

# **Economic Trends**

**Managing Editor: Adèle Rowe  
Editor: Paul Dickman**

# Contents

	Page
Introduction, symbols and definitions used .....	iv
Articles previously published in <i>Economic Trends</i> .....	v
UK macro-economic statistics publications .....	vi
<b>Articles</b>	
In brief .....	1
Economic update .....	2
Forecast for the UK economy .....	7
International economic indicators .....	8
Regional economic indicators .....	21
Final expenditure prices index (experimental) .....	33
Recent developments in the measurement of general government output .....	41
Cross-border electronic commerce and international trade statistics .....	45
<b>Tables</b>	
<b>1. Summary</b>	
1.1 Selected monthly indicators .....	T1
<b>2. UK Economic Accounts</b>	
2.1 National accounts aggregates .....	T2
2.2 Gross domestic product: by category of expenditure .....	T4
2.3 Gross domestic product and shares of income and expenditure .....	T6
2.4 Income, product and spending per head .....	T6
2.5 Households' disposable income and consumption .....	T8
2.6 Households' final consumption expenditure at constant 1995 prices .....	T8
2.7 Gross fixed capital formation .....	T10
2.8 Gross value added at constant 1995 basic prices by category of output .....	T12
2.9 Index numbers of gross value added at basic prices: service industries .....	T14
2.10 Summary capital accounts and net lending/net borrowing .....	T16
2.11 Private non-financial corporations: allocation of primary income account .....	T18
2.12 Private non-financial corporations: secondary distribution of income account and capital account .....	T20
2.13 Balance of payments: current account .....	T22
2.14 Trade in goods (on a balance of payments basis) .....	T24
2.15 Measures of UK competitiveness in trade in manufactures .....	T26
<b>3. Prices</b>	
3.1 Prices .....	T28
<b>4. Labour market</b>	
4.1 Labour market activity: seasonally adjusted .....	T30
4.2 Labour market activity: not seasonally adjusted .....	T32
4.3 Labour market activity by age: seasonally adjusted .....	T36
4.4 Jobs and claimant count .....	T38
4.5 Regional claimant count .....	T40
4.5A International Labour Organisation unemployment rates .....	T42
4.6 Average earnings .....	T44
4.7 Productivity and unit wage costs .....	T46
<b>5. Selected output and demand indicators</b>	
5.1 Output of production industries .....	T48
5.2 Engineering and Construction: output and orders .....	T50
5.3 Motor vehicle production and steel production and consumption .....	T52
5.4 Indicators of fixed investment in dwellings .....	T54
5.5 Number of property transactions .....	T56
5.6 Change in inventories at constant 1995 prices .....	T58
5.7 Inventory ratios .....	T58
5.8 Retail sales, new registrations of cars and credit business (Great Britain) .....	T60
5.9 Inland energy consumption .....	T62
<b>6. Selected financial statistics</b>	
6.1 Sterling exchange rates and UK international reserves .....	T64
6.2 Monetary aggregates .....	T66
6.3 Counterparts to changes in money stock M4 .....	T68
6.4 General government receipts and expenditure .....	T70
6.5 Public sector key fiscal indicators .....	T70
6.6 Consumer credit and other personal sector borrowing .....	T72
6.7 Analysis of bank lending to UK residents amounts outstanding .....	T74
6.8 Interest rates, security prices and yields .....	T76
6.9 A selection of asset prices .....	T78
Measures of variability of selected economic series .....	T79
Index of sources .....	T80

## In Brief

### Articles

This month we feature two articles.

Timi Ashaye of ONS outlines recent developments in the measurement of general government output. Earlier articles have discussed the problems of defining and measuring the non-market output of General Government. This article describes more of the continuing work on the development of new non-market output measures. It describes additional new measures for fire service, local authority personal social services and probation that were incorporated into the calculation of constant price General Government Final Expenditure (GGFE) and government output with effect from the 2001 *Blue Book*.

David Ruffles of ONS describes some issues regarding international trade statistics in the light of growing cross-border electronic commerce. The article focuses on the way goods and services are delivered to customers and considers the implications for UK international trade statistics, both in terms of how such transactions might be presented in the statistics, but also how the data might be collected. It draws on papers presented at the Organisation for Economic Co-operation and Development (OECD) Trade Statistics Meetings in December 2000.

### Changes

Table 2.6: Household final consumption expenditure at constant 1995 prices

This table has been revamped to reflect the ESA95 Classification of Individual Consumption by Purpose (COICOP).

Table 5.3: Motor Vehicle production

Seasonally adjusted data based on the seasonal patterns of production from January 1999, are now included and affect the series from January 1999 only. Earlier data are based on previous production patterns.

### Recent economic publications

#### Annual

*United Kingdom Balance of Payments 2001* (the Pink Book). The Stationery Office, ISBN 0 11 621469 4. Price £39.50.

*United Kingdom Input-Output Analyses 2001*. The Stationery Office, ISBN 0 11 621476 7. Price £39.50.

*United Kingdom National Accounts 2001* (the Blue Book). The Stationery Office, ISBN 0 11 621470 8. Price £39.50.

#### Quarterly

*Consumer Trends*: 2001 quarter 2. Available for downloading from the National Statistics website [www.statistics.gov.uk/products/p242.asp](http://www.statistics.gov.uk/products/p242.asp)

*UK Economic Accounts*: 2001 quarter 2. The Stationery Office, ISBN 0 11 621402 3. Price £26.

*UK Trade in Goods analysed in terms of industries* (MQ10): 2001 quarter 2. Available for downloading from the National Statistics website [www.statistics.gov.uk/products/p731.asp](http://www.statistics.gov.uk/products/p731.asp)

#### Monthly

*Financial Statistics*: September 2001. The Stationery Office, ISBN 0 11 621309 4. Price £23.50.

*Focus on Consumer Price Indices*: August 2001. Available for downloading from the National Statistics website [www.statistics.gov.uk/products/p867.asp](http://www.statistics.gov.uk/products/p867.asp)

*Monthly Review of External Trade Statistics* (MM24): August 2001. Available for downloading from the National Statistics website [www.statistics.gov.uk/products/p613.asp](http://www.statistics.gov.uk/products/p613.asp)

The Stationery Office publications are available by telephoning 0870 600 5522, fax 0870 600 5533, e-mail [bookorders@theso.co.uk](mailto:bookorders@theso.co.uk) or online at [www.clicktso.com](http://www.clicktso.com)

# Economic Update - November 2001

Geoff Tily, Macroeconomic Assessment - Office for National Statistics

Address: D4/20, 1 Drummond Gate, London, SW1V 2QQ, tel: 020 7533 5919, E-mail: geoff.tily@ONS.gov.uk

## Overview

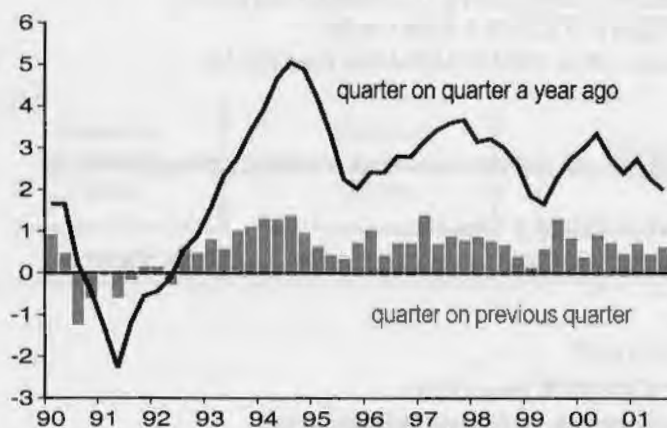
As concerns about the world economy continue, UK GDP data has been fairly subdued throughout 2001, with significant effects across a number of indicators from the global slump in ICT industries. This slump and weakening in other industries as well has led to a "recession" in the manufacturing sector dominating the slower growth. On the other hand service sector growth has remained robust in 2001, with only modest signs of weakening in quarter three. Household and business demand is diverging. Household demand grew robustly in the second quarter and indicators look strong into the third, although confidence has fallen. In contrast investment data shows that business demand has weakened in 2001. This comes against a background of falling measured profits and concerns about the indebtedness of the sector. Trade is deteriorating at a fast rate, with both exports and imports declining sharply in the second quarter and monthly data showing continuing falls. Labour market figures now show some deterioration, with Labour Force Survey data showing the employment rate falling and unemployment rate rising. Prices figures show inflation low. Earnings inflation slowed into the latest months and consumer price inflation fell back below the target. Producer prices show falling prices at the factory gate.

## GDP activity

The preliminary estimate of third quarter 2001 GDP showed quarterly growth of 0.6 per cent, up on 0.4 per cent in quarter two. Growth comparing the third quarter of 2001 with the same quarter a year ago was 2.0 per cent, down on 2.5 in the first quarter. This is the fourth consecutive more subdued quarter with weakness driven by a manufacturing sector now in recession on the output side, falling trade and investment on the expenditure side and weak profits on the income side.

### Chart 1

GDP growth  
percentage change



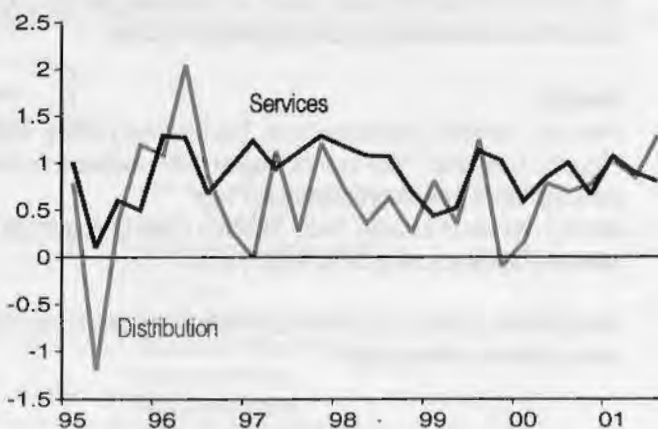
This slowdown in the UK comes alongside a period of substantial concern over the condition of the global economy and now the repercussions of the terrorist destruction of the world trade centre. GDP growth in the United States has slowed to close to zero, the Japanese economy is now in decline and EU economies have also slowed significantly. From the corporate perspective, increasing numbers of companies have announced profit warnings and redundancies, credit agencies have reported higher

level of debt default, spreads between corporate and government debt are at high levels and stock markets have seen large falls in value all over the world. The terrorist attack on 11 September has exacerbated a number of these trends, although falls in stock markets triggered by the attack have now rebounded.

UK economic activity remains dominated by robust growth in the service sector, where quarterly growth in the third quarter was provisionally estimated at 0.8 per cent, only marginally down from 0.9 per cent in quarter two (chart 2). Growth comparing with the same quarter a year ago is 3.5 per cent. Growth here in the third quarter was aided by very strong growth, of 1.3 per cent on the quarter, in the "distribution hotels and catering; repairs" series. This was in turn driven by strong retail demand and strong sales of motor vehicles. On the other hand, National Statistics (NS) did report a degree of weakening in the other sectors of the service sector due primarily to computer services and transport.

### Chart 2

Services & distribution  
Percentage change, quarter on previous quarter



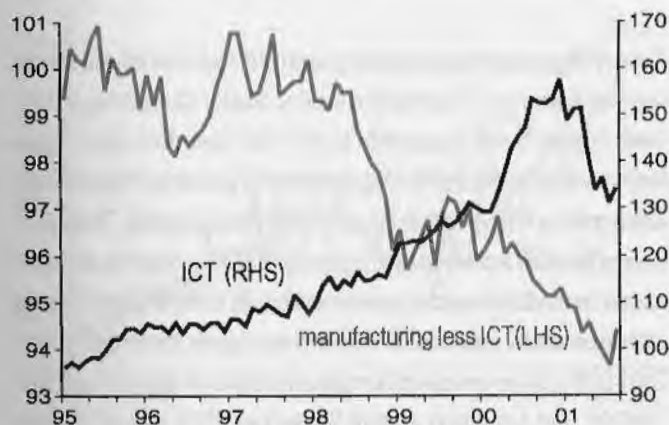
With services still robust, weakness has been dominated by a sharp decline in manufacturing output, and in turn by the sharp reversal of



fortune in the information and communications technologies sectors. In the second quarter the decline in the manufacturing sector constituted the largest quarterly decline since the recession of 1991. For quarter three however, while NS do not publish the estimate of manufacturing output, the rate of decline has decelerated. This follows from the July and August index of manufacturing figures, which show a fall in output in July followed by a substantial rebound in August. Chart 3 shows how a rise seen in both non-ICT and the ICT sectors, but with the increase really dominated by a sharp increase in the production of motor vehicles. It is of course unclear whether the overall rise in the IOM represents a more general recovery to the sector, or just a one-off.

**Chart 3**

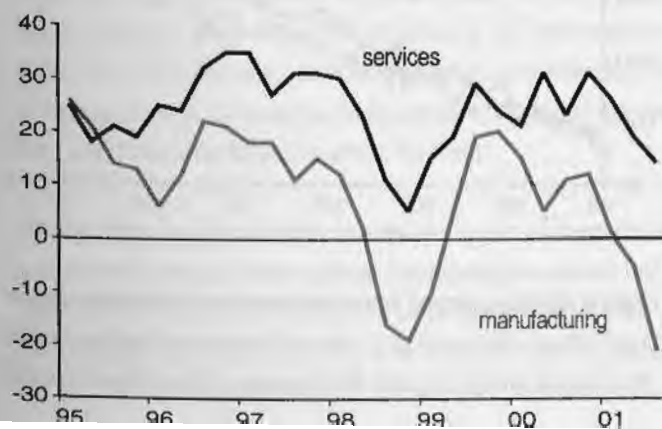
Index of manufacturing  
indices 1995=100



In both the manufacturing and services sectors, external sources of information are in general less optimistic in the third quarter than the second. Chart 4 shows the British Chambers of Commerce data for both sectors. Monthly indicators also suggest ongoing weakness, although in general, as with the BCC data, measures continue to show more optimism than at the weakest point in 1998.

**Chart 4**

BCC manufacturing & Service orders  
balances



Overall the manufacturing measures seem fairly consistent with the official series, but external services measures suggest more weakness than official measures.

## Domestic demand

In the first half of 2001 household demand growth was robust, and this appears to have continued into the third quarter. National Accounts figures for the second quarter now show household demand increasing by 1.3 per cent from the first quarter, following growth of 1.0 per cent into the first quarter. Retail sales figures which extend into the third quarter show quarterly growth of 1.5 per cent, down a touch from 1.7 per cent in the second quarter, but still showing strong growth.

**Chart 5**

Household demand growth  
quarter on previous quarter

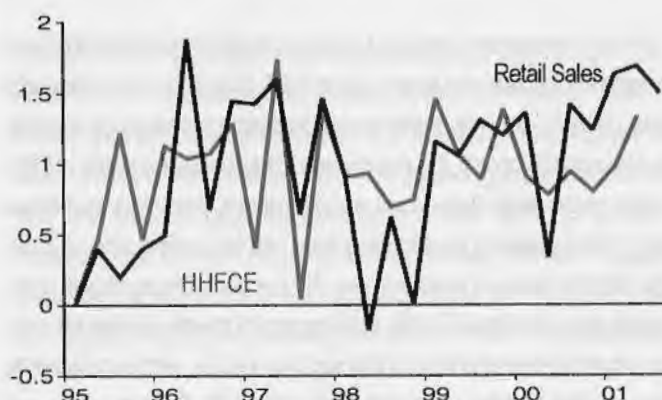


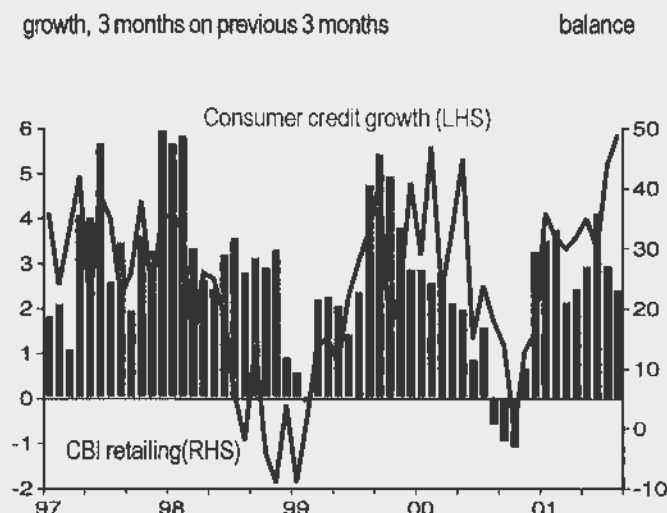
Chart 5 shows other indicators suggesting household demand held up in the third quarter. Gross consumer credit growth grew by 1.9 per cent in the third quarter, down somewhat on the very vigorous growth into the second quarter, but still strong; and the September CBI retailing survey recording the highest reported volume of sales since 1996. The only weak indicator in this sector has been some fairly sharp falls in consumer confidence: both the MORI and GfK measures had fallen over the past few months, with the MORI measure in particular falling sharply in the survey measured after 11 September.

More generally, the medium term strength of consumer demand relative to disposable income has led to a shift in the saving ratio over the past four years. Since the first quarter of 1998 the average of the saving ratio has been 5.1 per cent, between the start of the decade and the first quarter of 1998, the saving ratio averaged 9.8 per cent. Data for the first quarter of 2001 showed a ratio of 4.9 per cent closely in line with this average. The Bank of England have also recently emphasised how the stock of household debt through bank lending (M4 lending) is at an unprecedented

rate (in comparison to gross disposable income), and have questioned whether households have hence become too indebted.

### Chart 6

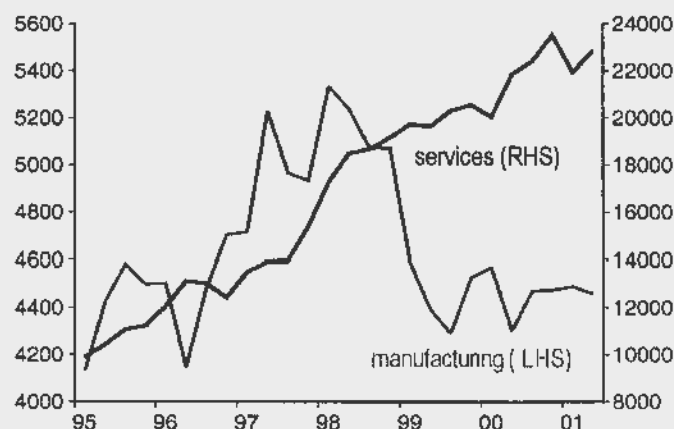
CBI retailing & gross consumer credit



Turning to investment demand, National Accounts shows that business investment has stalled quite abruptly in 2001. Quarter one data showed a sharp fall of 5.1 per cent, and while data for quarter two showed a quarterly increase of 2.5 per cent, this was strongly influenced by the import of £800 million of civil and military aircraft, excluding these, investment would have been flat. Comparing the second quarter with the same quarter of 2000, growth in business investment was 4.0 per cent. Dis-aggregating the headline figures shows that the main reason for the recent slowdown is a slowdown in investment by service sector industries, with manufacturing having been subdued for much longer (chart 7). By commodity, and echoing the deterioration on the output side, the main source of this slowdown has been sharp falls in investment in other machinery and equipment, which declined by 3.8 per cent and 2.9 per cent in the first and second quarters respectively.

### Chart 7

Manufacturing & services investment  
£ million



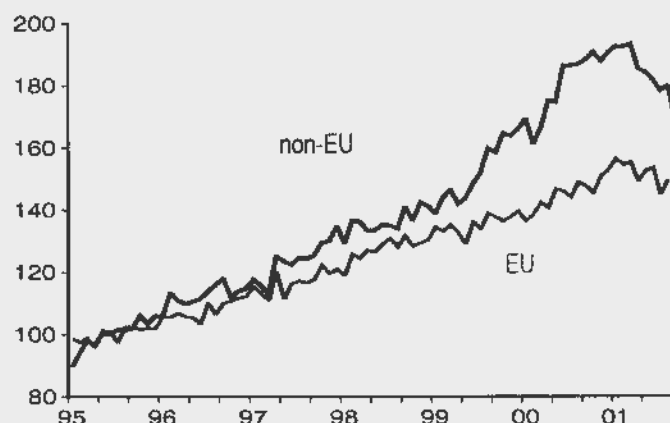
Looking ahead, external indices point to further weakness, for example BCC manufacturing and services investment intentions weakening further into the third quarter, and CBI manufacturing figures showed likewise.

The weakening investment comes as profits of private non-financial corporations have fallen for three consecutive quarters and currently stand below the figure for the second quarter of 1999. In the year to the second quarter of 2001 these profits have fallen by 2.5 per cent, the strongest annual decline since 1992. This deterioration in profits combined with a rise in net property income payments and the ongoing if more limited growth in investment, has returned the sector to net borrowing from other sectors of the economy (£3.2 billion in the second quarter of 2001). More generally there has been an increased focus on the level of indebtedness of the corporate sector, which has showed increasing net financial liabilities throughout the 1990s.

Government demand saw quarterly growth of 0.7 per cent into the second quarter, down from 1.0 per cent in the first quarter. Comparing with the same quarter a year ago growth was 1.8 per cent. This output figure remains considerably weaker than current price government expenditure, which grew by 6.8 per cent in the year to the second quarter. The figures diverge because increased cash expenditure at the moment is unlikely to have an immediate impact on government output. Reflecting the increased cash expenditure, public sector net borrowing figures shows that so far in 2001-02 the government had borrowed more than in the same period of 2000-01. Net borrowing in April-September 2001 was £0.6 billion compared with a repayment of £2.9 billion in the same period of the previous financial year.

### Chart 8

Import volumes excluding oil & erratics  
Indices 1995=100

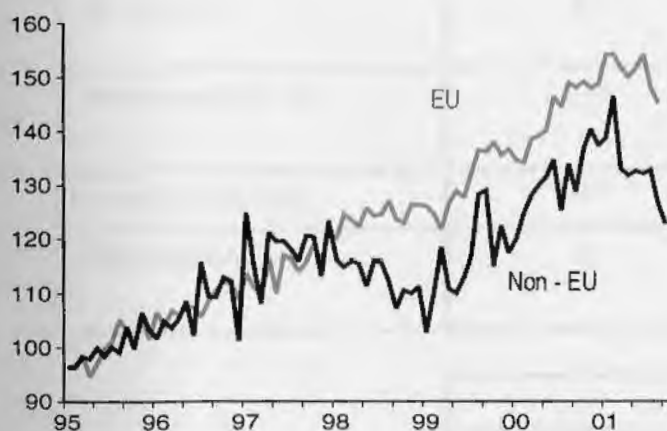


Finally on domestic demand, import data has showed a substantial decline. Overall import volumes fell by 2.1 per cent in the second quarter, monthly data for goods imports suggests that this pace of decline will continue into

the third quarter. At a quarterly rate the second quarter decline in imports was the most substantial since the 1991 recession, and it should also be noted that this was despite the imports of the previously mentioned civil and military aircraft. Chart 8 of imports excluding oil and erratics shows imports from the EU weakening (falling 2.0 per cent in the three months to August) and a particularly sharp decline from non-EU countries (falling 4.4 per cent in the three months to September). Weakening import demand is indicative of the weakening domestic demand coming through due to the ICT turnaround.

### Chart 9

Export volumes excluding oil and erratics  
Indices, 1995 = 100



### Overseas demand

In line with the global deterioration, UK export growth declined quite sharply into the second quarter of 2001, with sales slowing and falling to not just the US but to markets all over the world. Monthly data shows this decline appears to be continuing into the fourth quarter.

In quarter two overall exports declined at a quarterly rate of 2.4 per cent compared to growth of 1.3 per cent in the previous quarter. This was the largest quarterly decline since the recession of 1991. Chart 8 shows monthly export indices excluding oil and erratics that now extend into the third quarter. The figures reveal a sharp fall in exports to both EU and non-EU countries, with a decline of 1.3 per cent in the three months to August to EU economies and a decline of 3.6 per cent in the three months to September to non-EU countries. Large declines in exports have now been seen to many countries throughout the world.

Lastly on trade, the medium term movements of imports and exports are such that the balance of trade has been on a widening trend since 1997. The deficit was £5.4 billion in the second quarter down from £4.4 billion in the first quarter, the largest cash deficit since 1989, although a significant element of the deterioration was due to the aircraft imports. However,

despite this trade deficit the balance of payments has improved a little into 2001 compared with the end of 2000. This is due to high investment income surplus of £5.1 billion in the first quarter and £4.3 billion in the second quarter. These high surpluses follow near record net revenues income from direct investment, although these come just as inward and outward direct investment gross revenues have begun to fall.

More generally, the UK balance of payments has been negative in every year since 1985. The international investment position, reflecting the cumulative effect of these deficits, shows net financial liabilities of the UK at £111.5 billion; a largely unprecedented position in the UK's financial relations with the rest of the world.

### Labour Market

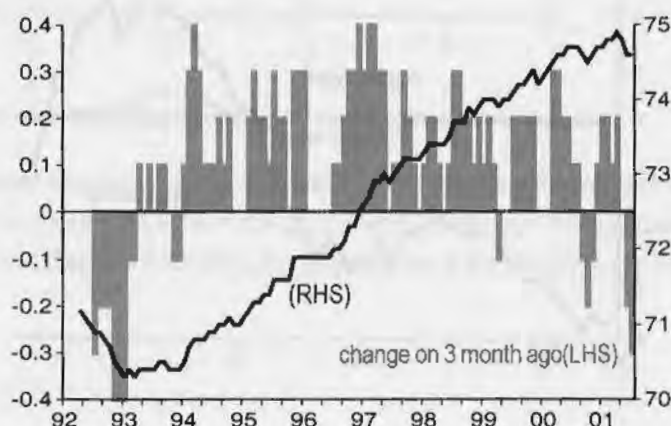
The latest Labour Force Survey figures now offer the strongest, but by no means conclusive, evidence for some time of a fall in employment and rise in unemployment.

Between June-August 2001 the employment rate was 74.6 per cent, down from 74.9 per cent in the previous three-month period. Chart 10 shows that the 0.3 per cent fall over the two measured periods was the largest since the 1991 recession. Between June-August 2001 and March-May 2001 the unemployment rate rose by 0.2 per cent to 5.1 per cent. However other figures in the labour market dataset continue to suggest improvement, with the claimant count in particular continuing to record falls in unemployment and standing at a rate of 3.1 per cent in September 2001.

