

# Economic Trends

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# Introduction

*Economic Trends* brings together all the main economic indicators. It contains three regular sections of tables and charts illustrating trends in the UK economy.

'Economic Update' is a feature giving an overview of the latest economic statistics. The content and presentation will vary from month to month depending on topicality and coverage of the published statistics. The accompanying table on main economic indicators is wider in coverage than the table on selected monthly indicators appearing in previous editions of *Economic Trends*. Data included in this section may not be wholly consistent with other sections which will have gone to press earlier.

Articles on international economic indicators and the final expenditure prices index appear monthly and an article on regional economic indicators appears every January, April, July and October. Occasional articles comment on and analyse economic statistics and introduce new series, new analyses and new methodology.

Quarterly information on the national accounts and the balance of payments appears in *UK Economic Accounts* which is published every January, April, July and October by The Stationery Office.

The main section is based on information available to the ONS on the date printed in note 1 below and shows the movements of the key economic indicators. The indicators appear in tabular form on left hand pages with corresponding charts on facing right hand pages. Colour has been used to aid interpretation in some of the charts, for example by creating a background grid on those charts drawn to a logarithmic scale. Index numbers in some tables and charts are given on a common base year for convenience of comparison.

*Economic Trends* is prepared monthly by the Office for National Statistics in collaboration with the statistics divisions of Government Departments and the Bank of England.

## Notes on the tables

1. All data in the tables and accompanying charts is current, as far as possible, to 5 January 1998.
2. The four letter identification code at the top of each column of data (eg, DJDD) is ONS's own reference to this series of data on our database. Please quote the relevant code if you contact us requiring any further information about the data.

3. Some data, particularly for the latest time period, is provisional and may be subject to revisions in later issues.

4. The statistics relate mainly to the United Kingdom; where figures are for Great Britain only, this is shown on the table.

5. Almost all quarterly data are seasonally adjusted; those not seasonally adjusted are indicated by NSA.

6. Rounding may lead to inconsistencies between the sum of constituent parts and the total in some tables.

7. A line drawn across a column between two consecutive figures indicates that the figures above and below the line have been compiled on different bases and are not strictly comparable. In each case a footnote explains the difference.

8. 'Billion' denotes one thousand million.

9. There is no single correct definition of *money*. The most widely used aggregates are:

**M0**, the narrowest measure, consists of notes and coin in circulation outside the Bank of England and bankers' operational deposits at the Bank.

**M4** comprises notes and coin in circulation with the public, together with all sterling deposits (including *certificates of deposit*) held with UK banks and building societies by the rest of the private sector.

The Bank of England also publish data for liquid assets outside M4.

10. Symbols used:
  - .. not available
  - nil or less than half the final digit shown
  - + alongside a heading indicates a series for which measures of variability are given in the table on page T77
  - † indicates that the data has been revised since the last edition; the period marked is the earliest in the table to have been revised
  - \* average (or total) of five weeks.

If you have any comments or suggestions about *Economic Trends*, please write to Uzair Rizki, ONS, Zone D4/19, 1 Drummond Gate, London, SW1V 2QQ or e-mail [uzair.rizki@ons.gov.uk](mailto:uzair.rizki@ons.gov.uk)

Office for National Statistics  
January 1998

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## In brief

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### Articles

This month we feature three articles. *Regional Accounts 1996; part 1* includes provisional estimates of Gross Domestic Product (GDP) by region for 1996, together with estimates up to 1995 of the GDP of the former counties of England and Wales and of Scottish regions. Estimates of regional Gross Domestic Fixed Capital Formation (GDFCF) up to 1995 are also included. All figures published relate to the Government Office Regions (GORs) (page 33).

*Geographical breakdown of exports and imports of UK trade in services by component* by Simon Humphries of ONS covers exports and imports of trade in services for the year 1996 and is made possible by the expanded coverage and detail of the Overseas Trade in Services Inquiry (OTIS). The expansion of the OTIS in 1996 was partly funded by the DTI and to meet the terms of the agreement, the data was released to the DTI during December and to users at the same time (page 52).

*International comparisons of productivity and wages* by Ed Harley of the Department of Trade and Industry presents the results of DTI research measuring the whole economy productivity in the UK and in our major competitors over time. It considers the implications of the results for three separate issues. Is the UK's workforce catching up with the best practice in terms of labour productivity? How far can the UK's improved comparative growth performance during the 1980s be explained by relatively faster productivity growth? What can explain the apparent paradox of the take home pay of production workers in the UK being higher than in our European partners, despite the UK's continuing productivity shortfall and our low level of hourly labour costs? (page 55).

The February edition of *Economic Trends* will include an article on Improvement to Business Inquiries through the introduction of the new Inter-departmental Business Register. The introduction of the Inter-departmental Business Register brings important improvements in quality to business surveys. This new comprehensive database will improve the coverage of inquiries and bring greater consistency to the estimates. The article describes the implementation of the change and discusses the impact on the results of the surveys.

### Guides to the new-style Blue and Pink Books

National Statistics have recently issued Illustrative Guides to show major changes to the way the United Kingdom's National Accounts and Balance of Payments will be presented under new international standards.

The guides show the effect of reworking data, published in this year's National Accounts *Blue Book* and Balance of Payments *Pink Book*, to be consistent with the internationally agreed System of National Accounts 1993 (SNA93), which aims to make different country's accounts comparable. The National Accounts are set out, more specifically, under the European Union Member States' system, the European System of Accounts 1995 (ESA95), while the Balance of Payments follows *IMF Balance of Payments Manual 5th Edition* (BPM5) guidelines. National Statistics will adopt the system for next year's *Blue and Pink Books*.

The Illustrative Guides are accompanied by draft versions of three supporting methodological guides. These are: *National Accounts concepts, sources and methods*; *Sector classification for the National Accounts methodological guide* and *Introducing the ESA95 in the United Kingdom*.

### Consultation on the new accounts

National Statistics is keen to meet the needs of its customers for national and balance of payments accounts and welcomes feedback from existing subscribers to the *Blue and Pink Books*. These early publications, which are not on general sale, are intended to show the "core" tables to be produced under the new system. The guides aim to help users familiarise themselves with the new structure and contents of the accounts. They are not intended to show the most up-to-date figures, nor the final estimates to be used in next year's *Blue and Pink Books*.

(continued...)

Users of the publications, both the paper versions and the electronic dataset, are invited to contact National Statistics if they would like to be involved in the consultation process, which runs from now to the end of January 1998, or if they need further advice or data to meet more specific needs. The contact points for more information on the Guide and on consultation processes are:

David Blunt: Secretary, National Accounts User Group  
e-mail: [david.blunt@ons.gov.uk](mailto:david.blunt@ons.gov.uk)  
tel: 0171-533 5952

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# Articles

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# Articles published in *Economic Trends*

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## *Regular Articles*

**International economic indicators.** Commentary, figures and charts are published monthly.

**Final expenditure prices index.** Commentary and figures are published monthly.

**Regional economic indicators.** Commentary, figures and charts are published every January, April, July and October.

**United Kingdom national accounts and balance of payments** quarterly figures are published in *UK Economic Accounts* every January, April, July and October.

## *Other Articles*

### **1997**

<i>January &amp; February</i>	Regional Accounts 1995: Part 1. Balancing GDP: United Kingdom annual input-output balances. The Budget: 26 November 1996. The economy: recent developments and prospects. ONS plans to extend publication of service sector statistics. The president's task force on service sector statistics.
<i>March</i>	Employment in the public and private sectors. The effects of taxes and benefits upon household income 1995-1996. Quarterly integrated economic accounts: the United Kingdom approach. International comparisons of GDP per head over time.
<i>April</i>	Methodology series for United Kingdom national accounts. Deflation of trade in goods statistics.
<i>June</i>	Regional Accounts 1995: Part 2. Competitiveness in manufactures.
<i>August</i>	Research and experimental development (R & D) statistics 1995. The Budget: 2 July 1997. The economy: developments and prospects.
<i>September</i>	Geographical breakdown of the balance of payments current account. Development of a final expenditure prices index. Overseas trade in services: publication of monthly estimates.
<i>October</i>	Environmental input-output tables for the United Kingdom. Implications of the US Boskin report for the UK retail prices index. A household satellite account for the United Kingdom.
<i>November</i>	Quarterly alignment adjustments in the UK National Accounts. Globalisation: scope, issues and statistics. The ABI respondents database: a new resource for industrial economics research.
<i>December</i>	How should economic statistics respond to information technology?

For articles published in earlier issues see the list in issue 509 (March 1996) of *Economic Trends*. Copies of articles may be obtained from the National Statistics Library, Room 1.001, Government Buildings, Cardiff Road, Newport, NP9 1XG, telephone 01633 812973. The cost is £5.00 per copy inclusive of postage and handling. A cheque for the appropriate remittance should accompany each order, made payable to 'Office for National Statistics'. Credit card transactions can be made by phone; invoices cannot be issued.

# ECONOMIC UPDATE - JANUARY 1998

By Adrian Richards, Economic Assessment - Office for National Statistics

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## Overview

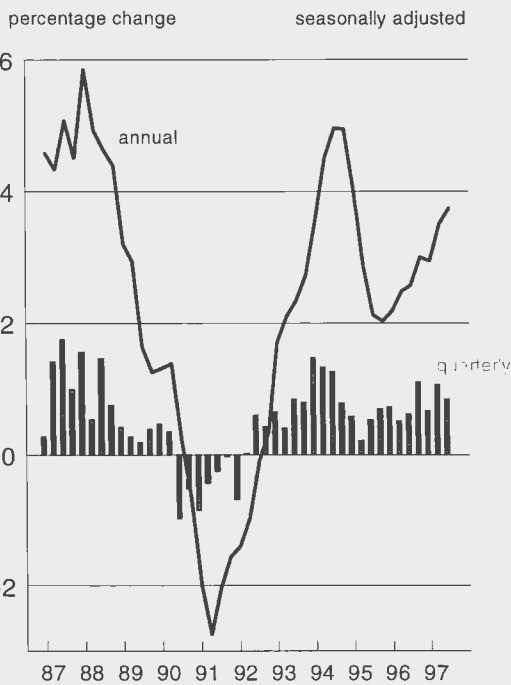
Growth remained strong in the third quarter, although less so than estimated at the preliminary stage. Growth remained rapid in communication and real estate, renting and business services, prompting fears that capacity constraints could be hit in these sectors which, in turn, could lead to an acceleration in inflation. More immediately, demand was reduced by lower retail sales in September following the death of the Princess of Wales. There are tentative signs that the rise in sterling may be starting to impact on trade although evidence is still inconclusive. Inflationary pressure remains subdued, with growth in underlying earnings and the retail prices index constant and input prices falling. The labour market continues to show that output growth has generated increased employment.

## GDP Activity

The economy has continued to grow strongly, as shown in Chart 1, with GDP up 0.8 per cent between the second and third quarters, and growth accelerating to 3.7 per cent above the third quarter of 1996. Revisions have changed the profile of growth, with quarterly growth revised up in the second quarter and down in the third.

Chart 1

GDP at constant factor cost



The annual growth rate for 1996 has also been revised up from

2.5 per cent to 2.6 per cent. Slower growth in the third quarter reflects lower growth in distribution, as shops shut as a mark of respect at the time of the funeral of the Princess of Wales. Income and expenditure estimates for 1997 Q3 showed weaker growth than output estimates - they have been aligned upwards as the output estimate seemed more plausible. Evidence outside the national accounts, such as labour market data, supports strong growth in the third quarter.

## Output

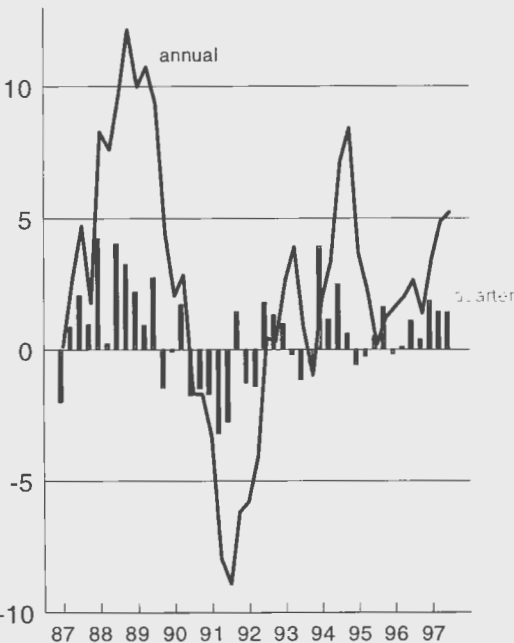
The third quarter showed greater diversity in the recent performance of industrial sectors. Growth in services continues to slow, but remains relatively strong. There was a temporary shock to distribution output, as sales in September declined sharply following the death of the Princess of Wales. Growth remained rapid in post and telecommunications and real estate, renting and business services. Both these sectors have grown by over 50% since their low points in the third and first quarters of 1992 respectively, and are also over 50% and 40% respectively above their peaks in the first quarter of 1990. The significant growth has prompted concerns that capacity constraints could be hit for these sectors, leading to an acceleration in inflation. Not all service categories have grown as strongly - indeed the weakest area, public administration and defence, has been falling relatively rapidly. Another area of rapid growth is generated by the shift to the use of gas-fired power stations for electricity generation. These have lower input costs and thus the output produced has a higher value added - thereby boosting growth in this sector. Manufacturing output has also continued to



grow, at a more modest pace, as the appreciation of sterling has failed to reduced export volumes, while domestic demand for goods has continued to expand. The one area of recent weakness is construction. Quarterly movements in construction can be very erratic, so it is too early to discern whether the fall is a temporary effect or whether construction output will continue to contract.

The first month of the fourth quarter tentatively shows a fall in production output. Both electricity, gas and water supply and manufacturing output fell in October. Falls in non-durable goods and investment goods were greater than the increase in the output of durables, leading to a fall in the total supply of manufactured goods. Output of non-durable goods was close to that produced in the three months to October 1996. The main area of growth has been in investment goods, shown below - up 5.2% on the three months to October 1996. Increased oil and gas extraction continues to result in higher mining and quarrying output.

**Chart 2**  
Growth in output of investment goods  
percentage change                      seasonally adjusted



The CBI monthly Industrial Trends Inquiry in Manufacturing reported that the current level of orders remained negative in November. A substantial majority of manufacturers continue to report falling export orders. The CBI export orders balance, not seasonally adjusted, was -34 in the same month, which is around the level of the previous three months.

Demand for construction fell sharply in October after a surge in September. Orders are exceptionally erratic and thus month to

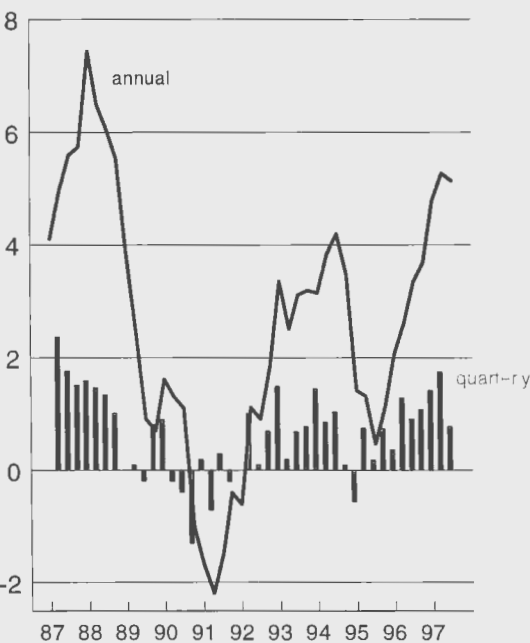
month movements can give a misleading impression of the general position of the sector. The volume of new construction orders in Great Britain, seasonally adjusted, was down 1% in the three months October relative to the previous three months. Orders were down across almost all categories. Private commercial and all other new work, appear to have been the main areas of growth in 1997, despite the fall into October.

**Domestic demand**

After rapid growth in the second quarter, the volume of domestic expenditure at constant prices fell back. Growth on the same quarter a year earlier reached 3.9 per cent. The slowing of quarterly growth reflected the deceleration in consumers' expenditure growth around the time of the death of the Princess of Wales (after sharp growth in the second quarter), and a fall in gross domestic fixed capital formation, as fewer commercial aircraft were imported.

Consumers' expenditure growth fell back from the rapid growth in the second quarter. This was partly due to lower retail sales, illustrated in Chart 3, in September after the death of the Princess of Wales. Expenditure on goods fell for vehicles,

**Chart 3**  
Retail sales growth  
percentage change                      seasonally adjusted



energy products and food. Despite the falls, annual growth remained strong with an overall increase of 4.3% and particularly strong growth in expenditure on durables. The impact of windfalls appears to have occurred mainly in the second quarter. Visits abroad were substantially higher than last year, up 11.2%,

but expenditure increased by less, up 5.5%, possibly as a result of the strength of the pound. Travel abroad has risen strongly for the last 4 quarters.

General government expenditure rose relatively strongly, with annual growth of over 3% for the first time since 1994. Expenditure by local authorities and central government were up strongly. The rebound in central government expenditure follows four quarters of falling or subdued growth between 1996 Q2 and 1997 Q1. General government also increased investment, although it remains well down on levels prior to the fourth quarter of 1996. Gross fixed capital formation is lower, mainly due to a fall in the import of aircraft. Despite the fall in investment in the third quarter, the level of investment is less than £1.6 billion below its peak in the first quarter of 1989. The main area of the shortfall is in buildings (including dwellings) and works. Stocks rose, particularly in retailing and the finished goods element of manufacturing. The low sales in September may have caused stock build-ups along the supply chain, although wholesalers appeared to reduce stocks. Stocks are one of the more difficult elements to measure and the changes are a small part of overall stocks. The alignment adjustment therefore added over half a billion to stocks, which seems plausible, given the unanticipated shortfall in demand at the end of the third quarter.

Retail sales continue to be difficult to interpret, as recent movements have been highly erratic. Volumes fell in November after rebounding sharply in October from the sharp fall in September. The main reason for the fall in November appears to have been poor sales in textiles, clothing and footwear stores, where a sharp rise in October was followed by a fall back in November. Overall average growth on the previous three months decelerated from 0.4% to 0.2%, well down on over 2% in the three months to July. Over the three months the area that has fallen most has been household goods stores - possibly reflecting the diminishing impact of windfall gains. The EC/Gfk survey also shows that consumer confidence fell further in December, with people more pessimistic about the economic situation and less upbeat about major purchases.

New car registrations, seasonally adjusted, rose by 4.4% in the three months to October, but was 10.7% above the level in November 1997. Both September and October have been well up on the same months in 1996. Registrations are highly erratic and have to be split between consumption and investment.

## External demand and supply

The trade deficit is showing signs of widening. The main area where the deficit appears to have widened has been against non-EU countries, whereas sterling has appreciated more against EU countries.

Estimates in the national accounts show that net exports of goods and services in Q3 rose by nearly £194 million in current prices. The deterioration in the balance, which began in Q2, would have persisted into Q3, had it not been for the export of an oil rig to Norway worth around £400 million. Furthermore there were lower imports of aircraft than in the previous two quarters. Thus exports rose by 0.5% whereas imports rose by only 0.1% on the previous quarter.

The balance of total trade in goods and services went from a deficit of £0.4 billion in September to a deficit of £0.6 billion in October. The deficit of trade in goods fell further after the sharp fall in September. Exports appear to have peaked in July whereas imports have continued to increase. These are shown in the three monthly movements, where exports are down 0.3% whereas imports have risen 1.0%. Excluding oil and erratics, there is a sharper diversion between exports and imports, although the net balance in oil and erratics was relatively low between May and July. Volumes appear to show a similar picture to values, in that imports have been growing more rapidly than exports. The categories where imports have outperformed exports are food, beverages, and tobacco, fuels and semi-manufactures. Finished manufactures have continued to show stronger export growth. Compared with the previous three months exports of cars and capital remain strong although import growth for cars is well over 10% and capital goods imports are close to exports. The one main area where imports are growing and exports are falling is consumer goods.

Non-EU data for November shows the deficit on goods continuing to widen. There were falls in both exports, down 5.6%, and imports, down 2.1%. Volumes show a wider divergence with exports down 4.1% and imports down 1.4%.

## Income

The income measure of GDP shows continued strong growth in income from employment, reflecting continued growth in employment and higher average earnings. As shown below, the annual growth rate of employment income is at its highest since the first quarter of 1991. This has been slightly exaggerated by the reclassification of construction workers from self-employed to employed. Meanwhile Gross trading profits of companies are also estimated to have increased with particularly strong growth in profits from North Sea oil as prices and volumes rose. The underlying trend in profits is difficult to discern currently, as two opposing factors are having an effect on profits. Companies have had greater opportunity to earn profits, due to the strength of domestic demand, but this may be offset by lower export margins.

## Monetary & Sectoral indicators

The annual growth of narrow money (M0), seasonally adjusted, rose further from 6.7% in October to 6.9% in November. Meanwhile, annual growth of broad money (M4), seasonally adjusted, decelerated further from 10.7% to 10.5% over the same period. Growth rates for M0 and M4 have remained above 5% and 10% respectively throughout 1997.

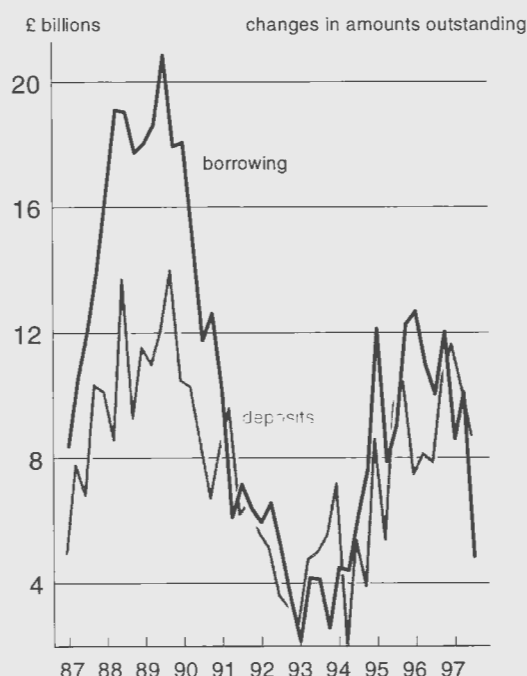
A sectoral analysis of M4 shows that the growth in holdings by other financial institutions (OFIs) accelerated in the third quarter after falling back in the second. Growth in total M4 borrowing of OFIs fell further from the peak in the first quarter. The stock of borrowing by other financial institutions has grown rapidly and the amounts outstanding are now similar to those of industrial and commercial companies. Industrial and commercial companies also continued to build up their holdings of M4. The growth of holdings outpaced borrowing - the reverse of the position in the late 1980s. UK companies used substantial funds to acquire overseas companies in the third quarter - in particular ICI's acquisition of Unilever's Speciality Chemicals for a reported £4.9 billion. Of the funds for acquisitions of overseas companies by UK companies, half was paid directly by the UK parent, over a quarter came from loans from the UK parent and the remainder was raised overseas.

The personal sector continued to increase its holdings of M4 in Q3, but at a much lower rate than in previous quarters. Sales of unit trusts and PEPs fell from their peak in the second quarter, when they reached an all time high. Windfall receipts of shares from converting building societies reached a peak at that time, and it may be that substantial funds realised from the sale of

such shares flowed into other financial assets. The growth of net consumer credit slowed by £1 billion in the third quarter. The slowdown in borrowing was due entirely to an increase of £1.7 billion in debt repayments. Gross consumer credit continued to grow, albeit at a slightly lower rate than in the second quarter. Net borrowing secured on dwellings grew further. The overall effect was that total net borrowing to the personal sector fell from £9.2 billion in the second quarter to £8.6 billion in the third.

**Chart 4**

Deposits and lending of the sectors excluding other financial institutions



The chart above shows the changes in outstanding loans and M4 holdings of industrial and commercial companies and the personal sector.

The public sector's financial position continued to improve in November. The Public Sector Borrowing Requirement (PSBR) was £2.3 billion in November 1997, £0.3 billion less than in the same month of 1996. For the first eight months of the financial year 1997-98, the PSBR was £4.8 billion, significantly lower than the £13.9 billion recorded in the same period of the financial year 1996-97. The improvement in the PSBR is mainly due to higher tax receipts, although receipts were down slightly in November 1997 compared with November 1996. The improvement in the public sector's finances has continued despite lower privatisation proceeds, £2.2 billion lower than in 1996-97.

## Prices and wages

Underlying inflationary pressure remained subdued with falling input prices, subdued output price growth and unchanged growth

in underlying average earnings. More immediately, the RPI remained constant.

Both input prices and output prices show little sign of inflationary pressure. Input prices, seasonally adjusted, continued to fall in the 12 months to November, with the fall decelerating slightly in the latest month. This was despite a sharp fall in prices between October and November. The annual growth in the prices of producers' output also remained steady, up 0.2% on a year earlier - excluding excise duties and seasonally adjusted. Producer output prices are historically low, showing little signs of inflationary pressure at the initial stage of the supply chain.

The CBI Monthly Trends Inquiry also shows little expectation of much movement in manufacturing prices. Manufacturers expect prices to fall slightly in the four months from November with a balance (seasonally adjusted by the ONS) of 2% of manufacturers expecting to reduce prices. The balance has remained within 2 percentage points of zero for the last 6 months.

Underlying average earnings growth remained steady in the 12 months to October, with steady growth across all the sectors. Beyond October there have been reports of substantial bonus payments in the City in December and an increase in reported pay settlements. Potentially these could increase earnings growth in the future.

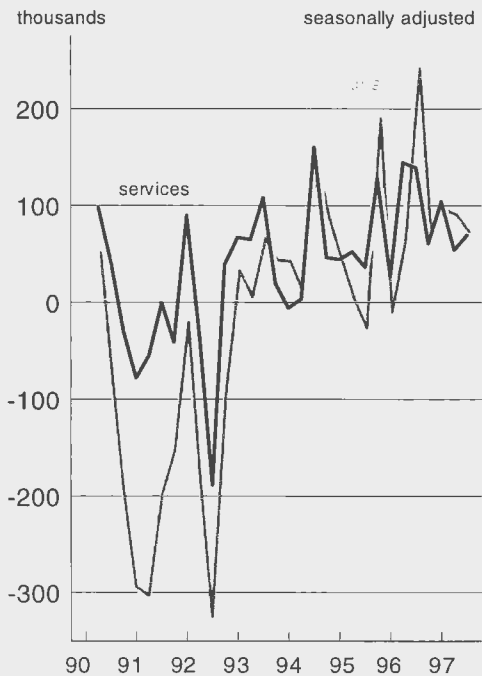
The headline rate of annual retail price inflation and the measure excluding interest payments (RPIX) remained constant between October and November. Further excluding indirect taxes, the rate fell by 0.1 percentage points to 2.1%. Upward effects from seasonal food prices and motoring costs were offset by downward pressure from prices of leisure goods, non-seasonal food and alcoholic drinks.

**Labour Market**

The labour market continued to tighten in response to the continued growth in activity. Estimates for September show a further increase in employment, while falls in claimant unemployment have moderated to 21,100 in November.

The rise of the workforce in employment remained relatively strong - up 73,000 on June and 338,000 on September 1996. The main area of growth continued to be in services, shown opposite. The other area of growth was in other industries. This has been affected by the reclassification of construction workers from self-employed to employee status. The recovery has now

**Chart 5**  
Changes in total workforce in employment and employment in services



created 1.270 million jobs but employment still remains 0.603 million below its last peak in the second quarter of 1990. Employment in manufacturing and mining, electricity and water supply continued to fall into October after the reductions in the third quarter. However the fall in the third quarter for manufacturing has been revised and now shows a fall of 19,000 rather than 30,000 estimated in November. The Labour Force Survey of Great Britain, in the Summer (June to August), supports the story of strong growth in employment - it was up 86,000 on the Spring and 439,000 on Summer 1996. Whole economy productivity improved further in the year to 1997 Q3, with the result that annual growth in unit wage costs was reduced.

The rate of fall in claimant unemployment slowed to 21,100 in November. Movements in the months prior to November appear to be have been affected by fewer students claiming benefit, which will have boosted the seasonally adjusted falls in July and August and reduced the fall in October. Added to this, the pattern of recent movements is harder to discern as the introduction of the Job Seekers' Allowance between October 1996 and May 1997 will have led to a larger outflow of claimants. Outflows have fallen since September whereas inflows appear to have been relatively stable since July. Despite the level of employment remaining below its previous peak, the rate of claimant unemployment has fallen to 5.1%, the lowest rate since July 1980.

# Forecast for the UK Economy

## A comparison of independent forecasts, December 1997

The tables below are extracted from HM Treasury's "FORECASTS FOR THE UK ECONOMY" and summarise the average and range of independent forecasts for 1997 and 1998, updated monthly.

	Independent Forecasts for 1997		
	Average	Lowest	Highest
GDP growth (per cent)	3.5	3.1	3.9
Inflation rate (Q4)			
- RPI	3.6	2.8	4.1
- RPI excl MIPS	2.7	2.0	3.7
Unemployment (Q4,mn)	1.43	1.30	1.60
Current Account (£,bn)	0.6	-5.1	3.8
PSBR (1997-98,£ ,bn)	8.4	-2.0	14.0

	Independent Forecasts for 1998		
	Average	Lowest	Highest
GDP growth (per cent)	2.5	1.5	3.6
Inflation rate (Q4)			
- RPI	3.2	2.2	4.6
- RPI excl MIPS	2.9	2.0	4.0
Unemployment (Q4, mn)	1.29	0.78	1.50
Current Account (£,bn)	-6.5	-12.0	-0.5
PSBR (1998-99,£,bn)	2.9	-2.0	10.0

NOTE: "FORECASTS FOR THE UK ECONOMY" gives more detailed forecasts, covering 24 variables and is published monthly by HM Treasury, available on annual subscription, price £75,. Subscription enquiries should be addressed to Miss Jehal, Publishing Unit, Room 53a, HM Treasury, Parliament Street, London SW1P 3AG (0171 270 5607).

