national statistics

January 2003
No 590

Economic Trends

Managing Editor: Prabhat Vaze
Editor: Paul Dickman

London: TSO

Contents

Page

Introduction, symbols and definitions used iv
Articles previously published in *Economic Trends* v
UK macro-economic statistics publications vi

Articles
In brief 1
Economic update 3
Forecast for the UK economy 9
International economic indicators 10
Experimental statistics: subregional government accounts 22
Official statistics and the new economy: IAOS conference report 53

Tables
1. Summary
1.1 Selected monthly indicators T1

2. UK Economic Accounts
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

3. Prices
3.1 Prices T28

4. Labour market
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

5. Selected output and demand indicators
5.1 Output of production industries T48
5.2 Engineering and Construction: output and orders T50
5.3 Motor vehicle and steel production 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

6. Selected financial statistics
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 Public sector government receipts and expenditure T70
6.5 Public sector key financial 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

Correction

Regional Economic Indicators article published in December 2002 issue

Following the announcement on 10 December 2002 of the decision to withdraw regional gross value added (GVA) estimates for 1989–1999, the Regional Economic Indicators article published in the December 2002 *Economic Trends* contained incorrect data in Tables 1 and 2. The tables presented overleaf contain figures that revert to those published in the Summer 2002 Region in Figures volumes. The December 2002 Regional Economic Indicators article on the National Statistics website was amended to take into account the change on 17 December 2002. It is now planned to release revised GVA estimates in Spring 2003 and these estimates will subsequently be published in the Regional Economic Indicators article in *Economic Trends*.

Articles

This month we feature two articles.

Ian Hillis of ONS introduces Sub-Regional Government Accounts. This summary article shows by region and sub-region where General Government output is produced, which regions have funded government and which regions have received government expenditure. These estimates are the first set of economic statistics that comprehensively cover General Government at a sub-regional level. They are experimental statistics and are for calendar year 1998. Estimates have been produced for Central and Local Government (although this article focuses on General Government) and cover the 37 sub-regions of the UK, together with estimates for Extra Regio, and the Rest of the World.

The ONS reports on the 2002 London Conference of the International Association for Official Statistics, which generated a wide range of papers and discussions. Interaction between statisticians, economists, public policymakers and business leaders helped to develop consensus on important issues, reflecting (a) the growing interest in understanding changes brought about by Information and Communication technology in economic and social activity and (b) the wide range of work underway in many organisations to improve that understanding. This article draws together the key points and suggestions for action to improve International measurement of the New Economy.

Changes

Table 4.2
The Labour market activity, not seasonally adjusted data table is now reinstated.

Recent economic publications

Annual

Financial Statistics Explanatory Handbook 2003. TSO, ISBN 0 11 621506 2. Price £39.50.
Economic Trends Annual Supplement 2002. TSO, ISBN 0 11 621493 7. Price £28.50.

Quarterly

Consumer Trends: 2002 quarter 3. Available for downloading from the National Statistics website **www.statistics.gov.uk/products/p242.asp**
United Kingdom Economic Accounts: 2002 quarter 3. TSO, ISBN 0 11 621637 9. Price £26. Also available for downloading from the National Statistics website **www.statistics.gov.uk/products/p1904.asp**
UK Trade in Goods analysed in terms of industries (MQ10): 2002 quarter 3. Available for downloading from the National Statistics website **www.statistics.gov.uk/products/p731.asp**

Monthly

Financial Statistics: December 2002. TSO, ISBN 0 11 621505 4. Price £23.50.
Focus on Consumer Price Indices: November 2002. Available for downloading from the National Statistics website **www.statistics.gov.uk/products/p867.asp**
Monthly Review of External Trade Statistics (MM24): November 2002. Available for downloading from the National Statistics website **www.statistics.gov.uk/products/p613.asp**

TSO publications are available by telephoning 0870 600 5522, fax 0870 600 5533 or online at **www.tso.co.uk/bookshop**

1 Gross domestic product[1] at basic prices

Government Office Regions

£ million

	United Kingdom[2] (£m)	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland
	TMPV	TMPW	TMPX	TMPY	TMPZ	TMQA	TMQB	TMQC	TMQD	TMQE	TMQF	TMQG	TMQH	TMQI
1989	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).
2 UK *less* Extra-Regio and statistical discrepancy.

Source: National Statistics

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

Government Office Regions

£

	United Kingdom[2]	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland
	TMQJ	TMQK	TMQL	TMQM	TMQN	TMQO	TMQP	TMQQ	TMQR	TMQS	TMQT	TMQU	TMQV	TMQW
1989	7 888	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).
2 UK *less* Extra-Regio and statistical discrepancy.

Source: National Statistics

Economic Update - January 2003

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

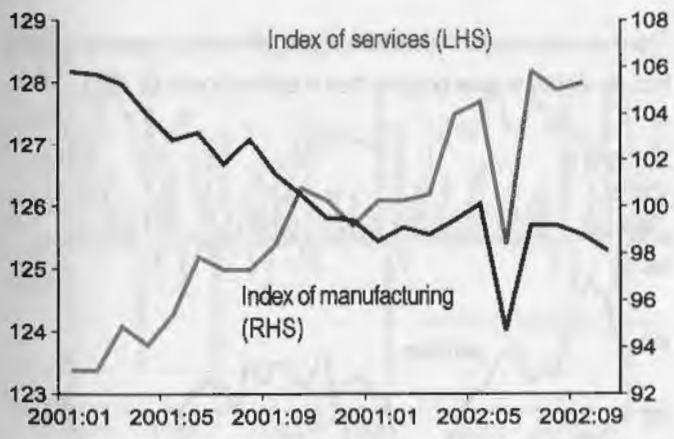
Overview

GDP data shows growth picked up in the second and third quarters of 2002. However these figures are strongly affected by Jubilee holidays, adjusting for this suggests that growth slowed between the second and third quarters. The latest monthly manufacturing figures show output falling again. Similarly external indices of output show a weaker position than earlier in the year. Household demand weakened into the third quarter, but evidence of any substantive slowdown is still fairly limited. Private investment demand is falling at an annual rate of around ten per cent. These falls are set against a background of high indebtedness, an increase in bankruptcies and high interest rates on some corporate debt. Government demand has been stronger. However weaker revenues have returned public sector finances to deficit. Trade demand deteriorated fairly abruptly into the third quarter, following a very strong second quarter. Weaker demand for labour appears to be reflected in lower hours worked and increasing use of part time work. Overall labour market aggregates remain fairly flat, and private sector wage pressures are minimal. Producer prices remain subdued; with a strong influence from house prices, RPIX moved above its target.

GDP activity - overview

The preliminary estimate showed gross domestic product (GDP) quarterly growth in the third quarter of 2002 at 0.9 per cent, up from 0.6 per cent in the second quarter and from 0.2 per cent in the first quarter of 2002. Growth comparing the third quarter of 2002 with the same quarter a year ago was 2.1 per cent, up from 1.5 per cent in the year to the second quarter of 2002.

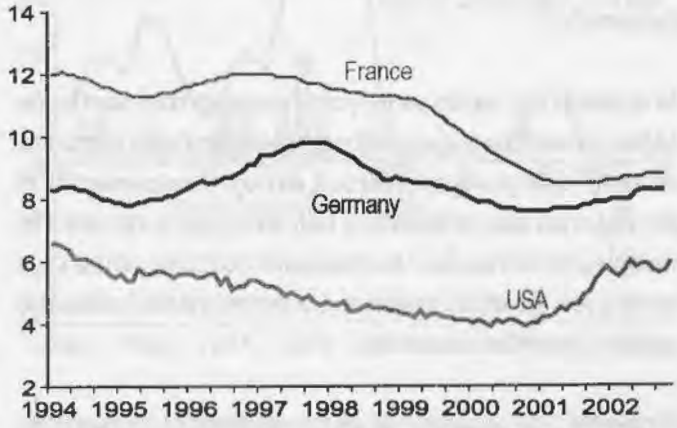
Figure 1
Monthly production indicators, indices 1995=100



The increased GDP growth in the latest quarter reflects the first positive growth in the manufacturing sector since the last quarter of 2002 and an increase in service sector growth, these were partly offset by weaker oil production. It should be noted however that the Jubilee holidays reduced June output in both the manufacturing and service sectors (figure 1). Without this effect, growth would have decelerated between the two quarters. ONS have estimated that GDP quarterly growth would have been between 0.8 and 1.3 per cent in the second quarter and between 0.2 and 0.5 per cent in the third quarter.

Overall, movements in the UK economy are similar to those around the world. It may be that the recovery in the main industrial economies seen in the first half of 2002 has become a little more subdued. Much of this recovery was export led, and these fell back in the third quarter. The sharp decline in investment that was the primary cause of weakness in 2001 has not yet been reversed to any substantial degree. Similarly rising unemployment in Germany, France and the USA does not appear to have been arrested (figure 2). On the other hand, the UK economy is set apart from continental European economies through the strength of consumer and government demand.

Figure 2
Unemployment
percentage of the workforce



Financial Market activity

Recent economic events continue to be accompanied by a substantial degree of volatility in world stock market valuations of equity. Following falls starting in 2000, the UK FTSE all share index (average across the month) index levelled off through the first months of 2002 at around 2500 points. Declines resumed in June, and fell by 22 per cent between May and November; falls have continued in December. In the medium term, according to the FTSE all-share index, equity values peaked at 3147 in December 1999. In November 2002 the index was 1970, a total decline of 37 per cent. This is the largest and most prolonged deterioration in equity values since the decline in the early 1970s, where the all-share index fell by 71 per cent between August 1972 and December 1974.

Outside the stock market concerns are echoed in the corporate bond market, which, alongside long-term loans from banks, has been the primary source of corporate borrowing since 2001. Some measures of spreads between corporate and government bonds continue to show historically high spreads - particularly for lower rated paper.

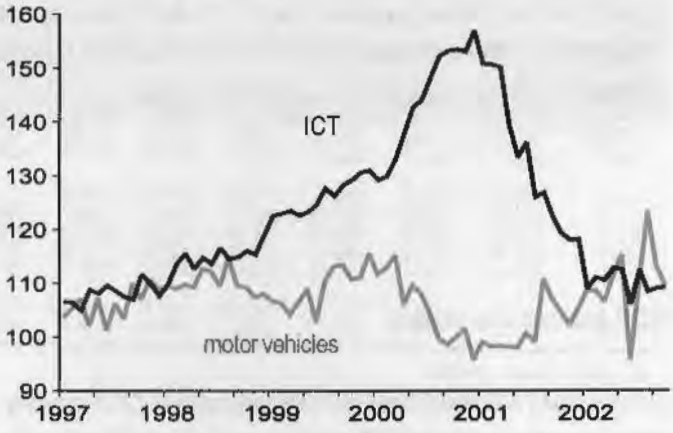
Output

As noted manufacturing output grew in the third quarter, however this growth was affected by Jubilee holidays and the monthly figures (figure 1) now suggest declines may have resumed. The index fell by 0.7 per cent in October, following a fall of 0.4 per cent in September. Weakness was seen in most industries, but the largest falls were seen in motor vehicle production (figure 3). The latter falls may be more to do with the very strong production in August which appears to have partially compensated for the fall over the Jubilee period. More generally motor vehicle production has been very strong throughout 2002, with annual growth in the three months to October at 7.4 per cent; this compares with an annual decline of 2.9 per cent for the manufacturing sector as a whole. This increase in production has been concentrated in the export market (e.g. exports of passenger cars grew by 26.6 per cent over the same period). Figure 3 also shows that output in the information and communications technologies has been stable throughout the year, following the very substantial decline throughout 2001.

An acceleration in service sector growth was again dominated by the Jubilee. Comparing output in the first quarter with output in the third quarter shows still robust growth of 1.4 per cent, although the experimental IOS data shows this was dominated by a fairly abrupt pick up into April. The monthly figures look weaker in the third quarter. Comparing with the same quarter a year ago annual growth was 2.5 per cent, the third consecutive quarter of growth below 3 per cent.

A broad industrial breakdown shows that the general slowdown in the service sector over the year has been driven by a sharp slowdowns to the previously very rapidly growing 'post and telecommunication' industries (from recent peak annual growth of 16.1 per cent in Q3 2000 to 3.9 per cent in Q3 2002), a slowdown in 'real estate, renting and business activities' (from 7.4 per cent in Q2 2001 to 2.4 per cent in Q3 2002). These declines have been offset to some extent by ongoing robust growth in 'wholesale and retail trade; repairs' (5.3 per cent annual growth in Q3 2002) and historically strong growth in 'government and other services' (2.6).

Figure 3
Index of manufacturing



Strong construction output growth has also continued to support overall GDP growth. Annual growth in the year to quarter three was 7.8 per cent, the highest growth since 1988. Lastly, while energy output added to GDP in the second quarter it subtracted fairly substantially in the third, as oil companies extended maintenance over the summer.

External measures of output

External measures for both manufacturing and service sector suggest a broadly slightly weaker position than in earlier reports for 2002.

Figure 4
CIPS
balances

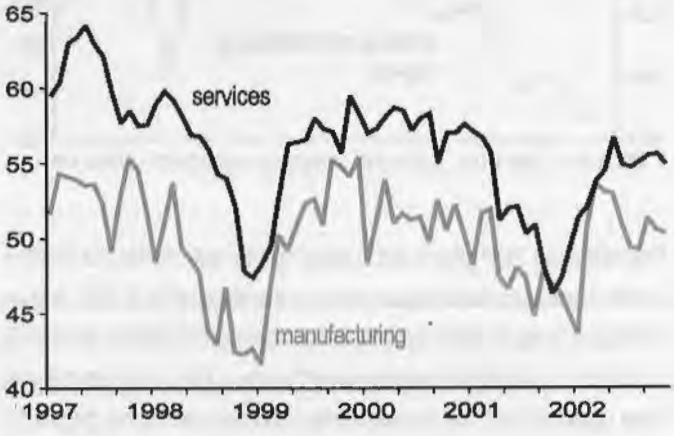


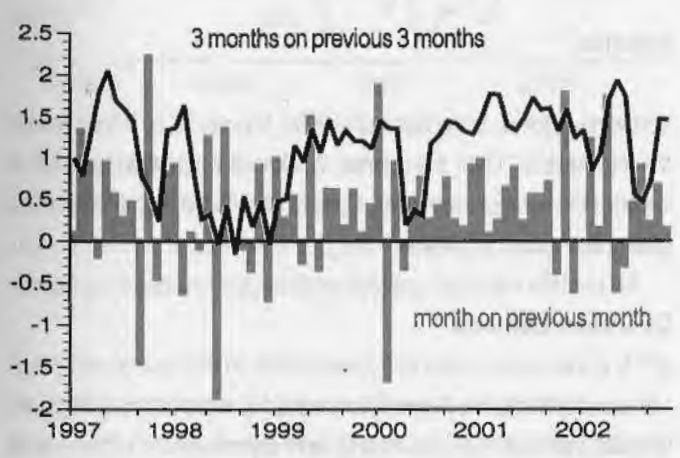
Figure 4 shows the Chartered Institute f Purchasing and Supply figures for the manufacturing and service sectors. Both indices rose fast at the start of the year, but they peaked quickly and have showed a modest degree of slowdown since then. Confederation of British Industry (CBI) figures for the manufacturing sector showed a deterioration between their November and December surveys, with output expectations continuing to slide, and now standing at their lowest since January.

Household demand

National Accounts figures for the third quarter of 2002 showed an slowdown in quarterly growth to 0.8 per cent from 1.2 per cent in quarter two. Annual growth slowed slightly to 3.8 per cent. Other data is however mixed as to whether this weaker growth is likely to continue.

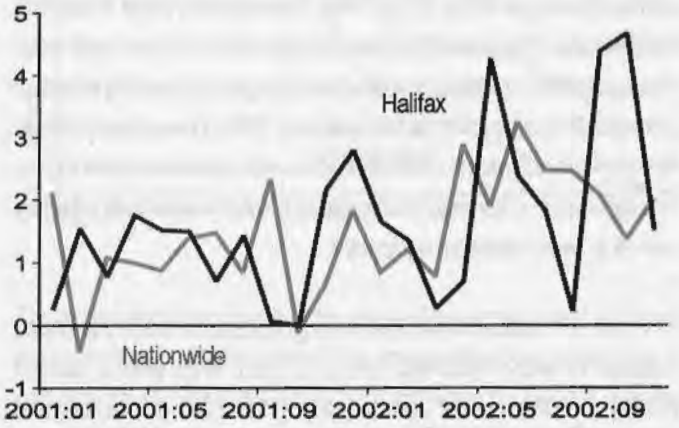
Retail sales data show ongoing growth into the fourth quarter, with quarterly growth of 1.5 per cent in the three months to November up substantially from growth of 0.7 per cent in quarter three (figure 5). While the monthly rise into November was only 0.1 per cent, these figures can be volatile from month to month. Gross consumer credit growth in the three months to October remained robust at 1.2 per cent; while there was a fairly abrupt monthly fall into October, this followed a very high September figure. Weakness is more evident in external figures. Both British Retail Consortium (BRC) and CBI figures continue to show sales weaker than this time last year. Consumer confidence showed increased optimism at the start of the year, but this has now stalled.

Figure 5
Retail sales index
growth



More generally the prolonged period of high growth in consumer credit shows that the present level of consumer demand is supported by continued addition to the stock of household debt. Debt to income ratios continue at historic highs. As a result household demand is at least partly dependent on bank and building societies' willingness to lend and on households continuing to be able to meet the interest payments on previous and new borrowing. Many emphasise though that with interest rates low, these debt servicing costs continue to remain relatively low.

Figure 6
House prices
growth, month on previous month

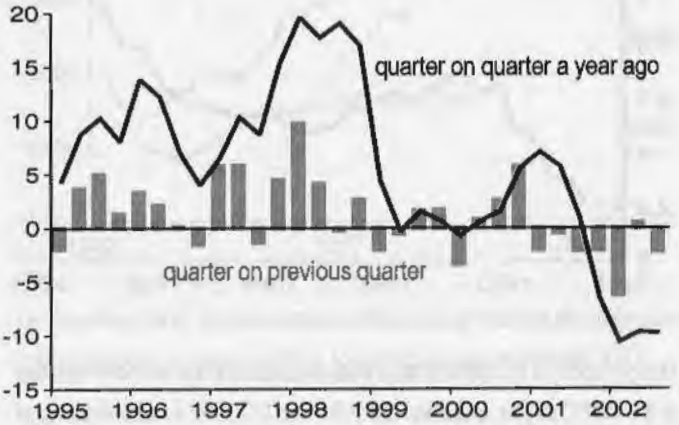


Part of this willingness to take on additional debt appears to be related to the very strong growth of house prices; here the Nationwide and Halifax figures show annual inflation at 24 and 28 per cent. Figure 6 shows monthly changes for the two measures coming into line in November at about a still very strong two per cent.

Business demand

In contrast to household demand, but echoing the position around the world, UK business investment demand is continuing to fall sharply relative to a year earlier.

Figure 7
Business investment
growth



Figures show business investment fell by 2.2 per cent between the

second and third quarters of 2002. This followed a slight rise of 0.5 per cent in the second quarter – which was the only positive growth since the start of 2001. Compared with the same quarter a year ago the decline was 9.8 per cent (figure 7).

The decline is at the same pace in both the manufacturing and service sectors. Over the year manufacturing investment fell by 10.6 per cent and service investment fell by 10.7 per cent. An analysis by asset shows that the main area of investment decline is in other machinery and equipment. Previously the same asset had recorded high growth, peaking at annual growth of 26.4 per cent in the first quarter of 1998. These assets include high profile investment in information and communications technologies. The declines in other machinery and equipment are partially offset by annual growth in transport equipment.

As noted, the decline in investment is a global phenomenon that began between the end of 2000 and the start of 2001. In the year to the third quarter of 2002, overall investment (i.e. business investment and government investment) declined by 0.8 per cent in the US, 6.7 per cent in Germany, 0.8 per cent in France and 4.8 per cent in Japan. Comparable figures for the UK show a decline of 4.4 per cent.

On the other hand over the past year external indices have shown a degree of recovery that is not evident in the headline investment figures; although third quarter figures now suggest an overall weakening. BCC data showed a weakening in the service position set against a strengthening in the manufacturing position, whereas CBI figures show deterioration in the manufacturing position.

Figure 8
PNFC debt to quarterly GDP ratio

The cut-backs in investment have seen a recovery in the financial situation of the PNFC sector. Between Q2 2001 and Q3 2002 a net borrowing of £3.8 billion has given way to net lending of £3.2 billion, as investment has fallen by £2.3 billion and there has been a recovery in profits. Over recent quarters the overall indebtedness of the sector, while still at a high level, had moderated as net lending was recorded. The latest quarter however saw an abrupt rise; although this is related to financial flows associated with direct investment and may be a one-off (figure 8). Lastly DTI data show fairly sharp increases in both company and individual insolvencies over the year to the third quarter, although company insolvency rates fell back a little between the third and second quarters.

Government demand

Government demand has continued at a relatively robust pace, although growth in the latest two quarters has been somewhat below the very strong growth between Q3 2001 and Q1 2002. In the third quarter of 2002 constant price government expenditure rose by 1.8 per cent compared with the previous quarter, following growth of 0.7 per cent in quarter two. Compared with the third quarter of 2001, government demand was up 5.4 per cent. In cash terms government expenditure has grown by 10.3 per cent in the year to the third quarter.

The ongoing strong growth in government expenditure has come as revenue growth is slowing, reflecting the slowdown in the economy. The effect is that the central Government sector has returned to net borrowing for four consecutive quarters, following thirteen quarters of net lending.

Monthly public sector net borrowing data now extends to November 2002 and shows cumulative net borrowing for the financial year 2002-03 stands at £17.2 billion, this compares with borrowing of £1.4 billion over the same period of the previous financial year. The data also illustrate the weakness in Inland Revenue tax receipts, with corporation tax revenues particularly weak.

Imports

Following a pick-up in the first half of 2002, imports fell by 0.5 per cent in the third quarter. Over the quarter, weakness was driven by a fall of imports from non-EU economies. Notably, despite the overall fall, imports of cars increased by 5.9 per cent.

Overseas Demand

UK exports deteriorated sharply in the third quarter following the sharp increase in activity in the second. Overall exports fell by 1.2 per cent in the third quarter following growth of 3.8 per cent in the second. Figure 9 shows that recent monthly movements have been volatile, but that the acceleration in growth was to both EU and non-EU economies and then the deterioration in exports has been more pronounced to EU economies.

Figure 9
Exports
index

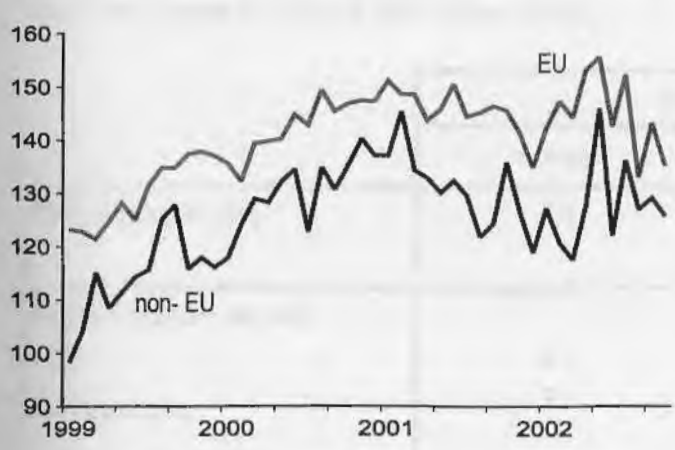
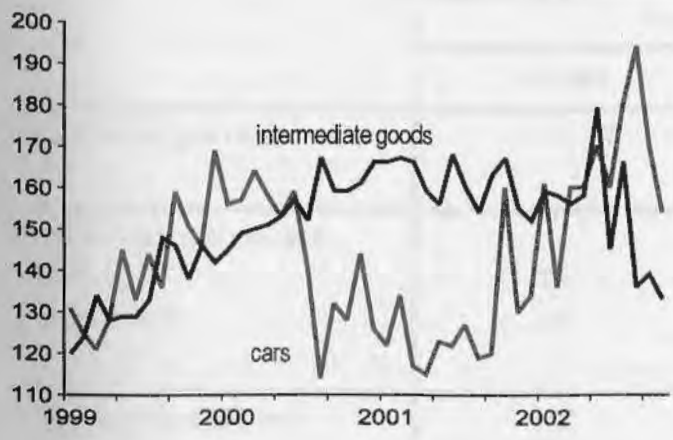


Figure 10 shows a product breakdown, here falls are seen to be concentrated in intermediate goods, with exports of cars following similar patterns to domestic production.

Figure 10
Exports
index

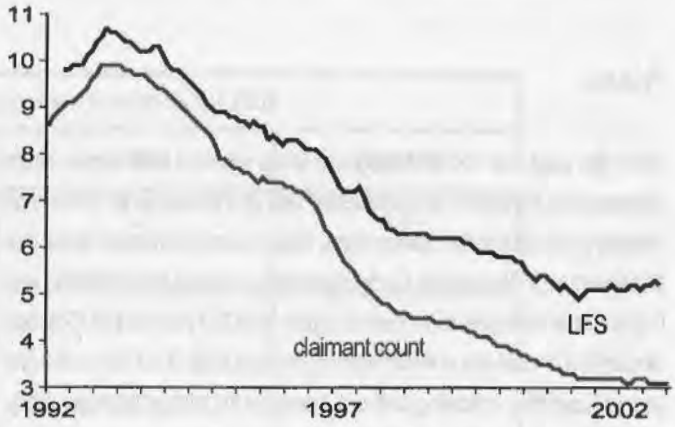


Labour Market

Labour market data perhaps suggest a weakening in overall private sector labour demand, but headline statistics overall are still fairly flat.

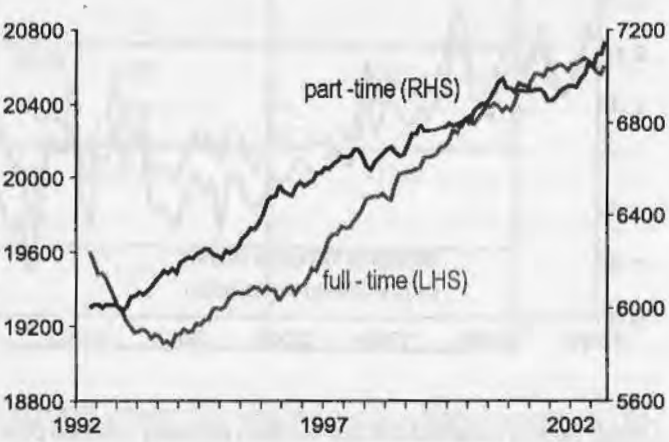
From the perspective of employment, the labour force survey (LFS) employment rate rose to 74.5 per cent in Aug-Oct from 74.3 per cent in May-Jul, the LFS count of employment also increased by 105,000 between the two periods. On the other hand employer survey 'workforce jobs' data has shown modest falls in both the second and third quarters of 2002 (by 46,000 in total). From the perspective of unemployment, the ILO rate was 5.2 per cent in Aug-Oct, up slightly on a year ago, whereas the claimant count rate at 3.1 per cent in November is down very slightly from a year ago (figure 11).

Figure 11
Unemployment



The most notable feature is that the nature of any employment increases are changing. Firstly, most recent job creation has been exclusively in part-time posts: part-time employment increased by 237,000 over the year, while full-time jobs increased by only 5,000 (figure 12). This change in work pattern may follow from firms' attempts to keep costs down. Secondly there has been a bias towards job creation in the public sector. The industry dis-aggregation from 'workforce jobs' figures shows that over the year to the third quarter: 167,000 manufacturing jobs have been lost, 15,000 construction jobs have been created, and 225,000 service sector jobs created. Of the new service jobs however, 63 per cent were in the public sector areas (public administration, health and education) - also potentially suggesting a weaker private jobs market.

Figure 12
Employment
jobs created



On the other hand, figures showed a fall in the amount of redundancies into Spring and Summer of 2002, following increases through 2001.

The average earnings index continues to echo the more subdued labour market. In October 2002 the headline rate was 3.7 per cent; well below

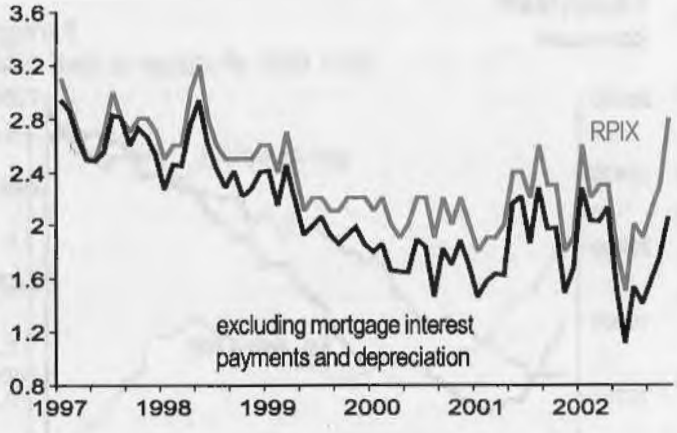
the 4.5 per cent figure that the Bank of England consider broadly consistent with their inflation target).