The latest labour market data also reflects a turnaround in the two pictures of the labour market portrayed by the LFS and the workforce jobs employer survey data. Prior to the latest release workforce jobs showed a higher degree of slowdown than the LFS position, with the latest figures it is the LFS figures that show slowdown, while workforce jobs increase by 56,000 into the second quarter.

### Chart 10

LFS employment rate



However annual growth rates have now come more into line, with LFS employment growing by 0.6 per cent in the year to the latest three month period, and workforce jobs growing by 0.6 per cent in the year to the second quarter. Both these growth rates are low relative to the previous few years. Workforce jobs data shows that job losses remain concentrated in the manufacturing sector, where the deterioration has recently accelerated to a quarterly rate of decline of 1.1 per cent in August, down from 0.5 per cent three months before. There is a slowdown to the rate of job creation in the service sector, but annual growth is still fair at 1.3 per cent in the year to the second quarter.

The headline rate of the average earnings index was 4.5 per cent in August, down from 4.6 per cent in July and somewhat more subdued than the figures of over 5 per cent in the first quarter of 2001.

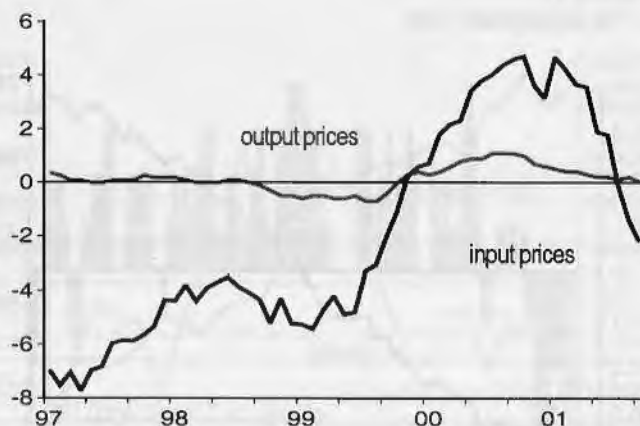
## Prices

In September consumer price inflation as measured by RPIX fell to 2.3 per cent following 2.6 per cent in August. The improvement was partly driven by petrol prices, but also some slowdown in service inflation. Overall figures remain close to the Government's target rate of 2.5 per cent, and there is little evidence of any further acceleration outside of the more erratic items.

At the start of the price chain, producer prices are particularly subdued. Headline inflation rates in September 2001 show both input and output prices falling on the year, with output prices falling at an annual rate of 0.2 per cent and input prices falling at an annual rate of 6.0 per cent. Chart 11 shows the figures excluding food, beverages, tobacco and petroleum; here output price inflation has fallen to zero and input price inflation is 2.2 per cent.

### Chart 11

Producer price inflation, excluding food beverages tobacco and petroleum  
growth, month on a year ago



The deceleration in all series has been fairly abrupt following perhaps from the deteriorating global conditions and from over-supply becoming an important phenomenon.



# Forecasts for the UK Economy

## A comparison of independent forecasts, October 2001

The tables below are extracted from HM Treasury's "FORECASTS FOR THE UK ECONOMY" and summarise the average and range of independent forecasts for 2001 and 2002, updated monthly.

	Independent Forecasts for 2001		
	Average	Lowest	Highest
GDP growth (per cent)	2.1	1.6	2.8
Inflation rate (Q4: per cent)			
- RPI	1.6	1.1	2.6
- RPI excl MIPs	2.2	1.6	2.6
Unemployment (Q4, mn)	0.98	0.90	1.10
Current Account (£ bn)	-16.0	-21.9	-6.2
PSNB *(2001-02, £ bn)	-5.7	-11.7	0.2

	Independent Forecasts for 2002		
	Average	Lowest	Highest
GDP growth (per cent)	2.2	0.4	2.9
Inflation rate (Q4: per cent)			
- RPI	2.5	1.2	3.8
- RPI excl MIPs	2.4	1.6	3.5
Unemployment (Q4, mn)	1.07	0.91	1.30
Current Account (£ bn)	-22.5	-35.2	-11.1
PSNB* (2002-03, £ bn)	1.2	-10.6	13.8

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 B K Phamber, Public Enquiry Unit, HM Treasury, Room 88/2, Parliament Street, London SW1P 3AG (Tel: 020-7270 4860). It is also available at the Treasury's internet site: <http://www.hm-treasury.gov.uk>.

\* PSNB: Public Sector Net Borrowing.

# International Economic Indicators - November 2001

James Hope, Macroeconomic Assessment - National Statistics

Gladys Asogbon, Macroeconomic Assessment - National Statistics

Address: D4/20, 1 Drummond Gate, London, SW1V 2QQ, tel: 020 7533 5925, E-mail: james.hope@ONS.gov.uk

## Overview

EU15 Quarterly GDP growth continued to slow in the second quarter of 2001 and growth in the labour market weakened. Inflation remained above the ECB target of 2 per cent, although the latest monthly data point to some easing. Within the EU, German GDP has slowed considerably since the high of 4.3 per cent in 2000 quarter two. French GDP growth started slowing more significantly only in 2001 quarter one and continued to do so in quarter two. Italian GDP almost failed to grow at all on a quarterly basis in the second quarter of 2001. In the US, GDP growth weakened further in 2001 quarter two while unemployment continued to rise quite strongly and industrial production contracted. In Japan, GDP growth was negative and industrial production fell sharply, while the economy continued to suffer from deflationary pressures.

## EU15

Following strong growth of 3.5 per cent in 2000, EU GDP growth continues to weaken, with quarter on quarter growth of only 0.2 per cent in the second quarter of 2001 following growth of 0.5 per cent in quarter one. Whilst the expenditure breakdown underpinning this figure is not yet available, there were some minor revisions to the quarter one data. Households were the main drivers of growth, growing at a revised 0.5 per cent on the quarter, with the government sector continuing at the same pace as in previous quarters. Exports although positive, recorded a marked fall from the contribution they were making in the previous seven quarters. Continuing the weakness seen in the previous quarter, there was no change in the level of investment recorded in the second quarter. Stocks fell and whilst aiding the growth figure by recording a slight fall of 0.1 per cent, imports nevertheless point to a slowdown in the European economy.

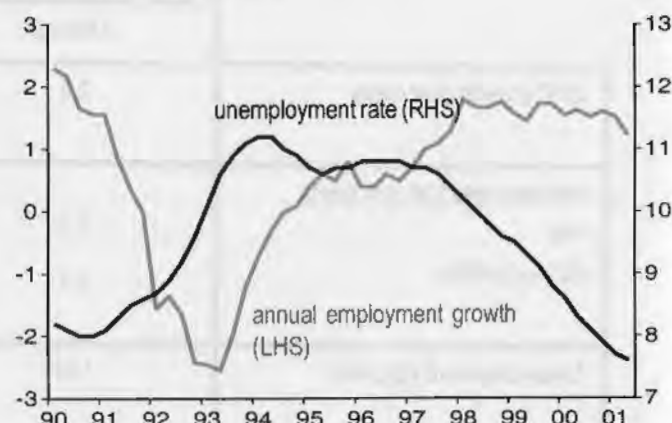
Index of Production data shows the potential source of the slowdown, with quarterly growth contracting by 1.0 per cent in 2001 quarter two, following only a small increase of 0.1 per cent in the previous quarter. The monthly figures are more erratic, with a strong decline of 1.3 per cent in July following an increase of 0.7 per cent in June, which itself came on the back of three consecutive months of falling output.

EU Employment data continues to show growth but at a slightly reduced rate, with annual growth in the year to the second quarter at 1.2 per cent following 1.5 per cent in the previous quarter (chart 1). Unemployment continued to improve but again at a slower rate with a fall to 7.6 per cent of the labour

force in 2001Q2 down from 7.7 per cent in the previous quarter. Reflecting this more subdued labour market, EU average earnings growth has now been stable at 3.5 per cent for three consecutive quarters, following an earlier acceleration, which may have suggested cause for concern.

## Chart 1

EU15 - Annual Employment growth & Unemployment rate percentage change, quarters



The second quarter of 2001 saw producer prices falling back to 2.5 per cent from 3.3 per cent in the first quarter of 2001, whilst consumer prices increased to 2.9 per cent up from 2.7 per cent in the previous quarter. Latest monthly figures indicate that inflationary pressures on the producer side continue to abate but remain strong, relative to the ECB target of 2.0 per cent, on the consumer side.

## Germany

Quarterly GDP growth stalled in 2001 quarter two, showing zero growth. A second successive quarter of robust demand

from households and a slight improvement on exports added to the economy. However, there were declines in all other areas notably a further 0.3 per cent fall in investment the same as the fall in the previous quarter and imports continued to drag down growth.

Quarterly growth in production declined by 1.7 per cent in the second quarter of 2001 following an increase of 1.1 per cent in the previous quarter (chart 2). This is the weakest growth since 1995Q1, when quarterly production fell by 1.8 per cent.

The slowdown in GDP in 2001 quarters one and two appears to be feeding through into the unemployment figures. The improvement in unemployment over the past three years may have come to an end. In quarter one, unemployment rose for the first time since 1997Q3 and was up by 1.3 per cent on the previous quarter (chart 2). As there was no further increase in the second quarter, the rate remained at 7.8 per cent. Monthly figures point to the possibility that the third quarter unemployment rate may rise to 7.9 per cent.

## Chart 2

Germany - IOP growth and unemployment  
seasonally adjusted  
percentage changes, quarters



In line with a deteriorating labour market, annual earnings growth moderated somewhat, from 3.3 per cent in 2000 quarter three, to 2.4 per cent in 2000 quarter four and 2.0 per cent in 2001 quarter one.

While wage growth slowed, both producer and consumer prices saw strong growth in 2001 quarter two, with consumer price inflation quickening to 3.2 per cent and producer price inflation at 4.7 per cent. However, monthly figures show both measures slowing sharply into the third quarter with consumer

price inflation at 2.6 per cent and producer price inflation at 2.7 per cent in August.

## France

Data for the second quarter of 2001 show the French economy continuing to slow. After three years of fairly vigorous expansion, quarterly GDP growth in 2001 quarter one slowed to 0.4 per cent and a similar rate of growth came in the second quarter, with GDP growing by 0.3 per cent.

The 2001 quarter two slowdown was dominated by declines in the contribution of exports and household consumption, with investment growth remaining weak. Export growth made the weakest contribution to GDP growth since 1992 quarter four (chart 3). After picking up in quarter one, consumption growth returned to the lower levels seen in the preceding quarters. The second quarter's consumption figure is more consistent with the decline in second quarter sales, which fell by 2.8 per cent. French GDP in the second quarter of 2001 was again supported by a substantial fall in import growth, where imports fell by 0.4 per cent after having fallen by 0.5 per cent in the first quarter.

## Chart 3

France - Export and Import growth  
seasonally adjusted  
percentage changes, quarters



Growth in quarterly industrial production remained weak in 2001 quarter two, at 0.2 per cent, slightly lower than the 0.3 per cent growth recorded in the previous quarter. Growth has been weak since 2000 quarter one, except for a blip of 1.0 per cent in 2000 quarter three.

Employment grew strongly by an annual rate of 2.2 per cent in 2001 quarter two, this was the lowest rate since 1999Q3,



although still relatively high. While unemployment improved to 8.5 per cent in quarter two from 8.6 per cent in quarter one, monthly figures into quarter three suggest that the rate of improvement has now slowed.

Reflecting this slowdown, annual earnings growth slowed to 4.2 per cent in 2001 quarter two, down from 4.3 per cent in the previous quarter and further away from the 5 per cent plus rates seen in 2000.

Since 2000 quarter two consumer price inflation has accelerated and despite a slow quarter one at 1.2 per cent, was up in quarter two to 2.1 per cent. This may partially explain why consumption growth has slowed to some degree. Conversely, producer price inflation eased in the second quarter, down from 2.5 per cent in the first quarter to 1.8 per cent in the second. Inflationary pressures may relax in coming months as the recent increases in fresh food prices brought about by poor weather conditions dissipate and the price of oil continues to fall. The future strength or weakness of the Euro could also play a role in French and Euro zone inflation, as oil is priced in dollars, any strengthening of the Euro against the dollar will make oil cheaper for Euro zone countries.

## Italy

Italy has seen an abrupt fall in quarterly GDP growth in the second quarter. After experiencing strong growth throughout 2000, it appears that the Italian economy is now moving rapidly in the direction of other EU economies, with quarterly growth of only 0.1 per cent in the second quarter.

Whilst consumption rebounded in the second quarter, to record a rise of 0.4 per cent, investment and exports served to drag down growth and the contribution of the remaining components was negligible. On the downside, investment fell by 0.1 per cent and exports by 0.4 per cent. On the upside, stockbuilding, which was a major contributor to growth in the previous quarter as firms moved unwanted production into stocks, increased again, this time by 0.1 per cent, and imports fell by 0.1 per cent. For the second successive quarter government made no contribution to growth. Echoing weak consumption in quarter one, retail sales fell once again in the second quarter, albeit by only 0.3 per cent compared to the fall of 1.0 per cent seen in the first quarter of 2001.

Growth in industrial production fell by 0.2 per cent in 2001 quarter one and this has continued into the second quarter,

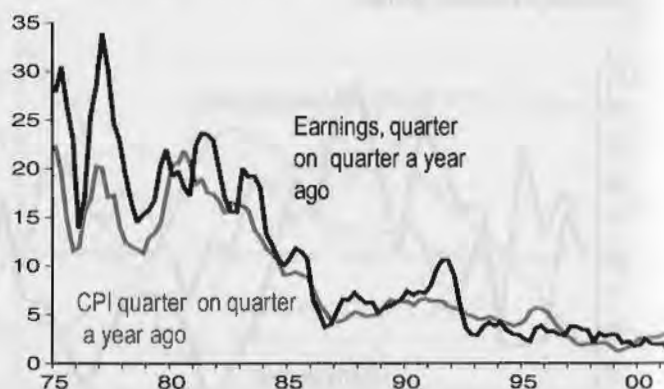
with the decline gathering pace with a fall of 1.5 per cent.

The strong GDP growth in 2000 has led to an acceleration in annual employment growth since 2000 quarter one, reaching 3.1 per cent in 2001 quarter one, however, this has now fallen back quite sharply to 2.1 per cent in the second quarter and it may be that the slowdown is beginning to feed through to employment. Unemployment continues to fall though, down to 9.5 per cent of the workforce in the second quarter. A close watch will be kept on these figures in the coming months to see which way the Italian labour market is heading, as at the moment it is too early to tell.

Annual earnings growth has remained subdued and has fallen back significantly in the second quarter of 2001 to 1.3 per cent. This is an unprecedented rate for Italy and possibly an indication of how, with inflation less prevalent than was historically the case and unemployment remaining high, there is less pressure on wages to increase substantially each year (chart 4).

### Chart 4

Italy - Annual CPI and Earnings growth  
seasonally adjusted  
Percentage Change, quarters



Both consumer and producer inflation may have peaked. While consumer price inflation was 3.0 per cent in 2001 quarter two, it has now fallen to 2.6 per cent in September. Producer price inflation has seen a particularly dramatic improvement, with the rate in August standing at just 1.2 per cent, whereas in quarter two it was 3.2 per cent and had been as high as 6.7 per cent in the third quarter of 2000.

## USA

The USA economy continues to remain weak, with quarterly



GDP growth in 2001 quarter two of 0.1 per cent, compared with 0.3 percent growth in 2001 quarter one. Annual GDP growth was also at its lowest in recent years at 1.2 per cent in 2001 quarter two (Chart 5). There were two main drivers of this weakness in 2001 quarter two; one was investment expenditure, which made a negative contribution of 0.3 per cent to quarterly GDP growth in 2001 quarter two (0.2 per cent in 2001 quarter one), its annual percentage contribution to GDP growth was zero. The other was a fall in exports, which showed a negative contribution to quarterly GDP growth of 0.4 per cent from a zero contribution in 2001 quarter one. Its annual contribution was also a negative 0.2 per cent.

In addition, although changes in stock still made a negative contribution to quarterly GDP growth in 2001 quarter two, with quarterly growth negative at 0.1 per cent, destocking slowed, relative to the large negative contribution of 0.8 per cent to quarterly GDP growth in 2001 quarter one.

On the other hand, private and government consumption made positive contributions to GDP in 2001 quarter two with quarterly growth of 0.4 per cent and 0.1 per cent respectively. Although retail sales still remain weak, with quarterly growth of 0.6 per cent in 2001 quarter one, the significance of this figure is evident when compared with a negative quarterly growth in retail sales of 0.2 per cent in 2000 quarter four. This acceleration may reflect the significant efforts in the US economy aimed at ensuring that consumers continue to spend.

The decline in industrial production has been unambiguous (Chart 5). One of the reasons for this could be as a result of low capacity utilisation undercutting the incentive for new investment; another reason could also be previous over-investment. Annual growth showed a significant decline from 0.7 per cent in 2001 quarter one to a negative growth of 2.2 per cent in 2001 quarter two. Quarterly industrial production growth has been negative for the last three quarters since 2000 quarter four. The monthly figures show negative growth of 3.3 per cent in the year to July, the largest decline since April 1991.

The US labour market has responded rapidly to the GDP slowdown. Annual employment growth is now negative at 0.1 per cent in 2001 quarter two, with more people losing jobs than those finding one. Reflecting this slowdown in employment growth, the unemployment rate picked up to 4.5 per cent in 2001 quarter two from 4.2 per cent in 2001 quarter

one, the largest increase since 1991 quarter one. However, annual earnings growth picked up in 2001 quarter two to 3.2 per cent from 2.6 per cent in 2001 quarter one. Monthly data also shows ongoing growth in earnings with June and July figures at 3.4 per cent.

**Chart 5**

USA - Annual GDP growth and IOP  
Percentage changes, quarters



Inflationary tendencies as reflected in consumer and producer price indices data show annual producer prices falling from 2.1 per cent in 2001 quarter one to 2.0 per cent in 2001 quarter two, as production continues to decline and destocking, though slowing, also continues. Annual consumer prices on the other hand rose slightly from 3.2 per cent in 2001 quarter one to 3.4 per cent in 2001 quarter two.

## Japan

Quarterly GDP growth from the latest data show a negative growth rate for Japan of 0.8 per cent (from 0.1 per cent in 2001 quarter one), indicating a contraction in the Japanese economy. This represents a continuation of the overall weak and volatile growth pattern since early 1999, when growth in the Japanese economy resumed to some degree. The weakness in the Japanese economy is mainly twofold; the first is due to a fall in investment expenditure, which made a very sharp negative contribution to quarterly GDP growth in 2001 quarter two of 1.1 per cent. The second aspect is exports, which in line with the more general global economic slowdown, made a negative contribution of 0.3 per cent, compared with a negative contribution of 0.4 per cent in 2001 quarter one. Private final consumption's contribution to quarterly GDP growth has remained positive but subdued at 0.3 per cent for 2001 quarter one and 2001 quarter two. Government

consumption for the last two quarters has also remained basically flat.

Japanese industrial production appears to have collapsed (Chart 6). While output grew by 5.2 per cent in 2000 as a whole, production then fell by 3.1 per cent in 2001 quarter one and 4.0 per cent in 2001 quarter two. Later monthly figures show a decline in the twelve months to August 2001 of 11.3 per cent. This substantial deterioration may reflect the structure of the Japanese economy. Many companies operate on the frontier of industrial knowledge with a sizeable proportion of their output being exported, making it particularly vulnerable to the vagaries of the high-tech industries.

In line with the rapidly deteriorating economic situation, employment growth has remained mostly negative over recent years and it fell significantly between 2001 quarter one and 2001 quarter two. Unemployment figures are also inching up (Chart 6), with the rate now at 4.9 per cent in 2001 quarter two (4.8 per cent in 2001 quarter one). Monthly figures show unemployment up to 5.0 per cent in August 2001, unprecedented since at least before 1960.

Annual growth data for 2001 quarter one and 2001 quarter two show a slowdown in earnings growth to 0.5 per cent and 0.6 per cent respectively, this comes after annual earnings growth had picked up in 2000 to 1.7 per cent, after having been negative in the two previous years.

**Chart 6**  
Japan - IOP and Unemployment rate  
seasonally adjusted  
percentage changes, months



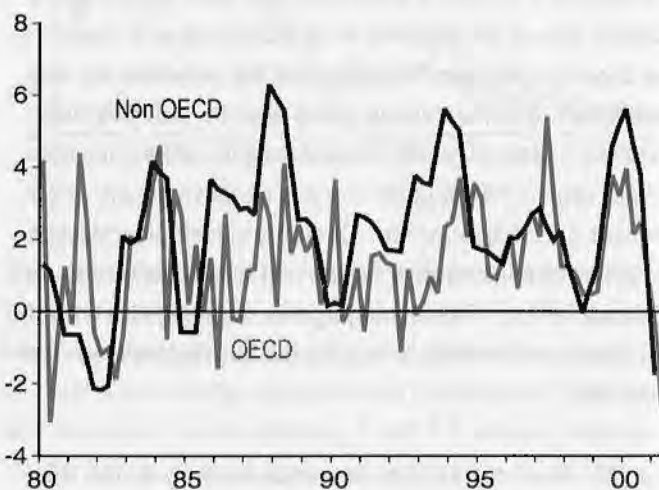
Consumer and producer prices have continued to fall in 2000 and 2001, continuing the deflation that began in mid-1998. 2001 quarter two show annual growth of consumer and

producer prices negative at 0.7 per cent and 0.6 per cent respectively, with no sign of a reversal of this trend. On a general note, rising unemployment and falling prices would suggest an economy with excess capacity.

## World Trade

With national figures showing weakness, world trade data now show contraction in the global economy. Quarter on quarter growth of OECD exports of manufactures fell by 2.8 per cent in the second quarter of 2001; this is the largest fall since 1980Q2 (chart 7). Growth in non-OECD exports of manufactures also declined, recording a fall of 1.8 per cent in 2001 quarter one, the largest decline in this measure since 1982Q2. On the import side OECD second quarter growth was negative for the second successive quarter at minus 2.2 per cent, whilst non-OECD growth was significantly slower at 1.8 per cent for 2000Q4, this is the latest available period. Growth on an annual basis remained high for both non-OECD exports and imports of manufactures, but with quarter one and two data for 2001 still to come it is likely that the picture will now be somewhat weaker. The data for exports and imports of goods tell a very similar story.

**Chart 7**  
OECD and Non OECD export of manufactures  
seasonally adjusted  
percentage changes  
quarter on quarter a year ago



In general, the slowdown in trade for both OECD and non-OECD countries in recent quarters reflects the sharp slowdown of the US economy, the fragility of the Japanese economy and the materialising slowdown in Europe.

## 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. For world trade, goods includes manufactures, along with food, beverages and tobacco, basic materials and fuels.

Data for EU15, France, Germany, Italy, the USA and Japan are all available on an SNA93 basis. Cross country comparisons are now more valid.