# International Economic Indicators - January 1998

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## Overview

There has been strong growth in industrial production in all the G7 countries in Q3. Growth in retail sales volumes has been variable, as has consumer price inflation, but producer price inflation and average earnings growth has remained steady or decelerated. Unemployment has also remained steady or fallen in all the G7 countries except Germany, where it continues to rise.

## Activity

The only new **gross domestic product** (GDP) data this month was for the UK, where the economy continued to show strong growth in Q3, at 3.9% year on year.

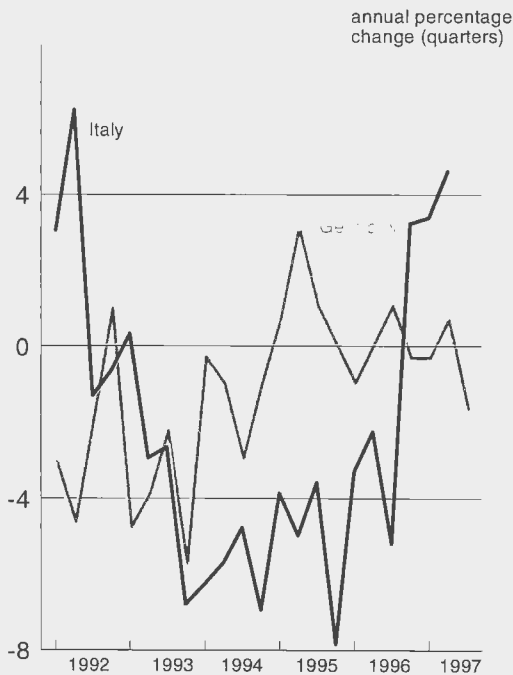
The recovery in Europe has been reestablished, after slow growth in 1996. **Industrial production** grew strongly in Q3 for the second successive quarter. German production was revised upwards, to give quarter on quarter growth of 2% and growth of 4.2% on the same quarter of 1996. Production increased of manufactured goods, in particular investment and intermediate goods. In France, production was up 1.5% quarter on quarter in Q3 and 4.2% on the same quarter a year ago, underpinned by very strong growth in the output of the car industry. Italian manufacturing output continued to recover in Q3, and total industrial production grew for the third successive quarter, up only 0.5% on the previous quarter but 3% on 1996 Q3.

## Demand

**Retail sales volumes** fell sharply in Germany but growth continued to accelerate in Canada in Q3. German quarter on quarter growth fell to minus 3.3% - although Q3 has fallen relative to Q2 every year since 1994, this is the largest quarterly fall since the beginning of 1993. As shown below, year on year quarterly growth fell by 1.6%. Italian retail sales data became available for 1996 and the first half of 1997. Year on year quarterly growth is illustrated below. Although sales volumes recovered in the first quarter of 1996 from a very low Q4 in 1995, they fell over the year. They rebounded in the first two quarters of 1997, but remain below pre-1995 levels.

Chart 1

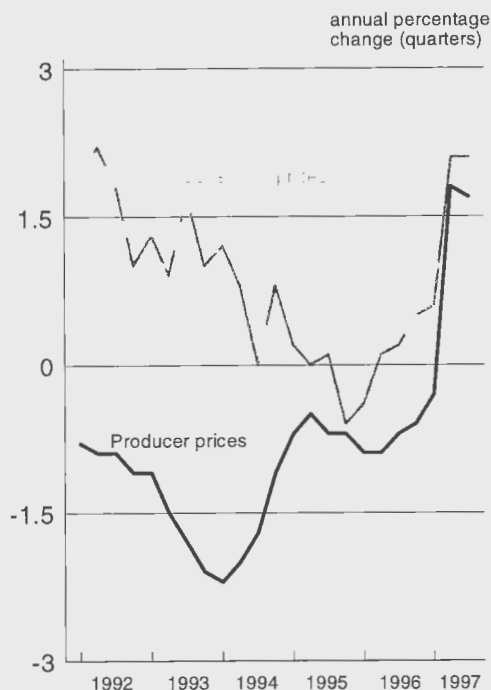
Retail Sales



## Inflation

While **producer price inflation** data for Q3 shows no change or downward movements for the G7 countries, there are movements of **consumer prices** in both directions. As shown below, Japanese producer price inflation fell back slightly to 1.5% in October, but remained positive for the second successive quarter. Producer prices in the US fell for the first time since 1994 Q2, giving an annual fall of 0.3%. Consumer price levels continued to rise in the UK and Japan. As illustrated below, Japanese inflation reached its highest rate since the end

**Chart 2**  
Japanese inflation



of 1991 at 2.5%. UK prices rose for the sixth successive month, to give inflation of 3.7%.

## Labour Market

**Average earnings growth** in manufacturing remained steady in Germany and France, but fell back in the UK, Italy, the US, Japan and Canada in Q3. US average earnings picked up in October, but *care should be taken with the interpretation of this monthly series, as the indices are rounded to whole numbers.* **Unemployment** remained steady in Q3 in all the G7 countries except Germany, where the standardised rate rose to 9.9% - the highest rate since unified data became available in 1993.

## Notes

The series presented here are taken from the OECD's Main Economic Indicators, except for the United Kingdom. They are shown for each of the G7 economies and for the European Union (EU) and OECD countries in aggregate.

Comparisons of indicators over the same period should be treated with caution, as the length and timing of the economic cycles varies across countries.

Over the next few months we plan to make some changes to this article and the tables which accompany it, and would welcome any comments on the following proposals:

In addition to GDP growth, we would show growth in expenditure on GDP - private final consumption, government final consumption, changes in stocks, exports and imports.

We would no longer produce Table 9 - Balance of payments current account as percentage of GDP.

We would no longer supply data on Canada, and the Major 7 countries as an aggregate.

We would include data, subject to availability, on other European countries which are major trading partners with the UK.

# 1 Gross domestic product at constant market prices

	United Kingdom	Germany <sup>1</sup>	France	Italy	EU	United States	Japan	Canada	Major 7	OECD
<b>Percentage change on a year earlier</b>										
	ILFX	ILFY	ILFZ	ILGA	ILGB	ILGC	ILGD	ILGE	ILGF	ILGG
1989	2.2	..	4.3	2.9	3.5	3.4	4.8	2.4	3.5	3.6
1990	0.4	..	2.5	2.2	3.0	1.2	5.2	-0.2	2.4	2.6
1991	-2.0	..	0.8	1.1	3.0	-0.9	3.8	-1.8	1.3	1.4
1992	-0.5	1.8	1.2	0.6	0.9	2.7	1.0	0.8	1.7	1.8
1993	2.1	-1.2	-1.3	-1.2	-0.5	2.3	0.3	2.2	1.0	1.1
1994	4.3	2.8	2.8	2.2	3.0	3.5	0.7	4.1	2.8	2.8
1995	2.7	1.9	2.1	2.9	2.5	2.0	1.3	2.3	2.0	1.9
1996	2.3	1.4	1.5	0.7	1.7	2.8	3.7	1.5	2.5	2.6
1996 Q3	2.2	1.9	1.7	0.7	1.9	2.7	3.5	1.8	2.5	2.7
Q4	2.8	2.1	2.2	0.3	2.2	3.3	3.0	2.3	2.7	3.0
1997 Q1	3.1	2.6	1.2	-0.6	1.9	4.0	2.4	2.8	2.9	3.0
Q2	3.6	2.0	2.4	1.9	2.7	3.4	-0.3	3.7	2.4	2.8
Q3	3.9	..	..	..	..	3.9	..	..	..	..
<b>Percentage change, latest quarter on previous quarter</b>										
	ILGH	ILGI	ILGJ	ILGK	ILGL	ILGM	ILGN	ILGO	ILGP	ILGQ
1995 Q3	0.5	-0.2	0.2	0.6	0.3	0.8	0.3	0.3	0.5	0.6
Q4	0.5	-0.1	-0.3	0.2	0.1	0.6	1.3	0.2	0.5	0.5
1996 Q1	0.6	-0.2	1.3	0.6	0.6	0.4	2.0	0.3	0.7	0.9
Q2	0.6	1.6	-0.2	-0.9	0.4	1.5	-0.3	0.4	0.8	0.7
Q3	0.6	0.5	0.8	0.7	0.7	0.3	0.3	0.8	0.4	0.5
Q4	1.1	0.2	0.2	-0.2	0.4	1.1	0.9	0.7	0.8	0.8
1997 Q1	0.9	0.3	0.3	-0.3	0.3	1.2	1.4	0.9	0.9	0.9
Q2	1.0	1.0	1.0	1.6	1.2	0.8	-2.9	1.2	0.3	0.6
Q3	0.9	..	..	..	..	0.8	..	..	..	..

1 Data available for unified Germany since 1991

# 2 Total industrial production

	United Kingdom	Germany <sup>1</sup>	France	Italy	EU	United States	Japan <sup>2</sup>	Canada <sup>3</sup>	Major 7	OECD <sup>4</sup>
<b>Percentage change on a year earlier</b>										
	ILGR	ILGS	ILGT	ILGU	ILGV	ILGW	ILGX	ILGY	ILGZ	ILHA
1989	2.1	4.7	3.7	3.8	4.0	1.8	5.7	-0.2	3.2	3.5
1990	-0.3	5.3	1.5	-0.5	2.0	-0.2	4.3	-3.3	1.3	1.6
1991	-3.4	3.6	-1.2	-0.9	-0.1	-2.0	1.9	-4.2	-0.5	-0.4
1992	0.4	-2.6	-1.2	-1.3	-1.4	3.3	-5.7	1.1	-0.5	-0.3
1993	2.2	-7.2	-3.8	-2.1	-3.1	3.4	-4.3	4.4	-0.5	-0.6
1994	5.3	3.6	3.9	6.3	5.0	5.0	1.2	7.0	4.2	4.4
1995	2.2	2.0	2.0	6.1	3.7	3.3	3.3	3.4	3.2	3.1
1996	1.1	0.5	0.3	-2.9	0.4	2.7	2.7	1.7	1.8	2.0
1997 Q2	1.9	3.4	3.3	2.2	3.5	4.1	6.5	5.3	4.1	4.5
Q3	2.4	4.2	4.2	3.0	4.4	5.0	4.1	4.9	4.3	4.7
<b>Percentage change, latest quarter on previous quarter</b>										
	ILHB	ILHC	ILHD	ILHE	ILHF	ILHG	ILHH	ILHI	ILHJ	ILHK
1996 Q1	0.2	0.4	1.3	-3.7	-0.6	0.4	0.7	0.6	0.2	0.3
Q2	0.3	1.1	0.1	-0.5	0.6	1.5	-0.4	0.2	0.8	0.7
Q3	0.7	1.3	0.6	-0.3	0.7	0.8	1.8	2.1	0.9	1.1
Q4	0.4	-0.3	-0.1	-1.0	0.3	1.1	2.2	0.5	0.9	0.9
1997 Q1	0.1	1.4	0.5	1.4	0.6	1.1	2.3	0.9	1.3	1.1
Q2	0.7	1.0	2.3	2.2	1.9	1.1	-	1.7	0.9	1.4
Q3	1.2	2.0	1.5	0.5	1.6	1.6	-0.4	1.7	1.2	1.2
<b>Percentage change: latest month on previous month</b>										
	ILKB	ILKC	ILKD	ILKE	ILKF	ILKG	ILKH	ILKI	ILKJ	ILKK
1997 Jul	1.0	3.9	1.9	-0.1	2.4	0.7	1.3	2.1	1.3	1.4
Aug	-0.8	-4.4	-	1.0	-1.4	0.6	-2.8	-0.4	-0.8	-0.8
Sep	-0.1	-0.7	-1.0	-0.9	-0.6	0.5	2.6	-0.3	0.5	0.4
Oct	-0.3	..	..	..	..	0.5	-0.6	..	..	..

1 Data available for Unified Germany from 1991

2 Not adjusted for unequal number of working days in a month

3 GDP in industry at factor cost and 1986 prices

4 Some countries excluded from area total



## 3 Retail Sales (volume)

	United Kingdom	Germany	France	Italy	EU	United States	Japan	Canada	Major 7	OECD
<b>Percentage change on a year earlier</b>										
	ILHL	ILHM	ILHN	ILHO	ILHP	ILHQ	ILHR	ILHS	ILHT	ILHU
1989	2.1	3.5	1.5	8.4	3.7	2.2	3.9	-0.4	2.8	2.9
1990	0.7	8.0	0.7	-2.2	2.3	0.6	4.9	-1.9	1.5	1.6
1991	-1.3	5.8	-0.2	0.3	1.5	-2.5	2.3	-4.4	-0.5	-0.3
1992	0.7	-2.3	0.3	1.8	-	3.2	-1.0	2.5	1.6	1.3
1993	3.0	-4.2	0.2	-3.0	-1.3	4.5	-3.0	3.4	1.3	1.2
1994	3.7	-1.3	-0.2	-5.9	-0.4	5.7	0.2	6.3	3.0	2.7
1995	1.2	1.1	0.1	-5.1	-0.3	2.6	0.2	0.1	1.1	1.3
1996	2.9	-0.1	-0.3	-2.0	0.7	3.7	1.0	0.8	2.3	2.1
1997 Q2	5.3	0.7	0.9	4.6	2.6	2.9	-5.1	6.3	1.8	1.8
Q3	5.1	-1.6	1.7	..	..	..	-3.7	6.6	..	..
<b>Percentage change, latest quarter on previous quarter</b>										
	ILHV	ILHW	ILHX	ILHY	ILHZ	ILIA	ILIB	ILIC	ILID	ILIE
1995 Q4	0.7	-1.0	-3.1	-8.2	-1.3	0.7	-	-0.8	-0.7	-0.7
1996 Q1	0.4	1.4	2.7	7.3	1.6	1.4	2.0	0.2	2.3	1.6
Q2	1.3	1.6	-1.8	-1.5	0.4	1.0	-1.7	-0.2	0.3	0.3
Q3	0.9	-1.0	-0.2	-2.3	-	0.4	-0.7	1.2	-	0.4
Q4	1.2	-2.3	0.4	-	-0.4	0.8	1.7	1.5	0.3	0.3
1997 Q1	1.3	1.3	0.3	7.4	2.0	2.2	6.0	2.0	2.7	2.8
Q2	1.8	2.7	0.4	-0.3	1.0	-0.5	-11.3	1.4	-1.2	-1.5
Q3	0.8	-3.3	0.6	..	..	..	0.7	1.6	..	..
<b>Percentage change, latest month on previous month</b>										
	ILKL	ILKM	ILKN	ILKO	ILKP	ILKQ	ILKR	ILKS	ILKT	ILKU
1997 Aug	0.3	-4.0	-0.5	-	..	0.7	2.1	-	0.9	-
Sep	-1.8	1.0	-2.3	..	..	..	-2.1	0.1	..	..
Oct	2.9	..	6.2	..	..	..	2.1	..	..	..

## 4 Consumer prices<sup>1</sup>

	United Kingdom	Germany <sup>2</sup>	France	Italy	EU	United States	Japan	Canada	Major 7	OECD <sup>3</sup>
<b>Percentage change on a year earlier</b>										
	FRAN	HVLL	HXAA	HYAA	HYAB	ILAA	ILAB	ILAC	ILAD	ILAE
1989	7.8	2.9	3.4	6.6	5.2	4.9	2.2	5.0	4.5	6.2
1990	9.5	2.7	3.5	6.0	5.7	5.4	3.1	4.8	5.0	6.8
1991	5.9	3.7	3.2	6.5	5.2	4.2	3.2	5.6	4.3	6.1
1992	3.7	5.0	2.4	5.3	4.5	3.1	1.7	1.5	3.2	5.0
1993	1.6	4.4	2.1	4.2	3.5	3.0	1.2	1.9	2.7	4.3
1994	2.4	2.7	1.7	3.9	3.0	2.5	0.8	0.2	2.3	4.4
1995	3.5	1.9	1.7	5.4	3.2	2.8	-0.1	2.2	2.4	5.5
1996	2.4	1.5	2.1	3.8	2.5	3.0	0.1	1.5	2.2	5.1
1995 Q4	3.2	1.8	1.9	5.9	3.0	2.7	-0.6	2.0	2.2	5.7
1996 Q1	2.8	1.5	2.1	5.0	2.8	2.8	-0.4	1.4	2.3	5.5
Q2	2.2	1.5	2.4	4.2	2.6	2.8	0.1	1.5	2.2	5.0
Q3	2.1	1.5	1.8	3.5	2.3	3.0	0.2	1.3	2.2	4.8
Q4	2.6	1.4	1.7	2.7	2.3	3.1	0.5	2.0	2.4	4.8
1997 Q1	2.7	1.7	1.5	2.4	2.1	2.9	0.6	2.1	2.2	4.5
Q2	2.7	1.6	0.9	1.6	1.7	2.3	2.1	1.6	2.0	4.2
Q3	3.5	1.9	1.3	1.5	2.0	2.2	2.1	1.8	2.1	4.3
1997 Apr	2.4	1.4	0.9	1.7	1.6	2.5	1.9	1.7	2.1	4.2
May	2.6	1.7	0.9	1.6	1.8	2.2	2.0	1.5	1.9	4.1
Jun	2.9	1.7	1.0	1.4	1.8	2.3	2.2	1.8	2.1	4.2
Jul	3.3	1.8	1.0	1.6	1.9	2.2	1.9	1.8	2.0	4.2
Aug	3.5	2.0	1.5	1.5	2.1	2.2	2.1	1.8	2.1	4.3
Sep	3.6	1.9	1.3	1.4	2.1	2.2	2.4	1.6	2.2	4.3
Oct	3.7	1.8	1.0	1.6	2.0	2.1	2.5	1.5	2.1	4.4

1 Components and coverage not uniform across countries

2 Data available for Unified Germany from 1991

3 OECD data includes 'higher inflation' countries (Mexico and Turkey)

## 5 Producer prices (manufacturing)

	United Kingdom	Germany <sup>1</sup>	France <sup>2</sup>	Italy	EU	United States	Japan	Canada	Major 7	OECD <sup>3</sup>
Percentage change on a year earlier										
	EUAA	ILAF	ILAG	ILAH	ILAI	ILAJ	ILAK	ILAL	ILAM	ILAN
1989	5.0	3.5	5.0	5.8	4.9	5.2	2.1	1.8	4.3	5.8
1990	5.8	1.4	-0.9	4.2	2.5	4.9	1.6	0.3	3.3	4.7
1991	4.8	2.2	-1.2	3.3	2.2	2.1	1.1	-1.0	1.9	3.3
1992	2.3	1.6	-1.1	1.9	1.4	1.3	-1.0	0.5	0.9	2.3
1993	2.6	0.1	-2.1	3.7	1.3	1.3	-1.6	3.3	0.8	2.1
1994	2.3	0.8	1.2	3.8	2.2	0.6	-1.7	5.6	0.8	3.3
1995	4.4	2.1	5.2	7.9	4.5	2.0	-0.7	8.1	2.5	6.1
1996	2.0	0.2	-2.7	1.9	0.7	2.6	-0.7	0.5	1.3	3.9
1995 Q4	4.6	1.6	2.4	7.2	3.6	2.2	-0.7	5.8	2.3	5.8
1996 Q1	3.5	0.8	-0.8	4.8	1.9	2.2	-0.9	1.7	1.6	4.7
Q2	2.4	0.1	-2.7	1.6	0.6	2.4	-0.9	0.4	1.1	3.7
Q3	1.2	-0.2	-3.8	0.4	-0.1	2.8	-0.7	-	1.0	3.6
Q4	0.8	0.2	-3.1	0.8	0.2	3.1	-0.6	-0.2	1.2	3.7
1997 Q1	0.5	0.3	-2.3	0.9	0.3	2.0	-0.3	0.2	0.8	3.1
Q2	..	0.7	-0.9	1.2	0.7	0.4	1.8	1.1	0.7	2.8
Q3	..	1.0	0.4	1.7	1.4	-0.1	1.7	..	0.6	2.8
1997 Jul	0.7	0.9	0.1	1.7	1.3	-0.1	1.9	0.9	0.6	2.9
Aug	0.7	1.2	0.5	1.6	1.6	-0.2	1.7	0.9	0.6	2.9
Sep	0.7	1.0	0.5	1.6	1.3	-	1.7	..	0.6	2.9
Oct	0.8	0.9	..	..	..	-0.3	1.5	..	..	..

1 Data available for Unified Germany from 1991

2 Producer prices in intermediate goods

3 OECD includes 'higher inflation' countries (Mexico and Turkey)

## 6 Average wage earnings in manufacturing<sup>1</sup>

	United Kingdom <sup>2</sup>	Germany <sup>3</sup>	France	Italy	EU	United States	Japan <sup>4</sup>	Canada	Major 7	OECD
Percentage change on a year earlier										
	ILAY	ILAO	ILAP	ILAQ	ILAR	ILAS	ILAT	ILAU	ILAV	ILAW
1989	8.76	3.9	3.9	6.0	5.6	2.9	5.6	5.4	4.4	4.4
1990	9.50	4.2	4.9	7.3	7.0	3.2	5.1	4.7	4.7	5.2
1991	7.75	6.6	4.7	9.8	6.8	3.3	3.5	4.8	4.8	5.2
1992	5.50	7.1	4.0	5.4	5.8	2.4	1.3	3.4	3.3	3.6
1993	4.25	5.4	2.5	3.7	4.7	2.4	0.4	2.1	3.0	2.9
1994	5.00	2.9	1.9	3.3	3.8	2.8	2.2	1.6	2.7	3.1
1995	4.00	3.3	2.4	3.1	3.7	2.7	3.0	1.4	3.1	3.3
1996	4.75	5.2	2.4	1.8	3.7	3.1	2.6	3.2	3.0	3.3
1995 Q3	4.00	3.5	2.5	3.5	4.1	3.1	3.2	2.4	2.6	3.4
Q4	4.00	5.2	2.5	3.9	4.0	2.7	2.4	2.0	3.4	3.4
1996 Q1	4.25	7.1	2.3	1.9	4.0	2.9	1.7	1.8	3.4	3.4
Q2	4.25	6.7	2.3	2.1	4.0	3.2	1.6	3.0	2.5	3.4
Q3	4.50	4.3	2.6	1.7	3.1	3.1	4.9	3.8	3.4	3.3
Q4	4.75	2.9	2.6	1.6	3.8	3.5	2.3	4.1	2.5	3.3
1997 Q1	4.50	0.8	3.0	4.0	3.8	3.4	5.2	3.3	3.3	3.3
Q2	4.25	1.5	2.7	3.8	3.1	2.8	2.7	1.7	3.3	3.3
Q3	4.00	1.6	2.8	3.4	..	2.5	2.5	-0.9	2.5	2.4
1997 Jun	4.25	..	..	3.7	..	2.5	2.8	-0.6	..	..
Jul	4.25	1.6	2.8	3.4	..	2.5	3.3	-0.1	..	..
Aug	4.25	..	..	3.4	..	2.5	3.1	-0.8	..	..
Sep	4.00	..	..	3.4	..	2.5	1.5	-1.8	..	..
Oct	..	..	..	..	..	4.2	1.4	..	..	..

1 Definitions of coverage and treatment vary among countries

2 Figures for Great Britain refer to underlying weekly earnings; others hourly

3 Western Germany (Federal Republic of Germany before unification)

4 Figures for Japan monthly and seasonally adjusted

## 7 Total employment <sup>1</sup>

	United Kingdom	Germany <sup>2,3</sup>	France <sup>3</sup>	Italy	EU	United States <sup>3</sup>	Japan	Canada <sup>3</sup>	Major 7	OECD
<b>Percentage change on a year earlier</b>										
	ILIF	ILIG	ILIH	ILII	ILIJ	ILIK	ILIL	ILIM	ILIN	ILIO
1989	2.9	1.5	1.6	-0.5	1.7	2.1	2.0	2.1	1.8	1.9
1990	0.6	2.8	0.8	1.4	1.6	0.5	1.9	0.6	1.2	1.2
1991	-2.9	2.0	0.1	1.3	0.1	-0.9	1.9	-1.9	-	-
1992	-2.6	-1.4	-0.6	-1.1	-1.7	0.6	1.1	-0.6	-	-0.4
1993	-1.1	-1.1	-1.3	-4.2	-2.0	1.5	0.2	1.3	-	-0.2
1994	0.9	-0.4	0.1	-1.6	-0.2	3.2	-	2.2	1.3	1.2
1995	0.8	-0.3	1.0	-0.6	0.5	1.4	0.1	1.6	0.8	0.9
1996	1.3	-1.2	-0.2	0.4	0.2	1.5	0.5	1.3	0.7	0.9
1997 Q1	1.7	-1.5	-0.3	-0.1	0.2	2.5	1.6	1.0	1.3	1.3
Q2	1.9	-1.5	-0.1	0.1	0.3	2.4	1.4	1.8	1.4	1.4
Q3	..	..	..	-	..	2.1	0.7	2.4	..	..
<b>Percentage change, latest quarter on quarter</b>										
	ILIP	ILIQ	ILIR	ILIS	ILIT	ILIU	ILIV	ILIW	ILIX	ILIY
1995 Q4	0.4	0.1	-0.1	-0.7	-	-0.3	-1.2	-2.4	-0.4	-0.4
1996 Q1	0.3	-2.0	-0.1	-1.3	-1.0	-1.2	-1.6	-1.9	-1.3	-1.2
Q2	0.1	0.6	-0.1	1.2	0.8	2.0	3.1	3.5	1.8	1.7
Q3	0.7	0.2	-0.2	1.2	0.5	1.2	0.5	2.0	0.9	0.9
Q4	0.5	-0.2	-	-0.8	-0.1	0.1	-1.0	-2.3	-0.3	-0.3
1997 Q1	0.3	-2.1	-	-1.6	-1.0	-0.8	-0.9	-2.1	-1.1	-1.0
Q2	0.3	0.6	0.1	1.4	0.9	1.9	2.9	4.3	1.9	1.8
Q3	..	..	..	1.1	..	0.9	-0.3	2.6	..	..
<b>Percentage change, latest month on previous month</b>										
	ILKV	ILKW	ILKX	ILKY	ILKZ	ILLA	ILLB	ILLC	ILLD	ILLE
1997 Jul	..	..	..	..	..	0.7	-0.5	0.5	..	..
Aug	..	..	..	..	..	-0.4	-0.9	0.3	..	..
Sep	..	..	..	..	..	-0.7	0.1	-1.9	..	..
Oct	..	..	..	..	..	0.5	0.1	-0.6	..	..

1 Not seasonally adjusted except for the United Kingdom

2 Data available for Unified Germany from 1991

3 Excludes members of armed forces

## 8 Standardised unemployment rates: percentage of total labour force<sup>1</sup>

	United Kingdom	Germany <sup>2</sup>	France	Italy	EU	United States	Japan	Canada	Major 7	OECD
	GABF	GABD	GABC	GABE	GADR	GADO	GADP	GADN	GAEQ	GADQ
1989	7.3	..	9.3	10.0	8.7	5.3	2.3	7.5	5.7	6.3
1990	7.0	..	9.0	9.1	8.1	5.6	2.1	8.1	5.6	6.1
1991	8.8	..	9.5	8.8	8.4	6.9	2.1	10.4	6.4	6.8
1992	10.1	..	10.4	9.0	9.1	7.5	2.2	11.3	6.9	7.4
1993	10.5	7.9	11.7	10.3	10.8	6.9	2.5	11.2	7.2	8.0
1994	9.6	8.4	12.3	11.4	11.1	6.1	2.9	10.4	7.1	7.9
1995	8.7	8.2	11.7	11.9	10.7	5.6	3.1	9.5	6.8	7.6
1996	8.2	8.8	12.4	12.0	10.9	5.4	3.3	9.7	6.8	7.6
1995 Q4	8.5	8.4	12.0	11.9	10.8	5.6	3.3	9.4	6.8	7.6
1996 Q1	8.4	8.7	12.3	12.0	10.9	5.6	3.3	9.5	6.9	7.6
Q2	8.3	8.7	12.4	12.0	10.9	5.4	3.5	9.6	6.8	7.6
Q3	8.2	8.8	12.5	12.0	10.9	5.3	3.3	9.8	6.8	7.5
Q4	7.8	9.1	12.6	12.0	10.8	5.3	3.3	9.9	6.8	7.5
1997 Q1	7.5	9.4	12.5	12.2	10.8	5.3	3.3	9.6	6.8	7.5
Q2	7.2	9.6	12.6	12.2	10.7	4.9	3.5	9.4	6.6	7.3
Q3	7.1	9.9	12.6	..	10.6	4.9	3.4	9.0	6.6	7.2
1997 Jun	7.3	9.7	12.6	12.1	10.7	5.0	3.5	9.1	6.7	7.3
Jul	7.2	9.7	12.6	12.1	10.6	4.8	3.4	9.0	6.6	7.2
Aug	7.0	9.9	12.6	..	10.6	4.9	3.4	9.0	6.6	7.2
Sep	7.2	10.0	12.6	..	10.6	4.9	3.4	9.0	6.7	7.3
Oct	..	..	..	..	..	4.7	3.4	9.1	..	..