Prices

Over the past few months producer price inflation has shown slight increases on the output side and lesser falls on the input side. Underlying measures excluding food beverages, tobacco and petroleum show that this reversed in November. Underlying annual output price inflation was 0.6 per cent in November down a touch from 0.7 per cent in October. Underlying annual input prices inflation showed a fall of 2.1 per cent in the year to November, following a fall of 1.4 per cent in October. More generally, the ongoing low outturns for producer price inflation may continue to reflect the deteriorating global conditions that began in 2001, with over-supply remaining a significant phenomenon.

On the other hand consumer price inflation has picked up a little in recent months. The Government's target measure RPIX rose to 2.8 per cent in November from 2.3 per cent in October – the highest rate since 1998 (figure 13). This followed ongoing increases to the depreciation of housing component that are due to house price increases and effects from oil prices. The measure excluding depreciation (also on figure 13) still shows a fairly abrupt increase between the latest months, but is not so high relative to recent experience.

Figure 13
Consumer prices
growth, month on a year ago



Overall there is a marked contrast between generally subdued price pressures and significant price changes in the housing market.

Forecasts for the UK Economy

A comparison of independent forecasts, December 2002

The tables below are extracted from HM Treasury's "FORECASTS FOR THE UK ECONOMY" and summarise the average and range of independent forecasts for 2002 and 2003, updated monthly.

	Independent Forecasts for 2002		
	Average	Lowest	Highest
GDP growth (per cent)	1.6	1.3	1.8
Inflation rate (Q4: per cent)			
- RPI	2.2	1.5	2.6
- RPI excl MIPs	2.4	1.5	2.6
Unemployment (Q4, mn)	0.96	0.90	1.05
Current Account (£ bn)	-18.6	-23.0	-13.3
PSNB * (2002-03, £ bn)	18.6	12.8	23.0

	Independent Forecasts for 2003		
	Average	Lowest	Highest
GDP growth (per cent)	2.3	-0.6	3.1
Inflation rate (Q4: per cent)			
- RPI	2.6	1.5	4.2
- RPI excl MIPs	2.4	1.6	3.4
Unemployment (Q4, mn)	1.00	0.82	1.27
Current Account (£ bn)	-21.5	-36.9	-12.0
PSNB* (2003-04, £ bn)	24.1	14.0	30.0

NOTE: "FORECASTS FOR THE UK ECONOMY" gives more detailed forecasts, covering 27 variables and is published monthly by HM Treasury, available on annual subscription, price £75. Subscription enquiries should be addressed to Claire Coast-Smith, Public Enquiry Unit 2/S2, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ (Tel: 020-7270 4558). It is also available at the Treasury's internet site: http://www.hm-treasury.gov.uk.

* PSNB: Public Sector Net Borrowing.

International Economic Indicators - January 2003

Gladys Asogbon, Marcoeconomic Assessment - National Statistics

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

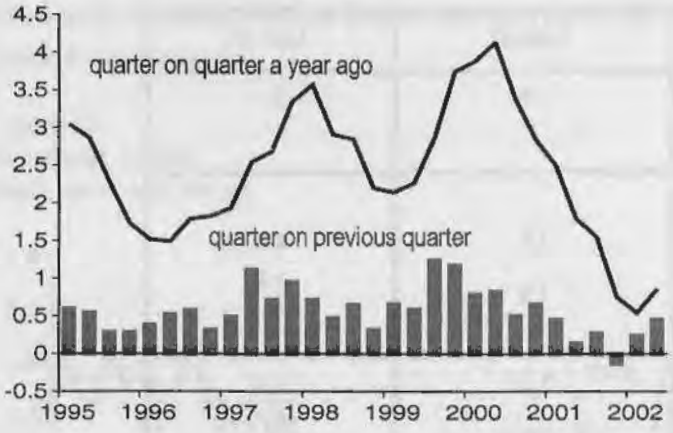
Overview

All the major economies grew in the third quarter of 2002, although France and Japan grew by less than the previous quarter. Drivers of growth were mixed, with exports driving growth in Germany, while household consumption was the driver in France, USA and Japan. In all major economies except Italy, investment demand is still in decline. Set against output, in most economies unemployment is at best broadly flat or inching up in some economies, employment growth is weakening. While headline figures rose a little, inflationary pressures remain very subdued.

EU15

The latest data for 2002 quarter two shows that the EU economy grew by 0.5 per cent, following growth of 0.2 per cent in the previous quarter (figure 1).

Figure 1
GDP: EU15
growth



A breakdown of the contributors to GDP growth shows exports to be the main driver of growth in quarter two, contributing 0.7 percentage points to quarterly GDP. Import growth also rebounded, although less sharply than exports, with trade adding 0.3 percentage points to GDP growth in quarter two. The households' component of domestic demand contributed 0.3 percentage points to GDP growth, although government demand did not make a contribution and investment demand continued to contract. Inventories also did not make a contribution to quarterly GDP growth.

On output, the index of production picked up in quarters one and two following falls throughout 2001. However it may be weakening with quarterly growth of 0.1 per cent in the third quarter.

Data for the second half of this year shows consumers prices increasing by 0.2 percentage points in every month for the three months to October. At 2.2 per cent in October, the rate is currently above the ceiling targeted by the European Central Bank. Prices at the factory gate have been falling for the first half of this year, and have only risen a little in the last three months to October. Producer prices increased by 0.8 per cent in the year to October.

EU employment figures continue to show growth, although at a declining rate. Annual growth in the year to the second quarter was 0.7 per cent, the same as the previous quarter. The unemployment rate has inched up in October, by 0.1 percentage points, having been stable at 7.6 per cent of the workforce for four months since June and up from a trough of 7.3 per cent in the second and third quarters of 2001.

Annual earnings showed stronger growth in the year to the third quarter, growing by 3.3 per cent, following growth in the second quarter of 2.5 per cent and 3.4 per cent in the first quarter, but the figures are volatile.

Germany

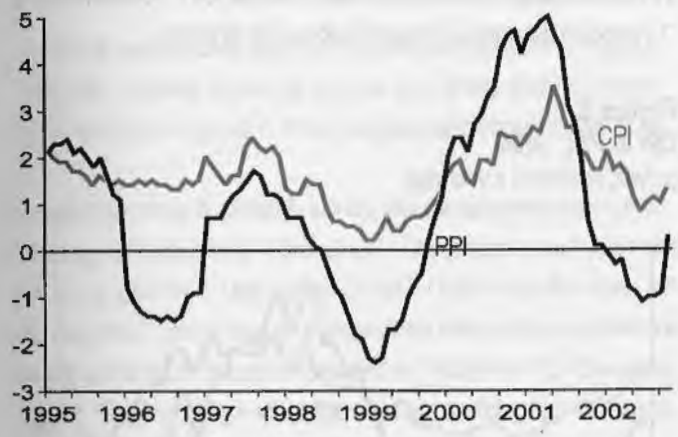
The German economy grew by 0.3 per cent in 2002 quarter three, its third consecutive quarter of growth.

The main driver of growth in the third quarter was exports, which contributed 1.0 percentage points to quarterly GDP. Imports also showed strong growth of 0.9 percentage points giving trade a net contribution to GDP in quarter three of 0.1 percentage points. However, domestic demand is still fairly weak, households' added 0.3 percentage points to quarterly GDP, a slight improvement from last quarter. Government did not add to GDP this quarter and investment demand contracted for the eighth consecutive quarter.

The index of production grew by 0.9 per cent in the third quarter of 2002, following growth of 0.4 per cent in the previous quarter. However, monthly growth and monthly changes suggest that industrial production is still somewhat volatile.

The CPI shows consumer prices growing by 1.3 per cent in the year to October, down from growth of 2.1 per cent growth seen in the index at the start of the year. The PPI is showing prices at the factory gate increasing by 0.3 per cent in the year to October, the first positive increase in producer prices since December 2001. Germany has the lowest consumer and producer price inflation of the largest Euro economies (figure 2).

Figure 2
CPI & PPI: Germany
growth, month on a year ago



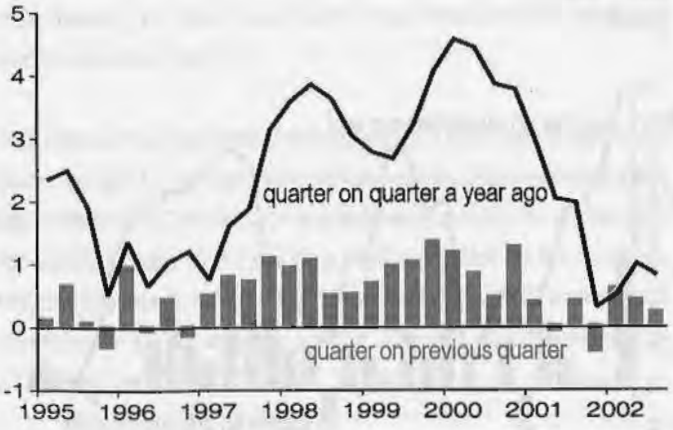
8.3 per cent of the German workforce was unemployed as at October 2002. Unemployment has been at 8.3 per cent of the workforce since June 2002, although there has been a gradual increase in the unemployment rate from the recent trough of 7.6 per cent in the fourth quarter of 2000 and quarter one. Similarly employment growth contracted in the third quarter of 2002, with annual growth figures for the quarter showing negative growth of 0.8 per cent, accelerating from negative growth of 0.4 per cent in the previous quarter.

Having hovered between 1.0 per cent and 1.1 per cent between 2001 quarter three and 2002 quarter two, earnings growth has picked up in the year to quarter three, growing by 1.9 per cent.

France

The latest data show that growth in the French economy slowed in the third quarter to 0.2 per cent, having grown by 0.4 per cent in the previous quarter (figure 3).

Figure 3
GDP: France
growth



The lower quarterly growth compared to the previous quarter is due to falls in investment demand and stocks, which made negative contributions to quarterly GDP of 0.2 percentage points and 0.3 percentage points respectively. These were offset by positive contributions from household demand and exports, which contributed 0.4 percentage points and 0.2 percentage points and 0.3 percentage points respectively, although growth in trade slowed into the quarter.

Industrial production has contracted in France in the latest quarter, by 0.5 per cent following two quarters of growth in the index.

Consumer prices increased by 1.9 per cent in the year to October, a slight rise over September. Producer prices growth has been positive in the last four months since July, having fallen prior to this since February.

The unemployment rate in France stabilised at 8.8 per cent of the workforce between July and October, up from the recent trough of 8.5 per cent in quarters two to four of 2001. Employment growth also continued its slowdown in the second quarter of 2002, with an annual rate of 0.2 per cent, well down on growth of 2.1 per cent at the start of 2001.

Following on from the labour market conditions, annual earnings growth continued to ease, slowing from 4.1 per cent in the fourth quarter of 2001 to 3.5 in the third quarter of 2002.

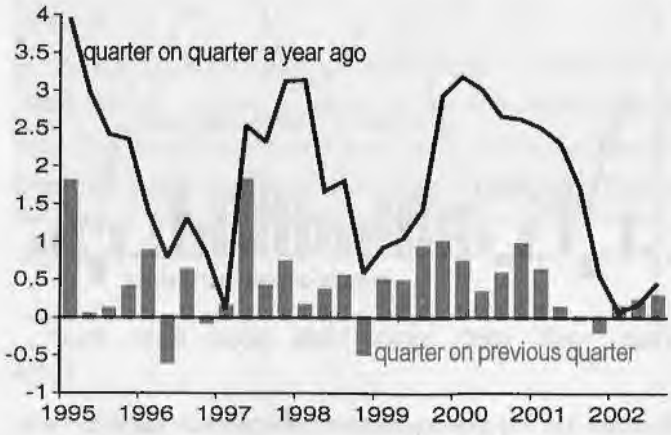
Italy

Data for 2002 quarter three show the Italian economy growing by 0.3 per cent, following growth of 0.2 per cent in quarter two (figure 4).

A breakdown of the contributors to changes in quarterly GDP is not available with this dataset, however, other sources show household demand remaining fairly weak, a recovery in investment demand and a

sharp reduction in stocks.

Figure 4
GDP: Italy
growth



Having contracted in the second quarter by 0.7 per cent, the IOP grew by 0.6 per cent in the third quarter.

In Italy, Consumer prices are rising, with the index showing growth of 2.8 per cent in the year to November, from 2.7 per cent in the previous month. Figures show producer prices also rising following falls in the first half of 2002. The PPI shows four months of positive growth since July.

The Italian labour market shows unemployment stable for the past five months since March at 9.0 per cent of the workforce following improvements through to October 2001. Employment growth was 1.3 per cent in the year to the third quarter of 2002. This is the lowest employment growth since the last quarter of 2001.

Earnings growth fell back to 2.3 per cent in the year to the third quarter after rising to 3.1 per cent in quarter two, but the figures are volatile.

USA

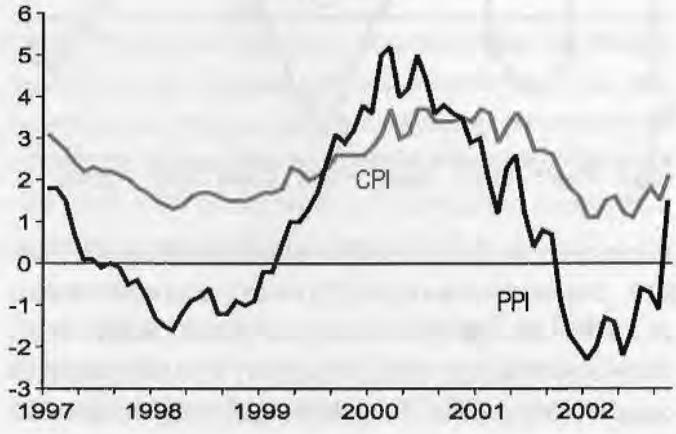
The latest figures for the US economy in 2002 quarter three show the economy growing by 1.0 per cent, following growth of 0.3 per cent in the previous quarter.

The main driver of this performance is household consumption, which contributed 0.7 percentage points to quarterly GDP a considerable increase over the second quarter's contribution of 0.3 percentage points. Household spending has continued despite a fall in equity prices and has been held up by refinancing and mortgage equity withdrawal, prompted by low and falling interest rates. Strong car sales have also been an influencing factor in the strong household demand, although the momentum for car sales fell away in September. Government consumption has been flat over the last three quarters, and investment demand added 0.1 percentage points to quarterly GDP, following a contraction in investment spending in the previous quarter. With both import and export growth slowing notably, trade did not make a contribution to quarterly GDP growth in the latest period.

Quarterly industrial production continues to show growth, with the index growing by 0.8 per cent in quarter three. However, the latest month on month changes shows a contraction of 0.8 per cent in the index in October, which may suggest a weaker index in the fourth quarter.

Consumer prices inflation has increased markedly in October to 2.1 per cent, partly due to increased petrol costs. Inflationary pressures had remained subdued since January 2002 and despite petroleum based energy costs rising markedly in September. Producer prices also show prices increasing from the factory fate in October, by 1.5 per cent, from a 1.1 per cent decrease in prices in September (figure 5).

Figure 5
CPI & PPI: USA
growth, month on a year ago



The US saw a sharp increase in unemployment in 2001 from 4.2 per cent in January to 5.8 per cent in December. The deterioration slowed somewhat in the first three months of 2002, but the volatility in the figures since then offers no clear signs of recovery. The latest data shows the unemployment rate rising by 0.1 percentage points in October over the previous month's 5.6 per cent to stand at 5.7 per cent of the workforce.

Having grown strongly in February and March 2002 by 4.2 per cent, earnings growth eased slightly to 3.3 per cent in the year to August 2002 and has remained at this rate for the past three months since then.

Japan

The Japanese economy grew by 0.7 per cent in the third quarter of 2002, following growth of 1.0 per cent in the previous quarter.

Growth has been driven by positive contributions from household and government demand of 0.4 percentage points and 0.2 percentage points respectively. However, the strongest contribution over the past two quarters has been stocks, which added 0.5 percentage points to quarterly GDP, following 0.4 percentage points in quarter two. On the other hand, investment demand contracted for the sixth consecutive quarter. There was a substantial reduction in trade flows in the quarter, with exports falling more than imports and trade reducing GDP in quarter three by 0.1 percentage points.

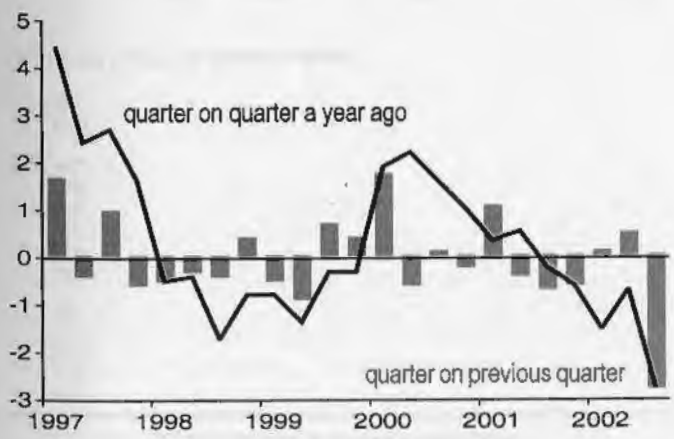
Industrial production has shown strong growth in the latest two quarters reversing five quarters of consecutive negative growth in the index. However, the strength of this recovery is uncertain, as the monthly changes in September and October show consecutive contractions in the index.

Consumer and producer price falls continue the deflation that began in mid-1998. Growth figures for the year to October show consumer prices falling by 0.9 per cent. Producer prices also show a similar story.

Despite the pick-up in economic activity, the unemployment rate is yet to show signs of substantial improvement. The unemployment rate has inched up again by 0.1 percentage points in October to 5.5 per cent of the workforce. Recent rates of unemployment are very high by historical standards for Japan (unprecedented since 1960 when OECD records began). Employment growth is also negative, declining by 1.0 per cent in the year to 2002 quarter three.

Earnings growth also contracted, in line with the weak labour market conditions, with workers earnings 2.8 per cent lower than a year ago in quarter three (figure 6).

Figure 6
Earnings: Japan
growth



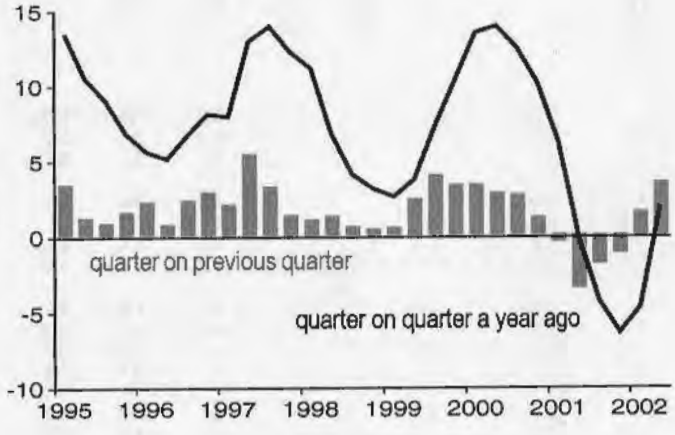
World Trade

The latest data for 2002 quarter two show a significant improvement in trade, reflecting the recent improvement in world trade activity, following a year of contraction in 2001.

Total export of manufactures shows growth of 3.4 per cent in the second quarter up from 1.4 per cent in the previous quarter. Abreakdown of these figures show OECD exports of manufactures growing by 3.5 per cent and non-OECD exports by 3.2 per cent. The equivalent figures for goods exports show growth in the total of 3.1 per cent, with OECD good exports increasing by 3.2 per cent and non-OECD goods export increasing by 2.7 per cent.

Quarter two import data for manufactures is only available only for OECD economies at present and shows a similar picture, with OECD import of manufactures growing by 3.4 per cent in the second quarter of 2002 and import of goods by 3.1 per cent in the same period. Non-OECD goods imports increased by 2.2 per cent. Overall, total trade in goods in 2002 quarter two grew by 3.0 per cent.

Figure 7
OECD exports of manufactures
growth



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 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

1 European Union 15

	GDP	Contribution to change in GDP: PFC	GFC	GFCF	ChgStk[1]	Exports	less Imports	IoP	Sales	CPI	PPI	Earnings	Empl	Unempl
Percentage change on a year earlier	ILGB	HUDS	HUDT	HUDU	HUDV	HUDW	HUDX	ILGV	ILHP	HYAB	ILAI	ILAR	ILIJ	GADR
1996	1.7	1.2	0.3	0.4	–0.5	1.5	1.2	0.6	0.5	2.5	0.7	3.5	0.4	10.2
1997	2.6	1.3	0.2	0.7	0.1	3.1	2.7	3.9	1.6	2.0	0.9	3.1	1.0	10.0
1998	2.9	1.9	0.3	1.3	0.3	2.1	3.1	3.8	2.7	1.8	–0.4	2.8	1.9	9.4
1999	2.8	2.1	0.4	1.1	–0.2	1.8	2.4	1.8	2.2	1.2	0.1	2.7	1.9	8.7
2000	3.6	1.8	0.4	1.0	–0.1	4.2	3.9	4.8	2.3	2.5	4.7	3.3	1.9	7.8
2001	1.6	1.3	0.4	–	–0.4	1.0	0.6	0.1	1.7	2.5	1.3	3.0	1.3	7.3
1999 Q3	2.9	2.1	0.4	1.2	–0.4	2.0	2.5	2.1	1.9	1.2	0.6	3.6	2.0	8.6
Q4	3.7	2.1	0.4	1.2	–	3.3	3.3	4.2	3.1	1.6	2.4	2.7	1.8	8.4
2000 Q1	3.9	1.9	0.4	1.1	–0.1	4.2	3.6	4.3	2.4	2.1	4.2	3.6	1.7	8.1
Q2	4.1	2.2	0.4	1.2	0.1	4.3	4.1	5.6	3.2	2.3	4.8	3.6	1.9	7.9
Q3	3.4	1.8	0.4	1.0	–	4.2	4.0	4.8	2.1	2.7	5.0	2.6	1.8	7.7
Q4	2.8	1.5	0.4	0.9	–0.2	4.2	3.9	4.3	1.6	2.7	5.1	3.5	2.1	7.5
2001 Q1	2.5	1.4	0.4	0.5	–0.3	3.0	2.6	3.9	2.5	2.7	3.3	2.6	1.9	7.4
Q2	1.8	1.3	0.4	0.2	–0.3	1.6	1.3	0.6	1.8	2.9	2.4	3.4	1.4	7.3
Q3	1.6	1.3	0.4	–0.1	–0.4	0.3	–0.1	–0.7	1.5	2.5	0.7	3.4	1.2	7.3
Q4	0.8	1.2	0.4	–0.5	–0.7	–1.0	–1.3	–3.4	0.9	2.1	–1.1	2.5	0.8	7.4
2002 Q1	0.5	0.7	0.5	–0.6	–0.2	–1.2	–1.3	–2.9	0.9	2.2	–0.7	3.4	0.7	7.5
Q2	0.9	0.7	0.4	–0.6	–0.3	–	–0.6	–1.2	1.2	1.9	–0.4	2.5	0.7	7.5
Q3	..	..	..	..	..	..	..	–0.7	1.4	1.9	0.2	3.3	..	7.6
2001 Nov	..	..	..	..	..	..	..	–3.8	0.9	1.9	–1.4	..	..	7.4
Dec	..	..	..	..	..	..	..	–4.0	0.9	1.9	–1.1	..	..	7.4
2002 Jan	..	..	..	..	..	..	..	–3.1	–	2.3	–0.7	..	..	7.4
Feb	..	..	..	..	..	..	..	–3.4	1.8	2.0	–0.8	..	..	7.5
Mar	..	..	..	..	..	..	..	–2.3	0.9	2.2	–0.6	..	..	7.5
Apr	..	..	..	..	..	..	..	–1.2	1.8	2.2	–0.3	..	..	7.5
May	..	..	..	..	..	..	..	–0.9	0.9	1.9	–0.4	..	..	7.5
Jun	..	..	..	..	..	..	..	–1.4	0.9	1.7	–0.6	..	..	7.6
Jul	..	..	..	..	..	..	..	–0.5	1.8	1.8	–	..	..	7.6
Aug	..	..	..	..	..	..	..	–1.2	1.8	1.8	0.3	..	..	7.6
Sep	..	..	..	..	..	..	..	–0.5	0.9	2.0	0.4	..	..	7.6
Oct	..	..	..	..	..	..	..	..	..	2.2	0.8	..	..	7.7
Nov	..	..	..	..	..	..	..	..	..	..	..	..	..	..

Percentage change on previous quarter	ILGL	HUDY	HUDZ	HUEA	HUEB	HUEC	HUED	ILHF	ILHZ	ILIT
1999 Q3	1.3	0.6	0.1	0.4	–	1.1	1.0	1.6	1.3	0.9
Q4	1.2	0.5	0.1	0.2	0.3	1.0	1.0	1.5	1.2	0.1
2000 Q1	0.8	0.5	0.1	0.2	–0.3	1.2	1.0	0.4	0.3	–0.4
Q2	0.8	0.5	0.1	0.3	–	1.0	1.0	1.9	0.4	1.3
Q3	0.5	0.2	0.1	0.2	–0.1	1.0	0.9	0.9	0.3	0.7
Q4	0.7	0.2	0.1	0.1	0.1	1.0	0.9	1.1	0.6	0.4
2001 Q1	0.5	0.5	0.1	–0.1	–0.3	0.1	–0.2	–0.1	1.2	–0.6
Q2	0.1	0.3	–	–0.1	–	–0.5	–0.3	–1.3	–0.3	0.8
Q3	0.3	0.2	0.2	–0.1	–0.3	–0.2	–0.5	–0.4	–	0.6
Q4	–0.1	0.2	0.1	–0.2	–0.2	–0.4	–0.3	–1.6	–	–
2002 Q1	0.2	–	0.2	–0.2	0.2	–0.1	–0.2	0.4	1.2	–0.6
Q2	0.5	0.3	–	–0.1	–	0.7	0.4	0.4	–	0.8
Q3	..	..	..	..	..	..	..	0.1	0.3	..

Percentage change on previous month	ILKF	ILKP
2001 Nov	–0.6	0.9
Dec	0.7	–
2002 Jan	–0.2	–
Feb	0.2	1.8
Mar	0.6	–0.9
Apr	–0.1	–
May	0.2	–
Jun	–0.1	–
Jul	–0.2	–
Aug	0.4	0.9
Sep	–0.2	–0.9
Oct	..	..
Nov	..	..

