national statistics

Economic Trends

No. 561
August 2000

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Contents

In Brief

Articles

This month we feature three articles.

Richard Walton of National Statistics analyses the results of the 'Profitability of UK Companies' First Release. This measured the profitability of the corporate sector in the UK using rates of return on capital employed, including a quarterly measure for the first time. In addition, the article analyses the financial position of non-financial companies in 1999 and in the first quarter of 2000 *(page 45)*.

Jane Morgan of National Statistics gives an account of expenditure on Research and Development statistics up to and including 1998. These statistics are consistent with the OECD's Frascati Manual that defines Research and Experimental Development. Performers and funders of Research and Development are divided into four economic sectors, which are defined: Government, Business, Higher Education Institutions and the Private Non-Profit sector *(page 61)*.

Dave Vincent of National Statistics presents provisional estimates of regional gross domestic product (GDP) at basic prices and regional individual consumption expenditure (ICE). There have been significant conceptual and methodological changes since regional GDP estimates were last published, and thus these estimates cannot be directly compared with previously published figures. Figures for years back to 1989 have been recalculated using the revised methodology, and the effects are discussed in the section on revisions *(page 87)*.

Recent economic publications

Annual

UK Balance of Payments 2000 (Pink Book). The Stationery Office, ISBN 0 11 621277 2. Price £39.50.
UK Input-Output Supply and Use Tables 1998. The Stationery Office, ISBN 0 11 621375 2. Price £39.50.
UK National Accounts 2000 (Blue Book). The Stationery Office, ISBN 0 11 621276 4. Price £39.50.

Quarterly

Consumer Trends: 2000 quarter 1. The Stationery Office, ISBN 0 11 621316 7. Price £45.
UK Economic Accounts: 2000 quarter 1. The Stationery Office, ISBN 0 11 621274 8. Price £26.
UK Trade in Goods Analysed in Terms of Industries (MQ10): 2000 quarter 1. The Stationery Office, ISBN 0 11 538056 6. Price £75 p.a.

Monthly

Consumer Price Indices (MM23): April 2000. The Stationery Office, ISBN 0 11 538010 8. Price £185 p.a.
Financial Statistics: July 2000. The Stationery Office, ISBN 0 11 621190 3. Price £23.50.
Monthly Review of External Trade Statistics (MM24): April 2000. The Stationery Office, ISBN 0 11 538019 1. Price £185 p.a.

All of these publications are available from The Stationery Office, telephone 0870 600 5522, fax 0870 600 5533, e-mail bookorders@theso.co.uk or The Stationery Office bookshops; details on the inside back cover.

Economic Update - August 2000

by Geoff Tily, Macro-Economic Assessment - Office for National Statistics

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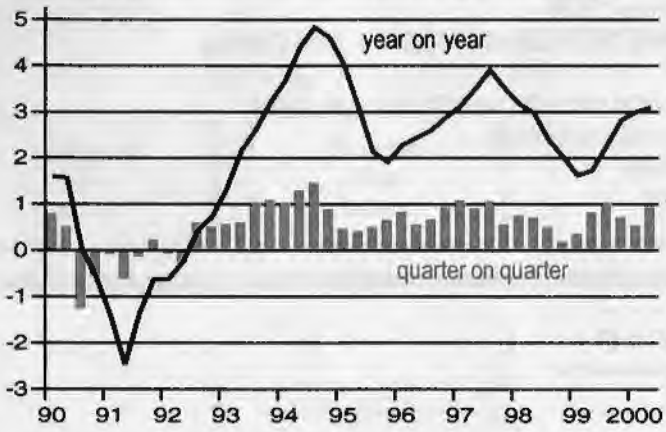
Overview

In the second quarter of 2000 GDP showed stronger growth than in the first quarter. This pick-up was due to a return to growth in the manufacturing sector and services growth driven by very strong business services output. External information saw increased growth in the service sector, but ongoing decreasing optimism in the manufacturing sector. The demand picture is mixed. On one hand household demand appears to have slowed with low consumption in the first quarter and lower retail sales in the second; investment demand also remains subdued. On the other hand demand for imports is very strong and external demand from non-EU economies is very strong although EU demand is more modest. Labour market information continues to show improvements to both employment and unemployment, in the latest period the improvement is at an accelerating rate. Contrasting with this is a slowdown in headline average earnings. A small increase in retail inflation was due largely to petrol increases; at the factory gate price increases are seen primarily in input prices with only a modest impact on output prices.

GDP Activity

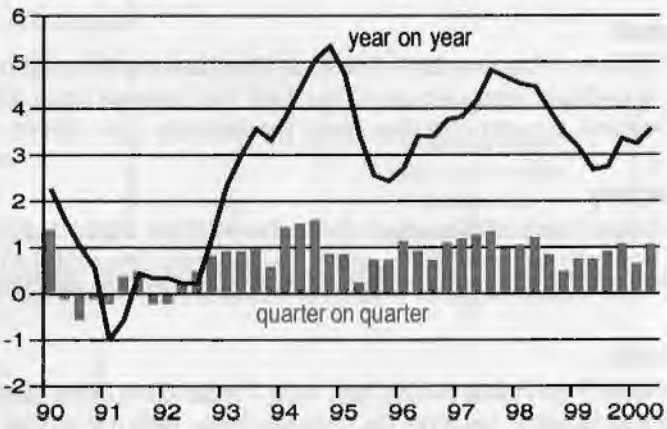
The provisional estimate of GDP for the second quarter of year 2000 showed a strong pick up in growth to 0.9 per cent, following the slowdown over the previous two quarters which saw growth of 0.5 per cent in quarter one (chart 1). Annual growth increased to 3.1 per cent compared with 3.0 per cent. The pick up in growth came from two sources, stronger growth in the service sector and a recovery in the manufacturing sector following the decline seen in the first quarter.

Chart 1
GDP
seasonally adjusted percentage changes, quarters



The service sector was estimated to have grown by 1.0 per cent into the second quarter, following a lower figure of 0.7 per cent in the first quarter (chart 2). The increase was driven by particularly strong growth in business services, such as legal activities, accountancy and market research as well as the computer service industry. On the other hand the only dis-aggregated service industry published at this stage, "distribution, hotels and catering; repairs" saw a decline in quarterly growth to 0.3 per cent in the second quarter from 1.0 per cent in quarter

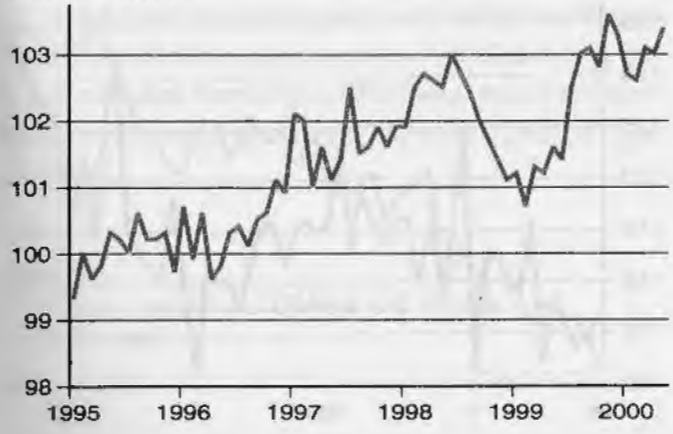
Chart 2
Services output
seasonally adjusted, percentage changes, quarters



one, although the series is quite volatile and thus should not be over-emphasised.

The index of manufacturing output has seen a recovery in the latest three months following a decline into the start of 2000 (chart 3 shows index numbers). In the three months to May manufacturing output grew by 0.3 per cent compared with the previous three months; and this figure is a substantial improvement from the decline of 0.5 per cent in the first quarter. By industry the quarterly growth is almost entirely driven by 1.0 per cent growth in the engineering and allied industries, and within this large sector by a rise in electrical and optical equipment such as mobile phones, electronic components and computer manufacturing. Other industries show flatter or negative growth in the latest three months, with chemicals declining by 0.8 per cent, textiles leather and clothing declining by 0.5 per cent but other manufacturing growing by 0.4 per cent. Also boosting the first month estimate of GDP growth is particularly strong figures for the energy industries in the second quarter. In the three months to May compared with the previous three months, mining and quarrying grew by 3.4 per cent and oil and gas extraction by 3.8 per

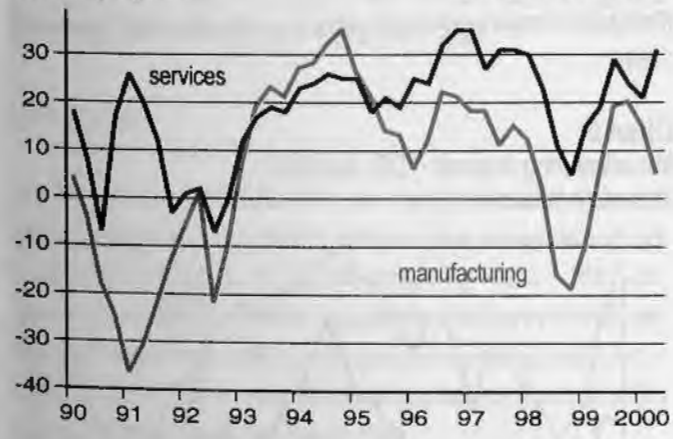
Chart 3
Manufacturing output
seasonally adjusted 1995=100



cent. These strong increases were partly attributed to the unseasonally low temperatures in this quarter.

ONS service data shows a similar pattern to external figures in 2000, but official manufacturing data appears to have recorded both a sharper slowdown in the first quarter and then more of a recovery into the second quarter. The British Chambers of Commerce data for the service industry showed a pick up in output orders following a slowdown in growth in the first quarter, but a slowing of manufacturing growth for the second consecutive quarter (chart 4). The latest quarterly CBI survey for the manufacturing industry shows quite a sharp fall in the volume of output into July. This is echoed by declining overall business optimism, which reached a negative balance of -10 in July 2000.

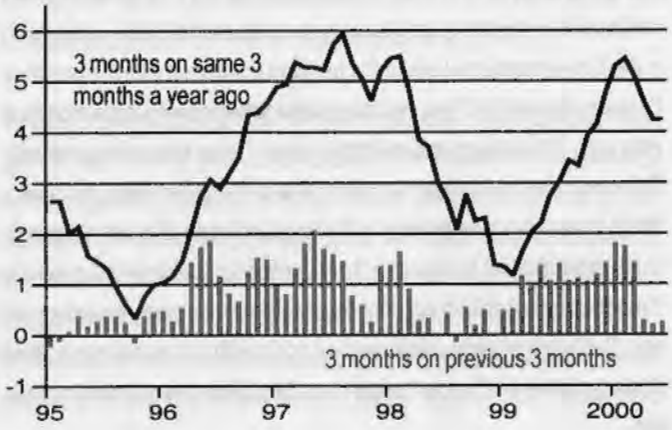
Chart 4
BCC Manufacturing and services orders
seasonally adjusted balance, last 3 months



Domestic demand

Figures so far in the year 2000 show an apparent slowdown in domestic demand. National Accounts household final consumption data shows growth of 0.6 per cent into the first quarter, compared to growth of 1.5 per cent in quarter four of 1999; with the slowdown particularly driven by a slowdown in the consumption of services, where growth was only 0.1 per cent. While retail sales data were more buoyant in the first quarter, with a particularly strong January, data for the second quarter shows a substantial slowdown, with quarterly growth of 0.3 per cent compared with 1.4 per cent in the first quarter (chart 5 has monthly figures). This quarterly figure however remains distorted by a very high January and it is also worth noting that the data for June was quite strong. The growth in retail sales for the second quarter was particularly driven by strong growth in sales from household goods stores, perhaps echoing the housing boom.

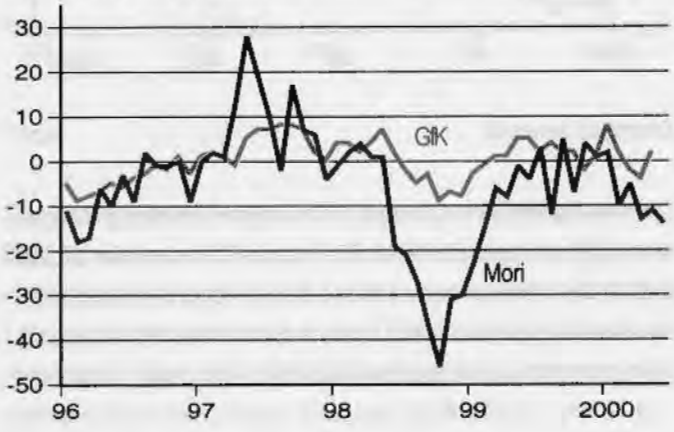
Chart 5
Retail sales
volume months, percentage changes



Recent data for consumer confidence continues to support some slowdown in domestic demand. Chart 6 shows that MORI data has seen a clear decline since the start of 2000, with GfK more volatile recently, but overall below the recent peak of optimism in the first half of 1999.

National accounts data now shows overall investment falling modestly, by 1.1 per cent into the first quarter of 2000. While the movements for a

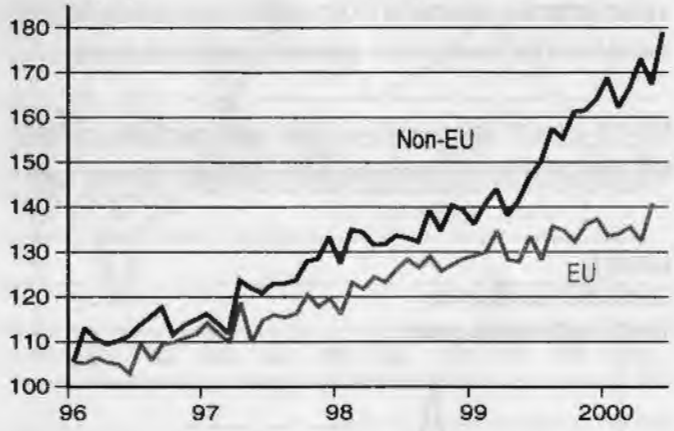
Chart 6
Consumer confidence
months, percentage balance



single quarter should not be given undue emphasis, the trend in investment growth has clearly been one of a slowdown since the peak growth of 13.4 per cent in the first quarter of 1998. Growth in the year to quarter one 2000 is now estimated at 1.7 per cent. This slowdown in investment may be partly driven by the slowdown in profits growth. The profits of private non-financial corporations showed no growth comparing 1999 with 1998. Since 1997 profits of these companies have grown by about £5 billion, while investment has grown by a far more substantial £21 billion. The net effect of these movements is a build-up in corporate net borrowing, which is now seen to have reached £17 billion in 1999.

Finally on domestic demand, UK demand for overseas goods remains robust, with the latest months data showing particularly strong increases. Chart 7 shows index numbers excluding oil and erratics of recent monthly movements to both EU and non-EU countries. Non-EU data is seen to continue the very strong growth seen since the start of 1999, with growth in the three months to June of 2.4 per cent compared with the previous three months and 19.7 per cent compared with the same three months a year ago. The index number data on chart 7 also shows imports from EU economies much flatter on each side of the millennium, but a very sharp increase in May, leading to the latest estimate of quarterly growth in the three months to May at 0.9 per cent compared with the previous three months but still 4.6 per cent compared with the same period a year ago. Such movements continue to sit oddly with the recent strength of sterling against the Euro although May data taken in isolation is more in line.

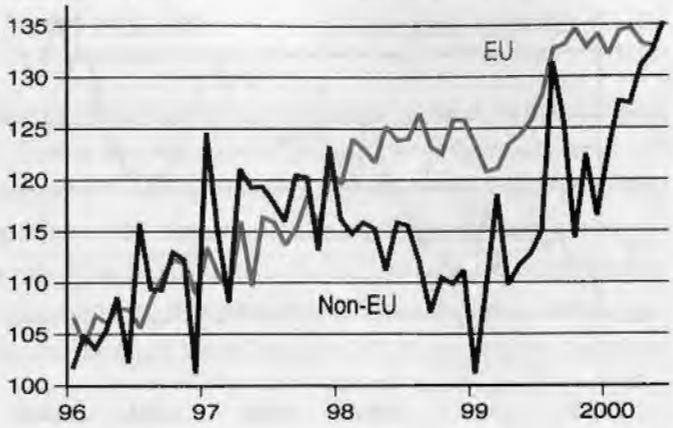
Chart 7
Imports from EU and non-EU
seasonally adjusted months, excluding oil and erratics



Overseas demand

Overseas demand for UK products continues to remain strong, but again sees a different picture between EU and non-EU economies. Chart 8 again shows index numbers excluding oil and erratics of recent monthly movements in exports to both EU and non-EU countries. Non-EU exports have grown at a frantic pace so far in 2000, with growth in the three

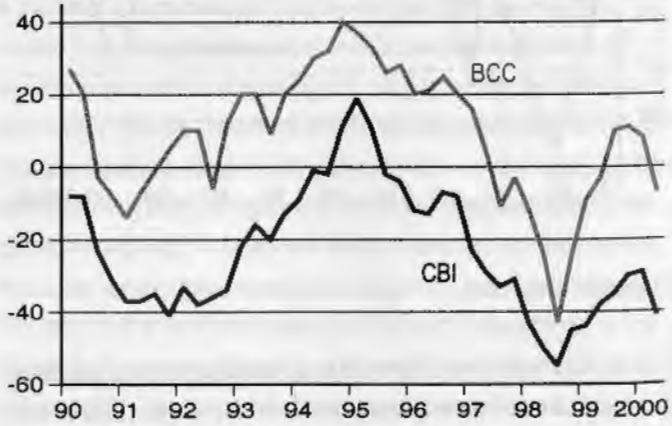
Chart 8
Exports to EU and non-EU
seasonally adjusted months, excluding oil and erratics



months to June of 5.6 per cent compared with the previous three months and 19.3 per cent compared with the same period a year ago. In value terms about 50 per cent of the growth over the year is due to exports to North America. On the other hand exports to EU economies have been largely flat since the second half of 1999, with no growth in the three months to May comparing with the previous three months but 8.7 per cent comparing with the same period a year ago. Exports to the EU thus appeared to react to the growth seen in the EU economies in the first half of 1999, but have steadied more recently, perhaps partly reflecting the strength of sterling.

External indices tend to show a more pessimistic picture of export expectations, compared with the ONS outturn data. Chart 9 shows that BCC data on manufacturing export orders has showed a downturn over the last two quarters. Similarly CBI data on export order books fell sharply into the second quarter following six quarters of improvement. The balance is now at its lowest level since the second quarter of 1999. (Both series remain substantially below the peaks recorded at the start of 1995).

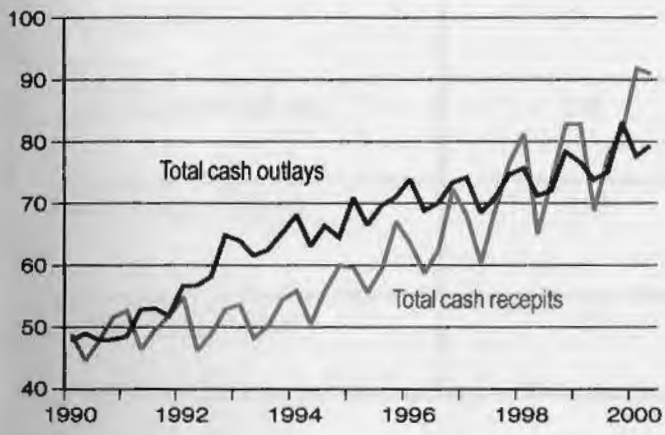
Chart 9
Manufacturing exports - CBI and BCC
percentage balance



Monetary indicators and government finances

Increases in broad money (M4) growth since the start of the year remain evident, with June data showing annual growth of 6.0 per cent, up from 5.3 per cent in May. Narrow money (M0) however showed the second slowdown in the annual rate in a row, to 7.6 per cent in June from 7.8 per cent in May.

Chart 10
Central government cash outlays and receipts
billions, quarters



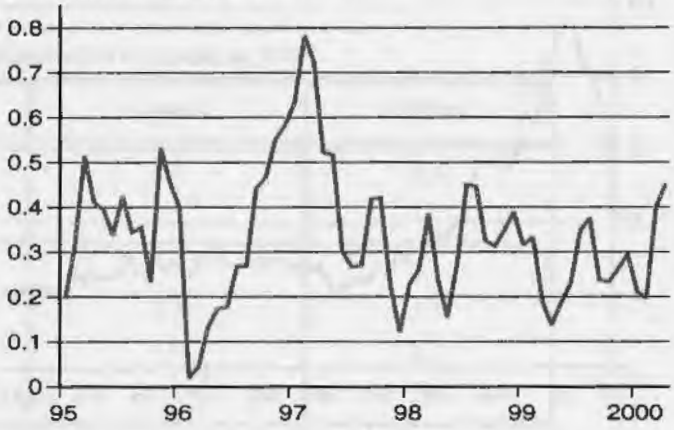
Public sector net borrowing for the financial year 1999-2000 came in considerably lower than in 1998-99. Borrowing data for 2000-01 is so far largely in line with the profile in 1999-2000, with net borrowing of £4.4 billion in April-June 2000, compared with £4.2 billion in the same period of the previous year. Chart 10 contrasts quarterly cash receipts and outlays data, the rise in receipts seen in the first quarter has levelled off into quarter two, whilst outlays have risen, following a fall in the previous quarter. The chart makes clear however the more general move from deficit to surplus over the past two years.

Labour Market

The latest labour market dataset shows ongoing improvements to both unemployment and employment. Labour force survey data shows employment increasing by 126,000 comparing March – May with December – February, and ILO unemployment falling by 47,000 over the same period. The unemployment rate correspondingly improved to 5.6 per cent from 5.8 per cent, with the latest rate the lowest since the data was first recorded in this form in 1992.

Growth in the employment series between March – May and December – February was strong at 0.5 per cent, up from 0.2 per cent between the previous two three monthly periods. Chart 11 shows that this measure of quarterly growth has appeared fairly erratic since the middle of 1997, but that growth rates have generally remained comfortably between 0.1

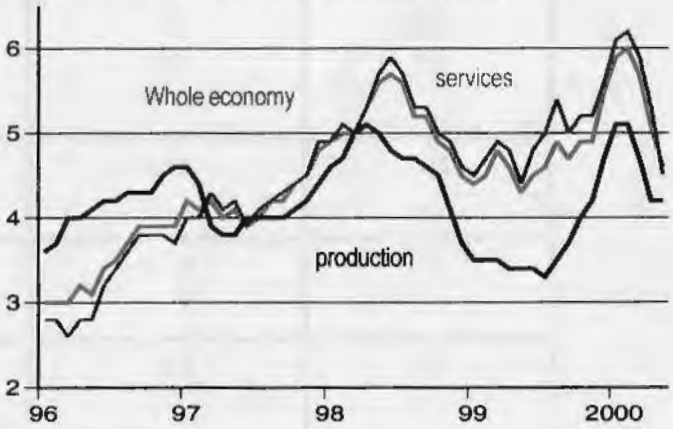
Chart 11
LFS Employment
quarterly percentage change, months



and 0.5 per cent. The last time growth was substantially above this range was between the end of 1996 and the start of 1997.

Despite the ongoing improvements in the labour market data earnings growth has recently been seen to slow. The headline rate of average earnings growth in May 2000 fell to 4.6 per cent compared with 5.1 per cent in the previous month , a way below the recent peak of 6.5 per cent in February 2000 (chart 12). Both the fall and the peak have been exaggerated by high bonus payments over the millennium period, nevertheless, over the few comparable months of data excluding bonus payments there is little evidence of any acceleration in growth to earnings.

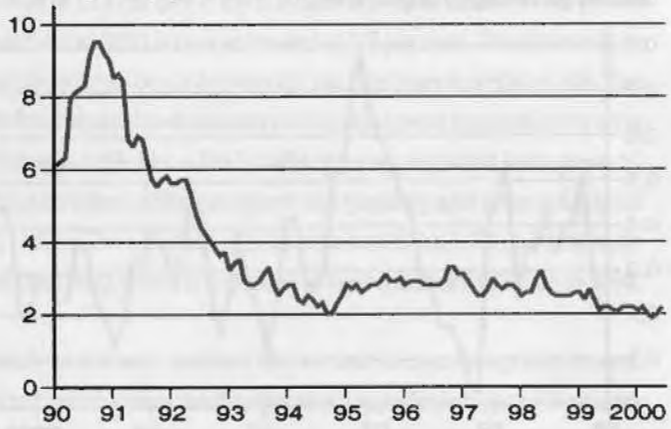
Chart 12
Average earnings index
headline rates, 3 months on same 3 months a year ago



Prices

The underlying rate of inflation, RPIX picked up to 2.2 per cent in June 2000 from 2.0 per cent in May. Overall RPIX figures have remained very stable between 1.9 and 2.2 per cent since May 1999 (chart 13). The modest upwards movement over the latest two months has been driven by increases to the price of petrol, some duty effects and by aspects of the housing market. By sector, goods inflation remains very

Chart 13
Retail price index
excluding mortgage interest payments annual percentage change



low at an annual rate of 0.7 per cent despite the aforementioned upwards movements, and while services inflation is higher at 3.5 per cent, it continues to show little sign of any acceleration.

Producer prices continue to show increases, predominantly under the influence of recent oil price rises, but also in other areas. Excluding food, beverages tobacco and petroleum, output prices rose by 1.0 per cent in the year to June 2000, and input prices by 5.0 per cent over the same period. Robust growth was seen in input prices for most imported goods, in particular metals and chemicals, where annual growths were 19.5 per cent and 7.9 per cent respectively. It remains notable that while output prices are seeing modest increases, producers are largely holding off from passing on these increases to in input prices.

Forecasts for the UK Economy

A comparison of independent forecasts, July 2000

The tables below are extracted from HM Treasury's "FORECASTS FOR THE UK ECONOMY" and summarise the average and range of independent forecasts for 2000 and 2001, updated monthly.

	Independent Forecasts for 2000		
	Average	Lowest	Highest
GDP growth (per cent)	2.9	2.3	3.3
Inflation rate (Q4: per cent)			
- RPI	3.1	2.3	4.1
- RPI excl MIPs	2.1	1.5	2.7
Unemployment (Q4: mn)	1.08	0.90	1.20
Current Account (£ bn)	-17.8	-27.0	-10.0
PSNB *(2000-01: £ bn)	-10.4	-21.0	-4.6

	Independent Forecasts for 2001		
	Average	Lowest	Highest
GDP growth (per cent)	2.6	1.8	3.2
Inflation rate (Q4: per cent)			
- RPI	2.4	1.6	3.3
- RPI excl MIPs	2.4	1.3	2.9
Unemployment (Q4: mn)	1.06	0.79	1.26
Current Account (£ bn)	-18.9	-37.0	-7.0
PSNB* (2001-02: £ bn)	-7.4	-20.9	3.0

NOTE: "FORECASTS FOR THE UK ECONOMY" gives more detailed forecasts, covering 27 variables and is published monthly by HM Treasury, available on annual subscription, price £75. Subscription enquiries should be addressed to Miss C T Coast-Smith, Public Enquiry Unit, HM Treasury, Room 110/2, Parliament Street, London SW1P 3AG (Tel: 020-7270 4558). It is also available at the Treasury's internet site: http://www.hm-treasury.gov.uk.

* PSNB: Public Sector Net Borrowing (Treasury forecast excluding windfall taxes and associated spending).

International Economic Indicators - August 2000

by Craig Richardson, Macro-Economic Assessment - Office for National Statistics

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Overview

Quarter one data from Eurostat shows that the EU15 economies have continued to grow strongly in the first quarter of 2000, growing by 0.8 per cent on the quarter. Germany's quarterly growth in the first quarter was 0.7 per cent, marginally below the EU15 average. Its growth was driven mainly by a strong export performance and strong government expenditure. Italian GDP growth was 1.0 per cent in quarter one, despite a high level of destocking. Spanish GDP growth appears to be feeding through to improvements in the labour market. Discussion of a slowdown in the US economy continues, especially with recent increases in the interest rates by the Federal Open Markets Committe, but this is not yet evident in the OECD dataset. Japan recorded strong quarterly growth of 2.4 per cent in quarter one, although this may be a result of their seasonal adjustment process. The Japanese labour market and indutrial production continue to show some promising signs, although consumer prices continue to deflate, despite the rise in oil prices.

EU 15

The EU economies continued their trend of increasing growth in the final quarter of 1999, resulting in growth of 2.3 per cent for 1999 as a whole. They expanded by 0.8 per cent in quarter four, down from 1.0 per cent in quarter three. The latest Eurostat data shows the EU15 growing by 0.8 per cent again in the first quarter of 2000, with annual growth at 3.3 per cent, up from 3.0 per cent in the previous quarter. Eurostat data also shows annual growth of private financial consumption growing by 2.6 per cent in quarter one, government final consumption by 1.2 per cent, down from 1.7 per cent in the previous quarter, and gross fixed capital formation growing by 4.5 per cent, again down from 4.8 per cent in quarter four. In value terms, exports decreased by 0.3 per cent in the first quarter of 2000, following a rise of 1.4 per cent in the fourth quarter. The value of imports rose by 0.4 per cent, the net effect being a marginal improvement in the trade balance.

Industrial production in the EU 15 economies grew by 0.6 per cent in the first quarter of 2000, down significantly from growth of 1.2 per cent in the fourth quarter of 1999. Annual growth was 4.2 per cent into quarter one 2000, up from 3.7 per cent in quarter four 1999. Monthly data shows that the series fell into January 2000, picked up strongly into February, and then fell back to monthly growth of 0.6 per cent in both March and April.

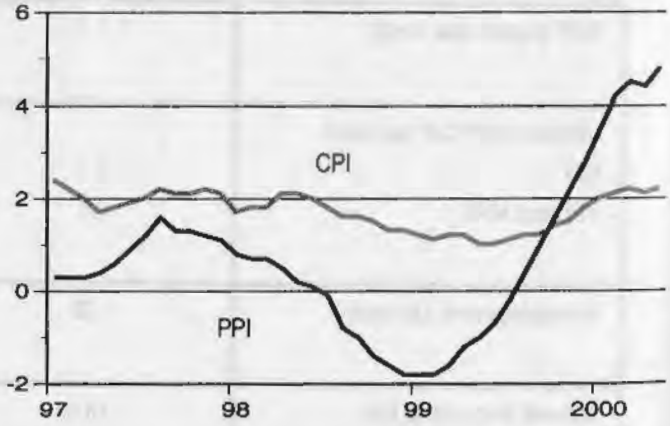
Retail sales grew by 4.0 per cent in the year to quarter four 1999, following growth of 2.4 per cent in quarter three. This reflects a rise in the index in October that was matched in December. Data for January and February shows that the annual rate remains at a relatively strong 3.7 per cent, although in terms of monthly growth rates the series was flat into February.

Annual growth in consumer prices was 2.2 per cent in May 2000, up by 0.1 percentage points on the previous month. The previous month had seen the first fall in the rate since May 1999. Annual inflation in the consumer fuel components was 9.2 per cent in May, up from 8.3 per cent in the previous month. Chart 1 shows consumer and producer price inflation. Annual food prices had been deflating until April 2000 when they rose by 0.2 per cent, annual growth in the year to May 2000 was 0.4 per cent. Annual producer prices also echo the changing oil markets, with inflation falling marginally in April to 4.4 per cent when oil prices fell, and rising to 4.8 per cent in May 2000 when oil prices resumed their rise.

Chart 1

EU 15 - Consumer and Producer price inflation

seasonally adjusted months, annual percentage changes



The EU 15 unemployment rate fell to 8.5 per cent in April 2000, and remained there in May. This is the lowest rate since September 1991. Overall, the unemployment rate for the first quarter of 2000 was 8.7 per cent. Annual growth in civilian employment was 1.5 per cent in the first quarter of 2000, down marginally from 1.6 per cent in the fourth quarter of 1999. However, quarterly growth shows that there was actually a 0.7 per cent fall in employment in the first quarter of the year. Annual earnings growth was 3.6 per cent for the second consecutive quarter, up from 2.7 per cent in the third quarter of 1999.

Germany

German economic growth was 0.7 per cent in the first quarter of 2000, making it a third successive quarter of strong growth following a rise of just 0.1 per cent in the second quarter of 1999. In quarter one a decline in the contribution of private final consumption was more than offset by strong growth in both government consumption and investment. The contributions of exports and imports both grew relatively strongly but cancelled each other out.

German industrial production grew by 1.2 per cent in the first quarter of 2000, up from 0.9 per cent in the final quarter of 1999. Looking at the latest monthly data, production declined in March 2000, but then rose in April. New manufacturing orders for both domestic and foreign markets both showed a rise into May 2000.

Following the drop in the contribution of private financial consumption, the annual growth in retail sales fell to -1.1 per cent in the first quarter of 2000, after growing by a subdued 0.9 per cent in the previous quarter (chart 2). The decline mainly reflects very weak sales figures for March, the latest data shows that they recovered into April 2000. Consumer confidence in May 2000 rose to its highest level since September 1990, although it then dipped again in June. Thus there is modest evidence of a slowdown in demand from this source.

Chart 2
German Private final expenditure and retail sales
seasonally adjusted quarters, annual percentage changes

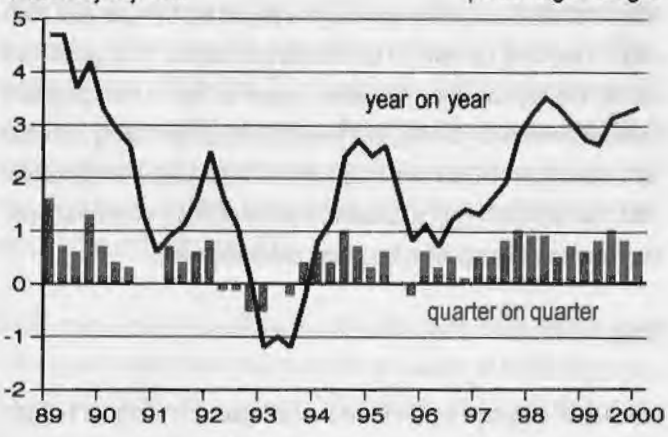
Annual consumer prices rose by 1.4 per cent in May 2000, down marginally from 1.5 per cent in April and from 1.9 per cent in March. Disaggregating the index shows that this is again mainly attributable to energy prices, which rose by 11.4 per cent in the year to May 2000, up significantly from 8.4 per cent in April, but still below the 17.8 per cent growth recorded in March. Annual deflation of food prices was 1.4 per cent in May 2000, following deflation of 1.6 per cent in April. Annual producer prices have followed a similar pattern to the consumer prices, except with more pronounced movements. Growth was 2.7 per cent in May 2000, following growth of 2.1 per cent in April and 2.4 per cent in March.

Annual earnings grew by 3.0 per cent in quarter four 1999, up from 2.7 per cent in the previous quarter. Although this is high in recent terms it remains low historically, in the early years of the decade the series was typically around the 6.0 per cent level. Employment rose by 0.4 per cent in the year to the first quarter of 2000, up from 0.2 per cent in quarter four. Growth still remains low compared to the rates recorded at the start of 1999. The unemployment rate remained virtually flat at 8.7 per cent for most of the latter half of 1999, but fell to 8.4 per cent in the first quarter of 2000. Data for May 2000 shows that the rate has remained at 8.4 per cent.

France

The French economy's run of robust growth that started in 1997 continued into the first quarter of 2000, with quarterly growth of 0.6 per cent, although this was down modestly from 0.8 per cent in the fourth quarter (chart 3). This slowdown was despite consistently strong quarterly growth in private consumption and investment. In the first quarter the growth of the contribution of imports slowed to match that of exports, the net effect being no overall contribution of trade to GDP. There is also some evidence of a destocking in the first quarter of 2000 which had a negative contribution to GDP; this follows a precautionary build-up of stocks in the fourth quarter of 1999 prior to the millennium change-over. The annual growth rate of GDP for the first quarter was 3.3 per cent, up from 3.2 per cent in the previous quarter.

Chart 3
France - GDP
seasonally adjusted percentage changes



French industrial production grew by 4.2 per cent in the year to first quarter of 2000, up from 4.0 per cent in the fourth quarter of 1999. Monthly data shows grew strongly in February and March, but then fell

by 0.2 per cent in April 2000. The fall was mainly concentrated in the manufacturing sector, with the biggest falls being in cars and consumer goods. Similarly, capital utilisation is seen to match industrial production with a slight rise into the first quarter. Order books also show strong levels of demand into June. According to the French statistics agency INSEE business leaders judged competition less intensive in the first half of 2000, due to the depreciation of the euro.

Annual retail sales growth was 2.1 per cent in the first quarter of 2000, following growth of 1.9 per cent in the previous quarter. The quarter-on-quarter growth in the first quarter of 2000 was 0.8 per cent, the same as in quarter four 1999. The monthly data shows that this growth stems from a strong rise in the index in February and March. The index then dipped in April 2000 but recovered into May. Consumer confidence rose into April, fall marginally into May and then rose again into June. April and June represent the highest level the balance has seen since the series was first collected in 1987.

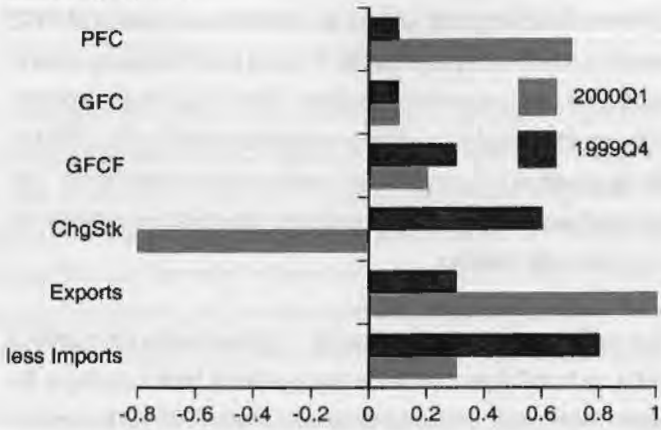
Annual consumer price inflation is proving to be rather volatile over recent months. Following a rise into March and a fall into April, the inflation rate rose by 0.2 percentage points into May 2000 to reach 1.5 per cent. The rate has been driven by volatile energy prices, (the French statistics agency, INSEE, attributed two-thirds of consumer price inflation (1.3 per cent) in 1999 to rising oil prices) as well as being effected by seasonal rises in the price of cherries and lower than expected falls in vegetables. The cut in the standard rate of VAT also contributes to the downward pressure. Annual producer prices rose by 0.3 percentage points to reach 4.8 per cent in May 2000, again, mainly driven by petroleum price inflation.

Annual earnings growth rose sharply to 5.2 per cent in the first quarter of 2000, up from 3.4 per cent in the fourth quarter of 1999. This could be the result of a strong millennium impact and bonuses rather than a tightening labour market. Employment growth in the year to the first quarter of 2000 was 2.5 per cent, up from 2.1 per cent in quarter four. This growth is a record, the highest since the series began in 1965. Unemployment continued to decline into May, with the standardised rate falling to 9.8 per cent, down from 10.0 per cent in April and 10.5 per cent at the start of the year. this represents ten successive months of falling unemployment. May also saw a sharp fall in long-term unemployment.

Italy

Italian GDP grew by 1.0 per cent in the first quarter of 2000, up from 0.6 per cent in the fourth quarter. Annual growth was 3.0 per cent, up from 2.2 per cent in quarter four. Quarter one saw strong contributions from private final consumption and exports as well as a significant amount of destocking. The negative contribution of imports in quarter one was

Chart 4
Italy - Contributions to quarterly GDP growth
seasonally adjusted



lower than in quarter four. Investment continues to contribute around 0.2 per cent to quarterly GDP growth (chart 4).

Industrial production had been showing promising signs, growing by 1.4 per cent in the fourth quarter of 1999 but then it fell to 0.5 per cent in the first quarter of 2000. Monthly data shows a strong rise in the index in February 2000 after a fall in January, but very low growth in March. The latest data also shows a decline in April. Capital utilisation improved significantly into the first quarter of 2000. Business sentiments for current and future order books both remain strong, although sentiments for future orders fell slightly into May.

No new retail sales data has been available since the end of 1998, however, one possible proxy is the value of retail sales from major outlets. The annual growth in retail sales from major outlets rose from no growth in February to 2.4 per cent in March and then 4.1 per cent in April. However, this series remains very volatile. Consumer confidence had been improving over the first four months of 2000 but fell sharply into May 2000, possibly reflecting the political situation.

Annual consumer price inflation had been creeping upwards for nine consecutive months, but fell into April. This was reversed in May and June as the inflation rate rose from 2.3 per cent in April to 2.5 per cent in May and then to 2.6 per cent in June 2000. Consumer price inflation for the second quarter of 2000 was 2.5 per cent. Annual producer prices inflation continues to rise steeply, up by 1.1 percentage points in May to reach 6.4 per cent. This compares to deflation of 1.8 per cent in producer prices in March 1999. It would appear that oil price rises are having a considerable effect on Italian producers, with the fall in prices in April also having some effect.

Annual Italian earnings data shows little evidence of inflationary pressure in the labour market, with a rise of only 1.8 per cent in the fourth quarter

of 1999, down from 2.3 per cent in the third quarter. Annual growth for December 1999 was 1.8 per cent, the same as November. Employment in the first quarter of 2000 fell by 1.2 per cent on the previous quarter, down from a fall of 0.1 per cent in the fourth quarter of 1999. However, the annual growth of employment was positive in the first quarter of 2000, at 1.2 per cent. Unemployment fell by 0.1 percentage points to 11.0 per cent in the first quarter of 2000, with the monthly data showing a downwards trend over the quarter and a further fall to 10.7 per cent in April.

Spain

Spanish GDP grew by 1.4 per cent on the quarter in the first quarter of 2000, up from 0.7 per cent in the previous quarter. Annually it grew by 4.2 per cent, much higher than the EU15 average. This strong performance was mainly driven by very strong growth in private final consumption, with moderate investment growth. Quarter one also saw a significant amount of destocking.

In line with domestic demand, Spanish industrial production also grew strongly in the first quarter, rising by 2.0 per cent, up from 0.6 per cent in quarter four. Capital utilisation rose into quarter four and remained at the same level in the first quarter of 2000.

Retail sales showed exceptional growth in the first quarter, with annual growth of 7.9 per cent, in line with the strong contribution of private consumption. However, consumer confidence appears to have peaked in March, it then slipped back in April and May.

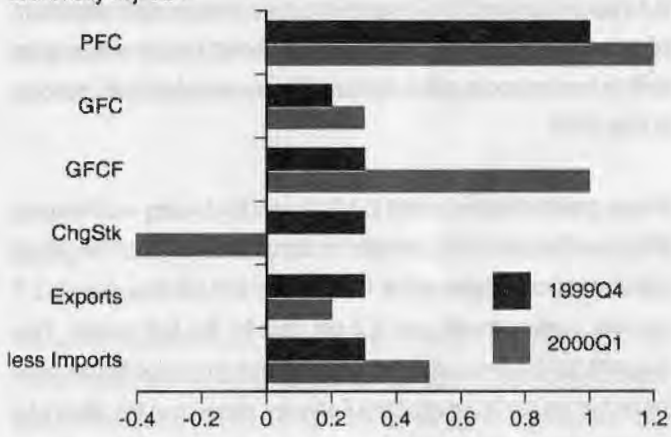
Annual growth of consumer prices was 2.9 per cent in the first quarter of 2000, up from 2.8 per cent in quarter four. This is above the EU15 average of 2.2 per cent, although fuel is responsible for a large amount of this rise. Disaggregating the index, fuel prices rose by 14.1 per cent in quarter one, up from 9.4 per cent in quarter four. Annual inflation of food prices was 1.6 per cent in quarter one, compared with 2.2 per cent in the previous quarter. Annual producer price inflation appears to be reacting strongly to rising oil prices, reaching 5.0 per cent in quarter one 2000, the series had been deflating by 1.5 per cent in quarter one 1999. Within this index, energy prices rose by 23.2 per cent in the first quarter, up from 13.5 per cent in quarter four 1999.

The Spanish unemployment rate is currently the highest of all the EU15 countries, standing at 14.9 per cent in quarter one. However, the rate has been on a a significant downwards trend, from a peak of 24.4 per cent in the fourth quarter 1994. Matching this trend, annual employment growth was 5.3 per cent in quarter one, up marginally from 5.2 per cent in quarter four. Lastly, despite these improvements in the labour market, Earnings growth appears to be moderating, down by 0.2 percentage points to reach 2.4 per cent in quarter one 2000.

USA

The US economy has grown vigorously since the start of 1992, and the latest figures indicate that this trend is continuing. GDP grew by 1.3 per cent in the first quarter of 2000, down from 1.8 per cent in the final quarter of 1999 (chart 5). The main contributors were the continuing strong growth in private consumption and investment. The growth in government expenditure was cancelled out by the destocking in the economy. The US trade balance continued to deteriorate substantially, with the growth in the contribution of exports falling into the first quarter, while imports continued to grow steadily. The strong economy continues to cause concern in the Federal Reserve, and they raised interest rates by 0.5 percentage points in May to reach 6.5 per cent.

Chart 5
USA - Contributions to quarterly GDP growth
seasonally adjusted



Industrial production grew by 1.6 per cent in the first quarter of 2000, up from 1.2 per cent where the series has been since the second quarter of 1999. Monthly data shows that this rise was driven by relatively strong January and March figures, with another strong rise in April 2000 and slightly lower growth in May. This is also reflected in the monthly capital utilisation figures, which showed a strong rise into January, and then a fallback into February and then two months of successive rises followed by a slight fallback in May. This contrasts with new manufacturing orders, which fell sharply into April 2000.

Retail sales volumes continue to grow at a frantic pace. Annual retail sales growth was 8.2 per cent in the fourth quarter of 1999, down from 9.0 per cent in the third quarter. This is despite two months of strong growth in November and December. As expected, monthly growth into January 2000 has fallen back, to 0.5 per cent, compared to 1.8 per cent in December. The latest monthly retail sales value data is currently being used to illustrate that the US economy is beginning to slow. Consumer confidence rose into the first quarter of 2000 but then fell marginally into

the second quarter. Monthly data shows that this is a consequence of weaker confidence in June. Business confidence is also beginning to indicate a gradual decline. Housing investment has also turned down since last Autumn. Analysts continue to worry about the effect of the high level of consumer credit on the economy, commercial bank loans grew by 10.3 per cent in the year to May 2000, up from 9.3 per cent in April. The boom in consumption and high credit growth have led to a negative overall savings position.

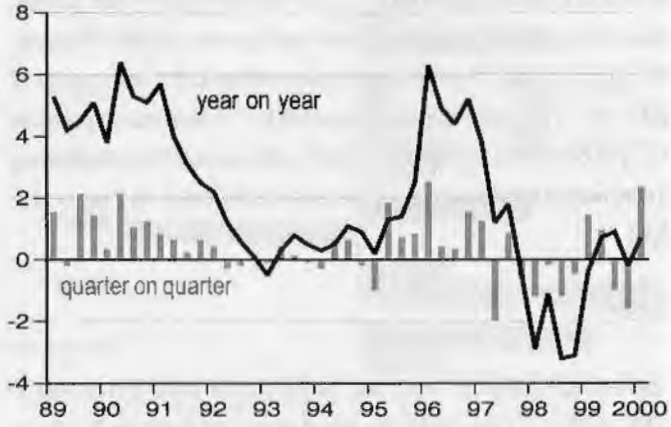
Despite the strong growth in the economy, annual consumer price inflation fell by 0.8 percentage points to 2.9 per cent in April 2000, and rose only marginally in May to reach 3.0 per cent. The previous fall had mainly reflected a rise in the index in April 1999 rather than recent movements. Within the index, the annual growth of fuel and electricity has been rising by 4.7 per cent for three months. May 2000 also saw durable goods inflation rising to zero growth, up from deflation of 0.3 per cent in the previous month. Food price inflation rose from 2.0 per cent in April to 2.3 per cent in May 2000. Annual producer price inflation remained constant at 3.9 per cent in May 2000, the small rise in the inflation rate for petroleum prices being cancelled out by falls across the board in other components, such as finished goods, which fell from 3.9 per cent in April to 3.7 per cent in May 2000.

Annual growth of earnings rose to 4.5 per cent for January and February 2000, then fell back to 3.6 per cent for March and April, the level where it spent much of the latter part of 1999. It fell further into May, down to 2.7 per cent. Annual growth was 4.3 per cent for the first quarter. This suggests that payments relating to the millennium may be the cause of the higher figures in January and February, rather than the effect of a tightening labour market. Annual employment growth fell sharply into May 2000, down 0.9 percentage points to 1.2 per cent. Corresponding to this, the unemployment rate rose slightly to 4.1 per cent in April, up from 3.9 per cent in April. April 2000 had represented the lowest unemployment rate seen since January 1970.

Japan

Following the contraction of GDP in the final quarter of 1999, the Japanese economy appeared to rebound strongly into the first quarter of 2000, with quarterly GDP growth of 2.4 per cent and annual growth of 0.7 per cent, up from -1.6 per cent and -0.2 per cent respectively (chart 6). However, some have attributed part of this growth to difficulties with seasonal adjustment. According to this data, quarterly growth was driven by private final consumption and a strong recovery in exports, reflecting the improving economic situation in South East Asia at present. However, investment remains lacklustre given the substantial amount of spare capacity present in the economy.

Chart 6
Japan - GDP
seasonally adjusted percentage changes



Japanese industrial production grew by 0.7 per cent in the first quarter of 2000, down from growth of 1.2 per cent recorded in the fourth quarter of 1999. Monthly data shows that this was mainly due to a weak January figure. Later data shows that the index fell further in April, but picked up slightly in May. Capital utilisation rose into the first quarter of the year, and the business sentiment for the current and future situation both rose.

Meanwhile though, the demand perspective remains weak. Retail sales declined markedly by 2.9 per cent in the first quarter of 2000, following a decline of 0.3 per cent in the final quarter of 1999. This could reflect a contraction in consumer credit made available by banks in the first months of 2000. The monthly data shows that the index remained unchanged in the two months following February 2000 but rose slightly into May. Perhaps surprisingly, consumer confidence improved into the first quarter of 2000.

Annual consumer prices had been showing some signs of improvement, with the level of deflation falling for four consecutive months. However, the index deflated by 0.8 per cent in April 2000, compared to 0.5 per cent in March. This reflects movements in the index in April 1999 as well as recent occurrences. The May figure saw a slight improvement, with the deflation rising to 0.7 per cent. Annual producer price inflation remains positive, although it dropped from 0.5 per cent in April to 0.3 per cent in May 2000. This contrasts with deflation of 2.2 per cent in January 1999.

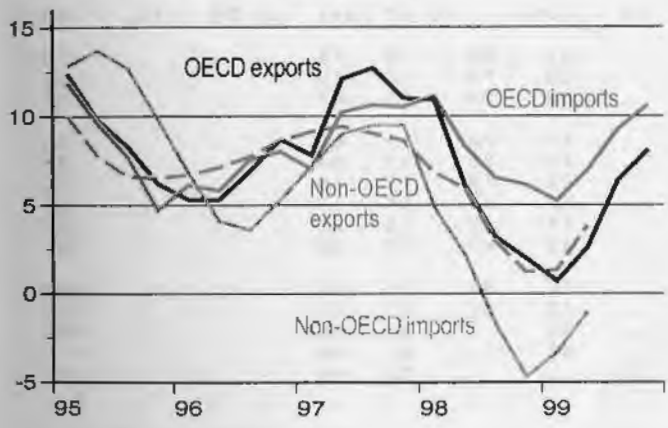
The Japanese labour market is showing some slightly promising signs. Annual earnings growth for the first quarter of 2000 was 2.0 per cent, the first time the quarterly series has been positive since the end of 1997. Monthly data suggests that this may continue into the second quarter. Whilst annual employment growth continues to decline, there has been a very modest improvement, from a decline of 0.6 per cent in March 2000 to a decline of 0.5 per cent in May. Monthly data shows that the index has actually risen for the last three months. Unemployment fell from 4.9

per cent in March 2000 to 4.8 per cent in April, and then further to 4.6 per cent in May.

World Trade

Growth in world trade slowed dramatically into the third quarter of 1998, but there is some evidence of a recovery in more recent quarters, with world trade now measured up to the second quarter of 1999. The OECD is more up to date and is indicative of strength in the third quarter of 1999, chart 7. The world data shows quarterly growth of trade in goods was 0.7 for the fourth quarter of 1998, 0.3 per cent for the first quarter of 1999 and 2.9 per cent in the second quarter.

Chart 7
World Trade in Goods - OECD and Non-OECD
Year on year percentage changes, quarters



OECD exports of goods (which includes manufactures along with food, beverages and tobacco, basic materials and fuels) grew by 2.0 per cent in the fourth quarter of 1999, following growth of 3.9 per cent in the third quarter, 2.2 per cent in the second, and a decline of 0.2 per cent in the first quarter. Exports of manufactures alone grew by 1.7 per cent in the fourth quarter of 1999, the third successive quarter of growth following a decline of 0.3 per cent in the first quarter of the year.

