216
4.2. Projecting saving, investment and interest rates . . . 218
4.3. The effect of the crisis on potential output . . . 220
4.4. Comparing GDP across countries using Purchasing Power Parities . . . 225
4.5. Changes in the country rankings of GDP per capita . . . 228
4.6. The evolution of OECD pensionable ages . . . 234
4.7. Pension systems and their impact on government debt measures . . . 236

Tables

1.1. The global recovery will gain momentum only slowly . . . 11
1.2. Housing market developments continue to diverge . . . 33
1.3. OECD labour market conditions are likely to improve slowly . . . 39
1.4. World trade will strengthen only gradually . . . 44
1.5. Fiscal positions will continue to improve . . . 47
4.1. Growth in total economy potential output and its components . . . 224
4.2. Growth in trend productivity and its components . . . 230
4.3. Growth in the employment ratio and its components . . . 231
4.4. Fiscal trends in the projection targeting a debt ratio of 60% of GDP . . . 239
4.5. Changes in public spending on health and pensions for selected OECD countries . . . 242
4.6. The effects of lowering government debt to 60% of GDP . . . 245

Figures

1.1. New orders are more buoyant in the OECD than in most of the BRICs . . . 13
1.2. The financial turmoil in EMEs in early 2014 was less acute than in mid-2013 . . . 15
1.3. Inflationary pressures in the OECD are currently weak . . . 20
1.4. Policy uncertainty is starting to fade . . . 27
1.5. OECD financial conditions remain accommodative . . . 29
1.6. Global growth is picking up, led by the OECD economies . . . 35
1.7. Labour market slack is diminishing slowly . . . 40
1.8. Employment is projected to grow in almost all OECD countries . . . 41
1.9. Considerable economic slack remains due to involuntary part-time workers . . . 41
1.10. Policy interest rates in many EMEs have been increased . . . 56
4.1. The changing composition of global GDP to 2060 . . . 226
4.2. Evolution of the labour force participation rate in the OECD area . . . 234
4.3. Consolidation requirements to reduce government debt to 60 per cent of GDP . . . 240
4.4. Interest risk premium from public and external debt for OECD countries . . . 243
4.5. Trends in global saving . . . 244
4.6. The global balancing premium, 2015-2060 . . . 244
4.7. Global current account imbalances will increase until 2020 . . . 246
4.8. The fiscal gains from a fall in structural unemployment . . . 248
4.9. The effect of improved product market regulation on GDP . . . 250
4.10. The effect of improving access to education on GDP . . . 251

Follow OECD Publications on:




http://twitter.com/OECD_Pubs


http://www.facebook.com/OECDPublications


http://www.linkedin.com/groups/OECD-Publications-4645871


http://www.youtube.com/oecdilibrary


http://www.oecd.org/oecddirect/

This book has...

StatLinks
A service that delivers Excel® files from the printed page!

Look for the *StatLinks* at the bottom 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, or click on the link from the e-book edition.

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

	2013	2014	2015	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2013 Q4 / Q4	2014 Q4 / Q4	2015 Q4 / Q4
	Per cent															
Real GDP growth																
United States	1.9	2.6	3.5	4.1	2.6	0.1	3.9	3.5	3.4	3.4	3.6	3.7	3.7	2.6	2.7	3.6
Euro area	-0.4	1.2	1.7	0.6	1.0	1.3	1.3	1.4	1.6	1.7	1.7	1.8	1.9	0.5	1.4	1.8
Japan	1.5	1.2	1.2	0.9	0.7	3.9	-3.1	1.8	1.5	1.6	2.1	2.4	-2.4	2.5	1.0	0.9
Total OECD	1.3	2.2	2.8	2.6	1.9	1.6	2.3	2.8	2.8	2.8	2.9	3.0	2.5	2.0	2.4	2.8
China	7.7	7.4	7.3											7.6	7.4	7.2
Inflation[1]								year-on-year								
United States	1.1	1.3	1.6	1.1	1.0	1.1	1.4	1.3	1.4	1.5	1.6	1.7	1.8			
Euro area	1.3	0.7	1.1	1.3	0.8	0.7	0.8	0.6	0.8	1.0	1.1	1.2	1.2			
Japan	0.4	2.6	2.0	0.9	1.4	1.4	3.4	2.8	2.6	2.9	1.1	1.2	2.7			
Total OECD	1.4	1.6	1.9	1.4	1.3	1.3	1.8	1.7	1.8	1.9	1.7	1.8	2.0			
China	2.6	2.4	3.0	2.7	2.9	2.3	2.4	2.4	2.5	2.9	3.0	3.0	3.0			
Unemployment rate[2]																
United States	7.4	6.5	6.0	7.3	7.0	6.7	6.6	6.5	6.3	6.2	6.1	6.0	5.9			
Euro area	11.9	11.7	11.4	11.9	11.8	11.8	11.8	11.7	11.7	11.6	11.4	11.3	11.2			
Japan	4.0	3.8	3.7	4.0	3.9	3.7	3.8	3.8	3.7	3.7	3.7	3.7	3.7			
Total OECD	7.9	7.5	7.2	7.9	7.7	7.6	7.6	7.5	7.4	7.3	7.3	7.2	7.1			
World trade growth	3.0	4.4	6.1	2.7	5.1	2.6	5.4	5.7	6.0	6.3	6.3	6.4	6.5	4.0	4.9	6.4
Current account balance[3]																
United States	-2.3	-2.5	-2.9													
Euro area	2.8	3.1	3.2													
Japan	0.7	0.2	0.7													
Total OECD	-0.1	0.0	0.0													
China	2.0	1.2	1.5													
Fiscal balance[3]																
United States	-6.4	-5.8	-4.6													
Euro area	-3.0	-2.5	-1.8													
Japan	-9.3	-8.4	-6.7													
Total OECD	-4.6	-3.9	-3.2													
China	-0.7	-1.2	-1.2													
Policy interest rate																
United States	0.3	0.3	0.7	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.5	0.8	1.1			
Euro area	0.5	0.1	0.0	0.5	0.4	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0			
Japan	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			

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: the upper bound of the target Federal Funds rate; Japan: the Bank of Japan uncollateralised overnight call rate; euro area: the ECB main refinancing rate.

The cut-off date for information used in the compilation of the projections is 30 April 2014.

1. United States; price index for personal consumption expenditure, Japan and China; 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 95 database.

StatLink http://dx.doi.org/10.1787/888933050275

EDITORIAL
ACHIEVING A RESILIENT RECOVERY

The recovery from the Great Recession has been slow and arduous, and has at times threatened to derail altogether. The major advanced economies are finally gaining momentum. Private-sector confidence is rebuilding. After years of weakness, investment and trade have started to rebound. While unemployment remains unacceptably high, the labour market situation is improving in most countries and has stopped deteriorating virtually throughout the advanced economies.

On the other hand, the pace of growth in the major emerging market economies has slowed. Part of this deceleration is benign, reflecting cyclical slowdowns from overheated starting positions - the growth rates now seen in China are undoubtedly more sustainable from both economic and environmental perspectives than the double-digit pace of a few years ago. However, managing the credit slowdown and the risks that built up during the period of easy global monetary conditions could be a major challenge.

The likelihood of some of the most worrisome events that have preoccupied markets and policymakers in recent years has diminished. Risks are overall better balanced although still tilted to the downside. Financial tensions in emerging markets are one risk that could blow the global recovery off course and have bigger spillovers than anticipated. It is not the only one. Falling inflation in the euro area could turn into deflation. Geopolitical risks have also increased since the start of the year.

Policy focus can now switch from avoiding disaster to fostering a stronger and more resilient recovery. The legacy of the crisis still needs to be addressed. The crisis has left scars in the labour market, notably higher unemployment and lower participation of the more vulnerable groups. Growth prospects are weaker than in the pre-crisis era. Moreover, one of the key lessons of the crisis is the need to make our economies and societies more resilient - more robust to shocks - and more inclusive, with the welfare gains from stronger growth better shared across the population. While steps have been taken in both areas, much more needs to be done.

After difficult years of low growth and fiscal stringency, policymakers are facing these challenges with depleted political capital. But they need to seize the opportunity to set global growth on a stronger and more sustainable footing. This is key to supporting confidence and has to be backed by macroeconomic and structural policy actions, including the promotion of institutional frameworks that support the implementation of reforms.

Given persisting downside risks, high unemployment, below-target inflation, and high levels of government debt, monetary policies need to remain accommodative in the main OECD areas. In particular, we call on the European Central Bank (ECB) to take new policy actions to move inflation more decisively towards target and to be ready for additional non-conventional stimulus if inflation were to show no clear sign of returning there.

The high levels of government debt in all major advanced economies mean that there is little room for fiscal accommodation. Nevertheless, following significant progress in stabilising their public finances,

most OECD countries can afford the planned slowdown in structural budget improvement. This is not the case of Japan where consolidation needs remain very large. Given its high level of public debt, a credible medium-term fiscal consolidation plan is essential.

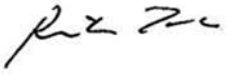
In most countries, reducing public debt to more prudent levels and managing future pension and health spending pressures will be a challenge and requires fiscal reforms to ensure the sustainability of public finances without compromising the quality of public services.

It is now time to speed up the pace of structural reforms. Such reforms, while often facing resistance from vested interests, can offer a win-win by raising growth potential and allowing many of the poorest to achieve higher living standards. These policies are critical to the success of Abenomics in Japan, as well as to rebalance of the euro area and foster the convergence to higher incomes by emerging economies.

While impressive reform efforts have been made by crisis countries, there remains substantial scope to boost productivity and create jobs through policies to remove barriers to domestic and international competition in both advanced and emerging economies. This would increase innovation and help get the most out of global value chains, as well as boost investment in the near term and support resilience.

As unemployment starts receding, measures to tackle long-term unemployment and make sure it does not become entrenched are a high priority that requires reforms to remove obstacles to more robust job creation and strengthen and redesign active labour market policies.

6 May 2014



Rintaro Tamaki,
Deputy Secretary-General and Acting Chief Economist

OECD Economic Outlook
Volume 2014/1
© OECD 2014

Chapter 1

GENERAL ASSESSMENT OF THE MACROECONOMIC SITUATION

Summary

- Global growth and trade are projected to strengthen at a moderate pace through 2014 and 2015.
- Activity in the OECD economies will be boosted by accommodative monetary policies, supportive financial conditions and a fading drag from fiscal consolidation. However, unemployment is likely to decline only modestly, with 11¼ million extra people unemployed at end-2015 than at the onset of the crisis, and inflationary pressures will be muted.
- Growth in many of the large emerging market economies (EMEs) is expected to remain modest relative to past norms, with tighter financial and credit conditions and past policy tightening taking effect and supply-side constraints also damping potential output growth.
- The recovery in the United States should gain pace, lowering unemployment and reducing economic slack, with inflation rising close to target. A more modest upturn is likely in the euro area, with unemployment remaining high and disinflationary pressures ebbing only slowly. Stronger fiscal consolidation will check growth momentum in Japan, but core inflation could continue to rise, although, abstracting from indirect tax effects, still remain below its target.
- Normal demand-side accelerator-type mechanisms, healthier corporate balance sheets and reduced uncertainty should help business investment to strengthen gradually, and thereby push up trade intensity.
- Monetary policy needs to remain accommodative, especially in the euro area, where a further interest rate reduction is merited given low inflation developments, and in Japan, where asset purchases should be continued as planned. In the United States, where the recovery is more firmly based, asset purchases should be ended in 2014 and policy rates should start to be raised during 2015. In China, monetary policy will need to be eased if growth were to slow sharply.
- The planned slowing in the pace of fiscal consolidation in the United States and some euro area countries is warranted given past efforts, but strong consolidation should proceed steadily in Japan given high government indebtedness.
- Structural reforms in all economies remain essential to enhance resilience and inclusiveness, strengthen growth and job prospects, and ease both external imbalances and long-term fiscal burdens.
- Significant risks remain to the baseline projection. These are still tilted to the downside despite the improving outlook.
- The extent of the slowdown and the fragility of the banking system in China are uncertain. Risks also remain from the possible interaction of financial vulnerabilities in some EMEs and prospective monetary policy normalisation in the United States. Events in Ukraine have also raised geopolitical uncertainty.
- In the euro area, there is a risk that inflation could weaken further if growth disappoints, or the euro appreciates further, or inflation expectations become unanchored. With financial fragilities persisting, it is also urgent to improve the health of the banking sector, complete the establishment of a fully-fledged banking union and sustain reform momentum. The comprehensive assessment of euro area banks must provide reliable estimates of capital needs and be followed by swift recapitalisations or, if necessary, resolutions.
- Output and investment growth could surprise on the upside if pent-up demand and increasing household formation rates were to boost US activity more quickly than projected, and if a positive outcome from the comprehensive assessment of euro area banks improved confidence and eased financial fragmentation.

Introduction

The global recovery is gaining momentum but risks remain tilted to the downside

The global recovery is expected to strengthen at a moderate pace, despite some near-term weaknesses and still significant risks and vulnerabilities. Global growth this year is projected to be marginally softer than expected in the November *Economic Outlook*, at just under 3½ per cent, reflecting moderating activity in the large emerging market economies (EMEs), especially China, before picking up to almost 4% in 2015 (Table 1.1). Still-accommodative monetary policies, the continued feed-through of past improvements in financial conditions and reduced fiscal consolidation will support activity in the OECD economies, with growth in the United States stronger than in Japan and the euro area. Given the moderate pace of the recovery, the OECD-wide unemployment rate may decline by only ½ percentage point over 2014-15 to 7.1% by end-2015, still leaving 11¼ million more people unemployed than in early 2008. This will keep inflation low, especially in the euro area. In the major EMEs, who are displaying less of their former dynamism, growth is projected to

Table 1.1. **The global recovery will gain momentum only slowly**

OECD area, unless noted otherwise

	Average 2001-2010	2011	2012	2013	2014	2015	2013	2014 Q4 / Q4	2015
	Per cent								
Real GDP growth[1]									
World[2]	3.4	3.7	3.0	2.8	3.4	3.9	3.2	3.5	3.9
OECD[2]	1.7	2.0	1.5	1.3	2.2	2.8	2.0	2.4	2.8
United States	1.6	1.8	2.8	1.9	2.6	3.5	2.6	2.7	3.6
Euro area	1.1	1.6	-0.6	-0.4	1.2	1.7	0.5	1.4	1.8
Japan	0.8	-0.5	1.4	1.5	1.2	1.2	2.5	1.0	0.9
Non-OECD[2]	6.9	6.4	5.2	5.0	4.9	5.3	4.9	5.0	5.3
China	10.5	9.3	7.7	7.7	7.4	7.3	7.6	7.4	7.2
Output gap[3]	0.3	-2.0	-2.2	-2.5	-2.2	-1.6			
Unemployment rate[4]	6.8	7.9	7.9	7.9	7.5	7.2	7.7	7.4	7.1
Inflation[5]	2.2	2.5	2.0	1.4	1.6	1.9	1.3	1.8	2.0
Fiscal balance[6]	-3.9	-6.5	-5.9	-4.6	-3.9	-3.2			
Memorandum Items									
World real trade growth	4.9	6.5	3.2	3.0	4.4	6.1	4.0	4.9	6.4

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

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050294

remain close to current rates, as the impact of tighter financial conditions and past policy tightening takes effect. The balance of risks remains somewhat to the downside, despite the improving economic outlook, taking into account concerns about uncertain prospects in China, the impact that steps toward monetary policy normalisation in the United States may have on some EMEs, fiscal challenges in Japan, and, in the euro area, remaining financial fragilities and possible additional disinflationary pressures. Geopolitical uncertainty has also risen, in part due to the events in Ukraine. On the upside, some of these concerns could ease more quickly than expected, and investment turn out stronger than projected if, for example, the Asset Quality Review were to strengthen confidence in euro area banks, and if pent-up demand were to boost US activity more quickly than expected.

Supportive monetary policy and structural reforms are still required but to a different extent across OECD countries

With a moderate recovery, high unemployment, still large estimated slack, subdued inflation and downside risks, accommodative macroeconomic policies are still needed in the main OECD areas. In the United States, where the underlying recovery is more firmly based, a gradual reduction of monetary policy stimulus should proceed during the coming two years, although policy rates should remain well below historical norms. In contrast, monetary accommodation needs to be increased as planned in Japan, and monetary policy should be eased further in the euro area, with additional non-conventional stimulus being warranted if inflation were to show no sign of returning toward the 2% target. Micro and macro-prudential instruments should be developed as soon as possible and used fully, if needed, to prevent possible credit excesses and related asset price bubbles in particular markets. In view of high and still-rising government debt, there is little room for fiscal accommodation. Nevertheless, given significant past consolidation, the United States and some euro area countries can afford the planned slowdown in structural budget improvements, in contrast to Japan where consolidation should proceed steadily given daunting fiscal challenges. The OECD economies also need to continue with structural reforms to enhance resilience and inclusiveness, accelerate the recovery and improve economic outcomes in the medium term in order to reduce unemployment durably and ease both external imbalances and long-term fiscal burdens.

The EMEs face different policy challenges

Policy requirements differ across the EMEs. China faces a difficult policy dilemma since sustaining a robust growth momentum may require policy measures that could heighten financial stability and public finance risks. Prudential measures should be used to slow gradually rapid credit expansion and harder budget constraints should be imposed on local governments, thereby helping to rebalance the economy towards domestic consumption and minimise risks of disruptive financial turbulence. If growth were to slow sharply, monetary policy will have to be eased. In other EMEs, the appropriate monetary policy stance will depend on inflation and exchange rate developments. In these economies,

growth-enhancing structural reforms should be re-started to help improve macroeconomic fundamentals and boost investors' confidence.

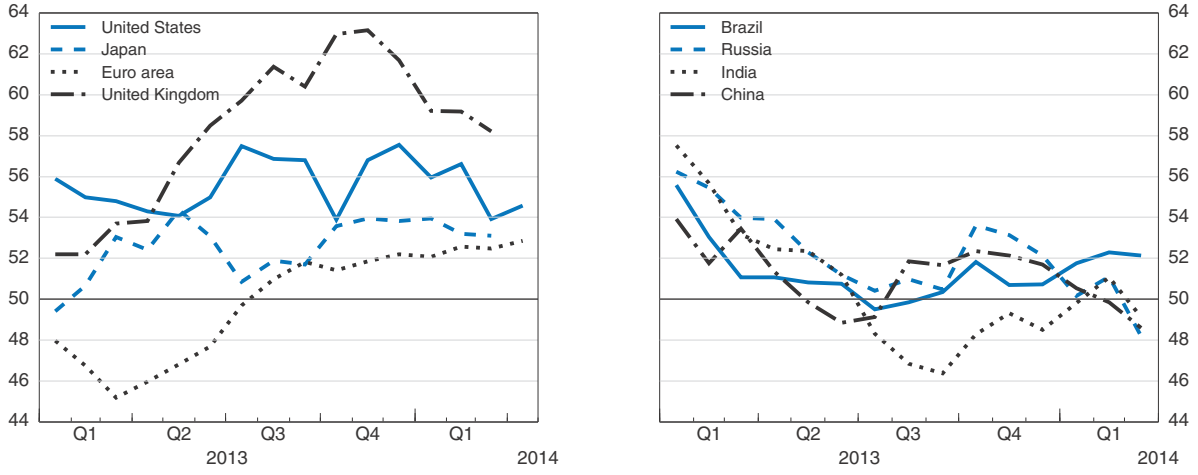
This chapter is organised as follows. First, cross-cutting issues that have an important bearing on the momentum of the global recovery and other forces acting are discussed. Subsequent sections set out the projections, along with the implications for inflation, labour markets and external balances, and discuss the main macroeconomic policy requirements. Indicators of potential financial vulnerabilities are reported in an annex.

Key forces shaping economic prospects

Recent indicators have been mixed and affected by one-off factors

Global growth picked up in the latter half of last year, helped by a recovery in private final demand in many major OECD economies, stronger trade growth in the EMEs and a temporary boost from higher inventory levels. More recently, uncertainty about the near-term pace of the recovery has risen, with one-off factors, such as unusual weather conditions, temporary tax-induced spending and a moderation in inventory accumulation, making it difficult to interpret developments in some economies in the first quarter of 2014, including the United States, Canada, Germany and Japan. There has also been confirmation of a further growth slowdown in China and some of the other large EMEs recently affected by financial turmoil. Survey indicators have diverged across countries as well, with forward-looking indicators such as all-industry new orders holding up well in the large OECD economies, especially in the United States and the United Kingdom, but being at much softer levels in the major non-OECD economies (Figure 1.1).

Figure 1.1. **New orders are more buoyant in the OECD than in most of the BRICs**



Note: Based on composite new orders indices from PMI surveys.
Source: Markit.

The slowdown in the EMEs

Concerns about growth momentum in China and other EMEs have risen

In several EMEs, GDP growth in the second half of 2013 was weaker than projected by the OECD last November. Indicators of current conditions and near-term prospects for the BRIICS are also somewhat weaker than expected earlier, though they have edged up in India and Brazil, albeit from relatively low levels. This partly reflects a tightening of financial conditions (see below). In China, growth appears to be moderating. PMI survey indicators and retail sales growth have softened (Figure 1.1) and there are signs that the necessary adjustment of the property market may have started, with the strength of house price and sales growth having eased in early 2014. The recent growth developments in the EMEs should be seen against the background of already downward revised growth projections for BRIICS over the past year and a reduction in their estimated potential growth rates.

Financial conditions have tightened somewhat in China…

In China, despite some recent easing, financial conditions have tightened somewhat over the past six months. Growing uncertainties about economic prospects and the ensuing policy response, and risks related to continued strong credit growth in early 2014 despite restraining policy measures, have pushed down equity prices and led to some increase in long-term government bond yields. The nominal effective exchange rate has remained stronger than last year, in spite of its recent depreciation following attempts by the authorities to curb carry-trades driven by expectations of sustained renminbi appreciation and the widening of the daily renminbi-dollar exchange rate band. In contrast, interbank market rates have declined from their recent highs to below levels in the second half of 2013.

… and driven by greater financial market volatility…

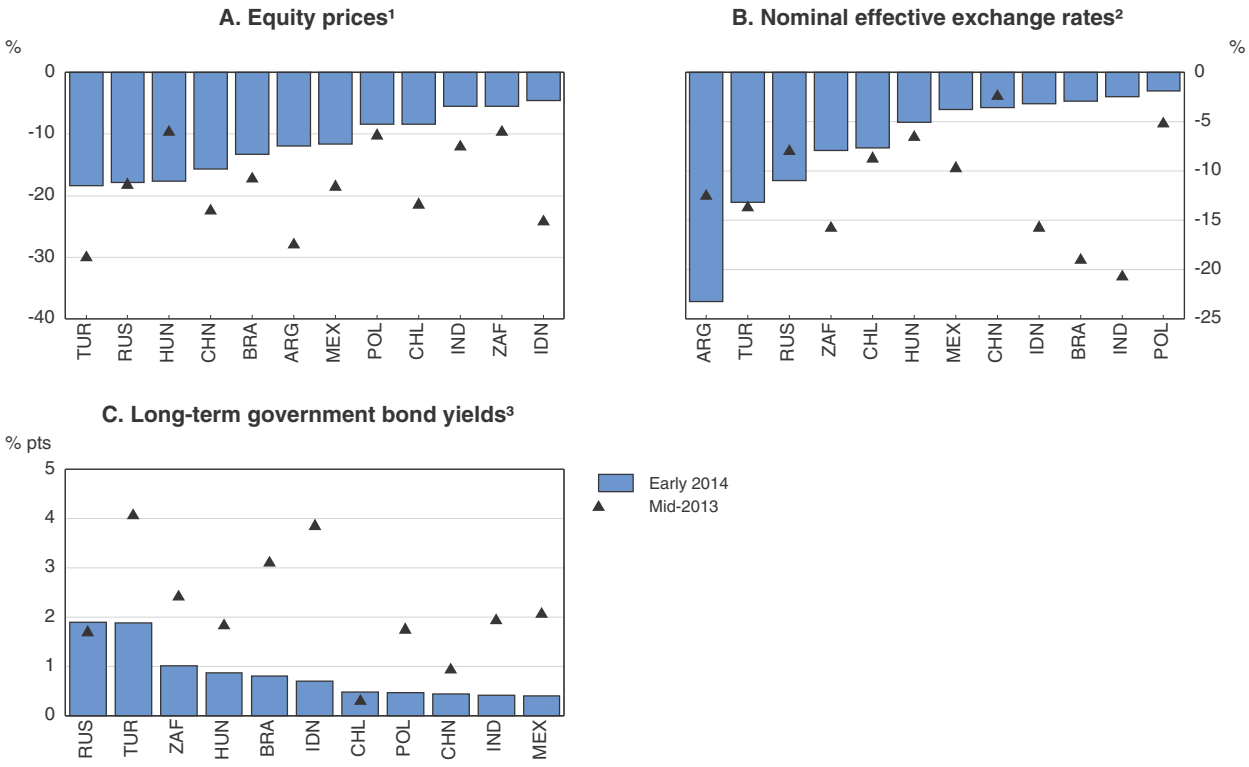
In early 2014, another bout of financial market volatility occurred in several EMEs outside China, resulting in increasingly tight financial conditions, though asset price corrections were smaller and more differentiated than in mid-2013. Against the backdrop of the tapering of asset purchases by the US Federal Reserve, the combination of an increase in geopolitical and economic uncertainty, in particular in Turkey, Argentina and more recently related to the events in Ukraine, and weaker-than-expected data releases in early 2014 led to a renewed deterioration in investors' sentiment in a number of EMEs. This triggered capital outflows and also declines in exchange rates and bond and equity prices. In response, several central banks raised policy rates, notably in Turkey, and some intervened in currency markets.

… have tightened to a larger extent in several other EMEs but by less than in the mid-2013 turmoil

In early 2014, the asset price corrections were, however, less acute than in mid-2013 (Figure 1.2) and there was less contagion across EMEs. For instance, exchange rates hardly depreciated during the turbulent period in Brazil, India and Indonesia, which seems to be related to recently improving external imbalances (India and Indonesia), higher policy rates (Brazil, India and Indonesia) and an improved monetary

Figure 1.2. **The financial turmoil in EMEs in early 2014 was less acute than in mid-2013**

In per cent



1. Percentage change from peak to through between 2013Q2 and 2013Q3 for the mid-2013 period, and between December 2013 and end-March 2014 for the early 2014 period. Equity prices are expressed in domestic currency.
2. Percentage change from peak to through between 2013Q2 and 2013Q3 for the mid-2013 period, and between December 2013 and end-March 2014 for the early 2014 period. A decline in the nominal effective exchange rate implies its depreciation.
3. Percentage point change from through to peak between 2013Q2 and 2013Q3 for the mid-2013 period, and between December 2013 and end-March 2014 for the early 2014 period.

Source: OECD Economic Outlook 95 database; and Datastream.

StatLink http://dx.doi.org/10.1787/888933048831

policy framework (India). In several EMEs, exchange rates have subsequently appreciated, more than offsetting the losses of early 2014, and long-term government bond yields have stabilised or even declined. Nevertheless, overall financial conditions in the EMEs outside China have tightened significantly since mid-2013, with higher policy rates and bond yields offset only partially by nominal effective exchange rates remaining between 10% and 20% lower than a year ago. Even if depreciation has improved the trade outlook, this has increased the burden of debt denominated in foreign currencies and raised inflationary pressures.

The risk of financial crisis in the EMEs has receded but vulnerabilities remain

Given the weaker and more differentiated reaction of financial markets in EMEs in early 2014 to the tapering of asset purchases by the US Federal Reserve than in mid-2013 (when the tapering discussion started), risks of a financial meltdown in EMEs have eased. With most EMEs now having flexible exchange rates, higher foreign exchange reserves and higher capital buffers in their financial institutions than before earlier

event shocks, such as those in Asia and Russia in 1997-98, they also look less vulnerable to financial crisis than in the past. Nevertheless, serious turmoil in some EMEs cannot be excluded whilst monetary policy in the United States normalises and long-term interest rates rise (Rawdanowicz et al., 2014). Several of them are still highly dependent on portfolio inflows and short-term loans from foreign banks, have a high share of debt in total foreign liabilities, and domestic companies have large foreign currency debts. In China, it is unclear whether the authorities will succeed in slowing rapid credit expansion, in the context of growing risks to financial stability (Box 1.1), and rebalancing growth from investment to

Box 1.1. **Risks in China's financial system and potential international spillovers**

The regular commercial banking sector in China has become large, with total assets exceeding 200% of GDP by end-2012 (see table below), i.e. below the average for the OECD countries but significantly above other BRIICS. This has been associated with a rapid expansion of domestic claims of depositary institutions (comprising commercial banks, the central bank, and other banking institutions), increasing by 30% of GDP between 2008 and 2012, when they reached 155% of GDP. Such a fast pace, which often has presaged financial crises for advanced countries in the past (Zhang and Chen, 2013), raises concerns about credit quality and financial stability, especially as economic growth looks set to be weaker in the coming years than in the past five years. The formal commercial banking sector seems, however, well capitalised (see table below) and is in a transition to being subject to more stringent regulation than envisaged in Basel III. Non-performing loans are small and banks have made sizeable loss provisions. This suggests that banks have large buffers to absorb losses in case of a negative shock. Nevertheless, some of the banking indicators may not adequately account for off-balance sheet exposures and several risks are present.

Selected indicators of the banking sector

	2007	2008	2009	2010	2011	2012	2013
Banking institutions							
Total assets (CNY tr)	53.1	63.2	79.5	95.3	113.3	133.6	151.4
Total assets (% of GDP)	199.8	201.1	233.2	237.4	239.5	257.5	266.2
Commercial banks							
Total assets (CNY tr)[1]	41.0	47.8	61.5	74.2	88.4	104.6	117.4
Total assets (% of GDP)	154.2	152.3	180.4	184.7	186.9	201.5	206.4
Liquidity ratio	37.7	46.1	42.4	42.2	43.2	45.8	44.0
NPL ratio	6.1	2.4	1.6	1.1	1.0	1.0	1.0
Provisioning coverage ratio	41.4	116.6	153.2	217.7	278.1	295.5	282.7
Leverage ratio[1,2]	5.5	6.0	5.5	6.1	6.4	6.5	7.1
Capital adequacy ratio[3]	..	..	11.4	12.2	12.7	13.3	12.2
Core capital adequacy ratio[4]	..	..	9.2	10.1	10.2	10.6	10.0

Note: In per cent unless indicated otherwise.
1. The 2013 figure is based on OECD's estimations of rural commercial and foreign banks' total assets and liabilities.
2. Total owner's equity over total assets.
3. Net tier 1 capital over risk-weighted assets.
4. The data for 2013 are not fully comparable with previous years due to a change of methodology for calculation.
Source: China Banking Regulatory Commission (CBRC) and OECD estimates.

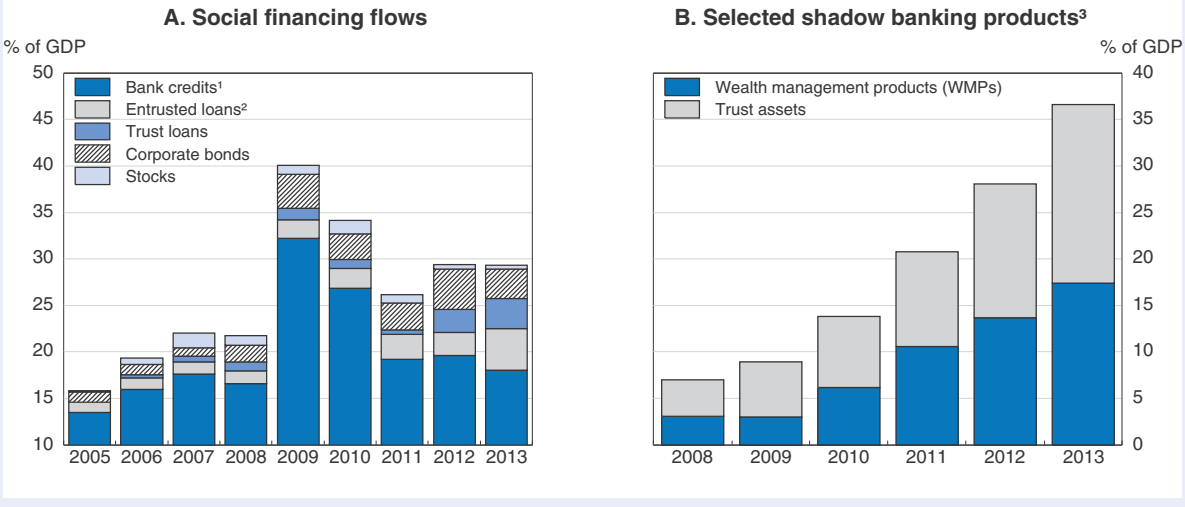
StatLink http://dx.doi.org/10.1787/888933050389

Box 1.1. **Risks in China's financial system and potential international spillovers** *(cont.)*

Credit expansion has been increasingly taking place outside the regular banking sector, leading to a rapid expansion of the so-called shadow banking sector (see figure below), even if it is still relatively small compared with many advanced OECD countries (FSB, 2013). Estimates of the size of the shadow banking sector range widely, between 44% and 69% of GDP as of end-2012.[1] Shadow banking has boomed in response to tighter regulation of regular banking activity to damp credit growth since 2010 and to caps on deposit interest rates, in an environment of unmet demand for credit and search for higher yield by wealthy individuals and cash-rich enterprises. The most popular shadow banking products include wealth management products (WMPs) and trust products (TPs), which together are estimated to account for over 35% of GDP in 2013 (see figure below). The former are short-term (up to one-year) investment products. Regulated banks sell WMPs and manage pooled money off-balance sheet by investing mainly in longer-term fixed-income bonds. The WMPs allow banks which offer these products to shift some of the assets off balance sheet to reduce obligatory deposit reserves and to report a favourable deposit base by setting the expiration date of WMPs for the end of reference period (IMF, 2012b), which is longer than the maintenance period of reserve requirements. The TPs are longer-term investment products, and trust companies lend funds entrusted by their clients to real-estate and industrial projects as well as investing them in financial products.

Shadow and regular banks are exposed to Local Government Financing Vehicles (LGFVs), by making loans to them and investing in their bonds, which risks undermining the asset quality of the banks. The LGFVs were established by local governments to finance infrastructure and public real estate projects. Their debt increased rapidly over recent years to an estimated CNY 19 trillion, or 37% of GDP, at end-2012, with some analysis suggesting that nearly half of this debt would be non-performing without fiscal subsidies and special accounting practices enabling LGFVs to understate financial costs by capitalising interest expenses (Zhang et al., 2013).

Credit has increased rapidly



1. Including bank loans denominated in local and foreign currencies as well as bank's acceptance bills.
2. Business-to-business loans by bank intermediation.
3. The year-end outstanding balances are referred to, although the value of WMPs for 2013 is as of end-September. Possible overlaps between the WMPs and trust assets, or the WMPs sold by trust companies, are not adjusted.

Source: People's Bank of China; CBRC; Kwan (2014); National Bureau of Statistics of China; and China Trustee Association.

StatLink http://dx.doi.org/10.1787/888933048698

Box 1.1. **Risks in China's financial system and potential international spillovers** *(cont.)*

The banking sector is sensitive to declines in real estate prices given that nearly 30% of total bank loans, including loans to LGFVs, are allocated to the real estate sector.[2] Falling prices will reduce the actual and expected profitability of real-estate projects, on which their repayment capacity depends, thereby jeopardising creditors. The negative consequences of this could be amplified by negative feedback effects between the real economy, real estate prices and the financial sector. Such feedbacks would largely depend on the feasibility for, and the willingness of, local governments to give fiscal supports to failing LGFVs, with implications for their creditors. Local governments, however, have almost no freedom to change the tax rate and tax base (OECD, 2013a) and their revenues largely depend on land sales (IMF, 2013). Thus, lower revenues could entail reduced financial support to LGFVs and in turn curtail public investment and weaken bank balance sheets. If so, local governments might be encouraged to accelerate the sale of land, amplifying the initial price declines (OECD, 2013c).

There is also the risk of a run on shadow banking products, as most of them do not come with an explicit guarantee of the principal. If individual shadow banking products were to default, leading to losses of principal, a general run on shadow banking products could not be excluded. This risk, however, will be mitigated if banks offering such products and trust companies bail out failed shadow banking products for fear of reputational damage, although such bailouts would be associated with higher demand by rescuing financial institutions for liquidity. Such a risk could materialise this year as a large part of TPs is set to mature in 2014. The strong interconnectedness between regular banks and shadow banking products highlights the systemic importance of these products.

The risk of a systemic crisis in China's financial system will depend on the authorities' response. They have already implemented some micro-prudential regulations to limit LGFVs financing and increase the level of oversight of the WMPs, but it remains to be seen if they will be effective.[3] The central government seems to have enough fiscal space to bail out failed LGFVs and financial institutions to minimise the risk of contagion. The central government is a major landowner and shareholder (Ueda and Gomi, 2013) and its official debt was CNY 9.4 trillion (18% of GDP) at end-2012 (National Audit Office, 2013). However, the fiscal cost could be very high, reflecting sizeable governmental contingent liabilities and the under-estimation of the size of LGFVs' liabilities.[4] Such intervention could also aggravate moral hazard problems. The recent rescue of a TP institution (Credit Equals Gold No.1) may underpin individual investors' beliefs in future bailouts by related financial institutions and governments.

The risk of international financial and trade spillovers could be larger than expected from direct linkages alone. The Chinese banking sector is not deeply integrated with global financial markets, implying limited financial spillovers. Foreign banks accounted for less than 2% of total banking sector assets as of end-2012, and financial claims on Chinese banks of the OECD countries are very small (below 1% of GDP, with the exception of the United Kingdom). Financial turbulence in China could, however, weaken further international investors' asset values and sentiment, with negative implications for financial stability in other EMEs. This spillover could, in particular, go through Hong Kong where large Chinese companies and banks have a significant presence in equity markets.[5] With credit-dependent economic growth, the policy-induced slowdown in credit or financial turmoil in the banking sector could damp domestic growth and spill over to other countries via trade. Simulations of the NiGEM model suggest that a 2-percentage point decline in domestic demand growth during one year could reduce OECD growth by 0.1%, with a somewhat stronger impact in Japan and some other BRIICS. This relatively small impact is found in other studies (e.g. by IMF, 2012a) and seems to reflect the fact that China is not yet a dominant export destination for OECD countries and a part of its imports is re-exported and thus dependent on demand outside China (Ollivaud

Box 1.1. **Risks in China's financial system and potential international spillovers** *(cont.)*

et al., 2014). However, such simulations fail to account for confidence effects and disruptions of global value chains with knock-on effects on production and profits in other countries. Slower Chinese growth could also lower commodity prices as China is the largest consumer of many commodities.[6]

1. In line with the PBOC (2013) definition, the shadow banking sector refers here to credit intermediation, involving entities and activities outside the regular banking system, with the functions of liquidity and credit transformation. Depending on which financial facilities are covered, there are several estimates of the size of shadow banking, such as Tao and Deng (2013) (43.9% of GDP), Standard &Poor's (2013) (44.1% of GDP), Ueda and Gomi (2013) (64.4% of GDP), and Zhu et al. (2013) (69.4% of GDP).
2. Estimated by OECD with reference to CBRC (2013) and PBOC (2014a, 2014b).
3. The National Development and Reform Commission tightened the eligibility criteria of corporate bond issuance in December 2012 and reformed its investigation and approval process in April 2013. The China Banking Regulatory Commission strengthened supervision of WMPs in March 2013 and capped total bank loans to the LGFVs in May 2013. In February 2014, the PBOC introduced regulation to shorten the maturity of financial assets of WMPs.
4. The debt-to-GDP ratio covers explicit government debt only. If contingent liabilities for which the government co-signs, as well as those for which the government does not assume the legal responsibility of repayment but commits to supporting failed debtors, are taken into account, the central government's debt-to-GDP ratio would have been 23% at end-2012. Likewise, general government's debt-to-GDP ratio would have been 54% at that time. Debt would be even larger if LGFVs' debt is fully accounted for. Zhang et al. (2013) suggest that the recent survey by the National Audit Office (2013) on local government and LGFVs debt could involve an underestimation of local government debt in 2012 by around 12.8 trillion due to under-reporting of LGFVs liabilities. Adjusting for this, local and general government debts as of end-2012 would be CNY 28.7 trillion and CNY 40.6 trillion (78% of GDP), respectively.
5. For example, the market capitalisation of an index of representative 40 Chinese companies (so-called H-Shares) amounted to USD 317 billion, accounting for 10% of the overall Hong Kong stock market at end-2013. This was equivalent to 2% and 7% of the market capitalisation of New York Stock Exchange and Tokyo Stock Exchange, respectively, at end-2013. Meanwhile, the market capitalisation of all internationally-tradable shares (B-Shares) in Shanghai and Shenzhen was USD 30 billion at end-2013.
6. According to IMF (2012a), a temporary 1% decline of China's real fixed-asset investment would reduce commodity prices (for example, by 1.3% for metals) and the growth rate of PPP-weighted G20 GDP by 0.06 percentage point after 4 quarters, with the effects persisting up to 8 quarters.

consumption without disruption. With the EMEs accounting for a larger share of global GDP than in the past, a significant slowdown in these economies could have strong effects on global growth. Although model simulations suggest that without a major financial crisis even a significant slowdown in the EMEs would not have large effects on the main OECD areas,[1] such results fail to account for possible negative confidence effects that could weigh on investment (see below) and consumption, including among EMEs.

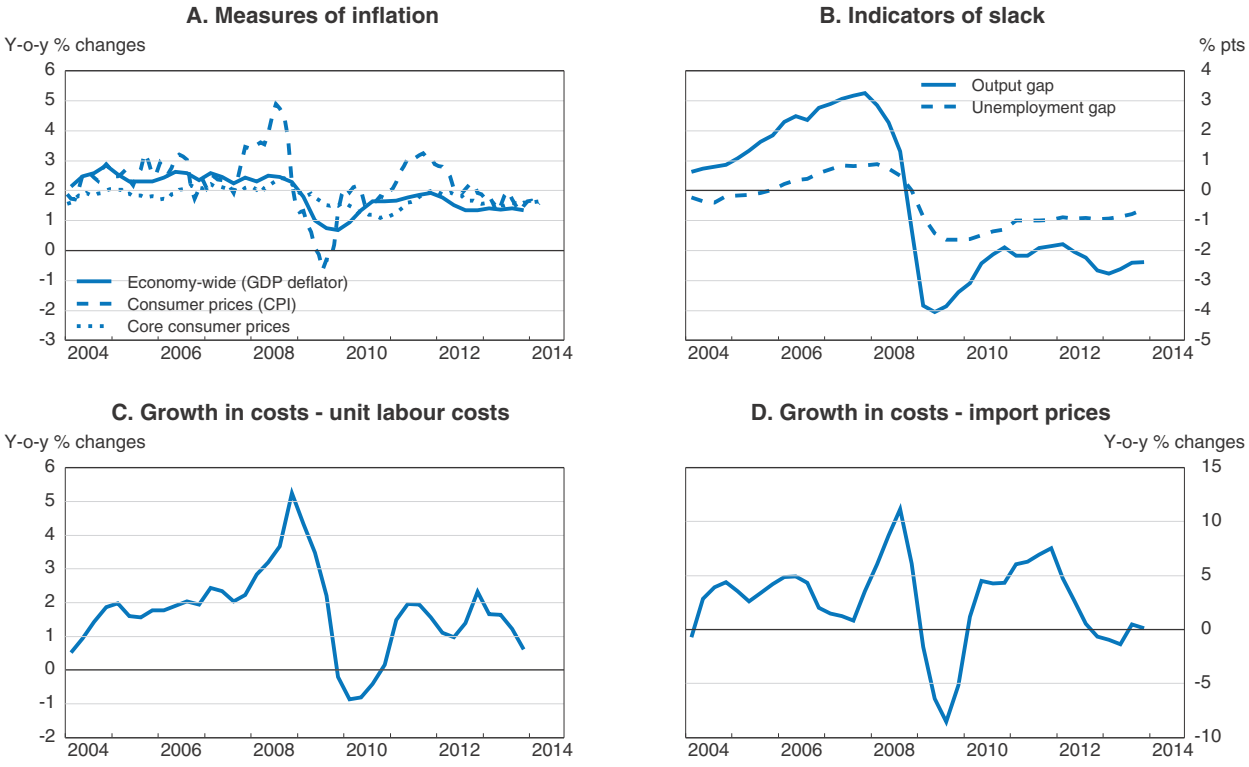
Disinflation

Price inflation has fallen to very low levels in the OECD area as a whole

Price inflation in the OECD area as a whole has declined by around 1¾ percentage points since late 2011, reflecting both persistent economic slack and weak cost growth (Figure 1.3). In the majority of economies, import price growth is only modest, reflecting stable commodity prices and the downward pressure placed on exporters' profit margins due to soft demand conditions. Unit labour cost growth is also weak, reflecting soft labour market conditions and subdued wage growth. Persistent economic slack over the past two years has also been associated directly with moderating inflation (Box 1.2).

1. Simulations on the NiGEM global macro-model suggest that a one-year, 2-percentage point decline in domestic demand growth in the main EMEs, including China, could lower OECD GDP growth by around ½ percentage point in the first year, with the impact on the US economy being relatively small compared to that on Japan, reflecting their relative trade integration with the non-OECD economies (Ollivaud et al., 2014).

Figure 1.3. **Inflationary pressures in the OECD are currently weak**



Source: OECD Economic Outlook 95 database; and OECD, Main Economic Indicators database.

StatLink http://dx.doi.org/10.1787/888933048850

Box 1.2. **Disinflation in the OECD economies**

Headline consumer price inflation in the OECD economies has fallen by 1¾ percentage points since September 2011 and in many economies has been well below central banks' targets in recent months. Inflation has also eased in the large non-OECD emerging market economies but does not appear to be particularly low: inflation in the BRIICS is currently 5% (year-on-year) and almost 7¼ per cent excluding China. This box sets out the key factors that can account for the disinflation in the OECD economies.

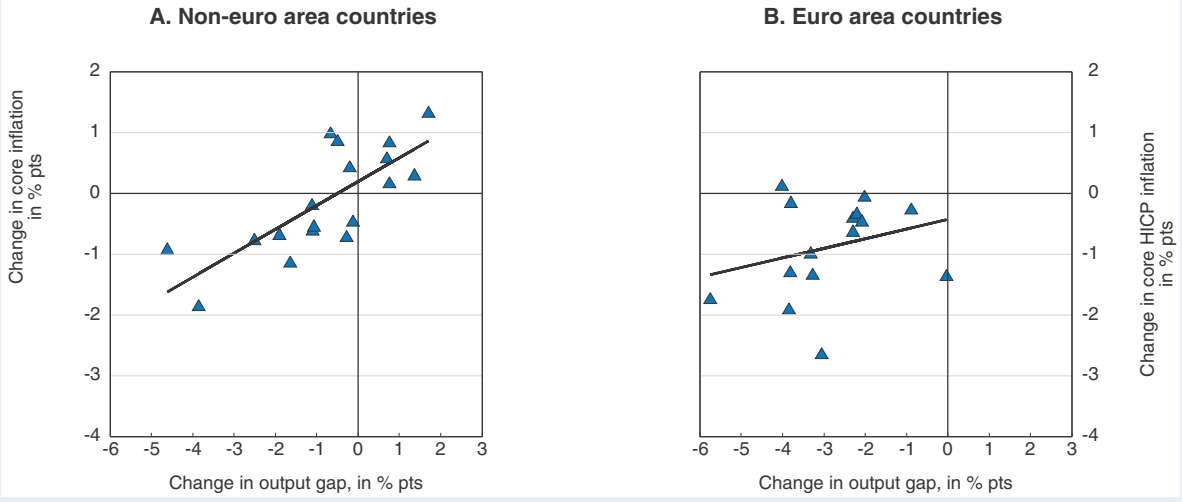
A large part of the disinflation in OECD over the past 2½ years appears to be due to sizeable falls in energy price inflation. Declines in food price inflation and in core inflation have also contributed to the overall drop in headline inflation.

- The sharp decline in energy price inflation, from double-digit figures during 2011 to more subdued rates in 2012 and 2013, accounts for around 1¼ percentage points of the fall in OECD headline inflation since the peak in September 2011. This reduction in the growth of household energy prices reflects weaker commodity price growth (reflecting both supply improvements and a softening of demand, especially from China) and the fading effects of earlier increases in administered prices in many countries. This has been a relatively important factor behind disinflation in the euro area and the United Kingdom, and a more modest influence in the United States. Japan is an exception amongst the major economies, with energy prices having risen quite strongly, reflecting the increased demand for imported energy since the earthquake in 2011 and also the large depreciation of the yen.

Box 1.2. **Disinflation in the OECD economies** *(cont.)*

- A decline in food price inflation accounts for a further ¼ percentage points of the fall in OECD-wide inflation, with the annual rate of OECD-wide food price inflation slowing from over 4% to 1.7%, which is low by historical standards. Food price disinflation may not persist, with food commodity prices turning up in 2014.
- Disinflation in non-food, non-energy goods and services prices accounts for the remaining ¼ percentage point decline in OECD-wide inflation. This decline in core inflation is likely due to sizeable domestic economic slack. Indeed, there is a clear positive relationship between the changes in core inflation and output gaps over the past two years, particularly outside of the euro area (see first figure below). Subdued non-commodity import price growth has also helped to contain cost pressures and contributed to the current softness in non-energy industrial goods price inflation. However, Japan is again an important exception amongst the large economies, with prices being pushed up, helped by the depreciation of the yen and improvements in economic conditions.
- In some countries recent inflation softening also reflects one-off factors. Notable examples include the falls in the price of health care services in the United States (in April 2013 and January 2014), and the passing of the earlier boost from increases in indirect taxes and administered prices in many European countries (discussed further below).

Disinflation and increasing economic slack



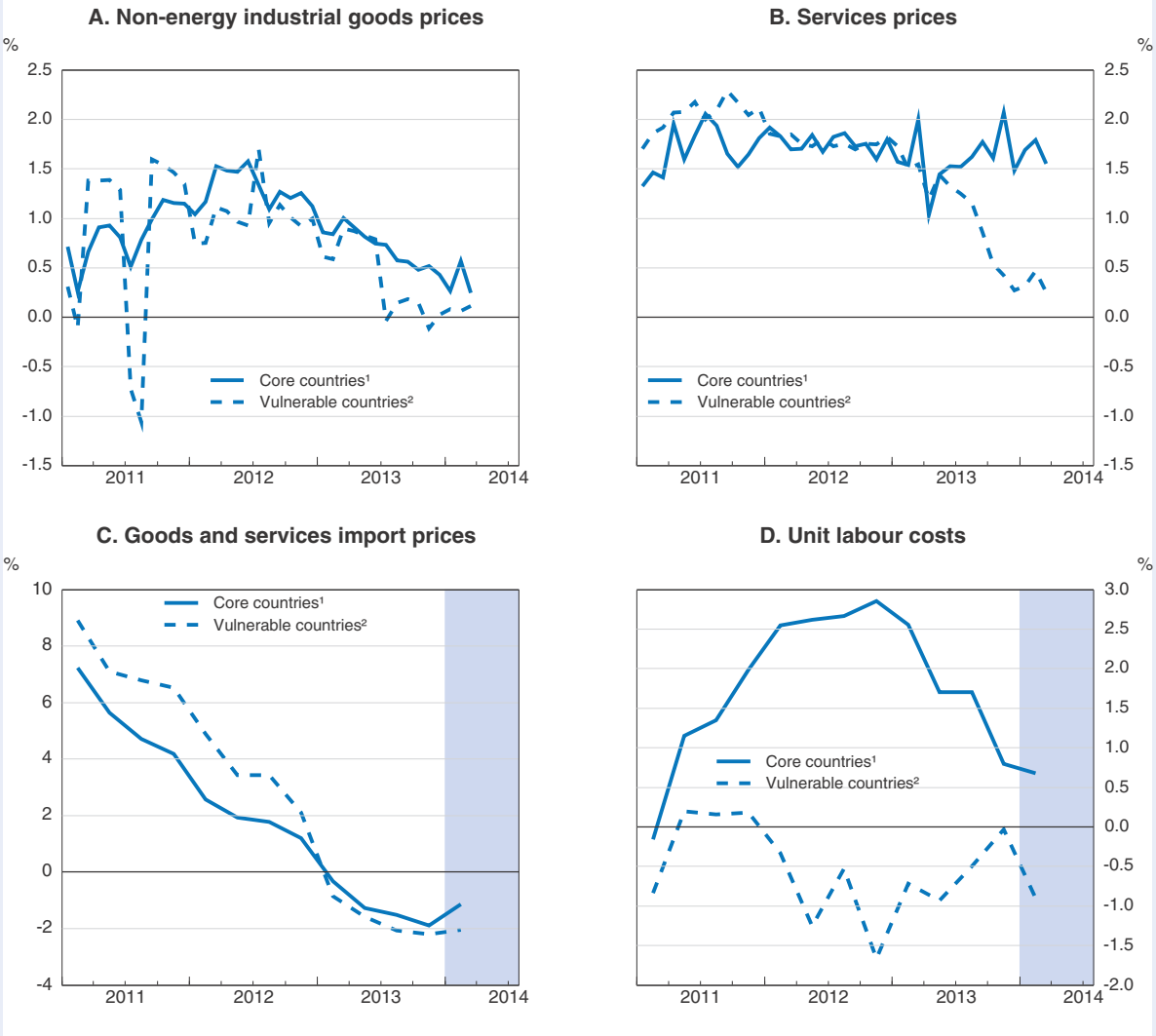
Note: Changes in inflation are from 2012Q1 to 2014Q1; changes in the output gap are from 2011 to 2013. OECD estimates are used where 2014Q1 data are not yet fully available. Iceland is excluded.
Source: OECD Economic Outlook 95 database; OECD Main Economic Indicators database; and OECD calculations.
StatLink http://dx.doi.org/10.1787/888933048717

In the euro area, the annual rate of headline consumer price inflation declined steadily to 0.5% in March, with a risk that disinflationary pressures could intensify if the extent of economic slack persists, the euro appreciates further or inflation expectations become unanchored. Falling energy prices can account for three-fifths of the 2½ percentage point decline in the headline inflation rate since September 2011 but there has also been a reduction of 1 percentage point in the year-on-year rate of core inflation (abstracting from energy, food, alcohol and tobacco).

Box 1.2. **Disinflation in the OECD economies** *(cont.)*

Disinflation in euro area prices and costs

Year-on-year percentage changes



1. Core countries include Austria, Belgium, Finland, France, Germany and Netherlands.
2. Vulnerable countries include Greece, Ireland, Italy, Portugal, Slovenia and Spain.

Source: Eurostat; OECD Economic Outlook 95 database; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933048736

Core inflation has fallen particularly sharply in the countries that have come under pressure to undertake far-reaching reforms (Greece, Ireland Portugal, Spain and also Italy), reflecting relative price adjustments necessary to regain competitiveness and aid external rebalancing in the euro area. For this group overall, the annual rate of core inflation is around ¼ percentage point and is negative in some countries. In the core euro area economies, non-energy, non-food inflation has also eased, but remains well above zero and is still close to the average rate since 1999.

Box 1.2. **Disinflation in the OECD economies** *(cont.)*

The factors accounting for disinflationary pressures in the euro area reflect those for the OECD as a whole, but with some important differences:

- Increases in indirect taxes and reductions in subsidies in the periphery countries boosted inflation directly during 2012 (and also the previous two years), although this was offset in part by their adverse impact on demand, and masked more subdued rates of underlying inflation. Estimates based on inflation at constant tax rates suggest that the fading of these measures could account for up to ½ percentage point of the fall in the annual rate of euro area inflation from September 2012 to December 2013.[1] This suggests that the underlying decline in euro area core inflation during 2013 was milder than suggested by the headline data (EC, 2014).
- Unit labour costs have fallen in the vulnerable countries, aside from Italy, in recent years. Given the importance of labour in the production of many services, this has likely contributed to lower service price inflation. Indeed, inflation in services prices has fallen to unusually low levels in the vulnerable countries (with price declines in some), driving the euro area aggregate to very low levels by historical standards (see figure above). However, this will also reflect the upward boost from indirect tax increases having now passed. By contrast, services inflation in the core countries has been relatively constant (ECB, 2014a), though, if sustained, the recent slowing in unit labour cost growth in the core economies could start to push down inflation.
- Weak import price pressures have contributed to broad-based disinflationary pressures in both core and vulnerable countries (ECB, 2014a), reflecting the appreciation of the euro since mid-2012 and subdued global manufactured goods prices. Rates of inflation in non-energy non-food goods prices are very low across core and vulnerable countries (see figure above). Subdued domestic cost growth and soft demand conditions, amidst sizeable economic slack, also help to account for the recent weakness in goods price inflation.

1. While estimates using constant tax rates assume full pass-through and so may overstate the effect of taxes, increases in administered prices and reductions in subsidies are likely to have played a similar role.

The risk of intensified disinflationary pressures is especially strong in the euro area…

Disinflationary pressures are now strongest in the euro area, where headline inflation is well below the ECB objective of a rate close to 2% and the annual rate of core inflation declined by around ¾ percentage point over the year to March, to just 0.7 per cent, before rising back to an estimated 1% in April. Disinflationary pressures were expected in many vulnerable economies, reflecting a necessary relative price adjustment to regain competitiveness, with weak demand and structural reforms strengthening competition and compressing price and wage increases. However, inflation has also weakened noticeably in several core countries, including France and Germany, where the annual headline rate is now at 0.7% and 1.1% respectively and unit labour cost growth is less than 1%. In part, this reflects a common decline in import price pressures brought about by an appreciation of the euro effective exchange rate. Even so, it has heightened the risk that any renewed weakness in demand, further appreciation of the euro, declines in commodity prices, or an unanchoring of inflation expectations, could result in a period of very low area-wide inflation, or even deflation, thereby constraining activity by further raising real interest rates and intensifying debt service burdens in many economies. Longer-term inflation expectations remain well-anchored,

but, as shown by the experience of Japan in the 1990s, deflation can still set in whilst inflation expectations remain positive.

… but weaker elsewhere

This risk appears less acute in the other major OECD economies, as long as inflation expectations remain well-anchored and there are no further large exchange rate movements. If the recovery gains sufficient momentum to strengthen employment demand in all economies, as it already has started to do in the United States, Japan and the United Kingdom, then labour cost pressures should start to rise slowly as labour market slack diminishes and wage growth picks up.

Business investment developments

A sustained acceleration in business investment will be essential if the recovery is to gain greater momentum

Business investment has been weak since the crisis began, largely reflecting subdued demand growth and low levels of capacity utilisation, as well as financial constraints in some countries, notably the euro area, and heightened uncertainty. Measures of uncertainty rose sharply both in 2008-09 and then following the intensification of the euro area crisis in mid-2011, and the share of financial assets held as currency and deposits by non-financial enterprises is presently well above longer-term norms. Amongst the major OECD economies, the (nominal) share of business investment in GDP is presently around 1 percentage point below pre-crisis norms, and well below steady-state levels implicit in OECD long-term projections (Box 1.3; Chapter 4). In the euro area, in particular, the share of business investment in GDP is at very low levels, as is the non-financial corporate profit share, notwithstanding a small rise during 2013.

The pre-conditions for stronger investment growth now appear more favourable, especially outside the euro area…

The pre-conditions for stronger investment growth have improved. Corporate balance sheets are generally healthy, outside of the vulnerable economies in the euro area; greater risk appetite, as reflected in stronger equity prices and strong demand in corporate bond markets, has raised the availability of external finance; and solid profit growth, outside the euro area, has further improved the availability of internal funding. By some measures, policy uncertainty has also declined, especially in the United States (Figure 1.4) and also in the euro area with continued progress towards a full banking union. In the latter half of 2013, business investment growth picked up in a large number of economies, particularly sharply in the United Kingdom, and capital goods orders in some of the major OECD economies point to a further pick-up in the first half of this year.

… and a broader investment upturn is projected in the next two years

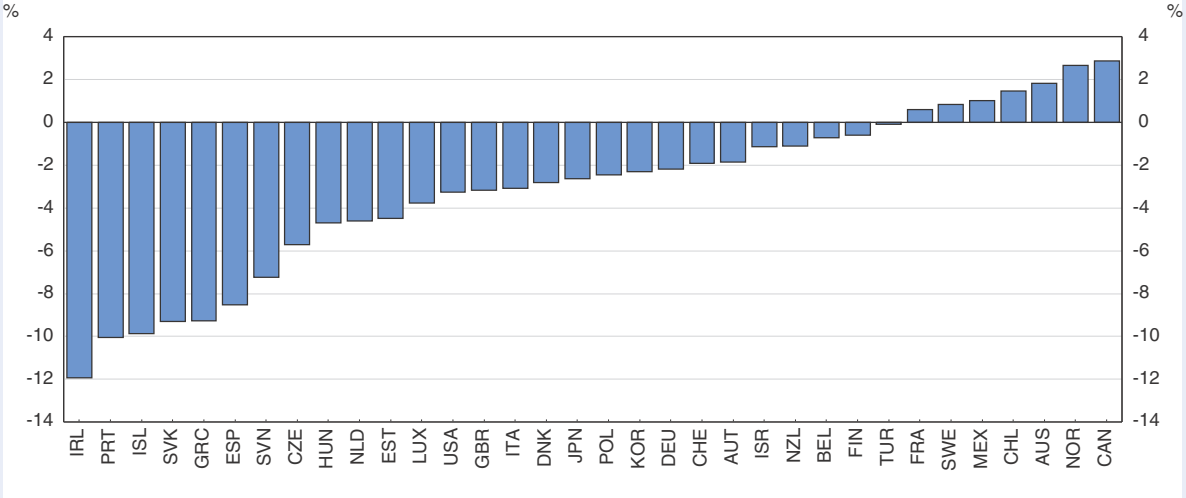
Conditional on the outlook set out below, a broader and stronger investment upturn should occur in 2014-15, with accelerator mechanisms helping investment growth to outpace output growth in many economies, including the United States (after a weak first quarter in 2014), Japan, the United Kingdom and Korea. Prospects are weaker in parts of the euro area, reflecting subdued final demand, less favourable balance sheet developments, impaired credit channels and still high barriers to product

Box 1.3. **Investment is low relative to pre-crisis norms and longer-term needs**

During the crisis the level of investment fell sharply relative to GDP and has not yet recovered. In a majority of OECD countries, current-price investment ratios are considerably below pre-crisis average levels (see first figure below). The largest gaps are for business and housing investment, with the ratios of both to GDP around 1 percentage point below pre-crisis averages in the major advanced economies. The recovery of business investment in particular, appears to have been sluggish compared to earlier downturns.

Investment is below pre-crisis levels in most OECD economies

Total investment as a percentage of GDP in 2013 less 1996-2007 average



Source: OECD Economic Outlook 95 database; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933048755

A significant part of the shortfall in business investment can be linked to weak demand, as discussed in the main text,[1] but other factors are likely to have also played a dampening role, including: increases in the user cost of capital; a prolonged period of heightened economic and policy uncertainty; and higher levels of corporate leverage preceding the crisis. With the recovery in activity underway and many of these other drags having receded, business investment might be expected to increase once more.

Another indication of the difference between current investment levels and longer-term needs can be obtained by estimating an illustrative steady state investment-to-output ratio using inputs from the OECD long-term growth projections (see Chapter 4). From around 2020 onwards in the long-term database, the constant-price capital-output ratio moves around a long-run level according to changes in the real cost of capital, with output gaps generally closed from this point. Assuming that an equilibrium ratio is attained at a particular point in time, the capital-output ratio, the depreciation rate and the growth rate of potential output in the long-term baseline can be used to calculate an implicit steady state investment-to-output ratio that is required to maintain this.

This steady-state level of investment to (potential) output is given by: $i^* = \frac{k^*(g+\delta)}{(1+g)}$, where k^* is the steady-state capital-output ratio, δ is the depreciation rate which is assumed to be constant over time, and g is the endogenous potential growth rate, which is dependent upon labour utilisation, physical and human capital intensity and multi-factor productivity. In the calculations below, k^* is set at the ratio of (non-residential) capital to trend output in 2025 in the long-term baseline scenario, by which time current trends in capital intensity have generally stabilised but is not so distant that new forces pushing up the cost of capital have taken hold. Steady-state values for g and δ are approximated by the average over 2020-2025.

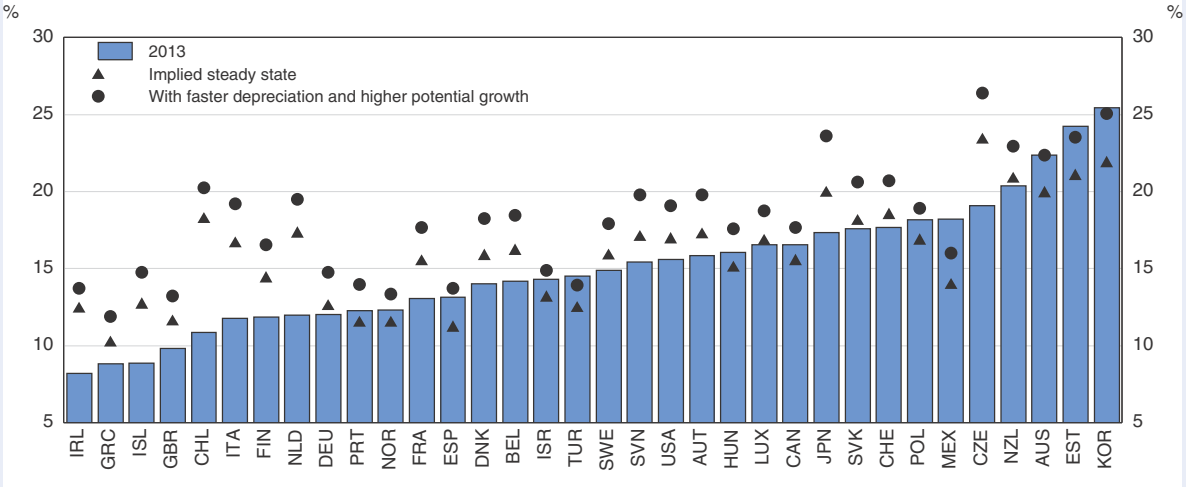
Box 1.3. **Investment is low relative to pre-crisis norms and longer-term needs** *(cont.)*

The resulting values for the implicit steady-state level of investment are shown in the figure below compared to the current ratio of investment to potential GDP. In most OECD economies, investment ratios in 2013 are below the illustrative steady-state level, with a gap of 2 percentage points or more in one-third. But there is a fairly large range, with the current investment ratio above this implicit longer-term level in some countries. The strong investment growth projected in 2014 and 2015 helps to close this gap in many economies, including Germany and the United States, but still leaves a considerable shortfall to make up in several economies.[2]

The calculations are only illustrative, since the growth rate of potential output and the user cost of capital, and hence the implied steady state capital-output and investment-output ratios, fluctuate over the full OECD long-term projections and are thus sensitive to the assumptions made about the steady-state capital ratio, depreciation rate and potential growth rate of output. Consequently the catch-up in investment needed to reach a given steady-state capital output ratio is also affected. For instance, a continuation of the past steady upward trend in the depreciation rate, reflecting the change in the mix of capital goods, would raise the steady-state level of investment required to maintain any given capital stock. Alternatively, trend output growth could be stronger than in the baseline if additional growth-enhancing structural reforms are undertaken.

Investment ratios are below illustrative steady state estimates in most OECD economies

Non-residential investment as a percentage of potential GDP



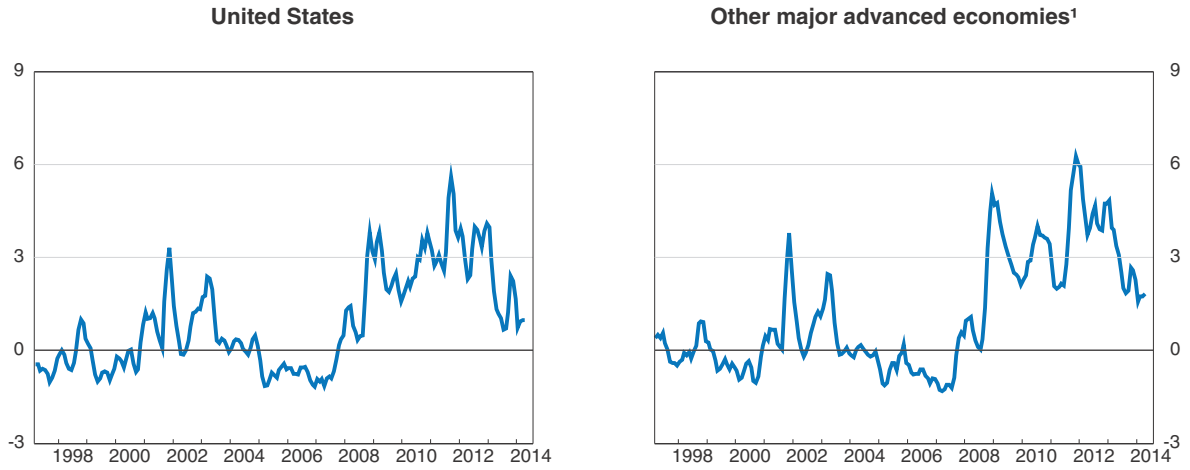
Note: Countries are ordered by the 2013 investment ratio.
Source: OECD Economic Outlook 95 database; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933048774

A simple way of visualising the sensitivity of the calibrated implicit steady-state investment ratio is to add ½ percentage point to both the baseline depreciation rate and the baseline potential growth rate. The average effect of these two changes across countries, for a given capital-output ratio, is to raise the required steady-state investment ratio by 2¼ percentage points (unweighted), with the largest effect in Japan (adding 3½ percentage points to the required ratio). The higher depreciation rate and stronger potential output growth each account for around one-half of these additional effects.[3] Lower rates of depreciation or potential output growth would be associated with correspondingly lower investment ratios.

1. Evidence from business surveys in the United States and euro area also suggests that demand conditions have likely constrained production and investment.
2. In several countries, the data are on a SNA 2008 basis, which incorporates a broader definition of investment.
3. An important caveat to this exercise is that changes in potential output growth could change the steady-state capital-output ratio both indirectly, and directly by raising the equilibrium real interest rate in proportion to the rise in the potential growth rate. The full incorporation of the 2008 System of National Accounts will also lead to changes in these ratios.

Figure 1.4. **Policy uncertainty is starting to fade**



Note: Data shown are a 3-month-moving average of non-seasonally adjusted data which were normalised over the period 1997-2007.
1. First principal component calculated from Economic Policy Uncertainty Indices for Canada, France, Germany, Italy and the United Kingdom.
Source: Scott Baker, Nicholas Bloom and Steven J. Davis at www.PolicyUncertainty.com; and OECD calculations.
StatLink http://dx.doi.org/10.1787/888933048869

market competition in some economies. The risks around this central scenario are broadly balanced. Investment growth may be weaker if interest rates were to increase sharply or if final demand growth were to slow once more. However, it could also surprise on the upside if accelerator effects are stronger than expected or if confidence were to improve more quickly as uncertainty is removed, for instance because of a successful outcome from the Asset Quality Review of euro area banks.

Trade developments

Trade intensity has been very low…

Following an initial rebound in the early stages of the recovery, global trade growth has until recently moved in line with global output growth, well below pre-crisis norms. In the decade prior to 2008, trade intensity rose steadily, with trade growth being around 1¾ times the pace of global GDP growth. This reflected the rapid globalisation of economic activities during this period, with new global supply chains being constructed, the rapid development of many EMEs, especially China, and the boost to cross-border services trade provided by new ICT developments and financial globalisation. The factors behind the weaker recent level of trade intensity remain unclear, but may include the one-time nature of earlier boosts to trade intensity, an increased number of trade restrictions since the crisis began (OECD/WTO/UNCTAD, 2013) and changes in the composition of final expenditure in the major economies.[2] In particular, as discussed above, fixed investment (a trade-intensive expenditure

2. The trade-restrictive measures introduced by G-20 members since October 2008 presently cover around 5% of G-20 merchandise imports. Only one-fifth of the measures introduced since the start of the crisis have subsequently been eliminated (OECD/WTO/UNCTAD, 2013).

category) has been much weaker than in the pre-crisis period, and import growth has slowed particularly sharply in those economies in which investment has been the weakest relative to pre-crisis norms.[3]

… but may now be beginning to rise

There are some early signs that trade intensity may now be rising, with trade growth exceeding global output growth in the fourth quarter of last year. This was helped by stronger demand in the major OECD economies, particularly for fixed investment and inventories, and a resurgence of trade involving EMEs, especially in Asia. Global export orders have also strengthened over the past six months in all G7 countries. For trade intensity to pick up further, much depends on whether capital investment can strengthen gradually, as projected. If so, trade growth could pick up to just over 5¾ per cent at an annualised rate by the latter half of 2014 and around 6½ per cent by the latter half of 2015, around 1½ times the level of global GDP growth. In the medium-term the direct effects of the trade facilitation measures in the recently concluded Bali agreement should boost global activity and trade, and could even have a positive near-term effect on business confidence and investment.[4] A successful conclusion to the current negotiations on the transatlantic and transpacific trade agreements could further boost such effects.

Financial conditions in the advanced economies

Financial conditions have eased further…

Financial conditions remain supportive of growth, with the OECD financial conditions indices strengthening further in the United States and Japan and remaining broadly unchanged in the euro area as a whole but improving considerably in the vulnerable countries (Figure 1.5). The progressive reduction of securities purchases by the Federal Reserve has not led to increased volatility in US financial markets. The sell-off in EMEs at the beginning of the year temporarily and negatively weighed on equity prices and boosted volatility in the advanced OECD economies, but as investors sought safe havens government bond yields declined and exchange rates appreciated.

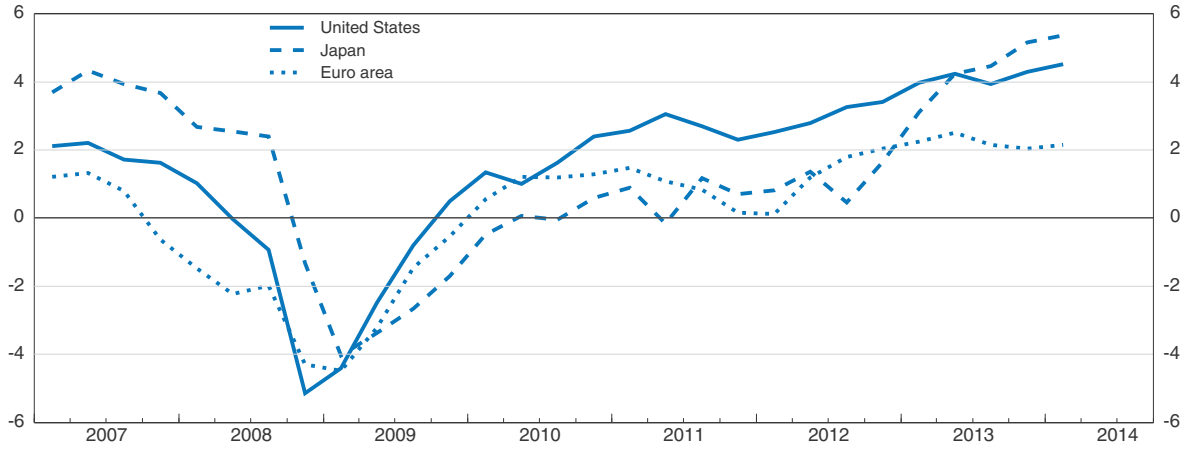
Key developments in the main economies include:

… in the United States…

- In the United States, equity prices have climbed to new record highs and spreads between government and corporate bond yields have recently stabilised close to the pre-crisis levels following declines last year. As the safe-haven effects in January gradually gave way to changing market sentiment driven by the stronger economic outlook and earlier expected interest rate increases, short and medium-term government bond yields have inched up and the dollar effective

3. Evidence from input-output tables and empirical studies suggests that investment and exports are the most import-intensive components of domestic demand (Pain et al., 2005; Bussière et al., 2013).
4. The long-run benefits from the trade facilitation agreement are estimated to be just under $1 trillion (equivalent to 1.3% of world GDP in 2013) by Hufbauer and Schott (2013).

Figure 1.5. **OECD financial conditions remain accommodative**



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). Based on available information up to 25 April 2014.
Source: Datastream; OECD Economic Outlook 95 database; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933048888

exchange rate has appreciated from its late-2013 levels. Bank lending standards were on balance eased and demand for bank credit was reported to have increased in the last quarter of 2013.

... Japan...

- In Japan, in the context of continued quantitative and qualitative easing, government bond yields have declined in real terms given the recent pick-up in inflation. The yen effective exchange rate has also remained weaker than in the first half of 2013. Following the correction in stock prices in early 2014, due to the temporary yen appreciation and spillovers from Asian EMEs, stock prices reverted close to their November levels. At the turn of 2014, bank credit standards eased again and demand for loans from firms increased, supporting moderate credit growth.

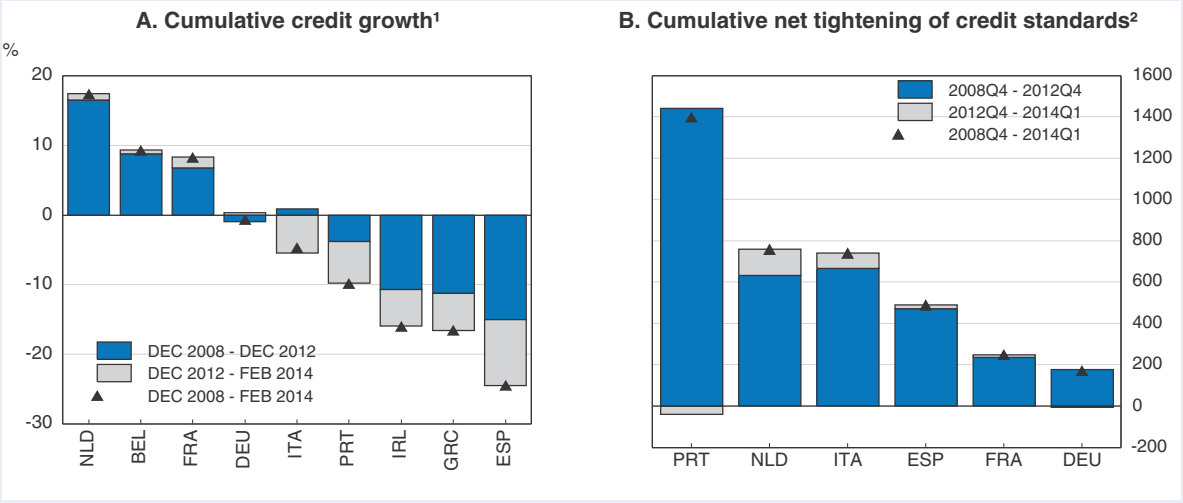
... and vulnerable euro area countries but less so in the euro area as a whole

- In the euro area, government bond yields and CDS spreads have dropped significantly in the vulnerable economies, amid receding uncertainty, strengthening macroeconomic momentum and progress with rebalancing and reforms. Consequently, governments and banks have been able to access capital markets on improved terms and 10-year government bond spreads over German bonds fell to a level not seen since early 2010. Moreover, Target 2 balances have continued to diminish and bank lending rates for non-financial corporations have dropped marginally in Greece and Portugal but not in other vulnerable countries (Box 1.4). The strengthening of the euro nominal effective exchange rate compared with the previous quarter and somewhat higher interbank overnight interest rates weighed negatively on overall euro area financial conditions. Interbank interest rates have edged up

Box 1.4. **Financial fragmentation in the euro area**

Since the onset of the euro crisis, the financing of the private and public sectors has become significantly costlier and more difficult to obtain in the vulnerable euro area countries than in the core countries. In particular, bank lending rates in the vulnerable countries have increased almost continuously in comparison with Germany and credit conditions have been tightened by more in the vulnerable countries than in the core countries (see first figure below). This, together with adverse demand effects, resulted in larger declines in credit in the vulnerable countries.[1] While over the past two years financial fragmentation, as measured by spreads in government bond yields, has receded, credit conditions for non-financial corporations have not yet materially converged.

Credit growth and standards



1. Approximate growth rates of loans to non-financial corporations from domestic MFIs excluding the ESCB derived from linking annual growth rates not adjusted for sales and securitisation (before 2010) and annual growth rates adjusted for sales and securitisation. Using the unadjusted series for the entire period would in most countries show weaker credit growth.
2. Sum of net percentage of banks tightening credit standards for loans to enterprises for the last three months based on quarterly bank lending surveys. Given the qualitative nature of the survey, this indicator may not indicate accurately the actual degree of tightening.

Source: European Central Bank; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933048793

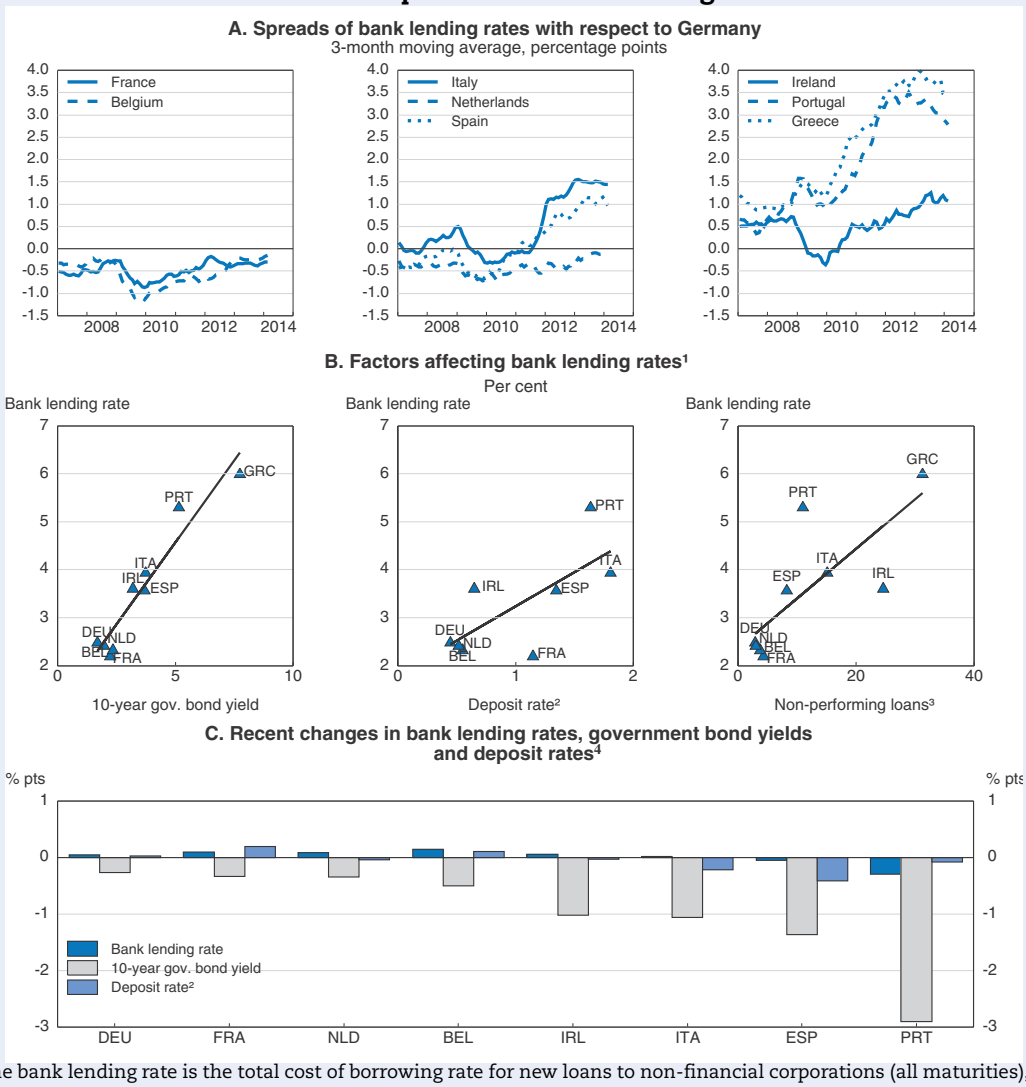
Tighter credit conditions, especially in terms of bank lending rates, for non-financial corporations in the vulnerable countries reflect three interlinked factors, whose effects have likely varied over time and are difficult to quantify empirically:[2]

- ***Credit risks of borrowers:*** With a deeper and more prolonged recession in the vulnerable countries, given the need to unwind pre-crisis excesses, defaults have increased and lending to corporations has become riskier. Indeed, empirical evidence suggests that diverging perceptions of credit risk across euro area countries can explain the differing cost of borrowing (ECB, 2013a). This is consistent with the observation that bank lending rates are generally higher in countries with higher ratios of non-performing loans (NPLs) to total loans (see figure below; Illes and Lombardi, 2013).
- ***Funding costs:*** Banks in the vulnerable countries generally offer higher bank deposit rates (see figure below), and face higher bond spreads at issuance and wider senior financial CDS spreads than banks in the core countries. This partly relates to greater sovereign risks, especially with the intensification of sovereign debt tensions in 2010 and the ensuing massive increase in government bond yields, given interconnectedness between banks and sovereigns and some arbitrage between returns on deposits and government bonds. The role of funding costs is supported by estimates from empirical models of bank lending rates (Al-Eyd and Berkmen, 2013).

Box 1.4. **Financial fragmentation in the euro area** *(cont.)*

- ***Mark-ups:*** Banks in vulnerable countries could also have increased mark-ups in an attempt to raise capital to meet regulatory requirements (Cohen and Scatigna, 2014) and improve access to market funding, especially as provisions and write-offs for NPLs have been eroding bank retained earnings. Bank lending rates tend to be negatively related to leverage ratios according to empirical studies (Al-Eyd and Berkmen, 2013). Rising mark-ups could also have been facilitated by increased market power following the restructuring of the banking sector in the vulnerable countries.[3]

Developments in bank lending



Note: The bank lending rate is the total cost of borrowing rate for new loans to non-financial corporations (all maturities), defined as a weighted average of bank lending rates on loans with a rate fixation period of up to one year and rates on overdrafts, using outstanding amounts as a weighting scheme.

1. Average for the three months to February 2014.
2. The deposit rate is the deposit rate of agreed maturities to non-financial corporations and households. For Belgium, the deposit rate is a weighted average of the deposit rates with agreed maturities to non-financial corporations and household weighted by volumes. Data for Greece are not available.
3. Non-performing loans are expressed as a ratio to total loans as of the latest date available, from 2012Q4.
4. Changes between August 2013 and April 2014 for 10-year government bond yields, and between August 2013 and February 2014 for other variables.

Source: European Central Bank; IMF Financial Soundness Indicators; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933048812

Box 1.4. **Financial fragmentation in the euro area** *(cont.)*

According to the ECB bank lending survey, the effects of the costs of funds and balance sheet constraints have substantially eased recently. Risk perceptions are now the main factor contributing to tighter credit conditions for non financial companies in the periphery (ECB, 2013a; ECB, 2014b).

Looking ahead, credit conditions for non-financial corporations are likely to converge gradually across the euro area but to remain more differentiated than prior to the crisis. In particular, the recent large fall in government bond yields and CDS spreads should gradually feed through to bank funding costs and in turn bank lending rates in the vulnerable countries (figure below). Similarly, with the projected return to growth in the periphery, even if modest, credit risks and thus bank lending rates should ultimately decline. Cleaning up bank balance sheets and recapitalisation in the context of the forthcoming asset quality review and bank stress tests could also reduce funding costs. Nevertheless, financial fragmentation is not likely to be eliminated fully as differences in economic growth and credit risk perceptions across the euro area countries are likely to persist.

1. Deleveraging in the private sector, high unemployment and weak economic prospects have likely weakened demand for credit.
2. Empirical evidence is mostly available for the cost of credit and comes from bank lending pass-through models based on an error-correction framework where the change in the bank lending rate is regressed on its own lags; on simultaneous and lagged changes of market rates and other proxies of the credit channel (such as measures of the bank funding costs, leverage, credit risk, economic uncertainty, and PMIs); and the adjustment to the estimated long-term relationship.
3. Bank market power is found to affect negatively credit conditions for SMEs in Europe, including the cost of credit (Ryan et al., 2014). Since the onset of the crisis, market concentration has increased and the number of credit institutions has declined particularly in the vulnerable countries (ECB, 2013c).

from historical lows and have been more volatile amid shrinking liquidity, with LTROs loans continuing to be repaid. In the first quarter of 2014, bank credit standards were eased marginally although credit demand remained weak, but less so than in previous quarters. Credit continued to decline but non-financial corporations increased bond issuance and non-bank borrowing.

Household spending and balance sheets

Household demand is being boosted by stronger balance sheets and higher employment

Consumption growth has been solid in the United States and Japan, and is slowly recovering in the euro area. On-going improvements to household balance sheets due to strong asset price growth and improving labour market outcomes continue to support household demand in the United States and, to a lesser extent, Japan, with additional balance sheet adjustment taking place whilst saving ratios remain close to their current levels.[5] On a quarterly basis, spending growth and the saving rate are, however, likely to be volatile in Japan during 2014 and 2015, reflecting expenditure-shifting ahead of the increase in the consumption tax rate in April and the further rise planned next year. In the euro area in aggregate, household demand is starting to recover but remains fragile, reflecting weak income growth, high unemployment, continued declines in property values and the need for debt deleveraging.

5. In the United States, the recent growth of household consumption has also been boosted by stronger expenditure on medical services following the Affordable Care Act.

Housing market developments

Housing markets are improving on average in the OECD with large country differences

House prices and housing investment are now rising in over half of the OECD economies (Table 1.2). In Europe, strong house price growth is continuing in Germany (based on data from the big cities) and Switzerland, and has also resumed in the United Kingdom, even though

Table 1.2. **Housing market developments continue to diverge**

	Per cent annual rate of change				*Level relative to long-term average* [1]		
	2004-2011	2012	2013 [2]	Latest quarter [3]	Price-to-rent ratio	Price-to-income ratio	Latest available quarter
Australia	2.4	-3.3	3.8	6.6	145	128	Q4 2013
Austria	2.0	9.5	2.4	2.7	..	..	Q1 2014
Belgium	4.2	0.1	0.6	0.7	158	147	Q4 2013
Canada	5.2	3.4	1.5	3.2	166	131	Q1 2014
Czech Republic		-4.0	-1.2	-0.9	..	..	Q4 2013
Denmark	1.2	-5.9	1.5	1.5	112	108	Q4 2013
Estonia		3.5	7.0	12.3	..	..	Q4 2013
Finland	2.3	-1.3	-0.1	-2.3	133	99	Q1 2014
France	3.6	-2.3	-2.8	-2.2	129	128	Q4 2013
Germany	-0.2	4.6	4.6	5.1	91	83	Q4 2013
Greece	-0.3	-12.6	-9.2	-7.0	84	103	Q4 2013
Hungary		-9.3	-4.9	-1.9	..	..	Q4 2013
Iceland		1.3	2.1	6.5	..	..	Q1 2014
Ireland	-3.7	-13.2	-0.3	4.3	96	92	Q4 2013
Israel	4.0	0.9	6.8	5.8	110	..	Q4 2013
Italy	0.3	-5.4	-6.9	-5.5	93	108	Q4 2013
Japan	-2.1	-1.9	-1.3	-1.9	62	63	Q3 2013
Korea	1.2	0.6	-1.4	0.1	103	60	Q1 2014
Luxembourg		2.5	3.6	3.6	..	..	Q4 2013
Netherlands	-0.5	-8.5	-8.6	-1.4	104	117	Q1 2014
New Zealand	2.1	4.2	8.5	8.2	170	132	Q4 2013
Norway	5.2	5.5	1.1	-2.6	164	122	Q1 2014
Portugal	-0.2	-3.6	-3.8	-1.5	83	94	Q1 2014
Slovak Republic		-4.4	-2.2	-3.4	..	..	Q4 2013
Slovenia		-8.4	-5.2	-2.7	..	..	Q4 2013
Spain	-0.9	-11.1	-7.6	-4.9	104	107	Q4 2013
Sweden	4.6	-2.6	2.5	3.3	134	122	Q1 2014
Switzerland	2.2	4.8	5.3	2.8	101	95	Q1 2014
Turkey		3.2	5.9	6.7	..	..	Q4 2013
United Kingdom	-0.2	-0.2	1.3	3.5	134	125	Q4 2013
United States	-2.8	1.5	6.5	6.6	104	90	Q4 2013
Euro area[4]	0.8	-2.5	-2.2	-0.9	106	107	Q4 2013
Total OECD[4]	-0.6	-0.2	2.1	2.8	106	95	Q4 2013

Note: House prices deflated by the private consumption deflator.
1. Average from 1980 (or earliest available date) to latest available quarter = 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. Using 2010 GDP weights, calculated using latest country data available.

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

StatLink http://dx.doi.org/10.1787/888933050313

UK prices are already above longer-term norms relative to rents and incomes. Markets remain softer in other parts of the euro area, reflecting weak income growth and tighter financing conditions. Recent data however suggest that the long declines in real house prices in Ireland and the Netherlands may now have started to bottom out. In the United States, housing developments are mixed. Prices continue to rise, but new home sales, starts and builders' confidence have turned down, in part due to adverse weather conditions in the first quarter of 2014, but also because of a moderation in mortgage purchase applications since long-term mortgage rates rose last summer. Existing home sales have also declined, although much of this appears to reflect a welcome drop in the level of distressed sales. Looking ahead, given the likelihood of continued solid income growth, further easing of credit standards and pent-up demand after a period of subdued household formation rates, the housing market recovery should continue through this year and next. In Japan, real house prices are continuing to edge down, but land prices have now begun to stabilise and housing investment has been very buoyant, although this has now faded given the temporary boost provided by the demand for sales contracts to be finalised ahead of the consumption tax increase in April.

Economic prospects

Growth prospects and risks

Economic prospects are for a continued moderate recovery in…

The near-term outlook is for global activity and world trade to strengthen gradually through the rest of this year and 2015 (Figure 1.6). In the OECD economies, the drag from fiscal consolidation is set to fade considerably (outside of Japan), financial conditions remain favourable and accommodative monetary policies continue to provide support (Box 1.5). However, still-high unemployment in many countries and the subdued pace of growth in many EMEs relative to past norms are likely to limit the momentum of the recovery, thereby checking the associated rebound in business investment and slowing the extent to which current disinflationary pressures ease.

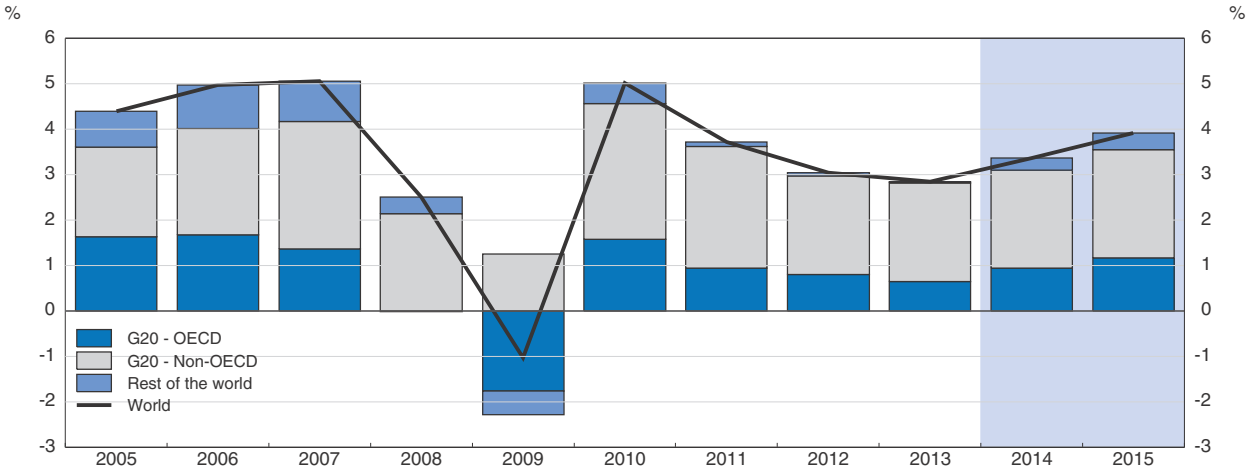
The key features of the economic outlook for the major OECD economies are as follows:

… the United States…

- In the United States, the momentum of the recovery slowed in the first quarter, in part reflecting severe weather-related disruptions that should be reversed in the second quarter and a slowdown in inventory accumulation. However, the recovery should gain pace steadily, with private demand benefitting from favourable financial conditions, strengthened household and corporate balance sheets, accommodative monetary policy and the easing drag from fiscal consolidation. Reduced uncertainty and normal cyclical forces should also boost business investment. Export prospects should improve, but this will be more

Figure 1.6. **Global growth is picking up, led by the OECD economies**

Contribution to world real GDP growth



Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933048907

Box 1.5. **Policy and other assumptions underlying the projections**

Fiscal policy settings for 2014 and 2015 are based as closely as possible on legislated tax and spending provisions. Where government plans 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. 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 United States, the general government underlying primary balance is assumed to improve by around ⅔ per cent of GDP in both 2014 and 2015, roughly as implied by current legislation, including the Bipartisan Budget Act.

In Japan, the projections incorporate the consumption tax increases from 5% to 8% in 2014 and to 10% in 2015. They also incorporate the fiscal stimulus package (about 1.1% of GDP) that will accompany the consumption tax increases. Overall, the underlying primary balance is assumed to improve by ¾ per cent of GDP in 2014 and by close to 1¾ per cent of GDP in 2015.

In euro area countries, fiscal consolidation in 2014 and 2015 is assumed to proceed so as to attain the amount of structural consolidation (measured as the change in the structural primary balance) that is implied by draft budget laws or, if these are not available, the stated targets in consolidation plans under the Excessive Deficit Procedure and Stability Programmes.

In the large euro area countries, fiscal policy is assumed to evolve as follows. For Germany, the budgetary plans of the new federal government, as contained in the coalition agreement, have been built into the projections. For France, the projections incorporate a cumulative reduction in the structural deficit of 1½ per cent of GDP in 2014 and 2015, with consolidation shifting toward greater efforts on the spending side, as foreseen in its Stability Programme. For Italy, the projections incorporate about ½ per cent of GDP in structural fiscal contraction over two years, also as foreseen in its Stability Programme.

For the United Kingdom, the projections are based on tax measures and spending paths set out in the March 2014 budget.

Box 1.5. **Policy and other assumptions underlying the projections** *(cont.)*

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

- In the United States, the upper bound of the target Federal Funds rate is assumed to be raised gradually between March and December 2015 from the current level of 0.25% to 1.5%.
- In the euro area, the main refinancing rate is assumed to be cut to 0% in May 2014 and then kept at this level throughout the projection period.
- In Japan, the uncollateralised overnight call rate is assumed to remain at 0.1% for the entire projection period.
- In the United Kingdom, the Bank rate is assumed to be increased gradually between May and December 2015 from the current level of 0.5% to 1.5%.

Although their impact is difficult to assess, the following quantitative easing measures are assumed to be taken over the projection period, implicitly affecting the speed of convergence of long-term interest rates to their reference rates. In the United States, asset purchases are assumed to cease towards end-2014 and the stocks maintained until the end of the projection period. In Japan, asset purchases are assumed to increase in line with the stated plans of the monetary authorities. In the euro area, no additional purchases are built into the projections, and no new Long-Term Refinancing Operations are assumed. In the United Kingdom, the stocks of assets purchased are assumed to remain unchanged from current levels until the end of the projection period.

In the United States, Japan, Germany and 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 interest 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%. In Japan, the premium is assumed to be 1 basis point per each percentage point of the 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 end-2015.

The projections assume unchanged exchange rates from those prevailing on 14 April 2014: one US dollar equals 101.60 JPY, EUR 0.72 (or equivalently one euro equals 1.38 dollars) and 6.22 renminbi.

The price of a barrel of Brent crude oil is assumed to increase at a rate of $5 per year from the third quarter of 2014 onwards, from an assumed price of $110 in the second quarter of 2014. Non-oil commodity prices are assumed to be constant over the projection period at their average levels of March 2014.

The cut-off date for information used in the projections is 30 April 2014. Details of assumptions for individual countries are provided in Chapters 2 and 3.

than offset by growing imports. Solid employment growth is projected to continue, with the unemployment rate declining to just below 6% by end-2015 and the negative output gap fading steadily. An upside risk is that pent-up demand for durable and capital goods and a pick-up in household formation rates could help output growth to strengthen even faster than projected.

… and the euro area…

- In the euro area, growth has picked up a little faster than anticipated and confidence has continued to improve. Nonetheless, the recovery is set to gain momentum only slowly. Supportive area-wide financial conditions, further monetary accommodation and improving external demand should all help to boost activity. The drag from fiscal consolidation is also set to ease modestly this year and in 2015. However, ongoing, though receding, financial fragmentation, still-weak balance sheets and weak labour markets will check growth prospects in many economies. Improving export prospects and a gradual upturn in private investment are expected to help the recovery strengthen, but private consumption is projected to remain subdued throughout this year and next. The large negative output gap is set to close only slowly, with the area-wide unemployment rate remaining above 11¼ per cent until the latter half of 2015. GDP growth in Germany, Austria and a number of smaller economies, including Ireland, is projected to be a ⅓ percentage point or more above that for the area as a whole.

… but growth is set to ease in Japan

- In Japan, domestic demand growth accelerated ahead of the April consumption tax increase, with some consumption and housing expenditure being brought forward, but is now projected to moderate, with fiscal consolidation weighing on growth. Nonetheless, accommodative monetary policy, the feed-through of improved financial conditions and improved private sector confidence should all provide support to growth and help business investment to gain greater strength. Net exports have been a significant drag on activity, with imports surging and exports stagnating despite the large depreciation of the yen effective exchange rate, but are projected to become supportive as external demand strengthens.

The outlook varies in the large non-OECD EMEs…

The growth outlook differs across the large non-OECD EMEs:

… with growth slowing in China…

- In China, growth has eased, with tighter credit conditions taking effect, and is set to remain moderate by past norms, at between 7¼-7½ per cent this year and next. The small fiscal stimulus package will help support growth in the near-term, via stronger investment in railways and a boost to spending on affordable housing projects, and stronger external demand should raise export growth. Scope also exists for monetary policy easing should downside financial risks materialise. Structural reforms, including the opening-up of service sectors to private capital and plans to enhance urban development, should also help to support activity, although the full benefits could take a while to materialise.

… and Russia…

- In Russia, growth is set to slow further in 2014, to around ½ per cent, with heightened uncertainty (reflected in declining confidence and greater financial market volatility), tighter monetary policy, high inflation and regulatory measures to slow credit growth all damping

domestic demand. If uncertainty and inflationary pressures start to fade and financial conditions ease, and higher oil revenues are used to strengthen government spending, at least temporarily, growth could turn up to around 1¾ per cent in 2015.

… but growth is set to strengthen in India…

- In India, growth is likely to gain momentum gradually, with GDP projected to rise by around 5% this year and around 6% next year. Net exports could continue to boost growth this year, reflecting the competitiveness improvements from past currency depreciation and restrictions on gold imports. These effects should fade as domestic demand strengthens. The gradual easing of inflationary pressures should help private consumption pick up. The feed-through of recently-approved infrastructure projects and a post-election decline in policy uncertainty should boost investment growth, particularly in 2015.

… and to a lesser extent in Brazil

- In Brazil, growth momentum has slowed, reflecting tighter monetary policy, moderating credit growth and increased policy uncertainty. Growth is projected to drift down to just under 2% this year, before rising by close to 2¼ per cent in 2015. Strengthening external demand and the boost from a lower real exchange rate should allow export growth to rise, particularly this year, but domestic demand is projected to pick up only as inflationary pressures ease.

Risks have diminished but remain negative on balance

The balance of risks to economic growth in the advanced OECD remains somewhat to the downside, although risks have declined with the firming of economic recovery, generally favourable financial market developments and progress with structural and financial reforms. One new source of concern is that disinflationary pressures in some OECD economies, especially in the euro area, could persist or intensify further in the event of a negative demand shock, further currency appreciation or a downward drift in inflation expectations. In addition, downside risks persist from: the interaction of financial vulnerabilities in several EMEs; the planned and necessary exit from highly accommodative monetary policy in the United States and uncertain prospects in China. Geopolitical uncertainty has also been increased as a result of the events in Ukraine, with the downside risk that this could have a significant adverse impact on growth, especially in many Central and Eastern European economies. Other long-standing risks remain, with possible adverse developments stemming from fragilities in the euro area and fiscal challenges in Japan. On the upside, the recovery could prove to be more robust than expected, particularly if: pent-up demand helps to boost future growth in the United States; the Asset Quality Review helps to improve confidence in euro area banks; and cash-rich corporations boost investment by more than projected as the recovery deepens.

Labour market developments

Labour market slack is being reduced gradually in…

Labour market slack is being reduced only slowly in the OECD as a whole, with diverging developments across countries (Table 1.3, Figures 1.7 and 1.8). Although the OECD unemployment rate has declined by around ½ percentage point in the past year, it remains more than 1½ percentage points higher than at the start of the crisis, with negative effects on household incomes and the momentum of the recovery. Key developments across economies include:

… the United States…

- In the United States, employment growth has remained steady. The unemployment rate has continued to decline, by around 1¼ percentage point over the past year, in part reflecting the expiry of the extended unemployment benefits programme in January. Long-term unemployment (over 1 year) remains high, but short-term unemployment (under six months) is almost back to pre-crisis rates. Although the rate remains very low, the decline in labour force participation has recently eased, with some previously-discouraged workers returning to the labour force. OECD estimates suggest that the present cyclical shortfall in the participation rate (for those aged 15 and over) may be only around 1 percentage point, with this set to be eliminated over the next 18 months given the economic growth outlook and demographic trends. With steady job growth projected to persist, the unemployment rate could decline further to below 6% by the end of next year. Wage pressures could continue to pick up relatively quickly,

Table 1.3. **OECD labour market conditions are likely to improve slowly**

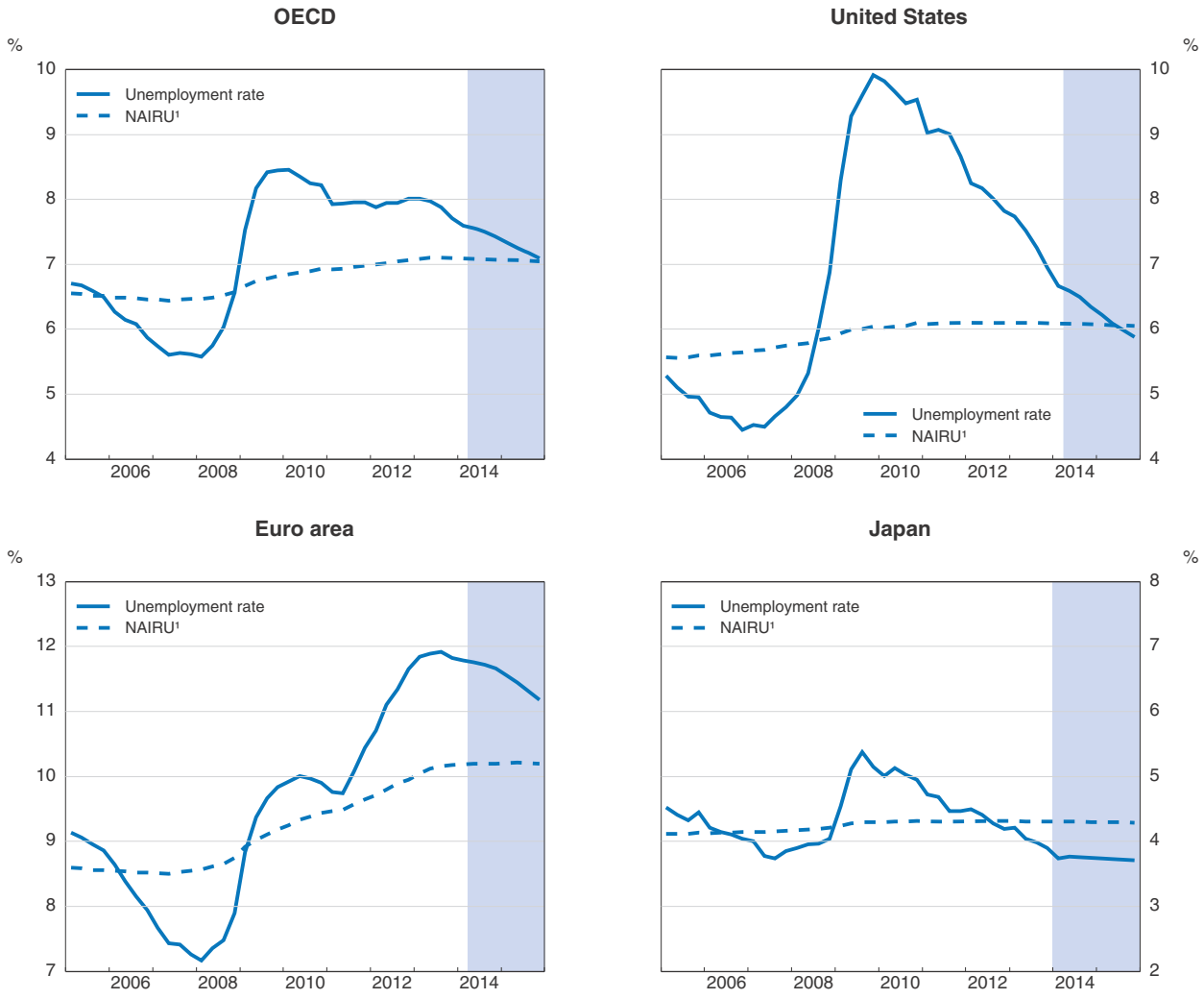
	2010	2011	2012	2013	2014	2015
	Percentage change from previous period					
Employment						
United States	-0.6	0.6	1.8	1.0	1.6	1.6
Euro area	-0.4	0.3	-0.7	-0.7	0.2	0.6
Japan	-0.3	-0.1	-0.3	0.7	0.1	-0.1
OECD	0.3	1.0	1.0	0.7	1.1	1.2
Labour force						
United States	-0.2	-0.2	0.9	0.3	0.7	1.1
Euro area	0.2	0.4	0.6	0.0	0.0	0.2
Japan	-0.3	-0.6	-0.6	0.3	-0.2	-0.2
OECD	0.5	0.6	1.0	0.6	0.7	0.9
Unemployment rate	Per cent of labour force					
United States	9.6	8.9	8.1	7.4	6.5	6.0
Euro area	10.0	10.0	11.2	11.9	11.7	11.4
Japan	5.0	4.6	4.3	4.0	3.8	3.7
OECD	8.3	7.9	7.9	7.9	7.5	7.2

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050332

Figure 1.7. **Labour market slack is diminishing slowly**

Percentage of labour force



1. The NAIRU is based on OECD estimates.

Source: OECD Economic Outlook 95 database.

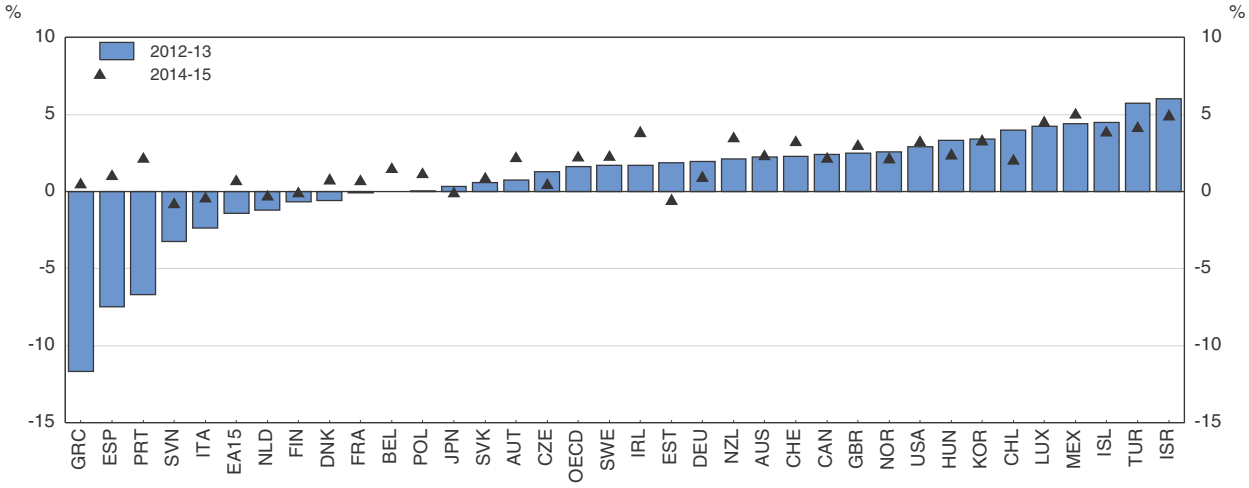
StatLink http://dx.doi.org/10.1787/888933048926

as some empirical work suggests that short-term unemployment has a stronger influence on wage setting than long-term unemployment (Krueger et al., 2014), possibly reflecting insider-outsider effects. However, sizeable additional economic slack also remains from involuntary part-time employment, with the share of these workers in the labour force currently around 2 percentage points higher than in the pre-crisis years (Figure 1.9).[6] This is reflected in the projection, with

6. This includes workers who are unable to find a full-time job and those who are unable to work more hours due to slack work or business conditions. The latter category has declined by around ½ million persons over the past year.

Figure 1.8. **Employment is projected to grow in almost all OECD countries**

Employment growth over two years shown

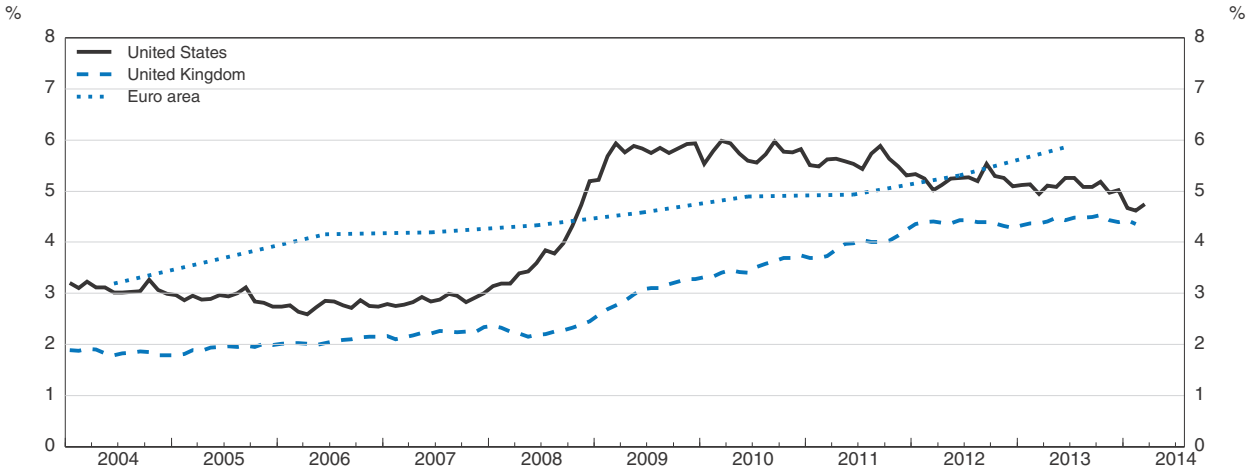


Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933048945

Figure 1.9. **Considerable economic slack remains due to involuntary part-time workers**

Involuntary part-time workers as a percentage of the labour force



Note: US and UK data are for those aged 16 years and over; euro area data are for those aged 15-74 years. The US data are those working part-time for economic reasons, including those who could not find a full-time job and full-time workers working reduced hours. The UK and euro area data are part-time workers who could not find a full time job.
Source: Bureau of Labor Statistics; Eurostat; Office for National Statistics; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933048964

compensation per employee projected to pick up only gradually, to around 3¼ per cent at an annualised rate by the latter half of 2015.

... Japan... ● In Japan, the unemployment rate has declined by around ¼ percentage point over the past year, the long-term decline in the labour force has been halted and the job-offers-to-applicants ratio continues to rise steadily, reaching its highest level in over six years. Female labour force participation has also risen by a further ½ percentage point, albeit from a low level. Wage growth has so far been driven largely by increases in

bonuses and overtime payments. However, if output growth remains sufficient to keep the unemployment rate below the OECD estimate of the long-term sustainable rate, as projected, regular wage growth should pick up, with total compensation per employee projected to rise by around 1½ per cent this year and 2½ per cent in 2015. Yet-to-be tackled reforms to raise product market competition and to increase trade openness would boost medium-term growth and employment prospects still further.

… and the United Kingdom…

- In the United Kingdom, the unemployment rate has fallen more rapidly than expected, declining by over ½ percentage point during the past year. Job growth has remained strong so far in the recovery, with only limited improvements in labour productivity. However, long-term unemployment (over a year) as a share of the labour force remains higher than prior to the crisis. Given the growth outlook, solid job growth is likely to continue (Figure 1.8), with the unemployment rate projected to decline to around 6½ per cent by the latter half of 2015. With the share of underutilised part-time workers in the UK labour force remaining high (Figure 1.9), wage growth should pick up only moderately, to between 3¼-3½ per cent (annualised rate) in the latter half of 2015.

… but the current slack in the euro area is set to persist for some time

- In the euro area, the unemployment rate has remained unchanged at just below 12% over the past year, with further job losses in Italy, stable employment levels in France and continued job growth in Germany. A resumption of job growth in Ireland and Portugal has also helped unemployment rates in these economies to decline by between 1½ to 2 percentage points over the past year. Long-term (over 1 year) unemployment remains high, at around 30% of total unemployment. With only a gentle recovery likely for the euro area, currently extensive labour market slack should fade only slowly. Area-wide unemployment is projected to decline by just over ½ percentage point over the next 18 months, with the drop largely accounted for by falling unemployment in the vulnerable economies and additional unemployment declines in Germany and Austria.

Labour market reforms remain essential to foster employment growth

Labour market reforms remain essential to foster employment growth and reduce the risk that persistent cyclical unemployment increasingly becomes structural. Efforts to improve labour utilisation by reforming labour market regulations and welfare systems have recently intensified in a number of OECD economies (OECD, 2014), particularly in many euro area countries under stress. Additional reforms are needed to strengthen and redesign active labour market and social policies so as to cushion the near-term effects of high unemployment and improve the matching of workers and jobs, especially in many European countries and the United States, where the expiry of extended unemployment benefits in January 2014 reinforces the need for such measures. Reforms of disability benefit schemes are also required in the United States to

moderate the fall in labour force participation.[7] In several economies, especially Japan, reforms to improve childcare services and reduce tax and benefit disincentives to second earners would encourage higher female labour force participation. Product market reforms to relax regulatory restrictions in sectors in which there is a strong potential for new job growth could also help improve labour market outcomes, including in Japan, Canada, Germany and France.

Low inflation is set to continue

Inflation is set to drift up slowly…

The currently subdued inflationary pressures in the OECD economies seem likely to persist for some time, with economic slack being removed only slowly. With medium-term measures of inflationary expectations remaining well-anchored, despite some softening in one to two-year ahead measures of expectations, inflation should start to edge up in most economies over the next 18 months, though the projected difference in growth outcomes is likely to be reflected in diverging inflation outcomes.

… in the United States and Japan but remain particularly low in the euro area

Core inflation in the United States seems likely to drift up slowly to approach the inflation target of 2% by the end of 2015, as economic slack is eroded and cost pressures begin to strengthen. In the euro area, core inflation is more likely to remain soft given anticipated growth prospects and subdued labour cost growth, rising only to 1.2% (annualised rate) by the latter half of 2015, remaining well below the ECB definition of price stability. In Japan, the year-on-year rate of core consumer price inflation is now around ¾ per cent, helped by strong import price growth, and longer-term inflationary expectations have risen. The increases in the consumption tax rate in 2014 and planned for 2015 will also raise the consumer price level by around 2 percentage points and 1.4 percentage points, respectively. However, abstracting from this, a durable rise in inflation will require regular wage growth to pick up substantially. This has yet to occur, but with a tighter labour market helping wage growth to strengthen over the next 18 months, the annualised quarterly rate of core inflation, abstracting from indirect tax increases, could be close to 1½ per cent by the final quarter of 2015.

Inflation pressures in EMEs should ease if currencies stabilise

Despite sluggish growth, underlying inflationary pressures remain substantial in many large EMEs, including India and Brazil. Sizeable exchange rate depreciations have pushed up import prices markedly and inflation expectations are not fully anchored. These factors should start to ease as monetary policy tightening impacts fully on the economy, provided financial market pressures do not intensify once more. In India,

7. The drop in the US labour force participation rate in recent years has coincided with a significant inflow into disability benefit schemes, with the share of the population of 20-64 year olds receiving disability benefits rising to around 7¼ per cent, close to levels in many European economies. This suggests that eligibility requirements may need to be tightened and rehabilitation services strengthened.

consumer price inflation has already fallen sharply, to around 8%, as food price inflation eased to more normal levels after a period of poor weather and an adjustment to administered prices, and is projected to continue easing through the next 18 months, to a little over 6½ per cent in 2015, helped by the small negative output gap. A similar outcome is expected in Brazil, although inflation could still be at or above 5¼ per cent through much of next year. In China, headline inflation has edged up to around 2½ per cent, with food price pressures having started to rise. Non-food consumer price inflation remains modest, at close to 1½ per cent. The estimated positive output gap is now small and likely to remain so given projections for output growth, so that core inflation should edge up only marginally from its current level.

Global imbalances

Current account imbalances are set to widen…

Although global imbalances have declined considerably since 2008, they are projected to drift up in 2014 and 2015 (Table 1.4). Additional growth-friendly structural reforms would help to reduce saving-

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

Goods and services trade

	2011	2012	2013	2014	2015
	Percentage change from previous period				
World trade[1]	6.5	3.2	3.0	4.4	6.1
OECD exports	6.2	2.9	1.9	4.1	5.5
OECD imports	5.4	1.3	1.0	3.6	5.5
Trade prices[2]					
OECD exports	9.1	-3.8	0.4	2.4	1.5
OECD imports	10.7	-2.9	-0.4	2.3	1.5
Non-OECD exports	14.3	-0.1	-1.7	-0.1	2.7
Non-OECD imports	11.1	-0.4	-1.4	-0.9	2.3
Current account balances			Per cent of GDP		
United States	-2.9	-2.7	-2.3	-2.5	-2.9
Japan	2.0	1.1	0.7	0.2	0.7
Euro area	0.8	2.1	2.8	3.1	3.2
OECD	-0.6	-0.5	-0.1	0.0	0.0
China	1.9	2.6	2.0	1.2	1.5
			$ billion		
OECD	-281	-213	-28	-6	-25
United States	-458	-440	-379	-436	-544
Japan	118	66	34	11	34
Euro area	106	251	362	416	444
Non-OECD	622	561	438	414	458
China	136	215	183	114	161
Major oil producers	580	568	451	446	486
Rest of the world	-94	-222	-195	-146	-188
World	341	349	411	409	433

Note: Regional aggregates include intra-regional trade.
1. Growth rates of the arithmetic average of import volumes and export volumes.
2. Average unit values in dollars.
Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050351

investment imbalances in many countries, as would further fiscal consolidation in several external deficit economies.

... in the United States...

- In the United States, the relative strength of domestic demand pushed up the non-oil deficit during 2013, but this was offset by rising exports of services and declining net imports of petroleum products. Looking ahead, further strong growth of domestic demand is expected to result in a renewed widening of the US current account deficit to 3% of GDP by end-2015. There are some upside risks if the composition of expenditure growth shifts even more towards business investment, which is more import intensive than other expenditure categories. Reforms to reduce the generosity of the tax treatment of interest expenses and fiscal consolidation could help to increase saving by reducing reliance on debt finance. This would improve resource allocation and reduce both the fiscal and external deficits.

... the euro area...

- The aggregate current account surplus of the euro area increased further in 2013 to a little over 2¾ per cent of GDP and is projected to rise further to around 3¼ per cent of GDP by 2015. This reflects a combination of the persistent large external surpluses of Germany and the Netherlands, and a marked improvement in the external balances of the vulnerable economies. Significant adjustments have occurred in these latter countries, with domestic demand heavily compressed and economic slack and structural reforms combining to bring about improvements in price and cost competitiveness. Ireland, Spain, Italy, and, more recently, Portugal and Greece all now have a current account surplus and all are projected to have a rising surplus through 2014-15, helped by improvements in external competitiveness. Nonetheless, further progress and reforms are needed to help bring down high net external indebtedness in most of these countries and ensure that relative costs achieve levels that are consistent with external debt stability during normal cyclical conditions. Priorities include keeping already-agreed ambitious medium-term fiscal targets and reforms in both labour and product markets to help strengthen productivity and improve price and non-price competitiveness. Reforms are also needed in the external surplus countries to rebalance and strengthen growth, prevent the area-wide adjustment process from being too one-sided, and limit the risks of intensifying disinflationary pressures and further increases in the area-wide external surplus. In particular, a key priority is to further improve domestic investment prospects by undertaking product market reforms to open sheltered sectors such as professional services and network industries. In addition to reforms in specific economies, additional area-wide initiatives to strengthen competition (such as steps at the EU level to deepen the Single Market) and improve credit availability for firms by strengthening the banking system would foster investment and help to lower the area-wide external surplus.

… and, to a lesser extent, Japan…

- In Japan, the current account remained in surplus in 2013 as a whole, although it moved into deficit in the fourth quarter. The depreciation of the yen effective rate helped to boost the investment income balance, but had little impact on the trade balance, which has slipped further into deficit. Imports have surged, reflecting both stronger domestic demand growth and also the high level of energy imports. In addition, the expected boost to export performance from the yen depreciation has not materialised, with exporters preferring to hold prices fixed in foreign currency terms, thereby boosting their profitability. With export growth projected to pick up and fiscal consolidation expected to damp domestic demand growth from the second quarter of 2014, the trade balance is expected to improve over the next 18 months, allowing the overall external surplus to eventually stabilise at about ¾% of GDP.

… but narrow in China…

- In China, the overall current account surplus in 2013 declined to around 2% of GDP. With domestic demand growth likely to remain strong relative to demand growth in major trading partners through 2014-15, further modest declines in the external surplus are projected, to around 1½ per cent of GDP in 2015, provided that the effective exchange rate does not depreciate significantly. Structural reforms that could further reduce the external surplus by limiting the need for domestic saving include the development of the financial sector and social safety nets. Further progress in these areas is likely as a result of the decisions taken at the Third Plenum.

… and in EMEs with high external deficits

- Amongst the major EMEs with high external deficits, some improvement has already taken place, reflecting a combination of recent sizeable currency depreciations and tighter domestic monetary and macro-prudential policies. The turnaround in the trade balance has been particularly rapid in India and Indonesia, in part through one-off measures that may not persist, with smaller adjustments having occurred in South Africa and Brazil. In all of these economies, the external deficit by 2015 is projected to be at least ¾ per cent of GDP or more below that in 2013. Little improvement has so far occurred in Turkey, with the external deficit increasing to 8% of GDP in 2013. With recent policy tightening helping to slow domestic demand growth and improved export performance, the deficit is expect to decline to 6½ per cent of GDP this year, before drifting up to 7% in 2015, with the required level of external financing leaving the country vulnerable to shifts in global risk sentiment. In all these countries policy priorities include the need to implement fiscal consolidation where budget deficits are high (as in India), and enact structural reforms to remove supply-side constraints, strengthen domestic growth prospects and improve the incentives for long-term capital inflows, thereby reducing dependence on more volatile short-term capital flows.

Economic policy requirements in the major economies

Monetary policies need to remain supportive in the OECD though to a different extent

A nascent recovery and still large estimated slack call for accommodative macroeconomic policy, but with increasingly differentiated policy stances in the main OECD areas. Government debt remains high in many countries and is merely expected to stabilise in the OECD over next 18 months (Table 1.5), limiting the extent to which fiscal policy can be used to support the economy. In the context of still large estimated output gaps, high unemployment and below-target inflation, this implies that accommodative monetary policy should be maintained. However, with the recovery more advanced in the United States and the United Kingdom, monetary stimulus should be reduced gradually, in contrast to Japan, where additional easing is already planned, and the euro area, where additional accommodation is needed. In China, monetary policy will have to be eased if growth were to slow sharply. Prudential measures should also be used in a timely manner to gradually slow rapid credit expansion and harder budget constraints should be imposed on local governments. In several other EMEs, monetary policy may still have to be tightened and fiscal positions improved.

Table 1.5. **Fiscal positions will continue to improve**

Per cent of GDP / Potential GDP

	2011	2012	2013	2014	2015
United States					
Actual balance	-10.7	-9.3	-6.4	-5.8	-4.6
Underlying balance	-8.7	-7.8	-5.2	-4.9	-4.1
Underlying primary balance	-5.7	-4.8	-3.0	-2.4	-1.7
Gross financial liabilities	98.8	102.1	104.3	106.2	106.5
Euro area					
Actual balance	-4.1	-3.7	-3.0	-2.5	-1.8
Underlying balance	-3.6	-2.3	-1.5	-1.0	-0.6
Underlying primary balance	-1.0	0.3	0.9	1.4	1.8
Gross financial liabilities	95.9	104.4	106.7	107.7	106.9
Japan					
Actual balance	-8.8	-8.7	-9.3	-8.4	-6.7
Underlying balance	-8.0	-8.1	-8.8	-8.2	-6.8
Underlying primary balance	-7.2	-7.2	-7.9	-7.1	-5.4
Gross financial liabilities	209.5	216.5	224.6	229.6	232.5
OECD[1]					
Actual balance[1]	-6.5	-5.9	-4.6	-3.9	-3.2
Underlying balance[2]	-5.9	-5.1	-3.9	-3.5	-2.8
Underlying primary balance[2]	-3.7	-2.9	-2.0	-1.5	-0.8
Gross financial liabilities[2]	102.1	107.1	109.5	111.1	111.2

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 95 database.

StatLink http://dx.doi.org/10.1787/888933050370

Caution is warranted in reducing monetary stimulus

In the projection period policy rates are likely to remain low by historical standards and simple policy benchmark rules.[8] This poses some risks to price and financial stability in the future. Nevertheless, caution is needed in withdrawing monetary stimulus, as policy rates are still at or close to the zero lower bound. Notwithstanding the progress achieved in improving the state of public finances, additional sustained consolidation will be needed in several countries in the coming years, calling for some offset from monetary policy. Uncertainty about the post-crisis level of neutral interest rates and the possibility that they might be lower than they used to be prior to the crisis provide another argument for keeping policy rates low. Updated OECD estimates of neutral interest rates (Bouis et al., 2013) indicate that they remained negative in real terms in 2013. Although these estimates are inherently uncertain, they suggest that policy interest rates at zero output gaps and on-target inflation could remain lower for longer than in the past.

United States

In the United States, the gradual scaling down of monetary stimulus is required…

Accommodative monetary policy remains warranted but should be scaled down gradually. Policy accommodation is required as current economic slack remains large (with the negative output gap estimated at 3½ per cent of GDP in 2013), inflation is low and inflation expectations are well anchored. However, a reduction in monetary policy stimulus will be needed given the projected narrowing of output and unemployment gaps and the projected increase of inflation towards its target. There are risks that prolonged strong monetary accommodation could unanchor inflation expectations and generate asset price bubbles once again. The path set by the Federal Reserve for reducing monthly purchases of securities from the $55 billion in April to zero later this year seems appropriate and it would allow policy rates to start rising in 2015 as currently envisaged by FOMC members and expected by markets. With the unemployment rate declining close to 6½ per cent, the Federal Reserve rightly modified its forward guidance in March by removing the reference to the initially announced unemployment threshold for considering rate increases, and indicating that a broad and transparent set of indicators would be considered, including indicators on labour and financial markets and inflation. It also stated that it would likely be appropriate to maintain the current target range for the federal funds rate "for a considerable time" after the asset purchase programme ended, especially if projected inflation remained below the 2% target, and longer-term inflation expectations remained well anchored. This shift from state-contingent to qualitative criteria reflects the fact that guidance should be

8. In particular, various variants of the Taylor rule.

employed during a gradual normalisation of monetary policy to smooth market expectations rather than to provide extra stimulus.

… and must be accompanied by a careful communication strategy to prepare investors

A US exit from very accommodative policy in the context of a strengthening US economy should be beneficial for the global economy, but may also result in unavoidable negative spillovers in the short term. Even if the latest decisions to reduce Federal Reserve's asset purchases did not trigger a bond sell-off similar to the one observed in mid-2013, and investors see increasingly differentiated risks across EMEs (see above), there is still a risk of an abrupt increase in US bond yields and ensuing spillovers to other countries, especially EMEs (Rawdanowicz et al., 2014). To avoid overshooting of yields and unsettling financial markets at home and abroad, the Federal Reserve will have to normalise its interest rates and asset holdings at a measured pace and prepare investors for this by a carefully-designed communication strategy. For example, the Federal Reserve could consider providing guidance on the path of the policy rate towards its medium-term level and the time profile for an eventual normalisation of its balance sheet. The normalisation process will be a difficult balancing act in view of persisting, albeit diminished, downside risks and fiscal headwinds, and uncertainties about longer-lasting impacts of the crisis on productive capacities, neutral interest rates and monetary policy transmission.

The easing of fiscal consolidation is appropriate but long-term fiscal issues have yet to be tackled

The slowdown in fiscal consolidation is appropriate given the much improved near-term budget picture. Fiscal consolidation is slowing markedly this year and uncertainty about the near-term fiscal path has also declined. Fiscal drag, estimated at 1¾ per cent of GDP in 2013, is projected to amount to only around ⅔ per cent of GDP in both 2014 and 2015 (Table 1.5). This is partly due to the Bipartisan Budget Act enacted in December 2013 which replaced the 2014 spending cut scheduled under sequestration with a slight increase in the spending cap for 2014 and 2015. The Act also reduced the likelihood of surprises to the medium-term path of federal spending: after 2015 discretionary spending is expected to follow the path laid out under sequestration. The early February debt ceiling increase resolved the final important source of fiscal policy uncertainty for at least the next year, as the next debt limit deadline will probably fall toward end-2015. The relative ease with which the increase was enacted also gives hope that future fiscal deadlines may be less disruptive than has been the case over the last few years. Looking out to the longer term, legislators have yet to agree on a programme of spending cuts, including entitlement reforms, or revenue increases to address the pressures that rising health-care costs and an ageing population will put on the public finances.

United Kingdom

In the United Kingdom, monetary policy should remain accommodative but be gradually tightened next year...

With the unemployment rate falling close to its threshold level, the Bank of England provided further guidance in February, which – as in the United States – was justified in view of the changing aims of guidance as the start of monetary policy normalisation draws closer.[9] The recent decline in inflation and inflation expectations, the lack of immediate inflationary pressures, especially in the context of sizeable estimated slack (even if it is narrowing faster than expected) and weak wage growth, and still nascent recovery suggest that current stimulus could be maintained in 2014. However, from next year, the policy rate should be increased gradually, as currently expected by markets, to ensure price and financial stability. By the end of 2015, the employment and output gaps are projected to be largely closed and inflation will be close to the target, while policy rates are likely to be significantly below neutral levels, even if the latter could be lower than prior to the crisis. Monetary policy tightening should be accompanied by timely prudential measures to address the risks of excessive house price inflation. When policy rate increases start, it would be desirable that the Bank of England provides some clear and transparent information about the likely path for interest rates and time profile for an eventual normalisation of its balance sheet.

... and fiscal consolidation should accelerate as planned

Structural fiscal consolidation is continuing at a steady pace of about 1% of GDP this year. Meanwhile, the headline deficit has been falling faster than previously anticipated, but this is estimated to be mainly for cyclical reasons. Now that the recovery is strengthening the government should, as planned, accelerate the pace of structural fiscal adjustment and rely most heavily on spending restraint. All the measures needed to follow the planned tightening path should be specified to help reinforce the plan's credibility.

Japan

In Japan, the three-arrow policy strategy is being implemented

The authorities are pushing ahead with their three-arrow policy package: very expansionary monetary policy to end deflation and attain a 2% inflation target; flexible fiscal policy to give temporary support to the economy; and structural reforms to boost the potential growth of the economy. So far, progress has been most evident in the monetary and fiscal domains, but much remains to be done to rapidly improve structural policy settings.

Bold structural reforms will be key for the success of the strategy

Structural reforms are now fundamental for boosting economic growth and thus helping alleviate fiscal challenges. The authorities have specified numerical targets in the new growth strategy aimed at

9. The Bank of England provided guidance for after the unemployment threshold had been met and stated that there remained scope to absorb spare capacity further before raising the policy rate and that the appropriate path to a normal rate (which is likely to be lower in the medium term than prior to the crisis) was expected to be gradual, though the actual path would depend on economic developments.

increasing Japan's potential growth rate to 2% (OECD estimates of the current rate are about ¾ per cent), but it is not clear how these objectives are to be achieved.[10] The strategies to reform the agriculture and energy sectors are in line with OECD recommendations (OECD, 2013d), but bolder reforms are urgent. They should involve fundamental changes in product markets, including greater international openness, to strengthen competition and spur efficiency gains and innovation, especially in the service sector where productivity has lagged behind. The OECD's product market regulation indicators show that Japan's barriers in some network industries are among the highest in the OECD and those in services are far away from best performance, even if they are close to the OECD average, leaving large scope for improvements that would boost living standards and help restore Japan's fiscal sustainability.

Fiscal consolidation should proceed steadily to reduce the risk of financial market turmoil

Japan's fiscal stance is turning around sharply, from fiscal easing of some ¾ per cent of GDP last year to a similar amount of fiscal consolidation in 2014. Given that fiscal contraction this year is largely due to the consumption tax increase, and given the timing and composition of the stimulus package meant to partly offset its negative impact on the economy, as well as other measures like the corporate tax cut, the drag on GDP growth this year should be relatively modest. It will be much larger in 2015, when fiscal consolidation worth close to 1¾ per cent of GDP is planned, including a large cut in investment spending which tends to have a high fiscal multiplier. The government approved a new medium-term fiscal plan last August, confirming that it aims to lower the primary budget deficit (relative to GDP) of central and local governments from an estimated 6.7% in the fiscal year just ended to 3.3% in FY 2015, achieve a primary surplus by FY 2020, and thereafter steadily reduce the public debt ratio. It will be challenging to meet the 2015 objective with currently decided policy measures, even under optimistic growth assumptions. In any case, keeping to specific headline deficit objectives may be less important for market confidence than showing steady progress toward fiscal sustainability. The top priority should be to produce a detailed and credible long-term plan of measures to consolidate public finances. The plan should include social security reforms to limit spending increases, particularly in the areas of health and long-term care, as well as revenue increases. Such a plan will be instrumental in reducing the risk of an abrupt shift in market sentiment that could fuel a spiral of adverse market reactions (OECD, 2013b). Given the already very high level of government

10. Even if the targets were to be achieved, they may not suffice to raise potential growth significantly. For example, the objective of raising the employment rate of women in the 25-44 age group from 68% to 73% in 2020, in part by eliminating waiting lists for childcare centres by 2017, will have relatively modest overall effects. On the assumption that the adjustment takes eight years, the overall employment growth rate would be raised by 0.2 percentage point per annum on average and the associated increase in the average annual potential output growth rate would be 0.1 percentage point.

debt, a rise in the real yields of sovereign bonds, or disappointing growth outcomes, would seriously aggravate debt dynamics.

