

Economic Trends

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Contents

	Page
Introduction, symbols and definitions used	iv
Articles previously published in <i>Economic Trends</i>	v
UK macro-economic statistics publications	vi
Articles	
In brief	1
Economic update	2
Forecast for the UK economy	8
International economic indicators	9
Regional economic indicators	20
E commerce adoption and business impact: a progress report	31
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

Articles

This month we feature one article.

Tony Clayton and Kathryn Waldron of ONS report progress on e-Commerce adoption and business impact. The article reports progress made during the second half of 2002 on the examination of technology use and e-business adoption over time. Also it briefly reviews research underway on:

- investigating the influence of electronic networks, and e-business use, on innovation and its contribution to business growth;
- linking data on electronic network use by firms to information on productivity, building on frameworks developed by the Centre for Research into Business Activity (CeRiBA), and on approaches developed in other countries;

The innovation and productivity studies will be reported fully in later articles.

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: January 2003. TSO, ISBN 0 11 621592 5. Price £23.50.

Focus on Consumer Price Indices: December 2002. Available for downloading from the National Statistics website www.statistics.gov.uk/products/p867.asp

Monthly Review of External Trade Statistics (MM24): December 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

Economic Update - February 2003

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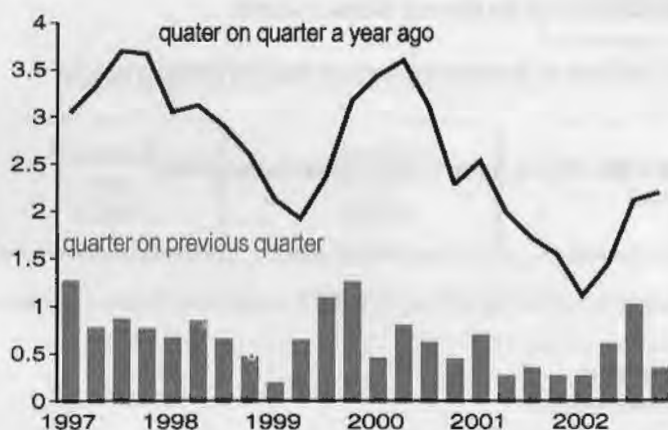
Overview

GDP data shows growth weakening in the second half of 2002, with manufacturing output falling a little and services output subdued. However, the construction sector is showing strong growth. External indices of output show a weaker position than earlier in the year. Headline National Accounts and retail sales figures suggests household demand is still strong, although some external figures have suggested weakness. Household debt remains high, perhaps supported by strong house price growth. 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 weak revenues have returned public sector finances to deficit. Trade demand deteriorated abruptly into the second half of the year, following a very strong second quarter. Overall labour market aggregates remain fairly flat, although the demand for specific types of labour appears to have changed. Private sector wage pressures are minimal. Producer prices remain subdued; RPIX moved above its target, although with a strong influence from house prices and oil.

GDP activity - overview

The preliminary estimate showed gross domestic product (GDP) quarterly growth in the fourth quarter of 2002 subdued, at 0.4 per cent. Growth comparing the fourth quarter of 2002 with the same quarter a year ago was 2.2 per cent, up from 2.1 per cent in the year to the third quarter of 2002 (figure 1).

Figure 1
GDP
growth



For 2002 as a whole, growth was 1.7 per cent compared with the previous year, down from 2.0 in 2001 and 3.1 in 2000. In the medium term, 2002 saw the lowest growth and the first figure below two per cent since 1992.

The Jubilee holidays taken in June continue to distort interpretation of the data. The estimated Jubilee adjusted profile produced by the ONS, suggests that growth was weak in the first quarter (0.2 per cent), rebounded strongly in the second quarter (0.8 – 1.3 per cent) but then fell back to a more subdued level in the second half of the year (with growth of 0.2 – 0.5

per cent in quarter three and 0.4 per cent in quarter four). Demand data shows that the primary determinant of this profile has been movements to trade, which grew very strongly in the second quarter and then deteriorated sharply in the third and fourth quarters.