Non-OECD exports of goods also continued their recovery following their slump in the third quarter of 1998. They recorded quarterly growth of 4.0 per cent in the second quarter of 1999, following growth of 0.7 per cent in the first quarter. It seems surprising that non-OECD goods exports did not seem to perform as well as OECD goods exports in 1998 as a whole. However, it should be noted that many currencies in the non-OECD area devalued during the financial crises against the currencies of the OECD. This effect is added to by the fact that table 7 is expressed in US dollars which is likely to lead to growth in export values falling below growth in export volumes for non-OECD countries due to currency effects.

OECD imports of goods suffered little during the crisis in 1998, reflecting the fact that the most severe financial crises occurred outside the OECD, in South East Asia and Russia, with Japan and South Korea being the worst affected OECD countries. Imports recorded a year of strong growth in 1999. Quarterly growth of imports of goods was 2.8 per cent in the fourth quarter of 1999, down from 3.1 per cent in the third quarter, and from 3.4 per cent in the second, but up from 1.0 per cent in the first quarter of 1999. This growth would appear to come mainly from manufactures, imports of which grew by 3.0 per cent in the fourth quarter of 1999, by 3.8 per cent in the third quarter and by 3.6 per cent in the second.

Non-OECD imports were hit the hardest in the financial crisis, with five consecutive quarters of negative growth of imports of goods finally ending in the second quarter of 1999. The second quarter of 1999 saw growth recover to 2.1 per cent, up from a decline of 0.5 per cent in the previous quarter. This pattern is reflected in the imports of manufactures, which grew by 2.6 per cent in quarter two of 1999, following a return to positive growth of 0.3 per cent in the first quarter and negative growth throughout the quarters of 1998. Financial turmoil had a strong adverse effect on domestic demand in many non-OECD countries.

Notes

The series presented here are taken from the OECD's Main Economic Indicators and are shown for each of the G7 (except the UK) economies and for the European Union (EU15) countries in aggregate. The definitions and methodologies used conform to SNA 68 and SNA 93.

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

Data for France, Germany, Italy and the USA has been updated to SNA93 basis. All other tables are on the SNA68 basis. The two bases are not directly comparable meaning that cross-country comparisons with countries on different bases are less valid. All the European data is likely to be put on the SNA93 basis in OECD data very soon. Japan will not be available on SNA93 basis until near the end of 2000.

All data is *seasonally adjusted* except for the following:
Consumer Price Indices
Producer Price Indices
Earnings (excluding Japan)
Employment

1 European Union 15

	GDP	Contribution to change in GDP: PFC	GFC	GFCF	ChgStk[1]	Exports	less Imports	IoP	Sales	CPI	PPI	Earnings	Empl	Unempl
Percentage change on a year earlier	ILGB	HUDS	HUDT	HUDU	HUDV	HUDW	HUDX	ILGV	ILHP	HYAB	ILAI	ILAR	ILIJ	GADR
1991	1.4	1.4	0.5	0.2	–0.2	0.4	0.9	–0.1	..	5.2	2.2	6.7	0.4	8.4
1992	1.0	0.9	0.5	–0.1	–0.2	0.9	0.9	–1.2	..	4.4	1.2	5.6	–1.8	9.1
1993	–0.4	–0.2	0.2	–1.2	–0.4	0.4	–0.9	–3.5	..	3.6	1.4	4.3	–2.0	10.7
1994	2.8	1.0	0.2	0.5	0.7	2.4	2.0	4.9	..	3.1	2.1	4.0	–0.2	11.1
1995	2.4	1.1	0.1	0.6	0.2	2.3	2.0	3.5	–0.3	3.1	4.5	3.4	0.5	10.7
1996	1.6	1.1	0.3	0.4	–0.4	1.4	1.2	0.6	0.3	2.5	0.6	3.7	0.5	10.8
1997	2.6	1.2	0.1	0.6	0.2	3.0	2.6	3.9	2.6	2.0	0.9	3.2	0.8	10.6
1998	2.6	1.7	0.2	1.1	0.4	1.9	2.8	3.7	3.0	1.7	–0.3	2.5	1.5	9.9
1999	2.3	1.6	0.4	1.0	–0.1	1.4	2.0	1.6	3.0	1.3	–	3.0	1.8	9.2
1998 Q1	3.4	1.7	0.2	1.5	0.6	3.2	3.7	5.5	2.9	1.8	0.7	2.9	1.4	10.2
Q2	2.7	1.6	0.2	0.9	0.6	2.4	3.0	4.6	2.6	2.1	0.3	2.8	1.2	10.0
Q3	2.5	1.9	0.2	1.2	0.3	1.6	2.6	3.2	3.6	1.7	–0.7	2.8	1.6	9.9
Q4	2.0	1.7	0.2	1.0	0.3	0.6	1.9	1.4	2.9	1.3	–1.6	1.8	1.8	9.7
1999 Q1	1.9	1.7	0.4	0.9	0.1	0.2	1.4	0.4	3.5	1.1	–1.7	2.8	1.9	9.5
Q2	2.0	1.6	0.3	1.2	–0.2	0.8	1.6	0.4	2.2	1.1	–1.0	2.8	2.0	9.2
Q3	2.5	1.6	0.3	1.0	–	1.8	2.3	1.9	2.4	1.1	0.4	2.7	1.6	9.1
Q4	3.0	1.6	0.4	1.0	–0.2	2.7	2.5	3.7	4.0	1.6	2.2	3.6	1.6	8.9
2000 Q1	..	..	..	..	..	..	..	4.2	..	2.2	4.1	3.6	1.5	8.7
1999 Apr	..	..	..	..	..	..	..	–0.1	0.9	1.2	–1.2	..	..	9.3
May	..	..	..	..	..	..	..	0.3	1.9	1.0	–1.0	..	..	9.2
Jun	..	..	..	..	..	..	..	0.8	3.8	1.0	–0.7	..	..	9.2
Jul	..	..	..	..	..	..	..	1.0	2.8	1.1	–0.2	..	..	9.1
Aug	..	..	..	..	..	..	..	2.4	2.8	1.2	0.4	..	..	9.1
Sep	..	..	..	..	..	..	..	2.3	1.9	1.2	1.0	..	..	9.0
Oct	..	..	..	..	..	..	..	2.7	4.7	1.4	1.6	..	..	8.9
Nov	..	..	..	..	..	..	..	4.1	2.8	1.5	2.2	..	..	8.9
Dec	..	..	..	..	..	..	..	4.6	4.7	1.8	2.8	..	..	8.9
2000 Jan	..	..	..	..	..	..	..	2.9	3.7	2.0	3.5	..	..	8.8
Feb	..	..	..	..	..	..	..	4.9	3.7	2.1	4.2	..	..	8.7
Mar	..	..	..	..	..	..	..	5.0	..	2.2	4.5	..	..	8.6
Apr	..	..	..	..	..	..	..	5.6	..	2.1	4.4	..	..	8.5
May	..	..	..	..	..	..	..	..	..	2.2	4.8	..	..	8.5
Jun	..	..	..	..	..	..	..	..	..	..	..	..	..	..

Percentage change on previous quarter	ILGL	HUDY	HUDZ	HUEA	HUEB	HUEC	HUED	ILHF	ILHZ	ILIT
1998 Q1	0.7	0.5	0.1	0.5	0.1	0.5	0.9	1.1	1.3	–0.7
Q2	0.5	0.4	0.1	–0.1	0.1	0.3	0.4	0.6	1.0	1.0
Q3	0.5	0.4	0.1	0.5	–0.3	0.2	0.3	0.2	0.7	1.2
Q4	0.3	0.4	0.1	0.2	0.5	–0.4	0.3	–0.6	–	0.3
1999 Q1	0.6	0.5	0.2	0.3	–0.2	0.1	0.4	0.1	1.9	–0.6
Q2	0.6	0.3	–	0.2	–0.1	0.8	0.6	0.6	–0.4	1.1
Q3	1.0	0.4	0.1	0.3	–0.1	1.2	0.9	1.7	0.9	0.9
Q4	0.8	0.4	0.1	0.2	0.2	0.5	0.6	1.2	1.6	0.3
2000 Q1	..	..	..	..	..	..	..	0.6	..	–0.7

Percentage change on previous month	ILKF	ILKP
1999 Apr	–	–2.7
May	0.4	1.9
Jun	0.6	–
Jul	0.9	0.9
Aug	0.6	–
Sep	–0.2	–1.8
Oct	0.5	2.8
Nov	1.0	–
Dec	–0.3	–
2000 Jan	–0.7	0.9
Feb	1.4	–
Mar	0.6	..
Apr	0.6	..
May	..	..
Jun	..	..

GDP = Gross Domestic Product at constant market prices
PFC = Private Final Consumption at constant market prices
GFC = Government Final Consumption at constant market prices
GFCF = Gross Fixed Capital Formation at constant market prices
ChgStk = Change in Stocks at constant market prices
Exports = Exports of goods and services
Imports = Imports of goods and services
IoP = Industrial Production
Sales = Retail Sales Volume
CPI = Consumer Prices, measurement not uniform among countries
PPI = Producer Prices (manufacturing)
Earnings = Average Wage Earnings (manufacturing), definitions of coverage and treatment vary among countries
Empl = Total Employment not seasonally adjusted
Unempl = Standardised Unemployment rates: percentage of total labour force

Source: OECD - SNA68

1 Includes statistical discrepancy

2 Germany

	GDP	Contribution to change in GDP: PFC	GFC	GFCF	ChgStk	Exports	less Imports	IoP	Sales	CPI	PPI	Earnings	Empl[1]	Unempl
Percentage change on a year earlier	ILFY	HUBW	HUBX	HUBY	HUBZ	HUCA	HUCB	ILGS	ILHM	HVLL	ILAF	ILAO	ILIG	GABD
1991	..	..	..	..	..	..	..	3.3	5.6	4.1	2.2	6.1	1.9	4.2
1992	1.8	1.3	1.0	0.8	–0.6	–0.5	0.1	–2.5	–2.2	5.0	1.6	5.4	–1.3	4.5
1993	–1.1	0.1	–	–1.1	–0.1	–1.3	–1.2	–7.6	–4.1	4.5	0.1	5.1	–1.1	7.9
1994	2.4	0.6	0.5	0.9	0.3	1.7	1.6	3.6	–0.2	2.7	0.7	3.7	–0.3	8.4
1995	1.8	1.3	0.3	–0.1	0.3	1.4	1.3	1.0	1.0	1.7	1.9	4.0	–0.3	8.2
1996	0.8	0.4	0.4	–0.2	–0.3	1.3	0.8	0.7	–1.2	1.4	–1.2	3.5	–0.4	8.9
1997	1.6	0.5	–0.2	0.2	0.4	2.8	2.0	3.7	–1.5	1.9	1.1	1.5	–0.3	9.9
1998	1.9	1.2	0.1	0.2	0.8	1.8	2.1	4.2	0.9	1.0	–0.4	1.8	0.8	9.4
1999	1.3	1.1	–	0.4	0.5	1.1	1.9	1.6	0.6	0.6	–1.0	2.6	0.9	8.7
1998 Q1	2.8	1.1	0.2	0.6	0.4	2.9	2.4	6.3	1.3	1.2	0.7	1.3	0.2	9.8
Q2	1.9	0.8	0.1	–	0.9	2.8	2.7	4.7	–1.5	1.4	0.2	1.8	0.3	9.6
Q3	1.8	1.6	–	0.2	0.6	1.3	1.9	4.4	2.6	0.7	–0.8	2.1	0.9	9.2
Q4	1.1	1.4	–	–0.2	1.2	0.1	1.4	1.5	1.5	0.4	–1.7	2.2	1.5	8.9
1999 Q1	0.7	1.0	0.1	0.1	0.9	–0.1	1.4	–0.6	1.8	0.3	–2.4	2.5	1.6	8.7
Q2	0.9	1.2	–0.1	0.5	0.6	0.4	1.8	0.5	–	0.5	–1.7	2.4	1.3	8.7
Q3	1.4	1.1	0.1	0.5	0.4	1.6	2.2	1.9	–0.5	0.7	–0.7	2.7	0.7	8.7
Q4	2.3	1.2	0.1	0.5	0.1	2.6	2.2	4.4	0.9	1.0	0.6	3.0	0.2	8.7
2000 Q1	2.3	0.2	0.2	0.6	0.4	3.7	2.8	5.4	–1.1	1.7	2.3	..	0.4	8.4
1999 Apr	..	..	..	..	..	..	..	..	–	–2.4	0.7	–1.7	..	..	8.6
May	..	..	..	..	..	..	..	..	–	–1.1	0.4	–1.7	..	..	8.7
Jun	..	..	..	..	..	..	..	..	1.3	3.8	0.4	–1.5	..	..	8.7
Jul	..	..	..	..	..	..	..	..	–	–0.5	0.6	–1.0	..	..	8.7
Aug	..	..	..	..	..	..	..	..	2.7	1.0	0.7	–0.7	..	..	8.7
Sep	..	..	..	..	..	..	..	..	3.1	–2.0	0.7	–0.5	..	..	8.7
Oct	..	..	..	..	..	..	..	..	3.6	3.3	0.8	0.2	..	..	8.7
Nov	..	..	..	..	..	..	..	..	5.0	–1.3	1.0	0.7	..	..	8.7
Dec	..	..	..	..	..	..	..	..	4.5	0.8	1.2	1.1	..	..	8.6
2000 Jan	..	..	..	..	..	..	..	..	3.1	–0.5	1.6	2.0	..	..	8.5
Feb	..	..	..	..	..	..	..	..	6.5	2.0	1.8	2.4	..	..	8.4
Mar	..	..	..	..	..	..	..	..	6.5	–4.6	1.9	2.4	..	..	8.4
Apr	..	..	..	..	..	..	..	..	7.9	5.6	1.5	2.1	..	..	8.4
May	..	..	..	..	..	..	..	..	..	..	1.4	2.7	..	..	8.4
Jun	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..

Percentage change on previous quarter	ILGI	HUCC	HUCD	HUCE	HUCF	HUCG	HUCH	ILHC	ILHW	ILIQ
1998 Q1	1.2	1.0	0.3	0.1	0.1	0.2	0.5	2.4	0.9	0.1
Q2	–0.1	–0.2	–	–0.4	0.5	0.6	0.5	0.1	–0.1	0.3
Q3	0.2	0.5	–0.2	0.3	–	–0.3	0.1	0.6	0.8	0.6
Q4	–0.2	0.1	–0.1	–0.2	0.7	–0.4	0.2	–1.5	–0.1	0.5
1999 Q1	0.7	0.7	0.3	0.4	–0.2	–	0.5	0.3	1.2	0.2
Q2	0.1	–	–0.1	–	0.2	1.0	0.9	1.1	–1.9	–
Q3	0.8	0.3	–	0.3	–0.2	0.9	0.5	2.0	0.3	–
Q4	0.7	0.3	–0.1	–0.2	0.3	0.6	0.2	0.9	1.3	–
2000 Q1	0.7	–0.4	0.4	0.4	0.2	1.2	1.2	1.2	–0.8	0.4

Percentage change on previous month	ILKC	ILKM
1999 Apr	0.6	–5.4
May	0.5	2.9
Jun	0.5	0.5
Jul	0.9	–0.4
Aug	1.5	1.0
Sep	–1.1	–3.7
Oct	0.9	4.8
Nov	0.3	–1.8
Dec	0.1	0.1
2000 Jan	–0.8	–0.1
Feb	2.7	1.7
Mar	0.3	–3.9
Apr	1.9	4.7
May	..	..
Jun	..	..

GDP = Gross Domestic Product at constant market prices
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GFCF = Gross Fixed Capital Formation at constant market prices
ChgStk = Change in Stocks at constant market prices
Exports = Exports of goods and services
Imports = Imports of goods and services
IoP = Industrial Production

Sales = Retail Sales volume
CPI = Consumer Prices measurement not uniform among countries
PPI = Producer Prices (manufacturing)
Earnings = Average Earnings (manufacturing), definitions of coverage and treatment vary among countries
Empl = Total Employment not seasonally adjusted
Unempl = Standardised Unemployment rates: percentage of total workforce

Source: OECD - SNA93

1 Excludes members of armed forces

3 France

	GDP	Contribution to change in GDP: PFC	GFC	GFCF	ChgStk	Exports	less Imports	IoP	Sales	CPI	PPI[1]	Earnings	Empl[2]	Unempl
Percentage change on a year earlier	ILFZ	HUBK	HUBL	HUBM	HUBN	HUBO	HUBP	ILGT	ILHN	HXAA	ILAG	ILAP	ILIH	GABC
1991	1.1	0.4	0.6	–0.3	–0.2	1.0	0.5	–0.2	–0.2	3.2	–1.2	4.7	0.1	9.5
1992	1.3	0.4	0.8	–0.3	–0.2	1.0	0.3	–1.1	0.3	2.3	–1.1	4.0	–0.6	10.4
1993	–0.9	–0.1	1.0	–1.3	–1.2	–	–0.7	–3.7	0.2	2.2	–2.2	3.0	–1.3	11.7
1994	1.8	0.3	0.1	0.3	1.0	1.6	1.6	3.9	–0.1	1.7	1.2	2.0	0.1	12.3
1995	1.9	0.9	–	0.4	0.5	1.7	1.6	2.5	–	1.7	5.2	2.4	0.9	11.7
1996	1.1	0.7	0.5	–	–0.5	0.7	0.3	0.9	–0.3	2.0	–2.6	2.6	0.2	12.3
1997	1.9	0.1	0.5	–	0.1	2.8	1.5	3.8	1.0	1.2	–0.5	2.6	0.7	12.3
1998	3.2	1.9	0.1	1.2	0.7	2.0	2.5	5.1	2.6	0.8	–0.9	2.2	1.4	11.8
1999	2.9	1.3	0.6	1.4	–0.4	1.0	0.9	2.3	2.4	0.5	–1.5	2.5	2.1	11.3
1998 Q1	3.2	1.5	0.1	1.0	0.5	3.2	3.1	7.3	2.3	0.9	0.6	2.4	1.2	11.9
Q2	3.5	2.1	–	1.2	0.9	2.4	3.2	6.7	3.1	1.1	–0.3	2.0	1.2	11.8
Q3	3.3	2.1	–	1.3	0.4	1.7	2.3	4.1	2.5	0.7	–1.3	2.1	1.3	11.9
Q4	3.0	1.8	0.1	1.3	0.8	0.5	1.6	2.6	2.7	0.4	–2.4	2.0	1.8	11.8
1999 Q1	2.7	1.5	0.5	1.5	–0.2	–0.1	0.4	1.5	3.4	0.2	–2.9	2.0	1.9	11.7
Q2	2.6	1.1	0.6	1.4	–0.3	0.3	0.5	0.8	1.8	0.4	–2.5	2.0	2.2	11.5
Q3	3.1	1.3	0.6	1.4	–0.7	1.4	0.9	2.6	2.2	0.5	–1.4	2.7	2.2	11.2
Q4	3.2	1.3	0.7	1.3	–0.5	2.2	1.7	4.0	1.9	1.0	0.7	3.4	2.1	10.8
2000 Q1	3.3	1.5	0.4	1.1	–0.2	3.0	2.6	4.2	2.1	1.5	3.1	5.2	2.5	10.4
1999 Apr	..	..	..	..	..	..	..	0.5	2.0	0.4	–2.8	..	..	11.6
May	..	..	..	..	..	..	..	0.9	1.1	0.4	–2.5	..	..	11.5
Jun	..	..	..	..	..	..	..	1.2	2.5	0.3	–2.2	..	..	11.4
Jul	..	..	..	..	..	..	..	2.4	4.1	0.4	–1.8	..	..	11.3
Aug	..	..	..	..	..	..	..	2.4	–0.3	0.5	–1.4	..	..	11.3
Sep	..	..	..	..	..	..	..	3.2	2.8	0.7	–0.8	..	..	11.1
Oct	..	..	..	..	..	..	..	3.7	0.1	0.8	0.3	..	..	10.9
Nov	..	..	..	..	..	..	..	4.3	3.1	0.9	0.8	..	..	10.8
Dec	..	..	..	..	..	..	..	3.9	2.8	1.3	1.1	..	..	10.6
2000 Jan	..	..	..	..	..	..	..	3.3	1.8	1.6	2.4	..	..	10.5
Feb	..	..	..	..	..	..	..	4.7	2.4	1.4	3.2	..	..	10.4
Mar	..	..	..	..	..	..	..	4.9	2.0	1.5	3.6	..	..	10.2
Apr	..	..	..	..	..	..	..	4.9	–1.0	1.3	4.5	..	..	10.0
May	..	..	..	..	..	..	..	..	4.2	1.5	4.8	..	..	9.8
Jun	..	..	..	..	..	..	..	..	..	..	..	..	..	..

Percentage change on previous quarter	ILGJ	HUBQ	HUBR	HUBS	HUBT	HUBU	HUBV	ILHD	ILHX	ILIR
1998 Q1	0.9	0.4	–0.1	0.3	0.5	0.5	0.8	1.4	–	0.4
Q2	0.9	0.7	–	0.4	0.1	0.3	0.6	1.3	1.0	0.2
Q3	0.5	0.3	0.1	0.3	–0.1	0.1	0.2	–0.3	0.7	0.4
Q4	0.7	0.3	0.1	0.3	0.3	–0.4	–	0.2	1.1	0.8
1999 Q1	0.6	0.2	0.2	0.4	–0.5	–0.1	–0.3	0.3	0.7	0.5
Q2	0.8	0.3	0.2	0.3	–	0.7	0.6	0.6	–0.6	0.5
Q3	1.0	0.5	0.1	0.3	–0.5	1.2	0.6	1.5	1.0	0.5
Q4	0.8	0.3	0.1	0.3	0.5	0.4	0.8	1.5	0.8	0.7
2000 Q1	0.6	0.4	–	0.3	–0.1	0.6	0.6	0.5	0.8	0.9

Percentage change on previous month	ILKD	ILKN
1999 Apr	–0.2	–1.0
May	0.9	–1.4
Jun	–0.1	1.8
Jul	1.0	2.2
Aug	–	–3.7
Sep	0.8	1.8
Oct	0.5	–0.2
Nov	1.2	1.8
Dec	–1.1	–0.4
2000 Jan	–0.1	–0.5
Feb	1.0	1.1
Mar	0.8	0.6
Apr	–0.2	–4.0
May	..	3.8
Jun	..	..

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Sales = Retail Sales volume
CPI = Consumer Prices, measurement not uniform among countries
PPI = Producer Prices (manufacturing)
Earnings = Average Wage Earnings (manufacturing), definitions of coverage and treatment vary among countries
Empl = Total Employment not seasonally adjusted
Unempl = Standardised Unemployment rates: percentage of total workforce
IoP=Index of Production

1 Producer prices in intermediate goods
2 Excludes members of armed forces

Source: OECD - SNA93

4 Italy

	GDP	Contribution to change in GDP: PFC	GFC	GFCF	ChgStk	Exports	less Imports	IoP	Sales	CPI	PPI	Earnings	Empl	Unempl
Percentage change on a year earlier	ILGA	HUCI	HUCJ	HUCK	HUCL	HUCM	HUCN	ILGU	ILHO	HYAA	ILAH	ILAQ	ILII	GABE
1991	1.4	1.7	0.3	0.2	–0.1	–0.3	0.5	–1.8	3.2	6.3	3.3	9.7	1.3	8.7
1992	0.8	1.2	0.1	–0.3	–0.1	1.4	1.6	–1.0	1.8	5.3	2.0	5.4	–1.0	8.9
1993	–0.9	–2.3	–	–2.2	–0.7	1.9	–2.5	–2.3	–2.9	4.6	3.7	3.6	–4.1	10.3
1994	2.2	0.9	–0.2	–	0.8	2.2	1.7	5.8	–6.2	4.1	3.7	3.4	–1.7	11.4
1995	2.9	1.0	–0.4	1.1	0.2	3.1	2.1	5.8	–5.1	5.3	7.9	3.1	–0.6	11.8
1996	1.1	0.7	0.2	0.7	–0.7	0.2	–0.1	–1.5	–1.4	4.0	1.8	3.1	0.5	12.0
1997	1.8	1.7	0.1	0.2	0.3	1.7	2.3	3.8	6.9	2.0	1.3	3.6	0.4	12.0
1998	1.5	1.4	0.1	0.8	0.6	0.9	2.2	1.3	3.0	2.0	0.1	2.8	1.2	11.8
1999	1.4	1.0	0.1	0.8	0.4	–0.1	0.9	–	..	1.7	–0.2	2.3	1.2	11.4
1998 Q1	2.8	1.6	0.1	1.2	1.5	2.4	3.9	5.2	3.8	2.0	1.2	2.2	1.0	11.8
Q2	1.5	1.1	0.1	0.7	0.2	1.5	2.2	2.7	0.4	2.1	0.6	3.1	0.9	11.9
Q3	1.5	1.3	0.1	0.8	0.1	0.7	1.5	0.3	3.2	2.1	–0.1	2.8	1.1	11.9
Q4	0.4	1.5	0.1	0.3	0.5	–0.8	1.4	–2.5	5.1	1.7	–1.2	3.0	1.5	11.8
1999 Q1	1.1	1.5	0.1	0.4	1.0	–1.5	0.4	–1.3	..	1.4	–1.8	3.0	1.2	11.6
Q2	1.1	1.0	0.1	0.8	0.8	–0.7	1.0	–2.4	..	1.4	–1.4	2.1	1.3	11.4
Q3	1.3	0.9	0.1	0.9	0.2	0.1	1.0	0.4	..	1.7	–	2.3	1.2	11.3
Q4	2.2	0.8	0.1	1.2	–0.3	1.6	1.1	3.2	..	2.1	2.2	1.8	1.4	11.1
2000 Q1	3.0	1.1	0.3	1.2	–1.2	3.1	1.4	3.3	..	2.4	4.6	..	1.2	11.0
Q2	..	..	..	..	..	..	..	..	..	2.5	..	..	..	..
1999 Apr	..	..	..	..	..	..	..	–3.1	..	1.5	–1.6	2.2	..	11.5
May	..	..	..	..	..	..	..	–2.9	..	1.5	–1.4	2.1	..	11.4
Jun	..	..	..	..	..	..	..	–1.3	..	1.4	–1.4	1.9	..	11.4
Jul	..	..	..	..	..	..	..	–1.1	..	1.7	–0.6	2.6	..	11.3
Aug	..	..	..	..	..	..	..	2.7	..	1.7	–	2.1	..	11.3
Sep	..	..	..	..	..	..	..	–0.4	..	1.8	0.8	2.1	..	11.2
Oct	..	..	..	..	..	..	..	1.5	..	2.0	1.6	1.9	..	11.1
Nov	..	..	..	..	..	..	..	2.4	..	2.0	2.2	1.8	..	11.1
Dec	..	..	..	..	..	..	..	5.9	..	2.1	2.8	1.8	..	11.2
2000 Jan	..	..	..	..	..	..	..	1.7	..	2.2	3.8	..	..	11.2
Feb	..	..	..	..	..	..	..	4.8	..	2.4	4.7	..	..	11.0
Mar	..	..	..	..	..	..	..	3.5	..	2.5	5.4	..	..	10.8
Apr	..	..	..	..	..	..	..	4.3	..	2.3	5.3	..	..	10.7
May	..	..	..	..	..	..	..	..	..	2.5	6.4	..	..	..
Jun	..	..	..	..	..	..	..	..	..	2.6	..	..	..	..

Percentage change on previous quarter	ILGK	HUCO	HUCP	HUCQ	HUCR	HUCS	HUCT	ILHE	ILHY	ILIS
1998 Q1	–0.4	0.4	–	0.3	–0.4	0.3	1.0	–0.9	5.1	–0.7
Q2	0.6	0.5	0.1	–0.1	–	–0.1	–0.2	0.6	–0.5	1.1
Q3	0.5	0.3	–	0.1	–0.2	0.2	–0.1	–0.9	–	1.4
Q4	–0.3	0.3	–	0.1	1.1	–1.1	0.7	–1.4	0.6	–0.3
1999 Q1	0.3	0.3	–	0.3	0.1	–0.4	–	0.4	..	–1.0
Q2	0.6	0.1	–	0.3	–0.2	0.7	0.3	–0.6	..	1.2
Q3	0.8	0.2	–	0.2	–0.8	1.0	–0.1	2.0	..	1.3
Q4	0.6	0.1	0.1	0.3	0.6	0.3	0.8	1.4	..	–0.1
2000 Q1	1.0	0.7	0.1	0.2	–0.8	1.0	0.3	0.5	..	–1.2
Q2	..	..	..	..	..	..	..	..	..	..

Percentage change on previous month	ILKE	ILKO
1999 Apr	–1.4	..
May	–0.3	..
Jun	1.5	..
Jul	0.6	..
Aug	0.9	..
Sep	–0.4	..
Oct	0.6	..
Nov	1.1	..
Dec	0.2	..
2000 Jan	–1.1	..
Feb	1.6	..
Mar	0.2	..
Apr	–0.6	..
May	..	..
Jun	..	..

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Empl = Total Employment not seasonally adjusted
Unempl = Standardised Unemployment not seasonally adjusted

Source: OECD - SNA93

5 USA

	GDP	Contribution to change in GDP: PFC	GFC	GFCF	ChgStk	Exports	less Imports	IoP	Sales	CPI	PPI	Earnings	Empl[1]	Unempl
Percentage change on a year earlier	ILGC	HUDG	HUDH	HUDI	HUDJ	HUDK	HUDL	ILGW	ILHQ	ILAA	ILAJ	ILAS	ILIK	GADO
1991	–0.5	–0.1	0.2	–0.9	–0.3	0.6	–	–2.0	–1.9	4.2	2.0	3.2	–0.8	6.8
1992	3.1	1.9	0.1	0.8	0.3	0.6	0.6	3.1	3.4	3.0	1.3	2.7	0.6	7.5
1993	2.7	2.2	–0.1	1.0	–	0.3	0.9	3.4	4.9	2.9	1.2	2.6	1.5	6.9
1994	4.0	2.5	–	1.2	0.7	0.9	1.2	5.5	6.5	2.6	0.6	2.4	2.3	6.1
1995	2.7	2.0	–	0.9	–0.5	1.0	0.9	4.8	3.6	2.8	1.9	2.6	1.5	5.6
1996	3.6	2.1	0.1	1.5	–	0.9	1.0	4.4	4.9	2.9	2.6	3.3	1.4	5.4
1997	4.2	2.3	0.3	1.4	0.5	1.4	1.7	6.3	4.3	2.3	0.4	3.1	2.3	4.9
1998	4.3	3.2	0.2	2.0	0.1	0.3	1.6	4.2	6.1	1.6	–0.9	2.5	1.5	4.5
1999	4.1	3.6	0.4	1.7	–0.4	0.4	1.7	3.5	8.4	2.1	1.9	2.9	1.5	4.2
1998 Q1	4.6	2.8	0.2	2.0	0.7	0.8	1.8	5.7	4.8	1.4	–1.5	2.8	1.9	4.7
Q2	4.0	3.6	0.2	2.2	–0.6	0.2	1.7	4.7	7.5	1.6	–0.8	2.8	1.5	4.4
Q3	3.9	3.2	0.1	1.8	0.2	–0.2	1.3	3.8	5.1	1.6	–0.6	2.5	1.1	4.5
Q4	4.7	3.4	0.3	2.2	–	0.2	1.5	2.9	7.3	1.5	–0.4	1.9	1.3	4.4
1999 Q1	3.9	3.5	0.4	1.9	–0.7	0.1	1.5	2.8	8.9	1.7	0.7	1.8	1.7	4.3
Q2	3.8	3.4	0.2	1.6	–0.3	0.4	1.5	3.3	7.5	2.2	1.3	2.8	1.4	4.3
Q3	4.3	3.5	0.4	1.8	–0.4	0.7	1.9	3.7	9.0	2.4	2.3	3.7	1.4	4.2
Q4	4.6	3.7	0.5	1.5	–	0.6	1.8	4.2	8.2	2.6	2.9	3.6	1.5	4.1
2000 Q1	5.0	3.9	0.7	1.9	–0.2	0.9	1.9	5.4	..	3.2	3.6	4.3	1.6	4.1
1999 Apr	..	..	..	..	..	..	..	2.9	7.5	2.3	1.2	2.8	1.3	4.3
May	..	..	..	..	..	..	..	2.9	7.7	2.2	1.4	2.8	1.4	4.2
Jun	..	..	..	..	..	..	..	3.9	7.1	2.0	1.5	2.8	1.6	4.3
Jul	..	..	..	..	..	..	..	4.7	8.6	2.1	1.5	3.7	1.5	4.3
Aug	..	..	..	..	..	..	..	3.1	9.7	2.3	2.3	3.7	1.6	4.2
Sep	..	..	..	..	..	..	..	3.4	8.6	2.6	3.1	3.6	1.2	4.2
Oct	..	..	..	..	..	..	..	3.7	7.6	2.6	2.8	3.7	1.5	4.1
Nov	..	..	..	..	..	..	..	4.3	8.1	2.6	3.0	3.6	1.5	4.1
Dec	..	..	..	..	..	..	..	4.7	8.9	2.6	2.8	3.6	1.4	4.1
2000 Jan	..	..	..	..	..	..	..	5.2	8.2	2.7	2.5	4.5	1.5	4.0
Feb	..	..	..	..	..	..	..	5.3	..	3.1	4.0	4.5	1.7	4.1
Mar	..	..	..	..	..	..	..	5.5	..	3.7	4.5	3.6	1.7	4.1
Apr	..	..	..	..	..	..	..	6.0	..	2.9	3.9	3.6	2.1	3.9
May	..	..	..	..	..	..	..	5.8	..	3.0	3.9	2.7	1.2	4.1
Jun	..	..	..	..	..	..	..	..	..	..	..	..	..	..

Percentage change on previous quarter	ILGM	HUDM	HUDN	HUDO	HUDP	HUDQ	HUDR	ILHG	ILIA	ILIU
1998 Q1	1.7	0.9	–0.1	0.9	0.4	–	0.5	0.6	2.0	–1.0
Q2	0.5	1.0	0.2	0.6	–0.8	–0.1	0.4	0.7	2.2	1.5
Q3	0.9	0.7	–	0.2	0.4	–	0.2	0.8	0.2	0.6
Q4	1.5	0.8	0.1	0.5	–0.1	0.4	0.4	0.8	2.7	0.2
1999 Q1	0.9	1.1	–	0.6	–0.2	–0.2	0.4	0.5	3.4	–0.6
Q2	0.5	0.8	–	0.3	–0.4	0.1	0.5	1.2	0.9	1.2
Q3	1.4	0.8	0.2	0.3	0.3	0.3	0.5	1.2	1.7	0.6
Q4	1.8	1.0	0.2	0.3	0.3	0.3	0.3	1.2	2.0	0.3
2000 Q1	1.3	1.2	0.3	1.0	–0.4	0.2	0.5	1.6	..	–0.5

Percentage change on previous month	ILKG	ILKQ	ILLA
1999 Apr	0.3	–0.4	0.2
May	0.6	1.1	0.7
Jun	0.3	–	0.7
Jul	0.6	0.7	0.3
Aug	0.2	1.1	–0.4
Sep	0.2	–0.4	–0.6
Oct	0.7	0.3	0.7
Nov	0.3	1.4	0.1
Dec	0.4	1.8	0.1
2000 Jan	0.7	0.5	–0.9
Feb	0.4	..	0.4
Mar	0.6	..	0.5
Apr	0.7	..	0.6
May	0.4	..	–0.2
Jun	..	..	..

GDP = Gross Domestic Product at constant market prices
PFC = Private Final Consumption at constant market prices
GFC = Government Final Consumption at constant market prices
GFCF = Gross Fixed Capital Formation at constant market prices
ChgStk = Change in Stocks at constant market prices
Exports = Exports of goods and services
Imports = Imports of goods and services
IoP = Industrial Production
Sales = Retail Sales volume
CPI = Consumer Prices, measurement not uniform among countries
PPI = Producer Prices (manufacturing)
Earnings = Average Earnings (manufacturing), definitions of coverage and treatment vary among countries
Empl = Total Employment not seasonally adjusted
Unempl = Standardised Unemployment rates: percentage of total workforce

Source: OECD - SNA93

1 Excludes members of armed forces

6 Japan

	GDP	PFC	GFC	GFCF	ChgStk	Exports	less Imports	IoP[1]	Sales	CPI	PPI	Earnings[2]	Empl	Unempl
		Contribution to change in GDP												
Percentage change on a year earlier														
	ILGD	HUCU	HUCV	HUCW	HUCX	HUCY	HUCZ	ILGX	ILHR	ILAB	ILAK	ILAT	ILIL	GADP
1991	3.8	1.5	0.2	1.1	0.3	0.6	–0.3	1.9	2.5	3.2	1.2	3.5	1.9	2.1
1992	1.0	1.2	0.2	–0.5	–0.4	0.5	–	–5.7	–0.2	1.8	–1.0	1.3	1.1	2.1
1993	0.3	0.7	0.2	–0.6	–0.2	0.2	–	–3.4	–2.8	1.2	–1.6	0.3	0.2	2.5
1994	0.7	1.1	0.2	–0.2	–0.2	0.5	0.8	1.3	0.3	0.7	–1.8	2.2	0.1	2.9
1995	1.4	1.2	0.3	0.4	0.2	0.7	1.4	3.0	0.1	–0.1	–0.7	2.9	–	3.1
1996	5.2	1.8	0.2	3.4	0.4	0.8	1.3	2.2	0.7	0.1	–1.8	2.6	0.5	3.4
1997	1.6	0.3	0.1	–0.3	0.1	1.4	0.1	4.0	–1.9	1.7	0.7	2.9	1.0	3.4
1998	–2.6	–0.3	0.1	–2.3	–0.6	–0.3	–0.9	–6.7	–5.5	0.7	–1.3	–0.8	–0.6	4.1
1999	0.3	0.7	0.1	–0.3	0.1	0.2	0.6	1.0	–2.0	–0.3	–1.5	–0.6	–0.8	4.7
1998 Q1	–2.9	–2.1	0.3	–1.8	–0.1	0.3	–0.7	–4.2	–10.0	2.0	0.4	–0.2	–	3.7
Q2	–1.1	0.7	–	–1.8	–0.6	–0.5	–1.1	–7.9	–2.4	0.4	–1.9	–0.3	–0.7	4.1
Q3	–3.2	–0.2	0.2	–3.0	–0.9	–0.2	–1.0	–7.9	–3.8	–0.2	–1.8	–1.7	–0.9	4.2
Q4	–3.1	0.3	0.1	–2.6	–0.9	–0.9	–0.9	–6.7	–5.2	0.5	–2.0	–0.7	–1.0	4.4
1999 Q1	–0.4	0.6	0.2	–0.9	–0.2	–0.4	–0.4	–3.7	–4.2	–0.1	–2.1	–0.4	–1.2	4.6
Q2	0.7	1.1	0.1	–0.1	0.1	–0.1	0.5	0.3	–2.1	–0.3	–1.8	–1.1	–1.1	4.7
Q3	0.9	1.0	0.1	–	0.2	0.5	0.8	2.7	–1.4	–	–1.4	–0.3	–0.7	4.7
Q4	–0.2	0.1	–	–	0.2	1.0	1.5	5.1	–0.3	–1.0	–0.6	–0.3	–0.2	4.7
2000 Q1	0.7	0.6	–	–0.6	0.1	1.7	1.1	4.4	–2.9	–0.7	–0.1	2.0	–0.5	4.8
1999 Apr	..	..	..	..	..	..	..	–1.0	–2.1	–0.1	–1.9	1.0	–1.0	4.8
May	..	..	..	..	..	..	..	0.9	–3.2	–0.4	–1.8	0.1	–1.0	4.6
Jun	..	..	..	..	..	..	..	0.8	–1.1	–0.3	–1.7	–4.4	–1.3	4.8
Jul	..	..	..	..	..	..	..	1.3	–2.1	–0.1	–1.5	–3.0	–1.3	4.8
Aug	..	..	..	..	..	..	..	3.9	–1.1	0.3	–1.4	0.4	–0.6	4.7
Sep	..	..	..	..	..	..	..	2.8	–1.1	–0.2	–1.1	1.6	–0.2	4.6
Oct	..	..	..	..	..	..	..	3.8	–	–0.7	–0.8	1.0	–0.4	4.7
Nov	..	..	..	..	..	..	..	5.4	–1.1	–1.2	–0.5	0.1	–	4.6
Dec	..	..	..	..	..	..	..	6.2	–	–1.1	–0.5	–2.2	–0.3	4.7
2000 Jan	..	..	..	..	..	..	..	4.4	–2.2	–0.9	–0.3	2.5	–0.4	4.7
Feb	..	..	..	..	..	..	..	4.0	–3.3	–0.6	–0.1	1.8	–0.4	4.8
Mar	..	..	..	..	..	..	..	4.7	–3.3	–0.5	0.2	1.7	–0.6	4.9
Apr	..	..	..	..	..	..	..	7.3	–3.3	–0.8	0.5	2.2	–0.5	4.8
May	..	..	..	..	..	..	..	4.6	–1.1	–0.7	0.3	2.1	–0.5	4.6
Jun	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Percentage change on previous quarter														
	ILGN	HUDA	HUDB	HUDC	HUDD	HUDE	HUDF	ILHH	ILIB				ILIV	
1998 Q1	–1.2	0.2	–0.1	–0.8	–0.4	–0.4	–0.3	–1.7	–0.3				–1.6	
Q2	–0.2	0.1	–	–0.4	–0.2	–0.2	–0.5	–4.3	–2.4				2.1	
Q3	–1.2	–	0.1	–1.2	–0.2	0.1	–	0.3	–0.7				–0.4	
Q4	–0.5	–	0.1	–0.2	–0.1	–0.4	–0.1	–1.1	–1.8				–1.1	
1999 Q1	1.5	0.5	0.1	0.9	0.3	–	0.3	1.4	0.8				–1.8	
Q2	1.0	0.7	–0.1	0.4	0.1	0.2	0.3	–0.3	–0.3				2.2	
Q3	–1.0	–0.1	0.1	–1.1	–0.1	0.7	0.3	2.7	–				–	
Q4	–1.6	–1.0	–	–0.2	–	0.1	0.6	1.2	–0.8				–0.6	
2000 Q1	2.4	1.1	0.1	0.4	0.1	0.8	–0.1	0.7	–1.9				–2.1	
Percentage change on previous month														
								ILKH	ILKR				ILLB	
1999 Apr								–2.9	–				1.3	
May								2.7	–1.1				1.0	
Jun								–0.2	1.1				–0.2	
Jul								0.6	–				–0.4	
Aug								2.3	–				0.2	
Sep								–0.5	–1.1				0.1	
Oct								–0.1	–				–0.2	
Nov								1.2	–				–0.3	
Dec								0.2	–				–0.9	
2000 Jan								–0.4	–1.1				–1.1	
Feb								–0.2	–1.1				–0.7	
Mar								2.1	–				0.6	
Apr								–0.5	–				1.4	
May								0.1	1.1				1.0	
Jun								..	..				..	

GDP = Gross Domestic Product at constant market prices
PFC = Private Final Consumption at constant market prices
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GFCF = Gross Fixed Capital Formation at constant market prices
ChgStk = Change in Stocks at constant market prices
Exports = Exports of goods and services
Imports = Imports of goods and services

1 Not adjusted for unequal number of working days in a month
2 Figures monthly and seasonally adjusted

Sales = Retail Sales volume
CPI = Consumer Prices, measurement not uniform among countries
PPI = Producer Prices (manufacturing)
Earnings = Average Earnings (manufacturing), definitions of coverage and treatment vary among countries
Empl = Total Employment not seasonally adjusted
Unempl = Standardised Unemployment rates: percentage of total workforce
IoP=Index of Production

Source: OECD - SNA68

7 World trade in goods[1]

	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
Percentage change on a year earlier	ILIZ	ILJA	ILJB	ILJC	ILJD	ILJE	ILJF	ILJG	ILJH	ILJI	ILJJ	ILJK	ILJL	ILJM
1991	3.6	2.5	8.9	5.5	3.9	10.5	3.9	3.5	4.9	4.5	3.5	7.5	4.5	4.2
1992	4.2	3.3	8.4	5.0	4.0	7.9	4.2	3.6	5.7	5.0	4.1	7.5	4.6	4.6
1993	4.3	1.6	15.3	3.4	0.3	12.5	3.9	2.2	9.1	3.3	0.9	10.3	3.9	3.6
1994	12.2	10.1	20.1	12.2	12.6	11.1	10.7	9.4	14.1	10.9	10.9	10.8	12.2	10.8
1995	9.7	10.0	8.6	10.5	9.7	12.4	8.7	9.1	7.8	9.5	8.5	12.2	10.1	9.1
1996	7.1	6.9	7.8	7.2	7.4	6.6	6.9	6.6	7.6	6.4	7.0	4.9	7.1	6.6
1997	11.5	12.0	10.0	10.5	11.0	9.4	10.1	10.9	9.1	9.4	9.7	8.8	11.0	9.9
1998	5.9	6.2	4.7	6.9	9.6	–	5.2	5.4	4.3	5.8	8.0	0.1	6.4	5.5
1999	..	4.5	..	..	9.1	..	..	4.5	..	..	8.1	..	..	..
1995 Q1	13.3	13.5	12.6	13.5	13.8	12.8	11.8	12.4	10.1	12.2	12.0	12.8	13.4	12.0
Q2	10.3	10.7	8.9	11.6	10.8	13.8	9.3	9.8	7.9	10.8	9.7	13.7	11.0	10.0
Q3	8.7	9.3	6.9	10.0	8.8	12.9	7.8	8.3	6.7	9.1	7.8	12.7	9.3	8.5
Q4	6.9	7.0	6.4	7.2	6.0	10.3	6.3	6.2	6.6	6.2	4.8	9.8	7.0	6.2
1996 Q1	6.0	5.8	6.7	7.4	7.1	8.1	5.7	5.3	6.8	6.4	6.2	6.8	6.7	6.0
Q2	6.0	5.6	7.1	6.1	6.2	5.9	5.8	5.3	7.2	5.4	5.9	4.1	6.0	5.6
Q3	7.4	7.2	7.9	7.4	8.2	5.5	7.2	6.9	7.8	6.5	7.6	3.6	7.4	6.8
Q4	9.0	8.9	9.3	7.7	8.0	7.0	8.7	8.7	8.7	7.3	8.1	5.3	8.3	8.0
1997 Q1	8.7	8.4	10.0	7.6	7.4	8.1	8.2	7.8	9.2	7.1	7.1	7.2	8.2	7.6
Q2	12.4	13.0	10.5	11.1	11.8	9.4	11.4	12.1	9.5	9.9	10.3	9.0	11.8	10.7
Q3	13.3	14.2	10.1	11.7	12.5	9.9	11.7	12.7	9.1	10.3	10.7	9.5	12.5	11.0
Q4	11.6	12.2	9.5	11.6	12.2	10.0	10.4	11.0	8.7	10.3	10.6	9.5	11.6	10.3
1998 Q1	11.0	11.9	7.7	10.9	13.1	5.3	9.8	10.9	6.9	9.4	11.2	4.9	10.9	9.6
Q2	6.8	6.9	6.7	7.7	9.8	2.3	6.1	6.1	6.0	6.7	8.4	2.2	7.3	6.4
Q3	3.8	3.9	3.3	5.1	7.8	–2.2	3.1	3.2	3.0	4.3	6.6	–1.7	4.4	3.7
Q4	2.4	2.7	1.4	4.2	7.8	–5.1	1.9	2.0	1.3	3.2	6.2	–4.7	3.3	2.5
1999 Q1	1.0	1.0	1.1	3.6	6.0	–2.9	0.9	0.7	1.4	3.0	5.3	–3.3	2.3	1.9
Q2	2.9	2.5	4.2	5.8	7.9	0.1	2.9	2.6	3.9	4.9	7.0	–1.0	4.3	3.9
Q3	7.5	6.4	11.0	..	10.6	..	..	6.4	..	..	9.3	..	..	..
Q4	..	8.0	..	..	11.8	..	..	8.1	..	..	10.7	..	..	..
Percentage change on previous quarter	ILJN	ILJO	ILJP	ILJQ	ILJR	ILJS	ILJT	ILJU	ILJV	ILJW	ILJX	ILJY	ILJZ	ILKA
1995 Q1	3.1	3.4	1.8	1.9	1.3	3.4	2.6	2.9	1.7	1.6	1.0	3.3	2.5	2.1
Q2	1.2	1.1	1.7	2.1	1.6	3.2	1.1	0.9	1.6	2.1	1.6	3.2	1.7	1.6
Q3	0.9	0.7	1.5	1.1	0.7	2.2	1.1	0.9	1.6	1.1	0.8	2.0	1.0	1.1
Q4	1.5	1.6	1.3	1.9	2.3	1.1	1.4	1.4	1.6	1.2	1.4	0.8	1.7	1.3
1996 Q1	2.2	2.3	2.0	2.0	2.3	1.3	2.0	2.0	1.8	1.8	2.3	0.5	2.1	1.9
Q2	1.2	1.0	2.0	0.9	0.8	1.2	1.2	0.9	2.0	1.1	1.3	0.6	1.1	1.2
Q3	2.2	2.2	2.3	2.3	2.6	1.8	2.4	2.4	2.2	2.2	2.4	1.5	2.3	2.3
Q4	3.1	3.2	2.7	2.2	2.1	2.6	2.8	3.0	2.4	2.0	1.9	2.5	2.6	2.4
1997 Q1	2.0	1.7	2.7	1.9	1.8	2.4	1.5	1.2	2.3	1.6	1.4	2.4	2.0	1.6
Q2	4.6	5.3	2.5	4.2	5.0	2.4	4.2	5.0	2.3	3.8	4.3	2.3	4.4	4.0
Q3	3.0	3.4	1.8	2.9	3.2	2.2	2.7	3.0	1.8	2.5	2.7	2.0	3.0	2.6
Q4	1.5	1.4	2.2	2.0	1.8	2.6	1.6	1.5	2.0	2.0	1.8	2.4	1.8	1.8
1998 Q1	1.4	1.5	1.0	1.3	2.6	–2.0	1.0	1.1	0.6	0.8	1.8	–1.9	1.3	0.9
Q2	0.8	0.5	1.5	1.3	1.9	–0.4	0.6	0.3	1.5	1.2	1.7	–0.2	1.0	0.9
Q3	–	0.4	–1.3	0.3	1.3	–2.3	–0.2	0.2	–1.1	0.2	1.0	–1.9	0.2	–
Q4	0.2	0.2	0.3	1.2	1.8	–0.5	0.4	0.4	0.4	0.9	1.5	–0.7	0.7	0.7
1999 Q1	–	–0.3	0.7	0.8	0.9	0.3	–	–0.2	0.7	0.6	1.0	–0.5	0.4	0.3
Q2	2.7	2.1	4.6	3.4	3.6	2.6	2.7	2.2	4.0	3.0	3.4	2.1	3.0	2.9
Q3	4.5	4.3	5.2	..	3.8	..	..	3.9	..	..	3.1	..	..	..
Q4	..	1.7	..	..	3.0	..	..	2.0	..	..	2.8	..	..	..

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

Source: OECD - SNA68

Regional Economic Indicators - August 2000

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Overview

Labour Force Survey data shows employment continuing to grow in 2000 quarter one, but some regions are showing declines.Employee jobs recorded a decline in all regions. The claimant count rate is at its lowest level since January 1980, though the rate of decline is slowing across the regions. The change in ILO unemployment shows some variation across the government office regions in 2000 quarter one.

UK production output declined, whilst UK construction grew in 2000 quarter one. Scotland's production output decreased by 0.9 per cent, whilst Northern Ireland's production output slowed to 1.2 per cent in the fourth quarter of 1999.

CBI/BSL balances provided evidence of a downturn in manufacturing optimism across most regions in the latest surveys.

UK house prices are slowing into year 2000, with a few regions now showing quarterly decines. On the year growth in 2000 quarter one remained strong except in Merseyside and the North East which both saw declines.

GDP at basic prices

Regional data for GDP at basic prices and individual consumption expenditure for 1998 has recently become available and is presented in Tables 1, 2 and 4 respectively. The information is discussed in more detail in a separate article in this months Economic Trends.

The Labour Market

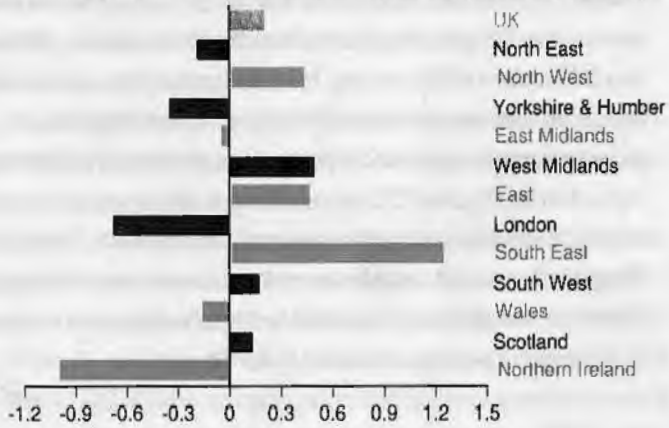
Tables 5 to 11 concern the labour market. Tables 6, 8 and 9 are seasonally adjusted. Tables 5, 7, 10 and 11 are not.

