OECD Economic Outlook

November 2014



OECD

OECD ECONOMIC OUTLOOK

96

NOVEMBER 2014

OECD
BETTER POLICIES FOR BETTER LIVES

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

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: Volume 2014/2*, OECD Publishing.
http://dx.doi.org/10.1787/eco_outlook-v2014-2-en

ISBN 978-92-64-22016-4 (print)
ISBN 978-92-64-22019-5 (PDF)

Series: OECD Economic Outlook
ISSN 0474-5574 (print)
ISSN 1609-7408 (online)

Revised version, February 2015.

Details of revisions available at: *www.oecd.org/about/publishing/Corrigendum-EcoOutlook2014.pdf*.

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 the 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: Shifting into Higher Gear and Rebuilding the Engines of Growth 7

Chapter 1. **General Assessment of the Macroeconomic Situation** 9

Summary 10
Summary assessment of the economic situation and main policy recommendations 11
Main issues for economic prospects. 13
Economic prospects and risks 39
Economic policy requirements in the major economies 51

Annex 1.A1. Indicators of potential financial vulnerabilities 68
Annex 1.A2. A revised framework for modelling the relationship between inflation and unemployment 74

Chapter 2. **Developments in Individual OECD Countries and Selected Non-Member Economies** 79

Australia. 80
Austria 83
Belgium 86
Brazil. 88
Canada 91
Chile 95
China 97
Colombia 100
Czech Republic 103
Denmark 105
Estonia 107
Euro Area 109
Finland 114
France. 116
Germany 120
Greece 124
Hungary 127
Iceland 130
India 133
Indonesia 137
Ireland. 140
Israel 143
Italy 146
Japan 150
Korea 154
Latvia. 157
Luxembourg. 159
Mexico. 161
Netherlands 163
New Zealand 166
Norway. 169
Poland 172
Portugal 175
Russian Federation. 178
Slovak Republic. 181
Slovenia 183
South Africa 186
Spain 188
Sweden 191
Switzerland 194
Turkey 197
United Kingdom 200
United States 204

Statistical Annex 209

Boxes

1.1. Persistent stagnation traps: evidence and policy implications. 15
1.2. Potential energy market spillovers from events in Ukraine 24
1.3. Consumption tax increases in Japan 35
1.4. Policy and other assumptions underlying the projections 40
1.5. Monetary policy easing in the euro area 56
1.6. Fiscal space in the euro area under the European fiscal rules 61

Tables

1.1. The global recovery will gain momentum only slowly 11
1.2. Housing market developments continue to diverge 38
1.3. OECD labour market conditions are likely to improve slowly 47
1.4. World trade will strengthen only gradually 50
1.5. Fiscal positions will continue to improve 51

Figures

1.1. Macroeconomic performance among the largest OECD areas is expected to continue to differ 14
1.2. Deleveraging in the private sector has differed across the main OECD areas 19
1.3. Impact on GDP growth of a euro and yen depreciation 20
1.4. Risk-taking indicators 21
1.5. Growth of exports to Russia 26
1.6. Economic slack continues to hold back wage growth 28
1.7. The post-crisis recovery in investment remains slow 30
1.8. OECD financial conditions have improved further 31
1.9. Intra-euro area financial fragmentation 31
1.10. The ratio of global trade volume to global GDP volume 32
1.11. Income and wealth disparities have widened in the United States 34
1.12. Post-crisis changes in the income distribution have varied across countries 34
1.13. Financial wealth inequality is greater than housing wealth inequality 35
1.14. Euro area economic prospects in the baseline and a downside scenario 43
1.15. First and second-year impact on GDP growth of a euro area shock 44
1.16. GDP growth impact of an adverse two-year domestic demand shock in China 46

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

	2014	2015	2016	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2014 Q4 / Q4	2015 Q4 / Q4	2016 Q4 / Q4
								Per cent								
Real GDP growth																
United States	2.2	3.1	3.0	3.0	2.5	2.9	3.4	3.1	3.1	3.0	2.9	2.8	2.8	2.0	3.1	2.9
Euro area	0.8	1.1	1.7	0.5	0.6	1.2	1.5	1.6	1.6	1.7	1.8	1.8	1.8	0.7	1.4	1.8
Japan	0.4	0.8	1.0	-1.6	2.5	2.0	1.6	1.4	1.4	0.6	0.8	0.9	1.1	-0.1	1.6	0.9
Total OECD	1.8	2.3	2.6	1.9	2.0	2.4	2.7	2.6	2.6	2.5	2.6	2.5	2.5	1.7	2.6	2.5
China	7.3	7.1	6.9											7.3	6.8	6.9
Inflation[1]								year-on-year								
United States	1.4	1.2	1.7	1.5	1.2	1.3	1.0	1.1	1.5	1.6	1.7	1.7	1.8			
Euro area	0.5	0.6	1.0	0.3	0.3	0.4	0.6	0.6	0.8	0.9	1.0	1.1	1.1			
Japan	2.9	1.8	1.6	3.3	3.1	3.3	1.4	1.3	1.3	1.4	1.5	1.6	1.7			
Total OECD	1.6	1.5	1.8	1.8	1.7	1.5	1.3	1.4	1.6	1.7	1.7	1.8	1.9			
China	2.1	2.6	3.0	2.1	1.9	2.3	2.5	2.7	3.0	3.0	3.0	3.0	3.0			
Unemployment rate[2]																
United States	6.2	5.6	5.3	6.1	5.8	5.7	5.6	5.5	5.4	5.3	5.3	5.3	5.4			
Euro area	11.4	11.1	10.8	11.3	11.3	11.2	11.2	11.1	11.0	10.9	10.9	10.8	10.7			
Japan	3.6	3.5	3.5	3.6	3.6	3.6	3.6	3.5	3.5	3.5	3.5	3.5	3.4			
Total OECD	7.3	7.0	6.8	7.3	7.2	7.1	7.0	7.0	6.9	6.8	6.8	6.8	6.8			
World trade growth	3.0	4.5	5.5	3.3	4.2	4.8	5.0	5.2	5.2	5.6	5.7	5.7	5.7	3.1	5.1	5.7
Current account balance[3]																
United States	-2.2	-1.7	-1.7													
Euro area	3.0	3.1	3.2													
Japan	0.1	0.9	1.4													
Total OECD	-0.1	0.1	0.1													
China	2.4	2.8	2.8													
Fiscal balance[3]																
United States	-5.1	-4.3	-4.0													
Euro area	-2.6	-2.3	-1.9													
Japan	-8.3	-7.3	-6.3													
Total OECD	-3.9	-3.4	-2.9													
China	-1.1	-1.3	-1.3													
Policy interest rate																
United States	0.3	0.5	1.5	0.3	0.3	0.3	0.3	0.6	0.8	1.1	1.3	1.6	2.0			
Euro area	0.2	0.0	0.0	0.1	0.0	0.0	0.0	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. 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 18 November 2014.

1. United States: price index for personal consumption expenditure; Japan and China: consumer price index; the euro area: harmonised index of consumer prices; and the total OECD: private consumption deflator.
2. Per cent of the labour force.
3. Per cent of GDP.

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169919

EDITORIAL
SHIFTING INTO HIGHER GEAR AND REBUILDING THE ENGINES OF GROWTH

Overall, the global economy continues to run in low gear. At 3% over the past 7 years, the pace of global growth is more than 1 percentage point below the 2000-07 period, and about ¾ of a percentage point below the average of the 15 years prior to the financial crisis. Global trade growth also remains below trend. Around the world, private business investment is still just idling along. Eleven million more people remain unemployed in the OECD area alone, compared to 2007.

But if the speed of the pack remains unimpressive, policy action has allowed some economies to move up through the field. Monetary injection, particularly in the United States and the United Kingdom, has raised domestic demand, although even there, the shift into high gear with stronger business investment to yield higher employment and more rapid wage growth remains incomplete. In Japan, the April tax jolt interrupted economic momentum, but the expansion of quantitative easing and the recently announced postponement of the consumption tax increase from 2015 to 2017 hopefully will keep the economy on course. Within the euro area, those economies who have rebuilt their engines with sweeping reforms are starting to move up the field. But overall, the euro area is grinding to a standstill and poses a major risk to world growth, as unemployment remains high and inflation persistently far from target.

In emerging markets as well, there are high gear and low gear economies. India and China remain the fastest-growing major economies. China's investment has started to slow to a sustainable speed, although with credit expansion and type of liabilities a notable concern. India's system-wide reforms could solidify the shift to higher gear growth if implemented. Brazil is emerging from a short recession in the first half of 2014; resolution of political uncertainty should create an environment where the right policies could put the economy back on track. Russia is in go-slow mode, with the economy's course strewn with obstacles, including low oil prices.

Against this subdued background are short-term risks of volatility, medium-term concerns about the legacy of debt and recent credit expansion, and long-term worries about the rate of growth of potential output.

In the near term, financial volatility associated with shifts in perceptions of the likely evolution of the stance of monetary policy in the major economies (as played out in May 2013) likely will be repeated as the speed of recovery in the major regions differs. Financial markets frequently incorporate insufficient risk into asset prices, which is then followed by pricing in too much. A number of emerging market economies has increased exposure to volatile short-term capital flows, increasing their vulnerability to these sentiment shifts.

Domestic balance sheet vulnerabilities persist. In advanced economies, little progress has been made on bringing down the high levels of public and private debt inherited from the pre-crisis period, in part

because growth has been sluggish and inflation low. In some countries, the build-up of real estate debt has increased, and in China as well, private debt has risen sharply. Any economy faces the risk that debt build-ups, particularly from real estate and problematic loan origination, will lead to financial accidents with real-economy consequences. Macroprudential tools, including quantitative metrics such as loan-to-value ratios, can protect the balance sheets of both borrowers and lenders.

Finally, the extended period of low-gear growth leaves a long-term legacy. Slack real investment, drops in labour force participation, the step-down in productivity growth, and slower global growth collectively have reduced the long-term cruising speed of almost all economies. Overall, a downshift from 4% to 3% in the growth of global potential output has real consequences for the well-being of the world's younger citizens: It will take 23 years instead of 17½ years to double world GDP from its current level.

This macroeconomic prognosis leaves us with a keen need for both continued supportive macroeconomic policy, as well as tailored structural reforms to raise both demand and supply throughout the global economy. The specifics of macroeconomic policy vary somewhat across these economies where growth momentum is building. Too hasty removal of monetary accommodation or renewed fiscal austerity could down-shift the pace of recovery rather than help it.

With regard to monetary policy, the relationship between monetary ease and increased real business investment has been quite weak, even disconnected. In the United States and the United Kingdom, a premature tightening of financial conditions could put asset prices as well as real investment into reverse. The additional stimulus announced by the Bank of Japan will bolster asset prices around the globe; with likely gains to real investment, employment, and consumption in Japan. In the euro area and for the global economy as well, intensified monetary support is critical to growth, otherwise ever lower inflation – even deflation – may be down the track.

With regard to fiscal policy, the United States and the euro area as a whole, and specific countries in particular, have already tightened the fiscal belt quite a bit. The fiscal stance going forward needs to balance fiscal sustainability against possible downside effects on short-term growth and confidence, factors that could put the economy into a skid. The characteristics of debt obligations bear close scrutiny, as does the type of fiscal spending and tax choices. Fiscal spending in the near term to support innovation, education, and infrastructure will both support near-term growth, as well as turn back the legacy of low potential output and complement the engines of trade and investment.

The increase in GDP that a country may enjoy through broad-based labour, trade, product, and tax reforms is large. Whereas individual reforms are important for individual economies, getting the global economy into high gear requires system-wide reforms. The uptake of the Bali trade facilitation agreement is heartening because participating in global value chains has underpinned growth for so many economies. To stay on track, the economies of the G-20 have committed to national growth strategies that, if implemented, are estimated by the OECD and IMF to increase G-20 GDP by about 2.1% by 2018 (more than $2 trillion) relative to a 2013 baseline scenario. With the G-20 representing about 90% of the world's economic activity, these reforms to tax, trade, labour, and product markets will benefit domestic investment and global trade, and support greater employment and consumption around the world economy. Ladies and gentlemen, start your engines!

25th November 2014



Catherine L. Mann

OECD Chief Economist

OECD Economic Outlook
Volume 2014/2
© OECD 2014

Chapter 1

GENERAL ASSESSMENT OF THE MACROECONOMIC SITUATION

Summary

- Growth is projected to remain modest by past norms, and unemployment is set to stay much above pre-crisis levels in many economies. Prospects for moderate improvements differ across both advanced and emerging economies.
  - In the advanced economies, growth is set to be stronger in the United States and the United Kingdom than in the euro area and Japan. Unemployment will remain particularly high in the euro area.
  - In the emerging market economies, growth will edge down in China, remain weak in Russia and Brazil, but will recover steadily in India, Indonesia and South Africa.
- World trade growth is expected to pick up a bit, with trade intensity growing again after the stagnation in recent years, but at a slower rate than prior to the crisis.
- Risks to GDP growth in the coming two years are on the downside due to potential financial volatility, lack of confidence about future growth prospects, and impaired and stretched balance sheets of banks and households. The euro area is particularly strongly exposed to these negative risks.
- Inflation is likely to remain below target in many OECD economies due to persistent slack and the recent sharp falls in oil and food prices, even if the latter will cushion growth. The euro area is at risk of deflation if growth stagnates or if inflation expectations fall further.
- If demand does not pick up as projected, some economies, notably the euro area, could get stuck in persistent stagnation, with demand weakness undermining potential growth, which in turn would have adverse effects on the ability of macroeconomic policy to support aggregate demand.
- Against this backdrop, it is essential that all macroeconomic and structural policy levers be used to offer as much support to growth as possible:
  - Ambitious structural reforms are urgently needed, particularly in Japan and the core countries in the euro area, in order to boost employment and strengthen long-term potential growth. Reforms fostering private and public investment would also give rise to positive short-term effects on demand.
  - Monetary policy requirements will diverge across countries: the United States and the United Kingdom are likely to start reducing monetary stimulus next year, while further stimulus is needed in the euro area and, as already decided, in Japan. These differences will inevitably result in volatility in debt and foreign exchange markets, and may uncover excesses in advanced and, especially, emerging market economies.
  - Fiscal policy requirements also differ across economies depending on the state of their public finances and the need to support demand.
    - Japan should continue to reduce its budget deficit to halt unsustainable debt accumulation.
    - Euro area countries should, within the EU fiscal framework, slow down structural budget consolidation relative to previous plans to reduce the drag on growth and automatic stabilisers should be allowed to operate freely around the structural consolidation path.
    - In the United States, extra infrastructure spending should be facilitated by securing adequate funding.

Summary assessment of the economic situation and main policy recommendations

A continuation of the moderate and uneven recovery is likely

A moderate improvement in global growth is expected over the next two years, but with marked divergence across the major economies and large risks and vulnerabilities. Global growth is projected to pick up from 3¼ per cent this year to 3¾ per cent in 2015 and just under 4% in 2016. Even so, growth in the major economies will remain below the average rates attained in the decade prior to the crisis. Global trade growth is also set to remain modest. Continued high unemployment, spare capacity, and commodity price declines will keep inflation low (Table 1.1). In the OECD economies, growth will be supported by still-accommodative monetary policy and favourable financial conditions, slow improvements in labour market outcomes and a fading drag from fiscal consolidation. Growth in the United States will be stronger than in Japan, which will be held back

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

OECD area, unless noted otherwise

	Average 2002-2011	2012	2013	2014	2015	2016	2014	2015 Q4 / Q4	2016
	Per cent								
Real GDP growth[1]									
World[2]	3.8	3.1	3.1	3.3	3.7	3.9	3.2	3.9	4.0
OECD[2]	1.7	1.3	1.4	1.8	2.3	2.6	1.7	2.6	2.5
United States	1.7	2.3	2.2	2.2	3.1	3.0	2.0	3.1	2.9
Euro area	1.1	-0.7	-0.4	0.8	1.1	1.7	0.7	1.4	1.8
Japan	0.7	1.5	1.5	0.4	0.8	1.0	-0.1	1.6	0.9
Non-OECD[2]	7.1	5.2	5.0	4.8	5.1	5.3	4.8	5.3	5.4
China	10.6	7.7	7.7	7.3	7.1	6.9	7.3	6.8	6.9
Output gap[3]	0.3	-2.1	-2.3	-2.3	-1.9	-1.4			
Unemployment rate[4]	6.9	7.9	7.9	7.3	7.0	6.8	7.2	6.9	6.8
Inflation[5]	2.1	2.0	1.3	1.6	1.5	1.8	1.7	1.6	1.9
Fiscal balance[6]	-4.3	-5.7	-4.3	-3.9	-3.4	-2.9			
Memorandum Items									
World real trade growth	5.6	3.0	3.3	3.0	4.5	5.5	3.1	5.1	5.7

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 96 database.

StatLink http://dx.doi.org/10.1787/888933169924

by fiscal consolidation, and the euro area, where there are rising risks of getting locked into persistent stagnation. Amongst the emerging market economies (EMEs), growth now appears to have levelled out, but only a small renewed upturn is projected. Growth in China is projected to soften somewhat as ageing and necessary rebalancing effects continue to slow domestic demand and potential growth.

Risks remain largely to the downside

The main risks around this projection are on the downside. A further decline in inflation expectations or a loss of investor confidence could push the euro area towards a recession and deflation, with adverse side effects on growth in other economies. Increased risk-taking in financial and property markets could also quickly unwind, with a sudden shift in investor sentiment and renewed volatility. This is especially the case if weak growth outcomes persist or if investors revise their expectations about monetary policy. Moreover, the financial vulnerabilities that have built up in EMEs, notably China, are also a source of risk to the global economy. Intensified geopolitical tensions and the perceived possibility of an Ebola pandemic could also hit sentiment, raise uncertainty and check the projected recovery in investment. Longer-lasting concerns also remain, including intensified fiscal and growth challenges in Japan and widening income inequalities. On the upside, some of these concerns could ease more quickly than expected if, for example, pent-up domestic demand were to boost US activity and the comprehensive assessment of banks were to help reduce financial fragmentation quickly in the euro area. New reforms to strengthen competition and employment prospects in Japan and the euro area would also result in stronger-than-projected growth.

Accommodative macroeconomic policies and growth-boosting measures are needed

Macroeconomic and structural policies need to be as supportive as possible against the background of continued weak activity, high unemployment, persistent low inflation and predominantly downside risks. Nevertheless, conditional on the recovery evolving along the lines of the OECD projections, policy requirements will diverge across economies:

Monetary policies need to remain accommodative

- Monetary policy support can be reduced gradually in the United States and the United Kingdom, starting in 2015. Nonetheless, policy rates in these countries are likely to remain well below past norms for some time. In contrast, in the euro area, well-tailored additional non-conventional monetary stimulus is needed to help disinflationary pressures subside and inflation expectations move back to target. In Japan, monetary policy should be pursued as recently announced.

All available fiscal space should be exploited

- Available room to ease the pace of deficit reduction should be exploited. Most countries, and especially Japan, have excessive public deficits and debt that will have to be reduced to avoid jeopardising longer-term fiscal sustainability. However, the pace of structural fiscal adjustment in some euro area countries should be reviewed at the EU level, in line with the fiscal rules, to support the recovery. In the United States,

greater infrastructure spending should be facilitated by securing adequate funding. Automatic stabilisers should be allowed to operate freely around the structural consolidation path in all economies.

Structural reforms are needed in all economies

- In all economies, and especially in the core euro area countries area and Japan, there is a need to continue designing and implementing structural reforms to enhance resilience and inclusiveness, strengthen both potential output and job growth, and ease long-term fiscal burdens. Key priorities in the OECD economies include the need to remove regulatory distortions on domestic and foreign firms, improve educational provision and incentives for innovation, strengthen active labour market programmes and implement reforms to benefit systems and labour market regulations. The structural reform commitments announced recently by G-20 members could raise global GDP by around 2% by 2018 if implemented fully.

Main issues for economic prospects

Economic performance has diverged

Divergence in economic activity has increased…

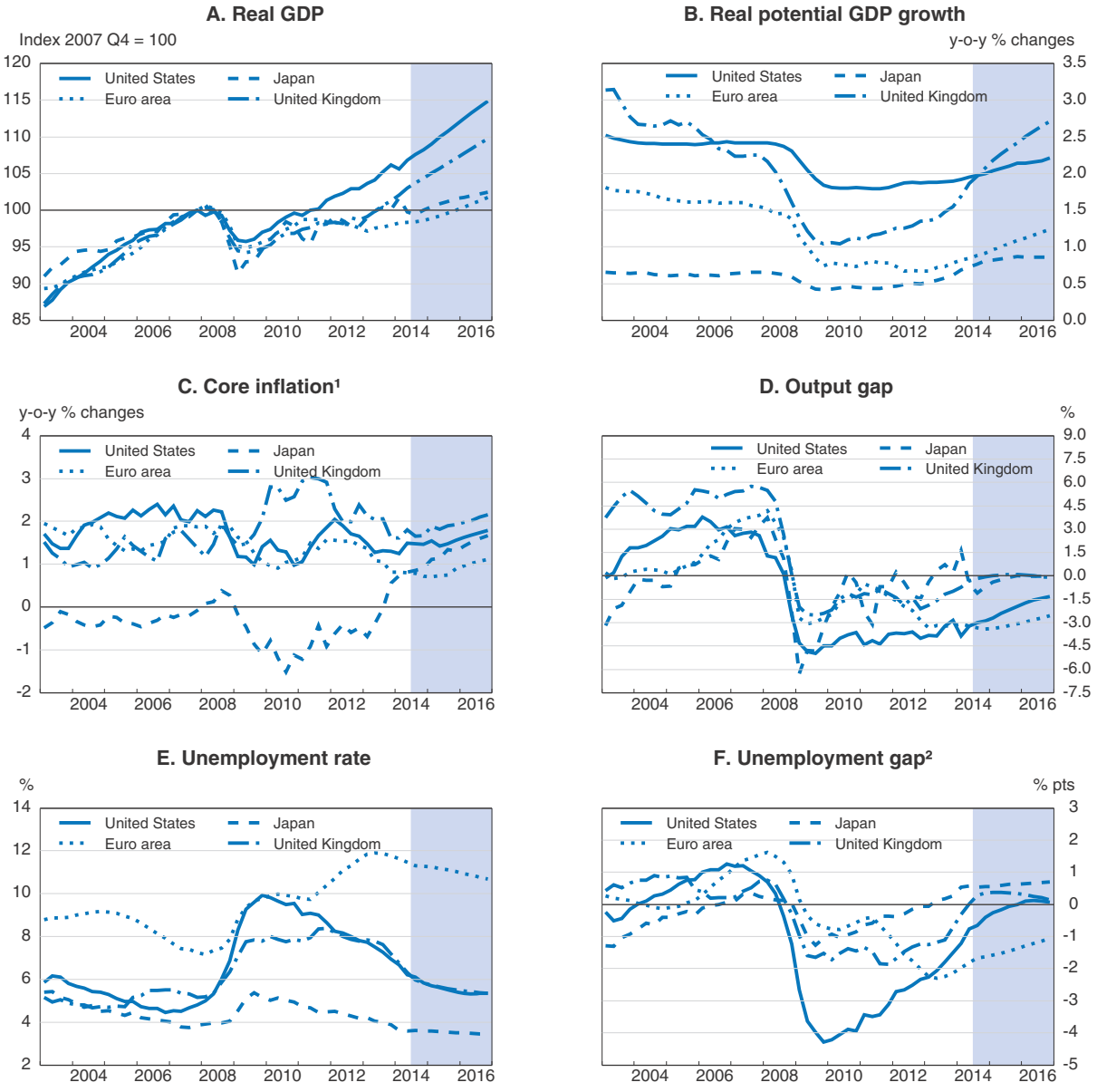
Economic developments among the main OECD areas have diverged. Growth has picked up in the United States and the United Kingdom. In contrast, it has stagnated or declined in the largest euro area economies, reflecting persisting imbalances and heightened geopolitical tensions that have hit confidence. Japan has fallen into a technical recession, with activity adversely affected by the necessary consumption tax increase. The uneven recovery is expected to persist through to 2016 (see below; Figure 1.1). Growth has also been diverging among the large emerging market economies (EMEs). In China (following modest macroeconomic policy stimulus), India and Indonesia, activity has been relatively strong. However, in Brazil, Russia and South Africa, GDP contracted or stagnated at low growth rates over the first three quarters of 2014 amid falling commodity prices, political uncertainties and international sanctions in Russia.

… including resource utilisation…

Divergence in the main OECD areas has been evident also in estimates of slack and potential output growth (Figure 1.1). Even if the level of the output gap is estimated to be similar in the United States and the euro area in 2014, there are differences:

- The negative output gap in the United States, although starting from a higher level in absolute terms in 2010, has contracted steadily, in contrast with the euro area.
- Despite weaker growth, the output gap in the euro area did not widen more than in the United States, but this reflects significantly reduced potential output growth in recent years.
- The negative unemployment gap in the United States is lower in absolute terms than in the euro area. Unemployment has declined rapidly, in contrast to the euro area where it has just started to decline from a high level.

Figure 1.1. **Macroeconomic performance among the largest OECD areas is expected to continue to differ**



1. Core inflation in Japan is adjusted to exclude effects of the consumption tax increase.
2. The unemployment gap is the difference between the unemployment rate and the NAIRU.

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169125

In contrast to the United States and the euro area, it appears that the unemployment and output gaps are almost closed in the United Kingdom. In Japan, the labour market is tight and the output gap is almost closed, reflecting very weak potential growth.

...and inflation

Inflation has diverged as well, partly reflecting differences in economic slack. In the euro area, inflation has drifted down and is now close to zero, due to a number of different factors. Near-term and

medium-term inflation expectations have both moved down, increasing the risks of deflation. In contrast, in the United States and the United Kingdom, inflation has hovered at or above 1½ per cent, and inflation expectations seem to be well anchored. In Japan, excluding the transitory effects of the increase in the consumption tax in April, inflation has remained well below the Bank of Japan's target of 2%, and some measures of inflation expectations have declined, although others remain close to the target.

Divergence has been persistent

Recent divergent economic performance in the main OECD areas is a continuation of the trends since the Great Recession. While the recovery has been universally sluggish, conforming to past experience of deleveraging after financial crises (BIS, 2014), the pace of recovery has differed.[1] The United States and the United Kingdom have surpassed their pre-crisis GDP peaks, Japan has barely attained it, and the euro area as a whole is still below it, though there are considerable differences within the euro area countries (Figure 1.1).[2]

This could reflect a persistent stagnation trap in some areas…

One explanation is that the euro area may have fallen into a persistent stagnation trap, where deficient demand due to insufficient policy stimulus undermines potential growth, which in turn weakens aggregate demand still further. However, the evidence is uncertain (Box 1.1). Japan is arguably in an advanced stage of such stagnation that started almost two decades ago, but there is little evidence in support of such developments in the United States and the United Kingdom.

Box 1.1. **Persistent stagnation traps: evidence and policy implications**

In the context of generally sluggish economic growth, large estimated economic slack and low inflation in the main OECD areas, it has been suggested that some economies may have been stuck in persistent stagnation, undermining potential growth, due to insufficient policy stimulus. Such a phenomenon is sometimes referred to as secular stagnation (Summers, 2013, 2014a,b; Krugman, 2013, 2014).

Persistent stagnation can be defined as a situation in which policy interest rates bounded at zero fail to stimulate demand sufficiently, with the ensuing period of prolonged and subdued growth undermining potential growth via labour hysteresis and discouraged investment. In turn, lower potential growth depresses aggregate demand even further. In this setup, the ineffectiveness of monetary policy stems from the limited possibility of lowering real interest rates sufficiently below their neutral levels, i.e. those prevailing when aggregate demand is in line with supply and inflation is stable at the target. Such a situation is especially likely to occur if real neutral rates have turned negative, since real interest rates are prevented from becoming significantly negative by the effective zero bound for nominal interest rates and low and falling inflation due to large economic slack.

1. The sluggish recovery could also reflect a gradual slowing of potential growth rates due to growing income and wealth inequality, especially in the United States (see below), population ageing, lower returns from education and possibly slower technological progress.
2. However, in terms of real GDP per capita, the performance of Japan is similar to that of the United States. The euro area has yet to regain its pre-crisis real GDP per capita level.

Box 1.1. **Persistent stagnation traps: evidence and policy implications** *(cont.)*

Obtaining clear evidence about a persistent stagnation trap is complicated by considerable uncertainty surrounding estimates of economic slack, its impact on inflation, the crisis-related hit to potential output and neutral interest rates (Rawdanowicz et al., 2014b):

- The OECD estimated that the level of GDP in 2014 was significantly below a hypothetical level implied by the pre-crisis trend of potential GDP (Ollivaud and Turner, 2014). The resulting gap was close to 10% in the United Kingdom and on average for several euro area countries where the potential trend declined, and over 5% in the United States. These numbers should be, however, taken with caution as recent GDP revisions, especially in the United Kingdom, and changes to estimates of potential output affect the magnitude of these effects, though not their sign.
- In the United Kingdom, and to a lesser degree in the euro area, the gap between current GDP and the hypothetical level implied by the pre-crisis trend of potential GDP is largely explained by the estimated crisis-related hit to potential output levels. In the United Kingdom, this has stemmed primarily from lower total factor productivity, and in the euro area from labour market hysteresis.
- The implications of persistent negative output gaps for potential output can be captured by an implicit overall hysteresis parameter. It shows the impact of reducing a negative output gap by one percentage point (i.e. increasing slack) on the level of potential output. It was 0.1 in the United States (in line with De Long and Summers, 2012) and significantly higher in the United Kingdom (0.6) and the aggregate of euro area crisis-hit countries (0.3).[1]
- Inflation has been high given the extent of slack since the beginning of the crisis. The insensitivity of inflation to the level of slack throughout the OECD area, resulting in positive even if low inflation, has played a key stabilising role in recent years by limiting the increase in real interest rates. It possibly reflects monetary policy credibility, globalisation, downward nominal rigidities and hysteresis, with many of these factors pre-dating the crisis.
- OECD estimates suggest that, in the euro area, Japan and the United Kingdom, and to a lesser extent in the United States, real neutral interest rates have declined to negative levels, although the confidence intervals surrounding these estimates are very large. The estimated drop in the neutral rate mainly reflects lower potential GDP growth. These estimates suggest that recent low policy rates have provided only weak, if any, stimulus to the economy. This, however, does not account for unconventional monetary policy stimulus, which has been significant in Japan, the United Kingdom and the United States, and overall financial conditions.

In practice, countries may show persistent stagnation symptoms on some but not all indicators. Hence, persistent stagnation tendencies may best be regarded as being measured on a continuous scale rather than assigning countries as being either in or out of stagnation.

The euro area as a whole, and in particular the vulnerable countries, seems to be most likely to be affected by persistent stagnation tendencies (Table below). In the United States and the United Kingdom, the evidence is less firm, while Japan is arguably in the advanced stage of persistent stagnation that started almost two decades ago:

- ***Euro area***: in the area as a whole, the crisis-related hit to potential output has been significant and the fall in the neutral interest rate implies that the decline in policy interest rates to close to zero may not be giving sufficient stimulus. Actual and potential growth dynamics have been mediocre and slack remains large, especially in the labour markets. These stagnation features have been particularly strong in the vulnerable countries.
- ***Japan***: hysteresis effects since the Great Recession have been absent but, already long before the crisis, GDP growth was sluggish and deflation persisted. Estimated neutral rates have been well below actual rates for almost two decades. This suggests that the zero-interest-rate policy failed to provide any support to demand for a long time, though monetary policy has become increasingly supportive since the introduction of quantitative and qualitative monetary easing in 2013.

Box 1.1. **Persistent stagnation traps: evidence and policy implications** *(cont.)*

Summary of selected features of persistent stagnation

In per cent unless stated otherwise

	Euro area			Japan			United Kingdom			United States		
	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014
Output gap, % of potential GDP	-2.2	-3.2	-3.3	-0.7	0.2	-0.2	-1.7	-1.4	-0.3	-3.7	-3.4	-3.2
Crisis-related hit to potential GDP[1]	-	-	-6.3	-	-	-	-	-	-8.6	-	-	-2.5
Consumer price inflation[2]	2.5	1.3	0.5	0.0	0.4	1.4	2.8	2.6	1.6	2.1	1.5	1.7
Real neutral interest rate[3]	-1.6	-1.4	-0.8	-2.8	-2.5	-2.3	-1.3	-0.7	0.5	-0.5	-0.4	0.1
Real short-term rate - real neutral rate	-0.3	0.3	0.2	3.0	2.3	-0.1	-0.7	-1.4	-1.9	-1.1	-0.8	-1.3
Implied monetary stimulus[4]	0.8	-0.6	-0.5	-	-	-	1.1	2.2	3.1	2.2	1.4	2.5
Implied monetary stimulus including QE effects[5]	0.8	-0.6	-0.5	0.7	-0.1	0.7	1.0	2.2	3.0	2.7	1.0	3.2

1. Ollivaud and Turner (2014) estimated effects of the crisis measured relative to a counter-factual scenario in which trend productivity continues at its pre-crisis (2000-07) trend growth rate, structural unemployment rates remain at their pre-crisis (2007) levels and trend participation rates are projected to allow for evolving demographics by holding labour force entry and exit rates constant at pre-crisis levels. For the euro area this refers to the GDP weighted average of those members with a crisis-related hit to potential. The equivalent GDP weighted output gap for these members is -3.8% in 2012, -5.3% in 2013 and -5.2% in 2014.
2. For Japan, OECD inflation projections exclude the direct effects of the increase in the consumption tax rate.
3. Annual averages of OECD estimates.
4. Implied monetary stimulus (positive numbers) indicates a boost to GDP growth resulting from the negative difference between real actual and neutral interest rates, based on OECD estimates. For Japan, the elasticity of GDP with respect to the difference in real interest rates is estimated to be zero.
5. Sum of monetary stimulus from the row above and approximate QE effects, which are based on changes in the share of central bank holdings in total outstanding government bonds based on estimated elasticities for the United Kingdom (2.5-basis point decline in long-term interest rate for each percentage point increase in the central bank share in total outstanding government debt) and for the United States (23 basis points). The assumed elasticity for Japan is the average of the two elasticities (12.5 basis points). For more details see Bouis et al. (2014). As the supply of government bonds outpaces central banks purchases, QE in the United Kingdom in 2013-14 and the United States in 2012 actually raises government bond yields and weakens monetary stimulus.

Source: OECD Economic Outlook 96 database and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933169997

- ***United States***: hysteresis effects have been present but muted compared with elsewhere. Although the neutral interest rate is likely to have fallen, monetary policy has still provided stimulus to aggregate demand through conventional and unconventional measures. Consequently, the output gap has been closing, even if economic slack persists.
- ***United Kingdom***: hysteresis effects appear to have been strong and neutral rates have fallen but less than real short-term interest rates. Consequently, monetary policy has succeeded in boosting GDP growth and eliminating economic slack.

Persistent stagnation, or the risk of falling into this trap, should be addressed by a comprehensive stimulus package. In principle, more monetary and fiscal stimulus should be accompanied by structural reforms that boost potential growth and neutral rates. The presence of hysteresis effects strengthens the case for accommodative policies, with potentially beneficial longer-term implications for economic activity. However, large uncertainty about the size and persistence of hysteresis, and the risks associated with certain measures poses policy dilemmas:

- ***Monetary policy***. With policy interest rates at their effective lower bound, further stimulus would have to come from unconventional measures, including QE, forward guidance or schemes to provide funding to banks. The effectiveness of QE measures depends on the institutional and financial systems in each region. Furthermore, there is some evidence that the effectiveness of such measures may decline as they are used more extensively and asset prices become richly valued. Thus, their effectiveness in addressing the problem of stagnation is not certain as they may also encourage excessive risk-taking and asset price booms that lead to financial instability and costly recessions. Prudential measures could offset some of

Box 1.1. **Persistent stagnation traps: evidence and policy implications** *(cont.)*

these risks but there are limits to their effectiveness and it is doubtful if they can counter a generalised rise in risk-taking. Moreover, tightening regulation for commercial banks can result in regular bank activities migrating to lightly regulated shadow banks.

- ***Fiscal policy***. Fiscal stimulus could be at least partly self-financing (as a permanent increase in potential output implies a permanent increase in taxes) in the presence of hysteresis, high fiscal multipliers and sustained low real interest rates. Nevertheless, such a strategy involves risks. The cost of increased debt may turn out higher due to reduced private investment and increasing economic vulnerability. Moreover, fiscal stimulus may be less able to deal with a prolonged period of subdued growth, as fiscal multipliers could be smaller than during outright recessions. Finally, postponing the implementation of a credible fiscal consolidation plan could lead to adverse market reactions.
- ***Structural policy***. Structural reforms can boost potential output growth in the longer term and thus neutral interest rates, increasing the effectiveness of monetary policy. They, however, risk widening output gaps from already high levels if they were to weaken aggregate demand. To the extent that hysteresis effects operate, the widening of economic slack could on its own permanently reduce output, thus offsetting to some extent the beneficial long-run effects of structural reforms. However, OECD research shows that in many cases structural reforms have immediate positive demand effects. Such reforms should be prioritised when economic slack is large.

1. Recent output gap revisions for the United Kingdom would imply a lower overall hysteresis parameter.

... and other factors...

The under-performance of the euro area could also reflect slower progress in cleaning up bank balance sheets and the excessive indebtedness of households.

... including weak bank balance sheets...

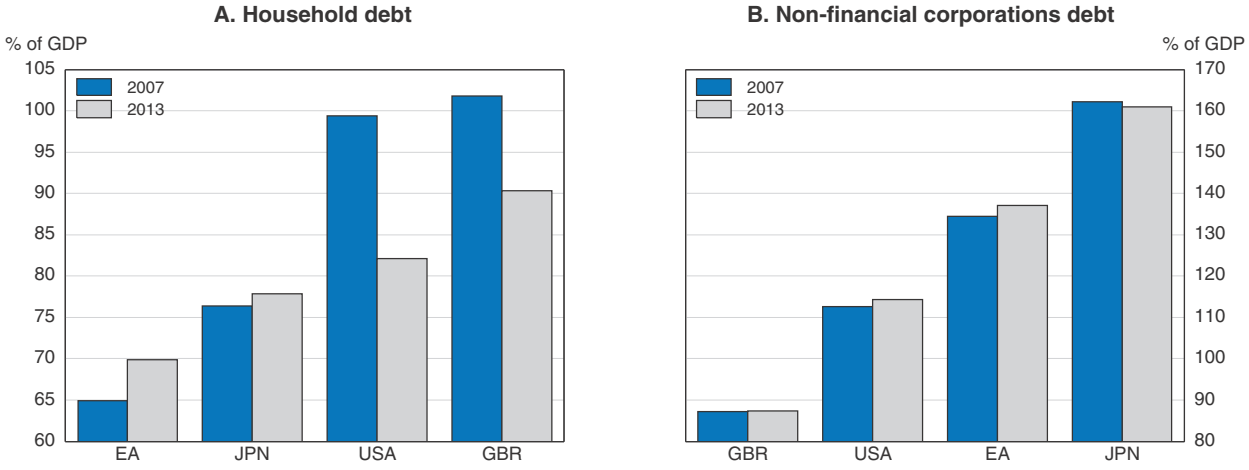
- Early stress tests and the associated muted capital injections in the euro area failed to restore confidence in banks. As a result, euro area banks have been generally characterised by low capital, and impaired assets on their balance sheets could have reduced provision of credit to healthy businesses. In contrast, swift and credible measures were taken in the United States to assess the state of the banking system and ensure adequate capital cover. The comprehensive assessment of banks in the euro area, released in October 2014, indicated though that euro area banks need only marginal further capital injections to maintain adequate capital cover relative to risk-weighted assets, even in adverse circumstances.

... and high debt burdens

- Household debt in the euro area, in contrast to the United States, has remained historically high, creating headwinds to consumption growth (Figure 1.2). The fall in the household debt ratio in the United States has been helped by an institutional set-up that facilitated debt write-offs, such as non-recourse mortgages, and restructuring to a greater extent than in the euro area countries.[3] The differences in private sector deleveraging are likely to affect growth performance going forward.

3. Although the importance of debt write-off in the United States is contested, with some suggesting that it explained nearly two-thirds of deleveraging while others noting only a marginal role (Bouis et al., 2013), debt write-off was an option unlike in the euro area.

Figure 1.2. **Deleveraging in the private sector has differed across the main OECD areas**



Note: Debt is calculated as total liabilities minus shares and other equities, and minus financial derivatives.
Source: European Central Bank; OECD Financial accounts; and OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169132

Divergence in policy requirements may trigger exchange rate movements…

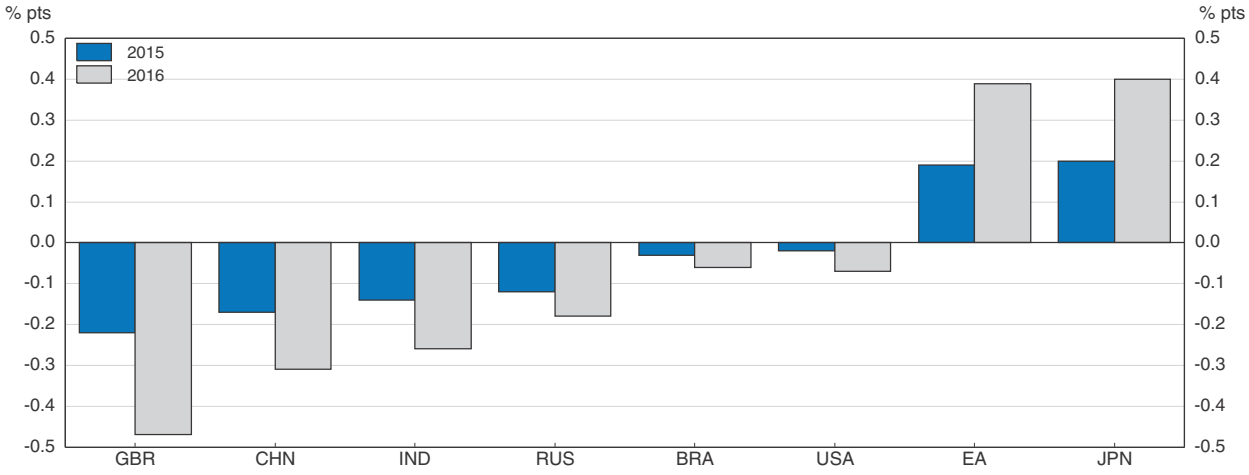
Growth and inflation divergence, together with the legacy of past macroeconomic policies, imply differentiated monetary policy stances across the main OECD areas in the coming years. This in turn, if not well anticipated by markets, will generate volatility in financial markets and potentially serious instability. Despite the early October adjustment, the US dollar has already appreciated by around 4% in nominal effective terms since August and by slightly less than 10% against the euro and several EME currencies. Reduced monetary policy stimulus in the United States and further easing in the euro area and Japan, consistent with projected growth and inflation differentials, may imply further exchange rate movements. However, interest rate differentials have not always been a good predictor of financial market reactions in the past.

… with benign implications for growth and inflation in some areas

Macroeconomic model simulations can illustrate the possible economic effects of future exchange rate changes. A gradual 10% depreciation of the euro and the yen against the US dollar over the next two years, with other bilateral exchange rates assumed to remain fixed against the US dollar, would correspond to a depreciation of around 6½ per cent in the euro and yen effective exchange rates. Conditional on an assumption of unchanged policy interest rates, this could raise GDP growth in the euro area and Japan by around 0.2 percentage point in 2015 and 0.4 percentage point in 2016 (Figure 1.3). Headline consumer price inflation would also be pushed up, by over ½ percentage point in Japan by 2016 and over 1 percentage point in the euro area. Growth and inflation would be weaker in all other economies, however, reflecting the appreciation of their currencies. Effective exchange rate rises of around 5% would occur in the United Kingdom and Russia, and by between 2-2½ per cent in the United States, China and India.

Figure 1.3. **Impact on GDP growth of a euro and yen depreciation**

Difference from baseline



Note: Based on a 1% decline in the euro-dollar and yen-dollar exchange rates in each quarter from 2014Q3 through to the end of 2016.
Source: OECD Economic Outlook 96 database; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933169142

There is a risk that...

The real effects of the exchange rate adjustment could be less strong and less benign than captured by model simulations:

... the positive effects could be delayed in the euro area and Japan

- The upturn in growth and inflation in the euro area and Japan will depend mainly on the behaviour of exporters and wage settlements. In particular, exporters could use the exchange rate depreciation to increase their profits, rather than to boost export volumes, as shown by the experience in Japan in 2013. In the euro area, staggered wage contracts and still large labour market slack might also slow the speed at which initial currency-related increases in inflation feed through into wage settlements. Both of these factors might limit the short-term boost to growth and inflation.

Vulnerabilities in some EMEs could be exacerbated

- The direct negative growth effects in other economies could be more severe, especially in EMEs. Weaker growth could result in financial instability or prompt a change in investor sentiment, leading ultimately to currency depreciation and higher costs for domestic firms with foreign currency debts. However, if this were not the case, a currency appreciation and lower inflationary pressures could prompt some monetary policy easing in countries with high inflation. This would offset some of the negative effects of appreciation on growth.

More extensive currency realignments could take place

- The impact of the original exchange rate adjustment would be smaller if changes in the value of the US dollar vis-à-vis the euro and the yen were to trigger offsetting policy changes. One example could be officially induced weakening of currencies that appreciated in effective terms, especially in some EMEs.

Financial turbulence risks

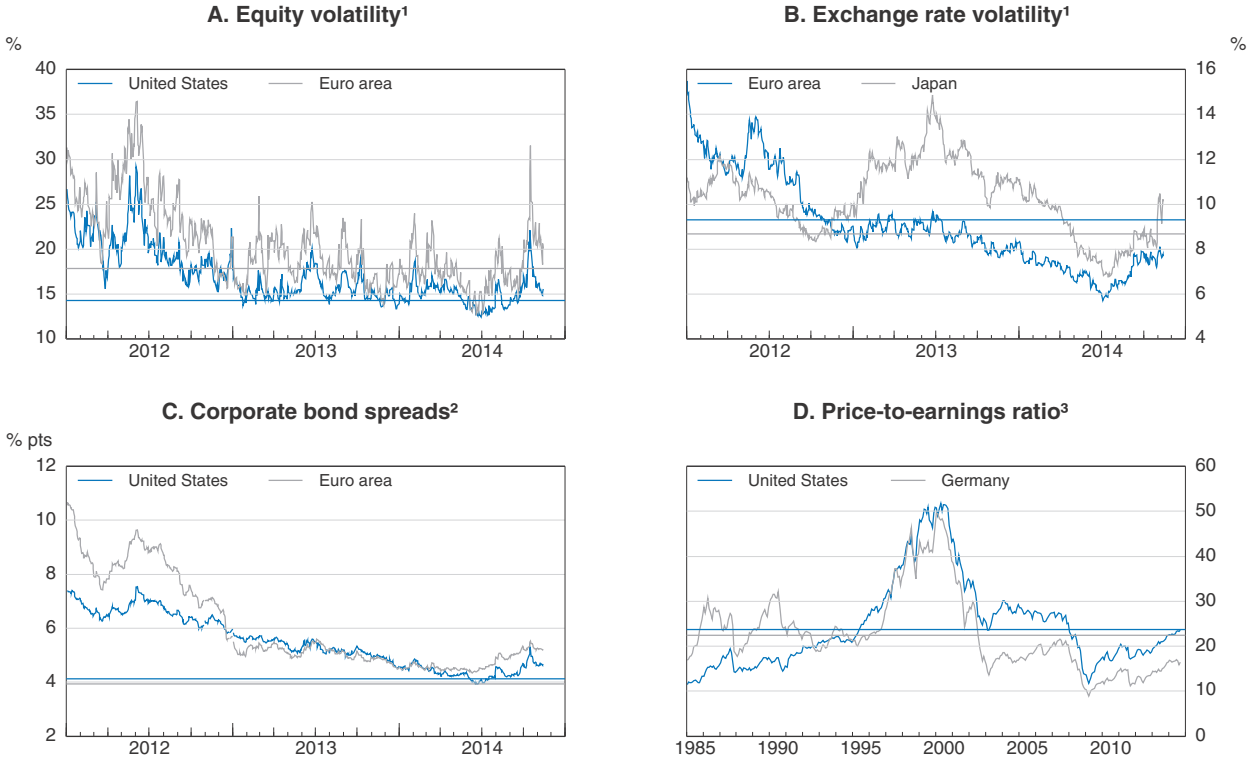
Financial market complacency about risk has added to vulnerabilities…

In the context of highly accommodative monetary policy in the main OECD areas, greater risk-taking and elevated asset prices have added to financial market vulnerabilities. Levels of financial stress, in particular in terms of volatility in equity and foreign exchange markets, reached very low levels between May and September, and some asset prices attained record highs (Figure 1.4). This has led to growing concerns about a sudden shift in investors' sentiment and ensuing disruptive asset price corrections. The financial market turbulence in mid-October this year illustrates how fast market sentiment can change, with steep falls in global equity prices and a rise in financial market volatility in spite of no clear change in macroeconomic fundamentals.

… in the United States…

- In the United States, prior to the mid-October turmoil, the search for yield had resulted in very low risk spreads, weaker underwriting standards and high leverage in some parts of the shadow banking system. The US leveraged loan market has expanded rapidly since 2012,

Figure 1.4. **Risk-taking indicators**



Note: Horizontal lines show the average of a given indicator between June 2003 and June 2007, except for the P/E-ratios where they indicate the average between the early 1980s and 2014.

1. The implied volatilities of equity index options and bilateral exchange rates (vis-à-vis the US dollar) options.
2. The spreads between 5-year high-yield corporate and 5-year government bond yields.
3. The cyclically-adjusted price-to-earnings ratio is obtained by dividing the inflation-adjusted stock market index by the 10-year average inflation-adjusted earnings. Last observation: September 2014.

Source: Datastream; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933169157

exceeding its pre-crisis size. This has been associated with an increasing incidence of loans with light covenants, risking higher future default rates and lower recovery rates for investors.[4] Large equity price gains, despite their temporary dip in mid-October, have also raised concerns about equity price overvaluation, given the subdued economic recovery. Indeed, the cyclically-adjusted price-to-earnings ratio has risen strongly over the past few years and has been close to its average from the early-1980s. These gains reflected portfolio rebalancing towards riskier assets and increasing share buybacks, with cash-rich companies choosing to boost their stock market valuation rather than finance new investment.[5]

… and in the euro area

- In the euro area, increased risk-taking has been evident in very low sovereign bond yields and spreads. Some decline in the very high risk perceptions of financial institutions and public finances since 2012 is welcome. However, it may now be excessive, given the risks of renewed recession or deflation, risking a sudden shift in investor sentiment similar to that in mid-October. The fiscal situation is still challenging. The recent budgetary slippages in several euro area countries and weak GDP growth prospects suggest no material improvement in the near term. Moreover, renewed concerns about the debt sustainability of the vulnerable countries could resurface. Until late September, spreads between government and high-yield corporate bonds were close to their pre-crisis averages and the issuance of high-yield bonds was readily absorbed by investors. In contrast, in a number of euro area countries, the cyclically-adjusted price-to-earnings ratios remained well below their historical averages. This implies less concern about equity valuations, especially as stock markets have not fully recovered from the declines in mid-October.

Risks of turbulence have increased

Sudden shifts of investor sentiment would result in abrupt asset price corrections and a surge in volatility. These could be magnified by liquidity problems and negative feedback loops, creating headwinds to the economy. Such a shift could be triggered by a change in market expectations about monetary policy in the main OECD regions, especially in the United States, or by profit-taking by investors over-weight in risky assets, or by geopolitical tensions (see below). Such an asset price correction could have not only local but also global financial stability repercussions. Risks of negative spillovers are particularly acute in EMEs (Olaberria, 2014; and Rawdanowicz et al., 2014a). Risks are also present in the euro area, where the recent substantial decline in government bond yields was partly driven by foreign investors. As discussed above, such a scenario is likely to be associated with adjustments in exchange rates.

4. This implies fewer, or less strict, protective covenants for lenders, such as requirements for reporting financial performance or preventing borrowers from taking more debt.
5. If buybacks are financed by bond issuance or bank loans, higher indebtedness could reduce future profits and increase vulnerability.

This could undermine financial stability in EMEs given their continuing vulnerabilities…

EMEs remain vulnerable, given their cyclical and structural weaknesses. Growth has weakened in several EMEs, especially Brazil, Russia and South Africa, increasing credit risks, and inflation has been high. Corporates in many EMEs have boosted their leveraged foreign-currency borrowing, exposing them to rollover and, if not hedged, foreign currency risks (Chui et al., 2014). Moreover, external bank debt is dominated by short-term debt, with rollover risks. Since 2007, but also more recently, the share of short-term debt in total bank debt has increased in India and Indonesia, and central bank foreign exchange reserves have declined in Russia and Argentina (Annex 1.A1). On the positive side, their current account deficits are generally lower than a year ago, though it is not clear if this is primarily a structural improvement.

… and also in advanced OECD countries, despite the improved resilience of the financial sector

The resilience of the financial sector in the main OECD countries has improved since the recent financial crisis. This reflects, in particular, reforms in the regular banking sector. Even so, progress remains uneven, and pockets of vulnerabilities still persist.

- The United States has made notable progress in strengthening the resilience of the financial system but vulnerabilities remain in the wholesale funding market. These are related to liquidity or credit shocks that lead to asset fire sales (OECD, 2014c). The role of redemption-prone investors, like money market funds and exchange-traded funds, in certain credit markets has increased, which may result in reduced liquidity during stress periods (IMF, 2014).
- The banking sector in the euro area remains vulnerable. Deleveraging and recapitalisations are not finished and non-performing loans are still high. In addition, some banks suffer from low profitability.

The scope for policy to accommodate financial shocks is limited

Should remaining vulnerabilities result in financial shocks, there could be limited room for significant policy support from either monetary or fiscal policy. Policy interest rates have been nearly zero for some time, although there is some scope for further non-conventional policy stimulus and measures to address financial market panic. Public debt has risen to high levels, and fiscal deficits cannot be increased substantially to provide the significant support seen in the initial stages of the financial crisis.

Commodity prices have weakened substantially

Commodity prices have fallen

Energy prices and prices of globally traded agricultural commodities have declined sharply over the past few months, reflecting a combination of weaker global demand and improved supply. The $20 per barrel decline in Brent crude prices since the summer will push down headline inflation substantially, benefitting consumers' purchasing power, and also cushion the underlying softness of demand. It could also raise deflation risks if it pushed down euro area inflation expectations further. Empirical estimates suggest that a permanent $20 per barrel decline in crude oil prices could raise GDP growth in the OECD area by up to 0.4 percentage point over the first two years and decrease headline inflation by at least 0.5 percentage

point (OECD, 2011). Moreover, the decline in global commodity prices will lower fiscal revenues in countries that are major commodity producers, including Chile, Australia, Russia, Indonesia and Canada.

Intensified geopolitical tensions still pose a risk

Geopolitical tensions have intensified…

Geopolitical tensions have intensified in recent months, with the resurgent conflict in the Middle East and trade sanctions on Russia adding to uncertainty and weakening external demand in some economies, especially in Europe.

… with little impact so far on commodity markets…

- Commodity markets seem to have been little affected, but risks persist. The growth benefits of weaker commodity prices, incorporated in the current baseline projections, would disappear if supply pressures were to mount quickly as a result of conflict in the Middle East or a disruption in gas supplies to Europe (Box 1.2).

Box 1.2. **Potential energy market spillovers from events in Ukraine**

Events in Ukraine could have international spillover effects via potential disruptions of energy supplies from Russia to other parts of Europe. To provide an indication of how sensitive other countries would be to energy supply disruptions, this box looks at the strength of the dependence of other countries on energy imports from Russia.

Disruptions in Russian energy exports that transit through Ukraine, notably natural gas, could prove costly to some neighbouring countries. The Slovak Republic, Austria, Turkey, Hungary and the Czech Republic cover more than 15% of their total primary energy needs through natural gas imports from Russia (see Figure below). For a number of larger European OECD countries, including Germany, Italy and Poland, the ratio of natural gas imports from Russia to total primary energy needs is around 10%.

In the short term, however, disruptions in the supply of Russian natural gas that transits through Ukraine would likely have only marginal effects on prices, as European natural gas stocks currently cover about one year of flows that transit through Ukraine. If events in Ukraine triggered persistent disruptions in natural gas transits lasting more than a year, prices would likely increase in a number of European countries. Yet, it should be noted that around half of the flows that transit through Ukraine – which in 2012 accounted for around 50% of European natural gas imports from Russia (or around 15% of total European natural gas imports) – could be re-directed through alternative pipelines which are currently operating below capacity. Disruptions to the supply of crude oil imports from Russia, which for some European countries cover more than 20% of total primary energy needs, could be dealt with by switching to other suppliers. However, as Russia is the world's second-largest crude oil producer, accounting for around 12% of global crude oil production, supply disruptions could drive up crude oil prices significantly.

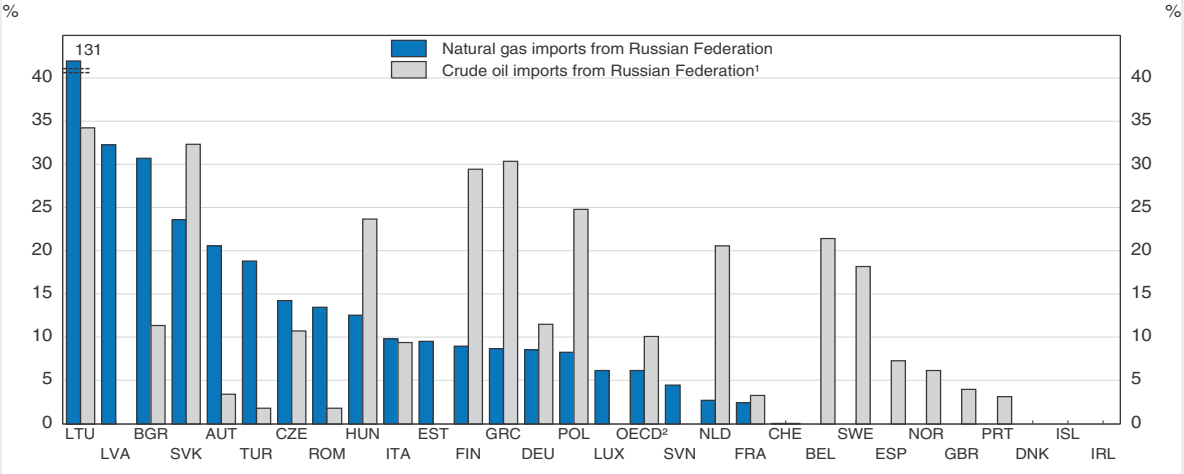
For European countries as a whole, making up for a shortfall of around 130 billion cubic metres (bcm) of gas imports from Russia may be feasible even in the short term but would result in significantly higher energy prices. According to figures in Bruegel (2014), a combination of switching to alternative suppliers, changing the domestic energy mix and reducing consumption could more than cover the shortfall. At least part of the shortfall would have to be made up by more expensive liquefied natural gas (LNG) imports and substituting natural gas for more expensive oil in domestic electricity and heat production. This could lead to spikes in natural gas and other energy prices. Model simulations suggest that for each 10% increase in energy prices, GDP growth in the OECD area would decline by 0.1 percentage point on average in the first year, with somewhat larger effects in those countries with the highest energy import intensities.

Box 1.2. **Potential energy market spillovers from events in Ukraine** *(cont.)*

While it may be possible to make up for a shortfall in natural gas imports in Europe as a whole, a lack of import infrastructure may nonetheless cause disruptions in a number of countries and higher natural gas prices may hit some industries particularly hard. A lack of LNG terminals or pipeline connections with other European countries may be a particular concern for those countries that currently cover almost all their natural gas needs by imports from Russia, such as the Baltic countries, Finland, Bulgaria, the Czech Republic and the Slovak Republic.

Natural gas and crude oil imports from Russia account for a sizeable share of primary energy needs

In per cent of total primary energy supply, 2012



Note: Eurostat data for 2011 for Bulgaria, Latvia, Lithuania and Romania; IEA data for 2012 for all remaining countries. Natural gas imports from Russia can be higher than total primary energy supply due to re-exports.

1. Includes crude oil, natural gas liquids and refinery feedstocks.
2. OECD represents OECD European members.

Source: IEA Energy Statistics; Eurostat; and OECD calculations.

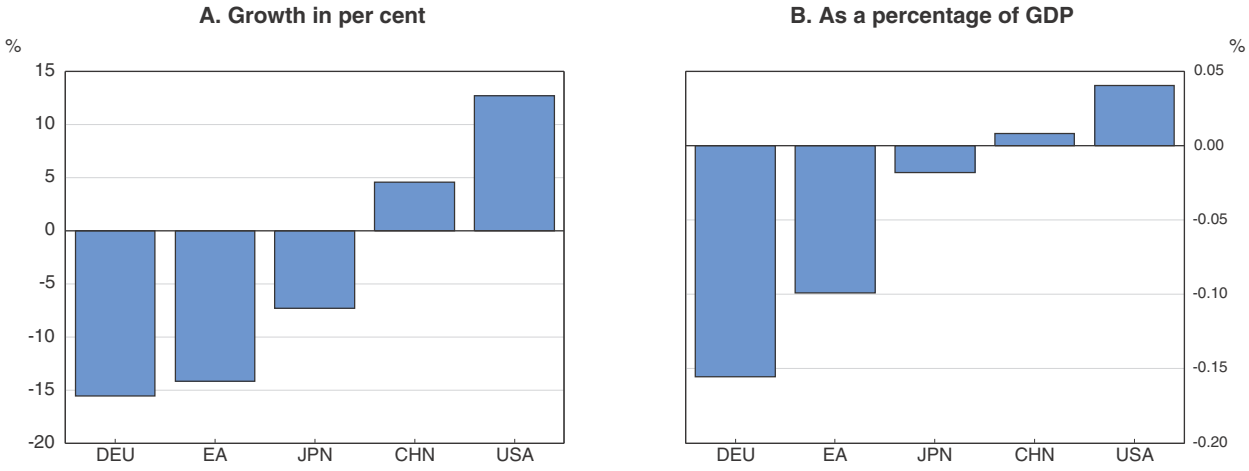
StatLink http://dx.doi.org/10.1787/888933169271

… though they may have hit confidence and GDP growth

- There are some signs that weaker import growth in Russia is having a negative impact on some economies, mainly in Europe. In the euro area, where the linkages to Russia are relatively strong, the volume of area-wide exports to Russia in the first seven months of 2014 was around 14% lower than a year earlier, reducing euro area exports by around 0.7% and GDP growth by around 0.1 percentage point (Figure 1.5). Additional effects are likely to be present from worsening sentiment. Greater uncertainty is also likely to encourage firms to defer new investment decisions. This seems particularly likely in Germany, the Baltic States and several Central European economies, where business ties to Russia are relatively close. Outside Europe, it is difficult to see a strong impact at present, but this could change if tensions were to intensify or persist for longer than expected.

Figure 1.5. **Growth of exports to Russia**

2014 H1 over 2013 H1



Source: IMF, Direction of Trade Statistics; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933169164

Wage growth has yet to accelerate significantly

Labour market conditions are improving…

OECD labour market conditions are continuing to improve, but unevenly with marked differences between economies. Two important issues for policy purposes are the degree of economic slack left in labour markets and the extent to which diminishing slack will give rise to wage pressures and broader inflationary pressures.

… in the United States…

- In the United States, employment growth has strengthened this year, to around 1½ per cent (year-on-year), and job opening rates continue to rise. The short-term unemployment rate has returned to its pre-crisis norm. Sharp declines are occurring in long-term unemployment too, helped by the expiry of the extended unemployment benefits programme at the start of 2014. However, other indicators, such as the high involuntary part-time employment rate, suggest there may still be some labour market slack. The steady decline in the labour force participation rate has recently slowed, but a substantial rebound is not projected to occur.[6] Average hourly earnings growth has remained relatively flat, at around 2% per annum, but total compensation growth per hour has picked up in the corporate sector.[7]

… in the United Kingdom…

- In the United Kingdom, job growth remains robust, with the unemployment rate declining by around 1½ percentage points over the

6. Around 70% of the decline in the labour force participation rate since early 2011 is estimated to be due to ageing effects (CEA, 2014).
7. In the first nine months of 2014, official preliminary estimates suggest that labour compensation per hour worked in the US aggregate corporate sector and also the manufacturing sector were 4% higher than in the first nine months of 2013 (at an annualised rate).

year to the third quarter of 2014. Involuntary part-time employment remains higher than prior to the crisis, though it has started to decline gradually. Earnings growth is edging up, but has yet to accelerate significantly as many new jobs are at the lower end of the pay scale and bonuses have moderated. Labour supply is becoming more elastic as a result of strong inward migration and pension and welfare reforms, making it difficult to identify the degree of slack left in the labour market.

… and in Japan…

- In Japan, the labour market remains tight. The ratio of job offers to applicants is close to its highest level since 1992, and the Tankan survey increasingly points to labour shortages. Employment has risen by around 0.5% this year, accompanied by further increases in the female participation rate and in the share of lower-paid non-regular workers in total employment. Monthly earnings per employee have begun to strengthen, rising by around 1½ per cent in the third quarter relative to a year earlier, although this was largely accounted for by increased overtime and bonus payments. Real wages, deflated by consumer prices, have thus declined as a result of the consumption tax increase.

… but not in the euro area

- In most of the euro area, by contrast, the unemployment rate is still very high – the area-wide rate is around 4¼ percentage points above its pre-crisis level – and has only recently begun to decline. The long-term unemployment rate is more than double the pre-crisis level and over one-half of those unemployed have now been out of work for over a year. Employment has risen this year, though only modestly. As a result, considerable slack remains. Wage growth continues to pick up in the relatively tight German labour market but has eased in most other economies.

Declining unemployment has yet to push up wage growth…

New OECD estimates of equilibrium unemployment rates (Annex 1.A2) suggest that unemployment gaps are now small in a number of economies, including the United States and the United Kingdom, and negative in Germany and Japan (see also Figure 1.1).[8] Nonetheless, there is as yet little evidence of substantial wage pressures in these economies, even allowing for the extent to which public sector wage constraints are helping to hold down economy-wide labour costs. Theoretically, labour market slack is only one of many influences on real wage growth. Other factors include (trend) labour productivity growth, wage settlement arrangements (such as union coverage) and the relative demand and supply of labour, driven by technological changes and globalisation. Several factors make it difficult to judge the extent to which diminishing labour market slack might feed into real wage developments:

8. The equilibrium unemployment rate is that prevailing when inflation is equal to the official objective of the monetary authorities and economic slack is eliminated.

… in part due to staggered wage contracting…

- Annual or biennial wage bargaining, with wage contracts staggered over time, mean that it takes some time for the impact of past levels of economic slack to fade from currently observed wage growth. In both the United States and the United Kingdom, this effect may still be helping to hold down real wage growth and the labour share of income but will gradually fade (Figure 1.6).

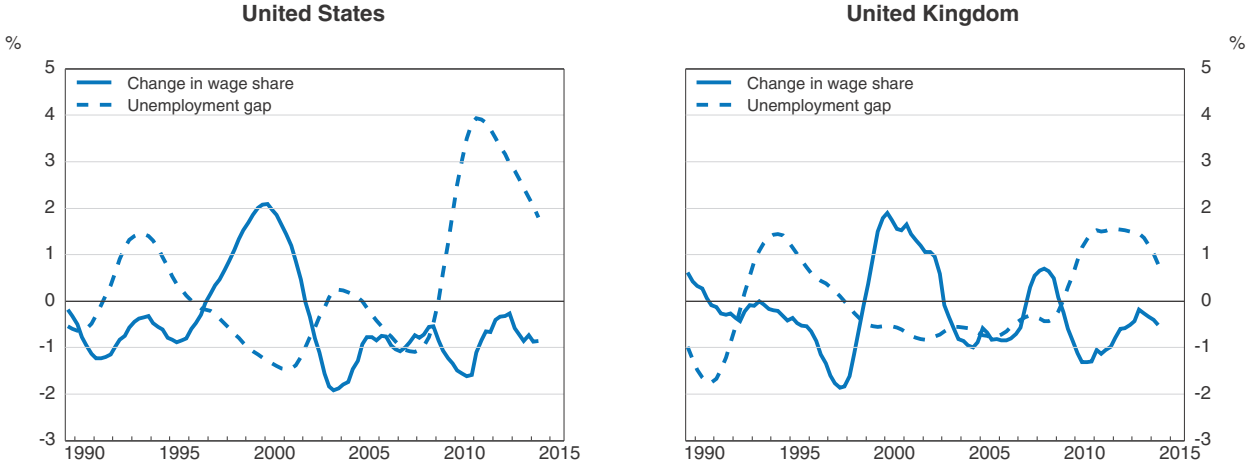
… and still high part-time working rates…

- A second issue is whether total labour market slack influences wage developments (Kiley, 2014), or whether short-term unemployment has a more important role (Krueger et al., 2014), possibly reflecting the lower bargaining power of the long-term unemployed relative to those only recently unemployed. In the latter case, wage growth could soon pick up in countries such as the United States where short-term unemployment is back to pre-crisis norms. Other work has suggested that both short-term unemployment and the share of part-time workers for economic reasons influence (real) wage growth (Aaronson and Jordan, 2014), particularly for workers at the bottom end of the income distribution.[9] As the latter is still high, there may be a more delayed recovery in wage pressures in many economies.

… flexible labour supply…

- In some countries, including the United Kingdom, labour supply is becoming more elastic, either due to greater participation of domestic residents or increased immigration. For a given level of labour demand

Figure 1.6. **Economic slack continues to hold back wage growth**



Note: The change in the labour share is defined as the annualised change in eight-quarter moving average of real wages less the annualised change in eight-quarter trend labour productivity, ending in the quarter shown. The unemployment gap is the average unemployment gap over the last eight quarters.
Source: Datastream; OECD Economic Outlook 96 database; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933169176

9. Their empirical estimates suggest that average real wage growth in mid-2014 would have been up to 1 percentage point higher in the United States if labour market conditions were the same as those over 2005-07.

this could hold down wage settlements. In practice, the skill mix of the new participants would also matter.[10]

… and weak productivity growth

- More generally, for a given level of labour market slack, currently weak underlying productivity growth and low price inflation will also be curbing new nominal wage settlements.

Wage growth is projected to pick up gradually over the next two years

Over the projection period the extent of labour market slack is expected to diminish further in all economies, with underlying productivity growth and price inflation slowly edging up. Against this background, wage growth is projected to strengthen gradually in the OECD economies, with nominal compensation per employee rising by around 2½ per cent in 2015 and just under 3% in 2016. Comparatively tight labour markets and planned or recent minimum wage rises should result in stronger wage growth in several economies, including Germany and the United Kingdom.

A strong acceleration of investment growth is needed

Stronger investment is essential to deepen the recovery

A sustained acceleration in investment will be essential if the recovery is to gain greater momentum. The downturn in fixed investment among advanced economies from the onset of the global crisis was unusually severe, widespread and long-lasting relative to comparable episodes in the past. This largely reflected subdued demand growth, low levels of capacity utilisation, financial constraints and heightened uncertainty. Public investment has been limited by fiscal consolidation and housing investment has been hit by the correction of past housing market imbalances, especially in the United States and some euro area economies. As a result, investment gaps are large, not only in relation to past norms but also relative to projected future steady-state levels in many economies (Lewis *et al.*, 2014). Nevertheless, investment growth has recently begun to pick up and exceed GDP growth in several OECD economies, including the United States and the United Kingdom.[11] However, it remains particularly weak in most euro area countries (Figure 1.7). Outside the euro area, corporate balance sheets are now generally healthy with ample liquidity and greater risk appetite has raised the availability of external market finance for large companies. Moreover, bank lending standards are easing and profit levels are high.

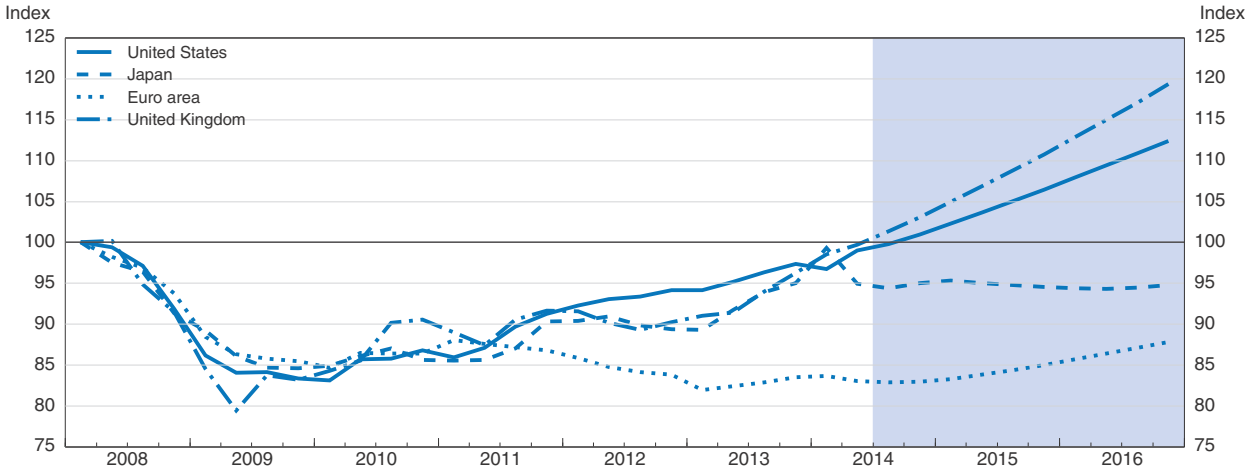
A gradual upturn in investment growth is projected in many economies

Assuming that the recent upturn in uncertainty fades, a broader and stronger cyclical upturn in investment could occur in 2015-16, with accelerator mechanisms helping investment growth to outpace output growth in a much larger number of economies. This could result in annual rates of investment growth of 5% or more in the United States, the United

10. Recent empirical research has found that immigration may have pushed down the wages of lower-skill workers in the United Kingdom, but raised wage growth for higher-skill workers (Dustman et al., 2013).
11. In the United Kingdom, recent revisions to the national accounts have resulted in average annual real investment growth from 2007 to 2013 being revised up by 2 percentage points.

Figure 1.7. **The post-crisis recovery in investment remains slow**

Index 2008 Q1 = 100



Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169184

Kingdom, Poland, Turkey and Korea. Prospects are weak in Japan, where a turn up in business investment is projected to be offset by declines in public and residential investment. Investment is also likely to remain weak in much of the euro area, reflecting subdued demand, less favourable balance sheet developments, impaired credit channels and barriers to product market competition. If economic uncertainty were to intensify once again, the broader upturn in investment may be delayed considerably, given the option value of waiting.

Support from financial conditions is slowing

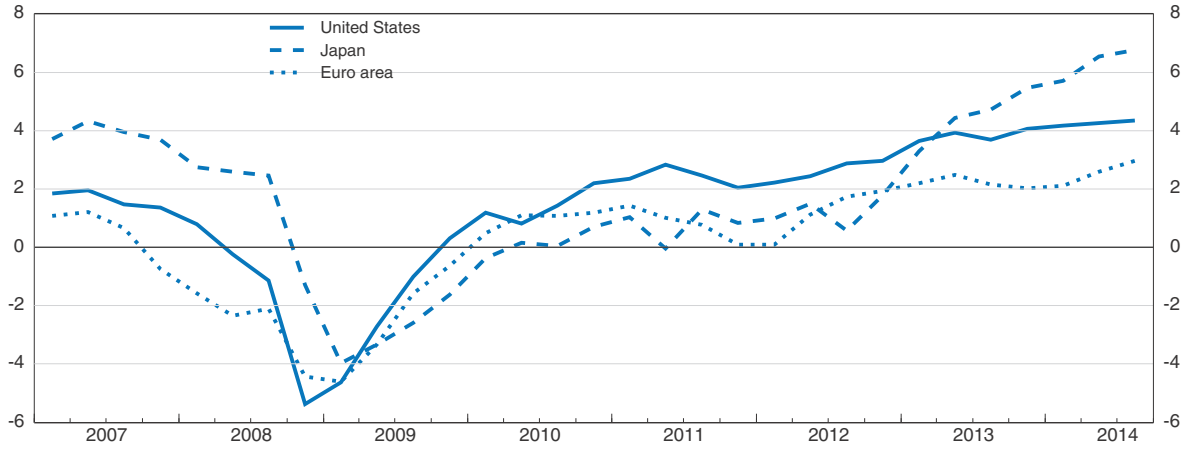
Financial conditions in the main OECD areas have been supportive of growth…

Aggregate financial conditions, as measured by the OECD Financial Conditions Index, continued to improve in the second and third quarters of 2014, especially in Japan and the euro area (Figure 1.8). Market expectations of sustained accommodative monetary policy and continued policy interventions in bond markets helped lower long-term nominal interest rates in the euro area, Japan and the United States. Japan and the euro area also benefited from real exchange rate depreciations in the third quarter, possibly reflecting expectations of sustained monetary policy stimulus. In contrast, the US dollar appreciated amid expectations of a gradual normalisation of monetary policy. Equity prices have increased since April, boosting household wealth. In addition, credit conditions eased in all three areas.

… but the pass-through to growth may be impaired

The pass-through of short and long-term market interest rates to the cost of credit for households and businesses has been impaired. In the euro area, the cost of bank credit has not fallen proportionally with the sizeable decline in official interest rates and government bond yields. This could reflect pressures to maintain bank operational profits in the context of a high level of non-performing loans and subdued credit provision. Moreover, overall credit conditions still remain tight in the euro area, as

Figure 1.8. **OECD financial conditions have improved further**



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 14 November 2014.
Source: Datastream; OECD Economic Outlook 96 database; and OECD calculations.

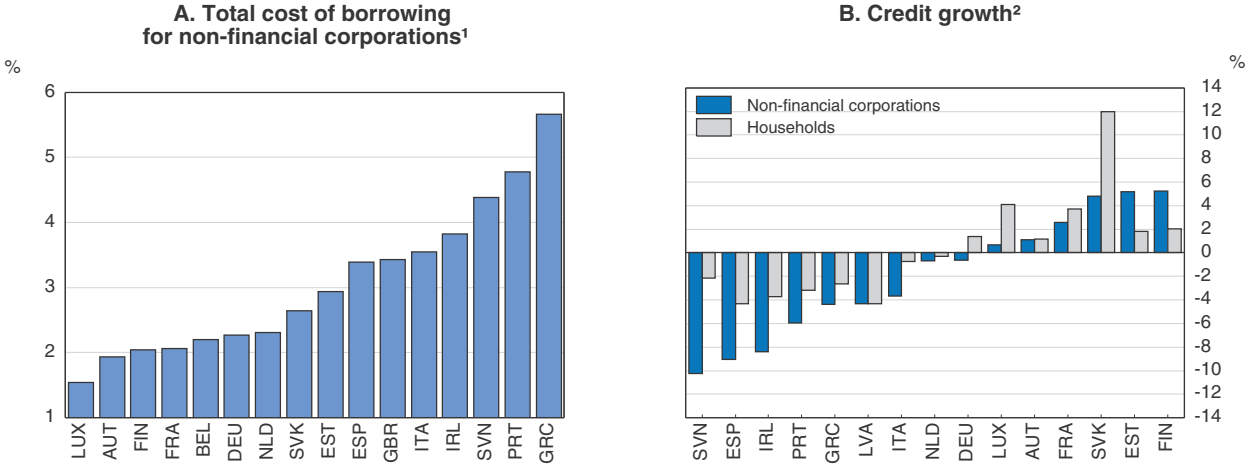
StatLink http://dx.doi.org/10.1787/888933169194

do those for mortgages in the United States. The depreciation of exchange rates might also boost demand by less than expected. Rising asset prices may stimulate household consumption if they are perceived to be durable, but by a smaller extent than usual because financial gains are accruing to only a few households with a relatively low propensity to spend. This is an outcome of high wealth inequality, especially in the United States (see below).

Intra-euro area financial conditions have not yet converged

The cost of bank credit for non-financial corporations in most vulnerable euro area countries is high and its dispersion across euro area countries is still large, despite recent declines (Figure 1.9). Credit

Figure 1.9. **Intra-euro area financial fragmentation**



1. Average of total cost of borrowing from Monetary Financial Institutions between July and September 2014.
2. Average of annual growth rates between July and September 2014. Loans adjusted for sales and securitisation of all types of maturity.
Source: European Central Bank; Bank of Italy; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933169205

dynamics differ, with generally larger credit declines in the vulnerable countries than in the core countries. This reflects differences in economic performance and credit risks, but also persisting, though somewhat reduced, financial fragmentation in the banking sector. Target 2 balances have halved from their peaks in 2012, though they have widened somewhat in August and September in Italy and Germany.

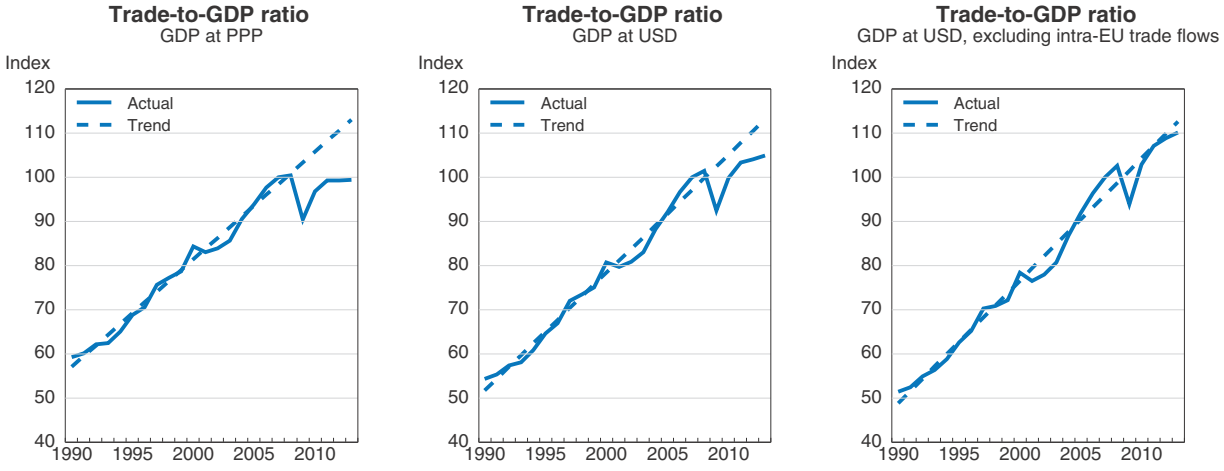
The global trade elasticity remains low

Weakness in Europe has contributed to a subdued global trade elasticity

Global trade intensity remains constant as the elasticity of global trade to activity is subdued.[12] Trade volumes continue to move in line with activity this year, by around 3%, in a marked break from pre-crisis norms, when global trade grew twice as fast as world GDP. Two main factors account for a substantial proportion of this post-crisis decline in the global trade elasticity. First, intra-EU trade is very weak, reflecting soft domestic demand, and especially investment, in the euro area. Second, the share of the EU in global activity has declined after the crisis. Excluding intra-EU trade, the ratio of global trade to GDP is close to its pre-crisis trend (Figure 1.10) and there has been only a small change in the global trade elasticity.[13] With only a modest recovery projected in most euro area economies, this factor is likely to hold back global trade

Figure 1.10. **The ratio of global trade volume to global GDP volume**

Index 2007 = 100



Note: Global trade volume is the simple average of global export and import volumes and is measured at 2010 USD. The trend represents the pre-crisis trend 1990-2007.
Source: OECD Economic Outlook 96 database; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933169218

12. Trade intensity refers to the level of trade relative to the level of GDP (both in volume); the trade elasticity is the rate of change of trade relative to the rate of change of GDP.
13. Trade intensity (in constant prices) is best assessed using GDP at constant market exchange rates rather than by using conventional PPP-based measures of global GDP, since trade itself is measured at market exchange rates.

intensity for some time. The on-going accumulation of trade restrictions in the major economies may also be a factor behind the recent soft trade growth outside Europe.[14]

Trade intensity should rise slowly over time

There are some tentative signs that global trade intensity may be improving slowly. Trade growth is projected to have exceeded global output growth in the latter half of 2014, with OECD export growth and non-OECD import growth both picking up. Global export orders have also strengthened over the past six months, and IT-related trade and international air passenger traffic (one indicator of services trade) are rising steadily. The extent to which global trade intensity rises will depend in part on the speed of the growth recovery in the European economies, and, more generally, whether capital investment can strengthen gradually. Based on the growth projections outlined below, global trade growth is projected to pick up from 3% in 2014 to around 5½ per cent in 2016. This would be a modest recovery by pre-crisis norms. In the medium term, measures to facilitate trade and a successful conclusion to the current negotiations on the transatlantic and transpacific trade agreements would help to boost global activity and trade growth.

Private consumption may be held back by inequality effects

Consumption growth has not yet accelerated

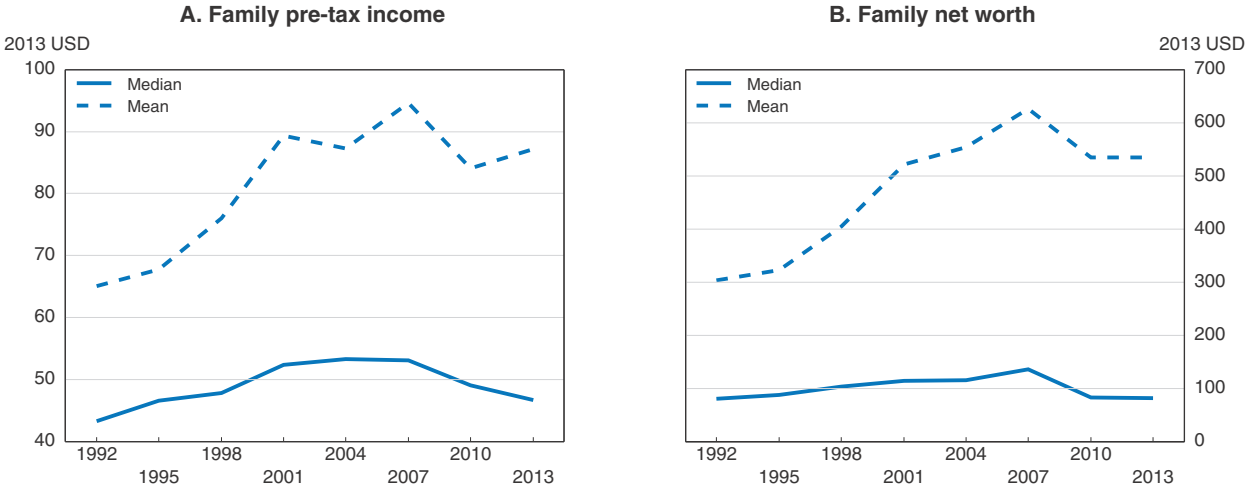
Household consumption growth has remained unchanged in the OECD area this year, despite the boost provided by improving labour market outcomes, low interest rates and, in some economies, especially outside the euro area, stronger household balance sheets.

Rising income and wealth inequality may hold back spending in the United States…

- In the United States, annual private consumption growth has remained around 2¼ per cent this year. The saving rate has risen, despite accelerating household income growth, further wealth increases and improved consumer confidence. One possible explanation is that income and, to a lesser extent, wealth inequality has risen in recent years, reflected, for instance, in the growth of mean incomes and wealth relative to the median (Figure 1.11). Families at the top end of the income and wealth distribution, with a lower propensity to consume (Jappelli and Pistaferri, 2014), have seen substantial gains. Those at the bottom end of the distribution, who have a high propensity to consume, have seen declines in their real incomes and little or no improvement in net wealth. The wealth distribution effects reflect that net financial wealth, typically accruing to the richest households, has risen much more substantially over the recovery than housing net worth, where the benefits are felt by a much wider range of households.

14. The number of trade restrictive measures introduced by G-20 countries since the onset of the crisis covers around 5¼ per cent of G-20 merchandise imports (OECD/WTO/UNCTAD, 2014). The number of new trade facilitation measures has recently started to rise, but still covers only around 0.6% of G-20 merchandise imports.

Figure 1.11. **Income and wealth disparities have widened in the United States**



Note: The data cover families' pre-tax incomes and net worth.
Source: Federal Reserve Board Survey of Consumer Finances.

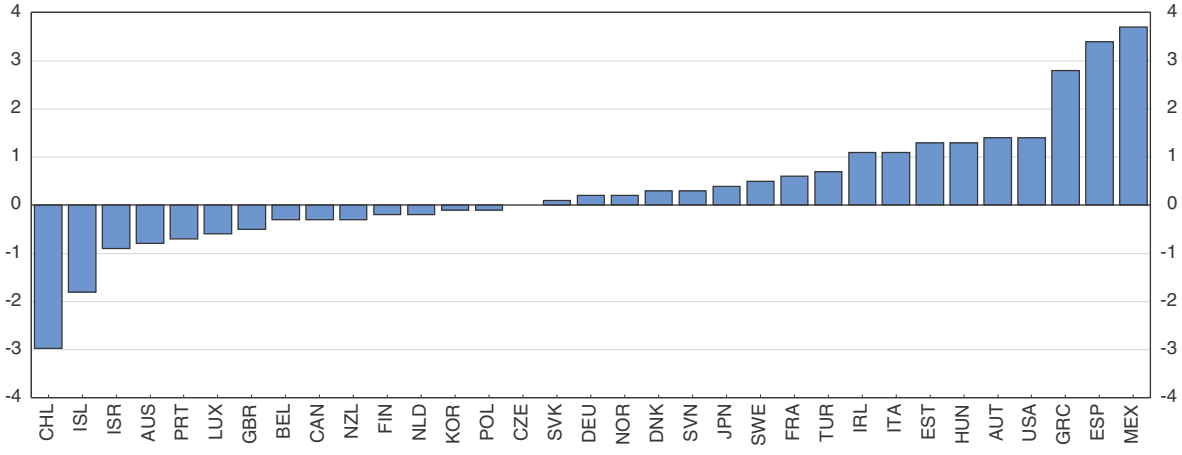
StatLink http://dx.doi.org/10.1787/888933169225

... and some other economies...

- A similar pattern, with modest private consumption growth, has occurred this year in a number of other economies, including Germany and France, despite income and wealth increases. In these countries, the income share of those with the highest incomes has risen relative to the share of those with the lowest incomes since the start of the crisis. However, this has not occurred in all economies (Figure 1.12; OECD, 2014e). As in the United States, wealth inequality is higher than income inequality in all economies, with the upturn in financial wealth accruing largely to the households with the lowest propensity to consume (Figure 1.13).

Figure 1.12. **Post-crisis changes in the income distribution have varied across countries**

Change in the s90/s10 ratio from 2008 to latest data[1]



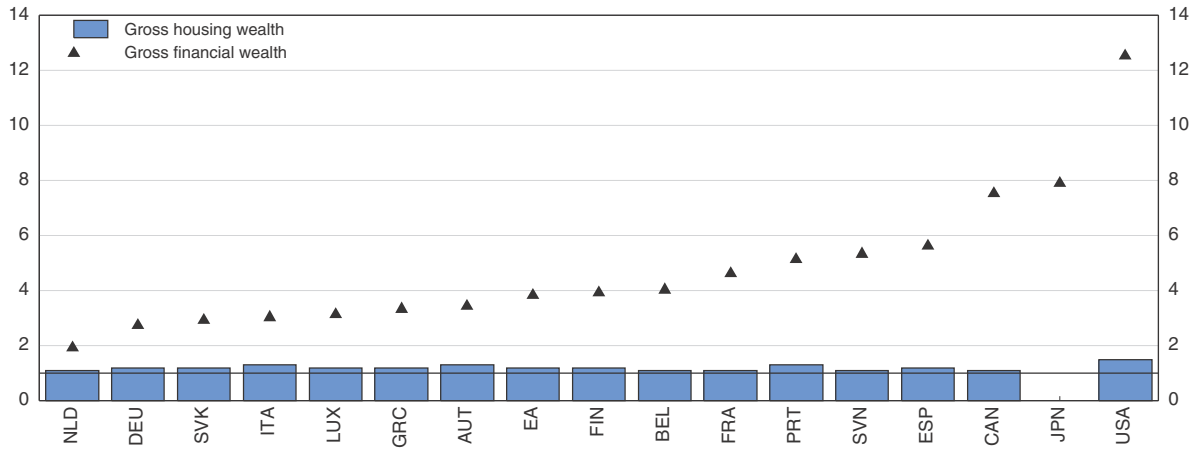
1. Ratio represents the share of disposable income of the top 10% to the share of disposable income of the bottom 10% of income earners. 2007 data are used for Hungary and Turkey.

Source: OECD Income Distribution database; OECD Economic Outlook 96 database; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933169236

Figure 1.13. **Financial wealth inequality is greater than housing wealth inequality**

Ratio of mean to median, by type of wealth



Note: Only the primary residence value is included in the value for gross housing wealth. Data for the United States, Canada and Europe are based on samples of all types of households. The Japanese survey only includes single-person households. Means and medians are based on households that own property for the property wealth calculation, and households that own financial assets for the financial wealth calculation.

Source: European Central Bank; Federal Reserve Board; Statistics Canada; and the Central Council for Financial Services Information of Japan.

StatLink http://dx.doi.org/10.1787/888933169244

… but stronger income growth will support spending over 2015-16

Consumption growth is projected to slowly strengthen in almost all economies, albeit at different speeds, over the next two years as improvements in job and wage growth boost household real disposable incomes. In many countries, saving rates are projected to change very little in 2015 and 2016, with the full effect of past wealth gains in some countries not incorporated into the projections. In Japan, private consumption growth has been very volatile due to expenditure shifting around the increase in the consumption tax rate (Box 1.3), but should slowly strengthen in 2015 and 2016 provided real wage growth becomes positive.

Box 1.3. **Consumption tax increases in Japan**

This box assesses the impact of the recent consumption tax increase in Japan and draws comparisons with the situation at the time of the previous consumption tax rise in 1997. It suggests that while consumption growth can recover fairly quickly, residential investment could take a longer time to recover.

In order to boost government revenues to help counter rising government debt, the Japanese government has legislated two increases in VAT, known as the "consumption tax", from 5% to 10%. The first rise, by 3 percentage points, occurred in April 2014. The remaining 2 percentage-point rise is now set to occur in April 2017, rather than October 2015 as originally planned. Considering the relatively low rate of the tax and the stable source of revenue that it provides, raising the consumption tax would be more effective than increasing other tax rates. The last consumption tax increase prior to this year was in April 1997, when the rate was raised from 3% to 5%.

Box 1.3. **Consumption tax increases in Japan** *(cont.)*

The economic circumstances in which the recent tax increase occurred differ in several respects from those in 1997. In particular, the 1997 increase coincided with mounting problems in Japan's financial sector, cumulating in the collapse of three major financial institutions in November that year and an extended economic downturn. External demand was stronger in 1997 at the time the tax rise was implemented, but this was soon disrupted by the outbreak of the Asian crisis in June of that year. Monetary policy is, however, more accommodative now than in 1997. One similarity between 1997 and 2014 is that fiscal policy was stimulatory the year before, but restrictive at the time of the tax increase.

In the short term, changes in the consumption tax make it harder to identify the underlying strength of the Japanese economy, due to the volatility associated with the one-off level shifts in the prices of all consumption goods. However, the increase in the consumption tax in April 2014 was followed by a larger short-term reduction of domestic demand and real wages than after the previous tax increase in 1997 (see first figure below). One possibility is that the expectation of a further tax increase contributed to the sharper-than-expected fall in economic activity in 2014. Household survey data also suggest that a higher proportion of households now have no savings or financial assets than in 1997. A third possibility is that the proportionate impact of the tax increase on the price level this year was larger than in 1997.

When taxes on consumption goods are about to be increased, forward-looking households bring forward planned large household purchases, particularly of durable or other non-perishable items, to avoid paying higher prices caused by the tax increase. The effect of this forward shift of demand is a sharp increase in the purchases of goods and services to which the tax applies in the period immediately prior to the tax increase (so called "rush demand") followed by a sharp fall in the following period. Ideally, this short-term shift would have little to no effect on the long-term economic decisions by households. Demand switching was evident in household consumption patterns around the current and the previous tax increases. Consumption increased by 2¼ per cent (quarter-on-quarter) in the first quarter of 2014 followed by a 5% fall in the second quarter and a rise of 0.4% in the third quarter. Consumption growth immediately prior to the 1997 tax rise was of a similar magnitude (around 2% in the first quarter of 1997), although the fall was less severe with consumption declining by only 3½ per cent in the second quarter before recovering by 0.8% in the third quarter.

Looking ahead to the second planned consumption tax increase, it is unclear whether or not the spike and subsequent fall in consumption will be of a similar magnitude considering that some households may have taken both tax increases into consideration when bringing forward consumption in the first quarter of 2014, implying they have fewer large purchases to make.

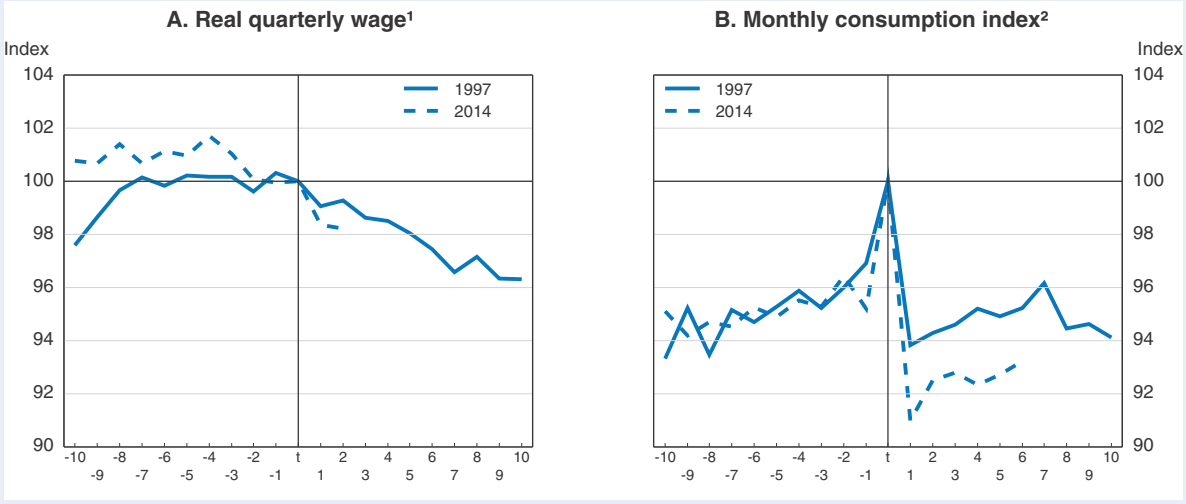
A notable feature of Japan is that activity in the residential property market is also greatly affected by changes in the consumption tax, which is applied on all residential property sales contracts. Since housing represents one of the largest expenditure items subject to the tax, and given the long-term nature of housing services, the pull forward and subsequent fall are more likely to be spread over a longer time period than two quarters. Residential investment saw a noticeable pick-up prior to 2014 before falling off considerably after the increase in the consumption tax in both the second and third quarters of 2014 (see second figure below), similar to what occurred in 1997. At that time, residential investment remained low following its sharp initial fall, reflecting the weak economy and demographic factors. In the current period, more accommodative monetary policy should help stimulate housing demand in the medium to longer term. However, weak underlying demand for new housing due to unfavorable demographics is likely to limit property investment in Japan.

The current baseline projection for Japan is for a moderate underlying strengthening of consumption and housing investment over the projection period. The experience of 1997 is however a reminder that potential external shocks, such as a slowing in China, or persistent weak growth in the euro area could easily soften external demand in Japan and slow the recovery from the impact of the consumption tax increase.

Box 1.3. **Consumption tax increases in Japan** *(cont.)*

Effects of the consumption tax increase on households

Value at date of consumption tax increase = 100



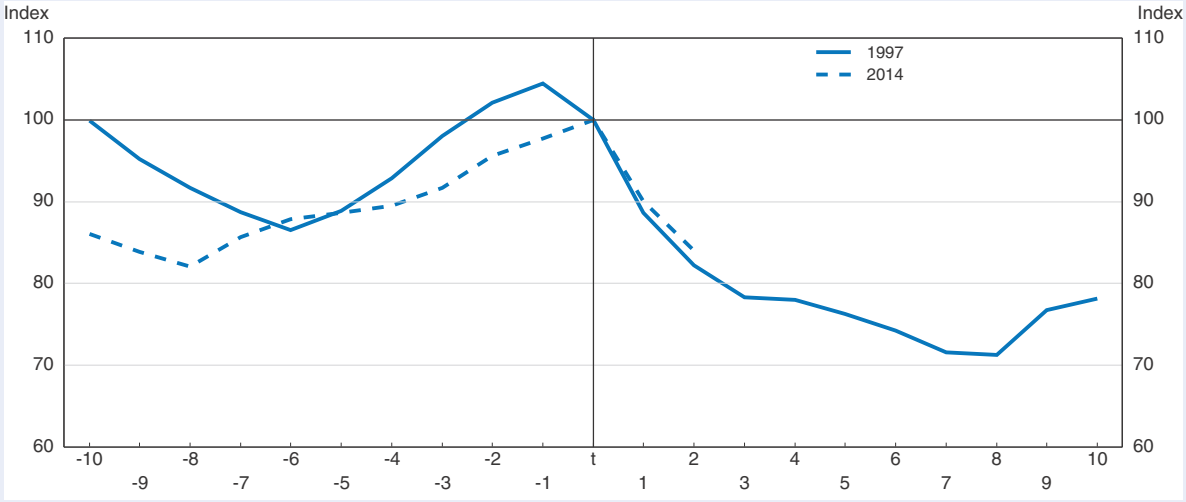
1. Compensation rate deflated by the CPI index.
2. The synthetic consumption index, which includes a range of indicators, such as the household budget survey, new motor vehicle registrations, commercial sales statistics, supermarket sales and the index of tertiary industry activity.

Source: OECD Economic Outlook 96 database; and Cabinet Office.

StatLink http://dx.doi.org/10.1787/888933169282

Residential property investment

Value at date of consumption tax increase = 100



Source: OECD Economic Outlook 96 database; and Cabinet Office.

StatLink http://dx.doi.org/10.1787/888933169291

Housing market conditions continue to diverge

Housing market conditions are diverging

House prices are presently rising in over half of the OECD economies (Table 1.2), but housing investment growth has generally slowed this year. In Europe, strong house price growth is continuing in Germany (based on

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

	Per cent annual rate of change				*Level relative to long-term average* [1]		
	2005-2012	2013	2014 [2]	Latest quarter [3]	Price-to-rent ratio	Price-to-income ratio	Latest available quarter
Australia	2.0	4.1	6.1	6.7	150	132	Q3 2014
Austria	3.0	2.4	1.7	2.4	114	120	Q2 2014
Belgium	2.9	0.5	-0.6	-0.9	155	151	Q2 2014
Canada	4.8	1.3	2.4	3.1	170	132	Q3 2014
Czech Republic		-1.2	0.7	0.8	..	..	Q2 2014
Denmark	-1.8	1.6	2.2	3.0	114	112	Q2 2014
Estonia	-1.4	7.3	10.1	12.4	..	..	Q2 2014
Finland	1.2	-0.9	-2.1	-2.9	131	98	Q3 2014
France	1.7	-2.8	-1.5	-1.9	128	127	Q2 2014
Germany	1.0	5.0	2.8	2.3	93	87	Q3 2014
Greece	-3.6	-9.4	-4.7	-5.8	83	90	Q2 2014
Hungary		-5.0	0.5	0.9	..	..	Q2 2014
Iceland	-2.4	2.3	5.4	6.5	..	..	Q2 2014
Ireland	-6.6	0.0	7.8	12.7	106	99	Q3 2014
Israel	4.2	6.8	5.4	7.3	111	..	Q2 2014
Italy	-1.2	-6.9	-4.0	-5.2	91	105	Q2 2014
Japan	-1.8	-1.5	-1.1	-1.6	62	62	Q1 2014
Korea	1.5	-1.4	0.1	0.5	103	60	Q3 2014
Luxembourg		4.9	2.1	4.0	..	..	Q2 2014
Netherlands	-1.9	-8.3	-0.6	0.8	102	115	Q3 2014
New Zealand	1.0	8.5	4.2	5.8	170	130	Q2 2014
Norway	5.0	1.3	-0.4	1.1	166	124	Q3 2014
Portugal	-0.8	-4.2	-1.4	-2.1	83	93	Q2 2014
Slovak Republic	2.4	-2.2	-0.1	-1.1	..	..	Q2 2014
Slovenia		-5.8	-6.7	-10.6	..	..	Q2 2014
Spain	-4.0	-7.3	-2.5	-3.0	104	107	Q2 2014
Sweden	3.1	2.4	5.5	7.7	139	123	Q3 2014
Switzerland	3.0	5.1	1.3	1.5	101	97	Q3 2014
Turkey		6.2	4.9	7.6	..	..	Q2 2014
United Kingdom	-0.8	1.6	6.1	8.0	140	124	Q2 2014
United States	-3.7	6.4	3.1	3.6	104	89	Q2 2014
Euro area [4]	-0.2	-2.0	-0.6	-0.7	106	107	Q2 2014
Total OECD [4]	-1.2	2.1	1.6	2.0	106	95	Q2 2014

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/10.1787/888933169930

data from the big cities), Switzerland and the United Kingdom, and has resumed in Ireland and Sweden. Markets remain softer in many other parts of the euro area, reflecting weak income growth and still tight financing conditions. In the United States, housing developments point to a modest recovery following the slowdown caused by adverse weather conditions in early 2014. Prices continue to rise, improving household net worth, but at a much lower rate than throughout 2013. Investment and sales growth have both been volatile but are now picking up once again. Looking ahead, the housing market recovery should continue in the coming two years, given the likelihood of continued solid income growth, potential easing in mortgage lending standards and pent-up demand after a period of subdued household formation rates. In Japan, real house prices are continuing to edge down, and housing investment has declined sharply following the increase in the consumption tax rate on sales contracts this year (Box 1.3).

Economic prospects and risks

Economic growth

The recovery is likely to remain moderate in…

The most likely near-term outlook is for global activity growth to remain moderate in comparison with the rates seen in the decade or so prior to the financial crisis. Provided uncertainty does not intensify, and downside risks do not materialise, output growth should strengthen gradually over the projection period whilst inflation remains low. In the OECD economies, accommodative monetary policies will continue to provide support and the drag from fiscal consolidation is set to fade considerably (outside of Japan) (Box 1.4). However, subdued productivity growth, moderate investment and high unemployment in many countries are likely to check the momentum of the recovery. The growth slowdown in the major EMEs seems likely to have levelled out, but they are not projected to show much of their former dynamism over the projection period.

… the United States…

- In the United States growth is projected to gain additional momentum and remain at an above-trend pace through the projection period. Supportive monetary policy, diminished fiscal drag, improved confidence and strengthened private sector balance sheets should all help to underpin activity. Household income growth should be boosted by solid employment growth and real wage increases as the labour market tightens, helping to support consumption. Normal cyclical effects should also continue to strengthen business investment. Stronger external demand is likely to boost export growth, but the impact on GDP will be largely offset by rising imports. The negative output gap is projected to fade steadily to just above 1¼ per cent by the end of 2016.

… and Japan…

- In Japan, activity has declined after the April consumption tax increase, with soft private domestic demand offsetting stronger public investment and improved export growth. Fiscal consolidation is likely to continue to weigh on growth through the projection period, reflecting the unwinding of past fiscal stimulus in 2015 and 2016.

Box 1.4. **Policy and other assumptions underlying the projections**

Fiscal policy settings for 2014, 2015 and 2016 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 under ¼ per cent of GDP over the 2015-16 period, roughly as implied by current legislation, including the Bipartisan Budget Act and the Budget Control Act.

In Japan, the projections incorporate the further two-percentage point cut in the corporate income rate in 2015 following the cut from 38% to below 35% in 2014. Overall, the underlying primary balance is assumed to improve by between ½ and 1 per cent of GDP in both 2015 and 2016.

In euro area countries, fiscal stances in 2015 and 2016 (measured as the change in the structural primary balance) are based on draft budget laws or, if these are not available, the stated targets in Stability Programmes (SPs).

In the large euro area countries, fiscal policy is assumed to evolve as follows. For Germany, the budgetary plans as contained in the German SP from April 2014 have been built into the projections. For France, the projections incorporate a cumulative reduction in the structural deficit of a little over ½ per cent of GDP in 2015 and 2016, with consolidation shifting toward greater efforts on the spending side, as foreseen in the 2015 draft budget law. For Italy, the projections incorporate broad stability for the structural balance in 2015, followed by about ½ per cent of GDP contraction in 2016, as foreseen in national budget projections.

For the United Kingdom, the projections are based on tax measures and spending paths set out in the March 2014 budget, with structural consolidation of between 1 and 1½ per cent of GDP in both 2015 and 2016.

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 June 2015 and December 2016 from the current level of 0.25% to 2.25%.
- In the euro area, the main refinancing rate is assumed to be kept at 0.05% throughout the projection period.
- In Japan, the short-term policy interest rate is assumed to be kept at 0.1% for the entire projection period.
- In the United Kingdom, the Bank rate is assumed to be increased gradually between May 2015 and December 2016 from the current level of 0.5% to 2.50%.

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, following the end of asset purchases in October, the stocks are assumed to be maintained unchanged until the end of the projection period. In Japan, asset purchases are assumed to continue in line with the stated objective of the monetary authorities to attain the inflation target; this is assumed to keep the long-term interest rate constant. In the euro area, current programmes of TLTROs and purchases of covered bonds and ABS securities, as well as additional purchases of government bonds, are built into the projections so as to keep long-term interest rates constant. In the United Kingdom, the stocks of assets purchased are assumed to remain unchanged from current levels until the end of the projection period.

Box 1.4. **Policy and other assumptions underlying the projections** *(cont.)*

In the United States and the United Kingdom, 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%. The 10-year government bond yield is assumed to remain constant throughout the projection period at 0.5% in Japan and at 0.85% in Germany, and yield spreads with Germany in euro area countries are assumed to remain constant at their recent levels.

Structural reforms that have been implemented or announced for the projection period are taken into account, but no further reforms are assumed to take place.

The projections assume unchanged exchange rates from those prevailing on 6 November 2014: one US dollar equals 114.45 JPY, EUR 0.80 (or equivalently one euro equals 1.25 dollars) and 6.11 renminbi.

The price of a barrel of Brent crude oil is assumed to remain constant at $85 throughout the projection period. Non-oil commodity prices are assumed to be constant over the projection period at their average levels of October 2014.

The cut-off date for information used in the projections is 18 November 2014. Details of assumptions for individual countries and economies are provided in Chapter 2.

Increasingly accommodative monetary policy and improved financial conditions should, however, support activity, with improved competitiveness helping exporters to maintain market share as external demand rises. Labour shortages and ample profits are also likely to underpin business investment. Annual GDP growth is projected to remain broadly in line with potential output growth, with the small negative output gap closing by 2016.

… and remain weak in the euro area

- In the euro area, the recovery remains weak, confidence has declined and unemployment and disinflationary pressures remain high. Increasingly accommodative monetary policy, slowing fiscal consolidation, the depreciation of the euro effective exchange rate and weaker oil prices should all help to boost activity, but the recovery is unlikely to regain momentum until well into 2015. Improving export prospects and a gradual upturn in private investment as confidence firms and financial conditions improve could eventually help the recovery to strengthen. Private consumption is likely to remain constrained by weak balance sheets and soft labour markets. Despite the modest rate of potential output growth, the current large negative output gap is likely to persist for some time, before narrowing slowly to around 2½ per cent by the end of 2016.

Growth is projected to ease gently in China…

- In China, the stimulus measures taken this year continue to support output growth, but property market activity remains weak. Over the projection period, spending on infrastructure and social housing projects should remain high and improving external demand is projected to boost export growth. Targeted policy measures to lower financing costs for the corporate sector are likely to continue and

structural reforms, including the further opening up of service sectors to private capital, could provide some additional support to activity. GDP growth will remain moderate by past standards, but ease only gently from between 7¼-7½ per cent this year to just under 7% in 2016.

… but strengthen in India

- In India, growth is set to strengthen through the projection period, from around 5% this year to 6½ per cent in 2016 (calendar year). Improved confidence and on-going business-friendly reforms should boost investment, and past rural wage increases and fading inflation should support real incomes and consumption. Export growth should benefit from stronger external demand and improved competitiveness, but the impact on GDP growth is likely to be offset by rising imports as domestic demand strengthens.

Only modest growth is likely in Brazil…

- In Brazil, the recovery from the technical recession in the first half of 2014 is expected to be modest. GDP growth is projected to edge up to around 1½ per cent in 2015 and 2% in 2016. Tight macroeconomic policies, weak investment growth, persistent infrastructure bottlenecks and high inflation are all projected to restrain domestic demand growth, and export growth is likely to pick up only slowly.

… and Russia

- In Russia, growth has slowed considerably this year. Economic sanctions, the domestic import ban and the sharp depreciation of the rouble have weakened confidence and added to already high inflationary pressures. Tight monetary policy and regulatory measures to reduce credit growth have constrained private sector demand, and the recent sharp declines in the oil price have increased uncertainty and reduced budget revenues. The rouble depreciation should, however, offer some limited support to activity. GDP growth is projected to stagnate in 2015, before picking up to between 1½-1¾ per cent in 2016, provided inflationary pressures ease and uncertainty gradually fades, thereby allowing investment to strengthen.

Risks

Risks remain to the downside

The main risks to economic growth are on the downside. A key risk is that continued growth disappointments, or changes in policy expectations, generate an upsurge in volatility in financial and foreign exchange markets. This would add to uncertainty and intensify financial vulnerabilities. Geopolitical uncertainty also remains, with disruptions to energy supply potentially having a significant adverse impact on growth. Significant downside concerns also remain about persistent weakness in the euro area economy and Japan, and financial risks in China. An additional negative risk is the perceived possibility of an Ebola pandemic.