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

Source: OECD - SNA93

1 Includes statistical discrepancy

2 Germany

	GDP	Contribution to change in GDP: PFC	GFC	GFCF	ChgStk	Exports	less Imports	IoP	Sales	CPI	PPI	Earnings	Empl[1]	Unempl
Percentage change on a year earlier	ILFY	HUBW	HUBX	HUBY	HUBZ	HUCA	HUCB	ILGS	ILHM	HVLL	ILAF	ILAO	ILIG	GABD
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	8.7
1997	1.5	0.4	0.1	0.2	–	2.9	2.0	3.7	–1.5	1.9	1.1	1.5	–0.3	9.6
1998	1.7	0.9	0.4	0.5	0.3	1.8	2.2	4.1	1.0	1.0	–0.4	1.8	1.5	9.1
1999	1.9	2.0	0.2	0.8	–0.4	1.5	2.3	1.6	0.4	0.6	–1.0	2.6	0.9	8.4
2000	3.1	0.9	0.2	0.7	0.1	4.4	3.3	6.2	1.3	1.9	3.4	2.7	0.6	7.8
2001	0.7	0.9	0.2	–1.1	–0.6	1.8	0.4	0.6	0.5	2.5	2.9	1.5	0.4	7.8
1999 Q3	2.3	2.2	0.2	1.0	–0.6	2.0	2.5	1.9	–0.2	0.7	–0.7	2.7	1.4	8.4
Q4	3.3	1.9	0.2	1.2	–0.2	3.3	3.0	4.3	0.8	1.0	0.6	3.0	0.8	8.2
2000 Q1	2.9	0.5	0.2	0.8	–0.1	4.4	2.8	5.1	–0.2	1.7	2.3	2.8	0.5	7.9
Q2	4.5	1.9	0.3	0.9	0.2	4.2	2.9	6.7	4.1	1.6	2.6	2.4	0.8	7.8
Q3	3.0	1.1	0.1	0.6	0.2	4.0	3.0	7.1	1.6	2.0	3.7	3.3	0.5	7.7
Q4	1.9	0.3	0.4	0.4	0.3	4.9	4.4	5.9	–0.1	2.4	4.5	2.4	0.8	7.6
2001 Q1	1.8	1.1	0.2	–0.4	–0.3	3.5	2.3	6.0	1.2	2.5	4.8	2.0	0.7	7.6
Q2	0.7	0.8	0.2	–0.9	–0.3	2.3	1.4	1.4	0.3	3.2	4.7	2.0	0.6	7.7
Q3	0.5	0.8	0.2	–1.5	–1.0	1.8	–0.1	–1.2	0.7	2.5	2.6	1.1	0.2	7.8
Q4	0.1	0.9	–	–1.6	–0.9	–0.2	–1.9	–3.7	–0.3	1.8	0.3	1.0	–0.1	7.9
2002 Q1	–0.2	–0.3	0.2	–1.4	–0.6	–	–1.9	–4.0	–3.5	1.9	–0.2	1.0	–0.2	8.0
Q2	–0.1	–0.7	0.3	–1.7	–	0.5	–1.4	–1.8	–2.2	1.2	–0.9	1.0	–0.4	8.2
Q3	0.4	–0.3	0.4	–1.4	0.7	1.2	0.1	–0.4	–2.1	1.0	–1.0	1.9	–0.8	8.3
2001 Nov	..	..	..	..	..	..	..	–3.8	1.4	1.7	0.1	..	..	7.9
Dec	..	..	..	..	..	..	..	–4.3	–0.9	1.7	0.1	..	..	7.9
2002 Jan	..	..	..	..	..	..	..	–4.1	–4.1	2.1	–0.1	..	..	8.0
Feb	..	..	..	..	..	..	..	–4.7	–2.7	1.7	–0.3	..	..	8.0
Mar	..	..	..	..	..	..	..	–3.1	–3.5	1.8	–0.2	..	..	8.0
Apr	..	..	..	..	..	..	..	–1.4	–0.8	1.6	–0.8	..	..	8.0
May	..	..	..	..	..	..	..	–3.0	–3.1	1.1	–0.9	..	..	8.2
Jun	..	..	..	..	..	..	..	–0.8	–2.8	0.8	–1.1	..	..	8.3
Jul	..	..	..	..	..	..	..	–0.5	–2.1	1.0	–1.0	..	..	8.3
Aug	..	..	..	..	..	..	..	–0.6	–2.1	1.1	–1.0	..	..	8.3
Sep	..	..	..	..	..	..	..	–0.2	–2.2	1.0	–0.9	..	..	8.3
Oct	..	..	..	..	..	..	..	..	..	1.3	0.3	..	..	8.3
Nov	..	..	..	..	..	..	..	..	..	..	..	..	..	..

Percentage change on previous quarter	ILGI	HUCC	HUCD	HUCE	HUCF	HUCG	HUCH	ILHC	ILHW				ILIQ	
1999 Q3	1.5	0.6	0.1	0.5	–	1.0	0.7	1.6	1.1				1.0	
Q4	1.2	0.5	–	–0.1	0.3	0.7	0.3	1.3	1.6				0.6	
2000 Q1	0.7	–	0.1	0.2	–	1.4	1.1	0.9	0.1				–1.8	
Q2	1.1	0.8	–	0.2	–	1.0	0.8	2.6	1.2				1.1	
Q3	–	–0.1	–	0.2	–	0.9	0.8	2.1	–1.4				0.7	
Q4	0.1	–0.3	0.3	–0.2	0.3	1.6	1.6	0.2	–				0.9	
2001 Q1	0.6	0.8	–0.1	–0.6	–0.5	–	–1.0	1.0	1.3				–1.9	
Q2	–	0.5	–	–0.3	–0.1	–0.2	–0.1	–1.8	0.3				1.0	
Q3	–0.2	–0.1	–	–0.4	–0.7	0.3	–0.7	–0.5	–0.9				0.3	
Q4	–0.3	–0.3	0.1	–0.3	0.3	–0.4	–0.2	–2.4	–1.0				0.6	
2002 Q1	0.3	–0.4	0.2	–0.4	–0.2	0.2	–0.9	0.7	–1.9				–2.0	
Q2	0.2	0.1	0.1	–0.6	0.6	0.4	0.4	0.4	1.6				0.8	
Q3	0.3	0.3	–	–0.1	–	1.0	0.9	0.9	–0.8				–0.1	

Percentage change on previous month	ILKC	ILKM
2001 Nov	–0.7	2.6
Dec	0.1	–1.5
2002 Jan	1.0	–2.0
Feb	–0.3	0.2
Mar	0.3	0.3
Apr	0.5	2.3
May	–1.2	–1.1
Jun	2.0	–0.8
Jul	–0.9	0.2
Aug	1.5	0.3
Sep	–0.7	–0.9
Oct	..	..
Nov	..	..

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

Source: OECD - SNA93

[1] Excludes members of armed forces

3 France

	Contribution to change in GDP													
	GDP	PFC	GFC	GFCF	ChgStk	Exports	less Imports	IoP	Sales	CPI	PPI[1]	Earnings	Empl[2]	Unempl
Percentage change on a year earlier														
	ILFZ	HUBK	HUBL	HUBM	HUBN	HUBO	HUBP	ILGT	ILHN	HXAA	ILAG		ILAP	ILIH	GABC
1996	1.1	0.7	0.5	–	–0.6	0.7	0.4	0.9	–0.3	2.0	–2.7		2.6	0.3	11.9
1997	1.9	0.1	0.5	–	0.1	2.8	1.5	3.8	1.1	1.2	–0.6		2.6	0.7	11.8
1998	3.5	2.0	–	1.3	0.7	2.1	2.6	5.3	2.6	0.8	–0.9		2.2	2.0	11.4
1999	3.2	1.9	0.3	1.6	–0.3	1.1	1.5	2.0	2.4	0.5	–1.6		2.5	2.2	10.7
2000	4.2	1.5	0.7	1.6	0.4	3.6	3.7	3.5	0.5	1.7	2.1		5.2	2.7	9.3
2001	1.8	1.5	0.5	0.5	–1.0	0.4	0.2	0.9	–0.1	1.7	1.5		4.2	1.5	8.5
1999 Q3	3.2	2.0	0.3	1.6	–0.7	1.5	1.4	2.3	2.3	0.5	–1.6		2.7	2.2	10.6
Q4	4.1	1.9	0.6	1.6	–	2.4	2.4	4.2	2.2	1.0	–		3.4	2.5	10.2
2000 Q1	4.6	2.0	0.5	1.8	0.1	3.2	3.1	3.7	2.0	1.5	1.2		5.2	2.6	9.8
Q2	4.4	1.6	0.7	1.7	–	3.9	3.6	3.6	1.3	1.5	2.1		5.4	2.7	9.4
Q3	3.9	1.3	0.7	1.5	1.0	3.5	4.2	3.9	0.1	1.9	2.7		5.2	2.6	9.1
Q4	3.8	1.2	0.7	1.6	0.5	3.9	4.0	2.9	–1.3	1.9	2.4		5.0	2.5	8.8
2001 Q1	3.0	1.4	0.6	1.1	–0.5	2.8	2.4	2.8	1.3	1.2	2.5		4.3	2.1	8.6
Q2	2.0	1.4	0.5	0.6	–0.3	0.8	0.9	1.6	–0.4	2.1	1.8		4.2	1.8	8.5
Q3	2.0	1.7	0.6	0.5	–1.0	–0.2	–0.4	1.3	–0.7	1.9	1.1		4.2	1.2	8.5
Q4	0.3	1.5	0.5	–	–2.0	–1.7	–2.1	–1.9	–0.8	1.4	0.6		4.1	0.8	8.5
2002 Q1	0.5	1.1	0.6	–0.1	–0.8	–1.0	–0.7	–1.3	–1.4	2.2	–0.2		3.9	0.4	8.6
Q2	1.0	1.1	0.7	0.1	–1.0	0.3	0.2	–0.3	–0.7	1.6	–0.1		3.9	0.2	8.7
Q3	0.8	0.9	0.6	–0.2	–0.9	0.8	0.4	–1.7	1.0	1.8	0.3		3.5	..	8.8
2001 Nov	..	..	..	..	..	..	..	–2.1	–0.6	1.2	0.6		..	..	8.5
Dec	..	..	..	..	..	..	..	–2.5	–0.6	1.4	0.4		..	..	8.6
2002 Jan	..	..	..	..	..	..	..	–2.0	–3.5	2.3	–		..	..	8.6
Feb	..	..	..	..	..	..	..	–1.5	–0.6	2.1	–0.4		..	..	8.6
Mar	..	..	..	..	..	..	..	–0.4	–0.3	2.1	–0.3		..	..	8.7
Apr	..	..	..	..	..	..	..	0.3	–0.9	1.9	–0.1		..	..	8.7
May	..	..	..	..	..	..	..	–0.4	2.1	1.5	–0.1		..	..	8.7
Jun	..	..	..	..	..	..	..	–0.7	–3.0	1.5	–0.1		..	..	8.7
Jul	..	..	..	..	..	..	..	–2.1	1.7	1.7	0.3		..	..	8.8
Aug	..	..	..	..	..	..	..	–1.8	2.9	1.8	0.4		..	..	8.8
Sep	..	..	..	..	..	..	..	–1.1	–1.5	1.8	0.4		..	..	8.8
Oct	..	..	..	..	..	..	..	..	2.8	1.9	0.4		..	..	8.8
Nov	..	..	..	..	..	..	..	..	..	..	..		..	..	..
Percentage change on previous quarter														
	ILGJ	HUBQ	HUBR	HUBS	HUBT	HUBU	HUBV	ILHD	ILHX					ILIR	
1999 Q3	1.0	0.5	0.1	0.4	–0.6	1.2	0.5	0.9	1.2					0.7	
Q4	1.3	0.5	0.3	0.3	0.8	0.5	1.1	2.2	1.0					0.7	
2000 Q1	1.2	0.4	0.1	0.6	–	1.0	0.9	–0.3	–0.1					0.8	
Q2	0.8	0.2	0.2	0.4	–0.1	1.1	0.9	0.7	–0.8					0.6	
Q3	0.5	0.2	0.1	0.1	0.3	0.9	1.1	1.2	–					0.6	
Q4	1.3	0.3	0.2	0.4	0.3	0.9	0.9	1.2	–0.4					0.6	
2001 Q1	0.4	0.6	0.1	0.1	–0.9	–	–0.6	–0.3	2.6					0.4	
Q2	–0.1	0.2	0.1	–0.1	0.1	–0.9	–0.5	–0.5	–2.5					0.2	
Q3	0.4	0.5	0.2	0.1	–0.4	–0.2	–0.2	0.9	–0.3					0.1	
Q4	–0.4	0.1	0.1	–0.1	–0.7	–0.7	–0.8	–2.0	–0.5					0.2	
2002 Q1	0.6	0.2	0.2	0.1	0.3	0.7	0.8	0.3	1.9					–0.1	
Q2	0.4	0.2	0.2	–	–0.1	0.5	0.4	0.5	–1.8					–	
Q3	0.2	0.4	0.1	–0.2	–0.3	0.3	0.1	–0.5	1.4					..	
Percentage change on previous month															
								ILKD	ILKN						
2001 Nov								–0.2	1.0						
Dec								–0.3	–0.1						
2002 Jan								0.2	–0.2						
Feb								0.2	2.3						
Mar								0.9	0.7						
Apr								0.1	–3.5						
May								–0.3	2.5						
Jun								–0.1	–3.1						
Jul								–0.4	3.4						
Aug								0.3	1.9						
Sep								–0.3	–5.7						
Oct								..	4.1						
Nov								..	..						

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

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

1 Producer prices in manufactured goods
2 Excludes members of armed foces

Source: OECD - SNA93

4 Italy

	GDP	Contribution to change in GDP: PFC	GFC	GFCF	ChgStk	Exports	less Imports	IoP	Sales	CPI	PPI	Earnings	Empl	Unempl
Percentage change on a year earlier														
	ILGA	HUCI	HUCJ	HUCK	HUCL	HUCM	HUCN	ILGU	ILHO	HYAA	ILAH	ILAQ	ILII	GABE
1996	1.1	0.7	0.2	0.7	–0.7	0.2	–0.1	–1.6	1.2	4.0	1.9	3.1	0.5	11.5
1997	2.0	1.9	–	0.4	0.3	1.7	2.3	3.7	0.9	2.0	1.3	3.9	0.4	11.6
1998	1.8	1.9	–	0.7	0.3	1.0	2.2	1.5	1.0	2.0	0.1	3.0	1.1	11.7
1999	1.6	1.5	0.2	1.1	0.1	0.1	1.4	–0.1	1.0	1.7	–0.2	1.8	1.2	11.3
2000	2.9	1.7	0.3	1.3	–1.1	3.3	2.5	4.0	–0.5	2.5	6.0	2.0	1.9	10.4
2001	1.8	0.7	0.4	0.5	–	0.2	–	–1.0	–1.4	2.7	1.9	1.9	2.0	9.4
1999 Q3	1.4	1.4	0.2	1.2	–0.3	0.2	1.3	0.4	0.6	1.7	–	1.9	1.2	11.2
Q4	2.9	1.3	0.2	1.6	–0.1	2.0	2.1	3.2	2.3	2.1	2.2	1.5	1.4	11.0
2000 Q1	3.2	1.4	0.3	1.5	–1.3	4.1	2.9	3.5	–0.3	2.4	4.7	1.6	1.0	10.9
Q2	3.0	1.8	0.3	1.5	–0.8	2.9	2.6	5.8	–0.3	2.6	6.2	2.6	1.6	10.5
Q3	2.7	1.7	0.3	1.4	–1.6	3.6	2.7	3.4	–	2.6	6.7	1.9	2.1	10.3
Q4	2.6	1.6	0.3	0.7	–0.7	2.6	2.0	3.5	–1.3	2.6	6.5	1.8	2.8	9.9
2001 Q1	2.5	1.2	0.4	0.7	–0.2	0.9	0.4	2.4	–0.6	2.9	4.8	2.2	3.2	9.7
Q2	2.3	1.0	0.4	0.6	–0.2	1.4	0.9	–0.8	–1.0	3.0	3.2	1.3	2.0	9.5
Q3	1.7	0.4	0.4	0.3	1.2	–0.6	–	–1.2	–2.2	2.8	0.9	2.0	1.8	9.4
Q4	0.6	0.1	0.3	0.4	–0.6	–0.8	–1.1	–4.3	–1.9	2.5	–1.0	2.1	1.2	9.2
2002 Q1	0.1	–0.3	0.3	–0.4	1.1	–1.6	–0.9	–3.6	2.9	2.4	–1.3	2.2	1.7	9.1
Q2	0.2	–0.3	0.3	–0.7	1.0	–0.6	–0.5	–2.8	1.3	2.2	–1.0	3.1	1.9	9.0
Q3	0.5	..	..	..	..	..	..	–1.6	1.6	2.4	0.4	2.3	1.3	..
2001 Nov	..	..	..	..	..	..	..	–5.8	–1.9	2.4	–1.3	2.1	..	9.2
Dec	..	..	..	..	..	..	..	–5.7	–1.9	2.4	–1.3	2.1	..	9.1
2002 Jan	..	..	..	..	..	..	..	–3.3	2.9	2.4	–1.2	1.9	..	9.1
Feb	..	..	..	..	..	..	..	–3.1	2.9	2.3	–1.4	1.6	..	9.1
Mar	..	..	..	..	..	..	..	–4.4	2.9	2.5	–1.3	2.8	..	9.0
Apr	..	..	..	..	..	..	..	–3.5	1.0	2.3	–1.2	3.1	..	9.0
May	..	..	..	..	..	..	..	–1.8	1.9	2.3	–0.9	3.1	..	9.0
Jun	..	..	..	..	..	..	..	–3.2	1.0	2.2	–0.7	3.2	..	9.0
Jul	..	..	..	..	..	..	..	–1.6	2.9	2.2	0.1	2.2	..	9.0
Aug	..	..	..	..	..	..	..	–1.7	2.0	2.4	0.3	2.2	..	..
Sep	..	..	..	..	..	..	..	–1.4	–	2.6	0.5	2.4	..	..
Oct	..	..	..	..	..	..	..	..	..	2.7	1.1	2.8	..	..
Nov	..	..	..	..	..	..	..	..	..	2.8	..	..	..	..

Percentage change on previous quarter														
	ILGK	HUCO	HUCP	HUCQ	HUCR	HUCS	HUCT	ILHE	ILHY				ILIS	
1999 Q3	0.9	0.4	0.1	0.3	–0.5	0.7	0.1	2.0	–				1.4	
Q4	1.0	0.4	0.1	0.5	0.4	1.0	1.3	1.4	1.3				–0.1	
2000 Q1	0.7	0.6	0.1	0.3	–0.8	1.8	1.3	0.5	–1.9				–1.2	
Q2	0.3	0.4	–	0.3	0.2	–0.6	–0.1	1.8	0.3				1.6	
Q3	0.6	0.3	0.1	0.3	–1.2	1.3	0.2	–0.3	0.3				1.9	
Q4	1.0	0.3	0.1	–0.1	1.2	0.1	0.6	1.5	–				0.6	
2001 Q1	0.6	0.2	0.1	0.3	–0.3	0.1	–0.3	–0.5	–1.3				–0.8	
Q2	0.1	0.1	0.1	0.2	0.2	–0.1	0.3	–1.5	–				0.4	
Q3	–	–0.2	0.1	–	0.2	–0.7	–0.7	–0.7	–1.0				1.7	
Q4	–0.2	0.1	0.1	–0.1	–0.6	–0.1	–0.4	–1.7	0.3				–	
2002 Q1	0.1	–0.2	0.1	–0.5	1.4	–0.7	–0.1	0.2	3.6				–0.4	
Q2	0.2	0.1	0.1	–0.1	–	0.8	0.6	–0.7	–1.6				0.6	
Q3	0.3	..	..	..	..	..	..	0.6	–0.6				1.1	

Percentage change on previous month		
	ILKE	ILKO
2001 Nov	–2.5	1.0
Dec	1.6	–1.0
2002 Jan	0.2	3.9
Feb	–	–
Mar	–0.7	–
Apr	–1.0	–1.9
May	1.6	1.0
Jun	–1.0	–1.0
Jul	0.7	1.0
Aug	0.4	–1.0
Sep	–0.5	–1.9
Oct	..	..
Nov	..	..

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

Source: OECD - SNA93

5 USA

	GDP	Contribution to change in GDP					less Imports	IoP	Sales	CPI	PPI	Earnings	Empl[1]	Unempl
		PFC	GFC	GFCF	ChgStk	Exports								
Percentage change on a year earlier														
	ILGC	HUDG	HUDH	HUDI	HUDJ	HUDK	HUDL	ILGW	ILHQ	ILAA	ILAJ	ILAS	ILIK	GADO
1996	3.6	2.1	0.1	1.5	–	0.9	1.0	4.6	5.6	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	7.0	4.9	2.3	0.3	3.2	2.3	4.9
1998	4.3	3.2	0.2	2.0	0.2	0.3	1.6	5.1	7.1	1.6	–1.1	2.5	1.5	4.5
1999	4.1	3.3	0.4	1.6	–0.2	0.4	1.6	3.7	6.8	2.1	1.8	2.9	1.5	4.2
2000	3.8	2.9	0.4	1.2	–	1.1	2.0	4.5	5.5	3.4	4.1	3.5	1.3	4.0
2001	0.3	1.7	0.5	–0.6	–1.4	–0.7	–0.5	–3.6	4.8	2.8	0.7	3.2	–0.2	4.8
1999 Q3	4.2	3.4	0.5	1.7	–0.3	0.7	1.8	3.7	9.6	2.4	2.4	3.7	1.4	4.2
Q4	4.3	3.3	0.5	1.3	0.1	0.6	1.7	4.4	8.2	2.6	3.2	3.6	1.5	4.1
2000 Q1	4.2	3.4	0.4	1.6	–0.4	1.0	2.0	4.8	7.8	3.2	4.6	4.2	1.6	4.0
Q2	4.9	3.0	0.6	1.4	0.7	1.3	2.2	5.9	5.8	3.3	4.4	3.3	1.6	4.0
Q3	3.7	2.9	0.4	1.0	0.2	1.4	2.2	4.8	5.2	3.5	3.9	2.9	1.1	4.1
Q4	2.3	2.4	0.3	0.7	–0.4	0.9	1.7	2.6	3.5	3.4	3.3	3.5	1.0	4.0
2001 Q1	1.5	1.9	0.5	0.1	–0.8	0.4	0.8	–0.4	2.9	3.4	2.1	2.6	0.7	4.2
Q2	–0.1	1.6	0.4	–0.5	–1.6	–0.4	–0.2	–3.5	4.5	3.4	2.1	3.5	–0.1	4.5
Q3	–0.4	1.2	0.5	–0.9	–1.4	–1.3	–1.2	–4.8	3.8	2.7	0.6	3.4	–0.2	4.8
Q4	0.1	1.9	0.7	–1.0	–1.7	–1.4	–1.4	–5.8	7.9	1.8	–1.5	3.4	–1.0	5.6
2002 Q1	1.4	2.0	0.7	–0.9	–	–1.1	–0.7	–3.7	5.9	1.2	–1.8	4.0	–1.4	5.6
Q2	2.2	2.1	0.7	–0.6	0.7	–0.4	0.4	–1.3	5.5	1.3	–1.7	3.4	–0.7	5.9
Q3	3.2	2.6	0.6	–0.2	0.8	0.3	1.0	0.7	7.0	1.5	–0.8	3.0	–0.2	5.7
2001 Nov	..	..	..	..	..	..	..	–5.9	7.5	1.8	–1.7	3.4	–1.0	5.6
Dec	..	..	..	..	..	..	..	–5.8	6.7	1.6	–2.0	3.4	–1.4	5.8
2002 Jan	..	..	..	..	..	..	..	–4.4	5.6	1.1	–2.3	3.4	–1.8	5.6
Feb	..	..	..	..	..	..	..	–3.7	6.1	1.1	–2.0	4.2	–1.0	5.5
Mar	..	..	..	..	..	..	..	–3.0	6.0	1.5	–1.3	4.2	–1.4	5.7
Apr	..	..	..	..	..	..	..	–2.3	5.8	1.6	–1.4	3.4	–1.0	6.0
May	..	..	..	..	..	..	..	–1.5	4.4	1.2	–2.2	3.4	–0.6	5.8
Jun	..	..	..	..	..	..	..	–	6.2	1.1	–1.6	3.3	–0.6	5.9
Jul	..	..	..	..	..	..	..	0.4	6.9	1.5	–0.6	2.5	–0.8	5.9
Aug	..	..	..	..	..	..	..	0.5	6.5	1.8	–0.7	3.3	0.1	5.7
Sep	..	..	..	..	..	..	..	1.4	7.7	1.5	–1.1	3.3	0.1	5.6
Oct	..	..	..	..	..	..	..	1.2	0.4	2.1	1.5	3.3	0.3	5.7
Nov	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Percentage change on previous quarter														
	ILGM	HUDM	HUDN	HUDO	HUDP	HUDQ	HUDR	ILHG	ILIA				ILIU	
1999 Q3	1.3	0.8	0.2	0.3	0.2	0.3	0.5	1.2	1.9				0.6	
Q4	1.7	0.8	0.2	0.2	0.5	0.4	0.4	1.5	2.0				0.3	
2000 Q1	0.6	0.9	–0.1	0.6	–0.5	0.2	0.5	1.4	2.2				–0.5	
Q2	1.2	0.5	0.3	0.2	0.5	0.4	0.7	1.7	–0.4				1.2	
Q3	0.1	0.6	–	–	–0.3	0.3	0.5	0.2	1.3				0.1	
Q4	0.3	0.3	0.1	–0.1	–	–0.1	–0.1	–0.7	0.4				0.2	
2001 Q1	–0.2	0.4	0.2	–	–0.9	–0.2	–0.3	–1.6	1.6				–0.7	
Q2	–0.4	0.2	0.1	–0.4	–0.3	–0.4	–0.3	–1.4	1.2				0.4	
Q3	–0.1	0.2	0.1	–0.4	–	–0.6	–0.5	–1.2	0.5				–	
Q4	0.7	1.0	0.3	–0.2	–0.4	–0.3	–0.2	–1.7	4.3				–0.6	
2002 Q1	1.2	0.5	0.1	0.1	0.8	0.1	0.3	0.7	–0.2				–1.1	
Q2	0.3	0.3	0.1	–0.1	0.4	0.4	0.8	1.0	0.8				1.0	
Q3	1.0	0.7	0.1	0.1	0.1	0.1	0.1	0.8	2.0				0.6	
Percentage change on previous month														
								ILKG	ILKQ				ILLA	
2001 Nov								–0.3	–2.4				–0.4	
Dec								–0.4	0.1				–0.1	
2002 Jan								0.7	0.2				–1.6	
Feb								0.4	0.7				0.9	
Mar								0.3	–0.4				–	
Apr								0.1	0.8				0.3	
May								0.5	–0.7				0.5	
Jun								0.7	1.6				0.5	
Jul								0.5	1.4				0.2	
Aug								–0.2	0.4				–0.2	
Sep								–0.2	–1.4				–	
Oct								–0.8	0.2				0.2	
Nov								..	..				..	