The **total in employment** (from the Labour Force Survey), table 9, continued to grow into the first quarter of 2000, increasing by 0.2 per cent, a slight decrease from the previous quarter's growth of 0.3 per cent. This is the second consecutive quarter of declining growth, although it remains positive. Across the regions, however, the picture in quarter one is more mixed than normal. A number of regions actually recorded a decline in growth (chart 1). The largest decline was seen in Northern Ireland of 1.0 per cent, but this data is not seasonally adjusted and the movement is similar to last year. Quarterly declines of 0.7 and 0.3 per cent were recorded in London and Yorkshire and the Humber respectively. On the other hand, strong quarterly growth was seen in the South East of 1.2 per cent, in the West Midlands and the East of 0.5 per cent, with both regions reversing the decline seen in the previous quarter. National year-on-year employment growth to 2000 quarter one slowed to 1.0 per cent, compared to 1.2 per cent in the previous quarter, this is the third consecutive quarter of declining growth, although growth is still positive. All regions showed positive growth over the year to 2000 quarter one, with the exception of London which declined by 0.2 per cent, the first annual decline since 1994 quarter one. On the other hand, employment increased over the same period by 2.7 per cent in both the North East and the North West.

Chart 1

Total in employment - 2000 Q1 on 1999 Q4

seasonally adjusted (except N.I.) quarterly percentage changes



Employee jobs, in table 11 (from Employer Surveys), declined in all regions in 2000 quarter one, but it should be noted that the data is not seasonally adjusted. Looking at quarterly percentage changes a clear seasonal pattern emerges with employee jobs tending to increase in quarter four and then fall back in quarter one. The annual growth of employee jobs is continuing in grow in all regions except the North East which recorded a decline of 0.7 per cent, the fifth consecutive quarter of negative growth, and in the East Midlands where annual growth was flat. Scotland has reversed two quarters of negative growth to record an increase of 0.7 per cent in 2000 quarter one, compared to a decline of 0.1 per cent and 0.2 per cent in the previous two quarters. The largest annual increases were in the East and the South West of 2.1 per cent.

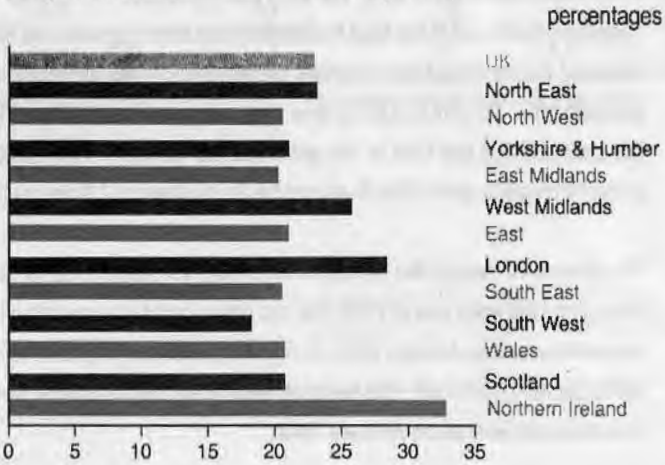
The downward trend in the UK **claimant count rate**, table 8, continued throughout the early part of 2000, but has now slowed in some regions. Nevertheless, since January 2000 all regions have shown improvements in the claimant count rate. The national rate in May 2000 of 3.9 per cent, is at its lowest level since January 1980.

In Table 6, the rate of **ILO unemployment**, now seasonally adjusted and showing quarterly data, declined by 0.1 percentage points in the UK to stand at 5.8 per cent in 2000 quarter one, the lowest rate since the series began in 1992 quarter two. However, there is some variation across the government office regions. The rate of unemployment actually rose in the North East, by 0.6 percentage points to 9.0 per cent, and by 0.5 percentage points in London to 7.6 per cent. On the other hand, the rate fell in the West Midlands by 0.7 percentage points over the same period to stand at 6.1 per cent, and by 0.6 percentage points in both the South East and Wales to stand at 3.5 and 6.8 per cent respectively. The South East's rate is the lowest recorded in any of the regions since the statistics were first compiled in 1992 quarter two. The national rate has been declining steadily since 1993 quarter one by 4.8 percentage points in total.

Long-term claimant count rates as a percentage of the unemployed, table 7 (now showing monthly data), has shown a modest increase over the latest few months. For the UK as a whole, the rate increased by 0.5 percentage points from the period January 2000 to May 2000 to stand at 22.9 per cent. The most significant rate decline over this period was seen in Northern Ireland, which has declined by 1.6 percentage points to stand at 32.8 per cent, though this is still significantly higher than the UK rate of 22.9 per cent. London also recorded a decline of 0.6 percentage points over the same period to stand at 28.3 per cent. The most significant rate increase over this period was seen in the South East and Wales, where rates increased by 0.9 percentage points to stand at 20.5 and 20.7 per cent respectively (chart 2).

Table 10 shows **redundancy rates** in the government office regions, with some variation evident. The most significant rise in Winter 1999 was in the West Midlands, with increases also recorded in the East Midlands and Scotland. On the other hand, the rate in the North West fell significantly, reaching its lowest level since Autumn 1998. Other declines were seen in the South West and the East.

Chart 2
Long term claimant count rate - May 2000



Total average gross weekly pay, from the annual New Earnings Survey, in table 5, shows a slight slowdown in the growth of UK average pay, but some regions recorded an acceleration. The UK average annual rise was 4.1 per cent in April 1999, compared with 4.6 per cent in April 1998, indicating a slowdown in wage rate growth between the two survey periods. The regions showing the highest rate of growth are the East, Yorkshire and the Humber and the West Midlands, growing at 4.8 per cent, 4.7 per cent and 4.7 per cent respectively. Wales, the North West and Northern Ireland all recorded below average growth rates of 2.8 per cent, 3.0 per cent and 3.7 per cent respectively. Comparing growth rates of April 1998 and April 1999 shows a mixed picture. The rate is slowing nationally and this is echoed in most regions. Significant declines over this period were seen in the East Midlands declining from 5.3 per cent to 3.2 per cent and in the South East which saw rates slow from 6.0 per cent to 4.4 per cent.On the other hand Yorkshire and the Humber increased from 4.4 per cent to 4.7 per cent, the East increased from 4.5 per cent to 4.8 per cent and in Scotland the rate increased from 4.0 per cent to 4.2 per cent.

Industrial Production and Construction

UK industrial production output, table 12, decreased by 0.8 per cent in 2000 quarter one, reversing the positive growth seen over the previous three quarters. Manufacturing output, which accounts for most of production, decreased by 0.5 per cent in the first quarter of 2000. Over the year to quarter one, UK production output increased by 1.6 per cent, a slight decline from the previous quarter's annual growth rate of 1.8 per cent.

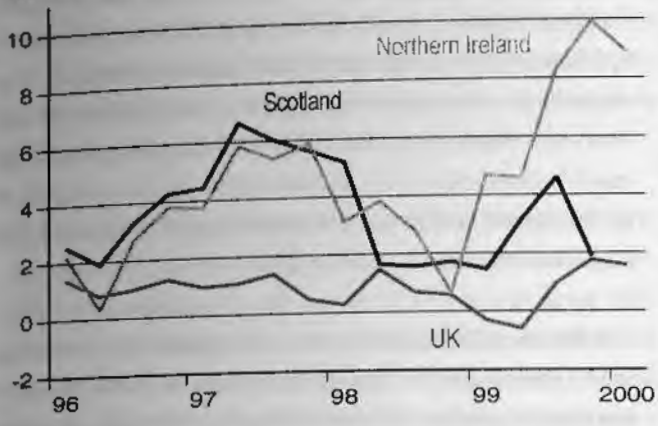
UK construction output, table 13, grew by 3.0 per cent in 2000 quarter one, the sixth consecutive quarter of positive growth. At annual rates, output grew by 4.8 per cent in the first quarter of 2000, an increase from the previous quarter's growth rate of 2.1 per cent.

Industrial production and **construction output** for Wales has been published for the first time since September 1998 (though not included in tables 12 and 13 in this publication, they will be included in the November 2000 edition of Economic Trends).

Wales' industrial production followed a similar pattern to the UK as a whole between 1994 and 1998. More recently, a decline in output in Wales during 1998 has been reversed during 1999 to return to the UK level by the first quarter of 2000. The growth in Welsh production output during 1999 is mainly a consequence of growth in the manufacturing sector.

Wales' construction sector accounted for 14.0 per cent of total production and construction output in 1995. Between 1995 and 1999 output has

Chart 3
Industrial production
seasonally adjusted annual percentage changes



declined to stand at 8.0 per cent below 1995 levels, compared to growth of 6.0 per cent in the UK. Most of this decline came between 1998 and 1999 when output fell by 5.1 per cent.

The latest production data for Scotland is for the fourth quarter of 1999 and for Northern Ireland is the first quarter of 2000. The latest construction data for both Scotland and Northern Ireland is for the fourth quarter of 1999.

Scotland's industrial production, table 12, decreased by 0.9 per cent in the fourth quarter, the first negative growth since 1998 quarter two. Year-on-year growth increased by 1.9 per cent, compared to growth of 4.6 per cent in 1999 quarter three. Annual growth for 1999, as a whole increased by 2.8 per cent compared to 2.6 per cent in 1998.

Scotland's construction output, table 13, is rather erratic due to revisions of the data, the latest quarterly figures shows an increase in the quarterly rate of growth to 4.2 per cent in 1999 quarter four, compared to an increase of 2.5 per cent in 1999 quarter three. Annual growth increased to 7.5 per cent in the fourth quarter of 1999, compared with growth of 1.6 per cent in 1999 quarter three. This is the highest rate of annual growth since 1996 quarter one. Annual growth for 1999 as a whole increased by 2.5 per cent, compared to a decline of 2.8 per cent in 1998.

Table 12 shows that **Northern Ireland's industrial production** quarterly growth increased to 1.9 per cent into the first quarter of 2000, compared to an increase of 1.3 per cent in the previous quarter. This still represents five consecutive quarters of positive growth. The growth since 1996 quarter three has been strong, probably reflecting the impact of political developments on the economic situation. Annual growth was 8.9 per cent in the first quarter of 2000, compared with growth of 9.9 per cent in the fourth quarter of 1999 (chart 3). Annual growth for 1999 as a whole rose from 2.6 per cent in 1998 to reach 7.2 per cent, the highest rate of annual growth since the series began in 1995.

Northern Ireland's construction, table 13, output in quarter four was very low relative to recent figures, although the series is erratic and subject to revisions. Overall, however, Northern Ireland's construction was very weak in 1999 but this should be compared with the very high growth seen in 1998. Quarterly output growth slowed to record a negative rate of 1.9 per cent in 1999 quarter four, but the rate of decline has slowed compared to the decline of 2.9 per cent in 1999 quarter three. The annual decline worsened to 6.4 per cent in 1999 quarter four, compared with a decline of 5.7 per cent in the previous quarter. Annual growth rates have now seen four consecutive quarters of negative growth.

Manufacturing

(Almost all CBI data is presented on the basis of government office regions. However, London and the South East are combined in the same manner as the standard statistical region of the South East.)

Tables 14 to 18 show that CBI/BSL balances provided evidence of a downturn in optimism across most, but not all regions in the April surveys.

Table 14 shows that businesses in most regions were less **optimistic about the business situation** in April than in January, but again with some exceptions. Balances in Yorkshire and the Humber, the West Midlands, the South West and Scotland decreased substantially. The recovery in balances was strongest in Northern Ireland, and the balance there is the highest since the series was first compiled in 1992 quarter four. The East, North East and Wales all increased, although Wales' balance remained negative.

UK manufacturing output, as measured by CBI/BSL balances for **volume of output** in table 15, declined in most regions in the April survey. The only regions to show an improvement were in the East Midlands and the North East, though the balance in the latter case was marginally negative. Balances declined substantially in Yorkshire and the Humber, Northern Ireland, London and the South East, the South West, Wales and Scotland. On the other hand improvements in volume of output are reflected in the expectation balances for the next four months in around half of the regions.

The overall CBI/BSL balance for **volume of new orders,** table 16, showed a downturn in the April survey compared to the January survey in most regions. All regions except the North West, the East Midlands and the East recorded a decrease in their balances, though the balance for the North West was unchanged from the January survey. The North West was the only region to record three consecutive quarters of positive balances. The North East, Yorkshire and the Humber, the South West

and Northern Ireland are the only regions to record a negative balance. The region showing the most significant improvement is the East Midlands, which recorded its first positive balance since April 1998 and it's highest since April 1996.

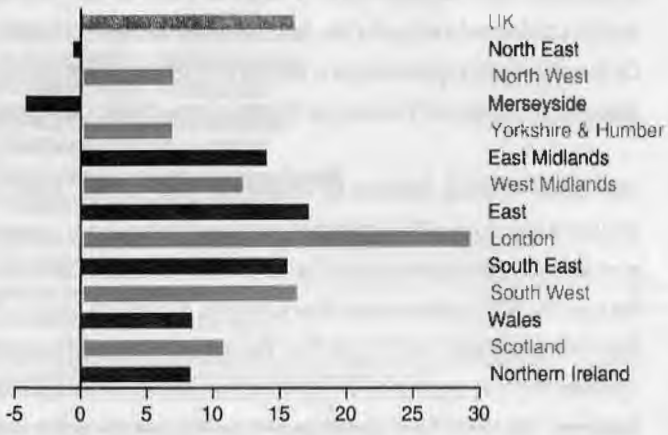
Volume of new export orders, table 17, showed a downturn in the April survey compared to the January survey in most regions. The recovery in balances was strongest in the North West, the East Midlands, the West Midlands and Wales. The West Midlands recorded its first positive balance since April 1996. Balances worsened considerably in the North East, Yorkshire and the Humber, London and the South East, the South West, Scotland and Northern Ireland. Export order balances were largely in line with those of new orders, apart from the West Midlands and Wales where the balances for new export orders improved as the balances for new orders worsened.

The percentages of **firms working below capacity**, table 18, improved across more regions than it declined; however, the UK as a whole saw a slight deterioration. Significant improvements can be seen in the West Midlands and the North East. On the other hand, percentages deteriorated significantly in the East Midlands, the South West, Yorkshire and the Humber and the North West. London and the South East and Scotland are both at their lowest rate of capacity under-utilisation since January 1998, according to the CBI/BSL survey.

The Housing Market

In Table 20 according to the Department of the Environment, Transport and the Regions data, UK **house prices** quarterly growth was 2.6 per cent in the first quarter of 2000, the same as in the fourth quarter of 1999, following much stronger figures in earlier quarters. There is thus some evidence of a slowdown in overall growth.

Chart 4
House prices - 2000 Q1 on 1999 Q1
annual percentage changes



The latest quarterly data also shows a changing picture across the regions. It appears that the recent increases in house prices are slowing in some regions and both declines and increases have been seen in other regions. The sharpest decline occurred in Merseyside, where house prices fell by 2.6 per cent in the latest quarter, compared to a decrease of 2.3 per cent in the previous quarter. Prices also fell in the North East, the North West and Scotland by 2.4, 2.3 and 0.5 per cent respectively. The strongest quarterly growth occurred in Northern Ireland, the East Midlands, the South West and London where house prices grew by 6.3, 5.9, 4.7 and 4.2 per cent respectively in 2000 quarter one.

Over the year to 2000 quarter one house price growth in the UK increased to 16.1 per cent, from 13.8 per cent in the previous quarter, the highest rate of annual growth since the series began in 1993 quarter two. Annual growth was highest in London, at 29.1 per cent, an increase from 26.0 per cent in the previous quarter. This is the eighth consecutive quarter of strong growth above 16.0 per cent and is also the highest rate of growth since the series began in 1993 quarter two. Annual growth above 15.0 per cent was also recorded in the East, the South East and the South West. Another region growing strongly is the East Midlands, at 13.9 per cent compared to 4.3 per cent in 1999 quarter four. This is also the highest rate of annual growth seen since the series started in 1993 quarter two. On the other hand, Merseyside and the North East recorded prices declining by 4.1 and 0.5 per cent on the year respectively, compared to growth of 0.9 and 10.6 per cent the previous quarter. These are the first negative rates of growth seen in these regions since 1999 quarter one and 1998 quarter four respectively (chart 4).

Looking at 1999 as a whole, annual growth in UK house prices was 11.5 per cent, up from 10.9 per cent in 1998. The regions growing above average were London at 23.4 per cent, an increase from 14.7 per cent in 1998 and the South East, at 11.6 per cent, a decline from 15.8 per cent in 1998. The region with the least growth was Merseyside, growing at 2.6 per cent in 1999, although this represents an improvement compared with a decline of 0.8 per cent in 1998. The East Midlands saw a sharp decline in its annual growth, down to 3.9 per cent in 1999 compared to 9.1 per cent in 1998, its slowest rate of annual growth since 1995.

In Table 19, the number of **permanent dwellings started**, fluctuates quite widely from quarter to quarter with a significant seasonal factor involved. The latest data for 2000 quarter one shows rises in the quarterly growth rates in all regions except the East Midlands, which declined from the previous quarter's growth of 5.7 per cent to 3.6 per cent in the latest data. Regions increasing by more than 20.0 per cent included the North East, the North West, the West Midlands, the East, the South East and the South West. In the year to 2000 quarter one, strong positive growth of 25.6 per cent was recorded for the North West and 20.3 per cent for the

South West. In London, however, annual growth fell by 24.4 per cent, which is the fourth consecutive quarter of negative growth. This suggests a shortage of houses on the market in the London area and may partially explain the recent strong rise in house prices. The only other regions to record negative growth were Wales, which declined by 2.2 per cent and Yorkshire and the Humber, which declined by 1.4 per cent . (The data for 2000 quarter one and 1999 quarter four is provisional.)

Annual rates for 1999 as a whole are not available for the United Kingdom or Scotland yet, but the data for the other regions shows a mixed picture. Significant positive growth was seen in Wales at 9.7 per cent in 1999, compared to a decline of 6.5 per cent in 1998, and in the West Midlands, where growth was 5.5 per cent in 1999. Growth in the South West was negative, falling by 9.7 per cent in 1999 following a decline in the rate of 8.5 per cent in 1998. The North East, the North West, the East, London and the South West all recorded two consecutive years of negative growth. The West Midlands is the only region to record four years of positive growth at an average annual rate of 4.4 per cent over the period 1996 to 1999.

Business Start-Ups

Echoing the robust economic growth in 1998, table 21, **VAT registrations and deregistrations**, shows registrations outnumbering deregistrations by 30,300 for the calendar year 1998. The net change was positive for every government office region except Wales, where there was a net loss of 100 businesses. The largest net gains were in London, of 11,300 businesses, and in the South East, of 6,900 businesses. Most newly registered companies in London are small local businesses, so this high rate can not be fully explained by the concentration of head offices in London. The North East, Yorkshire and the Humber and the West Midlands saw a small rise in the stock of VAT registered businesses for the first time in recent years.

1 Gross domestic product[1] at basic prices

Government Office Regions

£ million and percentages

		Percentage of the UK[2]												
	United Kingdom[2] (£m)	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland
	TMPV	TMPW	TMPX	TMPY	TMPZ	TMQA	TMQB	TMQC	TMQD	TMQE	TMQF	TMQG	TMQH	TMQI
1989	451 047	17 194	49 638	34 516	30 247	38 396	45 646	68 564	66 874	33 535	384 610	18 999	38 405	9 033
1993	561 318	21 227	60 265	42 393	36 860	47 491	55 757	87 043	83 846	42 302	477 185	23 195	48 811	12 127
1994	592 374	21 814	63 602	44 366	38 801	50 137	59 589	91 635	88 827	44 527	503 299	24 405	51 710	12 959
1995	620 958	22 774	65 806	46 837	40 786	52 781	62 151	94 399	93 082	47 373	525 991	25 860	55 249	13 858
1996	656 316	23 651	68 776	49 852	44 024	55 134	66 191	99 903	100 317	50 164	558 013	26 886	56 991	14 427
1997	699 055	24 321	72 475	53 002	47 289	58 053	72 229	108 645	107 630	53 453	597 096	27 912	58 578	15 468
1998	737 792	25 496	75 834	55 232	49 260	60 927	76 308	116 444	116 176	56 068	631 746	29 027	61 052	15 966

1 Based on the European System of Accounts 1995 (ESA95).
2 UK *less* Extra-Regio and statistical discrepancy.

Source: National Statistics

2 Gross domestic product[1] at basic prices: £ per head

Government Office Regions

£

	United Kingdom[2]	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland
	TMQJ	TMQK	TMQL	TMQM	TMQN	TMQO	TMQP	TMQQ	TMQR	TMQS	TMQT	TMQU	TMQV	TMQW
1989	7 864	6 628	7 239	6 975	7 573	7 326	8 965	10 085	8 791	7 172	8 045	6 621	7 535	5 706
1993	9 646	8 120	8 727	8 453	9 039	8 976	10 740	12 563	10 839	8 880	9 834	7 980	9 520	7 421
1994	10 144	8 342	9 200	8 825	9 466	9 459	11 424	13 164	11 428	9 295	10 336	8 374	10 060	7 880
1995	10 595	8 719	9 519	9 301	9 899	9 940	11 840	13 487	11 889	9 827	10 759	8 856	10 738	8 390
1996	11 162	9 072	9 958	9 890	10 635	10 363	12 528	14 167	12 724	10 360	11 371	9 196	11 096	8 660
1997	11 847	9 348	10 504	10 506	11 378	10 896	13 570	15 280	13 554	10 983	12 119	9 530	11 416	9 220
1998	12 455	9 819	10 990	10 939	11 812	11 417	14 222	16 245	14 529	11 448	12 768	9 888	11 902	9 438

1 Based on the European System of Accounts 1995 (ESA95).
2 UK *less* Extra-Regio and statistical discrepancy.

Source: National Statistics

3 Household disposable income[1]: £ per head

Government Office Regions

£

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland
	DEPZ	LRCG	LRCH	DEQB	DEQC	DEQH	LRCI	DEQE	LRCJ	DEQG	LREV	DEQJ	DEQK	DEQL
1989	5 553	4 613	5 114	5 011	5 305	5 059	6 128	6 922	6 245	5 643	5 683	4 712	5 090	4 639
1993	7 769	6 898	7 251	7 174	7 293	7 260	8 215	9 305	8 515	7 719	7 872	6 798	7 646	6 826
1994	8 020	6 941	7 439	7 387	7 541	7 502	8 539	9 667	8 904	7 923	8 140	7 018	7 741	7 125
1995	8 443	7 147	7 783	7 808	7 931	7 828	9 090	10 147	9 397	8 446	8 572	7 441	8 078	7 554
1996	8 870	7 523	8 157	8 140	8 195	8 240	9 740	10 776	9 980	8 704	9 027	7 702	8 332	7 947
1997	9 405	8 080	8 703	8 676	8 926	8 640	10 371	11 084	10 559	9 543	9 585	8 217	8 661	8 464

1 Based on the European System of Accounts 1995 (ESA95).

Source: National Statistics

4 Individual consumption expenditure[1]: £ per head

Government Office Regions

£

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland
	TLZI	TLZJ	TLZK	TLZL	TLZM	TLZN	TLZO	TLZP	TLZQ	TLZR	TLZS	TLZT	TLZU	THZZ
1990	6 033	..	..	5 324	5 857	5 637	..	7 394	..	6 126	6 147	5 409	5 663	4 891
1991	6 383	..	..	5 813	6 089	5 927	..	7 702	..	6 326	6 501	5 788	5 956	5 250
1992	6 687	..	..	6 175	6 310	6 069	..	8 010	..	6 632	6 805	6 076	6 279	5 562
1993	7 097	..	..	6 733	6 711	6 369	..	8 564	..	6 839	7 210	6 312	6 828	5 963
1994	7 441	6 601	7 101	7 076	7 202	6 940	7 508	8 793	8 388	7 066	7 550	6 481	7 235	6 551
1995	7 750	6 860	7 324	7 268	7 568	7 387	8 090	9 087	8 546	7 411	7 860	6 985	7 470	6 709
1996	8 255	7 335	7 792	7 744	7 937	7 700	8 698	9 518	9 170	8 059	8 358	7 703	7 955	7 119
1997	8 762	7 734	8 331	8 161	8 369	8 127	9 134	10 250	9 772	8 577	8 884	8 022	8 467	7 384
1998	9 202	7 862	8 710	8 689	8 628	8 499	9 940	10 941	10 335	8 791	9 361	7 995	8 896	7 588

1 Based on the European System of Accounts 1995 (ESA95).

Source: National Statistics

5 Total average gross weekly pay[1]

Government Office Regions

£

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	DEOG	LRCO	LSHZ	DCQI	DCQH	DCQG	LRCQ	DCPI	LRCR	DCQF	DCQL	DCQM	DCQN
1993 Apr	316.0	286.2	299.1	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	307.7	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	317.7	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	329.6	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	345.8	330.5	332.9	337.8	362.4	480.1	382.5	342.7	330.1	336.8	319.7
1998 Apr	383.1	339.2	361.6	344.9	350.4	358.8	378.6	500.9	405.5	354.0	343.9	350.3	332.6
1999 Apr	398.7	349.6	372.6	361.0	361.7	375.6	396.6	520.0	423.2	364.9	353.6	364.9	344.9

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, National Statistics; Department of Economic Development, Northern Ireland

6 ILO unemployment rates as a percentage of the economically active[1], seasonally adjusted

Government Office Regions

Percentages

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland[2]
	MGSX	YCNC	YCND	YCNE	YCNF	YCNG	YCNH	YCNI	YCNJ	YCNK	YCNL	YCNM	YCNN	MGXW
1997 Q2	7.2	9.9	7.2	7.5	5.8	6.8	6.3	9.3	5.2	5.8	6.9	8.3	8.6	8.0
Q3	6.8	8.8	7.3	7.4	5.1	7.2	5.5	9.2	4.7	5.2	6.6	7.5	8.2	8.7
Q4	6.6	8.5	6.9	7.1	5.3	6.5	5.3	9.2	4.5	5.1	6.4	7.0	7.4	8.7
1998 Q1	6.4	8.5	6.8	7.1	5.2	6.2	5.4	8.2	4.3	4.6	6.1	7.2	7.7	8.5
Q2	6.3	8.4	6.9	7.3	4.8	5.9	4.9	8.6	4.3	4.8	6.1	6.9	7.5	6.9
Q3	6.3	8.3	6.8	7.2	5.4	6.0	4.5	7.8	4.5	4.9	6.0	7.5	7.6	8.1
Q4	6.2	9.7	7.1	7.1	4.9	6.6	4.3	7.7	4.0	4.5	6.0	7.2	7.8	6.8
1999 Q1	6.2	9.7	6.7	6.8	5.1	7.0	4.2	7.8	3.9	4.9	6.0	7.2	7.5	7.2
Q2	6.0	9.6	6.3	6.3	5.3	6.9	4.2	7.4	3.9	4.5	5.8	7.5	7.2	7.6
Q3	5.9	9.7	6.3	6.1	5.6	6.3	4.0	7.5	3.8	4.4	5.7	7.3	7.0	7.3
Q4	5.9	8.4	6.0	6.1	5.6	6.8	4.2	7.1	4.1	4.2	5.6	7.4	7.2	6.6
2000 Q1	5.8	9.0	6.1	6.3	5.2	6.1	4.0	7.6	3.5	4.3	5.5	6.8	7.5	6.6

1 Periods are calendar quarters.
2 Estimates for Northern Ireland are not seasonally adjusted. The quarterly series starting in 1995 provides insufficient data to do this reliably.

Source: Labour Force Survey, National Statistics

7 Long-term claimant count as a percentage of the unemployed[1] (those out of work for 12 months or more)

Government Office Regions

Percentages

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	LRFN	LRFO	LSIA	LRFR	LRFS	LRFT	LRFU	LRFV	LRFW	LRFX	LRFY	LRFZ	LRGA
1999 Apr	*25.1*	*24.8*	22.3	*23.2*	*21.8*	*26.1*	*22.8*	*31.6*	*22.5*	*21.5*	*22.1*	*22.0*	*42.2*
May	*25.5*	*25.3*	22.5	*23.7*	*22.4*	*26.4*	*23.1*	*31.4*	*22.9*	*22.0*	*22.6*	*22.4*	*42.6*
Jun	*25.6*	*25.7*	22.7	*23.9*	*22.9*	*26.5*	*23.6*	*31.4*	*23.3*	*22.4*	*22.7*	*22.4*	*41.8*
Jul	*24.8*	*25.1*	21.9	*23.2*	*22.3*	*25.8*	*22.8*	*30.7*	*22.6*	*21.4*	*22.1*	*21.4*	*38.5*
Aug	*24.1*	*24.9*	21.3	*22.6*	*21.7*	*25.1*	*22.1*	*29.7*	*21.8*	*20.6*	*21.6*	*21.1*	*37.0*
Sep	*24.3*	*25.2*	21.5	*22.7*	*22.0*	*25.4*	*22.4*	*29.5*	*21.8*	*20.4*	*22.0*	*22.1*	*37.4*
Oct	*24.7*	*25.8*	21.9	*22.8*	*22.7*	*26.5*	*22.6*	*29.6*	*21.9*	*20.2*	*22.3*	*22.4*	*37.6*
Nov	*24.3*	*25.2*	21.8	*22.3*	*22.4*	*26.7*	*22.4*	*29.6*	*21.5*	*19.5*	*21.7*	*22.2*	*36.8*
Dec	*24.1*	*25.0*	21.5	*21.8*	*21.7*	*26.7*	*22.1*	*29.6*	*21.2*	*19.1*	*21.4*	*22.0*	*36.2*
2000 Jan	*22.4*	*22.9*	19.9	*20.4*	*19.8*	*25.3*	*20.5*	*28.9*	*19.6*	*17.5*	*19.8*	*20.0*	*34.4*
Feb	*22.1*	*22.7*	19.6	*20.0*	*19.5*	*25.2*	*20.1*	*28.4*	*19.5*	*17.1*	*19.6*	*19.7*	*33.4*
Mar	*22.2*	*22.7*	19.8	*20.2*	*19.6*	*25.4*	*20.3*	*28.2*	*19.7*	*17.4*	*19.8*	*19.9*	*33.0*
Apr	*22.5*	*23.0*	20.1	*20.7*	*20.0*	*25.6*	*20.4*	*28.1*	*20.2*	*17.9*	*20.2*	*20.5*	*32.7*
May	*22.9*	*23.1*	20.5	*21.0*	*20.2*	*25.7*	*21.0*	*28.3*	*20.5*	*18.2*	*20.7*	*20.7*	*32.8*

1 Computerised claims only.

Source: National Statistics

8 Claimant count rates as a percentage of total workforce

Government Office Regions

Seasonally adjusted

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	BCJE	DPDM	IBWC	DPBI	DPBJ	DPBN	DPDP	DPDQ	DPDR	DPBM	DPBP	DPBQ	DPBR
1996	*7.2*	*10.2*	7.7	*7.8*	*6.7*	*7.2*	*5.9*	*8.5*	*5.0*	*6.1*	*8.0*	*7.6*	*10.7*
1997	*5.5*	*8.4*	6.0	*6.3*	*4.9*	*5.5*	*4.1*	*6.4*	*3.4*	*4.3*	*6.4*	*6.4*	*8.2*
1998	*4.7*	*7.5*	5.3	*5.5*	*4.0*	*4.7*	*3.3*	*5.3*	*2.7*	*3.5*	*5.6*	*5.7*	*7.4*
1999	*4.3*	*7.2*	4.9	*5.1*	*3.8*	*4.6*	*3.0*	*4.8*	*2.4*	*3.1*	*5.2*	*5.4*	*6.5*
1999 May	*4.4*	*7.4*	5.0	*5.2*	*3.9*	*4.7*	*3.1*	*4.8*	*2.5*	*3.2*	*5.4*	*5.5*	*6.8*
Jun	*4.4*	*7.3*	5.0	*5.1*	*3.9*	*4.7*	*3.0*	*4.8*	*2.5*	*3.2*	*5.3*	*5.5*	*6.6*
Jul	*4.3*	*7.2*	4.9	*5.0*	*3.8*	*4.6*	*3.0*	*4.7*	*2.4*	*3.1*	*5.1*	*5.2*	*6.4*
Aug	*4.2*	*7.1*	4.8	*5.0*	*3.8*	*4.6*	*2.9*	*4.7*	*2.3*	*3.0*	*5.0*	*5.2*	*6.3*
Sep	*4.2*	*7.1*	4.8	*4.9*	*3.7*	*4.6*	*2.9*	*4.6*	*2.3*	*3.0*	*5.0*	*5.2*	*6.1*
Oct	*4.2*	*6.9*	4.8	*4.9*	*3.7*	*4.5*	*2.9*	*4.6*	*2.3*	*3.0*	*5.0*	*5.2*	*6.0*
Nov	*4.1*	*6.9*	4.8	*4.9*	*3.7*	*4.5*	*2.9*	*4.6*	*2.3*	*2.9*	*4.9*	*5.1*	*5.9*
Dec	*4.1*	*6.8*	4.7	*4.8*	*3.7*	*4.4*	*2.8*	*4.5*	*2.2*	*2.8*	*4.8*	*5.1*	*5.8*
2000 Jan	*4.0*	*6.8*	4.7	*4.7*	*3.6*	*4.4*	*2.8*	*4.5*	*2.2*	*2.8*	*4.8*	*5.1*	*5.7*
Feb	*4.0*	*6.8*	4.7	*4.7*	*3.6*	*4.3*	*2.7*	*4.4*	*2.2*	*2.8*	*4.8*	*5.1*	*5.7*
Mar	*4.0*	*6.8*	4.6	*4.7*	*3.6*	*4.3*	*2.7*	*4.4*	*2.1*	*2.7*	*4.7*	*5.0*	*5.6*
Apr	*3.9*	*6.7*	4.5	*4.5*	*3.6*	*4.2*	*2.6*	*4.3*	*2.1*	*2.7*	*4.7*	*4.9*	*5.5*
May[1]	*3.9*	*6.7*	4.5	*4.5*	*3.6*	*4.2*	*2.6*	*4.2*	*2.0*	*2.6*	*4.7*	*4.9*	*5.5*

1 Provisional.

Source: National Statistics

9 Total in employment[1,2], seasonally adjusted

Government Office Regions

Thousands

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland[3]
	MGRZ	YCJP	YCJQ	YCJR	YCJS	YCJT	YCJU	YCJV	YCJW	YCJX	YCJY	YCJZ	YCKA	YCPT
1997 Q2	26 982	1 080	3 007	2 243	1 972	2 437	2 546	3 280	3 905	2 296	22 765	1 232	2 292	688
Q3	27 055	1 086	2 982	2 250	1 974	2 423	2 591	3 266	3 935	2 327	22 834	1 216	2 307	698
Q4	27 117	1 079	3 004	2 245	1 981	2 454	2 604	3 251	3 949	2 317	22 884	1 214	2 326	698
1998 Q1	27 188	1 079	2 996	2 255	1 984	2 461	2 611	3 279	3 964	2 334	22 962	1 215	2 321	687
Q2	27 230	1 073	2 983	2 255	2 004	2 471	2 621	3 283	3 989	2 333	23 011	1 211	2 313	691
Q3	27 352	1 068	3 027	2 265	1 991	2 485	2 637	3 331	4 009	2 343	23 155	1 221	2 292	685
Q4	27 448	1 060	3 025	2 281	1 989	2 461	2 638	3 376	4 042	2 339	23 211	1 235	2 308	700
1999 Q1	27 540	1 058	3 023	2 287	2 009	2 454	2 652	3 391	4 049	2 372	23 295	1 238	2 309	694
Q2	27 592	1 062	3 064	2 291	1 998	2 461	2 656	3 394	4 046	2 374	23 346	1 231	2 318	693
Q3	27 696	1 077	3 077	2 311	2 006	2 475	2 664	3 389	4 053	2 360	23 411	1 244	2 335	705
Q4	27 769	1 089	3 093	2 320	2 019	2 459	2 661	3 406	4 057	2 390	23 494	1 244	2 333	702
2000 Q1	27 824	1 087	3 106	2 312	2 018	2 471	2 673	3 383	4 107	2 394	23 550	1 242	2 336	695

1 Includes employees, the self-employed, participants on Government-supported employment and training schemes and unpaid family-workers.
2 Periods are calendar quarters.
3 Estimates for Northern Ireland are not seasonally adjusted. The quarterly series starting in 1995 provides insufficient data to do this reliably.

Source: Labour Force Survey, National Statistics

10 Redundancies, not seasonally adjusted[1]

Government Office Regions

Rates[2]

	Great Britain	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland
	DCXD	LRDH	LRDI	DCXF	DCXG	DCXL	LRDJ	DCXI	LRDK	DCXK	DCXN	DCXO
Spring 1996	8	–[3]	9	7	7	8	9	7	6	7	–[3]	8
Summer 1996	8	–[3]	8	7	8	8	8	5	7	7	11	9
Autumn 1996	7	–[3]	5	9	7	6	5	7	8	7	–[3]	9
Winter 1996	7	–[3]	8	6	8	7	8	5	7	–[3]	–[3]	9
Spring 1997	7	10	8	8	9	7	6	6	7	6	–[3]	8
Summer 1997	7	–[3]	8	6	7	8	9	6	6	6	–[3]	8
Autumn 1997	6	–[3]	7	7	6	5	6	6	5	6	–[3]	8
Winter 1997	7	11	8	6	8	7	6	7	5	8	–[3]	11
Spring 1998	7	–[3]	6	7	10	8	7	7	7	7	–[3]	10
Summer 1998	7	–[3]	7	8	9	9	5	5	7	6	–[3]	8
Autumn 1998	8	10	7	7	8	9	9	6	9	8	–[3]	6
Winter 1998	9	16	9	6	8	9	6	10	8	9	11	11
Spring 1999	8	–[3]	9	9	–[3]	11	8	6	7	7	10	10
Summer 1999	7	–[3]	9	9	8	8	7	4	6	7	–[3]	8
Autumn 1999	7	–[3]	10	6	8	6	6	6	7	8	–[3]	6
Winter 1999	8	11	7	7	11	10	5	7	7	6	15	9

1 The method of calculating redundancy estimates back to spring 1995 has changed from that used to calculate data previously published in this table Thus the data in this table are not comparable to those previously published. See pp255-229 of the May 2000 Labour Market Trends for more information.

Source: Labour Force Survey, National Statistics

11 Employee jobs (all industries)

Government Office Regions

June 1996 = 100

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	YEKA	YEKB	YEKJ	YEKC	YEKD	YEKI	YEKE	YEKF	YEKG	YEKH	YEKK	YEKL	YEKM
1998	105.0	102.0	102.6	103.2	104.7	103.6	106.5	109.1	108.3	106.0	101.9	100.3	105.6
1999	106.1	100.7	103.2	103.9	105.1	103.9	108.7	110.7	109.9	107.8	104.0	100.7	107.0
1998 Sep	105.5	102.1	102.9	103.1	105.1	103.5	106.9	109.7	109.1	106.1	103.0	101.3	105.5
Dec	106.0	101.6	103.3	103.7	105.0	104.3	107.6	110.8	109.8	106.9	103.4	101.2	106.8
1999 Mar	105.1	100.5	102.2	103.0	104.5	103.0	107.0	109.9	108.5	106.0	102.9	100.1	106.1
Jun	105.7	100.1	102.7	103.6	104.8	103.3	108.2	110.1	109.6	107.7	103.6	100.5	106.3
Sep	106.5	100.8	103.7	104.2	105.2	103.9	109.2	110.8	110.4	108.9	105.0	101.1	107.1
Dec	107.2	101.5	104.4	104.6	106.0	105.6	110.3	112.1	111.1	108.7	104.6	101.1	108.5
2000 Mar	106.1	99.8	103.0	103.8	104.5	104.4	109.2	111.0	110.1	108.2	103.0	100.8	107.6

Source: National Statistics

12 Index of industrial production[1]

Seasonally adjusted 1995 = 100

	United Kingdom	Scotland	Northern Ireland
	CKYW	LRFK	LRFL
1996	101.1	103.0	102.3
1997	102.1	108.8	107.6
1998	102.9	111.6	110.4
1999	103.4	114.7	118.3
1997 Q1	102.0	105.9	105.5
Q2	101.9	109.2	107.0
Q3	102.6	109.3	107.9
Q4	102.0	111.0	110.0
1998 Q1	102.3	111.4	108.8
Q2	103.4	111.0	111.1
Q3	103.3	111.0	110.9
Q4	102.6	112.9	110.7
1999 Q1	102.0	113.0	113.9
Q2	102.8	114.5	116.2
Q3	104.3	116.1	120.1
Q4	104.4	115.0	121.7
2000 Q1	103.6	..	124.0

1 The index of industrial production has been rebased from 1990=100 to 1995=100. Figures for Wales are not yet available. Figures on the 1990=100 base are not being continued.

Sources: National Statistics; Scottish Executive; Department of Economic Development, Northern Ireland

13 Index of construction[1]

Seasonally adjusted 1995 = 100

	United Kingdom	Scotland	Northern Ireland[2]
	GDQB	LRZR	LRFM
1996	101.5	100.4	..
1997	104.7	101.1	..
1998	106.1	98.3	..
1999	106.4	100.8	..
1997 Q2	104.7	103.4	102.7
Q3	104.4	98.8	99.6
Q4	106.3	97.3	107.3
1998 Q1	109.0	96.9	107.8
Q2	105.3	96.3	109.7
Q3	105.0	100.7	109.4
Q4	105.1	99.2	108.1
1999 Q1	105.5	94.6	97.7
Q2	106.1	99.8	106.3
Q3	106.6	102.3	103.2
Q4	107.3	106.6	101.2
2000 Q1	110.5	..	..

1 The index of construction has been rebased from 1990=100 to 1995=100. Figures for Wales are not yet available. Figures on the 1990=100 base are not being continued.
2 Provisional.

Sources: National Statistics; Scottish Executive; Department of Finance and Personnel, Northern Ireland

14 Manufacturing industry: optimism about business situation

Government Office Regions (London and the South East is still on an SSR basis)

Balance[1]

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London and the South East	South West	Wales	Scotland	Northern Ireland
	DCMO	LRYS	LRYT	DCMU	DCMT	DCMS	LRYU	DCMP	DCMR	DCMX	DCMY	DCMZ
1999 Jul	5	8	–	19	11	3	–11	–1	–5	–3	–3	–6
Oct	13	46	13	–4	–2	10	13	17	15	23	–2	24
2000 Jan	9	6	18	14	13	–11	1	12	14	–22	13	–4
Apr	–2	8	14	–15	1	–25	8	–4	–38	–16	–17	51

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

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

15 Manufacturing industry: volume of output

Government Office Regions (London and the South East is still on an SSR basis)

Balance[1]

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London and the South East	South West	Wales	Scotland	Northern Ireland
Past 4 months	DCLQ	LRYV	LRYW	DCLW	DCLV	DCLU	LRYX	DCLR	DCLT	DCLZ	DCMA	DCMB
1999 Jul	–14	12	–17	–24	–3	–32	–15	–13	–17	–6	–1	–20
Oct	–1	28	15	–25	5	–17	8	8	–18	9	–6	7
2000 Jan	11	–3	7	25	4	4	10	23	33	34	34	1
Apr	–	–1	4	–18	26	4	8	13	13	14	16	–15
Next 4 months	DCMC	LRYY	LRYZ	DCMI	DCMH	DCME	LRZA	DCMD	DCMF	DCML	DCMM	DCMN
2000 Apr	1	28	9	–13	11	–10	17	19	11	1	–7	15

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 new orders

Government Office Regions (London and the South East is still on an SSR basis)

Balance[1]

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London and the South East	South West	Wales	Scotland	Northern Ireland
Past 4 months	DCNA	LRZB	LRZC	DCNG	DCNF	DCNE	LRZD	DCNB	DCND	DCNJ	DCNK	DCNL
1999 Jul	–19	–12	–31	–25	–11	–28	–13	–12	–25	–41	–14	12
Oct	–5	22	16	–19	–1	–19	–10	–1	–21	–2	–13	–20
2000 Jan	9	12	21	15	–1	14	13	25	2	22	11	–9
Apr	–4	–19	21	–15	27	4	14	22	–1	1	6	–22
Next 4 months	DCNM	LRZE	LRZF	DCNS	DCNR	DCNQ	LRZG	DCNN	DCNP	DCNV	DCNW	DCNX
2000 Apr	2	16	9	2	11	–9	20	22	–1	1	–5	–20

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 export orders

Government Office Regions (London and the South East is still on an SSR basis)

Balance[1]

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London and the South East	South West	Wales	Scotland	Northern Ireland
Past 4 months	DCNY	LRZH	LRZI	DCOE	DCOD	DCOC	LRZJ	DCNZ	DCOB	DCOH	DCOI	DCOJ
1999 Jul	–24	–7	–25	–33	16	–36	–33	–31	–29	–25	–8	8
Oct	–14	38	1	–17	–11	–18	–9	–9	–24	4	–13	3
2000 Jan	–3	8	–15	–19	–12	–7	14	29	10	–10	8	–24
Apr	–8	–22	20	–43	18	6	3	–1	–8	9	–4	–37
Next 4 months	DCOK	LRZK	LRZL	DCOQ	DCOP	DCOO	LRZM	DCOL	DCON	DCOT	DCOU	DCOV
2000 Apr	–7	15	7	–33	–4	–17	16	–1	–14	10	3	–61

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

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

18 Manufacturing industry: firms working below capacity

Government Office Regions (London and the South East is still on an SSR basis)

Percentages

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London and the South East	South West	Wales	Scotland	Northern Ireland
	DCOW	LRZN	LRZO	DCPC	DCPB	DCPA	LRZP	DCOX	DCOZ	DCPF	DCPG	DCPH
1999 Jul	*58*	*66*	*65*	*69*	*49*	*78*	*67*	*62*	*59*	*61*	*48*	*57*
Oct	*60*	*61*	*70*	*54*	*50*	*56*	*61*	*61*	*68*	*64*	*54*	*45*
2000 Jan	*61*	*75*	*56*	*67*	*54*	*68*	*55*	*50*	*51*	*56*	*44*	*51*
Apr	*62*	*62*	*63*	*78*	*67*	*60*	*59*	*47*	*62*	*53*	*41*	*50*

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

19 Permanent dwellings started
Government Office Regions

Numbers

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland[1]	Northern Ireland
	DEOI	LRDP	LRZQ	DCRX	DCRW	DCRV	LRDR	DCRR	LRDS	DCRU	BLIA	BLFA	BLGA
1998	187 303	7 347	19 321	14 916	15 957	14 804	20 065	13 460	24 341	18 497	8 482	19 789	10 459
1999	..	6 977	18 705	15 230	15 911	15 615	18 463	13 364	25 168	16 707	9 305	..	10 614
1998 Q2	49 708	1 917	5 407	3 614	4 090	4 162	5 454	3 478	6 944	4 907	2 241	4 463	3 031
Q3	48 027	1 837	4 439	3 901	4 266	4 083	5 136	3 216	6 588	4 542	2 220	5 246	2 553
Q4	38 662	1 418	4 357	3 067	3 471	2 884	3 868	3 479	4 943	3 363	1 692	4 248	1 872
1999 Q1	49 490	1 874	4 336	3 676	3 799	4 149	4 724	4 196	6 422	3 968	2 255	6 931	3 160
Q2	49 864	1 761	5 032	4 087	4 271	4 209	5 090	3 268	6 866	4 461	2 722	5 467	2 630
Q3	47 590	1 877	4 989	4 050	3 813	3 831	4 592	3 024	6 552	4 505	2 370	5 687	2 300
Q4[2]	..	1 465	4 348	3 417	4 028	3 426	4 057	2 876	5 328	3 773	1 958	..	2 524
2000 Q1[2]	..	1 998	5 445	3 624	4 172	4 666	5 315	3 173	6 546	4 775	2 206	..	..

1 Includes estimates for outstanding returns for private sector.
2 Quarters 4 of 1999 and 1 of 2000 for the English regions are provisional.

Sources: Department of the Environment, Transport and the Regions; National Assembly for Wales; Scottish Executive; Department for Social Development, Northern Ireland

20 House prices[1]
Government Office Regions

1993 = 100

	United Kingdom	North East	North West[2]	Mersey-side	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	LRBH	LRDX	LRDY	LREN	LRBJ	LRBK	LRBP	LRDZ	LRBM	LREA	LRBO	LRBR	LRBS	LRBT
1998	129.7	112.9	116.0	110.2	110.6	122.9	121.1	135.6	144.0	141.1	130.3	115.0	117.7	154.9
1999	144.6	121.7	124.4	113.1	117.4	127.7	130.6	147.1	177.7	157.5	145.2	124.1	120.4	170.0
1998 Q2	128.6	116.0	113.3	104.7	108.1	122.5	121.0	135.9	143.4	141.2	127.5	114.5	115.7	153.0
Q3	134.2	116.3	120.9	108.6	110.9	123.8	121.9	141.0	153.0	146.5	134.1	114.9	121.4	155.6
Q4	133.6	108.0	117.7	111.7	113.1	124.3	123.5	139.7	152.9	145.9	134.2	117.6	116.7	161.1
1999 Q1	134.4	117.1	118.5	114.5	112.4	120.5	122.8	139.8	155.5	148.6	135.9	118.7	112.4	167.7
Q2	140.1	119.6	120.9	110.3	114.8	128.0	124.5	143.1	170.1	151.0	139.5	126.9	118.4	163.8
Q3	148.3	129.5	127.1	115.3	120.0	130.0	135.0	144.7	185.5	160.1	151.3	125.5	124.8	171.1
Q4	152.1	119.4	129.5	112.7	120.0	129.7	136.3	159.7	192.6	167.3	150.6	125.5	124.8	170.7
2000 Q1	156.0	116.5	126.5	109.8	119.9	137.3	137.5	163.7	200.7	171.6	157.7	128.6	124.2	181.5

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.
2 Excludes Merseyside.

Source: Department of the Environment, Transport and the Regions

21 VAT registrations and deregistrations[1]: net change[2]
Government Office Regions

Thousands

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	DCYQ	LREB	LRZS	DCYT	DCYU	DCYY	LRED	DEON	LREE	DCYX	DCZA	DCZB	DCZC
1995	–9.3	–1.0	–2.5	–2.1	–0.8	–1.4	–0.5	3.6	–0.6	–2.5	–1.1	–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
1997	18.1	–0.2	1.0	–0.4	0.5	–0.3	2.5	8.9	4.3	0.9	–0.1	0.7	0.2
1998	30.3	0.2	2.5	0.5	1.2	1.7	2.7	11.3	6.9	1.7	–0.1	0.9	0.9

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) – June 2000

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Note that further development work is ongoing and the FEPI will be available only as an experimental index until this work has been completed.

Summary

The rate of inflation, as measured by the Final Expenditure Prices Index (FEPI) in June 2000, was 1.4 per cent, down from 1.6 per cent in May. The rate of inflation as measured by the FEPI(P), a variant version of the FEPI incorporating government output prices (see Note 6), fell from 1.7 per cent in May to 1.6 per cent in June 2000. The lower rate of inflation for the FEPI and the FEPI(P) in June was due to lower investment price inflation and lower government price inflation which outweighed higher inflation for consumer prices.

The FEPI and FEPI(P) annual percentage change

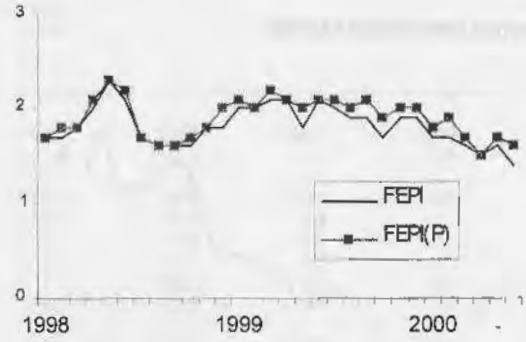


Table A

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

		ICP		IIP		IGP		IGP(P)		FEPI		FEPI(P)	
		Index	%change	Index	%change	Index	%change	Index	%change	Index	%change	Index	%change
2000	Jan	121.5	1.3	113.6	2.5	122.0	2.3	121.4	3.1	120.0	1.7	119.8	1.8
	Feb	122.0	1.3	113.6	2.3	122.0	2.4	121.4	3.0	120.3	1.7	120.2	1.9
	Mar	122.4	1.1	113.8	2.2	121.9	2.4	121.4	2.7	120.6	1.6	120.5	1.7
	Apr	122.9	1.0	114.1	2.2	123.2	2.4	122.2	2.8	121.2	1.5	120.9	1.5
	May	123.2	1.0	115.0	2.9	123.5	2.3	122.4	2.7	121.6	1.6	121.4	1.7
	Jun	123.4	1.1	115.0	2.5	123.6	1.4	122.5	1.8	121.7	1.4	121.5	1.6

The Index of Consumer Prices (ICP)

Consumer price inflation, as measured by the ICP, increased from 1.0 per cent in May to 1.1 per cent in June 2000. The higher rate of inflation for the ICP in June was mainly due to higher inflation for transport and communication and food.