Increasingly accommodative monetary policy is needed

Inflation outcomes and expectations have risen significantly since the start of the quantitative and qualitative easing programme in April 2013. However, inflation is still below target and is expected by the OECD to remain so (excluding the consumption tax increase effects) at least until end-2015. Thus, it is appropriate to keep increasing the already large monetary policy stimulus over the medium term as planned. If inflation were to undershoot its target persistently and the economic slowdown were to turn out to be greater than expected, boosting quantitative and qualitative monetary easing even further than currently envisaged (i.e. doubling of the monetary base between end-2012 to end-2015) might be warranted notwithstanding the associated risks. This could involve larger purchases of longer-term government and private bonds, rather than expanding the two loan support programmes, as done recently. These loan programmes may entail inefficiencies as high funding costs and a lack of access to funds do not seem to hinder banks' credit provision, and loans targeted to selected sectors in one of the programmes raise concerns about resource misallocation and an uneven playing field.

Euro area

In the euro area, further monetary policy stimulus is needed

Very low underlying inflation and large economic slack are expected to persist for several quarters.[11] Accordingly, the main refinancing policy rate should be reduced to zero, and possibly the deposit rate to a slightly negative level, and they should be maintained at these levels at least until end-2015. Together with recent improvements in financial markets, this should contribute to reduce interbank overnight interest rates and ultimately bank lending rates (Box 1.4), helping to stimulate growth and reverse disinflationary pressures. Additional non-conventional measures would be required if inflation did not show clear signs of returning toward the ECB target or, a fortiori, if a deflationary scenario threatened to occur. Such measures should be introduced swiftly even if inflation expectations appear still to be anchored, as stable expectations may be conditioned on an assumption that corrective policy will be implemented, and could therefore change abruptly if policy is seen to be inactive. The ECB has therefore rightly stated that it stands ready to act quickly and with force and that all options are available. These could include terminating sterilisation of the Securities Markets Programme,[12] and providing financing via new LTROs at longer maturities, possibly at a constant near-zero policy rates. Purchases of government or corporate bonds, or programmes to foster bank lending to the non-financial private sector, could also be envisaged.

11. The OECD estimate of the negative output gap in 2013 was lowered to 3½ per cent of GDP as a result of a downward revision of potential real GDP growth (Chapter 4).
12. This could raise liquidity by around 175 billion euros, roughly doubling the amount of excess liquidity.

Risks of renewed financial market stress call for further measures…

With only a modest recovery, disinflationary pressures and an unfinished structural reform agenda, a risk remains that financial market stress could re-emerge and undercut the recovery. It therefore remains urgent to improve the health of the banking sector, continue building effective institutions and sustain reform momentum.

… including a comprehensive and credible assessment of banks' capital positions…

- The comprehensive assessment of euro area banks by the ECB and the EBA this year will be the key for restoring confidence in the banking system and minimising the risks of disruptive financial market stress. Banks' balance sheets have been improving gradually and banks have raised capital (EBA, 2013), resulting in lower CDS spreads and higher equity valuations. Nevertheless, deleveraging and recapitalisations are not finished and impaired assets are still rising. The comprehensive assessment should be used as an opportunity to provide reliable estimates of capital needs and be followed by swift recapitalisations or, if necessary, resolutions. If this were to be the case, credit conditions offered by banks could ease (Box 1.4), with an upside risk for the momentum of the recovery. Thresholds to assess capital adequacy in terms of core tier 1 capital were chosen at 8% of risk-weighted assets in the baseline scenario and 5.5% in the adverse scenario (ECB, 2014c). They reflect the prevailing regulatory minimum requirements and seem appropriate given the demanding macroeconomic scenarios employed (ECB, 2014d).[13] It would be, however, desirable to report leverage ratios under the adverse scenario, given the evidence that this indicator has more predictive power for financial stress than risk-weighted capital ratios.[14] The adoption of a common definition of non-performing assets is welcome as it will help evaluate assets and the adequacy of loan-loss provisions consistently across countries. To minimise the risk of renewed tensions, it is crucial to clarify how any identified capital shortfalls of viable banks will be rectified.[15] If recapitalisation were undertaken quickly and successfully, it could also be an upside risk, boosting confidence and the pace of the recovery.

13. Regulatory requirements will be, however, more stringent with the full implementation of the EU Credit Requirements Regulation/Directive 4. As of 2019, EU banks will have to apply a more restrictive definition of core tier 1 (CT1) capital and meet CT1 requirements in terms of risk-weighted assets between 7% and 14.5% (4.5% main capital ratio + 2.5% conservation buffer + 0-2.5% countercyclical buffer + 0-5% macro-prudential systemic risk buffer, which will include the 1-3.5% buffer for global systemically important financial institutions).
14. See Blundell-Wignall and Roulet (2012 and 2013) and Haldane and Madouros (2012). The ECB (2013b) has indicated that the leverage ratio will be used as supplementary information in the Asset Quality Review.
15. The ECB announcement of the comprehensive assessment recognised the potential need for public backstops, but stressed that capital shortfalls should be made up primarily by private investors (ECB, 2013b). Capital shortfalls identified in the baseline scenario of the stress tests are expected to be made up within six months, and the ones identified in the adverse scenario within nine months, after the release of the results (ECB, 2014c).

… completing the establishment of a fully-fledged banking union as quickly as possible…

- Following the completion of the single supervisory mechanism in November 2014 and the recent enactment of a single bank resolution regime, an adequate joint fiscal backstop and, possibly, a joint deposit guarantee should be set up. The establishment of a single fund for the resolution of banks and an associated backstop should be followed up by decisions ensuring that adequate funding for the resolution fund and the fiscal backstop is available, both in the 8-year transition phase when the single fund will be formed and subsequently, including adequate provisions to allow a cross-border resolution of failing banks.[16] At the same time, incentives to guard against moral hazard in policy decisions or market behaviour need to be built into such arrangements.

… and continuing with structural reforms and fiscal consolidation

- The financial market improvement and cyclical upturn should not be used as an excuse to delay structural reforms and progress with fiscal consolidation. Without structural reforms there is a high risk of continued economic weakness with negative implications for meeting medium-term fiscal targets that depend on growth increases. A lack of steady progress on fiscal adjustment and public-sector deleveraging could in turn rekindle financial tensions, especially in the vulnerable countries, and set off negative feedbacks between the cost of financing, growth and fiscal balances.

Some slowdown in the pace of structural fiscal adjustment is appropriate

Given the progress already made and the still weak economy, some slowdown in the pace of structural fiscal adjustment in the euro area is appropriate. At the same time, lower financial market pressure creates a risk that consolidation efforts become confined to stabilising public debt burdens rather than restoring room for active fiscal policy to counter future shocks. After structural fiscal consolidation of just over ½ per cent of GDP in 2013, area-wide consolidation is expected to amount to a bit less than ½ per cent of GDP both this year and next. In Germany, the fiscal stance is expected to be slightly expansionary over the projection period. In France, the pace of consolidation is slowing slightly, to about ¾ per cent of GDP both this year and next. Italy's fiscal stance will only be slightly contractionary in 2014 and 2015. Spain, Portugal and Ireland are planning larger fiscal efforts (between 1% and 1¾ per cent of GDP) and do not have room for a gentler approach. Greece is sharply reducing the pace of fiscal consolidation now that it enjoys a primary surplus. Some countries have now completed most of their required structural fiscal adjustments, while others, like Spain, Ireland and France, will need to continue well beyond 2014. In these countries, the automatic stabilisers should be allowed to operate fully around planned structural consolidation paths.

16. The Single Resolution Mechanism will be backed by a €55 billon fund financed by industry levies. The build-up of a common fund was accelerated from 10 to eight years and its mutualisation was frontloaded (40% of contributions will be mutualised from the first year and 60% from the second year) compared with the initial proposal.

Governments should also avoid relaxing fiscal adjustment efforts relative to the structural commitments they have made even if there are positive growth surprises or reduced financial market pressure. In particular, large countries should not use improvements in financing conditions brought about by smaller countries' fiscal efforts as an excuse to relax their own fiscal adjustments, because a significant risk of renewed market frictions remains.

China

In China, the current monetary policy stance is appropriate but some stimulus would be required if growth were to slow sharply

The current broadly neutral monetary policy is consistent with low inflation and subdued future inflationary pressures given signs of growth moderation. However, should growth weaken significantly or domestic liquidity conditions tighten sharply, monetary stimulus would be warranted through reductions in the reserve requirement ratio (RRR). In parallel, rising financial stability concerns (Box 1.1) should be addressed by financial regulation and macro-prudential measures, ensuring a reduction in off-balance sheet credit growth whilst avoiding a sharp slowdown in economic activity. The deregulation of interest rates is expected to be completed within two years, with the abolition of the deposit rate cap this year bringing lending and deposit rates closer to market-clearing levels and weakening the attractiveness of shadow banking products. This effect could be strengthened by reducing the currently high RRR (20% for big and 16.5% for small and medium-size financial institutions) which disadvantages regular commercial banks. As recently proposed by the authorities, deposit insurance and a resolution system for financial institutions will precede full liberalisation. Better monitoring and control of risks in the shadow banking sector is also needed.

The broadly neutral fiscal policy stance is appropriate

The central government's fiscal deficit projection for 2014 is about 2.1% of GDP, a slight increase from last year's 1.9% estimate. In April, the State Council announced a small targeted fiscal stimulus package to support near-term growth. Further fine-tuning measures might follow if momentum continues to falter. Recent survey results on local government debt placed it at 33.2% of GDP in June 2013, an increase of 6½ percentage points in 2½ years.[17] Adding central government debt, China's total government debt was about 56% of GDP in June 2013. While this remains a manageable amount for the country as a whole, some local governments face tough fiscal conditions and will struggle to repay their debts. The central government has not yet provided an explicit resolution scheme if problems occur. As laid out in the Third Plenum report and proposed at the National People's Congress last March, the central government should impose harder budget constraints on local

17. The increase may be somewhat overstated because of a finer coverage in the most recent survey.

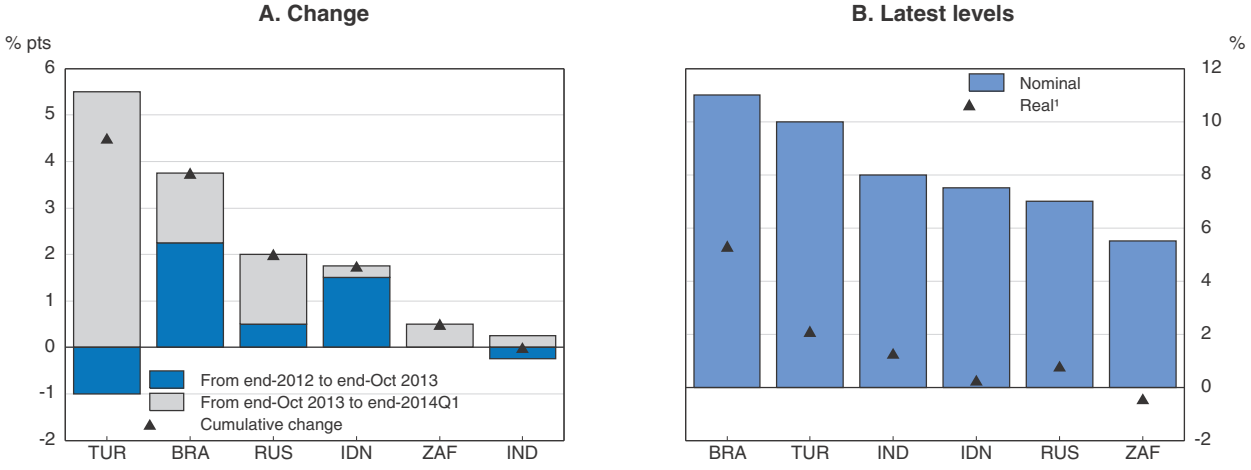
governments, improve transparency, and enhance monitoring of local government expenditures.

Other EMEs

In other EMEs, the appropriate monetary policy stance will depend on inflation and exchange rate developments

Several EMEs have increased policy rates (Figure 1.10), helping reduce capital outflows and inflationary pressures. Diverging trends in inflation and GDP growth call for differentiated policy responses. The current monetary policy stance is appropriate in Russia, and should be eased gradually in Indonesia and possibly India and South Africa, but in Brazil, where inflation is not expected to decline in the near term, further tightening is desirable. Additional increases in policy rates would be, however, needed if currencies were to depreciate further and inflation outcomes and expectations were to increase. This would pose a policy dilemma given already subdued growth in many EMEs and the limited scope for offsetting fiscal stimulus, notably in India, where high government deficits need to be brought down, and in Brazil, where the fiscal position must improve durably to reinforce the credibility of fiscal announcements. Nevertheless, weaker currencies and higher policy rates could help rebalance the economy towards exports and improve current account balances, as recently experienced in India and Indonesia. Thus, exchange rates should be allowed to adjust flexibly to changing fundamentals, though transparent and temporary interventions may play some role in reducing short-term currency volatility and financial instability.

Figure 1.10. **Policy interest rates in many EMEs have been increased**



Note: The policy interest rates are: the Selic rate target for Brazil; the repo rate for India; the main Bank Indonesia policy rate for Indonesia; the target interest rate for overnight funding operations for Mexico; the one-week liquidity provision and absorption open market operations for Russia; the repo rate at which the private banks borrow rands from the Reserve Bank for South Africa; the one-week repo rate for Turkey.

1. Real policy interest rates are calculated based on the latest available year-on-year change in the overall consumer price index.

Source: OECD, Main Economic Indicators; and OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933048983

Further policy actions are needed to minimise risks of financial turmoil and entrenched subdued growth

Better regulation and supervision may be needed to ensure that the capital and liquidity buffers of financial institutions are sufficient and to reduce currency mismatches. Reducing regulatory burdens on foreign direct investment and product markets and removing tax incentives for debt over equity financing should help to bring about a safer structure of foreign liabilities and reduce the risks of volatile capital flows (Ahrend and Goujard, 2012). EMEs should also re-start growth-enhancing structural reforms to help improve their economic prospects more generally and boost investors' confidence. In particular, they could raise comparatively low levels of labour productivity by reducing still high regulatory barriers to competition and restrictions to FDI and trade, by developing infrastructure, and by improving access to education and teaching quality (OECD, 2014).

Bibliography

Ahrend, R. and A. Goujard (2012), "International Capital Mobility and Financial Fragility - Part 3. How Do Structural Policies Affect Financial Crisis Risk?: Evidence from Past Crises Across OECD and Emerging Economies", *OECD Economics Department Working Papers*, No. 966, OECD Publishing.

Al-Eyd, A. and S. P. Berkmen (2013), "Fragmentation and Monetary Policy in the Euro Area", *IMF Working Papers,* No. 208.

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. and C. Roulet (2013), "Bank Business Models, Capital Rules and Structural Separation Policies: A Evidence–based Critique of Current Policy Trends", *Journal of Financial Economic Policy*, Vol. 5(4).

Bouis, R., L. Rawdanowicz, J-P. Renne, S. Watanabe and A.K. Christensen (2013), "The Effectiveness of Monetary Policy since the Onset of the Financial Crisis", *OECD Economics Department Working Papers*, No. 1081, OECD Publishing.

Bussière, M., Callegari, G., Ghironi, F., Sestieri, G. and N. Yamano. (2013), "Estimating Trade Elasticities: Demand Composition and the Trade Collapse of 2008-2009", *American Economic Journal: Macroeconomics*, Vol. 5(3).

CBRC (2013), *CBRC 2012 Annual Report*, China Banking Regulatory Commission, May.

Cohen, B. and M. Scatigna (2014), "Banks and Capital Requirements: Channels of Adjustment", *BIS Working Papers*, No. 443.

EBA (2013), "EU-wide Transparency Exercise 2013 Summary Report", European Banking Authority, December.

ECB (2013a), "Assessing the Retail Bank Interest Rate Pass-Through in the Euro Area at Times of Financial Fragmentation", *ECB Monthly Bulletin*, August.

ECB (2013b), *Note on Comprehensive Assessment*, October.

ECB (2013c), *Banking Structures Report*, November.

ECB (2014a), "Box 5: Impact of services and non-energy industrial goods prices on the recent decline in HICP inflation", *ECB Monthly Bulletin,* March.

ECB (2014b), "The Euro Area Bank Lending Survey. 4th Quarter 2013", January.

ECB (2014c), *Note on Comprehensive Assessment*, February.

ECB (2014d), "ECB to Give Banks Six to Nine Months to Cover Capital Short Falls Following Comprehensive Assessment", Press release, 29 April.

EC (2014), "Box 1.4: Analysing current disinflationary trends in the euro area", *European Economic Forecast – Winter 2014, European Economy*, No. 2/2014, European Commission, March.

FSB (2013), *Global Shadow Banking Monitoring Report 2013*, Financial Stability Board, 14 November.

Girouard, N. et al. (2006), "Recent House Price Developments: The Role of Fundamentals", *OECD Economics Department Working Papers*, No. 475, OECD Publishing.

Guichard, S., D. Haugh and D. Turner (2009), "Quantifying the Effect of Financial Conditions in the Euro Area, Japan, United Kingdom and the United States", *OECD Economics Department Working Papers*, No. 677, OECD Publishing.

Haldane, A.G. and V. Madouros (2012), "The Dog and the Frisbee", Paper presented at the Federal Reserve Bank of Kansas City's 36th economic policy symposium, "The Changing Policy Landscape", Jackson Hole, Wyoming, 31 August 2012.

Hufbauer, G. and J. Schott (2013), *Payoff From The World Trade Agenda 2013*, report to the ICC Research Foundation from the Petersen Institute for International Economics.

Illes, A. and M. Lombardi (2013), "Interest Rate Pass-Through since the Financial Crisis", *BIS Quarterly Review*, September.

IMF (2012a), *2012 Spillover Report – Background Papers*, July.

IMF (2012b), *Global Financial Stability Report*, October.

IMF (2013), *Fiscal Monitor: Fiscal Adjustment in an Uncertain World*, April.

Krueger, A.B., J. Cramer and D. Cho (2014), "Are the Long-Term Unemployed On The Margin Of The Labour Market?", papepr presented at the Brookings Panel on Economic Activity, March 2014.

Kwan, C.H. (2014), "Shadow Banking in China: Current Situation and Challenges", *China in Transition*, Research Institute of Economy, Trade & Industry.

National Audit Office (2013), *Report of Auditing Results of Nationwide Government Debt*, No. 32, 30 December.

OECD (2013a), *OECD Economic Surveys: China 2013*, OECD Publishing.

OECD (2013b), *OECD Economic* Outlook, Vol. 2013/1, OECD Publishing.

OECD (2013c), *OECD Economic Outlook*, Vol. 2013/2, OECD Publishing.

OECD (2013d), *OECD Economic Surveys: Japan 2013*, OECD Publishing.

OECD (2014), *Economic Policy Reforms 2014: Going for Growth Interim Report*, OECD Publishing.

OECD/WTO/UNCTAD (2013), *Report on G20 Trade and Investment Measures (Mid-May 2013 – Mid-November 2013)*.

Ollivaud, P., E. Rusticelli and C. Schwellnus (2014), "Would a Growth Slowdown in Emerging Markets Spill over to High-income Countries? A Quantitative Assessment", *OECD Economics Department Working Paper,* No. 1110, OECD Publishing.

Pain, N., Le Fouler, L, Mourougane, A. and F. Sédillot, (2005), "The New International Trade Model", *OECD Economics Department Working Paper,* No. 440, OECD Publishing.

POBC (2013), *China Financial Stability Report 2013,* People's Bank of China.

POBC (2014a), *Financial Statistics, 2013*, People's Bank of China, 16 January.

POBC (2014b), *Statistical Report on Uses of Loans by Financial Institutions, 2013*, People's Bank of China, 8 February.

Ryan, R.M., C.M. O'Toole, F. McCann (2014), "Does Bank Market Power Affect SME Financing Constraints?", *Journal of Banking & Finance*, available online 17 January.

Rawdanowicz, L., R. Bouis, J. Brezillon, A.K. Christensen and K. Inaba (2014), "Spillover Effects from Exiting Highly Expansionary Monetary Policy", *OECD Economics Department Working Paper,* No. 1116, OECD Publishing.

Standard & Poor's (2013), "Why Shadow Banking is yet to Destabilize China's Financial System", *Credit FAQ,* 27 March.

Tao, D. and W. Deng (2013), "China: Shadow Banking – Road to Heightened Risks", *Economics Research*, Credit Suisse, 22 February.

Ueda, K. and Y. Gomi (2013), "Shadow Banking in China and Expanding Debts of Local Governments", *Newsletter,* No. 23, Institute for International Monetary Affairs.

Zhang, Z., H. Changchun, and W. Chen (2013), "China's Heavy LGFV Debt Burden", *Asia Special Report,* Nomura Global Markets Research, Nomura International (Hong Kong), 24 September.

Zhang, Z. and W. Chen (2013), "China: Rising Risks of Financial Crisis", *Asia Special Report,* Nomura Global Economics, Nomura International (Hong Kong), 15 March.

Zhu, H. G. Ng, and L. Jiang (2013), "Economic Research Note: Shadow Banking in China", *Economic Research Global Data Watch*, J. P. Morgan Chase Bank Hong Kong, 3 May.

ANNEX 1.1

Indicators of potential financial vulnerabilities

The following table and set of diamond charts show the position of OECD and non-OECD countries on a number of indicators that could reveal potential exposure to financial turbulence. The main focus of the table is on domestic vulnerabilities of OECD and BRIICS countries, that of the diamonds on financial account vulnerabilities of OECD and non-OECD G20 countries.

The table presents indicators typically associated with financial vulnerabilities (*e.g.* International Monetary Fund, 2012; European Commission, 2012) arising primarily from the domestic economy in four broad categories: the real economy, the non-financial sector, the financial sector and public finances. Possible weaknesses in the real economy are captured by the difference between the potential and the actual GDP growth rate, the difference between the actual unemployment rate and the natural rate of unemployment (or NAIRU), the current account deficit and the evolution of relative unit labour costs. Indicators of financial market excesses related to the non-financial sector are debt of households and non-financial corporations and real house price growth. Core Tier-1 capital additions required to reach 5% (without any normative implications) of total assets in each of the country's selected banks, non-performing loans, and financial corporations' debt are included to account for the direct risk exposure of the financial sector. The calculations of the Core Tier-1 capital additions are based on over 1200 commercial banks, including 915 in the United States, 197 in the OECD euro area countries, 23 in the United Kingdom, 11 in Canada and 7 in Japan. Vulnerabilities stemming from the public sector are quantified along three dimensions: government net borrowing, gross government debt and the difference between 10-year sovereign bond yields in real terms and the potential real GDP growth rate.

The four OECD countries with the weakest scores are labelled in dark grey, the four OECD countries with the next weakest scores in light grey. Higher values indicate a larger vulnerability. The table also includes the current sovereign credit ratings issued by Standards and Poor's.

The diamond charts (an updated version of Ahrend and Valdivia, 2012) display financial-accounts-related risk factors to financial stability for OECD and non-OECD G20 countries based on previous OECD empirical analysis (Ahrend and Goujard, 2012a, 2012b). The analysis shows that a bias in gross external liabilities towards debt, in particular bank debt, substantially increases the risk of financial crises (bank debt being defined as debt to a foreign bank). In contrast, a larger share of FDI in gross external liabilities decreases such risk. Shorter banking debt maturities have also been found to increase the crisis risk, mainly by increasing exposure to financial contagion. The size of reserve holdings appears to reduce the probability of crises, whereas neither external assets (excluding reserves) nor liabilities as a share of GDP are found to influence the crisis risk, except when they are exceptionally large.

The diamonds show: *i)* the position of each country in 2013Q3 (or the latest available) along various dimensions of its financial account structure relative to the OECD median, and *ii)* the country-specific change, from 2007 to 2013Q3, on each dimension relative to the 2007 OECD median (for simplicity and

without any normative implications). Indicators are measured in multiples of the standard deviation across countries for the variable in question. Larger values indicate a financial account structure that presents a greater risk to financial stability compared with the OECD median.

The main highlights emerging from the analysis include:

- The least vulnerable OECD countries include Austria, Germany and Poland.
- Vulnerable euro area countries (Greece, Ireland, Italy, Portugal, Spain, and Slovenia) score weakly on several indicators, including low growth and high unemployment rates, non-performing loans, public debt and government bond yields. In many of these countries external liabilities exhibit a systematic debt bias (above the OECD median).
- There are indications that some OECD countries (Australia, Canada, New Zealand, Norway and Sweden) which have suffered relatively little from the global financial and euro area crises are exposed to vulnerabilities stemming from the non-financial sector (most or all from household debt, house prices and relative unit labour costs). On the other hand, their financial sector does not appear to exhibit significant external vulnerabilities, as evidenced by the diamonds.
- Countries with a large financial sector – as, for example, proxied by the size of financial corporations' gross debt relative to GDP in Table A1 – tend to exhibit the largest financial-accounts-related risk factors to financial stability (in the diamond charts). These include Denmark, Iceland, Ireland, Luxembourg, the Netherlands, Switzerland and the United Kingdom.
- Overall, the diamonds suggest only modest increases in external financial stability risks for non-OECD G20 countries since 2007. The general exception to this pattern is the relatively short maturity of their external bank debt, which has become more pronounced since 2007, possibly related to increased inflows of foreign capital, and some decline in foreign exchange reserves, raising the risk of more turbulent consequences of capital outflows.

References

Ahrend, R., and A. Goujard (2012a), "International Capital Mobility and Financial Fragility – Part 1: Drivers of Systemic Banking Crises: the Role of Bank-Balance-Sheet Contagion and Financial Account Structure", *OECD Economics Department Working Paper*, No. 902.

Ahrend, R., and A. Goujard (2012b), "International Capital Mobility and Financial Fragility – Part 3: How Do Structural Policies Affect Financial Crisis Risk? Evidence from Past Crises across OECD and Emerging Economies", *OECD Economics Department Working Paper*, No. 966.

Ahrend, R., and C. Valdivia (2012), "International Capital Mobility and Financial Fragility – Part 7: Enhancing Financial Stability: Country-Specific Evidence on Financial Account and Structural Policy Positions", *OECD Economics Department Working Paper*, No. 970.

European Commission (2012), *Alert Mechanism Report 2013*, Brussels.

International Monetary Fund (2012), *Global Financial Stability Report October 2012*, Washington, DC.

Table A1a. **Indicators of potential financial vulnerabilities**

	Real economy				Non-financial sector		
	Potential GDP growth rate-actual GDP growth rate differential	Actual unemployment rate-NAIRU differential	Current account deficit[1]	Relative unit labour cost	Household gross debt[2,3]	Non-financial corporation gross debt[1,3]	Real house prices
	2013	2013Q4 or latest available	2013	% change 2000Q1-13Q4	2012 or latest available	2012 or latest available	% change 2000Q1-14Q1
United States	0.1	0.9	2.3	-25.9	111.0	109.2	14.6
Japan	-0.9	-0.4	-0.7	-46.1	132.2	160.5	..
Germany	0.6	-1.3	-7.6	-11.9	93.2	72.7	-3.0
France	1.0	0.6	1.6	7.2	107.8	106.2	73.8
Italy	1.4	2.9	-0.6	15.8	81.5	94.5	16.3
United Kingdom	-0.4	0.4	4.4	-18.6	150.9	96.0	62.5
Canada	-0.1	-0.2	3.2	43.7	168.8	140.4	89.6
Australia	0.7	0.5	2.9	47.3	187.9	76.9	84.4
Austria	1.3	0.8	-2.7	-0.4	92.8	101.1	19.7
Belgium	1.0	0.5	1.7	12.9	98.4	96.8	62.5
Chile	0.3	-2.5	3.4	28.8	70.4	132.4	..
Czech Republic	2.4	0.6	1.5	34.4	66.6	64.8	..
Denmark	0.2	1.3	-7.3	16.7	324.8	112.7	23.4
Estonia	1.8	-1.3	0.5	43.4	94.5	103.9	..
Finland	2.1	1.3	0.8	7.0	123.0	101.8	29.6
Greece	1.1	11.1	-0.7	-1.1	115.9	74.7	0.2
Hungary	-0.7	-0.6	-3.0	33.8	62.6	112.4	..
Iceland	-2.3	0.3	-3.9	-23.6	..	338.3	..
Ireland	1.2	1.5	-6.6	16.3	230.4	248.5	-5.7
Israel	0.4	-0.8	-2.6	-12.3	..	75.0	28.9
Korea	0.6	-0.2	-5.4	0.6	160.0	151.3	24.6
Luxembourg	0.1	1.3	-5.2	34.0	153.4	318.8	..
Mexico	1.5	0.0	1.8	3.7	..	..	..
Netherlands	1.7	3.1	-10.4	7.0	311.5	107.4	-3.2
New Zealand	-0.4	-0.4	3.3	61.4	..	..	97.1
Norway[6]	1.8	0.2	-10.8	52.1	213.9	104.6	79.9
Poland	1.4	-0.1	1.3	-5.9	58.8	53.5	..
Portugal	0.9	3.2	-0.5	3.4	148.8	156.5	-11.1
Slovak Republic	1.9	1.1	-2.1	31.0	54.9	77.7	..
Slovenia	1.3	1.5	-6.5	-0.6	57.8	106.5	..
Spain	1.6	4.7	-0.7	4.2	140.8	125.5	21.2
Sweden	0.8	1.0	-6.2	-7.9	171.5	149.3	83.7
Switzerland	-0.1	0.1	-13.4	28.5	203.7	100.5	43.7
Turkey	1.0	0.4	7.9	-19.7	..	3.1	..
Brazil	0.8	..	3.6	20.4	..	..	..
China	0.4	..	-2.0	97.7	..	..	..
India	1.7	..	2.5	-45.7	..	..	..
Indonesia	0.4	..	3.7	-13.3	..	..	..
Russian Federation	1.5	..	-1.6	194.5	..	..	..
South Africa	1.5	..	5.8	-17.9	..	..	..

1. In per cent of GDP.
2. In per cent of gross household disposable income.
3. Gross debt is defined as liabilities less financial derivatives and shares and other equity. Based on consolidated for most countries.
4. Long-term foreign balance sheets currency rating.
5. Economic Outlook 95 estimates.
6. Mainland (potential) GDP is used instead of total (potential) GDP where applicable.

Labels the 4 OECD countries with the weakest scores.
Labels the 4 OECD countries with the next weakest scores.

Source: OECD Economic Outlook 95 database; OECD National Accounts database; IMF Financial Soundness Indicators database; European Central Bank; European Commission; OECD Housnig Prices database; Standards & Poors; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933050408

Table A1b. **Indicators of potential financial vulnerabilities *(cont'd)***

Financial sector			Public finance				
Core Tier-1 capital required to reach 5% of assets in selected banks[1]	Non-performing loans to total loans	Financial corporation gross debt[1,3]	Headline government budget deficit[1]	Gross government debt[1]	Real 10-year sovereign bond yield-potential GDP growth rate differential	Sovereign credit rating S&P[4]	
Latest available	Latest available	2012 or latest available	2013 [5]	2013 [5]	2013 or latest available	Latest	
0.7	2.6	326.4	6.4	104.3	- 1.0	AA+	United States
2.4	2.3	568.9	9.3	224.6	0.7	AA-	Japan
3.1	2.9	331.1	0.0	85.9	- 1.2	AAA	Germany
5.7	4.3	286.1	4.3	112.6	- 0.4	AA	France
0.4	15.1	214.3	2.8	145.5	2.7	BBB	Italy
3.2	3.7	721.4	5.9	99.3	- 0.6	AAA	United Kingdom
3.2	0.6	328.9	3.0	93.6	- 1.2	AAA	Canada
3.1	1.4	312.3	1.4	33.1	- 0.3	AAA	Australia
0.3	2.9	248.5	1.5	83.4	- 1.2	AA+	Austria
1.6	3.8	316.2	2.7	106.7	- 0.2	AA	Belgium
..	2.1	197.2	..	..	- 0.7	AA-	Chile
..	5.2	127.1	1.5	57.1	- 0.9	AA-	Czech Republic
3.2	4.8	460.6	0.9	55.2	- 0.3	AAA	Denmark
..	1.5	119.0	0.2	13.1	..	AA-	Estonia
3.6	..	250.5	2.5	66.4	- 1.6	AAA	Finland
1.6	31.3	213.0	12.7	186.0	11.5	B-	Greece
..	17.6	107.0	2.3	89.4	2.3	BB	Hungary
..	..	1 037.5	2.1	97.9	2.2	BBB-	Iceland
1.9	24.6	1 010.1	7.0	134.6	1.1	BBB+	Ireland
..	2.4	206.4	4.3	67.8	- 3.3	A+	Israel
..	..	353.9	0.4	36.5	- 0.7	A+	Korea
..	0.2	5 151.6	- 0.1	30.3	- 3.7	AAA	Luxembourg
..	3.2	..	- 0.2	..	0.2	BBB+	Mexico
3.0	3.0	703.3	2.4	86.2	- 0.1	AA+	Netherlands
..	..	..	0.3	40.6	1.1	AA	New Zealand
0.0	1.3	208.6	- 11.1	35.6	- 2.8	AAA	Norway[6]
..	5.2	100.4	4.3	63.8	- 0.3	A-	Poland
0.0	11.0	276.3	5.0	139.4	5.0	BB	Portugal
..	5.3	120.4	2.8	59.3	- 0.8	A	Slovak Republic
..	18.0	144.1	14.7	80.5	4.2	A-	Slovenia
0.5	8.2	245.6	7.1	104.0	3.3	BBB-	Spain
3.9	0.6	285.1	1.3	47.1	- 0.9	AAA	Sweden
6.2	0.8	577.3	- 0.1	46.2	- 1.0	..	Switzerland
..	2.6	99.7	..	..	- 3.4	BB+	Turkey
..	2.9	..	3.3	..	7.7	BBB	Brazil
..	..	..	0.7	..	- 3.8	AA-	China
..	3.8	..	7.1	..	1.6	BBB-	India
..	1.7	..	2.2	..	0.2	BB+	Indonesia
..	6.0	..	0.5	..	3.2	BBB	Russian Federation
..	3.6	..	6.1	..	3.2	BBB	South Africa

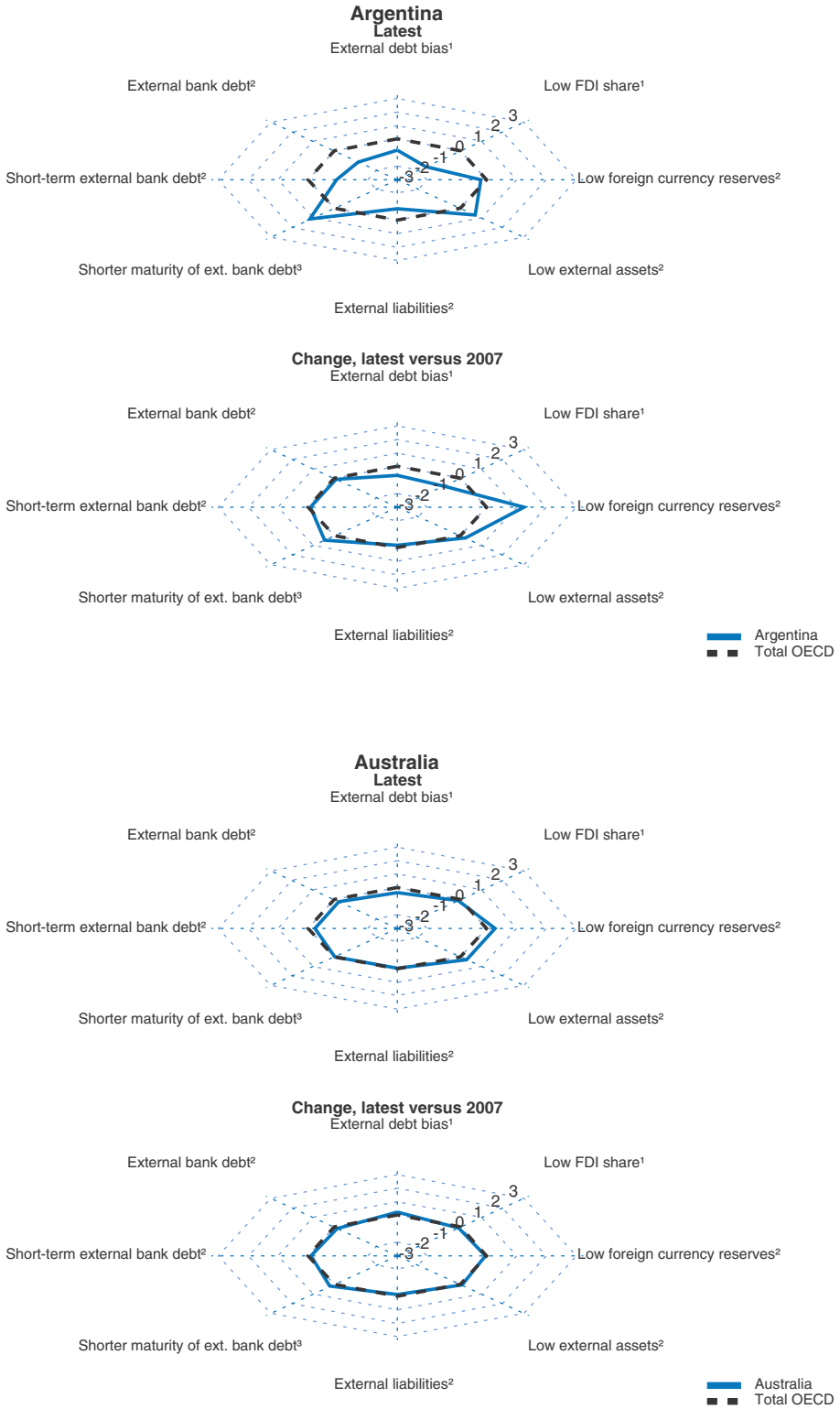
1. In per cent of GDP.
2. In per cent of gross household disposable income.
3. Gross debt is defined as liabilities less financial derivatives and shares and other equity. Based on consolidated for most countries.
4. Long-term foreign balance sheets currency rating.
5. Economic Outlook 95 estimates.
6. Mainland (potential) GDP is used instead of total (potential) GDP where applicable.

Labels the 4 OECD countries with the weakest scores.
Labels the 4 OECD countries with the next weakest scores.

Source: OECD Economic Outlook 95 database; OECD National Accounts database; IMF Financial Soundness Indicators database; European Central Bank; European Commission; OECD Housnig Prices database; Standards & Poors; and OECD calculations.

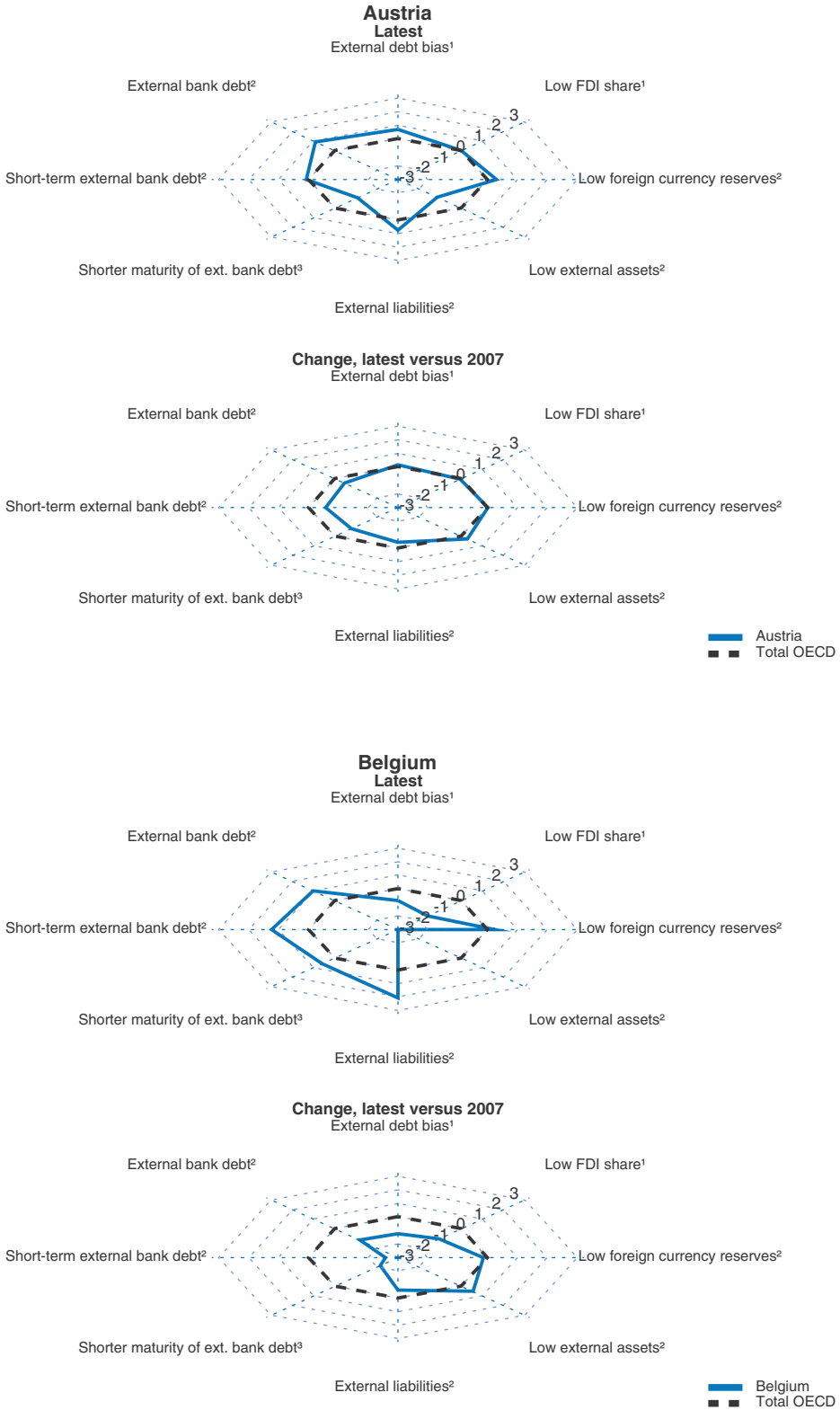
StatLink http://dx.doi.org/10.1787/888933050427

Financial-accounts-related risk factors to financial stability



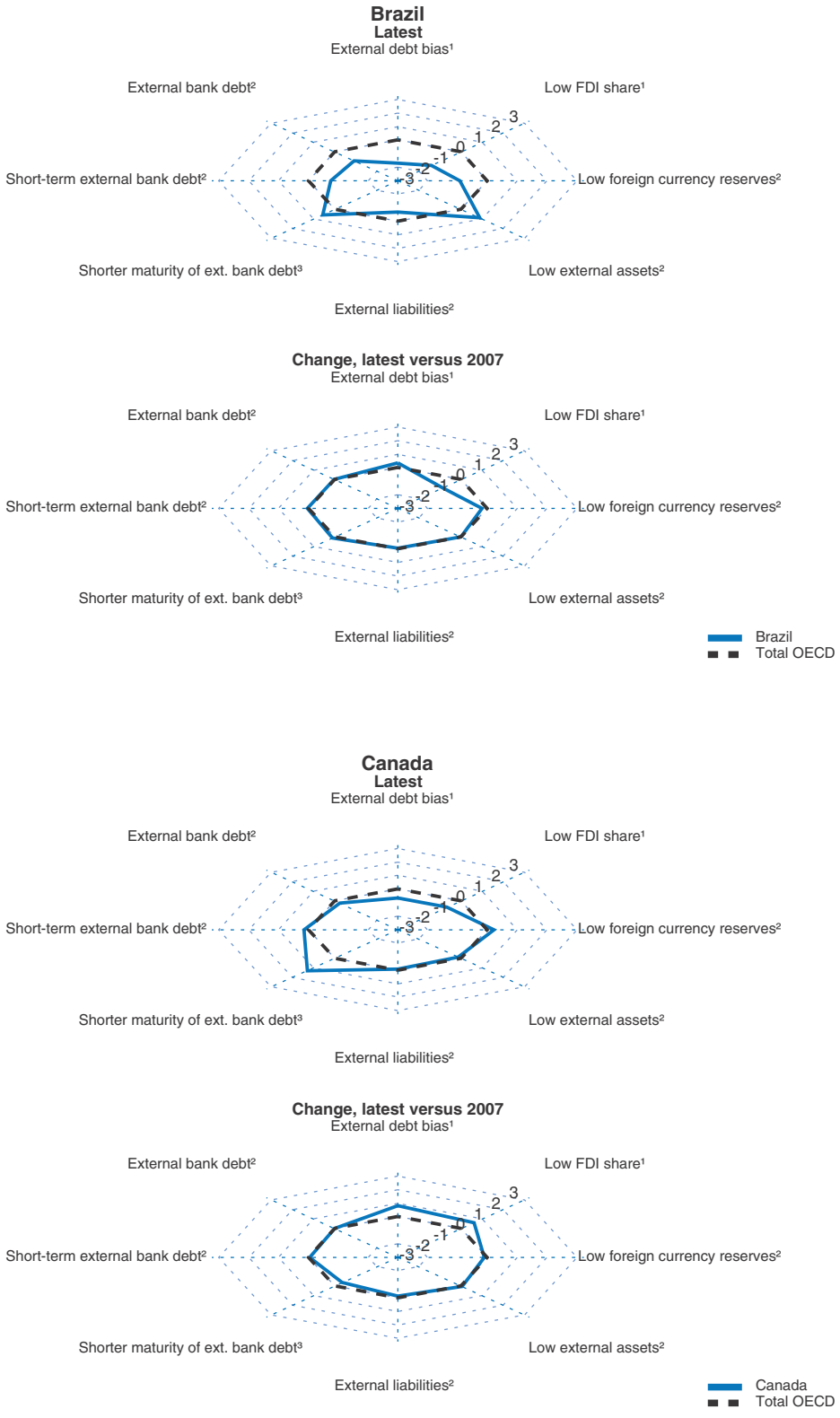
Note: The diamond charts are explained in the introduction to the annex.
(1) As a per cent of external liabilities. (2) As a per cent of GDP. (3) As a per cent of external bank debt.
Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888933049002



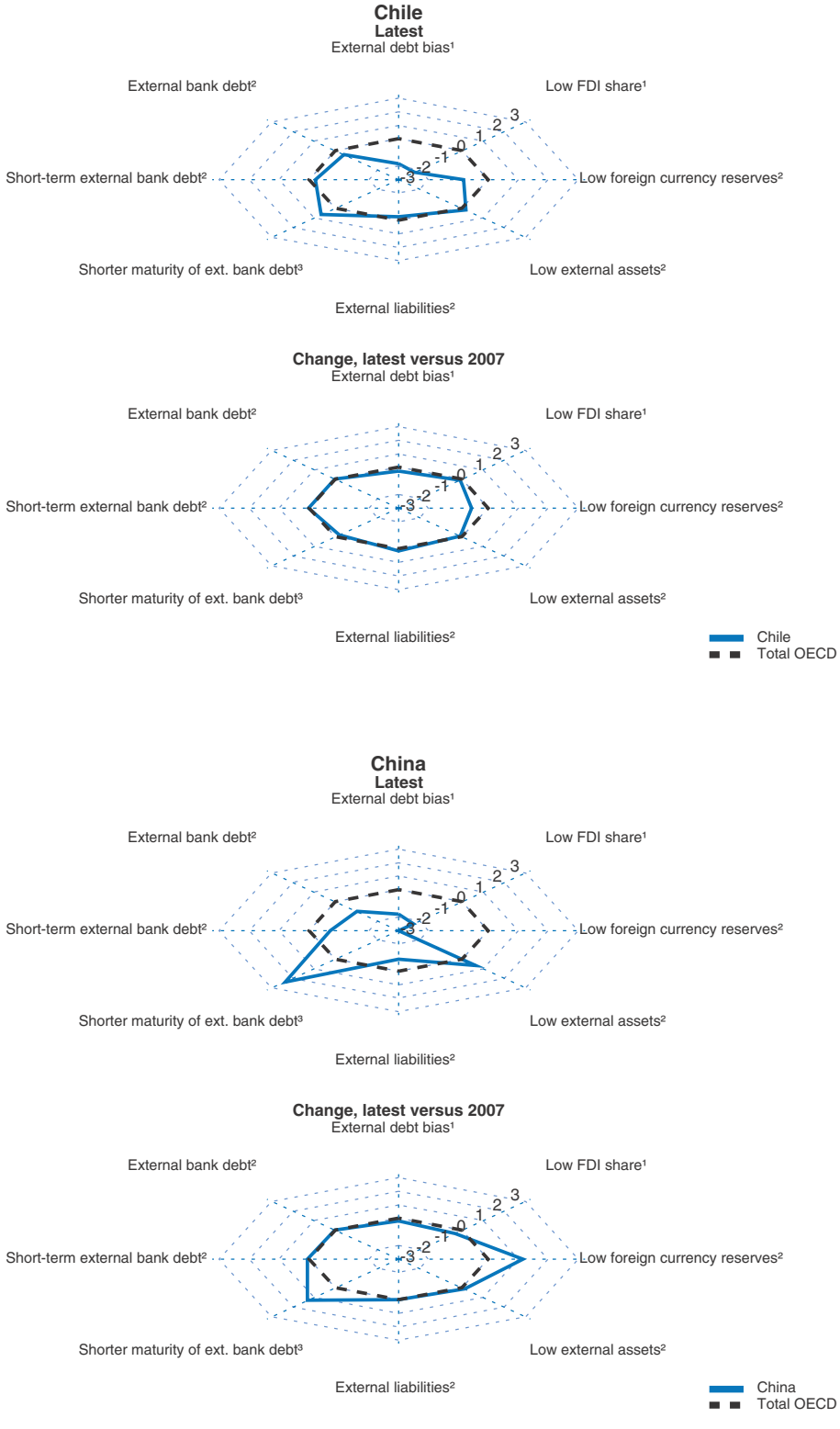
Note: The diamond charts are explained in the introduction to the annex.
(1) As a per cent of external liabilities. (2) As a per cent of GDP. (3) As a per cent of external bank debt.
Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888933049002



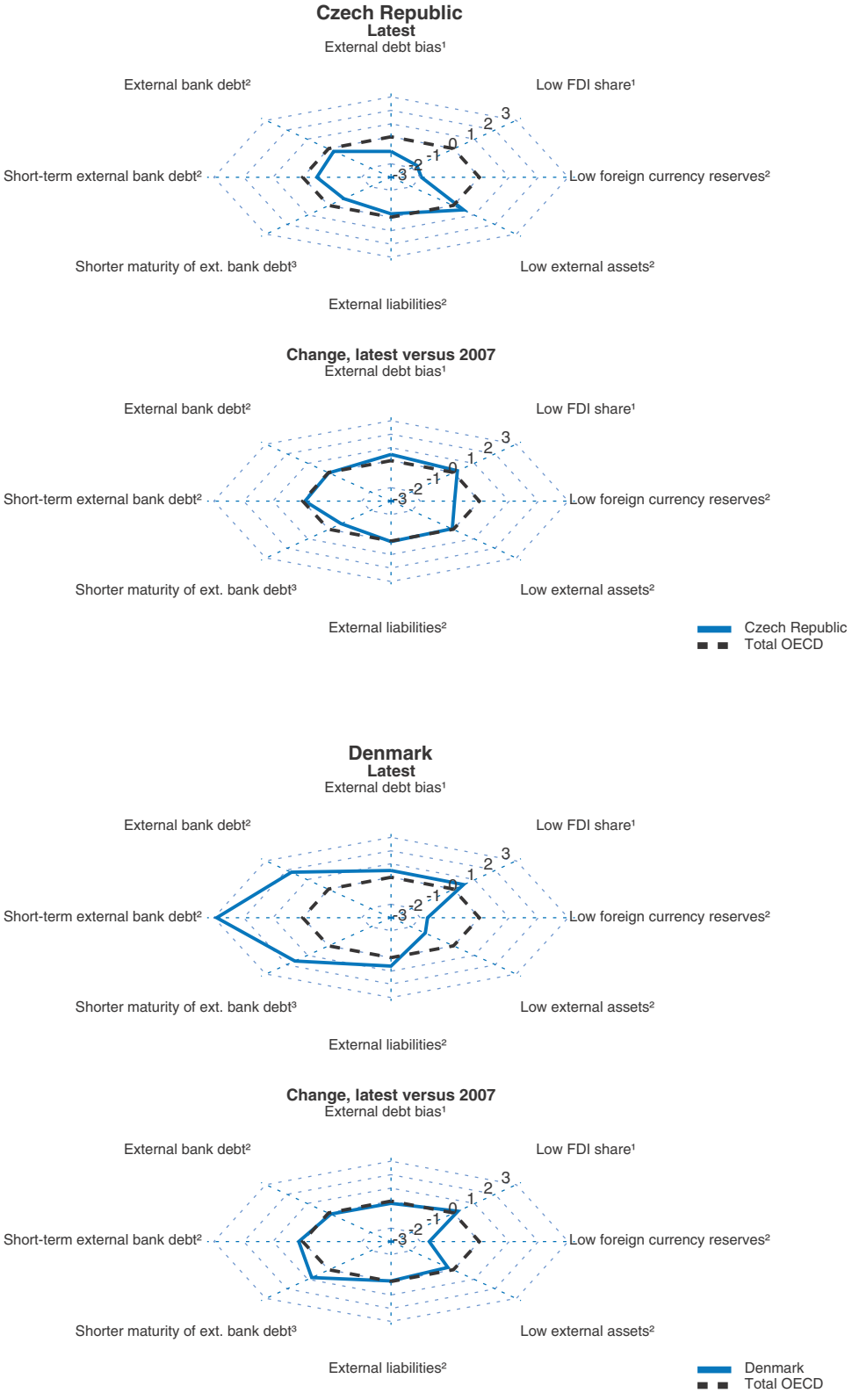
Note: The diamond charts are explained in the introduction to the annex.
(1) As a per cent of external liabilities. (2) As a per cent of GDP. (3) As a per cent of external bank debt.
Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888933049002



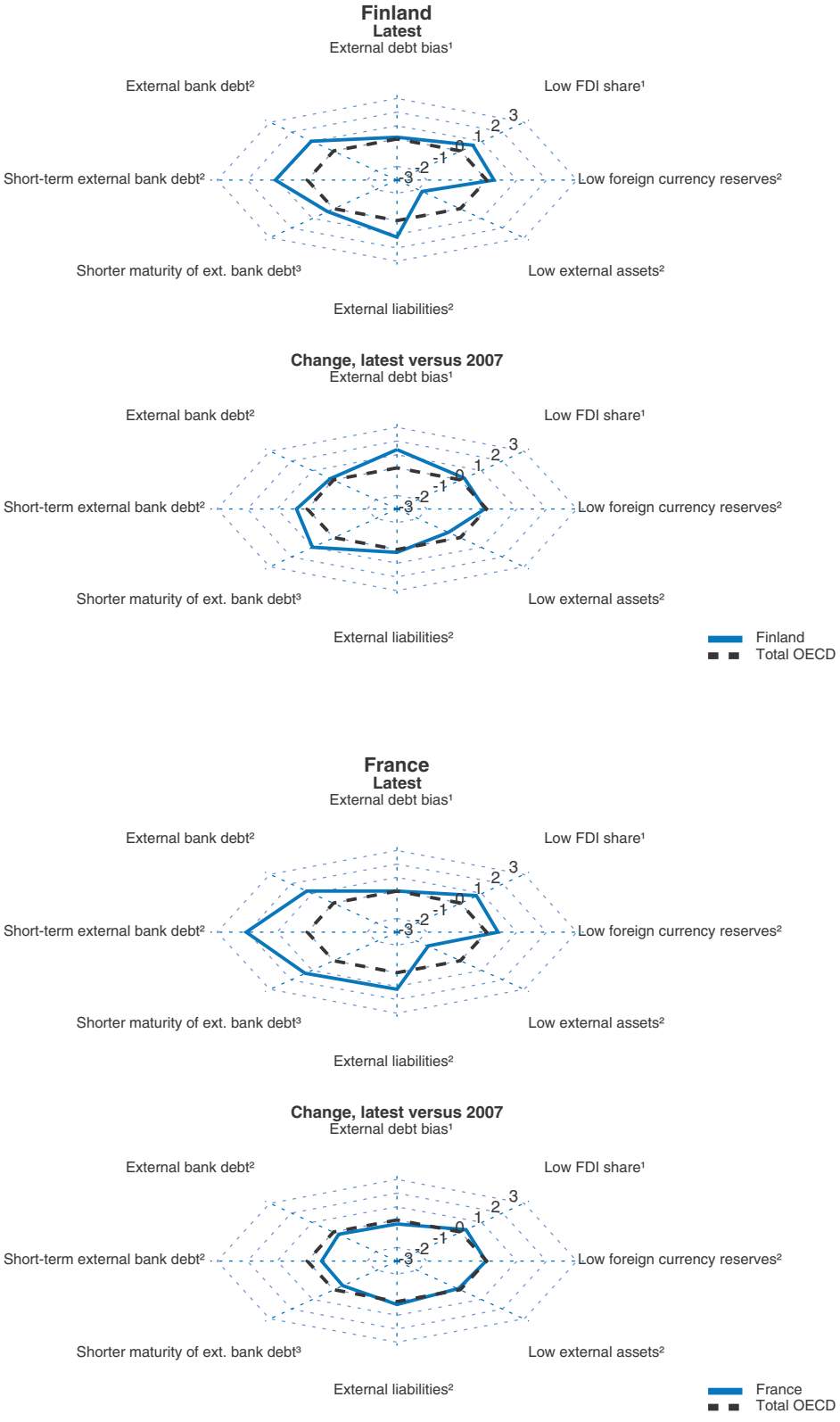
Note: The diamond charts are explained in the introduction to the annex.
(1) As a per cent of external liabilities. (2) As a per cent of GDP. (3) As a per cent of external bank debt.
Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888933049002



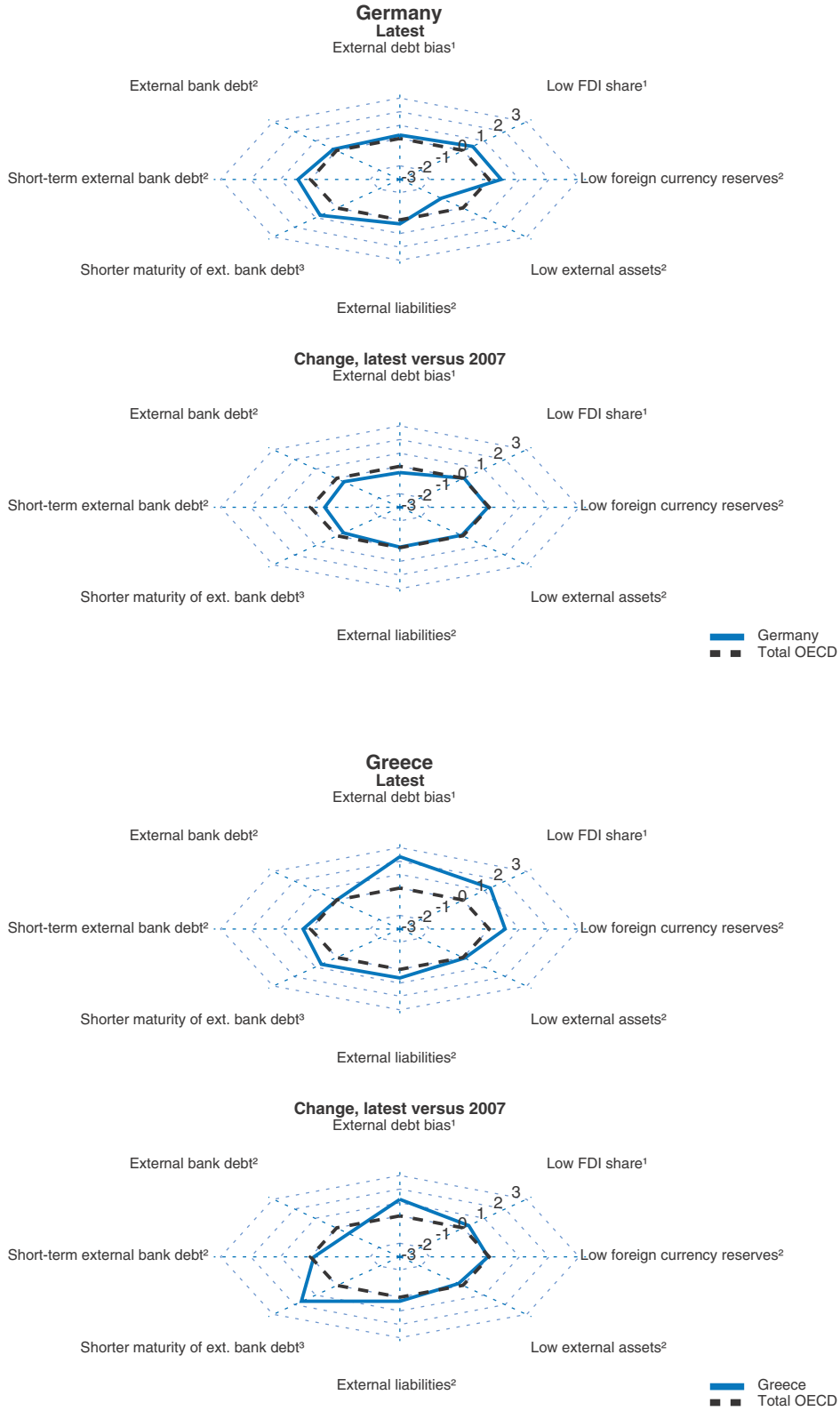
Note: The diamond charts are explained in the introduction to the annex.
(1) As a per cent of external liabilities. (2) As a per cent of GDP. (3) As a per cent of external bank debt.
Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888933049002



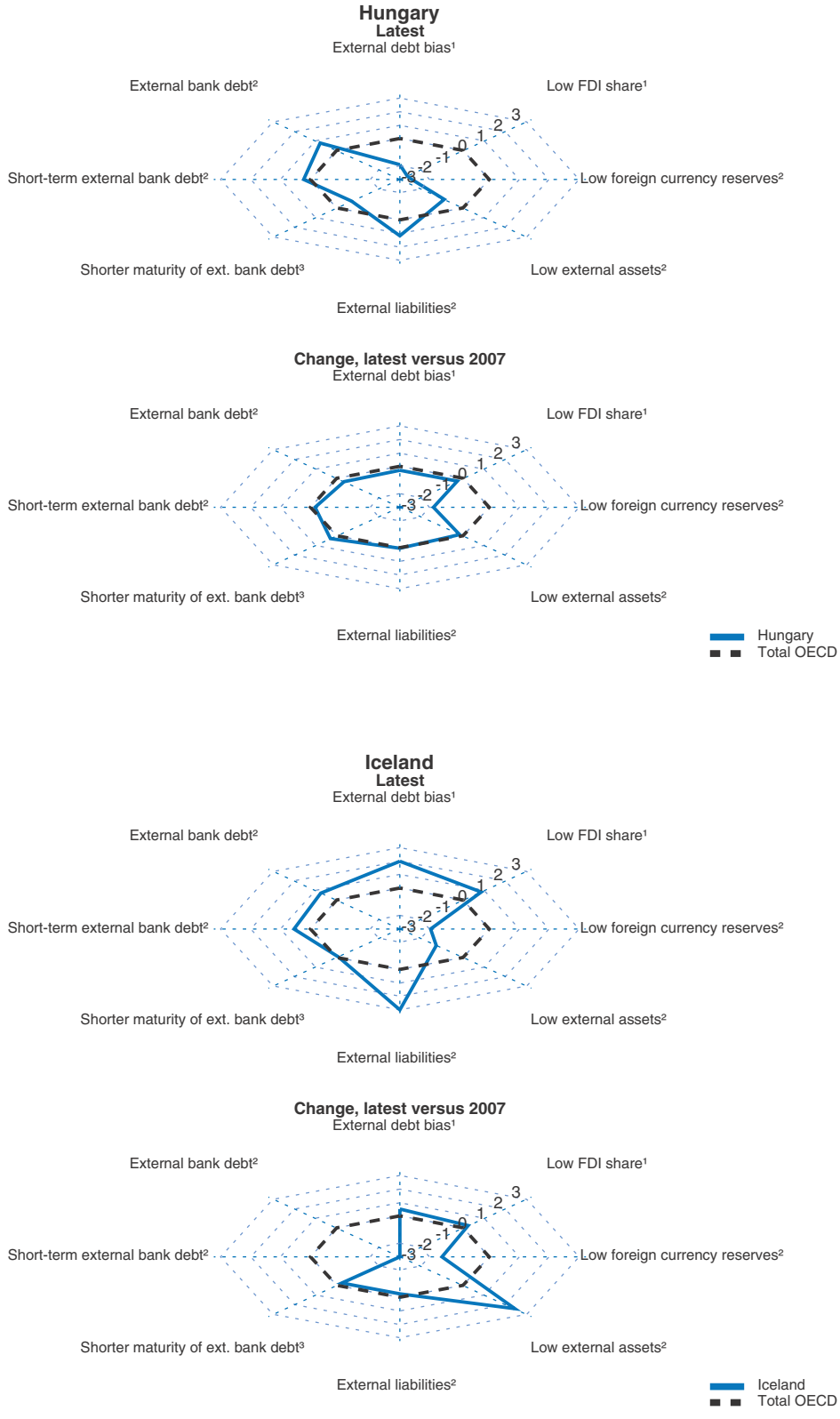
Note: The diamond charts are explained in the introduction to the annex.
(1) As a per cent of external liabilities. (2) As a per cent of GDP. (3) As a per cent of external bank debt.
Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888933049002



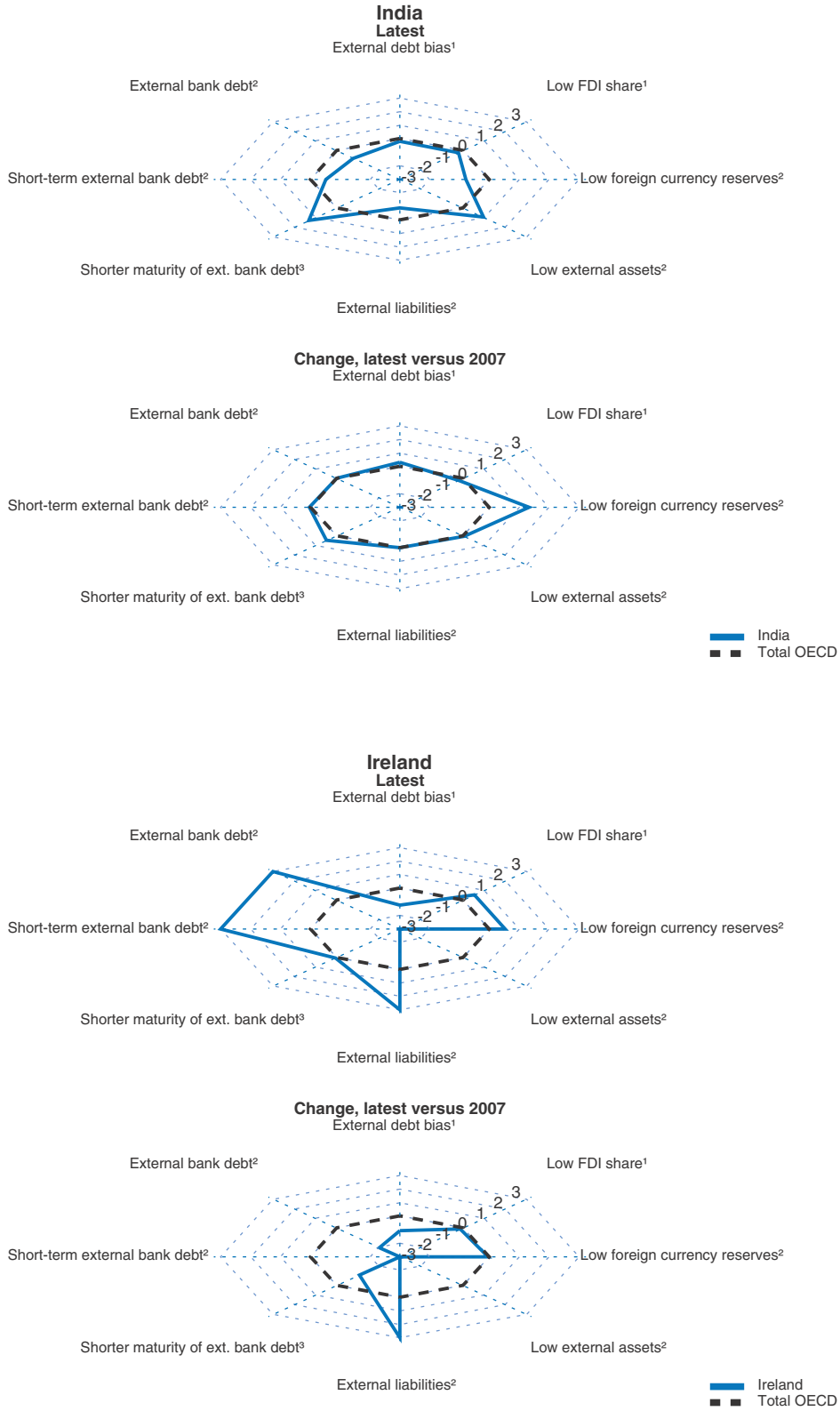
Note: The diamond charts are explained in the introduction to the annex.
(1) As a per cent of external liabilities. (2) As a per cent of GDP. (3) As a per cent of external bank debt.
Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888933049002



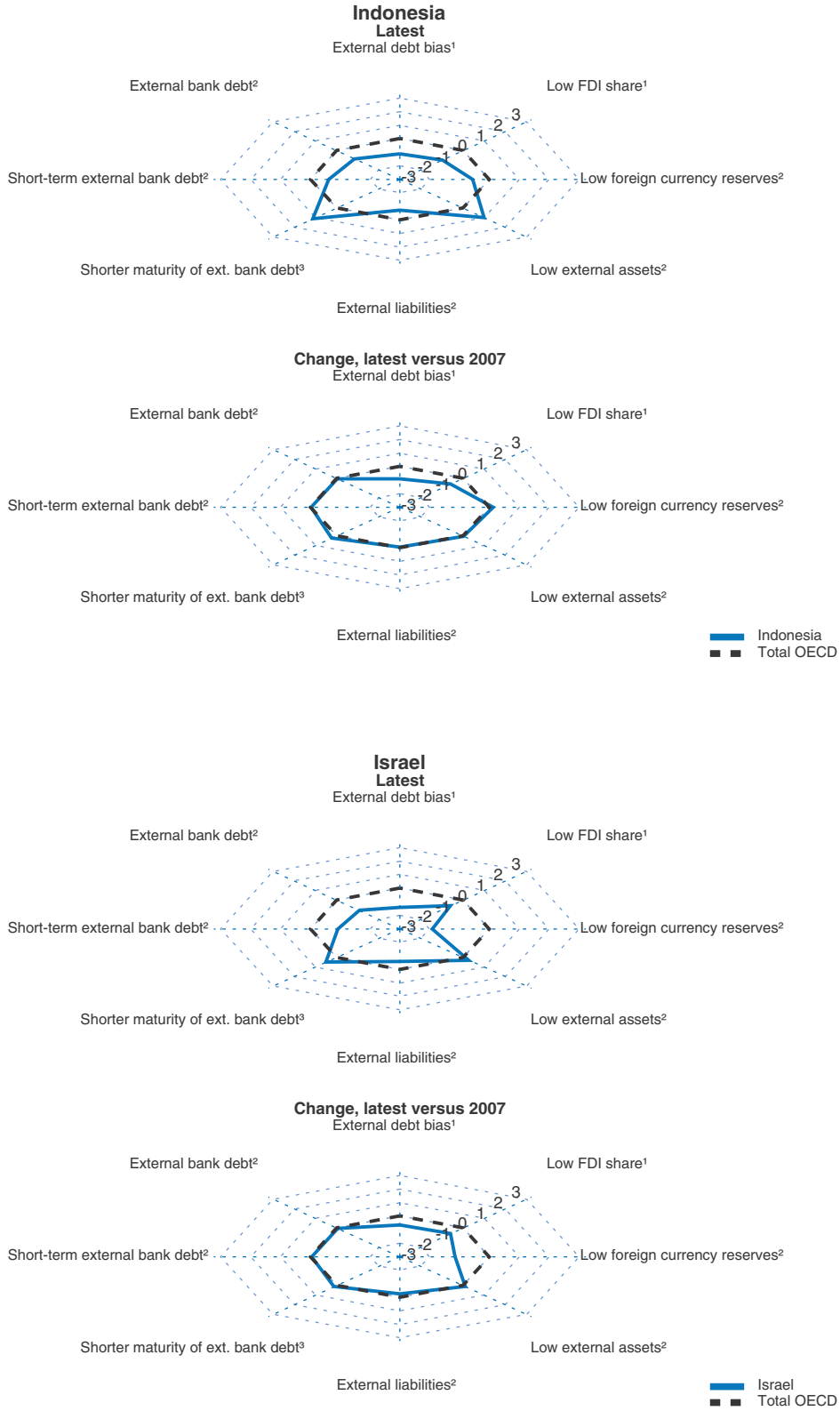
Note: The diamond charts are explained in the introduction to the annex.
(1) As a per cent of external liabilities. (2) As a per cent of GDP. (3) As a per cent of external bank debt.
Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888933049002



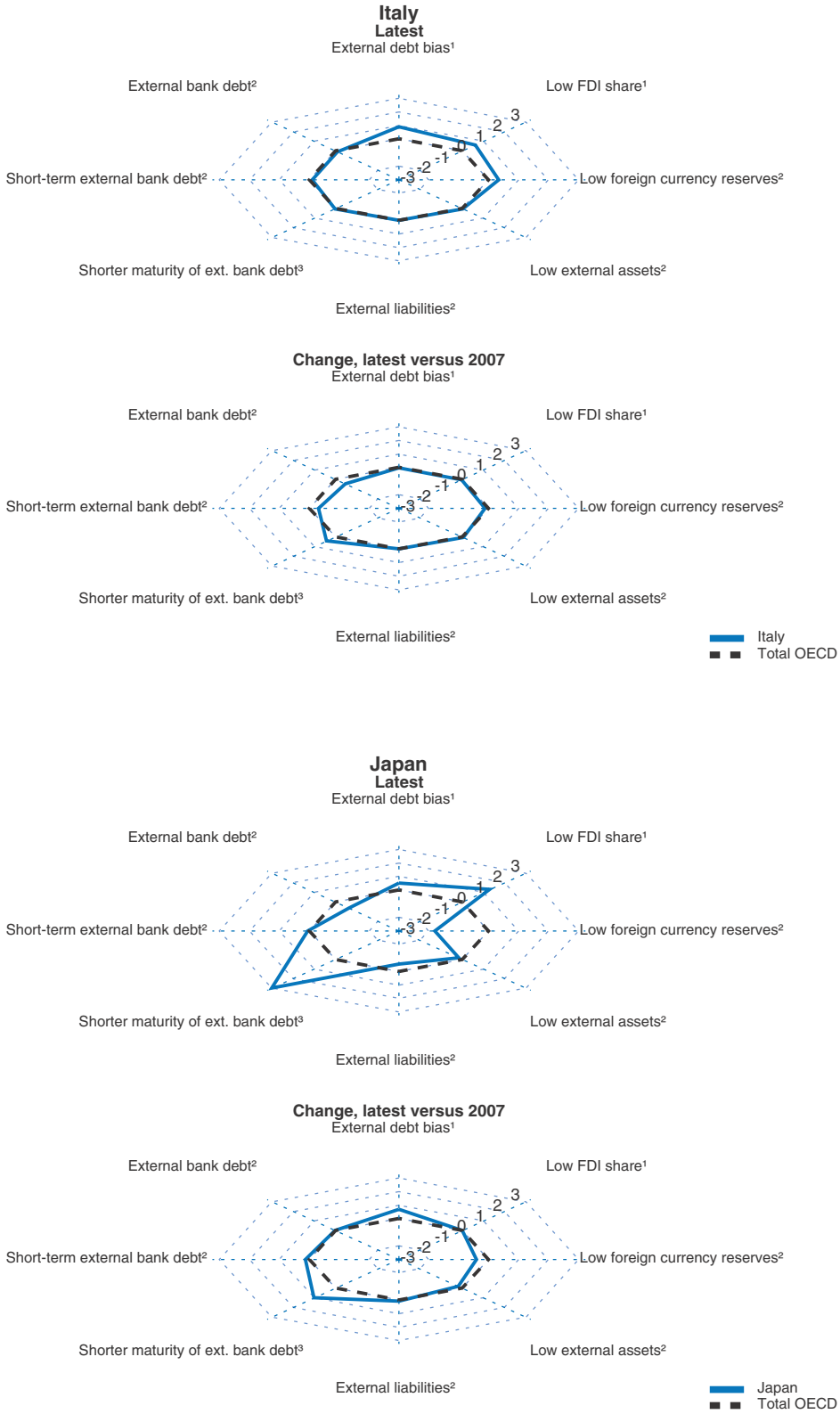
Note: The diamond charts are explained in the introduction to the annex.
(1) As a per cent of external liabilities. (2) As a per cent of GDP. (3) As a per cent of external bank debt.
Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888933049002



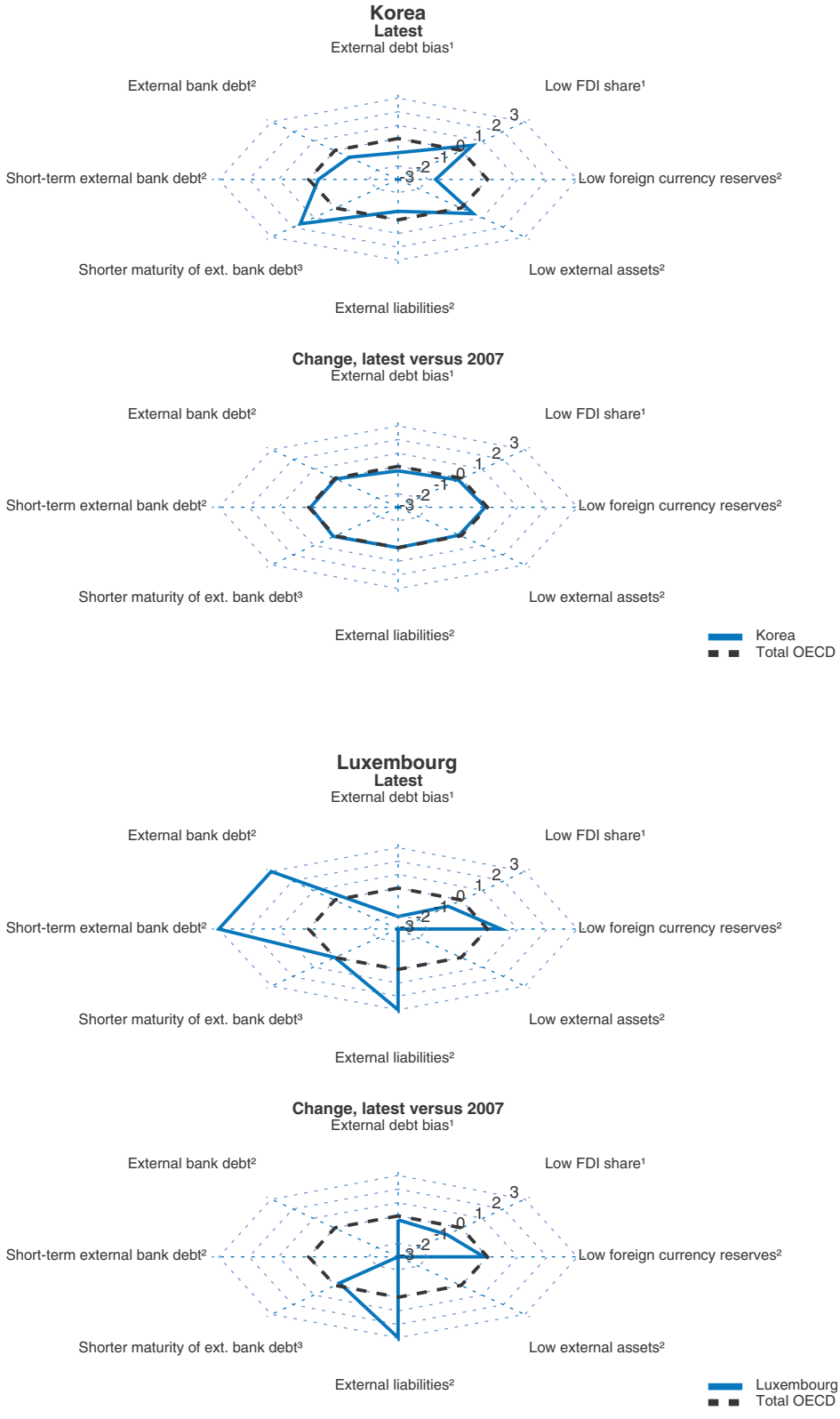
Note: The diamond charts are explained in the introduction to the annex.
(1) As a per cent of external liabilities. (2) As a per cent of GDP. (3) As a per cent of external bank debt.
Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888933049002



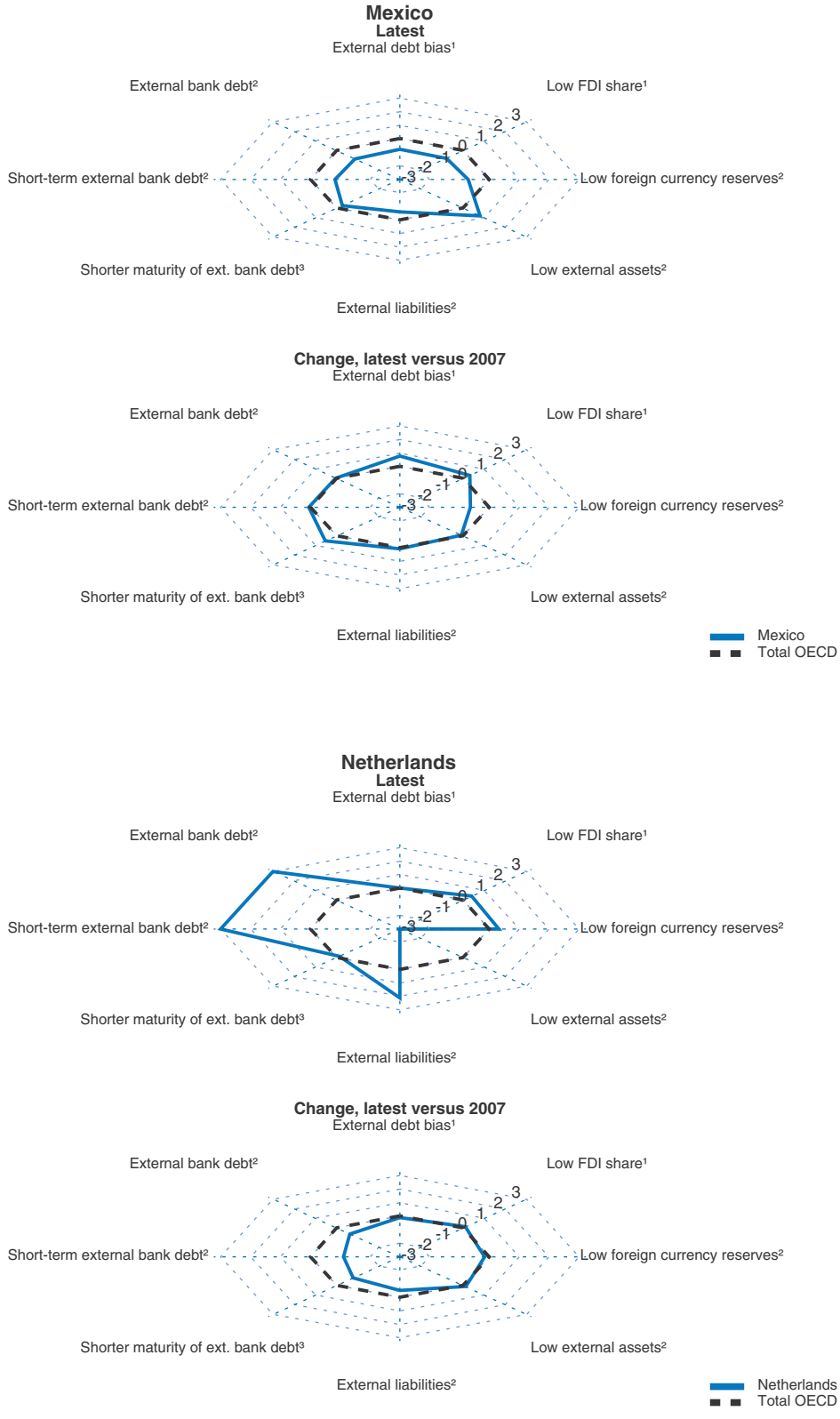
Note: The diamond charts are explained in the introduction to the annex.
(1) As a per cent of external liabilities. (2) As a per cent of GDP. (3) As a per cent of external bank debt.
Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888933049002



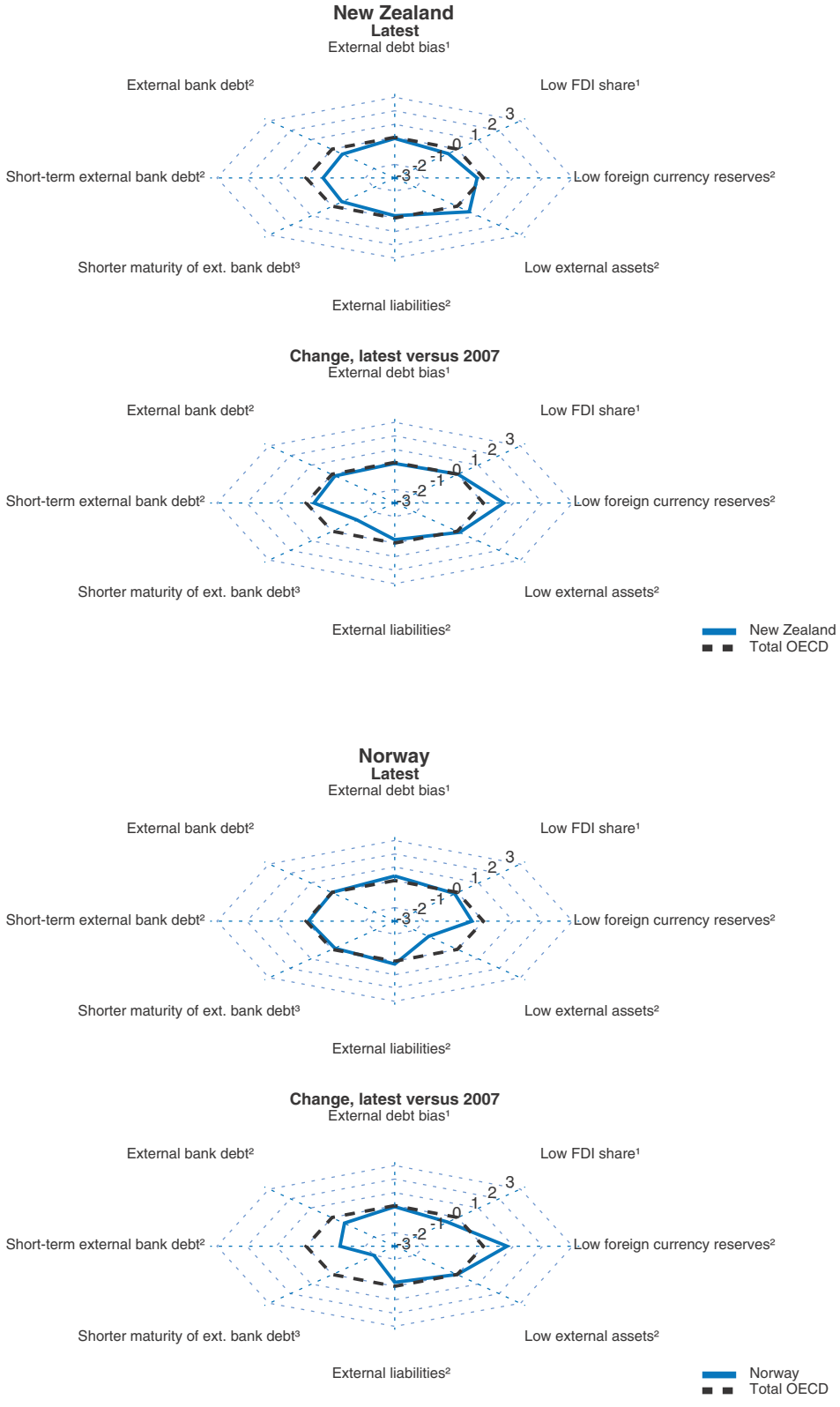
Note: The diamond charts are explained in the introduction to the annex.
(1) As a per cent of external liabilities. (2) As a per cent of GDP. (3) As a per cent of external bank debt.
Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888933049002



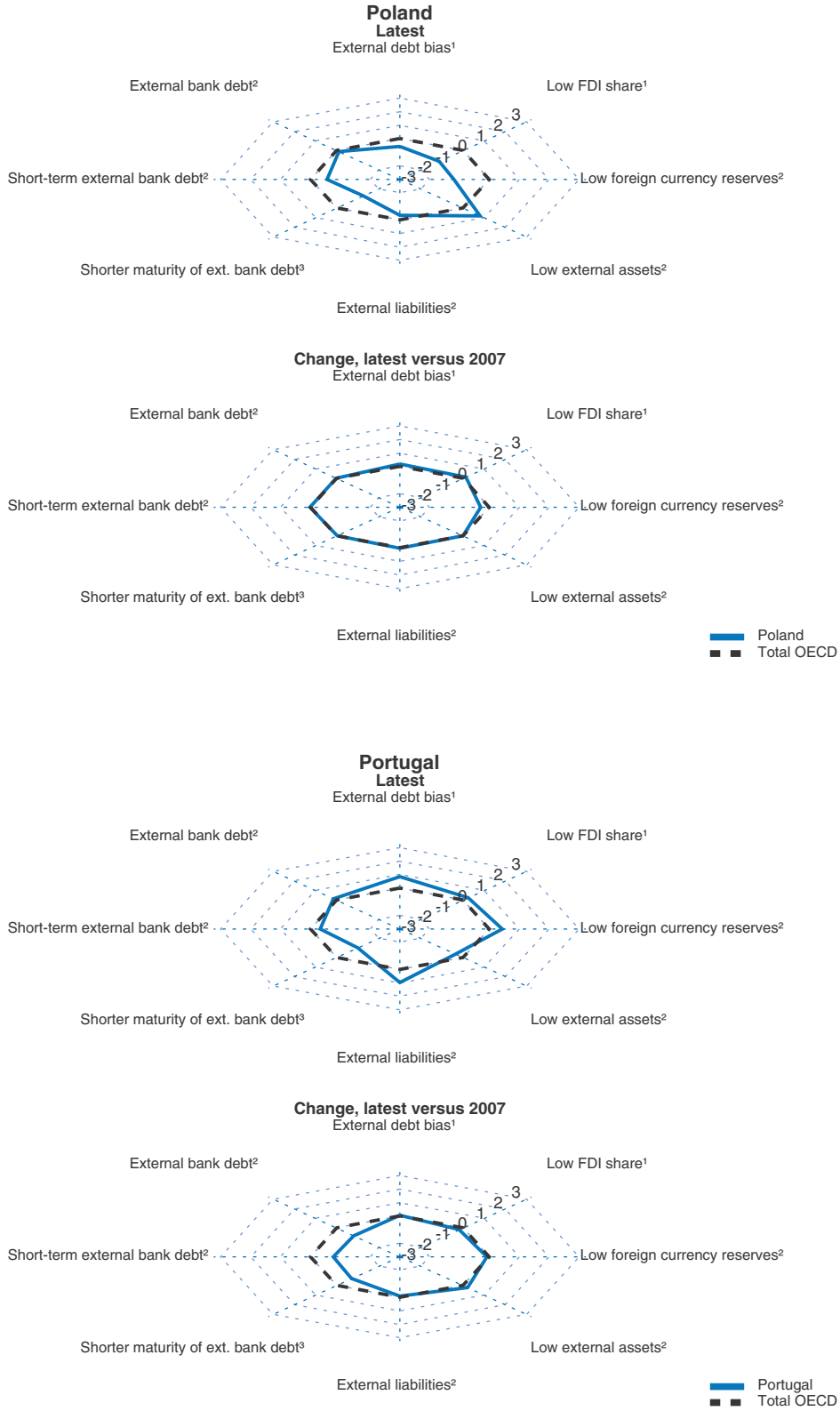
Note: The diamond charts are explained in the introduction to the annex.
(1) As a per cent of external liabilities. (2) As a per cent of GDP. (3) As a per cent of external bank debt.
Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888933049002



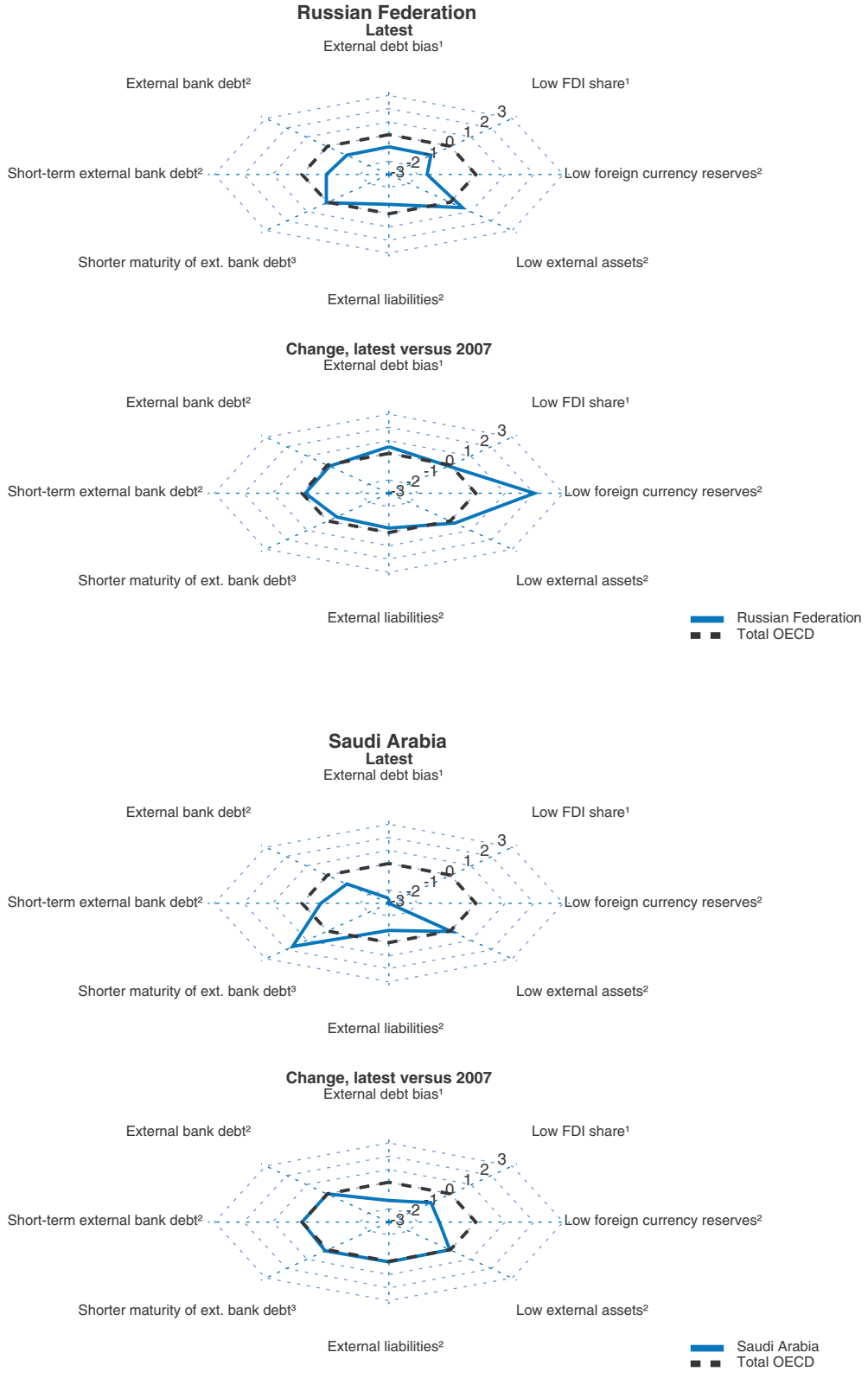
Note: The diamond charts are explained in the introduction to the annex.
(1) As a per cent of external liabilities. (2) As a per cent of GDP. (3) As a per cent of external bank debt.
Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888933049002



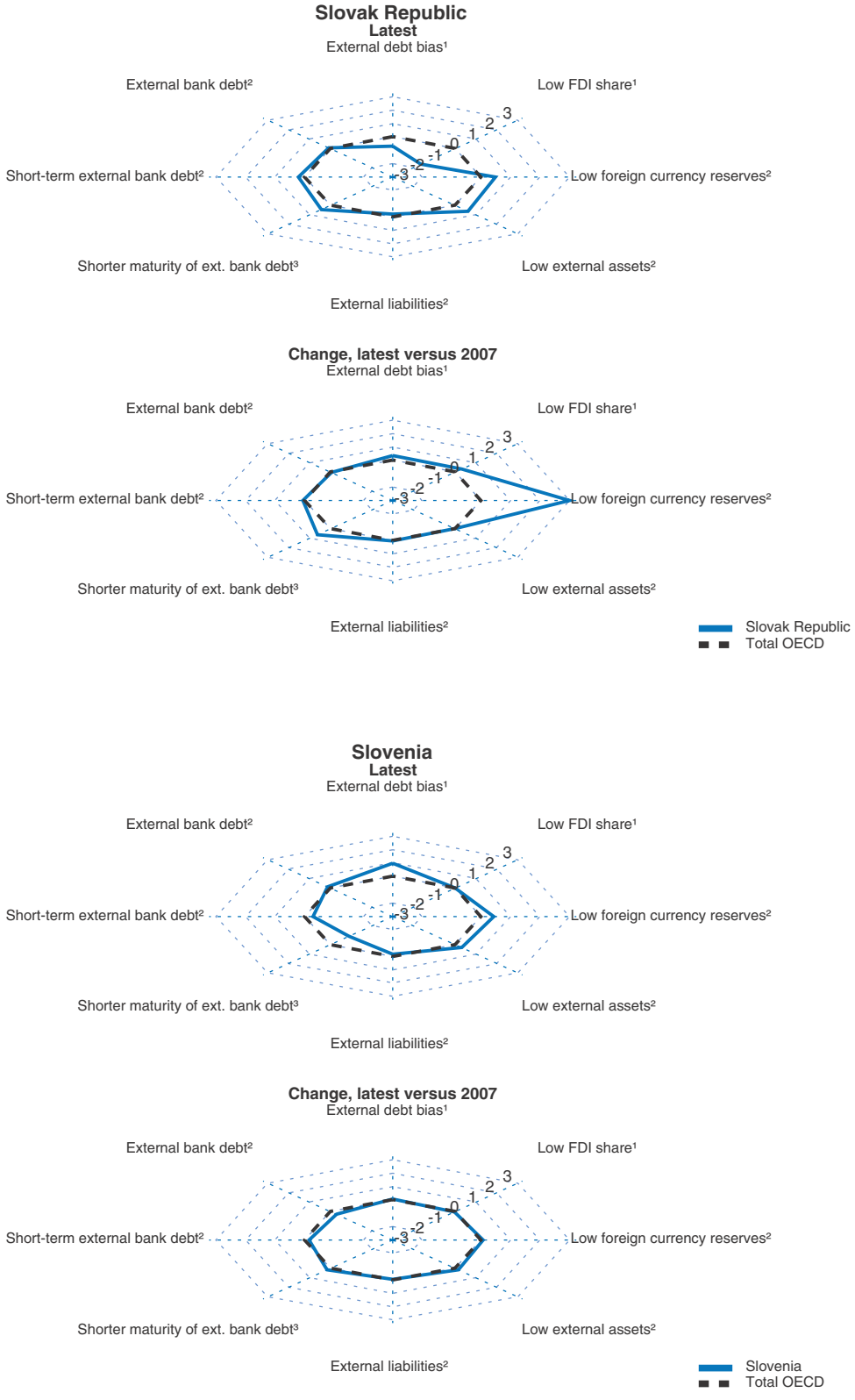
Note: The diamond charts are explained in the introduction to the annex.
(1) As a per cent of external liabilities. (2) As a per cent of GDP. (3) As a per cent of external bank debt.
Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888933049002



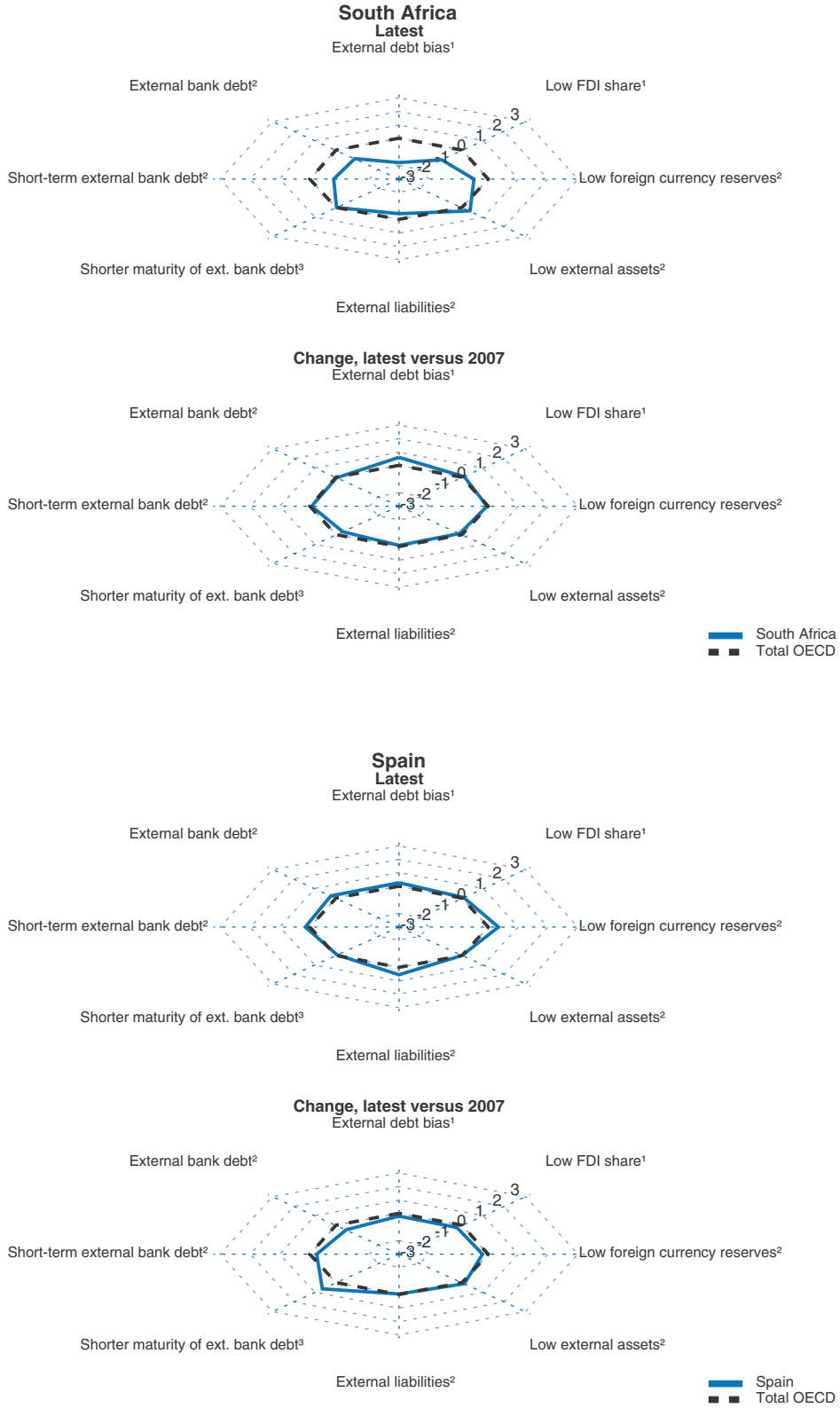
Note: The diamond charts are explained in the introduction to the annex.
(1) As a per cent of external liabilities. (2) As a per cent of GDP. (3) As a per cent of external bank debt.
Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888933049002



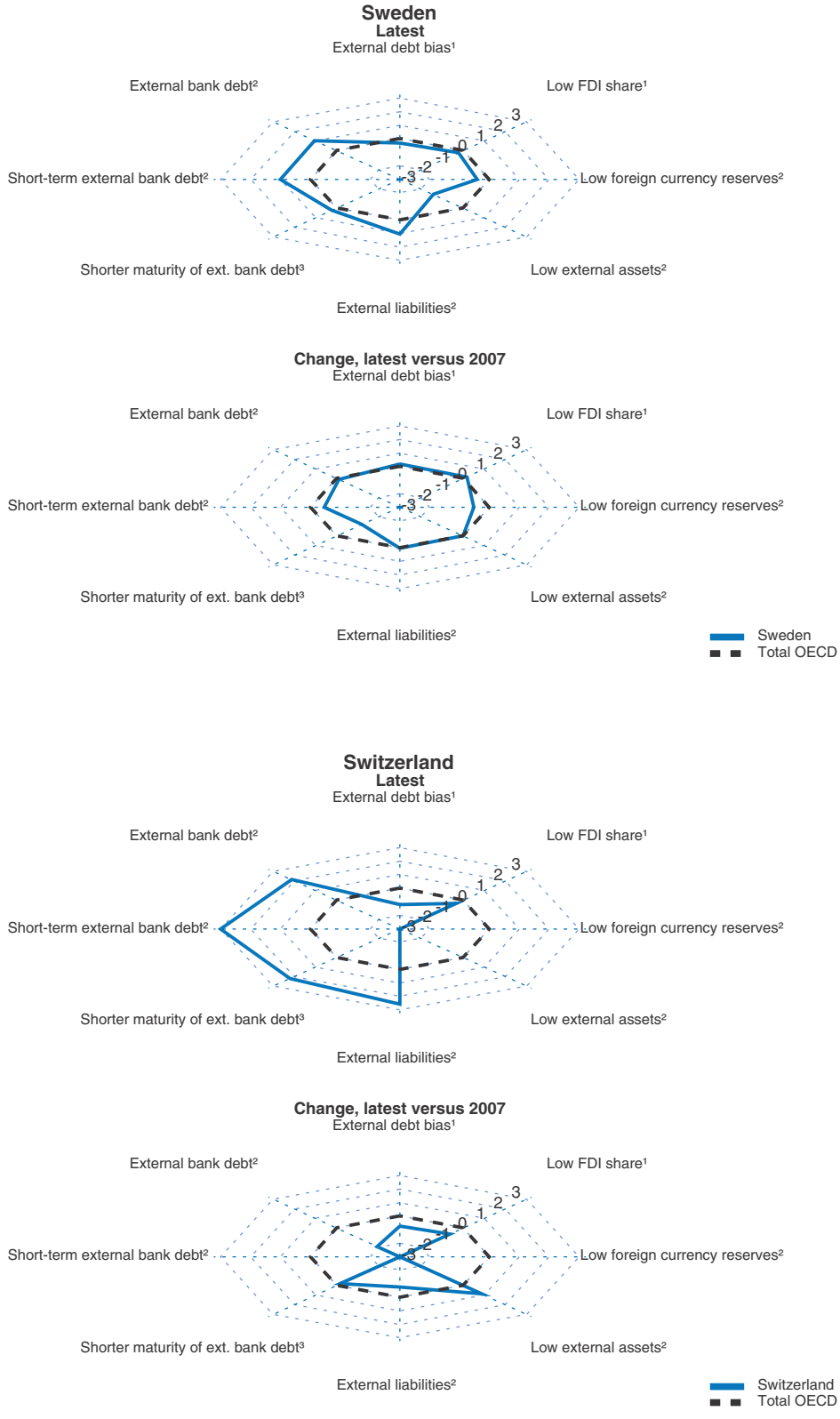
Note: The diamond charts are explained in the introduction to the annex.
(1) As a per cent of external liabilities. (2) As a per cent of GDP. (3) As a per cent of external bank debt.
Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888933049002



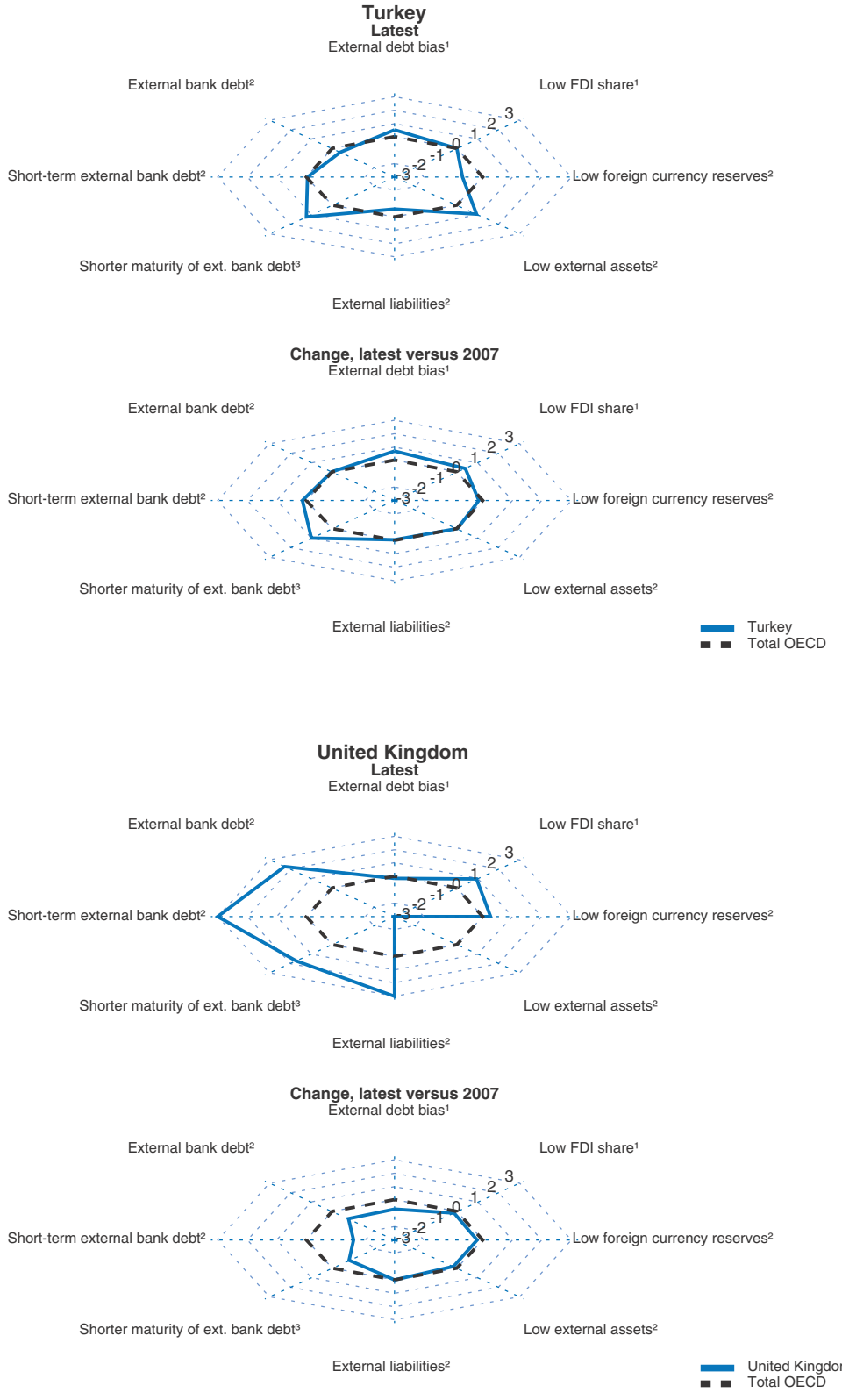
Note: The diamond charts are explained in the introduction to the annex.
(1) As a per cent of external liabilities. (2) As a per cent of GDP. (3) As a per cent of external bank debt.
Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888933049002



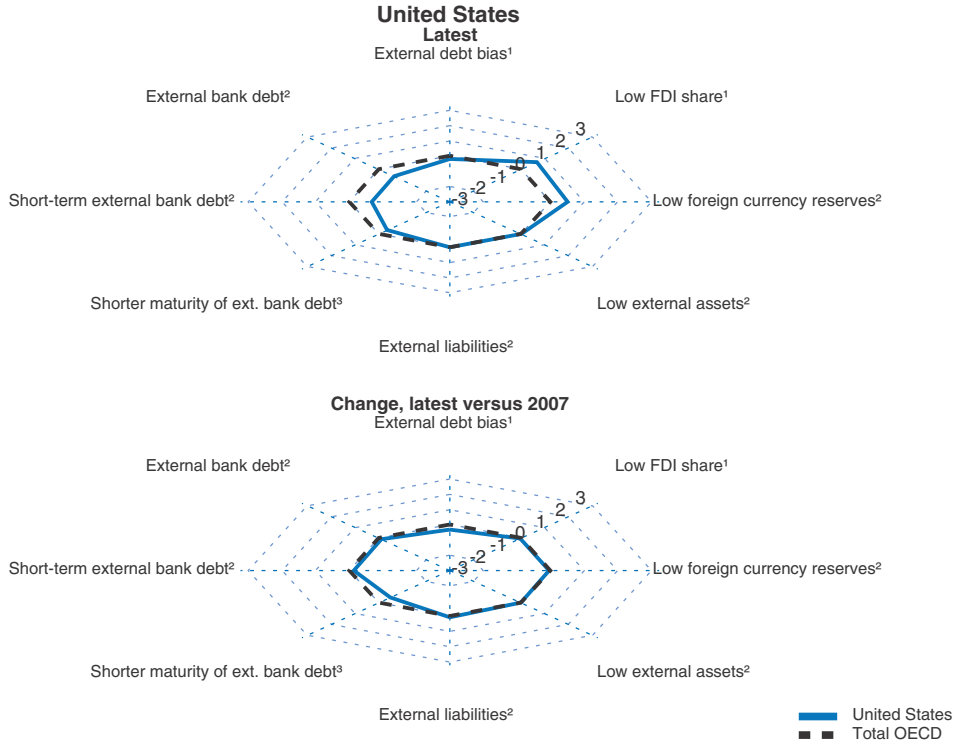
Note: The diamond charts are explained in the introduction to the annex.
(1) As a per cent of external liabilities. (2) As a per cent of GDP. (3) As a per cent of external bank debt.
Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888933049002



Note: The diamond charts are explained in the introduction to the annex.
(1) As a per cent of external liabilities. (2) As a per cent of GDP. (3) As a per cent of external bank debt.
Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888933049002



Note: The diamond charts are explained in the introduction to the annex.
(1) As a per cent of external liabilities. (2) As a per cent of GDP. (3) As a per cent of external bank debt.
Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/888933049002

OECD Economic Outlook
Volume 2014/1
© OECD 2014

Chapter 2

DEVELOPMENTS IN INDIVIDUAL OECD COUNTRIES

UNITED STATES

Economic activity is projected to pick up in 2014 once the effects of severe winter weather dissipate. Given ample corporate cash flow and an improved demand outlook, business investment should accelerate significantly. Sizable gains in asset prices have boosted household wealth, which, combined with steady progress on the labour market, should provide support to private consumption and residential investment.

Fiscal contraction is creating less of a drag on economic growth, although further consolidation at a slower pace will be needed to ensure fiscal sustainability. Monetary policy appropriately remains very accommodative, with slack remaining in the labour market and inflation remaining weak. The Federal Reserve began the process of reducing the pace of its asset purchases, which should continue through most of 2014. It will be appropriate to keep policy rates low for some time, but they are expected to begin to rise by mid-2015.

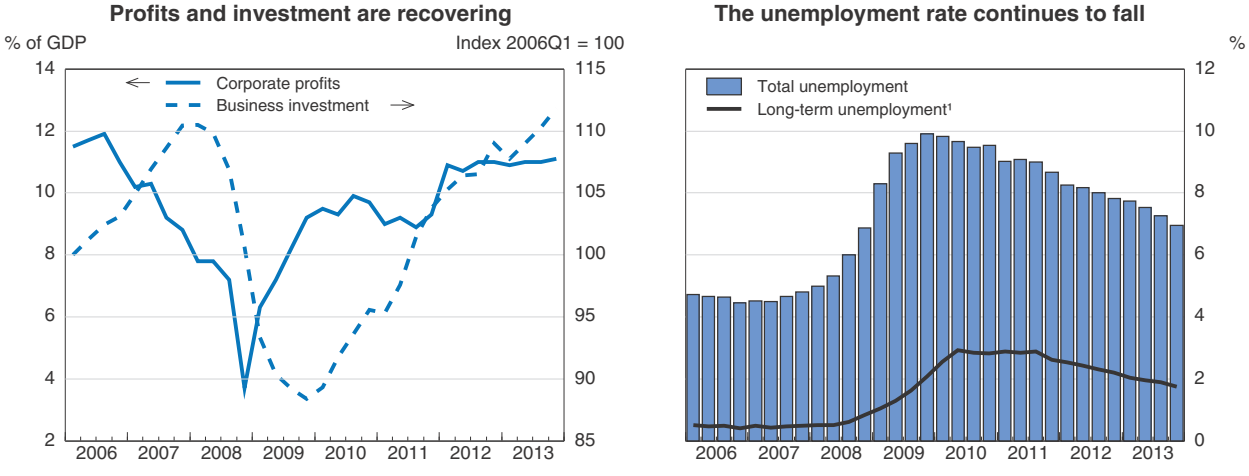
The economic effects of bad weather are dissipating

Unusually severe winter weather depressed growth in early 2014 by an estimated one percentage point at an annualised rate. Moreover, reversing previous large positive growth contributions, changes in stockbuilding reduced growth by ½ percentage point in the first quarter. However, forward-looking indicators, such as investment intentions and business expectations, and rises in measures of consumer and business confidence suggest activity is bouncing back.

Investment and consumption will pick up

Favourable financial conditions and the acceleration of aggregate demand will support a substantial rise in business investment growth. This recovery will be facilitated by ample corporate profits, which have been strong, partly reflecting muted wage pressure. Household deleveraging and the rise in asset prices have caused household net wealth to rise significantly, which will help sustain consumption growth.

United States



1. Persons unemployed for 52 weeks and over.

Source: OECD Economic Outlook 95 database; US Bureau of Labor Statistics; and the Bureau of Economic Analysis.

StatLink http://dx.doi.org/10.1787/888933049021

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

Percentage changes

	2011	2012	2013	2014	2015
Employment[1]	1.0	1.6	1.4	1.7	1.7
Unemployment rate[2]	8.9	8.1	7.4	6.5	6.0
Compensation per employee[3]	2.7	2.3	1.2	1.9	2.9
Labour productivity	0.9	1.1	0.4	0.8	1.8
Unit labour cost	2.0	1.2	1.0	1.0	1.0
GDP deflator	2.0	1.7	1.5	1.5	1.9
Consumer price index	3.1	2.1	1.5	1.5	1.7
Core PCE deflator[4]	1.4	1.8	1.2	1.3	1.6
PCE deflator[5]	2.4	1.8	1.1	1.3	1.6
Real household disposable income	2.4	2.0	0.7	2.5	3.2

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

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050446

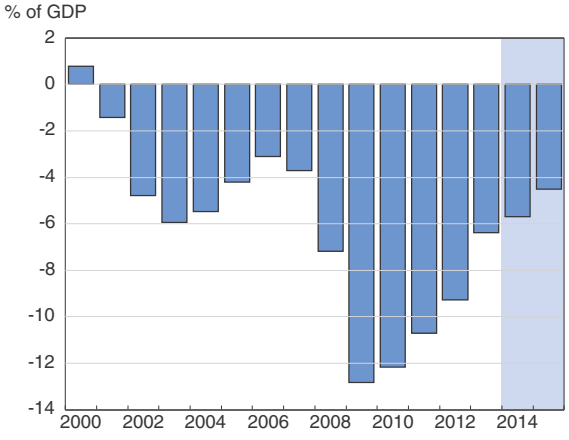
Residential investment should pick up from historically depressed levels, boosted by demand from pent-up household formation, although higher mortgage interest rates have recently tempered activity.

The labour market continues to heal

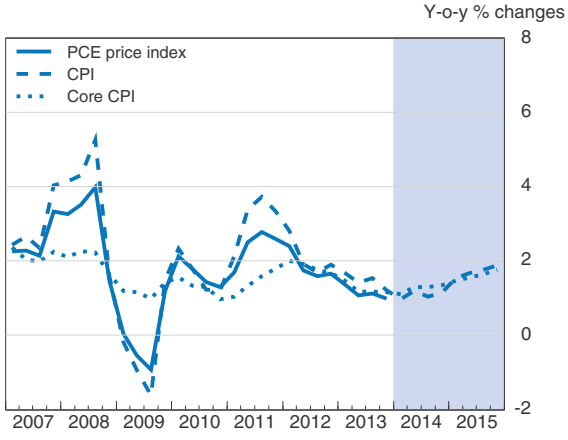
The unemployment rate has fallen steadily since 2009, reaching 6.7% in early 2014, as a result of steady employment growth. In addition, the decline in labour force participation reversed in early 2014 as sizable numbers of people outside the labour forced entered both employment and unemployment. However, the number of long-term unemployed and

United States

Budget deficits are falling



Inflation is gradually picking up



Source: OECD Economic Outlook 95 database; and the Bureau of Economic Analysis.

StatLink http://dx.doi.org/10.1787/888933049040

United States: **Financial indicators**

	2011	2012	2013	2014	2015
Household saving ratio, net[1]	5.7	5.6	4.5	4.1	4.0
General government financial balance[2]	-10.7	-9.3	-6.4	-5.8	-4.6
General government gross debt[3]	98.8	102.1	104.3	106.2	106.5
Current account balance[2]	-2.9	-2.7	-2.3	-2.5	-2.9
Short-term interest rate[4]	0.4	0.4	0.3	0.3	0.9
Long-term interest rate[5]	2.8	1.8	2.4	3.0	3.6

1. As a percentage of disposable income.
2. As a percentage of GDP.
3. As a percentage of GDP at market value.
4. 3-month rate on euro-dollar deposits.
5. 10-year government bonds.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050465

discouraged workers remains high by historical standards, and a large proportion of workers report working part time due to economic reasons. With the recovery gaining strength and the labour market continuing to work off slack, growth in labour compensation, which has been weak, will gradually become stronger.

Monetary policy has begun to taper

Monetary policy remains very accommodative, as is appropriate given slack in the labour market and weakness in price and wage developments. Inflation has fallen to low rates, though some of the factors behind the fall are likely to be transitory, and wage pressures

United States: **Demand and output**

	2012	2013	2014	2015	Fourth quarter 2013	Fourth quarter 2014	Fourth quarter 2015
	Current prices $ billion	Percentage changes from previous year, volume (2009 prices)					
GDP at market prices	16 244.6	1.9	2.6	3.5	2.6	2.7	3.6
Private consumption	11 149.6	2.0	3.0	3.2	2.3	3.2	3.2
Government consumption	2 548.1	-2.0	-0.5	0.0	-2.4	0.5	0.1
Gross fixed investment	3 028.1	2.9	3.5	9.2	2.2	5.8	9.1
Public	619.0	-3.2	-3.4	-0.2	-2.4	-3.0	-0.3
Residential	439.2	12.2	4.9	15.8	6.9	10.6	15.0
Non-residential	1 970.0	2.7	5.3	10.1	2.6	7.1	10.0
Final domestic demand	16 725.8	1.6	2.6	3.9	1.6	3.3	3.9
Stockbuilding[1]	66.0	0.2	0.1	0.0			
Total domestic demand	16 791.8	1.7	2.6	3.9	2.3	3.2	3.9
Exports of goods and services	2 195.9	2.7	2.7	5.3	4.9	1.9	5.3
Imports of goods and services	2 743.1	1.4	3.1	7.2	2.8	4.8	7.1
Net exports[1]	- 547.2	0.1	-0.2	-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. Contributions to changes in real GDP, actual amount in the first column.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050484

United States: **External indicators**

	2011	2012	2013	2014	2015
			$ billion		
Goods and services exports	2 101.2	2 195.9	2 259.9	2 345	2 494
Goods and services imports	2 669.9	2 743.1	2 757.2	2 876	3 113
Foreign balance	- 568.8	- 547.2	- 497.3	- 531	- 619
Invisibles, net	111.0	106.8	118.0	95	76
Current account balance	- 457.7	- 440.4	- 379.3	- 436	- 544
			Percentage changes		
Goods and services export volumes	7.1	3.5	2.7	2.7	5.3
Goods and services import volumes	4.9	2.2	1.4	3.1	7.2
Export performance[1]	0.2	0.0	- 0.3	- 1.5	- 0.7
Terms of trade	- 1.3	0.4	1.1	- 0.1	0.1

1. Ratio between export volume and export market of total goods and services.
Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050503

remain muted. With the recovery gaining ground, the Federal Reserve began to reduce its large-scale asset purchases in January 2014. The gradual reduction in purchases is projected to continue through most of 2014. With the continuing strengthening of the economy, monetary policy accommodation is expected to be removed gradually as the economic situation normalises, and policy interest rates are expected to begin to rise by mid-2015.

Fiscal policy is less of a drag on activity

The political agreement leading to the passage of the Bipartisan Budget Act and the subsequent lifting of the debt ceiling reduces uncertainty about fiscal policy for the projection period. Nevertheless, fiscal policy remains a drag on growth. The actual reduction in the pace of consolidation is relatively modest at around 0.25% of GDP in both 2014 and 2015, leading to an improvement in the underlying primary balance of around ⅔ per cent of GDP in both years, significantly less than the 1¾ per cent of GDP reduction in 2013. According to CBO longer-term projections, spending pressures will re-emerge after 2015, underlining the importance of developing a medium-term strategy to ensure fiscal sustainability.

Risks to the recovery remain substantial

The economic recovery remains subject to various risks. On the negative side, business investment would rebound less vigorously than projected if firms' growth expectations faltered. On the positive side, households' stronger financial situation could reduce the savings rate, strengthening consumption more than projected. Economic growth could also be stimulated more robustly than expected by factors such as improved competitiveness and low energy prices.

JAPAN

Although an export slowdown has moderated the expansion, improving labour market conditions and stronger business confidence will partially offset the impact of the fiscal tightening scheduled in 2014 and 2015, notably due to the consumption tax hikes. An upturn in exports, as world trade picks up, will also support the expansion, with annual growth projected at around 1¼ per cent, helping to push inflation up.

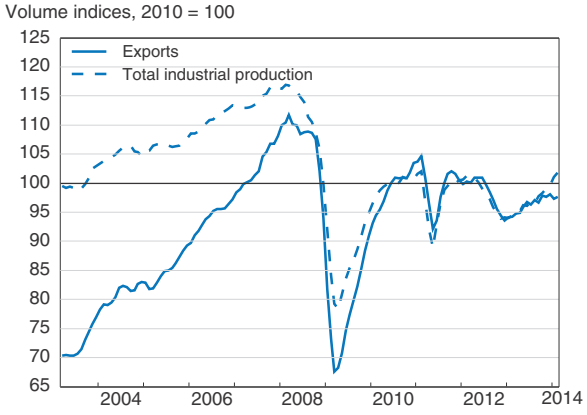
With gross public debt surpassing 230% of GDP, a detailed and credible fiscal consolidation plan to achieve the target of a primary budget surplus by FY 2020 remains a top priority to sustain confidence in Japan's public finances. The consumption tax rate should be hiked further to 10% by 2015, as planned. Increasing Japan's growth potential through bold structural reforms is also essential to address the fiscal situation, as is expansionary monetary policy. The Bank of Japan's "quantitative and qualitative monetary easing" should continue until the inflation target of 2% has been sustainably achieved.

The expansion has been sustained by private domestic demand

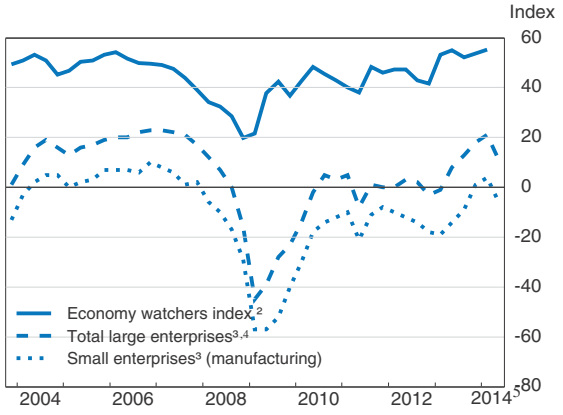
The recovery from the 2012 recession moderated in the second half of 2013, reflecting an export slowdown despite the 20% depreciation of the yen since late 2012. However, domestic demand growth has remained robust, helping to reduce the unemployment rate to 3.6%, its lowest in seven years. Household consumption was temporarily boosted by a boom in consumption in anticipation of the hike of the consumption tax rate from 5% to 8% in April 2014. Indeed, purchases of five key consumer durable products in March 2014 were nearly double the year-earlier level, before contracting in April.

Japan

Exports and industrial production decoupled in late 2013[1]



Business confidence improved through early 2014



1. Data are three-month moving averages of seasonally-adjusted industrial production and exports.
2. A survey of workers, such as taxi drivers and shop clerks, whose jobs are sensitive to economic conditions. The index ranges from 100 (better) to 0 (worse), with 50 indicating no change.
3. Diffusion index of "favourable" minus "unfavourable" conditions.
4. Large enterprises are capitalised at a billion yen or more and small enterprises at between 20 million yen and a hundred million yen.
5. Except for economy watchers index where there are no projections, numbers for the second quarter are companies' projections made in March 2014.

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

StatLink http://dx.doi.org/10.1787/888933049059

Japan: **Employment, income and inflation**

Percentage changes

	2011	2012	2013	2014	2015
Employment	-0.1	-0.3	0.7	0.1	-0.1
Unemployment rate[1]	4.6	4.3	4.0	3.8	3.7
Compensation per employee[2]	0.4	0.4	0.0	1.5	2.6
Unit labour cost	1.0	-1.2	-0.6	0.7	1.4
Household disposable income	-0.1	-0.1	1.3	2.9	3.4
GDP deflator	-1.9	-0.9	-0.6	1.3	1.5
Consumer price index[3]	-0.3	0.0	0.4	2.6	2.0
Core consumer price index[4]	-0.9	-0.5	-0.1	2.3	1.9
Private consumption deflator	-0.8	-0.8	-0.2	2.2	2.0

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

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050522

A fiscal package is mitigating the impact of the consumption tax hike

The negative impact of the consumption tax hike will be mitigated by a 5.5 trillion yen (1.1% of GDP) fiscal package, which includes cash benefits for low-income households. In addition, corporate income taxes are being cut in 2014. Central government spending in FY 2014 is set to rise by 3.5%, the largest increase since FY 2010, led by rising social spending. The decision on whether to hike the consumption tax rate to 10% in October 2015 will be based on a review of economic conditions at the end of 2014.

Japan



1. Monthly purchases of five consumer durables: air conditioners, refrigerators, personal computers, televisions and cell phones.
2. Average of the first two weeks of April 2014.
3. Data are three-month moving averages.

Source: GfK Japan and OECD calculations; Ministry of Health, Labour and Welfare; OECD calculations; and Bank of Japan.

StatLink http://dx.doi.org/10.1787/888933049078

Japan: **Financial indicators**

	2011	2012	2013	2014	2015
Household saving ratio, net[1]	2.7	1.3	0.9	0.6	0.6
General government financial balance[2]	-8.8	-8.7	-9.3	-8.4	-6.7
General government gross debt[3]	209.5	216.5	224.6	229.6	232.5
Current account balance[2]	2.0	1.1	0.7	0.2	0.7
Short-term interest rate[4]	0.2	0.2	0.2	0.1	0.2
Long-term interest rate[5]	1.1	0.8	0.7	0.9	1.7

1. As a percentage of disposable income.
2. As a percentage of GDP.
3. As a percentage of GDP at market value.
4. 3-month inter-bank rate.
5. 10-year government bonds.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050541

Further fiscal consolidation is needed

Assuming that the second hike goes ahead, the primary budget deficit is projected to narrow from 8.4% of GDP in 2013 to 5.3% in 2015. Additional measures to raise revenues and contain spending, particularly outlays related to population ageing, are needed to achieve the government's target of balancing the primary budget of central and local governments by FY 2020. Moreover, the government's objective of putting the public debt ratio on a downward trend from FY 2021 will require a significant primary budget surplus.

Japan: **Demand and output**

	2012	2013	2014	2015	Fourth quarter 2013	Fourth quarter 2014	Fourth quarter 2015
	Current prices ¥ trillion	Percentage changes from previous year, volume (2005 prices)					
GDP at market prices	473.8	1.5	1.2	1.2	2.5	1.0	0.9
Private consumption	287.7	1.9	0.9	1.4	2.3	0.3	1.2
Government consumption	96.9	2.2	0.8	0.5	2.2	0.0	1.1
Gross fixed investment	100.1	2.6	4.2	0.0	6.2	1.6	-0.7
Public[1]	21.0	11.6	4.7	-14.6	20.6	-6.3	-15.4
Residential	13.7	8.8	0.4	3.1	10.4	-4.6	0.7
Non-residential	65.3	-1.5	4.7	4.2	0.9	5.7	3.7
Final domestic demand	484.7	2.1	1.6	0.9	3.1	0.5	0.8
Stockbuilding[2]	- 1.5	-0.3	0.0	0.0			
Total domestic demand	483.2	1.8	1.6	1.0	3.0	0.6	0.9
Exports of goods and services	69.8	1.6	4.8	6.9	7.0	7.3	5.7
Imports of goods and services	79.2	3.4	7.1	4.5	9.1	4.3	4.6
Net exports[2]	- 9.4	-0.3	-0.6	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. Including public corporations.
2. Contributions to changes in real GDP, actual amount in the first column.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050560

Japan: **External indicators**

	2011	2012	2013	2014	2015
			$ billion		
Goods and services exports	895.4	874.4	794.6	824	894
Goods and services imports	949.6	991.9	933.2	995	1 056
Foreign balance	- 54.2	- 117.5	- 138.5	- 171	- 162
Invisibles, net	172.6	183.0	172.6	183	196
Current account balance	118.4	65.5	34.1	11	34
			Percentage changes		
Goods and services export volumes	- 0.4	- 0.1	1.6	4.8	6.9
Goods and services import volumes	5.9	5.3	3.4	7.1	4.5
Export performance[1]	- 7.3	- 3.9	- 2.8	- 0.3	- 0.4
Terms of trade	- 7.6	- 1.4	- 1.8	- 0.6	0.0

1. Ratio between export volume and export market of total goods and services.
Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050579

The Bank of Japan has maintained its easing policy

The Bank of Japan has maintained its "quantitative and qualitative monetary easing" introduced in April 2013, which aims to double the monetary base by end-2014, primarily through expanded purchases of government bonds. The Bank expects to achieve the 2% inflation target in 2015. The new policy appears to have increased inflation expectations, while headline inflation has risen to around 1½ per cent (year-on-year) and underlying inflation moved into positive territory in late 2013.

The expansion is projected to continue through 2015

Output is projected to grow at around 1¼ per cent in both 2014 and 2015, despite the consumption tax hikes, thanks to underlying momentum in the economy stemming from the first two arrows of Abenomics – bold monetary policy and flexible fiscal policy. Tight labour market conditions should lead to wage increases that will support private consumption. Business investment is expected to pick up, encouraged by tax cuts and strong business confidence. On the external side, export growth is set to rise thanks to strengthening world trade and the past depreciation of the yen. Consumer price inflation, excluding the effect of the rise in consumption taxes, is projected to reach around 1% in 2015. The current account surplus is projected to fall to 0.2% of GDP in 2014, its lowest level since 1980, reflecting large energy imports, but then widen again in 2015 as domestic demand growth eases.

There are many risks, both domestic and external

While the recent pick-up in inflation is encouraging, it could undermine the recovery unless it is accompanied by a matching rise in wages. Sustained growth in the face of needed fiscal consolidation depends on a virtuous circle of rising prices, wages and corporate earnings. However, delaying fiscal consolidation could increase the risk of a run-up in long-term interest rates, which would have serious consequences for the financial sector, fiscal sustainability and output growth, and could have significant spillovers to the global economy. On the external side, there is a risk of slower growth in emerging economies, notably China, Japan's largest trading partner.

EURO AREA

Economic activity is projected to continue to recover as confidence improves further, financial market fragmentation declines and fiscal consolidation eases. Still, the pace will remain moderate, with still-high debt and tight credit conditions bearing on economic activity, especially in the vulnerable countries. Weak private sector balance sheets are likely to continue to affect confidence and growth for some time. High unemployment and large margins of excess capacity will recede slowly with inflation remaining very low.

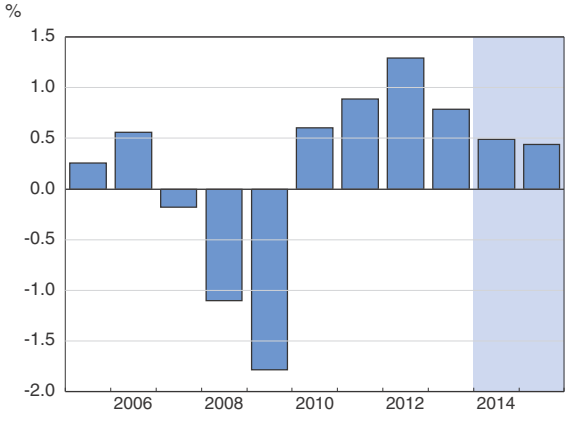
Fiscal consolidation should continue as planned, given that public debt is still much too high, but the automatic stabilisers should be allowed to operate fully. The ECB should reduce interest rates further, given very low inflation and the risk of deflation. Additional non-conventional measures would be required if inflation did not show clear signs of returning toward the ECB target or, a fortiori, if a deflationary scenario threatened to occur. Credible asset quality reviews and stress tests and, where needed, swift recapitalisation or restructuring of banks are required to support the upswing and underlying growth. Structural reforms in labour and product markets are necessary to boost growth and jobs, with more emphasis given to completing the EU Single Market programme.