A further slowdown could push the euro area closer to persistent stagnation…

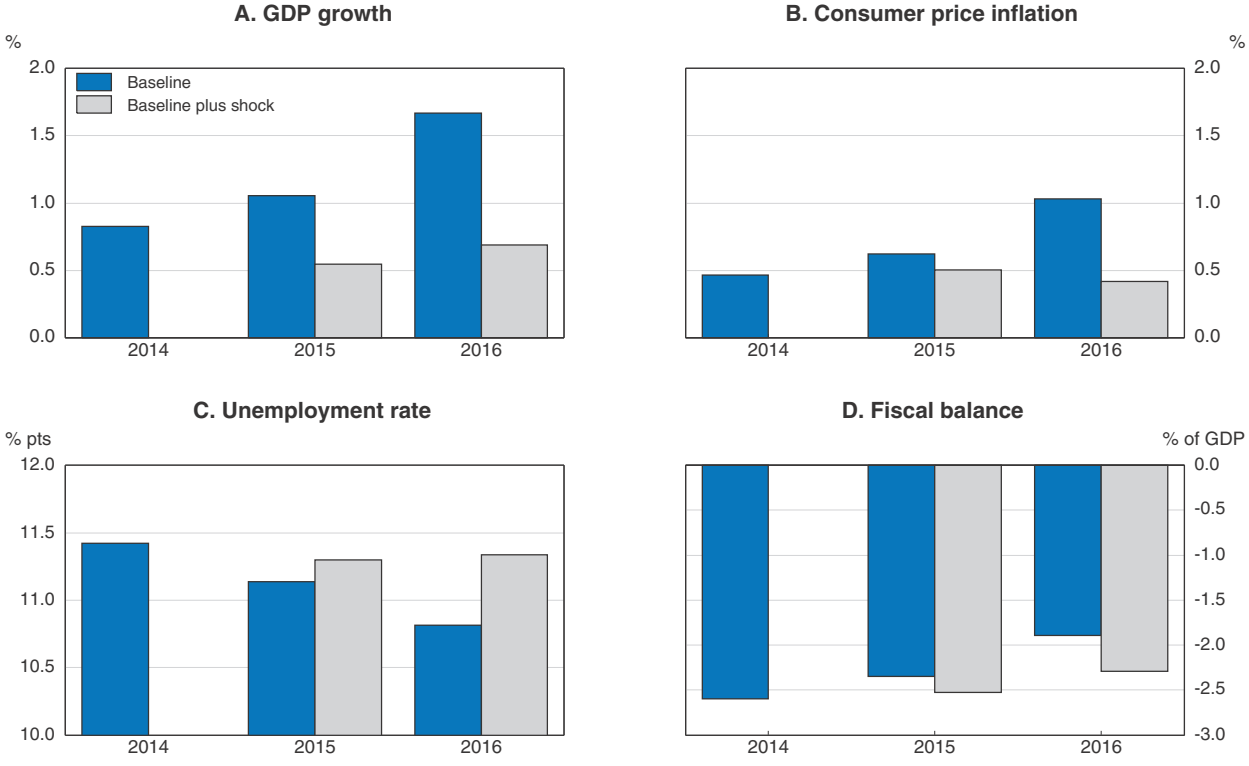
In the euro area, continued weakness in activity and inflation could result in further declines in inflation expectations, and a hit to investor confidence. With inflation currently at a very low level, a sharp downside shock could even result in outright deflation, raising real interest rates

and real indebtedness and prompting consumers to delay purchases in the expectation of lower future prices.[15] In such circumstances, financial conditions would be likely to deteriorate, with reductions in equity prices and higher risk premia. This in turn would hit private-sector demand, both via wealth effects on consumption and by increases in the cost of capital for investment.

... with much weaker growth and inflation

A model simulation suggests that a decline in inflation expectations in the euro area and a loss of investor confidence could push the euro area close to recession and also to deflation.[16] The shocks modelled are a 50 basis point reduction in inflation expectations, a 10% decline in equity prices and a 100 basis point increase in the corporate bond spread, the equity risk premium and the spread between household borrowing and lending rates.[17] This would reduce euro area GDP growth by around ½ percentage point in 2015 and by 1 percentage point in 2016, raising the unemployment rate by around ½ percentage point (Figure 1.14). The decline in inflation expectations and

Figure 1.14. **Euro area economic prospects in the baseline and a downside scenario**

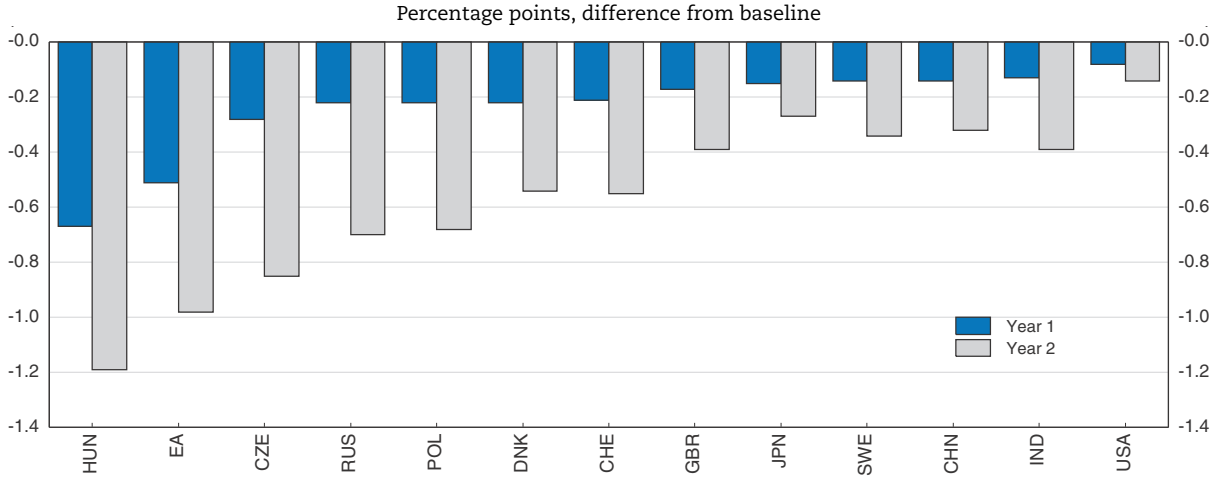


Source: OECD Economic Outlook 96 database; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933171336

15. A decline in inflation expectation would not only hit price inflation directly (Moccero et al., 2011) but also have indirect effects by diminishing wage settlements and labour costs.
16. The simulations are undertaken on the NiGEM model, maintained by the National Institute of Economic and Social Research. Short-term interest rates and nominal exchange rates are held unchanged.
17. The decline in inflation expectations is similar to the decline over the past year in five-year and 10-year inflation swap rates.

Figure 1.15. **First and second-year impact on GDP growth of a euro area shock**



Note: Based on a decline of 50 basis points in euro area inflation expectations; a reduction of 10% in euro area equity prices and a 100 basis points increase in the euro area investment risk premia and the spread between household borrowing and lending rates.
Source: OECD Economic Outlook 96 database; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933169252

greater economic slack would push inflation down, by around 0.6 percentage point by the second year. Weaker import demand in the euro area would have negative spillover effects on other economies. In the second year, growth would be hit by around 0.2-0.3 percentage point in most of the larger economies, but by 0.5 percentage point or more in other open European economies with relatively strong trade linkages with the euro area (Figure 1.15). If weak growth were to persist in the euro area, then further downward shocks could arise from impaired confidence and a rise in precautionary saving due to higher debt burdens and higher unemployment.

Concerns about financial stability in China are rising…

In China, concerns relate to the past rapid increase in credit, the rising share of financing from outside the traditional banking sector as well as the potential for negative feedback loops between the banking sector, housing market, local governments and activity (Box 1.1 in OECD (2014b)). Non-financial private sector credit has risen by around 70% of GDP since 2007. Total social financing flows have, however, moderated recently. In part this reflects new regulations designed to improve transparency and reduce risks related to inter-bank activity.[18] House prices continue to decline and housing sales have fallen. The authorities have recently loosened lending rules for mortgages and property developments, which may help to stimulate the housing market in the near term.[19] However, it might also

18. A new regulation of inter-bank activity, concerning the size and maturity of inter-bank loans and their disclosure in balance sheets, was announced in May 2014. This could discourage banks from buying high-yield trust loans with money borrowed from other banks.
19. Measures include: a reduction in down payments from 60-70% to 30% of the property value for mortgages for a second home, if the owner has no other mortgages; lowering the floor for mortgage rates (also for first-time buyers); and allowing developers to issue corporate bonds and medium-term notes. Moreover, banks are encouraged to issue mortgage-backed securities to increase credit to the property market.

just postpone the bursting of a property bubble. In this case, it would lead to a further increase in the high indebtedness of households and businesses in the construction sector, and ultimately risk higher future losses for financial institutions.

... and thus risks of negative international spillovers

If financial turbulence in China led to a significant domestic demand slowdown, global repercussions could be sizeable and more severe than implied only by direct trade linkages:

The impact via trade is small...

- Model simulations point to only modest negative spillovers via trade. A 2-percentage point decline in Chinese domestic demand growth for two years would reduce OECD growth by 0.1-0.2 percentage point per annum, with a somewhat stronger impact in Japan and other EMEs.[20] In China, imports would fall sharply given the initial decline in domestic demand (by over 4%), reducing the overall impact of the shock on China to a decline of around 1% per annum in GDP growth. Overall, global GDP would decline by 0.3% per year.[21]

... but would be increased by financial shocks

- Nevertheless, the overall effects could be larger, given the additional uncertainty that might arise from the slowdown in China and the likely corrections in financial markets. These would have negative implications for asset prices and investment decisions. To illustrate the possible effects, two adverse financial shocks – a 10% decline in worldwide equity prices and a 20-basis point rise in the equity risk premia in all countries – were incorporated into the initial scenario. The additional impact of these shocks raises the overall reduction in global GDP growth to around ½ percentage point in the second year of the simulation. The full impact of the combined shocks would be relatively large in Japan, as well as India and Russia, reflecting comparatively strong linkages with China (Figure 1.16). GDP growth in the United States and the euro area would decline by around ¼ percentage point in both years. Weaker activity would lower consumer price inflation by around 0.3 percentage point in the OECD economies overall, with the unemployment rate rising by around ¼ percentage point.

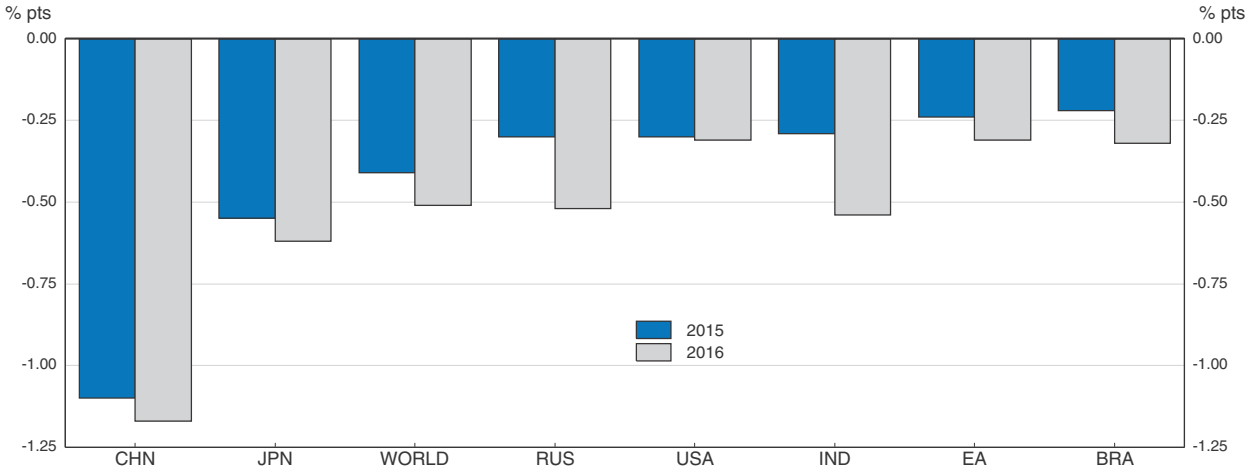
Commodity price effects and policy reactions would also affect the impact

- There are number of additional factors which could change the pattern of growth impacts from that described. Slower Chinese growth would likely damp commodity prices, as China is the largest consumer of many commodities. This is not incorporated into the simulation shown above. In the main commodity-producing economies it would have negative effects on the terms of trade and incomes, but in commodity-importing economies it would help to cushion the impact of the initial shocks on growth, but intensify the disinflationary impact. Monetary

20. This is based on simulations on the NiGEM model maintained by the National Institute of Economic and Social Research, with short-term interest rates and nominal exchange rates held unchanged.
21. This is broadly equivalent to the mechanical effects of lowering GDP growth in China by around 2% and leaving growth in all other economies unchanged.

Figure 1.16. **GDP growth impact of an adverse two-year domestic demand shock in China**

Difference from baseline



Note: Based on a decline of 2 percentage points in the growth rate of domestic demand in China for two years; a reduction of 10% in global equity prices and a 20 basis point increase in the equity risk premium in all countries.
Source: OECD Economic Outlook 96 database; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933169266

policy easing in some of the affected economies and adjustments in exchange rates could also affect the overall impact of the shocks and the effects on individual economies.

Employment

Labour market slack will disappear slowly…

Aggregate employment growth in the OECD area is projected to remain at around 1% per annum over the next two years, given the growth projections set out above (Table 1.3). With the labour force continuing to rise, the OECD-wide unemployment rate is projected to decline by only a further ½ percentage point by the end of 2016. This would still leave an additional 9½ million people unemployed than immediately prior to the financial crisis. There are marked differences across economies:

… in the United States…

- Employment growth is likely to remain solid in the United States, rising by around 1¼ per cent per annum on average, with labour productivity gradually increasing as the recovery firms. The decline in labour force participation rate is projected to slow, with the present cyclical shortfall in the participation rate (for those aged 15 and over) of just over ¾ percentage point being eliminated over the next two years. The unemployment rate is projected to reach its estimated sustainable rate of 5.4% by the end of 2015.

… Japan…

- In Japan, the cyclical labour force participation rate is estimated to be mildly positive at present, but this gap is projected to fade by the latter half of 2016. Ageing effects are projected to bring renewed declines in the total labour force and employment, despite reforms to raise the female participation rate further. The unemployment rate, however, may remain broadly stable, at around 3½ per cent.

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

	2011	2012	2013	2014	2015	2016
	Percentage change from previous period					
Employment						
United States	0.6	1.8	1.0	1.6	1.5	1.1
Euro area	0.3	-0.7	-0.7	0.4	0.4	0.6
Japan	-0.1	-0.3	0.7	0.6	-0.1	-0.4
OECD	1.0	1.0	0.7	1.3	1.1	1.0
Labour force						
United States	-0.2	0.9	0.3	0.3	0.8	0.9
Euro area	0.4	0.6	0.0	-0.1	0.1	0.3
Japan	-0.6	-0.6	0.3	0.1	-0.2	-0.4
OECD	0.6	1.0	0.6	0.7	0.7	0.8
Unemployment rate	Per cent of labour force					
United States	8.9	8.1	7.4	6.2	5.6	5.3
Euro area	10.0	11.2	11.9	11.4	11.1	10.8
Japan	4.6	4.3	4.0	3.6	3.5	3.5
OECD	7.9	7.9	7.9	7.3	7.0	6.8

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169946

… and the United Kingdom…

- In the United Kingdom, given the growth outlook, solid job growth is likely to continue and the unemployment rate is projected to decline to under 5½ per cent by 2016. Labour productivity (per person employed) which is estimated to have risen by around ¾ per cent during 2014, is projected to strengthen slowly, rising around 1½ per cent in 2016.

… but is set to persist in the euro area

- With only a gentle recovery likely for the euro area, currently extensive labour market slack should fade only slowly. Area-wide job growth is projected to be around ½ per cent per annum. Stronger outturns could occur in some of the vulnerable economies, including Spain, Ireland, Greece and Portugal. Area-wide unemployment is projected to decline by just over ½ percentage point over the next two years, still leaving a sizeable unemployment gap. In Germany, where the labour market is already tight, the unemployment rate is expected to remain largely unchanged over the next two years, with only modest job growth.

Labour market reforms remain essential to boost job growth

Further labour market reforms are essential to foster employment growth, reduce the risk that long-term unemployment becomes increasingly structural and improve the employment opportunities of lower-skilled workers.[22] Efforts to improve labour utilisation by reforming labour market regulations and welfare systems have intensified in a number of OECD economies, particularly in many of the vulnerable euro area countries. Additional reforms are nevertheless needed urgently to

22. In the OECD area more than one-third of those unemployed have been out of work for more than one year.

facilitate labour mobility, and strengthen active labour market and social policies. These would improve the matching of workers and jobs and address high long-term unemployment, especially in many European countries and the United States. Reforms of disability benefit schemes are also required in the United States to moderate the fall in labour force participation. In several economies, especially Japan, planned reforms to improve childcare services and reduce tax and benefit disincentives to second earners are needed to encourage higher female labour force participation.

Product market reforms would also be helpful

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 and reap the benefits of past labour market reforms. This is important in many of the vulnerable economies in the euro area where reforms have been undertaken to increase wage flexibility, and also Japan, Germany, France and Canada.

Inflation

Low inflation is set to continue in the OECD…

Weak inflationary pressures in the OECD economies seem likely to persist for some time. The sharp falls in oil and food prices will push headline inflation down further, and persistent economic slack and moderate wage growth will keep cost pressures in check. Nonetheless, core inflation (excluding food and energy prices) should edge up in most economies over the next two years, with the divergence in growth performance likely to be reflected in inflation outcomes.

… especially in the euro area…

- In the euro area, there is a clear risk that prolonged demand weakness or a further decline of inflation expectations could result in a long period of very low area-wide inflation, or even deflation. Disinflationary pressures have already increased. In part this reflects on-going price adjustments to regain competitiveness in some countries. However, medium and short-term inflation expectations have both declined and core inflation rates are now around zero or negative in a rising number of economies. Headline inflation is also set to tumble further given the recent declines in commodity prices. Other import prices will rise due to the recent depreciation of the euro, but domestic cost pressures will be limited given poor growth prospects. Core inflation is projected to remain unchanged in 2015, at around ¾ per cent, and edge up to 1% in 2016, well below the ECB's definition of price stability.

… the United States…

- Core inflation in the United States seems likely to drift up slowly to just under the inflation target of 2% by the end of 2016. Economic slack is being eroded steadily and labour cost pressures should begin to strengthen as the labour market tightens. Recent declines in commodity prices and the appreciation of the dollar will, however, damp headline inflation for some time.

… and Japan

- In Japan, inflation expectations remain positive, and the consumption tax increase has helped to push up the annual rate of core inflation.

However, excluding the tax effect, the gradual upward climb in inflation appears to have stalled, with the annual rate of core inflation (excluding food and energy) fluctuating between ½ and ¾ per cent. The recent yen depreciation will boost non-commodity import price growth, and a tighter labour market is projected to push up wage growth. The annualised rate of core inflation is projected to be around 1¾ per cent by the final quarter of 2016.

Underlying inflation pressures are projected to ease slowly in many EMEs

Despite an extended period of moderate growth, underlying inflationary pressures remain substantial in many large EMEs. Sizeable exchange rate depreciations have pushed up prices in some, including Russia. In others, including Brazil, limited spare capacity has kept inflation high. Underlying inflationary pressures should ease as a result of past monetary policy tightening. Lower commodity prices should also ease headline inflation considerably in all EMEs, with commodities accounting for a comparatively higher share of consumption. In India, consumer price inflation is projected to continue to drift down, from around 7½ per cent this year to a little under 6% in 2016 (calendar year), with spare capacity fading only gradually. A similar outcome is expected in Brazil, with growing economic slack and the effects of past monetary policy tightening helping inflation to ease to around 5% by 2016, from 6¾ per cent at present. China is an exception amongst the major EMEs. Headline and non-food inflation have eased to around 1½ per cent, with import prices held back by the ongoing exchange rate appreciation. With the output gap now small, and likely to remain so given projections for output growth, core inflation should edge up slowly over the next two years.

Global balances

Global imbalances are set to remain sizeable…

Global current account imbalances have halved since the onset of the crisis to around 2¼ per cent of world GDP in the first half of 2014. Little further improvement is projected over the coming two years (Table 1.4).

… in external surplus economies…

- The external surpluses of China and the aggregate euro area are projected to rise by between ¼-½ per cent of GDP over the next two years. Export performance is expected to improve further in China, and domestic demand is expected to remain comparatively weak in the euro area. The large surplus in Germany is expected to ease slowly to around 6¾ per cent of GDP by 2016, but improvements in the current account balance are set to occur in all other euro area economies. The presently small surplus in Japan could also increase with the yen depreciation having finally begun to improve export performance and with domestic demand growth projected to remain modest. However, the large external surplus of the major oil producers should moderate, with the substantial recent declines in oil prices assumed to persist.

… and external deficit economies

- The external deficits of the United States and the United Kingdom are projected to ease by between ¼-½ per cent of GDP over the coming two years. In the United States, the relative strength of domestic demand is

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

Goods and services trade

	2012	2013	2014	2015	2016
	Percentage change from previous period				
World trade[1]	3.0	3.3	3.0	4.5	5.5
OECD exports	2.7	2.6	3.2	4.2	5.1
OECD imports	1.2	1.8	2.9	3.7	4.7
Trade prices[2]					
OECD exports	-3.6	0.3	-1.1	-4.2	1.0
OECD imports	-2.7	-0.6	-1.3	-4.3	1.1
Non-OECD exports	0.2	-1.8	-1.8	-1.1	2.4
Non-OECD imports	-0.4	-1.3	-0.7	0.1	2.5
Current account balances			Per cent of GDP		
United States	-2.9	-2.4	-2.2	-1.7	-1.7
Japan	1.1	0.7	0.1	0.9	1.4
Euro area	2.2	2.8	3.0	3.1	3.2
OECD	-0.4	-0.1	-0.1	0.1	0.1
China	2.6	2.0	2.4	2.8	2.8
			$ billion		
OECD	-205	-29	-54	25	68
United States	-461	-400	-379	-312	-317
Japan	63	34	2	41	65
Euro area	281	369	397	399	418
Non-OECD	560	440	502	511	571
China	215	183	237	303	336
Major oil producers	568	457	382	288	335
Rest of the world	-222	-200	-117	-80	-101
World	355	411	449	536	639

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 96 database.

StatLink http://dx.doi.org/10.1787/888933169952

projected to be offset by rising exports of services, declining net imports of petroleum products and an improvement in the terms of trade (reflecting weaker commodity prices). Amongst the major EME economies with external deficits, the impact of past currency depreciations and monetary policy tightening on domestic demand should help their deficits to moderate slowly, despite recent declines in the prices of exported commodities. India is an exception with the external deficit edging up again, reflecting the relative strength of domestic demand.

Additional structural reforms are needed to ensure durable reductions in imbalances...

Further ahead, a concern is that the cyclical factors accounting for at least one-half of the decline in global imbalances since 2008 (Ollivaud and Schwellnus, 2013) will gradually fade. It remains important to implement structural reforms that, in addition to their positive effects on medium-term growth prospects, help to lower saving-investment imbalances in both external deficit and surplus economies.

... in both external surplus...

- In the major external surplus economies, key priorities include the need to strengthen service sector competition and infrastructure investment in Germany and limiting the need for domestic saving in China through the development of the financial sector and social safety nets.

... and external deficit economies

- In the major external deficit economies, key priorities in addition to further fiscal consolidation, include structural reforms to enhance productivity and competitiveness, and, for the EMEs, to improve the incentives for long-term capital inflows.

Economic policy requirements in the major economies

United States

The US macroeconomic policy mix is changing

The policy mix in recent years of tight fiscal policy and very accommodative monetary policy has changed. Fiscal consolidation is easing (Table 1.5), and, with the fiscal stance set to be close to neutral in the coming two years, an important headwind for the recovery will have been removed. This, together with the recovery in activity and employment and rising inflation, implies that the monetary stance will have to normalise gradually.

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

Per cent of GDP / Potential GDP

	2012	2013	2014	2015	2016
United States					
Actual balance	-9.0	-5.7	-5.1	-4.3	-4.0
Underlying balance	-7.3	-4.5	-4.0	-3.5	-3.5
Underlying primary balance	-4.4	-2.3	-1.3	-1.0	-1.0
Gross financial liabilities	110.5	109.2	109.7	110.1	110.0
Euro area					
Actual balance	-3.6	-2.9	-2.6	-2.3	-1.9
Underlying balance	-2.4	-1.4	-1.1	-0.9	-0.7
Underlying primary balance	0.2	0.9	1.1	1.1	1.3
Gross financial liabilities	105.1	107.2	108.2	108.4	108.5
Japan					
Actual balance	-8.7	-9.0	-8.3	-7.3	-6.3
Underlying balance	-7.9	-8.3	-7.7	-6.8	-6.1
Underlying primary balance	-7.0	-7.4	-6.6	-5.7	-5.1
Gross financial liabilities	216.5	224.2	230.0	233.8	236.7
OECD[1]					
Actual balance[1]	-5.7	-4.3	-3.9	-3.4	-2.9
Underlying balance[2]	-5.0	-3.6	-3.2	-2.9	-2.6
Underlying primary balance[2]	-2.8	-1.7	-1.2	-1.0	-0.7
Gross financial liabilities[2]	110.1	110.9	112.0	112.7	112.8

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 96 database.

StatLink http://dx.doi.org/10.1787/888933169969

A gradual reduction in monetary policy stimulus is warranted…

Following the termination of the asset purchase programme in October 2014, the Federal Reserve would be warranted in starting to raise interest rates in the second half of 2015. With the recovery evolving along lines of the OECD projections, the recommended monetary policy tightening would still leave policy rates well below rates in the past when the output gap was close to balance and inflation was on target. Interest rate increases could also help address risks to financial stability, in view of existing signs of excessive risk-taking (see above). Macro-prudential measures can address some of these vulnerabilities. They are, however, unlikely to fully offset the effects of low interest rates on risk-taking, can create distortions of their own, and may take time to implement. They therefore cannot substitute fully for monetary policy normalisation.

… and requires prudent communication

In September, the Federal Reserve provided further guidance about its eventual exit strategy, identifying the federal funds rate as its key policy interest rate and indicating that it intended to reduce its holdings of securities in a gradual and predictable manner. This communication is welcome, even if it cannot guarantee smooth movements in financial markets during the exit. As economic conditions continue to improve, and an increase in policy rates draws closer, the Federal Reserve could reconsider its current time-based forward guidance regarding the timing of the policy rate increase.

Gradualism and caution are appropriate when normalising monetary policy

Policy rates should be normalised gradually, as assumed in the projections. This is justified by persistent downside risks to the economy and uncertainties about the current degree of monetary stimulus and the amount of slack. The policy interest rate path may also need to be modified depending on financial conditions, including the strength of the US dollar. Asset price corrections or a stronger dollar that could check the recovery and postpone the attainment of the inflation target would call for delayed and smaller policy rate tightening.

Measures to address long-term fiscal pressures are needed

Given the much improved fiscal picture, it is appropriate to slow the pace of fiscal adjustment. Cyclical improvements, the expiration of temporary stimulus, the enactment of fiscal austerity measures and declining borrowing costs have all narrowed the budget deficit in recent years, and the ratio of public debt to GDP has now largely stabilised. Structural consolidation, estimated at 2% of GDP in 2013 and 1% of GDP in 2014, is projected to taper off to around ¼ per cent of GDP in 2015 and to zero in 2016. Over the medium term, a steady moderate structural budget improvement of between ¼ and ½ per cent of GDP per year would be necessary to put the public debt ratio on a downward path and help prepare for the pressures that an ageing population will put on the public finances. Meanwhile, legislators should agree on a medium-term fiscal programme to address long-term pressures. In addition, greater growth-stimulating public infrastructure spending should be facilitated by securing adequate funding.

United Kingdom

The appropriate monetary and fiscal stances are interdependent

A faster-than-expected elimination of economic slack amid robust growth calls for a gradual normalisation of monetary policy and stronger consolidation to ensure sustainable economic growth. In light of the high budget deficit, and assuming the underlying momentum of the recovery remains strong, fiscal consolidation should accelerate, as planned, from less than ½ per cent of GDP in 2014 to about 1¼ to 1½ per cent of GDP per year in the coming two years. Meanwhile, policy rates should start increasing by around the middle of 2015 and principles about the eventual normalisation of the Bank of England balance sheet should be provided. The speed at which monetary policy stimulus is withdrawn should depend on inflationary pressures, resulting from the elimination of economic slack, and thus in part on the pace of fiscal consolidation and currency movements. As a result, stronger consolidation and exchange rate appreciation would likely require smaller policy interest rate increases than assumed in the baseline projection. Recent macro-prudential measures to address risks of rising household indebtedness and associated vulnerabilities may need to be followed up by additional initiatives.[23]

Japan

Significant macroeconomic policy adjustment is taking place

Major macroeconomic policy measures have recently been announced to restore the momentum of the comprehensive policy package. The recent expansion of the quantitative and qualitative easing (QQE) programme by the Bank of Japan shows that the monetary policy part of the strategy is being implemented forcefully. Also, in the wake of the second consecutive quarterly GDP decline in the third quarter, the government has decided to postpone the second rise in the consumption tax, despite the very high public deficit and debt. However, in comparison to the efforts to boost short-term demand, progress in structural reforms is lagging.

Swiftly implementing ambitious structural reforms is now vital

Structural reforms are fundamental for boosting economic growth, improving living standards, alleviating fiscal challenges and increasing monetary policy effectiveness. The authorities have specified numerical targets in the revised growth strategy to increase Japan's real growth to around 2% on average through fiscal year 2022. This contrasts with OECD estimates of current potential GDP growth of less than 1%. In addition to earlier measures, the revised growth strategy announced in June 2014 aims to stimulate business investment by lowering the corporate income tax rate from 35% to below 30% over the next few years and strengthening corporate governance. Moreover, policies are expected to maintain the labour supply by encouraging higher female labour participation and easing restrictions on entry of low-skilled foreign workers. The strategy also envisages reforms to the health care and agriculture sectors. While

23. The authorities introduced stricter micro-prudential underwriting standards for mortgages in April 2014 and used macro-prudential tools to limit high loan-to-income ratios in June 2014.

all this is going in the right direction, the chances of meeting growth objectives would be increased by swiftly implementing bolder reforms of product markets, including greater international openness, to promote competition and innovation, and a reduction of labour market dualism.

Fiscal consolidation is set to ease…

Japan's fiscal stance has turned around sharply, from fiscal easing of some ½ per cent of GDP in 2013, to tightening of about ¾ per cent of GDP in 2014, much of it due to the 3-percentage point consumption tax increase implemented in April. But with the additional 2 percentage point increase in the tax scheduled for October 2015 now postponed to April 2017, consolidation in 2016 will be reduced from 1¼ to around ½ per cent of GDP. This implies that the long-standing aim to lower the primary budget deficit of central and local governments from an estimated 6.2% of GDP in the fiscal year ended last March (FY 2013) to 3.3% in FY 2015 will not be achieved. Moreover, it will make it more challenging to attain the medium-term objectives of a primary surplus by FY 2020, and thereafter steadily reduce the ratio of public debt to GDP.

… and monetary stimulus is being increased

The Bank of Japan expanded its open-ended QQE programme in October 2014. It now plans to increase the monetary base at a higher annual pace of around 80 trillion yen (16% of GDP), primarily by purchasing longer-term government bonds, until the inflation rate stabilises durably at the 2% target.[24] This stronger monetary accommodation is warranted given limited stimulus from close-to-zero nominal policy rates, reflecting likely negative neutral real rates and still moderate inflation (Box 1.1). It should help raise inflation and inflation expectations closer to the target, whilst keeping long-term bond yields at the current low levels.

This involves negative risks…

While the new fiscal and monetary policy stances will boost growth, the risk that investor confidence may be undermined by delays in structural reforms and fiscal consolidation has increased. The Bank of Japan's purchases of government bonds in the secondary market exceed the issuance of government bonds to fund the large deficit. Even if inflation expectations are currently below the inflation target, the *de facto* monetisation of government deficits could raise such expectations abruptly. It will be a delicate balancing act for the Bank of Japan to keep inflation expectations on target and long-term yields on bonds sufficiently low for debt dynamics to remain under control.

… and calls for accompanying long-term consolidation plan and structural reforms

To contain the risk of potential instability, it is essential to produce a detailed and credible long-term consolidation plan. 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. Equally important

24. The Bank of Japan intends to increase annual purchases of government bonds from around 50-60 trillion yen to 80 trillion yen and to lengthen the average remaining maturity of purchased bonds to about 7-10 years from 7 years. It also envisages sharply increasing purchases of shares in Exchange Traded Funds and Japan Real Estate Investment Trusts.

is to push through an ambitious structural reform agenda along the lines discussed above, as this would improve debt dynamics.

Euro area

A comprehensive policy package is needed

The persistent low-growth and low-inflation environment calls for a comprehensive policy response. Monetary policy stimulus, on top of the measures already announced, should be combined with efforts to strengthen the banking sector, complete the banking union and implement deep structural reforms, notably in core countries, to boost potential growth. The pace of fiscal adjustment should be relaxed where fiscal space exists and the automatic stabilisers should be allowed to operate freely around the structural consolidation path.

Additional monetary policy stimulus is needed…

Further unconventional measures are required to keep long-term interest rates low for long and raise inflation expectations, and thus help achieve the inflation target and support the economy. This is despite the fact that the ECB stimulus measures announced since June 2014 have already had beneficial impacts (Box 1.5). The recovery is set to be much weaker than expected only a few months ago, low inflation is likely to persist for longer than anticipated, and inflation expectations have been declining, with increasing risks of deflation. Further monetary stimulus could involve more purchases of asset-backed securities and covered bonds, and also purchases of government bonds, possibly via a weighted basket of euro area countries, and investment-grade corporate bonds.[25] Additional liquidity would likely put downward pressure on the exchange rate, with implications for the euro area itself and its trading partners (see above). To the extent possible, macro-prudential measures should be used to address risks to financial stability stemming from the prolonged monetary policy stimulus.

… combined with the strengthening of the banking sector

Finalising the repair of bank balance sheets is essential to ensure future sustainable growth and to improve monetary policy transmission. The comprehensive assessment of euro area banks, along with a transition to the tighter Basel III banking regulation, will be central for dealing with non-performing assets and bank recapitalisation (OECD, 2014d). Capital has already been raised over the past year, as evident in a higher share of capital and reserves in total (unweighted) assets for the euro area as a whole. Moreover, the recent comprehensive assessment of the 130 largest euro area banks identified few adjustments to total aggregate assets and capital to meet the minimum required core tier-1 capital relative to risk-weighted assets, even in very adverse circumstances (ECB, 2014).

25. Based on the experience of the US Federal Reserve and the Bank of England, the ECB may have to buy government bonds equivalent to around 7% of GDP to reduce long-term yields by 100 basis points (see notes under table in Box 1.1). This may boost GDP by roughly 1% (Rawdanowicz et al., 2014b). These stylised calculations should be treated with caution: effectiveness of QE measures is uncertain; transmission channels in the euro may differ from those in the United States and the United Kingdom; and the calculations do not account for changes in other asset prices.

Box 1.5. **Monetary policy easing in the euro area**

Since June 2014, the ECB has decided on a package of expansionary policy measures, consisting of:

- **Policy rate cuts**. Policy rates were cut on two occasions by between 20 and 45 basis points, narrowing the upper range of the interest rate corridor and making the deposit facility rate negative (see second figure below).
- **Targeted longer-term refinancing operations (TLTROs)**. TLTROs offer up to 4-year funding to banks with the aim of boosting their lending to the private sector, excluding mortgages. Banks are entitled to borrow up to around €400 billion (4% of GDP) to end-2014. In addition, between March 2015 and June 2016, banks can borrow up to three times their net lending in excess of specified undemanding benchmarks.[1] All TLTROs will mature in September 2018, but banks may make earlier repayments after two years. Banks that borrow TLTRO funds and fail to achieve their benchmarks by April 2016 will be required to pay back borrowed funds in full in September 2016. The interest rate on borrowing in the TLTROs will be fixed over the life of each operation at the ECB's main refinancing rate prevailing at the time of take-up augmented by a fixed spread of 10 basis points.
- **Other liquidity measures**. In June, the ECB decided to cease weekly sterilisation operations related to SMPs (around €145 billion), extended the fixed rate tender procedures with full allotment at least until end-2016, and prolonged the period of eligibility of additional assets as collateral at least until September 2018.
- **Outright security purchases**. In September, the ECB announced that it would buy simple and transparent asset-backed securities (ABS) with underlying assets consisting of claims against the euro area non-financial private sector, starting in the last quarter of 2014, and that it would revive its purchases of euro-denominated covered bonds issued by banks domiciled in the euro area, which started in October. The purchases of ABS would be limited to investment-grade securities and more risky ones if they were guaranteed by governments. The ECB has not announced how many securities it plans to purchase.
- **Forward guidance and readiness for further action**. In recent months, the ECB reiterated its forward guidance, indicating that the key policy rates would remain at present levels for an extended period of time, and also its commitment to use unconventional instruments within its mandate, if risks of too prolonged a period of low inflation would need to be addressed.

In November 2014, the ECB President indicated that, due to the above measures, the ECB's total assets were expected to increase from current €2 trillion to levels last seen at the beginning of 2012 (around €3 trillion, 30% of GDP) (see first figure below). Consequently, the ECB assets in relation to GDP would be higher than currently in the United States and the United Kingdom (around 25% of GDP).

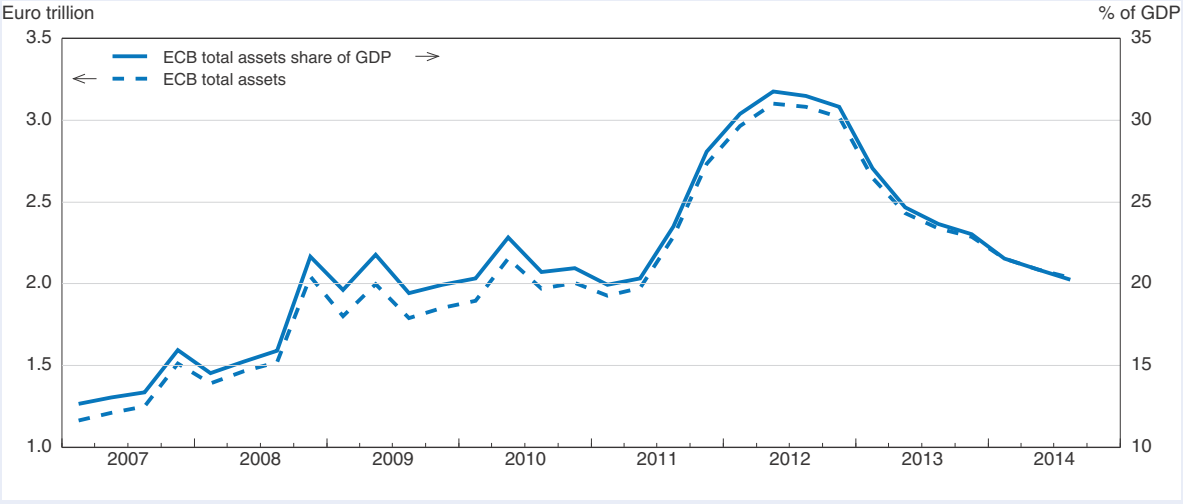
The recent measures have had several positive immediate effects (see second figure below). They have helped lower overnight market rates. The average EONIA rate fell from around 0.2% in the first half of 2014 down to around 0.03% recently, and EONIA rates turned negative on several occasions. The monetary easing has also helped to lower expectations about future policy rates, especially at a longer horizon. This helped to reduce long-term government bond yields even further (by around 50 basis points), following their almost uninterrupted decline since summer 2012, especially in the vulnerable countries (between 100 and 150 basis points). However, intra-euro area government bond yield spreads seem not to have been greatly affected. The increasing divergence in the expected monetary policy stance between the euro area and the United States is also likely to have weakened the euro. Despite the negative rate on deposits, the volume of the deposit facility has remained broadly unchanged so far. It is too early to judge if this cost has been passed through to bank customers or not.

Box 1.5. **Monetary policy easing in the euro area** *(cont.)*

The effects of TLTROs remain uncertain and are likely to be delayed, depending largely on the take-up. Lending via TLTROs should be attractive for banks as the cost of long-term financing offered by the ECB is low, even for strong banks. Market initial estimates indicated that the overall take-up could be between €450 billion (4.5% of GDP) and €850 billion (8.5% of GDP). However, the first auction in September was well below market expectations, amounting to €82.6 billion. One reason for this could be that banks awaited the results of the comprehensive assessment before deciding to expand their balance sheets. Even if the upper range of the market estimates is met, this would not be enough to fully reverse the decline in ECB total assets, due to the repayment of the current 3-year LTROs (still around €360 billion out of over €1 trillion – 10% of GDP – to be paid back at the latest in early 2015).

It is, however, not certain whether, even with a high take-up, banks are going to use new funding to extend credit to the non-financial private sector. Incentives to do so, in terms of additional cheap funds on top of initial auctions and no penalties for missing required benchmarks, appear weak. This is especially so for weak banks given their lenient net lending benchmarks. Banks could use the funds to continue to build up their holdings of government bonds from an already high level, especially as this would not increase risk-weighted assets and thus capital requirements, unlike when lending to businesses and households. If this were to be the case, the intended effect of boosting private lending might not be achieved. Still, this would help banks boost their profits, and potentially capital which could leave them in a better position to extend credit in the longer term.

European Central Bank total assets



Source: Datastream; European Central Bank; and OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169301

Box 1.5. **Monetary policy easing in the euro area** *(cont.)*

Purchases of covered bonds could ease funding conditions for credit institutions by depressing money market term rates, and encouraging credit institutions to lend. Covered bond yields have already declined to historical low levels. The outstanding stock of covered bonds is large, especially in France, Germany and Spain (€1.5 trillion – 15% of GDP; Table below). However, in practice only a third of the existing stock is likely to be available for purchase, given rating requirements and limited incentives for investors to sell their holdings, as there are many investors who invest only in these securities. In addition, new issuances of covered bonds may decline in the future as banks have to access funding via TLTROs. As of early November 2014, the ECB has purchased EUR 7.4 billion of covered bonds.

Purchases of ABS could raise liquidity, lower the cost of funding, and if they include subordinated bonds on top of senior bonds they also could also help transfer risks away from banks. The latter would be, however, conditional on governments providing guarantees. ABS yields have already declined to historical lows, below 1%. The total outstanding stock of ABS-type securities is relatively large (over €860 billion – 8.6% of GDP; see table). However, if purchases are restricted to ABS with underlying loans to SMEs and consumer loans, the stock is significantly smaller. Including residential mortgage-backed securities (RMBS) would enlarge the scope for ECB purchases. Nevertheless, it is not clear how much of all of these securities could be viewed by the ECB as simple and transparent.

It is too early to assess the overall impact of the latest measures on the cost and availability of bank lending. Nevertheless, looking through monthly volatility, bank lending rates (available until September) have declined somewhat, especially in Greece, Italy and Portugal. Moreover, credit standards on loans to enterprises have eased and are expected to continue to do so, though they still remain relatively tight. Credit to the private non-financial sector has, however, continued to decline.

Outstanding ABS securities and covered bonds

	As of June 2014							As of end-2013	
	ABS	CDO	CMBS	RMBS	SME	Total[1]		Covered bonds[2]	
	€ billion					€ billion	% of GDP	€ billion	% of GDP
Austria	0.3	0.0	0.2	1.8	0.0	2.2	0.7	42.5	12.9
Belgium	0.0	0.0	0.2	58.2	18.9	77.2	19.2	8.2	2.0
Finland	0.4	0.0	0.0	0.0	0.0	0.9	0.4	29.8	14.6
France	17.6	0.0	0.4	20.0	1.2	39.8	1.9	344.2	16.1
Germany	36.0	1.5	8.8	14.1	2.3	62.8	2.2	452.2	15.6
Greece	13.0	1.8	0.0	4.2	6.7	25.7	14.4	16.5	9.2
Ireland	0.3	0.1	0.0	36.3	0.0	36.7	20.1	43.0	23.6
Italy	43.4	1.7	9.8	79.8	25.7	160.6	9.9	129.0	7.9
Netherlands	2.3	0.6	2.0	243.9	10.4	259.1	39.7	61.0	9.3
Portugal	3.9	0.0	0.0	25.2	5.3	34.5	19.8	35.4	20.4
Spain	23.3	0.5	0.3	111.6	26.7	162.4	15.3	364.9	34.3
Total of above[3]	140.5	6.1	21.6	595.0	97.3	862.0	8.6	1552.5	15.5

Note: ABS stands for asset-backed securities, CDO stands for collateralised debt obligations, CMBS stands for commercial mortgage-backed securities, RMBS stands for residential mortgage-backed securities, SME refers to securities backed by loans to small and medium-sized enterprises.

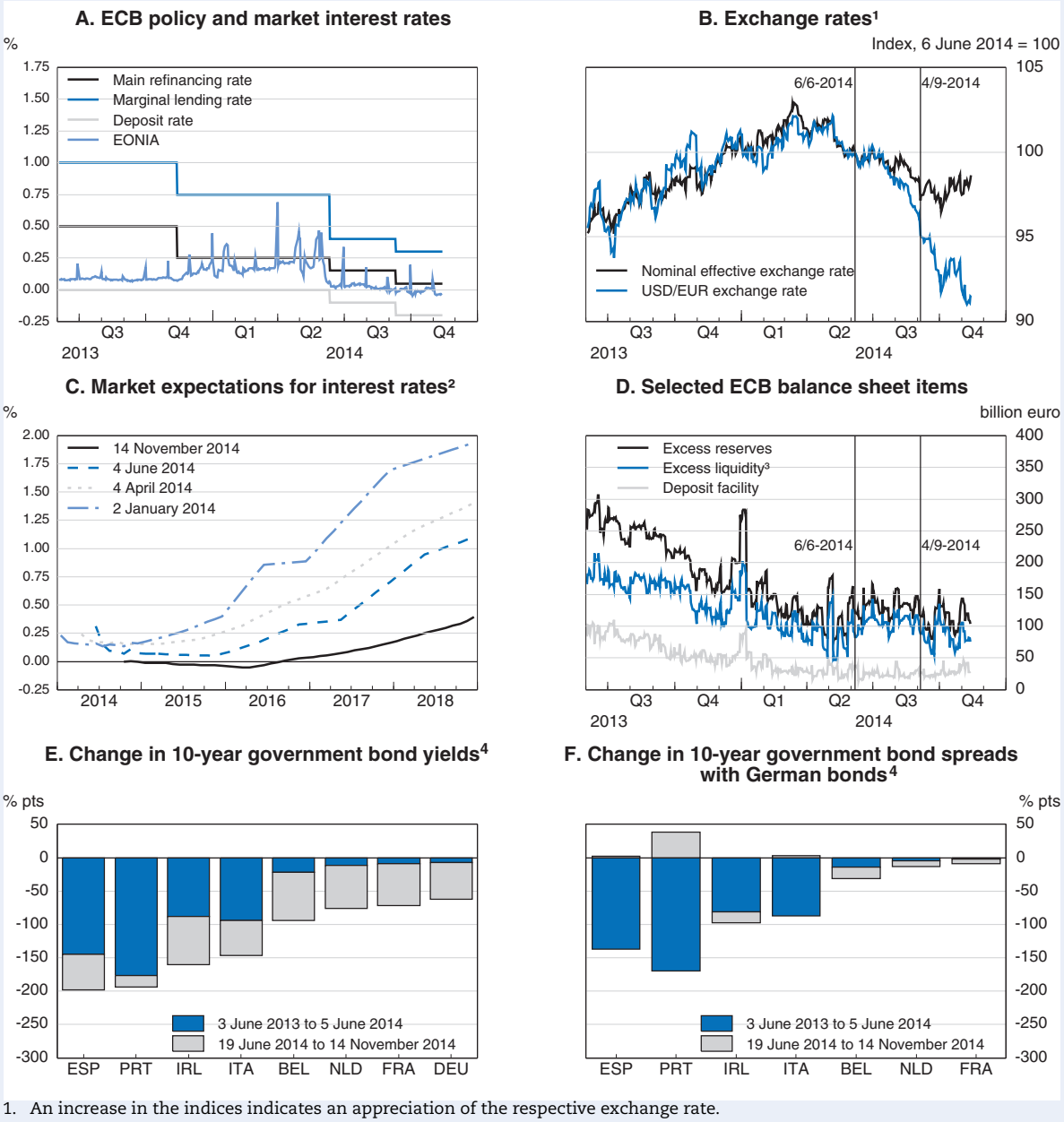
1. Numbers may not add due to rounding and the omission of statistics on whole business securitisation.
2. Total includes convered bonds of Luxembourg (21.7 billion euro) and the Slovak Republic (4 billion euro).
3. For numbers expressed in per cent of GDP, the OECD euro area GDP is used.

Source: Bloomberg; AFME; SIFMA and European Covered Bond Council.

StatLink http://dx.doi.org/10.1787/888933170009

Box 1.5. **Monetary policy easing in the euro area** *(cont.)*

Monetary policy easing and its apparent effects



1. An increase in the indices indicates an appreciation of the respective exchange rate.
2. Forward overnight market interest rates derived from overnight index swap (OIS) rates. Two-week averages ending on the indicated dates.
3. Excess liquidity is calculated as current account holdings, plus deposit facility, minus marginal lending facility, and minus reserve requirements.
4. Changes in yields and spreads are calculated based on 2-week averages ending on the dates indicated.

Source: Datastream; Bloomberg; European Central Bank; and OECD calculation.

StatLink http://dx.doi.org/10.1787/888933169313

1. For banks that had positive eligible net lending in the year to April 2014, they are set at zero. For the remaining banks, until April 2015 benchmarks will follow the trend based on the (negative) average monthly net lending of each bank in the year to April 2014, and then until April 2016 they will be set at zero. This implies that banks can access TLTROs funding even if they reduce net lending initially but at a slower rate than in the year to April 2014.

Nevertheless, deleveraging and recapitalisations are by no means finished given continued weak growth, the still high share of non-performing loans in total loans and the gradual transition to a more demanding definition of capital. Moreover, the comprehensive assessment was based on capital adequacy vis-à-vis risk-weighted assets and not total assets. The latter is arguably a better measure of financial soundness and the capacity of banks to expand credit. The recent ECB monetary policy measures, which reduce the cost of financing for banks, are likely to raise bank profits and hence the scope for stronger retained earnings to help recapitalise banks.

Structural reforms are needed

Structural reforms needed to boost confidence and growth should be designed not to weigh on short-term demand. This calls, in particular, for reforms to stimulate investment, as they would raise both demand and potential growth. This is especially the case in the core euro area countries, where the structural reform effort has been much weaker than in the vulnerable countries in recent years. The reforms should involve lowering regulatory barriers to entry in network industries and professional services, along with strengthening and deepening of the Single Market (OECD, 2014a and 2014d). Reforms to boost employment are also essential, especially in vulnerable countries, as they could not only increase potential output growth and reduce hysteresis, but also improve social cohesion and stimulate household consumption (see above).

The pace of fiscal adjustment has slowed

Fiscal balances in the euro area have improved considerably since 2009/10, and public debt ratios have broadly stabilised, albeit at very high levels, on average just above 100% of GDP. After structural fiscal consolidation that averaged about ¾ per cent of GDP in 2013, the pace of adjustment has slowed down to under ¼ per cent of GDP in 2014, and minimal adjustment is projected over the next two years. But there are large differences in the planned fiscal stances across countries over this two-year period. In the Netherlands and Ireland it is projected to be slightly accommodative, and in Germany moderately so. France, Italy and Portugal are planning around ½ per cent of GDP in fiscal consolidation over the two years; Belgium a little less than 1% of GDP; and Spain a little over 1% of GDP. These plans are not always in line with previous commitments.

Flexibility in the EU fiscal framework should be used

However, keeping to previous commitments would have meant rapid fiscal contraction in some large countries, which would likely depress activity further and even risk tipping the euro area into another recession. Thus, the slower pace of structural fiscal adjustment relative to previous commitments that France and Italy have proposed in their 2015 budget plans seems appropriate. Limiting fiscal adjustment in both countries would help give already-agreed structural reforms and additional monetary policy easing a chance to lift activity. However, under current numerical fiscal rules and official recommendations, little fiscal space is available for a relaxation of planned fiscal adjustments, except in a few smaller countries and in Germany (Box 1.6). Deviations from official targets are in the process of being agreed with EU fiscal authorities, using

Box 1.6. **Fiscal space in the euro area under the European fiscal rules**

Some euro area member states have been arguing for a slower pace of fiscal consolidation relative to their previous commitments. This box assesses how much fiscal space the European fiscal framework currently provides to member states to slow the pace of budgetary adjustment while still respecting the rules. Only some of this fiscal space can be quantified – to do so, the binding fiscal rule for each country is identified and the distance between it and OECD projections incorporating the country's current fiscal plans is measured (see Table). National fiscal rules are not taken into account. The simple mechanical exercise suggests that no fiscal space is available for countries in an Excessive Deficit Procedure, including France, and little fiscal space seems available for the others, except for Germany and Luxembourg. Beyond what is quantifiable, the framework also allows the Council of the European Union to agree to temporary deviations from numerical targets if these deviations can be shown to support structural reforms or public investment, or in the case of economic downturns. These flexibility provisions, in particular the economic downturn provision, leave room for interpretation and hence provide the Council with full discretion as to whether a rule has been breached, whether to apply sanctions and whether to grant a deadline extension in an Excessive Deficit Procedure.

The European fiscal framework

The European fiscal framework consists of several numerical fiscal rules:[1]

- *The deficit rule* stipulates that the headline fiscal deficit should not exceed 3% of GDP.
- *The transition to the debt rule* aims at reducing the deficit to conform to the debt rule within three years after exiting an Excessive Deficit Procedure (EDP) started in or before 2011.
- *The debt rule* requires the gap between the current debt ratio and the 60% of GDP reference level to be reduced by 1/20th annually.
- *The medium-term objective (MTO)* sets a maximum structural deficit of 1% or 0.5% of GDP (depending on the debt level), to be reached by structural adjustment of at least 0.5% of GDP annually.

Within the framework, there are two sources of fiscal space, or "flexibility"; that which is available under the numerical fiscal rules, and that granted by special provisions in the EU fiscal framework.

Flexibility under the numerical rules

Countries that are not bound by any of the four numerical rules have some flexibility to ease back on fiscal adjustment until one of the rules becomes binding. This fiscal space is currently limited to only a few countries (see Table). When comparing current projections with the spring 2014 vintage, which encompassed member states' early 2014 fiscal targets (see Figure), headline budget balances, as well as planned structural fiscal efforts over 2014-15, have generally been revised down. However, any assessment of fiscal slippage relative to the Stability Programmes (SP) or past projections is complicated by changing estimates of potential output and by the ongoing changeover to the 2010 European System of Accounts. These complications will have to be taken into consideration by the Council when assessing compliance with the rules. Nevertheless, the size of revisions to not only nominal but also to structural targets in some countries suggests that slippage is not only due to methodology or to weak GDP growth. Such slippage relative to previous structural fiscal commitments explains the lack of quantifiable fiscal space over the next two years for many countries. Overall, in the euro area as a whole, this space amounts to 0.3 percentage points of GDP over 2015-16.

France, Greece, Ireland, Portugal, Slovenia and Spain are currently in the EDP. They have no fiscal space if they are to meet the nominal deficit rules by the agreed deadline. Ireland might appear to have some fiscal space as it has been over-achieving its nominal targets, but given its high debt level, it has no room to ease its structural adjustment efforts if it is to comply with the transition rule after it leaves the EDP. This rule will most likely become binding for all countries currently under EDP after their exit, due to their high debt levels. Austria, Belgium, Italy, the Netherlands and the Slovak Republic have to meet softer structural fiscal adjustment targets so as to comply with the debt rule by the end of the transition period. However, these

1. For more details on the rules see Box 1.4 in OECD (2012), or *http://ec.europa.eu/economy_finance/economic_governance/sgp/index_en.htm*.

Box 1.6. **Fiscal space in the euro area under the European fiscal rules** *(cont.)*

targets are strict enough to be binding in most cases. One exception is the Slovak Republic, whose debt-to-GDP ratio is lower than 60%, hence the transition rule is not binding. Belgium lost its space due to slippage relative to its SP plans.

Even if none of the above rules is binding, the framework does not generally provide any room to relax fiscal consolidation efforts beyond letting automatic stabilisers operate, unless a country has previously over-achieved its MTO, as is the case of Germany, Estonia and Luxembourg, or if it plans greater adjustment towards its MTO than required.

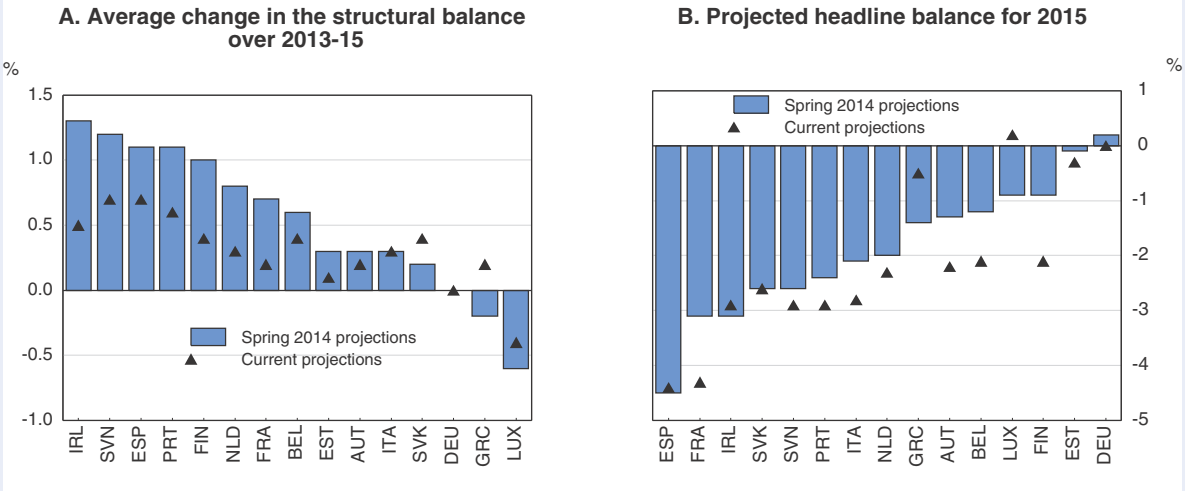
Flexibility under special provisions

Fiscal space can arise from several *special provisions* that define situations in which countries can deviate from the numerical targets. A deviation from required structural fiscal adjustment can be granted by the EU Council if a country implements *major structural reforms* that have a verifiable impact on the long-term sustainability of public finances and that meet a number of other conditions. In a similar vein, the Council can use an *investment provision* to allow a temporary deviation from the required structural fiscal effort, but only if the deviation is linked to national expenditure on projects co-funded by the EU under the Structural and Cohesion policy, Trans-European Networks or Connecting Europe Facility. Finally, *unexpected adverse economic events*, *economic bad times* in an individual country or a *severe economic downturn* in the euro area as a whole can be invoked by the Council to provide flexibility around the required structural adjustment path. How much fiscal space these provisions offer is hard to quantify, as it partly depends on the country's decision on how much of the provision to use (e.g. size of the investment programme), and ultimately on the European Council's decision to grant use of such a provision. An extension of EDP has been granted eleven times to seven countries since 2009 on the grounds of unexpected adverse economic events.

The current debate surrounding the European fiscal rules and uncertainty about how they may be applied suggests that it would be advisable to revise the framework to simplify it and make it more transparent, in particular by setting out more clearly in what situations and under what terms the available discretion will be used. The current complexity jeopardises the credibility of the framework and its effectiveness in ensuring the sustainability of public finances.

Fiscal policy stance

In per cent of GDP



Source: OECD Economic Outlook 96 database; OECD Economic Outlook 95 database; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933169323

Box 1.6. **Fiscal space in the euro area under the European fiscal rules** *(cont.)*

Binding EU rules and implied fiscal space

In percent of GDP

	Deadline for EDP correction	End of debt rule transition period[1]	Public debt[2] 2014	Public deficit 2014	MTO status 2014	Binding rule[3] 2015	2016	2017	Difference in structural effort between: OECD projections vs. required by the rules 2015-16	Stability programmes 2014 vs. required by the rules 2015-16
France	2015	2018	95.8	-4.4	below MTO	3%	3%	3%	..	..
Greece[4]	2016	2019	176.1	-1.0	over MTO	3%	3%	trans.	..	..
Ireland	2015	2018	111.0	-3.7	below MTO	3%	trans.	trans.	..	..
Portugal	2015	2018	127.2	-4.9	below MTO	3%	trans.	trans.	..	..
Slovenia	2015	2018	74.4	-4.4	below MTO	3%	trans.	trans.	..	..
Spain	2016	2019	96.7	-5.5	below MTO	3%	3%	3%	..	..
Austria	..	2016	86.1	-3.0	below MTO	trans.	trans.	debt	..	..
Belgium	..	2016	106.1	-2.9	below MTO	trans.	trans.	debt	..	0.3
Germany	..	2014	74.3	0.2	over MTO	=	=	=	0.8	1.0
Italy	..	2015	130.6	-3.0	at MTO	trans.	debt	debt	..	..
Netherlands	..	2016	69.8	-2.6	below MTO	->MTO	trans.	debt	..	..
Slovak Republic	..	2016	54.4	-2.9	below MTO	->MTO	->MTO	->MTO	..	..
Estonia	..	..	9.5	-0.3	at MTO	=	=	=	0.4	..
Finland	..	..	59.0	-2.6	below MTO	->MTO	debt	debt	..	0.3
Luxemburg	..	..	24.4	0.9	over MTO	=	=	=	2.1	0.6
Euro area	..	..	94.3	-2.6	..	..	..	..	0.3	0.3

Notes: "3%" - 3% deficit ceiling or EDP; "trans." - transition rule; "debt" - debt rule; "->MTO" - transition to MTO; "=" - MTO is reached; ".." - no positive fiscal space available or not applicable.

1. Assuming the EDP ends in line with current deadline.
2. Maastricht definition.
3. Or rule that is the closest to being binding, if a country plans more adjustment than what would be implied by the rules.
4. Greece does not have a Stability programme or structural balance targets, nominal targets were taken from its Economic Adjustment Programme. Calculations start in 2015. Structural effort means change in the underlying balance projected in 2015 and 2016. Assessment of compliance with the debt rule is based on backward-looking benchmark only. Compliance with the rules is assessed under normal circumstances assumption, i.e. no economic "good times", "bad times", structural reforms or similar provisions are taken into account. OECD methodology is used for cyclical adjustment and potential output calculations. See Barnes et al. (2012) for more details on the methodology.

Source: OECD Economic Outlook 96 database; European Commission; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933170010

the flexibility available under special provisions, and should be backed by more structural reforms. Where debt ratios are still on steep upward paths (e.g. Spain), or where market sensitivity poses too great a risk (Greece, Ireland and Portugal), a moderate pace of fiscal consolidation should be maintained. In Greece, such moderate consolidation may have to be accompanied by additional debt relief to ensure fiscal sustainability. In all countries, automatic stabilisers should be allowed to operate freely around structural consolidation paths, even when the planned pace of structural consolidation has been relaxed.

China

In China, growth and rebalancing needs call for…

China's main near term challenge is to address financial and macroeconomic vulnerabilities whilst upholding growth. Private sector and local government debt has increased rapidly over recent years and there are signs of a property bubble and overcapacities in some sectors.

Thus, macroeconomic stimulus to achieve short-term growth objectives may aggravate current imbalances. But too sharp a slowdown in economic growth could also lead to financial instability. In the longer term, an orderly adjustment to a lower and sustainable growth path is needed. To achieve this, the authorities should proceed with reforms to liberalise the financial sector and strengthen the fiscal framework.

… the maintenance of the current easy monetary policy stance…

- The People's Bank of China (PBOC) has implemented a number of targeted measures to ease credit conditions[26] and has recently lowered the one-year deposit and lending rates by 25 and 40 basis points respectively. The resulting stance is accommodative and should support growth and sustain moderate inflation. If disinflation were to intensify and growth were to slow more than projected, the PBOC would have room ease monetary policy. Such an adjustment could, however, aggravate existing imbalances.

… and a greater use of financial and macro-prudential regulation…

- Persisting concerns about financial stability should be addressed by financial regulation and macro-prudential measures, affecting also the shadow banking sector. The planned deregulation of interest rates in the coming two years will also help foster financial stability by weakening the attractiveness of lightly regulated shadow banking products. The revised rules on bond issuance by local governments will also lessen the borrowing of such entities from shadow banks and will reduce maturity mismatches on local governments' balance sheets. As proposed by the authorities, deposit insurance and a resolution system for financial institutions will precede full liberalisation.

… and a broadly neutral fiscal policy stance

- The fiscal stance appears to be broadly neutral, and the government has ruled out large-scale stimulus, an appropriate stance given the growth outlook. If growth weakens by more than projected, there is room to provide support, especially through investment in social infrastructure. Rapid increases in local government debt have been a concern for some time, and the risk of some default on loans to local governments and their financing vehicles is now considered high. In this context, the recently passed amendments to the Budget Law that will become effective in 2015 are welcome as they, among other things, restrict the amount and purpose of debt that sub-national governments can issue. The revised law should also reduce the pro-cyclicality of the budget by not requiring sub-national governments to balance their budgets on an annual basis.

Other large EMEs

Policy requirements differ across other large EMEs…

Risks of renewed financial tensions remain, and EMEs should prepare for such an eventuality. This calls for macroeconomic policy to address cyclical weaknesses where this is possible. Brazil, Russia and South Africa

26. They include lowering reserve ratios for banks that primarily lend to the agriculture sector and small and micro-sized enterprises, a collateralised loan of CNY 1 trillion (1.6 % of GDP) to the China Development Bank to boost social housing construction, and targeted interest rate cuts for lending to small and micro-sized enterprises.

are faced with stagflation challenges. They have little scope for easing their monetary and fiscal policy stances, and further exchange rate depreciation would call for monetary tightening. Although growth has picked up in India, there is a need to bring inflation and budget deficits down. EMEs also need to address their structural vulnerabilities. This requires a durable improvement of fiscal positions to reinforce the credibility of fiscal announcements; better regulation and supervision to ensure sufficient capital and liquidity buffers and to reduce currency mismatches; and re-starting growth-enhancing structural reforms.

… Brazil…

In Brazil, monetary policy may need to stay tight to attain the inflation objective, despite the weakness of growth. The fiscal stance has been expansionary in recent months, and with a technical recession at the same time, fiscal performance has deteriorated noticeably. Although the public debt burden is not yet very high compared with many OECD countries (gross general government debt is just below 60% of GDP), it is relatively high for an emerging economy. As well, the conjunction of a deteriorating primary surplus, slow growth and rising interest rates is resulting in an inflexion of public debt dynamics. The government needs to rein in discretionary spending as well as a plethora of costly tax exemptions, credits, and subsidies to avoid triggering negative market reactions. Sluggish growth calls for urgent measures to alleviate infrastructure bottlenecks and other supply-side constraints like high and distortionary taxes, high labour costs, red tape and skill shortages.

… Russia…

In Russia, the termination of the peg of the rouble to the dollar and the euro gives the monetary authorities greater freedom to adjust the monetary policy stance for domestic requirements. The fiscal rule allows some fiscal support to the extent that flagging activity is due to the fall in the oil price and, indeed, a modest relaxation of fiscal policy is planned for 2015. To strengthen longer-term growth prospects it is necessary to widen the application of the rule of law, reduce barriers to entry and remove excessive red tape.

… and India

In India, moderating but still high inflation calls for maintaining the tight monetary policy stance. Adopting an inflation targeting monetary policy framework, as has been proposed by the Expert Committee set up by the Reserve Bank of India, would help anchor inflation expectations. The new government is committed to reducing the central government deficit from 4.5% of GDP in 2013/14 to 4.1% in the current fiscal year, and eventually to 3% of GDP in 2016/17 in line with the fiscal roadmap of its predecessor. This year's objective will be met with a slight tightening of the fiscal stance and some asset sales. India's public finances would benefit from rebalancing expenditures away from subsidies and toward more public investment. Improving social and physical infrastructure, business environment and modernising labour and tax laws are crucial for sustaining growth momentum.

Bibliography

Aaronson, D. and A. Jordan (2014), "Understanding the Relationship between Real Wage Growth and Labour Market Conditions", *Chicago Fed Letter*, No. 347.

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.

Barnes, S., D. Davidsson and Ł. Rawdanowicz (2012), "Europe's New Fiscal Rules", *OECD Economics Department Working Papers*, No. 972, OECD Publishing.

BIS (2014), *BIS 84th Annual Report*, Bank for International Settlements.

Bouis, R., A. K. Christensen and B. Cournède (2013), "Deleveraging: Challenges, Progress and Policies," *OECD Economics Department Working Papers*, No. 1077, OECD Publishing.

Bouis, R., K. I. Inaba, Ł. Rawdanowicz and A. K. Christensen (2014), "Factors behind the Decline in Real Long-Term Government Bond Yields", *OECD Economics Department Working Papers*, No. 1167, OECD Publishing.

Bruegel (2014), "Can Europe Survive without Russian Gas?", available at *www.bruegel.org/nc/blog/detail/article/1283-can-europe-survive-without-russian-gas*.

CEA (2014), *The Labour Force Participation Rate since 2007: Causes and Policy Implications*, Council of Economic Advisors, July 2014.

Chui, M., I. Fender and V. Sushko (2014), "Risks Related to EME Corporate Balance Sheets: The Role of Leverage and Currency Mismatch", *BIS Quarterly Review*, September.

De Long, J. B. and L. H. 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.

Dustman, C., T. Frattini and I. Peston (2013) "The Effect of Immigration on the Distribution of Wages", *Review of Economic Studies*, Vol. 80.

ECB (2014), *Aggregate Report on the Comprehensive Assessment*, October.

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.

IMF (2014), *Global Financial Stability Report*, October.

Jappelli. T. and L. Pistaferri (2014) "Fiscal Policy and MPC Heterogeneity", *American Economic Journal: Macroeconomics*, Vol. 6.

Kiley, M. T. (2014), "An Evaluation of the Inflationary Pressure Associated with Short and Long-term Unemployment", *Federal Reserve Board Finance and Economics Discussion Paper*, No. 2014-28.

Krugman, P. (2013),"Bubbles, Regulation, and Secular Stagnation", krugman.blogs.nytimes.com.

Krugman, P. (2014), "Four observations on secular stagnation", in in C. Teulings and R. Baldwin (eds), *Secular Stagnation: Facts, Causes and Cures*, A VoxEU.org. eBook.

Krueger, A. B., J. Cramer and D. Cho (2014), "Are the Long-Term Unemployed on the Margins of the Labor Market?", paper presented at the Brookings Panel on Economic Activity, 20-21 March.

Lewis, C., N. Pain, J. Strasky and F. Menkyna (2014), "Investment Gaps after the Crisis", *OECD Economics Department Working Paper*, No. 1168, OECD Publishing.

Moccero, D., S. Watanabe and B. Cournède (2011), "What Drives Inflation in the Major OECD Economies?", *OECD Economics Department Working Papers*, No. 854, OECD Publishing.

OECD (2011), *OECD Economic* Outlook, Vol. 2011/1, OECD Publishing.

OECD (2012), OECD *OECD Economic* Outlook, Vol. 2012/1, OECD Publishing.

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

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

OECD (2014b), *OECD Economic Outlook*, Vol. 2014/1, OECD Publishing.

OECD (2014c), *OECD Economic Surveys: United States 2014*, OECD Publishing.

OECD (2014d), *OECD Economic Surveys: Euro Area 2014*, OECD Publishing.

OECD (2014e), "Rising inequality: Youth and Poor Fall Further Behind" *Income inequality update* (June 2014), OECD Publishing

OECD/WTO/UNCTAD (2014), *Reports on G-20 Trade and Investment Measures (Mid-Nov 2013 to Mid-May 2014)*, 11th report to the G-20.

Olaberria, E. (2014), "US Long Term Interest Rates and Capital Flows to Emerging Economies",*OECD Economics Department Working Papers*, No. 1155, OECD Publishing.

Ollivaud, P. and C. Schwellnus (2013), "The Post-Crisis Narrowing of International Imbalances", *OECD Economics Department Working Papers*, No. 1062.

Ollivaud, P. and D. Turner (2014), "The Effect of the Global Financial Crisis on OECD Potential Output", *OECD Economics Department Working Papers*, No. 1166, OECD Publishing.

Rawdanowicz, Ł., R. Bouis, J. Brezillon, A. K. Christensen and K. I. Inaba (2014a), "Spillover Effects from Exiting Highly Expansionary Monetary Policies", *OECD Economics Department Working Papers*, No. 1116, OECD Publishing.

Rawdanowicz, Ł., R. Bouis, K. I. Inaba and A. K. Christensen (2014b), "Secular Stagnation: Evidence and Implications for Economic Policy", *OECD Economics Department Working Papers*, No. 1169, OECD Publishing.

Summers, L. (2013), Remarks at IMF Annual Research Conference.

Summers, L. (2014a), "U.S. Economic Prospects: Secular Stagnation, Hysteresis, and the Zero Lower Bound", *Business Economics*, Vol. 49(2), National Association for Business Economics.

Summers, L. (2014b), "Reflections on the 'New Secular Stagnation Hypothesis'", in C. Teulings and R. Baldwin (eds), *Secular Stagnation: Facts, Causes and Cures,* A VoxEU.org eBook.

ANNEX 1.A1

Indicators of potential financial vulnerabilities

The following tables show the position of OECD and selected non-OECD countries on a number of indicators that could reveal potential exposure to financial turbulence. The main focus of Table A1 is on domestic vulnerabilities of the OECD and BRIICS countries, that of Table A2 on financial account vulnerabilities of the OECD and non-OECD G20 countries.

Table A1 presents indicators typically associated with financial vulnerabilities arising primarily from the domestic economy in four broad categories: the real economy, the non-financial sector, the financial sector and public finances (International Monetary Fund, 2012; European Commission, 2012). 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. An aggregated ratio of core Tier-1 capital to total assets (i.e. the leverage ratio) for selected banks in each country,[27] non-performing loans, and financial corporations' debt are included to account for the direct risk exposure of the financial sector. Vulnerabilities stemming from the public sector are quantified along three dimensions: government net borrowing, gross government debt and the difference between 10-year real sovereign bond yields and the potential real GDP growth rate. Higher values, with the exception of the leverage ratio, indicate a larger vulnerability.

Four OECD countries with the weakest scores are labelled in dark grey, four OECD countries with the next weakest scores in light grey. Table A1 also includes the current sovereign credit ratings issued by Standard and Poor's.

Table A2 displays financial-accounts-related risk factors for the OECD and non-OECD G20 countries to financial stability based on previous OECD empirical analysis (Ahrend and Goujard, 2012a, 2012b). The analysis shows that:

- Greater (short-term) borrowing from external banks, or a skew in external liabilities towards debt, increases the risk of a financial crisis substantially (external bank debt being defined as debt to a foreign bank).
- A larger share of FDI in gross external liabilities decreases the chances of a financial crisis.
- Shorter maturity of banks' debt raises the risk of a crisis, mainly by increasing exposure to financial contagion.
- The size of foreign reserve holdings reduces the probability of a crisis.

27. The calculations of the country leverage ratios 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.

- Total external assets (excluding reserves) or liabilities are found not to affect the risk for countries with small and moderate levels of assets and liabilities. However, external assets reduce, and external liabilities increase the crisis risk when they are large.

Table A2 shows for each of the 8 selected indicators: *i)* the position of each country in 2014Q1 (or the latest available) along various dimensions of its financial account structure, and *ii)* the country-specific change, from 2007 to 2014Q1. As in Table A1, four OECD countries with the scores that present the largest risk to financial stability are labelled in dark grey, four OECD countries with the next weakest scores for financial stability are labelled in light grey. For some of the variables, the numbers need to be interpreted with care as the relevance of the variable may differ across countries. For example, the foreign currency reserves of the United States are the lowest relative to GDP in the OECD area, but this does not signify a weakness as the US dollar is a reserve currency, and the same applies to low currency reserves in individual euro area countries.

The main highlights emerging from the analysis include:

- Based on Table A1, the least vulnerable OECD countries include Austria, Germany and Poland.
- According to Table A1, vulnerable euro area countries (Greece, Ireland, Italy, Portugal, Spain, and Slovenia) score weakly on several indicators, including low growth, and high unemployment, non-performing loans, public debt and deficit, and government bond yields. In many of these countries external liabilities exhibit a systematic debt bias (Table A2).
- 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 cost). On the other hand, their financial sector does not appear to exhibit significant external vulnerability (Table A1).
- 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 risks to financial stability (as suggested by Table A2). These include Denmark, Iceland, Ireland, Luxembourg, the Netherlands, Switzerland and the United Kingdom.
- Overall, Table A2 suggests 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 external bank debt, which has become more pronounced since 2007, possibly related to increased inflows of foreign capital. There is also some increase in external debt bias and some decline in foreign exchange reserves, raising the risk of more turbulent consequences from 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.

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

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

Table A1. **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
	2014	2014Q3	2014	% change 2000Q1-14Q3	2013 or latest available	2013 or latest available	% change 2000Q1-14Q2
United States	-0.2	0.7	2.2	-22.7	110.1	114.4	15.6
Japan	0.4	-0.5	-0.1	-46.1	132.2	160.5	-31.2
Germany	-0.3	-0.9	-7.4	-11.0	94.8	70.5	-0.6
France	0.8	0.7	1.7	4.0	108.1	103.2	75.5
Italy	0.3	3.4	-1.5	15.4	78.6	90.9	13.3
United Kingdom	-1.1	-0.3	4.8	-15.3	148.6	87.3	71.7
Canada	-0.5	-0.1	2.6	38.0	169.5	138.0	90.5
Australia	-0.2	0.4	3.6	52.9	193.1	79.9	90.0
Austria	1.1	0.5	-1.6	-0.6	90.8	97.8	22.4
Belgium	0.2	0.5	-0.2	8.5	101.9	94.7	61.9
Chile	2.1	-1.0	1.9	20.0	73.9	138.0	..
Czech Republic	-0.7	-0.1	0.1	32.7	64.6	61.6	..
Denmark	-0.1	0.4	-6.2	12.1	326.0	102.2	25.7
Estonia	0.4	-1.2	-0.1	36.8	94.5	102.6	..
Finland	0.7	1.1	1.6	-0.6	123.1	98.3	26.9
Greece	-1.6	8.9	-1.2	-3.0	103.5	76.3	-7.5
Hungary	-2.1	-2.1	-3.9	23.3	55.5	103.1	..
Iceland	-1.0	0.8	-3.2	-27.4	..	324.1	..
Ireland	-2.7	0.5	-5.2	19.9	230.4	236.0	-3.4
Israel	0.7	0.1	-1.8	-11.8	..	75.1	34.0
Korea	0.1	0.0	-6.0	6.2	160.0	151.3	24.2
Luxembourg	-1.1	0.8	-5.1	31.9	153.4	312.4	..
Mexico	0.4	0.3	1.9	1.9	..	..	..
Netherlands	0.0	1.6	-10.7	0.9	288.7	100.5	-0.9
New Zealand	-0.8	-0.6	3.5	70.2	..	..	101.5
Norway[7]	0.7	0.1	-9.9	50.6	215.2	107.1	83.1
Poland	-0.4	-0.3	0.9	-9.4	58.8	52.8	..
Portugal	-0.6	1.2	0.4	0.9	143.0	151.4	-15.8
Slovak Republic	0.1	-0.5	-0.9	27.0	54.9	76.6	..
Slovenia	-1.1	2.2	-5.4	2.1	56.9	94.5	..
Spain	-0.7	5.3	-0.7	6.2	140.8	122.5	20.8
Sweden	-0.1	0.4	-5.3	-3.5	169.9	142.0	89.7
Switzerland	0.5	0.6	-7.9	24.5	197.3	..	46.0
Turkey	1.3	0.8	5.4	-19.3	..	..	..
Brazil	2.0	..	3.9	33.7	..	..	..
China	0.5	..	-2.4	80.4	..	..	..
Colombia	-0.2	-0.4	4.2	46.8	..	..	..
India	0.7	..	1.5	-44.0	..	..	..
Indonesia	0.8	..	3.3	-9.5	..	..	..
Latvia	-0.1	-1.9	2.3	3.3	..	..	..
Russian Federation	1.9	..	-3.0	279.5	..	..	..
South Africa	-0.1	-1.9	2.3	3.3	..	..	..

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 data for most countries.
4. In per cent of total (unweighted) assets.
5. Rating for sovereign debt in foreign currency.
6. OECD Economic Outlook 96 database estimates.
7. Mainland (potential) GDP is used instead of total (potential) GDP where applicable.

Labels the 4 OECD countries with the weakest scores (i.e. highest values for all indicators but the core Tier-1 leverage ratio).
Labels the 4 OECD countries with the next weakest scores (i.e. next highest values for all indicators but the core Tier-1 leverage ratio).

Source: OECD Economic Outlook 96 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/10.1787/888933169977

Table A1. **Indicators of potential financial vulnerabilities** *(cont'd)*

Financial sector			Public finance				
Core Tier-1 leverage ratio[4]	Non-performing loans to total loans	Financial corporation gross debt[1,3]	Headline government budget deficit[1,6]	Gross government debt[1,6]	Real 10-year sovereign bond yield-potential GDP growth rate differential	Sovereign credit rating S&P[5]	
Latest available	Latest available	2013 or latest available	2014	2014	2014Q3 or latest available	Latest	
6.4	2.3	346.4	5.1	109.7	-1.0	AA+	United States
4.9	1.9	568.8	8.3	230.0	-0.4	AA-	Japan
4.1	2.7	321.0	-0.2	79.0	-2.1	AAA	Germany
3.7	4.5	278.1	4.4	114.1	-0.7	AA	France
5.7	16.5	206.2	3.0	146.9	1.4	BBB	Italy
4.8	3.7	659.4	5.5	95.9	-1.4	AAA	United Kingdom
4.4	0.5	332.7	2.0	93.9	-1.2	AAA	Canada
4.7	1.2	336.0	3.3	36.2	0.5	AAA	Australia
6.3	4.1	240.6	3.0	103.4	-1.7	AA+	Austria
5.1	4.2	295.4	2.9	119.2	-1.1	AA	Belgium
..	2.2	201.2	..	..	-2.4	AA-	Chile
..	5.7	120.7	1.4	51.9	-2.5	AA-	Czech Republic
4.8	4.5	449.1	1.7	58.9	-1.3	AAA	Denmark
..	1.3	117.5	0.3	12.9	..	..	Estonia
3.8	..	241.9	2.6	68.4	-1.5	AA+	Finland
8.8	33.5	194.2	1.0	182.3	7.8	..	Greece
..	16.3	96.0	2.9	96.7	0.5	..	Hungary
..	..	993.9	0.5	86.7	3.4	BBB-	Iceland
5.7	25.3	959.1	3.7	116.6	-0.8	A-	Ireland
..	2.6	206.7	3.8	68.6	-3.0	A+	Israel
..	..	353.9	0.6	36.7	-1.4	A+	Korea
..	0.2	5047.2	-0.9	30.6	-2.8	AAA	Luxembourg
..	2.9	..	0.8	..	-0.3	BBB+	Mexico
4.5	3.0	658.6	2.6	77.8	-0.9	AA+	Netherlands
..	..	..	0.0	41.1	0.6	AA	New Zealand
6.6	1.3	211.9	-9.9	35.1	-2.6	AAA	Norway[7]
..	5.0	99.2	3.3	55.7	-1.0	..	Poland
6.2	10.8	252.0	4.9	142.4	2.1	BB	Portugal
..	5.2	118.5	2.9	60.1	-1.2	A	Slovak Republic
..	15.3	121.6	4.4	82.9	1.1	A-	Slovenia
5.4	9.4	239.6	5.5	130.8	1.3	BBB	Spain
4.0	0.6	285.8	1.7	46.5	-1.7	AAA	Sweden
4.5	0.8	..	-0.5	42.6	-1.5	..	Switzerland
..	2.7	119.1	..	..	-0.8	..	Turkey
..	2.9	..	3.9	..	8.7	..	Brazil
..	..	..	1.1	..	-3.5	..	China
..	3.1	..	..	..	..	..	Colombia
..	3.1	..	..	..	..	..	India
..	4.0	..	6.6	..	1.1	..	Indonesia
..	2.1	..	2.2	..	0.9	..	Latvia
..	2.1	..	2.2	..	0.9	..	Russian Federation
..	5.3	..	1.3	34.8	-0.4	..	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 data for most countries.
4. In per cent of total (unweighted) assets.
5. Rating for sovereign debt in foreign currency.
6. OECD Economic Outlook 96 database estimates.
7. Mainland (potential) GDP is used instead of total (potential) GDP where applicable.

Labels the 4 OECD countries with the weakest scores (i.e. highest values for all indicators but the core Tier-1 leverage ratio).
Labels the 4 OECD countries with the next weakest scores (i.e. next highest values for all indicators but the core Tier-1 leverage ratio).

Source: OECD Economic Outlook 96 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/10.1787/888933169977

Table A2. **Financial-accounts-related risk factors to financial stability**

Latest available (in per cent)

	External debt[1]	External bank debt[2]	Short-term external bank debt[2]	Short-term external bank debt[3]	External liabilities[2]	External assets[2]	Foreign exchange reserves[2]	FDI liabilities[1]
	Higher values indicate higher financial stability risk					Higher values indicate lower financial stability risk		
United States	51.1	14.9	5.5	36.6	175.3	143.9	0.9	19.6
Japan	60.3	17.8	14.7	82.7	99.3	167.1	26.3	4.1
Germany	59.0	31.8	16.0	50.3	202.9	248.6	1.8	19.4
France	60.9	53.4	30.3	56.7	294.5	276.9	2.0	13.9
Italy	69.3	26.5	9.4	35.7	157.1	125.2	2.5	16.0
United Kingdom	56.0	71.3	46.2	64.7	539.4	534.2	3.4	10.5
Canada	44.3	23.9	12.7	53.0	163.7	160.7	4.2	38.0
Australia	52.2	21.5	7.7	35.6	164.5	110.0	3.7	26.0
Austria	67.8	45.5	12.1	26.7	253.8	256.5	2.9	25.4
Belgium	40.3	42.8	19.4	45.3	405.3	446.9	3.4	53.2
Chile	28.6	19.4	8.1	41.8	135.6	121.0	15.6	62.4
Czech Republic	36.3	21.3	6.1	28.7	130.9	91.6	27.5	59.3
Denmark	62.6	63.3	40.3	63.7	248.6	285.2	24.1	17.7
Finland	59.3	45.3	15.4	34.1	320.1	328.7	3.4	15.6
Greece	91.2	31.0	15.9	51.4	248.8	122.4	0.9	4.2
Hungary	28.7	40.8	13.2	32.4	309.9	231.2	35.1	68.0
Iceland	84.1	39.9	12.7	31.8	682.4	286.5	24.9	15.3
Ireland	38.1	152.3	61.8	40.6	1962.8	1863.8	0.6	16.7
Israel	33.1	5.4	2.5	45.8	85.9	104.6	27.9	35.0
Korea	41.0	14.1	9.1	64.1	73.6	72.9	25.3	17.2
Luxembourg	24.2	944.4	345.2	36.6	14688.0	14905.6	1.4	36.1
Mexico	45.5	9.7	3.1	31.7	81.5	43.6	14.3	37.8
Netherlands	57.0	104.8	37.0	35.3	435.5	482.2	2.6	19.2
New Zealand	56.2	18.4	7.8	42.2	147.9	81.9	9.3	32.2
Norway	62.8	28.1	11.0	39.2	187.5	291.4	10.4	27.7
Poland	47.2	24.9	5.7	23.1	109.0	41.5	17.6	44.7
Portugal	70.6	30.2	8.3	27.6	284.7	169.8	1.5	21.7
Slovak Republic	52.0	33.8	13.6	40.4	138.5	72.8	1.5	47.2
Slovenia	72.4	30.3	8.8	29.0	133.9	96.3	1.6	25.4
Spain	61.4	32.4	13.0	40.2	230.4	132.9	2.5	24.4
Sweden	52.5	48.9	22.4	45.7	296.0	290.0	10.4	28.6
Switzerland	38.9	61.7	41.1	66.7	485.1	623.1	70.2	30.9
Turkey	66.0	21.3	11.7	55.2	81.3	28.6	14.0	24.5
Argentina	44.4	2.6	1.6	60.5	35.3	42.8	4.6	51.1
Brazil	32.1	72.7	4.8	6.6	73.3	34.9	16.4	47.6
China	34.4	10.2	8.3	80.9	42.5	62.9	40.7	58.4
India	53.0	10.6	5.8	54.7	41.7	24.5	14.8	29.6
Indonesia	41.3	11.3	6.1	53.9	64.3	21.7	11.1	44.8
Russian Federation	43.0	9.3	3.7	39.3	64.1	70.1	22.5	42.2
Saudi Arabia	16.7	8.5	5.4	63.5	34.2	130.0	89.5	79.3
South Africa	27.7	9.2	3.7	40.1	113.5	109.0	12.8	38.1

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

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

Source: BIS; IMF; World Bank and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933169981

Table A2b. **Financial-accounts-related risk factors to financial stability** *(cont'd)*

Change from 2007 (in percentage points)

External debt[1]	External bank debt[2]	Short-term external bank debt[2]	Short-term external bank debt[3]	External liabilities[2]	External assets[2]	Foreign exchange reserves[2]	FDI liabilities[1]	
Positive values indicate an increase in the financial stability risk					Positive values indicate a decrease in the financial stability risk			
-4.1	-5.5	-3.3	-6.3	20.9	-1.6	0.3	0.8	United States
5.4	4.7	5.6	13.0	25.7	42.6	4.2	-0.2	Japan
-8.7	-18.4	-11.9	-5.3	-2.6	13.9	0.3	0.7	Germany
-0.7	-14.0	-13.3	-8.0	6.2	-9.7	0.0	-3.5	France
-2.3	-24.8	-8.9	-0.1	-1.9	-6.8	0.9	1.1	Italy
-8.8	-44.9	-40.6	-10.0	-30.2	-12.5	1.6	2.9	United Kingdom
9.6	0.6	-2.0	-9.9	-5.9	4.2	1.1	-8.5	Canada
3.5	-10.4	-4.5	-2.5	-9.4	0.8	0.9	0.4	Australia
2.2	-26.6	-14.6	-10.4	-66.2	-43.2	-0.2	1.0	Austria
-21.6	-72.0	-69.3	-32.0	-111.4	-101.6	1.0	19.2	Belgium
-3.8	1.2	-1.5	-10.8	34.0	18.9	5.2	1.8	Chile
2.7	-1.3	-2.7	-10.4	19.9	25.1	7.9	1.8	Czech Republic
-5.2	-7.9	3.5	11.9	-3.5	39.5	13.3	-3.5	Denmark
20.0	5.3	2.8	2.5	37.4	77.1	0.4	-3.3	Finland
15.8	-27.5	-0.8	22.8	51.0	29.5	0.7	-4.7	Greece
-2.7	-23.5	-4.7	4.5	-4.0	18.8	16.7	3.9	Hungary
4.8	-249.8	-112.7	-11.5	-49.4	-322.0	11.4	0.3	Iceland
-15.4	-117.4	-88.9	-15.3	535.0	456.9	0.3	2.2	Ireland
-11.7	-3.1	-1.5	-0.2	-33.6	-14.3	10.7	9.8	Israel
-1.8	-2.7	-1.3	2.4	1.0	17.6	1.0	1.6	Korea
-4.8	-213.6	-163.0	-7.3	1335.8	1438.9	1.1	11.6	Luxembourg
11.8	1.8	0.7	1.4	13.1	12.5	5.6	-5.9	Mexico
-1.8	-31.9	-31.0	-14.5	-59.9	-6.6	1.1	-1.7	Netherlands
-2.2	-7.4	-5.4	-8.6	-35.0	-14.1	-5.0	-0.3	New Zealand
-1.1	-34.4	-30.1	-26.6	-41.4	-0.9	-6.7	7.9	Norway
1.9	0.4	-0.3	-1.8	3.0	-1.8	1.2	-1.5	Poland
0.8	-44.8	-19.5	-9.5	-13.4	-30.5	0.6	3.0	Portugal
10.9	1.9	1.3	1.8	18.9	13.5	-24.6	-10.2	Slovak Republic
0.8	-18.1	-4.3	2.0	-9.0	-21.4	-0.6	0.4	Slovenia
-2.6	-27.0	-5.9	8.3	-5.3	-15.3	1.7	4.0	Spain
2.8	-5.1	-10.0	-14.2	14.1	9.7	4.5	-3.3	Sweden
-10.6	-110.9	-84.2	-5.9	-101.5	-115.9	59.9	10.2	Switzerland
11.3	2.3	3.4	11.0	-2.0	-0.6	1.4	-7.6	Turkey
-9.7	-4.2	-1.9	10.2	-22.3	-26.1	-10.3	11.8	Argentina
5.8	64.9	1.1	-40.6	-1.6	3.4	1.7	13.8	Brazil
2.2	4.2	5.0	25.7	3.6	-13.6	-7.8	1.1	China
3.4	-0.6	0.0	2.7	1.9	-8.0	-11.1	3.9	India
-11.9	-0.3	-0.1	0.8	-2.7	-3.9	-2.4	13.1	Indonesia
7.4	-4.7	-3.0	-8.5	-45.5	-26.2	-18.7	2.6	Russian Federation
-19.7	-0.6	-0.3	1.2	3.7	0.4	8.7	15.7	Saudi Arabia
7.1	-2.8	-1.7	-5.0	0.1	30.8	1.7	-5.1	South Africa

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

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

Source : BIS; IMF; World Bank and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933169981

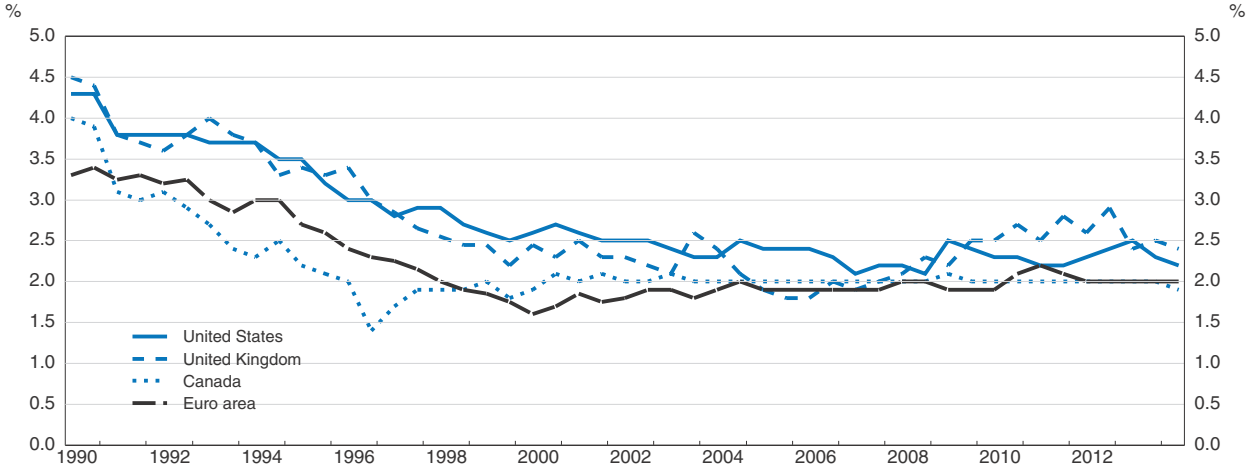
ANNEX 1.A2

A revised framework for modelling the relationship between inflation and unemployment

This Annex describes a revision to incorporate anchored inflation expectations into the Phillips curve model which is used to derive estimates of equilibrium unemployment. The resulting new estimates of equilibrium unemployment have been used to derive the estimates of potential output, and by implication output gaps and underlying fiscal balances, which are described throughout this publication.

While inflation in nearly all OECD countries is currently low, the fall in inflation over the course of the Great Recession has been surprisingly modest given the massive increase in unemployment. In the case of the United States and euro area, the unemployment rate has averaged nearly 3½ percentage points above pre-crisis levels over the last 5 years (with peak increases of just under 5 percentage points), but this has been associated with a fall in core inflation of only ¾ and 1 percentage point, respectively. The reduced sensitivity of inflation to demand conditions has been attributed to a variety of factors (IMF, 2013), but perhaps most prominent among these is the increased credibility that monetary authorities have in targeting inflation which has led to inflation expectations being better anchored (Figure A2.1). The assumption that medium-term inflation expectations are anchored to inflation targets has been incorporated into the modelling framework used to assess estimates of equilibrium unemployment across

Figure A2.1. **Inflation expectations have stabilised since the late 1990s**



Note: Expected average rate of CPI inflation 6 to 10 years ahead.
Source: Consensus Forecasts; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933169330

OECD countries. This revision to the standard OECD Phillips curve approach generally leads to estimated equations with better econometric properties and for some countries leads to a significant change in the assessment of labour market slack, as described in the remainder of this Annex.

Abstracting from dynamics, a general reduced-form Phillips curve representation of the inflation process which incorporates inflation expectations is:

(1) $\Delta\pi_t = \beta(\pi_t^e - \pi_{t-1}) + \alpha(U_t^* - U_t) +$ supply shocks,

where π is consumer price inflation, π^e is expected inflation, U is unemployment, U* is a measure of equilibrium unemployment (explained further below) and supply shocks include relative oil price inflation, relative import price inflation and indirect tax changes. Two representations of this general framework, which are more specific about how inflation expectations are formed, are considered below.

A backward adaptive expectations model assumes adaptive expectations about inflation are formed by past outcomes of inflation, leading to a simplified "accelerationist" model of the form:

(2) $\Delta\pi_t = \alpha(U_t^* - U_t) +$ supply shocks.

This implies that, in the absence of supply shocks, inflation will only be stable when the unemployment gap is closed. This approach has been used in the past by the OECD to derive estimates of the equilibrium unemployment rate, previously referred to as a "NAIRU", see Guichard and Rusticelli (2011). Given that the NAIRU is unobserved, equation (2) is estimated by means of a Kalman filter applied assuming the NAIRU evolves over time as a random-walk process, but under constraints that ensure relatively smooth and gradual change. However, for some countries where unemployment has risen most sharply, these smoothness constraints make it difficult to reconcile inflation developments (typically low, but relatively stable) with a gradual rise in the NAIRU. Thus, for countries for which unemployment has been changing most rapidly (Greece, Ireland, Italy, Portugal, Slovak Republic, Slovenia and Spain), long-term unemployment is included in the stochastic modelling process for the NAIRU to allow it to change more rapidly when long-term unemployment is also changing more rapidly, on the grounds that long-term unemployment captures hysteresis effects on the NAIRU (Rusticelli, 2014).

Alternatively, the anchored expectations model is represented by:

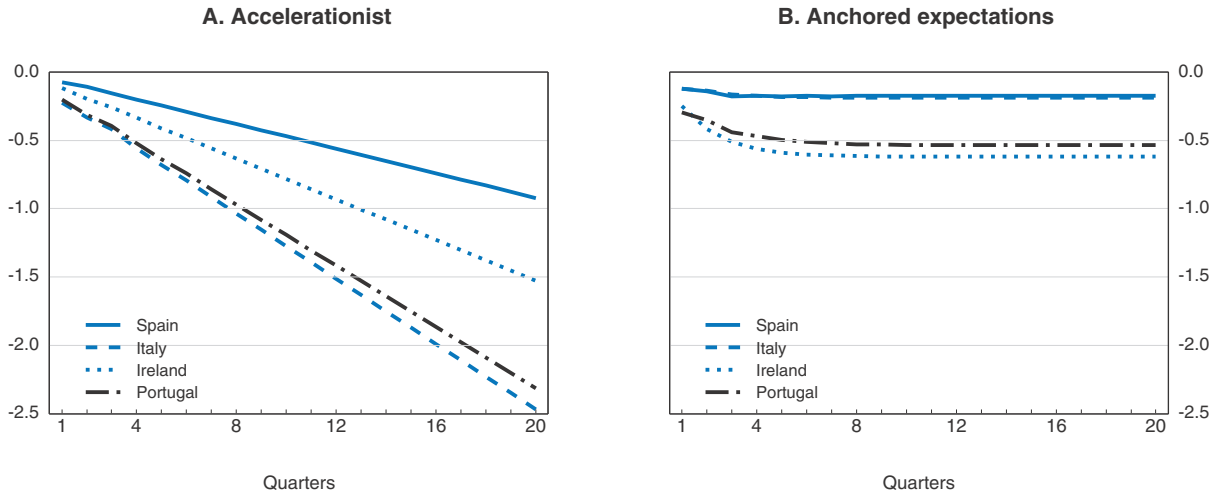
(3) $\Delta\pi_t = \mu - \beta\pi_{t-1} + \alpha(U_t^* - U_t) +$ supply shocks,

where μ is a constant, so that the implied level of stable inflation expectations is given by (μ/β), and where there is an explicit central bank target for inflation, the restriction that (μ/β) is equal to this target is imposed when consistent with the data. This model implies that, in the absence of supply shocks, inflation will be stable and consistent with medium-term inflation expectations (which typically are assumed to correspond to the central banks inflation target) only when the unemployment gap is closed. The estimation approach is similar to that of (2) and involves the use of a Kalman filter. However, given the rationale underlying the model, it is only estimated over a relatively recent sample period when inflation has been almost stable and therefore inflation expectations can plausibly be considered to be anchored; so for most countries the sample estimation period begins in 1998. For euro area countries, a restriction of 2% inflation expectations is tested for each individual country, even though the ECB's target is for area-wide inflation to be "below, but close to, 2% over the medium term".

The implications for inflation of a negative unemployment gap (i.e. actual unemployment exceeding the equilibrium rate) are very different across the two models (Figure A2.2): the accelerationist model implies a continuing process of disinflation which will persist as long as the unemployment gap remains; conversely, the anchored expectations model implies that inflation will fall below expectations to a new lower level, but will not continue falling.

The different properties of the alternative models also imply different estimates of equilibrium unemployment for some countries, particularly those for which unemployment has risen most steeply,

Figure A2.2. **The estimated effect of the unemployment gap on inflation, for selected OECD countries**



Note: The impulse response of annual inflation to a one percentage point increase in the unemployment gap, for a group of countries for which unemployment has risen most over the crisis, evaluated according to the estimated parameters of the respective models. For full details see Rusticelli *et al.* (2014b).
Source: OECD calculations.

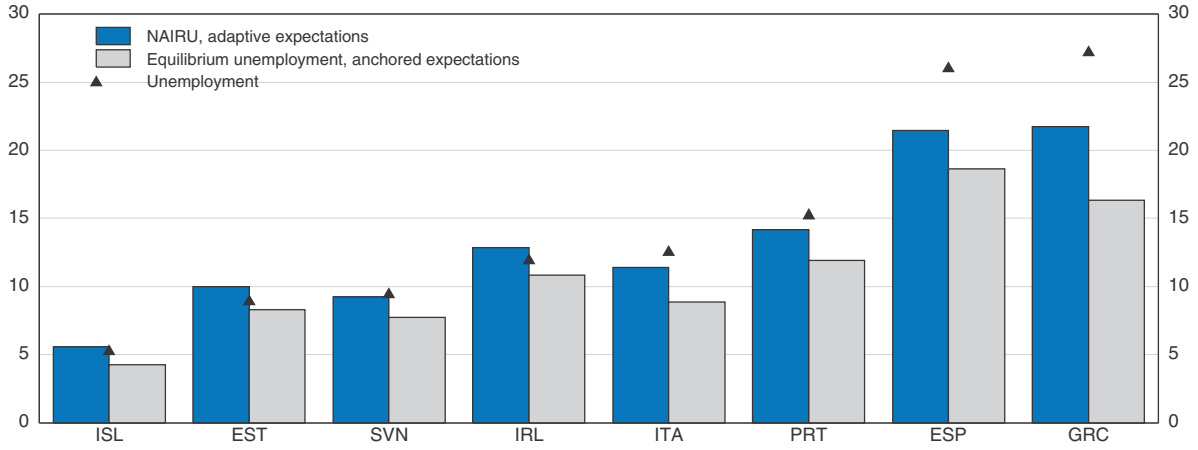
StatLink http://dx.doi.org/10.1787/888933169348

and where typically inflation has fallen and tended to stabilise at a lower level. In these cases, the accelerationist model will attempt to reconcile relatively stable inflation with a smaller unemployment gap, whereas the anchored expectations model will match a low level of inflation with a larger persistent unemployment gap. Thus, for the eight OECD countries where unemployment has risen the most since the crisis, the anchored expectations model implies current estimates of equilibrium unemployment which on average are nearly 2½ percentage points lower than the NAIRU derived from the accelerationist model (Figure A2.3). For all other countries, for which unemployment has increased less steeply, the difference in current estimates of equilibrium unemployment is much smaller; the equilibrium unemployment estimate from the anchored expectations model is, on average, only 0.2 percentage points lower.

On balance, the anchored expectations model is preferred to the accelerationist model for a number of reasons:

- Inflation expectations do appear to have been fairly stable over the crisis and in the anchored expectations model the coefficient restriction that inflation expectations are anchored at the central bank target is mostly accepted.
- The anchored expectations model tends to fit better over a more recent estimation period. In particular, the additional inflation (levels) variable and intercept term, which appear in the anchored expectations model but not the accelerationist model, are usually highly statistically significant. Additionally, the unemployment gap terms have much greater statistical significance in the anchored expectations model for which the unemployment gap is significant to at least the 5% level in three-quarters of countries, whereas for the accelerationist model over a common recent sample period the unemployment gap is statistically significant at the 10% level in only about one-fifth of all countries.
- Simplicity also favours the anchored expectations model, because to make the accelerationist model work for countries where unemployment has risen the most since the crisis requires supplementing the model with long-term unemployment to give the NAIRU sufficient flexibility.

Figure A2.3. **Different estimates of equilibrium unemployment, 2013Q4, selected OECD countries**



Note: Estimates of equilibrium unemployment for 2013Q4 for the group of OECD countries for which the peak rise in unemployment relative to pre-crisis levels was at least 5 percentage points. For further details see Rusticelli *et al.* (2014b).
Source: OECD calculations

StatLink http://dx.doi.org/10.1787/888933169353

The estimation work described in this Annex assumes that for most OECD countries, inflation expectations have been anchored since the late 1990s at levels which are broadly consistent with central bank inflation targets. While this seems to be a reasonable assumption for most countries over much of the sample period, there have been recent signs that inflation expectations have been declining in some countries, as discussed in the main chapter. Moreover, there is a risk of inflation expectations declining further and in the limit becoming completely unanchored, which in conjunction with the persistence of large unemployment and output gaps, would considerably raise the risks of disinflation.

Bibliography

IMF (2013), "The dog that didn't bark: has inflation been muzzled or was it just sleeping", *World Economic Outlook*, IMF, April.

Guichard, S. and E. Rusticelli (2011), "Reassessing the NAIRUs after the Crisis", *OECD Economics Department Working Papers*, No. 918, OECD Publishing.

Rusticelli, E., (2014), "Rescuing the Phillips Curve: Making Use of Long-term Unemployment in the Measurement of the NAIRU", forthcoming in *OECD Journal: Economics Studies*.

Rusticelli, E., D. Turner and M. C. Cavalleri (2014b), "Incorporating Anchored Inflation Expectations in the Phillips Curve and in the Derivation of Measures of OECD Equilibrium Unemployment", *OECD Economics Department Working Papers*.

OECD Economic Outlook
Volume 2014/2
© OECD 2014

Chapter 2

DEVELOPMENTS IN INDIVIDUAL OECD COUNTRIES AND SELECTED NON-MEMBER ECONOMIES

AUSTRALIA

Output growth is projected to dip to 2½ per cent in 2015 but recover to 3% in 2016. Declining business investment will be countered by gathering momentum in consumption and exports. Growth at the projected pace will be enough to lower the unemployment rate, although consumer price inflation will remain moderate due to economic slack.

Fiscal policy should continue to aim for a budget surplus by the early 2020s but, given economic uncertainties, it should avoid heavy front loading. Short of negative surprises, withdrawal of monetary stimulus should start in the second quarter of 2015. The booming housing market and mortgage lending will require continued close attention by the authorities. There is room for both fiscal and monetary policy to provide support in the event of unexpected negative economic shocks.

Rebalancing has been orderly so far

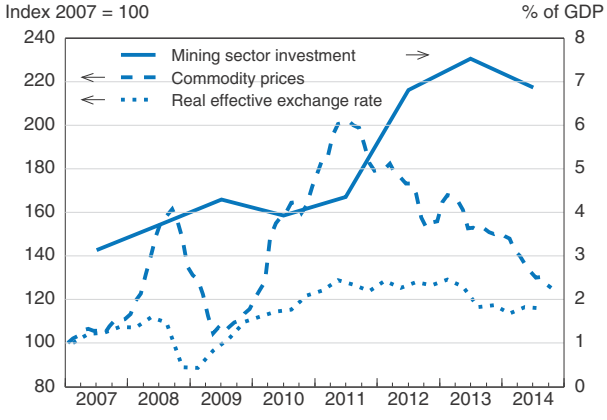
The Australian economy is going through a period of adjustment as activity has to shift from the previously booming resource sector. Cooling commodity prices and declining resource-sector investment have resulted in job and output losses, but a lower exchange rate is lifting employment and exports elsewhere in the economy. House price increases are encouraging construction and consumption, but are also a concern in that a sharp reversal could cut aggregate domestic demand.

The RBA's policy rate should remain on hold

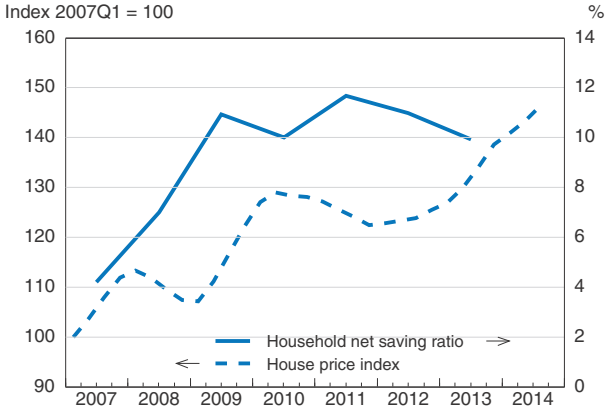
The Reserve Bank of Australia's (RBA's) policy rate has remained at 2.5% since August 2013, well below historical norms. Though helping economic adjustment, this monetary support has intensified search for return by investors. This requires close oversight of asset-market developments, particularly rising housing credit, which is now being driven by investors. Further prudential measures on mortgage lending

Australia

Resource sector adjustment is underway[1]



The household saving rate is trending down while house prices continue to rise



1. Mining sector investment refers to financial years. For commodity prices, index 2007Jan=100. Real effective exchange rate is based on constant trade weights, index 2007Q1=100.

Source: Australian Bureau of Statistics, Cat. No 5204.0 and 5206.0; Reserve Bank of Australia; OECD, Housing Prices database; and OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169523

Australia: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices AUD billion	Percentage changes, volume (2011/2012 prices)				
GDP at market prices	1 452.8	3.6	2.4	3.1	2.5	3.0
Private consumption	779.7	2.5	2.1	2.5	2.9	3.6
Government consumption	256.6	2.9	1.2	1.7	2.0	1.9
Gross fixed capital formation	395.9	8.6	-1.5	-0.5	-0.5	0.6
Final domestic demand	1 432.1	4.3	0.9	1.5	1.8	2.5
Stockbuilding[1]	9.0	-0.1	-0.5	0.2	0.2	0.0
Total domestic demand	1 441.2	4.1	0.4	1.7	2.1	2.5
Exports of goods and services	313.1	6.3	6.7	6.5	4.6	6.9
Imports of goods and services	301.4	6.5	-2.1	0.4	2.5	4.4
Net exports[1]	11.7	0.0	1.8	1.2	0.4	0.4
Memorandum items						
GDP deflator	_	-0.2	1.2	0.0	1.0	2.5
Consumer price index	_	1.8	2.4	2.6	2.3	2.6
Private consumption deflator	_	2.7	2.7	2.5	2.1	2.5
Unemployment rate	_	5.2	5.7	6.1	6.2	5.9
Household saving ratio, net[2]	_	11.0	9.9	9.6	9.3	8.2
General government financial balance[3]	_	-3.0	-1.3	-3.3	-2.0	-1.5
General government gross debt[4]	_	31.8	33.0	36.2	38.1	39.3
Current account balance[3]	_	-4.4	-3.3	-3.6	-4.1	-3.6

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170312

should be considered as a targeted means to cool the market, thereby heading off risks to financial stability.

Budget proposals envisage a surplus by the early 2020s

New measures in the government's budget do not add much to the consolidation between 2013-14 and 2014-15, which is appropriate given economic uncertainties. Consolidation is set to pick up after that to achieve the government's policy objective of a budget surplus by the early 2020s. Although the ratio of public debt to GDP has only risen from about 20 to 30% in recent years, turning this trend around is important for ensuring a substantial fiscal buffer given uncertainties in economic rebalancing and other risks.

Economic activity will pick up

Strengthening private consumption growth, helped by wealth effects from higher house prices, will contribute significantly to growth. Faster growth in housing construction and exports will also play a role. Nevertheless, inflation will remain moderate due to remaining economic slack. The unemployment rate will edge up a little higher before starting to decline steadily as employment adjusts to sectoral shifts in demand due to economic rebalancing, and as growth picks up. Excluding the accounting impact of a one-off grant to the RBA, the government deficit is

estimated to have increased by about 1½ percentage points of GDP in 2014, and is projected to decline by about ½ percentage point of GDP in 2015 and again in 2016.

Risks to smooth rebalancing remain sizeable

External risks remain prominent, with recent steep falls in some commodity prices exemplifying the potential for rapid change in resource revenues. Domestically, the momentum in property prices is uncertain and could unwind sharply. When and how quickly non-mining investment picks up is uncertain, as is the degree to which households will dip further into savings to sustain their consumption.

AUSTRIA

Economic growth remains subdued due to weak external demand and declining domestic confidence. Solid fundamentals, favourable financial conditions and a gradual improvement of the external environment should nevertheless allow the economy to recover steadily in 2015 and 2016. Unemployment, though high for national standards, remains among the lowest in the European Union. Inflation is projected to stay above the euro area average.

The restructuring of distressed financial institutions continues to add to public debt. Reducing effective marginal income tax rates, especially for the low skilled, and increasing the effective retirement age would support labour force participation and growth, and help to deal with the increasing costs of health care and pensions.

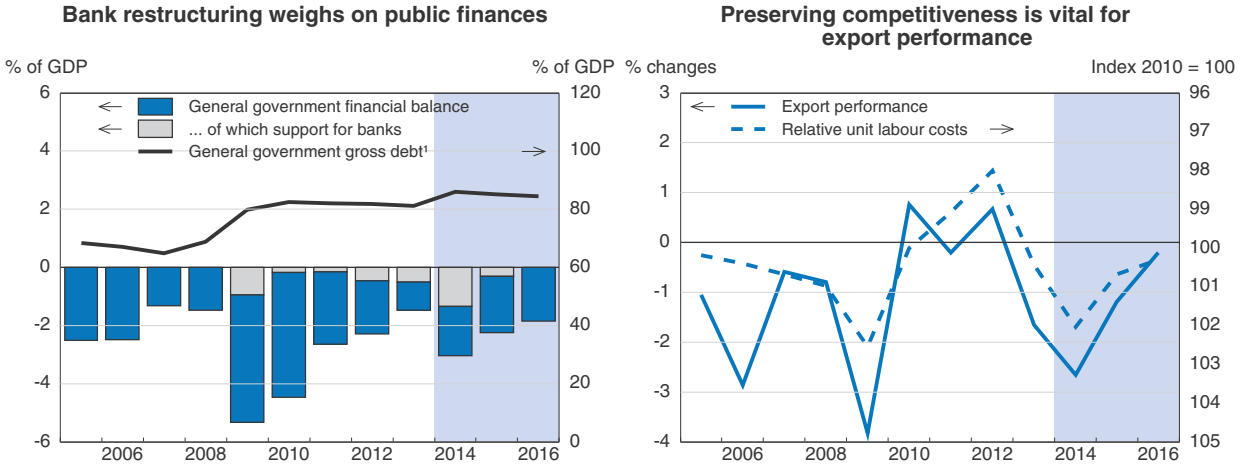
Economic activity remains subdued

Economic growth is muted. Concerns about negative spillovers from the Ukraine crisis and sluggish growth in the euro area restrain export demand are delaying the recovery of investment. Unlike growth, inflation remains considerably higher than the euro area average, thus weighing on competitiveness and real income. On the other hand, deflationary risks are limited and the low level of real interest rates is supportive of an investment-led recovery.

Completing the restructuring of the banking sector is necessary

The restructuring of partly or fully nationalised banks continues to burden public finances. In particular, the resolution of Hypo Alpe Adria will widen the budget deficit again in 2014. Legal uncertainty around the concluded restructuring should be addressed quickly. While progress has been made with respect to the capital position of other internationally exposed banks, the authorities need to timely finalise the implementation of the EU banking regulation framework.