Country	GDP (billions of dollars)									
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
USA	5 800	6 000	6 200	6 400	6 600	6 800	7 000	7 200	7 400	7 600
Japan	4 500	4 600	4 700	4 800	4 900	5 000	5 100	5 200	5 300	5 400
Germany	2 500	2 600	2 700	2 800	2 900	3 000	3 100	3 200	3 300	3 400
France	2 200	2 300	2 400	2 500	2 600	2 700	2 800	2 900	3 000	3 100
Italy	1 800	1 900	2 000	2 100	2 200	2 300	2 400	2 500	2 600	2 700
UK	1 500	1 600	1 700	1 800	1 900	2 000	2 100	2 200	2 300	2 400
Canada	1 200	1 300	1 400	1 500	1 600	1 700	1 800	1 900	2 000	2 100
Australia	1 000	1 100	1 200	1 300	1 400	1 500	1 600	1 700	1 800	1 900
EU15	10 000	10 500	11 000	11 500	12 000	12 500	13 000	13 500	14 000	14 500
World	25 000	26 000	27 000	28 000	29 000	30 000	31 000	32 000	33 000	34 000

# 1 European Union 15

## Contribution to change in GDP

	GDP	PFC	GFC	GFCF	ChgStk <sup>1</sup>	Exports	less Imports	IoP	Sales	CPI	PPI	Earnings	Empl	Unempl
<b>Percentage change on a year earlier</b>														
	ILGB	HUDS	HUDT	HUDU	HUDV	HUDW	HUDX	ILGV	ILHP	HYAB	ILAI	ILAR	ILIJ	GADR
1995	2.5	1.1	0.2	0.6	0.2	2.3	2.0	3.5	-0.3	3.1	4.5	3.4	0.6	10.7
1996	1.7	1.1	0.3	0.4	-0.5	1.4	1.2	0.6	0.5	2.5	0.7	4.0	0.5	10.8
1997	2.6	1.3	0.2	0.7	0.1	3.1	2.7	3.9	1.6	2.0	0.9	2.9	1.0	10.6
1998	2.9	1.9	0.3	1.3	0.4	2.0	3.0	3.7	2.8	1.8	-0.4	3.0	1.8	9.9
1999	2.6	2.0	0.4	1.0	-0.2	1.7	2.3	1.8	2.0	1.2	-	2.5	1.5	9.2
2000	3.5	1.7	0.4	1.0	-0.1	4.1	3.7	4.7	2.3	2.5	4.7	3.5	1.6	8.2
1998 Q2	2.9	1.7	0.2	1.2	0.5	2.6	3.3	4.7	2.3	2.2	0.2	3.8	1.7	10.0
Q3	2.8	2.0	0.3	1.4	0.2	1.5	2.7	3.3	2.9	1.6	-0.8	2.8	1.7	9.8
Q4	2.1	2.0	0.4	1.1	0.1	0.7	2.2	1.3	2.9	1.4	-1.7	2.8	1.8	9.6
1999 Q1	2.0	2.1	0.5	0.9	-0.1	0.5	1.8	0.5	2.3	1.1	-1.8	2.8	1.6	9.5
Q2	2.2	1.8	0.4	0.9	-0.2	0.9	1.8	0.6	1.2	1.1	-1.0	1.8	1.5	9.3
Q3	2.7	1.9	0.4	1.0	-0.3	2.1	2.5	2.2	1.9	1.2	0.5	2.7	1.7	9.1
Q4	3.5	2.0	0.5	1.1	-0.2	3.2	3.1	4.1	2.8	1.5	2.4	2.7	1.7	8.8
2000 Q1	3.6	1.8	0.4	1.1	-0.3	3.9	3.3	4.3	2.4	2.2	4.1	3.6	1.5	8.6
Q2	3.9	2.1	0.4	1.1	-	4.2	4.0	5.6	3.5	2.3	4.9	3.6	1.6	8.3
Q3	3.3	1.7	0.3	1.1	-	4.1	3.8	4.8	2.1	2.7	5.1	3.5	1.5	8.1
Q4	2.9	1.3	0.3	0.9	-0.1	4.1	3.5	4.1	1.2	2.8	5.0	3.5	1.6	7.9
2001 Q1	2.6	1.3	0.3	0.6	-0.2	3.2	2.6	3.6	2.5	2.7	3.3	3.5	1.5	7.7
Q2	1.9	..	..	..	..	..	..	0.6	1.8	2.9	2.5	..	1.2	7.6
2000 Aug	..	..	..	..	..	..	..	5.0	1.9	2.5	4.8	..	..	8.1
Sep	..	..	..	..	..	..	..	4.6	2.8	2.9	5.4	..	..	8.0
Oct	..	..	..	..	..	..	..	3.7	0.9	2.8	5.5	..	..	7.9
Nov	..	..	..	..	..	..	..	3.7	0.9	2.9	5.3	..	..	7.9
Dec	..	..	..	..	..	..	..	5.0	1.8	2.7	4.4	..	..	7.8
2001 Jan	..	..	..	..	..	..	..	4.6	2.8	2.7	3.7	..	..	7.8
Feb	..	..	..	..	..	..	..	3.8	1.8	2.7	3.3	..	..	7.7
Mar	..	..	..	..	..	..	..	2.6	2.8	2.6	2.9	..	..	7.7
Apr	..	..	..	..	..	..	..	0.9	1.8	2.8	2.9	..	..	7.6
May	..	..	..	..	..	..	..	-0.3	-	3.1	2.6	..	..	7.6
Jun	..	..	..	..	..	..	..	1.1	3.7	2.9	2.0	..	..	7.6
Jul	..	..	..	..	..	..	..	-1.0	..	2.7	1.3	..	..	7.6
Aug	..	..	..	..	..	..	..	..	..	2.7	1.0	..	..	7.6
Sep	..	..	..	..	..	..	..	..	..	..	..	..	..	..
<b>Percentage change on previous quarter</b>														
	ILGL	HUDY	HUDZ	HUEA	HUEB	HUEC	HUED	ILHF	ILHZ				ILIT	
1998 Q2	0.5	0.4	0.1	0.2	-0.1	0.4	0.5	0.6	0.4				1.1	
Q3	0.6	0.5	0.1	0.3	-	-	0.3	0.2	1.0				0.7	
Q4	0.2	0.5	0.1	0.2	0.1	-0.3	0.4	-0.6	0.3				0.3	
1999 Q1	0.7	0.7	0.2	0.3	-0.1	0.3	0.7	0.3	0.7				-0.5	
Q2	0.6	0.2	0.1	0.2	-0.2	0.8	0.5	0.7	-0.7				1.0	
Q3	1.1	0.6	0.1	0.3	-0.1	1.1	0.9	1.8	1.6				1.0	
Q4	1.0	0.5	0.1	0.2	0.2	0.9	1.0	1.2	1.2				0.3	
2000 Q1	0.9	0.5	0.1	0.3	-0.1	1.0	0.8	0.5	0.3				-0.7	
Q2	0.9	0.4	0.1	0.3	0.1	1.1	1.2	1.9	0.4				1.0	
Q3	0.5	0.2	-	0.2	-0.2	1.0	0.8	1.0	0.3				0.8	
Q4	0.6	0.2	0.1	0.1	0.1	0.9	0.7	0.5	0.3				0.4	
2001 Q1	0.5	0.5	0.1	-	-0.2	0.2	-0.1	0.1	1.5				-0.7	
Q2	0.2	..	..	..	..	..	..	-1.0	-0.3				0.7	
<b>Percentage change on previous month</b>														
								ILKF	ILKP					
2000 Sep								-0.3	-					
Oct								-0.3	-					
Nov								0.7	-					
Dec								0.9	0.9					
2001 Jan								-1.0	0.9					
Feb								0.7	-					
Mar								-0.6	-					
Apr								-0.9	-0.9					
May								-0.3	-					
Jun								0.7	1.8					
Jul								-1.3	..					
Aug								..	..					
Sep								..	..					

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

Sales = Retail Sales Volume

CPI = Consumer Prices, measurement not uniform among countries

PPI = Producer Prices (manufacturing)

Empl = Employment



## Contribution to change in GDP

	GDP	PFC	GFC	GFCF	ChgStk	Exports	Imports	less Imports	IoP	Sales	CPI	PPI	Earnings	Empl <sup>1</sup>	Unempl
<b>Percentage change on a year earlier</b>															
	ILFY	HUBW	HUBX	HUBY	HUBZ	HUCA	HUCB	ILGS	ILHM	HVLL	ILAF	ILAO	ILIG	GABD	
1995	1.8	1.3	0.3	-0.1	0.3	1.4	1.3	0.9	0.9	1.7	1.9	4.0	0.1	8.2	
1996	0.8	0.5	0.4	-0.2	-0.4	1.3	0.8	0.7	-1.1	1.4	-1.2	3.5	-0.4	8.9	
1997	1.5	0.4	0.1	0.2	-	2.9	2.0	3.7	-1.6	1.9	1.1	1.5	-0.3	9.9	
1998	1.7	0.9	0.2	0.5	0.5	1.8	2.2	4.1	1.0	1.0	-0.4	1.8	1.5	9.3	
1999	1.7	1.7	0.3	0.8	-0.4	1.5	2.3	1.5	0.5	0.6	-1.0	2.6	0.8	8.6	
2000	3.2	0.9	0.2	0.6	0.3	4.2	3.1	6.3	1.1	1.9	3.4	2.7	0.5	7.9	
1998 Q2	1.7	0.4	-	0.5	0.8	2.7	2.7	4.9	-1.0	1.4	0.2	1.8	1.8	9.5	
Q3	1.6	1.2	0.3	0.5	0.3	1.2	2.0	4.4	2.4	0.7	-0.8	2.1	1.1	9.1	
Q4	0.6	1.4	0.5	-	0.2	0.1	1.6	1.2	2.0	0.4	-1.7	2.2	2.0	8.9	
1999 Q1	0.7	1.8	0.4	0.3	-0.4	0.1	1.6	-0.6	1.6	0.3	-2.4	2.5	1.1	8.8	
Q2	1.0	1.7	0.2	0.7	-0.5	0.7	1.9	0.5	-0.3	0.5	-1.7	2.4	0.3	8.7	
Q3	2.0	1.7	0.3	1.0	-0.5	2.0	2.5	2.0	-0.2	0.7	-0.7	2.7	1.4	8.6	
Q4	3.0	1.6	0.4	1.2	-0.4	3.3	3.0	4.1	0.8	1.0	0.6	3.0	0.7	8.4	
2000 Q1	2.9	0.6	0.3	0.9	-0.5	4.3	2.6	5.2	-0.9	1.7	2.3	2.8	0.4	8.1	
Q2	4.3	1.8	0.4	0.8	0.3	4.0	2.8	6.7	4.0	1.6	2.6	2.4	0.6	7.9	
Q3	3.2	1.1	0.1	0.6	0.3	4.2	3.0	7.1	1.7	2.0	3.7	3.3	0.3	7.8	
Q4	2.5	0.4	0.2	0.4	1.1	4.5	4.1	5.9	-0.4	2.4	4.5	2.4	0.5	7.7	
2001 Q1	1.8	0.8	0.3	-0.2	0.1	3.0	2.1	5.7	1.6	2.5	4.8	2.0	0.3	7.8	
Q2	0.6	0.7	0.2	-0.5	-0.6	2.4	1.5	1.3	0.6	3.2	4.7	..	0.1	7.8	
2000 Aug	..	..	..	..	..	..	..	6.4	1.4	1.8	3.5	..	..	7.8	
Sep	..	..	..	..	..	..	..	7.3	4.2	2.5	4.3	..	..	7.8	
Oct	..	..	..	..	..	..	..	5.8	-2.4	2.4	4.6	..	..	7.7	
Nov	..	..	..	..	..	..	..	5.5	0.1	2.4	4.7	..	..	7.7	
Dec	..	..	..	..	..	..	..	6.4	1.0	2.2	4.2	..	..	7.7	
2001 Jan	..	..	..	..	..	..	..	7.5	2.3	2.4	4.6	..	..	7.7	
Feb	..	..	..	..	..	..	..	6.0	-0.4	2.6	4.7	..	..	7.8	
Mar	..	..	..	..	..	..	..	3.7	2.9	2.5	4.9	..	..	7.8	
Apr	..	..	..	..	..	..	..	1.4	0.5	2.9	5.0	..	..	7.8	
May	..	..	..	..	..	..	..	0.3	-1.9	3.5	4.6	..	..	7.8	
Jun	..	..	..	..	..	..	..	2.2	3.4	3.1	4.3	..	..	7.9	
Jul	..	..	..	..	..	..	..	-2.2	-	2.6	3.1	..	..	7.9	
Aug	..	..	..	..	..	..	..	..	..	2.6	2.7	..	..	7.9	
Sep	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
<b>Percentage change on previous quarter</b>															
	ILGI	HUCC	HUCD	HUCE	HUCF	HUCG	HUCH	ILHC	ILHW					ILIQ	
1998 Q2	-0.5	-0.4	0.1	-0.3	0.1	0.5	0.5	0.1	-0.8					1.5	
Q3	0.2	0.5	0.1	0.2	-0.2	-0.4	-	0.4	0.8					-0.1	
Q4	-0.1	0.6	-	-0.2	-	-0.4	0.1	-1.2	0.6					1.2	
1999 Q1	1.1	1.2	0.2	0.6	-0.3	0.4	0.9	0.2	1.0					-1.5	
Q2	-0.2	-0.6	-0.1	0.2	-	1.1	0.8	1.1	-2.6					0.7	
Q3	1.3	0.5	0.2	0.4	-0.2	0.9	0.6	1.9	0.8					1.0	
Q4	0.8	0.4	0.1	-	0.2	0.8	0.6	0.8	1.7					0.5	
2000 Q1	1.0	0.2	0.1	0.3	-0.4	1.4	0.5	1.2	-0.7					-1.8	
Q2	1.2	0.6	-	0.1	0.7	0.8	1.0	2.5	2.2					0.9	
Q3	0.1	-0.2	-0.1	0.2	-0.1	1.1	0.9	2.3	-1.4					0.7	
Q4	0.2	-0.3	0.2	-0.2	0.9	1.1	1.6	-0.3	-0.5					0.7	
2001 Q1	0.4	0.6	0.2	-0.3	-1.4	-0.1	-1.3	1.1	1.3					-1.9	
Q2	-	0.5	-0.1	-0.3	-0.1	0.2	0.3	-1.7	1.2					0.7	
<b>Percentage change on previous month</b>															
								ILKC	ILKM						
2000 Sep								-0.1	-0.2						
Oct								-0.5	-1.4						
Nov								-0.2	0.3						
Dec								0.8	1.6						
2001 Jan								0.9	0.1						
Feb								0.2	-0.6						
Mar								-1.6	1.3						
Apr								-0.8	-						
May								0.1	0.7						
Jun								0.2	0.3						
Jul								-1.5	-3.0						
Aug								..	..						
Sep								..	..						

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

Sales = Retail Sales volume  
CPI = Consumer Prices measurement not uniform among countries  
PPI = Producer Prices (manufacturing)  
Earnings = Average Earnings (manufacturing), definitions of coverage and

## Contribution to change in GDP

	GDP	PFC	GFC	GFCF	ChgStk	Exports	less Imports	IoP	Sales	CPI	PPI <sup>1</sup>	Earnings	Empl <sup>2</sup>	Unempl
<b>Percentage change on a year earlier</b>														
	ILFZ	HUBK	HUBL	HUBM	HUBN	HUBO	HUBP	ILGT	ILHN	HXAA	ILAG	ILAP	ILIH	GABC
1995	1.9	0.8	-	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	-	-0.6	0.7	0.3	0.9	-0.3	2.0	-2.7	2.6	0.1	12.3
1997	1.9	0.1	0.5	-	0.1	2.8	1.5	3.8	1.0	1.2	-0.6	2.6	0.7	12.3
1998	3.5	2.0	-	1.3	0.8	2.1	2.6	5.2	2.6	0.8	-0.9	2.2	1.5	11.8
1999	3.0	1.7	0.5	1.2	-0.4	1.0	1.0	2.1	2.4	0.5	-1.6	2.5	2.2	11.2
2000	3.4	1.5	0.5	1.2	0.3	3.6	3.7	3.4	0.6	1.7	2.1	5.2	2.5	9.5
1998 Q2	3.9	2.1	-	1.4	1.2	2.6	3.4	6.8	3.2	1.1	-0.3	2.0	1.3	11.8
Q3	3.6	2.1	-0.1	1.5	0.5	1.9	2.3	3.9	2.4	0.7	-1.4	2.1	1.6	11.7
Q4	2.9	2.0	-	1.3	0.6	0.6	1.7	2.5	2.7	0.4	-2.3	2.0	1.8	11.7
1999 Q1	2.8	1.8	0.3	1.4	-0.1	0.2	0.8	1.0	3.3	0.2	-2.7	2.0	1.9	11.6
Q2	2.5	1.5	0.4	1.1	-0.5	0.5	0.5	1.8	0.4	0.4	-2.3	2.0	2.0	11.4
Q3	3.0	1.8	0.5	1.0	-0.8	1.3	1.0	2.4	2.3	0.5	-1.6	2.7	2.1	11.0
Q4	3.7	1.8	0.6	1.1	-0.2	2.1	1.8	4.2	2.0	1.0	-	3.4	2.4	10.6
2000 Q1	3.6	1.9	0.5	1.1	0.2	3.0	3.0	4.2	2.1	1.5	1.2	5.2	2.5	10.1
Q2	3.5	1.6	0.5	1.1	0.1	3.8	3.6	3.8	1.4	1.5	2.1	5.4	2.7	9.7
Q3	3.4	1.4	0.6	1.2	0.9	3.4	4.2	3.4	-	1.9	2.7	5.2	2.4	9.3
Q4	3.1	1.0	0.5	1.4	0.1	4.0	4.0	2.2	-1.4	1.9	2.4	5.0	2.4	8.9
2001 Q1	2.8	1.5	0.5	1.1	-0.9	2.8	2.2	2.3	1.4	1.2	2.5	4.3	2.3	8.6
Q2	2.3	1.4	0.4	0.7	-0.4	0.9	0.8	2.0	-0.4	2.1	1.8	4.2	2.2	8.5
2000 Aug	..	..	..	..	..	..	..	3.8	1.7	1.8	2.7	..	..	9.3
Sep	..	..	..	..	..	..	..	2.6	0.1	2.2	2.7	..	..	9.2
Oct	..	..	..	..	..	..	..	2.4	-1.2	1.9	2.5	..	..	9.0
Nov	..	..	..	..	..	..	..	1.5	-1.4	2.2	2.4	..	..	8.9
Dec	..	..	..	..	..	..	..	2.8	-1.4	1.5	2.5	..	..	8.9
2001 Jan	..	..	..	..	..	..	..	3.0	2.1	1.1	2.6	..	..	8.7
Feb	..	..	..	..	..	..	..	2.4	0.3	1.3	2.6	..	..	8.6
Mar	..	..	..	..	..	..	..	1.5	1.8	1.2	2.4	..	..	8.6
Apr	..	..	..	..	..	..	..	1.6	-0.5	1.8	2.0	..	..	8.6
May	..	..	..	..	..	..	..	2.1	-2.4	2.3	1.8	..	..	8.5
Jun	..	..	..	..	..	..	..	2.3	2.0	2.1	1.7	..	..	8.5
Jul	..	..	..	..	..	..	..	..	-1.0	2.1	1.2	..	..	8.5
Aug	..	..	..	..	..	..	..	..	0.7	1.9	1.0	..	..	8.5
Sep	..	..	..	..	..	..	..	..	..	..	..	..	..	..
<b>Percentage change on previous quarter</b>														
	ILGJ	HUBQ	HUBR	HUBS	HUBT	HUBU	HUBV	ILHD	ILHX				ILIR	
1998 Q2	1.1	0.8	-	0.6	0.1	0.3	0.7	1.4	1.1				0.4	
Q3	0.5	0.3	-	0.2	-0.1	0.1	-	-0.5	0.7				0.5	
Q4	0.3	0.5	0.1	0.1	0.2	-0.5	-	-0.1	1.1				0.4	
1999 Q1	0.9	0.2	0.2	0.4	-0.3	0.3	-	0.2	0.5				0.6	
Q2	0.8	0.5	0.1	0.3	-0.3	0.6	0.5	0.9	-0.4				0.5	
Q3	0.9	0.6	0.1	0.1	-0.4	1.0	0.5	1.4	1.1				0.7	
Q4	1.1	0.5	0.2	0.2	0.7	0.3	0.7	1.6	0.8				0.7	
2000 Q1	0.7	0.3	0.1	0.4	0.1	1.2	1.2	0.2	0.6				0.7	
Q2	0.7	0.2	0.2	0.4	-0.3	1.3	1.1	0.5	-1.0				0.7	
Q3	0.8	0.5	0.1	0.2	0.3	0.6	1.0	1.0	-0.3				0.4	
Q4	0.8	0.1	0.1	0.4	-	0.8	0.6	0.4	-0.7				0.7	
2001 Q1	0.4	0.7	0.1	0.1	-0.9	-	-0.5	0.3	3.4				0.6	
Q2	0.3	0.2	0.1	-	0.2	-0.6	-0.4	0.2	-2.8				0.6	
<b>Percentage change on previous month</b>														
								ILKD	ILKN					
2000 Sep								-0.4	-0.3					
Oct								0.5	-0.9					
Nov								0.3	0.9					
Dec								-	-0.2					
2001 Jan								0.1	3.4					
Feb								0.3	-1.0					
Mar								-0.3	1.5					
Apr								-0.2	-4.7					
May								0.5	0.5					
Jun								0.3	3.4					
Jul								..	-3.1					
Aug								..	1.6					
Sep								..	..					

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

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

## Contribution to change in GDP

	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
1995	2.9	1.0	-0.4	1.1	0.2	3.1	2.1	5.8	0.6	5.3	7.9	3.1	-0.6	11.6
1996	1.1	0.7	0.2	0.7	-0.7	0.2	-0.1	-1.6	1.2	4.0	1.8	3.1	0.5	11.7
1997	2.0	1.9	-	0.4	0.3	1.7	2.3	3.8	0.9	2.0	1.3	3.6	0.4	11.7
1998	1.8	1.8	0.1	0.8	0.3	1.0	2.2	1.5	1.1	2.0	0.1	2.8	1.2	11.8
1999	1.6	1.4	0.3	0.9	0.4	-	1.3	-0.1	1.1	1.7	-0.2	2.3	1.2	11.4
2000	2.9	1.8	0.3	1.2	-1.0	2.9	2.2	4.1	-0.6	2.5	5.9	2.1	1.9	10.5
1998 Q2	1.7	1.7	-	1.0	-0.5	1.4	2.0	2.5	1.6	2.1	0.6	3.1	0.9	11.9
Q3	1.9	1.8	0.1	0.8	0.2	0.4	1.4	0.4	1.0	2.1	-0.1	2.8	1.1	11.9
Q4	0.7	2.0	0.1	0.2	0.4	-0.6	1.5	-2.3	1.0	1.7	-1.2	3.0	1.5	11.7
1999 Q1	1.0	1.9	0.2	0.5	0.7	-1.3	1.0	-1.3	1.3	1.2	-1.8	3.0	1.2	11.6
Q2	1.3	1.2	0.2	0.7	1.2	-0.9	1.1	-2.4	0.3	1.4	-1.4	2.1	1.3	11.5
Q3	1.4	1.3	0.3	1.0	-0.2	0.2	1.2	0.4	0.3	1.7	-	2.3	1.2	11.3
Q4	2.8	1.2	0.3	1.4	-0.2	2.0	2.0	3.1	2.3	2.1	2.2	1.8	1.4	11.1
2000 Q1	3.3	1.4	0.3	1.4	-0.7	2.0	1.1	3.4	-0.6	2.6	4.6	1.9	1.2	11.0
Q2	3.0	2.0	0.3	1.4	-0.4	2.4	2.8	5.8	-0.3	2.6	6.2	2.5	1.5	10.6
Q3	2.7	1.8	0.2	1.2	-1.3	3.9	3.2	3.6	-	2.6	6.7	2.0	2.1	10.3
Q4	2.6	1.7	0.2	0.8	-1.5	3.2	1.8	3.4	-1.3	2.6	6.5	1.9	2.8	10.0
2001 Q1	2.5	1.0	0.1	0.6	-0.8	3.8	2.3	2.5	-0.3	2.9	4.9	2.0	3.1	9.7
Q2	2.1	0.9	0.1	0.3	-1.0	2.6	0.7	-0.8	-1.0	3.0	3.2	1.3	2.1	9.5
2000 Aug	..	..	..	..	..	..	..	3.7	-1.9	2.6	6.5	2.0	..	10.3
Sep	..	..	..	..	..	..	..	4.0	1.0	2.6	6.8	2.0	..	10.2
Oct	..	..	..	..	..	..	..	2.3	-1.0	2.6	6.8	1.9	..	10.0
Nov	..	..	..	..	..	..	..	2.6	-1.9	2.7	6.7	1.9	..	10.0
Dec	..	..	..	..	..	..	..	5.4	-1.0	2.7	6.2	1.9	..	9.9
2001 Jan	..	..	..	..	..	..	..	3.6	-1.0	3.0	5.4	1.9	..	9.8
Feb	..	..	..	..	..	..	..	1.7	-	3.0	5.0	2.0	..	9.7
Mar	..	..	..	..	..	..	..	2.2	-	2.8	4.3	2.1	..	9.6
Apr	..	..	..	..	..	..	..	-0.1	-1.0	3.1	4.4	1.6	..	9.5
May	..	..	..	..	..	..	..	-1.6	-1.0	3.0	2.9	1.0	..	9.5
Jun	..	..	..	..	..	..	..	-0.6	-1.0	3.0	2.4	1.1	..	9.5
Jul	..	..	..	..	..	..	..	-0.4	-2.9	2.9	1.5	1.7	..	9.4
Aug	..	..	..	..	..	..	..	..	..	2.8	1.2	..	..	..
Sep	..	..	..	..	..	..	..	..	..	2.6	..	..	..	..
Percentage change on previous quarter														
	ILGK	HUCO	HUCP	HUCQ	HUCR	HUCS	HUCT	ILHE	ILHY				ILIS	
1998 Q2	0.4	0.6	0.1	0.1	-0.6	0.1	-0.2	0.8	1.0				1.1	
Q3	0.6	0.3	-	0.1	0.5	-0.5	-0.2	-0.9	-				1.4	
Q4	-0.5	0.5	0.1	-	0.4	-0.7	0.7	-1.5	-0.6				-0.3	
1999 Q1	0.4	0.5	0.1	0.4	0.4	-0.2	0.8	0.4	1.0				-1.0	
Q2	0.8	-0.1	0.1	0.2	-0.1	0.5	-0.1	-0.4	-				1.2	
Q3	0.7	0.4	0.1	0.4	-0.9	0.6	-0.1	2.0	-				1.3	
Q4	0.9	0.4	0.1	0.4	0.3	1.1	1.4	1.2	1.3				-0.1	
2000 Q1	0.9	0.7	0.1	0.3	-0.1	-0.2	-0.1	0.7	-1.9				-1.2	
Q2	0.5	0.5	-	0.3	0.3	0.8	1.5	1.9	0.3				1.5	
Q3	0.4	0.2	0.1	0.2	-1.7	2.1	0.4	-0.2	0.3				1.9	
Q4	0.8	0.3	0.1	-	0.1	0.4	-	1.0	-				0.6	
2001 Q1	0.8	-	-	0.2	0.6	0.5	0.4	-0.2	-1.0				-0.8	
Q2	0.1	0.4	-	-0.1	0.1	-0.4	-0.1	-1.5	-0.3				0.5	
Percentage change on previous month														
								ILKE	ILKO					
2000 Sep								-0.1	1.9					
Oct								-0.7	-1.0					
Nov								1.0	1.0					
Dec								2.1	-1.0					
2001 Jan								-2.0	-1.0					
Feb								-0.2	1.0					
Mar								0.6	-1.0					
Apr								-2.1	-					
May								0.6	-					
Jun								0.1	-					
Jul								-0.7	-1.0					
Aug								..	..					
Sep								..	..					