Overall, movements in the UK economy are similar to those around the world with the global recovery in the main industrial economies seen in the first half of 2002 a little more tentative. Much of this recovery around the world was export led, and, as with the UK, fell back for most economies in the second half of the year. Moreover, the sharp declines in investment that were the primary cause of weakness in 2001 have not yet been reversed to any substantial degree.

Financial Market activity

Echoing this weaker scenario in the second half of the year have been equity indices. Following a levelling off through the first months of 2002, UK equity indices saw substantial declines resuming in the middle of the year. June saw a decline of 8.6 per cent, July of 9.4 per cent and then September of 12.0 per cent. The index then rose in September and November, but fell again, by 5.5 per cent in December (figure 2). At the time of writing January has seen sharp declines continuing, including a period of an unprecedented eleven consecutive daily falls.

In the medium term, according to the FTSE all-share index, equity values peaked at 3147 in December 1999. In December 2002 the index was 1901, a total decline of 40 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 between 1997 and 2000. Spreads between corporate and government bonds rose substantially in the second half of the year, although pulled back to some extent towards the end of the year.

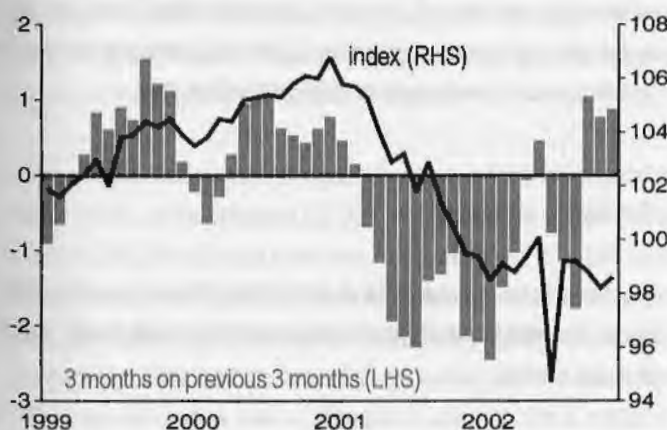
Figure 2
FTSE- all share price index, end month



Output

Resumed declines to manufacturing output are partly responsible for the more subdued GDP growth. Full figures for the fourth quarter are not available, and the three month growth rate into November continues to be distorted by the Jubilee. However monthly figures (figure 3) show an apparently weakening picture, with falls in September and October, only partially offset by a rise in November.

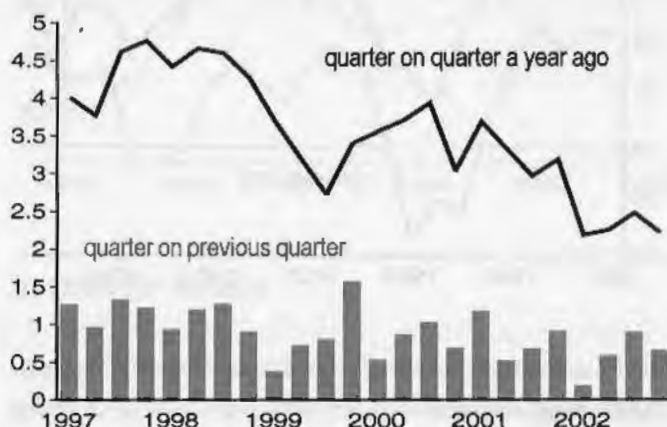
Figure 3
Index of manufacturing growth



Underlying the headline figures, the recent strong growth in the production of motor vehicles has abated somewhat with three consecutive monthly falls. Growth comparing the three months to November with the same

period a year ago was 6.4 per cent, down from recent peak growth of 13.1 per cent in May. On the other hand, output in the information and communications technologies industries have picked up a little in recent months with modest increases each month between August and November. However, comparing with a year ago, there is still a fall of 8.3 per cent.