The economy is gradually picking up

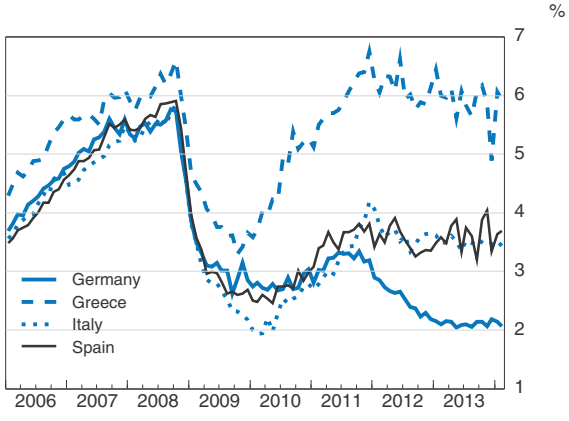
Systemic risks have been reduced, large external and internal imbalances have receded, and most of the vulnerable countries are gradually regaining competitiveness via wage and price adjustment and significant structural reforms. Still, low confidence, weak private sector balance sheets, credit constraints, and high unemployment weigh on demand. High margins of economic slack are keeping inflation very low, while economic activity remains weak and uneven.

Euro area

Fiscal consolidation is set to ease
Changes in the underlying fiscal balance [1]



Interest rate spreads are still high
Loan interest rates [2]



1. As a percentage of potential GDP.
2. Interest rates on new loans to non-financial corporations (all maturities) except for Greece (maturity up to one year).

Source: European Central Bank; and OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049097

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

Percentage changes

	2011	2012	2013	2014	2015
Employment	0.3	-0.7	-0.7	0.2	0.6
Unemployment rate[1]	10.0	11.2	11.9	11.7	11.4
Compensation per employee[2]	1.9	1.4	1.4	1.3	1.8
Labour productivity	1.2	-0.1	0.4	1.0	1.0
Unit labour cost	0.6	1.3	0.9	0.2	0.5
Household disposable income	2.1	0.2	0.8	1.5	2.4
GDP deflator	1.2	1.3	1.4	0.7	1.1
Harmonised index of consumer prices	2.7	2.5	1.3	0.7	1.1
Core harmonised index of consumer prices[3]	1.4	1.5	1.1	0.9	1.1
Private consumption deflator	2.4	2.1	1.3	0.7	1.1

Note: Covers the euro area countries that are members of the OECD.
1. As a percentage of labour force.
2. In the total economy.
3. Harmonised index of consumer prices excluding energy, food, drink and tobacco.
Source: OECD Economic Outlook 95 database.

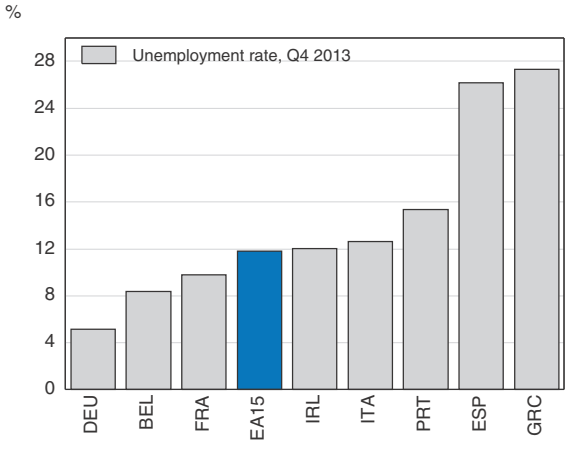
StatLink http://dx.doi.org/10.1787/888933050921

Rebalancing is progressing

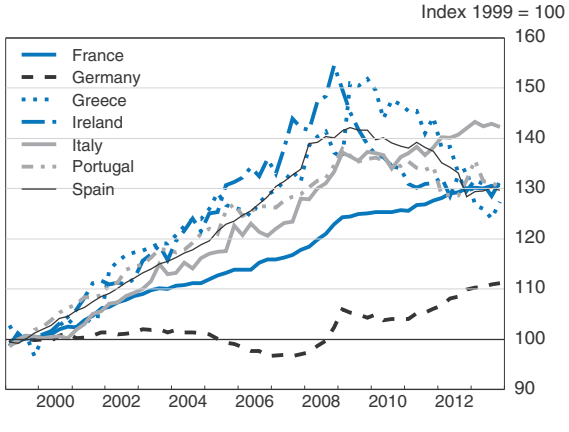
External rebalancing is progressing with all vulnerable countries now recording current account surpluses, supported by fiscal consolidation, private sector deleveraging and improved export performance in some countries. However, more progress on restoring competitiveness is necessary while making the adjustment more symmetric. The net foreign debt positions of vulnerable countries are still large and it will require several years of current account surpluses to reduce them significantly. Countries with large current account surpluses can contribute to

Euro area

Unemployment is high in almost all countries



Competitiveness is improving in most vulnerable countries[1]



1. Based on unit labour costs.
Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049116

Euro area: **Financial indicators**

	2011	2012	2013	2014	2015
Household saving ratio, net[1]	8.0	7.5	7.8	7.9	8.0
General government financial balance[2]	-4.1	-3.7	-3.0	-2.5	-1.8
General government gross debt[3]	95.9	104.4	106.7	107.7	106.9
General government debt, Maastricht definition[2]	88.3	92.9	95.1	96.0	95.2
Current account balance[2]	0.8	2.1	2.8	3.1	3.2
Short-term interest rate[4]	1.4	0.6	0.2	0.1	0.1
Long-term interest rate[5]	4.2	3.7	2.9	2.5	2.7

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. As a percentage of GDP at market value.
4. 3-month interbank rate.
5. 10-year government bonds.
Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050940

rebalancing by implementing competition-friendly reforms, such as reducing entry barriers in domestically oriented service sectors.

Risk perceptions have improved but credit conditions remain difficult

Financial conditions have improved considerably in the vulnerable countries, reflecting better risk perceptions and receding uncertainty. Governments and banks have been able to access capital markets on improved terms, and 10-year government bond yield spreads over German bonds have fallen to a level not seen since mid-2010. Nonetheless, credit to the private sector continues to decline, and marked differences in financial market conditions persist across the area.

Euro area: **Demand and output**

	2012	2013	2014	2015	Fourth quarter 2013	Fourth quarter 2014	Fourth quarter 2015
	Current prices € billion	Percentage changes from previous year, volume (2009 prices)					
GDP at market prices	9 459.7	-0.4	1.2	1.7	0.5	1.4	1.8
Private consumption	5 432.6	-0.6	0.7	1.3	0.3	0.9	1.4
Government consumption	2 032.2	0.2	0.3	0.2	0.4	0.4	0.1
Gross fixed investment	1 737.1	-2.7	2.5	3.3	0.1	2.4	3.7
Final domestic demand	9 201.8	-0.8	0.9	1.4	0.3	1.0	1.6
Stockbuilding[1]	8.5	-0.1	-0.2	0.0			
Total domestic demand	9 210.4	-0.9	0.7	1.4	0.0	1.1	1.6
Net exports[1]	249.4	0.5	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 95 database.

StatLink http://dx.doi.org/10.1787/888933050959

Euro area: **External indicators**

	2011	2012	2013	2014	2015
			$ billion		
Foreign balance	178.7	320.2	447.8	541	580
Invisibles, net	- 72.6	- 69.6	- 86.2	- 125	- 136
Current account balance	106.1	250.6	361.6	416	444

Note: Covers the euro area countries that are members of the OECD.
Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050978

The financial system needs to be strengthened

Much has been achieved in setting up a comprehensive banking union, and the focus should now shift to implementation, to underpin well functionning credit markets going forward. In particular, it is important to ensure that a Single Resolution Mechanism with effective and swift decision-making is operative soon. The ongoing Comprehensive Assessment of banks' balance sheets needs to result in a credible base for cleaning up non-performing loans and strengthening bank balance sheets. The assessment needs to be followed by swift recapitalisations or resolutions if necessary.

The pace of fiscal consolidation is set to slow

Structural fiscal consolidation is set to decline by ¼ percentage point of GDP from 2013 to 2015. Even though the largest part of the required fiscal adjustment has already been done in many countries, strong fiscal positions will need to be maintained for many years to bring debt down to prudent levels. The projections assume that fiscal consolidation targets are met in terms of underlying deficits, with automatic stabilisers allowed to work around the structural consolidation path.

Very low inflation and weak activity call for further monetary policy easing

With economic slack projected to narrow slowly and remain sizeable even at the end of 2015, inflation might edge up to only 1.3% in end-2015, well below the ECB definition of price stability. The ECB should cut the main refinancing policy rate to zero, and maintain it at this level for an extended period. Additional non-conventional measures would be required if inflation did not show clear signs of returning toward the ECB target or, a fortiori, if deflationary scenario threatened to occur.

Near-term growth will be slow

Economic activity will continue to pick up in 2014 and 2015, as confidence improves further, financial market fragmentation declines and fiscal consolidation eases. Current account balances in vulnerable countries are projected to improve further. However, private demand will remain fragile in most countries, with high unemployment, weak income growth and tight credit conditions still weighing on activity. Unemployment is projected to decline only gradually from currently high levels.

Risks are still mainly on the downside

Risks have become more balanced, but are still on the downside. Disinflationnary pressures could intensify further in the event of negative demand shocks, further currency appreciation, declines in commodity prices or a downward drift in inflation expectations, potentially restraining household and business spending. Other downside risks include: failure to implement a credible asset quality review and stress tests in 2014 and swift recapitalisation or resolution of banks where necessary; insufficient progress in applying the rules that ensure effective functioning of the credit system; and insufficient progress on structural reforms in both debtor and creditor countries. Geopolitical risks related to the events in Ukraine could have a significant impact in some of the economies in the euro area. However, a successful comprehensive assessment of the banking system and subsequent associated measures, and more rapid progress on institutional and structural reform, could improve financial conditions and confidence further, bringing about a stronger turnaround in macroeconomic activity.

GERMANY

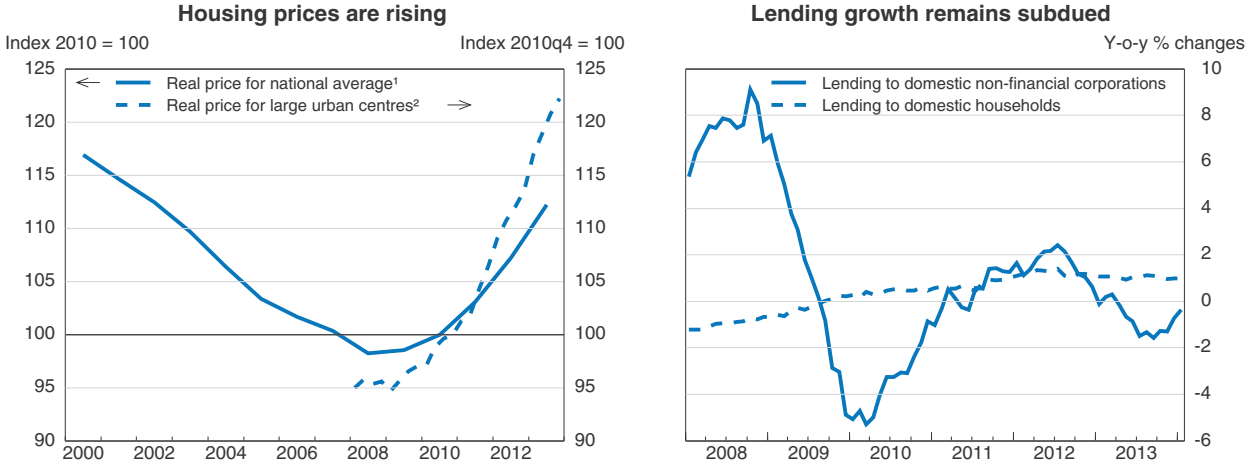
Economic growth is expected to strengthen as world trade picks up and real wage gains boost consumption growth. Improving confidence in the euro area recovery, low interest rates and pent-up replacement needs are projected to raise investment. The unemployment rate is expected to fall slightly. Consumer price inflation may rise to 2¼ per cent in end-2015 as economic slack is absorbed. The current account surplus will remain close to historic highs.

Fiscal policy should return to a neutral stance, consistent with the fiscal rule for the central government. At the same time, more room should be made for growth-enhancing spending, including infrastructure investment and full-day childcare facilities. Reducing high leverage among systemically important banks would make the economy more resilient to financial shocks. Structural reforms to deregulate services and further reduce the impact of socio-economic background on education outcomes would strengthen potential growth and contribute to global rebalancing.

GDP growth has strengthened

Economic activity was unusually strong in the first quarter, as the mild winter pulled forward construction activity and rising house prices boosted residential construction. While business investment has also strengthened, it remains at historically low levels, despite low interest rates and strong cash holdings of corporations. Growth of bank lending to the domestic non-financial sector has been weak, especially among large highly leveraged banks, in part because strong corporate profitability has damped loan demand. Strong foreign demand for investment goods, mostly from outside the euro area, has sustained industrial production. Against the backdrop of vigorous activity, employment expanded, strengthening household income and private consumption. Nevertheless, consumer price inflation remained low, reflecting falling energy prices, subdued price developments in euro area trading partners and an

Germany



1. Urban residential property prices in 125 cities. Deflated using the consumer price index.
2. Prices for owner-occupied apartments in 7 cities: Berlin, Düsseldorf, Frankfurt am Main, Hamburg, Cologne, Munich and Stuttgart. Deflated using the consumer price index.

Source: OECD Economic Outlook 95 database; and Deutsche Bundesbank.

StatLink http://dx.doi.org/10.1787/888933049135

Germany: **Employment, income and inflation**

Percentage changes

	2011	2012	2013	2014	2015
Employment	2.3	1.0	1.0	0.6	0.4
Unemployment rate[1]	6.0	5.5	5.3	5.0	4.9
Compensation per employee[2]	3.0	2.6	2.0	2.4	3.4
Unit labour cost	0.9	3.0	2.2	0.9	1.8
Household disposable income	3.8	2.3	2.2	2.6	3.5
GDP deflator	1.2	1.5	2.2	1.3	1.7
Harmonised index of consumer prices	2.5	2.1	1.6	1.1	1.8
Core harmonised index of consumer prices[3]	1.2	1.3	1.2	1.3	1.8
Private consumption deflator	2.1	1.6	1.6	1.1	1.7

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

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050598

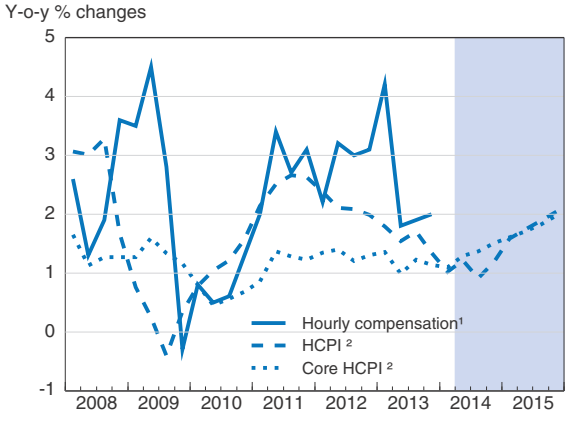
appreciated exchange rate. While skill shortages have emerged, rising immigration has damped wage pressures.

Fiscal policy will be mildly expansionary in 2014

In 2014, pension entitlements for some groups will be raised, including for workers with long employment records, who will be able to retire two years earlier with a full pension. Spending on health care, the provision of childcare facilities and public infrastructure will also rise in 2014, although public investment will continue to fall short of

Germany

Real wages are rising



The labour market has tightened further

Seasonally and working-day adjusted



1. Working-days adjusted nominal labour costs for the industry, construction and services except activities of households as employers and extra-territorial organisations and bodies.
2. Harmonised consumer price index (2005=100). Core HCPI excludes energy, food, alcohol and tobacco.
3. Population aged 15-74 years. Based on the German labour force survey.
4. Percentage of unfilled job vacancies relative to the total employment.

Source: OECD Economic Outlook 95 database; Eurostat; and Statistisches Bundesamt.

StatLink http://dx.doi.org/10.1787/888933049154

Germany: **Financial indicators**

	2011	2012	2013	2014	2015
Household saving ratio, net[1]	10.4	10.3	10.0	9.9	9.7
General government financial balance[2]	-0.8	0.1	0.0	-0.2	0.2
General government gross debt[3]	85.8	88.5	85.9	83.9	79.8
General government debt, Maastricht definition[2]	80.1	81.0	78.3	76.3	72.3
Current account balance[2]	6.8	7.5	7.6	7.9	7.4
Short-term interest rate[4]	1.4	0.6	0.2	0.1	0.1
Long-term interest rate[5]	2.6	1.5	1.6	1.7	2.2

1. As a percentage of disposable income.
2. As a percentage of GDP.
3. As a percentage of GDP at market value.
4. 3-month interbank rate.
5. 10-year government bonds.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050617

depreciation. The basic income tax allowance will be raised. In 2015, some of these measures will increase spending further, but the impact on the government deficit will be offset by higher social security contributions. A small fiscal deficit is projected for 2014 and, reflecting the impact of robust domestic demand growth on tax revenues, a small surplus for 2015.

The national minimum wage will raise wages in 2015

The introduction of an hourly national minimum wage of €8.50 is expected to strengthen wage growth in 2015, although the social partners

Germany: **Demand and output**

	2012	2013	2014	2015	Fourth quarter 2013	Fourth quarter 2014	Fourth quarter 2015
	Current prices € billion	Percentage changes from previous year, volume (2005 prices)					
GDP at market prices	2 668.0	0.5	1.9	2.1	1.4	2.0	2.2
Private consumption	1 532.6	1.0	1.4	2.0	1.0	1.9	2.0
Government consumption	514.3	0.7	1.6	1.7	1.0	1.8	1.6
Gross fixed investment	471.9	-0.5	5.7	4.8	2.5	5.3	5.0
Public	41.3	2.0	7.7	2.5	10.0	1.8	3.1
Residential	154.4	0.9	6.9	4.2	4.4	6.0	4.4
Non-residential	276.2	-1.7	4.7	5.4	0.3	5.5	5.5
Final domestic demand	2 518.8	0.7	2.2	2.5	1.3	2.5	2.5
Stockbuilding[1]	- 10.1	-0.1	-0.6	0.0			
Total domestic demand	2 508.7	0.5	1.6	2.5	0.6	2.7	2.5
Exports of goods and services	1 384.3	1.0	5.1	4.6	4.3	3.8	5.0
Imports of goods and services	1 224.9	1.0	4.8	6.0	2.9	5.6	6.1
Net exports[1]	159.3	0.0	0.4	-0.3			
Memorandum items							
GDP without working day adjustments	2 666.5	0.4	1.9	2.3			

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 95 database.

StatLink http://dx.doi.org/10.1787/888933050636

will be allowed to negotiate lower minimum wages until 2016. The pension reforms are expected to encourage some workers to retire earlier, even though the impact on labour supply will be offset by immigration and rising female labour force participation. Overall, employment is projected to continue growing, pushing unemployment somewhat lower.

Economic growth will remain robust

Economic growth is expected to gain strength as the recovery in the euro area raises demand for German exports. This will, however, be partly offset by slowing demand growth in emerging economies, notably for investment goods, and some loss of export market share due to stronger wage growth in Germany than in other euro area economies. Business investment is expected to be boosted by low interest rates, high capacity utilisation and improving confidence in the euro area economy. Rising housing permits also point to continued vigorous growth of residential investment. As unemployment is projected to drop further below its structural rate, rising wage growth is expected to strengthen private consumption growth while consumer price inflation could rise to 2¼ per cent in the course of 2015. The current account surplus is projected to decline somewhat, but will remain large by historical standards.

Risks mostly result from the international environment

Exports to key emerging economies could weaken, which might affect confidence more generally. On the other hand, steps to implement a comprehensive banking union in the euro area more quickly, including a fiscal backstop, could boost exports and the attractiveness of Germany as a location to invest.

FRANCE

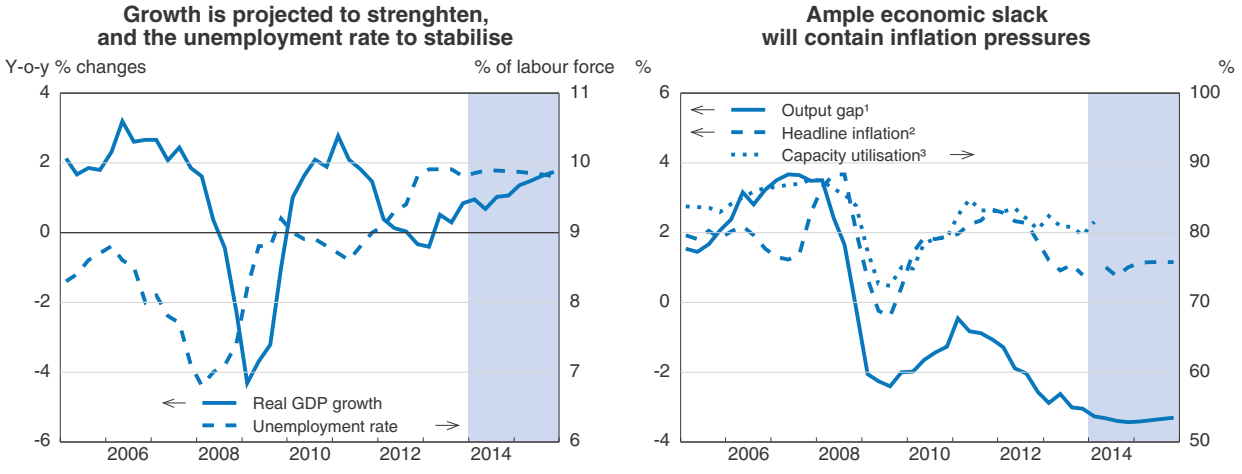
After uneven growth in 2013, real GDP is projected to rise by around 1½ per cent in 2015, helped by strengthening world trade, improving prospects in the euro area and a slower pace of fiscal consolidation. The unemployment rate is expected to fall marginally and stay just below 10% of the labour force.

The budget deficit reduction in 2013 was smaller than originally planned, and the pace of structural consolidation is likely to be reduced further in 2014-15. While this new structural consolidation path needs to be strictly adhered to in order to reach France's budget objectives, the automatic stabilisers should be allowed to play freely around it to avoid endangering the recovery. The announced cuts in business taxes and social contributions, which add to the recently introduced corporate tax credit (CICE), should promote employment and investment and boost the competitiveness of French firms, thus supporting activity in both the short and longer term. However, these measures need to be financed by significant spending restraint, including planned reductions in inefficient government spending. Stronger capitalisation of systemically important banks would increase the resilience of the economy to financial shocks.

External conditions have improved

After two years of sluggish economic growth, France is benefitting from a modest expansion, sustained by improving external conditions. Exports picked up at the end of 2013 on the back of stronger world trade. The gradual recovery in the euro area, along with an improvement in business confidence, is providing support. Weak import growth, an improvement in the terms of trade and a stronger investment income balance led to a marked reduction of the current account deficit to 1.6% of GDP in 2013, below its peak of 2.2% of GDP in 2012.

France



1. As a percentage of potential GDP.
2. Based on harmonised consumer price. Year-on-year percentage changes.
3. Manufacturing sector.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049173

France: **Employment, income and inflation**

Percentage changes

	2011	2012	2013	2014	2015
Employment	0.2	0.0	-0.1	0.2	0.6
Unemployment rate[1]	8.8	9.4	9.9	9.9	9.8
Compensation per employee[2]	2.7	2.0	1.6	1.4	1.3
Unit labour cost	1.0	1.9	1.0	0.7	0.2
Household disposable income	2.6	1.0	0.8	1.3	2.3
GDP deflator	1.3	1.5	1.1	0.9	1.2
Harmonised index of consumer prices	2.3	2.2	1.0	0.9	1.1
Core harmonised index of consumer prices[3]	1.1	1.5	0.7	1.1	1.0
Private consumption deflator	2.1	1.8	0.7	0.7	1.0
Memorandum item					
Unemployment rate[4]	9.2	9.8	10.3	10.3	10.3

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

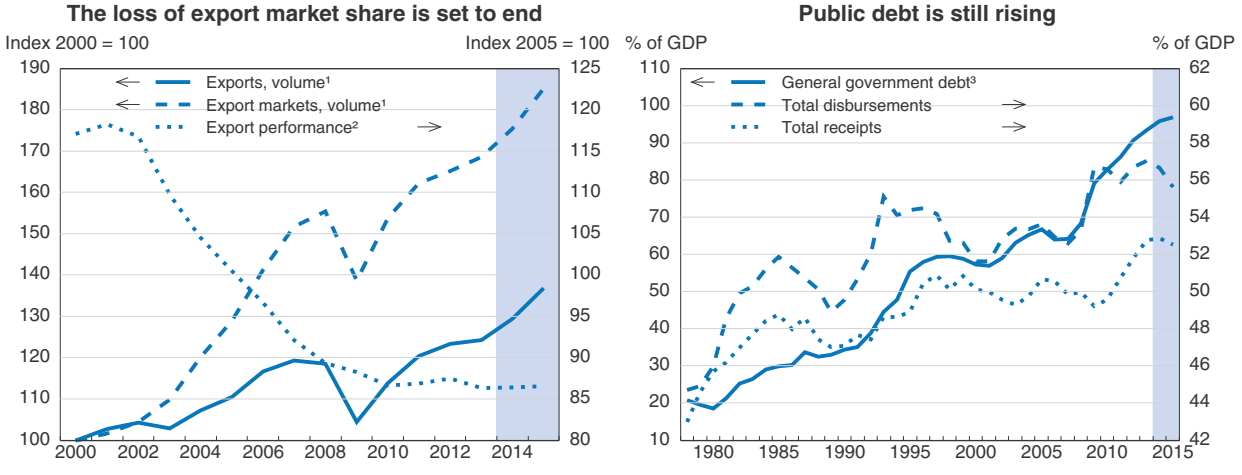
Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050655

Investment has recovered and unemployment stabilised

Household confidence and the business climate have improved considerably since hitting a trough in early 2013, although both indicators remain well below their longer-term averages. While the construction sector remains weak, manufacturing production and equipment investment have bounced back, and business managers now foresee a sizeable expansion of investment in 2014. Private consumption has started to recover gradually, even though it weakened somewhat in early

France



1. Goods and services.
2. Export performance is measured as the difference between volume growth in exports and in export markets.
3. Maastricht definition.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049192

France: **Financial indicators**

	2011	2012	2013	2014	2015
Household saving ratio, gross[1]	16.1	15.6	15.6	15.7	15.6
General government financial balance[2]	-5.2	-4.9	-4.3	-3.8	-3.1
General government gross debt[3]	99.3	109.3	112.6	115.1	116.1
General government debt, Maastricht definition[2]	86.2	90.6	93.4	95.9	96.9
Current account balance[2]	-1.8	-2.2	-1.6	-1.6	-1.4
Short-term interest rate[4]	1.4	0.6	0.2	0.1	0.1
Long-term interest rate[5]	3.3	2.5	2.2	2.2	2.5

1. As a percentage of disposable income (gross saving).
2. As a percentage of GDP.
3. As a percentage of GDP at market value.
4. 3-month interbank rate.
5. 10-year benchmark government bonds.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050674

2014 largely due to exceptional circumstances, including a fall in energy use related to the warm winter and policy changes in January that led to frontloading of consumption into late 2013. Although registered unemployment numbers have continued to rise, the standardised unemployment rate stopped increasing at end-2013, thanks to falling youth joblessness owing to government-subsidised contracts. With a tepid recovery to date, and persistent pressures on private-sector job creation due to profits weakness, the only other sign of labour-market strength has been temporary jobs arranged through agencies.

France: **Demand and output**

	2012	2013	2014	2015	Fourth quarter 2013	Fourth quarter 2014	Fourth quarter 2015
	Current prices € billion	Percentage changes from previous year, volume (2005 prices)					
GDP at market prices	2 031.7	0.3	0.9	1.5	0.8	1.1	1.7
Private consumption	1 171.6	0.4	0.5	1.5	0.8	0.6	1.8
Government consumption	502.6	1.8	0.9	0.5	1.8	0.4	0.5
Gross fixed investment	401.5	-2.1	1.0	2.5	-0.9	1.5	2.9
Public	63.7	1.4	1.3	0.6	2.8	0.3	0.7
Residential	114.4	-3.6	-0.8	0.9	-3.7	0.5	1.0
Non-residential	223.3	-2.3	1.7	3.7	-0.5	2.3	4.3
Final domestic demand	2 075.7	0.2	0.7	1.4	0.7	0.7	1.7
Stockbuilding[1]	0.7	0.1	0.1	0.0			
Total domestic demand	2 076.4	0.3	0.8	1.4	1.1	0.7	1.6
Exports of goods and services	557.6	0.8	4.1	5.7	2.1	5.1	6.0
Imports of goods and services	602.2	0.8	3.3	5.1	3.0	3.7	5.5
Net exports[1]	- 44.6	0.0	0.1	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 95 database.

StatLink http://dx.doi.org/10.1787/888933050693

Exports and investment should lead the recovery

The recovery of France's major trading partners is expected to lead to a gradual expansion in exports and investment. The recently introduced (CICE) tax credit, which effectively lowers employer charges on wages up to 2.5 times the minimum wage, should support firms' ability to respond to this additional demand by gradually improving their competitiveness. Recently announced cuts in social charges and business taxes, which the government will start to implement in 2015, should also provide support to employment, consumption and investment.

Further budget consolidation will focus on spending cuts

After sizeable efforts on the revenue side, fiscal consolidation is appropriately now set to focus on expenditures. The general government deficit decreased to 4.3% of GDP in 2013, slightly over target as weak growth undermined revenues. The public deficit is projected to fall to 3.1% of GDP in 2015, owing to further consolidation measures, including a freeze of government employees' wages and social expenditure. Public spending remains high (the second highest in the OECD in relation to GDP), but its growth has declined over recent years and sovereign financing costs have remained stable. In a context of a still fragile recovery, the authorities therefore have room to let automatic stabilisers play freely around the consolidation path required to meet the budget objective. This path foresees a cumulative reduction of the structural deficit of 1½ per cent of GDP in 2014-15.

Growth is projected to strengthen and inflation to remain subdued

Growth is projected to rise gradually, led by exports and business investment. The recovery in consumption should follow after the weather and policy-related soft patch in early 2014. The deficit in goods and services trade should decrease on the back of strengthening exports. The unemployment rate is expected to come down only marginally towards late 2015. Persistent economic slack is projected to keep inflation around 1%.

Risks have become more balanced

Downside risks have receded in the euro area, but the situation remains fragile. One risk is that the government might find it politically difficult to implement all the envisaged reforms. On the other hand, stronger confidence and growth would reduce unemployment and the high household saving rate more significantly than projected, thereby strengthening consumption. The results of the Asset Quality Review by the ECB, expected later this year, could boost confidence if they show that French banks have built up adequate capital.

ITALY

The slow recovery from recession will continue during 2014 and growth will rise somewhat further in 2015. Gains in confidence will help both consumption and investment, with some additional boost from modest tax cuts which will boost household incomes. Public expenditure will remain weak. Price inflation is set to remain low.

With weak growth and low inflation, the public debt-to-GDP ratio will not begin to fall before 2016. This leaves Italy still vulnerable to potential market turmoil, and thus it is essential to continue fiscal restraint, based on reducing expenditure as a share of GDP. The new government has announced income tax cuts for 2014, financed by spending cuts and small one-off measures. The tax cut will be reversed in 2015 if corresponding spending cuts are not found. Plans for further structural reforms are welcome, and the government should also ensure effective implementation of earlier reforms.

Growth strengthened in early 2014

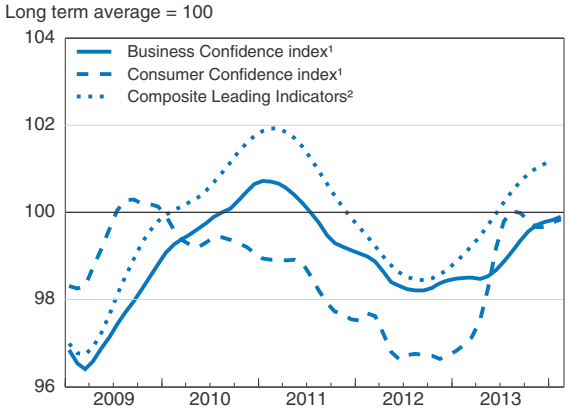
Italy's exit from recession was consolidated in early 2014. Consumer confidence has been rising for some time, reaching levels similar to mid-2009, while business confidence has risen too but remains below recent peaks. However, employment continues to fall and unemployment has been rising again. Economic slack is therefore substantial and wage settlements have been subdued. Earnings growth has been low, and consumer price inflation has been falling, partly because of the appreciation of the euro. However, this appreciation has also offset earlier improvements in export price competitiveness.

The decline in bank credit may have slowed

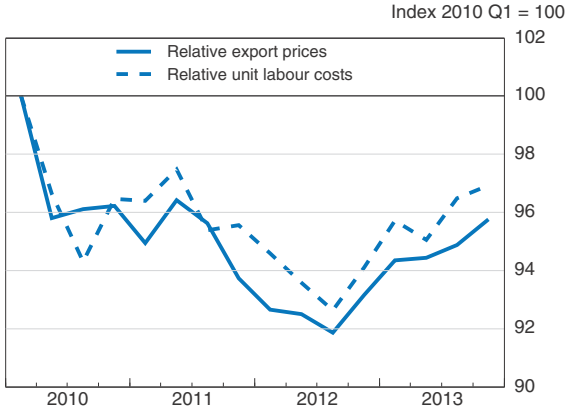
Bank lending to companies showed the first signs of turning up in early 2014, after falling for two years. Interest rates charged to borrowers remain significantly higher than in some other euro area countries, although the supply of loans may become less of a constraint in the

Italy

Confidence improved in 2013



Relative export prices have adjusted more than labour costs



1. Seasonally adjusted.
2. Amplitude adjusted.

Source: OECD, Main economic indicators database; and OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049249

Italy: **Employment, income and inflation**

Percentage changes

	2011	2012	2013	2014	2015
Employment[1]	0.3	-0.3	-2.0	-0.7	0.4
Unemployment rate[1,2]	8.4	10.7	12.2	12.8	12.5
Compensation of employee[3]	1.1	0.1	1.4	1.0	1.0
Unit labour cost	1.2	2.3	1.4	-0.2	0.4
Household disposable income	2.0	-2.1	0.0	0.9	1.5
GDP deflator	1.4	1.6	1.4	0.4	0.5
Harmonised index of consumer prices	2.9	3.3	1.3	0.5	0.9
Core harmonised index of consumer prices[4]	2.0	2.0	1.3	0.8	0.7
Private consumption deflator	2.8	2.7	1.3	0.6	0.9

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. In the total economy.
4. Harmonised index of consumer prices excluding food, energy, alcohol and tobacco.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050712

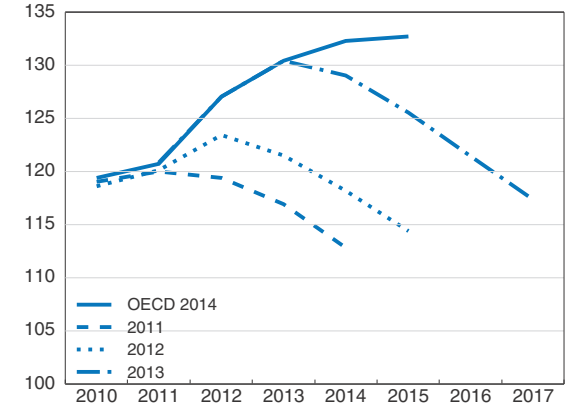
future, partly as reduced sovereign interest rates get reflected in lower bank lending rates. One consequence of the fall in credit has been weak fixed investment, now around one quarter lower than in 2008.

Much fiscal tightening has been achieved, but recent relaxation may be risky

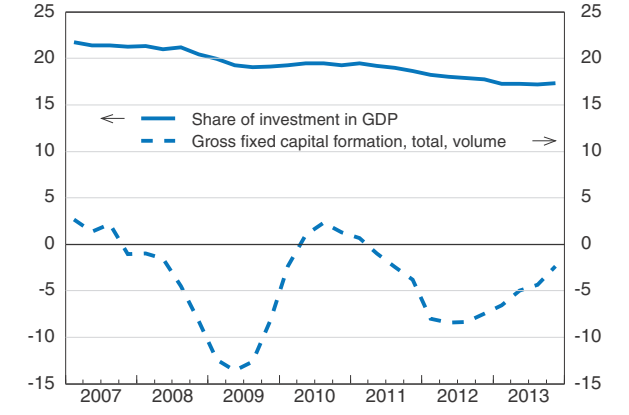
Against a difficult background, the government succeeded in continuing underlying fiscal consolidation in 2013, although the headline deficit did not fall owing to weak activity. Given OECD output and inflation

Italy

Public debt has risen more than projected[1]



The investment recovery has been delayed



1. Excluding Italian contribution to financial support given to other Euro area countries. Dated series are government projections in successive Stability Programmes and are shown after deducting the Italian contribution to financial support given to other Euro areas countries.

Source: Ministry of Economics of Italy; and OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049268

Italy: **Financial indicators**

	2011	2012	2013	2014	2015
Household saving ratio, net[1]	4.3	3.6	4.9	5.2	5.1
General government financial balance[2]	-3.6	-2.9	-2.8	-2.7	-2.1
General government gross debt[3]	124.0	142.2	145.5	147.2	147.4
General government debt, Maastricht definition[2]	120.7	127.0	132.6	134.3	134.5
Current account balance[2]	-3.1	-0.5	0.6	1.2	1.3
Short-term interest rate[4]	1.4	0.6	0.2	0.1	0.1
Long-term interest rate[5]	5.4	5.5	4.3	3.4	3.4

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. As a percentage of GDP at market value.
4. 3-month interbank rate.
5. 10-year government bonds.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050731

projections, the ratio of public debt to GDP is set to flatten out, but not to decline, through the projection period, even adjusted for contributions to the EFSF and ESM. The new government plans to support the recovery with small cuts in personal income tax in 2014, partly financed by cuts in expenditure and a one-off tax on banks, leaving only a small reduction in the structural deficit. The Stability Programme foresees further fiscal consolidation in 2015, with maintenance of the income tax cut dependent on further expenditure reductions, to be confirmed in budget legislation in late 2014. The OECD projections take into account income tax cuts and other measures for 2014, and assume that measures for 2015 will achieve

Italy: **Demand and output**

	2012	2013	2014	2015	Fourth quarter 2013	Fourth quarter 2014	Fourth quarter 2015
	Current prices € billion	Percentage changes from previous year, volume (2005 prices)					
GDP at market prices	1 566.9	-1.8	0.5	1.1	-0.9	1.1	1.1
Private consumption	954.7	-2.6	0.1	0.6	-1.4	0.6	0.6
Government consumption	313.3	-0.8	0.4	-0.2	-0.1	0.6	-0.8
Gross fixed investment	281.6	-4.6	1.0	2.6	-2.4	1.3	3.0
Final domestic demand	1 549.6	-2.6	0.3	0.8	-1.3	0.7	0.7
Stockbuilding[1]	0.7	-0.1	-0.2	0.0			
Total domestic demand	1 550.2	-2.7	0.1	0.8	-1.3	0.7	0.7
Exports of goods and services	474.2	0.0	3.8	4.6	1.0	4.1	4.8
Imports of goods and services	457.5	-2.9	2.4	3.9	-0.1	3.3	4.1
Net exports[1]	16.7	0.8	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.

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

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050750

further consolidation, though somewhat less than shown in the Stability Programme.

The investment cycle and exports will underpin growth

Underlying prospects continue to improve. Exports are projected to accelerate as foreign demand increases. Domestic demand will begin to expand, supported also by income tax cuts in 2014. Credit conditions should improve somewhat during 2014, depending on the results of the Asset Quality Review by the ECB, but are expected to support only a gradual recovery in investment. Investment will accelerate somewhat in 2015, partly due to rising export growth. Unemployment should decline by 2015, but only slowly, as the first impact of increased labour demand is likely to be higher hours worked. High unemployment should keep wage settlements modest, but low inflation and some recovery in hours worked will generate income growth and, supported by small income tax cuts, private consumption growth.

Finance constraints are a risk, but investment might be stronger

The projected recovery would be undermined if weaknesses in the banking system restricts credit and interrupts the normal investment cycle. Improved market confidence has helped to reduce interest rates on public debt, but risks of adverse financial market reaction to fiscal slippage will persist until public debt is clearly declining relative to GDP. On the positive side, investment, and therefore GDP, could recover more strongly than projected here, especially if the programme for repaying outstanding public trade credit succeeds in giving a substantial boost to the economy.

UNITED KINGDOM

The recovery has picked up to a robust pace, with a very accommodative monetary policy and an improving labour market supporting household consumption. Economic activity is expected to continue to be sustained by household spending and further boosted by a pick-up in investment. Headline inflation has fallen below the 2% inflation target, but is projected to slightly exceed it by late 2015 as economic slack is taken up.

With the unemployment rate having fallen below 7%, the Bank of England has shifted towards a more flexible form of forward guidance. Policy interest rates are expected to begin to rise in 2015 as economic slack narrows and inflation pressures gradually build up. Further prudential regulation measures should be considered to ensure a balanced housing market recovery. Fiscal consolidation of about 1% of GDP should be implemented in 2015, as planned, to strengthen public finance sustainability.

The recovery has taken hold

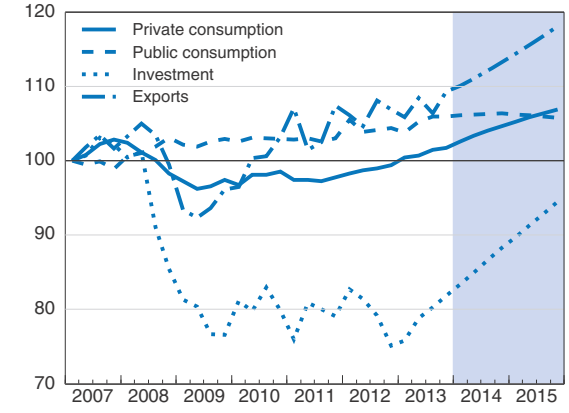
Economic growth picked up, mainly driven by consumer spending, and indicators point to robust consumption in the near term. Consumption is being supported by a very expansionary monetary stance and a strengthening labour market. Despite supportive monetary and financial conditions and gradually strengthening external demand, the contribution of business investment and exports to growth has remained modest. The current account deficit has widened as net external income and exports have disappointed. Firms' growing capacity utilisation and rising investment intentions suggest that business investment should continue to accelerate.

The labour market has been strong

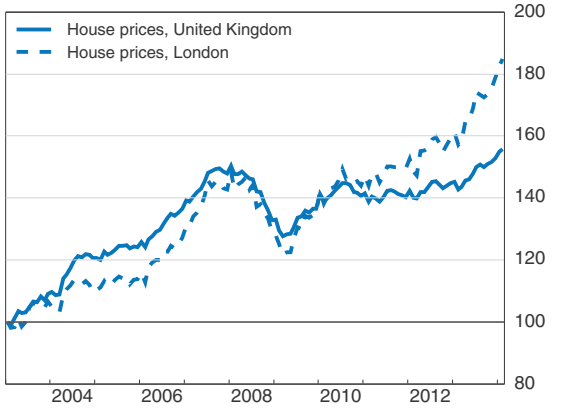
The unemployment rate has dropped rapidly, underpinned by strong employment gains, including rising self-employment, and there are indications of developing skills mismatches. Nevertheless, subdued

United Kingdom

Growth is expected to broaden



House prices continue to rise [1]



1. The nominal house price index is based on mortgages completed and adjusted for the mix of dwellings sold.
Source: OECD Economic Outlook 95 database; and Office for National Statistics.

StatLink http://dx.doi.org/10.1787/888933049211

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

Percentage changes

	2011	2012	2013	2014	2015
Employment	0.5	1.2	1.3	1.8	1.2
Unemployment rate[1]	8.1	7.9	7.6	6.9	6.5
Compensation per employee[2]	2.0	1.7	1.8	2.2	3.1
Unit labour cost	1.2	2.2	1.5	0.1	1.3
Household disposable income	2.6	4.6	1.9	3.7	4.1
GDP deflator	2.3	1.1	1.8	1.6	1.5
Harmonised index of consumer prices[3]	4.5	2.8	2.6	2.0	2.1
Core harmonised index of consumer prices[4]	3.0	2.2	2.0	2.0	2.1
Private consumption deflator	3.9	1.8	2.2	2.0	1.8

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

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050769

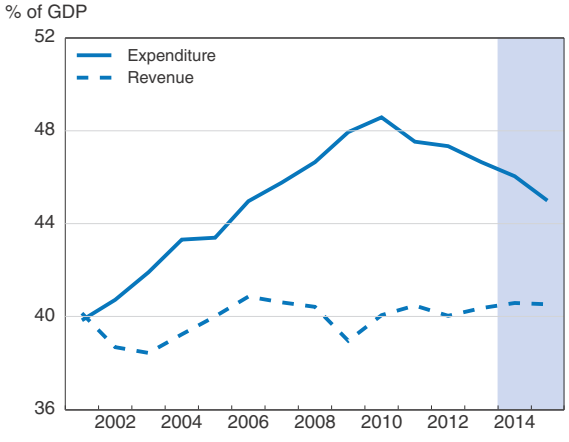
nominal wage growth and signs that some employees would prefer to work longer hours suggest slack remains in the labour market. Active labour market, education and lifelong learning policies more aligned with developments in labour demand would reduce labour mismatches and sustain growth in the medium term.

Fiscal consolidation challenges remain

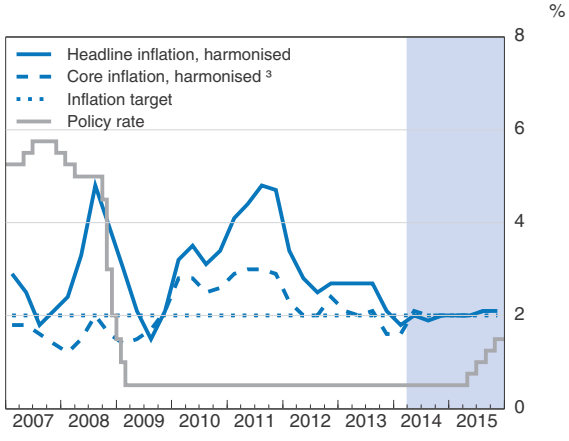
The 2014 budget is broadly neutral, combining tax cuts and spending restraint. The structural deficit remains high and planned consolidation

United Kingdom

The structural deficit should fall further [1]



Inflation[2] should stay close to target



1. Underlying general government expenditure and revenue.
2. Inflation refers to year-on-year percentage changes.
3. Excludes energy, food, alcohol and tobacco.

Source: OECD Economic Outlook 95 database; and Bank of England.

StatLink http://dx.doi.org/10.1787/888933049230

United Kingdom: **Financial indicators**

	2011	2012	2013	2014	2015
Household saving ratio, gross[1]	6.7	7.3	5.1	3.9	3.3
General government financial balance[2]	-7.9	-6.3	-5.9	-5.3	-4.1
General government gross debt[3]	97.1	101.6	99.3	101.7	103.1
General government debt, Maastricht definition[2]	84.3	89.1	90.6	91.5	93.1
Current account balance[2]	-1.5	-3.8	-4.4	-3.7	-3.1
Short-term interest rate[4]	0.9	0.8	0.5	0.6	1.2
Long-term interest rate[5]	3.1	1.9	2.5	3.1	3.8

1. As a percentage of disposable income (gross saving).
2. As a percentage of GDP.
3. As a percentage of GDP at market value.
4. 3-month interbank rate.
5. 10-year government bonds.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050788

measures of about 1% of GDP in 2015 are necessary to help restore fiscal sustainability, and are appropriate against the background of narrowing spare capacity.

Monetary normalisation should start in 2015

As growth picked up and the unemployment rate fell briskly to below 7%, the Bank of England appropriately redefined its forward guidance. The new framework ties the monetary stance to a range of economic indicators. Policy interest rates are expected to begin to rise around mid-2015 to keep inflation pressures in check. Clear communication,

United Kingdom: **Demand and output**

	2012	2013	2014	2015	Fourth quarter 2013	Fourth quarter 2014	Fourth quarter 2015
	Current prices £ billion	Percentage changes from previous year, volume (2010 prices)					
GDP at market prices	1 558.4	1.7	3.2	2.7	2.7	3.2	2.4
Private consumption	1 024.9	2.2	2.5	2.3	2.3	2.8	2.1
Government consumption	340.6	0.7	0.9	-0.2	1.6	0.4	-0.6
Gross fixed investment	225.3	-0.6	8.3	7.3	8.8	7.9	6.9
Public[1]	34.3	-8.0	9.8	1.9	5.3	8.5	-1.7
Residential	62.8	4.6	7.1	6.8	11.0	6.3	7.1
Non-residential	128.2	-1.0	8.6	8.9	8.7	8.6	9.0
Final domestic demand	1 590.8	1.5	3.0	2.6	3.0	3.0	2.3
Stockbuilding[2]	1.0	0.3	-0.1	0.0			
Total domestic demand	1 591.8	1.8	2.9	2.6	2.4	3.0	2.3
Exports of goods and services	495.3	1.0	3.8	4.1	2.3	3.6	4.3
Imports of goods and services	528.7	0.5	2.9	3.7	1.0	3.1	3.9
Net exports[2]	- 33.4	0.2	0.3	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. Including nationalised industries and public corporations.
2. Contributions to changes in real GDP, actual amount in the first column.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050807

United Kingdom: **External indicators**

	2011	2012	2013	2014	2015
			$ billion		
Goods and services exports	790.1	784.9	791.9	863	912
Goods and services imports	827.5	837.8	833.5	899	944
Foreign balance	- 37.4	- 52.9	- 41.5	- 36	- 33
Invisibles, net	1.4	- 41.7	- 70.1	- 68	- 59
Current account balance	- 36.0	- 94.5	- 111.6	- 105	- 91
			Percentage changes		
Goods and services export volumes	4.5	1.7	1.0	3.8	4.1
Goods and services import volumes	0.3	3.4	0.5	2.9	3.7
Export performance[1]	- 1.3	- 0.7	- 1.1	0.0	- 1.6
Terms of trade	- 1.6	- 0.3	0.9	0.1	0.2

1. Ratio between export volume and export market of total goods and services.
Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050826

including regarding the conditions for the unwinding of credit easing and quantitative easing policies, is key to an orderly exit from very accommodative monetary policy.

Reducing housing market stimulus should be considered

With an improving but still insufficient response of supply to vibrant housing demand, house prices are buoyant and significantly exceed long-term averages relative to rents and household incomes. Macro-prudential measures are rightly being taken to restrain housing demand financed by bank debt. For instance, household lending was made ineligible for the Funding for Lending scheme in November 2013. The government has also announced plans to extend residential property taxes, which should further reduce housing demand. Additional use of macro-prudential and other tools to help ensure a balanced recovery in the housing market and contain household leverage should be considered, including tighter access to the Help to Buy programme and the introduction of higher capital requirements or low maximum loan-to-value ratios for mortgages.

Growth should remain high

GDP growth is projected to remain strong, driven by business investment and private consumption. As a result, the unemployment rate is set to fall further and wage growth to pick up. Labour productivity is also projected to recover somewhat, which should help sustain international competitiveness in the face of wage increases.

Risks are broadly balanced

There is a downside risk that micro-prudential and macro-prudential policies are ineffective in containing the housing market, resulting in overheating. The recent decision to allow higher lump-sum withdrawals of pension assets could further stimulate household spending, property demand and house price inflation. Small businesses still have difficulties accessing bank finance, which could hamper the investment recovery. More generally, growth may not sufficiently broaden to exports,

investment and labour productivity, while interest rate normalisation could have a stronger-than-expected impact on balance sheets owing to high levels of indebtedness. On the other hand, growth might turn out to be more balanced if large corporations use their large cash surpluses to increase business investment more than projected. Wages could pick up in line with stronger productivity, which would support household incomes and living standards.

CANADA

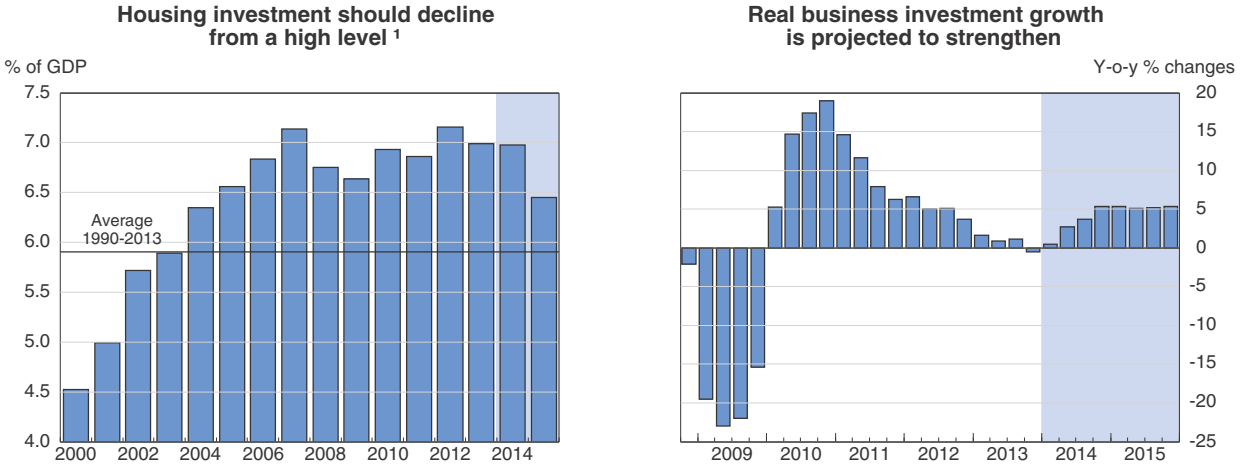
Economic growth is projected to accelerate to 2¾ per cent by 2015, along with a desirable rebalancing towards exports and business investment. Exports are set to gain momentum, supported by stronger foreign-market growth, the recent currency depreciation and continuing energy-sector expansion. Business investment should also accelerate, boosting capacity and cost competitiveness. Consumption growth is likely to strengthen, while housing investment should decline towards a more sustainable level. With economic slack fully absorbed, inflation is projected to rise to nearly 2% by late 2015.

As inflation approaches the 2% target, monetary accommodation should be progressively withdrawn. Fiscal consolidation should continue as planned. Most notably, provincial governments should continue to work on reforms that would limit growth in health-care expenditures. To reduce housing-related risks to financial stability and improve lender incentives, mortgage-insurance coverage should be limited to only part of lenders' losses.

A solid expansion is underway

Although a harsh winter brought growth temporarily to a halt at the turn of the year, the increased momentum of the expansion since mid-2013 is set to continue. Private consumption continues to lead the way. Residential investment, on the other hand, has been declining since late 2013, and the downward trend in building permits points to further falls from its current high level. Following a strong recovery from the recession, business investment has been weak since early 2012. However, investment intentions are positive, albeit restrained by uncertainty about the economic outlook, and machinery and equipment imports have increased. Non-commodity exports have been growing almost as fast as Canada's export markets, a marked improvement on the large market-share losses up to 2011. Even so, exports have languished, mainly reflecting slow growth in export markets.

Canada



1. Owing to data limitations, the total investment deflator is used as a proxy for the housing investment deflator to calculate nominal housing investment in 2014-2015.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049287

Canada: **Employment, income and inflation**

Percentage changes

	2011	2012	2013	2014	2015
Employment	1.5	1.2	1.3	0.9	1.3
Unemployment rate[1]	7.5	7.3	7.1	6.9	6.6
Compensation per employee[2]	3.4	3.0	2.4	3.0	3.4
Unit labour cost	2.7	2.7	1.6	1.6	2.0
Household disposable income	4.6	3.9	3.6	4.1	4.5
GDP deflator	3.2	1.7	1.2	1.6	1.8
Consumer price index	2.9	1.5	1.0	1.6	1.8
Core consumer price index[3]	1.7	1.7	1.2	1.4	1.7
Private consumption deflator	2.1	1.4	1.1	1.6	1.6

1. As a percentage of labour force.
2. In the total economy.
3. Bank of Canada definition: consumer price index excluding eight of the most volatile components and the effects of changes in indirect taxes on the remaining components.

Source: OECD Economic Outlook 95 database.

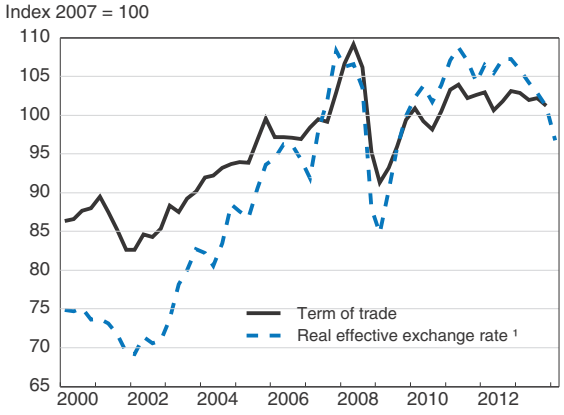
StatLink http://dx.doi.org/10.1787/888933050845

Employment has stagnated and inflation remains low

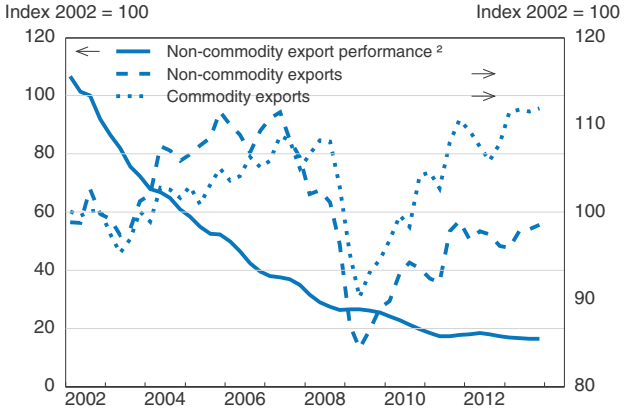
Employment growth picked up to an annual rate of 1.5% in the first quarter of 2014, although the unemployment rate has held steady at around 7%. Gains in annual real hourly compensation remain in a 1.5-2% range, but unit labour cost increases have slowed to around 0.5%, reflecting higher productivity growth. Headline and core inflation have stayed near the lower end of the official 1-3% target range, largely owing to remaining economic slack. The Bank of Canada estimates that heightened competition in the retail sector will temporarily reduce

Canada

Despite stable terms of trade, the currency has weakened



Non-commodity export performance has stabilised



1. Based on constant trade weights; deflated by import prices of goods and services.
2. Non-commodity export performance is measured as the difference between volume growth in non-commodity exports and in export markets.

Source: Statistics Canada; and OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049306

Canada: **Financial indicators**

	2011	2012	2013	2014	2015
Household saving ratio, net[1]	4.4	5.0	5.2	5.0	5.1
General government financial balance[2]	-3.7	-3.4	-3.0	-2.1	-1.2
General government gross debt[3,4]	93.6	96.1	93.6	94.2	93.6
General government net debt[3,4]	42.5	43.6	40.4	40.9	40.3
Current account balance[2]	-2.8	-3.4	-3.2	-3.2	-2.9
Short-term interest rate[5]	1.2	1.2	1.2	1.2	1.8
Long-term interest rate[6]	2.8	1.9	2.3	2.7	3.3

1. As a percentage of disposable income.
2. As a percentage of GDP.
3. As a percentage of GDP at market value.
4. Debt is overstated relative to most other countries as no account is taken of assets in government-employee pension funds, which amounted to 44.4% of GDP in 2012 (see Box 8 in Chapter 4).
5. 3-month interbank rate.
6. 10-year government bonds.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050864

inflation by 0.3 percentage points in 2014, with the effects largely dissipating by around the middle of 2015.

The pace of fiscal consolidation is set to increase

The pace of fiscal consolidation is set to rise. In its 2014 budget, the federal government reaffirmed its commitment to eliminate its deficit (which was 0.9% of GDP in 2013/14) by 2015/16. Most of this reduction will come from further spending restraint. Provincial governments have

Canada: **Demand and output**

	2012	2013	2014	2015	Fourth quarter 2013	Fourth quarter 2014	Fourth quarter 2015
	Current prices CAD billion	Percentage changes from previous year, volume (2007 prices)					
GDP at market prices	1 820.0	2.0	2.5	2.7	2.7	2.4	2.8
Private consumption	1 012.4	2.2	2.7	2.7	2.4	2.7	2.7
Government consumption	394.5	0.8	0.8	0.7	0.8	0.6	0.7
Gross fixed investment	439.3	0.0	1.8	2.8	-1.3	3.7	2.5
Public[1]	76.0	-1.5	0.6	2.3	-5.7	4.7	2.0
Residential	130.2	-0.3	0.2	-1.7	0.0	0.0	-2.8
Non-residential	233.1	0.8	3.0	5.2	-0.5	5.4	5.3
Final domestic demand	1 846.2	1.4	2.1	2.3	1.2	2.5	2.3
Stockbuilding[2]	10.0	0.4	0.1	0.0			
Total domestic demand	1 856.2	1.8	2.2	2.3	2.2	2.2	2.2
Exports of goods and services	546.6	2.1	4.1	6.6	3.1	5.8	7.0
Imports of goods and services	582.8	1.1	3.1	5.0	1.3	4.8	5.0
Net exports[2]	- 36.2	0.3	0.3	0.4			

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 95 database.

StatLink http://dx.doi.org/10.1787/888933050883

Canada: **External indicators**

	2011	2012	2013	2014	2015
			$ billion		
Goods and services exports	546.5	547.0	549.3	544	588
Goods and services imports	568.8	583.3	580.2	575	612
Foreign balance	- 22.3	- 36.2	- 30.9	- 30	- 24
Invisibles, net	- 26.8	- 26.0	- 28.0	- 27	- 29
Current account balance	- 49.1	- 62.3	- 58.9	- 58	- 53
			Percentage changes		
Goods and services export volumes	4.7	1.5	2.1	4.1	6.6
Goods and services import volumes	5.7	3.1	1.1	3.1	5.0
Export performance[1]	- 0.6	- 1.1	0.2	0.6	- 0.4
Terms of trade	3.4	- 0.9	- 0.1	- 1.0	- 0.1

1. Ratio between export volume and export market of total goods and services.
Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050902

announced budgets that would reduce their combined deficits by 0.4% of GDP over the same period. On the basis of these budget plans, this projection assumes a cumulative structural consolidation of 1.4% of GDP over calendar years 2014-15.

Monetary policy should remain accommodative for the time being

Monetary policy remains highly accommodative. Given the current low core inflation rate, uncertainty surrounding the amount of economic slack and signs of housing-market stabilisation, the Bank of Canada should maintain its current policy stance for the time being. However, as slack is taken up and headwinds abate, inflation will move nearer to the 2% midpoint, and monetary accommodation should be progressively withdrawn.

Growth is projected to be led by exports and investment

Economic growth is projected to increase to 2¾ per cent in 2015, led by exports and business investment. Non-commodity exports should be supported by stronger foreign-market growth and the recent currency depreciation. As uncertainty surrounding the global economic outlook diminishes, business investment should strengthen. Consumption should grow broadly in line with the economy, supported by rising incomes and wealth, but residential investment is likely to decline in order to work off excess supply. With economic slack absorbed and waning effects of heightened retail competition, inflation should rise to nearly 2% by late 2015.

Risks to exports cut both ways but are to the downside for housing

The main upside risk to the projections is that US investment growth rebounds more than expected, raising commodity prices and demand for exports. On the other hand, non-commodity exports could take longer to recover than projected owing to ongoing competitiveness challenges, potential supply constraints and weaker export market growth (especially from China). A disorderly correction in the housing market would depress private consumption and residential construction, and could threaten financial stability.

AUSTRALIA

Output is projected to increase by 2½ per cent in 2014 and by nearly 3% in 2015, with a general pick-up in demand offsetting declining investment in the resource sector. Some economic slack will remain and the unemployment rate will not begin to edge down until the second half of 2015. As a result, there will be little inflation pressure, although rapid growth in house prices and mortgage lending requires continued close attention.

Given near-term uncertainties in the rebalancing of the economy away from investment in the natural resource sector, heavy front loading of fiscal consolidation should be avoided. Against the backdrop of the projected recovery, monetary stimulus should start to be withdrawn in the first half of 2015.

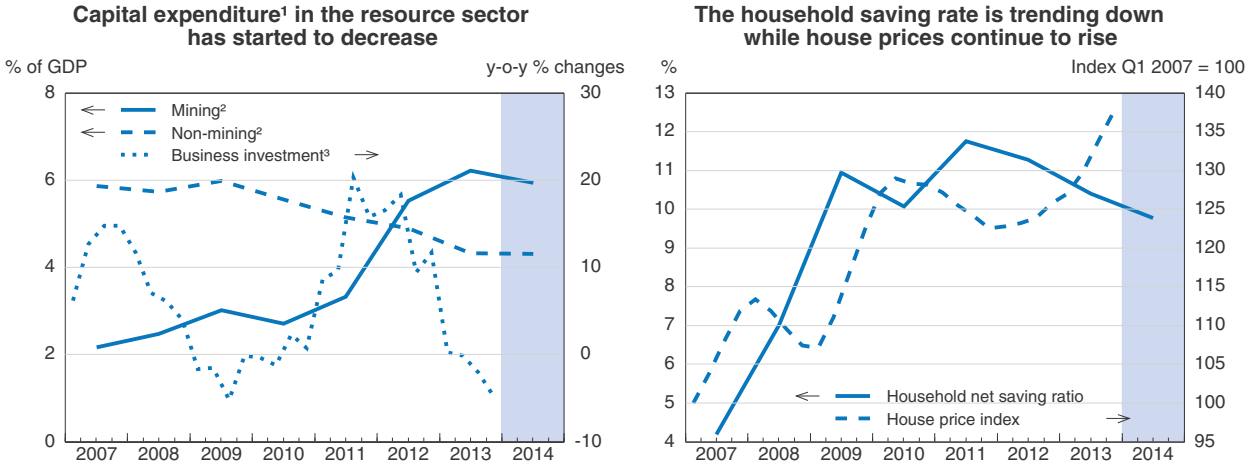
Non-resource demand is picking up

Resource-sector investment is set to decline further as some key global commodity markets have cooled. Although these processes have generated job losses in related sectors, a lower exchange rate has helped exports and aggregate employment growth. House-price increases are encouraging construction and, through wealth effects, consumption and a falling saving rate. However, non-mining business investment remains subdued, with firms reluctant to expand capital expenditure.

Monetary policy should remain accommodative

The Reserve Bank of Australia (RBA) has not altered its policy rate since a 25 basis point cut to 2.5% in August 2013. This monetary support is important for a continued recovery, but the consequent search for return by investors requires close prudential oversight of asset markets, particularly that for housing. Tellingly, investors account for much of the recent increase in the number of housing-loan approvals. Prudential

Australia



1. Capital expenditure refers to private new capital expenditure.
2. Mining and Non-mining sector investment refers to financial years. For 2013-2014, the figure is an estimate based on actual data as well as data on expected investment.
3. Business investment covers private non-residential gross fixed capital formation, in volume terms.

Source: Australian Bureau of Statistics, Cat. No 5625.0; OECD Housing Prices database; and OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049325

Australia: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices AUD billion	Percentage changes, volume (2011/2012 prices)				
GDP at market prices	1 358.7	2.6	3.6	2.4	2.6	2.9
Private consumption	737.7	3.1	2.5	2.0	2.9	3.2
Government consumption	243.8	3.4	2.8	1.1	0.5	1.0
Gross fixed capital formation	367.5	7.5	8.5	-1.3	-1.2	0.3
Final domestic demand	1 349.0	4.3	4.2	0.9	1.4	2.1
Stockbuilding[1]	2.8	0.2	0.0	-0.5	0.0	0.0
Total domestic demand	1 351.9	4.7	4.2	0.3	1.4	2.1
Exports of goods and services	282.9	-0.5	6.3	6.7	6.6	7.3
Imports of goods and services	276.1	10.6	6.3	-2.7	-0.2	3.4
Net exports[1]	6.8	-2.3	0.1	1.9	1.4	0.8
Memorandum items						
GDP deflator	_	4.2	-0.3	1.1	1.6	2.3
Consumer price index	_	3.4	1.7	2.4	2.6	2.3
Private consumption deflator	_	2.6	2.7	2.7	2.5	2.3
Unemployment rate	_	5.1	5.2	5.7	6.1	6.0
Household saving ratio, net[2]	_	11.8	11.3	10.4	9.8	9.3
General government financial balance[3]	_	-3.6	-2.9	-1.4	-2.5	-1.4
General government gross debt[4]	_	27.0	32.1	33.1	35.2	35.9
Current account balance[3]	_	-2.8	-4.1	-2.9	-2.5	-1.6

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. As a percentage of GDP at market value.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933050997

measures on mortgage lending should not be ruled out as a targeted means to cool the market.

The return to budgetary surplus should be gradual

The government's stated objective is to achieve a budget surplus of 1% of GDP by 2023/24. Spending commitments already in the pipeline imply reaching this goal requires a deficit reduction of approximately half a percentage-point of GDP each year, on average (abstracting from a one-off grant to the RBA to re-stock a buffer fund). Some of the deficit reduction will happen automatically as growth picks up and if bracket-creep is allowed to operate. However, active measures will also be required and these are due to be revealed in the 2014/15 budget in mid-May.

Economic activity will recover gradually

Output growth will be driven in particular by strengthening private consumption growth. Faster growth in housing construction and in some categories of resource exports where capacity has been increased will also play a role. Nevertheless, remaining economic slack will keep inflation moderate. The on-going shift away from resource-sector investment will mean comparatively low employment growth, with the rate of unemployment peaking above 6%. The deficit is projected to increase in 2014, partly due to the one-off grant to the RBA, and then fall in 2015.

External and domestic risks remain sizeable

Upside and downside uncertainties in commodity demand and prices, and the exchange rate remain substantial. Domestically, the extent to which non-mining investment will increase and the degree to which households will dip further into their savings to sustain consumption are also uncertain as is the degree to which real-estate construction will pick up.

AUSTRIA

The recovery is gaining momentum, driven by export-market growth, improving confidence and generally favourable financing conditions. Private consumption will be subdued in the near term-term but will pick up thanks to strengthening employment growth and real income gains.

Fiscal consolidation remains broadly on track and the automatic stabilisers should be allowed to work freely around the planned structural improvement path. Further consolidation should focus on spending restraint, especially early retirement expenditures. Reducing obstacles to the employment of older workers, closing remaining pathways into early retirement and reflecting life expectancy more directly in old-age pension entitlements would all help to raise labour supply and growth.

The economy is expanding slowly

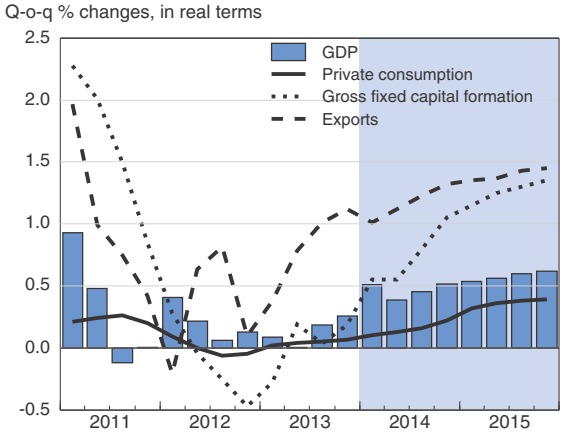
Business and consumer confidence have been trending upwards from low levels since mid-2013. Residential investment has been expanding robustly thanks to house price increases and mild winter weather. Machinery and equipment investment are starting to recover after declining in the past two years as firms start to meet replacement investment needs and as exports pick up. Private consumption growth, however, remains weak.

Fiscal consolidation continues at an appropriate pace

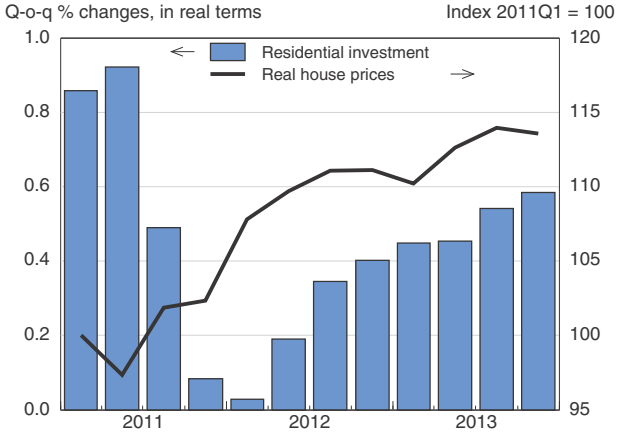
Strong revenue growth and one-offs related to the sale of mobile phone licenses reduced the budget deficit in 2013. The projection assumes that the capital transfers and the assumption of liabilities associated with the recent decision to establish an entity to wind down impaired bank assets will push up the headline budget deficit and public debt by 1% and 5% of GDP, respectively, in 2014. Additional public transfers may be needed for other (partly) nationalised banks. A recently enacted tax package, including reductions of tax expenditures and increases in indirect taxes, will help maintain the budget on a structural consolidation

Austria

Exports drive the recovery



Residential investment remains robust



Source: OECD Economic Outlook 95 database; and OECD house prices database.

StatLink http://dx.doi.org/10.1787/888933049344

Austria: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices € billion	Percentage changes, volume (2005 prices)				
GDP at market prices*	285.3	2.9	0.7	0.4	1.5	2.1
Private consumption	156.7	1.1	0.4	0.0	0.4	1.2
Government consumption	55.6	0.4	-0.3	0.3	0.9	0.7
Gross fixed capital formation	57.8	7.3	1.9	-0.6	1.8	4.5
Final domestic demand	270.1	2.3	0.6	-0.1	0.8	1.8
Stockbuilding[1]	3.1	-0.5	-0.5	-0.3	0.0	0.0
Total domestic demand	273.3	2.6	-0.1	-0.4	1.2	1.8
Exports of goods and services	154.6	6.8	1.6	2.4	4.4	5.5
Imports of goods and services	142.6	7.5	0.0	0.9	3.3	5.2
Net exports[1]	12.0	0.0	1.0	0.9	0.8	0.4
Memorandum items						
GDP deflator	_	2.0	1.8	1.5	1.2	1.5
Harmonised index of consumer prices	_	3.6	2.6	2.1	1.4	1.6
Private consumption deflator	_	3.4	2.6	2.2	1.4	1.7
Unemployment rate[2]	_	4.2	4.4	5.0	5.0	4.6
Household saving ratio, net[3]	_	6.7	7.4	6.6	6.7	6.9
General government financial balance[4]	_	-2.4	-2.6	-1.5	-2.8	-1.3
General government gross debt[5]	_	80.6	86.0	83.4	90.0	89.5
General government debt, Maastricht definition[4]	_	73.0	74.5	74.6	81.2	80.7
Current account balance[4]	_	1.6	2.4	2.7	2.9	3.0

* Based on seasonal and working-day adjusted quarterly data; may differ from official non-working-day adjusted annual data.

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.
5. As a percentage of GDP at market value.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051016

path and at least partly offset additional spending on family benefits, pensions, other stimulation measures and debt interest payments.

The recovery will broaden to domestic demand

Export demand is set to pick up further as the euro area and other trading partner economies improve. Credit growth remains weak but strengthening confidence, continued euro-area monetary support and high firm cash reserves will result in rising investment. Inflation, which has been considerably above the euro area average (partly due to excise tax hikes early in 2014), is projected to abate in the course of 2014, supporting real income gains. The labour market will remain weak in 2014, holding back household income growth. However, once the recovery gains pace a stronger labour market should support higher consumption growth from the end of 2014.

Risks to the outlook are balanced

On the downside, events in Ukraine, with potential knock-on effects to other central and eastern European countries, could harm export growth and the financial sector. Though recent measures to strengthen

the capital position of banks were effective, the asset quality review and stress tests may reveal additional capital needs. This could lead to reductions in bank assets. On the upside, a stronger-than-projected recovery in Austria's trading partners and a quicker restoration of confidence in the wake of further progress on the euro-area banking union could lead to a stronger pick-up of exports and domestic demand.

BELGIUM

Economic growth is projected to benefit from accelerating exports, but also to become more broad-based as domestic demand picks up, in spite of on-going fiscal consolidation and a modest improvement in residential investment. Job creation is expected to slowly gather pace, leading to a slight fall in unemployment in 2015. Inflation will remain low, due to limited imported price pressures, still sizeable economic slack and recent wage restraint.

As set out in the Stability Programme 2014-2017, the authorities' indicative aim is to turn the structural budget deficit, 1.9% of GDP in 2013, into a surplus of 0.7% of GDP by 2017. The process for allocating consolidation efforts across government levels has been revised, but would further benefit from a medium-term burden-sharing agreement. Reforming the wage formation process to better reflect domestic productivity developments would help to preserve external cost competitiveness.

Growth is broadening

Economic activity increased further in early 2014, as growth continued to gradually extend beyond exports to private consumption and business investment. Residential investment has been weak, but recent rises in building permits and expected hiring in the construction sector suggest a nascent recovery may be underway.

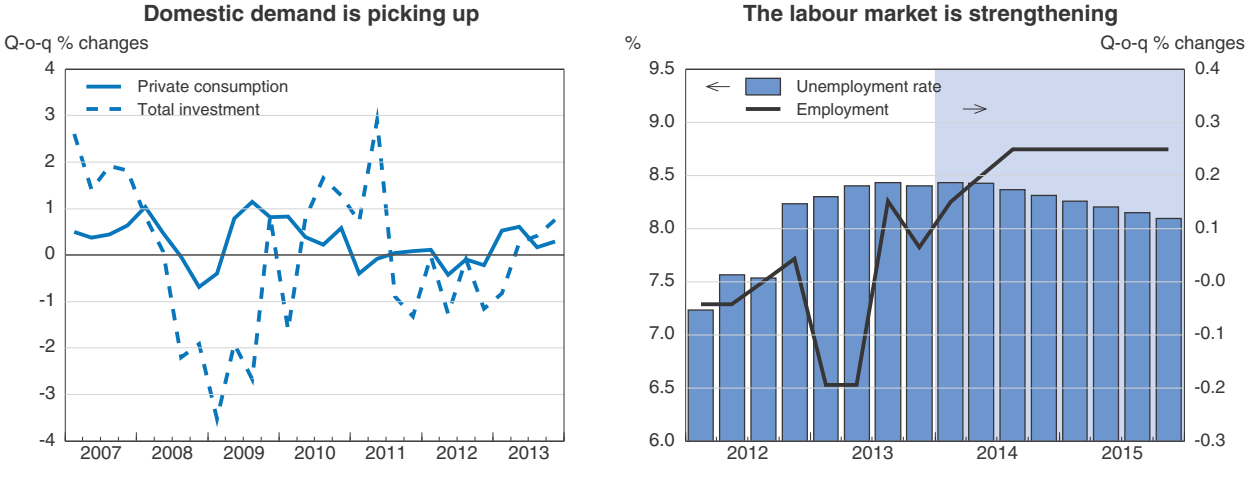
Lags in job creation keep unemployment high

The unemployment rate, at 8.4%, is now at its highest level since the beginning of the crisis. While job creation will gather pace in 2014, the unemployment rate will begin to fall only towards the end of the year. Inflation has been low, and wage moderation is expected, since wages controlled by collective agreements can only be adjusted for inflation during 2013-2014.

Attaining budget targets requires persevering with consolidation

The recently announced indicative fiscal plans aim to reach a structural surplus of 0.7% of GDP by 2017 instead of 2016, which will likely limit repercussions of consolidation on economic activity. The budget for

Belgium



Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049363

Belgium: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices € billion	Percentage changes, volume (2011 prices)				
GDP at market prices	355.7	1.8	-0.1	0.2	1.5	1.9
Private consumption	188.5	0.2	-0.3	0.8	1.3	1.6
Government consumption	86.2	0.7	1.4	0.6	0.3	0.2
Gross fixed capital formation	71.5	4.1	-2.0	-1.5	2.0	2.5
Final domestic demand	346.2	1.1	-0.2	0.3	1.2	1.4
Stockbuilding[1]	1.9	0.9	-0.4	-0.6	-0.3	0.0
Total domestic demand	348.1	2.1	-0.6	-0.3	0.8	1.4
Exports of goods and services	284.0	6.4	1.8	2.0	3.4	4.7
Imports of goods and services	276.4	6.9	1.3	1.4	2.7	4.3
Net exports[1]	7.6	-0.3	0.5	0.5	0.6	0.5
Memorandum items						
GDP deflator	_	2.0	1.9	1.2	1.0	1.3
Harmonised index of consumer prices	_	3.4	2.6	1.2	0.8	1.0
Private consumption deflator	_	3.1	2.4	1.1	0.6	1.1
Unemployment rate	_	7.2	7.6	8.4	8.4	8.2
Household saving ratio, net[2]	_	8.4	9.6	9.9	10.1	10.1
General government financial balance[3]	_	-4.0	-4.1	-2.7	-2.1	-1.2
General government gross debt[4]	_	104.1	106.4	106.7	106.8	105.4
General government debt, Maastricht definition[3]	_	99.2	101.1	101.6	101.7	100.3
Current account balance[3]	_	-1.1	-1.9	-1.7	-0.8	-0.2

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.
4. As a percentage of GDP at market value.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051035

2014 implies limited structural adjustments of 0.5% of GDP, mainly on the spending side. In 2015, fiscal consolidation is assumed to increase slightly to reach the indicative target of 0.7% of GDP. The public debt (Maastricht definition) is projected to stabilise in 2014 before starting to decline.

Economic activity is expected to keep momentum

Strong world trade and private domestic demand will continue to support growth. Consumption will be supported by wage increases (even if they are moderate) and reduced labour market uncertainty. However, inflation pressure will remain weak. The pick-up in exports will lead to a sizeable reduction in the current account deficit.

Domestic risks are balanced

Domestic risks are two-sided. On the downside, uncertainty regarding housing taxation reforms by the regions might lead to a correction in house prices which would reduce household wealth and consumption. On the upside, unemployment might fall faster than foreseen if new labour market reforms increase labour utilisation.

CHILE

Chile's economic growth moderated in 2013 and is projected to remain weak during the first half of 2014. GDP growth is projected to pick up gradually by the end of the year and into 2015, led by investment and by exports, which will benefit from the depreciation of the exchange rate.

The recent drop in world copper prices, which partially reflects slowing demand from China, has put downward pressure on the peso's external value and, as the terms of trade deteriorated, the current account deficit is expected to increase slightly. Exchange-rate depreciation has caused increases in food and energy prices, bringing headline inflation closer to the centre of the central bank's target range (3%). As core inflation remains low and inflation expectations are well anchored, monetary and fiscal policies can remain supportive.

Economic growth has weakened

Economic growth weakened in the second part of 2013 as a surge of investment in the mining sector came to an end. In addition, business expectations deteriorated as a result of developments in the global environment, such as slowing demand from China and turbulence in international financial markets.

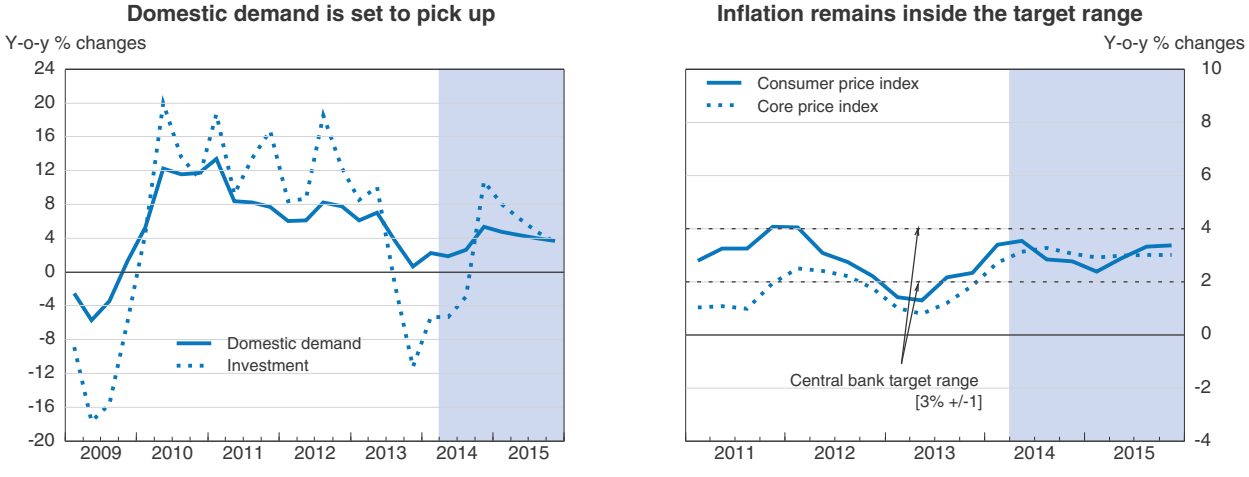
Monetary policy is supportive

The central bank has responded to the deceleration of activity by lowering the policy rate from 4.5% to 4%. Despite the recent rapid peso depreciation, which contributed to the rise in energy and food prices and pushed inflation towards the centre of the central bank's target range (3%), inflationary pressures are not a concern. With inflation expectations well anchored, monetary policy should remain supportive of domestic demand.

The fiscal position remains sound

Due to slower growth, tax revenues are expected to be lower than initially projected in the 2014 budget. However, the government's financial position remains strong. This, along with significant under-spending

Chile



Source: OECD Economic Outlook 95 database; and Central Bank of Chile.

StatLink http://dx.doi.org/10.1787/888933049382

Chile: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices CLP billion	Percentage changes, volume (2008 prices)				
GDP at market prices	111 007.9	5.7	5.4	4.2	3.6	4.2
Private consumption	65 522.8	9.0	6.0	5.6	4.2	3.8
Government consumption	13 645.2	2.6	3.4	4.2	4.1	3.7
Gross fixed capital formation	23 406.7	14.4	12.0	1.0	-1.0	5.6
Final domestic demand	102 574.7	9.3	7.0	4.3	3.0	4.2
Stockbuilding[1]	1 441.3	0.1	-0.1	-0.9	0.0	0.0
Total domestic demand	104 016.0	9.5	7.0	3.5	3.0	4.1
Exports of goods and services	42 246.0	5.3	1.1	4.5	3.6	5.3
Imports of goods and services	35 254.1	15.8	4.9	2.4	1.5	5.0
Net exports[1]	6 991.9	-3.0	-1.3	0.7	0.7	0.1
Memorandum items						
GDP deflator	_	3.4	1.2	1.6	4.9	3.9
Consumer price index	_	3.3	3.0	1.8	3.1	3.0
Private consumption deflator	_	3.8	3.6	2.3	3.8	4.0
Unemployment rate	_	7.1	6.4	5.9	6.2	6.3
Central government financial balance[2]	_	1.3	0.6	-1.0	-1.0	-1.0
Current account balance[2]	_	-1.2	-3.4	-3.4	-3.7	-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 95 database.

StatLink http://dx.doi.org/10.1787/888933051054

relative to the 2013 budget, gives the authorities space to expand public spending to support domestic demand should growth fall short of expectations.

Growth will gradually return to trend rates

The pace of growth is projected to rise gradually at the end of this year and into 2015. The recent depreciation of the peso combined with the projected increase in external demand is projected to boost exports. The rebound of public investment, increased private investment in construction planned for 2015 and the improvement of business expectations following the announcement of the tax reform should also support activity. However, sustaining long-run growth will require additional reforms to address structural bottlenecks, in particular gaps in energy infrastructure, and improve labour productivity.

But risks remain on the downside

Downside risks are related to the evolution of emerging economies, particularly China. A deterioration of China's economy would further reduce global demand for, and prices of, copper. It would also reduce growth in Chile's other major trading partners, notably Latin American countries.

CZECH REPUBLIC

An export-led recovery began in 2013 and is expected to gather pace in 2014 as world trade strengthens, reversing the two-year decline in private investment. Stronger consumer confidence and higher real income growth should raise private consumption growth. However, only in 2015 will the pace of GDP growth start to reduce economic slack and the unemployment rate.

A slightly supportive fiscal policy stance is appropriate, as fiscal consolidation at this point could derail the fragile recovery. Once the recovery is solidly in place, measures to secure fiscal sustainability should be adopted. The central bank started intervening in the foreign exchange market late in 2013, judging that unconventional monetary policy was needed to preserve the credibility of the inflation target in the face of a prolonged period of low inflation and the threat of deflation. The authorities should return to the floating-rate policy as soon as deflation risks have definitively receded. Active labour market policies should be enhanced to avoid unemployment becoming entrenched.

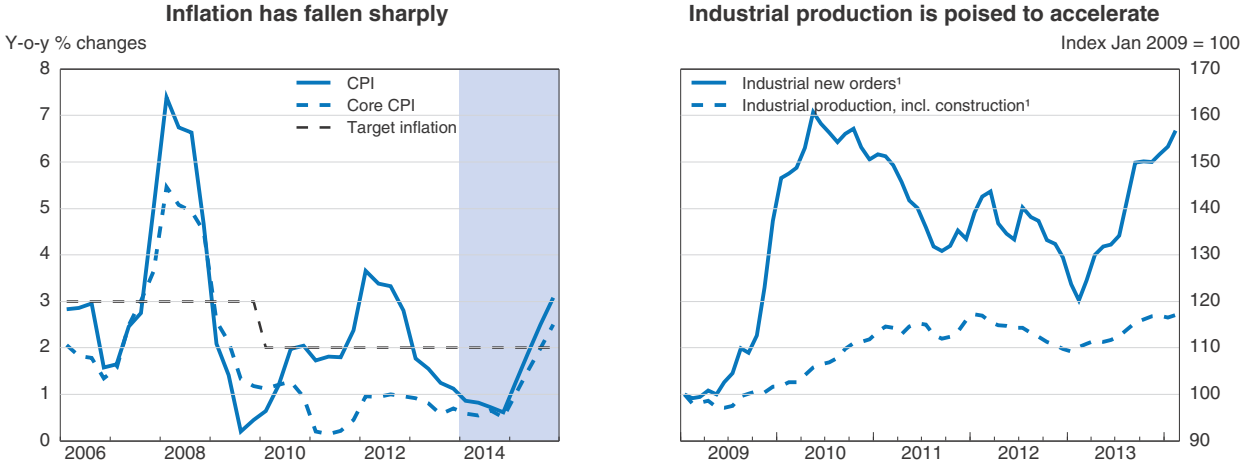
A recovery is finally underway

The economy is gathering pace in response to faster export growth, which is stimulating industrial production and manufacturing orders. Together with improving confidence in industry, this is feeding into a slow rise in private investment growth. However, household spending and housing investment are still weak, reflecting declining real incomes.

Fiscal policy is slightly supportive

Fiscal consolidation was halted in response to the protracted decline in output in 2013. Looking ahead, fiscal policy is planned to be slightly supportive with the general government deficit kept below 3% of GDP, even though spending on salaries and investment is set to rise. Nonetheless, once the recovery is well established measures to improve fiscal sustainability are needed, particularly to contain ageing-related spending pressures.

Czech Republic



1. 3-month moving average.

Source: OECD Economic Outlook 95 database; Czech Statistical Office; and OECD, Main Economic Indicators database.

StatLink http://dx.doi.org/10.1787/888933049401

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

	2010	2011	2012	2013	2014	2015
	Current prices CZK billion	Percentage changes, volume (2005 prices)				
GDP at market prices	3 787.8	1.8	-0.9	-0.9	1.2	2.4
Private consumption	1 915.6	0.5	-2.1	0.1	0.9	1.7
Government consumption	807.5	-2.7	-1.9	1.6	1.1	2.0
Gross fixed capital formation	928.8	0.4	-4.3	-3.6	0.4	3.2
Final domestic demand	3 651.9	-0.2	-2.6	-0.4	0.9	2.1
Stockbuilding[1]	9.5	0.1	-0.1	-0.2	-0.2	0.0
Total domestic demand	3 661.3	-0.1	-2.8	-0.7	0.6	2.1
Exports of goods and services	2 518.8	9.6	4.7	0.2	5.0	5.4
Imports of goods and services	2 392.4	7.0	2.5	0.6	4.6	5.3
Net exports[1]	126.5	1.9	1.7	-0.3	0.6	0.5
Memorandum items						
GDP deflator	_	-0.9	1.6	1.9	1.6	1.5
Consumer price index	_	1.9	3.3	1.4	0.1	2.0
Private consumption deflator	_	0.5	2.7	1.1	0.0	1.9
Unemployment rate	_	6.7	7.0	6.9	6.9	6.8
General government financial balance[2]	_	-3.2	-4.2	-1.5	-2.1	-2.6
General government gross debt[3]	_	48.2	55.7	57.1	58.8	60.9
General government debt, Maastricht definition[2]	_	41.4	46.1	46.0	47.8	49.8
Current account balance[2]	_	-2.7	-1.3	-1.5	-0.6	-0.3

1. Contributions to changes in real GDP, actual amount in the first column.
2. As a percentage of GDP.
3. As a percentage of GDP at market value.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051073

Monetary policy should continue to support the economy

In late 2013, as traditional monetary policy appeared to be exhausted, deflation risks led the central bank to begin exchange rate intervention in the form of a floor for the koruna, leading to an immediate depreciation of about 4½ per cent. In early 2014, inflation fell to 0.2%, well below the National Bank's 2% target, reflecting the slack in the economy and a sharp decline in administered prices. Inflation is expected to rebound to within the central bank's tolerance band of 1% to 3%, as the effects of the weaker koruna feed through and the cuts in administered prices no longer affect year-on-year inflation. The need for the exchange rate floor is thus likely to diminish soon.

Growth will depend on external demand

Rising exports, which will benefit from growth in export market, will feed into confidence and private investment. Real wage increases and higher employment will underpin private consumption. However, the modest pace of the recovery will allow only a small reduction in economic slack.

Risks remain external and tilted to the downside

The deep integration of manufacturing into the German supply chain means that the recovery remains vulnerable to disinflationary or financial market shocks originating in Germany or its main trading partners. Events in Ukraine also constitute a negative risk. On the upside, a faster-than-projected recovery of the labour market would mean a stronger pick-up of private consumption.

DENMARK

Economic growth remains subdued, but is expected to gradually pick up as export demand rises, monetary and fiscal policies remain supportive, and confidence returns.

Fiscal policy is expected to be accommodative in 2014, which is appropriate given the fragile nature of the recovery. Reviving productivity growth should remain a focus of the government and motivate further competition-enhancing reforms, especially in service sectors. High gross household debt, combined with very low interest rates, warrant further measures to enhance financial sector stability.

The underlying pace of activity remains weak

Economic activity in early 2014 has been boosted temporarily by reconstruction following storms. Still, the pace of economic activity remains modest. Consumer confidence and labour market indicators show some improvement, but private consumption still lags. Although business investment is gradually recovering, considerable spare capacity endures and continues to damp inflation.

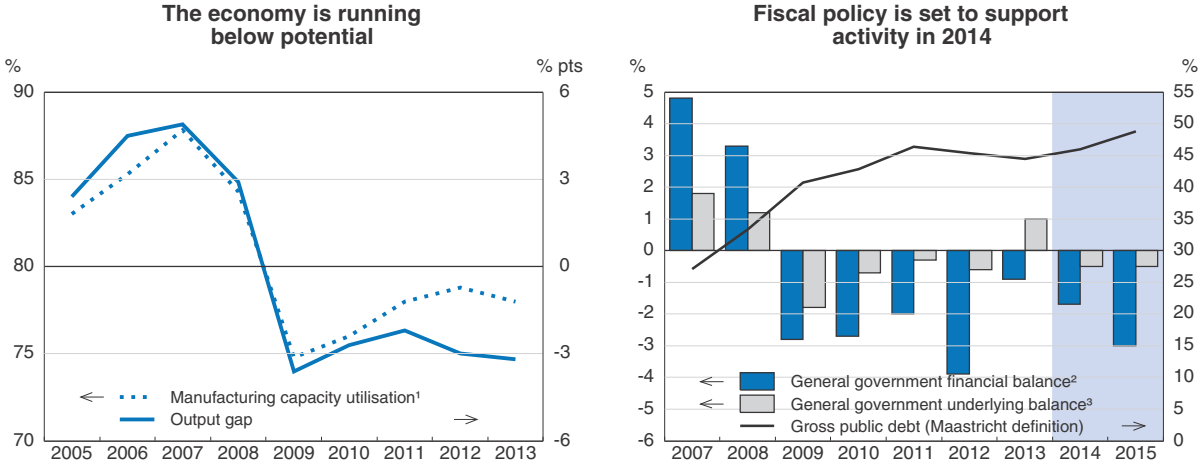
Financial conditions are supportive

Interest rates on outstanding loans to households and businesses remain very low despite the central bank raising the rate on certificates of deposit by 15 basis points in late April 2014 to support the currency. The accommodative stance of monetary policy has helped to stabilise the housing market: dwelling prices in Copenhagen and the other major cities have risen and the number of forced sales has fallen.

The fiscal stance is expansionary in 2014

After supporting economic activity in 2014, the underlying fiscal stance is set to be broadly neutral in 2015. However, the headline general government deficit is expected to rise in 2015 due to the end of one-off

Denmark



1. Calendar year average.
2. In percentage of GDP. Financial deficit contained in 2013 and 2014 by one-off increase in capital receipts (tax pre-payments relating to pension tax reform).
3. In percentage of potential GDP.

Source: OECD Economic Outlook 95 database; and Statistics Denmark.

StatLink http://dx.doi.org/10.1787/888933049420

Denmark: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices DKK billion	Percentage changes, volume (2005 prices)				
GDP at market prices	1 760.1	1.1	-0.4	0.4	1.4	1.8
Private consumption	855.4	-0.7	-0.1	0.0	1.3	1.9
Government consumption	509.6	-1.4	0.4	0.8	1.5	0.6
Gross fixed capital formation	297.8	3.3	0.8	0.6	1.5	1.2
Final domestic demand	1 662.8	-0.2	0.2	0.4	1.4	1.4
Stockbuilding[1]	- 0.3	0.4	-0.3	0.2	-0.4	0.0
Total domestic demand	1 662.4	0.2	-0.1	0.6	1.0	1.4
Exports of goods and services	887.8	7.0	0.4	1.2	3.6	4.5
Imports of goods and services	790.2	5.9	0.9	1.7	3.0	4.2
Net exports[1]	97.6	0.9	-0.2	-0.2	0.5	0.4
Memorandum items						
GDP deflator	_	0.7	2.3	1.4	1.1	1.2
Consumer price index	_	2.8	2.4	0.8	0.7	1.3
Private consumption deflator	_	2.7	2.8	1.0	1.0	1.2
Unemployment rate[2]	_	7.6	7.5	7.0	6.8	6.7
Household saving ratio, net[3]	_	0.7	-0.7	-0.1	-0.2	0.2
General government financial balance[4]	_	-2.0	-3.9	-0.9	-1.5	-3.0
General government gross debt[5]	_	59.9	59.3	55.2	56.5	59.3
General government debt, Maastricht definition[4]	_	46.4	45.4	44.5	45.8	48.6
Current account balance[4]	_	5.9	6.0	7.3	7.2	7.3

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.
5. As a percentage of GDP at market value.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051092

revenues related to changes in pension taxation. In the future, the early retirement reforms of the past few years are expected to benefit public finances.

External conditions will stimulate further recovery

Strengthening growth momentum in major export markets will support further GDP growth, although underlying domestic demand may remain subdued through much of 2014. Accommodative financial conditions and improving confidence should underpin more robust growth moving into next year. Remaining, if diminishing, economic slack will contain inflationary pressures.

Risks derive from both domestic and external sources

High household debt levels and an increasing number of deferred-amortisation mortgages entering the amortisation period pose a risk to financial stability and household demand. On the upside, a steady rise in household wealth with further improvements in labour and housing market conditions could spur private consumption more than currently expected. Such a scenario could also be triggered by a stronger-than-projected recovery in the euro area.

ESTONIA

After a slowdown in 2013, economic growth is projected to pick up gradually. While wage growth and low interest rates support private consumption, exports will be held back by weak economic growth in some of Estonia's trading partners, including Finland and Russia.

The introduction of a structural fiscal balance rule is welcome. Automatic stabilisers should be allowed to work freely. Raising spending on well-targeted active labour market policies and on lifelong learning, and reducing the tax wedge on low-income earners would make economic growth more socially inclusive and reduce high structural unemployment.

Economic activity is recovering slowly

Economic activity is weak, reflecting subdued exports, investment and public consumption. Nonetheless, private consumption remains strong, underpinned by fast wage growth. Public sector wages are set to rise by 5.1%. The government has also announced increases of the minimum wage by about 10% in 2014 and in 2015. Business confidence is favourable overall but has continued to decline among construction firms.

The fiscal position is tightening

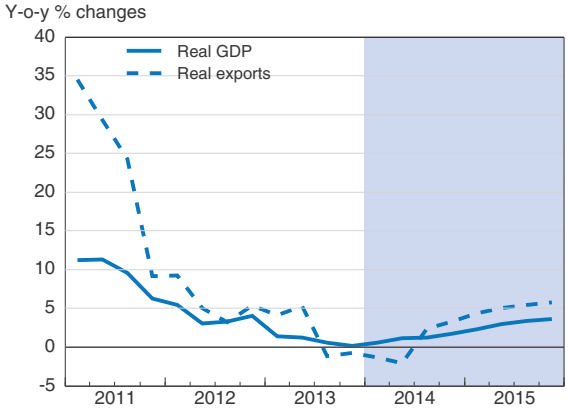
The structural surplus will rise further, particularly in 2014. The elimination of VAT exemptions and strong dividends from state-owned companies in 2014 and 2015 will offset cuts in unemployment insurance contributions and income tax rates. The government also plans to increase child benefits in 2015. Public investment will continue to decrease due to the phasing out of projects funded by earlier one-off sales of Kyoto permits and lower transfers from the European Union. Government employment is expected to fall.

Domestic demand will stimulate growth

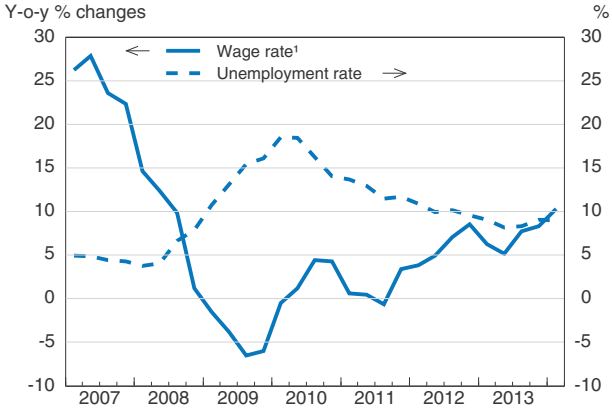
Economic growth is projected to strengthen gradually led by household consumption. Export growth will be held back by continued

Estonia

Export and GDP growth are weak



Wage growth has been strong despite high unemployment



1. Average nominal wage per employee, seasonally adjusted.
Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049439

Estonia: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices € billion	Percentage changes, volume (2005 prices)				
GDP at market prices	14.4	9.6	3.9	0.8	1.2	3.1
Private consumption	7.5	3.8	4.9	4.2	2.8	4.3
Government consumption	3.0	1.3	3.8	1.3	1.4	1.5
Gross fixed capital formation	2.7	37.6	10.9	1.1	1.9	3.9
Final domestic demand	13.2	10.3	6.2	2.8	2.3	3.6
Stockbuilding[1]	0.1	2.8	-0.5	-1.3	-0.8	0.0
Total domestic demand	13.4	13.2	5.9	1.8	1.5	3.5
Exports of goods and services	11.4	23.4	5.6	1.8	0.5	5.1
Imports of goods and services	10.4	28.4	8.8	2.6	0.7	5.7
Net exports[1]	1.0	-2.0	-2.6	-0.7	-0.2	-0.5
Memorandum items						
GDP deflator	_	3.0	3.3	5.0	2.0	2.1
Harmonised index of consumer prices	_	5.1	4.2	3.2	0.7	1.7
Private consumption deflator	_	4.9	3.6	3.4	1.5	2.0
Unemployment rate	_	12.4	10.1	8.6	8.9	8.5
General government financial balance[2]	_	1.1	-0.2	-0.2	-0.2	-0.1
General government gross debt[3]	_	9.6	13.3	13.1	13.0	12.7
General government debt, Maastricht definition[2]	_	6.1	9.8	10.0	9.9	9.7
Current account balance[2]	_	1.9	-1.8	-0.5	-2.8	-3.2

1. Contributions to changes in real GDP, actual amount in the first column.
2. As a percentage of GDP.
3. As a percentage of GDP at market value.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051111

weaknesses in some of Estonia's main trading partners, notably Finland and Russia, which, respectively, account for 16% and 11% of Estonia's exports. Investment will recover only slowly, as capacity utilisation remains low. The labour market will strengthen, even though employment gains are projected to be modest due to skill mismatches and a declining population, in part reflecting the emigration of young workers. Inflation is projected to rise, but to remain subdued, on account of the substantial remaining economic slack.

Downside risks prevail

Economic activity may be weaker than projected in some of Estonia's trading partners, with particular uncertainty attached to events in Ukraine. On-going outmigration of young Estonians risks undermining the supply side of the labour market, which could reduce the potential growth rate and slow down economic convergence vis-à-vis the upper half of OECD countries.

FINLAND

The economy has continued to shrink, as declining employment, modest wage increases, tax hikes and subdued confidence have pulled down consumption and investment. Economic growth will resume as the international environment improves, boosting exports, improving confidence and reviving investment.

The government decided to speed up fiscal consolidation in 2015, which is likely to slow the recovery. Over the longer term, ensuring fiscal sustainability will require increasing labour force participation and public sector efficiency, as ageing pushes up government spending.

Output is broadly flat

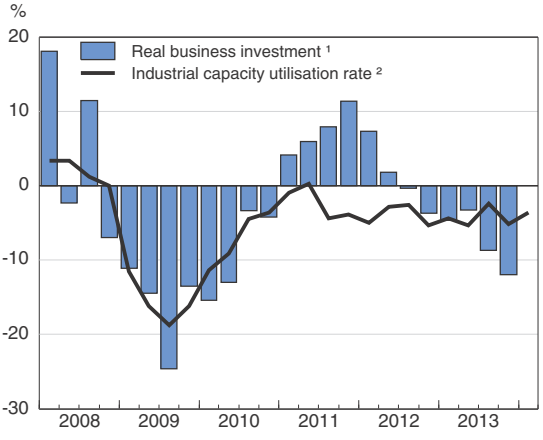
Private consumption is stagnating, as unemployment is rising, consumer confidence stays weak and household purchasing power flattens. Exports continue to disappoint. With capacity utilisation below historical levels and subdued business confidence, investment continues to shrink. Large slack is pulling down underlying inflation, even though hikes in indirect taxes are maintaining the headline rate above the euro area average.

Fiscal policy is set to tighten in 2015

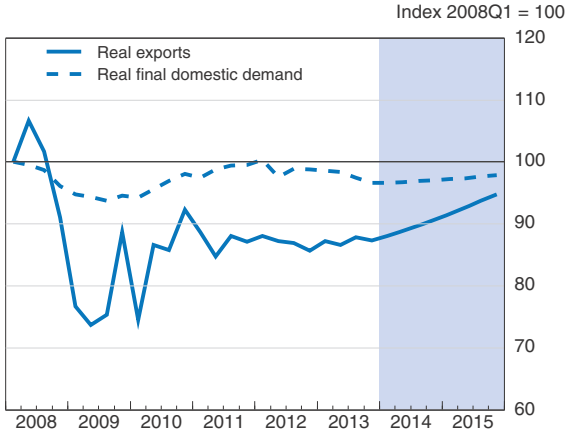
The fiscal stance is contractionary. The government has announced fiscal tightening totalling more than 1% of GDP over the next four years, of which nearly three quarters is to take place in 2015. Tax increases and expenditure cuts, each accounting for about half of the consolidation package, will likely weaken growth in the short term. The government's structural reform programme needs to be implemented to raise growth and restore long-term fiscal sustainability. The recently announced reform to reduce the fragmentation of health and social care can be expected to contribute to that objective.

Finland

Business investment continues to decline



Exports are projected to drive a tepid recovery



1. Year-on-year percentage changes.
2. Deviation from the average since 1993.

Source: European Commission; and OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049458

Finland: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices € billion	Percentage changes, volume (2000 prices)				
GDP at market prices	178.6	2.8	-1.0	-1.4	0.2	1.1
Private consumption	99.1	2.5	0.3	-0.8	-0.4	0.5
Government consumption	44.2	0.5	0.5	0.8	0.6	0.2
Gross fixed capital formation	33.7	5.8	-0.8	-4.6	-4.3	1.8
Final domestic demand	177.0	2.6	0.1	-1.2	-0.9	0.7
Stockbuilding[1,2]	- 0.8	1.5	-0.9	-0.3	0.4	0.0
Total domestic demand	176.2	3.9	-0.5	-1.4	-0.6	0.7
Exports of goods and services	72.1	2.8	-0.2	0.3	2.4	4.3
Imports of goods and services	69.7	6.2	-0.7	-1.8	1.9	3.1
Net exports[1]	2.4	-1.3	0.2	0.9	0.2	0.5
Memorandum items						
GDP without working day adjustments	_	2.8	-1.0	-1.4	..	..
GDP deflator	_	2.7	2.9	2.0	1.3	1.2
Harmonised index of consumer prices	_	3.3	3.2	2.2	1.4	1.4
Private consumption deflator	_	3.5	2.9	1.7	1.9	1.3
Unemployment rate	_	7.8	7.7	8.2	8.4	8.4
General government financial balance[3]	_	-1.0	-2.2	-2.5	-2.2	-0.9
General government gross debt[4]	_	58.2	64.0	66.4	69.3	70.1
General government debt, Maastricht definition[3]	_	49.4	53.7	57.0	59.9	60.7
Current account balance[3]	_	-1.5	-1.7	-0.8	-1.1	-0.5

1. Contributions to changes in real GDP, actual amount in the first column.
2. Including statistical discrepancy.
3. As a percentage of GDP.
4. As a percentage of GDP at market value.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051130

Monetary and financial conditions remain supportive

Low interest rates continue to support the economy, not least because most mortgages carry variable rates. Credit remains readily available, including for small and medium enterprises.

Activity will strengthen as external demand picks up

Exports are set to revive, led by strong external demand and improved price competitiveness. This will gradually restore confidence, support private consumption and eventually bolster business investment. Fiscal consolidation measures will weigh on domestic demand. Inflation will decrease throughout the projection period as spare capacity lingers.

Risks are broadly balanced

As a very open economy, Finland is highly sensitive to external demand, which is projected to accelerate, but remains uncertain. In particular, events in Ukraine imply great uncertainty for Finnish exports. Higher than foreseen international demand for investment goods would particularly benefit Finland. As the economy restructures, emerging economic sectors may progressively strengthen, partly compensating the structural decline in electronics and forestry. Exports could also benefit more than expected from improving price competitiveness, as a result of agreements on low wage increases over the next two years.

GREECE

Output growth will turn positive in the course of 2014, gaining additional strength in the following year as expanding global markets and improved competitiveness boost exports and investment. The unemployment rate will edge down slowly. Substantial excess capacity and adjustment pressures will keep prices and wages falling, although the pace of decline will moderate. The current account is set to remain in surplus.

Further fiscal consolidation is needed to reduce the high level of debt, but automatic stabilisers should be allowed to work around the consolidation path. Additional debt relief, for instance an extension of maturities and lower interest rates on existing loans, might be necessary to achieve fiscal sustainability. The economic recovery also hinges on better access to credit, underscoring the importance of implementing plans to restructure bank balance sheets. Further reducing impediments to competition would promote investment and growth.

The deep recession is coming to an end

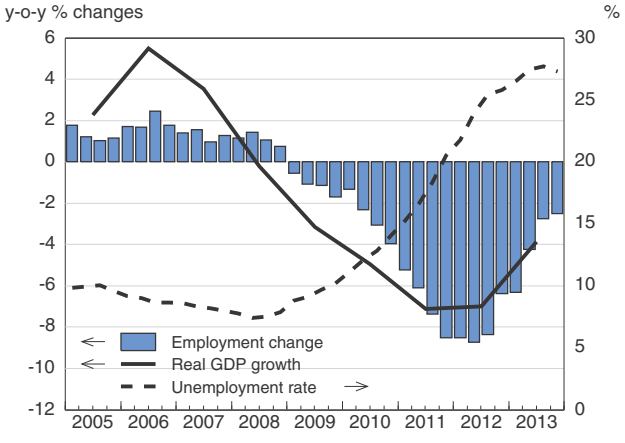
The economy has started to turn around, aided by buoyant tourism and improved confidence. Labour-market conditions appear to be stabilising, although the unemployment rate is very high. Headline consumer inflation remained negative in the first months of 2014, reflecting weak domestic demand, substantial labour-market slack, the opening up of some markets and the waning impact of indirect tax increases. Unit labour costs continue to decline as wages keep falling.

Achieving debt sustainability is a major challenge

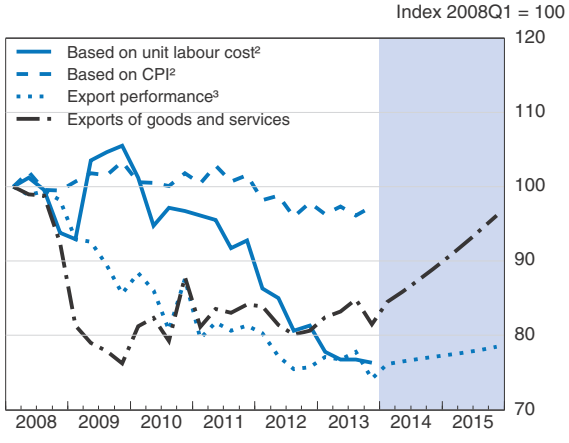
The 2013 target for a general government primary surplus (excluding the total impact of the support to financial institutions, which is worth around 10 ½ percent of GDP) was essentially achieved (on the basis of ESA95 accounting principles), while there has been an over-performance compared to the target set by the Economic Adjustment Programme. For

Greece

The economy has started to turn around[1]



Exports will be a key driver of the recovery



1. The real GDP data are annual while that for employment and unemployment are quarterly.
2. Real effective exchange rate indicators.
3. Export performance is measured as the difference between volume growth in exports and export markets.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049477

Greece: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices € billion	Percentage changes, volume (2005 prices)				
GDP at market prices	222.2	-7.1	-7.0	-3.9	-0.3	1.9
Private consumption	163.1	-7.7	-9.3	-6.0	-1.8	0.3
Government consumption	40.7	-5.2	-6.9	-4.1	-4.0	-3.2
Gross fixed capital formation	39.2	-19.6	-19.2	-12.8	-2.7	4.4
Final domestic demand	243.0	-9.2	-10.3	-6.5	-2.3	0.2
Stockbuilding[1,2]	- 0.2	0.6	0.0	0.8	0.1	0.0
Total domestic demand	242.8	-8.7	-10.0	-5.4	-2.3	0.2
Exports of goods and services	49.4	0.3	-1.7	1.8	4.5	7.7
Imports of goods and services	70.0	-7.3	-13.8	-5.3	-2.1	2.2
Net exports[1]	- 20.6	2.4	4.1	2.2	2.0	1.6
Memorandum items						
GDP deflator	_	1.0	-0.3	-2.1	-1.3	-1.2
Harmonised index of consumer prices	_	3.1	1.0	-0.9	-1.1	-1.0
Private consumption deflator	_	3.4	0.9	-1.5	-1.2	-1.0
Unemployment rate	_	17.7	24.2	27.3	27.1	26.7
General government financial balance[3,4]	_	-9.6	-8.9	-12.7	-2.5	-1.4
General government gross debt[5]	_	179.9	167.5	186.0	188.7	188.2
General government debt, Maastricht definition[3]	_	170.3	157.2	175.1	177.7	177.2
Current account balance[6]	_	-9.9	-2.4	0.7	0.2	0.8

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. The data for the years 2011, 2012 and 2013 include the total impact of government support to financial institutions. Data also include Eurosystem bank profits on Greek government bonds remitted back to Greece.
5. As a percentage of GDP at market value. In 2011 and 2012, because of large changes in the market value of liabilities, the change in government financial liabilities has been approximated by the change in the Maastrich definition of general government debt.
6. On settlement basis, as a percentage of GDP.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051149

2014-15, the overall budget deficit is projected to exceed somewhat the official targets due to lower projected growth and assuming that automatic stabilisers will operate. Achieving public debt sustainability will require robust growth in the coming years and further fiscal consolidation, although the pace of consolidation will be less than in the past. Encouraging stronger growth also requires further structural reforms to boost competition, and better access to credit through restructuring bank balance sheets. At the same time, given the severe social consequences of the crisis, policy must continue to focus on fairly sharing the costs and benefits of the adjustment.

A slow recovery is projected

The economy is expected to return to growth over the projection period as the pace of fiscal consolidation moderates, confidence strengthens and structural reforms boost competitiveness further. Credit conditions are also expected to improve through bank recapitalisation and balance-sheet strengthening. Liquidity would be supported further by the repayment of government arrears. The pick-up in external demand

and greater use of European Union structural funds will also support growth. Prices and wages will fall further, given the substantial slack and very high unemployment. The current account will remain in surplus during the projection period helped by improved price competitiveness.

Risks are on the downside

Delays in the implementation of the adjustment programme could undermine confidence and investment. The banking system still faces risks, including a high level of non-performing loans, and credit conditions may prove tighter than assumed. On the other hand, liquidity may increase more than expected following the recapitalisation of the main banks and Greece's confidence-boosting return to markets. Also, the large improvement in international competitiveness could boost exports and growth above projected levels. Swifter progress in implementing the privatisation programme would strengthen confidence.

HUNGARY

The moderate recovery is projected to continue, based on robust export growth and a gradual acceleration of private investment. The latter will nonetheless continue to be hampered by an uncertain business environment related to controversial domestic policies and tight credit conditions, which have been alleviated only partly by the central bank's Funding for Growth Scheme and by its low policy rate. Cyclical slack and wage moderation will keep core inflation broadly in line with the 3% target, with headline inflation temporarily lower. Unemployment should broadly stabilise over the projection horizon, and the current account surplus is set to widen further.

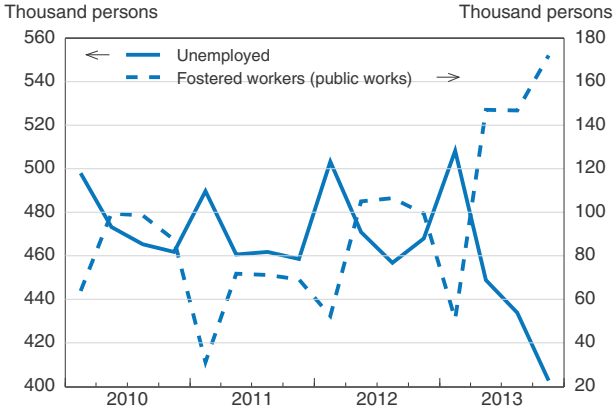
Recent global financial market turbulence has underlined the importance of prudent monetary policy, and the central bank will have to balance the benefits of further cuts in the policy rate against the more acute risk of an abrupt depreciation of the forint. Restoring credit growth on a more permanent basis will require a better operating environment for banks and further cleaning up of their balance sheets. After sizeable fiscal easing planned for 2014, the authorities should return to their medium-run fiscal targets.

Private consumption has supported growth

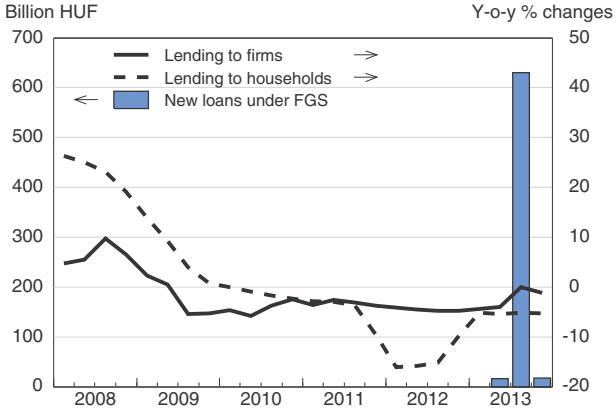
Developments in early 2014 point to strong household consumption and robust export growth as the main drivers of economic activity. As in the fourth quarter of 2013, real incomes have continued to benefit *inter alia* from large pay increases for teachers and medical professionals, strong employment creation (largely due to expanded public works schemes) and a second cut in administered energy prices, which has helped to bring year-on-year headline inflation close to zero. While residential investment remains depressed, public capital formation has surged. Despite rising in some quarters of 2013, business investment and credit to firms have yet to show a sustained recovery.

Hungary

Job creation schemes have driven the fall in unemployment[1]



Credit growth has not recovered[2]



1. Unemployed aged 15-64. Fostered workers covers public works and other types of publicly supported jobs; quarterly average of monthly data.
2. Year-on-year percentage change series cover transactions only, exclude mergers of financial enterprises and are seasonally unadjusted data with rolling exchange rate adjustment. FGS: Funding for Growth Scheme.

Source: Hungarian Central Statistical Office; and Magyar Nemzeti Bank.

StatLink http://dx.doi.org/10.1787/888933049496

Hungary: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices HUF billion	Percentage changes, volume (2005 prices)				
GDP at market prices	26 607.8	1.6	-1.7	1.2	2.0	1.6
Private consumption	14 059.9	0.4	-1.6	0.2	1.6	1.1
Government consumption	5 833.1	0.0	-1.2	1.6	1.0	-0.1
Gross fixed capital formation	4 920.1	-5.9	-3.7	5.9	3.1	1.5
Final domestic demand	24 813.0	-1.0	-1.9	1.6	1.8	0.9
Stockbuilding[1]	293.3	0.4	-1.5	-0.7	-0.3	0.0
Total domestic demand	25 106.3	-0.5	-3.5	0.8	1.5	0.9
Exports of goods and services	22 551.5	8.4	1.7	5.3	5.3	5.4
Imports of goods and services	21 050.0	6.4	-0.1	5.3	4.6	5.0
Net exports[1]	1 501.5	2.1	1.6	0.4	1.1	0.8
Memorandum items						
GDP deflator	_	2.6	3.0	3.0	2.3	2.7
Consumer price index	_	3.9	5.7	1.7	0.5	2.8
Private consumption deflator	_	4.2	6.1	1.8	0.8	2.8
Unemployment rate	_	10.9	11.0	10.2	8.7	8.9
General government financial balance[2]	_	4.2	-2.2	-2.3	-2.9	-2.9
General government gross debt[3]	_	86.8	90.0	89.4	90.3	90.1
General government debt, Maastricht definition[2]	_	81.8	79.7	78.8	79.7	79.5
Current account balance[2]	_	0.4	0.8	3.0	3.6	3.9

1. Contributions to changes in real GDP, actual amount in the first column.
2. As a percentage of GDP.
3. As a percentage of GDP at market value.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051168

Credit remains tight

The central bank has continued to lower the policy rate, although by successively smaller monthly reductions, despite an episode of forint depreciation in early 2014. After strong take-up in the summer of 2013, lending under the Funding for Growth Scheme (which provides banks with free central bank refinancing for lending to SMEs at a maximum rate of 2.5%) has declined markedly.

A sizeable fiscal expansion is planned in 2014

Thanks to a neutral fiscal policy stance, the deficit was well below target in 2013. An unchanged official target for 2014 (2.9% of GDP), which is reflected in these projections, therefore entails a planned fiscal expansion of over 1% of GDP, mainly through higher wages, public investment and family benefits. No major change in the fiscal stance is expected in 2015.

The recovery will continue, though at a modest pace

As temporary factors underpinning consumption and public investment run their course, robust export growth and a gradual recovery of business investment are projected to drive economic activity. Unemployment is unlikely to fall any further, however, as public works schemes are assumed to undergo mild and gradual downsizing. A third round of energy price cuts will contain headline inflation in the coming

quarters, while core inflation should be kept in check by cyclical slack and wage moderation.

A sharp depreciation remains the main risk

Despite a solid current account surplus, Hungary remains vulnerable to turbulence in global financial markets. Further forint depreciation would make servicing and rolling over public and private debts harder, as a significant share is denominated in foreign currency or foreign-held. Given comparatively strong trade linkages, growth could also be weakened by the unfolding of events in Ukraine. On the upside, a better operating environment for private firms, notably banks, would spur investment and growth.

ICELAND

Economic growth was considerably more robust than expected in 2013, reflecting strong exports and buoyant tourist spending. Significant employment gains and policy decisions to reduce household debt will stimulate private consumption and further fuel the recovery in 2014. As a result, unused production capacity will disappear in the course of 2015.

Fiscal consolidation will continue in 2014. The household debt relief plan will increase spending, but this will be financed by revenue measures, mainly a higher tax on banks' total debt. It will be necessary to raise nominal interest rates as spare capacity in the economy disappears. Reforms to raise output potential, notably by stimulating investment, would ease supply constraints, thereby weakening inflationary pressures. In particular, lifting capital controls would send a positive signal to foreign investors.

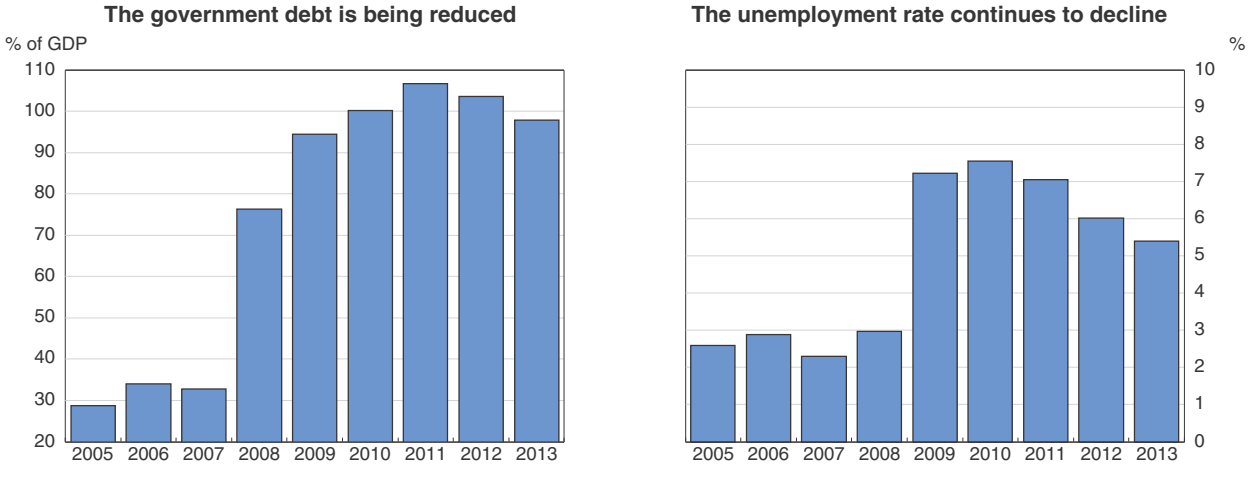
GDP growth has been stronger than anticipated

GDP growth was surprisingly strong in 2013, mainly due to exports and tourism earnings. Gross fixed capital formation (excluding volatile items, such as ships and aircraft) also increased strongly, while private consumption and government spending grew at slower rates. Buoyant exports, weak imports and a much lower deficit in primary income from abroad all contributed to a large current account surplus of over 5% of GDP in adjusted terms (i.e. excluding the transactions of banks being wound up), among the highest surpluses recorded since the compilation of national accounts started in Iceland in 1945. Employment benefitted from the dynamism of activity and the unemployment rate declined further. Long-term unemployment has improved, but youth unemployment remains high.

Fiscal consolidation will continue at a gradual pace

Fiscal policy remains on a trajectory of gradual deficit reduction. The general government deficit declined to 2.1% of GDP in 2013, through a combination of strong tax revenues and spending restraint. The

Iceland



Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049515

Iceland: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices ISK billion	Percentage changes, volume (2005 prices)				
GDP at market prices	1 535.9	2.7	1.5	3.3	2.7	3.2
Private consumption	790.9	2.6	2.4	1.2	3.0	3.5
Government consumption	398.6	-0.3	-1.4	1.3	0.6	0.3
Gross fixed capital formation	194.8	14.1	5.5	-3.4	17.9	16.6
Final domestic demand	1 384.2	3.6	2.1	0.6	4.6	4.8
Stockbuilding[1]	- 3.4	0.6	-0.1	-0.4	-0.6	0.0
Total domestic demand	1 380.9	4.0	1.7	0.1	3.3	4.9
Exports of goods and services	865.8	3.8	3.8	5.3	2.4	3.1
Imports of goods and services	710.7	6.7	4.7	-0.1	3.9	6.3
Net exports[1]	155.1	-1.0	-0.1	3.2	-0.6	-1.4
Memorandum items						
GDP deflator	_	3.3	2.9	1.8	2.9	3.0
Consumer price index	_	4.0	5.2	3.9	2.6	3.3
Private consumption deflator	_	4.1	5.6	3.6	2.7	3.1
Unemployment rate	_	7.1	6.0	5.4	4.5	4.2
General government financial balance[2]	_	-5.6	-3.8	-2.1	-2.0	-2.1
General government gross debt[3]	_	106.8	103.7	97.9	96.0	91.3
Current account balance[2]	_	-6.5	-5.4	3.9	1.8	0.3

1. Contributions to changes in real GDP, actual amount in the first column.
2. As a percentage of GDP.
3. As a percentage of GDP at market value. Includes unfunded liabilities of government employee pension plans, which amounted to about 25% of GDP in 2012.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051187

government aims to reduce the deficit further to about 1% of GDP in 2014-15. Significant tax policy changes are introduced in the 2014 budget. The tax levied on the total debt of credit institutions will be raised further, while the tax pressure on middle-income and low-income households will be lightened through a combination of a lower tax rate and a higher basic income deduction. On the spending side, the government decided to cancel various investment projects and new entitlement programmes, and introduced an across-the-board cap of 1.5% on spending growth.

Monetary conditions will have to tighten as slack disappears

With economic slack being quickly taken up and unit labour costs rising, inflation is projected to gain pace, especially in 2015. Higher interest rates are thus assumed as the economic situation normalises.

Growth is projected to remain strong

Economic activity is projected to remain on a path of strong expansion in 2014-15, although with different drivers than recently. Exports are expected to slow towards a pace more consistent with Iceland's external market growth and level of competitiveness. By contrast, private consumption will be supported by the government's household debt relief programme. Business investment will benefit from the realisation of projects in the pharmaceutical and tourism sectors (several hotels are planned). This more domestically-driven pattern of

growth will help eliminate the current account surplus (on an underlying basis) and reduce imbalances in the economy.

Domestic and external uncertainties cloud the outlook

Iceland's economic prospects are subject to various uncertainties. Large FDI inflows in manufacturing and energy sectors are difficult to predict because impending projects appear to have been hampered by the weakening global demand for aluminium. Downside risks relate to the process of lifting capital controls, which could disrupt financial conditions. Ongoing legal disputes with international claimants (Icesave, frozen assets, etc.) are also sources of risk.

IRELAND

The recovery is projected to strengthen over 2014-15. Investment has turned around, including in the housing market, and is expected to grow solidly, although from a low base. Exports, aided by stronger trading partner growth, are projected to pick up. Steady employment growth will help bring the unemployment rate down further. Spare capacity will help keep wage and price inflation subdued.

To keep high public debt firmly on a declining path the government should implement its structural consolidation plans through to 2015. The process of restoring health in the banking sector should be reinforced by continuing to reduce the elevated level of non-performing loans and repairing the bank credit channel. Improving the public employment service and activating the long-term unemployed must remain a priority to ensure the recovery benefits society as broadly as possible. Growth potential should be boosted by complementing high attractiveness to foreign investment with further efforts to foster innovation across the whole economy and to ease firms' access to capital.

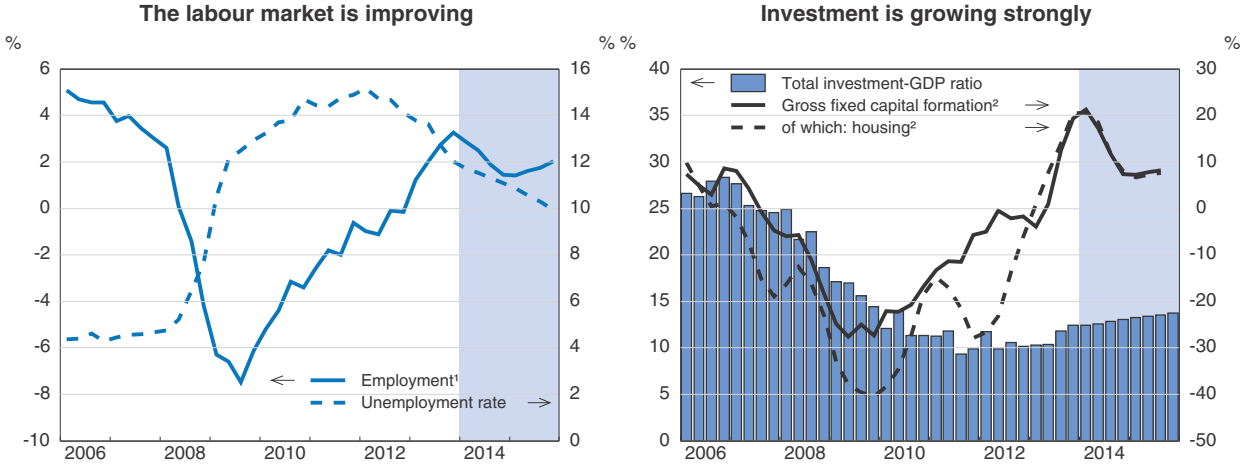
The recovery is strengthening

Most short-term indicators suggest that the economy is picking up. House prices and consumer confidence are rising, employment and investment are growing again, and improving trading partner growth is helping to support exports. The current account surplus is large and growing. Core inflation remains subdued and is below the low euro area average.

Fiscal policy remains on track

In 2013 the fiscal deficit was again less than the EU Excessive Deficit Procedure ceiling. Although it is expected to start declining from 2014, public debt is over 120% of GDP (Maastricht definition). The government should fully implement the fiscal consolidation programme it has outlined for 2014 and 2015, while allowing the automatic stabilisers to play.

Ireland



1. Year-on-year percentage changes.
2. In real terms. Year-on-year percentage changes, centred moving averages.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049534

Ireland: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices € billion	Percentage changes, volume (2011 prices)				
GDP at market prices	158.1	2.2	0.2	-0.3	1.9	2.2
Private consumption	78.3	-1.4	-0.3	-1.1	0.9	1.0
Government consumption	30.0	-2.9	-3.2	-0.7	-1.8	-1.5
Gross fixed capital formation	19.3	-9.7	-1.2	4.9	14.1	8.0
Final domestic demand	127.6	-3.0	-1.1	-0.3	2.4	1.6
Stockbuilding[1]	0.9	1.0	-0.4	0.1	-0.2	0.0
Total domestic demand	128.5	-1.8	-1.6	-0.2	2.2	1.6
Exports of goods and services	157.9	5.3	1.6	0.1	2.8	3.1
Imports of goods and services	128.3	-0.4	0.0	1.0	4.0	2.9
Net exports[1]	29.6	5.7	1.6	-0.6	-0.4	0.9
Memorandum items						
GDP deflator	_	0.7	0.7	0.4	0.4	0.9
Harmonised index of consumer prices	_	1.2	1.9	0.5	0.3	0.7
Private consumption deflator	_	2.1	0.5	1.7	1.0	0.9
Unemployment rate	_	14.6	14.7	13.0	11.4	10.4
General government financial balance[2,3]	_	-13.0	-8.1	-7.0	-4.7	-3.1
General government gross debt[4]	_	103.9	127.8	134.6	133.1	132.0
General government debt, Maastricht definition[2]	_	104.1	117.4	123.7	121.9	121.1
Current account balance[2]	_	1.2	4.4	6.6	6.6	7.6

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.
4. As a percentage of GDP at market value.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051206

Unemployment is falling

Employment has grown strongly in the past year and the unemployment rate has fallen from its peak of 15.2% at the beginning of 2012 to around 12%. Improved labour market performance is encouraging people back into the labour force again. Long-term unemployment is also falling, but remains high and the authorities will need to retain their focus on getting this group back to work. Participation in community employment schemes has increased in the past year, but these have had a poor record of ensuring a return to the open labour market. Tracking labour market outcomes of activation programme participants and adjusting programme funding accordingly should be a priority.

Domestic bank performance is improving

Private sector indebtedness is at a high level by international standards. The stock of credit continues to fall. Non-performing loans are high but have started to decline. The government should monitor the operation of the new institutional framework for resolving bad loans and quickly eliminate any bottlenecks. The operational performance and balance sheet of the two main domestic lenders is improving, putting them in a stronger position to meet the borrowing needs of the economy as it recovers.

Risks to the outlook are balanced

Real GDP growth is expected to be around 2% in both 2014 and 2015, but a faltering of trading partner growth would stall the Irish recovery. The expiry of pharmaceutical patents could also continue to depress exports and GDP by more than expected. If the economy falls into deflation, this would also make it harder to reduce debts, and adjusting real wages to remain cost competitive would become challenging if deflation were to occur in the euro area. By contrast, after a long period of decline, the investment-to-GDP ratio in Ireland is at very low levels, providing potential for a sustained period of strong investment and higher GDP growth than projected.

*ISRAEL**

The growth slowdown in late 2013, attributable in part to an appreciating exchange rate and budget tightening, is expected to be only temporary. The economy will be buoyed by a gradually improving external environment, the benefit of which should be amplified by expanding gas production and persistently low interest rates. With growth picking up to 3½ per cent in 2015, unemployment should remain at a low level.

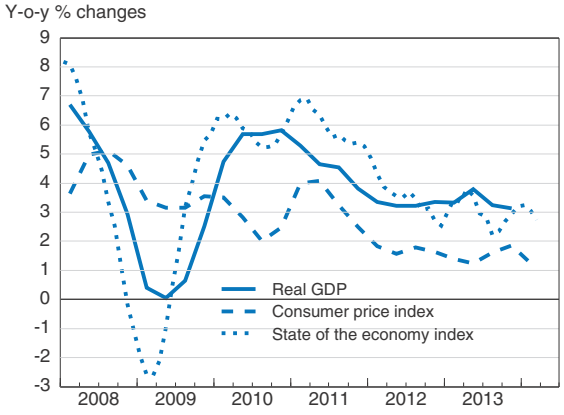
Absent any inflationary strains, an accomodative monetary policy is still needed to sustain demand and moderate the impacts of currency appreciation and budget deficit reduction. But the risks of overheating in the real estate market remain considerable. Fiscal consolidation should continue, barring a significant slowdown in activity. However, this process should rely more heavily on boosting revenue, including a streamlining and reduction of certain tax exemptions.