Austria



1. Maastricht definition.

Source: OECD Economic Outlook 96 database; and OeNB (Austrian Central Bank).

StatLink http://dx.doi.org/10.1787/888933169538

Austria: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices € billion	Percentage changes, volume (2010 prices)				
GDP at market prices*	308.8	0.9	0.3	0.5	0.9	1.6
Private consumption	165.4	0.7	-0.2	0.5	0.5	1.0
Government consumption	61.1	0.4	0.4	0.7	0.6	1.1
Gross fixed capital formation	69.6	0.5	-1.4	0.9	0.6	3.5
Final domestic demand	296.1	0.6	-0.3	0.6	0.5	1.6
Stockbuilding[1]	4.8	-0.2	-0.7	0.1	0.2	0.0
Total domestic demand	301.0	0.3	-1.1	0.8	0.8	1.5
Exports of goods and services	165.7	1.4	1.4	-0.2	2.5	4.9
Imports of goods and services	157.8	0.7	-0.3	1.4	2.7	5.1
Net exports[1]	7.9	0.4	0.9	-0.8	0.0	0.1
Memorandum items						
GDP deflator	_	1.6	1.5	1.7	1.4	1.4
Harmonised index of consumer prices	_	2.6	2.1	1.5	1.6	1.9
Private consumption deflator	_	2.3	2.2	1.7	1.7	1.9
Unemployment rate[2]	_	4.4	5.0	5.0	5.2	5.1
Household saving ratio, net[3]	_	9.0	7.3	7.5	7.5	7.1
General government financial balance[4]	_	-2.3	-1.5	-3.0	-2.2	-1.8
General government gross debt[5]	_	100.4	98.6	103.4	102.4	101.7
General government debt, Maastricht definition[4]	_	81.8	81.2	86.1	85.1	84.4
Current account balance[4]	_	1.8	2.6	1.6	1.7	1.5

* 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 96 database.

StatLink http://dx.doi.org/10.1787/888933170329

Fundamentals remain broadly supportive

Monetary policy is very accommodative and real interest rates are the lowest in the euro area. The solid industrial structure, the high level of capacity utilisation and the strong connection to regional value-added-chains should allow the Austrian economy to bounce back in 2015 and further accelerate in 2016. Export performance has deteriorated but the projected recovery in European trading partner countries and the recent depreciation of the euro will underpin export/investment-led growth.

Private consumption will gradually pick up

The unemployment rate, though set to rise slightly in 2015, is the lowest in the European Union. Projected real wage growth will strengthen real disposable income during the next two years. Following the bumpy movements during and after the financial crisis, the saving ratio is expected to broadly stabilise at its current level. As a result, private consumption should gradually pick up over the projection period and support the recovery.

Major risks to the outlook are balanced

Export growth may be lower than projected if Austria's higher inflation relative to its European trading partners undermines

competitiveness, or if subdued European growth persists longer than projected. On the upside, a further depreciation of the euro, declining energy prices and historically low interest rates may boost domestic demand and exports more than projected. Furthermore, fading regional tensions related to events in Ukraine would brighten the outlook for a recovery of the important Eastern European market.

BELGIUM

The pick-up in domestic demand, driven by household consumption and business investment, should continue to spur economic activity, with further support coming from the gradual firming of export growth. However, prospects remain fragile due to low confidence, weak competitiveness and fiscal consolidation. The unemployment rate is projected to fall slowly. Inflation will pick up in the course of 2015, but will remain modest due to limited imported price pressures.

With annual structural budget improvements of at least ½ per cent of GDP in the coming years, the government plans to reach a balanced budget in 2018. As planned, consolidation measures should be tilted towards expenditure restraint, since spending cuts would make room to lower the tax burden, especially on labour. A tax shift from labour to consumption and capital gains would also reduce labour costs and increase competitiveness.

Economic prospects remain fragile

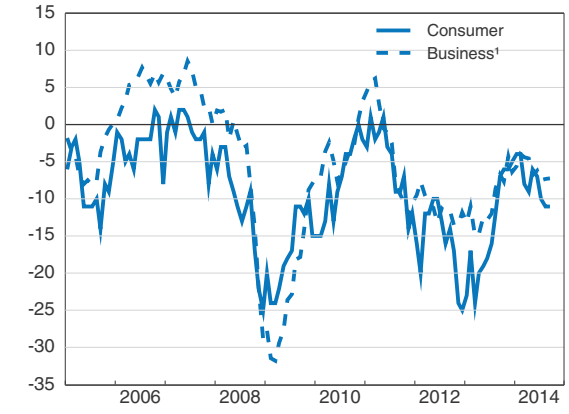
Economic activity continues to expand, but progress has been hesitant. Private domestic demand has accelerated as both household consumption and business investment have expanded. In contrast, government consumption has remained flat, and export growth has been weak. Consumer and business confidence are lower than at the beginning of the year, although they may be stabilising.

Fiscal consolidation focuses on spending measures

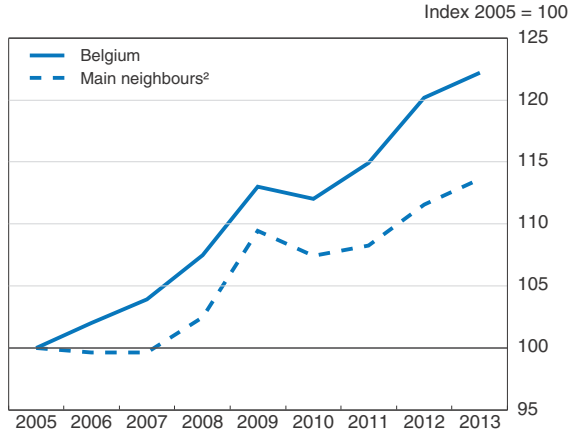
Fiscal deficit reduction stalled in 2014, and the balanced budget objective has been postponed by two years, to 2018, to smooth economic activity. Achieving this objective, however, will require discipline at all government levels. Focusing consolidation on spending measures rather than tax hikes, as planned, is welcome from the viewpoint of medium-term growth.

Belgium

Confidence has deteriorated in 2014



Unit labour costs have increased relatively fast



1. Weighted average of data for manufacturing industry, construction, and trade and business-related services.
2. Unweighted average of data for France, Germany and the Netherlands.

Source: National Bank of Belgium; and OECD Productivity Statistics (database).

StatLink http://dx.doi.org/10.1787/888933169547

Belgium: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices € billion	Percentage changes, volume (2012 prices)				
GDP at market prices	380.0	0.1	0.3	1.0	1.4	1.7
Private consumption	195.1	0.8	0.3	0.7	1.1	1.5
Government consumption	90.5	1.4	1.1	0.1	-0.4	0.2
Gross fixed capital formation	87.3	0.0	-2.2	3.1	2.5	2.3
Final domestic demand	372.9	0.8	-0.1	1.1	1.1	1.4
Stockbuilding[1]	5.3	-0.9	-0.8	-1.1	0.0	0.0
Total domestic demand	378.1	-0.1	-0.9	0.0	1.1	1.4
Exports of goods and services	309.3	1.9	2.9	3.5	3.9	4.1
Imports of goods and services	307.4	1.8	1.7	2.5	3.7	3.7
Net exports[1]	1.9	0.1	1.0	0.9	0.3	0.4
Memorandum items						
GDP deflator	_	2.1	1.5	0.5	0.6	1.2
Harmonised index of consumer prices	_	2.6	1.2	0.6	0.7	1.2
Private consumption deflator	_	2.2	1.2	0.8	0.6	1.2
Unemployment rate	_	7.7	8.4	8.5	8.4	8.1
Household saving ratio, net[2]	_	7.5	6.9	6.1	5.9	5.6
General government financial balance[3]	_	-4.1	-2.9	-2.9	-2.1	-1.3
General government gross debt[4]	_	120.3	117.6	119.2	119.5	118.1
General government debt, Maastricht definition[3]	_	104.0	104.6	106.1	106.4	105.0
Current account balance[3]	_	-0.9	0.1	0.2	0.6	1.0

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. As a percentage of GDP at market value.

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170337

Strong wage growth has undermined competitiveness

Increases in unit labour costs have created a gap in cost competitiveness vis-à-vis Belgium's three largest neighbouring countries, which has proved difficult to close. The already agreed temporary suspension of the indexation mechanism will help to better align wages with productivity, but the situation highlights the need for a reform of the wage formation process.

Economic activity will accelerate slowly

Private domestic demand will continue to be the main driver of growth. In addition, gradually stronger world trade will raise exports. Inflation pressures will remain weak due to limited imported price pressures and low wage growth. The unemployment rate will fall gradually from its current peak of 8.5% as job creation slowly gathers pace.

Several risks contribute to the uncertainty of the outlook

Growth would be weaker if the recovery in the euro area is more subdued than projected or if the current low-inflation period endures and consumers postpone purchases. House prices, which are historically high, have stabilised, but a significant fall in prices could lower growth. On the upside, employment and competitiveness would increase if wage-setting mechanisms were adjusted to better reflect Belgian productivity developments and if labour taxes were reduced either by lowering the overall tax burden or shifting taxes towards consumption and capital gains.

BRAZIL

After real GDP declines in the first half of 2014, activity is set to recover gradually. Nonetheless, growth will remain modest due to tighter monetary and fiscal policies, weak external demand, low levels of investment and persistent infrastructure bottlenecks. Inflation will only come down slowly, as overdue increases in administered prices are likely to push up inflation temporarily.

As fiscal performance has deteriorated, more fiscal discipline will be needed in the coming years to ensure a sustainable reduction of gross public debt. A tighter fiscal stance will also make it easier for monetary policy to bring inflation down to the target. Faster progress in infrastructure investment, lower trade barriers, less administrative burdens and a comprehensive tax reform would all ease supply constraints and raise growth.

The economy is recovering from a short recession

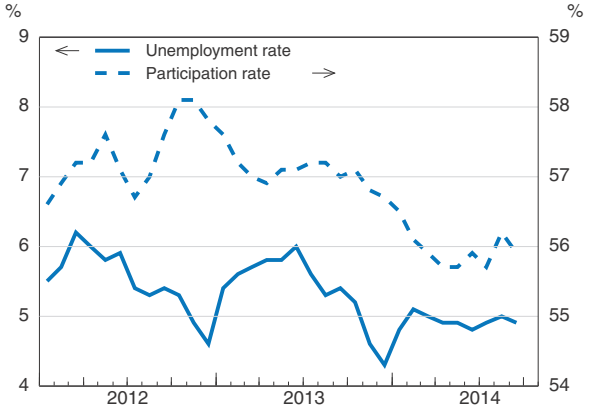
The economy is recovering from a short recession in the first half of 2014. Unemployment remains low, although there are some indications that the recent decline in the participation rate, possibly related to rising enrolments in vocational training, may start to reverse, which could result in rising unemployment going forward. A deteriorating terms of trade and slower credit expansion are weighing on consumption and investment. Despite the emergence of slack, inflationary pressures are strong. Both headline and core inflation have risen above the upper limit of the target tolerance band to be met at year-end.

Fiscal performance has deteriorated

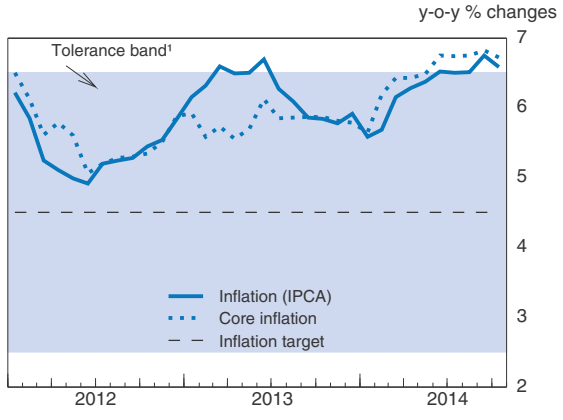
The primary fiscal surplus (which is governed by the budget law) has narrowed to the point where gross public debt as a ratio to GDP, now at 60%, has begun to rise. Tighter fiscal policy will be necessary to ensure it falls again, and would also reduce inflationary pressures, lowering the burden on monetary policy. This is particularly true for the fiscal transfers

Brazil

Unemployment is low but the participation rate has fallen



Inflationary pressures have been strong



1. The inflation target is met whenever the accumulated inflation during the period January-December of each year falls within the tolerance band.

Source: Central Bank of Brazil; and IBGE.

StatLink http://dx.doi.org/10.1787/888933169798

Brazil: **Macroeconomic indicators**

	2012	2013	2014	2015	2016
Real GDP growth	1.0	2.5	0.3	1.5	2.0
Inflation (CPI)	5.4	6.2	6.5	5.4	5.1
Fiscal balance (per cent of GDP)	-2.5	-3.3	-3.9	-3.1	-3.0
Current account balance (per cent of GDP)	-2.4	-3.6	-3.9	-3.6	-3.3

Note: Real GDP growth and inflation are defined in percentage change from the previous period.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170581

made to public financial institutions, as these transfers fuel credit growth independently of the monetary policy stance. The recent rise of these transfers explains part of the divergence between gross and net debt. Cutting back some of the recent tax expenditures, whose effects on growth are unclear, would be one way to tighten fiscal policy. On a more permanent basis, an expenditure rule could be effective in controlling the deficit, particularly when combined with reforms to reduce the indexation of social expenditures.

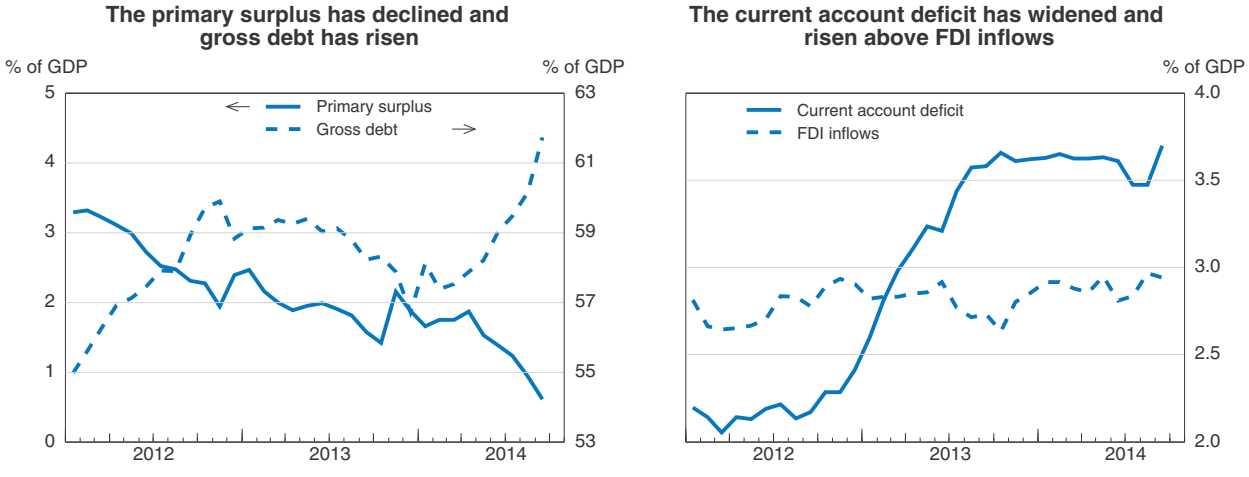
Monetary policy may have to stay tight

Even with a less expansionary fiscal stance, the outlook for inflation remains difficult. Inflation has proved stubborn, even in the face of the brief recession. Given this history, durably reducing inflation and, in particular, keeping inflation expectations anchored on the inflation target may require continued tight monetary policy next year, despite the weakness of growth.

Structural reforms can support the recovery and raise confidence

Removing supply bottlenecks and improving the business climate has the potential to raise medium-term growth prospects significantly, and could also have immediate confidence effects. Faster progress in infrastructure improvements, a reform of the onerous indirect tax system,

Brazil



Source: Central Bank of Brazil.

StatLink http://dx.doi.org/10.1787/888933169807

Brazil: **External indicators**

	2012	2013	2014	2015	2016
			$ billion		
Goods and services exports	283.5	281.9	274.2	273	292
Goods and services imports	315.9	338.1	334.7	323	342
Foreign balance	- 32.5	- 56.2	- 60.5	- 50	- 50
Invisibles, net	- 21.8	- 24.9	- 24.8	- 28	- 28
Current account balance	- 54.2	- 81.1	- 85.3	- 78	- 78
			Percentage changes		
Goods and services export volumes	0.5	2.5	2.9	5.3	4.7
Goods and services import volumes	0.3	8.3	- 1.0	2.2	3.9
Terms of trade	- 4.9	- 1.7	- 5.6	0.3	0.2

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170590

lower administrative burdens and a stronger engagement in international trade would be effective ways to boost productivity and competitiveness. Some planned policy measures could speed up infrastructure investment, but faster implementation and project execution will be crucial.

Growth is projected to recover gradually

The economy is projected to recover gradually from the recession, and approach its potential at the end of 2016. Export demand will buoy the recovery initially, until strengthening domestic consumption and investment demand sustain stronger growth. Inflation will start to decline in 2015, but will not come close to the 4.5% inflation target before 2016.

Risks are tilted to the downside

The current account deficit is no longer covered by FDI inflows, which makes the economy more dependent on portfolio inflows than in the past, and more vulnerable if turbulence returns to international capital markets, possibly triggered by the tightening of US monetary policy. Brazil's significant foreign currency reserves, however, would cushion any impact. Investment growth could be significantly more hesitant if economic policies do not manage to regain the confidence of investors. By contrast, faster progress in structural reforms, for example in the area of taxes and infrastructure, could provide a confidence boost and strengthen domestic demand.

CANADA

Building on recent solid growth, real GDP is projected to accelerate through 2015, driven by rising exports and business investment. Exports will be supported by stronger foreign-market growth and recent currency depreciation. Business investment should strengthen with improved demand, to boost capacity and cost competitiveness. Activity should slow somewhat in 2016 as higher interest rates begin to bite, consumption growth slows to reduce household indebtedness and housing investment eases. With economic slack fully absorbed, inflation is projected to return to 2% after falling temporarily in 2015.

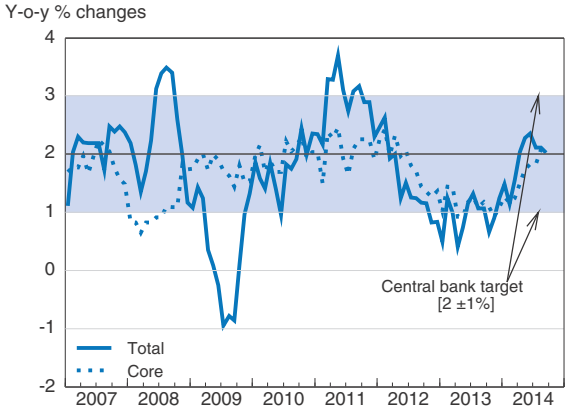
Monetary accommodation will need to be gradually withdrawn to counter inflationary pressures. The projection assumes this will begin around mid-2015. Fiscal consolidation should progress as planned, and provincial governments should continue with reforms to manage growth in health-care expenditures. Should housing-related risks increase further, additional macro-prudential measures may be required to ensure financial stability.

The expansion is accelerating as export growth improves

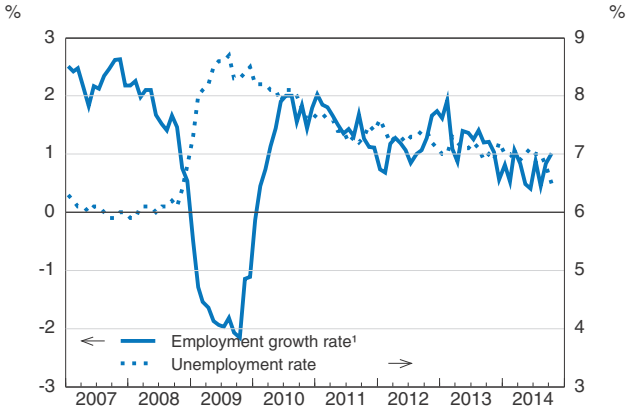
Following harsh winter conditions that restrained activity at the end of 2013 and beginning of 2014, growth picked up from around the potential rate of 2% in the first half of 2014 to around 2½ per cent in the second. The expansion continues to be driven by growth in private consumption. Residential investment has strengthened in recent months, partly reflecting delayed building and resale activity given poor weather and remains above the long-run average share of GDP. Export growth has risen, owing to improved foreign demand, the depreciation of the Canadian dollar and a rebound from weak growth earlier in the year. Business investment has been subdued, though still above the pre-recession peaks, due to concerns over demand and uncertainty over commodity prices.

Canada

Inflation has returned to the target midpoint



Employment growth remains subdued, and unemployment is falling



1. Twelve-month cumulative job growth as a percentage of total employment.
Source: Statistics Canada.

StatLink http://dx.doi.org/10.1787/888933169504

Canada: **Employment, income and inflation**

Percentage changes

	2012	2013	2014	2015	2016
Employment	1.2	1.3	0.8	1.3	1.1
Unemployment rate[1]	7.3	7.1	6.9	6.5	6.3
Compensation per employee[2]	3.2	2.4	3.2	3.2	3.7
Unit labour cost	2.7	1.6	1.7	1.9	2.4
Household disposable income	4.2	3.8	4.0	4.4	4.7
GDP deflator	1.5	1.4	1.8	0.7	1.9
Consumer price index	1.5	1.0	2.0	1.6	1.9
Core consumer price index[3]	1.7	1.2	1.8	1.8	1.9
Private consumption deflator	1.3	1.3	1.9	1.4	1.7

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 96 database.

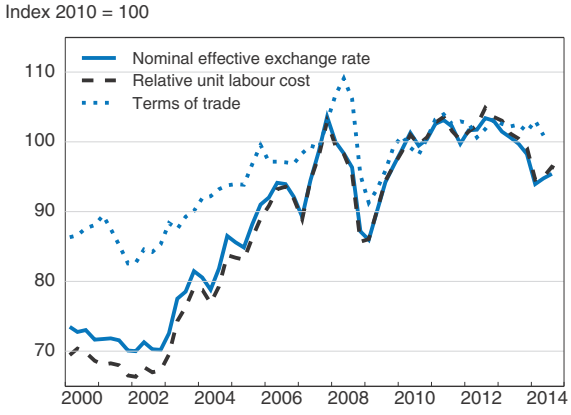
StatLink http://dx.doi.org/10.1787/888933170231

Inflation has returned to the target midpoint despite remaining slack

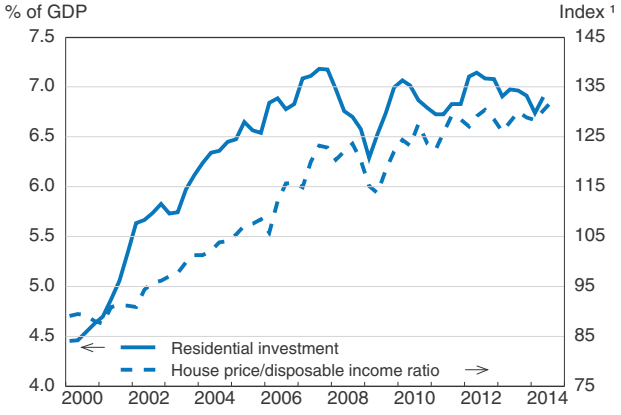
Employment growth slowed sharply over the past year. Nevertheless, the unemployment rate has moderated, owing in part to a decline in the participation rate. Real wage growth and unit labour costs have remained subdued. Despite some remaining labour market slack, headline and core inflation have returned to the 2% target range midpoint, partly reflecting temporary factors including the exchange rate depreciation and past gains in energy prices. The Bank of Canada estimates that exchange rate depreciation has already contributed 0.1 to 0.3 percentage point to core inflation.

Canada

The recent depreciation has improved competitiveness



Housing prices and residential investment are high



1. The series are normalised and averaged 100 over the period 1980 Q1 to the latest observation.

Source: OECD, Housing Prices database; and OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169519

Canada: Financial indicators

	2012	2013	2014	2015	2016
Household saving ratio, net[1]	5.2	5.2	4.6	4.9	5.4
General government financial balance[2]	-3.1	-2.7	-2.0	-1.8	-1.4
General government gross debt[3,4]	95.5	92.9	93.9	94.3	94.0
General government net debt[3,4]	43.4	40.1	40.9	41.3	41.0
Current account balance[2]	-3.4	-3.2	-2.6	-2.8	-2.3
Short-term interest rate[5]	1.2	1.2	1.2	1.5	2.6
Long-term interest rate[6]	1.9	2.3	2.3	2.6	3.4

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 4.7 in the *OECD Economic Outlook no. 95,* May 2014).
5. 3-month interbank rate.
6. 10-year government bonds.

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170242

Fiscal consolidation is on track

The pace of federal fiscal consolidation is proceeding largely as planned by the government. The 2014 budget update reaffirmed the commitment to eliminate the deficit by FY 2015/16 and record small surpluses thereafter, largely through continuing spending restraint. Provincial governments have announced plans that would reduce their combined deficits by 0.7% of GDP over the same period. On the basis of these budget plans, it is assumed in the

Canada: **Demand and output**

	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
	Current prices CAD billion	Percentage changes from previous year, volume (2007 prices)					
GDP at market prices	1 893.8	2.4	2.6	2.4	2.3	2.5	2.3
Private consumption	1 051.9	2.6	2.6	2.4	2.6	2.5	2.4
Government consumption	408.7	0.6	0.5	0.5	0.9	0.3	0.6
Gross fixed investment	452.5	0.0	2.2	2.4	1.3	2.1	2.4
Public[1]	72.3	-1.5	1.3	1.8	0.5	1.4	1.9
Residential	131.4	1.6	0.3	-2.7	3.4	-2.3	-2.9
Non-residential	248.8	-0.4	3.5	5.2	0.4	4.6	5.2
Final domestic demand	1 913.2	1.5	2.1	2.0	1.9	1.9	2.0
Stockbuilding[2]	10.8	-0.3	-0.2	0.0			
Total domestic demand	1 924.0	1.2	1.8	2.0	0.9	1.9	2.0
Exports of goods and services	571.8	5.8	6.4	5.4	8.0	5.4	5.4
Imports of goods and services	602.0	2.2	4.1	4.1	3.5	3.6	4.4
Net exports[2]	- 30.2	1.1	0.7	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 96 database.

StatLink http://dx.doi.org/10.1787/888933170258

Canada: **External indicators**

	2012	2013	2014	2015	2016
			$ billion		
Goods and services exports	553.6	555.1	566.0	573	610
Goods and services imports	587.4	584.5	584.2	594	625
Foreign balance	- 33.9	- 29.3	- 18.2	- 21	- 15
Invisibles, net	- 28.4	- 29.2	- 29.0	- 28	- 29
Current account balance	- 62.3	- 58.5	- 47.2	- 50	- 44
			Percentage changes		
Goods and services export volumes	2.6	2.0	5.8	6.4	5.4
Goods and services import volumes	3.7	1.3	2.2	4.1	4.1
Export performance[1]	- 0.1	0.2	2.5	2.1	0.2
Terms of trade	- 1.0	0.1	- 1.5	- 2.7	0.0

1. Ratio between export volume and export market of total goods and services.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170264

projection that an additional cumulative structural consolidation of 0.8% of GDP occurs over calendar years 2014-16. The general government debt-to-GDP ratio is projected to be fairly flat.

Withdrawal of monetary accommodation should begin around mid-2015

Monetary policy has been highly accommodative for some time. Given the uncertainty surrounding the amount of economic slack, the Bank of Canada should maintain its current policy stance for the time being. But it will have to start to withdraw stimulus as remaining slack is progressively taken up. The timing and pace will depend on economic developments, but it is assumed in this projection that the first policy rate increase occurs in late May of 2015 and that the rate rises steadily thereafter.

Growth is projected to be led by exports and investment

Growth is projected to increase somewhat to 2½ 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 sustained increases in demand occur, business investment should strengthen. However, in 2016 real GDP growth is projected to edge down a bit, as higher interest rates and a persistent need for households to deleverage moderate consumption and residential investment. With economic slack and lower oil prices absorbed and waning effects of heightened retail competition, inflation is projected to return to 2% on a sustained basis by late 2015.

Global risks are mixed, but downside risks remain for housing

The main upside risk to the projections is that US investment growth rebounds more than expected, which would raise demand for Canadian exports. The main domestic downside risk remains a disorderly housing market correction, particularly given high household debt, which would depress private consumption and residential construction and could, in the extreme, threaten financial stability. Lower growth in China could also weaken oil and other commodity prices and hence the terms of trade.

CHILE

Chile's rapid economic growth has slowed sharply since mid-2013 and is projected to pick up only modestly in the near term. Declining copper prices and lower demand from China have reduced the terms of trade, business confidence and investment. A moderate recovery is expected in 2015 and 2016, driven by supportive monetary policy, expansionary fiscal policy and stronger external demand.

The sharp depreciation of the Chilean peso has put upward pressure on inflation. However, inflation expectations remain well anchored, and hence the central bank has space to react to the incipient slack and weakening labour market with another interest rate cut. In 2015, a significant expansion in public spending is appropriate to support aggregate demand, and there is fiscal space to extend this stimulus into 2016 if needed. The official commitment to balance the budget in the longer term is welcome.

Growth continues to moderate

Growth slowed through 2014, largely due to deteriorating external conditions. It could also reflect lower business investment in response to the hike of corporate income taxes. Consumer confidence has also fallen, leading to a slowdown in consumption. Unemployment has risen only marginally and some economic slack has emerged.

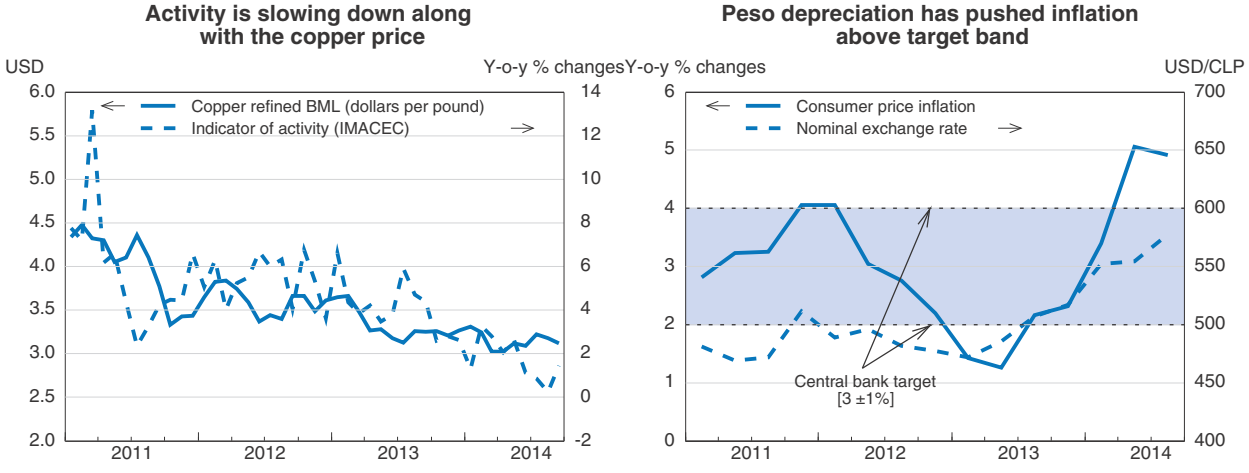
Monetary policy is supportive

The inflation rate rose to 5% in October 2014, reflecting the transitory effects of the currency depreciation; however, inflation expectations are well-anchored. To support demand, the central bank has reduced interest rates, which are now negative in real terms.

Fiscal policy is set to become expansionary

The government is set to give a strong fiscal impulse to the economy in 2015, including a 27.5% increase in public investment, a 10.2% rise in education spending, and an 11.8% jump in infrastructure investment. This fiscal support is likely to be temporary, as in 2016 the start of convergence towards a structural budget balance is planned. However,

Chile



Source: OECD Economic Outlook 96 database; and Central Bank of Chile.

StatLink http://dx.doi.org/10.1787/888933169559

Chile: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices CLP billion	Percentage changes, volume (2008 prices)				
GDP at market prices	121 402.8	5.5	4.2	1.9	3.2	3.7
Private consumption	74 091.7	6.0	5.6	2.0	2.0	3.4
Government consumption	14 690.6	3.7	4.2	4.0	5.9	5.0
Gross fixed capital formation	27 132.0	12.2	0.4	-4.5	2.4	3.3
Final domestic demand	115 914.3	7.1	4.1	0.7	2.6	3.6
Stockbuilding[1]	1 652.6	-0.1	-0.7	-0.5	0.0	0.0
Total domestic demand	117 566.9	7.1	3.6	0.4	2.6	3.6
Exports of goods and services	46 162.8	1.1	4.3	2.3	4.7	4.4
Imports of goods and services	42 326.9	5.0	2.2	-4.4	5.0	4.0
Net exports[1]	3 835.9	-1.3	0.7	2.2	0.0	0.2
Memorandum items						
GDP deflator	_	1.2	1.6	5.3	3.8	3.0
Consumer price index	_	3.0	1.8	4.8	3.6	2.1
Private consumption deflator	_	3.6	2.3	5.1	4.6	3.1
Unemployment rate	_	6.4	6.0	6.3	6.7	6.8
Central government financial balance[2]	_	0.6	-0.6	-1.5	-1.8	-1.2
Current account balance[2]	_	-3.4	-3.4	-1.9	-1.9	-1.5

1. Contributions to changes in real GDP, actual amount in the first column.
2. As a percentage of GDP.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170345

since the fiscal position remains robust, the government has space to extend the stimulus if needed. In the longer term, decreasing copper prices and collecting the expected revenues from the tax reform could present challenges to converge to the structural budget balance.

Lower potential growth calls for structural reforms

Declining copper prices and demand from China raise doubts about the extent to which the mining sector can continue to be a driver of growth and a provider of employment. To boost productivity outside commodity-related sectors, the government is implementing a productivity agenda that seeks to diversify the export basket by enhancing strategic sectors. Additionally, it is developing an energy agenda to reduce energy costs and promote investment in the energy sector to unblock bottlenecks. Finally, the education reform, that is currently being discussed, aims to improve human capital in the medium and long term.

Risks are on the downside

The key external risk relates to downside risks to Chinese growth, which if they materialise could result in further sustained copper price declines. This would hurt investment and reduce growth, and lead to further exchange rate depreciation and higher inflation.

CHINA

Growth has declined somewhat in 2014 amidst the on-going property market correction and the resulting weak demand in upstream industries. The authorities have adopted a series of measures to support growth, and investment in infrastructure and social housing is expected to accelerate to meet urbanisation needs. Growth is projected to continue to edge down in the next two years, to around 7%. The current account surplus is set to widen somewhat to about 2¾ per cent of GDP.

The slowdown is expected to reduce imbalances, and not jeopardise job creation, which remains buoyant as the service sector expands. Indeed, attempts to spur growth would only draw out the correction process and aggravate already high leverage, misallocation of capital and accumulation of bad debt. Implicit guarantees should be removed and small firms should be subject to more rigorous reporting and disclosure requirements to enhance their access to bank credit.

Growth continues to slow

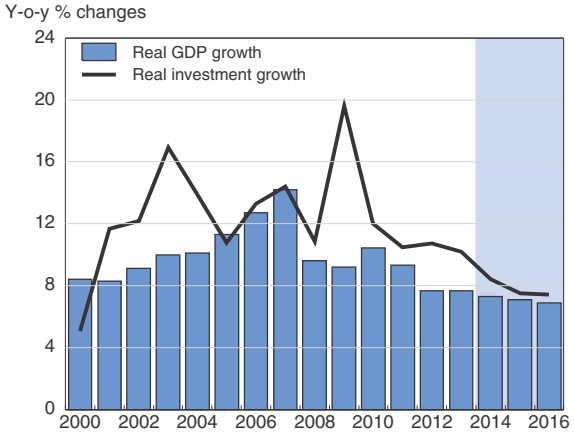
GDP growth has declined as the property market correction gathered pace in the course of 2014. Sales fell more than new housing starts, pushing up vacancy rates to long-time highs. High inventories of residential property are driving property prices down, particularly in third- and fourth-tier cities. In first-tier cities, prices have risen to very high levels relative to disposable incomes. Weak property investment exacerbates overcapacity problems in upstream industries, such as steel, cement and flat glass. Consumption has also been sluggish owing to a cutback on travel and catering expenses of public agencies and to weak housing-related spending. Employment creation remains buoyant, however, on the back of service sector expansion that is more job-intensive than manufacturing.

Disinflationary pressures have gained momentum

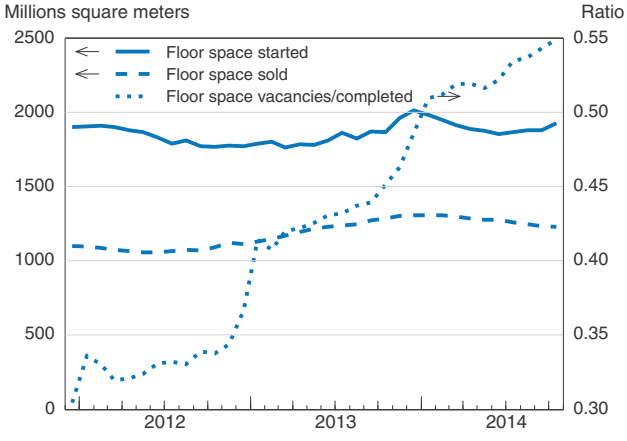
Non-food inflation remains subdued as prices of industrial products and inputs continue to decline, notwithstanding labour shortages and resulting strong wage growth. Headline inflation has lately been running well below 2%, helped by weak fresh food prices.

China

Growth slowed as its major driver slackened



Housing vacancy rates are increasing



Source: CEIC; and OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169815

China: **Macroeconomic indicators**

	2012	2013	2014	2015	2016
Real GDP growth	7.7	7.7	7.3	7.1	6.9
GDP deflator (per cent change)	2.0	1.7	1.0	1.7	2.0
Consumer price index (per cent change)	2.6	2.6	2.1	2.6	3.0
Fiscal balance (per cent of GDP)[1]	-0.2	-0.6	-1.1	-1.3	-1.3
Current account balance (per cent of GDP)	2.6	2.0	2.4	2.8	2.8

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 96 database.

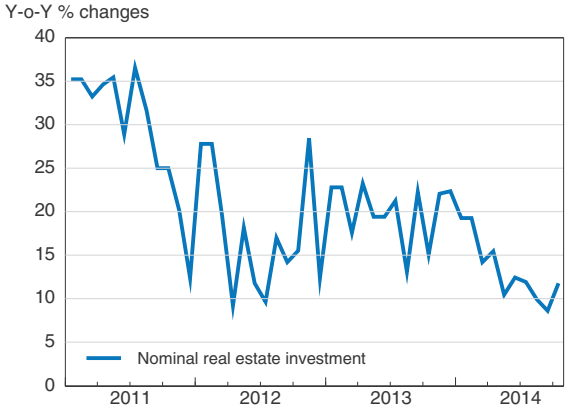
StatLink http://dx.doi.org/10.1787/888933170603

Monetary stimuli are supporting growth

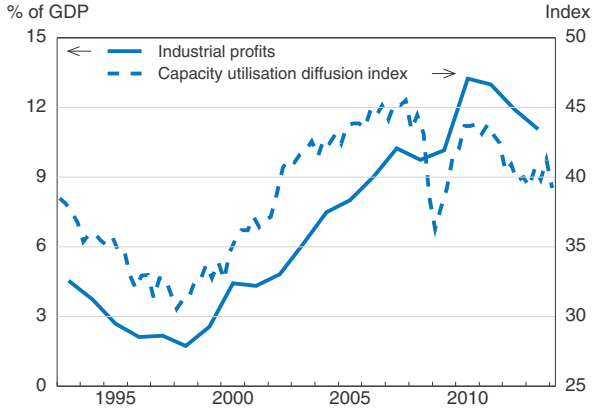
The sharp slowdown in economic activity in early 2014 prompted the introduction of a series of monetary stimuli, culminating most recently in a sizeable across-the-board reduction in policy rates. Reserve requirements were cut for rural banks and smaller financial institutions catering for small businesses. So were policy lending rates to small firms. The authorities also allowed a sizeable reduction in the mortgage lending rate. Conditions governing mortgage lending were subsequently made less restrictive for second-time home buyers. In addition, new monetary policy instruments targeting large banks boosted liquidity, resulting in a fall of money market rates, but lending rates for smaller private firms remain high and their access to loans limited. In late November, the authorities cut the one-year deposit and lending rates by 25 and 40 basis points, respectively, while giving banks greater flexibility to set deposit rates. Hardening the budget constraints of state-owned firms would crowd in private borrowers and help work off excess capacity. Orderly defaults of real-estate and sub-national government-related trust products would sharpen risk awareness.

China

Real estate investment growth has stabilised



Capacity utilisation and profits are easing



Source: CEIC; and OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169827

China: **External indicators**

	2012	2013	2014	2015	2016
			$ billion		
Goods and services exports	2 248.3	2 425.0	2 553.8	2 765	2 975
Goods and services imports	2 016.5	2 189.6	2 266.6	2 404	2 581
Foreign balance	231.8	235.4	287.2	360	394
Net investment income and transfers	- 16.5	- 52.6	- 50.0	- 57	- 57
Current account balance	215.4	182.8	237.2	303	336
			Percentage changes		
Goods and services export volumes	5.3	8.6	6.2	7.9	6.9
Goods and services import volumes	6.3	10.7	5.5	5.5	6.6
Export performance[1]	1.8	5.8	3.6	3.2	1.0
Terms of trade	2.8	1.3	1.0	- 0.2	0.0

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

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170615

The renminbi exchange rate reversed course after weakening briefly

The renminbi has recovered following a short-lived depreciation in early 2014, when its daily trading band was widened as part of a series of measures to fend off speculation, enhance capital account convertibility and further internationalise the currency.

Fiscal measures have been introduced to support growth

Recent fiscal measures to support growth include accelerated urban infrastructure and social housing investment. The budget deficit is projected to widen somewhat over 2014-16, but overall gross public debt – including sub-central levels – is set to remain around 50% of GDP (central government debt is around 20% of GDP). The revision of the Budget Law in August 2014 is a milestone in putting public finances on a sustainable footing. It allows sub-national governments to issue debt, thereby reducing maturity mismatches and financing costs. A still unaddressed risk is related to a proliferation of funds set up by ministry departments. These funds should be made more transparent and their proceeds channelled to the budget.

Growth is slowing

Growth is expected to slow over 2015-16 as excess capacity in the real estate and some industrial sectors is being worked off. Slackening investment growth in those sectors will weaken commodity imports. Consumption, however, will remain relatively strong, nudging up headline inflation.

Risks are on the downside

Risks are mostly on the downside. The property market adjustment is a drag on growth and may prove more difficult than assumed, but delaying the correction would only build up further vulnerabilities and crowd out more productive investment. Another downside risk relates to the slowdown in property-related sub-national revenues, which would lead to lower investment spending. Furthermore, shadow banking activity has grown very rapidly, though the pace of its expansion has been reined in. However, a stronger-than-expected global recovery would boost exports, investment and growth. Also, rapid increases in rural disposable income may result in higher consumption than projected.

COLOMBIA

Economic growth has been solid but is projected to moderate in 2015, as lower export prices reduce investment and export growth, and private consumption slows due to tighter credit conditions. In 2016, growth will pick up again as infrastructure investment accelerates and external demand gains momentum. Inflation will remain stable around its target as there is no significant build-up of excess demand pressures, while unemployment will stabilise at around 9½ per cent.

Monetary policy should remain neutral to keep inflation near the target, as inflation expectations are well anchored. Fiscal consolidation in line with the fiscal rule is welcome, but the tax mix should change to support inclusive growth.

Growth remains solid

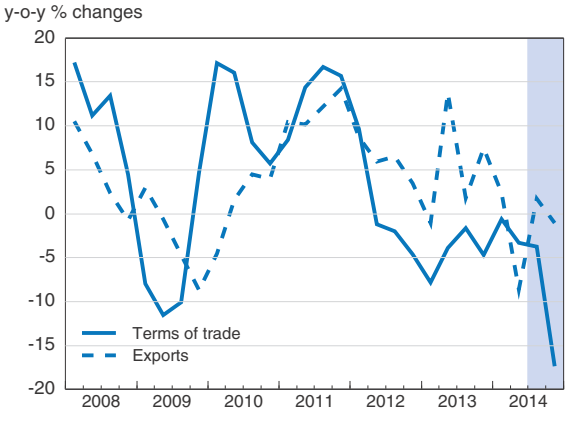
Growth has picked up somewhat in 2014 on the back of strong investment and private consumption, underpinned by buoyant residential and infrastructure investment and a strong labour market. Business and consumer confidence remain high. Despite a moderate pick-up in exports since the second quarter of 2014 due to stronger demand from the United States, export growth remains subdued due to weaker terms of trade. Investment in oil and mining will moderate gradually as firms delay exploration projects.

The macroeconomic policy stance is appropriate

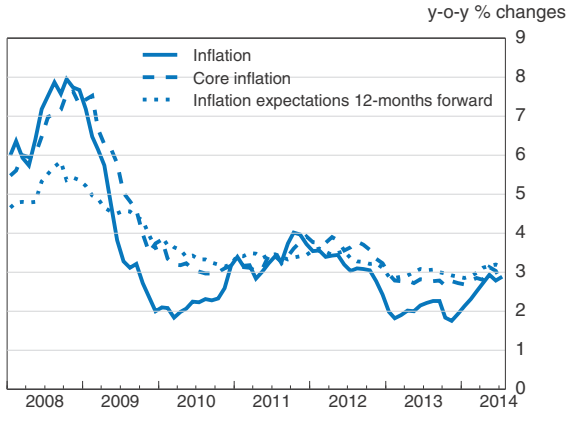
Monetary policy has contained inflation to the 2-4% target range since mid-2009, even as GDP growth has been strong and unemployment has declined. After falling slightly below the target range in 2013 due to temporary shocks, such as drops in food and regulated prices, and to some economic slack, inflation has returned to near the 3% midpoint. Inflation expectations have been well anchored around 3% since early 2013. With output near potential, little inflationary pressure and significant uncertainty regarding oil prices and external demand, the current neutral policy stance is appropriate.

Colombia

A deterioration in the terms of trade is reducing export growth



Inflation and inflation expectations have stabilised around the target mid-point



Source: Banco de la Republica; and OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169836

Colombia: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices Colombian Peso trillions	Percentage changes, volume (2005 prices)				
GDP at market prices	619.9	4.0	4.7	4.9	4.4	4.7
Private consumption	379.5	4.4	4.2	4.6	4.0	4.3
Government consumption	99.8	5.7	5.8	5.2	2.6	3.4
Gross fixed capital formation	146.3	4.6	6.1	11.9	4.5	6.5
Final domestic demand	625.6	4.7	4.9	6.5	3.9	4.7
Stockbuilding[1]	1.7	0.0	-0.2	0.2	-0.2	0.0
Total domestic demand	627.3	4.9	4.5	6.6	3.6	4.8
Exports of goods and services	116.1	6.1	5.4	-1.6	5.8	6.3
Imports of goods and services	123.6	8.9	4.5	7.9	2.0	5.9
Net exports[1]	-7.4	-0.6	0.1	-1.9	0.5	-0.3
Memorandum items						
GDP deflator	_	3.2	1.5	1.1	1.2	3.1
Consumer price index	_	3.2	2.0	2.7	3.0	3.0
Private consumption deflator	_	2.8	1.7	2.6	3.0	3.0
Unemployment rate	_	10.4	9.6	9.2	9.4	9.5
Current account balance[2]	_	-3.1	-3.3	-4.2	-4.1	-3.9

1. Contributions to changes in real GDP, actual amount in the first column.
2. As a percentage of GDP.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170691

Gradual fiscal consolidation should be continued

Fiscal policy should continue the gradual consolidation path set by the fiscal rule, which requires an annual improvement by 0.2 percentage point of GDP in the central government's structural balance from 2015 to 2022. The government has proposed several tax policy changes to raise more revenue in 2015 to meet the fiscal target. While this is welcome, the tax mix should shift towards more growth friendly measures. Notably, the high tax burden on firms likely discourages future investment. Expenditure priorities could be shifted towards social and education spending.

Growth will moderate but remain strong

During 2015, residential construction and private consumption are projected to slow somewhat due to tighter credit conditions, the probable withdrawal of mortgage rate subsidies and a less buoyant labour market. Government consumption will also slow down to meet the budget balance target for 2015. Investment is projected to remain strong as private and subnational infrastructure outlays increase. Agricultural and manufacturing exports will gradually accelerate, taking advantage of better market access to the United States under the recently ratified bilateral free trade agreement and the real depreciation of the peso. Coal and oil exports will also recover somewhat from recent supply disruptions.

Risks are tilted to the downside

Weaker global growth and a further decline in commodity prices would affect Colombia's investment and balance of payments. Government revenues would also fall as the profits of the state oil company (Ecopetrol) are squeezed. US monetary policy normalisation could imply tighter international financing conditions, and spikes in uncertainty could increase asset price volatility and capital outflows. Upside risks include stronger demand from the United States and a successful completion of the peace talks between the government and the FARC movement.

CZECH REPUBLIC

The recovery is becoming more balanced as supportive financial conditions, government spending, rising confidence and stronger incomes are strengthening domestic demand in 2014 and 2015. The strength of domestic demand is offsetting the headwinds to exports from near-term weakness in export markets. As exports also recover, economic slack will diminish and push inflation to 2% by 2016.

Monetary policy is concentrated on preventing deflation, but by 2016 policy will likely need to refocus on pre-empting rising inflation. This will involve allowing the exchange rate to float freely and raising the policy rate again. For a more sustainable recovery, the authorities should continue implementing measures to strengthen competition.

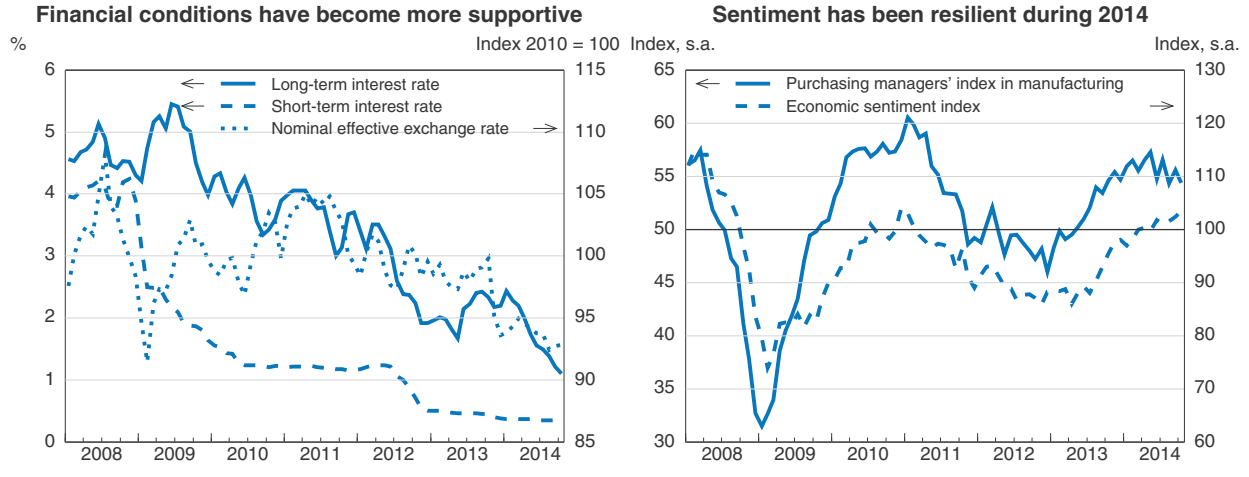
A recovery is finally underway

Consumer confidence has oscillated around a relatively high level since mid-2014, which, together with continued positive income growth, has supported private sector demand. At the same time, trade has faced headwinds from weak external demand, despite the depreciation of the exchange rate since late 2013. Nonetheless, the unemployment rate has remained around 6¼ per cent and inflation has moved away from zero, easing the deflation concerns that have been dominating monetary policy.

Monetary and fiscal policies are supporting growth

Financial conditions are supporting growth. Short-term interest rates remain close to zero and long-term rates have reached their lowest point in a decade. To reduce the risk of deflation, in July 2014 the Czech National Bank extended the current exchange rate floor until at least the beginning of 2016. In effective terms, the koruna has depreciated further. However, as inflationary pressures rise, the central bank intends to allow the exchange rate to float freely and return to using policy rates as its main instrument. Fiscal policy will, appropriately, be expansionary in 2015, before becoming slightly restrictive.

Czech Republic



Source: OECD Economic Outlook 96 database; Markit; and Eurostat.

StatLink http://dx.doi.org/10.1787/888933169566

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

	2011	2012	2013	2014	2015	2016
	Current prices CZK billion	Percentage changes, volume (2010 prices)				
GDP at market prices	4 019.7	-0.7	-0.7	2.4	2.3	2.7
Private consumption	1 982.8	-1.7	0.4	1.5	1.9	2.3
Government consumption	792.2	-1.0	2.3	1.6	2.1	1.7
Gross fixed capital formation	1 067.4	-2.8	-4.4	4.5	4.0	3.4
Final domestic demand	3 842.4	-1.9	-0.6	2.3	2.5	2.5
Stockbuilding[1]	19.5	-0.2	-0.2	0.1	0.0	0.0
Total domestic demand	3 861.8	-2.1	-0.8	2.5	2.5	2.5
Exports of goods and services	2 875.3	4.3	0.3	8.3	4.8	6.3
Imports of goods and services	2 717.4	2.6	0.3	8.9	5.2	6.3
Net exports[1]	157.9	1.3	0.0	0.0	0.0	0.5
Memorandum items						
GDP deflator	_	1.4	1.7	2.6	1.9	1.8
Consumer price index	_	3.3	1.4	0.3	1.1	1.8
Private consumption deflator	_	2.5	1.0	0.4	1.1	1.8
Unemployment rate	_	7.0	6.9	6.3	6.2	6.0
General government financial balance[2]	_	-4.0	-1.3	-1.4	-2.1	-1.5
General government gross debt[3]	_	53.0	53.1	51.9	52.4	52.2
General government debt, Maastricht definition[2]	_	45.5	45.7	44.5	45.0	44.8
Current account balance[2]	_	-1.6	-1.4	-0.1	0.1	0.2

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170355

As GDP growth picks up, inflation is projected to rise further

The supportive domestic conditions should sustain the recovery and push inflation towards the 2% target. In the near term, growth will be supported by government spending, particularly on infrastructure financed by EU structural funds. By 2016, a recovery in private investment should be well under way. Throughout the projection period, consumption growth will be supported by faster household income growth, driven by higher employment and stronger wage growth.

Government investment could accelerate the convergence process

To secure the full benefits to the economy of the boost to government investment spending from EU structural funds, a greater focus on efficient and effective spending is needed. Announced spending priorities include infrastructure, innovation and regional development, but spending targets were missed repeatedly in previous years. Efficient use of these funds could boost productivity growth and accelerate the income convergence process.

The main risks are broadly balanced

Risks are broadly balanced. Private sector confidence may be dented by further adverse developments in Russia and Ukraine. Another downside risk is a repeat of poor take-up of EU funds. A weaker-than-expected German economy would hit Czech participation in global supply chains, and, more generally, an unanticipated weakness in the euro area economy would hit exports. On the upside, the rise in confidence could lead to a faster recovery in private demand than assumed.

DENMARK

Economic growth remains weak, but domestic demand is projected to recover in 2015, underpinned by supportive monetary policy and broader improvements in financial conditions. External demand growth is expected to be modest, but to recover in the course of 2016.

The underlying stance of fiscal policy has been expansionary in 2014 and is expected to turn broadly neutral in 2015 and 2016. Additional structural reforms that encourage competition in domestically-oriented service sectors are needed. In an environment of high household debt and very low interest rates, continued efforts to enhance financial stability and reduce policy distortions in housing markets are warranted.

The underlying pace of activity remains weak

The underlying pace of economic activity has been subdued in 2014, with sluggish domestic and external demand. Corporate saving is at historically high levels, but significant spare capacity continues to weigh on investment growth. Private consumption has grown little over the year despite improvements in labour market conditions and consumer confidence. Consistent with weak underlying demand, inflation is very low.

Financial conditions are supportive

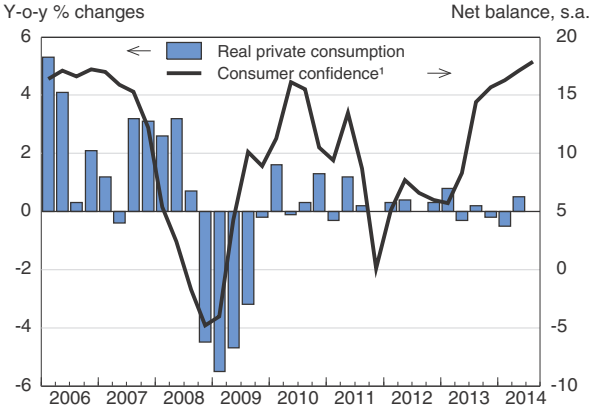
House prices have been rising steadily, although this has translated into only modest growth in residential investment so far. Equity prices have increased notably since the end of 2013 and interest rates on outstanding household and business loans are expected to remain at their current very low levels throughout the projection period.

The fiscal stance is set to be neutral

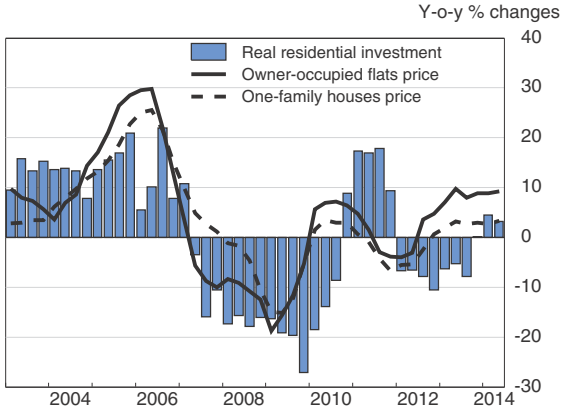
The fiscal stance has been expansionary in 2014, but is assumed, based on government plans, to be broadly neutral in 2015 and 2016. The headline government deficit is set to widen in 2016 due to the end of one-off government revenues related to the tax treatment of pensions.

Denmark

Real consumption remains anaemic, despite increasing confidence



House prices have been rising



1. Three-month moving average.

Source: OECD Economic Outlook 96 database; OECD Monthly Economic Indicators database; and Statistics Denmark.

StatLink http://dx.doi.org/10.1787/888933169571

Denmark: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices DKK billion	Percentage changes, volume (2010 prices)				
GDP at market prices	1 832.8	-0.8	-0.1	0.8	1.4	1.8
Private consumption	887.6	0.2	0.1	0.6	2.0	2.5
Government consumption	490.6	0.0	0.1	0.9	0.8	0.7
Gross fixed capital formation	337.3	0.5	0.6	1.8	1.6	2.7
Final domestic demand	1 715.4	0.2	0.2	0.9	1.6	2.0
Stockbuilding[1]	15.6	-0.6	0.1	0.3	-0.2	0.0
Total domestic demand	1 731.0	-0.4	0.3	1.2	1.3	2.0
Exports of goods and services	970.7	-0.1	1.2	1.2	2.6	3.0
Imports of goods and services	868.9	0.7	2.2	2.2	2.7	3.6
Net exports[1]	101.7	-0.4	-0.4	-0.4	0.1	-0.1
Memorandum items						
GDP deflator	_	2.5	1.6	0.8	1.6	1.7
Consumer price index	_	2.4	0.8	0.5	0.7	1.2
Private consumption deflator	_	2.5	1.1	0.5	1.1	1.3
Unemployment rate[2]	_	7.5	7.0	6.6	6.3	6.1
Household saving ratio, net[3]	_	-1.2	-1.5	2.3	1.3	2.0
General government financial balance[4]	_	-3.9	-0.7	-1.7	-2.2	-2.3
General government gross debt[5]	_	60.3	57.3	58.9	60.9	63.0
General government debt, Maastricht definition[4]	_	45.6	45.0	46.6	48.7	50.7
Current account balance[4]	_	5.5	7.1	6.2	6.9	7.0

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170364

Stronger domestic demand will boost the economic recovery

Household consumption and business investment growth are projected to gradually increase over the projection period, aided by increases in household incomes resulting from recent productivity-enhancing reforms and supportive domestic financial conditions. Activity may be further bolstered by stronger export markets. The negative growth impact of declining North Sea oil and gas reserves is expected to be minor compared with recent years. The unemployment rate will decline further as growth picks up, but inflationary pressures are expected to remain contained, given the degree of economic slack that will remain.

Risks derive from both domestic and external sources

The possibility of significant further weakness in major export markets, notably in the euro area, poses a downside risk to the growth projections. On the upside, the high level of consumer confidence and supportive financial conditions could have an unexpectedly large impact on domestic demand growth.

ESTONIA

Economic growth is projected to strengthen gradually. Strong wage growth and falling unemployment will fuel private consumption growth. Exports, however, will be held back by weak economic growth in some of Estonia's main trading partners and by losses in cost competitiveness due to high wage growth.

The government's financial position is strong and the fiscal stance broadly neutral. A somewhat looser fiscal stance would raise debt somewhat from its very low level, but would also finance medium-term fiscal priorities, including active labour market measures, education and infrastructure spending. Further steps to reduce taxes on labour earnings, in particular on low earnings, would also raise potential growth.

Economic activity is strengthening

Economic activity has strengthened as exports have recovered and private consumption has grown vigorously, underpinned by real wage gains, declining unemployment and low interest rates. Wage increases have been driven by skill shortages, declining unemployment and an increase in the minimum wage. Job opportunities in neighbouring Finland, where wages are higher, have contributed to cross-border work and emigration, adding to domestic wage pressure. Investment growth has been low on account of subdued business confidence and temporarily lower EU transfers. Confidence has been hurt by heightened geopolitical tensions and weakness in some of Estonia's main trading partners.

Fiscal policy is broadly neutral

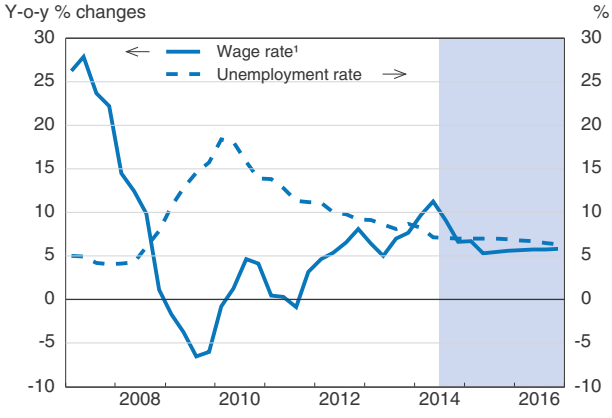
The government will raise spending on child and family cash benefits and free school meals in 2015. Income tax and unemployment insurance contribution cuts have also been announced for 2015. These measures will be offset by some broadening of the VAT tax base as well as higher tobacco and alcohol taxes. The government's budget balance is projected to remain slightly negative in 2015 and 2016.

Estonia

Export and GDP growth will recover slowly



Wage growth has been strong and unemployment has declined



1. Average nominal wage per employee, seasonally adjusted.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169587

Estonia: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices € billion	Percentage changes, volume (2010 prices)				
GDP at market prices	16.4	4.7	1.6	2.0	2.4	3.4
Private consumption	8.3	5.1	3.8	3.7	3.8	4.2
Government consumption	3.1	3.3	2.8	0.4	1.2	1.7
Gross fixed capital formation	4.2	10.4	2.5	2.1	2.2	4.8
Final domestic demand	15.6	6.2	3.2	2.6	2.9	3.9
Stockbuilding[1]	0.2	-1.4	-2.3	1.5	0.2	0.0
Total domestic demand	15.8	5.2	1.3	4.1	3.1	3.9
Exports of goods and services	14.1	8.3	2.6	2.7	3.3	4.5
Imports of goods and services	13.5	12.2	3.1	1.8	3.4	5.1
Net exports[1]	0.6	-2.9	-0.5	0.8	0.0	-0.4
Memorandum items						
GDP deflator	_	2.7	4.5	1.7	1.6	2.0
Harmonised index of consumer prices	_	4.2	3.2	0.5	0.9	1.7
Private consumption deflator	_	3.4	3.1	1.1	0.8	1.5
Unemployment rate	_	10.0	8.6	7.4	7.0	6.6
General government financial balance[2]	_	-0.3	-0.5	-0.3	-0.3	-0.2
General government gross debt[3]	_	13.2	13.5	12.9	12.2	11.4
General government debt, Maastricht definition[2]	_	9.7	10.1	9.5	8.8	8.0
Current account balance[2]	_	-2.1	-1.4	0.1	0.0	-0.2

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170373

Domestic demand will stimulate growth

Economic growth is projected to strengthen gradually on the back of stronger income-driven household consumption. Export growth will be held back by poor growth in export markets, notably Finland and Russia, which account for 16% and 11% of Estonia's exports, and eroding cost competitiveness. Investment will strengthen slowly as capacity utilisation rises. Unemployment will fall further, but employment gains are projected to be modest due to skill mismatches and the emigration of young workers. Inflation is projected to increase only slowly, despite strong wage growth, due to low global commodity prices and remaining slack.

Downside risks prevail

A weaker external environment, including in the euro area, would trim growth, as would heightened geopolitical tensions, particularly regarding Ukraine. Further declines of competitiveness could harm growth prospects to a greater extent than projected. Emigration of young Estonians risks lowering labour supply more than projected, which would reduce the potential growth rate.

EURO AREA

Growth in the euro area slumped as 2014 wore on, and inflation — already negative in some countries — continued to drift down, reflecting considerable excess capacity. Economic activity is projected to recover slowly as confidence improves and uncertainty about banks' balance sheets declines. However, growth will remain weak because of still-high public and private debt, tight credit conditions and high unemployment. A number of countries are still vulnerable to financial turmoil or other negative shocks. High unemployment and large margins of excess capacity will recede only slowly, putting continued downward pressure on inflation.

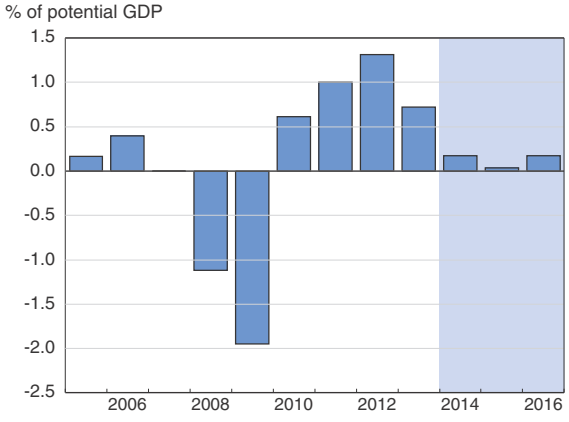
The pace of fiscal consolidation has eased considerably, significantly reducing one of the drags on growth. Going forward, countries should take all available room under EU fiscal rules to avoid pro-cyclical fiscal contraction, and should allow the automatic stabilisers to operate fully. Given the very weak euro area economy and the risk of deflation, the ECB should further expand its monetary support, including through asset purchases ("quantitative easing"). Structural reforms in labour and product markets are urgently needed to boost growth and jobs; in particular, the EU Single Market programme should be completed.

The recovery is very weak and fragile

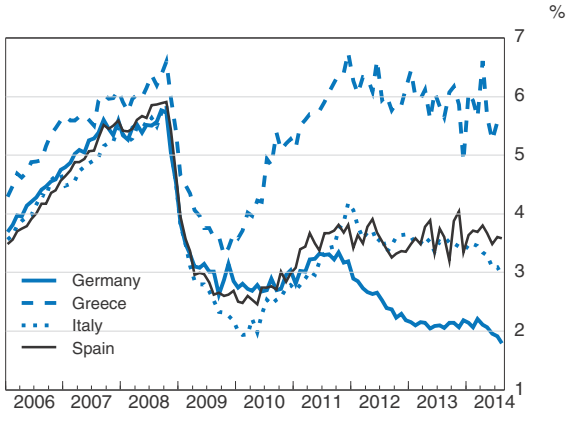
The euro area stagnated in the second quarter of 2014 and the subsequent recovery is weak and fragile. Investment and confidence are low and have declined overall since spring 2014, reflecting significant geopolitical risks and uncertainty about the underlying strength of the euro area economy and world economic prospects. Weak private sector balance sheets, credit constraints and high unemployment are undercutting demand. High margins of economic slack are keeping inflation very low. In the large euro area countries, unexpected weakness re-surfaced in 2014. By contrast, some of the vulnerable countries have made progress, as structural reforms have begun to take effect and improved competitiveness has reduced large current account deficits.

Euro area

The pace of fiscal consolidation will ease
Changes in the underlying primary balance



Interest rate spreads are still high
Interest rates for loans to enterprises[1]



1. 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 96 database.

StatLink http://dx.doi.org/10.1787/888933169401

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

Percentage changes

	2012	2013	2014	2015	2016
Employment	-0.7	-0.7	0.4	0.4	0.6
Unemployment rate[1]	11.2	11.9	11.4	11.1	10.8
Compensation per employee[2]	1.4	1.6	1.7	1.9	1.7
Labour productivity	-0.2	0.3	0.5	0.7	1.1
Unit labour cost	1.4	1.2	1.1	1.2	0.5
Household disposable income	0.0	0.6	1.6	2.0	2.1
GDP deflator	1.3	1.3	1.0	1.0	1.0
Harmonised index of consumer prices	2.5	1.3	0.5	0.6	1.0
Core harmonised index of consumer prices[3]	1.5	1.1	0.8	0.8	1.0
Private consumption deflator	1.9	1.1	0.7	0.7	1.0

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 96 database.

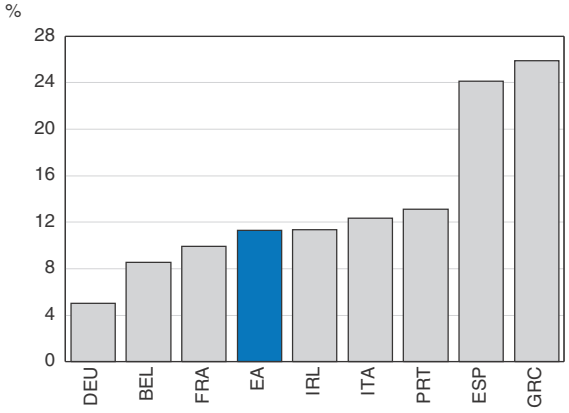
StatLink http://dx.doi.org/10.1787/888933170277

Rebalancing is progressing

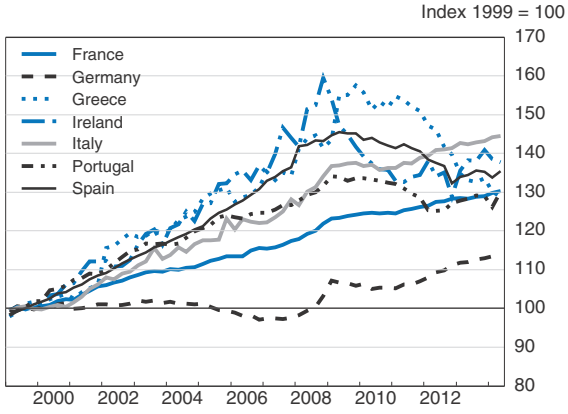
Internal euro area rebalancing is progressing, supported by fiscal consolidation, significant adjustment in unit labour cost and improved export performance in some countries. All vulnerable countries now have current account surpluses, although these will recede as domestic demand recovers. However, these countries still have large foreign debt, which will require many years of strong current account positions to reduce. Thus, further progress on restoring competitiveness and reallocating resources towards tradable goods will be needed. At the same time, the core euro area countries that already had current account surpluses can

Euro area

Unemployment[1] is high in almost all countries



Competitiveness has improved in most vulnerable countries[2]



1. Unemployment rate refers to Q3 2014.
2. Based on unit labour costs.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169410

Euro area: **Financial indicators**

	2012	2013	2014	2015	2016
Household saving ratio, net[1]	6.6	6.7	6.9	7.1	6.9
General government financial balance[2]	-3.6	-2.9	-2.6	-2.3	-1.9
General government gross debt[3]	105.1	107.2	108.2	108.4	108.5
General government debt, Maastricht definition[2]	91.1	93.3	94.3	94.6	94.7
Current account balance[2]	2.2	2.8	3.0	3.1	3.2
Short-term interest rate[4]	0.6	0.2	0.2	0.1	0.1
Long-term interest rate[5]	3.7	2.9	2.0	1.6	1.6

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170283

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

Risk perceptions have improved but credit conditions remain tight

Financial conditions have improved somewhat, and risk perceptions regarding the vulnerable countries have eased from their earlier peaks. Government bond yields have declined further, reflecting increased risk taking. However, credit to the private sector continued to decline and the cost for bank credit for non-financial enterprises remains relatively high in the vulnerable countries.

The credit system needs to be strengthened

Much has been achieved in setting up a comprehensive banking union, and the focus should now shift to implementation. In particular, it

Euro area: **Demand and output**

	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
	Current prices € billion	Percentage changes from previous year, volume (2011 prices)					
GDP at market prices	9 861.2	0.8	1.1	1.7	0.7	1.4	1.8
Private consumption	5 516.1	0.7	1.0	1.3	0.9	1.2	1.4
Government consumption	2 080.2	0.8	0.4	0.6	0.9	0.5	0.7
Gross fixed investment	1 934.3	0.5	1.2	3.1	-0.6	2.5	3.3
Final domestic demand	9 530.6	0.7	0.9	1.5	0.6	1.3	1.6
Stockbuilding[1]	- 11.4	0.1	0.0	0.0			
Total domestic demand	9 519.1	0.8	1.0	1.5	0.8	1.3	1.6
Net exports[1]	342.0	0.0	0.1	0.2			

Note: Detailed quarterly projections are reported for the major seven countries, the euro area and the total OECD in the Statistical Annex. 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 96 database.

StatLink http://dx.doi.org/10.1787/888933170293

Euro area: **External indicators**

	2012	2013	2014	2015	2016
			$ billion		
Foreign balance	336.8	454.3	507.9	524	550
Invisibles, net	- 55.6	- 85.3	- 110.9	- 125	- 132
Current account balance	281.1	369.0	397.0	399	418

Note: Covers the euro area countries that are members of the OECD.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170305

is important to ensure that a Single Resolution Mechanism with effective decision-making is operational soon throughout the area. The result of the comprehensive assessment of banks' balance sheets should be used as a basis for cleaning up non-performing loans, corporate restructuring and strengthening bank balance sheets. This requires swift recapitalisations or resolutions of banks as necessary.

Fiscal consolidation is set to moderate

Area-wide fiscal consolidation (in terms of the underlying primary balance) slowed markedly in 2014 and is set to be less than ¼ per cent of GDP in 2015 and 2016. Even though the largest part of the required fiscal adjustment has been done in many countries, strong fiscal positions will need to be maintained for many years to bring public debt down. Given persistent economic weakness and fragility, the projections assume that fiscal consolidation targets are adjusted in some countries in line with recent national proposals to allow for a slower pace of structural budget improvements. Automatic stabilisers should be allowed to work around structural consolidation paths.

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

Economic slack is projected to be sizeable even at the end of 2016. Even though the euro has depreciated, reflecting expectations of a tighter monetary stance in the United States than in the euro area, disinflationary pressures will continue and inflation is projected to remain well below the ECB definition of price stability. The ECB should therefore introduce additional stimulus measures to keep long-term interest rates constant over the coming two years. Such expansionary monetary policy poses risks for financial stability, however, and macro-prudential measures will be important to help containing them.

Near-term growth will remain slow

Real GDP growth is projected to rise slowly in 2015 and 2016 as confidence improves, the strengthening of banks' balance sheets continues and demand is supported by the effects of a weaker euro and past oil price declines seeping through. However, private demand will remain fragile in most countries, with still-high debt, tight credit conditions and high structural unemployment bearing on economic activity. Unemployment is projected to decline only gradually from currently high levels.

Risks are firmly on the downside

Large downside risks predominate. Protracted demand weakness could intensify, possibly pushing the economy into deflation and further damaging growth. Geopolitical risks or insufficient progress on structural reforms in both debtor and creditor countries could undermine confidence, weaken activity and reduce the effectiveness of monetary stimulus. Failure to recapitalise or resolve weak banks or insufficient progress in implementing the banking union would hinder credit markets. On the other hand, further depreciation of the euro as the monetary stances in the United States and the euro area diverge further, successful measures associated with the comprehensive assessment of banks, or more rapid progress on institutional and structural reform could boost growth more than projected.

FINLAND

Output is set to contract for the third year in a row in 2014. Rising unemployment and mounting uncertainties are undermining business and consumer confidence. Fiscal tightening is also weighing on economic activity. The upturn in both domestic and foreign demand is projected to be slow, as subdued income growth holds back consumption, global growth remains sluggish and ample spare capacity delays a pick-up in investment.

The implementation of the government's structural reform programme to increase labour force participation and public sector efficiency is critical to ensure fiscal sustainability over the longer term, as age-related spending increases.

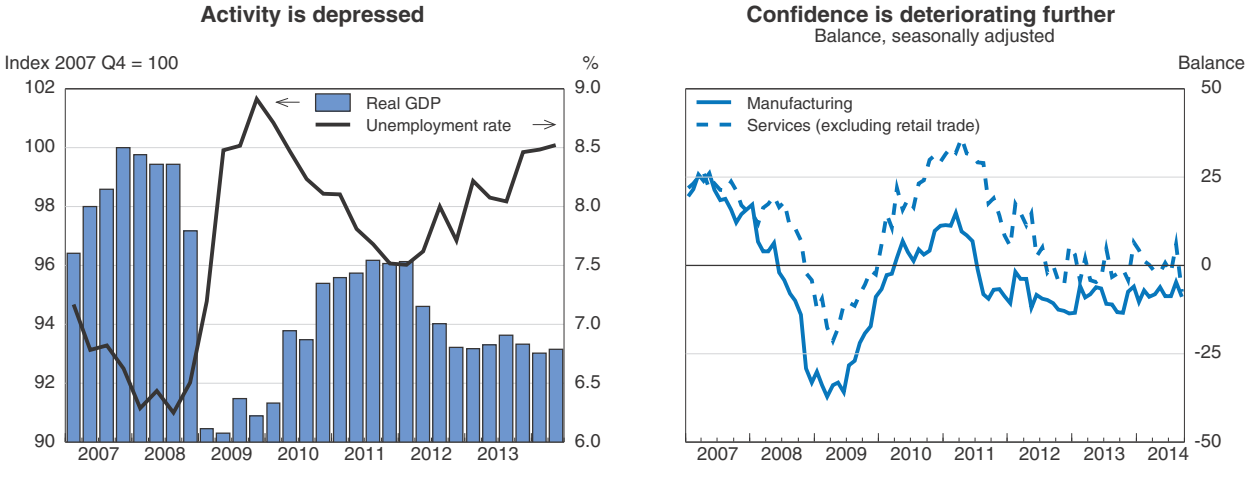
Output continues to shrink

All components of domestic demand are falling in 2014, and real GDP will contract for the third year in a row. Weak household income growth and rising unemployment are lowering private consumption and residential investment. Furthermore, uncertainties related to the euro area economy and developments in Ukraine have depressed consumer and business confidence. Low interest rates and ample credit availability continue to support the economy, although credit growth is subdued as a result of weak demand. Indeed, low capacity utilisation is cutting investment needs. Soft domestic demand is reflected in lower imports, while export growth is held down by the sluggish global economy. The large degree of economic slack is pulling down inflation.

Fiscal consolidation will weigh on the recovery

Although fiscal consolidation is moderate and fiscal multipliers are relatively low in a small open economy like Finland, a fairly tight fiscal stance acts as a drag on a fragile recovery. Tax increases and spending restraint will reduce the deficit in the short term. However, the long-term sustainability of public finances depends chiefly on structural reforms,

Finland



Source: OECD, Main Economic Indicators database; and OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169596

Finland: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices € billion	Percentage changes, volume (2010 prices)				
GDP at market prices	196.9	-1.5	-1.2	-0.2	0.9	1.3
Private consumption	105.8	0.1	-0.7	-0.4	0.2	1.1
Government consumption	46.5	0.7	1.5	-0.7	0.0	0.0
Gross fixed capital formation	43.8	-2.5	-4.9	-3.2	1.3	2.5
Final domestic demand	196.0	-0.3	-1.1	-1.0	0.4	1.1
Stockbuilding[1,2]	2.5	-1.1	0.0	0.2	0.1	0.0
Total domestic demand	198.5	-1.2	-1.1	-0.9	0.5	1.1
Exports of goods and services	77.1	1.2	-1.7	0.3	2.9	4.6
Imports of goods and services	78.8	1.3	-2.5	-0.2	1.5	3.9
Net exports[1]	- 1.7	-0.1	0.3	0.2	0.5	0.3
Memorandum items						
GDP without working day adjustments	_	-1.5	-1.2	..	..	..
GDP deflator	_	2.6	2.4	1.3	1.2	1.0
Harmonised index of consumer prices	_	3.2	2.2	1.3	1.4	1.2
Private consumption deflator	_	3.0	2.6	1.7	1.2	1.2
Unemployment rate	_	7.7	8.2	8.5	8.6	8.5
General government financial balance[3]	_	-2.1	-2.4	-2.6	-2.1	-1.8
General government gross debt[4]	_	63.2	65.3	68.4	70.2	71.7
General government debt, Maastricht definition[3]	_	53.0	56.0	59.0	60.8	62.4
Current account balance[3]	_	-1.9	-1.4	-1.6	-1.1	-0.8

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170387

most notably with regard to pensions, health care and the labour market. Successful implementation of the government's plans in these areas will be decisive.

Growth will pick up slowly as domestic and foreign demand improve

Private consumption growth is projected to turn positive in 2015, and pick up moderately in 2016, as unemployment starts falling. Investment should start rising next year, even though it will remain weak as it will take some time to work off spare capacity. Export growth will remain modest, as demand from the euro area and Russia will be weak. Inflation will decrease throughout the projection period as spare capacity lingers.

Risks are mostly on the downside

Adverse economic developments in the euro area and an escalation of the crisis in Ukraine are major threats to Finland. Reduced geopolitical tensions or higher-than-expected global output growth would allow a stronger recovery. The on-going restructuring of the economy could also lead to the emergence of new growth sectors.

FRANCE

After stagnating in the first half of 2014, economic activity picked up slightly over the summer. Real GDP growth is projected to continue at a slow pace in 2015 and gain slightly more momentum in 2016, rising by only 0.4% in 2014, 0.8% in 2015 and 1.5% in 2016. Improvements in the global environment, a favourable exchange rate, lower energy prices, and a significantly slower pace of fiscal consolidation will help growth. The benefits of on-going and announced structural reforms are sizeable but will be perceptible mostly over the medium term.

Budget deficit reduction over 2014-16 will be significantly less ambitious than originally planned, as the 3% of GDP deficit threshold will not be reached before 2017, rather than in 2015 as had been announced in spring 2014. The slower pace of consolidation is justified by weaker growth than had been expected. Medium-term policy priorities are to significantly reduce, in relation to GDP, the high level of public spending, and to design and implement structural reforms to reduce complexity, lower administrative and regulatory burdens, and ease supply-side constraints on growth and competitiveness.

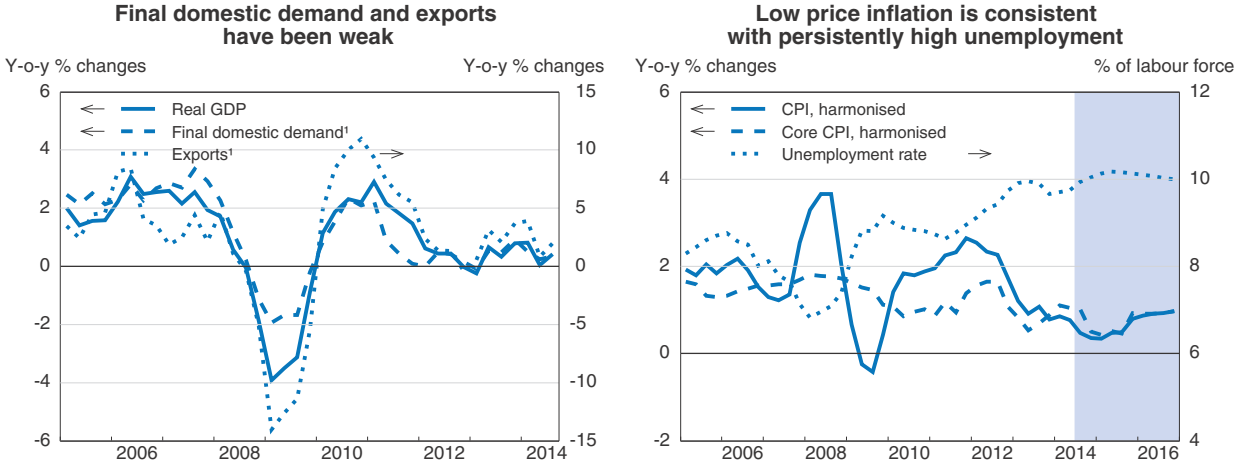
Activity is picking up slowly

After a weak expansion in 2013, growth stalled in the first half of 2014, but then picked up slightly in the third quarter, thanks largely to inventory accumulation. Investment by non-financial corporations, which had been encouraging over the second half of 2013, has weakened again. Exports have continued to fall short of the pace of global trade. And weakness in the construction sector, led by persistent declines in residential investment, has become worrying.

Unemployment has stabilised at a high level

Employment growth picked up in 2014, reflecting temporary employment and short-term subsidised jobs in the non-market sector; non-farm payrolls shrunk over the summer. The unemployment rate is

France



1. In volume.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169443

France: **Employment, income and inflation**

Percentage changes

	2012	2013	2014	2015	2016
Employment	0.0	0.0	0.1	0.1	0.6
Unemployment rate[1]	9.4	9.9	9.9	10.1	10.0
Compensation per employee[2]	2.1	1.6	1.7	1.5	1.5
Unit labour cost	1.7	0.9	1.2	0.7	0.7
Household disposable income	0.5	0.7	0.9	1.7	1.9
GDP deflator	1.2	0.8	0.8	0.7	0.8
Harmonised index of consumer prices	2.2	1.0	0.6	0.5	0.9
Core harmonised index of consumer prices[3]	1.5	0.7	0.9	0.6	0.9
Private consumption deflator	1.4	0.7	0.5	0.2	0.6
Memorandum item					
Unemployment rate[4]	9.8	10.3	10.3	10.5	10.4

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170133

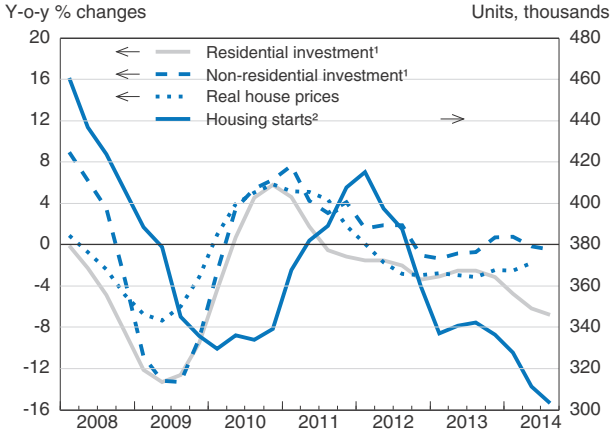
still close to 10%, and under-employment is over 6%. Labour market slack and weak growth, together with the recent fall in food and energy prices, have pushed inflation down further.

Fiscal slippage has occurred

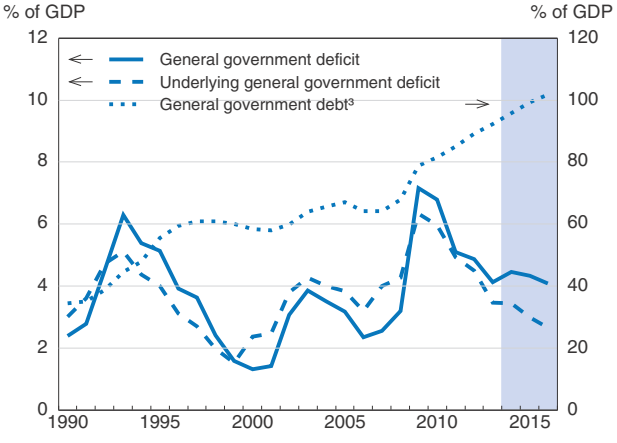
Deficit reduction has been slower than planned, mainly due to revenue shortfalls, which reflect lower real growth and inflation than previously forecast. The government has recently announced that the

France

The construction sector is still correcting



Progress on fiscal consolidation has slowed



1. In volume.
2. 12-month cumulated flows.
3. Maastricht definition.

Source: OECD Economic Outlook 96 database; and CGEDD.

StatLink http://dx.doi.org/10.1787/888933169456

France: **Financial indicators**

	2012	2013	2014	2015	2016
Household saving ratio, gross[1]	14.9	14.7	14.9	15.2	14.9
General government financial balance[2]	-4.9	-4.1	-4.4	-4.3	-4.1
General government gross debt[3]	110.5	110.4	114.1	117.4	119.8
General government debt, Maastricht definition[2]	89.3	92.2	95.8	99.3	101.8
Current account balance[2]	-1.5	-1.4	-1.7	-1.4	-1.1
Short-term interest rate[4]	0.6	0.2	0.2	0.1	0.1
Long-term interest rate[5]	2.5	2.2	1.7	1.2	1.2

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170145

pace of deficit reduction will slow down and, accordingly, the amount of structural deficit reduction is projected to again be small in 2015. This appears justified by the economic weakness. Adjustment is projected to increase somewhat in 2016, in line with somewhat stronger activity.

Government spending as a share of GDP is unsustainably high

General government spending has risen substantially in the past 15 years and now stands at 57% of GDP, the second highest in the OECD. Reducing it significantly is a prerequisite for meaningful reductions in the tax burden over the medium term. Official plans, incorporated in the

France: **Demand and output**

	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
	Current prices € billion	Percentage changes from previous year, volume (2010 prices)					
GDP at market prices	2 114.9	0.4	0.8	1.5	0.2	1.1	1.6
Private consumption	1 170.1	0.4	1.0	1.5	0.3	1.2	1.7
Government consumption	510.0	2.0	0.8	0.3	1.8	0.3	0.3
Gross fixed investment	467.7	-1.7	-1.1	1.4	-2.4	-0.1	1.9
Public	85.7	-0.5	-3.4	0.0	-1.9	-2.8	0.5
Residential	112.3	-5.9	-2.3	0.3	-5.9	-0.5	0.7
Non-residential	269.7	-0.3	0.2	2.2	-1.2	0.9	2.8
Final domestic demand	2 147.8	0.3	0.5	1.2	0.1	0.7	1.4
Stockbuilding[1]	- 1.0	0.3	0.0	0.0			
Total domestic demand	2 146.8	0.6	0.6	1.2	0.5	0.7	1.4
Exports of goods and services	598.7	2.0	3.5	4.9	1.5	4.6	5.0
Imports of goods and services	630.6	2.9	2.7	3.8	2.6	3.0	4.3
Net exports[1]	- 31.9	-0.3	0.2	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 96 database.

StatLink http://dx.doi.org/10.1787/888933170150

projection, are to reduce spending from a baseline scenario by EUR 21 billion in 2015 and a total of EUR 50 billion by 2017. However, this is not too severe, as it will still leave expenditure rising slightly in real terms, with public debt reaching 100% of GDP in 2016. Tighter spending controls, notably at local government level, need to be put in place to make room for a virtuous circle of deficit reduction followed by further cuts in business taxes and social contributions. The government should also move forward on structural reforms to reduce complexity, thereby freeing up constraints in the real economy and improving the country's competitiveness.

Subdued growth lies ahead amidst policy uncertainty

Activity is set to remain sluggish in the coming few quarters. Slow demand growth implies weak employment, along with high unemployment and under-employment. Against a soft labour market and uncertainty about economic prospects and policies, household consumption and business investment are projected to strengthen only gradually. Housing investment prospects are disquieting, as households, facing still high house prices, remain cautious when making real estate investment decisions. Real GDP growth is therefore projected to accelerate only very gradually. Domestic demand may pick up in 2016 as uncertainties dissipate somewhat. With the unemployment rate projected to stay near 10% and economic slack to remain substantial, downward pressures on inflation will persist, although inflation is projected to rise slightly in 2016 as the recent commodity price falls and euro depreciation are absorbed. The current account deficit, while remaining sizeable, should continue shrinking as the energy import bill dwindles, the terms of trade continue to rise and export market share losses slow with euro depreciation and improving cost competitiveness.

Downside risks dominate

The main risks pertain to the euro area macroeconomic environment, persisting uncertainties, including from economic policies both at the domestic and European level, and possible deeper deterioration in the construction sector. Another recession is possible if households and firms conclude that economic and policy uncertainties are not being resolved. Inflation risks are more balanced. Further euro weakness would boost prices of tradables, but lower inflation rates, or even deflation, could result if the foreseen pick-up in domestic demand fails to materialise or oil prices continue to fall.

GERMANY

Economic growth is weak, reflecting subdued activity in euro area trading partners and reduced demand growth in emerging economies. GDP growth is projected to strengthen gradually in 2015 and 2016, as a robust labour market and continued very expansionary monetary policy boost private consumption and residential investment. The unemployment rate is projected to remain low and consumer price inflation is set to rise somewhat.

The fiscal stance is expansionary, which is appropriate. Growth-enhancing spending should be raised further, including for childcare facilities, more support for youth with disadvantaged socio-economic backgrounds in the education system and infrastructure investment. This would boost growth in the short run, and – by increasing imports – provide positive spillovers for the euro area. Overdue structural reforms to deregulate the service sector are needed to strengthen potential growth.

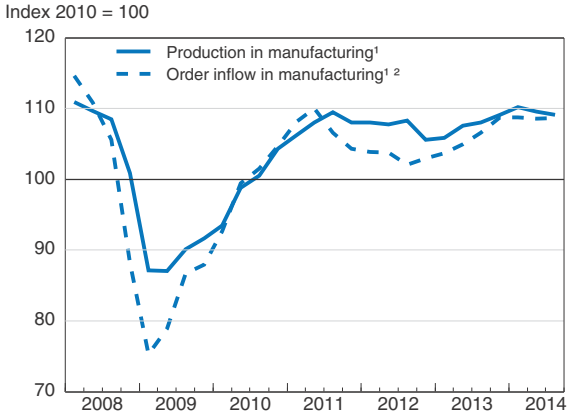
Industrial production weakened as the external environment deteriorated

Real GDP grew little in the third quarter and industrial production fell, although the data are volatile. Weak activity and credit constraints in euro area vulnerable economies damped the demand for investment goods in which German industry specialises. Import demand in China also slowed, and exports to Russia fell sharply. Weakening external demand and uncertainty about economic prospects in the euro area also damped confidence and business investment in Germany. Nevertheless, manufacturing firms plan to maintain employment levels steady in the near term, suggesting that they do not expect a major downturn. Reflecting weak demand, bank loans to non-financial corporations grew little, despite record-low long-term interest rates. Activity in the services sectors remained robust, as consumer spending continued to expand, boosted by low unemployment and rising real wages. Consumer price

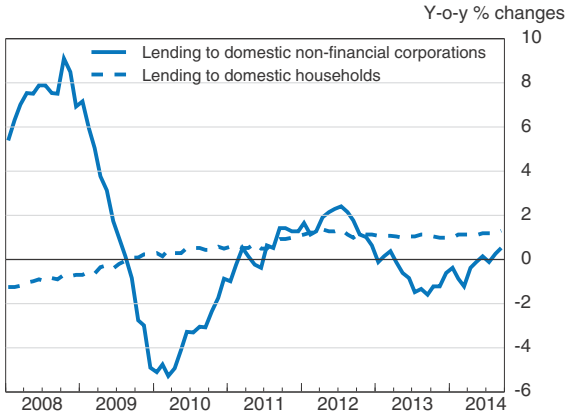
Germany

Manufacturing production and orders have weakened

Seasonally and working-day adjusted



Bank lending remains subdued



1. Quarterly averages.
2. Volume index of new orders.

Source: Statistisches Bundesamt; and Deutsche Bundesbank.

StatLink http://dx.doi.org/10.1787/888933169427

Germany: **Employment, income and inflation**

Percentage changes

	2012	2013	2014	2015	2016
Employment	1.0	0.9	0.5	0.1	0.2
Unemployment rate[1]	5.5	5.3	5.1	5.1	5.1
Compensation per employee[2]	2.5	1.9	2.8	3.6	3.0
Unit labour cost	3.2	2.6	2.2	2.9	1.4
Household disposable income	2.0	1.8	2.0	2.7	3.0
GDP deflator	1.5	2.1	2.0	1.8	1.6
Harmonised index of consumer prices	2.1	1.6	0.9	1.2	1.7
Core harmonised index of consumer prices[3]	1.3	1.2	1.2	1.4	1.7
Private consumption deflator	1.5	1.2	1.1	1.2	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 96 database.

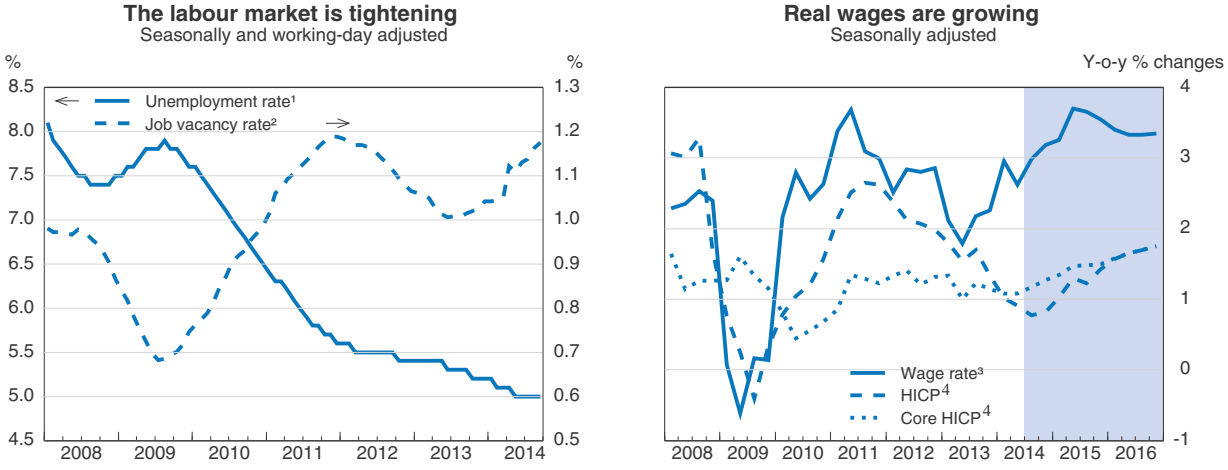
StatLink http://dx.doi.org/10.1787/888933170104

inflation remained low, reflecting falling prices for energy and for imports from other euro area economies.

Fiscal policy will be mildly expansionary in 2015

Planned measures are expected to reduce the government budget surplus by 0.4 percentage point of GDP in 2015, moving it close to balance. Spending will rise due to more generous pension entitlements for some groups, introduced in 2014, as well as expanded funding for long-term care services. Measures to increase spending on childcare facilities, higher education and research, and transport infrastructure, introduced in 2014,

Germany



1. Population aged 15-74 years. Based on the German labour force survey.
2. Percentage of unfilled job vacancies relative to total employment.
3. Average nominal wage per employee.
4. Harmonised consumer price index. Core HICP excludes energy, food, alcohol and tobacco.

Source: OECD Economic Outlook 96 database; and Statistisches Bundesamt.

StatLink http://dx.doi.org/10.1787/888933169435

Germany: **Financial indicators**

	2012	2013	2014	2015	2016
Household saving ratio, net[1]	9.4	9.1	9.2	9.1	8.8
General government financial balance[2]	0.1	0.1	0.2	0.0	0.2
General government gross debt[3]	86.1	81.4	79.0	75.8	74.2
General government debt, Maastricht definition[2]	79.0	76.7	74.3	71.1	69.5
Current account balance[2]	7.2	6.8	7.4	7.2	6.7
Short-term interest rate[4]	0.6	0.2	0.2	0.1	0.1
Long-term interest rate[5]	1.5	1.6	1.2	0.9	0.9

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170115

will continue to raise investment spending in 2015. The fiscal stance is expected to be neutral in 2016.

The national minimum wage will boost wage growth

The introduction of a national minimum wage of EUR 8.50 in 2015 is expected to raise wage growth in 2015 and 2016, as the social partners can adopt the minimum wage gradually until 2016. The pension reforms are expected to encourage some workers to retire earlier, though the impact

Germany: **Demand and output**

	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
	Current prices € billion	Percentage changes from previous year, volume (2010 prices)					
GDP at market prices	2 814.1	1.5	1.1	1.8	1.0	1.5	2.0
Private consumption	1 572.0	1.0	1.3	1.7	1.5	1.6	1.8
Government consumption	541.2	1.0	1.8	1.8	1.4	2.0	1.7
Gross fixed investment	556.3	3.0	1.2	4.0	0.7	3.1	4.2
Public	61.6	5.6	3.0	2.9	2.9	3.5	2.6
Residential	164.5	4.3	3.2	4.7	2.3	4.6	4.7
Non-residential	330.2	2.0	0.1	3.9	-0.2	2.4	4.2
Final domestic demand	2 669.5	1.4	1.4	2.2	1.3	2.0	2.3
Stockbuilding[1]	- 20.6	0.2	0.1	0.0			
Total domestic demand	2 648.9	1.7	1.5	2.2	1.5	2.0	2.3
Exports of goods and services	1 285.0	3.2	3.1	4.2	2.4	3.4	4.5
Imports of goods and services	1 119.8	4.0	4.4	5.5	3.8	4.9	5.7
Net exports[1]	165.2	-0.1	-0.3	-0.2			
Memorandum items							
GDP without working day adjustments	2 809.5	1.5	1.3	1.9			

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

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

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170129

on labour supply will be offset by immigration and rising female labour force participation.

Economic growth will strengthen gradually

Economic growth is projected to strengthen, driven by domestic demand, as strong real wage growth and low interest rates will boost private consumption and residential investment. Business investment may recover, although only slowly, as capacity utilisation rises and confidence in the euro area economy improves. Exports will pick up as activity in the euro area strengthens, even though demand from key emerging economies is expected to gain little momentum. Although employment is projected to expand little in 2015, it should strengthen in 2016 as growth rises. Consumer price inflation is projected to rise somewhat on the back of household spending growth. The current account surplus is projected to decline, but will remain large.

Downside risks are substantial

Increased financial market turmoil and weaker external demand, notably in the euro area, would weaken exports and domestic investment substantially, reducing employment and consumer confidence. Germany is significantly exposed to geopolitical tensions in eastern Europe. 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.

GREECE

Following six years of deep recession, growth is projected to be positive in 2014, and to gain additional momentum in 2015-16. The recovery will be led by buoyant exports and strengthened investment activity, supported by improved competitiveness. The unemployment rate is set to decline gradually, but will nevertheless be close to 24% in 2016. Prices and wages will keep falling given large spare capacity, but at a slower pace.

The high debt burden makes fiscal prudence imperative, but the automatic stabilisers should be allowed to work around the consolidation path. Additional debt relief may be needed. Rapid restructuring of bank balance sheets and maintaining the momentum of structural reforms are key to sustained growth.

The protracted recession has bottomed out

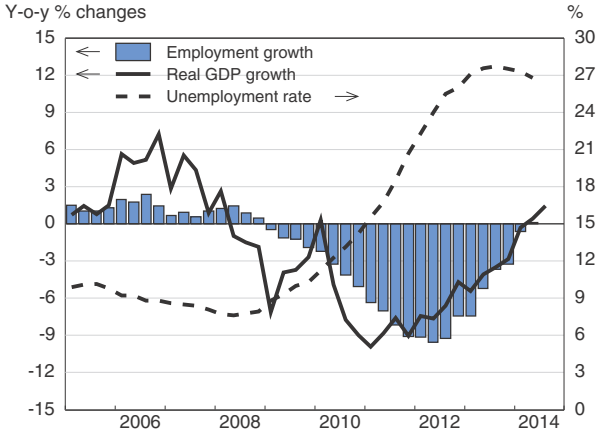
Economic activity has strengthened in 2014 on the back of buoyant tourism, improving confidence and a stabilisation of domestic demand. The unemployment rate has decreased from its recent historical peak, but remains high at about 26%. Consumer inflation remains negative, reflecting large spare capacity, rent-reducing product market reforms and cuts to indirect taxes. Unit labour costs continue to decline, adding to competitiveness gains.

The very high public debt is a major challenge

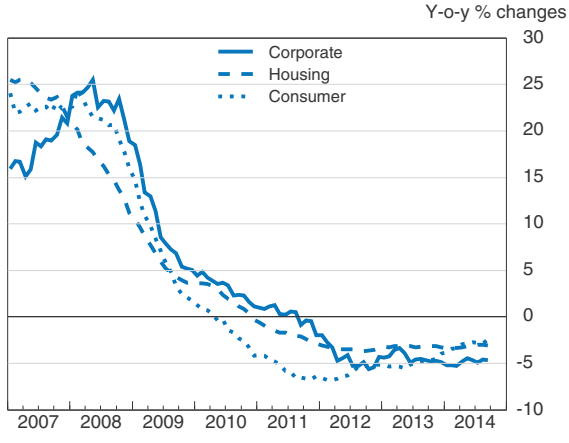
The underlying primary balance is set to improve by 0.3% of GDP over 2015 and 2016, with the general government moving to a small surplus (on a National Accounts basis) in 2016. Public debt will exceed 175% of GDP in 2014. Reducing it to prudent levels will require years of solid growth and a strong fiscal position, and may also call for additional relief, perhaps by extending maturities and lowering interest rates on outstanding debt.

Greece

The deep recession has hit bottom



Credit is still falling



Source: OECD Economic Outlook 96 database; and Bank of Greece.

StatLink http://dx.doi.org/10.1787/888933169606

Greece: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices € billion	Percentage changes, volume (2010 prices)				
GDP at market prices	208.0	-6.6	-4.0	0.8	2.3	3.3
Private consumption	145.1	-7.9	-2.1	0.3	0.7	1.9
Government consumption	44.2	-5.1	-6.7	-1.5	-1.4	-1.1
Gross fixed capital formation	32.2	-28.5	-9.4	-3.5	6.8	7.7
Final domestic demand	221.5	-10.3	-3.8	-0.4	0.9	2.0
Stockbuilding[1,2]	1.0	0.8	-1.1	0.5	0.1	0.0
Total domestic demand	222.4	-9.4	-4.0	0.1	1.0	2.0
Exports of goods and services	53.2	1.0	1.5	8.8	6.4	7.9
Imports of goods and services	67.7	-9.5	-3.0	5.5	2.4	4.0
Net exports[1]	- 14.5	3.3	1.4	0.8	1.3	1.3
Memorandum items						
GDP deflator	_	0.0	-2.3	-2.2	-0.8	-0.5
Harmonised index of consumer prices	_	1.0	-0.9	-1.0	-0.7	-0.3
Private consumption deflator	_	0.8	-1.6	-1.9	-0.6	-0.3
Unemployment rate	_	24.4	27.5	26.4	25.2	24.1
General government financial balance[3,4]	_	-8.6	-12.2	-1.0	-0.5	0.2
General government gross debt[5]	_	166.0	181.5	182.3	179.9	176.3
General government debt, Maastricht definition[3]	_	156.8	175.1	176.1	174.3	171.4
Current account balance[6]	_	-2.4	0.8	1.2	1.0	1.8

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 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.
6. On settlement basis, as a percentage of GDP.

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170392

Structural reforms should continue to support inclusive growth

Maintaining the momentum of structural reforms, especially in the areas of public administration and product markets, and better access to credit are essential for economic growth. Recent measures to alleviate the severe social consequences of the crisis, such as the introduction of a minimum income support mechanism, are welcome. The fair distribution of the costs of the adjustment among all groups must remain a policy priority if fiscal adjustment is to be sustainable.

Growth will gradually firm up

The recovery is expected to gain strength over the projection period as the pace of fiscal consolidation moderates and investment activity and exports benefit from increased competitiveness and expanding global markets. Improved credit conditions, supported by bank recapitalisation and balance-sheet restructuring, will boost domestic demand. Structural funds from the European Union will provide additional stimulus to the economy. Prices and wages are projected to continue to decline, given ample remaining spare capacity, albeit at a slower pace. The current account is set to remain in surplus during the projection period. However, its sustainability will depend on further reallocation of resources towards tradable sectors.

Downward risks prevail

Delays in the implementation of pending structural reforms under the adjustment programme could undermine investor sentiment. The very high debt remains a major challenge. Slow progress in bank balance-sheet restructuring could also hold back the recovery, given the high level of non-performing loans. Lower growth in Europe would hurt exports and growth. On the other hand, the banking sector may provide more credit than expected following recapitalisation. Export performance could also exceed expectations, as the benefits of the large competitiveness gains may be underestimated. Faster progress with planned privatisations would also help growth.

HUNGARY

Growth is projected to slow down as tight credit conditions and an uncertain business environment limit investment, and fiscal stimulus is about to come to an end. Inflation is projected to gradually converge to the 3% target and unemployment to stabilise over the projection horizon. Export dynamism will underpin a sizeable current account surplus.

Pro-competitive reforms in non-tradable sectors are key to stronger investment and productivity growth in the medium run. A better operating environment for banks would also reinforce growth potential through greater credit availability. After strong fiscal expansion in 2014, the authorities should gradually return to their medium-run fiscal targets, to sustainably reduce debt and build room for manoeuvre for future downturns.

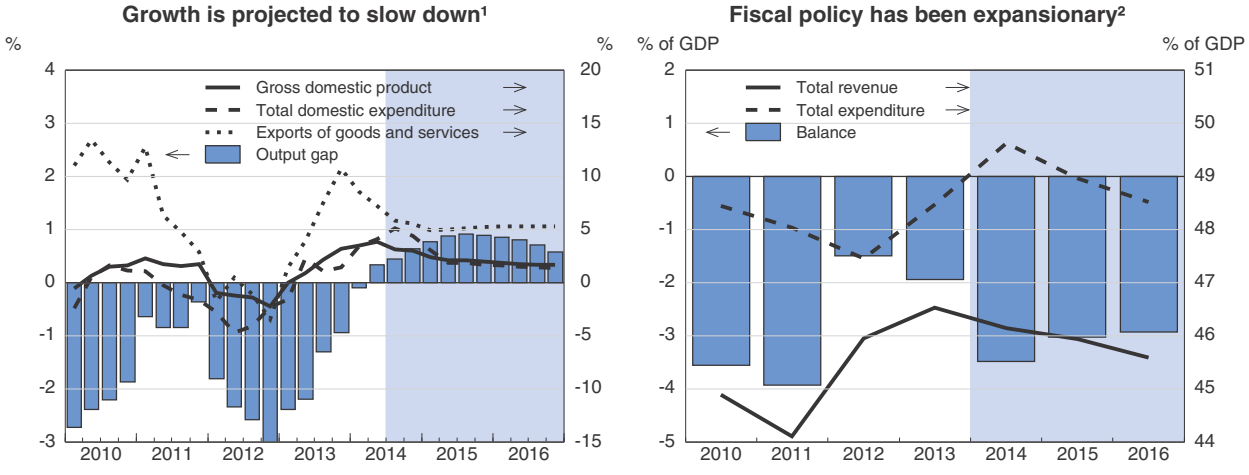
After strong growth, activity is decelerating

After strong output growth and a marked unemployment decline in the first half of 2014, developments in the second half of the year have pointed to a more moderate expansion. The surge in public investment that had supported growth is coming gradually to an end. In the private sector, some large-scale projects in the auto industry are being completed, which outweighs positive spillover effects on investment undertaken by local suppliers of car makers. As a result of further cuts in administered energy prices, subdued import price pressures and declining inflation expectations, year-on-year headline inflation has been hovering around zero.

Modest fiscal consolidation is planned

The official budget deficit target for 2014 (2.9% of GDP), which these projections take into account, implies a fiscal stimulus of around 1½ per cent of GDP. A fiscal contraction of ½ per cent of GDP is projected for 2015, and a neutral fiscal stance for 2016.

Hungary



1. The output gap for the total economy is the difference between actual GDP and potential GDP as a percentage of potential GDP.
2. Underlying values as a percentage of potential GDP.

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169619

Hungary: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices HUF billion	Percentage changes, volume (2005 prices)				
GDP at market prices	28 035.0	-1.5	1.5	3.3	2.1	1.7
Private consumption	14 736.4	-1.9	-0.1	2.1	2.3	1.7
Government consumption	5 838.8	-1.3	3.2	0.9	0.2	0.0
Gross fixed capital formation	5 551.7	-4.2	5.2	13.0	3.0	2.3
Final domestic demand	26 126.9	-2.3	1.7	4.2	2.0	1.5
Stockbuilding[1]	181.0	-0.7	-0.5	0.0	0.1	0.0
Total domestic demand	26 307.9	-3.5	0.8	4.2	2.1	1.5
Exports of goods and services	24 540.1	-1.5	5.9	6.8	5.0	5.3
Imports of goods and services	22 812.9	-3.3	5.9	8.2	5.2	5.3
Net exports[1]	1 727.2	1.4	0.4	-0.7	0.2	0.4
Memorandum items						
GDP deflator	_	3.4	3.0	2.2	2.6	2.9
Consumer price index	_	5.7	1.7	-0.1	2.0	3.0
Private consumption deflator	_	6.2	2.5	0.8	1.9	3.0
Unemployment rate	_	10.9	10.2	7.8	7.6	7.6
General government financial balance[2]	_	-2.3	-2.4	-2.9	-2.6	-2.5
General government gross debt[3]	_	98.6	97.4	96.7	96.7	95.7
General government debt, Maastricht definition[2]	_	78.5	77.3	76.6	76.7	75.7
Current account balance[2]	_	1.9	4.2	3.9	4.4	4.7

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170400

Households will get support at the expense of banks

The central bank brought the easing cycle to an end in July, reducing the policy rate to 2.1% and announcing its intention to keep it there for an extended period. Lending under the Funding for Growth Scheme (which provides banks with free central bank refinancing for lending to SMEs), extended by the authorities until end-2015, has gradually gathered pace, but market-based corporate lending remains tight. Under legislation passed in the summer, banks must compensate household borrowers for past unilateral interest rate hikes and differences between buying and selling exchange rates. This will likely spur private consumption in 2015, but risks further credit contraction by reducing bank profits. Foreign-currency loans are to be converted into domestic currency, which should enhance financial stability, but will also likely impose further costs on banks.

Supply-side constraints limit growth

Having absorbed the remaining cyclical slack, the economy is projected to slow, constrained by its pace of potential growth. While exports should remain strong, investment growth is expected to be modest. As the effect of administered declines in energy prices wane, inflation will gradually converge to the 3% target. Unemployment is projected to remain broadly stable.

Risks are broadly balanced

The macroeconomic effects of the conversion of foreign-currency loans into domestic currency are hard to judge, especially as regards the response of credit supply, and hence pose a risk to the projections. The large and growing weight of the automobile sector in Hungarian manufacturing could increase exposure to idiosyncratic shocks and thus output volatility. A weaker-than-expected euro area economy would reduce export growth.

ICELAND

Iceland continues to recover from its financial crisis. Economic growth strengthened in the second half of 2014 and GDP is approaching its pre-crisis peak level. Lower inflation, exchange rate stability, declining unemployment and improved fiscal accounts are all signs of macroeconomic normalisation. The recovery will continue to be driven by private consumption and business investment. While exports are projected to expand steadily, even with deteriorating competitiveness, they will be outpaced by imports and the current account balance will therefore deteriorate gradually.