Figure 4
Services output growth



Fourth quarter quarterly growth in the service sector was 0.6 per cent (figure 4). While this was down from 0.9 per cent in the third, this third quarter figure was again exaggerated by the Jubilee holiday effect. Excluding the Jubilee, service sector growth was really more subdued in the second half of the year. Taking 2002 as a whole, service sector growth was 2.3 per cent - the weakest since 1992.

This weaker growth was dominated by a sharp slowdown in 'transport, storage and communication' and considerably weaker growth in 'business services and finance', it was partially offset by very strong growth in distribution and retailing and ongoing robust growth in 'government and other services'.

Strong construction output growth has also continued to bolster overall GDP growth. The last published figure shows annual growth in the year to quarter three was 7.8 per cent, the highest growth since 1988.

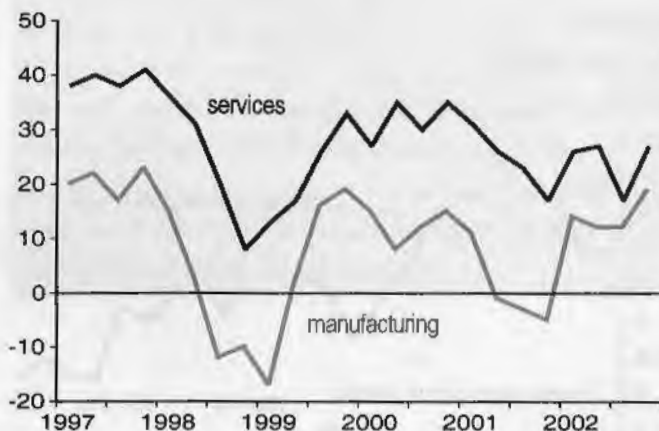
External measures of output

External measures for both manufacturing and service sector suggest a slightly weaker position than in earlier reports for 2002, although the sources are not unanimous.

The Confederation of British Industry (CBI) and Chartered Institute of Purchasing and Supply (CIPS) figures for the manufacturing sector show weakness throughout the fourth quarter, and the CIPS services

data shows growth, but at a slower pace. On the other hand the British Chamber of Commerce (BCC) survey shows both manufacturing and services sales and orders increasing into the fourth quarter (figure 5).

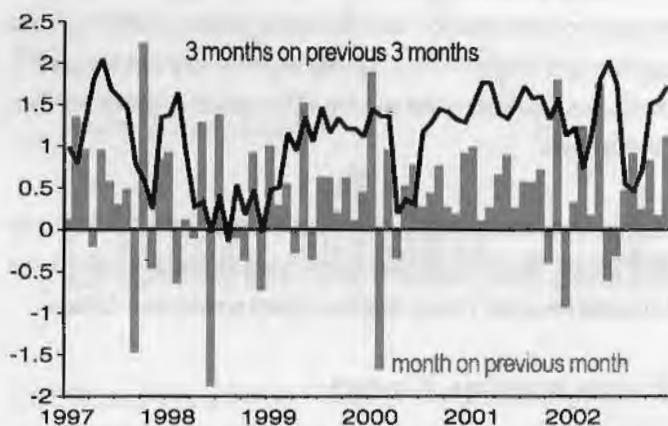
Figure 5
BCC: services & manufacturing
balances



Household demand

National Accounts figures for the third quarter of 2002 showed a 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 slightly weaker growth is likely to continue in quarter four.

Figure 6
Retail sales



Retail sales data show strong growth into the fourth quarter, with quarterly growth of 1.8 per cent, up substantially from growth of 0.7 per cent in quarter three (figure 6). These figures, and a strong monthly rise in December (by 1.1 per cent) confounded the expectation that the Christmas period was weaker than usual (although monthly movements should be treated with caution in particular around Christmas when seasonal

adjustment is particularly difficult). Comparing the fourth quarter with the same period a year ago shows growth of 5.5 per cent.

Expectations of a weaker Christmas were due partly to external figures; here both the British Retail Consortium (BRC) and CBI figures showed a fairly sharp deterioration at the end of the year (although the CBI data collection did not include the whole Christmas period). Consumer confidence figures also show a fairly clear deterioration in confidence over the second half of 2002, and a relatively significant fall into December.