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

Source: OECD - SNA93

[1] Excludes members of armed forces

6 Japan

	Contribution to change in GDP													
	GDP	PFC	GFC	GFCF	ChgStk	Exports	less Imports	IoP[1]	Sales	CPI	PPI	Earnings[2]	Empl	Unempl
Percentage change on a year earlier														
	ILGD	HUCU	HUCV	HUCW	HUCX	HUCY	HUCZ	ILGX	ILHR	ILAB	ILAK	ILAT	ILIL	GADP
1996	3.6	1.3	0.4	2.0	0.3	0.6	1.0	2.2	0.6	0.1	-1.7	2.6	0.5	3.4
1997	1.8	0.5	0.2	0.2	–	1.1	0.1	4.0	-2.1	1.7	0.6	2.8	1.0	3.4
1998	-1.0	0.1	0.3	-1.2	-0.6	-0.2	-0.6	-6.7	-6.0	0.7	-1.3	-0.9	-0.6	4.1
1999	0.7	0.6	0.7	-0.2	-0.3	0.1	0.2	1.0	-2.6	-0.3	-1.4	-0.7	-0.8	4.7
2000	2.2	0.2	0.7	0.9	-0.1	1.3	0.8	5.2	-1.1	-0.7	0.1	1.6	-0.3	4.7
2001	-0.8	0.7	0.4	-0.9	-0.4	-0.7	-0.1	-7.0	-1.2	-0.7	-0.9	0.1	-0.5	5.0
1999 Q3	2.1	1.6	0.8	0.1	-0.3	0.3	0.3	2.7	-2.2	–	-1.3	-0.3	-0.7	4.7
Q4	0.6	–	0.7	0.1	-0.2	0.7	0.8	5.1	-1.1	-1.0	-0.5	-0.3	-0.2	4.7
2000 Q1	3.6	1.7	0.8	0.6	-0.1	1.3	0.7	4.3	-2.2	-0.6	0.1	1.9	-0.5	4.8
Q2	2.3	0.3	0.8	0.7	-0.1	1.4	0.8	6.6	-1.5	-0.7	0.3	2.2	-0.4	4.7
Q3	0.7	-1.4	0.7	0.9	–	1.2	0.7	5.3	-0.4	-0.6	0.2	1.6	-0.4	4.7
Q4	2.3	0.2	0.7	1.3	0.1	1.0	0.9	4.4	-0.4	-0.8	-0.1	1.1	0.2	4.8
2001 Q1	1.4	0.8	0.6	0.4	–	0.2	0.7	0.6	2.3	-0.5	-0.4	0.4	0.5	4.7
Q2	-0.9	0.4	0.3	-0.6	-0.2	-0.6	0.1	-5.2	-1.1	-0.7	-0.6	0.6	-0.4	4.9
Q3	-1.6	0.8	0.3	-1.3	-0.6	-1.1	-0.2	-10.4	-2.6	-0.8	-1.0	-0.2	-0.8	5.1
Q4	-2.3	0.7	0.4	-2.1	-0.9	-1.2	-0.8	-12.8	-3.4	-1.0	-1.7	-0.6	-1.3	5.4
2002 Q1	-3.1	-0.1	0.3	-2.4	-1.1	-0.5	-0.8	-10.1	-4.4	-1.4	-1.5	-1.5	-1.5	5.3
Q2	-0.6	0.5	0.4	-1.6	-0.6	0.6	-0.2	-3.0	-3.0	-0.9	-1.1	-0.7	-1.6	5.3
Q3	1.5	1.2	0.5	-1.3	0.3	1.0	0.2	3.4	-2.3	-0.8	-0.9	-2.8	-1.0	5.4
2001 Nov	..	..	..	..	..	..	..	-13.1	-2.2	-1.0	-1.7	0.5	-1.1	5.4
Dec	..	..	..	..	..	..	..	-13.1	-4.5	-1.2	-1.8	-1.7	-1.2	5.5
2002 Jan	..	..	..	..	..	..	..	-11.1	-4.4	-1.4	-1.7	-2.7	-1.4	5.3
Feb	..	..	..	..	..	..	..	-10.8	-4.4	-1.6	-1.5	-0.8	-1.6	5.3
Mar	..	..	..	..	..	..	..	-8.5	-4.4	-1.2	-1.5	-1.0	-1.3	5.2
Apr	..	..	..	..	..	..	..	-6.4	-3.4	-1.1	-1.3	0.4	-1.4	5.2
May	..	..	..	..	..	..	..	-1.6	-2.3	-0.9	-1.1	-0.4	-1.9	5.4
Jun	..	..	..	..	..	..	..	-1.1	-3.4	-0.7	-1.0	-1.8	-1.4	5.4
Jul	..	..	..	..	..	..	..	1.7	-4.5	-0.8	-1.0	-5.0	-1.2	5.4
Aug	..	..	..	..	..	..	..	2.6	-1.1	-0.9	-1.0	-3.2	-1.1	5.5
Sep	..	..	..	..	..	..	..	5.8	-1.1	-0.7	-0.9	0.2	-0.7	5.4
Oct	..	..	..	..	..	..	..	5.3	-2.3	-0.9	-0.3	–	-0.8	5.5
Nov	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Percentage change on previous quarter														
	ILGN	HUDA	HUDB	HUDC	HUDD	HUDE	HUDF	ILHH	ILIB				ILIV	
1999 Q3	0.8	1.0	0.1	-0.2	-0.2	0.3	0.2	2.7	-0.4				–	
Q4	-1.3	-1.3	0.1	–	-0.1	0.2	0.2	1.2	-0.7				-0.6	
2000 Q1	2.0	0.4	0.2	0.8	0.1	0.7	0.1	0.6	-0.7				-2.1	
Q2	0.8	0.2	0.4	0.1	–	0.3	0.3	1.9	0.4				2.3	
Q3	-0.7	-0.7	–	–	-0.1	0.1	0.1	1.5	0.8				–	
Q4	0.3	0.3	–	0.3	–	–	0.4	0.3	-0.7				–	
2001 Q1	1.0	1.0	0.2	–	–	-0.2	–	-3.1	1.9				-1.8	
Q2	-1.5	-0.2	0.1	-0.9	-0.2	-0.5	-0.3	-4.0	-2.9				1.4	
Q3	-1.4	-0.3	–	-0.6	-0.5	-0.3	-0.3	-4.0	-0.8				-0.4	
Q4	-0.5	0.2	0.1	-0.6	-0.2	-0.2	-0.2	-2.4	-1.5				-0.5	
2002 Q1	0.2	0.3	0.1	-0.3	-0.3	0.5	–	-0.1	0.8				-2.0	
Q2	1.0	0.3	0.1	-0.1	0.4	0.6	0.3	3.7	-1.5				1.3	
Q3	0.7	0.4	0.2	-0.2	0.5	0.1	0.2	2.3	–				0.2	
Percentage change on previous month														
								ILKH	ILKR				ILLB	
2001 Nov								-1.5	1.2				0.4	
Dec								1.7	-2.3				-1.1	
2002 Jan								-1.5	2.4				-1.4	
Feb								0.9	–				-0.3	
Mar								0.5	-1.1				0.7	
Apr								0.3	-1.2				0.6	
May								4.0	1.2				0.3	
Jun								-0.2	-1.2				0.3	
Jul								0.4	-1.2				–	
Aug								1.2	2.4				–	
Sep								-0.3	–				-0.3	
Oct								-0.3	-2.3				–	
Nov								..	..				..	

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

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

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

Source: OECD - SNA93

7 World trade in goods[1]

	Export of manufactures			Import of manufactures			Export of goods			Import of goods			Total trade	
	Total	OECD	Other	Total	OECD	Other	Total	OECD	Other	Total	OECD	Other	manufactures	goods
Percentage change on a year earlier														
	ILIZ	ILJA	ILJB	ILJC	ILJD	ILJE	ILJF	ILJG	ILJH	ILJI	ILJJ	ILJK	ILJL	ILJM
1992	4.3	3.3	8.5	5.3	4.2	8.3	4.2	3.7	5.9	5.1	4.2	7.8	4.8	4.6
1993	4.7	2.1	15.4	3.8	0.7	12.5	4.0	2.2	9.1	3.3	0.8	10.4	4.3	3.6
1994	12.0	9.9	19.9	11.9	12.2	11.0	10.6	9.4	14.0	10.9	11.0	10.8	12.0	10.8
1995	9.6	10.0	8.6	10.8	10.2	12.5	9.0	9.4	7.8	9.9	9.0	12.2	10.3	9.4
1996	6.4	6.5	6.5	7.2	8.0	5.1	6.6	6.4	7.3	6.0	7.0	3.4	6.8	6.4
1997	11.3	11.8	9.3	11.1	11.3	10.8	10.5	11.1	9.1	9.8	9.7	10.0	11.2	10.1
1998	6.0	6.4	4.9	6.8	9.6	–0.5	5.5	5.8	4.6	6.1	8.2	0.3	6.4	5.8
1999	6.0	6.1	5.6	8.1	10.6	0.6	5.4	5.7	4.7	6.5	8.9	–0.4	7.0	6.0
2000	13.9	12.6	18.3	14.6	13.8	17.3	12.6	12.1	13.7	12.8	12.0	15.5	14.3	12.7
2001	–0.8	–1.0	0.2	0.3	–1.1	4.4	0.1	–0.3	1.1	0.8	–0.5	4.8	–0.3	0.5
1996 Q3	6.6	6.8	6.1	7.2	8.8	3.1	7.0	6.9	7.2	5.8	7.7	1.0	6.9	6.4
Q4	7.8	8.2	6.5	8.3	8.9	6.7	8.4	8.7	7.5	7.2	8.3	4.4	8.0	7.8
1997 Q1	8.2	8.0	8.8	8.7	8.3	9.6	8.0	7.7	8.8	7.5	7.4	8.0	8.4	7.8
Q2	11.8	13.0	7.6	11.8	12.2	10.7	11.3	12.4	8.3	10.5	10.5	10.5	11.8	10.9
Q3	12.9	14.0	9.0	12.5	12.5	12.5	11.9	13.0	9.0	11.0	10.6	12.0	12.7	11.4
Q4	12.2	12.3	11.9	11.6	12.2	10.3	10.9	11.1	10.1	10.1	10.3	9.6	11.9	10.5
1998 Q1	10.7	11.2	8.8	10.5	12.9	4.2	10.0	10.9	7.7	9.5	11.2	4.9	10.6	9.7
Q2	7.2	6.9	8.5	7.9	9.7	3.3	6.5	6.4	6.7	7.0	8.3	3.3	7.6	6.7
Q3	4.2	4.2	4.2	4.8	7.9	–3.2	3.5	3.4	3.8	4.3	6.8	–2.3	4.5	3.9
Q4	2.1	3.2	–1.9	4.0	7.8	–6.1	1.9	2.6	0.2	3.5	6.5	–4.7	3.1	2.7
1999 Q1	1.6	2.7	–2.3	4.4	7.5	–4.1	1.4	1.8	0.4	3.6	6.2	–3.7	3.0	2.5
Q2	3.6	3.8	2.9	6.2	9.4	–2.6	3.6	3.6	3.6	4.9	7.8	–3.1	4.9	4.3
Q3	7.3	7.3	7.3	9.2	11.6	2.3	6.7	7.2	5.3	7.3	9.7	0.5	8.3	7.0
Q4	11.3	10.5	14.4	12.4	14.1	6.9	9.9	10.1	9.5	10.2	12.0	4.7	11.8	10.1
2000 Q1	14.7	13.6	18.6	14.2	14.5	13.1	13.2	13.4	12.5	12.2	12.6	11.2	14.4	12.7
Q2	15.0	14.0	18.3	15.5	15.0	17.2	13.3	13.2	13.7	13.7	13.0	15.8	15.3	13.5
Q3	14.1	12.6	19.5	15.8	14.6	19.8	13.0	12.0	15.6	14.1	12.8	18.3	15.0	13.5
Q4	11.6	10.2	16.6	13.0	11.1	19.1	10.7	9.9	13.1	11.3	9.6	16.8	12.3	11.0
2001 Q1	7.1	6.3	9.7	7.9	6.2	13.2	6.9	6.2	8.8	7.3	5.7	12.2	7.5	7.1
Q2	0.3	–	1.3	1.1	–0.2	5.0	1.0	0.7	1.6	1.5	0.3	5.0	0.7	1.2
Q3	–4.3	–4.2	–4.4	–3.3	–4.5	0.4	–2.9	–2.9	–2.8	–2.4	–3.6	1.2	–3.8	–2.6
Q4	–6.2	–6.3	–5.7	–4.7	–6.0	–0.9	–4.5	–5.0	–3.2	–3.2	–4.5	0.8	–5.4	–3.8
2002 Q1	–4.4	–5.2	–1.6	–2.8	–4.1	1.1	–3.1	–3.9	–1.0	–2.1	–3.3	1.4	–3.5	–2.6
Q2	2.1	1.5	4.1	..	1.5	..	2.6	2.1	3.9	2.3	1.5	4.5	..	2.4
Q3	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Percentage change on previous quarter														
	ILJN	ILJO	ILJP	ILJQ	ILJR	ILJS	ILJT	ILJU	ILJV	ILJW	ILJX	ILJY	ILJZ	ILKA
1996 Q3	1.9	2.3	0.7	2.4	2.8	1.5	2.2	2.5	1.6	2.2	2.5	1.3	2.2	2.2
Q4	2.5	2.8	1.2	2.5	2.2	3.4	2.6	3.0	1.6	2.2	1.9	3.1	2.5	2.4
1997 Q1	2.6	2.0	4.6	2.4	2.1	3.2	1.9	1.3	3.4	1.8	1.4	3.0	2.5	1.9
Q2	4.4	5.3	1.0	4.0	4.7	2.2	4.1	5.1	1.5	3.8	4.3	2.7	4.2	4.0
Q3	2.9	3.2	2.0	3.1	3.0	3.2	2.8	3.0	2.2	2.6	2.6	2.8	3.0	2.7
Q4	1.9	1.3	3.9	1.8	1.9	1.4	1.7	1.3	2.7	1.4	1.7	0.8	1.8	1.6
1998 Q1	1.2	1.0	1.7	1.3	2.7	–2.5	1.1	1.1	1.1	1.3	2.3	–1.4	1.2	1.2
Q2	1.1	1.3	0.7	1.6	1.7	1.2	0.8	0.8	0.6	1.5	1.6	1.1	1.3	1.1
Q3	–	0.5	–2.0	0.1	1.3	–3.3	–0.1	0.2	–0.6	0.1	1.1	–2.6	–	–
Q4	–0.2	0.4	–2.2	1.0	1.9	–1.7	0.1	0.5	–0.9	0.6	1.4	–1.6	0.4	0.4
1999 Q1	0.6	0.5	1.3	1.7	2.4	–0.3	0.6	0.3	1.3	1.4	2.0	–0.5	1.2	1.0
Q2	3.2	2.4	6.0	3.3	3.5	2.8	2.9	2.6	3.8	2.8	3.1	1.7	3.2	2.9
Q3	3.5	3.9	2.2	2.9	3.4	1.5	2.9	3.6	1.0	2.4	2.9	0.9	3.2	2.7
Q4	3.5	3.3	4.3	3.9	4.2	2.8	3.2	3.2	3.1	3.3	3.5	2.5	3.7	3.2
2000 Q1	3.7	3.4	5.0	3.4	2.8	5.4	3.5	3.3	4.1	3.3	2.5	5.7	3.5	3.4
Q2	3.4	2.8	5.7	4.6	3.9	6.5	3.1	2.5	4.8	4.1	3.5	5.9	4.0	3.6
Q3	2.7	2.6	3.3	3.2	3.0	3.8	2.6	2.5	2.7	2.8	2.7	3.1	3.0	2.7
Q4	1.3	1.2	1.7	1.3	1.0	2.2	1.1	1.2	0.9	0.8	0.6	1.2	1.3	0.9
2001 Q1	–0.5	–0.3	–1.2	–1.3	–1.8	0.2	–0.1	–0.2	0.2	–0.5	–1.1	1.5	–0.9	–0.3
Q2	–3.1	–3.4	–2.4	–2.0	–2.3	–1.2	–2.6	–2.8	–2.1	–1.6	–1.8	–0.8	–2.6	–2.1
Q3	–1.9	–1.8	–2.5	–1.3	–1.5	–0.8	–1.3	–1.2	–1.8	–1.1	–1.3	–0.6	–1.6	–1.2
Q4	–0.7	–1.0	0.3	–0.2	–0.5	0.9	–0.5	–0.9	0.4	–0.1	–0.4	0.8	–0.4	–0.3
2002 Q1	1.4	0.9	3.1	0.7	0.2	2.2	1.4	1.0	2.5	0.7	0.1	2.1	1.0	1.0
Q2	3.4	3.5	3.2	..	3.4	..	3.1	3.2	2.7	2.8	3.1	2.2	..	3.0
Q3	..	..	..	..	..	..	..	..	..	..	..	..	..	..

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

Source: OECD - SNA93

Experimental Statistics: Sub-Regional Government Accounts

Ian Hillis
Regional and Local Statistics Division
Office for National Statistics
Room B4/10
1 Drummond Gate
London SW1V 2QQ

Tel: 020 7533 6124
Fax: 020 7533 5799
e-mail: regional.accounts@statistics.gov.uk

This summary [1] article shows by region (NUTS1) and sub-region (NUTS2) where General Government output is produced, which regions have funded government and which regions have received government expenditure. These estimates are the first set of economic statistics that comprehensively cover General Government at a sub-regional level. They are **experimental statistics** and are for calendar year 1998. Estimates have been produced for Central and Local Government (although this article focuses on General Government – Central and Local Government combined) and cover the 37 NUTS2 areas of the UK, together with estimates for Extra Regio (parts of UK economic territory that cannot be attached to any particular region), and the Rest of the World.

The NUTS1 estimates for 1998 show that:

- London had the highest General Government Output (£3,410 per head) and East Midlands had the lowest (£2,148 per head).
- South East, East of England and London had the highest per head estimates of General Government Gross Adjusted Disposable Income contributing £3,100, £2,630 and £1,947 per head respectively.
- Northern Ireland, on a per head basis, provided the least net funding towards General Government Disposable Income (-£1,145 per head). The negative figure indicates that it received more from Government in Current Transfers than it contributed to Government Resources.

Figure 1

General Government Output by workplace and by region, £ per head, 1998

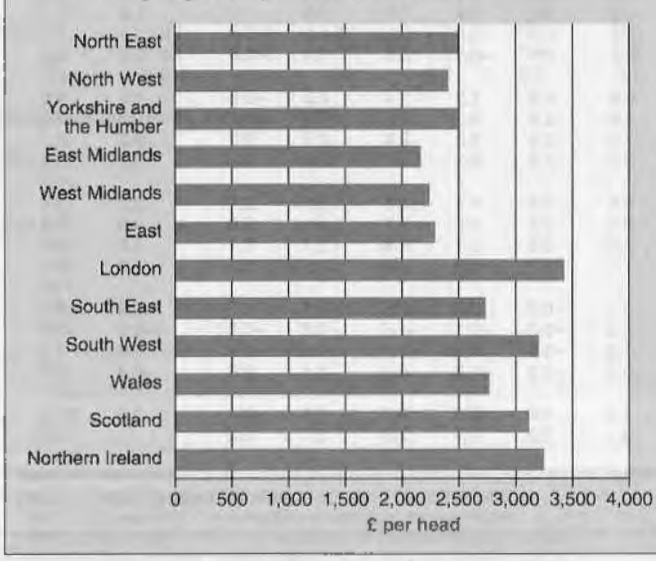
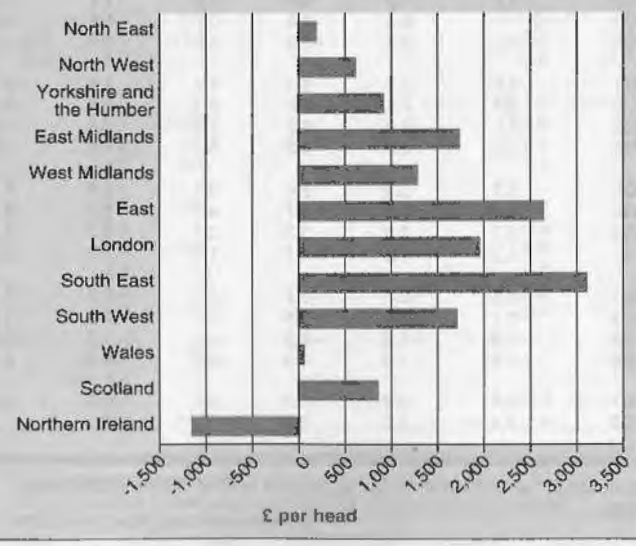


Figure 2

General Government Gross Adjusted Disposable Income, by region, £ per head, 1998



'Economic Trends' No. 590 January 2003

1. Overview of Sub-Regional Government accounts

1.1 Introduction

Estimates of Government Output, Gross Adjusted Disposable Income (GADI), Investment Grants, Gross Fixed Capital Formation (GFCF), and their components have been produced as part of Sub-Regional Government Accounts (SRGA). This article only covers estimates of GADI and Output for general government. A more detailed article on Sub-Regional Government Accounts was published on the National Statistics Website on 31 October 2002 and covers sub-regional estimates of Capital Expenditure (GFCF and Investment Grants) and Output and GADI for General Government, Central Government and Local Government.

The more detailed article is located at:
http://www.statistics.gov.uk/downloads/theme_other/Regional_Government_Accounts.pdf

All sub-regional government accounts estimates have been produced in line with the European System of Accounts 1995 (ESA95) and are consistent with the 2001 edition of *United Kingdom National Accounts –The Blue Book*, (ONS 2001).

The tables in the Annex of this paper show estimates of Output and GADI on the basis of £ million, £ per head and £ per head index, UK = 100 (less Extra Regio & Rest of World).

1.2 Experimental Statistics

The estimates of Government Accounts are experimental. Feedback from users on the methodology employed to produce the estimates or on the use of the estimates themselves is therefore invited. This will help the ONS to decide on what will be published in the future, how often and to what geographical level. Please address any comments to Ian Hillis at the address given on page 22.

This work has been mainly carried out as part of a pilot project contracted by Eurostat, the statistical office of the European Union, as per the specification set out in Eurostat (2000). The future of Government Accounts on a Europe wide basis are still being discussed by member states and Eurostat.

1.3 Output

Output of Government is defined as the value of goods and services that government is responsible for producing. Output has been regionalised by the location of the workplace and estimates can be found in Tables 1a–1c in the Annex of this paper. One component of Output is Compensation of Employees, which is a measure of the remuneration employees receive for their labour, which includes wages and salaries. As with all components of Output, it is regionalised by location of workplace of the employee.

1.4 Compensation of Employees (Residence)

Compensation of Employees has also been estimated by location of the residence of the employee. When comparing these estimates with the workplace estimates mentioned above, it is possible to see the effect of commuting by government employees. Estimates can be found in Tables 2a–2c in the Annex.

1.5 Gross Adjusted Disposable Income

Gross Adjusted Disposable Income (GADI) is defined as the financial position of government when all the Current Transfers (Uses) have been deducted from Government Current Income (Resources). Resources include Taxes on Products, Taxes on Production and Taxes on Income. Current Transfers deducted are for the benefit of individual households and organisations. These include components such as Social Benefits and Social Transfers in Kind (Government Output in Health, Education, Social Protection and Culture and Recreation). Debt Interest is also included in such deducted Current Transfers.

It should be noted that Gross Adjusted Disposable Income is not the net borrowing of government. Gross Adjusted Disposable Income is the remaining Resources used to finance (i) government output provided for the benefit of the community as a whole, e.g. services in such areas as General Public Services (mostly Administration), Defence, Public Order & Safety and (ii) to finance Capital Expenditure. Estimates can be found in Tables 3a–3c in the Annex.

1.6 Gross Fixed Capital Formation (GFCF) – not covered in this article

Gross Fixed Capital Formation is the net expenditure on fixed assets (i.e. acquisitions less disposals) and is regionalised by the location of such assets. Estimates of GFCF by Classification of Function of Government (COFOG) can be found in the more detailed article on the National Statistics website.

1.7 Investment Grants – not covered in this article

Investment Grants are grants provided for capital expenditure and are regionalised by the location of the recipient. Estimates of investment grants by COFOG can be found in the more detailed article on the National Statistics website.

1.8 NUTS Geography

The Nomenclature of Units for Territorial Statistics (NUTS) provides a single uniform framework for the production of regional statistics for the European Union. There are five levels in the UK and for Government Accounts, estimates have been produced for the first two levels.

These NUTS geographies are:

- NUTS1: Government Office Regions in England, and Scotland, Wales and Northern Ireland.
- NUTS2: 37 areas of the UK, often referred to as sub-regions.

Extra Regio is part of the UK economic territory that cannot be attached to any particular region or sub–region. Examples include the North Sea Continental Shelf, UK embassies and overseas military bases. Estimates for Government Accounts are provided for Extra Regio where relevant.

Rest of the World is included within estimates for GADI and Investment Grants. This is because some of the transactions included within government accounts are with parties located within Rest of the World. Estimates are included within Government Accounts where they are relevant, for example payments made towards overseas aid are allocated to the Rest of the World.

1.9 Quality Assurance

The methodologies employed to produce the estimates were based on the Eurostat Publication *Regional Accounts Methods: tables of General Government*, developed in consultation with Member States. In implementing the methodology in the UK, other Government Departments and the Regional Accounts Advisory Group, provided comments on its suitability and proposed alternative approaches where improvements could be made.

The methodologies used for output and GADI is laid out in section 4. Methodologies for other components (e.g. GFCF) are presented in the article available on the National Statistics website.

The resulting estimates of Sub-Regional Government Accounts have been peer-reviewed by statistical colleagues in ONS and Other Government Departments prior to publication.

2. Government Output

2.1 Introduction

In 1998, the average General Government Output for the UK, in terms of £ per head, was £2,695 as can be seen from Table 1. Inner London was the NUTS2 area with the highest government output per head (£5,211), while Essex had the lowest (£1,983). NUTS2 areas containing the capital cities of countries (Inner London; Cardiff in East Wales; Edinburgh in Eastern Scotland and Belfast in Northern Ireland) or large military bases (for example Portsmouth Naval Base in the Hampshire & Isle of Wight NUTS2 area) had the highest £ per head estimates of Government Output, while Essex; Leicestershire, Rutland & Northants; Derbyshire & Nottinghamshire and Herefordshire, Worcestershire & Warwickshire had the lowest. The geographic pattern of General Government Output across the NUTS2 areas can be seen in Figure 3.

There is less regional variation in Local Government Output than in Central Government Output, which reflects the common responsibilities that local authorities have to provide services for their areas. On the other hand, the government administrative centres of

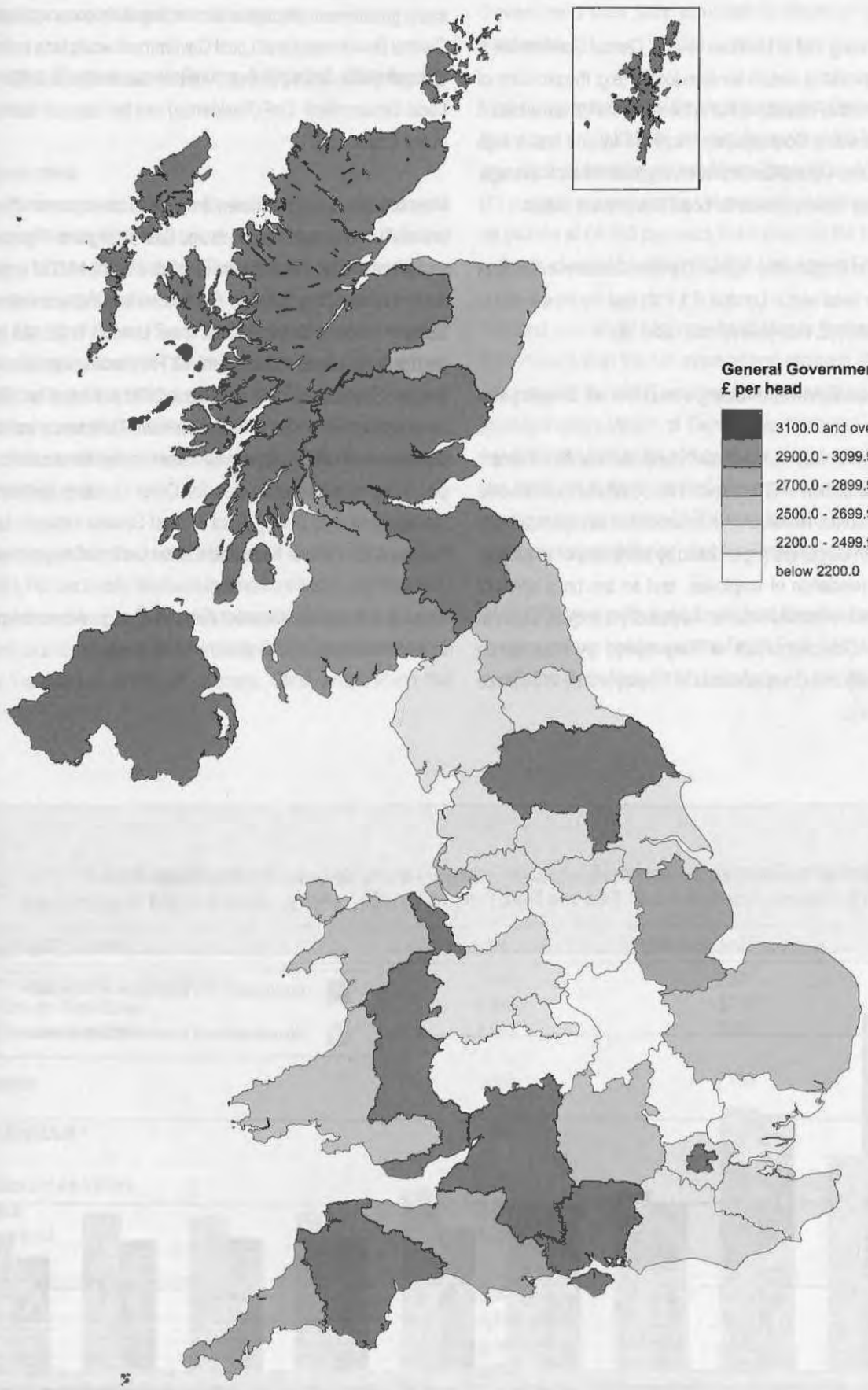
Table 1 NUTS 2 producers of highest and lowest General Government Output per head – broken down by Central and Local Government sub-sectors, 1998

	£ per head			% of Output contributed to General Government by:	
Sub-Region (NUTS 2 Area)	General Government Output	Central Government Output	Local Government Output	Central Government	Local Government
Inner London	5,211	3,148	2,062	60	40
Highlands and Islands	3,937	2,602	1,335	66	34
Hampshire and Isle of Wight	3,842	2,837	1,005	74	26
North Yorkshire	3,723	2,733	990	73	27
Dorset and Somerset	2,758	1,679	1,079	61	39
..	..	..	..	..	..
UNITED KINGDOM [1]	**2,695**	**1,600**	**1,095**	**59**	**41**
..	..	..	..	..	..
Bedfordshire and Hertfordshire	2,162	1,109	1,054	51	49
Herefordshire, Worcestershire and Warwickshire	2,092	1,144	948	55	45
Derbyshire and Nottinghamshire	2,051	1,018	1,033	50	50
Leicestershire, Rutland and Northamptonshire	2,015	1,020	995	51	49
Essex	1,983	1,092	891	55	45

1. Excludes Extra Regio: Parts of the UK economic territory that cannot be attached to a particular region.

Figure **3**

General Government Output, £ per head (excluding Extra-Regio), by NUTS2 area, 1998



Extra-Regio refers to parts of UK economic territory that cannot be attached to any particular region.

countries and military bases, located in certain NUTS2 areas, are there to serve the entire population of the UK, rather than just the areas in which they are based.