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

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

## Contribution to change in GDP

	GDP	PFC	GFC	GFCF	ChgStk	Exports	less Imports	IoP	Sales	CPI	PPI	Earnings	Emp <sup>1</sup>	Unempl
Percentage change on a year earlier														
	ILGC	HUDG	HUDH	HUDI	HUDJ	HUDK	HUDL	ILGW	ILHQ	ILAA	ILAJ	ILAS	ILIK	GADO
1995	2.7	2.0	-	0.9	-0.5	1.0	0.9	4.8	3.6	2.8	2.9	2.6	1.5	5.6
1996	3.6	2.1	0.1	1.5	-	0.9	1.0	4.6	4.9	2.9	2.3	3.3	1.4	5.4
1997	4.4	2.4	0.3	1.6	0.4	1.4	1.7	6.7	4.1	2.3	0.3	3.2	2.3	5.0
1998	4.3	3.2	0.2	2.0	0.2	0.3	1.8	4.7	6.4	1.6	-1.1	2.5	1.5	4.5
1999	4.1	3.3	0.3	1.6	-0.2	0.4	1.5	4.2	8.6	2.1	1.8	2.9	1.5	4.2
2000	4.1	3.3	0.4	1.4	-0.1	1.1	2.0	5.6	6.4	3.4	4.1	3.6	1.3	4.0
1998 Q2	3.8	3.5	0.2	2.1	-0.6	0.2	1.7	5.3	7.5	1.6	-0.9	2.8	1.5	4.4
Q3	3.8	3.1	0.1	1.7	0.2	-0.2	1.3	4.3	5.3	1.6	-1.0	2.5	1.1	4.5
Q4	4.8	3.4	0.3	2.1	0.2	0.3	1.5	3.2	7.7	1.5	-0.9	1.9	1.3	4.4
1999 Q1	4.0	3.3	0.4	1.8	-0.3	0.1	1.3	3.3	9.0	1.7	-	1.8	1.7	4.3
Q2	3.9	3.3	0.1	1.6	-0.1	0.3	1.4	3.8	7.8	2.2	1.1	2.4	1.4	4.3
Q3	4.0	3.4	0.3	1.6	-0.4	0.6	1.7	4.4	9.3	2.4	2.4	3.7	1.4	4.2
Q4	4.4	3.4	0.4	1.4	0.1	0.5	1.7	5.1	8.3	2.6	3.2	3.6	1.5	4.1
2000 Q1	4.2	3.6	0.3	1.6	-0.6	1.0	2.0	5.8	8.5	3.4	4.6	4.2	1.6	4.0
Q2	5.2	3.3	0.6	1.6	0.5	1.3	2.2	6.5	7.0	3.3	4.4	3.6	1.6	4.0
Q3	4.4	3.3	0.4	1.4	0.1	1.3	2.2	5.9	6.3	3.5	3.9	2.9	1.1	4.0
Q4	2.8	2.8	0.2	1.1	-0.5	0.8	1.8	4.2	4.1	3.4	3.4	3.5	1.0	4.0
2001 Q1	2.5	2.4	0.4	0.6	-0.6	0.5	0.9	0.7	1.9	3.2	2.1	2.6	0.7	4.2
Q2	1.2	2.2	0.3	-	-1.3	-0.2	-0.1	-2.2	..	3.4	2.0	3.2	-0.1	4.5
2000 Aug	..	..	..	..	..	..	..	5.9	6.0	3.4	3.6	2.7	1.0	4.1
Sep	..	..	..	..	..	..	..	6.1	6.3	3.4	3.8	2.6	1.1	3.9
Oct	..	..	..	..	..	..	..	5.0	5.7	3.4	3.6	3.5	1.0	3.9
Nov	..	..	..	..	..	..	..	4.4	3.9	3.5	3.5	3.5	0.9	4.0
Dec	..	..	..	..	..	..	..	3.1	2.6	3.4	2.9	3.5	1.1	4.0
2001 Jan	..	..	..	..	..	..	..	1.7	2.9	3.5	3.0	2.6	0.8	4.2
Feb	..	..	..	..	..	..	..	0.8	1.4	3.4	2.0	2.6	0.7	4.2
Mar	..	..	..	..	..	..	..	-0.2	1.5	2.8	1.2	2.6	0.6	4.3
Apr	..	..	..	..	..	..	..	-1.1	2.5	3.3	2.2	2.6	-0.1	4.5
May	..	..	..	..	..	..	..	-2.1	..	3.6	2.4	3.5	0.1	4.4
Jun	..	..	..	..	..	..	..	-3.3	..	3.3	1.4	3.4	-0.2	4.5
Jul	..	..	..	..	..	..	..	-3.3	..	2.7	0.6	3.4	0.2	4.5
Aug	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sep	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Percentage change on previous quarter														
	ILGM	HUDM	HUDN	HUDO	HUDP	HUDQ	HUDR	ILHG	ILIA				ILIU	
1998 Q2	0.6	1.0	0.2	0.6	-0.8	-0.1	0.4	0.7	2.6				1.5	
Q3	1.0	0.6	-	0.3	0.4	-0.1	0.2	0.9	0.5				0.6	
Q4	1.6	0.8	0.2	0.5	0.1	0.4	0.4	0.8	2.9				0.2	
1999 Q1	0.8	0.8	-	0.4	-	-0.2	0.3	0.9	2.6				-0.6	
Q2	0.4	0.9	-	0.3	-0.6	0.1	0.5	1.2	1.5				1.2	
Q3	1.1	0.7	0.2	0.3	0.1	0.3	0.5	1.5	2.0				0.6	
Q4	2.0	0.9	0.2	0.3	0.6	0.3	0.4	1.4	2.0				0.3	
2000 Q1	0.6	1.0	-0.1	0.6	-0.7	0.3	0.6	1.6	2.7				-0.5	
Q2	1.4	0.6	0.3	0.3	0.5	0.4	0.6	1.9	0.1				1.2	
Q3	0.3	0.7	-0.1	0.1	-0.3	0.3	0.5	0.9	1.4				0.1	
Q4	0.5	0.5	0.1	0.1	-0.1	-0.1	-	-0.2	-0.2				0.2	
2001 Q1	0.3	0.5	0.2	0.2	-0.8	-	-0.2	-1.8	0.6				-0.7	
Q2	0.1	0.4	0.1	-0.3	-0.1	-0.4	-0.4	-1.0	..				0.4	
Percentage change on previous month														
								ILKG	ILKQ				ILLA	
2000 Sep								0.2	0.2				-0.5	
Oct								-0.2	-				0.6	
Nov								-0.3	-0.6				-	
Dec								-0.6	0.1				0.3	
2001 Jan								-0.9	1.1				-1.2	
Feb								-0.4	-0.4				0.2	
Mar								-0.3	-0.1				0.4	
Apr								-0.2	0.6				-0.1	
May								-0.3	..				-	
Jun								-0.8	..				0.6	
Jul								-0.2	..				0.4	
Aug								..	..				..	
Sep								..	..				..	

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 stock at constant market prices

Sales = Retail Sales volume

CPI = Consumer Prices, measurement not uniform among countries

PPI = Producer Prices (manufacturing)

Earnings = Average Earnings (manufacturing), definitions of coverage and



## Contribution to change in GDP

	GDP	PFC	GFC	GFCF	ChgStk	Exports	less Imports	IoP <sup>1</sup>	Sales	CPI	PPI	Earnings <sup>2</sup>	Empl	Unempl
Percentage change on a year earlier														
	ILGD	HUCU	HUCV	HUCW	HUCX	HUCY	HUCZ	ILGX	ILHR	ILAB	ILAK	ILAT	ILIL	GADP
1995	1.6	0.8	0.6	-	0.6	0.3	0.9	3.0	0.1	-0.1	-0.7	2.9	-	3.1
1996	3.4	1.0	0.4	2.0	0.3	0.6	1.0	2.2	0.7	0.1	-1.7	2.6	0.5	3.4
1997	1.9	0.6	0.2	0.2	-	1.1	0.1	4.0	-1.9	1.7	0.6	2.8	1.0	3.4
1998	-1.1	0.1	0.3	-1.2	-0.6	-0.2	-0.6	-6.7	-5.5	0.7	-1.3	-0.8	-0.6	4.1
1999	0.8	0.7	0.6	-0.2	-0.2	0.1	0.2	1.0	-2.1	-0.3	-1.5	-0.7	-0.8	4.7
2000	1.5	0.3	0.6	0.2	0.1	1.2	0.8	5.2	-1.7	-0.7	0.1	1.7	-0.3	4.7
1998 Q2	0.7	1.3	0.3	-0.7	-0.6	-0.3	-0.6	-7.9	-2.4	0.4	-1.9	-0.3	-0.7	4.1
Q3	-0.8	1.0	0.3	-1.8	-0.9	-0.2	-0.6	-7.9	-3.8	-0.2	-1.8	-1.8	-0.9	4.2
Q4	-1.4	0.6	0.3	-1.5	-0.8	-0.6	-0.6	-6.7	-5.2	0.5	-2.0	-0.7	-1.0	4.4
1999 Q1	-0.4	0.2	0.5	-0.7	-0.4	-0.4	-0.3	-3.7	-4.2	-0.1	-2.1	-0.7	-1.2	4.6
Q2	1.0	1.1	0.5	-0.2	-0.2	-0.1	0.1	0.3	-2.1	-0.3	-1.8	-1.1	-1.1	4.7
Q3	2.1	1.6	0.7	-0.1	-0.1	0.3	0.3	2.7	-1.4	-	-1.4	-0.4	-0.7	4.7
Q4	0.4	-0.2	0.6	0.1	-	0.7	0.8	5.1	-0.4	-1.0	-0.6	-0.5	-0.2	4.7
2000 Q1	2.4	1.0	0.6	0.2	-	1.2	0.7	4.3	-2.9	-0.6	-0.1	2.0	-0.5	4.8
Q2	1.0	-	0.6	-0.3	0.1	1.4	0.8	6.6	-1.8	-0.7	0.4	2.3	-0.4	4.7
Q3	0.3	-0.7	0.5	-	0.1	1.2	0.8	5.3	-1.1	-0.6	0.2	1.6	-0.4	4.7
Q4	2.5	0.8	0.6	0.8	0.2	1.0	0.9	4.4	-1.1	-0.8	-	1.1	0.2	4.8
2001 Q1	0.2	0.1	0.4	0.2	0.1	0.2	0.7	0.6	3.0	-0.5	-0.3	0.5	0.5	4.8
Q2	-0.7	0.3	0.4	-0.6	-	-0.6	0.2	-5.2	-0.7	-0.7	-0.6	0.6	-0.4	4.9
2000 Aug	..	..	..	..	..	..	..	6.8	-1.1	-0.5	0.3	2.1	-0.4	4.6
Sep	..	..	..	..	..	..	..	3.5	-1.1	-0.9	0.1	1.4	-0.5	4.7
Oct	..	..	..	..	..	..	..	5.0	-1.1	-1.1	-	1.1	0.1	4.7
Nov	..	..	..	..	..	..	..	3.3	-1.1	-0.8	-0.1	-0.2	0.3	4.8
Dec	..	..	..	..	..	..	..	4.9	-1.1	-0.4	-	2.3	0.2	4.9
2001 Jan	..	..	..	..	..	..	..	1.4	2.2	-0.3	-0.2	0.1	0.1	4.9
Feb	..	..	..	..	..	..	..	1.8	4.5	-0.3	-0.3	0.8	0.7	4.7
Mar	..	..	..	..	..	..	..	-1.4	2.2	-0.7	-0.4	0.5	0.5	4.7
Apr	..	..	..	..	..	..	..	-3.9	-	-0.7	-0.6	-	-0.2	4.8
May	..	..	..	..	..	..	..	-4.8	-1.1	-0.7	-0.5	-0.2	-0.4	4.9
Jun	..	..	..	..	..	..	..	-6.9	-1.1	-0.8	-0.7	2.1	-0.6	4.9
Jul	..	..	..	..	..	..	..	-8.6	..	-0.8	-0.7	0.6	-0.6	5.0
Aug	..	..	..	..	..	..	..	-11.3	..	-0.7	-1.0	-4.0	-0.6	5.0
Sep	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Percentage change on previous quarter														
	ILGN	HUDA	HUDB	HUDC	HUDD	HUDE	HUDF	ILHH	ILIB				ILIV	
1998 Q2	0.1	0.2	0.2	-0.2	-0.2	-0.1	-0.3	-4.3	-2.4				2.1	
Q3	-1.1	0.3	-	-1.2	-0.2	-0.1	-	0.3	-0.7				-0.4	
Q4	0.1	-0.1	0.1	0.2	-0.1	-0.1	-0.2	-1.1	-1.8				-1.1	
1999 Q1	0.5	-0.1	0.2	0.5	0.1	-	0.2	1.4	0.7				-1.8	
Q2	1.5	1.1	0.2	0.3	-	0.2	0.2	-0.3	-0.4				2.2	
Q3	-0.1	0.7	0.2	-1.0	-0.1	0.3	0.2	2.7	-				-	
Q4	-1.5	-1.9	0.1	0.4	-0.1	0.3	0.3	1.2	-0.7				-0.6	
2000 Q1	2.4	1.1	0.2	0.6	0.2	0.5	-	0.6	-1.8				-2.1	
Q2	0.1	0.1	0.2	-0.3	0.1	0.4	0.3	1.9	0.8				2.3	
Q3	-0.7	-	0.1	-0.7	-	-	0.1	1.5	0.7				-	
Q4	0.7	-0.3	0.2	1.2	-	0.1	0.5	0.3	-0.7				-	
2001 Q1	0.1	0.3	-	-	-	-0.4	-0.2	-3.1	2.2				-1.8	
Q2	-0.8	0.3	0.1	-1.1	-	-0.3	-0.2	-4.0	-2.9				1.4	
Percentage change on previous month														
								ILKH	ILKR				ILLB	
2000 Sep								-3.5	-1.1				-	
Oct								1.3	-				0.4	
Nov								-0.5	-				-0.1	
Dec								1.7	-				-1.0	
2001 Jan								-3.7	2.2				-1.2	
Feb								0.6	1.1				-0.1	
Mar								-2.0	-2.2				0.4	
Apr								-2.0	-2.2				0.7	
May								-1.0	-				0.8	
Jun								-0.7	1.1				-0.2	
Jul								-2.3	..				-0.2	
Aug								0.3	..				-0.1	
Sep								..	..				..	

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

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

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

	Export of manufactures			Import of manufactures			Export of goods			Import of goods			Total trade	
	Total	OECD	Other	Total	OECD	Other	Total	OECD	Other	Total	OECD	Other	manufactures	goods
<b>Percentage change on a year earlier</b>														
	ILIZ	ILJA	ILJB	ILJC	ILJD	ILJE	ILJF	ILJG	ILJH	ILJI	ILJJ	ILJK	ILJL	ILJM
1992	4.3	3.3	8.6	5.3	4.3	8.3	4.2	3.7	5.9	5.1	4.2	7.8	4.8	4.7
1993	4.7	2.2	15.3	4.0	1.0	12.5	4.0	2.2	9.1	3.3	0.8	10.3	4.4	3.6
1994	12.0	9.9	19.9	11.9	12.4	11.0	10.6	9.4	14.0	10.9	11.0	10.7	12.0	10.7
1995	9.5	9.8	8.6	10.8	10.2	12.4	8.8	9.3	7.8	9.7	8.8	12.2	10.1	9.3
1996	6.7	6.4	7.7	7.5	7.9	6.6	6.8	6.5	7.6	6.4	7.1	4.9	7.2	6.6
1997	11.5	11.9	10.3	10.8	11.3	9.5	10.6	11.1	9.2	9.5	9.7	8.9	11.1	10.0
1998	6.1	6.4	5.3	6.8	9.5	-0.4	5.5	5.8	4.7	5.9	8.3	-0.3	6.4	5.7
1999	6.4	5.9	7.9	7.8	10.3	0.8	5.8	5.6	6.4	6.4	8.7	-0.4	7.1	6.1
2000	14.1	12.5	19.4	14.4	13.8	16.3	12.8	11.9	15.1	12.8	11.8	16.0	14.2	12.8
1995 Q2	9.9	10.2	8.8	12.0	11.3	13.8	9.5	10.1	7.8	11.1	10.1	13.7	10.9	10.3
Q3	8.5	9.0	6.8	10.3	9.3	12.9	7.7	8.1	6.7	9.1	7.8	12.7	9.4	8.4
Q4	6.7	6.8	6.3	7.4	6.3	10.3	6.1	6.0	6.6	6.3	5.1	9.7	7.0	6.2
1996 Q1	5.9	5.7	6.6	7.6	7.4	8.0	5.6	5.2	6.8	6.4	6.4	6.7	6.7	6.0
Q2	5.7	5.3	7.0	6.4	6.6	5.9	5.6	5.0	7.2	5.3	5.8	4.0	6.1	5.4
Q3	7.0	6.8	7.9	7.9	8.9	5.5	7.2	7.0	7.8	6.6	7.9	3.6	7.5	6.9
Q4	8.3	8.0	9.4	8.2	8.7	7.0	8.7	8.7	8.7	7.3	8.1	5.3	8.3	8.0
1997 Q1	8.5	8.0	10.3	8.2	8.2	8.2	8.1	7.6	9.4	7.2	7.2	7.4	8.3	7.7
Q2	12.5	13.1	10.6	11.6	12.4	9.5	11.7	12.5	9.5	10.2	10.6	9.1	12.1	10.9
Q3	13.1	14.0	10.3	11.7	12.3	10.1	11.9	12.9	9.2	10.3	10.6	9.6	12.4	11.1
Q4	11.8	12.4	9.8	11.5	12.1	10.1	10.5	11.2	8.7	10.2	10.4	9.5	11.7	10.3
1998 Q1	10.7	11.4	8.1	11.0	13.1	5.8	9.9	11.0	6.8	9.9	11.5	5.7	10.8	9.9
Q2	6.7	6.8	6.3	7.2	9.5	1.4	5.9	6.2	5.3	6.5	8.3	1.7	6.9	6.2
Q3	4.1	4.1	4.2	4.9	7.8	-2.7	3.5	3.4	3.9	4.3	6.8	-2.6	4.5	3.9
Q4	3.1	3.3	2.6	4.0	7.7	-5.8	2.6	2.5	2.9	3.1	6.5	-6.0	3.5	2.8
1999 Q1	2.6	2.6	2.5	4.1	7.1	-3.9	2.3	1.8	3.6	3.1	6.1	-5.1	3.4	2.7
Q2	4.0	3.8	4.8	8.3	9.0	-1.3	4.0	3.6	5.0	4.8	7.5	-2.9	5.2	4.4
Q3	7.8	7.2	9.6	8.9	11.3	2.1	7.1	7.1	7.1	7.3	9.5	0.8	8.3	7.2
Q4	11.1	10.2	14.5	11.9	13.7	6.5	9.9	9.8	10.1	10.3	11.7	5.7	11.5	10.1
2000 Q1	15.2	13.9	19.5	14.3	15.1	11.7	13.7	13.5	14.1	12.6	12.9	11.7	14.7	13.2
Q2	15.5	13.8	21.5	15.2	14.9	16.1	13.9	13.0	16.3	13.6	12.7	16.2	15.4	13.7
Q3	14.3	12.4	20.7	15.4	14.1	19.6	13.1	11.8	16.6	13.9	12.3	19.1	14.8	13.5
Q4	11.3	9.9	15.8	12.5	10.9	17.7	10.6	9.5	13.4	11.1	9.3	17.1	11.9	10.8
2001 Q1	5.8	5.2	7.7	..	5.1	..	..	5.1	..	..	4.7	..	..	..
Q2	..	-	..	..	-0.3	..	..	0.6	..	..	0.5	..	..	..
<b>Percentage change on previous quarter</b>														
	ILJN	ILJO	ILJP	ILJQ	ILJR	ILJS	ILJT	ILJU	ILJV	ILJW	ILJX	ILJY	ILJZ	ILKA
1995 Q2	1.2	1.0	1.6	2.2	1.7	3.2	1.1	0.9	1.6	2.2	1.8	3.2	1.6	1.7
Q3	1.0	0.9	1.5	1.1	0.7	2.1	0.9	0.6	1.6	1.0	0.6	2.0	1.1	0.9
Q4	1.5	1.5	1.3	2.0	2.3	1.1	1.4	1.4	1.6	1.4	1.7	0.8	1.7	1.4
1996 Q1	2.1	2.1	2.0	2.1	2.4	1.3	2.1	2.3	1.8	1.7	2.1	0.5	2.1	1.9
Q2	1.0	0.7	2.0	1.0	1.0	1.2	1.1	0.7	2.0	1.1	1.3	0.6	1.0	1.1
Q3	2.3	2.3	2.3	2.6	2.9	1.8	2.4	2.5	2.2	2.3	2.6	1.6	2.4	2.3
Q4	2.7	2.7	2.7	2.3	2.2	2.5	2.8	2.9	2.4	2.0	1.9	2.5	2.5	2.4
1997 Q1	2.3	2.1	2.9	2.1	1.9	2.5	1.6	1.3	2.4	1.6	1.3	2.5	2.2	1.6
Q2	4.7	5.4	2.4	4.2	4.9	2.4	4.4	5.3	2.1	3.9	4.5	2.3	4.5	4.2
Q3	2.8	3.1	2.0	2.7	2.9	2.3	2.6	2.9	1.9	2.4	2.5	2.1	2.8	2.5
Q4	1.5	1.3	2.2	2.1	2.0	2.5	1.5	1.3	2.0	1.9	1.7	2.3	1.8	1.7
1998 Q1	1.3	1.3	1.3	1.6	2.8	-1.7	1.0	1.1	0.6	1.4	2.3	-1.0	1.4	1.2
Q2	0.9	1.0	0.6	0.6	1.5	-1.7	0.7	0.7	0.7	0.7	1.6	-1.6	0.8	0.7
Q3	0.4	0.5	-	0.5	1.3	-1.8	0.3	0.2	0.6	0.2	1.1	-2.3	0.4	0.2
Q4	0.5	0.5	0.6	1.2	1.9	-0.7	0.6	0.5	1.0	0.7	1.4	-1.2	0.9	0.7
1999 Q1	0.7	0.6	1.2	1.8	2.2	0.3	0.7	0.4	1.3	1.4	1.9	-0.1	1.2	1.1
Q2	2.4	2.2	2.9	2.7	3.3	0.9	2.3	2.5	2.0	2.4	2.9	0.7	2.5	2.4
Q3	4.0	3.8	4.6	3.0	3.5	1.5	3.3	3.5	2.6	2.5	2.9	1.5	3.5	2.9
Q4	3.7	3.2	5.2	3.9	4.0	3.5	3.3	3.0	3.9	3.5	3.5	3.6	3.8	3.4
2000 Q1	4.4	4.0	5.6	4.0	3.5	5.3	4.1	3.8	4.9	3.6	3.0	5.6	4.2	3.9
Q2	2.7	2.2	4.6	3.5	3.1	4.9	2.6	2.1	3.9	3.2	2.8	4.7	3.1	2.9
Q3	2.8	2.5	3.8	3.2	2.7	4.6	2.6	2.4	3.0	2.8	2.4	4.0	3.0	2.7
Q4	0.9	0.9	0.9	1.3	1.1	1.8	1.0	0.9	1.0	1.0	0.8	1.8	1.1	1.0
2001 Q1	-0.8	-0.5	-1.8	..	-1.8	..	..	-0.4	..	..	-1.3	..	..	..
Q2	..	-2.8	..	..	-2.2	..	..	-2.3	..	..	-1.3	..	..	..

<sup>1</sup> Data used in the World and OECD aggregates refer to Germany after unification

# Regional Economic Indicators - November 2001

James Hope, Macroeconomic Assessment - Office for National Statistics

Address: D4/20, 1 Drummond Gate, London, SW1V 2QQ, tel: 020 7533 5925, E-mail: james.hope@ONS.gov.uk

## Overview

- Unemployment on the ILO definition rose to 5.1 per cent of the workforce in the second quarter of 2001, however, the claimant count fell to 3.1 per cent in August.
- The total in employment in the UK fell for the first time since 1993 quarter one.
- Wales continued to see contraction in both industrial production and construction.
- Business optimism continues to be mixed in the July survey.
- UK house prices rebounded in the second quarter, up by 3.6 per cent on the previous quarter.

## GDP at basic prices

Tables 1 to 4 concern National Accounts statistics for the regions, with data for household disposable income recently becoming available and presented in table 3.

In Table 1, London and the South East accounted for 31.7 per cent of the UK's total GDP in 1999, with contributions of 15.9 per cent and 15.8 per cent respectively. The South East has increased its share from 14.8 per cent in 1989 to 15.8 per cent in 1999. Northern Ireland posted an 82.3 per cent increase in value terms from 1989 to 1999 from £9.0 billion in 1989 to £17.0 billion in 1999. However, it only accounted for 2.2 per cent of the UK's total GDP in 1999. Annual growth for the UK was 3.8 per cent in 1999, compared to 6.1 per cent in 1998. The South East had the highest annual growth rate at 5.1 per cent, whilst the North East had the lowest annual growth of 2.3 per cent. These regional GDP estimates are residence based, locating the income of commuters to where they live rather than to their place of work.

Table 2, shows that London remains the richest region on the basis of GDP per head but that it grew by 2.0 per cent in 1999, compared to 3.4 per cent nationally. This is also the lowest growth rate of all the regions in 1999. The highest rate recorded was in the South East at 4.1 per cent. GDP per head for all of the regions was above £10,000 for the first time. Yorkshire and the Humber, the West Midlands and the East also recorded figures above the UK average in 1999. The North East had the lowest regional GDP per head in 1999, followed by Northern Ireland and Wales.

Table 3, shows household disposable income per head increased in the UK in 1999 by 4.9 per cent, compared to an increase in of 2.1 per cent in 1998. London recorded the highest monetary rate in 1999 of £12,036 followed by the East with £11,255, which has overtaken the South East for the first time since 1992. Looking at annual percentage changes, the West Midlands recorded the largest rise of 6.8 per cent in 1999, while the North

East was the slowest growing region, with growth of 3.1 per cent in 1999, compared to no growth in 1998. Other slow growing regions were, the East Midlands with 3.4 per cent and the South West and London, both with growth of 3.7 per cent in 1998. All regions recorded an increase in the rate of increases in 1999 compared to 1998. Significant increases in the rates of increase in 1999 compared to 1998 of more than 3.2 per cent was seen in the West Midlands, Yorkshire and the Humber, the South East, Wales and Northern Ireland.

Table 4, shows individual consumption expenditure per head, with London recording the highest monetary rate in 1999 of £12,250, followed by the South East with £11,392. Looking at annual percentage changes, London recorded the largest rise of 8.8 per cent in 1999, whilst the North East recorded a decline of 1.0 per cent in 1999, compared to an increase of 4.4 per cent in 1998. The average growth for the UK as a whole was 5.9 per cent in 1999, following an increase of 6.2 per cent in 1998.

## 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, is continuing to show a mixed picture across the regions in the second quarter of 2001. The UK rate decreased by 0.1 per cent in the latest quarter, this is the first decline since 1993 quarter one. The largest decline of 1.1 per cent was seen in the North West although this comes after two quarters of increases. Other regions to record a deterioration were the North East with a decline of 1.0 per cent compared to a rise of 0.8 per cent in the previous quarter, Yorkshire and the Humber with a decline of 0.3 per cent compared to a decline of 0.8 per cent in the previous quarter, the West Midlands which recorded a decline of 0.1 per cent compared with a rise of 0.8 per cent the previous quarter and the East which fell for the second successive quarter, this time by 0.9 per cent.



Overall, England experienced a fall of 0.1 per cent in the second quarter and Scotland fell by 0.6 per cent. Employment grew by 0.5 per cent in the East Midlands, this comes after three quarters of falling employment; London, the South East, the South West, Wales and Northern Ireland all grew, by 0.5 per cent, 0.4 per cent, 0.7 per cent, 0.2 per cent and 1.1 per cent respectively in the second quarter of 2001.