Budget outturns have been more favourable this year than foreseen. Fiscal consolidation will slow in 2015, but will remain sufficient to achieve some debt reduction. Containing public spending pressures will be important in maintaining an appropriate budgetary stance. With labour market slack disappearing, monetary policy will have to continue to focus on possible inflationary pressures. When the conditions are appropriate, exchange controls should be dismantled, because they are detrimental to business conditions.

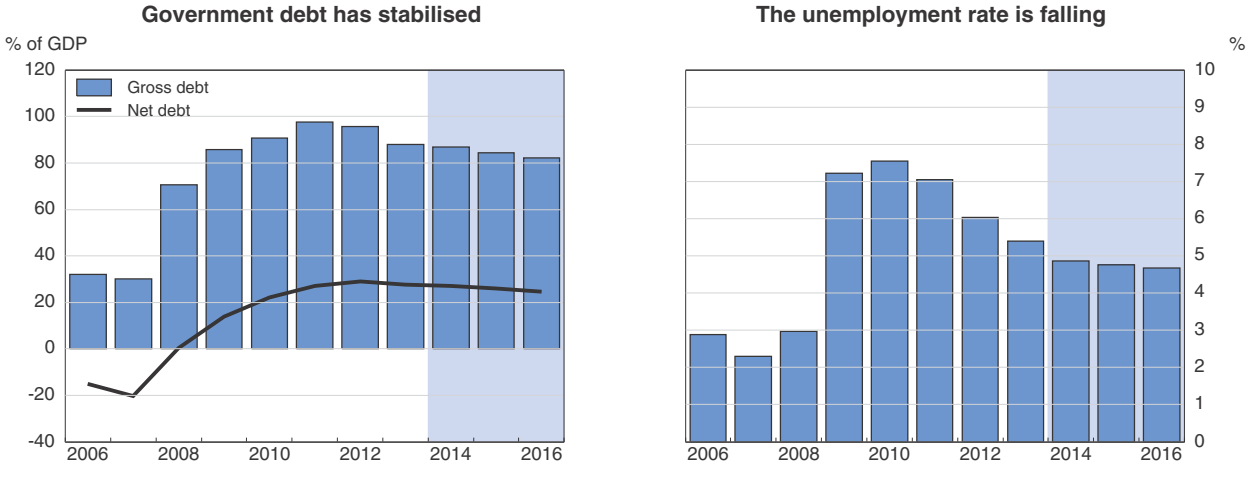
Economic growth is robust

Real GDP has expanded solidly in 2014, and is approaching its pre-crisis peak. Growth is projected to remain generally robust, driven by domestic demand. With the sustained recovery, the unemployment rate has fallen and real wages have risen. In addition, fiscal support to ease debt burdens has helped improve household net wealth, supporting consumption growth. Investment has also picked up recently, reflecting improved business confidence and the demand outlook, including strong growth in tourism. Partly as a result of an improvement in the trade balance, the current account has moved into surplus.

Public debt needs to fall further

Government finances improved considerably during 2014 thanks to spending restraint and strong revenue growth, including a large one off payment from majority government-owned Landsbankinn. As a result, public debt levels are beginning to fall. The 2015 budget foresees weaker

Iceland



Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169628

Iceland: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices ISK billion	Percentage changes, volume (2005 prices)				
GDP at market prices	1 700.6	1.1	3.5	2.5	3.3	2.8
Private consumption	878.7	2.0	0.8	4.0	3.6	3.1
Government consumption	415.4	-1.2	0.8	1.1	0.5	1.2
Gross fixed capital formation	263.7	4.3	-2.2	12.3	16.0	12.2
Final domestic demand	1 557.8	1.6	0.3	4.6	5.0	4.4
Stockbuilding[1]	2.6	0.0	0.0	-0.1	-0.2	0.0
Total domestic demand	1 560.4	1.5	0.3	4.6	4.9	4.4
Exports of goods and services	954.4	3.9	6.9	3.3	3.1	3.0
Imports of goods and services	814.2	4.9	0.4	8.0	6.3	6.0
Net exports[1]	140.2	-0.2	3.7	-2.0	-1.4	-1.4
Memorandum items						
GDP deflator	_	3.1	2.1	0.7	3.1	2.3
Consumer price index	_	5.2	3.9	2.2	2.7	3.1
Private consumption deflator	_	5.6	3.4	2.1	1.9	2.2
Unemployment rate	_	6.0	5.4	4.9	4.8	4.7
General government financial balance[2]	_	-3.7	-2.0	-0.5	-0.3	0.1
General government gross debt[3]	_	95.6	88.1	86.7	84.4	82.1
General government net debt[3]	_	29.0	27.5	27.2	25.9	24.6
Current account balance[2]	_	-4.2	5.6	3.2	1.2	-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 96 database.

StatLink http://dx.doi.org/10.1787/888933170416

revenues, but still modest spending growth. Against a background of still high public debt levels, fiscal policy needs to remain prudent, exercising spending restraint.

Monetary policy may need to remain tight

Monetary policy has successfully brought down inflation following the financial crisis. Since 2013, annual inflation rates have been close to target, allowing the central bank to lower its policy rates in November 2014. However, with economic slack disappearing, inflationary pressures will intensify. In particular, if wage growth begins to gather steam, interest rates will need to react to contain such pressures.

Prospects appear promising

Growth is projected to remain relatively strong. Inflation will continue at target and the current account balance will stay in surplus in 2015, reducing pressure stemming from foreign debt repayments. New energy-intensive projects are likely to begin in 2015, leading to marked, if temporary, increases in investment and imports, and a longer-term boost to exports. In 2016, as the impulse from fiscal support to households diminishes and investment falls back, domestic demand and growth will slow somewhat, while further strong wage growth will erode export competitiveness.

Risks surround capital flows

Iceland's economic prospects are subject to various risks. Downside risks relate to the timing of large investments associated with the energy-intensive projects, which tend to be volatile. The continuation of capital controls, while protecting the economy in the aftermath of the financial crisis, also creates a number of risks for the economy. However, removing them prematurely could disrupt financial conditions. Disputes with international claimants and the debt-service burden for foreign-currency denominated loans, principally Landsbankinn bonds, are also sources of risk. External demand, notably from the euro area, could be weaker than projected. On the positive side, foreign investment may be stronger than anticipated, while progress in lifting capital controls and easing the foreign debt service burden would improve the business environment.

INDIA

Activity is projected to pick up gradually. Corporate investment is recovering swiftly as business confidence has been boosted by the decline in political uncertainty and the commitment by the government to reduce red tape. Efforts to put large stalled infrastructure projects back on track are also beginning to pay off. Tight fiscal and monetary policies are needed to contain inflation, but will also restrain domestic demand. The current account deficit will increase slightly as domestic demand strengthens but remain sustainable.

Although inflation is falling, monetary policy should not be loosened until inflation expectations adjust downward and the path of disinflation is well-entrenched. The adoption of the proposed flexible inflation-targeting monetary policy framework would help to stabilise expectations around the target. Fiscal consolidation should be pursued, but it is critical to improve its quality. Reviving inclusive growth will require deep structural reforms to better target subsidies, increase further investment in social and physical infrastructure, improve the business environment and modernise labour and tax laws.

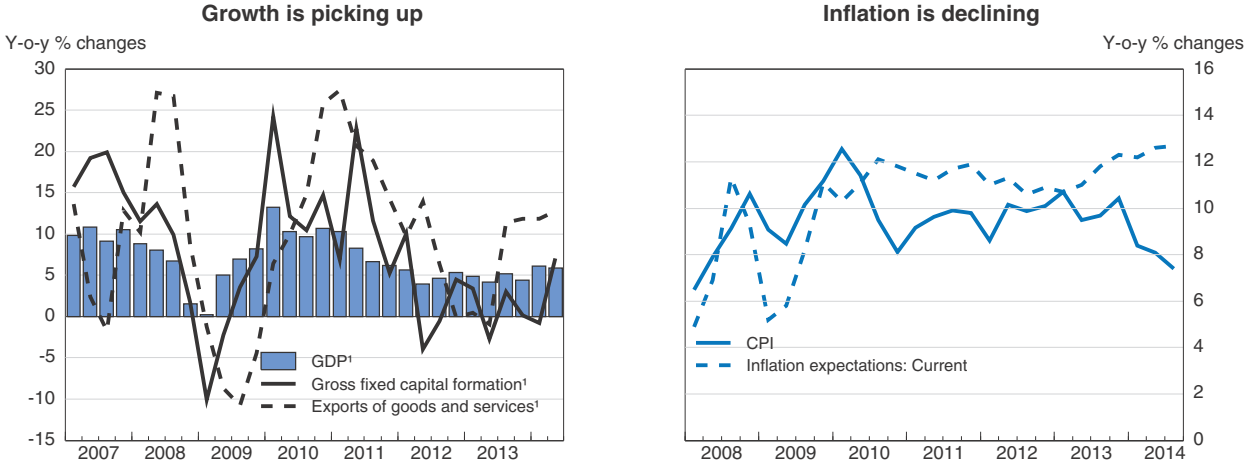
Growth is picking up

Growth increased in 2014 and became more broadly based. Public and private consumption continued to grow steadily, while exports rebounded late in 2013. Investment also soared early in 2014 as business sentiment improved. Business and financial services have remained buoyant and the manufacturing sector bounced back in spring 2014 after several quarters of contraction.

Inflation is declining

Consumer price inflation has declined steadily to 5.5% in October 2014, after hovering around 10% and above since 2009 following large increases in agricultural prices. Some moderation in wages and food prices, lower commodity prices as well as a more credible and tighter monetary policy stance have played an important role in reducing inflation.

India



1. At market price and in volume terms.
Source: Indian Central Statistics Office; and Reserve Bank of India.

StatLink http://dx.doi.org/10.1787/888933169841

India: **Macroeconomic indicators**

	2012	2013	2014	2015	2016
Real GDP growth[1]	4.7	5.0	5.4	6.6	6.8
Inflation[2]	7.2	6.9	6.9	5.4	5.6
Consumer price index[3]	10.2	9.5	7.1	6.3	6.0
Wholesale price index (WPI)[4]	7.4	6.0	4.3	3.8	4.3
Short-term interest rate[5]	7.9	7.6	7.8	7.2	6.6
Long-term interest rate[6]	8.2	8.5	8.6	8.2	7.8
Fiscal balance (per cent of GDP)[7]	-6.8	-7.0	-6.9	-6.6	-6.2
Current account balance (per cent of GDP)	-4.7	-1.6	-1.7	-1.7	-2.5
Memorandum: calendar year basis					
Real GDP growth	4.9	4.7	5.4	6.4	6.6
Fiscal balance (per cent of GDP)[7]	-7.1	-8.0	-6.6	-6.3	-6.0

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 new CPI 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.

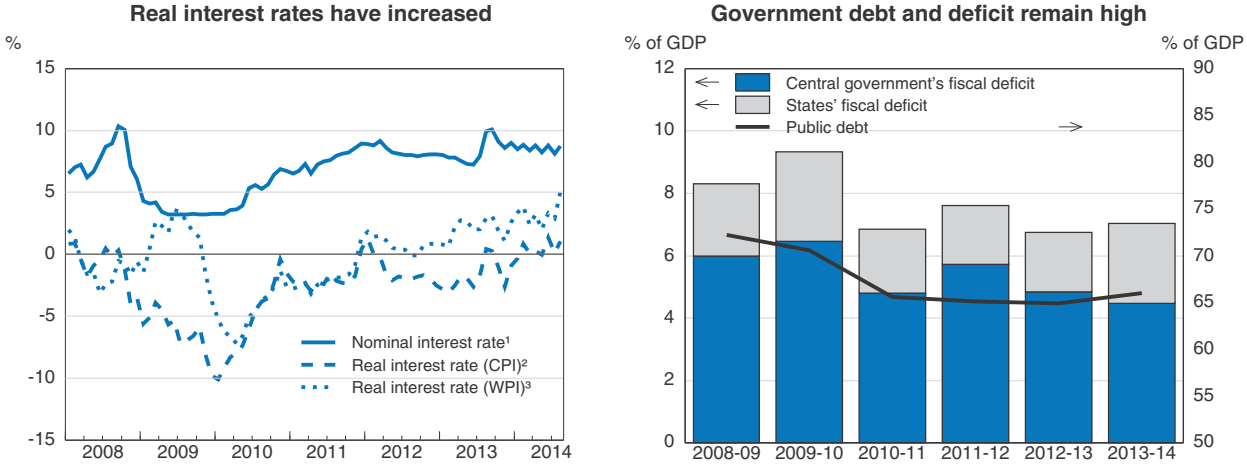
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170621

External vulnerability has been reduced

The relatively low level of external liabilities, replenished foreign exchange reserves and the recent increase in FDI inflows are all reducing India's external vulnerability. The current account deficit has narrowed substantially since 2012, and was only 1% of GDP in the first half of 2014 as domestic demand was sluggish and restrictions on gold imports were

India



1. Average interest rate at which overnight deposits are offered between prime banks on the wholesale money market or the interbank market.
2. Nominal interest rate minus inflation measured by the consumer price index.
3. Nominal interest rate minus inflation measured by the wholesale price index.

Source: CEIC; and Reserve Bank of India.

StatLink http://dx.doi.org/10.1787/888933169853

India: **External indicators**

	2012	2013	2014	2015	2016
			$ billion		
Goods and services exports	446.6	465.8	521.7	589	680
Goods and services imports	572.0	534.4	582.8	658	784
Foreign balance	- 125.4	- 68.6	- 61.1	- 69	- 104
Net investment income and transfers	37.1	36.3	25.8	30	34
Current account balance	- 88.3	- 32.3	- 35.3	- 39	- 70
			Percentage changes		
Goods and services export volumes	5.0	8.4	6.6	8.2	9.2
Goods and services import volumes	6.6	- 2.5	3.3	8.2	11.0
Export performance[1]	0.6	4.1	3.2	2.7	2.7

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170632

introduced. Subdued commodity prices have helped so far to keep the import bill in check. However, the current account deficit is set to widen again in 2016 as domestic demand firms; imports are already increasing as investment revives.

Monetary policy should remain tight

Although headline inflation fell below the 8% target set by the Reserve Bank of India (RBI) for January 2015, inflation expectations remain high. To enhance monetary policy credibility, the RBI should keep interest rates steady until the disinflation process becomes more entrenched. The government should adopt inflation targeting as soon as possible, as this would clarify monetary policy objectives, increase transparency and credibility, and help to anchor inflation expectations.

More and better fiscal consolidation is needed

Fiscal consolidation targets for the central government were met in FY 2012/13 and were exceeded in FY 2013/14, thanks to cuts in non-wage spending, in particular investment, deferred subsidy payments and larger dividends paid by public enterprises. The combined central and state government deficit is very high, however, compared to other emerging market economies. Moreover, public spending on social and physical infrastructure will have to increase to meet the needs of the people and of business. It will therefore be essential to improve the effectiveness and targeting of large subsidy programmes, and to raise revenue with less distorting taxes by, in particular, implementing the Goods and Services Tax.

Growth is projected to accelerate

Despite tight monetary and fiscal stances, activity is projected to pick up gradually. The new government has so far opted for a gradual and steady approach to reform. Many business-friendly measures have been taken – e.g. implementing single window procedures for labour laws and making the process of labour inspections easier and more transparent. Faster clearance processes for existing infrastructure projects and new

investment projects – in particular in the power and transport sectors – will support an investment-led recovery. Private consumption should grow steadily, in particular in rural areas, reflecting past rises in rural wages as well as renewed efforts to promote access to credit to every household. The projected rebound in external demand should support exports.

Risks are on the downside

High corporate leverage and deteriorating asset quality in the banking sector may affect investment. Exports have shown signs of recovery after the rupee depreciation in the summer of 2013, but may be restrained by supply-side bottlenecks and lower-than-anticipated external demand. Poor weather conditions could weigh on agriculture and raise prices. A slower recovery would make the planned fiscal consolidation more challenging. A spike in commodity prices would add to fiscal, inflation and current account pressures. Recovery depends critically on implementation of structural reforms, and India's past record in this regard has been uneven. On the other hand, rapid and full implementation of these reforms could boost growth, even in the short term, by more than assumed in the projection.

INDONESIA

Economic growth has continued to slow as investment and exports have softened, although household consumption is holding up. The current account has widened again, and the rupiah has depreciated significantly as a result. Growth is projected to remain moderate through 2015 before picking up somewhat in 2016, due largely to an acceleration in investment and firming consumption.

The recent second round of cuts in fuel subsidies will lift headline inflation, but core measures should remain well anchored, and the next move in interest rates should be downwards. The fiscal space created by the fuel subsidy cut should be directed toward lifting spending on infrastructure, education and health care.

Activity is continuing to decelerate

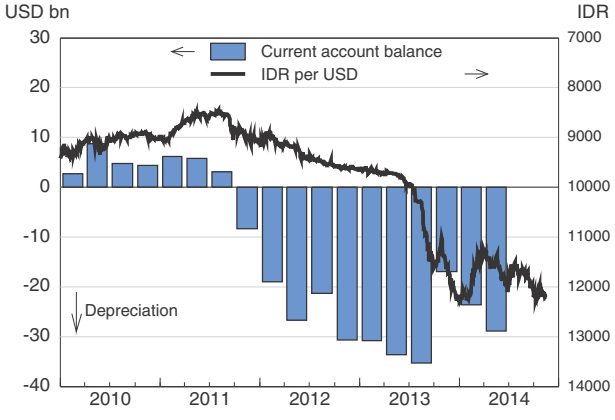
Weakening external demand has contributed to slowing economic growth. While household consumption remains robust, investment has underperformed in part due to uncertainty related to the ore export ban and the evolving political situation surrounding the mid-2014 elections. Consumer price inflation, which had spiked up with the reduction in government fuel subsidies in mid-2013 and the depreciating rupiah, has slowed more quickly than expected: from 7.3% in April 2014 to 4.5% in September.

The external balance is again deteriorating

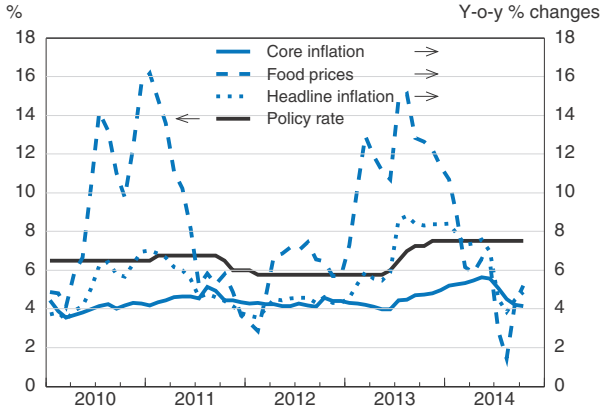
The balance on goods and services trade has once again slipped into deficit, with the implementation of the ore export ban and the waning impact of the earlier currency depreciation. A trend decline in oil production, due to resource depletion and insufficient investment, has also undermined the trade balance. The rupiah has depreciated by around 6% against the US dollar since its peak in March 2014, reflecting weaker trade outcomes and political uncertainties.

Indonesia

The weakening current account has prompted exchange rate volatility



Monetary policy is tight and inflation is decelerating



Source: Statistics Indonesia (BPS); OECD Economic Outlook 96 database; and Bank Indonesia.

StatLink http://dx.doi.org/10.1787/888933169868

Indonesia: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices Rupiah trillions	Percentage changes, volume (2000 prices)				
GDP at market prices	7 417.6	6.3	5.8	5.1	5.2	5.9
Private consumption	4 052.3	5.3	5.3	5.5	5.4	5.9
Government consumption	667.6	1.3	3.9	3.2	4.7	4.9
Gross fixed capital formation	2 367.1	9.6	5.0	4.9	5.2	7.1
Final domestic demand	7 087.0	6.3	5.1	5.1	5.3	6.2
Stockbuilding[1]	220.7	3.5	-0.8	0.1	-0.2	0.0
Total domestic demand	7 307.7	8.7	4.3	5.0	4.8	5.8
Exports of goods and services	1 955.6	2.1	5.2	-0.8	4.9	6.9
Imports of goods and services	1 845.7	6.5	1.5	-2.9	3.9	6.9
Net exports[1]	109.9	-1.5	1.9	0.7	0.9	0.8
Memorandum items						
GDP deflator	_	4.4	4.4	6.0	5.1	5.5
Consumer price index	_	4.3	6.4	6.4	6.2	5.3
Private consumption deflator	_	5.5	7.0	6.1	6.2	5.6
General government financial balance[2]	_	-1.9	-2.2	-2.2	-2.2	-2.1
Current account balance[2]	_	-2.8	-3.3	-3.3	-3.3	-3.0

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

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170646

Fuel subsidy cuts will create fiscal space

The 2015 budget estimates a deficit of 2.3% of GDP, slightly less than last year's outcome. A second round of fuel subsidies cuts was implemented in mid-November 2014. The burden of energy subsidies on the budget was large (around one fifth of government spending), and the recent cut and lower world oil prices will improve the fiscal balance. Completely eliminating subsidies would make room for much needed additional public spending on infrastructure, health care, education and other social services.

Monetary policy remains contractionary

In response to the fuel subsidy cut, official interest rates were immediately increased by 25 basis points, taking the rate to 7¾ per cent. As after the first round of fuel subsidy cuts in June last year, this round will also result in a temporary spike in headline inflation, but again, core inflation should remain within the target range. However, exchange rate volatility and the deteriorating external balance will complicate the decision to reduce the official interest rate to the approximately 6.5% rate needed to avoid an inflation undershoot.

Growth will remain moderate

Activity is expected to remain moderate over the projection period. A pick-up in investment, continuing robust consumption and improving international conditions will help to lift growth somewhat in 2015 and 2016. However, the current account deficit is expected to remain

significant, reflecting a trend decline in international competitiveness and a continuing reliance on international sources of funding.

Political and external risks are substantial

The election of the new president was greeted positively by markets. However, the parliament may complicate the implementation of the new administration's economic agenda, including a much needed lift in infrastructure spending. Developments in the external sector remain highly uncertain, including weakening demand in major trading partners. Authorities should stand ready to respond with monetary and fiscal measures in case of renewed volatility in the exchange rate.

IRELAND

After its robust rebound in 2014, the Irish economy is projected to continue growing strongly during the next two years. The expansion of activity will continue to be driven by business investment and exports. Employment growth and falling unemployment will take away spare capacity and moderately raise price and wage inflation.

The strong cyclical recovery needs to be complemented with continuing structural reforms to increase competition, raise innovation, make it easier to start and grow a business, and improve the relevance of vocational training to the labour market. Fiscal policy has prematurely shifted from consolidation to stimulus. If government revenue is higher than budgeted this should be put towards reducing still-high public debt more rapidly.

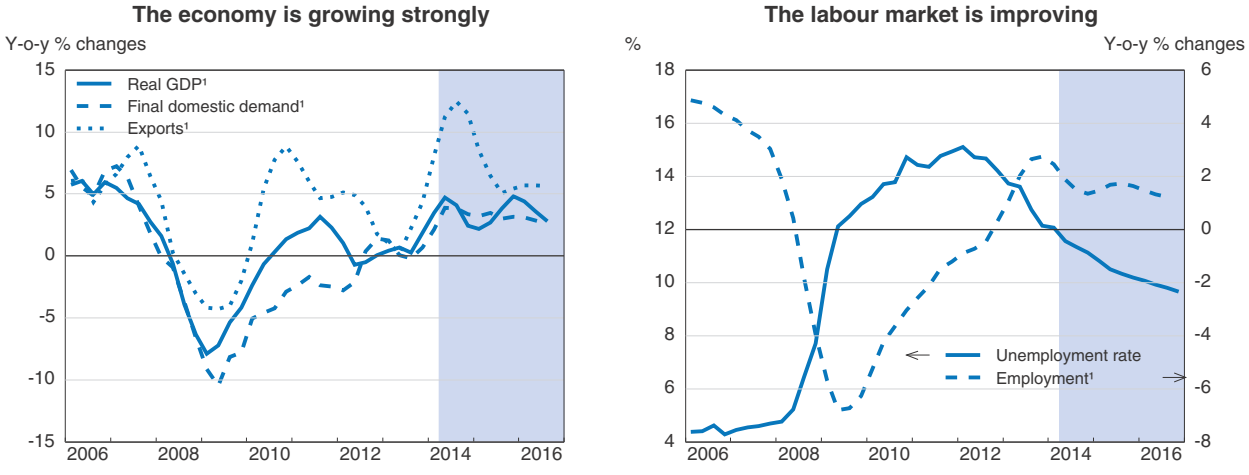
The economy is growing strongly

A vigorous and broad-based recovery is underway with consumption, investment (including housing construction) and exports all expanding. Solid growth in Ireland's key trading partners, the United Kingdom and the United States, as well as rising house prices, tourism receipts and consumer confidence are helping to underpin a virtuous circle of higher employment, incomes and spending. A growing trade surplus is further widening the current account surplus.

Unemployment continues to decline from high levels

Employment gains remain robust and, as a result, the unemployment rate has fallen from 12% at the start of 2014 to around 11%. However, the share of long-term unemployed remains large and approximately 40% of the unemployed are poorly educated and skilled. The authorities will need to remain focussed on improving training and activation for these people.

Ireland



1. 3-quarter centred moving averages.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169633

Ireland: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices € billion	Percentage changes, volume (2012 prices)				
GDP at market prices	171.0	-0.3	0.2	4.3	3.3	3.2
Private consumption	79.8	-1.4	-0.4	1.1	1.8	1.8
Government consumption	29.2	-1.3	-0.1	3.4	0.3	1.3
Gross fixed capital formation	24.8	4.3	-1.8	10.6	11.0	6.4
Final domestic demand	133.8	-0.3	-0.5	3.5	3.4	2.7
Stockbuilding[1]	2.5	-0.3	0.3	0.3	-0.1	0.0
Total domestic demand	136.3	-0.4	0.2	3.8	3.1	2.6
Exports of goods and services	167.1	4.7	1.1	11.3	6.2	5.6
Imports of goods and services	132.4	6.9	0.6	11.1	6.3	5.7
Net exports[1]	34.7	-0.8	0.6	2.5	1.2	1.1
Memorandum items						
GDP deflator	_	1.3	1.0	0.2	2.1	1.2
Harmonised index of consumer prices	_	1.9	0.5	0.2	0.5	1.2
Private consumption deflator	_	1.2	1.4	1.5	1.2	1.3
Unemployment rate	_	14.7	13.0	11.5	10.5	9.9
General government financial balance[2,3]	_	-8.1	-5.7	-3.7	-2.9	-2.7
General government gross debt[4]	_	120.8	128.9	116.6	115.0	113.9
General government debt, Maastricht definition[2]	_	121.8	123.4	111.0	109.4	106.7
Current account balance[2]	_	1.6	4.4	5.2	6.0	6.3

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170425

Overall financial conditions are improving

Bank lending conditions, interest rates and new lending to small and large enterprises and households are broadly stable. With banks generally well on their way to healthier balance sheets, their access to funding is improving, although tackling the still high level of impaired loans continues to be an important challenge. Demand for credit by both households and firms is rising and mortgage approvals, a leading indicator of mortgage lending, are growing strongly.

Fiscal policy is mildly expansionary

Strong economic and revenue growth is projected to reduce the fiscal deficit to 2.9% of GDP in 2015, despite a shift from a planned discretionary consolidation to a small stimulus. Under current plans, net public debt should decline gradually in relation to GDP. However, given debt is still very high and there are still risks that interest rates faced by Ireland could rise, the revenue gains from strong output growth should be used for more rapid debt reduction.

Growth is projected to remain strong

Improving financial conditions, pent-up investment demand and expansionary fiscal policy are expected to push real GDP growth above 3% in both 2015 and 2016. As confidence improves and incomes rise private consumption will gain momentum. Exports, aided by stronger trading

partner growth and improved Irish cost competitiveness, should expand at a rapid pace.

Risks to the outlook are balanced

On the downside, trading partner growth, especially in the euro area, may turn out lower than expected. High private and public debt make Ireland still very vulnerable to unexpected shocks. On the upside, the investment-to-GDP ratio remains below historical levels and a self-reinforcing cycle of rising house prices and sharply expanding activity may see stronger growth in construction and other investment than currently projected.

*ISRAEL**

After a pronounced but temporary weakening in 2014, growth is projected to rebound to about 3% in 2015 and 3½ per cent in 2016, which should avert any rise in unemployment. The rebound in domestic demand that is expected to follow the end of the Gaza conflict, the projected strengthening of the external environment and the recent weakening of the exchange rate will sustain activity. The economy should also be supported by ever-lower interest rates and a pause in fiscal consolidation in 2015.

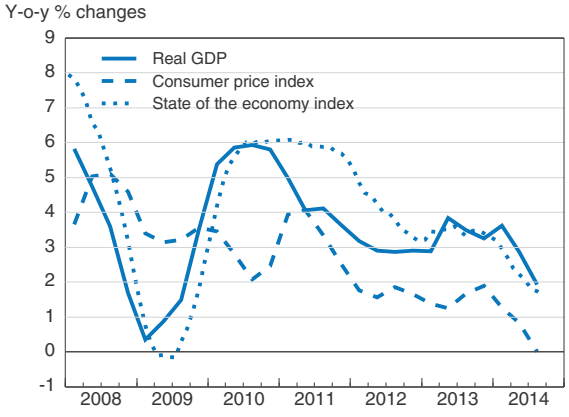
Falling prices call for continued expansionary monetary policy to facilitate the recovery. Even so, there needs to be continued vigilance about the risks of overheating in the real estate market that could be induces by this policy. The authorities' commitment to resume fiscal consolidation in 2016 and to pursue the goal of reducing government debt is welcome. But civilian budget expenditures, notably already relatively low education and social spending, should be protected from cuts as much as possible.

The weakening of growth is temporary

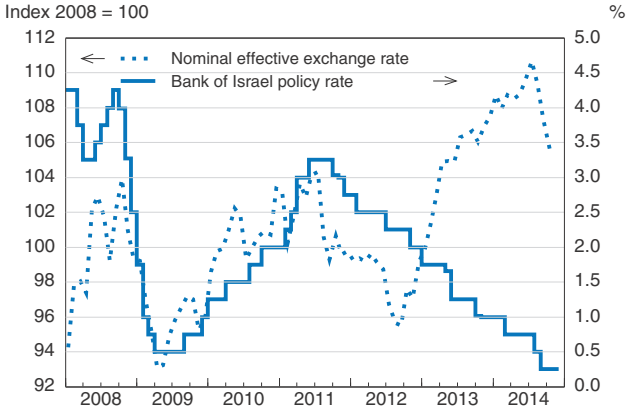
The growth slowdown in 2014 was driven by a number of temporary factors. In the first half, weakening external markets, an appreciating shekel and reduced capital investment, due to the culmination of some major projects and uncertainties regarding property taxation, weighed on activity. Subsequently, tourism and consumption were adversely affected by the Gaza conflict, with a negative but transitory effect on growth of about 0.3 percentage point in 2014. Inflation, which has dropped sharply, is slightly negative, and the unemployment rate is hovering around 6%.

Israel

Growth and inflation are declining



Monetary policy has continued to ease and the shekel has finally begun to fall



Source: Bank of Israel; and OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169647

* 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**

	2011	2012	2013	2014	2015	2016
	Current prices NIS billion	Percentage changes, volume (2010 prices)				
GDP at market prices	924.6	3.0	3.4	2.5	3.1	3.5
Private consumption	533.2	3.0	3.5	3.5	3.6	3.5
Government consumption	207.2	3.6	3.5	3.7	2.5	0.8
Gross fixed capital formation	185.9	3.2	1.1	-1.4	5.1	8.0
Final domestic demand	926.3	3.2	3.0	2.6	3.7	3.8
Stockbuilding[1]	2.8	0.3	-0.2	1.4	0.1	0.0
Total domestic demand	929.2	3.5	2.8	4.0	3.8	3.7
Exports of goods and services	327.9	1.0	1.5	1.2	5.1	6.7
Imports of goods and services	332.4	2.5	-0.1	4.7	7.1	7.3
Net exports[1]	- 4.5	-0.5	0.6	-1.1	-0.6	-0.2
Memorandum items						
GDP deflator	_	4.2	2.3	0.7	0.6	0.9
Consumer price index	_	1.7	1.6	0.4	0.0	0.7
Private consumption deflator	_	2.1	2.1	0.3	-0.1	0.6
Unemployment rate[2]	_	6.9	6.3	6.1	6.3	6.2
General government financial balance[3,4]	_	-5.0	-4.1	-3.8	-4.0	-3.3
General government gross debt[5]	_	68.3	67.6	68.6	68.9	68.1
Current account balance[3]	_	0.7	2.6	1.8	1.0	0.8

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170434

Monetary conditions are very accomodative

The Bank of Israel cut its policy rate by 25 basis points in July and August 2014, to 0.25%. Long rates have also fallen to an all-time low. These developments, combined with the Bank's interventions in the currency market, contributed to the shekel's drop of more than 5% in nominal effective terms. Despite the slowdown in real estate activity, mortgage loans are continuing to grow relatively rapidly, and housing prices have risen by about 5% in a year.

Fiscal consolidation will pause in 2015

Fiscal consolidation moved forward in 2014 with a state deficit close to the objective of 3% of GDP. Military spending overruns were offset by cuts to civilian outlays, which were subjected to strict control at the beginning of the year. In 2015, the budget stance should be neutral, with a projected state deficit of 3.4% of GDP. In part, this reflects a further rise in defence spending and a VAT cut on real estate purchases for first-time buyers. However, the authorities have announced that consolidation will resume in 2016, with the state deficit expected to be trimmed to 2¾ per cent of GDP.

Activity is expected to rebound

Growth should pick up to around its potential rate in 2015 and 2016. The end of the Gaza conflict, continued low interest rates, the declining

shekel, the pause in fiscal consolidation in 2015 and stronger external demand will spur activity. Capital investment will also be sustained by the launch of major new projects in the high tech sector and by the lifting of uncertainties about property taxation. These developments should head off any rise in unemployment. Inflation should remain low, due in particular to declining commodity prices.

The fragility of the global recovery is the main source of risk

Worsening geopolitical tensions or a less buoyant external environment would weaken growth. This would create strains for monetary policy if deflationary pressures were to intensify. A pronounced turnaround in the real estate market, in which upward pressures persist in the short term, would also damp demand. Furthermore, there are uncertainties regarding fiscal developments and the impact of certain measures to contain the deficit in 2015.

ITALY

After contracting during most of 2014, the economy is projected to return to growth by mid-2015 and accelerate somewhat further in 2016. ECB monetary policy support is expected to ease financial conditions and facilitate a resumption of bank lending, which should raise investment. The projected revival of Italy's export market will also support stronger growth. The overall impact of fiscal policy will be small in 2015, as tax cuts will be offset by spending reductions. Unemployment will begin to decline in 2016, but is set to remain at high levels, while wage gains look set to remain modest.

To support economic growth, the government has appropriately delayed fiscal consolidation and has completed some initial steps in its comprehensive programme of structural reforms. This programme, along with effective implementation of earlier reforms, needs to be pursued with determination if stronger growth is to be sustainable. The very high public debt ratio poses a significant vulnerability, and as growth improves higher tax revenues should be channelled entirely to deficit reduction.

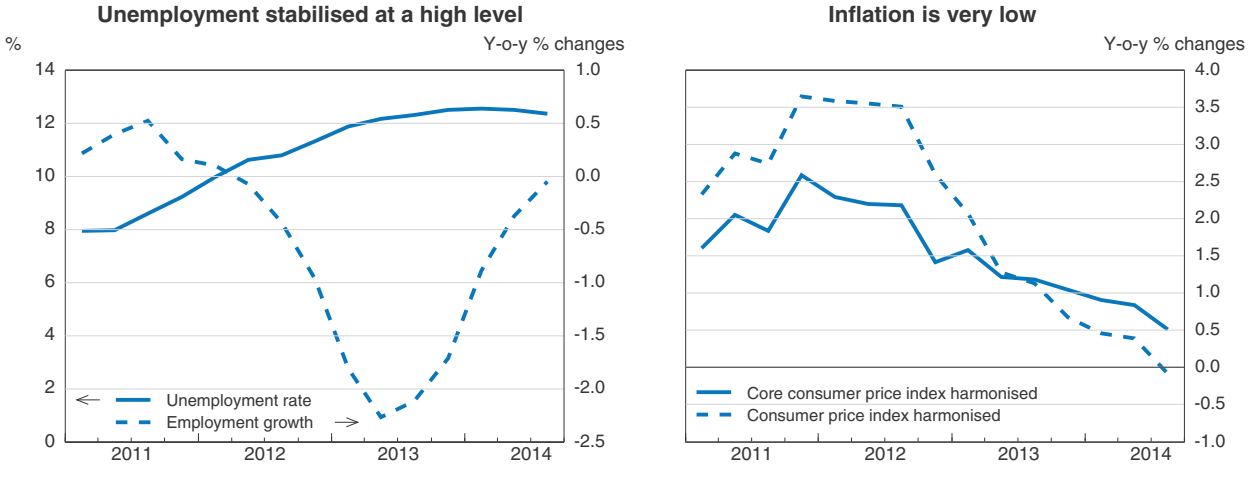
Activity has been falling throughout 2014

The recession that began in 2011 has continued during most of 2014. This confounded expectations of an upturn based on improvements in confidence; both turned down in late summer as the expected upturn failed to materialise. The depressed economy, together with falling energy and commodity prices, contributed to a continuing decline in inflation, which has been near zero since mid-2014. Employment has been broadly stable since late 2013, although at a depressed level, and the unemployment rate remains high. Wage settlements have been subdued, but given chronically weak productivity growth not enough to generate any overall competitiveness gains.

Bank credit has continued to decline

Bank lending to non-financial companies has continued to fall, though at a somewhat slower pace than in 2012-13. Credit standards were reported as having loosened a little and nominal lending rates have fallen,

Italy



Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169468

Italy: **Employment, income and inflation**

Percentage changes

	2012	2013	2014	2015	2016
Employment[1]	-0.2	-2.0	-0.4	0.1	0.2
Unemployment rate[1,2]	10.7	12.2	12.4	12.3	12.1
Compensation of employee[3]	0.0	1.3	1.4	0.9	0.5
Unit labour cost	2.2	1.5	1.6	1.3	-0.2
Household disposable income	-1.9	-0.7	1.4	1.3	0.3
GDP deflator	1.6	1.4	0.4	0.2	0.3
Harmonised index of consumer prices	3.3	1.3	0.1	0.0	0.6
Core harmonised index of consumer prices[4]	2.0	1.3	0.6	0.2	0.6
Private consumption deflator	2.8	1.2	0.4	0.2	0.5

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170166

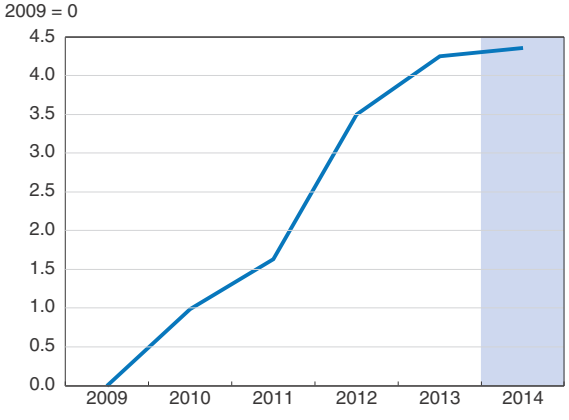
suggesting that part of the fall in lending may be due to reduced demand for loans from companies. But rates remain higher than in other euro area countries, probably reflecting higher perceived risks due to rising non-performing loans in Italy.

Investment has been particularly weak

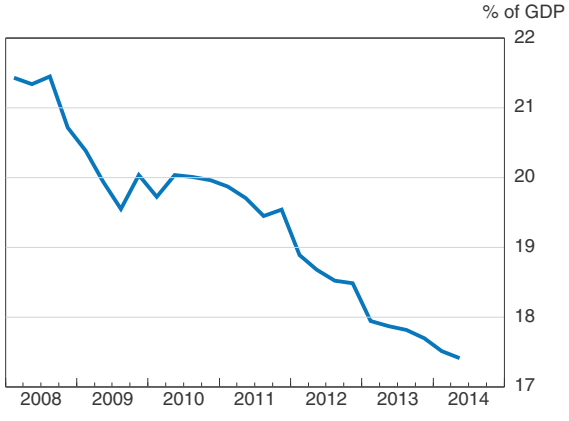
The fall in credit is part cause and part consequence of the fall in fixed investment. Both private and public investment are now more than one quarter lower than in 2008. Aggregate investment is now lower than

Italy

Budget improvements have levelled off[1]



Investment has been hard hit by recession



1. Cyclically adjusted government primary balance in per cent of potential GDP.

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169471

Italy: **Financial indicators**

	2012	2013	2014	2015	2016
Household saving ratio, net[1]	3.1	3.9	4.6	5.4	4.8
General government financial balance[2]	-3.0	-2.8	-3.0	-2.8	-2.1
General government gross debt[3]	137.0	144.0	146.9	149.2	149.7
General government debt, Maastricht definition[2]	122.2	127.9	130.6	132.8	133.5
Current account balance[2]	-0.2	1.0	1.5	1.8	2.1
Short-term interest rate[4]	0.6	0.2	0.2	0.1	0.1
Long-term interest rate[5]	5.5	4.3	2.9	2.4	2.4

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170173

estimated depreciation, implying a falling capital stock. Once the investment cycle turns, quite sharp increases in investment could occur.

Fiscal consolidation has slowed significantly

Since 2009, fiscal policy has been tightened by over 4% of GDP. This has helped to forestall market anxiety and make progress towards restoring long-term sustainability for the public finances. Further tightening totalling around 0.5% of GDP is planned for 2015 and 2016. This is projected to keep the budget deficit at 2.8% of GDP in 2015, and reduce it to 2.1% in 2016. The debt-to-GDP ratio is projected to rise slightly in the near term, but once activity picks up higher tax revenues will narrow the budget deficit and the debt ratio will begin to fall.

Italy: **Demand and output**

	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
	Current prices € billion	Percentage changes from previous year, volume (2010 prices)					
GDP at market prices	1 618.9	-0.4	0.2	1.0	-0.5	0.8	1.1
Private consumption	979.4	0.2	0.3	0.5	0.3	0.4	0.5
Government consumption	314.8	-0.2	-1.0	-0.3	-0.4	-1.2	0.1
Gross fixed investment	288.6	-2.7	0.1	2.0	-3.5	2.0	1.7
Final domestic demand	1 582.8	-0.4	0.0	0.6	-0.5	0.4	0.6
Stockbuilding[1]	- 0.8	-0.1	0.0	0.0			
Total domestic demand	1 582.0	-0.5	0.0	0.6	-0.5	0.4	0.6
Exports of goods and services	462.3	1.7	2.7	4.6	1.7	3.8	4.7
Imports of goods and services	425.4	1.4	2.1	3.4	1.8	2.4	3.5
Net exports[1]	36.9	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 96 database.

StatLink http://dx.doi.org/10.1787/888933170186

Exports and the investment cycle will underpin growth

The economy is projected to remain weak until mid-2015, after which accelerating export market growth and the lower euro exchange rate will bring about a recovery in exports. Restrained labour costs will also contribute to stronger exports. A modest pick-up in investment is projected as confidence returns. Successful labour market reform, the budgeted reduction in the tax wedge on labour and better tax treatment of equity investment should also underpin investment growth. Private consumption growth will pick up somewhat as real wages edge up. The recovery is too weak to stimulate job growth substantially, but unemployment will continue to edge down.

Downside risks are strong, though investment and trade could be stronger

The projected recovery would be undermined if weaknesses in the banking system were to restrict the projected investment upturn. ECB statements and action have helped to reduce interest rates on public debt, but risks of adverse financial market reaction will persist until public debt is clearly declining relative to GDP. Weaker-than-expected external demand, notably from euro area countries, would hit exports. On the positive side, the investment cycle might turn more quickly than projected here, especially if Italy's success in retaining market shares in the downturn is maintained as global trade accelerates.

JAPAN

Output growth slowed to around ½ per cent in 2014, reflecting in part the impact of the consumption tax hike. Output growth is projected to rebound to around ¾ per cent in 2015 and 1% in 2016, supported by improving labour market conditions and expanded monetary easing. The weaker yen is expected to help sustain export growth and push inflation closer to the 2% target.

Gross public debt is 230% of GDP (and net debt is 143%). In the wake of sharp output declines in the second and third quarters of 2014, the government announced the increase in the consumption tax rate that had been scheduled for 2015 will be postponed to 2017. This will make it challenging to achieve the target of a primary surplus by FY 2020, and therefore a detailed and credible fiscal consolidation plan has become even more vital. The Bank of Japan's "quantitative and qualitative monetary easing" should continue until the inflation target has been sustainably achieved. Bold structural reforms to boost competitiveness and potential growth are a priority, as stronger growth is needed to address the fiscal situation.

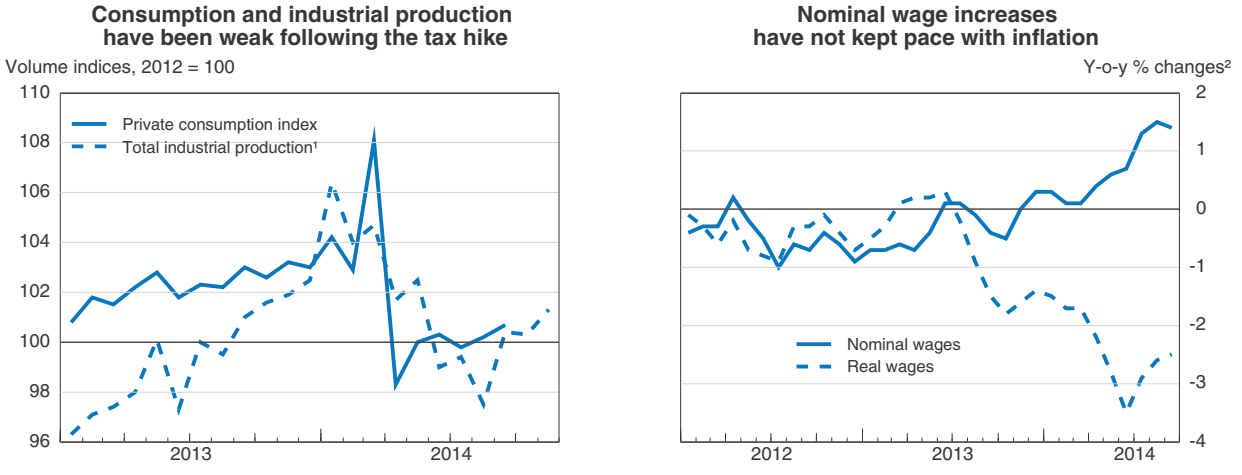
Growth has been very weak

The rebound in private consumption following the April 2014 tax increase has been weak, and real GDP fell in both the second and third quarters. Although nominal wage growth has turned positive, it still lags behind consumer price inflation, reducing households' purchasing power and consumer confidence. Inflation, which had risen to 1½ per cent (year-on-year) prior to the tax hike, slowed to around 1% in late 2014 (excluding the impact of the tax hike), reflecting in part the fall in oil prices.

A number of factors should boost growth in 2015

A number of factors should support a recovery, including the 5.5 trillion yen (1.1% of GDP) fiscal package introduced in February 2014. Business confidence and profits remain high, thanks in part to the cut in the corporate income tax rate in 2014 from 37% to below 35%. Meanwhile,

Japan



1. Producers' estimates for October and November 2014.
2. Total cash earnings (including bonuses). Data are three-month moving averages.

Source: Ministry of Economy, Trade and Industry; Cabinet Office; Ministry of Health, Labour and Welfare; and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933169380

Japan: **Employment, income and inflation**

Percentage changes

	2012	2013	2014	2015	2016
Employment	-0.3	0.7	0.6	-0.1	-0.4
Unemployment rate[1]	4.3	4.0	3.6	3.5	3.5
Compensation per employee[2]	0.4	0.0	1.0	2.4	2.8
Unit labour cost	-1.2	-0.6	1.4	1.9	1.7
Household disposable income	-0.1	0.8	2.3	2.6	2.6
GDP deflator	-0.9	-0.6	1.6	1.7	1.4
Consumer price index[3]	0.0	0.4	2.9	1.8	1.6
Core consumer price index[4]	-0.5	-0.1	1.9	1.6	1.6
Private consumption deflator	-0.8	-0.3	1.9	1.6	1.5

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170069

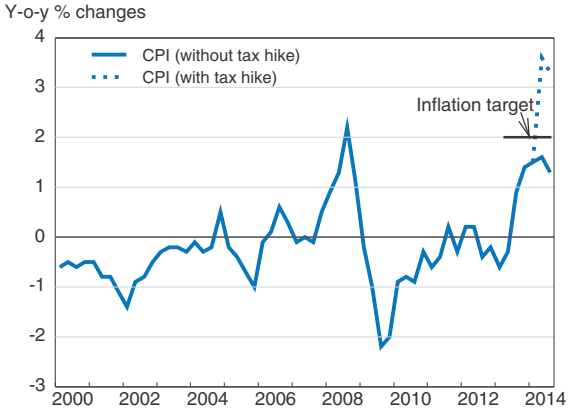
the further depreciation of the yen, which has now fallen 25% in trade-weighted terms since late 2012, has buoyed exports.

Further fiscal consolidation is needed

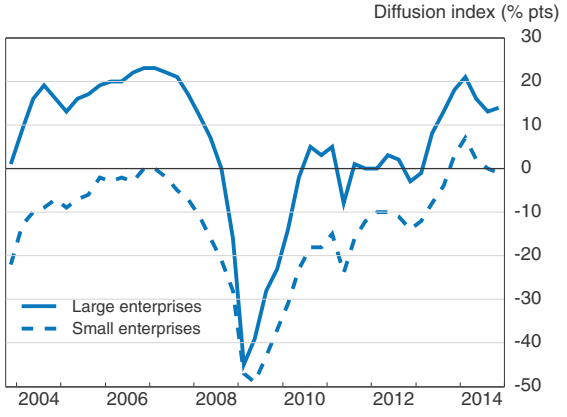
Despite the delay in the second consumption tax rate hike to 10% to April 2017, the primary budget deficit is projected to narrow from 8.1% of GDP in 2013 to 5½ per cent in 2016, thanks to spending cuts, primarily in public investment. However, significant additional measures to raise revenues and constrain spending, particularly that related to population ageing, are needed to achieve a primary surplus, especially by FY 2020 as

Japan

Inflation has fallen since early 2014



Business confidence remains high in the Tankan Survey[1]



1. Diffusion index of "favourable" minus "unfavourable" conditions. Large enterprises are capitalised at a billion yen or more and small enterprises at between 20 million yen and a 100 million yen. Numbers for the fourth quarter are companies' projections made in September 2014.

Source: OECD Economic Outlook 96 database; and Bank of Japan.

StatLink http://dx.doi.org/10.1787/888933169399

Japan: **Financial indicators**

	2012	2013	2014	2015	2016
Household saving ratio, net[1]	1.3	0.4	1.8	1.9	1.8
General government financial balance[2]	-8.7	-9.0	-8.3	-7.3	-6.3
General government gross debt[3]	216.5	224.2	230.0	233.8	236.7
General government net debt[3]	129.4	137.2	142.9	146.8	149.6
Current account balance[2]	1.1	0.7	0.1	0.9	1.4
Short-term interest rate[4]	0.2	0.2	0.1	0.1	0.1
Long-term interest rate[5]	0.8	0.7	0.5	0.5	0.5

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170071

the government has planned (for central and local governments), and to eventually put the debt-GDP ratio on a sustainably declining path.

QQE should continue until the inflation target is achieved

The recalibration of the Bank of Japan's "quantitative and qualitative monetary easing" in October 2014 targets an increase in the monetary base to around 80 trillion yen per year, primarily through expanded purchases of government bonds. The policy, which is aimed at achieving the 2% inflation target as early as possible, has been successful in boosting

Japan: **Demand and output**

	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
	Current prices ¥ trillion	Percentage changes from previous year, volume (2005 prices)					
GDP at market prices	478.1	0.4	0.8	1.0	-0.1	1.6	0.9
Private consumption	292.7	-0.9	1.0	1.2	-1.9	2.3	0.8
Government consumption	98.4	0.3	0.3	0.5	0.2	0.6	0.1
Gross fixed investment	103.8	3.7	-1.0	-0.5	0.0	-0.5	0.2
Public[1]	23.7	4.8	-6.8	-17.7	0.9	-15.5	-14.4
Residential	15.3	-4.0	-1.5	3.6	-12.7	5.3	3.2
Non-residential	64.7	5.1	1.0	4.0	2.7	3.5	3.7
Final domestic demand	494.9	0.3	0.4	0.7	-1.1	1.4	0.6
Stockbuilding[2]	- 3.2	0.1	0.0	0.0			
Total domestic demand	491.7	0.4	0.4	0.7	-1.0	1.4	0.6
Exports of goods and services	77.6	7.8	6.2	6.7	9.1	7.0	6.6
Imports of goods and services	91.2	6.9	3.2	4.6	2.5	5.1	4.4
Net exports[2]	- 13.6	-0.1	0.4	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 96 database.

StatLink http://dx.doi.org/10.1787/888933170080

Japan: **External indicators**

	2012	2013	2014	2015	2016
			$ billion		
Goods and services exports	874.3	795.1	807.5	801	869
Goods and services imports	991.1	934.0	953.1	906	959
Foreign balance	- 116.8	- 138.9	- 145.6	- 104	- 90
Invisibles, net	180.2	173.3	147.3	145	154
Current account balance	63.3	34.3	1.7	41	65
			Percentage changes		
Goods and services export volumes	- 0.2	1.6	7.8	6.2	6.7
Goods and services import volumes	5.3	3.4	6.9	3.2	4.6
Export performance[1]	- 3.9	- 2.9	4.9	1.0	0.4
Terms of trade	- 1.4	- 1.9	- 1.2	1.4	0.4

1. Ratio between export volume and export market of total goods and services.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170098

inflation expectations and pushing underlying inflation into positive territory in late 2013. However, with inflation stalling in the latter half of 2014, the 2% target appears out of reach in 2015. The expanded easing will help to prevent any rise in long-term interest rates and boost inflation.

Moderate output growth is projected for 2015-16

Despite continued fiscal consolidation, output growth is projected to pick up to around ¾ per cent in 2015 and 1% in 2016. The labour market has tightened, with the increase in bonus payments in mid-2014 the highest in 30 years. With the working-age population falling by 1.5% a year and firms already reporting the highest level of labour shortages since the early 1990s, real wages are projected to rise in 2015, supporting private consumption. Labour shortages and higher profits will support investment, and firms will benefit from a further cut in the corporate income tax rate, to less than 30%, over the next few years. Given the weak yen, Japan is well positioned to maintain export growth as world trade picks up.

Downside risks predominate

Sustained output growth in the face of fiscal consolidation requires a virtuous circle of rising prices, wages, and corporate earnings. Sluggish wage growth, which could result from an increasing share of low-paid non-regular workers, is the key risk in this regard. The fragile global economic situation also poses risks. Additional fiscal stimulus could be used to prevent the economy from slipping into stagnation, although this would make it even more difficult to reach primary balance, thus increasing the risk attached to Japan's unprecedentedly high level of public debt.

KOREA

Following the decline in private consumption in spring 2014, the economy is gradually rebounding, thanks in part to monetary policy easing, fiscal stimulus and measures to boost the housing market. Output is projected to grow at around 4% in 2015-16, helping to narrow Korea's large current account surplus and to lift inflation to the target range of 2.5% to 3.5%.

While fiscal stimulus to support growth is appropriate, given Korea's strong fiscal position, the top priority should be wide-ranging reforms, particularly those in the 2014 Three-Year Plan for Economic Innovation, to sustain the country's growth potential. Policies to revitalise the housing market should be implemented carefully to avoid aggravating the household debt problem.

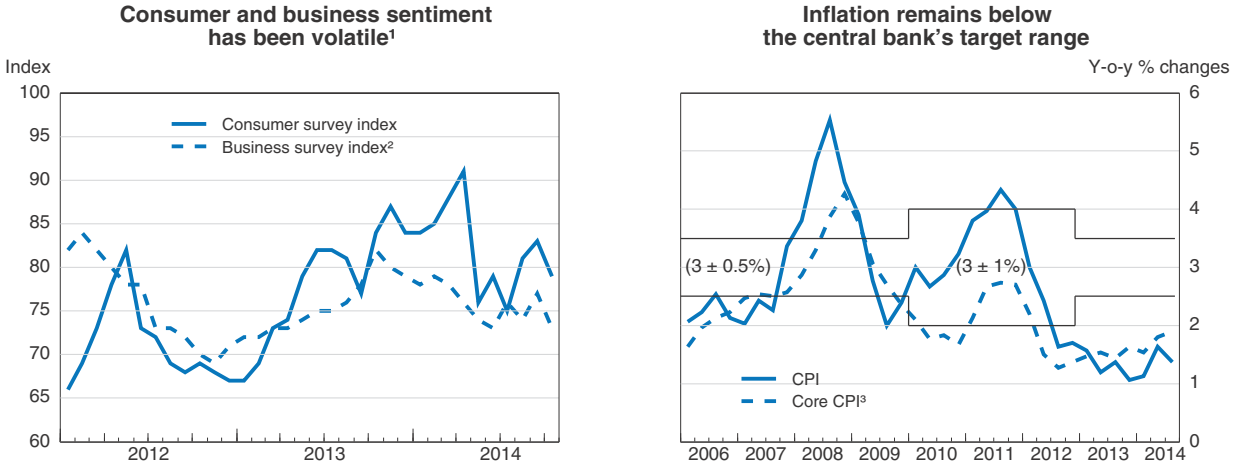
Output growth is picking up following a period of sluggish growth

Private consumption, which fell following the tragic ferry accident in April 2014, is rebounding, while residential investment remains strong, aided by a relaxation of macro-prudential regulations that had constrained mortgage lending. Despite the 10% appreciation of the won since early 2013, export growth picked up in the first half of the year. Nevertheless, considerable slack remains in the economy, with the current account surplus at 6% of GDP and inflation falling to around 1¼ per cent (year-on-year).

Monetary and fiscal policies are supporting growth

With inflation undershooting its target range, the Bank of Korea cut its policy rate in the second half of 2014 by a total of 50 basis points to 2%, matching its record low in 2009. Fiscal policy has also shifted to a more pro-growth stance. Government spending is set to increase 5.7% in 2015, as against 1.9% in 2014, and the consolidated central government budget, excluding the social security surplus, is to remain in deficit, albeit at only

Korea



1. Current domestic economic conditions for consumers and business conditions for firms. A value less than 100 indicates that the number of consumers and firms with a negative view exceeds those with a positive view.
2. Seasonally-adjusted of manufacturing sector.
3. Corresponds to the OECD measure of core inflation, which excludes food and energy.

Source: Bank of Korea; and OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169659

Korea: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices KRW trillion	Percentage changes, volume (2010 prices)				
GDP at market prices	1 332.7	2.3	3.0	3.5	3.8	4.1
Private consumption	679.1	1.9	2.0	1.8	3.0	3.2
Government consumption	194.4	3.4	2.7	2.7	4.2	3.4
Gross fixed capital formation	403.0	-0.5	4.2	4.7	5.2	6.0
Final domestic demand	1 276.6	1.4	2.8	2.9	3.9	4.1
Stockbuilding[1]	36.2	-0.6	-1.3	0.3	-0.1	0.0
Total domestic demand	1 312.8	0.7	1.4	3.1	3.8	4.2
Exports of goods and services	742.9	5.1	4.3	3.4	4.9	6.3
Imports of goods and services	723.0	2.4	1.6	2.5	5.2	6.7
Net exports[1]	19.9	1.5	1.5	0.6	0.1	0.1
Memorandum items						
GDP deflator	_	1.0	0.7	0.6	0.4	0.7
Consumer price index	_	2.2	1.3	1.4	2.2	2.5
Private consumption deflator	_	2.2	1.0	1.2	1.9	2.3
Unemployment rate	_	3.2	3.1	3.5	3.4	3.3
Household saving ratio, net[2]	_	3.9	5.1	5.3	5.2	5.3
General government financial balance[3]	_	1.0	-0.4	-0.6	-1.0	-0.7
General government gross debt[4]	_	34.8	35.6	36.7	38.2	39.6
General government net debt[4]	_	-35.9	-35.2	-34.0	-32.5	-31.1
Current account balance[3]	_	4.1	6.1	6.0	5.0	4.2

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170443

around 1% to 2% of GDP, through to 2018. Nevertheless, government debt is projected to remain below 40% of GDP. The government is also implementing regulatory reform and measures to boost the employment rate from 64% of the working-age population in 2012 to 70% by 2017, focusing on higher female employment. To promote employment and investment, the authorities plan to impose a 10% tax on firms that do not spend a government-determined amount of their income on salaries, investment and dividends, although this measure remains controversial.

Growth of around 4% is projected for 2015-16

Output is projected to grow at an annual rate of close to 4% over 2015-16, led by an upturn in exports due to stronger world trade and to the trade-promoting effects of Korea's free trade agreements with the European Union (2011), the United States (2012), Canada (2014), Australia (2014), China (2014) and New Zealand (2014). Stronger exports will sustain fixed investment, but the high level of household debt, at 161% of household disposable income, remains a headwind to private consumption. Stronger domestic demand is expected to help reduce the current account surplus to around 4¼ per cent of GDP in 2016 and raise inflation back into the target range (the planned hike in the cigarette tax could temporarily add as much as a ½ percentage point to the inflation rate).

Risks are broadly balanced

Although the government is aiming to reduce the household debt ratio, the measures to revitalise the housing market could further increase it, raising risks to private consumption as well as financial institutions. On the external side, Korea is particularly sensitive to the fragile global economic situation and exchange rate shifts, given that exports account for more than half of GDP.

LATVIA

After a moderate slowdown in 2014, the recovery is projected to gain momentum, underpinned by a rebound in investment and improving export prospects. Economic activity will also be sustained by household spending but less than in the past.

Fiscal policy is sound. Complying with the fiscal rule will maintain the confidence of financial markets. The composition of public spending and the taxation system should be revised further to reduce the high level of inequality and structural unemployment.

Growth has slowed

While GDP has not reached its pre-crisis level yet, growth slowed in 2014. The deterioration of the global environment, in particular the growing regional geopolitical tensions and their indirect impact on the outlook of the euro area and Russia, reduced external demand and weakened business confidence. However, private consumption has been robust on the back of substantial wage increases, including an increase in the minimum wage, declines in unemployment and a lower tax burden.

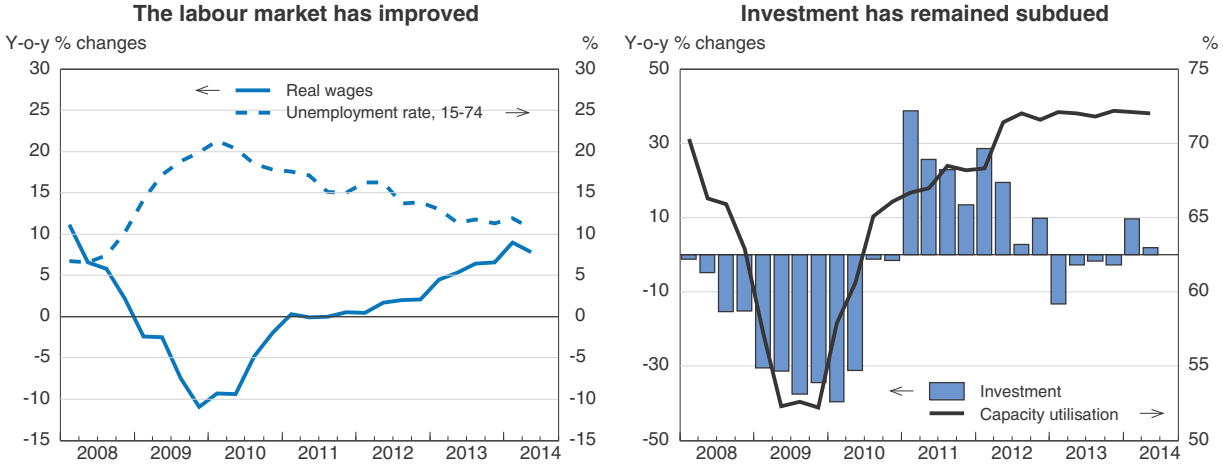
The labour market will improve at a moderate pace

Household income growth is projected to soften. Fiscal policy should be accommodative but the improvement of labour market outcomes will moderate. After a sharp recovery from relatively low levels, wage growth is projected to slow as firms will have to limit the rise in labour costs to align them with productivity and preserve competitiveness. Moreover, employment growth is set to ease as the pool of potential labour has largely been exhausted.

Investment is set to rebound

Investment is projected to pick up in response to historically high capacity utilisation rates and with the implementation of EU-funded projects. Credit conditions should improve progressively given accommodative monetary policy. Credit growth will also benefit from the

Latvia



Source: OECD Economic Outlook 96 database; Eurostat; and Central Statistical Bureau of Latvia.

StatLink http://dx.doi.org/10.1787/888933169870

Latvia: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices € billion	Percentage changes, volume (2010 prices)				
GDP at market prices	20.3	4.8	4.2	2.5	3.2	3.9
Private consumption	12.7	3.0	6.2	2.7	3.0	3.7
Government consumption	3.7	0.4	-4.2	2.7	2.8	2.8
Gross fixed capital formation	4.5	14.5	-5.2	2.4	2.7	5.2
Final domestic demand	20.9	5.0	1.6	2.6	2.9	3.9
Stockbuilding[1]	0.4	-2.6	1.8	-0.8	0.4	0.0
Total domestic demand	21.3	2.3	3.4	1.8	3.2	3.8
Exports of goods and services	11.7	9.8	1.5	1.9	3.1	5.2
Imports of goods and services	12.7	5.4	0.3	1.7	3.2	5.0
Net exports[1]	-1.0	2.3	0.7	0.1	-0.1	0.0
Memorandum items						
GDP deflator	_	3.6	1.1	1.7	1.8	2.4
Harmonised index of consumer prices	_	2.3	0.0	0.8	1.9	2.3
Private consumption deflator	_	3.4	0.4	0.8	1.9	2.3
Unemployment rate	_	15.0	11.9	10.9	9.7	8.8
General government financial balance	_	-0.8	-0.9	-1.3	-1.0	-0.8
Current account balance[2]	_	-3.3	-2.3	-2.3	-2.3	-2.2

1. Contributions to changes in real GDP, actual amount in the first column.
2. As a percentage of GDP.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170700

positive confidence effect of euro adoption, the progressive reduction in non-performing loans and the decrease in the debt burden in the private sector.

Geopolitical tensions will weigh on the recovery

The regional geopolitical tensions are projected to temporarily reduce growth by weakening the Russian export market, decreasing the transit of goods from Russia, and increasing the level of uncertainty. On the back of improving export prospects and supportive domestic demand, GDP growth is projected to rise from 2.5% in 2014 to close to 4% in 2016. As global disinflationary forces are offset by domestic increases in unit labour costs and electricity prices, inflation is projected to exceed 2% in 2016.

Downside risks prevail

The main risks relate to a degradation of the regional geopolitical climate and lower growth in Latvia's trading partners. Continued uncertainty in external environment can discourage investment and increase household precautionary savings. Persistent stagnation and declines in inflation expectations in the euro area could cut growth significantly. By contrast, the resumption of production at *Liepajas Metalurgs,* which was the largest Latvian steelmaker, by the end of 2014, could result in higher growth.

LUXEMBOURG

Growth will slow somewhat in 2015, and then recover only partially in 2016, as the shift of the EU VAT regime for e-commerce from the seller to the buyer country weakens export growth and higher VAT rates bear on demand. The higher VAT will also boost consumer prices, and backward-looking wage indexation could transmit price rises to wages.

Some further fiscal consolidation is still needed, but the automatic stabilisers should be allowed to work. Aligning financial regulations with EU and international initiatives will contain risks posed by Luxembourg's large financial sector. Structural reforms to enhance work incentives would reduce structural unemployment, while fostering competition and education would boost potential growth.

Economic activity is robust

Economic growth is benefiting from resilient domestic demand and robust activity in the mutual fund industry. However, 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 rising administered prices have kept inflation above the euro area average.

Further fiscal consolidation is still needed

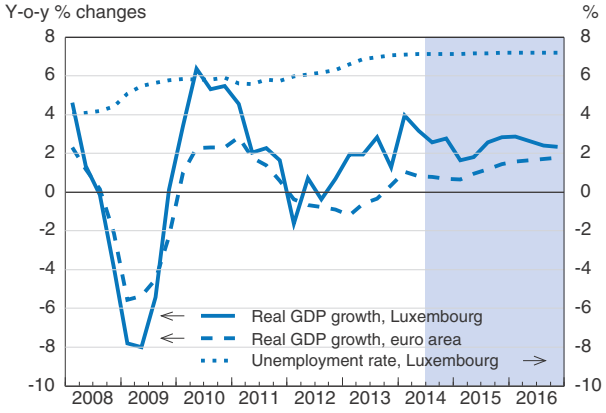
The new EU tax regime will shift e-commerce VAT from the country of sale to the country of consumption as of January 2015. This is estimated to cut government revenues by about 1½ per cent of GDP in 2015, which will be only partially offset by a rise in domestic VAT rates. Some further fiscal consolidation is still needed to restore public finances towards a sustainable longer-term path. Automatic stabilisers should be allowed to work.

Financial sector regulation is being updated

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

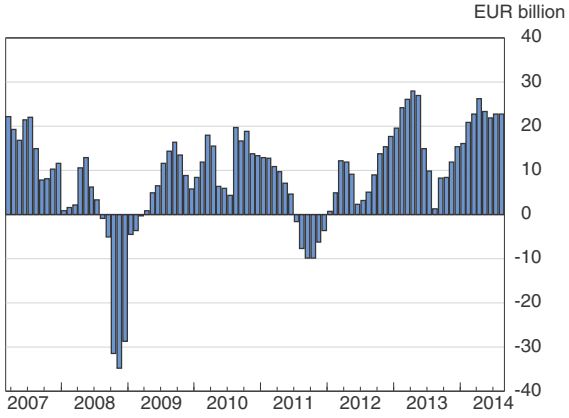
Luxembourg

Growth and unemployment are stabilising



Mutual fund activity remains robust

Net inflows into the mutual funds industry[1]



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

Source: OECD Economic Outlook 96 database; and Commission de Surveillance du Secteur Financier.

StatLink http://dx.doi.org/10.1787/888933169666

Luxembourg: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices € billion	Percentage changes, volume (2005 prices)				
GDP at market prices	42.4	-0.2	2.0	3.1	2.2	2.6
Private consumption	13.3	1.9	1.5	1.8	2.4	2.8
Government consumption	6.9	3.8	5.1	2.9	1.5	2.1
Gross fixed capital formation	7.6	2.7	-4.3	-2.9	3.3	1.9
Final domestic demand	27.9	2.6	0.8	0.9	2.4	2.4
Stockbuilding[1]	0.5	-1.6	-0.1	-1.6	-0.9	0.0
Total domestic demand	28.3	0.2	0.5	-0.8	1.2	2.5
Exports of goods and services	78.5	3.0	5.6	4.0	3.2	3.2
Imports of goods and services	64.5	3.8	5.8	2.1	3.1	3.3
Net exports[1]	14.0	-0.3	1.6	4.6	1.4	1.0
Memorandum items						
GDP deflator	_	3.4	1.4	0.6	1.3	1.3
Harmonised index of consumer prices	_	2.9	1.7	0.9	1.2	1.5
Private consumption deflator	_	1.9	0.3	0.3	1.1	1.5
Unemployment rate	_	6.1	6.9	7.1	7.2	7.2
General government financial balance[2]	_	0.1	0.6	0.9	0.2	0.5
General government gross debt[3]	_	29.6	29.7	30.6	32.0	33.3
General government debt, Maastricht definition[2]	_	21.4	23.6	24.4	25.9	27.1
Current account balance[2]	_	5.8	4.9	5.1	4.0	4.0

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170452

of further changes to the regime of information exchange for tax purposes is welcome as it improves transparency. It also reinforces the case in favour of further diversification of the financial sector.

Domestic demand is sustaining growth

Against the background of a stabilising saving rate, consumption and domestic demand growth will strengthen. The labour force will continue to grow steadily as workers from neighbouring countries are attracted by high wages. Export growth will ease slightly as the shift in the e-commerce VAT regime is expected to make Luxembourg somewhat less attractive for certain activities.

Risks are mostly on the downside

Lower growth in the euro area would slow growth in Luxembourg directly, given its strong trade and financial linkages. The effect 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 reduce the profitability of the financial sector, at least in the short run. At the same time, larger safe haven capital inflows might boost activity in the large financial sector.

MEXICO

A strong rebound of exports, improved confidence and fiscal stimulus have driven a recovery, with manufacturing leading other sectors. The recovery is projected to gain momentum with growth of just over 2½ per cent in 2014 and about 4% in 2015, strengthening further in 2016.

Fiscal policy was expansionary in 2014, but the fiscal stance will return to a neutral position in 2015 and will tighten in 2016 as foreseen in the government's new fiscal framework. Monetary conditions can remain accommodative for some time, despite the pick-up in growth and an up-tick in inflation that has temporarily put it above the central bank's target range, as expectations are well anchored and fiscal support will be withdrawn. The significant decline in oil prices, while partially offset by a depreciation of the currency, could nevertheless reduce fiscal revenue substantially, delaying consolidation. On the other hand, the government's structural reforms should boost investment, notably in the energy and telecommunication sectors.

Growth has rebounded

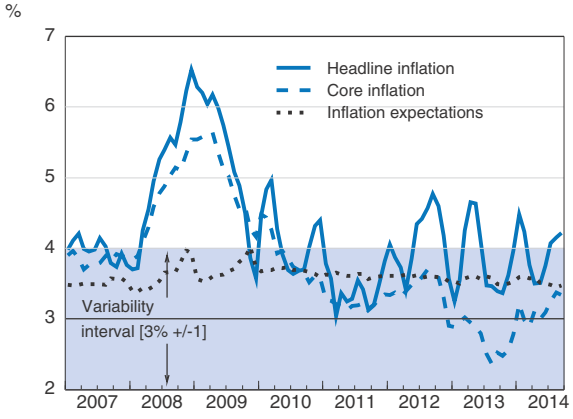
The Mexican economy suffered a soft patch at the beginning of 2014, reflecting problems in the housing construction sector and other headwinds. This was magnified by a bout of weather-related shocks, which have now dissipated. The cycle has started to turn around and a rebound is now underway, fuelled primarily by stronger domestic investment and renewed demand for Mexican exports from the United States, as well as by supportive fiscal and monetary policy.

Strong policy credibility allows for supportive monetary policy

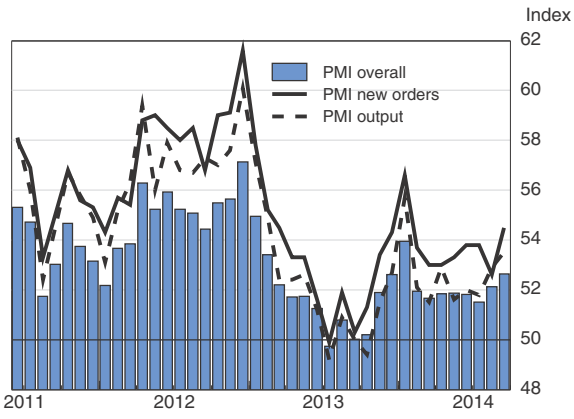
Headline and core inflation have risen, partly as a result of the tax increases introduced at the start of 2014, but this has not fed into higher inflation expectations owing to strong policy credibility. The exchange rate has remained broadly stable since late-2013, especially as compared to other emerging market economies that have been buffeted by the reduction of US quantitative easing. The central bank's policy rate remains at a record low of 3%, which should help to further support a rebound in investment.

Mexico

Inflation expectations have remained stable
Year-on-year percentage changes



Manufacturing PMIs point to a recovery



Source: Markit; and INEGI.

StatLink http://dx.doi.org/10.1787/888933169672

Mexico: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices MXN billion	Percentage changes, volume (2008 prices)				
GDP at market prices	14 544.1	3.7	1.3	2.6	3.9	4.2
Private consumption	9 658.2	4.6	2.9	2.2	3.5	3.6
Government consumption	1 683.2	3.2	1.4	2.1	3.7	2.4
Gross fixed capital formation	3 156.7	4.5	-1.7	1.8	4.1	4.8
Final domestic demand	14 498.2	4.4	1.7	2.1	3.6	3.7
Stockbuilding[1]	224.4	0.3	-0.1	0.3	-0.1	0.0
Total domestic demand	14 722.5	4.7	1.6	2.4	3.6	3.7
Exports of goods and services	4 543.8	5.9	1.1	7.0	6.2	7.0
Imports of goods and services	4 722.2	4.4	1.8	5.0	4.2	5.5
Net exports[1]	- 178.5	0.4	-0.3	0.6	0.6	0.5
Memorandum items						
GDP deflator	_	3.5	1.8	4.0	3.5	3.0
Consumer price index	_	4.1	3.8	4.0	3.5	3.1
Private consumption deflator	_	3.9	2.7	3.9	3.1	3.0
Unemployment rate[2]	_	4.9	4.9	4.9	4.7	4.7
Public sector borrowing requirement[3,4]	_	-3.5	-3.8	-4.2	-4.1	-3.6
Current account balance[4]	_	-1.3	-2.1	-1.9	-1.7	-1.8

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170462

Fiscal policy will soon begin to tighten

Fiscal policy was expansionary in 2014 to support activity and the public sector borrowing requirement is estimated to have widened to 4.2% of GDP this year. Non-oil revenues have been higher than expected, but the large fall in oil prices will likely absorb much of this windfall. Public outlays on infrastructure have helped with the rebound and can be eased back as growth strengthens.

Demand is expected to bounce back

Once US demand fully recovers and public outlays begin to have second-round effects, external and private demand growth should start to absorb the excess capacity that appeared last year. 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 medium to long term, these reforms should boost growth significantly.

The principal downside risks are external

One risk to growth involves the pace of withdrawal of US monetary policy stimulus, which could trigger market instability that would affect Mexico, driving up long-term interest rates. If the recent weakness in oil prices persists, the budgetary position could deteriorate, requiring more fiscal tightening. On the positive side, the major structural reforms that have passed could have earlier and larger effects on productivity and investment, raising growth sooner than expected.

NETHERLANDS

The recovery has been uneven as business investment has been volatile, but private consumption has started to recover. Growth should pick up somewhat as domestic demand gradually improves, but poor access to credit for small and medium-sized enterprises and low liquidity of household balance sheets are important headwinds. As a result of the tepid recovery, inflation is expected to remain low. The current account surplus exceeds 10% of GDP, reflecting strong exports and in part weak domestic demand.

Large fiscal consolidation has led to a major structural adjustment over the recent years. With the budget deficit reduced to below 3% of GDP, little further consolidation is assumed, which should lessen the drag on growth. Recent structural reforms to reduce labour market segmentation, increase work incentives and cut mortgage interest deductibility could help improve resource allocation and raise medium-term growth. These measures should be complemented with further efforts to boost financial buffers in banks and to reform the rental sector.

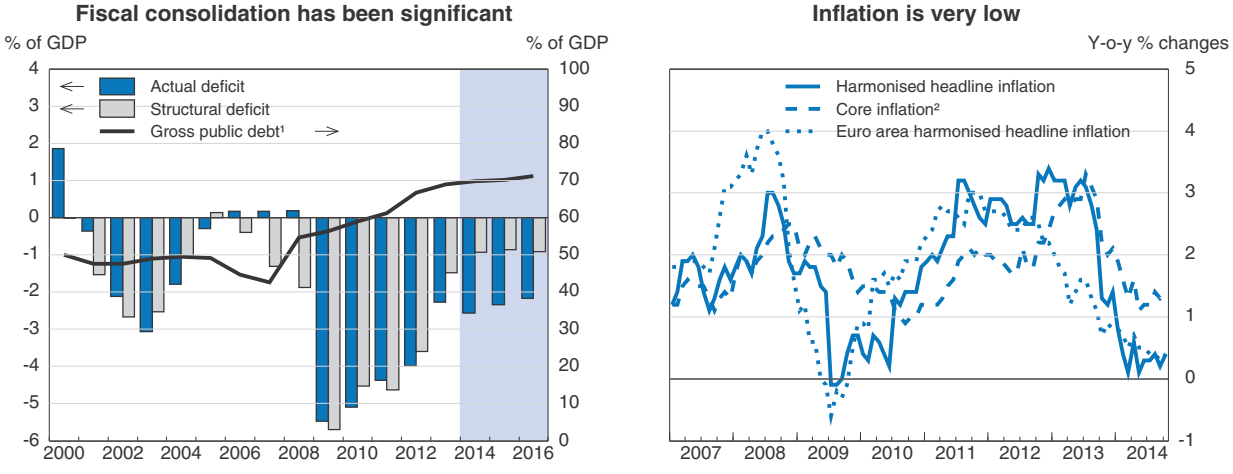
Growth has continued to recover slowly

GDP has continued to rise slowly, supported by a turnaround in private consumption. Business investment has been volatile, notably as a result of recent tax changes. Stronger consumer and business confidence indicators suggest that the economy should continue to recover, although small and medium-sized enterprises face significant constraints in accessing bank finance.

Major fiscal adjustment has been achieved

The public finances have improved considerably. The budget deficit has fallen below 3% of GDP and gross public debt has stabilised at around 70% of GDP. Only small consolidation is assumed in 2014 and 2015 and a modest relaxation is assumed in 2016, which will be positive for the growth outlook.

Netherlands



1. Gross public debt under Maastricht criterion.
2. Core inflation excludes potatoes, vegetables, fruits, energy, car fuels and expenditure by Dutch citizens abroad.

Source: OECD Economic Outlook 96 database; Statistics Netherlands (CBS); and Eurostat.

StatLink http://dx.doi.org/10.1787/888933169689

Netherlands: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices € billion	Percentage changes, volume (2010 prices)				
GDP at market prices	642.7	-1.6	-0.7	0.8	1.4	1.6
Private consumption	289.0	-1.5	-1.6	-0.1	0.4	0.4
Government consumption	167.1	-1.5	-0.2	0.1	0.3	0.6
Gross fixed capital formation	130.3	-6.0	-3.9	1.7	3.5	4.3
Final domestic demand	586.4	-2.5	-1.7	0.3	1.0	1.3
Stockbuilding[1]	1.6	0.1	-0.2	-0.1	0.1	0.0
Total domestic demand	588.0	-2.4	-1.9	0.3	1.1	1.3
Exports of goods and services	497.3	3.2	2.2	4.1	4.0	3.8
Imports of goods and services	442.6	2.8	1.0	4.1	3.9	3.7
Net exports[1]	54.7	0.6	1.1	0.4	0.5	0.5
Memorandum items						
GDP deflator	_	1.3	1.1	1.0	0.9	1.0
Harmonised index of consumer prices	_	2.8	2.6	0.4	0.8	0.9
Private consumption deflator	_	1.4	1.9	1.6	0.8	0.8
Unemployment rate	_	5.1	6.5	6.8	6.6	6.2
Household saving ratio, net[2]	_	6.5	7.8	8.1	8.0	8.0
General government financial balance[3]	_	-4.0	-2.3	-2.6	-2.3	-2.2
General government gross debt[4]	_	77.9	77.0	77.8	78.2	79.3
General government debt, Maastricht definition[3]	_	66.7	68.9	69.8	70.1	71.2
Current account balance[3]	_	9.7	10.2	10.7	10.9	11.3

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170477

The housing market has turned the corner

The housing market, which collapsed in the wake of the crisis, has started to recover. Transactions are increasing and house prices are edging up. However, prices remain nearly 20% lower compared to the pre-crisis peak and for a large number of young borrowers mortgages still exceed the value of their houses. This creates risks for the banking sector, but recent measures to reduce mortgage interest deductibility, increase amortisation and lower loan-to-value ratios should reduce financial vulnerabilities. These measures should be augmented by further efforts to recapitalise banks and to develop the private rental sector so as to create an alternative to homeownership and social housing.

Recent labour market reforms are welcome

The unemployment rate has stabilised and the authorities have introduced some tax measures to boost employment. Also, recent labour market reforms will enhance work incentives, including reforms to unemployment insurance, and easing of employment protection for regular contracts while tightening it for temporary ones.

GDP should strengthen gradually

Growth is projected to strengthen, driven by higher domestic demand. Stronger real income growth and a gradual reduction in the unemployment rate should support consumption. Inflation is expected to

remain low, as there will be slack in labour and product markets for some time.

Risks are broadly balanced

Further recovery in the housing market would ease the burden of large household debt, enhancing household confidence and, perhaps, consumption. Conversely, high household debt could hold consumption back more than projected, and, of course, should a number of households default on their mortgages (an historically unlikely event), the financial turbulence would be damaging. Tight access to finance for businesses and weaker-than-expected growth in the euro area would restrain investment. On the other hand, stronger external demand would improve investment and exports.

NEW ZEALAND

Economic growth is projected to moderate to a more sustainable rate of 2¾ per cent by 2016 as the boost from the Canterbury earthquake rebuild fades, the fall in export prices depresses domestic demand and macroeconomic policies become more restrictive. Still, the unemployment rate should edge down and wage growth increase modestly. With economic slack fully absorbed, consumer price inflation is projected to rise to 2% in 2016.

Remaining monetary accommodation will need to be withdrawn progressively. Unwarranted barriers to housing supply should be removed to increase affordability and reduce risks to financial stability. Fiscal consolidation should continue as planned to move the budget into surplus by 2015 and reinforce the downward trajectory for government debt.

Economic growth remains high

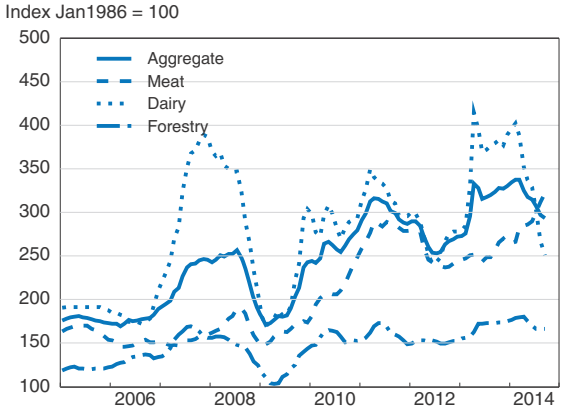
Economic growth remains high despite the sharp fall in dairy product prices since February. Recent business opinion surveys point to near-term growth continuing at rates in excess of 3%, which is above the estimated potential rate (2½ per cent). Economic activity is being supported by post-earthquake reconstruction, the gathering pace of residential and infrastructure construction in Auckland, favourable dairy production conditions and high net immigration. Immigration has eased labour market tensions but exacerbated housing shortages in Auckland. Businesses have ramped up investment to relieve capacity constraints. Strong job creation is boosting household incomes and consumption and has reduced the unemployment rate from a peak of 7.2% following the global financial crisis to 5.4% in late 2014. Wage and price pressures remain modest.

The Canterbury rebuild will soon peak and net immigration should ease

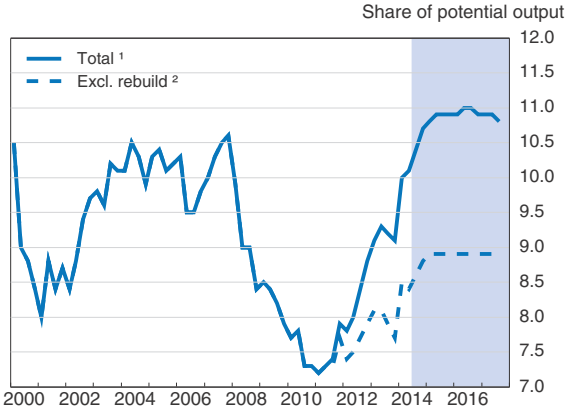
The boost to economic growth from the Canterbury rebuild is expected to cease in 2015, when the rebuild reaches its peak, but the subsequent drag on growth from the winding down of activity will not

New Zealand

Export commodity prices have fallen but remain high



The Canterbury rebuild is approaching its peak



1. Gross fixed capital formation of residential buildings and other construction, seasonally adjusted.
2. Total excluding RBNZ estimates of the direct impact of the rebuild on construction expenditure.

Source: ANZ Bank; and Reserve Bank of New Zealand, Monetary Policy Statement, September 2014.

StatLink http://dx.doi.org/10.1787/888933169699

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

	2011	2012	2013	2014	2015	2016
	Current prices NZD billion	Percentage changes, volume (1995/1996 prices)				
GDP at market prices	205.6	2.6	2.5	3.2	3.0	2.7
Private consumption	121.2	2.9	3.3	3.2	3.4	2.3
Government consumption	41.1	-1.5	0.9	2.2	-0.3	1.8
Gross fixed capital formation	38.3	7.1	9.7	7.1	6.6	4.7
Final domestic demand	200.6	2.8	4.1	3.8	3.4	2.8
Stockbuilding[1]	0.7	0.0	-0.1	0.9	0.1	0.0
Total domestic demand	201.2	2.8	4.0	4.7	3.5	2.8
Exports of goods and services	65.1	1.7	1.3	2.9	3.3	4.6
Imports of goods and services	60.7	2.7	6.3	6.6	4.8	4.7
Net exports[1]	4.4	-0.2	-1.5	-1.0	-0.4	-0.1
Memorandum items						
GDP deflator	_	-0.6	2.7	1.7	-0.1	1.5
Consumer price index	_	1.1	1.1	1.2	1.3	1.9
Core consumer price index[2]	_	1.0	1.2	1.4	1.5	1.9
Private consumption deflator	_	0.5	0.5	0.8	0.8	1.3
Unemployment rate	_	6.9	6.2	5.6	5.4	5.1
Household saving ratio, net[3]	_	-0.7	1.4	1.6	0.5	0.6
General government financial balance[4]	_	-2.1	0.0	0.0	0.7	1.0
General government gross debt[5]	_	42.6	41.6	41.1	40.2	39.0
Current account balance[4]	_	-4.1	-3.3	-3.5	-5.3	-5.7

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170483

occur until after 2016. After increasing substantially in 2014, net immigration is expected to ease in 2015-16 as economic conditions and labour markets in other countries improve. Nevertheless, the cumulative boost to the working-age population will have been substantial.

Macroeconomic policies are set to become less supportive of growth

Fiscal policy is assumed to remain contractionary, with the underlying primary balance improving by 1½ per cent of GDP over the next two years. This consolidation mainly reflects rising revenue. The monetary policy tightening that began in March 2014 is expected to resume in the third quarter of 2015 and continue for six months, lifting the official rate from 3.5% to 4.25%. The restrictions on high loan-to-value mortgages introduced in October 2013 are assumed to be phased out in 2015 to avoid disintermediation.

Growth should ease to more sustainable rates

Economic growth is projected to decline from 3¼ per cent in 2014 to a more sustainable 2¾ per cent in 2016 as the boost from construction and rising export prices passes and macroeconomic policy tightening bites. With employment growth set to slow sharply, the unemployment rate will only edge down to around 5%. Wage growth is projected to rise only

modestly, with increased labour supply helping to alleviate wage pressures. Inflation should rise to 2%, the midpoint of the central bank's target range.

Risks are balanced

The main upside risk is that net immigration may not decline as much as assumed and/or may, as in the past, have a greater impact on domestic demand than during the past two years, pushing up growth. On the other hand, a further deterioration in the global economy, especially China, would depress export volumes and prices, reducing growth.

NORWAY

Norway's mainland economy has been partially insulated from global financial turbulence and oil price volatility, reflecting the well-functioning fiscal framework governing oil revenues. The economy is projected to retain its momentum despite lower oil prices and falling investment by the oil industry in the near term. Household demand will remain solid with steady employment gains and rising household net worth. Non-oil exports and business investment will firm as the global economy improves.

With remaining labour market slack disappearing fast, the policy interest rate should start to rise in early 2016, before wage settlements accelerate and inflation expectations are undermined. Fiscal policy will continue to be expansionary, although well within the fiscal framework. The housing market has gathered pace again. Property prices and the exposure of banks to high household debt levels should continue to be monitored carefully and additional macro-prudential action taken as necessary.

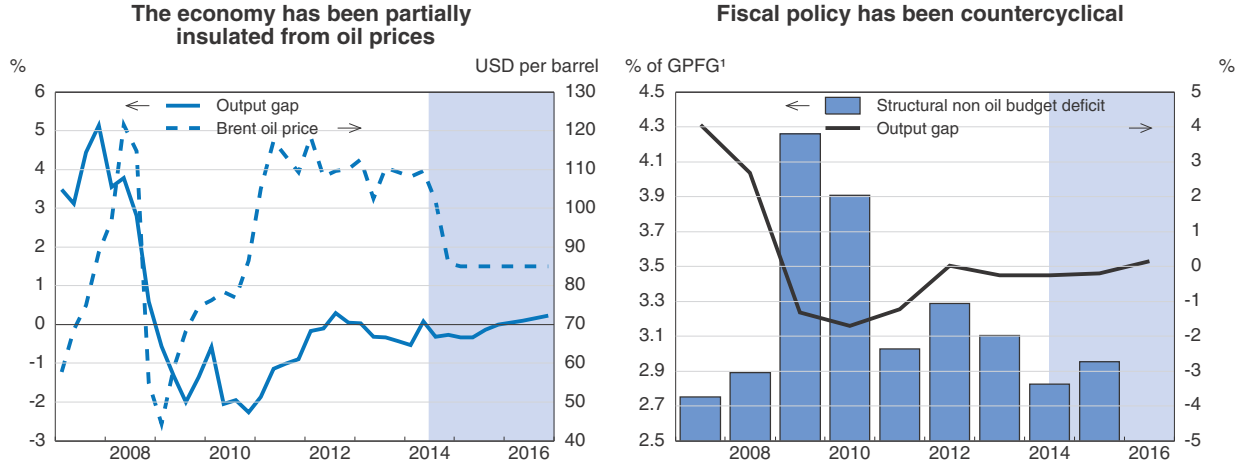
Expansion continues with strong income gains

Growth in Norway's mainland economy has been solid so far, even surprising on the upside in mid-2014. Oil investment and fiscal stimulus have supported demand, making up for relatively weak non-oil exports and business investment. Rising wages have generated strong real income gains, allowing households to increase both their consumption and their saving rate. Household debt slowed recently but remains high relative to disposable income. Residential investment has turned up again as house price growth resumed. Inflation is low for now but shows signs of rising, driven mainly by import prices, reflecting the delayed effect of a pronounced exchange rate depreciation in 2013.

Macroeconomic policy is set to remain expansionary

The policy interest rate remains low. However, once activity accelerates and remaining slack is taken up, the policy rate will need to rise. The projection assumes that this will begin in early 2016. Fiscal policy

Norway



1. All government revenues from oil and gas production are paid into a fund, the Government Pension Fund Global (GPFG). The GPFG invests exclusively in assets outside Norway. The so-called 4% rule stipulates that the structural mainland budget deficit (i.e. the central government deficit excluding petroleum revenues and adjusted for the cyclical position of the economy excluding petroleum and shipping) should, over time, be equivalent to 4% of the value of the GPFG at the end of the year prior to the budget year.

Source: Ministry of Finance; and OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169703

Norway: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices NOK billion	Percentage changes, volume (2011 prices)				
GDP at market prices	2 750.8	2.9	0.6	1.7	1.8	2.5
Private consumption	1 130.2	3.0	2.1	2.1	3.0	3.0
Government consumption	592.1	1.8	1.8	2.3	2.3	2.4
Gross fixed capital formation	539.3	8.3	8.4	0.7	0.5	2.5
Final domestic demand	2 261.6	3.9	3.6	1.8	2.2	2.7
Stockbuilding[1]	114.1	-0.1	-0.2	0.5	0.0	0.0
Total domestic demand	2 375.7	3.6	3.2	2.2	2.0	2.6
Exports of goods and services	1 153.6	1.1	-3.3	-0.5	1.1	2.5
Imports of goods and services	778.5	2.3	2.9	0.4	1.8	2.8
Net exports[1]	375.1	-0.2	-2.1	-0.3	-0.1	0.1
Memorandum items						
Mainland GDP at market prices[2]	_	3.4	2.0	2.4	2.5	2.8
GDP deflator	_	2.8	2.9	0.8	0.2	2.5
Consumer price index	_	0.7	2.1	2.1	2.2	2.4
Private consumption deflator	_	1.1	2.7	2.5	2.3	2.6
Unemployment rate	_	3.1	3.4	3.4	3.4	3.4
Household saving ratio, net[3]	_	8.3	8.7	9.0	8.9	8.9
General government financial balance[4]	_	13.9	11.1	9.9	9.5	9.4
General government gross debt[5]	_	34.7	35.5	35.1	34.0	38.0
General government net debt[5]	_	-167.7	-204.5	-214.3	-224.6	-227.7
Current account balance[4]	_	14.5	11.2	9.9	7.9	8.2

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170495

is projected to remain expansionary, through cuts in direct taxes and more infrastructure spending. The structural non-oil deficit, at the centre of Norway's fiscal framework, is projected to increase by half a percentage point of mainland GDP in 2015 to 6½ per cent. The authorities should continue to keep the structural 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 well below this value (at around 3% of the GPFG in 2015 as currently projected) helps to avoid excessive fiscal stimulus that would risk overheating and appreciation pressures on the exchange rate.

The expansion will become self-sustaining

The economy will continue to expand, retaining its underlying momentum, although a marked decline in oil investment will weigh on activity in 2015. Rising wages and tax cuts will strengthen household demand further. As the global economy improves, non-petroleum exports and business investment will firm.

Risks relate to oil and housing

If oil prices continue to fall much further, mainland activity may be damped by weakening confidence and negative wealth effects. House prices might turn down in such a scenario, which is all the more risky given high household indebtedness, possibly testing the resilience of the financial system. Weaker-than-expected growth in trading partner countries, notably in the euro area, would reduce growth in the mainland economy.

POLAND

Real GDP growth is projected to average 3.3% in 2014 and ease to 3% in 2015 before bouncing back to 3½ per cent in 2016, driven initially by a strengthening in domestic demand and a progressive recovery in export markets. Headline inflation is projected to remain low for a short while, before gently rising as economic slack diminishes.

In response to signs of softer growth and low inflation, the central bank lowered its policy rate by half a percentage point in October 2014, and a further cut around year-end would be appropriate. Most of the fiscal consolidation in 2015 (estimated at 0.5% of GDP) stems from an earlier reform to the second-pillar pension system, which however also boosts implicit public pension liabilities.

Growth has moderated

Since the faster-than-expected expansion in the first quarter of 2014, economic activity has decelerated slightly. Export increases moderated as euro area growth slowed and geopolitical tensions intensified. At the same time, improving consumer confidence and persistent gains in employment and real wages have supported domestic consumption. Improvements in the construction sector were driven by a surge in residential investment and a pick-up in business investment.

Monetary policy is supportive

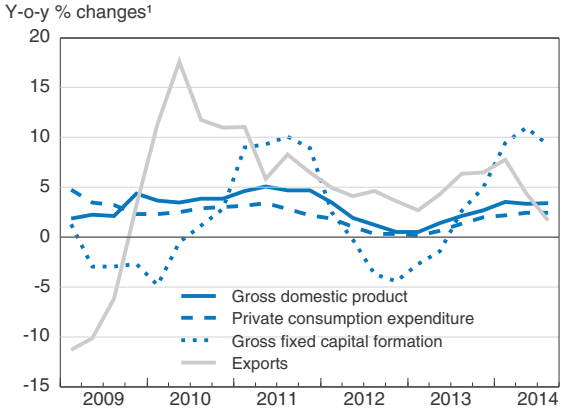
Following slower economic growth and falling prices in the second half of 2014, the monetary authorities brought the policy rate to record low levels in October, providing an exceptionally supportive macroeconomic policy stance. The central bank did not rule out further adjustment of monetary policy, as inflation remains well below the 1.5-3.5% official target band, driven by downward pressures on food and energy prices, despite a strengthening labour market.

Fiscal consolidation will slow

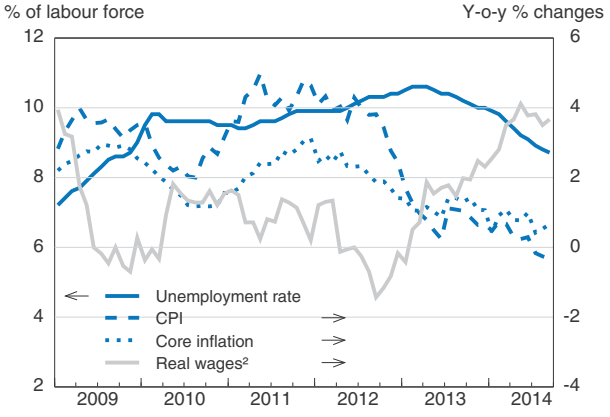
The 2014 change in the pension system improved the immediate fiscal situation. The reform raised social security contributions, notably

Poland

GDP growth has been held back by weaker exports



Inflation has slowed despite improving labour market outcomes



1. Volumes, not yet updated to ESA 2010.
2. 3-month moving average.

Source: OECD Economic Outlook 96 database; Eurostat; and GUS.

StatLink http://dx.doi.org/10.1787/888933169718

Poland: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices PLN billion	Percentage changes, volume (2010 prices)				
GDP at market prices	1 553.6	1.8	1.7	3.3	3.0	3.5
Private consumption	954.2	0.9	1.0	2.3	2.9	3.3
Government consumption	281.4	0.2	2.1	1.5	2.5	2.4
Gross fixed capital formation	315.6	-1.5	0.9	9.4	5.1	6.0
Final domestic demand	1 551.1	0.3	1.2	3.5	3.3	3.7
Stockbuilding[1]	29.8	-0.6	-0.9	0.0	0.0	0.0
Total domestic demand	1 581.0	-0.4	0.2	3.5	3.3	3.7
Exports of goods and services	670.2	4.3	5.0	3.8	3.3	5.9
Imports of goods and services	697.5	-0.6	1.8	6.6	4.0	6.4
Net exports[1]	- 27.4	2.1	1.4	-1.2	-0.2	-0.1
Memorandum items						
GDP deflator	_	2.2	1.2	0.9	0.7	1.4
Consumer price index	_	3.6	1.0	0.1	0.6	1.6
Private consumption deflator	_	3.2	0.8	0.7	0.4	1.3
Unemployment rate	_	10.1	10.3	9.2	8.6	8.2
General government financial balance[2,3]	_	-3.7	-4.0	-3.3	-2.9	-2.6
General government gross debt[4]	_	61.2	62.3	55.7	57.2	57.9
General government debt, Maastricht definition[2]	_	54.9	56.1	49.4	50.9	51.7
Current account balance[2]	_	-3.7	-1.4	-0.9	-1.4	-1.5

1. Contributions to changes in real GDP, actual amount in the first column.
2. As a percentage of GDP.
3. According to ESA 2010, with private pension funds (OFE) classified outside the general government sector.
4. As a percentage of GDP at market value.

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170506

because the opt-out rate from the state system was less than anticipated, while also lowering measured public debt. The government recently announced new social expenditures worth around 0.2% of GDP in favour of families and low-income pensioners, but the deficit is expected to decrease to 2.9% of GDP in 2015. Although the fiscal stance is broadly appropriate, some additional consolidation in 2016 would help to reduce public debt below the so-called first corrective threshold of 43% of GDP (according to the national definition) specified in the spending rule, and to prepare for prospective increases in public health care and pension spending.

Growth will strengthen

Real GDP growth is estimated to bottom out in the coming quarters and then increase gradually to a rate that is enough to absorb economic slack at the beginning of 2016. As inflationary pressures would otherwise start to rise, the projections assume that the central bank will start to gradually increase its policy rate late in 2015. The decline in the unemployment rate and real wage growth will sustain rising consumption and domestic demand. Disbursements of EU funds will provide a stable source of funding for public investment. The improving prospects in

Poland's trading partners are projected to lead to a gradual recovery in exports.

Risks are tilted to the downside

Poland is more exposed than most countries to events in the euro area and to geopolitical risks regarding Russia and Ukraine. Polish banks remain vulnerable to a delayed resolution of European banks' problems, despite their declining dependence on foreign funding. By contrast, private consumption and investment could respond more strongly than projected to confidence improvements and income gains.

PORTUGAL

Growth will gain momentum over the next two years. Further improvements in export performance will be the main driver of the continuing recovery in 2015, and the contribution of domestic demand will become larger in 2016 as investment and private consumption pick up. Unemployment is set to fall further but will remain high, putting a lid on wage and price increases. Very low inflation will support competitiveness, but it also makes it more difficult for the corporate sector to reduce its debt.

A rebalancing towards the tradable sectors is underway, but would be strengthened by more competition in service sectors, a reformed and efficient judicial system, lower taxes and better innovation performance. Progress achieved in reforming the wage bargaining system has been crucial to rebalancing, and needs to be preserved. To reduce poverty and inequality, the redistributive impact of the benefit system should be strengthened in a budget neutral way.

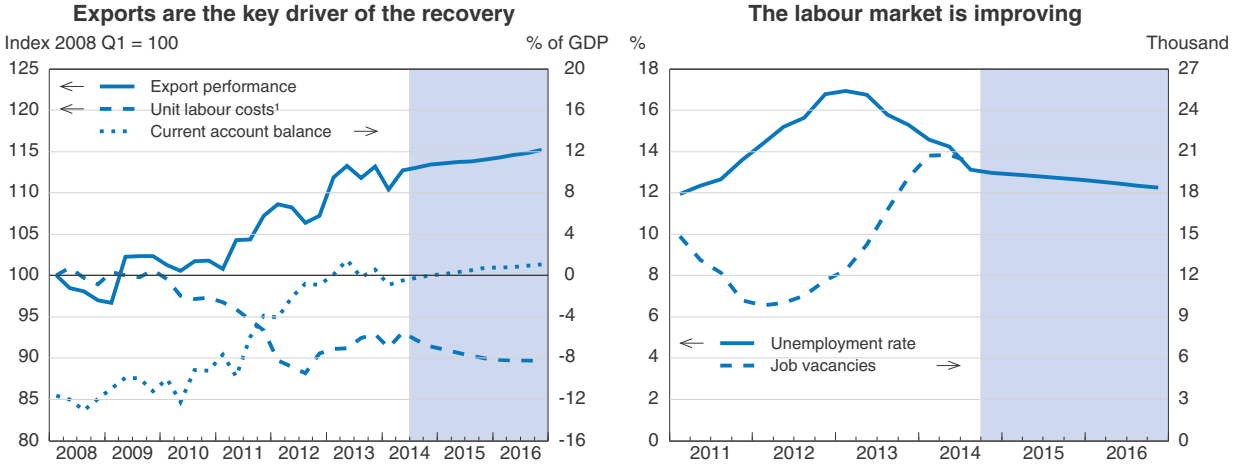
A slow recovery is underway

The recovery that began in 2013 is set to continue. Export performance is improving, but domestic demand will also pick up slowly as unemployment declines, consumer confidence improves and investment demand strengthens. Stronger investment will be needed to maintain the current capital stock and allow the export sector to expand further, but subdued credit growth and a still fragile banking sector may limit domestic funding available for this. The recovery should eventually remove the current deflationary pressures.

Fiscal consolidation is on track

After a successful exit from the Economic and Financial Assistance Programme, fiscal consolidation is assumed to continue as planned. Continued fiscal adjustment and stronger economic growth will be necessary to reduce public debt, but the automatic stabilisers should be allowed to operate.

Portugal



1. Unit labour costs relative to trading partners.

Source: OECD Economic Outlook 96 database; and OECD Main Economic Indicators database.

StatLink http://dx.doi.org/10.1787/888933169723

Portugal: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices € billion	Percentage changes, volume (2011 prices)				
GDP at market prices	176.2	-3.3	-1.4	0.8	1.3	1.5
Private consumption	116.0	-5.2	-1.4	1.5	0.5	0.8
Government consumption	35.0	-4.3	-1.9	-0.4	-0.8	-0.4
Gross fixed capital formation	32.5	-15.0	-6.3	1.1	2.9	3.4
Final domestic demand	183.4	-6.8	-2.3	1.0	0.6	1.0
Stockbuilding[1]	0.3	0.1	0.0	0.7	-0.2	0.0
Total domestic demand	183.7	-6.6	-2.4	1.8	0.4	1.0
Exports of goods and services	60.4	3.1	6.4	3.1	5.3	5.8
Imports of goods and services	68.0	-6.6	3.6	5.6	3.0	4.6
Net exports[1]	- 7.5	3.6	1.0	-0.9	0.9	0.6
Memorandum items						
GDP deflator	_	-0.4	2.3	0.9	0.7	0.9
Harmonised index of consumer prices	_	2.8	0.4	-0.2	0.2	0.4
Private consumption deflator	_	1.4	0.7	0.8	0.9	0.8
Unemployment rate	_	15.5	16.2	13.7	12.8	12.4
Household saving ratio, gross[2]	_	9.5	9.9	8.4	8.5	8.7
General government financial balance[3,4]	_	-5.5	-4.9	-4.9	-2.9	-2.3
General government gross debt[5]	_	136.0	140.0	142.4	143.4	142.8
General government debt, Maastricht definition[3]	_	120.7	124.8	127.2	128.1	127.6
Current account balance[3]	_	-2.0	0.5	-0.4	0.4	0.9

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.

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170517

The banking sector remains fragile

Although their position has improved, banks remain under pressure due to still high ratios of non-performing loans and very high levels of corporate debt. Credit by domestic banks continues to contract, and the cost of credit remains high, reflecting the financing constraints and high funding costs faced by Portuguese banks. In contrast, government borrowing costs have declined since early 2014.

The recovery will be gradual

Growth is expected to gain momentum over the projection period, and unemployment will fall further from its current high level. Exports will continue to drive the recovery as competitiveness improves, notwithstanding sluggish external demand. Rising exports will gradually bolster business investment, particularly in tradable sectors. The recovery in private consumption will be modest due to needed fiscal consolidation and household debt reduction. Inflation is projected to rise somewhat but to remain very low on account of substantial economic slack.

Risks are tilted to the downside

The high public and private debt levels remain an important source of vulnerability in case of renewed financial market stress. Low inflation over a prolonged period, or worse, the return of deflationary pressures,

will make debt reduction more difficult. Any possible reversal of some structural reforms, such as the wage bargaining system, would reduce the capacity of the economy to regain competitiveness. Export growth would be lower if subdued European growth persists longer than projected. On the upside, faster-than-expected progress in policy reforms would strengthen export performance. Recent policy initiatives could improve access to finance for companies, including equity financing. Stronger demand in Spain is another upside risk, as Spain continues to be Portugal's main export destination.

RUSSIAN FEDERATION

The economy is bottoming out, barely avoiding a recession. The falling oil price and the tensions regarding the conflict in Ukraine are undermining investor and consumer confidence. The rouble has sharply depreciated as a result of both factors, which has cushioned the economy to some extent. The strength of the recovery will depend on the flexibility of the economy and its ability to increase trade with non-sanctioning countries. Such a redirection of trade takes time, and real GDP is accordingly projected to stagnate next year, before slowly accelerating to around 1½ per cent in 2016 in the wake of an import-substituting investment recovery.

Monetary policy has moved to full inflation targeting earlier than planned. Inflation has been driven up by sanctions-related price increases and the pass-through of rouble depreciation. The termination of the peg of the rouble to the dollar and the euro will give the monetary authorities greater freedom to adjust the policy stance for domestic requirements. The fiscal rule does not provide much room for stimulus. This difficult combination of weak growth and higher inflation highlights the need for structural reforms.

Falling oil prices and weakening trade flows weigh on growth

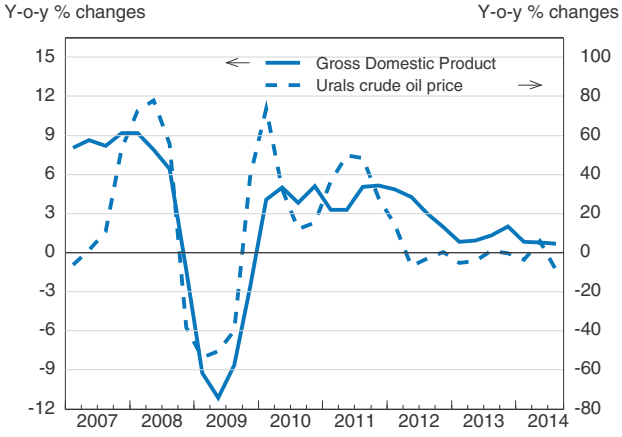
The economy grew by less than 1% (year-on-year) during the first three quarters of 2014 with a decelerating tendency, aggravated by bad weather in important agricultural production areas. Export earnings declined in line with falling oil prices. Domestic demand collapsed as investment continued to fall; non-military, non-food industrial production shrank; and consumption decelerated sharply. Consumer confidence and investor sentiment are rapidly deteriorating and credit growth to non-financial institutions is also slowing. Inflation jumped from 6% to 8.3% following the rouble depreciation.

Sanctions hit an already weak economy

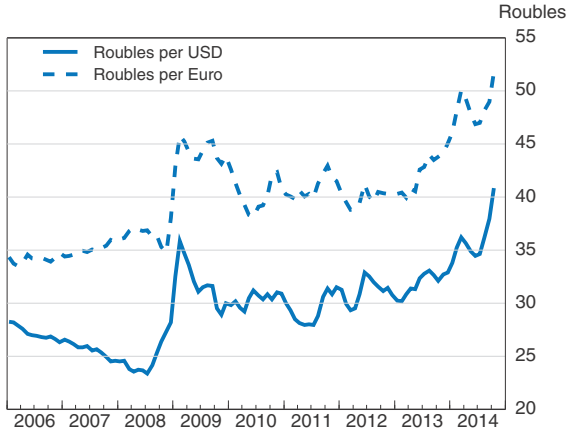
As a reaction to the geopolitical tensions related to the Ukraine conflict, trade and financial sanctions were imposed against Russia. Most importantly, exports of military equipment and dual-use items, participation in Arctic oil exploration, and long-term financing of selected

Russian Federation

Growth and oil prices are closely related



The rouble has depreciated



Source: Rosstat; Central Bank of Russia; and Datastream.