The economy has slowed temporarily

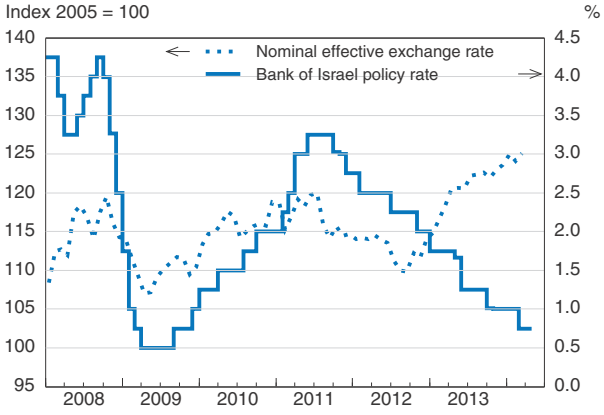
GDP growth, which fell to 3% in the latter half of 2013, remained moderate in early 2014. The composite indicator of the state of the economy did not show a marked acceleration of activity at the start of the year, although some signs of cyclical improvement are apparent. Foreign trade was less of a drag on economic activity, and the outlook for production and business confidence picked up in early 2014. Inflation dropped to 1.3% in the first quarter and the unemployment rate stopped falling, although it remained low, at around 6%, and the participation rate continued to improve.

Israel

Growth has remained moderate and inflation low



Monetary policy has eased, but the currency has appreciated



Source: Bank of Israel; Central Bureau of Statistics; and OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049553

* 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**

	2010	2011	2012	2013	2014	2015
	Current prices NIS billion	Percentage changes, volume (2010 prices)				
GDP at market prices	866.2	4.6	3.3	3.4	3.2	3.5
Private consumption	492.7	3.8	3.2	3.7	3.3	3.6
Government consumption	201.4	2.5	3.0	3.1	2.9	1.5
Gross fixed capital formation	160.3	15.7	3.5	1.3	5.1	6.0
Final domestic demand	854.4	5.7	3.2	3.1	3.6	3.6
Stockbuilding[1]	- 3.3	-0.1	0.5	-0.1	-0.2	0.0
Total domestic demand	851.1	5.5	3.8	2.9	3.4	3.7
Exports of goods and services	302.9	7.3	1.0	1.0	4.6	6.1
Imports of goods and services	287.8	10.5	2.3	-0.3	5.3	6.7
Net exports[1]	15.1	-0.9	-0.5	0.5	-0.2	-0.1
Memorandum items						
GDP deflator	_	2.0	4.1	2.4	1.8	1.6
Consumer price index	_	3.5	1.7	1.6	1.1	1.5
Private consumption deflator	_	3.5	2.3	2.1	1.0	1.5
Unemployment rate[2]	_	7.1	6.9	6.3	5.9	5.8
General government financial balance[3,4]	_	-3.9	-5.1	-4.3	-3.9	-3.6
General government gross debt[5]	_	69.7	68.2	67.8	67.6	67.0
Current account balance[3]	_	1.0	0.2	2.6	2.1	1.8

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.
5. As a percentage of GDP at market value.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051225

Monetary policy has eased further

The central bank further cut its policy rate by 25 basis points in February 2014, to 0.75%. Despite that cut and the bank's currency market interventions, the shekel's appreciation has continued, reaching 5½ per cent year-on-year in effective nominal terms in March. In addition, the rules for granting housing loans were tightened to avoid property market overheating, as prices had already risen by over 6% (year-on-year) in December 2013.

Fiscal consolidation is ongoing

The central government deficit was reduced to 3.2% of GDP in 2013, below the ceiling of 4.3%. Cutting the deficit to 3% of GDP in 2014 should be achieved, despite cancellation of the initially scheduled income tax hikes. To scale this deficit back to 2.5% of GDP in 2015, the authorities have decided to lower the growth target for real government outlays to 2.6%. This may, however, put too tight a squeeze on civilian expenditure, which is already low by international standards.

Growth should gradually rise

Economic growth should gather pace and approach its potential rate in 2015. An improving international environment combined with continued low interest rates will gradually compensate for budget restrictiveness and currency appreciation. Foreign trade's knock-on effect

on activity, which will be bolstered by expanding gas production in 2014, should spur non-residential investment. Residential construction could also benefit from measures to overcome housing bottlenecks, in particular better co-ordination of government interventions. These developments should gradually spur job creation and ensure that unemployment stays low. Although up slightly, inflation should remain well within the target range of 1-3%.

Risks are mainly on the downside

A weaker external environment, including in emerging market economies, would trim growth, as would heightened regional geopolitical tensions. A further appreciation of the shekel could also hamper the economy, especially insofar as monetary management is still being hindered by persistent property market strains.

KOREA

The economy experienced an investment-led upturn that is likely to continue thanks to stronger export growth in line with the recovery in world trade. Still, high household debt will continue to constrain private consumption. Output is projected to grow around 4% in 2014-15, helping to lift inflation into the target range of 2.5% to 3.5%.

As the recovery matures, monetary policy will need to tighten. If downside risks materialise, Korea has scope to use monetary and fiscal stimulus to support growth, given its sound fiscal position. The top priority is to avoid a low-growth trap by addressing challenges, such as rapid population ageing and a stagnant service sector, through wide-ranging reforms, including those in the government's Three-year Plan for Economic Innovation.

Output growth has picked up following a period of sluggish growth

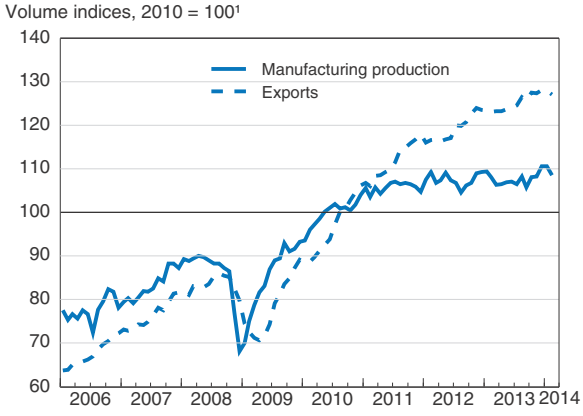
After two years in which output grew at an annual pace of around 2½ per cent, economic activity accelerated in mid-2013, led by business and residential investment. The lifting of controls on the housing market, introduced in 2007, contributed to an increase in residential investment for the first time in seven years, while the fall in housing transactions has been reversed. However, private consumption remains subdued, due in part to household debt, which reached 161% of disposable income by end-2013. Export growth has also been relatively sluggish, reflecting in part the 8% appreciation of the won in trade-weighted terms since mid-2013. Inflation has fallen to around 1% (year-on-year), while the current account surplus increased to 5.4% of GDP in 2013.

The government is launching reforms to raise potential growth

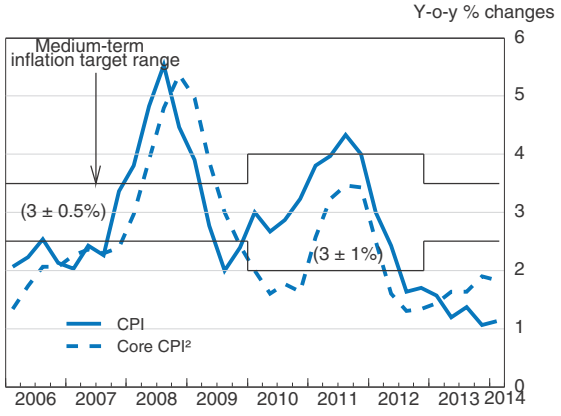
The government has launched reforms to promote innovation, reduce regulation and boost labour force participation. In addition, it aims to cut the ratio of household debt to disposable income by 5 percentage

Korea

Exports and manufacturing production have been sluggish



Inflation remains below the central bank's target range



1. Seasonally-adjusted for production and a six-month moving average for non-seasonally-adjusted exports.
2. Corresponds to the OECD measure of core inflation, which excludes food and energy.

Source: Statistics Korea; OECD Economic Outlook 95 database; and Bank of Korea.

StatLink http://dx.doi.org/10.1787/888933049572

Korea: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices KRW trillion	Percentage changes, volume (2010 prices)				
GDP at market prices	1 265.3	3.7	2.3	3.0	4.0	4.2
Private consumption	636.7	2.9	1.9	2.0	2.6	3.1
Government consumption	183.1	2.2	3.4	2.7	2.4	3.1
Gross fixed capital formation	385.9	0.8	-0.5	4.2	5.4	6.4
Final domestic demand	1 205.7	2.1	1.4	2.8	3.4	4.1
Stockbuilding[1]	19.3	0.9	-0.6	-1.3	0.0	0.0
Total domestic demand	1 225.0	3.0	0.7	1.4	3.4	4.2
Exports of goods and services	625.3	15.1	5.1	4.3	5.9	8.5
Imports of goods and services	585.0	14.3	2.4	1.6	5.0	8.9
Net exports[1]	40.3	0.8	1.5	1.5	0.7	0.2
Memorandum items						
GDP deflator	_	1.6	1.0	0.7	0.7	1.1
Consumer price index	_	4.0	2.2	1.3	2.0	2.8
Private consumption deflator	_	3.7	2.2	1.0	1.6	2.6
Unemployment rate	_	3.4	3.2	3.1	3.1	3.0
Household saving ratio, net[2]	_	3.9	3.9	5.1	5.2	5.3
General government financial balance[3]	_	1.0	1.0	-0.4	0.1	0.5
General government gross debt[4]	_	33.3	34.8	36.5	37.9	39.0
Current account balance[3]	_	2.1	4.0	5.4	5.4	4.5

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. As a percentage of GDP at market value.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051244

points by 2017, in part by restructuring the debt of delinquent households. The central government budget deficit (excluding the social security surplus, which is close to 3% of GDP) is to be gradually reduced from around 1½ per cent of GDP in 2013 to 0.4% in 2017, while avoiding any tax increases. With public social spending increasing at a double-digit pace, this requires strict spending limits in other expenditure categories. On a general government basis (which includes social security and local governments), a small budget surplus is expected in 2014-15, which would help keep gross government debt below 40% of GDP. Meanwhile, the central bank has kept the policy interest rate unchanged at 2.5% since May 2013.

Growth of around 4% is projected for 2014-15

Output is projected to grow at around 4% in both 2014 and 2015, led by an upturn in exports as world trade accelerates. Free trade agreements with the EU (2011), the United States (2012), Canada (2014) and Australia (2014) will also boost trade and productivity. Faster export growth will support business investment and employment growth, while raising wage growth. Sustained growth is expected to bring inflation back into the target range by late 2014 and reduce the current account surplus to around 4½ per cent of GDP in 2015.

There are domestic and external risks

Domestic risks are largely on the upside insofar as government initiatives to raise potential growth and reduce the household debt ratio are effective. Korea is particularly sensitive to the fragile global economic situation and exchange rate shifts, given that exports account for more than half of GDP.

LUXEMBOURG

Economic growth will continue to pick up in 2014 as the euro area gradually recovers, the mutual fund industry attracts more inflows and the pace of fiscal consolidation lessens. In 2015, the new EU VAT regime for e-commerce will bear on competitiveness, and higher domestic VAT rates slow demand. The backward-looking wage indexation could transmit the effects of the VAT rise into wages, reducing competitiveness.

Some further fiscal consolidation is still needed, but the automatic stabilisers should be allowed to work. Aligning financial regulations with EU and international initiatives is necessary to contain risks in the large financial sector. Structural reforms to enhance work incentives would reduce structural unemployment. Reducing barriers to competition and improving the education system would enhance the growth potential.

Economic activity is picking up

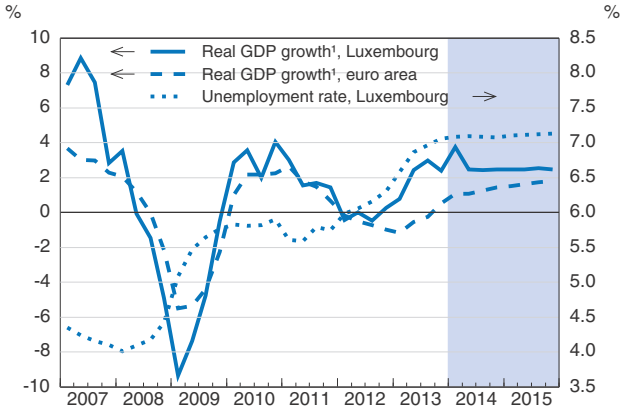
The economy is benefiting from stronger export growth as the euro area slowly recovers and robust activity in the mutual fund industry. Long-term unemployment has risen steadily over recent years, potentially driving up structural unemployment, especially among low-skilled resident workers. Although the slack has created downward pressures on prices, wage indexation and administered prices have kept inflation above the euro area average.

Fiscal policy will partly offset the effects of the new EU VAT regime

New EU rules will shift the e-commerce VAT from the country of sale to the country of consumption as from January 2015, which in Luxembourg is estimated to cut government revenues by about 1½ per cent of GDP in 2015. The deficit is projected to increase as this is assumed to be only partially offset by a rise in domestic VAT rates. Fiscal consolidation is appropriate but the automatic stabilisers should be allowed to work.

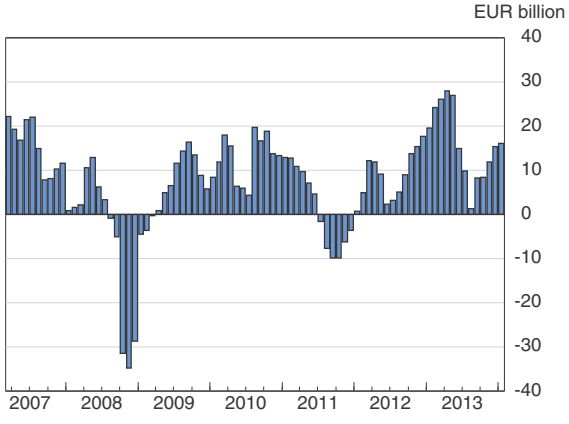
Luxembourg

Growth and unemployment are stabilising



Mutual fund activity continues to grow

Net inflows into the mutual funds industry²



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

Source: OECD Economic Outlook 95 database; and Commission de Surveillance du Secteur Financier.

StatLink http://dx.doi.org/10.1787/888933049591

Luxembourg: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices € billion	Percentage changes, volume (2005 prices)				
GDP at market prices	39.3	1.9	-0.2	2.1	2.8	2.5
Private consumption	12.8	1.3	2.2	1.8	2.8	2.6
Government consumption	6.6	1.4	4.8	4.3	2.3	2.0
Gross fixed capital formation	6.8	11.9	4.0	-4.2	0.7	0.7
Final domestic demand	26.2	4.0	3.4	0.7	2.2	1.9
Stockbuilding[1]	1.0	0.2	-0.6	-1.1	-1.3	0.0
Total domestic demand	27.2	4.0	2.5	-0.8	0.2	1.9
Exports of goods and services	67.1	5.5	-1.9	2.6	3.2	3.3
Imports of goods and services	55.0	7.4	-1.0	1.3	2.4	3.3
Net exports[1]	12.1	-1.0	-1.9	2.7	2.1	1.2
Memorandum items						
GDP deflator	_	4.2	3.0	3.8	0.7	-0.3
Harmonised index of consumer prices	_	3.7	2.9	1.7	1.0	2.2
Private consumption deflator	_	2.6	1.6	1.6	0.5	1.7
Unemployment rate	_	5.7	6.1	6.9	7.1	7.1
General government financial balance[2]	_	0.2	0.0	0.1	0.3	-0.9
General government gross debt[3]	_	26.3	30.2	30.3	31.6	33.5
General government debt, Maastricht definition[2]	_	18.7	21.7	23.1	24.4	26.3
Current account balance[2]	_	6.6	5.8	5.2	7.0	6.5

1. Contributions to changes in real GDP, actual amount in the first column.
2. As a percentage of GDP.
3. As a percentage of GDP at market value.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051263

Financial sector regulation has been updated

The financial sector weathered the global and euro-area crises well. Financial supervision has been strengthened, and Luxembourg should continue to upgrade its regulatory and supervisory framework in line with European and international initiatives. The envisaged adoption of further changes to the regime of information exchange for tax purposes is welcome.

Consumption will grow faster in 2014

Against the background of a stabilising saving rate, consumption and domestic demand growth will pick up in 2014. The labour force will continue to grow steadily as workers from neighbouring countries are attracted by higher wages. The VAT rise will push up inflation in 2015, which could trigger an increase in indexed wages. Export growth will ease slightly as price competitiveness is reduced by the shift in the e-commerce VAT regime.

Risks are mostly on the downside

Lower growth in the euro area could weigh on the recovery of Luxembourg, reflecting strong trade and financial linkages. In addition, the negative impact of the new EU VAT regime on Luxembourg's position in the e-commerce industry could be larger than expected. Changes in financial sector regulation could require some Luxembourg banks to adapt their business model to the new environment. At the same time, larger safe haven capital inflows might boost activity in the large financial sector.

MEXICO

Even though the economy has faced difficulties from fitful external demand and an underperforming construction sector, a marked rebound in GDP growth is projected in 2014 and 2015. As external demand strengthens with the US recovery and the effects of fiscal stimulus start to take effect, investor confidence should return. Monetary policy has been accommodative, while the exchange rate has remained stable. Inflation expectations are well anchored, although inflation jumped briefly at the beginning of the year following tax rate hikes.

The ongoing boost to government spending is welcome to support investment, but as conditions begin to normalise, monetary accommodation and stimulus spending can be scaled back. Implementation of structural reforms in energy, finance and telecommunications, building on the constitutional amendments of the last year, should boost investment and productivity, as well as potential growth going forward.

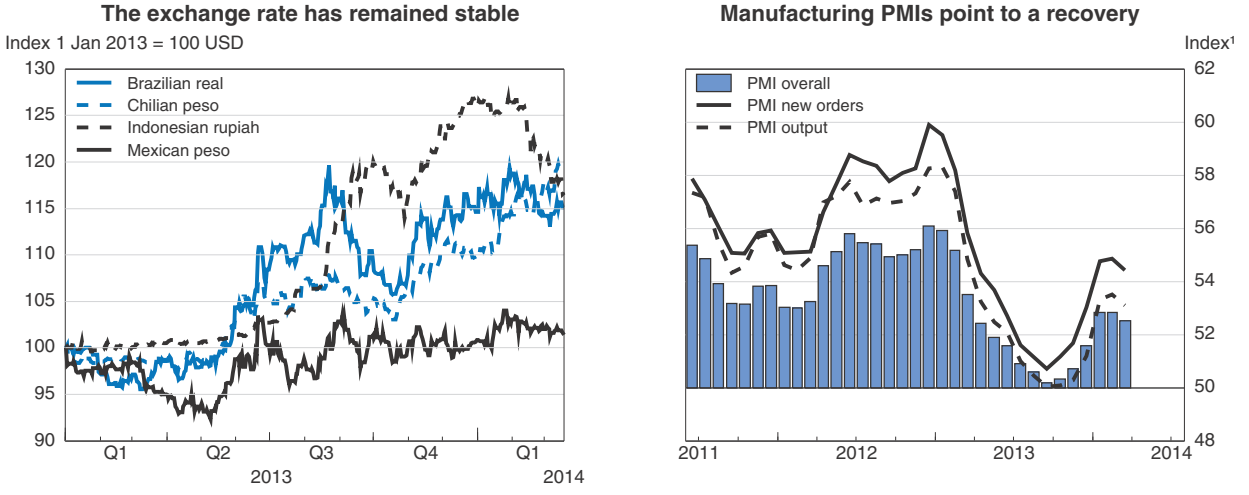
Growth has been weak recently

On-and-off external demand, notably from the United States, where severe winter weather depressed activity in the first quarter of 2014, has led to a lagged, but sustained, fall in industrial production that has only begun to be reversed. With the prolonged weakness in the industrial sector limiting wage gains, on top of a hike in consumption taxes, consumers have been reluctant to spend, even though a gradual recovery in consumption has now begun.

Policy credibility has been helpful

Headline and core inflation temporarily ticked up as a result of recent tax increases, but strong policy credibility has prevented this from feeding into higher inflation expectations. The exchange rate has remained broadly stable, especially compared to other emerging market economies that have been buffeted by the prospect of US "tapering" and interest rate

Mexico



1. Based on a 3-month moving average of the Markit Purchasing Managers' Index (PMI) for Mexico. Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 signal a deterioration.

Source: Datastream; and Markit.

StatLink http://dx.doi.org/10.1787/888933049610

Mexico: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices MXN billion	Percentage changes, volume (2008 prices)				
GDP at market prices	13 278.5	4.0	3.7	1.3	3.4	4.1
Private consumption	8 900.1	4.9	4.4	2.8	2.5	3.5
Government consumption	1 548.1	2.5	3.0	1.4	5.3	3.9
Gross fixed capital formation	2 800.4	7.9	4.6	-1.7	3.4	4.8
Final domestic demand	13 248.6	5.3	4.3	1.7	3.0	3.8
Stockbuilding[1]	187.6	-1.2	-1.1	-0.3	-0.4	0.0
Total domestic demand	13 436.2	3.9	3.2	1.4	2.6	3.9
Exports of goods and services	3 964.1	8.3	5.9	1.3	5.7	7.8
Imports of goods and services	4 121.8	8.1	4.2	1.5	3.3	7.1
Net exports[1]	- 157.7	-0.1	0.5	-0.1	0.8	0.2
Memorandum items						
GDP deflator	_	5.2	3.5	1.8	3.7	3.2
Consumer price index	_	3.4	4.1	3.8	3.9	3.3
Private consumption deflator	_	3.2	4.5	2.7	3.0	3.2
Unemployment rate[2]	_	5.2	4.9	4.9	4.6	4.4
Public sector borrowing requirement[3,4]	_	-3.4	-3.7	-3.2	-4.1	-3.6
Current account balance[4]	_	-1.1	-1.2	-1.8	-0.6	0.1

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 95 database.

StatLink http://dx.doi.org/10.1787/888933051282

increases. The central bank's policy rate remains at a record low of 3.5%, which should help to support a rebound in investment.

Fiscal policy is stimulatory

Fiscal policy has become strongly expansionary with the fiscal package introduced late last year. This package implied a budget deficit of 1.5% of GDP for 2014, excluding investment in the state oil company. The deficit on this official basis will only be partially closed in 2015. Public outlays are now helping the recovery of the construction sector from the serious financial problems it encountered in 2013.

Demand is expected to bounce back

Rising growth in the US and fiscal expansion at home is set to boost external and domestic demand, and the excess capacity that emerged in 2013 should begin to be absorbed. The passage of many structural reforms by the new administration – most notably in the energy, financial and telecommunications sectors – is already strengthening business confidence and improving the climate for private sector investment. In the longer term, these reforms will boost productivity and potential growth as well.

The risks are broadly balanced

Uncertainties surrounding the pace of the recovery in the United States stand out as a major risk to a rapid rebound of the manufacturing sector, which could limit the breath of the recovery. Perceptions about the

pace of withdrawal of US monetary policy accommodation could also trigger market instability that would affect Mexico, driving up long-term interest rates. On the positive side, the major reforms already passed could have earlier and larger effects on productivity and investment, helping to raise growth in a sustainable way sooner and more vigorously than projected.

NETHERLANDS

The economy is recovering after a double-dip recession, but growth is projected to be modest as households reduce their indebtedness, unemployment keeps rising and fiscal consolidation continues. Investment is expected to pick up gradually on the back of strengthening export growth.

Underlying fiscal consolidation is assumed to continue as set out in the coalition agreement, but the automatic stabilisers should be allowed to work freely. Although the authorities have already restricted mortgage interest rate deductibility, once the housing market recovers durably further measures to increase incentives for amortisation of mortgages should be taken. The planned labour market reforms need to be monitored closely to ensure they are effective in raising medium-term growth.

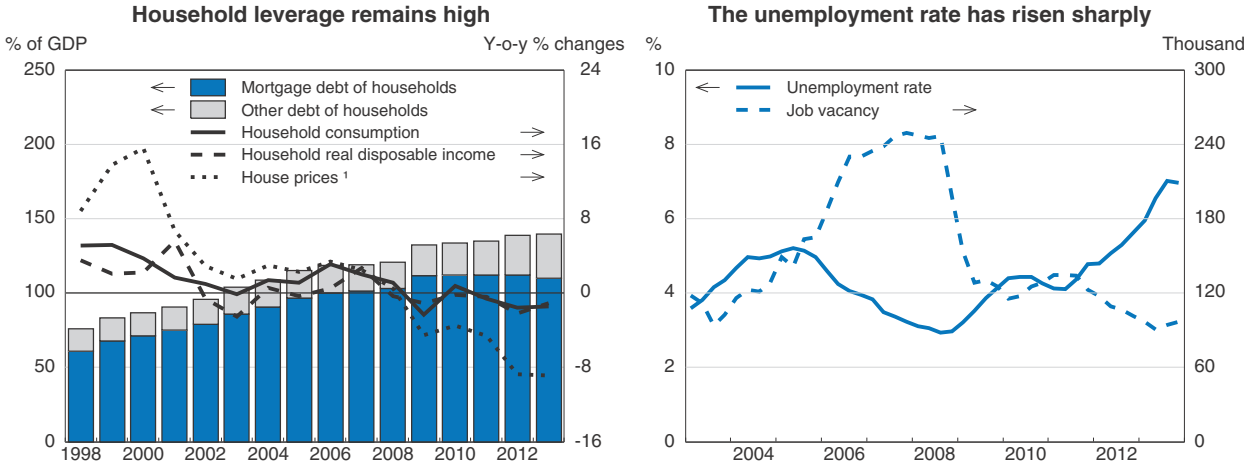
Investment and exports are driving a recovery

Economic growth is recovering, driven by a pick-up in investment, and short-term business indicators have improved. Exports, much of them re-exports, are also contributing to growth. High unemployment and considerable economic slack have led to a substantial decline in annual inflation. Household spending has been weak driven by subdued real wages and higher unemployment.

Fiscal consolidation continues

Fiscal consolidation, both tax hikes and spending cuts, has reduced the headline and underlying budget deficit considerably. The improvement of the fiscal balance also benefited from one-off receipts from a telecom auction worth around 0.6% of GDP in 2013. Fiscal consolidation is assumed to be governed by the 2012 coalition agreement and subsequent packages, but the automatic stabilisers are assumed to work freely.

Netherlands



1. House prices are deflated by consumer prices and refer to purchase prices of all dwellings sold to private individuals.
Source: Statistics Netherlands (CBS); and OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049629

Netherlands: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices € billion	Percentage changes, volume (2005 prices)				
GDP at market prices	586.7	1.0	-1.3	-0.8	1.0	1.3
Private consumption	268.2	-1.1	-1.6	-2.1	-0.6	0.1
Government consumption	167.0	0.2	-0.7	-0.2	0.4	-0.2
Gross fixed capital formation	101.9	6.1	-4.0	-4.8	4.2	2.3
Final domestic demand	537.1	0.7	-1.8	-2.0	0.6	0.4
Stockbuilding[1]	2.4	0.1	0.2	-0.3	0.0	0.0
Total domestic demand	539.5	0.8	-1.6	-2.4	0.6	0.4
Exports of goods and services	461.7	4.1	3.2	1.4	2.6	4.4
Imports of goods and services	414.4	4.2	3.3	-0.2	3.1	3.8
Net exports[1]	47.3	0.2	0.2	1.4	-0.1	0.9
Memorandum items						
GDP deflator	_	1.1	1.3	1.4	0.0	0.5
Harmonised index of consumer prices	_	2.5	2.8	2.6	0.5	0.8
Private consumption deflator	_	2.4	2.2	2.2	0.4	0.7
Unemployment rate	_	4.3	5.2	6.6	7.6	7.6
Household saving ratio, net[2]	_	4.9	4.1	5.1	6.0	6.2
General government financial balance[3]	_	-4.3	-4.0	-2.4	-2.7	-2.0
General government gross debt[4]	_	76.1	82.7	86.2	87.5	87.7
General government debt, Maastricht definition[3]	_	65.7	71.2	73.4	74.7	74.9
Current account balance[3]	_	9.1	9.5	10.4	8.9	9.8

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.
4. As a percentage of GDP at market value.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051301

Household debt remains high and the housing market is weak

Residential property prices – now 20% below their 2008 peak in nominal terms – show signs of stabilisation and transactions are increasing. The mortgage debt stock has declined somewhat but outstanding debt remains high and one third of households have negative house equity. Once the housing market has durably recovered, mortgage debt amortisation could be encouraged further by accelerating the reduction of mortgage interest relief for borrowers.

The unemployment rate remains high

The unemployment rate has risen sharply since the global crisis. A reform package to reduce labour market segmentation and to enhance labour mobility in the medium term is being legislated and will be gradually implemented from mid-2015 onwards.

Investment and exports will be driving growth

Growth is projected to increase further, driven by investment and exports, but will remain weak, as headwinds restrain domestic demand. The drag from private consumption is expected to recede slowly as real disposable income gradually recovers. Inflation should remain low given considerable slack in the economy, subdued wage growth and an unemployment rate that is projected to remain high for some time.

Risks are broadly balanced

Although the housing market has started to stabilise, a renewed period of falling house prices cannot be ruled out. Very low inflation and subdued wage growth could make it more difficult for households to reduce their indebtedness. Conversely, a faster housing recovery might lead to stronger consumption growth. Moreover, the economy could benefit from stronger external demand.

NEW ZEALAND

Economic growth continues to be strong, boosted by post-earthquake rebuilding, recovery from a drought and enormous terms of trade gains. Economic slack is being taken up, but so far inflation pressures have remained muted, thanks to renewed currency strength and moderate wage increases. But with growth projected to stay robust, such pressures are beginning to become manifest.

If export prices remain favourable and global demand picks up as projected, the Reserve Bank will have to continue to increase its policy rate to prevent overheating. Fiscal consolidation should continue as planned, eliminating the budget deficit in 2014 and putting public debt on a firm downward path before longer-term ageing pressures take hold.

Output is growing rapidly

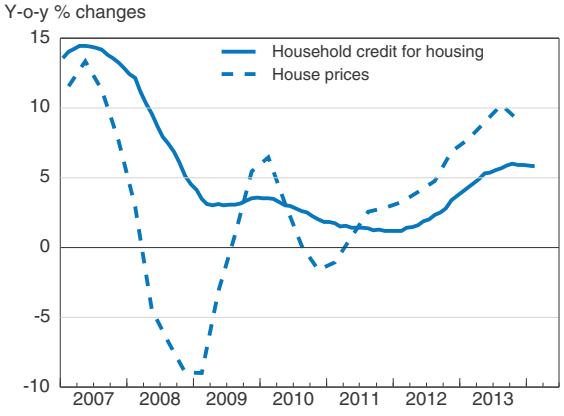
The economy is benefiting from post-earthquake reconstruction and a surge in immigration, both of which are supporting investment. Agriculture is a strong point, as production and export volumes have recovered from last year's drought, and the terms of trade have reached a 40-year high, spreading income gains to the household sector. Along with considerable capital appreciation in housing and ample job growth, consumers have the wherewithal to spend freely despite already high debt levels. Unemployment is still falling and wage and price inflation, while still modest, have begun to move up. Demand is being constrained by ongoing fiscal contraction and by the recent rise in official interest rates and expectations of further increases to come, which are putting upward pressure on the currency.

Monetary tightening should continue

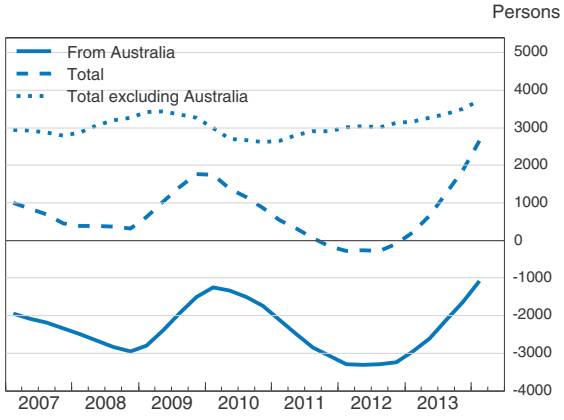
As output continues to grow robustly, policy rates will need to rise further to head off overheating. The projections assume a peak rate of 4.5% by early 2015, although the actual path of rates will of course depend on economic developments. Last October's implementation of

New Zealand

Household borrowing and house prices continue to rise



Net migration is rising quickly
Four-quarter moving average of the monthly data



Source: Reserve Bank of New Zealand; and Statistics New Zealand.

StatLink http://dx.doi.org/10.1787/888933049648

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

	2010	2011	2012	2013	2014	2015
	Current prices NZD billion	Percentage changes, volume (1995/1996 prices)				
GDP at market prices	197.3	1.2	2.9	2.5	3.5	3.3
Private consumption	115.0	2.5	2.9	3.4	3.7	3.4
Government consumption	39.5	0.9	-1.0	0.8	1.0	0.7
Gross fixed capital formation	36.7	4.8	7.2	9.5	9.6	7.3
Final domestic demand	191.2	2.6	2.9	4.1	4.4	3.8
Stockbuilding[1]	1.3	0.0	0.1	-0.1	-0.2	0.0
Total domestic demand	192.6	2.6	3.0	3.9	4.4	3.8
Exports of goods and services	60.0	2.5	2.2	1.0	3.3	3.6
Imports of goods and services	55.3	6.9	2.6	6.3	6.9	5.4
Net exports[1]	4.7	-1.2	-0.1	-1.5	-1.0	-0.4
Memorandum items						
GDP deflator	_	3.0	-0.6	2.6	3.6	1.2
Consumer price index	_	4.0	1.1	1.1	1.7	2.3
Core consumer price index[2]	_	2.7	1.0	1.2	1.8	2.3
Private consumption deflator	_	2.8	0.5	0.5	1.3	1.6
Unemployment rate	_	6.5	6.9	6.2	5.9	5.6
Household saving ratio, net[3]	_	0.4	-0.7	-0.2	0.2	-0.2
General government financial balance[4]	_	-4.4	-2.1	-0.3	0.1	0.7
General government gross debt[5]	_	41.3	42.4	40.6	39.3	38.1
Current account balance[4]	_	-2.9	-4.1	-3.3	-2.7	-3.7

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.
5. As a percentage of GDP at market value.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051320

macro-prudential limits on banks' mortgage loans has been surprisingly successful in limiting such lending.

Fiscal consolidation is on track

The general government deficit is projected to move into a small surplus this year, thanks to revenue surprises from strong activity. This will be enough to begin to reduce public debt. This counter-cyclical policy is appropriate given the projected business cycle developments and to strengthen sustainability to face the costs of population ageing. The government intends to proceed mainly by expenditure restraint, structural reforms to reduce welfare dependency and excise tax increases.

A number of factors will drive strong but easing growth

Real GDP is projected to advance at a brisk, if slowing, pace as the effects of immigration, rebuilding and terms-of-trade only gradually wear off, and as monetary tightening begins to bite. Domestic demand will be underpinned by healthy business conditions and heightened confidence from wealth gains and steadily declining unemployment. Although external demand is projected to strengthen progressively, the strong currency will remain a drag on export performance.

Risks are broadly balanced

The increasing momentum of demand could prove stronger than projected. On the other hand, high house prices, relative to incomes and rents, and household indebtedness pose risks to financial stability in the event of a negative shock. A deterioration in the global outlook, especially in China, would weaken export volumes and prices, slowing growth.

NORWAY

Economic growth is projected to recover in 2014-15, after a slowdown last year which left some slack in the economy. The impetus from the petroleum sector will be weaker than in recent years, but non-oil exports will pick up as the global economy improves. Household consumption will also gain strength on the back of growth in disposable income. The remaining slack will gradually diminish.

Monetary policy should, as the central bank foresees, remain accommodative for some time in order to support the recovery. Fiscal policy will be more expansionary, although well within the fiscal guidelines. The housing market seems to have cooled following the tightening of mortgage lending conditions, but property prices and banks' exposure to high household debt levels should continue to be monitored carefully.

Growth in the mainland economy moderated

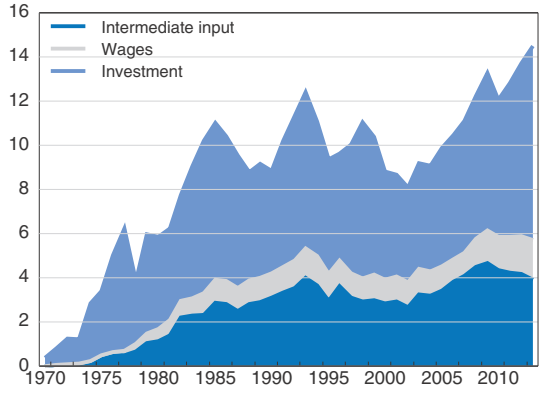
The mainland economy slowed last year, increasing slack as growth fell below potential. The unemployment rate increased slightly and inflation remained just below the 2.5% target. Interest rate policy has been supporting aggregate demand, while the authorities have introduced macro-prudential measures to reduce the risk of financial imbalances. The housing market has cooled, though prices seem to have levelled out in early 2014, after falling since mid-2013. It is not yet clear whether this marks a successful stabilisation of the housing market. Growth in household debt has declined recently, even though its level remains high. The household saving ratio has risen to high levels, but is expected to level off.

Monetary and fiscal policy will support growth

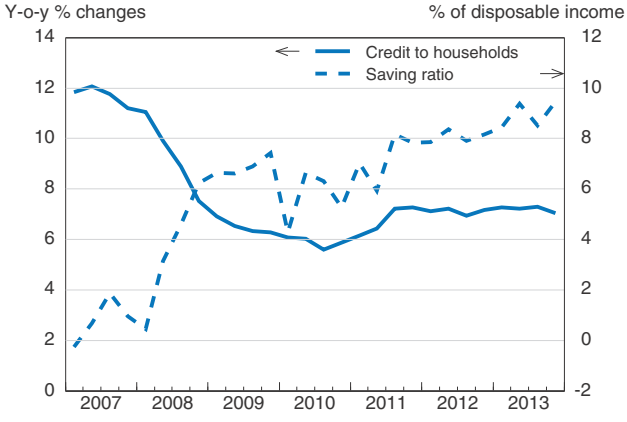
The central bank should maintain its accommodative monetary policy for some time, as foreseen in its recent reports, in order to support the recovery. Fiscal policy will be more expansionary under the new government, through cuts in taxes on household income and more infrastructure spending. The non-petroleum structural deficit is projected to increase by half a percentage point of mainland GDP in 2014. While a

Norway

Petroleum-dependency continues to increase
Petroleum sector demand as a % of mainland GDP



Household debt and saving ratios



Source: Ministry of Finance; Norges Bank; OECD Economic Outlook 95 database; and Statistics Norway.

StatLink http://dx.doi.org/10.1787/888933049667

Norway: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices NOK billion	Percentage changes, volume (2011 prices)				
GDP at market prices	2 544.3	1.3	2.9	0.6	2.0	2.4
Private consumption	1 090.0	2.6	3.0	2.1	2.2	3.0
Government consumption	558.5	1.1	1.8	1.6	2.3	2.3
Gross fixed capital formation	482.0	7.7	8.3	8.7	3.3	3.8
Final domestic demand	2 130.4	3.4	3.9	3.6	2.5	3.0
Stockbuilding[1]	110.2	-0.1	-0.1	0.0	0.0	0.0
Total domestic demand	2 240.6	3.1	3.6	3.4	2.3	2.9
Exports of goods and services	1 030.0	-0.7	1.1	-3.9	1.5	2.2
Imports of goods and services	726.3	3.8	2.3	2.5	2.5	3.5
Net exports[1]	303.7	-1.4	-0.2	-2.3	-0.1	-0.1
Memorandum items						
Mainland GDP at market prices[2]	_	2.6	3.4	2.0	2.3	2.8
GDP deflator	_	6.7	2.8	2.6	2.4	2.7
Consumer price index	_	1.3	0.7	2.1	1.9	2.1
Private consumption deflator	_	1.0	1.1	2.7	2.3	2.3
Unemployment rate	_	3.2	3.1	3.4	3.5	3.5
Household saving ratio, net[3]	_	7.2	8.1	9.0	9.2	9.2
General government financial balance[4]	_	13.6	13.9	11.1	10.7	10.2
General government gross debt[5]	_	33.9	34.7	35.6	36.7	39.6
Current account balance[4]	_	13.6	14.5	10.8	11.1	11.3

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.
5. As a percentage of GDP at market value.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051339

small loosening of fiscal policy is appropriate in current circumstances, the authorities should continue to keep the non-petroleum structural budget deficit at a lower level than allowed under the guidelines, which specify a non-petroleum structural deficit of no more than 4% of the value of the sovereign wealth fund (Government Pension Fund Global, GPFG). Keeping the structural deficit appropriately well below (under 3% of the GPFG in 2014) helps to avoid excessive stimulus which could lead to overheating and damage competitiveness.

Mainland growth will gather pace

Economic growth will recover somewhat in 2014-15 with slack taken up gradually. The weaker stimulus from investment in the petroleum industry will be offset by rising non-petroleum exports as the global economy improves. Housing investment will be sluggish but private consumption growth will gain strength, supported by continued growth in household disposable income. With growth above potential, it will become necessary to begin to raise the key policy rate in late 2015, in order to maintain inflation close to the central bank's 2.5% target.

Risks are mainly to the downside

The housing market remains a source of risk, given high house prices and household indebtedness. Although a soft landing of the market is assumed in this projection, housing finance could evolve in a more disruptive way. Norway remains vulnerable to terms of trade shocks via petroleum prices. The spillover from the sluggish petroleum sector could be larger than assumed in these projections, in which case mainland growth would be more subdued.

POLAND

Real GDP growth is projected to gain momentum, driven by buoyant exports and a gradual strengthening in domestic demand. Headline inflation is likely to remain moderate in the coming few quarters before gently rising as economic slack is reduced.

The projections assume that the central bank will start increasing its policy rate towards the end of 2014 to contain rising inflation pressures. As economic growth is set to strengthen and fiscal room is limited, additional fiscal consolidation in 2015 would be appropriate. Nevertheless, the automatic stabilisers should be allowed to play around the underlying consolidation path.

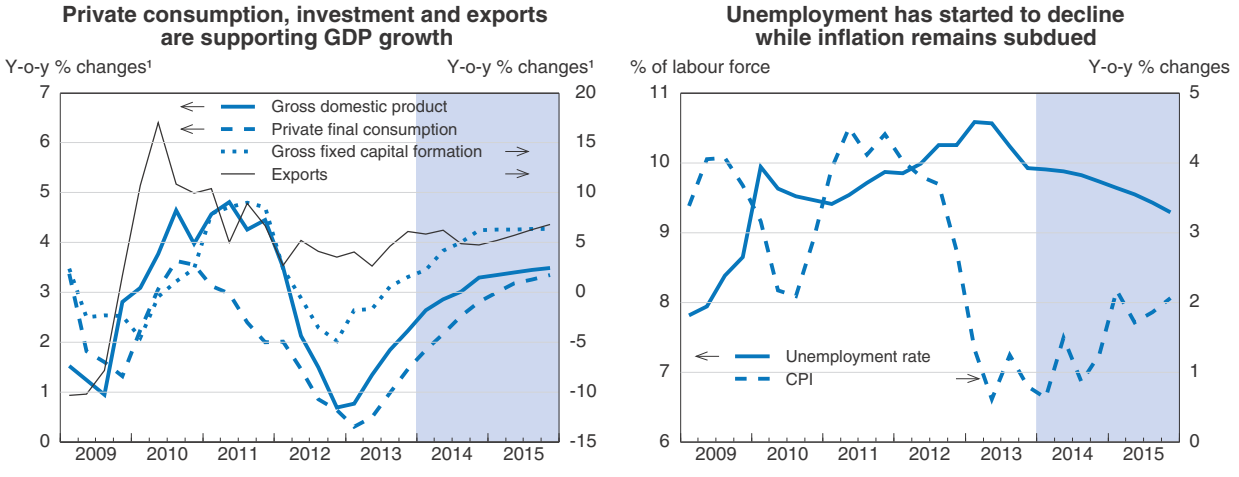
Economic activity has strengthened

Economic activity rebounded in the second half of 2013. Exports are moving ahead rapidly, strengthening industrial production and corporate investment. Improving consumer confidence and a slight decline in the unemployment rate are underpinning a pick-up in domestic consumption. The current account deficit is continuing to narrow, and Poland's financial markets held up well during January's emerging market turmoil. At the same time public investment slowed down, but disbursements of EU funds are set to pick up again in 2014-15 and should provide a stable source of funding for greater public investment.

Fiscal and monetary policies have been supportive

With rising public debt and depressed economic activity early in 2013, the government suspended the first debt ceiling of the fiscal rules and allowed the 2013 budget deficit to be larger than originally planned. Along with a record low monetary policy rate, this meant an exceptionally supportive macroeconomic policy stance. The central bank announced that the policy rate will stay on hold at least until the end of September 2014. For now, at 0.7%, inflation remains well below the 2.5% official target.

Poland



1. Volumes.
Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049686

Poland: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices PLN billion	Percentage changes, volume (2005 prices)				
GDP at market prices	1 416.6	4.5	1.9	1.6	3.0	3.4
Private consumption	867.8	2.6	1.2	0.8	2.3	3.2
Government consumption	268.4	-1.7	0.2	2.0	2.4	1.3
Gross fixed capital formation	281.3	8.5	-1.7	-0.4	4.4	6.3
Final domestic demand	1 417.6	3.0	0.5	0.8	2.7	3.4
Stockbuilding[1]	16.1	0.7	-0.6	-0.9	-0.3	0.0
Total domestic demand	1 433.7	3.6	-0.1	-0.2	2.5	3.5
Exports of goods and services	598.4	7.7	3.9	4.3	5.4	6.0
Imports of goods and services	615.5	5.5	-0.7	0.7	3.9	6.3
Net exports[1]	- 17.1	0.9	2.1	1.7	0.8	0.1
Memorandum items						
GDP deflator	_	3.2	2.4	0.7	0.6	1.5
Consumer price index	_	4.2	3.6	1.0	1.1	1.9
Private consumption deflator	_	4.9	3.7	0.7	1.0	1.7
Unemployment rate	_	9.6	10.1	10.3	9.8	9.5
General government financial balance[2,3]	_	-5.1	-3.9	-4.3	5.6	-2.9
General government gross debt[4]	_	63.0	62.3	63.8	56.8	58.4
General government debt, Maastricht definition[2]	_	56.2	55.6	57.1	50.2	51.7
Current account balance[2]	_	-5.0	-3.7	-1.3	-1.0	-1.1

1. Contributions to changes in real GDP, actual amount in the first column.
2. As a percentage of GDP.
3. According to ESA-95, with private pension funds (OFE) classified outside the general government sector and asset transfers treated as revenue.
4. As a percentage of GDP at market value.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051358

The pension reform lowered public debt

The 2014 pension changes reverse part of the 1999 reform and have created a one-off budget surplus in 2014. Together with some consolidation measures, they will reduce the general government deficit to 2.9% of GDP in 2015 although, under the new accounting standards to be adopted in September 2014, the deficit would be 3.1% of GDP. Some additional consolidation is appropriate to reduce public debt below the first corrective threshold of 43% of GDP (national definition) specified in the spending rule, and in view of prospective medium-term increases in healthcare and pension spending.

Growth is set to increase further

Real GDP growth is projected to increase gradually to 3.4% in 2015, as falling unemployment and rising wage growth sustain domestic demand. This should be enough to begin absorbing economic slack and raise inflationary pressures. Accordingly, the central bank is assumed to start to gradually increase its policy rate towards the end of 2014.

Risks are tilted to the downside

Events in Ukraine could depress exports and increase energy prices. Polish banks also remain vulnerable to a delayed resolution of European banks' problems through their dependence on foreign funding. By contrast, private consumption and investment could respond more strongly to swifter confidence improvements and income gains.

PORTUGAL

As global conditions improve and domestic demand recovers, economic growth is projected to resume gradually. In light of recent positive surprises on GDP, employment and exports, the recovery may materialise more rapidly than expected, although developments remain fragile. The unemployment rate is expected to continue to slowly decline throughout the forecasting horizon. As economic slack is and will remain sizeable, inflation is set to remain very low, with a risk of deflation, which would make debt reduction more difficult.

Progress in economic adjustment has been made on several fronts, including fiscal consolidation, external rebalancing, private sector balance-sheet adjustments and structural reforms. Maintaining the reform momentum holds the key to ensuring that the recovery will be sustainable.

Economic activity is showing positive signs

Economic growth has turned positive earlier than expected, reflecting mainly stronger exports. The unemployment rate is still very high, but has been falling since early 2013. Low price and wage increases are improving cost competitiveness and Portugal's export market share, which together with strengthening global markets is driving stronger exports.

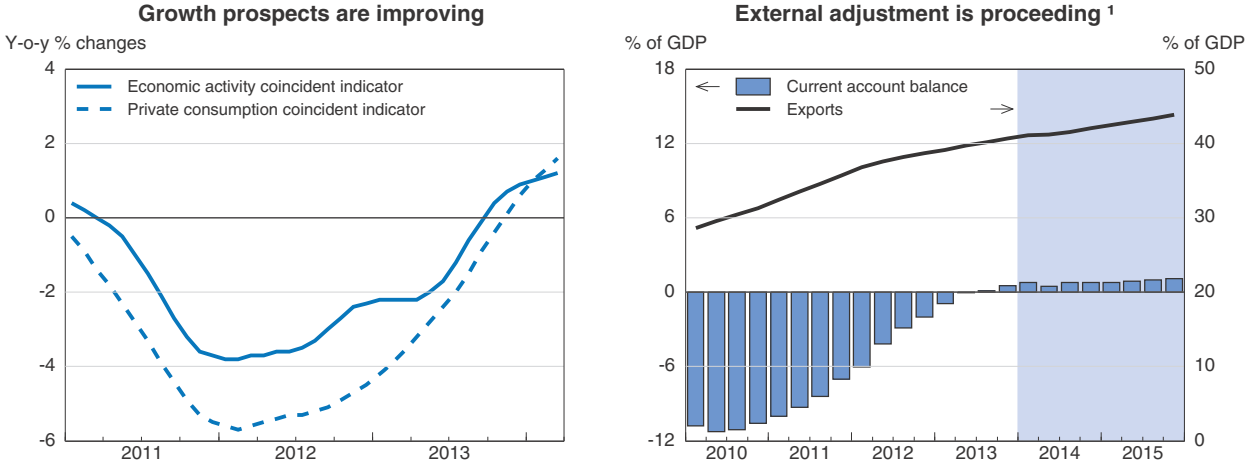
Fiscal adjustment will continue

The 2013 budget deficit was below programme targets on the back of stronger than expected revenues. The 2014 budget envisages consolidation measures amounting to 1% of GDP, mostly on the expenditure side, which are designed to meet the deficit target of 4% of GDP. This would imply a positive primary balance for the first time in 20 years.

Further fiscal adjustment is needed

Continuing the fiscal adjustment beyond the external support programme that is set to expire at the end of May 2014 will be necessary for debt sustainability and investor confidence. The deficit targets of 4%

Portugal



1. 4-quarter moving average.
Source: Banco de Portugal; and OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049705

Portugal: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices € billion	Percentage changes, volume (2006 prices)				
GDP at market prices	172.9	-1.3	-3.2	-1.4	1.1	1.4
Private consumption	114.0	-3.3	-5.3	-1.7	0.4	0.7
Government consumption	37.3	-5.0	-4.7	-1.8	-2.0	-2.1
Gross fixed capital formation	33.8	-10.5	-14.4	-6.6	3.3	2.8
Final domestic demand	185.1	-5.0	-6.8	-2.5	0.4	0.5
Stockbuilding[1]	1.0	-0.3	0.1	-0.1	0.2	0.0
Total domestic demand	186.2	-5.2	-6.7	-2.6	0.6	0.5
Exports of goods and services	54.1	6.9	3.2	6.1	4.5	5.1
Imports of goods and services	67.4	-5.3	-6.6	2.8	3.3	3.1
Net exports[1]	- 13.3	4.2	3.8	1.3	0.5	0.9
Memorandum items						
GDP deflator	_	0.3	-0.3	1.7	0.1	0.1
Harmonised index of consumer prices	_	3.6	2.8	0.4	-0.3	0.4
Private consumption deflator	_	2.5	1.5	0.3	0.1	0.3
Unemployment rate	_	12.7	15.6	16.3	15.1	14.8
Household saving ratio, gross[2]	_	9.7	12.0	12.6	11.3	10.1
General government financial balance[3,4]	_	-4.3	-6.5	-5.0	-4.0	-2.4
General government gross debt[5]	_	118.4	134.6	139.4	141.3	142.2
General government debt, Maastricht definition[3]	_	108.2	124.1	129.0	130.8	131.8
Current account balance[3]	_	-7.0	-2.0	0.5	0.8	1.1

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.
5. As a percentage of GDP at market value. In 2011 and 2012, because of large changes in the market value of liabilities, the change in government financial liabilities has been approximated by the change in the Maastrich definition of general government debt.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051377

and 2.5% agreed with the Troika for 2014 and 2015, respectively, are projected to be achieved. However, in light of the fragile recovery, the authorities should let the automatic stabilisers operate fully, even if this means some slippage relative to deficit objectives in the event of slower than anticipated growth.

Reducing private-sector debt remains a priority

Debt levels of households and private corporations are still too high, although household debt is falling and the household saving rate has risen. Bank balance sheets are also improving. However, firms face high borrowing costs and difficulties in accessing credit, partly because they are already highly indebted. Banks are providing easier credit access to the tradeable than to the non-tradeable sectors, which is helping the economy to rebalance away from domestic demand. Non-performing loan ratios remain high at 11.8% on average, and are significantly higher in the non-tradeable sectors.

The recovery will strengthen gradually, led by exports

Exports will continue to lead a strengthening recovery as growth in Portugal's export markets, especially the euro area, picks up. Continuing needed fiscal consolidation, high debt levels in the private sector and high unemployment will hold back domestic demand. However, the unemployment rate will fall gradually.

Risks remain skewed to the downside

Risks are mainly related to the sustainability of recent positive developments. Fuel exports from a refinery investment have accounted for a significant share of recent export growth, but, capacity limits have now been reached. Although spreads for Portuguese public debt have come down significantly, external events or deteriorating market perceptions could change this quickly. There is a risk of deflation, which would make debt reduction more difficult. On the upside, the banking system might provide more credit than assumed, which would promote investment and firms' expansion.

SLOVAK REPUBLIC

Economic growth is projected to pick up in 2014 and 2015 as export markets strengthen and the pace of fiscal consolidation slows down. Private consumption will contribute positively to GDP growth for the first time in five years with the recovery of the labour market and stronger real wages. Investment will progressively pick up thanks to a more favourable environment in the euro area, and will further expand the export-oriented manufacturing base. The completion of the highway network will further broaden the regional base for export-oriented activities.

To ensure that fiscal consolidation is sustainable, the authorities need to reduce the role of one-off budgetary measures. The ongoing reform of the public sector and the absorption of European Union funds should be strengthened. More effective active labour market policies and reforms in education would reduce long-term unemployment. Reforms to increase productivity in services will help to improve the resilience of the economy.

Growth is picking up

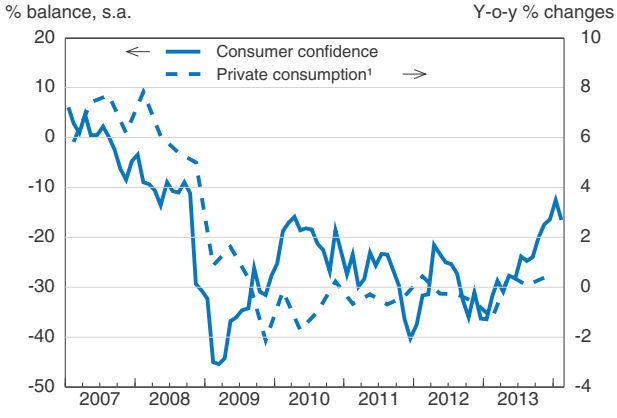
The economic recovery has strengthened and broadened as exports, investment and consumption all picked up. Low inflation supported real disposable income growth. Major investment projects were made in the last quarter of 2013, reaffirming the commitment of major investors to their existing operations in the Slovak Republic. Economic sentiment has been improving since the second half of 2013.

Growth is projected to shift more towards domestic demand

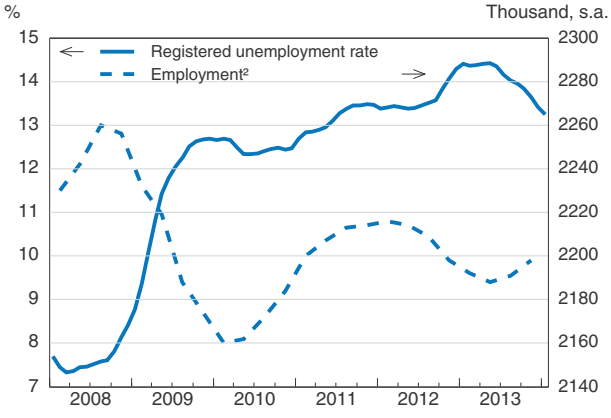
Exports and foreign investment will gain momentum with the expected acceleration of world demand in 2014 and 2015, in particular in the euro area and the Visegrad countries. Wage growth will progressively catch up with productivity gains, resulting in only a small improvement in price competitiveness, but fuelling consumption. Inflation is projected to remain subdued given the large economic slack remaining.

Slovak Republic

Private consumption is picking up



The long-depressed labour market shows signs of recovering



1. In volume terms.
2. Domestic concept.

Source: OECD Main Economic Indicators database; OECD Economic Outlook 95 database; and OECD Quarterly National Accounts database.

StatLink http://dx.doi.org/10.1787/888933049724

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

	2010	2011	2012	2013	2014	2015
	Current prices € billion	Percentage changes, volume (2005 prices)				
GDP at market prices	65.9	3.0	1.8	0.9	2.0	2.9
Private consumption	38.5	-0.5	-0.2	-0.1	1.1	1.9
Government consumption	12.7	-4.3	-1.1	1.4	1.3	-0.2
Gross fixed capital formation	13.9	14.2	-10.5	-4.3	3.0	3.8
Final domestic demand	65.0	1.9	-2.8	-0.7	1.5	1.9
Stockbuilding[1]	1.0	-0.8	-1.4	-0.1	0.3	0.0
Total domestic demand	66.1	0.8	-4.2	-0.8	1.9	1.9
Exports of goods and services	53.0	12.2	9.9	4.5	6.2	6.1
Imports of goods and services	53.1	9.7	3.3	2.9	5.7	5.4
Net exports[1]	- 0.2	2.0	5.9	1.7	0.9	1.1
Memorandum items						
GDP deflator	_	1.6	1.3	0.5	0.7	1.0
Harmonised index of consumer prices	_	4.1	3.7	1.5	0.4	1.0
Private consumption deflator	_	3.8	3.4	1.3	0.5	1.0
Unemployment rate	_	13.6	13.9	14.2	13.9	13.2
General government financial balance[2]	_	-4.8	-4.5	-2.8	-2.7	-2.6
General government gross debt[3]	_	48.3	56.9	59.3	59.1	60.1
General government debt, Maastricht definition[2]	_	43.6	52.7	55.4	55.2	56.2
Current account balance[2]	_	-3.7	2.2	2.1	1.6	2.2

1. Contributions to changes in real GDP, actual amount in the first column.
2. As a percentage of GDP.
3. As a percentage of GDP at market value.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051396

Fiscal consolidation will slow

In 2013, higher revenues and some spending cuts led to a decline in the fiscal deficit of 1.7 percentage points of GDP. Fiscal consolidation should continue at a slower pace, as planned. Although it would be desirable to allow the automatic stabilisers to work, this would require Parliament to overrule the constitutional debt ceiling. In the medium term, the authorities should ensure that enough room is generated under the debt ceiling to allow automatic stabilisers to work without triggering the constitutional rule provisions. Improved tax collection, stronger consumption and rising incomes will all expand the tax base. However, the importance of one-off budgetary measures (such as revenues coming from the auction of a telecommunication frequency band and sales of state property) raises concerns regarding the sustainability of fiscal consolidation. The debt-to-GDP ratio is expected to stay just below the constitutional debt ceiling of 57% of GDP in 2014 and 2015, taking into account one-offs and planned privatisation revenues.

Structural policies are needed to strengthen medium-term growth

Economic growth is projected to rise to 3% in 2015, well below pre-crisis growth rates. To raise growth further, active labour market, education and innovation policies need to be strengthened. In the context of ongoing fiscal consolidation, higher absorption of EU funds would provide room for more public investment.

Risks are mainly external

The recovery could be delayed if economic growth in the euro area, in particular in Germany, is lower than expected or if deflation risks materialise. It could also be weakened by events in Ukraine. The particularly large share of domestic government bonds held by banking sector is a negative risk for credit growth. On the other hand, steps to implement a comprehensive banking union in the euro area, including a fiscal backstop, more quickly could reduce uncertainty. This will contribute to boosting and rebalancing lending towards the corporate sector, in particular to finance start-up investment.

SLOVENIA

Output is projected to start growing again in 2014 as stronger foreign demand boosts exports. Sustained weaknesses in the banking sector and needed debt reduction in the corporate sector will weigh on investment, while continued fiscal consolidation will be a further drag on demand. With a gradual recovery in domestic demand and continued pick-up in exports, activity should gather pace in 2015. Large slack and high unemployment will keep inflation low.

Restructuring over-indebted companies should proceed without delay, accompanied by privatisation and improved corporate governance. Consolidation in the banking sector is warranted and bank supervision should be strengthened. The resolve to contain public debt should continue, although the automatic stabilisers should be allowed to operate fully. A new pension reform will soon be needed. Active labour market policies could be strengthened and labour market duality reduced further.

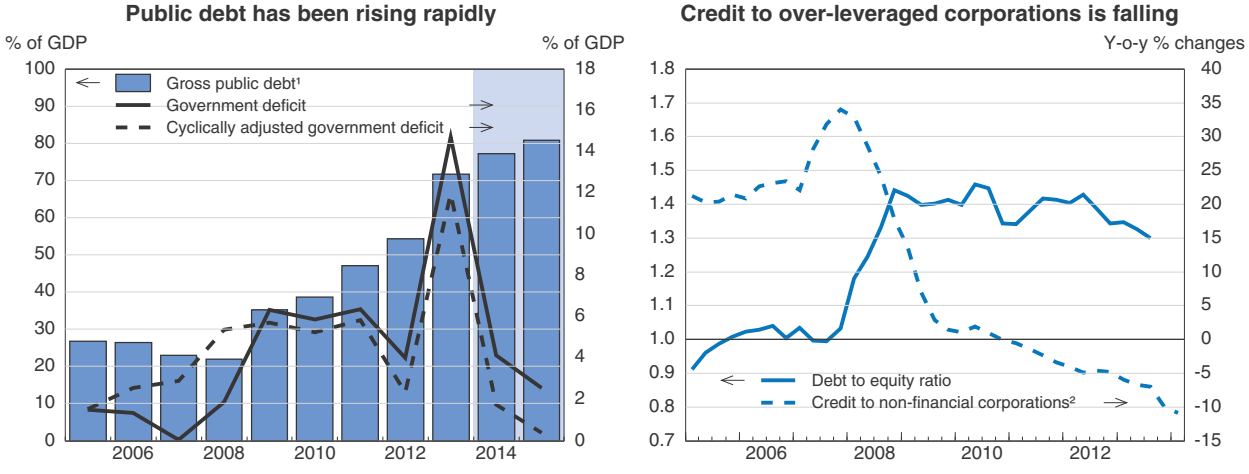
Growth is returning

Amid improving sentiment, stronger investment and exports, and reviving consumption, growth is returning. Nevertheless, the state of the banking sector remains fragile as non-performing loans are high and credit to the over-leveraged corporate sector is falling. Restructuring of companies and consolidation in the banking sector is yet to start in earnest. A tight fiscal stance and a weak labour market continue to weigh on demand.

Recapitalisation of banks calmed financial markets

Following the results of an asset quality review and stress tests of eight Slovenian banks in December 2013, the government successfully recapitalised the three major state-owned banks at a cost of EUR 3 billion (about 9% of GDP), and started to transfer their bad assets to the Bank Asset Management Company (BAMC). For the other five banks, the shareholders are required to meet capital needs, but there is still a risk

Slovenia



1. Maastricht definition.
2. Adjusted for sales and securitisation since 2010 Q1.

Source: OECD, Non-consolidated financial balance sheets by economic sector database; OECD Economic Outlook 95 database; and European central bank statistical data warehouse, MFI Balance Sheet Items Statistics.

StatLink http://dx.doi.org/10.1787/888933049743

Slovenia: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices € billion	Percentage changes, volume (2000 prices)				
GDP at market prices	35.5	0.7	-2.5	-1.1	0.3	1.2
Private consumption	20.3	0.8	-4.8	-2.7	-1.7	-0.7
Government consumption	7.4	-1.6	-1.3	-2.0	-1.8	-1.1
Gross fixed capital formation	7.0	-5.5	-8.2	0.2	-2.6	-1.9
Final domestic demand	34.6	-0.9	-4.7	-2.0	-1.9	-1.0
Stockbuilding[1]	0.3	0.6	-1.8	-0.5	1.0	0.0
Total domestic demand	35.0	-0.3	-6.4	-2.6	-1.0	-1.0
Exports of goods and services	23.7	7.0	0.6	2.9	4.0	5.0
Imports of goods and services	23.2	5.6	-4.7	1.3	2.2	2.6
Net exports[1]	0.5	1.0	3.8	1.3	1.5	2.2
Memorandum items						
GDP deflator	_	1.2	0.2	1.0	0.5	-0.1
Harmonised index of consumer prices	_	2.1	2.8	1.9	0.7	0.9
Private consumption deflator	_	1.7	1.6	0.9	-0.1	0.3
Unemployment rate	_	8.2	8.8	10.1	10.2	10.2
General government financial balance[2]	_	-6.4	-4.0	-14.7	-4.1	-2.6
General government gross debt[3]	_	51.2	61.6	80.5	85.9	89.7
General government debt, Maastricht definition[2]	_	47.1	54.4	71.7	77.2	80.9
Current account balance[2]	_	0.4	3.3	6.5	6.3	7.4

1. Contributions to changes in real GDP, actual amount in the first column.
2. As a percentage of GDP.
3. As a percentage of GDP at market value.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051415

that additional recapitalisation of up to 2% of GDP will fall on the government. The government remains committed to continue with planned privatisation of major banks and insolvency regulation has been reformed to ensure swifter restructuring of companies. These measures calmed financial markets, sovereign bond yields have fallen significantly, and ratings on sovereign and bank debt have improved.

Public debt is rising despite consolidation

Large deficits and bank recapitalisations have been driving up public debt. Fiscal consolidation continued in 2013 with cuts in non-wage spending and public sector wages, and increases in some taxes, including VAT, but the headline deficit is deteriorating due to capital injections into banks. The government aims to bring the deficit below 3% of GDP by end-2015. However, a court challenge to the new real estate tax planned for 2014 could result in revenues being 0.6% of GDP less than planned. The government has reacted by raising excise duties and further containing spending, and it should firmly stick to its underlying consolidation path, while allowing the automatic stabilisers to work.

Growth will turn positive but remain weak in 2014

While exports are projected to be strong amid the improving international environment, domestic demand and the labour market will remain weak due to corporate restructuring. Stronger growth is expected

in 2015 when exports will grow faster, and domestic consumption will recover more firmly towards the end of the year. Restructuring will keep unemployment high and inflation subdued.

Downside risks prevail

The baseline scenario hinges on successful policy actions to address corporate restructuring and reverse the public debt build-up. Political instability remains a risk. Fiscal slippage and stalled privatisation could worsen the perception of Slovenia in financial markets. Events in Ukraine could also weaken growth. Upside risks include a better international environment, a more positive impact from recent structural reforms on pensions and labour markets, and improved insolvency procedures.

SPAIN

Spain's moderate recovery is projected to strengthen gradually in 2014-15. Economic growth will be led mainly by exports, although private consumption will also strengthen, aided by an improving labour market and stronger confidence. Business investment is projected to benefit from the better economic outlook and higher exports. Higher activity will result in positive employment growth, but ample spare capacity will keep inflation low. This will enable further competitiveness gains, although there is a risk of deflation, which would make debt reduction more difficult.

With public debt projected to continue to rise, planned underlying fiscal consolidation should continue, although the automatic stabilisers should be allowed to operate fully in both directions. To accelerate the reduction in unemployment, it is crucial that the government continues to introduce reforms to improve growth and job creation. High priority should be given to activating youth and the long-term unemployed who face substantial training needs.

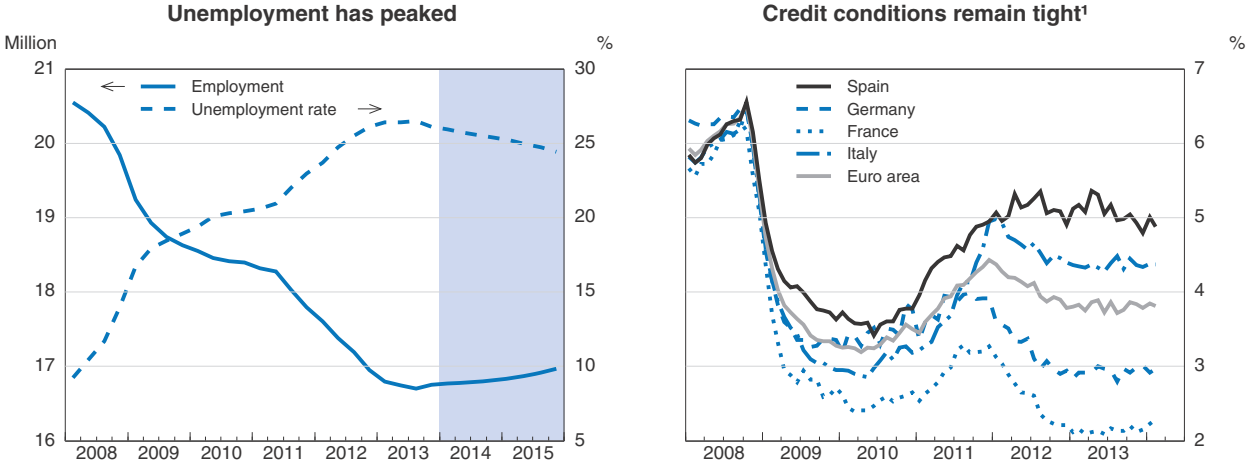
The outlook is improving

The recovery is getting firmer. Uncertainty has decreased and both consumer and business confidence have increased, contributing to the gradual pick-up in domestic demand. Employment has started growing, and sovereign spreads have decreased substantially. The current account moved from a 10% of GDP deficit in 2007 to a 0.7% of GDP surplus in 2013, reflecting solid export performance but also weak domestic demand. Core inflation remains very low.

Fiscal consolidation is set to continue

After a slight deviation from the 2013 headline deficit target, fiscal consolidation will continue in 2014 and 2015, although at a slower pace. High public deficits and low nominal GDP growth will push public debt over 100% of GDP (Maastricht definition). In order to put public debt on a declining path and to cement hard-earned fiscal credibility, the

Spain



1. Interest rate on loans of up to EUR 1 million. Narrowly defined effective rates (NDER) for operations with an initial rate fixation period of less than one year.

Source: OECD Economic Outlook 95 database; and European Central Bank.

StatLink http://dx.doi.org/10.1787/888933049762

Spain: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices € billion	Percentage changes, volume (2008 prices)				
GDP at market prices	1 045.6	0.1	-1.6	-1.2	1.0	1.5
Private consumption	605.1	-1.2	-2.8	-2.1	1.0	1.0
Government consumption	224.5	-0.5	-4.8	-2.3	-3.6	-2.5
Gross fixed capital formation	232.5	-5.4	-7.0	-5.1	0.3	2.0
Final domestic demand	1 062.1	-2.0	-4.1	-2.7	-0.1	0.5
Stockbuilding[1]	6.2	-0.1	0.0	0.0	0.0	0.0
Total domestic demand	1 068.3	-2.0	-4.1	-2.7	-0.1	0.5
Exports of goods and services	286.1	7.6	2.1	4.9	5.6	6.3
Imports of goods and services	308.7	-0.1	-5.7	0.4	2.6	3.8
Net exports[1]	- 22.6	2.1	2.5	1.5	1.1	1.0
Memorandum items						
GDP deflator	_	0.0	0.0	0.6	0.2	0.5
Harmonised index of consumer prices	_	3.1	2.4	1.5	0.1	0.5
Private consumption deflator	_	2.5	2.5	1.3	0.2	0.5
Unemployment rate	_	21.6	25.0	26.4	25.4	24.4
Household saving ratio, net[2]	_	6.8	4.4	4.7	5.2	6.0
General government financial balance[3,4]	_	-9.6	-10.6	-7.1	-5.5	-4.5
General government gross debt[5]	_	78.8	92.6	104.0	108.5	111.5
General government debt, Maastricht definition[3]	_	70.5	86.0	93.9	98.3	101.4
Current account balance[3]	_	-3.8	-1.1	0.7	1.6	2.0

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 deficits for Spain in 2012 and 2013 include outlays related to one-off banks restructuring operations amounting to 3.8% and 0.5% of GDP respectively.
5. As a percentage of GDP at market value.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051434

government must continue to stick to its medium-term underlying consolidation path and enhance the fiscal framework.

Long-term unemployment is a fundamental challenge

Positive employment growth resumed in the last quarter of 2013, and is expected to strengthen in 2014-15, benefiting from continued wage moderation. However, unemployment remains high and a significant proportion of it is long term; many have been out of work for more than two years. Those previously working in the construction sector need retraining if they are to find new jobs.

Growth will strengthen but remain moderate

The recovery is expected to strengthen gradually in 2014-2015 with domestic demand making a rising contributing to growth. However, budgetary consolidation, tight lending conditions and private deleveraging will continue to restrain the recovery. The unemployment rate is projected to continue to fall, but the large degree of slack will keep inflation low. To boost growth prospects further, the government should reform the tax system to make it more growth friendly and provide better incentives for job creation. Further efforts are also needed to facilitate

both new firm entry and growth of existing firms. Efforts to improve credit supply via banks and other financing sources should remain a priority.

Risks are balanced

Upside risks include a faster normalisation of financing conditions, which would boost investment further. Recent structural reforms may also raise activity sooner than anticipated. On the downside, high debt levels and elevated unemployment remain an important source of vulnerability to adverse shocks. If Spain's inflation rate falls more, this may slow down the decline in debt levels, and continued low inflation in the euro area would make it harder for Spain to regain cost-competitiveness.

SWEDEN

Growth is gaining momentum, driven by a strong pick-up in private investment and consumption. Although unemployment will remain high throughout 2014, it is projected to fall markedly in 2015, which should help push up inflation from current low levels towards the 2% inflation target.

Monetary and fiscal policies need to remain supportive for some time. There is a case for cutting policy interest rates further in the near term. Remaining labour market rigidities and gaps in activation policies for disadvantaged population groups should be tackled to generate a stronger and more inclusive recovery. Household debt needs monitoring and housing market rigidities should be reduced to increase supply.

Activity is picking up

Activity gained momentum towards the end of 2013, driven by private consumption, fixed investment, exports and restocking. The economic tendency indicator points to continued expansion. However, ample slack in the economy, including high unemployment, is reflected in low inflation.

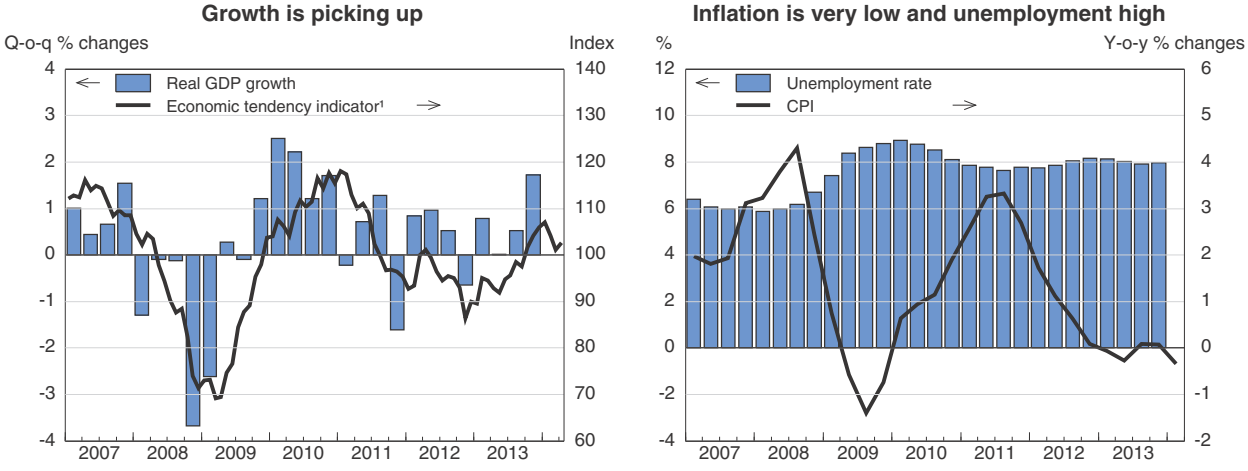
Monetary policy should remain accommodative

Monetary policy is quite accommodative, but consumer price inflation has fallen to around zero. The central bank has so far refrained from greater monetary support on the grounds of high housing-related credit growth and rising house prices. The ample economic slack, including high unemployment, would justify more monetary support in the near term, which should be withdrawn progressively as the economy improves.

The budget balance will improve gradually

In 2014, fiscal policy will be slightly expansionary. The increase in the earned-income tax credit, the lower threshold for the state income tax

Sweden



1. The Economic Tendency Indicator is based on monthly surveys of households and firms. It is normalised with a mean value of 100 and standard deviation of 10.

Source: National Institute of Economic Research; and OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049781

Sweden: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices SEK billion	Percentage changes, volume (2012 prices)				
GDP at market prices	3 332.4	3.0	1.3	1.5	2.8	3.1
Private consumption	1 616.0	1.7	1.7	2.0	2.9	3.2
Government consumption	887.6	1.1	0.8	1.9	1.2	0.9
Gross fixed capital formation	599.2	8.3	3.8	-1.2	3.4	4.9
Final domestic demand	3 102.8	2.8	1.9	1.3	2.5	2.9
Stockbuilding[1]	24.1	0.5	-1.2	0.2	0.3	0.0
Total domestic demand	3 126.9	3.3	0.6	1.5	2.8	2.8
Exports of goods and services	1 645.1	6.4	1.1	-0.9	3.2	5.1
Imports of goods and services	1 439.5	7.2	-0.1	-1.0	2.8	4.6
Net exports[1]	205.5	0.1	0.6	0.0	0.3	0.5
Memorandum items						
GDP deflator	_	1.3	0.9	0.9	1.0	1.6
Consumer price index[2]	_	3.0	0.9	0.0	0.1	1.4
Private consumption deflator	_	1.7	1.2	0.6	0.9	1.3
Unemployment rate[3]	_	7.8	8.0	8.0	7.9	7.4
Household saving ratio, net[4]	_	10.4	12.2	12.2	11.9	11.5
General government financial balance[5]	_	0.0	-0.7	-1.3	-1.5	-0.8
General government gross debt[6]	_	47.6	46.7	47.1	48.5	48.3
General government debt, Maastricht definition[5]	_	38.7	38.3	40.5	42.0	41.7
Current account balance[5]	_	6.0	6.0	6.2	6.0	6.2

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.
6. As a percentage of GDP at market value.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051453

and additional spending targeted at reducing youth unemployment all help support activity. The deficit will fall as growth takes hold, although the exact path of consolidation is uncertain, with general elections due by September 2014.

Growth will gain momentum

Growth is strengthening, mainly driven by private consumption and a rebound in private investment. Export growth, fuelled by improving prospects in Sweden's trading partners, is set to contribute increasingly to output growth over the projection period. Household consumption and residential investment will continue to grow in line with incomes. Strong corporate cash positions and rising confidence will boost business investment. The unemployment rate is projected to fall from the second half of 2014, as job creation gathers momentum. Stronger labour market performance will in turn push up wages in 2015, and inflation is projected to begin to rise in late 2015. However, inflation will still be below target and, depending on economic developments, interest rates need to start rising only towards mid-2015.

Risks are tightly linked to exports and confidence

Weakening external demand and associated falls in business confidence, hiring and investment pose the largest risks to the projected upturn. However, external demand and confidence could also surprise on the upside. Domestically, high housing-related debt remains a concern.

SWITZERLAND

Economic growth is projected to pick up slowly. Export growth, subdued by the strong Swiss franc and a slow recovery in Europe, should rebound and support robust internal demand. Some slack, combined with the strong currency, is delaying the exit from deflation. Employment should keep growing throughout the projection period, driven by activity.

Monetary policy should remain accommodative until deflationary pressures are overcome, but the resulting housing price increases need to be monitored carefully and further macro-prudential measures implemented if necessary. If growth decelerates, Switzerland's healthy public finances have ample scope for discretionary stimulus. Accelerating the pace of agricultural sector reform would boost longer-term growth and productivity.

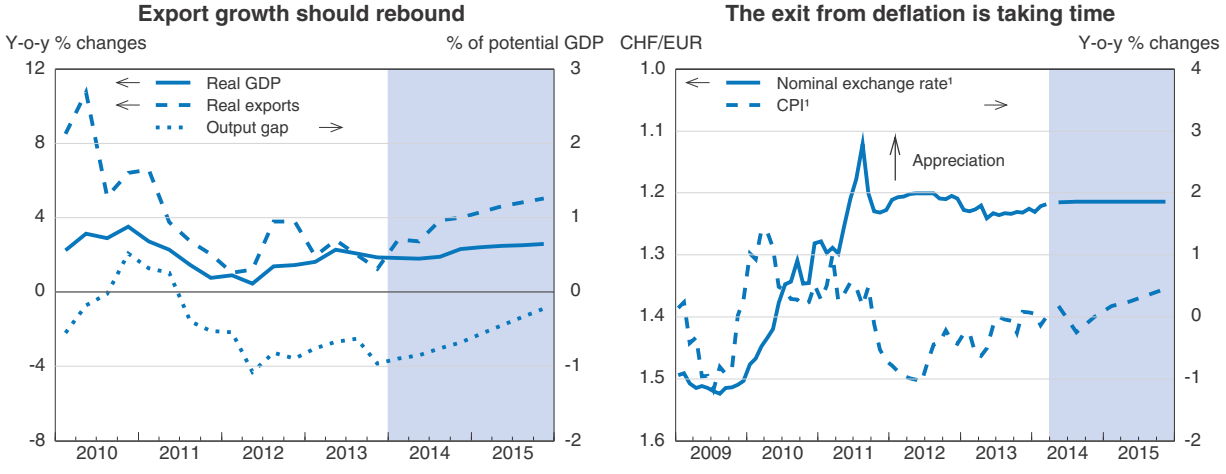
Growth is firming up

Domestic demand lifted GDP growth to 2% in 2013. It was driven by private consumption, which is underpinned by rising real wages and employment gains. In addition, on a year-on-year basis investment has returned to growth for the first time since 2011. While all components of investment are growing, construction was up 5.2% in 2013. Thanks to strong employment gains, especially in services and construction, the unemployment rate has fallen to 4%, a level not seen since early 2012. On a year-on-year basis prices were flat in the last 12 months after falling by 0.2% in 2013 and 0.7% in 2012.

The strong franc is weigthing on growth

While domestic demand has been fairly strong, exports have experienced several quarters of deceleration, reaching a growth rate now on par with that of GDP. The effect of the high value of the franc has been visible in goods exports, which fell by 0.5% in 2013. In particular, export-oriented branches such as manufacturing contributed negatively to

Switzerland



1. Monthly data; quarterly projections from 2014Q2.

Source: OECD Economic Outlook 95 database; and SNB, Monthly statistical bulletin April 2014.

StatLink http://dx.doi.org/10.1787/888933049819

Switzerland: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices CHF billion	Percentage changes, volume (2005 prices)				
GDP at market prices	572.7	1.8	1.0	2.0	2.0	2.5
Private consumption	331.8	1.1	2.4	2.3	2.4	2.7
Government consumption	62.9	1.2	3.2	3.0	1.8	1.1
Gross fixed capital formation	115.0	4.5	-0.4	1.8	3.5	2.9
Final domestic demand	509.8	1.8	1.8	2.3	2.6	2.5
Stockbuilding[1]	1.1	-0.1	-0.6	-0.4	0.2	0.0
Total domestic demand	510.9	1.7	1.2	1.8	2.7	2.5
Exports of goods and services	296.3	3.8	2.5	2.0	3.4	4.7
Imports of goods and services	234.6	4.2	3.1	1.6	5.4	5.2
Net exports[1]	61.8	0.2	0.0	0.4	-0.5	0.2
Memorandum items						
GDP deflator	_	0.4	0.1	0.0	0.5	0.7
Consumer price index	_	0.2	-0.7	-0.2	0.0	0.3
Private consumption deflator	_	0.0	-1.1	-0.6	-0.4	0.1
Unemployment rate	_	4.0	4.1	4.3	3.9	3.4
General government financial balance[2]	_	0.7	-0.2	0.1	0.1	0.3
General government gross debt[3]	_	46.3	46.5	46.2	45.9	45.3
Current account balance[2]	_	8.9	9.5	13.4	11.3	12.7

1. Contributions to changes in real GDP, actual amount in the first column.
2. As a percentage of GDP.
3. As a percentage of GDP at market value.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051472

growth in 2013, in sharp contrast with the situation prior to the appreciation of the currency. Even though monetary policy has been very accommodative and the European economy is slowly improving, the Swiss franc has remained strong. However, no official currency intervention has been required of late to maintain the currency ceiling.

Export growth and prices should rebound

As the European recovery gathers steam and the effect of the strong franc abates, export growth should rebound. Together with sustained internal demand it should push up growth to 2.5% in 2015 and maintain the current account surplus above 10% of GDP. Switzerland should move back to slightly rising prices towards the end of 2014, helped by a slowly closing output gap and by gently rising inflation expectations. By contrast, notwithstanding the introduction of macro-prudential measures in 2013, real estate prices are still increasing quickly: depending on the measure, between 4.7% and 8% annually for owner-occupied apartments and between 2.6% and 7.4% for single-family homes.

Downside risks come from Europe and an overheating housing sector

The considerable uncertainty about the world economy, especially in Europe, poses a risk to Swiss exports. The exchange rate ceiling and zero interest rates offer limited scope for further stimulus on the monetary side, should growth dip. At the same time a prolonged period of record-low interest rates is boosting mortgage demand, up 4.3% over the past

year, creating a risk of increased imbalances in the housing sector. Years of fiscal prudence have helped Switzerland reduce its public debt, offering room for fiscal action if needed. Finally, expected immigration quotas are unlikely to have any immediate impact on growth, although they may increase uncertainty in the near term.

TURKEY

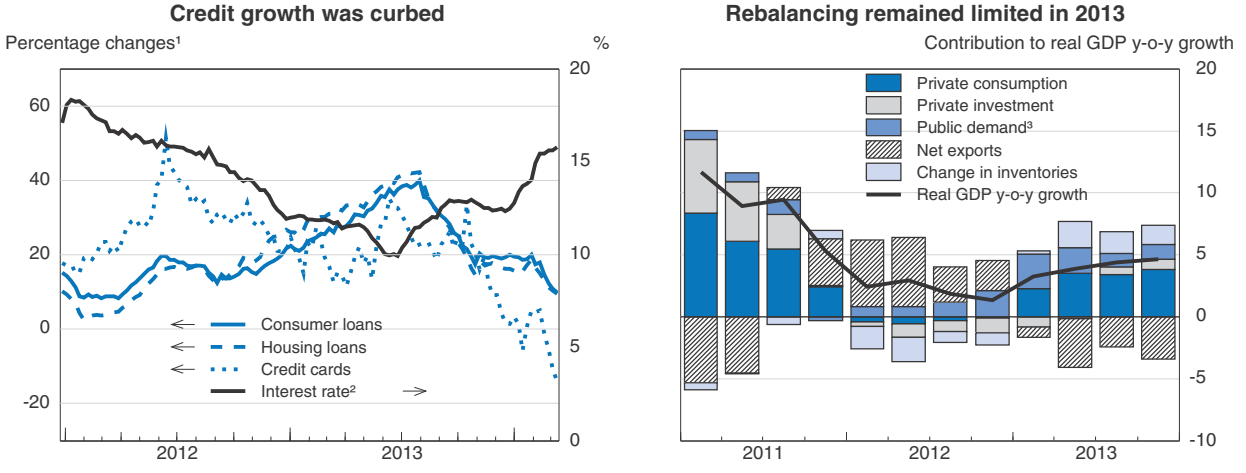
Economic growth lost momentum in the course of 2013, as capital market tensions pushed interest rates up. Credit and private demand decelerated. Export growth fell, notably due to rapidly declining gold sales. Political tensions have dented confidence, provoking capital outflows and forcing the central bank to raise interest rates sharply in early 2014. Growth is projected to remain subdued through mid-2015, while the current account deficit will remain very high.

Sustaining domestic and international confidence is crucial. Monetary, fiscal and financial policies should remain prudent. Improving fiscal transparency with timely general government accounts and comprehensive reporting on the activities of quasi-fiscal institutions is recommended. Disinflation is essential to preserve the bulk of recent competitiveness gains and to allow Turkey to benefit more from the projected recovery in global trade. Increasing the share of foreign direct investment inflows by improving business conditions in the formal sector would help reduce external vulnerability.

Growth lost steam during 2013

Economic growth lost momentum through 2013, as capital market tensions had a stronger impact on Turkey than on other emerging market economies. Under tighter financial conditions, credit growth slowed sharply. However, as employment growth remained buoyant, private demand decelerated only gradually. Faced with a widening current account deficit, policymakers moderated the stimulus imparted through public spending, and, in the last quarter of 2013, introduced new measures to rein in credit card use. Exports were essentially flat, as the pick-up of export markets and competitiveness gains from exchange rate depreciation were offset by sharply declining gold exports. Furthermore, recent political tensions led to a plunge in consumer confidence and business expectations. Following large currency depreciation, rising risk premia and sizeable foreign currency reserve sales, the central bank

Turkey



1. The annual growth rate of the credit stock is based on the 13-week moving average of the weekly growth rate.
2. Interest rate for consumer loans.
3. Government consumption and investment.

Source: Central Bank of the Republic of Turkey; and OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049800

Turkey: **Demand, output and prices**

	2010	2011	2012	2013	2014	2015
	Current prices TRY billion	Percentage changes, volume (1998 prices)				
GDP at market prices	1 098.8	8.8	2.1	4.0	2.8	4.0
Private consumption	787.8	7.7	-0.5	4.6	1.9	4.7
Government consumption	157.5	4.7	6.1	5.9	5.6	4.3
Gross fixed capital formation	207.8	18.0	-2.7	4.3	2.1	5.2
Final domestic demand	1 153.1	9.1	-0.1	4.8	2.5	4.7
Stockbuilding[1]	6.7	-0.1	-1.4	1.4	-0.4	-0.1
Total domestic demand	1 159.8	8.9	-1.4	6.1	2.1	4.7
Exports of goods and services	233.0	7.9	16.3	0.1	7.9	8.1
Imports of goods and services	294.0	10.7	-0.4	8.5	2.7	9.7
Net exports[1]	- 61.0	-1.2	4.0	-2.6	1.2	-1.0
Memorandum items						
GDP deflator	_	8.6	6.9	5.9	8.5	6.6
Consumer price index	_	6.5	8.9	7.5	8.0	6.5
Private consumption deflator	_	8.9	8.1	6.4	8.3	6.8
Unemployment rate	_	9.6	9.0	9.5	9.8	9.6
Current account balance[2]	_	-9.6	-6.1	-7.9	-6.6	-6.9

1. Contributions to changes in real GDP, actual amount in the first column.
2. As a percentage of GDP.
Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051491

raised its policy rates by 550 basis points in January, increasing actual funding costs by about 250 basis points. Further measures were introduced in February to restrain consumer credit.

The two key imbalances persist

Growth is weak but headline inflation, at about 8.5%, far exceeds the 5% official target. Core inflation is also rising and is above even headline inflation. High inflation should persist in 2014 as a result of additional pass-through from exchange rate depreciation and indirect tax increases, which could erode competitiveness. The current account deficit approached 8% of GDP by late 2013 and, despite progress in rebalancing demand in early 2014, terms of trade losses will likely keep it above 6% for some time. The total external funding needs (to finance the deficit and maturing external debt) remain substantial at around 28% of GDP in 2014. So far there has been disproportionate reliance on short-term external borrowing to finance the current account deficit, with total external debt reaching 47% of GDP in 2013. Improving the business environment in the formal sector by implementing the regulatory reforms envisaged in the 10th Development Plan 2014-2018, concerning for example the labour market, could spur FDI inflows and reduce reliance on external debt.

There are now signs of a recovery

On the assumption that domestic confidence is restored and international confidence upheld, GDP growth may approach 3% in 2014 and 4% in 2015. High-frequency indicators point to an uptick in consumer and business sentiment in early 2014, with exports accelerating as the

base effect of gold trade vanishes. In order to hold confidence up during electoral cycle (presidential elections in August 2014 and general elections by June 2015), macroeconomic policy should remain transparent and predictable. A timely publication of consolidated general government accounts and full reporting on the activities of quasi-fiscal entities would help to preserve hard-won confidence in the integrity of public finances. Macroprudential measures to keep consumer credit growth in check should be maintained, and the quality of commercial loans should remain under close surveillance. Monetary policy should focus squarely on disinflation to stabilise the economy and minimise competitiveness losses.

Risks are tilted to the downside

Further financial market turmoil during the prospective normalisation of US monetary policy and intensifying internal political tensions are two major risks. If either of them were to materialise, confidence could falter and tensions arise in foreign funding. Moreover, financial stability could be imperilled if funding costs were to rise markedly. Turkey would also be affected negatively by further geopolitical tensions in the MENA region or by weak growth in Russia and Ukraine, which together account for a quarter of exports. On the upside, a firmer restoration of domestic and international confidence and stronger recovery in international trade would bolster growth.

OECD Economic Outlook
Volume 2014/1
© OECD 2014

Chapter 3

DEVELOPMENTS IN SELECTED NON-MEMBER ECONOMIES

BRAZIL

The economy has lost its earlier momentum, even though inflation remains stubbornly above the central bank's target mid-point of 4.5%. Tighter monetary policy, softer external demand and policy uncertainties due to the presidential election are likely to weigh on activity during 2014. In 2015, GDP growth is projected to rise somewhat, with persistent supply constraints, including a tight labour market, and the need for continued tight macroeconomic policies holding back domestic demand.

The central bank has appropriately raised its policy rate to reduce inflation. Keeping inflation expectations anchored will require firm monetary policy action and containing officially directed credit volumes. The planned tightening of fiscal policy in 2014 needs to be implemented. With slow productivity growth, disinflation will have costs in terms of growth and unemployment, but delaying policy action would only raise those costs. Faster increase in infrastructure investment, lower trade barriers and tax reform are all needed to raise potential growth.

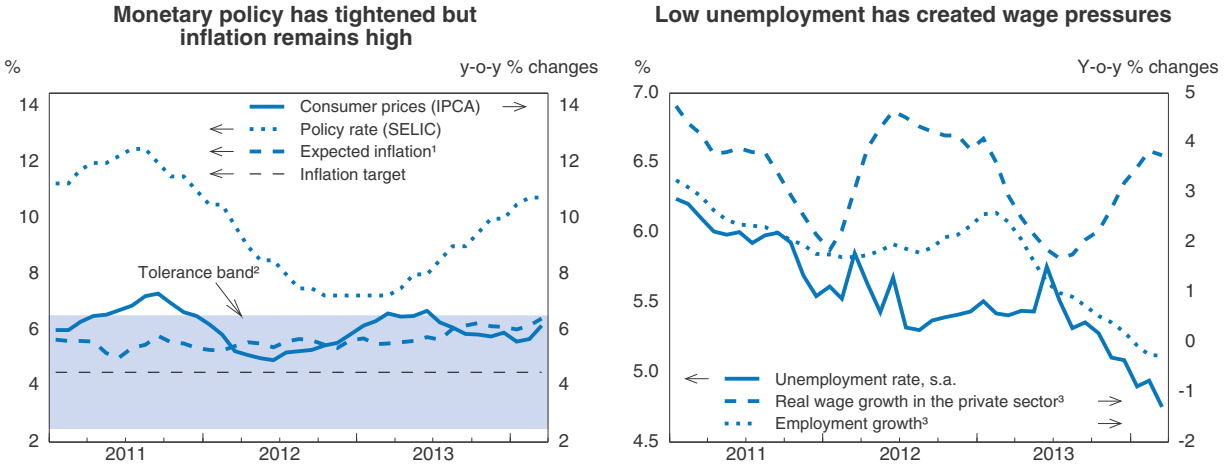
Growth remains moderate

The economy continues on a trajectory of moderate growth and high inflation. Private consumption is constrained by higher interest rates, although some household deleveraging has taken place since mid-2012 and the labour market remains buoyant. Higher interest rates and policy uncertainties related to the presidential election point to slower investment growth than last year. Export prospects have been affected by weaker external demand growth, especially for manufactured goods, although the currency depreciation is likely to support exports going forward.

Inflation is high

Measured on a year-on-year basis, inflation has been close to the top of the 2% band around the 4.5% inflation target for a year and a half now.

Brazil



1. 12-months ahead.
2. The inflation target is met whenever the accumulated inflation during the period January-December of each year falls within the tolerance band.
3. 6-months moving average.

Source: Central Bank of Brazil; and IBGE.

StatLink http://dx.doi.org/10.1787/888933049838

Brazil: **Macroeconomic indicators**

	2011	2012	2013	2014	2015
Real GDP growth	2.7	1.0	2.3	1.8	2.2
Inflation (CPI)	6.6	5.4	6.2	5.9	5.5
Fiscal balance (per cent of GDP)	-2.6	-2.5	-3.3	-3.4	-3.1
Current account balance (per cent of GDP)	-2.1	-2.4	-3.6	-3.1	-2.9

Note: Real GDP growth and inflation are defined in percentage change from the previous period.
Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051548

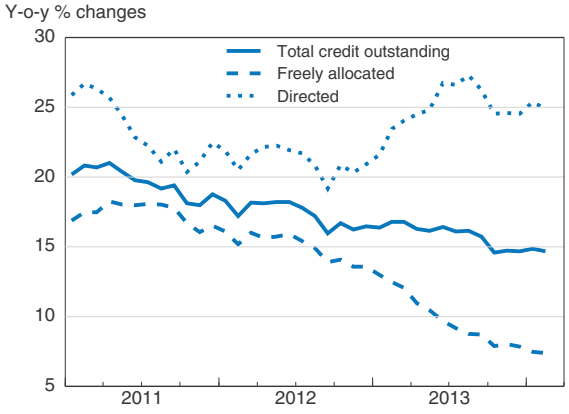
Against the background of stronger pressures from administrative price increases than in 2013, monetary policy will need to continue tightening in 2014 to keep inflation expectations anchored to the target. Postponing disinflation will only raise its costs in terms of output and employment losses, and the central bank should aim at bringing inflation back to the target midpoint earlier than its current 2016 objective. Establishing full central bank independence could support this task, as would lowering the demand pressures stemming from fiscal policy and government-directed credit extended by public and private financial institutions.

Fiscal restraint is warranted

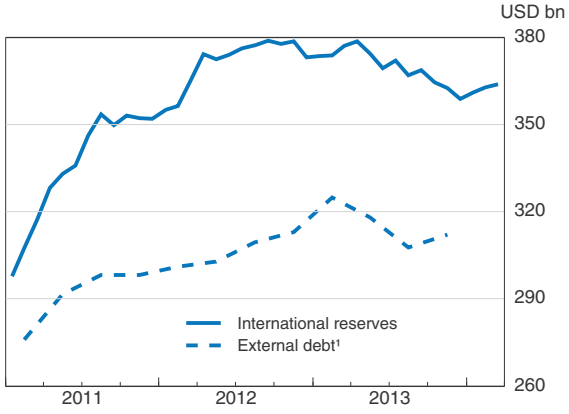
The 2013 primary fiscal surplus of 1.9% of GDP was the lowest since 2009, and the significant increases in gross debt that began in 2012 have not been fully reversed. The announced rise in the primary surplus target for 2014 is welcome, but it will only affect market expectations if it is backed by a credible commitment. Redesigning the fiscal rule to take account of the business cycle, for example by adopting an expenditure rule, would be one way to do this. Additional options include consolidating fiscal oversight, cutting the automatic link between the

Brazil

Credit growth has been driven by directed credit



Ample currency reserves are a cushion against turbulence



1. External debt does not include intercompany loans.
Source: Central Bank of Brazil.

StatLink http://dx.doi.org/10.1787/888933049857

Brazil: **External indicators**

	2011	2012	2013	2014	2015
			$ billion		
Goods and services exports	294.3	283.4	281.8	308	335
Goods and services imports	312.6	316.0	338.2	359	395
Foreign balance	- 18.2	- 32.6	- 56.4	- 50	- 60
Invisibles, net	- 34.2	- 21.7	- 25.0	- 23	- 16
Current account balance	- 52.5	- 54.2	- 81.4	- 73	- 76
			Percentage changes		
Goods and services export volumes	4.5	0.5	2.5	6.3	5.0
Goods and services import volumes	9.9	0.3	8.3	3.4	5.9
Terms of trade	8.5	- 4.9	- 1.7	0.2	- 0.4

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051567

fast-rising federal minimum wage and a significant number of social expenditure items, and reducing expenditures on the interest differential of directed loans, which continue to drive overall credit growth.

Structural policies can raise the economy's growth potential

The labour market continues to be tight, giving rise to persistent wage pressures despite slow employment growth. Additional domestic supply constraints include slow investment growth, infrastructure bottlenecks, trade protection, high and distortionary taxes and low levels of human and physical capital. The authorities' ambitious policy agenda for infrastructure investment can provide some relief, but the pace of implementation may trail behind ambitions.

Growth is projected to be moderate

Growth is projected to fall short of the economy's potential over the projection period, which itself has come down due to supply-side bottlenecks. Exports are expected to outpace domestic demand, particularly as global demand recovers and delayed exchange rate effects are felt. Inflationary pressures will recede slowly as the effects of contractionary macroeconomic policies become more visible.

Risks are broadly balanced

Like other emerging market economies, Brazil was affected by turbulent international capital markets in early 2014, which may re-emerge as interest rates in developed economies normalise. Brazil is well prepared due to its sizeable currency reserves, low external liabilities and the demonstrated ability of the central bank to manage expectations by providing dollar liquidity. Although portfolio outflows occurred in late 2013, foreign direct investment inflows and the overall financial account remain firmly positive. A potential upside risk is the 2014 FIFA World Cup, to be held in Brazil, whose effect on exports and domestic consumption is hard to foresee.

CHINA

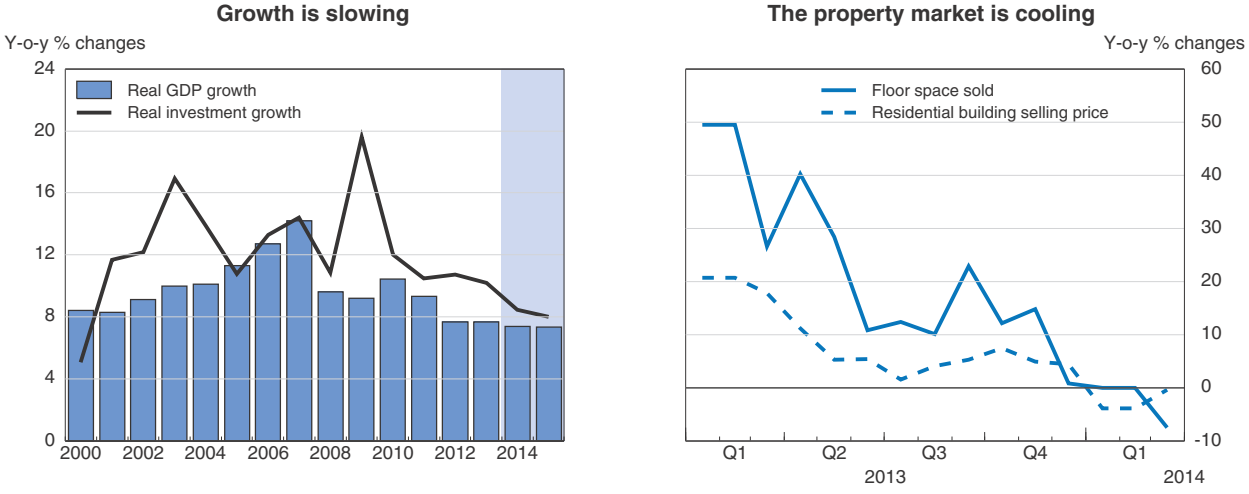
GDP growth fell in early 2014 as investment slowed in response to tighter credit conditions. In particular, restrictions on mortgage lending and land development continue to curb real estate investment and sales. Measures to phase out excess industrial capacity work in the same direction. However, investment will continue to be supported by a greater emphasis on urbanisation needs and the opening up of sectors previously off limits to private investment. Overall, growth is expected to remain a bit above 7¼ per cent over the next two years. The current account surplus is set to shrink to 1¼-1½ per cent of GDP.

The pace of structural reforms will influence short-term outcomes, the challenge being to keep up sufficient momentum to reduce imbalances whilst avoiding overly abrupt adjustments that might trigger a crisis. Risk needs to be better reflected in the price of funding. Orderly defaults by failing borrowers would help sharpen risk perceptions and lead to more efficient resource allocation without endangering financial stability. Sub-national government debt accumulated through investment vehicles should be incorporated in budget management and sub-national bond issuance would free up bank lending to SMEs.

Growth has slackened

GDP growth has declined as investment slowed due to efforts to rein in lending and more rigorous approval processes for land development projects. High inventories are driving property prices down in small cities, although demand has remained robust in megacities. Overcapacity in a number of industries, such as steel, cement and flat glass, has continued to weigh on overall business capital spending. Retail sales have also decelerated, though they do not include travel and other services, whose consumption has soared in recent years. A record high 13.1 million urban jobs were created in 2013 despite the slowdown, and urban unemployment stayed low.

China



Source: CEIC; and OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933049876

China: **Macroeconomic indicators**

	2011	2012	2013	2014	2015
Real GDP growth	9.3	7.7	7.7	7.4	7.3
GDP deflator (per cent change)	7.8	2.0	1.7	1.3	2.1
Consumer price index (per cent change)	5.5	2.6	2.6	2.4	3.0
Fiscal balance (per cent of GDP)[1]	0.1	-0.3	-0.7	-1.2	-1.2
Current account balance (per cent of GDP)	1.9	2.6	2.0	1.2	1.5

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 95 database.

StatLink http://dx.doi.org/10.1787/888933051510

Inflationary pressures have subsided

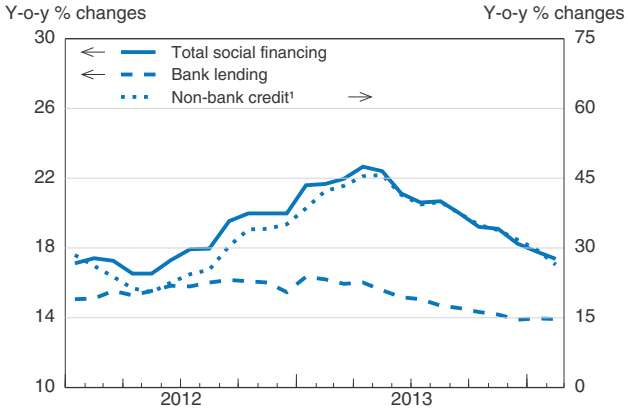
Core inflation remains subdued with falling prices of industrial products and inputs, notwithstanding labour shortages and resulting strong wage growth. At around 2.5%, headline inflation has been kept under control, helped by weak pork and other fresh food prices.

Credit growth is being reined in

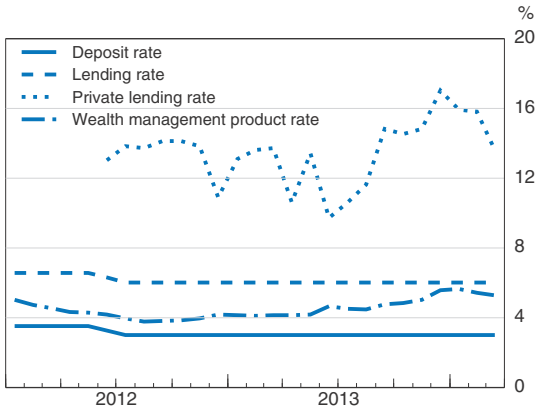
Credit, both on and off-balance sheet, has decelerated as a result of curbs on mortgage and local government vehicle lending. Trust and wealth management products have been subjected to stricter reporting requirements to encourage better pricing of risk. The on-going grassroots interest rate liberalisation has allowed savers to earn higher returns and risky borrowers to get access to funds. However, interconnections between high-yield investment products, major banks, sub-national governments and state-owned firms, along with repeated bailouts, underpin the impression of implicit guarantees. Orderly failure of insolvent investment products would sharpen risk assessments without

China

On- and off-balance credit growth is being reined in



Grassroots interest rate liberalisation has led to higher rates[2]



1. Includes bankers acceptances, trust loans, entrusted loans and net corporate bond financing.
2. Deposit rate refers to households savings deposit rate over one year; lending rate over one year; private lending rate refers to monthly average of private lending rates in Wenzhou; wealth management product rate is expressed as the weighted average rate of return.
Source: CEIC.

StatLink http://dx.doi.org/10.1787/888933049895

China: **External indicators**

	2011	2012	2013	2014	2015
			$ billion		
Goods and services exports	2 089.8	2 248.3	2 425.0	2 584	2 838
Goods and services imports	1 907.9	2 016.5	2 189.6	2 328	2 536
Foreign balance	181.9	231.8	235.4	257	302
Net investment income and transfers	- 45.8	- 16.5	- 52.6	- 142	- 141
Current account balance	136.1	215.4	182.8	114	161
			Percentage changes		
Goods and services export volumes	9.0	5.3	8.6	7.5	9.2
Goods and services import volumes	10.2	6.3	10.7	9.2	9.2
Export performance[1]	2.2	1.7	5.8	3.5	2.7
Terms of trade	- 3.4	2.8	1.3	1.8	0.9

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

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051529

endangering financial stability. The authorities are committed to step up structural reforms, which need to be pursued amidst deleveraging. Maturity mismatches on- and off-balance sheet imply liquidity risks, which call for the provision of sufficient, but not excessive, liquidity to avoid the reversal of deleveraging. Deposit interest rate liberalisation should be gradual to minimise default risks.

The renminbi exchange rate has become more flexible

The renminbi depreciated in early 2014 and in March 2014 its daily trading band was widened to +/-2% around the reference rate as part of a series of measures to enhance capital account convertibility and further internationalise the currency. While the central bank continues to fix the exchange rate daily, a broader band allows for greater movement, helping fend off speculation.

Fiscal measures have been taken to support growth

Recent fiscal measures to support growth include accelerated urban infrastructure and social housing investment, and tax breaks for SMEs. The budget deficit is projected to widen a bit in 2014, but overall gross public debt – including at sub-central levels - is set to remain around 50% of GDP (with central government debt around 20% of GDP). A large part of sub-national debt is accumulated by investment vehicles and is not recorded in government accounts. Income and debt repayments by sub-national government investment vehicles ought to be integrated into the budget to discourage inefficient investment projects and the associated demand for funding. Viable projects should still be financed as sub-national investment is a major driver of urbanisation and growth, but by issuing bonds instead of borrowing through investment vehicles.

Risks are tilted to the downside

Growth will remain moderate by historical standards against the backdrop of a slowdown in growth potential. Risks are mostly on the downside. Investment may slow more than projected if the supportive measures fail to counterbalance the effects of the phasing out of excess

capacity and the anti-corruption campaign. Consumption may also surprise on the downside if a cooling property market were to damp housing-related spending and weak income growth were to curtail spending on durables. Another downside risk relates to potentially disorderly defaults among corporate issuers and trust products. However, a stronger-than-expected global recovery would boost exports, investment and growth.

INDIA

Growth is expected to gather momentum. Investment should recover as projects cleared by the Cabinet Committee on Investment are implemented and political uncertainty declines after the May 2014 general elections. The rupee depreciation over the summer of 2013 and firming external demand will underpin export growth, while the rise in rural incomes and the decline in inflation will boost consumption. However, fiscal consolidation and supply bottlenecks, coupled with still high non-performing loans and corporate leverage, will weigh on the recovery.

Implementing the proposed inflation targeting framework will help anchor price expectations and improve business sentiment and consumer confidence. The fiscal deficit has narrowed, but more and better consolidation is needed. This would require implementing pending tax reforms and changing the spending mix away from energy subsidies towards better targeted social and infrastructure investment. Reforming labour regulations and improving the education and training systems would also promote growth and help create better quality jobs.

The slowdown is bottoming out...

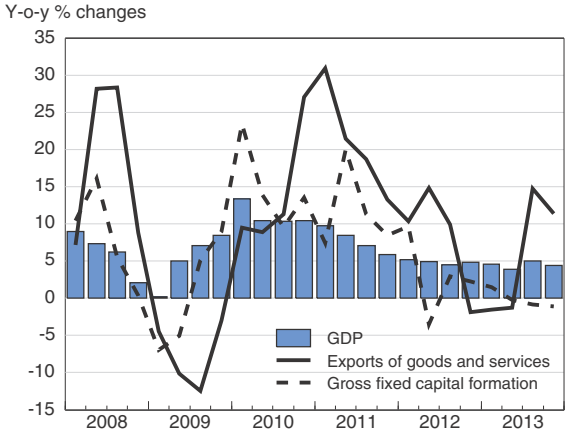
The recent rebound in exports as external markets recovered and the rupee depreciated has sustained growth. After contracting in real terms in 2013, investment was still sluggish early in 2014, partly reflecting high corporate leverage in some sectors. Lending to the non-food sector has remained sluggish. The decline in political uncertainty after the general election in spring 2014 should provide a new impetus to investment. While the manufacturing sector has been a drag on the economy, forward-looking indicators, such as industry new orders, point to some recovery. Financial and business services remain buoyant.

... and inflation is decelerating

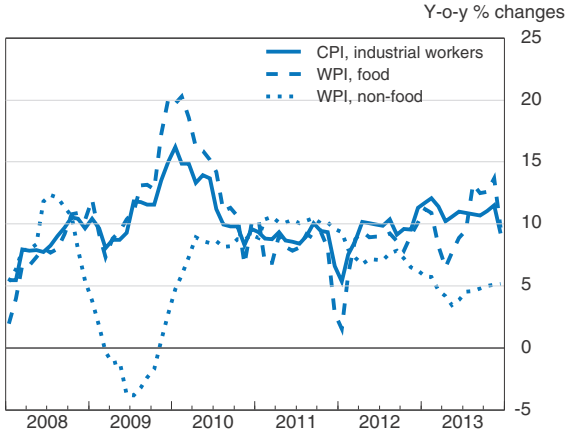
Consumer price inflation has fallen rapidly, largely driven by the adjustment in food prices. The impact of several one-off factors, including the rupee depreciation in the summer 2013 and hikes in regulated prices,

India

Subdued investment has pulled down growth



Headline inflation is now declining



Source: OECD Economic Outlook 95 database; and RBI.

StatLink http://dx.doi.org/10.1787/888933049933

India: **Macroeconomic indicators**

	2011	2012	2013	2014	2015
Real GDP growth[1]	6.6	4.7	4.4	5.4	5.7
Inflation[2]	8.6	7.2	6.6	6.4	6.2
Consumer price index[3]	8.4	10.4	9.7	7.6	7.2
Wholesale price index (WPI)[4]	8.9	7.4	5.9	6.3	6.4
Short-term interest rate[5]	8.1	7.9	7.6	7.8	7.1
Long-term interest rate[6]	8.4	8.2	8.4	8.5	8.1
Fiscal balance (per cent of GDP)[7]	-7.6	-7.4	-6.9	-6.5	-5.9
Current account balance (per cent of GDP)	-4.2	-4.8	-1.8	-1.1	-2.0
Memorandum: calendar year basis					
Real GDP growth	7.8	4.9	4.5	4.9	5.9
Fiscal balance (per cent of GDP)[7]	-7.4	-7.5	-7.1	-6.5	-5.9

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 95 database.

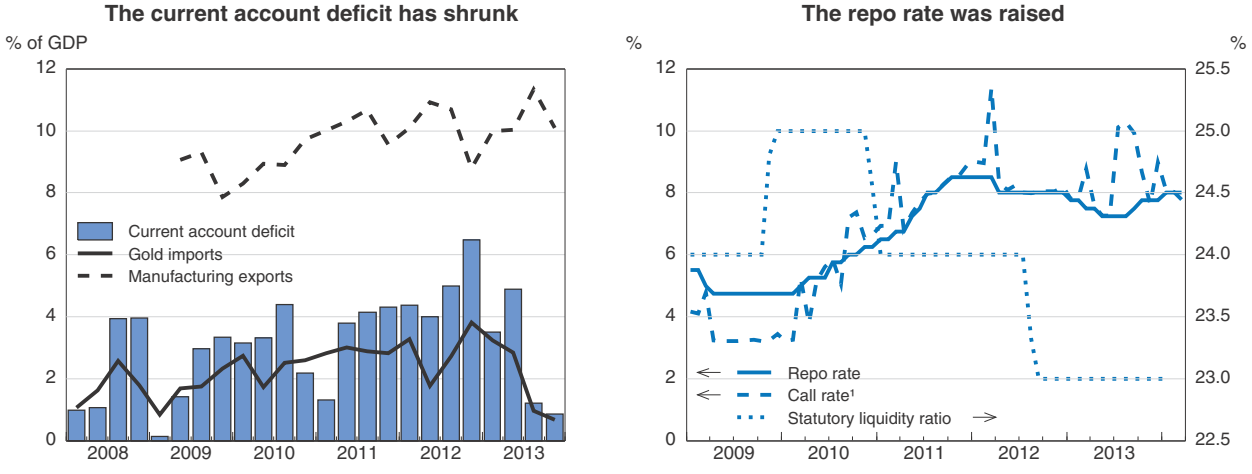
StatLink http://dx.doi.org/10.1787/888933051624

is also fading away. Still, core inflation remains sticky, hovering around 8%, and stands above the level of most other emerging economies.

External vulnerability has been reduced

The current account deficit has narrowed as subdued domestic demand and restrictions on gold imports have choked off imports while exports have continued to rebound. Gross foreign liabilities relative to GDP

India



1. The overnight Mumbai Interbank Bid Rate, or MIBID, is the average interest rate at which overnight deposits are offered between prime banks in the wholesale money market or interbank market.

Source: Central Statistics Office of India; National Stock Exchange of India; and RBI.

StatLink http://dx.doi.org/10.1787/888933049952

India: **External indicators**

	2011	2012	2013	2014	2015
			$ billion		
Goods and services exports	449.5	446.5	464.7	533	607
Goods and services imports	568.4	572.0	544.9	595	695
Foreign balance	- 119.0	- 125.4	- 80.1	- 62	- 89
Net investment income and transfers	40.7	37.0	45.5	39	44
Current account balance	- 78.3	- 88.5	- 34.6	- 23	- 45
			Percentage changes		
Goods and services export volumes	15.6	5.0	8.5	7.4	7.4
Goods and services import volumes	21.1	6.6	- 0.8	4.2	11.0
Export performance[1]	10.5	0.5	3.7	1.9	0.5

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 95 database.

StatLink http://dx.doi.org/10.1787/888933051643

remain well below those in most other emerging economies, capital inflows are booming again and foreign exchange reserves have been replenished. However, despite recent deregulation measures, FDI has stagnated at slightly above 1% of GDP. Competitiveness, volatile capital flows and high corporate leverage, with unhedged external debt in some companies, are still a concern.

The proposed move towards an inflation-targeting regime is welcome to anchor expectations

The policy interest rate was raised to 8% in January 2014 and has been kept constant since then while inflationary pressures receded and the economy was still weak. The proposed move towards an inflation-targeting regime would help anchor inflation expectations and monetary policy could be eased as inflation declines. Strengthening monetary policy transmission would require less administrative wage and price setting and measures to increase the health of the financial sector.

The fiscal consolidation roadmap is on track

Across-the-board public spending cuts and larger dividends paid by public companies have contributed to the achievement of the central government fiscal consolidation target. The gradual implementation of the subsidy reform – from in-kind to cash transfers coupled with a unique identification number to reduce fraud – has also helped. Still, spending pressures are building up as food and gas subsidies have been made more generous while public spending on education and health remains very low. While efforts have been made to improve tax compliance, reforms to simplify direct and indirect taxes and make them more growth friendly should be implemented swiftly.

Growth is projected to pick up but remain below the past decade's historical high

GDP growth is projected to recover gradually. Investment is to rebound after the spring general elections and as large investment projects recently approved by the Cabinet Committee on Investment are gradually implemented. Fiscal consolidation progress will also help to improve the business climate. Private consumption should firm up as

households' income continues to rise and the decline in inflation increases their purchasing power. However, export data for the first months of 2014 suggest that competitiveness remains an issue of concern. Overall, growth will likely remain below rates observed in the previous decade as the slow progress with structural reform and weak investment over the past two years have weighed on the economy's growth potential.

Risks are mostly internal

Economic growth would be faster than projected and more inclusive if an ambitious structural reform agenda were to be implemented rapidly. Reconsidering stringent labour market regulation would help create more and better jobs. A swift implementation of pending tax reforms would help raise more revenue in a less distortive way. Additional revenues and the savings which could be generated by reducing energy subsidies could finance increases in public education and health programmes. On the negative side, failure to halt the rise in non-performing loans could derail the pick-up in investment.

INDONESIA

In contrast to the fragility in a number of other emerging market economies, consumer confidence has firmed in Indonesia. The economy has slowed, and this and stronger exports have helped to narrow the current account deficit in recent months. As a result, current account concerns have dissipated, and the currency has appreciated sharply. Inflation has started to slow, as the impact of fuel subsidy cuts has abated and food prices have eased.

The rupiah remains vulnerable to international interest rate movements, but Bank Indonesia can afford to begin to lower its policy interest rates soon. Yet, external balance developments remain highly uncertain, and the authorities should stand ready to respond with monetary and fiscal measures in case of a sudden deterioration. Fiscal policy is broadly expansionary, and even though this year's elections may put further pressure on the budget, creating more fiscal room to expand the social safety net should be a priority. Measures also need to be taken to improve international competitiveness, notably by investing in infrastructure.

Household consumption is sustaining growth

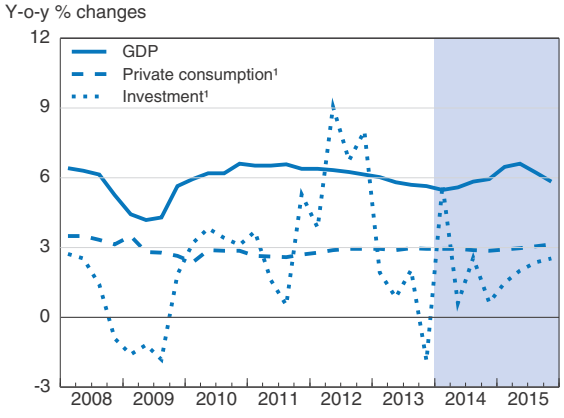
Household consumption continues to sustain economic growth on the back of firming confidence, cash transfers to poor families, strong wage gains and improving labour market outcomes. Moreover, interest rates seem to have peaked, and the impact of fuel price rises (which reflect a welcome decline in subsidies) on the cost of living is abating. In contrast, investment is still weak, reflecting higher interest rates and demand weakness.

The external balance is improving

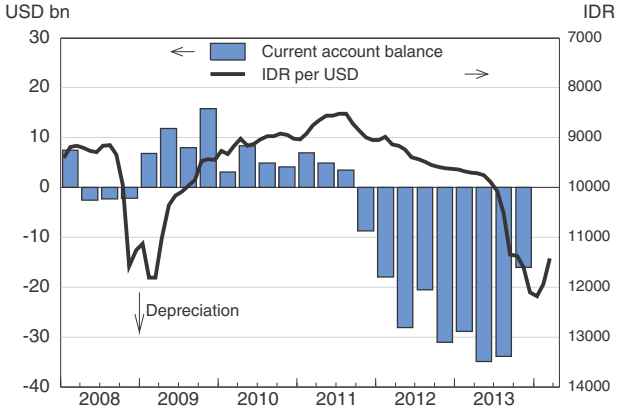
The balance on goods and services trade has been improving, and early 2014 outcomes confirm a positive trend, reflecting the low exchange rate and weaker domestic demand. However, recent outcomes are in part due to the bringing forward of exports related to the recent ore export ban.

Indonesia

Household consumption remains robust, but GDP growth continues to slow



The current account is improving on the back of the earlier large currency depreciation



1. Contribution to real GDP growth.

Source: Statistics Indonesia (BPS); OECD Economic Outlook 95 database; and Bank Indonesia.

StatLink http://dx.doi.org/10.1787/888933049914

Indonesia: **Macroeconomic indicators**

	2011	2012	2013	2014	2015
Real GDP growth	6.5	6.3	5.8	5.7	6.3
Inflation (CPI), period average	5.4	4.3	7.0	5.4	4.7
Short-term interest rate	6.9	5.9	6.1	7.3	6.4
Fiscal balance (per cent of GDP)	-1.1	-1.9	-2.2	-2.2	-2.0
Current account balance ($ billion)	1.7	-24.4	-32.5	-26.8	-26.8
Current account balance (per cent of GDP)	0.2	-2.8	-3.7	-3.1	-2.7

Note: Real GDP growth and inflation are defined in percentage change from the previous period.
Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051662

The rupiah has firmed and inflation has peaked

Reflecting the improving external balance and following the turbulence associated with the end of US "tapering", the rupiah has staged a recovery in recent months. This will ease inflationary pressures and further bolster sentiment. Headline inflation, which has been high due to the reduction in government fuel subsidies and the depreciating rupiah in 2013, has slowed more quickly than expected, reaching 7.8% in March. Core inflation has been rising but remains within the central bank's target range (4.5 ±1%).

Monetary policy should be eased

Official interest rates have remained at 7.5% since November 2013 in response to strong pressure, until recently, on the exchange rate and rapidly rising inflation. With pressure coming off the exchange rate and with inflation now slowing, official interest rates should start to be lowered starting in mid-2014. Despite the scaling down of fuel subsidies, the 2013 deficit was larger than planned due to higher social spending and lower commodity prices. The fiscal balance should remain in moderate deficit.

Growth is expected to firm

Growth is expected to be steady over the coming year at about 5¾ per cent, as the trend improvement in exports continues thanks to the lower exchange rate. The depreciated exchange rate will also curb imports, helping to narrow the current account deficit. Improving confidence will help to sustain consumption and lift investment in 2014 and 2015.

Risk are mainly external

Risks to the outlook are mainly on the external side, although the election this year might be disruptive. Trading partner demand may not recover as quickly as assumed, and Indonesia is still vulnerable to an increase in international interest rates, even though external funding requirements have fallen. The authorities should stand ready to respond with monetary and fiscal measures in the case of a sudden deterioration in external conditions and weakening market sentiment.

RUSSIAN FEDERATION

The moderate recovery that was under way at the end of 2013 has been halted by the turbulence related to the events in Ukraine. Associated increased uncertainties and capital flight are now weighing on investor confidence. Consumption growth will weaken as real income growth slows and consumer credit becomes more expensive. The weak rouble will provide some support to the slowing economy and the budget.

The higher fiscal revenues from the increasing rouble value of oil revenues (reflecting rouble depreciation) should be used to support the weaker domestic economy. Priority should be given to growth-enhancing spending programmes, in particular education, innovation and active labour market programmes. A temporary deviation from the medium-term fiscal framework should be reversed once the economy regains momentum. The Central Bank of Russia should maintain its transition schedule to a full inflation-targeting framework, but will have to balance transitory inflation changes related to currency movements against the need to prevent inflation expectations from unanchoring.

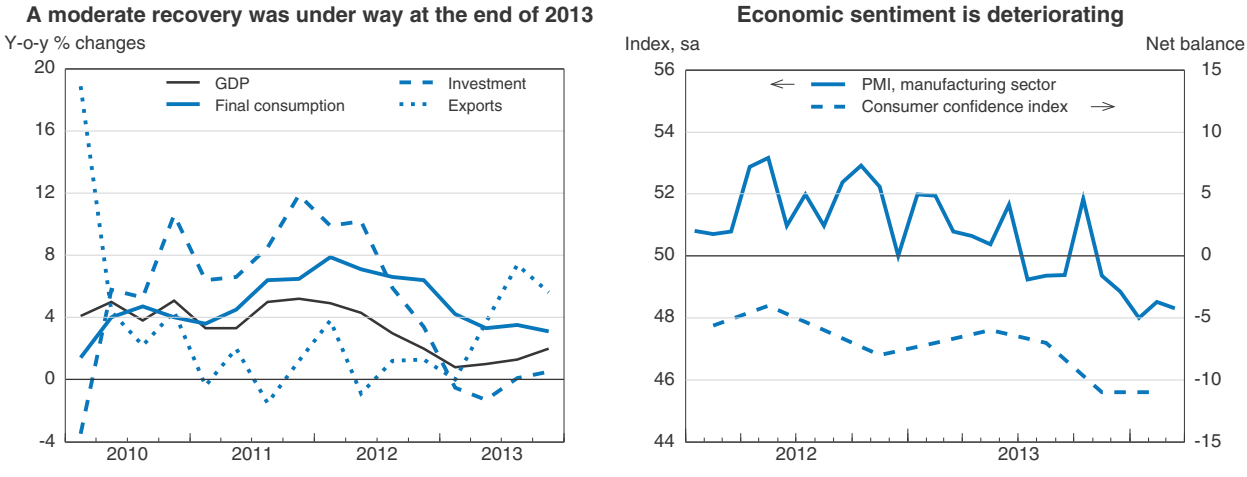
The uncertainty shock hit when the economy was already vulnerable

The Russian economy was entering a moderate recovery when the economic consequences of the events in Ukraine hit. While growth rates were increasing throughout 2013, mainly supported by strong gas exports, several short-term indicators of domestic economic activity, such as industrial production, investment, PMIs, real wages, consumer confidence and retail sales, have pointed to low economic momentum since the turn of the year. According to preliminary estimates, the economy contracted by 0.5% in the first quarter of 2014.

The events in Ukraine led to a sharp increase in uncertainty

Uncertainty increased sharply due to the events in Ukraine. The geopolitical risk added to the earlier uncertainty about the prospects of the world economy, and emerging markets in particular, pushing capital flight above 10% of the total central bank foreign exchange reserves. The Moscow stock exchange initially fell by around 10% and has recovered

Russian Federation



Source: Rosstat; Markit; and Datastream.

StatLink http://dx.doi.org/10.1787/888933049971

Russian Federation: **Macroeconomic indicators**

	2011	2012	2013	2014	2015
Real GDP growth	4.3	3.4	1.3	0.5	1.8
Inflation (CPI), period average	8.4	5.1	6.8	6.0	4.6
Fiscal balance (per cent of GDP)[1]	4.2	0.5	-0.5	0.0	0.2
Current account balance (per cent of GDP)	5.1	3.6	1.6	2.7	2.8

1. Consolidated budget.
Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051586

only partly. The rouble has depreciated by close to 10% since the beginning of the year. Increased uncertainty might push businesses, particularly foreign-owned, to postpone or reconsider investment.

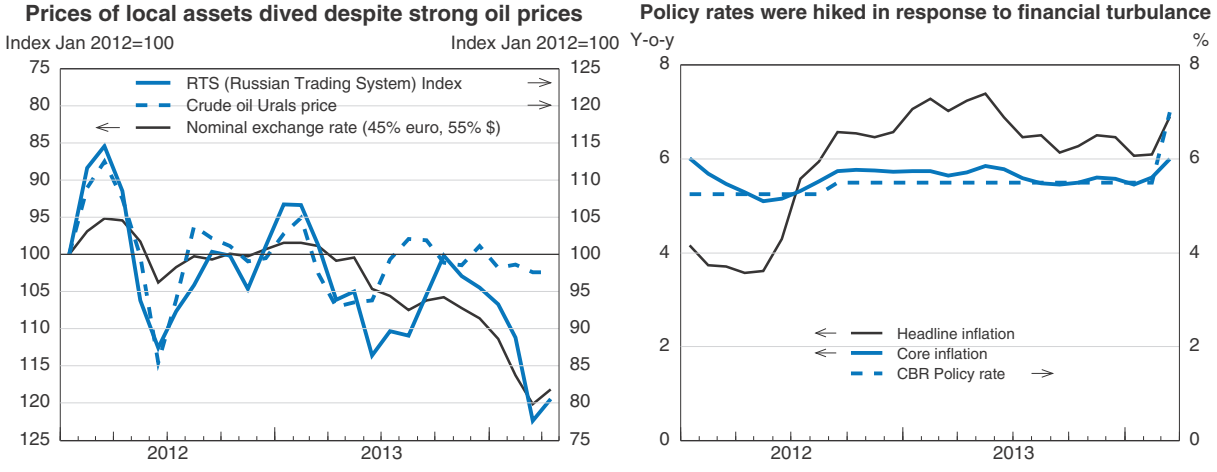
Monetary policy has tightened considerably

In response to the increased capital outflow and rapidly depreciating rouble, the Central Bank of Russia intervened heavily in the foreign exchange market. It allowed more discretion in its exchange rate policy framework, citing risks to financial stability through excessive exchange rate volatility. Despite economic weakness, the Bank also raised its key rate by 150 basis points to 7% in early March, and to 7.5% in late April, mentioning risks stemming from inflation, financial stability and heightened market volatility. Whilst supporting the exchange rate has effectively become an important target for monetary policy in the short term, this should not impede the transition to inflation targeting, once the turbulence subsides.

Financial conditions have deteriorated

Large capital flight, lower liquidity in interbank markets due to foreign exchange interventions and higher interest rates imply tightening of domestic financial conditions with a negative impact on the

Russian Federation



Source: Rosstat; Central Bank of Russia; and Datastream.

StatLink http://dx.doi.org/10.1787/888933049990

Russian Federation: **External indicators**

	2011	2012	2013	2014	2015
			$ billion		
Goods and services exports	576.0	593.4	594.4	567	602
Goods and services imports	413.8	446.0	471.5	436	456
Foreign balance	162.2	147.4	123.0	130	146
Invisibles, net	- 64.9	- 75.4	- 90.2	- 77	- 88
Current account balance	97.3	72.0	32.8	53	58
			Percentage changes		
Goods and services export volumes	0.3	1.4	4.2	3.6	2.3
Goods and services import volumes	20.3	8.8	3.7	0.5	2.4
Terms of trade	20.8	2.5	- 5.6	- 0.1	1.7

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051605

investment recovery. More difficult access for Russian corporations to foreign financing adds to the problem. Credit constraints will also affect consumption as the central bank is rightly tightening prudential regulation to control consumer credit growth.

Fiscal support should be provided

Lower than planned non-oil revenues risk testing the deficit ceiling of the medium-term fiscal framework. In this case the extra revenue due to the increased rouble value of oil revenues should be used to avoid spending cuts and finance additional spending to support economic activity. A temporary deviation from the medium-term fiscal framework should be reversed once the economy gathers speed again.

Growth is projected to slow before recovering in 2015

As a result of external tensions and the monetary policy response, growth will slow again in 2014. Also, the recovery in 2015 will be constrained by weaker growth potential related to deteriorating external economic relations.

Risks are mostly negative

The unfolding events in Ukraine pose major downside risks for the Russian economy. Also, a slowdown in the global economy could put downward pressure on oil and gas prices, which would further weaken domestic demand and undermine public finances. On the positive side, an acceleration of structural reforms could still provide a boost to potential growth despite the negative impact of the crisis on the business climate and economic ties with western economic partners.

SOUTH AFRICA

Economic activity is expected to be driven by faster export growth, reflecting depreciation of the rand and a pick-up in world trade growth. Domestic demand will be held back by continued weak confidence and modest growth in real incomes, but will slowly benefit from the stronger external sector. However, growth will not become strong enough to reduce the substantial negative output gap.

The government should continue to slowly tighten the fiscal stance as the economy recovers and use cyclical revenue increases to partly reverse recent public debt accumulation. Monetary policy was tightened in response to the continued weakening of the rand, but should remain supportive as inflation pressures are contained by economic slack. Potential growth should be boosted by structural reform that addresses the insider/outsider divide in the labour market and non-competitive product markets, securing faster job creation and more rapid responses to sector-specific supply constraints.

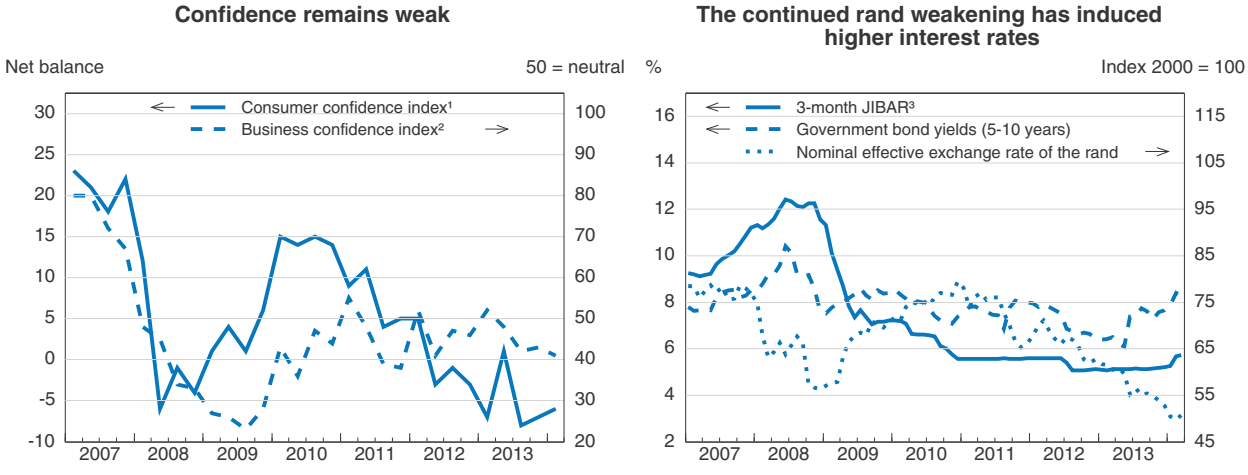
An export-led recovery is emerging

Growth was uneven during 2013, but recovered at the end of the year as exports accelerated, in response to the rand depreciation and stronger external demand, and imports faltered. In early 2014, the pace of the economy firmed as mining output accelerated, despite on-going industrial action in the platinum sector that has forced producers to meet demand through de-stocking. This uptick in economic activity has stabilised consumer confidence, which, together with stronger retail sales, points to stronger private consumption growth. On the other hand, private investment softened as confidence weakened and long-term interest rates increased.