It is also worth noting that in Northern Ireland, Central Government is responsible for providing certain services locally (e.g. the provision of primary and secondary education) that in the rest of the UK are provided by Local Government. Consequently, Northern Ireland has a high estimate of output for Central Government compared to the UK average, but a considerably lower estimate for Local Government output.

At NUTS1 level in England the highest General Government Output in terms of £ per head was in London (£3,410) and the lowest was in the East Midlands (£2,148) (*see* Annex Table 1b).

2.2 General Government Compensation of Employees (Residence)

As mentioned previously, a significant component of Government Output is Compensation of Employees. This component contributes to Household Income. However, the estimates of Compensation of Employees within Output are regionalised by workplace of employee, rather than by residence of employee, and so are on a different basis to Regional Household Income. As part of the project, Eurostat requires both Compensation of Employees by Residence (CoE(Residence)) and Compensation of Employees by Workplace (CoE(Workplace)).

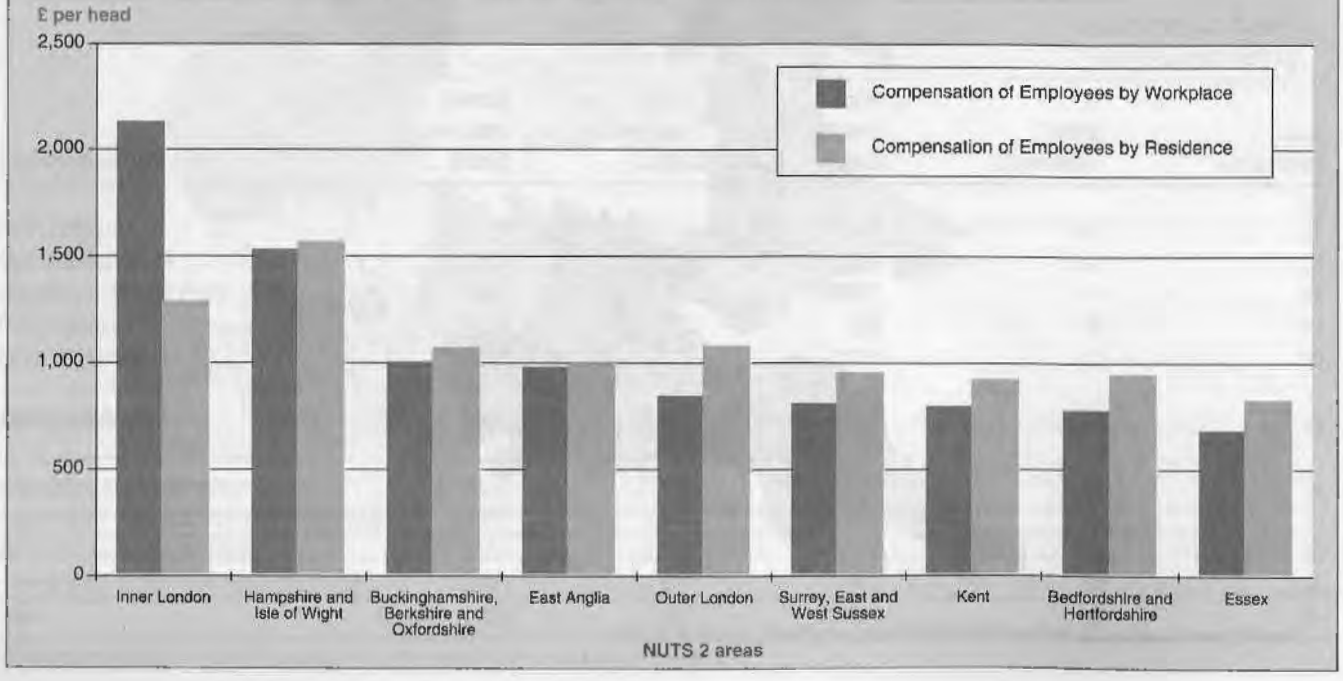
To estimate CoE(Residence), a government employee commuting matrix was applied to the NUTS2 estimates of CoE(Workplace). The matrix was produced using information from the 1991 census. The same government employee commuting matrix was applied to both Central Government and Local Government workplace estimates of Compensation of Employees. All estimates for General, Central and Local Government CoE(Residence) can be found in tables 2a–2c in the Annex.

Most commuting of government employees takes place in the NUTS1 areas of London, the South East and East of England. Figure 4 shows workplace and residence based estimates for the NUTS2 areas within these regions. The General Government workplace estimates of Compensation of Employees for Inner London, is £2,125 per head and for Outer London, Bedfordshire & Hertfordshire and Surrey, East & West Sussex are £840 per head, £773 per head and £805 per head respectively. General Government Residence estimates of Compensation of Employees for Inner London decreases to £1,546 per head, whereas estimates for Outer London, Bedfordshire & Hertfordshire and Surrey, East & West Sussex increase to £1,174 per head, £1,138 per head and £1,094 per head respectively.

There is also a small amount of commuting of government employees in West Midlands, Wales and the North East.

Figure **4**

Estimates of General Government Compensation of Employees by Workplace and by Residence for NUTS 2 areas in London, South East and East, £ per head,1998



Please note that this analysis of Compensation of Employees covers employment within General Government and not the Public Sector as a whole. Public Corporations such as the Post Office and NHS Trusts are therefore excluded from this analysis.

3. General Government Gross Adjusted Disposable Income

3.1 Introduction

As can be seen from Table 2, Berkshire, Buckinghamshire & Oxfordshire had the highest General Government Gross Adjusted Disposable Income (GADI) at £4,135 per head. It contributed 32 per cent more resources per head than the UK average and received the least amount of Current Transfers (uses) – 20 per cent less than the UK average. Other NUTS2 areas which had high per head estimates of General Government GADI are Surrey, East Sussex & West Sussex and Bedfordshire & Hertfordshire. The geographic pattern of General Government GADI across the NUTS2 areas can be seen in Figure 5.

Northern Ireland had the lowest estimate of General Government GADI (-£1,145 per head). Northern Ireland contributed approximately £1,400 per head less to General Government Resources than the UK average and received approximately £1,200 more per head in Current Transfers than the UK average. Other areas which had negative estimates of GADI are Merseyside (-£780 per head) and West Wales & the Valleys (-£286 per head). A negative figure implies the NUTS2 area received more in Current Transfers from General Government than they provided to General Government in Resources.

Inner London contributed the most per head to General Government Resources at £9,285 (63 per cent higher than the UK average) but also received the most per head from General Government at £7,492 (77 per cent higher than the UK average). It paid the highest Taxes on Income at £4,163 per head, but it also had the highest per head estimate of social benefits at £2,857 (*see* Annex Table 3b).

Scotland paid about £200 per head less in Resources to General Government than the UK average and received about £400 more per head in Current Transfers (uses) than the UK average. Its corresponding estimate of General Government GADI is £848 per head (58 per cent of the UK average). Wales received about £150 per head more from General Government, compared to the UK average, but paid about £1,300 less than the UK average, leading to an estimate of £45 per head for General Government GADI.

At NUTS1 level in England the highest General Government GADI in terms of £ per head was in the South East (£3,100) and the lowest was in the North East (£181) (*see* Annex Table 3b).

Table 2 NUTS 2 highest and lowest £ per head estimates for General Government Resources less Current Transfers and the resulting Gross Adjusted Disposable Income, 1998

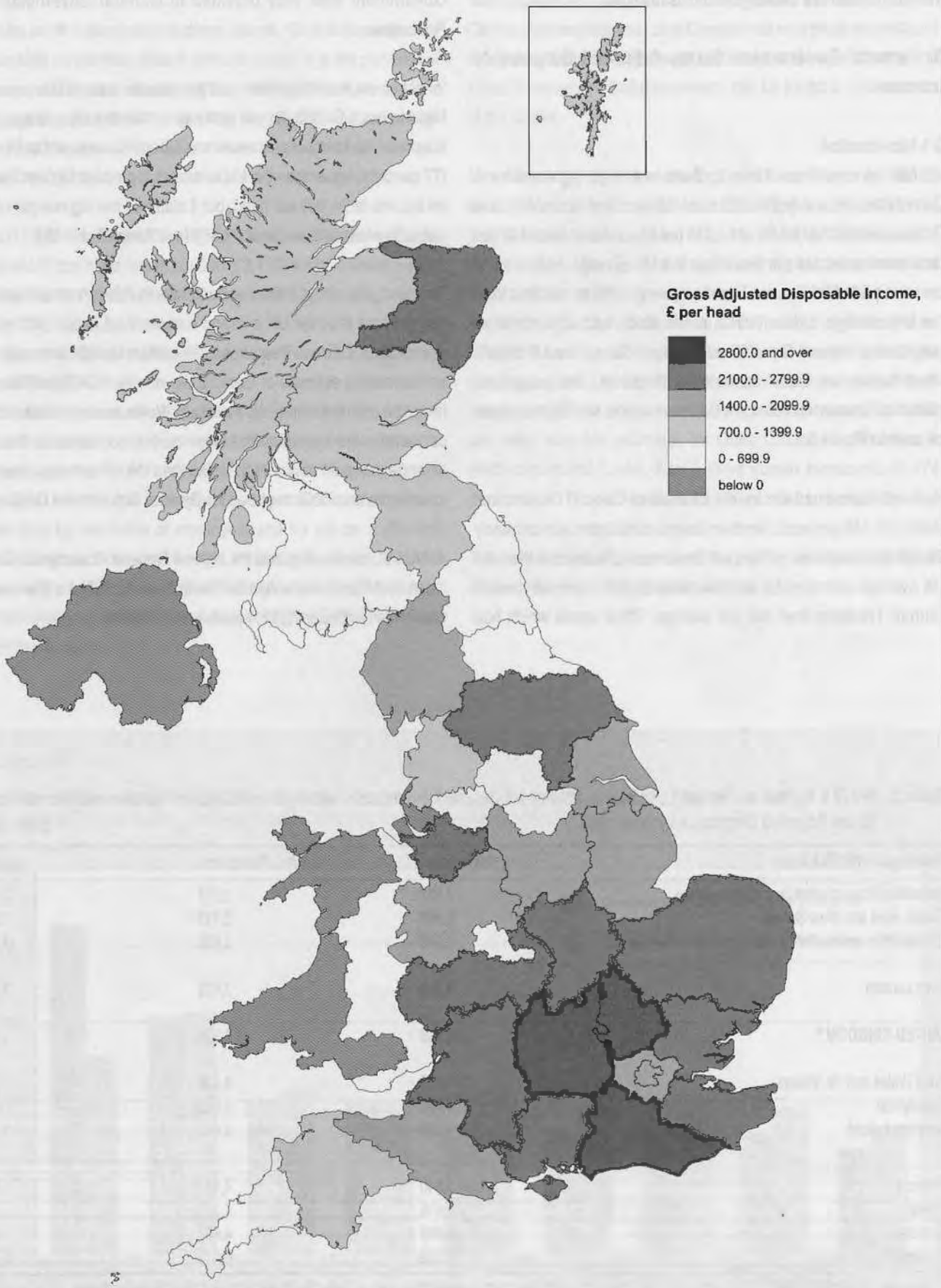
£ per head

Sub-Region (NUTS 2 Area)	Resources [1]	Current Transfers [1]	GADI
Berkshire, Buckinghamshire and Oxfordshire	7,512	3,377	4,135
Surrey, East and West Sussex	6,982	3,713	3,269
Bedfordshire and Hertfordshire	6,942	3,698	3,245
..	..	..	..
Inner London	9,285	7,492	1,793
..	..	..	..
UNITED KINGDOM [2]	**5,695**	**4,226**	**1,469**
West Wales and the Valleys	4,153	4,439	-286
Merseyside	4,262	5,042	-780
Northern Ireland	4,298	5,443	-1,145
England	5,840	4,133	1,707
Wales	4,416	4,371	45
Scotland	5,489	4,642	848
Northern Ireland [3]	4,298	5,443	-1,145

1. Resources and Current Transfers have had Intra Government transfers deducted from them to avoid double counting. Further details can be found in the Methodological notes.
2. Excludes Rest of World and Extra-Regio (Parts of the UK economic territory that cannot be attached to a particular region).
3. This area is represented at more than one NUTS level.

Figure **5**

General Government Gross Adjusted Disposable Income, £ per head (excluding Extra-Regio and Rest of World): by NUTS2 area, 1998



Extra-Regio refers to parts of UK economic territory that cannot be attached to any particular region.

3.2 Components of General Government Gross Adjusted Disposable Income at NUTS1

As can be seen from table 3, the South East and East of England have the highest GADI per head, due to high Resources per head compared to the UK average and low current transfers per head compared to the UK average. The high Resources are mainly due to Taxes on Income being 33 and 21 per cent above the UK average for South East and East of England respectively. Both regions also have above UK average estimates of Taxes on Products. The low Current Transfers per head is mainly due to Social Benefits being 20 per cent and 18 per cent below the UK average for the South East and East of England respectively, although both regions also have estimates for Social transfers in Kind and Other Current Transfers that are below the UK average.

London is unusual in that it provides the highest resources per head but also receives the highest Current Transfers per head. The high Resources are due to Taxes on Income and Social Contributions being 50 per cent and 30 per cent respectively higher than the UK average.

The high £ per head estimates of Current Transfers in London are largely due to Other Current Transfers being more than twice the UK average but also due to total Social Benefits (both Social Transfers in Kind and Other) being 16 per cent higher than the UK average. This suggests that per head, London receives the highest grants, subsidies and interest payments.

North East is the English NUTS1 area with the lowest GADI. This is mostly due to the low Resources per head, caused by Taxes on Production and Taxes on Income both being 34 per cent lower than the UK average, Social contributions being 17 per cent below the UK average, and Taxes on Products being 11 per cent below the UK average.

When looking at the countries of the UK, England had the highest GADI per head, followed by Scotland, Wales & Northern Ireland.

Scotland's £ per head estimate for current transfers is 10 per cent above the UK average, due to Social Transfers in Kind being 21 per cent above the UK per head average, but also due to Other Social Benefits being 7 per cent higher in Scotland. Scotland also has the highest Other Current Taxes £ per head estimates of all NUTS1 regions.

Northern Ireland and Wales have low Resources per head compared to the UK average. For example, Taxes on Production for Wales is 29 per cent below the UK average while for Northern Ireland the figure is 37 per cent below. In Wales, Taxes on Income per head is 36 per cent below the UK average and it is 37 per cent below in Northern Ireland.

Wales has 3 per cent more Current Transfers than the UK £ per head average, but Northern Ireland has 29 per cent more. The main reason Northern Ireland has significantly higher Current Transfers is due to Social Benefits being 39 per cent above the UK £ per head average.

Table 3 NUTS 1 General Government £ per head estimates of components of Gross Adjusted Disposable Income, 1998

£ per head

	Resources							Current Transfers				
Region	Taxes on Products	Taxes on Production	Taxes on Income	Other Current Taxes	Social Contributions	Other Resources	Total Resources	Social Benefits other than Social Transfers in Kind	Social Transfers in Kind	Other Current Transfers	Total Current Transfers	Gross Adjusted Disposable Income
United Kingdom [1]	**1,673**	**292**	**2,062**	**253**	**1,090**	**325**	**5,695**	**1,984**	**1,558**	**684**	**4,226**	**1,469**
North East	1,489	192	1,368	220	907	287	4,462	2,280	1,565	437	4,281	181
North West	1,567	232	1,627	248	981	316	4,971	2,228	1,560	577	4,365	606
Yorkshire and the Humber	1,652	219	1,624	226	973	285	4,979	1,974	1,499	599	4,072	906
East Midlands	1,690	257	1,826	250	1,045	303	5,371	1,771	1,403	468	3,642	1,728
West Midlands	1,679	247	1,731	243	1,051	289	5,239	1,929	1,494	542	3,965	1,275
East	1,784	277	2,503	270	1,192	313	6,340	1,621	1,487	602	3,710	2,630
London	1,712	576	3,089	241	1,413	397	7,427	2,329	1,786	1,365	5,480	1,947
South East	1,839	285	2,746	290	1,211	320	6,691	1,595	1,299	697	3,592	3,100
South West	1,748	235	1,893	276	997	313	5,461	1,732	1,434	594	3,760	1,702
England	1,700	296	2,156	255	1,114	319	5,840	1,931	1,504	697	4,133	1,707
Wales	1,501	209	1,324	195	863	323	4,416	2,195	1,716	460	4,371	45
Scotland	1,600	333	1,829	306	1,075	346	5,489	2,121	1,886	634	4,642	848
Northern Ireland	1,390	185	1,293	145	832	453	4,298	2,756	1,866	822	5,443	-1,145

1. Excludes Rest of World and Extra-Regio: Parts of the UK economic territory that cannot be attached to any particular region.

4. Methodological notes

4.1 Introduction

This section describes the methodology employed and the data sources used in compiling the sub-national estimates of government accounts.

4.2 Output

Output is defined as the value of goods and services produced. The output a government produces is public services (e.g. Education, Health and Defence). All Government Output is, by definition, non-market output (i.e. it does not sell any of its output). *National Accounts – Concepts, Sources and Methods*, (ONS 1999b), advises that 'For ... non-market producers ... total output is valued at the costs of production'. The costs of production for government can be broken down as follows:

- Compensation of Employees
- Intermediate Consumption
- Taxes on Production
- Consumption of Fixed Capital

Compensation of Employees is the remuneration for employees for work undertaken and includes wages and salaries, pension contributions (both actual and imputed) and any other type of employee remuneration.

Intermediate Consumption is defined as 'the value of products, other than fixed assets, which are transformed or used up as inputs to a process of further production' (ONS 1999b). Obvious examples of such would include drugs in Health Care and ammunition for Defence; less obvious examples would include heat and lighting costs, paying security and cleaning firms for their services, and stationery costs. These can be thought of as materials-costs and general expenses, excluding the wage bill. Costs such as National Non–Domestic Rates and Motor Vehicle Duty can also be thought of as general expenses, but in the National Accounts they are classified under Taxes on Production. It is because of the difficulty in dividing general expenses between Intermediate Consumption and Taxes on Production that these two components of Output have been regionalised using the same regional indicator.

Consumption of Fixed Capital is defined as 'the decline ... in the current value of the assets used by producers, as a result of physical deterioration, normal obsolescence and accidental damage' (ONS 1999b).

Other reasons for a decline in value would include out-dated fashions and obsolete technology. It is broadly analogous to Depreciation.

4.2.1 Central Government Output

Central Government covers the functions of state carried out on a national basis. It comprises:

- the UK Home Civil Service
- the Northern Ireland Civil Service
- Non-Departmental Public Bodies (NDPBs) otherwise known as quangos
- HM Armed Forces
- NHS workers who don't work in NHS trusts[2]

National Accounts estimate the total Central Government spending from HM Treasury's Government Expenditure Monitoring System (GEMS). This system breaks down the administration of government expenditure into individual budgets called Votes. Each department receives money from the centre via these Votes and it is possible to identify which departments receive funding from which Votes. Since good information is available on where the local units of each department are located, financial estimates can be produced by both department and NUTS2 area.

Firstly, a mapping exercise was carried out to identify which departments were covered by which Votes, or groups of Votes, since each department does not necessarily have its own discrete vote. Each group of departments was then assigned a code for own use, referred to as civil service categories (CSC)[3].

The following processes describe the production of estimates of wages and salaries for the whole of Central Government by CSC. These were then used as a regional indicator for Compensation of employees.

- The Cabinet Office supplied two datasets from their MANDATE computer system covering most home civil service departments and agencies: (i) departmental wages and salaries costs by English counties (exc. London), London, Wales, Scotland and Northern Ireland and (ii) departmental employment by local authority. From the first dataset, regional wages and salaries were estimated by NUTS2 area (exc. London, Wales and Scotland). To split London, Wales and Scotland down to their NUTS2 areas, NUTS2 departmental employment multiplied by NUTS2 average earnings in SIC92 industry L (Public Administration) was used as a regional indicator. A number of agencies/departments were not covered by the MANDATE computer system and for most of these data were taken from the Inter Departmental Business Register (IDBR).

- The estimate of the wages and salaries bill for the Northern Ireland Civil Service was allocated in its entirety to the NUTS2 region of Northern Ireland. Numbers of employees inclusive of Northern Ireland employees in NDPBs were provided by the Northern Ireland Statistics and Research Agency (NISRA) and the average wage of a Northern Ireland civil servant was taken from Northern Ireland Annual Abstract of Statistics (NISRA 2000).

- The Cabinet Office publishes the number of employees and the address of head offices for all NDPBs, in an annual report, Public Bodies (Cabinet Office 1998). Assuming that the average NDPB worker receives the same salary as a civil servant, for each sub-region, total NUTS2 NDPB wages and salaries can be estimated by multiplying NUTS2 employment estimates by NUTS2 average earnings estimates of civil servants.

- The estimates for sub-regional Armed Forces wages and salaries previously used for sub-regional GDP were used.

- To estimate wages and salaries for NHS workers not employed in NHS Trusts, NUTS2 employment estimates from the Department of Health (DH) were multiplied by average wage in the NHS.

When estimating Central Government Intermediate Consumption, all CSCs, except the Department of Health, were regionalised using sub-national employment totals for CSCs as a regional indicator. For the CSC Department of Health, the funding allocation to Health Authorities was used to regionalise the UK total. These sub-national estimates were then aggregated up over all budgets to produce Central Government estimates of Intermediate Consumption. Finally these estimates were prorated to the Blue Book estimates, (ONS 2001), for Intermediate Consumption and Taxes on Production.

To estimate Consumption of Fixed Capital, an estimate of asset values by asset type is required. Depreciation rates are then applied to the different asset types. The depreciation rates were based on the life lengths of the asset as estimated by ONS for the National Accounts. For these calculations, asset types include property, roads (and other items of major construction[4]), fighting equipment (for Defence purposes), plant and machinery (including furniture and fittings and IT hardware), vehicles and IT software.

The National Asset Register (NAR) is a register of fixed assets held by Central Government and its Public Corporations (the latter being excluded from the calculations), together with estimates of the value of assets held. This register breaks down the assets listed by asset type and, for property, provides addresses of the location of the land and buildings.

Sub-national estimates of the value of Central Government Assets, broken down by asset type were produced, then appropriate depreciation rates applied to each of the asset types to calculate sub-national Central Government depreciation by asset type. These estimates were aggregated over all asset types to produce a sub-national estimate for total Central Government depreciation. These estimates were then prorated to the Blue Book total (ONS 2001).

4.2.2 Local Government Output

In estimating Local Government Output, it was assumed that Local Government only undertook work within its own boundaries. The monitoring and collation of financial returns is undertaken by Office of the Deputy Prime Minister (ODPM) for English Local Government Organisations (LGOs), by the National Assembly for Wales (NAW) for Welsh LGOs, by the Scottish Executive (SE) for Scottish LGOs, and by the Northern Ireland Executive for Northern Irish LGOs.

Local Government Organisations include:

- London Boroughs
- Metropolitan Districts
- English Counties
- English Districts
- English, Welsh and Scottish Unitary Authorities
- English, Welsh and Scottish Police Authorities
- English, Welsh and Scottish Fire Authorities
- Northern Irish District Councils
- Various other organisations such as Waste Authorities, Transport Authorities, etc.

Many LGO's can be directly allocated to a NUTS2 area. Some, however, straddle different NUTS2 boundaries and the estimates were split using employment statistics from the IDBR, or by population when employment data were not available.

Details of running costs, broken down into Employee Costs and Other Running Expenses for each LGO in Great Britain, were received from ODPM, NAW and SE. Figures from Northern Ireland did not separate Employee Costs from Other Running Expenses, and so the average ratio of Employee Costs to Other Running Expenses from LGOs in Great Britain was used to break down the running costs figures provided by the Northern Ireland Executive.

Employee Costs were used as the regional indicator to break down Compensation of Employees, Employer's Social Contributions and Wages and Salaries, while Other Running Costs was used as a regional indicator for Intermediate Consumption and Taxes on Production.

The Chartered Institute of Public Finance and Accountancy (CIPFA) undertakes an annual survey of balance sheets and capital charges for LGOs in Great Britain which it publishes (CIPFA 1999b) and CIPFA 2000b). One of the results from this survey was an estimate of the fixed assets that LGOs own, broken down by type of asset. This was used together with National Accounts estimates of life lengths of assets to produce an estimate of depreciation of assets for each LGO. Estimates for Northern Ireland's Consumption of Fixed Capital were based on the product of: (i) the relative size of the population of Northern Ireland compared to Great Britain; (ii) Local Government Consumption of Fixed Capital in Great Britain for asset types that Northern Ireland Local Government have similar responsibilities for, and (iii) the relative per head size of Local Government in Northern Ireland when compared with per head Local Government in Great Britain.

4.3 General Government Compensation of Employees (Residence)

Included within Output are estimates for Compensation of Employees, which were calculated by region of workplace (i.e. where the government employee works), and are referred to as CoE(Workplace).

One of the Eurostat requirements of the pilot study was also to calculate Compensation of Employees by 'residence of the Employee' (i.e. where the employee lives) which is referred to as CoE(Residence). In order to keep CoE(Residence) consistent with CoE(Workplace), it was decided that a NUTS2 government employee commuting matrix would be applied to NUTS2 estimates of CoE(Workplace), to trace the CoE to the employee's residence.

The Labour Force Survey was initially considered for estimating the amount of commuting of government workers from NUTS2 areas of residence to NUTS2 areas of workplaces. However, there were issues concerning sample size. Therefore the 1991 census data was used to estimate the commuting matrix instead. When looking at data for 1998, it is acknowledged that the census is seven years out of date, but there was no other more suitable source available. It was assumed that there is no significant net commuting between Northern Ireland and the rest of the UK, or between Northern Ireland and Rest of World. The same matrix was applied to the Local Government data as to the Central Government data.

4.4 Gross Adjusted Disposable Income

Gross Adjusted Disposable Income is the government's financial position after Current Transfers have been deducted from Resources. This is consistent with the balancing item on the Redistribution of Income account.

4.4.1 Resources

Resources are composed of Taxes on Products, Taxes on Production, Taxes on Income, Social Contributions, Other Current Taxes and Other Resources. With the exception of Capital Taxes, Resources is consistent with the definition of General Government Current Income in Table 11.3 of *UK National Accounts – The Blue Book 2001* (ONS 2001).

4.4.2 Taxes on Products

These are taxes levied by Central Government on output and examples include VAT, Hydrocarbon Oil Duty, Tobacco Duty and Stamp Duty. A complete list can be found in Table 11.1 of *UK National Accounts – The Blue Book 2001* (ONS 2001). They have been regionalised by location of the consumer.

Stamp Duty is split into stamp duty on shares and stamp duty on property transactions, using Inland Revenue data. Stamp Duty on Property is regionalised using NUTS2 data on value of property sold, while Stamp Duty on share transactions is regionalised using NUTS2 household investment income.

For nearly all the other taxes on products (e.g. VAT), there is no source of data for NUTS2 areas, so regional (NUTS1) estimates have been made using HM Customs & Excise estimates. NUTS2 estimates have been derived from the Expenditure & Food Survey in conjunction with the *Classification of Local and Health Authorities of Great Britain: Revised in 1999*, (ONS 1999a).

Some Hydrocarbon Oil Duty (also known as Fuel Duty), is paid by business. Regional ownership of vehicles by businesses, adjusted for the amount of fuel consumption per vehicle, was used as a regional indicator for the fuel duty paid by business.

4.4.3 Taxes on Production

These are taxes mainly collected by Central Government and are based on activities around the production process. There are two main taxes – National Non-Domestic Rates and the Motor Vehicle Duty – which businesses pay. There are also some industry specific taxes (e.g. Consumer Credit Act fees). Sub-national estimates for National Non-Domestic Rates[5] are collected by ODPM and the associated departments in Wales, Scotland and Northern Ireland, while the Department for Transport (DfT) provided data on the numbers of vehicles to be used in conjunction with tax rates to calculate the Motor Vehicle Duty paid by businesses. Industry specific taxes are regionalised using sub-national estimates of employment in the relevant industries.

4.4.4 Taxes on Income

Taxes on Income are collected by Central Government and consist of taxes on income paid by households and by businesses. Households pay taxes such as Income Tax. Companies pay taxes such as Corporation Tax[6], Petrol Revenue Tax and Windfall Tax.