1 Uses an ILO based measure of those without work, currently available for work, actively seeking work or waiting to start a job already obtained

2 Data available on Unified Germany from January 1993

## 9 Balance of payments current account as percentage of GDP

	United Kingdom	Germany <sup>1,2</sup>	France	Italy	United States <sup>1</sup>	Japan <sup>1</sup>	Canada
	ILAZ	ILBA	ILBB	ILBC	ILBD	ILBE	ILBF
1985	0.6	0.6	—	-0.3	-3.1	3.6	-1.3
1990	-3.4	3.2	-0.8	-1.5	-1.6	1.2	-3.4
1991	-1.4	-1.0	-0.5	-2.1	-0.1	2.1	-3.8
1992	-1.7	-0.9	0.3	-2.4	-1.0	3.0	-3.6
1993	-1.6	-0.8	0.7	1.0	-1.5	3.1	-3.9
1994	-0.2	-1.0	0.6	1.4	-2.1	2.8	-2.7
1995	-0.5	-1.0	0.7	2.5	-1.8	2.1	-0.9
1996	-0.1	-0.6	1.3	3.3	-1.9	1.4	0.5
1995 Q1	0.3	-1.2	1.2	1.7	-1.9	2.2	-0.8
Q2	-0.9	-0.5	0.9	2.9	-2.0	2.3	-2.3
Q3	-0.8	-0.8	0.1	3.1	-1.8	2.2	-1.0
Q4	-0.7	-1.4	0.6	2.2	-1.4	1.9	0.3
1996 Q1	-0.6	-0.7	1.7	2.1	-1.8	1.4	0.2
Q2	0.3	-0.7	0.8	3.6	-1.9	1.4	1.2
Q3	-0.2	-0.4	1.4	4.7	-2.2	1.4	0.8
Q4	0.3	-0.5	1.4	3.0	-1.9	1.5	-0.3
1997 Q1	0.7	-1.2	2.8	3.0	-2.0	1.5	-0.4
Q2	0.2	0.3	3.2	2.4	-1.9	2.5	-1.5

1 Balance as percentage of GNP

2 Data available for Unified Germany from July 1990

## 10 World trade in goods<sup>1</sup>

	Export of manufactures			Import of manufactures			Export of goods			Import of goods			Total trade	
	Total	OECD	Other	Total	OECD	Other	Total	OECD	Other	Total	OECD	Other	manufactures	goods
<b>Percentage change on a year earlier</b>														
	ILIZ	ILJA	ILJB	ILJC	ILJD	ILJE	ILJF	ILJG	ILJH	ILJI	ILJJ	ILJK	ILJL	ILJM
1989	8.5	8.2	9.9	8.6	8.8	8.2	7.0	7.3	6.3	7.0	7.4	6.0	8.6	7.0
1990	4.9	5.1	4.0	6.0	5.6	7.1	4.2	5.1	1.8	5.0	5.2	4.4	5.5	4.6
1991	3.5	2.4	8.0	4.9	3.6	8.8	3.7	3.2	5.1	4.3	3.3	7.3	4.2	4.0
1992	3.8	3.3	5.7	4.7	4.5	5.2	4.2	3.6	5.8	4.5	4.2	5.5	4.2	4.4
1993	3.9	1.7	12.1	3.0	1.1	8.1	4.1	2.3	9.0	3.4	1.6	8.7	3.4	3.8
1994	11.5	10.2	15.9	12.3	12.1	12.8	9.9	9.1	11.6	10.7	10.2	11.9	11.9	10.3
1995	10.0	9.4	12.2	11.2	9.6	15.2	8.8	8.3	10.0	9.3	7.6	13.7	10.6	9.0
1996	5.7	6.8	2.3	5.2	6.6	1.7	5.0	6.2	2.3	4.5	5.6	2.1	5.4	4.8
1996 Q2	5.2	6.2	2.2	4.1	5.7	0.3	4.3	5.3	1.9	3.5	4.6	0.8	4.7	3.9
Q3	6.1	7.5	1.7	5.7	7.3	1.8	5.6	7.1	2.1	5.0	6.1	2.3	5.9	5.3
Q4	6.0	7.5	1.0	5.1	6.7	1.1	5.6	7.3	1.4	5.0	6.4	1.5	5.5	5.3
1997 Q1	7.6	8.1	5.8	..	..	..	..	..	..	..	..	..	..	..
<b>Percentage change, latest quarter on previous quarter</b>														
	ILJN	ILJO	ILJP	ILJQ	ILJR	ILJS	ILJT	ILJU	ILJV	ILJW	ILJX	ILJY	ILJZ	ILKA
1995 Q2	1.4	1.1	2.6	2.0	1.4	3.4	1.1	0.7	2.1	1.8	1.3	3.2	1.7	1.5
Q3	1.4	1.2	1.8	1.6	1.2	2.5	1.2	1.1	1.5	1.3	1.0	2.2	1.5	1.3
Q4	1.4	1.7	0.8	1.6	2.0	0.7	1.3	1.5	0.6	0.9	1.0	0.8	1.5	1.1
1996 Q1	1.2	1.8	-0.6	0.5	1.9	-2.9	1.0	1.6	-0.4	0.6	1.8	-2.4	0.9	0.8
Q2	1.1	1.4	0.2	0.4	0.5	0.1	0.7	1.0	0.2	0.6	0.8	0.2	0.7	0.7
Q3	2.2	2.5	1.4	3.1	2.8	4.0	2.5	2.9	1.7	2.7	2.4	3.7	2.7	2.6
Q4	1.3	1.7	—	1.1	1.5	—	1.3	1.7	—	0.9	1.3	—	1.2	1.1
1997 Q1	2.7	2.3	4.1	..	..	..	..	..	..	..	..	..	..	..

1 Data used in the World and OECD aggregates refer to Germany after unification

# Regional Economic Indicators

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## Overview

- According to the latest data, the labour market continues to tighten: between Spring and Summer, total employment rose in all regions except the North West and regional claimant unemployment rates either fell or remained static during the third quarter.
- The CBI /BSL Regional Trends Survey reported continued growth in industrial production in Scotland and Northern Ireland through Q3, while Wales recovered some lost ground.
- Manufacturing output was buoyant across the UK in the four months to October, although stark regional differences remain.
- The housing market saw the rate of supply of new stock subside compared to the same period last year. Driven by strong demand, house prices rose considerably in London, the South East and Northern Ireland.

## The Labour Market

In the year to September, the number of **employees in employment** (all industries) in the UK, not seasonally adjusted, rose by 1.8%. Employment growth, at the national level, remains relatively stable, however, there is considerable fluctuation amongst the regions. The South West continued its convincing performance of late: up 1.4% in the most recent quarter, and up 4.6% over the previous four quarters - no other region recorded yearly employment growth greater than 3%. The North West, the West Midlands and the South East witnessed growth of between 2% and 3%. Scotland, Yorkshire and the Humber, and Wales were amongst the regions that performed least well - recording yearly growth of less than 1%.

**Total employment** in the UK - as measured by the Labour Force Survey - increased by 1.8%, in the year to August 1997. This is the fastest growth for some time and represents the fourth year on year quarter of acceleration. Between the Spring and the Summer quarter (June to August), employment rose in all regions except the North West; which recorded a slight decrease, down 0.1%. Taking the year as a whole, numbers in employment increased across the board: Northern Ireland recorded an increase of over 5% and London and the South West added 3.1% and 3.3% respectively. In contrast, the North East, Scotland and the North West added less than 1% to their employment totals.

In the month of November, the **claimant unemployment rate** fell in the majority of regions, although the figures remained

unchanged in the East Midlands, the West Midlands, Eastern, Yorkshire and the Humber and Northern Ireland, no region reported an increase. Between November 1996 and November this year, the claimant count - as a percentage of the total workforce - fell across all regions of the UK. Large falls were recorded in Merseyside, London and Northern Ireland. However, Merseyside, still remains the region with the highest proportion of its workforce claiming unemployment benefit. For the second month in succession, the differential between the highest and the lowest regional rates narrowed by 0.3 percentage points.

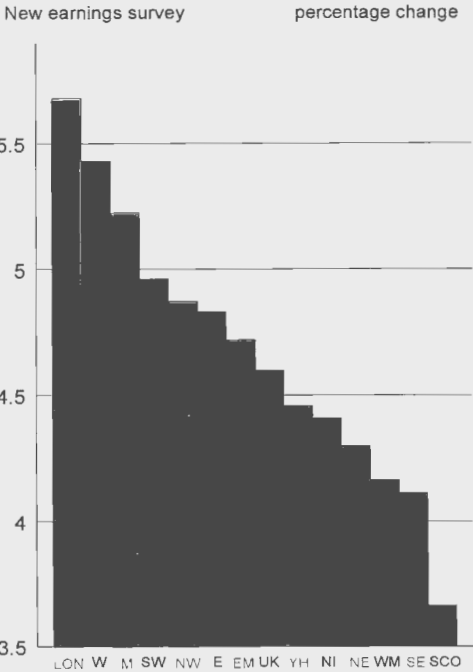
The percentage of total claimants classified as **long-term claimant unemployment** (out of work for 12 months or more) fell across all regions, in both, the latest quarter and the year to October 1997. Mirroring the total claimant count, Merseyside produced the greatest fall in the latest quarter (down 0.6 percentage points), closely followed by Northern Ireland, the East Midlands, the North East, London and Wales, which all produced falls of 0.4 percentage points. For the year as a whole, the situation improved greatly in Northern Ireland (down 2 percentage points), Merseyside (down 1.7 percentage points), and London (down 1.5 percentage points). Despite large falls, both Merseyside and Northern Ireland retain levels of long-term unemployment well in excess of the next worst performing areas.

The **ILO unemployment** rate for the UK (not seasonally adjusted) rose by 0.2 percentage points to 7.3% during the Summer quarter of 1997, but fell by a percentage point for the year to August as a whole. The quarter saw total unemployment,

as a percentage of the economically active, rise in 8 of 13 regions surveyed. The picture is improved, however, if we compare Summer 1997 with the identical quarter a year ago - every region, except Scotland, recorded a decrease. The largest decreases were in Northern Ireland and London (both down 1.9 percentage points), the West Midlands (down 1.5 percentage points) and the East Midlands (down 1.4 percentage points).

The latest data relating to **total average gross weekly pay** shows an increase across the UK of 4.6%, in the year to April 1997. As Chart 1 reveals, London, Wales and Merseyside saw large increases in average earnings - all above 5%. The slowest rate of growth was recorded in Scotland at 3.7%. Overall, London remains well above the rest of the nation when it comes to gross weekly pay.

**Chart 1**  
Increase in gross weekly pay - year to April 1997



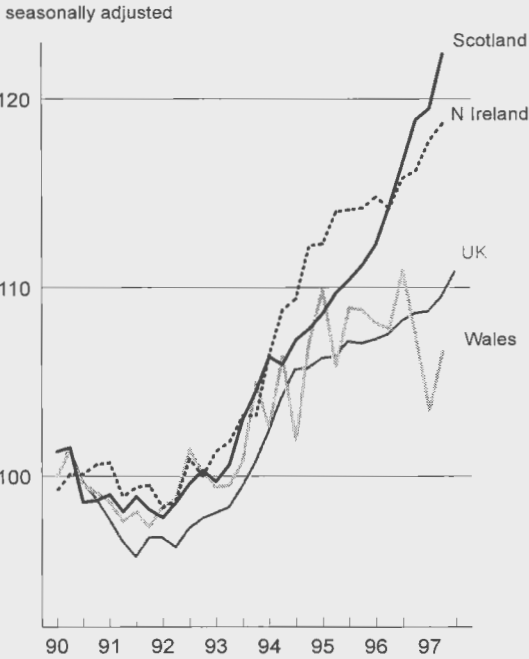
**Production**

The **Index of Industrial production**, for the **UK** as a whole - as shown in Chart 2, exhibited strong and accelerating growth in the third quarter. Quarter on quarter growth of 1.2% - 0.5 percentage points greater than in the previous quarter - represents the largest quarterly increase in production for three years. The surge in quarterly output pushed production growth in the year to September to 2.4%.

The latest data relating to **Wales** shows robust growth in the second quarter. An increase, quarter on quarter, of 3% in output

(excluding construction) goes some way to reverse the large downward movements in the previous two quarters; however, compared with the same quarter last year, production has fallen by over 1%. Construction output was 5% higher than in the first quarter of 1997 and 12.3% greater than in the same quarter a year ago. All told, the recovery in Wales appears to be somewhat erratic - industrial production has fallen in as many quarters as it has risen in the last 5 years and aggregate growth since 1993 Q1 is less than 8%.

**Chart 2**  
Index of industrial production



After sluggish performance in Q1, **Scotland** returned to marked growth in the second quarter with positive growth rates recorded in 8 of the 11 industry sectors within manufacturing. Engineering and allied industries (which includes electronics); drinks production; and electricity, gas and water supply, performed particularly well. Quarter on quarter, the growth of total output was 2.4%; this returned Scotland to the trend established at the beginning of 1993. Since 1993 Q1, aggregate growth, in the production industries (excluding construction) is over 20%.

In a similar vein to Scotland, **Northern Ireland** produced strong growth in industrial production in the second quarter - although the rate of expansion declined compared with the previous quarter. Nevertheless, quarterly growth of 0.8% is healthy and contributes to an annual rate of growth to Q2 of just under 4%.

## Manufacturing

The **volume of manufacturing output**, as measured by the CBI/BSL Regional Trends Survey, rose in the four months to October. In the UK as a whole, the balance of firms reporting rises in output exceeded those reporting falls by 13% - a 6 percentage point increase on the July balance. Manufacturers expect the situation to improve further in the next four months. When analysed by region, the volume of output balances present a varied picture: six regions report positive balances and five report negative balances. The situation deteriorated in Northern Ireland, Scotland, the West Midlands, the North West and East Anglia, but improved in all other areas. The North made the greatest improvement by moving from a negative balance of -6 to a positive balance of 18 and Northern Ireland produced the greatest movement in the opposite direction, going from plus 15 to minus 36. For the next four months, on balance, the volume of output is expected to rise in all regions except Wales (no data for East Anglia). The South West and Northern Ireland forecast large increases in output volumes.

The balance of total manufacturing demand, although still positive, weakened in the four months to October - thus continuing the deterioration of the preceding period. The **volume of new orders** balance weakened in 8 out of 11 regions - only Wales, the South West and the West Midlands showed signs of improvement - all three from negative balances. The balance of expectations for the next four months is positive in all but two regions: only Yorkshire and the Humber, and Wales expect the volume of new orders to fall.

Following falls in the three previous survey periods, **external demand** weakened again in the four months to October. Only Wales, the North and the South West reported improvements in their balance of **new export orders**. The position is expected to deteriorate further in the next four months with the majority of regions forecasting negative balances - only the North, the South East, the South West, Scotland and Northern Ireland predict positive balances. Chart 3 illustrates the deterioration in the volume of new export balances between October 1996 and October 1997: by subtracting last year's balances from this year's, we can see that only the North has witnessed an improvement over the year.

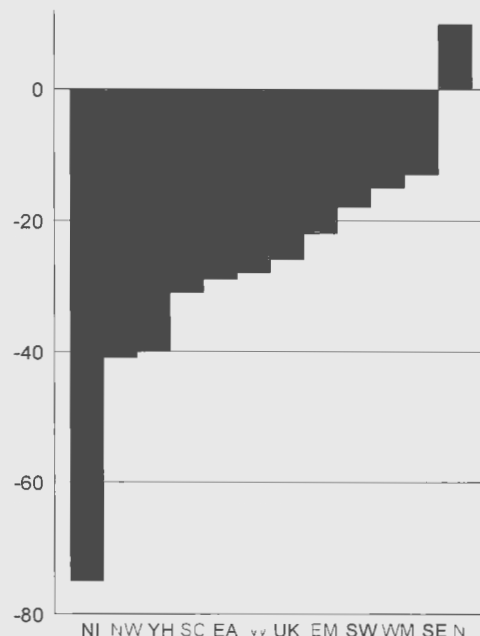
Whilst export volumes have held up remarkably well in the face of the large appreciation in sterling, the balance of new export orders has been declining since the second quarter of 1995, when its peak value reached +34. If sterling's strength is

maintained into the new year, net trade may become the main drag on the economy in 1998. Sterling's impact on particular regions is less easy to decipher; although, those regions more dependent on exports and industries with high import competition are likely to be hardest hit.

**Chart 3**

**Deterioration of volume of new export orders balances - subtracting Oct. 96 from Oct. 97**

CBI/BSL Regional Trends Survey



Across the entire economy, the percentage of **firms working below capacity** fell between July and October. This picture was mirrored in 8 out of the 11 regions surveyed - only Wales, Scotland and Northern Ireland reported increases. The largest decreases occurred in the North, the South West, the West Midlands and East Anglia. If output volumes continue to grow as forecast, many more producers may face capacity constraints in the coming months this, in turn, could lead to an expansion in capital investment as producers attempt to keep pace with demand and compete for market share or accelerating inflation.

## The Housing Market

The number of permanent **dwellings completed in England** fell by 6.5% compared with Q2 and by 8.3% compared with the year before. During the quarter, the supply of completed dwellings rose in only two of the ten English regions - Eastern up 0.2% and London up 0.4%. Likewise, in the year to October only two English regions - Eastern and the South West - recorded increases in supply. The largest contractions in supply were recorded in Wales, London and the West Midlands.

**Dwellings started** in England fell by approximately 5% in the year to Q3, compared with an increase of 8% in the year to Q2. There was a wide variation between England's regions with by far the strongest expansion in the North East (up 28%), followed by the North West (up 5%) and London and Merseyside (up 4%). Large decreases were recorded in the East Midlands, Wales and the West Midlands.

House prices, in the year to September, rose rapidly in London, the South East, Eastern and Northern Ireland. At over 19%, the increase in London represents the highest regional rise and is almost double the increase seen across the country as a whole. Across the UK, house prices rose on average by 10.6% in the last 12 months. The East Midlands was the only region that experienced a fall in house prices (very small), while the increase detected in the Midlands was slight (up 2.1%). Since 1993, the growth in house prices has been greatest in Northern Ireland - this may be a side-effect of the recent peace process. On the mainland, during the same period, the greatest rises were seen in London and the South East. House price inflation was less spectacular in the North East, Wales, the North West and the Midlands.



# 1 Gross domestic product at factor cost: current prices

## Government Office Regions

£ million and percentages

Percentage of the UK <sup>1</sup>														
	United Kingdom <sup>1</sup> (£m)	North East	North West (GOR) & Mersey-side	York-shire and the Humber	East Midlands	West Midlands	Eastern	London	South East (GOR)	South West	England	Wales	Scotland	Northern Ireland
	DCIX	LRBU	LRBV	DCJD	DCJC	DCJB	LRBW	LRAD	LRBX	DCJA	LRES	DCJG	DCJH	DCJI
1985	289 444	4.1	11.6	8.2	6.8	8.4	9.6	14.6	14.1	7.5	85.0	4.1	8.7	2.2
1991	490 259	3.8	10.8	7.9	6.8	8.4	9.7	14.8	14.8	7.8	84.9	4.3	8.6	2.3
1992	511 737	3.9	10.8	7.8	6.8	8.5	9.7	14.8	14.6	7.8	84.8	4.2	8.7	2.3
1993	540 293	3.9	10.8	7.8	6.8	8.4	9.6	15.0	14.7	7.8	84.9	4.1	8.7	2.3
1994	569 995	3.8	10.8	7.7	6.8	8.5	9.7	14.8	14.9	7.8	84.8	4.2	8.7	2.3
1995	594 091	3.8	10.7	7.8	6.9	8.6	9.7	14.7	14.8	7.9	85.0	4.1	8.5	2.3

1 UK less continental shelf and statistical discrepancy.

Source: Office for National Statistics

# 2 Gross domestic product at factor cost: £ per head

## Government Office Regions

£

	United Kingdom <sup>1</sup>	North East	North West (GOR) & Mersey-side	York-shire and the Humber	East Midlands	West Midlands	Eastern	London	South East (GOR)	South West	England	Wales	Scotland	Northern Ireland
	DCJJ	LRBY	LRBZ	DCJP	DCJO	DCJN	LRCA	LRAF	LRCB	DCJM	LRET	DCJS	DCJT	DCJU
1985	5 106	4 554	4 893	4 809	5 055	4 702	5 600	6 244	5 494	4 801	5 213	4 268	4 907	4 047
1991	8 481	7 225	7 725	7 765	8 294	7 865	9 257	10 519	9 428	8 058	8 632	7 228	8 242	6 955
1992	8 822	7 619	8 033	8 002	8 583	8 242	9 623	10 973	9 708	8 426	8 972	7 394	8 715	7 243
1993	9 285	7 967	8 474	8 360	9 000	8 623	10 013	11 712	10 296	8 838	9 449	7 686	9 163	7 637
1994	9 761	8 314	8 923	8 772	9 460	9 104	10 628	12 068	10 922	9 247	9 924	8 197	9 654	8 050
1995	10 134	8 689	9 255	9 166	9 926	9 649	10 991	12 503	11 231	9 663	10 324	8 440	9 873	8 410

1 UK less continental shelf and statistical discrepancy.

Source: Office for National Statistics

# 3 Total personal disposable income: £ per head

## Government Office Regions

£

	United Kingdom	North East	North West (GOR) & Mersey-side	York-shire and the Humber	East Midlands	West Midlands	Eastern	London	South East (GOR)	South West	England	Wales	Scotland	Northern Ireland
	DCSD	LRCC	LRCD	DCSK	DCSJ	DCSI	LRCE	DCSF	LRCF	DCSH	LREU	DCSN	DCSO	DCSP
1985	4 294	3 858	4 101	4 074	4 158	3 982	4 285	5 194	4 683	4 313	4 365	3 736	4 132	3 691
1991	7 028	6 276	6 616	6 617	6 705	6 718	6 978	8 408	7 607	6 830	7 090	6 316	7 041	6 389
1992	7 504	6 713	7 046	7 020	7 005	7 182	7 373	8 920	8 157	7 384	7 549	6 690	7 740	6 847
1993	7 873	6 997	7 339	7 357	7 443	7 447	7 651	9 622	8 638	7 635	7 939	6 851	8 020	7 285
1994	8 143	7 092	7 576	7 626	7 718	7 738	8 003	9 873	9 088	7 785	8 222	7 184	8 101	7 639
1995	8 573	7 420	7 971	7 978	8 206	8 217	8 376	10 513	9 589	8 192	8 678	7 400	8 415	8 027

Source: Office for National Statistics

# 4 Household disposable income: £ per head

## Government Office Regions

£

	United Kingdom	North East	North West (GOR) & Mersey-side	York-shire and the Humber	East Midlands	West Midlands	Eastern	London	South East (GOR)	South West	England	Wales	Scotland	Northern Ireland
	DEPZ	LRCG	LRCH	DEQB	DEQC	DEQH	LRCI	DEQE	LRCJ	DEQG	LREV	DEQJ	DEQK	DEQL
1985	4 050	3 705	3 845	3 838	3 874	3 688	4 190	4 775	4 357	4 221	4 108	3 607	3 920	3 497
1991	7 075	6 452	6 638	6 635	6 765	6 638	7 517	8 146	7 564	7 187	7 149	6 438	7 015	6 214
1992	7 524	6 879	7 093	7 086	7 124	7 030	7 943	8 583	7 991	7 671	7 580	6 878	7 685	6 518
1993	7 808	7 118	7 287	7 270	7 438	7 273	8 175	9 129	8 402	7 842	7 878	6 983	7 912	6 871
1994	8 027	7 136	7 427	7 490	7 574	7 545	8 529	9 378	8 774	8 060	8 118	7 303	7 885	7 046
1995	8 417	7 466	7 882	7 867	8 146	8 061	8 875	9 703	9 035	8 473	8 511	7 559	8 296	7 532

Source: Office for National Statistics

5 Consumers' expenditure: £ per head  
Standard Statistical Regions

£

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	Greater London	Rest of South East	South West	West Midlands	North West	England	Wales	Scotland	Northern Ireland
	DCVD	DCVM	DCVK	DCVJ	DCVG	DCVE	DCWD	DCVH	DCVI	DCVL	LREW	DCVN	DCVO	DCVP
1985	3 837	3 386	3 427	3 529	3 803	4 656	4 392	3 802	3 484	3 555	3 898	3 519	3 654	3 143
1991	6 322	5 621	5 676	6 058	6 197	7 579	6 965	6 415	5 887	6 021	6 427	5 835	5 843	5 560
1992	6 611	5 976	6 125	6 236	6 479	7 934	7 343	6 572	5 998	6 256	6 717	6 088	6 161	5 792
1993	6 984	6 392	6 636	6 612	6 640	8 385	7 737	6 783	6 320	6 641	7 095	6 263	6 651	6 008
1994	7 317	6 606	6 961	7 036	6 859	8 680	8 090	6 956	6 876	7 041	7 440	6 370	6 988	6 381
1995	7 631	6 821	7 220	7 470	7 132	9 026	8 415	7 184	7 230	7 401	7 760	6 678	7 210	6 806

Source: Office for National Statistics

6 Average weekly household disposable income and expenditure<sup>1</sup>  
Government Office Regions

£

	United Kingdom	North East	North West (GOR) & Mersey-side	York-shire and the Humber	East Midlands	West Midlands	Eastern	London	South East (GOR)	South West	Wales	Scotland	Northern Ireland <sup>2</sup>
Average weekly disposable household income													
1996/97	325	267	310	300	307	300	346	364	386	329	299	306	266
Average weekly household expenditure													
1996/97	309	265	301	296	293	289	341	338	351	299	293	288	287

1 FES data are shown without adjustment for non-response, outliers or non-sampling errors. They are also subject to sampling error.  
2 Northern Ireland data are obtained from an enhanced sample, but the United Kingdom figures are obtained from the main Family Expenditure Survey sample.

Sources: Family Expenditure Survey, Office for National Statistics; Northern Ireland Statistics and Research Agency

7 Total average gross weekly pay<sup>1</sup>  
Government Office Regions

£

	United Kingdom	North East	North West (GOR)	Mersey-side	York-shire and the Humber	East Midlands	West Midlands	Eastern	London	South East (GOR)	South West	Wales	Scotland	Northern Ireland
	DEOG	LRCO	LRCP	LREX	DCQI	DCQH	DCQG	LRCQ	DCPI	LRCR	DCQF	DCQL	DCQM	DCQN
1993 Apr	316.0	286.2	299.5	297.7	287.6	285.5	292.7	312.2	408.8	328.9	298.8	281.5	297.6	282.4
1994 Apr	324.7	294.6	308.7	303.2	297.0	292.6	300.1	322.9	420.6	339.4	306.9	290.5	301.9	286.5
1995 Apr	335.3	299.2	317.4	319.0	306.0	306.4	311.3	331.5	441.5	348.1	313.9	302.0	313.5	300.2
1996 Apr	350.2	314.1	330.5	325.4	316.4	317.9	324.3	345.7	454.3	367.4	326.5	313.1	324.9	306.2
1997 Apr	366.3	327.6	346.6	342.4	330.5	332.9	337.8	362.4	480.1	382.5	342.7	330.1	336.8	319.7

1 Average gross weekly earnings of full-time employees on adult rates whose pay for the survey pay-period was not affected by absence.