Upward pressure came from:

- Transport and communication, where the annual rate of inflation increased from 1.5 per cent in May to 2.4 per cent in June, mainly due to higher pump prices for petrol and oil.
- Food, where the annual rate of inflation was less negative in June than in May, largely due to price increases for potatoes and fresh fruit and vegetables compared with smaller increases and some price decreases this time last year.

Downward pressure came from:

- Clothing and footwear, where the annual rate of inflation was minus 2.8 per cent in June compared with minus 2.4 per cent in May. There were more special offers on a variety of clothing items compared with this time last year.

The ICP annual percentage change

The Index of Investment Prices (IIP)

Investment price inflation, as measured by the IIP, fell from 2.9 per cent in May to 2.5 per cent in June, largely due to a fall in the rate of inflation for dwellings from 14.6 per cent in May to 12.7 per cent in June 2000. The rates of inflation for machinery & equipment (other than transport equipment) and transfer costs of land and buildings also fell between May and June 2000.

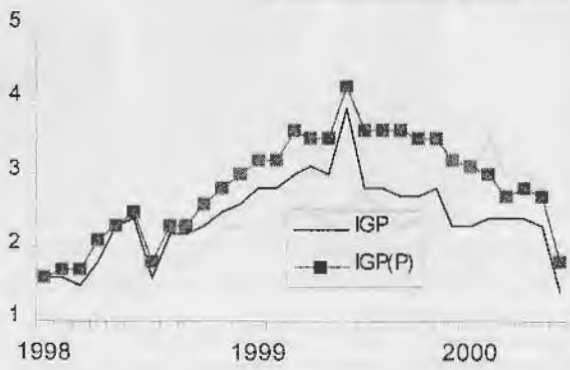
The IIP annual percentage change

The Index of Government Prices - IGP and IGP(P)

The IGP(P) is a variant version of the IGP which incorporates government output prices, whereas the IGP is based on input prices (see Note 6). The rate of inflation for the IGP and IGP(P) fell substantially between May and June 2000. This was because the local and central government indices were high in June 1999 due to local government and National Health Service employees receiving arrears of pay.

Estimates for the IGP(P) have been revised substantially due to the receipt of later data and the incorporation of methodological improvements. Preliminary estimates for the IGP(P) for 2000 are published for the first time in this article.

The IGP and IGP(P) annual percentage change



Comparison between FEPI and other inflation measures

Table B
Measures of Inflation (annual percentage changes)

	FEPI	FEPI(P)	RPIX	HICP	ICP(FEPI)	PPI
2000 Jan	1.7	1.8	2.1	0.8	1.3	2.4
Feb	1.7	1.9	2.2	1.0	1.3	2.4
Mar	1.6	1.7	2.0	0.7	1.1	2.4
Apr	1.5	1.5	1.9	0.6	1.0	2.3
May	1.6	1.7	2.0	0.5	1.0	2.5
Jun	1.4	1.6	2.2	0.8	1.1	2.9

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 IGP(P) is a variant version of the IGP which incorporates government output prices for health, education, social security, legal aid, crown and county courts and magistrates courts (which comprise around 55% of general government final consumption expenditure) and therefore reflects movements in productivity. The IGP(P) feeds into a variant version of the FEPI, the FEPI(P), which differs from the FEPI solely because of the inclusion of government output prices.

7. Care should be taken when interpreting monthly movements in the IGP and IGP(P). These indices are 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. Data are available in computer readable form from the National Statistics Sales Office (telephone 020-7533 5670).

1 Final Expenditure Prices Index - FEPI & FEPI(P) Summary Table

Experimental price indices

	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								
1997	595	180	225	1000				
1998	597	183	220	1000				
1999	608	182	210	1000				
2000	602	191	207	1000				

FINAL EXPENDITURE PRICES INDEX - FEPI

	CUSE	CUSK	CUSO	CUSP	CGAZ	CGBF	CGBJ	CGBK
1998 Jun	119.8	110.9	117.3	117.5	2.2	1.1	2.4	2.1
Jul	119.2	111.0	117.8	117.2	2.1	0.7	1.6	1.7
Aug	119.6	110.9	117.9	117.5	1.8	0.3	2.2	1.6
Sep	120.1	110.7	118.2	117.8	1.9	0.1	2.2	1.6
Oct	120.1	110.8	118.0	117.8	1.8	0.3	2.3	1.6
Nov	120.3	110.8	118.2	117.9	2.0	0.4	2.5	1.8
Dec	120.6	110.7	119.0	118.2	2.1	0.3	2.6	1.8
1999 Jan	120.0	110.8	119.2	118.0	2.0	0.6	2.8	2.0
Feb	120.4	111.0	119.1	118.3	1.8	0.9	2.8	2.0
Mar	121.1	111.3	119.1	118.7	2.0	1.1	3.0	2.1
Apr	121.7	111.6	120.3	119.4	2.0	1.0	3.1	2.1
May	122.0	111.8	120.7	119.7	1.7	0.7	3.0	1.8
Jun	122.0	112.2	121.9	120.0	1.8	1.2	3.9	2.1
Jul	121.4	112.4	121.1	119.5	1.8	1.3	2.8	2.0
Aug	121.7	112.4	121.2	119.7	1.8	1.4	2.8	1.9
Sep	122.1	112.4	121.4	120.0	1.7	1.5	2.7	1.9
Oct	121.9	112.4	121.2	119.8	1.5	1.4	2.7	1.7
Nov	122.1	113.0	121.5	120.1	1.5	2.0	2.8	1.9
Dec	122.4	113.6	121.7	120.5	1.5	2.6	2.3	1.9
2000 Jan	121.5	113.6	122.0	120.0	1.3	2.5	2.3	1.7
Feb	122.0	113.6†	122.0	120.3	1.3	2.3	2.4	1.7
Mar	122.4	113.8	121.9	120.6	1.1	2.2†	2.4	1.6
Apr	122.9†	114.1	123.2†	121.2†	1.0†	2.2	2.4†	1.5†
May	123.2	115.0	123.5	121.6	1.0	2.9	2.3	1.6
Jun	123.4	115.0	123.6	121.7	1.1	2.5	1.4	1.4

FINAL EXPENDITURE PRICES INDEX INCORPORATING IMPLIED GOVERNMENT OUTPUT PRICES - FEPI(P)

			LGTZ	LGUA			GXVN	GXVO
1998 Jun	119.8	110.9	115.4†	117.1	2.2	1.1	2.5†	2.2
Jul	119.2	111.0	115.9	116.8†	2.1	0.7	1.8	1.7†
Aug	119.6	110.9	116.2	117.1	1.8	0.3	2.2	1.6
Sep	120.1	110.7	116.5	117.4	1.9	0.1	2.3	1.6
Oct	120.1	110.8	116.6	117.5	1.8	0.3	2.6	1.7
Nov	120.3	110.8	116.8	117.6	2.0	0.4	2.7	1.8
Dec	120.6	110.7	117.4	117.9	2.1	0.3	3.0	2.0
1999 Jan	120.0	110.8	117.7	117.7	2.0	0.6	3.1	2.1
Feb	120.4	111.0	117.9	118.0	1.8	0.9	3.2	2.0
Mar	121.1	111.3	118.2	118.5	2.0	1.1	3.6	2.2
Apr	121.7	111.6	118.9	119.1	2.0	1.0	3.5	2.1
May	122.0	111.8	119.2	119.4	1.7	0.7	3.5	2.0
Jun	122.0	112.2	120.3	119.6	1.8	1.2	4.2	2.1
Jul	121.4	112.4	120.0	119.3	1.8	1.3	3.5	2.1
Aug	121.7	112.4	120.4	119.5	1.8	1.4	3.6	2.0
Sep	122.1	112.4	120.7	119.9	1.7	1.5	3.6	2.1
Oct	121.9	112.4	120.7	119.7	1.5	1.4	3.5	1.9
Nov	122.1	113.0	120.9	120.0	1.5	2.0	3.5	2.0
Dec	122.4	113.6	121.2	120.3	1.5	2.6	3.2	2.0
2000 Jan	121.5	113.6	121.4	119.8	1.3	2.5	3.1	1.8
Feb	122.0	113.6†	121.4	120.2	1.3	2.3	3.0	1.9
Mar	122.4	113.8	121.4	120.5	1.1	2.2†	2.7	1.7
Apr	122.9†	114.1	122.2	120.9	1.0†	2.2	2.8	1.5
May	123.2	115.0	122.4	121.4	1.0	2.9	2.7	1.7
Jun	123.4	115.0	122.5	121.5	1.1	2.5	1.8	1.6

† Indicates earliest revision.

2 Final Expenditure Prices Index (FEPI) Index of Consumer Prices (ICP)

Experimental price indices

	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	*Of which: goods*	*Of which: services*
January 1992=100													
Weights													
1997	126	68	30	67	90	39	71	189	119	201	1000	595	405
1998	127	68	29	67	87	39	71	188	118	206	1000	597	403
1999	119	66	28	70	85	34	75	192	113	218	1000	600	400
2000	117	64	26	68	85	31	76	191	126	216	1000	595	405
	CURU	CURV	CURW	CURX	CURY	CURZ	CUSA	CUSB	CUSC	CUSD	CUSE	MJYH	MJYI
1998 Jun	113.1	124.4	162.8	105.7	130.2	97.6	112.7	122.2	110.7	128.4	119.8	*113.4*	*130.5*
Jul	112.8	124.9	163.0	99.3	130.4	97.3	111.4	122.0	110.4	128.6	119.2	*112.3*	*130.6*
Aug	114.1	125.2	163.1	101.2	130.6	97.2	112.2	121.9	110.4	128.8	119.6	*112.9*	*130.8*
Sep	113.7	125.3	163.2	105.8	130.8	97.3	112.9	121.9	111.0	128.7	120.1	*113.4*	*131.1*
Oct	113.9	125.6	163.4	104.7	131.1	97.5	112.4	121.5	111.2	129.5	120.1	*113.2*	*131.7*
Nov	113.8	125.2	163.4	105.3	131.3	97.4	113.6	121.1	111.2	130.2	120.3	*113.2*	*132.1*
Dec	114.7	125.1	168.2	104.7	131.4	97.2	115.7	120.5	111.0	130.6	120.6	*113.5*	*132.3*
1999 Jan	115.1	126.5	172.0	97.6	131.5	97.3	111.3	121.2	110.7	130.6	120.0	*112.4*	*132.6*
Feb	115.4	126.8	172.1	100.0	131.5	97.2	112.8	121.2	110.6	131.0	120.4	*113.0*	*132.8*
Mar	114.7	126.8	178.2	101.6	131.4	97.5	114.5	122.6	110.7	131.3	121.1	*113.8*	*133.3*
Apr	114.1	127.0	180.7	102.0	133.5	97.3	113.2	124.1	111.1	132.3	121.7	*114.0*	*134.6*
May	114.7	127.6	180.7	102.5	133.6	97.1	114.6	124.1	111.2	132.5	122.0	*114.3*	*134.9*
Jun	114.2	128.2	181.2	102.3	133.7	97.1	114.0	123.8	111.0	132.9	122.0	*114.1*	*135.1*
Jul	113.5	127.9	184.3	97.4	134.0	97.4	112.0	123.8	110.3	133.6	121.4	*113.0*	*135.5*
Aug	113.0	128.1	184.7	98.8	134.3	97.4	113.1	124.2	110.1	133.7	121.7	*113.3*	*135.7*
Sep	112.9	128.1	184.8	102.6	134.4	97.7	114.0	123.9	110.6	133.9	122.1	*113.8*	*136.2*
Oct	112.8	128.2	184.7	101.6	134.8	97.9	113.4	123.7	110.9	133.1	121.9	*113.4*	*136.0*
Nov	113.4	127.8	184.8	102.0	135.1	98.1	114.6	123.3	110.8	133.7	122.1	*113.5*	*136.4*
Dec	113.5	127.5	184.7	101.2	135.3	98.7	116.5	123.6	110.7	134.1	122.4	*113.7*	*136.8*
2000 Jan	113.4	128.4	184.9	94.4	136.0	98.6	111.5	124.1	110.3	133.9	121.5	*112.2*	*137.1*
Feb	113.4	128.5	186.7	97.5	136.1	98.6	112.6	124.2	110.8	134.1	122.0	*112.9*	*137.3*
Mar	112.7	128.7	186.9	98.9	135.9	98.7	113.9	125.2	110.7	134.7	122.4	*113.4*	*137.7*
Apr	112.6	129.0	198.5	100.2	135.7	97.4	113.8	125.9	111.2	134.6	122.9†	*113.9*	*137.9*
May	113.6	129.6	198.6	100.0	135.9	96.7	114.3	126.0	111.5	135.2	123.2	*114.1*	*138.4*
Jun	113.9	129.9	199.0	99.4	136.2	96.2	113.7	126.8	111.2	135.5	123.4	*114.2*	*138.8*

Annual Percentage Changes

	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	*Of which: goods*	*Of which: services*
	CGAP	CGAQ	CGAR	CGAS	CGAT	CGAU	CGAV	CGAW	CGAX	CGAY	CGAZ	MJYJ	MJYK
1998 Jun	1.2	3.2	9.1	0.3	3.2	–5.5	1.2	3.1	0.2	4.1	2.2	*1.3*	*3.8*
Jul	1.3	3.1	9.2	–1.0	3.3	–5.4	1.6	2.2	0.1	4.2	2.1	*0.9*	*3.8*
Aug	1.3	3.2	7.9	–1.1	3.3	–5.4	1.3	1.6	0.2	3.9	1.8	*0.6*	*3.6*
Sep	1.3	3.2	7.7	–0.5	3.3	–2.7	1.2	1.2	0.3	3.5	1.9	*0.7*	*3.5*
Oct	1.5	3.2	7.7	–1.2	3.4	–2.5	0.9	1.0	0.4	3.8	1.8	*0.7*	*3.5*
Nov	2.0	3.4	7.6	–1.8	3.5	–2.2	1.2	0.9	0.5	4.3	2.0	*0.7*	*3.9*
Dec	2.7	3.7	8.4	–1.9	3.5	–1.9	2.2	0.4	0.3	4.3	2.1	*1.0*	*3.8*
1999 Jan	3.0	3.6	8.0	–2.1	3.3	–1.1	1.4	0.5	0.4	4.1	2.0	*1.0*	*3.6*
Feb	3.3	3.0	7.9	–2.0	3.2	–1.5	1.2	0.3	0.1	3.6	1.8	*0.7*	*3.4*
Mar	2.9	2.7	11.7	–2.4	3.0	–1.4	1.2	1.5	0.3	3.5	2.0	*1.1*	*3.6*
Apr	2.1	2.8	11.5	–2.9	2.8	–1.6	1.0	1.6	0.3	3.7	2.0	*0.9*	*3.7*
May	1.1	2.5	11.1	–3.3	2.7	–1.2	1.1	1.5	0.1	3.4	1.7	*0.5*	*3.5*
Jun	1.0	3.1	11.3	–3.2	2.7	–0.5	1.2	1.3	0.3	3.5	1.8	*0.6*	*3.5*
Jul	0.6	2.4	13.1	–1.9	2.8	0.1	0.5	1.5	–0.1	3.9	1.8	*0.6*	*3.8*
Aug	–1.0	2.3	13.2	–2.4	2.8	0.2	0.8	1.9	–0.3	3.8	1.8	*0.4*	*3.7*
Sep	–0.7	2.2	13.2	–3.0	2.8	0.4	1.0	1.6	–0.4	4.0	1.7	*0.4*	*3.9*
Oct	–1.0	2.1	13.0	–3.0	2.8	0.4	0.9	1.8	–0.3	2.8	1.5	*0.2*	*3.3*
Nov	–0.4	2.1	13.1	–3.1	2.9	0.7	0.9	1.8	–0.4	2.7	1.5	*0.3*	*3.3*
Dec	–1.0	1.9	9.8	–3.3	3.0	1.5	0.7	2.6	–0.3	2.7	1.5	*0.2*	*3.4*
2000 Jan	–1.5	1.5	7.5	–3.3	3.4	1.3	0.2	2.4	–0.4	2.5	1.3	*–0.2*	*3.4*
Feb	–1.7	1.3	8.5	–2.5	3.5	1.4	–0.2	2.5	0.2	2.4	1.3	*–0.1*	*3.4*
Mar	–1.7	1.5	4.9	–2.7	3.4	1.2	–0.5	2.1	–	2.6	1.1	*–0.4*	*3.3*
Apr	–1.3	1.6	9.9	–1.8	1.6	0.1	0.5	1.5	0.1	1.7	1.0†	*–0.1*	*2.5*
May	–1.0	1.6	9.9	–2.4	1.7	–0.4	–0.3	1.5	0.3	2.0	1.0	*–0.2*	*2.6*
Jun	–0.3	1.3	9.8	–2.8	1.9	–0.9	–0.3	2.4	0.2	2.0	1.1	*0.1*	*2.7*

† indicates earliest revision.

3 Final Expenditure Prices Index (FEPI) Index of Investment Prices (IIP)

Experimental price indices

	Transport Equipment	Other Machinery and Equipment	Dwellings	New Buildings and Works	Transfer Costs of Land and Buildings	Intangible Fixed Assets[1]	Index of Investment Prices IIP
January 1992=100							
Weights							
1997	95	382	187	270	32	34	1000
1998	97	392	181	262	35	33	1000
1999	98	390	178	260	42	32	1000
2000	97	383	180	267	41	32	1000
	CUSH	CUSG	CUSJ	CUSF	CUSI	MJYL	CUSK
1998 Jun	118.8	100.8	117.6	114.2	160.6	119.9	110.9
Jul	119.0	99.9	118.9	114.6	165.0	119.4	111.0
Aug	119.7	99.1	119.5	115.0	164.6	119.8	110.9
Sep	119.8	98.1	120.0	115.4	165.4	120.1	110.7
Oct	120.3	97.8	120.1	115.9	165.7	120.1	110.8
Nov	121.2	97.5	119.7	116.5	165.1	120.1	110.8
Dec	121.7	97.1	119.0	117.0	164.3	120.3	110.7
1999 Jan	121.2	97.3	118.7	117.3	167.0	120.0	110.8
Feb	121.8	97.2	118.9	117.6	168.0	120.4	111.0
Mar	121.9	96.8	120.7	117.9	170.2	120.9	111.3
Apr	122.1	96.6	122.8	118.1	171.6	121.4	111.6
May	122.1	96.0	124.4	118.3	175.4	121.5	111.8
Jun	122.3	95.7	126.3	118.5	179.9	121.4	112.2
Jul	121.5	95.3	128.6	118.8	182.5	121.2	112.4
Aug	121.3	94.2	130.8	119.0	185.3	121.3	112.4
Sep	121.2	93.6	131.6	119.2	186.0	121.5	112.4
Oct	121.0	93.0	132.1	119.7	189.5	121.4	112.4
Nov	122.8	93.5	133.2	120.0	186.4	121.7	113.0
Dec	123.7	93.8	135.2	120.4	186.1	121.9	113.6
2000 Jan	121.9	93.5	135.9	120.6	191.1	121.2	113.6
Feb	121.7	93.1	136.3	121.0	190.3	121.6	113.6†
Mar	121.7	92.6†	138.4	121.4	193.1	122.1†	113.8
Apr	120.6†	92.2	140.7†	121.8	200.6	122.5	114.1
May	121.7	93.0	142.4	122.1	204.3	123.0	115.0
Jun	122.0	92.5	142.4	122.3	206.6	123.2	115.0

Annual Percentage Changes

	Transport Equipment	Other Machinery and Equipment	Dwellings	New Buildings and Works	Transfer Costs of Land and Buildings	Intangible Fixed Assets[1]	Index of Investment Prices IIP
	CGBC	CGBB	CGBE	CGBA	CGBD	MJYM	CGBF
1998 Jun	1.4	-6.0	8.4	5.2	10.9	1.3	1.1
Jul	1.5	-6.6	8.4	4.8	9.6	1.1	0.7
Aug	1.6	-7.3	8.2	4.4	8.6	0.8	0.3
Sep	1.9	-7.9	8.6	4.3	8.0	0.8	0.1
Oct	2.5	-7.9	8.9	4.4	8.9	0.8	0.3
Nov	3.7	-7.6	8.5	4.6	7.8	0.8	0.4
Dec	3.8	-7.8	7.8	4.7	8.0	0.9	0.3
1999 Jan	3.6	-6.8	7.4	4.5	10.4	1.1	0.6
Feb	4.3	-5.9	7.0	4.3	9.5	1.1	0.9
Mar	3.0	-5.2	6.8	4.2	10.1	1.4	1.1
Apr	3.4	-5.0	6.9	4.1	7.7	1.6	1.0
May	2.4	-5.8	7.3	3.9	9.6	1.0	0.7
Jun	2.9	-5.1	7.4	3.8	12.0	1.3	1.2
Jul	2.1	-4.6	8.2	3.7	10.6	1.5	1.3
Aug	1.3	-4.9	9.5	3.5	12.6	1.3	1.4
Sep	1.2	-4.6	9.7	3.3	12.5	1.2	1.5
Oct	0.6	-4.9	10.0	3.3	14.4	1.1	1.4
Nov	1.3	-4.1	11.3	3.0	12.9	1.3	2.0
Dec	1.6	-3.4	13.6	2.9	13.3	1.3	2.6
2000 Jan	0.6	-3.9	14.5	2.8	14.4	1.0	2.5
Feb	-0.1	-4.2	14.6	2.9	13.3	1.0	2.3
Mar	-0.2	-4.3†	14.8†	3.0	13.5	1.0†	2.2†
Apr	-1.2†	-4.6	14.7	3.1	16.9	0.9	2.2
May	-0.3	-3.1	14.6	3.2	16.5	1.2	2.9
Jun	-0.2	-3.3	12.7	3.2	14.8	1.5	2.5

† Indicates earliest revision.

1 This covers mineral exploration, computer software and entertainment, literary and artistic originals.

4 Final Expenditure Prices Index (FEPI) Index of Government Prices (IGP)

Experimental price indices

	Local Government Pay & Procurement	Central Government Pay & Procurement	Education Grants	Index of Government Prices	Local Government Pay & Procurement	Central Government Pay & Procurement	Education Grants	Index of Government Prices
					Annual percentage changes			
January 1992=100								
Weights								
1996	351	574	75	1000				
1997	354	569	77	1000				
1998	353	570	77	1000				
1999	351	567	82	1000				
2000	352	569	79	1000				
	CUSL	CUSM	CUSN	CUSO	CGBG	CGBH	CGBI	CGBJ
1996 Jan	113.0	110.7	113.4	111.7	2.3	1.2	3.0	1.7
Feb	113.0	111.7	113.4	112.3	2.4	2.9	3.0	2.7
Mar	113.1	110.9	113.3	111.8	2.4	1.6	2.9	1.9
Apr	114.9	111.3	114.2	112.8	3.0	1.6	3.1	2.3
May	114.9	112.2	114.2	113.3	3.0	3.1	3.0	3.0
Jun	115.0	112.0	114.2	113.2	2.5	2.7	3.0	2.6
Jul	114.9	112.2	114.5	113.3	2.5	2.8	1.8	2.6
Aug	115.1	112.1	114.5	113.3	2.6	2.6	1.8	2.5
Sep	115.6	112.4	114.6	113.7	2.7	2.8	1.8	2.7
Oct	115.6	111.9	114.6	113.4	2.8	2.1	1.9	2.3
Nov	115.8	112.0	114.7	113.6	2.8	2.1	1.9	2.3
Dec	116.4	112.7	115.1	114.2	3.1	2.1	2.2	2.4
1997 Jan	116.4	112.8	115.4	114.2	3.0	1.9	1.8	2.2
Feb	116.4	112.4	115.3	114.0	3.0	0.6	1.7	1.5
Mar	116.2	112.3	115.2	113.9	2.7	1.3	1.7	1.9
Apr	116.8	113.1	115.9	114.6	1.7	1.6	1.5	1.6
May	116.9	113.0	115.9	114.6	1.7	0.7	1.5	1.1
Jun	116.9	112.9	115.9	114.5	1.7	0.8	1.5	1.1
Jul	119.4	113.4	118.2	115.9	3.9	1.1	3.2	2.3
Aug	117.8	113.5	118.2	115.4	2.3	1.2	3.2	1.9
Sep	118.3	113.9	118.2	115.7	2.3	1.3	3.1	1.8
Oct	118.1	113.3	118.2	115.3	2.2	1.3	3.1	1.7
Nov	118.3	113.0	118.2	115.3	2.2	0.9	3.1	1.5
Dec	118.9	113.9	118.7	116.0	2.1	1.1	3.1	1.6
1998 Jan	118.8	113.9	119.3	116.0	2.1	1.0	3.4	1.6
Feb	118.8	113.5	119.3	115.8	2.1	1.0	3.5	1.6
Mar	118.7	113.3	119.2	115.6	2.2	0.9	3.5	1.5
Apr	120.5	114.0	120.1	116.7	3.2	0.8	3.6	1.8
May	120.6	114.8	120.1	117.2	3.2	1.6	3.6	2.3
Jun	120.6	115.0	120.1	117.3	3.2	1.9	3.6	2.4
Jul	120.6	115.7	120.6	117.8	1.0	2.0	2.0	1.6
Aug	120.7	115.8	120.6	117.9	2.5	2.0	2.0	2.2
Sep	121.2	116.1	120.6	118.2	2.5	1.9	2.0	2.2
Oct	121.1	115.8	120.6	118.0	2.5	2.2	2.0	2.3
Nov	121.3	116.0	120.7	118.2	2.5	2.7	2.1	2.5
Dec	122.1	116.7	121.4	119.0	2.7	2.5	2.3	2.6
1999 Jan	122.0	117.1	122.3	119.2	2.7	2.8	2.5	2.8
Feb	122.0	117.0	122.3	119.1	2.7	3.1	2.5	2.8
Mar	122.1	116.9	122.3	119.1	2.9	3.2	2.6	3.0
Apr	123.7	117.7	123.7	120.3	2.7	3.2	3.0	3.1
May	123.7	118.5	123.7	120.7	2.6	3.2	3.0	3.0
Jun	125.9	119.3	123.7	121.9	4.4	3.7	3.0	3.9
Jul	124.4	118.7	124.7	121.1	3.2	2.6	3.4	2.8
Aug	124.5	118.8	124.7	121.2	3.1	2.6	3.4	2.8
Sep	125.1	118.8	124.8	121.4	3.2	2.3	3.5	2.7
Oct	125.1	118.4	124.8	121.2	3.3	2.2	3.5	2.7
Nov	125.2	118.9	124.9	121.5	3.2	2.5	3.5	2.8
Dec	125.3	119.2	124.9	121.7	2.6	2.1	2.9	2.3
2000 Jan	125.3	119.5	124.9	122.0	2.7	2.0	2.1	2.3
Feb	125.3	119.6	124.9	122.0	2.7	2.2	2.1	2.4
Mar	125.3	119.5	124.9	121.9	2.6	2.2	2.1	2.4
Apr	127.5	120.2†	126.9	123.2†	3.1	2.1†	2.6	2.4†
May	127.6	120.6	126.9	123.5	3.2	1.8	2.6	2.3
Jun	127.8	120.7	126.9	123.6	1.5	1.2	2.6	1.4

† Indicates earliest revision.

4A Final Expenditure Prices Index - FEPI(P)
Index of Government Prices Incorporating Implied Output Prices - IGP(P)

Experimental price indices

	Local Government Pay & Procurement	Central Government Pay & Procurement	Education Grants	Index of Government Prices IGP(P)	Annual percentage changes: Local Government Pay & Procurement	Central Government Pay & Procurement	Education Grants	Index of Government Prices IGP(P)
January 1992=100								
Weights								
1996	351	574	75	1000				
1997	354	569	77	1000				
1998	353	570	77	1000				
1999	351	567	82	1000				
2000	352	569	79	1000				
	LGTU	LGTX	CUSN	LGTZ	GXVL	GXVM	CGBI	GXVN
1996 Jan	108.1	112.0	113.4	110.6	1.7	2.0	3.0	1.9
Feb	107.9†	112.4	113.4	110.8	1.4	2.6	3.0	2.2
Mar	107.9	112.4	113.3	110.8	1.2	2.1	2.9	1.9†
Apr	108.6	112.9	114.2	111.4	1.6†	2.4	3.1	2.2
May	108.5	113.2	114.2	111.5	1.3	3.1	3.0	2.5
Jun	108.6	113.2	114.2	111.5†	0.8	2.9	3.0	2.1
Jul	108.5	113.5	114.5	111.7	0.6	2.9	1.8	2.0
Aug	108.7	113.8	114.5	111.9	0.7	2.9	1.8	2.0
Sep	109.2	113.8	114.6	112.1	0.9	2.9	1.8	2.1
Oct	109.3	113.4†	114.6	111.9	1.1	2.2†	1.9	1.7
Nov	109.6	113.3	114.7	112.0	1.3	1.9	1.9	1.7
Dec	109.9	113.6	115.1	112.3	1.6	2.0	2.2	1.9
1997 Jan	110.1	113.6	115.4	112.3	1.9	1.4	1.8	1.5
Feb	110.3	113.4	115.3	112.3	2.2	0.9	1.7	1.4
Mar	110.4	113.2	115.2	112.2	2.3	0.7	1.7	1.3
Apr	110.5	113.5	115.9	112.5	1.7	0.5	1.5	1.0
May	110.7	113.4	115.9	112.6	2.0	0.2	1.5	1.0
Jun	110.9	113.5	115.9	112.6	2.1	0.3	1.5	1.0
Jul	113.3	114.0	118.2	113.9	4.4	0.4	3.2	2.0
Aug	111.9	114.4	118.2	113.7	2.9	0.5	3.2	1.6
Sep	112.4	114.4	118.2	113.9	2.9	0.5	3.1	1.6
Oct	112.3	114.1	118.2	113.6	2.7	0.6	3.1	1.5
Nov	112.4	114.0	118.2	113.7	2.6	0.6	3.1	1.5
Dec	112.5	114.5	118.7	114.0	2.4	0.8	3.1	1.5
1998 Jan	112.3	114.8	119.3	114.2	2.0	1.1	3.4	1.7
Feb	112.3	114.8	119.3	114.2	1.8	1.2	3.5	1.7
Mar	112.2	114.8	119.2	114.1	1.6	1.4	3.5	1.7
Apr	113.2	115.5	120.1	114.9	2.4	1.8	3.6	2.1
May	113.3	115.9	120.1	115.2	2.3	2.2	3.6	2.3
Jun	113.4	116.3	120.1	115.4	2.3	2.5	3.6	2.5
Jul	113.5	116.9	120.6	115.9	0.2	2.5	2.0	1.8
Aug	113.8	117.2	120.6	116.2	1.7	2.4	2.0	2.2
Sep	114.5	117.4	120.6	116.5	1.9	2.6	2.0	2.3
Oct	114.6	117.4	120.6	116.6	2.0	2.9	2.0	2.6
Nov	115.0	117.7	120.7	116.8	2.3	3.2	2.1	2.7
Dec	115.5	118.2	121.4	117.4	2.7	3.2	2.3	3.0
1999 Jan	115.9	118.4	122.3	117.7	3.2	3.1	2.5	3.1
Feb	116.3	118.6	122.3	117.9	3.6	3.3	2.5	3.2
Mar	116.7	118.8	122.3	118.2	4.0	3.5	2.6	3.6
Apr	117.3	119.4	123.7	118.9	3.6	3.4	3.0	3.5
May	117.7	119.7	123.7	119.2	3.9	3.3	3.0	3.5
Jun	120.1	120.2	123.7	120.3	5.9	3.4	3.0	4.2
Jul	119.1	120.2	124.7	120.0	4.9	2.8	3.4	3.5
Aug	119.6	120.6	124.7	120.4	5.1	2.9	3.4	3.6
Sep	120.3	120.6	124.8	120.7	5.1	2.7	3.5	3.6
Oct	120.5	120.5	124.8	120.7	5.1	2.6	3.5	3.5
Nov	120.8	120.7	124.9	120.9	5.0	2.5	3.5	3.5
Dec	121.0	121.0	124.9	121.2	4.8	2.4	2.9	3.2
2000 Jan	121.1	121.2	124.9	121.4	4.5	2.4	2.1	3.1
Feb	121.3	121.2	124.9	121.4	4.3	2.2	2.1	3.0
Mar	121.3	121.2	124.9	121.4	3.9	2.0	2.1	2.7
Apr	122.3	121.7	126.9	122.2	4.3	1.9	2.6	2.8
May	122.4	121.9	126.9	122.4	4.0	1.8	2.6	2.7
Jun	122.6	122.1	126.9	122.5	2.1	1.6	2.6	1.8

† Indicates earliest revision.

Index of Distribution (Prototype) – April 2000

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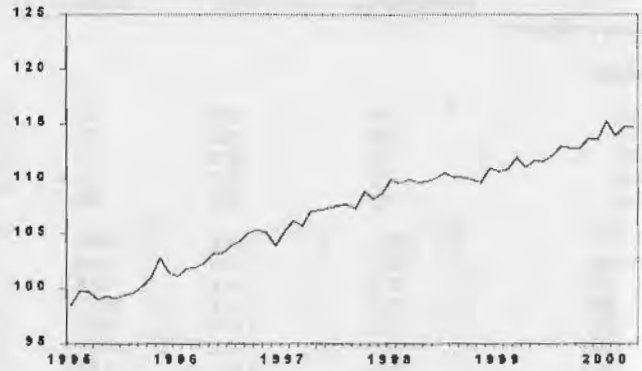
In April, the prototype Index of Distribution (IoD) showed distribution industries' gross value added rising by 2.8 per cent in the latest three months, compared with the same three months a year ago. This rise was driven mainly by the component for the retail trades. The level of the IoD was at 114.7 in April.

The prototype IoD shows the monthly movements in volume terms of gross value added in the distribution sector (SIC92 section G), which consists of the motor trades, wholesaling and retailing. Index numbers are based on 1995=100 and all values are seasonally adjusted.

Prototype Index of Distribution

seasonally adjusted: 1995=100



Prototype IoD and components at constant 1995 basic prices (1995=100 index and 3 month-on-3 month annual percentage change)

seasonally adjusted

		Index of Distribution		Motor trades		Wholesale		Retail	
		Index	Latest 3 mth on same 3 mth a year ago: % change	Index	Latest 3 mth on same 3 mth a year ago: % change	Index	Latest 3 mth on same 3 mth a year ago: % change	Index	Latest 3 mth on same 3 mth a year ago: % change
1999	Apr	111.1r	1.5	111.5r	1.0	104.9r	-0.4	116.6r	3.7
	May	110.7	1.7	110.6	0.6	105.1	0.3	118.1	3.3
	Jun	111.6	1.5	110.7	-0.1	105.0	0.4	117.8	3.0
	July	112.2	1.5	111.6	-1.0	106.1	1.0	118.0	2.9
	Aug	113.0	1.8	111.5	-0.8	107.2	1.2	118.9	3.2
	Sep	112.8	2.2	111.6	0.1	106.5	1.6	119.0	3.5
	Oct	112.8	2.5	110.8	-0.1	105.8	1.7	119.9	4.3
	Nov	113.7	2.9	110.6	-0.4	107.5	1.9	120.5	4.5
	Dec	113.6	2.9	112.0	0.0	106.9	1.8	120.4	4.9
2000	Jan	115.3	3.4	112.3	0.6	108.4	2.6	122.8	5.3
	Feb	113.9	3.1	112.9	0.1	106.1	2.1	121.3	5.3
	Mar	114.8	3.1	111.5	0.3	108.3	2.4	122.0	4.8
	Apr	114.7	2.8	112.1	0.1	108.2	2.2	121.6	4.2

The symbol 'r' indicates that the index data have been revised since the previous month's release. The values marked are the earliest shown in this table to have been revised.

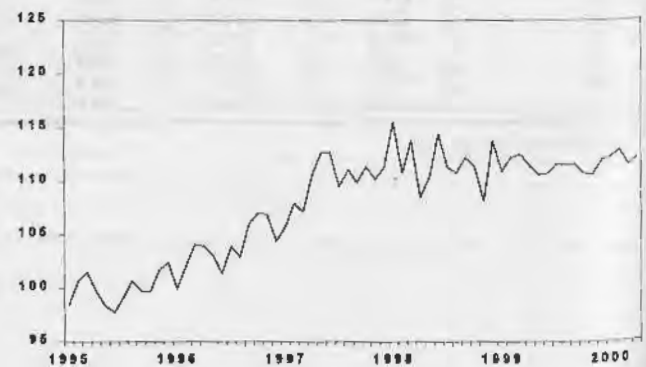
Tables following this note show data back to January 1996.

Motor trades (SIC92 division 50)

In April, the prototype index of gross value added in the motor trades rose by 0.1 per cent in the latest three months, compared with the same period a year ago. The level of the prototype index for the motor trades was at 112.1 in April. Values for 1999 and 2000 should be treated with caution, however, as the new seasonal pattern in vehicle sales, following the change in the vehicle registration system, is not yet clear. Data are therefore liable to be revised more than usual.

Prototype component index for motor trades

seasonally adjusted: 1995=100



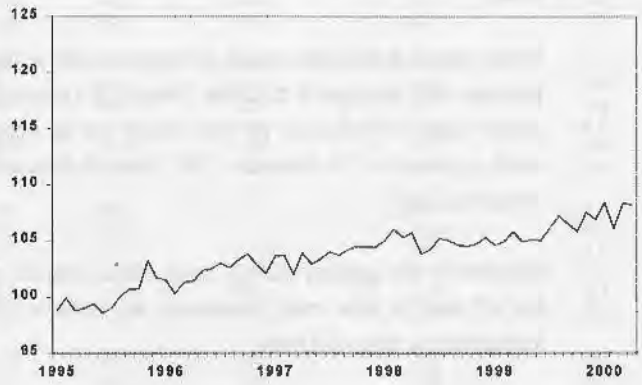
Until a consistent seasonal pattern emerges, the seasonally adjusted series for the affected components will be derived by extending the underlying trend of the series from quarter 4 1998, taking into account movements in the unadjusted data. This explains why the seasonally adjusted series shows a smoother profile in 1999/2000. The approach is consistent with the treatment of other affected National Statistics series.

Wholesale (SIC92 division 51)

In April, the prototype index of gross value added in the wholesale trades rose by 2.2 per cent in the latest three months, compared with the same period a year ago. The pattern within wholesaling continued to be mixed. The level of the prototype index for the wholesale trades was at 108.2 in April.

Prototype component index for wholesale

seasonally adjusted: 1995=100



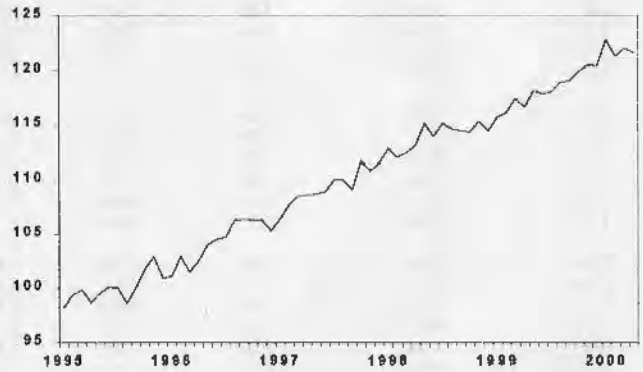
Retail (SIC92 division 52)

In April, the prototype index of gross value added in the retail trades rose by 4.2 per cent in the latest three months, compared with the same period a year ago. As in other recent months, the growth in the retail index was driven mainly by the sub-component for retail sales through predominantly non-food stores. The level of the prototype index for the retail trades was at 121.6 in April.

This series has been benchmarked onto the 1998 Annual Retailing Inquiry since the last release (it was previously benchmarked onto the 1997 Inquiry). As a result the year-on-year growth for 1998 has been revised from 3.4 per cent to 4.2 per cent and the year-on-year growth for 1999 has been revised from 3.5 per cent to 3.7 per cent.

Prototype component index for retail

seasonally adjusted: 1995=100



Consistency with quarterly estimates of GDP(O)

The monthly figures for the prototype IoD and its three component series are consistent with the corresponding quarterly series for the same industries contained in the quarterly estimates of GDP by the output measure (GDP(O)), published on 29 June. The GDP(O) quarterly index for the distribution sector is shown in table 2.9 of this publication.

Revisions to the back data

The prototype IoD figures in this release have been revised back to January 1998, to reflect revisions to GDP(O). The quarterly GDP(O) estimates published on 29 June were open to revisions back to quarter 1 1998, to enable them to be consistent with the 2000 Blue Book dataset.

Component series for retail: differs from the Retail Sales Index

The prototype IoD component for the retail trades shown in this release differs from the established Retail Sales Index (RSI) in that the IoD retail series is designed to indicate movements in retailing gross value added, whereas the RSI is an index of sales. The two series may therefore follow slightly different paths, although the broad trends in each are very similar.

Notes

Further details of the data sources and methods used in this prototype index are given in the article, 'Release of a prototype monthly Index of Distribution', by Hugh Skipper and Ian Cope, which appeared in the December 1999 issue of *Economic Trends* (no. 553).

Identifiers for the quarterly GDP(O) series that correspond to the IoD and its three main components are given in the footnotes to the tables that follow.

1 IOD: Index of Distribution (PROTOTYPE)

Index numbers of gross value added at constant basic prices[1,2,3]

1995=100, seasonally adjusted

	SIC Section G: IoD [4]				Component series: SIC50: Motor trades [4]			
		percentage change				percentage change		
	Index	month on month	latest 3 months on previous 3 months	latest 3 months on same 3 months a year ago	Index	month on month	latest 3 months on previous 3 months	latest 3 months on same 3 months a year ago
	FVVR	FVVK	FVVL	FVVM	FVVO	FVVB	FVVC	FVVD
1996 Jan	101.1	–0.4	1.5	3.5	100.0	–2.3	1.3	5.1
Feb	101.8	0.7	0.1	2.5	102.1	2.1	1.1	3.2
Mar	101.9	0.1	–0.2	2.2	104.1	2.0	0.8	1.9
Apr	102.3	0.5	0.2	2.5	103.9	–0.2	2.0	2.7
May	103.2	0.8	1.0	3.1	103.1	–0.8	2.2	3.9
Jun	103.2	–	1.3	3.8	101.4	–1.7	0.7	4.3
Jul	103.9	0.7	1.4	4.2	103.9	2.4	–0.5	4.5
Aug	104.3	0.3	1.3	4.4	102.9	–0.9	–0.9	3.6
Sep	105.1	0.8	1.5	4.7	106.0	2.9	1.4	4.4
Oct	105.4	0.3	1.5	4.7	107.0	1.0	2.4	5.2
Nov	105.1	–0.3	1.4	3.8	106.9	–0.1	3.8	6.2
Dec	103.9	–1.1	0.4	3.0	104.4	–2.3	1.8	4.8
1997 Jan	105.2	1.2	–0.2	2.9	105.7	1.2	0.3	4.3
Feb	106.2	0.9	–0.1	3.6	107.9	2.1	–0.6	4.5
Mar	105.7	–0.4	0.9	4.1	107.1	–0.8	0.7	4.7
Apr	107.1	1.3	1.5	4.3	110.6	3.2	2.7	4.9
May	107.2	–	1.5	4.1	112.7	1.9	3.8	6.1
Jun	107.4	0.3	1.5	4.2	112.7	–	4.7	8.9
Jul	107.6	0.1	1.0	3.8	109.5	–2.8	2.8	8.5
Aug	107.7	0.1	0.9	3.7	111.1	1.4	0.9	8.1
Sep	107.3	–0.4	0.3	3.0	109.9	–1.1	–1.6	5.6
Oct	108.9	1.4	0.5	2.9	111.4	1.4	–0.7	5.2
Nov	108.2	–0.6	0.5	2.8	110.2	–1.1	–0.5	3.6
Dec	108.7	0.4	1.0	3.6	111.3	1.0	0.7	4.6
1998 Jan	110.0†	1.2†	0.9†	4.0†	115.5†	3.7†	1.4†	6.3†
Feb	109.6	–0.3	1.2	4.1	110.8	–4.1	1.8	6.1
Mar	110.0	0.3	1.2	3.9	113.8	2.7	2.1	6.0
Apr	109.7	–0.3	0.8	3.2	108.5	–4.7	–1.2	2.3
May	109.8	0.1	0.4	3.0	110.4	1.8	–1.4	0.7
Jun	110.1	0.3	–	2.4	114.4	3.6	–2.0	–0.8
Jul	110.6	0.4	0.3	2.6	111.3	–2.7	0.9	0.4
Aug	110.2	–0.3	0.4	2.5	110.8	–0.5	1.1	1.0
Sep	110.2	–	0.4	2.6	112.2	1.3	0.3	1.2
Oct	110.0	–0.2	–	2.0	111.4	–0.7	–0.5	0.6
Nov	109.7	–0.2	–0.3	1.7	108.1	–3.0	–1.4	0.1
Dec	111.0	1.1	–0.1	1.5	113.8	5.3	–0.3	0.1
1999 Jan	110.7	–0.2	0.3	1.4	110.9	–2.5	–0.5	–1.2
Feb	110.9	0.2	0.8	1.3	112.2	1.2	1.6	–0.2
Mar	112.0	1.0	0.9	1.2	112.5	0.3	0.7	–1.3
Apr	111.1	–0.8	0.8	1.5	111.5	–0.9	1.0	1.0
May	111.7	0.5	0.7	1.7	110.6	–0.8	–0.7	0.6
Jun	111.6	–0.1	0.2	1.5	110.7	–	–0.9	–0.1
Jul	112.2	0.6	0.4	1.5	111.6	0.9	–1.0	–1.0
Aug	113.0	0.7	0.6	1.8	111.5	–0.1	–0.3	–0.8
Sep	112.8	–0.2	1.1	2.2	111.6	0.1	0.6	0.1
Oct	112.8	–	0.9	2.5	110.8	–0.7	0.3	–0.1
Nov	113.7	0.7	0.7	2.9	110.6	–0.2	–0.2	0.4
Dec	113.6	–	0.6	2.9	112.0	1.2	–0.4	–
2000 Jan	115.3	1.5	1.2	3.4	112.3	0.3	0.3	0.6
Feb	113.9	–1.2	1.1	3.1	112.9	0.5	1.3	0.1
Mar	114.8	0.8	1.2	3.1	111.5	–1.3	1.0	0.3
Apr	114.7	–0.1	0.2	2.8	112.1	0.5	0.5	0.1

1 Indices are valued at constant basic prices, which exclude taxes and subsidies on production.
2 Estimates cannot be regarded as accurate to the last digit shown.
3 Any apparent inconsistencies between the index numbers and the percentage changes shown in these tables are due to rounding.
4 The equivalent quarterly index series, released electronically as part of the GDP(O) estimates, have identifiers EWAD (motor), EWAE (wholesale), EWAF (retail) and GDQC (IoD). For further information about obtaining these series please telephone 020 7533 5675, fax 020 7533 5688, or email bill.roberts@ons.gov.

Sources: For further information on these data please;
telephone 01633 813388;
fax 01633 812575;
or email hugh.skipper@ons.gov.uk

2 IOD: Index of Distribution (PROTOTYPE) continued

Index numbers of gross value added at constant basic prices[1,2,3]

1995=100, seasonally adjusted

	Component series							
	SIC51: Wholesale[4]				SIC52: Retail[4]			
		percentage change				percentage change		
	Index	month on month	latest 3 months on previous 3 months	latest 3 months on same 3 months a year ago	Index	month on month	latest 3 months on previous 3 months	latest 3 months on same 3 months a year ago
	FVVP	FVVE	FVVF	FVVG	FVVQ	FVVH	FVVI	FVVJ
1996 Jan	101.5	-0.1	1.6	3.3	101.1	0.2	1.5	3.1
Feb	100.3	-1.2	-0.4	1.8	102.9	1.8	0.1	3.0
Mar	101.3	1.0	-0.8	1.9	101.5	-1.4	–	2.7
Apr	101.4	0.1	-1.1	1.7	102.5	1.1	0.6	3.0
May	102.3	0.9	0.5	2.6	104.0	1.4	1.0	3.3
Jun	102.5	0.2	1.0	3.1	104.5	0.4	1.8	4.2
Jul	103.0	0.5	1.6	3.6	104.7	0.2	2.1	4.5
Aug	102.6	-0.4	1.0	3.5	106.3	1.5	2.4	5.6
Sep	103.3	0.7	0.9	3.0	106.4	0.1	2.1	6.3
Oct	103.8	0.5	0.6	2.7	106.3	-0.2	1.9	6.2
Nov	102.8	-0.9	0.6	1.7	106.3	0.1	1.1	4.7
Dec	102.1	-0.7	–	1.0	105.3	-0.9	0.1	4.0
1997 Jan	103.6	1.5	-0.3	0.7	106.4	1.0	-0.3	4.3
Feb	103.7	0.1	-0.1	1.9	107.7	1.2	0.1	4.8
Mar	102.0	-1.6	0.2	2.1	108.5	0.7	1.5	5.6
Apr	103.9	1.8	0.4	2.2	108.6	0.1	2.1	5.8
May	102.9	-1.0	-0.2	1.3	108.7	0.1	2.0	5.8
Jun	103.4	0.5	0.3	1.3	108.9	0.2	1.1	4.9
Jul	104.0	0.6	0.2	0.8	110.0	0.9	0.9	4.6
Aug	103.7	-0.4	0.7	1.0	110.0	–	1.0	4.2
Sep	104.2	0.5	0.5	1.0	109.1	-0.8	0.9	3.7
Oct	104.5	0.3	0.7	0.9	111.7	2.4	1.0	3.7
Nov	104.4	-0.1	0.7	1.1	110.8	-0.8	0.8	3.9
Dec	104.4	-0.1	0.5	1.5	111.5	0.6	1.5	5.0
1998 Jan	105.0	0.6	0.4†	1.7	112.8†	1.2†	1.3†	5.3†
Feb	106.0†	1.0†	0.7	1.9	112.0	-0.7	1.4	5.3
Mar	105.3	-0.7	0.9	2.2	112.4	0.4	1.0	4.5
Apr	105.7	0.4	1.0	2.4†	113.1	0.6	0.8	4.0
May	103.8	-1.8	-0.2	1.9	115.1	1.7	1.3	4.6
Jun	104.2	0.4	-0.8	1.1	113.9	-1.0	1.5	4.9
Jul	105.2	0.9	-1.2	0.9	115.1	1.0	1.9	5.0
Aug	105.0	-0.1	-0.1	1.1	114.6	-0.4	0.9	4.5
Sep	104.6	-0.4	0.3	0.9	114.4	-0.2	0.5	4.5
Oct	104.5	-0.1	0.3	0.6	114.3	-0.1	-0.3	3.8
Nov	104.7	0.2	-0.2	0.2	115.3	0.9	0.1	3.7
Dec	105.3	0.6	-0.1	0.4	114.4	-0.7	–	3.0
1999 Jan	104.6	-0.7	0.2	0.3	115.7	1.1	0.6	3.1
Feb	104.9	0.3	0.3	-0.1	116.1	0.4	0.7	3.0
Mar	105.8	0.9	0.3	-0.3	117.4	1.1	1.5	3.6
Apr	104.9	-0.9	0.3	-0.4	116.6	-0.7	1.4	3.7
May	105.1	0.2	0.3	0.3	118.1	1.3	1.7	3.3
Jun	105.0	-0.1	-0.1	0.4	117.8	-0.2	0.9	3.0
Jul	106.1	1.0	0.2	1.0	118.0	0.2	1.1	2.9
Aug	107.2	1.0	0.8	1.2	118.9	0.8	0.8	3.2
Sep	106.5	-0.6	1.5	1.6	119.0	0.1	1.0	3.5
Oct	105.8	-0.7	1.0	1.7	119.9	0.8	1.1	4.3
Nov	107.5	1.6	0.5	1.9	120.5	0.5	1.3	4.5
Dec	106.9	-0.5	0.1	1.8	120.4	-0.1	1.4	4.9
2000 Jan	108.4	1.5	1.0	2.6	122.8	1.9	1.6	5.3
Feb	106.1	-2.1	0.5	2.1	121.3	-1.2	1.4	5.3
Mar	108.3	2.1	0.9	2.4	122.0	0.6	1.4	4.8
Apr	108.2	-0.1	–	2.2	121.6	-0.3	0.3	4.2

For footnotes see table 1 of this article.

Sources: For further information on these data please;
telephone 01633 813388;
fax 01633 812575;
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Company Profitability and Finance

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Overview

In the second of an annual series of articles[1], the results of the National Statistics First Release, 'Profitability of UK Companies' are analysed. This release (July 24th) measured the profitability of corporate sector operations in the United Kingdom, using rates of return on capital employed. For the first time, a quarterly measure of profitability was calculated. This article reports these data, but also analyses the financial position of non-financial companies in 1999 and in the first quarter of 2000.

In 1999, the UK corporate sector was not able to maintain its profitability and the net rate of return on capital fell to 12.0 per cent, from 12.8 per cent in 1998. Margins for manufacturers have been cut, both in home and export markets. As a result, profitability fell sharply. Despite competitive trading conditions, rates of return for service companies declined only slightly. In the first quarter of 2000, manufacturers continued to find it difficult to pass on higher input prices and productivity in manufacturing fell back for the first time since the third quarter of 1998. Rates of return earned were below 7 per cent, around one-half the rate earned two years previously. Rates of return earned by UK Continental Shelf companies rose in the first quarter to their highest levels since 1996, reflecting rises in crude oil prices and cost savings achieved by these companies.