Inflation remains high

During autumn, headline inflation dipped below the upper band of 6% in the inflation target before increasing in early 2014 to just above the

South Africa



1. First National Bank/Bureau of Economic Research Consumer Confidence Index.
2. Rand Merchant Bank/Bureau of Economic Research Business Confidence Index.
3. Johannesburg Interbank Agreed Rate.

Source: Bureau of Economic Research; South Africa Reserve Bank; and Datastream.

StatLink http://dx.doi.org/10.1787/888933050009

South Africa: **Macroeconomic indicators**

	2011	2012	2013	2014	2015
Real GDP growth	3.6	2.5	1.9	2.5	3.2
Inflation	5.0	5.7	5.8	5.8	5.8
Fiscal balance (per cent of GDP)	-5.6	-6.2	-6.1	-5.8	-5.5
Current account balance ($ billion)	-9.4	-20.0	-20.5	-16.5	-17.6
Current account balance (per cent of GDP)	-2.3	-5.2	-5.8	-4.7	-4.6

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933051681

band, while core inflation declined, reflecting the substantial labour market slack that has been reduced only slightly by the pick-up in employment creation in the second half of 2013. The sizeable current account deficit started contracting in late 2013 as a result of the depreciation of the rand.

A shift in the macroeconomic policy mix is needed

In early 2014, the rand, together with other emerging market currencies, came under renewed pressure, after falling in nominal effective terms by 18% during 2013. This lead to concerns about overshooting of the inflation target. In response, the repo rate was increased by 0.5 percentage point to 5.5%, leading to a nearly 5% appreciation of the rand. Moreover, financial conditions have tightened as long-term rates have increased by 250 basis points. Looking ahead, the monetary policy stance could become more accommodative if inflation expectations remain anchored.

Additional fiscal consolidation is needed

The mild fiscal tightening and faster pace of economic growth will reduce the sizeable budget deficit by about ½ percentage point of GDP over the projection period. Additional fiscal consolidation measures on the spending side are needed. In addition, any unexpected revenue increases should be used to reverse some of the nearly 18 percentage point increase in the public debt-to-GDP ratio since 2008.

The output gap will decrease only in 2015

The export-led recovery is projected to strengthen gradually as the effects of the stronger external sector filter into domestic demand. Nevertheless, the output gap will widen further this year and only stabilise the following year. Therefore, unemployment is expected to remain high, while inflation should remain within the inflation target band.

External downside risks remain important

A reappearance of international financial market turmoil could trigger renewed rand depreciation, which would add to inflation pressures. Moreover, if inflation expectations become unanchored, interest rates could increase further, endangering the economic recovery. On the upside, less confrontational labour market relations would support investor confidence, boosting investments, employment and integration into global supply chains.

OECD Economic Outlook
Volume 2014/1
© OECD 2014

Chapter 4

GROWTH PROSPECTS AND FISCAL REQUIREMENTS OVER THE LONG TERM

Summary

- The composition of global output will continue to shift towards emerging economies as well as towards Asia; the combined GDP of China and India was 33% of that of the OECD in 2010 (on a PPP basis), but is expected to rise to 73% by 2060.
- Providing growth of the technology frontier continues at historical rates, average growth in OECD GDP per capita over the period to 2060 is projected to be similar to the 1½ per cent per annum experienced in the immediate pre-crisis period.
- With only a few major exceptions, the adverse effect of population ageing on labour utilisation in OECD countries will be largely offset by rising labour force participation. Up until 2030, this is achieved in most countries through already legislated increases in pensionable age, the positive effect of increased education and trend increases in female participation. Beyond 2030 it will require additional reforms to ensure that retirement ages are effectively indexed to life expectancy.
- The crisis is estimated to have reduced OECD-wide potential output per capita by about 3¼ per cent. For some European, mainly euro area, countries, the effect has been much larger, with the reduction in potential output in 2014 being more than 10% for the Czech Republic, Estonia, Finland, Greece, Hungary, Iceland and Slovenia.
- For nearly all OECD countries, with the exception of Japan, the additional fiscal consolidation that would be required to reduce government debt to 60% of GDP by 2030 is less, and mostly much less, than that already expected to have been achieved between 2010 and 2015. Countries requiring average consolidation beyond 2015 of between 1 and 3 percentage points of GDP are Canada, France, Hungary, Iceland, Ireland, Italy, Poland and Portugal. Three countries – Spain, the United Kingdom and the United States – require between 3 and 5 percentage points of additional average fiscal consolidation beyond 2015.
- For Japan, even a massive fiscal consolidation of nearly 11 percentage points of GDP beyond 2015 would only stabilise the debt ratio by 2030, suggesting that a complementary and more ambitious package of structural and macroeconomic policies is needed.
- Reducing government debt to 60% of GDP would, for the 10 OECD countries for which government debt is currently highest, lower combined fiscal and net external debt risk premia by an average of 1½ percentage points, reduce government debt service by an average of 4 percentage points of GDP and boost medium-term growth by 0.2 percentage points per year (all by 2030, relative to a counter-factual in which current debt levels are maintained). Reducing government indebtedness would also promote resilience and help to contain any resurgence in global imbalances.
- Average real long-term interest rates are projected to rise by around 1½ percentage points over the next 4-5 years as output gaps close and policy rates normalise. Beyond this, supported by fiscal consolidation in OECD countries and a compositional shift in the share of world output towards high-saving non-OECD countries, no strong upward pressures on interest rates are expected until well after 2030.
- A faster pace of improvement in product market regulations could boost GDP substantially; for non-OECD countries by an average of 9% by 2030; and for the six OECD countries where regulation is currently most restraining, by an average of 6% by 2030.

- There would be substantial fiscal gains from reducing structural unemployment to 5% in many OECD countries; for Belgium, Poland, France, Greece and the Slovak Republic there would be an improvement in the primary balance of more than 2 percentage points of GDP and for Spain more than double that.
- In emerging market economies, there are major long-term gains to improving access to education, which could raise GDP for China, India, Indonesia and South Africa by 10% or more, although such gains would take time to materialise.

Long-term global growth projections

This chapter provides long-term projections for the global economy

The global economy will undergo massive changes over coming decades, which will include: a compositional shift in global output towards non-OECD countries and Asia; a further reduction in inequality across countries, although large gaps between the living standards of the poorest and richest nations will remain; and demographic changes in the form of slowing population growth, ageing populations and a narrowing of the gender gap in labour force participation. This chapter attempts to quantify such trends through a consistent set of long-term projections that extend the short-term projections, presented in Chapters 1 to 3, out to 2060 using the model described in Johansson *et al.* (2013).[1] Bearing in mind the substantial caveats that inevitably apply to this form of exercise, these projections are then used as a back-drop for the analyses of fiscal imbalances and consolidation needs and the impact of structural reforms.

The modelling framework and statistical issues

A growth-accounting framework underlies the output projections

The backbone of the underlying model is a consistent set of long-run projections for potential output (details in Box 4.1). By projecting each of the trend input components (employment, human capital, labour efficiency, and physical capital), potential output is projected out to 2060. The country coverage for the projections is all OECD countries as well as

Box 4.1. **The growth accounting framework.**

Potential output (Y) is based on a Cobb-Douglas production function with constant returns to scale featuring physical capital (K), human capital (H) and potential employment (N) as production factors plus labour-augmenting technological progress (E, hereafter referred to as "labour efficiency") so that:

(1) $$y = \alpha\,(n+e+h) + (1-\alpha)\,k,$$

where lower case letters denote logarithms and α is the wage share.

By projecting the trend input components, potential output is projected out to 2060. A convenient expository decomposition (used in the tables discussed below) is to divide changes in GDP per capita, a crude metric for living standards, into productivity and labour utilisation components (where P is population):

(2) $$\Delta(y-p) = \Delta(y-n) + \Delta(n-p)$$

1. The cut-off date for data used in the projections for this chapter is 15th April 2014. This means that there may be some minor differences with the short-term projections presented in Chapters 1 to 3. It also means that recent PPP updates for emerging economies are not incorporated in the projections, although their effect is discussed in the text.

Box 4.1. **The growth accounting framework.** *(cont.)*

Three distinct components of changes in trend productivity can be distinguished, from re-arranging (1):

$$(y\text{-}n) = \Delta e + \Delta h + \{(1- \alpha)/\alpha\}\, \Delta(k\text{-}y) \quad (3)$$

Each of these components are modelled and projected out to 2060 as follows (for further details see Johansson et al., 2013):

- The growth of *labour efficiency* is determined according to a conditional convergence framework,[1] so that the growth rate will converge towards the growth rate of the technology frontier, but the absolute level of labour efficiency may remain below the frontier even in the long-run because of particular country characteristics, including structural policy settings. In the current framework, product market regulations are an important determinant of the distance to the technology frontier. The degree of convergence depends on the starting point, with countries further away from the technology frontier converging faster. Convergence is also influenced by trade openness and by historical inertia. The growth of the technology frontier is assumed to be 1.3 per cent per annum, consistent with the historical growth rate over the decade preceding the crisis in the leading OECD countries, and this is the growth rate to which all countries will converge to in the very long run. In countries where regulations are currently more restrictive, product market and trade regulations are assumed to converge gradually towards the average regulatory stance observed across the OECD, while for other countries regulations remains unchanged.
- *Human capital* is measured as a function of average years of schooling per worker (with a decreasing rate of return). Convergence in human capital towards the frontier (represented by Korea) is assumed to continue at the same rate as observed globally over the period 1960-2005, with educational attainment in the current leader (Korea) continuing to rise gradually to 2060 (to 72% of persons aged 25-29 having obtained tertiary education from 63% in 2009).
- *Physical capital intensity* is assumed to stabilise gradually, by applying an autoregressive rule to the capital-output ratio (K/Y). This rule allows a gradual stabilisation of the capital-output ratio in countries such as Canada, Australia and China where capital intensity has been rising historically. Over the projection period, capital intensity is further influenced by changes in interest rates.

Changes in labour utilisation, can be broken down into 3 components, where the labour force is denoted by LF and population of working age by PWA, with the latter taken to be the age group 15-74 given the long time horizon for the projections:

$$\Delta(n\text{-}p) = \Delta(n\text{-}lf) + \Delta(lf\text{-}pwa) + \Delta(pwa\text{-}p) \quad (4)$$

- The effect of changes in structural unemployment on labour utilisation are captured by the first term $\Delta(n\text{-}lf)$. In OECD countries the structural unemployment rate gradually returns to the lowest value estimated between 2007 and 2014. Unemployment in non-OECD countries in which the level is currently above the OECD average is assumed to converge gradually to the OECD average, while it remains unchanged in countries currently below the OECD average.
- For most countries changes in labour force participation, the second term (lf-pwa) in (4), are projected using a cohort model, separately distinguishing cohorts by 5-year age groups and by sex. For remaining countries (including all non-OECD countries) a simplified approach is used to proxy the cohort model. The impact of policies differs between two stages of the projections. Recently-legislated pension reforms that involve an increase in the normal retirement age by 2030 are assumed to be implemented as planned, and the participation rates of older workers adjusted accordingly. In addition, retirement behaviour is assumed to reflect effects coming from a rising education level. Beyond 2030, a more stylised assumption is adopted whereby the share of active life in life expectancy is assumed to remain constant, hence the legal pensionable age is implicitly assumed to be indexed to longevity.
- A demographic effect on labour utilisation is captured by the third term in (4) as changes in the *"active population rate"* defined as the population of working age relative to the total population.

1. The growth rate of multi-factor productivity in this framework is equal to the growth rate of labour efficiency multiplied by the wage share.

non-OECD G20 countries (Argentina, Brazil, China, India, Indonesia, the Russian Federation, Saudi Arabia and South Africa), equivalent to just under 90% of world GDP in 2010 at market exchange rates.[2]

Imbalances in saving and investment affect interest rates and growth

A second defining feature of the model is that it projects national saving and investment, with imbalances leading to changes in interest rates which in turn provide feedback on potential output growth by influencing the capital intensity of production (Box 4.2). At a global level, saving and investment are balanced through an equal adjustment in interest rates across all countries; so a tendency towards an *ex ante* "global savings glut" will put downward pressure on interest rates everywhere. For individual countries, excessive government debt or net external debt will push up national interest rates. A range of structural and macroeconomic factors drive national saving rates, but the most important are: demographic, as ageing populations save less; fiscal, as changes in public saving are only partially offset by lower private saving;

Box 4.2. **Projecting saving, investment and interest rates**

An important feature of the projection model is the determination of saving and investment and how imbalances are resolved or moderated through changes in interest rates, with consequences for growth.

Public saving for OECD countries is determined by fiscal closure rules acting on the underlying primary balance, which ensure that the government-debt-to-GDP ratio is stable either at recent levels or at a specified target. For those countries with initial gross general government debt in excess of 60% of GDP, fiscal policy is directed towards convergence on this debt level. Otherwise, for countries where debt is initially below the 60% threshold, fiscal policy is directed to stabilising the gross government debt ratio. To achieve these objectives, fiscal consolidation is assumed to take place through a gradual improvement in the underlying primary balance, with a maximum cap on consolidation in any single year of ½ percentage point of GDP. This assumption may contradict current government plans and is not necessarily consistent with national or supra-national fiscal objectives, targets or rules. No allowance is made for Keynesian effects of consolidation on demand. Effects on public budgets from population ageing and continued upward pressures on health spending are not explicitly included, or, put differently, they are implicitly assumed to be alleviated through reforms of relevant spending programmes or offset by other budgetary measures.

Private saving rates for OECD countries are determined according to OECD empirical work (Kerdrain *et al.*, 2010) which suggests that demographic effects, captured by old-age and youth dependency ratios, are major drivers of long-term trends in saving, but with additional effects from the fiscal balance, the terms of trade, productivity growth, net oil balances and the availability of credit. Total saving in OECD countries is determined as the sum of public and private saving, although there is a 40% offset of any improvement in public saving from reduced private saving due to partial Ricardian equivalence (in line with OECD estimates, for example Röhn, 2011).

For non-OECD countries, the total saving rate is determined according to an equation, which is close to being a total economy variant of the private saving equation for the OECD, with effects from the old-age and youth dependency ratios, the terms of trade, the availability of credit, the level of public health expenditure (as a proxy for public social protection) and productivity growth.

2. In the remainder of the chapter it should be borne in mind that statements relating to shares of global GDP or global country rankings relate to this incomplete country coverage.

Box 4.2. **Projecting saving, investment and interest rates** *(cont.)*

Non-housing investment is determined consistently with the capital stock and the share of housing investment in GDP is assumed to stabilise at long-run historical averages.

Current account balances are determined as the difference between projections of national investment and savings. An exception is a group of non-OECD oil exporting countries, defined to include Saudi Arabia, Russia as well as 27 smaller non-OECD countries. For these countries, no individual projections of current balances are made. Rather, the combined current account balance of all non-OECD oil exporting countries is calculated based on projections of their balance of trade in oil, assuming some continuation of the upward pressure on oil prices on which the short-term projections are based, mitigated over the medium-term by an assumed supply response.

Short-term interest rates are assumed to vary with the cycle, so that as output gaps close short-term interest rates return to neutral levels which are determined consistently with nominal potential growth. Long-term interest rates are determined as a convolution of short-term rates plus a term premium. Additional effects on interest rates (described in the bullets below) come from: a country-specific fiscal risk premium; a country-specific external debt premium; and a "world balancing premium", which applies equally to all countries and ensures *ex post* global savings and investment remain in balance.

- Higher government debt levels are assumed to entail higher country-specific fiscal risk premia, consistent with the findings of Égert (2010) and Laubach (2009). For every percentage point that the debt ratio exceeds a threshold of 75% of GDP, the fiscal risk premium applied to long-term interest rates increases by 2 basis points, with an additional increase of 2 basis points for every percentage point that the debt ratio exceeds 125%. Japan is an exception to this rule, given the high proportion of government debt which is financed domestically, so that the fiscal risk premium is computed at one quarter the rate for other OECD countries.
- Current account imbalances are accumulated to provide a proxy for foreign asset positions – with higher levels of external indebtedness leading to higher country-specific risk premiums that are reflected in market interest rates, consistent with the findings of Lane and Milesi-Ferreti (2001), Rose (2010) and Turner and Spinelli (2013). This is implemented as an increase of 2 basis points in interest rates for every percentage point increase in the ratio of net external debt to GDP. For countries that are net creditors, there is no discount placed on their domestic interest rate, consistent with the findings of Turner and Spinelli (2013).
- Movements in global interest rates ensure that global saving and investment remain aligned. Hence if the ex ante sum of current account balances is more positive than previous periods, signifying an ex ante excess of global savings, then there will be downward pressure on all interest rates from a "global balancing premium" which stimulates investment and so brings global savings and investment back into balance.

and, for non-OECD countries, the level of social welfare provision, which reduces the need for precautionary saving. The capital intensity of production, and hence investment, responds to interest rates and so provides a partial equilibrating mechanism between saving and investment and helps to prevent the build-up of excessive national debt (and, equivalently, moderate sustained current account deficits).

Output is assumed to return smoothly to potential over four to five years

A further defining characteristic of the long-term growth projections is that they are anchored on the short-term projections for 2015, beyond which output gaps are assumed to close smoothly, typically over a period of four to five years, depending on their initial size. This implies above-trend growth for the first few years of the projections in countries with negative output gaps in 2015.[3] An alternative, whereby large negative output gaps are more persistent, raises the downside risk that hysteresis-type effects drag down the level of potential output further and on a more permanent basis (De Long and Summers, 2012). Once the output gap is closed, it is assumed that output grows in line with potential and that monetary policy ensures that inflation returns to a country or region-specific target.

The crisis has reduced the level of potential output but not the growth rate

Another optimistic assumption that underlies the projections is that the crisis has reduced only the level of potential output and has had no permanent adverse effect on its growth rate. Compared to a counter-factual based on pre-crisis trends, the level of aggregate OECD potential output has been reduced by about 3¼ per cent (Box 4.3), which corresponds to the (temporary) decline in OECD potential growth of about ½ percentage point per annum over the period 2008-13 (Table 4.1). There are, however, a number of smaller OECD countries, for which estimates suggest that losses exceed 10%. Some of this loss in potential output is assumed to be reversed over the medium term as hysteresis-induced increases in the structural rate of unemployment are reversed and the structural rate of unemployment gradually returns to pre-crisis levels.

Policies play an important role in the baseline scenario

Structural and fiscal policies play an important role in the projections. The projection framework takes into account the impact of labour market and retirement policies on developments in unemployment and labour force participation, the impact of product market and trade regulations on innovation and technological diffusion,

Box 4.3. **The effect of the crisis on potential output**

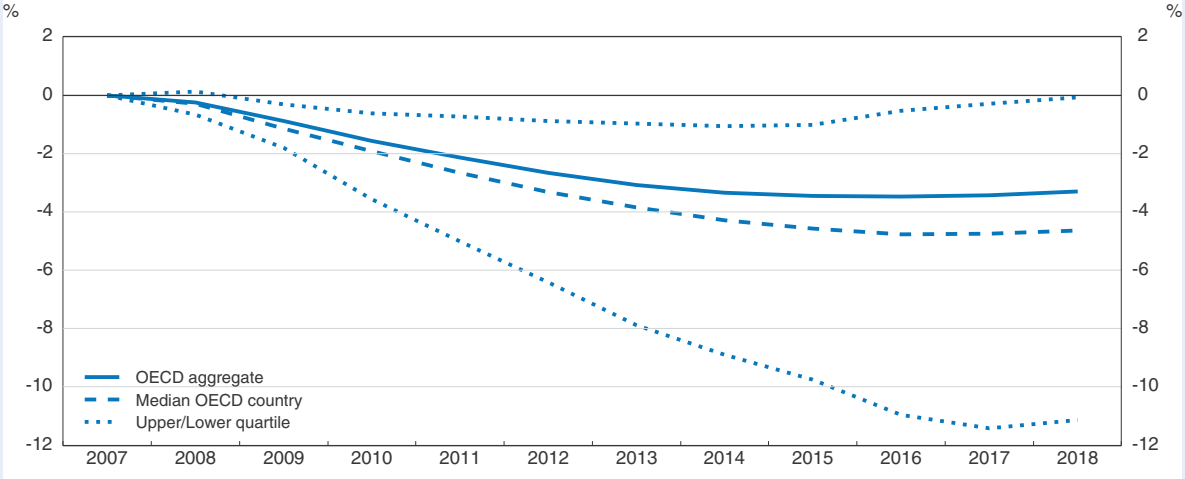
For most OECD countries, the crisis has probably resulted in a permanent loss of potential output, so that even with a continuing recovery, GDP may not catch-up to its pre-crisis trajectory. The extent of these losses is uncertain, because of the inherent uncertainty surrounding estimates of potential output, the difficulty of knowing what the counter-factual would be and because of the difficulties of disentangling the effect of the crisis from other effects, including policy changes. Estimates of the impact of the crisis are derived from a comparison of the baseline potential output per capita to a counter-factual scenario in which: the trend participation and structural unemployment rates remain at their pre-crisis (2007) level; trend labour productivity is assumed to grow at the average rate observed in the pre-crisis period (2000-07); and demography remains the same as in the baseline. This method suggests a reduction in aggregate OECD-wide potential output of about 3¼ per cent in 2014 (see figure).

3. For the current projections, countries with large output gaps in 2015 – including the Czech Republic, Ireland, Italy, the Netherlands, Portugal and Spain – will experience average GDP growth about 1 percentage point per annum higher than potential growth to 2020, and for Greece the boost will be about double that.

Box 4.3. **The effect of the crisis on potential output** *(cont.)*

Estimated effects of the crisis on the potential output of OECD countries

Percentage reduction in potential output per capita relative to a pre-crisis counter-factual scenario



Note: Estimated effects of the crisis are measured relative to a counter-factual scenario in which trend productivity continues at its pre-crisis (2000-07) trend growth rate; the structural unemployment and trend participation rates remain at their pre-crisis (2007) levels.

Source: OECD Economic Outlook 95 long-term database; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933050028

There is, however, wide variation in the estimated effect of the crisis on individual countries. The estimated effect on the median OECD country is over 4% in 2014, reflecting that smaller countries have typically been hit harder than larger ones. Indeed, the worst affected countries (those in the lower quartile) will have lost about 11% of potential by 2016. Conversely, for the least affected countries (upper quartile), the effect of the crisis gradually dissipates.

The estimated impact of the crisis on individual OECD countries is heterogeneous and, especially for those most severely affected, is mostly explained by the loss of productivity growth (see second figure below). For the Czech Republic, Estonia, Finland, Greece, Hungary, Iceland and Slovenia, the estimated negative impact of the crisis is above 10%, mostly reflecting lower trend productivity. The largest rise in the structural unemployment rate occurs in Spain, but the effect is partly counterbalanced by higher trend productivity, likely the consequence of a shift of production away from construction.

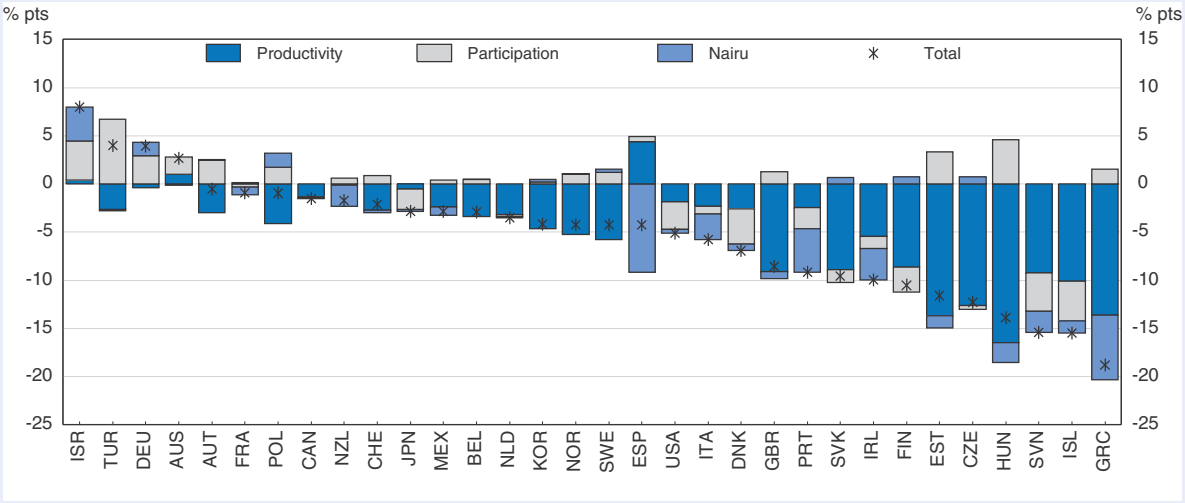
Conversely, for Israel, Turkey, Germany and Australia, the estimates of current potential output exceed the counter-factual mainly due to higher participation or lower structural unemployment than suggested by the immediate pre-crisis period. These latter results may be the consequence of previous labour market reforms (especially Germany) or the continuation of social trends in participation (especially rising female participation in Turkey and Israel) largely unaffected by the crisis, and illustrate the difficulties of constructing a reliable counter-factual.

The negative effect on participation is estimated to be greatest in Denmark, Iceland, Japan, Slovenia and the United States for which, judged relative to the immediate pre-crisis period, it could have subtracted between 3 to 4% from potential output. On the other hand, much of this fall may be explained by demographic trends; holding *age-specific* participation rates at their pre-crisis levels would explain most (for Denmark, Japan and the United States) or more than half (Iceland and Slovenia) of the *aggregate* fall in participation. If the adverse effect on labour force participation is ignored, then the estimate of the effect of the crisis on potential output in 2014 falls: from 5 to 2½ per cent for the United States; from 2¾ to ¾ per cent for Japan; and from 3¼ to 2¼ per cent for the aggregate OECD.

Box 4.3. **The effect of the crisis on potential output** *(cont.)*

Estimated effects of the crisis on the potential output per capita of individual OECD countries

Difference in 2014



Source: OECD Economic Outlook 95 long-term database; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933050047

as well as the impact of fiscal consolidation in advanced economies and enhanced welfare policies in emerging economies on saving, global imbalances, indebtedness and capital accumulation via changes in the cost of capital. Over a time horizon covering several decades, these structural conditions and policies are likely to evolve, and so the baseline scenario incorporates a number of policy developments seen as probable in several areas (i.e. it is deliberately not a baseline assuming "unchanged policies"). While these policy changes are significant, there remains considerable scope for further structural reforms to improve trend growth, as explored in variant scenarios (see below).

Beware, cross-country comparisons are distorted by statistical issues…

In the following sections, GDP and GDP per capita are compared across countries. However, it is important to be aware that such comparisons are distorted by two statistical issues, namely the patchy switch to the new system of national accounts and recent updates to Purchasing Power Parities (PPPs).

… due to changes to national accounts…

- In those countries (Australia, Canada, Korea, Israel, Mexico and the United States) that have already switched to the new system of national accounts (SNA08),[4] the level of nominal GDP has been boosted by between 2½ and 8%. Moreover, as the switch has also raised historical real GDP growth, it affects projected future potential growth. This raises

4. Among other methodological changes, SNA08 involves a new treatment of expenditures on research and development, military equipment and financial intermediation services.

a problem that current and projected GDP of those countries that have already made the switch will be boosted relative to those that have not.[5]

… as well as PPP revisions

- Comparisons of GDP across countries are made using PPPs rather than market exchange rates. A major PPP revision for OECD countries (plus Russia) that updates the benchmark year from 2005 to 2011 was released earlier this year by the International Comparison Program (and is incorporated in the projections reported here), but the update for the rest of the world has only just been released (and so is not incorporated here). The latter update, incorporating methodological changes to the computations, results in a major upward revision in the relative size of emerging market economies. Notably, the PPP revision for China implies that GDP in 2011 was 18% larger than previously thought, which, scaling up GDP in following years commensurately, implies that China's GDP would surpass that of the United States this year rather than in the early 2020s as implied by the projections documented in this chapter. Similar revisions are expected for other BRIICS countries, implying a 23% increase in their combined GDP measured in PPPs in 2010.

Changes in the composition of global GDP

Non-OECD growth is projected to exceed that of the OECD, but the difference diminishes

Aggregate potential growth for the non-OECD is projected to continue to exceed that of the OECD, although the difference progressively narrows (Table 4.1, first four columns). Trend growth of the non-OECD since 2000 has averaged about 7% per annum, compared to 2% per annum for the OECD (but with a discernable dip since the crisis); in the projection, non-OECD growth slows to an average of under 5% per annum over the period 2014-30 and 3% per annum over 2031-60, whereas OECD growth averages just above and just under 2% per annum in the same periods. Only a small fraction of these changes can be attributed to changing population growth; non-OECD population growth slows from around 1% per annum recently to about zero over 2031-60, whereas OECD population growth slows from about ¾ per cent per annum recently to ¼ per cent per annum over 2031-60.

Growth in China is set to slow and be surpassed by that in India and Indonesia

While the slowdown in trend GDP growth is a feature of all non-OECD countries, it is most marked in the case of China; from averaging 9-10% per annum since 2000, the average growth rate is set to roughly halve over the period 2014-30 and halve again over 2031-60. India and Indonesia are projected to surpass China to become the two fastest growing countries by 2020, maintaining these positions until the end of the projection horizon in 2060.

There will be a massive shift in global GDP towards non-OECD and Asia

These growth patterns imply a massive shift in the composition of global output towards the non-OECD. Based on comparisons at current PPPs (see Box 4.4), the combined GDP of China and India was 33% of that of the OECD in 2010, but is expected to rise to 73% by 2060 (Figure 4.1).

5. Most European countries are expected to make the switch to SNA08 during the course of 2014, with non-OECD countries to follow.

Table 4.1. **Growth in total economy potential output and its components**

Average annual percentage change

	Potential GDP				Potential GDP per capita (1) = (2) + (3)				Trend productivity (2)				Potential employment ratio (3)			
	2000-2007	2008-2013	2014-2030	2031-2060	2000-2007	2008-2013	2014-2030	2031-2060	2000-2007	2008-2013	2014-2030	2031-2060	2000-2007	2008-2013	2014-2030	2031-2060
Australia	3.2	3.1	3.2	2.4	1.8	1.5	2.0	1.6	1.1	1.2	2.0	1.5	0.7	0.3	0.0	0.1
Austria	2.1	1.7	1.9	1.6	1.7	1.4	1.6	1.6	1.2	0.7	1.7	1.6	0.5	0.7	-0.1	0.0
Belgium	1.8	1.2	2.0	2.0	1.4	0.4	1.4	1.6	0.9	0.4	1.6	1.6	0.5	0.0	-0.2	0.1
Canada	2.7	1.8	2.1	1.9	1.6	0.7	1.2	1.4	0.9	0.6	1.5	1.4	0.7	0.1	-0.3	0.0
Chile	3.8	4.5	4.4	2.2	2.7	3.5	3.7	2.1	1.6	2.0	3.0	1.9	1.1	1.5	0.7	0.2
Czech Republic	3.5	1.9	2.9	1.7	3.5	1.3	2.8	1.8	3.4	1.4	2.9	2.1	0.2	-0.1	-0.1	-0.2
Denmark	1.5	0.7	1.6	2.0	1.2	0.2	1.3	1.9	1.0	0.6	1.5	1.8	0.2	-0.4	-0.1	0.1
Estonia	5.1	2.0	2.8	1.8	5.4	2.0	3.1	2.1	4.4	2.1	3.1	2.2	1.0	0.0	0.0	-0.1
Finland	2.8	0.7	2.0	1.5	2.5	0.3	1.7	1.5	1.6	0.2	2.1	1.4	0.8	0.0	-0.4	0.1
France	1.8	1.2	2.2	1.5	1.1	0.7	1.8	1.4	0.9	0.9	1.9	1.3	0.2	-0.2	-0.1	0.1
Germany	1.3	1.2	1.1	1.1	1.2	1.4	1.3	1.6	0.9	0.8	1.6	1.6	0.3	0.6	-0.3	0.0
Greece	3.0	-0.9	2.2	1.3	2.6	-1.2	2.1	1.4	1.8	-0.4	2.0	1.6	0.8	-0.7	0.1	-0.2
Hungary	2.8	0.4	1.7	1.9	3.1	0.5	1.9	2.2	3.0	0.4	1.5	2.4	0.0	0.2	0.3	-0.3
Iceland	3.7	1.4	1.8	1.9	2.5	0.1	0.9	1.6	2.3	0.8	1.2	1.6	0.2	-0.7	-0.2	0.0
Ireland	5.4	1.7	2.3	1.4	3.5	0.8	1.4	0.7	2.3	1.6	1.1	0.6	1.2	-0.8	0.3	0.0
Israel	3.6	3.9	3.2	2.6	1.6	2.0	1.9	1.6	1.0	1.0	1.3	1.4	0.6	1.0	0.6	0.2
Italy	1.2	0.0	1.5	1.7	0.7	-0.6	1.2	1.7	0.2	-0.1	1.2	1.7	0.5	-0.5	0.0	0.0
Japan	0.7	0.5	1.1	1.2	0.5	0.5	1.4	1.8	0.9	0.8	1.5	1.9	-0.4	-0.2	-0.1	-0.1
Luxembourg	4.0	2.3	2.1	1.6	2.6	0.6	1.1	1.1	0.4	-0.7	0.8	1.2	2.2	1.3	0.3	-0.1
Mexico	2.5	2.4	2.9	3.2	1.2	1.2	2.0	2.9	0.6	0.2	0.9	2.4	0.6	1.0	1.0	0.5
Netherlands	2.0	1.1	2.1	1.8	1.5	0.6	1.8	1.9	0.9	0.4	1.9	1.8	0.6	0.2	-0.1	0.0
New Zealand	3.2	1.8	2.6	2.2	1.9	0.7	1.7	1.7	0.8	0.7	1.7	1.6	1.1	0.1	0.1	0.1
Norway	3.0	2.4	2.1	1.6	2.3	1.2	1.3	1.2	1.7	0.9	1.4	1.2	0.6	0.2	-0.1	0.0
Poland	4.1	3.4	2.2	0.9	4.2	3.3	2.3	1.3	3.6	3.0	2.8	1.7	0.6	0.3	-0.5	-0.4
Portugal	1.8	0.3	1.4	2.0	1.2	0.2	1.3	2.2	1.3	1.0	1.1	2.3	-0.1	-0.8	0.2	-0.1
Korea	4.6	3.7	2.9	1.6	4.1	3.1	2.6	1.8	3.2	2.5	2.4	1.9	0.8	0.5	0.2	-0.1
Slovak Republic	4.7	3.2	2.6	1.1	4.7	2.9	2.5	1.4	4.1	2.8	3.0	1.9	0.5	0.1	-0.5	-0.4
Slovenia[1]	3.3	0.9	1.8	1.8	3.1	0.3	1.6	1.9	2.6	1.1	2.0	2.1	0.5	-0.8	-0.4	-0.1
Spain	3.3	0.6	1.5	1.6	1.8	-0.2	1.1	1.4	0.5	1.2	0.6	1.6	1.3	-1.4	0.5	-0.2
Sweden	2.6	2.1	2.6	1.6	2.2	1.3	2.0	1.3	2.1	1.1	2.1	1.3	0.2	0.1	-0.1	0.0
Switzerland	1.8	1.9	2.1	1.7	1.2	0.7	1.5	1.5	0.9	0.4	1.7	1.6	0.3	0.3	-0.2	-0.1
Turkey	3.9	4.9	4.2	2.3	2.5	3.6	3.3	1.9	2.6	2.1	2.4	1.6	-0.1	1.4	0.8	0.3
United Kingdom	2.6	1.0	2.6	1.9	2.1	0.3	2.0	1.6	1.7	0.2	2.0	1.5	0.4	0.1	0.0	0.1
United States	2.6	2.0	2.4	1.7	1.7	1.1	1.6	1.2	1.8	1.5	1.9	1.1	-0.1	-0.4	-0.3	0.1
Euro area[1]	1.7	0.9	1.7	1.5	1.1	0.5	1.5	1.5	0.8	0.7	1.5	1.6	0.4	-0.2	-0.1	0.0
OECD[1]	2.2	1.7	2.2	1.8	1.5	1.0	1.7	1.6	1.3	1.0	1.7	1.5	0.2	0.0	0.0	0.1
Argentina	3.4	4.8	3.4	2.3	2.5	3.9	2.6	2.0	0.5	2.6	2.1	2.0	2.0	1.3	0.5	-0.1
Brazil	2.9	3.3	2.6	2.1	1.6	2.4	2.0	2.1	0.6	1.4	1.6	2.4	1.0	1.0	0.3	-0.4
China	10.2	9.2	5.0	2.4	9.5	8.5	4.7	2.8	8.9	8.6	5.1	3.2	0.5	-0.1	-0.4	-0.5
India	7.0	7.0	5.8	4.3	5.3	5.7	4.8	3.9	5.3	5.3	4.0	3.8	0.1	0.4	0.8	0.1
Indonesia	3.9	5.8	5.5	3.7	2.5	4.4	4.5	3.4	2.1	3.3	4.0	3.6	0.4	1.0	0.5	-0.2
Russia	5.3	3.4	2.7	1.4	5.6	3.5	3.1	1.9	4.5	3.8	3.7	2.1	1.1	-0.3	-0.6	-0.2
South Africa[1]	3.0	3.6	4.5	2.6	1.6	2.5	3.9	2.2	1.9	2.3	2.9	2.0	-0.3	0.1	1.0	0.2
Non-OECD[1]	7.1	7.0	4.8	2.9	6.0	6.0	4.1	2.9	5.7	5.9	4.1	3.1	0.3	0.1	0.1	-0.2

Note: Contributions to growth in trend productivity and the potential employment ratio are decomposed in Tables 4.2 and 4.3, respectively.
1. Starting year for potential output is 2001 for Slovenia, South Africa and non-OECD total; and 2002 for Estonia, the euro area and OECD total.
Source: OECD Economic Outlook 95 long-term database.

StatLink http://dx.doi.org/10.1787/888933051700

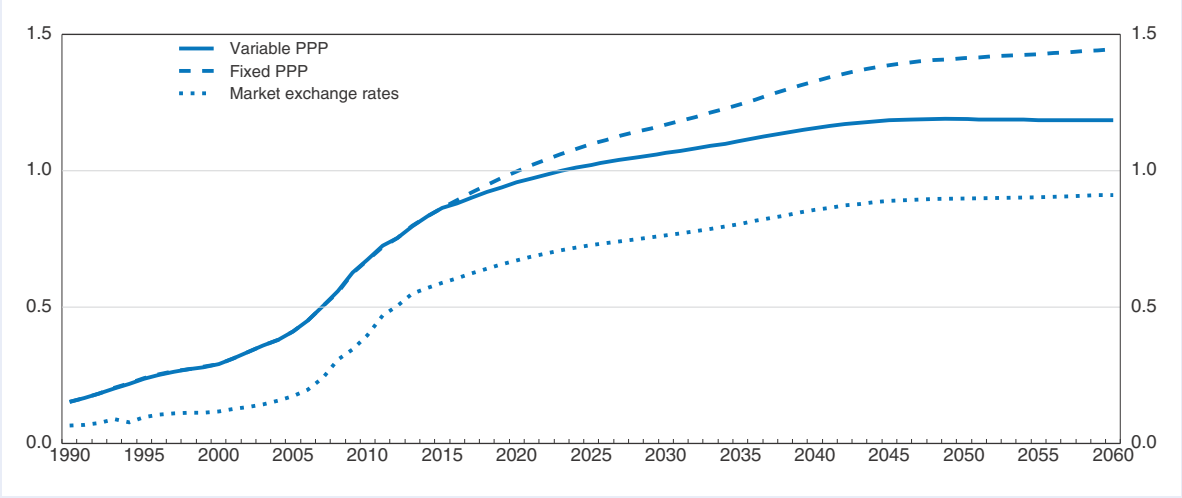
Box 4.4. **Comparing GDP across countries using Purchasing Power Parities**

Comparisons of income across countries that do not share the same currency are usually made using purchasing power parity (PPP) rather than market exchange rates. PPPs denote the exchange rates that give purchasing power equivalence; so that one dollar purchases the same quantity of goods and services in all countries. Notwithstanding the major impending PPP revision for non-OECD countries previously referred to (which stems from methodological computational changes), PPP exchange rates will typically evolve slowly over time, as the purchasing power of incomes across countries evolves, and are subject to less volatility than market exchange rates. Since the prices of locally produced goods and services which are not subject to competition from imports are generally lower in a country with lower income, a PPP-based measure of income will typically show incomes in less developed economies to be higher than with a market exchange rate-based measure.

The Balassa-Samuelson effect suggests that as incomes converge, PPPs will converge on market exchange rates so that the difference between using market exchange rates and current PPPs to compare OECD and non-OECD economies will diminish over time. The Balassa-Samuelson effect arises because the growth of productivity differs among sectors, while wages tend to be less differentiated. Typically, productivity growth is faster in the traded goods sector than in the non-traded goods sector. To the extent that the faster productivity growth in the traded goods sector pushes up wages in all sectors, the prices of non-traded goods relative to those of traded goods will rise, thus leading to a rise in the overall price index. The speed at which the PPP exchange rate changes in response to convergence in income per capita is given by the empirical results of Frankel (2006).

Since incomes per head are typically lower in non-OECD countries compared to OECD countries, and so the price of non-traded goods and services cheaper, the relative size of non-OECD economies vis-à-vis the OECD economies is typically greater when measured on a current PPP basis than at current market exchange rates. This effect was observed long-ago in international comparisons using the Penn World Tables and has become known as the Penn Effect. Its evolution over time is seen in Figure 4.1 where the global shares measured in current PPP get relatively closer to those measured with market exchange rates as income per capita converges. The figure below shows this for the evolution of China's GDP relative to that of the United States under different exchange rate measures.

The ratio of China's GDP to that of the United States

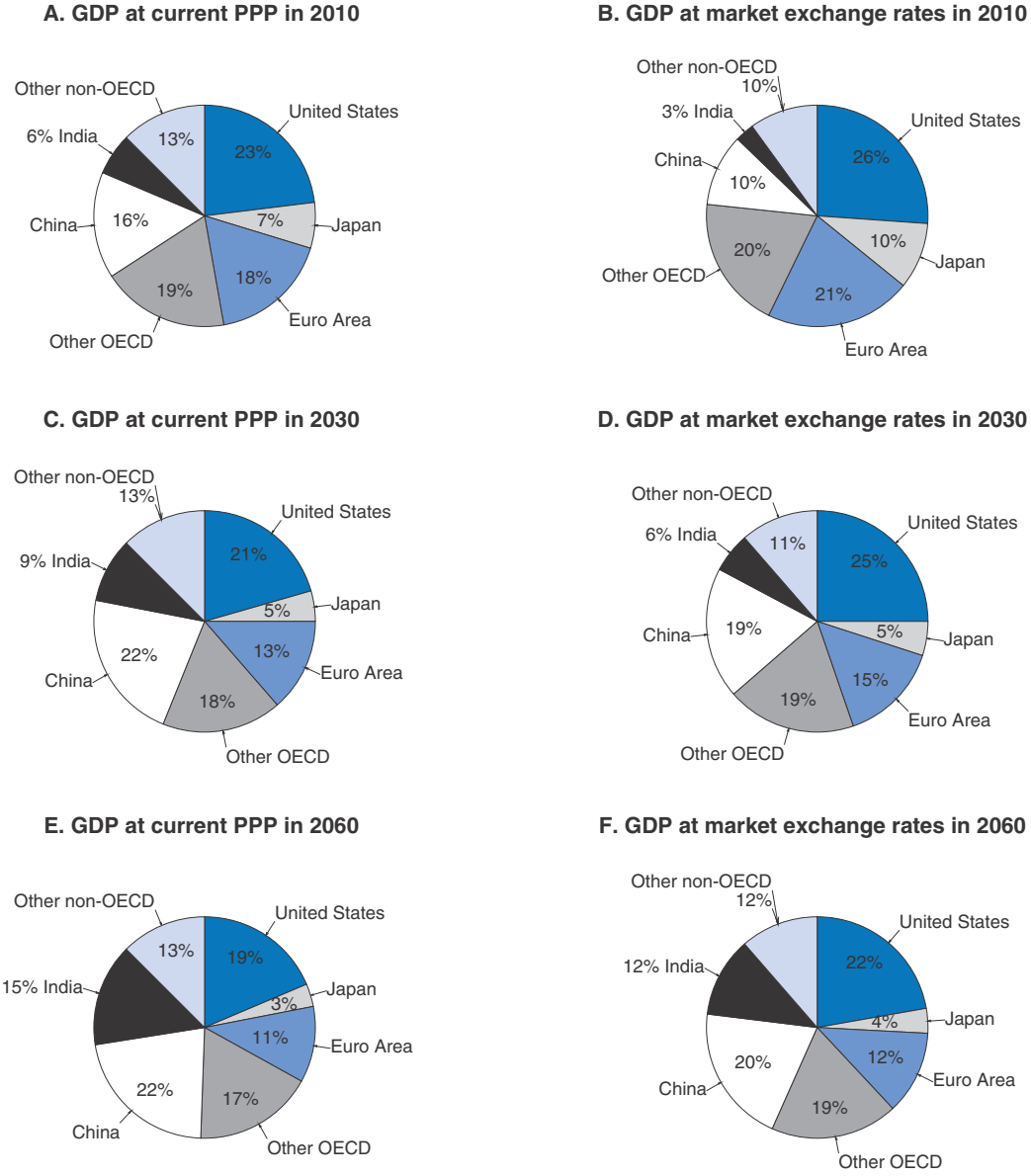


Source: OECD Economic Outlook 95 long-term database.

StatLink http://dx.doi.org/10.1787/888933050066

Figure 4.1. **The changing composition of global GDP to 2060**

Percentage of world GDP



Note: World is here defined as the sum of OECD countries plus Argentina, Brazil, China, Indonesia, India, the Russian Federation, Saudi Arabia and South Africa.

Source: OECD Economic Outlook 95 long-term database.

StatLink http://dx.doi.org/10.1787/888933050085

Moreover as previously emphasised, recent PPP revisions (not incorporated here) exacerbate the shift to the emerging economies. At the same time, there will be a shift in the share of world GDP accounted for by Asia, at the expense of both North America and Europe. Having accounted for about one-quarter of global GDP at the beginning of the century, Asia's share has already risen to over one-third and is expected to reach 40% by 2030 and stabilise at around 45% in the 2050s. This is reflected in the ranking of the top five countries by GDP at the end of the projection: China, United States, India, Japan and Indonesia.

Changes in GDP per capita living standards

OECD GDP per capita is projected to recover to pre-crisis growth rates

A different perspective on the projections can be provided by examining growth in GDP per capita, a proxy for living standards and a benchmark for assessing the performance of an economy. Growth in aggregate OECD GDP per capita is projected to recover from the weakness experienced since the crisis, to be marginally higher over the period to 2060 than the 1½ per cent per annum experienced over 2000-07. Growth in non-OECD GDP per capita, which was seemingly little affected by the crisis, is much higher but projected to decline to 4% per annum to 2030 and 3% per annum over 2030-60.

There will be a reduction in inequality across, but not necessarily within, countries

Reflecting the conditional convergence properties of the modelling framework as well as some convergence in structural policy settings, there is a reduction in inequality across countries; for example, GDP per capita of the richest five countries does not quite double between now and 2060, whereas for the poorest five countries it increases by a factor of between 3½ and 7. However, the reduction in cross-country inequality could, in the absence of policy action, be mirrored by a sharp increase in within-country inequality driven by technological change which favours skilled earnings (OECD, 2014a).

Countries with similar starting positions can experience different growth rates

Despite the conditional convergence properties of the modelling framework, even countries starting from similar initial levels of GDP per capita are sometimes projected to experience different growth rates, implying changes in the ranking of countries over the projection (Box 4.5). Such changes can be best understood in terms of its decomposition into trend productivity and labour utilisation components, described in Box 4.1 and enumerated in Tables 4.1, 4.2 and 4.3.

Growth in GDP per capita is mostly explained by trend productivity

The main contribution to growth in GDP per capita for all countries comes from trend productivity growth (Table 4.2), which in turn is mainly explained by technical progress, measured in terms of "labour efficiency" in the modelling framework (see Box 4.1). For the aggregate OECD, labour efficiency is projected to grow at 1.4 and 1.3 % per annum over the periods to 2030 and 2030-60, respectively, which is slightly above and close to the assumed rate of growth of the technology frontier. However, most non-OECD countries and a number of OECD countries (Chile, the Czech Republic, Estonia, Korea, Poland and the Slovak Republic) have faster projected growth in trend labour efficiency, reflecting a combination of rapid historical growth and the still great distance to the frontier (all of these countries currently have GDP per capita below the OECD median). Conversely, a number of other OECD countries – including Ireland, Italy, Luxembourg, Mexico, Portugal and Spain – have much slower projected growth in trend labour efficiency, which reflects inertia from low historical growth that is mostly not just confined to the post-crisis period.

Box 4.5. **Changes in the country rankings of GDP per capita**

This box highlights those countries for which improvements in GDP per capita are most striking, either in absolute terms or in their relative position as regards country rankings. Cross-country comparisons of levels of GDP per capita are made in terms of current purchasing power parities (PPPs). Using current PPP rather than fixed PPP means that the GDP of low-income countries like India and China rises somewhat less over the projection, relative to high-income countries such as the United States. In interpreting the rankings the limited country coverage should be borne in mind, as well as statistical issues relating to recent revisions to PPPs and national accounts for some countries (as discussed earlier in the main text). In particular, in relation to the table in this box, the recent revisions to PPP's would raise historical GDP per capita in the BRIICs by an average of 5 percentage points relative to that of the United States.

Given the underlying framework of conditional convergence, absolute gains are larger for those countries which initially have the lowest GDP per capita. Thus, the average gain in GDP per capita to 2060, measured relative to the United States, is less than one percentage point for the countries currently ranked in the top ten, but averages 15 percentage points for the countries currently ranked in the bottom ten (see box table). However, the underlying conditional convergence assumption also suggests that changes in country rankings are likely to be understated; as illustrated by comparing changes in rankings over the historical period 1995-2012, which in absolute average terms are about 50% greater than over either of the projection periods 2012-30 or 2030-60. Or put another way, the model will not readily predict a repeat of historical episodes such as Japan's "lost decade", the effect of the financial crisis on Iceland or Ireland's "Celtic Tiger" transformation.

Countries starting with similar levels of GDP per capita can, nevertheless, experience different degrees of projected catch-up (and so change rankings) for a variety of reasons, including momentum from initial labour efficiency growth and because changes in GDP per capita also arise because of changes in the employment rate, capital intensity or human capital. Differences in employment rate projections are in turn influenced by demographics as well as by assumptions about labour market policies, including those relating to retirement.

Korea is among the countries which gain most in terms of GDP per capita ranking over the period 2012-30, due to momentum from recent rapid labour efficiency growth which carries over into the medium term as well as a strong contribution from human capital. (Korea is also one of the countries which has been boosted most by the recent SNA08 revision; the level of GDP was increased by about 8% and estimates of recent historical potential growth by about ¼ percentage point per annum.) Otherwise, China gains most in terms of the absolute catch-up in GDP per capita (against the United States), which is a consequence of momentum from historically rapid labour efficiency growth as well as a further increase in capital intensity. While labour efficiency growth for China is projected to decline relative to its average growth rate over the last decade, over the period to 2030 it will still be faster than for any other country and about three times the average growth rate of the technology frontier.

Among the countries which lose most in terms of GDP per capita ranking over the period 2012-30 are Italy, Portugal and Slovenia due to the inertia from a prolonged period of historically low labour efficiency growth compounded, in the cases of Portugal and Slovenia, by a decline in capital intensity which is a legacy of higher capital costs incurred during the euro area crisis.

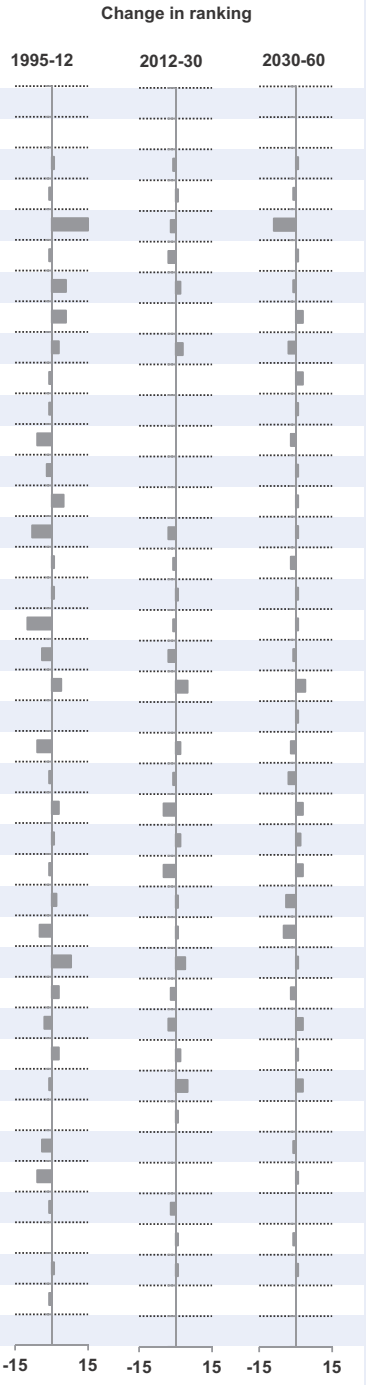
Countries which gain most in terms of GDP per capita ranking over the period 2030-60 include Chile, Portugal and Slovenia. This is mostly due to faster labour efficiency growth (boosted in the case of Portugal by stronger catch-up in human capital) and a more favourable development of the employment rate relative to their immediate peers, due to less pronounced ageing. Conversely, among the countries which lose most in terms of GDP per capita ranking over the period 2030-60 are Greece and the Slovak Republic (mainly because of unfavourable demographics) and Ireland (where labour efficiency levels are initially very high compared to most other countries).

Box 4.5. **Changes in the country rankings of GDP per capita** *(cont.)*

Ranking position of GDP per capita in PPP

as % of the United States (ranking in brackets)

	1995	2012	2030	2060
Luxembourg	137% (1)	**168% (1)**	159% (1)	155% (1)
Norway	124% (2)	**128% (2)**	119% (2)	118% (2)
Switzerland	94% (4)	**101% (3)**	95% (4)	102% (3)
United States	100% (3)	**100% (4)**	100% (3)	100% (4)
Ireland	63% (20)	**87% (5)**	86% (7)	76% (16)
Austria	82% (5)	**86% (6)**	84% (9)	93% (8)
Australia	76% (13)	**86% (7)**	89% (5)	97% (6)
Netherlands	76% (14)	**85% (8)**	85% (8)	98% (5)
Sweden	76% (12)	**84% (9)**	86% (6)	88% (9)
Denmark	81% (9)	**84% (10)**	79% (10)	93% (7)
Germany	79% (10)	**82% (11)**	77% (11)	84% (10)
Canada	81% (6)	**82% (12)**	76% (12)	79% (14)
Belgium	79% (11)	**80% (13)**	76% (13)	83% (12)
Finland	66% (19)	**77% (14)**	75% (14)	80% (13)
Iceland	81% (7)	**75% (15)**	69% (18)	75% (17)
France	71% (17)	**72% (16)**	72% (17)	74% (19)
United Kingdom	70% (18)	**70% (17)**	73% (16)	78% (15)
Japan	81% (8)	**70% (18)**	66% (19)	75% (18)
Italy	74% (15)	**67% (19)**	62% (22)	69% (23)
Korea	48% (24)	**65% (20)**	73% (15)	84% (11)
New Zealand	61% (21)	**64% (21)**	63% (21)	71% (20)
Israel	72% (16)	**63% (22)**	63% (20)	69% (22)
Spain	56% (22)	**63% (23)**	58% (24)	61% (27)
Slovenia	45% (27)	**55% (24)**	54% (29)	63% (26)
Czech Republic	47% (26)	**53% (25)**	61% (23)	70% (21)
Portugal	47% (25)	**50% (26)**	48% (31)	61% (28)
Slovak Republic	29% (29)	**50% (27)**	55% (26)	58% (30)
Greece	51% (23)	**50% (28)**	54% (27)	56% (32)
Estonia	22% (37)	**47% (29)**	56% (25)	68% (24)
Poland	26% (33)	**45% (30)**	48% (32)	49% (34)
Hungary	32% (28)	**44% (31)**	45% (34)	56% (31)
Russian Federation	24% (35)	**43% (32)**	52% (30)	60% (29)
Chile	26% (32)	**42% (33)**	54% (28)	66% (25)
Turkey	25% (34)	**36% (34)**	45% (33)	53% (33)
Argentina	27% (31)	**35% (35)**	38% (35)	45% (36)
Mexico	28% (30)	**32% (36)**	33% (36)	48% (35)
Brazil	22% (36)	**23% (37)**	23% (39)	28% (39)
South Africa	20% (38)	**22% (38)**	29% (37)	36% (38)
China	5% (40)	**17% (39)**	27% (38)	38% (37)
Indonesia	9% (39)	**10% (40)**	14% (40)	23% (40)
India	4% (41)	**7% (41)**	11% (41)	20% (41)



Source: OECD Economic Outlook 95 long-term database.

StatLink http://dx.doi.org/10.1787/888933051814

Table 4.2. **Growth in trend productivity and its components**

Average annual percentage change

	Trend productivity (1) = (2) + (3) + (4)				Trend labour efficiency (2)				Human capital (3)				Capital output ratio[1] (4)			
	2000-2007	2008-2013	2014-2030	2031-2060	2000-2007	2008-2013	2014-2030	2031-2060	2000-2007	2008-2013	2014-2030	2031-2060	2000-2007	2008-2013	2014-2030	2031-2060
Australia	1.1	1.2	2.0	1.5	1.0	0.0	1.4	1.4	0.2	0.3	0.3	0.2	-0.1	1.0	0.3	0.0
Austria	1.2	0.7	1.7	1.6	1.0	0.8	1.5	1.5	0.3	0.2	0.2	0.2	-0.2	-0.3	0.0	-0.1
Belgium	0.9	0.4	1.6	1.6	0.1	-0.4	1.1	1.4	0.7	0.5	0.4	0.2	0.1	0.3	0.1	-0.1
Canada	0.9	0.6	1.5	1.4	0.2	-0.3	1.0	1.3	0.3	0.2	0.1	0.1	0.4	0.8	0.4	-0.1
Chile	1.6	2.0	3.0	1.9	-0.8	-0.7	1.8	1.7	0.8	0.7	0.6	0.3	1.6	2.1	0.6	-0.2
Czech Republic	3.4	1.4	2.9	2.1	2.9	0.4	2.6	1.9	0.7	0.4	0.3	0.2	-0.3	0.6	0.0	-0.1
Denmark	1.0	0.6	1.5	1.8	0.2	-0.1	1.0	1.7	0.3	0.2	0.2	0.2	0.5	0.5	0.1	-0.1
Estonia[2]	4.4	2.1	3.1	2.2	2.1	0.9	3.2	2.0	0.3	-0.1	-0.1	0.2	2.0	1.3	-0.2	0.0
Finland	1.6	0.2	2.1	1.4	1.5	-0.6	1.9	1.4	0.6	0.4	0.2	0.2	-0.5	0.5	0.0	-0.1
France	0.9	0.9	1.9	1.3	0.1	0.0	1.2	1.2	0.7	0.7	0.5	0.2	0.1	0.2	0.1	-0.1
Germany	0.9	0.8	1.6	1.6	1.0	1.0	1.5	1.5	0.1	0.0	0.0	0.2	-0.2	-0.3	0.1	-0.1
Greece	1.8	-0.4	2.0	1.6	0.1	-1.8	1.8	1.3	1.0	0.7	0.5	0.3	0.6	0.7	0.0	-0.1
Hungary	3.0	0.4	1.5	2.4	1.9	-1.1	1.5	2.1	0.6	0.4	0.3	0.3	0.5	1.1	-0.2	0.0
Iceland	2.3	0.8	1.2	1.6	0.5	0.2	0.8	1.4	0.7	0.7	0.6	0.3	1.1	-0.1	0.1	-0.1
Ireland	2.3	1.6	1.1	0.6	1.4	0.4	0.8	0.6	0.7	0.6	0.4	0.2	0.1	0.6	0.0	0.0
Israel	1.0	1.0	1.3	1.4	0.4	0.6	0.9	1.2	0.3	0.0	0.0	0.2	0.3	0.4	0.3	-0.1
Italy	0.2	-0.1	1.2	1.7	-1.1	-1.0	0.7	1.5	0.9	0.6	0.4	0.4	0.5	0.4	0.1	-0.2
Japan	0.9	0.8	1.5	1.9	0.2	0.5	1.2	1.7	0.6	0.5	0.3	0.1	0.2	-0.2	0.0	0.0
Luxembourg	0.4	-0.7	0.8	1.2	-0.4	-1.2	0.4	0.9	0.3	0.3	0.3	0.4	0.5	0.2	-0.1	-0.1
Mexico	0.6	0.2	0.9	2.4	-1.4	-1.4	0.7	1.9	1.0	0.7	0.6	0.5	1.1	0.9	-0.5	0.0
Netherlands	0.9	0.4	1.9	1.8	0.9	0.0	1.6	1.6	0.4	0.3	0.3	0.2	-0.3	0.1	0.0	-0.1
New Zealand	0.8	0.7	1.7	1.6	0.2	-0.1	1.1	1.4	0.5	0.3	0.3	0.2	0.0	0.4	0.2	-0.1
Norway	1.7	0.9	1.4	1.2	1.4	0.2	1.1	1.1	0.2	0.3	0.2	0.2	0.1	0.5	0.1	0.0
Poland	3.6	3.0	2.8	1.7	3.5	2.5	2.5	1.4	0.3	0.2	0.2	0.4	-0.1	0.3	0.1	-0.1
Portugal	1.3	1.0	1.1	2.3	-1.2	-0.9	0.9	1.7	1.0	0.8	0.8	0.6	1.6	1.2	-0.5	-0.1
Korea	3.2	2.5	2.4	1.9	1.6	1.5	1.7	1.8	1.0	0.7	0.5	0.1	1.2	0.6	0.4	-0.1
Slovak Republic	4.1	2.8	3.0	1.9	4.5	2.5	2.7	1.5	0.3	0.2	0.2	0.4	-0.6	0.1	-0.1	-0.1
Slovenia[2]	2.6	1.1	2.0	2.1	1.4	-0.1	2.0	1.5	0.4	0.4	0.4	0.5	0.7	0.9	-0.3	0.0
Spain	0.5	1.2	0.6	1.6	-1.2	-0.8	0.4	1.3	1.0	0.7	0.5	0.3	0.8	1.3	-0.4	0.0
Sweden	2.1	1.1	2.1	1.3	2.2	0.8	1.8	1.1	0.2	0.3	0.2	0.2	-0.3	0.0	0.1	-0.1
Switzerland	0.9	0.4	1.7	1.6	0.8	0.4	1.4	1.5	0.2	0.2	0.2	0.2	-0.1	-0.3	0.1	-0.1
Turkey	2.6	2.1	2.4	1.6	1.7	1.1	1.4	1.1	1.1	0.9	0.8	0.6	-0.2	0.1	0.1	-0.1
United Kingdom	1.7	0.2	2.0	1.5	0.8	-1.0	1.5	1.3	0.4	0.3	0.3	0.2	0.5	0.9	0.3	-0.1
United States	1.8	1.5	1.9	1.1	1.8	1.6	1.6	1.0	0.1	0.1	0.1	0.2	-0.1	-0.2	0.2	0.0
Euro area[2]	0.8	0.7	1.5	1.6	0.0	-0.1	1.2	1.4	0.5	0.4	0.3	0.3	0.2	0.3	0.0	-0.1
OECD[2]	1.4	1.1	1.8	1.5	0.9	0.7	1.4	1.3	0.4	0.3	0.3	0.2	0.2	0.2	0.1	-0.1
Argentina	0.5	2.6	2.1	2.0	1.2	2.0	1.3	1.6	0.7	0.6	0.5	0.5	-1.4	-0.1	0.1	-0.1
Brazil	0.6	1.4	1.6	2.4	0.0	0.0	0.6	2.1	1.0	0.9	0.7	0.4	-0.4	0.5	0.3	-0.1
China	8.9	8.6	5.1	3.2	8.1	6.8	3.7	2.6	0.8	0.8	0.7	0.6	-0.1	0.9	0.7	0.0
India	5.3	5.3	4.0	3.8	4.4	3.0	2.4	2.8	0.6	0.8	1.0	1.0	0.2	1.5	0.5	0.0
Indonesia	2.1	3.3	4.0	3.6	1.7	3.0	3.5	3.1	0.8	0.4	0.5	0.6	-0.4	-0.1	0.1	-0.1
Russia	4.5	3.8	3.7	2.1	4.6	2.1	3.0	1.7	0.2	0.0	0.1	0.5	-0.3	1.7	0.6	-0.1
South Africa[2]	1.9	2.3	2.9	2.0	1.6	1.5	1.9	1.4	0.8	0.7	0.8	0.6	-0.5	0.1	0.1	0.0
Non-OECD[2]	5.5	6.1	4.3	3.2	4.9	4.3	3.0	2.5	0.7	0.7	0.7	0.7	-0.2	1.0	0.5	0.0

1. Computed as the annual average growth divided by 2.
2. Starting year is 2001 for Slovenia, South Africa and non-OECD total; and 2002 for Estonia, the euro area and OECD total.

Source: OECD Economic Outlook 95 long-term database.

StatLink http://dx.doi.org/10.1787/888933051719

Table 4.3. **Growth in the employment ratio and its components**

Average annual percentage change

	Potential employment ratio (1) = (2) + (3) + (4)				Participation rate[1] (2)				Active population ratio[2] (3)				NAIRU[3] (4)			
	2000-2007	2008-2013	2014-2030	2031-2060	2000-2007	2008-2013	2014-2030	2031-2060	2000-2007	2008-2013	2014-2030	2031-2060	2000-2007	2008-2013	2014-2030	2031-2060
Australia	0.7	0.3	0.0	0.1	0.3	0.3	0.2	0.2	0.1	0.0	-0.2	-0.1	0.2	0.0	0.0	0.0
Austria	0.5	0.7	-0.1	0.0	0.3	0.4	0.1	0.2	0.1	0.2	-0.2	-0.2	0.1	0.1	0.0	0.0
Belgium	0.5	0.0	-0.2	0.1	0.6	0.1	0.0	0.2	-0.1	-0.1	-0.1	-0.2	0.0	0.0	0.0	0.0
Canada	0.7	0.1	-0.3	0.0	0.3	0.1	0.0	0.2	0.2	0.1	-0.3	-0.2	0.1	0.0	0.0	0.0
Chile	1.1	1.5	0.7	0.2	0.5	1.0	0.7	0.4	0.7	0.5	0.0	-0.2	-0.1	0.0	0.0	0.0
Czech Republic	0.2	-0.1	-0.1	-0.2	0.0	-0.1	0.2	0.1	0.2	-0.1	-0.3	-0.3	0.0	0.2	0.0	0.0
Denmark	0.2	-0.4	-0.1	0.1	0.0	-0.6	0.1	0.2	-0.1	0.2	-0.3	-0.1	0.2	0.0	0.1	0.0
Estonia[4]	1.0	0.0	0.0	-0.1	0.7	0.9	0.1	0.1	0.3	-0.4	-0.2	-0.3	0.0	-0.4	0.0	0.0
Finland	0.8	0.0	-0.4	0.1	0.3	-0.3	0.0	0.2	0.0	0.0	-0.4	-0.1	0.6	0.3	0.0	0.0
France	0.2	-0.2	-0.1	0.1	0.2	0.2	0.0	0.2	-0.1	-0.2	-0.2	-0.1	0.1	-0.2	0.0	0.0
Germany	0.3	0.6	-0.3	0.0	0.3	0.8	0.0	0.2	0.1	-0.2	-0.2	-0.3	-0.1	-0.1	0.0	0.0
Greece	0.8	-0.7	0.1	-0.2	0.7	0.4	-0.1	0.1	-0.1	-0.4	0.0	-0.4	0.1	-0.7	0.2	0.1
Hungary	0.0	0.2	0.3	-0.3	0.5	0.8	0.5	0.0	0.1	0.0	-0.2	-0.3	-0.5	-0.6	0.0	0.0
Iceland	0.2	-0.7	-0.2	0.0	0.1	-0.6	-0.2	0.1	0.2	0.2	-0.1	-0.2	-0.1	-0.2	0.1	0.0
Ireland	1.2	-0.8	0.3	0.0	0.6	0.3	0.1	0.2	0.3	-0.5	0.0	-0.2	0.2	-0.6	0.2	0.0
Israel	0.6	1.0	0.6	0.2	0.6	0.6	0.4	0.2	0.0	-0.1	0.2	0.0	0.0	0.5	0.0	0.0
Italy	0.5	-0.5	0.0	0.0	0.2	0.1	0.0	0.3	-0.3	-0.2	-0.1	-0.3	0.5	-0.4	0.1	0.0
Japan	-0.4	-0.2	-0.1	-0.1	0.0	0.2	0.4	0.2	-0.3	-0.4	-0.5	-0.3	-0.1	0.0	0.0	0.0
Luxembourg	2.2	1.3	0.3	-0.1	0.8	0.8	0.3	0.1	0.0	0.2	-0.1	-0.3	1.5	0.3	0.0	0.0
Mexico	0.6	1.0	1.0	0.5	0.0	0.0	0.5	0.6	0.5	0.6	0.4	-0.1	0.1	0.3	0.1	0.0
Netherlands	0.6	0.2	-0.1	0.0	0.5	0.1	0.2	0.2	0.0	0.1	-0.3	-0.2	0.2	0.0	0.0	0.0
New Zealand	1.1	0.1	0.1	0.1	0.4	0.2	0.1	0.2	0.2	0.1	-0.1	-0.1	0.5	-0.2	0.1	0.0
Norway	0.6	0.2	-0.1	0.0	0.3	-0.1	0.0	0.1	0.1	0.3	-0.2	-0.1	0.2	0.1	0.0	0.0
Poland	0.6	0.3	-0.5	-0.4	-0.2	0.4	-0.2	0.0	0.5	0.0	-0.2	-0.4	0.3	-0.1	-0.1	0.0
Portugal	-0.1	-0.8	0.2	-0.1	0.3	0.0	0.0	0.3	-0.1	-0.2	0.0	-0.4	-0.3	-0.6	0.2	0.0
Korea	0.8	0.5	0.2	-0.1	0.3	0.2	0.4	0.5	0.4	0.3	-0.3	-0.6	0.1	0.0	0.0	0.0
Slovak Republic	0.5	0.1	-0.5	-0.4	0.0	-0.1	-0.3	-0.1	0.6	0.1	-0.2	-0.4	-0.1	0.1	0.0	0.0
Slovenia[4]	0.5	-0.8	-0.4	-0.1	0.6	-0.3	-0.3	0.2	0.1	-0.3	-0.2	-0.4	-0.1	-0.2	0.1	0.0
Spain	1.3	-1.4	0.5	-0.2	1.7	0.5	-0.1	0.2	-0.1	-0.3	0.0	-0.4	-0.3	-1.5	0.5	0.1
Sweden	0.2	0.1	-0.1	0.0	0.0	0.0	0.2	0.1	0.3	0.1	-0.3	-0.1	-0.1	0.0	0.0	0.0
Switzerland	0.3	0.3	-0.2	-0.1	0.1	0.0	0.0	0.2	0.2	0.1	-0.2	-0.3	0.0	0.1	0.0	0.0
Turkey	-0.1	1.4	0.8	0.3	-0.4	1.0	0.5	0.5	0.5	0.4	0.3	-0.2	-0.1	0.0	0.0	0.0
United Kingdom	0.4	0.1	0.0	0.1	0.1	0.3	0.2	0.2	0.2	0.0	-0.2	-0.1	0.1	-0.2	0.1	0.0
United States	-0.1	-0.4	-0.3	0.1	0.0	-0.4	-0.1	0.2	0.2	0.1	-0.2	-0.1	-0.3	-0.2	0.0	0.0
Euro area[4]	0.5	-0.2	-0.1	0.0	0.5	0.3	0.0	0.2	-0.1	-0.2	-0.1	-0.3	0.0	-0.4	0.1	0.0
OECD[4]	0.2	0.0	0.0	0.1	0.1	0.1	0.1	0.3	0.1	0.0	-0.1	-0.2	0.0	-0.1	0.0	0.0
Argentina	2.0	1.3	0.5	-0.1	..	..	..	..	0.3	0.3	0.1	-0.1	..	..	..	..
Brazil	1.0	1.0	0.3	-0.4	..	..	..	..	0.5	0.5	0.2	-0.2	..	..	..	..
China	0.5	-0.1	-0.4	-0.5	..	..	..	..	1.1	0.2	0.0	-0.2	..	..	..	..
India	0.1	0.4	0.8	0.1	..	..	..	..	0.6	0.5	0.4	0.1	..	..	..	..
Indonesia	0.4	1.0	0.5	-0.2	..	..	..	..	0.2	0.2	0.5	0.0	..	..	..	..
Russia	1.1	-0.3	-0.6	-0.2	..	..	..	..	0.5	-0.4	-0.1	-0.2	..	..	..	..
South Africa[4]	-0.3	0.1	1.0	0.2	..	..	..	..	0.4	0.1	0.3	0.1	..	..	..	..
Non-OECD[4]	0.3	0.1	0.1	-0.2	..	..	..	..	0.7	0.3	0.2	-0.1	..	..	..	..

1. Participation rate of people age between 15 and 74.
2. Active population ratio is the population age between 15 and 74 divided by the total population.
3. Includes any divergence between labour force survey and national account measures of employment.
4. Starting year is 2001 for Slovenia, South Africa and non-OECD total; and 2002 for Estonia, the euro area and OECD total.

Source: OECD Economic Outlook 95 long-term database.

StatLink http://dx.doi.org/10.1787/888933051738

Non-OECD trend productivity is growing faster but decelerating

There is much greater variation in labour efficiency growth among non-OECD countries. China is projected to experience a halving in labour efficiency growth to 2030 compared to the staggering 7-8% per annum growth rate it experienced since 2000, but this will still be faster than for any other country and three times the growth rate of the frontier. Labour efficiency growth for Indonesia and India is expected to be more stable at more than double the growth rate of the frontier over the entire period to 2060. In comparison, the growth rates of labour efficiency for other non-OECD countries, while eventually picking up to growth rates above that of the frontier, are less impressive, reflecting a weaker historical performance.

Changes in capital intensity have little impact on growth except in a few countries

The additional contribution to trend productivity growth from changes in (physical) capital intensity is relatively modest for most countries. However, for euro area countries (Estonia, Ireland, Greece, Portugal, Slovenia and Spain), which have been most severely affected by the crisis, the projected decline in capital intensity reduces potential growth over the period to 2030 by between 0.1 to 0.5 percentage points per annum. Conversely, rising capital intensity (implying some continuation of recent trends) contributes to stronger productivity growth in Australia, Brazil, Canada, Chile, China, India and Russia to 2030 by between 0.3 to 0.7 percentage points per annum. Beyond 2030, rising global interest rates (discussed in a later section) reduce capital intensity in all countries, typically subtracting 0.1 percentage points from annual trend productivity growth.

Human capital makes a larger contribution to non-OECD growth

Among OECD countries, the further contribution to trend productivity growth from human capital is typically stable at about 0.2 to 0.4 percentage points per annum, although there are a few countries (notably Greece, Portugal, Korea, Spain and Turkey), for which there is a pronounced slowdown in the contribution, either because of demographics (smaller younger cohorts) or as countries approach the educational attainment frontier. Human capital makes a much stronger contribution to productivity growth in most non-OECD countries, given the typically greater scope for catch-up in schooling as well as more youthful populations; for Brazil, China, India and South Africa it contributes between ¾ and 1 percentage points per annum over the entire projection horizon.

But convergence in productivity levels is far from complete

While growth is generally more rapid in low-income countries, a complete catch-up in productivity levels does not occur. This is not only because it would take longer for those countries which start furthest from the productivity frontier, but also because differences in structural policies and other structural factors matter and can prevent complete catch-up. In the present modelling framework, important differences in underlying productivity levels are attributed to differences in structural policy settings as represented by the degree of competition-friendly product market regulation. Furthermore, differences in GDP per capita will persist because of differences in labour utilisation due to different structural characteristics of the labour market, including structural policy settings, as well as demographic differences.

Labour utilisation trends do not subtract from OECD growth despite ageing

For the OECD as whole, labour utilisation makes no contribution to GDP per capita growth to 2030 and only a modest contribution of 0.1 percentage points per annum over the period 2030-60 (Table 4.3).[6] However, this should be interpreted in the context of ageing populations, represented by a decline in the ratio of the working age to total population, which for the majority of OECD countries, might be expected to subtract 0.1-0.2 percentage point from the growth of labour utilisation over the period to 2030 and 0.2-0.4 percentage point over the period 2030-60. This demographic effect is, on average across all OECD countries, offset by rising labour force participation mainly due to a continuation of rising participation rates for women and older workers (Figure 4.2). Increasing old-age participation rates reflect a combination of: the effect of a more educated workforce; legislated retirement reforms to 2030 (Box 4.6); and, beyond 2030, the assumption that the length of active life in the labour market rises in proportion with increasing life expectancy (which would be roughly similar to indexing retirement ages to life expectancy). Exceptions to the OECD-aggregate trend, where changes in labour utilisation make a more pronounced positive contribution to GDP per capita growth, are Chile, Israel, Mexico and Turkey, for which there is a rise in the share of the population of working-age to total population and for which participation rates are rising more strongly, especially boosted by strongly increasing female participation. Conversely, countries where there is a significant decline in labour utilisation include Poland, Slovak Republic and Slovenia.

Fiscal sustainability and implications for interest rates and global imbalances

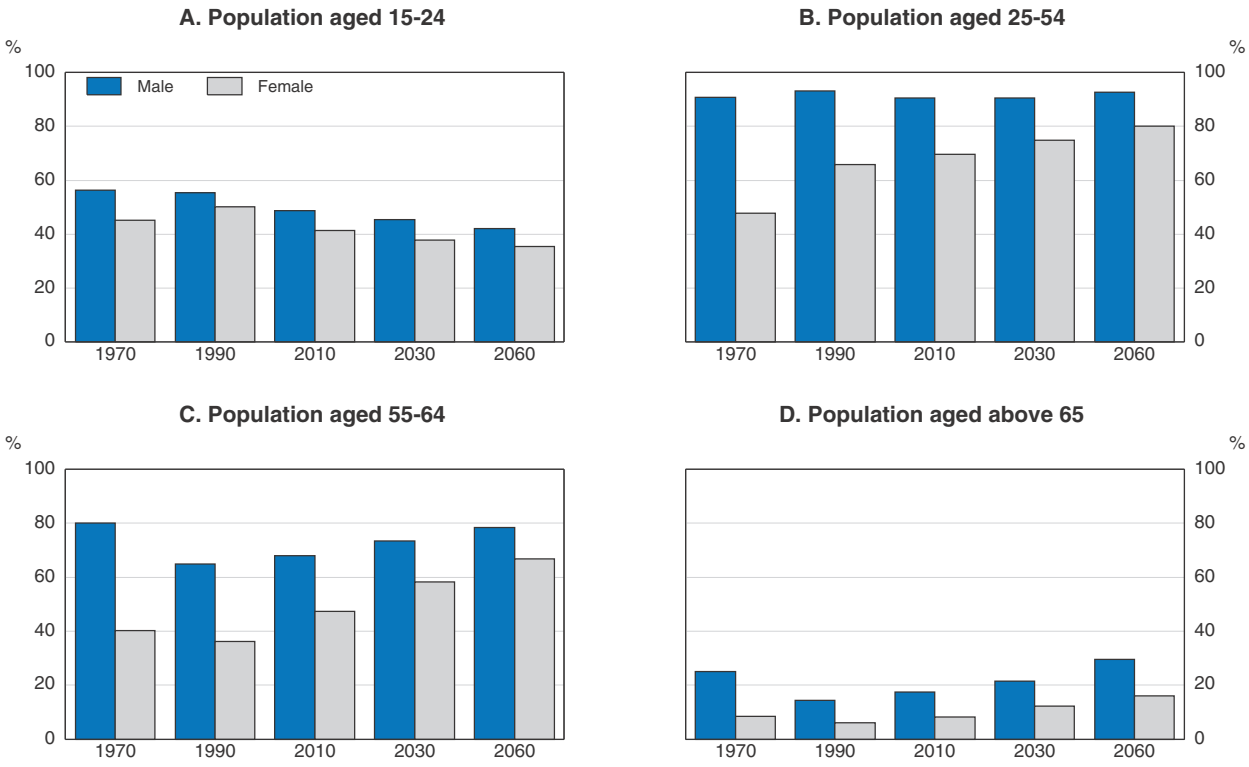
Government debt is reduced to 60% of GDP in the baseline

In the baseline scenario, consistent with previous exercises of this kind, it is assumed that for those countries with gross general government debt in excess of 60% of GDP in 2015, fiscal policy is directed towards achieving that level, although the choice of this particular level is somewhat arbitrary. The target is specified in terms of gross government debt partly because this may be more comparable across countries than net debt,[7] although differences in the treatment of public pension liabilities mean that not even gross measures of government debt are fully comparable (Box 4.7). This debt target is achieved through a gradual

6. It is, however, possible that the population projections over-estimate the contribution that migration will give to offset the fall in the working age population, as they do not factor in that income-related incentives for migrants decline as incomes per capita converge (OECD, 2014a).
7. The focus here is on the concept of gross government debt on a national accounts basis (rather than Maastricht basis), but net debt (net of financial assets held by government) is arguably conceptually preferable when considering long-run debt sustainability as it represents the amount of debt that would remain if the government were to liquidate all the financial assets it holds. The gap between gross and net debt is particularly large for Norway, Japan, Sweden, Finland and Canada so that for these countries a gross debt target of 60% may appear unduly stringent. Gross debt is, however, preferable when looking at the immediate borrowing needs of governments and has the practical advantage of being more cross-country comparable because data on financial assets are of unequal quality across countries.

Figure 4.2. **Evolution of the labour force participation rate in the OECD area**

In percentage of the respective population



Source: OECD Labour Force Statistics database; UN demographic projections; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933050104

Box 4.6. **The evolution of OECD pensionable ages**

In the last decade, many OECD countries have passed pension reforms aimed at increasing the financial sustainability of their public pension systems or to adjust pension parameters to improvements in life expectancy. As a result, in a clear majority of countries the retirement age that earns entitlement to full pension benefits will increase over future decades.

The estimates presented here take account of the pension reforms legislated until January 2014. An unweighted OECD average of the statutory age at which a full pension becomes eligible (hereafter referred to as the "pensionable age") is expected to rise from just under 64 years for men and 62½ for women in 2012, to just over 65 for men and just under 65 for women in 2030. In most OECD countries, a pensionable age of 65 applies already, especially for men. However, for a large number of OECD countries, a common trend will be to move towards 67 years or over. Today only Norway and Iceland have retirement ages set at 67 for both sexes, but in 2050 about 18 OECD countries will have reached or surpassed that retirement age.

The increase in retirement age will follow country-specific pathways (see table below). In Canada and Germany, for instance, the transition from 65 years to 67 will be gradual and completed by around 2030. Conversely, in Australia, Poland and the United States the adjustment will be accomplished by the first half of the 2020s. Ireland and the United Kingdom have legislated increases in the pensionable age up to 68, to be reached by 2028 and 2048, respectively.

Box 4.6. **The evolution of OECD pensionable ages** *(cont.)*

Some major economies have linked the future evolution of their statutory retirement ages to trends in life expectancy (Italy, Greece, Spain, the Netherlands and Denmark). The Czech Republic has implemented a quasi-indexed system by increasing the pension age for men by two months per birth cohort, without any upper limit. In 2044, the pension age of women will catch up to that for men, after which a single retirement age will apply for all.

An important component of many recent reforms is the move towards gender parity in retirement conditions. While 14 OECD countries had different retirement ages across gender in 2012, by 2030 this number will be halved and by 2050 only Israel, Chile and Switzerland are expected to have different retirement ages between men and women.

The evolution of OECD pensionable ages: history and projections to 2030

	Men's pensionable ages 1989-2030					Women's pensionable ages 1989-2030				
	1989	2002	2012	2020	2030	1989	2002	2012	2020	2030
Australia	65.0	65.0	65.0	66.2	67.0	**60.0**	**62.0**	**64.0**	66.2	67.0
Austria	65.0	65.0	65.0	65.0	65.0	**60.0**	**60.0**	**60.0**	**60.0**	**63.5**
Belgium	65.0	65.0	65.0	65.0	65.0	**60.0**	**62.0**	65.0	65.0	65.0
Canada	66.0	65.0	65.0	65.0	67.0	66.0	65.0	65.0	65.0	67.0
Switzerland	65.0	65.0	65.0	65.0	65.0	**62.0**	**62.0**	**64.0**	**64.0**	**64.0**
Chile	65.0	65.0	65.0	65.0	65.0	**60.0**	**60.0**	**60.0**	**60.0**	**60.0**
Czech Republic	60.0	60.5	62.3	63.5	65.0	**57.0**	**58.0**	**61.0**	**63.2**	65.0
Germany	63.0	63.5	65.1	65.8	67.0	**60.0**	**60.5**	65.1	65.8	67.0
Denmark	67.0	67.0	65.0	66.0	68.0	**62.0**	67.0	65.0	66.0	68.0
Spain	65.0	65.0	65.0	65.8	67.0	65.0	65.0	65.0	65.8	67.0
Estonia	..	63.0	63.0	63.8	65.0	..	**58.0**	**61.0**	63.8	65.0
Finland	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0
France[1]	60.0	60.0	62.0	62.0	63.3	60.0	60.0	62.0	62.0	63.3
United Kingdom	65.0	65.0	65.0	65.2	66.4	**60.0**	**60.0**	**61.0**	65.2	66.4
Greece[2]	57.0	57.0	60.0	62.0	63.8	57.0	57.0	60.0	62.0	63.8
Hungary	60.0	60.0	62.5	64.3	65.0	**55.0**	**55.0**	**60.0**	64.3	65.0
Iceland	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0
Ireland	65.0	65.0	65.0	66.0	68.0	65.0	65.0	65.0	66.0	68.0
Israel	65.0	65.0	67.0	67.0	67.0	**60.0**	**60.0**	**62.4**	**64.0**	**64.0**
Italy[3]	55.0	57.0	66.0	67.0	68.1	55.0	57.0	**62.0**	67.0	68.1
Japan	60.0	61.0	64.6	65.0	65.0	**56.0**	**60.0**	**62.8**	65.0	65.0
Korea	..	60.0	60.0	62.0	64.0	..	60.0	60.0	62.0	64.0
Luxembourg	65.0	60.0	60.0	60.0	60.0	65.0	60.0	60.0	60.0	60.0
Mexico	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0
Netherlands	65.0	65.0	65.0	66.4	67.0	65.0	65.0	65.0	66.0	67.0
Norway	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0
New Zealand	60.0	64.1	65.0	65.0	65.0	60.0	64.1	65.0	65.0	65.0
Poland	65.0	65.0	65.0	67.0	67.0	**60.0**	**60.0**	**60.0**	**62.0**	**64.5**
Portugal	65.0	65.0	65.0	65.0	65.0	**62.0**	65.0	65.0	65.0	65.0
Slovak Republic	60.0	60.0	62.0	62.5	63.8	**57.0**	**57.0**	**59.8**	62.5	63.8
Slovenia	..	63.0	63.0	63.0	65.0	..	**57.3**	**61.0**	**61.0**	65.0
Sweden	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0
Turkey[4]	45.0	44.0	45.5	48.6	53.1	45.0	**40.0**	**42.1**	**45.2**	**50.4**
United States	65.0	65.0	66.0	66.5	67.0	65.0	65.0	66.0	66.5	67.0
OECD	***63.0***	***62.9***	***63.8***	***64.4***	***65.2***	***60.9***	***61.1***	***62.4***	***63.7***	***64.8***

Note: Data for women are shown in bold face when they differ from men's pensionable age. See OECD Pensions Outlook 2012, Tables A1 and A2 for country-specific footnotes.

1. Based on the "âge légal de départ à la retraite" assuming the worker enters the labour force at age 20 and contributes regularly and that the contribution parameter will grow according to the currently legislated evolution of the contribution requirement; namely, 3 months per age cohort.
2. The pension age shown is based on a full-career worker starting at age 20 allowing for both the evolution of the minimum pension age and the contribution requirement in line with longevity.
3. Up to 2002, the pensionable age reflects the availability of the "seniority" pensions. From 2012 onward, the evolution of the pension age is based on the normal old-age pension scheme.
4. The pension age will increase to 65 years by 2050.

Source: updates from OECD (2012), *OECD Pensions Outlook 2012*, OECD Publishing, Paris.

StatLink http://dx.doi.org/10.1787/888933051833

Box 4.7. **Pension systems and their impact on government debt measures**

Differences in the institutional set-up and the recording of government sponsored pension schemes can have a substantial impact on reported levels of government debt. Using a recent survey of pension plan assets and liabilities, this box shows the impact of these differences and how they would affect the measure of gross debt which is regularly published in the *Economic Outlook* (column 3 in the table below).

The way in which pension systems are organised varies significantly across countries. In some cases, pensions are based on a pay-as-you-go (PAYG) system, pension benefits being paid from current contributions. In other cases, (partially) funded systems are in place, in which contributions are accumulated and invested, and from which future benefits will (partially) be paid. Ideally, all pension liabilities, whether funded or unfunded, would be recorded. However, such estimates, especially those affecting government debt levels, will only become available for all EU countries in the course of 2017. For some non-EU OECD countries it may take even longer.

Currently, the organisation and the recording of pension systems in national accounts have a direct impact on the comparability of reported government debt measures. This is especially true of the way in which governments have organised pension systems for civil servants. Generally, pension liabilities of unfunded PAYG-systems are not counted as part of government debt. On the other hand, liabilities of (partially) funded schemes are usually counted, but not necessarily as part of government debt. If the relevant pension funds are operating autonomously, their assets and liabilities are recorded as part of the financial corporations' sector and, therefore, do not impact government debt. However, if the pension funds are underfunded, countries have some flexibility in the recording of the unfunded part of the liabilities. Sometimes these are not recorded as a debt of the sponsor, in this case the government, and thus do not feature as part of government debt.

One option for international comparisons is to use total liabilities of general government according to the System of National Accounts (first column of the table below). This measure includes, in some countries, unfunded liabilities associated with partially funded government employee pension plans (second column). Because countries that include such liabilities in their government accounts appear to have inflated public debt levels relative to countries that do not or that have PAYG systems, the *Economic Outlook* reports only adjusted figures that leave out these liabilities from government gross debt statistics (column 3). The adjustment has a considerable impact in some countries, lowering public debt estimates for Australia, Canada, Iceland and the United States by some 15-25% of GDP.

But even after this adjustment, countries with (partially) funded government employee pension plans, classified in either the government sector or the financial corporations' sector, are arguably still somewhat disadvantaged in international comparisons, because accumulated assets in the relevant pension schemes (the funded part) are partly the product of previous government expenditures that in the past gave rise to higher government deficits, and consequently higher debt levels, all else equal. Such assets may have been accumulated inside the general government sector, as in the case of Australia, Japan and Portugal (column 4), or outside of it (column 5). Taking into account assets accumulated for the payment of future pension benefits can have a significant impact on international rankings of government indebtedness (column 6). Canada and the Netherlands have funds amounting to more than 40% of GDP, whereas Iceland, Switzerland and the United States have accumulated assets worth around 30% of GDP.

In addition to pension plans for civil servants, governments also operate more generic, social security type schemes for the population at large. These may provide a minimum pension benefit for the whole population, or they may relate to more extended arrangements. Presently, no country records the corresponding pension liabilities as part of government debt, although some have made estimates in view of the mandatory requirement in the EU to provide this information in 2017. A few countries have established dedicated funds for these future pension benefits (column 7). In Sweden, these funds amount to more than 25% of GDP. Less significant funds, worth between 5% and 11% of GDP, exist in Canada, Portugal, Spain and Switzerland. Beyond dedicated funds for the payment of future pension benefits within the general government, the amount of financial assets accumulated by governments more generally, also differs across countries. For example, social security funds in Finland have accumulated substantial assets equal to about 78 percentage points of GDP.

Box 4.7. **Pension systems and their impact on government debt measures** *(cont.)*

The above analysis shows that, depending on the treatment of pension systems, gross government liabilities can vary by as much as 70 percentage points of GDP (comparing columns 1 and 8 in the case of Canada), with variations of 40–50 percentage points for Iceland, Netherlands, Sweden and the United States. These findings call for care and transparency when presenting government debt figures, and especially when making comparisons between countries.

Pension systems and their impact on government debt, 2012

Percentage of GDP

	Total liabilities (1)	Unfunded pension liabilities (2)	Total liabilities excluding unfunded pension liabilities (3=1-2)	Accumulated funds related to employment related pension schemes, inside GG (4)	Accumulated funds related to employment related pension schemes, outside GG (5)	Total liabilities, after full adjustment for employment related funds (6=3-4-5)	Accumulated funds related to social security pension schemes, inside GG (7)	Total liabilities, after full adjustment for employment related and social security funds (8=6-7)
Australia[1]	57.9	25.8	32.1	5.4	..	..	0.0	..
Austria	86.0	0.0	86.0	0.0	0.0	86.0	0.0	86.0
Belgium	106.4	0.0	106.4	0.0	0.0	106.4	0.0	106.4
Canada	109.7	13.6	96.1	0.0	44.4	51.7	12.8	38.9
Chile	18.6	0.0	18.6	..	..	..	2.2	..
Czech Republic	55.7	0.0	55.7	0.0	0.0	55.7	0.0	55.7
Denmark	59.3	0.0	59.3	0.0	0.0	59.3	0.0	59.3
Estonia	13.3	0.0	13.3	0.0	0.0	13.3	0.0	13.3
Finland	64.0	0.0	64.0	0.0	0.0	64.0	0.0	64.0
France	109.3	0.0	109.3	0.0	0.0	109.3	1.8	107.5
Germany	88.5	0.0	88.5	0.3	0.0	88.2	0.0	88.2
Greece	167.5	0.0	167.5	0.0	0.0	167.5	0.0	167.5
Hungary	90.0	0.0	90.0	0.0	..	..	0.0	..
Iceland	129.5	25.8	103.7	0.0	31.9	71.8	0.0	71.8
Ireland	127.8	0.0	127.8	0.0	0.0	127.8	0.0	127.8
Israel	68.2	0.0	68.2	0.0	..	..	0.0	..
Italy	142.2	0.0	142.2	0.0	0.0	142.2	0.0	142.2
Japan	216.5	0.0	216.5	9.8	..	..	2.2	..
Korea	34.8	0.0	34.8	0.0	..	..	0.0	..
Luxembourg	30.2	..	30.2	..	..	..	..	..
Mexico	..	0.0	..	0.0	0.0	..	0.0	..
Netherlands	82.7	0.0	82.7	0.0	47.8	34.9	0.0	34.9
New Zealand	47.6	5.2	42.4	0.0	1.4	41.0	0.0	41.0
Norway	34.7	0.0	34.7	0.0	13.5	21.2	0.0	21.2
Poland	62.3	0.0	62.3	0.0	0.0	62.3	1.0	61.3
Portugal	134.6	0.0	134.6	3.3	0.1	131.2	6.5	124.7
Slovak Republic	56.9	0.0	56.9	0.0	0.0	56.9	0.0	56.9
Slovenia	61.6	0.0	61.6	0.0	0.0	61.6	0.0	61.6
Spain	92.6	0.0	92.6	0.0	0.0	92.6	6.1	86.5
Sweden	49.0	2.3	46.7	0.0	18.9	27.8	27.0	0.8
Switzerland[2]	46.3	0.0	46.3	0.0	31.1	15.2	5.4	9.9
Turkey	..	0.0	..	0.0	0.0	..	0.0	..
United Kingdom	101.6	0.0	101.6	0.0	13.7	87.9	0.0	87.9
United States	122.2	20.1	102.1	0.0	30.0	72.1	0.0	72.1

1. Based on Government Finance Statistics. Data not fully consistent with SNA but the difference in total liabilities excluding unfunded pension liabilities is less than 1% of GDP.
2. 2011 data for Switzerland.

Source: National accounts and country answers to one-time survey.

StatLink http://dx.doi.org/10.1787/888933051852

improvement in the underlying primary balance (at a maximum of ½ percentage point of GDP each year), over and above the improvement in the fiscal balance that results from the operation of the automatic stabilisers as output gaps close.

Fiscal consolidation requirements

Public debt exceeds 60% of GDP in around two-thirds of OECD countries

Around one-third of OECD countries have maintained gross public debt below 60% of GDP through the crisis and its aftermath. In the remaining OECD countries, there is a range of further consolidation requirements beyond 2013. Some of that required change includes commitments made by governments to improve budget positions by 2015, which are incorporated in the short-term projections described in previous chapters. The remainder is measured here as the *average* projected underlying primary balance after 2015 that is required to stabilise debt at 60% of GDP (Table 4.4).[8] The average consolidation requirement is a robust measure of consolidation needs as it is little affected by the timing of consolidation (see Box 4.5 of OECD (2013a)) and is conceptually similar to, and empirically closely correlated with, measures of the so-called "fiscal gap", which measures the immediate increase in the underlying primary balance, which if sustained, will ensure a particular debt target is reached in a particular year.

Many countries need little further consolidation to reduce debt

For nearly all countries, with the most obvious exception of Japan, the further consolidation that would be required to hit the 60% debt target is less, and mostly much less, than that already projected to have been achieved between 2010 and 2015 (Figure 4.3). This does rely on substantial consolidation efforts in 2014 and 2015 of between 2 and 3½ percentage points of GDP for Finland, Ireland, Japan, Portugal, Slovenia and Spain. Beyond 2015, countries can be grouped according to further consolidation requirements as follows.

Some only need a little consolidation to achieve a 60% debt ratio

- A large group of countries require little further average consolidation (1 percentage point of GDP or less) beyond 2015 to achieve the 60% target by 2030: Belgium, Finland, Germany, Greece, Israel, and Slovenia. Austria and the Netherlands require no additional consolidation to reduce debt to 60%. Most of these countries have debt ratios which are already not far from 60%, or where this is not the case (Belgium), went into the crisis already running an underlying primary surplus.

8. The measure of average consolidation is taken as the difference between the underlying primary balance in the initial year (here 2015) and the average of the underlying primary balance in each year up to 2030, except for those countries where the debt target is reached after 2030 for which the average is taken to the year in which government debt reaches the 60% target.

Table 4.4. **Fiscal trends in the projection targeting a debt ratio of 60% of GDP**

As percentage of nominal GDP (unless otherwise specified)

	Consolidation[1]		Consolidation over 2016-30 to achieve debt target:[2]		Financial balances[3]			Net financial liabilities[4]			Gross financial liabilities[5]			Long-term real interest rates[6]		
	2010-13	2014-15	Average	Peak	2013	2020	2030	2013	2020	2030	2013	2020	2030	2013	2020	2030
Australia	3.4	0.7	0.2	0.5	-1.4	-0.8	-0.8	12	15	14	33	36	36	1.7	4.3	4.1
Austria	2.9	0.5	-0.1	1.6	-1.5	2.4	-0.7	48	33	20	83	73	60	0.2	1.2	1.8
Belgium	2.0	1.3	0.2	2.4	-2.7	2.9	-1.4	84	59	37	107	82	59	0.6	1.4	1.8
Canada	0.2	1.5	1.5	3.0	-3.0	2.1	0.1	40	28	7	94	81	60	0.1	2.4	2.3
Czech Republic	6.9	-1.4	0.8	1.5	-1.5	-0.6	-0.7	13	18	16	57	62	60	1.4	3.6	4.2
Denmark	2.9	-1.6	-0.2	-0.1	-0.9	-0.3	-0.4	6	12	11	55	62	60	0.4	1.1	1.8
Estonia	2.1	0.7	-0.2	-0.1	-0.2	1.6	1.2	-31	-27	-28	13	14	13	-2.7	1.3	1.9
Finland	0.3	1.9	1.1	1.7	-2.5	4.2	2.5	-60	-58	-65	66	67	60	-0.7	1.4	2.2
France	3.9	1.6	2.5	4.6	-4.3	1.2	0.5	74	63	23	113	102	62	0.9	2.2	2.3
Germany	0.3	-0.4	0.4	1.3	0.0	1.3	-0.7	49	33	26	86	67	60	0.0	1.0	1.8
Greece	17.2	0.8	1.6	5.2	-12.7	3.7	3.5	123	88	5	186	148	65	10.4	6.9	3.2
Hungary	1.9	-1.0	1.7	3.5	-2.3	-0.1	-1.1	63	56	33	89	83	60	3.1	3.9	2.0
Iceland	9.1	-0.6	2.2	4.0	-2.1	1.0	0.7	31	25	0	98	85	60	3.1	6.6	4.4
Ireland	7.8	2.9	1.8	4.3	-7.0	2.5	0.3	90	71	22	135	110	60	3.2	3.1	1.8
Israel	0.5	0.7	0.9	1.4	-4.3	-2.0	-2.7	-	-	-	68	63	60	1.0	3.3	3.1
Italy	4.1	0.4	1.3	4.2	-2.8	3.2	0.6	116	93	32	146	122	61	2.9	3.1	2.3
Japan	-0.9	2.4	10.7	19.5	-9.3	-5.5	-4.9	138	152	158	225	239	245	1.9	1.4	2.6
Korea	1.4	0.3	-0.3	-0.2	-0.4	2.1	1.7	-34	-31	-33	37	40	38	2.1	3.1	2.8
Luxembourg	2.3	-1.5	0.1	0.2	0.1	2.1	1.7	-47	-41	-44	30	36	34	-2.0	0.9	1.8
Netherlands	4.0	1.5	-0.2	1.4	-2.4	2.1	-0.8	44	31	20	86	71	60	0.7	1.4	1.8
New Zealand	2.5	0.6	-1.2	-0.9	-0.3	-0.7	-0.4	7	6	8	41	39	41	2.3	4.8	4.3
Poland	2.6	1.1	1.9	2.4	-4.3	-1.5	-1.2	37	33	32	64	60	59	1.8	4.5	3.0
Portugal	7.2	2.3	1.9	5.0	-5.0	2.4	1.9	92	77	17	139	123	63	5.8	5.4	2.4
Slovak Republic	4.5	0.2	1.1	1.6	-2.8	-1.3	-1.1	28	32	30	59	62	60	2.0	2.0	2.2
Slovenia	3.6	2.8	0.9	2.5	-14.7	3.1	0.3	19	17	-2	80	78	59	5.0	2.1	1.9
Spain	6.9	2.7	3.5	6.3	-7.1	-0.4	1.4	71	73	31	104	107	64	4.4	4.2	2.0
Sweden	-2.2	0.2	0.7	1.4	-1.3	0.3	0.6	-24	-15	-15	47	53	54	1.1	2.3	2.6
Switzerland	-0.6	-0.2	-0.7	-0.2	0.1	-0.4	-0.3	8	7	8	46	45	46	0.8	1.3	2.0
United Kingdom	3.9	2.1	4.2	6.9	-5.9	-2.0	2.0	65	67	38	99	101	72	0.6	3.7	3.7
United States	4.5	1.5	3.3	5.6	-6.4	-1.4	0.6	81	77	43	104	99	65	0.6	2.7	2.4
Euro Area	3.6	0.9	1.4	2.6	-3.0	1.7	0.2	69	54	23	107	92	61	1.6	2.2	2.1
OECD	3.2	1.3	2.1	3.8	-4.9	-0.6	0.1	69	64	39	109	103	77	1.1	2.6	2.5

Note: These fiscal projections are the consequence of applying a stylised fiscal consolidation path and should not be interpreted as a forecast.

1 Consolidation is measured as the change in the underlying primary balance as a percentage of potential GDP.

2. Over the projection period, countries with gross government debt ratios in excess of 60% of GDP are assumed to gradually reduce debt to this level, whereas other countries stabilise debt ratios at their current levels. Consolidation requirements from 2015 to achieve these objectives are measured as the difference between the underlying primary balance in 2015 and its average or its peak over the period to 2030 (or until the debt ratio stabilises).

3. General government fiscal surplus (+) or deficit (-) as a percentage of GDP.

4. Includes all financial liabilities minus financial assets as defined by the system of national accounts (where data availability permits) and covers the general government sector, which is a consolidation of central, state and local governments and the social security sector.

5. Includes all financial liabilities as defined by the system of national accounts (where data availability permits) and covers the general government sector, which is a consolidation of central, state and local governments and the social security sector. The definition of gross debt differs from the Maastricht definition used to assess EU fiscal positions.

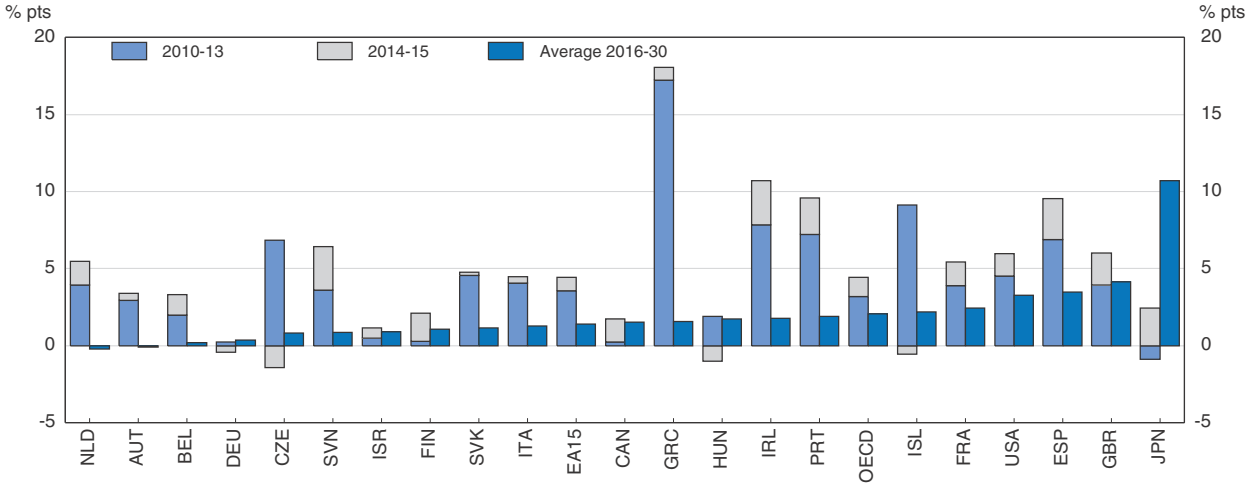
6. Nominal 10-year government bonds adjusted by the GDP deflator.

Source: OECD Economic Outlook 95 long-term database.

StatLink http://dx.doi.org/10.1787/888933051757

Figure 4.3. **Consolidation requirements to reduce government debt to 60 per cent of GDP**

Change in the underlying primary balance, percentage points of GDP



Note: The average measure of consolidation is the difference between the underlying primary balance in 2015 and the average underlying primary balance between 2016 and 2030, except for those countries for which the debt target is only achieved after 2030, in which case the average is calculated up until the year that debt target is achieved.
Source: OECD Economic Outlook 95 long-term database.

StatLink http://dx.doi.org/10.1787/888933050123

Another group requires more consolidation but much has already been front-loaded

- A second group of countries require average consolidation of between 1 and 3 percentage points of GDP: Canada, France, Hungary, Iceland, Ireland, Italy, Poland and Portugal. Most of these countries (but not Canada and Hungary) have also front-loaded consolidation so that this average requirement beyond 2015 is less than one-third of what will have already been achieved by then.

A few countries require substantial further consolidation

- A third group of countries all have debt ratios exceeding 100% of GDP and require larger average consolidation of between 3 and 5 percentage points of GDP: Spain, the United Kingdom and the United States. Of these, the United Kingdom and United States will have completed about two-thirds of the required post-crisis consolidation by 2015, whereas Spain will have completed about three-quarters.

Japan is a special case requiring a combination of policies to reduce debt

- For Japan, a massive consolidation requirement of nearly 11 percentage points of GDP is required beyond 2015 and even that barely stabilises debt by 2030 and does not quite achieve the 60% target by 2060. This latter result can be interpreted to mean that reducing Japan's government indebtedness more decisively will require a combination of substantial fiscal consolidation (and probably at a more urgent pace than in the stylized calculations presented here), structural measures to raise potential growth and expansionary monetary policy that raises inflation (Guillemette and Strasky, 2013).

A peak measure of consolidation requirements exceeds the average measure

The preceding calculations are likely to understate overall fiscal consolidation requirements for a number of reasons. Firstly, because the required profile of the underlying primary balance is likely to involve an intermediate *peak* increase which is greater than the *average* increase

referred to above (see Box 4.5 in OECD (2013a)). This is because of the need to put debt on a declining path towards the target. Once on that path, declining debt interest payments allow for some relaxation of effort while achieving a gradual convergence to the target. Among the countries that require most consolidation (but excluding Japan), the peak measure in these projections is typically 2-3 percentage points of GDP higher than the average measure of consolidation.[9]

Health spending adds pressure to consolidation requirements

Required fiscal efforts are also understated because increased pressures on public spending from health and pensions are not explicitly incorporated into the fiscal projections, but will need to be offset or counteracted to contain government indebtedness.[10] Recent OECD work (Oliveira Martins and de la Maisonneuve, 2014) suggests that even under a "cost containment scenario" (as in Table 4.5) in which future policies act more strongly than in the past to rein in expenditure growth, average OECD public expenditure on health and long-term care is expected to rise by about 1½ percentage points of GDP between now and 2030. On top of this, the average increase in public pension expenditures across OECD countries is expected to be just over 1 percentage point of GDP to 2030, although in some countries (Belgium, Finland and Luxembourg) the increase is three to four times higher.

Slower closure of output gaps would raise consolidation needs

A further risk concerns those countries with large consolidation requirements and a large initial output gap in 2015. If instead of closing smoothly over the next 4-5 years, as assumed in the baseline scenario, the closing of the output gap is delayed by a further three years, then consolidation requirements would be exacerbated; the average consolidation needed by Greece would rise by more than 1½ percentage points of GDP, whereas for Portugal, Ireland and Italy the increase would be about ¾ percentage points of GDP, and in all cases reaching the debt target would be delayed by several years.

The effects of OECD-wide fiscal consolidation on interest rates

Interest rate premia will decline as government and external debt fall

Real long-term interest rates for the median OECD country are projected to rise by about 1¾ percentage points over the next 4-5 years as output gaps close and policy rates normalise (Table 4.4). Lower government indebtedness is projected to dampen the rise in interest rates through a number of channels at least until 2030. Firstly, lower government indebtedness reduces fiscal risk premia, as the number of OECD countries with government debt levels above the threshold of 75% of GDP, at which fiscal risk premia are assumed to be incurred, falls from

9. The peak measure is, however, more dependent on the particular fiscal adjustment profile used to achieve the debt target, of which the baseline represents one specific case.
10. Additional fiscal pressures may come from education spending as governments strive to ensure equal opportunities and support knowledge-based growth (OECD, 2014a).

Table 4.5. **Changes in public spending on health and pensions for selected OECD countries**

Change 2015-30, percentage points of GDP

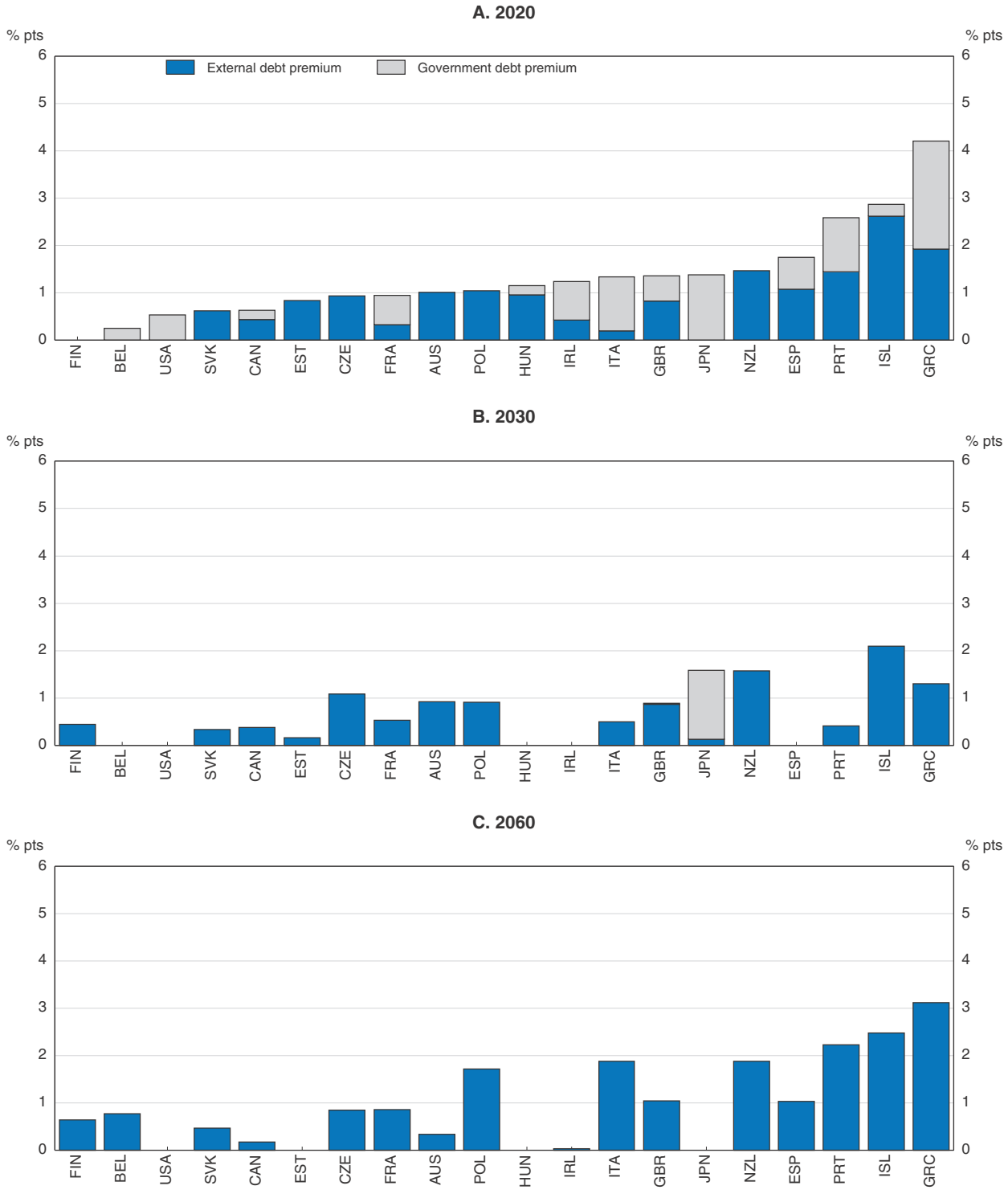
	Health care[1]	Long-term care[1]	Pensions	Total
Australia	1.2	0.2	0.7	2.1
Austria	1.3	0.2	2.3	3.9
Belgium	1.1	0.3	3.6	5.0
Canada	1.4	0.2	1.2	2.9
Chile	1.4	0.5	-0.7	1.2
Czech Republic	1.1	0.2	0.3	1.7
Denmark	1.3	0.2	0.3	1.8
Estonia	0.9	0.2	0.4	1.5
Finland	1.2	0.2	2.8	4.2
France	1.2	0.2	0.5	1.9
Germany	1.3	0.3	1.5	3.1
Greece	1.2	0.3	0.0	1.5
Hungary	0.9	0.3	-0.8	0.4
Ireland	1.2	0.1	0.7	2.0
Iceland	1.2	0.2	1.1	2.5
Israel	1.3	0.3	0.5	2.1
Italy	1.3	0.3	-0.4	1.2
Japan	1.4	0.3	na	1.7
Korea	1.7	0.4	1.4	3.5
Luxembourg	1.4	0.3	4.1	5.8
Mexico	1.3	0.4	0.4	2.1
Netherlands	1.4	0.3	2.3	4.0
Norway	1.3	0.2	2.0	3.5
New Zealand	1.1	0.1	1.9	3.1
Poland	1.1	0.2	0.2	1.6
Portugal	1.3	0.2	-0.1	1.4
Slovak Republic	1.2	0.3	1.4	2.9
Slovenia	1.3	0.3	1.5	3.1
Spain	1.3	0.4	0.2	1.8
Sweden	1.0	0.1	0.4	1.6
Switzerland	1.3	0.2	1.5	3.0
Turkey	1.2	0.3	1.5	3.0
United Kingdom	1.1	0.2	0.3	1.6
United States	1.2	0.1	0.1	1.5
OECD (unweighted) average	**1.2**	**0.3**	**1.0**	**2.5**

Note: Where projections are not available over the period 2015-30, linear interpolation has been applied.
1. Based on "Cost-containment scenario", (Oliveira Martins and de la Maisonneuve, 2013).
Source: European Commission (2012), OECD Pensions at a Glance (2011), Merola and Sutherland (2012), Bank of Israel.

StatLink http://dx.doi.org/10.1787/888933051776

17 now, to 13 by 2020 and only one (Japan) by 2030 (Figure 4.4). Among these countries, consolidation is projected to reduce the fiscal risk premium on average by about 1 percentage point to 2030. Secondly, to the extent that higher public debt is often associated with higher external debt and lower government debt reduces net external debt, it will also reduce country-specific risk premia on domestic interest rates; the (unweighted) average risk premium associated with net external debt among all OECD countries is projected to halve by 2030 from its current estimated level of ¾ of a percentage point now. Nevertheless, OECD countries which are still expected to incur risk premia associated with external debt of more than one percentage point in 2030 include Iceland, Greece and New Zealand.

Figure 4.4. **Interest risk premium from public and external debt for OECD countries**



Note: There is no debt premium for Austria, Denmark, Germany, Israel, Korea, Luxembourg, the Netherlands, Slovenia, Sweden and Switzerland for any of the three periods shown.
Source: OECD Economic Outlook 95 long-term database.

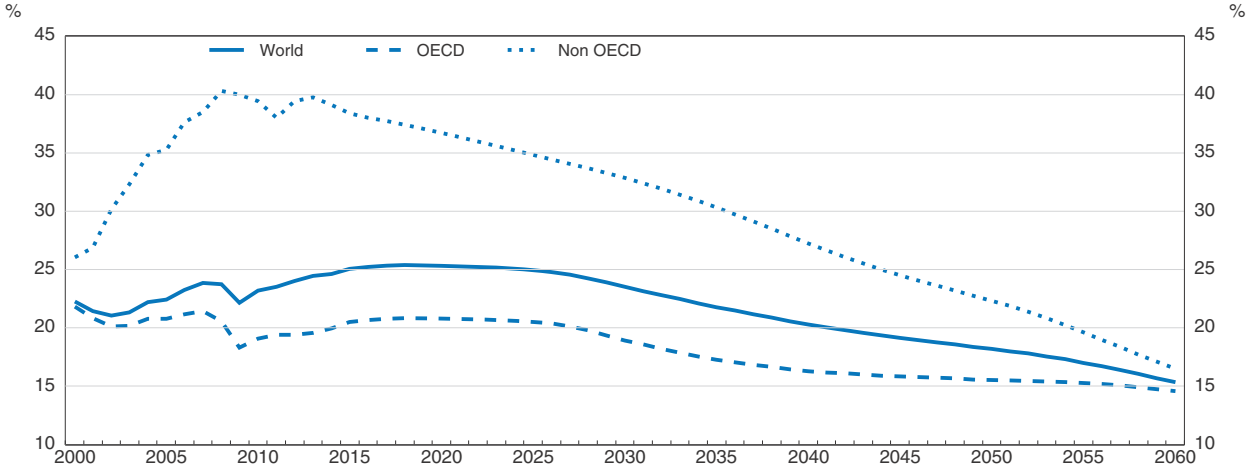
StatLink http://dx.doi.org/10.1787/888933050142

OECD-wide fiscal tightening will affect global saving and interest rates

Fiscal consolidation will also boost OECD and global saving, which will tend to reduce interest rates in all countries. However, a dominant influence tending to reduce national saving in both OECD and non-OECD countries will be population ageing, which in the case of non-OECD countries will be re-enforced by increased access to credit and the wider provision of social safety nets. Nevertheless, despite saving rates falling in nearly all countries, the global saving rate remains relatively stable to 2030 because of a compositional effect as the share of high-saving countries (especially China and India) in global output rises (Figure 4.5). Indeed, the *ex ante* balance between global savings and investment tends to reduce global interest rates by up to 1 percentage point to 2030, reflected by a fall in the "global balancing premium" (Figure 4.6), about half of which can be attributed to OECD fiscal consolidation.

Figure 4.5. **Trends in global saving**

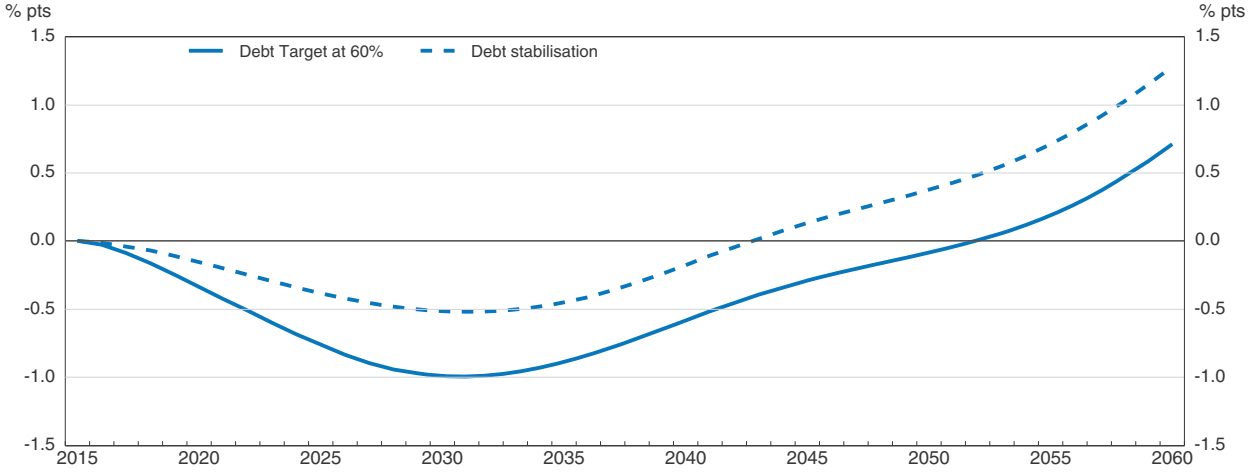
In per cent of GDP



Source: OECD Economic Outlook 95 long-term database.

StatLink http://dx.doi.org/10.1787/888933050161

Figure 4.6. **The global balancing premium, 2015-2060**



Source: OECD Economic Outlook 95 long-term database.

StatLink http://dx.doi.org/10.1787/888933050180

Demographic trends may dominate long-run global saving and interest rate trends

Beyond 2030, however, the country compositional effect is out-weighed by the trend decline in saving rates in all countries, and there is a switch in the direction of the premium. By the 2050s, it has moved from an anticipated global *ex ante* saving glut towards a growing global saving shortage, which puts progressively upward pressure on global interest rates, raising them by about ¾ of a percentage point in 2060. This projection is, however, particularly sensitive to developments in China and India (because together they account for more than one-third of global saving) as well as to the magnitude of the demographic influence on saving.[11]

Consolidation boosts medium-term growth

Apart from improving resilience to cope with future shocks, OECD-wide fiscal consolidation would boost saving and lower interest rates as illustrated by comparison with an alternative variant in which OECD fiscal policy is directed to stabilise government debt only at 2013 levels (Table 4.6).

Table 4.6. **The effects of lowering government debt to 60% of GDP**

In 2030, or when debt target achieved if later

	Public debt premium % pts	External debt premium % pts	Government debt service % of GDP	GDP growth 2016-30 % pts
Austria	-0.2	0.0	-1.2	0.1
Belgium	-0.5	-0.2	-2.0	0.1
Canada	-0.4	-0.2	-2.0	0.1
Czech Republic	0.0	0.0	-0.3	0.0
Denmark	0.0	0.0	-0.2	0.1
Estonia	0.0	0.1	0.0	0.0
Finland	0.0	0.0	-0.6	0.1
France	-0.8	-0.3	-3.2	0.2
Germany	-0.1	0.0	-0.9	0.1
Greece	-3.8	-0.9	-12.8	0.6
Hungary	-0.3	0.0	-1.8	0.1
Iceland	-0.3	-0.2	-2.5	0.1
Ireland	-1.1	-0.2	-3.6	0.2
Italy	-1.9	-0.4	-5.7	0.3
Japan	-1.3	-0.9	-10.8	0.1
Korea	0.0	0.0	-0.1	0.1
Luxembourg	0.0	0.0	0.0	0.0
Netherlands	-0.3	0.0	-1.3	0.1
New Zealand	0.0	0.0	-0.1	0.0
Portugal	-1.5	-0.3	-5.1	0.3
Slovak Republic	0.0	0.1	-0.1	0.1
Slovenia	-0.2	0.0	-1.3	0.1
Spain	-0.7	0.0	-2.5	0.2
Sweden	0.0	0.0	-0.1	0.1
Switzerland	0.0	0.0	-0.1	0.0
United Kingdom	-0.7	-0.4	-3.7	0.1
United States	-0.6	0.0	-2.6	0.1

Note: Table shows the effect of reducing government debt to 60% of GDP compared to an alternative counter-factual in which fiscal policy is directed towards stabilising government debt at 2013 levels.

Source: OECD Economic Outlook 95 long-term database.

StatLink http://dx.doi.org/10.1787/888933051795

11. In the model, demographic effects on saving are captured by fixed age-dependency rates, although this creates some tension where retirement ages are increasing, and particularly beyond 2030 when it is assumed that retirement ages rise in line with life expectancy for all countries.

Reducing government debt to 60% of GDP would, for the 10 OECD countries for which government debt is currently highest, lower combined fiscal and net external debt risk premia by an average of 1½ percentage points, reduce government debt service by an average of 4 percentage points of GDP and boost medium-term growth by 0.2 percentage points per year (all by 2030, relative to a counter-factual in which current debt levels are maintained). This boost to GDP ignores the Keynesian effects that further consolidation might have in delaying the closure of output gaps with possible detrimental hysteresis effects on potential output (De Long and Summers, 2012), although the pace of further consolidation is assumed to be modest (a maximum of ½ per cent of GDP per annum).

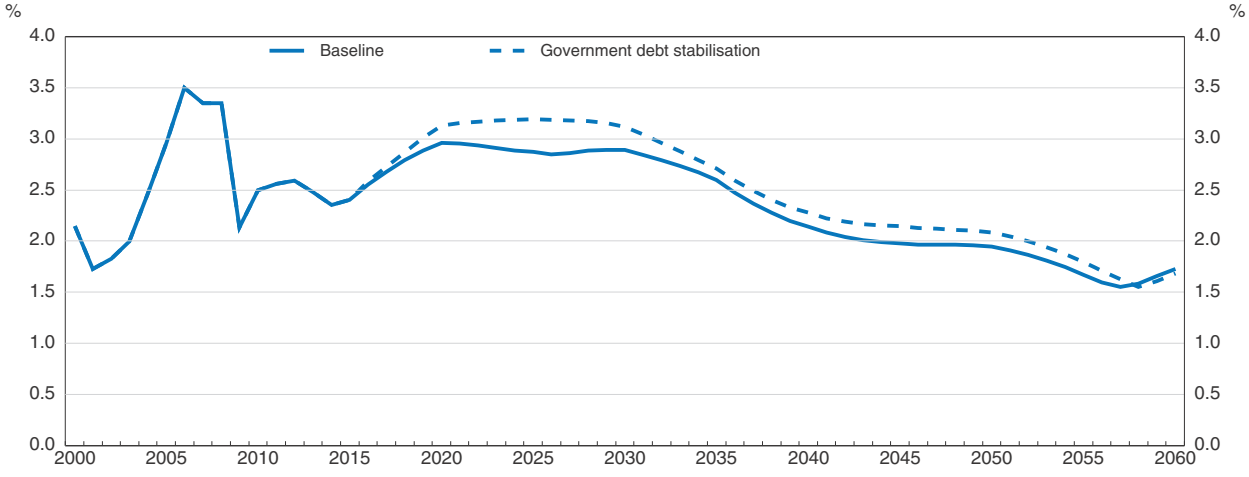
Global current account imbalances

Fiscal consolidation also reduces global imbalances

The overall scale of global current account imbalances, measured as the absolute sum of all nominal current account balances normalised on global GDP, is currently around one-third lower than pre-crisis peaks, but is expected to rise to around 2020, before broadly stabilising to 2030 (Figure 4.7). Given that the majority of OECD countries with high government debt are also projected to be running current account deficits, OECD-wide fiscal consolidation will also relieve pressure on global imbalances. Judged relative to a variant scenario in which OECD fiscal policy only stabilises government debt at 2013 levels, fiscal consolidation in the baseline projections reduces global imbalances by up to 15% over the period to 2030.

Figure 4.7. **Global current account imbalances will increase until 2020**

Sum of absolute current account balances, divided by 2, in per cent of world GDP



Note: 'Government debt stabilisation' is a scenario in which OECD countries target a stable government-debt-to-GDP ratio at current levels, rather than reduce it to 60% of GDP as in the baseline.
Source: OECD Economic Outlook 95 long-term database.

StatLink http://dx.doi.org/10.1787/888933050199

The effect of structural reforms on employment, growth and fiscal positions

There is substantial scope for further structural improvements

A recent survey of structural performance of OECD and BRIICS economies (OECD, 2014b) called for "ambitious and comprehensive structural reform" to facilitate a return to healthy and sustainable growth. Structural reforms, particularly if they boost employment, can also ease fiscal constraints. While some structural reform is built into the current projection baseline, there remains ample scope for further enhancement as illustrated in a range of scenarios considered here: firstly, raising potential employment, either by reducing structural unemployment or promoting female labour force participation; secondly, improving product market regulation to facilitate competition and so boost productivity; and finally to promote human capital by better access to quality education.

The fiscal effects of higher potential employment

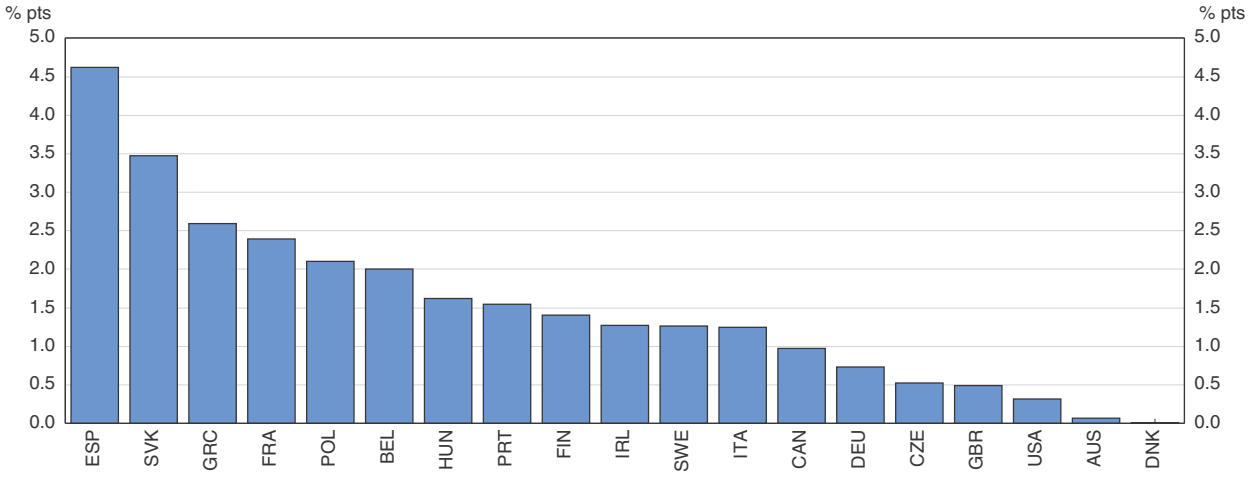
Lower structural unemployment relieves fiscal pressures

In a reform scenario, labour market reforms are assumed to reduce structural unemployment to 5% in all OECD countries where it currently exceeds this level.[12] Higher potential employment increases tax revenue and reduces unemployment-related welfare benefits. Furthermore, if the additional employment is in the private sector, implying a rise in the tax base relative to expenditure on public sector wages, then total government expenditure will fall as a share of GDP.[13] On this basis, the scope for the largest falls in structural unemployment relative to the baseline projection are for Spain (down by 10 percentage points), Greece (7½ percentage points), the Slovak Republic (9 percentage points) and Portugal (4 percentage points). The biggest permanent improvements in the primary balance are for these countries as well as others, such as France or Belgium, for which the fall in structural unemployment may be less, but unemployment-related benefits are relatively high and public sector employment is a relatively high share of total employment (Figure 4.8). For these six countries, the reduction in structural unemployment would permanently improve the primary balance by more than 2 percentage points of GDP and for Spain the improvement would be more than double that. To put the magnitude of these effects in context, the pressures from increased public spending on health and pensions are expected to amount to just under 3 percentage points of GDP for the median OECD country to 2030. As well as reducing the extent of required

12. A structural unemployment rate of 5% was achieved by almost one-third of OECD countries in the immediate pre-crisis period. In the baseline projection, structural unemployment is slowly converging to the level observed before the crisis in each country.
13. Structural reforms are more likely to positively affect fiscal balances if they generate higher potential employment rather than result in higher trend productivity. The total estimated improvement in the underlying primary balance from an increase in potential employment by 1 percentage point ranges from between 0.3 and 0.8 per cent of GDP, with the effect largest in countries where the initial ratio of public to private sector employment and the initial proportion of primary public expenditure to GDP are highest (OECD, 2010).

Figure 4.8. **The fiscal gains from a fall in structural unemployment**

Change in the underlying primary balance compared to the baseline, percentage points of GDP



Note: The numbers represent the effect on the primary balance of a fall of the structural unemployment to 5 per cent. Countries where unemployment is already below 5 per cent are not shown.
Source: OECD Economic Outlook 95 long-term database; and OECD Calculations.

StatLink http://dx.doi.org/10.1787/888933050218

consolidation to achieve any given debt target, falling structural unemployment would also enable that target to be achieved earlier;[14] the 60% debt target in the baseline would be reached 5 years earlier for the Slovak Republic, 4 years earlier for Greece and 3 years earlier for France and Portugal.

Promoting female participation should be a priority in many countries…

Raising the participation of women should be a structural policy priority, particularly for countries in which rapidly ageing populations are most likely to be a drag on the employment rate (OECD, 2013b and 2014b). While social trends have played a key role in the rise in female participation, policies can also have an impact (Thévenon, 2013). This is particularly true as regards the availability of reliable and affordable day-care, which significantly increases the ability of either spouse to remain in the workforce after child-birth – but most often impacts on women. A related issue is whether parental leave that can be taken by either parent. Other policies that have significant impacts on female participation include facilitating part-time employment, which at present is still subject to significant penalties relative to full-time employment in most countries (OECD, 2010), including lack of basic levels of job security, training and promotion, less access to unemployment benefits or re-employment assistance.

14. Fiscal consolidation in the baseline takes place through a gradual improvement in the underlying primary balance with a maximum cap on consolidation in any single year of ½ percentage point of GDP, but the effect from the reduction in unemployment is assumed to come in addition to the cap as the improvement is an indirect effect of labour market reforms.

… and the gains could be large for some countries

In a further variant scenario, the participation rate of women in 2030 is raised to that of the full-time equivalent currently prevailing in the median OECD country (54%). For Turkey, Poland and Italy this results in aggregate participation gains large enough to increase GDP by over 10% in 2030. Increases of 5% or more also result for Belgium, the Czech Republic, France, Greece, Hungary and Japan. Given the likely boost to private employment, this could also deliver substantial fiscal savings; estimated to be about 6% of GDP for Italy and Poland; and 2-3% of GDP for Belgium, the Czech Republic, France, Greece, Hungary, Japan and the Slovak Republic.[15]

The growth effects of product market reforms

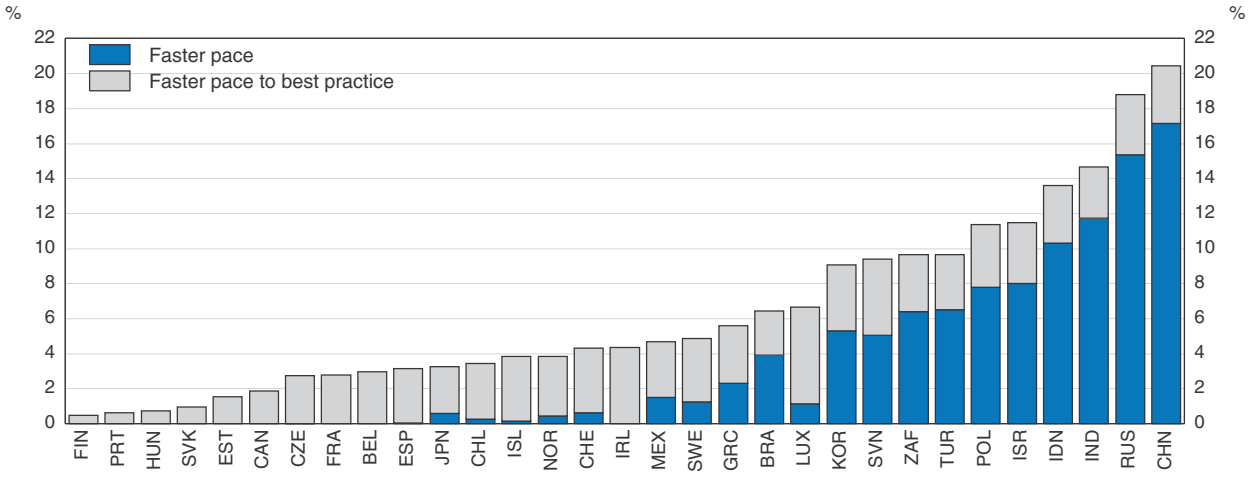
A faster pace of product market reform would boost GDP

There is a substantial body of evidence at the firm, industry and macro-level, linking competition-friendly product market regulation (as quantified by the OECD's PMR index) with better productivity performance, a link which is embodied in the modelling framework underlying the current projections.[16] In the baseline scenario, a gradual improvement in product market regulations (as quantified by the PMR index) is assumed so that all countries improve to at least the current average across OECD countries at a speed which is consistent with the average rate of improvement observed over recent history. This speed of improvement has slowed over the past 5 years, although there are some exceptions – notably Greece, Italy, Poland, Portugal and the Slovak Republic – where there have been more substantial reforms (OECD, 2014b). In a variant scenario, designed to reflect a faster pace of reform, the rate of improvement in product market regulations in all countries is set equal to the average pace of this fast-reforming group of countries. The faster speed of product market reform boosts trend productivity most in those countries where there is greatest scope to catch-up in terms of competition-enhancing regulation (and not at all for those countries for which the PMR indicator is already better than the current OECD average). Thus, gains are typically larger for non-OECD economies, with GDP increasing by an average of 9% by 2030, and for the six OECD countries in which regulations are currently most stringent, where GDP is boosted by an average of 6% by 2030 (Figure 4.9). In a further scenario, in which the level of product market regulation is also assumed to improve to at least the best quartile currently observed among OECD countries, rather than just the current OECD average (as in the baseline and first scenario), the

15. The fiscal savings from higher female participation could be offset if there were significant fiscal costs from higher public support for child-care needed to bring this about.
16. A link between firm, industry and macro-level growth performance and competition-enhancing product market regulation is found by Bourlès *et al.* (2010), Bouis *et al.* (2011), Conway, *et al.* (2006) and Griffith, *et al.* (2004). In the empirical work underlying the current modelling framework (Johansson *et al.*, 2013) more pro-competition product market regulation, as quantified by the OECD's product market regulation index, was found to boost long-term productivity and thus affect the pace at which countries converge towards the international technological frontier.