Similarly there is slight evidence that consumer credit growth may be easing, with quarterly growth of 0.6 per cent in the three months to November, down from the peak growth in 2002 of 4.0 per cent in the three months to May. Annual growth in the three months to November has also eased to 7.4 per cent, compared with 15.1 per cent in November 2001.

Nevertheless, 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 willing to take on more debt and 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.

Part of this continued willingness to take on additional debt appears to be related to the very strong growth of house prices through 2002; here the Nationwide and Halifax figures show annual inflation in the year to December at 25 and 23 per cent. Tentative signs of a cooling are based on a monthly fall in the Halifax data, although this follows exceptionally large increases in October and September, and is complicated by methodological revisions to the data; and a Nationwide December figure that shows slightly weaker growth of 1.2 per cent, compared to monthly growth figures of over two per cent for much of the year.

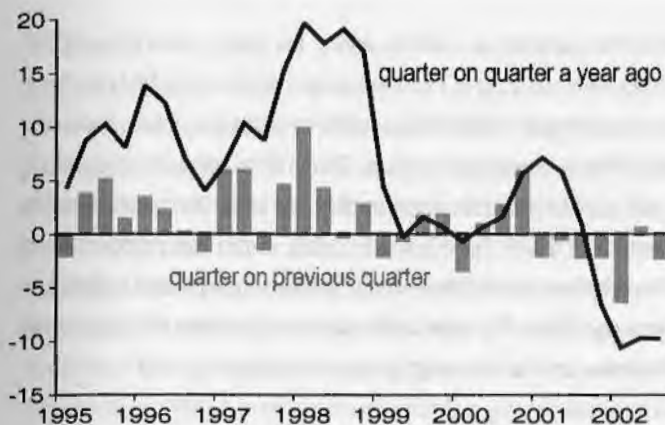
Business demand

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 shows 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
Business investment
growth



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 very 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.

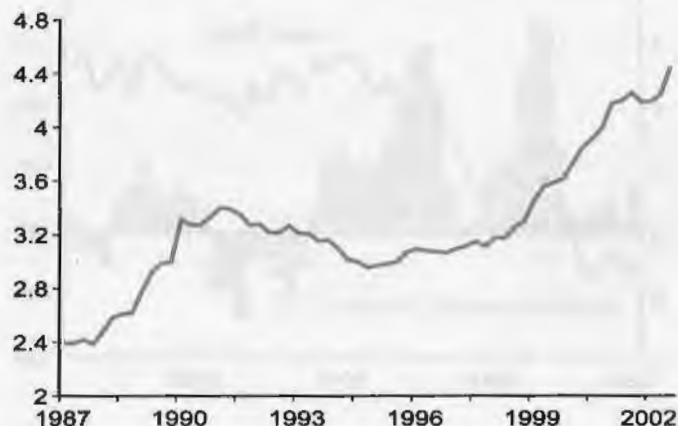
External indices have also showed a degree of weakening in investment intentions in the second half of the year.

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 0.9 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.

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 position 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.

Figure 8
Company debt to quarterly GDP ratio



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.

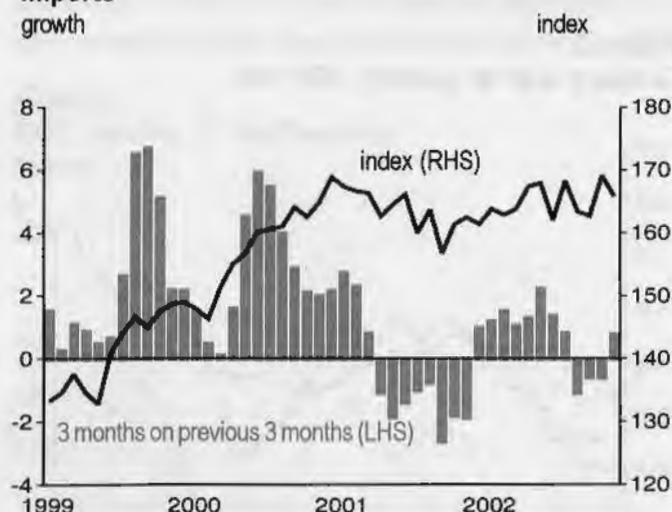
The ongoing strong growth in government expenditure has come as revenue growth is slowing, reflecting the slowdown in the economy. The effect is that the central Government sector has returned to net borrowing for four consecutive quarters, following thirteen quarters of net lending.