Sources: New Earnings Survey, Office for National Statistics; Department of Economic Development, Northern Ireland

8 Claimant count rates as a percentage of total workforce  
Government Office Regions

Seasonally adjusted

	United Kingdom	North East	North West (GOR)	Mersey-side	York-shire and the Humber	East Midlands	West Midlands	Eastern	London	South East (GOR)	South West	Wales	Scotland	Northern Ireland
	BCJE	DPDM	DPDN	DPDO	DPBI	DPBJ	DPBN	DPDP	DPDQ	DPDR	DPBM	DPBP	DPBQ	DPBR
1993	10.3	12.9	9.5	15.1	10.2	9.5	10.8	9.4	11.6	8.7	9.5	10.3	9.7	13.7
1994	9.3	12.4	8.7	14.9	9.6	8.7	9.9	8.1	10.7	7.3	8.1	9.3	9.3	12.6
1995	8.2	11.6	7.6	13.7	8.7	7.6	8.3	6.9	9.7	6.2	7.0	8.7	8.1	11.4
1996	7.5	10.6	6.9	13.1	8.0	6.8	7.4	6.1	8.9	5.4	6.2	8.2	7.9	10.9
1996 Dec	6.7	9.5	6.2	12.1	7.2	6.0	6.5	5.3	8.0	4.7	5.5	7.4	7.3	9.7
1997 Jan	6.5	9.1	5.9	11.8	7.0	5.8	6.3	5.1	7.7	4.4	5.3	7.2	7.1	9.2
Feb	6.2	8.8	5.7	11.6	6.8	5.5	6.1	4.8	7.5	4.2	5.0	7.0	6.9	8.9
Mar	6.1	8.7	5.5	11.4	6.6	5.4	6.0	4.7	7.3	4.1	4.9	6.8	6.9	8.7
Apr	5.9	8.5	5.4	11.1	6.4	5.3	5.8	4.5	7.0	3.9	4.7	6.6	6.6	8.4
May	5.8	8.5	5.3	10.9	6.4	5.2	5.7	4.4	6.9	3.8	4.6	6.6	6.6	8.4
Jun	5.7	8.4	5.1	10.7	6.3	5.1	5.6	4.3	6.7	3.7	4.5	6.5	6.6	8.1
Jul	5.5	8.3	5.0	10.4	6.2	4.9	5.4	4.2	6.5	3.5	4.3	6.3	6.2	7.9
Aug	5.3	8.1	4.8	10.2	6.1	4.7	5.3	4.0	6.3	3.4	4.1	6.0	6.1	7.8
Sep	5.2	8.0	4.7	10.0	6.0	4.6	5.2	4.0	6.2	3.3	4.0	5.9	6.1	7.8
Oct	5.2	8.1	4.7	9.9	5.9	4.5	5.2	3.9	6.1	3.3	4.0	5.9	6.0	7.8
Nov <sup>1</sup>	5.1	7.9	4.6	9.7	5.9	4.5	5.2	3.9	5.9	3.2	3.9	5.8	5.9	7.8

1 Provisional.

Source: Office for National Statistics

# 9 Long-term claimant count as a percentage of total claimants (those out of work for 12 months or more)

Government Office Regions

Percentages

	United Kingdom	North East	North West (GOR)	Mersey-side	York-shire and the Humber	East Midlands	West Midlands	Eastern	London	South East (GOR)	South West	Wales	Scotland	Northern Ireland
	DCKS	LRCW	LRCX	LREL	DCKY	DCKX	DCKW	LREF	DCRB	LRCY	DCKV	DCLB	DCLC	DCLD
1997 Jan	2.5	3.7	1.8	5.2	2.5	2.1	2.5	1.8	3.4	1.6	1.8	2.5	2.3	5.0
Apr	2.2	3.4	1.7	4.8	2.2	1.9	2.2	1.6	3.0	1.4	1.6	2.3	2.1	4.5
Jul	1.9	3.0	1.4	4.3	2.0	1.6	1.9	1.3	2.6	1.1	1.3	2.0	1.9	4.1
Oct	1.6	2.6	1.1	3.7	1.7	1.2	1.6	1.1	2.2	0.9	1.1	1.6	1.6	3.7

Source: Office for National Statistics

# 10 ILO unemployed as a percentage of the economically active, not seasonally adjusted

Government Office Regions

Percentages

	United Kingdom <sup>1</sup>	North East	North West (GOR)	Mersey-side	York-shire and the Humber	East Midlands	West Midlands	Eastern	London	South East (GOR)	South West	Wales	Scotland	Northern Ireland
	LRAH	LRCZ	LRDA	LREQ	LRAJ	LRAK	LRAP	LRDB	LRAM	LRDC	LRAO	LRAR	LRAS	LRAT
Spring 1994	9.6	12.5	9.5	13.6	9.9	8.3	10.0	8.2	13.1	7.1	7.5	9.3	10.0	11.7
Summer 1994	9.8	12.3	9.5	15.9	10.4	9.1	9.8	8.3	12.9	7.2	8.1	9.9	9.9	..
Autumn 1994	9.1	12.1	8.4	14.1	9.0	8.1	9.1	7.6	12.1	6.9	7.9	9.8	8.9	..
Winter 1994	8.9	12.3	8.3	13.0	8.8	7.5	8.6	7.6	11.7	7.2	7.7	9.6	8.5	11.4
Spring 1995	8.6	11.4	8.3	11.7	8.7	7.5	9.0	7.5	11.5	6.4	7.8	8.8	8.3	11.0
Summer 1995	8.9	11.7	8.4	13.5	9.1	7.1	8.9	7.8	12.3	6.6	7.3	8.4	9.2	11.2
Autumn 1995	8.6	11.4	7.9	13.7	8.2	6.9	8.7	7.4	11.8	6.4	7.5	8.3	9.1	10.7
Winter 1995	8.3	11.2	7.6	11.6	7.9	7.4	8.5	6.7	11.0	6.5	7.2	8.9	8.9	9.7
Spring 1996	8.2	10.8	7.3	13.3	8.1	7.4	9.2	6.2	11.3	6.0	6.3	8.3	8.7	9.7
Summer 1996	8.3	10.7	7.5	12.4	8.5	7.1	9.0	7.2	11.5	6.1	6.4	8.5	8.6	10.3
Autumn 1996	8.0	9.6	6.9	10.7	8.7	6.8	7.8	6.6	11.4	5.8	6.6	8.2	8.8	9.9
Winter 1996	7.4	9.8	6.7	10.0	8.2	6.1	7.1	6.3	10.1	5.1	6.0	8.5	8.7	9.3
Spring 1997	7.1	9.8	6.3	9.6	8.1	6.3	6.8	5.9	9.1	5.2	5.2	8.4	8.5	7.5
Summer 1997	7.3	9.5	7.4	10.4	7.5	5.7	7.5	6.4	9.6	5.1	5.8	7.6	8.7	8.4

1 Prior to Winter 1994, data for Northern Ireland were only collected annually, in the Spring quarters. Figures shown for non-Spring quarters prior to Winter 1994 therefore include the Spring estimates for Northern Ireland.

Source: Labour Force Survey, Office for National Statistics

# 11 Total in employment<sup>1</sup>, not seasonally adjusted

Government Office Regions

Thousands

	United Kingdom <sup>2</sup>	North East	North West (GOR)	Mersey-side	York-shire and the Humber	East Midlands	West Midlands	Eastern	London	South East (GOR)	South West	Wales	Scotland	Northern Ireland
	LRAU	LRDD	LRDE	LRER	LRAW	LRAX	LRBC	LRDF	LRAZ	LRDG	LRBB	LRBE	LRBF	LRBG
Spring 1994	25 697	1 036	2 387	522	2 180	1 858	2 343	2 455	3 013	3 677	2 181	1 177	2 266	604
Summer 1994	25 945	1 045	2 408	536	2 191	1 858	2 378	2 478	3 047	3 707	2 199	1 200	2 293	..
Autumn 1994	25 963	1 042	2 411	530	2 215	1 874	2 358	2 511	3 076	3 675	2 199	1 191	2 277	..
Winter 1994	25 830	1 027	2 391	523	2 202	1 890	2 362	2 484	3 074	3 645	2 174	1 176	2 272	609
Spring 1995	25 973	1 032	2 377	527	2 224	1 896	2 347	2 503	3 076	3 707	2 188	1 189	2 285	623
Summer 1995	26 272	1 052	2 402	532	2 240	1 930	2 373	2 511	3 100	3 765	2 229	1 203	2 307	628
Autumn 1995	26 265	1 058	2 386	523	2 247	1 935	2 385	2 510	3 112	3 772	2 222	1 192	2 282	641
Winter 1995	26 179	1 057	2 383	546	2 239	1 926	2 383	2 485	3 111	3 760	2 209	1 179	2 252	649
Spring 1996	26 219	1 058	2 420	532	2 223	1 926	2 348	2 527	3 110	3 772	2 216	1 195	2 252	641
Summer 1996	26 507	1 080	2 417	546	2 230	1 961	2 388	2 544	3 122	3 799	2 252	1 225	2 289	654
Autumn 1996	26 568	1 083	2 456	551	2 224	1 967	2 398	2 543	3 133	3 825	2 253	1 216	2 262	656
Winter 1996	26 556	1 074	2 442	549	2 210	1 961	2 403	2 524	3 157	3 808	2 281	1 216	2 266	665
Spring 1997	26 682	1 070	2 443	546	2 211	1 966	2 410	2 536	3 217	3 816	2 300	1 216	2 278	673
Summer 1997	26 980	1 081	2 440	556	2 269	1 981	2 434	2 589	3 219	3 851	2 326	1 241	2 304	688

1 Includes employees, the self-employed, participants on Government-supported employment and training schemes and unpaid family-workers.

2 Prior to Winter 1994, data for Northern Ireland were only collected annually, in the Spring quarters. Figures shown for non-Spring quarters prior to Winter 1994 therefore include the Spring estimate for Northern Ireland.

Source: Labour Force Survey, Office for National Statistics

# 12 Redundancies

## Government Office Regions

Rates<sup>1</sup>

	Great Britain	North East	North West (GOR) & Mersey-side	York-shire and the Humber	East Midlands	West Midlands	Eastern	London	South East (GOR)	South West	Wales	Scotland
	DCXD	LRDH	LRDJ	DCXF	DCXG	DCXL	LRDJ	DCXI	LRDK	DCXK	DCXN	DCXO
Spring 1995	10	.. <sup>2</sup>	.. <sup>2</sup>	10	12	11	.. <sup>2</sup>	10	.. <sup>2</sup>	10	15	9
Summer 1995	10	16	11	9	12	10	8	12	8	8	10	8
Autumn 1995	10	12	10	8	11	10	8	10	11	8	11	10
Winter 1995	10	14	10	10	9	8	12	11	9	9	10	12
Spring 1996	9	.. <sup>3</sup>	11	8	8	11	11	8	8	10	11	11
Summer 1996	9	12	10	10	10	9	10	6	8	9	13	11
Autumn 1996	8	.. <sup>3</sup>	8	11	9	7	6	8	9	8	.. <sup>3</sup>	11
Winter 1996	8	.. <sup>3</sup>	10	7	10	9	10	6	8	6	.. <sup>3</sup>	11
Spring 1997	9	13	11	11	10	9	8	8	9	7	11	9
Summer 1997	8	.. <sup>3</sup>	9	8	9	10	9	7	7	7	.. <sup>3</sup>	9

1 Redundancies per 1,000 employees.

2 Not available.

3 Sample size too small to provide a reliable estimate.

Source: Labour Force Survey, Office for National Statistics

# 13 Employees in employment (all industries)

## Government Office Regions

June 1996 = 100

	United Kingdom	North East	North West (GOR) & Mersey-side	York-shire and the Humber	East Midlands	West Midlands	Eastern	London	South East (GOR)	South West	Wales	Scotland	Northern Ireland
	YEKA	YEKB	YEKJ	YEKC	YEKD	YEKI	YEKE	YEKF	YKKG	YKHH	YKKK	YEKL	YKEM
1996	100.3	99.9	100.7	99.5	100.3	100.4	100.2	100.4	100.7	99.7	99.8	100.0	100.7
1996 Sep	100.8	99.7	100.7	99.2	100.9	100.6	100.6	100.9	102.0	100.4	100.9	101.0	100.4
Dec	101.4	100.9	102.5	99.4	100.8	102.0	101.3	101.7	102.9	100.5	100.4	100.3	102.0
1997 Mar	101.0	99.6	101.6	99.1	100.6	101.5	100.9	101.3	102.1	101.7	100.1	99.6	101.1
Jun	102.1	101.8	103.2	99.0	102.6	102.2	102.3	102.1	103.5	103.5	100.6	100.7	101.8
Sep	102.6	101.6	103.3	99.6	102.8	102.7	102.6	102.4	104.1	105.0	101.7	101.3	101.9

Source: Office for National Statistics

# 14 Index of industrial production

Seasonally adjusted 1990 = 100

	United Kingdom	Wales	Scotland	Northern Ireland
	DVZI	DEOL	DEOM	DEPY
1986	90.1	93.5	90.2	86.1
1987	93.7	99.3	89.9	86.5
1988	98.2	103.5	95.4	91.8
1989	100.3	101.6	97.6	97.5
1990	100.0	100.0	100.0	100.0
1991	96.6	97.9	98.6	98.8
1992	97.0	98.0	99.1	99.5
1993	99.1	98.3	102.0	102.4
1994	104.4	101.8	106.8	109.2
1995	106.7	108.4	110.0	113.6
1996	107.9	108.5	115.5	115.2
1996 Q3	108.2	110.9	116.6	115.8
Q4	108.6	107.4	118.9	116.2
1997 Q1	108.7	103.5	119.5	117.8
Q2	109.5	106.6	122.4	118.7
Q3	110.8	..	..	..

Sources: Office for National Statistics; Welsh Office; The Scottish Office; Department of Economic Development, Northern Ireland

# 15 Manufacturing industry: optimism about business situation

Standard Statistical Regions

Balance<sup>1</sup>

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
	DCMO	DCMW	DCMU	DCMT	DCMQ	DCMP	DCMR	DCMS	DCMV	DCMX	DCMY	DCMZ
1997 Jan	9	-	-1	3	2	8	20	6	8	17	5	-6
Apr	4	-3	-3	-3	17	-1	-2	-5	-12	13	14	-
Jul	-6	14	5	-10	-36	5	-15	-17	-11	-39	16	23
Oct	2	-2	-13	-2	1	10	5	-12	-13	5	10	43

1 Balance in percentage of firms reporting rises *less* those reporting falls.

Source: CBI/BSL Regional Trends Survey ISSN:0960 7781

# 16 Manufacturing industry: volume of output

Standard Statistical Regions

Balance<sup>1</sup>

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
<b>Past 4 months</b>	DCLQ	DCLY	DCLW	DCLV	DCLS	DCLR	DCLT	DCLU	DCLX	DCLZ	DCMA	DCMB
1997 Jan	11	-1	11	17	3	7	24	10	-2	26	6	-5
Apr	9	6	6	10	-12	4	2	9	-5	27	5	-21
Jul	7	-6	4	-6	16	-1	-6	2	3	-13	8	15
Oct	13	18	8	14	9	2	17	-2	-7	-8	-6	-36
<b>Next 4 months</b>	DCMC	DCMK	DCMI	DCMH	DCME	DCMD	DCMF	DCMG	DCMJ	DCML	DCMM	DCMN
1997 Oct	20	2	13	19	-	21	32	6	5	-10	13	41

1 Balance in percentage of firms reporting rises *less* those reporting falls.

Source: CBI/BSL Regional Trends Survey ISSN:0960 7781

# 17 Manufacturing industry: volume of new orders

Standard Statistical Regions

Balance<sup>1</sup>

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
<b>Past 4 months</b>	DCNA	DCNI	DCNG	DCNF	DCNC	DCNB	DCND	DCNE	DCNH	DCNJ	DCNK	DCNL
1997 Jan	8	-17	2	-1	4	4	34	14	3	15	-3	7
Apr	12	18	1	3	17	5	5	9	-15	9	12	-30
Jul	10	17	-1	9	12	14	-8	-9	-1	-18	12	17
Oct	6	15	-21	2	10	9	8	-4	-22	5	-6	-43
<b>Next 4 months</b>	DCNM	DCNU	DCNS	DCNR	DCNO	DCNN	DCNP	DCNQ	DCNT	DCNV	DCNW	DCNX
1997 Oct	17	7	-7	6	18	21	15	6	7	-10	19	33

1 Balance in percentage of firms reporting rises *less* those reporting falls.

Source: CBI/BSL Regional Trends Survey ISSN:0960 7781

# 18 Manufacturing industry: volume of new export orders

Standard Statistical Regions

Balance<sup>1</sup>

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
<b>Past 4 months</b>	DCNY	DCOG	DCOE	DCOD	DCOA	DCNZ	DCOB	DCOC	DCOF	DCOH	DCOI	DCOJ
1997 Jan	-1	-30	6	-14	-8	5	15	-2	6	-19	-6	-3
Apr	-7	-7	-12	-14	-31	-3	-20	-14	-19	2	6	-38
Jul	-20	-14	-19	-10	-38	-6	-21	-18	-17	-30	-6	-5
Oct	-23	2	-36	-19	-52	-10	1	-21	-31	-22	-26	-43
<b>Next 4 months</b>	DCOK	DCOS	DCOQ	DCOP	DCOM	DCOL	DCON	DCOO	DCOR	DCOT	DCOU	DCOV
1997 Oct	-8	15	-23	-18	-20	17	6	-5	-21	-12	6	36

1 Balance in percentage of firms reporting rises *less* those reporting falls.

Source: CBI/BSL Regional Trends Survey ISSN:0960 7781

# 19 Manufacturing industry: firms working below capacity

Standard Statistical Regions

Percentages

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
	DCOW	DCPE	DCPC	DCPB	DCOY	DCOX	DCOZ	DCPA	DCPD	DCPF	DCPG	DCPH
1997 Jan	52	52	37	61	84	47	38	61	47	43	47	65
Apr	51	47	54	49	57	59	57	63	54	43	39	55
Jul	54	78	55	61	80	49	59	63	53	49	29	45
Oct	45	64	47	53	69	48	47	51	51	62	49	53

Source: CBI/BSL Regional Trends Survey ISSN:0960 7781

## 20 Permanent dwellings started Government Office Regions

Numbers

	United Kingdom	North East	North West (GOR)	Mersey-side	York-shire and the Humber	East Midlands	West Midlands	Eastern	London	South East (GOR)	South West	Wales	Scotland <sup>2</sup>	Northern Ireland
	DEOI	LRDP	LRDQ	LREO	DCRX	DCRW	DCRV	LRDR	DCRR	LRDS	DCRU	BLIA	BLFA	BLGA
1995	178 127	6 185	15 962	3 562	13 798	13 298	13 157	20 499	11 653	23 207	14 806	9 222	22 999	9 779
1996	174 973	4 952	14 308	3 955	10 595	15 252	14 118	20 731	12 099	25 469	14 032	8 837	20 527	10 098
1996 Q2	46 738	1 669	3 657	921	3 582	3 926	3 890	5 911	3 174	7 110	4 012	2 456	4 569	2 761
Q3	48 642	1 666	3 827	992	4 042	4 268	3 846	5 571	3 163	6 541	4 816	2 562	4 467	2 881
Q4	43 169	1 510	3 524	1 003	3 229	3 566	3 193	4 842	3 392	6 297	4 431	1 948	4 142	2 092
1997 Q1	52 687	2 371	4 052	1 148	4 569	4 151	4 209	5 913	3 107	6 330	4 913	2 316	6 770	2 838
Q2	..	1 774	4 636	1 344	4 380	3 823	3 700	5 841	3 685	6 872	4 869	2 721	..	3 043
Q3	..	2 126	4 026	1 031	3 951	3 430	3 396	5 055	3 294	6 249	4 299	2 213 <sup>1</sup>	..	..

1 Provisional.

2 Includes estimates for outstanding returns.

Sources: Department of the Environment, Transport and the Regions;  
Welsh Office; The Scottish Office Development Department;  
Department of the Environment, Northern Ireland

## 21 Permanent dwellings completed Government Office Regions

Numbers

	United Kingdom	North East	North West (GOR)	Mersey-side	York-shire and the Humber	East Midlands	West Midlands	Eastern	London	South East (GOR)	South West	Wales	Scotland <sup>2</sup>	Northern Ireland
	DEOJ	LRDT	LRDU	LREP	DCVX	DCVW	DCVV	LRDV	DCVR	LRDW	DCVU	BLII	BLFI	BLGI
1995	198 420	7 249	16 337	4 234	15 219	16 517	15 554	21 571	16 348	27 159	16 337	8 952	24 505	8 438
1996	182 227	5 249	16 103	4 008	11 363	15 160	14 754	21 571	13 616	25 136	16 103	9 996	20 685	8 556
1996 Q2	44 583	1 732	3 900	1 023	3 726	3 633	3 170	5 340	2 761	5 722	3 671	2 685	5 202	2 018
Q3	46 548	1 898	4 055	1 130	3 578	3 637	3 678	5 174	3 826	6 059	3 898	2 518	5 266	1 831
Q4	49 910	1 877	3 932	1 024	4 009	3 869	4 307	5 957	3 386	6 822	4 984	2 592	4 840	2 311
1997 Q1	43 910	1 659	3 719	909	4 084	3 063	3 140	4 780	2 613	5 762	4 056	2 224	5 178	2 723
Q2	..	1 774	4 032	1 152	3 794	3 660	3 476	5 570	3 089	5 703	4 238	2 100	..	..
Q3	..	1 608	3 720	1 006	3 535	3 262	3 045	5 580	3 101	5 065	4 212	2 012 <sup>1</sup>	..	..

1 Provisional.

2 Includes estimates for outstanding returns.

Sources: Department of the Environment, Transport and the Regions;  
Welsh Office; The Scottish Office Development Department;  
Department of the Environment, Northern Ireland

## 22 House prices<sup>1</sup> Government Office Regions

1993 = 100

	United Kingdom	North East	North West (GOR)	Mersey-side	York-shire and the Humber	East Midlands	West Midlands	Eastern	London	South East (GOR)	South West	Wales	Scotland	Northern Ireland
	LRBH	LRDX	LRDY	LREN	LRBJ	LRBK	LRBP	LRDZ	LRBM	LREA	LRBO	LRBR	LRBS	LRBT
1995	103.2	98.7	102.1	95.0	98.6	102.4	103.2	102.8	106.2	104.6	104.1	99.4	102.2	116.0
1996	106.9	102.0	101.7	104.2	101.6	108.0	106.1	106.6	109.2	110.1	108.4	103.8	105.3	126.0
1996 Q3	108.5	102.8	103.6	107.7	104.2	111.6	105.5	109.0	110.2	111.3	109.7	102.0	105.8	126.1
Q4	110.4	103.1	106.1	104.4	102.0	109.8	108.5	110.9	122.4	112.9	110.5	107.6	106.5	135.9
1997 Q1	111.9	105.0	106.3	109.9	105.3	109.2	106.4	110.3	120.9	116.7	110.5	108.7	104.5	141.3
Q2	114.2	107.7	107.9	113.4	104.3	110.5	111.4	118.2	120.5	117.2	115.1	109.0	110.6	133.7
Q3	120.0	109.3	110.0	110.0	110.6	111.5	114.4	123.4	131.4	126.4	119.4	109.7	113.6	142.6

1 These indices adjust for the mix of dwellings (by size and type, whether new or second-hand) and exclude those bought at non-market prices and are based on a sample of mortgage completions by all lenders.

Source: Department of the Environment, Transport and the Regions

## 23 VAT registrations and deregistrations<sup>1</sup>: net change<sup>2</sup> Government Office Regions

Thousands

	United Kingdom	North East	North West (GOR)	Mersey-side	York-shire and the Humber	East Midlands	West Midlands	Eastern	London	South East (GOR)	South West	Wales	Scotland	Northern Ireland
	DCYQ	LRER	LRER	LRER	DCYT	DCYU	DCYY	LRER	DEON	LRER	DCYX	DCZA	DCZB	DCZC
1994	-19.9	-0.7	-2.7	-0.3	-2.0	-1.0	-1.6	-2.0	-0.7	-2.3	-2.8	-2.3	-1.2	-0.3
1995	-9.3	-1.0	-2.0	-0.5	-2.1	-0.7	-1.3	-0.5	3.5	-0.6	-2.6	-1.2	-0.8	0.5
1996	11.2	-0.2	..	0.3	-0.2	-0.3	..	1.1	7.4	2.3	0.1	-0.4	0.3	0.8

1 Registrations and deregistrations of VAT-based enterprises. Not wholly comparable with figures for earlier years which counted VAT reporting units.

2 Registrations /less deregistrations.

Source: Department of Trade and Industry

# Final Expenditure Prices Index (Experimental) - November 1997

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*Note that further development work, including the adjustment of the Index of Government Prices for productivity change, is ongoing and the FEPI will be available only as an experimental index until this work has been completed.*

## Summary

The Final Expenditure Prices Index (FEPI) for November shows an annual rate of 2.1 per cent, up from 2.0 per cent in October. The increase in the annual rate of the FEPI reflects a significant increase in the annual rate of the Index of Investment Prices (IIP), from 0.5 per cent in October to 1.2 per cent in November.

The FEPI annual percentage change

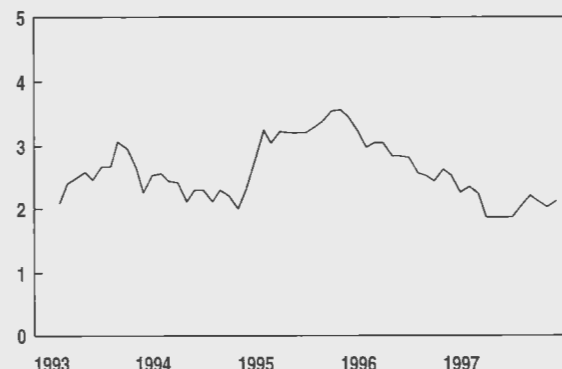


Table A

Final Expenditure Prices Index and components (January 1992=100 and annual percentage change)

		Index of Consumer Prices (ICP)		Index of Investment Prices (IIP)		Index of Government Prices (IGP)		Final Expenditure Prices Index (FEPI)	
		Index	Annual percentage change	Index	Annual percentage change	Index	Annual percentage change	Index	Annual percentage change
1997	Jun	117.2	2.3	110.8	0.6	114.6	1.6	115.3	1.9
	Jul	116.7	2.5	111.1	0.9	114.4	1.9	115.0	2.0
	Aug	117.5	2.6	111.3	0.6	115.2	2.3	115.7	2.2
	Sep	117.9	2.3	111.5	1.0	114.9	2.3	115.9	2.1
	Oct	118.0	2.4	111.2	0.5	115.1	2.1	115.9	2.0
	Nov	117.9	2.3	111.0	1.2	115.5	2.1	116.0	2.1

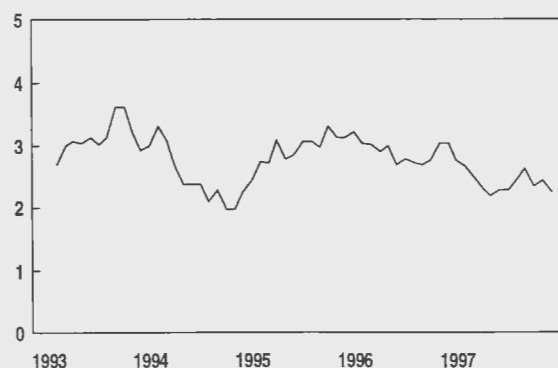
## The Index of Consumer Prices (ICP)

Consumer price inflation, as measured by the ICP, was 2.3 per cent over the 12 months to November, down from 2.4 per cent in October.

Downward pressure came mainly from prices for:

- Food, for which the 12-month rate fell from 1.9 per cent in October to 1.7 per cent in November;
- Alcoholic drink, whose 12-month rate fell from 2.4 per cent to 2.1 per cent;
- Housing, whose 12-month rate fell from 3.8 per cent to 3.7 per cent;
- Recreation, entertainment and education, whose 12-month rate fell from 0.9 per cent to 0.5 per cent.

The ICP annual percentage change



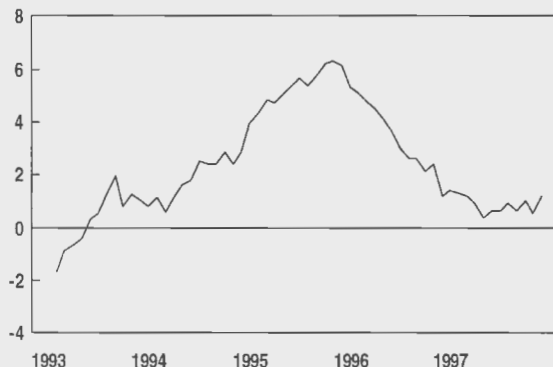
## The Index of Investment Prices (IIP)

Investment price inflation, as measured by the IIP, was 1.2 per cent over the 12 months to November, up from 0.5 per cent in October. (Please see note 9 regarding recent revisions to the IIP)

Upward pressure on the 12-month rate came mainly from:

- Plant and machinery whose 12-month rate rose from -5.6 per cent in October to -4.3 per cent in November.
- Note, the annual rate has been negative since June 1996, reflecting the impact of Sterling's strength on import prices;
- Vehicles, ships and aircraft whose 12-month rate rose from -0.6 per cent to 0.3 per cent;
- New dwellings whose 12-month rate rose from 7.0 per cent to 7.2 per cent.

### The IIP annual percentage change



## The Index of Government Prices (IGP)

Inflation affecting Government expenditure, as measured by the IGP, was 2.1 per cent over the 12 months to November, the same as it was in October. See note 7.

### The IGP annual percentage change



## Comparison between the FEPI and other inflation measures

Table B

### Measures of Inflation (annual percentage changes)

		FEPI	RPIX	HICP	PPI
1997	Jun	1.9	2.7	1.7	1.1
	Jul	2.0	3.0	2.0	1.3
	Aug	2.2	2.8	2.0	1.4
	Sep	2.1	2.7	1.8	1.2
	Oct	2.0	2.8	1.9	1.1
	Nov	2.1	2.8	2.0	1.0

### NOTES

1. The headline measure of inflation is the Retail Prices Index (RPI). The RPI should be used as the main indicator of inflation affecting average households.

2. The Final Expenditure Prices Index (FEPI) is a measure of the change in the prices paid by UK consumers, business and Government for final purchases of goods and services. Intermediate purchases by business are excluded. The FEPI is made up of three components:

- The Index of Consumer Prices (ICP)
- The Index of Investment Prices (IIP)
- The Index of Government Prices (IGP).

3. The ICP measures inflation affecting all consumers in the UK. The price indicators used in the ICP are taken mainly from the Retail Prices Index (RPI).

4. The IIP is a measure of the change in the prices paid for capital goods by business and by Government. It also covers new construction projects and dwellings built for consumers, business and government. The price indicators used are mainly Producer Price Indices (PPIs), Construction Output Price Indices and an average house price indicator.

5. The IGP measures inflation affecting Government. It covers expenditure by Central and Local Government on pay and on procurement. The price indicators used are mainly Average Earnings Indices (to reflect labour costs), PPIs and RPIs (to reflect the cost of goods consumed by Government).