Figure 4.9. **The effect of improved product market regulation on GDP**

In 2030, per cent



Note: The 'Faster pace' shows the effect of an increase in the speed of product market reform which roughly matches the average rate of improvement in the PMR index observed over the period 2008-13 for Greece, Italy, Poland, Portugal and Slovak Republic. The 'Faster pace of reform to best practice' shows the effect of the same increased speed of product market reform, but to a level which matches the current best quartile among OECD countries rather than the current OECD average as in the baseline and first scenario.
Source: OECD Economic Outlook 95 long-term database; and OECD Calculations.

StatLink http://dx.doi.org/10.1787/888933050237

GDP gains would be even larger and spread among a much wider group of countries. Such a reform effort would also come close to meeting the G20's target to raise collective GDP by 2% within 5 years.

The gains from improving access to education in emerging market economies

Education reforms in emerging market economies could boost human capital

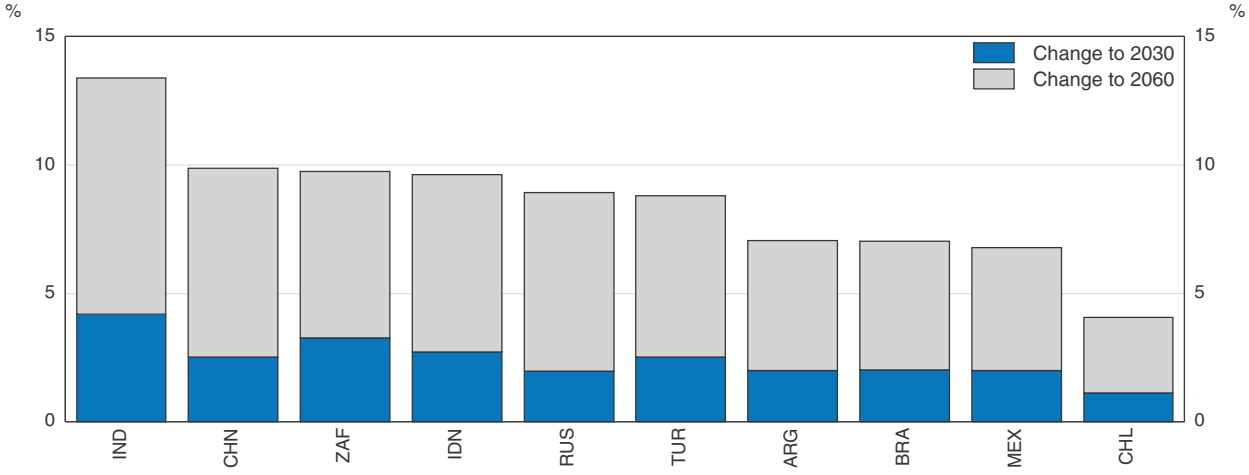
Improving access to quality education is a priority recommendation in many emerging economies, including the BRIICS, as well as Turkey, Mexico and Chile (OECD, 2013b and 2014b). Education increases human capital and so makes workers more productive and has been among the most important drivers for increasing long-run living standards (Cohen and Soto, 2007; Bouis *et al*, 2011). There is likely to be a larger benefit to reforms where average years of schooling are initially low, as empirical evidence suggests that the returns from boosting coverage and performance in primary and secondary education are greater than for tertiary education.[17] In order to simulate the effect of ambitious education reforms in emerging economies, a variant scenario with faster improvement in educational attainment was constructed based on historical episodes in low-income countries in which major reforms enhanced primary and secondary coverage and performance. Brazil, Chile, Indonesia, Korea, Mexico, and Russia all experienced periods of a decade or more in which there was above average growth in educational

17. This is reflected in the current modelling framework whereby human capital improvement is modelled as a decreasing function of additional years of schooling

attainment of the 25 to 29 year-old group. During these episodes, the annual speed of convergence in educational levels was on average around 60% higher than assumed in the baseline. Applying a similar rate of improvement, the variant scenario highlights the long-term gains in productivity that faster improvements in educational attainment can bring in emerging economies. There are likely to be long lags before there are major GDP effects because the primary beneficiaries will be those who are currently young, but over the long-term (to 2060) the GDP gains could be around 10% or more for China, India, Indonesia and South Africa (Figure 4.10).[18]

Figure 4.10. **The effect of improving access to education on GDP**

Per cent



Note: The bars report the impact on GDP that increased access to quality-education will have through improvements in human capital.
Source: OECD Economic Outlook 95 long-term database; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933050256

18. The Turkish government recently approved a reform programme aimed at increasing the average schooling attainment of the cohort age 25 to 29 to about 13 years by 2025, which is not incorporated in the baseline projection reported here, but the possible effects on GDP are considered in OECD (2012).

Bibliography

Bouis, R., R. Duval and F. Murtin (2011), "The Policy and Institutional Drivers of Economic Growth Across OECD and Non-OECD Economies: New Evidence from Growth Regressions", *OECD Economics Department Working Papers,* No. 843, OECD Publishing.

Bourlès, R., G. Cette, J. Lopez, J. Mairesse and G. Nicoletti (2010), "Do Product Market Regulations in Upstream Sectors Curb Productivity Growth?: Panel Data Evidence for OECD Countries", *OECD Economics Department Working Papers*, No. 791, OECD Publishing.

Cohen and Soto (2007), "Growth and Human Capital: Good Data, Good Results", *Journal of Economic Growth,* Vol. 12.

Conway, P., D. De Rosa, G. Nicoletti and F. Steiner (2006), "Regulation, Competition and Productivity Convergence", *OECD Economics Department Working Paper*, No. 509, OECD Publishing.

DeLong, B. and L. Summers (2012), "Fiscal Policy in a Depressed Economy", paper prepared for the Spring 2012 Brookings Panel on Economic Activity, 22-23 March, Washington, D.C.

Égert, B. (2010), "Fiscal Policy Reaction to the Cycle in the OECD: Pro- or Counter-Cyclical?", *OECD Economics Department Working Papers*, No. 763, OECD Publishing.

Frankel, J. (2006), "The Balassa-Samuelson Relationship and the Renminbi", *Harvard Working Paper*, December.

Griffith, R., S. Redding and J. van Reenen (2004), "Mapping the Two Faces of R&D: Productivity Growth in a Panel of OECD Countries", *Review of Economics and Statistics,* Vol. 86.

Johansson, A., Y. Guillemette, F. Murtin, D. Turner, G. Nicoletti, C. de la Maisonneuve, P. Bagnoli, G. Bousquet and F. Spinelli (2013), "Long-Term Growth Scenarios", *OECD Economics Department Working Papers*, No. 1000, OECD Publishing.

Guillemette, Y. and J. Strasky (2013), "Japan's Challenging Debt Dynamics", *OECD Economics Department Working Papers*, No. 1085, OECD Publishing.

Kerdrain, C., I. Koske and I. Wanner (2010), "The Impact of Structural Policies on Saving, Investment and Current Accounts", *OECD Economics Department Working Papers*, No. 815, OECD Publishing.

Lane, P. R. and G.M. Milesi Ferreti (2001), "Long-Term Capital Movements", *Center for Economic Policy Research*, *Discussion paper,* No. 2873.

Laubach, T. (2009), "New Evidence on the Interest Rate Effects of Budget Deficits and Debt", *Journal of the European Economic Association*, Vol. 7.

OECD (2010), *Economic Outlook* No. 88, "Fiscal Consolidation Requirements, Timing, Instruments and Institutional arrangements", Chapter 4, OECD Publishing.

OECD (2012), *OECD Economic Surveys: Turkey*, OECD Publishing.

OECD (2013a), *Economic Outlook* No. 93, "Growth Prospects and Fiscal Requirements over the Long Term", Chapter 4, OECD Publishing.

OECD (2013b), *Economic Policy Reforms, Going for Growth*, OECD Publishing.

OECD (2014a), "OECD@100: Policies for a Shifting World", *OECD Economic Policy Papers*, forthcoming, OECD Publishing.

OECD (2014b), *Economic Policy Reforms, Going For Growth, Interim Report, 2014*, OECD Publishing.

Oliveira Martins, J. and C. de la Maisonneuve (2014, forthcoming), "The Future of Health and Long-Term Care Spending", *OECD Economic Studies*, OECD Publishing.

Röhn, O. (2011), "New Evidence on the Private Saving Offset and Ricardian Equivalence", *OECD Economics Department Working Paper*, No. 762, OECD Publishing.

Rose, D. (2010), "The Influence of Foreign Assets and Liabilities on Real Interest Rates", *Institute of Policy Studies Working Paper* 10/09.

Thévenon, O. (2013), "Drivers of Female Labour Force Participation in the OECD", *OECD Social, Employment and Migration Working Paper,* No. 145, OECD Publishing.

Turner, D. and F. Spinelli (2013), "The effect of government debt, external debt and their interaction on OECD interest rates", *OECD Economics Department Working Paper,* No. 1103, OECD Publishing.

OECD Economic Outlook
Volume 2014/1
© OECD 2014

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 2014 to 2015 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.htm*).

Corrigenda for the current and earlier issues, as applicable, can be found at *www.oecd.org/about/publishing/corrigenda.htm*.

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 QUARTERLY PROJECTIONS

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.

Additional information

2013 weights used for real GDP regional aggregates

	OECD euro area[1]	OECD	World		OECD euro area[1]	OECD	World
Australia		2.2	1.3	Slovenia	0.5	0.1	0.1
Austria	3.1	0.8	0.4	Spain	12.1	3.1	1.8
Belgium	3.7	1.0	0.5	Sweden		0.9	0.5
Canada		3.2	1.8	Switzerland		0.9	0.5
Chile		0.8	0.5	Turkey		3.0	1.7
Czech Republic		0.6	0.4	United Kingdom		4.8	2.7
Denmark		0.5	0.3	United States		35.1	19.9
Estonia	0.3	0.1	0.0	Euro area	100.0	25.7	14.6
Finland	1.7	0.4	0.3	OECD total		100.0	56.8
France	19.9	5.1	2.9				
Germany	28.3	7.3	4.1			Non-OECD	World
Greece	2.3	0.6	0.3				
Hungary		0.5	0.3	Argentina		2.2	0.9
Iceland		0.0	0.0	Brazil		6.8	3.0
Ireland	1.7	0.4	0.2	China		37.5	16.2
Israel		0.6	0.3	Indonesia		3.7	1.6
Italy	16.8	4.3	2.4	India		14.1	6.1
Japan		10.0	5.7	Russian Federation		9.7	4.2
Korea		3.7	2.1	Saudi Arabia		2.5	1.1
Luxembourg	0.4	0.1	0.1	South Africa		1.7	0.7
Mexico		4.4	2.5	Dynamic Asian Economies		6.0	2.6
Netherlands	5.9	1.5	0.9	Other major oil producers		7.0	3.0
New Zealand		0.3	0.2	Rest of non-OECD		8.7	3.8
Norway		0.7	0.4				
Poland		1.9	1.1	Non-OECD countries		100.0	43.2
Portugal	2.2	0.6	0.3				
Slovak Republic	1.1	0.3	0.2	World			100.0

Note: Weights are calculated using nominal GDP at PPP rates in 2013. 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 95 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 (1959q3-2013q4)	SNA08 (1959q3-2013q4)	SNA08 (1959q3-2013q4)	2011/2012
Austria	ESA95 (1988q1-2013q4)	ESA95 (1995-2013)	ESA95 (1976-2013)	2005
Belgium	ESA95 (1995q1-2013q4)	ESA95 (1995-2012)	ESA95 (1985-2013)	2011
Canada	SNA08 (1961q1-2013q4)	SNA08 (1961q1-2013q4)	SNA08 (1961q1-2013q4)	2007
Chile	SNA93 (2003q1-2013q4)	..	..	2008
Czech Republic	ESA95 (1995q1-2013q4)	ESA95 (1993-2012)	ESA95 (1995-2013)	2005
Denmark	ESA95 (1990q1-2013q4)	ESA95 (1990-2013)	ESA95 (1990-2013)	2005
Estonia	ESA95 (1995q1-2013q4)	ESA95 (1995-2012)	ESA95 (1995-2013)	2005
Finland	ESA95 (1990q1-2013q4)	ESA95 (1975-2012)	ESA95 (1975-2013)	2000
France	ESA95 (1949q1-2013q4)	ESA95 (1978q1-2013q4)	ESA95 (1978-2013)	2005
Germany	ESA95 (1991q1-2013q4)	ESA95 (1991-2012)	ESA95 (1991-2013)	2005
Greece	ESA95 (2000-2013)	..	ESA95 (2000-2013)	2005
Hungary	ESA95 (1995q1-2013q4)	ESA95 (1995-2012)	ESA95 (1995-2013)	2005
Iceland	SNA93 (1997q1-2013q4)	..	SNA93 (1995-2013)	2005
Ireland	ESA95 (1997q1-2013q4)	ESA95 (2002-2012)	ESA95 (1990-2013)	2011
Israel	SNA08 (1995q1-2013q4)	..	SNA08 (1990-2012)	2010
Italy	ESA95 (1991q1-2013q4)	ESA95 (1990-2013)	ESA95 (1980-2013)	2005
Japan	SNA93 (1994q1-2013q4)	SNA93 (1980-2012)	SNA93 (1980-2012)	2005
Korea	SNA08 (2000q1-2013q4)	SNA08 (2010-2013)	SNA08 (2010-2013)	2010
Luxembourg	ESA95 (1995q1-2013q4)	ESA95 (2007-2012)	ESA95 (1990-2013)	2005
Mexico	SNA08 (1993q1-2013q4)	..	..	2008
Netherlands	ESA95 (1987q1-2013q4)	ESA95 (1990-2013)	ESA95 (1969-2013)	2005
New Zealand	SNA93 (1987q4-2013q4)	SNA93 (1986-2012)	SNA93 (1986-2012)	1995/1996
Norway	SNA93 (1978q1-2013q4)	SNA93 (1978-2012)	SNA93 (1996-2013)	2011
Poland	ESA95 (1995q1-2013q4)	ESA95 (1995-2012)	ESA95 (1995-2013)	2005
Portugal	ESA95 (1995q1-2013q4)	ESA95 (1999-2013)	ESA95 (1995-2013)	2006
Slovak Republic	ESA95 (1997q1-2013q4)	ESA95 (1995-2012)	ESA95 (1995-2013)	2005
Slovenia	ESA95 (1995q1-2013q4)	ESA95 (2000-2013)	ESA95 (1995-2013)	2000
Spain	ESA95 (2000q1-2013q4)	ESA95 (2000-2013)	ESA95 (1995-2013)	2008
Sweden	ESA95 (1993q1-2013q4)	ESA95 (1993q1-2013q4)	ESA95 (1993-2013)	2012
Switzerland	SNA93 (1980q1-2013q4)	SNA93 (1990-2011)	SNA93 (1990-2013)	2005
Turkey	SNA93 (1998q1-2013q4)	..	..	1998
United Kingdom	ESA95 (1955q1-2013q4)	ESA95 (1987q1-2013q4)	ESA95 (1987q1-2013q4)	2010
United States	NIPA (SNA08) (1947q1-2014q1)	NIPA (SNA08) (1947q1-2014q1)	NIPA (SNA08) (1947q1-2014q1)	2009

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 . . . 261
2. Nominal GDP . . . 262
3. Real private consumption expenditure . . . 263
4. Real public consumption expenditure . . . 264
5. Real total gross fixed capital formation . . . 265
6. Real gross private non-residential fixed capital formation . . . 266
7. Real gross residential fixed capital formation . . . 267
8. Real total domestic demand . . . 268
9. Foreign balance contributions to changes in real GDP . . . 269
10. Output gaps . . . 270

Wages, Costs, Unemployment and Inflation

11. Compensation per employee in the total economy . . . 271
12. Labour productivity in the total economy . . . 272
13. Unemployment rates: commonly used definitions . . . 273
14. Harmonised unemployment rates . . . 274
15. Labour force, employment and unemployment . . . 275
16. GDP deflators . . . 276
17. Private consumption deflators . . . 277
18. Consumer price indices . . . 278
19. Oil and other primary commodity markets . . . 279

Key Supply-side Data

20. Employment and labour force . . . 280
21. Potential GDP and productive capital stock . . . 281
22. Structural unemployment and unit labour costs . . . 282

Saving

23. Household saving rates . . . 283
24. Gross national saving . . . 284

Fiscal Balances and Public Indebteness

25. General government total outlays . . . 285
26. General government total tax and non-tax receipts . . . 286
27. General government financial balances . . . 287
28. General government cyclically-adjusted balances . . . 288
29. General government underlying balances . . . 289
30. General government underlying primary balances . . . 290
31. General government net debt interest payments . . . 291

32. General government gross financial liabilities . . . 292
33. General government net financial liabilities . . . 293

Interest Rates and Exchange Rates

34. Short-term interest rates . . . 294
35. Long-term interest rates . . . 295
36. Nominal exchange rates (vis-à-vis the US dollar) . . . 296
37. Effective exchange rates . . . 297

External Trade and Payments

38. Export volumes of goods and services . . . 298
39. Import volumes of goods and services . . . 299
40. Export prices of goods and services . . . 300
41. Import prices of goods and services . . . 301
42. Competitive positions: relative consumer prices . . . 302
43. Competitive positions: relative unit labour costs . . . 303
44. Export performance for total goods and services . . . 304
45. Shares in world exports and imports . . . 305
46. Geographical structure of world trade growth . . . 306
47. Trade balances for goods and services . . . 307
48. Investment income, net . . . 308
49. Total transfers, net . . . 309
50. Current account balances . . . 310
51. Current account balances as a percentage of GDP . . . 311
52. Structure of current account balances of major world regions . . . 312
53. Export market growth in goods and services . . . 313
54. Import penetration . . . 314

Other Background Data

55. Quarterly demand and output projections . . . 315
56. Quarterly price, cost and unemployment projections . . . 317
57. Contributions to changes in real GDP in OECD countries . . . 318
58. Household wealth and indebtedness . . . 320
59. House prices . . . 321
60. House price ratios . . . 323
61. Maastricht definition of general government gross public debt . . . 324
62. Macroeconomic indicators for selected non-member economies . . . 325

Annex Table 1. **Real GDP**

Percentage change from previous year

	Average 1989-99	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Fourth quarter 2013	Fourth quarter 2014	Fourth quarter 2015
Australia	3.3	3.4	2.7	3.8	3.3	3.8	3.3	2.6	4.7	2.5	1.6	2.3	2.6	3.6	2.4	2.6	2.9	2.8	2.4	3.1
Austria	2.7	3.9	1.0	1.5	0.9	2.2	2.8	3.8	3.7	0.9	-3.5	1.9	2.9	0.7	0.4	1.5	2.1	0.5	1.9	2.3
Belgium	2.2	3.7	0.8	1.4	0.8	3.3	1.8	2.7	2.9	1.0	-2.8	2.3	1.8	-0.1	0.2	1.5	1.9	0.8	1.7	1.9
Canada	2.4	5.1	1.7	2.8	1.9	3.1	3.2	2.6	2.0	1.2	-2.7	3.4	2.5	1.7	2.0	2.5	2.7	2.7	2.4	2.8
Chile	..	4.5	3.3	2.2	4.0	6.9	6.3	5.7	5.2	3.2	-0.9	5.7	5.7	5.4	4.2	3.6	4.2	2.7	4.9	3.5
Czech Republic	..	4.6	3.1	2.1	3.8	4.6	6.8	7.2	5.7	2.9	-4.4	2.3	1.8	-0.9	-0.9	1.2	2.4	1.2	0.4	2.8
Denmark	2.4	3.5	0.7	0.5	0.4	2.3	2.4	3.4	1.6	-0.8	-5.7	1.4	1.1	-0.4	0.4	1.4	1.8	0.5	2.0	2.0
Estonia	..	9.7	6.3	6.6	7.8	6.3	8.9	10.1	7.5	-4.2	-14.1	2.6	9.6	3.9	0.8	1.2	3.1	0.1	1.7	3.6
Finland	1.5	5.3	2.3	1.8	2.0	4.1	2.9	4.4	5.3	0.3	-8.5	3.4	2.8	-1.0	-1.4	0.2	1.1	-0.5	1.1	0.7
France	1.9	3.9	1.8	0.9	0.9	2.3	1.9	2.7	2.2	-0.2	-3.1	1.6	2.0	0.0	0.3	0.9	1.5	0.8	1.1	1.7
Germany	2.1	3.3	1.6	0.0	-0.4	0.7	0.8	3.9	3.4	0.8	-5.1	3.9	3.4	0.9	0.5	1.9	2.1	1.4	2.0	2.2
Greece	..	4.5	4.2	3.4	5.9	4.4	2.3	5.5	3.5	-0.2	-3.1	-4.9	-7.1	-7.0	-3.9	-0.3	1.9	-2.2	0.8	2.4
Hungary	..	4.2	3.8	4.5	3.8	4.7	4.1	3.9	0.1	0.8	-6.7	1.0	1.6	-1.7	1.2	2.0	1.6	2.7	1.6	1.8
Iceland	2.2	4.3	3.9	0.1	2.4	7.8	7.2	4.7	6.0	1.2	-6.6	-4.1	2.7	1.5	3.3	2.7	3.2	4.0	2.2	3.5
Ireland	7.2	10.7	5.0	5.4	3.7	4.2	6.1	5.5	5.0	-2.2	-6.4	-1.1	2.2	0.2	-0.3	1.9	2.2	-0.6	2.9	2.8
Israel	..	8.7	-0.2	-0.1	1.5	4.9	4.9	5.8	6.9	5.0	0.9	5.5	4.6	3.3	3.4	3.2	3.5	3.1	3.3	3.6
Italy	1.4	3.9	1.8	0.4	0.0	1.6	1.1	2.3	1.5	-1.2	-5.5	1.7	0.6	-2.4	-1.8	0.5	1.1	-0.9	1.1	1.1
Japan	1.4	2.3	0.4	0.3	1.7	2.4	1.3	1.7	2.2	-1.0	-5.5	4.7	-0.5	1.4	1.5	1.2	1.2	2.5	1.0	0.9
Korea	6.6	8.8	4.5	7.4	2.9	4.9	3.9	5.2	5.5	2.8	0.7	6.5	3.7	2.3	3.0	4.0	4.2	3.6	4.0	4.3
Luxembourg	4.7	8.4	2.5	4.1	1.7	4.4	5.3	4.9	6.6	-0.7	-5.6	3.1	1.9	-0.2	2.1	2.8	2.5	2.4	2.5	2.4
Mexico	3.3	5.0	-0.3	0.1	1.4	4.0	3.3	5.0	3.1	1.2	-4.5	5.1	4.0	3.7	1.3	3.4	4.1	0.6	4.6	3.8
Netherlands	3.2	4.0	2.0	0.1	0.3	2.0	2.2	3.4	3.9	1.8	-3.7	1.5	1.0	-1.3	-0.8	1.0	1.3	0.9	0.5	1.5
New Zealand	2.7	3.9	2.2	4.9	4.4	4.4	2.7	2.3	3.4	-0.7	0.6	1.8	1.2	2.9	2.5	3.5	3.3	2.3	3.9	2.9
Norway	3.6	3.3	2.0	1.5	1.0	4.0	2.6	2.3	2.7	0.1	-1.6	0.5	1.3	2.9	0.6	2.0	2.4	1.1	2.7	2.1
Poland	..	4.3	1.2	1.4	3.9	5.3	3.6	6.2	6.8	5.1	1.6	3.9	4.5	1.9	1.6	3.0	3.4	2.2	3.3	3.5
Portugal	3.0	3.9	2.0	0.8	-0.9	1.6	0.8	1.4	2.4	0.0	-2.9	1.9	-1.3	-3.2	-1.4	1.1	1.4	1.6	0.6	1.9
Slovak Republic	..	1.4	3.5	4.6	4.8	5.1	6.7	8.3	10.5	5.8	-4.9	4.4	3.0	1.8	0.9	2.0	2.9	1.4	2.5	3.0
Slovenia	..	4.3	2.9	3.8	2.9	4.4	4.0	5.8	7.0	3.4	-7.9	1.3	0.7	-2.5	-1.1	0.3	1.2	1.7	-0.5	1.3
Spain	2.7	5.0	3.7	2.7	3.1	3.3	3.6	4.1	3.5	0.9	-3.8	-0.2	0.1	-1.6	-1.2	1.0	1.5	-0.2	1.4	1.6
Sweden	1.7	4.6	1.4	2.5	2.5	3.7	3.2	4.5	3.4	-0.8	-5.0	6.3	3.0	1.3	1.5	2.8	3.1	3.1	2.3	3.3
Switzerland	1.1	3.7	1.2	0.2	0.0	2.4	2.7	3.8	3.8	2.2	-1.9	3.0	1.8	1.0	2.0	2.0	2.5	1.8	2.3	2.6
Turkey	3.9	6.8	-5.7	6.2	5.3	9.4	8.4	6.9	4.7	0.7	-4.8	9.2	8.8	2.1	4.0	2.8	4.0	..	..	..
United Kingdom	2.8	4.4	2.2	2.3	3.9	3.2	3.2	2.8	3.4	-0.8	-5.2	1.7	1.1	0.3	1.7	3.2	2.7	2.7	3.2	2.4
United States	3.2	4.1	0.9	1.8	2.8	3.8	3.4	2.7	1.8	-0.3	-2.8	2.5	1.8	2.8	1.9	2.6	3.5	2.6	2.7	3.6
Euro area	2.1	3.9	2.0	0.9	0.7	2.0	1.8	3.4	3.0	0.2	-4.4	1.9	1.6	-0.6	-0.4	1.2	1.7	0.5	1.4	1.8
Total OECD	2.7	4.1	1.3	1.7	2.2	3.3	2.9	3.2	2.7	0.2	-3.5	3.0	2.0	1.5	1.3	2.2	2.8	2.0	2.4	2.8

Note: The adoption of national accounts systems (SNA93, SNA08 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 95 database.

StatLink http://dx.doi.org/10.1787/888933051871

Annex Table 2. **Nominal GDP**

Percentage change from previous year

	Average 1989-99	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Fourth quarter 2013	2014	2015
Australia	5.0	7.7	6.2	7.3	6.0	7.8	7.8	8.0	9.0	9.1	1.7	8.1	6.9	3.4	3.6	4.2	5.3	4.8	4.0	5.7
Austria	4.6	5.0	2.7	3.0	1.9	3.9	4.8	5.8	5.7	2.7	-2.2	3.6	5.0	2.5	2.0	2.6	3.7	1.6	3.3	4.0
Belgium	4.2	5.7	2.9	3.4	2.8	5.5	4.2	5.1	5.3	3.1	-1.6	4.4	3.8	1.8	1.4	2.4	3.2	1.7	3.1	3.2
Canada	4.1	9.6	3.3	4.1	5.3	6.5	6.5	5.4	5.3	5.1	-4.8	6.1	5.8	3.4	3.3	4.1	4.6	3.7	4.4	4.7
Chile	..	9.9	7.6	6.7	8.9	15.0	13.8	19.1	10.3	3.8	2.8	15.1	9.4	6.8	5.9	8.6	8.3	5.1	9.7	8.0
Czech Republic	..	6.0	7.9	4.8	4.7	8.8	6.5	7.8	9.2	4.9	-2.2	0.7	0.9	0.7	1.0	2.9	4.0	3.5	1.8	4.4
Denmark	4.2	6.6	3.2	2.8	2.0	4.7	5.4	5.6	3.9	3.4	-5.0	5.7	1.8	1.9	1.8	2.6	3.0	1.8	3.2	3.4
Estonia	..	15.0	13.2	11.6	12.1	11.1	15.5	19.8	20.0	1.0	-14.0	2.9	12.8	7.4	5.9	3.2	5.2	5.6	2.5	6.5
Finland	3.7	8.1	5.4	3.1	1.3	4.6	3.4	5.3	8.5	3.2	-7.2	3.7	5.6	1.9	0.6	1.5	2.3	1.3	2.1	2.2
France	3.4	5.5	3.9	3.2	2.9	4.0	3.8	4.9	4.9	2.3	-2.4	2.6	3.3	1.6	1.4	1.8	2.8	1.8	2.1	3.0
Germany	4.4	2.6	2.8	1.5	0.7	1.8	1.5	4.2	5.1	1.6	-4.0	4.9	4.7	2.4	2.8	3.2	3.8	3.6	3.3	4.1
Greece	..	8.0	7.4	7.0	10.1	7.4	4.2	8.1	7.0	4.5	-0.9	-3.9	-6.1	-7.3	-5.8	-1.7	0.7	-4.8	0.6	0.7
Hungary	..	14.2	15.9	13.3	9.4	9.7	6.7	8.0	5.6	5.6	-3.1	3.4	4.2	1.2	4.2	4.3	4.4	4.8	4.9	4.7
Iceland	7.1	8.1	12.9	5.8	3.1	10.5	10.3	13.9	12.0	13.1	1.2	2.5	6.0	4.4	5.1	5.6	6.2	6.3	6.9	5.6
Ireland	10.1	16.5	11.3	11.2	7.6	6.7	8.6	9.0	6.8	-5.0	-10.0	-2.6	2.9	0.8	0.0	2.3	3.1	-1.2	3.7	4.3
Israel	..	10.5	1.6	4.0	0.9	5.0	5.9	7.8	6.8	6.4	5.8	7.0	6.7	7.5	5.9	5.0	5.1	4.6	5.2	5.1
Italy	5.9	5.9	4.7	3.7	3.1	4.0	2.9	4.0	4.0	1.3	-3.6	2.1	1.9	-0.9	-0.4	0.9	1.6	0.1	1.5	1.6
Japan	1.9	1.0	-0.8	-1.3	-0.1	1.0	0.0	0.6	1.2	-2.3	-6.0	2.4	-2.3	0.5	1.0	2.5	2.7	2.2	2.8	2.9
Korea	13.2	9.9	8.3	10.7	6.4	8.0	5.0	5.0	8.0	5.9	4.3	9.9	5.3	3.4	3.7	4.7	5.4	4.1	5.7	5.1
Luxembourg	7.4	10.6	2.5	6.3	7.7	6.3	10.3	12.0	10.6	-0.3	-4.8	10.5	6.2	2.9	6.0	3.5	2.1	4.4	3.1	2.0
Mexico	23.3	16.7	4.8	5.8	7.5	12.9	8.6	11.6	8.2	7.5	-1.3	9.8	9.4	7.3	3.1	7.2	7.4	3.3	8.9	6.7
Netherlands	5.3	8.3	7.2	3.9	2.5	2.8	4.7	5.3	5.8	3.9	-3.6	2.3	2.2	0.0	0.6	1.0	1.8	1.0	1.1	2.1
New Zealand	4.2	6.3	6.7	6.0	5.9	8.1	5.2	4.9	8.0	2.9	1.4	4.7	4.2	2.3	5.2	7.2	4.5	9.4	4.7	4.6
Norway	6.0	19.4	3.8	-0.3	3.9	10.1	11.8	11.3	5.8	11.0	-6.9	6.8	8.1	5.7	3.3	4.5	5.2	4.8	4.7	5.0
Poland	..	11.8	4.7	3.7	4.3	9.7	6.4	7.8	11.0	8.4	5.4	5.4	7.9	4.4	2.3	3.6	5.0	2.6	4.3	5.4
Portugal	9.7	7.3	5.6	4.5	2.1	4.1	3.3	4.3	5.3	1.6	-2.0	2.6	-1.0	-3.5	0.3	1.3	1.5	3.1	0.3	2.1
Slovak Republic	..	10.9	8.7	8.6	10.3	11.2	9.2	11.5	11.7	8.8	-6.1	4.9	4.7	3.1	1.5	2.8	3.9	1.5	3.5	4.3
Slovenia	..	9.7	11.8	11.7	8.6	7.8	5.7	8.1	11.4	7.7	-4.9	0.2	1.9	-2.3	-0.1	0.9	1.1	2.4	0.0	1.3
Spain	7.3	8.7	8.0	7.2	7.4	7.4	8.1	8.4	6.9	3.3	-3.8	-0.1	0.1	-1.6	-0.6	1.2	2.0	0.0	2.1	2.1
Sweden	4.8	6.0	3.7	4.1	4.2	4.2	4.1	6.5	6.2	2.4	-3.0	7.3	4.3	2.2	2.4	3.8	4.8	4.1	3.4	5.3
Switzerland	2.8	5.2	2.5	0.8	0.8	3.3	3.0	6.0	6.4	5.0	-2.4	3.3	2.2	1.2	1.9	2.5	3.2	1.9	3.0	3.3
Turkey	79.2	59.3	44.1	45.9	29.8	22.9	16.1	16.9	11.2	12.7	0.2	15.4	18.1	9.2	10.2	11.5	10.9	..	..	..
United Kingdom	5.9	5.2	4.5	4.8	6.2	5.6	5.3	5.7	5.8	2.4	-3.1	4.8	3.5	1.4	3.5	4.8	4.2	4.0	4.5	4.1
United States	5.5	6.5	3.3	3.3	4.8	6.6	6.7	5.8	4.5	1.7	-2.1	3.7	3.8	4.6	3.4	4.1	5.5	4.1	4.4	5.7
Euro area	..	5.5	4.5	3.5	2.9	3.9	3.7	5.2	5.4	2.2	-3.5	2.7	2.8	0.7	1.1	2.0	2.7	1.6	2.4	2.9
Total OECD	7.6	7.3	4.5	4.2	4.5	5.9	5.3	5.7	5.2	2.6	-2.5	4.4	3.8	3.0	2.7	3.8	4.6	3.4	4.2	4.7

Note: The adoption of national accounts systems (SNA93, SNA08 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 95 database.

StatLink http://dx.doi.org/10.1787/888933051890

Annex Table 3. **Real private consumption expenditure**

Percentage change from previous year

	Average 1989-99	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Fourth quarter 2013	Fourth quarter 2014	Fourth quarter 2015
Australia	3.3	3.3	3.1	4.2	3.9	5.7	3.2	3.8	5.6	1.9	0.9	3.2	3.1	2.5	2.0	2.9	3.2	2.6	3.0	3.4
Austria	2.1	2.3	1.3	1.4	1.5	1.8	2.3	1.9	0.9	0.6	1.3	1.5	1.1	0.4	0.0	0.4	1.2	0.2	0.6	1.5
Belgium	1.8	2.6	1.5	0.6	0.8	1.7	1.1	1.7	1.7	2.0	0.6	2.8	0.2	-0.3	0.8	1.3	1.6	1.6	1.4	1.7
Canada	2.3	4.0	2.4	3.7	3.0	3.0	3.6	4.1	4.3	2.9	0.4	3.4	2.3	1.9	2.2	2.7	2.7	2.4	2.7	2.7
Chile	..	4.0	2.7	2.8	4.4	8.4	8.4	7.8	7.6	5.3	-0.9	10.7	9.0	6.0	5.6	4.2	3.8	5.0	3.8	3.8
Czech Republic	..	1.1	3.1	3.0	5.3	3.1	3.1	4.5	4.2	2.7	0.3	0.8	0.5	-2.1	0.1	0.9	1.7	1.3	1.0	2.0
Denmark	1.9	0.2	0.1	1.5	1.0	4.7	3.8	3.6	3.0	-0.3	-3.6	1.3	-0.7	-0.1	0.0	1.3	1.9	-1.6	3.1	2.0
Estonia	..	7.8	7.0	9.5	9.2	8.1	9.5	13.5	8.8	-5.2	-14.8	-2.6	3.8	4.9	4.2	2.8	4.3	3.4	3.4	4.6
Finland	0.9	2.2	3.0	2.5	4.8	3.4	3.1	4.3	3.5	1.9	-2.9	3.3	2.5	0.3	-0.8	-0.4	0.5	-1.7	0.4	0.5
France	1.6	3.5	2.3	2.0	1.7	1.6	2.4	2.4	2.3	0.2	0.4	1.5	0.5	-0.3	0.4	0.5	1.5	0.8	0.6	1.8
Germany	2.1	2.1	1.4	-0.6	0.3	0.1	0.3	1.6	-0.2	0.7	0.3	1.0	2.3	0.7	1.0	1.4	2.0	1.0	1.9	2.0
Greece	..	2.0	5.0	4.7	3.3	3.8	4.5	4.4	3.6	4.3	-1.6	-6.2	-7.7	-9.3	-6.0	-1.8	0.3	..	..	..
Hungary	..	3.1	4.6	8.2	8.4	1.7	2.3	1.7	1.1	-0.7	-6.6	-3.0	0.4	-1.6	0.2	1.6	1.1	0.8	1.4	1.3
Iceland	2.5	4.2	-2.8	-1.5	6.2	7.0	12.7	3.6	5.7	-7.8	-15.0	0.1	2.6	2.4	1.2	3.0	3.5	1.3	3.3	3.5
Ireland	4.9	10.5	4.5	3.8	2.8	3.7	7.1	6.7	6.7	-0.2	-5.4	0.4	-1.4	-0.3	-1.1	0.9	1.0	-1.3	1.0	1.3
Israel	..	8.0	3.5	1.6	-0.2	5.3	3.2	5.1	8.3	1.6	2.1	5.1	3.8	3.2	3.7	3.3	3.6	4.1	3.2	3.7
Italy	1.7	2.4	0.7	0.2	0.9	0.8	1.2	1.4	1.1	-0.8	-1.6	1.5	-0.3	-4.0	-2.6	0.1	0.6	-1.4	0.6	0.6
Japan	1.8	0.4	1.6	1.2	0.5	1.2	1.5	1.1	0.9	-0.9	-0.7	2.8	0.3	2.0	1.9	0.9	1.4	2.3	0.3	1.2
Korea	5.9	9.2	5.7	8.9	-0.5	0.3	4.4	4.6	5.1	1.4	0.2	4.4	2.9	1.9	2.0	2.6	3.1	2.2	2.6	3.0
Luxembourg	3.2	5.0	3.4	5.9	-5.3	2.2	2.3	3.2	3.3	-0.7	-1.4	2.5	1.3	2.2	1.8	2.8	2.6	2.2	3.1	2.4
Mexico	3.3	5.6	2.3	1.4	1.1	5.3	4.7	5.5	3.0	1.7	-6.3	5.3	4.9	4.4	2.8	2.5	3.5	1.6	3.6	3.4
Netherlands	3.1	3.7	1.8	0.9	-0.2	1.0	1.0	-0.3	1.8	1.3	-2.1	0.3	-1.1	-1.6	-2.1	-0.6	0.1	-0.7	-0.5	0.3
New Zealand	2.6	1.5	2.1	4.2	6.3	6.1	4.9	2.7	3.6	0.4	-0.7	3.2	2.5	2.9	3.4	3.7	3.4	3.8	3.7	3.1
Norway	3.0	4.2	2.1	3.1	3.2	5.4	4.4	5.0	5.4	1.8	0.0	3.8	2.6	3.0	2.1	2.2	3.0	1.5	3.3	2.7
Poland	..	3.1	2.2	3.4	2.1	4.7	2.1	5.0	4.9	5.7	2.0	3.1	2.6	1.2	0.8	2.3	3.2	1.5	2.8	3.3
Portugal	3.5	3.8	1.3	1.3	-0.2	2.7	1.7	1.8	2.5	1.3	-2.3	2.5	-3.3	-5.3	-1.7	0.4	0.7	0.6	0.2	1.0
Slovak Republic	..	2.2	5.5	5.7	1.7	4.6	6.5	5.9	6.8	6.1	0.2	-0.7	-0.5	-0.2	-0.1	1.1	1.9	0.4	1.7	2.1
Slovenia	..	0.8	2.5	2.6	3.4	3.0	2.1	2.8	6.3	2.3	-0.1	1.5	0.8	-4.8	-2.7	-1.7	-0.7	-0.2	-2.9	0.0
Spain	2.5	4.9	3.5	2.8	2.9	4.2	4.1	4.0	3.5	-0.6	-3.7	0.2	-1.2	-2.8	-2.1	1.0	1.0	0.7	0.6	1.3
Sweden	1.0	5.4	0.8	2.6	2.4	2.6	2.8	2.8	3.8	-0.1	-0.2	3.9	1.7	1.7	2.0	2.9	3.2	2.3	3.2	3.2
Switzerland	1.3	2.4	2.0	0.1	1.0	1.6	1.7	1.6	2.2	1.2	1.8	1.7	1.1	2.4	2.3	2.4	2.7	2.0	2.6	2.7
Turkey	4.3	5.9	-6.6	4.7	10.2	11.0	7.9	4.6	5.5	-0.3	-2.3	6.7	7.7	-0.5	4.6	1.9	4.7	..	..	..
United Kingdom	3.1	5.3	3.7	3.8	3.6	3.1	2.7	1.8	2.7	-1.0	-3.6	1.0	-0.4	1.4	2.2	2.5	2.3	2.3	2.8	2.1
United States	3.4	5.1	2.5	2.5	3.1	3.8	3.5	3.0	2.2	-0.4	-1.6	2.0	2.5	2.2	2.0	3.0	3.2	2.3	3.2	3.2
Euro area	2.0	3.0	1.9	0.9	1.2	1.4	1.8	2.2	1.6	0.4	-0.9	1.0	0.3	-1.4	-0.6	0.7	1.3	0.3	0.9	1.4
Total OECD	2.8	4.0	2.2	2.3	2.3	3.1	3.0	2.8	2.5	0.2	-1.4	2.2	1.9	1.2	1.5	2.1	2.6	1.9	2.3	2.6

Note: The adoption of national accounts systems (SNA93, SNA08 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 95 database.

StatLink http://dx.doi.org/10.1787/888933051909

Annex Table 4. **Real public consumption expenditure**

Percentage change from previous year

	Average 1989-99	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Fourth quarter 2013	Fourth quarter 2014	Fourth quarter 2015
Australia	2.9	3.8	2.3	2.6	3.9	3.8	2.8	3.7	3.0	4.3	1.6	3.4	3.4	2.8	1.1	0.5	1.0	2.7	-0.5	1.9
Austria	2.9	0.3	-0.4	1.0	1.1	0.5	2.1	2.2	2.6	3.7	1.2	0.1	0.4	-0.3	0.3	0.9	0.7	1.1	0.8	0.6
Belgium	1.5	3.1	1.6	3.2	1.4	1.3	0.8	1.0	1.9	2.7	1.9	0.6	0.7	1.4	0.6	0.3	0.2	-0.1	0.6	0.0
Canada	0.6	2.9	3.3	2.2	2.9	2.0	1.6	3.1	2.8	4.6	3.3	2.7	0.8	1.1	0.8	0.8	0.7	0.8	0.6	0.7
Chile	..	2.3	2.4	2.3	0.7	5.9	5.9	6.3	7.2	0.3	9.0	4.6	2.6	3.4	4.2	4.1	3.7	2.8	3.6	3.8
Czech Republic	..	0.0	3.9	7.9	6.0	-3.3	1.6	-0.6	0.4	1.2	4.0	0.2	-2.7	-1.9	1.6	1.1	2.0	2.1	1.6	2.1
Denmark	2.0	2.3	2.2	2.1	0.7	1.8	1.3	2.8	1.3	1.9	2.1	0.2	-1.4	0.4	0.8	1.5	0.6	0.7	-0.1	1.4
Estonia	..	-2.1	2.7	3.4	6.3	1.1	3.2	5.0	6.6	4.6	-2.6	-0.8	1.3	3.8	1.3	1.4	1.5	1.0	1.1	1.7
Finland	1.1	0.3	1.3	2.8	1.6	1.7	2.2	0.4	1.1	1.9	1.1	-0.4	0.5	0.5	0.8	0.6	0.2	1.0	0.9	-0.1
France	1.7	1.9	1.3	1.9	1.9	2.1	1.3	1.5	1.5	1.2	2.6	1.8	0.5	1.4	1.8	0.9	0.5	1.8	0.4	0.5
Germany	2.2	1.4	0.5	1.2	0.3	-0.6	0.3	0.9	1.4	3.2	3.0	1.3	1.0	1.0	0.7	1.6	1.7	1.0	1.8	1.6
Greece	..	14.8	0.7	7.2	-0.9	3.5	1.1	3.1	7.1	-2.6	4.9	-8.7	-5.2	-6.9	-4.1	-4.0	-3.2	..	..	..
Hungary	..	0.7	3.2	5.6	5.0	1.6	2.4	3.4	-7.2	1.1	0.7	-1.2	0.0	-1.2	1.6	1.0	-0.1	1.8	0.4	-0.2
Iceland	2.7	3.8	4.7	5.3	1.8	2.2	3.5	4.0	4.1	4.6	-1.7	-3.4	-0.3	-1.4	1.3	0.6	0.3	0.7	0.8	0.0
Ireland	4.0	8.3	10.4	6.5	3.0	1.9	4.2	5.3	7.0	1.2	-2.9	-4.9	-2.9	-3.2	-0.7	-1.8	-1.5	0.6	-3.6	0.7
Israel	..	1.5	3.9	5.0	-2.5	-1.9	1.9	3.0	3.0	2.5	2.5	3.6	2.5	3.0	3.1	2.9	1.5	3.2	2.3	0.8
Italy	0.2	2.1	4.1	2.6	2.0	2.5	1.9	0.5	1.0	0.6	0.8	-0.4	-1.3	-2.6	-0.8	0.4	-0.2	-0.1	0.6	-0.8
Japan	3.0	4.6	4.2	2.6	1.9	1.5	0.8	0.0	1.1	-0.1	2.3	1.9	1.2	1.7	2.2	0.8	0.5	2.2	0.0	1.1
Korea	5.0	1.8	6.2	5.6	3.8	4.5	4.5	7.4	6.1	5.1	5.2	3.8	2.2	3.4	2.7	2.4	3.1	3.5	2.4	3.0
Luxembourg	4.4	4.6	6.1	4.6	4.1	4.5	3.1	1.6	2.7	1.5	4.9	2.6	1.4	4.8	4.3	2.3	2.0	4.3	1.6	2.2
Mexico	1.8	2.7	-3.2	-1.0	-0.7	2.5	2.9	3.3	2.4	3.2	2.3	1.6	2.5	3.0	1.4	5.3	3.9	3.0	5.4	2.9
Netherlands	2.1	1.9	4.6	3.3	2.9	-0.1	0.5	9.5	3.5	2.8	5.0	0.5	0.2	-0.7	-0.2	0.4	-0.2	-0.2	0.6	-0.5
New Zealand	2.5	-2.9	4.6	1.0	3.2	5.8	3.7	4.1	4.1	5.0	0.7	1.8	0.9	-1.0	0.8	1.0	0.7	1.3	0.4	0.8
Norway	3.3	1.9	4.6	3.1	1.3	1.2	1.4	1.9	2.7	2.7	4.3	1.3	1.1	1.8	1.6	2.3	2.3	1.2	2.9	1.9
Poland	..	2.1	2.7	1.4	4.9	3.1	5.2	6.1	3.7	7.4	2.1	4.1	-1.7	0.2	2.0	2.4	1.3	2.5	1.9	1.1
Portugal	3.4	4.2	3.8	1.9	0.4	2.4	3.4	-0.6	0.5	0.3	4.7	0.1	-5.0	-4.7	-1.8	-2.0	-2.1	0.0	-3.8	-1.5
Slovak Republic	..	4.6	5.4	3.0	4.3	-2.9	3.9	8.8	-0.2	6.1	6.1	1.0	-4.3	-1.1	1.4	1.3	-0.2	2.6	0.4	-0.3
Slovenia	..	3.1	3.7	3.3	2.3	3.3	3.5	4.0	0.6	5.9	2.5	1.3	-1.6	-1.3	-2.0	-1.8	-1.1	-1.8	-1.5	-0.7
Spain	3.3	5.7	4.0	4.6	4.8	6.2	5.5	4.6	5.6	5.9	3.7	1.5	-0.5	-4.8	-2.3	-3.6	-2.5	-3.5	-1.3	-3.0
Sweden	1.3	-1.0	0.9	2.2	1.0	-0.8	0.0	1.8	0.9	1.0	2.0	1.7	1.1	0.8	1.9	1.2	0.9	2.4	0.6	1.1
Switzerland	1.1	1.1	3.1	0.7	2.8	0.5	0.2	-0.1	0.9	-2.5	3.3	0.2	1.2	3.2	3.0	1.8	1.1	3.0	1.1	1.2
Turkey	4.9	5.7	-1.1	5.8	-2.6	6.0	2.5	8.4	6.5	1.7	7.8	2.0	4.7	6.1	5.9	5.6	4.3	..	..	..
United Kingdom	1.4	3.5	3.7	4.0	4.0	3.8	2.2	2.2	0.7	2.1	0.7	0.5	0.0	1.6	0.7	0.9	-0.2	1.6	0.4	-0.6
United States	1.1	1.5	3.5	3.9	1.8	1.5	0.8	1.1	1.4	2.5	3.7	0.1	-2.7	-0.2	-2.0	-0.5	0.0	-2.4	0.5	0.1
Euro area	1.8	2.4	2.1	2.4	1.7	1.6	1.6	2.1	2.2	2.3	2.6	0.6	-0.1	-0.6	0.2	0.3	0.2	0.4	0.4	0.1
Total OECD	1.8	2.5	2.9	3.1	2.0	1.9	1.5	2.0	1.9	2.3	3.0	0.9	-0.5	0.5	0.2	0.6	0.6	0.3	0.8	0.6

Note: The adoption of national accounts systems (SNA93, SNA08 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 95 database.

StatLink http://dx.doi.org/10.1787/888933051928

Annex Table 5. **Real total gross fixed capital formation**

Percentage change from previous year

	Average 1989-99	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Fourth quarter 2013	Fourth quarter 2014	Fourth quarter 2015
Australia	3.2	2.2	-3.2	14.6	8.8	7.2	9.1	4.6	9.3	7.7	-1.4	4.0	7.5	8.5	-1.3	-1.2	0.3	-2.6	-0.6	0.6
Austria	2.8	4.6	-0.7	-3.6	2.9	1.4	0.9	1.3	3.0	-0.5	-6.9	-0.8	7.3	1.9	-0.6	1.8	4.5	0.1	3.0	5.1
Belgium	2.0	5.1	1.0	-4.5	0.1	7.8	6.4	2.6	6.3	2.0	-8.4	-1.1	4.1	-2.0	-1.5	2.0	2.5	0.6	2.0	2.6
Canada	1.8	5.1	4.8	1.0	5.2	8.4	9.2	6.3	3.2	1.6	-11.5	11.5	4.2	4.3	0.0	1.8	2.8	-1.3	3.7	2.5
Chile	..	9.1	3.5	2.2	6.6	11.1	23.4	4.4	10.6	18.1	-12.2	12.2	14.4	12.0	1.0	-1.0	5.6	-11.2	10.7	3.5
Czech Republic	..	7.3	4.4	3.7	0.6	2.6	6.2	6.2	13.2	3.8	-10.7	0.7	0.4	-4.3	-3.6	0.4	3.2	2.7	-2.3	3.7
Denmark	3.5	7.6	-1.4	0.1	-0.2	3.9	4.7	14.3	0.4	-4.2	-15.9	-2.1	3.3	0.8	0.6	1.5	1.2	-1.3	3.3	1.0
Estonia	..	16.7	13.1	24.2	16.7	6.0	15.2	23.0	9.3	-13.3	-39.0	-7.3	37.6	10.9	1.1	1.9	3.9	-0.7	0.6	5.8
Finland	-1.0	6.4	2.9	-3.7	3.0	4.9	3.6	1.9	10.7	-0.6	-13.2	1.7	5.8	-0.8	-4.6	-4.3	1.8	-7.8	0.4	2.9
France	1.5	7.1	2.2	-1.9	2.1	3.0	4.4	4.3	6.4	0.1	-10.4	1.2	3.0	-1.2	-2.1	1.0	2.5	-0.9	1.5	2.9
Germany	2.6	3.3	-3.0	-6.1	-1.2	-1.3	1.0	8.9	5.0	0.6	-11.6	5.2	7.1	-1.3	-0.5	5.7	4.8	2.5	5.3	5.0
Greece	..	8.0	4.8	9.5	11.8	0.3	-6.3	15.0	22.8	-14.3	-13.7	-15.0	-19.6	-19.2	-12.8	-2.7	4.4	..	..	..
Hungary	..	6.0	1.9	7.4	1.5	7.2	4.5	-2.7	3.8	2.9	-11.1	-8.5	-5.9	-3.7	5.9	3.1	1.5	10.3	1.9	1.7
Iceland	4.0	11.8	-4.3	-14.0	11.1	28.7	34.4	24.4	-12.2	-20.4	-51.4	-9.4	14.1	5.5	-3.4	17.9	16.6	5.9	24.7	12.2
Ireland	8.5	5.8	0.1	2.6	6.6	9.8	15.0	4.8	2.3	-9.7	-26.8	-22.6	-9.7	-1.2	4.9	14.1	8.0	20.0	6.8	8.7
Israel	..	2.2	-3.6	-6.5	-4.4	0.0	3.1	11.7	9.4	9.7	-5.2	9.6	15.7	3.5	1.3	5.1	6.0	7.8	3.0	7.2
Italy	1.0	7.4	2.4	3.3	-1.0	1.2	1.9	3.7	1.3	-3.8	-11.8	0.5	-1.6	-8.1	-4.6	1.0	2.6	-2.4	1.3	3.0
Japan	0.1	0.7	-2.1	-4.9	0.2	0.4	0.8	1.5	0.3	-4.1	-10.6	-0.2	1.4	3.4	2.6	4.2	0.0	6.2	1.6	-0.7
Korea	6.0	12.3	1.5	6.9	4.8	2.9	2.0	3.6	5.0	-0.9	0.3	5.5	0.8	-0.5	4.2	5.4	6.4	8.4	5.7	8.8
Luxembourg	6.2	-4.7	9.1	5.1	6.2	2.6	2.3	3.9	18.6	2.1	-16.3	-0.8	11.9	4.0	-4.2	0.7	0.7	-12.1	12.4	0.6
Mexico	6.3	8.3	-3.3	0.6	3.0	7.4	5.8	8.7	5.9	5.1	-9.3	1.2	7.9	4.6	-1.7	3.4	4.8	-3.1	6.6	4.0
Netherlands	4.4	0.6	0.2	-4.5	-1.5	-1.6	3.7	7.5	5.5	4.5	-12.0	-7.4	6.1	-4.0	-4.8	4.2	2.3	5.8	-1.3	3.2
New Zealand	3.2	8.2	-1.4	11.7	10.8	12.4	5.7	-2.1	7.3	-3.7	-11.6	-1.1	4.8	7.2	9.5	9.6	7.3	10.8	10.3	5.6
Norway	3.2	-3.5	-1.1	-1.1	0.8	11.1	13.5	9.8	11.4	0.2	-7.5	-8.0	7.7	8.3	8.7	3.3	3.8	4.7	5.7	2.3
Poland	..	2.7	-9.7	-6.3	-0.1	6.4	6.5	14.9	17.6	9.6	-1.2	-0.4	8.5	-1.7	-0.4	4.4	6.3	1.6	6.2	6.4
Portugal	5.5	3.9	0.6	-3.2	-7.1	0.0	-0.5	-1.3	2.6	-0.3	-8.6	-3.1	-10.5	-14.4	-6.6	3.3	2.8	2.7	0.5	3.6
Slovak Republic	..	-9.6	12.9	0.2	-2.7	4.8	17.5	9.3	9.1	1.0	-19.7	6.5	14.2	-10.5	-4.3	3.0	3.8	3.8	0.2	3.8
Slovenia	..	2.6	1.3	0.3	7.6	5.0	3.0	10.4	13.3	7.1	-23.8	-15.3	-5.5	-8.2	0.2	-2.6	-1.9	6.6	-6.4	0.0
Spain	3.2	6.2	4.8	3.4	5.9	5.1	7.1	7.1	4.5	-4.7	-18.0	-5.5	-5.4	-7.0	-5.1	0.3	2.0	-1.7	0.0	3.2
Sweden	-0.1	5.9	0.7	-1.4	2.0	4.8	8.2	9.5	9.1	1.1	-15.5	6.7	8.3	3.8	-1.2	3.4	4.9	0.2	4.0	5.1
Switzerland	0.9	4.7	-3.3	-1.0	-2.0	4.2	4.1	5.3	5.4	0.7	-8.0	4.8	4.5	-0.4	1.8	3.5	2.9	4.3	2.6	3.0
Turkey	4.2	17.5	-30.0	14.7	14.2	28.4	17.4	13.3	3.1	-6.2	-19.0	30.5	18.0	-2.7	4.3	2.1	5.2	..	..	..
United Kingdom	3.4	2.6	-1.9	2.7	2.3	6.2	3.7	5.6	7.5	-6.9	-16.7	2.8	-2.4	0.8	-0.6	8.3	7.3	8.8	7.9	6.9
United States	5.0	6.3	-0.5	-1.8	3.9	5.8	5.6	2.2	-1.2	-4.8	-13.1	1.1	3.4	5.5	2.9	3.5	9.2	2.2	5.8	9.1
Euro area	2.2	5.0	0.7	-1.6	1.0	1.8	3.4	5.9	5.1	-1.6	-12.7	-0.6	1.7	-3.8	-2.7	2.5	3.3	0.1	2.4	3.7
Total OECD	3.2	5.3	-1.0	-0.7	2.8	4.5	4.8	4.3	2.7	-2.3	-11.6	1.9	3.3	1.8	0.9	3.3	5.4	2.2	4.1	5.5

Note: The adoption of national accounts systems (SNA93, SNA08 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 95 database.

StatLink http://dx.doi.org/10.1787/888933051947

Annex Table 6. **Real gross private non-residential fixed capital formation**

Percentage change from previous year

	Average 1989-99	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Fourth quarter 2013	Fourth quarter 2014	Fourth quarter 2015
Australia	3.2	0.0	-0.8	12.6	12.5	7.6	13.6	8.3	12.1	7.1	-2.1	0.3	13.6	13.8	-1.7	-3.0	-1.3	-4.9	-2.3	-1.1
Belgium	2.1	7.9	4.0	-4.7	-1.3	8.9	4.4	2.0	8.2	4.3	-10.2	-3.1	7.3	-2.1	-0.5	2.4	3.1	1.9	2.5	3.2
Canada	3.6	5.8	1.4	-5.3	6.3	9.2	11.3	9.0	2.6	3.9	-20.0	14.0	10.0	5.1	0.8	3.0	5.2	-0.5	5.4	5.3
Denmark	4.1	6.6	-0.4	0.6	-3.3	-0.3	-0.3	16.5	4.5	0.7	-16.6	-2.6	-1.9	3.2	2.8	0.3	3.2	0.4	2.2	4.8
Finland	-1.4	8.4	10.3	-6.2	-0.6	2.6	3.6	0.8	20.2	4.4	-16.1	-9.2	7.4	1.2	-7.1	-6.2	3.1	-12.0	0.5	4.6
France	2.3	7.7	3.4	-3.0	1.4	2.8	3.0	5.4	8.1	2.8	-13.4	5.0	4.0	-1.8	-2.3	1.7	3.7	-0.5	2.3	4.3
Germany	2.2	7.5	-2.0	-6.8	0.0	1.2	4.4	10.4	8.5	2.2	-17.9	6.8	6.8	-2.2	-1.7	4.7	5.4	0.3	5.5	5.5
Iceland	6.3	11.1	-11.3	-20.2	20.9	35.0	57.9	27.1	-23.5	-23.3	-55.8	-1.3	28.0	8.2	-10.2	20.2	20.1	1.2	31.1	14.3
Japan	-0.6	6.4	-0.5	-5.1	5.1	3.3	5.7	4.1	4.7	-2.9	-14.3	0.7	4.1	3.6	-1.5	4.7	4.2	0.9	5.7	3.7
Korea	5.5	18.4	-1.8	7.4	2.3	3.2	2.3	7.7	8.0	1.4	-3.6	13.5	3.4	0.7	-1.0	7.9	6.8	6.2	5.8	9.9
Netherlands	5.4	-2.0	-3.0	-7.7	-1.0	-2.6	2.1	9.8	6.4	7.1	-15.5	-5.6	12.3	-2.9	-4.3	7.2	3.7	11.8	-1.7	4.8
New Zealand	4.2	18.2	-2.5	-0.4	14.5	14.5	7.9	0.0	11.2	-0.5	-20.6	-0.4	6.9	13.6	7.1	13.1	6.2	12.6	7.2	5.2
Norway	3.4	-3.4	-4.4	-2.3	-2.6	11.6	18.1	12.2	15.3	2.5	-10.5	-10.2	6.3	10.8	9.4	3.5	3.8	4.7	7.0	1.3
Sweden	1.5	7.6	-1.0	-5.8	2.6	3.9	8.4	8.7	10.8	4.7	-18.7	4.7	10.1	8.2	-2.4	3.0	5.7	-2.1	3.7	6.2
Switzerland	1.1	8.1	-3.8	-1.2	-5.8	5.1	6.0	8.0	8.1	0.9	-11.6	4.6	5.6	2.0	2.2	2.7	3.3	2.2	3.0	3.4
United Kingdom	3.2	1.4	-4.1	-1.6	-1.6	-0.5	14.9	-14.4	13.7	4.0	-15.2	1.7	-1.3	3.9	-1.0	8.6	8.9	8.7	8.6	9.0
United States	6.7	9.1	-2.4	-6.9	1.9	5.2	7.0	7.1	5.9	-0.7	-15.6	2.5	7.6	7.3	2.7	5.3	10.1	2.6	7.1	10.0

Note: The adoption of national accounts systems (SNA93, SNA08 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 95 database.

StatLink http://dx.doi.org/10.1787/888933051966

Annex Table 7. **Real gross residential fixed capital formation**

Percentage change from previous year

	Average 1989-99	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Fourth quarter 2013	2014	2015
Australia	3.1	1.4	-10.7	23.7	5.2	5.7	-1.9	-3.1	2.2	2.4	-4.3	3.8	0.9	-3.4	2.1	3.7	5.8	1.5	4.7	6.3
Austria	2.8	-4.9	-6.6	-4.9	-4.4	-0.4	2.0	2.1	1.4	-0.7	-0.6	1.0	2.2	1.0	1.7	2.6	1.8	2.0	2.4	1.8
Belgium	1.3	-1.0	-2.6	-5.5	3.4	8.0	10.8	6.4	3.3	-2.7	-8.6	3.6	-3.2	-3.2	-2.5	1.5	2.0	-0.6	1.9	2.0
Canada	-1.7	4.3	11.1	14.3	3.5	8.3	5.0	2.4	2.6	-4.0	-6.3	8.0	2.0	5.2	-0.3	0.2	-1.7	0.0	0.0	-2.8
Denmark	1.9	10.3	-9.3	0.8	11.8	11.9	17.3	9.6	-6.0	-15.8	-21.3	-5.9	17.8	-8.0	-5.0	4.6	1.3	-0.3	2.1	2.2
Finland	-0.6	6.0	-9.9	-0.1	11.7	11.5	5.4	4.2	0.0	-9.7	-13.0	24.3	5.5	-4.0	-3.0	-3.2	1.7	-5.4	0.6	2.4
France	0.4	2.7	1.3	1.2	2.1	3.2	5.7	6.0	5.0	-3.1	-11.6	-0.2	2.4	-0.3	-3.6	-0.8	0.9	-3.7	0.5	1.0
Germany	5.0	-2.6	-5.6	-6.1	-2.0	-4.2	-4.2	6.7	-1.5	-4.4	-2.4	4.2	9.1	1.9	0.9	6.9	4.2	4.4	6.0	4.4
Greece	..	-4.3	4.3	15.2	12.1	-1.0	-0.5	14.8	25.6	-33.6	-20.7	-21.6	-18.0	-32.9	-37.8	-22.9	-4.6	..	..	..
Iceland	-2.0	12.8	12.3	12.4	3.7	14.2	11.9	16.5	13.2	-21.9	-55.7	-18.0	5.4	6.9	10.8	17.7	16.0	17.3	17.0	15.5
Ireland	8.6	7.9	1.7	3.5	18.1	11.2	15.8	3.1	-11.2	-15.9	-37.3	-32.9	-18.5	-19.5	10.2	14.8	7.5	17.8	6.1	8.2
Italy	0.1	5.2	1.5	2.4	3.6	2.5	5.7	4.2	0.6	-1.2	-8.3	-0.4	-6.1	-6.7	-5.9	-2.1	-0.3	-5.6	-1.5	0.0
Japan	-2.0	0.9	-4.9	-3.5	-1.4	1.8	-0.9	0.6	-9.5	-7.0	-16.3	-4.8	5.1	2.8	8.8	0.4	3.1	10.4	-4.6	0.7
Korea	5.4	-9.6	14.8	14.1	12.0	3.1	2.1	-2.3	-3.5	-9.4	-2.5	-12.0	-8.0	-2.9	19.4	5.5	6.3	19.2	7.0	7.0
Netherlands	2.4	1.6	3.2	-6.5	-3.7	4.1	5.0	5.8	4.7	-0.2	-14.8	-14.1	4.5	-8.2	-6.9	1.8	0.9	2.1	-1.2	1.7
New Zealand	2.6	1.4	-11.9	21.3	19.8	4.4	-4.4	-2.7	2.9	-18.3	-13.7	1.2	-3.0	17.4	17.6	20.5	16.3	15.0	25.4	12.6
Norway	1.0	5.6	8.1	-0.7	1.8	16.3	9.7	4.0	2.7	-9.0	-8.2	-1.6	16.1	7.3	6.4	1.5	1.2	2.1	1.4	1.1
Spain	3.7	20.1	6.7	6.1	7.6	5.2	6.4	6.6	1.4	-9.1	-20.4	-11.4	-12.5	-8.7	-8.0	-5.2	-1.9	-7.2	-3.7	-1.0
Sweden	-9.4	14.9	7.8	10.7	4.6	12.0	12.3	15.3	7.6	-12.9	-18.7	15.1	10.6	-10.9	5.3	7.5	3.6	15.5	2.2	3.9
Switzerland	-0.8	-2.7	-4.1	-3.7	14.4	7.0	1.1	-1.6	-3.0	-4.2	1.8	3.5	2.2	1.8	1.9	2.0	2.4	1.7	2.2	2.4
United Kingdom	4.3	7.5	-3.4	10.5	7.3	14.0	7.4	18.0	1.0	-26.0	-30.9	7.3	0.1	-5.3	4.6	7.1	6.8	11.0	6.3	7.1
United States	3.1	0.7	0.9	6.1	9.1	10.0	6.6	-7.6	-18.8	-24.0	-21.2	-2.5	0.5	12.9	12.2	4.9	15.8	6.9	10.6	15.0

Note: The adoption of national accounts systems (SNA93, SNA08 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 95 database.

StatLink http://dx.doi.org/10.1787/888933051985

Annex Table 8. **Real total domestic demand**

Percentage change from previous year

	Average 1989-99	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Fourth quarter 2013	Fourth quarter 2014	Fourth quarter 2015
Australia	3.1	2.6	1.7	5.5	6.0	5.7	4.3	3.1	7.1	3.5	-0.2	4.0	4.7	4.2	0.3	1.4	2.1	0.9	1.4	2.4
Austria	2.5	2.3	0.5	0.1	1.7	2.0	2.2	2.2	2.3	0.3	-1.4	1.5	2.6	-0.1	-0.4	1.2	1.8	0.5	1.3	2.1
Belgium	2.2	3.8	-0.1	-0.1	0.8	3.1	2.7	2.2	2.9	2.1	-2.2	1.8	2.1	-0.6	-0.3	0.8	1.4	0.2	1.3	1.5
Canada	1.8	4.6	1.5	3.1	4.1	4.0	5.0	4.2	3.6	2.9	-2.8	5.4	2.3	2.2	1.8	2.2	2.3	2.2	2.2	2.2
Chile	..	6.8	2.9	3.0	4.7	8.2	11.5	8.0	7.4	8.4	-5.7	13.6	9.5	7.0	3.5	3.0	4.1	1.0	6.1	3.7
Czech Republic	..	4.0	3.8	3.5	3.8	2.6	3.2	5.0	6.6	2.1	-5.0	1.8	-0.1	-2.8	-0.7	0.6	2.1	0.8	-0.3	2.5
Denmark	2.2	3.1	0.0	1.6	0.2	4.3	3.4	5.2	2.3	-0.9	-6.9	1.5	0.2	-0.1	0.6	1.0	1.4	-0.8	2.4	1.6
Estonia	..	10.4	7.7	14.5	10.7	7.0	9.8	16.1	9.2	-9.1	-21.7	0.1	13.2	5.9	1.8	1.5	3.5	-2.6	2.4	4.2
Finland	0.4	3.8	2.1	1.4	3.7	3.5	4.2	2.8	4.9	0.8	-6.1	2.7	3.9	-0.5	-1.4	-0.6	0.7	-1.7	0.2	0.8
France	1.6	4.3	1.7	1.0	1.5	2.6	2.5	2.7	3.1	0.1	-2.6	1.7	2.0	-0.9	0.3	0.8	1.4	1.1	0.7	1.6
Germany	2.1	2.4	-0.1	-1.9	0.5	-0.4	-0.1	2.8	1.9	1.0	-2.2	2.3	2.8	-0.2	0.5	1.6	2.5	0.6	2.7	2.5
Greece	..	6.1	5.3	5.2	7.6	4.1	1.6	8.7	6.2	-0.3	-5.5	-7.0	-8.7	-10.0	-5.4	-2.3	0.2	..	..	..
Hungary	..	3.5	1.9	6.6	5.9	4.7	1.4	1.6	-1.4	0.7	-10.5	0.2	-0.5	-3.5	0.8	1.5	0.9	1.3	1.3	1.1
Iceland	2.9	5.9	-2.1	-2.3	5.8	10.1	15.4	9.9	-0.4	-8.6	-20.4	-2.6	4.0	1.7	0.1	3.3	4.9	1.4	5.9	4.2
Ireland	5.9	9.4	3.8	4.2	4.3	4.3	9.1	6.4	5.0	-3.2	-10.8	-4.6	-1.8	-1.6	-0.2	2.2	1.6	0.3	2.2	2.4
Israel	..	4.8	1.9	-0.1	-1.8	2.9	4.7	4.8	7.2	3.3	-0.3	5.8	5.5	3.8	2.9	3.4	3.7	3.5	3.4	3.7
Italy	1.3	3.3	1.5	1.3	0.9	1.2	1.1	2.1	1.3	-1.2	-4.5	2.0	-0.8	-5.1	-2.7	0.1	0.8	-1.3	0.7	0.7
Japan	1.3	1.9	1.2	-0.5	1.0	1.5	1.0	0.9	1.1	-1.3	-4.0	2.9	0.4	2.3	1.8	1.6	1.0	3.0	0.6	0.9
Korea	5.5	9.8	4.3	8.1	1.8	2.0	3.8	5.1	5.0	1.1	-2.7	8.3	3.0	0.7	1.4	3.4	4.2	4.7	2.4	4.7
Luxembourg	4.1	4.4	4.6	2.7	0.7	3.2	4.9	2.8	6.7	0.8	-7.0	8.7	4.0	2.5	-0.8	0.2	1.9	-4.1	5.2	1.9
Mexico	3.5	6.9	0.6	0.2	2.0	3.9	4.0	5.7	3.6	2.5	-6.0	5.1	3.9	3.2	1.4	2.6	3.9	-1.9	4.5	3.5
Netherlands	3.1	2.7	2.3	-0.4	0.4	0.6	1.3	4.1	3.2	2.0	-2.8	-0.1	0.8	-1.6	-2.4	0.6	0.4	-0.1	-0.3	0.6
New Zealand	2.7	1.6	1.8	5.6	6.5	7.6	4.7	0.9	4.8	0.6	-4.5	3.6	2.6	3.0	3.9	4.4	3.8	4.3	4.8	3.2
Norway	3.2	2.9	0.6	2.3	1.6	6.9	5.4	6.2	5.9	1.4	-4.0	3.2	3.1	3.6	3.4	2.3	2.9	4.0	2.1	2.3
Poland	..	3.2	-1.3	1.0	2.8	6.2	2.5	7.3	8.7	5.6	-1.1	4.5	3.6	-0.1	-0.2	2.5	3.5	0.6	3.3	3.5
Portugal	3.9	3.3	1.7	-0.1	-1.9	2.9	1.4	0.8	2.0	0.9	-3.2	1.8	-5.2	-6.7	-2.6	0.6	0.5	0.1	-0.5	1.0
Slovak Republic	..	1.1	8.6	4.3	-0.7	5.8	8.6	6.4	6.3	5.9	-6.7	4.0	0.8	-4.2	-0.8	1.9	1.9	1.9	1.1	2.0
Slovenia	..	1.8	1.2	2.8	4.8	4.9	1.8	5.7	9.0	3.3	-10.3	-0.6	-0.3	-6.4	-2.6	-1.0	-1.0	2.9	-3.3	-0.2
Spain	2.8	5.3	3.8	3.2	3.8	4.8	5.0	5.2	4.1	-0.5	-6.3	-0.6	-2.0	-4.1	-2.7	-0.1	0.5	-0.6	0.1	0.8
Sweden	0.8	4.1	0.4	1.5	2.1	1.7	3.0	4.1	4.8	-0.1	-4.6	6.3	3.3	0.6	1.5	2.8	2.8	3.5	2.0	3.0
Switzerland	0.9	2.3	1.6	-0.3	0.8	1.8	1.9	1.9	1.6	0.5	0.0	2.7	1.7	1.2	1.8	2.7	2.5	2.9	2.4	2.5
Turkey	5.0	8.0	-11.9	10.5	8.6	11.5	9.2	6.8	5.6	-1.2	-6.8	12.0	8.9	-1.4	6.1	2.1	4.7	..	..	..
United Kingdom	2.8	4.5	2.9	3.2	3.9	3.8	2.8	2.4	3.4	-1.5	-5.9	2.1	-0.2	1.1	1.8	2.9	2.6	2.4	3.0	2.3
United States	3.4	4.8	1.1	2.3	3.1	4.2	3.5	2.6	1.1	-1.3	-3.8	2.9	1.7	2.6	1.7	2.6	3.9	2.3	3.2	3.9
Euro area	2.0	3.5	1.4	0.4	1.4	1.7	1.9	3.2	2.8	0.2	-3.7	1.2	0.8	-2.2	-0.9	0.7	1.4	0.0	1.1	1.6
Total OECD	2.7	4.3	1.1	1.9	2.5	3.4	3.0	3.1	2.5	-0.2	-3.9	3.1	1.7	1.0	1.1	2.0	2.8	1.8	2.3	2.9

Note: The adoption of national accounts systems (SNA93, SNA08 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 95 database.

StatLink http://dx.doi.org/10.1787/888933052004

Annex Table 9. **Foreign balance contributions to changes in real GDP**

Percentage points

	Average 1991-1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Fourth quarter[1] 2013	2014	2015
Australia	-0.4	0.5	1.6	-2.2	-2.6	-2.4	-1.3	-1.2	-2.2	-1.6	2.6	-2.1	-2.3	0.1	1.9	1.4	0.8	2.5	0.9	0.5
Austria	0.4	1.4	0.5	1.7	-0.9	0.4	0.6	1.7	1.4	0.6	-1.8	0.4	0.0	1.0	0.9	0.8	0.4	1.3	0.5	0.3
Belgium	0.4	0.1	0.8	1.5	0.0	0.4	-0.8	0.5	0.0	-1.0	-0.6	0.6	-0.3	0.5	0.5	0.6	0.5	0.4	0.4	0.5
Canada	0.7	0.5	0.6	-0.2	-2.2	-0.8	-1.6	-1.4	-1.5	-1.8	-0.5	-2.1	-0.4	-0.5	0.3	0.3	0.4	0.2	0.2	0.5
Chile	0.9	-1.1	0.8	0.0	-0.7	-0.8	-4.1	-1.5	-1.1	-3.9	4.4	-6.7	-3.0	-1.3	0.7	0.7	0.1	-1.4	0.7	-0.3
Czech Republic	-1.1	0.6	-0.8	-1.5	0.0	2.0	3.7	2.3	-0.7	0.9	0.5	0.6	1.9	1.7	-0.3	0.6	0.5	2.8	0.5	0.5
Denmark	0.0	0.5	0.7	-1.1	0.2	-1.8	-0.8	-1.5	-0.7	0.1	1.1	-0.1	0.9	-0.2	-0.2	0.5	0.4	4.6	0.4	0.3
Estonia	-1.5	-1.1	-0.8	-8.0	-3.3	-1.2	-1.5	-7.0	-2.6	6.0	8.2	2.8	-2.0	-2.6	-0.7	-0.2	-0.5	7.3	-0.3	-0.8
Finland	1.6	1.7	0.3	0.4	-1.8	0.8	-1.0	2.1	0.9	-0.4	-2.6	0.5	-1.3	0.2	0.9	0.2	0.5	0.7	1.0	-0.6
France	0.3	-0.4	0.1	-0.1	-0.6	-0.2	-0.7	0.0	-0.9	-0.3	-0.4	-0.1	0.0	1.0	0.0	0.1	0.1	0.6	0.1	0.1
Germany	-0.1	0.9	1.7	1.9	-0.8	1.1	0.9	1.2	1.5	-0.1	-3.0	1.7	0.7	1.1	0.0	0.4	-0.3	4.2	-0.3	-0.1
Greece	-0.8	-1.9	-0.4	-1.5	-0.4	1.6	1.1	-2.7	-3.4	0.1	3.1	2.9	2.4	4.1	2.2	2.0	1.6	..	..	..
Hungary	0.4	0.7	1.8	-2.1	-2.1	-0.1	2.5	2.3	1.6	0.2	3.6	0.9	2.1	1.6	0.4	1.1	0.8	-0.5	0.8	0.9
Iceland	-0.6	-1.9	6.2	2.5	-3.2	-2.5	-9.0	-6.4	6.5	10.8	14.4	-1.7	-1.0	-0.1	3.2	-0.6	-1.4	-3.6	-3.1	-0.7
Ireland	2.4	2.5	2.2	2.9	1.6	0.5	-2.1	-0.7	1.1	1.2	4.0	3.1	5.7	1.6	-0.6	-0.4	0.9	-10.1	0.9	1.0
Israel	0.2	3.5	-2.1	-0.2	3.2	1.9	0.4	0.9	-0.2	1.6	1.2	0.0	-0.9	-0.5	0.5	-0.2	-0.1	4.4	-0.1	-0.1
Italy	0.3	0.7	0.2	-0.9	-0.8	0.4	0.0	0.1	0.2	0.0	-1.1	-0.3	1.4	2.7	0.8	0.5	0.3	1.2	0.4	0.4
Japan	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	-0.9	-0.3	-0.6	0.3	-2.4	0.5	0.0
Korea	1.6	-0.3	0.4	-0.4	1.2	3.0	0.3	0.2	0.5	1.7	3.2	-1.4	0.8	1.5	1.5	0.7	0.2	-2.6	1.0	-0.1
Luxembourg	1.4	4.7	-1.1	2.0	1.3	1.8	1.5	3.4	2.3	-1.2	-0.1	-3.2	-1.0	-1.9	2.7	2.1	1.2	18.0	1.2	1.1
Mexico	-0.6	-2.5	-0.8	-0.1	-0.6	0.0	-0.9	-0.9	-0.5	-1.3	1.6	-0.2	-0.1	0.5	-0.1	0.8	0.2	-0.5	0.2	0.3
Netherlands	0.2	1.3	-0.2	0.5	-0.1	1.7	0.8	-0.3	1.0	0.0	-1.1	1.6	0.2	0.2	1.4	-0.1	0.9	-2.1	0.9	0.9
New Zealand	-0.5	2.3	0.5	-0.7	-2.0	-2.9	-2.0	1.4	-1.4	-1.2	5.3	-2.0	-1.2	-0.1	-1.5	-1.0	-0.4	3.3	-0.5	-0.3
Norway	0.2	0.6	1.5	-0.4	-0.4	-2.1	-2.1	-2.9	-2.2	-1.1	1.7	-2.3	-1.4	-0.2	-2.3	-0.1	-0.1	-3.7	-0.8	0.0
Poland	-1.3	0.9	2.6	0.5	1.0	-1.0	1.1	-1.1	-2.1	-0.6	2.7	-0.7	0.9	2.1	1.7	0.8	0.1	1.8	0.0	0.0
Portugal	-1.3	0.3	0.1	1.0	1.2	-1.5	-0.8	0.5	0.1	-1.0	0.7	0.0	4.2	3.8	1.3	0.5	0.9	0.8	0.6	1.2
Slovak Republic	0.3	0.1	-4.9	0.3	5.5	-0.9	-2.1	1.6	3.9	0.0	2.6	0.7	2.0	5.9	1.7	0.9	1.1	0.8	1.1	1.0
Slovenia	-2.8	2.5	1.6	1.0	-1.9	-0.5	2.2	0.2	-2.0	0.1	2.6	1.8	1.0	3.8	1.3	1.5	2.2	-3.6	2.7	0.6
Spain	0.0	-0.4	-0.2	-0.6	-0.8	-1.7	-1.7	-1.4	-0.8	1.5	2.9	0.4	2.1	2.5	1.5	1.1	1.0	1.8	1.1	0.8
Sweden	1.1	0.5	1.5	0.9	0.4	2.0	0.6	0.7	-0.8	-1.2	-0.1	0.0	0.1	0.6	0.0	0.3	0.5	0.0	0.5	0.4
Switzerland	0.3	1.5	-0.3	0.4	-0.7	0.8	0.9	2.0	2.4	1.7	-1.9	0.6	0.2	0.0	0.4	-0.5	0.2	-3.8	0.2	0.2
Turkey	-0.2	-1.1	6.5	-3.0	-3.8	-2.4	-1.3	-0.3	-1.3	1.7	2.8	-4.3	-1.2	4.0	-2.6	1.2	-1.0	..	..	..
United Kingdom	-0.3	-0.2	-0.8	-1.0	0.0	-0.7	0.3	0.3	-0.1	0.8	0.8	-0.5	1.2	-0.6	0.2	0.3	0.1	4.0	0.1	0.0
United States	-0.4	-0.8	-0.2	-0.6	-0.4	-0.6	-0.3	-0.1	0.6	1.1	1.2	-0.5	0.1	0.1	0.1	-0.2	-0.5	1.0	-0.6	-0.4
Euro area	0.2	0.5	0.6	0.5	-0.6	0.3	-0.1	0.2	0.2	0.1	-0.7	0.7	0.9	1.5	0.5	0.5	0.3	1.6	0.3	0.3
Total OECD	-0.1	-0.2	0.2	-0.2	-0.4	-0.1	-0.2	0.0	0.2	0.4	0.6	-0.2	0.2	0.6	0.2	0.2	0.0	0.7	0.0	-0.1

Note: The adoption of national accounts systems (SNA93, SNA08 or ESA95) has been proceeding at an uneven pace among OECD member countries, both with respect to variables and the time period covered. As a consequence, there are breaks in many national series. For further information, see table "National Accounts Reporting Systems, base years and latest data updates" at the beginning of the Statistical Annex. Working-day adjusted -- see note to Annex Table 1.

1. Contributions to per cent change from the previous period, seasonnally adjusted at annual rates.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052023

Annex Table 10. **Output gaps**

Deviations of actual GDP from potential GDP as a per cent of potential GDP

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	-1.2	-1.4	0.2	0.4	0.2	-0.2	0.5	0.8	1.5	1.6	0.8	2.1	1.1	-0.4	-1.1	-1.4	-1.0	-1.6	-2.1	-2.3
Austria	-1.1	-0.9	0.5	1.6	3.1	1.7	1.1	-0.1	0.0	0.7	2.5	4.2	3.2	-2.0	-1.8	-0.6	-1.7	-2.9	-3.2	-2.8
Belgium	-1.8	-0.4	-0.8	0.4	1.8	0.3	-0.3	-1.2	0.3	0.3	1.4	2.8	2.4	-1.6	-0.3	0.4	-0.9	-1.9	-1.7	-1.3
Canada	-2.4	-1.4	-0.7	0.9	2.6	1.2	1.2	0.6	1.2	1.9	2.2	2.0	1.2	-3.0	-1.4	-0.7	-0.9	-0.8	-0.4	0.2
Chile	0.9	2.5	1.1	-3.3	-2.4	-2.6	-3.8	-3.5	-0.5	1.5	2.9	3.7	2.1	-2.9	-1.2	0.4	1.4	1.1	0.2	-0.1
Czech Republic	4.4	0.8	-1.9	-3.0	-1.4	-1.6	-3.2	-3.3	-2.6	0.3	3.8	6.2	6.1	-0.6	0.0	0.2	-2.1	-4.4	-4.8	-4.5
Denmark	0.5	1.5	1.5	1.9	3.5	2.4	1.2	0.2	1.2	2.4	4.5	4.9	2.9	-3.6	-2.7	-2.2	-3.0	-3.2	-2.6	-1.8
Estonia	..	..	..	..	..	-2.6	-1.9	-0.2	0.7	4.5	10.2	13.7	5.4	-10.7	-9.2	-1.9	-0.2	-1.9	-3.6	-3.7
Finland	-3.6	-0.9	0.3	0.4	2.1	0.7	-0.8	-1.7	-0.2	0.4	2.8	6.4	5.2	-4.4	-1.5	0.7	-1.1	-3.1	-3.8	-3.8
France	-1.5	-1.2	0.1	1.2	2.6	2.2	1.2	0.5	1.3	1.7	2.9	3.6	1.8	-2.2	-1.6	-0.8	-2.0	-2.9	-3.4	-3.4
Germany	-1.2	-1.0	-1.0	-1.0	0.6	0.7	-0.4	-1.9	-2.2	-2.3	0.2	2.2	1.7	-4.5	-1.8	0.3	0.1	-0.6	0.1	0.9
Greece	-3.1	-2.5	-2.2	-2.1	-1.4	-1.0	-1.2	1.1	2.5	2.3	5.9	7.9	6.2	2.4	-2.1	-7.6	-12.3	-13.3	-12.8	-11.7
Hungary	-3.6	-3.1	-2.2	-2.5	-2.0	-1.6	-0.5	0.1	1.7	3.3	5.3	3.9	3.6	-3.6	-2.9	-1.5	-3.3	-2.6	-1.5	-1.0
Iceland	-3.6	-1.6	1.0	1.3	1.8	2.1	-0.7	-1.0	3.5	6.6	6.3	8.1	6.2	-2.4	-7.2	-5.6	-5.3	-3.2	-1.6	0.3
Ireland	-3.1	1.2	2.9	6.8	10.5	9.0	8.6	7.0	6.2	7.4	8.6	9.5	3.2	-5.2	-7.6	-6.7	-7.6	-8.7	-7.8	-6.8
Israel	3.2	1.0	0.4	-0.8	3.5	-0.4	-3.8	-5.6	-4.0	-2.8	-0.9	2.0	2.9	0.2	1.9	2.4	1.8	1.4	0.8	0.8
Italy	-0.3	0.2	0.2	0.1	2.4	2.7	1.7	0.4	0.8	0.9	2.4	3.2	1.5	-4.3	-2.8	-2.3	-4.3	-5.6	-5.1	-4.3
Japan	1.0	1.0	-2.2	-3.5	-2.3	-2.8	-3.1	-2.1	-0.4	0.3	1.4	3.0	1.3	-4.6	-0.6	-1.5	-0.7	0.2	0.5	1.0
Mexico	-1.8	1.8	2.9	2.0	3.7	0.5	-1.9	-2.8	-1.1	-0.2	2.4	3.2	1.9	-4.7	-2.0	-0.5	0.5	-1.0	-0.6	0.3
Netherlands	-1.3	-0.2	0.4	1.7	2.7	2.1	-0.2	-1.7	-1.4	-0.8	1.2	3.5	3.7	-1.2	-0.6	-0.5	-2.6	-4.3	-4.4	-4.5
New Zealand	0.6	0.4	-1.8	-0.4	0.0	-1.3	0.2	1.3	2.3	1.9	1.3	2.2	-0.7	-1.5	-1.1	-1.7	-0.6	-0.3	0.7	1.3
Norway[1]	0.0	1.8	2.4	1.6	1.4	0.5	-1.0	-2.7	-1.1	0.3	1.9	4.2	2.8	-1.3	-1.8	-1.5	-0.3	-0.7	-0.9	-0.6
Poland	-2.3	1.2	0.8	1.1	1.2	-1.2	-2.9	-2.3	-0.8	-1.5	-0.4	1.1	1.5	-0.5	0.4	1.8	0.7	-0.7	-0.7	-0.2
Portugal	-0.1	1.2	2.9	3.7	4.7	4.0	2.5	-0.1	0.0	-0.5	-0.1	1.3	0.3	-3.1	-1.7	-3.4	-6.4	-7.2	-6.5	-5.8
Slovak Republic	2.0	3.1	2.9	-1.1	-3.3	-3.6	-3.3	-3.0	-3.0	-1.8	0.9	6.0	7.3	-1.2	0.7	0.6	-0.7	-2.5	-3.2	-3.2
Slovenia	..	..	..	..	-0.7	-1.5	-1.2	-1.7	-0.7	0.1	3.0	7.3	8.3	-1.7	-1.2	-0.9	-3.7	-4.9	-5.2	-5.0
Spain	-1.6	-0.8	0.3	1.3	2.7	2.8	2.2	1.6	1.4	1.7	2.9	4.0	3.2	-1.4	-1.8	-2.0	-3.8	-5.3	-5.0	-4.5
Sweden	-3.1	-2.8	-1.5	0.0	1.5	0.0	-0.3	-0.4	0.9	1.6	3.7	4.8	1.7	-5.2	-1.1	-0.2	-1.2	-1.9	-1.5	-0.8
Switzerland	-2.2	-1.4	-0.3	-0.5	1.4	0.9	-0.6	-2.2	-1.6	-0.9	0.8	2.4	2.5	-1.2	-0.1	-0.1	-0.8	-0.8	-0.8	-0.4
Turkey	..	..	2.6	-3.0	-0.1	-8.6	-5.6	-3.7	1.4	5.2	7.1	6.6	2.2	-6.8	-2.7	0.7	-2.2	-3.1	-5.1	-5.9
United Kingdom	-0.4	0.6	0.6	-0.1	0.9	-0.1	-0.8	0.3	0.9	2.0	3.0	4.9	2.6	-3.4	-2.5	-2.1	-2.8	-2.4	-1.0	-0.4
United States	-1.7	-0.4	0.8	2.4	3.3	1.3	0.4	0.6	1.9	2.8	3.1	2.4	-0.2	-4.8	-4.2	-4.2	-3.4	-3.5	-3.1	-2.0
Euro area	-1.3	-0.7	-0.2	0.4	2.0	1.8	0.8	-0.2	0.1	0.3	2.1	3.5	2.3	-3.0	-1.9	-1.1	-2.3	-3.4	-3.1	-2.6
Total OECD	-1.0	-0.1	-0.1	0.5	1.8	0.5	-0.2	-0.3	0.8	1.5	2.5	3.1	1.3	-3.8	-2.4	-2.0	-2.2	-2.5	-2.2	-1.6

Note: Potential output follows the methodology described in Johansson et. al. (2013), "Long-term growth scenarios", *OECD Economics Department Working Papers,* no. 1000.

1. Mainland Norway.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052042

Annex Table 11. **Compensation per employee in the total economy**

Percentage change from previous period

	Average 1986-1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	4.8	4.5	2.9	3.4	3.5	4.7	3.7	3.5	5.2	3.7	4.4	6.3	4.0	1.1	5.3	5.6	3.9	1.3	2.7	3.3
Austria	4.1	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	1.2	1.9	2.6	2.1	1.9	2.1
Belgium	4.0	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	3.7	2.0	0.8	1.6
Canada	3.7	4.5	2.9	2.3	5.2	1.9	1.6	2.4	4.2	4.6	4.6	3.4	2.5	1.9	1.4	3.4	3.0	2.4	3.0	3.4
Czech Republic	..	10.5	8.7	6.2	7.9	8.4	7.8	7.9	8.2	3.8	6.0	6.3	4.2	-0.6	3.1	2.3	1.9	-1.9	1.7	3.8
Denmark	4.2	3.1	4.1	3.9	3.5	4.2	3.7	3.8	3.3	3.7	3.5	3.6	3.5	3.3	3.4	1.3	1.4	1.2	1.3	1.7
Finland	5.5	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	3.2	3.5	2.1	1.4	1.4
France	3.2	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	2.4	2.7	2.0	1.6	1.4	1.3
Germany	4.0	0.6	0.9	0.9	1.8	1.7	1.3	1.4	0.3	-0.1	1.0	0.8	2.1	0.1	2.4	3.0	2.6	2.0	2.4	3.4
Greece	14.0	13.7	5.3	6.5	6.0	3.7	11.4	6.3	4.2	2.6	2.4	4.7	3.6	3.5	-2.6	-3.4	-3.7	-6.6	-3.2	-2.1
Hungary	..	22.1	14.5	6.5	15.0	15.2	13.6	9.9	10.3	7.1	5.6	5.6	7.2	-1.7	-0.4	3.6	0.8	4.7	2.7	3.7
Iceland	11.9	5.5	11.5	7.9	9.0	7.4	8.8	2.1	10.2	8.9	12.6	9.8	2.7	-4.3	6.7	8.5	6.7	6.3	5.5	5.8
Ireland	4.8	5.0	4.3	5.0	7.7	7.9	5.4	6.4	5.2	5.6	4.4	5.6	5.2	-1.0	-3.8	-0.1	0.8	-1.7	0.4	1.2
Israel	..	..	6.8	6.4	6.0	2.6	0.7	-1.9	0.6	1.9	5.9	2.4	3.1	-1.0	3.8	4.0	2.5	1.9	1.9	2.5
Italy	6.5	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	2.2	1.1	0.1	1.4	1.0	1.0
Japan	2.3	0.9	-0.9	-1.5	-0.2	-0.9	-2.1	-2.0	-1.4	-0.1	-0.9	-1.3	0.3	-3.8	-0.1	0.4	0.4	0.0	1.5	2.6
Korea	13.5	4.4	4.1	3.2	4.0	7.3	5.9	7.4	4.7	5.8	3.7	4.6	3.9	2.2	3.8	3.7	3.2	1.4	2.8	4.6
Luxembourg	4.5	2.6	0.9	3.9	5.3	3.5	3.0	1.1	3.3	4.6	2.6	3.7	3.4	1.8	2.6	2.4	2.0	3.2	2.2	1.5
Mexico	..	22.6	20.7	20.5	15.9	10.8	5.5	6.7	4.4	5.9	4.6	5.8	5.4	2.8	-0.1	5.9	2.2	3.6	2.8	2.8
Netherlands	1.9	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	1.4	1.7	2.2	1.8	1.3
Norway	4.6	4.9	7.0	5.5	4.9	5.7	4.3	4.1	4.4	4.6	5.4	6.2	6.2	3.3	3.1	5.0	4.1	4.2	3.6	3.8
Poland	..	20.5	14.0	13.5	10.9	10.2	2.3	1.6	1.8	1.8	1.9	4.8	8.9	3.4	4.7	5.2	2.4	3.5	3.1	5.0
Portugal	..	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	2.0	-0.6	-2.0	3.3	-2.7	0.3
Slovak Republic	..	16.8	9.9	6.6	13.2	5.6	8.9	7.8	8.1	9.1	7.9	8.7	7.0	2.5	5.1	2.0	2.8	0.8	2.2	3.3
Slovenia	..	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	-1.0	0.0	0.7	0.8
Spain	7.2	2.3	1.8	2.1	2.8	3.6	3.4	2.6	2.1	2.8	3.2	4.6	6.7	4.3	0.3	1.0	-0.3	0.1	0.1	0.3
Sweden	6.6	4.8	2.5	1.3	7.3	4.3	2.9	3.2	4.0	3.1	2.1	5.2	1.5	1.6	3.1	0.9	3.1	1.2	2.1	3.1
Switzerland	3.9	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	0.1	1.5	0.9	0.4	0.8	1.7
United Kingdom	6.2	4.1	6.7	4.9	5.7	5.2	2.8	4.9	4.1	3.6	5.3	4.8	1.7	2.4	3.1	2.0	1.7	1.8	2.2	3.1
United States	3.7	3.9	4.9	4.1	6.4	3.3	2.7	3.9	4.8	3.4	4.0	4.2	2.8	0.8	3.0	2.7	2.3	1.2	1.9	2.9
Euro area	4.5	2.8	1.6	2.1	3.0	2.9	2.9	2.6	2.4	2.1	2.5	2.7	3.4	1.4	1.8	1.9	1.4	1.4	1.3	1.8
Total OECD	5.1	5.4	4.8	4.4	5.3	3.9	2.6	3.1	3.2	3.0	3.1	3.4	3.1	0.8	2.0	2.6	1.9	1.5	1.9	2.7

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052061

Annex Table 12. **Labour productivity in the total economy**

Percentage change from previous period

	Average 1986-1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	1.6	2.7	3.5	2.0	0.7	1.4	1.8	1.0	2.0	-0.1	0.1	1.6	-0.3	0.9	0.2	0.8	2.4	1.4	1.8	1.2
Austria	2.2	1.7	2.7	1.9	2.9	0.3	1.6	0.3	1.5	1.6	2.1	1.8	-1.0	-2.8	1.0	1.2	-0.6	-0.2	0.6	0.7
Belgium	1.8	3.0	0.2	2.1	1.6	-0.6	1.5	0.9	2.2	0.3	1.5	1.2	-0.8	-2.6	1.6	0.4	-0.3	0.4	0.9	0.9
Canada	1.0	2.1	1.6	2.4	2.6	0.5	0.4	-0.4	1.4	1.9	0.9	-0.4	-0.5	-1.2	2.0	1.0	0.5	0.7	1.5	1.4
Chile	4.5	4.6	1.1	0.7	2.5	2.3	0.3	0.0	4.1	2.4	4.0	2.3	0.2	-0.2	-2.3	0.7	3.5	2.1	2.3	3.4
Czech Republic	..	-0.2	1.6	3.8	5.4	3.4	1.4	4.6	4.9	4.6	5.8	3.5	0.6	-2.6	3.4	1.9	-1.3	-1.9	1.1	2.1
Denmark	1.8	1.8	0.7	1.7	3.0	-0.2	0.4	1.5	2.9	1.4	1.3	-1.2	-2.4	-2.4	3.9	1.3	-0.1	0.1	1.0	1.2
Estonia	..	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	7.7	2.4	1.7	-1.0	2.3	2.5
Finland	3.0	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	1.3	-1.1	-0.1	0.5	0.9
France	1.6	1.5	1.7	0.9	1.2	0.3	0.4	0.8	2.2	1.2	1.6	0.8	-0.7	-1.8	1.6	1.4	0.0	0.4	0.6	0.9
Germany	1.8	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	3.3	2.0	-0.2	0.0	1.4	1.6
Greece	..	4.0	-1.0	3.1	3.0	4.1	1.2	4.7	1.9	-0.7	3.5	2.1	-1.4	-2.5	-2.4	-1.6	1.5	0.2	0.4	0.5
Hungary	..	3.0	2.5	0.4	3.2	4.0	4.6	3.8	5.7	4.4	3.5	-0.6	2.6	-4.3	0.2	1.2	-1.7	0.8	-0.3	1.8
Iceland	1.1	4.9	2.1	0.4	2.3	2.2	1.6	2.3	8.3	3.8	-0.3	1.4	0.3	-0.4	-3.8	2.7	0.3	-0.1	0.6	1.3
Ireland	3.8	5.4	0.4	4.2	5.9	1.8	3.8	1.9	0.8	1.1	0.8	0.6	-1.6	1.6	3.1	4.0	0.7	-2.6	-0.3	0.5
Israel	..	0.3	0.5	-0.1	5.0	-1.7	-0.5	0.6	2.7	1.2	2.5	2.5	1.5	-1.2	2.4	1.5	-0.7	0.4	0.7	1.0
Italy	2.0	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	2.4	0.3	-2.1	0.1	1.2	0.7
Japan	2.1	0.5	-1.4	0.6	2.5	0.9	1.6	1.9	2.2	0.9	1.2	1.6	-0.8	-4.1	4.9	-0.3	1.8	0.9	1.0	1.4
Korea	5.5	4.0	0.3	8.8	4.4	2.5	4.6	3.1	2.9	2.6	3.8	4.2	2.2	1.0	5.1	1.9	0.5	1.4	2.1	2.6
Luxembourg	1.8	2.8	1.9	3.3	2.7	-2.9	0.8	-0.1	2.1	2.3	1.3	2.0	-5.5	-6.4	1.3	-1.0	-2.6	0.4	0.5	0.2
Mexico	..	1.4	2.1	1.5	2.7	-0.6	-2.1	0.6	0.6	2.6	1.5	1.4	-1.1	-3.4	-1.1	3.3	-0.8	0.2	0.7	1.7
Netherlands	0.7	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	1.9	0.3	-1.1	0.3	1.7	0.8
New Zealand	2.0	3.1	-1.6	1.6	4.1	-0.4	1.8	1.6	1.1	-1.6	0.0	2.3	-3.0	1.7	1.0	-0.4	2.4	0.9	1.4	1.8
Norway	2.5	2.4	0.0	1.1	2.7	1.6	1.1	2.2	3.5	1.3	-1.1	-1.4	-3.1	-1.2	1.0	-0.3	0.7	-0.6	1.0	1.2
Poland	..	5.3	3.7	8.1	6.7	3.5	4.7	5.0	4.1	1.4	2.7	2.3	1.4	1.0	3.4	3.9	1.8	1.6	2.1	3.0
Portugal	2.3	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	3.5	0.3	1.0	1.5	-0.2	0.5
Slovak Republic	..	6.8	4.9	2.6	3.4	2.9	4.5	3.7	5.3	5.0	6.1	8.2	2.4	-3.0	6.0	1.2	1.7	1.7	1.6	2.1
Slovenia	..	6.9	3.6	3.8	2.7	2.3	2.2	3.2	4.0	4.5	4.2	3.5	0.8	-6.3	3.5	2.4	-1.7	0.9	1.1	1.3
Spain	1.4	0.2	0.0	0.1	-0.1	0.4	0.2	-0.1	-0.4	-0.5	0.1	0.4	1.0	2.8	2.0	2.0	2.7	1.8	0.7	0.7
Sweden	2.2	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	5.3	0.9	0.5	0.5	1.6	1.9
Switzerland	0.4	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	2.4	-0.6	-0.4	0.7	0.2	0.9
Turkey	2.2	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	2.1	-0.7	1.2	0.9	1.5
United Kingdom	2.5	2.5	2.5	1.5	3.2	1.3	1.5	3.0	2.1	2.2	1.9	2.7	-1.5	-3.6	1.5	0.6	-0.9	0.4	1.3	1.4
United States	1.2	2.1	2.1	2.8	2.3	1.1	3.0	2.7	2.7	1.7	0.9	0.9	0.4	1.5	3.2	0.9	1.1	0.4	0.8	1.8
Euro area	1.7	1.8	0.9	0.9	1.6	0.7	0.4	0.4	1.3	0.9	1.8	1.3	-0.5	-2.6	2.4	1.2	-0.1	0.4	1.0	1.0
Total OECD	1.9	2.2	1.2	1.8	2.8	0.7	1.7	1.9	2.3	1.7	1.7	1.5	-0.2	-1.5	2.6	1.2	0.5	0.6	1.1	1.6

Note: Labour productivity measured as GDP per person employed.
Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052080

Annex Table 13. **Unemployment rates: commonly used definitions**

Per cent of labour force

	2013 Unemployment thousands	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Fourth quarter 2013	Fourth quarter 2014	Fourth quarter 2015
Australia	687	6.3	6.7	6.4	5.9	5.4	5.0	4.8	4.4	4.2	5.6	5.2	5.1	5.2	5.7	6.1	6.0	5.8	6.1	5.9
Austria	218	3.5	3.6	4.0	4.3	5.0	5.2	4.8	4.4	3.9	4.8	4.4	4.2	4.4	5.0	5.0	4.6	5.1	4.9	4.4
Belgium	423	7.0	6.7	7.6	8.2	8.3	8.4	8.2	7.5	7.1	7.9	8.3	7.2	7.6	8.4	8.4	8.2	8.4	8.3	8.1
Canada	1 350	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	7.1	6.9	6.6	7.0	6.8	6.5
Chile	492	9.7	9.8	9.8	9.5	10.0	9.2	7.8	7.2	7.8	9.7	8.2	7.1	6.4	5.9	6.2	6.3	6.1	6.3	6.3
Czech Republic	369	8.8	8.2	7.3	7.8	8.3	7.9	7.1	5.3	4.4	6.7	7.3	6.7	7.0	6.9	6.9	6.8	6.8	6.9	6.6
Denmark	203	4.3	4.5	4.6	5.4	5.5	4.8	3.9	3.8	3.5	6.0	7.5	7.6	7.5	7.0	6.8	6.7	7.0	6.8	6.5
Estonia	59	13.6	12.6	10.3	10.0	9.7	7.9	5.9	4.6	5.6	13.9	16.8	12.4	10.1	8.6	8.9	8.5	9.0	8.8	8.2
Finland	219	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	8.2	8.4	8.4	8.5	8.4	8.4
France	2 826	8.2	7.4	7.5	8.2	8.5	8.5	8.5	7.7	7.1	8.8	8.9	8.8	9.4	9.9	9.9	9.8	9.8	9.9	9.8
Germany	2 251	8.0	7.9	8.7	9.8	10.5	11.3	10.2	8.7	7.5	7.8	7.1	6.0	5.5	5.3	5.0	4.9	5.1	5.0	4.7
Greece	1 354	11.4	10.8	10.3	9.7	10.5	9.8	8.9	8.3	7.7	9.5	12.5	17.7	24.2	27.3	27.1	26.7	..	..	..
Hungary	448	6.4	5.7	5.8	5.9	6.1	7.2	7.5	7.4	7.9	10.0	11.1	10.9	11.0	10.2	8.7	8.9	9.4	8.8	8.9
Iceland	10	2.3	2.2	3.2	3.3	3.1	2.6	2.9	2.3	3.0	7.2	7.6	7.1	6.0	5.4	4.5	4.2	5.4	4.0	4.4
Ireland	282	4.3	3.9	4.4	4.7	4.5	4.3	4.4	4.6	6.0	12.0	13.9	14.6	14.7	13.0	11.4	10.4	12.0	11.1	9.9
Israel	231	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	6.3	5.9	5.8	5.8	6.0	5.7
Italy	3 124	10.0	9.0	8.5	8.4	8.0	7.7	6.8	6.1	6.8	7.8	8.4	8.4	10.7	12.2	12.8	12.5	12.6	12.9	12.2
Japan	2 653	4.7	5.0	5.4	5.3	4.7	4.4	4.1	3.8	4.0	5.0	5.0	4.6	4.3	4.0	3.8	3.7	3.9	3.7	3.7
Korea	806	4.4	4.0	3.3	3.6	3.7	3.7	3.5	3.2	3.2	3.7	3.7	3.4	3.2	3.1	3.1	3.0	3.0	3.1	2.9
Luxembourg	17	2.4	2.2	2.5	3.3	3.7	4.1	4.3	4.2	4.2	5.5	5.8	5.7	6.1	6.9	7.1	7.1	7.1	7.1	7.1
Mexico[1]	2 560	2.6	2.5	2.9	3.0	3.7	3.5	3.5	3.6	3.9	5.4	5.3	5.2	4.9	4.9	4.6	4.4	4.8	4.5	4.4
Netherlands	600	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	6.6	7.6	7.6	7.0	7.8	7.5
New Zealand	149	6.1	5.5	5.3	4.8	4.0	3.8	3.8	3.7	4.1	6.1	6.5	6.5	6.9	6.2	5.9	5.6	6.0	5.8	5.6
Norway	92	3.3	3.5	3.7	4.0	4.2	4.4	3.4	2.5	2.6	3.1	3.5	3.2	3.1	3.4	3.5	3.5	3.5	3.6	3.5
Poland	1 793	16.1	18.3	20.0	19.7	19.0	17.8	13.9	9.6	7.1	8.2	9.6	9.6	10.1	10.3	9.8	9.5	9.9	9.7	9.3
Portugal	876	4.0	4.0	5.0	6.3	6.7	7.6	7.6	8.0	7.6	9.5	10.8	12.7	15.6	16.3	15.1	14.8	15.4	15.0	14.7
Slovak Republic	386	18.8	19.3	18.6	17.5	18.1	16.2	13.3	11.0	9.6	12.1	14.4	13.6	13.9	14.2	13.9	13.2	14.1	13.7	13.0
Slovenia	102	6.7	6.2	6.3	6.7	6.3	6.5	5.9	4.8	4.4	5.9	7.2	8.2	8.8	10.1	10.2	10.2	9.6	10.5	9.9
Spain	5 995	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	26.4	25.4	24.4	26.1	25.0	23.9
Sweden	410	6.7	5.8	6.0	6.6	7.4	7.7	7.1	6.1	6.2	8.3	8.6	7.8	8.0	8.0	7.9	7.4	8.0	7.8	7.2
Switzerland	205	2.6	2.3	3.0	4.0	4.3	4.3	3.9	3.6	3.3	4.3	4.5	4.0	4.1	4.3	3.9	3.4	4.0	3.7	3.0
Turkey	2 747	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	9.5	9.8	9.6	..	..	..
United Kingdom	2 460	5.5	5.1	5.2	5.0	4.8	4.9	5.5	5.4	5.7	7.6	7.9	8.1	7.9	7.6	6.9	6.5	7.2	6.7	6.5
United States	11 449	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	7.4	6.5	6.0	7.0	6.3	5.9
Euro area	18 732	8.4	7.9	8.3	8.8	9.0	9.0	8.3	7.4	7.5	9.4	10.0	10.0	11.2	11.9	11.7	11.4	11.8	11.7	11.2
Total OECD	47 844	6.0	6.2	6.8	7.0	6.9	6.6	6.1	5.6	6.0	8.1	8.3	7.9	7.9	7.9	7.5	7.2	7.7	7.4	7.1

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 95 database.

StatLink http://dx.doi.org/10.1787/888933052099

Annex Table 14. **Harmonised unemployment rates**

Per cent of civilian labour force

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	8.5	8.5	8.4	7.7	6.9	6.3	6.7	6.4	5.9	5.4	5.0	4.8	4.4	4.2	5.6	5.2	5.1	5.2	5.7
Austria	3.9	4.3	4.4	4.5	3.9	3.6	3.6	4.2	4.3	5.0	5.2	4.8	4.4	3.8	4.8	4.4	4.1	4.4	4.9
Belgium	9.7	9.5	9.2	9.3	8.5	6.9	6.6	7.5	8.2	8.4	8.4	8.3	7.5	7.0	7.9	8.3	7.2	7.6	8.5
Canada	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	7.5	7.2	7.1
Chile	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	9.7	8.2	7.1	6.4	5.9
Czech Republic	4.0	3.9	4.8	6.5	8.7	8.8	8.1	7.3	7.8	8.3	7.9	7.1	5.3	4.4	6.7	7.3	6.7	7.0	7.0
Denmark	6.7	6.3	5.2	4.9	5.2	4.3	4.5	4.6	5.4	5.5	4.8	3.9	3.8	3.5	6.0	7.5	7.6	7.5	7.0
Estonia	..	..	9.6	9.2	11.4	13.6	12.6	10.4	10.1	9.7	7.9	5.9	4.6	5.5	13.6	16.7	12.4	10.0	8.6
Finland	15.4	14.6	12.6	11.4	10.2	9.8	9.1	9.1	9.0	8.8	8.4	7.7	6.9	6.4	8.2	8.4	7.8	7.7	8.2
France	10.5	11.0	11.1	10.7	10.4	9.0	8.2	8.3	8.6	8.9	8.9	8.9	8.0	7.5	9.1	9.3	9.2	9.8	10.3
Germany	8.3	8.9	9.7	9.5	8.6	8.0	7.9	8.7	9.8	10.5	11.3	10.3	8.7	7.5	7.8	7.1	6.0	5.5	5.3
Greece	..	..	..	..	12.0	11.2	10.7	10.3	9.7	10.5	9.9	8.9	8.3	7.7	9.5	12.6	17.7	24.3	27.3
Hungary	..	9.9	9.1	8.7	6.9	6.3	5.6	5.6	5.7	6.1	7.2	7.5	7.4	7.8	10.0	11.2	11.0	10.9	10.2
Iceland	..	..	..	..	..	..	..	..	3.4	3.1	2.6	2.9	2.3	3.0	7.2	7.6	7.1	6.0	5.4
Ireland	12.3	11.7	9.9	7.6	5.6	4.2	3.9	4.5	4.6	4.5	4.4	4.5	4.7	6.4	12.0	13.9	14.7	14.7	13.1
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	6.9	6.2
Italy	11.2	11.2	11.2	11.3	10.9	10.1	9.0	8.5	8.4	8.0	7.7	6.8	6.1	6.7	7.8	8.4	8.4	10.7	12.2
Japan	3.2	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	5.1	5.1	4.6	4.4	4.0
Korea	2.1	2.1	2.6	7.0	6.6	4.4	4.0	3.3	3.6	3.7	3.7	3.5	3.3	3.2	3.7	3.7	3.4	3.2	3.1
Luxembourg	2.9	2.9	2.7	2.7	2.4	2.2	1.9	2.6	3.8	5.0	4.7	4.6	4.2	4.9	5.1	4.6	4.8	5.1	5.8
Mexico	6.3	5.5	3.7	3.2	2.5	2.5	2.8	3.0	3.4	3.9	3.6	3.6	3.7	4.0	5.5	5.4	5.2	5.0	4.9
Netherlands	7.1	6.4	5.5	4.3	3.5	3.1	2.6	3.1	4.2	5.1	5.3	4.3	3.6	3.1	3.7	4.5	4.5	5.3	6.7
New Zealand	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	6.9	6.2
Norway	4.9	4.8	3.9	3.1	3.0	3.2	3.4	3.7	4.2	4.3	4.5	3.4	2.5	2.6	3.2	3.6	3.3	3.2	3.5
Poland	..	..	10.9	10.2	13.4	16.1	18.3	20.0	19.8	19.1	17.9	14.0	9.6	7.0	8.1	9.7	9.7	10.1	10.4
Portugal	7.2	7.2	6.7	5.0	4.4	4.0	4.1	5.1	6.4	6.8	7.7	7.8	8.1	7.7	9.6	11.0	12.9	15.9	16.5
Slovak Republic	..	..	..	12.7	16.5	18.9	19.5	18.8	17.7	18.4	16.4	13.5	11.2	9.6	12.1	14.5	13.7	14.0	14.2
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	8.9	10.2
Spain	20.0	19.1	17.8	15.9	13.3	11.7	10.5	11.4	11.4	10.9	9.2	8.5	8.3	11.3	18.0	20.1	21.6	25.1	26.4
Sweden	8.8	9.6	9.9	8.2	6.7	5.6	5.8	6.0	6.6	7.4	7.6	7.0	6.1	6.2	8.3	8.6	7.8	8.0	8.0
Switzerland	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	4.5	4.0	4.2	4.4
Turkey	..	..	..	..	..	..	..	..	..	..	9.2	8.8	8.8	9.7	12.6	10.7	8.8	8.2	8.7
United Kingdom	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	5.7	7.6	7.8	8.0	7.9	7.5
United States	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	8.1	7.4
Euro area	10.7	10.8	10.8	10.3	9.6	8.8	8.2	8.5	9.0	9.2	9.1	8.4	7.5	7.6	9.6	10.1	10.1	11.3	12.0
Total OECD	7.3	7.1	6.8	6.7	6.5	6.1	6.3	6.9	7.0	6.9	6.6	6.1	5.6	5.9	8.1	8.3	7.9	7.9	7.9

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: OECD, Main Economic Indicators.

StatLink http://dx.doi.org/10.1787/888933052118

Annex Table 15. **Labour force, employment and unemployment**

Millions

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Labour force																
Major seven countries	345.0	347.0	348.6	351.0	352.9	356.5	359.6	362.7	365.0	365.1	365.1	365.4	367.8	369.3	371.0	373.4
Total of smaller countries	197.4	199.7	203.0	204.7	208.9	211.9	215.2	218.4	221.9	224.9	228.0	231.2	234.6	236.7	239.4	242.2
Euro area	142.7	144.2	145.6	147.0	148.9	151.0	152.4	154.0	155.6	155.9	156.3	156.8	157.8	157.9	157.9	158.2
Total OECD	542.4	546.7	551.6	555.7	561.8	568.3	574.9	581.1	586.9	590.0	593.1	596.7	602.4	606.1	610.4	615.6
Employment																
Major seven countries	325.8	326.9	326.3	327.7	330.5	334.4	338.9	343.1	343.8	335.9	335.4	337.6	340.9	343.2	346.5	349.8
Total of smaller countries	184.0	185.7	187.9	189.2	192.8	196.3	200.9	205.2	208.1	206.1	208.3	211.7	213.7	215.0	218.1	221.4
Euro area	130.7	132.8	133.6	134.1	135.4	137.4	139.8	142.6	143.9	141.2	140.7	141.1	140.1	139.1	139.4	140.2
Total OECD	509.7	512.6	514.2	516.9	523.3	530.7	539.8	548.3	551.8	542.0	543.8	549.3	554.6	558.2	564.6	571.2
Unemployment																
Major seven countries	19.3	20.1	22.3	23.2	22.4	22.0	20.7	19.6	21.3	29.2	29.7	27.8	27.0	26.1	24.5	23.5
Total of smaller countries	13.4	14.0	15.1	15.5	16.1	15.6	14.3	13.2	13.8	18.8	19.7	19.6	20.9	21.7	21.4	20.9
Euro area	12.0	11.4	12.1	12.9	13.4	13.6	12.6	11.5	11.6	14.7	15.5	15.7	17.7	18.7	18.5	18.0
Total OECD	32.7	34.1	37.4	38.7	38.5	37.6	35.0	32.8	35.1	48.0	49.3	47.4	47.9	47.8	45.9	44.4

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052137

Annex Table 16. **GDP deflators**

Percentage change from previous year

	Average 1989-99	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Fourth quarter 2013	Fourth quarter 2014	Fourth quarter 2015
Australia	1.7	4.2	3.4	3.3	2.7	3.9	4.3	5.2	4.1	6.5	0.1	5.7	4.2	-0.3	1.1	1.6	2.3	2.0	1.5	2.5
Austria	1.8	1.1	1.8	1.5	1.0	1.7	2.0	1.9	2.0	1.8	1.3	1.7	2.0	1.8	1.5	1.2	1.5	1.1	1.4	1.6
Belgium	2.0	2.0	2.1	2.0	2.0	2.1	2.4	2.3	2.4	2.1	1.2	2.1	2.0	1.9	1.2	1.0	1.3	0.9	1.3	1.3
Canada	1.7	4.3	1.6	1.2	3.3	3.3	3.2	2.7	3.2	3.9	-2.1	2.6	3.2	1.7	1.2	1.6	1.8	1.0	1.9	1.9
Chile	9.6	5.2	4.1	4.5	4.8	7.6	7.1	12.6	4.8	0.6	3.7	8.9	3.4	1.2	1.6	4.9	3.9	2.3	4.5	4.4
Czech Republic	..	1.4	4.6	2.7	0.9	4.0	-0.3	0.5	3.3	1.9	2.3	-1.6	-0.9	1.6	1.9	1.6	1.5	2.3	1.3	1.6
Denmark	1.7	3.0	2.5	2.3	1.6	2.3	2.9	2.1	2.3	4.2	0.7	4.3	0.7	2.3	1.4	1.1	1.2	1.3	1.1	1.4
Estonia	..	4.8	6.5	4.7	4.0	4.5	6.1	8.8	11.6	5.4	0.2	0.3	3.0	3.3	5.0	2.0	2.1	5.4	0.8	2.7
Finland	2.2	2.6	3.0	1.3	-0.7	0.5	0.5	0.8	3.0	2.9	1.5	0.3	2.7	2.9	2.0	1.3	1.2	1.7	1.0	1.5
France	1.5	1.6	2.0	2.2	2.0	1.7	1.9	2.1	2.6	2.5	0.7	1.0	1.3	1.5	1.1	0.9	1.2	0.9	1.1	1.3
Germany	2.2	-0.7	1.1	1.4	1.1	1.1	0.6	0.3	1.6	0.8	1.2	1.0	1.2	1.5	2.2	1.3	1.7	2.1	1.3	1.8
Greece	..	3.4	3.1	3.4	3.9	2.9	1.9	2.4	3.3	4.7	2.3	1.1	1.0	-0.3	-2.1	-1.3	-1.2	-2.7	-0.1	-1.6
Hungary	..	9.6	11.6	8.5	5.3	4.8	2.6	3.9	5.5	4.8	3.9	2.3	2.6	3.0	3.0	2.3	2.7	2.0	3.2	2.8
Iceland	4.8	3.6	8.6	5.6	0.6	2.5	2.8	8.8	5.7	11.8	8.3	6.9	3.3	2.9	1.8	2.9	3.0	2.2	4.5	2.0
Ireland	2.7	5.3	6.0	5.5	3.7	2.4	2.3	3.3	1.7	-2.8	-3.8	-1.5	0.7	0.7	0.4	0.4	0.9	-0.6	0.7	1.4
Israel	11.1	1.7	1.8	4.0	-0.6	0.1	0.9	1.9	-0.1	1.3	4.9	1.5	2.0	4.1	2.4	1.8	1.6	1.4	1.8	1.5
Italy	4.4	1.9	2.9	3.2	3.1	2.4	1.8	1.7	2.4	2.5	2.1	0.4	1.4	1.6	1.4	0.4	0.5	1.1	0.4	0.6
Japan	0.5	-1.2	-1.2	-1.6	-1.7	-1.4	-1.3	-1.1	-0.9	-1.3	-0.5	-2.2	-1.9	-0.9	-0.6	1.3	1.5	-0.3	1.8	1.9
Korea	6.2	1.0	3.7	3.1	3.4	3.0	1.0	-0.1	2.4	3.0	3.5	3.2	1.6	1.0	0.7	0.7	1.1	0.4	1.6	0.8
Luxembourg	2.6	2.0	0.0	2.1	5.9	1.8	4.8	6.8	3.8	0.4	0.8	7.1	4.2	3.0	3.8	0.7	-0.3	2.0	0.6	-0.4
Mexico	19.3	11.1	5.1	5.6	6.0	8.6	5.2	6.3	4.9	6.3	3.3	4.5	5.2	3.5	1.8	3.7	3.2	2.6	4.1	2.8
Netherlands	2.1	4.1	5.1	3.8	2.2	0.7	2.4	1.8	1.8	2.1	0.1	0.8	1.1	1.3	1.4	0.0	0.5	0.1	0.6	0.6
New Zealand	1.4	2.3	4.5	1.0	1.5	3.6	2.4	2.5	4.4	3.6	0.8	2.9	3.0	-0.6	2.6	3.6	1.2	7.0	0.8	1.7
Norway	2.3	15.7	1.7	-1.8	2.9	5.9	8.9	8.8	3.0	10.9	-5.4	6.3	6.7	2.8	2.6	2.4	2.7	3.6	1.9	2.9
Poland	..	7.3	3.5	2.2	0.4	4.1	2.6	1.5	4.0	3.1	3.7	1.4	3.2	2.4	0.7	0.6	1.5	0.3	1.0	1.9
Portugal	6.6	3.3	3.6	3.7	3.0	2.5	2.5	2.8	2.8	1.6	0.9	0.6	0.3	-0.3	1.7	0.1	0.1	1.5	-0.3	0.2
Slovak Republic	..	9.4	5.0	3.9	5.3	5.8	2.4	2.9	1.1	2.9	-1.2	0.5	1.6	1.3	0.5	0.7	1.0	0.2	0.9	1.2
Slovenia	..	5.2	8.7	7.6	5.5	3.3	1.7	2.1	4.2	4.1	3.3	-1.1	1.2	0.2	1.0	0.5	-0.1	0.6	0.4	-0.1
Spain	4.5	3.5	4.2	4.4	4.2	4.0	4.3	4.1	3.3	2.4	0.1	0.1	0.0	0.0	0.6	0.2	0.5	0.2	0.7	0.5
Sweden	3.1	1.4	2.3	1.5	1.7	0.5	0.9	1.9	2.7	3.2	2.1	0.9	1.3	0.9	0.9	1.0	1.6	1.0	1.1	1.9
Switzerland	1.7	1.5	1.2	0.6	0.8	0.8	0.3	2.2	2.5	2.8	-0.4	0.3	0.4	0.1	0.0	0.5	0.7	0.0	0.6	0.7
Turkey	72.5	49.2	52.9	37.4	23.3	12.4	7.1	9.3	6.2	12.0	5.3	5.7	8.6	6.9	5.9	8.5	6.6	..	..	..
United Kingdom	3.0	0.8	2.3	2.5	2.2	2.4	2.0	2.9	2.3	3.2	2.2	3.1	2.3	1.1	1.8	1.6	1.5	1.3	1.2	1.6
United States	2.2	2.3	2.3	1.5	2.0	2.7	3.2	3.1	2.7	2.0	0.8	1.2	2.0	1.7	1.5	1.5	1.9	1.4	1.6	2.0
Euro area	2.9	1.4	2.4	2.6	2.2	1.9	1.9	1.8	2.3	1.9	1.0	0.8	1.2	1.3	1.4	0.7	1.1	1.1	0.9	1.1
Total OECD	4.7	3.1	3.2	2.5	2.3	2.5	2.4	2.5	2.4	2.4	1.0	1.4	1.8	1.5	1.4	1.6	1.8	1.3	1.8	1.9

Note: The adoption of national accounts systems (SNA93, SNA08 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 95 database.

StatLink http://dx.doi.org/10.1787/888933052156

Annex Table 17. **Private consumption deflators**

Percentage change from previous year

	Average 1989-99	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Fourth quarter 2013	2014	2015
Australia	2.4	3.5	3.4	2.8	2.3	1.5	2.2	3.6	3.2	3.2	2.6	2.3	2.6	2.7	2.7	2.5	2.3	2.7	2.1	2.5
Austria	2.2	2.2	1.7	0.8	1.5	2.0	2.6	2.1	2.4	2.2	0.4	1.9	3.4	2.6	2.2	1.4	1.7	1.9	1.2	1.9
Belgium	2.0	3.5	1.9	1.2	1.4	2.4	2.7	3.0	2.8	3.3	-0.7	2.0	3.1	2.4	1.1	0.6	1.1	0.5	1.1	1.1
Canada	2.1	2.2	2.0	1.9	1.7	1.6	1.7	1.3	1.6	1.6	0.2	1.3	2.1	1.4	1.1	1.6	1.6	1.3	1.7	1.7
Chile	..	4.7	4.5	2.9	2.7	0.7	4.1	3.1	3.9	7.4	1.4	3.2	3.8	3.6	2.3	3.8	4.0	2.7	3.8	4.4
Czech Republic	..	3.4	3.7	1.3	-0.2	3.6	0.8	1.5	2.9	4.8	0.8	-0.2	0.5	2.7	1.1	0.0	1.9	0.9	0.3	2.5
Denmark	1.8	2.7	2.3	1.7	1.3	1.3	1.5	1.9	1.2	2.7	1.5	2.7	2.7	2.8	1.0	1.0	1.2	0.9	1.1	1.3
Estonia	..	3.5	6.3	3.5	1.6	3.3	3.9	5.2	7.9	7.8	-0.4	2.4	4.9	3.6	3.4	1.5	2.0	2.8	1.0	2.4
Finland	2.6	4.3	2.4	2.2	-0.5	0.4	0.8	1.4	2.2	3.5	1.4	1.9	3.5	2.9	1.7	1.9	1.3	2.0	1.3	1.2
France	1.5	2.4	2.0	1.0	1.9	2.1	1.8	2.1	2.1	2.9	-0.6	1.1	2.1	1.8	0.7	0.7	1.0	0.5	0.8	1.0
Germany	2.1	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	1.1	1.7	1.5	1.1	1.9
Greece	..	3.3	2.7	2.6	3.4	2.9	-1.0	3.4	3.1	4.2	0.7	4.0	3.4	0.9	-1.5	-1.2	-1.0	..	..	..
Hungary	..	11.5	9.2	5.7	4.1	5.7	3.7	3.6	6.9	5.1	4.0	3.9	4.2	6.1	1.8	0.8	2.8	0.3	1.4	3.1
Iceland	4.3	5.0	7.8	4.8	1.3	3.0	1.9	7.6	4.6	14.1	13.7	3.4	4.1	5.6	3.6	2.7	3.1	3.7	2.3	3.2
Ireland	2.3	4.9	4.6	5.3	4.0	1.7	1.5	2.5	3.1	1.6	-6.7	-2.0	2.1	0.5	1.7	1.0	0.9	1.6	0.8	1.1
Israel	..	2.0	0.9	4.2	0.2	0.5	1.6	2.3	0.7	5.2	2.2	2.9	3.5	2.3	2.1	1.0	1.5	1.9	0.8	1.6
Italy	4.5	3.4	2.6	2.8	2.8	2.6	2.2	2.6	2.2	3.1	-0.1	1.5	2.8	2.7	1.3	0.6	0.9	0.7	0.6	1.0
Japan	0.9	-0.6	-1.0	-1.4	-1.0	-0.8	-0.6	-0.3	-0.7	0.2	-2.5	-1.7	-0.8	-0.8	-0.2	2.2	2.0	0.5	2.6	2.7
Korea	7.3	4.4	4.4	3.1	3.3	3.2	2.2	1.5	2.0	4.5	2.6	2.5	3.7	2.2	1.0	1.6	2.6	0.6	2.2	2.7
Luxembourg	2.7	4.0	2.0	0.5	2.2	2.4	3.1	2.4	2.2	3.4	1.1	1.4	2.6	1.6	1.6	0.5	1.7	1.0	0.8	1.7
Mexico	20.3	12.9	5.3	4.0	-0.5	6.0	4.9	3.5	5.0	6.2	5.5	4.8	3.2	4.5	2.7	3.0	3.2	2.5	3.8	3.0
Netherlands	2.3	3.8	4.5	3.0	2.4	1.0	2.1	2.2	1.8	1.1	-0.5	1.5	2.4	2.2	2.2	0.4	0.7	0.6	0.7	0.7
New Zealand	1.8	2.1	2.2	1.9	0.5	1.3	1.9	2.9	1.5	3.5	2.5	1.3	2.8	0.5	0.5	1.3	1.6	0.8	1.5	1.6
Norway	2.4	2.9	2.2	1.4	2.8	1.2	1.1	1.8	1.3	3.4	2.5	2.2	1.0	1.1	2.7	2.3	2.3	3.2	2.0	2.3
Poland	..	10.0	3.8	3.3	0.4	3.0	2.1	1.2	2.4	4.3	2.5	2.5	4.9	3.7	0.7	1.0	1.7	1.0	1.0	1.8
Portugal	5.9	3.5	3.5	2.8	3.0	2.5	2.7	3.0	3.0	2.6	-2.2	1.3	2.5	1.5	0.3	0.1	0.3	0.3	0.2	0.3
Slovak Republic	..	8.3	5.6	2.9	6.5	7.3	2.6	4.9	2.6	4.5	0.1	1.0	3.8	3.4	1.3	0.5	1.0	0.8	0.2	1.5
Slovenia	..	6.9	7.5	7.5	5.2	3.0	2.3	2.4	4.1	5.5	0.6	1.5	1.7	1.6	0.9	-0.1	0.3	0.8	0.1	0.4
Spain	4.5	3.7	3.4	2.9	3.2	3.6	3.5	3.6	3.2	3.6	-1.1	1.9	2.5	2.5	1.3	0.2	0.5	0.3	0.4	0.6
Sweden	3.8	0.9	2.1	1.5	1.7	0.8	1.1	1.2	1.3	3.0	2.1	1.5	1.7	1.2	0.6	0.9	1.3	0.9	0.7	1.6
Switzerland	2.0	0.9	0.5	0.7	0.2	1.0	0.4	1.5	1.6	3.1	-0.7	0.7	0.0	-1.1	-0.6	-0.4	0.1	-0.4	-0.1	0.2
Turkey	73.2	54.9	49.7	38.5	23.4	10.8	8.3	9.8	6.6	10.8	4.9	8.5	8.9	8.1	6.4	8.3	6.8	..	..	..
United Kingdom	3.3	0.6	0.9	0.8	1.4	1.9	2.5	2.6	2.6	3.2	1.9	4.0	3.9	1.8	2.2	2.0	1.8	1.9	1.7	1.8
United States	2.3	2.5	1.9	1.3	2.0	2.4	2.9	2.7	2.5	3.1	-0.1	1.7	2.4	1.8	1.1	1.3	1.6	1.0	1.4	1.8
Euro area	2.9	2.5	2.5	1.9	2.2	2.0	2.0	2.1	2.2	2.6	-0.4	1.6	2.4	2.1	1.3	0.7	1.1	0.8	0.8	1.2
Total OECD	5.2	3.8	3.1	2.2	2.0	2.3	2.3	2.4	2.3	3.1	0.4	1.9	2.5	2.0	1.4	1.6	1.9	1.3	1.8	2.0

Note: The adoption of national accounts systems (SNA93, SNA08 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 95 database.

StatLink http://dx.doi.org/10.1787/888933052175

Annex Table 18. **Consumer price indices**

Percentage change from previous year

	Average 1989-99	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Fourth quarter 2013	Fourth quarter 2014	Fourth quarter 2015
Australia	2.5	4.4	4.4	3.0	2.7	2.4	2.6	3.5	2.4	4.3	1.8	2.9	3.4	1.7	2.4	2.6	2.3	2.6	2.1	2.4
Austria	..	2.0	2.3	1.7	1.3	2.0	2.1	1.7	2.2	3.2	0.4	1.7	3.6	2.6	2.1	1.4	1.6	1.6	1.1	1.9
Belgium	..	2.7	2.4	1.6	1.5	1.9	2.5	2.3	1.8	4.5	0.0	2.3	3.4	2.6	1.2	0.8	1.0	0.9	0.7	1.0
Canada	..	2.7	2.5	2.3	2.7	1.8	2.2	2.0	2.1	2.4	0.3	1.8	2.9	1.5	1.0	1.6	1.8	1.0	1.9	1.9
Chile	11.5	3.8	3.6	2.5	2.8	1.1	3.1	3.4	4.4	8.7	0.4	1.4	3.3	3.0	1.8	3.1	3.0	2.3	2.8	3.4
Czech Republic	..	3.9	4.7	1.8	0.1	2.8	1.9	2.6	3.0	6.3	1.0	1.5	1.9	3.3	1.4	0.1	2.0	1.1	0.0	2.7
Denmark	2.1	2.9	2.4	2.4	2.1	1.2	1.8	1.9	1.7	3.4	1.3	2.3	2.8	2.4	0.8	0.7	1.3	0.7	0.6	1.6
Estonia	..	3.9	5.6	3.6	1.4	3.0	4.1	4.4	6.7	10.6	0.2	2.7	5.1	4.2	3.2	0.7	1.7	2.1	0.9	2.2
Finland	..	2.9	2.7	2.0	1.3	0.1	0.8	1.3	1.6	3.9	1.6	1.7	3.3	3.2	2.2	1.4	1.4	1.8	1.2	1.3
France	..	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	1.0	0.9	1.1	0.8	1.0	1.1
Germany	..	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	1.6	1.1	1.8	1.3	1.2	2.0
Greece	..	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	-0.9	-1.1	-1.0	-2.2	-0.7	-0.8
Hungary	..	9.8	9.1	5.3	4.7	6.7	3.6	3.9	8.0	6.0	4.2	4.9	3.9	5.7	1.7	0.5	2.8	0.7	1.0	3.1
Iceland[1]	4.2	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	3.9	2.6	3.3	3.9	2.5	3.4
Ireland	..	5.3	4.0	4.7	4.0	2.3	2.2	2.7	2.9	3.1	-1.7	-1.6	1.2	1.9	0.5	0.3	0.7	0.2	0.4	0.8
Israel	11.2	1.1	1.1	5.7	0.7	-0.4	1.3	2.1	0.5	4.6	3.3	2.7	3.5	1.7	1.6	1.1	1.5	1.9	0.8	1.6
Italy	..	2.6	2.3	2.6	2.8	2.3	2.2	2.2	2.0	3.5	0.8	1.6	2.9	3.3	1.3	0.5	0.9	0.7	0.6	1.0
Japan	1.2	-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	0.4	2.6	2.0	1.4	2.6	2.7
Korea	5.7	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	1.3	2.0	2.8	1.1	2.5	2.9
Luxembourg	..	3.8	2.4	2.1	2.5	3.2	3.8	3.0	2.7	4.1	0.0	2.8	3.7	2.9	1.7	1.0	2.2	1.2	1.2	2.1
Mexico	20.1	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	3.8	3.9	3.3	3.7	3.9	3.1
Netherlands	..	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	2.6	0.5	0.8	1.3	0.6	0.8
New Zealand	2.1	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	1.1	1.7	2.3	1.6	1.8	2.3
Norway	2.4	3.1	3.0	1.3	2.5	0.5	1.5	2.3	0.7	3.8	2.2	2.4	1.3	0.7	2.1	1.9	2.1	2.3	1.8	2.1
Poland	..	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	1.0	1.1	1.9	0.8	1.3	2.1
Portugal	..	2.8	4.4	3.7	3.3	2.5	2.1	3.0	2.4	2.7	-0.9	1.4	3.6	2.8	0.4	-0.3	0.4	0.1	-0.2	0.4
Slovak Republic	..	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	1.5	0.4	1.0	0.5	0.7	1.1
Slovenia	..	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	1.9	0.7	0.9	1.1	0.7	1.0
Spain	..	3.5	2.8	3.6	3.1	3.1	3.4	3.6	2.8	4.1	-0.2	2.0	3.1	2.4	1.5	0.1	0.5	0.2	0.2	0.6
Sweden[2]	3.2	0.9	2.4	2.2	1.9	0.4	0.5	1.4	2.2	3.4	-0.5	1.2	3.0	0.9	0.0	0.1	1.4	0.1	0.5	1.6
Switzerland	2.3	1.6	1.0	0.6	0.6	0.8	1.2	1.1	0.7	2.4	-0.5	0.7	0.2	-0.7	-0.2	0.0	0.3	0.0	0.0	0.4
Turkey	76.7	54.9	54.4	45.0	21.6	8.6	8.2	9.6	8.8	10.4	6.3	8.6	6.5	8.9	7.5	8.0	6.5	..	..	..
United Kingdom[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	2.8	2.6	2.0	2.1	2.1	2.0	2.1
United States	3.0	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	1.5	1.5	1.7	1.2	1.6	1.9
Euro area	..	2.2	2.4	2.3	2.1	2.2	2.2	2.2	2.1	3.3	0.3	1.6	2.7	2.5	1.3	0.7	1.1	0.8	0.8	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 95 database.