StatLink http://dx.doi.org/10.1787/888933169889

Russian Federation: **Macroeconomic indicators**

	2012	2013	2014	2015	2016
Real GDP growth	3.4	1.3	0.3	0.0	1.6
Inflation (CPI), period average	5.1	6.8	7.4	7.7	6.1
Fiscal balance (per cent of GDP)[1]	2.0	0.6	0.4	-0.5	-0.5
Current account balance (per cent of GDP)	3.5	1.6	3.0	1.7	1.8

1. Consolidated budget.
Source: OECD Economic Outlook 96 database.

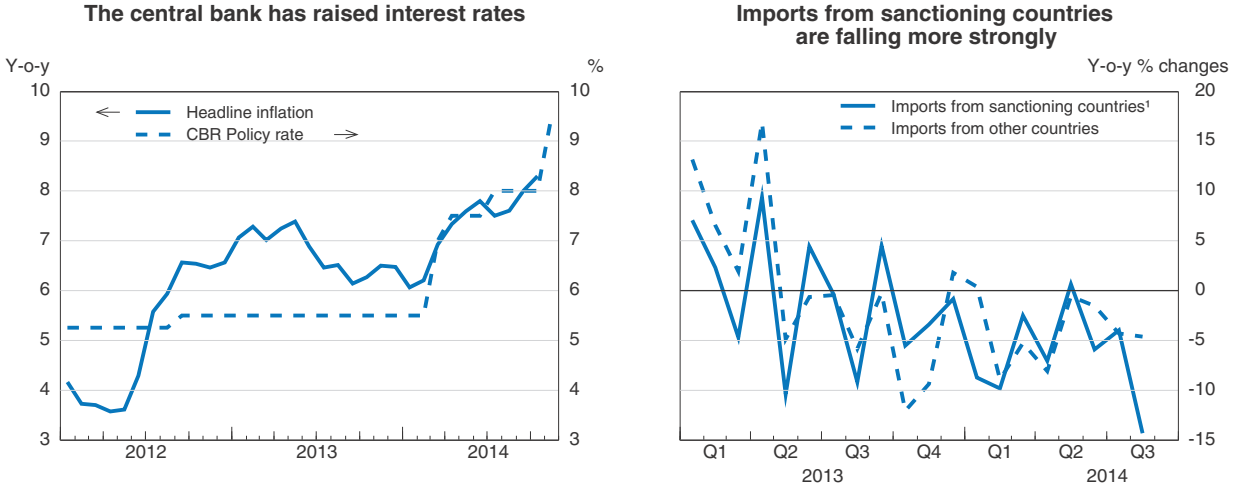
StatLink http://dx.doi.org/10.1787/888933170651

Russian banks and companies were banned. In response, Russia prohibited the importation of selected agricultural and food items from sanctioning countries. The direct growth effect of these measures has so far been limited, but, even so, imports from sanctioning countries are falling much more than from non-sanctioning countries. The rouble has depreciated about 25% against the USD/EUR basket since the implementation of new sanctions beginning of August, although some of this reflects the falling oil price. On the other hand, the sanctions had only a small impact on stock exchange valuations of Russian enterprises. The first signs of import substitution are appearing in food and some military goods industries, replacing supply mainly from Ukraine.

Monetary policy reacted sharply to rising inflation

The central bank has moved to a free floating exchange rate regime and advanced its calendar for transition to full inflation targeting within a band of 3-6% consumer price inflation. Since the beginning of the year the main policy rate has been hiked several times and it now stands at 9.5%. Given the tight labour market, little unused capacity and low trend productivity growth, the recent rise in prices might raise inflation expectations. In addition, the current inflation target band may now be

Russian Federation



1. Imports from EU, United States, Canada, Japan, Australia and Ukraine.
Source: Rosstat; Central Bank of Russia; and Federal Customs Service.

StatLink http://dx.doi.org/10.1787/888933169897

Russian Federation: **External indicators**

	2012	2013	2014	2015	2016
			$ billion		
Goods and services exports	593.4	594.4	557.4	448	465
Goods and services imports	446.0	471.4	424.9	347	365
Foreign balance	147.4	123.0	132.6	101	101
Invisibles, net	- 76.1	- 88.9	- 74.5	- 74	- 69
Current account balance	71.3	34.1	58.1	27	32
			Percentage changes		
Goods and services export volumes	1.4	4.2	0.6	0.9	2.0
Goods and services import volumes	8.8	3.7	- 6.4	- 3.1	1.8
Terms of trade	2.5	- 5.6	- 3.3	- 5.3	- 1.5

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170669

too narrow as the reasons for higher imported inflation stemming from sanctions and depreciation are most likely temporary. The central bank should therefore use freedom gained from moving to full inflation targeting and consider widening its tolerance band temporarily.

Sanctions make investment financing more dependent on government

Russian companies and banks have large refinancing requirements which they can no longer roll over on foreign financial markets. Consequently, these borrowers have to turn to the government. While the government has sufficient foreign currency reserves and liquid assets and the current account is projected to remain in surplus, this might nevertheless open another channel to increase the already high state influence in the economy.

Structural policies could provide a much needed boost for the economy

In a situation in which the economy is supply constrained and macroeconomic stimulus is therefore likely to be ineffective, structural reforms should become a priority. Reforms, as outlined in past *Economic Surveys*, need to focus *inter alia* on widening the rule of law, reducing entry barriers, including by uneven implementation of business regulation on the regional level and removing excessive red tape.

Falling oil prices will further delay a recovery

As a result of the falling oil price and trade disruptions, the economy will stagnate until much of 2015. A recovery in 2016 will depend on a normalisation of the external environment and an improvement of the domestic business climate, which can facilitate more broad based import substitution in response to rouble depreciation.

Downside risks dominate in the short run

Russia would fall into a recession if oil prices continue to decline. A significant tightening of sanctions could also hurt growth. Further accelerating capital flight could force the authorities to re-introduce capital controls with serious consequences for investor confidence. On the other hand, successful import substitution could provide some boost for the economy. A sustainable solution for the conflict on gas supply for Ukraine would help easing tensions overshadowing the trade relations between Russia and European Union countries.

SLOVAK REPUBLIC

Economic growth is projected to accelerate and to become more broad-based as domestic demand picks up. Household consumption growth rose in 2014, and is projected to remain strong in 2015 and 2016 thanks to higher employment and real wages. Exports and investment will gain strength as the international environment improves.

Continuing fiscal consolidation, beyond the efforts that were required to exit the Excessive Deficit Procedure, is necessary to expand fiscal room and reduce public debt. Reforming the public sector, strengthening the fiscal framework and improving tax collection would all help in this regard. Better integrating lagging regions would raise potential growth, as would stepping up activation programmes and strengthening the education system.

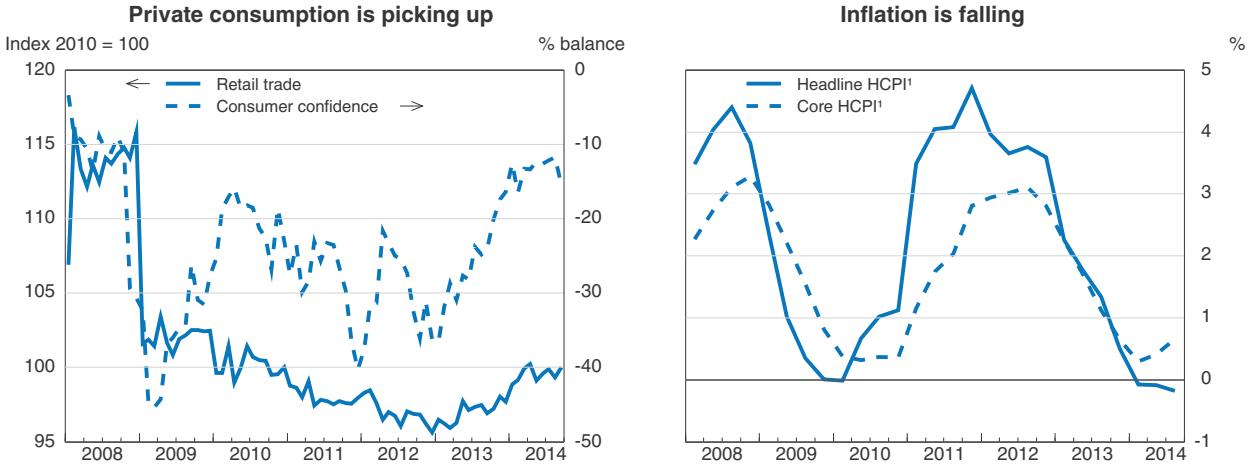
Growth is rebalancing towards domestic demand

Both exports and domestic demand supported growth in 2014. Export growth picked up thanks to the acceleration of economic growth of Slovakia's trading partners, in particular Germany. Private consumption rebounded, fuelled by employment and strong real wage increases. Consumer confidence and retail trade have been trending upwards, and investment, mainly in motorway construction, automotive industries, IT and telecoms, made a positive contribution to growth in 2014.

Inflation is negative

Headline consumer inflation has been slightly negative since the beginning of 2014, reflecting the decline in primary input, food and energy prices. Consumer prices are expected to rise progressively in 2015 and 2016, due to the recovery of internal demand, the increase in wages, in particular in the services sector, the increase in import prices and the phasing-out of cuts in regulated energy prices.

Slovak Republic



1. Harmonised consumer price index. Core inflation excludes energy, food, alcohol and tobacco.

Source: OECD Main Economic Indicators database; and OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169735

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

	2011	2012	2013	2014	2015	2016
	Current prices € billion	Percentage changes, volume (2010 prices)				
GDP at market prices	70.2	1.6	1.4	2.6	2.8	3.4
Private consumption	40.3	-0.4	-0.7	2.7	2.4	2.5
Government consumption	12.9	-2.0	2.4	2.7	0.9	1.5
Gross fixed capital formation	16.9	-9.3	-2.7	3.9	3.5	3.9
Final domestic demand	70.1	-2.9	-0.6	2.9	2.4	2.6
Stockbuilding[1]	0.7	-1.3	0.5	0.5	0.0	0.0
Total domestic demand	70.8	-4.2	0.0	3.6	2.4	2.6
Exports of goods and services	59.9	9.3	5.2	5.3	5.1	6.2
Imports of goods and services	60.5	2.6	3.8	5.5	4.6	5.4
Net exports[1]	- 0.6	5.8	1.4	0.1	0.6	1.0
Memorandum items						
GDP deflator	_	1.3	0.5	-0.5	0.9	1.0
Harmonised index of consumer prices	_	3.7	1.5	0.0	1.0	1.2
Private consumption deflator	_	3.4	1.3	-0.5	0.9	1.3
Unemployment rate	_	14.0	14.2	13.4	12.8	12.2
General government financial balance[2]	_	-4.2	-2.6	-2.9	-2.6	-2.2
General government gross debt[3]	_	57.6	60.3	60.1	60.3	60.5
General government debt, Maastricht definition[2]	_	52.1	54.6	54.4	54.6	54.8
Current account balance[2]	_	2.2	2.1	0.9	1.1	1.5

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170526

Fiscal consolidation will ease

Fiscal consolidation effort will continue but at a slower pace than in the past. The deficit will remain below 3% of GDP over the projection period, thanks to better tax collection, an increase in tax base for corporate income tax and lower fiscal costs associated with the continuing improvements of the labour market. These positive developments will offset the decline in revenues related to lower social security contributions on low wages.

Growth is set to pick up

Economic growth is projected to rise in 2015 and 2016 and economic slack to be taken up gradually. Consumption and investment will maintain their growth momentum as falling unemployment and rising real wages sustain domestic demand. Exports are also expected to continue to be an important driver of economic activity, even though they will decelerate in 2015 due to slower economic growth in major economic partners, in particular Germany

Risks are mainly on the downside

Economic growth could be delayed if the euro area economy is weaker than expected, in particular Germany which accounts for about one-fifth of Slovak exports. There is also a risk of fiscal slippage as 2016 is an election year. The risk of continued very weak price developments depends on the global outlook, and the effectiveness of planned new measures by ECB. On the positive side, steps toward the banking union would reduce uncertainty.

SLOVENIA

Growth will remain weak in 2015 despite strong exports, as fiscal consolidation and labour market weakness bear on consumption, and restructuring, deleveraging and low credit activity hold back investment. Growth will strengthen in 2016 as these impediments fade and domestic demand recovers. Unemployment will decline slowly and inflation is projected to be low due to the significant economic slack that will persist into 2016.

A key priority is smooth and swift corporate restructuring. Privatisation and greater openness to FDI would bring new capital and improve corporate governance. Fiscal slippage should be avoided to preserve credibility on financial markets. A thorough reform of the public sector could increase spending efficiency, while protecting the weakest segments in society. Active labour market policies should be strengthened.

The current growth momentum rests on temporary factors

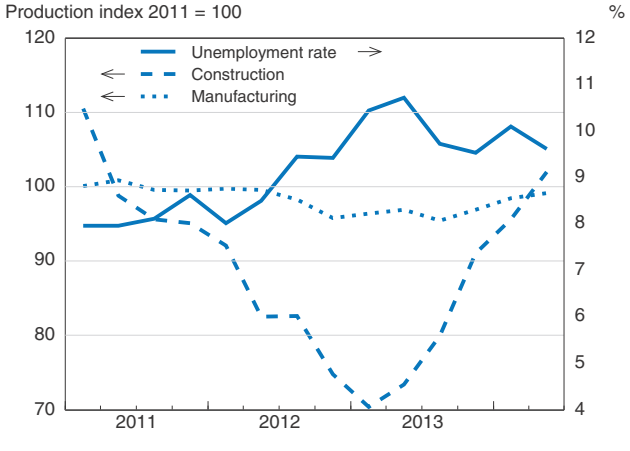
Growth has surprised on the upside in the first half of 2014, supported by continued net exports and local infrastructure investment co-financed with EU funds. Consumption was revived by improvements in consumer confidence and higher employment as industrial and construction activity rose. Nevertheless, credit to the private sector is still shrinking, the corporate sector is in a process of paying down debt, and the fiscal stance remains tight.

Credit activity is low while corporates deleverage

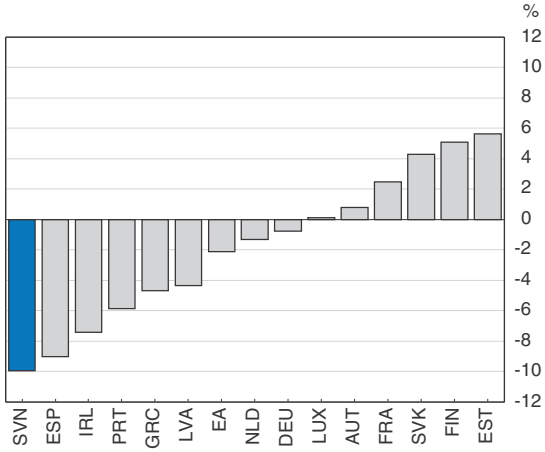
The government recapitalised the three major state-owned banks at a cost of about 11% of GDP, and part of their bad assets have been transferred to the Bank Asset Management Company (BAMC). However, asset disposal by the BAMC has been slow. Credit is still falling and interest rates paid by companies are higher than in the euro area. Corporate restructuring and deleveraging are proceeding, but should be speeded up. Further privatisation, as the government has committed to,

Slovenia

Activity and labour markets have strengthened



Credit to non-financial corporations is still falling[1]



1. Average of annual growth rates between June and August 2014. Loans adjusted for sales and securitisation of all types of maturity.
Source: OECD Main Economic Indicators database; OECD Economic Outlook 96 database; and European Central Bank.

StatLink http://dx.doi.org/10.1787/888933169745

Slovenia: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices € billion	Percentage changes, volume (2000 prices)				
GDP at market prices	36.9	-2.6	-1.0	2.1	1.4	2.2
Private consumption	20.6	-3.0	-3.9	0.2	0.0	1.0
Government consumption	7.6	-1.5	-1.1	-0.7	-1.0	-1.1
Gross fixed capital formation	7.4	-8.9	1.9	3.1	-1.2	0.8
Final domestic demand	35.6	-3.9	-2.1	0.6	-0.5	0.5
Stockbuilding[1]	0.6	-1.8	0.1	0.0	0.3	0.0
Total domestic demand	36.1	-5.7	-2.1	0.7	-0.3	0.5
Exports of goods and services	26.0	0.3	2.6	4.2	4.3	5.1
Imports of goods and services	25.2	-3.9	1.4	2.8	2.5	3.3
Net exports[1]	0.7	2.9	1.0	1.2	1.6	1.8
Memorandum items						
GDP deflator	_	0.3	1.4	0.2	-0.2	-0.1
Harmonised index of consumer prices	_	2.8	1.9	0.4	0.6	1.0
Private consumption deflator	_	1.4	0.6	0.5	-0.1	0.3
Unemployment rate	_	8.8	10.1	9.9	10.0	9.3
General government financial balance[2]	_	-3.7	-14.6	-4.4	-2.9	-2.4
General government gross debt[3]	_	60.4	78.9	82.9	85.5	87.4
General government debt, Maastricht definition[2]	_	53.4	70.4	74.4	77.0	78.9
Current account balance[2]	_	2.8	5.8	5.4	6.0	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 96 database.

StatLink http://dx.doi.org/10.1787/888933170536

would attract needed capital to the economy, including in the form of foreign direct investment.

Fiscal consolidation continues

To curb public expenditures, the government cut non-wage spending and public sector wages. It has also raised revenue by increasing taxes, including VAT, and by fighting the informal economy. However, the headline deficit is deteriorating due to capital injections into banks and some extraordinary expenses. Under the Excessive Deficit Procedure, Slovenia is committed to reduce its deficit below 3% of GDP by 2015. A fiscal slippage in 2014 indicates that more effort will be needed in the coming year to achieve the agreed consolidation path.

Growth will remain weak

Fiscal consolidation and only gradual improvement in the labour market are projected to limit consumption growth. Restructuring in the banking and corporate sectors, corporate deleveraging and weak credit will hold back investment. Exports, however, will continue to drive growth, and in 2016 domestic demand growth is projected to edge up. Unemployment will decline slowly and inflation will remain low due to continued large economic slack.

Risks are on the downside

The projection hinges on successful corporate restructuring, consolidation in the banking sector, privatisation and a gradual reduction in government deficit. Failure in any of these areas would only postpone necessary adjustment and could worsen access to financing. Corporate restructuring could further raise unemployment in the short run. The pace of export growth will depend largely on the growth of Slovenia's trading partners. The possibility of a euro area slowdown poses a significant downside risk.

SOUTH AFRICA

In the first half of 2014, the economy slowed and inflation rose, before growth rebounded as widespread labour unrest came to an end. Growth is projected to pick up in 2015 and 2016 as exports recover on the back of a weak rand and firmer world trade growth. Private consumption will recover slowly in line with real incomes, while private investment will be held back by low capacity utilisation. The economic slack should contain inflation within the Reserve Bank's target range.

Continued mild fiscal consolidation will be insufficient to prevent further increases in public debt. The monetary policy stance should tighten further if inflationary pressures fail to abate. Structural reforms to facilitate entry into markets dominated by state-owned enterprises are needed to remove energy and transport infrastructure bottlenecks and stimulate firm creation. Labour market reforms should aim at tackling high structural unemployment and secure less confrontational labour relations.

Growth has been weakened by strikes

Widespread labour market unrest depressed economic activity in the first seven months of 2014, but as the strikes ceased growth returned to a more normal path. The strikes damaged confidence, which, together with higher interest rates and tighter credit conditions, depressed private consumption and investment.

Inflation has been rising

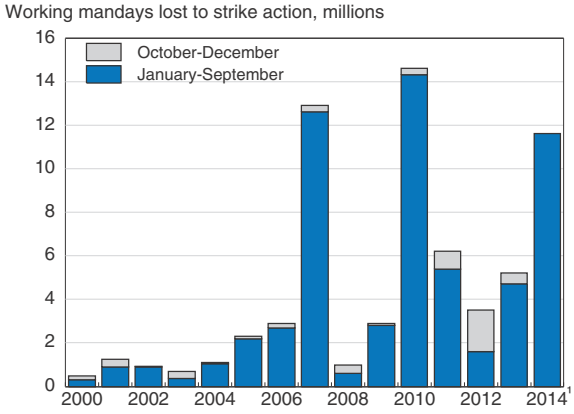
During the first part of 2014, inflation was volatile, having been pushed up by the rand depreciation and higher food prices, then down by falling oil prices. Core inflation has been increasing slowly, but remains below 6% – the top of the inflation target band. Wage settlements have also continued to come in relatively strong. The central bank increased the policy rate in early 2014.

Fiscal policy needs to tighten over time

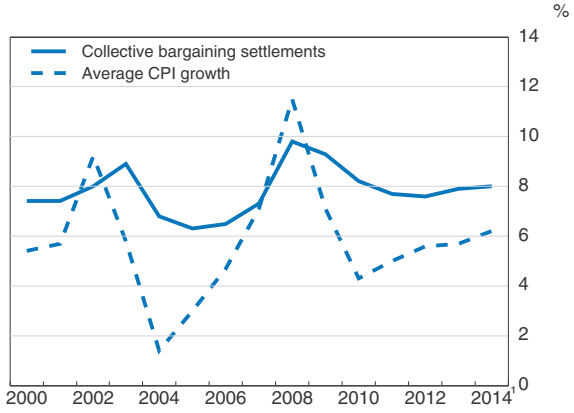
The public deficit will widen to an estimated 6.4% of GDP in 2014 (on a national accounts basis, which is on average a couple of percentage points higher than the methodology used in the budget) despite a small

South Africa

The labour market is becoming increasingly confrontational...



...although without a large impact on wage settlements



1. Data refer to Jan-Sep 2014.

Source: Andrew Levy, Wage settlement survey, quarterly reports.

StatLink http://dx.doi.org/10.1787/888933169909

South Africa: **Macroeconomic indicators**

	2012	2013	2014	2015	2016
Real GDP growth	2.5	1.9	1.3	2.1	2.9
Inflation	5.7	5.8	6.3	5.8	5.6
Fiscal balance (per cent of GDP)	-5.9	-5.9	-6.2	-5.9	-4.9
Current account balance ($ billion)	-20.0	-20.5	-18.8	-18.8	-18.9
Current account balance (per cent of GDP)	-5.2	-5.8	-5.6	-5.4	-5.0

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170679

discretionary tightening. As a result, the public debt will increase further. Containing debt will require significantly lower deficits over time, only some of which will come from the projected pickup in growth.

Absorption of economic slack will begin only in 2016

External demand will lead the recovery. As higher export earnings boost incomes and profits, private domestic demand will slowly accelerate, gradually broadening growth. Nonetheless, slack will begin to narrow only during 2016. The weak economic outlook, together with lower oil and natural gas prices, should contain inflation pressures, while unemployment will begin to contract only late in the projection period.

Downside risks predominate

Continued labour market unrest would sap investor and consumer confidence with a negative impact on the domestic recovery. Likewise, if next year's wage negotiations in the public sector result in an overly generous outcome, the consequent deterioration of the fiscal outlook could raise interest rates. On the upside, a more vigorous recovery in world trade would benefit exports and boost the economy via commodity price increases.

South Africa: **External indicators**

	2012	2013	2014	2015	2016
	$ billion				
Goods and services exports	114.7	109.3	105.0	108	118
Goods and services imports	122.0	119.3	114.9	117	127
Foreign balance	- 7.3	- 9.9	- 9.9	- 9	- 9
Invisibles, net	- 12.7	- 10.6	- 8.8	- 9	- 10
Current account balance	- 20.0	- 20.5	- 18.8	- 19	- 19
	Percentage changes				
Goods and services export volumes	0.4	4.2	2.9	3.5	5.7
Goods and services import volumes	6.0	4.7	0.9	3.9	5.0
Terms of trade	- 2.2	- 1.9	- 2.3	1.1	0.1

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170685

SPAIN

The recovery is projected to strengthen gradually over the next two years. The improving labour market and stronger confidence will aid private consumption. Investment will pick up as prospects improve. Export performance will keep improving boosted by competitiveness gains. The unemployment rate should decline gradually as growth picks up, but will remain high through the projection period. Spare capacity will keep wage growth down and price inflation very low.

To stop and eventually reverse the rise in public debt relative to GDP, the government needs to achieve its medium-term fiscal plan. Improving public employment services and training for the unemployed must be a priority to further reduce unemployment. Spain's medium-term growth potential would be boosted by further efforts to raise the quality of innovation, strengthen competitiveness and facilitate the creation and growth of firms.

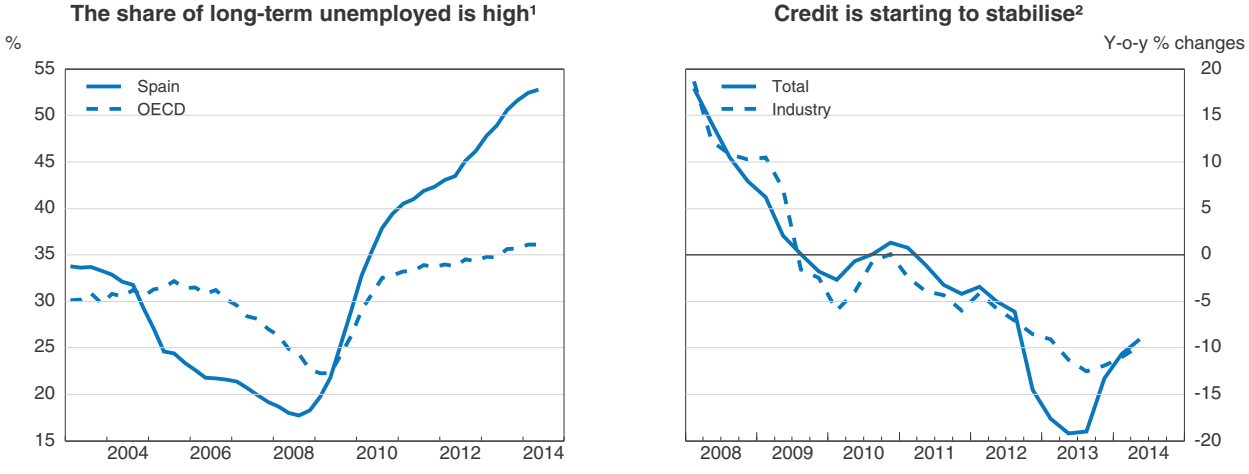
The recovery is continuing

Growth continued at 2% (annualised) into the second half of 2014. Private consumption has offset a slowdown in exports, resulting in a slight reduction in the current account surplus. Employment growth has been more vigorous than anticipated, but inflation remains very low as economic slack is substantial and, with the unemployment rate still above 24% in 2014, downward pressure on wages continues.

Public debt remains on a upward path

Fiscal consolidation is planned to continue, although at a slower pace. High public deficits will push public debt over 100% of GDP. To put public debt on a declining path, the government should stick to its medium-term consolidation path and continue to enhance the fiscal framework. At the same time, it should let the automatic stabilisers operate to forestall a negative loop between fiscal austerity and lower growth. The government should strictly monitor the implementation of

Spain



1. Persons unemployed for more than one year as a percentage of total unemployment.
2. Lending by credit institutions to finance productive activities. Industry excludes construction.

Source: Online OECD Employment database; and Bank of Spain.

StatLink http://dx.doi.org/10.1787/888933169756

Spain: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices € billion	Percentage changes, volume (2010 prices)				
GDP at market prices	1 075.1	-2.1	-1.2	1.3	1.7	1.9
Private consumption	622.6	-2.9	-2.3	2.1	1.9	1.7
Government consumption	219.7	-3.7	-2.9	0.4	-1.1	-0.4
Gross fixed capital formation	230.3	-8.1	-3.8	1.0	3.6	4.9
Final domestic demand	1 072.5	-4.2	-2.7	1.5	1.7	1.9
Stockbuilding[1]	5.3	-0.1	0.0	0.0	0.0	0.0
Total domestic demand	1 077.8	-4.2	-2.7	1.6	1.6	1.9
Exports of goods and services	309.6	1.2	4.3	3.5	4.9	5.4
Imports of goods and services	312.2	-6.3	-0.5	4.5	4.9	5.5
Net exports[1]	- 2.6	2.2	1.4	-0.2	0.1	0.2
Memorandum items						
GDP deflator	_	0.2	0.7	0.1	0.5	0.7
Harmonised index of consumer prices	_	2.4	1.5	-0.1	0.1	0.5
Private consumption deflator	_	2.4	0.9	0.1	0.4	0.5
Unemployment rate	_	24.8	26.1	24.5	23.1	21.9
Household saving ratio, net[2]	_	4.4	4.7	4.3	4.2	4.2
General government financial balance[3,4]	_	-10.3	-6.8	-5.5	-4.4	-3.3
General government gross debt[5]	_	105.2	126.2	130.8	133.6	135.0
General government debt, Maastricht definition[3]	_	84.4	92.1	96.7	99.5	100.9
Current account balance[3]	_	-0.3	1.4	0.7	0.8	0.9

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170547

public-sector efficiency measures and the impact of planned tax reductions on revenues, and have offsetting measures prepared to deal with possible deviations from underlying budget targets.

Employment dynamics are improving

Employment growth is projected to strengthen and unemployment to decline gradually. The situation in the labour market will remain difficult however, with total unemployment remaining high, a very large proportion of long-term unemployed, high youth inactivity and a large share of workers holding temporary and involuntary part-time jobs. Measures are being taken to make active labour market policies more effective but implementation at the regional level has been slow.

Growth will gradually strengthen

Growth is projected to increase progressively in 2015 and 2016. But needed budgetary consolidation and tight market lending conditions will continue to restrain growth. The main economic policy challenge ahead is to achieve stronger and more sustained growth of productivity and employment. This requires full and effective implementation of the structural reform agenda and further efforts to up-skill the unemployed,

raise innovation and improve the business environment to increase competition and competitiveness. Additional changes to the tax system could be made to reduce the cost of employing low skilled workers.

Risks are on the downside

Trading partner growth, especially in the euro area, may be lower than expected. High public debt makes Spain vulnerable to renewed tensions in financial markets. The need to reduce high private debt may restrain domestic demand more than expected. Alternatively, progress on this front could make room for more consumption and investment than assumed. Additional improvements in financing conditions and a stronger than anticipated impact of recent reforms, such as those in the tax code, could boost domestic demand further. Cost-competitiveness gains may result in stronger export growth than projected.

SWEDEN

Real GDP growth is projected to rise as exports gather momentum and consumption continues to grow steadily, even though private residential investment will slow. Job creation will gradually bring unemployment down, against the background of an expanding labour force. The more accommodative stance taken by the Riksbank since mid-2014 and gradually shrinking slack should help push up inflation.

Monetary and fiscal policies need to remain supportive for some time. Tackling rigid employment protection and gaps in activation policies for disadvantaged groups would foster a stronger and more inclusive recovery. Household debt needs close monitoring and housing market rigidities should be reduced to increase supply.

Household consumption and housing investment have supported growth

Strong household consumption and housing investment contributed to output and import growth since the beginning of the year, despite a partly weather-related fall in consumption in the third quarter. Exports are going through a soft spot. The Economic Tendency Indicator indicates measured growth going forward, but slack remains, reflected in low inflation and unemployment falling only slowly.

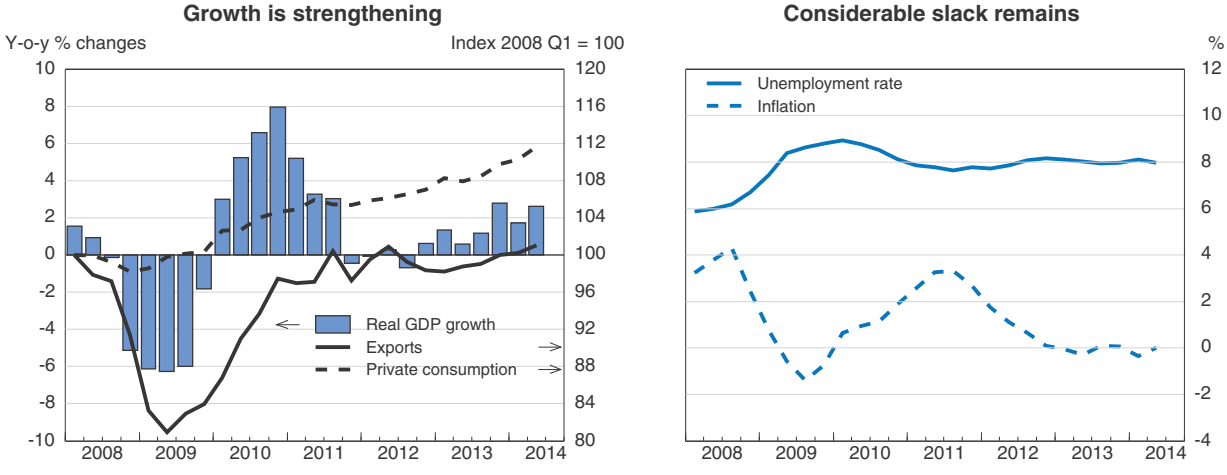
Monetary policy is set to remain accommodative

The Riksbank has responded more aggressively to low inflation since mid-2014 and monetary policy is assumed to remain accommodative for an extended period. This will reduce the risks of deflation and de-anchoring of inflation expectations, as inflation closes in on the target of 2% towards the end of the projection period.

The budget balance will gradually improve

Fiscal policy is assumed to tighten gradually as discretionary measures are put in place. This is consistent with the new government's determination to move back towards the target of a surplus of 1% of GDP

Sweden



Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169769

Sweden: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices SEK billion	Percentage changes, volume (2013 prices)				
GDP at market prices	3 651.6	0.0	1.5	2.1	2.8	3.1
Private consumption	1 691.3	0.9	2.1	2.4	2.6	3.0
Government consumption	920.4	1.6	1.6	1.7	1.9	1.4
Gross fixed capital formation	831.1	0.3	-0.1	4.6	4.4	4.4
Final domestic demand	3 442.9	1.0	1.5	2.7	2.8	2.9
Stockbuilding[1]	36.2	-1.1	0.1	0.4	0.1	0.0
Total domestic demand	3 479.1	-0.2	1.5	3.1	2.9	2.9
Exports of goods and services	1 701.7	1.6	-0.5	2.4	3.4	3.7
Imports of goods and services	1 529.2	1.1	-0.7	4.2	3.5	3.4
Net exports[1]	172.6	0.3	0.1	-0.6	0.1	0.3
Memorandum items						
GDP deflator	_	1.0	1.0	1.4	1.5	1.8
Consumer price index[2]	_	0.9	0.0	-0.1	0.8	1.5
Private consumption deflator	_	0.5	0.7	0.7	1.5	1.8
Unemployment rate[3]	_	8.0	8.0	7.9	7.5	7.3
Household saving ratio, net[4]	_	15.1	15.3	15.9	16.1	16.3
General government financial balance[5]	_	-0.9	-1.3	-1.7	-1.3	-0.6
General government gross debt[6]	_	44.5	44.7	46.5	46.9	48.6
General government debt, Maastricht definition[5]	_	36.9	39.0	40.8	41.2	42.9
Current account balance[5]	_	5.8	6.6	5.3	5.0	5.1

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170554

on average over the business cycle. Revenues will rise with the pick-up in the economy.

Growth will gather pace

Export growth is set to pick up as external demand recovers. Rising incomes and employment are expected to support consumption going forward. Investment growth will remain robust as spare capacity is reduced. Residential investment growth, however, is projected to slow from the current high level.

Labour market slack will narrow

Unemployment will fall, but only slowly as the unemployed increasingly belong to groups, such as immigrants and low-skilled workers, which are more difficult to integrate into the labour market. These groups could be helped by reform of employment and product market regulations, and by closing gaps in activation policies. Lower unemployment will push up wages and inflation towards the end of the projection period.

Risks are balanced

Weaker external demand, notably in Europe, with ensuing falls in business confidence, hiring and investment, is the largest risk to the projected upturn. But stronger-than-expected growth in the European Union and other major trading partners would improve growth prospects considerably. Domestically, high and rising housing-related debt remains of concern.

SWITZERLAND

Economic growth is projected to pick up gradually in 2015-16. The recent slowdown in consumption should reverse course on the back of stronger confidence, rising real wages and sustained employment gains. Exports are projected to benefit from a weaker currency and gradually improving global growth. Weak commodity prices and remaining slack have delayed the exit from deflation.

The ceiling on the franc is likely to have to be maintained in order to prevent its appreciation and help accommodative monetary policy anchor positive inflation expectations. Should growth decelerate further, fiscal room to manoeuvre is available. Stepping up pre-school funding and boosting tertiary education graduation would increase productivity growth.

Growth has slowed markedly

Led by weakening consumption, real GDP has decelerated markedly despite rising real wages and sustained employment gains. With consumers being cautious and investment still weak, growth is likely to be reliant on erratic exports. Construction should remain strong, however, fuelled by a housing boom caused in part by strong immigration and low interest rates.

Prices have remained flat

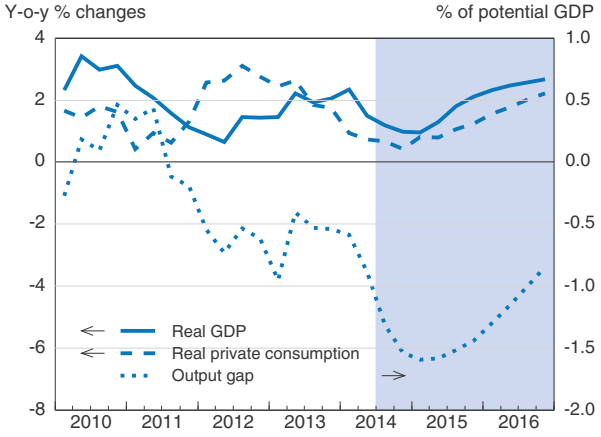
Consumer prices have been largely unchanged over the past year, illustrating the fragility of an exit from deflation. Domestic goods prices and rents are rising, although services price increases have slowed sharply. Non-oil import prices are still falling, but the trend could reverse following the recent weakening of the Swiss franc against the US dollar. Nominal wages are estimated to have grown by only 0.8% in 2014, unchanged from a year earlier, extending the year-long fall in unit labour costs.

Favourable financial conditions are supporting growth

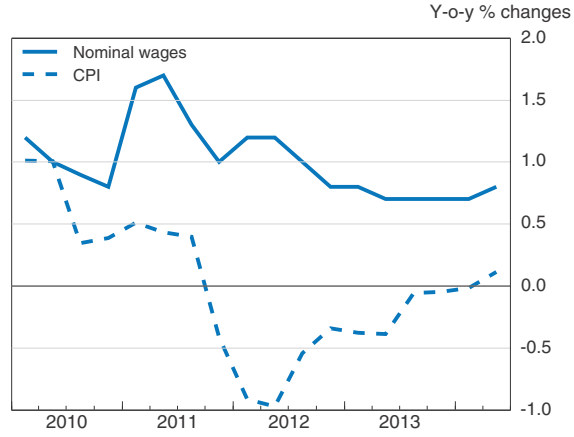
Thanks to accommodative monetary policy, financial conditions remain very favourable. Ten-year Confederation bonds pay 0.4%, half their yield a year earlier, which is supporting asset prices and credit growth. In

Switzerland

Consumption growth has slowed



Real wage growth has slowed as deflation ends



Source: OECD Economic Outlook 96 database; and FSO.

StatLink http://dx.doi.org/10.1787/888933169775

Switzerland: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices CHF billion	Percentage changes, volume (2010 prices)				
GDP at market prices	618.3	1.1	1.9	1.5	1.5	2.5
Private consumption	333.4	2.8	2.2	0.7	1.0	1.9
Government consumption	66.4	2.9	1.4	0.6	1.1	1.2
Gross fixed capital formation	144.6	2.4	1.7	0.2	0.9	2.1
Final domestic demand	544.4	2.7	2.0	0.5	1.0	1.9
Stockbuilding[1]	21.5	-3.4	-2.4	1.7	0.0	0.0
Total domestic demand	565.9	-1.2	-0.7	2.6	1.0	1.8
Exports of goods and services	406.7	0.8	15.3	-10.7	1.3	5.0
Imports of goods and services	354.3	-2.8	13.5	-11.7	0.3	4.4
Net exports[1]	52.4	2.1	2.6	-0.6	0.7	0.9
Memorandum items						
GDP deflator	_	-0.1	-0.2	0.2	0.9	0.5
Consumer price index	_	-0.7	-0.2	0.0	0.0	0.3
Private consumption deflator	_	-0.9	-0.4	-0.1	0.0	0.3
Unemployment rate	_	4.1	4.3	4.6	4.4	4.3
General government financial balance[2]	_	0.3	0.1	0.5	0.8	1.2
General government gross debt[3]	_	43.5	43.3	42.6	41.7	40.3
Current account balance[2]	_	9.7	13.5	7.9	9.2	10.2

Note: In accordance with ESA 2010 national accounts definitions.
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 96 database.

StatLink http://dx.doi.org/10.1787/888933170563

January 2014 the Federal council followed the central bank's advice and decided to raise banks' counter-cyclical capital buffer from 1% to 2% of their risk-weighted mortgage loans portfolio, effective in the third quarter. Perhaps as a result, mortgage growth slowed to 3.8% in August from 5.3% a year earlier. Despite good export outcomes in the US and Asian markets, trade was penalised by slow growth in Europe, especially Germany. Cautious consumption spending is reinforced by renewed deflation risks caused by falling food and oil prices. Nearly half of survey respondents are still expecting prices to either fall or remain flat, and the high level of the franc versus the euro is not helping. Fiscal policy remains broadly neutral despite falling public consumption in the first half of 2014.

Growth should increase gradually

Growth is projected to increase to 1.5% in 2015 and 2.5% in 2016, supported by accommodative monetary policy. Stabilising business indicators combined with strengthening household income expectations should raise consumption and investment. The weakening of the euro should also boost growth in Europe with positive spill-overs for Switzerland. Unemployment is projected to stay low and inflation to edge up.

Risks are on the downside

Persistent European weakness and on-going geopolitical tensions could cause households and firms to curb their spending more than projected. Further divergence between house prices and economic fundamentals is also possible, raising risks of financial difficulties. On the other hand, further depreciation of the euro would improve the outlook in Switzerland's key euro area trading partners and drag the franc down with it, thanks to the cap on the franc.

TURKEY

Growth has lost momentum in 2014. Policies to hold back domestic demand in the face of a large current account deficit, increased volatility in capital flows and political uncertainties led to a sharp deceleration in private consumption and investment. This was offset to some extent by a pick-up in exports. In the context of serious regional geopolitical tensions and the sluggish recovery in Europe, exports are projected to be subdued and GDP growth to be relatively weak by Turkish standards, at 3¼ per cent in 2015 and 4% in 2016. The current account deficit is set to stay above 5% of GDP, and large short-term foreign debt refinancing needs make Turkey vulnerable to shifts in international investor sentiments.

Enhancing the credibility of monetary policy is essential with inflation far above target despite ample slack. The central government accounts signal no fiscal loosening in the on-going electoral cycle. However, general government outcomes cannot be assessed accurately in a timely way. Fiscal monitoring and transparency should therefore be improved along international standards. Structural reforms, including those outlined in the National Development Plan 2014-2018, are needed to boost productivity in the business sector, to achieve durable competitiveness gains and balanced growth.

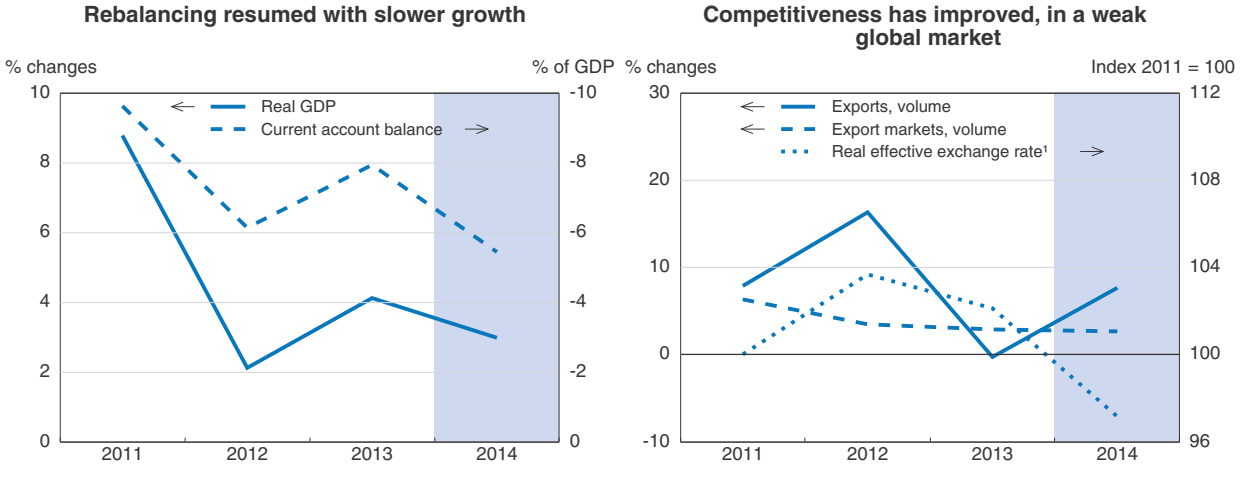
Domestic demand has contracted

Excessive growth in domestic demand led to a current account deficit of nearly 8% of GDP in 2013. Policy restraint and lower oil prices have significantly reduced both domestic demand, which contracted in the first half, and the external gap in 2014. Following interest rate increases and macroprudential measures, credit card debt stabilised and consumer and business loans decelerated. Volatility in capital inflows and political uncertainties associated with the extended electoral cycle have weakened private consumption and investment.

Exports have picked up, but face headwinds

Fuelled by the sharp exchange rate depreciation in late 2013, exports picked up in 2014. Facing very unfavourable regional conditions just

Turkey



Note: 2014 includes projections for missing quarters.
1. Based on the CPI. An increase denotes an appreciation.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169780

Turkey: **Demand, output and prices**

	2011	2012	2013	2014	2015	2016
	Current prices TRY billion	Percentage changes, volume (1998 prices)				
GDP at market prices	1 297.7	2.1	4.1	3.0	3.2	4.0
Private consumption	923.8	-0.5	5.1	0.8	2.8	3.3
Government consumption	180.7	6.1	6.2	4.3	2.8	4.2
Gross fixed capital formation	283.2	-2.7	4.2	-2.0	5.7	7.3
Final domestic demand	1 387.7	0.0	5.1	0.8	3.3	4.2
Stockbuilding[1]	22.5	-1.4	1.4	0.0	0.1	0.0
Total domestic demand	1 410.2	-1.4	6.4	0.8	3.5	4.2
Exports of goods and services	311.1	16.3	-0.3	7.6	4.6	6.1
Imports of goods and services	423.7	-0.4	9.0	-0.2	5.2	6.6
Net exports[1]	- 112.5	4.0	-2.9	2.0	-0.4	-0.4
Memorandum items						
GDP deflator	_	6.9	6.1	7.7	6.5	4.2
Consumer price index	_	8.9	7.5	9.0	7.4	6.8
Private consumption deflator	_	8.1	6.1	8.5	6.6	6.1
Unemployment rate	_	8.4	9.0	9.9	10.1	10.2
Current account balance[2]	_	-6.1	-7.9	-5.4	-5.1	-5.6

1. Contributions to changes in real GDP, actual amount in the first column.
2. As a percentage of GDP.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170575

across Turkish borders, exporters managed to reorient sales towards markets such as the United States and Spain. Against the backdrop of disquieting geopolitical tensions and sluggish activity in Europe, confidence and investment prospects remain subdued in the business sector.

International confidence is crucial

Upholding trust in the soundness of macroeconomic policy will be essential. Considerable foreign funding is needed to finance the high current account deficit and to roll over the large external debt of financial and non-financial corporations. With possible higher volatility in global capital markets as US monetary policy normalises, Turkey will need to safeguard the confidence of more risk-averse and selective investors.

Monetary policy needs to regain credibility

Inflation far exceeds the official 5% target and is a concern for investors in Turkish assets. Headline and core inflation are in the high single digits despite a wide estimated output gap, and inflation expectations are not anchored to the official target. Even though high food prices and pass-through effects from exchange rate depreciation contributed to inflation overshooting, tight monetary policy is called for to bring down inflation, notwithstanding the cyclical position of the economy. It also calls for transparency of monetary policy to foster confidence and credibility.

Fiscal transparency should be enhanced

Fiscal policy has room to provide cyclical support but policy makers have been reluctant to use it because fiscal restraint is at the core of

Turkey's international credibility. The Medium-Term Economic Programme published in October 2014 announced pro-cyclical fiscal tightening for the projection period, although fiscal stimulus might also be provided through off-budget vehicles, such as public-private partnerships in the transportation, health and public housing sectors. Lack of accrual-based up-to-date information makes this hard to evaluate. Greater fiscal transparency would consolidate confidence in the public finances, offsetting the risks of countercyclical policy.

A gradual recovery is projected

Growth is projected to increase, but not by enough to prevent an increase in unemployment. Private consumption and investment are projected to pick up gradually as recovery takes hold in European markets and as the domestic electoral cycle unfolds. There are risks on both sides. Any further worsening of regional conflicts, tensions in global capital markets, and additional delays in the European recovery could hold back the expansion in Turkey. Any contagion from cross-border to domestic political tensions could undermine confidence. In contrast, quantitative easing in Europe could boost exports and capital inflows, and thus strengthen growth.

UNITED KINGDOM

Growth has been propelled by high job creation and is set to continue at a strong pace in 2015 and 2016, underpinned by robust private consumption and investment. With slack narrowing, inflationary pressures are projected to pick up gradually. Accordingly, the stance of monetary policy is assumed to begin to normalise in mid-2015 to contain inflation.

This projection assumes that the government continues to implement its medium-term fiscal consolidation plan. Higher interest rates associated with the economic recovery could support stronger productivity growth by encouraging the selection of more profitable projects and the restructuring of loss-making companies. Labour productivity would also be strengthened by further structural reforms to improve loan availability, reduce mismatches in the labour market and further upgrade infrastructure.

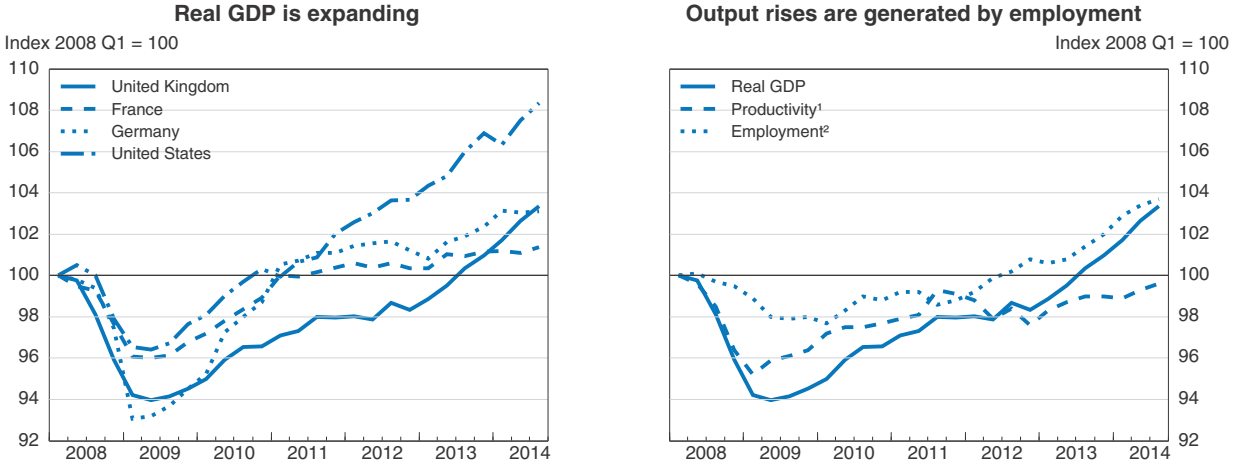
Growth has continued at a robust pace

The economy has been growing at around a 3% annualised rate since the second quarter of 2013. Private consumption has been the main engine of the expansion, amid strong job creation, and business investment continues to recover strongly, supported by diminishing uncertainty, the accelerator effects of stronger demand and a low user cost of capital. However, export performance has been weak and the income balance has disappointed, pushing the current account deficit to close to 5% of GDP.

The labour market is tightening

Labour supply has been strong as the labour force participation rate and the working-age population have been trending upwards. However, labour demand has been robust as well, as labour productivity has failed to recover. As a result, the unemployment rate has been falling rapidly, vacancies are rising, and there are increasing signs of skill shortages. Wage growth has been weak, although as the labour market tightens this

United Kingdom



1. Productivity is defined as real GDP divided by total employment.
2. Population aged 16 and over.

Source: OECD Economic Outlook 96 database; and Office for National Statistics (ONS).

StatLink http://dx.doi.org/10.1787/888933169485

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

Percentage changes

	2012	2013	2014	2015	2016
Employment	1.1	1.2	2.3	1.4	1.1
Unemployment rate[1]	8.0	7.6	6.2	5.6	5.4
Compensation per employee[2]	2.0	2.1	1.6	3.0	3.2
Unit labour cost	1.9	1.6	0.0	1.6	1.7
Household disposable income	4.6	2.0	4.3	4.0	4.0
GDP deflator	1.7	1.7	1.8	1.7	1.7
Harmonised index of consumer prices[3]	2.8	2.6	1.6	1.8	2.1
Core harmonised index of consumer prices[4]	2.2	2.0	1.7	1.9	2.1
Private consumption deflator	2.1	1.9	1.6	1.5	1.7

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 96 database.

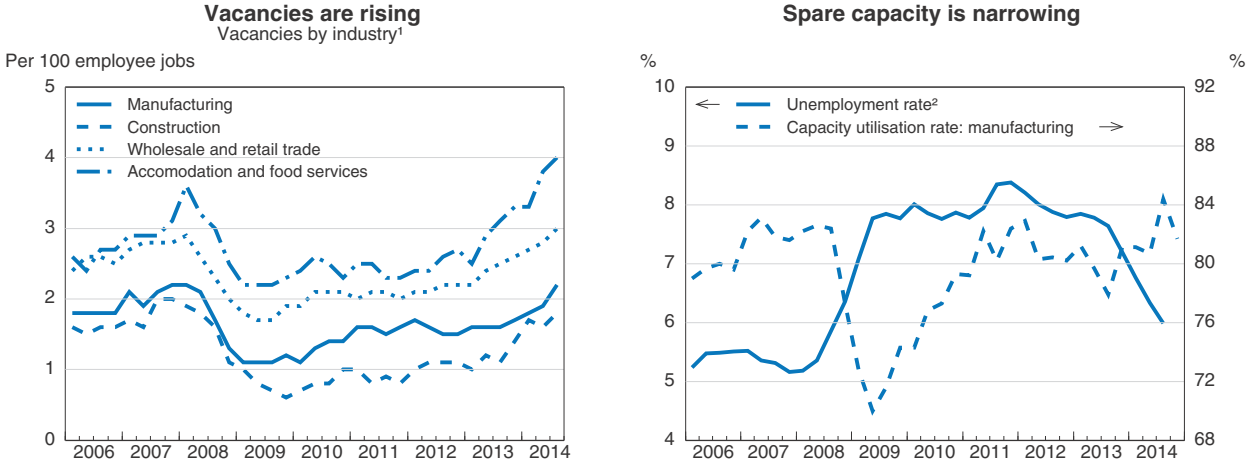
StatLink http://dx.doi.org/10.1787/888933170193

is projected to change. Stimulating retraining and encouraging migration in occupations where shortages arise would reduce labour mismatches and support balanced growth through higher productivity.

Fiscal consolidation will continue

The government has continued to implement its medium-term fiscal plan, which should lead to a cumulative tightening in the structural budget deficit of about 2.5% of GDP in 2015 and 2016. The collection of some receipts has been delayed owing to recent income tax changes. However, weaker wage growth, lower residential property transactions and lower oil and gas revenues have led to weaker tax receipts than expected by the Office for Budget Responsibility. Further measures are

United Kingdom



1. Data are seasonally adjusted.
2. Population aged 16 and over.

Source: Office for National Statistics (ONS); OECD Economic Outlook 96 database; and OECD Main Economic Indicators database.

StatLink http://dx.doi.org/10.1787/888933169494

United Kingdom: **Financial indicators**

	2012	2013	2014	2015	2016
Household saving ratio, gross[1]	7.3	5.2	5.8	5.7	5.8
General government financial balance[2]	-5.9	-5.6	-5.5	-4.4	-3.1
General government gross debt[3]	95.7	93.3	95.9	97.6	98.0
General government debt, Maastricht definition[2]	83.8	85.3	87.9	89.5	90.0
Current account balance[2]	-3.7	-4.2	-4.8	-4.6	-4.4
Short-term interest rate[4]	0.8	0.5	0.5	1.0	2.4
Long-term interest rate[5]	1.9	2.5	2.7	2.9	3.7

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170209

needed to help to offset revenue shortfalls while easing pressure on public services that have already contributed to fiscal consolidation.

Interest rate increases should begin in 2015

These projections imply that the slack in the labour and product markets will continue to narrow rapidly. To keep inflation close to the target of 2%, interest rate normalisation should begin in mid-2015. Clear communication regarding the unwinding of quantitative easing and the path of interest rates increases will be important for an orderly withdrawal

United Kingdom: **Demand and output**

	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
	Current prices £ billion	Percentage changes from previous year, volume (2011 prices)					
GDP at market prices	1 713.3	3.0	2.7	2.5	3.1	2.5	2.5
Private consumption	1 110.8	2.1	2.4	2.1	2.5	2.3	2.1
Government consumption	346.8	1.0	-0.5	-1.2	0.7	-1.3	-1.1
Gross fixed investment	281.5	8.1	7.1	7.6	7.1	7.4	7.8
Public[1]	32.1	-3.9	2.1	2.2	-5.2	1.9	2.3
Residential	123.0	8.8	6.7	7.1	6.9	6.9	7.2
Non-residential	126.4	11.3	8.9	9.2	11.7	9.0	9.3
Final domestic demand	1 739.1	2.9	2.6	2.5	2.9	2.5	2.5
Stockbuilding[2]	6.3	0.4	0.0	0.0			
Total domestic demand	1 745.4	3.2	2.6	2.5	2.7	2.5	2.5
Exports of goods and services	511.3	-1.3	1.2	2.4	-0.3	1.8	2.6
Imports of goods and services	543.4	-1.6	1.2	2.2	-1.9	1.6	2.6
Net exports[2]	- 32.1	0.1	0.0	0.0			

Note: Detailed quarterly projections are reported for the major seven countries, the euro area and the total OECD in the Statistical Annex.
1. Including nationalised industries and public corporations.
2. Contributions to changes in real GDP, actual amount in the first column.

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170214

United Kingdom: **External indicators**

	2012	2013	2014	2015	2016
			$ billion		
Goods and services exports	793.5	799.3	807.9	793	825
Goods and services imports	848.1	849.6	849.7	827	857
Foreign balance	- 54.6	- 50.3	- 41.8	- 34	- 32
Invisibles, net	- 43.6	- 63.4	- 101.6	- 103	- 104
Current account balance	- 98.2	- 113.7	- 143.3	- 137	- 136
			Percentage changes		
Goods and services export volumes	0.7	0.5	- 1.3	1.2	2.4
Goods and services import volumes	3.1	0.5	- 1.6	1.2	2.2
Export performance[1]	- 1.6	- 2.0	- 4.6	- 2.9	- 2.7
Terms of trade	0.4	0.6	0.8	0.8	0.3

1. Ratio between export volume and export market of total goods and services.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170221

of stimulus. The end of very low interest rates should increase incentives to properly allocate resources and ensure more sustainable growth.

Balancing the housing market requires reforms

House prices have continued to increase rapidly across the United Kingdom in 2014, with an annual increase of about 20% in London and nearly 10% in the rest of the country. This increase has not been driven by excessive lending, although macro-prudential authorities have taken welcome precautionary measures to limit high loan-to-income ratios and requested from the government additional powers to cap loan-to-value and debt-to-income ratios. To balance the housing market, it is essential to further ease planning restrictions to enhance supply. Also, housing demand needs to be made more sensitive to price developments by updating property values used in the council tax.

Growth is expected to remain strong

GDP growth is set to continue at a strong, if slightly easing, pace, despite fiscal consolidation. The unemployment rate is projected to fall further and labour productivity to recover, supporting nominal wage growth, and allowing households to increase consumption while stabilising their saving.

Low productivity growth is a key risk

Robust productivity is an essential condition for strong and sustainable growth, and uncertainty over its recovery is a major risk to the projection. Labour market pressures could disconnect real wage growth from productivity and lead to cost-push inflation. Alternatively, if the strong correlation between real wages and productivity were to persist, then weaker-than-expected productivity could translate into weaker growth. Exports might turn out to be weaker if growth in the euro area disappoints, which would be a drag on investment and productivity. On the positive side, the continuation of structural reforms could boost productivity.

UNITED STATES

The US economy is projected to continue to grow steadily in 2015 and 2016. Solid increases in private employment will continue to push down the unemployment rate, though pockets of labour market slack will remain for a while. Monetary conditions and export markets should support some acceleration in demand, as the drag from tight fiscal policy dissipates and as improvements in household net worth provide a growing impetus to private spending.

Monetary policy remains highly supportive, but as labour market slack diminishes this accommodation will need to be carefully withdrawn to keep inflationary pressures in check. The Federal Reserve's large-scale asset-purchase programme ended in October and policy rates are expected to begin to rise in mid-2015. The federal budget deficit has narrowed substantially, reflecting cyclical improvements, consolidation measures and other influences, and some further narrowing is projected in 2015 and 2016. Fiscal policy should focus on addressing longer-term pressures associated with healthcare spending and old age pensions. The authorities should also facilitate infrastructure spending, such as by securing sustainable funding.

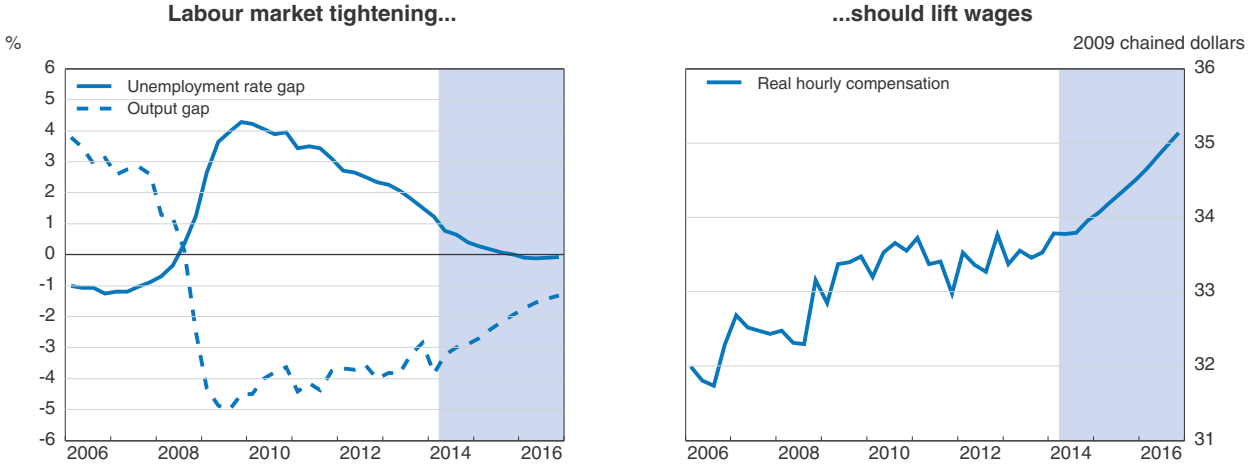
The economic recovery continues

Output has returned to a steady growth trajectory after having fallen during the first quarter. Available data and forward-looking indicators point to second-half growth consistent with a gradual narrowing of output and labour-market slack. Activity is projected to gain additional momentum with monetary policy remaining supportive, the drag from fiscal consolidation diminishing, and export markets expanding. Private consumption will benefit from further employment gains. Household net wealth has risen in recent years due to higher asset prices and deleveraging. Although the impetus to demand from these influences has been slow to materialise, wealth effects should contribute to further strengthening of consumer spending and residential construction.

The labour market continues to strengthen

Steady employment gains have pushed down the unemployment rate from its peak of nearly 10% at the end of 2009 to 5.8% in October 2014.

United States



Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169366

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

Percentage changes

	2012	2013	2014	2015	2016
Employment[1]	1.6	1.4	1.7	1.6	1.1
Unemployment rate[2]	8.1	7.4	6.2	5.6	5.3
Compensation per employee[3]	2.4	1.1	2.7	2.6	3.5
Labour productivity	0.7	0.8	0.5	1.5	1.9
Unit labour cost	1.7	0.5	2.4	1.1	1.4
GDP deflator	1.8	1.5	1.5	1.7	1.9
Consumer price index	2.1	1.5	1.7	1.4	2.0
Core PCE deflator[4]	1.8	1.3	1.4	1.5	1.7
PCE deflator[5]	1.8	1.2	1.4	1.2	1.7
Real household disposable income	3.0	-0.2	2.6	2.9	3.1

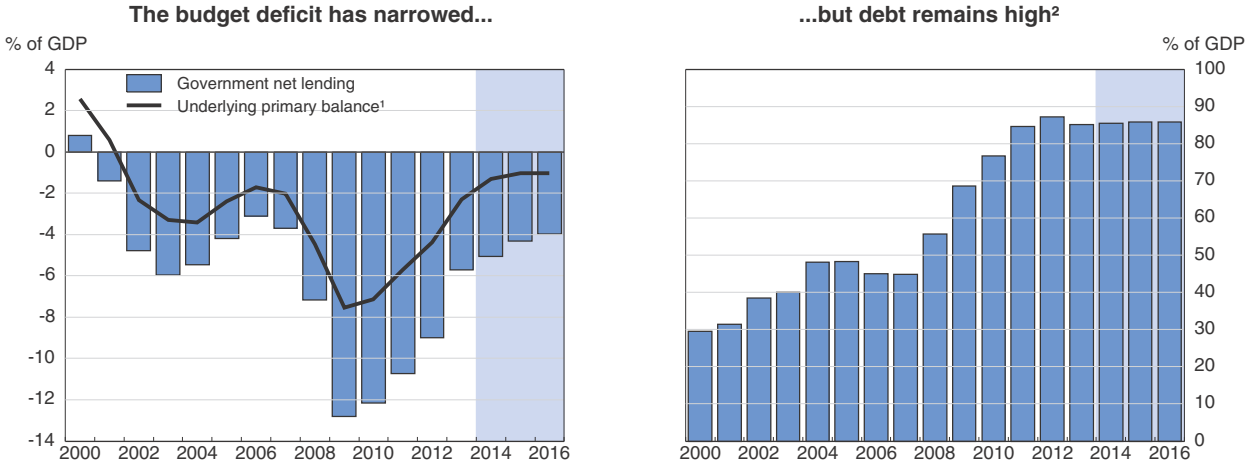
1. Based on the Bureau of Labor Statistics (BLS) Establishment Survey.
2. As a percentage of labour force, based on the BLS Household Survey.
3. In the total economy.
4. Deflator for private consumption excluding food and energy.
5. Private consumption deflator. PCE stands for personal consumption expenditures.

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170029

However, other indicators continue to point to more persistent labour market slack: wage growth has remained stubbornly flat at rates barely sufficient to compensate for inflation, and the proportion of the workforce who report working part time for economic reasons remains high. The labor force participation rate fell significantly in the wake of the financial crisis, and although it has stabilised of late, discouraged workers are still likely to return to the labour market as the recovery matures. As labour market slack diminishes, real wages should gradually accelerate to rates

United States



1. In percent of potential GDP.
2. Net debt as a percentage of GDP.

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933169372

United States: **Financial indicators**

	2012	2013	2014	2015	2016
Household saving ratio, net[1]	7.2	4.9	5.2	4.9	4.6
General government financial balance[2]	-9.0	-5.7	-5.1	-4.3	-4.0
General government gross debt[3]	110.5	109.2	109.7	110.1	110.0
Current account balance[2]	-2.9	-2.4	-2.2	-1.7	-1.7
Short-term interest rate[4]	0.4	0.3	0.3	0.7	1.8
Long-term interest rate[5]	1.8	2.4	2.6	3.0	3.7

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 rate on euro-dollar deposits.
5. 10-year government bonds.

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170038

better aligned with productivity growth, thereby supporting the acceleration of aggregate demand.

A gradual withdrawal of monetary accommodation is on course

The Federal Reserve ended its programme of large-scale asset purchases in October. On the basis of this projection, the policy interest rate is assumed to begin to rise in mid-2015. Even so, the monetary stance is set to remain accommodative throughout the projection period. This is appropriate in an environment of still-low inflation, well-anchored inflationary expectations, subdued wage gains and sluggish progress in returning to full employment.

United States: **Demand and output**

	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
	Current prices $ billion	Percentage changes from previous year, volume (2009 prices)					
GDP at market prices	16 768.1	2.2	3.1	3.0	2.0	3.1	2.9
Private consumption	11 484.4	2.3	2.9	2.8	2.1	3.1	2.6
Government consumption	2 547.6	0.5	0.3	0.5	1.4	0.2	0.6
Gross fixed investment	3 170.3	3.5	5.3	5.6	3.7	5.4	5.6
Public	596.3	-3.0	0.3	0.5	-2.0	-0.1	0.7
Residential	519.9	1.7	8.5	11.6	3.2	10.0	12.5
Non-residential	2 054.0	5.9	5.8	5.4	5.4	5.7	5.1
Final domestic demand	17 202.2	2.2	2.9	3.0	2.3	3.1	2.9
Stockbuilding[1]	74.1	0.0	0.0	0.0			
Total domestic demand	17 276.3	2.2	2.9	3.0	2.2	3.1	2.9
Exports of goods and services	2 262.2	3.3	5.7	5.6	2.7	5.7	5.5
Imports of goods and services	2 770.4	3.5	4.4	5.3	3.9	5.1	5.4
Net exports[1]	- 508.2	-0.1	0.0	-0.1			

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

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

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170048

United States: **External indicators**

	2012	2013	2014	2015	2016
			$ billion		
Goods and services exports	2 194.2	2 262.2	2 348.0	2 496	2 648
Goods and services imports	2 762.5	2 770.4	2 868.0	2 959	3 129
Foreign balance	- 568.3	- 508.2	- 520.0	- 464	- 481
Invisibles, net	107.6	107.9	141.1	152	164
Current account balance	- 460.8	- 400.3	- 379.0	- 312	- 317
			Percentage changes		
Goods and services export volumes	3.3	3.0	3.3	5.7	5.6
Goods and services import volumes	2.3	1.1	3.5	4.4	5.3
Export performance[1]	- 0.6	- 0.3	0.5	1.3	0.2
Terms of trade	0.4	0.9	0.5	1.7	0.0

1. Ratio between export volume and export market of total goods and services.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170052

The drag from fiscal policy on growth is diminishing

The overall drag from fiscal consolidation, as measured by changes in the underlying primary balance, is assumed to diminish from about 1% of GDP in 2014 to ¼ per cent in 2015 and then become neutral in 2016. The general government deficit is projected to fall somewhat from 5% in 2014 to 4% in 2016, which should be enough to stabilise the gross general government debt-GDP ratio. However, Congressional Budget Office projections suggest that spending pressures will re-emerge after 2016, and developing a medium-term strategy to address the fiscal consequences of these pressures without threatening the fragile recovery should therefore be a priority.

Risks remain substantial

An acceleration of aggregate demand, consumer prices, and wages could fail to materialise, perhaps because wealth effects might not feed through to consumer spending as anticipated. The normalisation of US monetary policy could create international financial market tensions that feed back to lower US growth. Declines in the unemployment rate could raise inflationary pressures, in which case the monetary stance would have to be tightened more than projected. Aggregate demand could also strengthen more forcefully than anticipated if households aggressively raised spending to reflect improvements in their financial situation, or if any pent-up demand for business investment were unleashed.

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 2016 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	1.1	Slovenia	0.5	0.1	0.1
Austria	3.0	0.8	0.4	Spain	12.1	3.2	1.7
Belgium	3.7	1.0	0.5	Sweden		0.9	0.5
Canada		3.2	1.7	Switzerland		1.0	0.5
Chile		0.8	0.4	Turkey		3.0	1.6
Czech Republic		0.6	0.3	United Kingdom		5.1	2.7
Denmark		0.5	0.3	United States		35.0	18.3
Estonia	0.3	0.1	0.0	Euro area	100.0	26.4	13.9
Finland	1.7	0.5	0.2	OECD total		100.0	52.4
France	19.8	5.2	2.7				
Germany	28.3	7.5	3.9			Non-OECD	World
Greece	2.2	0.6	0.3				
Hungary		0.5	0.3	Argentina		2.2	1.0
Iceland		0.0	0.0	Brazil		6.9	3.3
Ireland	1.7	0.4	0.2	China		37.9	18.0
Israel		0.5	0.3	Indonesia		5.7	2.7
Italy	16.8	4.4	2.3	India		15.6	7.4
Japan		9.7	5.1	Russian Federation		8.2	3.9
Korea		3.5	1.8	Saudi Arabia		3.7	1.8
Luxembourg	0.4	0.1	0.1	South Africa		1.5	0.7
Mexico		4.2	2.2	Dynamic Asian Economies		5.1	2.4
Netherlands	6.1	1.6	0.9	Other major oil producers		6.9	3.3
New Zealand		0.3	0.2	Rest of non-OECD		6.3	3.0
Norway		0.7	0.4				
Poland		1.9	1.0	Non-OECD countries		100.0	47.6
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 96 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

The status of national accounts in the OECD countries is as follows :

	Expenditure accounts	Household accounts	Benchmark/ base year
Australia	SNA08 (1959q3-2014q2)	SNA08 (1959q3-2014q2)	2011/2012
Austria	ESA10 (1996q1-2014q2)	ESA10 (1995-2013)	2010
Belgium	ESA10 (1995q1-2014q2)	ESA10 (1995-2013)	2012
Canada	SNA08 (1961q1-2014q2)	SNA08 (1961q1-2014q2)	2007
Chile	SNA93 (1996q1-2014q2)	..	2008
Czech Republic	ESA10 (1995q1-2014q2)	ESA10 (1995-2013)	2010
Denmark	ESA10 (1995q1-2014q2)	ESA10 (1995-2013)	2010
Estonia	ESA10 (2000q1-2014q2)	ESA95 (1995-2012)	2010
Finland	ESA10 (1990q1-2014q2)	ESA10 (1995-2013)	2010
France	ESA10 (1949q1-2014q3)	ESA10 (1978-2013)	2010
Germany	ESA10 (1991q1-2014q2)	ESA10 (1991-2013)	2010
Greece	ESA10 (1995q1-2014q2)	..	2010
Hungary	ESA10 (1995-2013)	ESA10 (1995-2013)	2005
Iceland	SNA08 (1997q1-2014q2)	..	2005
Ireland	ESA10 (1997q1-2014q2)	ESA95 (1970-2012)	2012
Israel	SNA08 (1995q1-2014q2)	..	2010
Italy	ESA10 (1995q1-2014q2)	ESA10 (1995-2013)	2010
Japan	SNA93 (1994q1-2014q2)	SNA93 (1980-2012)	2005
Korea	SNA08 (2000q1-2014q3)	SNA08 (2010-2013)	2010
Luxembourg	ESA10 (1995q1-2014q2)	ESA95 (2007-2012)	2005
Mexico	SNA08 (1993q1-2014q2)	..	2008
Netherlands	ESA10 (1995q1-2014q3)	ESA10 (1995-2013)	2010
New Zealand	SNA93 (1987q4-2014q2)	SNA93 (1986-2012)	1995/1996
Norway	SNA93 (1978q1-2014q2)	SNA93 (1978-2013)	2011
Poland	ESA10 (1995-2013)	ESA95 (1995-2012)	2010
Portugal	ESA10 (1995q1-2014q2)	ESA10 (1999-2013)	2011
Slovak Republic	ESA10 (1995-2013)	ESA10 (1995-2013)	2010
Slovenia	ESA10 (1995q1-2014q2)	ESA10 (1995-2013)	2000
Spain	ESA10 (1995-2013)	ESA95 (2000-2013)	2010
Sweden	ESA10 (1995q1-2014q2)	ESA10 (1993q1-2014q2)	2013
Switzerland	ESA10 (1980q1-2014q2)	ESA10 (1995-2012)	2010
Turkey	SNA93 (1998q1-2014q2)	..	1998
United Kingdom	ESA10 (1963q1-2014q2)	ESA95 (1987q1-2014q1)	2011
United States	NIPA (SNA08) (1947q1-2014q3)	NIPA (SNA08) (1952q1-2014q3)	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.
BPM: Balance of Payments and International Investment Position Manual, edition 5 or 6.

National accounts reporting systems, base years and latest data updates *(con't)*

The status of national accounts in the OECD countries is as follows :

Government accounts		Balance of payments	
Financial	Non financial		
SNA08 (1959q3-2014q2)	SNA08 (1959q3-2014q2)	BPM6 (1959q3-2014q2)	Australia
ESA10 (1995-2013)	ESA10 (1995-2013)	BPM5 (1992q1-2014q1)	Austria
ESA10 (1998-2013)	ESA10 (1995-2013)	BPM6 (2010q1-2014q2)	Belgium
SNA08 (1961q1-2014q2)	SNA08 (1961q1-2014q2)	BPM6 (1981q1-2014q2)	Canada
..	..	BPM5 (2003q1-2014q2)	Chile
ESA95 (1994-2013)	ESA10 (1995-2013)	BPM6 (1993q1-2014q2)	Czech Republic
ESA10 (1994-2013)	ESA10 (1995-2013)	BPM6 (1995q1-2014q2)	Denmark
ESA10 (1994-2013)	ESA10 (2010-2013)	BPM6 (1993q1-2014q2)	Estonia
ESA10 (1995-2013)	ESA10 (1995-2013)	BPM6 (2006q1-2014q2)	Finland
ESA10 (1995-2013)	ESA10 (1978-2013)	BPM6 (2008q1-2014q2)	France
ESA10 (1991-2013)	ESA10 (1991-2013)	BPM6 (1991q1-2014q2)	Germany
ESA10 (1995-2013)	ESA10 (1995-2013)	BPM5 (1985q1-2014q2)	Greece
ESA10 (1989-2013)	ESA10 (1995-2013)	BPM6 (1995q1-2014q2)	Hungary
SNA08 (1998-2013)	SNA93 (1995-2013)	BPM6 (1995q1-2014q2)	Iceland
ESA10 (1990-2013)	ESA10 (1990-2013)	BPM6 (2002q1-2014q2)	Ireland
SNA08 (1995-2013)	SNA08 (1995-2013)	BPM5 (1995q1-2014q2)	Israel
ESA10 (1995-2013)	ESA10 (1995-2013)	BPM5 (1995q1-2014q1)	Italy
SNA93 (1994-2012)	SNA93 (1994-2012)	BPM6 (1994q1-2014q2)	Japan
SNA93 (2002-2012)	SNA08 (2010-2013)	BPM6 (1980q1-2014q2)	Korea
ESA10 (1990-2013)	ESA10 (1995-2013)	BPM6 (2002q1-2014q2)	Luxembourg
..	..	..	Mexico
ESA10 (1995-2013)	ESA10 (1995-2013)	BPM6 (2008q1-2014q2)	Netherlands
SNA93 (1960-2012)	SNA93 (1960-2012)	BPM6 (1987q1-2014q2)	New Zealand
SNA93 (1995-2013)	SNA93 (1995-2013)	BPM5 (1994q1-2014q2)	Norway
ESA10 (1998-2013)	ESA10 (2010-2013)	BPM5 (2000q1-2014q1)	Poland
ESA10 (1995-2013)	ESA10 (1999-2013)	BPM5 (1996q1-2014q2)	Portugal
ESA10 (1995-2013)	ESA10 (1995-2013)	BPM5 (1993q1-2014q2)	Slovak Republic
ESA10 (1995-2013)	ESA10 (1995-2013)	BPM6 (1996q1-2014q2)	Slovenia
ESA10 (1995-2013)	ESA10 (1995-2013)	BPM6 (2010q1-2014q2)	Spain
ESA10 (1997-2013)	ESA10 (1993-2013)	BPM5 (1982q1-2014q2)	Sweden
ESA95 (1999-2011)	ESA10 (1995-2013)	BPM6 (2000q1-2014q2)	Switzerland
..	..	BPM5 (1984q1-2014q2)	Turkey
ESA95 (1987q1-2014q1)	ESA95 (1987q1-2014q1)	BPM6 (1955q1-2014q2)	United Kingdom
NIPA (SNA08) (1952q1-2014q2)	NIPA (SNA08) (1952q1-2014q2)	BPM6 (1960q1-2014q2)	United States

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.

BPM: Balance of Payments and International Investment Position Manual, edition 5 or 6.

Annex Tables

Demand and Output

1. Real GDP . . . 217
2. Nominal GDP . . . 218
3. Real private consumption expenditure . . . 219
4. Real public consumption expenditure . . . 220
5. Real total gross fixed capital formation . . . 221
6. Real gross private non-residential fixed capital formation . . . 222
7. Real gross residential fixed capital formation . . . 223
8. Real total domestic demand . . . 224
9. Foreign balance contributions to changes in real GDP . . . 225
10. Output gaps . . . 226

Wages, Costs, Unemployment and Inflation

11. Compensation per employee in the total economy . . . 227
12. Labour productivity in the total economy . . . 228
13. Unemployment rates: commonly used definitions . . . 229
14. Harmonised unemployment rates . . . 230
15. Labour force, employment and unemployment . . . 231
16. GDP deflators . . . 232
17. Private consumption deflators . . . 233
18. Consumer price indices . . . 234
19. Oil and other primary commodity markets . . . 235

Key Supply-side Data

20. Employment and labour force . . . 236
21. Potential GDP and productive capital stock . . . 237
22. Structural unemployment and unit labour costs . . . 238

Saving

23. Household saving rates . . . 239
24. Gross national saving . . . 240

Fiscal Balances and Public Indebteness

25. General government total outlays . . . 241
26. General government total tax and non-tax receipts . . . 242
27. General government financial balances . . . 243
28. General government cyclically-adjusted balances . . . 244
29. General government underlying balances . . . 245
30. General government underlying primary balances . . . 246
31. General government net debt interest payments . . . 247

32. General government gross financial liabilities . . . 248
33. General government net financial liabilities . . . 249

Interest Rates and Exchange Rates

34. Short-term interest rates . . . 250
35. Long-term interest rates . . . 251
36. Nominal exchange rates (vis-à-vis the US dollar) . . . 252
37. Effective exchange rates . . . 253

External Trade and Payments

38. Export volumes of goods and services . . . 254
39. Import volumes of goods and services . . . 255
40. Export prices of goods and services . . . 256
41. Import prices of goods and services . . . 257
42. Competitive positions: relative consumer prices . . . 258
43. Competitive positions: relative unit labour costs . . . 259
44. Export performance for total goods and services . . . 260
45. Shares in world exports and imports . . . 261
46. Geographical structure of world trade growth . . . 262
47. Trade balances for goods and services . . . 263
48. Investment income, net . . . 264
49. Total transfers, net . . . 265
50. Current account balances . . . 266
51. Current account balances as a percentage of GDP . . . 267
52. Structure of current account balances of major world regions . . . 268
53. Export market growth in goods and services . . . 269
54. Import penetration . . . 270

Other Background Data

55. Quarterly demand and output projections . . . 271
56. Quarterly price, cost and unemployment projections . . . 273
57. Contributions to changes in real GDP in OECD countries . . . 274
58. Household wealth and indebtedness . . . 276
59. House prices . . . 277
60. House price ratios . . . 279
61. Maastricht definition of general government gross public debt . . . 280
62. Macroeconomic indicators for selected non-member economies . . . 281

Annex Table 1. **Real GDP**

Percentage change from previous year

	Average 1990-00	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
Australia	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	3.1	2.5	3.0	2.8	2.5	3.2
Austria	2.6	1.4	1.6	0.7	2.5	2.3	3.5	3.5	1.3	-3.5	1.8	3.2	0.9	0.3	0.5	0.9	1.6	0.2	1.3	1.8
Belgium	2.2	0.9	1.6	0.9	3.4	1.9	2.6	3.0	1.0	-2.6	2.5	1.6	0.1	0.3	1.0	1.4	1.7	1.0	1.6	1.8
Canada	2.9	1.7	2.8	1.9	3.1	3.2	2.6	2.0	1.2	-2.7	3.4	3.0	1.9	2.0	2.4	2.6	2.4	2.3	2.5	2.3
Chile	6.6	3.3	2.7	3.8	6.9	6.2	5.8	5.2	3.2	-1.0	5.7	5.8	5.5	4.2	1.9	3.2	3.7	2.2	3.8	3.6
Czech Republic	..	3.0	1.6	3.6	4.8	6.5	7.1	5.5	2.5	-4.7	2.1	2.0	-0.7	-0.7	2.4	2.3	2.7	1.9	2.6	2.8
Denmark	2.7	0.8	0.5	0.4	2.6	2.4	3.8	0.8	-0.7	-5.1	1.6	1.3	-0.8	-0.1	0.8	1.4	1.8	0.9	1.5	2.0
Estonia	..	6.2	6.1	7.5	6.5	9.5	10.4	7.9	-5.3	-14.7	2.5	8.3	4.7	1.6	2.0	2.4	3.4	2.1	2.8	3.8
Finland	2.3	2.6	1.7	2.0	3.9	2.8	4.1	5.2	0.7	-8.3	3.0	2.6	-1.5	-1.2	-0.2	0.9	1.3	0.0	1.3	1.5
France	2.1	1.9	1.1	0.8	2.6	1.6	2.6	2.3	0.1	-2.9	1.9	2.1	0.4	0.4	0.4	0.8	1.5	0.2	1.1	1.6
Germany	2.0	1.8	0.0	-0.7	0.7	0.9	3.9	3.4	0.8	-5.6	3.9	3.7	0.6	0.2	1.5	1.1	1.8	1.0	1.5	2.0
Greece	2.5	3.6	3.1	6.5	4.9	1.1	5.7	3.4	-0.4	-4.4	-5.3	-8.9	-6.6	-4.0	0.8	2.3	3.3	1.8	3.0	3.5
Hungary	..	3.7	4.5	3.8	4.8	4.3	4.0	0.5	0.9	-6.6	0.8	1.8	-1.5	1.5	3.3	2.1	1.7	3.0	1.9	1.7
Iceland	2.6	3.8	0.5	2.7	8.2	6.0	4.2	9.7	1.1	-5.1	-2.9	2.1	1.1	3.5	2.5	3.3	2.8	5.4	0.0	4.2
Ireland	7.2	5.3	5.8	3.0	4.6	5.7	5.5	4.9	-2.7	-6.4	-0.3	2.8	-0.3	0.2	4.3	3.3	3.2	3.2	5.1	2.1
Israel	6.0	0.1	-0.1	1.1	5.0	4.3	5.6	6.1	3.9	1.6	5.7	4.2	3.0	3.4	2.5	3.1	3.5	2.1	3.7	3.4
Italy	1.6	1.8	0.3	0.2	1.6	0.9	2.0	1.5	-1.0	-5.5	1.7	0.6	-2.3	-1.9	-0.4	0.2	1.0	-0.5	0.8	1.1
Japan	1.1	0.4	0.3	1.7	2.4	1.3	1.7	2.2	-1.0	-5.5	4.7	-0.5	1.5	1.5	0.4	0.8	1.0	-0.1	1.6	0.9
Korea	6.5	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	3.5	3.8	4.1	3.2	4.1	4.1
Luxembourg	5.0	2.0	3.3	1.2	4.9	4.1	4.9	6.4	0.5	-5.4	5.1	2.6	-0.2	2.0	3.1	2.2	2.6	2.8	2.8	2.3
Mexico	3.3	-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	2.6	3.9	4.2	3.8	3.6	4.5
Netherlands	3.2	1.7	0.0	0.3	1.6	2.4	3.9	4.2	2.0	-3.3	1.0	1.7	-1.6	-0.7	0.8	1.4	1.6	0.8	1.5	1.7
New Zealand	3.1	2.1	4.9	4.4	4.4	2.7	2.3	3.4	-0.7	0.6	1.8	1.2	2.6	2.5	3.2	3.0	2.7	3.3	3.1	2.5
Norway	3.7	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	1.7	1.8	2.5	1.9	1.8	2.9
Poland	..	1.3	1.3	3.6	5.1	3.5	6.2	7.2	3.9	2.6	3.7	4.8	1.8	1.7	3.3	3.0	3.5	3.1	3.4	3.5
Portugal	2.9	1.9	0.8	-0.9	1.8	0.8	1.6	2.5	0.2	-3.0	1.9	-1.8	-3.3	-1.4	0.8	1.3	1.5	0.4	1.5	1.6
Slovak Republic	..	3.3	4.7	5.4	5.2	6.5	8.3	10.7	5.4	-5.3	4.8	2.7	1.6	1.4	2.6	2.8	3.4	2.7	3.0	3.8
Slovenia	1.8	2.9	3.8	2.8	4.4	4.0	5.7	6.9	3.3	-7.8	1.2	0.6	-2.6	-1.0	2.1	1.4	2.2	1.4	1.4	3.0
Spain	2.8	4.0	2.9	3.2	3.2	3.7	4.2	3.8	1.1	-3.6	0.0	-0.6	-2.1	-1.2	1.3	1.7	1.9	1.8	1.7	2.1
Sweden	2.1	1.7	2.1	2.5	3.8	2.8	4.9	3.5	-0.7	-5.1	5.7	2.7	0.0	1.5	2.1	2.8	3.1	1.8	3.2	3.0
Switzerland	1.2	1.4	0.1	0.0	2.8	3.0	4.0	4.1	2.3	-2.1	3.0	1.8	1.1	1.9	1.5	1.5	2.5	1.0	2.1	2.7
Turkey	3.7	-5.7	6.2	5.3	9.4	8.4	6.9	4.7	0.7	-4.8	9.2	8.8	2.1	4.1	3.0	3.2	4.0	..	..	..
United Kingdom	2.4	2.7	2.5	4.3	2.5	2.8	3.0	2.6	-0.3	-4.3	1.9	1.6	0.7	1.7	3.0	2.7	2.5	3.1	2.5	2.5
United States	3.4	1.0	1.8	2.8	3.8	3.3	2.7	1.8	-0.3	-2.8	2.5	1.6	2.3	2.2	2.2	3.1	3.0	2.0	3.1	2.9
Euro area	2.2	2.1	0.9	0.6	2.0	1.7	3.3	3.0	0.4	-4.4	2.0	1.6	-0.7	-0.4	0.8	1.1	1.7	0.7	1.4	1.8
Total OECD	2.7	1.4	1.7	2.1	3.2	2.8	3.2	2.7	0.2	-3.4	3.0	1.9	1.3	1.4	1.8	2.3	2.6	1.7	2.6	2.5

Note: The adoption of national accounts systems 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 96 database.

StatLink http://dx.doi.org/10.1787/888933170712

Annex Table 2. **Nominal GDP**

Percentage change from previous year

	Average 1990-00	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
Australia	5.2	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	3.0	3.5	5.6	1.6	5.0	6.0
Austria	4.5	3.3	2.7	2.1	4.2	5.1	5.4	5.8	3.1	-1.7	2.7	5.1	2.6	1.8	2.1	2.3	3.0	1.7	2.9	3.2
Belgium	4.2	3.0	3.5	2.8	5.7	4.3	5.2	5.4	2.9	-1.5	4.6	3.9	2.2	1.8	1.5	2.0	3.0	1.2	2.6	3.1
Canada	4.7	3.3	4.1	5.3	6.5	6.5	5.4	5.3	5.1	-4.8	6.1	6.5	3.5	3.4	4.2	3.3	4.3	3.8	3.9	4.4
Chile	14.9	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	7.3	7.2	6.9	7.5	7.2	6.7
Czech Republic	..	8.0	4.3	4.7	9.0	6.6	7.8	9.2	4.6	-2.2	0.7	1.7	0.7	0.9	5.0	4.3	4.6	4.3	4.5	4.7
Denmark	4.5	3.4	2.8	1.9	4.8	5.4	6.1	3.4	3.4	-4.6	4.9	1.9	1.7	1.5	1.6	3.0	3.5	2.2	3.0	4.0
Estonia	..	12.8	11.4	12.1	11.6	16.0	20.1	20.1	1.7	-14.4	4.0	11.5	7.5	6.2	3.8	4.0	5.5	3.2	4.7	6.0
Finland	4.1	6.0	2.7	2.2	4.6	3.7	5.0	8.1	3.8	-6.5	3.4	5.2	1.1	1.1	1.1	2.2	2.4	1.3	2.3	2.6
France	3.5	4.0	3.2	2.7	4.3	3.6	4.8	4.9	2.5	-2.8	3.0	3.0	1.6	1.2	1.2	1.5	2.3	1.1	1.9	2.4
Germany	3.8	3.1	1.4	0.5	1.8	1.5	4.2	5.1	1.6	-3.9	4.7	4.8	2.1	2.3	3.5	2.9	3.4	3.1	3.2	3.6
Greece	12.0	7.1	6.7	10.0	8.2	3.1	9.3	6.9	3.9	-1.8	-4.5	-8.3	-6.6	-6.2	-1.3	1.4	2.8	0.8	2.8	2.9
Hungary	..	15.4	13.3	9.4	10.0	6.8	7.6	5.9	5.9	-2.9	2.9	4.0	1.8	4.5	5.6	4.8	4.7	5.8	4.7	4.6
Iceland	6.3	12.8	6.1	3.2	11.0	9.7	13.4	14.5	12.7	2.4	2.2	4.9	4.3	5.6	3.2	6.4	5.1	4.7	3.4	5.6
Ireland	11.0	12.5	11.5	7.2	7.4	8.8	8.7	7.0	-5.0	-10.0	-1.9	3.7	1.0	1.2	4.5	5.5	4.4	4.0	7.0	3.4
Israel	16.4	1.7	4.2	0.6	5.1	5.5	7.0	7.0	5.8	5.8	7.3	6.2	7.3	5.8	3.3	3.6	4.4	2.6	4.2	4.5
Italy	5.5	4.8	3.6	3.3	4.1	2.9	3.9	3.9	1.4	-3.6	2.0	2.1	-0.7	-0.6	0.1	0.5	1.3	-0.4	1.0	1.5
Japan	1.3	-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	1.9	2.5	2.4	2.2	2.7	2.4
Korea	12.2	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	4.1	4.1	4.8	4.1	4.3	5.4
Luxembourg	7.7	1.5	5.5	4.1	6.9	8.0	11.9	8.0	4.4	-3.9	9.1	7.7	3.3	3.4	3.7	3.5	3.9	3.9	3.6	4.1
Mexico	21.5	4.8	5.8	7.5	12.9	8.6	11.6	8.2	7.5	-1.3	9.8	9.5	7.3	3.1	6.6	7.5	7.3	8.4	6.8	7.7
Netherlands	5.7	6.2	3.7	2.5	2.7	4.0	6.1	6.1	4.4	-2.8	2.2	1.9	-0.4	0.4	1.7	2.4	2.6	2.3	2.3	2.8
New Zealand	4.4	6.7	6.0	5.9	8.1	5.2	4.9	8.0	2.9	1.4	4.8	4.2	2.0	5.2	4.9	2.9	4.2	0.6	4.9	4.0
Norway	7.2	3.8	-0.3	3.9	10.1	11.8	11.3	5.8	11.0	-6.9	6.8	8.1	5.7	3.5	2.5	1.9	5.0	-0.2	4.0	5.5
Poland	..	5.0	3.7	4.4	9.6	6.2	8.2	11.4	7.6	6.6	5.5	8.1	4.0	2.9	4.2	3.7	4.9	3.3	4.8	4.9
Portugal	8.7	5.7	5.0	2.5	4.3	4.1	4.8	5.5	1.9	-1.9	2.6	-2.1	-3.7	0.9	1.7	2.0	2.4	0.5	2.4	2.4
Slovak Republic	..	8.6	8.9	11.1	11.3	9.2	11.4	11.9	8.4	-6.4	5.3	4.4	2.9	2.0	2.2	3.8	4.5	2.5	4.2	5.0
Slovenia	36.3	11.9	11.7	8.7	7.8	5.6	8.0	11.4	8.0	-4.7	0.1	1.8	-2.3	0.4	2.3	1.2	2.2	0.4	2.4	2.2
Spain	7.0	8.2	7.1	7.2	7.2	8.0	8.3	7.2	3.3	-3.3	0.2	-0.5	-1.9	-0.6	1.4	2.3	2.6	2.6	1.9	3.0
Sweden	4.5	4.2	3.7	4.3	4.4	3.6	6.8	6.5	2.6	-2.8	6.8	3.9	1.0	2.5	3.6	4.4	4.9	3.1	4.9	4.9
Switzerland	2.5	2.5	-0.2	1.0	3.2	3.7	6.0	6.5	4.2	-1.7	3.3	2.0	1.0	1.7	1.7	2.4	3.0	1.5	2.8	3.1
Turkey	77.8	44.1	45.9	29.8	22.9	16.1	16.9	11.2	12.7	0.2	15.4	18.1	9.2	10.5	10.9	9.8	8.3	..	..	..
United Kingdom	5.2	3.8	5.2	6.6	5.4	5.7	5.8	5.5	2.5	-2.4	5.1	3.8	2.3	3.5	4.9	4.4	4.2	5.0	4.1	4.3
United States	5.6	3.3	3.3	4.9	6.6	6.7	5.8	4.5	1.7	-2.0	3.8	3.7	4.2	3.7	3.7	4.8	5.0	3.5	5.0	5.0
Euro area	..	4.6	3.4	2.9	4.0	3.6	5.3	5.5	2.3	-3.5	2.7	2.7	0.6	0.9	1.8	2.0	2.7	1.7	2.4	2.8
Total OECD	7.4	4.5	4.2	4.5	5.9	5.3	5.8	5.2	2.6	-2.4	4.4	3.8	2.9	2.8	3.5	3.9	4.3	3.4	4.2	4.4

Note: The adoption of national accounts systems 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 96 database.

StatLink http://dx.doi.org/10.1787/888933170728

Annex Table 3. **Real private consumption expenditure**

Percentage change from previous year

	Average 1990-00	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
Australia	3.4	3.1	4.2	3.9	5.7	3.2	3.8	5.6	1.9	0.9	3.2	3.0	2.5	2.1	2.5	2.9	3.6	2.3	3.2	3.7
Austria	2.1	1.3	0.8	1.7	2.1	2.2	2.2	1.1	0.6	0.6	1.3	0.9	0.7	-0.2	0.5	0.5	1.0	0.5	0.7	1.1
Belgium	1.7	1.2	0.4	0.6	1.5	1.3	1.5	1.8	1.8	0.2	2.8	0.6	0.8	0.3	0.7	1.1	1.5	1.1	1.3	1.5
Canada	2.6	2.4	3.7	3.0	3.0	3.6	4.1	4.3	2.9	0.4	3.4	2.3	1.9	2.5	2.6	2.6	2.4	2.6	2.5	2.4
Chile	..	2.7	2.8	4.5	8.4	8.5	7.8	7.6	5.2	-0.8	10.8	8.9	6.0	5.6	2.0	2.0	3.4	0.9	2.7	3.7
Czech Republic	..	2.8	2.9	4.8	3.4	3.3	3.9	4.1	2.8	-0.6	0.9	0.2	-1.7	0.4	1.5	1.9	2.3	1.3	1.9	2.4
Denmark	2.0	0.2	1.4	1.3	4.6	3.7	2.9	1.8	0.5	-3.4	0.8	0.3	0.2	0.1	0.6	2.0	2.5	1.5	2.2	2.7
Estonia	..	6.5	9.5	9.1	7.7	9.3	12.7	9.0	-4.9	-15.3	-1.6	2.5	5.1	3.8	3.7	3.8	4.2	4.0	4.1	4.3
Finland	1.4	2.9	2.6	4.2	3.6	3.2	4.1	3.5	2.1	-2.7	3.1	2.9	0.1	-0.7	-0.4	0.2	1.1	-0.6	0.7	1.2
France	1.9	2.5	2.0	1.5	1.9	2.5	2.4	2.4	0.4	0.3	1.8	0.4	-0.4	0.3	0.4	1.0	1.5	0.3	1.2	1.7
Germany	2.0	1.7	-0.8	0.1	0.5	0.5	1.6	0.0	0.4	0.2	0.5	2.3	0.6	0.9	1.0	1.3	1.7	1.5	1.6	1.8
Greece	2.6	4.2	4.9	3.9	4.3	4.6	2.9	3.4	2.7	-0.7	-6.9	-10.7	-7.9	-2.1	0.3	0.7	1.9	..	..	..
Hungary	..	4.5	8.1	8.3	1.9	2.8	1.5	1.1	-1.1	-6.7	-2.8	0.8	-1.9	-0.1	2.1	2.3	1.7	2.3	2.1	1.5
Iceland	3.4	-3.0	-0.8	6.7	7.4	10.7	2.5	7.0	-6.9	-9.9	-0.2	2.5	2.0	0.8	4.0	3.6	3.1	4.3	3.5	2.8
Ireland	5.8	4.5	3.5	2.7	3.7	7.1	6.6	6.6	-0.2	-5.9	0.3	-1.1	-1.4	-0.4	1.1	1.8	1.8	1.2	2.0	1.6
Israel	..	3.9	1.8	0.3	5.1	3.4	5.1	7.6	1.4	2.1	4.7	2.9	3.0	3.5	3.5	3.6	3.5	3.8	3.5	3.5
Italy	1.7	0.6	0.0	0.8	1.0	1.3	1.4	1.2	-1.1	-1.6	1.2	0.0	-4.0	-2.8	0.2	0.3	0.5	0.3	0.4	0.5
Japan	1.3	1.6	1.2	0.5	1.2	1.5	1.1	0.9	-0.9	-0.7	2.8	0.3	2.0	2.0	-0.9	1.0	1.2	-1.9	2.3	0.8
Korea	5.8	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	1.8	3.0	3.2	1.7	3.0	3.3
Luxembourg	3.4	2.7	4.4	1.1	0.3	3.3	3.8	2.6	0.0	0.8	2.0	1.2	1.9	1.5	1.8	2.4	2.8	2.4	2.0	2.9
Mexico	3.2	2.3	1.4	1.1	5.2	4.7	5.5	3.0	1.7	-6.3	5.7	4.8	4.6	2.9	2.2	3.5	3.6	3.5	3.3	3.7
Netherlands	3.3	2.1	1.1	-0.1	0.2	0.8	-0.6	2.1	1.0	-1.8	-0.1	0.2	-1.5	-1.6	-0.1	0.4	0.4	-0.2	0.4	0.4
New Zealand	2.7	2.1	4.2	6.3	6.1	4.9	2.7	3.6	0.4	-0.7	3.2	2.5	2.9	3.3	3.2	3.4	2.3	3.4	2.8	2.2
Norway	3.4	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	2.1	3.0	3.0	2.5	3.6	2.7
Poland	..	2.3	3.3	1.6	4.2	2.4	4.7	6.4	6.1	3.4	2.7	2.9	0.9	1.0	2.3	2.9	3.3	2.4	3.2	3.3
Portugal	3.2	0.9	1.3	-0.3	2.6	1.6	1.5	2.5	1.4	-2.3	2.4	-3.6	-5.2	-1.4	1.5	0.5	0.8	0.6	0.6	0.9
Slovak Republic	..	5.0	6.1	2.9	5.0	5.8	5.9	7.5	6.0	-0.5	0.1	-0.7	-0.4	-0.7	2.7	2.4	2.5	3.0	2.6	2.4
Slovenia	2.7	2.4	2.5	3.4	3.0	2.2	1.2	6.4	2.4	0.9	1.0	-0.1	-3.0	-3.9	0.2	0.0	1.0	-0.7	0.8	1.3
Spain	2.5	3.7	3.0	2.4	4.0	4.0	3.8	3.3	-0.7	-3.6	0.3	-2.0	-2.9	-2.3	2.1	1.9	1.7	2.4	1.7	1.7
Sweden	1.6	0.8	2.6	2.4	2.6	2.8	2.8	3.9	0.2	0.4	3.8	1.9	0.9	2.1	2.4	2.6	3.0	1.8	3.1	3.0
Switzerland	1.3	2.1	0.3	0.4	1.8	1.5	1.5	2.3	1.5	1.3	1.6	0.8	2.8	2.2	0.7	1.0	1.9	0.4	1.3	2.2
Turkey	3.7	-6.6	4.7	10.2	11.0	7.9	4.6	5.5	-0.3	-2.3	6.7	7.7	-0.5	5.1	0.8	2.8	3.3	..	..	..
United Kingdom	3.2	3.8	4.0	3.9	3.6	3.0	2.1	2.6	-0.5	-3.1	0.4	0.1	1.1	1.6	2.1	2.4	2.1	2.5	2.3	2.1
United States	3.7	2.6	2.6	3.1	3.8	3.5	3.0	2.2	-0.3	-1.6	1.9	2.3	1.8	2.4	2.3	2.9	2.8	2.1	3.1	2.6
Euro area	2.1	2.0	0.9	1.0	1.6	1.9	2.1	1.7	0.2	-0.9	0.8	0.2	-1.4	-0.6	0.7	1.0	1.3	0.9	1.2	1.4
Total OECD	2.9	2.2	2.3	2.3	3.1	3.0	2.8	2.5	0.2	-1.4	2.1	1.7	1.0	1.6	1.5	2.2	2.4	1.5	2.5	2.3

Note: The adoption of national accounts systems 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 96 database.

StatLink http://dx.doi.org/10.1787/888933170730

Annex Table 4. **Real public consumption expenditure**

Percentage change from previous year

	Average 1990-00	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
Australia	2.9	2.3	2.6	3.9	3.8	2.8	3.7	3.0	4.3	1.6	3.4	3.4	2.9	1.2	1.7	2.0	1.9	2.1	1.6	2.0
Austria	2.5	-0.4	1.0	1.3	1.4	2.4	3.1	1.6	3.7	2.5	0.4	0.2	0.4	0.4	0.7	0.6	1.1	0.6	0.8	1.2
Belgium	1.7	1.5	2.6	1.5	1.6	0.7	1.2	1.8	2.9	1.5	1.2	0.8	1.4	1.1	0.1	-0.4	0.2	-0.3	-0.4	0.6
Canada	0.6	3.3	2.2	2.9	2.0	1.6	3.1	2.8	4.6	3.3	2.7	0.8	1.2	0.4	0.6	0.5	0.5	0.9	0.3	0.6
Chile	..	2.4	2.3	0.8	6.1	5.9	6.4	7.0	0.3	9.2	4.6	2.5	3.7	4.2	4.0	5.9	5.0	2.5	7.7	3.5
Czech Republic	..	3.3	8.2	6.0	-1.5	0.6	0.4	0.4	1.1	3.0	0.4	-2.9	-1.0	2.3	1.6	2.1	1.7	0.9	2.0	1.6
Denmark	2.3	1.9	2.1	0.2	1.5	1.2	2.5	1.2	3.2	3.0	1.3	-1.6	0.0	0.1	0.9	0.8	0.7	0.4	0.8	0.6
Estonia	..	3.2	3.1	4.1	3.0	3.0	5.4	6.6	4.5	-3.2	-0.4	1.7	3.3	2.8	0.4	1.2	1.7	1.1	1.6	1.8
Finland	0.8	2.3	2.4	1.3	1.5	1.9	1.1	1.3	1.6	1.6	-0.2	-0.1	0.7	1.5	-0.7	0.0	0.0	-0.9	0.0	0.0
France	1.7	1.0	1.8	1.9	2.1	1.3	1.4	1.8	1.1	2.5	1.2	1.0	1.7	2.0	2.0	0.8	0.3	1.8	0.3	0.3
Germany	2.3	0.5	1.2	0.5	-0.8	0.5	1.0	1.5	3.4	3.0	1.3	0.7	1.2	0.7	1.0	1.8	1.8	1.4	2.0	1.7
Greece	1.8	4.0	2.1	5.8	4.1	4.6	5.5	4.9	-2.2	1.8	-4.4	-6.4	-5.1	-6.7	-1.5	-1.4	-1.1	..	..	..
Hungary	..	3.5	5.4	5.0	2.2	3.1	1.4	-6.6	3.1	1.4	-0.6	0.0	-1.3	3.2	0.9	0.2	0.0	0.5	0.1	0.0
Iceland	2.7	4.0	5.5	2.0	2.5	3.5	4.1	4.5	4.7	-1.7	-3.0	0.2	-1.2	0.8	1.1	0.5	1.2	1.2	0.4	1.4
Ireland	4.3	10.5	6.4	3.1	1.8	4.5	5.4	6.7	1.2	-2.5	-4.8	-2.3	-1.3	-0.1	3.4	0.3	1.3	1.2	0.0	2.0
Israel	..	3.5	5.0	-3.0	-1.9	1.8	2.6	2.4	2.3	2.9	2.9	2.7	3.6	3.5	3.7	2.5	0.8	4.0	1.2	0.7
Italy	0.3	4.2	1.2	1.3	1.0	0.6	-0.4	0.4	1.0	0.4	0.6	-1.8	-1.5	-0.7	-0.2	-1.0	-0.3	-0.4	-1.2	0.1
Japan	3.1	4.2	2.6	1.9	1.5	0.8	0.0	1.1	-0.1	2.3	1.9	1.2	1.7	2.0	0.3	0.3	0.5	0.2	0.6	0.1
Korea	4.1	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	2.7	4.2	3.4	3.0	4.2	3.0
Luxembourg	4.2	6.8	4.5	3.7	3.4	4.0	0.6	1.4	2.4	4.1	3.2	1.3	3.8	5.1	2.9	1.5	2.1	2.2	2.0	2.1
Mexico	1.8	-3.2	-1.0	-0.6	2.5	2.9	3.3	2.4	3.2	2.3	1.6	2.5	3.2	1.4	2.1	3.7	2.4	2.2	3.2	1.9
Netherlands	2.1	3.5	4.8	3.0	0.4	2.0	10.2	3.2	4.1	4.0	1.1	-0.2	-1.5	-0.2	0.1	0.3	0.6	0.6	0.5	0.7
New Zealand	1.8	4.5	1.0	3.3	5.9	3.8	4.0	4.1	5.0	0.8	1.8	0.9	-1.5	0.9	2.2	-0.3	1.8	1.0	0.4	2.4
Norway	3.0	4.6	3.1	1.3	1.2	1.4	1.9	2.7	2.7	4.3	1.3	1.1	1.8	1.8	2.3	2.3	2.4	2.7	2.1	2.6
Poland	..	2.6	1.3	3.5	3.8	3.6	5.5	3.0	5.1	3.6	3.3	-2.3	0.2	2.1	1.5	2.5	2.4	1.7	2.5	2.4
Portugal	3.3	3.6	2.6	1.6	2.9	2.7	-0.2	0.6	0.4	2.6	-1.3	-3.8	-4.3	-1.9	-0.4	-0.8	-0.4	-1.6	-0.4	-0.4
Slovak Republic	..	5.5	3.5	5.8	-2.8	5.9	8.3	-0.5	5.6	6.9	1.7	-2.1	-2.0	2.4	2.7	0.9	1.5	0.2	2.3	1.6
Slovenia	2.7	2.8	3.2	2.7	2.7	2.7	3.1	1.9	4.9	2.4	0.1	-1.3	-1.5	-1.1	-0.7	-1.0	-1.1	0.4	-2.3	-0.4
Spain	3.1	3.8	3.9	4.9	6.3	5.6	5.0	6.2	5.9	4.1	1.5	-0.3	-3.7	-2.9	0.4	-1.1	-0.4	2.5	-0.1	-0.6
Sweden	1.0	0.3	2.0	0.9	-0.8	0.2	1.8	0.9	1.2	2.1	1.1	0.9	1.6	1.6	1.7	1.9	1.4	2.0	1.4	1.4
Switzerland	1.0	2.3	1.6	2.4	0.8	1.1	0.1	0.1	-1.9	3.5	0.2	2.1	2.9	1.4	0.6	1.1	1.2	-0.5	1.2	1.2
Turkey	4.7	-1.1	5.8	-2.6	6.0	2.5	8.4	6.5	1.7	7.8	2.0	4.7	6.1	6.2	4.3	2.8	4.2	..	..	..
United Kingdom	1.5	4.0	4.2	4.6	2.8	2.3	2.2	1.2	2.0	1.2	0.0	0.0	2.3	0.7	1.0	-0.5	-1.2	0.7	-1.3	-1.1
United States	1.0	3.5	3.9	1.8	1.5	0.8	1.1	1.4	2.5	3.7	0.1	-2.7	-0.6	-1.3	0.5	0.3	0.5	1.4	0.2	0.6
Euro area	1.8	2.0	2.0	1.8	1.4	1.6	2.2	2.1	2.5	2.4	0.8	-0.2	-0.2	0.2	0.8	0.4	0.6	0.9	0.5	0.7
Total OECD	1.7	2.9	3.0	2.0	1.8	1.5	2.0	1.9	2.4	3.0	1.0	-0.5	0.5	0.4	0.9	0.8	0.8	1.2	0.7	0.8

Note: The adoption of national accounts systems 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 96 database.

StatLink http://dx.doi.org/10.1787/888933170742

Annex Table 5. **Real total gross fixed capital formation**

Percentage change from previous year

	Average 1990-00	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
Australia	4.1	-3.2	14.6	8.8	7.2	9.1	4.6	9.3	7.7	-1.4	4.0	7.5	8.6	-1.5	-0.5	-0.5	0.6	0.3	-0.4	1.1
Austria	2.7	-1.3	-2.9	3.8	0.9	0.1	1.1	4.6	1.4	-7.4	-2.4	6.8	0.5	-1.4	0.9	0.6	3.5	0.1	2.6	3.9
Belgium	1.7	1.8	-3.7	0.2	8.3	6.5	3.5	6.3	2.9	-7.3	-0.1	4.0	0.0	-2.2	3.1	2.5	2.3	3.8	2.5	2.2
Canada	2.7	4.8	1.0	5.2	8.4	9.2	6.3	3.2	1.6	-11.5	11.5	4.8	4.8	0.4	0.0	2.2	2.4	1.3	2.1	2.4
Chile	8.1	3.5	2.2	6.5	11.3	23.5	4.3	10.8	17.9	-12.1	12.2	14.4	12.2	0.4	-4.5	2.4	3.3	4.3	2.9	3.5
Czech Republic	..	5.5	2.0	1.8	3.5	6.6	6.3	13.5	2.2	-9.8	0.9	1.1	-2.8	-4.4	4.5	4.0	3.4	4.2	3.7	3.1
Denmark	4.2	-0.5	-0.7	0.0	4.2	4.8	15.1	0.7	-3.3	-14.3	-4.0	2.1	0.5	0.6	1.8	1.6	2.7	3.7	1.5	3.4
Estonia	..	12.3	23.9	17.8	5.5	15.3	22.9	10.3	-13.1	-36.7	-2.6	33.0	10.4	2.5	2.1	2.2	4.8	0.9	3.6	5.1
Finland	0.6	1.8	-3.0	2.8	4.7	3.2	1.3	10.0	0.3	-12.5	1.1	4.1	-2.5	-4.9	-3.2	1.3	2.5	-0.8	1.9	2.8
France	1.7	2.3	-0.8	1.8	3.1	2.9	4.0	5.5	0.7	-9.0	1.9	2.1	0.3	-0.8	-1.7	-1.1	1.4	-2.4	-0.1	1.9
Germany	1.9	-2.2	-5.8	-1.4	-1.0	0.5	7.6	4.6	0.6	-9.9	4.4	7.4	0.1	-0.6	3.0	1.2	4.0	0.7	3.1	4.2
Greece	4.0	1.3	-1.0	15.5	5.4	-12.8	17.0	17.6	-6.5	-13.3	-20.8	-17.0	-28.5	-9.4	-3.5	6.8	7.7	..	..	..
Hungary	..	2.6	7.8	1.2	7.5	3.5	0.8	4.3	1.1	-8.2	-9.5	-2.2	-4.2	5.2	13.0	3.0	2.3	9.7	2.1	2.4
Iceland	4.5	-3.1	-12.7	9.7	26.5	31.9	23.3	-11.2	-18.9	-47.7	-8.6	11.6	4.3	-2.2	12.3	16.0	12.2	17.2	13.0	11.3
Ireland	7.8	5.3	5.5	5.2	10.6	14.6	3.9	2.4	-9.6	-20.6	-17.9	-3.1	4.3	-1.8	10.6	11.0	6.4	6.9	9.5	4.1
Israel	7.4	-3.1	-5.8	-5.5	1.9	3.5	6.5	10.5	5.5	-3.3	10.3	14.5	3.2	1.1	-1.4	5.1	8.0	-2.9	8.5	7.6
Italy	1.3	2.9	4.2	-0.3	2.1	1.7	3.2	1.6	-3.1	-9.9	-0.5	-1.9	-7.4	-5.4	-2.7	0.1	2.0	-3.5	2.0	1.7
Japan	-0.6	-2.1	-4.9	0.2	0.4	0.8	1.5	0.3	-4.1	-10.6	-0.2	1.4	3.5	2.6	3.7	-1.0	-0.5	0.0	-0.5	0.2
Korea	4.9	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	4.7	5.2	6.0	5.9	5.6	6.1
Luxembourg	5.3	8.2	-3.4	2.9	7.8	-3.2	2.0	8.6	10.0	-12.4	-0.3	14.3	2.7	-4.3	-2.9	3.3	1.9	5.3	3.1	1.8
Mexico	5.9	-3.3	0.6	3.0	7.4	5.7	8.7	5.9	5.1	-9.3	1.2	7.8	4.5	-1.7	1.8	4.1	4.8	4.6	3.8	5.2
Netherlands	4.3	0.6	-4.3	-2.0	-0.7	3.0	7.2	6.6	4.7	-9.2	-5.7	5.6	-6.0	-3.9	1.7	3.5	4.3	-2.0	4.0	4.4
New Zealand	4.1	-1.4	11.7	10.8	12.4	5.7	-2.1	7.3	-3.7	-11.6	-1.1	4.8	7.1	9.7	7.1	6.6	4.7	6.1	7.0	3.6
Norway	4.1	-1.1	-1.1	0.8	11.1	13.5	9.8	11.4	0.2	-7.5	-8.0	7.7	8.3	8.4	0.7	0.5	2.5	1.0	-1.6	4.8
Poland	..	-8.6	-6.7	1.2	6.7	8.7	13.3	19.2	8.3	-1.9	-0.4	9.3	-1.5	0.9	9.4	5.1	6.0	8.0	5.7	5.8
Portugal	5.2	1.0	-3.4	-7.3	0.1	0.1	-0.8	3.1	0.4	-7.6	-0.9	-12.5	-15.0	-6.3	1.1	2.9	3.4	-0.2	2.9	3.7
Slovak Republic	..	12.9	0.0	-3.2	4.7	16.5	9.1	8.9	1.6	-18.7	7.2	12.7	-9.3	-2.7	3.9	3.5	3.9	0.4	5.0	3.6
Slovenia	5.6	2.0	0.5	5.8	5.4	3.5	10.2	12.0	7.0	-22.0	-13.7	-4.6	-8.9	1.9	3.1	-1.2	0.8	-0.5	0.2	0.8
Spain	3.2	4.9	4.6	7.0	5.1	7.5	7.4	4.4	-3.9	-16.9	-4.9	-6.3	-8.1	-3.8	1.0	3.6	4.9	1.2	4.3	5.0
Sweden	0.3	2.7	-2.2	2.8	4.9	5.1	9.6	8.3	0.3	-13.3	5.5	5.8	0.3	-0.1	4.6	4.4	4.4	4.5	4.7	4.3
Switzerland	1.1	-2.0	0.2	-1.0	5.1	3.2	4.7	4.9	0.7	-7.5	4.4	4.3	2.4	1.7	0.2	0.9	2.1	-0.4	1.7	2.3
Turkey	4.4	-30.0	14.7	14.2	28.4	17.4	13.3	3.1	-6.2	-19.0	30.5	18.0	-2.7	4.2	-2.0	5.7	7.3	..	..	..
United Kingdom	0.7	-1.3	2.5	3.1	3.2	1.6	3.3	5.3	-4.7	-14.4	5.9	2.3	0.7	3.2	8.1	7.1	7.6	7.1	7.4	7.8
United States	5.7	-0.5	-1.8	3.9	5.8	5.6	2.2	-1.2	-4.8	-13.1	1.1	3.7	5.3	2.7	3.5	5.3	5.6	3.7	5.4	5.6
Euro area	2.1	1.1	-1.2	1.2	2.2	2.7	5.5	4.9	-0.8	-11.0	-0.6	1.6	-3.2	-2.3	0.5	1.2	3.1	-0.6	2.5	3.3
Total OECD	3.2	-0.7	-0.6	2.9	4.5	4.5	4.1	2.7	-2.0	-11.0	1.9	3.5	1.7	1.0	2.6	3.2	4.1	2.1	3.8	4.3

Note: The adoption of national accounts systems 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 96 database.