6. The FEPI and its components may be revised for up to six months after they are first published.

7. Care should be taken when interpreting monthly movements in the IGP. This index is particularly volatile on a month-to-month basis, so a fall one month is often offset by a rise the next and vice-versa. The data are of greatest value if trends rather than individual monthly movements are observed.

8. An article describing the development and composition of the FEPI is included in *Economic Trends*, No 526, September 1997. Longer runs of the FEPI back to January 1992, are available in computer readable form from the ONS Sales Office (telephone 0171 533 5670) or on paper from David Wall.

9. The first estimates of the IIP for August, September and October, were revised downwards one month later. This was due to the Import Adjustment Factor, the first estimate of which is based on the value of trade with the whole world excluding Europe. Subsequent estimates include trade with Europe. The methodology for calculating the first estimate has now been amended in order to minimise such revisions.



# 1 Final Expenditure Prices Index (Experimental)

	Index of Consumer Prices ICP	Index of Investment Prices IIP	Index of Government Prices IGP	Final Expenditure Prices Index FEPI	Annual percentage changes			
					ICP	IIP	IGP	FEPI
January 1992=100								
Weights								
1995	601	162	237	1000				
1996	604	164	232	1000				
1997	605	165	230	1000				
	CUSE	CUSK	CUSO	CUSP				
1995 Nov	111.9	108.4	110.9	110.8	3.1	6.2	2.6	3.5
Dec	112.5	108.6	111.4	111.4	3.2	5.3	1.7	3.2
1996 Jan	112.3	109.0	111.6	111.3	3.0	5.1	1.5	3.0
Feb	112.9	109.3	111.6	111.7	3.0	4.8	1.9	3.0
Mar	113.4	109.6	112.2	112.3	2.9	4.5	1.9	3.0
Apr	114.1	110.3	112.0	112.7	3.0	4.1	1.8	2.8
May	114.4	110.1	112.3	113.0	2.7	3.7	2.3	2.8
Jun	114.6	110.1	112.8	113.2	2.8	3.0	2.5	2.8
Jul	113.9	110.1	112.3	112.7	2.7	2.6	1.9	2.5
Aug	114.5	110.6	112.6	113.2	2.7	2.6	2.1	2.5
Sep	115.2	110.4	112.3	113.5	2.8	2.1	1.8	2.4
Oct	115.2	110.6	112.7	113.6	3.0	2.4	1.9	2.6
Nov	115.3	109.7	113.1	113.6	3.0	1.2	2.0	2.5
Dec	115.6	110.1	113.3	113.9	2.8	1.4	1.7	2.2
1997 Jan	115.3	110.4	113.7	113.9	2.7	1.3	1.9	2.3
Feb	115.7	110.6	113.8	114.2	2.5	1.2	2.0	2.2
Mar	116.0	110.6	113.9	114.4	2.3	0.9	1.5	1.9
Apr	116.6	110.7	114.1	114.8	2.2	0.4	1.9	1.9
May	117.0	110.8	114.6	115.1	2.3	0.6	2.0	1.9
Jun	117.2	110.8	114.6	115.3	2.3	0.6	1.6	1.9
Jul	116.7	111.1	114.4	115.0	2.5	0.9	1.9	2.0
Aug	117.5	111.3	115.2	115.7	2.6	0.6	2.3	2.2
Sep	117.9	111.5	114.9	115.9	2.3	1.0	2.3	2.1
Oct	118.0	111.2	115.1	115.9	2.4	0.5	2.1	2.0
Nov	117.9	111.0	115.5	116.0	2.3	1.2	2.1	2.1

## 2 FEPI - Index of Consumer Prices (Experimental)

	Food	Alcoholic Drink	Tobacco	Clothing and Footwear	Housing	Fuel and Power	Household Goods and Services	Transport and Communication	Recreation, Entertainment and Education	Other Goods and Services	Index of Consumer Prices ICP
January 1992=100											
<b>Weights</b>											
1995	132	69	31	66	84	42	73	185	111	207	1000
1996	128	70	30	67	85	40	72	190	113	205	1000
1997	126	68	30	67	90	39	71	189	119	201	1000
	CURU	CURV	CURW	CURX	CURY	CURZ	CUSA	CUSB	CUSC	CUSD	CUSE
1995 Nov	107.5	115.3	131.0	106.3	118.1	105.4	109.3	110.3	107.9	116.1	111.9
Dec	108.4	114.2	134.2	106.4	118.1	105.5	110.4	111.8	108.3	116.6	112.5
1996 Jan	109.0	115.2	136.8	100.3	118.5	105.6	107.1	112.8	108.2	116.7	112.3
Feb	110.1	116.0	137.4	101.3	118.6	105.6	108.8	113.0	108.6	117.3	112.9
Mar	111.1	116.3	137.5	102.7	118.7	105.7	110.3	113.2	108.8	117.7	113.4
Apr	111.2	116.8	138.7	104.2	120.8	105.7	109.7	113.9	109.3	118.4	114.1
May	112.1	117.2	139.6	104.4	121.0	105.6	110.5	114.3	109.3	118.7	114.4
Jun	112.1	117.8	139.8	104.3	121.3	105.8	110.6	114.4	109.3	118.9	114.6
Jul	110.7	118.4	139.6	99.2	121.9	105.9	108.8	114.3	108.9	118.9	113.9
Aug	111.8	118.3	139.8	100.5	122.0	105.7	110.1	115.1	109.2	119.4	114.5
Sep	110.8	118.5	140.1	105.4	122.1	105.8	110.8	116.3	109.6	119.9	115.2
Oct	110.1	118.8	140.2	105.5	122.2	105.6	110.4	116.4	109.8	120.3	115.2
Nov	109.7	118.6	140.0	106.6	122.4	105.0	111.4	116.0	110.1	120.4	115.3
Dec	109.7	118.0	142.8	106.6	122.5	104.8	112.3	116.7	110.1	120.7	115.6
1997 Jan	110.6	118.6	145.6	100.5	123.4	104.2	108.8	117.5	109.9	120.7	115.3
Feb	110.3	119.3	146.2	102.0	123.6	104.3	109.7	118.1	110.1	121.2	115.7
Mar	109.8	119.2	146.6	104.0	123.9	104.4	111.7	118.0	109.9	121.6	116.0
Apr	110.2	119.7	148.3	105.5	125.8	104.2	111.1	118.0	110.3	122.4	116.6
May	110.9	120.4	148.9	106.0	126.0	103.7	111.6	118.1	110.5	123.0	117.0
Jun	111.8	120.6	149.2	105.4	126.2	103.3	111.4	118.5	110.5	123.3	117.2
Jul	111.3	121.1	149.3	100.3	126.2	102.8	109.6	119.4	110.3	123.4	116.7
Aug	112.6	121.3	151.2	102.3	126.4	102.8	110.8	120.0	110.2	124.0	117.5
Sep	112.2	121.4	151.5	106.3	126.6	100.0	111.6	120.4	110.7	124.4	117.9
Oct	112.2	121.7	151.7	106.0	126.8	100.0	111.4	120.3	110.8	124.8	118.0
Nov	111.6	121.1	151.8	107.2	126.9	99.6	112.3	120.0	110.7	124.8	117.9
<b>Annual Percentage Changes</b>											
	Food	Alcoholic Drink	Tobacco	Clothing and Footwear	Housing	Fuel and Power	Household Goods and Services	Transport and Communication	Recreation Entertainment and Education	Other Goods and Services	Index of Consumer Prices ICP
1995 Nov	4.5	4.1	7.1	0.3	3.7	0.6	3.2	1.8	1.9	4.2	3.1
Dec	4.5	3.4	7.9	0.3	3.4	0.7	3.7	2.3	2.2	4.1	3.2
1996 Jan	4.1	2.8	7.0	-0.7	3.8	0.5	2.8	2.6	2.0	4.1	3.0
Feb	4.6	2.7	6.5	-1.0	3.7	0.4	2.9	2.4	2.2	4.3	3.0
Mar	4.9	2.6	6.5	-1.0	3.6	0.4	3.2	2.0	2.3	4.1	2.9
Apr	5.0	2.9	6.4	-1.0	2.7	0.2	2.7	2.2	2.4	4.0	3.0
May	4.2	2.7	6.6	-1.0	2.8	0.4	2.4	2.3	2.2	3.7	2.7
Jun	4.7	2.8	6.6	-0.9	2.9	0.6	2.7	2.0	2.1	3.8	2.8
Jul	3.9	2.9	6.5	-1.1	3.7	0.6	2.4	2.2	1.8	3.6	2.7
Aug	3.2	2.8	6.6	-1.3	3.4	0.4	2.4	3.0	1.9	3.6	2.7
Sep	2.1	2.7	6.9	-0.5	3.4	0.3	1.8	4.2	1.6	3.5	2.8
Oct	2.6	2.4	7.0	-0.2	3.6	0.2	1.9	5.0	1.8	3.8	3.0
Nov	2.0	2.9	6.9	0.3	3.6	-0.4	1.9	5.2	2.0	3.7	3.0
Dec	1.2	3.3	6.4	0.2	3.7	-0.7	1.7	4.4	1.7	3.5	2.8
1997 Jan	1.5	3.0	6.4	0.2	4.1	-1.3	1.6	4.2	1.6	3.4	2.7
Feb	0.2	2.8	6.4	0.7	4.2	-1.2	0.8	4.5	1.4	3.3	2.5
Mar	-1.2	2.5	6.6	1.3	4.4	-1.2	1.3	4.2	1.0	3.3	2.3
Apr	-0.9	2.5	6.9	1.2	4.1	-1.4	1.3	3.6	0.9	3.4	2.2
May	-1.1	2.7	6.7	1.5	4.1	-1.8	1.0	3.3	1.1	3.6	2.3
Jun	-0.3	2.4	6.7	1.1	4.0	-2.4	0.7	3.6	1.1	3.7	2.3
Jul	0.5	2.3	6.9	1.1	3.5	-2.9	0.7	4.5	1.3	3.8	2.5
Aug	0.7	2.5	8.2	1.8	3.6	-2.7	0.6	4.3	0.9	3.9	2.6
Sep	1.3	2.4	8.1	0.9	3.7	-5.5	0.7	3.5	1.0	3.8	2.3
Oct	1.9	2.4	8.2	0.5	3.8	-5.3	0.9	3.4	0.9	3.7	2.4
Nov	1.7	2.1	8.4	0.6	3.7	-5.1	0.8	3.4	0.5	3.7	2.3

# 3 FEPI - Index of Investment Prices (Experimental)

	New Buildings and Works	Plant and Machinery	Vehicles, etc	Transfer Costs of Land and Buildings	New Dwellings	Index of Investment Prices IIP
January 1992=100						
<b>Weights</b>						
1995	276	376	106	37	206	1000
1996	266	378	108	38	209	1000
1997	267	390	103	33	207	1000
	CUSF	CUSG	CUSH	CUSI	CUSJ	CUSK
1995 Nov	102.4	116.2	117.3	130.0	97.6	108.4
Dec	103.2	116.2	117.8	128.6	97.4	108.6
1996 Jan	103.7	116.7	118.5	127.1	97.5	109.0
Feb	104.2	116.3	118.7	129.8	98.2	109.3
Mar	104.8	116.0	118.8	130.5	99.3	109.6
Apr	105.2	116.7	119.2	135.7	100.1	110.3
May	105.7	115.4	119.1	135.8	100.5	110.1
Jun	106.1	114.7	118.9	135.5	101.1	110.1
Jul	106.5	113.5	119.0	138.1	102.0	110.1
Aug	106.9	114.0	119.6	139.2	102.7	110.6
Sep	107.3	113.1	119.7	139.3	102.7	110.4
Oct	107.7	113.0	119.2	140.9	102.8	110.6
Nov	108.1	110.6	117.6	140.9	103.0	109.7
Dec	108.5	111.0	117.5	141.0	103.8	110.1
1997 Jan	108.8	111.1	118.2	139.3	104.3	110.4
Feb	109.1	111.2	118.7	141.8	104.4	110.6
Mar	109.4	110.1	118.9	142.2	105.6	110.6
Apr	109.5	109.8	118.5	142.8	106.9	110.7
May	109.4	109.4	118.5	144.8	107.6	110.8
Jun	109.4	108.8	118.3	144.9	108.6	110.8
Jul	110.2	108.1	118.1	150.8	109.8	111.1
Aug	110.9	107.6	118.6	151.9	110.5	111.3
Sep	111.7	107.3	118.6	153.4	110.6	111.5
Oct	112.1	106.7	118.5	153.0	110.0	111.2
Nov	112.5	105.8	118.0	154.0	110.4	111.0
<b>Annual Percentage Changes</b>						
	New Buildings and Works	Plant and Machinery	Vehicles, etc	Transfer Costs of Land and Buildings	New Dwellings	Index of Investment Prices IIP
1995 Nov	12.9	5.1	5.2	3.6	0.1	6.2
Dec	12.8	3.4	4.8	1.7	-0.1	5.3
1996 Jan	12.2	2.6	4.3	1.6	0.7	5.1
Feb	11.8	1.5	4.0	3.7	1.9	4.8
Mar	11.4	1.0	4.2	4.9	1.7	4.5
Apr	10.3	0.9	3.8	5.5	1.5	4.1
May	9.5	0.0	3.3	6.3	2.3	3.7
Jun	8.6	-1.2	2.9	5.1	2.8	3.0
Jul	7.9	-2.2	2.8	6.3	3.6	2.6
Aug	7.1	-2.0	2.2	7.1	4.4	2.6
Sep	6.4	-2.9	2.2	6.9	4.7	2.1
Oct	6.0	-2.3	1.8	8.6	5.0	2.4
Nov	5.6	-4.8	0.3	8.4	5.5	1.2
Dec	5.1	-4.5	-0.3	9.6	6.6	1.4
1997 Jan	4.9	-4.8	-0.3	9.6	7.0	1.3
Feb	4.7	-4.4	0.0	9.2	6.3	1.2
Mar	4.4	-5.1	0.1	9.0	6.3	0.9
Apr	4.1	-5.9	-0.6	5.2	6.8	0.4
May	3.5	-5.2	-0.5	6.6	7.1	0.6
Jun	3.1	-5.1	-0.5	6.9	7.4	0.6
Jul	3.5	-4.8	-0.8	9.2	7.6	0.9
Aug	3.7	-5.6	-0.8	9.1	7.6	0.6
Sep	4.1	-5.1	-0.9	10.1	7.7	1.0
Oct	4.1	-5.6	-0.6	8.6	7.0	0.5
Nov	4.1	-4.3	0.3	9.3	7.2	1.2

# 4 FEPI - Index of Government Prices (Experimental)

					Annual percentage changes			
	Local Government Total	Central Government Total	Education Grants	Index of Government Prices IGP	Local Government Total	Central Government Total	Education Grants	Index of Government Prices IGP
January 1992=100								
<b>Weights</b>								
1995	347	588	65	1000				
1996	344	597	59	1000				
1997	347	589	64	1000				
	CUSL	CUSM	CUSN	CUSO				
1995 Nov	112.5	109.7	112.6	110.9	2.3	2.6	2.9	2.6
Dec	112.7	110.5	112.7	111.4	0.5	2.5	3.0	1.7
1996 Jan	112.7	110.8	113.4	111.6	1.7	1.4	3.0	1.5
Feb	112.8	110.8	113.3	111.6	1.8	2.0	2.9	1.9
Mar	113.0	111.6	113.3	112.2	1.2	2.3	2.9	1.9
Apr	112.8	111.4	113.3	112.0	1.7	1.8	2.9	1.8
May	114.3	111.0	114.3	112.3	2.5	2.2	3.1	2.3
Jun	114.8	111.5	114.3	112.8	2.7	2.4	3.1	2.5
Jul	114.3	110.9	114.5	112.3	2.0	1.9	1.7	1.9
Aug	114.1	111.5	114.6	112.6	1.8	2.3	1.8	2.1
Sep	114.1	110.9	114.6	112.3	2.1	1.6	1.8	1.8
Oct	114.5	111.5	114.6	112.7	2.1	1.7	1.8	1.9
Nov	115.2	111.6	114.8	113.1	2.4	1.7	2.0	2.0
Dec	114.9	112.3	114.9	113.3	2.0	1.6	2.0	1.7
1997 Jan	115.4	112.6	115.5	113.7	2.4	1.6	1.9	1.9
Feb	115.5	112.7	115.5	113.8	2.4	1.7	1.9	2.0
Mar	116.0	112.6	115.5	113.9	2.7	0.9	1.9	1.5
Apr	115.7	112.9	115.5	114.1	2.6	1.3	1.9	1.9
May	116.5	113.2	116.5	114.6	1.9	2.0	1.9	2.0
Jun	117.0	112.9	116.5	114.6	1.9	1.3	1.9	1.6
Jul	116.5	112.7	118.5	114.4	1.9	1.6	3.5	1.9
Aug	118.8	112.7	118.5	115.2	4.1	1.1	3.4	2.3
Sep	117.2	113.2	118.6	114.9	2.7	2.1	3.5	2.3
Oct	117.5	113.4	118.6	115.1	2.6	1.7	3.5	2.1
Nov	118.4	113.5	118.6	115.5	2.8	1.7	3.3	2.1

# Regional Accounts 1996: Part 1



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This article presents provisional estimates of Gross Domestic Product (GDP) by region for 1996, together with estimates up to 1995 of the GDP of the former counties of England and Wales and of Scottish regions. Also included are estimates of regional Gross Domestic Fixed Capital Formation (GDFCF) up to 1995.

The latest figures in this article show that:

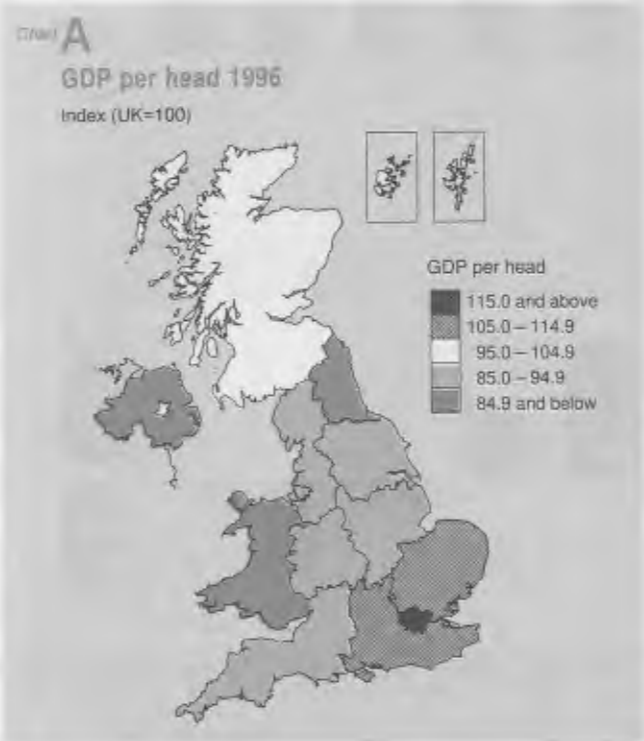
- London and the South East each accounted for about 15 per cent of UK GDP in 1996.
- In 1996 GDP per head, relative to the UK average, rose in London, the South East and Eastern regions and fell in all other regions.
- Berkshire was the county with the highest GDP per head in 1995 (excluding London).

## Gross Domestic Product by region

### Latest figures and recent trends

In 1996, total UK GDP is estimated to have been £644 billion, including £14 billion attributed to the Continental Shelf. London and the South East together have about a quarter of the population of the UK but account for about 30 per cent of GDP. Northern Ireland is the smallest region, accounting for 2.3 per cent of GDP and 2.8 per cent of the population of the UK.

There are wide variations in GDP per head between the regions, with London having the highest level, over £13,200 per person in 1996, followed by the South East at £12,300 (see Table A and Chart A). The only other region above the UK average was Eastern, at £11,700. The English region with the lowest GDP per head was the North East, at £9,000, just above the level for Wales. Between 1995 and 1996 GDP grew fastest in the South East, London and Eastern regions, whilst all other regions experienced growth slower than the UK average (see Appendix Table 1).



**TABLE A Regional GDP, 1996<sup>1</sup>**

Region	Total £bn	Share of UK (%)	Per head £	Per head Index UK=100
United Kingdom <sup>2</sup>	629.8	100.0	10,711	100.0
North East	23.5	3.7	9,026	84.3
North West (GOR) & Merseyside	67.1	10.7	9,735	90.9
Yorkshire & the Humber	48.3	7.7	9,585	89.5
East Midlands	41.8	6.6	10,096	94.3
West Midlands	53.2	8.5	10,015	93.5
Eastern	61.7	9.8	11,655	108.8
London	93.4	14.8	13,210	123.3
South East (GOR)	96.8	15.4	12,263	114.5
South West	49.1	7.8	10,143	94.7
England	534.9	84.9	10,897	101.7
Wales	26.0	4.1	8,899	83.1
Scotland	54.4	8.6	10,614	99.1
Northern Ireland	14.5	2.3	8,700	81.2

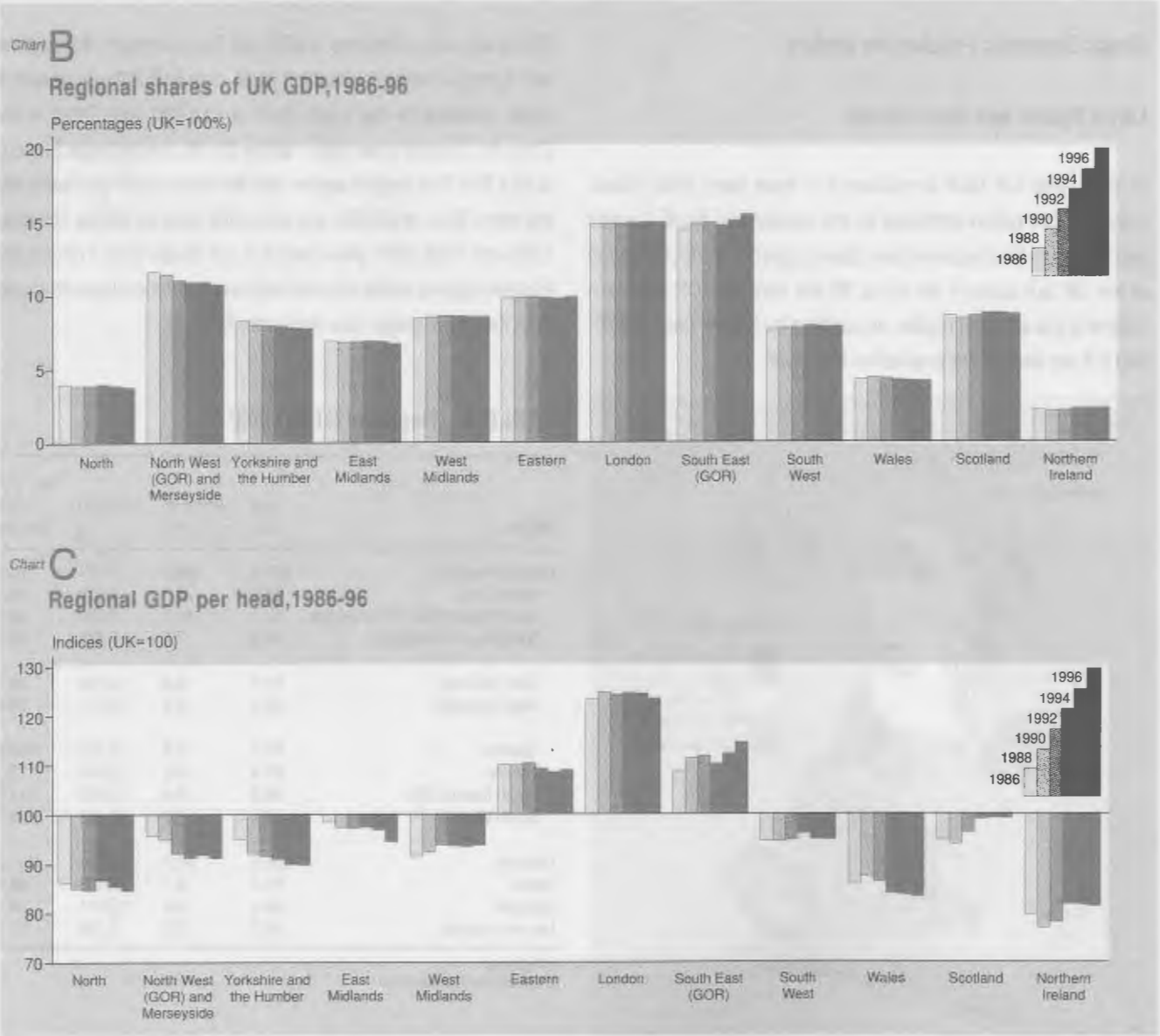
1. Provisional.  
2. Excluding the Continental Shelf.

Regional GDP is compiled as the sum of five factor incomes: income from employment; income from self employment; gross trading profits and surpluses; stock appreciation; and rent. Appendix Table 2 shows that for all regions income from employment is by far the largest factor, accounting for around two-thirds of GDP. In 1996, income from employment represented 60 per cent of total GDP in the South West and 61 per cent in Wales and East Midlands. This compares with 67 per cent in London, reflecting the higher levels of wages and salaries in the capital. Gross trading profits and surpluses, self employment income and stock appreciation together account for between about a fifth and nearly 30 per cent of a region's GDP and show significant variation, both between years and between regions. In 1996 the proportion of London's GDP that came from these factors was around 21 per cent, compared with 29 per cent for Wales and 28 per cent for East Midlands, South West and Scotland.

### Trends over time

Chart B and Appendix Table 1 show the regions' shares of GDP over the period 1986 to 1996. Although there is much variation in year to year movements, some longer term patterns can be seen. The South East, the South West and Northern Ireland have all shown improvement in their GDP shares. For the South East growth in GDP was well above average in the periods 1984 to 1988 and 1992 to 1996, with average or slightly below average performance between 1988 and 1992. For the South West, on the other hand, there was consistent growth slightly above the national average throughout the period whilst Northern Ireland improved its share during the first half of the 1990's.

Relative movements in regions' GDP are partly explained by changes in their populations - in the longer term at least, relative



movements in GDP tend to move in line with relative population growth. We would therefore expect changes in the GDP per head indices to be generally less marked than changes for overall GDP shares. Chart C shows this to be the case: in terms of GDP per head, no regions have consistently improved their position over the decade to 1996. The South East, Scotland, West Midlands and Northern Ireland have all shown general improvement since the late eighties, whilst the North West, Yorkshire and the Humber,

East Midlands and Wales have all seen declines. The difference between movements in GDP share and GDP per head can be seen for Eastern where GDP per head relative to the UK average, has generally declined between 1986 and 1996 despite maintaining the overall share of national GDP. This is a reflection of Eastern's population growth which has been greater than the increase in GDP over the period.

## Diversity of the Regions

*There is much diversity between the regions of the UK. Scotland, Wales, Northern Ireland and the regions of England are all different in character, industrial structure and economic performance. The table below shows some of the differences in size of the regions. Scotland has the largest area, but has a small population relative to its size; London has by far the smallest area, but the second largest population - over 7 million. At the other extreme, Northern Ireland has only a population of 1.6 million. These large variations in the regions' populations are reflected in the size of regional GDP and incomes.*

*The wide variation in the size of the regions makes it difficult to compare the regions' economic performance using cash totals; comparisons are therefore usually expressed in terms of amounts per head of the population. However, it is important to note that the growth in totals may be quite different to the growth per head in regions where the population has increased or decreased. Furthermore, the level per head is determined both by the average amount of cash of the working population and by the proportion of dependants. In Northern Ireland, for example, households have a high proportion of children (25 per cent of the population was aged under 16 in 1995 compared with 19 to 21 per cent in other regions). This will tend to depress amounts per head. Ideally the age structure of the population should therefore be taken into account when comparing figures on a per head basis.*

Key Regional Statistics - Percentages of the UK<sup>1</sup>

Region	Area 1995	Population 1995	Total economically active March 96	GDP <sup>2</sup> 1996	Personal income 1995	Household income 1995
United Kingdom (=100%)	242,910 sq km	58.8m	25.6m	£629.5bn	£633.2bn	£599.7bn
North East	3.5	4.4	4.2	3.7	3.6	3.6
North West (GOR) & Merseyside	5.8	11.7	11.3	19.7	10.8	10.7
Yorkshire & the Humber	6.9	6.6	8.5	7.7	7.9	7.9
East Midlands	6.4	7.0	7.3	8.6	6.7	6.7
West Midlands	5.4	9.0	9.1	8.5	8.6	8.6
Eastern	7.9	9.0	9.4	9.8	9.0	8.6
London	0.6	12.0	12.3	14.8	15.0	14.4
South East (GOR)	7.9	12.4	14.1	15.4	15.3	15.0
South West	9.8	8.2	8.3	7.8	7.8	8.1
England	53.7	63.5	84.3	84.9	84.8	84.9
Wales	8.6	5.0	4.6	4.1	4.2	4.3
Scotland	32.2	8.7	8.6	8.6	8.5	8.4
Northern Ireland	5.6	2.8	2.5	2.3	2.5	2.4

1. Provisional

2. Excluding the Continental Shelf and the statistical discrepancy.

## Gross Domestic product by county

### Gross Domestic Product by county

There is wide variation between the counties of England and Wales, the regions of Scotland and Northern Ireland as a whole, in terms of size and population. Appendix Table 3 presents estimates of GDP for these areas up to 1995, and Appendix Table 4 gives their population, area, employment and unemployment rates. The size of the employed population is a major factor in determining a county's GDP. Other factors are average wage levels and profitability, which tend to reflect the counties' industrial structures. These differences are reflected in the size of both total GDP and GDP per head. GDP by county measures the value of goods and services produced in a county; it does not measure the income of residents of a county.