StatLink http://dx.doi.org/10.1787/888933052194

Annex Table 19. **Oil and other primary commodity markets**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
																Estimates and assumptions		
Oil market conditions[1]									Million barrels per day									
Demand																		
OECD	47.5	48.5	48.6	48.6	48.6	49.4	50.2	50.5	50.2	50.1	48.4	46.4	47.0	46.5	46.0	46.1	46.0	..
of which: North America	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	24.0	23.6	24.0	24.1	..
Europe	15.5	15.4	15.3	15.5	15.4	15.5	15.6	15.7	15.7	15.6	15.5	14.7	14.7	14.3	13.8	13.7	13.6	..
Pacific	8.6	9.0	8.9	8.8	8.8	9.0	8.9	8.9	8.8	8.7	8.4	8.0	8.2	8.2	8.6	8.4	8.3	..
Non-OECD	27.2	27.9	28.6	29.3	30.0	30.9	33.1	34.1	35.4	36.9	37.9	39.1	41.3	42.4	44.1	45.3	46.7	..
Total	74.8	76.5	77.2	77.9	78.7	80.2	83.3	84.7	85.6	87.0	86.3	85.5	88.3	88.9	90.1	91.4	92.7	..
Supply																		
OECD	21.8	21.5	21.9	21.7	21.8	21.5	21.1	20.2	19.8	19.5	18.8	18.8	18.9	19.0	19.9	21.0	22.2	..
OPEC total	30.6	29.2	30.8	30.3	28.8	30.8	33.3	34.8	35.1	35.0	36.2	34.2	34.7	35.8	37.6	36.9	..	..
Former USSR	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	13.6	13.8	13.8	..
Other non-OECD	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	19.9	19.9	..	..
Total	76.0	74.8	77.3	77.5	77.4	80.3	83.5	84.8	85.5	85.7	86.8	85.7	87.4	88.6	91.0	91.6	..	..
Trade																		
OECD net imports	26.1	26.3	26.8	27.2	26.6	28.2	29.3	30.6	30.7	30.4	29.9	27.6	28.2	27.2	26.3	24.9	23.8	..
Former USSR net exports	3.5	3.8	4.2	4.9	5.8	6.6	7.6	8.0	8.3	8.7	8.6	9.2	9.4	9.2	9.1	9.2	9.1	..
Other non-OECD net exports	22.5	22.6	22.6	22.3	20.8	21.5	21.7	22.6	22.4	21.7	21.3	18.4	18.8	18.1	17.2	15.7	14.6	..
Prices[2]									fob, $ per bl									
Brent crude oil price[3]	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	111.6	108.7	110.6	115.6
Prices of other primary commodities[2]									$ indices, 2005 = 100									
Food and tropical beverages	106	86	81	75	83	90	102	100	111	140	187	161	179	231	219	195	203	207
Agricultural raw materials	83	82	88	76	73	88	98	100	111	132	126	105	140	155	129	132	136	136
Minerals, ores and metals	57	56	63	57	56	63	84	100	143	160	167	116	164	192	162	156	145	144
Total[4]	75	69	73	66	67	75	92	100	128	149	164	125	163	195	170	161	158	159

1. Based on data published in various issues of International Energy Agency, *Oil Market Report*.
2. Indices through 2013 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 assumptions for 2014 and 2015.
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 commodity price indices with the weights based on the commodity's share in total non-energy commodities world trade.

Source: OECD Economic Outlook 95 database; International Energy Agency, *Oil Market Report*.

StatLink http://dx.doi.org/10.1787/888933052213

Annex Table 20. **Employment and labour force**

Percentage change from previous period

	Employment									Labour force								
	Average 1989-98	Average 1999-08	2009	2010	2011	2012	2013	2014	2015	Average 1989-98	Average 1999-08	2009	2010	2011	2012	2013	2014	2015
Australia	1.1	2.0	0.7	2.0	1.7	1.2	1.0	0.7	1.7	1.3	2.1	2.1	1.6	1.6	1.3	1.5	1.2	1.6
Austria	1.1	0.6	-0.2	0.5	1.2	0.9	-0.2	0.8	1.4	1.2	1.1	0.8	0.1	0.9	1.2	0.4	0.9	1.0
Belgium	0.4	0.9	-0.2	0.7	1.4	0.2	-0.2	0.6	1.0	0.6	1.0	0.7	1.1	0.3	0.7	0.6	0.6	0.8
Canada	0.9	1.9	-1.6	1.4	1.5	1.2	1.3	0.9	1.3	1.0	1.7	0.7	1.0	0.9	1.0	1.0	0.7	1.0
Czech Republic	..	-0.1	-1.4	-1.0	-0.2	0.4	1.0	0.2	0.3	..	0.1	1.1	-0.4	-0.8	0.6	0.9	0.2	0.2
Denmark	0.2	0.5	-2.9	-2.3	-0.1	-0.5	0.0	0.3	0.5	0.0	0.4	-0.3	-0.8	0.0	-0.6	-0.6	0.1	0.4
Estonia	..	..	-9.2	-4.2	6.8	2.5	-0.6	-1.0	0.5	..	..	-0.5	-0.8	1.5	-0.1	-2.2	-0.7	0.0
Finland	-1.2	1.3	-2.9	-0.4	1.1	0.4	-1.1	-0.3	0.3	-0.3	0.6	-0.9	-0.3	0.4	0.3	-0.5	0.0	0.2
France	0.1	0.9	-0.9	0.3	0.2	0.0	-0.1	0.2	0.6	0.4	0.8	0.9	0.5	0.1	0.7	0.5	0.2	0.5
Germany	0.3	0.2	-0.3	0.8	2.3	1.0	1.0	0.6	0.4	0.6	0.5	0.0	0.1	1.1	0.4	0.8	0.3	0.2
Greece	1.0	1.4	-1.1	-2.7	-6.8	-8.0	-4.0	-0.8	1.3	1.4	0.8	0.9	0.8	-1.0	0.0	0.0	-0.9	0.7
Hungary	..	0.7	-2.5	0.0	0.8	1.7	1.6	2.6	-0.1	..	0.4	-0.2	1.2	0.6	1.8	0.7	0.8	0.2
Iceland	0.9	1.6	-6.2	-0.3	0.0	1.1	3.4	2.0	1.9	0.9	1.8	-1.9	0.0	-0.5	0.0	2.7	1.1	1.6
Ireland	3.5	4.2	-6.6	-4.1	-1.8	-0.6	2.3	2.2	1.7	2.5	3.0	-0.3	-2.0	-0.9	-0.5	0.4	0.3	0.6
Israel	..	2.6	2.0	3.5	3.0	3.2	2.7	2.5	2.5	..	2.5	4.0	2.2	1.7	2.9	2.1	2.0	2.4
Italy	-0.4	0.7	-1.5	-0.6	0.3	-0.3	-2.0	-0.8	0.4	-0.2	0.6	-0.5	0.1	0.3	2.2	-0.3	-0.1	0.0
Japan	0.7	-0.1	-1.5	-0.3	-0.1	-0.3	0.7	0.1	-0.1	0.9	-0.2	-0.4	-0.3	-0.6	-0.6	0.3	-0.2	-0.2
Korea	1.4	1.4	-0.3	1.4	1.7	1.8	1.6	1.8	1.6	1.9	1.3	0.2	1.4	1.4	1.6	1.5	1.7	1.4
Luxembourg	1.0	1.7	1.0	1.7	2.7	2.4	1.8	2.2	2.3	1.2	2.1	2.5	2.0	2.5	2.9	2.6	2.5	2.3
Mexico	..	2.2	0.5	1.1	2.2	3.3	1.1	2.7	2.4	..	1.9	2.0	1.1	2.1	3.0	1.1	2.3	2.2
Netherlands	2.0	1.5	-0.6	-0.4	0.6	-0.2	-1.0	-0.7	0.5	1.7	0.9	0.1	0.3	0.6	0.7	0.5	0.4	0.5
New Zealand	1.5	2.2	-1.5	0.7	1.6	0.5	1.6	2.1	1.4	1.5	2.1	0.6	1.1	1.6	0.9	0.9	1.7	1.2
Norway	1.0	1.2	-0.6	0.1	1.4	2.0	0.6	1.0	1.2	0.8	1.2	0.0	0.5	1.1	1.9	0.9	1.1	1.2
Poland	..	-0.4	0.4	0.6	0.6	0.2	-0.1	0.8	0.4	..	-0.1	1.6	2.2	0.6	0.7	0.1	0.2	0.0
Portugal	0.9	0.9	-2.8	-1.5	-2.8	-4.2	-2.6	1.3	0.9	0.9	1.0	-0.8	-0.1	-0.7	-0.9	-1.9	-0.1	0.5
Slovak Republic	..	0.5	-2.8	-2.0	-0.1	0.6	0.0	0.2	0.7	..	0.6	0.0	0.6	-1.0	1.0	0.3	-0.1	-0.1
Slovenia	..	1.3	-1.5	-1.5	-3.1	-1.3	-1.9	-0.7	0.0	..	1.0	0.0	0.0	-2.1	-0.6	-0.6	-0.6	-0.1
Spain	1.1	3.6	-6.8	-2.3	-1.9	-4.5	-3.1	0.3	0.8	1.3	3.4	0.8	0.2	0.1	-0.2	-1.3	-0.9	-0.6
Sweden	-1.2	0.7	-2.1	0.5	2.3	0.6	1.1	1.1	1.2	-0.3	0.8	0.2	0.8	1.4	0.8	1.1	1.0	0.7
Switzerland	0.6	0.6	0.4	0.4	2.2	1.2	1.1	1.7	1.6	0.9	1.1	1.3	0.6	1.7	1.3	1.3	1.3	1.0
United Kingdom	0.0	1.0	-1.6	0.2	0.5	1.2	1.3	1.8	1.2	-0.1	0.9	0.4	0.5	0.7	1.1	0.9	1.0	0.9
United States	1.3	1.3	-3.8	-0.6	0.6	1.8	1.0	1.6	1.6	1.2	1.1	-0.1	-0.2	-0.2	0.9	0.3	0.7	1.1
Euro area	0.4	1.1	-1.9	-0.4	0.3	-0.7	-0.7	0.2	0.6	0.7	1.1	0.3	0.2	0.4	0.6	0.0	0.0	0.2
Total OECD	0.0	1.0	-1.8	0.3	1.0	1.0	0.7	1.1	1.2	0.2	1.0	0.5	0.5	0.6	1.0	0.6	0.7	0.9

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052232

Annex Table 21. **Potential GDP and productive capital stock**

Percentage change from previous period

	Potential GDP									Productive Capital stock[1]								
	Average 1989-98	Average 1999-08	2009	2010	2011	2012	2013	2014	2015	Average 1989-98	Average 1999-08	2009	2010	2011	2012	2013	2014	2015
Australia	3.3	3.4	3.1	3.0	2.9	3.1	3.1	3.1	3.1	1.9	3.5	4.8	4.8	5.2	5.7	4.9	4.3	3.8
Austria	2.6	2.3	1.6	1.6	1.7	1.8	1.7	1.7	1.8	2.2	1.7	0.9	0.8	1.3	1.3	1.2	1.2	1.4
Belgium	2.3	2.1	1.1	1.0	1.1	1.2	1.2	1.3	1.4	2.6	2.1	1.5	1.2	1.8	1.5	1.4	1.4	1.5
Canada	2.5	2.9	1.6	1.7	1.8	1.9	1.9	2.0	2.1	3.4	3.5	2.8	3.3	3.4	3.4	3.2	3.2	3.3
Czech Republic	..	3.4	2.2	1.7	1.6	1.4	1.5	1.7	2.1	..	..	..	..	..	..	..	..	..
Denmark	2.0	1.8	0.7	0.5	0.5	0.5	0.6	0.8	0.9	2.7	2.5	1.5	1.3	1.1	1.3	1.2	1.0	1.0
Estonia	..	..	1.4	0.8	1.4	2.2	2.6	2.9	3.2	..	8.9	1.7	2.2	3.5	5.1	4.2	3.4	3.3
Finland	2.0	3.0	0.6	0.3	0.6	0.8	0.7	0.9	1.2	1.4	1.9	1.7	1.2	1.6	1.4	1.0	0.7	0.7
France	1.9	1.9	0.9	1.0	1.2	1.2	1.3	1.4	1.6	1.7	2.1	1.4	1.5	1.7	1.5	1.3	1.2	1.3
Germany	2.2	1.5	1.0	1.0	1.2	1.2	1.2	1.3	1.2	2.1	1.0	0.1	0.4	0.7	0.6	0.7	1.1	1.3
Greece	..	3.1	0.5	-0.6	-1.6	-1.9	-2.8	-0.9	0.6	..	4.5	4.2	0.5	-3.2	-3.7	-1.9	0.6	2.2
Hungary	..	3.0	0.3	0.3	0.1	0.1	0.5	0.8	1.1	..	3.9	2.5	2.2	1.9	1.8	2.0	1.9	1.9
Iceland	2.1	3.2	1.6	0.9	0.9	1.1	1.0	1.1	1.2	2.8	5.8	-0.1	-0.2	0.2	0.6	0.1	1.0	1.7
Ireland	6.0	6.1	1.9	1.4	1.2	1.1	0.9	0.8	1.0	3.0	5.7	3.8	2.4	2.0	1.4	0.3	0.1	0.6
Israel	..	3.8	3.6	3.7	4.0	4.0	3.8	3.7	3.6	6.9	4.3	4.2	4.0	5.2	5.1	4.8	4.6	4.8
Italy	1.6	1.3	0.1	0.1	0.1	-0.4	-0.5	0.0	0.3	2.2	2.1	0.6	0.7	0.6	0.1	0.0	0.1	0.3
Japan	2.2	1.1	0.4	0.4	0.5	0.6	0.7	0.8	0.8	4.1	0.9	-0.2	-0.2	-0.2	0.1	0.3	0.6	0.5
Luxembourg	..	4.2	2.3	1.9	2.0	2.2	2.2	2.1	2.1	..	..	..	..	..	..	..	..	..
Mexico	..	2.8	2.2	2.2	2.5	2.7	2.8	3.0	3.1	..	..	..	..	..	..	..	..	..
Netherlands	3.1	2.6	1.1	0.9	0.9	0.9	1.0	1.1	1.3	1.8	0.6	1.3	1.1	1.4	1.1	0.8	0.7	0.9
New Zealand	2.7	3.3	1.5	1.4	1.8	1.9	2.2	2.4	2.6	1.7	3.3	2.1	2.3	2.3	2.6	2.9	3.2	3.4
Norway	2.6	3.1	2.4	2.2	2.2	2.2	2.4	2.5	2.5	1.9	3.5	3.5	2.7	2.6	2.5	2.8	2.7	2.8
Poland	..	4.1	3.7	3.0	3.1	3.1	3.0	2.9	2.9	..	..	..	..	..	..	..	..	..
Portugal	3.0	2.5	0.5	0.5	0.5	-0.1	-0.5	0.3	0.7	4.9	4.7	3.2	3.0	2.2	1.4	1.0	1.1	1.2
Slovak Republic	..	4.5	3.2	2.4	3.1	3.1	2.8	2.8	2.9	..	..	..	..	..	..	..	..	..
Slovenia	..	..	1.5	0.7	0.4	0.3	0.2	0.7	0.9	..	4.8	2.9	1.9	1.6	1.1	1.1	0.7	0.5
Spain	2.7	3.2	0.6	0.3	0.2	0.2	0.4	0.7	1.0	4.6	4.9	3.6	3.1	2.8	2.2	1.9	1.8	1.9
Sweden	2.0	2.6	1.9	1.9	2.2	2.2	2.3	2.3	2.5	1.8	2.0	1.2	1.5	2.0	2.5	2.1	2.2	2.4
Switzerland	1.4	1.6	1.8	1.7	1.8	1.8	1.9	2.0	2.1	2.6	1.7	0.9	1.1	1.2	1.3	1.5	1.9	2.0
United Kingdom	3.1	3.0	0.7	0.7	0.8	1.0	1.2	1.7	2.0	3.1	3.7	2.8	2.7	2.3	2.3	2.0	2.4	2.7
United States	3.2	2.9	1.9	1.8	1.9	1.9	2.0	2.1	2.3	2.4	2.5	1.1	1.1	1.2	1.4	1.6	1.9	2.5
Euro area	2.2	2.0	0.8	0.8	0.8	0.7	0.7	1.0	1.1	..	..	..	..	..	..	..	..	..
Total OECD	2.8	2.6	1.6	1.5	1.6	1.7	1.7	1.9	2.1	..	..	..	..	..	..	..	..	..

Note: For methodological details see Sources & Methods of the *OECD Economic Outlook (http://www.oecd.org/eco/sources-and-methods.htm).*

1. Total economy less housing.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052251

Annex Table 22. **Structural unemployment and unit labour costs**

	Structural unemployment rate[1]									Unit labour costs[2]								
	Average 1989-98	Average 1999-08	2009	2010	2011	2012	2013	2014	2015	Average 1989-98	Average 1999-08	2009	2010	2011	2012	2013	2014	2015
	Per cent									*Percentage change*								
Australia	7.9	5.8	5.2	5.3	5.3	5.3	5.3	5.3	5.3	1.9	3.7	0.1	5.0	5.3	2.2	0.2	1.2	2.0
Austria	3.8	4.2	4.4	4.3	4.3	4.3	4.3	4.3	4.3	1.9	1.0	4.5	0.2	1.0	3.4	2.4	1.2	1.4
Belgium	8.2	8.0	8.0	8.0	7.9	7.9	7.9	7.9	7.9	2.3	2.1	3.7	-0.3	2.8	3.9	1.4	-0.4	0.4
Canada	9.2	7.5	7.3	7.3	7.3	7.3	7.2	7.1	7.1	1.4	2.9	2.3	-0.1	2.7	2.7	1.6	1.6	2.0
Czech Republic	5.6	7.2	6.5	6.3	6.1	6.1	6.1	6.1	6.1	8.7	2.6	1.4	-0.8	0.4	2.8	0.6	0.6	1.8
Denmark	6.5	5.1	5.3	5.5	5.6	5.7	5.7	5.7	5.6	1.6	3.0	5.7	-0.5	0.1	1.5	1.2	0.4	0.3
Estonia	..	10.0	9.7	10.0	10.2	10.3	10.3	10.3	10.3	5.4	7.3	1.1	-5.1	-2.0	3.8	7.6	3.5	2.1
Finland	10.6	9.0	7.7	7.7	7.5	7.2	7.2	7.2	7.2	1.2	1.8	8.2	-1.6	2.0	4.4	2.4	1.0	0.5
France	9.4	8.7	8.8	8.9	9.0	9.1	9.2	9.2	9.2	1.7	2.1	3.4	0.6	1.0	1.9	1.0	0.7	0.2
Germany	7.0	7.8	7.3	7.1	6.8	6.7	6.5	6.3	6.3	1.9	-0.1	5.6	-0.9	0.9	3.0	2.2	0.9	1.8
Greece	8.2	10.3	11.8	12.5	12.9	13.3	15.6	16.8	17.5	9.3	3.8	5.7	-0.3	-2.0	-5.6	-7.2	-3.0	-2.6
Hungary	8.4	7.1	9.3	9.4	9.7	9.9	10.0	10.0	10.0	15.9	7.1	3.3	-0.3	2.1	2.9	4.1	2.0	2.3
Iceland	3.2	3.3	4.4	4.7	4.9	5.0	5.0	5.0	5.0	5.4	6.0	-3.4	9.9	5.8	6.4	4.1	3.6	3.4
Ireland	12.2	7.9	8.8	9.7	10.2	10.5	10.6	10.6	10.5	1.7	4.4	-2.7	-5.9	-3.4	0.0	-0.1	-0.4	0.6
Israel	9.4	10.9	8.7	8.1	7.5	7.1	6.8	6.5	6.4	..	1.0	0.2	1.3	2.6	2.4	1.6	1.3	1.3
Italy	9.2	8.2	7.6	7.6	7.8	8.6	9.5	9.9	10.1	3.5	3.0	4.6	-0.5	1.2	2.3	1.4	-0.2	0.4
Japan	2.9	4.0	4.3	4.3	4.3	4.3	4.3	4.3	4.3	1.4	-1.7	0.8	-4.4	1.0	-1.2	-0.6	0.7	1.4
Korea	3.1	3.8	3.5	3.5	3.4	3.3	3.3	3.2	3.2	7.2	2.9	3.0	0.5	2.6	2.7	1.2	0.9	1.9
Luxembourg	..	..	..	..	..	..	..	..	..	2.7	3.3	8.7	1.3	3.4	4.7	2.8	1.7	1.2
Mexico	4.0	3.6	4.7	4.8	4.8	4.9	4.9	4.8	4.8	20.5	6.7	6.5	0.3	3.2	3.2	4.6	1.1	0.4
Netherlands	5.8	3.8	3.7	3.7	3.8	3.8	3.9	3.9	4.0	1.8	2.3	5.1	-0.8	0.9	2.3	1.2	-0.2	-0.4
New Zealand	7.4	5.0	5.4	5.9	6.2	6.3	6.4	6.3	6.3	1.1	3.9	0.5	1.4	2.8	1.0	2.5	2.4	2.2
Norway	4.5	3.7	3.3	3.3	3.3	3.3	3.3	3.3	3.3	1.9	4.5	4.6	2.3	5.3	3.5	4.9	2.6	2.5
Poland	13.0	14.8	9.6	10.0	10.0	10.0	10.0	10.0	10.0	19.3	1.9	2.6	1.2	1.3	1.3	2.1	1.3	2.0
Portugal	6.0	6.9	9.0	9.5	9.8	10.7	12.0	12.2	12.3	7.5	3.1	3.2	-0.8	-0.7	-3.7	2.1	-1.9	-1.1
Slovak Republic	13.2	15.4	13.2	13.8	13.6	13.3	13.1	13.0	13.0	6.9	2.9	4.3	-0.9	1.5	1.5	-0.7	0.8	1.1
Slovenia	..	6.3	6.2	6.5	6.8	7.2	7.9	8.1	8.3	4.9	4.9	8.2	-0.5	-1.0	0.4	-1.3	-0.4	-0.3
Spain	15.1	13.3	16.6	18.3	19.7	20.8	21.4	21.5	21.4	5.3	3.8	1.5	-1.7	-0.8	-4.0	-2.3	-0.8	-0.8
Sweden	6.8	7.4	7.3	7.2	7.0	7.0	7.0	7.0	7.0	2.5	2.0	4.2	-2.1	0.4	2.7	0.8	0.4	1.2
Switzerland	2.5	3.5	3.9	3.9	3.9	3.9	3.9	3.9	3.9	1.9	1.2	4.5	-2.3	2.1	1.5	-0.3	0.1	0.1
United Kingdom	8.3	5.9	6.6	6.7	6.9	6.9	6.9	6.7	6.6	2.7	2.3	5.9	1.1	1.2	2.2	1.5	0.1	1.3
United States	5.7	5.5	6.0	6.1	6.1	6.1	6.1	6.1	6.1	2.3	2.2	-0.8	-0.2	2.0	1.2	1.0	1.0	1.0
Euro area	8.7	8.7	9.1	9.3	9.5	9.8	10.1	10.2	10.2	3.0	2.1	4.2	-0.7	0.6	1.3	0.9	0.2	0.5
Total OECD	6.6	6.5	6.8	6.9	6.9	7.0	7.1	7.1	7.1	4.2	2.2	2.4	-0.5	1.7	1.4	1.3	0.8	1.1

Note: For more information about sources and definitions, see Sources & Methods of the *OECD Economic Outlook (http://www.oecd.org/eco/sources-and-methods.htm).*

1. Corresponds to "NAIRU".
2. Total economy.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052270

Annex Table 23. **Household saving rates**

Per cent of disposable household income

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net saving																				
Australia	7.1	5.9	2.7	1.9	1.8	4.1	1.2	0.5	1.7	2.7	1.5	4.2	7.0	10.9	10.1	11.8	11.3	10.4	9.8	9.3
Austria	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	8.9	6.7	7.4	6.6	6.7	6.9
Belgium	14.4	13.3	12.8	13.2	12.5	13.8	13.1	12.3	10.7	9.9	10.7	11.3	11.5	13.2	9.9	8.4	9.6	9.9	10.1	10.1
Canada	5.7	3.3	3.5	3.3	3.4	3.5	2.4	1.8	2.3	1.6	3.5	3.0	4.0	5.3	4.3	4.4	5.0	5.2	5.0	5.1
Czech Republic	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	6.2	5.1	5.9	3.9	5.2	6.0
Denmark	-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	0.1	0.0	0.7	-0.7	-0.1	-0.2	0.2
Estonia	-2.4	-4.1	-5.7	-6.6	-3.0	-4.0	-6.4	-7.1	-12.8	-10.8	-13.1	-8.2	-4.1	4.7	4.4	6.0	-1.1	-0.5	0.3	0.1
Finland	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	3.6	1.3	0.9	1.9	2.1	1.7
Germany	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	10.3	10.0	9.9	9.7
Hungary	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	5.4	1.9	4.0	5.4	5.1
Ireland	..	..	..	..	..	..	-0.5	0.4	1.2	1.9	-0.9	-2.2	3.7	9.8	7.0	5.6	5.2	5.1	5.0	5.2
Italy	17.4	14.7	10.7	9.9	7.9	9.9	10.8	10.3	10.5	10.2	9.5	8.9	8.5	7.1	4.9	4.3	3.6	4.9	5.2	5.1
Japan	8.5	8.0	9.4	8.1	6.8	3.7	3.1	2.5	2.1	1.4	1.1	0.9	0.4	2.4	2.0	2.7	1.3	0.9	0.6	0.6
Korea	18.8	16.5	22.5	14.0	9.0	5.9	1.5	5.7	9.5	7.5	5.2	2.8	2.7	4.9	4.7	3.9	3.9	5.1	5.2	5.3
Luxembourg	..	..	..	..	..	..	..	..	..	..	..	..	9.5	12.1	13.0	13.6	13.7	14.9	16.0	16.1
Netherlands	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	3.3	4.9	4.1	5.1	6.0	6.2
New Zealand	-2.6	-2.1	-1.6	2.8	-2.6	-1.7	-7.6	-5.1	-4.5	-6.7	-4.5	-1.7	-1.9	0.2	1.0	0.4	-0.7	-0.2	0.2	-0.2
Norway	2.6	3.0	5.7	4.7	4.3	3.1	8.2	8.8	6.9	9.6	-0.5	0.8	3.7	6.9	5.6	7.2	8.1	9.0	9.2	9.2
Poland	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	6.9	6.1	-0.2	2.6	-0.5	1.6	2.1
Slovak Republic	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	5.3	4.2	3.0	3.0	3.0	3.0
Spain	13.5	11.8	10.0	8.0	6.1	5.9	5.8	6.7	5.2	4.7	3.9	4.0	7.8	12.2	7.9	6.8	4.4	4.7	5.2	6.0
Sweden	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	10.4	12.2	12.2	11.9	11.5
Switzerland	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	11.4	12.8	13.3	13.3	13.1	13.4
United States	5.9	5.7	6.2	4.3	4.0	4.3	5.0	4.8	4.6	2.6	3.4	3.0	5.0	6.1	5.6	5.7	5.6	4.5	4.1	4.0
Gross saving																				
France	14.7	15.8	15.2	14.6	14.2	15.0	16.3	15.3	15.8	14.8	14.8	15.5	15.6	16.4	15.9	16.1	15.6	15.6	15.7	15.6
Portugal	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	10.1	9.7	12.0	12.6	11.3	10.1
United Kingdom	8.4	8.0	6.5	4.7	4.6	5.9	4.7	4.3	3.8	2.9	3.4	2.1	2.2	7.0	7.3	6.7	7.3	5.1	3.9	3.3

Note: The adoption of new national account systems (SNA93, SNA08 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. gross saving minus 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 95 database.

StatLink http://dx.doi.org/10.1787/888933052289

Annex Table 24. **Gross national saving**

Per cent of nominal GDP

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	20.7	21.0	21.9	21.7	20.8	21.5	20.9	21.9	21.1	21.6	21.0	21.9	21.8	22.5	24.6	22.7	24.2	25.3	24.5	..
Austria	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	23.7	24.7	24.8	24.5	24.2
Belgium	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	23.3	22.5	20.8	19.6
Canada	17.1	19.0	19.5	20.2	19.7	21.1	23.9	22.7	21.8	22.0	23.8	24.6	24.7	24.4	24.2	18.4	19.4	20.6	20.7	21.1
Chile	..	..	23.6	23.1	21.9	21.1	20.9	21.1	21.3	20.8	22.9	23.6	25.3	24.8	22.4	22.3	24.0	22.3	21.5	..
Czech Republic	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	19.8	21.0	20.7	21.1
Denmark	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	23.7	23.4	24.7
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	22.7	23.4	26.8	26.6	25.8
Finland	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	20.2	19.1	18.1	17.0
France	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	17.4	18.3	17.7	17.7
Germany	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	23.7	24.5	24.3	24.1
Greece	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	9.1	10.6
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	19.6	19.8	18.6	..
Iceland	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	8.0	9.5	17.4
Ireland	18.1	20.6	20.9	22.9	24.3	23.3	23.7	21.5	20.3	22.9	23.3	23.6	24.6	21.4	16.2	12.3	13.9	13.2	14.5	..
Israel	21.3	20.9	20.6	21.3	21.6	21.2	19.9	19.6	18.8	19.6	20.7	23.1	24.4	23.6	21.4	21.5	21.2	21.5	21.0	..
Italy	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	16.5	16.7	17.6	18.1
Japan	29.9	29.1	29.1	29.3	28.6	27.3	27.4	25.6	24.7	24.9	25.6	25.8	26.4	27.5	25.9	22.2	23.3	22.4	21.9	..
Korea	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	31.6	31.0	..
Mexico	16.2	21.1	24.7	26.5	22.5	22.7	22.7	19.7	20.4	21.1	23.1	22.3	23.8	23.5	22.8	22.0	22.2	22.5	20.9	..
Netherlands	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	22.8	25.5	25.2	24.1
New Zealand	18.3	18.6	17.2	17.3	16.9	16.7	18.8	20.7	19.8	20.2	19.0	16.6	16.0	17.2	14.6	17.5	16.3	16.3	16.2	..
Norway	24.2	25.9	27.9	29.6	26.3	28.5	35.4	35.1	31.5	30.3	32.9	37.9	39.4	38.3	40.4	34.0	35.2	37.3	39.2	37.5
Poland	23.2	20.1	19.8	20.1	21.2	20.2	19.5	18.4	16.5	17.0	14.8	17.0	17.0	18.4	18.3	17.3	16.7	17.6	17.4	..
Portugal	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	9.8	11.3	14.4	15.7
Slovak Republic	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	18.8	21.3	21.1	20.8
Slovenia	..	22.9	23.2	24.2	24.6	24.0	24.2	24.7	24.9	24.5	24.9	25.5	26.6	27.4	25.7	21.7	20.4	20.4	20.6	22.4
Spain	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	19.1	18.4	17.3	18.5	19.0
Sweden	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	25.6	26.1	25.3	25.0
Switzerland	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	35.5	30.7	..	..
United Kingdom	16.2	16.5	16.4	17.3	18.1	15.7	15.0	15.4	15.4	15.4	15.3	15.3	14.7	16.0	16.2	12.7	12.3	13.5	10.7	9.5
United States	17.8	18.7	19.5	20.7	21.3	20.6	20.5	19.4	18.1	17.3	17.5	17.8	19.1	17.3	15.5	14.4	15.1	15.8	16.5	..

Note: Based on SNA93, SNA08 or ESA95.

Source: National accounts of OECD countries database.

StatLink http://dx.doi.org/10.1787/888933052308

Annex Table 25. **General government total outlays**

Per cent of nominal GDP

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	35.3	34.2	33.8	33.7	34.0	34.3	33.7	33.1	33.5	33.3	33.1	33.2	34.0	36.8	36.3	35.2	35.7	35.1	36.3	35.6
Austria	55.9	53.5	53.7	53.5	51.9	51.2	50.5	51.3	53.9	50.0	49.1	48.6	49.5	52.8	52.8	50.7	51.7	51.3	52.6	51.1
Belgium	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	52.6	53.6	55.1	54.7	54.3	53.6
Canada	45.8	43.5	43.5	41.8	40.5	41.2	40.4	40.2	39.0	38.4	38.6	38.6	39.2	43.7	43.3	41.9	41.5	41.1	40.4	39.8
Czech Republic	41.7	42.6	43.0	42.3	41.6	43.9	45.6	50.0	43.3	43.0	41.9	41.0	41.2	44.6	43.8	43.2	44.5	42.3	42.9	43.3
Denmark	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	57.7	59.4	57.2	58.9	58.9
Estonia	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	44.7	40.5	37.6	39.5	38.3	37.5	37.1
Finland	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	55.2	56.7	58.5	59.3	59.1
France	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	56.7	56.6	55.9	56.7	57.0	56.7	55.6
Germany	49.0	48.2	48.0	48.3	45.1	47.5	47.9	48.4	47.2	47.0	45.3	43.5	44.1	48.3	48.0	45.2	44.7	44.6	44.9	44.7
Greece	43.8	44.5	43.8	44.0	46.5	45.1	45.0	44.9	45.8	44.6	45.4	47.5	50.6	54.0	51.4	51.9	53.4	58.5	46.6	46.0
Hungary	51.5	50.2	51.4	49.3	47.7	47.6	51.2	49.4	49.1	50.1	51.9	50.4	49.2	51.2	49.8	49.9	48.7	49.7	49.1	48.3
Iceland	42.2	40.7	41.3	42.0	41.9	42.6	44.3	45.6	44.0	42.2	41.6	42.3	57.7	51.0	51.6	47.4	47.4	46.3	46.7	46.4
Ireland	39.2	36.8	34.7	34.2	31.2	33.2	33.5	33.2	33.6	33.9	34.4	36.7	42.8	48.2	65.5	47.1	42.6	42.9	40.8	39.3
Israel	..	..	52.2	51.1	49.2	51.4	52.8	51.5	48.5	47.1	45.6	43.8	43.1	43.0	42.3	41.9	41.7	40.9	40.6	40.3
Italy	52.2	49.9	49.0	47.9	45.8	47.7	47.1	48.0	47.6	47.9	48.4	47.6	48.6	51.9	50.5	49.7	50.6	50.6	50.6	49.9
Japan	36.3	35.3	41.4	38.2	38.8	38.0	38.2	37.8	36.6	36.4	36.0	35.8	36.9	41.9	40.7	41.9	42.0	43.1	42.3	41.0
Korea	21.8	22.6	25.0	24.1	23.2	24.7	24.4	29.5	26.8	27.3	28.4	29.1	31.0	33.5	31.0	32.3	32.7	33.1	32.9	32.8
Luxembourg	41.1	40.6	41.0	39.2	37.6	38.2	41.6	41.8	42.6	41.5	38.6	36.3	39.1	45.2	43.6	42.6	43.9	43.6	43.8	44.6
Netherlands	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	51.3	49.8	50.4	49.7	50.1	49.5
New Zealand	40.5	41.4	40.3	39.9	38.0	37.6	36.7	37.3	36.9	38.1	39.4	39.3	41.7	42.5	48.5	45.1	43.6	43.2	41.3	39.5
Norway	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	46.2	45.2	43.9	43.3	44.7	45.0	45.3
Poland	51.0	46.4	44.3	42.7	41.1	43.8	44.3	44.7	42.6	43.4	43.9	42.2	43.2	44.6	45.4	43.4	42.2	42.0	41.7	41.5
Portugal	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	51.5	49.3	47.4	48.7	48.3	47.2
Slovak Republic	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	41.6	39.8	38.9	38.2	38.7	38.9	38.4
Slovenia	44.2	44.5	45.4	46.2	46.5	47.3	46.2	46.2	45.6	45.1	44.3	42.3	44.1	48.7	49.5	49.9	48.4	59.4	49.8	48.3
Spain	43.2	41.6	41.1	39.9	39.2	38.7	38.9	38.4	38.9	38.4	38.4	39.2	41.4	46.2	46.3	45.7	47.8	44.8	42.9	41.9
Sweden	62.9	60.6	58.8	58.2	55.1	54.5	55.6	55.6	54.2	53.9	52.7	50.9	51.8	54.9	52.4	51.5	51.9	52.8	52.4	51.4
Switzerland	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	33.9	33.7	34.1	34.0	33.6	33.1
United Kingdom	41.4	39.8	38.9	38.6	34.1	39.9	40.9	41.8	42.7	43.4	43.6	43.4	47.2	50.8	49.8	48.2	48.2	47.1	46.5	45.2
United States[1]	36.6	35.5	34.6	34.2	33.8	35.1	36.2	36.8	36.5	36.5	36.4	37.1	39.2	43.2	42.8	41.6	40.1	39.0	38.0	36.8
Euro area	50.5	49.2	48.5	48.1	46.2	47.2	47.5	48.0	47.5	47.4	46.7	46.0	47.2	51.3	51.1	49.5	50.0	49.8	49.3	48.7
Total OECD	41.5	40.2	40.5	39.6	38.5	39.7	40.3	40.0	39.4	39.3	39.1	39.1	40.9	44.6	44.0	43.1	42.7	42.1	41.4	40.4

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 95 database.

StatLink http://dx.doi.org/10.1787/888933052327

Annex Table 26. **General government total tax and non-tax receipts**

Per cent of nominal GDP

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	34.1	34.5	35.8	36.1	35.3	34.4	35.1	35.0	35.4	35.2	35.2	34.7	33.4	32.2	31.3	31.6	32.7	33.7	33.8	34.1
Austria	51.8	51.5	51.3	51.1	50.0	51.0	49.6	49.6	49.3	48.2	47.4	47.6	48.5	48.6	48.3	48.3	49.1	49.8	49.8	49.8
Belgium	48.4	48.9	49.4	49.5	49.0	49.5	49.6	50.9	48.9	49.2	48.8	48.1	48.7	48.1	48.7	49.6	51.0	52.0	52.2	52.5
Canada	43.1	43.8	43.7	43.6	43.4	41.9	40.4	40.3	40.0	40.1	40.4	40.1	38.9	39.1	38.3	38.2	38.1	38.1	38.3	38.6
Czech Republic	38.6	39.0	38.2	38.7	38.0	38.3	39.1	43.3	40.5	39.8	39.5	40.3	39.0	38.9	39.1	40.0	40.3	40.9	40.8	40.7
Denmark	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	56.2	57.4	55.9
Estonia	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	42.8	40.7	38.7	39.2	38.1	37.3	37.0
Finland	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	54.1	54.5	56.0	57.1	58.1
France	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	49.6	50.7	51.8	52.8	52.9	52.5
Germany	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	43.8	44.4	44.7	44.6	44.6	44.9
Greece	36.8	38.3	39.8	40.8	42.6	40.4	40.0	38.9	38.1	39.0	39.2	40.7	40.7	38.3	40.4	42.2	44.4	45.8	44.1	44.5
Hungary	46.9	44.1	43.4	43.9	44.6	43.5	42.3	42.2	42.6	42.1	42.5	45.3	45.5	46.7	45.4	54.1	46.5	47.3	46.2	45.4
Iceland	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	41.0	41.5	41.8	43.6	44.2	44.7	44.3
Ireland	39.0	38.1	36.8	36.6	36.1	34.2	33.2	33.7	35.1	35.6	37.3	36.9	35.4	34.5	34.9	34.0	34.5	35.9	36.1	36.2
Israel	..	..	45.5	45.5	45.8	45.6	45.6	44.1	42.9	42.5	43.4	42.6	39.8	36.7	37.6	37.9	36.5	36.6	36.7	36.7
Italy	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	47.7	47.7	47.8	47.8
Japan	31.4	31.5	31.1	31.1	31.3	32.0	30.5	30.1	30.6	31.6	34.7	33.7	35.1	33.1	32.4	33.1	33.3	33.8	34.0	34.3
Korea	25.2	25.9	26.7	26.7	28.9	29.3	29.8	30.4	29.8	30.9	32.7	34.0	33.9	32.5	32.0	33.3	33.7	32.6	33.0	33.3
Luxembourg	42.3	44.3	44.4	42.6	43.6	44.3	43.7	42.3	41.5	41.6	40.0	40.0	42.3	44.5	42.8	42.7	44.0	43.6	44.1	43.6
Netherlands	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	46.3	45.6	46.4	47.3	47.4	47.5
New Zealand	42.9	42.3	40.3	39.7	39.7	39.1	40.3	41.0	40.9	42.7	44.7	43.7	42.0	39.7	41.1	40.7	41.5	42.9	41.3	40.2
Norway	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	56.7	56.3	57.5	57.2	55.8	55.7	55.5
Poland	46.1	41.8	40.1	40.4	38.1	38.5	39.3	38.5	37.2	39.4	40.2	40.3	39.5	37.2	37.5	38.4	38.3	37.6	47.4	38.5
Portugal	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	41.6	45.0	40.9	43.7	44.4	44.9
Slovak Republic	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	34.1	33.7	35.9	36.2	35.8
Slovenia	43.0	42.2	43.0	43.1	42.8	43.4	43.8	43.6	43.4	43.6	43.0	42.2	42.2	42.3	43.6	43.5	44.4	44.7	45.7	45.7
Spain	37.7	37.6	38.1	38.6	38.2	38.1	38.6	38.1	38.8	39.7	40.7	41.1	36.9	35.1	36.7	36.2	37.2	37.8	37.4	37.4
Sweden	59.6	59.0	59.6	59.0	58.7	56.1	54.1	54.3	54.7	55.9	54.9	54.5	53.9	53.9	52.4	51.5	51.2	51.5	50.9	50.6
Switzerland	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	34.1	34.4	33.8	34.1	33.8	33.4
United Kingdom	37.3	37.7	38.8	39.4	39.9	40.3	38.8	38.3	39.1	40.0	40.8	40.5	42.1	39.6	39.8	40.3	41.9	41.2	41.2	41.0
United States[1]	33.6	33.9	34.2	34.2	34.6	33.7	31.4	30.8	31.0	32.3	33.3	33.4	32.0	30.3	30.7	30.9	30.9	32.6	32.2	32.1
Euro area	46.1	46.4	46.1	46.6	46.0	45.2	44.8	44.8	44.6	44.8	45.3	45.3	45.0	44.9	44.9	45.4	46.3	46.8	46.8	46.9
Total OECD	38.0	38.1	38.3	38.4	38.5	38.0	36.7	35.8	35.8	36.6	37.6	37.6	37.3	36.1	36.1	36.5	36.8	37.5	37.5	37.3

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 95 database.

StatLink http://dx.doi.org/10.1787/888933052346

Annex Table 27. **General government financial balances**

Surplus (+) or deficit (-) as a per cent of nominal GDP

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	-1.2	0.3	2.0	2.4	1.3	0.1	1.4	1.9	1.9	1.9	2.2	1.5	-0.6	-4.7	-5.1	-3.6	-2.9	-1.4	-2.5	-1.4
Austria	-4.1	-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	-2.4	-2.6	-1.5	-2.8	-1.3
Belgium	-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	-4.0	-4.0	-4.1	-2.7	-2.1	-1.2
Canada	-2.7	0.2	0.2	1.8	2.9	0.7	0.0	0.1	1.0	1.7	1.8	1.5	-0.3	-4.5	-4.9	-3.7	-3.4	-3.0	-2.1	-1.2
Czech Republic	-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	-4.7	-3.2	-4.2	-1.5	-2.1	-2.6
Denmark	-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	-3.9	-0.9	-1.5	-3.0
Estonia	-0.4	2.2	-0.7	-3.5	-0.2	-0.1	0.3	1.7	1.6	1.6	2.5	2.4	-3.0	-2.0	0.2	1.1	-0.2	-0.2	-0.2	-0.1
Finland	-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	-1.0	-2.2	-2.5	-2.2	-0.9
France	-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	-7.5	-7.0	-5.2	-4.9	-4.3	-3.8	-3.1
Germany	-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	0.1	0.0	-0.2	0.2
Greece	-7.0	-6.2	-4.0	-3.2	-3.9	-4.6	-5.1	-6.0	-7.8	-5.6	-6.2	-6.8	-9.9	-15.6	-11.0	-9.6	-8.9	-12.7	-2.5	-1.4
Hungary	-4.6	-6.1	-8.0	-5.5	-3.1	-4.1	-8.9	-7.2	-6.5	-7.9	-9.4	-5.1	-3.7	-4.5	-4.4	4.2	-2.2	-2.3	-2.9	-2.9
Iceland	-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	-9.9	-10.1	-5.6	-3.8	-2.1	-2.0	-2.1
Ireland	-0.3	1.3	2.1	2.5	4.9	1.0	-0.3	0.4	1.4	1.6	2.9	0.2	-7.4	-13.7	-30.6	-13.0	-8.1	-7.0	-4.7	-3.1
Israel	..	..	-6.8	-5.6	-3.4	-5.8	-7.2	-7.4	-5.6	-4.6	-2.2	-1.2	-3.3	-6.2	-4.6	-3.9	-5.1	-4.3	-3.9	-3.6
Italy	-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	-4.4	-3.6	-2.9	-2.8	-2.7	-2.1
Japan	-4.9	-3.8	-10.3	-7.1	-7.5	-6.0	-7.7	-7.7	-5.9	-4.8	-1.3	-2.1	-1.9	-8.8	-8.3	-8.8	-8.7	-9.3	-8.4	-6.7
Korea	3.4	3.3	1.7	2.7	5.7	4.6	5.4	1.0	3.0	3.7	4.3	4.9	2.9	-1.0	1.0	1.0	1.0	-0.4	0.1	0.5
Luxembourg	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	-0.7	-0.8	0.2	0.0	0.1	0.3	-0.9
Netherlands	-1.9	-1.2	-0.9	0.4	2.0	-0.3	-2.1	-3.1	-1.8	-0.3	0.5	0.2	0.5	-5.6	-5.0	-4.3	-4.0	-2.4	-2.7	-2.0
New Zealand	2.5	0.9	0.0	-0.2	1.7	1.5	3.6	3.7	4.1	4.7	5.3	4.5	0.4	-2.7	-7.4	-4.4	-2.1	-0.3	0.1	0.7
Norway	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	10.5	11.1	13.6	13.9	11.1	10.7	10.2
Poland	-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	-7.5	-7.8	-5.1	-3.9	-4.3	5.6	-2.9
Portugal	-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	-9.9	-4.3	-6.5	-5.0	-4.0	-2.4
Slovak Republic	-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	-7.5	-4.8	-4.5	-2.8	-2.7	-2.6
Slovenia	-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	-6.3	-5.9	-6.4	-4.0	-14.7	-4.1	-2.6
Spain	-5.5	-4.0	-3.0	-1.3	-1.0	-0.6	-0.3	-0.3	-0.1	1.3	2.4	2.0	-4.5	-11.1	-9.6	-9.6	-10.6	-7.1	-5.5	-4.5
Sweden	-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	0.0	-0.7	-1.3	-1.5	-0.8
Switzerland	-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	0.7	-0.2	0.1	0.1	0.3
United Kingdom	-4.1	-2.1	-0.1	0.9	5.8	0.4	-2.2	-3.5	-3.5	-3.4	-2.9	-3.0	-5.1	-11.2	-10.0	-7.9	-6.3	-5.9	-5.3	-4.1
United States	-3.0	-1.6	-0.4	0.0	0.8	-1.4	-4.8	-5.9	-5.5	-4.2	-3.1	-3.7	-7.2	-12.8	-12.2	-10.7	-9.3	-6.4	-5.8	-4.6
Euro area	-4.3	-2.8	-2.4	-1.5	-0.1	-2.0	-2.7	-3.2	-2.9	-2.5	-1.4	-0.7	-2.1	-6.3	-6.2	-4.1	-3.7	-3.0	-2.5	-1.8
Total OECD	-3.5	-2.1	-2.3	-1.2	0.0	-1.7	-3.6	-4.2	-3.5	-2.7	-1.5	-1.5	-3.5	-8.4	-8.0	-6.5	-5.9	-4.6	-3.9	-3.2
Memorandum items																				
General government financial balances excluding social security																				
United States	-3.9	-2.7	-1.6	-1.4	-0.7	-2.9	-6.3	-7.3	-6.7	-5.5	-4.5	-5.0	-8.4	-13.7	-12.6	-11.2	-9.6	-6.5	-6.0	-4.8
Japan	-6.6	-5.5	-11.7	-8.2	-8.1	-6.3	-7.6	-7.8	-6.4	-5.0	-1.3	-2.0	-1.3	-7.7	-7.2	-7.9	-7.9	-8.4	-7.4	-5.7

Note: Financial balances include one-off factors, such as those resulting from the sale of mobile telephone licenses. As data are on a national accounts basis (SNA93, SNA08 or ESA95), the government financial balances may differ from the numbers reported to the European Commission under the Excessive Deficit Procedure for some EU countries. For more details, see Sources & Methods of the *OECD Economic Outlook (http://www.oecd.org/eco/sources-and-methods.htm).*

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052365

Annex Table 28. **General government cyclically-adjusted balances**

Surplus (+) or deficit (-) as a per cent of potential GDP

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	-0.7	0.8	2.1	2.3	1.2	0.2	1.4	1.7	1.4	1.3	1.8	0.8	-1.2	-4.6	-4.8	-3.2	-2.6	-0.9	-1.7	-0.6
Austria	-3.6	-1.4	-2.4	-3.1	-3.2	-1.3	-1.5	-1.7	-4.4	-1.8	-2.4	-2.5	-2.6	-3.7	-3.6	-2.0	-1.9	-0.2	-1.2	0.1
Belgium	-2.9	-1.9	-0.4	-0.8	-1.2	-0.1	-0.1	0.4	-0.3	-2.7	-0.3	-1.5	-2.4	-4.9	-3.7	-4.4	-3.8	-1.6	-1.2	-0.5
Canada	-1.8	0.9	0.5	0.6	1.4	-0.7	-0.4	-0.2	0.6	1.1	1.0	0.7	-0.9	-3.5	-4.2	-3.4	-3.1	-2.7	-2.0	-1.3
Czech Republic	..	..	..	-2.4	-3.1	-4.9	-5.2	-5.3	-1.8	-3.3	-3.8	-3.0	-4.5	-5.5	-4.6	-3.3	-3.4	0.2	-0.3	-0.9
Denmark	-2.2	-1.4	-1.1	0.3	0.4	-0.3	-0.6	-0.2	1.6	4.0	2.9	2.2	1.1	-1.7	-0.7	-0.4	-2.0	1.0	0.3	-1.6
Estonia	..	..	..	..	..	..	0.9	1.7	1.5	0.4	-0.3	-1.4	-4.8	1.8	3.2	1.7	-0.1	0.4	0.9	1.0
Finland	-1.4	-0.8	1.5	1.4	6.2	4.8	4.4	3.1	2.4	2.6	3.0	3.1	2.3	-1.0	-2.0	-1.2	-1.7	-1.0	-0.3	0.9
France	-3.3	-2.6	-2.5	-2.2	-2.7	-3.0	-4.2	-4.5	-4.2	-3.8	-3.6	-4.5	-4.8	-6.9	-6.2	-4.7	-4.0	-2.8	-2.0	-1.3
Germany	-2.6	-2.0	-1.7	-1.0	1.1	-3.3	-3.5	-3.1	-2.5	-1.9	-1.2	-0.4	-0.7	-1.4	-3.2	-1.0	-0.2	-0.1	-0.6	-0.5
Greece	-5.6	-5.1	-3.0	-2.3	-3.3	-4.2	-4.5	-6.5	-8.8	-6.6	-8.8	-10.4	-13.0	-17.0	-10.0	-5.8	-2.4	-5.3	3.3	3.7
Hungary	-3.0	-4.6	-6.9	-4.4	-2.2	-3.4	-8.6	-7.3	-7.2	-9.3	-11.8	-7.0	-5.3	-3.4	-3.0	4.8	-0.9	-1.3	-2.3	-2.6
Iceland	-0.1	0.7	-0.6	0.6	1.1	-1.4	-2.5	-2.4	-0.8	2.8	4.0	2.6	-16.9	-9.6	-7.2	-2.9	-1.6	-0.5	-1.2	-2.0
Ireland	1.2	1.3	1.0	0.1	1.4	-2.6	-3.6	-2.3	-1.0	-1.2	-0.3	-3.6	-9.3	-11.5	-25.7	-9.6	-4.7	-3.2	-1.4	-0.3
Israel	..	..	-6.9	-5.2	-4.7	-5.7	-5.6	-5.1	-3.9	-3.4	-1.8	-1.8	-4.4	-6.3	-5.2	-4.8	-5.8	-4.8	-4.3	-3.9
Italy	-6.7	-2.7	-3.0	-2.0	-1.8	-4.5	-4.1	-4.0	-3.9	-5.0	-4.6	-3.3	-3.7	-3.7	-2.6	-2.3	-0.6	0.3	0.3	0.5
Japan	-5.1	-4.1	-9.6	-5.9	-6.6	-5.0	-6.5	-6.8	-5.7	-4.8	-1.6	-3.0	-2.4	-7.4	-7.8	-8.3	-8.4	-9.4	-8.6	-7.1
Korea	2.9	2.9	3.0	3.6	6.0	4.8	5.2	1.0	3.0	3.7	4.1	4.4	2.6	-0.7	0.8	0.7	1.0	-0.3	0.3	0.5
Luxembourg	3.5	5.2	4.2	2.9	4.0	4.3	0.5	-0.2	-1.6	-1.1	-0.3	1.0	1.2	0.4	0.7	1.5	2.2	2.6	2.7	1.2
Netherlands	-1.1	-0.9	-1.0	-0.3	0.7	-1.7	-2.7	-2.6	-0.9	0.5	0.5	-0.9	-1.2	-6.0	-4.4	-3.8	-2.8	-0.2	0.0	0.7
New Zealand	2.2	0.8	0.7	0.0	1.8	1.9	3.6	3.3	3.3	4.0	4.8	3.6	0.5	-2.1	-6.9	-3.8	-1.8	-0.3	-0.2	0.2
Norway[1]	-1.3	-0.9	-1.9	-0.6	1.0	0.4	-1.4	-2.7	-1.2	-0.4	0.9	2.2	1.1	-0.6	0.0	0.4	0.4	0.2	-0.1	-0.6
Poland	..	-5.4	-4.6	-2.7	-3.4	-4.8	-4.0	-5.3	-5.1	-3.5	-3.5	-2.3	-4.3	-7.3	-8.0	-5.7	-4.1	-4.1	5.8	-2.9
Portugal	-4.7	-4.1	-5.1	-4.7	-5.3	-6.7	-4.6	-3.8	-4.1	-6.3	-4.6	-3.8	-3.9	-8.7	-9.0	-2.7	-3.5	-1.4	-0.9	0.3
Slovenia	..	..	..	..	..	-3.4	-2.0	-1.9	-1.9	-1.5	-2.6	-2.9	-5.4	-5.7	-5.3	-5.9	-2.3	-11.9	-1.7	-0.4
Spain	-4.7	-3.5	-3.0	-1.9	-2.2	-2.0	-1.5	-1.2	-0.9	0.2	0.7	-0.3	-6.4	-10.8	-8.6	-8.5	-8.7	-4.5	-3.0	-2.3
Sweden	-1.4	0.1	1.8	0.8	2.8	1.4	-1.6	-1.2	0.0	1.3	0.5	1.4	1.3	1.5	0.6	0.2	-0.1	-0.4	-0.8	-0.4
Switzerland	-0.9	-2.0	-1.4	-0.5	-0.9	-0.9	-2.2	-1.2	-1.5	-0.6	0.4	0.3	1.2	1.1	0.4	0.8	0.0	0.4	0.4	0.3
United Kingdom	-3.9	-2.3	-0.4	0.8	5.5	0.3	-1.9	-3.5	-3.9	-4.3	-4.1	-4.9	-6.5	-10.0	-8.6	-6.8	-5.0	-4.7	-4.7	-3.9
United States	-2.4	-1.5	-0.7	-0.8	-0.3	-2.0	-4.9	-6.1	-6.0	-5.1	-4.2	-4.7	-7.3	-11.0	-10.3	-8.9	-7.8	-5.1	-4.7	-3.9
Euro area	-3.6	-2.3	-2.1	-1.6	-0.9	-3.0	-3.2	-3.1	-2.8	-2.6	-2.1	-2.2	-3.4	-5.3	-5.1	-3.5	-2.6	-1.4	-0.9	-0.5
Total OECD	-3.0	-2.0	-2.2	-1.4	-0.7	-2.2	-3.7	-4.4	-4.0	-3.4	-2.5	-2.9	-4.5	-7.6	-7.2	-6.0	-5.2	-3.9	-3.3	-2.8

Note: For more details on the methodology used for estimating the cyclical component of government balances, see Sources & Methods of the *OECD Economic Outlook (http://www.oecd.org/eco/sources-and-methods.htm).*

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 95 database.

StatLink http://dx.doi.org/10.1787/888933052384

Annex Table 29. **General government underlying balances**

Surplus (+) or deficit (-) as a per cent of potential GDP

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	-0.9	0.5	1.7	1.9	0.8	0.0	1.3	1.5	1.4	1.4	1.9	1.1	-0.9	-4.2	-4.2	-3.1	-2.6	-1.1	-1.2	-0.6
Austria	-3.7	-1.5	-2.0	-3.0	-3.4	-0.9	-1.5	-1.8	-1.0	-1.8	-2.5	-2.3	-2.6	-3.6	-2.9	-1.8	-1.2	-0.6	-0.3	0.1
Belgium	-3.0	-1.7	-0.2	-0.8	-1.0	-0.4	-0.3	-0.9	-0.7	-0.5	-0.6	-1.4	-2.4	-4.3	-3.7	-4.0	-3.0	-1.9	-1.4	-0.7
Canada	-1.9	0.6	0.3	0.7	1.5	-0.7	-0.5	-0.2	0.7	1.2	1.1	0.7	-0.9	-3.5	-4.2	-3.4	-3.1	-2.8	-2.0	-1.3
Czech Republic	..	..	..	-3.0	-4.8	-4.1	-4.1	-7.8	-2.6	-4.5	-4.3	-3.4	-4.3	-6.3	-5.0	-3.7	-1.3	0.4	-0.4	-0.9
Denmark	-2.2	-1.4	-1.0	0.3	0.5	-0.5	-0.9	-0.4	1.1	3.6	2.4	1.8	1.2	-1.8	-0.7	-0.3	-0.6	1.0	-0.5	-0.5
Estonia	..	..	..	..	..	..	0.9	1.7	1.2	0.1	-0.5	-1.0	-3.6	-1.3	-0.3	-0.3	1.0	0.6	1.1	1.3
Finland	-0.3	-0.9	1.5	1.8	6.2	4.8	4.4	3.0	2.4	2.6	3.0	3.1	2.2	-0.8	-2.0	-1.1	-1.7	-1.0	-0.3	0.9
France	-3.6	-3.2	-2.5	-2.1	-2.9	-3.0	-4.2	-4.7	-4.3	-4.3	-3.7	-4.5	-4.6	-6.7	-6.2	-4.7	-4.0	-2.8	-2.0	-1.3
Germany	-2.6	-2.1	-1.7	-1.1	-1.4	-3.2	-3.5	-3.0	-2.5	-1.8	-1.3	-0.5	-0.7	-1.3	-2.3	-1.1	-0.5	-0.5	-0.6	-0.5
Greece	-6.7	-4.9	-3.1	-1.5	-4.1	-4.2	-4.4	-6.5	-8.1	-7.6	-9.8	-10.9	-12.5	-15.3	-9.3	-5.5	0.7	3.9	3.4	3.6
Hungary	-3.1	-4.2	-4.8	-4.7	-2.2	-3.2	-7.0	-7.2	-7.6	-9.6	-11.6	-6.3	-4.8	-3.4	-3.9	-4.2	-1.6	-1.5	-2.8	-2.6
Iceland	0.1	0.8	-0.8	0.5	1.0	-1.3	-2.6	-2.4	-0.9	2.7	3.7	2.1	-3.4	-9.5	-4.0	-2.3	-1.3	-0.8	-0.6	-1.1
Ireland	1.1	0.9	0.6	1.4	1.1	-2.5	-3.8	-2.3	-1.0	-1.1	-0.6	-3.9	-8.4	-9.1	-7.5	-6.1	-4.9	-3.5	-2.0	-0.9
Israel	..	..	-7.2	-5.3	-4.9	-5.9	-5.6	-5.4	-3.9	-3.4	-1.8	-1.7	-4.2	-5.9	-5.1	-4.9	-5.7	-4.8	-4.3	-3.9
Italy	-6.6	-3.4	-3.2	-1.9	-3.1	-4.1	-3.8	-4.8	-4.3	-4.8	-3.3	-2.9	-3.5	-3.8	-2.6	-2.7	-0.6	-0.1	0.2	0.4
Japan	-5.0	-4.3	-4.6	-5.8	-5.8	-5.3	-6.4	-6.3	-6.5	-4.9	-3.3	-3.2	-3.3	-7.5	-8.0	-8.0	-8.1	-8.8	-8.2	-6.8
Korea	2.9	3.0	3.5	3.6	5.6	4.7	5.3	4.5	3.1	3.5	4.0	4.3	2.9	-0.1	1.3	1.8	1.8	1.1	1.2	1.5
Luxembourg	3.4	5.3	4.0	2.8	4.0	2.7	0.6	-0.1	-1.4	-1.0	0.0	0.9	1.0	0.6	0.9	1.5	2.3	2.5	2.7	1.2
Netherlands	-1.6	-0.9	-1.1	-0.3	0.2	-1.3	-2.5	-2.4	-0.9	0.3	0.2	-1.0	-1.1	-5.0	-3.8	-3.7	-2.7	-0.9	0.0	0.7
New Zealand	2.4	0.9	0.7	0.0	1.8	1.9	3.6	3.3	3.3	3.9	4.9	3.5	0.7	-2.0	-3.1	-2.4	-1.2	-0.2	0.0	0.3
Norway[1]	-1.5	-1.0	-2.1	-0.7	1.5	0.3	-1.4	-2.8	-1.3	-0.5	0.9	2.1	1.1	-0.6	0.0	0.4	0.4	0.3	-0.1	-0.6
Poland	..	-5.1	-4.1	-2.8	-3.4	-4.9	-4.1	-5.0	-5.2	-3.5	-3.5	-2.5	-4.1	-6.9	-8.3	-6.6	-4.6	-4.4	-3.5	-3.1
Portugal	-4.7	-4.5	-4.7	-4.4	-5.3	-6.5	-5.2	-4.6	-5.4	-5.6	-3.8	-2.9	-3.5	-7.5	-7.3	-4.8	-3.5	-1.2	-0.2	0.9
Slovenia	..	..	..	..	..	-3.4	-2.1	-1.6	-1.8	-1.5	-2.8	-2.9	-4.8	-5.5	-5.4	-4.8	-2.6	-2.8	-0.9	-0.4
Spain	-4.8	-3.6	-3.2	-2.2	-2.1	-1.8	-1.4	-1.4	-0.5	0.0	0.5	-0.5	-6.4	-10.7	-9.0	-8.7	-6.2	-5.3	-3.8	-3.1
Sweden	-1.4	0.3	0.8	0.9	2.6	1.3	-1.6	-1.2	-0.1	1.4	0.7	1.5	1.3	1.6	0.7	0.3	-0.3	-0.5	-0.7	-0.3
Switzerland	-1.4	-2.5	-1.8	-1.0	0.9	-0.4	-0.7	-1.3	-1.3	-0.7	0.1	0.1	1.5	1.0	0.4	0.7	0.1	0.5	0.4	0.3
United Kingdom[2]	-3.9	-2.3	-0.5	0.7	0.8	0.3	-2.0	-3.5	-4.1	-3.4	-4.1	-5.1	-6.2	-9.0	-8.5	-7.0	-7.3	-6.3	-5.5	-4.4
United States	-2.5	-1.5	-0.7	-0.8	-0.3	-2.1	-4.9	-6.0	-6.0	-5.0	-4.3	-4.6	-7.0	-10.2	-9.9	-8.7	-7.8	-5.2	-4.9	-4.1
Euro area	-3.7	-2.6	-2.2	-1.6	-2.0	-2.8	-3.1	-3.3	-2.8	-2.6	-2.0	-2.2	-3.3	-5.1	-4.5	-3.6	-2.3	-1.5	-1.0	-0.6
Total OECD	-3.1	-2.1	-1.6	-1.4	-1.2	-2.3	-3.6	-4.2	-4.1	-3.4	-2.8	-2.9	-4.4	-7.1	-6.9	-5.9	-5.1	-3.9	-3.5	-2.8

Note: The underlying balances are adjusted for the cycle and for one-offs. For more details, see Sources & Methods of the *OECD Economic Outlook (http://www.oecd.org/eco/sources-and-methods.htm).*

1. As a percentage of mainland potential GDP. The financial balances shown are adjusted to exclude net revenues from petroleum activities.
2. Revenues due to quantitative easing that have accumulated in a special fund for several years, and that will be transferred to the UK Treasury in well-identified instalments over the projection period, are treated as fiscal one-offs and excluded from underlying fiscal measures.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052403

Annex Table 30. **General government underlying primary balances**

Surplus (+) or deficit (-) as a per cent of potential GDP

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	0.6	1.9	2.8	2.7	1.5	0.4	1.7	1.7	1.7	1.6	2.0	1.1	-1.1	-4.0	-3.8	-2.6	-2.2	-0.6	-0.6	0.1
Austria	-0.3	1.7	1.1	-0.1	-0.5	1.8	1.0	0.5	1.3	0.4	-0.3	-0.1	-0.5	-1.4	-0.7	0.3	1.0	1.5	1.7	2.0
Belgium	4.9	5.6	6.7	5.8	5.4	5.7	5.2	4.0	3.9	3.6	3.3	2.3	1.2	-0.9	-0.5	-0.7	0.2	1.1	1.4	1.9
Canada	3.3	5.3	5.1	5.1	4.7	2.3	2.1	1.6	2.2	2.2	1.7	1.3	-0.9	-2.6	-3.6	-3.0	-2.5	-2.4	-1.6	-0.9
Czech Republic	..	..	..	-2.5	-4.6	-3.8	-3.8	-7.3	-1.9	-3.8	-3.6	-2.7	-3.5	-5.3	-3.9	-2.5	0.0	1.6	0.8	0.2
Denmark	1.1	1.6	1.8	2.8	2.6	1.4	0.9	1.2	2.4	4.5	3.0	2.1	1.3	-1.5	-0.2	0.4	0.0	1.4	-0.1	-0.1
Estonia	..	..	..	..	..	..	0.8	1.4	0.9	0.0	-0.8	-1.4	-4.1	-1.5	-0.4	-0.4	0.9	0.6	1.0	1.2
Finland	1.1	0.9	3.1	3.2	7.1	5.3	4.4	3.0	2.3	2.4	2.6	2.4	1.2	-1.4	-2.1	-1.4	-1.7	-1.2	-0.6	0.7
France	-0.5	-0.1	0.4	0.6	-0.2	-0.2	-1.5	-2.2	-1.7	-1.8	-1.2	-1.9	-1.9	-4.6	-3.9	-2.3	-1.6	-0.7	0.1	0.9
Germany	0.3	0.8	1.3	1.6	1.3	-0.5	-0.9	-0.4	0.0	0.6	1.1	2.0	1.7	0.9	-0.2	0.8	1.4	1.2	0.8	0.7
Greece	2.8	2.7	4.0	4.8	2.3	1.6	0.8	-1.8	-3.4	-3.1	-5.0	-6.0	-7.4	-10.2	-3.7	0.8	4.7	7.0	7.5	7.8
Hungary	4.7	2.9	1.2	1.3	2.6	0.8	-3.4	-3.5	-3.6	-5.6	-7.7	-2.4	-0.9	0.5	-0.2	-0.5	2.3	2.4	1.2	1.4
Iceland	2.3	3.0	1.7	2.7	3.0	0.3	-1.5	-0.9	0.5	3.9	4.1	2.5	-3.5	-6.1	-0.8	1.1	2.7	3.0	2.7	2.4
Ireland	5.2	4.5	3.9	3.8	3.1	-1.1	-2.5	-1.1	0.1	-0.2	0.2	-3.2	-7.6	-7.7	-5.1	-3.7	-2.1	0.1	1.8	3.0
Israel	..	..	0.3	1.4	2.0	0.5	0.6	0.8	2.3	2.7	3.2	3.0	-0.1	-2.0	-1.2	-1.2	-2.0	-1.5	-1.3	-0.8
Italy	4.1	5.4	4.6	4.4	3.1	2.1	1.7	0.1	0.3	-0.2	1.2	1.9	1.5	0.4	1.5	1.8	4.4	4.5	4.7	4.9
Japan	-3.9	-3.2	-3.4	-4.6	-4.6	-4.5	-5.7	-5.7	-6.1	-4.8	-3.4	-3.2	-3.0	-7.0	-7.4	-7.2	-7.2	-7.9	-7.1	-5.4
Korea	2.3	2.2	2.5	2.9	4.7	4.0	4.5	3.9	2.4	2.8	3.1	3.1	2.0	-0.7	0.7	1.2	1.6	0.7	0.7	1.0
Luxembourg	2.4	4.2	3.0	1.9	2.7	1.3	-0.5	-1.0	-2.1	-1.7	-0.8	-0.2	-0.3	0.1	0.6	1.3	2.1	2.4	2.6	1.2
Netherlands	2.8	3.3	2.9	3.4	3.1	1.2	-0.3	-0.4	1.0	2.1	1.9	0.7	0.6	-3.6	-2.4	-2.3	-1.4	0.3	1.2	1.9
New Zealand	4.6	2.7	2.4	1.3	3.0	3.0	4.3	4.0	3.8	4.3	5.0	3.4	0.7	-1.6	-2.4	-1.5	-0.2	0.9	1.0	1.4
Norway [1]	-3.1	-2.5	-3.2	-2.1	-0.3	-1.6	-3.5	-4.6	-3.2	-2.4	-1.4	-0.9	-2.0	-3.0	-2.1	-1.7	-1.5	-1.8	-2.5	-3.0
Poland	..	-0.9	-0.4	-0.4	-0.9	-2.2	-2.0	-2.6	-2.8	-1.4	-1.3	-0.7	-2.5	-4.8	-6.1	-4.4	-2.3	-2.3	-1.7	-1.2
Portugal	-0.5	-1.2	-1.9	-1.7	-2.7	-3.9	-2.6	-2.2	-3.0	-3.4	-1.2	-0.2	-0.8	-4.9	-4.7	-1.2	0.2	2.3	3.5	4.7
Slovenia	..	..	..	..	..	-1.6	-0.4	-0.2	-0.3	-0.2	-1.5	-1.8	-4.0	-4.4	-4.2	-3.4	-1.0	-0.8	1.5	2.0
Spain	-0.2	0.6	0.7	1.1	0.9	0.9	1.0	0.8	1.3	1.6	1.8	0.7	-5.3	-9.4	-7.4	-6.7	-3.8	-2.5	-0.7	0.2
Sweden	1.3	3.3	3.4	3.4	4.8	3.0	0.5	0.2	0.8	2.4	1.5	2.2	1.8	1.8	0.9	0.6	-0.3	-0.4	-0.6	-0.2
Switzerland	-0.6	-1.7	-0.8	0.0	1.9	0.4	0.3	-0.3	-0.4	0.2	0.8	0.7	1.9	1.3	0.7	1.0	0.4	0.7	0.6	0.5
United Kingdom [2]	-0.9	0.8	2.5	3.2	3.2	2.3	-0.3	-1.8	-2.4	-1.5	-2.4	-3.2	-4.4	-7.5	-5.8	-4.0	-4.5	-3.5	-2.6	-1.4
United States	1.6	2.3	2.9	2.5	2.6	0.6	-2.3	-3.3	-3.3	-2.3	-1.6	-1.9	-4.4	-7.5	-7.1	-5.7	-4.8	-3.0	-2.4	-1.7
Euro area	1.1	1.8	2.0	2.1	1.6	0.6	0.0	-0.4	0.0	0.1	0.6	0.5	-0.6	-2.7	-2.0	-1.0	0.3	0.9	1.4	1.8
Total OECD	0.6	1.3	1.7	1.5	1.4	0.2	-1.4	-2.0	-2.0	-1.3	-0.8	-1.0	-2.5	-5.2	-4.8	-3.7	-2.9	-2.0	-1.5	-0.8

Note: Adjusted for the cycle and for one-offs, and excludes net interest payments. For more details, see Sources & Methods of the *OECD Economic Outlook (http://www.oecd.org/eco/sources-and-methods.htm).*

1. As a percentage of mainland potential GDP. The financial balances shown are adjusted to exclude net revenues from petroleum activities.
2. Revenues due to quantitative easing that have accumulated in a special fund for several years, and that will be transferred to the UK Treasury in well-identified instalments over the projection period, are treated as fiscal one-offs and excluded from underlying fiscal measures.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052422

Annex Table 31. **General government net debt interest payments**

Per cent of nominal GDP

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	1.5	1.5	1.0	0.8	0.7	0.4	0.4	0.3	0.3	0.2	0.0	0.0	-0.2	0.1	0.4	0.5	0.5	0.5	0.6	0.7
Austria	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	2.2	2.1	2.0
Belgium	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	3.3	3.0	2.9	2.7
Canada	5.2	4.7	4.6	4.1	3.0	2.8	2.5	1.8	1.5	1.0	0.6	0.6	0.0	0.9	0.6	0.4	0.5	0.4	0.4	0.4
Czech Republic	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	1.3	1.2	1.2	1.2
Denmark	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	0.4	0.4
Estonia	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	0.0	0.0	-0.1	-0.1
Finland	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	-0.1	-0.2	-0.3	-0.2
France	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	2.4	2.1	2.2	2.2
Germany	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	1.6	1.4	1.2
Greece	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	4.5	3.6	4.6	4.8
Hungary	7.6	7.3	6.2	6.2	4.8	4.0	3.6	3.7	4.0	3.8	3.7	3.8	3.7	4.1	3.9	3.8	4.0	4.1	4.1	4.0
Iceland	2.3	2.2	2.4	2.1	1.9	1.6	1.1	1.4	1.3	1.2	0.4	0.3	0.0	3.4	3.4	3.7	4.2	3.9	3.3	3.6
Ireland	4.2	3.6	3.2	2.3	1.8	1.2	1.2	1.1	1.0	0.9	0.8	0.6	0.7	1.4	2.6	2.6	3.1	4.0	4.1	4.1
Israel	..	..	7.4	6.7	6.6	6.4	6.5	6.6	6.4	6.3	5.1	4.6	4.0	3.9	3.8	3.6	3.6	3.3	3.0	3.0
Italy	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	5.2	4.9	4.8	4.7
Japan	1.1	1.1	1.2	1.3	1.2	0.9	0.7	0.6	0.4	0.1	-0.1	0.0	0.3	0.5	0.7	0.8	0.9	0.9	1.1	1.3
Korea	-0.6	-0.8	-1.0	-0.8	-0.9	-0.7	-0.7	-0.6	-0.7	-0.7	-0.9	-1.1	-0.9	-0.6	-0.5	-0.5	-0.2	-0.4	-0.5	-0.4
Luxembourg	-1.1	-1.0	-1.0	-0.9	-1.2	-1.4	-1.1	-0.9	-0.8	-0.7	-0.7	-1.0	-1.2	-0.5	-0.2	-0.3	-0.2	-0.1	-0.1	-0.1
Netherlands	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	1.4	1.3	1.2	1.2
New Zealand	2.2	1.7	1.7	1.3	1.2	1.1	0.7	0.7	0.5	0.4	0.1	-0.1	0.0	0.3	0.7	1.0	1.1	1.1	1.1	1.1
Norway	-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	-2.1	-2.1	-1.9	-2.1	-2.4	-2.4
Poland	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	2.3	2.2	2.3	2.1	1.9	1.9
Portugal	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	2.7	2.7	3.8	3.9	3.8	4.0	4.0
Slovak Republic	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	1.6	1.5
Slovenia	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	1.5	1.6	2.1	2.5	2.5
Spain	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	2.0	2.6	2.9	3.2	3.4
Sweden	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	0.0	0.1	0.1	0.1
Switzerland	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	0.3	0.2	0.2	0.2
United Kingdom	3.0	3.1	3.0	2.5	2.3	2.0	1.7	1.7	1.7	1.8	1.7	1.8	1.8	1.6	2.7	3.1	2.8	2.8	2.9	3.0
United States	4.1	3.9	3.6	3.2	2.8	2.7	2.6	2.7	2.6	2.6	2.6	2.6	2.6	2.8	2.9	3.1	3.1	2.3	2.5	2.5
Euro area	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	2.5	2.5	2.4
Total OECD	3.7	3.4	3.2	2.9	2.6	2.4	2.3	2.2	2.0	1.9	1.8	1.8	1.8	2.0	2.1	2.2	2.2	1.9	2.0	2.0

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052441

Annex Table 32. **General government gross financial liabilities**

Per cent of nominal GDP

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	39.3	37.5	32.4	28.0	25.0	22.1	20.1	18.6	16.8	16.4	15.6	14.6	13.9	19.4	23.6	27.0	32.1	33.1	35.2	35.9
Austria	70.1	66.4	68.0	71.0	70.6	71.6	72.6	71.0	70.8	70.6	66.3	63.4	68.7	74.3	78.8	80.6	86.0	83.4	90.0	89.5
Belgium[1]	133.0	127.8	123.1	119.4	113.6	111.9	108.2	103.3	98.2	95.9	91.6	87.9	92.6	101.0	100.9	104.1	106.4	106.7	106.8	105.4
Canada	109.4	103.1	101.6	92.2	84.2	85.7	84.8	80.3	76.5	75.8	74.9	70.4	74.7	87.4	89.5	93.6	96.1	93.6	94.2	93.6
Czech Republic	..	..	..	..	..	..	31.5	33.2	33.2	32.8	32.6	31.0	34.4	40.8	45.2	48.2	55.7	57.1	58.8	60.9
Denmark	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	49.3	53.1	59.9	59.3	55.2	56.5	59.3
Estonia	12.3	11.3	10.0	10.9	6.8	6.7	7.6	8.4	8.6	8.2	8.0	7.3	8.5	12.6	12.4	9.6	13.3	13.1	13.0	12.7
Finland	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	58.2	64.0	66.4	69.3	70.1
France	66.4	68.9	72.8	69.0	67.8	67.1	70.7	75.2	77.2	79.0	73.9	73.0	79.3	91.4	95.7	99.3	109.3	112.6	115.1	116.1
Germany	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	86.2	85.8	88.5	85.9	83.9	79.8
Greece	103.7	100.5	98.1	101.9	115.7	118.5	117.9	112.6	115.1	115.6	121.6	119.3	122.5	138.3	157.3	179.9	167.5	186.0	188.7	188.2
Hungary	77.4	67.6	65.7	67.8	62.4	60.3	60.9	62.0	65.8	68.8	72.3	73.3	77.2	86.4	87.7	86.8	90.0	89.4	90.3	90.1
Iceland	..	..	51.7	47.3	44.4	49.3	45.2	44.0	38.8	28.8	34.1	32.8	76.4	94.5	100.1	106.8	103.7	97.9	96.0	91.3
Ireland	..	..	63.2	52.1	39.8	36.9	35.5	34.2	32.8	33.2	29.3	29.1	50.1	71.1	88.5	103.9	127.8	134.6	133.1	132.0
Israel	..	..	97.1	91.2	81.6	86.0	93.0	95.6	94.0	90.3	81.6	74.6	72.9	75.3	71.5	69.7	68.2	67.8	67.6	67.0
Italy	128.1	129.6	131.8	125.7	120.8	120.1	118.8	116.3	116.8	119.4	121.2	116.5	118.9	132.4	131.1	124.0	142.2	145.5	147.2	147.4
Japan[2]	95.1	101.7	113.8	127.9	136.1	144.4	153.5	158.3	166.3	169.5	166.8	162.4	171.1	188.7	193.3	209.5	216.5	224.6	229.6	232.5
Korea[3]	..	..	..	..	..	..	18.1	18.7	22.0	24.0	26.9	26.9	28.3	31.0	31.8	33.3	34.8	36.5	37.9	39.0
Luxembourg	10.1	10.2	11.2	10.0	9.2	8.2	8.5	7.9	8.6	7.6	11.5	11.3	19.3	19.2	26.2	26.3	30.2	30.3	31.6	33.5
Netherlands	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	71.9	76.1	82.7	86.2	87.5	87.7
New Zealand	43.9	41.4	41.3	38.7	36.6	34.7	32.7	30.7	28.0	26.8	26.4	25.4	28.7	34.0	37.8	41.3	42.4	40.6	39.3	38.1
Norway	33.7	29.8	28.1	29.3	32.8	31.9	39.4	48.8	50.7	47.6	58.7	56.6	55.2	49.0	49.3	33.9	34.7	35.6	36.7	39.6
Poland	51.4	48.3	43.8	46.6	45.4	43.8	55.0	55.6	53.3	54.1	54.2	50.4	55.5	57.6	62.2	63.0	62.3	63.8	56.8	58.4
Portugal	66.5	66.4	64.6	62.3	62.4	64.2	68.0	70.2	73.5	77.7	77.5	75.5	80.8	94.0	104.0	118.4	134.6	139.4	141.3	142.2
Slovak Republic	37.7	39.0	41.1	53.4	58.6	57.2	49.9	48.3	45.9	37.4	35.0	33.5	32.2	40.4	45.9	48.3	56.9	59.3	59.1	60.1
Slovenia	..	..	..	..	..	33.6	34.7	34.1	34.9	34.0	33.8	29.4	28.9	43.3	47.6	51.2	61.6	80.5	85.9	89.7
Spain	76.0	75.0	75.4	69.6	66.7	62.1	60.6	55.5	53.5	50.9	46.3	42.5	48.0	63.3	68.4	78.8	92.6	104.0	108.5	111.5
Sweden	82.2	80.8	80.3	70.2	59.8	61.9	61.7	60.6	59.3	60.1	52.9	48.2	48.3	50.2	47.3	47.6	46.7	47.1	48.5	48.3
Switzerland	53.7	55.6	58.8	55.9	56.1	55.3	61.6	60.6	61.1	59.3	52.9	52.8	48.3	47.5	46.2	46.3	46.5	46.2	45.9	45.3
United Kingdom	51.7	51.8	52.7	47.9	45.8	41.0	41.7	42.0	44.2	46.4	46.0	46.9	57.3	72.1	81.7	97.1	101.6	99.3	101.7	103.1
United States	67.6	65.3	62.1	58.6	52.7	52.7	55.1	58.3	65.2	64.6	63.4	63.8	72.6	85.8	94.6	98.8	102.1	104.3	106.2	106.5
Euro area	79.8	80.7	82.1	78.7	76.4	75.0	76.1	76.8	78.0	78.9	76.1	72.7	78.0	88.8	93.9	95.9	104.4	106.7	107.7	106.9
Total OECD	72.9	72.6	73.4	71.6	69.0	69.2	71.4	73.0	76.7	76.9	75.1	73.3	79.9	91.2	97.5	102.1	107.1	109.5	111.1	111.2

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.
Financial liabilities are measured at market value. For Greece and Portugal, where the market value of outstanding debt declined substantially during the crisis, the change in 2010, 2011 and 2012 in government financial liabilities has been approximated by the change in government liabilities recorded for the Maastricht definition of general government debt.
For more details, see Sources & Methods of the *OECD Economic Outlook (http://www.oecd.org/eco/sources-and-methods.htm).*

1. Includes the debt of the Belgium National Railways Company (SNCB) from 2005 onwards.
2. Includes the debt of the Japan Railway Settlement Corporation and the National Forest Special Account from 1998 onwards.
3. Data are on a non-consolidated basis (SNA93).

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052460

Annex Table 33. **General government net financial liabilities**

Per cent of nominal GDP

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	21.1	21.2	16.1	15.0	8.9	6.4	4.5	2.4	0.3	-1.3	-4.5	-7.2	-7.5	-3.6	1.9	5.6	10.8	11.8	13.8	14.6
Austria	40.2	36.4	36.6	35.7	34.6	35.5	37.0	36.1	38.2	37.9	33.8	31.3	35.1	40.6	43.3	44.8	49.4	48.5	50.0	49.5
Belgium[1]	115.2	110.8	107.7	102.9	97.4	94.9	93.1	90.1	83.6	82.0	77.0	73.1	73.3	78.9	79.4	81.5	82.4	84.1	84.2	82.8
Canada	78.9	72.8	69.9	58.1	49.4	47.8	48.5	43.2	39.0	34.2	29.8	27.0	28.8	34.6	37.4	42.5	43.6	40.4	40.9	40.3
Czech Republic	..	..	..	..	..	..	-15.6	-7.1	-10.5	-12.2	-12.5	-15.5	-6.7	-2.7	5.1	5.8	11.6	12.9	14.6	16.7
Denmark	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	-4.6	-1.6	2.6	7.5	5.9	7.2	10.0
Estonia	-28.6	-23.5	-40.4	-39.8	-30.2	-29.1	-28.6	-29.2	-31.2	-32.0	-31.5	-28.9	-26.4	-28.3	-35.2	-34.5	-32.9	-30.9	-29.7	-28.2
Finland	-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	-54.3	-55.4	-59.6	-56.5	-54.2
France	41.9	42.4	43.7	36.1	37.4	39.7	44.4	46.5	47.5	45.4	39.3	35.7	45.9	52.2	57.5	62.3	70.3	73.6	76.0	77.1
Germany	31.7	31.6	35.8	34.6	33.9	36.2	40.4	43.4	47.5	49.7	47.9	42.6	44.6	49.0	49.5	50.5	50.5	49.1	47.8	45.8
Greece	80.0	75.4	71.4	69.4	88.0	92.3	94.1	86.7	86.9	84.8	90.7	85.6	94.0	104.0	120.6	142.5	103.3	122.7	127.3	127.9
Hungary	26.2	25.6	32.5	34.5	33.2	32.4	36.8	37.8	42.1	46.4	51.8	53.5	51.7	59.5	61.6	53.1	61.1	62.8	63.1	63.4
Iceland	..	..	17.0	9.5	9.0	3.6	1.7	3.8	2.1	-10.2	-15.4	-21.4	0.3	14.7	23.3	28.1	30.0	30.7	31.0	31.3
Ireland	..	..	42.6	27.6	15.9	12.3	13.7	11.5	8.3	6.5	1.9	0.3	13.3	26.3	47.1	65.3	83.4	90.3	93.0	93.3
Italy	104.0	104.1	106.4	100.5	94.9	95.8	95.2	92.3	92.0	93.3	94.2	90.8	93.6	104.8	103.5	97.8	113.2	116.5	118.2	118.3
Japan[2]	28.1	34.1	44.7	52.4	58.8	65.5	74.5	77.6	82.4	82.2	81.0	80.5	95.3	106.2	113.1	127.3	129.5	137.5	142.5	145.4
Korea[3]	..	..	..	..	..	..	-30.6	-29.4	-29.8	-33.7	-34.6	-37.6	-35.0	-36.0	-35.3	-35.3	-35.9	-34.2	-32.8	-31.7
Luxembourg	-41.0	-41.6	-46.8	-47.8	-50.7	-58.2	-55.6	-56.8	-52.3	-48.6	-50.9	-54.8	-53.5	-58.7	-52.9	-46.7	-50.0	-47.2	-45.9	-44.0
Netherlands	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	34.6	38.8	42.2	44.4	46.7	47.9
New Zealand	32.1	29.5	27.5	25.2	23.2	20.9	17.4	13.0	8.3	3.7	-1.2	-5.4	-5.0	-1.0	1.7	4.5	6.8	6.7	6.2	5.3
Norway	-40.9	-48.3	-52.2	-57.2	-66.8	-84.5	-80.2	-93.8	-101.9	-118.9	-132.2	-137.9	-122.7	-153.5	-162.5	-157.9	-167.7	-205.1	-207.0	-207.0
Poland	-5.7	0.3	6.3	13.4	15.5	18.5	22.1	26.1	22.7	22.8	21.4	15.6	18.2	21.4	28.1	32.5	33.6	37.2	30.3	31.8
Portugal	26.5	32.8	34.3	32.7	32.7	34.8	39.3	41.9	47.2	50.6	50.0	49.7	54.2	65.1	70.2	75.2	84.4	91.8	94.6	95.6
Slovak Republic	-18.2	-12.1	-3.9	1.2	13.6	11.0	1.4	1.8	5.2	3.2	7.7	7.3	9.2	16.1	22.2	26.5	25.5	27.9	29.8	31.4
Slovenia	..	..	..	..	..	-15.6	-14.2	-9.5	-9.7	-8.5	-9.9	-18.3	-6.5	-1.1	-0.4	2.1	8.1	19.1	24.6	28.3
Spain	55.5	54.8	54.1	47.9	44.4	41.6	40.2	36.8	34.3	29.2	22.5	17.8	22.7	34.1	39.9	48.2	59.2	70.7	75.4	78.4
Sweden	27.6	24.5	22.7	11.0	4.7	-2.7	4.6	0.7	-0.9	-6.1	-17.0	-20.9	-13.2	-20.4	-22.1	-18.7	-21.3	-24.1	-21.6	-19.9
Switzerland	..	..	..	12.0	8.5	7.5	12.4	12.2	13.7	13.3	10.0	8.8	9.8	5.5	9.0	8.1	8.2	8.0	7.6	7.1
United Kingdom	27.4	29.2	31.4	28.3	23.9	20.5	21.4	21.6	23.6	24.6	25.1	26.2	31.0	43.0	52.5	66.5	66.1	65.4	67.7	69.1
United States	50.3	47.3	43.5	38.9	34.2	33.5	36.1	39.5	46.7	46.1	44.6	44.3	50.3	61.9	69.5	76.1	80.0	81.2	83.8	84.1
Euro area	53.0	53.0	54.5	49.0	48.1	48.7	51.0	51.1	52.0	51.1	47.8	43.4	48.2	55.3	58.1	60.7	65.9	68.5	69.8	69.7
Total OECD	43.2	42.6	43.3	39.8	37.4	37.6	40.2	41.6	44.6	43.5	41.2	39.2	44.9	53.1	58.5	64.0	67.4	69.1	70.9	71.4

Note: Net debt measures are not always comparable across countries due to different definitions or treatment of debt (and asset) components, see Sources & Methods of the *OECD Economic Outlook (http://www.oecd.org/eco/sources-and-methods.htm).*

Financial liabilities are measured at market value. For Greece and Portugal, where the market value of outstanding debt declined substantially during the crisis, the change in 2010, 2011 and 2012 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 (SNCB) from 2005 onwards.
2. Includes the debt of the Japan Railway Settlement Corporation and the National Forest Special Account from 1998 onwards.
3. Data are on a non-consolidated basis (SNA93).

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052479

Annex Table 34. **Short-term interest rates**

Per cent, per annum

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Fourth quarter 2013	Fourth quarter 2014	Fourth quarter 2015
Australia	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	2.6	2.9	2.6	2.6	3.1
Austria																				
Belgium																				
Canada	4.9	5.7	4.0	2.6	3.0	2.3	2.8	4.2	4.6	3.2	0.5	0.8	1.2	1.2	1.2	1.2	1.8	1.2	1.2	2.3
Chile	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	5.1	4.9	4.0	4.2	4.6	3.8	4.5
Czech Republic	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	1.0	0.5	0.4	0.7	0.4	0.5	0.9
Denmark	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	0.3	0.1	0.1	0.3	0.1	0.1
Estonia	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																				
France																				
Germany																				
Greece	8.9																			
Hungary	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	6.9	4.2	2.9	3.3	3.2	2.8	3.6
Iceland	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	6.2	6.4	6.6	6.2	6.6	6.6
Ireland																				
Israel	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	1.3	0.8	1.6	0.9	0.8	2.0
Italy																				
Japan	0.2	0.3	0.2	0.1	0.1	0.1	0.1	0.3	0.8	0.9	0.5	0.2	0.2	0.2	0.2	0.1	0.2	0.1	0.1	0.2
Korea	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	2.7	2.8	3.9	2.7	3.0	4.5
Luxembourg																				
Mexico	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	4.4	3.8	3.5	3.8	3.5	3.5	4.0
Netherlands																				
New Zealand	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	2.7	3.7	4.8	2.7	4.5	4.8
Norway	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	2.2	1.8	1.7	1.8	1.7	1.7	1.9
Poland	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	4.9	3.0	2.8	3.6	2.7	3.0	4.0
Portugal																				
Slovak Republic	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																				
Sweden	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	2.0	1.2	0.8	1.1	1.1	0.7	1.4
Switzerland	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	0.2	0.0	0.0	0.4
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	8.4	7.5	11.0	11.2	8.7	11.1	11.1
United Kingdom	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	0.8	0.5	0.6	1.2	0.5	0.6	1.7
United States	5.4	6.5	3.7	1.8	1.2	1.6	3.5	5.2	5.3	3.2	0.9	0.5	0.4	0.4	0.3	0.3	0.9	0.2	0.4	1.3
Euro area	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	0.1	0.2	0.1	0.1

Note: Three-month money market rates where available, or rates on similar financial instruments. For further information, see Sources & Methods of the *OECD Economic Outlook (http://www.oecd.org/eco/sources-and-methods.htm).* 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 95 database.

StatLink http://dx.doi.org/10.1787/888933052498

Annex Table 35. **Long-term interest rates**

Per cent, per annum

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Fourth quarter 2013	Fourth quarter 2014	Fourth quarter 2015
Australia	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	3.7	4.1	4.3	4.1	4.1	4.4
Austria	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	2.0	2.0	2.3	2.1	2.1	2.5
Belgium	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	2.4	2.3	2.6	2.5	2.4	2.8
Canada	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	2.3	2.7	3.3	2.6	2.9	3.6
Chile	..	..	..	..	..	6.3	6.0	6.1	6.1	7.0	5.7	6.3	6.0	5.5	5.3	5.0	5.3	5.1	5.0	5.3
Czech Republic	..	6.9	6.3	4.9	4.1	4.8	3.5	3.8	4.3	4.6	4.8	3.9	3.7	2.8	2.1	2.3	2.4	2.2	2.3	2.4
Denmark	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	1.4	1.7	1.9	2.3	1.9	2.1	2.4
Finland	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	1.9	2.0	2.4	2.0	2.1	2.5
France	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	2.5	2.2	2.2	2.5	2.3	2.3	2.7
Germany	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	1.6	1.7	2.2	1.7	1.9	2.3
Greece	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	22.5	10.1	6.6	5.7	8.6	6.0	5.5
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	7.9	5.9	5.5	5.4	5.7	5.2	5.4
Iceland	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	6.2	5.8	6.7	7.0	6.1	7.0	7.0
Ireland	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	3.8	3.0	3.2	3.5	3.1	3.3
Israel	5.2	5.5	6.4	9.2	8.9	7.6	6.4	6.3	5.6	5.9	5.1	4.7	5.0	4.4	3.8	3.8	4.4	3.6	4.1	4.5
Italy	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	4.3	3.4	3.4	4.2	3.4	3.5
Japan	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	0.7	0.9	1.7	0.6	1.2	2.0
Korea	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	3.3	3.7	4.9	3.6	4.0	5.5
Luxembourg	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	1.8	1.7	1.7	2.2	1.9	1.9	2.3
Mexico	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	5.8	5.7	6.1	6.5	6.1	6.0	6.9
Netherlands	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	1.9	2.0	2.0	2.4	2.1	2.1	2.6
New Zealand	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	4.1	5.0	5.2	4.7	5.4	5.1
Norway	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	2.6	3.0	3.1	2.9	3.0	3.2
Portugal	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	10.5	6.3	4.2	3.9	6.1	4.0	3.9
Slovak Republic	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	4.6	3.2	2.3	2.6	3.0	2.3	2.7
Slovenia	..	..	..	8.6	6.4	4.7	3.8	3.9	4.5	4.6	4.4	3.8	5.0	5.8	5.8	3.8	3.6	5.9	3.6	3.7
Spain	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	5.8	4.6	3.3	3.4	4.2	3.3	3.4
Sweden	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	1.6	2.1	2.5	3.0	2.4	2.7	3.1
Switzerland	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	0.9	1.3	1.6	1.1	1.4	1.7
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	8.4	7.5	11.2	12.0	8.7	11.5	12.2
United Kingdom	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	2.5	3.1	3.8	2.8	3.4	4.1
United States	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	2.4	3.0	3.6	2.7	3.2	3.9
Euro area	4.7	5.4	5.0	4.9	4.2	4.1	3.4	3.8	4.3	4.3	3.8	3.6	4.2	3.7	2.9	2.5	2.7	2.9	2.5	2.9

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 more details, see *Sources & Methods of the OECD Economic Outlook (http://www.oecd.org/eco/sources-and-methods.htm).*
Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052517

Annex Table 36. **Nominal exchange rates (vis-à-vis the US dollar)**

Average of daily rates

	Monetary unit	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Estimates and assumptions[1] 2014	2015
Australia	*Dollar*	1.841	1.542	1.359	1.313	1.328	1.195	1.198	1.282	1.090	0.969	0.966	1.036	1.078	1.065
Canada	*Dollar*	1.570	1.400	1.301	1.212	1.134	1.074	1.068	1.141	1.030	0.989	0.999	1.030	1.097	1.095
Chile	*Peso*	689.0	691.3	609.6	559.7	530.3	522.2	523.5	558.9	510.0	483.4	486.0	495.3	550.1	549.4
Czech Republic	*Koruny*	32.73	28.21	25.69	23.95	22.59	20.29	17.08	19.05	19.08	17.67	19.54	19.56	19.91	19.861
Denmark	*Krone*	7.884	6.577	5.988	5.996	5.943	5.443	5.099	5.359	5.622	5.357	5.790	5.618	5.412	5.400
Estonia	*Kroon*	16.6	13.9	12.6	12.6	12.5	11.4	10.7	11.3	11.8					
Hungary	*Forint*	257.9	224.3	202.6	199.5	210.4	183.6	172.5	202.1	207.8	200.9	224.8	223.6	223.1	222.6
Iceland	*Krona*	91.59	76.69	70.19	62.88	69.90	64.07	88.00	123.66	122.24	116.06	125.12	122.17	112.69	112.15
Israel	*Sheqel*	4.74	4.55	4.48	4.49	4.46	4.11	3.58	3.93	3.73	3.57	3.85	3.61	3.47	3.46
Japan	*Yen*	125.3	115.9	108.1	110.1	116.4	117.8	103.4	93.6	87.8	79.7	79.8	97.6	102.0	101.6
Korea	*Won*	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	1 125.9	1 094.9	1 046.9	1 038.9
Mexico	*Peso*	9.660	10.795	11.283	10.890	10.903	10.929	11.153	13.504	12.632	12.434	13.150	12.770	13.086	13.037
New Zealand	*Dollar*	2.163	1.724	1.509	1.421	1.542	1.361	1.425	1.600	1.388	1.266	1.235	1.220	1.164	1.153
Norway	*Krone*	7.986	7.078	6.739	6.441	6.415	5.858	5.648	6.290	6.042	5.605	5.815	5.877	5.993	5.959
Poland	*Zloty*	4.082	3.888	3.651	3.234	3.103	2.765	2.410	3.119	3.015	2.962	3.252	3.160	3.035	3.029
Slovak Republic	*Koruna*	45.30	36.76	32.23	31.04	29.65	24.68								
Slovenia	*Tolar*	240.3	207.1	192.4	192.8	191.0									
Sweden	*Krona*	9.721	8.078	7.346	7.474	7.373	6.758	6.597	7.653	7.202	6.489	6.769	6.513	6.525	6.547
Switzerland	*Franc*	1.557	1.345	1.243	1.246	1.253	1.200	1.084	1.086	1.043	0.887	0.937	0.927	0.883	0.879
Turkey	*Lira*	1.512	1.503	1.426	1.341	1.430	1.300	1.299	1.547	1.499	1.672	1.792	1.905	2.150	2.129
United Kingdom	*Pound*	0.667	0.612	0.546	0.550	0.543	0.500	0.546	0.641	0.647	0.624	0.631	0.640	0.599	0.598
United States	*Dollar*	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Euro area	*Euro*	1.058	0.884	0.804	0.804	0.796	0.730	0.681	0.718	0.754	0.719	0.778	0.753	0.725	0.724

1. On the technical assumption that exchange rates remain at their levels of 14 April 2014.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052536

Annex Table 37. **Effective exchange rates**

Indices 2005 = 100, average of daily rates

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Estimates and assumptions[1] 2014	2015
Australia	82.7	77.4	80.5	90.2	97.6	100.0	98.3	104.2	102.3	98.3	111.1	119.4	121.7	116.0	112.2	113.4
Austria	93.4	94.1	95.5	99.5	100.9	100.0	100.0	101.1	102.0	103.5	100.5	100.5	99.1	100.8	102.7	102.8
Belgium	89.9	91.0	93.3	98.6	100.6	100.0	100.1	101.7	103.8	105.0	101.4	102.0	99.8	102.1	104.3	104.3
Canada	82.7	81.1	80.2	88.5	93.7	100.0	106.5	110.7	109.6	105.1	114.5	116.7	117.2	114.7	107.9	108.1
Chile	97.9	87.7	91.2	86.0	93.6	100.0	104.4	101.6	99.2	96.3	103.1	105.0	107.7	108.0	98.9	98.8
Czech Republic	78.8	83.0	93.1	93.4	94.2	100.0	105.0	107.6	120.7	116.3	118.2	122.0	117.5	115.4	111.0	111.0
Denmark	90.2	91.8	93.9	99.2	100.9	100.0	100.0	101.5	103.7	106.2	101.5	101.4	98.8	100.8	103.1	103.1
Estonia	88.8	90.2	93.0	98.8	100.7	100.0	99.7	101.0	102.7	106.0	101.3	101.2	98.8	101.0	104.3	104.4
Finland	88.3	90.1	92.6	98.7	100.9	100.0	99.8	101.6	104.0	107.0	101.7	101.7	98.7	101.2	104.6	104.6
France	90.3	91.4	93.6	98.9	100.7	100.0	100.1	101.6	103.5	104.6	101.2	101.6	99.3	101.4	103.5	103.5
Germany	89.3	90.5	92.9	98.9	101.1	100.0	100.0	101.7	103.6	105.4	101.0	101.3	98.8	101.3	104.0	104.0
Greece	90.9	91.6	94.0	99.0	100.9	100.0	100.0	101.5	103.7	105.5	102.0	102.5	100.1	102.0	104.7	104.8
Hungary	88.0	89.9	96.9	97.2	99.5	100.0	93.7	99.5	100.6	91.9	90.3	89.6	84.5	84.1	83.2	83.3
Iceland	96.5	81.9	84.5	88.9	90.1	100.0	89.5	90.6	66.0	48.3	49.1	49.3	48.3	49.3	52.9	53.0
Ireland	86.7	87.9	90.4	97.9	100.4	100.0	100.1	102.6	107.3	109.2	104.5	105.3	101.3	104.4	106.7	106.8
Israel	122.8	124.5	109.7	105.2	101.2	100.0	100.1	103.4	115.2	110.1	115.2	116.7	112.5	120.7	125.6	125.8
Italy	89.4	90.8	93.5	99.0	100.9	100.0	100.1	101.6	103.4	105.4	101.5	101.9	99.6	102.1	104.9	104.9
Japan	108.1	100.2	96.3	99.2	103.2	100.0	92.7	87.7	98.3	112.6	116.2	122.9	124.5	102.2	98.9	99.1
Korea	94.5	87.1	90.2	89.8	90.0	100.0	106.9	105.8	86.1	74.7	80.1	79.9	79.8	84.1	89.4	90.0
Luxembourg	94.8	95.2	96.3	99.5	100.5	100.0	100.1	101.2	102.6	103.6	101.0	101.2	99.5	100.9	102.4	102.4
Mexico	119.4	123.2	119.7	103.9	97.4	100.0	99.2	96.8	94.0	78.5	82.7	82.6	78.9	81.8	80.1	80.4
Netherlands	90.1	91.4	93.5	98.9	100.7	100.0	100.0	101.5	103.7	105.3	101.4	101.8	99.5	101.9	104.4	104.4
New Zealand	72.4	71.2	77.5	89.0	95.5	100.0	92.1	98.6	92.4	85.5	92.7	96.0	99.8	103.5	109.9	110.5
Norway	88.1	90.7	99.4	98.9	96.2	100.0	99.4	101.4	102.2	98.9	102.6	105.2	106.4	104.5	100.4	100.7
Poland	93.6	103.3	100.0	91.1	89.5	100.0	103.0	107.0	116.9	96.9	101.8	99.1	95.7	97.1	99.8	99.8
Portugal	93.8	94.8	96.4	99.6	100.6	100.0	100.0	100.9	102.3	103.2	101.1	101.3	100.0	101.5	102.9	102.9
Slovak Republic	87.0	85.4	87.2	93.5	98.0	100.0	103.1	114.1	123.6	132.5	128.3	128.5	127.2	129.4	132.5	132.6
Slovenia	109.7	104.3	101.6	102.0	101.1	100.0	100.0	100.7	101.6	103.7	100.6	101.1	99.5	101.4	103.8	103.8
Spain	91.4	92.5	95.0	99.2	100.6	100.0	100.1	101.3	103.2	104.5	101.5	102.0	100.1	102.2	104.6	104.6
Sweden	98.8	91.0	94.0	100.4	102.7	100.0	100.4	101.9	100.3	92.2	98.6	104.6	106.0	109.2	107.7	107.1
Switzerland	88.9	92.7	98.0	100.3	101.0	100.0	98.5	96.1	101.7	107.8	113.5	128.2	127.2	128.3	133.2	133.5
Turkey	258.5	145.6	109.2	97.1	95.0	100.0	93.1	95.4	91.7	83.0	86.0	74.1	72.5	68.0	59.7	60.3
United Kingdom	100.0	99.1	100.6	97.0	101.6	100.0	100.5	102.2	89.4	79.9	79.3	78.7	81.9	80.5	85.1	85.1
United States	107.8	113.4	114.1	107.4	102.6	100.0	98.4	94.0	90.8	96.2	92.7	88.8	91.3	92.4	93.7	93.5
Euro area	80.7	82.8	87.0	97.9	101.7	100.0	100.0	103.1	107.1	110.9	102.8	103.4	98.9	103.6	108.7	108.7

Note: For details on the method of calculation, see Sources & Methods of the *OECD Economic Outlook (http://www.oecd.org/eco/sources-and-methods.htm).*

1. On the technical assumption that exchange rates remain at their levels of 14 April 2014.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052555

Annex Table 38. **Export volumes of goods and services**

National accounts basis, percentage change from previous year

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	10.3	12.2	0.3	4.5	11.3	2.7	0.6	-1.7	3.9	3.0	3.2	3.2	3.5	2.5	5.3	-0.5	6.3	6.7	6.6	7.3
Austria	3.6	12.4	8.2	6.0	14.1	6.2	3.4	1.7	9.2	8.0	8.5	8.5	-0.1	-14.1	8.4	6.8	1.6	2.4	4.4	5.5
Belgium	3.7	10.0	4.8	4.5	11.8	1.1	2.5	0.5	6.2	3.8	5.4	5.2	1.4	-9.4	8.1	6.4	1.8	2.0	3.4	4.7
Canada	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	-13.1	6.9	4.7	1.5	2.1	4.1	6.6
Chile	11.8	11.2	5.3	6.4	5.1	6.9	2.0	6.7	14.0	2.8	5.3	7.0	-0.4	-4.8	2.4	5.3	1.1	4.5	3.6	5.3
Czech Republic	5.7	9.6	11.7	5.2	18.3	11.6	2.3	7.6	13.1	11.9	14.3	11.2	3.5	-10.5	15.0	9.6	4.7	0.2	5.0	5.4
Denmark	4.2	4.9	4.1	11.6	12.7	3.1	4.1	-1.0	2.8	8.0	9.0	2.8	3.3	-9.5	3.0	7.0	0.4	1.2	3.6	4.5
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	-21.3	23.7	23.4	5.6	1.8	0.5	5.1
Finland	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	7.9	2.8	-0.2	0.3	2.4	4.3
France	3.4	13.0	8.3	4.3	12.8	2.6	1.5	-1.2	4.1	3.1	5.5	2.3	-0.6	-11.9	9.0	5.6	2.5	0.8	4.1	5.7
Germany	6.6	11.6	7.1	5.4	13.9	6.8	4.3	2.4	9.6	8.0	13.6	8.3	2.3	-13.0	14.8	8.1	3.8	1.0	5.1	4.6
Greece	3.5	20.0	5.3	18.1	14.1	0.1	-8.3	2.9	17.3	2.5	4.0	7.1	1.7	-19.4	5.2	0.3	-1.7	1.8	4.5	7.7
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	11.3	8.4	1.7	5.3	5.3	5.4
Iceland	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	0.5	3.8	3.8	5.3	2.4	3.1
Ireland	12.5	17.6	23.1	15.6	20.9	8.5	4.9	0.7	7.6	4.4	5.0	8.4	-1.1	-3.8	6.4	5.3	1.6	0.1	2.8	3.1
Israel	5.9	9.1	6.8	14.2	23.7	-11.2	-2.2	8.1	17.6	4.4	5.5	10.4	6.2	-11.0	14.0	7.3	1.0	1.0	4.6	6.1
Italy	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	6.9	2.0	0.0	3.8	4.6
Japan	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	24.4	-0.4	-0.1	1.6	4.8	6.9
Korea	11.6	19.8	12.9	14.4	18.1	-2.3	13.0	13.9	20.6	7.8	12.1	12.7	7.5	-0.3	12.7	15.1	5.1	4.3	5.9	8.5
Luxembourg	2.3	11.4	11.2	14.3	12.6	4.4	2.1	6.9	11.1	4.4	12.9	9.0	4.4	-13.0	7.3	5.5	-1.9	2.6	3.2	3.3
Mexico	18.2	8.5	7.5	6.5	11.0	-3.4	2.0	0.9	9.2	5.6	7.8	3.6	-1.2	-11.8	20.6	8.3	5.9	1.3	5.7	7.8
Netherlands	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	11.6	4.1	3.2	1.4	2.6	4.4
New Zealand	3.8	3.6	1.6	8.4	7.3	3.5	6.8	1.9	5.9	-0.7	2.3	4.7	-1.0	1.8	3.4	2.5	2.2	1.0	3.3	3.6
Norway	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	0.4	-0.7	1.1	-3.9	1.5	2.2
Poland	12.0	12.2	14.4	-2.5	23.2	3.1	4.8	14.2	14.0	8.0	14.6	9.1	7.1	-6.8	12.1	7.7	3.9	4.3	5.4	6.0
Portugal	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	10.2	6.9	3.2	6.1	4.5	5.1
Slovak Republic	-1.4	10.0	21.0	12.2	8.9	6.9	5.2	15.9	7.4	10.0	21.0	14.3	3.1	-16.3	16.0	12.2	9.9	4.5	6.2	6.1
Slovenia	2.7	11.1	7.5	1.6	13.1	6.4	6.8	3.1	12.4	10.6	12.5	13.7	4.0	-16.1	10.2	7.0	0.6	2.9	4.0	5.0
Spain	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	11.7	7.6	2.1	4.9	5.6	6.3
Sweden	4.8	13.6	9.1	6.9	11.4	1.8	0.9	4.3	9.5	7.0	9.4	6.2	0.4	-12.5	10.0	6.4	1.1	-0.9	3.2	5.1
Switzerland	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	7.7	3.8	2.5	2.0	3.4	4.7
Turkey	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	7.9	16.3	0.1	7.9	8.1
United Kingdom	7.4	7.6	3.3	3.1	9.4	2.4	1.9	2.8	4.8	9.1	12.0	-2.1	1.1	-8.7	6.7	4.5	1.7	1.0	3.8	4.1
United States	8.2	11.9	2.3	4.6	8.4	-5.6	-1.9	1.6	9.4	6.0	8.9	8.9	5.7	-9.1	11.5	7.1	3.5	2.7	2.7	5.3
Total OECD	6.6	11.0	5.3	5.3	11.8	0.6	2.0	2.5	8.5	5.9	8.9	6.5	1.9	-11.2	11.4	6.2	2.9	1.9	4.1	5.5

Note: Regional aggregates are calculated inclusive of intra-regional trade as the sum of volumes expressed in 2005 $.
Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052574

Annex Table 39. **Import volumes of goods and services**

National accounts basis, percentage change from previous year

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	8.0	10.5	6.8	8.4	7.6	-4.6	11.1	10.9	15.4	8.8	8.5	13.1	10.5	-8.8	15.3	10.6	6.3	-2.7	-0.2	3.4
Austria	3.5	8.1	4.8	4.9	11.0	5.2	-0.2	3.9	9.1	7.4	5.8	6.7	-1.3	-12.2	8.4	7.5	0.0	0.9	3.3	5.2
Belgium	4.1	8.9	5.6	2.7	12.3	0.0	0.7	0.5	6.1	5.1	5.0	5.4	2.7	-8.8	7.5	6.9	1.3	1.4	2.7	4.3
Canada	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	5.7	3.1	1.1	3.1	5.0
Chile	11.8	13.2	6.7	-9.9	9.9	4.5	2.0	9.6	18.1	17.2	11.4	14.2	11.5	-16.2	25.8	15.8	4.9	2.4	1.5	5.0
Czech Republic	12.2	6.5	7.1	4.5	17.0	12.4	4.5	7.4	9.5	6.1	11.2	12.8	2.3	-11.7	14.9	7.0	2.5	0.6	4.6	5.3
Denmark	3.3	9.5	8.5	3.5	13.0	1.9	7.5	-1.6	7.7	11.1	13.4	4.3	3.3	-12.3	3.5	5.9	0.9	1.7	3.0	4.2
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	-31.1	21.1	28.4	8.8	2.6	0.7	5.7
Finland	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	6.8	6.2	-0.7	-1.8	1.9	3.1
France	2.2	7.9	11.6	6.2	15.5	2.2	1.8	1.0	5.1	5.7	5.6	5.5	0.6	-9.5	8.6	5.3	-0.9	0.8	3.3	5.1
Germany	4.6	8.7	9.0	8.3	11.0	1.6	-1.2	5.4	7.4	6.4	12.2	5.6	3.0	-7.8	12.3	7.5	1.8	1.0	4.8	6.0
Greece	7.0	14.2	9.2	15.0	15.1	1.2	-1.2	2.9	5.7	-1.5	11.1	14.5	0.9	-20.2	-6.2	-7.3	-13.8	-5.3	-2.1	2.2
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	10.9	6.4	-0.1	5.3	4.6	5.0
Iceland	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	6.7	4.7	-0.1	3.9	6.3
Ireland	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	-0.4	0.0	1.0	4.0	2.9
Israel	7.3	4.0	1.8	15.6	12.2	-5.3	-1.4	-1.2	11.9	3.3	3.2	10.9	2.3	-13.7	15.3	10.5	2.3	-0.3	5.3	6.7
Italy	-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	1.4	-7.1	-2.9	2.4	4.0
Japan	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	11.1	5.9	5.3	3.4	7.1	4.5
Korea	14.7	4.2	-22.0	26.4	22.6	-3.6	15.0	10.6	12.3	7.8	12.4	11.6	3.2	-6.8	17.3	14.3	2.4	1.6	5.0	8.9
Luxembourg	5.3	12.6	11.8	14.8	10.6	6.0	0.8	6.9	11.8	4.1	12.8	9.3	6.2	-15.4	11.4	7.4	-1.0	1.3	2.4	3.3
Mexico	34.7	18.5	14.5	14.1	20.5	-0.3	2.2	3.3	8.8	8.5	10.5	5.3	3.4	-16.4	20.3	8.1	4.2	1.5	3.3	7.1
Netherlands	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	10.3	4.2	3.3	-0.2	3.1	3.8
New Zealand	7.4	2.5	0.4	11.8	-0.3	2.2	9.8	8.5	16.7	6.2	-2.4	9.3	2.9	-14.2	10.9	6.9	2.6	6.3	6.9	5.4
Norway	8.8	12.5	8.8	-1.6	2.0	1.7	1.0	1.2	9.0	7.9	9.1	10.0	3.9	-12.5	9.0	3.8	2.3	2.5	2.5	3.5
Poland	28.0	21.4	18.6	1.0	15.5	-5.3	2.8	9.6	15.8	4.7	17.3	13.7	8.0	-12.4	13.9	5.5	-0.7	0.7	3.9	6.3
Portugal	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	8.0	-5.3	-6.6	2.8	3.3	3.1
Slovak Republic	17.3	10.2	19.1	0.4	8.1	13.4	4.4	7.4	8.3	12.3	17.8	9.2	3.1	-18.9	14.9	9.7	3.3	2.9	5.7	5.4
Slovenia	2.1	11.3	9.6	7.8	7.1	3.1	4.9	6.7	13.3	6.7	12.2	16.7	3.7	-19.2	7.4	5.6	-4.7	1.3	2.2	2.6
Spain	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	9.3	-0.1	-5.7	0.4	2.6	3.8
Sweden	3.4	12.8	11.1	4.7	12.0	-1.6	-1.3	3.9	5.8	6.9	9.5	9.3	3.1	-14.1	11.5	7.2	-0.1	-1.0	2.8	4.6
Switzerland	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	8.4	4.2	3.1	1.6	5.4	5.2
Turkey	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	10.7	-0.4	8.5	2.7	9.7
United Kingdom	9.6	10.0	9.3	7.5	9.5	4.8	5.2	2.7	7.0	6.9	10.0	-1.5	-1.7	-10.7	7.9	0.3	3.4	0.5	2.9	3.7
United States	8.7	13.5	11.7	11.4	12.8	-2.9	3.4	4.3	11.0	6.1	6.1	2.3	-2.6	-13.7	12.8	4.9	2.2	1.4	3.1	7.2
Total OECD	7.7	10.3	7.7	8.2	12.3	0.2	2.5	4.1	8.7	6.4	8.2	5.2	0.4	-11.9	11.5	5.4	1.3	1.0	3.6	5.5

Note: Regional aggregates are calculated inclusive of intra-regional trade as the sum of volumes expressed in 2005 $.
Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052593

Annex Table 40. **Export prices of goods and services**

National accounts basis, percentage change from previous year, national currency terms

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	-2.3	-0.6	2.1	-4.7	12.4	5.9	-2.2	-5.4	4.1	11.9	12.6	1.0	22.2	-12.2	8.2	11.2	-9.7	-0.6	3.7	1.1
Austria	0.6	0.9	0.1	0.6	1.3	0.7	0.3	-0.3	1.1	1.8	2.6	1.6	2.3	-2.2	2.6	3.7	1.1	-0.2	0.9	1.2
Belgium	-1.4	1.2	-1.0	-0.2	5.6	1.4	-0.6	-1.4	2.1	4.0	2.3	2.4	4.1	-5.3	4.7	3.9	1.3	-0.6	0.7	1.6
Canada	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	-9.6	1.5	6.9	-0.4	1.4	1.3	1.2
Chile	-8.1	-1.1	-3.5	7.9	10.9	6.5	5.8	11.0	13.2	12.0	23.3	6.1	-4.4	-3.3	15.0	3.7	-4.9	-3.7	8.6	4.2
Czech Republic	5.1	4.4	2.9	0.7	2.9	-0.7	-5.8	-0.2	2.3	-2.5	-1.8	0.1	-4.5	0.3	-1.3	0.8	3.1	1.6	2.8	1.0
Denmark	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	8.7	1.2	3.6	0.8	-0.1	0.9
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	-1.8	3.2	4.5	1.7	1.0	0.8	1.5
Finland	-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	3.8	4.3	1.2	-0.9	-0.2	1.6
France	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	3.3	1.2	-0.1	0.3	1.3
Germany	-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	-2.8	2.4	2.9	1.3	-0.5	-0.1	0.7
Greece	5.6	3.6	4.1	1.9	8.0	3.8	2.3	1.6	2.3	6.1	3.3	2.6	4.3	-1.8	5.5	5.4	2.7	-1.2	-1.8	-1.9
Hungary	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	3.6	3.1	0.0	2.1	1.9
Iceland	-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	12.6	8.8	7.1	1.1	-3.4	1.0	4.7
Ireland	-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	1.4	1.3	0.4	4.2	0.1	0.8	1.3
Israel	7.8	6.3	6.7	9.7	-1.9	0.8	11.9	-1.9	0.9	5.0	2.2	-3.7	-5.9	3.3	-2.3	0.9	8.5	-5.4	-0.1	1.6
Italy	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	2.7	4.0	1.8	0.0	0.7	1.9
Japan	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	-2.2	-2.0	9.3	3.3	1.2
Korea	-2.0	5.0	22.7	-19.6	-3.6	3.7	-7.7	-0.9	4.9	-6.4	-5.4	1.1	25.6	-0.4	1.3	3.2	-0.6	-4.8	-2.8	1.5
Luxembourg	6.8	1.6	0.6	5.3	9.7	-4.0	-0.1	-1.8	6.4	8.0	8.1	5.0	-1.3	-2.6	8.6	5.2	4.2	2.4	1.2	0.5
Mexico	23.1	9.6	14.3	12.3	8.4	-2.3	2.6	13.2	9.0	4.1	7.5	5.1	9.5	9.4	-0.2	5.8	6.0	-1.1	2.0	2.2
Netherlands	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	4.6	1.7	-0.4	-0.1	0.7
New Zealand	-2.4	-2.3	4.7	0.0	13.7	7.1	-6.8	-6.9	0.2	1.3	6.7	1.2	15.2	-7.9	2.9	5.7	-5.3	1.9	6.0	-0.6
Norway	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	-16.8	7.5	12.8	2.0	0.8	3.5	3.4
Poland	7.6	14.0	13.1	5.8	1.8	1.3	4.7	6.2	8.3	-2.6	2.3	2.7	-0.9	11.8	0.7	6.9	4.1	0.4	1.1	1.7
Portugal	-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	3.9	5.5	1.4	-0.7	0.2	0.7
Slovak Republic	4.3	6.5	-4.8	-1.1	17.3	4.9	1.0	1.5	1.8	1.6	2.2	0.5	1.4	-5.1	3.0	4.0	1.2	-1.8	-0.2	1.6
Slovenia	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	4.1	1.2	-0.3	0.5	1.6
Spain	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	-3.4	2.2	4.8	2.0	-0.9	-0.5	1.2
Sweden	-5.1	0.5	-1.9	-1.5	2.8	1.6	-1.2	-1.9	0.1	2.5	2.9	1.6	5.0	-0.6	0.3	-1.2	-1.3	-2.9	0.3	0.9
Switzerland	-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	-1.4	-2.5	0.7	-0.3	0.1	0.2
Turkey	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	23.8	2.9	7.6	13.5	3.0
United Kingdom	1.7	-4.1	-5.3	0.4	1.7	0.6	-1.1	1.8	-0.5	1.9	1.8	0.2	11.8	2.5	4.3	5.5	-1.2	1.2	-1.7	1.2
United States	-1.3	-1.8	-2.4	-0.8	2.1	-0.4	-0.5	2.2	3.7	4.4	3.6	3.4	4.6	-5.5	4.4	6.4	0.9	0.2	1.1	1.0
Total OECD	2.7	2.9	2.2	0.2	4.4	2.6	-0.3	0.4	2.2	2.3	3.0	1.9	5.1	-3.1	2.8	4.5	1.0	0.2	1.0	1.3

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 95 database.

StatLink http://dx.doi.org/10.1787/888933052612

Annex Table 41. **Import prices of goods and services**

National accounts basis, percentage change from previous year, national currency terms

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	-6.6	-1.6	6.4	-4.3	7.6	5.8	-4.1	-8.5	-5.0	0.6	4.2	-4.0	7.4	-2.4	-7.5	-1.3	0.9	3.6	7.3	1.2
Austria	2.3	1.8	0.4	0.5	3.0	0.5	-1.0	-0.6	1.3	2.6	3.3	2.5	3.5	-3.2	3.7	5.7	2.2	-0.6	1.1	1.5
Belgium	-0.6	1.5	-1.8	1.0	7.8	1.3	-1.8	-1.2	3.0	4.4	3.0	2.1	6.6	-8.4	6.3	5.3	1.5	-0.7	-0.3	1.6
Canada	-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	-3.3	3.4	0.5	1.4	2.3	1.3
Chile	5.4	-1.0	-0.1	4.2	8.2	9.7	3.9	3.4	-6.0	1.4	-0.5	4.2	15.1	-8.1	-1.8	3.7	-0.2	-0.5	7.9	3.8
Czech Republic	2.3	5.5	-0.7	1.4	6.6	-2.5	-8.2	-0.1	2.0	-0.2	0.7	-0.7	-3.1	-1.7	0.6	2.5	3.6	0.1	1.8	1.0
Denmark	-0.1	2.4	-2.1	-0.5	7.2	1.5	-2.5	-2.0	0.7	3.3	3.3	1.8	3.3	-8.2	4.8	3.7	3.7	-0.8	0.2	1.1
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	-3.0	5.2	5.6	2.7	-0.4	1.5	1.6
Finland	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	6.2	2.5	-1.0	-0.3	1.6
France	1.6	1.2	-2.8	-1.8	5.3	-0.6	-3.2	-1.7	1.3	3.1	3.6	0.7	3.8	-6.4	4.0	5.5	1.9	-0.8	0.3	1.1
Germany	0.1	2.8	-2.4	-1.5	7.5	0.5	-2.4	-2.6	-0.5	2.8	2.8	0.2	2.7	-6.6	4.5	5.3	1.7	-1.8	-0.5	0.6
Greece	5.0	2.8	3.8	1.7	9.3	3.0	0.8	-0.3	2.1	6.1	3.5	2.4	5.4	-1.2	5.1	6.5	4.1	-1.6	-0.8	-0.9
Hungary	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	4.1	-0.6	2.0	2.1
Iceland	3.1	0.0	-0.7	0.6	6.3	21.1	-2.3	-3.1	2.6	-5.4	17.4	2.1	44.3	24.8	2.7	8.9	4.8	-1.0	1.7	5.4
Ireland	-0.5	0.9	2.4	2.4	7.4	3.7	-1.1	-4.3	-0.1	1.7	1.9	1.5	1.9	-0.4	2.9	3.1	3.9	0.3	0.6	1.4
Israel	5.0	3.0	4.4	7.4	0.6	1.5	12.2	0.8	3.8	6.7	3.0	-1.8	-2.6	-4.1	0.1	4.5	5.0	-7.4	-3.1	1.4
Italy	-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	6.6	7.0	3.0	-1.9	0.2	2.9
Japan	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	4.5	5.8	-0.6	11.3	4.0	1.2
Korea	3.0	11.4	26.8	-17.0	4.0	6.4	-9.4	0.7	8.0	-2.9	-1.1	1.2	34.7	-4.1	1.1	8.1	-0.4	-6.9	-2.3	3.3
Luxembourg	5.8	5.2	1.6	3.0	12.3	-3.2	-1.0	-5.8	7.6	7.7	6.0	4.5	-0.7	-3.0	6.0	4.5	4.0	1.0	1.0	1.7
Mexico	16.5	6.7	13.7	5.0	0.9	-2.4	3.2	10.2	10.3	0.2	3.9	4.6	6.9	12.5	-1.3	5.9	7.2	-2.5	2.3	1.7
Netherlands	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	6.5	4.5	2.4	-1.0	-0.5	0.6
New Zealand	-3.5	-0.7	6.5	0.8	15.2	2.1	-5.9	-11.4	-4.4	0.8	9.9	-4.9	12.9	-1.7	-4.1	2.6	-1.0	-4.7	-1.0	1.5
Norway	0.8	0.3	1.2	-1.1	7.5	-0.1	-5.0	1.4	4.7	1.5	3.2	3.9	3.5	-0.1	0.9	3.2	0.7	2.7	3.0	2.2
Poland	10.4	15.7	10.9	7.1	7.9	1.3	5.4	6.7	4.8	-3.6	2.4	1.1	0.9	8.0	2.1	8.8	5.5	-0.6	1.3	2.3
Portugal	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	4.6	7.3	1.4	-1.8	-0.4	0.9
Slovak Republic	9.6	3.6	-2.4	0.3	14.1	6.0	1.0	1.9	2.1	1.7	3.6	1.6	3.0	-4.1	3.6	5.3	2.5	-1.4	0.1	1.7
Slovenia	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	-4.5	6.5	5.6	2.2	-1.1	0.3	2.5
Spain	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	-7.1	4.4	8.2	4.3	-1.6	-0.2	1.3
Sweden	-3.9	0.4	-1.0	1.1	4.1	4.0	0.1	-2.1	0.9	4.5	3.4	0.5	4.3	0.3	0.1	-0.5	-1.0	-3.0	0.5	1.0
Switzerland	-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	-0.7	-2.1	0.5	0.2	0.4	0.2
Turkey	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	30.2	5.6	4.2	14.2	2.5
United Kingdom	0.1	-7.0	-6.1	-0.7	2.6	-0.2	-2.4	0.5	-0.7	3.6	2.4	0.2	12.7	3.1	4.6	7.2	-0.9	0.3	-1.7	1.0
United States	-1.7	-3.5	-5.4	0.7	4.6	-2.4	-1.1	3.6	4.9	6.2	4.2	3.7	10.5	-10.5	6.0	7.8	0.5	-0.9	1.2	0.9
Total OECD	2.5	2.7	1.3	0.3	6.4	2.2	-1.2	0.1	2.6	3.4	4.0	1.8	7.9	-5.6	3.6	6.6	1.8	-0.5	1.2	1.4

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 95 database.