Other main points from this review include the record borrowing of the corporate sector in 1999 and the first quarter of 2000, what caused it and how it was financed.

The structure of the article is as follows:

- Background: the approach to calculating profitability and data sources
- Profitability of the UK corporate sector
- Manufacturing and service companies
- Manufacturing companies' profitability
- Manufacturing companies' output, productivity, costs and prices and trade
- Service companies' profitability
- Earnings and investment in manufacturing and service companies
- UK Continental Shelf companies' profitability
- Key income and capital account movements of the UK corporate sector
- Financial transactions and acquisitions and mergers in the UK corporate sector
- Company insolvencies
- Conclusions

Background: the approach to calculating profitability and data sources

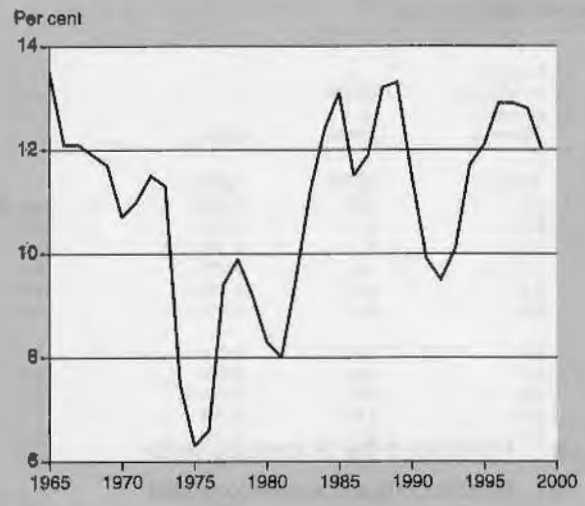
The latest Press Release on *Profitability of UK Companies* was issued by National Statistics on 24 July 2000. For the first time, quarterly rates of return for UK private non-financial companies were calculated. This release included data for the first quarter of 2000. Subsequent releases will follow closely after publication of the quarterly national accounts' data. Rates of return on capital are calculated as the ratio of profits to capital employed. The annual profit data are collected from companies in their tax returns to the Inland Revenue. They have been supplemented in 1999 and 2000 Q1 by data which the ONS receive from ONS quarterly inquiries. 1,600 non-financial companies complete these quarterly inquiries.

UK private non-financial corporations include UK companies and all business partnerships. Profits earned by parterships were 20 per cent of the total. The majority of partnerships are in the services

[1] 'Company profitability and finance', December 1999 *Economic Trends*, pages 35–46. This Review covered the period 1989 to 1999 quarter two and included background information on the manufacturing and services sectors of the economy.

Figure **1**

Net rates of return of private non-financial corporations



sector. Approximately 30 per cent of profits generated by partnerships were in the fields of legal work, accountancy, consultancy and advertising. A further 25 per cent were earned in the wholesale and retail trade and in the repair and maintenance of motor vehicles. No work has yet been started on whether larger companies are more profitable than small.

National Statistics is considering whether it would be feasible to include UK financial corporations in its measure of profitability. This will have to take account of FISIM (Financial Intermediation Services Indirectly Measured). This arises because banks make a large part of their money by lending at higher rates of interest than they pay on deposits. The difference between the two results in banks receiving net interest receipts. Because this income (FISIM) arises from the difference between interest rates, banks do not need to charge directly for all the services they provide.

Total company profits are an important component of the income measure of Gross Domestic Product. This component is known as the gross operating surplus which is defined as trading profits earned from businesses located within the United Kingdom, plus rental income minus inventory holding gains (at current prices). Profits earned by subsidiaries and branches located outside the United Kingdom are not included. As a key component of the income and capital accounts of companies, movements in profits influence the use of funds and the extent to which companies need to borrow in the financial markets. As an economic indicator, profits provide an interesting insight into the behaviour of the corporate sector.

The capital account of the corporate sector includes their net lending/borrowing. This is equivalent to their financial surplus or deficit and represents the amount companies have to invest in financial assets or to borrow through financial liabilities. As such, it has been used as a measure of private non-financial corporations' financial health. Finally, the financial account of the private non-financial corporations' sector explains how the borrowing requirement is funded.

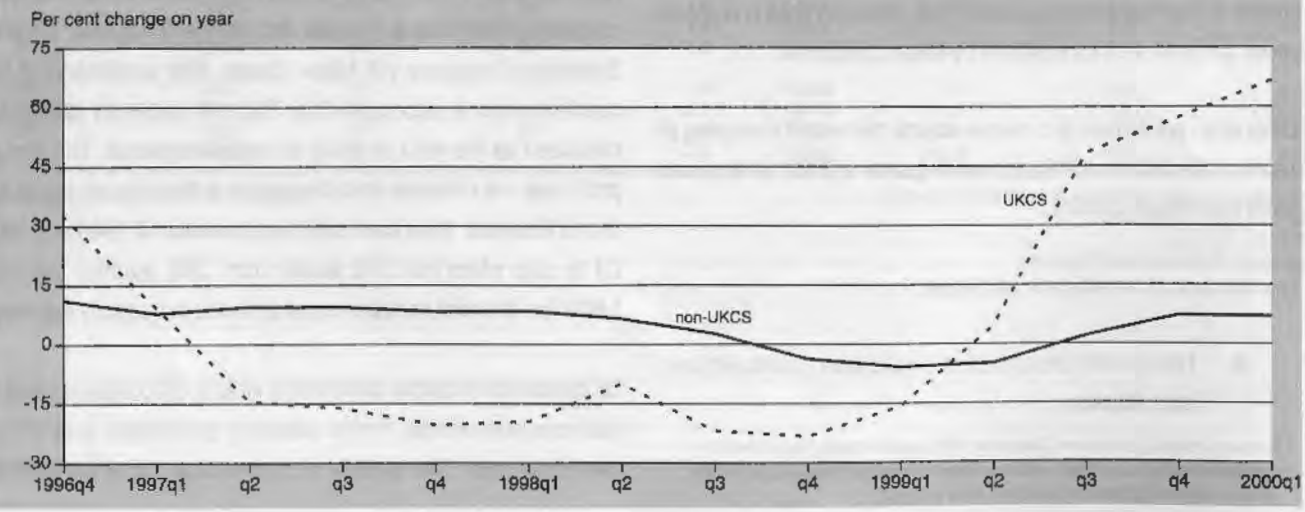
Further details of the income, capital and financial accounts and financial balance sheet of UK non-financial companies are available in the ONS quarterly publication, *UK Economic Accounts*. Tables A20, A21, A22, A46 and A57 provide detailed data.

Profitability of the UK corporate sector

The recovery in profitability by the corporate sector in the 1990s, began in 1993 and was maintained in each year to 1996/1998 (Chart 1). The

Figure **2**

Private non-financial corporations' profits



profitability of private non-financial corporations fell back in 1999, with the net rate of return on capital employed at 12.0 per cent, compared with 12.8 to 12.9 per cent between 1996 and 1998. Underlying these data, profits grew by only 2 per cent in 1998 and by only 1 per cent in 1999, compared with growth of 7 per cent in 1997 and 9 per cent in 1996.

In 1999, profits were subdued. Profits of companies other than those involved in exploration activity on the UK Continental Shelf declined by 0.5 per cent. However, a modest recovery in profits began in the second quarter. Although not sustained at the rate of recovery reported in the third quarter, profits ended the year at 7 per cent higher than the corresponding period in 1998 (Chart 2). Profits of UK Continental Shelf (UKCS) companies producing oil and gas from the UK Continental Shelf rose, however, by 21 per cent in 1999, mainly reflecting rises in crude oil prices.

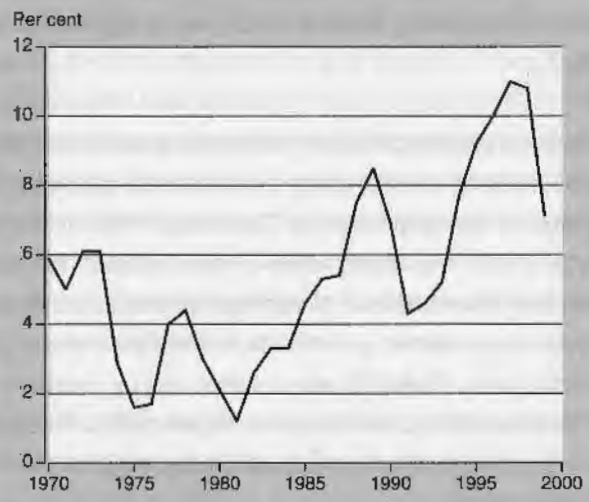
In 2000 quarter one, profit margins narrowed further for manufacturing companies and for companies in the service sector and profitability was subdued. Overall, companies reported little, if any growth in profits. This did include, however, a rise of 7 per cent in profits earned by UK Continental Shelf companies in the first quarter and a consequent rate of return of close to 25 per cent.

Manufacturing and service companies

Improved data sources have made it possible to estimate for the first time the profitability of services sector and manufacturing private non-financial companies on a quarterly basis. Survey information from National Statistics covers both sectors. Included in this survey are the FTSE 100 companies: 25 are in the manufacturing sector.

Companies are classified according to their principal activity. Ideally, this would be based on value added; in practice, a proxy, employment is frequently used. The allocation of 'new economy' companies' and 'traditional' companies to services and manufacturing, respectively, is not so simple. Companies operating in the high technology sectors are in the telecommunications and research and development sectors of services, but also in the electronics and communications equipment sectors in manufacturing. The new entrants to the FTSE 100 index in March 2000 included five companies in services, in retail, telecommunications, research and development and consultancy, but also four in manufacturing, in the manufacture of electrical equipment, paper and publishing and pharmaceuticals. The departing companies included three in manufacturing, but also four in the service sector. So, the contributions of the new computer technology and telecommunications companies affect both the manufacturing and service sector rates of return.

Figure **3**
Net rates of return of manufacturing companies



Manufacturing companies' profitability

The period covered by Chart 3 above illustrates profitability during three recessions. Since the 1990/92 recession, manufacturing companies' rate of return on capital has improved in each year and in 1997/1998 reached 11.0 per cent. The figure of 11.0 per cent is higher than the two previous peaks, in 1989 (8.5 per cent) and 1972/73 (6.1 per cent) and more than double the rate of return in 1991.

1998 represented a period in which the underlying level of manufacturing profits was constrained. Manufacturing output growth dipped into negative territory at the end of 1998 and the beginning of 1999 and the growth in manufacturing exports registered declines in all quarters of 1998. One reason was the economic difficulties in South-East Asia. Another was that manufacturers reduced their export prices to remain competitive in price in overseas markets. Sterling income from exports fell for a number of companies, because they were locked into long-term contracts. In 1998, profits from domestic demand probably outweighed the effects of lower profit margins on sales overseas, but this did not happen in 1999.

In *1999*, profitability declined sharply to 7.1 per cent, as export margins were lower than in 1998, domestic margins were cut and capital employed rose by 3 per cent.

Margins were under pressure throughout 1999, despite a recovery in manufacturing output in the second half of 1999 and a recovery in manufacturing exports in the second half of the year and in the first quarter of 2000 when growth was 10 per cent.

Cost cuts from manufacturing restructuring were not as great as hoped for by the large companies and companies had to absorb the costs of downsizing, mergers and of the disposals of non-core businesses. Profitability was also constrained by aggressive price-cutting.

In the face of declining profitability, manufacturing companies moved to concentrate on core high-quality growth products, dropping some high-volume, low-margin contracts. Cost cutting in 1999 and the first quarter of 2000 was helped further by lower computer hardware costs, lower levels and better monitoring of inventories and the use of business-to-business e-commerce to lower procurement and marketing costs. Profitability was sustained also by investment in computer software and hardware, improving the quality of the capital stock and through falls in computer prices improving the value of that capital stock.

To further improve profitability, companies invested in new information technology which improved the control of output, design and stocks. Companies using new IT have been able to reduce stocks and make full use of output capacity. Those companies producing the new technology have also boosted their profitability. This has enabled firms to respond more quickly to changes in customer preferences. Technology-led industries have driven down the price of information technology and created an environment in which pressures on manufacturers to be more efficient are greater than they were.

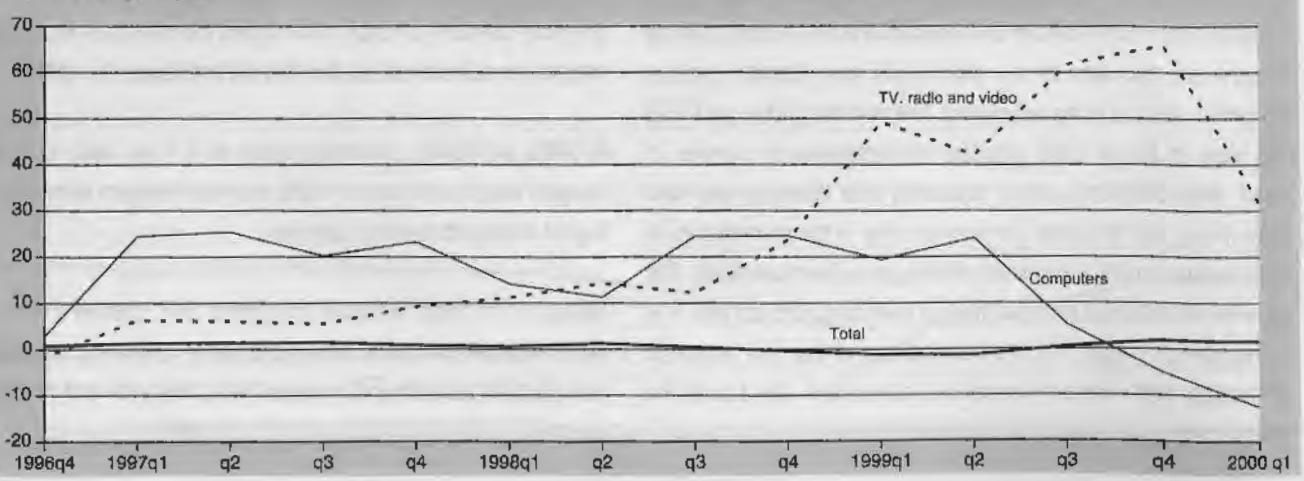
Profitability of manufacturing companies: by sector

In 1999, profitability in manufacturing was underpinned by those companies producing *electrical and optical equipment and pharmaceuticals*. The *traditional manufacturing industries* found it difficult to maintain profitability in 1999, despite operating plants at higher levels of output and achieving operational savings. These savings came through increased efficiency in procurement, distribution and marketing. Some 'old economy' companies diversified into communications and computers. But, they faced higher costs for imported commodities like plastics and metals, than manufacturers in high-technology sectors where the use of these commodities is less intensive. Costs of energy and transport were higher also. *The following analysis is based on anecdotal comments made by those companies reporting profits data to the Office for National Statistics.*

The *electrical and optical equipment* sector includes the manufacturers of office machinery, computers, telegraph and telephone equipment, electronic goods, television receivers and video recording equipment. These companies faced strong demand for optical and electrical equipment to meet product innovations and gadgets. Profits in 1999 benefited from their huge exposure to the benefits of advanced communications technology. In 1999, profits advanced, despite the higher costs incurred in producing and stocking more electrical goods, particularly digital equipment and the higher costs in attempting to merge and de-merge companies. Margins in industrial electronics and in the manufacture of mobile phones fell in late 1999 and in the first quarter of 2000.

In the *chemicals* sector, a decline in total profits in 1999 disguised the performance of specific manufacturers. High-tech *pharmaceuticals, paints and companies producing fibre optics and semi-conductors* produced a moderate profits profile. Companies were better placed to withstand competitive pressures. 1999 was a profitable year for pharmaceuticals and for biotech companies producing biotech drugs, medicines and the research and technology

Figure **4**
Manufacturing output



needed by the larger pharmaceutical companies. Positive factors were the development of new products and the increased sales of anti-viral and respiratory treatments during the flu epidemic. Profits were realised from foreign trade particularly Europe and the USA, although profits growth slowed in the second half of 1999. Profitability in bulk chemicals-particularly in plastics and petrochemicals-suffered, however, from rising oil prices, increased foreign competition and rising feedstock prices. Margins on refining and marketing were cut by the rise in oil prices, reflecting the importance of oil as an input to the chemicals sector.

Engineering companies realised benefits in profit margins in 1999, from their move from conglomerates to market leaders in quality products. But, they reported lower export margins. Profits of companies in the *transport equipment* sector were helped by technological developments in the UK which maintained the quality of products and margins in export orders. *Aerospace manufacturers* benefited also from exports priced in dollars. *Shipbuilders'* profits were built on successful diversification, away from large warship contracts. *Motor manufacturers'* profits were constrained by the competitive environment relating to car pricing and by the cost of extra advertising and incentives. Margins were hit in both *automotive components* and in *tractor manufacturing*.

Profitability in *textiles* was affected adversely in 1998 by the strength of sterling which contributed to a fall in clothing exports and to cheaper imports. This continued in 1999 when UK textile firms faced competition not only from South East Asia, but also from countries such as Morocco, Turkey and Romania to supply UK high street retailers. In addition, more British producers moved production abroad to Eastern Europe and Asia where labour was relatively cheap. Companies in these sectors were not able to maintain profitability in 1999, despite competing on quality, shifting into growing sectors and retaining a brand name. Companies have also invested in product innovation and in technology, to allow flexibility and swifter response times. Similarly, manufacturers of *metal products* reported that profits had been subdued by the strength of sterling against the Euro and by the impact of cheaper metals, particularly steel.

Cement producers' profits suffered in 1999 as a result of weak cement prices, prompting a price war which, to a degree, offset cost reduction consolidation programmes. *Glass manufacturers'* profits improved due to the cost savings achieved through restructuring and through selling glass over the Internet. *Paper and printing companies'* profit growth did not match rises in 1997 and 1998, although revenues from web design and from the transfer of printed material to electronic formats did expand.

Companies in *food, drink and tobacco* production reported a slight decline in profits, after a 5 per cent fall in 1998. This was, in part, due to costs of new product development in core convenience foods and of the focus on a narrower range of 'value-added' consumer brands, divesting brands which were not 'strategic'. In part, profits in food production were affected by higher raw material prices and by over capacity and tobacco profits were hit by the decline in the duty-paid market. Cost savings in the competitive food market began to be achieved from mergers and from concentrating on core products with higher profit margins. Companies had a very strong fourth quarter in 1999, in large part due to the strength of sales over the Christmas and Millennium periods.

During the 1990s, manufacturing companies' profitability showed a more rapid improvement than in service companies and by 1997 the differential in rates of return had narrowed to within four percentage points, compared with 10 percentage points in 1991. But, in 1999 the differential widened to 8 percentage points.

Manufacturing companies' output, productivity, costs and prices and trade

Output

According to data published by National Statistics, *output in manufacturing* was flat in 1999, compared with rises of 0.5 per cent in 1998 and 1.3 per cent in 1997. The weakness in manufacturing output in the first quarter of 2000 was across a number of sectors, including those 'new economy' companies in the manufacture of computers, electronic components and office equipment.

Different industries have grown faster than others. *Computers and other information processing equipment* was strong between 1997 and the first half of 1999. The growth rates in output of *television and video recording equipment* reached 65 per cent year on year in the final quarter of 1999 (Chart 4).

Productivity

The background to robust manufacturing productivity growth in 1999 (Chart 5) was the flat profile of output and the fall in employment of 140,000. As a consequence, unit wage costs fell.

In the first quarter of 2000, manufacturers' unit labour costs were no longer falling. Employment in manufacturing was cut by 14,000, but output fell and unit labour costs started to rise again. Productivity in manufacturing slowed, rising at the annual rate of 4.7 per cent, year-on-year. There was also pressure on earnings growth in services around the end of 1999 and the first quarter of 2000.

Figure 5
Productivity in manufacturing

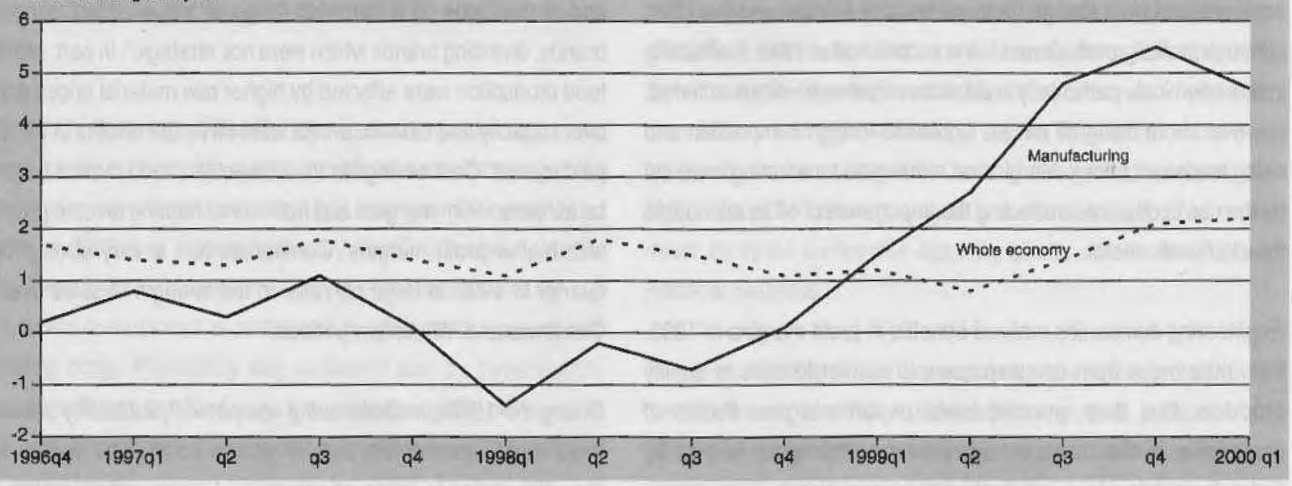


Figure 6
Costs and prices in manufacturing

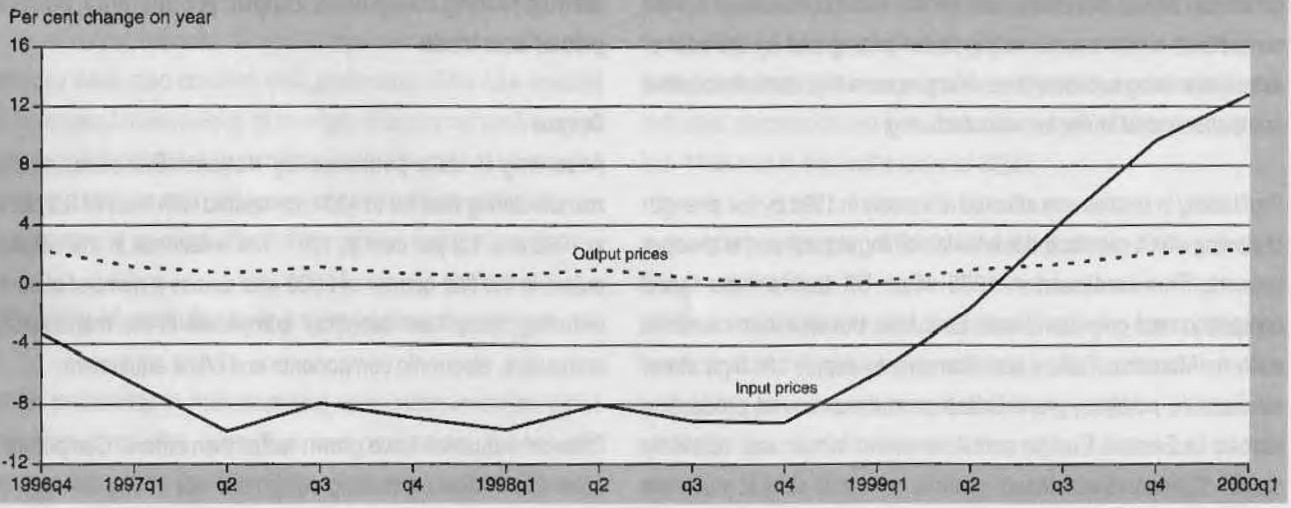


Figure 7
Exports of manufactures

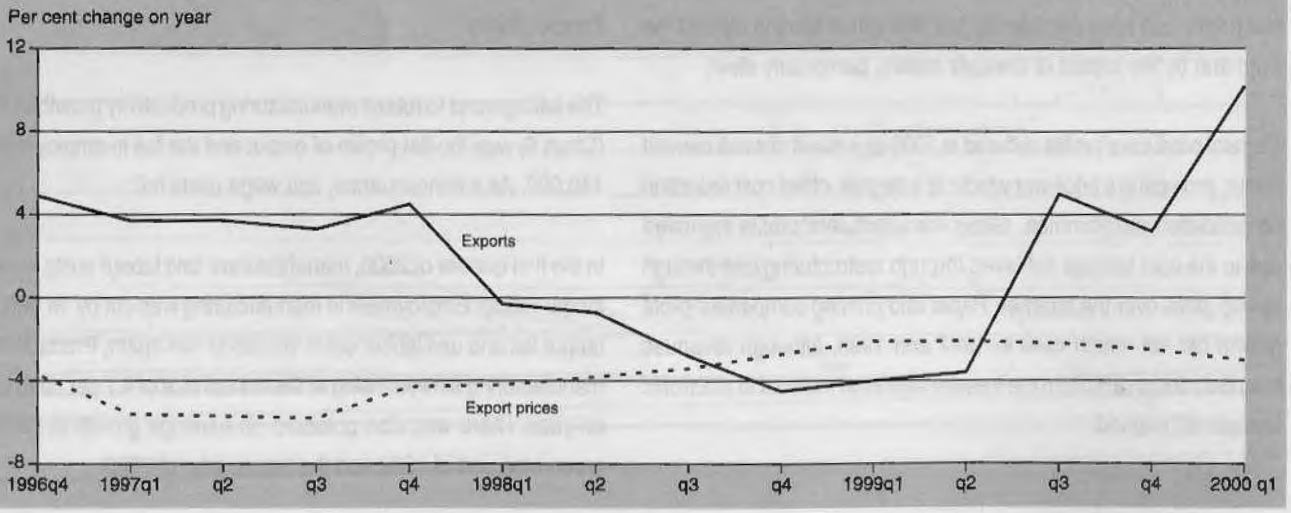
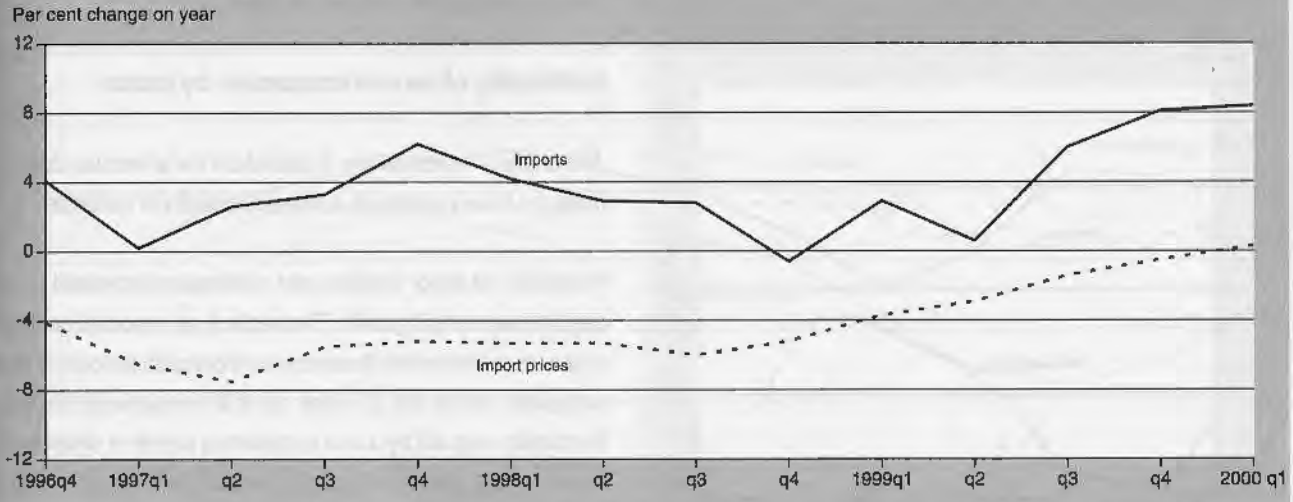


Figure **8**

Imports of manufactures



Costs and prices

1998 was a year of subdued prices. This was driven by responses to the financial crisis in South East Asia, as producers cut prices to keep shares in overseas markets. In 1998, input prices for materials and fuel purchased by manufacturing industry fell, on average, by 9 per cent, due to the fall in oil prices (Chart 6).

The second half of 1999 and the first half of 2000 were periods when input price growth was stronger than output price growth. Cost increases were absorbed by margins, as manufacturers were unable to pass on the increase in costs to prices.

Trade

Manufacturing companies export a larger proportion of their output than service companies and are more exposed to international competition and exchange rate movements.

Sterling weakened against the US dollar and the Yen in 1999, after appreciations in 1998, and strengthened against the Euro in the second half of 1999 and in the first quarter of 2000

The majority of UK trade in manufactures is with countries in the Euro area: in 1999, 59 per cent of the value of exports and 54 per cent of the value of imports. The export of manufactures began to fall in 1998 and this continued into the first half of 1999 (Chart 7). By the first quarter of 2000 with demand strong in Europe, levels of manufacturing exports had recovered to 10 per cent, compared with the same quarter in 1999. Export prices of manufacturing goods have fallen consistently over the last two and a half years, as manufacturers sought to remain competitive in price in overseas markets.

Equally important for manufacturers was the impact of import competition during the second half of 1999 and the first quarter of 2000 and, in particular, competition from the emerging market economies in East Asia. These countries began to cut their prices of microchips, electrical consumer goods, clothing and footwear and thus compete with UK companies' exports to other countries. Some companies have also faced low-price competition from companies in the Euro-zone. Import prices fell on average by 5 per cent during 1998 and by nearer 2 per cent in 1999 (Chart 8). The slight rise in import prices in the first quarter of 2000 could have reflected rises in imported raw materials denominated in dollars.

Service companies' profitability

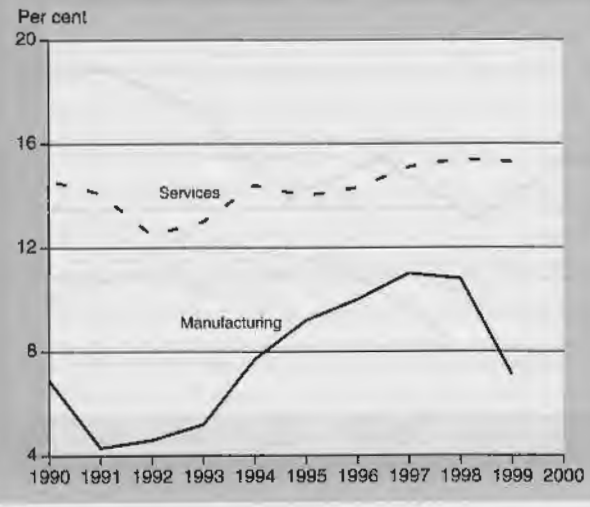
Chart 9 indicates that service companies' profitability has remained in the narrow range of rates of return of between 12.5 per cent in 1992 to 15.4 per cent in 1998. This reflected stable profitability gains. In 1998, the UK had one of the most profitable service sectors in the world [2]. In 1999, profitability fell back slightly and the rate of return fell to 15.3 per cent. The net operating surplus rose by 10 per cent, but capital rose by over 10 per cent.

The factors influencing the level of profits in 1999 were weighted less towards the exchange rate and more towards new competition brought about by lower barriers to entry and pricing strategies in which discounting is becoming an integral part. Competition and cost control, particularly in holdings of stocks and purchases from suppliers, has been intensified by the use of information technology

[2] 'International comparisons of profitability', January 2000 edition of *Economic Trends*, pages, 33–46.

Figure **9**

Net rates of return of manufacturing and service companies



including the Internet, and by a greater price transparency. The growth in business-to-business online commerce has provided cost savings to the services sector.

The economic background reported by National Statistics included a slower rate of growth in service sector output in 1999 (3.0 per cent) than in 1998 (4.1 per cent) and in 1997 (4.4 per cent). This slowdown was seen across all industries, except post and telecommunications. The fall in computer services output, for example, in the fourth quarter was the first since the first quarter of 1997. In the first quarter of 2000, growth slowed in post and telecommunications and other business services. The areas principally affected by this slowdown were telecommunications, courier services, management consultants and architects.

Profitability of service companies in 1999 was constrained by increasingly competitive pricing conditions. Companies held down prices in the face of demands for higher levels of service. This was reported by companies in areas like food and clothing retailing and in telecommunications and transport, including road haulage. IT hardware and accountancy services and business consultancy services were other industries in which there were new low-cost, discount competitors and deep price discounting in an 'everyday low pricing' environment.

Margins were maintained through cost savings as a result of restructuring. The Internet also began to contribute to profit margins, by reducing costs. This was through business-to-business purchases and sales linking retailers and wholesalers and as a marketing aide. Costs were cut further in the sourcing of products and in improving forward ordering and stock control to reduce inventory to sales ratios. Wholesalers were able to handle E-commerce purchases alongside trade for goods from traditional retail outlets. The Internet also brought a more competitive environment, in which price competition increased in areas like travel and house purchase.

Profitability of service companies: by sector

The analysis which follows is based on the anecdotal comments made by those companies surveyed by National Statistics.

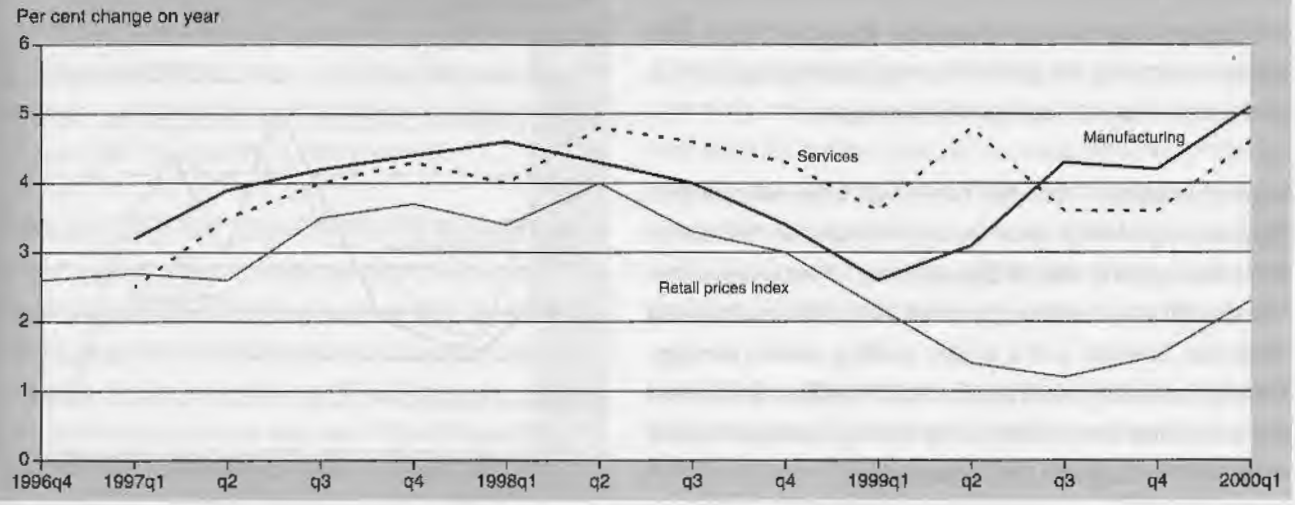
Profitability of major *retailers and wholesalers* increased in 1999, despite lower output growth. This sector is an important component of service sector profits: the sector contributes 25 per cent of service companies' profits and 27 of the 'top 100' companies in the survey. Profitability was led by a rise in operating profits of discount store chains selling 'own-label' goods, specialist and 'designer' retailers and by strong Christmas and Millennium trading for the major high street retailers. Companies met an expansion of their cost base and low prices by investing in technology and by increasing productivity. Increases in costs occurred though increased rents in floor space, sometimes expanding out-of-town stores, including warehouses for home shopping services and sometimes extending existing retail outlets. There was an extension in opening hours and the move into new markets such as direct home shopping by catalogue and by the Internet. Major supermarkets also incurred a steep rise in staff costs over the Millennium which cut profits in the first quarter of 2000.

The greater costs, in time, packaging and distribution, marketing and space by companies in the food and clothing retail sector have not been recovered in higher prices charged. There has emerged a growing consumer resistance to price rises. On-line suppliers have exploited the cost savings of E-commerce which High Street retailers are now driving forward. Prices for goods sold in major department stores fell in 1999, with the effect particularly noticeable in clothing, footwear, electrical and audio-TV. Also, there were falls in fruit and vegetable prices. Although the fourth quarter of 1999 was very strong in Christmas and Millennium trading, the first quarter of 2000 brought renewed pressure on margins which were squeezed by competitive trading, low prices and higher wage costs.

Companies in the *leisure industry* including recreational activities had a less successful year than in 1999. Profits were constrained by rising competition from more contemporary brands in the supply of health and fitness facilities, wine bars, restaurants, pubs, beauty salons, acupuncture and aromatherapy centres. Hotels and restaurants reported lower profits due, in part, to weaker demand and 'at-home' Millennium celebrations.

Profitability in the services sector in 1997 though 1998 was driven by the *telecommunications sector*. In 1999, profitability was

Figure **10**
Earnings in manufacturing and services



maintained, in particular by turnover in Internet and in mobile and fixed-line phone usage. Profits were helped by companies restructuring and merging to focus on high growth sectors. In the UK, 250 people per 1000 are reported to have a mobile phone and 25 per cent of all households have access to the Internet from a home computer. Europe leads the way in ownership of mobile phones and Vodafone became the world's largest mobile phone operator, after it acquired Airtouch in January 1999 and successfully acquired Mannesmann in February this year. Profits growth in 1999 did not, however, match 1998 and 1997, as costs rose to complete and extend telecommunications networks. Competition increased, as cable television operators and other carriers offered lower prices for long-distance and international calls. In addition, increasing competition amongst Internet Service Providers led to cheaper services, for example on unmetered broadband Internet access.

In the *transport and transport support (including travel agencies)*, there was little, if any, rise in profits in 1999, due mainly to stronger competition, rising fuel costs and the scrapping of duty-free sales. Prices in the fourth quarter of 1999 and first quarter of 2000 were too high for the Millennium demand. Post-Millennium tourism demand was weak also. Higher levels of capacity led to discounting across the travel industry and low-cost airlines offering competitive fares in Europe also cut into margins of the larger operators. The rise in oil prices and the strength of the US dollar was another factor, because airline fuel is priced in US dollars. In *rail transport*, higher operating costs had a similar impact on margins. In *freight transport*, competition constrained profits.

Companies involved in *real estate, renting and business activities* reported profits in 1999 at levels lower than in 1997 and 1998. Property-related services, including *estate agents* had a profitable year. Competition increased, but profits of estate agents in London and the South-East were sustained by buoyant house prices and by a surge in prices for luxury property and the traditional estate agents began to display properties on web-sites, responding to competition from Internet estate agents. *Legal and accountancy services* maintained profit margins, by the ability to increase service fees. Competitive rental markets caused sluggish profits; growth in profits occurred when longer-term contracts were put in place. *Computer consultancy services* found profits constrained as major projects - for EMU entry at the end of 1998 and Y2K preparations - ended. New IT projects were put on hold and IT budgets curtailed until after January 2000. A pick-up in profitability from the development of e-business infrastructure may, however, be delayed beyond the first quarter of 2000. *Business* and *management consultants, including recruiting, advertising and facilities management companies* included in '*Other Business Activities*' also found margins difficult to maintain in 1999. In part, this was due to the increased costs of launching on-line services. These costs began to be offset in the first quarter of 2000, by an expansion in advice to new e-companies on marketing and business strategies and to traditional companies who were expanding business online.

Earnings and investment in manufacturing and service companies

Earnings

Profitability in manufacturing and services sectors has been affected adversely by stronger pay pressures.

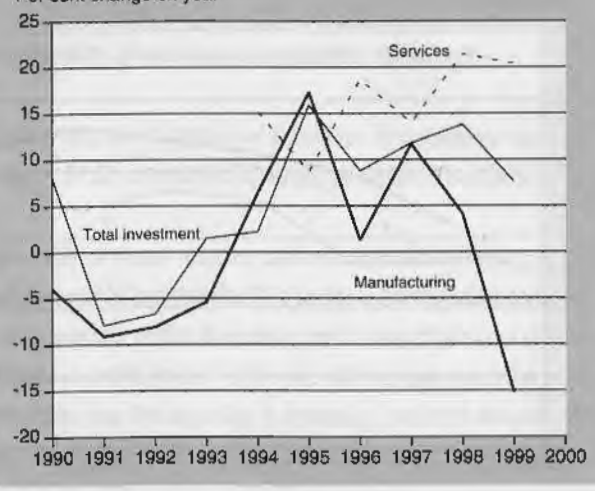
Unit labour costs and non-wage costs including legal, insurance and accountancy fees are the dominant element of both manufacturing and service companies' costs. Raw material costs typically account for around one-third of manufacturers' total costs. Earnings published by National Statistics shown in Chart 10 exclude bonuses, to reflect

companies' treatment of bonuses to be paid out of profits already earned, rather than as a production cost.

For manufacturers, earnings increased in the second half of 1999 and at March 2000, the growth in average earnings was 5.1 per cent, compared with 2.6 per cent one year earlier.

Service companies' earnings had grown more strongly than manufacturing earnings, since the second quarter of 1998 and by the second quarter of 1999 the differential was 1.7 percentage points. The strength in manufacturing earnings in the most recent period contrasted, however, with a weaker profile in service earnings. Between September 1999 and March 2000, the differential reversed and at the latter date, manufacturing earnings exceeded service companies' earnings by 0.5 percentage points.

Figure **12**
Business investment



Investment

Profits are closely linked to investment (gross fixed capital formation) through retained earnings, the main funding source for companies.

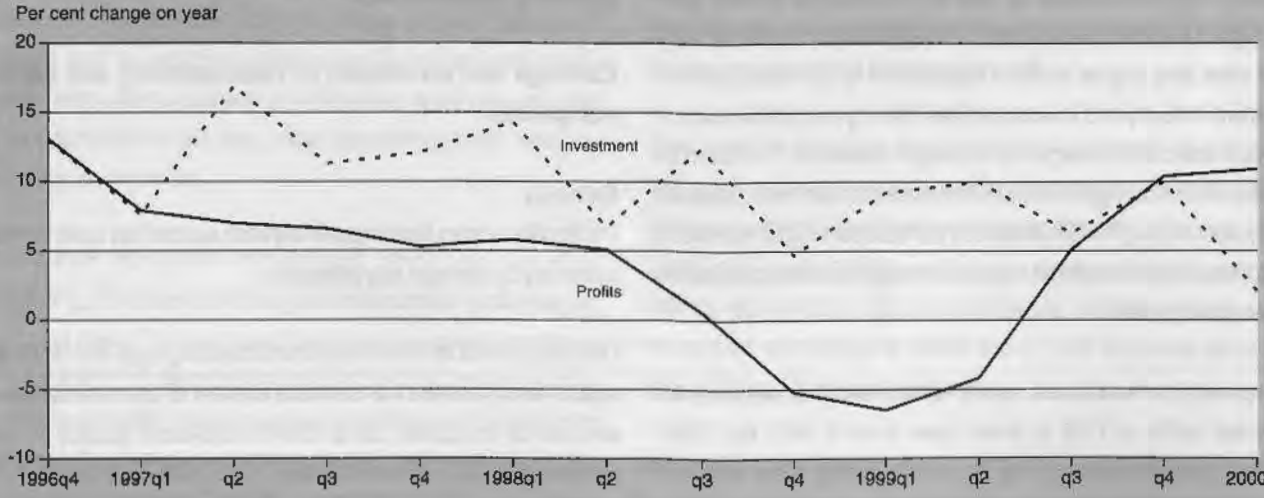
Investment rose strongly between 1995 and 1998, encouraged by the rise in share prices and by profit expectations. The pace of investment was strong in this period.

The slowdown in investment growth in 1999 and the first quarter of 2000 could be related to the impact on the main funding source-retained earnings-caused by lower levels of profits earned by companies from the second quarter of 1998 (Chart 11). Some investment programmes were halted, in expectation that profits and oil prices would fall. Some companies completed one-off investment projects designed for Millennium solutions. Some constraints on investment programmes may have been to improve financial deficits, where higher corporate expenditure exceeded internal funds and consequently where funds were needed to meet the extra costs of borrowing. Firms may also have been postponing their investment in research and development in the United Kingdom or planning to locate projects abroad.

In terms of sectors of industry, 1999 saw a rise in business investment by private service companies of 20 per cent, compared with 21 per cent in 1998 (Chart 12).

In 1999, the expansion in *business investment in services* was led by the telecommunications industry where developments have included cable and satellite television, mobile phone communications networks, Internet services and digital technology. Investment by computer hardware and software consultants and suppliers was,

Figure **11**
Investment and profits



however, subdued in the second half of the year, as the projects for Euro solutions and Y2K completed. In the first quarter of 2000, investment by service companies fell. Although funds were available for E-commerce and Internet sites and for new retail outlets and home delivery warehouses, some of these projects were delayed. Net average capital employed increased by over 75 per cent (£225 billion, at current prices) between 1990 and 1999.

Manufacturing companies' business investment declined sharply in 1999 by 15 per cent, reflecting earlier changes in business confidence and output. This was the largest decline since 1981 and was across all sectors. Investment could have been constrained by the costs of finance and by the modest growth in profits both earned and expected. Traditional manufacturers were also using IT more intensively.

Investment by companies in the chemicals and food, drink and tobacco sectors fell, after having risen in 1998 and investment by engineering companies fell for the second year running. A modest recovery in manufacturing investment did, however, begin in the fourth quarter of 1999 which continued in the first quarter of 2000 (5 per cent growth in each quarter) which was led by engineering companies.

The net average capital employed has increased by only 12 per cent (£28 billion, at current prices) since 1990. Consequently, modest growth in profits earned was sufficient to boost net returns on capital.

Inventories held by companies fell by £1.6 billion in 1999, compared with stock building in the previous six years. Inventories last fell in 1992. This could point to manufacturing industries managing their inventories more efficiently. In the first quarter of 2000, inventories of wholesalers and retailers rose, in part related to buying before tax increases and, in part, in expectation of price rises.

UK Continental Shelf companies' profitability

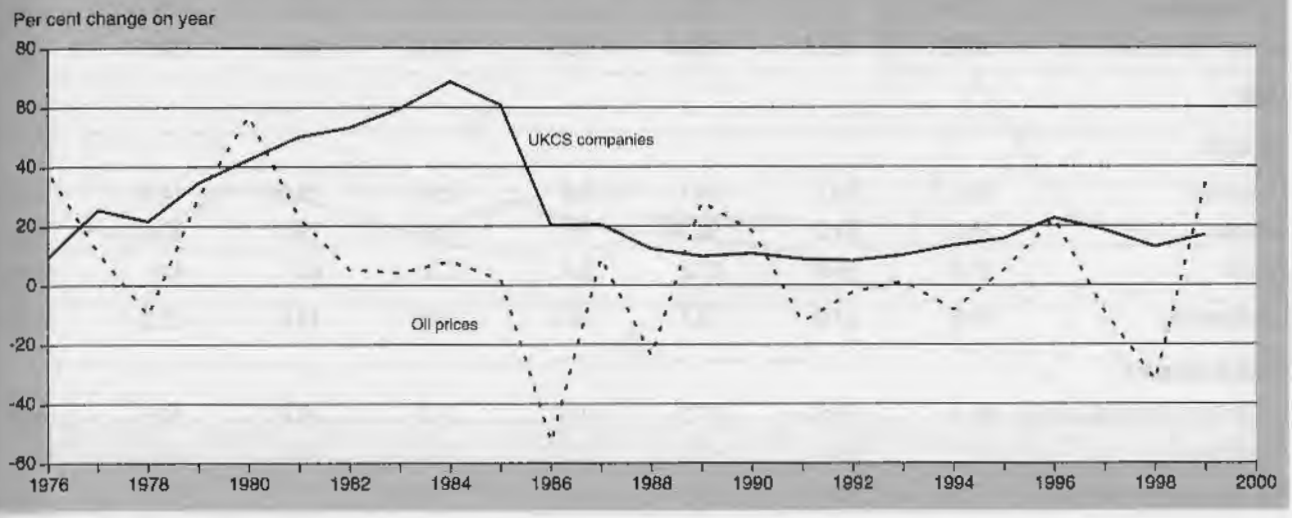
In 1999 and the first quarter of 2000, profitability of UK Continental Shelf companies rose to 25 per cent, the highest levels since 1996. A doubling in rates of return over the past year mainly resulted from rising crude oil prices. Companies have also made profits from lower production costs, as a consequence of companies realising costs savings from a reduced workforce and from the focus on new low-cost fields. In addition, rates of return on capital have been boosted by tighter capital expenditure. Capital was unchanged in 1998 and rose by only 4 per cent in 1999.

Chart 13 shows that the peak in profitability for UK Continental Shelf companies was reached in 1984/85 when the rates of return were in excess of 60 per cent. The volatility in the oil price dominates recent trends, particularly the major collapses in oil prices in 1986, 1988, 1991/92 and more recently in 1997/98.

Gross trading profits of United Kingdom Continental Shelf companies fell by 11 per cent in 1997 and by 19 per cent in 1998. As a result, the net rate of return fell to 18.5 per cent in 1997 and to 12.9 per cent in 1998. The main reasons were the fall in crude oil prices of 10 per cent and 30 per cent, respectively, in those years, due in part to the contraction of world demand and high world oil stocks. Adding to these factors was a rise in the cost base of activity on the UK Continental Shelf and consequent rise in operating costs.

The fall in the net rate of return in 1997 and 1998 also reflected the rise in net average capital employed. In the four years, 1990 to 1994, net capital employed rose by £3.1 billion. In the four years 1994 to 1998, net capital employed rose by £5.6 billion.

Figure **13**
Net rates of return of UK Continental Shelf companies



The level of profits in 1999 was 21 per cent higher than in 1998 and the net rate of return rose to 16.9 per cent. Profitability was driven by the rises in oil prices. World crude oil prices rose in 1999 from $9 per barrel - the lowest in real terms since 1972 - to above $30 in the first quarter of 2000, their highest level since the Gulf crisis in 1991. The rises were underpinned by restrictions on production by the Organisation of Petroleum Exporting Countries (OPEC) in March 1999 which were renewed in September. Although OPEC supplies less than 40 per cent of the world's oil demand, its share of marginal oil production is much higher. OPEC were able to cut back production by 3.2 million barrels a day, equivalent to 13 per cent of OPEC output, at a time of growing world demand, particularly given the recovery in Asia, and a build up in supplies held by industrialised countries, ahead of Y2K. In 1999, UK Continental Shelf companies reduced jobs and overheads, reducing costs per barrel of oil. Profits were boosted also by cost reduction programmes put in place by the oil companies.

In 1999, the UK's net exports of oil rose to £4.2 billion, a rise of £1.2 billion from 1998. In the first quarter of 2000, net exports were £1.3 billion, the third consecutive quarter when net exports exceeded £1 billion.

Towards the end of the first quarter of 2000, oil prices peaked, as OPEC eased production restraints and agreed to raise production by 1.45 million barrels per day. Measures also included an automatic production increase to deal with average prices outside a target range of $22 – $28 a barrel. Profitability was, however, maintained. The net rate of return was 25 per cent, three percentage points higher than in the fourth quarter of 1999. During June, OPEC announced an output increase of 708,000 barrels per day, but the oil price continued to rise, moving back above $30 per barrel.

BP Amoco and Royal Dutch/Shell and Totalfina Elf launched, in the first quarter of 2000, the Intercontinental Exchange, an online commodities market for over-the-counter oil and metals transactions. This provided the companies with greater liquidity and price transparency. Electronic procurement and Internet trading was also providing cost savings.

Key income and capital account movements of the UK corporate sector

Gross trading profits are the largest component of private non-financial companies' resources, accounting for around 75 per cent in 1999 (see Table 1). A fall of 1 per cent in companies' resources in 1999 and an increase in dividends, meant that income available for investment fell by £9 billion. With growth in investment, companies needed to increase their borrowing. For the following components of the income and capital account, of dividends, tax and interest, a manufacturing and services sector split is not possible.