Income tax was regionalised using the same methodology as is used in 'Regional, sub-regional and local area household income' (Linacre 2002), which is based on data supplied by Inland Revenue. Corporation Tax was regionalised by industry using sub-regional Gross Operating Surplus by industry as a regional indicator. Petrol Revenue Tax was regionalised on the basis of the sub-regional production of oil and gas for qualifying fields. The vast majority of Petrol Revenue Tax was levied on oil and gas production from the North Sea and was allocated to Extra Regio.

Windfall Tax was initially broken down by the turnover of companies liable for this tax. This gave an estimate of the proportion of Windfall Tax paid by each company. This was then regionalised by the NUTS2 breakdown of employment in each company. These NUTS2 estimates were then aggregated over all companies to provide NUTS2 estimates of Windfall Tax.

4.4.5 Social Contributions

Social contributions are mainly collected by Central Government and are generally payments into pension schemes or other such assurance schemes, and include National Insurance Contributions.

Social contributions have been regionalised using the same methodology as is used in 'Regional, sub-regional and local area household income' (Linacre 2002), based on estimates of regional national insurance contributions provided by Department for Work and Pensions (DWP). The smaller non-National Insurance social contributions are contributions (imputed or actual) by government employees into pension schemes, etc. These social contributions have been regionalised by regional employment estimates for the relevant employees.

4.4.6 Other Current Taxes

Other current taxes are mainly collected by Local Government and cannot be classified as being levied on income or expenditure, or incurred in the process of producing a good or service. They are all household taxes and estimates have been produced using the same methodology as used in 'Regional, sub-regional and local area household income' (Linacre 2002).

The main taxes in this category are Motor Vehicle Duty (paid by households) and Council Tax/District Rates. There are also minor licence fees collected. The small amount of licence fees was regionalised using population estimates. Motor Vehicle Duty was regionalised by the number of household vehicles from Driver Vehicle Licensing Agency (DVLA). Sub-national estimates of Council Tax/ District Rates have been provided by ODPM and the devolved administrations.

4.4.7 Other Resources

Other Resources of Government (Central and Local) consist of Property Income, Intra-governmental transfers, Contributions from Current International Co-operation and Miscellaneous Current Transfers. Property Income consists of Interest Received, Distributed Income of Corporations (i.e. Dividends) and Other Property Income (e.g. Rent).

Central Government interest received is made up of interest paid by Local Government to Central Government, NHS Capital Charges, Interest received from Other Non-Financial Corporations, from Financial Corporations, from Central Government, from households and from the Rest of the World.

CIPFA holds information on the Public Works Loan Board's (PWLB)[7] outstanding loans from Central Government to Local Government in its publications Capital Expenditure & Treasury Management Statistics (CIPFA 1999a and CIPFA 2000a), which was used to produce a regional breakdown of this item. The Department of Health holds regional information on NHS capital charges. Interest from other Non-Financial Corporations was regionalised using sub-regional GDP, while interest from Financial Corporations was regionalised by employment in the financial services industry. Interest paid by Central Government to itself was regionalised using population estimates. Interest from Households was also regionalised using population estimates and interest received from the Rest of the World was allocated to Rest of World.

Local Government interest received is made up of interest from Financial Corporations, Non-Financial Corporations, General Government, Households and Rest of the World.

Interest that Financial Corporations paid to Local Government was regionalised using sub-regional employment in the financial services industry; interest that Non-Financial corporations paid to Local Government was regionalised using sub-regional GDP; interest that General Government paid to Local Government was regionalised using population estimates and household interest was regionalised using CIPFA estimates of debtors by local authority (CIPFA 1999a and CIPFA 2000a).

Central Government's Distributed Income of Corporations is composed of dividends from outstanding shares in privatised

companies and the profit Central Government makes on the Bank of England issuing notes (Treasury Bills, etc). Dividends from shares were broken down by value of government's share holding in each company, and were allocated to NUTS2 areas using sub-regional breakdown of each company's employment. Profit from the Bank of England's Issue Department was broken down using population estimates as a regional indicator.

Local Government's Distributed Income of Corporations was regionalised using Total Income from the Revenue Expenditure Accounts as a regional indicator. Total Income from the Revenue Expenditure Accounts is mainly composed of sales and fees and is therefore considered to be a suitable indicator. Also this was a variable for which comparable data for local authorities in England, Wales, Scotland and Northern Ireland were available.

Central Government Other Property Income includes rent on oil and gas extraction, and applies to onshore and offshore. This has been regionalised using the number of barrels of oil produced within each NUTS2 area, based on estimates from the Department of Trade and Industry (DTI).

Local Government Other Property Income includes Property Income attributed to Insurance Policyholders. This has been regionalised by employment in the insurance industry.

Other Resources for Government include Non-Life Insurance Claims, Current International Co-operation from Institutions of the EC and Miscellaneous Current Transfers.

Non-Life Insurance claims is small compared to Resources of Government and had been regionalised by employment in the insurance industry.

Current International Co-operation from Institutions of the EC is a resource from the Rest of the World.

Miscellaneous Current Transfers consist of Fines and Fees collected by Magistrates Courts. These were regionalised using administrative data from the relevant court services.

4.4.8 Current Transfers from Central Government to Local Government

This transfer is the money that Central Government transfers to Local Government and is the main form of funding of local authorities. It has been regionalised using data from HM Treasury's Public Expenditure Statistical Analyses (PESA) for country controls and local authority data from ODPM, Scottish Executive, National Assembly for Wales and Northern Ireland Executive.

4.4.9 Treatment of Intra-Government Transfers

Within the accounts, Intra-Government Transfers (money paid from Central Government to Local Government or vice-versa) appear as a Resource (Current Transfer)/Use of Local Government, but also as a Use/Resource (Current Transfer) of Central Government. However, when looking at the accounts of the Local and Central Government sectors combined into General Government, it is important not to include Intra-Government Transfers if estimates of Total Resources and/or Total Uses (Current Transfers) of General Government are required. Tables 3a–3c therefore exclude transfers between Central and Local Government.

4.4.10 Uses (Deducted Current Transfers)

Deducted Current Transfers consists of Social Benefits, Social Transfers in Kind and Other Current Transfers.

4.4.11 Social Benefits (other than Social Transfers in Kind)

Social Benefits consist of Housing Benefit, Council Tax Benefit and Social Security Benefits. The same methodology for regionalising benefits was employed as those used in 'Regional, sub-regional and local area household income' (Linacre 2002), which uses estimates of Social Benefits as provided by DWP.

4.4.12 Social Transfers in Kind

Social Transfers in Kind (STIK) consist of goods and/or services provided to individual households for free or at prices which are not economically significant, by non-market producers of government units. It is related to Government Output in so far as STIKs are composed of non-market output (other than for own use) for the following categories from the Classification of Functions of Government (COFOG): Education, Health, Social Protection, Culture & Recreational Facilities. For further information on COFOG, *see* section 4.5.

HM Treasury publish NUTS1 estimates of public expenditure by categories of COFOG and these have been used as the NUTS1 controls for STIKs. To form estimates of government output from public expenditure, the following must be subtracted from public expenditure:

- Subsidies
- Net Social Benefits
- Current Grants Abroad
- Other Current Grants
- GFCF
- Investment Grants

Central Government output on Education is basically services provided for 'under fives' and 'general administration'. For 'under

fives', the majority of the money is spent on Sure Start, a cross departmental service for households with children in areas of poverty and NUTS1 estimates are available from DWP. To breakdown the estimates to a NUTS2 level, the number of children in a NUTS2 area have been used.

Health Authority Allocations were used to regionalise health, which is in line with the methodology for producing output. Social Protection refers to money spent on DWP administration and this was regionalised using the sub-regional estimates of number of claimants of key benefits.

Culture accounts for only 1.5 per cent of the total Central Government STIKS and was regionalised using population estimates.

To estimate Local Government STIKs, the aggregate of Revenue Outturn Return estimates of Labour Costs and Other Running Expenses for Education, Personal Social Services and Libraries were used to regionalise Local Government Education, Personal Social Services and Culture output. Local Government provides no health output.

4.4.13 Other Deducted Current Transfers

Other Deducted Current Transfers include Subsidies, Interest Paid, International Co-operation and Miscellaneous Current Transfers.

4.4.14 Subsidies

Central Government Subsidies are composed of Rail Subsidies, Northern Ireland Economic Subsidies, Other Economic Subsidies, Housing Subsidies, Health Subsidies and Cultural Subsidies.

A regional breakdown of Rail Subsidies was produced using the average of the number of train journeys by region of departure and by region of arrival as supplied by Strategic Rail Authority.

Housing Subsidies were regionalised using administrative data from ODPM and the Devolved Administrations. Health and Culture Subsidies were regionalised using employment in the relevant industries. Other economic subsidies were regionalised using population estimates.

Local Government subsidies relate to subsidising public transport and have been regionalised using finance records of spending on public transport by local authorities.

4.4.15 Interest Paid

Central Government interest paid was initially split by sector (i.e. Rest of World, UK Corporations, UK Government and UK Households) using the estimates produced by the National Accounts Dividends and Interest Matrix (DIM[8]). Each of these was regionalised separately.

The amount of interest paid to UK Financial Corporations was regionalised by employment in financial services (SIC Industry J), while the amount of interest paid to UK Non-Financial Corporations was regionalised using sub-regional GDP. Interest paid to UK Government was regionalised using population estimates. Interest paid to UK Households was regionalised using Inland Revenue sub-regional estimates of household investment income. Interest paid to the Rest of the World was allocated to Rest of World.

Local Government Interest is mainly interest paid on loans from the Public Works Loan Board (PWLB). The remaining Local Government Interest had been split based on data from DIM.

4.4.16 Miscellaneous Current Transfers

These are defined as including 'subscriptions and donations in cash and in kind to non-profit institutions serving households (NPISH) ... fines and penalties imposed by courts of law ... '.

Central Government Miscellaneous Current Grants were broken down on the basis of data from Blue Book 2001, (ONS 2001), and from HM Treasury's Government Expenditure Monitoring System. They include: Grants to Higher Education Institutions; GNP 4th resource grants to the EU; Grants to Further Education Institutions.

The Higher Education Statistical Agency (HESA) and the Further Education Funding Council (FEFC), and their Welsh and Scottish counterparts, supply estimates of the different funding streams for each Higher Education Institution (HEI) and Further Education Institution (FEI). These FEIs and HEIs were then allocated to NUTS2 areas. The data cover grants from the Higher Education Budget to HEIs and FEIs, grants from the Further Education Budget to FEIs and grants from Research Councils to HEIs. The majority of Research Council grants go to such institutions. Northern Ireland Civil Service grants cover grants to HEIs and FEIs in Northern Ireland that are not already covered by data from HESA and FEFC.

GNP 4th Resource transfers to the EU and Overseas Aid Grants were allocated to Rest of World. Northern Ireland Civil Service Current grants were allocated to Northern Ireland.

Current International Co-operation from institutions of the EC is a current transfer paid to the Rest of the World.

4.5 Classification of Functions of Government

Government expenditure is classified according to the international Classification of the Functions of Government (COFOG). The ten

categories of expenditure within COFOG are:

- General Public Services
- Defence
- Public Order and Safety
- Education
- Health
- Social Security and Welfare Services
- Housing and Community Affairs
- Recreational, Cultural and Religious Affairs
- Economic Affairs (inc. transport)
- Environmental Services

4.6 Other Publications and Related Work

HMT publishes a comprehensive account of Regional Government Expenditure in its annual publication *Public Expenditure Statistical Analyses* (HM Treasury 2001) or PESA. The estimates show Identifiable Government Expenditure by function of government for Wales, Scotland, Northern Ireland and the nine Government Office Regions of England.

Scottish Executive also publishes a fuller evaluation of Government's financial position in Scotland, in *Government Expenditure & Revenue in Scotland* (Scottish Executive 1999; Scottish Executive 2000). The analyses accounts for all taxes collected and all government expenditure, the difference between the two being net borrowing in Scotland.

The Office of the Deputy Prime Minister is leading on a project to identify the flow of government expenditure (UK and European) into the English regions. The project has close links with the PESA estimates and the Government Accounts work, and HMT and ONS are part of the Advisory Group for the project. The project is expected to be completed by the middle of 2003.

References

Cabinet Office (1998) *Public Bodies* 1998, The Stationery Office: London

Chartered Institute for Public Finance and Accountancy (1999a) *Capital Expenditure and Treasury Management Statistics 1997–98*, Chartered Institute for Public Finance and Accountancy: London.

Chartered Institute for Public Finance and Accountancy (1999b) *Local Authority Assets at 31 March 1998*, Chartered Institute for Public Finance and Accountancy: London.

Chartered Institute for Public Finance and Accountancy (2000a) *Capital Expenditure and Treasury Management Statistics 1998–99*, Chartered Institute for Public Finance and Accountancy: London.

Chartered Institute for Public Finance and Accountancy (2000b) *Local Authority Assets at 31 March 1999*, Chartered Institute for Public Finance and Accountancy: London.

Eurostat (2000) *Regional Accounts Methods: Tables of General Government*, Office for Official Publications of the European Communities: Luxembourg.

HM Treasury (2001) *Public Expenditure: Statistical Analysis 2001*, The Stationery Office: London.

Linacre A (2002) Regional, sub-regional and local area household income. *Economic Trends*, no. 582, pp81–112.

Northern Ireland Statistics & Research Agency (2000) *Northern Ireland Abstract of Statistics 2000*, The Stationery Office: London.

Office for National Statistics (1999a) *Classification of local and health authorities of Great Britain: revised for authorities in 1999*, ONS series SMPS no. 63, Office for National Statistics: London.

Office for National Statistics (1999b) *National Accounts: Concepts, Sources and Methods*, Office for National Statistics: London.

Office for National Statistics (1999c) *Sector Classification for the National Accounts (ESA95) Methodology Guide*, Office for National Statistics: London.

Office for National Statistics (2001) *United Kingdom National Accounts 2001 – The Blue Book*, The Stationery Office: London.

Scottish Executive (1999) *Government Expenditure & Revenue in Scotland 1997–1998*, Scottish Executive: Edinburgh.

Scottish Executive (2000) *Government Expenditure & Revenue in Scotland 1998–1999*, Scottish Executive: Edinburgh.

Notes

1. For the fuller article, *see* http://www.statistics.gov.uk/downloads/theme_other/Regional_Government_Accounts.pdf (checked 6 January 2003).

2. The NHS is the public sector organisation that is responsible for public sector health services. NHS Trusts were set up to provide the service for patients and by convention are treated as public corporations, while the Health Authorities (the rest of the NHS) purchase the services of NHS trusts on behalf of the patient and are by convention part of Central Government. More details of the sectors of the economy can be found in (ONS 1999c).

3. CSC is an internal ONS classification which groups together Votes in such a way that grouped government departments can be related to the Votes that fund them.

4. As Railways and 'the Utilities' have been privatised, there are not many 'Items of Major Construction' that remain the responsibility of Central Government, other than the road network.

5. National Non-Domestic Rates are a tax on businesses administered by Local Government.

6. Corporation Tax includes Standard Corporation Tax, Advanced Corporation Tax and Corporation Tax on Capital Gains.

7. The Public Works Loan Board is the main body from which Local Authorities borrow money.

8. The Dividends and Interest Matrix estimates for each financial asset/liability, the amount of property income paid by each sector and the amount of property income received by each sector (within any economy, total property income paid equals total property income received).

Annex

List of Tables

Table 1a Gross Valued Added, Intermediate Consumption and Output of General Government by subsectors and by NUTS2 Level area, 1998, £ million.

Table 1b Gross Valued Added, Intermediate Consumption and Output of General Government by subsectors and by NUTS2 Level area, 1998, £ per head.

Table 1c Gross Valued Added, Intermediate Consumption and Output of General Government by subsectors and by NUTS2 Level area, 1998, £ per head index, UK (less Extra Regio) = 100.

Table 2a Compensation of Employees by Residence, by NUTS Level 2 area, 1998, £ million.

Table 2b Compensation of Employees by Residence, by NUTS Level 2 area, 1998, £ per head.

Table 2c Compensation of Employees by Residence, by NUTS Level 2 area, 1998, £ per head, index, UK (less Extra Regio) = 100.

Table 3a Components of General Government Gross Adjusted Disposable Income, 1998, £ million.

Table 3b Components of General Government Gross Adjusted Disposable Income, 1998, £ per head.

Table 3c Components of General Government Gross Adjusted Disposable Income, 1998, £ per head, index, UK (less Extra Regio and Rest of World) = 100.

1a Gross Value Added, intermediate consumption and output of general government by subsectors and by NUTS Level 2 area, 1998, £ million

NUTS Level 1 NUTS Level 2	General Government: Subsector; Transaction						Central Government: Subsector; Transaction						Local Government: Subsector; Transaction					
	Compensation of Employees	Taxes on Production	Consumption of Fixed Capital	**Gross Value Added**	Intermediate Consumption	**Output**	Compensation of Employees	Taxes on Production	Consumption of Fixed Capital	**Gross Value Added**	Intermediate Consumption	**Output**	Compensation of Employees	Taxes on Production	Consumption of Fixed Capital	**Gross Value Added**	Intermediate Consumption	**Output**
UNITED KINGDOM[1]	61,704	1,756	7,534	**70,994**	91,852	**162,846**	23,741	516	4,419	**28,676**	69,319	**97,995**	37,963	1,240	3,115	**42,318**	22,533	**64,851**
England	49,324	1,493	5,628	**56,444**	73,797	**130,241**	17,459	410	3,066	**20,934**	54,118	**75,052**	31,865	1,083	2,562	**35,510**	19,679	**55,188**
North East	2,502	74	297	**2,872**	3,554	**6,426**	681	19	137	**837**	2,563	**3,400**	1,821	55	160	**2,035**	991	**3,026**
Tees Valley and Durham	1,013	31	125	**1,170**	1,503	**2,673**	204	8	58	**271**	1,080	**1,351**	809	23	67	**899**	423	**1,322**
Northumberland and Tyne and Wear	1,489	42	172	**1,703**	2,050	**3,753**	477	11	78	**567**	1,483	**2,049**	1,012	31	93	**1,136**	568	**1,704**
North West	6,170	207	709	**7,085**	9,379	**16,464**	1,462	49	386	**1,898**	6,519	**8,417**	4,708	157	322	**5,187**	2,860	**8,047**
Cumbria	367	15	109	**491**	741	**1,232**	77	4	92	**173**	544	**717**	290	11	17	**318**	197	**515**
Cheshire	777	27	126	**929**	1,208	**2,138**	166	6	77	**250**	840	**1,090**	611	20	49	**680**	368	**1,048**
Greater Manchester	2,205	76	201	**2,483**	3,428	**5,911**	414	18	68	**500**	2,369	**2,869**	1,791	58	134	**1,983**	1,059	**3,042**
Lancashire	1,384	40	154	**1,578**	1,815	**3,394**	426	10	97	**532**	1,258	**1,790**	959	31	57	**1,046**	558	**1,604**
Merseyside	1,436	49	119	**1,604**	2,186	**3,790**	379	11	53	**444**	1,508	**1,952**	1,058	37	65	**1,160**	678	**1,838**
Yorkshire and the Humber	4,824	137	560	**5,521**	6,935	**12,456**	1,500	39	292	**1,831**	5,150	**6,981**	3,324	98	267	**3,690**	1,785	**5,475**
East Riding and North Lincolnshire	729	25	100	**853**	1,133	**1,986**	146	6	48	**200**	790	**990**	583	19	51	**653**	343	**996**
North Yorkshire	1,114	23	139	**1,276**	1,488	**2,764**	673	9	109	**791**	1,238	**2,029**	441	14	30	**484**	251	**735**
South Yorkshire	1,107	33	134	**1,274**	1,676	**2,949**	245	9	56	**311**	1,238	**1,549**	861	24	77	**963**	438	**1,400**
West Yorkshire	1,875	56	188	**2,119**	2,638	**4,757**	436	14	79	**529**	1,885	**2,414**	1,439	41	109	**1,590**	754	**2,343**
East Midlands	3,326	105	487	**3,918**	5,036	**8,954**	839	27	303	**1,169**	3,626	**4,795**	2,487	78	184	**2,749**	1,410	**4,159**
Derbyshire and Nottinghamshire	1,516	51	211	**1,778**	2,329	**4,106**	278	12	119	**410**	1,629	**2,038**	1,238	39	92	**1,368**	700	**2,068**
Leicestershire, Rutland and Northamptonshire	1,167	37	196	**1,400**	1,713	**3,113**	234	9	126	**369**	1,207	**1,576**	933	28	70	**1,031**	506	**1,537**
Lincolnshire	642	17	81	**740**	994	**1,735**	326	6	59	**390**	791	**1,181**	316	11	22	**350**	203	**553**
West Midlands	4,391	140	567	**5,097**	6,759	**11,856**	967	37	302	**1,307**	4,889	**6,195**	3,423	103	264	**3,790**	1,870	**5,660**
Herefordshire, Worcestershire and Warwickshire	893	29	186	**1,108**	1,430	**2,538**	192	8	138	**338**	1,050	**1,388**	701	21	48	**770**	380	**1,150**
Shropshire and Staffordshire	1,207	37	182	**1,427**	1,944	**3,371**	369	11	117	**498**	1,479	**1,977**	838	26	65	**929**	465	**1,394**
West Midlands	2,290	74	198	**2,562**	3,385	**5,947**	406	18	47	**471**	2,360	**2,831**	1,884	56	151	**2,091**	1,025	**3,117**
East	4,445	143	650	**5,239**	6,990	**12,229**	1,539	38	369	**1,946**	5,082	**7,028**	2,907	105	281	**3,293**	1,908	**5,201**
East Anglia	2,127	59	295	**2,482**	3,124	**5,606**	930	18	193	**1,142**	2,370	**3,511**	1,197	41	102	**1,340**	754	**2,094**
Bedfordshire and Hertfordshire	1,229	43	211	**1,483**	1,956	**3,439**	289	10	104	**403**	1,361	**1,763**	941	33	107	**1,080**	595	**1,675**
Essex	1,089	41	145	**1,274**	1,910	**3,184**	320	10	72	**402**	1,351	**1,753**	769	31	73	**873**	558	**1,431**

1. Components may not sum to totals as a result of rounding.
2. This area is represented at more than one NUTS level.
3. Extra-Regio: parts of UK economic territory that cannot be attached to any particular region.

1a Gross Value Added, intermediate consumption and output of general government by subsectors and by NUTS Level 2 area, 1998, £ million

NUTS Level 1 NUTS Level 2	General Government: Subsector; Transaction						Central Government: Subsector; Transaction						Local Government: Subsector; Transaction					
	Compensation of Employees	Taxes on Production	Consumption of Fixed Capital	**Gross Value Added**	Intermediate Consumption	**Output**	Compensation of Employees	Taxes on Production	Consumption of Fixed Capital	**Gross Value Added**	Intermediate Consumption	**Output**	Compensation of Employees	Taxes on Production	Consumption of Fixed Capital	**Gross Value Added**	Intermediate Consumption	**Output**
London	9,581	300	884	**10,765**	13,742	**24,507**	3,584	73	355	**4,012**	9,623	**13,635**	5,997	227	529	**6,753**	4,119	**10,872**
Inner London	5,865	161	521	**6,547**	7,838	**14,385**	2,714	43	236	**2,993**	5,698	**8,691**	3,151	118	285	**3,554**	2,140	**5,694**
Outer London	3,716	139	363	**4,218**	5,904	**10,122**	870	30	119	**1,019**	3,925	**4,944**	2,846	109	244	**3,199**	1,979	**5,178**
South East	8,105	236	922	**9,263**	12,482	**21,745**	3,671	72	560	**4,303**	9,504	**13,807**	4,434	164	362	**4,960**	2,979	**7,939**
Berkshire, Buckinghamshire and Oxfordshire	2,097	58	276	**2,431**	3,178	**5,609**	1,007	19	180	**1,206**	2,456	**3,661**	1,090	40	96	**1,225**	722	**1,948**
Surrey, East and West Sussex	2,061	73	237	**2,371**	3,415	**5,787**	583	18	116	**718**	2,412	**3,130**	1,478	55	121	**1,654**	1,003	**2,657**
Hampshire and Isle of Wight	2,702	60	223	**2,986**	3,819	**6,804**	1,699	24	145	**1,868**	3,157	**5,025**	1,003	36	78	**1,118**	662	**1,780**
Kent	1,246	44	185	**1,475**	2,070	**3,545**	382	11	118	**512**	1,479	**1,991**	864	33	67	**963**	591	**1,555**
South West	5,979	151	553	**6,683**	8,920	**15,603**	3,215	54	362	**3,631**	7,162	**10,793**	2,764	97	192	**3,052**	1,758	**4,810**
Gloucestershire, Wiltshire and North Somerset	2,933	64	254	**3,251**	4,271	**7,522**	1,806	27	173	**2,006**	3,596	**5,602**	1,126	37	82	**1,245**	675	**1,920**
Dorset and Somerset	1,240	36	104	**1,380**	1,875	**3,256**	495	11	63	**568**	1,414	**1,982**	745	25	42	**813**	461	**1,273**
Cornwall and Isles of Scilly	492	16	60	**567**	802	**1,369**	219	5	40	**263**	599	**862**	273	11	20	**304**	203	**508**
Devon	1,315	35	135	**1,485**	1,972	**3,457**	696	12	87	**794**	1,553	**2,347**	619	23	48	**691**	419	**1,109**
Wales	3,034	90	435	**3,559**	4,507	**8,066**	904	25	271	**1,199**	3,325	**4,524**	2,130	65	165	**2,360**	1,182	**3,542**
West Wales and the Valleys	1,766	58	248	**2,072**	2,627	**4,699**	331	14	148	**493**	1,829	**2,322**	1,435	44	100	**1,579**	799	**2,378**
East Wales	1,268	32	187	**1,487**	1,880	**3,367**	572	11	123	**706**	1,496	**2,203**	695	21	65	**781**	384	**1,164**
Scotland	6,507	138	779	**7,425**	8,448	**15,873**	2,712	52	404	**3,168**	6,883	**10,052**	3,795	86	375	**4,256**	1,565	**5,822**
North Eastern Scotland	545	13	70	**628**	830	**1,458**	186	5	27	**218**	688	**907**	360	8	42	**410**	141	**551**
Eastern Scotland	2,445	48	284	**2,777**	3,142	**5,919**	1,099	20	162	**1,280**	2,622	**3,902**	1,346	29	122	**1,497**	520	**2,017**
South Western Scotland	2,884	65	292	**3,241**	3,801	**7,042**	1,101	23	117	**1,242**	3,040	**4,281**	1,782	42	175	**1,999**	762	**2,761**
Highlands and Islands	633	12	134	**779**	675	**1,455**	326	4	98	**428**	533	**961**	307	8	36	**351**	142	**493**
Northern Ireland[2]	2,042	18	582	**2,642**	2,812	**5,454**	1,869	12	568	**2,450**	2,706	**5,155**	173	6	13	**192**	107	**299**
Extra Regio[3]	797	17	109	**924**	2,288	**3,212**	797	17	109	**924**	2,288	**3,212**	0	0	0	**0**	0	**0**

see footnotes on first page of table

1b Gross Value Added, intermediate consumption and output of general government by subsectors and by NUTS Level 2 area, 1998, £ per head