In 1995, GDP varied from under £1 billion in the Isle of Wight to £100 billion in London. This estimate for London is higher than that given in the regional tables because these county estimates measure GDP on a workplace basis, so that income from employment of commuters is allocated to the county where they work rather than where they live.

In order to compare the economic performance of counties varying so much in size, it is necessary to use an indicator such as GDP per head of population or per person employed. Comparisons of such indices over time should be made with care for the reasons explained in the Diversity of the Regions box. The most commonly used indicator is GDP per head indexed to UK=100. It is important to note that the estimates of GDP per head use resident population as the denominator. The implication of using this in conjunction with the workplace-based GDP figures is that the productivity of urban areas into which workers commute will tend to be overstated by this indicator, while that of surrounding areas in which they live will be understated.

The large map in Chart D shows the counties grouped into bands according to GDP per head compared with the UK average in 1995. The smaller map shows the counties grouped into the sub-regions, discussed in the next section.

The county map, and Appendix Table 3, show that there is considerable variation in the levels of GDP per head between the counties of most regions. Within the South East, for example, GDP per head for the Isle of Wight and East Sussex was 69 and 76 per cent respectively of the UK average, but in Berkshire it was 34 per cent above the UK average.

The county with by far the highest GDP per head in 1995, as in other years, was London. At £14,300 this is about 40 per cent higher than the UK average excluding the Continental Shelf, reflecting the dominance of the capital as an industrial and commercial centre. The next highest GDP per head is estimated to have been in Grampian and Berkshire, both at £13,600 (about a third higher than the UK average), followed by Lothian at £12,700 (24 per cent higher). At the other end of the scale, Mid Glamorgan's GDP per head is estimated to have been £6,900 (33 per cent lower than the UK average), followed by the Isle of Wight at £7,000 (31 per cent lower), Dyfed and Powys at £7,400 (28 per cent lower) and Cornwall and Merseyside, each at £7,500 (26 per cent lower).

Many of the differences between counties' GDP per head are long-standing, but some have seen significant changes in their relative levels (Appendix Table 3). The greatest increase between 1989 and 1995 has been in Grampian, which has risen from being 20 per cent above the UK average to 33 per cent above, reaching even higher levels in intervening years, primarily due to oil related activities. Lothian, Hereford and Worcester, Berkshire, and Shropshire have also shown significant increases in GDP per head during this period. On the other hand, some counties have seen significant falls in their position relative to the UK. Mid Glamorgan's GDP per head has fallen from being 25 per cent below the UK average to 33 per cent below. Nottinghamshire, Staffordshire, West Glamorgan, Norfolk and Cleveland have also had large falls over the period, relative to the UK average.

Where a county relies heavily on employment in one industry, its GDP is particularly sensitive to changes in the profitability of and employment in that industry. The oil industry probably gives the clearest example of this. The changing fortunes of this industry can cause large movements in the GDP of counties with oil refineries such as Dyfed, and areas with North Sea oil related activity such as Grampian. The long term decline of manufacturing as a percentage of GDP is reflected in the relative decline of industrial counties such as Merseyside. The decline of the coal mining industry is evident in the GDP per head figures for South Yorkshire, an area previously heavily dependant on the industry.

### GDP by sub-region (NUTS level 2)

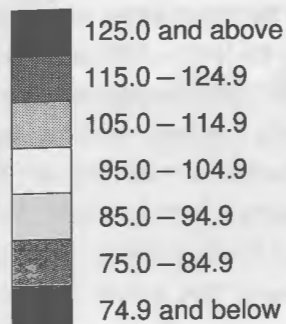
*See Background Notes 19 to 21.*

The small map shows sub-regions grouped according to the level of GDP per head, relative to the UK average. Appendix Table 8 shows total GDP and GDP per head for each of the UK sub-regions up to 1995.



# **GDP per head by county<sup>1</sup> (NUTS level 3)** **comparison with UK average (UK=100)**

## **GDP per head (UK=100)**



## **GDP per head by sub-region (NUTS level 2)**



<sup>1</sup> Local authority regions in Scotland; Northern Ireland is not sub-divided.

London and Grampian are classified as individual sub-regions, and these two areas have the highest GDP per head, at 40 and 33 per cent above the UK average in 1995. The next highest sub-region is that comprising Berkshire, Buckinghamshire and Oxfordshire, at 21 per cent above the UK average.

The sub-regions with the lowest GDP per head were Merseyside and South Yorkshire, at 74 and 76 per cent, respectively, of the UK average, followed by Highlands and Islands of Scotland and the North Wales area comprising Clwyd, Dyfed, Gwynedd and Powys, each at 81 per cent.

### **Gross Domestic Fixed Capital Formation**

Chart E shows the regional breakdown of estimates of GDFCF in 1995 for the following industries: agriculture, forestry and fishing; energy, mining and water; manufacturing; transport and

communications; and dwellings. There are insufficient data available to provide regional estimates for other industries. Regional GDFCF estimates are currently only available on the basis of the Standard Statistical Regions (SSR), not the Government Office Regions. Appendix Table 5 shows the figures for the above industries from 1988 to 1995.

Investment in dwellings, which is the largest sector, continued to increase across all regions except the North in 1995 to a UK total of over £22 billion. The South East (SSR) accounted for about 29 per cent of this total. Manufacturing investment which had been flat between 1992 and 1993, has increased in both 1994 and 1995. The largest increases in 1995 were in the South East (SSR), North West (SSR) and Scotland. Energy, Mining and Water investment increased in 1995 from the low level of 1994, with the Continental Shelf accounting for most of the increase. The sector also saw large increases in Yorkshire and Humberside and Scotland.

# Regional shares of GDFCF for selected industries, 1995

## Agriculture, forestry and fishing



## Energy, mining and water



## Manufacturing



## Transport and communications



## Dwellings



# 1 Gross domestic product, factor cost : current prices by Government Office Regions 1986-96

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>Total GDP</b>	£ million										
United Kingdom	328 272	360 675	401 428	441 759	478 886	496 253	518 132	547 870	580 135	608 090	642 916
North East	12 559	13 719	15 144	16 778	17 966	18 815	19 883	20 801	21 710	22 621	23 473
North West (GOR) & Merseyside	36 797	40 020	44 652	48 306	51 668	53 154	55 285	58 383	61 771	64 012	67 086
Yorkshire and the Humber	26 163	28 277	31 159	34 454	37 159	38 689	40 014	41 858	44 021	46 775	48 266
East Midlands	21 666	23 875	26 564	29 752	31 918	33 386	34 808	36 658	38 757	40 377	41 811
West Midlands	26 710	29 360	33 240	36 734	40 254	41 390	43 466	45 571	48 269	50 766	53 245
Eastern	30 966	33 880	38 477	42 829	46 198	47 616	49 803	52 011	55 334	57 695	61 684
London	47 111	52 143	58 187	64 182	69 737	72 479	75 778	81 454	84 686	87 517	93 450
South East	46 798	50 641	58 233	64 185	70 017	72 412	74 888	79 682	85 360	89 217	96 821
South West	24 230	26 823	30 295	33 525	36 428	38 093	40 152	42 135	44 450	47 265	49 109
England	272 000	298 736	335 950	370 745	401 346	416 033	434 078	458 553	484 358	506 245	534 945
Wales	13 583	15 105	17 152	18 830	20 306	20 918	21 410	22 311	23 774	25 088	25 995
Scotland	27 263	29 785	32 975	36 253	40 231	42 231	44 589	46 840	49 720	52 518	54 430
Northern Ireland	6 999	7 536	8 369	9 232	10 166	11 098	11 660	12 434	13 091	13 890	14 470
United Kingdom less Continental Shelf	319 845	351 162	394 447	435 060	472 048	490 281	511 738	540 138	570 943	597 741	629 841
Continental Shelf	8 426	9 511	6 981	6 698	6 839	5 971	6 394	7 731	9 191	10 348	13 670
Statistical discrepancy (income adjustment)	-	-	-	-	-	-	-	-	-	-	-595
<b>Regional Shares of United Kingdom GDP</b>	Percentage (UK=100%)										
<b>(excluding Continental Shelf)</b>											
United Kingdom <sup>2</sup>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
North East	3.9	3.9	3.8	3.9	3.8	3.8	3.9	3.9	3.8	3.8	3.7
North West (GOR) & Merseyside	11.5	11.4	11.3	11.1	10.9	10.8	10.8	10.8	10.8	10.7	10.7
Yorkshire and Humberside	8.2	8.1	7.9	7.9	7.9	7.9	7.8	7.7	7.7	7.8	7.7
East Midlands	6.8	6.8	6.7	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.6
West Midlands	8.4	8.4	8.4	8.4	8.5	8.4	8.5	8.4	8.5	8.5	8.5
Eastern	9.7	9.6	9.8	9.8	9.8	9.7	9.7	9.6	9.7	9.7	9.8
London	14.7	14.8	14.8	14.8	14.8	14.8	14.8	15.1	14.8	14.6	14.8
South East	14.3	14.4	14.8	14.8	14.8	14.8	14.6	14.8	15.0	14.9	15.4
South West	7.6	7.6	7.7	7.7	7.7	7.8	7.8	7.8	7.8	7.9	7.8
England	85.0	85.1	85.2	85.2	85.0	84.9	84.8	84.9	84.8	84.7	84.9
Wales	4.2	4.3	4.3	4.3	4.3	4.3	4.2	4.1	4.2	4.2	4.1
Scotland	8.5	8.5	8.4	8.3	8.5	8.6	8.7	8.7	8.7	8.8	8.6
Northern Ireland	2.2	2.1	2.1	2.1	2.2	2.3	2.3	2.3	2.3	2.3	2.3
<b>GDP per head</b>	£										
United Kingdom	5 774	6 327	7 023	7 702	8 320	8 585	8 932	9 415	9 935	10 376	10 934
United Kingdom less Continental Shelf	5 626	6 160	6 901	7 585	8 201	8 481	8 822	9 282	9 777	10 199	10 711
North East	4 828	5 280	5 842	6 468	6 916	7 229	7 622	7 963	8 319	8 683	9 026
North West (GOR) & Merseyside	5 370	5 847	6 528	7 045	7 525	7 720	8 024	8 458	8 950	9 277	9 735
Yorkshire and the Humber	5 333	5 764	6 333	6 962	7 488	7 764	7 999	8 348	8 760	9 300	9 585
East Midlands	5 529	6 062	6 697	7 449	7 952	8 273	8 569	8 978	9 448	9 791	10 096
West Midlands	5 140	5 630	6 358	7 009	7 668	7 861	8 236	8 615	9 116	9 567	10 015
Eastern	6 179	6 714	7 577	8 412	9 035	9 246	9 623	10 015	10 594	10 974	11 655
London	6 925	7 667	8 594	9 440	10 177	10 520	10 975	11 749	12 154	12 490	13 210
South East	6 112	6 722	7 678	8 437	9 162	9 430	9 711	10 299	10 966	11 369	12 263
South West	5 314	5 825	6 509	7 170	7 761	8 074	8 460	8 837	9 263	9 792	10 143
England	5 745	6 291	7 053	7 755	8 363	8 630	8 973	9 448	9 944	10 352	10 897
Wales	4 817	5 332	6 010	6 562	7 056	7 234	7 387	7 676	8 161	8 601	8 899
Scotland	5 324	5 826	6 473	7 113	7 885	8 269	8 724	9 148	9 688	10 224	10 614
Northern Ireland	4 467	4 784	5 303	5 832	6 396	6 930	7 205	7 620	7 974	8 423	8 700
<b>GDP per head, United Kingdom</b>	Index (UK=100)										
<b>less Continental Shelf=100</b>											
United Kingdom <sup>2</sup>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
North East	85.8	85.7	84.6	85.3	84.3	85.2	86.4	85.8	85.1	85.1	84.3
North West (GOR) & Merseyside	95.4	94.9	94.6	92.9	91.8	91.0	91.0	91.1	91.5	91.0	90.9
Yorkshire and the Humber	94.8	93.6	91.8	91.8	91.3	91.5	90.7	89.9	89.6	91.2	89.5
East Midlands	98.3	98.4	97.0	98.2	97.0	97.5	97.1	96.7	96.6	96.0	94.3
West Midlands	91.4	91.4	92.1	92.4	93.5	92.7	93.4	92.8	93.2	93.8	93.5
Eastern	109.8	109.0	109.8	110.9	110.2	109.0	109.1	107.9	108.4	107.6	108.8
London	123.1	124.5	124.5	124.5	124.1	124.0	124.4	126.6	124.3	122.5	123.3
South East	108.6	109.1	111.3	111.2	111.7	111.2	110.1	111.0	112.2	111.5	114.5
South West	94.4	94.6	94.3	94.5	94.6	95.2	95.9	95.2	94.7	96.0	94.7
England	102.1	102.1	102.2	102.2	102.0	101.8	101.7	101.8	101.7	101.5	101.7
Wales	85.6	86.6	87.1	86.5	86.0	85.3	83.7	82.7	83.5	84.3	83.1
Scotland	94.6	94.6	93.8	93.8	96.1	97.5	98.9	98.6	99.1	100.2	99.1
Northern Ireland	79.4	77.7	76.8	76.9	78.0	81.7	81.7	82.1	81.6	82.6	81.2

1. Provisional.

2. Comparisons of GDP shares and GDP per head given above are based on UK figures excluding GDP not allocable to regions. This comprises the GDP of the Continental Shelf and the statistical discrepancy. The GDP for the Continental Shelf comprises profits and stock appreciation which cannot be assigned to regions. The statistical discrepancy is the difference between the average estimate of GDP (the definitive measure) and the income-based estimate.

## 2 Factor incomes in GDP: current prices by Government Office Regions

	Income from employment	Income from self- employment & gross trading profits	Less stock appreciation	Rent <sup>3</sup>	Gross domestic product
<b>1993</b>					
United Kingdom	351 561	138 648	2 350	60 010	547 870
North East	13 746	5 179	116	1 992	20 801
North West (GOR) & Merseyside	38 001	14 819	332	5 895	58 383
Yorkshire and the Humber	27 573	10 470	165	3 980	41 858
East Midlands	23 250	9 863	152	3 697	36 658
West Midlands	29 790	11 359	298	4 720	45 571
Eastern	34 152	12 286	179	5 751	52 011
London	53 110	16 998	241	11 587	81 454
South East	52 152	18 546	270	9 255	79 682
South West	26 301	10 966	194	5 063	42 135
England	298 075	110 485	1 947	51 941	458 553
Wales	14 103	6 105	114	2 217	22 311
Scotland	31 441	11 099	229	4 528	46 840
Northern Ireland	7 942	3 253	86	1 325	12 434
Continental Shelf <sup>1</sup>	..	7 706	-25	..	7 731
<b>1994</b>					
United Kingdom	365 035	156 886	4 143	62 356	580 135
North East	13 916	5 885	180	2 089	21 710
North West (GOR) & Merseyside	39 417	16 741	513	6 126	61 771
Yorkshire and the Humber	28 442	11 679	391	4 291	44 021
East Midlands	24 047	11 187	361	3 884	38 757
West Midlands	31 395	12 550	430	4 754	48 269
Eastern	35 701	13 970	359	6 022	55 334
London	55 099	18 372	441	11 655	84 686
South East	54 485	21 686	557	9 746	85 360
South West	27 029	12 331	298	5 388	44 450
England	309 531	124 401	3 529	53 955	484 358
Wales	14 676	6 967	189	2 320	23 774
Scotland	32 533	12 783	299	4 704	49 720
Northern Ireland	8 295	3 563	144	1 377	13 091
Continental Shelf <sup>1</sup>	..	9 172	-19	..	9 191
<b>1995</b>					
United Kingdom	381 208	166 297	4 761	65 345	608 090
North East	14 598	6 011	197	2 209	22 621
North West (GOR) & Merseyside	40 711	17 384	569	6 486	64 012
Yorkshire and the Humber	29 738	12 787	407	4 657	46 775
East Midlands	25 132	11 608	389	4 026	40 377
West Midlands	32 992	13 474	509	4 808	50 766
Eastern	37 221	14 602	376	6 248	57 695
London	57 331	18 308	489	12 368	87 517
South East	56 916	22 783	587	10 105	89 217
South West	28 531	13 442	361	5 653	47 265
England	323 170	130 400	3 884	56 560	506 245
Wales	15 567	7 345	272	2 447	25 088
Scotland	33 772	14 381	471	4 837	52 518
Northern Ireland	8 699	3 815	125	1 501	13 890
Continental Shelf <sup>1</sup>	..	10 357	9	..	10 348
<b>1996<sup>1</sup></b>					
United Kingdom	400 354	175 947	973	68 183	642 916
North East	15 036	6 099	56	2 394	23 473
North West (GOR) & Merseyside	42 015	18 162	166	7 076	67 086
Yorkshire and the Humber	30 206	13 103	134	5 092	48 266
East Midlands	25 693	11 874	107	4 351	41 811
West Midlands	34 483	13 791	133	5 105	53 245
Eastern	39 996	15 101	148	6 734	61 684
London	62 529	19 736	259	11 444	93 450
South East	61 790	24 386	239	10 884	96 821
South West	29 440	13 769	146	6 045	49 109
England	341 188	136 020	1 389	59 126	534 945
Wales	15 895	7 366	-213	2 521	25 995
Scotland	34 328	14 944	-197	4 961	54 430
Northern Ireland	8 943	3 896	-57	1 575	14 470
Continental Shelf <sup>2</sup>	..	13 721	51	..	13 670
Statistical discrepancy (income adjustment) <sup>2</sup>	..	..	..	..	-595

1. Provisional.

2. Comparisons of regional GDP given above are based on UK figures excluding GDP not allocable to particular regions. This comprises the GDP of the Continental Shelf and the statistical discrepancy.

3. Including imputed charge for consumption of non-trading capital.

# 3 Gross Domestic Product by County at Factor Cost : current prices

	Gross Domestic Product (£ million)		Gross Domestic Product (£ per head)		Gross Domestic Product, £ per head (Index, UK = 100)			
	1993	1995	1993	1995	1989	1991	1993	1995
United Kingdom <sup>1</sup>	540 139	597 742	9 282	10 199	100.0	100.0	100.0	100.0
North East	20 801	22 621	7 963	8 683	85.3	85.2	85.8	85.1
Cleveland	4 622	5 130	8 262	9 174	95.1	89.4	89.0	89.9
Durham	4 385	4 862	7 217	8 001	79.9	78.0	77.8	78.4
Northumberland	2 195	2 549	7 143	8 294	79.9	75.1	77.0	81.3
Tyne & Wear	9 599	10 081	8 436	8 913	84.7	89.8	90.9	87.4
North West (GOR) and Merseyside	58 383	64 012	8 458	9 277	92.9	91.0	91.1	91.0
North West (GOR)	48 210	53 289	8 827	9 737	97.2	95.4	95.1	95.5
Cheshire	9 909	11 153	10 195	11 403	107.7	103.5	109.8	111.8
Cumbria	4 746	5 221	9 682	10 650	109.1	108.5	104.3	104.4
Greater Manchester	21 866	23 924	8 479	9 279	93.6	92.0	91.3	91.0
Lancashire	11 690	12 991	8 228	9 110	92.6	91.7	88.6	89.3
Merseyside	10 172	10 723	7 060	7 513	76.6	74.5	76.1	73.7
Yorkshire and the Humber	41 858	46 775	8 348	9 300	91.8	91.5	89.9	91.2
Humberside	7 694	8 525	8 699	9 587	97.4	95.0	93.7	94.0
North Yorkshire	6 843	7 484	9 481	10 242	96.9	101.2	102.1	100.4
South Yorkshire	9 244	10 064	7 077	7 719	80.5	80.9	76.2	75.7
West Yorkshire	18 078	20 703	8 602	9 832	94.8	93.4	92.7	96.4
East Midlands	36 658	40 377	8 978	9 791	98.2	97.5	96.7	96.0
Derbyshire	7 716	8 796	8 114	9 183	90.5	90.5	87.4	90.0
Leicestershire	8 818	9 960	9 687	10 791	107.7	104.2	104.4	105.8
Lincolnshire	5 203	5 683	8 651	9 288	88.9	91.5	93.2	91.1
Northamptonshire	5 833	6 377	9 855	10 642	104.9	102.7	106.2	104.3
Nottinghamshire	9 089	9 561	8 837	9 265	98.6	98.9	95.2	90.8
West Midlands	45 571	50 766	8 615	9 567	92.4	92.7	92.8	93.8
Hereford and Worcester	5 654	6 820	8 137	9 823	83.9	86.2	87.7	96.3
Shropshire	3 530	4 126	8 528	9 826	86.4	90.1	91.9	96.3
Staffordshire	7 874	8 846	7 474	8 374	89.3	84.0	80.5	82.1
Warwickshire	4 445	5 130	9 004	10 288	97.6	99.3	97.0	100.9
West Midlands (Met. county)	24 068	25 843	9 139	9 800	95.8	97.0	98.5	96.1
Eastern	46 173	51 381	8 891	9 773	98.4	96.4	95.8	95.8
Bedfordshire	4 932	5 422	9 143	9 936	105.2	100.8	98.5	97.4
Cambridgeshire	6 992	8 232	10 243	11 864	112.0	108.1	110.3	116.3
Essex	12 122	13 769	7 769	8 728	86.9	83.6	83.7	85.6
Hertfordshire	9 570	10 413	9 573	10 297	106.5	105.4	103.1	101.0
Norfolk	6 659	7 002	8 704	9 065	95.3	95.1	93.8	88.9
Suffolk	5 898	6 544	9 128	9 963	98.0	99.3	98.3	97.7
London	93 127	99 854	13 432	14 250	145.2	143.4	144.7	139.7
South East (GOR)	73 848	83 194	9 545	10 602	101.0	102.2	102.8	103.9
Berkshire	9 742	10 687	12 757	13 644	125.0	131.5	137.4	133.8
Buckinghamshire	6 829	7 946	10 479	11 933	113.3	113.4	112.9	117.0
East Sussex	5 041	5 634	6 981	7 709	78.4	76.2	75.2	75.6
Hampshire	15 250	17 545	9 569	10 852	99.8	103.3	103.1	106.4
Isle of Wight	782	876	6 269	7 002	74.8	73.8	67.5	68.7
Kent	12 596	14 645	8 181	9 441	91.3	92.1	88.1	92.6
Oxfordshire	6 157	6 640	10 510	11 097	105.5	107.2	113.2	108.8
Surrey	10 863	11 536	10 467	11 046	108.2	109.2	112.8	108.3
West Sussex	6 588	7 684	9 180	10 505	102.3	98.0	98.9	103.0
South West	42 135	47 265	8 837	9 792	94.5	95.2	95.2	96.0
Avon	9 525	10 600	9 786	10 790	103.6	105.9	105.4	105.8
Cornwall	3 212	3 625	6 733	7 511	75.8	71.8	72.5	73.6
Devon	8 528	9 496	8 128	8 968	85.5	86.6	87.6	87.9
Dorset	5 570	6 248	8 345	9 207	91.2	92.9	89.9	90.3
Gloucestershire	5 162	5 872	9 489	10 623	103.9	102.1	102.2	104.2
Somerset	4 007	4 497	8 452	9 349	95.2	90.9	91.1	91.7
Wiltshire	6 132	6 928	10 519	11 730	105.9	111.9	113.3	115.0
Wales	22 311	25 088	7 676	8 601	86.5	85.3	82.7	84.3
Clywd	3 472	4 007	8 349	9 579	93.0	93.0	89.9	93.9
Dyfed and Powys	3 324	3 500	7 051	7 384	77.5	75.9	76.0	72.4
Gwent	3 584	4 064	7 960	8 979	87.8	84.9	85.8	88.0
Gwynedd	1 653	1 869	6 883	7 773	80.0	77.7	74.2	76.2
Mid Glamorgan	3 140	3 734	5 770	6 864	75.3	69.2	62.2	67.3
South Glamorgan	4 340	4 861	10 502	11 649	107.9	112.2	113.1	114.2
West Glamorgan	2 798	3 053	7 536	8 247	86.3	87.7	81.2	80.9
Scotland	46 840	52 518	9 148	10 224	93.8	97.5	98.6	100.2
Borders	829	956	7 870	9 003	80.1	81.9	84.8	88.3
Central	2 150	2 538	7 880	9 265	89.1	86.4	84.9	90.8
Dumfries and Galloway	1 298	1 413	8 776	9 555	86.4	88.6	94.5	93.7
Fife	2 633	2 923	7 497	8 314	84.0	86.5	80.8	81.5
Grampian	6 856	7 228	12 982	13 566	119.4	140.9	139.9	133.0
Highlands and Islands	2 159	2 326	7 742	8 298	80.4	88.8	83.4	81.4
Lothian	8 570	9 677	11 367	12 656	111.4	113.6	122.5	124.1
Strathclyde	18 875	21 656	8 254	9 483	87.9	89.0	88.9	93.0
Tayside	3 470	3 802	8 781	9 611	88.8	90.5	94.6	94.2
Northern Ireland	12 434	13 890	7 620	8 423	76.9	81.7	82.1	82.6

1. Excluding the Continental Shelf and the statistical discrepancy of the income based measure.

# 4 Gross Domestic Product by County: Background statistics

	Population (000s) 1995	Area (sq. km) 1995	Population per sq. km 1995	Employment (000s) 1995	Unemployment rate (%) 1995
United Kingdom	58 606	241 844	242	25 973	8
North East	2 605	8 592	303	1 047	12
Cleveland	559	597	937	232	14
Durham	608	2 429	250	254	10
Northumberland	307	5 026	61	122	9
Tyne & Wear	1 131	540	2 094	439	12
North West (GOR) and Merseyside	6 900	14 165	487	2 889	9
North West (GOR)	5 473	13 510	405	2 362	8
Cheshire	978	2 331	420	444	6
Cumbria	490	6 824	72	217	8
Greater Manchester	2 578	1 286	2 005	1 067	9
Lancashire	1 426	3 070	465	634	7
Merseyside	1 427	655	2 179	527	14
Yorkshire and the Humber	5 029	15 411	326	2 224	9
Humberside	889	3 508	253	378	10
North Yorkshire	731	8 309	88	357	6
South Yorkshire	1 304	1 559	836	525	12
West Yorkshire	2 106	2 034	1 035	964	8
East Midlands	4 124	15 627	264	1 896	8
Derbyshire	958	2 629	364	437	9
Leicestershire	923	2 551	362	438	6
Lincolnshire	612	2 921	209	279	7
Northamptonshire	599	2 367	253	296	6
Nottinghamshire	1 032	2 160	478	445	10
West Midlands	5 306	13 004	408	2 347	8
Hereford and Worcester	694	3 923	177	333	6
Shropshire	420	3 488	120	197	6
Staffordshire	1 056	2 715	389	506	7
Warwickshire	499	1 979	252	237	6
West Midlands (Met. county)	2 637	899	2 933	1 074	10
Eastern	5 257	19 120	275	2 502	7
Bedfordshire	546	1 236	441	280	7
Cambridgeshire	694	3 400	204	342	5
Essex	1 578	3 675	429	705	8
Hertfordshire	1 011	1 639	617	513	6
Norfolk	772	5 372	144	355	8
Suffolk	657	3 798	173	307	6
London	7 007	1 578	4 440	3 076	10
South East (GOR)	7 847	19 096	411	3 708	6
Berkshire	783	1 259	622	392	5
Buckinghamshire	666	1 877	355	334	5
East Sussex	731	1 795	407	305	10
Hampshire	1 617	3 779	428	775	6
Isle of Wight	125	380	329	49	12
Kent	1 551	3 735	415	713	8
Oxfordshire	598	2 606	230	311	4
Surrey <sup>1</sup>	1 044	1 677	623	493	..
West Sussex	731	1 988	368	336	5
South West	4 827	23 829	203	2 188	7
Avon	982	1 332	737	463	8
Cornwall	483	3 559	136	199	10
Devon	1 059	6 703	158	441	8
Dorset	679	2 653	256	283	7
Gloucestershire	553	2 653	208	274	6
Somerset	481	3 452	139	222	7
Wiltshire	591	3 476	170	306	5
Wales	2 917	20 766	140	1 189	9
Clywd	418	2 430	172	180	8
Dyfed and Powys	474	10 843	44	190	8
Gwent	453	1 377	329	188	9
Gwynedd	240	3 863	62	101	10
Mid Glamorgan	544	1 017	535	210	11
South Glamorgan	417	416	1 003	184	8
West Glamorgan	370	820	451	136	9
Scotland	5 137	77 080	67	2 285	8
Borders	106	4 670	23	48	5
Central	274	2 627	104	121	9
Dumfries and Galloway	148	6 370	23	66	8
Fife	352	1 308	269	165	10
Grampian	533	8 707	61	272	5
Highlands and Islands	280	30 611	9	133	7
Lothian	765	1 756	435	352	7
Strathclyde	2 284	13 529	169	944	10
Tayside	396	7 502	53	184	8
Northern Ireland	1 649	13 576	121	623	11

<sup>1</sup> Unemployment rates cannot be calculated for Surrey since it does not meet the self-containment criteria for a local labour market.