National year-on-year growth to 2001 quarter two stood at 0.8 per cent, down from 1.3 per cent in the previous quarter. The North East, North West, Yorkshire and the Humber and the East Midlands all saw negative growth in the second quarter of 2001 compared with the same period last year. Growth rates in these regions stood at, -0.7 per cent, -1.2 per cent, -0.7 per cent and -0.8 per cent respectively. Growth was recorded in all other regions except Wales, which recorded no growth in the second quarter. The regions with the best performance in the second quarter were, Northern Ireland with growth of 6.0 per cent, London with 2.8 per cent and the South West with 2.0 per cent.

Employee jobs, in table 11 and claimant count data in tables 7 and 8 have been revised due to a major change in methodology. The Annual Business Inquiry has replaced the Annual Employment Survey as the source of information on employee jobs. The data series have been revised and therefore comparisons can not be made with the data published in February's Regional Economic Indicators Article in Economic Trends.

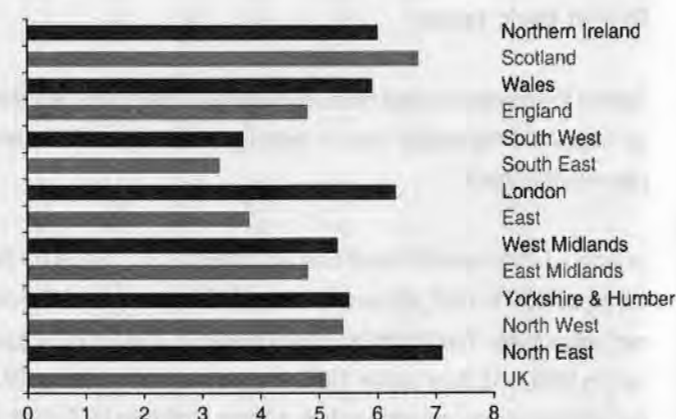
In contrast to the data from the LFS, **employee jobs** (from Employer Surveys), in table 11, increased in all regions except the North East, the East and the West Midlands in 2001 quarter two. The picture is more upbeat than the previous quarter, with the South West, the South East and Scotland all recording significant improvements on their respective quarter one figures. However, only the South West out of these three regions is in a better position than in quarter four of 2000, as can be seen in table 11. Of all the remaining regions, growth was positive but still not sufficient to return them to their 2000 quarter four levels. Annual growth rates point to slightly slower growth for the UK in the second quarter, with growth now at 0.6 per cent compared to 0.7 per cent in the first quarter. The majority of regions continue to grow, although in London, Wales and Northern Ireland by less than in the previous quarter. Growth was negative in the North East and in Scotland, although the rate of decline in Scotland slowed to minus 0.4 per cent, compared with a fall of 0.6 per cent in the previous quarter.

The downward trend in the UK **claimant count rate**, table 8, continued into the third quarter of 2001 although by only 0.1 per cent over the previous 3 months. Many regions recorded only slight drops in their rates, with the maximum fall over the quarter being recorded in the West Midlands with a fall of 0.2 of a percentage point, to stand at 3.5 per cent in September 2001. Four regions, the East, the South East, the South West

and Scotland saw no falls from June 2001 to September 2001. The provisional national rate now stands at 3.1 per cent in September 2001, the lowest level since July 1975. The South East's rate of 1.5 per cent is the lowest since the series began in March 1986. The North East's rate fell to 5.3 per cent and is the first time that it has ever reached such a level since this series began in March 1986.

In Table 6, the rate of **ILO unemployment**, increased by 0.2 percentage points in the UK to stand at 5.1 per cent in 2001 quarter two (chart 1), the

**Chart 1**  
ILO unemployment rates  
2001 Q2



first quarterly increase in this measure of unemployment since 1993 quarter one. The national rate had up until this point been declining steadily, falling by 5.7 percentage points. There were rises in unemployment in all of the following regions, Yorkshire and the Humber, the West Midlands, the East, London, the South West and most notably Scotland, which saw unemployment rise by a full 1.0 percentage point and now stands at 6.7 per cent. England as a whole saw unemployment rise by a modest 0.1 of a percentage point and the rate is now 4.8 per cent. However, some regions continued to show improvements, with the unemployment rate in the North East at 7.1 per cent down from 7.4 per cent, the East Midlands down by 0.1 of a percentage point to 4.8 per cent, the South East which recorded a substantial fall of 0.4 of a percentage point to stand at 3.3 per cent and put it as the region with the lowest unemployment rate in the whole of the UK. Unemployment fell by 0.2 of a percentage point to 5.9 per cent in Wales and it also fell in Northern Ireland with the rate there now being 6.0 per cent, which is one of the lowest rates the province has seen in recent years.

**Long-term claimant count rates as a percentage of the unemployed**, table 7 (now including monthly data), is showing all regions recording decreases in the latest data July to September 2001, although it appears that for a number of regions September's figures were slightly worse than those recorded in August and July. It is difficult to interpret the significance of these figures, as the data has only been available since



January 1999. Also a decline in these rates can be attributable either to a reduction in the number of long-term unemployed or a rise in the number of short-term unemployed.

Table 10 shows **redundancy rates** in the government office regions. While an increasing number of redundancies appear to be announced, the data does not record a pick up in actual redundancies. The picture is mixed, with around half the regions showing an increase and half showing a decline in the latest data of Summer 2001. Overall, whilst the claimant count figures point otherwise, taking into account what is happening elsewhere, we could be beginning to see a turning point in the UK labour market.

**Total average gross weekly pay**, (from the annual New Earnings Survey), in table 5, shows a slowdown in the overall growth of UK average pay, but some regions recording an acceleration. The UK average annual rise was 3.0 per cent in April 2000, compared with 4.1 per cent in April 1999, indicating a slowdown in wage growth between the two survey periods. The region showing the highest rate of growth is the North East, which recorded growth of 4.6 per cent. Other regions growing more strongly are the East, Wales and Scotland, all growing at 4.1 per cent. The East Midlands, West Midlands, London and the South East all recorded below average growth rates of 2.7 per cent, 1.9 per cent and 2.6 per cent respectively. Surprisingly, London recorded the lowest rate of growth in April 2000 compared to April 1999 even though it had the highest monetary value of £529.80 of all of the regions in the April 2000 survey. Comparing growth rates of April 1999 and April 2000 shows a mixed picture. Significant declines over this period were seen in the West Midlands falling from 4.8 per cent to 2.7 per cent and in London, which saw the rate slow from 3.8 per cent to 1.9 per cent. On the other hand, the North East increased from 3.1 per cent to 4.6 per cent, the North West from 3.0 per cent to 3.5 per cent, the South West from 3.1 per cent to 3.9 per cent and Wales from 2.8 per cent to 4.1 per cent.

## Industrial Production and Construction

**UK industrial production** output, table 12, declined for the third quarter in a row, with the pace of the decline gathering as production fell by 1.1 per cent in the second quarter of 2001. Manufacturing output, which accounts for the bulk of production, decreased by 2.0 per cent in the second quarter of 2001, which is an acceleration of the decline of 0.8 per cent seen in the previous quarter. Within the manufacturing industries, the most significant falls were in the optical networking and mobile phones and semi-conductors industries. Over the year to quarter two, UK production output decreased by 1.8 per cent, a marked turnaround from previous quarters and the first decline since 1999 quarter two. Annual growth in 2000 as a whole increased substantially to 1.7 per cent, compared to 0.8 per cent in 1999.

**UK construction output**, table 13, rose by 1.6 per cent in 2001 quarter two, the third successive quarter of positive growth, following the previous quarter's increase of 1.8 per cent. On an annual basis, output recorded a rise of 3.0 per cent in the second quarter of 2001, a marked improvement after three quarters of decline. Annual growth in 2000 as a whole rose to 1.8 per cent, compared to 0.7 per cent in 1999.

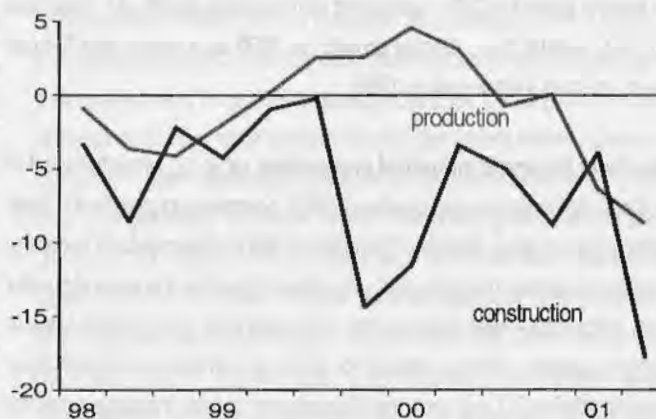
It should be kept in mind that the data for the index of industrial production and the index of construction are prone to revisions. The figures are now consistent with the Blue Book dataset published on the 25<sup>th</sup> of September 2001 and reflect long-run revisions to the index of production.

Dis-aggregated data shows that Wales, Northern Ireland and Scotland are now declining to a greater extent than the UK itself. The latest production and construction data for Wales and Northern Ireland is for the second quarter of 2001, whilst for Scotland data is available for the first quarter of 2001.

**Wales' industrial production**, table 12, followed a similar pattern to the UK as a whole between 1994 and 1998. Since 1998 output for Wales has fallen below UK and from 2000 the gap between UK and Wales has widened with, latest data now showing sharp falls. The latest Welsh industrial production data shows negative quarterly growth of 2.6 per

### Chart 2

Wales Index of production & index of construction  
Quarter on quarter a year ago



cent in the second quarter of 2001, following on from negative growth of 3.9 per cent in the previous quarter. Annual growth showed a decline of 8.7 per cent in the second quarter of 2001, the worst since the series began in 1998 quarter two and a further deterioration from the minus 6.3 per cent growth observed in the first quarter (chart 2). Annual growth in 2000 as a whole increased to 1.8 per cent compared to 0.9 per cent in 1999. The fall in production output is a reflection of the decline in manufacturing and electricity, gas and water output. The fall in manufacturing output is mainly due to a decline in electrical and optical equipment

industries, textile industries and basic metals and fabricated metal products.

**Wales' construction** output, table 13, shows output declining sharply, after having picked up in the previous quarter following two quarters of negative growth. There was a fall of 9.3 per cent in 2001 quarter two, compared with a rise of 2.5 per cent in the previous quarter. On an annual basis the picture has worsened dramatically after having slowed its decline in the previous quarter. On the year to quarter two output is down by a massive 17.9 per cent and is the worst recorded figure since the series began on this basis in 1998 quarter two. Wales has now had thirteen consecutive quarters of negative annual growth.

**Scotland's industrial production**, table 12, recorded negative growth of 2.2 per cent in the first quarter, following on from negative growth of 2.7 per cent in the previous quarter. Year-on-year growth recorded its third successive quarter of decline, this time of 5.3 per cent following on from the declines of 3.5 per cent and 1.4 per cent recorded in the fourth and third quarters of 2000 respectively. This is the largest decline since figures for this series became available in 1996 quarter one.

**Scotland's construction** output, table 13, shows in the latest figures quarterly growth of 2.4 per cent in 2001 quarter one, compared to a rise of 0.9 per cent in the previous quarter. This is the second successive quarter of positive growth and although the pace of growth has quickened, the index is still below what it was at the beginning of 2000, as it has yet to make up the substantial falls witnessed in quarters two and three of 2000. For this very reason growth on an annual basis declined by 2.3 per cent in the first quarter of 2001, compared with negative growth of 0.8 per cent in 2000 quarter four. Annual growth for 2000 as a whole was 6.4 per cent, up from 3.4 per cent in 1999.

**Northern Ireland's industrial production**, table 12, recorded a fall of 4.5 per cent in the second quarter of 2001, compared to growth of 2.5 per cent in the previous quarter. Production in the Northern Ireland economy clearly appears to have slowed, with annual growth in the second quarter just 1.4 per cent, well down on the 7 per cent plus growth rates seen in recent quarters. Annual growth for 2000 as a whole rose from 7.0 per cent in 1999 to 7.7 per cent, the highest year on year increase since the series began in 1995.

**Northern Ireland's construction** output, table 13, provisionally, growth in the second quarter of 2001 fell by 0.8 per cent, after having grown by a revised 5.3 per cent in the first, following successive falls in quarters three and four of 2000 of 5.2 per cent and 1.5 per cent respectively. The data is very volatile, more generally 2000 saw very strong growth on 1999, 2001 figures show some but perhaps reduced growth continuing.

## Manufacturing

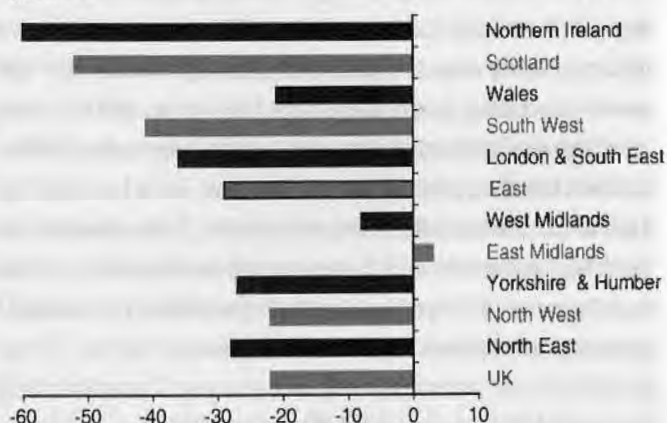
Almost all CBI data is presented on the basis of government office regions. However, London and the South East are combined in the same manner as the standard statistical region of the South East.

Tables 14 to 18 show that CBI/BSL balances continue to provide mixed evidence as to the general state of business optimism across most regions in the July survey.

Table 14 shows that businesses in all regions except the North East, Wales, Scotland and Northern Ireland were more **optimistic about the business situation** in July than in April, although all regions bar the East Midlands recorded negative balances for manufacturing business optimism in the latest survey. Balances in the North West, the East Midlands, the West Midlands and the East, all recovered substantially. The falls in confidence in Scotland and Northern Ireland were particularly steep and the fact that they have fallen so far so quickly perhaps reflects their more positive business sentiment up till this point (chart 3).

### Chart 3

Manufacturing industry  
Optimism about business situation  
2001Q3



UK manufacturing output, as measured by CBI/BSL balances for **volume of output** in table 15, varied across regions in the July survey, with only the North East, the North West and the East Midlands showing improvements on their respective April balances. All regions with the exception of the South West are now reporting negative balances and even in this region the expectation is that output in the coming four months will decline. On the other hand, apart from the South West and also the North West, businesses in all the remaining regions are reportedly expecting output to be higher in the coming four months, with firms in the East Midlands being particularly optimistic.

The overall CBI/BSL balance for **volume of new orders**, table 16,

shows a slight continuation of the deterioration in the July survey as was picked up in the April survey. Yorkshire and the Humber, the East Midlands, London and the South East, the South West, Scotland and Northern Ireland all recorded falls in orders and with the exception of Northern Ireland have negative balances. The remaining regions all recorded improvements to their balances but apart from Northern Ireland where sentiment was equally divided, all regions have negative balances in July. The outlook for the coming four months was recorded as more promising though, with businesses in all regions except Northern Ireland anticipating that the volume of new orders will improve.

**Volume of new export orders**, table 17, also showed a further deterioration in the July survey compared to the April survey, although this time around the news from the regions varied, with more regions actually improving than declining. The declines in balances were heaviest in the East Midlands, which continued to fall sharply as was observed in the last report, the South West and Scotland. Balances also fell in Yorkshire and the Humber and in the West Midlands. The North East and the North West recorded the largest improvements, yet still remained firmly negative, whilst London and the South East, Wales and Northern Ireland were the only regions with positive balances in July. Looking ahead four months, again a number of regions are expecting to see new export orders improve, the East Midlands notably so, but there are also slightly more regions expecting to see declines in their new export orders, with firms in Wales and the South West looking especially pessimistic.

The percentages of **firms working below capacity**, table 18, shows a slim majority of regions recording increases in the number of firms working below capacity, with the UK as a whole seeing a slight rise. However, within regions there are some very marked movements. Northern Ireland saw a major increase in firms working below capacity, with the number now standing at 84 per cent, well up on the previous quarter's rate of 41 per cent and making it the worst region after the North East, which recorded only a slight increase but now stands at 90 per cent. Other regions to record significant increases were, Yorkshire and the Humber, the West Midlands and Scotland. The East Midlands was the only region to record a fall in excess of 10 per cent in the number of firms working below capacity and it now has one of the lowest rates, although this is still just above 50 per cent.

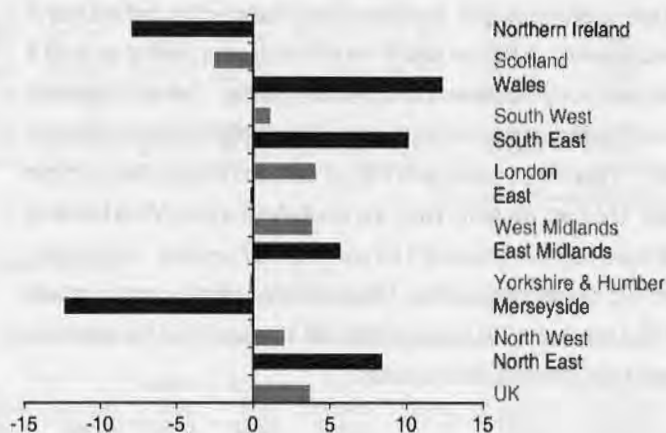
## The Housing Market

In Table 20, UK **house prices** growth resumed in the second quarter, increasing by 3.6 per cent, compared to a fall of 0.5 per cent in the previous quarter (chart 4).

The latest quarterly data showed this acceleration was seen across the majority of regions. Quarterly growth rates were fairly mixed however,

**Chart 4**

House prices - 2001Q2  
Annual growth



with the South East and Wales both recording high rates at, 10.1 per cent and 12.3 per cent respectively whilst, Merseyside and Northern Ireland both experienced falls of, 12.3 per cent and 7.9 per cent respectively. Other regions to record growth on the quarter were, the North East at 8.3 per cent, the North West at 1.9 per cent, the East Midlands at 5.6 per cent, the West Midlands at 3.7 per cent, London at 3.9 per cent and the South West at 1.0 per cent. Yorkshire and the Humber, the East and Scotland all witnessed slight declines of 0.2 per cent, 0.1 per cent and 2.5 per cent respectively.

In the UK, year-on-year growth to 2001 quarter two slowed to 8.1 per cent, down from 10.1 per cent in the previous quarter. Annual growth was highest in Wales, at 19.7 per cent, an increase from 7.1 per cent in the previous quarter. The only other two regions to record higher growth this quarter than in quarter one were the East Midlands where prices were up by 9.7 per cent and the South East where prices rose by 14.5 per cent. Their respective increases in quarter one were 6.6 per cent and 11.9 per cent. All other regions recorded growth in the second quarter of 2001 but at reduced rates from what they had experienced in quarter one. In a number of cases this slowdown was quite pronounced, with Merseyside now growing at 10.0 per cent, well down on the high of 37.1 per cent in quarter one and Northern Ireland also slowing considerably, with prices now growing at 10.9 per cent as opposed to 22.3 per cent in quarter one. The lowest rates of growth were seen in the North East, at 0.8 per cent, the North West at 1.6 per cent and Scotland, at 2.7 per cent, continuing the weakness seen since the early part of 2000.

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 2001 quarter one shows an improvement across the regions with all regions recording positive growth in the quarter. However, Wales where 2001 quarter three data is available, shows a fall



of 46.3 per cent, although this comes after growth of 22.5 per cent in the second quarter. Generally data is available to the first quarter of 2001 except for the UK, where the latest quarterly data is for the third quarter of 2000. Year-on-year growth shows a general improvement in the overall picture in the latest data. Northern Ireland recorded the highest rate of annual growth of 34.9 per cent in the second quarter, well up on the 4.8 per cent growth rate seen in the previous quarter. The only regions to record positive growth in the first quarter were Yorkshire and the Humber with 7.7 per cent, London with 5.6 per cent and Scotland with 4.5 per cent. The East, the North West, the South West and the West Midlands recorded negative growth of 14.8 per cent, 13.7 per cent, 13.0 per cent and 12.5 per cent respectively. Wales recorded negative annual growth of 47.8 per cent in 2001 quarter three, an acceleration of the weakness seen in the previous three quarters.

Revised annual rates for 2000 as a whole are now available for the all of the regions including Scotland. Significant positive growth was seen in London at 9.1 per cent in 2000, compared to an increase of just 0.4 per cent in 1999 and in Scotland, where annual growth was 7.0 per cent in 2000, although this was down on the 1999 rate of 14.6 per cent. Growth in Yorkshire and the Humber and in the South East was negative, falling by 9.1 per cent and 7.6 per cent in 2000 compared to increases of 1.8 per cent and 3.8 per cent respectively in 1999. The remaining regions except the North East, the East, Wales and Northern Ireland recorded negative growth in 2000.

### **Business Start-Ups**

Echoing the more moderate economic growth in 1999, table 21, VAT registrations and de-registrations, shows registrations outnumbering de-registrations by 6,500 for the calendar year 1999, a decline from the net gain of 30,300 registered enterprises seen in 1998. The net gain of 6,500 enterprises during 1999 shows a rise in the total business stock for the fourth consecutive year, however, all regions net gains were less than those recorded in 1998. In 1999 registrations outnumbered de-registrations in every region of England, except Yorkshire and the Humber, where there was a net loss of 700 businesses, the East Midlands with a net loss of 200 businesses, and the North East with a net loss of 100 businesses. There were also net losses in Wales of 700 businesses, in Scotland of 500 businesses and in Northern Ireland of 100 businesses. The largest net gains were in London of 4,600 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.



# 1 Gross domestic product<sup>1</sup> at basic prices

Government Office Regions

£ million

	United Kingdom <sup>2</sup> (£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	452 437	17 156	49 365	34 848	30 439	37 956	45 885	68 907	66 979	34 118	385 653	19 007	38 448	9 329
1993	562 857	21 480	60 664	42 952	37 124	46 859	55 928	86 574	83 817	42 529	477 927	23 191	49 302	12 437
1994	593 931	22 074	63 938	44 752	39 023	49 577	59 824	91 118	88 936	44 607	503 851	24 463	52 273	13 344
1995	622 389	22 975	66 007	47 108	40 976	52 407	62 416	93 843	93 319	47 385	526 437	25 989	55 667	14 297
1996	657 775	23 755	68 937	50 043	44 184	54 851	66 484	99 490	100 614	50 128	558 483	27 017	57 338	14 936
1997	700 567	24 202	72 414	53 182	47 261	57 783	72 698	108 559	108 276	53 580	597 956	28 010	58 650	15 952
1998	743 314	25 294	75 275	55 457	49 413	61 130	77 962	118 499	116 024	56 064	635 117	29 541	62 153	16 501
1999	771 849	25 875	77 562	57 554	50 906	63 495	81 793	122 816	121 956	58 151	660 108	30 689	64 050	17 003

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

Source: National Statistics

2 UK less Extra-Region and statistical discrepancy.

# 2 Gross domestic product<sup>1</sup> at basic prices: £ per head

Government Office Regions

£

	United Kingdom <sup>2</sup>	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	7 888	6 614	7 199	7 042	7 621	7 242	9 012	10 135	8 805	7 297	8 069	6 624	7 544	5 893
1993	9 671	8 216	8 783	8 563	9 102	8 855	10 772	12 494	10 834	8 927	9 852	7 978	9 614	7 610
1994	10 170	8 441	9 248	8 901	9 519	9 352	11 467	13 088	11 441	9 311	10 349	8 393	10 168	8 114
1995	10 619	8 796	9 547	9 354	9 944	9 869	11 889	13 406	11 918	9 828	10 771	8 900	10 818	8 654
1996	11 185	9 111	9 980	9 927	10 673	10 309	12 582	14 107	12 761	10 351	11 384	9 240	11 162	8 964
1997	11 871	9 301	10 494	10 541	11 371	10 845	13 657	15 266	13 634	11 008	12 141	9 562	11 429	9 507
1998	12 548	9 741	10 909	10 983	11 848	11 455	14 530	16 532	14 510	11 447	12 845	10 063	12 117	9 754
1999	12 972	10 024	11 273	11 404	12 146	11 900	15 094	16 859	15 098	11 782	13 278	10 449	12 512	10 050

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

Source: National Statistics

2 UK less Extra-Region and statistical discrepancy.

# 3 Household disposable income<sup>1</sup>: £ per head

Government Office Regions

£

	United Kingdom <sup>2</sup>	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	5 560	4 908	5 239	5 208	5 280	4 934	6 097	6 549	6 110	5 638	5 643	4 994	5 355	4 729
1993	7 771	7 053	7 313	7 232	7 214	7 112	8 248	9 311	8 519	7 608	7 867	6 986	7 704	6 540
1994	8 019	7 095	7 536	7 417	7 569	7 391	8 540	9 612	8 873	7 767	8 127	7 235	7 773	6 959
1995	8 442	7 423	7 912	7 740	7 883	7 871	8 909	10 123	9 306	8 290	8 545	7 703	8 199	7 428
1996	8 867	7 819	8 341	8 272	8 390	8 113	9 292	10 635	9 824	8 698	8 991	8 010	8 579	7 621
1997	9 403	8 108	8 761	8 589	8 931	8 405	10 233	11 358	10 503	9 368	9 559	8 338	8 918	8 150
1998	9 603	8 104	8 932	8 794	9 040	8 612	10 640	11 607	10 663	9 474	9 755	8 583	9 172	8 247
1999	10 078	8 353	9 375	9 305	9 346	9 195	11 255	12 036	11 249	9 825	10 237	9 113	9 558	8 659

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

Source: National Statistics

2 UK less Extra-Region

# 4 Individual consumption expenditure<sup>1</sup>: £ per head

Government Office Regions

£

	United Kingdom <sup>2</sup>	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	TLZZ
1994	7 441	6 676	7 082	7 081	7 180	6 920	7 380	8 799	8 424	7 045	7 539	6 563	7 334	6 427
1995	7 762	6 973	7 336	7 306	7 583	7 364	7 915	9 011	8 697	7 408	7 865	6 997	7 537	6 775
1996	8 268	7 391	7 798	7 758	7 939	7 705	8 514	9 485	9 333	8 049	8 365	7 722	8 007	7 188
1997	8 776	7 744	8 331	8 177	8 370	8 128	8 963	10 248	9 938	8 584	8 895	8 041	8 488	7 463
1998	9 316	8 086	8 662	8 763	8 695	8 640	9 740	11 264	10 656	8 961	9 488	8 079	8 874	7 749
1999	9 864	8 003	9 321	8 907	9 057	9 262	10 077	12 250	11 392	9 600	10 057	8 206	9 459	8 281