NUTS Level 1 NUTS Level 2	General Government: Subsector; Transaction						Central Government: Subsector; Transaction						Local Government: Subsector; Transaction					
	Compensation of Employees	Taxes on Production	Consumption of Fixed Capital	**Gross Value Added**	Intermediate Consumption	**Output**	Compensation of Employees	Taxes on Production	Consumption of Fixed Capital	**Gross Value Added**	Intermediate Consumption	**Output**	Compensation of Employees	Taxes on Production	Consumption of Fixed Capital	**Gross Value Added**	Intermediate Consumption	**Output**
UNITED KINGDOM[1]	1,028	29	125	**1,183**	1,512	**2,695**	387	8	73	**468**	1,132	**1,600**	641	21	53	**714**	380	**1,095**
England	997	30	114	**1,140**	1,491	**2,631**	353	8	62	**423**	1,093	**1,516**	644	22	52	**717**	398	**1,115**
North East	966	29	115	**1,109**	1,372	**2,482**	263	7	53	**323**	990	**1,313**	703	21	62	**786**	383	**1,169**
Tees Valley and Durham	870	27	107	**1,005**	1,291	**2,296**	175	7	50	**232**	928	**1,160**	695	20	57	**772**	364	**1,136**
Northumberland and Tyne and Wear	1,044	30	120	**1,195**	1,438	**2,633**	335	8	55	**398**	1,040	**1,438**	710	22	65	**797**	398	**1,195**
North West	895	30	103	**1,028**	1,361	**2,389**	212	7	56	**275**	946	**1,221**	683	23	47	**753**	415	**1,168**
Cumbria	744	30	221	**995**	1,503	**2,499**	156	8	186	**350**	1,104	**1,454**	588	22	35	**645**	400	**1,045**
Cheshire	789	27	128	**944**	1,228	**2,172**	169	6	78	**254**	854	**1,108**	620	21	50	**690**	374	**1,064**
Greater Manchester	856	30	78	**963**	1,330	**2,293**	161	7	26	**194**	919	**1,113**	695	23	52	**769**	411	**1,180**
Lancashire	970	28	108	**1,106**	1,272	**2,378**	298	7	68	**373**	881	**1,254**	672	22	40	**733**	391	**1,124**
Merseyside	1,019	35	84	**1,138**	1,551	**2,689**	269	8	38	**315**	1,070	**1,385**	750	26	46	**823**	481	**1,304**
Yorkshire and the Humber	957	27	111	**1,095**	1,375	**2,470**	297	8	58	**363**	1,021	**1,384**	659	19	53	**732**	354	**1,086**
East Riding and North Lincolnshire	825	28	113	**966**	1,283	**2,249**	165	7	55	**227**	894	**1,121**	660	21	58	**739**	389	**1,128**
North Yorkshire	1,500	31	187	**1,718**	2,005	**3,723**	906	13	147	**1,066**	1,667	**2,733**	594	19	40	**652**	338	**990**
South Yorkshire	849	26	102	**977**	1,285	**2,262**	188	7	43	**238**	949	**1,188**	661	18	59	**738**	335	**1,074**
West Yorkshire	887	26	89	**1,003**	1,248	**2,251**	206	7	37	**250**	892	**1,142**	681	20	52	**752**	357	**1,109**
East Midlands	798	25	117	**940**	1,208	**2,148**	201	7	73	**280**	870	**1,150**	597	19	44	**659**	338	**997**
Derbyshire and Nottinghamshire	757	25	105	**888**	1,163	**2,051**	139	6	59	**205**	814	**1,018**	618	19	46	**683**	350	**1,033**
Leicestershire, Rutland and Northamptonshire	756	24	127	**906**	1,109	**2,015**	152	6	81	**239**	781	**1,020**	604	18	45	**667**	328	**995**
Lincolnshire	1,031	28	130	**1,188**	1,596	**2,784**	523	10	94	**627**	1,269	**1,896**	508	18	36	**562**	327	**888**
West Midlands	823	26	106	**956**	1,267	**2,223**	181	7	57	**245**	917	**1,162**	642	19	50	**711**	351	**1,061**
Herefordshire, Worcestershire and Warwickshire	736	24	154	**914**	1,179	**2,092**	158	7	114	**279**	866	**1,144**	578	17	39	**635**	313	**948**
Shropshire and Staffordshire	810	25	122	**957**	1,303	**2,260**	248	8	79	**334**	992	**1,326**	562	17	44	**623**	311	**934**
West Midlands	871	28	75	**975**	1,288	**2,263**	155	7	18	**179**	898	**1,077**	717	21	58	**796**	390	**1,186**
East	827	27	121	**974**	1,300	**2,274**	286	7	69	**362**	945	**1,307**	541	20	52	**612**	355	**967**
East Anglia	975	27	135	**1,138**	1,432	**2,570**	426	8	89	**523**	1,086	**1,610**	549	19	47	**614**	346	**960**
Bedfordshire and Hertfordshire	773	27	132	**932**	1,230	**2,162**	181	6	65	**253**	856	**1,109**	591	21	67	**679**	374	**1,054**
Essex	678	26	90	**794**	1,189	**1,983**	199	6	45	**250**	842	**1,092**	479	19	46	**543**	348	**891**

1. Excludes Extra-Regio: parts of UK economic territory that cannot be attached to any particular region.

2. This area is represented at more than one NUTS level.

1b Gross Value Added, intermediate consumption and output of general government by subsectors and by NUTS Level 2 area, 1998, £ per head

NUTS Level 1 NUTS Level 2	General Government: Subsector; Transaction						Central Government: Subsector; Transaction						Local Government: Subsector; Transaction					
	Compensation of Employees	Taxes on Production	Consumption of Fixed Capital	**Gross Value Added**	Intermediate Consumption	**Output**	Compensation of Employees	Taxes on Production	Consumption of Fixed Capital	**Gross Value Added**	Intermediate Consumption	**Output**	Compensation of Employees	Taxes on Production	Consumption of Fixed Capital	**Gross Value Added**	Intermediate Consumption	**Output**
London	1,333	42	123	**1,498**	1,912	**3,410**	499	10	49	**558**	1,339	**1,897**	834	32	74	**940**	573	**1,513**
Inner London	2,125	58	189	**2,372**	2,839	**5,211**	983	16	85	**1,084**	2,064	**3,148**	1,141	43	103	**1,287**	775	**2,062**
Outer London	840	31	82	**953**	1,334	**2,287**	196	7	27	**230**	887	**1,117**	643	25	55	**723**	447	**1,170**
South East	1,013	29	115	**1,157**	1,560	**2,717**	459	9	70	**538**	1,187	**1,725**	554	20	45	**620**	372	**992**
Berkshire, Buckinghamshire and Oxfordshire	999	28	131	**1,158**	1,514	**2,672**	480	9	86	**574**	1,170	**1,745**	519	19	46	**584**	344	**928**
Surrey, East and West Sussex	805	29	93	**926**	1,334	**2,261**	228	7	45	**280**	942	**1,223**	577	22	47	**646**	392	**1,038**
Hampshire and Isle of Wight	1,526	34	126	**1,686**	2,156	**3,842**	959	13	82	**1,055**	1,782	**2,837**	566	21	44	**631**	374	**1,005**
Kent	792	28	118	**937**	1,315	**2,252**	243	7	75	**325**	939	**1,264**	549	21	42	**612**	376	**987**
South West	1,220	31	113	**1,364**	1,820	**3,184**	656	11	74	**741**	1,461	**2,202**	564	20	39	**623**	359	**981**
Gloucestershire, Wiltshire and North Somerset	1,356	30	118	**1,504**	1,975	**3,479**	835	13	80	**928**	1,663	**2,591**	521	17	38	**576**	312	**888**
Dorset and Somerset	1,050	31	89	**1,169**	1,588	**2,758**	419	9	53	**481**	1,198	**1,679**	631	21	35	**688**	390	**1,079**
Cornwall and Isles of Scilly	1,003	32	122	**1,157**	1,636	**2,793**	447	9	81	**536**	1,221	**1,758**	556	23	41	**620**	415	**1,035**
Devon	1,231	33	126	**1,390**	1,846	**3,235**	651	11	81	**743**	1,454	**2,197**	580	22	45	**646**	392	**1,038**
Wales	1,034	31	148	**1,213**	1,536	**2,750**	308	9	92	**409**	1,133	**1,542**	726	22	56	**804**	403	**1,207**
West Wales and the Valleys	946	31	133	**1,109**	1,407	**2,516**	177	7	79	**264**	979	**1,243**	768	24	54	**845**	428	**1,273**
East Wales	1,189	30	176	**1,395**	1,764	**3,159**	537	11	115	**663**	1,404	**2,067**	652	20	61	**733**	360	**1,092**
Scotland	1,271	27	152	**1,450**	1,650	**3,100**	530	10	79	**619**	1,344	**1,963**	741	17	73	**831**	306	**1,137**
North Eastern Scotland	1,082	26	138	**1,246**	1,646	**2,892**	369	10	54	**433**	1,366	**1,799**	713	15	84	**813**	280	**1,093**
Eastern Scotland	1,290	26	150	**1,466**	1,658	**3,124**	580	10	86	**676**	1,384	**2,060**	710	15	64	**790**	275	**1,065**
South Western Scotland	1,226	28	124	**1,378**	1,616	**2,994**	468	10	50	**528**	1,292	**1,820**	758	18	74	**850**	324	**1,174**
Highlands and Islands	1,714	32	363	**2,109**	1,828	**3,937**	883	11	266	**1,159**	1,443	**2,602**	831	21	97	**950**	385	**1,335**
Northern Ireland[2]	1,210	10	345	**1,565**	1,666	**3,230**	1,107	7	337	**1,451**	1,602	**3,053**	102	3	8	**114**	63	**177**

see footnotes on first page of table

1c Gross Value Added, intermediate consumption and output of general government by subsectors and by NUTS Level 2 area, 1998, £ per head index, UK (less Extra Regio) = 100

NUTS Level 1 NUTS Level 2	General Government: Subsector; Transaction						Central Government: Subsector; Transaction						Local Government: Subsector; Transaction					
	Compensation of Employees	Taxes on Production	Consumption of Fixed Capital	**Gross Value Added**	Intermediate Consumption	**Output**	Compensation of Employees	Taxes on Production	Consumption of Fixed Capital	**Gross Value Added**	Intermediate Consumption	**Output**	Compensation of Employees	Taxes on Production	Consumption of Fixed Capital	**Gross Value Added**	Intermediate Consumption	**Output**
UNITED KINGDOM[1]	100	100	100	**100**	100	**100**	100	100	100	**100**	100	**100**	100	100	100	**100**	100	**100**
England	97	103	91	**96**	99	**98**	91	98	85	**90**	97	**95**	100	105	98	**100**	105	**102**
North East	94	97	91	**94**	91	**92**	68	89	73	**69**	87	**82**	110	101	117	**110**	101	**107**
Tees Valley and Durham	85	92	86	**85**	85	**85**	45	83	69	**50**	82	**73**	108	96	109	**108**	96	**104**
Northumberland and Tyne and Wear	102	101	96	**101**	95	**98**	86	94	76	**85**	92	**90**	111	105	124	**112**	105	**109**
North West	87	102	82	**87**	90	**89**	55	85	77	**59**	84	**76**	107	109	89	**105**	109	**107**
Cumbria	72	103	177	**84**	99	**93**	40	99	255	**75**	98	**91**	92	105	67	**90**	105	**95**
Cheshire	77	92	102	**80**	81	**81**	44	77	107	**54**	75	**69**	97	98	94	**97**	98	**97**
Greater Manchester	83	101	62	**81**	88	**85**	41	83	36	**41**	81	**70**	108	108	99	**108**	108	**108**
Lancashire	94	96	86	**94**	84	**88**	77	79	93	**80**	78	**78**	105	103	76	**103**	103	**103**
Merseyside	99	118	67	**96**	103	**100**	69	96	52	**67**	95	**87**	117	126	88	**115**	126	**119**
Yorkshire and the Humber	93	93	89	**93**	91	**92**	77	92	80	**78**	90	**87**	103	93	101	**102**	93	**99**
East Riding and North Lincolnshire	80	96	90	**82**	85	**83**	43	80	75	**48**	79	**70**	103	102	111	**103**	102	**103**
North Yorkshire	146	106	149	**145**	133	**138**	234	150	202	**227**	147	**171**	93	89	76	**91**	89	**90**
South Yorkshire	83	87	82	**83**	85	**84**	49	85	59	**51**	84	**74**	103	88	113	**103**	88	**98**
West Yorkshire	86	90	71	**85**	83	**84**	53	80	51	**53**	79	**71**	106	94	98	**105**	94	**101**
East Midlands	78	86	93	**79**	80	**80**	52	78	100	**60**	77	**72**	93	89	84	**92**	89	**91**
Derbyshire and Nottinghamshire	74	87	84	**75**	77	**76**	36	73	82	**44**	72	**64**	96	92	87	**96**	92	**94**
Leicestershire, Rutland and Northamptonshire	74	82	101	**77**	73	**75**	39	70	112	**51**	69	**64**	94	86	86	**93**	86	**91**
Lincolnshire	100	94	104	**100**	106	**103**	135	114	129	**134**	112	**118**	79	86	68	**79**	86	**81**
West Midlands	80	89	85	**81**	84	**83**	47	82	78	**52**	81	**73**	100	92	94	**99**	92	**97**
Herefordshire, Worcestershire and Warwickshire	72	81	122	**77**	78	**78**	41	78	157	**60**	76	**72**	90	82	75	**89**	82	**87**
Shropshire and Staffordshire	79	84	98	**81**	86	**84**	64	89	108	**71**	88	**83**	88	82	83	**87**	82	**85**
West Midlands	85	96	60	**82**	85	**84**	40	81	24	**38**	79	**67**	112	103	109	**111**	103	**108**
East	80	91	97	**82**	86	**84**	74	85	94	**77**	84	**82**	84	93	100	**86**	93	**88**
East Anglia	95	93	108	**96**	95	**95**	110	98	122	**112**	96	**101**	86	91	89	**86**	91	**88**
Bedfordshire and Hertfordshire	75	92	106	**79**	81	**80**	47	77	90	**54**	76	**69**	92	98	128	**95**	98	**96**
Essex	66	87	72	**67**	79	**74**	51	76	61	**53**	74	**68**	75	91	87	**76**	91	**81**

1. Excludes Extra-Regio: parts of UK economic territory that cannot be attached to any particular region.
2. This area is represented at more than one NUTS level.

1c Gross Value Added, intermediate consumption and output of general government by subsectors and by NUTS Level 2 area, 1998, £ per head index, UK (less Extra Regio) = 100

NUTS Level 1 NUTS Level 2	General Government: Subsector; Transaction						Central Government: Subsector; Transaction						Local Government: Subsector; Transaction					
	Compensation of Employees	Taxes on Production	Consumption of Fixed Capital	**Gross Value Added**	Intermediate Consumption	**Output**	Compensation of Employees	Taxes on Production	Consumption of Fixed Capital	**Gross Value Added**	Intermediate Consumption	**Output**	Compensation of Employees	Taxes on Production	Consumption of Fixed Capital	**Gross Value Added**	Intermediate Consumption	**Output**
London	130	142	98	**127**	126	**127**	129	120	68	**119**	118	**119**	130	151	140	**132**	151	**138**
Inner London	207	199	151	**200**	188	**193**	254	186	117	**231**	182	**197**	178	204	197	**180**	204	**188**
Outer London	82	107	65	**81**	88	**85**	51	80	37	**49**	78	**70**	100	118	105	**101**	118	**107**
South East	98	100	92	**98**	103	**101**	118	107	96	**115**	105	**108**	86	98	86	**87**	98	**91**
Berkshire, Buckinghamshire and Oxfordshire	97	95	105	**98**	100	**99**	124	105	118	**123**	103	**109**	81	90	87	**82**	90	**85**
Surrey, East and West Sussex	78	98	74	**78**	88	**84**	59	85	62	**60**	83	**76**	90	103	90	**90**	103	**95**
Hampshire and Isle of Wight	148	116	101	**143**	143	**143**	248	160	113	**225**	158	**177**	88	98	84	**88**	98	**92**
Kent	77	95	94	**79**	87	**84**	63	84	103	**69**	83	**79**	86	99	81	**86**	99	**90**
South West	119	105	90	**115**	120	**118**	169	131	101	**158**	129	**138**	88	94	74	**87**	94	**90**
Gloucestershire, Wiltshire and North Somerset	132	101	94	**127**	131	**129**	216	150	110	**198**	147	**162**	81	82	72	**81**	82	**81**
Dorset and Somerset	102	104	71	**99**	105	**102**	108	108	73	**103**	106	**105**	99	103	67	**96**	103	**99**
Cornwall and Isles of Scilly	98	109	97	**98**	108	**104**	115	110	111	**115**	108	**110**	87	109	78	**87**	109	**95**
Devon	120	111	101	**117**	122	**120**	168	131	112	**159**	128	**137**	90	103	85	**90**	103	**95**
Wales	101	105	118	**103**	102	**102**	80	102	127	**87**	100	**96**	113	106	107	**113**	106	**110**
West Wales and the Valleys	92	105	106	**94**	93	**93**	46	88	109	**56**	87	**78**	120	112	102	**118**	112	**116**
East Wales	116	104	140	**118**	117	**117**	139	126	158	**141**	124	**129**	102	95	115	**103**	95	**100**
Scotland	124	92	121	**123**	109	**115**	137	121	108	**132**	119	**123**	116	80	139	**116**	80	**104**
North Eastern Scotland	105	88	110	**105**	109	**107**	95	123	75	**92**	121	**112**	111	74	159	**114**	74	**100**
Eastern Scotland	125	87	119	**124**	110	**116**	150	124	117	**144**	122	**129**	111	72	123	**111**	72	**97**
South Western Scotland	119	94	99	**116**	107	**111**	121	116	68	**113**	114	**114**	118	85	141	**119**	85	**107**
Highlands and Islands	167	109	290	**178**	121	**146**	228	130	365	**247**	128	**163**	130	101	185	**133**	101	**122**
Northern Ireland[2]	118	36	275	**132**	110	**120**	286	83	463	**310**	142	**191**	16	17	15	**16**	17	**16**

see footnotes on first page of table

2a Compensation of Employees by Residence, by NUTS Level 2 area, 1998, £ million

NUTS Level 1 NUTS Level 2	Compensation of Employees by Residence (£ million)		
	General Government	Central Government	Local Government
UNITED KINGDOM[1]	61,704	23,741	37,963
England	49,425	17,560	31,865
North East	2,506	685	1,821
Tees Valley and Durham	1,059	223	836
Northumberland and Tyne and Wear	1,446	462	985
North West	6,178	1,470	4,708
Cumbria	369	78	291
Cheshire	838	181	657
Greater Manchester	2,154	413	1,741
Lancashire	1,426	431	995
Merseyside	1,392	367	1,025
Yorkshire and the Humber	4,833	1,509	3,324
East Riding and North Lincolnshire	742	156	586
North Yorkshire	1,137	664	473
South Yorkshire	1,110	248	862
West Yorkshire	1,843	440	1,403
East Midlands	3,331	843	2,487
Derbyshire and Nottinghamshire	1,520	283	1,237
Leicestershire, Rutland and Northamptonshire	1,166	237	929
Lincolnshire	645	323	321
West Midlands	4,396	973	3,423
Herefordshire, Worcestershire and Warwickshire	1,015	213	802
Shropshire and Staffordshire	1,332	390	943
West Midlands	2,049	370	1,679
East	4,987	1,749	3,238
East Anglia	2,169	946	1,223
Bedfordshire and Hertfordshire	1,498	394	1,104
Essex	1,320	409	911
London	8,308	3,115	5,193
Inner London	3,541	1,590	1,951
Outer London	4,766	1,525	3,242
South East	8,887	3,981	4,907
Berkshire, Buckinghamshire and Oxfordshire	2,238	1,062	1,176
Surrey, East and West Sussex	2,434	747	1,687
Hampshire and Isle of Wight	2,788	1,709	1,060
Kent	1,448	464	984
South West	5,998	3,234	2,764
Gloucestershire, Wiltshire and North Somerset	2,900	1,787	1,113
Dorset and Somerset	1,278	524	754
Cornwall and Isles of Scilly	525	237	287
Devon	1,295	685	610
Wales	2,901	771	2,130
West Wales and the Valleys	1,832	404	1,428
East Wales	1,069	367	702
Scotland	6,523	2,728	3,795
North Eastern Scotland	556	195	361
Eastern Scotland	2,485	1,127	1,358
South Western Scotland	2,894	1,119	1,775
Highlands and Islands	588	287	301
Northern Ireland[2]	2,053	1,880	173
Extra Regio[3]	802	802	0

1. Components may not sum to totals as a result of rounding.
2. This area is represented at more than one NUTS level.
3. Extra Regio: Parts of UK economic territory that cannot be attached to any particular region.

2b Compensation of Employees by Residence, by NUTS Level 2 area, 1998, £ per head

NUTS Level 1 NUTS Level 2	Compensation of Employees by Residence (£ per head)		
	General Government	Central Government	Local Government
UNITED KINGDOM[1]	1,028	387	641
England	999	355	644
North East	968	265	703
Tees Valley and Durham	910	192	718
Northumberland and Tyne and Wear	1,015	324	691
North West	897	213	683
Cumbria	748	158	590
Cheshire	851	184	667
Greater Manchester	836	160	675
Lancashire	999	302	697
Merseyside	987	260	727
Yorkshire and the Humber	958	299	659
East Riding and North Lincolnshire	841	177	664
North Yorkshire	1,532	895	637
South Yorkshire	851	190	661
West Yorkshire	872	208	664
East Midlands	799	202	597
Derbyshire and Nottinghamshire	759	142	618
Leicestershire, Rutland and Northamptonshire	755	153	602
Lincolnshire	1,034	519	516
West Midlands	824	182	642
Herefordshire, Worcestershire and Warwickshire	837	176	661
Shropshire and Staffordshire	893	261	632
West Midlands	779	141	639
East	928	325	602
East Anglia	994	434	561
Bedfordshire and Hertfordshire	942	248	694
Essex	822	255	567
London	1,156	433	723
Inner London	1,283	576	707
Outer London	1,077	344	732
South East	1,110	497	613
Berkshire, Buckinghamshire and Oxfordshire	1,066	506	560
Surrey, East and West Sussex	951	292	659
Hampshire and Isle of Wight	1,563	965	598
Kent	919	295	625
South West	1,224	660	564
Gloucestershire, Wiltshire and North Somerset	1,341	826	515
Dorset and Somerset	1,083	444	639
Cornwall and Isles of Scilly	1,070	484	586
Devon	1,212	642	571
Wales	989	263	726
West Wales and the Valleys	981	216	765
East Wales	1,003	345	658
Scotland	1,274	533	741
North Eastern Scotland	1,103	388	716
Eastern Scotland	1,312	595	717
South Western Scotland	1,230	476	755
Highlands and Islands	1,590	776	814
Northern Ireland[2]	1,216	1,114	102

1. UK excluding Extra Regio: Parts of UK economic territory that cannot be attached to any particular region
2. This area is represented at more than one NUTS level.

2c Compensation of Employees by Residence, by NUTS Level 2 area, 1998, £ per head, index, UK (less Extra Regio) = 100

NUTS Level 1 NUTS Level 2	Compensation of Employees by Residence (£ per head, index, UK less extra regio = 100)		
	General Government	Central Government	Local Government
UNITED KINGDOM[1]	100	100	100
England	97	92	100
North East	94	68	110
Tees Valley and Durham	89	50	112
Northumberland and Tyne and Wear	99	84	108
North West	87	55	107
Cumbria	73	41	92
Cheshire	83	48	104
Greater Manchester	81	41	105
Lancashire	97	78	109
Merseyside	96	67	113
Yorkshire and the Humber	93	77	103
East Riding and North Lincolnshire	82	46	104
North Yorkshire	149	231	99
South Yorkshire	83	49	103
West Yorkshire	85	54	104
East Midlands	78	52	93
Derbyshire and Nottinghamshire	74	37	96
Leicestershire, Rutland and Northamptonshire	73	40	94
Lincolnshire	101	134	80
West Midlands	80	47	100
Herefordshire, Worcestershire and Warwickshire	81	45	103
Shropshire and Staffordshire	87	67	99
West Midlands	76	36	100
East	90	84	94
East Anglia	97	112	87
Bedfordshire and Hertfordshire	92	64	108
Essex	80	66	89
London	112	112	113
Inner London	125	149	110
Outer London	105	89	114
South East	108	128	96
Berkshire, Buckinghamshire and Oxfordshire	104	131	87
Surrey, East and West Sussex	92	75	103
Hampshire and Isle of Wight	152	249	93
Kent	89	76	98
South West	119	170	88
Gloucestershire, Wiltshire and North Somerset	130	213	80
Dorset and Somerset	105	115	100
Cornwall and Isles of Scilly	104	125	91
Devon	118	166	89
Wales	96	68	113
West Wales and the Valleys	95	56	119
East Wales	98	89	103
Scotland	124	138	116
North Eastern Scotland	107	100	112
Eastern Scotland	128	154	112
South Western Scotland	120	123	118
Highlands and Islands	155	200	127
Northern Ireland[2]	118	288	16

1. UK excluding Extra Regio: Parts of UK economic territory that cannot be attached to any particular region
2. This area is represented at more than one NUTS level.

This page is intentionally blank

3a Components of General Government Gross Adjusted Disposable Income, 1998, £ million

NUTS Level 1 NUTS Level 2	Resources							Current Transfers				
	Taxes on Products	Other taxes on production	Taxes on income	Social Contributions	Other Current Taxes	Other Resources	Total Resources	Social Benefits other than Social Transfers in Kind	Social Transfers in Kind	Other Current Transfers	Total Current Transfers	Gross Adjusted Disposable Income
UNITED KINGDOM[1]	99,108	17,287	124,060	64,721	14,993	22,418	342,587	117,549	92,271	53,268	263,088	79,499
England	84,165	14,654	106,702	55,118	12,612	15,792	289,042	95,596	74,430	34,511	204,537	84,505
North East	3,655	497	3,542	2,349	568	743	11,555	5,904	4,052	1,132	11,087	468
Tees Valley and Durham	1,745	230	1,587	1,079	258	314	5,214	2,687	1,771	437	4,894	319
Northumberland and Tyne and Wear	2,110	267	1,956	1,270	310	428	6,341	3,217	2,281	695	6,192	149
North West	10,799	1,599	11,212	6,757	1,707	2,179	34,252	15,351	10,749	3,976	30,076	4,176
Cumbria	842	130	825	463	140	206	2,605	898	791	178	1,866	739
Cheshire	1,772	288	2,446	1,149	279	328	6,262	1,771	1,412	539	3,722	2,540
Greater Manchester	4,062	646	3,929	2,514	610	712	12,472	5,906	4,063	1,708	11,677	795
Lancashire	2,262	287	2,210	1,365	354	427	6,906	2,920	2,121	663	5,704	1,202
Merseyside	1,861	248	1,801	1,266	324	506	6,007	3,856	2,362	888	7,106	-1,099
Yorkshire and the Humber	8,332	1,103	8,188	4,905	1,140	1,437	25,106	9,953	7,560	3,022	20,535	4,571
East Riding and North Lincolnshire	1,481	206	1,633	837	205	233	4,595	1,761	1,192	325	3,277	1,318
North Yorkshire	1,412	174	1,473	790	203	272	4,324	1,174	1,027	431	2,632	1,692
South Yorkshire	1,990	250	1,684	1,205	270	354	5,753	2,792	2,058	710	5,560	193
West Yorkshire	3,449	473	3,397	2,074	462	578	10,434	4,227	3,282	1,556	9,065	1,368
East Midlands	7,048	1,071	7,611	4,357	1,043	1,263	22,393	7,386	5,848	1,953	15,186	7,207
Derbyshire and Nottinghamshire	3,283	482	3,464	1,961	500	584	10,275	3,741	2,875	854	7,471	2,805
Leicestershire, Rutland and Northamptonshire	2,664	449	3,214	1,742	385	469	8,923	2,560	2,109	889	5,558	3,365
Lincolnshire	1,100	140	933	654	157	210	3,195	1,085	863	210	2,158	1,038
West Midlands	8,952	1,319	9,228	5,606	1,294	1,539	27,940	10,288	7,965	2,890	21,143	6,796
Herefordshire, Worcestershire and Warwickshire	2,219	311	2,635	1,357	342	380	7,245	1,894	1,615	500	4,009	3,235
Shropshire and Staffordshire	2,536	331	2,474	1,615	356	426	7,738	2,601	2,092	592	5,285	2,453
West Midlands	4,197	677	4,119	2,634	597	733	12,956	5,792	4,258	1,798	11,849	1,108
East	9,594	1,489	13,460	6,411	1,453	1,685	34,091	8,718	7,995	3,235	19,948	14,143
East Anglia	3,767	551	4,966	2,256	544	724	12,808	3,521	3,226	1,426	8,172	4,636
Bedfordshire and Hertfordshire	3,021	496	4,373	2,173	465	513	11,040	2,479	2,526	876	5,881	5,160
Essex	2,806	441	4,121	1,982	444	448	10,243	2,719	2,243	933	5,895	4,348

1. Components may not sum to totals as a result of rounding.
2. This area is represented at more than one NUTS level.
3. Extra Regio: parts of UK economic territory that cannot be attached to any particular region.