# 5 Gross domestic fixed capital formation by selected industry groups and by standard statistical regions

£ million

	Total of industries shown	Agriculture, forestry and fishing	Energy, mining and water <sup>1</sup>	Manufacturing	Transport and communication <sup>2</sup>	Dwellings
<b>1988</b>						
United Kingdom	48 921	1 420	6 655	12 415	7 504	20 927
North	2 835	74	294	1 326	234	907
North West (SSR)	4 560	51	384	1 580	578	1 967
Yorkshire and Humberside	4 159	120	708	1 229	499	1 603
East Midlands	3 339	119	554	801	418	1 447
West Midlands	3 949	113	419	1 202	533	1 682
East Anglia	1 932	112	140	424	200	1 056
South East (SSR)	14 941	158	932	3 032	3 500	7 319
South West	3 917	191	383	774	574	1 995
England	39 630	937	3 814	10 368	6 535	17 996
Wales	2 307	104	265	786	234	918
Scotland	3 820	255	514	1 023	555	1 473
Northern Ireland	1 194	124	92	238	180	560
Continental Shelf <sup>3</sup>	1 970	..	1 970	..	..	..
<b>1989</b>						
United Kingdom	55 785	1 485	7 998	14 248	9 066	22 988
North	3 239	79	371	1 407	319	1 063
North West (SSR)	5 267	53	386	2 029	670	2 129
Yorkshire and Humberside	4 573	125	746	1 254	599	1 849
East Midlands	3 927	123	657	895	500	1 752
West Midlands	4 780	118	515	1 480	709	1 958
East Anglia	2 074	115	208	477	234	1 040
South East (SSR)	16 447	157	1 241	3 469	4 186	7 394
South West	4 639	198	527	759	769	2 386
England	44 949	967	4 651	11 771	7 986	19 573
Wales	2 950	125	327	1 056	279	1 163
Scotland	4 097	256	417	1 158	601	1 665
Northern Ireland	1 270	136	84	263	200	587
Continental Shelf <sup>3</sup>	2 519	..	2 519	..	..	..
<b>1990</b>						
United Kingdom	55 187	1 368	9 442	14 227	8 711	21 439
North	3 285	76	392	1 439	329	1 049
North West (SSR)	5 617	49	426	2 260	651	2 231
Yorkshire and Humberside	4 510	118	814	1 304	552	1 722
East Midlands	3 749	112	650	963	480	1 544
West Midlands	4 460	113	541	1 361	619	1 826
East Anglia	1 822	108	238	451	255	770
South East (SSR)	15 541	145	1 447	3 224	4 060	6 665
South West	4 095	195	537	750	686	1 927
England	43 084	918	5 047	11 752	7 632	17 735
Wales	3 084	99	365	1 129	304	1 187
Scotland	4 463	230	612	1 035	591	1 995
Northern Ireland	1 235	121	97	311	184	522
Continental Shelf <sup>3</sup>	3 321	..	3 321	..	..	..
<b>1991</b>						
United Kingdom	52 718	1 063	11 566	13 183	8 405	18 501
North	3 152	56	398	1 439	339	920
North West (SSR)	4 864	37	405	1 731	688	2 003
Yorkshire and Humberside	4 063	89	798	1 171	569	1 436
East Midlands	3 676	99	647	1 116	451	1 363
West Midlands	4 137	87	579	1 200	602	1 669
East Anglia	1 626	94	223	341	241	727
South East (SSR)	14 247	124	1 781	3 267	3 788	5 287
South West	3 606	149	536	653	616	1 652
England	39 372	735	5 369	10 918	7 294	15 057
Wales	2 465	76	363	790	302	934
Scotland	4 804	171	811	1 171	626	2 025
Northern Ireland	1 158	81	104	304	184	485
Continental Shelf <sup>3</sup>	4 919	..	4 919	..	..	..

See footnotes on next page.



# 5 Gross domestic fixed capital formation by selected industry groups (cont'd) and by standard statistical regions

£ million

	Total of industries shown	Agriculture, forestry and fishing	Energy, mining and water <sup>1</sup>	Manufacturing	Transport and communication <sup>2</sup>	Dwellings
<b>1992</b>						
United Kingdom	52 701	1 070	12 107	12 433	8 357	18 734
North	2 864	60	357	1 136	366	945
North West (SSR)	5 184	51	773	1 743	662	1 955
Yorkshire and Humberside	4 180	103	764	1 280	603	1 430
East Midlands	3 817	107	578	1 237	495	1 400
West Midlands	3 951	78	440	1 163	565	1 705
East Anglia	1 729	100	242	400	253	734
South East (SSR)	14 255	132	2 315	2 611	3 708	5 489
South West	3 543	130	423	715	578	1 697
England	39 519	760	5 890	10 284	7 231	15 354
Wales	2 475	83	294	768	281	1 049
Scotland	4 607	130	905	1 082	639	1 851
Northern Ireland	1 168	94	90	299	205	480
Continental Shelf <sup>3</sup>	4 928	..	4 928	..	..	..
<b>1993</b>						
United Kingdom	53 501	1 167	10 814	12 410	9 136	19 974
North	2 701	67	381	895	371	987
North West (SSR)	5 270	57	780	1 589	703	2 141
Yorkshire and Humberside	4 267	113	623	1 269	651	1 611
East Midlands	4 022	109	555	1 172	563	1 623
West Midlands	4 336	93	445	1 381	629	1 788
East Anglia	1 882	102	265	433	261	821
South East (SSR)	14 533	135	1 776	2 860	4 038	5 724
South West	3 902	157	558	814	620	1 753
England	40 917	833	5 384	10 413	7 838	16 449
Wales	2 442	99	412	661	303	967
Scotland	4 591	134	661	1 028	739	2 029
Northern Ireland	1 287	101	93	308	256	529
Continental Shelf <sup>3</sup>	4 265	..	4 265	..	..	..
<b>1994</b>						
United Kingdom	54 858	895	9 035	13 534	10 170	21 224
North	2 708	49	379	876	299	1 105
North West (SSR)	5 490	44	738	1 564	867	2 277
Yorkshire and Humberside	4 441	80	599	1 296	790	1 680
East Midlands	3 842	77	416	1 041	611	1 697
West Midlands	4 976	73	488	1 749	762	1 904
East Anglia	1 912	72	251	483	265	841
South East (SSR)	15 179	96	1 332	3 357	4 382	6 012
South West	4 076	124	425	936	730	1 861
England	42 634	616	4 630	11 302	8 706	17 380
Wales	2 727	76	501	766	359	1 025
Scotland	4 773	97	473	1 137	813	2 253
Northern Ireland	1 387	106	94	329	292	566
Continental Shelf <sup>3</sup>	3 337	..	3 337	..	..	..
<b>1995</b>						
United Kingdom	59 238	918	9 548	15 775	10 742	22 255
North	2 821	50	287	1 113	310	1 061
North West (SSR)	6 028	44	619	1 976	1 029	2 360
Yorkshire and Humberside	4 940	82	746	1 464	831	1 817
East Midlands	4 011	93	331	1 299	578	1 710
West Midlands	5 052	76	388	1 859	736	1 993
East Anglia	2 067	87	253	487	296	944
South East (SSR)	16 527	114	1 379	3 793	4 780	6 461
South West	4 189	128	376	1 028	736	1 921
England	45 636	674	4 379	13 019	9 297	18 267
Wales	2 900	76	402	988	357	1 077
Scotland	5 186	104	563	1 433	779	2 307
Northern Ireland	1 421	64	110	334	309	604
Continental Shelf <sup>3</sup>	4 094	..	4 094	..	..	..

1. Includes extraction of mineral oil and natural gas, mining and quarrying, gas, electricity and water.

2. Excluding sea and air transport.

3. Oil and natural gas extraction only.

# 6 Gross domestic product at factor cost: current prices by Standard Statistical Regions

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996 <sup>1</sup>
<b>Total GDP</b>											<i>£ million</i>
United Kingdom	328 272	360 675	401 428	441 759	478 886	496 253	518 132	547 870	580 135	608 090	642 916
North	15 651	17 269	18 942	20 825	22 280	23 315	24 522	25 546	26 712	27 843	28 915
North West (SSR)	33 705	36 469	40 854	44 259	47 354	48 654	50 646	53 637	56 769	58 791	61 643
Yorkshire and Humberside	26 163	28 277	31 159	34 454	37 159	38 689	40 014	41 858	44 021	46 775	48 266
East Midlands	21 666	23 875	26 564	29 752	31 918	33 386	34 808	36 658	38 757	40 377	41 811
West Midlands	26 710	29 360	33 240	36 734	40 254	41 391	43 466	45 571	48 269	50 766	53 245
East Anglia	11 383	12 402	14 084	15 729	17 132	17 764	18 765	19 549	20 799	21 777	22 893
South East (SSR)	112 493	124 261	140 813	155 468	168 820	174 743	181 705	193 599	204 581	212 652	229 061
Greater London	47 111	52 143	58 187	64 182	69 737	72 479	75 778	81 454	84 686	87 517	93 450
Rest of South East	65 381	72 118	82 626	91 286	99 083	102 264	105 927	112 144	119 895	125 134	135 611
South West	24 230	26 823	30 295	33 525	36 428	38 093	40 152	42 135	44 450	47 265	49 109
England	272 000	298 736	335 950	370 745	401 346	416 033	434 078	458 553	484 358	506 245	534 945
Wales	13 583	15 105	17 152	18 830	20 306	20 918	21 410	22 311	23 774	25 088	25 995
Scotland	27 263	29 785	32 975	36 253	40 231	42 232	44 589	46 840	49 720	52 518	54 430
Northern Ireland	6 999	7 536	8 369	9 232	10 166	11 098	11 660	12 434	13 091	13 890	14 470
UK less Continental Shelf	319 845	351 162	394 447	435 060	472 048	490 281	511 738	540 138	570 943	597 741	629 841
Continental Shelf	8 426	9 511	6 981	6 698	6 839	5 971	6 394	7 731	9 191	10 348	13 670
Statistical discrepancy	-	-	-	-	-	-	-	-	-	-	-595
<b>Regional shares of UK GDP less Continental Shelf=100</b>											<i>Percentage (UK=100)</i>
United Kingdom <sup>2</sup>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
North	4.9	4.9	4.8	4.8	4.7	4.8	4.8	4.7	4.7	4.7	4.6
North West (SSR)	10.5	10.4	10.4	10.2	10.0	9.9	9.9	9.9	9.9	9.8	9.8
Yorkshire and Humberside	8.2	8.1	7.9	7.9	7.9	7.9	7.8	7.7	7.7	7.8	7.7
East Midlands	6.8	6.8	6.7	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.6
West Midlands	8.4	8.4	8.4	8.4	8.5	8.4	8.5	8.4	8.5	8.5	8.5
East Anglia	3.6	3.5	3.6	3.6	3.6	3.6	3.7	3.6	3.6	3.6	3.6
South East (SSR)	35.2	35.4	35.7	35.7	35.8	35.6	35.5	35.8	35.8	35.6	36.4
Greater London	14.7	14.8	14.8	14.8	14.8	14.8	14.8	15.1	14.8	14.6	14.8
Rest of South East	20.4	20.5	20.9	21.0	21.0	20.9	20.7	20.8	21.0	20.9	21.5
South West	7.6	7.6	7.7	7.7	7.7	7.8	7.8	7.8	7.8	7.9	7.8
England	85.0	85.1	85.2	85.2	85.0	84.9	84.8	84.9	84.8	84.7	84.9
Wales	4.2	4.3	4.3	4.3	4.3	4.3	4.2	4.1	4.2	4.2	4.1
Scotland	8.5	8.5	8.4	8.3	8.5	8.6	8.7	8.7	8.7	8.8	8.6
Northern Ireland	2.2	2.1	2.1	2.1	2.2	2.3	2.3	2.3	2.3	2.3	2.3
<b>GDP per head</b>											<i>£</i>
United Kingdom	5 774	6 327	7 023	7 702	8 320	8 585	8 932	9 415	9 935	10 376	10 934
UK less Continental Shelf	5 626	6 160	6 901	7 585	8 201	8 481	8 822	9 282	9 777	10 199	10 711
North	5 071	5 601	6 151	6 754	7 216	7 541	7 913	8 235	8 617	8 995	9 354
North West (SSR)	5 294	5 735	6 431	6 950	7 426	7 607	7 914	8 365	8 854	9 172	9 631
Yorkshire and Humberside	5 333	5 764	6 333	6 962	7 488	7 764	7 999	8 348	8 760	9 300	9 585
East Midlands	5 529	6 062	6 697	7 449	7 952	8 273	8 569	8 978	9 448	9 791	10 096
West Midlands	5 140	5 630	6 358	7 009	7 668	7 861	8 236	8 615	9 116	9 567	10 015
East Anglia	5 712	6 160	6 924	7 694	8 324	8 533	8 984	9 336	9 882	10 258	10 689
South East (SSR)	6 497	7 155	8 093	8 908	9 620	9 908	10 264	10 895	11 448	11 821	12 641
Greater London	6 925	7 667	8 594	9 440	10 176	10 519	10 975	11 749	12 154	12 490	13 210
Rest of South East	6 220	6 825	7 774	8 568	9 263	9 516	9 809	10 349	10 997	11 395	12 277
South West	5 314	5 825	6 509	7 170	7 761	8 074	8 460	8 837	9 263	9 792	10 143
England	5 745	6 291	7 053	7 755	8 363	8 630	8 973	9 448	9 944	10 352	10 897
Wales	4 817	5 332	6 010	6 562	7 056	7 234	7 387	7 676	8 161	8 601	8 899
Scotland	5 324	5 826	6 473	7 113	7 885	8 269	8 724	9 148	9 688	10 224	10 614
Northern Ireland	4 467	4 784	5 303	5 832	6 396	6 930	7 205	7 620	7 974	8 423	8 700
<b>GDP per head, UK less Continental Shelf=100</b>											<i>Index (UK = 100)</i>
United Kingdom <sup>2</sup>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
North	90.1	90.9	89.1	89.0	88.0	88.9	89.7	88.7	88.1	88.2	87.3
North West (SSR)	94.1	93.1	93.2	91.6	90.6	89.7	89.7	90.1	90.6	89.9	89.9
Yorkshire and Humberside	94.8	93.6	91.8	91.8	91.3	91.5	90.7	89.9	89.6	91.2	89.5
East Midlands	98.3	98.4	97.0	98.2	97.0	97.5	97.1	96.7	96.6	96.0	94.3
West Midlands	91.4	91.4	92.1	92.4	93.5	92.7	93.4	92.8	93.2	93.8	93.5
East Anglia	101.5	100.0	100.3	101.4	101.5	100.6	101.8	100.6	101.1	100.6	99.8
South East (SSR)	115.5	116.2	117.3	117.4	117.3	116.8	116.3	117.4	117.1	115.9	118.0
Greater London	123.1	124.5	124.5	124.5	124.1	124.0	124.4	126.6	124.3	122.5	123.3
Rest of South East	110.6	110.8	112.7	113.0	112.9	112.2	111.2	111.5	112.5	111.7	114.6
South West	94.4	94.6	94.3	94.5	94.6	95.2	95.9	95.2	94.7	96.0	94.7
England	102.1	102.1	102.2	102.2	102.0	101.8	101.7	101.8	101.7	101.5	101.7
Wales	85.6	86.6	87.1	86.5	86.0	85.3	83.7	82.7	83.5	84.3	83.1
Scotland	94.6	94.6	93.8	93.8	96.1	97.5	98.9	98.6	99.1	100.2	99.1
Northern Ireland	79.4	77.7	76.8	76.9	78.0	81.7	81.2	82.1	81.6	82.6	81.2

1. Provisional.

2. Comparisons of GDP shares and GDP per head given above are based on UK figures excluding GDP not allocable to particular regions. This comprises the GDP of the Continental Shelf and the statistical discrepancy. The GDP for the Continental Shelf comprises profits and stock appreciation which cannot be assigned to regions. The statistical discrepancy is the difference between the average estimate (the definitive measure of GDP) and the income based estimate.

# 7 Factor incomes in GDP: current prices by Standard Statistical Regions

£ million

	Income from employment	Income from self- employment & gross trading profits	Less stock appreciation	Rent <sup>2</sup>	Gross domestic product
<b>1993</b>					
United Kingdom	351 561	138 648	2 350	60 010	547 870
North	16 660	6 624	136	2 398	25 546
North West (SSR)	35 087	13 373	312	5 489	53 637
Yorkshire and Humberside	27 573	10 470	165	3 980	41 858
East Midlands	23 250	9 863	152	3 697	36 658
West Midlands	29 790	11 359	298	4 720	45 571
East Anglia	12 119	5 367	39	2 103	19 549
South East (SSR)	127 295	42 463	651	24 491	193 599
South West	26 301	10 966	194	5 063	42 135
England	298 075	110 485	1 947	51 941	458 553
Wales	14 103	6 105	114	2 217	22 311
Scotland	31 441	11 099	229	4 528	46 840
Northern Ireland	7 942	3 253	86	1 325	12 434
Continental Shelf <sup>2</sup>	..	7 706	-25	..	7 731
<b>1994</b>					
United Kingdom	365 035	156 886	4 143	62 356	580 135
North	16 818	7 609	232	2 517	26 712
North West (SSR)	36 515	15 017	462	5 699	56 769
Yorkshire and Humberside	28 442	11 679	391	4 291	44 021
East Midlands	24 047	11 187	361	3 884	38 757
West Midlands	31 395	12 550	430	4 754	48 269
East Anglia	12 679	6 138	186	2 168	20 799
South East (SSR)	132 606	47 890	1 171	25 256	204 581
South West	27 030	12 331	298	5 388	44 450
England	309 531	124 401	3 529	53 955	484 358
Wales	14 676	6 967	189	2 320	23 774
Scotland	32 533	12 783	299	4 704	49 720
Northern Ireland	8 295	3 563	144	1 378	13 091
Continental Shelf <sup>2</sup>	..	9 172	-19	..	9 191
<b>1995</b>					
United Kingdom	381 208	166 297	4 761	65 345	608 090
North	17 592	7 839	251	2 663	27 843
North West (SSR)	37 718	15 556	515	6 032	58 791
Yorkshire and Humberside	29 738	12 787	407	4 657	46 775
East Midlands	25 132	11 608	389	4 026	40 377
West Midlands	32 992	13 474	509	4 808	50 766
East Anglia	13 172	6 524	158	2 239	21 777
South East (SSR)	138 296	49 169	1 294	26 482	212 652
South West	28 531	13 442	361	5 654	47 265
England	323 170	130 400	3 884	56 560	506 245
Wales	15 567	7 345	272	2 447	25 088
Scotland	33 772	14 381	471	4 837	52 518
Northern Ireland	8 699	3 815	125	1 501	13 890
Continental Shelf <sup>2</sup>	..	10 357	9	..	10 348
<b>1996<sup>1</sup></b>					
United Kingdom	400 354	175 947	973	68 183	642 916
North	18 068	8 027	69	2 889	28 915
North West (SSR)	38 983	16 233	153	6 580	61 643
Yorkshire and Humberside	30 206	13 103	134	5 092	48 266
East Midlands	25 693	11 874	107	4 351	41 811
West Midlands	34 483	13 791	133	5 105	53 245
East Anglia	13 888	6 671	68	2 402	22 893
South East (SSR)	150 427	52 552	578	26 661	229 061
South West	29 440	13 769	146	6 045	49 109
England	341 188	136 020	1 389	59 126	534 945
Wales	15 895	7 366	-213	2 521	25 995
Scotland	34 328	14 944	-197	4 961	54 430
Northern Ireland	8 943	3 896	-57	1 575	14 470
Continental Shelf <sup>2</sup>	..	13 721	51	..	13 670
Statistical discrepancy (income adjustment) <sup>2</sup>	..	..	..	..	-595

1. Provisional.

2. Comparisons of regional GDP given above are based on UK figures excluding GDP not allocable to particular regions. This comprises the GDP of the Continental Shelf and the statistical discrepancy.

3. Including imputed charge for consumption of non-trading capital.

# 8 Gross domestic product by sub-region (NUTS level 2), factor cost: current prices

	Gross Domestic Product (£ million)		Gross Domestic Product (£ per head)		Gross Domestic Product per head (Index, UK = 100)			
	1993	1995	1993	1995	1989	1991	1993	1995
United Kingdom <sup>1</sup>	540 139	597 742	9 282	10 199	100.0	100.0	100.0	100.0
North East	20 801	22 621	7 963	8 683	85.3	85.2	85.8	85.1
Cleveland, Durham	9 007	9 992	7 718	8 563	87.3	83.5	83.1	84.0
Northumberland, Tyne and Wear	11 794	12 629	8 161	8 781	83.7	86.7	87.9	86.1
North West (GOR) and Merseyside	58 383	64 012	8 458	9 277	92.9	91.0	91.1	91.0
North West (GOR)	48 210	53 289	8 827	9 737	97.2	95.4	95.1	95.5
Cheshire	9 909	11 153	10 195	11 403	107.7	103.5	109.8	111.8
Cumbria	4 746	5 221	9 682	10 650	109.1	108.5	104.3	104.4
Greater Manchester	21 866	23 924	8 479	9 279	93.6	92.0	91.3	91.0
Lancashire	11 690	12 991	8 228	9 110	92.6	91.7	88.6	89.3
Merseyside	10 172	10 723	7 060	7 513	76.6	74.5	76.1	73.7
Yorkshire and the Humber	41 858	46 775	8 348	9 300	91.8	91.5	89.9	91.2
Humberside	7 694	8 525	8 699	9 587	97.4	95.0	93.7	94.0
North Yorkshire	6 843	7 484	9 481	10 242	96.9	101.2	102.1	100.4
South Yorkshire	9 244	10 064	7 077	7 719	80.5	80.9	76.2	75.7
West Yorkshire	18 078	20 703	8 602	9 832	94.8	93.4	92.7	96.4
East Midlands	36 658	40 377	8 978	9 791	98.2	97.5	96.7	96.0
Derbyshire, Nottinghamshire	16 804	18 357	8 490	9 225	94.7	94.8	91.5	90.5
Leicestershire, Northamptonshire	14 651	16 337	9 753	10 732	106.6	103.6	105.1	105.2
Lincolnshire	5 203	5 683	8 651	9 288	88.9	91.5	93.2	91.1
West Midlands	45 571	50 766	8 615	9 567	92.4	92.7	92.8	93.8
Hereford and Worcester, Warwickshire	10 098	11 950	8 497	10 018	89.6	91.7	91.5	98.2
Shropshire, Staffordshire	11 405	12 972	7 771	8 787	88.5	85.7	83.7	86.1
West Midlands	24 068	25 843	9 139	9 800	95.8	97.0	98.5	96.1
Eastern	46 173	51 381	8 891	9 773	98.4	96.4	95.8	95.8
Bedfordshire, Hertfordshire	14 501	15 835	9 422	10 171	106.0	103.8	101.5	99.7
Cambridgeshire, Norfolk, Suffolk	19 549	21 777	9 336	10 258	101.4	100.6	100.6	100.6
Essex	12 122	13 769	7 769	8 728	86.9	83.6	83.7	85.6
London	93 127	99 854	13 432	14 250	145.2	143.4	144.7	139.7
South East (GOR)	73 848	83 194	9 545	10 602	101.0	102.2	102.8	103.9
Berkshire, Bucks, Oxfordshire	22 728	25 272	11 357	12 343	115.5	118.5	122.4	121.0
Surrey, East-West Sussex	22 492	24 855	9 078	9 915	97.8	96.4	97.8	97.2
Hampshire, Isle of Wight	16 032	18 421	9 329	10 576	97.9	101.1	100.5	103.7
Kent	12 596	14 645	8 181	9 441	91.3	92.1	88.1	92.6
South West	42 135	47 265	8 837	9 792	94.5	95.2	95.2	96.0
Avon, Gloucestershire, Wiltshire	20 818	23 399	9 912	11 008	104.3	106.6	106.8	107.9
Cornwall, Devon	11 740	13 121	7 692	8 512	82.4	81.9	82.9	83.5
Dorset, Somerset	9 577	10 745	8 389	9 266	92.8	92.1	90.4	90.8
Wales	22 311	25 088	7 676	8 601	86.5	85.3	82.7	84.3
Clwyd, Dyfed, Gwynedd, Powys	8 449	9 375	7 494	8 277	83.7	82.6	80.7	81.2
Gwent, Mid-South-West Glamorgan	13 862	15 712	7 792	8 807	88.3	87.0	83.9	86.3
Scotland	46 840	52 518	9 148	10 224	93.8	97.5	98.6	100.2
Borders, Central, Fife, Lothian, Tayside	17 652	19 896	9 397	10 516	96.6	98.0	101.2	103.1
Dumfries and Galloway, Strathclyde	20 173	23 069	8 286	9 487	87.9	89.0	89.3	93.0
Highlands and Islands	2 159	2 326	7 742	8 298	80.4	88.8	83.4	81.4
Grampian	6 856	7 228	12 982	13 566	119.4	140.9	139.9	133.0
Northern Ireland	12 434	13 890	7 620	8 423	76.9	81.7	82.1	82.6

1. Excluding the Continental Shelf and the statistical discrepancy of the income based measure.

## BACKGROUND NOTES

### General

1. The regional accounts presented in this article are, in general, consistent with the national accounts published in the *United Kingdom National Accounts (Blue Book) 1997 edition*, which also defines the terms used.

2. The methodology employed in producing the original items of the regional accounts was described in *Regional Accounts (Studies in Official Statistics No 31)* published in 1978 and updated in the publication *Methods Used to Compile Regional Accounts (Eurostat, 1984)*. Brief descriptions of the sources and methods used to compile the estimates of GDP are given below.

3. All the items in regional accounts are measured in current prices which means that increases over time reflect inflation as well as real growth. Trends in total GDP per head cannot be analysed easily without deflating the data. However, there are no regional price indices which could be used to remove the effect of inflation from the figures. Comparisons of trends can therefore be based either on the difference between regional increases at current prices or on movements in the amount relative to the UK average. Both approaches would be misleading if the rate of inflation in any region were different from the national average.

4. In the regional accounts it is usual to look at changes per head relative to the UK average over time. However, this obscures the effect of changes in population size. In areas where the population is increasing most rapidly, growth in total GDP would be expected to grow relatively strongly; conversely, areas with a low or negative population growth would be expected to grow more slowly.

### Accuracy

5. As with the national accounts, the regional estimates, although calculated as reliably as possible, cannot be regarded as accurate to the last digit shown.

6. The regional GDP estimates are partly based on sample surveys and the quality of the results therefore vary according to sample size. This means that the results for areas with smaller populations are subject to a greater degree of uncertainty than those for more populated areas. An assessment of the quality of the regional and county estimates was published in *Economic Trends*, November 1990.

## Regional gross domestic product - concepts and definitions

7. In this article regional GDP is measured as the total of all incomes earned from the production of goods and services in the region. Insufficient information is available to estimate GDP using either the production or expenditure approaches.

8. As mentioned above, regional GDP is defined as the sum of incomes earned from productive activity in the region, so that the income of commuters should be included in the region where they work. However, the estimates of regional GDP are not compiled on this basis; they include regional estimates of income from employment on a residence basis, because this is the basis of the most reliable data source (the one per cent sample of Department of Social Security (DSS) records). This has a significant effect on the estimates for Greater London and the Rest of the South East, but is assumed not to introduce any significant distortion for the other regions.

9. Estimates of regional GDP are compiled at factor cost. They measure the income of factors of production and exclude the value of taxes on expenditure, such as VAT, but include subsidies.

### Revisions

10. All items in the regional accounts are subject to revision when better information becomes available, either from the national accounts for the UK, from regional data sources, or from improvements to regional accounts methodology. Revisions to one year frequently suggest the need for revisions to other years, and all regional series apart from the GDFCF series have previously been maintained back to 1971, with no comparable data for earlier years being available. However changes to the region by industry series due to the introduction of the Standard Industrial Classification, Revised 1992 (SIC(92)), have only been taken back to 1982, with earlier data continuing to be available on a SIC(80) basis.

11. The analyses of GDP by industry, both national and regional, are based on classifying each economic unit by industry, based on its main activity, and allocating all its activity to that industry. Subsidiary activities of these units are therefore included with the main activity.

**Provisional estimates of GDP**

12. The estimates of GDP for 1995 given in this article are based on a less complete set of data than estimates for earlier years, and projections are employed where necessary. These provisional estimates are particularly subject to revision when more data for 1995 become available e.g. from the one per cent sample of pay records by DSS, from the Agriculture departments and from the national accounts.

**Continental Shelf**

13. Gross domestic product for the Continental Shelf region consists only of profits and surpluses less stock appreciation, which cannot be allocated to regions. It does not include income from employment, which is allocated to the region of residence of the employee; there is no resident population in the Continental Shelf region. Since GDP per head cannot be calculated for the Continental Shelf region, it is excluded from the United Kingdom total in the calculation of the national average used in comparisons of regional GDP per head. Continental Shelf GDP incorporates profits of both UK and foreign contractors.

**European Community definition of regional GDP**

14. The treatment of the adjustment for financial services (or interest) in the accounts differs from the approach used by the Statistical Office of the European Community (Eurostat). In the UK regional accounts the adjustment for financial services is deducted from the GDP of the region providing the service and receiving the interest payment (pro-rata employment in banking, finance and insurance). The treatment used by Eurostat is to deduct the interest from the GDP of the region paying the interest. It is assumed that the interest paid is proportional to GDP. The effect on regional GDP is to increase the level of the South East and reduce that of other regions.