Table 1 Private non-financial companies' income and capital accounts

£ billions, seasonally adjusted

	1997	1998	1999	1999Q1	1999Q2	1999Q3	1999Q4	2000Q1
Income account								
Resources	221.1	226.9	224.8	51.2	58.4	56.8	58.3	59.4
Of which:								
Profits								
Oil companies	13.8	11.2	13.6	2.5	3.1	4.0	4.0	4.2
Non-oil companies	146.6	151.6	150.8	36.3	36.8	38.7	39.1	38.8
Uses								
Of which:								
Dividends	59.3	55.2	64.1	8.8	25.8	15.0	14.4	14.5
Interest	26.0	31.2	30.3	7.5	7.2	7.6	8.1	8.9
Taxes	27.7	25.0	21.2	3.4	7.3	6.2	4.3	5.3
Gross saving	79.8	87.9	78.7	25.7	10.8	19.9	22.2	23.1
Capital account								
Gross fixed capital formation	81.6	89.3	97.2	24.0	24.3	24.4	24.5	24.5
Inventories	3.7	4.0	-1.6	0.1	-1.6	-0.5	0.4	1.0
Net lending/borrowing(-)	-5.5	-5.6	-17.1	1.8	-12.0	-4.1	-2.8	-2.4

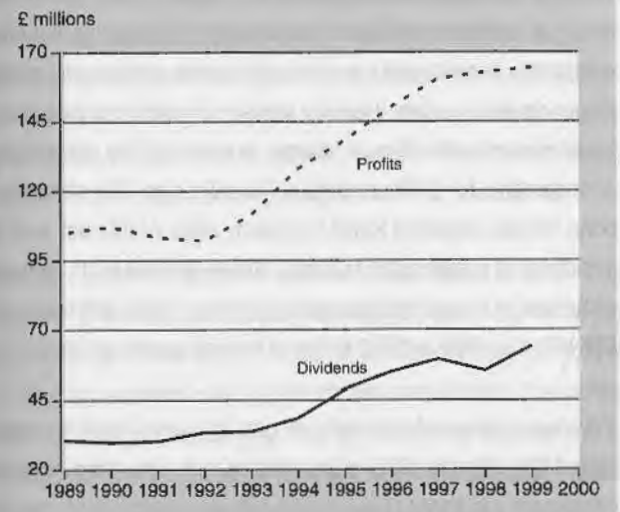
Dividends

With corporate profitability coming under pressure from the third quarter of 1998 and the pre-announced future changes in income and corporation tax taking effect from 6 April 1999, dividends fell by 6.9 per cent in 1998, reversing the growth in 1997 and providing the first fall since 1990 (Chart 14).

Private non-financial corporations' dividend payments subsequently rebounded to £26 billion in the second quarter of 1999. In the second half of 1999 and in the first quarter of 2000, dividend payments were £14–15 billion per quarter. Over the longer term, company dividends were on an upward trend until 1997, since when they have been falling. One factor could be that UK companies are now investing more of their earnings back into the business. There is an increasing proportion of earnings being used to finance the costs of higher borrowing and the increase in mergers and acquisitions. In addition, more companies are reported to be investing retained earnings back into business, for example, in research and development, rather than returning cash to investors.

Dividend payments account for one-third of the remaining income (i.e., total income less interest payments and tax) of private non-financial corporations (Chart 15). This weight is comparable with the average for 1998. The dividend payout ratio for the first and second quarters of 1999 were, however, distorted by the abolition of advance corporation tax (ACT) on dividends. For some companies, the abolition meant that there was a financial benefit in their deferring their dividends until after 5 April 1999.

Figure **14**
Dividends and profits of non-financial companies



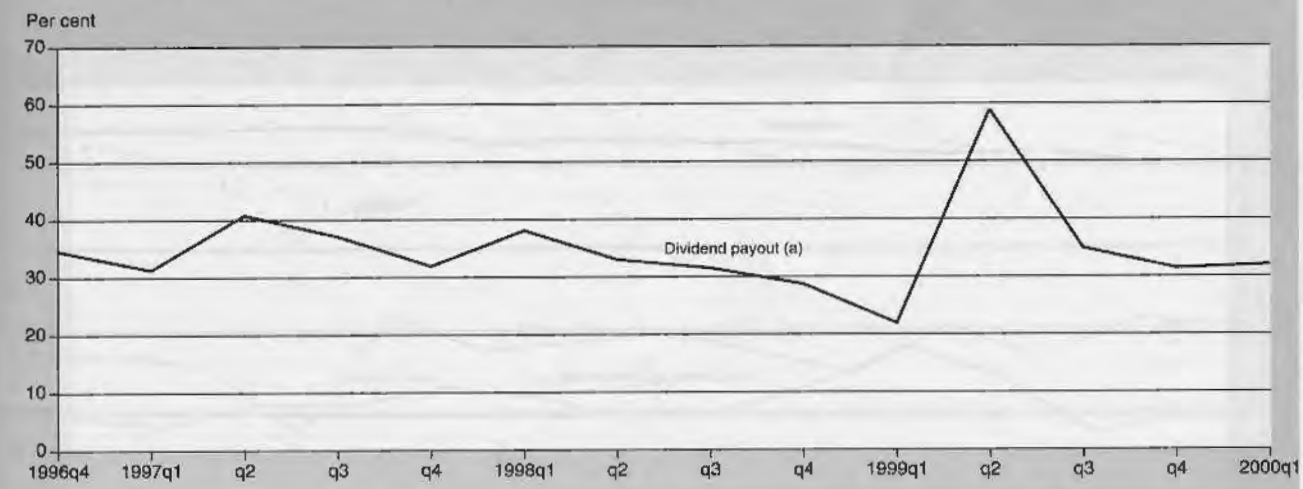
Interest payments

Interest payments by private non-financial corporations fell by £0.9 billion in 1999. This occurred against a background of a fall in UK banks' base rates from 6.0 per cent at the beginning of the year to 5.0 per cent in early June, to finish the year at 5.5 per cent. Interest payments rose sharply by 10 per cent in the first quarter of 2000, as companies used their resources to finance their debt.

Tax payments

Private non-financial corporations' tax payments fell by 15 per cent in 1999. This was due to three factors. The first was the fall of £4.4 billion in payments of ACT, as discussed above. The second was that tax payments in 1998 (and 1997) included the instalments of the windfall tax on utilities (£2.6 billion in each year). The third was changes in income levels, reliefs and allowances.

Figure **15**
Private non-financial corporations' dividend payout



(a) Dividends as a percentage of post-tax income, less interest paid

Mainstream corporation tax payments increased by 32 per cent in 1999. Following the abolition of ACT, larger companies with accounting periods ending in December 1999 or March 2000 were making quarterly instalment payments (April, July, October 1999 and January 2000) in respect of their estimated profits on their 1999 accounts. This was in addition to the annual payments of mainstream corporation tax in respect of 1998–1999 accounting periods. Gross trading profits in 1999 for all companies showed very little growth. But an important factor was the balance between profit makers and loss makers. The former can produce an increase in the tax yield even if net profits are falling.

Net borrowing of the private non-financial corporations

In the UK national accounts, the overall financial position of companies is measured according to net lending/borrowing of the corporate sector. The primary determinants are profits and investment.

The company sector has been running a financial deficit for the past three years. This could suggest higher levels of capital gearing. The last comparable period of sustained deficits was between 1988–1992 when, in aggregate, the company sector borrowed £67 billion.

During 1999, the corporate sector's financial health showed deterioration and the financial deficit was at its highest percentage of GDP (6 per cent) since 1990 (chart 16). With a weak profits' profile, unusually strong dividend payments and current investment still held at a high level, companies' net borrowing (i.e., financial deficit) was particularly strong, at £17 billion. Unlike the early 1990s, a relatively small proportion of this debt was raised through the banking system. Companies were able to finance this huge borrowing mainly through capital market issues. Insurance companies and pension funds were heavy investors in these securities (see below).

Company financial transactions and acquisitions and mergers in the UK corporate sector

Financial account

Over the past decade, companies have reduced the proportion of their financial liabilities provided by monetary financial institutions in the UK from 19 per cent to 8 per cent. In this period, equity finance raised rose from 53 per cent of financial liabilities to 70 per cent. To finance the borrowing requirement in 1999 (and in the two previous years), companies developed their borrowing in the capital markets.

In 1999, the very large net borrowing requirement and the high level of mergers and acquisitions activity put pressure on corporate liquidity. Companies met these demands by borrowing in the capital markets and, in the second quarter by borrowing from banks in the UK. The shortage of long-dated gilt-edged securities and the minimum funding requirements for Pension Funds and Life Insurance companies encouraged private non-financial companies to issue longer-dated securities. Pension funds also had a tax incentive to invest in bonds rather than in shares, as a result of the change in tax arrangements for profits distributed as dividends. The attraction of bond finance included lower long-term rates of interest and the avoidance of margins paid to banks. Net investment in UK company securities by insurance companies, pension funds and trusts was £29 billion in 1999 and £10 billion in the first quarter of 2000.

Private non-financial corporations' capital market issuance was a record £39 billion in 1999, as companies took advantage of market interest rates to finance business investment and to pay for mergers and acquisition activity.

Figure **16**
Private non-financial corporations' financial balance

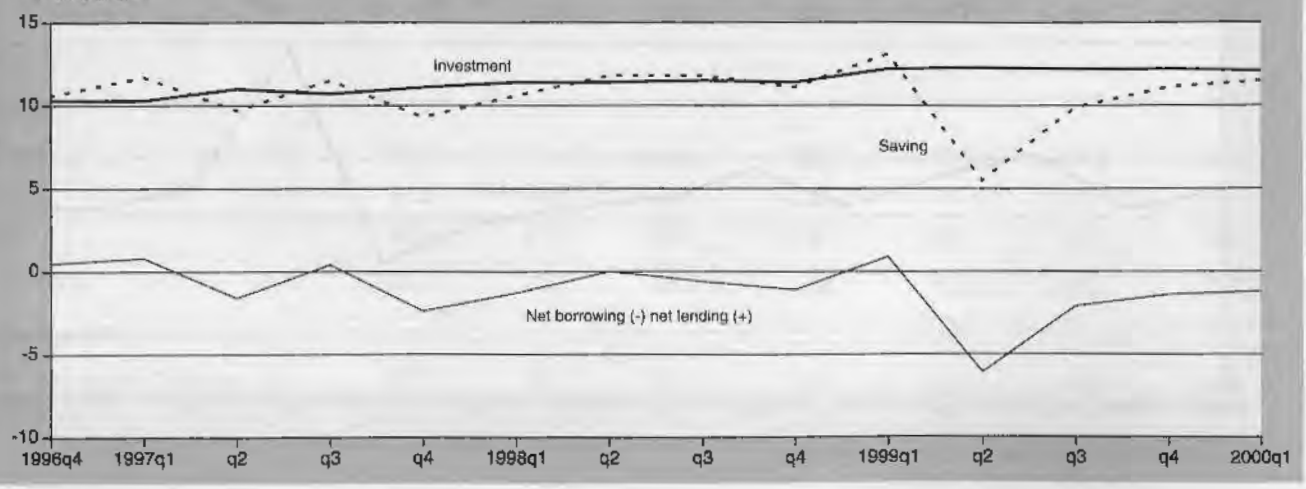
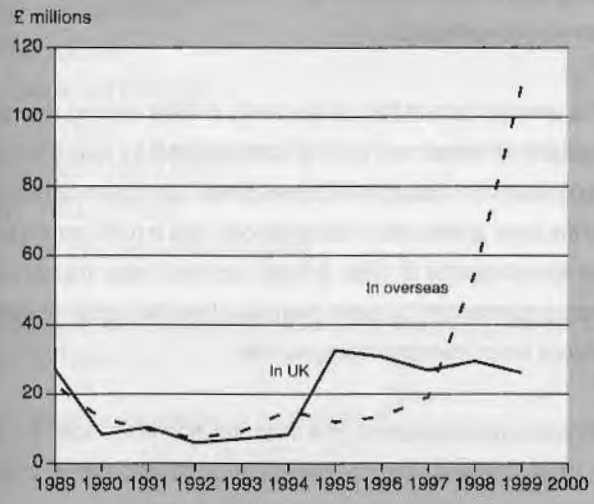


Figure **17**
Acquisitions and mergers by UK companies, by value



The total of £39 billion for 1999 compared with £17 billion in 1998. A new record issuance of £12.7 billion was set in the first quarter of 2000. Issues included three US dollar issues equivalent to £3.3 billion for Vodafone, relating to Vodafone's acquisition of Mannesmann. Other issues in Euro and US dollars were by UK companies using the proceeds to build up their European and US operations.

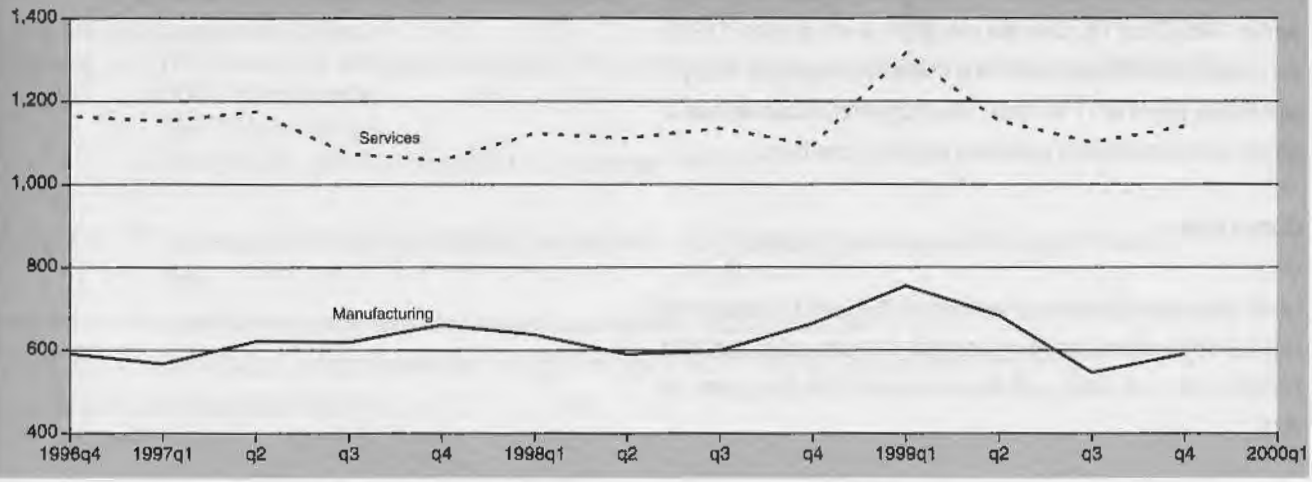
Company issues of quoted shares were £86 billion in 1999. This included (in the second quarter) the issue of shares by Vodafone (£38 billion) and Zeneca (£21 billion) in take-over deals. As most of the new issues were in exchange for overseas shares, the money raised did not go towards financing the borrowing requirement. In the first quarter of 2000, issues were a record £116 billion, dominated by Vodafone's acquisition of Mannesmann for £113 billion. The counterpart to all these deals was in the acquisition of shares in rest-of-the-world companies.

Private non-financial companies' financing from UK monetary financial institutions fluctuated sharply in 1999. Over the year as a whole, companies used the banking system to place surplus funds and to repay loans. This may have reflected treasury management of funds and liquid resources held in cash. It may also have included the proceeds of bond issues, held for future uses including finance for UK companies' acquisitions and mergers of international businesses, expansion into new overseas markets, share buy-backs and re-investment in companies' global Internet operations. In addition, two other factors prompted the build-up in deposits. The first was that a number of UK Internet companies placed deposits in monetary financial institutions overseas. These funds were raised after stock market flotation's and new share issues. Companies were reported as using these bank accounts as working capital, mainly for upgrading technology, marketing, staff costs and overheads. The second was to build up funds to finance next generation mobile phone licences, including the UK, Netherlands and German auction licences, payments for which were due in the second and third quarters of 2000.

Acquisitions and mergers

The recent peaks for merger activity involving UK companies were 1989 and 1999 (Chart 17). The peak in mergers in 1989 was caused by UK companies achieving economies of scale. Acquisitions in the US by UK firms accounted for 80 per cent of the value of mergers in that year. Between 1995 and 1997, the focus of merger activity was in the United Kingdom.

Figure **18**
Company insolvencies



In the fourth quarter of 1998 and in 1999, the focus of merger activity was overseas. In 1998, the value of acquisitions overseas by UK companies was £23 billion higher than acquisitions by overseas companies in the United Kingdom, largely as a result of the purchase of Amoco by British Petroleum. In 1999, this differential widened to £49 billion.

In 1999, UK acquisitions by overseas companies rose from £32 billion to £60 billion. Orange Plc, One-2-One, National Power Drax Ltd, Asda Group Plc, and Lucas Verity were all taken over during 1999. But, British company acquisitions abroad in 1999 jumped from £55 billion to £109 billion. This wave of acquisitions was led by the Vodafone take-over of Airtouch (US) for approximately £41 billion (£38 billion of new shares and £3 billion of cash) and by the acquisition of Astra AB by Zeneca Plc for a reported £21 billion. The Zeneca deal was an all-share deal, with Astra shareholders issued with new Zeneca shares. The third largest transaction was British American Tobacco acquiring Rothmans International BV in an all-share deal. These three deals were reflected in liabilities of private non-financial corporations (quoted shares' liabilities) and in assets (rest of the world shares). The UK even replaced the United States as the largest corporate investor, for the first time since 1988. In the first quarter of 2000, the largest-ever UK take-over took place when Vodafone's purchased Mannesmann (Germany) in an all-share deal for £113 billion.

This wave of acquisitive activity could realise UK companies economies of scale and international networks. This would maintain the corporate sector's competitiveness, by consolidating market share in product markets and by sharing high investment costs in information technology and high research and development expenditures.

Company insolvencies

The level of insolvencies in 1999 was at the highest level since 1995. In 1999, total insolvencies rose by 8 per cent, compared with 5 per cent in 1998 (Chart 18). Over the year to the fourth quarter of 1999, the proportion of insolvencies in the manufacturing sector fell by 3 percentage points to 17 per cent. The proportion of insolvencies in service sector companies increased slightly to one-third.

Conclusions

Levels of profitability were not maintained in 1999 and UK companies faced a deteriorating borrowing position. Oil companies benefited from the rise in oil prices and this continued in the first quarter of 2000.

The competitive economic environment forced companies to cut costs to preserve margins. Price rises to maintain margins were difficult to achieve. Companies may have reached a point of not being able to cut costs further and of seeking to raise prices to offset increasing input costs.

The unusual bounce-back in dividends in 1999 drained resources available for investment. Internal funds available for investment and in particular for research and development have been constrained by the lower growth and, in some periods, falls in profit earned since the second quarter of 1998. In these circumstances, internal funds were supplemented by record borrowing from the capital markets to finance major investment programmes.

UK companies were among the most profitable in the world in 1998. In 1999, companies faced a squeeze on profits and a tighter liquidity position. To maintain profitability in 1999, companies ran a massive financial deficit. This may reflect higher capital gearing and was readily funded. Record issuance of bonds and of share issues financed this borrowing. Insurance companies and pension funds were heavy investors in these securities. Borrowing is set to continue in 2000 and to be driven by the need to pay for the 'third genertion' spectrum licences in the UK, Netherlands and Germany.

Forward-looking indicators could, however, suggest that the competitive economic environment will intensify in 2000 and profitability will remain weak. Rather than cutting margins further, companies may maintain or even increase prices and risk losing orders. Companies may also be looking to moderate dividend payments and so free resources for investment. Investment intentions could have decreased due to inadequate net returns, including uncertainty over future profitability. Raw material costs continued to rise in the second quarter, as oil prices remained firm and prices of imported non-oil commodities rose. It is difficult, therefore, to see how profitability can improve further without having an impact on labour costs and hence how the borrowing position of the UK corporate sector is likely to improve in the near future.

Research and Experimental Development (R&D) Statistics 1998

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Research and Experimental Development (R&D) Statistics 1998
List of Tables

Summary of trends

- Measuring expenditure and employment of R&D is difficult because of the subjective judgements that have to be made about the dividing line between R&D and other activities. There are discontinuities in the series arising from the interpretation of definitions, and because of changes in the actual or perceived status of organisations (SET 2000[1] Chapter 1 details this). Some general conclusions can be drawn, but significance should not be given to small percentage changes between years.

- In 1998 Gross Domestic Expenditure on R&D (GERD) was 1.82 per cent of GDP, very similar to 1997 (Table 2). In terms of international comparisons in 1998 the UK was ranked 5th amongst G7 countries and was just above the EU average of 1.81 per cent[5].

- Within the UK, net expenditure in real terms on R&D by government peaked in 1980-81. Since then there has been a gradual downward trend (Table 4). The overall level of net government expenditure on defence R&D has fallen from 44 per cent in 1990 to 37 per cent in 1998 (Table 6).

- Expenditure in real terms performed by the business sector has increased by 3 per cent on the total in 1997 (Table 7).

- Within the manufacturing sector, the chemicals broad product group has the largest share of total R&D expenditure at 29 per cent. The services sector accounts for 23 per cent of total R&D expenditure (Table 8).

- Within the regions, spending is highest in the South East for both the business & government sectors (Table 14).

Background

This article is the latest in an annual series, the previous issue was published in the August 1999 edition of *Economic Trends*. Most of the figures have already been published by the Office for National Statistics, the Department of Trade and Industry (Office of Science and Technology) or the OECD [1,2,4,5]. The purpose of this report is to bring together a range of data produced & published by ONS in a single annual article and our aim is to continue to inform and stimulate debate within the R&D community.

The R&D statistics published here are consistent with OECD's Frascati Manual[3] which defines Research and Experimental Development (R&D) and gives guidelines on how to measure expenditure and employment on R&D. The manual is applied throughout the OECD so it is possible to make comparisons between countries [5,6].

R&D is defined as creative work undertaken systematically to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this knowledge to devise new applications.

Care should be exercised when using R&D statistics for economic analysis. R&D can lead to the technological inventions that are necessary for a successful innovative economy. However, such inventions are not a sufficient condition for success - many other economic and social factors are important. Undue weight should not be given to the economic significance of R&D's role as a generator of inventions. On the other hand, the economic benefit of R&D is not limited to that role: R&D develops skills and techniques that are important for any economy.

Sources of information

Performers and funders of R&D are divided into four economic sectors: Government, Business, Higher Education Institutions (HEIs), and the Private Non-Profit (PNP) sector. Definitions are provided at the end of this article.

The ONS conducts an annual survey of Central Government R&D, which is addressed to all Government departments. The survey collects data on expenditure and employment for outturn and planning years. The latest detailed results will be published in August 2000 in OST's *Science, Engineering and Technology Statistics 2000* (SET 2000)[1]. This document will be available on OST's web site at **http://www.dti.gov.uk/ost/.**

The ONS also conducts an annual survey of R&D in businesses. As in previous years the 1998 survey used a sample survey to minimise burdens on contributors. The register of R&D performers is continually updated and results and detailed methodology notes can be found in the 1998 Business Monitor[2].

Statistics on expenditure and employment on R&D in Higher Education Institutions (HEIs) are based on information collected by Higher Education Funding Councils and HESA (Higher Education Statistics Agency). In 1994 a new methodology was introduced to

estimate expenditure on R&D in HEIs. This was based on the allocation of various Funding Council Grants. Full details of the new methodology will be contained in SET 2000 [1].

The Tables

Gross Domestic Expenditure on R&D (GERD) (Tables 1-3)

These tables show the performers and funders of R&D in the UK. Measuring expenditure on R&D performed within each sector avoids problems of omission and double counting that can arise when measuring funds provided for R&D. GERD is the sum of R&D performed in the four sectors. Tables 1 and 2 show that UK GERD in 1998 was £15.6 billion in cash terms. GERD is often quoted as a percentage of GDP when making international comparisons. In 1998 UK GERD was 1.82 per cent of GDP, similar to the previous years figure, just above the EU average of 1.81 per cent.

Table 1 shows the interaction between R&D funders and performers. For example £10.2 billion was spent on R&D in the business sector. Of this, £1.2 billion was provided by the government, £2.2 billion came from abroad and £6.8 billion was funded by businesses from their own sources. Funds from abroad include those from overseas parent companies, contracts for R&D projects, support for R&D provided through European Union schemes and international collaborative projects typically for aerospace or defence projects.

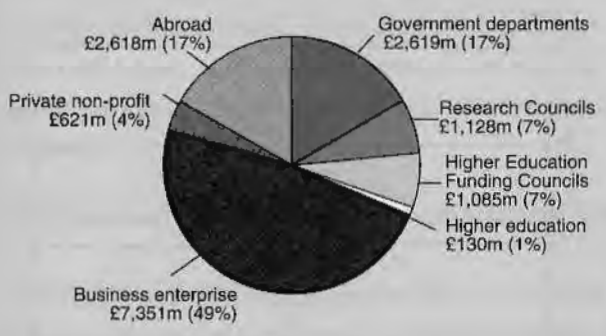
Figure 1 shows that the business sector is the most important sector of the economy in terms of providing funds for and carrying out R&D.

Figure **1**

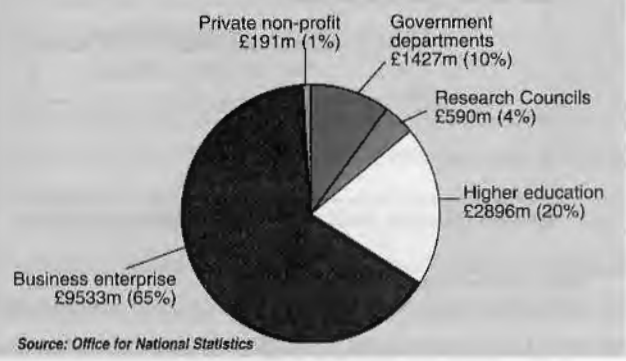
Gross expenditure on R&D in the UK, by sectors, 1998

£ million

Sectors providing the funds



Sectors carrying out the work



Source: Office for National Statistics

Government R&D expenditure (Tables 4-6)

A department's net expenditure on R&D is its expenditure on R&D performed within the department (intramural) plus its expenditure on R&D outside the department (extramural) minus receipts for R&D.

The sum of a department's net expenditure is the R&D element of the government's budget expenditure. This is used for international comparisons of Government appropriations for R&D (eg Table 18). The UK has a high proportion of Central Government expenditure devoted to R&D for defence purposes.

Figures in Tables 4 and 6 for Government's net expenditure on R&D differ from Government funding figures in Tables 1 and 3. This is because Tables 1 to 3 are based on information supplied by R&D (**performers**) whilst Tables 4 to 6 contain expenditure figures reported by Government departments (**funders**). The gap is mainly accounted for by differences in the reporting of Government contracts with businesses for certain types of defence R&D and R&D performed abroad but funded by the UK Government. In addition the difference is also attributed to other factors such as time lag problems due to differences in accounting periods and not all monies given being used in that financial period, treatment of VAT and sub-contracting of R&D work.

R&D in NHS hospitals previously included in Table 5 on the basis of the Culyer report[7], are now reported as extramural expenditure. The figures for Central Government intramural R&D in Table 5 are lower than those performed by the government sector in Tables 1 and 2. This is because the latter includes estimates for a small amount of R&D not available from the Government survey and R&D performed by local authorities.

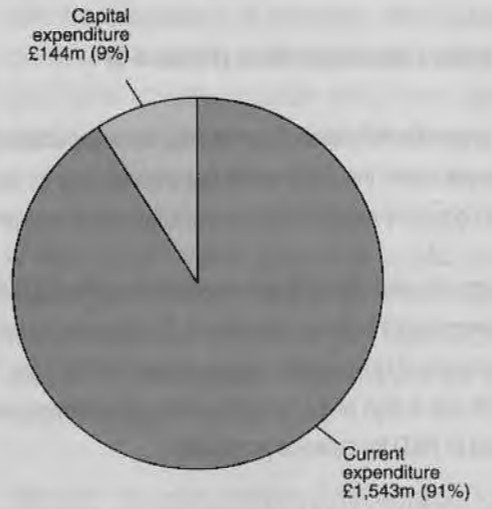
Table 4 shows a time series dating back to 1966-67. This shows that in 1998-99 the net Government expenditure on R&D (by civil and defence departments) was £5.3 billion, a slight decrease on 1997-98. In real terms, spending on R&D was flat in the late sixties but rose in the seventies to a peak in 1980-81. Since then it has declined although spending in 1998-99 was still more than in 1966-67.

Figure **2**

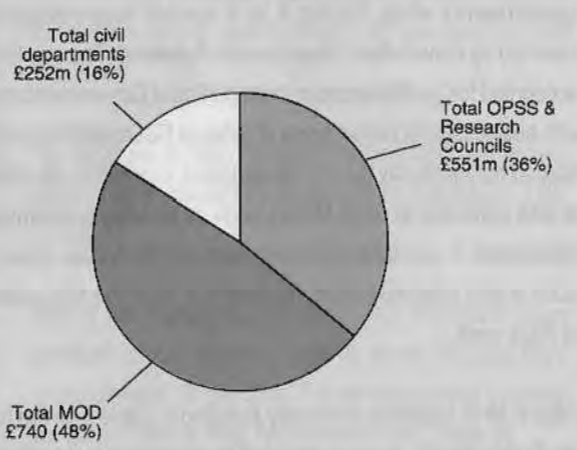
Analysis of Central Government intramural expenditure 1998 - 99

£ million

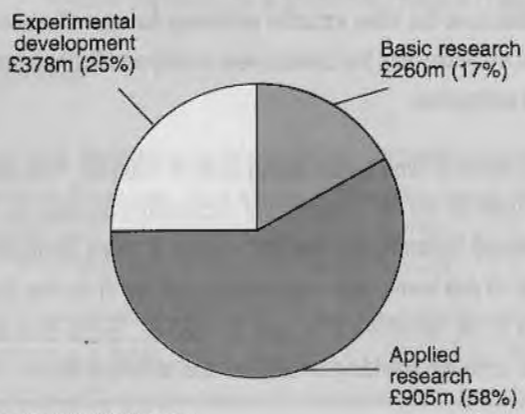
Breakdown of intramural current and capital expenditure



Departmental breakdown of current intramural R&D



Breakdown of current expenditure by Frascati type of research



Source: Office for National Statistics

Table 5 shows the breakdown of departmental intramural expenditure (see figure 2); the current (which is also shown by Frascati type of research) and capital expenditure. Figure 2 shows that 91 per cent (£1.5 billion) of intramural expenditure is current expenditure. Applied research accounts for 54 per cent of the total intramural expenditure. Total intramural expenditure is further broken down in Table 5 into Social Science & Humanities (SSH) and Natural Science & Engineering (NSE) research.

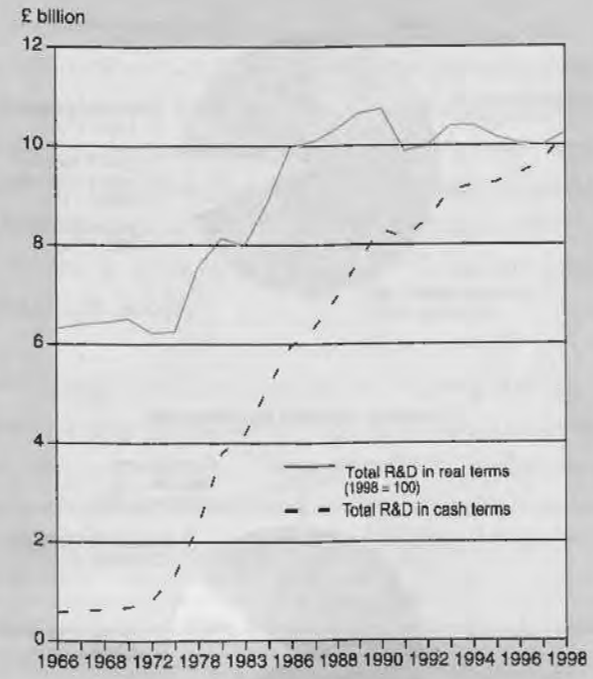
Table 6 provides an analysis of net government R&D expenditure by Frascati type of research activity for the period 1990-91 to 1998-99. The share of expenditure attributed to applied research has remained fairly constant over the nine-year period, whereas the share attributed to basic research has increased at the expense of the share attributed to experimental development. In 1990-91 defence expenditure accounted for 44 per cent of total expenditure. This share had declined to 37 per cent by 1998-99.

R&D performed by the Business Sector (Tables 7-12)

Table 7 and figure 3 show a time series dating back to 1966 for expenditure performed by the Business sector. They show that in 1998 R&D expenditure was £10.2 billion. Expenditure in real terms in the business sector peaked in 1990. After falling by 8 per cent in

Figure **3**

Net Business enterprise expenditure on R&D, in cash and real terms, 1966 to 1998



Source: Office for National Statistics

1991, expenditure increased each year to 1994. Since then there has been a gradual decrease until 1998 which shows a 3 per cent increase on 1997. R&D performed by business has increased in real terms by 63 per cent since 1966.

Table 8 shows that within the business sector, the services broad product group accounted for 23 per cent of the total expenditure in 1998. In the manufacturing sector the pharmaceuticals and chemicals broad product group had the largest share of R&D expenditure at 29 per cent of the total.

Statistics for civil and defence have been collected separately since 1989. Defence includes all R&D programmes undertaken primarily for defence reasons, regardless of their content or whether they have secondary civil applications.

In 1998, civil R&D represented 85 per cent of all R&D expenditure performed by business (Table 9), compared to 79 per cent in 1990. Table 10 and figure 4 show that, in 1998, 74 per cent of civil R&D performed by businesses was funded by businesses themselves. Government funded 5 per cent of civil R&D, whereas it funded 51 per cent of defence R&D.

The breakdown into detailed product groups is shown in Tables 11 and 12. The product group with the largest expenditure is pharmaceuticals, medical chemicals and botanical products, which accounted for £2.2 billion in 1998, followed by Aerospace at £1.0 billion.

Table 12 shows the split of current and capital expenditure on R&D performed by UK businesses. Current expenditure is the sum of salaries and wages, basic and applied research and experimental development. Capital is the expenditure on land, buildings, plant and machinery.

R&D employment - Government and Business Enterprise (Table 13)

Between 1997 and 1998, employment has risen by 8 per cent in Business Enterprise and 21 per cent in government departments. Research Councils' employment has remained fairly stable during the period 1990 to 1998.

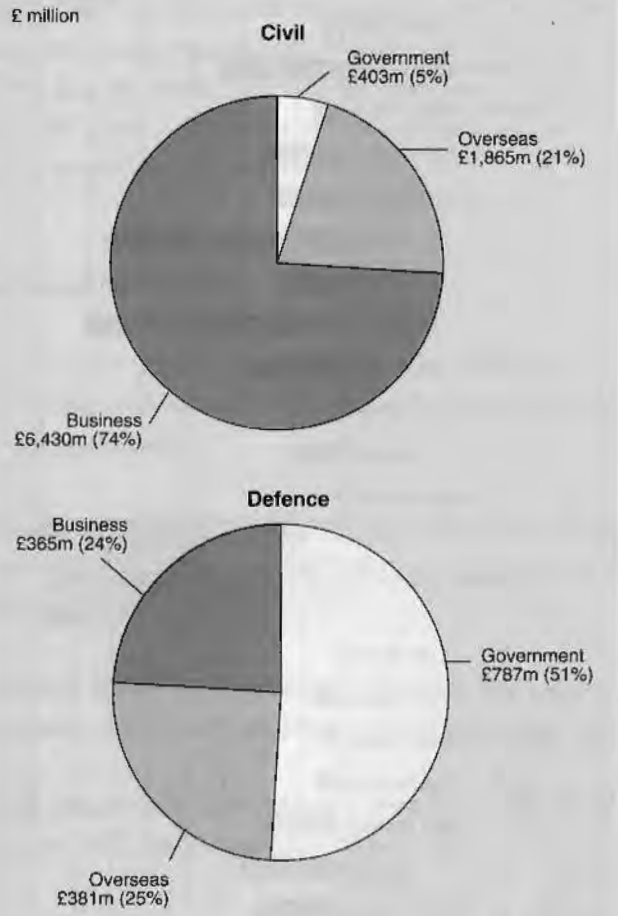
Regional R&D statistics (Tables 14-15)

Regional estimates for the Government and Business sectors are derived from the ONS surveys of Government and Business Enterprises.

The Higher Education Institutions (HEI) regional R&D estimates are less reliable and should be treated with special caution. The expenditure estimates are obtained by allocating total R&D performed by HEIs (HERD) to individual HEIs in proportion to their income from research grants and contracts. An estimate of the labour force in Full Time Equivalents (FTE) is not available.

Figure **4**

Sources of funds for Business Enterprise R&D, 1997

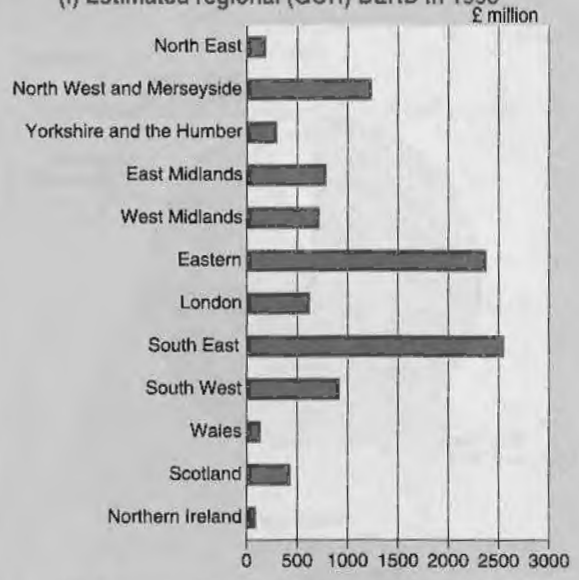


Source: Office for National Statistics

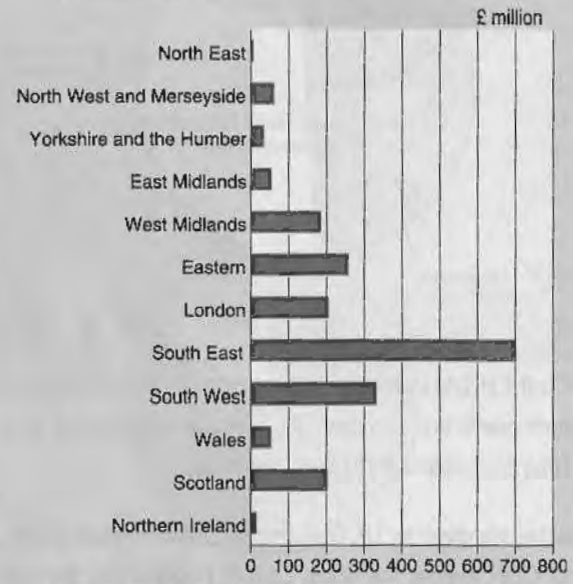
Estimates are given for UK Government Office Regions (GOR). Of the 12 GOR regions the South East of England has the highest number of R&D personnel and the largest expenditure on R&D (this reflects in part the greater size of the South East). To adjust for this the R&D personnel estimates are also shown as a percentage of the labour force (see figure 6). At the time of publication, it is not possible to show R&D expenditure as a percentage of GDP because of the unavailability of regional GDP for 1998 (see figure 5). Tables 14 and 15 show that, within the UK, the Eastern and South East have the highest concentration of R&D expenditure performed by business. For the Government sector the highest regions are the South East, the South West and the Eastern region, whilst for the Higher Education Sector, London, the South East and Scotland are prominent (see figure 5). In terms of personnel estimates as a percentage of the labour force (see figure 6), the South East and the Eastern region are prominent in both the Business and Government sectors.

Figure 5

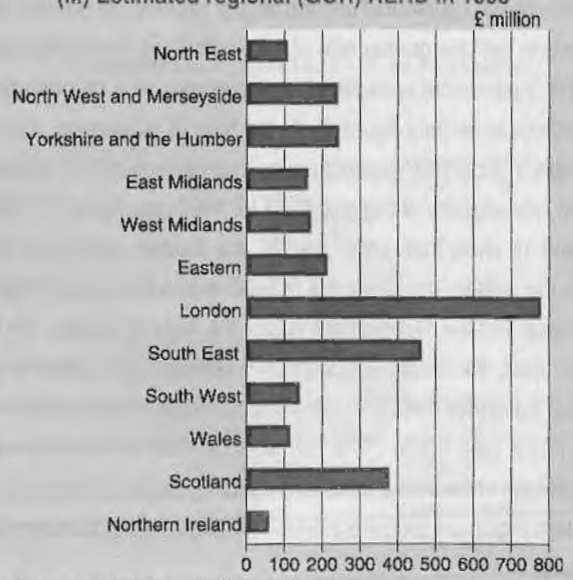
(i) Estimated regional (GOR) BERD in 1998



(ii) Estimated regional (GOR) GOVERD in 1998



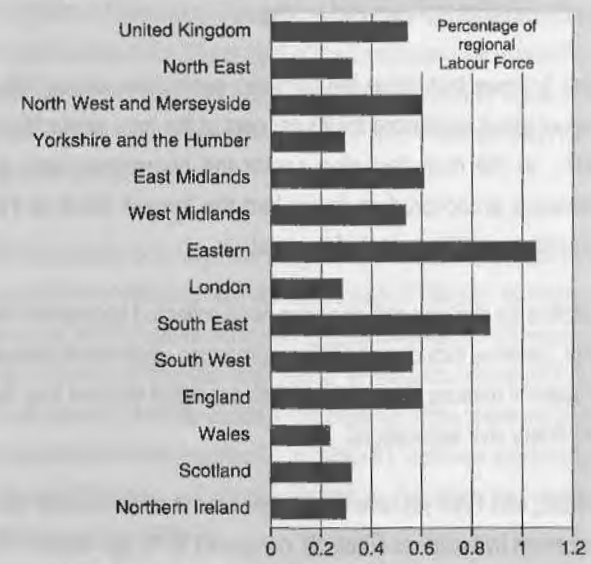
(iii) Estimated regional (GOR) HERD in 1998



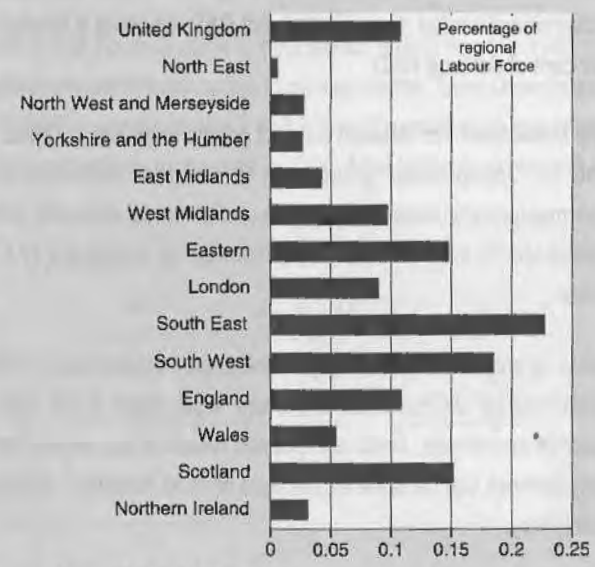
Source: Office for National Statistics

Figure 6

(i) Estimated regional (GOR) BERD in 1998



(ii) Estimated regional (GOR) Government R & D in 1998



Source: Office for National Statistics

International comparisons of R&D (Tables 16-19)

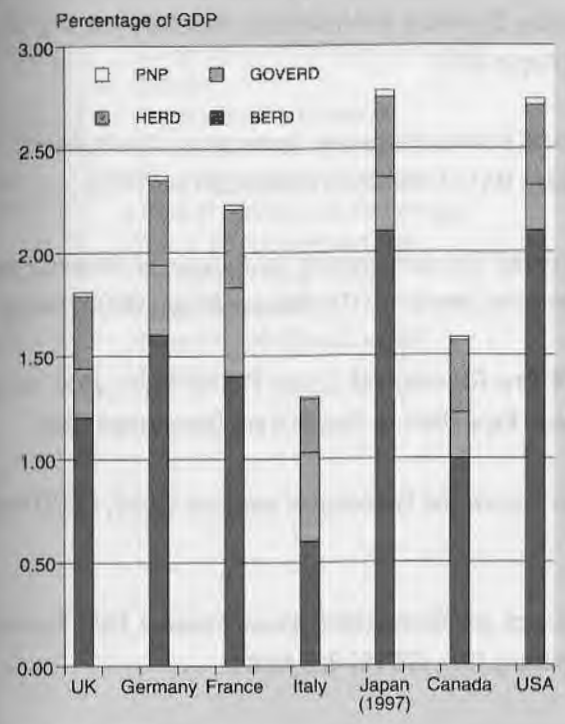
Although the guidelines in the Frascati Manual are generally followed, methods of collecting R&D data do vary from country to country ([5] discusses national variations). Therefore small differences should not be treated as significant when making international comparisons.

The figures shown for Japan in the tables are estimated by OECD.

Table 16 shows the trend of R&D as a percentage of GDP for the G7 countries over the time period 1990 to 1998. The ratio for GERD has been fairly constant over this time for most of the countries. Figure 7 shows the position in 1998. The UK was ranked 5th. Table 16 also shows BERD and GOVERD as a percentage of GDP.

Figure 7

Comparison of BERD, GOVERD, HERD and PNP as a percentage of GDP, 1998



Source: OECD

Table 17 shows the international comparisons of GERD by sector of performance and source of funding. Table 18 shows R&D performed in the business sector. Table 16 also shows this as a percentage of GDP; Japan and the USA are the top spenders with the UK holding a middle ranking position. International comparison of Government funding of R&D in 1997 by socio-economic objective is shown in Table 19. Of the G7 countries, the USA and the UK devoted the highest proportion of their total Government funding of R&D to defence. For Germany, Italy and Japan about half of their total Government funding of R&D was classified as the advancement of knowledge compared to approximately a third for France.

Definitions

Type of R&D

Basic or fundamental research is experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without any particular application or use in view.

Applied research is research undertaken with either a general or a particular application in view.

Experimental Development is the use of the results of basic and applied research directed to the introduction of new materials, processes, products, devices and systems, or the improvement of existing ones. It should include the prototype or pilot plant stage, design and drawing required during R&D and innovative work done on contracts with outside organisations, government departments, and public bodies. Firms in the aerospace industry are asked to include expenditure on development batches.

Sectors of the Economy

The four sectors of the economy are defined in an ONS publication[4]. However higher education is identified separately as recommended in the Frascati Manual.

Central Government includes the central government departments, research councils, higher education funding councils, NDPBs, and Executive Agencies.

Business Enterprises include private businesses, public corporations, and research associations serving businesses.

Higher Education includes the former polytechnics and central institutions in Scotland as well as the old universities.

Private Non-Profit sector makes up the remainder and includes medical research charities.

Regional data

Data is classified according to the Government Office Regions (GOR).

Rounding

Throughout the tables components of totals have been rounded independently of the totals. Therefore the rounded totals will not always be equal to the sums of the rounded components. Symbols follow the conventions used elsewhere in *Economic Trends*.

Revisions and Discontinuities

In the Government Tables, a new method for estimating Government funded R&D in HE was introduced in 1994/95, therefore 1993/94 figures have been revised. It is not possible to revise the data for prior years because of the structural changes in the HE sector.

Government figures in some tables (see table footnotes) for 1995/96 onwards, now include NHS Hospital R&D estimates for the first time.

The 1996 and 1997 Business Survey results have been revised where necessary to take account of company misreporting. There have also been some small changes due to misclassification and updated population information. Full details on the revisions were included in ONS's First Release (99) 403 published on 19 November 1999[9].

Figures relating to gross expenditure on R&D published in the ONS First Release (2000) 119[4] on 31 March 2000 have been revised slightly due to government department amendments.

Regional data is published using GOR regions and these should not be compared to NUTS regional data previously published in this annual article. Because regional GDP is unavailable at the time of publication, it is not possible to show R&D as a percentage of regional GDP for 1998 (see Table 5).

Data Analysis Service

The ONS is now able to offer additional analysis concerning R&D statistics eg sizeband and regional breakdowns. The contact for this service is Jane Morgan; address at the head of the article.

For further information on:	ONS Contacts:
Business R&D[2]	Jane Morgan Tel. 01633 813109
Information on aggregated R&D data	Jane Morgan Tel. O1633 813109
Definitions of R&D[3]	Jane Morgan Tel. 01633 813109
GERD[4]	Jane Morgan Tel. 01633 813109
General information on Science & Technology[1]	Steve Churchill Tel. 01633 812003
International Comparisons[5,6,8]	Steve Churchill Tel. 01633 812003

References

[1] *Science, Egineering and Technology Statistics 2000*, DTI, OST, TSO, August 2000

[2] ONS UK Business Reference, *Research and Development in UK Business*, MA14. ONS, January 2000, ISSN 1463 6115

[3] *Proposed Standard Practice for Surveys of Research and Experimental Development* (The Frascati Manual), OECD Paris 1993

[4] ONS First Release ONS (2000) 119, 31 March 2000, Gross Domestic Expenditure on Research and Development 1998

[5] *Main Science and Technological Indicators* 1999/2, OECD Paris 1999

[6] *Research and Development: Annual Statistics 1998*, Eurostat, Luxembourg 1997, ISBN 92-828-4876-0

[7] *"Supporting Research and Development In The NHS"*, (A report to the Minister of Health by a research and development task force chaired by Professor Anthony Culyer), September 1994, ISBN 0-11-321831-1

[8] *Economic Trends*, No 549, August 1999, The Stationery Office (ISBN 011 621130x)

[9] ONS First Release ONS (99) 403, 19 November 1999, Business Enterprise Research and Development 1998

Abbreviations

BERD	Business Expenditure on R&D
EU	European Union
EUROSTAT	The Statistical Office of European Communities
FTE	Full Time Equivalent
G7	Group of Seven countries, comprising of UK, Germany, France, Italy, Japan, Canada, USA
GDP	Gross Domestic Product
GERD	Gross (Domestic) Expenditure on R&D
GOVERD	Government Intramural Expenditure on R&D
GOR	Government Office Regions
HEFC	Higher Education Funding Council

HEFC	Higher Education Funding Council
HEIs	Higher Education Institutions
HERD	Higher Education Expenditure on R&D
HESA	Higher Education Statistics Agency
NDPB	Non-Departmental Public Body
NHS	National Health Service
NUTS	Nomenclature of Territorial Units for Statistics
OECD	Organisation for Economic Co-operation and Development
ONS	Office For National Statistics
OST	Office of Science and Technology (part of DTI since April 1996)
PPP	Purchasing Power Parities
PNP	Private Non-Profit
R&D	Research and (Experimental) Development

Table 1 Gross expenditure on civil and defence R&D performed in the UK in 1998[1]

£ million

Sectors providing the funds[2,3]	Sectors carrying out the work[2,3]: Government departments[4]	Research Councils	Higher education	Business enterprise	Private non-profit	Totals	Abroad
Government[4]	1,161	76	177	1,184	20	2,619	141
Research Councils	18	398	697	6	10	1,128	128
Higher Education Funding Councils	-	-	1,085	-	-	1,085	
Higher education institutions	0	6	122	-	1	130	
Business enterprise	260	38	221	6,795	38	7,351	
Private non-profit	11	35	463	-	113	621	
Abroad	38	39	275	2,246	21	2,618	
TOTAL	**1,487**	**591**	**3,040**	**10,231**	**203**	**15,553**	**n/a**
Civil							
Government[4]	504	69	142	397	20	1,132	129
Research Councils	17	398	697	6	10	1,128	128
Higher Education Funding Councils	-	-	1,085	-	-	1,085	
Higher Education institutions	0	6	122	-	1	130	
Business enterprise	202	38	196	6,430	38	6,903	
Private non-profit	11	35	463	-	113	621	
Abroad	8	39	275	1,865	21	2,207	
TOTAL	**742**	**585**	**2,980**	**8,698**	**203**	**13,207**	**n/a**
Defence							
Government[4]	658	7	35	787	0	1,487	12
Research Councils	0	-	-	-	-	0	-
Higher Education Funding Councils	-	-	-	-	-	-	
Higher education institutions	0	-	-	-	-	0	
Business enterprise	58	-	25	365	-	448	
Private non-profit	0	-	-	-	-	0	
Abroad	30	-	-	381	-	411	
TOTAL	**746**	**7**	**60**	**1,533**	**0**	**2,346**	**n/a**

Source: Office for National Statistics

Notes:

General Note:

These estimates are derived from the ONS surveys of government and business enterprise R&D and from information from the HEFC. More details are in the ONS First Release ONS(2000)(119). The First Release has been revised slightly due to departmental amendments.

1 Research in the social sciences and humanities is included.

2 The OECD terminology is used for describing the breakdown of GERD by sector.

3 Some of the numbers have been estimated.

4 The total for R&D performed by government includes estimates for a small amount of R&D not available from the Government Survey; R&D performed by local authorities. Since 1996 UK NHS figures have been obtained from the Department of Health and the Scottish Office on the basis of the Culyer report.