StatLink http://dx.doi.org/10.1787/888933170755

Annex Table 6. **Real gross private non-residential fixed capital formation**

Percentage change from previous year

	Average 1990-00	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
Australia	3.9	-1.8	13.5	11.9	7.5	12.9	7.8	11.7	6.9	-2.2	0.3	13.5	14.0	-1.8	-4.2	-2.5	-1.1	-3.1	-2.3	-0.6
Belgium	2.0	5.1	-4.1	-1.2	10.1	3.3	4.5	6.1	4.8	-8.2	-1.9	5.2	-0.3	-1.2	4.3	3.5	3.2	5.3	3.4	3.1
Canada	4.4	1.4	-5.3	6.3	9.2	11.3	9.0	2.6	3.9	-20.0	14.0	11.5	7.5	1.4	-0.4	3.5	5.2	0.4	4.6	5.2
Denmark	4.2	1.1	0.0	-3.6	0.2	1.7	17.7	2.0	2.4	-15.8	-5.5	-3.6	1.0	3.8	1.0	3.3	4.8	3.1	4.3	5.1
Finland	0.9	7.5	-4.7	0.3	3.2	3.6	0.3	18.2	5.3	-15.1	-7.1	4.9	-2.6	-8.2	-4.3	0.8	3.0	-2.1	1.9	3.8
France	2.3	3.5	-2.7	0.7	2.7	2.5	5.3	8.0	3.7	-11.6	3.1	4.7	1.1	-0.6	-0.3	0.2	2.2	-1.2	0.9	2.8
Germany	1.9	-1.1	-6.3	-0.7	1.3	3.2	8.2	7.7	1.6	-15.1	5.5	7.5	-1.8	-1.2	2.0	0.1	3.9	-0.2	2.4	4.2
Iceland	6.2	-9.0	-18.5	17.7	29.9	53.2	25.4	-22.8	-20.9	-51.1	-0.6	23.3	6.0	-8.6	12.0	19.2	15.3	21.9	14.2	15.3
Japan	-0.9	-0.4	-5.2	4.9	3.5	5.7	4.0	4.9	-2.6	-14.3	0.3	4.1	3.7	-1.5	5.1	1.0	4.0	2.7	3.5	3.7
Korea	5.5	-1.9	7.4	2.2	3.2	2.2	7.7	8.0	1.4	-3.4	13.5	3.4	0.6	-0.3	8.6	5.3	5.5	7.9	5.3	5.6
Netherlands	4.9	-1.2	-7.2	-2.6	-1.5	3.0	7.3	9.0	7.1	-10.8	-1.5	12.9	-4.9	-2.4	1.7	5.9	6.3	-2.8	6.0	6.4
New Zealand	6.3	-2.5	-0.4	14.5	14.2	7.8	0.0	11.2	-1.0	-20.4	-0.2	6.8	13.6	7.5	7.9	5.3	5.0	2.4	5.0	5.0
Norway	4.4	-4.4	-2.3	-2.6	11.6	18.1	12.2	15.3	2.5	-10.5	-10.2	6.4	10.9	8.8	-0.4	-1.3	1.7	0.7	-5.0	5.7
Sweden	1.7	1.3	-6.3	3.1	4.8	5.1	9.7	10.1	3.4	-15.3	3.7	6.8	2.7	-1.4	0.1	3.0	4.4	0.6	4.0	4.4
Switzerland	1.6	-2.0	0.3	-3.9	6.1	4.5	6.8	7.2	0.7	-10.6	4.2	5.1	3.2	2.4	2.1	1.4	2.4	1.5	1.9	2.7
United Kingdom	3.4	-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	11.3	8.9	9.2	11.7	9.0	9.3
United States	7.6	-2.4	-6.9	1.9	5.2	7.0	7.1	5.9	-0.7	-15.6	2.5	7.7	7.2	3.0	5.9	5.8	5.4	5.4	5.7	5.1

Note: The adoption of national accounts systems 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.

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170765

Annex Table 7. **Real gross residential fixed capital formation**

Percentage change from previous year

	Average 1990-00	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
Australia	4.4	-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	9.1	4.7	5.6	9.3	4.8	6.2
Austria	3.2	-6.9	-4.9	-4.1	0.5	1.4	0.9	2.0	0.2	-1.4	1.0	2.6	-1.3	-0.4	2.0	0.7	1.6	0.8	1.3	1.8
Belgium	-0.1	-4.0	-5.5	4.7	3.9	15.6	4.8	4.7	-2.2	-9.4	3.3	1.4	-0.5	-3.5	1.0	0.8	1.0	1.2	0.9	1.0
Canada	-0.3	11.1	14.3	3.5	8.3	5.0	2.4	2.6	-4.0	-6.3	8.0	1.5	5.8	-0.4	1.6	0.3	-2.7	3.4	-2.3	-2.9
Denmark	4.2	-9.8	2.3	13.5	12.1	16.7	11.4	-5.5	-16.7	-20.4	-8.9	15.3	-8.0	-4.9	4.2	1.6	2.5	2.4	2.0	2.6
Finland	0.6	-10.2	-0.5	11.3	11.2	5.0	3.8	-0.3	-10.6	-13.9	24.1	5.3	-4.1	-2.2	-3.3	3.3	3.0	0.9	3.3	2.8
France	1.0	0.9	2.9	2.7	4.0	4.3	4.9	2.6	-4.0	-11.9	1.6	1.1	-2.1	-2.8	-5.9	-2.3	0.3	-5.9	-0.5	0.7
Germany	3.3	-5.6	-6.1	-1.9	-4.2	-4.1	6.8	-1.6	-4.0	-3.2	3.8	10.2	4.2	0.8	4.3	3.2	4.7	2.3	4.6	4.7
Greece	-2.5	-8.8	1.9	18.4	16.9	-7.6	15.4	26.3	-33.6	-20.6	-21.9	-14.8	-33.1	-27.6	-32.6	-3.8	0.4	..	..	..
Iceland	-0.7	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	19.9	18.0	12.1	15.0	19.0	8.2
Ireland	7.2	-4.3	-2.5	10.9	4.4	8.6	-5.0	-17.3	-21.7	-39.5	-35.5	-18.7	-20.6	5.0	3.0	7.1	8.2	-5.0	9.3	7.2
Italy	0.4	1.7	3.0	3.7	3.1	5.5	4.9	1.4	-1.7	-9.2	0.0	-6.9	-6.5	-5.5	-3.3	-0.5	0.0	-3.0	0.0	0.0
Japan	-2.3	-5.0	-3.4	-1.3	1.7	-0.9	0.6	-9.8	-6.6	-16.6	-4.5	5.1	3.0	8.8	-4.0	-1.5	3.6	-12.7	5.3	3.2
Korea	-0.5	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	13.9	7.1	10.6	15.3	9.0	11.2
Netherlands	2.6	2.6	-5.9	-3.1	4.7	5.9	5.9	5.2	0.5	-14.2	-14.8	-4.4	-8.2	-9.2	0.7	-0.1	2.0	-2.8	1.4	2.1
New Zealand	2.5	-11.9	21.3	19.8	4.4	-4.4	-2.7	2.9	-18.3	-13.7	1.2	-3.0	17.4	17.5	16.8	12.5	6.5	15.3	14.5	2.7
Norway	3.6	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	-2.6	2.6	2.8	-0.3	1.6	3.4
Spain	4.8	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	-3.6	1.6	2.0	-0.6	1.9	2.1
Sweden	-8.6	7.6	10.9	5.9	12.7	10.6	14.2	6.8	-13.4	-19.5	11.7	9.4	-12.3	5.6	26.2	11.7	5.1	23.0	7.2	4.8
Switzerland	-1.2	-4.1	-3.7	14.4	7.0	1.1	-1.6	-3.0	-4.2	1.8	3.5	2.2	1.5	-0.3	0.9	1.3	1.6	1.5	1.5	1.6
United Kingdom	-1.7	-1.6	7.3	7.6	4.8	1.9	10.2	-2.5	-18.6	-21.7	14.9	11.6	-2.9	12.0	8.8	6.7	7.1	6.9	6.9	7.2
United States	4.1	0.9	6.1	9.1	10.0	6.6	-7.6	-18.8	-24.0	-21.2	-2.5	0.5	13.5	11.9	1.7	8.5	11.6	3.2	10.0	12.5

Note: The adoption of national accounts systems 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 96 database.

StatLink http://dx.doi.org/10.1787/888933170779

Annex Table 8. **Real total domestic demand**

Percentage change from previous year

	Average 1990-00	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
Australia	3.4	1.5	5.8	6.0	5.6	4.5	3.3	7.1	3.5	-0.4	3.8	4.8	4.1	0.4	1.7	2.1	2.5	2.1	2.0	2.8
Austria	2.3	0.6	-0.3	2.2	1.9	2.0	2.7	2.8	0.8	-1.7	0.7	2.5	0.3	-1.1	0.8	0.8	1.5	0.5	1.1	1.7
Belgium	2.0	-0.2	-0.3	0.8	3.4	2.9	2.2	2.9	2.1	-2.7	2.0	2.1	-0.1	-0.9	0.0	1.1	1.4	0.8	1.2	1.5
Canada	2.3	1.5	3.1	4.1	4.0	5.0	4.2	3.6	2.9	-2.8	5.4	2.4	2.2	1.9	1.2	1.8	2.0	0.9	1.9	2.0
Chile	..	2.9	3.0	4.8	8.2	11.5	8.0	7.4	8.4	-5.6	13.7	9.4	7.1	3.6	0.4	2.6	3.6	2.3	3.4	3.6
Czech Republic	..	4.0	3.5	3.6	3.3	3.4	5.1	6.5	1.9	-5.4	1.7	0.1	-2.1	-0.8	2.5	2.5	2.5	2.6	2.4	2.5
Denmark	2.6	0.3	1.4	0.2	4.4	3.3	5.4	1.7	-0.3	-6.4	1.1	0.8	-0.4	0.3	1.2	1.3	2.0	2.0	1.7	2.2
Estonia	..	8.3	12.1	11.1	6.6	7.4	17.3	9.2	-8.9	-20.8	0.8	13.2	5.2	1.3	4.1	3.1	3.9	3.7	3.5	4.1
Finland	1.2	1.9	1.4	3.3	3.6	4.1	2.4	4.8	1.0	-6.2	3.2	3.9	-1.2	-1.1	-0.9	0.5	1.1	-0.9	0.8	1.2
France	1.8	1.7	1.1	1.3	2.8	2.3	2.6	3.1	0.3	-2.5	1.9	2.0	-0.3	0.3	0.6	0.6	1.2	0.5	0.7	1.4
Germany	1.9	0.3	-2.1	0.3	-0.6	0.3	3.0	1.8	0.9	-3.1	2.9	3.1	-0.8	0.8	1.7	1.5	2.2	1.5	2.0	2.3
Greece	2.8	3.6	3.4	7.8	3.4	0.1	7.9	5.5	-0.4	-6.3	-7.0	-11.0	-9.4	-4.0	0.1	1.0	2.0	..	..	..
Hungary	..	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	4.2	2.1	1.5	4.4	1.7	1.4
Iceland	3.6	-1.5	-1.9	6.1	9.9	13.9	8.3	1.0	-7.6	-16.7	-2.2	3.1	1.5	0.3	4.6	4.9	4.4	5.8	4.5	4.2
Ireland	6.1	5.0	5.0	4.1	4.0	9.3	6.4	4.3	-3.8	-9.6	-3.8	-0.5	-0.4	0.2	3.8	3.1	2.6	4.2	3.1	2.2
Israel	..	2.2	0.2	-1.8	3.1	3.7	4.9	6.3	2.2	0.5	5.8	5.4	3.5	2.8	4.0	3.8	3.7	4.3	3.9	3.6
Italy	1.4	1.6	1.2	0.8	1.2	0.8	1.9	1.3	-1.2	-4.2	1.9	-0.6	-5.0	-2.9	-0.5	0.0	0.6	-0.5	0.4	0.6
Japan	1.0	1.2	-0.5	1.0	1.5	1.0	0.9	1.1	-1.3	-4.0	2.9	0.4	2.3	1.9	0.4	0.4	0.7	-1.0	1.4	0.6
Korea	5.3	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	3.1	3.8	4.2	2.0	4.2	4.2
Luxembourg	4.1	2.5	-0.2	4.4	2.7	3.6	1.6	5.1	1.7	-5.5	6.2	5.6	0.2	0.5	-0.8	1.2	2.5	3.7	2.4	2.5
Mexico	3.7	0.2	1.2	1.3	5.7	4.1	6.5	3.1	3.0	-7.0	4.9	4.7	4.7	1.6	2.4	3.6	3.7	3.4	3.4	3.8
Netherlands	3.2	2.4	0.1	0.3	0.3	1.6	3.9	3.5	2.4	-2.5	0.0	0.8	-2.4	-1.9	0.3	1.1	1.3	-0.3	1.1	1.4
New Zealand	2.8	1.7	5.5	6.5	7.6	4.7	0.9	4.8	0.6	-4.4	3.6	2.6	2.8	4.0	4.7	3.5	2.8	4.9	3.2	2.5
Norway	3.5	0.6	2.3	1.6	6.9	5.4	6.2	5.9	1.4	-4.0	3.2	3.1	3.6	3.2	2.2	2.0	2.6	1.9	1.7	3.1
Poland	..	-1.3	0.9	2.5	6.2	2.4	7.2	9.4	5.1	-0.3	4.2	3.8	-0.4	0.2	3.5	3.3	3.7	3.5	3.6	3.7
Portugal	3.7	1.6	-0.2	-1.8	3.0	1.3	0.9	2.2	1.1	-3.6	1.9	-5.7	-6.6	-2.4	1.8	0.4	1.0	0.9	0.8	1.1
Slovak Republic	..	8.4	4.4	0.1	6.0	8.4	6.3	6.6	6.0	-6.6	4.7	0.9	-4.2	0.0	3.6	2.4	2.6	1.5	3.1	2.5
Slovenia	3.8	1.3	2.8	4.5	4.9	1.9	4.7	9.0	3.1	-9.5	-0.9	-0.8	-5.7	-2.1	0.7	-0.3	0.5	-0.9	0.0	0.8
Spain	2.8	3.9	3.5	3.9	4.8	5.1	5.1	4.1	-0.4	-6.0	-0.5	-2.7	-4.2	-2.7	1.6	1.6	1.9	2.2	1.8	1.9
Sweden	1.1	0.8	1.1	2.3	1.8	2.6	4.4	4.9	-0.1	-4.3	5.7	3.0	-0.2	1.5	3.1	2.9	2.9	2.9	3.0	2.9
Switzerland	0.9	2.0	0.2	0.8	-0.1	4.2	2.3	0.5	2.7	2.5	-0.5	4.0	-1.2	-0.7	2.6	1.0	1.8	2.5	1.5	2.1
Turkey	4.3	-12.1	10.4	8.5	11.5	9.2	6.8	5.6	-1.2	-6.8	11.9	8.9	-1.4	6.4	0.8	3.5	4.2	..	..	..
United Kingdom	2.8	3.4	3.2	4.3	3.1	2.5	2.6	2.9	-1.2	-4.7	2.7	0.4	1.5	1.9	3.2	2.6	2.5	2.7	2.5	2.5
United States	3.8	1.2	2.3	3.1	4.3	3.5	2.6	1.1	-1.3	-3.8	2.9	1.6	2.2	1.9	2.2	2.9	3.0	2.2	3.1	2.9
Euro area	2.0	1.5	0.3	1.3	1.7	1.9	3.1	2.7	0.3	-3.8	1.4	0.7	-2.2	-0.9	0.8	1.0	1.5	0.8	1.3	1.6
Total OECD	2.8	1.2	1.9	2.5	3.4	3.0	3.1	2.4	-0.2	-3.9	3.1	1.7	0.8	1.2	1.7	2.2	2.5	1.5	2.5	2.5

Note: The adoption of national accounts systems 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 96 database.

StatLink http://dx.doi.org/10.1787/888933170787

Annex Table 9. **Foreign balance contributions to changes in real GDP**

Percentage points

	Average 1991-2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Fourth quarter[1] 2014	2015	2016
Australia	-0.3	1.6	-2.2	-2.6	-2.4	-1.3	-1.2	-2.2	-1.6	2.6	-2.1	-2.3	0.0	1.8	1.2	0.4	0.4	0.7	0.3	0.4
Austria	0.4	0.2	1.6	-1.2	0.6	0.6	0.9	1.3	0.7	-2.0	1.1	0.3	0.4	0.9	-0.8	0.0	0.1	0.6	0.0	0.1
Belgium	0.3	1.0	1.8	0.1	0.3	-0.8	0.5	0.1	-1.2	-0.3	0.5	-0.5	0.1	1.0	0.9	0.3	0.4	0.3	0.4	0.5
Canada	0.7	0.6	-0.2	-2.2	-0.8	-1.6	-1.4	-1.5	-1.8	-0.5	-2.1	-0.4	-0.4	0.2	1.1	0.7	0.4	0.5	0.4	0.3
Chile	0.5	0.8	0.0	-0.7	-0.8	-4.1	-1.6	-1.1	-3.9	4.5	-6.8	-2.9	-1.3	0.7	2.2	0.0	0.2	-1.5	0.4	0.1
Czech Republic	-0.9	-1.1	-2.0	0.0	1.4	3.2	2.0	-0.8	0.8	0.5	0.5	1.9	1.3	0.0	0.0	0.0	0.5	0.2	0.4	0.5
Denmark	0.1	0.6	-0.8	0.2	-1.5	-0.7	-1.3	-0.9	-0.4	1.2	0.5	0.6	-0.4	-0.4	-0.4	0.1	-0.1	0.1	-0.1	0.0
Estonia	-1.1	-4.1	-7.0	-3.3	-0.7	0.7	-8.4	-1.6	5.0	8.1	2.9	-1.7	-2.9	-0.5	0.8	0.0	-0.4	-0.7	-0.5	-0.1
Finland	1.6	0.1	0.1	-1.7	0.7	-1.0	1.6	1.0	-0.2	-2.1	0.0	-1.5	-0.1	0.3	0.2	0.5	0.3	0.0	0.2	0.2
France	0.3	0.2	0.0	-0.5	-0.2	-0.7	0.0	-0.9	-0.3	-0.3	-0.1	0.0	0.7	0.1	-0.3	0.2	0.3	0.2	0.4	0.1
Germany	0.0	1.5	2.1	-1.0	1.3	0.6	1.1	1.6	-0.1	-2.6	1.2	0.7	1.4	-0.5	-0.1	-0.3	-0.2	-0.4	-0.3	-0.2
Greece	-0.6	0.3	-0.5	-1.9	1.4	0.6	-2.9	-2.3	0.0	2.8	2.4	2.5	3.3	1.4	0.8	1.3	1.3	..	..	..
Hungary	0.3	1.8	-2.0	-2.1	-0.3	2.7	2.2	1.5	0.7	2.6	1.3	2.0	1.4	0.4	-0.7	0.2	0.4	0.3	0.4	0.4
Iceland	-0.7	6.1	2.3	-3.2	-2.2	-8.6	-5.6	8.5	9.4	13.1	-0.9	-1.1	-0.2	3.7	-2.0	-1.4	-1.4	-2.9	-3.4	0.1
Ireland	2.2	2.6	2.8	1.4	0.6	-1.9	-0.7	1.4	1.1	3.3	3.2	5.7	-0.8	0.6	2.5	1.2	1.1	0.3	0.9	0.2
Israel	0.8	-2.0	-0.3	3.0	1.9	0.6	0.8	-0.2	1.7	1.1	0.3	-1.2	-0.5	0.6	-1.1	-0.6	-0.2	0.8	-0.2	-0.3
Italy	0.3	0.2	-0.9	-0.7	0.4	0.1	0.1	0.2	0.2	-1.3	-0.2	1.2	2.8	0.9	0.1	0.2	0.5	-0.3	0.3	0.4
Japan	0.1	-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	-0.1	0.4	0.3	0.2	0.3	0.3
Korea	1.4	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	0.6	0.1	0.1	2.4	0.0	0.0
Luxembourg	2.1	0.2	3.6	-1.9	2.9	1.7	3.7	3.0	-0.7	-2.0	0.8	-1.1	-0.3	1.6	4.6	1.4	1.0	-1.8	1.2	0.9
Mexico	-0.8	-0.8	-0.1	-0.6	0.0	-0.9	-0.9	-0.5	-1.4	1.7	-0.2	-0.1	0.4	-0.3	0.6	0.6	0.5	0.6	0.1	0.6
Netherlands	0.3	-0.5	-0.1	0.0	1.3	0.9	0.3	1.0	-0.1	-1.0	1.0	1.0	0.6	1.1	0.4	0.5	0.5	0.6	0.5	0.5
New Zealand	-0.1	0.5	-0.7	-2.0	-2.9	-2.0	1.4	-1.5	-1.2	5.3	-2.0	-1.2	-0.2	-1.5	-1.0	-0.4	-0.1	-0.5	0.0	0.1
Norway	0.3	1.5	-0.4	-0.4	-2.1	-2.1	-2.9	-2.2	-1.1	1.7	-2.3	-1.4	-0.2	-2.1	-0.3	-0.1	0.1	-0.3	0.0	0.1
Poland	-0.8	1.9	0.4	1.0	-1.3	1.0	-1.0	-2.4	-1.2	2.9	-0.5	0.9	2.1	1.4	-1.2	-0.2	-0.1	-0.8	0.0	-0.2
Portugal	-1.2	0.2	0.9	1.0	-1.4	-0.6	0.6	0.1	-1.1	0.9	-0.1	4.3	3.6	1.0	-0.9	0.9	0.6	0.8	0.7	0.5
Slovak Republic	0.3	-5.0	0.3	5.4	-0.9	-2.1	1.5	3.8	-0.5	2.2	0.4	1.7	5.8	1.4	0.1	0.6	1.0	-0.7	0.8	1.4
Slovenia	-2.1	1.6	1.1	-1.7	-0.5	2.1	1.0	-2.0	0.2	1.9	2.1	1.4	2.9	1.0	1.2	1.6	1.8	1.8	0.8	2.3
Spain	0.0	-0.1	-0.7	-0.8	-1.7	-1.6	-1.2	-0.6	1.6	2.8	0.5	2.1	2.2	1.4	-0.2	0.1	0.2	0.5	0.1	0.4
Sweden	1.0	1.0	1.0	0.4	2.1	0.4	0.8	-0.9	-0.6	-1.1	0.3	-0.1	0.3	0.1	-0.6	0.1	0.3	0.1	0.3	0.1
Switzerland	0.4	-0.5	0.0	-0.7	3.0	-0.8	1.9	3.7	-0.1	-4.3	3.3	-1.8	2.1	2.6	-0.6	0.7	0.9	0.4	0.9	0.7
Turkey	-0.3	6.5	-3.0	-3.8	-2.4	-1.3	-0.3	-1.3	1.7	2.8	-4.3	-1.2	4.0	-2.9	2.0	-0.4	-0.4	..	..	..
United Kingdom	-0.3	-0.8	-0.8	-0.1	-0.7	0.3	0.4	-0.3	0.9	0.7	-0.8	1.3	-0.8	0.0	0.1	0.0	0.0	0.0	0.0	0.0
United States	-0.5	-0.2	-0.6	-0.4	-0.6	-0.3	-0.1	0.6	1.1	1.3	-0.4	0.0	0.0	0.2	-0.1	0.0	-0.1	0.1	0.0	-0.1
Euro area	0.2	0.6	0.6	-0.7	0.4	-0.1	0.2	0.4	0.1	-0.7	0.6	0.9	1.5	0.4	0.0	0.1	0.2	0.0	0.2	0.2
Total OECD	-0.1	0.1	-0.2	-0.4	-0.1	-0.2	0.0	0.2	0.4	0.5	-0.2	0.2	0.5	0.2	0.1	0.1	0.1	0.1	0.1	0.1

Note: The adoption of national accounts systems 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. Contributions to per cent change from the previous period, seasonally adjusted at annual rates.

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170790

Annex Table 10. **Output gaps**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	-1.3	0.2	0.3	0.2	0.1	0.8	0.9	1.4	1.4	0.7	1.9	1.1	-0.2	-0.9	-1.3	-0.6	-1.0	-0.8	-1.2	-1.2
Austria	-0.9	0.2	1.4	2.6	1.7	1.2	-0.1	0.4	0.7	2.3	4.0	3.5	-1.7	-1.5	0.1	-0.6	-1.8	-2.8	-3.4	-3.4
Belgium	-0.4	-0.8	0.5	1.6	0.2	-0.3	-1.3	0.3	0.4	1.3	2.7	2.2	-1.6	-0.1	0.5	-0.4	-1.1	-1.3	-1.3	-1.2
Canada	-1.4	-0.7	0.9	2.7	1.3	1.0	0.3	1.0	1.7	2.0	1.8	1.0	-3.1	-1.5	-0.4	-0.4	-0.2	0.2	0.9	1.3
Chile	3.4	1.8	-3.1	-2.1	-2.5	-3.5	-3.4	-0.6	1.2	2.5	3.3	1.9	-3.3	-1.7	-0.1	0.9	0.8	-1.2	-1.9	-2.3
Czech Republic	1.8	-1.4	-2.8	-1.1	-1.4	-3.3	-3.3	-2.3	0.4	3.9	6.2	6.1	-0.7	0.0	0.7	-1.3	-3.3	-2.6	-2.4	-2.3
Denmark	1.2	1.1	2.0	3.7	2.6	1.4	0.4	1.7	2.9	5.5	5.0	3.1	-2.8	-1.6	-0.8	-2.0	-2.7	-2.6	-2.0	-1.1
Estonia	..	..	..	..	-3.0	-2.6	-1.1	0.1	4.8	11.1	15.4	6.0	-10.9	-9.3	-3.3	-1.0	-1.8	-2.2	-2.5	-2.1
Finland	-1.8	-0.2	0.4	2.1	1.0	-0.6	-1.4	-0.2	0.2	2.2	5.7	5.1	-3.9	-1.1	1.1	-0.8	-2.4	-3.1	-3.0	-2.8
France	-1.6	-0.2	0.7	2.3	1.9	1.1	0.1	1.1	1.1	2.2	3.0	1.7	-2.2	-1.3	-0.2	-0.8	-1.4	-2.2	-2.7	-2.8
Germany	-0.7	-0.7	-0.5	1.3	1.8	0.7	-1.0	-1.3	-1.4	1.1	3.0	2.2	-4.6	-2.1	0.2	-0.5	-1.3	-1.1	-1.2	-0.6
Greece	-1.4	-0.6	-1.2	-1.1	-1.3	-1.7	1.3	3.3	2.4	6.8	9.5	8.5	4.3	0.2	-7.1	-11.6	-14.2	-12.7	-10.9	-8.7
Hungary	-2.7	-1.8	-2.3	-1.9	-1.7	-0.5	-0.1	1.6	3.2	5.0	3.9	3.8	-3.1	-2.3	-0.7	-2.4	-1.7	0.3	0.9	0.7
Iceland	-2.1	0.6	1.0	1.9	1.9	-0.8	-1.2	3.3	4.8	4.0	9.1	6.6	-1.0	-5.4	-4.8	-5.2	-3.3	-2.4	-0.9	-0.1
Ireland	2.0	3.5	6.8	9.4	8.3	8.6	6.4	6.1	7.1	8.5	9.4	3.0	-5.4	-7.0	-5.4	-6.6	-7.6	-5.2	-4.2	-3.5
Israel	0.9	0.2	-0.6	4.0	0.4	-3.0	-5.4	-3.8	-3.0	-1.2	1.1	1.4	-0.2	1.8	2.0	1.1	0.9	0.2	0.1	0.4
Italy	0.3	0.5	0.7	2.9	3.2	2.0	0.9	1.3	1.3	2.4	3.2	1.6	-4.1	-2.4	-1.9	-3.9	-5.6	-5.9	-5.9	-5.3
Japan	1.2	-2.1	-3.3	-2.1	-2.6	-3.0	-2.1	-0.4	0.3	1.4	2.9	1.2	-4.8	-0.8	-1.7	-0.7	0.2	-0.2	-0.2	0.0
Mexico	1.4	2.7	2.0	3.7	0.5	-1.8	-2.7	-1.0	-0.1	2.4	3.1	1.8	-4.7	-2.0	-0.5	0.5	-0.9	-1.3	-0.5	0.4
Netherlands	-0.6	0.5	1.8	3.3	2.4	0.0	-1.6	-1.8	-1.1	1.1	3.6	4.1	-0.5	-0.4	0.5	-1.9	-3.2	-3.2	-2.8	-2.5
New Zealand	0.6	-1.8	-0.3	0.1	-1.1	0.4	1.5	2.5	2.1	1.5	2.4	-0.5	-1.4	-1.1	-1.7	-1.0	-0.7	0.1	0.4	0.3
Norway[1]	1.7	2.3	1.5	1.2	0.3	-1.2	-2.9	-1.4	0.0	1.7	4.0	2.7	-1.3	-1.7	-1.2	0.0	-0.3	-0.3	-0.2	0.1
Poland	0.4	0.1	0.8	1.5	-0.5	-2.8	-2.8	-1.5	-2.1	-0.9	1.2	0.5	-0.5	0.1	1.8	0.6	-0.5	-0.1	-0.2	0.2
Portugal	1.4	2.9	3.7	4.5	3.8	2.3	-0.4	0.0	-0.4	0.1	1.7	1.2	-2.2	-0.5	-2.3	-5.4	-6.6	-6.0	-5.2	-4.3
Slovak Republic	3.2	2.8	-1.3	-3.5	-4.0	-3.6	-2.8	-2.7	-1.9	-0.2	4.6	5.5	-2.4	0.5	1.0	0.1	-1.1	-1.2	-1.3	-1.0
Slovenia	..	..	..	-0.9	-1.5	-1.2	-1.6	-0.5	0.5	3.0	7.0	7.7	-2.1	-1.4	-1.0	-3.8	-5.1	-4.1	-4.0	-3.3
Spain	-1.3	-0.3	0.7	2.4	2.8	2.2	1.9	1.7	2.2	3.4	4.6	3.5	-1.4	-2.0	-3.0	-5.2	-6.8	-6.1	-5.2	-4.2
Sweden	-2.8	-1.7	-0.6	1.1	-0.1	-0.7	-0.8	0.6	1.0	3.6	4.8	1.9	-4.8	-0.9	-0.1	-1.9	-2.3	-2.2	-1.6	-1.0
Switzerland	-1.6	-0.3	-0.4	1.6	1.2	-0.5	-2.3	-1.5	-0.6	1.1	2.9	3.0	-1.0	0.1	0.1	-0.6	-0.6	-1.1	-1.5	-1.1
Turkey	..	3.3	-3.1	-0.4	-8.9	-5.7	-3.5	1.8	5.7	7.8	7.6	3.6	-5.2	-1.0	2.4	-0.3	-0.8	-1.9	-2.8	-3.0
United Kingdom	-0.5	-0.1	-0.3	0.4	0.0	-0.4	1.2	1.3	1.8	2.8	3.5	1.5	-3.7	-2.7	-2.0	-2.4	-1.9	-0.6	0.0	0.2
United States	-0.3	0.9	2.4	3.4	1.3	0.5	0.8	2.1	3.1	3.3	2.7	0.0	-4.7	-4.0	-4.2	-3.7	-3.4	-3.2	-2.3	-1.5
Euro area	-0.7	-0.1	0.5	2.2	2.2	1.2	0.0	0.4	0.5	2.2	3.7	2.6	-2.9	-1.7	-0.9	-2.2	-3.2	-3.3	-3.2	-2.8
Total OECD	0.2	0.2	0.8	2.1	0.9	0.2	0.1	1.1	1.7	2.7	3.3	1.5	-3.6	-2.2	-1.8	-2.1	-2.3	-2.3	-1.9	-1.4

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170804

Annex Table 11. **Compensation per employee in the total economy**

Percentage change from previous period

	Average 1987-1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	4.7	2.9	3.4	3.5	4.7	3.7	3.5	5.1	3.7	4.4	6.4	4.0	1.0	5.3	5.6	3.9	1.3	2.0	2.2	2.5
Austria	3.8	2.6	2.0	2.4	1.5	2.0	1.8	2.0	2.1	3.1	3.0	3.3	1.7	1.0	1.9	2.6	2.1	1.5	1.8	2.2
Belgium	4.2	1.4	3.5	2.2	3.5	3.9	2.0	1.8	1.9	3.7	3.5	3.6	1.2	1.3	3.1	3.3	2.5	0.6	0.9	1.5
Canada	3.6	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	3.6	3.2	2.4	3.2	3.2	3.7
Czech Republic	..	8.5	6.2	7.5	8.4	7.8	7.7	7.9	3.9	5.9	6.2	4.1	-0.6	3.3	2.8	1.4	-0.6	3.2	2.6	4.0
Denmark	3.7	4.0	4.1	3.2	4.1	3.8	3.6	3.2	3.4	3.6	3.8	3.9	2.8	3.2	1.4	1.4	1.1	1.0	1.8	2.2
Finland	4.9	4.7	3.4	3.9	3.6	1.7	2.2	3.6	3.5	3.4	3.3	4.3	2.0	2.2	3.6	2.8	2.0	1.5	1.1	1.5
France	2.9	1.6	1.8	2.5	2.8	3.5	2.9	3.4	3.0	3.2	2.5	2.6	1.6	2.8	2.3	2.1	1.6	1.7	1.5	1.5
Germany	3.8	0.9	1.1	1.4	1.9	1.3	1.5	0.2	0.2	1.0	0.9	2.1	0.2	2.6	2.9	2.5	1.9	2.8	3.6	3.0
Greece	14.3	5.3	6.5	6.0	3.7	11.4	6.3	4.2	3.7	2.4	4.7	3.6	3.5	-2.6	-3.4	-3.7	-6.6	-2.9	-1.2	-0.4
Hungary	..	14.5	6.5	15.0	15.2	13.6	9.9	10.3	7.1	5.6	5.6	7.2	-1.7	-0.5	3.6	0.8	4.6	2.6	3.4	3.7
Iceland	8.5	11.5	7.9	9.0	7.4	8.8	2.1	10.2	8.9	12.6	7.2	5.1	-3.6	5.5	7.9	6.2	3.4	2.8	6.1	6.1
Ireland	4.9	4.3	5.0	7.9	7.8	5.3	6.7	5.0	5.7	4.2	6.0	5.4	-1.0	-3.9	1.3	0.7	2.1	4.0	2.8	2.6
Israel	..	6.8	6.4	6.0	2.6	0.7	-1.9	0.6	1.9	5.9	2.5	3.1	-1.1	3.9	4.2	2.4	2.0	1.5	1.3	1.6
Italy	6.2	-1.2	2.2	2.3	3.1	2.4	2.9	3.4	2.6	2.2	2.2	2.8	0.5	2.3	1.0	0.0	1.3	1.4	0.9	0.5
Japan	2.1	-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	1.0	2.4	2.8
Korea	12.9	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	1.1	2.9	3.6
Luxembourg	4.4	0.9	3.9	5.3	3.3	4.2	1.1	4.0	3.5	4.2	4.9	2.3	1.4	2.0	2.1	1.5	3.6	2.0	1.5	1.7
Mexico	..	20.7	20.5	15.9	10.8	5.5	6.7	4.4	5.9	4.6	5.8	5.4	2.8	-1.9	5.8	2.3	4.8	3.5	2.8	3.3
Netherlands	2.2	3.7	3.8	5.5	3.1	4.1	3.2	3.1	1.1	1.6	3.2	3.8	2.4	0.4	1.8	2.4	2.1	0.9	0.6	1.4
Norway	4.2	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	3.4	3.5	4.1
Poland	..	14.0	13.7	10.8	10.3	2.4	1.5	1.6	1.9	2.0	4.8	8.8	3.5	4.7	5.3	3.6	1.7	1.7	4.4	4.5
Portugal	10.8	5.8	5.2	6.0	4.3	3.1	3.3	2.4	4.4	1.7	3.7	2.8	2.5	2.4	-2.5	-2.0	3.5	-1.2	1.1	1.0
Slovak Republic	..	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	3.4	3.6	3.9
Slovenia	..	8.6	8.4	10.2	11.6	8.3	7.8	7.7	6.0	5.4	6.2	7.2	1.8	4.0	1.6	-1.2	1.8	1.0	1.0	1.3
Spain	6.7	1.8	2.1	2.7	4.1	3.9	3.1	2.6	3.3	3.7	5.0	7.2	4.9	0.7	-0.1	-0.4	1.3	0.5	0.6	0.7
Sweden	6.5	-1.7	3.9	6.8	4.2	3.2	3.7	4.3	3.1	3.1	5.3	3.7	2.7	2.2	3.2	3.0	1.7	2.4	3.2	3.7
Switzerland	3.8	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	0.9	1.5	1.8
United Kingdom	5.9	6.9	4.9	5.7	5.6	2.8	4.9	4.5	3.7	5.8	5.4	1.0	1.9	3.4	1.0	2.0	2.1	1.6	3.0	3.2
United States	3.7	4.9	4.1	6.4	3.3	2.7	3.9	4.8	3.4	4.0	4.2	2.8	0.8	2.9	2.6	2.4	1.1	2.7	2.6	3.5
Euro area	4.9	1.7	2.3	2.9	3.0	3.0	2.8	2.4	2.3	2.5	2.8	3.5	1.6	1.9	1.6	1.4	1.6	1.7	1.9	1.7
Total OECD	5.5	4.8	4.4	5.3	3.9	2.7	3.2	3.2	3.0	3.1	3.4	3.1	0.9	1.9	2.5	1.9	1.6	2.1	2.5	2.9

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170811

Annex Table 12. **Labour productivity in the total economy**

Percentage change from previous period

	Average 1987-1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	1.6	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	1.3	2.0	1.3	1.3
Austria	2.2	2.4	1.9	2.7	0.7	1.6	0.1	1.9	1.1	1.8	1.7	-0.5	-2.9	0.9	1.4	-0.3	-0.5	-0.6	0.6	0.6
Belgium	1.9	0.3	2.3	1.5	-0.5	1.8	1.0	2.4	0.5	1.5	1.3	-0.8	-2.4	1.8	0.2	-0.2	0.5	0.6	0.7	0.8
Canada	1.1	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	1.4	0.8	0.7	1.6	1.3	1.3
Chile	4.7	2.0	0.8	3.4	2.1	0.8	-0.1	4.1	2.3	4.0	2.4	0.3	-0.4	-2.0	0.6	3.5	2.0	0.6	2.8	2.8
Czech Republic	..	1.5	3.5	5.5	3.3	0.9	4.4	5.0	4.5	5.6	3.4	0.4	-2.9	3.2	2.3	-1.1	-1.1	2.1	2.1	2.1
Denmark	2.0	0.8	2.2	3.0	-0.1	0.4	1.3	3.2	1.0	1.6	-1.4	-1.8	-2.2	4.0	1.4	-0.5	-0.3	-0.1	0.8	1.0
Estonia	..	8.9	4.3	11.6	5.3	4.8	6.0	6.5	7.3	5.0	7.1	-5.6	-5.0	7.9	1.7	2.9	0.4	1.9	1.9	3.1
Finland	3.1	3.5	1.9	3.4	1.1	0.6	1.9	3.3	1.2	2.2	3.0	-1.5	-6.0	3.7	1.3	-2.3	0.3	0.3	1.1	1.2
France	1.7	1.8	0.9	1.5	0.5	0.7	0.8	2.4	0.9	1.5	0.9	-0.4	-1.7	1.8	1.4	0.3	0.6	0.4	0.6	0.8
Germany	2.0	0.5	0.2	0.9	2.1	0.5	0.4	0.4	0.9	3.1	1.6	-0.5	-5.7	3.6	2.3	-0.5	-0.4	0.8	0.9	1.6
Greece	1.5	-0.3	2.6	2.8	3.5	0.9	5.3	2.4	-1.8	3.8	1.9	-1.6	-3.8	-2.8	-3.4	1.9	0.1	0.6	0.8	0.9
Hungary	..	2.6	0.5	3.2	3.9	4.6	3.8	5.8	4.6	3.5	-0.2	2.7	-4.2	0.0	1.5	-1.5	1.1	0.3	1.7	1.6
Iceland	1.3	2.2	0.5	2.7	2.0	1.9	2.6	8.7	2.6	-0.8	5.0	0.2	1.1	-2.6	2.1	0.1	0.0	0.8	0.8	0.6
Ireland	3.9	0.1	3.5	4.8	2.1	4.2	1.1	1.2	0.8	0.8	0.5	-2.1	1.6	3.9	4.6	0.3	-2.1	2.7	1.6	1.9
Israel	..	0.6	0.2	5.3	-1.4	-0.6	0.2	2.8	0.6	2.3	1.8	0.4	-0.6	2.7	1.1	-1.0	0.5	-0.3	1.0	0.9
Italy	1.8	0.6	0.5	1.7	-0.2	-1.4	-1.3	1.0	0.4	0.0	0.2	-1.3	-3.9	2.4	0.3	-2.1	0.0	0.0	0.1	0.8
Japan	1.9	-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	-0.2	1.0	1.4
Korea	5.2	0.3	8.8	4.3	2.5	4.6	3.1	2.8	2.6	3.8	4.2	2.2	1.0	5.1	1.9	0.5	1.4	1.5	2.1	2.7
Luxembourg	2.0	1.9	3.3	2.7	-3.5	0.4	-0.6	2.5	1.3	1.0	1.9	-4.1	-6.3	3.3	-0.3	-2.5	0.0	0.9	-0.1	0.2
Mexico	..	2.0	1.5	2.7	-0.6	-2.1	0.6	0.5	2.6	1.5	1.4	-1.1	-3.4	-2.8	3.4	-0.7	0.7	1.7	1.6	1.9
Netherlands	1.1	1.8	1.6	2.6	-0.2	-0.7	0.9	2.8	1.7	1.7	1.2	0.4	-2.5	1.7	0.9	-1.2	0.6	1.2	0.9	0.7
New Zealand	2.1	-1.6	1.6	4.2	-0.5	1.8	1.6	1.1	-1.6	0.0	2.3	-3.0	1.8	0.5	-0.2	2.8	-0.3	0.0	1.0	1.2
Norway	2.8	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	0.4	1.0	1.4
Poland	..	3.7	8.7	6.2	3.6	4.5	4.8	3.9	1.3	2.9	2.7	0.1	2.3	3.2	4.2	1.6	1.7	1.9	2.6	3.2
Portugal	2.1	1.9	2.5	1.7	0.1	0.2	-0.3	1.9	1.1	1.0	2.5	-0.3	-0.4	3.5	-0.3	1.0	1.5	-1.0	0.4	0.9
Slovak Republic	..	4.5	2.4	3.2	2.7	4.6	4.3	5.5	4.8	6.1	8.4	2.2	-3.4	6.4	0.9	1.6	2.2	1.5	2.2	2.9
Slovenia	..	3.4	3.7	2.6	2.4	2.3	3.1	4.0	4.5	4.0	3.5	0.7	-6.1	3.5	2.3	-1.8	0.5	2.3	1.7	1.7
Spain	1.3	-0.2	-0.1	0.2	0.7	0.4	0.0	-0.4	-0.4	0.2	0.7	1.2	3.1	2.3	1.3	2.2	1.8	0.3	0.4	0.5
Sweden	2.3	2.4	2.1	2.4	-0.4	2.0	3.1	4.6	2.5	3.2	1.2	-1.6	-2.8	4.7	0.6	-0.7	0.5	0.6	1.1	1.7
Switzerland	0.7	1.6	0.9	2.9	-0.2	-0.6	0.4	2.6	2.3	1.9	1.5	-0.1	-2.6	2.4	-0.6	-0.4	0.6	0.1	0.2	1.2
Turkey	2.3	0.4	-4.5	9.0	-5.7	6.5	6.1	7.3	6.1	5.1	3.2	-1.1	-5.1	3.0	2.5	-1.0	1.2	-1.5	1.7	1.9
United Kingdom	1.7	2.5	1.7	2.6	1.8	1.6	3.3	1.3	1.7	2.0	1.7	-1.2	-2.8	1.7	1.1	-0.4	0.6	0.7	1.3	1.4
United States	1.3	2.1	2.6	2.4	1.1	3.0	2.8	2.7	1.7	0.9	0.9	0.4	1.5	3.2	0.6	0.7	0.8	0.5	1.5	1.9
Euro area	1.8	1.0	0.8	1.5	1.0	0.3	0.4	1.3	0.7	1.7	1.3	-0.4	-2.7	2.5	1.2	-0.2	0.3	0.5	0.7	1.1
Total OECD	1.9	1.3	1.8	2.7	0.8	1.7	1.9	2.3	1.6	1.7	1.4	-0.2	-1.4	2.5	1.2	0.4	0.7	0.6	1.3	1.6

Note: Labour productivity measured as GDP per person employed.

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170826

Annex Table 13. **Unemployment rates: commonly used definitions**

Per cent of labour force

	2013 Unemployment thousands	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
Australia	687	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	6.2	5.9	6.2	6.1	5.8
Austria	218	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	5.2	5.1	5.0	5.3	4.9
Belgium	426	6.7	7.6	8.2	8.3	8.4	8.2	7.5	7.1	7.9	8.3	7.3	7.7	8.4	8.5	8.4	8.1	8.5	8.3	8.0
Canada	1 350	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	6.5	6.3	6.6	6.4	6.2
Chile	496	9.9	9.8	9.5	10.0	9.2	7.8	7.1	7.8	9.7	8.1	7.2	6.4	6.0	6.3	6.7	6.8	6.5	6.8	6.8
Czech Republic	369	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	6.3	6.2	6.0	6.3	6.2	5.9
Denmark	202	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	6.6	6.3	6.1	6.4	6.2	6.0
Estonia	58	13.0	11.1	10.5	10.1	8.0	5.9	4.6	5.6	13.4	16.5	12.3	10.0	8.6	7.4	7.0	6.6	7.0	6.9	6.3
Finland	219	9.1	9.1	9.0	8.8	8.4	7.7	6.8	6.4	8.3	8.4	7.8	7.7	8.2	8.5	8.6	8.5	8.6	8.6	8.4
France	2 815	7.4	7.5	8.1	8.5	8.5	8.5	7.7	7.1	8.8	8.9	8.8	9.4	9.9	9.9	10.1	10.0	10.0	10.1	10.0
Germany	2 259	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	5.1	5.1	5.1	5.1	5.1	5.1
Greece	1 330	10.8	10.4	9.8	10.6	10.0	9.0	8.4	7.8	9.6	12.7	17.9	24.4	27.5	26.4	25.2	24.1	..	..	..
Hungary	448	5.7	5.8	5.9	6.1	7.2	7.5	7.4	7.8	10.0	11.2	10.9	10.9	10.2	7.8	7.6	7.6	7.7	7.6	7.7
Iceland	10	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	4.9	4.8	4.7	4.7	4.7	4.7
Ireland	282	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	11.5	10.5	9.9	11.1	10.2	9.7
Israel	231	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	6.1	6.3	6.2	6.3	6.3	6.2
Italy	3 121	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	12.4	12.3	12.1	12.4	12.2	12.1
Japan	2 653	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	3.6	3.5	3.5	3.6	3.5	3.4
Korea	806	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	3.5	3.4	3.3	3.5	3.3	3.4
Luxembourg	17	2.2	2.5	3.3	3.7	4.1	4.2	4.2	4.2	5.5	5.8	5.7	6.1	6.9	7.1	7.2	7.2	7.1	7.2	7.2
Mexico[1]	2 560	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	4.9	4.7	4.7	5.0	4.6	4.7
Netherlands	600	2.4	2.9	3.9	4.9	5.1	4.1	3.4	3.0	3.6	4.3	4.3	5.1	6.5	6.8	6.6	6.2	6.8	6.4	6.1
New Zealand	150	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	5.6	5.4	5.1	5.3	5.5	5.0
Norway	92	3.5	3.8	4.0	4.2	4.4	3.4	2.5	2.6	3.1	3.5	3.2	3.1	3.4	3.4	3.4	3.4	3.5	3.3	3.4
Poland	1 793	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	9.2	8.6	8.2	8.8	8.4	8.1
Portugal	856	4.0	5.0	6.3	6.7	7.6	7.6	8.0	7.6	9.5	10.8	12.6	15.5	16.2	13.7	12.8	12.4	13.0	12.7	12.3
Slovak Republic	386	19.3	18.7	17.6	18.2	16.2	13.3	11.1	9.5	12.0	14.4	13.6	14.0	14.2	13.4	12.8	12.2	13.1	12.6	12.0
Slovenia	102	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	9.9	10.0	9.3	10.1	9.8	9.0
Spain	6 051	10.5	11.5	11.5	11.0	9.1	8.5	8.2	11.3	17.9	19.9	21.4	24.8	26.1	24.5	23.1	21.9	23.9	22.6	21.6
Sweden	410	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	7.5	7.3	7.5	7.4	7.3
Switzerland	205	1.6	2.4	3.7	4.3	4.3	3.9	3.6	3.3	4.3	4.5	4.0	4.1	4.3	4.6	4.4	4.3	4.5	4.4	4.2
Turkey	2 451	7.8	9.8	9.9	9.7	9.5	9.0	9.2	10.0	13.0	11.1	9.1	8.4	9.0	9.9	10.1	10.2	..	..	..
United Kingdom	2 476	5.1	5.2	5.0	4.8	4.8	5.4	5.3	5.7	7.6	7.9	8.1	8.0	7.6	6.2	5.6	5.4	5.8	5.5	5.4
United States	11 449	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	6.2	5.6	5.3	5.8	5.4	5.4
Euro area	18 742	8.0	8.3	8.9	9.1	9.0	8.3	7.4	7.5	9.4	9.9	10.0	11.2	11.9	11.4	11.1	10.8	11.3	11.0	10.7
Total OECD	47 577	6.2	6.8	6.9	6.8	6.6	6.0	5.6	5.9	8.1	8.3	7.9	7.9	7.9	7.3	7.0	6.8	7.2	6.9	6.8

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170833

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	14.5	13.0	11.3	10.4	10.1	8.0	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	12.0	12.4	12.3	12.1	11.3	9.6	8.7	8.6	8.5	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	10.6	10.0	9.0	8.4	7.8	9.6	12.8	17.9	24.5	27.5
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	5.9
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	10.3
Portugal	7.2	7.2	6.7	5.6	5.0	4.5	4.6	5.7	7.1	7.5	8.5	8.6	8.9	8.5	10.6	12.0	12.9	15.8	16.4
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	10.1
Spain	20.8	19.9	18.4	16.4	13.6	11.9	10.6	11.4	11.5	11.0	9.2	8.5	8.2	11.3	17.9	19.9	21.4	24.8	26.1
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	5.6	7.6	7.8	8.1	7.9	7.6
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	10.6	9.8	8.9	8.3	8.6	9.0	9.3	9.1	8.4	7.5	7.6	9.6	10.1	10.1	11.3	12.0
Total OECD	7.4	7.2	6.8	6.8	6.6	6.1	6.3	6.9	7.0	6.9	6.6	6.1	5.6	6.0	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/10.1787/888933170845

Annex Table 15. **Labour force, employment and unemployment**

Millions

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Labour force																
Major seven countries	347.0	348.6	351.0	353.0	356.5	359.7	362.9	365.2	365.3	365.3	365.6	368.0	369.5	370.6	372.4	374.2
Total of smaller countries	198.8	202.1	203.8	207.9	210.9	214.2	217.4	220.8	223.7	226.8	229.9	233.2	235.4	238.8	241.2	244.1
Euro area	144.5	145.9	147.4	149.2	151.3	152.7	154.4	155.9	156.3	156.5	157.1	158.1	158.1	157.9	158.1	158.5
Total OECD	545.8	550.7	554.8	560.9	567.4	574.0	580.3	586.1	589.0	592.1	595.5	601.2	604.9	609.4	613.6	618.3
Employment																
Major seven countries	326.8	326.3	327.8	330.6	334.5	339.0	343.2	343.9	336.1	335.6	337.8	341.0	343.3	347.0	349.9	352.2
Total of smaller countries	185.1	187.2	188.5	192.0	195.6	200.3	204.5	207.3	205.3	207.4	210.6	212.7	214.0	217.7	220.7	224.0
Euro area	133.0	133.8	134.4	135.6	137.7	140.1	142.9	144.3	141.6	141.0	141.4	140.4	139.4	139.9	140.5	141.4
Total OECD	511.9	513.5	516.3	522.6	530.1	539.3	547.7	551.3	541.3	543.0	548.4	553.6	557.3	564.7	570.7	576.2
Unemployment																
Major seven countries	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	23.6	22.4	21.9
Total of smaller countries	13.8	14.9	15.3	15.9	15.3	14.0	12.9	13.5	18.5	19.4	19.3	20.6	21.5	21.1	20.5	20.1
Euro area	11.5	12.2	13.1	13.6	13.6	12.6	11.5	11.6	14.7	15.5	15.7	17.7	18.7	18.0	17.6	17.1
Total OECD	33.9	37.2	38.5	38.3	37.3	34.7	32.5	34.8	47.7	49.0	47.1	47.6	47.6	44.7	43.0	42.1

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170859

Annex Table 16. **GDP deflators**

Percentage change from previous year

	Average 1990-00	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
Australia	1.7	3.4	3.3	2.7	3.9	4.3	5.2	4.1	6.5	0.1	5.7	4.2	-0.2	1.2	0.0	1.0	2.5	-1.1	2.4	2.6
Austria	1.8	1.9	1.2	1.4	1.6	2.8	1.8	2.2	1.7	1.9	0.9	1.9	1.6	1.5	1.7	1.4	1.4	1.5	1.5	1.4
Belgium	1.9	2.0	1.9	1.9	2.2	2.3	2.5	2.3	1.9	1.1	2.0	2.2	2.1	1.5	0.5	0.6	1.2	0.2	1.0	1.3
Canada	1.8	1.6	1.2	3.3	3.3	3.2	2.7	3.2	3.9	-2.1	2.6	3.4	1.5	1.4	1.8	0.7	1.9	1.4	1.4	2.0
Chile	7.8	4.2	3.9	5.0	7.6	7.1	12.6	4.8	0.5	3.8	8.9	3.4	1.2	1.6	5.3	3.8	3.0	5.1	3.3	3.0
Czech Republic	..	4.8	2.7	1.1	4.0	0.1	0.7	3.5	2.0	2.6	-1.4	-0.2	1.4	1.7	2.6	1.9	1.8	2.4	1.8	1.9
Denmark	1.8	2.5	2.3	1.5	2.1	2.9	2.2	2.5	4.1	0.5	3.2	0.6	2.5	1.6	0.8	1.6	1.7	1.3	1.4	1.9
Estonia	..	6.3	5.0	4.3	4.8	6.0	8.7	11.3	7.4	0.4	1.5	3.0	2.7	4.5	1.7	1.6	2.0	1.1	1.8	2.1
Finland	1.8	3.3	1.0	0.2	0.6	0.9	0.9	2.8	3.1	1.9	0.4	2.6	2.6	2.4	1.3	1.2	1.0	1.3	1.0	1.1
France	1.3	2.0	2.1	1.9	1.6	1.9	2.2	2.6	2.4	0.1	1.1	0.9	1.2	0.8	0.8	0.7	0.8	0.9	0.8	0.8
Germany	1.8	1.3	1.3	1.2	1.1	0.6	0.3	1.7	0.8	1.8	0.7	1.1	1.5	2.1	2.0	1.8	1.6	2.1	1.6	1.6
Greece	9.3	3.4	3.5	3.2	3.2	2.0	3.4	3.4	4.3	2.6	0.9	0.6	0.0	-2.3	-2.2	-0.8	-0.5	-1.0	-0.2	-0.6
Hungary	..	11.2	8.4	5.4	5.0	2.4	3.5	5.3	5.0	3.9	2.1	2.2	3.4	3.0	2.2	2.6	2.9	2.7	2.7	2.9
Iceland	3.6	8.7	5.6	0.5	2.6	3.5	8.8	4.3	11.4	8.0	5.3	2.7	3.1	2.1	0.7	3.1	2.3	-0.7	3.4	1.4
Ireland	3.6	6.8	5.4	4.1	2.6	2.9	3.0	2.0	-2.4	-3.9	-1.6	0.9	1.3	1.0	0.2	2.1	1.2	0.7	1.8	1.2
Israel	9.8	1.6	4.3	-0.4	0.1	1.1	1.3	0.8	1.7	4.2	1.4	1.9	4.2	2.3	0.7	0.6	0.9	0.5	0.5	1.1
Italy	3.8	3.0	3.4	3.2	2.5	1.9	1.9	2.4	2.5	2.0	0.3	1.5	1.6	1.4	0.4	0.2	0.3	0.1	0.2	0.4
Japan	0.1	-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	1.6	1.7	1.4	2.3	1.1	1.5
Korea	5.3	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	0.6	0.4	0.7	0.9	0.2	1.2
Luxembourg	2.5	-0.5	2.1	2.9	1.9	3.8	6.7	1.4	3.9	1.6	3.7	5.0	3.4	1.4	0.6	1.3	1.3	1.1	0.7	1.7
Mexico	17.6	5.1	5.6	6.0	8.6	5.1	6.3	4.9	6.3	3.3	4.5	5.3	3.5	1.8	4.0	3.5	3.0	4.4	3.1	3.0
Netherlands	2.4	4.4	3.7	2.2	1.1	1.6	2.1	1.9	2.3	0.5	1.2	0.1	1.3	1.1	1.0	0.9	1.0	1.5	0.7	1.1
New Zealand	1.3	4.5	1.0	1.5	3.6	2.4	2.5	4.4	3.6	0.8	2.9	3.0	-0.6	2.7	1.7	-0.1	1.5	-2.7	1.8	1.5
Norway	3.4	1.7	-1.8	2.9	5.9	8.9	8.8	3.0	10.9	-5.4	6.3	6.7	2.8	2.9	0.8	0.2	2.5	-2.1	2.1	2.5
Poland	..	3.7	2.3	0.8	4.3	2.6	1.8	3.9	3.6	3.9	1.8	3.2	2.2	1.2	0.9	0.7	1.4	0.2	1.4	1.4
Portugal	5.6	3.7	4.2	3.4	2.4	3.3	3.2	3.0	1.7	1.1	0.6	-0.3	-0.4	2.3	0.9	0.7	0.9	0.1	0.9	0.8
Slovak Republic	..	5.1	4.0	5.4	5.8	2.5	2.9	1.1	2.8	-1.2	0.5	1.6	1.3	0.5	-0.5	0.9	1.0	-0.2	1.2	1.2
Slovenia	33.8	8.7	7.6	5.7	3.3	1.6	2.2	4.2	4.5	3.4	-1.1	1.2	0.3	1.4	0.2	-0.2	-0.1	-1.0	1.0	-0.8
Spain	4.1	4.1	4.1	3.9	3.9	4.1	4.0	3.3	2.1	0.3	0.2	0.1	0.2	0.7	0.1	0.5	0.7	0.8	0.3	0.8
Sweden	2.3	2.4	1.6	1.7	0.6	0.8	1.8	2.8	3.4	2.4	1.1	1.2	1.0	1.0	1.4	1.5	1.8	1.3	1.7	1.9
Switzerland	1.3	1.0	-0.3	0.9	0.4	0.6	2.0	2.3	1.9	0.4	0.3	0.2	-0.1	-0.2	0.2	0.9	0.5	0.6	0.7	0.4
Turkey	71.5	52.9	37.4	23.3	12.4	7.1	9.3	6.2	12.0	5.3	5.7	8.6	6.9	6.1	7.7	6.5	4.2	..	..	..
United Kingdom	2.8	1.1	2.7	2.2	2.9	2.8	2.7	2.9	2.9	2.0	3.2	2.1	1.7	1.7	1.8	1.7	1.7	1.9	1.5	1.7
United States	2.1	2.3	1.5	2.0	2.7	3.2	3.1	2.7	2.0	0.8	1.2	2.1	1.8	1.5	1.5	1.7	1.9	1.5	1.8	2.1
Euro area	2.6	2.5	2.5	2.2	1.9	1.9	1.9	2.4	1.9	1.1	0.7	1.0	1.3	1.3	1.0	1.0	1.0	1.1	0.9	1.0
Total OECD	4.5	3.1	2.5	2.3	2.6	2.4	2.5	2.5	2.4	1.1	1.4	1.8	1.5	1.4	1.6	1.6	1.7	1.7	1.6	1.8

Note: The adoption of national accounts systems 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 96 database.

StatLink http://dx.doi.org/10.1787/888933170869

Annex Table 17. **Private consumption deflators**

Percentage change from previous year

	Average 1990-00	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
Australia	2.1	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	2.1	2.5	2.0	2.3	2.6
Austria	1.9	2.3	1.0	1.5	2.1	2.4	2.0	2.4	2.3	0.5	1.9	3.2	2.3	2.2	1.7	1.7	1.9	1.6	1.8	2.0
Belgium	2.1	2.0	1.2	1.5	2.2	2.7	3.1	3.0	3.2	-0.5	1.7	3.1	2.2	1.2	0.8	0.6	1.2	0.5	0.9	1.2
Canada	1.9	2.0	1.9	1.7	1.6	1.7	1.3	1.6	1.6	0.2	1.3	2.1	1.3	1.3	1.9	1.4	1.7	1.9	1.5	1.8
Chile	..	4.5	2.9	2.7	0.7	4.1	3.2	3.9	7.5	1.3	3.1	3.9	3.6	2.3	5.1	4.6	3.1	6.2	3.4	3.0
Czech Republic	..	3.5	1.4	0.1	3.1	1.1	1.8	3.0	4.7	0.9	0.5	1.6	2.5	1.0	0.4	1.1	1.8	0.6	1.2	2.0
Denmark	1.9	2.3	1.9	1.2	1.2	1.7	2.2	1.7	2.9	1.3	2.5	2.7	2.5	1.1	0.5	1.1	1.3	0.7	1.1	1.4
Estonia	..	6.3	3.7	2.1	4.1	4.4	6.1	7.7	8.3	-0.2	3.5	5.2	3.4	3.1	1.1	0.8	1.5	0.8	1.1	1.7
Finland	2.2	2.6	1.6	1.0	0.3	1.0	1.3	1.9	3.4	1.8	1.4	3.2	3.0	2.6	1.7	1.2	1.2	1.5	1.2	1.3
France	1.3	2.0	0.9	1.7	2.2	1.8	2.2	2.1	2.8	-1.4	1.1	1.8	1.4	0.7	0.5	0.2	0.6	0.3	0.5	0.7
Germany	1.8	1.7	1.3	1.8	1.0	1.6	1.1	1.6	1.7	-0.4	2.0	1.9	1.5	1.2	1.1	1.2	1.7	1.0	1.4	1.7
Greece	9.2	2.9	2.3	3.0	2.9	2.8	3.3	3.5	4.2	1.0	3.6	2.5	0.8	-1.6	-1.9	-0.6	-0.3	..	..	..
Hungary	..	9.5	5.9	4.3	5.4	3.5	3.3	6.7	5.6	4.1	3.7	3.7	6.2	2.5	0.8	1.9	3.0	0.9	2.7	3.0
Iceland	3.0	8.1	4.9	1.0	3.2	2.8	8.0	4.6	13.4	10.6	2.1	3.6	5.6	3.4	2.1	1.9	2.2	1.7	2.0	2.3
Ireland	2.6	4.6	5.3	4.0	1.7	1.6	2.5	3.0	1.7	-6.5	-2.1	2.3	1.2	1.4	1.5	1.2	1.3	1.4	1.2	1.4
Israel	..	0.8	4.3	0.3	0.4	1.6	2.7	1.0	5.7	1.6	3.3	3.2	2.1	2.1	0.3	-0.1	0.6	-0.7	0.3	0.9
Italy	4.2	2.6	2.9	2.9	2.4	2.1	2.6	2.3	3.1	-0.4	1.4	2.9	2.8	1.2	0.4	0.2	0.5	0.5	0.2	0.8
Japan	0.5	-1.0	-1.4	-1.0	-0.8	-0.6	-0.3	-0.7	0.2	-2.5	-1.7	-0.8	-0.8	-0.3	1.9	1.6	1.5	2.2	1.2	1.6
Korea	6.8	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	1.2	1.9	2.3	1.2	2.3	2.7
Luxembourg	2.7	1.9	1.2	1.8	2.1	3.0	2.6	2.2	2.2	0.6	1.0	2.5	1.9	0.3	0.3	1.1	1.5	0.8	1.2	1.6
Mexico	18.9	5.3	4.0	-0.6	6.0	4.8	3.5	5.0	6.3	5.5	4.4	3.5	3.9	2.7	3.9	3.1	3.0	4.1	3.1	3.0
Netherlands	2.4	3.2	3.3	1.9	1.9	1.3	2.5	2.2	2.2	-1.1	1.0	2.1	1.4	1.9	1.6	0.8	0.8	1.8	0.7	0.8
New Zealand	1.5	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	0.8	0.8	1.3	0.6	1.0	1.4
Norway	2.3	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	2.5	2.3	2.6	2.4	2.3	2.6
Poland	..	3.8	3.2	0.5	3.4	2.3	1.5	2.4	3.8	2.7	2.6	4.8	3.2	0.8	0.7	0.4	1.3	-0.1	0.9	1.5
Portugal	5.2	3.8	3.5	3.6	2.3	3.8	3.5	3.4	2.8	-1.9	1.8	1.7	1.4	0.7	0.8	0.9	0.8	1.0	0.8	0.9
Slovak Republic	..	5.6	2.9	6.6	7.2	2.7	4.9	2.6	4.5	0.1	1.0	3.9	3.4	1.3	-0.5	0.9	1.3	-0.4	1.1	1.3
Slovenia	33.8	7.5	7.5	5.2	3.0	2.2	2.4	4.1	5.6	0.9	1.4	1.7	1.4	0.6	0.5	-0.1	0.3	-0.2	0.0	0.5
Spain	4.1	3.5	2.8	3.2	3.6	3.4	3.6	3.3	3.6	-0.9	2.0	2.7	2.4	0.9	0.1	0.4	0.5	0.3	0.5	0.5
Sweden	2.9	2.1	1.5	1.6	0.8	1.1	1.2	1.4	3.1	2.2	1.5	1.7	0.5	0.7	0.7	1.5	1.8	0.8	1.7	1.9
Switzerland	1.7	0.6	-0.3	0.8	0.7	1.1	1.3	1.3	1.9	-0.5	0.5	0.0	-0.9	-0.4	-0.1	0.0	0.3	-0.2	0.1	0.3
Turkey	72.7	49.7	38.5	23.4	10.8	8.3	9.8	6.6	10.8	4.9	8.5	8.9	8.1	6.1	8.5	6.6	6.1	..	..	..
United Kingdom	2.7	0.5	0.9	1.4	2.2	2.4	2.6	2.8	3.9	1.6	4.4	3.4	2.1	1.9	1.6	1.5	1.7	1.2	1.5	1.8
United States	2.1	1.9	1.3	2.0	2.4	2.9	2.7	2.5	3.1	-0.1	1.7	2.5	1.8	1.2	1.4	1.2	1.7	1.2	1.5	1.8
Euro area	2.7	2.4	1.9	2.2	2.0	2.1	2.2	2.3	2.7	-0.7	1.6	2.3	1.9	1.1	0.7	0.7	1.0	0.7	0.8	1.1
Total OECD	4.9	3.1	2.2	2.0	2.3	2.4	2.4	2.3	3.2	0.3	1.9	2.5	2.0	1.3	1.6	1.5	1.8	1.7	1.6	1.9

Note: The adoption of national accounts systems 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 96 database.

StatLink http://dx.doi.org/10.1787/888933170872

Annex Table 18. **Consumer price indices**

Percentage change from previous year

	Average 1990-00	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
Australia	2.2	4.4	3.0	2.7	2.4	2.7	3.5	2.4	4.3	1.8	2.9	3.3	1.8	2.4	2.6	2.3	2.6	2.1	2.4	2.7
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	1.5	1.6	1.9	1.2	1.7	1.9
Belgium	..	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	0.6	0.7	1.2	0.2	1.0	1.2
Canada	2.0	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	2.0	1.6	1.9	2.2	1.7	2.0
Chile	9.4	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	4.8	3.6	2.1	5.7	2.4	2.0
Czech Republic	..	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	0.3	1.1	1.8	0.4	1.2	2.0
Denmark	2.1	2.3	2.4	2.1	1.2	1.8	1.9	1.7	3.4	1.3	2.3	2.8	2.4	0.8	0.5	0.7	1.2	0.2	0.9	1.3
Estonia	..	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	0.5	0.9	1.7	0.4	1.3	1.9
Finland	2.1	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	1.3	1.4	1.2	1.1	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	0.6	0.5	0.9	0.4	0.8	1.0
Germany	..	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	0.9	1.2	1.7	0.8	1.4	1.7
Greece	..	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	-1.0	-0.7	-0.3	-0.4	-0.5	-0.2
Hungary	..	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	-0.1	2.0	3.0	-0.2	2.9	3.0
Iceland[1]	3.2	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	2.2	2.7	3.1	1.9	2.9	3.2
Ireland	..	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	0.2	0.5	1.2	0.1	0.9	1.4
Israel	9.5	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	0.4	0.0	0.7	-0.5	0.3	0.9
Italy	3.7	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	0.1	0.0	0.6	-0.2	0.3	0.8
Japan	0.8	-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	2.9	1.8	1.6	3.1	1.3	1.7
Korea	5.1	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	1.4	2.2	2.5	1.3	2.6	2.9
Luxembourg	..	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	0.9	1.2	1.5	0.7	1.4	1.6
Mexico	18.3	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	4.0	3.5	3.1	4.1	3.2	3.1
Netherlands	2.1	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	0.4	0.8	0.9	0.6	0.8	0.9
New Zealand	1.8	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	1.2	1.3	1.9	0.8	1.6	2.0
Norway	2.3	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	2.1	2.2	2.4	2.2	2.1	2.4
Poland	..	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	0.1	0.6	1.6	-0.4	1.1	1.7
Portugal	4.7	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	-0.2	0.2	0.4	0.0	0.2	0.5
Slovak Republic	..	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	0.0	1.0	1.2	0.2	1.1	1.2
Slovenia	..	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	0.4	0.6	1.0	0.3	0.7	1.2
Spain	..	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	0.1	0.5	-0.1	0.4	0.5
Sweden[2]	2.3	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	0.8	1.5	0.1	1.0	1.8
Switzerland	1.9	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	0.0	0.3	-0.1	0.1	0.5
Turkey	76.1	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	9.0	7.4	6.8	..	..	..
United Kingdom[3]	2.7	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	1.6	1.8	2.1	1.5	1.9	2.1
United States	2.8	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	1.7	1.4	2.0	1.5	1.8	2.0
Euro area	..	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	0.5	0.6	1.0	0.3	0.8	1.1

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170881

Annex Table 19. **Oil and other primary commodity markets**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Estimates and assumptions 2014	2015	2016
Oil market conditions[1]										Million barrels per day								
Demand																		
OECD	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	45.7	45.6	..
of which: North America	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	24.1	24.1	24.1	..
Europe	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	13.5	13.4	..
Pacific	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	8.3	8.2	8.0	..
Non-OECD	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	44.2	45.7	46.7	47.9	..
Total	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	90.2	91.7	92.4	93.5	..
Supply																		
OECD	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	20.9	22.4	23.3	..
OPEC total	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	37.5	36.7	..	..	..
Former USSR	7.5	8.0	8.6	9.5	10.5	11.4	11.8	12.3	12.8	12.8	13.3	13.5	13.6	13.7	13.9	13.9	13.8	..
Other non-OECD	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	19.8	..	..	..
Total	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	90.9	91.3	..	..	..
Trade																		
OECD net imports	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	25.0	23.5	22.2	..
Former USSR net exports	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	9.2	9.1	9.1	8.9	..
Other non-OECD net exports	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	17.1	15.8	14.5	13.3	..
Prices[2]										fob, $ per bl								
Brent crude oil price[3]	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	101.4	85.0	85.0
Prices of other primary commodities[2]										$ indices, 2010 = 100								
Food and tropical beverages	48	45	42	47	51	57	56	62	78	105	90	100	129	123	109	106	98	98
Agricultural raw materials	59	62	54	52	63	70	71	79	94	90	74	100	111	92	94	94	90	90
Minerals, ores and metals	36	41	37	36	40	54	63	92	102	102	71	100	116	98	94	88	85	85
Total[4]	44	47	42	42	48	58	63	81	94	100	77	100	118	103	98	94	89	89

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 to 2016.
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

StatLink http://dx.doi.org/10.1787/888933170890

Annex Table 20. **Employment and labour force**

Percentage change from previous period

	Employment									Labour force								
	Average 1990-99	Average 2000-09	2010	2011	2012	2013	2014	2015	2016	Average 1990-99	Average 2000-09	2010	2011	2012	2013	2014	2015	2016
Australia	1.1	2.1	2.0	1.7	1.2	1.0	1.0	1.1	1.7	1.1	2.1	1.6	1.6	1.3	1.5	1.5	1.2	1.4
Austria	0.9	0.6	0.5	1.2	1.0	-0.2	0.9	0.3	1.0	0.9	1.2	0.1	0.9	1.2	0.4	1.0	0.6	0.8
Belgium	0.4	1.0	0.7	1.4	0.3	-0.3	0.4	0.6	0.9	0.7	1.0	1.1	0.3	0.8	0.5	0.4	0.6	0.6
Canada	1.1	1.9	1.4	1.5	1.2	1.3	0.8	1.3	1.1	1.0	1.6	1.0	0.9	1.0	1.0	0.6	0.9	0.9
Czech Republic	..	0.0	-1.0	-0.2	0.3	1.0	0.4	0.2	0.6	..	0.3	-0.4	-0.8	0.6	0.9	-0.3	0.1	0.4
Denmark	0.1	0.5	-2.3	-0.1	-0.5	0.0	0.2	0.6	0.9	-0.1	0.4	-0.8	0.0	-0.6	-0.6	-0.2	0.3	0.7
Estonia	..	0.2	-4.4	6.0	2.0	0.8	0.8	0.5	0.3	..	0.1	-0.9	0.9	-0.5	-0.8	-0.6	0.1	-0.2
Finland	-0.7	1.4	-0.4	1.1	0.4	-1.0	-0.5	-0.2	0.1	0.0	0.4	-0.3	0.4	0.3	-0.5	-0.1	-0.2	0.0
France	0.2	0.9	0.2	0.2	0.0	0.0	0.1	0.1	0.6	0.5	0.8	0.4	0.1	0.7	0.5	0.1	0.5	0.5
Germany	0.1	0.3	0.8	2.3	1.0	0.9	0.5	0.1	0.2	0.4	0.5	0.1	1.1	0.4	0.7	0.3	0.2	0.2
Greece	0.9	1.5	-3.6	-7.6	-8.9	-4.9	0.3	1.4	2.4	1.5	1.0	-0.2	-1.8	-0.9	-1.0	-1.2	-0.2	0.9
Hungary	..	0.6	0.0	0.8	1.7	1.6	5.0	0.2	0.1	..	0.3	1.2	0.6	1.7	0.8	2.3	0.0	0.1
Iceland	1.3	1.5	-0.3	0.0	1.0	3.4	1.6	2.4	2.2	1.2	1.4	0.0	-0.5	-0.1	2.8	1.1	2.3	2.1
Ireland	3.7	3.9	-4.1	-1.8	-0.6	2.3	1.7	1.7	1.3	2.8	2.6	-2.0	-0.9	-0.5	0.4	-0.1	0.5	0.6
Israel	..	2.6	3.5	3.0	3.2	2.7	2.9	2.0	2.6	..	2.5	2.2	1.7	2.9	2.1	2.7	2.3	2.5
Italy	-0.4	0.8	-0.6	0.3	-0.3	-2.0	-0.3	0.1	0.2	-0.1	0.4	0.1	0.3	2.2	-0.3	0.0	0.0	0.0
Japan	0.4	-0.2	-0.3	-0.1	-0.3	0.7	0.6	-0.1	-0.4	0.7	-0.2	-0.3	-0.6	-0.6	0.3	0.1	-0.2	-0.4
Korea	1.3	1.3	1.4	1.7	1.8	1.6	2.1	1.6	1.4	1.8	1.1	1.4	1.4	1.6	1.5	2.5	1.5	1.3
Luxembourg	1.1	1.8	1.6	2.7	2.4	1.9	2.2	2.3	2.3	1.3	2.0	2.0	2.5	2.9	2.7	2.5	2.4	2.3
Mexico	..	2.0	1.1	2.2	3.3	1.1	1.5	2.4	2.3	..	1.8	1.1	2.1	3.0	1.1	1.5	2.2	2.2
Netherlands	1.9	1.3	-0.7	0.8	-0.5	-1.2	-0.4	0.6	0.9	1.6	0.8	0.0	0.7	0.4	0.3	-0.1	0.3	0.5
New Zealand	1.6	2.2	0.7	1.6	0.5	1.6	3.3	2.0	1.5	1.5	2.1	1.1	1.6	0.9	0.9	2.6	1.8	1.1
Norway	1.2	1.1	0.1	1.4	2.0	0.6	1.1	0.8	1.0	1.0	1.1	0.5	1.1	1.9	0.9	1.0	0.8	1.0
Poland	..	-0.2	0.6	0.6	0.2	-0.1	1.5	0.4	0.4	..	0.0	2.2	0.6	0.7	0.1	0.2	-0.3	0.0
Portugal	0.8	0.8	-1.4	-3.2	-4.1	-2.6	1.9	0.9	0.6	0.8	0.5	0.1	-1.2	-0.8	-1.8	-1.0	-0.1	0.2
Slovak Republic	..	0.6	-2.1	0.0	0.5	0.0	1.0	0.6	0.6	..	0.4	0.6	-1.0	0.9	0.4	0.0	0.0	-0.1
Slovenia	..	1.1	-1.5	-3.1	-1.3	-1.9	0.8	-0.3	0.5	..	0.8	0.0	-2.1	-0.6	-0.6	0.6	-0.3	-0.3
Spain	1.4	3.7	-2.0	-1.6	-4.3	-2.8	0.9	1.3	1.4	1.4	3.1	0.4	0.3	0.0	-1.1	-1.2	-0.5	0.0
Sweden	-1.1	0.8	0.5	2.3	0.6	1.1	1.6	1.7	1.3	-0.4	0.8	0.8	1.4	0.8	1.1	1.4	1.3	1.1
Switzerland	0.3	0.7	0.4	2.2	1.2	1.1	1.3	1.3	1.3	0.6	1.3	0.6	1.7	1.3	1.3	1.6	1.2	1.2
United Kingdom	0.1	1.0	0.2	0.5	1.1	1.2	2.3	1.4	1.1	0.0	0.9	0.5	0.8	0.9	0.8	0.8	0.7	0.9
United States	1.3	1.1	-0.6	0.6	1.8	1.0	1.6	1.5	1.1	1.1	0.9	-0.2	-0.2	0.9	0.3	0.3	0.8	0.9
Euro area	0.4	1.1	-0.4	0.3	-0.7	-0.7	0.4	0.4	0.6	0.7	1.0	0.2	0.4	0.6	0.0	-0.1	0.1	0.3
Total OECD	0.1	1.0	0.3	1.0	1.0	0.7	1.3	1.1	1.0	0.1	0.9	0.5	0.6	1.0	0.6	0.7	0.7	0.8

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933170902

Annex Table 21. **Potential GDP and productive capital stock**

	Potential GDP									Productive Capital stock[1]								
	Average 1990-99	Average 2000-09	2010	2011	2012	2013	2014	2015	2016	Average 1990-99	Average 2000-09	2010	2011	2012	2013	2014	2015	2016
Australia	3.3	3.2	3.0	2.9	2.9	2.8	2.9	2.9	3.0	2.0	3.9	4.9	5.6	5.2	5.6	5.0	4.6	4.1
Austria	2.5	2.0	1.5	1.6	1.6	1.5	1.5	1.5	1.5	2.1	1.6	0.8	1.2	1.2	1.0	1.0	0.9	1.1
Belgium	2.3	1.9	1.0	1.0	1.0	1.0	1.2	1.4	1.6	2.4	1.9	1.2	1.5	1.2	1.3	1.8	2.2	2.2
Canada	2.7	2.6	1.6	1.8	1.9	1.9	1.9	1.9	2.0	3.3	3.4	3.3	3.4	3.4	3.2	2.9	3.0	3.1
Czech Republic	2.8	3.3	1.4	1.3	1.2	1.3	1.7	2.2	2.6	2.3	3.1	2.5	2.5	2.1	1.7	1.9	2.0	2.1
Denmark	2.0	1.4	0.4	0.4	0.5	0.6	0.7	0.8	0.9	2.7	2.3	1.3	1.1	1.2	1.3	1.4	1.4	1.5
Estonia	..	4.4	0.6	1.6	2.3	2.4	2.5	2.7	3.1	6.7	8.4	2.7	4.8	5.2	4.9	4.6	4.4	4.5
Finland	2.4	2.6	0.1	0.3	0.4	0.5	0.6	0.8	1.1	0.6	1.6	0.9	1.2	1.1	0.4	0.0	-0.1	0.1
France	2.1	1.8	0.9	1.0	1.0	1.0	1.2	1.3	1.5	1.9	2.1	1.4	1.5	1.3	1.3	1.4	1.4	1.4
Germany	2.1	1.4	1.2	1.3	1.2	1.1	1.2	1.2	1.2	1.6	0.8	0.6	0.8	0.5	0.6	0.9	1.1	1.3
Greece	2.5	2.4	-1.4	-1.8	-1.8	-1.1	-0.8	0.1	0.9	1.3	2.9	1.4	0.4	-0.8	-0.8	-0.6	-0.3	0.0
Hungary	3.3	2.6	0.0	0.1	0.3	0.8	1.2	1.6	1.9	3.6	3.9	2.3	2.3	1.9	2.3	3.1	3.1	3.0
Iceland	2.4	3.8	1.6	1.5	1.5	1.4	1.5	1.7	2.0	2.8	4.8	-0.1	0.4	0.6	0.3	0.8	1.5	2.1
Ireland	6.1	4.9	1.4	1.1	1.0	1.3	1.7	2.2	2.5	3.7	5.4	1.9	1.5	1.5	1.8	3.3	4.6	4.8
Israel	4.8	3.6	3.6	4.0	3.9	3.6	3.3	3.2	3.2	7.0	3.8	3.9	4.8	4.4	4.2	3.7	4.0	4.4
Italy	1.5	1.1	0.0	0.0	-0.2	-0.2	0.0	0.2	0.4	1.8	1.8	0.5	0.4	-0.2	-0.3	-0.3	-0.1	0.1
Japan	1.9	0.7	0.4	0.4	0.5	0.6	0.7	0.8	0.9	3.7	1.0	0.0	0.0	0.0	0.3	0.7	0.8	0.7
Luxembourg	4.6	3.7	2.2	2.4	2.5	2.3	2.0	2.0	2.0	4.3	3.5	1.3	2.7	2.7	1.7	1.0	1.2	1.3
Mexico	3.4	2.5	2.2	2.5	2.7	2.8	2.9	3.1	3.3	4.3	4.6	3.8	4.2	4.2	3.8	3.5	3.5	3.6
Netherlands	3.1	2.0	0.9	0.9	0.7	0.7	0.8	1.1	1.3	3.2	3.1	2.4	2.8	1.9	1.4	1.3	1.6	1.9
New Zealand	2.9	3.0	1.5	1.8	1.9	2.2	2.4	2.7	2.8	1.4	3.4	2.3	2.5	2.5	3.0	3.2	3.4	3.5
Norway	2.8	3.0	2.1	2.0	2.1	2.2	2.4	2.4	2.4	2.3	3.6	2.6	2.6	2.6	2.7	2.7	2.7	2.8
Poland	4.5	4.0	3.1	3.1	2.9	2.7	3.0	3.1	3.1	5.5	4.1	3.3	3.9	3.3	3.1	3.7	3.8	4.0
Portugal	3.0	1.6	0.2	0.0	-0.2	-0.1	0.2	0.4	0.6	5.3	4.5	2.7	1.9	1.1	0.9	1.0	1.1	1.2
Slovak Republic	4.2	4.7	1.7	2.2	2.6	2.6	2.7	2.9	3.2	5.4	3.7	2.9	3.7	2.6	2.3	2.4	2.5	2.6
Slovenia	..	3.0	0.5	0.2	0.2	0.3	1.0	1.3	1.5	4.2	4.6	2.3	2.2	1.5	1.8	2.0	1.8	1.7
Spain	2.8	3.1	0.6	0.4	0.2	0.4	0.6	0.7	0.9	4.3	4.4	2.5	2.2	1.6	1.5	1.7	1.9	2.2
Sweden	2.2	2.5	1.6	2.0	1.9	1.9	2.0	2.2	2.4	1.7	1.9	1.4	2.2	1.4	1.4	1.6	2.0	2.2
Switzerland	1.4	2.0	1.8	1.8	1.8	1.9	2.0	2.0	2.0	2.4	1.5	1.1	1.2	1.6	1.8	1.8	1.7	1.8
United Kingdom	2.5	2.4	0.8	0.9	1.1	1.3	1.7	2.0	2.3	3.5	4.7	3.2	3.0	2.7	2.3	2.7	3.0	3.4
United States	3.1	2.6	1.8	1.8	1.9	1.9	2.0	2.1	2.2	2.4	2.2	1.1	1.2	1.4	1.6	1.9	2.3	2.5
Euro area	2.1	1.8	0.8	0.8	0.7	0.7	0.9	1.0	1.2	..	..	..	..	..	..	..	..	..
Total OECD	2.7	2.3	1.5	1.6	1.6	1.6	1.8	1.9	2.0	..	..	..	..	..	..	..	..	..

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170917

Annex Table 22. **Structural unemployment and unit labour costs**

	Structural unemployment rate[1]									Unit labour costs[2]								
	Average 1990-99	Average 2000-09	2010	2011	2012	2013	2014	2015	2016	Average 1990-99	Average 2000-09	2010	2011	2012	2013	2014	2015	2016
	Per cent									*Percentage change*								
Australia	7.7	5.6	5.3	5.2	5.3	5.5	5.7	5.8	5.9	1.4	3.3	5.0	5.3	2.2	0.3	0.0	1.3	1.5
Austria	3.9	4.3	4.4	4.4	4.4	4.5	4.5	4.5	4.5	1.6	1.6	0.2	0.7	3.2	2.6	1.9	1.2	1.2
Belgium	8.2	8.0	8.0	7.9	7.9	8.0	8.0	8.0	8.1	2.0	2.4	-0.5	2.9	3.4	1.7	-0.1	0.3	0.7
Canada	9.1	7.1	7.1	7.1	7.0	7.0	7.0	7.0	7.0	0.9	2.7	-0.1	2.4	2.7	1.6	1.7	1.9	2.4
Czech Republic	6.0	7.3	6.6	6.5	6.4	6.4	6.3	6.3	6.3	7.2	2.8	-0.8	0.3	2.7	0.7	0.9	0.6	1.9
Denmark	6.4	5.5	6.0	6.1	6.2	6.2	6.3	6.3	6.3	1.4	3.4	-0.8	0.0	1.9	1.5	1.2	0.8	0.9
Estonia	..	10.1	9.5	9.1	8.7	8.3	8.3	8.3	8.3	4.9	7.3	-5.1	-1.0	3.1	6.5	5.5	3.2	2.4
Finland	10.7	8.6	8.0	7.9	7.8	7.6	7.5	7.4	7.4	0.3	2.5	-1.3	2.2	5.1	1.8	1.0	0.4	0.7
France	9.1	8.4	8.7	8.9	9.1	9.2	9.3	9.2	9.1	1.3	2.2	0.8	0.7	1.7	0.9	1.2	0.7	0.7
Germany	7.3	8.5	7.0	6.6	6.3	6.1	5.9	5.8	5.8	1.8	0.6	-1.0	0.6	3.2	2.6	2.2	2.9	1.4
Greece	9.7	11.2	14.1	15.2	16.1	16.4	16.9	17.3	17.5	9.5	4.5	0.1	-0.1	-6.0	-7.1	-3.2	-2.3	-1.6
Hungary	8.1	7.4	10.2	10.4	10.4	10.1	9.8	9.7	9.6	12.2	5.9	0.0	1.8	2.6	3.7	2.3	1.7	2.1
Iceland	3.3	3.8	4.2	4.2	4.2	4.2	4.2	4.2	4.2	5.0	4.5	7.4	5.8	6.2	3.6	2.7	3.6	4.1
Ireland	11.7	8.2	10.0	10.5	10.7	10.8	10.8	10.9	10.9	2.0	3.9	-6.8	-2.6	0.3	3.2	1.0	1.1	0.9
Israel	9.4	10.5	8.4	7.5	6.8	6.4	6.2	6.0	5.9	6.1	1.0	1.1	3.1	2.6	1.6	1.3	0.5	1.1
Italy	9.3	8.4	8.0	8.1	8.4	8.8	9.0	9.1	9.2	2.7	3.5	-0.5	0.8	2.2	1.5	1.6	1.3	-0.2
Japan	2.9	4.1	4.1	4.1	4.1	4.2	4.1	4.1	4.1	0.9	-1.4	-4.4	1.0	-1.2	-0.6	1.4	1.9	1.7
Korea	3.2	3.6	3.5	3.4	3.3	3.3	3.4	3.5	3.5	5.4	3.2	0.5	2.6	2.7	1.2	0.5	0.9	0.8
Luxembourg	..	..	..	..	..	..	..	..	..	2.3	4.2	-1.2	2.5	4.1	3.5	1.4	1.6	1.3
Mexico	3.4	3.7	4.7	4.8	4.8	4.8	4.8	4.7	4.7	19.5	5.9	0.3	3.1	3.2	4.3	1.9	0.6	0.8
Netherlands	5.6	4.1	4.5	4.7	4.9	5.1	5.2	5.2	5.2	1.9	2.2	-1.4	0.7	3.3	1.0	-0.8	-1.1	0.1
New Zealand	7.6	5.1	6.0	6.1	6.2	6.1	6.0	5.7	5.4	0.7	3.9	1.4	2.8	1.3	4.3	1.8	1.6	1.7
Norway	4.3	3.4	3.3	3.2	3.3	3.3	3.3	3.3	3.3	2.2	4.7	2.3	5.3	3.5	5.0	2.8	2.4	2.6
Poland	12.4	14.2	9.5	9.4	9.3	9.4	9.2	9.1	9.1	16.3	1.8	1.3	1.1	2.7	0.3	0.5	2.0	1.4
Portugal	6.0	7.8	10.4	11.1	11.6	11.9	12.0	12.0	12.0	6.1	2.8	-0.4	-2.0	-3.5	2.3	0.4	0.6	0.4
Slovak Republic	13.6	14.4	13.2	13.9	14.0	13.8	13.8	13.7	13.7	6.1	2.4	-1.3	1.8	1.7	-1.1	1.8	1.4	1.2
Slovenia	6.7	6.1	6.1	6.7	7.2	7.8	7.8	7.8	7.8	4.8	4.9	0.0	-1.2	0.3	-0.2	-1.6	-0.5	-0.4
Spain	15.1	14.0	16.6	17.5	18.3	18.6	18.8	18.9	19.0	4.4	3.9	-1.4	-1.2	-3.6	-1.1	-0.3	-0.3	-0.2
Sweden	7.1	7.0	7.4	7.4	7.4	7.4	7.5	7.5	7.5	1.0	2.5	-2.4	3.0	3.9	1.2	1.6	1.7	1.9
Switzerland	2.7	3.6	3.9	3.9	4.0	4.0	4.0	4.0	4.0	1.3	1.5	-2.3	2.1	1.5	-0.2	0.5	0.9	0.1
United Kingdom	8.0	5.8	6.4	6.5	6.5	6.6	6.3	6.0	5.6	2.9	2.7	1.2	-0.3	1.9	1.6	0.0	1.6	1.7
United States	5.7	5.7	5.6	5.6	5.5	5.5	5.4	5.4	5.4	2.1	1.6	-0.3	2.2	1.7	0.5	2.4	1.1	1.4
Euro area	8.9	9.0	9.2	9.4	9.5	9.6	9.6	9.7	9.6	2.6	2.4	-0.7	0.4	1.4	1.2	1.1	1.2	0.5
Total OECD	6.4	6.6	6.7	6.7	6.7	6.7	6.7	6.7	6.7	4.1	2.1	-0.5	1.6	1.6	1.1	1.5	1.3	1.2

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170925

Annex Table 23. **Household saving rates**

Per cent of disposable household income

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net saving																				
Australia	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	10.0	11.7	11.0	9.9	9.6	9.3	8.2
Austria	10.4	10.4	11.7	10.5	8.8	8.9	9.2	9.2	10.7	11.3	12.1	11.9	11.3	9.4	7.8	9.0	7.3	7.5	7.5	7.1
Belgium	13.1	12.6	12.5	11.7	13.0	12.2	11.7	10.3	9.9	10.6	10.8	11.2	12.8	10.1	8.5	7.5	6.9	6.1	5.9	5.6
Canada	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	5.2	5.2	4.6	4.9	5.4
Czech Republic	6.9	5.4	4.9	6.0	6.2	6.3	5.7	4.9	6.1	7.8	7.0	6.3	8.5	7.6	6.0	6.2	4.3	5.3	5.0	4.5
Denmark	-4.9	-3.4	-7.2	-6.0	0.0	1.2	1.8	-2.2	-4.6	-1.7	-3.1	-4.2	0.8	2.1	0.1	-1.2	-1.5	2.3	1.3	2.0
Estonia	-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	-3.6	0.7	2.8	2.4
Finland	2.7	1.4	3.5	2.8	1.9	2.5	2.1	2.9	1.0	-0.5	-0.5	-0.3	3.4	3.2	1.3	0.6	0.7	2.0	1.6	0.9
Germany	10.1	9.9	9.4	8.9	9.6	9.6	10.3	10.0	10.0	10.0	10.2	10.5	10.0	9.9	9.6	9.4	9.1	9.2	9.1	8.8
Hungary	12.8	12.0	8.1	6.1	6.7	5.3	3.0	6.2	7.2	7.9	4.2	3.5	5.5	6.1	6.8	4.8	5.3	7.4	6.7	6.0
Ireland	..	..	..	..	..	0.0	1.0	1.8	2.5	-0.1	-1.9	3.9	9.9	7.2	4.8	5.2	2.7	4.9	7.2	7.9
Italy	13.7	10.1	8.9	7.5	8.9	9.7	9.2	9.6	9.1	8.5	8.0	7.7	7.0	4.1	3.7	3.1	3.9	4.6	5.4	4.8
Japan	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	0.4	1.8	1.9	1.8
Korea	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	5.3	5.2	5.3
Luxembourg	..	..	..	..	..	..	..	..	..	..	..	9.5	12.1	13.0	13.6	13.7	16.9	17.7	17.9	18.2
Netherlands	12.7	10.6	8.6	6.9	9.2	9.0	8.3	7.7	6.7	5.0	5.2	5.4	8.7	5.1	6.0	6.5	7.8	8.1	8.0	8.0
New Zealand	-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	1.4	1.6	0.5	0.6
Norway	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	7.5	8.3	8.7	9.0	8.9	8.9
Poland	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	-4.3	-3.4	-1.5	-0.6
Slovak Republic	9.1	7.5	6.0	5.8	3.7	3.2	0.9	0.2	1.0	0.0	1.8	1.0	2.3	4.6	3.3	1.9	3.1	3.2	3.2	3.2
Spain	8.5	7.2	5.6	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	4.3	4.2	4.2
Sweden	2.2	1.7	1.9	4.0	8.0	7.8	6.6	5.8	5.4	6.9	9.4	12.4	12.1	10.7	12.5	15.1	15.3	15.9	16.1	16.3
Switzerland	13.8	13.9	14.6	15.3	15.5	15.3	14.8	13.7	14.0	15.8	17.4	16.7	17.1	17.0	17.8	17.5	17.5	17.1	17.0	17.4
United States	5.7	6.2	4.4	4.2	4.3	5.0	4.8	4.6	2.5	3.3	3.0	4.9	6.1	5.6	6.0	7.2	4.9	5.2	4.9	4.6
Gross saving																				
France	15.6	15.1	14.7	14.5	15.0	16.0	15.3	15.5	14.2	14.3	14.8	14.7	15.9	15.5	15.3	14.9	14.7	14.9	15.2	14.9
Portugal	10.9	10.3	11.4	10.5	11.0	10.9	10.0	10.0	9.2	8.0	7.0	6.8	10.4	9.2	7.5	9.5	9.9	8.4	8.5	8.7
United Kingdom	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	5.2	5.8	5.7	5.8

Note: The adoption of new national account systems 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 96 database.

StatLink http://dx.doi.org/10.1787/888933170932

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	23.9	24.0	23.8	24.1	24.4	24.5	24.8	24.4	26.1	25.6	26.0	25.4	26.7	28.1	28.6	24.7	25.5	26.2	26.6	25.0
Belgium	26.4	26.3	25.4	26.8	26.8	27.5	27.8	26.6	26.6	26.5	27.1	26.9	27.5	28.6	26.9	22.4	25.5	24.5	24.1	21.2
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	21.0
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	22.5	21.7	20.5
Czech Republic	29.4	30.5	29.8	27.0	28.7	27.1	27.8	27.6	25.5	24.7	25.4	26.5	26.3	27.4	26.2	22.6	22.0	22.4	24.1	22.8
Denmark	21.0	22.4	22.5	23.6	23.0	23.8	24.6	25.6	25.0	25.0	25.4	26.4	27.6	26.8	26.8	22.2	24.1	25.0	24.6	25.6
Estonia	..	..	..	..	..	..	23.3	23.0	22.0	21.9	21.8	23.8	23.1	23.0	21.5	22.8	23.3	26.2	26.2	26.0
Finland	19.7	23.5	22.9	26.0	27.2	28.7	30.7	31.3	30.2	27.3	28.8	28.0	28.4	29.6	27.7	23.2	23.1	22.0	20.3	18.8
France	20.8	21.1	20.8	22.1	23.2	24.0	23.8	23.6	22.4	21.9	22.3	22.0	22.6	23.0	22.7	19.7	20.2	21.0	20.2	20.0
Germany	22.5	22.6	22.0	22.2	22.5	22.0	22.1	21.9	21.8	21.2	23.6	23.5	25.6	27.7	26.7	24.2	25.4	26.8	26.4	25.9
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	..	19.7	18.7	15.7	14.1	19.7	20.4	20.7	18.9	16.4	17.6	16.9	18.3	17.0	17.8	19.5	20.9	21.2	20.9	24.0
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	20.6	20.1	20.2	21.2	21.6	21.4	20.6	20.2	18.9	19.2	20.7	23.1	24.1	23.6	20.9	21.3	21.2	21.9	21.6	21.9
Italy	20.0	21.7	21.9	21.9	21.1	20.8	20.4	20.8	20.9	20.2	20.6	20.2	20.3	20.8	18.9	17.5	17.1	17.4	18.1	18.7
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	38.0	38.5	37.5	37.8	40.6	38.6	36.9	35.1	34.2	35.4	37.2	35.4	34.4	34.2	34.0	33.5	34.8	34.7	34.4	..
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	27.4	28.5	28.2	29.2	27.0	28.7	29.4	26.9	26.0	26.9	28.3	27.1	29.2	29.4	26.8	26.3	27.9	27.6	28.2	26.8
New Zealand	18.4	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	16.4	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	18.7	20.9	19.8	20.2	20.6	20.2	17.8	17.9	17.2	16.2	15.4	13.4	12.5	13.0	11.0	10.7	10.7	13.0	14.0	15.2
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	..	23.4	23.6	24.8	25.1	24.4	24.6	25.3	25.5	25.1	25.7	26.4	28.5	28.9	27.4	23.0	22.3	22.6	22.0	24.3
Spain	19.5	21.7	21.4	22.2	22.4	22.5	22.5	22.4	23.1	23.8	23.1	22.5	22.2	21.7	20.4	20.3	19.7	18.7	19.8	20.4
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	25.2
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	32.5	34.7
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	9.6
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, ESA95 or ESA10.

Source: National accounts of OECD countries database.

StatLink http://dx.doi.org/10.1787/888933170941

Annex Table 25. **General government total outlays**

Per cent of nominal GDP

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	34.2	33.7	33.8	34.0	34.3	33.7	33.1	33.5	33.3	33.1	33.2	33.9	36.9	36.3	35.2	35.7	35.0	37.1	36.1	35.7
Austria	52.1	52.1	51.8	50.3	51.0	50.7	51.0	53.6	51.0	50.1	49.1	49.9	54.1	52.9	50.8	51.0	50.9	51.8	51.2	50.7
Belgium	51.1	50.3	49.7	48.7	48.8	49.0	50.2	48.4	50.9	47.7	47.6	49.4	53.2	52.3	53.2	54.8	54.4	54.1	53.0	52.0
Canada	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	41.7	41.1	40.7	39.8	39.7	39.3
Czech Republic	41.5	41.8	41.1	40.3	42.5	44.3	48.5	42.2	41.9	40.8	39.9	40.2	43.6	43.0	42.5	43.8	42.0	41.6	41.9	41.0
Denmark	55.9	55.4	54.5	52.7	52.8	53.2	53.6	53.0	51.2	49.8	49.6	50.5	56.8	57.1	56.9	58.8	56.7	56.2	55.2	53.7
Estonia	38.2	40.3	41.1	36.9	35.8	37.2	36.1	35.0	34.5	34.7	35.0	40.5	45.5	40.4	38.0	39.7	38.9	38.7	39.1	37.8
Finland	56.1	52.4	51.0	48.0	47.3	48.5	49.4	49.3	49.3	48.3	46.8	48.3	54.8	54.8	54.4	56.3	57.8	58.3	58.0	57.6
France	53.9	52.3	52.1	51.1	51.2	52.3	52.8	52.6	52.9	52.5	52.2	53.0	56.8	56.5	56.0	56.7	57.1	57.3	56.8	56.3
Germany	47.9	47.7	47.7	44.7	46.8	47.2	47.7	46.4	46.2	44.6	42.7	43.5	47.5	47.3	44.6	44.2	44.3	44.1	44.4	44.1
Greece	43.4	42.6	42.5	45.6	44.4	44.2	44.0	44.6	43.9	44.8	46.8	50.6	54.0	51.9	53.7	53.8	59.3	47.5	46.7	45.8
Hungary	49.6	50.8	48.8	47.3	47.4	51.1	49.3	48.9	49.8	51.9	50.2	48.9	50.8	49.7	49.9	48.7	49.7	49.4	48.4	48.1
Iceland	39.6	40.3	41.1	40.7	41.4	42.9	44.2	42.4	41.0	40.5	40.3	55.2	48.1	48.8	45.4	45.4	44.1	44.6	43.9	43.8
Ireland	36.6	34.7	34.1	31.1	32.7	33.2	33.1	33.3	33.5	34.1	36.0	42.0	47.6	66.1	46.2	42.3	40.5	38.4	36.6	35.9
Israel	..	51.8	50.4	48.0	50.0	51.3	50.2	46.9	45.9	44.6	42.7	42.2	42.1	41.3	41.0	41.4	41.3	41.4	41.5	40.9
Italy	49.6	48.3	47.3	45.5	47.5	46.8	47.2	46.8	47.1	47.6	46.8	47.8	51.1	49.9	49.1	50.4	50.5	51.1	51.0	50.2
Japan	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	42.8	42.2	41.0	39.4
Korea	22.7	25.0	24.2	23.5	24.8	24.3	29.4	26.7	27.2	28.3	29.1	30.9	33.4	31.0	32.3	32.7	32.8	32.3	32.8	32.8
Luxembourg	39.1	39.6	37.7	36.4	37.1	40.6	42.3	42.8	42.5	39.6	38.1	39.3	45.0	44.0	42.3	43.5	43.8	44.0	44.3	44.2
Netherlands	45.6	44.2	43.7	41.7	43.2	44.0	44.8	44.0	42.7	43.5	42.8	43.8	48.2	48.3	47.0	47.5	46.8	47.0	46.5	45.9
New Zealand	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	45.2	43.8	42.8	41.9	41.4	41.1
Norway	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	44.6	46.0	47.4	47.6
Poland	..	..	..	..	..	..	..	..	..	..	..	..	..	45.9	43.9	42.9	42.2	41.3	41.4	41.2
Portugal	42.5	42.5	42.6	42.6	44.1	43.7	45.3	46.1	46.7	45.2	44.5	45.3	50.2	51.8	50.0	48.5	50.1	50.1	48.2	47.3
Slovak Republic	48.2	45.4	47.7	51.8	44.3	44.8	39.6	37.5	39.3	38.5	36.1	36.4	43.8	42.0	40.6	40.2	41.0	40.8	39.8	39.2
Slovenia	44.2	45.0	45.8	46.1	47.0	45.8	45.8	45.3	44.9	44.2	42.2	44.0	48.5	49.2	49.8	48.1	59.7	48.6	46.9	46.1
Spain	41.6	41.0	39.9	39.1	38.5	38.6	38.3	38.7	38.3	38.3	38.9	41.1	45.8	45.6	45.4	47.3	44.3	43.4	42.3	41.2
Sweden	60.6	58.6	58.0	54.9	54.3	55.5	55.6	54.2	54.1	52.6	50.9	51.6	54.3	53.4	52.7	53.8	54.4	54.6	54.4	53.7
Switzerland	34.5	34.5	33.8	34.2	33.8	36.3	35.7	34.9	34.0	32.2	31.0	31.2	33.1	32.9	32.9	33.2	33.5	33.5	33.1	32.6
United Kingdom	38.3	37.6	37.6	32.9	38.7	39.6	40.4	41.2	41.8	42.0	41.9	45.4	48.6	47.5	45.8	45.4	44.4	43.9	42.6	41.1
United States[1]	35.5	34.6	34.2	33.9	35.1	36.2	36.8	36.5	36.5	36.4	37.1	39.2	43.1	42.8	41.7	40.2	38.9	38.4	37.8	37.5
Euro area	48.9	47.9	47.5	45.6	46.7	46.9	47.3	46.8	46.7	46.1	45.3	46.6	50.7	50.5	49.1	49.5	49.4	49.1	48.8	48.1
Total OECD	40.1	40.3	39.4	38.4	39.6	40.1	39.8	39.2	39.1	38.9	38.9	40.7	44.3	43.8	42.9	42.5	42.0	41.6	41.0	40.3

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170952

Annex Table 26. **General government total tax and non-tax receipts**

Per cent of nominal GDP

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	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	31.5	32.7	33.7	33.8	34.1	34.2
Austria	49.7	49.4	49.2	48.3	50.4	49.3	49.3	48.8	48.5	47.6	47.8	48.5	48.8	48.4	48.2	48.7	49.5	48.8	49.0	48.8
Belgium	48.8	49.3	49.1	48.6	48.9	49.1	48.4	48.2	48.3	47.9	47.6	48.4	47.7	48.4	49.3	50.7	51.5	51.3	50.9	50.7
Canada	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	38.0	38.0	38.0	37.8	38.0	37.9
Czech Republic	38.0	37.1	37.7	36.8	37.1	38.0	42.1	39.5	38.7	38.5	39.2	38.1	38.1	38.6	39.6	39.8	40.7	40.2	39.8	39.5
Denmark	54.7	55.0	55.4	54.6	54.0	53.2	53.5	55.1	56.2	54.8	54.6	53.7	54.0	54.3	54.8	54.9	55.9	54.5	53.1	51.4
Estonia	40.5	39.3	37.4	36.6	35.5	36.9	37.4	36.4	35.7	36.5	36.7	36.8	43.2	40.6	39.1	39.5	38.4	38.4	38.7	37.6
Finland	54.9	54.0	52.6	54.9	52.3	52.6	51.8	51.5	51.9	52.3	51.9	52.4	52.2	52.1	53.3	54.2	55.4	55.6	55.8	55.8
France	50.3	49.9	50.5	49.8	49.8	49.2	48.9	49.1	49.8	50.1	49.7	49.8	49.6	49.7	50.9	51.8	53.0	52.9	52.5	52.2
Germany	45.1	45.3	46.2	45.7	43.8	43.3	43.6	42.8	42.9	43.0	43.0	43.5	44.4	43.2	43.8	44.3	44.4	44.3	44.3	44.3
Greece	37.6	38.8	39.5	41.9	39.9	39.3	38.2	37.1	38.4	38.7	40.1	40.7	38.7	40.9	43.6	45.2	47.1	46.5	46.2	46.0
Hungary	44.1	43.4	43.6	44.2	43.3	42.2	42.1	42.5	42.0	42.5	45.2	45.3	46.2	45.2	44.4	46.4	47.3	46.5	45.8	45.5
Iceland	39.6	39.9	42.2	42.3	40.8	40.4	41.4	42.5	45.7	46.7	45.4	42.2	38.7	39.3	40.1	41.7	42.1	44.1	43.6	43.9
Ireland	37.9	36.7	36.5	35.9	33.6	32.9	33.6	34.6	35.1	36.9	36.2	35.0	33.7	33.7	33.5	34.2	34.8	34.7	33.7	33.2
Israel	..	44.9	44.8	44.7	44.5	44.4	43.0	41.9	41.8	42.9	42.1	39.5	36.5	37.3	37.7	36.4	37.2	37.5	37.5	37.5
Italy	46.6	45.3	45.5	44.2	44.1	43.7	43.8	43.3	43.0	44.0	45.2	45.1	45.9	45.6	45.6	47.4	47.7	48.1	48.2	48.1
Japan	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	33.2	33.8	33.9	33.7	33.1
Korea	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	32.4	31.7	31.8	32.1
Luxembourg	42.7	43.0	41.2	42.1	43.1	42.9	42.9	41.7	42.7	41.0	42.3	42.6	44.5	43.3	42.6	43.5	44.5	44.9	44.5	44.7
Netherlands	44.3	43.3	44.0	43.6	42.8	41.9	41.7	42.2	42.4	43.6	42.9	44.0	42.7	43.2	42.7	43.5	44.5	44.5	44.1	43.7
New Zealand	42.3	40.3	39.7	39.7	39.1	40.3	41.0	40.9	42.7	44.7	43.7	42.1	39.8	41.1	40.8	41.7	42.8	41.9	42.1	42.1
Norway	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	55.7	55.9	56.9	57.0
Poland	..	..	..	..	..	..	..	..	..	..	..	..	..	38.2	39.0	39.1	38.2	38.0	38.5	38.6
Portugal	38.9	38.7	39.5	39.4	39.3	40.4	40.9	39.9	40.5	40.9	41.5	41.6	40.4	40.6	42.6	43.0	45.2	45.2	45.3	45.0
Slovak Republic	42.1	40.1	40.4	39.7	37.9	36.7	36.9	35.2	36.4	34.9	34.1	34.0	35.9	34.5	36.4	36.0	38.4	37.9	37.2	37.1
Slovenia	41.9	42.7	42.8	42.5	43.1	43.4	43.2	43.1	43.4	42.9	42.1	42.1	42.3	43.6	43.6	44.4	45.2	44.1	44.0	43.8
Spain	37.7	38.1	38.6	38.1	37.9	38.2	37.9	38.6	39.5	40.5	40.9	36.7	34.8	36.2	36.0	37.0	37.5	37.9	37.9	37.9
Sweden	59.0	59.4	58.8	58.2	55.7	54.1	54.3	54.6	55.9	54.8	54.2	53.5	53.6	53.4	52.6	52.8	53.1	52.8	53.1	53.1
Switzerland	31.7	32.6	32.9	33.7	33.0	33.6	33.2	32.7	32.8	32.5	31.9	33.2	33.9	33.3	33.7	33.5	33.6	34.0	33.9	33.8
United Kingdom	36.2	37.5	38.4	38.5	39.1	37.5	37.0	37.8	38.5	39.2	39.0	40.5	37.8	38.0	38.3	39.5	38.8	38.4	38.3	38.0
United States[1]	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	31.2	33.2	33.4	33.5	33.5
Euro area	45.9	45.6	46.0	45.4	44.7	44.2	44.2	43.9	44.1	44.6	44.7	44.5	44.4	44.4	44.9	45.9	46.6	46.5	46.4	46.3
Total OECD	38.0	38.1	38.3	38.3	37.9	36.6	35.6	35.7	36.4	37.4	37.4	37.2	36.0	35.9	36.4	36.8	37.7	37.6	37.6	37.4

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170960

Annex Table 27. **General government financial balances**

Surplus (+) or deficit (-) as a per cent of nominal GDP

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	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	-3.0	-1.3	-3.3	-2.0	-1.5
Austria	-2.4	-2.7	-2.6	-2.1	-0.6	-1.3	-1.7	-4.8	-2.5	-2.5	-1.3	-1.5	-5.3	-4.5	-2.6	-2.3	-1.5	-3.0	-2.2	-1.8
Belgium	-2.3	-1.0	-0.6	-0.1	0.2	0.1	-1.8	-0.2	-2.6	0.2	0.0	-1.1	-5.5	-4.0	-3.9	-4.1	-2.9	-2.9	-2.1	-1.3
Canada	0.2	0.2	1.8	2.9	0.8	0.0	0.1	1.0	1.7	1.8	1.5	-0.3	-4.5	-4.9	-3.7	-3.1	-2.7	-2.0	-1.8	-1.4
Czech Republic	-3.5	-4.6	-3.5	-3.5	-5.3	-6.3	-6.4	-2.7	-3.1	-2.3	-0.7	-2.1	-5.5	-4.4	-2.9	-4.0	-1.3	-1.4	-2.1	-1.5
Denmark	-1.2	-0.4	0.9	1.9	1.1	0.0	-0.1	2.1	5.0	5.0	5.0	3.2	-2.8	-2.7	-2.1	-3.9	-0.7	-1.7	-2.2	-2.3
Estonia	2.2	-1.1	-3.7	-0.3	-0.3	-0.3	1.3	1.4	1.2	1.9	1.7	-3.6	-2.3	0.2	1.0	-0.3	-0.5	-0.3	-0.3	-0.2
Finland	-1.2	1.6	1.7	6.9	5.0	4.1	2.4	2.2	2.6	3.9	5.1	4.2	-2.5	-2.6	-1.0	-2.1	-2.4	-2.6	-2.1	-1.8
France	-3.6	-2.4	-1.6	-1.3	-1.4	-3.1	-3.9	-3.5	-3.2	-2.3	-2.5	-3.2	-7.2	-6.8	-5.1	-4.9	-4.1	-4.4	-4.3	-4.1
Germany	-2.8	-2.4	-1.5	1.0	-3.1	-3.9	-4.1	-3.7	-3.3	-1.5	0.3	0.0	-3.0	-4.1	-0.9	0.1	0.1	0.2	0.0	0.2
Greece	-5.9	-3.8	-3.1	-3.8	-4.5	-4.9	-5.8	-7.5	-5.5	-6.1	-6.7	-9.9	-15.2	-11.0	-10.1	-8.6	-12.2	-1.0	-0.5	0.2
Hungary	-5.6	-7.5	-5.1	-3.0	-4.1	-8.9	-7.2	-6.4	-7.9	-9.4	-5.1	-3.7	-4.6	-4.5	-5.5	-2.3	-2.4	-2.9	-2.6	-2.5
Iceland	0.0	-0.4	1.1	1.6	-0.7	-2.5	-2.7	0.0	4.7	6.2	5.1	-12.9	-9.4	-9.5	-5.3	-3.7	-2.0	-0.5	-0.3	0.1
Ireland	1.3	2.0	2.4	4.8	0.9	-0.3	0.4	1.4	1.6	2.8	0.2	-7.0	-13.9	-32.4	-12.6	-8.1	-5.7	-3.7	-2.9	-2.7
Israel	..	-6.9	-5.6	-3.3	-5.5	-6.9	-7.1	-5.1	-4.1	-1.7	-0.6	-2.7	-5.6	-4.0	-3.3	-5.0	-4.1	-3.8	-4.0	-3.3
Italy	-3.0	-3.0	-1.8	-1.3	-3.4	-3.1	-3.4	-3.6	-4.2	-3.6	-1.5	-2.7	-5.3	-4.2	-3.5	-3.0	-2.8	-3.0	-2.8	-2.1
Japan	-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	-9.0	-8.3	-7.3	-6.3
Korea	3.2	1.6	2.5	5.4	4.5	5.5	1.0	3.1	3.7	4.3	4.9	3.0	-0.9	1.0	1.0	1.0	-0.4	-0.6	-1.0	-0.7
Luxembourg	3.6	3.4	3.5	5.7	6.0	2.3	0.6	-1.0	0.2	1.4	4.2	3.3	-0.5	-0.6	0.3	0.1	0.6	0.9	0.2	0.5
Netherlands	-1.3	-0.9	0.3	1.9	-0.4	-2.1	-3.1	-1.8	-0.3	0.2	0.2	0.2	-5.5	-5.1	-4.4	-4.0	-2.3	-2.6	-2.3	-2.2
New Zealand	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	0.0	0.0	0.7	1.0
Norway	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	9.9	9.5	9.4
Poland	..	..	..	..	..	..	..	..	..	..	..	..	..	-7.6	-4.9	-3.7	-4.0	-3.3	-2.9	-2.6
Portugal	-3.5	-3.8	-3.0	-3.2	-4.8	-3.3	-4.4	-6.2	-6.2	-4.3	-3.0	-3.8	-9.8	-11.2	-7.4	-5.5	-4.9	-4.9	-2.9	-2.3
Slovak Republic	-6.2	-5.2	-7.3	-12.1	-6.4	-8.1	-2.7	-2.3	-2.9	-3.6	-1.9	-2.4	-7.9	-7.5	-4.1	-4.2	-2.6	-2.9	-2.6	-2.2
Slovenia	-2.3	-2.3	-3.0	-3.6	-3.9	-2.4	-2.6	-2.2	-1.5	-1.3	-0.1	-1.8	-6.1	-5.7	-6.2	-3.7	-14.6	-4.4	-2.9	-2.4
Spain	-3.9	-2.9	-1.3	-1.0	-0.5	-0.4	-0.4	0.0	1.2	2.2	2.0	-4.4	-11.0	-9.4	-9.4	-10.3	-6.8	-5.5	-4.4	-3.3
Sweden	-1.6	0.9	0.8	3.2	1.4	-1.5	-1.3	0.3	1.8	2.2	3.3	2.0	-0.7	0.0	-0.1	-0.9	-1.3	-1.7	-1.3	-0.6
Switzerland	-2.9	-1.9	-0.9	-0.4	-0.8	-2.7	-2.4	-2.2	-1.2	0.3	0.9	2.0	0.8	0.3	0.8	0.3	0.1	0.5	0.8	1.2
United Kingdom	-2.0	-0.1	0.8	5.6	0.4	-2.1	-3.4	-3.4	-3.3	-2.8	-2.9	-4.9	-10.7	-9.5	-7.5	-5.9	-5.6	-5.5	-4.4	-3.1
United States	-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	-9.0	-5.7	-5.1	-4.3	-4.0
Euro area	-3.0	-2.3	-1.4	-0.2	-2.0	-2.7	-3.1	-2.9	-2.5	-1.5	-0.6	-2.1	-6.2	-6.1	-4.1	-3.6	-2.9	-2.6	-2.3	-1.9
Total OECD	-2.1	-2.2	-1.2	-0.1	-1.7	-3.6	-4.2	-3.5	-2.7	-1.5	-1.5	-3.5	-8.3	-7.9	-6.5	-5.7	-4.3	-3.9	-3.4	-2.9
Memorandum items																				
General government financial balances excluding social security																				
United States	-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	-9.3	-5.9	-5.2	-4.5	-4.3
Japan	-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	-8.0	-8.4	-7.7	-6.6	-5.6

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, 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 96 database.