StatLink http://dx.doi.org/10.1787/888933052631

Annex Table 42. **Competitive positions: relative consumer prices**

Indices, 2005 = 100

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	80.9	88.5	87.6	80.9	81.7	78.2	75.0	79.2	89.6	97.2	100.0	99.4	104.9	102.8	100.0	113.4	121.5	122.9	117.8
Austria	104.9	102.5	98.4	99.2	98.4	95.3	95.6	96.5	99.7	100.8	100.0	99.2	99.7	99.9	100.7	97.6	98.0	96.5	98.5
Belgium	97.5	95.2	91.8	92.3	93.2	90.9	91.8	93.4	98.2	100.1	100.0	99.6	100.3	103.1	103.1	99.6	100.6	98.6	100.2
Canada	86.8	86.9	86.8	83.2	82.2	83.1	81.4	81.0	89.8	94.4	100.0	105.6	109.0	106.1	101.6	110.3	112.0	111.5	108.1
Chile	..	..	102.4	101.5	95.5	94.5	88.9	94.3	87.8	93.8	100.0	104.6	103.0	104.4	100.5	106.1	107.3	110.1	110.1
Czech Republic	67.0	71.3	72.1	79.6	79.4	80.4	85.6	95.4	93.5	94.6	100.0	105.2	108.1	124.0	119.2	120.5	123.0	119.1	116.6
Denmark	96.6	95.2	92.2	94.8	95.2	91.2	92.5	95.0	100.3	101.3	100.0	99.7	100.3	101.9	104.7	100.2	99.7	97.1	98.2
Estonia	..	..	81.1	86.0	92.4	89.1	91.4	94.1	97.7	99.7	100.0	101.2	105.7	113.1	114.9	110.5	111.9	110.6	113.8
Finland	108.1	101.8	97.5	99.9	100.4	95.6	96.7	98.3	103.0	103.0	100.0	98.7	99.9	101.6	102.8	96.5	96.3	93.6	95.5
France	103.6	103.0	98.2	99.5	97.5	92.5	92.5	94.4	99.5	101.3	100.0	99.4	99.8	100.5	100.7	96.9	96.2	93.4	94.6
Germany	111.4	106.9	101.2	102.7	100.8	94.5	94.5	95.8	100.6	102.1	100.0	99.1	100.4	100.5	101.3	95.9	94.9	91.9	94.0
Greece	91.9	94.5	94.6	93.3	94.2	88.0	88.7	91.6	97.4	99.8	100.0	100.8	102.5	104.7	106.4	105.2	105.9	102.1	101.1
Hungary	66.8	67.5	71.2	72.0	74.7	75.0	81.1	89.7	92.2	98.3	100.0	95.1	106.1	109.2	102.7	103.6	103.4	100.3	99.6
Iceland	79.0	78.4	79.6	81.9	84.0	86.8	76.5	81.7	86.1	88.4	100.0	93.3	97.1	76.2	62.3	65.5	66.3	66.6	69.2
Ireland	86.6	88.0	87.1	85.7	84.1	81.2	84.2	89.0	97.7	100.3	100.0	101.7	106.7	111.8	107.6	99.7	99.9	95.4	97.0
Israel	..	..	129.1	126.1	121.8	129.9	128.9	117.0	110.2	102.8	100.0	99.4	100.1	111.6	109.0	114.1	115.3	109.7	117.0
Italy	84.0	93.0	92.8	94.7	94.3	90.2	91.3	93.9	99.6	101.4	100.0	99.7	100.2	101.0	102.3	97.7	97.6	95.8	97.5
Japan	130.6	109.2	102.9	104.7	117.2	124.1	111.3	104.2	104.9	106.3	100.0	90.5	83.0	90.0	100.9	100.8	102.3	101.0	81.7
Korea	94.3	97.7	91.8	70.5	81.1	87.9	82.7	86.9	88.1	89.4	100.0	107.0	105.6	86.2	76.4	82.4	82.7	82.3	86.3
Luxembourg	103.6	101.1	96.9	97.6	96.5	94.0	94.6	95.7	99.0	100.2	100.0	100.7	101.6	102.6	103.3	100.9	101.5	100.0	101.5
Mexico	67.4	75.3	87.2	88.4	96.9	105.6	113.1	113.5	100.8	96.4	100.0	99.9	98.7	96.8	85.1	91.6	91.6	89.0	94.3
Netherlands	99.5	96.7	91.3	94.0	93.9	89.4	91.9	95.1	100.5	101.4	100.0	98.8	99.2	99.7	101.3	96.7	96.2	93.8	96.8
New Zealand	85.6	90.8	92.1	82.1	78.4	71.0	70.0	77.0	88.2	94.8	100.0	92.8	99.3	92.7	86.9	94.2	98.0	100.6	103.6
Norway	93.5	92.4	92.9	91.0	91.7	89.8	92.9	101.0	100.9	96.7	100.0	99.5	99.6	100.1	98.0	102.0	102.4	101.8	100.4
Poland	74.2	79.6	81.8	87.7	86.5	94.5	105.9	101.5	90.7	89.9	100.0	101.8	105.2	114.8	97.4	102.7	101.0	98.4	98.9
Portugal	93.6	93.5	91.9	92.6	92.8	90.6	93.0	95.7	99.7	100.8	100.0	100.5	101.3	101.4	100.7	98.0	98.8	97.7	97.8
Slovak Republic	65.0	64.8	67.7	69.4	70.2	76.5	77.1	78.7	89.3	97.9	100.0	105.1	116.0	125.9	135.0	129.1	130.3	130.0	131.8
Slovenia	..	..	92.6	97.4	98.0	95.5	95.4	97.4	100.8	101.0	100.0	100.1	101.6	103.9	105.5	101.9	100.9	99.2	100.8
Spain	91.2	92.7	88.1	89.5	89.5	87.3	89.3	92.4	97.2	99.5	100.0	101.4	102.9	105.1	105.2	101.9	102.4	100.3	102.1
Sweden	107.4	115.6	109.2	107.1	105.4	103.1	94.6	97.5	103.9	104.5	100.0	99.4	100.6	98.4	88.9	94.2	99.7	99.3	100.4
Switzerland	110.1	106.1	97.5	100.1	99.4	96.3	98.5	102.5	103.2	102.3	100.0	97.1	92.8	96.5	100.7	104.4	114.6	110.1	108.8
Turkey	66.2	66.9	70.8	78.4	83.2	92.4	75.2	82.3	87.2	90.2	100.0	99.1	107.3	108.5	102.2	112.1	99.3	103.0	101.6
United Kingdom	84.2	85.6	98.2	104.0	104.1	104.7	102.1	102.6	98.0	101.9	100.0	100.5	101.8	88.6	80.3	80.6	81.1	84.7	83.8
United States	88.4	91.1	95.7	103.0	102.4	106.2	112.2	112.5	105.9	101.5	100.0	99.3	95.0	91.6	95.6	91.4	87.2	89.2	89.8
Euro area	102.8	101.3	92.0	94.9	92.8	83.5	84.9	88.8	99.2	102.6	100.0	99.1	100.9	102.9	104.5	95.5	94.8	90.1	93.4

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 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 Sources & Methods of the *OECD Economic Outlook (http://www.oecd.org/eco/sources-and-methods.htm).*

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052650

Annex Table 43. **Competitive positions: relative unit labour costs**

Indices, 2005 = 100

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	75.8	84.4	85.8	79.4	82.4	78.4	72.9	76.5	87.2	96.2	100.0	100.3	109.2	107.5	101.5	119.6	131.1	132.6	125.7
Austria	115.2	110.5	105.4	106.0	105.8	100.2	98.4	97.6	101.1	101.2	100.0	99.8	100.2	100.8	102.2	99.6	98.8	98.0	100.6
Belgium	98.3	95.0	91.7	93.8	95.4	91.1	93.2	95.6	100.4	100.5	100.0	100.6	102.1	104.2	105.1	100.9	102.4	101.5	103.8
Canada	83.8	84.4	84.6	80.7	79.6	80.9	78.8	78.4	87.6	93.4	100.0	107.8	112.4	110.9	107.3	116.6	119.0	120.2	118.1
Czech Republic	60.0	66.7	69.5	73.8	75.0	74.7	79.4	91.6	91.8	95.0	100.0	103.9	107.1	118.8	111.1	111.8	113.8	109.7	106.8
Denmark	91.0	90.4	87.9	92.1	93.1	87.5	89.8	92.9	98.7	100.1	100.0	100.6	104.4	107.9	112.2	106.5	104.1	100.1	101.8
Estonia	..	72.4	72.6	79.8	91.2	85.9	85.0	87.6	94.0	97.7	100.0	106.2	119.7	132.3	131.4	118.8	113.5	111.4	120.5
Finland	103.9	97.9	92.7	97.0	100.0	93.0	94.1	95.3	100.2	100.7	100.0	97.4	96.0	98.8	105.2	97.9	97.4	95.7	98.9
France	98.7	98.7	94.2	95.5	95.1	90.5	90.6	93.6	99.0	100.6	100.0	99.9	100.6	101.1	101.6	98.8	98.2	95.5	97.2
Germany	124.1	118.3	108.8	110.6	109.8	102.5	99.6	99.9	104.8	105.0	100.0	95.3	93.2	92.6	95.9	90.6	89.8	87.8	90.9
Greece	79.8	81.0	85.1	86.4	89.9	83.5	81.7	91.0	95.7	99.4	100.0	97.9	100.6	103.4	106.6	102.2	98.6	88.4	82.5
Hungary	60.2	59.4	63.9	64.8	65.9	68.6	75.8	87.1	92.0	97.3	100.0	94.7	105.0	105.7	95.6	93.4	92.6	87.4	89.2
Iceland	67.1	67.5	68.5	74.9	80.3	84.0	73.8	80.2	85.8	87.2	100.0	98.4	106.4	77.0	52.1	58.3	60.5	61.4	64.3
Ireland	83.5	83.6	82.6	81.8	81.4	76.4	79.6	82.1	91.8	97.0	100.0	102.3	106.6	113.6	108.5	97.3	92.8	87.2	88.7
Israel	..	120.3	128.7	128.2	126.4	136.1	139.2	121.2	110.7	102.7	100.0	100.6	101.1	109.3	101.8	107.1	108.3	103.8	111.8
Italy	78.7	89.1	90.8	89.7	90.2	84.8	85.7	89.5	96.6	99.1	100.0	100.6	101.5	103.2	105.5	100.6	99.9	97.3	99.8
Japan	145.0	121.5	114.9	118.3	133.3	139.7	122.5	112.5	109.6	107.4	100.0	88.6	79.1	86.0	97.2	94.7	97.7	94.7	76.7
Korea	99.1	106.5	96.8	70.6	79.0	84.7	79.3	83.7	87.3	89.0	100.0	104.8	102.8	81.9	71.6	76.5	75.7	75.3	79.7
Luxembourg	97.8	98.3	94.0	93.2	92.3	90.5	94.0	95.1	98.0	99.5	100.0	100.2	100.9	106.9	112.6	111.1	113.0	113.2	116.3
Mexico	60.8	61.7	71.8	74.4	84.1	95.4	105.9	110.3	99.9	95.4	100.0	100.1	98.8	99.0	87.2	91.9	92.2	89.0	95.4
Netherlands	93.9	90.9	86.2	90.5	91.7	88.6	91.3	96.2	102.5	103.2	100.0	98.8	99.7	100.2	102.8	97.9	97.1	94.4	96.5
New Zealand	79.2	85.0	86.4	77.5	73.7	66.1	66.3	72.6	84.8	92.9	100.0	93.4	101.9	97.1	88.8	96.5	99.2	101.6	107.2
Norway	81.3	80.8	82.0	84.1	87.7	85.2	87.9	97.7	97.3	94.5	100.0	104.3	112.0	118.4	115.1	122.0	129.2	131.6	133.9
Poland	83.0	90.9	95.7	104.1	102.6	106.1	117.7	107.7	93.8	89.3	100.0	102.2	107.3	120.3	97.7	103.6	100.2	95.3	97.3
Portugal	85.2	86.0	86.4	88.3	89.2	88.8	89.9	92.8	97.2	98.5	100.0	99.4	99.0	98.9	99.5	96.9	95.3	89.6	92.3
Slovak Republic	75.7	76.6	82.6	84.9	83.2	88.5	84.0	85.8	92.5	95.8	100.0	103.3	111.0	117.9	126.6	121.2	121.1	118.5	117.9
Slovenia	..	95.6	94.2	97.7	97.6	95.7	96.2	96.4	99.5	100.8	100.0	99.6	100.6	102.6	108.5	104.3	101.6	97.6	96.5
Spain	85.4	87.6	85.5	87.7	88.4	86.6	87.7	90.8	96.0	98.7	100.0	102.1	105.8	108.9	107.4	102.2	99.9	91.6	90.0
Sweden	97.3	110.1	104.9	103.3	101.1	103.9	97.1	98.6	104.0	104.4	100.0	97.5	100.3	97.0	89.1	92.9	96.9	98.0	100.1
Turkey	82.5	80.8	84.4	91.0	118.6	128.0	94.5	95.5	89.1	88.4	100.0	94.4	98.0	102.2	94.1	103.7	90.1	94.7	100.0
United Kingdom	73.4	74.3	86.4	94.9	98.4	101.6	100.8	101.3	96.8	102.0	100.0	101.6	102.3	88.1	80.7	80.8	79.4	82.2	80.8
United States	90.7	94.1	99.6	109.1	109.8	114.7	118.5	116.5	108.3	103.5	100.0	98.5	94.7	89.7	91.2	87.1	82.4	83.0	83.6
Euro area	104.3	103.1	93.1	95.9	96.0	85.5	84.9	89.3	100.5	103.2	100.0	97.5	98.1	99.9	103.7	94.3	92.4	86.8	90.3

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 Sources & Methods of the *OECD Economic Outlook (http://www.oecd.org/eco/sources-and-methods.htm)*.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052669

Annex Table 44. **Export performance for total goods and services**

Percentage change from previous year

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	1.3	-0.5	-1.6	2.5	-5.2	-9.7	-8.7	-6.0	-6.0	-4.3	-1.7	13.4	-8.2	-8.2	1.4	2.3	1.4	0.2
Austria	0.0	-0.1	2.1	4.0	1.6	-3.5	0.2	0.7	-2.1	0.8	-3.0	-3.6	-3.1	0.3	-0.1	0.7	0.3	-0.1
Belgium	-4.1	-2.4	-0.4	-0.6	0.5	-3.6	-2.2	-3.2	-3.9	-1.0	-1.3	1.2	-2.9	0.4	0.0	0.6	-0.2	-0.8
Canada	-0.6	0.5	-3.3	-1.0	-2.3	-6.2	-4.9	-4.1	-5.7	-2.2	-3.3	-0.3	-5.4	-0.6	-1.1	0.2	0.6	-0.4
Chile	2.1	0.8	-6.6	6.4	-0.8	-0.4	2.1	-5.0	-4.2	-1.3	-4.1	5.2	-11.3	-2.2	-2.1	0.4	-1.3	-1.3
Czech Republic	1.8	-0.5	6.1	8.7	0.7	2.2	3.9	4.1	2.6	3.4	0.5	1.1	2.9	2.6	2.9	-1.3	0.8	-0.1
Denmark	-3.9	5.4	1.1	2.1	2.2	-5.5	-5.6	0.5	-0.8	-4.1	0.7	2.3	-7.6	0.9	-1.4	-0.3	-0.1	-0.8
Estonia	5.1	-3.1	13.4	2.1	-5.4	2.9	4.8	8.8	-3.8	-5.1	-4.2	-8.1	11.9	14.9	3.3	0.7	-2.4	0.4
Finland	3.4	7.3	3.9	-0.6	-0.4	-7.9	-2.4	-1.9	0.5	-1.9	1.0	-8.9	-4.6	-5.2	-3.5	-2.2	-1.0	-0.8
France	0.7	-1.7	1.3	1.0	-1.2	-6.0	-4.8	-3.9	-3.8	-4.6	-3.0	-1.2	-1.8	0.3	0.7	-1.3	0.2	0.2
Germany	-0.4	-0.2	1.2	4.9	1.1	-2.3	0.1	0.5	3.8	0.6	0.0	-1.4	3.1	2.2	2.2	-1.1	1.4	-0.8
Greece	-2.0	13.3	3.6	-1.3	-11.4	-2.7	6.6	-5.1	-5.0	-1.2	-2.2	-9.2	-5.0	-5.7	-4.7	-0.5	0.7	1.7
Hungary	7.7	5.3	7.6	5.4	2.0	0.9	5.7	3.8	7.7	6.6	2.7	1.2	0.1	1.8	-0.1	3.7	1.3	-0.1
Iceland	-5.8	-2.9	-6.3	5.1	1.1	-2.1	0.1	0.6	-13.0	11.4	5.5	20.4	-8.5	-0.8	2.2	3.9	-1.2	-1.7
Ireland	14.3	7.9	8.1	7.3	2.1	-3.1	-0.8	-2.1	-3.4	3.6	-1.9	7.8	-4.0	0.5	-0.1	-1.3	-0.8	-2.1
Israel	-0.4	6.7	9.5	-10.3	-5.7	2.2	5.6	-3.3	-3.1	4.2	3.5	0.2	0.3	0.5	-2.1	-1.5	1.0	-0.6
Italy	-5.4	-6.7	0.9	0.4	-5.8	-5.9	-3.9	-3.2	-1.0	-2.5	-5.8	-7.4	0.2	0.8	-0.2	-2.3	0.0	-0.9
Japan	-3.5	-5.7	-2.3	-5.9	0.4	-0.1	-0.2	-2.4	0.0	0.4	-1.8	-17.2	7.4	-7.3	-3.9	-2.8	-0.3	-0.4
Korea	10.9	7.8	3.3	-2.9	5.5	2.9	5.3	-1.5	1.4	3.4	3.2	8.1	-2.5	6.9	0.5	-1.2	0.2	1.1
Luxembourg	2.7	7.7	0.6	2.7	0.7	3.2	3.4	-1.9	3.6	3.1	3.0	-2.8	-3.0	0.2	-2.7	1.5	-0.6	-1.7
Mexico	-3.0	-3.4	-1.1	-1.1	-1.1	-3.6	-1.7	-0.8	1.0	0.2	0.1	1.4	6.9	2.9	3.4	-0.5	2.3	0.8
Netherlands	-1.1	2.5	1.3	0.3	-1.2	-2.7	-0.6	-1.0	-2.2	-0.2	-0.3	3.4	0.7	-1.8	1.7	-0.2	-1.1	-0.9
New Zealand	-1.0	2.2	-4.1	4.5	0.7	-5.4	-5.9	-8.4	-6.3	-3.5	-5.7	13.2	-9.1	-4.8	-2.2	-0.9	-0.2	-2.1
Norway	-7.1	-3.7	-7.8	2.8	-2.9	-3.7	-6.6	-6.2	-9.3	-3.3	-1.3	7.8	-9.3	-5.4	-0.9	-5.0	-1.8	-2.7
Poland	5.9	-7.3	10.4	0.2	2.9	8.6	4.7	0.4	3.3	0.9	3.5	5.7	0.3	0.6	1.7	2.7	1.6	0.7
Portugal	-1.1	-3.4	-2.5	-0.7	-0.1	-0.9	-4.2	-6.5	2.1	0.6	-0.8	0.8	0.1	2.7	2.7	4.4	0.8	0.0
Slovak Republic	11.0	6.0	-3.3	3.6	3.2	9.8	-1.7	3.1	9.1	5.3	0.3	-5.5	3.7	5.3	8.5	3.1	2.2	0.7
Slovenia	-0.5	-2.7	1.8	3.1	4.9	-1.9	3.3	3.0	1.9	4.6	0.4	-4.7	-0.9	0.2	-0.9	1.4	0.3	-0.3
Spain	-0.9	1.6	-1.0	2.4	0.0	0.0	-3.7	-3.9	-2.2	0.4	-3.3	0.5	1.1	2.7	0.9	3.1	1.9	1.0
Sweden	1.4	2.1	0.2	0.4	-2.2	0.0	-0.1	-1.2	-0.5	-0.9	-2.8	-1.0	-0.7	0.4	-1.2	-2.8	-0.2	-0.2
Switzerland	-3.1	-0.1	0.8	-0.7	-2.1	-5.9	-1.3	0.3	0.2	2.6	0.3	3.3	-3.7	-2.3	0.7	0.0	-0.6	-1.0
Turkey	4.4	-14.9	4.9	0.7	3.2	1.5	1.6	-0.1	-3.2	-2.2	-2.0	6.3	-5.4	2.0	12.8	-2.3	3.7	2.4
United Kingdom	-4.6	-3.4	-2.8	1.4	-1.1	-1.8	-4.6	1.2	2.7	-9.0	-1.7	2.3	-3.9	-1.3	-0.7	-1.1	0.0	-1.6
United States	-1.6	-1.7	-3.8	-5.3	-5.0	-4.0	-1.2	-2.0	-0.2	1.1	1.8	2.0	-2.3	0.2	0.0	-0.3	-1.5	-0.7
Total OECD	-1.2	-1.1	-0.6	-0.2	-1.4	-3.0	-1.6	-1.7	-0.5	-0.7	-0.7	-0.4	-0.9	0.0	0.3	-0.7	-0.1	-0.5
China	3.5	6.2	13.1	6.5	21.2	19.4	11.8	14.7	14.2	12.4	5.3	2.2	12.7	2.2	1.7	5.8	3.5	2.7
Other industrialised Asia[1]	-0.1	-0.2	2.3	-2.6	2.0	0.8	1.5	2.3	1.5	0.0	1.2	-0.3	1.7	0.0	-1.2	0.2	0.1	0.1
Russia	-5.4	5.8	-1.8	2.6	6.4	5.8	1.5	-1.4	-2.5	-2.3	-3.2	5.5	-3.9	-5.7	-1.3	1.4	-0.7	-3.6
Brazil	-1.4	2.5	2.2	10.5	8.6	1.7	1.6	-0.4	-4.9	-3.5	-4.6	2.6	-2.9	-3.7	-2.3	-1.6	1.9	-0.8
Other oil producers	-0.1	-7.4	-3.4	0.9	-6.0	7.8	-2.1	0.1	-1.0	-1.8	0.7	5.6	-8.5	-0.9	4.3	-0.8	-2.3	-0.6
Rest of the world	-3.0	-0.7	-3.8	3.2	-0.4	-0.2	-0.4	-2.7	-3.3	-2.0	-0.2	5.5	-4.2	-0.8	-0.4	0.8	0.2	-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 Sources & Methods of the *OECD Economic Outlook (http://www.oecd.org/eco/sources-and-methods.htm).*

1. Chinese Taipei; Hong Kong, China; Malaysia; Philippines; Singapore; Vietnam; Thailand; India and Indonesia.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052688

Annex Table 45. **Shares in world exports and imports**

Percentage, value of goods and services, national accounts basis

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
A. Exports																	
Canada	4.0	4.2	4.1	3.8	3.6	3.4	3.4	3.2	2.9	2.7	2.5	2.5	2.5	2.5	2.4	2.2	2.2
France	5.4	4.9	5.0	5.0	5.0	4.8	4.4	4.2	4.1	3.9	3.9	3.5	3.4	3.2	3.3	3.3	3.3
Germany	8.9	8.0	8.7	9.0	9.4	9.3	8.9	9.0	9.2	8.9	8.9	8.4	8.3	8.0	8.1	8.3	8.1
Italy	4.1	3.8	4.0	3.9	4.0	3.9	3.6	3.5	3.6	3.4	3.2	2.9	2.9	2.7	2.8	2.8	2.8
Japan	6.4	6.6	5.7	5.6	5.5	5.5	5.1	4.8	4.5	4.4	4.1	4.5	4.1	3.9	3.5	3.4	3.4
United Kingdom	5.6	5.2	5.3	5.3	5.2	5.0	4.8	4.9	4.5	4.1	4.0	3.7	3.6	3.5	3.5	3.6	3.5
United States	14.0	14.0	13.5	12.6	11.3	10.5	10.3	10.1	9.7	9.4	10.1	9.9	9.5	9.9	9.9	9.7	9.5
Other OECD countries	27.3	26.7	27.3	27.6	28.1	28.2	27.6	27.2	27.6	27.5	27.9	26.7	26.6	25.9	26.1	26.4	26.3
Total OECD	75.8	73.4	73.6	72.8	72.0	70.6	68.2	66.8	66.1	64.4	64.6	62.2	60.9	59.7	59.4	59.8	59.1
China	3.1	3.6	3.9	4.6	5.2	5.8	6.6	7.2	7.8	8.1	8.5	9.3	9.5	10.1	10.6	10.7	10.8
Other industrialised Asia	11.8	12.5	11.8	12.0	11.6	11.6	11.7	11.7	11.6	11.4	12.0	13.0	12.9	13.0	13.1	13.1	13.4
Brazil	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	1.2	1.3	1.3
Russia	1.2	1.5	1.5	1.5	1.6	1.8	2.1	2.3	2.3	2.7	2.2	2.4	2.6	2.7	2.6	2.3	2.3
Other oil producers	3.1	4.2	3.9	3.9	4.3	4.7	5.9	6.3	6.4	7.3	6.3	6.7	7.5	8.0	7.9	7.8	7.9
Rest of the world	4.2	4.1	4.3	4.3	4.4	4.4	4.5	4.6	4.7	5.0	5.2	5.2	5.3	5.2	5.2	5.1	5.2
Total of non-OECD countries	24.2	26.6	26.4	27.2	28.0	29.4	31.8	33.2	33.9	35.6	35.4	37.8	39.1	40.3	40.6	40.2	40.9
B. Imports																	
Canada	3.7	3.7	3.5	3.4	3.2	3.0	3.1	3.0	2.8	2.6	2.7	2.7	2.6	2.7	2.6	2.5	2.4
France	5.0	4.7	4.8	4.8	4.9	4.7	4.6	4.4	4.4	4.3	4.3	3.9	3.9	3.6	3.6	3.7	3.6
Germany	8.7	8.0	8.1	7.9	8.4	8.2	7.9	8.0	8.0	7.9	8.1	7.6	7.6	7.2	7.3	7.5	7.4
Italy	3.9	3.7	3.8	3.8	3.9	3.8	3.7	3.7	3.7	3.5	3.3	3.2	3.1	2.7	2.6	2.6	2.6
Japan	5.5	5.7	5.4	5.0	4.8	4.7	4.7	4.5	4.2	4.4	4.1	4.2	4.4	4.6	4.2	4.2	4.2
United Kingdom	5.9	5.6	5.7	5.8	5.7	5.6	5.4	5.4	5.0	4.4	4.3	4.1	3.8	3.8	3.7	3.8	3.7
United States	17.9	18.8	18.4	18.0	16.7	16.1	16.1	15.5	14.2	13.3	12.9	13.0	12.4	12.6	12.4	12.3	12.3
Other OECD countries	26.6	26.0	26.1	26.5	27.1	27.2	26.9	26.9	27.7	27.6	26.9	26.0	26.0	25.1	24.9	25.1	25.0
Total OECD	77.2	76.1	75.8	75.2	74.6	73.4	72.2	71.4	70.0	68.1	66.7	64.7	63.9	62.3	61.3	61.7	61.2
China	2.7	3.2	3.6	4.1	4.9	5.4	5.6	5.9	6.2	6.4	7.2	8.3	8.9	9.3	9.8	9.9	10.0
Other industrialised Asia	10.8	11.7	11.0	11.0	10.6	11.0	11.2	11.1	11.0	11.3	11.6	12.8	12.8	13.3	13.3	13.1	13.4
Brazil	0.9	1.0	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	1.6
Russia	0.7	0.8	1.0	1.1	1.1	1.2	1.3	1.4	1.7	1.9	1.6	1.8	1.9	2.0	2.1	1.9	1.8
Other oil producers	2.6	2.6	2.8	3.2	3.3	3.4	3.6	3.8	4.3	4.8	5.4	5.0	4.8	5.2	5.5	5.6	5.7
Rest of the world	4.9	4.7	4.9	4.7	4.8	5.0	5.2	5.4	5.8	6.3	6.2	6.1	6.2	6.4	6.4	6.2	6.4
Total of non-OECD countries	22.8	23.9	24.2	24.8	25.4	26.6	27.8	28.6	30.0	31.9	33.3	35.3	36.1	37.7	38.7	38.3	38.8

Note: Regional aggregates are calculated inclusive of intra-regional trade.
Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052707

Annex Table 46. **Geographical structure of world trade growth**

Average of export and import volumes

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
A. Trade growth	Percentage change from previous year																
OECD America[1]	8.6	10.9	-3.6	1.4	2.8	9.7	6.0	6.7	4.7	0.5	-12.1	12.7	6.1	3.0	1.9	3.2	6.4
OECD Europe	5.8	12.4	2.9	1.8	2.6	7.3	6.3	9.5	5.8	1.0	-11.1	10.0	5.4	1.5	1.0	3.9	4.8
OECD Asia & Pacific[2]	6.9	13.1	-2.5	6.7	7.7	12.3	6.0	8.4	8.0	3.1	-12.5	15.6	7.2	3.4	2.5	5.3	6.7
Total OECD	6.8	12.1	0.4	2.2	3.3	8.6	6.1	8.6	5.8	1.1	-11.5	11.5	5.8	2.1	1.4	3.9	5.5
China	17.5	25.3	6.9	25.7	28.2	24.0	18.7	20.2	17.1	6.5	-4.0	24.4	9.6	5.7	9.5	8.3	9.2
Other industrialised Asia	2.4	17.9	-4.0	7.8	10.0	16.8	11.3	10.7	7.7	6.7	-10.1	17.9	7.5	4.0	4.5	4.5	7.4
Brazil	-6.8	11.6	5.8	-2.7	4.7	14.4	9.0	10.8	12.5	7.9	-8.4	24.5	7.6	0.4	5.9	4.5	5.5
Russia	2.4	15.3	8.4	11.7	14.2	15.7	10.1	12.6	14.4	7.0	-17.2	14.7	9.2	5.0	3.9	2.0	2.4
Other oil producers	-1.8	8.2	4.0	4.1	13.9	10.6	10.5	9.7	12.4	8.6	-4.2	3.0	5.4	8.4	5.1	4.3	6.4
Rest of the world	-0.4	5.1	4.6	1.2	7.1	11.7	8.1	9.3	10.9	7.8	-9.4	9.0	7.8	4.2	3.6	3.9	5.6
Total Non-OECD	2.2	14.0	1.5	8.1	13.1	16.0	11.9	12.4	11.5	7.2	-8.0	15.6	7.8	5.1	5.8	5.3	7.2
World	5.6	12.5	0.6	3.7	5.8	10.6	7.8	9.7	7.6	3.1	-10.4	12.9	6.5	3.2	3.0	4.4	6.1
B. Contribution to world trade growth	Percentage points																
OECD America[1]	1.8	2.3	-0.8	0.3	0.5	1.8	1.1	1.2	0.9	0.1	-2.1	2.1	1.0	0.5	0.3	0.5	1.0
OECD Europe	2.6	5.6	1.3	0.8	1.2	3.2	2.7	4.0	2.4	0.4	-4.5	4.1	2.1	0.6	0.4	1.4	1.8
OECD Asia & Pacific[2]	0.6	1.1	-0.2	0.6	0.7	1.1	0.5	0.7	0.7	0.3	-1.1	1.3	0.6	0.3	0.2	0.5	0.6
Total OECD	5.1	9.2	0.3	1.7	2.4	6.2	4.4	6.0	4.0	0.8	-7.7	7.6	3.8	1.4	0.9	2.5	3.5
China	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	0.2	0.2	0.2
Other industrialised Asia	0.2	1.7	-0.4	0.8	1.0	1.8	1.3	1.2	0.9	0.8	-1.2	2.2	0.9	0.5	0.6	0.6	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	0.1	0.0	0.0	0.0	0.0	0.0
Russia	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	0.0
Other oil producers	-0.1	0.4	0.2	0.2	0.6	0.5	0.5	0.5	0.6	0.4	-0.2	0.2	0.3	0.4	0.3	0.2	0.3
Rest of the world	0.0	0.3	0.2	0.1	0.3	0.6	0.4	0.5	0.5	0.4	-0.5	0.5	0.4	0.2	0.2	0.2	0.3
Total Non-OECD	0.6	3.4	0.4	2.0	3.3	4.4	3.4	3.7	3.5	2.3	-2.6	5.3	2.7	1.8	2.1	1.9	2.7
World	5.6	12.5	0.6	3.7	5.8	10.6	7.8	9.7	7.6	3.1	-10.4	12.9	6.5	3.2	3.0	4.4	6.1

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 95 database.

StatLink http://dx.doi.org/10.1787/888933052726

Annex Table 47. **Trade balances for goods and services**

$ billion, national accounts basis

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	-0.5	1.6	-6.5	-10.1	-4.3	2.1	-4.7	-14.3	-19.2	-14.8	-12.3	-22.7	-14.2	-9.9	6.4	12.1	-23.7	-6.9	3.2	15.5
Austria	-3.8	-1.2	1.4	2.5	3.4	4.5	9.5	9.3	11.2	11.8	16.6	21.6	23.7	17.0	15.9	13.0	13.5	18.5	22.3	23.6
Belgium	8.8	9.5	9.7	10.6	6.6	8.5	14.6	17.0	18.0	14.7	15.1	17.6	4.8	13.1	10.1	3.9	5.1	8.2	16.6	19.3
Canada	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	-20.2	-30.6	-22.3	-36.2	-30.9	-30.5	-24.1
Chile	-1.1	-1.7	-2.7	1.7	1.4	1.2	1.6	3.1	9.3	10.5	22.1	22.9	4.6	13.4	13.8	7.9	0.1	-1.0	1.5	2.2
Czech Republic	-3.4	-2.8	-0.3	-0.3	-1.3	-1.0	-0.9	-1.2	1.0	3.5	4.5	4.9	5.5	8.1	6.6	8.9	11.0	12.6	15.5	16.7
Denmark	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	17.4	17.5	16.0	18.7	20.7	22.3
Estonia	-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	0.8	0.1	0.2	0.0	-0.2
Finland	9.0	9.1	10.5	11.9	11.1	11.7	12.5	11.2	12.4	8.1	9.8	12.7	10.3	4.0	3.2	-1.9	-2.6	-0.3	0.3	1.7
France	24.8	40.6	37.3	31.4	13.2	15.5	22.0	15.7	8.3	-12.6	-23.8	-40.9	-59.7	-47.5	-58.1	-82.1	-57.4	-54.1	-52.0	-48.6
Germany	23.5	28.0	29.8	18.1	6.1	37.7	91.8	96.4	135.0	143.5	164.6	235.9	228.9	163.2	182.8	185.8	204.7	234.1	265.3	259.3
Greece	-14.1	-13.2	-14.7	-15.7	-17.3	-17.3	-20.2	-23.9	-23.2	-22.1	-30.0	-43.4	-49.8	-36.9	-27.4	-23.5	-12.0	-6.4	-2.5	0.9
Hungary	0.3	0.6	-0.6	-1.2	-1.6	-0.5	-1.3	-3.2	-3.7	-2.3	-1.0	1.2	0.6	6.3	7.3	8.9	9.2	10.4	12.2	13.3
Iceland	0.0	0.0	-0.4	-0.4	-0.6	-0.1	0.1	-0.3	-0.7	-2.0	-3.1	-2.2	-0.8	1.0	1.3	1.2	0.8	1.1	1.0	0.8
Ireland	8.7	10.4	10.2	13.3	12.9	16.3	21.3	25.5	27.8	23.9	21.6	23.5	23.8	36.4	39.2	48.9	51.1	51.0	53.0	55.8
Israel	-8.1	-5.6	-3.1	-3.2	-0.4	-3.3	-3.7	-1.2	-0.3	-0.7	0.2	-1.6	-1.6	5.8	4.0	-1.3	0.4	3.7	6.2	6.3
Italy	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	-11.2	-39.8	-30.8	21.4	51.2	66.8	69.5
Japan	21.8	46.3	73.3	70.6	68.6	26.6	53.5	71.7	91.1	64.6	54.7	73.6	8.3	18.8	65.5	-54.2	-117.5	-138.5	-171.4	-161.9
Korea	-17.8	-6.1	39.5	26.3	11.6	8.3	9.0	13.8	29.2	21.9	8.0	12.7	-2.1	41.4	34.7	17.9	34.5	65.9	73.0	64.1
Luxembourg	4.2	3.2	3.2	4.1	4.3	3.6	4.4	7.0	8.3	9.6	13.1	16.5	16.3	15.3	16.0	17.6	16.1	19.8	22.3	22.1
Mexico	11.0	5.7	-1.2	-1.6	-3.8	-9.0	-10.4	-10.1	-13.3	-12.4	-12.0	-16.5	-24.2	-13.0	-12.5	-14.5	-13.2	-8.5	0.1	5.5
Netherlands	22.1	21.9	18.9	17.4	21.3	23.2	28.7	33.9	45.0	54.5	52.5	64.6	72.5	55.9	62.7	71.5	64.8	81.2	85.9	94.7
New Zealand	1.1	0.9	0.7	0.1	1.1	2.2	1.7	1.7	0.6	-1.3	-0.8	-0.2	-1.1	2.8	3.4	3.5	1.1	2.0	4.2	2.1
Norway	14.3	13.0	2.8	11.6	28.7	29.0	25.8	29.1	34.9	49.3	58.5	54.2	80.0	47.1	50.4	67.0	66.7	52.6	53.6	56.6
Poland	-2.2	-6.1	-8.3	-9.9	-11.0	-7.0	-6.9	-5.8	-5.8	-2.2	-6.2	-12.3	-21.4	0.6	-5.7	-6.0	1.5	12.4	17.0	16.2
Portugal	-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	-17.7	-10.5	-1.3	2.5	4.4	6.4
Slovak Republic	-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	0.5	4.8	6.0	6.8	7.9
Slovenia	-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	1.1	0.7	0.8	2.2	3.1	4.1	4.9
Spain	3.3	5.0	-1.5	-11.3	-18.2	-15.4	-14.7	-21.2	-41.8	-59.4	-78.7	-97.3	-93.7	-27.6	-30.0	-15.3	9.8	32.8	47.6	62.2
Sweden	18.3	19.0	17.0	16.8	15.6	15.2	17.0	21.7	29.6	29.1	32.4	34.6	33.0	26.3	28.7	30.0	30.7	31.6	32.9	35.6
Switzerland	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	59.3	68.5	65.9	67.2	66.4	68.6
Turkey	-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	-67.7	-40.8	-53.9	-46.4	-55.0
United Kingdom	5.6	9.3	-9.4	-22.1	-27.6	-33.6	-44.0	-42.5	-60.4	-64.7	-65.0	-73.6	-61.4	-36.3	-50.9	-37.4	-52.9	-41.5	-36.1	-32.6
United States	-96.4	-102.0	-162.7	-261.4	-380.1	-369.0	-425.1	-501.0	-614.8	-715.8	-762.4	-709.8	-713.3	-392.2	-518.4	-568.8	-547.2	-497.3	-531.0	-619.3
Euro area	134.5	148.2	129.2	90.3	39.6	89.3	168.2	166.8	195.2	149.8	124.1	183.1	128.0	166.0	159.0	178.7	320.2	447.8	540.7	579.6
Total OECD	120.7	150.5	97.3	-46.2	-207.8	-177.1	-155.0	-205.9	-255.4	-420.6	-508.0	-403.1	-516.2	-72.2	-201.1	-349.9	-273.4	-52.7	32.6	12.5

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052745

Annex Table 48. **Investment income, net**

$ billion

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	-14.3	-13.7	-11.4	-11.9	-11.1	-10.3	-11.6	-15.1	-22.0	-28.0	-32.5	-41.1	-37.8	-38.0	-48.5	-51.2	-38.0	-35.1	-38.5	-39.9
Austria	-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	2.1	1.0	3.2	-1.0	-2.1	-2.5
Belgium	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	-0.1	11.0	8.7	4.1	1.9	1.4	1.4
Canada	-22.0	-21.6	-21.4	-23.5	-23.4	-26.5	-20.7	-23.5	-21.1	-22.3	-15.6	-17.3	-24.1	-17.8	-22.8	-23.3	-22.5	-25.2	-24.6	-26.5
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	-14.7	-13.9	-11.5	-11.1	-10.2	-10.2
Czech Republic	-0.7	-0.8	-1.1	-1.4	-1.4	-2.2	-3.5	-4.3	-6.1	-5.4	-7.3	-12.7	-10.4	-13.1	-14.9	-14.6	-13.3	-16.4	-19.7	-20.6
Denmark	-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	5.8	7.8	8.4	11.4	9.2	9.3
Estonia	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	-0.9	-0.9	-0.9
Finland	-3.6	-2.5	-3.1	-2.0	-1.7	-1.0	-0.6	-2.6	0.2	-0.3	0.8	-0.7	-1.5	1.8	2.0	-0.2	-0.4	-0.8	-0.5	-0.4
France	-1.9	7.1	8.7	22.9	19.5	19.6	9.3	14.9	22.5	29.5	37.2	42.8	48.7	45.6	51.0	62.9	38.3	47.2	45.5	47.7
Germany	0.8	-2.7	-10.8	-13.5	-9.2	-10.6	-18.3	-18.2	23.6	29.1	55.0	59.1	48.6	84.3	72.4	100.1	98.9	101.7	108.2	112.9
Greece	-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	-2.1	-3.7	-4.5	-5.3
Hungary	-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	-8.9	-8.2	-7.9	-8.2	-8.5
Iceland	-0.2	-0.2	-0.2	-0.2	-0.2	-0.3	0.0	-0.2	-0.6	-0.7	-1.0	-1.1	-3.7	-2.4	-2.2	-2.0	-1.5	-0.4	-0.6	-0.6
Ireland	-8.1	-9.6	-10.5	-13.7	-13.5	-16.4	-22.4	-24.8	-28.0	-30.9	-30.2	-38.2	-37.0	-38.8	-34.4	-44.2	-40.0	-34.4	-35.9	-35.9
Israel	-3.4	-4.0	-4.0	-5.1	-8.3	-5.5	-4.6	-4.7	-4.1	-1.4	-0.8	-0.3	-4.0	-5.2	-5.2	-4.4	-8.0	-5.6	-7.9	-8.7
Italy	-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	-13.0	-12.9	-13.4	-9.3	-9.3
Japan	53.3	58.0	54.3	57.5	60.8	68.7	65.8	71.8	86.2	105.2	119.7	139.1	156.1	136.4	142.8	177.7	178.9	169.8	174.2	187.2
Korea	-1.9	-2.5	-5.7	-5.2	-2.5	-1.5	0.2	0.4	1.2	-1.6	0.1	0.6	4.6	1.6	0.5	3.5	5.3	4.4	5.1	5.6
Luxembourg	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	-14.9	-15.8	-16.8	-17.1	-19.7	-20.5	-20.5
Mexico	-13.5	-12.1	-12.8	-12.0	-13.8	-13.0	-12.2	-12.3	-10.0	-16.4	-19.7	-23.1	-20.1	-14.6	-11.7	-19.2	-23.0	-31.2	-30.8	-29.3
Netherlands	3.5	7.0	-2.7	3.5	-2.3	-0.2	0.2	1.5	11.6	4.1	16.9	-0.6	-19.0	-2.3	8.0	19.3	23.2	17.0	14.1	15.2
New Zealand	-4.8	-4.8	-2.5	-3.1	-3.2	-2.8	-3.1	-3.9	-5.4	-7.0	-7.5	-9.5	-10.1	-5.6	-6.7	-8.0	-7.6	-7.7	-9.4	-9.7
Norway	-1.9	-1.7	-1.4	-1.4	-2.4	0.3	0.2	1.2	0.0	2.9	0.3	-1.4	-3.4	3.4	4.3	5.4	11.9	8.2	11.7	13.4
Poland	-1.1	-1.1	-1.2	-1.0	-0.7	-0.6	-1.1	-2.4	-8.4	-6.8	-9.7	-16.4	-12.8	-16.5	-19.0	-23.5	-22.6	-21.7	-25.4	-26.4
Portugal	-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	-11.8	-8.9	-7.9	-10.2	-11.7
Slovak Republic	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	-2.7	-4.0	-2.1	-2.4	-3.7	-4.0
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	-0.7	-0.7	-0.5	-1.1	-1.2
Spain	-7.5	-7.4	-8.6	-9.5	-6.9	-11.3	-11.6	-11.7	-15.1	-21.3	-26.2	-41.4	-52.0	-35.6	-26.4	-35.8	-24.1	-21.4	-18.2	-22.4
Sweden	-6.3	-4.9	-3.3	-2.0	-1.4	-1.5	-1.1	4.1	0.1	2.8	7.5	14.3	17.1	7.2	9.7	12.0	13.1	15.3	16.0	15.9
Switzerland	10.7	14.2	15.2	17.8	19.2	11.8	9.4	24.3	25.2	33.9	31.9	2.2	-37.8	8.2	34.6	5.8	12.1	38.4	31.7	42.9
Turkey	-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	-8.3	-7.2	-7.9	-7.2	-9.6	-10.4	-10.7
United Kingdom	-5.4	-1.9	17.1	-6.5	-0.4	8.4	23.6	27.1	33.9	43.5	15.7	38.4	62.5	29.0	20.8	36.1	-6.1	-27.7	-26.7	-16.7
United States	22.3	12.6	4.3	11.9	19.2	29.7	25.2	42.8	64.1	67.6	43.3	100.6	146.1	123.6	177.7	232.6	223.9	228.8	234.9	218.7
Euro area	-27.4	-17.1	-37.3	-22.9	-27.2	-36.1	-64.3	-69.4	-15.8	-25.3	7.8	-44.3	-75.5	-3.5	33.6	52.0	58.1	61.7	62.6	63.1
Total OECD	-27.7	-13.5	-22.3	-20.1	-10.1	4.6	-11.7	18.9	96.2	120.2	103.3	94.0	118.4	169.2	269.6	356.1	342.2	338.4	332.9	348.3

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052764

Annex Table 49. **Total transfers, net**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	0.4	0.2	0.1	0.2	-0.1	0.3	0.3	0.2	-0.1	-0.4	-0.5	-0.2	-0.4	-0.9	-1.6	-2.3	-2.3	-2.0	-1.8	-2.0
Austria	-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	-2.4	-2.7	-2.7	-3.2	-2.5	-2.6
Belgium	-4.1	-3.7	-4.3	-4.6	-3.9	-4.1	-4.4	-6.4	-6.5	-6.3	-6.5	-6.4	-9.0	-8.7	-7.9	-9.2	-9.6	-11.0	-11.0	-11.1
Canada	-0.2	0.2	0.4	0.2	0.3	0.4	0.3	-0.2	-0.5	-1.5	-1.7	-2.0	-0.6	-2.3	-3.2	-3.5	-3.6	-2.8	-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	4.4	2.9	2.2	2.4	2.4	2.6
Czech Republic	0.4	0.4	0.5	0.6	0.4	0.5	0.9	0.5	0.2	0.5	-0.5	-0.4	-0.3	-0.2	0.5	0.2	-0.1	0.8	3.2	3.3
Denmark	-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	-5.6	-5.9	-6.0	-6.6	-6.1	-6.3
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	0.2	0.3	0.3	0.4	0.3	0.2	0.1	0.1
Finland	-0.9	-0.7	-1.0	-0.8	-0.6	-0.8	-0.8	-1.2	-1.1	-1.5	-1.7	-1.9	-2.4	-2.4	-2.2	-2.2	-1.7	-3.2	-2.9	-2.8
France	-7.4	-13.0	-12.4	-13.2	-14.0	-14.8	-14.2	-19.2	-21.8	-27.3	-27.5	-32.1	-35.5	-46.3	-42.2	-49.0	-46.5	-53.9	-56.5	-56.6
Germany	-34.0	-30.5	-30.2	-26.2	-25.8	-24.0	-25.4	-31.8	-34.3	-35.8	-36.0	-44.9	-48.5	-46.5	-50.9	-47.2	-48.7	-55.9	-66.4	-73.2
Greece	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	1.8	6.0	4.1	3.0
Hungary	0.0	0.2	0.2	0.4	0.4	0.4	0.5	0.7	-0.2	-0.4	-0.4	-0.7	-0.8	0.6	0.5	0.8	0.5	1.4	1.2	1.1
Iceland	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	-0.1
Ireland	2.2	2.0	1.5	1.3	0.9	0.2	0.6	0.4	0.4	0.3	-0.7	-1.4	-1.7	-2.0	-1.9	-1.6	-1.5	-1.9	-1.8	-1.8
Israel	6.0	6.1	6.1	6.2	6.6	6.7	6.9	6.5	6.2	6.1	7.7	7.4	8.4	7.3	8.4	8.9	8.5	9.4	10.7	10.7
Italy	-7.2	-4.3	-7.4	-5.5	-4.4	-5.8	-5.3	-8.0	-10.3	-12.5	-16.6	-19.7	-21.7	-16.6	-21.7	-21.9	-20.0	-21.2	-18.0	-18.3
Japan	-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	-12.6	-15.1	-14.0	-10.3	-13.2	-13.2
Korea	-0.1	0.5	3.3	1.9	0.6	-0.4	-1.6	-2.9	-2.4	-2.4	-4.1	-3.6	-0.7	-0.6	-3.0	-2.6	-3.2	-0.8	-1.0	-1.3
Luxembourg	-0.6	-0.5	-0.4	-0.6	-0.4	-0.5	-0.3	-0.6	-1.1	-1.1	-1.2	-2.0	-2.7	-1.4	-0.8	-1.2	-1.3	-0.5	-1.0	-1.0
Mexico	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	22.6	21.8	22.8	24.5
Netherlands	-6.8	-6.1	-7.1	-6.4	-6.3	-6.8	-6.6	-7.2	-10.4	-12.1	-12.8	-16.3	-17.3	-12.0	-14.4	-16.2	-16.2	-19.3	-25.3	-25.8
New Zealand	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	-0.4	-0.4	-0.1	-0.1
Norway	-1.4	-1.4	-1.5	-1.5	-1.4	-1.4	-2.1	-2.8	-2.7	-2.8	-3.0	-3.3	-3.6	-4.4	-4.9	-5.8	-6.1	-6.5	-7.2	-7.6
Poland	1.7	2.0	2.9	2.2	1.3	1.5	2.0	2.5	1.0	1.8	3.1	4.0	3.4	2.2	3.8	6.2	5.2	5.1	5.2	6.2
Portugal	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	4.8	5.3	6.2	6.6
Slovak Republic	0.2	0.2	0.4	0.2	0.1	0.2	0.2	0.2	0.2	0.0	0.0	-0.4	-1.2	-0.9	-0.5	-0.5	-0.8	-1.4	-1.5	-1.6
Slovenia	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.0	-0.1	-0.1	-0.2	-0.3	-0.4	-0.2	0.1	0.2	0.0	0.0	0.1	0.0
Spain	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	-9.2	-8.8	-5.3	-7.3	-7.0	-10.1
Sweden	-2.0	-2.4	-2.6	-3.0	-2.8	-2.7	-3.4	-1.9	-4.1	-4.6	-4.9	-4.7	-6.7	-5.4	-6.3	-7.8	-9.5	-9.4	-8.3	-8.3
Switzerland	-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	-12.0	-13.3	-12.8	-12.3	-13.1	-13.2
Turkey	4.1	4.5	5.5	4.9	4.8	3.0	2.4	1.0	1.1	1.5	1.9	2.2	2.1	2.4	1.5	1.8	1.4	0.6	0.7	0.7
United Kingdom	-7.1	-9.0	-13.6	-11.8	-14.7	-9.2	-12.7	-15.6	-18.0	-21.4	-21.7	-27.0	-25.7	-23.5	-31.8	-34.8	-35.6	-42.4	-41.7	-41.8
United States	-43.0	-45.1	-53.2	-49.0	-58.2	-64.1	-64.8	-70.9	-88.6	-99.5	-89.4	-114.9	-125.2	-121.6	-127.8	-133.5	-129.7	-133.2	-139.7	-143.1
Euro area	-43.9	-43.3	-47.5	-46.6	-47.5	-49.8	-48.8	-68.3	-78.7	-95.8	-105.7	-131.2	-148.5	-145.7	-150.7	-155.0	-147.3	-167.3	-183.2	-195.0
Total OECD	-95.6	-95.7	-108.2	-107.3	-119.9	-121.1	-123.2	-152.0	-185.8	-217.2	-214.2	-270.9	-301.2	-298.1	-319.0	-336.3	-330.4	-352.7	-372.1	-385.6

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052783

Annex Table 50. **Current account balances**

$ billion

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	-14.4	-11.9	-17.8	-21.8	-15.5	-8.0	-16.0	-29.3	-41.3	-43.3	-45.3	-64.0	-52.3	-48.8	-43.7	-41.3	-64.1	-44.0	-37.2	-26.3
Austria	-6.7	-5.1	-3.5	-3.6	-1.4	-1.6	5.6	4.3	6.4	6.6	9.2	13.2	20.4	10.4	12.9	6.8	9.4	11.2	12.8	13.7
Belgium	14.4	14.4	13.9	13.5	10.0	8.5	12.3	13.7	13.5	10.5	9.5	8.6	-6.0	-2.6	8.8	-5.7	-9.4	-8.6	-4.1	-1.4
Canada	2.4	-8.9	-8.9	0.8	18.5	15.8	12.5	10.3	23.2	21.8	17.9	11.2	3.6	-40.3	-56.6	-49.1	-62.3	-58.9	-57.8	-53.2
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	3.6	-3.1	-9.1	-9.5	-10.1	-9.2
Czech Republic	-4.1	-3.6	-1.2	-1.5	-2.7	-3.3	-4.2	-5.8	-5.7	-1.4	-3.1	-7.7	-4.6	-4.5	-7.6	-5.9	-2.5	-3.1	-1.1	-0.6
Denmark	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	18.3	19.9	18.8	24.1	25.2	26.7
Estonia	-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	0.6	0.5	0.4	-0.4	-0.1	-0.7	-0.9
Finland	5.0	6.4	6.7	6.9	9.5	10.4	11.5	7.9	11.8	6.6	8.6	10.5	7.2	4.3	3.6	-3.9	-4.1	-2.2	-3.1	-1.4
France	20.8	37.2	38.9	46.0	19.3	23.6	17.9	14.1	10.5	-10.2	-13.0	-26.1	-50.5	-34.4	-34.9	-50.1	-56.5	-45.0	-46.8	-41.3
Germany	-13.8	-10.1	-17.0	-28.9	-34.3	-0.2	40.5	47.0	124.6	138.0	180.7	250.0	226.6	198.0	206.8	247.8	258.2	276.1	307.1	299.0
Greece	-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	-6.0	1.7	0.4	1.9
Hungary	-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	-0.1	0.3	0.5	1.0	3.9	4.9	5.6
Iceland	-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	-0.9	-0.7	0.6	0.3	0.0
Ireland	2.0	1.9	0.7	0.3	-0.3	-0.7	-1.2	0.0	-1.2	-7.1	-8.0	-14.0	-15.2	-5.1	2.4	2.8	9.3	14.5	15.4	18.1
Israel	-5.3	-3.6	-1.2	-1.5	-2.0	-1.9	-1.1	0.8	2.0	4.3	6.4	5.9	2.9	6.9	7.4	2.6	0.5	7.5	6.7	6.1
Italy	40.2	33.8	19.7	8.2	-5.7	-0.6	-9.8	-19.6	-16.4	-29.5	-48.1	-51.8	-65.3	-41.6	-72.6	-67.2	-10.6	12.2	26.7	29.1
Japan	65.1	96.8	119.1	115.5	120.2	87.7	111.9	136.3	172.4	167.4	171.4	211.1	160.0	145.6	203.8	118.4	65.5	34.1	11.2	33.8
Korea	-22.5	-8.4	42.6	24.2	15.1	8.3	7.3	15.6	33.4	18.3	13.5	22.1	4.7	31.2	27.5	25.1	48.6	70.5	77.2	68.4
Luxembourg	2.3	1.9	1.8	1.7	2.7	1.8	2.3	2.4	4.1	4.4	4.4	5.2	3.0	3.5	4.1	3.9	3.2	3.2	4.5	4.3
Mexico	-2.5	-7.7	-16.0	-14.0	-18.8	-17.7	-14.8	-8.4	-7.0	-9.0	-7.8	-14.6	-20.2	-8.1	-3.6	-12.3	-14.8	-22.3	-7.9	0.7
Netherlands	22.0	25.5	13.1	16.1	7.9	10.4	11.9	30.6	47.2	47.6	63.5	52.7	37.9	41.6	57.2	75.6	73.4	83.0	74.8	84.1
New Zealand	-3.3	-3.6	-1.5	-2.9	-1.8	-0.4	-1.3	-2.0	-4.7	-8.0	-7.9	-9.2	-10.4	-2.7	-3.3	-4.7	-7.0	-6.0	-5.6	-7.9
Norway	11.1	10.1	-0.3	8.6	24.9	27.8	24.0	27.7	32.2	49.9	55.9	49.3	73.6	45.8	49.4	67.0	72.8	55.2	58.1	62.5
Poland	-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	-25.8	-18.3	-6.6	-5.6	-6.4
Portugal	-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	-24.2	-16.8	-4.3	1.2	1.8	2.6
Slovak Republic	-2.0	-1.8	-2.0	-1.0	-0.7	-1.7	-1.9	-2.0	-3.3	-4.0	-4.3	-4.0	-5.7	-2.1	-3.2	-3.6	2.0	2.0	1.6	2.3
Slovenia	0.1	0.1	-0.2	-0.9	-0.6	0.0	0.2	-0.2	-0.9	-0.6	-0.7	-2.0	-3.0	-0.2	-0.1	0.2	1.5	3.0	3.1	3.7
Spain	-1.5	-0.6	-7.2	-17.9	-23.0	-24.0	-22.5	-31.1	-54.9	-83.1	-111.1	-144.6	-154.5	-70.0	-62.1	-55.3	-15.0	9.5	22.4	29.7
Sweden	9.6	10.3	9.7	10.6	10.2	11.3	11.7	21.9	24.0	25.0	34.8	43.4	44.5	25.3	29.5	32.4	31.4	34.5	34.6	37.2
Switzerland	21.4	24.7	25.0	29.1	30.2	20.8	25.0	43.4	48.7	52.3	58.1	38.6	9.8	54.0	82.4	58.6	60.0	86.8	78.8	92.2
Turkey	-2.4	-2.6	2.0	-0.9	-9.9	3.8	-0.6	-7.6	-14.2	-21.4	-31.8	-37.8	-40.4	-12.1	-45.4	-75.1	-48.5	-65.0	-53.2	-62.9
United Kingdom	-6.9	-1.6	-5.9	-40.5	-42.7	-34.4	-33.1	-31.0	-44.5	-42.6	-71.0	-62.2	-24.6	-30.9	-62.0	-36.0	-94.5	-111.6	-104.6	-91.1
United States	-124.8	-140.7	-215.1	-300.8	-416.3	-396.7	-457.8	-518.7	-629.3	-739.8	-798.5	-713.4	-681.3	-381.6	-449.5	-457.7	-440.4	-379.3	-435.8	-543.7
Euro area	72.5	90.9	51.9	21.5	-39.2	3.7	45.6	42.8	111.2	39.7	36.8	25.8	-90.3	40.7	69.2	106.1	250.6	361.6	415.9	443.5
Total OECD	-9.6	29.1	-34.0	-187.0	-343.4	-289.8	-296.8	-309.9	-314.6	-491.8	-580.7	-529.8	-671.7	-184.1	-205.4	-281.3	-212.9	-27.6	-5.8	-24.7

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 95 database.

StatLink http://dx.doi.org/10.1787/888933052802

Annex Table 51. **Current account balances as a percentage of GDP**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	-3.4	-2.8	-4.7	-5.3	-3.8	-2.1	-3.7	-5.4	-6.3	-5.9	-5.8	-6.7	-4.8	-4.7	-3.5	-2.8	-4.1	-2.9	-2.5	-1.6
Austria	-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	3.4	1.6	2.4	2.7	2.9	3.0
Belgium	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	-0.6	1.9	-1.1	-1.9	-1.7	-0.8	-0.2
Canada	0.4	-1.4	-1.4	0.1	2.5	2.1	1.7	1.1	2.3	1.9	1.4	0.8	0.1	-2.9	-3.5	-2.8	-3.4	-3.2	-3.2	-2.9
Chile	-4.1	-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	1.6	-1.2	-3.4	-3.4	-3.7	-3.1
Czech Republic	-6.3	-6.0	-1.9	-2.3	-4.6	-5.1	-5.3	-6.0	-5.1	-1.0	-2.0	-4.3	-2.1	-2.3	-3.8	-2.7	-1.3	-1.5	-0.6	-0.3
Denmark	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	5.8	5.9	6.0	7.3	7.2	7.3
Estonia	-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	2.8	2.8	1.9	-1.8	-0.5	-2.8	-3.2
Finland	3.9	5.2	5.2	5.3	7.8	8.4	8.5	4.8	6.2	3.4	4.2	4.3	2.6	1.8	1.5	-1.5	-1.7	-0.8	-1.1	-0.5
France	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	-1.4	-1.8	-2.2	-1.6	-1.6	-1.4
Germany	-0.6	-0.4	-0.8	-1.3	-1.8	0.0	2.0	1.9	4.6	5.0	6.2	7.5	6.2	5.9	6.3	6.8	7.5	7.6	7.9	7.4
Greece	-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	-2.4	0.7	0.2	0.8
Hungary	-3.8	-4.3	-7.0	-7.8	-8.6	-6.1	-6.9	-8.0	-8.6	-7.5	-7.3	-7.2	-7.3	-0.2	0.2	0.4	0.8	3.0	3.6	3.9
Iceland	-1.8	-1.8	-6.8	-6.8	-10.1	-4.3	1.5	-4.8	-9.9	-16.4	-24.0	-15.9	-24.6	-11.7	-8.0	-6.5	-5.4	3.9	1.8	0.3
Ireland	2.7	2.4	0.8	0.2	-0.4	-0.7	-1.0	0.0	-0.6	-3.5	-3.6	-5.4	-5.7	-2.3	1.1	1.2	4.4	6.6	6.6	7.6
Israel	-4.9	-3.2	-1.0	-1.3	-1.5	-1.5	-0.9	0.6	1.5	3.1	4.2	3.4	1.4	3.3	3.2	1.0	0.2	2.6	2.1	1.8
Italy	3.2	2.8	1.6	0.7	-0.5	-0.1	-0.8	-1.3	-0.9	-1.6	-2.6	-2.4	-2.9	-2.0	-3.5	-3.1	-0.5	0.6	1.2	1.3
Japan	1.4	2.2	3.0	2.6	2.5	2.1	2.8	3.2	3.7	3.7	3.9	4.8	3.3	2.9	3.7	2.0	1.1	0.7	0.2	0.7
Korea	-3.7	-1.3	11.4	5.0	2.7	1.6	1.2	2.3	4.4	2.0	1.3	2.0	0.6	3.4	2.5	2.1	4.0	5.4	5.4	4.5
Luxembourg	11.1	10.3	9.1	8.3	13.2	8.8	10.5	8.1	11.9	11.5	10.4	10.1	5.4	7.3	7.7	6.6	5.8	5.2	7.0	6.5
Mexico	-0.6	-1.6	-3.2	-2.4	-2.7	-2.5	-2.0	-1.2	-0.9	-1.0	-0.8	-1.4	-1.9	-0.9	-0.3	-1.1	-1.2	-1.8	-0.6	0.1
Netherlands	5.2	6.6	3.3	3.9	2.0	2.6	2.7	5.6	7.7	7.5	9.4	6.7	4.3	5.1	7.4	9.1	9.5	10.4	8.9	9.8
New Zealand	-4.8	-5.2	-2.7	-5.0	-3.3	-0.8	-2.2	-2.5	-4.6	-7.2	-7.2	-6.9	-7.8	-2.3	-2.3	-2.9	-4.1	-3.3	-2.7	-3.7
Norway	7.0	6.3	-0.2	5.5	14.9	16.3	12.4	12.3	12.4	16.4	16.4	12.4	16.0	11.9	11.7	13.6	14.5	10.8	11.1	11.3
Poland	-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	-5.0	-3.7	-1.3	-1.0	-1.1
Portugal	-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	-10.6	-7.0	-2.0	0.5	0.8	1.1
Slovak Republic	-9.3	-8.5	-8.9	-4.8	-3.5	-8.3	-7.9	-5.9	-7.8	-8.5	-7.8	-5.2	-6.0	-2.6	-3.7	-3.7	2.2	2.1	1.6	2.2
Slovenia	0.3	0.3	-0.7	-3.9	-3.1	0.2	1.1	-0.8	-2.6	-1.7	-1.8	-4.2	-5.4	-0.5	-0.1	0.4	3.3	6.5	6.3	7.4
Spain	-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	-3.8	-1.1	0.7	1.6	2.0
Sweden	3.5	4.1	3.8	4.1	4.2	5.0	4.7	6.9	6.6	6.8	8.7	9.3	9.0	6.3	6.3	6.0	6.0	6.2	6.0	6.2
Switzerland	6.9	9.1	9.0	10.6	11.8	7.9	8.6	12.9	13.0	13.6	14.3	8.6	1.9	10.5	15.0	8.9	9.5	13.4	11.3	12.7
Turkey	-1.0	-1.0	0.9	-0.6	-3.8	2.0	-0.4	-2.5	-3.6	-4.4	-6.0	-5.8	-5.4	-1.9	-6.2	-9.6	-6.1	-7.9	-6.6	-6.9
United Kingdom	-0.6	-0.1	-0.4	-2.7	-2.9	-2.3	-2.1	-1.7	-2.0	-1.8	-2.8	-2.2	-0.9	-1.4	-2.7	-1.5	-3.8	-4.4	-3.7	-3.1
United States	-1.5	-1.6	-2.4	-3.1	-4.0	-3.7	-4.2	-4.5	-5.1	-5.6	-5.8	-4.9	-4.6	-2.6	-3.0	-2.9	-2.7	-2.3	-2.5	-2.9
Euro area	1.0	1.4	0.8	0.3	-0.6	0.1	0.7	0.5	1.2	0.4	0.3	0.2	-0.7	0.3	0.6	0.8	2.1	2.8	3.1	3.2
Total OECD	0.0	0.1	-0.1	-0.7	-1.3	-1.1	-1.1	-1.0	-0.9	-1.3	-1.5	-1.3	-1.5	-0.4	-0.5	-0.6	-0.5	-0.1	0.0	0.0

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933052821

Annex Table 52. **Structure of current account balances of major world regions**

$ billion

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Goods and services trade balance[1]																	
OECD	-46	-208	-177	-155	-206	-255	-421	-508	-403	-516	-72	-201	-350	-273	-53	33	12
China	31	29	28	37	36	51	125	209	308	349	220	223	182	232	235	257	302
Other industrialised Asia[2]	72	65	65	82	94	82	86	115	137	56	107	92	75	6	35	120	118
Russia	33	52	39	37	49	72	105	126	113	156	93	123	162	147	123	130	146
Brazil	-8	-11	-8	6	16	26	32	32	21	3	-3	-22	-18	-33	-56	-50	-60
Other oil producers	39	125	81	62	98	159	292	374	367	508	170	345	619	655	586	560	631
Rest of the world	-50	-45	-42	-28	-35	-53	-81	-109	-162	-235	-140	-148	-184	-233	-237	-225	-256
World[3]	70	7	-14	42	53	82	138	239	381	321	375	411	486	501	634	825	895
Investment income, net																	
OECD	-20	-10	5	-12	19	96	120	103	94	118	169	270	356	342	338	333	348
China	-14	-15	-19	-15	-10	-5	-16	-5	8	29	-9	-26	-70	-20	-44	-126	-125
Other industrialised Asia[2]	-16	-18	-12	-17	-13	-17	-31	-23	-20	-15	-22	-36	-41	-57	-61	-60	-63
Russia	-8	-7	-4	-7	-13	-13	-19	-29	-29	-46	-40	-47	-60	-68	-80	-90	-93
Brazil	-19	-18	-20	-18	-19	-21	-26	-27	-29	-41	-34	-39	-47	-35	-40	-28	-22
Other oil producers	4	-4	-7	-16	-22	-28	-42	-21	-29	-56	-44	-69	-87	-89	-83	-80	-80
Rest of the world	-28	-31	-31	-31	-38	-45	-49	-53	-66	-72	-68	-87	-105	-108	-110	-109	-109
World[3]	-101	-102	-89	-115	-96	-33	-63	-55	-72	-83	-47	-35	-55	-35	-79	-160	-144
Total transfers, net																	
OECD	-107	-120	-121	-123	-152	-186	-217	-214	-271	-301	-298	-319	-336	-330	-353	-372	-386
China	5	6	8	13	17	23	24	28	37	43	32	41	25	3	-9	-16	-16
Other industrialised Asia[2]	15	16	17	20	27	25	36	43	55	69	68	70	84	90	91	95	100
Russia	1	0	-1	-1	0	-1	-2	-3	-6	-7	-6	-6	-6	-6	-9	-3	-10
Brazil	2	2	2	2	3	3	4	4	4	4	3	3	3	3	3	5	5
Other oil producers	-18	-19	-20	-20	-19	-19	-20	-11	-20	-28	-38	-42	-49	-56	-64	-70	-71
Rest of the world	39	43	49	55	64	74	85	98	114	132	124	132	144	151	163	164	164
World[3]	-64	-72	-66	-54	-60	-82	-91	-54	-86	-88	-114	-121	-136	-144	-177	-197	-214
Current balance																	
OECD	-187	-343	-290	-297	-310	-315	-492	-581	-530	-672	-184	-205	-281	-213	-28	-6	-25
China	21	21	17	35	43	69	132	232	353	421	243	238	136	215	183	114	161
Other industrialised Asia[2]	59	47	60	78	104	81	71	121	158	91	138	110	103	21	68	121	118
Russia	25	47	34	29	35	60	84	92	72	104	50	67	97	72	33	53	58
Brazil	-25	-24	-23	-8	4	12	14	14	2	-28	-24	-47	-52	-54	-81	-73	-76
Other oil producers	18	96	49	21	54	106	228	342	318	425	89	234	483	496	418	393	427
Rest of the world	-39	-33	-25	-4	-9	-24	-44	-62	-112	-174	-83	-102	-145	-189	-182	-194	-230
World[3]	-129	-191	-177	-144	-78	-11	-5	158	261	166	229	294	341	349	411	409	433

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 95 database.

StatLink http://dx.doi.org/10.1787/888933052840

Annex Table 53. **Export market growth in goods and services**

Percentage change from previous year

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	10.2	7.1	-1.0	5.1	13.1	0.1	6.1	8.8	13.8	9.6	9.7	7.8	5.4	-9.6	14.7	8.4	4.8	4.3	5.1	7.1
Austria	5.7	9.8	8.2	6.1	11.7	2.1	1.8	5.4	9.0	7.2	10.9	7.6	3.0	-10.8	11.9	6.5	1.7	1.7	4.1	5.6
Belgium	5.8	10.0	9.2	7.0	12.3	1.7	2.0	4.3	8.5	7.2	9.8	6.3	2.7	-10.4	11.3	6.0	1.8	1.3	3.6	5.6
Canada	9.1	12.6	10.1	10.3	12.8	-2.0	3.6	4.7	11.0	6.5	6.9	3.4	-1.2	-12.8	12.9	5.4	2.6	1.9	3.5	7.0
Chile	9.8	10.1	3.1	5.6	12.6	0.5	2.9	7.2	11.6	8.2	9.9	8.4	3.9	-9.5	15.5	7.7	3.2	4.1	4.9	6.6
Czech Republic	6.8	10.1	9.7	5.7	11.5	2.7	1.5	5.3	8.8	7.4	11.5	7.5	3.1	-11.5	11.7	6.8	1.7	1.5	4.1	5.5
Denmark	6.7	10.6	8.3	5.9	11.5	1.0	1.9	4.8	8.9	7.5	9.8	7.2	2.6	-11.5	11.5	6.1	1.9	1.5	3.7	5.3
Estonia	6.2	10.7	7.9	3.7	12.3	1.9	2.9	4.7	9.3	9.1	10.3	9.2	5.4	-14.3	10.5	7.4	2.2	1.1	3.0	4.7
Finland	6.2	9.9	5.6	3.6	12.9	2.4	3.7	6.6	10.8	9.1	11.6	10.3	4.8	-13.6	13.1	8.4	3.4	2.6	3.5	5.2
France	6.5	10.2	7.5	6.0	11.3	1.6	2.8	5.1	9.3	7.3	9.7	7.3	2.5	-10.8	11.0	5.3	1.9	2.1	3.9	5.6
Germany	6.7	10.3	7.6	5.6	12.5	1.7	3.2	4.9	9.6	7.4	9.4	7.6	2.2	-11.7	11.4	5.8	1.6	2.1	3.6	5.4
Greece	6.5	10.1	7.4	4.3	10.2	1.4	3.4	5.8	10.1	8.0	9.5	8.5	4.0	-11.2	10.8	6.4	3.1	2.4	3.7	5.9
Hungary	6.2	9.6	8.2	5.5	11.3	2.5	1.8	5.2	8.9	7.3	10.5	7.8	2.9	-11.3	11.2	6.5	1.7	1.6	4.0	5.5
Iceland	6.7	10.1	8.8	7.2	11.2	2.2	2.6	3.8	8.3	6.9	9.7	5.7	1.5	-11.1	9.9	4.6	1.6	1.4	3.7	5.0
Ireland	6.6	9.9	7.7	7.1	11.8	1.1	2.7	3.9	8.5	6.6	8.7	4.6	0.8	-10.8	10.9	4.8	1.7	1.4	3.6	5.3
Israel	7.8	11.0	7.2	7.0	12.9	-1.0	3.7	5.8	11.3	8.0	8.9	5.9	2.6	-11.1	13.6	6.8	3.1	2.5	3.6	6.7
Italy	6.8	10.1	7.8	5.9	11.9	1.8	2.9	5.3	9.8	7.6	9.8	8.2	3.2	-11.1	10.9	6.1	2.2	2.3	3.8	5.6
Japan	9.2	9.9	0.8	7.9	15.2	-1.1	7.4	9.6	14.2	8.8	10.0	8.3	3.3	-8.5	15.8	7.4	3.9	4.6	5.1	7.3
Korea	10.4	9.4	1.8	6.2	14.3	0.6	7.2	10.7	14.5	9.4	10.6	9.0	4.2	-7.8	15.6	7.7	4.6	5.5	5.7	7.3
Luxembourg	4.9	9.4	8.3	6.1	11.9	1.7	1.4	3.5	7.4	6.5	9.0	5.8	1.4	-10.4	10.5	5.3	0.8	1.1	3.8	5.2
Mexico	8.5	13.1	10.8	10.2	12.3	-2.3	3.2	4.6	11.0	6.5	6.7	3.4	-1.4	-13.1	12.8	5.3	2.4	1.8	3.3	7.0
Netherlands	5.8	9.7	7.9	6.0	12.0	1.6	2.1	4.4	8.5	7.0	9.7	6.7	2.3	-10.8	10.8	5.9	1.5	1.6	3.8	5.4
New Zealand	9.1	8.9	2.6	6.1	11.9	-0.9	6.0	7.7	12.6	8.4	9.1	8.4	5.0	-10.0	13.7	7.7	4.5	1.9	3.5	5.8
Norway	6.5	10.3	8.4	6.8	11.9	1.5	2.7	3.7	8.2	7.1	9.4	4.8	1.4	-11.1	10.7	5.0	2.0	1.2	3.5	5.1
Poland	5.5	9.5	8.0	5.2	11.6	2.9	1.9	5.2	8.8	7.6	10.9	8.1	3.4	-11.8	11.8	7.1	2.1	1.6	3.8	5.2
Portugal	6.3	10.6	9.5	7.5	11.6	2.5	2.8	4.6	8.6	7.3	9.3	6.9	0.7	-11.6	10.2	4.1	0.4	1.7	3.6	5.2
Slovak Republic	6.9	10.1	9.0	5.9	12.6	3.2	2.0	5.6	9.2	6.7	10.9	8.6	2.8	-11.4	11.9	6.5	1.3	1.3	4.0	5.4
Slovenia	4.8	9.3	8.0	4.5	11.2	3.1	1.8	5.2	8.8	7.3	10.5	8.7	3.6	-12.0	11.2	6.8	1.5	1.4	3.7	5.3
Spain	5.8	10.0	9.0	5.8	11.4	1.8	2.0	3.6	8.1	6.7	9.1	6.3	2.4	-10.5	10.5	4.8	1.1	1.7	3.6	5.2
Sweden	7.0	10.5	7.6	4.6	11.2	1.4	3.2	4.3	9.6	8.2	9.9	7.2	3.3	-11.6	10.7	6.1	2.4	2.0	3.5	5.3
Switzerland	6.2	9.8	7.4	6.4	11.9	1.4	2.3	5.3	9.3	7.3	9.8	7.1	2.5	-10.6	11.8	6.2	1.8	2.0	4.0	5.8
Turkey	5.8	9.6	7.2	5.0	10.5	3.2	3.6	5.3	9.4	8.0	10.2	9.6	4.8	-10.6	9.4	5.7	3.1	2.5	4.0	5.6
United Kingdom	6.8	10.4	8.2	6.7	12.6	1.0	3.0	4.8	9.9	7.8	9.1	7.6	2.8	-10.7	11.0	5.9	2.4	2.1	3.8	5.8
United States	9.8	10.5	4.0	6.4	12.6	-0.3	3.3	5.8	10.7	8.2	9.1	7.8	3.8	-10.9	14.2	6.9	3.6	3.0	4.2	6.0
Total OECD	7.6	10.3	6.6	6.5	12.5	0.8	3.4	5.6	10.3	7.7	9.4	7.2	2.7	-10.8	12.4	6.3	2.6	2.5	4.2	6.0
China	8.5	9.1	2.8	6.2	12.9	-0.9	4.0	5.9	11.4	7.6	8.4	6.7	3.0	-12.0	13.2	6.7	3.5	2.6	3.9	6.3
Other industrialised Asia[1]	9.5	8.8	0.0	5.4	14.8	-0.5	6.6	9.3	14.2	9.0	9.8	8.1	4.0	-8.6	15.5	7.4	4.3	4.7	5.3	7.1
Russia	7.3	10.8	7.8	5.1	11.5	1.6	3.6	6.4	10.1	8.0	10.1	8.8	3.9	-9.7	11.4	6.4	2.7	2.7	4.3	6.2
Brazil	9.7	12.6	6.3	3.1	10.4	-0.4	-1.0	8.6	13.5	9.8	10.4	10.0	5.5	-11.4	14.9	8.5	2.8	4.2	4.3	5.9
Other oil producers	8.8	8.7	1.8	6.2	12.9	0.0	4.9	7.1	11.6	7.9	9.2	7.8	3.2	-10.3	13.6	7.0	3.3	3.5	4.9	6.7
Rest of the world	7.0	10.3	6.1	3.8	11.6	1.8	3.8	6.4	11.2	8.8	10.4	9.6	5.2	-11.4	12.8	7.4	3.5	3.1	3.9	6.0

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 95 database.

StatLink http://dx.doi.org/10.1787/888933052859

Annex Table 54. **Import penetration**

Goods and services import volume as a percentage of total final expenditure, constant prices

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	9.9	10.4	10.5	10.9	11.3	10.6	11.2	11.9	13.0	13.5	14.2	15.1	16.1	14.7	16.2	17.3	17.6	16.9	16.5	16.6
Austria	26.8	27.7	27.9	28.3	29.8	30.6	30.2	30.9	32.3	33.3	33.7	34.5	34.0	31.6	33.0	34.2	34.0	34.1	34.4	35.1
Belgium	38.4	39.5	40.4	40.2	42.1	41.9	41.8	41.7	42.4	43.2	43.7	44.3	44.8	43.2	44.5	45.7	46.1	46.4	46.7	47.3
Canada	19.9	21.4	21.6	22.1	22.6	21.5	21.3	21.7	22.6	23.2	23.7	24.4	24.3	22.5	24.2	24.9	25.2	25.0	25.1	25.5
Chile	19.8	20.7	21.0	19.4	20.1	20.2	20.0	20.8	22.4	24.2	25.1	26.8	28.3	25.1	28.6	30.6	30.5	30.1	29.7	29.8
Czech Republic	28.4	29.8	31.1	31.7	34.1	35.9	36.4	37.2	38.3	38.1	39.0	40.6	40.4	38.4	41.3	42.6	43.4	43.8	44.6	45.4
Denmark	22.8	23.8	24.9	25.1	26.7	27.0	28.3	27.9	28.9	30.6	32.6	33.2	34.1	32.4	32.9	34.0	34.3	34.5	34.9	35.4
Estonia	35.8	39.0	40.0	38.5	41.6	41.1	41.2	41.8	43.6	45.7	46.5	46.3	45.4	39.9	44.0	48.0	49.4	49.7	49.6	50.2
Finland	22.4	23.3	23.7	23.7	25.6	25.5	25.8	26.1	26.7	28.3	28.9	29.2	30.6	28.5	29.3	30.0	29.9	29.7	30.1	30.6
France	16.1	16.9	17.9	18.3	20.0	20.0	20.2	20.2	20.6	21.2	21.7	22.2	22.4	21.2	22.3	22.9	22.7	22.8	23.2	23.8
Germany	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	29.9	30.8	31.0	31.1	31.7	32.5
Greece	21.8	23.6	24.7	26.8	28.7	27.7	26.6	25.5	25.4	24.6	25.3	27.2	27.5	23.8	23.5	23.5	22.2	21.8	21.5	21.6
Hungary	25.6	28.6	31.8	33.4	35.9	36.2	36.7	37.8	39.8	40.5	43.0	45.9	47.0	44.8	47.2	48.4	48.8	49.9	50.4	51.3
Iceland	23.3	23.8	26.5	26.5	27.3	24.7	24.3	25.7	26.8	30.6	31.9	30.4	26.1	22.6	24.0	24.7	25.3	24.7	24.9	25.4
Ireland	38.4	39.4	43.4	43.7	46.0	46.5	45.4	43.7	45.0	45.7	46.0	46.8	46.5	45.3	46.2	45.0	44.9	45.4	46.1	46.3
Israel	24.8	24.9	24.5	26.6	27.3	26.2	26.0	25.5	26.8	26.5	26.0	26.7	26.2	23.3	24.9	26.0	25.8	25.1	25.5	26.1
Italy	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	21.3	21.1	21.4	21.9
Japan	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	11.3	12.0	12.4	12.5	13.2	13.5
Korea	24.0	23.8	20.8	22.8	25.0	23.5	24.8	26.2	27.6	28.4	29.8	31.1	31.1	29.6	31.6	33.8	33.8	33.5	33.7	34.8
Luxembourg	49.3	50.8	52.0	53.3	53.8	54.6	53.8	55.0	56.8	56.6	58.1	58.6	60.2	57.3	59.3	60.7	60.4	60.2	60.3	60.4
Mexico	13.4	14.6	15.8	17.2	19.3	19.3	19.5	19.9	20.6	21.4	22.3	22.7	23.0	20.7	23.0	23.7	23.8	23.8	23.7	24.2
Netherlands	30.9	32.3	33.3	34.2	35.9	36.0	36.0	36.4	37.2	37.9	39.1	39.5	39.6	38.8	40.8	41.5	42.6	42.8	43.4	44.0
New Zealand	22.2	22.1	22.0	23.1	22.4	22.4	23.2	23.9	26.1	26.8	25.8	26.9	27.6	24.4	26.1	27.2	27.2	28.0	28.8	29.3
Norway	17.4	18.3	19.0	18.6	18.4	18.3	18.2	18.1	18.8	19.6	20.6	21.7	22.3	20.3	21.6	22.1	21.9	22.3	22.3	22.5
Poland	20.3	22.1	24.3	23.6	25.6	24.3	24.5	25.4	27.2	27.4	29.5	30.8	31.3	28.2	30.1	30.3	29.7	29.6	29.7	30.3
Portugal	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	29.1	28.2	27.5	28.3	28.8	29.1
Slovak Republic	34.9	35.8	38.7	38.6	40.2	42.2	42.1	42.7	43.5	44.7	46.8	46.6	45.9	41.8	44.1	45.7	46.1	46.5	47.2	47.8
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	40.6	42.2	43.4	42.8	43.4	43.8	44.1
Spain	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	23.3	22.6	22.9	23.1	23.5
Sweden	23.3	25.0	26.2	26.2	27.6	27.0	26.3	26.6	27.0	27.7	28.6	29.7	30.6	28.4	29.4	30.2	29.9	29.4	29.4	29.7
Switzerland	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	30.0	30.5	30.9	30.8	31.5	32.1
Turkey	15.3	16.9	16.8	16.8	18.7	15.5	17.1	19.5	21.1	21.7	21.7	22.7	21.9	20.1	22.0	22.3	21.9	22.6	22.5	23.4
United Kingdom	19.1	19.9	20.7	21.4	22.2	22.7	23.2	23.0	23.6	24.3	25.6	24.6	24.4	23.3	24.4	24.3	24.8	24.5	24.5	24.6
United States	9.5	10.2	10.8	11.4	12.2	11.8	12.0	12.2	12.9	13.2	13.6	13.6	13.3	12.1	13.1	13.4	13.4	13.3	13.4	13.8
Total OECD	15.1	16.0	16.6	17.2	18.4	18.2	18.3	18.6	19.4	20.0	20.8	21.2	21.2	19.8	21.1	21.7	21.7	21.6	21.9	22.3

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 95 database.

StatLink http://dx.doi.org/10.1787/888933052878

Annex Table 55. **Quarterly demand and output projections**

Percentage change from previous period, seasonally adjusted at annual rates, volume

	2013	2014	2015	2013 Q4	2014 Q1	2015 Q2	2015 Q3	2015 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2013 Q4 / Q4	2014 Q4 / Q4	2015 Q4 / Q4
Private consumption															
Canada	2.2	2.7	2.7	3.0	2.2	3.2	2.7	2.7	2.7	2.7	2.8	2.8	2.4	2.7	2.7
France	0.4	0.5	1.5	1.6	-0.8	0.8	1.0	1.4	1.7	1.7	1.8	1.8	0.8	0.6	1.8
Germany	1.0	1.4	2.0	-0.3	1.8	1.9	2.0	2.0	2.0	2.0	2.1	2.1	1.0	1.9	2.0
Italy	-2.6	0.1	0.6	-0.3	0.3	0.7	0.7	0.7	0.6	0.6	0.6	0.7	-1.4	0.6	0.6
Japan	1.9	0.9	1.4	1.6	8.0	-9.7	2.0	1.7	2.4	2.9	5.6	-5.5	2.3	0.3	1.2
United Kingdom	2.2	2.5	2.3	1.2	3.1	3.2	2.6	2.4	2.3	2.2	2.1	2.0	2.3	2.8	2.1
United States	2.0	3.0	3.2	3.3	3.0	3.3	3.2	3.2	3.2	3.2	3.3	3.3	2.3	3.2	3.2
Euro area	-0.6	0.7	1.3	0.7	0.2	0.9	1.1	1.2	1.4	1.4	1.5	1.5	0.3	0.9	1.4
Total OECD	1.5	2.1	2.6	2.2	2.6	1.2	2.6	2.6	2.7	2.8	3.1	2.0	1.9	2.3	2.6
Public consumption															
Canada	0.8	0.8	0.7	1.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.6	0.7
France	1.8	0.9	0.5	2.0	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	1.8	0.4	0.5
Germany	0.7	1.6	1.7	-0.1	1.7	1.7	1.8	1.8	1.6	1.6	1.6	1.6	1.0	1.8	1.6
Italy	-0.8	0.4	-0.2	0.8	0.3	0.4	1.0	0.6	-0.6	-1.0	-0.9	-0.5	-0.1	0.6	-0.8
Japan	2.2	0.8	0.5	1.9	0.1	0.8	-0.3	-0.6	0.3	1.0	1.4	1.6	2.2	0.0	1.1
United Kingdom	0.7	0.9	-0.2	0.1	0.4	0.4	0.4	0.4	-0.6	-0.6	-0.6	-0.6	1.6	0.4	-0.6
United States	-2.0	-0.5	0.0	-5.0	2.3	0.5	-0.4	-0.3	0.1	0.1	0.1	0.0	-2.4	0.5	0.1
Euro area	0.2	0.3	0.2	-0.5	0.3	0.4	0.5	0.5	0.1	0.0	0.1	0.2	0.4	0.4	0.1
Total OECD	0.2	0.6	0.6	-0.6	1.3	0.9	0.5	0.6	0.6	0.6	0.6	0.5	0.3	0.8	0.6
Business investment															
Canada	0.8	3.0	5.2	-1.6	5.0	6.5	5.0	5.0	5.0	5.2	5.5	5.5	-0.5	5.4	5.3
France	-2.3	1.7	3.7	3.3	1.6	1.9	2.6	3.2	4.1	4.3	4.5	4.5	-0.5	2.3	4.3
Germany	-1.7	4.7	5.4	5.5	7.0	4.7	5.2	5.3	5.4	5.5	5.6	5.6	0.3	5.5	5.5
Japan	-1.5	4.7	4.2	3.0	7.8	5.0	5.0	5.0	3.9	3.7	3.6	3.6	0.9	5.7	3.7
United Kingdom	-1.0	8.6	8.9	10.0	8.2	8.6	8.7	8.8	8.9	9.0	9.0	9.1	8.7	8.6	9.0
United States	2.7	5.3	10.1	5.7	-2.0	10.5	10.3	10.3	10.0	10.0	10.0	10.0	2.6	7.1	10.0
Total investment															
Canada	0.0	1.8	2.8	-3.4	4.5	4.2	3.2	2.9	2.5	2.5	2.5	2.4	-1.3	3.7	2.5
France	-2.1	1.0	2.5	2.0	0.9	1.2	1.8	2.2	2.7	2.9	3.0	3.0	-0.9	1.5	2.9
Germany	-0.5	5.7	4.8	5.7	8.3	3.9	4.5	4.7	4.8	5.0	5.1	5.1	2.5	5.3	5.0
Italy	-4.6	1.0	2.6	3.5	0.4	0.8	1.6	2.5	3.0	3.1	3.0	2.8	-2.4	1.3	3.0
Japan	2.6	4.2	0.0	6.3	4.4	1.3	0.4	0.3	-0.1	0.3	-0.6	-2.3	6.2	1.6	-0.7
United Kingdom	-0.6	8.3	7.3	7.9	7.6	8.0	8.1	8.1	6.7	6.9	7.0	7.1	8.8	7.9	6.9
United States	2.9	3.5	9.2	1.0	-4.5	9.2	9.5	9.6	9.0	9.1	9.1	9.2	2.2	5.8	9.1
Euro area	-2.7	2.5	3.3	4.1	2.3	1.8	2.5	3.0	3.4	3.7	3.8	4.0	0.1	2.4	3.7
Total OECD	0.9	3.3	5.4	1.9	1.3	4.8	5.0	5.3	5.5	5.6	5.6	5.4	2.2	4.1	5.5

Note: The adoption of national accounts systems (SNA93, SNA08 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 95 database.

StatLink http://dx.doi.org/10.1787/888933052897

Annex Table 55. **Quarterly demand and output projections *(cont'd)***

Percentage change from previous period, seasonally adjusted at annual rates, volume

	2013	2014	2015	2013 Q4	2014 Q1	2015 Q2	2015 Q3	2015 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2013 Q4 / Q4	2014 Q4 / Q4	2015 Q4 / Q4
Total domestic demand															
Canada	1.8	2.2	2.3	2.8	1.6	2.5	2.4	2.3	2.2	2.2	2.3	2.3	2.2	2.2	2.2
France	0.3	0.8	1.4	0.6	-0.2	0.8	1.0	1.3	1.6	1.6	1.7	1.7	1.1	0.7	1.6
Germany	0.5	1.6	2.5	-2.9	3.5	2.3	2.5	2.5	2.5	2.5	2.6	2.6	0.6	2.7	2.5
Italy	-2.7	0.1	0.8	-1.0	0.4	0.6	0.9	1.0	0.8	0.7	0.7	0.8	-1.3	0.7	0.7
Japan	1.8	1.6	1.0	2.8	4.3	-3.9	1.2	1.0	1.5	2.0	2.4	-2.3	3.0	0.6	0.9
United Kingdom	1.8	2.9	2.6	-1.0	3.1	3.3	2.9	2.8	2.4	2.3	2.3	2.3	2.4	3.0	2.3
United States	1.7	2.6	3.9	1.6	0.9	4.0	3.8	3.9	3.8	3.9	4.0	4.0	2.3	3.2	3.9
Euro area	-0.9	0.7	1.4	-0.5	0.8	1.0	1.2	1.4	1.5	1.5	1.6	1.7	0.0	1.1	1.6
Total OECD	1.1	2.0	2.8	1.4	1.5	2.0	2.7	2.8	2.9	3.0	3.0	2.5	1.8	2.3	2.9
Exports of goods and services															
Canada	2.1	4.1	6.6	1.7	4.8	6.8	5.5	6.0	7.0	7.0	7.0	7.0	3.1	5.8	7.0
France	0.8	4.1	5.7	5.3	4.7	4.9	5.3	5.6	5.7	5.9	6.2	6.3	2.1	5.1	6.0
Germany	1.0	5.1	4.6	11.0	3.4	3.7	3.9	4.4	4.8	5.0	5.1	5.2	4.3	3.8	5.0
Italy	0.0	3.8	4.6	4.8	3.5	4.2	4.2	4.6	4.8	4.8	4.8	4.8	1.0	4.1	4.8
Japan	1.6	4.8	6.9	1.7	3.0	9.2	8.8	8.4	6.4	5.8	5.3	5.3	7.0	7.3	5.7
United Kingdom	1.0	3.8	4.1	11.6	2.8	3.5	3.9	4.0	4.2	4.2	4.3	4.3	2.3	3.6	4.3
United States	2.7	2.7	5.3	9.5	-7.6	5.5	5.2	5.2	5.3	5.3	5.4	5.4	4.9	1.9	5.3
Total OECD[1]	2.0	4.3	5.7	5.7	2.4	5.3	5.4	5.6	5.7	5.8	5.8	5.9	3.7	4.7	5.8
Imports of goods and services															
Canada	1.1	3.1	5.0	0.9	4.0	5.5	4.7	5.0	5.0	5.0	5.0	5.0	1.3	4.8	5.0
France	0.8	3.3	5.1	2.7	2.0	3.3	4.5	5.0	5.3	5.4	5.5	5.6	3.0	3.7	5.5
Germany	1.0	4.8	6.0	2.6	5.4	5.5	5.7	5.8	6.0	6.1	6.2	6.2	2.9	5.6	6.1
Italy	-2.9	2.4	3.9	0.8	2.6	3.0	3.6	3.8	4.1	4.2	4.2	4.0	-0.1	3.3	4.1
Japan	3.4	7.1	4.5	14.7	5.2	3.0	4.6	4.6	4.7	4.6	4.5	4.4	9.1	4.3	4.6
United Kingdom	0.5	2.9	3.7	-1.6	2.5	3.1	3.3	3.5	3.7	3.9	4.0	4.1	1.0	3.1	3.9
United States	1.4	3.1	7.2	1.5	-1.4	6.0	7.0	8.0	7.5	7.0	7.0	7.0	2.8	4.8	7.1
Total OECD[1]	1.2	3.6	5.7	3.2	2.2	4.3	5.2	5.8	6.0	6.0	6.0	6.1	2.9	4.4	6.0
GDP															
Canada	2.0	2.5	2.7	2.9	1.8	2.8	2.6	2.5	2.8	2.8	2.9	2.8	2.7	2.4	2.8
France	0.3	0.9	1.5	1.2	0.5	1.2	1.2	1.4	1.6	1.7	1.8	1.8	0.8	1.1	1.7
Germany	0.5	1.9	2.1	1.5	2.7	1.6	1.8	2.0	2.1	2.2	2.3	2.3	1.4	2.0	2.2
Italy	-1.8	0.5	1.1	0.3	0.7	1.1	1.2	1.3	1.1	1.0	1.0	1.1	-0.9	1.1	1.1
Japan	1.5	1.2	1.2	0.7	3.9	-3.1	1.8	1.5	1.6	2.1	2.4	-2.4	2.5	1.0	0.9
United Kingdom	1.7	3.2	2.7	2.7	3.2	3.4	3.1	3.0	2.5	2.4	2.4	2.3	2.7	3.2	2.4
United States	1.9	2.6	3.5	2.6	0.1	3.9	3.5	3.4	3.4	3.6	3.7	3.7	2.6	2.7	3.6
Euro area	-0.4	1.2	1.7	1.0	1.3	1.3	1.4	1.6	1.7	1.7	1.8	1.9	0.5	1.4	1.8
Total OECD	1.3	2.2	2.8	1.9	1.6	2.3	2.8	2.8	2.8	2.9	3.0	2.5	2.0	2.4	2.8

Note: The adoption of national accounts systems (SNA93, SNA08 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 95 database.

StatLink http://dx.doi.org/10.1787/888933052897

Annex Table 56. **Quarterly price, cost and unemployment projections**

Percentage change from previous period, seasonally adjusted at annual rates

	2013	2014	2015	2013	2014	2015					2013	2014	2015
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 / Q4		
Consumer price index[1]															
Canada	1.0	1.6	1.8	0.5	2.7	1.7	1.7	1.7	1.9	1.9	2.0	2.0	1.0	1.9	1.9
France	1.0	0.9	1.1	0.1	0.7	1.1	1.1	1.1	1.2	1.2	1.1	1.1	0.8	1.0	1.1
Germany	1.6	1.1	1.8	0.5	0.2	1.4	1.5	1.6	1.8	2.0	2.1	2.2	1.3	1.2	2.0
Italy	1.3	0.5	0.9	0.8	-0.2	0.9	0.8	0.8	0.9	0.9	1.0	1.0	0.7	0.6	1.0
Japan	0.4	2.6	2.0	1.9	0.1	8.9	0.8	1.0	1.1	1.2	1.3	7.0	1.4	2.6	2.7
United Kingdom	2.6	2.0	2.1	1.6	1.9	2.0	2.0	2.0	2.0	2.1	2.2	2.2	2.1	2.0	2.1
United States	1.5	1.5	1.7	1.1	1.9	1.3	1.5	1.6	1.7	1.8	1.9	2.1	1.2	1.6	1.9
Euro area	1.3	0.7	1.1	0.2	0.2	1.0	1.0	1.0	1.2	1.2	1.3	1.3	0.8	0.8	1.2
GDP deflator															
Canada	1.2	1.6	1.8	0.5	2.5	1.8	1.7	1.7	1.8	1.9	1.9	1.9	1.0	1.9	1.9
France	1.1	0.9	1.2	1.1	0.9	1.1	1.1	1.2	1.3	1.3	1.2	1.2	0.9	1.1	1.3
Germany	2.2	1.3	1.7	1.4	0.4	1.4	1.6	1.7	1.7	1.8	1.9	1.9	2.1	1.3	1.8
Italy	1.4	0.4	0.5	0.8	0.5	0.3	0.4	0.5	0.5	0.5	0.7	0.6	1.1	0.4	0.6
Japan	-0.6	1.3	1.5	0.5	0.2	5.7	0.7	0.9	0.9	1.0	1.1	4.7	-0.3	1.8	1.9
United Kingdom	1.8	1.6	1.5	3.8	1.6	0.1	1.8	1.5	1.7	0.9	2.1	1.8	1.3	1.2	1.6
United States	1.5	1.5	1.9	1.6	1.3	1.6	1.7	1.8	1.9	2.0	2.1	2.2	1.4	1.6	2.0
Euro area	1.4	0.7	1.1	0.5	0.7	0.9	1.0	1.1	1.0	1.1	1.2	1.2	1.1	0.9	1.1
Total OECD	1.4	1.6	1.8	1.4	1.6	2.2	1.5	1.9	1.7	1.9	1.6	2.3	1.3	1.8	1.9
Unit labour costs (total economy)															
Canada	1.6	1.6	2.0	1.4	2.1	2.0	2.3	2.2	1.9	1.8	1.8	1.8	0.7	2.1	1.8
France	1.0	0.7	0.2	0.3	1.2	0.6	0.6	0.4	0.0	0.0	0.2	0.1	0.5	0.7	0.1
Germany	2.2	0.9	1.8	0.8	0.0	1.4	1.5	1.5	2.0	2.0	1.9	1.8	1.2	1.1	1.9
Italy	1.4	-0.2	0.4	-1.6	0.4	-0.2	0.2	0.3	0.4	0.7	0.6	0.4	0.2	0.2	0.5
Japan	-0.6	0.7	1.4	2.0	-2.1	5.4	0.7	1.1	1.0	0.6	0.3	5.2	-0.9	1.2	1.8
United Kingdom	1.5	0.1	1.3	-1.4	0.2	0.1	0.4	0.7	1.5	1.9	2.2	2.3	0.8	0.3	2.0
United States	1.0	1.0	1.0	1.0	3.2	0.1	0.5	0.8	1.1	1.2	1.2	1.3	-0.5	1.2	1.2
Euro area	0.9	0.2	0.5	-0.1	-0.1	0.3	0.4	0.4	0.5	0.6	0.6	0.5	0.5	0.3	0.6
Total OECD	1.3	0.8	1.1	1.1	1.0	1.0	0.5	0.6	1.1	1.3	1.3	1.8	0.6	0.8	1.4
Unemployment							Per cent of labour force								
Canada	7.1	6.9	6.6	7.0	7.0	6.9	6.8	6.8	6.7	6.6	6.6	6.5			
France	9.9	9.9	9.8	9.8	9.8	9.9	9.9	9.9	9.9	9.9	9.8	9.8			
Germany	5.3	5.0	4.9	5.1	5.0	5.1	5.1	5.0	5.0	4.9	4.8	4.7			
Italy	12.2	12.8	12.5	12.6	12.7	12.8	12.9	12.9	12.7	12.6	12.4	12.2			
Japan	4.0	3.8	3.7	3.9	3.7	3.8	3.8	3.7	3.7	3.7	3.7	3.7			
United Kingdom	7.6	6.9	6.5	7.2	7.0	6.9	6.8	6.7	6.6	6.6	6.5	6.5			
United States	7.4	6.5	6.0	7.0	6.7	6.6	6.5	6.3	6.2	6.1	6.0	5.9			
Euro area	11.9	11.7	11.4	11.8	11.8	11.8	11.7	11.7	11.6	11.4	11.3	11.2			
Total OECD	7.9	7.5	7.2	7.7	7.6	7.6	7.5	7.4	7.3	7.3	7.2	7.1			

Note: The adoption of national accounts systems (SNA93, SNA08 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 95 database.

StatLink http://dx.doi.org/10.1787/888933052916

Annex Table 57. **Contributions to changes in real GDP in OECD countries**

	2012	2013	2014	2015		2012	2013	2014	2015
Australia					**France**				
Final domestic demand	4.1	0.9	1.4	2.1	Final domestic demand	-0.1	0.2	0.7	1.5
Stockbuilding	0.0	-0.5	0.0	0.0	Stockbuilding	-0.8	0.1	0.1	0.0
Net exports	0.1	1.9	1.4	0.8	Net exports	1.0	0.0	0.1	0.1
GDP	3.6	2.4	2.6	2.9	GDP	0.0	0.3	0.9	1.5
Austria					**Germany**				
Final domestic demand	0.5	0.0	0.8	1.7	Final domestic demand	0.4	0.6	2.1	2.3
Stockbuilding	-0.5	-0.3	0.0	0.0	Stockbuilding	-0.6	-0.1	-0.6	0.0
Net exports	1.0	0.9	0.8	0.4	Net exports	1.1	0.0	0.4	-0.3
GDP	0.7	0.4	1.5	2.1	GDP	0.9	0.5	1.9	2.1
Belgium					**Greece**				
Final domestic demand	-0.2	0.3	1.2	1.4	Final domestic demand	-11.0	-6.8	-2.3	0.2
Stockbuilding	-0.4	-0.6	-0.3	0.0	Stockbuilding	0.0	0.8	0.1	0.0
Net exports	0.5	0.5	0.6	0.5	Net exports	4.1	2.2	2.0	1.6
GDP	-0.1	0.2	1.5	1.9	GDP	-7.0	-3.9	-0.3	1.9
Canada					**Hungary**				
Final domestic demand	2.3	1.4	2.1	2.3	Final domestic demand	-1.8	1.5	1.7	0.8
Stockbuilding	0.0	0.4	0.1	0.0	Stockbuilding	-1.5	-0.7	-0.3	0.0
Net exports	-0.5	0.3	0.3	0.4	Net exports	1.6	0.4	1.1	0.8
GDP	1.7	2.0	2.5	2.7	GDP	-1.7	1.2	2.0	1.6
Chile					**Iceland**				
Final domestic demand	6.7	4.3	3.0	4.1	Final domestic demand	1.9	0.6	4.2	4.6
Stockbuilding	-0.1	-0.9	0.0	0.0	Stockbuilding	-0.1	-0.4	-0.6	0.0
Net exports	-1.3	0.7	0.7	0.1	Net exports	-0.1	3.2	-0.6	-1.4
GDP	5.4	4.2	3.6	4.2	GDP	1.5	3.3	2.7	3.2
Czech Republic					**Ireland**				
Final domestic demand	-2.5	-0.4	0.8	1.9	Final domestic demand	-0.8	-0.2	1.8	1.3
Stockbuilding	-0.1	-0.2	-0.2	0.0	Stockbuilding	-0.4	0.1	-0.2	0.0
Net exports	1.7	-0.3	0.6	0.5	Net exports	1.6	-0.6	-0.4	0.9
GDP	-0.9	-0.9	1.2	2.4	GDP	0.2	-0.3	1.9	2.2
Denmark					**Israel**				
Final domestic demand	0.2	0.4	1.3	1.3	Final domestic demand	3.2	3.0	3.6	3.6
Stockbuilding	-0.3	0.2	-0.4	0.0	Stockbuilding	0.5	-0.1	-0.2	0.0
Net exports	-0.2	-0.2	0.5	0.4	Net exports	-0.5	0.5	-0.2	-0.1
GDP	-0.4	0.4	1.4	1.8	GDP	3.3	3.4	3.2	3.5
Estonia					**Italy**				
Final domestic demand	5.8	2.6	2.2	3.5	Final domestic demand	-4.5	-2.6	0.3	0.8
Stockbuilding	-0.5	-1.3	-0.8	0.0	Stockbuilding	-0.6	-0.1	-0.2	0.0
Net exports	-2.6	-0.7	-0.2	-0.5	Net exports	2.7	0.8	0.5	0.3
GDP	3.9	0.8	1.2	3.1	GDP	-2.4	-1.8	0.5	1.1
Finland					**Japan**				
Final domestic demand	0.1	-1.2	-0.9	0.7	Final domestic demand	2.3	2.2	1.6	0.9
Stockbuilding	-0.9	-0.3	0.4	0.0	Stockbuilding	0.1	-0.3	0.0	0.0
Net exports	0.2	0.9	0.2	0.5	Net exports	-0.9	-0.3	-0.6	0.3
GDP	-1.0	-1.4	0.2	1.1	GDP	1.4	1.5	1.2	1.2

Note: The adoption of national accounts systems (SNA93, SNA08 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 95 database.

StatLink http://dx.doi.org/10.1787/888933052935

Annex Table 57. **Contributions to changes in real GDP in OECD countries *(cont'd)***

	2012	2013	2014	2015		2012	2013	2014	2015
Korea					**Slovenia**				
Final domestic demand	1.3	2.7	3.3	4.0	Final domestic demand	-4.5	-1.9	-1.8	-0.9
Stockbuilding	-0.6	-1.3	0.0	0.0	Stockbuilding	-1.8	-0.5	1.0	0.0
Net exports	1.5	1.5	0.7	0.2	Net exports	3.8	1.3	1.5	2.2
GDP	2.3	3.0	4.0	4.2	GDP	-2.5	-1.1	0.3	1.2
Luxembourg					**Spain**				
Final domestic demand	2.3	0.5	1.4	1.3	Final domestic demand	-4.1	-2.6	-0.1	0.5
Stockbuilding	-0.6	-1.1	-1.3	0.0	Stockbuilding	0.0	0.0	0.0	0.0
Net exports	-1.9	2.7	2.1	1.2	Net exports	2.5	1.5	1.1	1.0
GDP	-0.2	2.1	2.8	2.5	GDP	-1.6	-1.2	1.0	1.5
Mexico					**Sweden**				
Final domestic demand	4.3	1.7	3.1	3.9	Final domestic demand	1.8	1.3	2.3	2.7
Stockbuilding	-1.1	-0.3	-0.4	0.0	Stockbuilding	-1.2	0.2	0.3	0.0
Net exports	0.5	-0.1	0.8	0.2	Net exports	0.6	0.0	0.3	0.5
GDP	3.7	1.3	3.4	4.1	GDP	1.3	1.5	2.8	3.1
Netherlands					**Switzerland**				
Final domestic demand	-1.6	-1.8	0.5	0.4	Final domestic demand	1.6	2.0	2.3	2.3
Stockbuilding	0.2	-0.3	0.0	0.0	Stockbuilding	-0.6	-0.4	0.2	0.0
Net exports	0.2	1.4	-0.1	0.9	Net exports	0.0	0.4	-0.5	0.2
GDP	-1.3	-0.8	1.0	1.3	GDP	1.0	2.0	2.0	2.5
New Zealand					**Turkey**				
Final domestic demand	2.8	4.1	4.4	3.7	Final domestic demand	-0.1	5.0	2.6	5.0
Stockbuilding	0.1	-0.1	-0.2	0.0	Stockbuilding	-1.4	1.4	-0.4	-0.1
Net exports	-0.1	-1.5	-1.0	-0.4	Net exports	4.0	-2.6	1.2	-1.0
GDP	2.9	2.5	3.5	3.3	GDP	2.1	4.0	2.8	4.0
Norway					**United Kingdom**				
Final domestic demand	3.2	3.0	2.2	2.6	Final domestic demand	1.4	1.5	3.0	2.6
Stockbuilding	-0.1	0.0	0.0	0.0	Stockbuilding	-0.2	0.3	-0.1	0.0
Net exports	-0.2	-2.3	-0.1	-0.1	Net exports	-0.6	0.2	0.3	0.1
GDP	2.9	0.6	2.0	2.4	GDP	0.3	1.7	3.2	2.7
Poland					**United States**				
Final domestic demand	0.5	0.8	2.7	3.3	Final domestic demand	2.5	1.6	2.6	4.0
Stockbuilding	-0.6	-0.9	-0.3	0.0	Stockbuilding	0.2	0.2	0.1	0.0
Net exports	2.1	1.7	0.8	0.1	Net exports	0.1	0.1	-0.2	-0.5
GDP	1.9	1.6	3.0	3.4	GDP	2.8	1.9	2.6	3.5
Portugal					**Euro area**				
Final domestic demand	-7.1	-2.5	0.4	0.5	Final domestic demand	-1.6	-0.8	0.9	1.4
Stockbuilding	0.1	-0.1	0.2	0.0	Stockbuilding	-0.5	-0.1	-0.2	0.0
Net exports	3.8	1.3	0.5	0.9	Net exports	1.5	0.5	0.5	0.3
GDP	-3.2	-1.4	1.1	1.4	GDP	-0.6	-0.4	1.2	1.7
Slovak Republic					**Total OECD**				
Final domestic demand	-2.7	-0.7	1.4	1.8	Final domestic demand	1.2	1.1	2.1	2.8
Stockbuilding	-1.4	-0.1	0.3	0.0	Stockbuilding	-0.3	0.0	-0.1	0.0
Net exports	5.9	1.7	0.9	1.1	Net exports	0.6	0.2	0.2	0.0
GDP	1.8	0.9	2.0	2.9	GDP	1.5	1.3	2.2	2.8

Note: The adoption of national accounts systems (SNA93, SNA08 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 95 database.

StatLink http://dx.doi.org/10.1787/888933052935

Annex Table 58. **Household wealth and indebtedness**

Per cent of nominal disposable income

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Canada												
Net wealth	577.6	559.0	591.5	599.3	642.9	668.0	675.5	600.3	636.2	660.2	658.2	679.4
Net financial wealth	284.9	253.4	265.8	269.0	297.3	307.0	304.6	236.1	262.2	280.9	273.5	288.6
Non-financial assets	292.7	305.6	325.7	330.3	345.6	361.0	370.9	364.2	374.0	379.3	384.8	390.8
Financial assets	394.8	366.9	384.5	393.6	429.3	441.9	448.0	384.7	419.7	441.3	436.3	453.4
of which: Equities	44.2	40.7	45.7	50.4	64.1	67.0	79.5	59.8	76.0	87.6	81.0	85.3
Liabilities	109.9	113.5	118.7	124.6	132.0	134.9	143.4	148.6	157.5	160.4	162.8	164.8
of which: Mortgages	66.7	69.1	71.8	75.6	79.7	82.0	88.0	91.5	95.9	99.6	102.4	104.5
France												
Net wealth	556.6	572.0	622.5	678.7	747.6	791.6	804.4	755.2	750.8	794.0	806.8	811.0
Net financial wealth	197.0	187.4	196.1	200.7	209.3	220.0	217.2	191.0	205.4	211.4	205.0	217.1
Non-financial assets	359.5	384.6	426.4	478.0	538.3	571.6	587.3	564.1	545.4	582.5	601.8	593.9
Financial assets	266.7	258.5	270.3	277.3	292.2	307.7	309.0	282.7	304.8	316.2	310.5	323.5
of which: Equities	74.5	65.5	72.4	75.3	80.9	92.7	91.1	65.9	74.7	76.9	69.8	76.9
Liabilities	69.6	71.1	74.3	76.6	82.9	87.7	91.8	91.7	99.4	104.8	105.5	106.4
of which: Long-term loans	51.8	52.8	54.9	58.2	63.1	67.4	71.3	74.4	78.2	81.1	83.2	84.2
Germany												
Net wealth	538.7	540.0	553.7	565.5	578.8	580.1	609.9	598.0	621.2	624.5	622.1	638.2
Net financial wealth	153.8	148.4	160.5	168.9	181.8	179.9	195.0	179.8	191.8	197.5	192.7	201.4
Non-financial assets	384.9	391.6	393.2	396.6	397.1	400.2	414.9	418.2	429.3	427.0	429.4	436.8
Financial assets	267.8	262.3	273.1	279.8	290.1	285.8	297.9	279.2	291.5	294.6	287.2	294.7
of which: Equities	72.7	58.3	64.1	64.2	71.5	67.6	71.0	50.4	53.4	54.5	49.1	52.3
Liabilities	114.0	113.9	112.5	111.0	108.3	105.9	103.0	99.4	99.7	97.1	94.5	93.3
of which: Mortgages	72.6	73.5	73.2	72.6	71.6	71.5	69.7	67.4	67.8	66.1	64.3	64.0
Italy												
Net wealth	744.2	762.9	784.3	810.0	843.6	863.5	857.3	858.7	882.4	880.6	852.2	865.9
Net financial wealth	312.3	307.6	303.9	313.3	324.3	320.8	295.1	290.4	288.4	283.7	259.8	282.1
Non-financial assets	431.9	455.2	480.4	496.6	519.3	542.7	562.2	568.3	594.1	596.9	592.4	583.9
Financial assets	358.9	356.9	356.3	369.7	385.5	387.1	365.9	362.4	365.5	363.7	339.9	363.6
of which: Equities	152.5	141.4	135.5	137.7	146.1	146.3	125.7	116.4	109.8	111.5	91.8	104.6
Liabilities	46.6	49.2	52.5	56.4	61.1	66.3	70.8	72.0	77.1	80.0	80.1	81.5
of which: Medium and long-term loans	31.4	34.3	37.5	41.9	47.0	51.9	56.2	57.4	62.3	65.0	65.1	65.8
Japan												
Net wealth	779.1	778.1	787.6	780.2	805.8	812.8	808.7	776.8	779.5	772.3	762.9	778.5
Net financial wealth	340.8	357.6	379.1	385.5	417.2	419.2	408.7	381.4	396.4	399.4	398.6	418.4
Non-financial assets	438.3	420.6	408.5	394.7	388.5	393.6	400.0	395.4	383.1	372.9	364.3	360.1
Financial assets	477.2	491.1	513.0	519.1	551.4	554.1	538.1	510.3	524.9	526.9	523.0	541.7
of which: Equities	31.8	29.9	41.9	48.9	77.3	77.0	55.6	34.5	34.9	36.0	33.3	39.7
Liabilities	136.3	133.5	133.9	133.6	134.1	134.9	129.4	128.9	128.5	127.4	124.3	123.3
of which: Mortgages[1]	62.8	62.7	64.1	64.4	64.8	66.0	65.3	65.7	66.2	66.6	67.0	67.2
United Kingdom												
Net wealth	664.4	662.9	694.2	728.9	763.2	791.7	820.3	692.8	734.1	748.8	736.4	741.4
Net financial wealth	317.2	257.8	263.8	264.8	300.0	303.8	299.2	236.8	278.2	288.6	283.2	290.3
Non-financial assets	347.2	405.1	430.4	464.2	463.2	487.9	521.1	456.0	455.9	460.2	453.2	451.1
Financial assets	438.8	391.7	408.9	422.2	460.6	475.6	479.1	412.0	446.5	449.1	439.6	441.4
of which: Equities	85.4	61.5	67.6	70.7	75.7	76.2	72.1	46.5	64.0	69.1	58.7	51.4
Liabilities	121.6	133.9	145.1	157.4	160.6	171.8	179.9	175.3	168.3	160.4	156.5	151.1
of which: Mortgages	88.0	97.2	107.2	117.9	120.8	128.4	136.8	135.2	131.4	125.6	122.9	119.9
United States												
Net wealth	571.9	543.6	582.4	627.7	665.2	670.8	644.8	520.0	538.7	563.5	549.4	578.7
Net financial wealth	333.7	296.0	324.1	350.1	361.7	376.1	376.4	294.5	322.4	356.1	352.1	374.5
Non-financial assets	238.3	247.6	258.3	277.6	303.5	294.7	268.4	225.5	216.4	207.4	197.4	204.2
Financial assets	436.6	404.2	439.9	472.2	491.0	510.2	513.4	424.4	450.8	478.6	467.2	485.5
of which: Equities	121.8	91.2	114.1	121.1	125.3	144.1	140.9	84.0	106.1	120.9	114.5	127.5
Liabilities	102.9	108.2	115.8	122.1	129.4	134.1	137.0	129.8	128.5	122.5	115.1	111.0
of which: Mortgages	70.5	76.3	83.3	89.1	96.6	100.6	102.9	98.0	97.0	89.7	83.6	78.5

Note: Assets and liabilities are amounts outstanding at the end of the period, in per cent of nominal disposable income.
For a more detailed description of the variables, see Sources & Methods of the *OECD Economic Outlook (http://www.oecd.org/eco/sources-and-methods.htm).*

1. Fiscal year data.

Source: 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/10.1787/888933052954

Annex Table 59. **House prices**

Percentage change from previous year

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Nominal																
Australia	7.3	7.3	8.3	11.2	18.7	18.1	6.5	1.5	7.8	11.3	4.4	3.4	12.1	-2.6	-0.7	6.6
Austria	..	..	..	0.9	0.6	0.3	-1.9	5.0	4.1	4.7	1.1	3.9	6.2	4.2	12.4	4.7
Belgium	6.4	7.1	5.4	4.8	6.4	6.9	8.7	12.7	11.8	9.3	4.9	-0.3	5.4	3.1	2.5	1.7
Canada	-1.4	3.4	4.5	4.7	8.1	8.3	8.2	8.0	11.7	11.6	5.5	-2.8	8.9	5.0	4.8	2.6
Czech Republic	..	..	..	..	..	..	..	..	..	..	..	-3.8	-1.8	0.0	-1.4	-0.1
Denmark	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	-3.3	2.6
Estonia	..	..	..	..	..	..	..	..	49.5	20.8	-9.6	-37.2	5.7	8.5	7.3	10.7
Finland	8.8	7.1	3.9	-1.4	6.0	6.3	8.2	8.1	6.4	5.5	0.6	-0.3	8.7	2.7	1.6	1.6
France	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	6.0	-0.5	-2.1
Germany	-1.9	1.9	0.0	0.0	-2.8	-1.0	-1.9	-2.0	0.0	1.1	0.6	0.5	2.7	5.6	6.3	6.3
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	-11.8	-10.5
Hungary	..	..	..	..	..	..	..	..	..	..	2.4	-5.2	-2.4	-3.4	-3.8	-3.1
Iceland	..	..	..	..	..	..	..	..	16.8	9.4	6.2	-9.7	-3.0	4.6	6.9	5.8
Ireland	24.1	21.5	20.6	12.4	7.0	14.2	11.2	8.1	14.5	8.5	-5.9	-18.3	-13.1	-13.2	-12.8	1.4
Israel	3.8	4.2	-4.8	-3.5	5.3	-5.7	-0.7	0.2	0.5	-1.6	7.6	13.7	17.6	10.5	3.2	9.1
Italy	2.1	5.6	8.3	8.2	9.6	10.3	9.9	7.5	6.4	5.2	1.7	-3.7	-1.0	0.7	-2.8	-5.6
Japan	-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	-2.7	..
Korea	-9.2	-1.3	1.8	3.9	16.6	9.0	1.1	0.8	6.2	9.0	4.0	0.2	2.4	5.3	2.9	-0.5
Luxembourg	..	..	..	..	..	..	..	..	..	..	3.3	-1.1	5.4	3.7	4.2	5.2
Netherlands	10.9	16.4	18.2	11.1	6.4	3.6	4.3	3.9	4.6	4.2	3.0	-3.4	-2.3	-2.4	-6.5	-6.6
New Zealand	-1.7	2.2	-0.4	1.8	10.2	19.6	16.9	14.5	10.5	10.9	-4.4	-1.6	1.9	1.2	4.7	9.0
Norway	11.1	11.2	15.7	7.0	4.9	1.7	10.1	8.2	13.7	12.6	-1.1	1.9	8.3	8.0	6.7	3.9
Portugal	4.5	9.0	7.7	5.4	0.6	1.1	0.6	2.3	2.1	1.3	3.9	0.4	1.8	-0.2	-2.2	-3.5
Slovak Republic	..	..	..	..	..	..	..	..	16.8	23.9	22.1	-11.1	-3.9	-3.1	-1.1	-0.9
Slovenia	..	..	..	..	..	..	..	..	..	..	7.0	-9.5	0.1	2.7	-6.9	-4.3
Spain	4.9	7.0	7.5	9.5	17.0	20.0	18.3	14.6	10.0	5.5	0.2	-7.6	-3.6	-6.1	-8.9	-6.4
Sweden	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	-1.4	3.1
Switzerland	-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	3.7	4.7
Turkey	..	..	..	..	..	..	..	..	..	..	..	..	..	10.2	11.7	12.7
United Kingdom	11.5	10.9	14.9	8.1	16.2	15.7	11.9	5.5	6.3	10.9	-0.9	-7.8	7.2	-1.0	1.6	3.5
United States	4.8	6.1	6.7	6.9	7.1	7.7	9.5	10.4	6.0	0.2	-7.8	-5.6	-3.0	-4.1	3.4	7.7
Euro area	2.6	6.0	6.3	5.8	5.9	7.3	7.3	7.1	6.6	4.6	1.3	-3.8	1.1	1.8	-0.5	-0.9
Total OECD	3.1	4.8	5.4	5.0	6.3	6.5	6.5	6.6	5.5	3.4	-2.2	-3.8	0.3	-0.5	1.7	3.4

Source: OECD, Housing prices database.

StatLink http://dx.doi.org/10.1787/888933052973

Annex Table 59. **House prices *(cont'd)***

Percentage change from previous year

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Real[1]																
Australia	6.0	6.2	4.7	7.5	15.5	15.5	5.0	-0.7	4.0	7.9	1.2	0.8	9.7	-5.0	-3.3	3.8
Austria	..	..	..	-0.8	-0.3	-1.2	-3.8	2.3	1.9	2.2	-1.1	3.5	4.2	0.8	9.5	2.4
Belgium	5.3	6.8	1.9	2.9	5.2	5.4	6.2	9.8	8.6	6.2	1.6	0.4	3.4	0.0	0.1	0.6
Canada	-2.7	1.8	2.2	2.7	6.0	6.6	6.5	6.2	10.2	9.8	3.8	-3.0	7.5	2.8	3.4	1.5
Czech Republic	..	..	..	..	..	..	..	..	..	..	..	-4.6	-1.6	-0.4	-4.0	-1.2
Denmark	7.4	4.8	3.7	3.4	1.9	1.9	7.6	15.8	19.3	3.3	-7.0	-13.4	0.1	-5.4	-5.9	1.5
Estonia	..	..	..	..	..	..	..	..	42.0	12.1	-16.2	-37.0	3.2	3.4	3.5	7.0
Finland	6.6	5.6	-0.4	-3.7	3.7	6.9	7.7	7.2	4.9	3.2	-2.8	-1.7	6.7	-0.7	-1.3	-0.1
France	1.6	7.4	6.2	5.8	7.5	9.8	12.7	13.4	9.8	4.4	-1.9	-6.6	3.9	3.8	-2.3	-2.8
Germany	-2.4	1.5	-0.8	-1.8	-3.9	-2.5	-3.0	-3.6	-1.0	-0.4	-1.0	0.5	0.7	3.5	4.6	4.6
Greece	9.5	6.4	7.1	11.5	10.9	2.0	-0.5	12.1	9.1	3.0	-2.6	-4.9	-8.1	-8.6	-12.6	-9.2
Hungary	..	..	..	..	..	..	..	..	..	..	-2.6	-8.8	-6.0	-7.3	-9.3	-4.9
Iceland	..	..	..	..	..	..	..	..	8.5	4.6	-7.0	-20.4	-6.4	0.5	1.3	2.1
Ireland	19.3	21.3	15.0	7.6	1.5	9.8	9.3	6.5	11.8	5.3	-7.4	-12.5	-11.3	-14.9	-13.2	-0.3
Israel	-2.3	-1.7	-6.7	-4.4	1.1	-5.9	-1.2	-1.3	-1.8	-2.2	2.2	11.3	14.3	6.8	0.9	6.8
Italy	0.2	3.7	4.7	5.5	6.6	7.3	7.1	5.2	3.8	2.9	-1.4	-3.6	-2.5	-2.0	-5.4	-6.9
Japan	-1.6	-2.4	-3.1	-3.2	-3.2	-4.5	-5.4	-4.2	-2.7	-0.3	-1.8	-1.4	-2.1	-2.4	-1.9	..
Korea	-14.6	-3.9	-2.4	-0.5	13.1	5.6	-2.0	-1.4	4.5	6.9	-0.5	-2.3	-0.1	1.5	0.6	-1.4
Luxembourg	..	..	..	..	..	..	..	..	..	..	-0.1	-2.2	4.0	1.1	2.5	3.6
Netherlands	8.7	14.2	13.9	6.4	3.4	1.2	3.3	1.8	2.4	2.3	1.9	-2.9	-3.7	-4.7	-8.5	-8.6
New Zealand	-3.2	1.4	-2.4	-0.4	8.1	19.0	15.4	12.4	7.3	9.3	-7.6	-4.0	0.7	-1.5	4.2	8.5
Norway	8.4	9.0	12.5	4.8	3.5	-1.1	8.8	7.0	11.6	11.2	-4.3	-0.6	5.9	6.9	5.5	1.1
Portugal	2.0	6.6	4.1	1.9	-2.1	-1.8	-1.9	-0.5	-0.9	-1.6	1.3	2.7	0.5	-2.6	-3.6	-3.8
Slovak Republic	..	..	..	..	..	..	..	..	11.3	20.6	16.9	-11.2	-4.8	-6.7	-4.4	-2.2
Slovenia	..	..	..	..	..	..	..	..	..	..	1.5	-10.0	-1.3	1.0	-8.4	-5.2
Spain	2.9	4.6	3.6	5.9	13.7	16.3	14.2	10.7	6.2	2.2	-3.2	-6.6	-5.5	-8.4	-11.1	-7.6
Sweden	9.0	7.8	10.2	5.6	4.7	4.9	8.5	7.9	10.8	8.9	0.2	-0.5	6.3	-0.9	-2.6	2.5
Switzerland	-0.8	-0.4	0.0	1.4	3.9	2.7	1.4	0.7	1.0	0.4	-0.5	5.8	4.0	4.1	4.8	5.3
Turkey	..	..	..	..	..	..	..	..	..	..	..	..	..	1.2	3.2	5.9
United Kingdom	9.2	9.7	14.2	7.2	15.2	14.1	9.8	3.0	3.6	8.1	-4.0	-9.6	3.1	-4.7	-0.2	1.3
United States	4.0	4.6	4.1	4.9	5.7	5.6	6.9	7.4	3.2	-2.3	-10.6	-5.6	-4.6	-6.4	1.5	6.5
Euro area	1.3	5.0	3.7	3.2	4.0	5.0	5.2	5.0	4.3	2.4	-1.3	-3.3	-0.5	-0.6	-2.5	-2.2
Total OECD	1.9	3.7	3.4	3.2	5.0	4.8	4.6	4.4	3.3	1.3	-4.8	-3.9	-1.3	-2.8	-0.2	2.1

1. Nominal house prices deflated by the private consumption deflator.

Source: OECD, Housing prices database.

StatLink http://dx.doi.org/10.1787/888933052973

Annex Table 60. **House price ratios**

Long-term average = 100

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Price-to-rent ratio																
Australia	84.3	88.1	92.6	99.8	115.7	134.1	139.4	138.4	144.5	152.5	147.8	143.1	153.8	143.3	136.5	140.9
Austria	..	..	103.1	100.4	99.2	97.8	93.7	95.6	97.1	97.8	96.2	95.8	98.9	100.4	109.4	111.8
Belgium	87.6	92.5	96.1	98.8	102.5	107.2	114.3	126.4	137.3	147.2	151.3	147.8	153.9	156.9	158.3	159.0
Canada	82.5	84.4	87.2	89.9	95.3	101.7	108.9	116.6	129.0	141.7	147.0	140.7	151.4	157.2	162.5	164.0
Denmark	94.6	98.4	102.1	105.2	106.2	106.8	113.1	129.8	154.7	158.5	147.7	126.2	126.1	119.0	112.0	112.3
Finland	96.8	102.3	100.4	95.5	101.7	108.8	116.6	122.5	124.8	124.2	119.8	123.9	133.8	131.8	131.8	134.7
France	71.9	75.5	82.2	88.4	93.7	102.0	114.1	127.2	137.7	142.3	140.5	127.9	132.3	138.5	135.7	130.7
Germany	90.4	91.2	90.1	89.1	85.5	83.8	81.5	79.2	78.3	78.2	77.7	77.3	78.5	81.8	85.9	90.2
Greece	81.0	84.4	89.8	98.8	107.2	107.4	104.3	111.0	120.1	122.1	119.2	110.1	102.8	96.3	86.8	83.3
Ireland	92.8	135.9	146.5	136.1	149.1	180.8	195.6	194.6	181.7	150.0	125.7	154.3	130.8	99.5	89.4	91.3
Israel	109.3	108.0	105.1	95.4	89.5	91.1	94.4	94.8	93.3	93.2	98.7	96.2	105.0	109.0	107.2	109.9
Italy	76.2	77.9	82.3	87.1	93.3	100.1	107.0	112.6	116.9	120.2	119.3	111.2	107.9	107.0	101.8	94.8
Japan	104.9	101.7	97.7	93.4	89.2	84.4	79.4	75.7	73.4	72.8	71.5	68.9	66.6	64.6	63.1	..
Korea	79.1	81.0	82.6	82.7	91.7	96.5	95.5	96.0	100.9	107.9	109.1	107.4	108.0	109.4	108.0	104.1
Netherlands	94.5	106.6	122.7	132.8	137.4	138.1	139.7	141.6	144.7	147.8	149.7	141.3	135.0	129.6	118.5	106.7
New Zealand	79.2	81.8	81.2	91.3	98.8	114.5	129.8	145.1	156.8	169.0	156.8	152.0	152.7	151.8	155.3	165.8
Norway	87.5	94.6	105.3	108.5	109.1	106.7	115.2	122.2	135.8	150.1	144.2	141.9	149.4	157.8	165.2	166.4
Portugal	96.9	102.4	106.6	108.0	103.9	101.7	99.3	98.6	97.9	96.7	97.9	95.7	95.6	94.5	90.7	86.4
Spain	84.9	87.7	90.9	95.4	106.9	123.0	139.9	153.7	162.1	163.8	157.6	141.2	134.6	125.1	113.3	106.3
Sweden	68.9	75.4	83.4	88.5	92.2	95.7	101.5	108.1	120.2	130.6	131.6	129.5	137.4	135.3	130.0	131.1
Switzerland	81.8	81.1	80.6	79.9	82.8	85.0	86.0	85.7	86.1	85.9	86.1	88.3	91.3	93.9	96.8	100.9
United Kingdom	74.8	80.5	89.6	93.8	106.0	120.9	132.3	134.9	139.0	149.5	143.3	129.7	137.2	132.6	130.4	131.8
United States	91.5	94.4	97.6	100.6	103.8	109.2	116.4	125.4	128.4	124.1	111.6	104.1	101.4	96.0	97.1	102.2
Euro area	84.8	88.2	92.0	95.2	98.5	103.3	108.3	113.0	117.0	118.8	117.4	111.3	110.8	111.1	109.0	106.8
Total of the above	89.3	91.8	94.7	96.9	100.2	104.7	109.2	113.9	117.1	117.6	112.4	106.4	105.9	103.7	103.5	105.1
Price-to-income ratio																
Australia	90.3	92.6	95.1	98.1	113.3	128.2	127.2	122.6	126.1	127.6	125.7	122.6	133.6	122.5	118.1	123.5
Austria	..	..	102.6	102.6	101.5	98.8	93.3	93.4	93.2	93.2	91.9	95.4	100.3	102.4	111.3	115.9
Belgium	89.0	93.0	93.3	93.5	99.0	104.9	112.1	123.6	131.6	137.8	138.2	136.3	144.4	147.8	147.3	147.7
Canada	91.1	90.3	89.3	90.6	94.7	99.4	103.3	107.6	112.8	120.8	122.1	117.8	125.2	126.9	129.5	129.6
Denmark	94.4	103.1	106.8	106.9	107.1	106.9	112.2	127.6	150.0	155.4	145.7	125.3	121.5	114.1	108.6	108.7
Finland	96.5	97.7	96.9	90.6	92.1	93.2	96.1	102.2	104.9	105.0	100.2	97.1	101.2	100.6	99.9	99.9
France	75.7	79.6	82.5	85.2	89.2	98.1	109.0	123.0	132.8	135.5	133.3	123.8	128.1	132.9	131.5	128.2
Germany	96.8	96.5	95.1	91.9	88.5	85.7	82.6	79.4	77.5	77.1	75.5	76.0	75.6	76.9	80.0	82.7
Greece	78.0	83.6	90.3	97.5	106.5	104.7	101.3	106.3	111.3	107.5	107.7	103.0	107.0	108.9	107.2	106.2
Ireland	86.0	99.2	109.0	108.7	119.8	130.8	138.2	139.1	152.7	159.1	142.5	124.3	113.9	101.7	88.2	88.3
Italy	80.1	81.9	85.8	88.2	93.0	99.3	105.6	111.5	115.3	118.3	119.2	119.3	117.9	116.9	116.5	109.6
Japan	100.7	98.6	96.5	95.3	91.4	87.5	82.0	77.8	75.2	74.3	73.7	71.6	68.9	66.6	64.8	..
Korea	70.3	66.3	64.9	64.5	71.2	72.0	67.7	65.5	67.0	70.0	69.3	67.1	64.5	64.7	64.4	61.5
Netherlands	95.5	107.6	120.7	122.5	128.2	133.7	137.8	141.0	143.8	143.6	147.3	145.3	140.9	135.4	127.2	118.2
New Zealand	91.8	87.4	88.9	85.7	94.1	105.0	116.6	129.5	134.6	140.3	132.6	125.4	123.4	120.3	124.5	130.7
Norway	86.2	92.2	100.6	105.9	102.1	97.0	102.9	102.8	123.6	130.5	121.6	117.5	122.7	127.3	131.7	126.7
Portugal	103.6	104.2	105.4	106.4	103.7	101.9	98.5	97.6	97.2	94.0	93.9	94.9	93.8	95.2	94.5	93.0
Spain	85.5	87.5	88.7	92.1	103.1	117.6	133.0	144.2	151.0	152.3	145.0	134.0	133.1	124.9	117.1	109.9
Sweden	85.1	89.2	93.7	93.2	95.0	99.1	106.6	113.3	121.9	126.8	125.2	123.2	130.0	125.6	119.2	119.9
Switzerland	81.6	79.2	77.6	76.9	81.7	85.3	85.1	84.3	82.7	80.4	81.0	85.5	88.1	90.2	92.0	95.3
United Kingdom	77.4	82.9	90.3	92.6	105.1	116.7	126.6	129.3	131.8	142.9	136.5	122.3	125.7	123.4	120.8	123.2
United States	90.9	93.1	93.4	96.3	99.6	103.2	107.5	114.8	115.1	111.2	98.8	94.6	90.0	82.9	83.1	88.4
Euro area	88.2	90.8	93.1	93.9	96.9	101.3	105.4	109.9	113.1	114.2	112.6	109.3	109.7	109.8	109.4	107.5
Total OECD	90.0	91.7	92.8	94.3	97.6	100.9	103.6	107.2	108.6	108.4	102.7	98.7	97.0	93.3	92.8	94.4

Source: OECD, Housing prices database.

StatLink http://dx.doi.org/10.1787/888933052992

Annex Table 61. **Maastricht definition of general government gross public debt**

As a percentage of nominal GDP

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Austria	66.1	66.7	66.1	65.2	64.9	64.2	62.2	60.2	64.1	69.4	72.4	73.0	74.5	74.6	81.2	80.7
Belgium	107.8	106.5	103.4	98.4	94.0	91.9	87.9	84.0	89.2	96.6	96.6	99.2	101.1	101.6	101.7	100.3
Czech Republic	17.8	23.9	27.1	28.6	29.0	28.4	28.3	27.9	28.7	34.5	38.4	41.4	46.1	46.0	47.8	49.8
Denmark	52.4	49.6	49.5	47.2	45.1	37.8	32.1	27.1	33.4	40.7	42.8	46.4	45.4	44.5	45.8	48.6
Estonia	5.1	4.8	5.7	5.6	5.0	4.6	4.4	3.7	4.5	7.1	6.7	6.1	9.8	10.0	9.9	9.7
Finland	43.8	42.5	41.5	44.5	44.4	41.7	39.7	35.2	34.0	43.6	48.8	49.4	53.7	57.0	59.9	60.7
France	57.3	56.9	59.0	63.2	65.1	66.8	63.9	64.2	68.3	79.2	82.8	86.2	90.6	93.4	95.9	96.9
Germany	60.2	59.1	60.6	64.3	66.4	68.6	68.0	65.1	66.9	74.6	82.7	80.1	81.0	78.3	76.3	72.3
Greece	103.5	103.7	101.7	97.5	98.9	101.2	107.5	107.2	112.9	129.7	148.3	170.3	157.2	175.1	177.7	177.2
Hungary	56.0	52.4	55.6	58.3	59.5	61.6	65.6	66.7	73.0	79.5	81.9	81.8	79.7	78.8	79.7	79.5
Ireland	37.0	34.5	31.8	31.0	29.4	27.2	24.6	24.9	44.2	64.4	91.2	104.1	117.4	123.7	121.9	121.1
Italy	108.5	108.3	105.4	104.1	103.8	105.7	106.2	103.3	106.1	116.5	119.4	120.7	127.0	132.6	134.3	134.5
Luxembourg	6.2	6.3	6.3	6.2	6.4	6.1	6.7	6.7	14.4	15.5	19.5	18.7	21.7	23.1	24.4	26.3
Netherlands	53.7	50.7	50.5	51.9	52.5	51.8	47.3	45.3	58.4	60.7	63.4	65.7	71.2	73.4	74.7	74.9
Poland	36.8	37.6	42.2	47.1	45.7	47.1	47.7	45.0	47.1	50.9	54.9	56.2	55.6	57.1	50.2	51.7
Portugal	50.7	53.8	56.8	59.4	61.9	67.7	69.4	68.4	71.7	83.7	94.0	108.2	124.1	129.0	130.8	131.8
Slovak Republic	50.3	48.9	43.4	42.4	41.5	34.2	30.5	29.6	27.9	35.6	41.0	43.6	52.7	55.4	55.2	56.2
Slovenia	26.3	26.5	27.8	27.2	27.3	26.7	26.4	23.1	22.0	35.2	38.7	47.1	54.4	71.7	77.2	80.9
Spain	59.4	55.6	52.6	48.8	46.3	43.2	39.7	36.3	40.2	54.0	61.7	70.5	86.0	93.9	98.3	101.4
Sweden	53.9	54.7	52.5	51.6	50.4	50.5	45.3	40.2	38.8	42.5	39.5	38.7	38.3	40.5	42.0	41.7
United Kingdom	40.5	37.3	37.1	38.7	40.3	41.7	42.7	43.7	51.9	67.1	78.4	84.3	89.1	90.6	91.5	93.1
Euro area	69.3	68.2	68.0	69.2	69.8	70.4	68.7	66.4	70.3	80.1	85.9	88.3	92.9	95.1	96.0	95.2

Note: For the period before 2012, 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 95 database.

StatLink http://dx.doi.org/10.1787/888933053011

Annex Table 62. **Macroeconomic indicators for selected non-member economies**

Calendar year basis

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Real GDP growth[1]																
China	8.4	8.3	9.1	10.0	10.1	11.3	12.7	14.2	9.6	9.2	10.4	9.3	7.7	7.7	7.4	7.3
Brazil	4.3	1.3	2.6	1.2	5.7	3.2	3.9	6.1	5.2	-0.3	7.5	2.7	1.0	2.3	1.8	2.2
India	5.5	4.1	4.5	7.0	8.3	9.1	9.3	9.9	6.1	5.2	11.1	7.8	4.9	4.5	4.9	5.9
Indonesia	4.9	3.6	4.5	4.8	5.0	5.7	5.5	6.3	6.0	4.6	6.2	6.5	6.3	5.8	5.7	6.3
Russian Federation	10.0	5.1	4.7	7.3	7.2	6.4	8.2	8.5	5.2	-7.8	4.5	4.3	3.4	1.3	0.5	1.8
South Africa	4.2	2.7	3.7	2.9	4.6	5.3	5.6	5.5	3.6	-1.5	3.1	3.6	2.5	1.9	2.5	3.2
Inflation[1]																
China	-0.8	0.3	-0.7	1.1	3.8	1.8	1.6	4.8	5.9	-0.7	3.2	5.5	2.6	2.6	2.4	3.0
Brazil	7.0	6.8	8.5	14.7	6.6	6.9	4.2	3.6	5.7	4.9	5.0	6.6	5.4	6.2	5.9	5.5
India	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	10.9	7.6	6.7
Indonesia	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	7.0	5.4	4.7
Russian Federation	20.8	21.5	15.8	13.7	10.9	12.7	9.7	9.0	14.1	11.7	6.9	8.4	5.1	6.8	6.0	4.6
South Africa	..	5.7	9.2	5.9	1.4	3.4	4.6	7.1	11.0	7.1	4.3	5.0	5.7	5.8	5.8	5.8
Fiscal balance[2]																
China	-1.9	-1.6	-1.6	-1.2	-0.4	-0.2	0.5	2.0	0.9	-1.1	-0.7	0.1	-0.3	-0.7	-1.2	-1.2
Brazil	-3.4	-3.3	-4.4	-5.2	-2.9	-3.6	-3.6	-2.8	-2.0	-3.3	-2.5	-2.6	-2.5	-3.3	-3.4	-3.1
India	-9.2	-9.6	-9.5	-8.6	-7.4	-6.7	-5.7	-4.0	-7.1	-9.6	-7.4	-7.4	-7.5	-7.1	-6.5	-5.9
Indonesia	-1.2	-2.5	-1.3	-1.7	-1.0	-0.5	-0.9	-1.3	-0.1	-1.6	-0.7	-1.1	-1.9	-2.2	-2.2	-2.0
Russian Federation	..	..	-0.7	1.7	6.0	6.0	8.3	5.6	7.3	-4.0	-1.2	4.2	0.5	-0.5	0.0	0.2
South Africa	-3.3	-2.0	-2.7	-3.7	-3.8	-2.0	-1.4	-0.6	-1.4	-5.2	-6.0	-5.6	-6.2	-6.1	-5.8	-5.5
Current account balance[2]																
China	1.7	1.3	2.4	2.6	3.6	5.9	8.5	10.1	9.3	4.9	4.0	1.9	2.6	2.0	1.2	1.5
Brazil	-3.8	-4.1	-1.2	0.7	1.8	1.6	1.3	0.1	-1.7	-1.4	-2.2	-2.1	-2.4	-3.6	-3.1	-2.9
India	-0.9	0.3	1.5	1.6	0.2	-1.2	-1.0	-0.7	-2.5	-2.0	-3.2	-3.4	-5.0	-2.5	-1.2	-1.7
Indonesia	4.9	4.3	4.0	3.4	0.7	0.1	3.0	2.4	0.0	1.9	0.7	0.2	-2.8	-3.7	-3.1	-2.7
Russian Federation	18.1	11.1	8.5	8.2	10.1	11.0	9.3	5.5	6.2	4.0	4.4	5.1	3.6	1.6	2.7	2.8
South Africa	-0.1	0.3	0.8	-1.0	-3.0	-3.5	-5.3	-7.0	-7.2	-4.0	-2.0	-2.3	-5.2	-5.8	-4.7	-4.6

1. Percentage change from previous period.
2. Percentage of GDP. Fiscal balances are not comparable across countries due to different definitions.

Source: OECD Economic Outlook 95 database.

StatLink http://dx.doi.org/10.1787/888933053030

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 PUBLISHING, 2, rue André-Pascal, 75775 PARIS CEDEX 16
(12 2014 01 1 P) ISBN 978-92-64-20466-9 – 2014

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, a special chapter on growth prospects and fiscal requirements over the long term 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

Chapter 4. Growth Prospects and Fiscal Requirements over the Long Term

Statistical Annex

Consult this publication on line at ***http://dx.doi.org/10.1787/eco_outlook-v2014-1-en.***

This work is published on the OECD iLibrary, which gathers all OECD books, periodicals and statistical databases.
Visit ***www.oecd-ilibrary.org*** for more information.

Volume 2014/1
No. 95, May

OECD*publishing*
www.oecd.org/publishing

ISBN 978-92-64-20466-9
12 2014 01 1 P

9 789264 204669