15. There are also two other very minor adjustments to the regional distribution of GDP. The GDP of UK embassies is added to the Continental Shelf region or Extra-Regio and the GDP of foreign embassies in the UK is deducted from the GDP of the South East. The GDP of UK forces stationed abroad is also included in the Extra-Regio.

**Government Offices of the Regions (GORs)**

16. The figures published in this article relate to the Government Office Regions (GORs). The Government Statistical Service has taken the decision to adopt the (GORs) for the standard presentation of regional data from April 1997 onwards, replacing the old Standard Statistical Regions (SSRs). Estimates of Regional Accounts will from now on be published on a GOR basis, with data continuing to be available on request on the SSR basis for some time.

17. The main differences between SSRs and GORs are that:

- Cumbria moves from the North SSR to the North West GOR
- Essex, Bedfordshire and Hertfordshire are merged with East Anglia to form the new Eastern GOR
- The new South East GOR therefore excludes the above three counties, and London
- London becomes a separate GOR

18. In addition, Merseyside, which is a separate GOR, will be combined with the North West GOR for most regional statistical purposes, due to the relatively small size of the area. However, wherever statistics are available for Merseyside, they will be provided.

**Nomenclature of territorial units for statistics (NUTS)**

19. The NUTS provides a single, uniform breakdown for the production of regional statistics for the European Union. There are five levels, represented in the UK by:

NUTS 1	Standard Statistical Regions;
NUTS 2	sometimes referred to as sub-regions, these are aggregations of NUTS 3 areas;
NUTS 3	English and Welsh counties; Scottish regions and Northern Ireland;
NUTS 4	local authority districts;
NUTS 5	electoral wards.

20. Some areas appear at more than one level, for example, Northern Ireland appears at NUTS levels 1, 2 and 3.

21. Regional Accounts estimates are presented by NUTS 2 areas in this article since this is the most significant level of geographical disaggregation for the Community's regional policy, and for Structural Funds in particular.

### **Gross Domestic Fixed Capital Formation by Selected Industries**

22. Regional estimates of GDFCF are given in Appendix Table 5. These estimates are only made for a few industries, namely agriculture, energy, manufacturing, dwellings and transport and communications industries. There are insufficient data available to provide estimates for other industries.

### **Personal Income, Household Income and Consumers' Expenditure**

23. Regional estimates of personal income, personal disposable income, household income and consumers' expenditure in 1996 will be published in the June 1998 issue of *Economic Trends*. The 1995 estimates for these as well as estimates for household income and household disposable income by county for 1994, were published in *Economic Trends*, June 1997. The 1995 estimates for household income and household disposable income by county will also be published in June 1998.

### **Regional Trends and other products**

24. A wider range of statistics for the regions and counties of the United Kingdom can be found in *Regional Trends 32 (1997 edition)* (The Stationery Office), £37.50. The topics covered in *Regional Trends* include population, housing, transport, environment, health, crime, education, labour market, industry and agriculture.

25. The *Regional Focus* series paints pictures of individual regions. The series aims to meet the increasing demand for more easily accessible information on smaller geographic areas. Titles in the series so far are *Focus on the East Midlands* (£19.95), *Focus on London 97* (£50.00), *Focus on the South East* (£30.00) and *Focus on Northern Ireland* (£30.00), all available from The Stationery Office, and *A Statistical Focus on Wales* (£10.00), available from the Welsh Office. Further editions in the series due for publication later in 1998 are *Focus on the South West* and *Focus on London 98*.

26. *Regional Statistics: A Brief Guide to Official Sources, 1993 edition* provides useful information on sources and contact points, and is available from the address at the end of these notes.

27. The *Guide to Official Statistics*, published by ONS in April 1996, is an invaluable reference book for everyone needing to trace primary sources of statistics on a range of subjects as diverse as weather and wages, finance and forestry, production and the police. Included are all official and a few non-official sources of information on the UK, the Isle of Man and the Channel Islands. The publication is available from The Stationery Office, price £35.95.

### **The regional accounts database**

28. This article necessarily presents only a summary of the regional accounts for recent years. Longer time series and in some cases additional detail can be made available on payment of a fee either on paper or on floppy disk. Requests should be addressed to *Shaun Flanagan, Regional Accounts Branch, Office for National Statistics, B5/03, 1, Drummond Gate, London SW1V 2QQ*.

# Geographical breakdown of exports and imports of UK trade in services by component



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## Introduction

The ONS has published a geographical breakdown of the current account for a number of years - most recently in the 1997 edition of the Pink Book (UK Balance of Payments). The published geographical breakdown covers credits and debits broken down by current account component for 42 countries and international organisations, including exports and imports of total UK trade in services with its most significant trading partners.

In response to user demand, the ONS has now examined the possibility of expanding this analysis to provide a country breakdown by trade in services component. This article presents the first published estimates of such an analysis.

## Conceptual issues

A regional balance of payments account should allocate transactions in a way which reflects flows of resources between different economies. For trade in services the geographical analysis is based on the country whose residents rendered or received the service. In practice, determining residency can be a difficult issue. UK residents, for example, may act as intermediaries for a range of activities where the principals involved are non-resident, but where the payments are made via UK intermediaries.

In addition, the UK trade in services data, do not always distinguish between individual country data. For the balance of payments accounts, it is the total of balance of payments transactions with the rest of the world which is of paramount importance, not the individual country data. Where country data are not reported, estimates are made using related data. (A detailed description of the methodology is given in the Pink Book).

For both of these reasons, it was felt that the data were not sufficiently reliable for a geographical breakdown of trade in services by component series to be published.

## So what has changed?

In 1995, the DTI helped establish the President's Task Force into Service Sector Statistics. The aim of the Task Force was to improve

the quality and availability of statistics on the performance of the service sector - including trade in services. The DTI has been particularly keen to improve the quality of geographical disaggregates, and agreed to sponsor an expansion of the sample to the main ONS inquiry collecting trade in services data.

In 1996, the ONS launched a new inquiry into Overseas Trade in Services (OTIS). This inquiry covers business services and royalty transactions by UK companies except those in the transport, travel, film and television industries and Law Society members. This inquiry was designed to collect the more detailed component data required to meet the requirements of the new IMF Balance of Payments Manual (5th Edition). As a consequence, the survey collects export and import transactions for 40 different types of services.

The combination of the expanded sample and the more detailed geographical data now available from the OTIS inquiry, allows us to be confident that the geographical by component disaggregates for the main trading partners for the first year of the new inquiry are of sufficient quality to be publishable.

Data are currently only available for 1996. Limitations in data quality mean the analysis is restricted to the top 13 countries by 11 key trade in service component series. This represents over 50 % of both total exports and imports. It is our intention to publish this analysis on an annual basis.



## Data sources by component

Sea Transport - Firm geographical data are derived from the Chamber of Shipping survey of UK operators and International Passenger Survey (IPS) results for passenger fares. For freight services on UK imports, flag data are used to allocate payments to countries.

Civil Aviation - Passenger revenue export and import estimates are derived from the country analysis of fares paid data from the International Passenger Survey. Other transactions with overseas airlines are allocated by nationality of airline. Receipts by UK airlines from overseas passengers are allocated to the country from which the tickets are purchased. Freight on imports are allocated to the countries of consignment of the imports.

Travel - The allocation of expenditure of overseas visitors to the UK is by country of residence. UK resident's expenditure abroad are allocated to the country in which most time was spent. Data are derived from the IPS.

Financial - Individual country data are available from Lloyd's of London, the Bank of England, Lloyd's Register of Shipping and the OTIS inquiry. Proxy series are used for insurance underwriting companies.

For royalties, engineering, computing, communications, advertising and market research and R&D - a detailed country breakdown is available from the OTIS inquiry. A news release presenting the OTIS survey results was issued on 20 November 1997 (ONS(97)330) which includes more detailed product and country data. This is available from the ONS Press Office. A methodological guide on the improvements to the OTIS inquiry is available from Andrew Allen (01633 813133).

## Analysis

The tables indicate that for 1996, the USA is the single most important individual export market for all trade in service items shown, although the EU as a whole is larger for sea transport, civil aviation, travel, engineering, management consultancy, computing, and advertising and market research. Financial service and royalty exports are particularly dominated by the USA.

The dominance of the USA is less clear for imports of services. France is the major provider of sea transport services and Spain the major provider of travel services.

The UK has a surplus in royalty transactions with all countries listed other than the USA and Japan. For computing services, the UK shows a surplus with all listed countries. The UK has a deficit for Sea Transport services with Germany, but a surplus for all other listed component series.

## 1996 Geographical breakdown of imports and exports of UK trade in services by component

All figures in millions of pounds sterling

CREDITS											
Country	Sea transport	Civil aviation	Travel	Financial services (net) <sup>1</sup>	Royalties	Engineering services	Management consultancy	Computing services	Communication services	Advertising & market research	Research & development
<b>EU TOTAL</b>	<b>1959</b>	<b>2426</b>	<b>4825</b>	<b>1550</b>	<b>1025</b>	<b>685</b>	<b>263</b>	<b>518</b>	<b>176</b>	<b>390</b>	<b>388</b>
GERMANY	337	499	998	348	290	263	48	107	36	115	138
FRANCE	513	315	664	250	150	61	32	96	25	65	41
NETHERLANDS	311	219	371	144	165	79	50	75	26	62	23
ITALY	58	162	454	248	54	43	20	16	15	17	25
IRELAND	121	343	753	50	156	48	10	58	19	30	41
BELGIUM & LUXEMBOURG	305	273	259	129	70	47	38	78	10	34	49
SPAIN	50	172	432	96	52	26	10	19	18	8	6
SWITZERLAND	3	209	316	625	168	11	30	29	11	50	100
USA	800	1478	1897	2200	1437	440	163	204	210	146	494
CANADA	19	150	290	160	45	11	6	6	15	3	30
JAPAN	280	348	426	449	192	26	10	8	12	28	132
HONG KONG	99	..	197	105	29	88	8	6	6	10	..
AUSTRALIA	234	..	482	165	69	33	11	19	36	6	4
DEBITS											
Country	Sea transport	Civil aviation	Travel		Royalties	Engineering services	Management consultancy	Computing services	Communication services	Advertising & market research	Research & development
<b>EU TOTAL</b>	<b>2728</b>	<b>2103</b>	<b>8598</b>		<b>730</b>	<b>209</b>	<b>140</b>	<b>174</b>	<b>317</b>	<b>238</b>	<b>240</b>
GERMANY	666	368	557		163	93	34	21	49	53	30
FRANCE	711	329	1987		117	39	30	22	60	61	40
NETHERLANDS	458	212	352		123	19	19	26	27	16	66
ITALY	49	163	730		14	8	7	4	24	39	10
IRELAND	113	58	611		48	..	13	23	44	14	..
BELGIUM & LUXEMBOURG	181	209	261		44	17	22	51	19	..	65
SPAIN	37	351	2649		10	2	2	5	23	10	5
SWITZERLAND	5	128	210		147	40	6	4	16	23	..
USA	549	1528	2373		2095	161	83	86	190	124	333
CANADA	13	229	327		9	6	3	1	11	3	..
JAPAN	234	286	103		230	13	2	0	16	9	12
HONG KONG	144	..	160		3	49	2	..	9	5	..
AUSTRALIA	100	..	416		9	18	2	6	38	4	2
BALANCE											
Country	Sea transport	Civil aviation	Travel	Financial services (net) <sup>1</sup>	Royalties	Engineering services	Management consultancy	Computing services	Communication services	Advertising & market research	Research & development
<b>EU TOTAL</b>	<b>-769</b>	<b>323</b>	<b>-3773</b>	<b>1550</b>	<b>295</b>	<b>476</b>	<b>123</b>	<b>344</b>	<b>-141</b>	<b>152</b>	<b>148</b>
GERMANY	-329	131	441	348	127	170	14	86	-13	62	108
FRANCE	-198	-14	-1323	250	33	22	2	74	-35	4	1
NETHERLANDS	-147	7	19	144	42	60	31	49	-1	46	-43
ITALY	9	-1	-276	248	40	35	13	12	-9	-22	15
IRELAND	8	285	142	50	108	..	-3	35	-25	16	..
BELGIUM & LUXEMBOURG	124	64	-2	129	26	30	16	27	9	..	-16
SPAIN	13	-179	-2217	96	42	24	8	14	-5	-2	1
SWITZERLAND	-2	81	106	625	21	-29	24	25	-5	27	..
USA	251	-50	-476	2200	-658	279	80	118	20	22	161
CANADA	6	-79	-37	160	36	5	3	5	4	0	..
JAPAN	46	62	323	449	-38	13	8	8	-4	19	120
HONG KONG	-45	..	37	105	26	39	6	..	-3	5	..
AUSTRALIA	134	..	66	165	60	15	9	13	-2	2	2

<sup>1</sup> Service earnings are recorded net of their overseas expenses.

.. indicates that data might be disclosive and have therefore been omitted.

# International comparisons of productivity and wages

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## Introduction

*"There is a general consensus between business, trade unions and employers on the need to improve productivity as the key to reducing costs, increasing profitability, and being able to reward their workers better".<sup>1</sup>*

The best measure of labour productivity is output per hour worked. However, there are no officially published series on hours worked that are suitable for international comparisons of productivity levels. This article presents the results of on-going DTI research measuring whole economy productivity in the UK and in our major competitors over time.

It considers the implications of the results for three separate issues. Is the UK's workforce catching up with best practice in terms of labour productivity? How far can the UK's improved comparative growth performance during the 1980s be explained by relatively faster productivity growth? What can explain the apparent paradox of the take home pay of production workers in the UK being higher than in our European partners despite the UK's continuing productivity shortfall and our low level of hourly labour costs?

## Methodology

### Average Hours per Person in Employment

The aim of this research was to compare how effectively the UK utilises its total labour input relative to our competitors. For this a measure of all hours **actually worked** in the economy is required. There are two types of data on hours worked available, establishment survey data, and household survey (census) data. Establishment data is regarded as more accurate, but only covers hours **paid** to employees. To get a measure of total hours for all people in employment that adjusts for unpaid hours or hours for which pay was received but were not actually worked, household data is required.

The annual European Labour Force Survey (ELFS) was the starting point for calculating hours worked in EU countries. This household survey covers the whole of the EU and is overseen by Eurostat. It is undertaken to certain rules and common standards across the countries it covers. The main problem with the ELFS is that it is conducted in the Spring of each year. Adjustments are therefore necessary to allow for the seasonality of time off. The

basic methodology used here was to take the ELFS measure of "usual hours worked" per person in employment and adjust for time off due to sickness, training, industrial disputes, and all other non-holiday reasons for time-off. The figures are then adjusted using further information available from Eurostat on the amount of holiday taken by employees, and for apparent seasonality in non-holiday reasons for time off<sup>2</sup>.

Outside Europe data reported in the OECD Employment Outlook were used. For all three non-European countries looked at here (US, Canada and Japan) the Employment Outlook numbers incorporate data from national sources which utilise both household and establishment survey data. Although use of establishment data may reduce the comparability of these numbers to the European ones (particularly in the case of Japan whose hours numbers are likely to be biased downwards), the Employment Outlook numbers for these countries were felt to be the most accurate and reliable available. Furthermore, when the Employment Outlook data were compared against purely household data for the US, the numbers were very similar.

## Employment

Total employment numbers are more readily available. For these data, the OECD Labour Force Survey (LFS) was used. This source was used in preference to the ELFS results for Europe and the UK because the ELFS only includes information on the Spring quarter. Both the ELFS and the OECD employment numbers include full- and part-time employees, the self-employed, the military and unpaid family workers.

## GDP per Hour

Multiplying the average hours per person estimate by the total employment number gave an estimate of total hours worked in the economy. The latest OECD estimates of GDP (measured in current US dollars at current purchasing power parities (PPPs)) were then divided by total hours to arrive at an estimate of GDP per hour.

The ELFS started in 1992. To arrive at a longer time series, an index was constructed by multiplying Employment Outlook "average hours per person in employment" numbers<sup>3</sup> by the LFS

<sup>1</sup> "A Benchmark for Business", Department of Trade and Industry, 1997.

<sup>2</sup> We use the UK LFS for the UK numbers, primarily because they incorporate better information on holidays.

measure of total employment; and then dividing OECD estimates of GDP (current US dollars at current PPPs) by the total. This index was then used to extrapolate back the estimates of GDP per hour<sup>4</sup>.

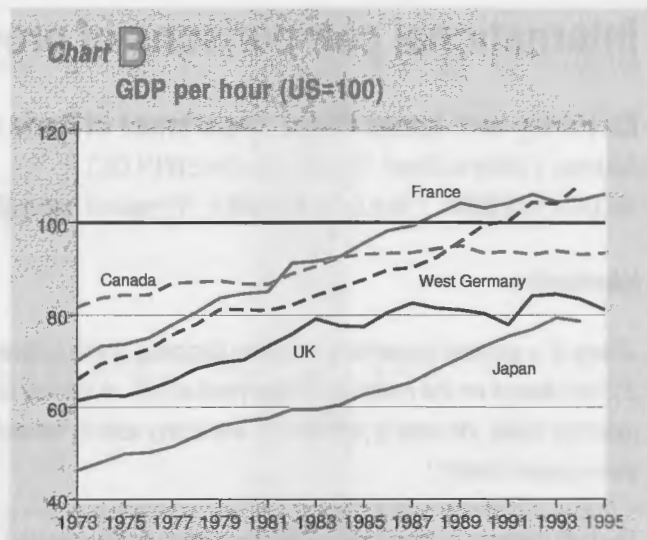
### Is the UK catching-up with best practice?

Although there is considerable controversy over the likely speed of the process, most economists expect productivity levels to converge amongst the industrialised countries in the long run. This is because technology is seen as the main driver of productivity growth, and technology is assumed to diffuse from the leader to the followers. Looking at productivity in terms of output per worker shows the US to be the leader. OECD data suggests some catch-up is occurring for most countries (**Chart A**<sup>5</sup>), but only slowly.



However, focusing on output per worker can be misleading since it does not account for changes in the structure of jobs between full- and part-time, changing trends in the length of the working week, and holidays.

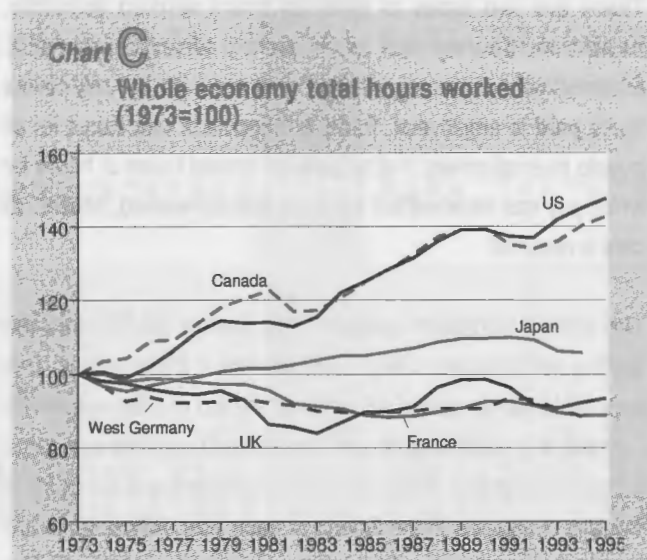
**Chart B** presents the results on output per hour. These show more rapid catch-up but within an otherwise similar pattern. The UK is closing the gap with the US, and although the Japanese are catching up with us, they have not overtaken us on this measure since they work longer hours. As for output per worker, we are consistently behind and losing ground to the French and the Germans. However, in this case France and Germany are now assuming the role of productivity leaders.



One implication for policy is that we should increasingly be looking to France and Germany for "best practice" on how to utilise labour that is **in work**. The US is no longer the productivity leader as commonly assumed. Clearly, though, there may be a "batting average" effect and/or diminishing marginal returns in operation here, since France and Germany's performance in generating employment has been comparatively poor.

### Can the UK's improved comparative growth performance during the 1980s be explained by relatively faster productivity growth?

The 1980s saw some improvement in the UK's comparative growth performance as other countries slowed down and we slightly picked up. Chart B shows no real improvement in the UK's comparative productivity performance during that decade. However, **Chart C** plots an index of total hours worked in the whole economy drawn from our calculations which shows the UK series reversing its downward trend from the early 1980s. Meanwhile, total hours worked continued to decline in France and Germany.

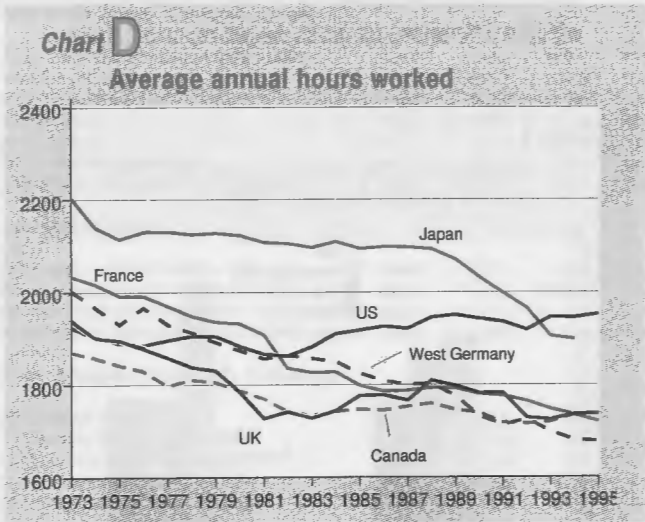


<sup>3</sup> The Employment Outlook describes its hours numbers as suitable for comparisons of growth rates if not levels.

<sup>4</sup> The 1993 ELFS was used as the first benchmark year because of initial problems with the Survey, particularly in France.

<sup>5</sup> Germany refers to West Germany throughout.

This relative recovery in total hours worked in the UK was not just about improved participation. **Chart D** shows how average annual hours worked have moved over time. Again, in the early eighties the trend changed in the UK. Average annual hours worked started to increase, and although they have fallen back from their 1988 peak, they are now higher relative to France and Germany than they were in the seventies and early eighties.

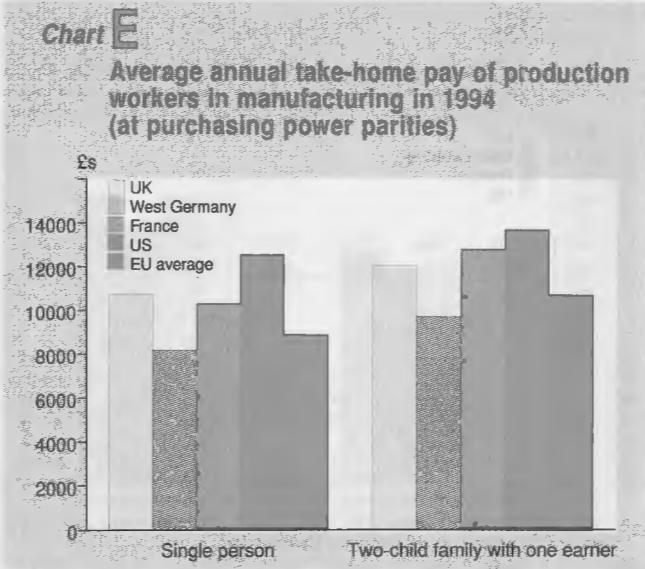


The results reported here imply that the UK's stronger comparative growth performance was primarily due to increasing input from labour rather than the more effective use of that labour. It was more to do with activity than productivity.

### How can the UK simultaneously have high take-home pay and low labour costs?

The total hours data was also used to derive estimates of take-home pay and labour costs. There are no comprehensive international comparisons of the level of overall wages, although there are some comparisons of wage costs and wage levels for particular types of worker which have often been quoted. These data show the apparently paradoxical results that UK production workers simultaneously enjoy high take-home pay by European standards while their employers face relatively low labour costs. Moreover, the results of the research reported here show their productivity to be comparatively low.

On take home pay, the OECD (1995) gives an international comparison of the annual wages received and taxes paid by the so called "average production worker" (APW) in manufacturing. These figures do not adjust for hours worked. *Labour Market Trends* (October 1996) included an article which used these OECD figures as the basis for calculations comparing take home pay in OECD countries, expressed at purchasing power parities. They showed that average production workers in the UK received a higher level of take home pay than in most other European countries (**Chart E**).



The US Bureau of Labor Statistics produces a comparison of the hourly labour costs (including both direct wage costs and additional non-wage costs such as social security contributions, holiday pay etc.) paid by employers, again for production workers in manufacturing industry, expressed at market exchange rates. They show the UK to have a very low level of hourly labour costs, in part because of our very low level of employers' social security contributions. They also show Germany to be facing surprisingly high labour costs (**Chart F**).

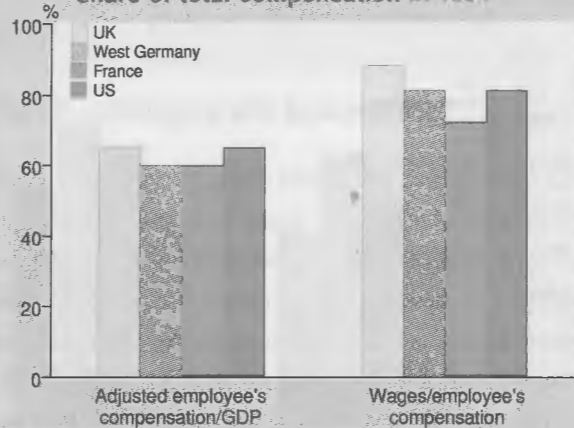


These results were checked against whole economy data available from Eurostat and the OECD National Accounts. This data suggests that in large part the combination of high take-home pay and low labour costs can be explained by non-wage labour costs in the UK being much lower than in France or Germany. Meanwhile, high take-home pay can be reconciled with low productivity by the fact employees' compensation share of GDP in the UK is higher than in Germany or France, while being approximately in line with the US (the compensation share in UK manufacturing is also high by international standards). (**Chart G**)<sup>6</sup>



Chart G

Adjusted labour share of GDP and wage share of total compensation in 1994



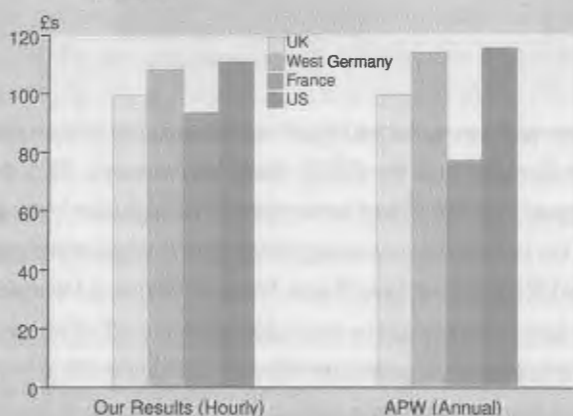
Source: Calculations from OECD and Eurostat data

However, the whole economy numbers also show that the picture of take-home pay and labour costs for the whole economy is rather different from that in manufacturing:

- Hourly wages for the whole economy differ less across countries (Chart H). The estimate of the UK's level of average gross hourly wages comes out to be about 5 per cent higher than in France (where wages are depressed by the high level of non-wage labour costs) rather than much higher as indicated by the APW figures. The gap with Germany and the US in our figures narrows from around 15 per cent to around 10 per cent. These results are for **gross** wages. Employees' taxes and social security contributions as a share of earnings seem to be about the same in the UK, US and France and significantly higher in Germany, for the average production worker at least. These results for gross wages may therefore understate the comparative level of take-home pay vis-à-vis Germany. To be sure about take-home pay, more

Chart H

Average gross wages in 1994 (at PPPs) UK=100

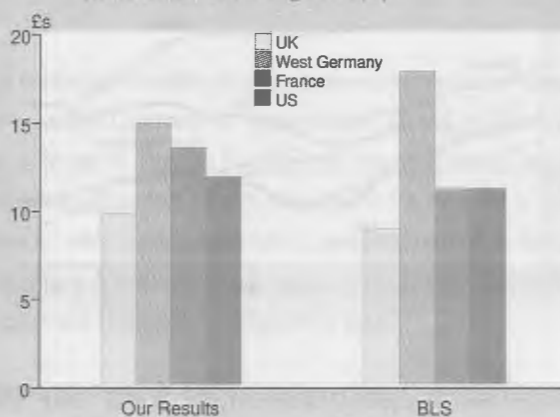


work would be required to compare how progressive the various tax systems are.

- Our estimates of whole economy labour costs indicate that the UK's cost advantage is greater vis-à-vis France, but less vis-à-vis Germany and the US than indicated by the BLS figures (Chart I). These differences between the whole economy and manufacturing for labour costs are consistent with the differences for gross wages reported above.

Chart I

Average hourly labour costs in 1994 (at market exchange rates)



Although a number of assumptions have had to be made in deriving these results<sup>7</sup>, they do indicate that the oft quoted figures on labour costs and earnings of manual workers in manufacturing, who now account for little over 10 per cent of the labour force, may give a misleading impression of the UK's relative position.

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<sup>6</sup> An adjustment for self-employment is included in the labour share of GDP to allow for the fact that GDP per hour worked is calculated on the basis of total hours worked including the self-employed, while wages per hour worked just include the hours worked of employees. Interpreting this economically, this is equivalent to assuming that the self-employed's hourly income is composed of a "wage" component equal to the average hourly wage with the rest assumed to be a "profit" component.

<sup>7</sup> For example, the national accounts estimates of employees' compensation may not cover all payments to labour and the average labour cost across the whole economy may not be representative of the traded sector.