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

Source: National Statistics

## 5 Total average gross weekly pay<sup>1</sup>

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
2000 Apr	410.6	365.8	385.7	373.7	371.4	385.9	412.7	529.8	434.2	379.1	368.1	379.8	360.4

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<sup>1</sup>, 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 <sup>2</sup>
	MGSX	YCNC	YCND	YCNE	YCNF	YCNH	YCNJ	YCNK	YCNL	YCNM	YCNN	MGXW		
1998 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
Q2	5.5	8.9	5.4	6.1	4.9	6.1	3.6	7.2	3.3	4.2	5.2	6.1	7.2	6.7
Q3	5.4	9.0	5.4	6.1	4.8	5.8	3.7	7.0	3.1	4.0	5.1	6.5	6.9	5.8
Q4	5.2	8.0	5.2	5.6	4.6	6.0	3.4	6.9	3.4	3.9	5.0	6.2	6.0	6.1
2001 Q1	4.9	7.4	5.4	5.1	4.9	5.1	3.7	6.1	3.7	3.6	4.7	6.1	5.7	6.2
Q2	5.1	7.1	5.4	5.5	4.8	5.3	3.8	6.3	3.3	3.7	4.8	5.9	6.7	6.0

1 Periods are calendar quarters.

Source: Labour Force Survey, National Statistics

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

## 7 Long-term claimant count as a percentage of the unemployed<sup>1</sup> (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
2000 Aug	21.8	22.9	19.9	20.1	19.5	24.0	20.2	27.2	19.4	17.6	19.1	19.7	29.4
Sep	22.2	23.1	20.4	20.3	20.0	24.3	20.3	26.9	19.5	17.8	19.5	20.9	30.3
Oct	22.2	23.0	20.6	20.4	20.1	24.5	20.2	26.7	19.3	17.5	19.6	21.0	30.8
Nov	21.8	22.2	20.2	20.0	19.8	24.1	19.6	26.4	18.9	16.8	19.2	20.6	30.8
Dec	21.1	22.1	19.4	19.2	18.9	23.5	18.8	26.0	18.1	16.1	18.6	20.0	30.8
2001 Jan	19.8	20.9	18.1	17.9	17.4	22.2	17.3	25.4	16.9	14.7	17.3	18.3	30.2
Feb	19.6	21.0	18.0	17.6	17.1	21.8	16.6	25.0	16.7	14.5	17.2	18.1	30.6
Mar	19.7	21.3	18.1	17.8	17.3	21.7	16.6	24.7	16.8	14.8	17.5	18.3	31.3
Apr	19.9	21.5	18.2	17.8	17.6	21.8	17.0	24.5	16.8	15.0	18.2	18.7	31.7
May	20.3	22.0	18.7	18.3	18.0	22.2	17.2	24.3	17.1	15.5	18.8	19.0	32.2
Jun	20.6	22.4	19.2	18.7	18.4	22.7	17.6	24.3	17.3	15.9	19.7	18.9	32.2
Jul	20.0	21.7	18.8	18.4	18.1	22.2	17.1	23.9	16.6	15.4	19.2	18.0	30.1
Aug	19.5	21.4	18.5	17.9	17.9	21.5	16.4	23.3	15.8	14.9	18.7	17.4	29.7
Sep	19.7	21.3	18.9	18.1	18.2	21.8	16.1	22.9	15.5	14.8	18.9	18.0	30.7

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
1997	5.3	8.1	5.9	6.1	4.7	5.3	4.0	6.2	3.3	4.2	6.2	6.2	8.1
1998	4.5	7.2	5.1	5.4	4.0	4.6	3.2	5.0	2.6	3.4	5.4	5.5	7.3
1999	4.2	7.0	4.6	5.0	3.7	4.5	2.9	4.5	2.3	3.1	5.0	5.1	6.4
2000	3.6	6.3	4.1	4.4	3.5	4.0	2.5	3.8	1.9	2.5	4.4	4.6	5.3
2000 Sep	3.5	6.0	4.0	4.2	3.4	3.9	2.3	3.6	1.7	2.4	4.3	4.5	5.2
Oct	3.5	6.1	4.0	4.2	3.4	4.0	2.3	3.6	1.7	2.3	4.3	4.5	5.2
Nov	3.4	6.0	3.9	4.2	3.4	4.0	2.3	3.5	1.7	2.3	4.3	4.5	5.3
Dec	3.4	6.0	3.9	4.2	3.4	4.0	2.3	3.5	1.7	2.3	4.3	4.4	5.3
2001 Jan	3.3	5.8	3.8	4.1	3.3	3.9	2.2	3.4	1.6	2.2	4.2	4.4	5.2
Feb	3.3	5.7	3.8	4.1	3.3	3.9	2.2	3.4	1.6	2.1	4.2	4.3	5.1
Mar	3.3	5.6	3.8	4.0	3.3	3.8	2.1	3.3	1.6	2.2	4.1	4.3	5.1
Apr	3.2	5.5	3.8	4.0	3.2	3.8	2.1	3.3	1.6	2.2	4.0	4.2	5.1
May	3.2	5.5	3.8	4.0	3.2	3.8	2.1	3.3	1.6	2.2	4.0	4.2	5.1
Jun	3.2	5.4	3.7	4.0	3.2	3.7	2.1	3.3	1.5	2.1	3.9	4.1	5.0
Jul	3.2	5.3	3.7	3.9	3.2	3.6	2.1	3.2	1.5	2.1	3.9	4.1	5.0
Aug <sup>1</sup>	3.1	5.3	3.6	3.9	3.1	3.6	2.1	3.2	1.5	2.1	3.8	4.1	4.9
Sep	3.1	5.3	3.6	3.9	3.1	3.5	2.1	3.2	1.5	2.1	3.8	4.1	4.9

1 Provisional.

Source: National Statistics

# 9 Total in employment<sup>1,2</sup>, 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 <sup>3</sup>
	MGRZ	YCJP	YCJQ	YCJR	YCJS	YCJT	YCJU	YCJV	YCJW	YCJX	YCJY	YCJZ	YCKA	YCPT
1998 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
Q2	27 930	1 105	3 137	2 344	2 036	2 459	2 684	3 378	4 116	2 381	23 641	1 252	2 353	680
Q3	27 999	1 100	3 096	2 348	2 020	2 458	2 702	3 399	4 112	2 425	23 660	1 262	2 378	701
Q4	28 088	1 099	3 125	2 353	2 012	2 461	2 757	3 420	4 117	2 401	23 745	1 255	2 388	699
2001 Q1	28 180	1 108	3 136	2 335	2 009	2 481	2 753	3 454	4 134	2 410	23 819	1 250	2 398	713
Q2	28 161	1 097	3 100	2 328	2 019	2 479	2 729	3 472	4 152	2 428	23 804	1 252	2 384	721

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<sup>1</sup>

Government Office Regions

Rates<sup>2</sup>

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	DITA	LRDH	LRDI	DCXF	DCXG	DCXL	LRDJ	DCXI	LRDK	DCXK	DCXN	DCXO	DITB
Summer 1997	7	3	8	6	7	8	9	6	6	6	3	8	3
Autumn 1997	6	3	7	7	6	5	6	6	5	6	3	8	3
Winter 1997	7	11	8	6	8	7	6	7	5	8	3	11	3
Spring 1998	7	3	6	7	10	8	7	7	7	7	3	10	3
Summer 1998	7	3	7	8	9	9	5	5	7	6	3	8	3
Autumn 1998	7	10	7	7	8	9	9	6	9	8	3	6	3
Winter 1998	9	16	9	6	8	9	6	10	8	9	11	11	3
Spring 1999	8	3	9	9	3	11	8	6	7	7	10	10	3
Summer 1999	7	3	9	9	8	8	7	4	6	7	3	8	3
Autumn 1999	7	3	10	6	8	6	6	6	7	8	3	6	3
Winter 1999	8	11	7	7	11	10	5	7	7	6	15	9	3
Spring 2000	7	10	7	9	8	8	4	7	6	8	3	10	3
Summer 2000	6	3	7	5	9	7	5	4	7	8	3	8	3
Autumn 2000	7	3	8	7	6	8	6	6	6	6	3	7	3
Winter 2000	7	3	9	6	7	9	5	6	6	8	3	6	3
Spring 2001	7	3	8	5	8	8	6	7	5	7	3	10	3
Summer 2001	7	3	8	7	7	8	8	5	7	5	3	8	3

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.

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	YKGG	YKHH	YKJK	YEKL	YEKM
1998	103.7	101.5	102.3	103.8	103.0	102.3	105.5	106.3	104.8	104.6	102.1	101.3	103.9
1999	105.1	101.4	105.1	103.9	103.3	102.0	106.2	109.4	107.6	104.9	104.7	102.7	106.0
2000	106.0	111.9	102.6	109.9	105.7	105.8	106.0	102.6	101.5	103.6	105.4	102.5	106.9
1999 Dec	106.3	103.1	106.3	104.1	102.6	103.1	106.2	112.2	110.0	105.9	105.6	102.1	108.2
2000 Mar	105.3	101.9	105.0	103.0	101.4	101.8	106.1	111.0	109.1	105.3	104.4	102.1	107.4
Jun	105.9	102.5	105.6	103.1	101.7	102.7	104.8	111.5	109.6	106.4	105.3	102.4	107.7
Sep	106.3	102.9	106.2	103.8	101.5	102.8	105.8	112.4	110.0	106.1	106.2	102.6	108.0
Dec	107.0	104.0	106.5	104.6	101.9	103.5	106.3	113.3	111.2	106.4	106.8	102.8	109.5
2001 Mar	106.0	102.5	105.2	103.9	101.0	102.8	107.0	112.5	109.8	105.8	105.7	101.5	108.9
Jun	106.5	102.2	105.6	104.1	101.8	102.8	106.1	113.0	110.3	107.8	105.9	102.0	109.0

Source: National Statistics

# 12 Index of industrial production<sup>1</sup>

Seasonally adjusted 1995 = 100

	United Kingdom	Scotland	Northern Ireland	Wales
	CKYW	LRFK	LRFL	TMQX
1997	102.4	108.8	107.5	101.6
1998	103.4	111.5	110.5	100.0
1999	104.2	114.9	118.2	100.9
2000	106.0	114.4	127.3	102.7
1998 Q2	103.9	110.8	111.1	100.5
Q3	103.7	110.8	111.2	99.5
Q4	103.1	112.9	110.8	98.7
1999 Q1	102.7	113.6	113.8	99.4
Q2	103.6	114.4	116.7	100.7
Q3	105.2	116.2	121.1	102.1
Q4	105.2	115.6	121.4	101.3
2000 Q1	104.6	115.2	123.6	104.0
Q2	106.3	116.2	125.4	103.9
Q3	106.9	114.6	130.3	101.4
Q4	106.2	111.5	129.9	101.4
2001 Q1	105.6	109.1	133.2	97.4
Q2	104.4	..	127.2	94.9

<sup>1</sup> The index of industrial production has been rebased from 1990=100 to 1995=100. Figures on the 1990=100 base are not being continued

Sources: National Statistics;  
Scottish Executive;

Department of Enterprise, Trade & Investment Northern Ireland;

# 13 Index of construction<sup>1</sup>

Seasonally adjusted 1995 = 100

	United Kingdom	Scotland	Northern Ireland	Wales
	GDQB	LRZR	LRFM	TMQY
1997	105.7	101.1	..	99.6
1998	107.0	98.3	..	98.1
1999	107.8	101.6	..	93.0
2000	109.7	108.1	..	86.3
1998 Q2	106.1	97.1	109.7	95.3
Q3	105.9	100.9	109.4	92.3
Q4	106.0	99.4	108.1	103.3
1999 Q1	106.3	93.9	97.7	97.1
Q2	106.9	101.3	106.2	94.4
Q3	108.7	103.7	103.1	92.1
Q4	109.3	107.7	103.1	88.4
2000 Q1	112.1	112.0	109.4	85.9
Q2	109.7	107.8	121.2	91.2
Q3	107.9	105.8	114.9	87.5
Q4	109.2	106.8	113.2	80.6
2001 Q1	111.2	109.4	119.2 <sup>2</sup>	82.6
Q2	113.0	..	118.3 <sup>3</sup>	74.9

<sup>1</sup> The Index of construction has been rebased from 1990=100 to 1995=100. Figures on the 1990=100 base are not being continued

<sup>2</sup> Revised.

<sup>3</sup> 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<sup>1</sup>

	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
2000 Oct	DCMO -9	LRYS -32	LRYT -39	DCMU -11	DCMT -2	DCMS -8	LRYS -2	DCMP -24	DCMR -4	DCMX 8	DCMY -6	DCMZ 31
2001 Jan	-3	-27	-10	9	1	-25	-11	-12	35	-20	-1	8
Apr	-29	-28	-35	-30	-39	-35	-44	-47	-53	-16	-3	-10
Jul	-22	-28	-22	-27	3	-8	-29	-36	-41	-21	-52	-60

<sup>1</sup> 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<sup>1</sup>

	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	LRVY	LRVW	DCLW	DCLV	DCLU	LRVX	DCLR	DCLT	DCLZ	DCMA	DCMB
2000 Oct	-3	-34	-15	-16	25	-12	3	-2	4	13	-5	10
2001 Jan	5	-9	-15	-1	14	2	6	3	30	19	9	16
Apr	-1	-34	-29	-13	-34	3	-9	1	19	8	7	52
Jul	-9	-19	-15	-24	-12	-7	-11	-14	2	-1	-21	-19
Next 4 months	DCMC	LRYY	LRYZ	DCMI	DCMH	DCME	LRZA	DCMD	DCMF	DCML	DCMM	DCMN
2001 Jul	3	-3	-19	2	25	3	10	9	-13	21	-10	-7

<sup>1</sup> 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<sup>1</sup>

	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
2000 Oct	-9	-37	-20	-4	21	-19	-9	-12	-3	1	-8	-4
2001 Jan	4	-11	-10	2	27	-1	5	1	18	-	6	9
Apr	-1	-49	-33	-4	-12	-8	-8	13	13	-4	9	4
Jul	-6	-25	-28	-17	-17	-1	-6	-3	-15	-1	-24	-
Next 4 months	DCNM	LRZE	LRZF	DCNS	DCNR	DCNQ	LRZG	DCNN	DCNP	DCNV	DCNW	DCNX
2001 Jul	1	16	-6	-9	24	8	-4	3	-14	1	-11	-1

<sup>1</sup> 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<sup>1</sup>

	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
2000 Oct	-11	-12	-15	-32	2	-10	-15	10	11	-6	-2	-11
2001 Jan	-1	-1	-13	2	29	6	1	11	40	-19	13	-15
Apr	-15	-25	-31	-7	2	-2	-22	2	12	3	11	-4
Jul	-20	-11	-22	-14	-28	-8	-16	8	-17	4	-4	3
Next 4 months	DCOK	LRZK	LRZL	DCOQ	DCOP	DCOO	LRZM	DCOL	DCON	DCOT	DCOU	DCOV
2001 Jul	-16	-1	-18	-	17	-16	-22	7	-24	-17	7	-3

<sup>1</sup> 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
2000 Oct	DCOW 59	LRZN 51	LRZO 59	DCPC 74	DCPB 47	DCPA 63	LRZP 53	DCOX 54	DCOZ 65	DCPF 55	DCPG 47	DCPH 68
2001 Jan	57	52	64	67	47	59	58	58	34	58	47	57
Apr	64	86	80	63	65	51	71	63	49	61	37	41
Jul	55	55	55	72	52	68	66	70	48	56	49	84

# 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 <sup>3</sup>	Scotland <sup>1</sup>	Northern Ireland
	DEOI	LRDP	LRZQ	DCRX	DCRW	DCRV	LRDR	DCRR	LRDS	DCRU	BLIA	BLFA	BLGA
1999	189 041	7 030	18 804	15 184	15 953	15 593	18 586	13 508	25 268	16 782	9 311	22 685	10 868
2000	..	7 088	18 691	13 805	15 163	15 575	18 802	14 731	23 344	16 744	9 352	24 269	11 154
1998 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	49 389	1 874	4 336	3 676	3 799	4 149	4 724	4 196	6 422	3 968	2 255	6 798	3 192
Q2	49 701	1 792	5 037	4 104	4 303	4 191	5 108	3 494	6 920	4 571	2 722	4 760	2 699
Q3	47 492	1 891	5 007	3 986	3 817	3 851	4 653	2 867	6 565	4 534	2 376	5 791	2 352
Q4	42 459	1 473	4 424	3 418	4 034	3 402	4 101	2 951	5 361	3 709	1 958	5 336	2 625
2000 Q1	51 873	2 071	5 546	3 571	4 161	4 566	5 350	3 240	6 316	4 688	2 205	6 774	3 592
Q2	50 837	1 786	4 806	3 661	4 025	4 470	5 148	4 340	6 778	4 595	2 749	5 467	2 803
Q3	48 044	1 712	4 560	3 580	3 890	3 657	4 926	3 963	6 028	4 259	2 781	6 525	2 490
Q4 <sup>2</sup>	..	1 519	3 779	2 993	3 087	2 882	3 378	3 188	4 222	3 202	1 617	5 503	2 269
2001 Q1 <sup>2</sup>	..	1 926	4 788	3 847	3 762	3 995	4 558	3 421	5 950	4 080	2 206	7 082	3 764
Q2	..	..	..	..	..	..	..	..	..	..	2 703	..	3 780
Q3	..	..	..	..	..	..	..	..	..	..	1 451	..	..

1 Includes estimates for outstanding returns for private sector.

2 Quarters 4 of 2000 and 1 of 2001 for the English regions are provisional.

3 Quarter 3 of 2001 for Wales is 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<sup>1</sup>

Government Office Regions

1993 = 100

	United Kingdom	North East	North West <sup>2</sup>	Mersey-side	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	LRBH	LRDX	LRDY	LRN	LRBJ	LRBK	LRBP	LRDZ	LRBM	LREA	LRBO	LRBR	LRBS	LRBT
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
2000	165.3	126.9	132.6	122.1	123.2	141.7	147.5	172.8	209.7	188.1	169.1	130.9	124.0	188.6
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
Q2	164.5	131.9	135.8	120.0	119.9	140.8	146.9	170.6	215.7	184.5	163.8	129.2	123.6	184.3
Q3	167.6	122.4	134.8	121.2	127.4	144.6	151.0	178.0	204.1	192.4	176.9	131.8	124.4	186.0
Q4	172.6	126.2	129.3	134.8	125.7	144.7	153.1	181.4	219.2	202.1	177.7	133.2	124.2	201.9
2001 Q1	171.7	122.7	135.4	150.5	129.0	146.3	152.2	188.1	225.5	192.0	182.0	137.7	130.2	221.9
Q2	177.9	132.9	138.0	132.0	128.8	154.5	157.9	187.9	234.4	211.3	183.8	154.6	126.9	204.4

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<sup>1</sup>: net change<sup>2</sup>

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	LRBE	LRZS	DCYT	DCYU	DCYY	LRDZ	DEON	LRZE	DCYX	DCZA	DCZB	DCZC
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
1999	6.5	-0.1	0.9	-0.7	-0.2	0.2	0.6	4.6	2.4	0.1	-0.7	-0.5	-0.1

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) – September 2001

Contact: Richard Clegg

Tel: 020-7533 5822

E-mail: [fepi@ons.gov.uk](mailto:fepi@ons.gov.uk)

*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 annual rate of inflation for the FEPI fell substantially from 2.4 per cent in August to 1.9 per cent in September, largely due to lower inflation for consumer prices.

The FEPI annual percentage change

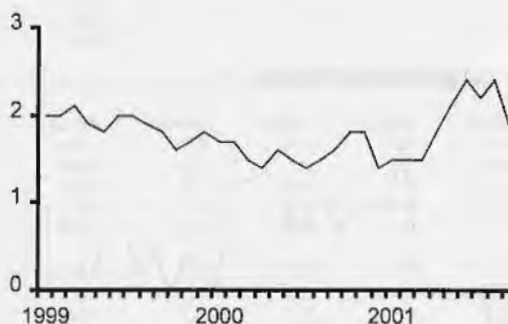


Table A

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

		ICP		IIP		IGP		INP		FEPI	
		Index	% change	Index	% change	Index	% change	Index	% change	Index	% change
2001	Apr	125.6	1.5	119.8	2.1	125.3	2.1	131.3	2.7	124.4	1.8
	May	126.6	2.0	120.1	1.7	125.8	2.3	132.1	3.2	125.2	2.1
	Jun	126.9	2.2	120.9	2.3	127.0	3.2	132.8	3.4	125.7	2.4
	Jul	126.0	1.9	120.9	2.3	126.5	2.7	133.4	3.2	125.1	2.2
	Aug	126.5	2.3	121.0	1.8	126.7	2.7	133.9	3.2	125.5	2.4
	Sep	126.4	1.7	120.5	1.2	127.0	2.8	134.1	3.3	125.4	1.9

## The Index of Consumer Prices (ICP)

Consumer price inflation, as measured by the ICP, fell substantially from 2.3 per cent in August to 1.7 per cent in September.

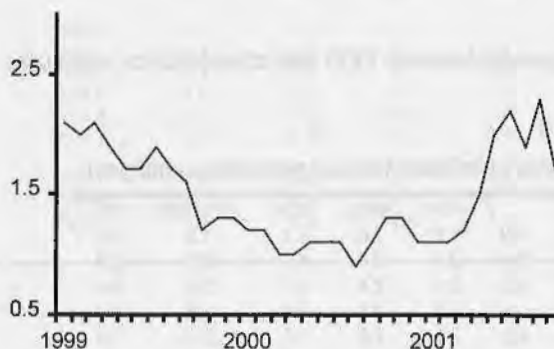
Downward effects were recorded for most categories within the ICP but the largest downward effect came from transport services where the annual rate of inflation fell from 16.8 per cent in August to 6.2 per cent in September due to lower air fares following the increases over the summer season.

Other large downward effects came from:

- Fuels and lubricants for vehicles, where the annual rate of inflation was more negative in September, at minus 6.7 per cent, than in August at minus 4.4 per cent. Petrol and oil prices fell this September compared with increases a year ago, when crude oil prices were at a ten year high.

- Clothing and footwear, where the annual rate of inflation was more negative in September, at minus 4.0 per cent, than in August at minus 3.2 per cent. The usual two month recoveries from the summer sales on women's clothing followed a different pattern to that of last year when there were steeper recoveries in September.

The ICP annual percentage change

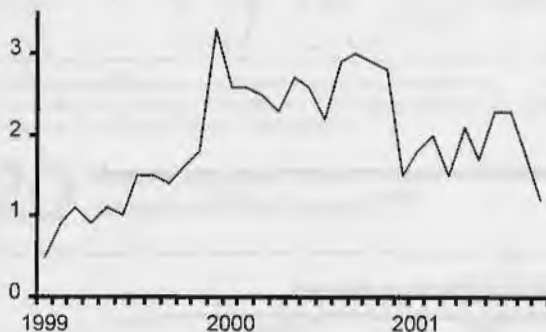




## The Index of Investment Prices (IIP)

Investment price inflation, as measured by the IIP, fell from 1.8 per cent in August to 1.2 per cent in September. Lower inflation was recorded for all categories within the IIP. The largest downward effect came from Other Machinery and Equipment, where the annual rate of inflation was more negative in September, at minus 4.4 per cent, than in August at minus 3.7 per cent.

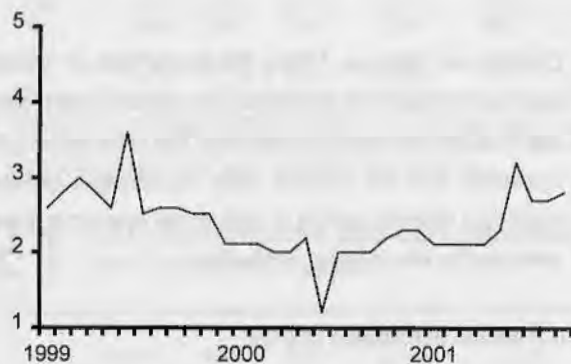
### The IIP annual percentage change



## The Index of Government Prices (IGP)

The rate of inflation for the IGP was 2.8 per cent in September, broadly unchanged compared with the previous month.

### The IGP annual percentage change



## Comparison between FEPI and other inflation measures

Table B

### Measures of Inflation (annual percentage changes)

		FEPI	RPIX	HICP	ICP(FEPI)	PPI
2001	Apr	1.8	2.0	1.1	1.5	0.6
	May	2.1	2.4	1.7	2.0	0.7
	Jun	2.4	2.4	1.7	2.2	0.4
	Jul	2.2	2.2	1.4	1.9	-0.1
	Aug	2.4	2.6	1.8	2.3	0.2
	Sep	1.9	2.3	1.3	1.7	-0.2

## 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 households, businesses, government and non-profit institutions for final purchases of goods and services. Intermediate purchases by businesses are excluded. The FEPI is made up of four components:

- The Index of Consumer Prices (ICP)
- The Index of Investment Prices (IIP)
- The Index of Government Prices (IGP)
- The Index of Non-Profit Institutions Prices (INP).

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

4. The IIP is a measure of the change in the prices paid for capital goods by businesses and by government. It also covers new construction projects and dwellings built for consumers, businesses and government. The price indicators used are mainly Producer Price Indices (PPIs), implied import deflators, construction output price indices and average house price indicators.

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 INP measures inflation affecting non-profit institutions serving households (NPISHs); mainly universities, higher and further education colleges and charities. The price indicators used are mainly a higher education pay and prices index and an appropriate component of the Average Earnings Index.

7. The IGP(P) is a variant version of the IGP which incorporates government output prices for a number of areas of government expenditure (which comprise around 65% of general government final consumption expenditure) and therefore reflects movements in productivity. The most significant expenditure items covered by government output prices are health, education, local authority personal social services and social security administration. 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. The IGP(P) and FEPI(P) are only available as annual indices.

8. An article providing further details about the FEPI appears on the National Statistics website:

[<http://www.statistics.gov.uk/themes/economy/Articles/PricesAndInflation/FEPI.asp>].