3a Components of General Government Gross Adjusted Disposable Income, 1998, £ million

NUTS Level 1 NUTS Level 2	Resources							Current Transfers				
	Taxes on Products	Other taxes on production	Taxes on income	Social Contributions	Other Current Taxes	Other Resources	Total Resources	Social Benefits other than Social Transfers in Kind	Social Transfers in Kind	Other Current Transfers	Total Current Transfers	Gross Adjusted Disposable Income
London	12,303	4,138	22,204	10,157	1,731	2,852	53,383	16,739	12,840	9,809	39,388	13,995
Inner London	5,012	2,636	11,491	4,238	604	1,649	25,632	7,886	5,960	6,836	20,682	4,950
Outer London	7,290	1,502	10,712	5,918	1,126	1,202	27,751	8,853	6,880	2,974	18,707	9,044
South East	14,717	2,284	21,980	9,691	2,322	2,560	53,555	12,769	10,395	5,582	28,746	24,808
Berkshire, Buckinghamshire and Oxfordshire	3,941	699	6,963	2,845	625	693	15,766	3,014	2,513	1,561	7,087	8,679
Surrey, East and West Sussex	4,982	743	7,386	3,183	797	781	17,872	4,029	3,488	1,987	9,504	8,368
Hampshire and Isle of Wight	3,146	453	4,223	1,888	485	583	10,778	2,900	2,327	1,195	6,422	4,356
Kent	2,649	390	3,408	1,774	415	503	9,139	2,827	2,067	839	5,733	3,406
South West	8,565	1,152	9,277	4,885	1,353	1,534	26,767	8,488	7,027	2,913	18,427	8,340
Gloucestershire, Wiltshire and North Somerset	3,907	574	4,809	2,399	614	713	13,017	3,542	2,999	1,636	8,178	4,840
Dorset and Somerset	2,115	270	2,226	1,178	342	351	6,482	1,981	1,688	606	4,276	2,206
Cornwall and Isles of Scilly	752	90	603	402	125	137	2,110	940	740	166	1,846	264
Devon	1,791	218	1,639	906	272	333	5,158	2,025	1,598	505	4,128	1,031
Wales	4,404	614	3,884	2,532	572	948	12,953	6,440	5,032	1,350	12,822	131
West Wales and the Valleys	2,709	349	2,228	1,548	360	563	7,756	4,317	3,271	702	8,290	-534
East Wales	1,694	265	1,656	984	212	385	5,197	2,122	1,762	647	4,531	665
Scotland	8,193	1,706	9,365	5,506	1,565	1,770	28,105	10,860	9,658	3,247	23,765	4,340
North Eastern Scotland	884	197	1,109	612	153	154	3,110	771	918	227	1,916	1,194
Eastern Scotland	3,155	674	3,682	2,164	591	669	10,935	3,668	3,469	1,566	8,703	2,232
South Western Scotland	3,533	715	4,017	2,368	705	743	12,082	5,751	4,501	1,343	11,595	487
Highlands and Islands	621	120	557	361	116	203	1,978	671	771	110	1,552	426
Northern Ireland[2]	2,347	313	2,184	1,405	245	764	7,258	4,654	3,151	1,387	9,192	-1,934
Extra Regio[3]	0	0	1,395	61	0	634	2,089	0	0	0	0	2,089
Rest of World	0	0	530	99	0	2,510	3,139	0	0	12,773	12,773	-9,634

see footnotes on first page of table

3b Components of General Government Gross Adjusted Disposable Income, 1998, £ per head

NUTS Level 1 NUTS Level 2	Resources							Current Transfers				
	Taxes on Products	Other taxes on production	Taxes on income	Social Contributions	Other Current Taxes	Other Resources	Total Resources	Social Benefits other than Social Transfers in Kind	Social Transfers in Kind	Other Current Transfers	Total Current Transfers	Gross Adjusted Disposable Income
UNITED KINGDOM[1]	1,673	292	2,062	1,090	253	325	5,695	1,984	1,558	684	4,226	1,469
England	1,700	296	2,156	1,114	255	319	5,840	1,931	1,504	697	4,133	1,707
North East	1,489	192	1,368	907	220	287	4,462	2,280	1,565	437	4,281	181
Tees Valley and Durham	1,499	198	1,363	927	222	270	4,479	2,308	1,521	375	4,204	274
Northumberland and Tyne and Wear	1,480	187	1,372	891	218	300	4,448	2,257	1,600	487	4,344	104
North West	1,567	232	1,627	981	248	316	4,971	2,228	1,560	577	4,365	606
Cumbria	1,708	264	1,673	939	284	418	5,286	1,823	1,604	360	3,787	1,499
Cheshire	1,800	293	2,485	1,168	283	333	6,362	1,799	1,435	548	3,782	2,580
Greater Manchester	1,576	251	1,524	975	237	276	4,839	2,291	1,576	663	4,531	308
Lancashire	1,586	201	1,549	957	248	299	4,840	2,046	1,487	465	3,998	842
Merseyside	1,320	176	1,278	898	230	359	4,262	2,736	1,676	630	5,042	-780
Yorkshire and the Humber	1,652	219	1,624	973	226	285	4,979	1,974	1,499	599	4,072	906
East Riding and North Lincolnshire	1,677	233	1,850	948	232	264	5,204	1,994	1,349	368	3,711	1,492
North Yorkshire	1,901	234	1,985	1,064	274	367	5,824	1,581	1,384	580	3,545	2,279
South Yorkshire	1,526	192	1,292	924	207	271	4,411	2,141	1,578	545	4,263	148
West Yorkshire	1,632	224	1,607	981	219	273	4,937	2,000	1,553	736	4,290	647
East Midlands	1,690	257	1,826	1,045	250	303	5,371	1,771	1,403	468	3,642	1,728
Derbyshire and Nottinghamshire	1,640	241	1,731	980	250	292	5,133	1,869	1,436	427	3,732	1,401
Leicestershire, Rutland and Northamptonshire	1,725	290	2,081	1,128	249	303	5,777	1,658	1,366	575	3,599	2,176
Lincolnshire	1,766	225	1,498	1,049	252	338	5,128	1,740	1,385	337	3,463	1,665
West Midlands	1,679	247	1,731	1,051	243	289	5,239	1,929	1,494	542	3,965	1,275
Herefordshire, Worcestershire and Warwickshire	1,830	257	2,173	1,119	282	313	5,973	1,562	1,331	413	3,306	2,668
Shropshire and Staffordshire	1,700	222	1,659	1,083	238	286	5,188	1,744	1,403	397	3,543	1,645
West Midlands	1,597	257	1,567	1,002	227	279	4,930	2,204	1,620	684	4,508	421
East	1,784	277	2,503	1,192	270	313	6,340	1,621	1,487	602	3,710	2,630
East Anglia	1,727	253	2,277	1,034	249	332	5,872	1,614	1,479	654	3,747	2,126
Bedfordshire and Hertfordshire	1,900	312	2,750	1,366	293	322	6,942	1,559	1,588	551	3,698	3,245
Essex	1,747	275	2,567	1,235	277	279	6,379	1,693	1,397	581	3,671	2,708

1 Excludes Rest of World and Extra Regio: parts of UK economic territory that cannot be attached to any particular region.
2 This area is represented at more than one NUTS level.

3b Components of General Government Gross Adjusted Disposable Income, 1998, £ per head

NUTS Level 1 NUTS Level 2	Resources							Current Transfers				
	Taxes on Products	Other taxes on production	Taxes on income	Social Contributions	Other Current Taxes	Other Resources	Total Resources	Social Benefits other than Social Transfers in Kind	Social Transfers in Kind	Other Current Transfers	Total Current Transfers	Gross Adjusted Disposable Income
London	1,712	576	3,089	1,413	241	397	7,427	2,329	1,786	1,365	5,480	1,947
Inner London	1,816	955	4,163	1,535	219	597	9,285	2,857	2,159	2,476	7,492	1,793
Outer London	1,647	339	2,420	1,337	254	272	6,269	2,000	1,554	672	4,226	2,043
South East	1,839	285	2,746	1,211	290	320	6,691	1,595	1,299	697	3,592	3,100
Berkshire, Buckinghamshire and Oxfordshire	1,878	333	3,317	1,356	298	330	7,512	1,436	1,197	744	3,377	4,135
Surrey, East and West Sussex	1,946	290	2,886	1,244	311	305	6,982	1,574	1,363	776	3,713	3,269
Hampshire and Isle of Wight	1,777	256	2,384	1,066	274	329	6,086	1,637	1,314	675	3,626	2,459
Kent	1,682	248	2,165	1,127	263	320	5,804	1,795	1,313	533	3,641	2,163
South West	1,748	235	1,893	997	276	313	5,461	1,732	1,434	594	3,760	1,702
Gloucestershire, Wiltshire and North Somerset	1,807	266	2,224	1,110	284	330	6,021	1,638	1,387	757	3,782	2,238
Dorset and Somerset	1,792	229	1,886	998	290	297	5,491	1,678	1,430	514	3,622	1,869
Cornwall and Isles of Scilly	1,534	184	1,230	819	255	280	4,303	1,917	1,510	338	3,764	538
Devon	1,676	204	1,534	848	254	312	4,828	1,895	1,496	472	3,863	965
Wales	1,501	209	1,324	863	195	323	4,416	2,195	1,716	460	4,371	45
West Wales and the Valleys	1,451	187	1,193	829	193	301	4,153	2,312	1,751	376	4,439	-286
East Wales	1,590	249	1,554	923	199	361	4,876	1,991	1,653	607	4,252	624
Scotland	1,600	333	1,829	1,075	306	346	5,489	2,121	1,886	634	4,642	848
North Eastern Scotland	1,754	390	2,201	1,214	304	306	6,170	1,530	1,820	451	3,800	2,370
Eastern Scotland	1,665	356	1,943	1,142	312	353	5,772	1,936	1,831	826	4,594	1,178
South Western Scotland	1,502	304	1,708	1,007	300	316	5,137	2,445	1,914	571	4,930	207
Highlands and Islands	1,680	324	1,508	977	313	550	5,353	1,815	2,086	299	4,199	1,154
Northern Ireland[2]	1,390	185	1,293	832	145	453	4,298	2,756	1,866	822	5,443	-1,145

see footnotes on first page of table

3c Components of General Government Gross Adjusted Disposable Income, 1998, £ per head, index, UK (less Extra Regio and Rest of World) = 100

NUTS Level 1 NUTS Level 2	Resources							Current Transfers				
	Taxes on Products	Other taxes on production	Taxes on income	Social Contributions	Other Current Taxes	Other Resources	Total Resources	Social Benefits other than Social Transfers in Kind	Social Transfers in Kind	Other Current Transfers	Total Current Transfers	Gross Adjusted Disposable Income
UNITED KINGDOM[1]	100	100	100	100	100	100	100	100	100	100	100	100
England	102	101	105	102	101	98	103	97	97	102	98	116
North East	89	66	66	83	87	88	78	115	100	64	101	12
Tees Valley and Durham	90	68	66	85	88	83	79	116	98	55	99	19
Northumberland and Tyne and Wear	88	64	67	82	86	92	78	114	103	71	103	7
North West	94	80	79	90	98	97	87	112	100	84	103	41
Cumbria	102	90	81	86	112	128	93	92	103	53	90	102
Cheshire	108	100	121	107	112	102	112	91	92	80	89	176
Greater Manchester	94	86	74	89	94	85	85	115	101	97	107	21
Lancashire	95	69	75	88	98	92	85	103	95	68	95	57
Merseyside	79	60	62	82	91	110	75	138	108	92	119	-53
Yorkshire and the Humber	99	75	79	89	89	88	87	99	96	88	96	62
East Riding and North Lincolnshire	100	80	90	87	92	81	91	100	87	54	88	102
North Yorkshire	114	80	96	98	108	113	102	80	89	85	84	155
South Yorkshire	91	66	63	85	82	83	77	108	101	80	101	10
West Yorkshire	98	77	78	90	86	84	87	101	100	108	102	44
East Midlands	101	88	89	96	99	93	94	89	90	69	86	118
Derbyshire and Nottinghamshire	98	83	84	90	99	90	90	94	92	62	88	95
Leicestershire, Rutland and Northamptonshire	103	100	101	103	98	93	101	84	88	84	85	148
Lincolnshire	106	77	73	96	100	104	90	88	89	49	82	113
West Midlands	100	85	84	96	96	89	92	97	96	79	94	87
Herefordshire, Worcestershire and Warwickshire	109	88	105	103	111	96	105	79	85	60	78	182
Shropshire and Staffordshire	102	76	80	99	94	88	91	88	90	58	84	112
West Midlands	95	88	76	92	90	86	87	111	104	100	107	29
East	107	95	121	109	107	96	111	82	95	88	88	179
East Anglia	103	87	110	95	98	102	103	81	95	96	89	145
Bedfordshire and Hertfordshire	114	107	133	125	116	99	122	79	102	81	88	221
Essex	104	94	124	113	109	86	112	85	90	85	87	184

1. Excludes Rest of World and Extra Regio: parts of UK economic territory that cannot be attached to any particular region.
2. This area is represented at more than one NUTS level.

3c Components of General Government Gross Adjusted Disposable Income, 1998, £ per head, index, UK (less Extra Regio and Rest of World) = 100

NUTS Level 1 NUTS Level 2	Resources							Current Transfers				
	Taxes on Products	Other taxes on production	Taxes on income	Social Contributions	Other Current Taxes	Other Resources	Total Resources	Social Benefits other than Social Transfers in Kind	Social Transfers in Kind	Other Uses	Total Uses	Gross Adjusted Disposable Income
London	102	197	150	130	95	122	130	117	115	200	130	133
Inner London	109	327	202	141	86	184	163	144	139	362	177	122
Outer London	98	116	117	123	101	83	110	101	100	98	100	139
South East	110	98	133	111	115	98	117	80	83	102	85	211
Berkshire, Buckinghamshire and Oxfordshire	112	114	161	124	118	102	132	72	77	109	80	281
Surrey, East and West Sussex	116	99	140	114	123	94	123	79	87	114	88	222
Hampshire and Isle of Wight	106	88	116	98	108	101	107	83	84	99	86	167
Kent	101	85	105	103	104	98	102	90	84	78	86	147
South West	104	81	92	91	109	96	96	87	92	87	89	116
Gloucestershire, Wiltshire and North Somerset	108	91	108	102	112	101	106	83	89	111	90	152
Dorset and Somerset	107	78	91	92	115	91	96	85	92	75	86	127
Cornwall and Isles of Scilly	92	63	60	75	101	86	76	97	97	49	89	37
Devon	100	70	74	78	101	96	85	95	96	69	91	66
Wales	90	72	64	79	77	99	78	111	110	67	103	3
West Wales and the Valleys	87	64	58	76	76	93	73	116	112	55	105	-19
East Wales	95	85	75	85	79	111	86	100	106	89	101	42
Scotland	96	114	89	99	121	106	96	107	121	93	110	58
North Eastern Scotland	105	134	107	111	120	94	108	77	117	66	90	161
Eastern Scotland	100	122	94	105	123	108	101	98	118	121	109	80
South Western Scotland	90	104	83	92	118	97	90	123	123	84	117	14
Highlands and Islands	100	111	73	90	124	169	94	91	134	44	99	79
Northern Ireland[2]	83	64	63	76	57	139	75	139	120	120	129	-78

see footnotes on first page of table

Official Statistics and the New Economy; Report of the 2002 IAOS London Conference

Contact: Tony Clayton

Economic Analysis and Satellite Accounts Division

Office for National Statistics

Room D4-20
1 Drummond Gate
London SW1V 2QQ
tel: 020 7 533 5913
E-mail: tony.clayton@ons.gov.uk

Introduction

The 2002 London Conference of the International Association for Official Statistics generated a wide range of papers and discussions. Interaction between statisticians, economists, public policymakers and business leaders helped to develop consensus on important issues, reflecting:

- growing interest in understanding changes brought about by Information and Communication Technology (ICT) in economic and social activity;
- and the wide range of work underway in many organisations to improve that understanding.

The Conference concluding session was led by John Kidgell, UK Office for National Statistics; Enrico Giovannini, OECD; Fred Ho, Census and Statistics Department, Hong Kong, China; Rob Edwards, Australian Bureau of Statistics and Steve Landefeld, US Bureau of Economic Analysis. This summary, compiled by ONS rapporteurs, draws together the key points, and suggestions for action to improve international measurement of the New Economy. It has been submitted to the UN Statistical Commission for review at its meeting in March 2003.

The UK Office for National Statistics offers it as a record of conclusions from official statisticians, economists and statistics users on the important challenges which the ICT revolution poses to their work to inform public policy and the private sector. It also summarises participants' views on actions and priorities needed to bring about necessary change. ONS would like to thank all those conference attendees who contributed to this report.

1. Scope

The Conference title - 'Official Statistics and the New Economy' - drew comment. Some felt 'new economy measurement' too narrow an expression of the challenge facing statisticians and economists - to reflect cross-cutting changes in the economy and in society brought about by the increasing role of ICT. Others considered it too wide a term - covering organisational and behavioural changes unrelated to ICT.

Frameworks presented at the Conference described 'the Knowledge Based Economy' and 'the Information Society'. The conclusions in this report address the interpretation of the term 'New Economy' embraced by both these concepts. However they also cover issues raised which are outside this ICT related definition - particularly relating to output measurement in services - which are essentially 'old economy' measurement problems exposed by changes in economic structure.

2. Main Questions

The closing session of the Conference tackled the need for change under four main headings;

1) Do we need a new paradigm, or simply an updating and extension of existing National Accounts and other statistics?
2) What are leading issues in social statistics (education, labour, health, welfare etc) to address as a result of the 'new economy'?
3) Are current arrangements underpinning the international statistics community adequate to push ahead with the new economy measurement agenda?
4) What are the most important priorities for official statisticians to tackle now?

3. A New Paradigm?

The world economy is becoming significantly more ICT intensive, with major effects on other technology development fields (such as biotechnology or materials science) and with the impact of speeding up economic development processes. Companies and markets are more knowledge intensive, leading to rapid change on a global scale. The information technology change has led to both:

- rapid expansion in the products and services available to consumers and businesses: and

- changes in the way consumers and businesses behave and interact

The Conference has made it clear that there is an urgent need to update statistical measures to reflect the economy's changing structure. This need is especially pressing in the areas of services output and prices, which have traditionally been a 'weak spot' in National Accounts. Growth in services, to become a dominant element in many economies, has made agreed solutions even more urgent. This is not a 'new economy' problem - but an old one that the 'new economy' debates about output measurement and pricing have exposed.

Similar, but more complex, statistical needs exist in significant areas of ICT related capital formation, such as accounting for software, and the wider category of intangible assets, which clearly fall within any definition of the 'Knowledge Based Economy'. Solutions to these needs raise additional measurement problems: for example in intangibles there is major uncertainty and subjectivity concerning valuation methods. The question to be resolved is how far and how fast we can move, given the resource limits to implementation of any changes.

The need for a new paradigm for National Accounts statistics is, as yet, not proven. This is partly because there is no coherent new theory of how ICT has altered fundamental economic relationships within the economy. However, it has changed behaviour of, and interactions between, economic agents.

ICT has also changed the economic characteristics of assets as inputs to productive processes. For example, the behaviour of knowledge as an asset which can gain value in use is very different from that of physical assets. The assessment of knowledge, learning and skills as assets is, in most countries, handicapped by the lack of data on skills and lifelong learning within firms. This statistical gap is now being filled by some National Statistical Institutes (NSIs).

Another area where new dimensions of measurement may be needed is in assessing effects of the order of magnitude expansion in communication, as the 'networked society' allows many more interactions - both social and economic - between individuals. There are areas in which work required to adapt existing economic measurement frameworks will be very substantial - but the required changes are updates and extensions rather than a completely new framework.

To achieve these changes, and to understand business behaviour for policy purposes, there will be increasing demand for economic micro data. The ability to relate business data sets to other sources, and link performance data to information on inputs will be important in meeting these challenges.

It has been argued that the scale of change needed in some areas does represent a new paradigm for measurement. In particular, for services such as health and education there is a need for radically new approaches, as existing input based measures fail to deliver policy relevant information. National Accounts statistics based on inputs are of limited value, and moves towards output - or even better outcome - measures are needed. Here ICT should be part of the solution.

There are two areas in which new approaches are required in the assembly of data for official economic statistics. First, data collection must develop to reflect changes in business organisation, new sources of data and best technology. Too few NSIs have yet made significant moves to help enterprises providing their raw material - data - in new ways that capitalise on firms' electronic data systems. Second, the global dimension of business operations is relatively new for national statisticians and demands a new paradigm for data collection. Current problems with measuring enterprises as national entities should be resolved through active involvement of international organisations

Outputs of the statistical process are affected too. ICT has brought a revolution in the customers of NSIs. They are now a more broadly based cross section of society, e-enabled through the web. To this increasingly diffuse audience, NSIs deliver information depicting more complex economic and social structures. It is no longer enough to present raw unexplained data. Demands for explanation and for meta-data, to add context and value to data, will grow, and strategies for dissemination will need to change as a result.

4. Leading issues in social statistics

In an economy driven by information and knowledge, ICT has social dimensions which must be recognised - in education, health, labour markets and elsewhere. It is the combination of access to information and knowledge that determines the ability of individuals to derive benefits from public services and to operate effectively in society, and these benefits need to be understood in terms of outcomes. Statisticians will need to be able to identify disadvantaged groups on both dimensions - the knowledge divide, as well as the digital/access divide - to aid policymakers in tackling exclusion.

This will require initiatives by statisticians to:

- take into account the cross-cutting nature of ICT, linking economic and social outcomes, and recognising its pervasive effects:
- ensure coherence in data definitions and structures, to enable links to be drawn between micro data from different sources, to provide understanding of the social effects of public policy, and of economic developments: and
- respond to demand for public sector service measures in terms

of outcomes, to provide relevant public sector delivery and productivity data.

The role of education and skills development in the labour force is a central element of measurement for the Information Society. Defining and measuring the growth of human capital is critical to understanding productivity, and to interpreting behaviour in the labour market. Frameworks for educational monitoring against the background of increasing ICT intensity have been presented at the Conference, and could form the base for further international development.

There is increasing recognition that ICT changes social behaviour, and affects not just the composition of demand but also patterns of interaction between citizens, government and enterprise. Time use measurement of individuals is an increasingly important tool to understand these changes. As the digital economy blurs boundaries between home and work, leisure and employment, understanding how time is used by citizens as consumers and as members of the labour force can be a vital input to policy analysis. If there is a 'new paradigm' for individual economic behaviour, this is the way we are most likely to find and track it.

5. The international statistical community and the new economy measurement agenda

There is recognition that both international and national organisations find it increasingly difficult to keep pace with the changes in statistical needs. This is at a time when international comparability is more important than ever, given the rate of change, the increasing internationalisation of firms, and the need to understand global effects of ICT across different countries. Additional work is essential to underpin convergence, and existing international frameworks may not be able to deliver it.

However, the reality is that for most Official Statistics organisations, national priorities come first, and it is necessary to build international agreement for required changes on this understanding. The relevance of new statistical approaches must therefore be demonstrated, and it is not currently clear that changes considered useful by the most developed economies are beneficial to all.

With limited resources for statistics development, two ways to make the most of those available must be pursued:

- a more coherent programme of research into ICT and Information Society issues, including priorities and shared workload between organisations to avoid duplication of effort; and
- international bodies must, as a result of research, identify clear recommendations to member countries, not only on what they should do but also how they can achieve recommended outputs; this would go a long way to improve implementation of agreed changes to international frameworks.

Long term commitment to supporting change is required, in which NSIs agree to pool resources, and focus on areas of expertise in a shared research agenda. This is the only way to make progress affordable. There must also be more effective use of academic input within such a framework. This may require more, and perhaps different, resources and skills in NSIs and international organisations to implement the changes needed.

Price measurement, software accounting, and service sector output all require more research with exchange of current best practice, and of new concepts. This would permit the international statistical community to develop well understood comparisons of methodology, procedures and practices. International organisations must facilitate the sharing and exchange process.

There is general support for the need to update SNA93, as today's framework is inadequate for intangibles such as R&D - a major weakness. Processes to revise SNA in response to market and technology changes have been simultaneously too slow to keep pace, and too complex for all to follow, and should be amended:

- to enable all countries to meet basic standards in national accounts; and
- to adapt the existing framework to fill gaps identified.

The changes in decision processes rest with NSIs, who must ensure:

- commitment to implementation in good time; and
- more focus on exchanging good practice, to speed implementation

Convergence of classifications for 2007, to improve comparability, is also a high priority to provide a secure understanding of differences between countries, and international effects of change. International organisations have a central role in this, but can only build on the ability of NSIs to exchange and adopt good practice.

6. Priorities for official statisticians to tackle now

Conference participants were asked their priorities for international action within the statistical system to resolve issues outlined in discussion; this summary of responses also seeks to identify the organisations through which such action is best directed.

6.1 Processes for change

The mechanisms currently in use to develop systems of national accounts and classifications, and to implement new international agreements, have not kept pace with economic change. The following developments, requiring action at all levels in the international statistical system, would assist:

Development	Initiator
• Commitment to more flexible, possibly incremental, approach to SNA development, with more frequent updates aiming for convergence and comparability; agree on process, research agenda and timetable to progressive update	ISWGNA, UNSC
• Focus in SNA change on specifying how required changes can be implemented, to speed adoption and aid comparability	ISWGNA assisted by NSIs
• Greater investment in identification and exchange of 'good practice' statistical approaches, to spread common methodology and practice.	NSIs, drawing on academic input; Eurostat

6.2 Measurement Methodology

Agreed solutions are required to a wide range of technical questions, of which the following are the most pressing:

Development	Initiator
• Marketed services - agreed approach to output measurement and price deflator methodology	Voorburg city group OECD/Eurostat TF
• Quality and pricing measurement for ICT goods, including common standard for hedonic pricing approaches	OECD, Eurostat Hedonics Centre
• ICT and software capital measurement methodology	Canberra UN city group, EU
• Treatment of knowledge and other related intangibles as capital assets, building on work by firms and academics	Canberra group, NSIs, academics
• More investment in Information Society measures to build evidence on access, adoption and impact of ICT, and electronic networks for business and households	OECD, Eurostat, leading NSIs
• Classifications 2007, where convergence is vital to improve comparability, and to recognise the increased role of digital / information products	Convergence WG, UN, Eurostat, US, Mexico, Australia, New Zealand
• Measurement of human capital, and quality of labour inputs to economic activity, and better understanding of links between skills, knowledge, access to ICT networks and productivity	OECD, UNESCO
• Measurement of health and education services, moving the focus from input to output, or outcome, frameworks to provide information policymakers need, via satellite accounts	WHO, StatCan Paris21 consortium
• Develop business microdata, for analysis of productivity behaviour and performance, with protocols and frameworks to allow international comparison	OECD - SWIC, NSIs
• Develop time use data, as part of household microdata approach, to show effects of networks on individual behaviour - social and economic - and on changing demand and skills	UNDP, OECD,NSIs
• Measures to identify 'digital divide', within and between regions, to identify disadvantaged groups to aid policy makers	UNDP, OECD, NSIs

6.3 Measurement in practice

Measuring the 'New Economy' offers both challenges and opportunities for statisticians. Economic entities, and social networks, are more complex as a result of ICT use, but the technology itself offers many of the solutions.

Development	Initiator
• Integrated measurement approaches to multinational firms, accounting for an increasing part of economic activity, where national measurement fails to capture behaviour or performance	NSIs, Eurostat, WTO
• Develop methodology to improve data capture on output, prices, etc. from large databases developed by firms as part of operations; so far few NSIs have made significant progress.	Ottawa UN group, NSIs and leading firms

6.4 Dissemination

As NSI roles adapt to demands from 'evidence based' policy, the importance of clear communication and objectivity increases. Statisticians have a clear responsibility to improve accessibility and interpretability, especially as the internet delivers their output directly to business and citizens.

Development	Initiator
• Closer integration of concepts and meta-data, to ensure best practice in definitions, quality statistics and comparability on which users can depend	NSIs, through international leadership.
• Improved presentation and interpretation to support evidence based policy monitoring, via new dissemination standards, and through effective dialogue with users of statistics	NSIs, OECD, PARIS21 group

7. Monitoring Progress

These steps will help statisticians to present citizens, policymakers and business with a more convincing picture - still incomplete - of changes going on around them. Without change, there is increasing risk that official statistics may 'miss' the Information Economy . This IAOS conference has brought together a wide cross-section of users and providers of statistics, with shared interest in ensuring that the international statistical system meet its users' changing requirements. Many of the areas listed above are already being tackled.

For many developments, strong leadership from NSIs is required to move the agenda forward. Sharing good practice was a recurring theme of our discussions, and effective sharing must be driven from the 'ground up'. An important test of progress will be the extent to which NSIs achieve it.

International organisations in alphabetical order

Canberra group - UN sponsored working group on national household income accounts

ISWGNA - Intersecretariat Working Group on National Accounts (links international bodies concerned with SNA)

OEDC - Organisation for Economic Co-operation and Development

Ottawa group - UN sponsored working group on pricing measurement methodology

Paris 21 - PARtnership In Statistics for development in the 21st century.

SWIC - Working Party on Statistics (part of the Committee on Industry and Business Environment of OECD)

TF - Task Force (various)

UNDP - United Nations Development Programme

UNESCO - United Nations Educational, Scientific and Cultural Organisation

UNSC - United Nations Statistical Commission

Vorburg group - UN sponsored working group on services measurement and information society statistics

WG - Working Group (various)

WHO - World Health Organisation