Table 2 Gross expenditure on R&D in the UK by performing sector 1990 to 1998[1]

£ million

	1990	1991	1992	1993	1994	1995	1996r	1997r	1998
Expenditure in cash terms (£m):									
Performed by:									
Government	1,566	1,757	1,846	1,928	2,051	1,462	1,495	1,427	1,487
Research Councils	-	-	-	-	-	581	575	590	591
Business enterprise	8,318	8,135	8,489	9,069	9,204	9,254	9,431	9,657	10,231
Higher education	1,873	2,020	2,129	2,312	2,623	2,696	2,792	2,893	3,040
Private non-profit	234	219	224	232	168	177	177	190	203
TOTAL	**11,991**	**12,131**	**12,689**	**13,541**	**14,046**	**14,172**	**14,470**	**14,758**	**15,553**
Expenditure in real terms (1998=100)[2] (£m):									
Performed by:									
Government	2,018	2,131	2,168	2,205	2,313	1,603	1,587	1,473	1,487
Research Councils	-	-	-	-	-	637	610	609	591
Business enterprise	10,714	9,867	9,966	10,372	10,377	10,142	10,013	9,972	10,231
Higher education	2,413	2,450	2,500	2,644	2,957	2,955	2,964	2,988	3,040
Private non-profit	301	266	263	265	190	194	188	196	203
TOTAL	**15,446**	**14,713**	**14,897**	**15,486**	**15,837**	**15,531**	**15,362**	**15,239**	**15,553**
Total as percentage of GDP[3]	**2.13**	**2.06**	**2.07**	**2.09**	**2.05**	**1.96**	**1.89**	**1.81**	**1.82**

Notes:

1 See notes at Table 1.

2 GDP deflators are:

1990	1991	1992	1993	1994	1995	1996	1997	1998
77.6	**82.5**	**85.2**	**87.4**	**88.7**	**91.3**	**94.2**	**96.8**	**100.0**

3 Gross domestic product values are:

£ million

1990	1991	1992	1993	1994	1995	1996	1997	1998
562,674	589,836	612,630	647,249	685,805	722,333	766,330	814,688	856,662

(r)= revised

Source: Office for National Statistics

Table 3 Gross expenditure on R&D in the UK by source of funds 1990 to 1998[1,2]

£ million

	1990	1991	1992	1993	1994	1995	1996r	1997r	1998
Sector providing funds									
Expenditure in cash terms (£m):									
Funded by:									
Government	4,123	4,131	4,239	4,400	4,657	2,611	2,494	2,421	2,619
Research Councils	-	-	-	-	-	1,078	1,092	1,135	1,128
Higher Education Funding Councils	-	-	-	-	-	1,018	1,027	1,033	1,085
Higher education	86	92	99	103	116	119	120	123	130
Business enterprise	5,986	6,054	6,461	6,974	7,025	6,796	6,846	7,321	7,351
Private non-profit	365	397	435	451	495	511	546	579	621
Abroad	1,433	1,458	1,455	1,613	1,753	2,039	2,345	2,146	2,618
TOTAL	**11,991**	**12,131**	**12,689**	**13,541**	**14,046**	**14,172**	**14,470**	**14,758**	**15,553**
Expenditure in real terms (1998=100) (£m):									
Funded by:									
Government	5,310	5,010	4,976	5,032	5,251	2,862	2,648	2,500	2,619
Research Councils	-	-	-	-	-	1,181	1,160	1,172	1,128
Higher Education Funding Councils	-	-	-	-	-	1,115	1,091	1,066	1,085
Higher education	111	111	117	117	130	130	128	127	130
Business enterprise	7,711	7,343	7,585	7,976	7,921	7,448	7,268	7,560	7,351
Private non-profit	470	481	511	516	558	560	579	598	621
Abroad	1,845	1,768	1,708	1,845	1,977	2,235	2,489	2,217	2,618
TOTAL	**15,446**	**14,713**	**14,897**	**15,486**	**15,837**	**15,531**	**15,362**	**15,239**	**15,553**
Total as Percentage of GDP	**2.13**	**2.06**	**2.07**	**2.09**	**2.05**	**1.96**	**1.89**	**1.81**	**1.82**

Source: Office for National Statistics

Notes:

1 See notes at Table 1.

2 See notes at Table 2.

(r) = Revised

Table 4 Total Net Government expenditure on R&D in cash terms and real terms 1966-67 to 1998-99

£ million

Year	Total Net Government R&D	
	In cash terms excluding NHS Figures	In real terms (1998=100)[1]
1966 - 67	486	5,270
1967 - 68	503	5,297
1968 - 69	531	5,327
1969 - 70	562	5,360
1970 - 71	606	5,333
1971 - 72	755	6,089
1972 - 73	847	6,319
1973 - 74	964	6,714
1974 - 75	1,169	6,798
1975 - 76	1,495	6,939
1976 - 77	1,647	6,725
1977 - 78	1,814	6,520
1978 - 79	2,097	6,786
1979 - 80	2,601	7,207
1980 - 81	3,184	7,461
1981 - 82	3,395	7,265
1982 - 83	3,519	7,042
1983 - 84	3,730	7,135
1984 - 85	3,964	7,204
1985 - 86	4,175	7,207
1986 - 87	4,255	7,122
1987 - 88	4,408	7,005
1988 - 89	4,497	6,692
1989 - 90	4,772	6,628
1990 - 91	4,955	6,382
1991 - 92	5,027	6,098
1992 - 93	5,078	5,961
1993 - 94	5,402	6,178
1994 - 95	5,200	5,864
1995 - 96[2]	5,295	5,803
1996 - 97[2]	5,351	5,682
1997 - 98[2]	5,504	5,684
1998 - 99[2]	5,304	5,304

Source: Office for National Statistics

Notes:

1 See note at Table 2.

2 Figures for NHS are available in SET 2000[1]

Table 5 Analysis of Government Intramural expenditure, 1998 - 99.[1,2]

£million

	Current expenditure	Breakdown of current Frascati R&D expenditure: Basic	Applied	Experimental development	Capital expenditure	TOTAL INTRAMURAL	SSH	NSE
OST - DTI	-	-	-	-	-	-	-	-
Research Councils								
BBSRC	145.4	48.3	97.1	-	10.9	156.3	-	156.3
ESRC	3.6	3.6	-	-	0.4	4.0	4.0	-
MRC	146.8	91.6	55.2	-	16.2	163.1	-	163.1
NERC	112.4	25.3	82.8	4.3	6.6	118.9	-	118.9
EPSRC	16.5	8.2	8.2	-	0.6	17.1	-	17.1
PPARC	29.3	26.4	2.9	-	4.1	33.4	-	33.4
CCLRC	96.5	18.1	78.4	-	13.5	110.0	-	110.0
Total OPSS & Research Councils	**550.5**	**221.6**	**324.6**	**4.3**	**52.1**	**602.7**	**4.0**	**598.7**
Higher Education Funding Councils	-	-	-	-	-	-	-	-
Total Higher Education Funding Councils	-	-	-	-	-	-	-	-
Civil departments								
MAFF	80.7	16.2	59.8	4.6	5.6	86.2	0.1	86.1
DFEE	5.6	-	2.2	3.4	-	5.6	5.6	-
DETR (formerly DOT & DOE)	9.4	-	8.7	0.7	-	9.4	1.3	8.0
DH (includes NHS)	32.9	1.6	25.7	5.6	3.4	36.3	3.6	32.8
NHS[3]	*0.0*	-	*0.0*	-	-	*0.0*	*0.0*	*0.0*
DSS	0.9	0.9	-	-	-	0.9	0.9	-
HSC	7.7	-	7.0	0.8	0.4	8.1	0.7	7.5
HO	15.8	-	14.3	1.5	0.8	16.5	11.1	5.5
DCMS (Formerly DNH)	10.1	8.8	1.2	0.2	0.5	10.5	0.5	10.0
DFID (Formerly ODA)	2.4	-	2.4	-	-	2.4	0.7	1.6
DTI (ex OST)	5.5	2.7	2.7	-	-	5.5	-	5.5
NI	8.7	0.8	7.3	0.6	0.5	9.2	2.2	7.0
SE (formerly SO)	48.3	7.0	40.6	0.7	0.6	48.9	3.1	45.7
NAW (formerly WO)	3.0	-	3.0	-	-	3.0	2.9	0.0
Other departments	21.1	0.1	18.2	2.8	1.9	23.0	6.1	16.9
Total civil departments	**252.0**	**38.2**	**193.1**	**20.7**	**13.6**	**265.6**	**38.9**	**226.6**
Total civil R&D	**802.5**	**259.7**	**517.7**	**25.0**	**65.8**	**868.2**	**42.9**	**825.3**
MOD	740.0	-	386.8	353.2	77.9	817.9	14.2	803.7
TOTAL	**1,542.5**	**259.7**	**904.5**	**378.3**	**143.6**	**1,686.1**	**57.1**	**1,629.1**

Source: Office for National Statistics

Notes:

1 Excludes Research Councils' pensions/other costs.

2 Includes intramural R&D funded by other departments.

3 NHS expenditure figures are now reported as extramural.

Table 6 Analysis of net Government R&D expenditure by Frascati type of research activity 1990 - 91 to 1998 - 99[1]

£ million

	1990 - 91	1991 - 92	1992 - 93	1993 - 94	1994 - 95	1995 - 96[2]	1996 - 97[2]	1997 - 98[2]	1998 - 99[2]
Total Government R&D									
Basic	1,288	1,362	1,513	1,572	-	-	-	-	-
- pure	-	-	-	-	1,251	1,273	1,322	1,334	1,369
- orientated	-	-	-	-	471	504	524	523	535
Applied - strategic	768	850	955	1,021	879	1,004	1,109	1,079	1,020
- specific	1,031	885	868	1,048	1,076	1,322	1,224	1,198	1,178
Experimental development	1,868	1,931	1,747	1,761	1,494	1,530	1,570	1,757	1,592
Total £m	**4,955**	**5,027**	**5,078**	**5,402**	**5,171**	**5,634**	**5,750**	**5,891**	**5,695**
Civil R&D									
Basic	1,290	1,363	1,510	1,571	-	-	-	-	-
- pure	-	-	-	-	1,252	1,273	1,323	1,334	1,369
- orientated	-	-	-	-	472	505	524	523	535
Applied - strategic	727	815	907	962	810	839	949	923	875
- specific	683	508	403	453	479	811	680	698	704
Experimental development	94	128	176	137	126	136	131	102	116
Total £m	**2,794**	**2,814**	**2,996**	**3,123**	**3,139**	**3,564**	**3,607**	**3,580**	**3,599**
Defence R&D									
Basic	-	-	-	-	-	-	-	-	-
- pure	-	-	-	-	-	-	-	-	-
- orientated	-	-	-	-	-	-	-	-	-
Applied - strategic	41	35	46	57	69	166	160	156	145
- specific	348	376	466	597	597	510	544	500	475
Experimental development	1,773	1,802	1,569	1,625	1,367	1,394	1,439	1,655	1,476
Total £m	**2,162**	**2,214**	**2,081**	**2,279**	**2,032**	**2,070**	**2,144**	**2,311**	**2,096**

Source: Office for National Statistics

Notes:

1 For the purpose of this analysis Research Councils expenditure for Pensions / Other costs have been excluded from 1994-95 onwards.

2 Includes NHS estimates[1]

Table 7 Business Enterprise R&D, in cash terms and real terms 1966 to 1998

£ million

Year	Total Business Enterprise R&D	
	In cash terms	In real terms (1998=100)[1]
1966	580	6,289
1967	605	6,371
1968	639	6,410
1969	680	6,485
1970	N/S	N/S
1971	N/S	N/S
1972	831	6,199
1973	N/S	N/S
1974	N/S	N/S
1975	1,340	6,219
1976	N/S	N/S
1977	N/S	N/S
1978	2,324	7,520
1979	N/S	N/S
1980	N/S	N/S
1981	3,793	8,117
1982	N/S	N/S
1983	4,163	7,962
1984	N/S	N/S
1985	5,122	8,841
1986	5,951	9,961
1987	6,335	10,068
1988	6,922	10,302
1989	7,650	10,626
1990	8,318	10,714
1991	8,135	9,867
1992	8,489	9,966
1993	9,069	10,372
1994	9,204	10,378
1995	9,254	10,141
1996	9,431	10,013
1997	9,657	9,972
1998	10,231	10,231

Source: Office for National Statistics

Notes:

1 See notes at Table 2.

(N/S) = No survey carried out

Table 8 Expenditure on R&D performed in UK businesses: broad product groups, in cash & real terms 1990 to 1998

£ million

In cash terms	1990	1991	1992	1993	1994	1995	1996r	1997r	1998
Manufacturing: Total	6,362	6,118	6,305	6,741	6,848	6,917	7,035	7,360	7,872
Chemicals	1,928	1,906	2,166	2,400	2,509	2,514	2,479	2,831	2,926
Mechanical engineering	532	538	580	665	761	683	668	709	730
Electrical machinery	1,566	1,329	1,258	1,386	1,218	1,245	1,313	1,181	1,320
Transport equipment	620	638	670	717	710	833	977	966	983
Aerospace	984	1,005	898	782	860	886	812	893	1,039
Other manufacturing	732	702	733	791	790	755	787	779	874
Services	1,956	2,017	2,184	2,328	2,356	2,337	2,396	2,297	2,359
TOTAL	**8,318**	**8,135**	**8,489**	**9,069**	**9,204**	**9,254**	**9,431**	**9,657**	**10,231**

In real terms (at 1998 prices)	1990	1991	1992	1993	1994	1995	1996r	1997r	1998
Manufacturing: Total	8,195	7,420	7,402	7,709	7,721	7,580	7,469	7,600	7,872
Chemicals	2,483	2,312	2,543	2,745	2,829	2,755	2,632	2,923	2,926
Mechanical engineering	685	653	681	761	858	748	709	732	730
Electrical machinery	2,017	1,612	1,477	1,585	1,373	1,364	1,394	1,220	1,320
Transport equipment	799	774	787	820	801	913	1,037	998	983
Aerospace	1,267	1,219	1,054	894	970	971	862	922	1,039
Other manufacturing	943	851	861	905	891	827	836	804	874
Services	2,519	2,446	2,564	2,662	2,656	2,561	2,544	2,372	2,359
TOTAL	**10,714**	**9,867**	**9,966**	**10,372**	**10,378**	**10,141**	**10,013**	**9,972**	**10,231**

Source: Office for National Statistics

Notes:

1 1996 & 1997 data have been revised where necessary to take into account misclassification and updated population information.

(r) = revised

Table 9 Expenditure on civil and defence R&D performed by Business Enterprises, 1990 to 1998

(i) In cash terms (£m)

	Civil									Defence								
	1990	1991	1992	1993	1994	1995	1996r	1997r	1998	1990	1991	1992	1993	1994	1995	1996r	1997r	1998
All product groups	**6557**	**6669**	**7092**	**7710**	**7770**	**7863**	**8071**	**8214**	**8,698**	**1,761**	**1,466**	**1,397**	**1,359**	**1,433**	**1,391**	**1,360**	**1,443**	**1,533**
All manufactured products	4,785	4,816	5,050	5,550	5,534	5,626	5,767	6,055	6,455	1,598	1,301	1,254	1,193	1,314	1,291	1,268	1,304	1,417
Chemicals and pharmaceuticals	2,013	1,980	2,238	2,473	2,590	2,511	2,477	2,829	2,926	14	17	20	26	10	3	2	2	-
Mechanical engineering	237	262	325	398	405	418	395	407	455	277	256	236	246	335	266	273	302	276
Electrical machinery	1040	959	885	999	827	823	896	803	916	516	354	357	377	379	423	417	377	404
Transport equipment	525	548	574	622	661	823	967	955	947	65	59	64	59	14	10	10	11	36
Aerospace	357	477	403	374	380	413	359	412	485	627	525	493	412	481	473	453	481	554
Other manufacturing	613	590	625	684	671	639	673	648	727	100	90	84	73	95	116	113	131	147
Services	1,773	1,853	2,042	2,160	2,236	2,237	2,304	2,158	2,243	163	165	143	166	120	99	92	139	116

(ii) In real terms (£m 1998 prices)[1]:

	Civil									Defence								
	1990	1991	1992	1993	1994	1995	1996r	1997r	1998	1990	1991	1992	1993	1994	1995	1996r	1997r	1998
All product groups	**8,446**	**8,089**	**8,326**	**8,817**	**8,761**	**8,617**	**8,569**	**8,482**	**8,698**	**2,268**	**1,778**	**1,640**	**1,554**	**1,616**	**1,524**	**1,444**	**1,490**	**1,533**
All manufactured products	6,163	5,841	5,929	6,347	6,240	6,165	6,123	6,253	6,455	2,058	1,578	1,472	1,364	1,482	1,415	1,346	1,347	1,417
Chemicals and Pharmaceuticals	2,593	2,401	2,627	2,828	2,920	2,752	2,630	2,921	2,926	18	21	23	30	11	3	2	2	-
Mechanical engineering	305	318	382	455	457	458	419	420	455	357	310	277	281	378	292	290	312	276
Electrical machinery	1,340	1,163	1,039	1,142	932	902	951	829	916	665	429	419	431	427	464	443	389	404
Transport equipment	676	665	674	711	745	902	1,027	986	947	84	72	75	67	16	11	11	11	36
Aerospace	460	579	473	428	428	453	381	425	485	808	637	579	471	542	518	481	497	554
Other manufacturing	790	716	734	782	757	700	715	669	727	129	109	99	83	107	127	120	135	147
Services	2,284	2,247	2,397	2,470	2,521	2,451	2,446	2,228	2,243	210	200	168	190	135	108	98	144	116

Source: Office for National Statistics

Notes:

1 See table 2 for deflators

(r) = revised

Table 10 Sources of funds for business enterprise R&D in cash terms, 1990 to 1998

£ million, cash terms

		Government £m	Overseas £m	Mainly own resources[1] £m	Total intramural R&D £m
1990		**1,392**	**1,289**	**5,638**	**8,318**
of which:	**Civil**	428	904	5,227	6,557
	Defence	964	385	411	1,761
1991		**1,189**	**1,299**	**5,647**	**8,135**
of which:	**Civil**	479	950	5,240	6,669
	Defence	710	349	407	1,466
1992		**1,171**	**1,270**	**6,048**	**8,489**
of which:	**Civil**	478	981	5,633	7,092
	Defence	693	289	415	1,397
1993		**1,129**	**1,398**	**6,542**	**9,069**
of which:	**Civil**	390	1,103	6,217	7,710
	Defence	739	295	324	1,359
1994		**1,088**	**1,474**	**6,642**	**9,204**
of which:	**Civil**	363	1,135	6,272	7,770
	Defence	726	338	370	1,433
1995		**1,050**	**1,748**	**6,457**	**9,254**
of which:	**Civil**	321	1,419	6,124	7,863
	Defence	729	329	333	1,391
1996r		**934**	**2,031**	**6,466**	**9,431**
of which:	**Civil**	242	1,728	6,102	8,071
	Defence	693	303	364	1,360
1997r		**1,005**	**1,811**	**6,841**	**9,657**
of which:	**Civil**	288	1,486	6,439	8,214
	Defence	717	325	401	1,443
1998		**1,190**	**2,246**	**6,795**	**10,231**
of which:	**Civil**	403	1,865	6,430	8,698
	Defence	787	381	365	1,533
		Per Cent	Per Cent	Per Cent	Per Cent
1990		**17**	**15**	**68**	**100**
of which:	**Civil**	7	14	80	100
	Defence	55	22	23	100
1991		**15**	**16**	**69**	**100**
of which:	**Civil**	7	14	79	100
	Defence	48	24	28	100
1992		**14**	**15**	**71**	**100**
of which:	**Civil**	7	14	79	100
	Defence	50	21	30	100
1993		**12**	**15**	**72**	**100**
of which:	**Civil**	5	14	81	100
	Defence	54	22	24	100
1994		**12**	**16**	**72**	**100**
of which:	**Civil**	5	15	81	100
	Defence	51	24	26	100
1995		**11**	**19**	**70**	**100**
of which:	**Civil**	4	18	78	100
	Defence	52	24	24	100
1996		**10**	**22**	**69**	**100**
of which:	**Civil**	3	21	76	100
	Defence	51	22	27	100
1997		**10**	**19**	**71**	**100**
of which:	**Civil**	4	18	78	100
	Defence	50	23	28	100
1998		**12**	**22**	**66**	**100**
of which:	**Civil**	5	21	74	100
	Defence	51	25	24	100

Source: Office for National Statistics

Notes:

1 Mainly own resources includes Other Private sector funds which is shown separately in ONS's First Release for Business Enterprise R&D.

(r) = revised

Table 11 Intramural expenditure on R&D performed in UK businesses: detailed product groups, 1990 to 1998

£ million

	1990	1991	1992	1993	1994	1995	1996r	1997r	1998
Total	**8,318**	**8,135**	**8,489**	**9,069**	**9,204**	**9,254**	**9,431**	**9,657**	**10,231**
Agriculture, hunting and forestry; Fishing	67	76	80	89	80	..	76	84	102
Extractive industries	115	129	126	62	66	65	64	44	41
Food products and beverages; Tobacco products	196	196	225	191	228	189	198	180	242
Textiles, clothing and leather products	19	23	25	44	22	23	27	33	33
Pulp, paper and paper products; printing and publishing; Wood and straw products	48	43	44	40	44	39	57	44	49
Refined petroleum products and coke oven products; Processing of nuclear fuel	373	369	386	370	354	377	364	349	362
Chemicals, man-made fibres	722	707	720	721	689	701	627	680	688
Pharmaceuticals, medical chemicals and botanical products	1,206	1,199	1,446	1,679	1,820	1,813	1,852	2,151	2,238
Rubber and plastic products	46	35	25	67	72	60	67	60	66
Other non-metallic mineral products	53	44	43	42	56	54	60	47	56
Casting of iron and steel	50	40	43	50	51	46	39	39	47
Non-ferrous metals	31	24	22	16	15	20	15	15	20
Fabricated metal products	52	48	63	72	72	100	91	88	90
Machinery and equipment	480	490	517	593	689	583	577	622	640
Office machinery and computers	471	327	256	252	134	150	161	102	125
Electrical machinery and apparatus	502	518	523	576	567	494	490	424	423
Radio, television and communication equipment	593	484	479	558	517	602	662	655	772
Precision instruments	268	276	283	312	273	303	307	336	340
Motor vehicles and parts	571	605	636	682	669	795	926	924	913
Other transport equipment	16	17	18	17	24	18	30	27	35
Shipbuilding and repairs	33	16	16	18	17	20	20	15	36
Aerospace	984	1005	898	782	860	886	812	893	1,039
Furniture; Other manufactured goods	20	20	22	28	28	21	16	25	20
Recycling	1	1	1	1	1	..	1	-	-
Electricity, gas and water supply	188	192	187	214	177	168	148	130	140
Construction	19	19	15	11	11	8	8	38	39
Wholesale and retail trade	4	4	4	5	6	8	4	5	8
Transport and storage	7	8	10	13	8	15	8	12	21
Post and telecommunications	341	317	386	389	408	414	455	496	449
Miscellaneous business activities; Technical testing and analysis	144	146	156	195	181	..	141	142	157
Computer and related activities	435	494	555	635	744	675	749	680	688
Research and development services	244	244	261	329	311	247	369	313	346
Public administration	19	19	18	16	10	14	10	6	8

Source: Office for National Statistics

Notes:

1 .. denotes disclosive figures.

2 - denotes a value less than 0.5

3 1996 & 1997 data have been revised where necessary to take into account misclassification and updated population information.

4 From 1989 to 1992 Furniture; Wood and straw products was included with Pulp, paper and paper products; Printing and publishing.

(r)= revised

Table 12 Current and capital expenditure, and as a percentage, on R&D performed in the UK Businesses; detailed product groups, 1998

	Total	Capital Total	Current Total	Salaries and wages	Other current	Total	Capital Total	Current Total	Salaries and wages	Other current
	£m	£m	£m	£m	£m	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent
Total	**10,231**	**1,041**	**9,190**	**4,053**	**5,137**	**100**	**10**	**90**	**40**	**50**
Agriculture, hunting and forestry; Fishing	102	15	87	52	35	100	15	85	51	34
Extractive Industries	41	1	40	20	20	100	2	98	49	49
Food products and beverages; Tobacco products	242	44	198	109	89	100	18	82	45	37
Textiles, clothing and leather products	33	3	30	18	12	100	9	91	55	36
Pulp, paper and paper products; Printing and publishing; Wood and straw products	49	2	47	15	33	100	4	96	31	67
Refined petroleum products and coke oven products; Processing of nuclear fuel	362	61	301	115	185	100	17	83	32	51
Chemicals, man-made fibres	688	54	634	328	306	100	8	92	48	44
Pharmaceuticals, medical chemicals and botanical products	2,238	395	1,843	725	1,118	100	18	82	32	50
Rubber and plastic products	66	4	62	27	35	100	6	94	41	53
Other non-metallic mineral products	56	6	50	25	25	100	11	89	45	45
Casting of iron and steel	47	1	46	23	23	100	2	98	49	49
Non-ferrous metals	20	4	16	8	8	100	20	80	40	40
Fabricated metal products	90	13	76	31	46	100	14	84	34	51
Machinery equipment	640	21	619	270	349	100	3	97	42	55
Office machinery and computers	125	11	115	40	74	100	9	92	32	59
Electrical machinery and apparatus	423	27	395	171	224	100	6	93	40	53
Radio, television and communication equipment	772	65	707	304	403	100	8	92	39	52
Precision instruments	340	24	317	156	161	100	7	93	46	47
Motor vehicles and parts	913	113	800	376	423	100	12	88	41	46
Other transport equipment	35	1	34	13	22	100	-	97	37	63
Shipbuilding and repairs	36	-	36	17	18	100	-	100	47	50
Aerospace	1,039	56	983	336	647	100	5	95	32	62
Furniture; Other manufactured goods	20	2	18	10	7	100	10	90	50	35
Recycling	-	-	-	-	-	-	-	-	-	-
Electricity, gas and water supply	140	6	134	65	69	100	4	96	46	49
Construction	39	1	38	19	19	100	-	97	49	49
Wholesale and retail trades	8	-	8	3	5	100	-	100	38	63
Transport and storage	21	2	19	8	11	100	-	90	38	52
Post and telecommunications	449	15	434	188	246	100	3	97	42	55
Miscellaneous business activities; Technical testing and analysis	157	9	147	77	71	100	6	94	49	45
Computer related activities	688	69	619	320	299	100	10	90	47	43
Research and development services	346	17	328	177	151	100	5	95	51	44
Public administration	8	-	8	7	1	100	-	100	88	13

Source: Office for National Statistics

Notes:

1 - denotes a value less than 0.5

Table 13 Government and business enterprise personnel engaged on R&D in the UK, 1990 to 1998.

Full time equivalents, thousands

	1990	1991	1992	1993	1994	1995	1996	1997	1998	% change in 1998 from 1997
PERSONNEL ENGAGED ON R&D										
- Business Enterprise	171	159	159	164	157	146	143	139	150	8
- Research Councils	13	12	13	13	12	12	12	11	11	
- Government Departments[1]	24	24	25	22	20	17	16	15	18	21
Total Civil	**159**	**153**	**157**	**166**	**154**	**144**	**142**	**137**	**147**	**8**
Total Defence	**49**	**42**	**40**	**33**	**35**	**31**	**29**	**28**	**32**	**13**
RESEARCHERS										
- Business Enterprise	83	80	82	86	83	83	83	84	92	10
- Research Councils	6	6	6	6	6	6	5	5	5	5
- Government Departments[1]	9	9	9	8	8	8	8	7	9	30
Total Civil	**77**	**77**	**79**	**83**	**79**	**80**	**79**	**79**	**88**	**11**
Total Defence	**21**	**18**	**18**	**17**	**18**	**17**	**17**	**17**	**19**	**11**
TECHNICIANS										
- Business Enterprise	43	38	38	40	40	33	33	30	32	8
- Research Councils	2	2	2	3	2	2	3	3	3	-14
- Government Departments[1]	4	4	4	4	4	4	3	3	4	37
Total Civil	**38**	**35**	**36**	**41**	**38**	**32**	**33**	**30**	**32**	**6**
Total Defence	**11**	**9**	**8**	**6**	**8**	**7**	**6**	**6**	**7**	**20**
ADMIN & OTHER STAFF										
- Business Enterprise	45	41	39	37	34	30	27	26	25	-4
- Research Councils	5	5	5	4	4	4	4	3	3	10
- Government Departments[1]	11	11	11	9	8	5	5	4	5	21
Total Civil	**44**	**42**	**41**	**40**	**37**	**32**	**30**	**28**	**27**	**-2**
Total Defence	**17**	**15**	**14**	**10**	**9**	**7**	**6**	**5**	**6**	**13**

Source: Office for National Statistics

Note:

1 Excludes NHS employment, as these figures were not available.

Table 14 Estimated GOR breakdown of expenditure on Intramural R&D in the Business, Government and Higher Education sectors, 1998[1]

£million

	R&D performed within business (BERD)	R&D performed within Government Establishments (GOVERD)[2]	R&D performed within Higher Education Institutions (HERD)
United Kingdom	**10,231**	**2,073**	**3,040**
North East	178	3	105
North West and Merseyside	1,224	58	238
Yorkshire and the Humber	287	31	241
East Midlands	775	51	159
West Midlands	708	182	167
Eastern	2,367	255	211
London	614	202	775
South East	2,542	698	460
South West	907	329	138
England	**9,601**	**1,809**	**2,494**
Wales	125	51	113
Scotland	424	200	375
Northern Ireland	81	12	57

Source: Office for National Statistics

Note:

1 Regional GDP figures are not available at the time of Publication and therefore it is not possible to show R&D expenditure as a percentage of regional GDP.

2 Figures include estimates for those areas of Central Government not available from the Government Survey and local authorities.

Table 15 Estimated regional breakdown of personnel engaged on R&D in the Business and Government sectors, 1998[1]

	R&D performed within business		R&D performed within Government establishments[2]	
	Full time equivalents 000's	Percentage of the regional Labour Force[3,4]	Full time equivalents 000's	Percentage of the regional Labour Force[3,4]
United Kingdom	**149.8**	**0.55**	**29.2**	**0.11**
North East	3.3	0.32	0.0	0.00
North West and Merseyside	17.9	0.59	0.8	0.03
Yorkshire and the Humber	6.5	0.29	0.6	0.03
East Midlands	12.0	0.60	0.8	0.04
West Midlands	13.0	0.53	2.3	0.10
Eastern	27.7	1.05	3.9	0.15
London	9.4	0.28	3.0	0.09
South East	34.9	0.86	9.1	0.23
South West	13.1	0.56	4.3	0.18
England	**137.8**	**0.59**	**24.9**	**0.11**
Wales	2.8	0.23	0.7	0.05
Scotland	7.2	0.31	3.5	0.15
Northern Ireland	2.0	0.29	0.2	0.03

Source: Office for National Statistics

Notes:

1 Regional breakdown is based on the GOR (Government Office Region) classification.

2 Government sector covers Central Government only. Local Authorities, NHS and those areas of Central Government not available from the Government survey are excluded

3 Labour Force figure used is a head count. An estimate of the Labour Force in full-time equivalents(FTE) is not available. Using the head count figure gives a lower percentage than a FTE would give.
Labour Force figures relate to those in employment, rather than all those economically active.

4 Labour Force figures are for Spring 1999.

Table 16 OECD Science and Technology indicators

Gross Expenditure on R&D: International Comparisons, 1990 to 1998

	Year	UK	Germany[1]	France[2]	Italy	Japan[3]	Canada	USA[4]
Gross Domestic Product (GDP)[5] (£ billion at ppp)[6]	1990	562.7	698.8	592.8	555.3	1327.6	309.4	3343.6
	1991	589.8	867.0	661.0	619.6	1507.9	331.0	3626.4
	1992	612.6	916.1	671.6	634.4	1543.3	330.8	3713.1
	1993	647.2	964.2	689.4	646.8	1653.5	362.3	4058.6
	1994	685.8	1045.1	725.6	694.8	1721.1	390.3	4369.9
	1995	722.3	1107.8	767.4	740.3	1858.5	429.9	4575.0
	1996	766.3	1110.9	766.8	757.1	1928.9	434.3	4748.0
	1997	814.7	1177.8	811.2	794.9	2012.8	467.5	5098.6
	1998	856.7	1228.1 (e)	860.6 (e)	827.7 (e)	2005.1 (e)	490.7 (e)	5432.4 (e)
Gross Expenditure on R&D (GERD) (£ billion at ppp)[6]	1990	12.0	19.2	14.3	7.2	37.9 (e)	4.5	93.0
	1991	12.1	22.6	15.9	7.7	42.5 (e)	5.0	102.0
	1992	12.7	22.7	16.3	7.6	42.6 (e)	5.1	101.9
	1993	13.5	23.3	16.9	7.3	44.3 (e)	5.8	106.2
	1994	14.0	24.3	17.2	7.4	45.3 (e)	6.2	110.0
	1995	14.2	25.6	17.9	7.5	51.4 (e)	6.8	119.4
	1996	14.5	25.5	17.8	7.7	54.1 (e)	6.9	126.1
	1997	14.8	27.2	18.1	8.0	58.1 (e)	7.5 (p)	137.8
	1998	15.6	28.5 (e)	18.9 (p)	8.6 (p)	-	7.9 (p)	150.4 (p)
GERD as a percentage of GDP	1990	2.13	2.75	2.41	1.30	2.85 (e)	1.46	2.78
	1991	2.06	2.61	2.41	1.24	2.82 (e)	1.52	2.81
	1992	2.07	2.48	2.42	1.20	2.76 (e)	1.54	2.74
	1993	2.09	2.42	2.45	1.14	2.68 (e)	1.60	2.62
	1994	2.05	2.32	2.38	1.06	2.63 (e)	1.60	2.52
	1995	1.96	2.31	2.34	1.01	2.77 (e)	1.58	2.61
	1996	1.89	2.30	2.32	1.02	2.80 (e)	1.60	2.66
	1997	1.81	2.31	2.24	1.00	2.89 (e)	1.60 (p)	2.70
	1998	1.82	2.32 (e)	2.20 (p)	1.03 (p)	-	1.61 (p)	2.77 (p)
BERD as a percentage of GDP	1990	1.5	2.0	1.5	0.8	2.2	0.8	2.0
	1991	1.4	1.8	1.5	0.7	2.1	0.8	2.1
	1992	1.4	1.7	1.5	0.7	2.0	0.8	2.0
	1993	1.4	1.6	1.5	0.6	1.9	0.9	1.9
	1994	1.3	1.5	1.5	0.6	1.9	0.9	1.8
	1995	1.3	1.5	1.4	0.5	1.9	1.0	1.9
	1996	1.2	1.5	1.4	0.6	2.0	1.0	2.0
	1997	1.2	1.6	1.4	0.5	2.1	1.0 (p)	2.0
	1998	1.2	1.6 (e)	1.4 (p)	0.6 (p)	-	1.0 (p)	2.1 (p)
GOVERD as a percentage of GDP	1990	0.28	0.35	0.58	0.27	0.23	0.29	0.29
	1991	0.30	0.36	0.55	0.28	0.23	0.30	0.28
	1992	0.30	0.35	0.51	0.26	0.25	0.29	0.27
	1993	0.30	0.36	0.52	0.24	0.27	0.28	0.27
	1994	0.30	0.35	0.49	0.23	0.26	0.27	0.25
	1995	0.28	0.36	0.49	0.21	0.29	0.25	0.25
	1996	0.27	0.35	0.47	0.20	0.27	0.25	0.23
	1997	0.25	0.34	0.45	0.21	0.26	0.22 (p)	0.22
	1998	0.24	0.34 (e)	0.43 (p)	0.22 (p)	-	0.22 (p)	0.22 (p)
HERD as a percentage of GDP	1990	0.33	0.41	0.35	0.27	0.35 (e)	0.37	0.43
	1991	0.34	0.43	0.36	0.27	0.34 (e)	0.40	0.40
	1992	0.35	0.43	0.37	0.27	0.35 (e)	0.40	0.40
	1993	0.36	0.44	0.39	0.28	0.38 (e)	0.40	0.41
	1994	0.38	0.43	0.38	0.27	0.37 (e)	0.38	0.40
	1995	0.37	0.42	0.39	0.26	0.40 (e)	0.37	0.40
	1996	0.36	0.42	0.39	0.27	0.39 (e)	0.36	0.39
	1997	0.36	0.41	0.39	0.26	0.39 (e)	0.34 (p)	0.39
	1998	0.35	0.41 (e)	0.38 (p)	0.26 (p)	-	0.35 (p)	0.39 (p)

Source: OECD databank (November 1999)

Notes:

1 There are breaks in series between 1990 and 1991, and 1991 and 1992.
2 For government and business enterprise data there is a break in series between 1991 and 1992.
3 Data for Japan are adjusted by OECD.
4 Excludes most or all capital expenditure. There is a break in series between 1990 and 1991.
5 The measure of GDP used is at market prices, based on the UN definition.
6 Amounts are converted to £ sterling using the purchasing power parities (ppp) developed by the OECD.
(p) = provisional
(e) = estimate

Table 17 International comparison of gross expenditure on R&D by sector of performance and source of funding 1998

Per cent

	UK	Germany[1]	France (p)	Italy (p)	Japan (e)[2]	Canada (p)	USA[3] (p)
Percentage by sector of performance							
Government	13.4	14.6	19.5	21.3	8.9	13.4	7.9
Business enterprise	65.8	67.8	62.0	53.7	72.6	63.8	75.1
Higher education	19.5	17.6	17.1	25.0	13.6	21.6	14.0
Other	1.3	-	1.4	-	4.9	1.2	3.0
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Percentage by source of funds[4]							
Government	31.1	35.6	40.2	51.1	18.4	31.9	30.6
Business enterprise	47.3	61.7	50.3	43.9	74.8	49.4	65.7
Abroad	16.8	2.4	7.9	5.0	0.3	13.4	-
Other	4.8	0.3	1.6	-	6.5	5.3	3.7
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: OECD databank (November 1999)

Notes
1 Data for "other" included elsewhere
2 Data for Japan are OECD estimates
3 Excludes most or all capital expenditure
4 Data for France are for 1997
(p) = provisional
(e) = estimate

Table 18 R&D performed in the Business Enterprise sector (BERD), 1990 to 1998

£ billion at ppp[1]

Year	UK	Germany[2]	France[3]	Italy	Japan[4]	Canada	USA[5]
1990	8.3	13.8	8.6	4.2	28.6	2.4	66.1
1991	8.1	15.7	9.8	4.3	32.1	2.7	74.3
1992	8.5	15.6	10.2	4.2	31.3	2.8	73.4
1993	9.1	15.6	10.4	3.9	31.5	3.3	75.1
1994	9.2	16.1	10.7	3.9	32.2	3.6	77.7
1995	9.3	17.0	10.9	4.0	36.1	4.1	85.9
1996	9.4	16.9	10.9	4.1	38.8	4.2	92.6
1997	9.7	18.4	11.1	4.2	42.2	4.7 (p)	102.4
1998	10.2	19.3 (e)	11.8 (p)	4.6 (p)	-	5.1 (p)	113.1 (p)

Source: OECD databank (November 1999)

Notes:
1 Amounts are converted to £ sterling using the purchasing power parities (ppp) developed by the OECD.
2 There are breaks in series between 1990 and 1991, and 1991 and 1992.
3 There is a break in series between 1991 and 1992.
4 Data for Japan are adjusted by OECD.
5 Excludes most or all capital expenditure. There is a break in series between 1990 and 1991.
(p) = provisional
(e) = estimate

Table 19 International comparison of Government funding of R & D in 1998 by socio-economic objective (percentage distribution)

Per cent

		UK	Germany (p)	France (p)	Italy (p)	Japan[1]	Canada (p)	USA[2] (p)
Agriculture, forestry and fishing		4.5	2.7	3.8	1.9	3.4	14.4	2.4
Industrial development		1.1	12.2	5.7	8.1	6.9	16.3	0.5
Energy		0.5	3.6	5.1	5.0	19.9	7.0	1.6
Infrastructure		1.8	1.7	0.6	0.6	2.8	5.2	2.7
Environmental protection		2.5	3.5	2.2	3.4	0.6	4.0	0.9
Health		14.9	3.2	5.5	5.6	3.6	11.7	18.8
Social development and services		2.7	2.6	1.2	3.6	1.0	4.5	1.0
Earth and atmosphere		1.4	1.9	0.9	1.6	1.3	6.0	1.1
Advancement of knowledge		30.9	55.0	37.5	59.4	49.4	10.3	5.7
Civil space		2.5	4.7	10.9	8.3	6.3	11.3	11.2
Defence		36.8	8.7	24.8	2.6	4.8	6.1	54.1
Not elsewhere classified		0.5	0.2	1.8	-	0.0	3.2	-
	Per cent	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Total	**£million[3]**	**5,707**	**10,329**	**8,555**	**4,866**	**12,278**	**1,821**	**48,602**

Source: OECD databank (November 1999)

Notes:
1 Data for Japan are OECD estimates.
2 Excludes most or all capital expenditure.
3 Amounts are converted to £ sterling using the purchasing power parities (ppp) developed by the OECD.

Regional Accounts 1998: Part 1

Regional gross domestic product and consumption expenditure

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This article presents provisional estimates of regional gross domestic product (GDP) at basic prices and regional individual consumption expenditure (ICE), first published in a National Statistics news release on 27 June 2000. There have been significant conceptual and methodological changes since regional GDP estimates were published in 1999, and thus these estimates cannot be directly compared with previously published figures. The effects of the changes in methodology are discussed in the section on revisions. These figures are, therefore, published on a consultative basis, and comments are welcome. 1997 and 1998 figures may change as more data become available.

The provisional estimates for 1998 show that:

- GDP per head of London and the South East, relative to the UK average, each rose by about 2 percentage points, whilst all other regions fell or remained about the same (Table 1).
- London and the South East, each at 16 per cent of the UK total, accounted for around a third of the UK's GDP (Table 1).
- London, the South East and East were the only regions to increase their share of UK individual consumption expenditure in 1998 (Table 3).

Gross Domestic Product by region
Latest figures and recent trends

Estimates of regional GDP at basic prices and individual consumption expenditure presented here are consistent with the 1999 edition *of UK National Accounts – The Blue Book*, published in August 1999.

Table A shows the contribution each region makes to UK GDP. In 1998, GDP for the South East and London were both around £116 billion, each accounting for about 16 per cent of total UK GDP. The region with the smallest share was Northern Ireland, at about 2 per cent (£16 billion). Changes to the regional share of UK GDP over time are shown in Chart B.

Estimates of regional GDP can be presented on either a residence or workplace basis. Residence based estimates allocate the income of commuters to where they live rather than to their place of work. Workplace based estimates allocate these incomes to the region in which commuters work.

The estimates of GDP presented in the text and charts of this article, and in tables 1-3 are residence based. Table 6, at the end of the article, shows workplace based estimates of regional GDP, consistent with the UK total shown in table 1.

Regional GDP estimates for years back to 1989 have been revised, reflecting conceptual and developmental changes described under "Revisions" below. Further revisions to 1997 and 1998 estimates will be published when Inland Revenue data for wages and salaries and other new data become available.

TABLE A Regional GDP, 1998[1]

Region	Total £bn	Share of UK (%)	Per Head £	Per Head Index UK=100
United Kingdom[2]	737.8	*100.0*	12,500	100.0
North East	25.5	*3.5*	9,800	78.8
North West	75.8	*10.3*	11,000	88.2
Yorkshire & the Humber	55.2	*7.5*	10,900	87.8
East Midlands	49.3	*6.7*	11,800	94.8
West Midlands	60.9	*8.3*	11,400	91.7
East	76.3	*10.3*	14,200	114.2
London	116.4	*15.8*	16,200	130.4
South East	116.2	*15.7*	14,500	116.7
South West	56.1	*7.6*	11,400	91.9
England	631.7	*85.6*	12,800	102.5
Wales	29.0	*3.9*	9,900	79.4
Scotland	61.1	*8.3*	11,900	95.6
Northern Ireland	16.0	*2.2*	9,400	75.8

1. Provisional GDP at basic prices
2. Excluding Extra-Regio and statistical discrepancy

Chart A

GDP per head, 1998

Index (UK=100)

GDP per head

In 1998 London had the highest level of GDP per head, over £16,200, followed by the South East and East at £14,500 and £14,200 respectively. No other regions were above the UK average of £12,500.

Northern Ireland had the lowest regional GDP per head in 1998, at £9,400, followed by the North East at £9,800 and Wales at £9,900. GDP per head of population, relative to the UK average, was highest in London, at 30 per cent above the UK average in 1998. This figure is the highest, relative to the UK, in the period 1990 to 1998.

Chart B shows GDP per head (excluding Extra-Regio) indexed to a UK average of 100 for 1995 to 1998. Only three regions (London, South East and East of England) are consistently above the UK average for the whole period shown. Comparison with previous published estimates of GDP per head reveals significant changes, which are discussed in detail below. The most significant change is a re-evaluation of the position of the East of England region. The new estimates show an increase in the level of East of England for all years, both in absolute terms and relative to other regions.

Chart B: Regional shares of GDP 1990-1998

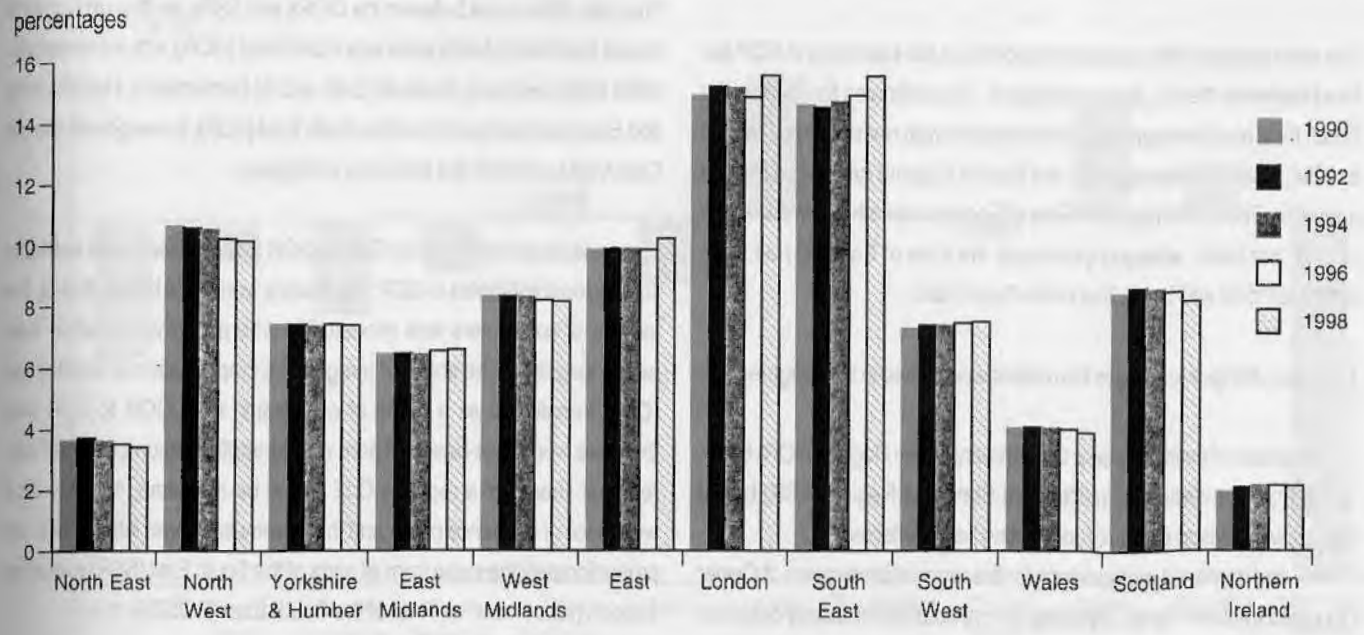
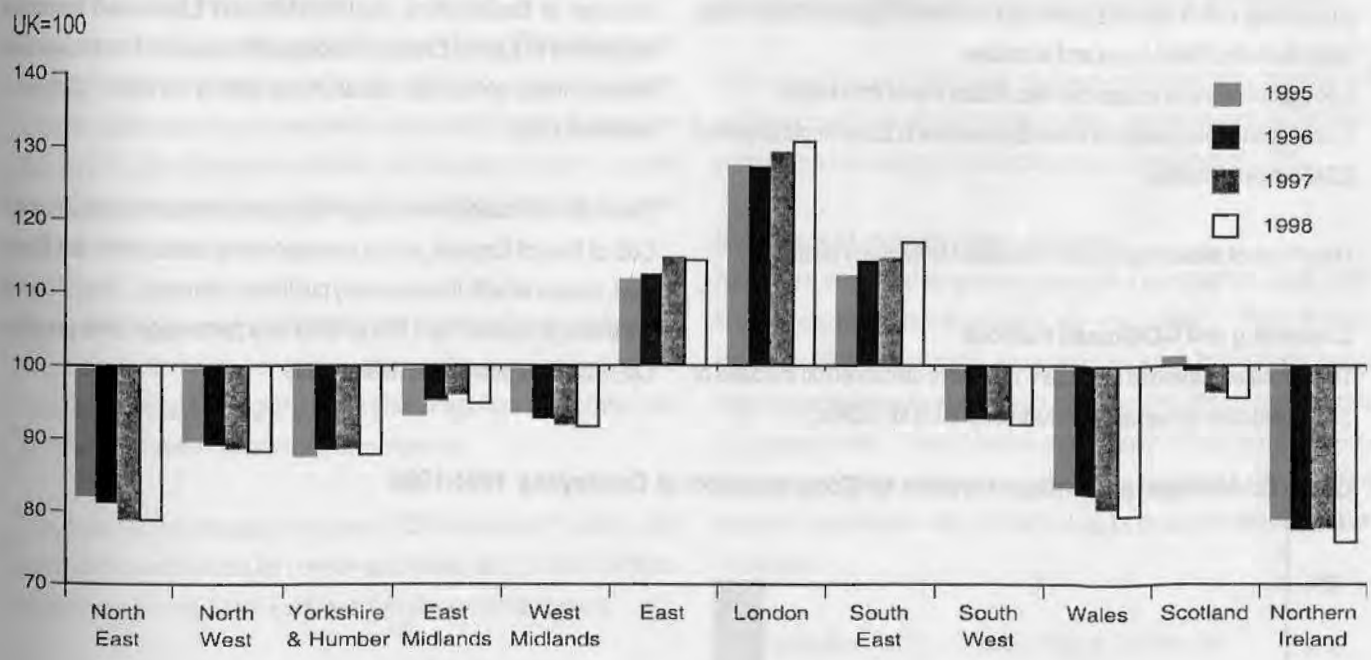


Chart C: GDP per Head 1995 - 1998, index UK=100



Industrial breakdown of regional GDP

Estimates of the industrial breakdown of regional GDP for 1994-1997 are shown in table 3. These estimates have been produced on a Government Office Region (GOR) basis for the first time.

Revisions

The estimates of regional GDP published in this article have been revised back to 1989, although tables 1 and 2 only show figures back to 1990. There are a number of key differences between these data and the GDP estimates published in the March 1999 edition of Economic Trends, both conceptually and in terms of data revisions. These changes are part of the ongoing implementation of ESA95 and other methodological developments which were discussed when the provisional 1997 estimates were published. The figures published here are the best estimates currently available and are subject to further improvement, and thus revisions, when opportunities arise for methodological developments. We welcome comment on these changes, which should be sent to the address given in the background notes, by 31 October 2000.

While it is difficult to quantify the effects of each of the factors leading to the revisions to our estimates since many of the underlying National Accounts sources and concepts have changed, it is possible to analyse the source

of the most significant revisions. These are discussed below.

The main impact of the revisions has been on the estimates of GDP per head relative to the UK, for some regions. The estimates for London, the South East and Northern Ireland show downward revisions for years up to 1996, whilst the estimates for the East of England have been revised upwards. The South East and East of England now show similar levels of GDP per head, whereas previously the East of England had been estimated to be well below that of the South East.

The main changes leading to the revisions contained in these figures are:

1. Calculation of estimates on a Government Office Region (GOR) basis, rather than converting from Standard Statistical Region (SSR) based figures, with revised effects of commuting being reflected.
2. New and improved methodology for the regional breakdown of Owner Occupied Imputed Rents, replacing the previous methodology based on sources unavailable after 1995.
3. Calculation at basic prices (which includes taxes (less subsidies) on production), rather than the previously published figures at factor cost, which excluded these taxes and subsidies.
4. Regionalisation at a more detailed industry level than before.
5. Allocation of exploration of mineral resources to Extra Regio as part of ESA95 implementation.

The effects of these changes are discussed individually below.

Commuting and GOR-based methods

The estimates published in January 1999 were calculated on the basis of SSRs, and then converted to provide estimates for GORs.

The main differences between the GORs and SSRs are that (a) Cumbria moves from the old North to the new North West (GOR), with the remainder of the North becoming the North East, and (b) Bedfordshire, Hertfordshire and Essex are removed from the South East (SSR), to merge with the old East Anglia and form the new East of England.

The previous conversion from SSR to GOR figures relied on the available sub-regional estimates of GDP, which were workplace based, that is, the income of commuters was allocated to where they work, rather than where they live. The share of a region's Compensation of Employees (CoE) transferred as a result of conversion from GOR to SSR was therefore workplace-based. There was an implied assumption that sub-regional shares of a region's CoE would be the same, whether on a workplace or residence basis, and that commuting levels into London are proportionately the same from all parts of the South East (SSR) excluding London (also known as Rest of the South East (ROSE)).

Under the above assumption, about 23 per cent of the CoE of ROSE was allocated to Bedfordshire, Hertfordshire and Essex, and therefore transferred to East of England. Subsequent research has shown that these counties account for about 31 per cent of the ROSE CoE on a residence basis.