9. FEPI data are available in computer readable form from the National Statistics website:

[[http://www.statistics.gov.uk/press\\_release/experimental.asp](http://www.statistics.gov.uk/press_release/experimental.asp)]



## Final Expenditure Prices Index (FEPI)

## Summary Table

Experimental price indices

	Index of Consumer Prices ICP	Index of Investment Prices IIP	Index of Government Prices IGP	Index of NPISH Prices INP <sup>1</sup>	Final Expenditure Prices Index FEPI	Annual percentage changes				
						ICP	IIP	IGP	INP	FEPI
January 1992=100										
Weights										
1998	601	178	198	23	1000					
1999	607	180	190	24	1000					
2000	605	186	185	24	1000					
2001	602	188	185	24	1000					
	VASH	CUSK	CUSO	ZIUS	CUSP	MKVB	CGBF	CGBJ	ZIUT	CGBK
1997 Aug	118.1	113.6	115.5	119.9	116.6	2.6	1.2	1.7	3.1	2.2
Sep	118.6	113.7	115.8	120.0	116.9	2.4	1.6	1.7	3.0	2.1
Oct	118.7	113.4	115.4	119.3	116.9	2.5	0.9	1.7	3.1	2.1
Nov	118.8	113.5	115.4	119.0	116.9	2.5	1.4	1.8	2.9	2.1
Dec	118.9	113.2	116.1	119.5	117.1	2.3	0.8	1.6	3.0	1.9
1998 Jan	118.4	113.2	116.2	119.6	116.8	2.1	0.8	1.6	3.0	1.7
Feb	119.0	112.8	116.0	119.7	117.1	2.3	0.2	1.6	2.8	1.8
Mar	119.5	113.2	115.7	119.6	117.4	2.4	0.5	1.6	2.7	1.9
Apr	120.2	113.7	117.0	120.5	118.2	2.6	0.7	2.2	3.1	2.2
May	120.8	113.7	117.3	120.9	118.6	2.7	0.8	2.4	3.3	2.3
Jun	120.7	114.1	117.4	121.2	118.6	2.4	1.0	2.5	3.5	2.2
Jul	120.0	114.0	117.8	122.1	118.3	2.1	0.5	1.6	2.4	1.8
Aug	120.5	113.9	117.9	122.6	118.6	2.0	0.3	2.1	2.3	1.7
Sep	121.1	114.0	118.1	122.7	119.0	2.1	0.3	2.0	2.2	1.8
Oct	121.2	113.9	117.9	122.4	119.0	2.1	0.4	2.2	2.6	1.8
Nov	121.3	113.9	118.1	122.3	119.1	2.1	0.4	2.3	2.8	1.9
Dec	121.6	113.4	118.8	122.9	119.4	2.3	0.2	2.3	2.8	2.0
1999 Jan	120.9	113.8	119.2	123.5	119.1	2.1	0.5	2.6	3.3	2.0
Feb	121.4	113.8	119.2	123.5	119.4	2.0	0.9	2.8	3.2	2.0
Mar	122.0	114.4	119.2	123.5	119.9	2.1	1.1	3.0	3.3	2.1
Apr	122.5	114.7	120.3	124.4	120.5	1.9	0.9	2.8	3.2	1.9
May	122.8	115.0	120.4	124.8	120.7	1.7	1.1	2.6	3.2	1.8
Jun	122.8	115.2	121.6	125.5	121.0	1.7	1.0	3.6	3.5	2.0
Jul	122.3	115.7	120.8	126.1	120.7	1.9	1.5	2.5	3.3	2.0
Aug	122.5	115.6	121.0	126.7	120.8	1.7	1.5	2.6	3.3	1.9
Sep	123.0	115.6	121.2	126.7	121.2	1.6	1.4	2.6	3.3	1.8
Oct	122.7	115.7	120.9	126.4	120.9	1.2	1.6	2.5	3.3	1.6
Nov	122.9	115.9	121.1	126.5	121.1	1.3	1.8	2.5	3.4	1.7
Dec	123.2	117.1	121.3	126.7	121.6	1.3	3.3	2.1	3.1	1.8
2000 Jan	122.4	116.8	121.7	126.7	121.1	1.2	2.6	2.1	2.6	1.7
Feb	122.9	116.8	121.7	126.8	121.4	1.2	2.6	2.1	2.7	1.7
Mar	123.2	117.3	121.6	126.8	121.7	1.0	2.5	2.0	2.7	1.5
Apr	123.7	117.3	122.7	127.8	122.2	1.0	2.3	2.0	2.7	1.4
May	124.1	118.1	123.0	128.0	122.6	1.1	2.7	2.2	2.6	1.6
Jun	124.2	118.2	123.1	128.4	122.8	1.1	2.6	1.2	2.3	1.5
Jul	123.6	118.2	123.2	129.3	122.4	1.1	2.2	2.0	2.5	1.4
Aug	123.6	118.9	123.4	129.7	122.6	0.9	2.9	2.0	2.4	1.5
Sep	124.3	119.1	123.6	129.8	123.1	1.1	3.0	2.0	2.4	1.6
Oct	124.3	119.1	123.6	129.6	123.1	1.3	2.9	2.2	2.5	1.8
Nov	124.5	119.2	123.9	129.7	123.3	1.3	2.8	2.3	2.5	1.8
Dec	124.5	118.8	124.1	130.0	123.3	1.1	1.5	2.3	2.6	1.4
2001 Jan	123.7	118.9	124.2	130.4	122.9	1.1	1.8	2.1	2.9	1.5
Feb	124.2	119.1	124.2	130.5	123.2	1.1	2.0	2.1	2.9	1.5
Mar	124.7 <sup>†</sup>	119.1	124.1 <sup>†</sup>	130.6 <sup>†</sup>	123.5	1.2 <sup>†</sup>	1.5	2.1	3.0 <sup>†</sup>	1.5
Apr	125.6	119.8	125.3	131.3	124.4 <sup>†</sup>	1.5	2.1	2.1 <sup>†</sup>	2.7	1.8 <sup>†</sup>
May	126.6	120.1	125.8	132.1	125.2	2.0	1.7	2.3	3.2	2.1
Jun	126.9	120.9 <sup>†</sup>	127.0	132.8	125.7	2.2	2.3 <sup>†</sup>	3.2	3.4	2.4
Jul	126.0	120.9	126.5	133.4	125.1	1.9	2.3	2.7	3.2	2.2
Aug	126.5	121.0	126.7	133.9	125.5	2.3	1.8	2.7	3.2	2.4
Sep	126.4	120.5	127.0	134.1	125.4	1.7	1.2	2.8	3.3	1.9

<sup>†</sup> Indicates earliest revision.<sup>1</sup> NPISH = Non-profit institutions serving households.

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

Experimental price indices

	Food and Non- alcoholic Beverages	Alcoholic Beverages	Tobacco	Clothing and Footwear	Actual Rentals for Housing	Housing Goods and Services	Electricity, Gas and Other Household Fuels	Furnishings, Household Equipment, etc.	Health	Purchase and Operation of Vehicles	Fuels and Lubricants for Vehicles
January 1992=100											
COICOP Division	01	02	02	03	04	04	04	05	06	07	07
Weights											
1998	124	19	29	69	46	28	38	64	17	80	30
1999	118	19	28	68	46	29	34	64	17	85	30
2000	115	19	28	66	47	30	30	64	17	85	30
2001	112	20	28	66	47	30	28	64	17	82	30
	VARP	VARQ	VARR	VARS	VART	VARU	VARV	VARW	VARX	VARY	VARZ
1999 Sep	111.8	115.5	184.7	103.5	146.3	137.1	97.8	113.0	153.7	115.2	171.5
Oct	111.7	115.7	184.6	102.6	146.5	137.1	97.9	112.0	154.7	114.6	173.0
Nov	112.2	114.7	184.7	102.8	146.6	137.6	98.2	113.5	155.0	113.8	172.3
Dec	112.4	113.6	184.7	102.0	146.9	137.9	98.9	115.5	155.2	113.0	176.7
2000 Jan	112.3	115.8	184.8	95.2	147.2	138.8	98.7	109.9	156.2	114.1	176.3
Feb	112.2	115.7	186.7	98.4	147.2	139.0	98.8	110.9	156.5	114.2	176.2
Mar	111.5	115.8	186.8	99.8	147.2	138.9	98.8	112.1	156.6	114.7	182.7
Apr	111.1	115.3	198.4	100.8	149.8	134.6	97.6	112.0	157.9	115.0	186.6
May	112.2	115.4	198.6	100.7	149.9	134.7	96.9	112.4	158.2	115.5	185.7
Jun	112.4	115.5	198.9	100.0	150.2	134.7	96.4	111.9	158.4	114.9	184.9
Jul	113.4	115.1	199.0	93.0	150.7	135.0	96.4	109.8	159.9	114.1	196.5
Aug	112.5	114.9	200.2	94.6	150.9	135.5	96.4	110.5	160.2	113.5	188.1
Sep	112.7	115.4	201.5	98.0	151.2	135.7	97.2	112.2	160.4	113.2	191.7
Oct	112.9	115.2	201.6	98.0	151.6	136.0	97.6	111.0	161.7	112.8	186.8
Nov	113.5	114.9	201.6	98.5	151.8	136.2	97.4	112.4	161.8	112.3	191.6
Dec	113.7	113.6	201.6	97.8	152.0	136.7	97.2	114.2	162.3	112.0	188.3
2001 Jan	113.9	115.7	201.6	91.7	152.2	136.9	96.8	109.8	164.1	113.6	180.4
Feb	114.0	116.0	203.6	94.4	152.2	137.5	96.9	111.3	164.2	113.8	181.1
Mar	115.3	116.0	206.4	96.0	152.3	137.3	96.8	112.9	165.6	114.3	175.8
Apr	115.8	116.2	207.2	95.1	155.5	140.3	98.2	112.4	167.8	114.8	177.5
May	118.8	115.9	207.3	95.2	155.8	140.5	98.4	113.2	168.6	115.5	182.7
Jun	119.4	116.5	207.3	95.1	155.9	140.9	98.5	113.0	168.1	116.0	184.3
Jul	117.1	116.3	207.4	89.3	156.0	139.9	98.4	110.9	170.0	116.5	181.7
Aug	116.9	116.7	207.4	91.6	156.0	140.8	98.3	111.9	170.2	116.6	179.8
Sep	116.7	116.1	209.7	94.1	156.2	141.0	99.1	113.4	170.4	116.3	178.8
Annual Percentage Changes											
	Food and Non- alcoholic Beverages	Alcoholic Beverages	Tobacco	Clothing and Footwear	Actual Rentals for Housing	Housing Goods and Services	Electricity, Gas and Other Household Fuels	Furnishings, Household Equipment, etc.	Health	Purchase and Operation of Vehicles	Fuels and Lubricants for Vehicles
COICOP Division	01	02	02	03	04	04	04	05	06	07	07
	VASK	VASL	VASM	VASN	VASO	VASP	MKUP	MKUQ	MKUR	MKUS	MKUT
1999 Sep	-0.8	0.6	13.2	-2.9	3.0	2.6	0.6	0.5	7.5	-1.9	10.9
Oct	-1.1	0.6	13.0	-2.7	2.9	2.4	0.4	0.4	6.0	-1.9	12.2
Nov	-0.4	1.0	13.0	-3.2	2.8	2.5	0.8	0.3	6.2	-2.0	12.5
Dec	-1.1	0.4	9.8	-3.4	2.8	2.8	1.7	-0.3	6.3	-1.9	17.1
2000 Jan	-1.7	0.6	7.4	-3.4	3.1	3.2	1.5	-0.4	6.8	-2.3	17.9
Feb	-1.9	0.2	8.5	-2.4	3.2	3.5	1.6	-1.0	6.8	-2.2	18.3
Mar	-1.9	0.5	4.9	-2.6	3.1	3.3	1.4	-1.6	6.8	-1.9	16.1
Apr	-1.7	0.3	9.8	-1.8	3.0	-1.3	0.3	-0.3	5.5	-2.0	12.7
May	-1.3	0.1	9.9	-2.4	3.0	-1.2	-0.2	-1.1	5.5	-1.4	12.3
Jun	-0.7	-0.5	9.8	-3.0	3.2	-1.6	-0.7	-0.9	5.5	-1.8	18.3
Jul	1.0	-0.2	8.0	-5.3	3.4	-1.5	-1.0	-0.8	4.4	-1.9	17.6
Aug	0.6	-0.7	8.5	-5.0	3.4	-1.3	-1.1	-1.3	4.4	-1.8	9.6
Sep	0.8	-0.1	9.1	-5.3	3.3	-1.0	-0.6	-0.7	4.4	-1.7	11.8
Oct	1.1	-0.4	9.2	-4.5	3.5	-0.8	-0.3	-0.9	4.5	-1.6	8.0
Nov	1.2	0.2	9.1	-4.2	3.5	-1.0	-0.8	-1.0	4.4	-1.3	11.2
Dec	1.2	-	9.1	-4.1	3.5	-0.9	-1.7	-1.1	4.6	-0.9	6.6
2001 Jan	1.4	-0.1	9.1	-3.7	3.4	-1.4	-1.9	-0.1	5.1	-0.4	2.3
Feb	1.6	0.3	9.1	-4.1	3.4	-1.1	-1.9	0.4	4.9	-0.4	2.8
Mar	3.4	0.2	10.5	-3.8	3.5	-1.2	-2.0	0.7	5.7	-0.3	-3.8
Apr	4.2	0.8	4.4	-5.7	3.8	4.2	0.6	0.4	6.3	-0.2	-4.9
May	5.9	0.4	4.4	-5.5	3.9	4.3	1.5	0.7	6.6	-	-1.6
Jun	6.2	0.9	4.2	-4.9	3.8	4.6	2.2	1.0	6.1	1.0	-5.4
Jul	3.3	1.0	4.2	-4.0	3.5	3.6	2.1	1.0	6.3	2.1	-7.5
Aug	3.9	1.6	3.6	-3.2	3.4	3.9	2.0	1.3	6.2	2.7	-4.4
Sep	3.5	0.6	4.1	-4.0	3.3	3.9	2.0	1.1	6.2	2.7	-6.7

† indicates earliest revision.

# Final Expenditure Prices Index (FEPI) Index of Consumer Prices (ICP) Experimental price indices

	Transport Services	Communication	Major Durables for Recreation and Culture	Other Recreation and Culture	Education	Restaurants and Hotels	Miscellaneous Goods and Services	Index of Consumer Prices ICP	Of which: goods	Of which: services
January 1992=100										
COICOP Division	07	08	09	09	10	11	12			
Weights										
1998	38	22	29	99	15	126	129	1000	556	444
1999	39	22	31	100	16	126	128	1000	554	446
2000	41	22	34	100	16	126	130	1000	548	452
2001	42	23	35	101	15	129	131	1000	544	456
	VASA	VASB	VASC	VASD	VASE	VASF	VASG	VASH	VASI	VASJ
1999 Aug	130.2	85.0	81.8	120.4	139.0	135.0	134.7	122.5	114.4	133.6
Sep	130.0	84.5	81.2	120.4	145.0	135.2	135.0	123.0	114.8	134.1
Oct	129.5	83.2	80.7	120.7	146.5	135.5	133.8	122.7	114.5	133.9
Nov	129.6	83.3	80.3	120.8	146.5	135.6	134.3	122.9	114.6	134.3
Dec	129.7	83.8	80.3	120.8	146.5	135.7	134.8	123.2	114.8	134.5
2000 Jan	130.3	83.6	79.6	120.5	146.5	136.2	135.1	122.4	113.2	135.0
Feb	130.4	83.2	79.4	120.9	146.5	136.5	135.3	122.9	113.8	135.2
Mar	130.4	83.1	78.6	121.1	146.5	136.9	135.7	123.2	114.2	135.5
Apr	132.7	82.5	78.6	121.6	146.5	137.7	135.5	123.7	114.7	136.1
May	133.1	82.1	78.5	122.0	146.5	138.6	136.0	124.1	114.9	136.6
Jun	133.5	81.9	77.2	122.0	146.5	139.0	136.3	124.2	114.9	137.0
Jul	134.5	82.8	76.2	121.7	146.5	139.6	136.0	123.6	113.6	137.3
Aug	135.1	81.2	76.5	121.7	146.5	140.3	136.3	123.6	113.4	137.6
Sep	134.7	80.6	76.0	122.3	150.5	140.7	136.9	124.3	114.3	138.0
Oct	135.4	80.3	75.6	122.4	153.9	141.0	136.9	124.3	114.0	138.4
Nov	135.3	80.4	75.2	121.8	153.9	141.3	137.3	124.5	114.4	138.5
Dec	135.4	79.4	74.4	121.9	153.9	141.5	137.3	124.5	114.3	138.5
2001 Jan	137.0	77.1	73.2	121.6	153.9	141.7	137.9	123.7	112.6	139.0
Feb	133.4	76.2	73.8	122.1	153.9	142.0	138.5	124.2	113.5	138.9
Mar	134.3	75.0	73.9 <sup>†</sup>	122.2	153.9	142.6	138.5	124.7 <sup>†</sup>	114.2	139.1
Apr	144.1	74.7	73.3	122.9	153.9	143.6	139.8	125.6	114.3	141.3
May	147.2	75.0	73.9	123.2	153.9	144.2	140.6	126.6	115.4	142.1
Jun	147.4	74.9	73.5	123.4	153.9	144.7	141.0	126.9	115.6	142.5
Jul	154.6	75.7	73.5	123.0	153.9	145.2	139.2	126.0	113.8	143.0
Aug	157.8	77.0	73.1	123.4	153.9	145.5	139.5	126.5	114.2	143.7
Sep	143.1	77.0	72.7	123.7	157.7	145.9	139.5	126.4	114.7	142.6

## Annual Percentage Changes

	Transport Services	Communication	Major Durables for Recreation and Culture	Other Recreation and Culture	Education	Restaurants and Hotels	Miscellaneous Goods and Services	Index of Consumer Prices ICP	Of which: goods	Of which: services
COICOP Division	07	08	09	09	10	11	12			
	MKUU	MKUV	MKUW	MKUX	MKUY	MKUZ	MKVA	MKVB	MKVC	MKVD
1999 Sep	2.8	-2.3	-9.1	1.0	5.4	3.2	4.4	1.6	-	3.6
Oct	3.0	-3.8	-8.9	1.0	5.4	3.2	2.5	1.2	-0.1	3.0
Nov	3.0	-3.6	-9.3	1.0	5.4	3.0	2.4	1.3	-0.2	3.1
Dec	3.1	-3.0	-9.0	0.9	5.4	2.8	2.5	1.3	-0.3	3.1
2000 Jan	2.8	-3.2	-8.5	0.8	5.4	2.9	3.1	1.2	-0.4	3.3
Feb	2.4	-3.7	-8.0	0.9	5.4	2.9	3.0	1.2	-0.4	3.3
Mar	2.4	-3.8	-8.4	0.7	5.4	3.0	3.0	1.0	-0.8	3.3
Apr	3.1	-4.2	-7.7	0.6	5.4	3.1	2.0	1.0	-0.4	2.8
May	3.0	-4.0	-7.6	0.7	5.4	3.4	2.3	1.1	-0.6	2.9
Jun	2.9	-3.9	-8.2	0.8	5.4	3.3	2.3	1.1	-0.3	3.0
Jul	3.4	-2.4	-8.1	1.0	5.4	3.6	1.0	1.1	-0.4	2.8
Aug	3.8	-4.5	-6.5	1.1	5.4	3.9	1.2	0.9	-0.9	3.0
Sep	3.6	-4.6	-6.4	1.6	3.8	4.1	1.4	1.1	-0.4	2.9
Oct	4.6	-3.5	-6.3	1.4	5.1	4.1	2.3	1.3	-0.4	3.4
Nov	4.4	-3.5	-6.4	0.8	5.1	4.2	2.2	1.3	-0.1	3.1
Dec	4.4	-5.3	-7.3	0.9	5.1	4.3	1.9	1.1	-0.4	3.0
2001 Jan	5.1	-7.8	-8.0	0.9	5.1	4.0	2.1	1.1	-0.5	3.0
Feb	2.3	-8.4	-7.1	1.0	5.1	4.0	2.4	1.1	-0.3	2.7
Mar	3.0	-9.7	-6.0 <sup>†</sup>	0.9	5.1	4.2	2.1	1.2 <sup>†</sup>	-	2.7
Apr	8.6	-9.5	-6.7	1.1	5.1	4.3	3.2	1.5	-0.3	3.8
May	10.6	-8.6	-5.9	1.0	5.1	4.0	3.4	2.0	0.4	4.0
Jun	10.4	-8.5	-4.8	1.1	5.1	4.1	3.4	2.2	0.6	4.0
Jul	14.9	-8.6	-3.5	1.1	5.1	4.0	2.4	1.9	0.2	4.2
Aug	16.8	-5.2	-4.4	1.4	5.1	3.7	2.3	2.3	0.7	4.4
Sep	6.2	-4.5	-4.3	1.1	4.8	3.7	1.9	1.7	0.3	3.3

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

Experimental price indices

	Equipment				Construction				Index of Investment Prices IIP
	Transport Equipment	Other Machinery and Equipment	Intangible Fixed Assets <sup>1</sup>	Total Equipment	Dwellings	Other Buildings and Structures	Transfer Costs of Land and Buildings	Total Construction	
January 1992=100									
Weights									
1998	97	392	33	521	181	263	35	479	1000
1999	98	389	32	519	178	260	42	481	1000
2000	99	382	32	513	179	267	41	487	1000
2001	109	376	28	514	174	263	49	486	1000
	CUSH	CUSG	MJYL	ZIWS	CUSJ	CUSF	CUSI	ZIWT	CUSK
1999 Sep	120.9	93.9	124.9	100.5	133.4	126.5	193.7	133.7	115.6
Oct	121.0	93.2	124.9	100.0	134.0	126.7	199.0	134.4	115.7
Nov	122.5	93.8	124.5	100.7	133.1	127.0	196.5	134.0	115.9
Dec	123.1	94.0	124.5	101.0	138.6	127.1	201.4	136.5	117.1
2000 Jan	121.7	93.6	125.9	100.5	137.3	127.3	205.4	136.4	116.8
Feb	121.8	93.8	126.1	100.7	137.0	127.5	203.2	136.3	116.8
Mar	121.7	93.1	125.8	100.1	140.7	127.9	209.1	138.1	117.3
Apr	119.9	92.4	126.4	99.3	142.4	128.3	215.9	139.4	117.3
May	120.7	93.1	127.4	100.0	143.7	128.7	217.1	140.2	118.1
Jun	121.5	92.8	127.3	99.9	143.8	129.1	218.5	140.5	118.2
Jul	122.2	92.6	127.1	99.9	143.4	129.6	218.6	140.7	118.2
Aug	121.3	93.1	126.8	100.1	145.9	130.0	222.1	142.1	118.9
Sep	122.1	93.3	127.1	100.4	145.4	130.3	224.3	142.2	119.1
Oct	121.6	92.8	126.9	99.9	146.7	130.6	225.0	142.9	119.1
Nov	119.9	92.5	127.7	99.4	147.8	131.4	226.4	143.8	119.2
Dec	120.6	92.0	128.0	99.2	146.4	131.6	223.7	143.2	118.8
2001 Jan	120.3	91.7	127.7	98.9	147.2	131.9	227.0	143.9	118.9
Feb	121.1	91.6	129.0	99.0	146.8	132.1	228.4	144.0	119.1
Mar	120.9	91.2	129.1	98.6	148.1	132.4	230.5	144.7	119.1
Apr	120.8 <sup>†</sup>	90.7 <sup>†</sup>	130.7	98.3	152.3	132.6	238.5	146.8	119.8
May	120.0	91.0	131.4	98.4 <sup>†</sup>	153.4	132.8	240.9	147.5	120.1
Jun	120.0	90.9	131.8 <sup>†</sup>	98.3	157.8	132.9	247.7	149.5	120.9 <sup>†</sup>
Jul	119.7	90.6	131.1	98.0	158.7	133.0	249.5	150.0	120.9
Aug	119.9	89.7	131.2	97.3	161.5 <sup>†</sup>	133.1	253.8 <sup>†</sup>	151.3 <sup>†</sup>	121.0
Sep	119.8	89.2	131.2	96.9	160.2	133.2	251.1	150.8	120.5

## Annual Percentage Changes

	Equipment				Construction				Index of Investment Prices IIP
	Transport Equipment	Other Machinery and Equipment	Intangible Fixed Assets <sup>1</sup>	Total Equipment	Dwellings	Other Buildings and Structures	Transfer Costs of Land and Buildings	Total Construction	
	CGBE	CGBB	MJYM	ZIWU	CGBE	CGBA	CGBD	ZIWW	CGBF
1999 Sep	2.3	-4.5	1.5	-2.8	9.5	2.7	12.6	6.1	1.4
Oct	1.9	-4.8	1.6	-3.2	10.5	2.7	14.9	6.7	1.6
Nov	2.5	-4.0	0.9	-2.4	10.0	2.7	13.8	6.3	1.8
Dec	2.6	-3.3	0.5	-1.9	16.6	2.6	17.9	9.0	3.3
2000 Jan	1.6	-4.0	1.2	-2.6	14.3	2.6	18.0	8.3	2.6
Feb	1.1	-3.7	0.9	-2.5	14.6	2.6	16.2	8.3	2.6
Mar	1.1	-4.0	0.9	-2.7	14.6	2.6	16.4	8.2	2.5
Apr	-0.5	-4.5	1.1	-3.4	14.6	2.8	17.2	8.4	2.3
May	0.1	-3.2	1.8	-2.2	13.7	2.9	15.9	8.0	2.7
Jun	0.7	-3.2	1.5	-2.2	12.7	2.9	15.4	7.6	2.6
Jul	1.5	-2.9	1.0	-1.8	9.5	2.9	14.4	6.3	2.2
Aug	0.2	-1.4	1.3	-0.9	10.5	2.9	15.4	6.9	2.9
Sep	1.0	-0.6	1.8	-0.1	9.0	3.0	15.8	6.4	3.0
Oct	0.5	-0.4	1.6	-0.1	9.5	3.1	13.1	6.3	2.9
Nov	-2.1	-1.4	2.6	-1.3	11.0	3.5	15.2	7.3	2.8
Dec	-2.0	-2.1	2.8	-1.8	5.6	3.5	11.1	4.9	1.5
2001 Jan	-1.2	-2.0	1.4	-1.6	7.2	3.6	10.5	5.5	1.8
Feb	-0.6	-2.3	2.3	-1.7	7.2	3.6	12.4	5.6	2.0
Mar	-0.7	-2.0	2.6	-1.5	5.3	3.5	10.2	4.8	1.5
Apr	0.8	-1.8 <sup>†</sup>	3.4	-1.0	7.0	3.4	10.5	5.3	2.1
May	-0.6 <sup>†</sup>	-2.3	3.1	-1.6 <sup>†</sup>	6.8	3.2	11.0	5.2	1.7
Jun	-1.2	-2.0	3.5	-1.6	9.7	2.9	13.4	6.4	2.3 <sup>†</sup>
Jul	-2.0	-2.2	3.1 <sup>†</sup>	-1.9	10.7	2.6	14.1	6.6	2.3
Aug	-1.2	-3.7	3.5	-2.8	10.7 <sup>†</sup>	2.4	14.3 <sup>†</sup>	6.5 <sup>†</sup>	1.8
Sep	-1.9	-4.4	3.2	-3.5	10.2	2.2	11.9	6.0	1.2

<sup>†</sup> Indicates earliest revision.