StatLink http://dx.doi.org/10.1787/888933170973

Annex Table 28. **General government cyclically-adjusted balances**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	0.8	2.2	2.3	1.2	0.1	1.3	1.6	1.5	1.4	1.8	0.9	-1.1	-4.7	-4.8	-3.3	-2.8	-1.0	-2.9	-1.5	-1.1
Austria	-1.9	-2.6	-3.2	-3.2	-1.7	-2.0	-1.8	-4.7	-2.6	-3.2	-2.7	-3.2	-5.1	-3.7	-2.5	-2.1	-0.8	-1.8	-0.7	-0.2
Belgium	-1.9	-0.4	-0.7	-1.1	-0.2	0.1	-1.1	-0.2	-2.7	-0.3	-1.3	-2.3	-4.7	-3.8	-4.3	-4.0	-2.3	-2.1	-1.4	-0.7
Canada	0.9	0.5	1.5	2.0	0.2	-0.3	-0.1	0.7	1.2	1.1	0.8	-0.8	-3.5	-4.2	-3.5	-2.9	-2.6	-2.1	-2.1	-1.9
Czech Republic	..	..	-2.4	-3.0	-4.8	-5.0	-5.1	-1.9	-3.2	-3.6	-2.9	-4.3	-5.3	-4.4	-3.1	-3.5	-0.1	-0.5	-1.3	-0.7
Denmark	-1.8	-1.2	-0.1	0.1	-0.5	-1.1	-0.5	1.5	3.6	2.5	2.3	0.9	-2.2	-1.4	-1.3	-2.8	0.7	-0.3	-1.0	-1.6
Estonia	..	..	..	..	..	0.5	1.7	1.4	-0.1	-1.2	-2.7	-5.7	1.5	3.2	2.1	0.1	0.1	0.4	0.4	0.5
Finland	-0.2	1.8	1.4	6.1	4.5	4.2	3.0	2.4	2.6	3.2	3.2	2.2	-1.1	-2.1	-1.4	-1.8	-1.3	-1.1	-0.7	-0.4
France	-2.7	-2.0	-1.7	-2.2	-2.5	-3.8	-4.1	-3.8	-3.7	-3.2	-4.0	-4.4	-6.5	-6.0	-4.9	-4.5	-3.4	-3.3	-2.9	-2.5
Germany	-2.2	-1.9	-1.2	0.6	-3.8	-4.2	-3.6	-3.0	-2.4	-1.6	-0.7	-1.0	-1.4	-3.0	-0.9	0.0	0.4	0.4	0.2	0.3
Greece	-5.3	-3.5	-2.5	-3.3	-3.9	-4.2	-6.3	-8.9	-6.5	-9.0	-10.9	-14.1	-17.6	-11.2	-6.5	-2.5	-4.3	4.7	4.4	4.1
Hungary	-4.3	-6.6	-4.2	-2.2	-3.4	-8.6	-7.2	-7.0	-9.2	-11.6	-7.0	-5.4	-3.7	-3.5	-5.1	-1.4	-1.7	-3.0	-3.0	-2.9
Iceland	0.9	-0.4	0.7	1.0	-1.4	-2.5	-2.3	-0.7	3.2	4.6	2.5	-16.4	-9.6	-7.5	-3.2	-1.6	-0.5	0.5	0.2	0.2
Ireland	1.0	0.8	0.0	1.6	-2.3	-3.6	-2.1	-1.0	-1.2	-0.5	-3.5	-8.9	-11.6	-27.7	-9.8	-5.1	-2.6	-1.4	-1.4	-1.5
Israel	..	-6.9	-5.3	-4.7	-5.8	-5.8	-4.9	-3.4	-2.8	-1.2	-0.9	-3.2	-5.6	-4.6	-4.0	-5.4	-4.4	-3.9	-4.0	-3.4
Italy	-3.0	-3.2	-2.1	-2.5	-5.0	-4.2	-4.0	-4.2	-4.9	-4.8	-3.2	-3.8	-3.7	-2.7	-2.4	-1.0	0.2	0.4	0.6	1.0
Japan	-4.1	-9.6	-6.0	-6.6	-5.1	-6.6	-6.8	-5.7	-4.8	-1.6	-2.9	-2.3	-7.3	-7.7	-8.2	-8.4	-9.1	-8.4	-7.3	-6.4
Korea	2.8	3.0	3.5	5.7	4.7	5.3	1.0	3.0	3.7	4.1	4.4	2.6	-0.6	0.8	0.7	1.0	-0.2	-0.3	-0.8	-0.5
Luxembourg	5.3	4.3	3.1	4.0	4.5	1.4	0.7	-0.9	-0.1	0.6	2.2	1.5	0.7	0.4	0.9	1.5	2.5	2.5	1.7	1.8
Netherlands	-0.9	-1.1	-0.4	0.6	-2.0	-2.9	-2.7	-0.9	0.5	0.1	-1.0	-1.7	-6.3	-4.9	-4.5	-3.5	-0.9	-0.9	-0.9	-0.9
New Zealand	0.7	0.7	0.0	1.7	1.8	3.5	3.2	3.2	3.9	4.7	3.5	0.4	-2.2	-6.9	-3.8	-1.7	0.2	-0.1	0.5	0.9
Norway[1]	-0.8	-1.8	-0.6	1.1	0.5	-1.3	-2.6	-1.1	-0.3	1.0	2.2	1.1	-0.6	0.0	0.3	0.3	0.1	-0.5	-0.9	-1.1
Poland	..	..	..	..	..	..	..	..	..	..	..	..	..	-7.7	-5.5	-3.9	-3.9	-3.3	-2.8	-2.6
Portugal	-3.9	-5.0	-4.6	-5.2	-6.6	-4.5	-4.4	-6.3	-6.0	-4.4	-3.8	-4.4	-8.9	-10.9	-6.2	-3.1	-1.7	-2.1	-0.6	-0.4
Slovenia	..	..	..	..	-3.3	-1.9	-2.0	-2.0	-1.6	-2.5	-2.7	-5.0	-5.3	-5.0	-5.7	-2.0	-11.7	-2.6	-1.2	-1.0
Spain	-3.1	-2.7	-1.7	-2.1	-2.0	-1.6	-1.3	-1.0	-0.2	0.3	-0.5	-6.4	-10.6	-8.2	-7.8	-7.6	-3.4	-2.3	-1.8	-1.2
Sweden	0.2	1.9	1.2	2.7	1.3	-1.3	-1.0	0.1	1.5	0.6	1.2	1.0	1.5	0.5	0.0	0.0	-0.2	-0.7	-0.6	-0.1
Switzerland	-2.1	-1.7	-1.0	-1.3	-1.7	-2.8	-1.7	-1.6	-0.9	0.1	0.1	1.2	1.0	0.4	0.7	0.4	0.3	0.9	1.3	1.6
United Kingdom	-1.9	-0.1	0.9	5.5	0.3	-2.0	-3.7	-4.0	-4.1	-3.9	-4.3	-5.8	-9.4	-8.0	-6.5	-4.8	-4.6	-5.1	-4.3	-3.2
United States	-1.5	-0.7	-0.8	-0.3	-2.1	-4.9	-6.1	-6.1	-5.2	-4.3	-4.7	-7.3	-11.0	-10.3	-8.9	-7.4	-4.4	-3.9	-3.5	-3.5
Euro area	-2.4	-2.1	-1.5	-1.1	-3.1	-3.4	-3.2	-3.0	-2.7	-2.3	-2.2	-3.5	-5.3	-5.2	-3.6	-2.7	-1.3	-1.0	-0.7	-0.5
Total OECD	-2.1	-2.3	-1.5	-0.9	-2.4	-3.8	-4.5	-4.2	-3.6	-2.7	-2.9	-4.5	-7.5	-7.2	-6.0	-5.0	-3.5	-3.2	-2.8	-2.5

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170987

Annex Table 29. **General government underlying balances**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	0.5	1.8	2.1	0.9	0.1	1.3	1.5	1.5	1.5	2.0	1.2	-0.9	-4.3	-4.3	-3.1	-2.8	-1.3	-1.5	-1.5	-1.1
Austria	-1.7	-2.1	-3.2	-3.5	-1.3	-2.0	-1.9	-1.2	-2.8	-3.4	-3.0	-3.5	-4.6	-3.8	-2.6	-1.8	-1.0	-0.9	-0.7	-0.4
Belgium	-1.7	-0.3	-0.8	-1.0	-0.4	-0.2	-0.8	-0.7	-0.6	-0.6	-1.2	-2.2	-4.1	-3.6	-3.6	-2.9	-2.2	-2.0	-1.3	-0.6
Canada	0.6	0.3	1.5	1.9	0.0	-0.4	-0.1	0.8	1.3	1.2	0.8	-0.8	-3.4	-4.1	-3.4	-2.8	-2.5	-2.1	-2.1	-1.8
Czech Republic	..	..	-3.0	-4.7	-4.1	-3.9	-7.1	-2.6	-4.5	-4.3	-3.6	-4.4	-6.3	-5.2	-3.9	-1.7	-0.2	-0.5	-1.0	-0.7
Denmark	-1.9	-1.2	-0.1	0.1	-0.9	-1.0	-0.4	1.3	3.5	2.3	2.2	1.3	-2.2	-1.5	-1.3	-1.6	0.3	-1.5	-1.6	-1.5
Estonia	..	..	..	..	..	0.5	1.6	1.1	-0.3	-1.4	-2.3	-4.4	-1.5	-0.3	-0.1	0.9	0.0	0.3	0.3	0.4
Finland	-0.4	1.7	1.8	6.1	4.6	4.2	2.9	2.3	2.6	3.1	3.2	2.2	-1.0	-2.0	-1.3	-1.8	-1.4	-1.1	-0.7	-0.4
France	-2.7	-2.0	-1.5	-2.4	-2.5	-3.8	-4.3	-4.0	-3.8	-3.2	-4.0	-4.3	-6.3	-6.0	-4.9	-4.5	-3.5	-3.4	-3.0	-2.7
Germany	-2.4	-1.9	-1.3	-1.6	-3.3	-3.8	-3.2	-2.8	-2.2	-1.7	-0.9	-0.9	-1.4	-2.1	-1.1	-0.2	0.1	0.3	0.1	0.1
Greece	-4.6	-2.8	-1.4	-2.2	-3.0	-3.1	-6.6	-8.8	-7.8	-10.7	-12.1	-14.2	-17.1	-11.5	-7.1	-1.0	3.6	3.9	4.0	4.1
Hungary	-4.4	-5.0	-4.9	-2.3	-3.2	-7.0	-7.1	-7.5	-9.4	-11.3	-6.2	-4.8	-3.6	-3.6	-3.9	-1.5	-1.9	-3.5	-3.0	-2.9
Iceland	0.9	-0.6	0.6	0.9	-1.3	-2.5	-2.3	-0.8	3.0	4.3	2.0	-3.5	-9.5	-4.5	-2.7	-1.3	-0.8	-0.6	-0.4	-0.4
Ireland	0.5	0.4	1.2	1.4	-2.2	-3.8	-2.2	-0.9	-1.1	-0.8	-3.8	-8.3	-8.8	-7.3	-6.2	-5.0	-3.3	-2.2	-2.3	-2.3
Israel	..	-7.2	-5.4	-5.0	-5.9	-5.8	-5.2	-3.5	-2.8	-1.2	-0.8	-3.1	-5.2	-4.5	-4.2	-5.4	-4.5	-4.1	-4.2	-3.6
Italy	-3.6	-3.4	-2.1	-3.7	-4.6	-3.9	-4.9	-4.6	-4.8	-3.7	-3.1	-3.9	-4.2	-3.0	-3.2	-1.0	-0.3	0.1	0.3	0.7
Japan	-4.8	-5.2	-6.3	-6.3	-5.7	-6.7	-6.4	-6.5	-4.8	-3.1	-3.0	-3.2	-7.3	-7.9	-7.8	-7.9	-8.3	-7.7	-6.8	-6.1
Korea	2.9	3.4	3.5	5.3	4.6	5.3	4.5	3.1	3.4	3.9	4.1	2.7	-0.5	0.5	0.8	0.7	-0.1	-0.3	-0.8	-0.7
Luxembourg	5.2	4.1	3.0	3.9	2.9	1.5	0.8	-0.6	0.1	1.0	2.1	1.3	0.8	0.5	0.9	1.6	2.5	2.5	1.7	1.8
Netherlands	-1.1	-1.2	-0.5	0.0	-1.5	-2.7	-2.5	-1.0	0.1	-0.4	-1.3	-1.9	-5.7	-4.5	-4.6	-3.6	-1.5	-0.9	-0.9	-0.9
New Zealand	0.9	0.7	0.0	1.7	1.8	3.5	3.2	3.2	3.7	4.7	3.4	0.6	-2.1	-3.1	-2.4	-1.1	-0.6	-0.2	1.0	1.4
Norway[1]	-1.0	-2.0	-0.6	1.5	0.4	-1.2	-2.6	-1.2	-0.3	1.0	2.2	1.2	-0.6	0.0	0.3	0.3	0.1	-0.5	-0.9	-1.1
Poland	..	..	..	..	..	..	..	..	..	..	..	..	..	-8.0	-6.4	-4.4	-4.0	-3.2	-2.8	-2.6
Portugal	-4.6	-4.7	-4.4	-5.4	-6.7	-5.3	-4.8	-5.9	-6.0	-4.2	-3.7	-4.7	-8.6	-8.5	-6.1	-4.5	-2.2	-1.6	-0.9	-0.9
Slovenia	..	..	..	..	-3.3	-2.1	-1.7	-1.8	-1.6	-2.7	-2.8	-4.5	-5.1	-5.1	-4.7	-2.3	-2.6	-1.8	-1.2	-1.0
Spain	-3.2	-2.8	-2.0	-2.1	-1.8	-1.5	-1.4	-0.5	0.0	0.5	-0.1	-5.8	-9.8	-7.8	-7.3	-4.5	-3.4	-2.6	-2.1	-1.6
Sweden	0.7	1.2	1.3	2.7	1.3	-1.2	-0.9	0.1	1.5	0.6	1.3	1.1	1.6	0.5	0.2	-0.1	-0.4	-0.7	-0.6	-0.1
Switzerland	-2.8	-2.2	-1.6	-0.2	-1.5	-1.5	-2.0	-1.7	-1.1	-0.4	-0.2	1.2	0.7	0.1	0.4	-0.1	0.1	0.9	1.3	1.5
United Kingdom[2]	-1.9	-0.1	0.8	1.0	0.3	-2.1	-3.8	-4.1	-3.2	-3.9	-4.5	-5.5	-8.5	-8.0	-6.7	-7.3	-6.5	-6.0	-4.9	-3.5
United States	-1.6	-0.8	-0.8	-0.3	-2.1	-5.0	-6.0	-6.0	-5.1	-4.4	-4.7	-7.0	-10.2	-10.0	-8.7	-7.3	-4.5	-4.0	-3.5	-3.5
Euro area	-2.6	-2.1	-1.5	-2.0	-2.8	-3.2	-3.3	-2.9	-2.7	-2.2	-2.2	-3.4	-5.1	-4.5	-3.7	-2.4	-1.4	-1.1	-0.9	-0.7
Total OECD	-2.3	-1.8	-1.5	-1.4	-2.4	-3.8	-4.4	-4.2	-3.4	-2.9	-3.0	-4.4	-7.1	-6.9	-5.9	-5.0	-3.6	-3.2	-2.9	-2.6

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 96 database.

StatLink http://dx.doi.org/10.1787/888933170994

Annex Table 30. **General government underlying primary balances**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	1.9	2.9	2.9	1.6	0.5	1.7	1.8	1.8	1.7	2.0	1.2	-1.1	-4.1	-3.9	-2.7	-2.3	-0.8	-0.9	-0.8	-0.4
Austria	1.4	0.9	-0.4	-0.7	1.4	0.7	0.5	1.1	-0.4	-1.0	-0.7	-1.1	-2.4	-1.6	-0.4	0.3	1.0	1.1	1.1	1.1
Belgium	5.4	6.6	5.6	5.3	5.6	5.1	4.0	3.8	3.4	3.2	2.4	1.4	-0.8	-0.4	-0.5	0.3	0.7	0.8	1.3	1.8
Canada	5.3	5.1	5.6	5.0	2.9	2.2	1.7	2.3	2.2	1.8	1.4	-0.8	-2.5	-3.5	-3.0	-2.2	-2.1	-1.7	-1.9	-1.6
Czech Republic	..	..	-2.5	-4.5	-3.7	-3.6	-6.7	-2.0	-3.8	-3.6	-2.9	-3.7	-5.4	-4.1	-2.8	-0.6	0.9	0.5	-0.1	0.2
Denmark	1.4	1.9	2.9	2.7	1.2	0.9	1.2	2.7	4.7	3.2	2.7	1.5	-1.8	-0.9	-0.7	-1.1	0.7	-1.3	-1.4	-1.3
Estonia	..	..	..	..	..	0.4	1.2	0.8	-0.6	-1.8	-2.7	-5.0	-1.8	-0.5	-0.2	0.8	0.0	0.2	0.2	0.3
Finland	1.3	3.2	3.1	7.0	5.1	4.3	2.8	2.3	2.6	2.9	2.9	1.6	-1.3	-1.9	-1.3	-1.6	-1.3	-1.1	-0.7	-0.5
France	0.2	0.9	1.1	0.2	0.2	-1.2	-1.8	-1.5	-1.4	-0.8	-1.5	-1.6	-4.2	-3.7	-2.5	-2.1	-1.3	-1.5	-1.1	-0.9
Germany	0.4	1.0	1.4	1.1	-0.7	-1.2	-0.7	-0.3	0.1	0.7	1.6	1.5	0.8	-0.1	0.9	1.6	1.6	1.5	1.1	1.0
Greece	2.6	4.0	4.6	3.9	2.5	1.8	-2.1	-4.3	-3.4	-6.1	-7.4	-9.2	-12.1	-6.0	-0.7	2.9	6.7	7.6	7.7	7.8
Hungary	2.6	1.0	1.1	2.4	0.7	-3.4	-3.5	-3.5	-5.5	-7.5	-2.3	-1.0	0.3	0.2	-0.2	2.6	2.3	0.7	1.0	1.0
Iceland	3.1	1.8	2.7	2.9	0.3	-1.4	-0.9	0.6	4.2	4.7	2.4	-3.6	-6.3	-1.4	0.7	2.5	2.8	3.2	3.3	3.3
Ireland	4.0	3.5	3.5	3.2	-1.1	-2.5	-1.0	0.2	-0.2	0.0	-3.1	-7.6	-7.4	-5.0	-3.7	-2.0	0.0	1.1	1.0	0.9
Israel	..	0.0	1.3	1.9	0.4	0.3	0.8	2.6	3.2	3.8	3.8	1.0	-1.3	-0.6	-0.5	-1.5	-0.9	-1.0	-1.1	-0.5
Italy	5.1	4.2	4.1	2.4	1.4	1.4	-0.1	-0.1	-0.4	0.6	1.6	0.9	-0.1	1.0	1.2	3.8	4.1	4.4	4.4	4.9
Japan	-3.7	-3.9	-5.1	-5.1	-4.8	-6.0	-5.8	-6.0	-4.7	-3.2	-3.0	-2.9	-6.9	-7.2	-7.0	-7.0	-7.4	-6.6	-5.7	-5.1
Korea	2.1	2.5	2.8	4.4	3.9	4.5	3.9	2.4	2.7	3.0	3.0	1.7	-1.1	0.0	0.2	0.4	-0.5	-0.7	-1.3	-1.2
Luxembourg	4.3	3.1	2.1	2.6	1.5	0.3	-0.1	-1.4	-0.7	0.1	0.9	-0.1	0.3	0.2	0.6	1.4	2.3	2.4	1.6	1.7
Netherlands	2.7	2.3	2.7	2.6	0.7	-0.7	-0.8	0.7	1.7	1.1	0.1	-0.5	-4.5	-3.4	-3.4	-2.5	-0.4	0.1	0.1	-0.1
New Zealand	2.6	2.3	1.3	2.9	2.9	4.2	3.9	3.7	4.1	4.8	3.3	0.6	-1.7	-2.5	-1.4	-0.1	0.5	0.9	2.1	2.4
Norway[1]	-2.4	-3.2	-2.1	-0.2	-1.5	-3.3	-4.4	-3.1	-2.3	-1.3	-0.8	-2.0	-3.0	-2.1	-1.8	-1.6	-1.8	-2.5	-3.0	-3.3
Poland	..	..	..	..	..	..	..	..	..	..	..	..	..	-5.6	-4.1	-1.9	-1.7	-1.3	-0.9	-0.7
Portugal	-1.2	-1.9	-1.7	-2.7	-4.1	-2.7	-2.4	-3.6	-3.7	-1.7	-1.1	-1.9	-5.8	-5.7	-2.2	-0.2	2.0	2.7	3.3	3.3
Slovenia	..	..	..	..	-1.6	-0.4	-0.3	-0.4	-0.3	-1.5	-1.7	-3.7	-4.2	-4.0	-3.3	-0.9	-0.7	0.5	1.0	1.2
Spain	0.7	0.8	1.2	0.8	0.8	0.9	0.7	1.3	1.5	1.8	1.0	-4.7	-8.5	-6.3	-5.4	-2.2	-0.8	0.1	0.6	1.3
Sweden	3.5	3.7	3.7	4.7	3.0	0.8	0.3	1.0	2.5	1.4	1.9	1.5	1.8	0.7	0.4	-0.1	-0.3	-0.6	-0.5	0.0
Switzerland	-1.9	-1.3	-0.5	0.8	-0.6	-0.5	-0.9	-0.7	-0.2	0.4	0.4	1.7	1.1	0.6	0.8	0.3	0.4	1.2	1.4	1.6
United Kingdom[2]	1.1	2.8	3.2	3.2	2.2	-0.4	-2.1	-2.5	-1.5	-2.2	-2.7	-3.8	-7.0	-5.5	-3.9	-4.7	-3.9	-3.5	-2.3	-0.9
United States	2.3	2.8	2.4	2.6	0.6	-2.3	-3.3	-3.4	-2.4	-1.7	-2.0	-4.5	-7.5	-7.1	-5.7	-4.4	-2.3	-1.3	-1.0	-1.0
Euro area	1.7	1.9	2.0	1.4	0.5	-0.1	-0.5	-0.2	0.0	0.4	0.4	-0.8	-2.7	-2.1	-1.1	0.2	0.9	1.1	1.1	1.3
Total OECD	1.1	1.5	1.4	1.2	0.0	-1.5	-2.2	-2.1	-1.4	-0.9	-1.0	-2.5	-5.2	-4.8	-3.7	-2.8	-1.7	-1.2	-1.0	-0.7

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 96 database.

StatLink http://dx.doi.org/10.1787/888933171003

Annex Table 31. **General government net debt interest payments**

Per cent of nominal GDP

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	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	0.7
Austria	3.1	3.0	2.8	2.7	2.7	2.6	2.4	2.3	2.4	2.3	2.2	2.2	2.2	2.2	2.1	2.2	2.1	2.0	1.8	1.6
Belgium	7.2	6.9	6.4	6.2	5.9	5.3	4.9	4.4	4.0	3.7	3.5	3.5	3.4	3.2	3.1	3.2	2.9	2.8	2.6	2.4
Canada	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	0.2	0.3
Czech Republic	0.4	0.5	0.5	0.1	0.3	0.3	0.4	0.6	0.7	0.7	0.7	0.7	1.0	1.1	1.1	1.2	1.1	1.0	1.0	1.0
Denmark	3.2	3.0	2.9	2.5	2.0	2.0	1.6	1.4	1.1	0.8	0.5	0.2	0.4	0.6	0.6	0.5	0.4	0.3	0.2	0.1
Estonia	-0.2	0.1	-0.1	-0.1	-0.2	-0.1	-0.4	-0.3	-0.2	-0.3	-0.4	-0.6	-0.3	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1
Finland	1.7	1.5	1.4	0.9	0.5	0.0	0.0	0.0	0.0	-0.2	-0.3	-0.5	-0.4	0.1	0.0	0.2	0.1	0.0	0.0	0.0
France	3.0	2.9	2.6	2.6	2.6	2.6	2.5	2.5	2.4	2.4	2.5	2.6	2.2	2.3	2.5	2.4	2.2	2.0	1.9	1.9
Germany	2.9	2.9	2.7	2.7	2.6	2.5	2.6	2.5	2.4	2.4	2.4	2.3	2.3	2.1	2.0	1.8	1.5	1.3	1.0	0.8
Greece	7.4	6.8	6.0	6.2	5.6	5.0	4.5	4.4	4.3	4.3	4.3	4.6	4.8	5.5	6.8	4.4	3.6	4.2	4.2	4.0
Hungary	7.2	6.2	6.1	4.8	4.0	3.6	3.7	4.0	3.8	3.6	3.8	3.7	4.0	3.8	3.7	4.2	4.3	4.2	4.0	3.9
Iceland	2.2	2.3	2.1	1.9	1.5	1.1	1.4	1.3	1.2	0.4	0.3	0.0	3.3	3.3	3.5	4.0	3.7	3.9	3.7	3.7
Ireland	3.4	3.1	2.1	1.6	1.1	1.1	1.1	1.0	0.9	0.7	0.6	0.7	1.4	2.5	2.6	3.2	3.6	3.5	3.4	3.3
Israel	..	7.2	6.7	6.6	6.3	6.2	6.4	6.3	6.2	5.0	4.5	4.0	3.9	3.8	3.7	3.9	3.5	3.2	3.1	3.1
Italy	8.7	7.5	6.1	5.9	5.8	5.2	4.8	4.5	4.3	4.2	4.5	4.7	4.2	4.1	4.5	5.0	4.7	4.5	4.4	4.4
Japan	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	1.1	1.0
Korea	-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	-0.4	-0.5	-0.5
Luxembourg	-0.9	-1.0	-0.8	-1.3	-1.4	-1.1	-0.9	-0.8	-0.7	-0.8	-1.1	-1.3	-0.5	-0.3	-0.3	-0.2	-0.2	-0.1	-0.1	-0.1
Netherlands	3.7	3.5	3.2	2.5	2.2	2.0	1.8	1.7	1.6	1.4	1.4	1.4	1.2	1.1	1.2	1.1	1.1	1.1	1.0	0.9
New Zealand	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	1.0	1.0	1.0
Norway	-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	-1.9	-2.0	-2.1	-2.2
Poland	..	..	..	..	..	..	..	..	..	..	..	..	..	2.3	2.3	2.5	2.3	2.0	1.9	1.9
Portugal	3.3	2.7	2.6	2.6	2.5	2.5	2.4	2.3	2.3	2.5	2.6	2.7	2.8	2.8	4.1	4.5	4.5	4.6	4.5	4.3
Slovak Republic	1.8	2.1	2.9	3.1	3.0	2.9	1.6	1.4	1.1	0.9	0.9	0.9	1.1	1.1	1.3	1.6	1.7	1.7	1.6	1.6
Slovenia	2.0	1.8	1.9	1.8	1.8	1.7	1.4	1.4	1.3	1.2	1.0	0.7	0.9	1.1	1.4	1.4	2.0	2.4	2.3	2.2
Spain	4.0	3.7	3.1	2.9	2.5	2.3	2.0	1.8	1.5	1.3	1.1	1.0	1.3	1.5	2.0	2.5	2.8	3.0	2.9	2.9
Sweden	2.9	2.5	2.4	2.0	1.7	2.0	1.3	0.9	0.9	0.8	0.7	0.5	0.2	0.2	0.2	0.0	0.1	0.1	0.1	0.1
Switzerland	0.9	0.9	1.1	1.0	0.9	1.0	1.0	1.0	1.0	0.8	0.6	0.5	0.5	0.5	0.4	0.4	0.3	0.2	0.2	0.1
United Kingdom	3.0	2.9	2.4	2.2	1.9	1.7	1.6	1.6	1.7	1.6	1.7	1.7	1.5	2.6	2.9	2.7	2.6	2.6	2.6	2.6
United States	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	2.2	2.8	2.6	2.5
Euro area	4.3	4.0	3.5	3.4	3.2	3.0	2.9	2.7	2.6	2.5	2.5	2.6	2.4	2.4	2.6	2.6	2.5	2.3	2.2	2.1
Total OECD	3.4	3.2	2.8	2.6	2.4	2.3	2.1	2.0	1.9	1.8	1.8	1.8	1.9	2.1	2.2	2.2	1.9	2.0	1.9	1.8

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933171019

Annex Table 32. **General government gross financial liabilities**

Per cent of nominal GDP

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	33.3	30.8	25.0	20.5	19.0	17.6	15.0	14.1	12.6	12.1	12.3	14.0	19.3	23.3	28.0	31.8	33.0	36.2	38.1	39.3
Austria	66.0	67.7	70.9	70.9	72.0	76.1	75.0	74.7	82.6	80.6	77.6	83.8	90.3	95.8	96.4	100.4	98.6	103.4	102.4	101.7
Belgium[1]	144.0	138.4	126.7	120.7	119.3	118.4	114.8	110.4	108.0	99.6	93.6	100.7	109.2	107.6	110.4	120.3	117.6	119.2	119.5	118.1
Canada	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	93.1	95.5	92.9	93.9	94.3	94.0
Czech Republic	..	..	..	..	..	30.2	31.9	31.8	31.4	31.1	29.6	33.0	39.1	43.4	45.8	53.0	53.1	51.9	52.4	52.2
Denmark	75.0	72.6	67.1	60.5	58.3	58.1	56.1	52.4	45.1	40.5	34.6	42.0	49.5	53.8	60.6	60.3	57.3	58.9	60.9	63.0
Estonia	11.3	10.0	10.9	6.8	6.7	7.6	8.4	8.6	8.2	7.9	7.2	8.4	12.4	12.0	9.5	13.2	13.5	12.9	12.2	11.4
Finland	62.7	59.3	53.0	50.9	48.2	48.0	49.5	49.6	46.4	43.9	40.1	38.8	49.5	55.9	57.1	63.2	65.3	68.4	70.2	71.7
France	75.2	77.0	73.5	71.8	70.9	74.6	78.5	80.2	81.8	76.8	75.6	81.6	93.2	96.9	100.8	110.5	110.4	114.1	117.4	119.8
Germany	58.8	60.6	60.0	59.4	58.5	60.9	64.3	67.6	70.0	68.0	63.9	67.9	75.3	84.0	83.4	86.1	81.4	79.0	75.8	74.2
Greece	95.6	92.6	95.8	111.0	114.0	113.8	108.8	110.4	112.0	119.0	114.3	118.5	135.1	128.6	111.1	166.0	181.5	182.3	179.9	176.3
Hungary	67.1	65.1	67.1	61.5	59.8	60.4	61.3	64.9	67.9	71.6	72.4	75.9	85.1	86.9	96.0	98.6	97.4	96.7	96.7	95.7
Iceland	..	50.5	46.2	43.2	48.0	43.8	39.8	34.7	26.4	32.0	30.0	70.6	85.8	90.8	97.5	95.6	88.1	86.7	84.4	82.1
Ireland	..	61.3	49.9	38.5	35.4	34.3	33.2	31.6	31.5	27.8	27.5	47.7	67.7	83.7	97.8	120.8	128.9	116.6	115.0	113.9
Israel	..	96.4	90.3	80.1	84.4	91.1	93.9	92.2	88.9	81.0	73.9	72.7	75.0	71.1	69.7	68.3	67.6	68.6	68.9	68.1
Italy	128.7	130.6	123.7	119.0	118.1	116.9	114.3	114.7	117.4	116.4	111.8	114.6	127.2	125.9	119.4	137.0	144.0	146.9	149.2	149.7
Japan[2]	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	224.2	230.0	233.8	236.7
Korea[3]	..	..	..	..	..	18.1	18.7	22.0	24.0	26.9	26.9	28.3	31.0	31.8	33.3	34.8	35.6	36.7	38.2	39.6
Luxembourg	9.7	10.7	9.5	8.8	7.9	8.2	7.9	8.6	7.8	11.9	15.5	19.3	19.0	26.4	26.0	29.6	29.7	30.6	32.0	33.3
Netherlands	78.8	76.3	67.6	60.1	56.2	57.0	58.1	58.5	57.6	51.5	48.5	61.3	63.7	67.7	71.6	77.9	77.0	77.8	78.2	79.3
New Zealand	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	41.4	42.6	41.6	41.1	40.2	39.0
Norway	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	35.5	35.1	34.0	38.0
Poland	..	..	..	..	..	..	..	..	..	..	..	..	..	61.0	61.7	61.2	62.3	55.7	57.2	57.9
Portugal	66.0	65.3	62.5	62.0	63.5	66.8	70.6	76.7	80.0	79.4	78.1	82.8	96.1	104.1	108.1	136.0	140.0	142.4	143.4	142.8
Slovak Republic	38.1	40.3	52.6	57.9	56.5	49.2	47.3	44.9	37.2	35.2	33.8	32.8	41.4	46.2	49.1	57.6	60.3	60.1	60.3	60.5
Slovenia	..	..	..	..	33.0	34.0	33.5	34.3	33.4	33.3	28.9	28.4	42.4	46.6	50.2	60.4	78.9	82.9	85.5	87.4
Spain	77.0	77.9	72.5	69.5	64.8	63.7	59.3	58.1	55.7	50.9	46.9	53.0	69.3	75.2	86.8	105.2	126.2	130.8	133.6	135.0
Sweden	77.3	76.6	67.2	56.9	58.9	58.7	57.6	56.5	57.5	50.9	45.8	45.8	47.5	44.2	44.7	44.5	44.7	46.5	46.9	48.6
Switzerland	52.8	55.6	52.7	52.8	52.1	58.7	57.6	58.1	55.9	49.9	49.9	46.0	44.9	43.7	43.8	43.5	43.3	42.6	41.7	40.3
United Kingdom	49.9	50.9	46.7	44.1	39.8	40.4	40.6	42.7	44.6	44.2	45.3	55.2	69.0	77.9	92.3	95.7	93.3	95.9	97.6	98.0
United States	61.7	57.7	52.3	48.1	50.7	57.4	58.8	66.7	66.8	63.9	64.3	78.1	92.5	101.8	107.7	110.5	109.2	109.7	110.1	110.0
Euro area	81.8	82.6	78.9	76.6	75.1	76.5	77.3	78.5	79.7	76.4	72.8	78.2	88.8	93.1	94.2	105.1	107.2	108.2	108.4	108.5
Total OECD	71.3	71.7	69.2	67.0	68.3	72.2	73.1	77.1	77.7	75.0	73.3	81.6	93.3	99.5	104.4	110.1	110.9	112.0	112.7	112.8

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 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 96 database.

StatLink http://dx.doi.org/10.1787/888933171029

Annex Table 33. **General government net financial liabilities**

Per cent of nominal GDP

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	-7.6	-15.4	-14.4	-15.5	-14.2	-17.9	-17.5	-18.0	-18.8	-20.4	-17.4	-14.6	-11.8	-7.5	-1.0	0.4	0.3	3.5	5.4	6.6
Austria	35.8	36.1	35.7	34.9	33.8	37.5	34.9	36.9	43.3	42.5	39.5	44.0	49.4	50.8	52.1	57.2	57.5	62.3	61.3	60.6
Belgium[1]	124.1	119.7	106.6	101.0	98.6	99.5	96.1	90.9	88.7	80.0	73.8	77.4	82.5	81.2	83.1	91.5	90.0	91.6	91.9	90.5
Canada	72.8	69.9	58.1	49.4	47.8	48.5	43.2	39.0	34.2	29.8	27.0	28.9	34.6	37.4	42.2	43.4	40.1	40.9	41.3	41.0
Czech Republic	..	..	..	..	..	-15.0	-6.9	-10.1	-11.6	-11.9	-14.8	-6.5	-2.6	4.9	5.5	11.0	13.6	14.4	15.9	16.7
Denmark	36.4	37.6	30.6	25.5	22.0	21.1	18.4	14.2	9.5	1.1	-4.6	-6.7	-5.9	-3.3	1.2	5.7	2.7	4.3	6.4	8.4
Estonia	-23.5	-40.4	-39.8	-30.2	-29.1	-28.7	-29.2	-31.1	-31.8	-31.2	-28.6	-26.0	-27.9	-36.0	-34.6	-32.7	-32.2	-30.7	-29.2	-27.5
Finland	-7.3	-14.1	-48.4	-30.1	-30.4	-30.2	-36.8	-44.7	-56.0	-66.5	-69.7	-50.0	-59.6	-62.1	-49.4	-51.0	-54.6	-51.3	-48.1	-45.2
France	37.7	38.9	31.0	32.4	34.6	39.5	41.6	43.1	41.0	35.5	32.2	42.7	50.2	54.6	59.6	67.8	67.2	70.9	74.2	76.6
Germany	30.5	35.3	33.9	33.3	35.5	39.8	42.7	46.5	47.6	45.7	40.4	42.2	46.6	47.2	48.2	48.0	44.1	42.4	41.3	39.7
Greece	71.8	67.3	65.2	84.4	88.8	90.8	83.8	83.3	82.2	89.4	82.0	91.0	101.7	93.0	74.0	103.7	122.6	125.3	124.0	120.4
Hungary	25.9	32.6	34.4	33.0	32.4	36.6	37.5	41.7	44.7	51.6	53.0	50.9	58.9	61.2	62.5	69.6	71.3	70.4	69.8	69.2
Iceland	..	16.6	9.3	8.7	3.5	1.7	3.7	2.1	-9.8	-15.0	-20.4	0.3	13.9	22.1	27.0	29.0	27.5	27.2	25.9	24.6
Ireland	..	41.2	25.7	14.9	11.4	13.1	11.0	7.8	5.6	0.9	-0.6	12.1	24.4	44.0	60.9	78.1	82.7	82.8	81.4	80.7
Italy	101.4	103.6	102.0	96.4	96.9	96.4	93.2	92.9	94.3	92.4	88.9	92.1	102.7	101.2	96.1	111.1	117.4	120.4	122.7	123.1
Japan[2]	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	129.4	137.2	142.9	146.8	149.6
Korea[3]	..	..	..	..	..	-30.6	-29.4	-29.8	-33.7	-34.6	-37.6	-35.0	-36.0	-35.3	-35.3	-35.9	-35.2	-34.0	-32.5	-31.1
Luxembourg	-39.6	-44.5	-45.5	-48.2	-56.0	-53.8	-56.9	-52.1	-49.4	-49.5	-50.7	-54.1	-58.3	-52.4	-46.1	-48.3	-49.0	-48.1	-46.7	-45.4
Netherlands	41.9	40.2	29.8	28.2	27.6	31.2	31.0	32.5	30.2	27.4	23.7	22.8	27.4	32.0	36.7	39.4	40.4	42.3	43.7	44.7
New Zealand	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	6.4	6.1	5.3	4.0
Norway	-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	-204.5	-214.3	-224.6	-227.7
Poland	..	..	..	..	..	..	..	..	..	..	..	..	..	27.2	31.2	32.4	35.6	28.9	30.4	31.2
Portugal	35.9	37.6	36.2	37.8	40.0	44.4	47.2	53.9	55.9	54.7	55.0	59.6	70.3	71.0	65.0	87.8	96.5	99.8	100.8	100.7
Slovak Republic	-11.8	-3.9	1.1	13.4	10.9	1.4	1.8	5.1	9.5	13.8	12.8	14.5	21.6	27.2	32.3	31.0	32.4	34.5	35.9	36.5
Slovenia	..	..	..	..	-15.3	-13.9	-9.3	-9.5	-8.4	-9.8	-18.0	-6.4	-1.1	-0.4	2.1	7.9	18.9	22.9	25.5	27.4
Spain	53.3	52.7	46.7	43.3	40.5	39.1	35.9	33.4	28.5	22.0	17.2	22.0	33.1	38.7	46.8	57.4	68.7	73.3	76.1	77.5
Sweden	24.8	22.3	10.8	3.1	-2.9	3.7	0.0	-2.7	-7.7	-18.0	-22.4	-15.3	-22.7	-25.4	-22.6	-25.8	-29.0	-26.3	-23.9	-22.2
Switzerland	..	..	11.3	8.0	7.1	11.8	11.6	13.0	12.6	9.4	8.3	9.3	5.2	8.5	7.7	7.3	7.1	6.5	5.5	4.1
United Kingdom	28.1	30.4	27.6	23.1	19.9	20.7	20.8	22.8	23.7	24.1	25.2	29.9	41.1	50.1	63.1	62.2	61.6	64.2	65.9	66.3
United States	43.7	39.0	32.7	29.5	31.4	38.4	40.0	48.1	48.3	45.1	44.9	55.8	68.6	76.7	84.7	87.2	85.1	85.5	85.9	85.8
Euro area	51.1	52.6	47.6	46.7	47.3	49.9	49.9	50.8	49.9	46.3	41.9	46.8	54.0	55.8	57.5	64.7	66.0	67.6	68.5	68.6
Total OECD	40.5	41.1	37.0	35.4	36.5	41.0	41.7	45.1	44.3	41.3	39.3	46.8	55.3	60.3	65.8	69.3	69.4	70.5	71.4	71.7

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.

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 96 database.

StatLink http://dx.doi.org/10.1787/888933171030

Annex Table 34. **Short-term interest rates**

Per cent, per annum

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
Australia	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	2.7	2.9	3.4	2.6	3.2	3.7
Austria																				
Belgium																				
Canada	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	1.5	2.6	1.2	1.8	3.0
Chile	10.8	7.2	3.9	2.8	1.8	3.5	4.8	5.2	7.4	1.7	1.8	4.9	5.0	4.8	3.6	2.9	3.0	3.0	2.9	3.0
Czech Republic	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	0.4	1.2	0.4	0.4	1.7
Denmark	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	0.3	0.3	0.3	0.3	0.3	0.3
Estonia	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																				
Hungary	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	2.2	2.3	3.3	1.7	2.7	3.7
Iceland	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	6.1	5.9	5.9	5.9	5.9	5.9
Ireland																				
Israel	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	0.5	0.3	0.8	0.2	0.4	0.9
Italy																				
Japan	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	0.1	0.1	0.1	0.1	0.1
Korea	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	2.5	2.2	2.7	2.3	2.4	3.0
Luxembourg																				
Mexico	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	3.1	3.1	4.0	2.9	3.4	4.4
Netherlands																				
New Zealand	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	3.4	3.9	4.4	3.7	4.2	4.4
Norway	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	2.0	1.8	1.8	2.1
Poland	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	2.5	1.8	2.3	2.0	2.0	2.5
Portugal																				
Slovak Republic	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	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	0.6	0.3	0.6	0.3	0.3	1.0
Switzerland	3.2	2.9	1.1	0.3	0.5	0.8	1.6	2.6	2.5	0.4	0.2	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.1
Turkey	..	..	48.8	39.7	24.1	16.8	17.5	18.6	18.2	10.1	7.6	8.8	8.9	6.9	10.5	10.8	10.9	10.8	10.9	10.9
United Kingdom	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	0.5	1.0	2.4	0.6	1.5	2.8
United States	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	0.7	1.8	0.2	1.1	2.4
Euro area	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	0.2	0.1	0.1	0.1	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 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 96 database.

StatLink http://dx.doi.org/10.1787/888933171041

Annex Table 35. **Long-term interest rates**

Per cent, per annum

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Fourth quarter 2014	Fourth quarter 2015	Fourth quarter 2016
Australia	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	3.7	3.5	3.7	3.5	3.6	3.7
Austria	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	1.5	1.1	1.1	1.1	1.1	1.1
Belgium	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	1.7	1.2	1.2	1.2	1.2	1.2
Canada	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	2.3	2.6	3.4	2.1	2.9	3.6
Chile	..	..	..	..	6.3	6.0	6.2	6.1	7.0	5.7	6.3	6.0	5.4	5.3	4.7	4.0	4.3	4.4	4.0	4.5
Czech Republic	6.9	6.3	4.9	4.1	4.8	3.5	3.8	4.3	4.6	4.8	3.9	3.7	2.8	2.1	1.7	1.4	2.0	1.4	1.4	2.4
Denmark	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	1.3	1.0	1.0	1.0	1.0	1.1
Finland	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	1.5	1.0	1.0	1.0	1.0	1.0
France	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	1.7	1.2	1.2	1.2	1.2	1.2
Germany	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	1.2	0.9	0.9	0.9	0.9	0.9
Greece	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	7.0	8.1	8.1	8.1	8.1	8.1
Hungary	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	4.9	4.3	4.5	4.2	4.4	4.6
Iceland	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	6.5	6.6	6.6	6.6	6.6	6.6
Ireland	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	2.4	1.8	1.8	1.8	1.8	1.8
Israel	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	3.0	3.1	3.8	2.5	3.5	3.9
Italy	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	2.9	2.4	2.4	2.4	2.4	2.4
Japan	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	0.5	0.5	0.5	0.5	0.5	0.5
Korea	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	3.2	3.0	3.8	2.8	3.3	4.0
Luxembourg	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	1.8	1.4	0.8	0.8	0.8	0.8	0.8
Mexico	..	10.6	10.1	9.0	9.5	9.4	8.4	7.8	8.2	7.8	7.0	6.7	6.0	5.7	5.9	6.3	6.7	5.9	6.7	6.7
Netherlands	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	1.5	1.1	1.1	1.1	1.1	1.1
New Zealand	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	4.4	4.8	5.1	4.3	5.1	5.1
Norway	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	2.7	2.7	2.9	2.7	2.7	3.0
Portugal	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	3.8	3.3	3.3	3.3	3.3	3.3
Slovak Republic	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	2.1	1.6	1.6	1.6	1.6	1.6
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	3.4	2.8	2.8	2.8	2.8	2.8
Spain	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	2.8	2.2	2.2	2.2	2.2	2.2
Sweden	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	1.7	1.3	1.6	1.3	1.3	2.0
Switzerland	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	0.7	0.6	0.8	0.6	0.6	0.9
Turkey	..	..	60.4	47.2	25.7	17.2	18.3	19.2	19.6	11.7	8.7	9.3	9.3	7.6	10.8	11.2	11.4	11.0	11.2	11.4
United Kingdom	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	2.7	2.9	3.7	2.3	3.2	3.9
United States	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	2.6	3.0	3.7	2.4	3.3	4.0
Euro area	5.4	5.0	4.9	4.2	4.1	3.4	3.8	4.3	4.3	3.8	3.5	4.2	3.7	2.9	2.0	1.6	1.6	1.6	1.6	1.6

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 96 database.

StatLink http://dx.doi.org/10.1787/888933171059

Annex Table 36. **Nominal exchange rates (vis-à-vis the US dollar)**

Average of daily rates

	Monetary unit	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Estimates and assumptions[1] 2014	2015	2016
Australia	*Dollar*	1.542	1.359	1.313	1.328	1.195	1.198	1.282	1.090	0.969	0.966	1.036	1.105	1.162	1.162
Canada	*Dollar*	1.400	1.301	1.212	1.134	1.074	1.068	1.141	1.030	0.989	0.999	1.030	1.104	1.143	1.143
Chile	*Peso*	691.3	609.6	559.7	530.3	522.2	523.5	558.9	510.0	483.4	486.0	495.3	568.5	591.0	591.0
Czech Republic	*Koruny*	28.21	25.69	23.95	22.59	20.29	17.08	19.05	19.08	17.67	19.54	19.56	20.74	22.19	22.191
Denmark	*Krone*	6.577	5.988	5.996	5.943	5.443	5.099	5.359	5.622	5.357	5.790	5.618	5.609	5.944	5.944
Estonia	*Kroon*	13.9	12.6	12.6	12.5	11.4	10.7	11.3	11.8						
Hungary	*Forint*	224.3	202.6	199.5	210.4	183.6	172.5	202.1	207.8	200.9	224.8	223.6	232.4	247.9	247.9
Iceland	*Krona*	76.69	70.19	62.88	69.90	64.07	88.00	123.66	122.24	116.06	125.12	122.17	116.49	123.27	123.27
Israel	*Sheqel*	4.55	4.48	4.49	4.46	4.11	3.58	3.93	3.73	3.57	3.85	3.61	3.56	3.79	3.79
Japan	*Yen*	115.9	108.1	110.1	116.4	117.8	103.4	93.6	87.8	79.7	79.8	97.6	105.3	114.5	114.5
Korea	*Won*	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	1 051.0	1 089.1	1 089.1
Mexico	*Peso*	10.795	11.283	10.890	10.903	10.929	11.153	13.504	12.632	12.434	13.150	12.770	13.231	13.634	13.634
New Zealand	*Dollar*	1.724	1.509	1.421	1.542	1.361	1.425	1.600	1.388	1.266	1.235	1.220	1.208	1.294	1.294
Norway	*Krone*	7.078	6.739	6.441	6.415	5.858	5.648	6.290	6.042	5.605	5.815	5.877	6.262	6.804	6.804
Poland	*Zloty*	3.888	3.651	3.234	3.103	2.765	2.410	3.119	3.015	2.962	3.252	3.160	3.150	3.377	3.377
Slovak Republic	*Koruna*	36.76	32.23	31.04	29.65	24.68									
Slovenia	*Tolar*	207.1	192.4	192.8	191.0										
Sweden	*Krona*	8.078	7.346	7.474	7.373	6.758	6.597	7.653	7.202	6.489	6.769	6.513	6.835	7.375	7.375
Switzerland	*Franc*	1.345	1.243	1.246	1.253	1.200	1.084	1.086	1.043	0.887	0.937	0.927	0.914	0.963	0.963
Turkey	*Lira*	1.503	1.426	1.341	1.430	1.300	1.299	1.547	1.499	1.672	1.792	1.905	2.185	2.241	2.241
United Kingdom	*Pound*	0.612	0.546	0.550	0.543	0.500	0.546	0.641	0.647	0.624	0.631	0.640	0.606	0.629	0.629
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*	0.884	0.804	0.804	0.796	0.730	0.681	0.718	0.754	0.719	0.778	0.753	0.752	0.804	0.804

1. On the technical assumption that exchange rates remain at their levels of 6 November 2014.

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933171063

Annex Table 37. **Effective exchange rates**

Indices 2010 = 100, average of daily rates

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Estimates and assumptions[1] 2014	2015	2016
Australia	69.8	72.7	81.4	87.9	90.0	88.7	94.5	92.6	88.8	100.0	107.2	109.3	104.4	99.7	97.6	97.6
Austria	93.7	95.1	99.1	100.4	99.5	99.5	100.5	101.5	102.9	100.0	100.0	98.6	100.4	101.9	101.3	101.3
Belgium	89.4	91.8	97.2	99.2	98.5	98.6	100.1	102.3	103.7	100.0	100.6	98.3	100.8	102.4	101.3	101.3
Canada	71.3	70.5	77.5	81.9	87.4	93.0	96.5	95.5	91.7	100.0	101.9	102.5	100.0	94.4	93.1	93.1
Chile	84.0	88.2	83.5	90.8	96.9	101.2	98.4	96.3	93.6	100.0	101.8	104.4	104.7	94.5	93.7	93.7
Czech Republic	70.1	78.7	79.0	79.7	84.5	88.7	90.9	102.0	98.5	100.0	103.3	99.4	97.8	93.6	93.1	93.1
Denmark	90.5	92.6	97.6	99.3	98.4	98.4	99.8	102.0	104.7	100.0	99.8	97.2	99.3	101.5	101.4	101.4
Estonia	88.1	90.8	96.5	98.2	97.7	97.3	98.5	100.3	104.3	100.0	100.0	97.8	100.1	104.2	106.0	106.0
Finland	88.0	90.6	96.6	98.7	97.8	97.6	99.3	101.7	105.3	100.0	100.0	97.1	99.7	103.2	103.7	103.7
France	90.1	92.3	97.6	99.3	98.6	98.7	100.2	102.2	103.5	100.0	100.4	98.1	100.4	101.7	100.6	100.6
Germany	89.5	91.8	97.8	100.0	98.8	98.9	100.5	102.5	104.4	100.0	100.3	97.8	100.5	102.4	101.4	101.4
Greece	89.7	92.1	97.1	99.0	98.1	98.1	99.6	101.7	103.6	100.0	100.7	98.3	100.7	103.6	103.2	103.2
Hungary	99.6	107.3	107.6	109.9	110.5	103.5	109.8	110.9	101.7	100.0	99.2	93.7	93.2	91.3	91.0	91.0
Iceland	166.8	172.0	181.2	183.6	203.7	182.4	184.6	134.4	98.2	100.0	100.4	98.2	100.3	107.5	108.0	108.0
Ireland	84.3	86.8	93.9	96.3	95.8	95.9	98.3	102.7	104.6	100.0	100.8	97.1	100.0	100.9	99.0	99.0
Israel	108.2	95.3	91.4	87.8	86.8	86.9	89.7	99.9	95.6	100.0	101.3	97.6	104.7	108.2	105.3	105.3
Italy	89.2	91.9	97.5	99.4	98.5	98.6	100.1	102.0	104.0	100.0	100.5	98.2	100.8	103.0	102.1	102.1
Japan	86.3	83.0	85.4	88.8	86.0	79.8	75.4	84.6	97.0	100.0	105.7	107.2	88.0	83.3	78.4	78.4
Korea	108.6	112.5	112.0	112.1	124.6	133.3	131.8	107.5	93.4	100.0	99.8	99.9	105.3	113.0	112.5	112.5
Luxembourg	93.1	94.6	98.3	99.5	98.9	99.0	100.0	101.5	102.6	100.0	100.2	98.6	100.0	100.9	99.9	99.9
Mexico	148.3	144.1	125.3	117.4	120.6	119.7	116.9	113.6	94.9	100.0	100.0	95.4	98.9	96.5	95.1	95.1
Netherlands	89.9	92.0	97.3	99.1	98.3	98.3	99.8	102.0	103.8	100.0	100.4	98.1	100.5	102.3	101.5	101.5
New Zealand	77.0	83.9	96.2	103.3	108.0	99.5	106.6	100.0	92.5	100.0	103.3	107.5	111.7	116.2	112.0	112.0
Norway	88.8	97.0	96.1	93.3	97.0	96.5	98.2	99.1	95.8	100.0	102.7	104.0	101.9	96.7	94.0	94.0
Poland	101.4	98.2	89.4	87.9	98.1	101.0	104.9	114.6	95.2	100.0	97.3	94.0	95.5	98.0	97.8	97.8
Portugal	93.6	95.2	98.6	99.5	98.9	98.9	99.8	101.4	102.3	100.0	100.3	98.9	100.7	101.8	100.8	100.8
Slovak Republic	66.6	68.0	72.9	76.4	77.9	80.3	88.8	96.2	103.4	100.0	100.1	99.2	101.0	103.1	103.3	103.3
Slovenia	102.9	100.5	101.1	100.3	99.2	99.2	100.0	101.1	103.3	100.0	100.5	98.9	100.9	102.9	102.5	102.5
Spain	90.9	93.3	97.7	99.1	98.4	98.5	99.8	101.7	103.1	100.0	100.5	98.5	100.8	102.5	101.3	101.3
Sweden	92.2	95.2	101.7	103.9	101.1	101.5	103.1	101.5	93.5	100.0	106.0	107.4	110.7	107.5	105.5	105.5
Switzerland	81.9	86.6	88.5	89.1	88.2	86.9	84.7	89.6	94.9	100.0	113.0	112.2	112.8	116.3	116.3	116.3
Turkey	168.7	126.6	112.9	110.5	116.2	108.2	111.0	106.8	96.6	100.0	86.3	84.4	79.3	70.8	73.6	73.6
United Kingdom	124.9	126.9	122.2	128.0	125.9	126.5	128.6	112.5	100.7	100.0	99.3	103.4	101.4	109.1	110.8	110.8
United States	122.1	123.0	115.8	110.5	107.6	105.9	101.1	97.8	103.9	100.0	95.8	98.6	99.8	102.8	106.6	106.6
Euro area	80.2	84.4	95.0	98.7	97.0	96.9	100.0	104.0	107.9	100.0	100.6	96.3	100.8	104.2	102.6	102.6

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 6 November 2014.

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933171072

Annex Table 38. **Export volumes of goods and services**

National accounts basis, percentage change from previous year

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	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	6.5	4.6	6.9
Austria	11.0	8.0	6.4	13.3	5.7	4.0	0.5	8.8	6.4	7.4	7.8	2.1	-14.9	12.8	6.6	1.4	1.4	-0.2	2.5	4.9
Belgium	9.5	4.1	5.1	12.5	0.3	3.2	1.6	6.4	4.8	5.2	5.6	1.6	-9.5	10.0	6.6	1.9	2.9	3.5	3.9	4.1
Canada	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	4.6	2.6	2.0	5.8	6.4	5.4
Chile	11.2	5.3	6.4	5.1	6.9	2.0	6.7	14.0	2.8	5.1	7.2	-0.7	-4.5	2.3	5.5	1.1	4.3	2.3	4.7	4.4
Czech Republic	7.6	9.7	4.8	15.6	9.4	0.8	8.9	29.2	18.4	14.8	11.0	3.8	-9.5	14.4	9.3	4.3	0.3	8.3	4.8	6.3
Denmark	4.5	4.1	11.3	12.6	3.4	3.6	-0.4	2.6	8.1	9.8	3.6	3.2	-9.5	1.9	7.3	-0.1	1.2	1.2	2.6	3.0
Estonia	26.4	13.4	0.4	27.4	6.3	2.8	10.2	17.3	19.9	9.5	12.6	0.9	-20.3	24.0	22.2	8.3	2.6	2.7	3.3	4.5
Finland	14.0	8.9	11.3	16.1	1.3	3.7	-1.2	8.7	6.9	10.1	9.1	6.6	-20.1	6.2	2.0	1.2	-1.7	0.3	2.9	4.6
France	12.9	8.6	4.8	13.0	2.9	1.8	-1.0	4.5	3.7	6.0	2.7	0.1	-11.0	8.6	7.1	1.2	2.4	2.0	3.5	4.9
Germany	12.4	7.1	5.0	14.5	6.1	4.3	1.8	10.4	7.0	12.8	9.7	1.3	-14.3	14.2	8.2	3.5	1.7	3.2	3.1	4.2
Greece	22.0	4.2	24.7	23.8	-1.5	-7.4	-0.7	18.0	4.6	5.2	9.8	3.5	-18.2	4.3	1.0	1.0	1.5	8.8	6.4	7.9
Hungary	22.9	15.6	11.9	25.0	8.8	5.8	6.3	18.0	12.9	19.5	16.1	6.9	-11.4	11.3	6.6	-1.5	5.9	6.8	5.0	5.3
Iceland	5.6	1.4	3.1	3.9	6.7	3.4	0.9	8.2	7.1	-4.8	23.8	2.8	8.3	1.8	3.4	3.9	6.9	3.3	3.1	3.0
Ireland	17.6	23.1	15.5	20.1	9.2	4.9	0.7	7.5	4.6	5.3	8.9	-0.9	-4.0	6.2	5.5	4.7	1.1	11.3	6.2	5.6
Israel	9.3	6.4	14.7	23.5	-11.2	-2.2	8.0	17.4	4.9	5.1	10.5	6.4	-11.3	14.9	6.5	1.0	1.5	1.2	5.1	6.7
Italy	5.0	2.7	-1.0	11.9	2.7	-2.8	-1.3	6.2	3.4	8.2	6.2	-3.1	-18.1	11.8	5.2	2.0	0.6	1.7	2.7	4.6
Japan	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	-0.2	1.6	7.8	6.2	6.7
Korea	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	3.4	4.9	6.3
Luxembourg	11.4	11.2	14.3	12.6	5.6	2.3	2.8	10.8	5.5	12.5	7.7	7.4	-12.8	8.2	5.0	3.0	5.6	4.0	3.2	3.2
Mexico	8.5	7.5	6.5	11.0	-3.4	2.0	0.9	9.2	5.7	7.8	3.6	-1.2	-11.8	20.6	8.3	5.9	1.1	7.0	6.2	7.0
Netherlands	9.7	6.6	7.2	12.3	1.3	0.5	1.0	7.2	6.1	7.6	7.1	1.3	-8.1	8.7	4.6	3.2	2.2	4.1	4.0	3.8
New Zealand	3.6	1.6	8.4	7.3	3.6	6.8	1.9	5.9	-0.7	2.3	4.7	-1.0	1.8	3.4	2.5	1.7	1.3	2.9	3.3	4.6
Norway	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	-3.3	-0.5	1.1	2.5
Poland	12.5	14.3	-2.6	23.9	2.4	4.8	14.1	4.9	9.7	15.6	10.2	7.0	-6.3	12.9	7.9	4.3	5.0	3.8	3.3	5.9
Portugal	7.4	8.0	3.6	8.4	2.3	3.1	3.3	4.5	0.5	12.4	7.3	-0.3	-10.2	9.5	7.0	3.1	6.4	3.1	5.3	5.8
Slovak Republic	10.0	-2.6	10.1	7.5	10.6	7.0	18.4	20.9	12.9	22.9	14.6	3.0	-17.0	15.7	12.0	9.3	5.2	5.3	5.1	6.2
Slovenia	11.6	7.8	2.0	12.6	7.2	7.8	3.2	13.0	11.4	14.1	13.6	4.2	-16.6	10.1	7.0	0.3	2.6	4.2	4.3	5.1
Spain	14.6	8.0	8.0	10.5	3.7	1.4	3.4	4.3	1.8	4.9	8.3	-0.8	-11.0	9.4	7.4	1.2	4.3	3.5	4.9	5.4
Sweden	14.3	8.8	6.8	12.0	0.9	1.3	4.4	9.8	6.6	9.1	4.7	1.6	-14.3	11.4	6.2	1.6	-0.5	2.4	3.4	3.7
Switzerland	14.8	2.6	3.3	12.2	0.0	-2.0	-1.0	9.5	6.5	6.3	11.4	3.9	-10.0	12.8	4.9	0.8	15.3	-10.7	1.3	5.0
Turkey	19.1	12.0	-10.7	16.0	3.9	6.9	6.9	11.2	37.6	6.6	7.3	2.7	-5.0	3.4	7.9	16.3	-0.3	7.6	4.6	6.1
United Kingdom	14.4	2.9	2.9	9.4	2.0	2.7	2.8	4.8	8.4	12.4	-2.1	1.6	-8.2	6.2	5.6	0.7	0.5	-1.3	1.2	2.4
United States	11.9	2.3	2.6	8.6	-5.8	-1.7	1.8	9.8	6.2	9.0	9.3	5.7	-8.8	11.9	6.9	3.3	3.0	3.3	5.7	5.6
Total OECD	11.5	5.1	4.9	11.8	0.4	2.0	2.3	8.7	6.1	8.6	6.9	2.0	-11.2	11.3	6.2	2.7	2.6	3.2	4.2	5.1

Note: Regional aggregates are calculated inclusive of intra-regional trade as the sum of volumes expressed in 2010 $.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933171081

Annex Table 39. **Import volumes of goods and services**

National accounts basis, percentage change from previous year

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	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	6.5	-2.1	0.4	2.5	4.4
Austria	7.3	5.8	4.1	10.3	5.3	0.3	3.4	7.9	5.5	5.9	5.6	0.8	-12.0	11.2	6.4	0.7	-0.3	1.4	2.7	5.1
Belgium	8.3	5.0	3.3	13.7	-1.1	0.8	1.6	6.5	6.4	4.6	5.7	3.4	-9.1	9.6	7.4	1.8	1.7	2.5	3.7	3.7
Canada	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	3.7	1.3	2.2	4.1	4.1
Chile	13.2	6.7	-9.9	9.9	4.5	2.0	9.6	18.3	17.3	11.4	14.3	11.2	-16.2	25.9	15.6	5.0	2.2	-4.4	5.0	4.0
Czech Republic	5.8	5.5	4.3	15.4	11.2	4.7	8.6	25.6	13.0	11.9	12.8	2.8	-10.7	14.5	6.7	2.6	0.3	8.9	5.2	6.3
Denmark	9.2	7.6	2.6	13.7	2.4	6.4	-1.0	7.1	11.0	14.2	5.7	4.3	-12.4	0.9	7.0	0.7	2.2	2.2	2.7	3.6
Estonia	28.6	12.5	-5.9	27.1	12.4	13.3	14.0	16.1	16.7	20.7	13.0	-6.2	-30.6	21.0	26.8	12.2	3.1	1.8	3.4	5.1
Finland	11.9	8.5	4.3	14.9	1.4	4.3	4.1	8.1	11.2	6.7	7.4	7.9	-16.9	6.5	6.0	1.3	-2.5	-0.2	1.5	3.9
France	7.9	12.0	6.5	16.0	2.2	1.9	1.0	5.6	6.4	6.0	5.7	1.0	-9.2	8.5	6.5	-1.2	1.9	2.9	2.7	3.8
Germany	9.2	8.9	8.6	11.3	1.2	-2.5	5.7	7.1	6.0	11.5	6.5	1.8	-9.6	12.6	7.3	0.4	3.2	4.0	4.4	5.5
Greece	8.8	15.7	17.0	21.8	-1.8	-3.4	5.8	6.6	1.3	13.5	13.6	2.2	-19.4	-5.5	-7.6	-9.5	-3.0	5.5	2.4	4.0
Hungary	24.1	22.6	13.3	23.1	5.8	8.7	9.5	17.3	7.8	15.5	13.9	6.0	-14.7	10.1	4.5	-3.3	5.9	8.2	5.2	5.3
Iceland	8.0	21.9	3.3	7.8	-10.0	-2.8	10.2	13.7	28.8	9.7	-2.3	-20.2	-22.4	4.3	6.8	4.9	0.4	8.0	6.3	6.0
Ireland	16.5	27.5	12.6	21.3	7.5	2.3	-1.0	8.4	8.5	7.1	8.0	-2.5	-9.1	3.0	-0.6	6.9	0.6	11.1	6.3	5.7
Israel	4.2	2.1	15.5	11.9	-5.5	-1.1	-0.9	11.8	3.4	3.2	10.9	2.3	-13.8	15.2	10.7	2.5	-0.1	4.7	7.1	7.3
Italy	10.0	8.9	4.3	10.3	2.1	0.7	1.5	4.7	3.0	7.8	5.4	-3.7	-12.9	12.4	0.5	-8.0	-2.7	1.4	2.1	3.4
Japan	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	6.9	3.2	4.6
Korea	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	2.5	5.2	6.7
Luxembourg	12.6	11.8	14.8	10.6	6.7	-0.1	5.1	10.6	5.3	12.2	7.3	9.3	-14.1	9.6	6.9	3.8	5.8	2.1	3.1	3.3
Mexico	18.4	14.4	14.1	20.5	-0.3	2.3	3.2	8.8	8.5	10.5	5.3	3.6	-16.6	20.3	8.2	4.4	1.8	5.0	4.2	5.5
Netherlands	11.5	8.5	9.1	10.7	2.3	0.7	1.2	5.5	5.3	8.2	6.4	1.7	-7.5	8.1	3.7	2.8	1.0	4.1	3.9	3.7
New Zealand	2.5	0.4	11.8	-0.4	2.3	9.8	8.6	16.7	6.2	-2.4	9.3	2.9	-14.1	10.9	6.9	2.7	6.3	6.6	4.8	4.7
Norway	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	2.9	0.4	1.8	2.8
Poland	22.9	18.7	1.2	13.6	-3.8	2.9	9.6	8.1	6.3	18.1	15.8	9.4	-12.4	14.0	5.5	-0.6	1.8	6.6	4.0	6.4
Portugal	10.4	14.7	9.1	5.5	1.1	-0.2	-0.4	7.6	2.2	7.5	5.4	2.5	-9.9	7.8	-5.8	-6.6	3.6	5.6	3.0	4.6
Slovak Republic	10.2	-1.1	-3.6	6.6	18.9	5.8	8.0	21.6	15.3	19.5	9.4	3.6	-19.1	14.7	9.7	2.6	3.8	5.5	4.6	5.4
Slovenia	11.7	10.1	8.4	6.6	3.6	5.6	6.5	14.0	7.3	12.4	16.8	3.8	-18.8	6.6	5.0	-3.9	1.4	2.8	2.5	3.3
Spain	12.9	14.1	13.9	9.5	3.5	3.6	5.9	10.1	7.0	8.2	8.6	-5.6	-18.3	6.9	-0.8	-6.3	-0.5	4.5	4.9	5.5
Sweden	12.9	11.1	4.6	12.1	-1.5	-1.3	4.0	5.7	7.0	8.8	8.0	3.4	-13.9	12.3	7.4	1.1	-0.7	4.2	3.5	3.4
Switzerland	10.3	4.9	3.4	7.9	1.0	-2.3	0.4	3.9	9.8	3.2	5.8	4.9	-3.8	8.1	9.2	-2.8	13.5	-11.7	0.3	4.4
Turkey	22.4	2.3	-3.7	21.8	-24.8	20.9	23.5	20.8	53.2	6.9	10.7	-4.1	-14.3	20.7	10.7	-0.4	9.0	-0.2	5.2	6.6
United Kingdom	17.2	8.6	7.4	9.6	4.8	5.4	2.9	7.1	6.6	9.9	-0.8	-1.8	-9.8	8.7	1.0	3.1	0.5	-1.6	1.2	2.2
United States	13.5	11.7	10.1	13.0	-2.8	3.7	4.5	11.4	6.3	6.3	2.5	-2.6	-13.7	12.7	5.5	2.3	1.1	3.5	4.4	5.3
Total OECD	10.7	7.3	7.9	12.2	0.1	2.4	4.1	8.8	7.0	8.0	5.6	0.5	-12.0	11.5	5.7	1.2	1.8	2.9	3.7	4.7

Note: Regional aggregates are calculated inclusive of intra-regional trade as the sum of volumes expressed in 2010 $.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933171093

Annex Table 40. **Export prices of goods and services**

National accounts basis, percentage change from previous year, national currency terms

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	-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	-3.6	-2.3	1.6
Austria	0.8	-0.2	0.2	1.8	0.5	0.1	0.0	1.1	2.1	2.1	1.9	2.4	-2.7	2.9	4.2	1.2	0.1	0.4	2.5	1.6
Belgium	1.1	-1.3	0.0	5.8	1.4	-0.8	-1.3	2.2	3.9	2.7	2.3	3.9	-5.2	4.6	4.1	1.3	-0.4	-0.8	1.2	1.6
Canada	-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	7.0	-0.4	1.3	3.3	-1.6	1.0
Chile	-1.1	-3.5	7.9	10.9	6.5	5.8	11.0	13.2	12.0	23.5	5.9	-4.1	-3.6	15.2	3.6	-4.9	-3.4	12.3	3.4	3.0
Czech Republic	5.7	4.3	1.0	3.8	0.3	-4.8	0.1	2.7	-2.2	-1.3	0.3	-4.3	0.5	-1.2	0.7	3.3	1.6	3.8	0.5	0.7
Denmark	2.7	-2.1	-0.5	8.2	1.6	-1.2	-1.1	1.9	5.5	3.0	1.4	5.1	-8.6	9.6	1.2	3.6	0.8	-1.3	2.6	1.7
Estonia	13.0	2.9	0.2	8.3	5.8	3.0	0.1	1.9	3.6	5.6	6.2	6.5	-2.2	3.6	4.6	1.8	1.0	-0.1	0.9	1.7
Finland	-1.0	-1.0	-5.0	3.5	-1.3	-2.5	-1.4	-0.4	1.2	2.3	1.0	-0.2	-5.9	3.8	4.5	1.2	-0.8	-1.1	1.2	1.6
France	1.2	-1.6	-1.6	2.6	-0.3	-1.5	-1.7	0.5	1.8	2.1	1.9	3.2	-3.8	2.3	2.9	1.5	-0.4	-0.7	0.9	1.0
Germany	0.8	-0.7	-0.7	2.7	0.7	-0.6	-1.3	-0.2	1.1	1.1	0.3	1.0	-2.6	2.3	2.8	1.6	-0.2	-0.2	-0.2	0.4
Greece	3.0	5.6	1.6	7.2	2.9	2.1	1.8	1.8	2.5	3.3	2.7	3.8	-1.9	5.9	5.8	2.7	-1.8	-0.8	-1.7	-1.6
Hungary	15.5	13.1	4.8	10.1	3.0	-4.1	0.1	-1.1	-0.5	6.4	-3.9	0.8	2.9	1.8	3.4	3.2	0.3	1.4	2.5	1.8
Iceland	2.1	5.3	0.4	4.1	21.8	-1.2	-6.4	1.7	-4.3	21.7	-0.7	35.4	14.1	8.2	6.3	1.5	-3.0	-6.2	3.0	2.6
Ireland	1.2	3.0	2.4	7.0	4.0	-0.1	-5.1	-0.8	1.3	0.9	-0.5	-0.6	1.5	1.5	0.4	4.3	-0.3	-0.5	2.3	1.3
Israel	6.4	7.3	9.7	-1.8	0.9	11.9	-1.9	0.9	4.5	2.0	-3.8	-5.9	3.4	-2.4	0.8	8.5	-5.3	-1.8	1.9	1.7
Italy	1.3	1.1	0.4	4.3	2.4	1.4	-0.1	1.0	1.9	2.2	2.4	2.9	-2.0	2.3	4.0	2.0	-0.1	-0.6	1.3	1.1
Japan	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	9.5	1.6	1.6	1.7
Korea	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	-5.9	0.0	0.9
Luxembourg	1.6	0.6	5.3	9.7	-3.4	-1.4	-0.3	5.6	7.9	8.6	6.0	-0.6	-3.1	8.4	5.2	4.8	2.9	1.2	1.7	1.4
Mexico	9.6	14.3	12.3	8.4	-2.3	2.6	13.2	9.0	4.1	7.4	5.1	9.5	9.3	-0.2	5.8	6.0	-0.9	1.6	1.3	1.6
Netherlands	3.2	-1.3	-1.0	5.8	0.9	-2.0	-0.8	0.9	3.0	2.9	1.5	4.4	-6.1	5.7	4.8	2.3	-0.6	-1.4	0.3	1.0
New Zealand	-2.3	4.7	0.0	13.7	7.0	-6.8	-6.9	0.2	1.3	6.7	1.2	15.2	-7.9	2.9	5.7	-5.3	2.1	-1.2	-6.1	1.0
Norway	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	1.8	-2.1	-4.1	2.5
Poland	13.4	11.7	7.0	0.6	2.7	4.2	6.2	8.4	-2.4	2.3	2.8	-0.7	11.6	0.7	6.8	4.1	0.3	0.3	0.5	1.6
Portugal	3.3	1.4	0.4	5.5	0.6	0.1	-1.5	1.7	1.6	4.4	1.9	2.7	-5.0	3.3	5.0	1.8	-0.3	-0.6	0.7	1.2
Slovak Republic	6.5	-5.0	-1.1	17.3	4.9	1.0	1.5	1.8	1.6	2.1	0.5	1.4	-5.1	3.0	4.0	1.2	-1.9	-3.2	2.0	2.5
Slovenia	5.2	2.8	2.2	10.5	8.0	4.5	2.8	3.0	2.8	2.7	2.5	1.4	-1.1	2.2	4.1	1.3	-0.3	-0.2	1.3	1.9
Spain	3.2	0.6	0.1	6.7	1.7	0.4	-0.3	1.8	4.0	4.1	2.4	2.6	-2.7	3.0	4.5	2.1	-0.8	0.0	1.3	1.6
Sweden	-0.2	-1.2	-1.5	2.3	2.6	-1.5	-2.0	-0.2	2.6	3.0	1.9	4.1	1.3	-0.6	-1.0	-1.0	-2.6	1.6	1.0	1.0
Switzerland	0.5	-0.9	0.1	3.4	-0.1	-1.9	0.4	0.7	1.8	4.9	3.9	2.6	-0.4	2.3	-0.5	2.2	-5.1	-2.6	0.3	0.1
Turkey	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	8.1	14.0	4.9	1.2
United Kingdom	-9.7	-5.0	0.6	1.6	1.1	-1.6	1.8	-0.6	3.1	1.7	-0.6	9.1	3.6	5.1	5.8	-0.4	1.6	-3.0	0.7	1.6
United States	-1.8	-2.4	1.4	1.8	-0.6	-0.6	2.0	3.5	4.3	3.4	3.2	4.7	-5.5	4.3	6.4	0.9	0.1	0.5	0.6	0.4
Total OECD	2.4	2.2	0.6	4.4	2.6	-0.4	0.4	2.2	2.4	3.0	1.8	4.9	-2.9	2.9	4.5	1.2	0.2	0.0	0.7	1.1

Note: Regional aggregates are calculated inclusive of intra-regional trade. They are calculated as the geometric averages of prices weighted by 2010 GDP volumes expressed in $.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933171101

Annex Table 41. **Import prices of goods and services**

National accounts basis, percentage change from previous year, national currency terms

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	-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	4.8	2.7	1.8
Austria	1.7	0.3	0.5	2.6	0.2	-0.7	-0.7	1.7	2.8	3.6	2.3	3.9	-4.6	4.8	6.1	1.9	-0.3	-0.6	2.3	1.9
Belgium	1.5	-1.8	0.9	7.6	1.3	-1.8	-1.0	2.9	4.4	3.3	2.0	6.6	-8.3	6.3	5.1	1.5	-0.5	-1.0	1.1	1.6
Canada	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	0.7	1.3	4.9	1.1	1.0
Chile	-1.0	-0.1	4.2	8.2	9.7	3.9	3.4	-6.1	1.4	-0.5	4.0	15.5	-8.2	-1.9	3.8	-0.3	-0.3	13.3	3.5	3.0
Czech Republic	5.2	-1.1	1.8	7.0	-2.5	-8.1	0.0	1.6	0.0	0.7	-0.8	-3.0	-1.5	0.7	2.3	3.9	0.5	1.8	0.2	0.7
Denmark	2.6	-1.8	-0.2	7.5	1.7	-2.2	-1.9	1.1	3.6	3.5	1.7	3.4	-8.8	7.0	3.5	3.5	-0.7	-2.5	1.9	1.1
Estonia	8.6	2.2	0.8	5.9	1.3	-0.9	-1.6	1.1	1.7	3.1	4.1	6.3	-2.6	5.8	5.5	2.4	-0.4	-1.3	0.6	1.4
Finland	0.5	-2.8	-2.0	7.4	-2.9	-2.7	0.0	1.8	4.7	5.6	1.1	1.7	-7.1	6.0	6.1	2.5	-1.1	-0.2	0.8	1.6
France	1.2	-2.9	-1.9	5.3	-0.5	-3.1	-1.6	1.4	3.2	3.6	0.7	3.8	-6.1	3.6	5.4	1.9	-1.5	-1.8	0.1	0.8
Germany	2.6	-2.6	-1.5	7.3	0.6	-2.6	-2.5	-0.4	3.0	2.8	0.1	2.8	-6.9	4.8	5.3	2.1	-1.7	-2.1	-1.5	0.5
Greece	1.9	4.4	1.1	7.9	3.4	0.8	-0.1	2.1	3.0	3.5	2.3	5.6	-1.4	5.5	5.7	4.2	-2.6	-2.2	-1.0	-0.6
Hungary	13.3	12.0	5.4	12.3	2.4	-5.3	0.4	-0.9	1.3	7.8	-4.4	2.0	1.6	1.7	4.9	4.2	-0.5	0.7	2.1	1.8
Iceland	0.0	0.2	1.1	6.9	21.7	-1.7	-2.4	3.2	-5.3	17.8	2.6	45.3	24.3	3.5	9.2	4.8	-1.2	-3.7	3.7	2.7
Ireland	0.9	2.5	2.4	7.6	3.4	-1.1	-4.2	-0.2	1.8	1.7	1.2	1.8	0.0	3.0	3.2	3.9	-0.2	1.2	1.9	1.4
Israel	3.0	4.3	7.4	0.8	1.8	12.1	0.5	3.7	6.7	3.1	-1.8	-2.6	-4.1	0.1	4.5	5.0	-7.3	-2.2	2.3	1.7
Italy	1.3	-1.5	0.7	10.8	1.2	-0.3	-1.7	2.0	5.3	5.4	1.3	5.1	-7.8	6.6	6.8	3.4	-1.8	-1.8	1.0	1.9
Japan	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	11.5	2.8	0.3	1.3
Korea	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	-6.7	1.9	2.6
Luxembourg	5.2	1.6	3.0	12.3	-2.1	-1.4	-1.7	6.8	8.4	6.8	7.3	-2.0	-4.6	8.2	4.2	4.5	3.0	1.4	1.8	1.4
Mexico	6.8	13.8	5.0	0.8	-2.4	3.1	10.3	10.3	0.3	3.9	4.6	6.7	12.7	-1.3	5.9	7.1	-2.8	3.8	2.0	1.5
Netherlands	1.3	-2.5	-1.0	5.4	-0.4	-2.8	-1.1	1.7	3.0	2.9	1.8	4.7	-6.8	6.5	6.4	2.7	-1.0	-1.8	0.2	0.8
New Zealand	-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	-4.6	-4.7	-1.8	1.0
Norway	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	2.8	3.2	1.8	2.4
Poland	14.4	10.8	6.9	9.3	0.2	5.3	6.7	4.6	-3.6	2.4	1.1	0.9	8.0	2.1	8.8	5.5	-1.3	-2.1	0.4	1.7
Portugal	2.6	-1.5	-0.7	8.4	0.3	-1.6	-1.5	2.1	2.9	3.8	1.4	5.1	-9.3	4.7	7.1	1.6	-1.9	-2.4	0.3	1.0
Slovak Republic	3.4	-1.9	0.6	13.4	6.1	1.0	1.9	2.1	1.7	3.6	1.6	3.0	-4.1	3.6	5.3	2.5	-1.4	-3.5	2.2	2.9
Slovenia	4.8	1.8	1.9	14.0	6.2	2.5	2.1	4.2	5.0	3.3	1.5	2.7	-4.4	6.5	5.6	2.3	-1.2	-1.3	1.6	2.7
Spain	3.5	-2.1	0.0	10.8	-0.1	-2.4	-1.7	2.2	3.1	3.9	1.7	5.1	-7.4	5.5	8.5	3.7	-2.2	-0.6	1.3	1.3
Sweden	0.3	-1.0	1.1	4.0	4.0	0.1	-2.1	0.9	4.5	3.3	0.5	4.5	0.4	-0.1	-0.2	-1.1	-3.1	2.3	1.2	1.0
Switzerland	2.5	-1.9	-0.4	5.4	-0.2	-4.6	-1.1	1.9	3.5	6.2	4.9	3.5	-2.7	2.5	0.0	2.8	-5.1	-3.1	-0.9	0.0
Turkey	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	3.8	14.5	4.3	2.0
United Kingdom	-12.8	-5.5	-0.5	2.6	-0.2	-2.6	0.4	-0.8	3.5	2.4	0.1	12.9	2.0	3.9	7.0	-0.8	1.0	-3.8	-0.1	1.3
United States	-3.5	-5.4	1.6	4.4	-2.5	-1.2	3.4	4.7	6.0	4.1	3.4	10.5	-10.4	5.8	7.7	0.5	-0.9	0.0	-1.1	0.4
Total OECD	2.1	1.3	0.5	6.3	2.2	-1.3	0.2	2.6	3.4	4.0	1.8	8.0	-5.6	3.6	6.7	1.9	-0.5	-0.1	0.4	1.2

Note: Regional aggregates are calculated inclusive of intra-regional trade. They are calculated as the geometric averages of prices weighted by 2010 GDP volumes expressed in $.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933171110

Annex Table 42. **Competitive positions: relative consumer prices**

Indices, 2010 = 100

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	71.6	71.6	68.2	65.8	69.6	78.7	85.1	87.6	87.4	92.9	91.0	88.2	100.0	106.9	108.3	103.7	99.1	97.1	97.5
Austria	102.0	101.2	98.1	98.3	99.0	102.3	103.4	102.5	101.7	102.1	102.3	103.1	100.0	100.4	98.9	100.8	102.5	102.2	102.3
Belgium	96.8	95.8	91.7	92.5	94.1	99.0	100.9	100.7	100.2	100.9	103.5	103.6	100.0	100.8	98.8	100.2	100.4	98.2	97.4
Canada	76.1	75.3	76.1	74.5	73.9	81.7	85.8	90.9	95.9	98.8	96.0	92.1	100.0	101.4	101.1	97.6	92.0	90.4	90.1
Chile	102.6	96.5	95.5	86.7	89.1	83.1	88.7	94.3	98.7	97.1	98.5	94.9	100.0	101.1	103.7	103.1	94.5	95.6	95.6
Czech Republic	66.5	66.6	67.2	71.5	79.6	78.1	78.9	83.3	87.5	89.9	102.9	99.1	100.0	102.0	98.7	96.6	91.4	90.3	90.2
Denmark	95.0	95.5	91.5	92.7	94.9	100.1	101.0	99.7	99.3	99.9	101.5	104.5	100.0	99.4	96.8	97.7	98.9	98.2	97.5
Estonia	79.1	85.6	82.3	83.9	86.1	89.3	90.8	91.0	91.9	95.6	101.7	103.7	100.0	101.1	100.0	102.8	104.6	104.3	103.0
Finland	105.1	106.0	100.8	101.6	103.0	107.8	107.6	104.2	102.6	103.6	105.1	106.7	100.0	99.6	96.9	98.6	101.0	100.5	99.2
France	103.2	101.3	96.0	95.8	97.6	103.0	104.8	103.4	102.7	103.1	103.8	104.1	100.0	99.2	96.3	97.4	97.7	95.4	94.2
Germany	107.7	105.8	99.1	99.1	100.3	105.3	106.7	104.5	103.5	104.8	104.9	105.7	100.0	98.9	95.8	97.8	98.9	97.2	96.9
Greece	89.8	90.8	84.7	85.3	88.0	93.6	95.8	95.9	96.6	98.0	99.8	101.4	100.0	100.6	96.8	95.8	95.2	92.2	89.6
Hungary	69.8	73.0	73.3	79.0	87.3	89.5	95.3	96.8	92.0	102.5	105.2	99.2	100.0	99.7	96.8	95.9	92.4	91.7	92.6
Iceland	125.4	128.9	133.1	117.3	125.0	131.8	135.3	153.0	142.8	148.4	116.4	95.0	100.0	101.1	101.5	105.4	113.2	113.6	113.6
Ireland	86.3	84.6	81.9	84.8	89.6	98.3	100.9	100.5	102.1	107.2	112.1	107.9	100.0	100.1	95.7	97.3	96.8	94.3	93.8
Israel	111.2	107.5	114.6	113.7	102.9	96.8	90.3	87.7	87.2	87.7	97.7	95.5	100.0	101.0	96.1	102.2	103.6	99.2	97.6
Italy	97.7	97.4	93.0	94.0	96.5	102.5	104.3	102.8	102.3	102.8	103.6	104.9	100.0	99.9	97.9	99.5	100.0	97.5	95.9
Japan	106.0	118.5	125.4	112.5	105.1	105.7	107.0	100.6	90.8	83.2	89.8	100.5	100.0	101.2	99.8	80.2	76.3	71.6	70.9
Korea	86.9	99.9	108.4	102.0	107.0	108.2	109.8	122.7	131.1	129.1	105.0	93.1	100.0	100.0	99.7	103.8	109.9	108.7	108.5
Luxembourg	95.0	94.3	92.1	92.9	94.3	98.0	99.4	99.1	99.7	100.6	101.6	102.3	100.0	100.5	99.0	100.5	100.8	99.5	99.4
Mexico	96.6	105.8	115.2	123.2	123.5	109.8	105.1	108.9	108.9	107.6	105.5	92.8	100.0	100.1	97.2	102.7	102.1	102.2	103.2
Netherlands	97.6	97.5	92.9	95.5	98.6	104.1	105.0	103.5	102.1	102.5	103.0	104.8	100.0	99.4	96.9	99.8	100.9	99.3	98.0
New Zealand	88.1	84.0	76.0	75.0	82.3	94.2	101.2	106.7	99.0	106.0	98.9	92.6	100.0	103.8	106.6	109.4	112.6	107.3	106.2
Norway	89.3	90.0	88.4	91.1	98.8	98.3	94.0	97.3	96.8	96.8	97.5	95.5	100.0	100.7	100.3	98.6	94.2	92.1	92.8
Poland	85.7	85.0	92.9	103.9	99.5	88.8	88.0	97.7	99.3	102.5	111.7	94.9	100.0	98.2	95.7	96.0	97.0	95.3	94.5
Portugal	95.0	95.3	92.9	95.3	97.9	102.1	103.2	102.3	102.8	103.5	103.6	102.9	100.0	100.8	99.5	99.6	99.2	97.9	97.1
Slovak Republic	54.1	54.7	59.6	60.0	61.2	69.4	76.1	77.7	81.6	90.0	97.5	104.7	100.0	100.8	100.6	101.8	102.5	102.0	101.2
Slovenia	95.8	96.6	94.0	93.8	95.8	99.3	99.5	98.4	98.4	99.9	102.2	103.7	100.0	99.0	97.1	98.8	99.2	97.2	95.5
Spain	88.7	88.8	86.5	88.3	91.0	95.9	98.0	98.5	99.8	101.3	103.4	103.4	100.0	100.5	98.2	99.9	99.7	97.7	96.3
Sweden	114.7	112.9	110.4	101.1	104.1	110.8	111.3	106.4	105.7	106.9	104.5	94.5	100.0	105.7	105.3	106.3	101.3	99.2	99.0
Switzerland	96.3	95.7	92.7	94.8	98.5	99.0	98.1	95.9	93.1	88.9	92.4	96.3	100.0	109.7	105.4	103.7	105.0	103.5	101.8
Turkey	70.2	74.7	82.9	67.4	73.7	78.2	80.9	89.6	88.8	96.1	97.0	91.3	100.0	88.4	91.7	90.3	85.9	90.6	93.8
United Kingdom	129.4	129.6	130.4	127.0	127.4	121.6	126.3	123.9	124.4	126.0	109.7	99.5	100.0	100.6	105.1	103.7	111.4	113.0	112.8
United States	114.2	113.4	117.5	124.1	124.1	116.7	111.7	109.9	109.1	104.2	100.3	104.8	100.0	95.4	97.6	97.9	100.1	102.9	102.3
Euro area	100.6	98.4	88.5	89.8	93.6	104.5	107.9	105.0	104.0	105.8	107.8	109.6	100.0	99.1	94.2	97.3	98.5	95.2	93.5

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 51 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 96 database.

StatLink http://dx.doi.org/10.1787/888933171129

Annex Table 43. **Competitive positions: relative unit labour costs**

Indices, 2010 = 100

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	65.4	66.7	62.8	58.9	61.7	70.3	77.7	81.1	82.3	90.6	89.4	84.4	100.0	110.0	112.1	105.9	99.4	97.1	97.1
Austria	106.2	105.5	100.1	98.6	97.6	101.2	101.5	100.2	100.4	100.7	101.0	102.5	100.0	99.1	98.0	100.4	102.0	100.7	100.3
Belgium	96.9	96.4	91.1	93.2	95.3	100.1	100.2	99.3	100.0	101.3	103.5	104.4	100.0	101.5	99.9	102.3	102.0	99.4	98.6
Canada	69.8	68.6	69.6	67.7	67.1	74.8	79.7	85.4	92.3	96.1	94.7	91.8	100.0	101.8	102.8	100.7	94.7	93.8	94.6
Czech Republic	66.0	66.8	66.1	70.7	81.6	81.7	84.4	88.7	92.1	94.8	105.7	99.3	100.0	101.7	97.6	94.9	89.9	88.2	88.3
Denmark	89.7	89.8	83.9	86.2	88.8	94.1	94.9	94.8	95.1	98.9	102.0	105.5	100.0	97.6	94.0	95.5	97.0	95.8	95.0
Estonia	70.2	78.8	73.5	73.9	75.3	80.6	82.8	83.5	87.3	96.8	108.2	109.8	100.0	95.5	92.5	97.7	104.4	106.7	106.4
Finland	103.7	106.7	98.4	98.9	99.6	104.1	104.4	103.1	100.9	98.7	100.6	107.3	100.0	98.7	97.3	99.0	101.0	99.4	97.7
France	98.3	97.3	92.1	92.4	94.9	100.4	101.8	101.2	101.2	101.8	102.1	102.6	100.0	99.2	96.1	97.4	98.3	96.2	95.5
Germany	121.1	120.1	111.8	108.3	108.3	113.8	113.8	108.7	103.8	101.5	101.2	105.8	100.0	98.6	96.6	100.0	102.4	102.7	102.4
Greece	81.2	84.6	78.7	77.9	86.6	90.5	93.5	95.8	93.6	96.3	99.4	103.9	100.0	98.5	87.6	81.3	79.1	75.1	72.2
Hungary	70.9	72.1	74.6	83.0	94.7	99.7	105.2	107.5	101.8	112.0	112.7	102.0	100.0	98.8	93.0	94.0	92.5	91.7	92.0
Iceland	138.0	147.5	153.3	135.0	146.0	155.6	157.6	182.3	180.2	183.2	135.6	91.3	100.0	103.7	104.8	108.4	117.1	119.5	122.0
Ireland	83.4	82.6	78.4	81.6	83.5	94.2	98.9	102.3	104.5	109.2	117.4	112.2	100.0	96.3	90.8	95.0	95.4	93.1	92.5
Israel	119.1	116.5	124.7	127.7	110.7	101.4	93.8	91.7	92.6	93.8	102.6	95.0	100.0	101.7	97.8	104.7	107.3	102.9	102.1
Italy	89.6	89.9	84.1	85.4	89.3	96.4	98.8	99.2	99.8	100.7	102.1	105.0	100.0	99.0	96.1	98.2	99.9	98.4	96.3
Japan	124.8	139.1	144.6	126.3	114.9	111.8	110.0	103.0	92.1	82.6	90.1	102.2	100.0	103.5	100.7	81.0	76.5	72.2	72.3
Korea	91.6	101.6	108.5	101.2	105.8	110.3	112.8	127.4	134.8	132.8	106.2	93.1	100.0	99.2	99.3	104.3	110.5	108.9	107.8
Luxembourg	83.0	82.1	80.3	84.1	86.7	90.1	91.6	91.8	93.7	95.3	98.8	103.8	100.0	101.0	100.7	103.8	104.7	103.7	103.7
Mexico	80.2	90.3	102.2	113.5	118.0	107.1	102.4	107.4	107.8	106.5	107.0	94.4	100.0	100.5	96.8	103.6	100.8	98.5	97.8
Netherlands	96.0	97.3	94.1	95.8	100.5	106.8	107.2	103.5	101.2	101.9	102.9	105.5	100.0	99.0	97.1	98.5	97.6	93.7	92.2
New Zealand	80.4	75.9	67.8	68.0	74.3	86.7	95.1	102.5	96.1	105.2	100.5	92.0	100.0	102.9	105.9	113.5	118.7	114.4	114.5
Norway	69.4	71.6	69.6	71.9	79.4	78.7	76.3	80.8	84.4	90.5	96.0	93.4	100.0	106.1	108.3	109.4	105.2	103.0	104.0
Poland	101.9	100.3	103.3	115.6	105.2	91.6	87.1	97.1	99.0	103.1	117.0	94.2	100.0	96.2	92.5	92.1	93.0	92.6	92.1
Portugal	93.3	94.4	93.7	95.2	97.8	102.3	103.0	104.0	102.9	102.4	102.0	102.4	100.0	97.2	91.3	93.9	94.0	92.4	91.7
Slovak Republic	72.2	69.8	74.1	71.3	72.2	77.2	79.6	82.7	85.2	91.3	97.3	105.1	100.0	100.1	97.9	96.5	98.6	98.1	97.6
Slovenia	94.2	94.2	91.6	92.5	92.6	95.6	96.9	95.6	95.2	96.1	98.6	103.7	100.0	97.3	93.2	92.9	91.4	88.7	86.8
Spain	83.7	84.2	82.0	83.3	86.4	91.8	94.9	96.3	98.7	102.3	105.8	104.8	100.0	97.6	89.7	88.9	88.5	85.6	84.0
Sweden	105.2	105.1	106.8	99.8	101.7	107.6	108.0	103.6	101.6	104.2	103.0	96.1	100.0	106.8	109.2	111.6	108.1	105.9	106.1
Turkey	89.2	115.7	124.1	92.2	92.8	86.6	85.6	96.3	90.7	94.1	98.7	90.9	100.0	86.5	90.8	94.7	94.6	109.2	121.7
United Kingdom	116.6	120.0	124.2	123.3	123.6	117.5	125.3	123.4	125.9	128.7	109.9	99.4	100.0	96.9	100.2	97.9	103.5	104.9	105.0
United States	125.2	125.2	130.0	134.2	131.4	122.0	116.8	113.0	112.0	107.9	102.3	104.3	100.0	95.1	96.8	96.5	100.0	102.9	102.5
Euro area	102.7	102.2	90.4	89.8	93.9	105.8	108.3	104.9	102.4	102.9	105.1	110.0	100.0	97.6	91.6	94.9	96.8	94.1	92.2

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 51 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 96 database.

StatLink http://dx.doi.org/10.1787/888933171138

Annex Table 44. **Export performance for total goods and services**

Percentage change from previous year

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	-1.4	-2.0	1.9	-5.8	-10.5	-8.8	-5.6	-6.0	-4.5	-1.0	12.1	-8.7	-8.5	1.2	1.8	2.5	-0.3	0.6
Austria	0.6	1.5	3.5	2.6	-4.7	-0.7	-1.1	-2.9	-0.6	-0.8	-3.8	0.8	-0.2	0.7	-1.7	-2.7	-1.2	-0.2
Belgium	-1.7	0.3	-1.5	1.4	-2.4	-1.9	-2.2	-3.9	-1.2	-0.8	1.5	-0.7	0.5	0.6	0.5	0.7	0.2	-0.7
Canada	1.6	-3.3	-1.1	-2.5	-6.3	-5.2	-4.3	-5.8	-2.4	-3.4	-0.3	-5.3	-1.2	-0.1	0.2	2.5	2.1	0.2
Chile	0.8	-7.0	6.2	-2.0	-1.6	1.2	-5.2	-4.5	-1.5	-4.4	4.5	-11.7	-2.6	-2.4	-0.4	-1.1	0.2	-1.2
Czech Republic	-0.7	3.7	6.5	-0.5	3.4	18.3	10.1	3.3	2.7	0.9	3.0	2.4	2.4	3.2	-2.2	5.2	1.0	1.3
Denmark	5.4	1.1	2.2	1.9	-5.0	-5.6	0.6	0.2	-3.6	0.8	2.6	-8.5	1.2	-1.9	-0.7	-1.6	-1.0	-1.5
Estonia	-1.8	13.7	3.6	-0.1	4.3	6.5	9.2	-1.3	1.6	-3.6	-4.3	11.3	11.9	5.2	1.4	1.6	0.8	0.4
Finland	6.7	3.1	-0.2	0.6	-6.8	-1.5	-1.5	-0.6	-0.3	2.9	-7.7	-6.1	-5.8	-1.7	-4.3	-1.6	-0.3	0.0
France	-1.1	1.6	1.3	-0.5	-5.9	-4.5	-3.5	-3.3	-5.0	-2.4	0.2	-2.2	1.3	-0.2	-0.3	-0.4	-0.4	-0.2
Germany	-0.2	2.0	4.1	1.1	-2.9	0.6	-0.8	3.2	1.4	-1.5	-3.3	2.5	1.7	2.0	-1.0	1.3	-0.3	-0.6
Greece	20.6	12.5	-2.9	-10.4	-6.4	7.2	-2.9	-3.9	0.0	-0.8	-7.6	-5.7	-5.6	-1.2	-1.1	6.0	1.9	2.3
Hungary	6.5	12.4	5.8	3.8	0.8	7.5	4.9	8.0	6.9	3.7	1.1	-0.3	-0.3	-2.9	3.4	3.9	1.3	0.2
Iceland	-3.3	-6.1	4.5	1.5	-2.4	0.3	0.3	-12.8	16.1	0.9	21.4	-7.1	-1.4	2.0	4.8	0.8	-0.3	-1.2
Ireland	7.9	7.3	8.8	2.0	-3.1	-1.2	-2.0	-2.4	4.1	-1.3	8.0	-4.3	0.2	3.1	-1.1	9.3	2.6	1.1
Israel	7.2	9.3	-10.3	-6.1	1.6	5.0	-3.0	-3.4	4.0	4.1	-0.1	1.1	-0.6	-2.0	-1.3	-1.2	0.7	1.0
Italy	-6.3	0.0	1.0	-5.2	-6.3	-3.3	-4.2	-1.2	-2.4	-6.3	-7.6	1.0	-1.3	0.3	-2.5	-0.5	-1.1	-0.5
Japan	-4.9	-2.4	-6.1	0.4	-0.2	-0.5	-2.6	-0.2	-0.1	-2.1	-17.2	7.4	-7.7	-3.9	-2.9	4.9	1.0	0.4
Korea	9.2	3.5	-3.0	5.8	3.1	5.0	-1.7	1.2	2.8	2.8	8.9	-2.5	6.6	0.4	-0.9	-0.1	-0.1	0.2
Luxembourg	7.8	0.2	4.0	1.0	-0.8	3.0	-1.3	3.3	1.0	5.6	-2.6	-2.0	-0.8	2.5	3.1	2.0	-0.1	-1.2
Mexico	-2.1	-1.3	-1.1	-1.2	-3.7	-2.0	-1.0	0.8	-0.1	0.1	1.6	6.8	2.1	3.3	-0.5	3.6	1.8	1.7
Netherlands	1.0	0.1	-0.1	-1.0	-3.3	-1.2	-0.9	-1.6	0.0	-0.8	3.4	-2.0	-1.3	2.2	-0.2	1.4	0.2	-1.0
New Zealand	2.8	-4.2	4.1	-0.1	-6.2	-6.7	-8.8	-6.6	-4.4	-6.4	12.3	-9.1	-5.3	-3.1	-1.2	0.3	-1.0	-1.0
Norway	-3.7	-7.7	2.3	-3.1	-3.6	-6.4	-6.2	-9.3	-3.3	-0.9	7.3	-8.9	-5.2	-0.9	-4.8	-2.5	-2.0	-1.5
Poland	-7.7	10.7	-0.4	3.0	8.6	-4.3	1.9	4.6	1.8	4.3	7.0	1.2	1.0	3.1	2.6	1.0	-0.2	1.1
Portugal	-3.9	-2.3	-0.4	0.5	-1.3	-4.1	-6.3	3.2	-0.8	-0.8	2.6	0.4	2.8	3.3	4.6	-0.1	1.2	0.8
Slovak Republic	4.2	-4.6	7.5	4.9	12.2	9.3	5.0	11.1	5.0	0.1	-5.5	3.4	5.3	8.9	3.1	1.4	1.3	1.0
Slovenia	-2.2	1.2	3.9	5.9	-1.9	3.3	3.8	3.3	4.1	0.5	-4.7	-1.2	0.1	-0.6	0.5	1.3	0.6	0.0
Spain	2.3	-1.0	2.1	-0.4	-0.2	-3.7	-4.6	-3.6	0.8	-3.3	-0.4	-1.0	2.2	0.8	1.8	0.9	1.4	0.7
Sweden	2.4	0.8	-0.6	-1.7	0.3	0.4	-1.6	-0.8	-2.7	-1.6	-2.8	1.2	0.0	-0.5	-2.7	0.3	0.1	-0.8
Switzerland	-3.0	0.0	-1.1	-4.4	-6.0	-0.1	-0.6	-2.9	3.9	1.8	1.1	0.6	-1.2	-0.8	12.5	-13.3	-2.6	-0.1
Turkey	-14.0	5.1	0.0	3.0	1.3	0.8	26.5	-3.4	-4.0	-2.9	6.2	-4.9	1.5	12.4	-3.1	4.9	0.5	0.9
United Kingdom	-3.8	-3.3	0.6	0.4	-1.1	-4.2	0.6	3.4	-9.2	-0.3	2.7	-3.5	0.0	-1.6	-2.0	-4.6	-2.9	-2.7
United States	-3.1	-3.4	-5.4	-4.9	-4.1	-1.0	-2.1	-0.1	0.9	1.5	2.1	-2.2	-0.6	-0.6	-0.3	0.5	1.3	0.2
Total OECD	-1.1	-0.5	-0.5	-1.2	-3.2	-1.6	-1.7	-0.7	-0.7	-0.8	-0.4	-1.0	-0.4	0.3	-0.4	0.5	0.1	-0.1
China	21.4	12.9	6.4	21.3	19.1	11.2	14.3	13.9	11.5	4.7	2.3	12.4	1.9	1.8	5.8	3.6	3.2	1.0
Other industrialised Asia[1]	0.3	3.1	-2.8	2.7	1.4	1.8	2.7	1.9	-0.4	1.3	0.4	2.4	0.2	-1.2	0.5	0.4	0.4	0.4
Russia	5.8	-1.8	2.9	6.5	6.3	1.6	-1.3	-2.1	-2.5	-2.8	6.6	-3.7	-6.1	-0.9	1.2	-2.3	-3.2	-3.2
Brazil	3.0	2.0	9.8	7.5	0.9	1.1	52.8	-5.0	-4.2	-4.6	1.3	-2.6	-4.2	-2.7	-1.3	0.6	1.0	-0.6
Other oil producers	-8.1	-7.0	0.0	-1.1	4.8	-2.7	-1.7	-3.3	-3.7	-1.4	4.5	-8.6	-2.8	1.8	-2.4	-1.0	-0.2	-0.6
Rest of the world	-0.7	-3.1	2.8	-0.8	0.1	-1.2	-3.2	-3.8	-3.1	-0.4	4.0	-4.5	-0.9	-0.8	0.9	0.5	-0.1	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 96 database.