The impact of making this change has been to increase significantly the CoE of East of England, and a corresponding decrease for the South East, compared with the previously published estimates. Chart D shows the average revision for 1994 to 1996 as a percentage of the previous CoE estimates published in March 1999.

Chart D: Average percentage revision to Compensation of Employees 1994-1996

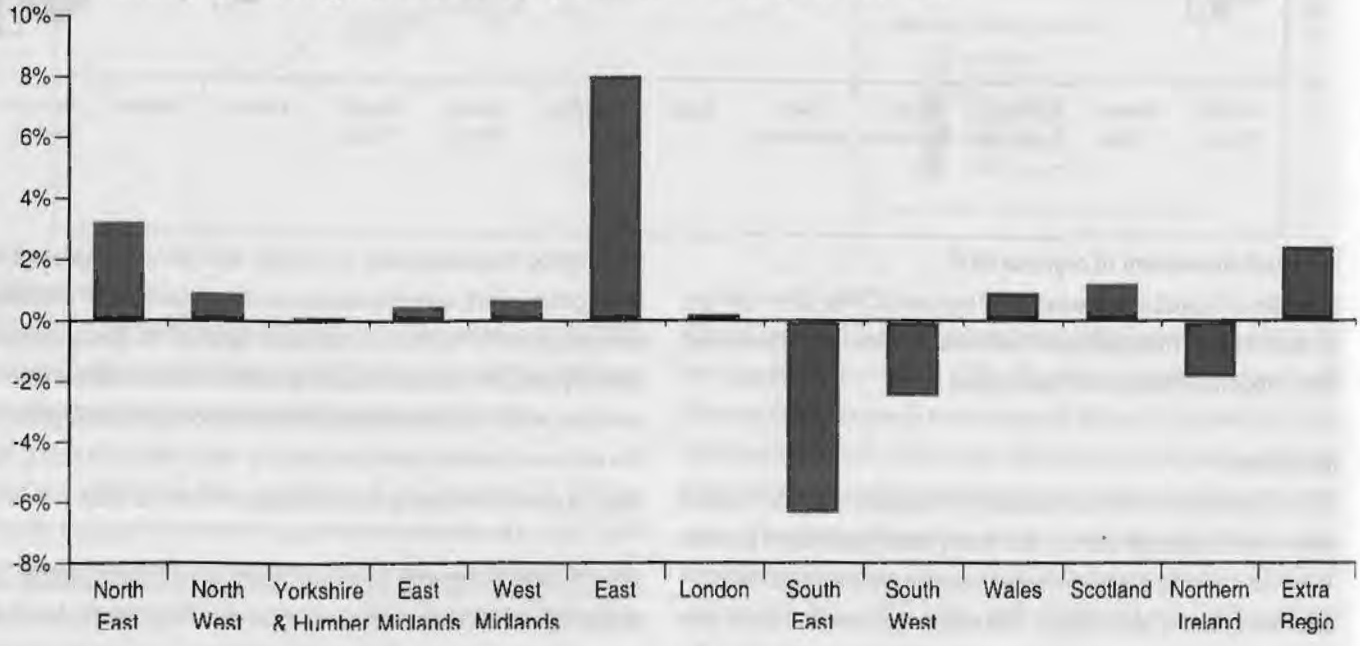
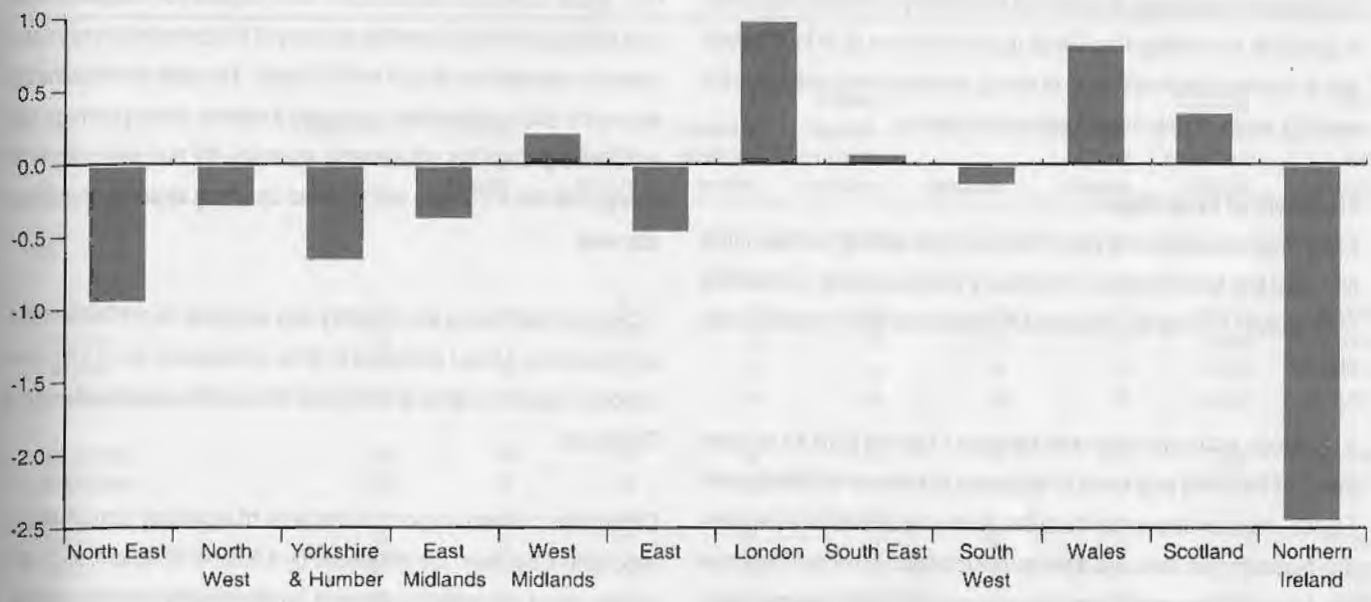


Chart E: Average effect on GDP of revision to Owner Occupied Imputed Rents 1994-1996



Owner Occupied Imputed rents

The methodology for allocating UK estimates of Owner Occupied Imputed Rents to regions has been significantly improved. Previously, these estimates were based on imputed rents based on the Family Expenditure Survey (FES) for England and Wales, but this source ceased to exist after 1995. A fixed percentage of the total was used to estimate Scotland and Northern Ireland.

The methodology used for the estimates published now is based on house price information from administrative data supplied by the Land Registry (in respect of England and Wales), Registers of Scotland, and the Northern Ireland Valuations of Land Agency.

The impact of this change on regional GDP is shown in Chart E, with significant upward effects for London and Wales, and downward effects on Northern Ireland, North East, and Yorkshire and the Humber.

The regions which show the largest revision in terms of £ million as a result of this change are London, which shows an increase of between £300m and £1bn across the years published, and Northern Ireland which shows a fall of between £100m and £300m. The North East and Yorkshire and the Humber also show significant downward revisions.

European System of Accounts and Basic Prices vs Factor Cost

The estimates published here have been calculated for the first time fully and properly on the basis of the new European System of Accounts 1995 (ESA95). As a part of ESA95 implementation, regional estimates of GDP are being published at basic prices for the first time. Previous ESA95-based estimates were calculated on an ESA79 basis and converted to ESA95 by regionalising estimates of changes from ESA79 to ESA95.

Estimates of regional GDP were previously published at factor cost, and excluded the effects of taxes and subsidies – these are included at basic prices. This change has not affected regional rankings of GDP.

More detailed industry level calculation

As a result of the need for greater industry and geographical detail under ESA95 requirements, calculations are now based on more detailed industry splits than previously. A number of industries that were previously regionalised together have now been separated, leading to some changes of regional totals. The list below shows which industries, previously calculated together, are now regionalised separately. The Standard Industrial Classification 1992 (SIC92) codes for these industries are shown in brackets.

- Agriculture, (A01), Forestry (A02), & Fishing (B)
- Mining and quarrying of energy producing materials (CA) & Other mining and quarrying (CB)
- Textiles and textile products (DA) & Leather and leather products (DB)
- Wholesale and retail trade (G) & Hotels and catering (H)
- Financial intermediation (J) & Real estate (K)
- Education (M) & Health (N)
- Other social and personal services (O) & Private households with employees (P)

Of these, industries A01, A02 and B are aggregated after calculation and published combined, as are industries O and P.

This greater level of industry detail has also improved our estimates of GDP at an all industry level since we have used new, more appropriate information to regionalise, for example, the forestry and fishing industries. In particular, this change has had an upward effect on GDP for Scotland due to improved regionalisation of mining and quarrying (industries CA and CB), which include the petrochemical industry.

Treatment of Extra Regio

Extra-Regio describes that part of UK economic activity that cannot be allocated to a specific region. Previously, it only included "Continental Shelf" activity, but now also includes UK Embassies and Forces stationed abroad.

Extra-Regio estimates have risen between £1bn and £2bn for all years from 1989 to 1996 as a result of allocating all relevant activities under ESA95. As a consequence, there are downward effects on all regions. The reason for this rise is that a series for exploration of mineral resources has now been allocated to Extra–Regio as part of ESA95 implementation, whereas previously, this was spread across all regions.

Individual Consumption Expenditure

Individual consumption expenditure (ICE) measures expenditure by both households and non-profit institutions serving households resident in a region, and is thus comparable in coverage with the estimates of total household income. The margins of error on both sets of figures make it unwise to compare the two in practice .

ICE includes the spending of UK residents whether in the UK or abroad. In accordance with national accounts definitions it includes imputed rent for owner-occupied dwellings, rather than the sum of mortgage payments and the administrative costs of life assurance and superannuation schemes.

Figures for Government Office Regions (GORs) are only available for the years 1994 to 1998, and are published here for 1995 to 1998. There are no estimates of individual consumption expenditure below the regional level (GORs).

These estimates are compiled under the *Classification of Individual Consumption by Purpose (COICOP)*, consistent with the 1999 edition of the UK National Accounts – *The Blue Book*, published in August 1999.

The highest individual consumption expenditures per head in 1998 were in London and the South East, the lowest in Northern Ireland and the North East (Table B).

The individual consumption expenditure estimates are largely based on the results of the Family Expenditure Survey (FES), supplemented by information from other sources e.g. data on rent and education. The FES, like all surveys, is subject to both sampling and non-sampling errors (see background notes), and the accuracy of the consumption estimates cannot be greater than that of the FES itself. The data are smoothed to reduce the effect of sampling error using a centred moving average with a 1:2:1 weighting. No adjustments are made for non-sampling error except that the FES data are grossed up using regional population estimates.

GOR-based estimates are currently only available from 1994 to 1998, and therefore, it is not advisable to draw conclusions about long term trends in regions' shares of individual consumption expenditure on a GOR basis.

Differences between regions in the level of individual consumption expenditure per head are influenced by a number of factors, such as relative prices and spending patterns, but necessarily there is a strong correlation with levels of total and disposable household income.

The highest individual consumption expenditures per head in 1998 were in London and the South East , the lowest in Northern Ireland and the North East (Chart F). The population structure influences levels of income and expenditure per head and thus the low average expenditure in Northern Ireland is partly explained by the high proportion of children in its population (see background note).

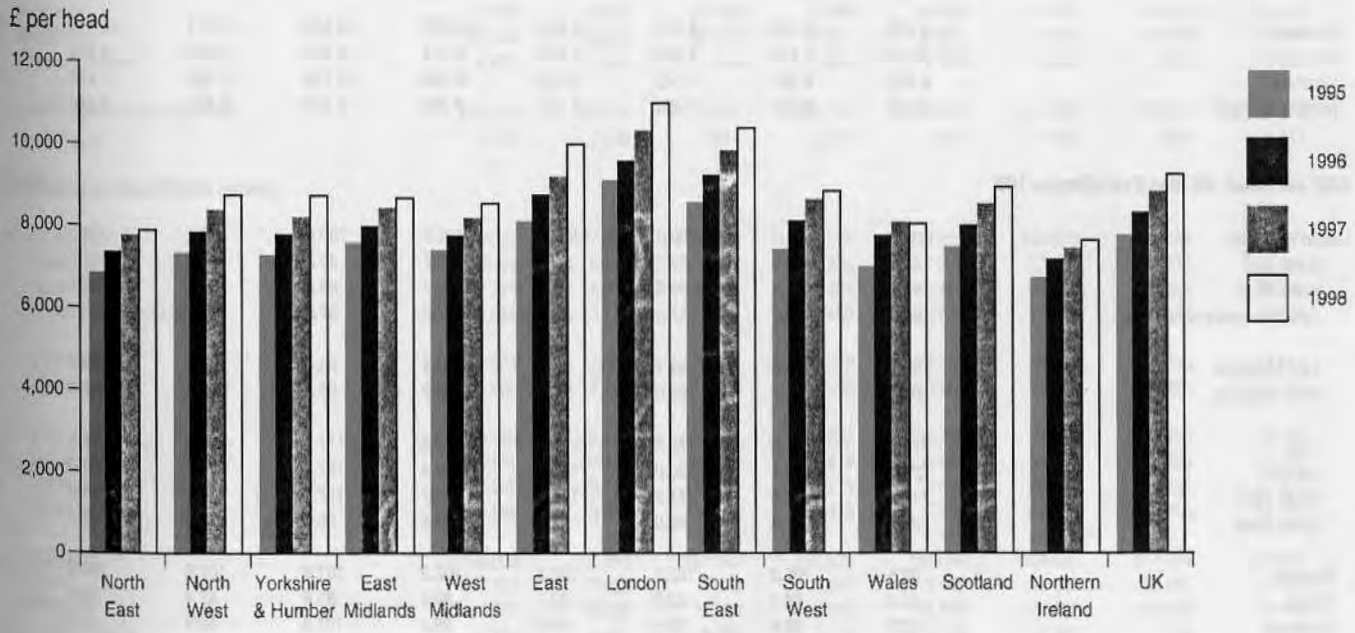
Table B Individual consumption expenditure in 1998[3]

£ million

	Food, drink and tobacco	Clothing and footwear	Housing and fuel	Household goods and services	Vehicles, transport and communications	Recreation	Other goods and services	Consumption expenditure in the UK[1]	Total Consumption expenditure[2]
1998[3]									
United Kingdom	19	6	18	6	16	10	21	523,368	545,123
North East	22	7	17	5	15	10	19	19,474	20,416
North West	21	6	18	6	16	10	20	56,264	60,101
Yorkshire and the Humber	20	6	17	6	14	9	22	41,252	43,872
East Midlands	19	6	18	6	15	11	20	33,826	35,983
West Midlands	20	6	18	5	17	10	19	43,012	45,357
East	17	6	19	6	18	10	20	50,914	53,335
London	17	8	21	6	17	10	25	79,340	78,427
South East	18	6	19	6	15	10	23	79,685	82,638
South West	19	6	20	5	15	10	21	41,600	43,055
England	19	6	19	6	16	10	21	445,368	463,183
Wales	20	6	19	6	15	10	20	22,177	23,469
Scotland	21	7	17	5	16	10	21	43,726	45,634
Northern Ireland	21	8	14	6	16	9	20	12,097	12,837

1. Expenditure by UK households and foreign residents in the UK.
2. Expenditure by UK consumers, including non-profit institutions serving households and UK households abroad but excluding expenditure in the UK by foreign residents in the UK.
3. Provisional.

Chart F: Individual Consumption Expenditure per head (£) 1995-1998



1 Gross domestic product at basic prices by Region 1990-98

	1990	1991	1992	1993	1994	1995	1996	1997[1]	1998[1]
Total GDP									£ million
United Kingdom	499 742	521 547	543 904	571 838	604 163	634 067	672 570	713 615	747 544
North East	18 245	19 266	20 191	21 227	21 814	22 774	23 651	24 321	25 496
North West	53 389	55 657	57 517	60 265	63 602	65 806	68 776	72 475	75 834
Yorkshire and the Humber	37 383	39 271	40 302	42 393	44 366	46 837	49 852	53 002	55 232
East Midlands	32 500	33 919	35 120	36 860	38 801	40 786	44 024	47 289	49 260
West Midlands	41 789	43 216	45 236	47 491	50 137	52 781	55 134	58 053	60 927
East	49 411	50 798	53 680	55 757	59 589	62 151	66 191	72 229	76 308
London	74 674	78 700	82 713	87 043	91 635	94 399	99 903	108 645	116 444
South East	73 151	75 713	78 991	83 846	88 827	93 082	100 317	107 630	116 176
South West	36 600	38 167	40 143	42 302	44 527	47 373	50 164	53 453	56 068
England	417 143	434 706	453 893	477 185	503 299	525 991	558 013	597 096	631 746
Wales	20 353	21 518	22 154	23 195	24 405	25 860	26 886	27 912	29 027
Scotland	42 294	44 864	46 805	48 811	51 710	55 249	56 991	58 578	61 052
Northern Ireland	9 770	10 631	11 336	12 127	12 959	13 858	14 427	15 468	15 966
United Kingdom less Extra-Regio[2] & statistical discrepancy	489 560	511 719	534 189	561 318	592 374	620 958	656 316	699 055	737 792
Extra-Regio[2]	10 182	9 829	9 715	10 520	11 789	13 109	16 254	14 560	9 816
Statistical discrepancy (income adjustment)	-	-	-	-	-	-	-	-	-64
GDP per head									£
United Kingdom	8 682	9 022	9 377	9 827	10 346	10 819	11 438	12 093	12 620
United Kingdom less Extra-Regio	8 505	8 852	9 209	9 646	10 144	10 595	11 162	11 847	12 455
North East	7 023	7 394	7 737	8 120	8 342	8 719	9 072	9 348	9 819
North West	7 775	8 078	8 338	8 727	9 200	9 519	9 958	10 504	10 990
Yorkshire and the Humber	7 533	7 882	8 060	8 453	8 825	9 301	9 890	10 506	10 939
East Midlands	8 097	8 411	8 661	9 039	9 466	9 899	10 635	11 378	11 812
West Midlands	7 960	8 203	8 568	8 976	9 459	9 940	10 363	10 896	11 417
East	9 664	9 880	10 382	10 740	11 424	11 840	12 528	13 570	14 222
London	10 897	11 431	11 974	12 563	13 164	13 487	14 167	15 280	16 245
South East	9 572	9 864	10 249	10 839	11 428	11 889	12 724	13 554	14 529
South West	7 798	8 094	8 470	8 880	9 295	9 827	10 360	10 983	11 448
England	8 725	9 058	9 418	9 866	10 372	10 802	11 371	12 119	12 768
Wales	7 072	7 445	7 641	7 980	8 374	8 856	9 196	9 530	9 888
Scotland	8 289	8 767	9 143	9 520	10 060	10 738	11 096	11 416	11 902
Northern Ireland	6 147	6 626	6 994	7 421	7 880	8 390	8 660	9 220	9 438
GDP per head, UK less Extra-Regio=100									*Index (UK=100)*
United Kingdom	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*
North East	*82.6*	*83.5*	*84.0*	*84.2*	*82.2*	*82.3*	*81.3*	*78.9*	*78.8*
North West	*91.4*	*91.3*	*90.5*	*90.5*	*90.7*	*89.8*	*89.2*	*88.7*	*88.2*
Yorkshire and the Humber	*88.6*	*89.0*	*87.5*	*87.6*	*87.0*	*87.8*	*88.6*	*88.7*	*87.8*
East Midlands	*95.2*	*95.0*	*94.1*	*93.7*	*93.3*	*93.4*	*95.3*	*96.0*	*94.8*
West Midlands	*93.6*	*92.7*	*93.0*	*93.1*	*93.2*	*93.8*	*92.8*	*92.0*	*91.7*
East	*113.6*	*111.6*	*112.7*	*111.3*	*112.6*	*111.7*	*112.2*	*114.6*	*114.2*
London	*128.1*	*129.1*	*130.0*	*130.2*	*129.8*	*127.3*	*126.9*	*129.0*	*130.4*
South East	*112.5*	*111.4*	*111.3*	*112.4*	*112.7*	*112.2*	*114.0*	*114.4*	*116.7*
South West	*91.7*	*91.4*	*92.0*	*92.1*	*91.6*	*92.7*	*92.8*	*92.7*	*91.9*
England	*102.6*	*102.3*	*102.3*	*102.3*	*102.2*	*101.9*	*101.9*	*102.3*	*102.5*
Wales	*83.2*	*84.1*	*83.0*	*82.7*	*82.6*	*83.6*	*82.4*	*80.4*	*79.4*
Scotland	*97.5*	*99.0*	*99.3*	*98.7*	*99.2*	*101.3*	*99.4*	*96.4*	*95.6*
Northern Ireland	*72.3*	*74.8*	*75.9*	*76.9*	*77.7*	*79.2*	*77.6*	*77.8*	*75.8*

1. Provisional.
2. The GDP for Extra-Regio comprises compensation of employees and gross operating surplus which cannot be assigned to regions.

2 Gross domestic product by income component by Region 1990-98

	1990	1991	1992	1993	1994	1995	1996	1997[1]	1998[1]
Total GDP									£ million
United Kingdom	499 742	521 547	543 904	571 838	604 163	634 067	672 570	713 615	747 544
North East	18 245	19 266	20 191	21 227	21 814	22 774	23 651	24 321	25 496
North West	53 389	55 657	57 517	60 265	63 602	65 806	68 776	72 475	75 834
Yorkshire and the Humber	37 383	39 271	40 302	42 393	44 366	46 837	49 852	53 002	55 232
East Midlands	32 500	33 919	35 120	36 860	38 801	40 786	44 024	47 289	49 260
West Midlands	41 789	43 216	45 236	47 491	50 137	52 781	55 134	58 053	60 927
East	49 411	50 798	53 680	55 757	59 589	62 151	66 191	72 229	76 308
London	74 674	78 700	82 713	87 043	91 635	94 399	99 903	108 645	116 444
South East	73 151	75 713	78 991	83 846	88 827	93 082	100 317	107 630	116 176
South West	36 600	38 167	40 143	42 302	44 527	47 373	50 164	53 453	56 068
England	417 143	434 706	453 893	477 185	503 299	525 991	558 013	597 096	631 746
Wales	20 353	21 518	22 154	23 195	24 405	25 860	26 886	27 912	29 027
Scotland	42 294	44 864	46 805	48 811	51 710	55 249	56 991	58 578	61 052
Northern Ireland	9 770	10 631	11 336	12 127	12 959	13 858	14 427	15 468	15 966
United Kingdom less Extra-Regio[2] & statistical discrepancy	489 560	511 719	534 189	561 318	592 374	620 958	656 316	699 055	737 792
Extra-Regio[2]	10 182	9 829	9 715	10 520	11 789	13 109	16 254	14 560	9 816
Statistical discrepancy (income adjustment	-	-	-	-	-	-	-	-	-64
of which :									
Compensation of employees									£ million
United Kingdom	315 208	333 850	347 036	356 323	369 959	385 397	404 521	432 388	463 398
North East	12 656	13 555	14 191	14 460	14 571	15 178	15 681	16 206	17 033
North West	34 662	36 681	38 044	38 787	40 176	41 314	43 080	45 507	48 289
Yorkshire and the Humber	24 430	26 159	27 166	27 943	28 734	29 973	31 386	33 619	36 008
East Midlands	20 877	22 076	22 800	23 571	24 405	25 407	27 064	29 136	30 689
West Midlands	26 862	28 454	29 704	30 333	31 874	33 384	34 514	36 459	38 785
East	30 948	32 570	33 892	34 425	36 139	37 829	39 701	43 803	47 237
London	48 119	50 300	52 029	53 625	55 749	57 928	62 005	67 045	73 138
South East	45 583	47 669	49 399	51 634	53 941	56 383	60 630	65 225	70 517
South West	23 005	24 249	25 222	25 829	26 670	27 935	29 208	31 496	33 711
England	267 143	281 712	292 446	300 608	312 260	325 331	343 269	368 495	395 405
Wales	12 596	13 583	14 156	14 389	14 963	15 773	16 295	17 208	17 957
Scotland	27 344	29 528	31 075	31 901	32 905	34 049	34 762	35 854	38 864
Northern Ireland	6 420	7 191	7 544	7 849	8 176	8 569	8 703	9 357	9 865
United Kingdom less Extra-Regio	313 503	332 014	345 222	354 747	368 305	383 723	403 029	430 914	462 092
Extra-Regio[2]	1 705	1 836	1 814	1 576	1 655	1 674	1 492	1 474	1 306
Operating surplus/Mixed income									£ million
United Kingdom	184 534	187 697	196 868	215 515	234 203	248 670	268 049	281 227	284 146
North East	5 589	5 711	6 000	6 766	7 243	7 596	7 971	8 115	8 464
North West	18 727	18 976	19 473	21 478	23 426	24 492	25 696	26 968	27 545
Yorkshire and the Humber	12 953	13 111	13 136	14 450	15 631	16 864	18 466	19 383	19 224
East Midlands	11 624	11 843	12 320	13 289	14 396	15 380	16 960	18 153	18 572
West Midlands	14 926	14 762	15 533	17 158	18 262	19 397	20 620	21 594	22 142
East	18 463	18 228	19 787	21 332	23 450	24 322	26 490	28 426	29 072
London	26 555	28 401	30 683	33 419	35 887	36 471	37 899	41 600	43 305
South East	27 568	28 044	29 593	32 212	34 886	36 699	39 686	42 405	45 660
South West	13 595	13 918	14 921	16 473	17 858	19 438	20 956	21 958	22 357
England	150 000	152 993	161 447	176 576	191 040	200 660	214 744	228 601	236 341
Wales	7 757	7 935	7 998	8 807	9 442	10 087	10 591	10 704	11 070
Scotland	14 950	15 336	15 729	16 910	18 805	21 200	22 228	22 724	22 189
Northern Ireland	3 350	3 441	3 793	4 278	4 783	5 290	5 724	6 111	6 100
United Kingdom less Extra-Regio	176 057	179 704	188 967	206 571	224 069	237 236	253 287	268 141	275 699
Extra-Regio[2]	8 477	7 993	7 901	8 944	10 134	11 434	14 762	13 086	8 511

[redacted]

2. The GDP for Extra-Regio comprises compensation of employees and gross operating surplus which cannot be assigned to regions.

3 Gross domestic product by industry groups, basic prices by Region 1994-97

	1994	1995	1996	1997	1994	1995	1996	1997
	North East				North West			
Agriculture, hunting, forestry and fishing	203	214	233	203	901	898	893	780
Mining and quarrying of energy producing materials	123	115	136	106	22	31	28	28
Other Mining and quarrying	86	76	91	83	87	107	111	216
Manufacturing	6 306	6 475	6 817	6 863	17 765	18 539	18 834	18 998
Electricity, gas and water supply	566	645	570	583	1 748	1 635	1 822	1 832
Construction	1 146	1 259	1 319	1 429	3 382	3 460	3 611	3 936
Wholesale and retail trade (including motor trade)	2 412	2 399	2 494	2 563	7 570	7 854	8 303	8 874
Hotels and Restaurants	537	601	696	724	1 706	1 806	2 010	2 330
Transport, storage and communication	1 497	1 538	1 559	1 599	5 436	5 503	5 723	5 957
Financial intermediation	810	758	740	751	3 465	3 034	2 952	3 030
Real estate, renting and business activities	2 838	3 066	3 265	3 552	10 021	10 628	11 432	12 675
Public administration and defence[1]	1 471	1 465	1 500	1 433	3 233	3 291	3 265	3 373
Education	1 547	1 617	1 688	1 637	3 727	3 858	4 161	4 188
Health & social work	1 963	2 102	2 121	2 213	4 485	4 859	5 164	5 276
Other services	850	931	922	1 066	2 528	2 556	2 650	3 103
FISIM[2]	- 543	- 490	- 499	- 482	- 2 474	- 2 251	- 2 184	- 2 122
Total	21 814	22 774	23 651	24 321	63 602	65 806	68 776	72 475
	Yorkshire and the Humber				East Midlands			
Agriculture, hunting, forestry and fishing	881	1 053	1 150	995	1 094	1 160	1 191	1 031
Mining and quarrying of energy producing materials	197	207	165	243	193	178	190	206
Other Mining and quarrying	135	151	235	141	187	176	247	168
Manufacturing	11 651	12 541	13 553	14 496	11 623	12 241	13 332	14 144
Electricity, gas and water supply	1 158	1 152	1 225	1 383	1 146	1 054	1 214	1 109
Construction	2 721	2 710	2 886	3 017	2 234	2 249	2 242	2 405
Wholesale and retail trade (including motor trade)	5 541	5 757	6 084	6 418	4 593	5 021	5 363	5 819
Hotels and Restaurants	1 226	1 258	1 421	1 617	907	1 019	1 189	1 314
Transport, storage and communication	3 531	3 764	3 826	4 179	2 673	2 837	2 995	3 229
Financial intermediation	2 547	2 334	2 212	2 336	1 615	1 471	1 390	1 430
Real estate, renting and business activities	6 300	6 970	7 459	8 267	5 792	6 012	6 745	7 781
Public administration and defence[1]	2 659	2 792	2 748	2 541	1 888	1 979	1 955	1 970
Education	2 837	2 885	3 073	3 174	2 109	2 271	2 417	2 739
Health & social work	3 156	3 407	3 653	3 902	2 530	2 785	2 930	2 875
Other services	1 659	1 646	1 829	2 109	1 273	1 327	1 558	1 995
FISIM[2]	- 1 831	- 1 788	- 1 668	- 1 817	- 1 054	- 994	- 934	- 925
Total	44 366	46 837	49 852	53 002	38 801	40 786	44 024	47 289
	West Midlands				East			
Agriculture, hunting, forestry and fishing	976	1 054	1 110	986	1 461	1 519	1 636	1 413
Mining and quarrying of energy producing materials	60	72	72	72	201	256	222	210
Other Mining and quarrying	88	112	111	96	32	43	67	70
Manufacturing	14 315	15 466	16 279	17 104	11 494	11 811	12 327	12 844
Electricity, gas and water supply	1 420	1 438	1 381	1 452	1 547	1 499	1 540	1 563
Construction	2 706	2 741	2 888	3 043	3 332	3 495	3 841	4 220
Wholesale and retail trade (including motor trade)	7 059	7 348	7 590	7 927	7 115	7 528	7 978	9 209
Hotels and Restaurants	1 245	1 370	1 447	1 462	1 380	1 461	1 553	1 924
Transport, storage and communication	3 168	3 511	3 698	3 853	6 203	6 344	6 410	6 811
Financial intermediation	2 387	2 410	2 398	2 429	5 889	5 673	5 819	6 654
Real estate, renting and business activities	8 383	8 649	9 188	9 916	10 900	11 822	13 048	14 908
Public administration and defence[1]	2 386	2 424	2 413	2 412	3 386	3 333	3 320	3 422
Education	2 763	2 854	3 030	3 208	3 045	3 179	3 344	3 651
Health & social work	3 266	3 382	3 368	3 464	3 355	3 516	3 813	3 976
Other services	1 610	1 672	1 878	2 274	2 340	2 659	3 108	3 448
FISIM[2]	- 1 696	- 1 724	- 1 717	- 1 645	- 2 090	- 1 988	- 1 834	- 2 093
Total	50 137	52 781	55 134	58 053	59 589	62 151	66 191	72 229
	South East				London			
Agriculture, hunting, forestry and fishing	1 048	1 128	1 144	996	40	40	46	44
Mining and quarrying of energy producing materials	214	230	177	121	194	209	162	126
Other Mining and quarrying	98	113	152	152	40	45	64	77
Manufacturing	14 696	15 916	16 694	17 391	11 594	11 951	12 115	12 490
Electricity, gas and water supply	1 995	1 848	1 834	1 982	1 762	1 655	1 623	1 603
Construction	4 508	4 871	5 381	5 698	3 425	3 670	4 074	4 556
Wholesale and retail trade (including motor trade)	10 640	11 106	12 001	12 923	10 881	11 494	12 455	13 945
Hotels and Restaurants	2 361	2 558	2 911	3 160	3 321	3 565	3 983	4 402
Transport, storage and communication	9 164	9 623	10 365	10 948	9 743	9 657	9 816	10 995
Financial intermediation	7 207	6 810	7 128	7 147	13 398	12 446	12 569	12 654
Real estate, renting and business activities	20 278	21 676	23 661	26 926	24 762	26 214	28 244	31 530
Public administration and defence[1]	6 531	6 119	6 164	6 152	5 257	5 306	5 201	5 070
Education	4 136	4 328	4 720	5 340	4 512	4 618	4 915	5 398
Health & social work	5 419	5 685	6 428	6 577	4 890	5 096	5 679	6 093
Other services	3 960	4 333	4 989	5 518	5 644	6 240	7 190	7 868
FISIM[2]	- 3 428	- 3 261	- 3 433	- 3 431	- 7 828	- 7 807	- 8 234	- 8 206
Total	88 827	93 082	100 317	107 630	91 635	94 399	99 903	108 645

See footnote on next page

3 Gross domestic product by industry groups, basic prices by Region 1994-97

	1994	1995	1996	1997	1994	1995	1996	1997
	South West				England			
Agriculture, hunting, forestry and fishing	1 518	1 765	1 740	1 554	8 122	8 830	9 143	8 002
Mining and quarrying of energy producing materials	40	44	30	18	1 245	1 341	1 181	1 129
Other Mining and quarrying	233	281	251	275	986	1 104	1 328	1 308
Manufacturing	8 866	9 435	10 264	10 609	108 309	114 377	120 215	124 938
Electricity, gas and water supply	1 782	1 634	1 716	1 844	13 125	12 561	12 925	13 351
Construction	2 482	2 685	2 623	2 789	25 936	27 139	28 866	31 092
Wholesale and retail trade (including motor trade)	5 646	5 915	6 118	6 834	61 459	64 423	68 385	74 512
Hotels and Restaurants	1 448	1 586	1 793	2 012	14 130	15 224	17 005	18 945
Transport, storage and communication	2 763	2 984	3 127	3 491	44 179	45 760	47 519	51 062
Financial intermediation	3 321	3 163	3 017	2 862	40 639	38 100	38 226	39 293
Real estate, renting and business activities	7 732	8 362	9 044	9 884	97 005	103 397	112 086	125 439
Public administration and defence[1]	3 955	4 133	4 334	4 491	30 766	30 842	30 901	30 864
Education	2 279	2 318	2 498	2 775	26 955	27 929	29 846	32 111
Health & social work	3 096	3 280	3 436	3 520	32 159	34 112	36 591	37 895
Other services	1 641	1 960	2 305	2 487	21 505	23 324	26 429	29 867
FISIM[2]	- 2 277	- 2 169	- 2 131	- 1 991	- 23 220	- 22 471	- 22 634	- 22 711
Total	44 527	47 373	50 164	53 453	503 299	525 991	558 013	597 096
	Wales				Scotland			
Agriculture, hunting, forestry and fishing	543	458	538	509	1 479	1 632	1 474	1 342
Mining and quarrying of energy producing materials	87	108	114	70	1 117	1 121	1 165	1 186
Other Mining and quarrying	97	131	99	99	97	115	129	131
Manufacturing	6 623	7 356	7 719	7 790	10 646	12 239	12 539	12 780
Electricity, gas and water supply	790	842	807	620	1 619	1 757	1 952	1 820
Construction	1 366	1 400	1 446	1 518	3 292	3 577	3 383	3 354
Wholesale and retail trade (including motor trade)	2 495	2 524	2 605	2 919	5 770	5 590	6 001	6 494
Hotels and Restaurants	740	808	867	971	1 823	1 999	2 193	2 211
Transport, storage and communication	1 596	1 637	1 586	1 699	4 212	4 131	4 095	4 274
Financial intermediation	983	985	960	1 009	3 182	3 049	2 987	2 984
Real estate, renting and business activities	3 413	3 640	3 682	4 063	7 405	7 946	8 454	9 062
Public administration and defence[1]	1 733	1 813	1 896	1 775	3 760	3 866	3 875	3 841
Education	1 588	1 614	1 638	1 712	3 298	3 604	3 837	3 766
Health & social work	2 010	2 146	2 196	2 444	3 962	4 346	4 539	4 621
Other services	997	1 030	1 166	1 339	2 212	2 325	2 302	2 698
FISIM[2]	- 657	- 632	- 634	- 626	- 2 185	- 2 049	- 1 934	- 1 986
Total	24 405	25 860	26 886	27 912	51 710	55 249	58 991	59 578
	Northern Ireland				United Kingdom excluding Extra-Regio			
Agriculture, hunting, forestry and fishing	634	794	809	742	10 777	11 714	11 963	10 595
Mining and quarrying of energy producing materials	10	11	9	9	2 459	2 581	2 470	2 394
Other Mining and quarrying	70	86	65	71	1 250	1 437	1 621	1 609
Manufacturing	2 624	2 776	3 011	3 110	128 202	136 747	143 485	148 619
Electricity, gas and water supply	398	402	435	440	15 932	15 562	16 120	16 230
Construction	753	833	868	963	31 347	32 948	34 563	36 927
Wholesale and retail trade (including motor trade)	1 477	1 611	1 707	1 940	71 201	74 148	78 698	85 865
Hotels and Restaurants	330	377	406	457	17 023	18 409	20 471	22 585
Transport, storage and communication	721	769	795	882	50 708	52 297	53 994	57 916
Financial intermediation	617	592	558	566	45 421	42 726	42 730	43 852
Real estate, renting and business activities	1 253	1 361	1 495	1 746	109 077	116 343	125 717	140 311
Public administration and defence[1]	1 685	1 666	1 612	1 620	37 945	38 186	38 284	38 101
Education	946	1 046	1 090	1 229	32 788	34 194	36 611	38 818
Health & social work	1 274	1 333	1 354	1 384	39 405	41 937	44 681	46 344
Other services	534	550	568	663	25 248	27 229	30 466	34 567
FISIM[2]	- 367	- 348	- 355	- 355	- 26 410	- 25 499	- 25 557	- 25 678
Total	12 959	13 858	14 427	15 468	592 374	620 958	656 316	699 055

1. Public administration, national defence and compulsory social security.
2. Financial Intermediation Services Indirectly Measured.

4 Individual consumption expenditure by region 1995-98

	1995	1996	1997	1998[1]
Individual consumption expenditure				*£ million*
United Kingdom	454,171	485,417	517,031	545,123
North East	17,917	19,122	20,122	20,416
North West	50,632	53,815	57,485	60,101
Yorkshire and the Humber	36,602	39,033	41,170	43,872
East Midlands	31,182	32,854	34,783	35,983
West Midlands	39,223	40,965	43,300	45,357
East	42,467	45,955	48,614	53,335
London	63,599	67,120	72,884	78,427
South East	66,911	72,297	77,599	82,638
South West	35,727	39,020	41,745	43,055
England	384,261	410,181	437,702	463,183
Wales	20,394	22,519	23,496	23,469
Scotland	38,434	40,856	43,445	45,634
Northern Ireland	11,082	11,860	12,388	12,837
Per head				*£*
United Kingdom	7,750	8,255	8,762	9,202
North East	6,860	7,335	7,734	7,862
North West	7,324	7,792	8,331	8,710
Yorkshire and the Humber	7,268	7,744	8,161	8,689
East Midlands	7,568	7,937	8,369	8,628
West Midlands	7,387	7,700	8,127	8,499
East	8,090	8,698	9,134	9,940
London	9,087	9,518	10,250	10,941
South East	8,546	9,170	9,772	10,335
South West	7,411	8,059	8,577	8,791
England	7,860	8,358	8,884	9,361
Wales	6,985	7,703	8,022	7,995
Scotland	7,470	7,955	8,467	8,896
Northern Ireland	6,709	7,119	7,384	7,588

	1995	1996	1997	1998[1]
Regional shares of the UK				*percentages UK=100*
United Kingdom	*100.0*	*100.0*	*100.0*	*100.0*
North East	*3.9*	*3.9*	*3.9*	*3.7*
North West	*11.1*	*11.1*	*11.1*	*11.0*
Yorkshire and Humber	*8.1*	*8.0*	*8.0*	*8.0*
East Midlands	*6.9*	*6.8*	*6.7*	*6.6*
West Midlands	*8.6*	*8.4*	*8.4*	*8.3*
East	*9.4*	*9.5*	*9.4*	*9.8*
London	*14.0*	*13.8*	*14.1*	*14.4*
South East	*14.7*	*14.9*	*15.0*	*15.2*
South West	*7.9*	*8.0*	*8.1*	*7.9*
England	*84.6*	*84.5*	*84.7*	*85.0*
Wales	*4.5*	*4.6*	*4.5*	*4.3*
Scotland	*8.5*	*8.4*	*8.4*	*8.4*
Northern Ireland	*2.4*	*2.4*	*2.4*	*2.4*
Per head, indices				*UK = 100*
United Kingdom	*100.0*	*100.0*	*100.0*	*100.0*
North East	*88.5*	*88.9*	*88.3*	*85.4*
North West	*94.5*	*94.4*	*95.1*	*94.6*
Yorkshire and Humber	*93.8*	*93.8*	*93.1*	*94.4*
East Midlands	*97.7*	*96.1*	*95.5*	*93.8*
West Midlands	*95.3*	*93.3*	*92.8*	*92.4*
East	*104.4*	*105.4*	*104.2*	*108.0*
London	*117.3*	*115.3*	*117.0*	*118.9*
South East	*110.3*	*111.1*	*111.5*	*112.3*
South West	*95.6*	*97.6*	*97.9*	*95.5*
England	*101.4*	*101.2*	*101.4*	*101.7*
Wales	*90.1*	*93.3*	*91.6*	*86.9*
Scotland	*96.4*	*96.4*	*96.6*	*96.7*
Northern Ireland	*86.6*	*86.2*	*84.3*	*82.5*

1. Provisional.

5 Individual consumption expenditure by broad function by region 1995-98

£ million

	Food, drink and tobacco	Clothing and footwear	Housing and fuel	Household goods and services	Vehicles, transport and communications	Recreation	Other goods and services	Consumption expenditure in the UK [1]	Total Consumption expenditure [2]
1995									
United Kingdom	86,730	29,140	83,473	25,767	71,316	45,236	96,247	437,909	454,171
North East	3,876	1,174	3,025	959	2,672	1,814	3,345	16,866	17,917
North West	10,407	3,220	9,066	2,929	7,890	4,905	9,913	48,330	50,632
Yorkshire and the Humber	7,330	2,273	6,170	2,249	5,072	3,477	8,050	34,620	36,602
East Midlands	5,975	1,949	5,516	1,778	4,655	3,445	6,363	29,681	31,182
West Midlands	7,661	2,222	7190	2,129	6,656	3,884	7,520	37,261	39,223
East	7,417	2,539	7,936	2,503	7,657	4,320	8,446	40,817	42,467
London	10,938	4,916	13,089	3,528	10,518	6,134	15,674	64,797	63,599
South East	11,860	3,991	12,527	3,817	10,082	6,795	15,121	64,193	66,911
South West	6,673	2,221	7,139	1,926	5,284	3,504	7,657	34,404	35,727
England	72,136	24,506	71,659	21,819	60,484	38,278	82,087	370,970	384,261
Wales	4,064	1,164	3,920	1,150	3,032	2,024	4,004	19,358	20,394
Scotland	8,159	2,584	6,396	2,078	6,045	3,896	7,969	37,126	38,434
Northern Ireland	2,371	887	1,498	720	1,754	1,039	2,188	10,456	11,082
1996									
United Kingdom	92,131	30,370	87,440	28,032	76,283	48,247	104,895	467,399	485,417
North East	4,007	1,198	3,359	1,024	2,833	1,996	3,557	17,973	19,122
North West	11,080	3,487	9,262	3,048	8,335	5,465	10,729	51,407	53,815
Yorkshire and the Humber	7,701	2,354	6,527	2,360	5,502	3,737	8,635	36,817	39,033
East Midlands	6,279	1,988	5,666	1,987	4,878	3,467	6,981	31,245	32,854
West Midlands	7,966	2,333	7,221	2,412	6,836	4,016	8,044	38,828	40,965
East	7,931	2,773	8,449	2,685	8,128	4,803	9,297	44,066	45,955
London	11,429	5,018	13,394	3,897	11,463	6,197	16,628	68,026	67,120
South East	12,671	4,166	13,308	4,078	10,800	7,457	16,824	69,303	72,297
South West	7,290	2,307	7,635	2,165	5,758	3,779	8,714	37,647	39,020
England	76,353	25,624	74,821	23,655	64,535	40,917	89,408	395,312	410,181
Wales	4,426	1,231	4,241	1,405	3,338	2,192	4,620	21,454	22,519
Scotland	8,789	2,591	6,698	2,233	6,539	4,077	8,518	39,444	40,856
Northern Ireland	2,563	924	1,681	739	1,871	1,060	2,349	11,189	11,860
1997									
United Kingdom	94,046	31,978	91,855	30,881	83,965	53,334	111,302	497,361	517,031
North East	4,032	1,283	3,472	1,214	3,157	2,083	3,643	18,883	20,122
North West	11,254	3,721	10,007	3,346	9,037	6,142	11,525	55,031	57,485
Yorkshire and the Humber	7,842	2,536	6,691	2,614	6,164	4,329	8,710	38,885	41,170
East Midlands	6,445	1,971	6,139	2,301	5,272	3,768	7,153	33,049	34,783
West Midlands	7,922	2,468	7,555	2,749	7,182	4,473	8,670	41,019	43,300
East	8,110	2,909	8,446	2,871	9,071	5,161	10,093	46,661	48,614
London	12,020	5,343	13,967	4,255	12,982	6,836	18,040	73,443	72,884
South East	12,812	4,425	13,846	4,532	12,192	8,267	18,152	74,226	77,599
South West	7,502	2,293	8,257	2,344	6,233	4,286	9,380	40,294	41,745
England	77,938	26,949	78,379	26,225	71,290	45,344	95,366	421,491	437,702
Wales	4,457	1,327	4,411	1,518	3,561	2,294	4,814	22,383	23,496
Scotland	8,999	2,740	7,348	2,366	7,098	4,575	8,734	41,859	43,445
Northern Ireland	2,651	962	1,717	772	2,016	1,121	2,388	11,627	12,388
1998[3]									
United Kingdom	95,690	32,479	94,341	31,999	89,640	58,485	120,735	523,368	545,123
North East	4,034	1,379	3,390	1,342	3,338	2,128	3,863	19,474	20,416
North West	11,249	3,533	9,652	3,448	9,351	6,632	12,399	56,264	60,101
Yorkshire and the Humber	8,083	2,654	6,917	2,784	6,453	5,007	9,355	41,252	43,872
East Midlands	6,476	1,894	6,089	2,452	5,539	4,061	7,316	33,826	35,983
West Midlands	7,996	2,512	7,662	2,862	7,600	4,913	9,468	43,012	45,357
East	8,380	2,930	9,533	3,077	9,996	5,514	11,484	50,914	53,335
London	12,525	5,698	14,215	4,366	14,265	7,912	20,261	79,340	78,427
South East	12,988	4,397	15,357	4,827	13,514	8,864	19,738	79,685	82,638
South West	7,590	2,169	8,290	2,226	6,551	4,721	10,053	41,600	43,055
England	79,420	27,164	81,105	27,383	76,606	49,752	103,938	445,368	463,183
Wales	4,438	1,430	4,052	1,385	3,580	2,375	4,917	22,177	23,469
Scotland	9,141	2,941	7,371	2,414	7,288	5,184	9,386	43,726	45,634
Northern Ireland	2691	944	1,812	817	2166	1,173	2,494	12,097	12,837

1. Expenditure by UK households and foreign residents in the UK.
2. Expenditure by UK consumers, including non-profit institutions serving households and UK households abroad but excluding expenditure in the UK by foreign residents in the UK.
3. Provisional

6 Gross domestic product (workplace) at basic prices by Region 1990-98

	1990	1991	1992	1993	1994	1995	1996	1997[1]	1998[1]
Total GDP									£ million
United Kingdom	499 742	521 547	543 904	571 838	604 163	634 067	672 570	713 615	747 544
North East	18 245	19 266	20 191	21 227	21 814	22 774	23 651	24 321	25 496
North West	53 389	55 657	57 517	60 265	63 602	65 806	68 776	72 475	75 834
Yorkshire and the Humber	37 383	39 271	40 302	42 393	44 366	46 837	49 852	53 002	55 232
East Midlands	32 500	33 919	35 120	36 860	38 801	40 786	44 024	47 289	49 260
West Midlands	41 789	43 216	45 236	47 491	50 137	52 781	55 134	58 053	60 927
East	44 266	45 278	47 813	49 881	53 397	55 723	59 777	64 612	68 290
London	85 417	89 447	93 652	98 239	103 536	107 315	112 447	121 937	130 265
South East	67 554	70 486	73 918	78 528	83 119	86 594	94 187	101 955	110 373
South West	36 600	38 167	40 143	42 302	44 527	47 373	50 164	53 453	56 068
England	417 143	434 706	453 893	477 185	503 299	525 991	558 013	597 096	631 746
Wales	20 353	21 518	22 154	23 195	24 405	25 860	26 886	27 912	29 027
Scotland	42 294	44 864	46 805	48 811	51 710	55 249	56 991	58 578	61 052
Northern Ireland	9 770	10 631	11 336	12 127	12 959	13 858	14 427	15 468	15 966
United Kingdom less Extra-Regio[2] & statistical discrepancy	489 560	511 719	534 189	561 318	592 374	620 958	656 316	699 055	737 792
Extra-Regio[2]	10 182	9 829	9 715	10 520	11 789	13 109	16 254	14 560	9 816
Statistical discrepancy (income adjustment)	-	-	-	-	-	-	-	-	-64
GDP per head									£
United Kingdom	8 682	9 022	9 377	9 827	10 346	10 819	11 438	12 093	12 620
United Kingdom less Extra-Regio	8 505	8 852	9 209	9 646	10 144	10 595	11 162	11 847	12 455
North East	7 023	7 394	7 737	8 120	8 342	8 719	9 072	9 348	9 819
North West	7 775	8 078	8 338	8 727	9 200	9 519	9 958	10 504	10 990
Yorkshire and the Humber	7 533	7 882	8 060	8 453	8 825	9 301	9 890	10 506	10 939
East Midlands	8 097	8 411	8 661	9 039	9 466	9 899	10 635	11 378	11 812
West Midlands	7 960	8 203	8 568	8 976	9 459	9 940	10 363	10 896	11 417
East	8 658	8 806	9 247	9 608	10 236	10 615	11 314	12 139	12 728
London	12 465	12 992	13 558	14 179	14 874	15 332	15 945	17 149	18 173
South East	8 840	9 183	9 591	10 152	10 694	11 061	11 947	12 840	13 804
South West	7 798	8 094	8 470	8 880	9 295	9 827	10 360	10 983	11 448
England	8 725	9 058	9 418	9 866	10 372	10 802	11 371	12 119	12 768
Wales	7 072	7 445	7 641	7 980	8 374	8 856	9 196	9 530	9 888
Scotland	8 289	8 767	9 143	9 520	10 060	10 738	11 096	11 416	11 902
Northern Ireland	6 147	6 626	6 994	7 421	7 880	8 390	8 660	9 220	9 438
GDP per head, UK less Extra-Regio=100									*Index (UK=100)*
United Kingdom	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*
North East	*82.6*	*83.5*	*84.0*	*84.2*	*82.2*	*82.3*	*81.3*	*78.9*	*78.8*
North West	*91.4*	*91.3*	*90.5*	*90.5*	*90.7*	*89.8*	*89.2*	*88.7*	*88.2*
Yorkshire and the Humber	*88.6*	*89.0*	*87.5*	*87.6*	*87.0*	*87.8*	*88.6*	*88.7*	*87.8*
East Midlands	*95.2*	*95.0*	*94.1*	*93.7*	*93.3*	*93.4*	*95.3*	*96.0*	*94.8*
West Midlands	*93.6*	*92.7*	*93.0*	*93.1*	*93.2*	*93.8*	*92.8*	*92.0*	*91.7*
East	*101.8*	*99.5*	*100.4*	*99.6*	*100.9*	*100.2*	*101.4*	*102.5*	*102.2*
London	*146.6*	*146.8*	*147.2*	*147.0*	*146.6*	*144.7*	*142.9*	*144.8*	*145.9*
South East	*103.9*	*103.7*	*104.1*	*105.2*	*105.4*	*104.4*	*107.0*	*108.4*	*110.8*
South West	*91.7*	*91.4*	*92.0*	*92.1*	*91.6*	*92.7*	*92.8*	*92.7*	*91.9*
England	*102.6*	*102.3*	*102.3*	*102.3*	*102.2*	*101.9*	*101.9*	*102.3*	*102.5*
Wales	*83.2*	*84.1*	*83.0*	*82.7*	*82.6*	*83.6*	*82.4*	*80.4*	*79.4*
Scotland	*97.5*	*99.0*	*99.3*	*98.7*	*99.2*	*101.3*	*99.4*	*96.4*	*95.6*
Northern Ireland	*72.3*	*74.8*	*75.9*	*76.9*	*77.7*	*79.2*	*77.6*	*77.8*	*75.8*

1. Provisional
2. The GDP for Extra-Regio comprises compensation of employees and gross operating surplus which cannot be assigned to regions.