<sup>1</sup> This covers mineral exploration, computer software and entertainment, literary and artistic originals.



## Final Expenditure Prices Index - FEPI

## Index of Government Prices - IGP

Experimental price indices

	Annual percentage changes					
	Local Government Pay & Procurement	Central Government Pay & Procurement	Index of Government Prices	Local Government Pay & Procurement	Central Government Pay & Procurement	Index of Government Prices
January 1992=100						
Weights						
1998	383	617	1000			
1999	382	618	1000			
2000	382	618	1000			
2001	393	607	1000			
	CUSL	CUSM	CUSO	CGBG	CGBH	CGBJ
1999 Sep	125.3	118.7	121.2	3.2	2.2	2.6
Oct	125.2	118.2	120.9	3.3	2.1	2.5
Nov	125.4	118.4	121.1	3.3	2.0	2.5
Dec	125.5	118.8	121.3	2.6	1.9	2.1
2000 Jan	125.6	119.4	121.7	2.7	1.8	2.1
Feb	125.6	119.3	121.7	2.8	1.7	2.1
Mar	125.5	119.2	121.6	2.6	1.6	2.0
Apr	127.7	119.7	122.7	3.0	1.4	2.0
May	127.8	120.0	123.0	3.1	1.5	2.2
Jun	127.9	120.1	123.1	1.4	1.1	1.2
Jul	127.9	120.2	123.2	2.6	1.4	2.0
Aug	128.0	120.5	123.4	2.6	1.5	2.0
Sep	128.5	120.6	123.6	2.6	1.6	2.0
Oct	128.5	120.6	123.6	2.6	2.0	2.2
Nov	128.8	120.9	123.9	2.7	2.1	2.3
Dec	128.8	121.2	124.1	2.6	2.0	2.3
2001 Jan	128.8	121.4	124.2	2.5	1.7	2.1
Feb	128.9	121.4	124.2	2.6	1.8	2.1
Mar	128.8	121.3 <sup>†</sup>	124.1 <sup>†</sup>	2.6	1.8	2.1
Apr	130.6	122.0	125.3	2.3	1.9 <sup>†</sup>	2.1 <sup>†</sup>
May	130.7 <sup>†</sup>	122.8	125.8	2.3	2.3	2.3
Jun	133.3	123.1	127.0	4.2	2.5	3.2
Jul	131.8	123.3	126.5	3.0	2.6	2.7
Aug	131.8	123.6	126.7	3.0	2.6	2.7
Sep	132.3	123.7	127.0	3.0	2.6	2.8

<sup>†</sup> Indicates earliest revision.

## 5 Final Expenditure Prices Index - FEPI(P) Incorporating implied government output prices

Experimental price indices

	Index of Consumer Prices ICP	Index of Investment Prices IIP	Index of Government Prices IGP(P)	Index of NPISH Prices INP <sup>1</sup>	Final Expenditure Prices Index FEPI(P)	Annual percentage changes				
						ICP	IIP	IGP(P)	INP	FEPI(P)
January 1992=100										
Weights										
1998	601	178	198	23	1000					
1999	607	180	190	24	1000					
2000	605	186	185	24	1000					
2001	602	188	185	24	1000					
	VASH	CUSK	LGTZ	ZIUS	LGUA	MKVB	CGBF	GXVN	ZIUT	GXVO
1992	102.1	98.8	100.9	102.0	101.2	..	..	..	..	..
1993	105.5	99.8	103.6	106.3	103.9	3.3	1.0	2.7	4.2	2.7
1994	108.2	103.0	106.3	109.4	106.7	2.6	3.2	2.6	2.9	2.7
1995	111.6	108.5	108.0	112.4	110.1	3.1	5.3	1.6	2.7	3.2
1996	114.8	111.8	110.3	115.3	113.2	2.9	3.0	2.1	2.6	2.8
1997	117.7	113.1	111.6	118.1	115.4	2.5	1.2	1.2	2.4	1.9
1998	120.4	113.7	114.1	121.4	117.7	2.3	0.5	2.2	2.8	2.0
1999	122.4	115.2	119.5	125.4	120.3	1.7	1.3	4.7	3.3	2.2
2000	123.8	118.2	123.6	128.6	122.6	1.1	2.6	3.4	2.6	1.9

† indicates earliest revision.

1 NPISH = Non-profit institutions serving households.

## 6 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	Index of Government Prices	Annual percentage changes		
				Local Government Pay & Procurement	Central Government Pay & Procurement	Index of Government Prices
January 1992=100						
Weights						
1998	383	617	1000			
1999	382	618	1000			
2000	382	618	1000			
2001	393	607	1000			
	LGTU	LGTX	LGTZ	GXVL	GXVM	GXVN
1992	100.1	101.4	100.9	..	..	..
1993	101.1	105.3	103.6	1.0	3.8	2.7
1994	103.6	108.0	106.3	2.5	2.6	2.6
1995	106.1	109.2	108.0	2.4	1.1	1.6
1996	108.2	111.7	110.3	2.0	2.3	2.1
1997	110.5	112.4	111.6	2.1	0.6	1.2
1998	113.1	114.8	114.1	2.4	2.1	2.2
1999	118.7	120.1	119.5	5.0	4.6	4.7
2000	122.1	124.6	123.6	2.9	3.7	3.4

† indicates earliest revision.

# Recent developments in the measurement of general government output

**Timi Ashaye**  
**National Expenditure and Income Division**  
**Office for National Statistics**  
Room D3/03  
1 Drummond Gate  
LONDON SW1V 2QQ  
Tel: 020 7533 6006  
E-mail: timi.ashaye@ons.gov.uk

## Introduction

Until 1998, ONS measured government non-market output at constant prices by equating output to be the sum of all deflated inputs. The problem with this method was that it assumed that the government could not be more efficient. The *SNA 93*<sup>1</sup> recommended that government output at constant prices should be measured directly by observing the outputs rather than the inputs. Previous articles in *Economic Trends*<sup>2</sup> have discussed the problems of defining and measuring the non-market output of General Government.

New output measures have been gradually introduced into the national accounts and these include important areas like health and education. A recent article (*Economic Trends*, September 2000)<sup>3</sup> focused on the development of new non-market output measures for Administration of Justice and The Intervention Board for agricultural market support. This article describes additional new measures for fire service, local authority personal social services and probation. These measures were incorporated into the national accounts with effect from the 2001 *Blue Book*. The measures are used in the calculation of constant price General Government Final Expenditure (GGFE) and Government output.

## Cost-Weighted Activity Index (CWAI)

The general principle in this research has been the construction for each area of a CWAI. This involves the following steps:

- Produce a list of activities that are considered to cover all or most of the work of that area.
- For each activity, find a volume measure that describes how the amount of work involved in that activity is changing over time. If

the activity is homogeneous, a good volume measure is a count of the number of incidents or cases in each time period.

- Weight together these measures to produce an aggregate measure for the whole area. The weights should be proportional to expenditure on that activity in the base year (currently 1995).

## Fire Service

The work of the fire service covers: fighting fires, fire prevention and assisting in various incidents not involving fires (known as special services).

*Fighting fires:* Activities measured are the number of primary fires, secondary fires and chimney fires attended, and false alarms

*Fire prevention:* The measures used are the number of hours spent on fire prevention inspections (full inspections, re-inspections, examination of plans) and on community safety work. (The latter consists mainly of giving talks to voluntary groups and advice to individuals). The disadvantages of using this method are that it doesn't take on the issues of quality or changes in productivity. There is work being done to improve this, but as yet there is nothing better.

*Special services:* Data are available on road accidents (freeing people from wreckage, clearing chemical spills) and other special services (such as rescuing trapped people and flood control).

*Weights:* The weight for an individual incident is assumed to be proportional to average staff hours spent on each type of incident. The total weight for each incident type is then the product of the weight for one incident and the number of such incidents in the base year (1995). No data are collected on actual staff hours, so estimates



used by the fire services for planning purposes were used. For fire prevention, the output measure is total staff hours.

### **Local Authority Personal Social Services (LAPSS)**

This area within GGFE is exclusively local government expenditure. The activities covered are; care of children, care of elderly people in residential homes and provision of home helps.

*Elderly people in residential care:* Data are available on numbers of people in Local Authority homes, independent residential homes, private nursing homes and a category for "Unstaffed and other" homes.

*Home helps for elderly people:* Data are available on numbers of contact hours.

*Children in care:* Data are available on numbers of children in each of nine types of placement (foster placement, lodgings, community homes, voluntary homes, private registered, schools, adoptions, with parents and other).

These activities cover the largest areas in LAPSS, but activities not covered due to data unavailability are government services provided to people with mental health needs, physical and learning disabilities.

*Weights:* The weights used are based on the net running cost of each type of the categories and sub categories listed above in 1995–96.

The inclusion of the effect of changes in quality to this service need to be taken into account, but progress has not been made to that level yet.

### **Probation**

The Probation Service produces its own CWAI, which is suitable for national accounts purposes. It is based on the activities carried out by the probation service. In April 2001, Central government took over running probation services from Local Authorities.

The measure uses a weighted implied workload hours for the following activities: commencements of probation, community service, combination orders and licences, numbers of Pre-Sentence Reports (PSRs) completed and work in the family court. For PSRs, orders and licences, figures were expressed in implied workload hours based on activity sampling exercises taken in 1997 and 1998. Not all services within probation are taken into account, but the majority is covered.

The inclusion of the effect of changes in quality to this service need to be taken into account, but progress has not been made to that level yet.

### **Revisions and Adjustments to other Components**

The new series have been calculated back to the first quarter of 1994. When introducing these new output measures, components in which they were formally included – mainly the other parts of local government, were adjusted. The estimated revisions to GGFE are calculated by finding the difference between the new and old method. The effect of the new series on constant prices GGFE and Gross Domestic Product (GDP) can be seen in Table 1 overleaf.

A consequence of using these new output measures can be observed by looking at the data for fire services. There is generally a fall in the level of fire service expenditure at constant price when compared with the old method. From the base year (1995) to 2000, there was a reduction in the number of outdoor fires dealt with. This could have been attributed to its inverse relationship with rainfall in the UK during the same period, and it is believed to have contributed to a four per cent fall in constant price expenditure (£1,707m to £1,639m). The fall in constant price output contrasts with the slightly increasing constant price inputs implying that there was a fall in productivity.

For probation, there was a steady annual increase in the level of constant price output expenditure when compared with constant price inputs. There was a 22 per cent increase from the base year to 2000 (£469m to £570m). This suggests that there was an increase in productivity during this period.

On the whole, from 1995 to 2000, constant price expenditure on the three areas grew by 22.5 per cent under the old methodology, whereas it grew by 17.8 per cent using the new method. This meant that the introduction of the new measures reduced the combined growth by 4.7 per cent. During the same period, growth of constant price GGFE fell by 0.4 per cent, therefore reducing GDP growth by 0.1 per cent.

### **Quarterly Data**

UK national accounts figures are produced quarterly, so these new series have to be produced quarterly. Many data sources, in both the existing and new CWAI, are only annual. These are converted to quarters by the interpolating techniques described in Baxter (1998)<sup>4</sup>. Where monthly data are available, they are aggregated to quarters before input into calculations. For quarters where no data are available, estimates are made.

**Table 1 Effect of introducing new output measures on General Government Final Expenditure at constant prices**

NEW MEASURES

Year	Local Authority Personal Social Services (£m)	Level comaprison against old method (£m)	Fire Service (£m)	Level comparison against old method (£m)	Probation service (£m)	Level comparison against old method (£m)	Constant price new output measure Total	Constant price old output measure Total
	Level	revision	Level	revision	Level	revision	Level	Level
1994	8,374	-31	1,576	-118	457	-10	10,407	10,566
1995	9,228	0	1,707	0	469	0	11,404	11,404
1996	9,826	-81	1,707	7	479	19	12,012	12,067
1997	10,337	338	1,623	-100	496	57	12,456	12,162
1998	10,598	316	1,535	-232	519	89	12,652	12,479
1999	10,853	-109	1,613	-216	547	99	13,013	13,240
2000	11,228	-431	1,639	-206	570	106	13,437	13,968

% annual growth before the introduction of new measures

Year	General Government Final Consumption	GDP
1994	1.37	4.39
1995	1.56	2.79
1996	1.72	2.55
1997	-1.40	3.51
1998	1.10	2.64
1999	3.99	2.29
2000	2.32	3.07

% annual growth after the introduction of new measures

Year	General Government Final Consumption	GDP
1994	1.25	4.36
1995	1.67	2.81
1996	1.68	2.54
1997	-1.16	3.56
1998	1.01	2.62
1999	3.71	2.24
2000	2.12	3.03

**Effect on the General Government deflator**

Given a current price series and its constant price analogue, the resultant deflator is defined as:

$$100 \times \frac{\text{current price}}{\text{constant price}}$$

Where a constant price series is produced by deflating the current price data for pay, procurement and capital consumption (as is still done for some of general government) – the resultant deflator is a weighted average of the three deflators. The constant price series

follows the movement of the level of current price input. This method usually generates a smooth deflator, which mainly reflects price changes. However, when the constant price series is produced from output measures, as is now the case for most of General Government, short-term movements in the current and constant price series are not strongly correlated, and the deflator may therefore be fairly erratic. In addition, an increase in current price expenditure may have little immediate effect on the constant price data, so the deflator rises sharply. The fact that some of the data for output measures are only available annually, rather than quarterly, exacerbates this as the interpolating technique is likely to over-smooth the quarterly output series. Implied deflators are therefore likely to be more erratic than under the old method.

## References

1. *System of National Accounts* 1993.
2. Neuberger H and Caplan D. The measurement of real public sector output in the National Accounts. *Economic Trends*, No. 531, February 1998. London: The Stationery Office (1998), pp. 29–35.  
Caplan D. Measuring the output of non-market services. *Economic Trends*, No. 539, October 1998. London: The Stationery Office (1998), pp. 45–49.
3. Baxter M A. Developments in the measurement of General Government output. *Economic Trends*, No. 562, September 2000. London: The Stationery Office (2000), pp. 31–33.
4. Baxter M A. *Interpolating annual data into monthly or quarterly data*. GSS Methodology Series No. 6. London: Office for National Statistics (1998).



# Cross-border electronic commerce and international trade statistics

**David Ruffles**

**Balance of Payments and Financial Sector Division  
Office for National Statistics**

Room D3/19

1 Drummond Gate

LONDON SW1V 2QQ

Tel: 020 733 6070

E-mail: david.ruffles@ons.gov.uk

## Introduction

This article describes some issues regarding international trade statistics in the light of growing cross-border electronic commerce (international e-commerce). In particular it focuses on the way goods and services are *delivered* to customers and considers the implications for UK international trade statistics, both in terms of how such transactions might be presented in the statistics, but also how the data might be collected. It draws on a paper by the United Nations Conference on Trade and Development (UNCTAD)<sup>1</sup> and a draft discussion paper by the Interagency Task Force on Statistics of Trade in Services,<sup>2</sup> both presented at the Organisation for Economic Co-operation and Development (OECD) Trade Statistics Meetings in December 2000.

## Classification issues

The issue of classification namely whether electronic transmissions or products shipped electronically (instead of physically) should be classified as goods, services, intellectual property or something else (perhaps intangible goods) is more than a statistical issue and has been the subject of discussion amongst taxation and trade policy experts. For example, if they are regarded as goods, they would be subject to General Agreement on Tariffs and Trade (GATT) rules, which would make electronically shipped products dutiable. If, on the other hand, they were classified as services they would be subject to General Agreement on Trade in Services (GATS) rules and probably not dutiable. Thus the issue of classification has implications for government revenues from Customs tariffs.

Other important differences between GATT and GATS are:

- While GATT's general obligations include most-favoured nation treatment (MFN) and national treatment, GATS includes the

national treatment principle only in negotiated specific commitments and specific services. For example World Trade Organization (WTO) member countries have defined within their schedules whether, for a certain service trade, foreign suppliers will be given national treatment (i.e. they are subject to same rules as domestic suppliers of the same service). Thus, if electronic transmissions fall under GATS rules and if no national treatment is specified imports could be subject to higher taxes than domestically supplied services.

- GATT in general prohibits the use of quantitative restrictions or quotas while they are allowed under GATS. Therefore, theoretically, a country could put (in principle) a limit on, for example, the number of books transmitted electronically via the internet.

There are also domestic taxation issues in that most imported goods are subjected to domestic taxation while in the case of services the level of domestic taxation is usually lower or non-existent.

For certain electronic transactions agreement on how they should be classified is fairly straightforward. For example, goods that have been ordered, paid for or marketed electronically but shipped physically are clearly defined as goods in the traditional sense. Similarly the supply of traditional services such as financial services, accountancy, tourism, computer-related and other office services, educational and telecommunications services via electronic means are clearly defined as services.

The most controversial classification issue concerns electronic transmission of products, which have physical counterparts (e.g. books, music, film and video material and software). In the past these products were shipped physically across borders via a carrier media such as CDs, diskettes and tapes. Hence they were classified as

goods. Increasingly these products are being sent via data files through virtual networks, thereby crossing borders. The data are then downloaded onto a carrier medium, printed or stored in a computer. They could be sent to individuals for direct consumption or to retailers for distribution.

Put simply the debate is:

- Whether, because they are equivalent to a hard copy of a book, CD or videotape for example, they should be classified as a good or;
- whether the transmission of the data itself is a service and thus the 'data' should fall under services or;
- whether there should be a specific category for electronic transmissions containing a mixture of goods and services.

### **Importance to the UK**

Annex 1 shows a list of 'digitizable products' classified using the World Customs Organization's (WCO) Harmonised System (HS) and shows the value of UK exports and imports of such products in 1999.

A comparison of international trade in such products carried out by UNCTAD and based on data in respect of 1999 shows the UK to be a major exporter of Film, Print and Sound and a major importer of Print, Software and Sound in particular. Annex 2 is derived from this analysis and shows the UK's share of World exports and imports of such products.

### **Current international position**

Although there is no international agreement, as yet, on how electronic supply of products across international borders should be classified, it seems more likely that such trade will be regarded as trade in services rather than goods. In fact a number of countries such as US, Canada and the Irish Republic at present include such transactions in trade in services because Customs systems cannot detect them. The OECD taxation experts have agreed that for the purpose of consumption taxes, such electronically delivered digitized products should not be treated as goods.<sup>3</sup> In trade policy it is still an unresolved issue globally.

Annex 3 illustrates how international e-commerce and related services might be classified within trade in services and identifies unresolved issues.

### **Coverage issues**

Aside from the classification issue, and because the internet creates opportunities for small firms and individuals to trade internationally, there is a question of whether e-commerce is creating significant international trade that will not be picked up and identified by existing data collection systems. For example:

- The value of the transaction may be below the threshold values set by a country's Customs Authority and therefore not identified as trade in goods.
- Under the European-wide INTRASTAT system for recording movements of goods between EU Member States, data on purchases by private individuals of goods from an EU member state will not be collected.
- With many new and small companies involved in international e-commerce there may be problems identifying them on business registers.
- The location of a web site will often be different from that of the supplier so the purchaser will not necessarily know the residency of the supplier.
- Traditional business surveys for collecting data on trade in services will not pick up purchases of services from overseas by private individuals.

The latest ONS e-commerce inquiry asked UK businesses for the percentage of their sales and purchases carried out using e-commerce. It also asked them for the percentage of e-commerce sales to overseas but not purchases from overseas. Overall the inquiry showed greater levels of e-commerce purchases than sales, implying purchases from overseas.<sup>4</sup> The ONS is planning to include a question in next year's inquiry on e-commerce purchases from overseas. The results from that inquiry are expected to be available in May 2002.

### **Implications for UK data collections**

In most cases, the existing International Trade in Services (ITIS) surveys run by the ONS will already be picking up these types of transactions. However, the notes accompanying the questionnaires will be reviewed to make specific mention of electronic transmission if necessary.

ONS is currently improving the coverage of its ITIS inquiries in order to capture sectors of industry and sizes of business, which might not historically have traded in services internationally. These improvements should ensure that new electronic trade is picked up in future from smaller businesses and sectors traditionally associated with goods – such as the manufacturing, retailing and wholesaling sectors.

ONS household surveys do pick up consumers' purchases but do not currently distinguish purchases from overseas. There are no plans to ask them to do so on the grounds that they are unlikely to know the true origin of their purchases. Nevertheless it may be possible to use data from these surveys, in conjunction with data from the other surveys mentioned above, to make estimates of goods and services transmitted direct from overseas to consumers in the UK.

## References

- 1 Teltscher S. Tariffs, Taxes and Electronic Commerce: Revenue Implications for Developing Countries, UNCTAD Study Series on *Policy Issues in International Trade and Commodities*, No. 5. UNCTAD/ITCD/TAB/5. Geneva (2000).
- 2 Draft Annex to the Manual on E-commerce and international trade in services (which can be found at <http://www.oecd.org/std/tradhome.htm>)
- 3 Electronic Commerce: Taxation Framework Conditions - A Report by the OECD Committee on Fiscal Affairs 1998.
- 4 Williams M. E-Commerce Inquiry to Business 2000. *Economic Trends*, No. 572, July 2001. London: The Stationery Office (2001), pp. 29–36. Also available on the National Statistics website at <http://www.statistics.gov.uk/themes/economy/Articles/e-commerce.asp>



**Annex 1 UK merchandise trade in digitizable products in 1999**

£million

Harmonised System (HS) code	Description	Exports	Imports
<b>37</b>	<b>Film (Recorded)</b>	<b>59.0</b>	<b>17.5</b>
3705	Photographic films	30.7	12.0
3706	Cinematographic films	28.3	5.5
<b>49</b>	<b>Printed matter</b>	<b>1,978.8</b>	<b>1,260.4</b>
4901	Books	1,095.7	660.2
4902	Newspapers	393.3	205.0
4903	Children's books	10.4	22.6
4904	Music	11.5	6.1
4905	Maps, atlases	17.3	8.0
4906	Plans	4.5	3.3
4907	Unused stamps	134.1	66.6
4908	Transfers	23.0	22.6
4909	Postcards	66.4	30.3
4910	Calendars	10.4	12.7
4911	Commercial catalogues, pictures, designs	212.2	233.0
<b>8524 (part)</b>	<b>Sound &amp; media</b>	<b>466.2</b>	<b>492.1</b>
852410	Records	39.3	15.4
852432	CDs	171.7	120.5
852439	CDs	173.9	269.8
852451	Tapes	5.7	6.6
852452	Tapes	1.7	2.1
852453	Tapes	21.6	7.8
852460	Cards	4.5	2.8
852499	Other(recorded disks)	47.8	67.1
<b>8524 (part)</b>	<b>Software</b>	<b>374.1</b>	<b>649.5</b>
852431	Discs for laser reading systems for reproducing phenomena other than sound or image	120.3	198.5
852440	Magnetic tapes of instructions for use in ADP machines	31.9	99.2
852491	Other recorded media bearing instructions for use in ADP machines	221.9	351.8
<b>950410</b>	<b>Video games</b>	<b>103.3</b>	<b>200.9</b>

**Annex 2 UK share of world merchandise trade in digitizable products in 1999**

	Exports		Imports	
	Percentage Share	Ranking	Percentage Share	Ranking
Film (recorded)	11.4	4	3.9	7
Printed matter	12.4	3	8.5	3
Sound & media	9.0	5	8.3	3
Software	6.3	5	11.5	1
Video games	3.6	5	5.4	5
All digitizable products	9.7	3	8.6	2

### Annex 3 Illustrative allocation of e-products and related services

Balance of Payments Trade in Services Account component	Sub-component	E-products
<b>Transportation</b>		
Air transport	Passenger	Airline tickets
<b>Travel</b>		On-line hotel reservations ; car rentals; tours
<b>Communication services</b>		
Telecommunication services		Internet telephony; e-mail & voice-mail; internet access provision
<b>Insurance services</b>		
Life insurance & pension funding		On-line life insurance services
Other direct insurance		On-line direct insurance services
<b>Financial services</b>		
Financial intermediation (except investment banking)		Electronic banking services to consumers ; electronic banking between financial institutions
Services auxiliary to financial intermediation		Financial information, quotation ; currency & securities on-line trading ; payment services
<b>Computer &amp; information services</b>		
Computer services		Customised software; remote data processing; web page design, web-site hosting & maintenance; IT/e-commerce solutions
Information services	News agency services	Digital transmission of news agency services
	Other information provision services	On-line news (including sports news); newspapers; magazines; on-line database services, mailing lists & directories
<b>Royalties &amp; license fees</b>		
<b>Other business services</b>		
Merchanting & other trade-related services	Merchanting	
	Other	
Miscellaneous business, professional & technical services	Legal services	Legal advice & documentation
	Accounting ,auditing, book-keeping & tax consultancy services	Remote accounting, book-keeping & taxation services
	Advertising, market research & public opinion polling	Web advertising (bannering)
	Research & development	Remote research & development
	Architectural, engineering & other technical services	Engineering consultancy; draughtsmanship & design
	Other	Translation of documents; photographic services
<b>Personal, cultural &amp; recreational services</b>		
Audio-visual & related services		
Other personal, cultural & recreational services	Educational services	On-line or e-mail based courses
	Health services	Teleconsultancy, telediagnosis & distant patient care
	Other	Gambling (virtual casinos)
		Other entertainment

**Unresolved issues are** Digital transmission of books, games; Web-TV & radio transmission; On-line standard software; Digital transmission of films, videos & music and Domain names.