StatLink http://dx.doi.org/10.1787/888933171143

Annex Table 45. **Shares in world exports and imports**

Percentage, value of goods and services, national accounts basis

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
A. Exports																	
Canada	2.9	2.8	2.6	2.4	2.3	2.3	2.2	2.0	1.9	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.6
France	3.4	3.5	3.5	3.5	3.3	3.1	3.0	2.9	2.8	2.8	2.5	2.5	2.3	2.4	2.4	2.3	2.2
Germany	5.2	5.6	5.9	6.1	6.1	5.8	5.8	5.9	5.7	5.6	5.3	5.2	5.0	5.1	5.1	4.9	4.8
Italy	2.6	2.7	2.7	2.7	2.6	2.4	2.4	2.4	2.3	2.1	2.0	1.9	1.8	1.8	1.8	1.7	1.7
Japan	4.5	3.9	3.8	3.8	3.7	3.5	3.3	3.1	3.0	2.8	3.1	2.8	2.7	2.4	2.4	2.3	2.3
United Kingdom	3.6	3.6	3.6	3.5	3.4	3.3	3.3	3.0	2.7	2.7	2.5	2.5	2.4	2.4	2.4	2.3	2.2
United States	9.6	9.2	8.6	7.7	7.2	7.0	6.9	6.6	6.4	6.9	6.8	6.5	6.7	6.7	6.9	7.2	7.1
Other OECD countries	26.2	26.8	27.0	27.5	27.6	27.0	26.6	27.1	27.1	27.5	26.5	26.4	25.7	26.1	25.9	25.3	25.1
Total OECD	66.6	66.9	66.2	65.4	64.1	61.8	60.6	60.0	58.4	58.7	56.5	55.3	54.2	54.3	54.3	53.3	52.8
China	2.4	2.7	3.1	3.6	4.0	4.5	4.9	5.4	5.5	5.8	6.4	6.5	6.9	7.2	7.5	7.9	8.0
Other industrialised Asia	13.8	13.1	13.2	12.8	12.8	13.0	13.0	12.8	12.6	13.3	14.3	14.2	14.3	14.3	14.5	15.4	15.8
Brazil	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8	0.9	0.9	0.9	0.8	0.8	0.8	0.8
Russia	1.0	1.0	1.0	1.1	1.2	1.4	1.6	1.6	1.8	1.5	1.6	1.8	1.8	1.8	1.6	1.3	1.2
Other oil producers	5.1	4.7	4.7	5.1	5.6	7.0	7.4	7.4	8.5	7.3	7.7	8.6	9.1	8.8	8.4	8.2	8.4
Rest of the world	4.5	4.7	4.7	4.9	4.9	5.0	5.1	5.2	5.5	5.6	5.6	5.8	5.7	5.6	5.7	6.1	6.2
Total of non-OECD countries	32.0	31.7	32.6	33.6	35.3	38.2	39.8	40.5	42.6	42.2	45.0	46.6	48.0	48.0	47.9	49.2	49.9
B. Imports																	
Canada	2.5	2.4	2.4	2.2	2.1	2.1	2.1	1.9	1.8	1.9	1.9	1.8	1.9	1.8	1.8	1.8	1.7
France	3.3	3.3	3.3	3.4	3.3	3.2	3.1	3.1	3.1	3.1	2.8	2.8	2.5	2.6	2.6	2.4	2.4
Germany	5.3	5.4	5.1	5.5	5.3	5.1	5.2	5.2	5.0	5.0	4.8	4.8	4.5	4.6	4.6	4.4	4.3
Italy	2.5	2.6	2.6	2.7	2.6	2.5	2.5	2.5	2.4	2.3	2.2	2.1	1.8	1.7	1.7	1.6	1.6
Japan	3.9	3.7	3.4	3.3	3.2	3.2	3.1	2.9	3.0	2.8	2.9	3.0	3.1	2.9	2.9	2.7	2.7
United Kingdom	3.9	4.0	4.1	3.9	3.9	3.7	3.7	3.5	3.1	3.0	2.8	2.7	2.7	2.6	2.6	2.5	2.4
United States	13.0	12.7	12.4	11.6	11.2	11.1	10.7	9.8	9.2	8.9	8.9	8.6	8.7	8.5	8.7	8.8	8.7
Other OECD countries	25.1	25.2	25.6	26.2	26.3	26.1	26.1	26.8	26.9	26.2	25.4	25.5	24.6	24.6	24.5	23.9	23.8
Total OECD	67.6	67.3	66.8	66.3	65.2	64.2	63.4	62.1	60.5	59.1	57.3	56.7	55.3	54.7	54.7	53.4	52.7
China	2.2	2.5	2.9	3.4	3.8	3.9	4.1	4.3	4.4	5.0	5.7	6.1	6.4	6.8	6.9	7.2	7.2
Other industrialised Asia	13.3	12.5	12.6	12.1	12.5	12.7	12.7	12.6	12.8	13.2	14.5	14.5	15.1	14.9	14.9	16.1	16.7
Brazil	0.7	0.7	0.6	0.5	0.5	0.6	0.6	0.7	0.8	0.8	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Russia	0.6	0.7	0.7	0.8	0.8	0.9	1.0	1.2	1.3	1.1	1.2	1.3	1.4	1.5	1.3	1.0	1.0
Other oil producers	3.9	4.4	4.7	4.7	4.9	5.3	5.7	6.4	7.1	8.0	7.3	7.0	7.6	7.7	8.0	8.4	8.5
Rest of the world	5.4	5.5	5.4	5.5	5.7	5.9	6.2	6.6	7.2	7.1	6.9	7.2	7.3	7.3	7.3	7.5	7.7
Total of non-OECD countries	31.0	31.4	32.1	32.8	34.4	35.8	37.0	38.8	41.1	43.1	45.6	46.5	48.5	49.3	49.4	51.3	52.3

Note: Regional aggregates are calculated inclusive of intra-regional trade.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933171156

Annex Table 46. **Geographical structure of world trade growth**

Average of export and import volumes

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
A. Trade growth	Percentage change from previous year																
OECD America[1]	11.0	-3.6	1.5	2.9	9.9	6.1	6.7	4.9	0.5	-12.0	12.8	6.3	3.1	1.9	3.7	5.0	5.4
OECD Europe	12.3	2.6	1.7	2.5	7.5	6.9	9.0	6.4	1.1	-11.3	9.9	5.5	1.1	2.3	2.2	3.3	4.4
OECD Asia & Pacific[2]	12.9	-2.2	6.2	7.3	11.8	5.8	8.1	7.7	3.0	-12.3	15.2	7.0	3.6	2.6	5.1	4.6	5.9
Total OECD	12.0	0.2	2.2	3.2	8.7	6.5	8.3	6.2	1.2	-11.6	11.4	6.0	2.0	2.2	3.0	4.0	4.9
China	25.2	6.9	25.7	28.3	24.0	18.4	20.0	17.0	6.4	-3.6	24.2	9.6	5.8	9.5	5.9	6.8	6.7
Other industrialised Asia	18.0	-3.7	7.7	9.9	16.9	11.6	10.9	7.7	7.0	-10.1	17.9	7.8	4.0	4.1	2.1	6.0	7.4
Brazil	11.6	5.8	-2.7	4.7	14.4	52.4	10.1	11.7	7.0	-8.5	23.1	7.3	0.4	5.6	0.8	3.6	4.3
Russia	14.9	8.1	11.6	14.1	15.4	9.9	12.3	13.9	6.6	-16.5	14.2	8.7	4.8	4.0	-2.8	-0.9	1.9
Other oil producers	5.2	3.6	7.0	11.4	11.0	10.0	8.9	11.1	7.4	-5.2	2.9	4.9	7.2	2.4	3.4	5.1	5.8
Rest of the world	5.9	4.5	1.3	7.4	11.4	7.2	8.9	10.5	7.5	-10.8	8.7	9.3	3.9	3.5	2.8	4.5	6.1
Total Non-OECD	13.0	1.6	8.4	12.5	15.7	12.6	11.9	11.2	7.0	-8.3	15.0	8.0	4.8	5.1	3.1	5.4	6.4
World	12.3	0.6	3.8	5.8	10.8	8.4	9.4	7.8	3.2	-10.5	12.7	6.7	3.0	3.3	3.0	4.5	5.5
B. Contribution to world trade growth	Percentage points																
OECD America[1]	2.2	-0.7	0.3	0.5	1.8	1.1	1.2	0.8	0.1	-2.0	2.1	1.0	0.5	0.3	0.6	0.8	0.9
OECD Europe	5.4	1.1	0.7	1.1	3.2	2.8	3.6	2.6	0.4	-4.4	3.8	2.1	0.4	0.8	0.8	1.2	1.6
OECD Asia & Pacific[2]	1.2	-0.2	0.5	0.6	1.1	0.5	0.7	0.7	0.3	-1.1	1.3	0.6	0.3	0.2	0.5	0.4	0.5
Total OECD	8.9	0.2	1.6	2.3	6.1	4.5	5.6	4.2	0.8	-7.5	7.2	3.7	1.2	1.4	1.9	2.4	3.0
China	0.7	0.2	0.9	1.2	1.2	1.0	1.2	1.1	0.5	-0.3	1.9	0.8	0.5	0.9	0.6	0.7	0.7
Other industrialised Asia	1.8	-0.4	0.8	1.0	1.8	1.3	1.3	0.9	0.8	-1.2	2.2	1.0	0.5	0.5	0.3	0.8	1.0
Brazil	0.1	0.0	0.0	0.0	0.1	0.4	0.1	0.1	0.1	-0.1	0.3	0.1	0.0	0.1	0.0	0.0	0.1
Russia	0.2	0.1	0.2	0.2	0.3	0.2	0.2	0.3	0.1	-0.4	0.3	0.2	0.1	0.1	-0.1	0.0	0.0
Other oil producers	0.3	0.2	0.4	0.6	0.6	0.6	0.5	0.7	0.5	-0.3	0.2	0.3	0.4	0.2	0.2	0.3	0.4
Rest of the world	0.3	0.2	0.1	0.4	0.6	0.4	0.5	0.6	0.4	-0.6	0.5	0.5	0.2	0.2	0.2	0.3	0.4
Total Non-OECD	3.4	0.4	2.2	3.5	4.7	3.9	3.9	3.7	2.4	-3.0	5.4	3.0	1.8	1.9	1.2	2.1	2.5
World	12.3	0.6	3.8	5.8	10.8	8.4	9.4	7.8	3.2	-10.5	12.7	6.7	3.0	3.3	3.0	4.5	5.5

Note: Regional aggregates are calculated inclusive of intra-regional trade as the sum of volumes expressed in 2010 $.

1. Canada, Chile, Mexico and United States.
2. Australia, Japan, Korea and New Zealand.

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933171166

Annex Table 47. **Trade balances for goods and services**

$ billion, national accounts basis

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	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	-24.5	-10.0	-17.2	-26.0	-21.1
Austria	-1.6	-0.4	1.2	2.8	3.4	7.8	7.0	8.7	9.8	10.9	16.2	17.8	11.8	12.5	10.9	10.5	15.4	14.1	13.8	13.5
Belgium	8.9	8.5	10.0	5.8	8.1	14.6	16.9	18.2	14.3	15.2	18.2	3.2	12.4	8.9	2.6	1.9	7.4	13.0	14.3	16.7
Canada	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	-21.6	-33.9	-29.3	-18.2	-21.4	-15.1
Chile	-1.7	-2.7	1.7	1.4	1.2	1.6	3.1	9.3	10.5	22.1	22.9	4.6	13.3	13.8	7.9	0.1	-1.0	4.3	4.1	4.7
Czech Republic	-2.7	-0.2	-0.3	-1.1	-0.8	-1.1	-1.2	1.0	3.2	4.3	4.7	5.2	8.2	6.4	8.9	10.3	12.0	15.0	14.5	15.6
Denmark	7.6	5.5	10.7	10.9	11.8	11.7	14.9	13.7	14.8	11.1	9.1	11.6	14.0	19.6	19.0	17.1	18.9	19.4	20.3	21.4
Estonia	-0.4	-0.4	-0.2	-0.2	-0.2	-0.5	-0.8	-0.9	-0.7	-1.7	-2.0	-1.0	1.0	1.2	0.8	0.0	0.2	0.7	0.7	0.6
Finland	9.3	10.6	12.1	11.5	11.9	12.5	11.1	12.2	8.0	9.0	12.4	10.4	5.2	3.2	-2.3	-3.7	-2.6	-3.0	-1.2	-0.6
France	42.4	39.1	33.6	14.8	17.8	25.2	20.2	12.8	-8.6	-19.2	-35.0	-51.4	-38.0	-49.1	-73.0	-52.9	-42.4	-40.5	-27.1	-18.5
Germany	26.3	29.4	14.8	5.9	35.1	92.6	92.8	139.7	143.5	160.0	231.2	224.1	169.2	173.9	178.4	209.0	219.5	244.8	236.9	226.0
Greece	-10.2	-13.7	-13.8	-14.8	-14.4	-15.8	-21.7	-21.3	-20.8	-29.4	-39.5	-46.1	-34.2	-25.9	-20.2	-11.3	-7.2	-3.9	-1.3	0.9
Hungary	0.4	-0.8	-1.3	-1.7	-0.7	-1.4	-3.4	-4.1	-2.6	-1.2	0.9	0.5	5.4	7.0	8.6	8.7	10.1	9.8	10.3	11.0
Iceland	0.0	-0.4	-0.4	-0.6	-0.1	0.1	-0.3	-0.7	-2.0	-2.9	-1.9	-0.7	1.1	1.4	1.2	0.9	1.3	0.8	0.5	0.2
Ireland	9.8	9.8	12.8	12.9	16.1	21.3	25.1	27.9	23.9	21.6	24.0	23.9	34.7	38.3	48.2	45.5	48.2	50.0	51.4	54.6
Israel	-5.4	-3.0	-2.8	0.1	-3.0	-3.4	-0.9	0.1	-0.3	0.2	-1.6	-1.4	5.9	4.8	-1.3	0.4	4.0	1.3	-1.0	-1.8
Italy	46.2	38.3	22.2	9.8	14.6	9.4	7.3	10.3	-1.9	-16.2	-8.0	-18.6	-14.2	-41.9	-35.9	18.8	49.0	58.0	61.1	67.0
Japan	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	-116.8	-138.9	-145.6	-104.4	-89.9
Korea	-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	78.2	65.4	55.9
Luxembourg	4.3	4.3	5.4	5.7	5.1	6.0	7.2	8.8	9.9	13.3	15.9	18.0	16.4	17.5	19.5	19.0	21.1	24.1	23.6	24.5
Mexico	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	-13.5	-8.9	-10.1	-4.9	1.8
Netherlands	26.2	26.0	22.0	27.0	27.9	31.0	37.2	46.9	54.5	58.8	71.8	77.7	64.1	69.4	76.2	74.8	88.6	93.4	92.0	98.1
New Zealand	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	3.4	0.8	1.9	2.1	-1.1	-1.3
Norway	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	67.1	66.7	55.0	42.2	28.8	29.8
Poland	-5.8	-8.5	-9.6	-10.8	-6.7	-6.8	-5.8	-6.3	-2.8	-6.6	-14.3	-26.3	-3.0	-8.7	-9.3	-1.0	9.9	9.9	8.1	7.4
Portugal	-9.4	-11.4	-13.2	-13.1	-12.4	-11.1	-11.5	-15.7	-18.0	-17.2	-18.4	-25.6	-16.9	-18.0	-10.5	-1.5	2.2	1.7	4.1	5.6
Slovak Republic	-2.1	-2.4	-0.9	-0.5	-1.7	-1.8	-0.6	-1.2	-2.2	-2.2	-0.9	-2.8	-1.2	-1.2	-0.9	3.4	4.4	4.6	4.8	5.5
Slovenia	-0.2	-0.4	-1.0	-0.8	-0.2	0.2	-0.1	-0.5	-0.2	0.0	-0.6	-1.1	0.9	0.7	1.0	2.0	2.9	3.8	4.2	4.9
Spain	1.3	-3.3	-12.2	-18.0	-14.7	-14.5	-20.3	-41.3	-57.7	-74.9	-89.0	-84.8	-17.4	-18.7	-3.7	21.1	47.5	47.2	46.9	51.0
Sweden	18.4	16.8	16.4	15.2	14.9	16.7	21.2	29.0	28.0	31.9	34.1	32.4	24.8	26.8	26.6	26.8	28.6	23.0	21.6	23.4
Switzerland	14.6	13.3	13.8	16.7	15.7	20.6	23.7	35.2	29.7	36.6	54.2	59.2	41.8	62.9	58.8	69.3	83.0	79.2	83.9	90.4
Turkey	-1.1	2.8	0.9	-8.0	7.7	3.8	-3.1	-10.4	-16.9	-26.1	-33.8	-33.7	-7.1	-40.9	-67.7	-40.8	-54.0	-38.0	-40.7	-47.5
United Kingdom	7.8	-11.2	-24.6	-30.5	-35.9	-45.2	-44.5	-64.8	-63.3	-61.5	-81.4	-83.9	-43.8	-57.3	-38.2	-54.6	-50.3	-41.8	-34.0	-31.9
United States	-102.0	-162.7	-256.6	-375.8	-368.7	-426.5	-503.7	-619.2	-721.2	-771.0	-718.5	-723.1	-395.5	-512.7	-580.0	-568.3	-508.2	-520.0	-463.5	-481.1
Euro area	150.9	134.1	92.9	48.9	96.3	176.6	170.0	204.8	153.8	128.1	196.4	143.6	193.8	170.6	191.1	336.8	454.3	507.9	524.3	549.9
Total OECD	155.2	103.9	-38.4	-191.8	-167.1	-145.4	-204.3	-244.1	-416.1	-503.9	-397.7	-537.0	-74.1	-189.0	-364.0	-281.3	-55.7	2.2	84.5	121.9

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933171173

Annex Table 48. **Investment income, net**

$ billion

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	-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	-49.3	-54.6	-41.1	-37.7	-33.1	-31.3	-31.3
Austria	-1.3	-1.8	-2.8	-2.2	-3.0	-1.5	-1.1	-1.3	-2.1	-2.0	-2.4	2.4	-1.6	2.0	1.0	1.0	-0.9	-4.0	-4.1	-4.1
Belgium	5.2	5.8	5.6	5.1	3.1	3.1	5.1	3.8	2.6	2.2	3.1	8.2	-3.5	8.6	5.4	8.5	11.8	2.6	3.4	5.0
Canada	-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	-25.5	-25.5	-25.4	-25.5
Chile	-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	-10.7	-10.2	-10.2
Czech Republic	-0.8	-1.1	-1.4	-1.4	-2.2	-3.5	-4.3	-6.1	-5.4	-7.3	-12.6	-8.8	-11.3	-13.1	-12.8	-12.2	-14.3	-14.6	-15.3	-15.3
Denmark	-3.3	-2.7	-2.5	-3.5	-3.5	-2.6	-2.4	-2.0	2.1	3.4	1.6	4.0	3.2	5.3	7.3	7.4	12.0	10.2	9.7	9.7
Estonia	-0.2	-0.1	-0.1	-0.2	-0.3	-0.3	-0.5	-0.6	-0.5	-0.8	-1.5	-1.3	-0.6	-1.0	-1.2	-0.9	-0.7	-0.7	-0.6	-0.6
Finland	-2.5	-3.2	-2.1	-1.8	-1.1	-0.7	-2.7	0.2	-0.3	0.8	-0.8	-1.9	1.6	1.9	-0.2	-0.4	1.6	1.9	1.4	1.4
France	10.4	12.7	27.1	23.8	24.0	13.3	20.2	29.6	38.7	48.9	57.7	64.8	61.2	70.8	79.3	51.7	52.0	60.0	56.4	56.6
Germany	-5.1	-13.7	-18.8	-13.2	-15.5	-24.4	-21.7	20.9	26.1	53.2	57.9	45.0	82.4	70.1	98.1	96.3	95.2	90.8	87.9	92.7
Greece	-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	-2.0	-3.7	-3.7	-3.7	-3.7
Hungary	-2.7	-3.0	-2.9	-2.6	-2.8	-3.6	-4.1	-5.0	-5.4	-5.7	-9.0	-9.8	-6.0	-6.1	-6.8	-5.4	-3.9	-3.6	-3.4	-3.4
Iceland	-0.2	-0.2	-0.2	-0.3	-0.3	0.0	-0.2	-0.6	-0.7	-1.1	-1.0	-3.6	-2.4	-2.2	-1.9	-1.4	-0.3	-0.2	-0.2	-0.2
Ireland	-9.7	-10.7	-14.0	-13.9	-16.7	-22.7	-25.2	-28.5	-31.5	-30.9	-39.1	-37.8	-39.6	-35.1	-45.0	-39.0	-34.8	-36.1	-35.2	-36.7
Israel	-4.0	-4.0	-5.1	-8.3	-5.5	-4.6	-4.7	-4.1	-1.4	-0.9	-0.2	-4.0	-5.2	-5.2	-3.6	-6.4	-6.3	-5.6	-5.5	-5.5
Italy	-11.2	-12.3	-11.1	-12.0	-10.4	-14.6	-20.2	-18.4	-17.1	-17.1	-26.8	-28.3	-14.2	-10.8	-11.8	-8.7	-13.0	-9.9	-9.3	-9.3
Japan	56.3	50.2	57.0	71.7	67.1	62.2	74.9	96.3	109.0	123.6	139.1	139.0	135.2	156.5	185.0	177.3	169.9	155.0	149.1	158.4
Korea	-3.1	-5.1	-5.4	-4.0	-3.5	-2.2	-2.5	-1.3	-7.3	-4.0	-3.4	-1.2	-2.4	0.5	6.6	12.1	11.4	8.8	10.5	12.1
Luxembourg	-0.2	-0.6	-1.3	-2.2	-2.6	-4.5	-5.8	-4.9	-5.0	-8.1	-11.7	-13.9	-12.0	-13.0	-14.6	-17.2	-21.0	-23.2	-21.7	-22.5
Mexico	-12.1	-12.8	-12.0	-13.8	-13.0	-12.2	-12.2	-10.0	-16.4	-19.7	-23.1	-20.0	-14.7	-12.1	-19.7	-23.6	-35.5	-37.8	-44.0	-55.0
Netherlands	19.3	-2.7	11.9	-0.9	3.6	4.1	8.9	33.5	18.4	50.0	13.5	-30.3	-12.1	-1.4	7.1	19.3	17.1	20.5	18.5	18.5
New Zealand	-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	-8.9	-8.7	-9.9
Norway	-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	12.9	13.2	15.4
Poland	-1.1	-1.2	-1.0	-0.7	-0.6	-1.1	-2.5	-8.4	-6.8	-9.7	-16.4	-12.9	-16.6	-19.1	-23.6	-22.7	-22.1	-21.5	-22.3	-23.0
Portugal	-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	-7.9	-8.0	-8.5
Slovak Republic	-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	-2.4	-2.4	-2.5
Slovenia	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	-0.7	-1.4	-1.4	-1.6
Spain	-5.9	-7.0	-8.0	-4.9	-9.3	-9.5	-8.9	-11.6	-17.3	-20.0	-33.4	-44.4	-29.3	-20.0	-25.6	-11.6	-10.0	-12.3	-19.2	-20.3
Sweden	-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	15.8	13.2	11.9	11.9
Switzerland	14.5	15.9	18.4	19.9	12.6	10.1	25.5	26.9	35.7	33.9	4.6	-34.3	11.3	35.9	9.4	16.7	36.1	24.7	34.3	36.6
Turkey	-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	-9.4	-8.3	-8.4	-10.0
United Kingdom	0.2	20.3	-3.1	8.7	14.0	26.2	31.0	39.9	56.1	26.4	28.1	7.1	5.1	26.5	30.2	-8.4	-20.9	-56.3	-57.2	-58.8
United States	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	221.0	203.0	199.7	212.0	217.0	219.4
Euro area	-4.3	-36.7	-16.3	-25.9	-33.6	-63.2	-61.2	11.0	-2.3	56.1	-10.2	-68.9	5.4	47.8	63.9	85.2	82.5	74.2	62.0	64.2
Total OECD	-0.3	-21.1	-10.1	10.5	10.0	-12.9	32.8	138.6	157.1	165.5	117.1	52.3	154.7	305.8	364.6	356.9	341.0	285.0	275.8	279.8

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933171183

Annex Table 49. **Total transfers, net**

$ billion

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	0.2	0.0	0.2	-0.1	0.3	0.3	0.2	-0.1	-0.4	-0.5	-0.2	-0.4	-0.9	-1.6	-2.2	-2.4	-2.2	-1.7	-1.6	-1.7
Austria	-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	-2.8	-2.7	-2.8
Belgium	-3.4	-3.9	-4.3	-3.3	-3.2	-3.7	-5.8	-5.6	-5.1	-4.8	-3.5	-3.9	-4.9	-7.2	-8.3	-8.6	-10.2	-10.3	-9.9	-9.9
Canada	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	-2.3	-3.0	-3.0	-3.0
Chile	0.5	0.5	0.6	0.6	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	2.0	1.9	2.1
Czech Republic	0.4	0.5	0.6	0.4	0.5	0.9	0.5	0.2	0.5	-0.5	-0.4	-0.7	-1.1	-0.6	-1.0	-1.4	-0.5	0.9	1.9	0.9
Denmark	-2.7	-3.2	-3.7	-3.7	-3.3	-3.3	-4.4	-5.6	-5.5	-5.6	-6.2	-6.1	-6.5	-6.5	-6.6	-6.6	-7.1	-7.7	-7.2	-7.4
Estonia	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.0	-0.1	-0.1
Finland	-0.7	-1.0	-0.8	-0.6	-0.8	-0.8	-1.2	-1.2	-1.6	-1.8	-2.0	-2.5	-2.4	-2.3	-2.3	-1.8	-3.3	-4.0	-3.0	-3.0
France	-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	-51.7	-70.5	-76.4	-78.1
Germany	-32.7	-32.6	-28.5	-27.6	-26.0	-27.6	-35.1	-37.3	-38.8	-40.4	-46.2	-50.1	-49.1	-52.8	-48.7	-49.9	-57.4	-54.9	-57.2	-61.2
Greece	8.3	8.0	6.6	3.4	3.5	3.5	4.3	4.5	3.9	4.3	2.1	4.2	1.7	0.1	0.7	1.9	5.9	3.7	0.6	0.6
Hungary	0.2	0.2	0.4	0.4	0.4	0.5	0.7	-0.5	-1.2	-1.2	-1.6	-1.9	-0.4	-0.5	-0.8	-1.0	-0.7	-0.7	-0.9	-0.9
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	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Ireland	2.2	1.6	1.4	1.0	0.3	0.7	0.5	0.5	0.3	-0.6	-1.4	-1.7	-2.0	-1.9	-1.7	-3.1	-3.3	-2.0	-1.9	-2.0
Israel	6.1	6.1	6.2	6.6	6.7	6.9	6.5	6.2	6.1	7.6	7.4	8.4	7.3	8.3	8.8	8.3	9.1	9.3	9.0	9.1
Italy	-4.3	-7.4	-5.5	-4.4	-5.8	-5.3	-8.0	-10.3	-12.5	-16.6	-19.7	-21.7	-17.0	-21.5	-21.9	-19.7	-19.2	-28.1	-26.2	-26.2
Japan	-8.8	-8.8	-10.8	-9.8	-8.1	-5.7	-7.7	-8.0	-7.3	-10.6	-11.6	-13.1	-12.0	-12.7	-15.1	-14.0	-10.4	-18.0	-16.2	-16.2
Korea	0.3	2.8	0.8	-0.2	-1.3	-2.1	-3.2	-3.0	-3.3	-4.4	-4.4	-1.3	-2.2	-5.3	-4.7	-5.5	-4.2	-5.5	-5.3	-5.3
Luxembourg	-0.8	-0.7	-0.9	-0.7	-0.8	-0.5	-0.1	-0.7	-0.7	-1.2	-2.0	-2.5	-1.8	-0.6	-1.0	-0.1	0.6	0.4	0.5	0.6
Mexico	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	22.1	24.2	25.6	27.5
Netherlands	-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	-18.6	-20.1	-20.1	-20.3
New Zealand	0.3	0.3	0.2	0.2	0.1	0.1	0.2	0.1	0.2	0.4	0.4	0.7	0.3	0.0	-0.2	-0.4	-0.4	-0.4	-0.4	-0.4
Norway	-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	-5.8	-5.3	-5.5
Poland	2.0	2.9	2.2	1.3	1.5	2.0	2.5	1.1	2.0	3.2	4.2	3.6	2.2	3.8	6.2	5.1	5.1	6.3	6.8	7.2
Portugal	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	3.9	3.7	3.7
Slovak Republic	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	-1.4	-1.5
Slovenia	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	0.1	0.1	0.0	-0.2
Spain	-0.1	0.3	0.8	-0.9	-1.3	-0.9	-4.5	-4.0	-7.0	-12.3	-14.6	-17.6	-19.4	-17.7	-19.1	-13.5	-17.4	-19.4	-17.9	-19.0
Sweden	-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	-7.7	-9.5	-9.6	-9.5	-8.0	-8.0
Switzerland	-4.0	-4.2	-4.5	-4.4	-5.7	-6.3	-6.2	-7.6	-12.0	-10.4	-10.8	-14.4	-13.9	-14.4	-16.3	-15.2	-19.1	-40.2	-49.0	-49.0
Turkey	4.8	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	1.2	4.3	5.7	6.2
United Kingdom	-10.2	-14.9	-13.0	-15.4	-10.0	-14.1	-17.7	-20.3	-23.4	-23.4	-28.1	-26.5	-24.7	-32.0	-35.1	-35.2	-42.5	-45.2	-45.4	-45.4
United States	-45.1	-53.2	-48.8	-57.4	-63.5	-64.3	-70.2	-88.0	-98.8	-88.3	-113.9	-124.1	-120.6	-126.9	-131.7	-126.1	-123.5	-98.0	-85.1	-75.6
Euro area	-48.5	-52.5	-48.6	-51.5	-53.9	-53.8	-74.5	-84.4	-99.9	-112.5	-134.3	-148.8	-153.6	-160.3	-165.9	-156.0	-173.9	-205.5	-212.0	-219.4
Total OECD	-102.8	-115.7	-111.3	-125.2	-127.2	-130.7	-161.2	-196.3	-226.6	-224.5	-277.7	-304.9	-312.8	-335.9	-354.3	-343.4	-362.9	-394.4	-388.3	-384.9

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933171197

Annex Table 50. **Current account balances**

$ billion

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	-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	-44.5	-44.6	-67.9	-49.9	-51.9	-58.9	-54.1
Austria	-5.1	-3.5	-3.5	-1.4	-1.6	5.6	4.3	6.3	6.5	9.0	13.1	20.3	10.4	12.8	6.8	7.2	11.2	7.0	7.0	6.7
Belgium	13.1	12.6	12.2	8.9	7.5	11.0	12.2	11.9	9.0	7.9	6.9	-4.8	-2.1	7.0	-6.9	-4.4	0.9	0.9	3.1	5.2
Canada	-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	-58.5	-47.2	-49.8	-43.7
Chile	-3.7	-4.0	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	-5.0	-5.1	-4.3
Czech Republic	-3.6	-1.3	-1.5	-2.7	-3.3	-4.2	-5.7	-5.0	-1.3	-3.3	-8.2	-4.4	-4.5	-7.4	-5.0	-3.2	-2.9	-0.3	0.3	0.3
Denmark	0.7	-1.5	3.4	2.5	4.2	5.1	7.5	5.8	11.3	8.9	4.5	9.5	10.7	18.4	19.6	17.7	24.0	21.3	23.1	24.0
Estonia	-0.6	-0.5	-0.2	-0.3	-0.4	-0.8	-1.3	-1.5	-1.2	-2.6	-3.3	-2.1	0.5	0.4	0.0	-0.5	-0.3	0.0	0.0	0.0
Finland	6.0	6.4	6.6	9.0	9.9	10.9	7.5	11.2	6.2	8.2	9.8	6.4	5.0	3.1	-4.9	-5.0	-3.8	-4.4	-2.9	-2.2
France	20.8	21.8	25.8	10.8	13.2	10.0	7.9	5.8	-5.7	-7.3	-14.6	-27.8	-22.7	-21.9	-29.5	-41.5	-40.3	-48.0	-37.3	-30.2
Germany	-11.1	-16.9	-32.0	-35.1	-6.1	40.9	36.2	122.6	130.8	171.7	239.4	217.9	200.6	188.4	226.4	255.0	253.0	284.5	267.6	257.5
Greece	-5.3	-3.8	-5.3	-9.9	-9.4	-9.7	-12.8	-13.3	-18.2	-29.8	-44.9	-51.1	-36.1	-30.0	-28.8	-6.0	1.8	3.0	2.2	4.3
Hungary	-1.9	-3.5	-3.9	-4.0	-3.1	-4.3	-6.8	-8.8	-7.9	-8.0	-9.9	-11.1	-0.9	0.4	1.0	2.4	5.6	5.3	5.8	6.5
Iceland	-0.2	-0.6	-0.6	-0.9	-0.4	0.1	-0.6	-1.4	-2.7	-4.0	-2.9	-4.3	-1.3	-0.9	-0.8	-0.6	0.9	0.5	0.2	-0.1
Ireland	1.9	0.7	0.3	-0.3	-0.7	-1.2	-0.4	-1.2	-7.2	-8.2	-14.5	-16.0	-7.1	1.3	1.9	3.5	10.2	12.7	14.4	15.9
Israel	-3.6	-1.2	-1.5	-2.0	-1.9	-1.1	0.8	2.0	4.3	6.3	5.8	3.1	7.0	8.2	3.4	1.6	7.4	5.6	3.0	2.4
Italy	33.8	19.7	8.2	-5.7	-0.6	-9.8	-19.6	-16.4	-29.5	-48.1	-51.8	-65.3	-40.2	-69.8	-65.9	-5.4	20.8	32.5	37.3	43.2
Japan	94.6	115.5	114.8	130.8	87.1	108.7	139.0	182.1	169.8	176.6	213.3	142.0	145.9	217.6	124.8	63.3	34.3	1.7	40.8	64.6
Korea	-10.3	40.1	21.6	10.4	2.7	4.7	11.9	29.7	12.7	3.6	11.8	3.2	33.6	28.9	18.7	50.8	79.9	85.2	70.5	62.7
Luxembourg	1.6	1.4	1.4	2.5	1.5	2.0	2.2	4.1	4.2	4.4	5.1	3.7	3.6	3.7	3.5	3.2	3.0	3.2	2.4	2.5
Mexico	-7.7	-16.0	-14.0	-18.8	-17.8	-14.8	-8.3	-7.0	-9.0	-7.8	-14.7	-20.2	-8.3	-4.1	-12.8	-15.3	-26.3	-24.1	-23.3	-25.7
Netherlands	20.0	10.3	12.6	6.2	8.2	9.3	23.9	36.9	37.3	49.7	41.2	30.3	39.4	54.4	68.9	79.9	86.6	92.9	90.4	96.3
New Zealand	-3.2	-1.5	-2.5	-1.8	-0.4	-1.3	-2.0	-4.7	-8.0	-7.9	-9.1	-10.1	-2.8	-3.3	-4.7	-6.9	-5.9	-6.7	-9.7	-11.0
Norway	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	57.6	49.1	36.7	39.7
Poland	-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	-7.1	-5.1	-7.4	-8.4
Portugal	-6.8	-8.8	-11.0	-12.2	-12.4	-10.9	-10.5	-15.5	-19.8	-21.6	-23.5	-31.9	-25.6	-24.2	-16.8	-4.3	1.2	-0.9	1.0	2.0
Slovak Republic	-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	0.9	1.0	1.5
Slovenia	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	1.3	2.8	2.6	2.8	3.1
Spain	-0.5	-6.5	-16.2	-20.8	-21.7	-20.3	-28.1	-49.5	-75.0	-100.3	-130.6	-139.4	-63.3	-56.0	-47.2	-4.0	20.0	9.9	10.4	12.3
Sweden	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	32.8	31.4	38.6	30.4	27.7	29.5
Switzerland	26.8	27.3	31.6	32.7	22.8	26.2	45.0	57.1	54.7	61.0	47.4	12.3	39.6	81.8	47.2	64.5	92.4	56.1	63.3	72.2
Turkey	-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	-65.1	-43.2	-43.4	-51.2
United Kingdom	-2.2	-5.9	-40.7	-37.2	-31.9	-33.1	-31.2	-45.2	-30.6	-58.5	-81.4	-103.3	-63.4	-62.9	-43.1	-98.2	-113.7	-143.3	-136.7	-136.1
United States	-140.7	-215.1	-295.5	-410.8	-395.3	-458.1	-521.3	-633.8	-745.4	-806.7	-718.6	-686.6	-380.8	-443.9	-459.3	-460.8	-400.3	-379.0	-311.5	-317.3
Euro area	66.1	30.8	-3.0	-49.7	-14.4	35.4	19.5	97.4	32.8	28.1	26.3	-68.5	60.0	65.8	104.0	281.1	369.0	397.0	399.3	417.9
Total OECD	2.3	-59.2	-207.0	-334.4	-308.2	-311.3	-335.6	-318.4	-492.6	-586.4	-553.1	-750.2	-209.0	-189.6	-304.8	-205.2	-29.5	-53.6	25.2	68.2

Note: Balance-of-payments data in this table are based on the concepts and definition of the International Monetary Fund, Fifth and Sixth Balance of Payments Manual.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933171205

Annex Table 51. **Current account balances as a percentage of GDP**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	-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	-3.6	-3.0	-4.4	-3.3	-3.6	-4.1	-3.6
Austria	-2.4	-1.6	-1.6	-0.7	-0.8	2.6	1.6	2.1	2.1	2.7	3.4	4.7	2.6	3.3	1.6	1.8	2.6	1.6	1.7	1.5
Belgium	5.2	4.8	4.7	3.7	3.1	4.3	3.8	3.2	2.4	1.8	1.5	-1.0	-0.5	1.5	-1.3	-0.9	0.1	0.2	0.6	1.0
Canada	-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	-2.7	-3.4	-3.2	-2.6	-2.8	-2.3
Chile	-4.4	-4.9	0.0	-1.3	-1.6	-1.0	-1.1	2.6	1.5	4.6	4.1	-3.4	2.0	1.6	-1.2	-3.4	-3.4	-1.9	-1.9	-1.5
Czech Republic	-5.8	-1.9	-2.3	-4.4	-4.9	-5.1	-5.7	-4.2	-0.9	-2.1	-4.3	-1.9	-2.3	-3.6	-2.1	-1.6	-1.4	-0.1	0.1	0.2
Denmark	0.4	-0.8	1.9	1.6	2.5	2.8	3.4	2.3	4.3	3.2	1.4	2.7	3.3	5.7	5.7	5.5	7.1	6.2	6.9	7.0
Estonia	-11.1	-8.6	-4.3	-5.4	-7.1	-11.2	-12.9	-12.0	-8.7	-15.0	-15.0	-8.7	2.5	1.8	0.0	-2.1	-1.4	0.1	0.0	-0.2
Finland	4.8	4.7	4.9	7.1	7.6	7.8	4.4	5.6	3.0	3.8	3.8	2.2	1.9	1.2	-1.8	-1.9	-1.4	-1.6	-1.1	-0.8
France	1.4	1.4	1.7	0.8	1.0	0.7	0.4	0.3	-0.3	-0.3	-0.5	-1.0	-0.8	-0.8	-1.0	-1.5	-1.4	-1.7	-1.4	-1.1
Germany	-0.5	-0.8	-1.4	-1.8	-0.3	1.9	1.4	4.4	4.6	5.7	6.9	5.8	5.8	5.5	6.0	7.2	6.8	7.4	7.2	6.7
Greece	-3.7	-2.6	-3.6	-7.5	-7.0	-6.3	-6.3	-5.5	-7.4	-10.9	-14.0	-14.4	-10.9	-9.9	-9.9	-2.4	0.8	1.2	1.0	1.8
Hungary	-4.0	-7.1	-7.9	-8.5	-5.9	-6.3	-8.0	-8.6	-7.0	-7.0	-7.1	-7.1	-0.8	0.3	0.7	1.9	4.2	3.9	4.4	4.7
Iceland	-2.3	-7.2	-7.1	-10.3	-4.3	1.2	-4.9	-9.8	-15.8	-23.2	-13.7	-22.8	-9.9	-6.4	-5.2	-4.2	5.6	3.2	1.2	-0.3
Ireland	2.3	0.8	0.2	-0.4	-0.7	-1.0	-0.2	-0.6	-3.4	-3.6	-5.4	-5.7	-3.0	0.6	0.8	1.6	4.4	5.2	6.0	6.3
Israel	-3.2	-1.0	-1.3	-1.5	-1.5	-0.9	0.6	1.5	3.1	4.1	3.3	1.5	3.4	3.5	1.3	0.7	2.6	1.8	1.0	0.8
Italy	2.7	1.6	0.7	-0.5	-0.1	-0.7	-1.2	-0.9	-1.6	-2.5	-2.3	-2.8	-1.8	-3.3	-2.9	-0.2	1.0	1.5	1.8	2.1
Japan	2.2	2.9	2.6	2.8	2.1	2.7	3.2	3.9	3.7	4.1	4.9	2.9	2.9	3.9	2.1	1.1	0.7	0.1	0.9	1.4
Korea	-1.7	10.8	4.4	1.9	0.5	0.8	1.7	3.9	1.4	0.3	1.0	0.6	3.8	2.7	1.6	4.1	6.1	6.0	5.0	4.2
Luxembourg	8.3	7.0	6.4	11.6	7.0	9.1	7.3	12.0	11.4	10.4	10.3	6.7	7.5	7.1	5.9	5.8	4.9	5.1	4.0	4.0
Mexico	-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	-0.4	-1.1	-1.3	-2.1	-1.9	-1.7	-1.8
Netherlands	4.9	2.4	2.9	1.5	1.9	2.0	4.1	5.7	5.5	6.9	4.9	3.1	4.5	6.5	7.7	9.7	10.2	10.7	10.9	11.3
New Zealand	-4.7	-2.7	-4.4	-3.3	-0.8	-2.2	-2.5	-4.6	-7.1	-7.2	-6.9	-7.6	-2.3	-2.3	-2.9	-4.1	-3.3	-3.5	-5.3	-5.7
Norway	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	11.2	9.9	7.9	8.2
Poland	-3.7	-4.0	-7.5	-6.0	-3.1	-2.8	-2.5	-5.3	-2.4	-3.8	-6.1	-6.5	-3.9	-5.0	-4.9	-3.7	-1.4	-0.9	-1.4	-1.5
Portugal	-5.8	-7.1	-8.6	-10.3	-10.2	-8.1	-6.3	-8.2	-10.0	-10.3	-9.7	-12.2	-10.5	-10.2	-6.8	-2.0	0.5	-0.4	0.4	0.9
Slovak Republic	-8.4	-8.7	-4.7	-3.4	-8.2	-7.7	-5.8	-7.6	-8.3	-7.7	-5.1	-5.9	-2.5	-3.6	-3.7	2.2	2.1	0.9	1.1	1.5
Slovenia	0.3	-0.7	-3.9	-3.1	0.2	1.0	-0.8	-2.6	-1.7	-1.7	-4.1	-5.3	-0.5	-0.1	0.4	2.8	5.8	5.4	6.0	6.5
Spain	-0.1	-1.0	-2.6	-3.5	-3.5	-2.9	-3.1	-4.6	-6.5	-7.9	-8.8	-8.5	-4.2	-3.9	-3.2	-0.3	1.4	0.7	0.8	0.9
Sweden	3.9	3.6	3.9	4.0	4.7	4.5	6.6	6.3	6.5	8.3	8.9	8.6	5.9	6.0	5.8	5.8	6.6	5.3	5.0	5.1
Switzerland	9.3	9.3	10.9	12.0	8.2	8.6	12.7	14.5	13.4	14.2	10.0	2.2	7.1	14.0	6.8	9.7	13.5	7.9	9.2	10.2
Turkey	-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	-5.4	-5.1	-5.6
United Kingdom	-0.1	-0.4	-2.6	-2.4	-2.1	-2.0	-1.6	-2.0	-1.3	-2.2	-2.7	-3.7	-2.8	-2.6	-1.7	-3.7	-4.2	-4.8	-4.6	-4.4
United States	-1.6	-2.4	-3.1	-4.0	-3.7	-4.2	-4.5	-5.2	-5.7	-5.8	-5.0	-4.7	-2.6	-3.0	-3.0	-2.9	-2.4	-2.2	-1.7	-1.7
Euro area	1.0	0.4	0.0	-0.8	-0.2	0.5	0.2	1.0	0.3	0.2	0.2	-0.5	0.4	0.5	0.8	2.2	2.8	3.0	3.1	3.2
Total OECD	0.0	-0.2	-0.8	-1.2	-1.1	-1.1	-1.1	-0.9	-1.3	-1.5	-1.3	-1.7	-0.5	-0.4	-0.6	-0.4	-0.1	-0.1	0.1	0.1

Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933171212

Annex Table 52. **Structure of current account balances of major world regions**

$ billion

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Goods and services trade balance[1]																	
OECD	-192	-167	-145	-204	-244	-416	-504	-398	-537	-74	-189	-364	-281	-56	2	84	122
China	29	28	37	36	51	125	209	308	349	220	223	182	232	235	287	360	394
Other industrialised Asia[2]	66	66	83	95	83	87	116	137	58	107	88	75	6	50	107	68	9
Russia	52	39	37	49	72	105	126	113	156	93	123	162	147	123	133	101	101
Brazil	-11	-8	6	16	26	32	32	21	3	-3	-22	-18	-32	-56	-61	-50	-50
Other oil producers	140	86	75	116	182	322	398	372	525	152	328	634	654	589	480	366	412
Rest of the world	-49	-46	-35	-41	-61	-83	-112	-170	-243	-148	-162	-202	-246	-264	-260	-232	-255
World[3]	35	-2	59	66	109	171	264	382	310	346	390	468	480	621	689	699	733
Investment income, net																	
OECD	11	10	-13	33	139	157	165	117	52	155	306	365	357	341	285	276	280
China	-15	-19	-15	-10	-5	-16	-5	8	29	-9	-26	-70	-20	-44	-37	-49	-49
Other industrialised Asia[2]	-15	-10	-15	-11	-20	-31	-22	-21	-15	-22	-36	-36	-57	-62	-65	-67	-66
Russia	-7	-4	-7	-13	-13	-19	-29	-29	-46	-40	-47	-60	-68	-80	-65	-62	-56
Brazil	-18	-20	-18	-19	-21	-26	-27	-29	-41	-34	-39	-47	-35	-40	-36	-29	-29
Other oil producers	-4	-7	-16	-22	-28	-42	-21	-29	-56	-44	-69	-87	-89	-85	-82	-82	-82
Rest of the world	-34	-34	-33	-42	-50	-54	-60	-75	-83	-75	-100	-122	-124	-124	-124	-121	-121
World[3]	-82	-84	-117	-84	3	-31	1	-58	-160	-68	-12	-59	-36	-93	-123	-135	-124
Total transfers, net																	
OECD	-125	-127	-131	-161	-196	-227	-225	-278	-305	-313	-336	-354	-343	-363	-394	-388	-385
China	6	8	13	17	23	24	28	37	43	32	41	25	3	-9	-13	-8	-8
Other industrialised Asia[2]	16	17	20	27	25	35	43	55	69	68	70	83	90	92	93	96	98
Russia	0	-1	-1	0	-1	-2	-3	-6	-7	-6	-6	-6	-6	-9	-4	-8	-8
Brazil	2	2	2	3	3	4	4	4	4	3	3	3	3	3	1	1	1
Other oil producers	-19	-20	-20	-19	-19	-20	-11	-20	-28	-38	-42	-49	-56	-68	-75	-77	-77
Rest of the world	45	51	58	68	78	89	103	120	138	129	137	149	156	165	169	169	169
World[3]	-75	-70	-59	-65	-88	-96	-60	-87	-86	-124	-133	-149	-152	-189	-224	-215	-209
Current balance																	
OECD	-334	-308	-311	-336	-318	-493	-586	-553	-750	-209	-190	-305	-205	-29	-54	25	68
China	21	17	35	43	69	132	232	353	421	243	238	136	215	183	237	303	336
Other industrialised Asia[2]	47	60	78	104	77	72	123	159	92	138	107	107	21	69	138	149	138
Russia	47	34	29	35	60	84	92	72	104	50	67	97	71	34	58	27	32
Brazil	-24	-23	-8	4	12	14	14	2	-28	-24	-47	-52	-54	-81	-85	-78	-78
Other oil producers	111	54	41	79	140	286	366	326	442	82	230	496	496	423	324	261	303
Rest of the world	-35	-27	-8	-13	-28	-42	-61	-112	-171	-79	-107	-154	-189	-188	-170	-151	-160
World[3]	-168	-192	-143	-83	11	53	180	246	109	201	299	325	355	411	449	536	639

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 96 database.

StatLink http://dx.doi.org/10.1787/888933171228

Annex Table 53. **Export market growth in goods and services**

Percentage change from previous year

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	6.5	-2.9	6.0	13.6	0.7	6.8	9.9	13.9	9.2	9.8	8.0	4.6	-8.6	15.3	8.7	5.0	4.8	3.8	4.9	6.3
Austria	10.4	7.7	5.8	11.7	2.1	1.4	5.4	9.5	7.5	10.6	8.5	2.9	-11.5	12.0	6.8	0.7	3.1	2.5	3.8	5.1
Belgium	10.8	9.1	7.0	12.2	1.8	1.8	4.2	8.4	7.1	9.4	6.9	2.4	-10.8	10.8	6.0	1.3	2.3	2.7	3.7	4.8
Canada	12.8	9.9	9.1	12.8	-1.9	3.8	4.9	11.3	6.8	7.1	3.6	-1.2	-12.8	12.8	5.9	2.7	1.8	3.3	4.3	5.2
Chile	9.4	1.7	5.6	13.1	0.7	4.2	8.5	12.6	8.4	10.1	8.8	3.8	-8.6	15.8	8.4	3.6	4.7	3.5	4.4	5.7
Czech Republic	10.6	8.0	5.5	11.5	2.7	1.3	5.2	9.2	7.5	11.1	8.1	2.9	-12.2	11.8	6.8	1.0	2.6	3.0	3.7	5.0
Denmark	11.4	8.5	5.6	11.3	1.1	1.7	4.7	8.8	7.5	9.6	7.5	2.4	-11.8	11.4	6.1	1.8	2.0	2.8	3.6	4.6
Estonia	10.3	7.4	2.3	12.1	2.6	3.0	5.7	10.2	9.9	11.0	10.8	4.7	-16.7	11.4	9.2	3.0	1.1	1.1	2.4	4.1
Finland	10.8	6.4	4.4	12.6	1.5	3.1	6.0	10.3	8.5	10.8	9.3	3.6	-13.5	13.1	8.2	2.9	2.6	1.9	3.2	4.6
France	10.9	7.2	5.9	11.3	1.6	2.4	5.2	9.5	7.5	9.6	8.1	2.5	-11.2	11.0	5.7	1.3	2.7	2.5	3.9	5.0
Germany	10.9	7.3	5.2	12.3	1.9	3.1	4.8	9.7	7.8	9.3	8.1	2.8	-11.4	11.3	6.3	1.4	2.8	2.0	3.4	4.8
Greece	11.0	7.5	3.4	10.0	1.5	3.4	6.0	10.2	7.8	9.5	9.8	4.3	-11.5	10.6	7.0	2.2	2.7	2.7	4.4	5.5
Hungary	10.2	7.4	5.0	11.2	2.9	1.9	5.5	9.8	7.6	10.7	8.6	3.1	-12.4	11.7	6.9	1.4	2.4	2.8	3.7	5.1
Iceland	11.1	7.9	6.7	10.6	2.1	1.9	3.3	7.8	6.7	9.2	6.6	1.8	-10.8	9.6	4.9	1.9	2.1	2.4	3.4	4.2
Ireland	11.6	8.0	7.1	11.9	0.4	2.8	3.9	8.9	6.8	7.8	4.6	0.4	-11.1	11.0	5.2	1.5	2.2	1.8	3.5	4.5
Israel	11.6	7.3	7.0	13.0	-1.0	4.2	6.3	11.8	8.1	8.8	6.2	2.2	-11.2	13.7	7.2	3.0	2.9	2.4	4.4	5.6
Italy	10.7	7.7	5.7	11.9	1.6	2.6	5.4	9.8	7.9	9.6	8.8	3.4	-11.3	10.7	6.6	1.7	3.2	2.2	3.8	5.1
Japan	10.1	0.5	7.0	15.3	-0.9	7.4	9.7	14.6	9.1	10.1	8.8	3.6	-8.5	15.8	7.9	3.9	4.7	2.8	5.1	6.2
Korea	9.8	1.7	4.7	14.1	0.8	6.8	10.4	14.9	9.7	10.7	9.6	4.6	-8.4	15.5	8.0	4.6	5.2	3.4	4.9	6.1
Luxembourg	10.4	8.4	6.1	12.3	1.5	1.4	3.7	7.5	6.9	8.9	6.6	1.7	-10.5	10.4	5.8	0.4	2.5	2.0	3.4	4.5
Mexico	13.1	10.5	8.8	12.5	-2.3	3.3	4.8	11.4	6.7	6.9	3.7	-1.3	-13.2	12.9	6.0	2.5	1.6	3.3	4.3	5.2
Netherlands	10.4	8.0	6.1	12.2	1.4	1.5	4.4	8.5	7.1	9.3	7.0	2.1	-11.1	10.9	6.1	1.0	2.3	2.7	3.7	4.8
New Zealand	9.2	2.1	5.4	12.0	-0.5	6.9	8.7	13.5	8.9	9.5	9.5	5.7	-9.3	13.8	8.2	5.0	2.5	2.6	4.3	5.6
Norway	12.4	8.2	6.8	11.8	2.0	2.9	3.6	8.0	7.1	9.4	4.9	1.0	-10.8	10.2	4.8	1.9	1.6	2.0	3.2	4.1
Poland	10.2	7.9	5.5	11.9	2.8	1.8	5.0	9.6	7.7	10.6	8.2	2.6	-12.4	11.5	6.8	1.2	2.3	2.8	3.6	4.8
Portugal	11.4	10.1	7.9	11.0	2.7	2.6	4.6	9.0	7.3	8.8	8.2	0.5	-12.4	9.1	4.1	-0.2	1.8	3.2	4.1	5.0
Slovak Republic	10.7	9.0	5.6	12.7	2.9	2.0	5.6	10.5	7.5	10.7	9.2	2.9	-12.2	11.9	6.3	0.5	2.0	3.8	3.8	5.1
Slovenia	10.0	8.0	4.3	11.2	3.2	1.8	5.2	9.4	7.3	10.4	9.2	3.6	-12.4	11.4	6.9	0.9	2.2	2.9	3.7	5.1
Spain	10.5	9.0	5.5	11.6	1.6	1.8	3.6	8.3	6.7	8.9	7.4	2.6	-10.6	10.6	5.1	0.3	2.4	2.6	3.5	4.7
Sweden	11.2	7.7	4.3	11.0	1.5	3.0	4.1	9.3	8.3	10.0	7.6	3.2	-11.8	10.1	6.2	2.0	2.3	2.1	3.3	4.5
Switzerland	10.2	6.8	6.5	12.2	1.1	2.5	5.4	9.7	7.2	9.4	7.2	2.0	-11.0	12.1	6.2	1.6	2.5	3.0	4.0	5.1
Turkey	10.4	6.7	3.8	10.4	4.0	3.7	5.5	10.3	8.7	10.4	11.7	5.8	-10.6	8.8	6.3	3.5	2.9	2.6	4.1	5.2
United Kingdom	11.0	9.5	6.9	13.0	1.5	2.3	4.0	9.3	7.8	8.6	7.8	2.0	-10.6	10.1	5.6	2.3	2.6	3.5	4.3	5.2
United States	11.3	3.8	5.9	12.4	-0.5	3.3	6.1	10.9	8.5	9.2	8.3	4.1	-10.6	14.4	7.5	3.8	3.4	2.8	4.4	5.4
Total OECD	10.8	6.4	6.1	12.4	0.8	3.2	5.6	10.4	7.9	9.3	7.7	2.7	-10.9	12.4	6.6	2.4	3.0	2.7	4.1	5.2
China	9.2	2.3	4.9	13.1	-0.8	3.9	6.1	12.0	7.9	8.8	7.5	3.6	-12.2	13.5	7.0	3.4	2.7	2.5	4.6	5.8
Other industrialised Asia[1]	9.0	0.3	4.4	14.0	-0.2	6.0	8.6	13.9	8.9	9.5	8.5	4.2	-9.3	14.7	7.6	4.3	4.3	3.0	5.0	6.2
Russia	10.7	6.2	5.1	11.5	1.2	3.6	5.9	10.0	7.9	9.7	9.0	3.5	-10.6	11.2	6.8	2.2	2.9	3.0	4.3	5.4
Brazil	12.2	5.0	2.5	10.6	0.3	0.0	9.4	14.1	9.9	10.6	10.8	5.4	-10.3	14.5	9.1	3.3	3.9	2.2	4.2	5.3
Other oil producers	8.8	2.7	5.7	12.8	0.2	5.1	7.6	12.4	9.0	9.9	8.1	4.7	-10.1	13.5	8.0	4.0	3.1	3.2	4.9	6.3
Rest of the world	10.7	5.7	3.4	11.6	1.9	3.8	6.6	11.6	8.9	10.5	10.3	5.1	-11.7	12.6	7.9	3.4	3.3	2.1	3.9	5.3

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 96 database.

StatLink http://dx.doi.org/10.1787/888933171236

Annex Table 54. **Import penetration**

Goods and services import volume as a percentage of total final expenditure, constant prices

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	10.5	10.6	10.9	11.3	10.6	11.3	11.9	13.0	13.6	14.2	15.1	16.1	14.7	16.3	17.3	17.7	17.1	16.7	16.7	16.9
Austria	26.9	27.4	27.5	28.7	29.6	29.4	29.9	31.0	31.6	32.1	32.4	32.3	30.3	32.2	33.0	33.0	33.0	33.3	33.7	34.5
Belgium	37.2	37.9	37.8	40.0	39.5	39.4	39.6	40.2	41.3	41.8	42.4	43.0	41.5	43.2	44.6	45.0	45.4	45.8	46.4	46.9
Canada	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	25.1	25.0	25.3	25.6
Chile	20.7	21.1	19.5	20.1	20.2	20.0	20.8	22.4	24.2	25.2	26.8	28.3	25.1	28.7	30.6	30.5	30.1	28.5	29.0	29.0
Czech Republic	23.9	24.8	25.4	27.1	28.5	29.1	30.0	33.8	35.1	36.1	37.6	37.6	36.1	38.8	39.9	40.7	40.9	42.4	43.1	43.9
Denmark	22.4	23.3	23.2	24.8	25.1	26.2	25.9	26.7	28.3	30.2	31.2	32.2	30.5	30.4	31.5	31.9	32.4	32.7	32.9	33.3
Estonia	29.6	30.5	29.4	32.2	33.6	35.0	36.0	38.0	39.6	41.8	42.8	42.4	37.0	40.8	44.1	46.3	46.9	46.1	46.2	46.6
Finland	21.6	21.9	21.8	23.3	23.2	23.7	24.2	24.9	26.4	26.9	27.2	28.6	26.6	27.2	28.0	28.5	28.1	28.2	28.3	28.8
France	16.1	17.1	17.6	19.2	19.2	19.4	19.4	19.9	20.6	21.1	21.7	21.8	20.7	21.8	22.5	22.2	22.5	22.9	23.3	23.7
Germany	18.4	19.5	20.5	21.7	21.6	21.2	22.2	23.3	24.2	25.5	26.1	26.3	25.5	27.0	27.7	27.7	28.3	28.8	29.5	30.2
Greece	18.5	20.1	22.2	25.1	24.1	22.9	22.8	23.0	23.1	24.4	26.1	26.6	23.4	23.4	23.7	23.2	23.1	23.9	23.9	24.1
Hungary	25.8	28.7	30.5	33.8	34.1	35.0	36.2	38.7	39.6	42.1	45.2	46.4	44.1	46.4	47.0	46.6	47.6	48.9	49.6	50.6
Iceland	24.1	26.6	26.4	27.0	24.2	23.7	24.9	25.9	29.7	30.9	28.5	24.0	20.7	21.7	22.4	23.0	22.4	23.3	23.7	24.2
Ireland	38.9	42.8	43.1	45.6	45.7	44.5	43.1	44.1	44.7	45.2	45.9	45.9	44.8	45.5	44.1	46.0	46.0	47.3	47.9	48.5
Israel	24.7	24.3	26.3	26.8	25.7	25.5	25.2	26.4	26.2	25.8	26.6	26.3	23.3	24.8	26.0	25.9	25.2	25.6	26.3	27.0
Italy	16.5	17.5	17.9	18.8	18.9	18.9	19.1	19.6	19.9	20.8	21.5	21.0	19.7	21.3	21.3	20.4	20.2	20.5	20.8	21.2
Japan	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	12.3	12.5	13.2	13.5	13.9
Korea	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	33.3	33.6	34.2
Luxembourg	51.9	53.1	54.3	54.8	55.9	55.0	55.9	57.3	57.5	59.1	59.3	61.2	59.0	60.0	61.0	61.9	62.8	62.3	62.6	62.7
Mexico	14.8	16.0	17.4	19.6	19.6	19.8	20.2	20.7	21.4	22.2	22.6	23.0	20.9	23.2	23.8	23.6	23.7	24.1	24.1	24.3
Netherlands	31.9	32.7	33.6	34.8	35.0	35.1	35.3	36.2	36.9	37.8	38.3	38.3	37.2	38.8	39.3	40.3	40.7	41.5	42.0	42.5
New Zealand	22.1	22.1	23.2	22.4	22.5	23.3	24.0	26.2	26.9	25.9	27.0	27.8	24.5	26.3	27.4	27.4	28.2	28.8	29.2	29.6
Norway	18.2	19.0	18.5	18.3	18.3	18.1	18.1	18.8	19.5	20.6	21.7	22.3	20.3	21.6	22.1	21.9	22.3	22.1	22.1	22.2
Poland	21.8	24.0	23.4	24.9	24.0	24.3	25.3	25.8	26.3	28.4	30.0	31.1	27.8	29.7	29.9	29.4	29.4	30.3	30.5	31.1
Portugal	22.9	24.5	25.4	25.7	25.5	25.4	25.5	26.5	26.8	28.0	28.5	29.0	27.5	28.7	27.8	27.1	28.1	29.1	29.4	30.1
Slovak Republic	35.6	34.5	33.6	34.7	37.8	38.0	38.6	42.1	44.0	46.5	46.2	45.7	41.6	43.8	45.5	45.7	46.3	46.8	47.2	47.6
Slovenia	32.3	33.7	34.4	34.9	35.1	35.5	36.3	38.4	39.2	40.8	43.0	43.1	39.9	41.3	42.4	42.0	42.6	42.8	43.1	43.4
Spain	17.3	18.6	19.9	20.5	20.4	20.6	21.0	22.1	22.6	23.3	24.1	22.8	20.1	21.2	21.1	20.4	20.5	21.0	21.5	22.1
Sweden	23.3	24.4	24.5	25.7	25.1	24.5	24.8	25.1	25.9	26.5	27.3	28.1	26.3	27.4	28.3	28.5	28.1	28.4	28.5	28.6
Switzerland	30.7	31.1	31.5	32.3	32.2	31.7	31.7	32.0	33.4	33.2	33.6	34.1	33.7	34.9	36.5	35.6	38.0	34.6	34.3	34.7
Turkey	16.9	16.8	16.8	18.7	15.5	17.1	19.5	21.2	21.8	21.8	22.8	22.0	20.1	22.0	22.4	21.9	22.7	22.2	22.5	22.9
United Kingdom	19.8	20.5	21.2	22.1	22.5	23.0	22.7	23.5	24.2	25.4	24.8	24.5	23.4	24.6	24.4	24.9	24.6	23.7	23.4	23.4
United States	10.2	10.8	11.3	12.1	11.7	11.9	12.1	12.9	13.2	13.6	13.7	13.4	12.1	13.1	13.6	13.6	13.4	13.6	13.7	14.0
Total OECD	16.7	17.3	18.0	19.1	18.9	19.0	19.3	20.2	20.9	21.7	22.2	22.2	20.7	22.0	22.7	22.7	22.8	23.0	23.2	23.6

Note: The OECD aggregate is calculated inclusive of intra-regional trade as the sum of import volumes expressed in 2010 $ divided by the sum of total final expenditure expressed in 2010 $.
Source: OECD Economic Outlook 96 database.

StatLink http://dx.doi.org/10.1787/888933171242

Annex Table 55. **Quarterly demand and output projections**

Percentage change from previous period, seasonally adjusted at annual rates, volume

	2014	2015	2016	2014	2015	2016						2014	2015	2016
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 / Q4	
Private consumption														
Canada	2.6	2.6	2.4	2.7	2.5	2.5	2.5	2.4	2.4	2.4	2.4	2.3	2.6	2.5	2.4
France	0.4	1.0	1.5	0.7	1.0	1.2	1.2	1.2	1.4	1.6	1.9	2.0	0.3	1.2	1.7
Germany	1.0	1.3	1.7	1.3	1.5	1.6	1.7	1.7	1.7	1.8	1.8	1.8	1.5	1.6	1.8
Italy	0.2	0.3	0.5	0.0	0.2	0.5	0.5	0.6	0.5	0.5	0.5	0.5	0.3	0.4	0.5
Japan	-0.9	1.0	1.2	2.7	3.0	2.8	1.8	1.7	0.9	0.9	0.8	0.8	-1.9	2.3	0.8
United Kingdom	2.1	2.4	2.1	2.4	2.4	2.4	2.3	2.2	2.1	2.1	2.1	2.0	2.5	2.3	2.1
United States	2.3	2.9	2.8	2.8	3.1	3.1	3.1	3.0	2.8	2.7	2.5	2.5	2.1	3.1	2.6
Euro area	0.7	1.0	1.3	0.8	1.0	1.2	1.2	1.3	1.3	1.4	1.5	1.5	0.9	1.2	1.4
Total OECD	1.5	2.2	2.4	2.3	2.6	2.5	2.5	2.5	2.3	2.3	2.2	2.2	1.5	2.5	2.3
Public consumption														
Canada	0.6	0.5	0.5	0.6	0.3	0.2	0.3	0.5	0.6	0.6	0.6	0.5	0.9	0.3	0.6
France	2.0	0.8	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	1.8	0.3	0.3
Germany	1.0	1.8	1.8	1.9	2.1	2.1	2.0	1.8	1.7	1.7	1.7	1.7	1.4	2.0	1.7
Italy	-0.2	-1.0	-0.3	-0.4	-1.4	-1.7	-1.4	-0.4	-0.2	0.1	0.3	0.3	-0.4	-1.2	0.1
Japan	0.3	0.3	0.5	0.5	-0.7	0.0	1.4	1.7	-0.3	0.2	0.2	0.3	0.2	0.6	0.1
United Kingdom	1.0	-0.5	-1.2	0.1	-1.3	-1.3	-1.3	-1.3	-1.1	-1.1	-1.1	-1.1	0.7	-1.3	-1.1
United States	0.5	0.3	0.5	-2.6	-1.0	1.8	0.1	0.1	0.5	0.5	0.6	0.6	1.4	0.2	0.6
Euro area	0.8	0.4	0.6	0.2	0.5	0.5	0.5	0.5	0.6	0.7	0.7	0.7	0.9	0.5	0.7
Total OECD	0.9	0.8	0.8	-0.1	0.3	1.2	0.5	0.9	0.8	0.9	0.9	0.8	1.2	0.7	0.8
Business investment														
Canada	-0.4	3.5	5.2	2.5	3.5	5.0	5.0	5.0	5.5	5.3	5.0	4.8	0.4	4.6	5.2
France	-0.3	0.2	2.2	-0.2	0.0	0.4	1.2	2.1	2.4	2.7	2.9	3.3	-1.2	0.9	2.8
Germany	2.0	0.1	3.9	-0.4	0.5	2.0	3.0	4.0	4.1	4.2	4.3	4.4	-0.2	2.4	4.2
Japan	5.1	1.0	4.0	2.3	2.5	2.5	4.5	4.5	4.5	4.0	3.5	2.7	2.7	3.5	3.7
United Kingdom	11.3	8.9	9.2	8.7	9.0	9.0	9.1	9.1	9.3	9.3	9.3	9.3	11.7	9.0	9.3
United States	5.9	5.8	5.4	5.5	5.7	5.7	5.7	5.7	5.3	5.3	4.9	4.9	5.4	5.7	5.1
Total investment														
Canada	0.0	2.2	2.4	2.2	1.5	2.3	2.3	2.3	2.6	2.5	2.3	2.3	1.3	2.1	2.4
France	-1.7	-1.1	1.4	-1.1	-1.4	-0.7	0.4	1.4	1.7	1.8	2.0	2.3	-2.4	-0.1	1.9
Germany	3.0	1.2	4.0	1.1	2.0	2.9	3.5	4.1	4.1	4.1	4.2	4.3	0.7	3.1	4.2
Italy	-2.7	0.1	2.0	-2.4	0.7	2.3	2.6	2.4	1.8	1.6	1.6	1.7	-3.5	2.0	1.7
Japan	3.7	-1.0	-0.5	2.7	1.4	-1.3	-1.0	-1.0	-0.7	-0.2	0.5	1.2	0.0	-0.5	0.2
United Kingdom	8.1	7.1	7.6	6.9	7.4	7.4	7.5	7.5	7.7	7.7	7.8	7.8	7.1	7.4	7.8
United States	3.5	5.3	5.6	4.9	5.3	5.4	5.4	5.5	5.7	5.7	5.5	5.5	3.7	5.4	5.6
Euro area	0.5	1.2	3.1	0.7	1.5	2.3	2.8	3.2	3.2	3.2	3.3	3.4	-0.6	2.5	3.3
Total OECD	2.6	3.2	4.1	3.2	3.6	3.6	3.8	4.0	4.2	4.3	4.4	4.5	2.1	3.8	4.3

Note: The adoption of national accounts systems 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 96 database.

StatLink http://dx.doi.org/10.1787/888933171256

Annex Table 55. **Quarterly demand and output projections *(cont'd)***

Percentage change from previous period, seasonally adjusted at annual rates, volume

	2014	2015	2016	2014 Q4	2015 Q1	2016 Q2	2016 Q3	2016 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2014 Q4 / Q4	2015 Q4 / Q4	2016 Q4 / Q4
Total domestic demand															
Canada	1.2	1.8	2.0	2.1	1.8	2.0	2.0	2.0	2.1	2.1	2.0	1.9	0.9	1.9	2.0
France	0.6	0.6	1.2	-0.2	0.3	0.6	0.8	1.0	1.2	1.3	1.5	1.7	0.5	0.7	1.4
Germany	1.7	1.5	2.2	1.4	1.7	2.0	2.1	2.2	2.2	2.3	2.3	2.3	1.5	2.0	2.3
Italy	-0.5	0.0	0.6	-0.5	0.0	0.4	0.5	0.7	0.6	0.6	0.6	0.7	-0.5	0.4	0.6
Japan	0.4	0.4	0.7	2.3	1.9	1.3	1.1	1.1	0.3	0.5	0.6	0.8	-1.0	1.4	0.6
United Kingdom	3.2	2.6	2.5	2.7	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.7	2.5	2.5
United States	2.2	2.9	3.0	2.3	2.9	3.3	3.1	3.1	3.0	3.0	2.8	2.8	2.2	3.1	2.9
Euro area	0.8	1.0	1.5	0.5	1.0	1.3	1.4	1.5	1.5	1.6	1.7	1.7	0.8	1.3	1.6
Total OECD	1.7	2.2	2.5	1.9	2.4	2.5	2.4	2.5	2.5	2.5	2.4	2.5	1.5	2.5	2.5
Exports of goods and services															
Canada	5.8	6.4	5.4	5.6	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	8.0	5.4	5.4
France	2.0	3.5	4.9	2.6	4.3	4.5	4.7	4.9	4.9	5.0	5.0	5.0	1.5	4.6	5.0
Germany	3.2	3.1	4.2	2.4	2.8	3.2	3.6	4.0	4.3	4.5	4.6	4.6	2.4	3.4	4.5
Italy	1.7	2.7	4.6	0.8	2.5	3.7	4.3	4.7	4.8	4.7	4.7	4.5	1.7	3.8	4.7
Japan	7.8	6.2	6.7	6.9	7.1	7.0	6.9	6.8	6.7	6.6	6.5	6.4	9.1	7.0	6.6
United Kingdom	-1.3	1.2	2.4	1.1	1.4	1.6	1.9	2.2	2.4	2.6	2.7	2.9	-0.3	1.8	2.6
United States	3.3	5.7	5.6	4.8	5.0	6.0	6.0	5.8	5.5	5.5	5.5	5.5	2.7	5.7	5.5
Total OECD[1]	3.5	4.3	5.2	4.2	4.4	4.8	5.0	5.1	5.2	5.4	5.4	5.3	3.5	4.8	5.3
Imports of goods and services															
Canada	2.2	4.1	4.1	3.9	3.5	3.5	3.5	3.9	4.4	4.4	4.4	4.4	3.5	3.6	4.4
France	2.9	2.7	3.8	1.7	2.5	2.7	3.0	3.5	4.0	4.2	4.4	4.4	2.6	3.0	4.3
Germany	4.0	4.4	5.5	3.8	4.4	4.7	5.1	5.5	5.6	5.7	5.7	5.7	3.8	4.9	5.7
Italy	1.4	2.1	3.4	2.0	1.5	1.6	2.5	4.1	3.8	3.5	3.3	3.6	1.8	2.4	3.5
Japan	6.9	3.2	4.6	4.8	6.0	5.1	4.8	4.7	4.6	4.5	4.4	4.3	2.5	5.1	4.4
United Kingdom	-1.6	1.2	2.2	1.1	1.3	1.5	1.8	2.0	2.2	2.5	2.8	2.8	-1.9	1.6	2.6
United States	3.5	4.4	5.3	3.5	5.1	5.1	5.1	5.1	5.1	5.5	5.5	5.5	3.9	5.1	5.4
Total OECD[1]	3.1	3.8	4.9	3.7	4.3	4.4	4.5	4.7	4.9	5.1	5.1	5.2	3.1	4.5	5.1
GDP															
Canada	2.4	2.6	2.4	2.7	2.4	2.6	2.6	2.4	2.4	2.4	2.3	2.3	2.3	2.5	2.3
France	0.4	0.8	1.5	0.1	0.8	1.1	1.3	1.4	1.4	1.5	1.7	1.8	0.2	1.1	1.6
Germany	1.5	1.1	1.8	0.9	1.2	1.5	1.7	1.8	1.8	1.9	2.0	2.0	1.0	1.5	2.0
Italy	-0.4	0.2	1.0	-0.8	0.3	1.0	1.1	1.0	1.0	1.1	1.1	1.1	-0.5	0.8	1.1
Japan	0.4	0.8	1.0	2.5	2.0	1.6	1.4	1.4	0.6	0.8	0.9	1.1	-0.1	1.6	0.9
United Kingdom	3.0	2.7	2.5	2.7	2.6	2.6	2.6	2.5	2.5	2.5	2.5	2.5	3.1	2.5	2.5
United States	2.2	3.1	3.0	2.5	2.9	3.4	3.1	3.1	3.0	2.9	2.8	2.8	2.0	3.1	2.9
Euro area	0.8	1.1	1.7	0.6	1.2	1.5	1.6	1.6	1.7	1.8	1.8	1.8	0.7	1.4	1.8
Total OECD	1.8	2.3	2.6	2.0	2.4	2.7	2.6	2.6	2.5	2.6	2.5	2.5	1.7	2.6	2.5

Note: The adoption of national accounts systems 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 96 database.

StatLink http://dx.doi.org/10.1787/888933171256

Annex Table 56. **Quarterly price, cost and unemployment projections**

Percentage change from previous period, seasonally adjusted at annual rates

	2014	2015	2016	2014 Q4	2015 Q1	2016 Q2	2016 Q3	2016 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2014 Q4 / Q4	2015 Q4 / Q4	2016 Q4 / Q4
Consumer price index[1]															
Canada	2.0	1.6	1.9	1.2	1.4	1.7	1.7	1.8	1.9	2.0	2.1	2.1	2.2	1.7	2.0
France	0.6	0.5	0.9	-0.3	0.6	0.8	0.9	0.9	0.9	1.0	1.0	1.1	0.4	0.8	1.0
Germany	0.9	1.2	1.7	0.8	1.1	1.4	1.6	1.6	1.7	1.7	1.8	1.8	0.8	1.4	1.7
Italy	0.1	0.0	0.6	-0.3	-0.1	0.3	0.4	0.4	0.7	0.8	0.8	0.8	-0.2	0.3	0.8
Japan	2.9	1.8	1.6	1.1	1.3	1.3	1.4	1.4	1.6	1.6	1.7	1.7	3.1	1.3	1.7
United Kingdom	1.6	1.8	2.1	1.7	1.8	1.9	1.9	2.0	2.1	2.1	2.2	2.2	1.5	1.9	2.1
United States	1.7	1.4	2.0	-0.1	1.5	1.7	1.8	1.9	2.0	2.0	2.1	2.1	1.5	1.8	2.0
Euro area	0.5	0.6	1.0	0.2	0.6	0.8	0.9	1.0	1.0	1.1	1.1	1.2	0.3	0.8	1.1
GDP deflator															
Canada	1.8	0.7	1.9	-0.3	0.7	1.5	1.6	1.7	1.9	2.0	2.0	2.0	1.4	1.4	2.0
France	0.8	0.7	0.8	0.6	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.8	0.8
Germany	2.0	1.8	1.6	1.9	1.7	1.5	1.7	1.6	1.6	1.5	1.6	1.6	2.1	1.6	1.6
Italy	0.4	0.2	0.3	0.5	0.2	0.3	0.3	0.1	0.4	0.3	0.4	0.5	0.1	0.2	0.4
Japan	1.6	1.7	1.4	3.6	1.2	1.0	1.1	1.3	1.5	1.5	1.5	1.5	2.3	1.1	1.5
United Kingdom	1.8	1.7	1.7	1.6	1.5	1.5	1.5	1.6	1.7	1.7	1.8	1.8	1.9	1.5	1.7
United States	1.5	1.7	1.9	1.4	2.2	1.5	1.7	1.7	2.1	2.1	2.1	2.1	1.5	1.8	2.1
Euro area	1.0	1.0	1.0	0.9	0.9	0.9	1.0	0.9	1.0	1.0	1.0	1.1	1.1	0.9	1.0
Total OECD	1.6	1.6	1.7	1.6	1.4	1.6	1.8	1.7	1.1	1.9	2.1	2.1	1.7	1.6	1.8
Unit labour costs (total economy)															
Canada	1.7	1.9	2.4	3.2	1.4	1.0	1.3	2.1	2.7	2.9	2.8	2.6	2.5	1.5	2.7
France	1.2	0.7	0.7	1.2	0.8	0.8	0.7	0.7	0.7	0.6	0.5	0.4	1.2	0.8	0.6
Germany	2.2	2.9	1.4	3.0	3.1	2.7	2.5	2.3	0.8	0.7	0.8	0.8	2.8	2.6	0.8
Italy	1.6	1.3	-0.2	2.4	1.4	0.6	0.3	0.4	-0.6	-0.7	-0.7	-0.6	2.1	0.7	-0.7
Japan	1.4	1.9	1.7	0.1	0.3	1.0	1.3	1.2	2.2	2.0	1.8	1.7	2.4	0.9	1.9
United Kingdom	0.0	1.6	1.7	0.8	1.1	1.2	1.4	1.6	1.7	1.8	1.9	2.0	0.9	1.3	1.8
United States	2.4	1.1	1.4	1.2	1.1	0.9	1.2	1.1	1.4	1.4	1.7	1.7	2.9	1.1	1.6
Euro area	1.1	1.2	0.5	1.0	1.2	1.0	1.0	1.0	0.3	0.2	0.2	0.2	1.2	1.0	0.3
Total OECD	1.5	1.3	1.2	0.7	1.1	1.2	1.3	1.2	1.2	1.1	1.2	1.2	1.9	1.2	1.2
Unemployment							Per cent of labour force								
Canada	6.9	6.5	6.3	6.6	6.6	6.6	6.5	6.4	6.4	6.3	6.3	6.2			
France	9.9	10.1	10.0	10.0	10.1	10.2	10.2	10.1	10.1	10.1	10.0	10.0			
Germany	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1			
Italy	12.4	12.3	12.1	12.4	12.3	12.3	12.3	12.2	12.2	12.1	12.1	12.1			
Japan	3.6	3.5	3.5	3.6	3.6	3.6	3.5	3.5	3.5	3.5	3.5	3.4			
United Kingdom	6.2	5.6	5.4	5.8	5.7	5.6	5.6	5.5	5.5	5.4	5.4	5.4			
United States	6.2	5.6	5.3	5.8	5.7	5.6	5.5	5.4	5.3	5.3	5.3	5.4			
Euro area	11.4	11.1	10.8	11.3	11.2	11.2	11.1	11.0	10.9	10.9	10.8	10.7			
Total OECD	7.3	7.0	6.8	7.2	7.1	7.0	7.0	6.9	6.8	6.8	6.8	6.8			

Note: The adoption of national accounts systems 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 96 database.

StatLink http://dx.doi.org/10.1787/888933171267

Annex Table 57. **Contributions to changes in real GDP in OECD countries**

	2013	2014	2015	2016		2013	2014	2015	2016
Australia					**France**				
Final domestic demand	0.9	1.5	1.9	2.6	Final domestic demand	0.5	0.3	0.5	1.2
Stockbuilding	-0.5	0.2	0.2	0.0	Stockbuilding	-0.2	0.3	0.0	0.0
Net exports	1.8	1.2	0.4	0.4	Net exports	0.1	-0.3	0.2	0.3
GDP	2.4	3.1	2.5	3.0	GDP	0.4	0.4	0.8	1.5
Austria					**Germany**				
Final domestic demand	-0.3	0.6	0.5	1.5	Final domestic demand	0.6	1.4	1.3	2.1
Stockbuilding	-0.7	0.1	0.2	0.0	Stockbuilding	0.2	0.2	0.1	0.0
Net exports	0.9	-0.8	0.0	0.1	Net exports	-0.5	-0.1	-0.3	-0.2
GDP	0.3	0.5	0.9	1.6	GDP	0.2	1.5	1.1	1.8
Belgium					**Greece**				
Final domestic demand	-0.1	1.1	1.1	1.3	Final domestic demand	-3.8	-0.4	0.9	2.0
Stockbuilding	-0.8	-1.1	0.0	0.0	Stockbuilding	-1.1	0.5	0.1	0.0
Net exports	1.0	0.9	0.3	0.4	Net exports	1.4	0.8	1.3	1.3
GDP	0.3	1.0	1.4	1.7	GDP	-4.0	0.8	2.3	3.3
Canada					**Hungary**				
Final domestic demand	1.5	1.6	2.1	2.1	Final domestic demand	1.6	3.9	1.9	1.4
Stockbuilding	0.4	-0.3	-0.2	0.0	Stockbuilding	-0.5	0.0	0.1	0.0
Net exports	0.2	1.1	0.7	0.4	Net exports	0.4	-0.7	0.2	0.4
GDP	2.0	2.4	2.6	2.4	GDP	1.5	3.3	2.1	1.7
Chile					**Iceland**				
Final domestic demand	4.1	0.7	2.6	3.6	Final domestic demand	0.3	4.2	4.8	4.2
Stockbuilding	-0.7	-0.5	0.0	0.0	Stockbuilding	0.0	-0.1	-0.2	0.0
Net exports	0.7	2.2	0.0	0.2	Net exports	3.7	-2.0	-1.4	-1.4
GDP	4.2	1.9	3.2	3.7	GDP	3.5	2.5	3.3	2.8
Czech Republic					**Ireland**				
Final domestic demand	-0.5	2.2	2.3	2.3	Final domestic demand	-0.4	2.7	2.6	2.1
Stockbuilding	-0.2	0.1	0.0	0.0	Stockbuilding	0.3	0.3	-0.1	0.0
Net exports	0.0	0.0	0.0	0.5	Net exports	0.6	2.5	1.2	1.1
GDP	-0.7	2.4	2.3	2.7	GDP	0.2	4.3	3.3	3.2
Denmark					**Israel**				
Final domestic demand	0.2	0.9	1.5	1.9	Final domestic demand	3.0	2.5	3.6	3.7
Stockbuilding	0.1	0.3	-0.2	0.0	Stockbuilding	-0.2	1.4	0.1	0.0
Net exports	-0.4	-0.4	0.1	-0.1	Net exports	0.6	-1.1	-0.6	-0.2
GDP	-0.1	0.8	1.4	1.8	GDP	3.4	2.5	3.1	3.5
Estonia					**Italy**				
Final domestic demand	3.1	2.5	2.8	3.8	Final domestic demand	-2.9	-0.4	0.0	0.6
Stockbuilding	-2.3	1.5	0.2	0.0	Stockbuilding	0.0	-0.1	0.0	0.0
Net exports	-0.5	0.8	0.0	-0.4	Net exports	0.9	0.1	0.2	0.5
GDP	1.6	2.0	2.4	3.4	GDP	-1.9	-0.4	0.2	1.0
Finland					**Japan**				
Final domestic demand	-1.1	-1.0	0.4	1.1	Final domestic demand	2.2	0.3	0.4	0.7
Stockbuilding	0.0	0.2	0.1	0.0	Stockbuilding	-0.3	0.1	0.0	0.0
Net exports	0.3	0.2	0.5	0.3	Net exports	-0.3	-0.1	0.4	0.3
GDP	-1.2	-0.2	0.9	1.3	GDP	1.5	0.4	0.8	1.0

Note: The adoption of national accounts systems 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 96 database.

StatLink http://dx.doi.org/10.1787/888933171278

Annex Table 57. **Contributions to changes in real GDP in OECD countries *(cont'd)***

	2013	2014	2015	2016		2013	2014	2015	2016
Korea					**Slovenia**				
Final domestic demand	2.7	2.7	3.7	4.0	Final domestic demand	-2.0	0.6	-0.4	0.5
Stockbuilding	-1.3	0.3	-0.1	0.0	Stockbuilding	0.1	0.0	0.3	0.0
Net exports	1.5	0.6	0.1	0.1	Net exports	1.0	1.2	1.6	1.8
GDP	3.0	3.5	3.8	4.1	GDP	-1.0	2.1	1.4	2.2
Luxembourg					**Spain**				
Final domestic demand	0.5	0.6	1.5	1.5	Final domestic demand	-2.7	1.5	1.6	1.8
Stockbuilding	-0.1	-1.6	-0.9	0.0	Stockbuilding	0.0	0.0	0.0	0.0
Net exports	1.6	4.6	1.4	1.0	Net exports	1.4	-0.2	0.1	0.2
GDP	2.0	3.1	2.2	2.6	GDP	-1.2	1.3	1.7	1.9
Mexico					**Sweden**				
Final domestic demand	1.7	2.2	3.7	3.7	Final domestic demand	1.4	2.6	2.7	2.8
Stockbuilding	-0.1	0.3	-0.1	0.0	Stockbuilding	0.1	0.4	0.1	0.0
Net exports	-0.3	0.6	0.6	0.5	Net exports	0.1	-0.6	0.1	0.3
GDP	1.3	2.6	3.9	4.2	GDP	1.5	2.1	2.8	3.1
Netherlands					**Switzerland**				
Final domestic demand	-1.5	0.3	0.9	1.1	Final domestic demand	1.7	0.5	0.9	1.6
Stockbuilding	-0.2	-0.1	0.1	0.0	Stockbuilding	-2.4	1.7	0.0	0.0
Net exports	1.1	0.4	0.5	0.5	Net exports	2.6	-0.6	0.7	0.9
GDP	-0.7	0.8	1.4	1.6	GDP	1.9	1.5	1.5	2.5
New Zealand					**Turkey**				
Final domestic demand	4.1	3.8	3.4	2.8	Final domestic demand	5.4	0.9	3.5	4.4
Stockbuilding	-0.1	0.9	0.1	0.0	Stockbuilding	1.4	0.0	0.1	0.0
Net exports	-1.5	-1.0	-0.4	-0.1	Net exports	-2.9	2.0	-0.4	-0.4
GDP	2.5	3.2	3.0	2.7	GDP	4.1	3.0	3.2	4.0
Norway					**United Kingdom**				
Final domestic demand	3.0	1.5	1.9	2.4	Final domestic demand	1.7	2.9	2.7	2.5
Stockbuilding	-0.2	0.5	0.0	0.0	Stockbuilding	0.3	0.4	0.0	0.0
Net exports	-2.1	-0.3	-0.1	0.1	Net exports	0.0	0.1	0.0	0.0
GDP	0.6	1.7	1.8	2.5	GDP	1.7	3.0	2.7	2.5
Poland					**United States**				
Final domestic demand	1.2	3.5	3.2	3.6	Final domestic demand	1.9	2.3	3.0	3.1
Stockbuilding	-0.9	0.0	0.0	0.0	Stockbuilding	0.1	0.0	0.0	0.0
Net exports	1.4	-1.2	-0.2	-0.1	Net exports	0.2	-0.1	0.0	-0.1
GDP	1.7	3.3	3.0	3.5	GDP	2.2	2.2	3.1	3.0
Portugal					**Euro area**				
Final domestic demand	-2.3	1.0	0.6	0.9	Final domestic demand	-0.8	0.7	0.9	1.5
Stockbuilding	0.0	0.7	-0.2	0.0	Stockbuilding	-0.1	0.1	0.0	0.0
Net exports	1.0	-0.9	0.9	0.6	Net exports	0.4	0.0	0.1	0.2
GDP	-1.4	0.8	1.3	1.5	GDP	-0.4	0.8	1.1	1.7
Slovak Republic					**Total OECD**				
Final domestic demand	-0.6	2.8	2.3	2.5	Final domestic demand	1.3	1.6	2.2	2.5
Stockbuilding	0.5	0.5	0.0	0.0	Stockbuilding	-0.1	0.1	0.0	0.0
Net exports	1.4	0.1	0.6	1.0	Net exports	0.2	0.1	0.1	0.1
GDP	1.4	2.6	2.8	3.4	GDP	1.4	1.8	2.3	2.6

Note: The adoption of national accounts systems 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 96 database.

StatLink http://dx.doi.org/10.1787/888933171278

Annex Table 58. **Household wealth and indebtedness**

Per cent of nominal disposable income

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Canada												
Net wealth	559.0	591.5	599.3	642.9	668.0	675.5	600.3	636.2	660.2	658.7	678.2	711.6
Net financial wealth	253.4	265.8	269.0	297.3	307.0	304.6	236.1	262.2	280.9	273.6	288.1	310.0
Non-financial assets	305.6	325.7	330.3	345.6	361.0	370.9	364.2	374.0	379.3	385.0	390.1	401.6
Financial assets	366.9	384.5	393.6	429.3	441.9	448.0	384.7	419.7	441.3	436.5	452.5	475.6
of which: Equities	40.7	45.7	50.4	64.1	67.0	79.5	59.8	76.0	87.6	81.1	85.2	88.7
Liabilities	113.5	118.7	124.6	132.0	134.9	143.4	148.6	157.5	160.4	162.9	164.5	165.5
of which: Mortgages	69.1	71.8	75.6	79.7	82.0	88.0	91.5	95.9	99.6	102.4	104.3	106.0
France												
Net wealth	559.0	614.2	671.1	743.1	790.4	797.8	724.1	734.2	772.8	779.7	788.3	794.2
Net financial wealth	188.6	198.3	202.7	212.6	228.1	226.0	192.7	208.4	216.7	213.2	232.3	245.4
Non-financial assets	370.4	416.0	468.4	530.6	562.3	571.8	531.4	525.8	556.1	566.6	556.0	548.8
Financial assets	265.0	278.4	283.6	299.9	320.6	321.5	290.3	311.5	322.9	318.8	334.5	348.1
of which: Equities	72.7	80.4	84.5	91.4	105.5	104.2	73.8	81.0	84.1	78.4	91.1	98.8
Liabilities	76.5	80.1	80.9	87.3	92.5	95.6	97.6	103.0	106.2	105.7	102.2	102.8
of which: Long-term loans	53.1	55.2	58.3	63.4	67.7	71.6	74.8	78.7	81.2	83.9	85.3	86.6
Germany												
Net wealth	539.9	551.0	563.7	578.3	580.0	609.1	599.4	627.1	632.9	630.3	649.1	644.8
Net financial wealth	148.4	159.8	168.3	181.6	179.9	194.7	180.2	193.7	200.3	195.2	204.9	212.6
Non-financial assets	391.5	391.3	395.3	396.7	400.1	414.4	419.2	433.4	432.6	435.1	444.1	432.3
Financial assets	262.3	271.7	278.9	289.8	285.7	297.5	279.9	294.3	298.6	291.0	299.8	306.5
of which: Equities	58.3	63.8	64.0	71.4	67.6	70.9	50.5	54.0	55.3	49.7	53.1	56.3
Liabilities	113.9	112.0	110.6	108.2	105.8	102.8	99.7	100.6	98.4	95.8	94.9	93.9
of which: Mortgages	73.5	72.8	72.4	71.6	71.5	69.6	67.5	68.4	67.0	65.2	65.1	..
Italy												
Net wealth	737.6	757.7	780.9	815.9	832.8	824.1	829.1	847.0	854.7	824.9	..	..
Net financial wealth	297.3	293.4	302.0	313.5	309.5	283.0	280.0	276.1	276.1	252.7	281.3	291.6
Non-financial assets	440.2	464.3	478.9	502.4	523.3	541.1	549.2	570.9	578.6	572.2	..	..
Financial assets	345.0	344.2	356.4	372.7	373.6	351.3	349.4	350.2	353.8	330.2	359.9	369.7
of which: Equities	136.9	131.2	132.9	141.6	141.4	121.2	111.8	105.1	108.3	89.2	108.6	119.3
Liabilities	47.7	50.8	54.4	59.2	64.1	68.3	69.5	74.1	77.7	77.5	78.6	78.1
of which: Medium and long-term loans	33.2	36.3	40.5	45.6	50.1	54.2	55.4	59.8	63.1	62.9	63.4	62.8
Japan												
Net wealth	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	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	420.6	408.5	394.7	388.5	393.6	400.0	395.4	383.1	372.9	364.3	360.1	..
Financial assets	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	29.9	41.9	48.9	77.3	77.0	55.6	34.5	34.9	36.0	33.3	39.7	..
Liabilities	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]	62.7	64.1	64.4	64.8	66.0	65.3	65.7	66.2	66.6	67.0	67.2	..
United Kingdom												
Net wealth	744.3	763.5	798.1	820.6	831.1	859.3	750.0	768.3	788.7	808.7	806.1	811.3
Net financial wealth	337.3	331.2	332.1	355.5	341.3	336.0	291.5	310.0	326.1	353.0	353.8	347.4
Non-financial assets	407.0	432.3	465.9	465.1	489.8	523.2	458.5	458.3	462.6	455.6	452.3	463.9
Financial assets	479.3	484.1	497.4	523.9	520.0	523.2	474.7	485.2	492.5	517.3	512.6	505.8
of which: Equities	63.5	70.3	73.8	78.7	79.4	77.4	49.2	66.7	73.1	62.7	55.4	58.5
Liabilities	142.0	152.9	165.3	168.4	178.7	187.1	183.2	175.1	166.3	164.3	158.8	158.4
of which: Mortgages	97.2	107.2	117.9	120.8	128.4	136.8	135.2	131.4	125.6	122.9	119.9	118.4
United States												
Net wealth	539.4	578.0	621.8	658.3	661.5	635.8	514.1	532.5	556.0	539.8	561.4	630.7
Net financial wealth	291.9	319.6	344.1	354.8	367.6	367.7	289.0	316.1	348.5	341.9	359.1	409.4
Non-financial assets	247.5	258.4	277.8	303.5	293.9	268.1	225.2	216.4	207.5	197.8	202.3	221.3
Financial assets	400.0	435.5	466.3	484.2	501.7	504.7	418.8	444.6	471.1	456.9	469.3	519.8
of which: Equities	89.5	112.0	118.8	122.9	141.5	138.1	82.1	103.8	118.5	111.3	123.8	156.8
Liabilities	108.1	115.9	122.2	129.4	134.1	137.0	129.9	128.5	122.6	115.0	110.2	110.4
of which: Mortgages	76.3	83.3	89.1	96.6	100.6	102.9	98.1	97.1	90.1	83.9	78.3	76.9

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/10.1787/888933171280

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	6.9
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	6.3	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	2.7
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	-2.2
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	-10.9
Hungary	..	..	..	..	..	..	..	..	..	..	2.4	-5.2	-2.4	-3.4	-3.7	-2.6
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	-5.8
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	-1.8
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	9.1
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	4.1
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	-5.3
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	10.5	6.0	0.2	-7.9	-5.7	-3.0	-4.1	3.3	7.6
Euro area	2.6	6.0	6.4	5.8	5.9	7.3	7.3	7.1	6.6	4.6	1.3	-3.8	1.1	1.8	-0.5	-1.0
Total OECD	3.1	4.8	5.5	5.0	6.3	6.5	6.5	6.6	5.5	3.4	-2.1	-3.8	0.3	-0.5	1.7	3.4

Source: OECD, Housing prices database.

StatLink http://dx.doi.org/10.1787/888933171297

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	4.1
Austria	..	..	..	-1.4	-0.4	-1.2	-3.9	2.5	2.1	2.2	-1.2	3.4	4.2	1.0	9.8	2.4
Belgium	5.1	6.4	2.2	2.8	5.1	5.3	6.3	9.8	8.5	6.1	1.6	0.2	3.6	0.0	0.3	0.5
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	1.3
Czech Republic	..	..	..	..	..	..	..	..	..	..	..	-4.7	-2.3	-1.6	-3.9	-1.2
Denmark	7.4	4.8	3.6	3.4	1.7	1.9	7.7	15.6	19.0	2.8	-7.2	-13.1	0.3	-5.3	-5.7	1.6
Estonia	..	..	..	..	..	..	..	..	40.9	12.3	-16.6	-37.1	2.1	3.1	3.7	7.3
Finland	7.0	5.5	0.8	-4.0	4.3	5.3	7.8	7.0	5.0	3.5	-2.7	-2.1	7.1	-0.5	-1.3	-0.9
France	1.7	7.4	6.3	5.8	7.7	10.0	12.7	13.3	9.7	4.3	-1.8	-5.8	3.9	4.1	-1.9	-2.8
Germany	-2.4	1.5	-0.8	-1.7	-4.0	-2.8	-2.9	-3.5	-1.1	-0.6	-1.0	0.9	0.6	3.6	4.7	5.0
Greece	9.5	6.4	7.0	10.6	11.0	2.6	-0.1	7.4	9.3	2.7	-2.7	-5.2	-7.8	-7.7	-12.4	-9.4
Hungary	..	..	..	..	..	..	..	..	..	..	-3.1	-8.9	-5.9	-6.9	-9.3	-5.0
Iceland	..	..	..	..	..	..	..	..	8.2	4.6	-6.4	-18.2	-5.1	1.0	1.2	2.3
Ireland	19.4	20.7	15.1	7.5	1.6	9.8	9.3	6.4	11.7	5.4	-7.4	-12.7	-11.2	-15.1	-13.8	0.0
Israel	-2.1	-1.2	-6.5	-4.2	1.0	-6.0	-1.1	-1.3	-2.2	-2.6	1.7	11.9	13.9	7.1	1.1	6.8
Italy	0.2	3.6	4.7	5.4	6.5	7.2	7.3	5.3	3.7	2.8	-1.4	-3.3	-2.4	-2.1	-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	-1.5
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	..	..	..	..	..	..	..	..	..	..	1.1	-1.7	4.4	1.1	2.3	4.9
Netherlands	8.7	14.5	14.3	7.6	3.0	1.6	2.4	2.5	2.0	2.0	0.8	-2.4	-3.2	-4.4	-7.7	-8.3
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	5.6	1.3
Portugal	2.0	6.4	3.9	1.6	-2.8	-2.4	-1.7	-1.5	-1.4	-2.0	1.1	2.3	0.0	-1.8	-3.5	-4.2
Slovak Republic	..	..	..	..	..	..	..	..	11.3	20.7	16.9	-11.2	-4.8	-6.7	-4.4	-2.2
Slovenia	..	..	..	..	..	..	..	..	..	..	1.3	-10.2	-1.3	1.0	-8.2	-5.8
Spain	3.2	4.8	3.3	5.8	13.8	16.3	14.2	10.9	6.2	2.1	-3.2	-6.8	-5.5	-8.6	-11.0	-7.3
Sweden	9.0	7.8	10.1	5.7	4.8	4.9	8.5	7.8	10.9	8.8	0.2	-0.7	6.3	-0.9	-1.9	2.4
Switzerland	-1.1	-0.5	-0.5	1.3	5.0	2.1	1.6	0.0	1.2	0.7	0.7	5.6	4.2	4.1	4.7	5.1
Turkey	..	..	..	..	..	..	..	..	..	..	..	..	..	1.2	3.2	6.2
United Kingdom	9.1	9.9	14.0	7.6	15.0	14.1	9.5	3.0	3.6	7.9	-4.6	-9.3	2.7	-4.2	-0.4	1.6
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	6.4
Euro area	1.4	5.0	3.8	3.3	3.9	5.0	5.2	4.9	4.2	2.3	-1.3	-3.1	-0.5	-0.5	-2.3	-2.0
Total OECD	2.0	3.7	3.4	3.3	4.9	4.8	4.6	4.4	3.3	1.2	-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/10.1787/888933171297

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	83.4	87.1	91.6	98.8	114.4	132.7	137.9	136.9	142.9	150.8	146.2	141.6	152.2	141.8	135.1	139.7
Austria	..	..	102.9	100.1	99.0	97.5	93.4	95.3	96.9	97.5	96.0	95.6	98.7	100.1	109.1	111.5
Belgium	86.9	91.7	95.3	98.0	101.7	106.3	113.4	125.4	136.2	146.0	150.1	146.5	152.7	155.6	157.1	157.7
Canada	81.6	83.6	86.4	89.0	94.3	100.7	107.8	115.5	127.7	140.3	145.5	139.3	149.9	155.6	160.9	162.4
Denmark	94.5	98.2	101.9	105.0	106.0	106.6	112.9	129.5	154.4	158.2	147.4	126.0	125.8	118.7	111.8	112.2
Finland	96.3	101.9	99.9	95.0	101.2	108.2	116.0	121.9	124.3	123.6	119.3	123.3	133.2	131.1	131.2	134.0
France	71.6	75.2	81.9	88.0	93.3	101.6	113.7	126.6	137.2	141.7	139.9	127.3	131.7	138.0	135.1	130.1
Germany	90.5	91.4	90.3	89.3	85.6	83.9	81.7	79.3	78.4	78.4	77.9	77.4	78.6	82.0	86.1	90.3
Greece	81.4	84.8	90.2	99.3	107.8	108.0	104.9	111.5	120.8	122.7	119.8	110.7	103.3	96.8	87.2	83.4
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	89.3	91.3
Israel	108.9	107.7	104.8	95.1	89.2	90.8	94.1	94.4	93.0	92.9	98.4	95.8	104.7	108.7	106.8	109.6
Italy	76.3	78.0	82.4	87.2	93.4	100.2	107.1	112.7	117.1	120.4	119.5	111.4	108.1	107.1	102.0	94.8
Japan	105.5	102.2	98.2	93.9	89.7	84.9	79.9	76.1	73.8	73.2	71.9	69.3	67.0	65.0	63.4	62.6
Korea	79.1	81.0	82.6	82.6	91.7	96.5	95.4	95.9	100.9	107.8	109.1	107.3	107.9	109.4	107.9	104.0
Netherlands	94.5	106.5	122.6	132.7	137.4	138.1	139.7	141.5	144.6	147.7	149.6	141.2	135.0	129.5	118.5	106.7
New Zealand	78.4	81.0	80.4	90.4	97.7	113.4	128.5	143.6	155.2	167.3	155.2	150.4	151.2	150.2	153.7	164.2
Norway	86.6	93.7	104.3	107.5	108.0	105.6	114.1	121.0	134.5	148.6	142.8	140.6	148.0	156.3	163.7	165.3
Portugal	97.1	102.6	106.8	108.2	104.1	101.9	99.5	98.7	98.1	96.9	98.1	95.9	95.8	94.6	90.8	86.6
Spain	84.8	87.6	90.8	95.4	106.9	122.9	139.8	153.6	162.0	163.7	157.5	141.1	134.5	125.0	113.3	106.2
Sweden	68.5	74.9	83.0	88.0	91.6	95.2	101.0	107.5	119.5	129.9	130.9	128.7	136.6	134.5	129.3	130.4
Switzerland	81.8	81.1	80.6	79.9	82.8	85.0	86.0	85.7	86.1	85.9	86.1	88.2	91.3	93.8	96.8	100.9
United Kingdom	74.3	80.0	89.1	93.2	105.4	120.2	131.6	134.1	138.2	148.6	142.5	129.0	136.5	131.9	129.7	131.0
United States	91.5	94.4	97.6	100.6	103.8	109.2	116.4	125.3	128.4	124.0	111.4	104.0	101.2	95.8	96.9	102.0
Euro area	84.7	88.1	92.0	95.2	98.5	103.3	108.2	113.0	116.9	118.7	117.3	111.3	110.8	111.0	108.9	106.7
Total of the above	89.1	91.7	94.6	96.8	100.1	104.6	109.1	113.8	117.0	117.6	112.3	106.4	105.9	103.7	103.4	105.0
Price-to-income ratio																
Australia	89.6	92.0	94.5	97.4	112.5	127.3	126.3	121.8	125.2	126.7	124.8	121.7	132.7	121.7	117.6	123.5
Austria	..	..	102.5	102.0	101.2	98.5	93.4	92.6	92.5	92.8	91.4	95.0	99.9	102.2	110.6	116.2
Belgium	87.8	92.0	92.4	92.7	98.4	104.1	111.3	121.7	130.0	136.3	136.8	135.4	142.8	145.7	147.6	149.7
Canada	90.7	89.9	88.9	90.2	94.3	99.0	102.9	107.1	112.3	120.3	121.6	117.4	124.7	126.5	128.7	128.2
Denmark	96.1	103.8	107.5	107.7	106.6	106.5	112.0	126.5	147.6	153.7	144.8	123.2	119.7	113.7	108.8	111.8
Finland	95.6	95.8	95.5	90.0	91.3	92.7	96.0	101.7	104.5	105.0	100.4	97.7	102.1	101.1	100.8	100.8
France	74.9	78.4	81.1	83.7	87.9	96.8	107.6	121.8	131.7	134.3	132.5	123.3	127.1	132.7	132.0	128.7
Germany	97.3	96.6	95.3	91.3	88.5	85.4	82.4	79.3	77.5	77.0	75.7	76.8	76.6	77.9	81.4	85.2
Greece	81.4	87.0	93.6	100.5	109.0	106.6	103.1	106.3	110.9	106.7	106.5	102.0	105.1	107.4	105.0	95.9
Ireland	85.5	99.3	109.3	108.6	120.9	132.0	139.4	140.2	153.8	160.3	143.7	125.4	115.0	102.7	89.1	92.0
Italy	79.8	82.0	85.4	88.3	93.4	99.6	105.7	112.0	115.5	118.2	119.3	118.8	118.6	117.1	116.4	110.7
Japan	101.3	99.2	97.1	95.8	91.9	88.0	82.5	78.3	75.6	74.7	74.1	72.0	69.2	67.0	65.1	63.3
Korea	70.8	66.8	65.4	64.9	71.7	72.5	68.2	66.0	67.5	70.5	69.8	67.6	64.9	65.1	64.8	61.9
Netherlands	95.4	106.3	120.1	121.8	126.2	131.5	136.2	140.7	143.7	143.3	145.5	140.5	140.4	133.6	126.2	117.1
New Zealand	91.4	86.9	88.4	85.3	93.6	104.4	116.0	128.8	133.9	139.6	131.9	124.8	122.8	119.7	123.8	129.5
Norway	85.7	91.7	100.1	105.4	101.7	96.5	102.4	102.3	123.0	129.9	121.0	117.0	122.1	126.5	131.0	130.4
Portugal	104.7	103.8	106.0	106.8	103.2	102.7	98.6	96.6	95.5	92.4	92.6	93.5	92.6	96.2	95.8	94.5
Spain	85.1	87.1	88.3	91.7	102.9	117.6	132.9	144.5	151.3	152.8	145.5	134.7	133.9	125.9	118.1	110.6
Sweden	85.5	89.3	93.5	93.1	94.9	99.3	106.4	112.7	120.8	125.4	122.5	121.0	126.7	122.0	116.3	117.5
Switzerland	80.8	78.3	76.1	75.5	80.1	82.8	83.6	82.8	81.5	79.7	80.5	84.3	87.8	90.8	93.8	97.0
United Kingdom	73.8	79.0	86.1	88.3	100.3	111.3	120.7	123.3	125.7	136.3	130.1	116.7	119.9	117.7	115.2	115.9
United States	91.1	93.3	93.6	96.5	99.8	103.5	107.7	115.0	115.3	111.4	99.0	94.6	90.1	82.8	82.2	88.2
Euro area	87.9	90.4	92.6	93.3	96.5	100.7	104.9	109.5	112.7	113.7	112.2	109.1	109.9	110.1	110.0	108.5
Total OECD	89.8	91.5	92.5	94.0	97.3	100.7	103.4	107.1	108.5	108.3	102.6	98.6	97.1	93.5	92.7	94.7

Source: OECD, Housing prices database.

StatLink http://dx.doi.org/10.1787/888933171305

Annex Table 61. **Maastricht definition of general government gross public debt**

As a percentage of nominal GDP

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Austria	66.4	66.3	65.5	65.0	68.3	67.0	64.8	68.7	79.8	82.5	82.0	81.8	81.2	86.1	85.1	84.4
Belgium	107.8	104.9	101.3	96.6	94.7	90.8	86.9	92.3	99.3	99.6	102.1	104.0	104.6	106.1	106.4	105.0
Czech Republic	22.8	25.9	28.1	28.5	28.0	27.9	27.8	28.7	34.0	38.2	41.0	45.5	45.7	44.5	45.0	44.8
Denmark	48.5	49.1	46.2	44.2	37.4	31.5	27.3	33.4	40.4	42.9	46.4	45.6	45.0	46.6	48.7	50.7
Estonia	4.8	5.7	5.6	5.0	4.5	4.4	3.6	4.5	7.0	6.5	6.0	9.7	10.1	9.5	8.8	8.0
Finland	41.0	40.2	42.8	42.7	40.0	38.2	34.0	32.7	41.7	47.1	48.5	53.0	56.0	59.0	60.8	62.4
France	57.9	59.8	63.9	65.6	67.1	64.2	64.2	67.9	78.7	81.5	85.0	89.3	92.2	95.8	99.3	101.8
Germany	57.4	59.1	62.8	64.8	66.9	66.2	63.4	65.0	72.4	80.4	77.8	79.0	76.7	74.3	71.1	69.5
Greece	99.1	97.9	94.0	94.6	98.1	103.4	103.1	109.4	126.8	145.7	171.2	156.8	175.1	176.1	174.3	171.4
Hungary	51.9	55.1	57.8	58.8	60.8	65.0	65.9	71.9	78.2	80.9	81.0	78.5	77.3	76.6	76.7	75.7
Ireland	33.4	30.7	30.1	28.3	26.2	23.8	24.0	42.6	62.2	87.4	111.2	121.8	123.4	111.0	109.4	106.7
Italy	104.7	101.9	100.4	100.0	101.9	102.5	99.7	102.3	112.5	115.3	116.4	122.2	127.9	130.6	132.8	133.5
Luxembourg	6.6	6.5	6.4	6.5	6.3	7.0	7.2	14.4	15.5	19.6	18.5	21.4	23.6	24.4	25.9	27.1
Netherlands	47.7	47.6	49.0	49.6	49.2	44.6	42.5	54.7	56.4	59.0	61.3	66.7	68.9	69.8	70.1	71.2
Poland	..	..	..	..	..	..	..	..	..	54.1	55.3	54.9	56.1	49.4	50.9	51.7
Portugal	53.3	56.0	58.3	60.7	65.8	67.2	66.0	68.9	80.4	90.3	105.2	120.7	124.8	127.2	128.1	127.6
Slovak Republic	48.3	42.8	41.5	40.6	33.8	30.7	29.8	28.2	36.0	41.1	43.5	52.1	54.6	54.4	54.6	54.8
Slovenia	26.1	27.3	26.7	26.8	26.3	26.0	22.7	21.6	34.5	37.9	46.2	53.4	70.4	74.4	77.0	78.9
Spain	54.2	51.3	47.6	45.3	42.3	38.9	35.5	39.4	52.7	60.1	69.2	84.4	92.1	96.7	99.5	100.9
Sweden	51.8	49.9	49.0	47.8	48.1	43.0	38.1	36.7	40.2	37.5	36.8	36.9	39.0	40.8	41.2	42.9
United Kingdom	36.2	35.9	37.3	39.0	40.1	41.1	42.2	50.0	64.2	74.8	80.1	83.8	85.3	87.9	89.5	90.0
Euro area	66.8	66.7	68.0	68.4	69.1	67.4	65.1	68.8	78.5	84.0	86.6	91.1	93.3	94.3	94.6	94.7

Note: For the period before 2014, 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 96 database.

StatLink http://dx.doi.org/10.1787/888933171317

Annex Table 62. **Macroeconomic indicators for selected non-member economies**

Calendar year basis

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Real GDP growth[1]																
China	8.3	9.1	10.0	10.1	11.3	12.7	14.2	9.6	9.2	10.5	9.3	7.7	7.7	7.3	7.1	6.9
Brazil	1.3	2.6	1.2	5.7	3.2	3.9	6.1	5.2	-0.3	7.5	2.7	1.0	2.5	0.3	1.5	2.0
India	4.1	4.5	7.0	8.4	9.0	9.4	10.0	6.1	5.2	11.1	7.8	4.9	4.7	5.4	6.4	6.6
Indonesia	3.6	4.5	4.8	5.0	5.7	5.6	6.3	6.0	4.7	6.2	6.5	6.3	5.8	5.1	5.2	5.9
Russian Federation	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	0.3	0.0	1.6
South Africa	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	1.3	2.1	2.9
Colombia	1.7	2.5	3.9	6.1	5.1	5.6	6.9	3.5	1.7	4.0	6.6	4.0	4.7	4.9	4.4	4.7
Latvia	7.2	7.2	8.6	8.9	10.2	11.6	9.8	-3.2	-14.2	-2.9	5.0	4.8	4.2	2.5	3.2	3.9
Inflation[1]																
China	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	2.1	2.6	3.0
Brazil	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	6.5	5.4	5.1
India	3.8	5.2	4.3	3.8	3.7	6.1	6.0	8.6	9.7	10.3	9.6	9.7	10.1	7.6	6.4	5.9
Indonesia	11.5	11.9	6.8	6.1	10.5	13.1	6.4	10.2	4.4	5.1	5.4	4.3	6.4	6.4	6.2	5.3
Russian Federation	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	7.4	7.7	6.1
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	6.3	5.8	5.6
Colombia	8.0	6.4	7.1	5.9	5.1	4.3	5.5	7.0	4.2	2.3	3.4	3.2	2.0	2.7	3.0	3.0
Latvia	2.5	2.0	2.9	6.2	6.9	6.6	10.1	15.3	3.3	-1.2	4.2	2.3	0.0	0.8	1.9	2.3
Fiscal balance[2]																
China	-1.6	-1.6	-1.2	-0.4	-0.2	0.5	2.0	0.9	-1.1	-0.7	0.1	-0.2	-0.6	-1.1	-1.3	-1.3
Brazil	-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	-3.9	-3.1	-3.0
India	-10.0	-9.1	-9.2	-7.2	-6.9	-5.3	-4.2	-6.7	-10.1	-6.2	-8.2	-7.1	-8.0	-6.6	-6.3	-6.0
Indonesia	-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	-2.2	-2.1
Russian Federation	..	-0.7	1.7	6.0	6.0	8.3	5.6	7.3	-4.0	-1.2	3.8	2.0	0.6	0.4	-0.5	-0.5
South Africa	-2.0	-2.7	-3.7	-3.8	-2.0	-1.4	-0.6	-1.4	-5.2	-4.8	-4.5	-5.9	-5.9	-6.2	-5.9	-4.9
Colombia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Latvia	-2.0	-2.2	-1.6	-1.0	-0.4	-0.6	-0.6	-4.0	-8.9	-8.2	-3.4	-0.8	-0.9	-1.3	-1.0	-0.8
Current account balance[2]																
China	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	2.4	2.8	2.8
Brazil	-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	-3.9	-3.6	-3.3
India	0.3	1.5	1.6	0.1	-1.2	-1.0	-0.7	-2.5	-2.0	-3.2	-3.4	-5.0	-2.5	-1.5	-1.6	-2.4
Indonesia	4.3	4.0	3.4	0.7	0.1	3.0	2.4	0.0	1.9	0.7	0.2	-2.8	-3.3	-3.3	-3.3	-3.0
Russian Federation	11.1	8.5	8.2	10.1	11.0	9.3	5.5	6.2	4.0	4.4	5.1	3.5	1.6	3.0	1.7	1.8
South Africa	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	-5.6	-5.4	-5.0
Colombia	-1.1	-1.4	-1.0	-0.7	-1.3	-1.8	-2.9	-2.7	-2.0	-3.0	-2.9	-3.1	-3.3	-4.2	-4.1	-3.9
Latvia	-7.5	-6.5	-7.8	-12.2	-11.8	-20.9	-20.8	-12.3	8.0	2.3	-2.8	-3.3	-2.3	-2.3	-2.3	-2.2

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 96 database.

StatLink http://dx.doi.org/10.1787/888933171326

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 04 1 P) ISBN 978-92-64-22016-4 – 2014

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 04 1 P) ISBN 978-92-64-22016-4 – 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, a chapter summarising developments and providing projections for each individual country and a statistical annex.

Contents

Chapter 1. General assessment of the macroeconomic situation

Chapter 2. Developments in individual OECD countries and selected non-member economies

Statistical annex

Consult this publication on line at ***http://dx.doi.org/10.1787/eco_outlook-v2014-2-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 2014/2
No. 96, November

OECD*publishing*
www.oecd.org/publishing

ISBN 978-92-64-22016-4
12 2014 04 1 P