Monthly public sector net borrowing data now extends to December 2002 and shows cumulative net borrowing for the financial year 2002-03 stands at £21.4 billion, this compares with borrowing of £5.5 billion over the same period of the previous financial year. The data also illustrate the weakness in Inland Revenue tax receipts, with both income and corporation tax revenues falling in 2002 compared with 2001.

Imports

Following a pick-up in the first half of 2002, imports fell by 0.5 per cent in the third quarter. Goods figures show ongoing weakness into the fourth quarter, although there was slight growth of 0.8 per cent in the three months to November (figure 9).

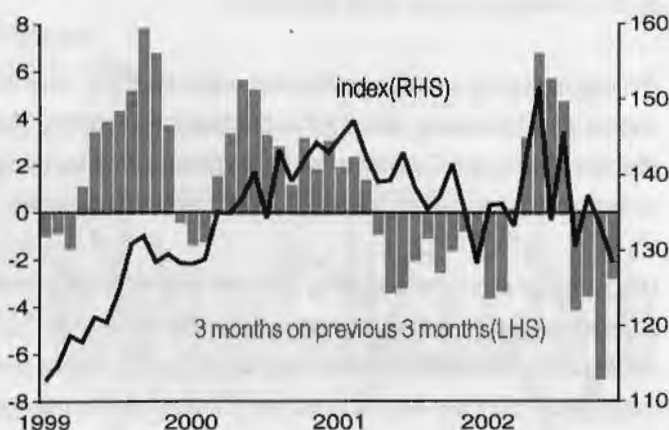
Figure 9
Imports
growth



Overseas Demand

UK exports deteriorated sharply in the second half of the year, following the sharp increase in activity in the second quarter. Overall, exports fell by 1.2 per cent in the third quarter following growth of 3.8 per cent in the second.

Figure 10
Exports



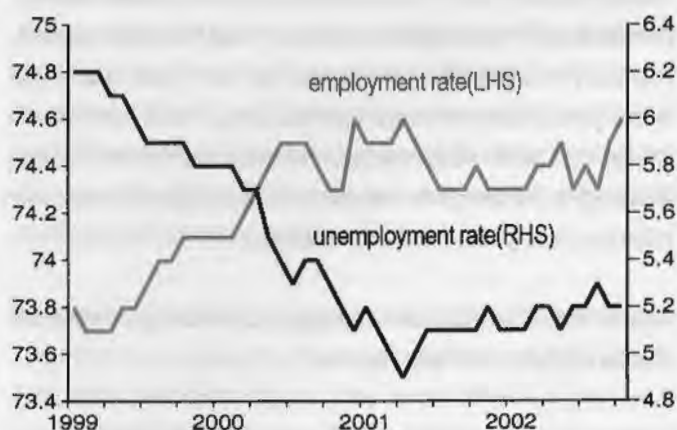
Goods data on figure 10 shows that these declines continued into the fourth quarter, with a fall of 2.7 per cent in the three months to November. These falls in trade have been with both EU and non-EU economies, although the recent decline has been more concentrated towards non-EU. The quarterly decline in goods exports to the US was 9.1 per cent, and is perhaps indicative of recent concerns over the strength of the US economy.

Labour Market

Headline labour market statistics continue to show mixed messages, but overall remain fairly flat. Underlying movements however suggest a changing demand for labour.

From the perspective of employment, the labour force survey (LFS) employment rate rose to 74.6 per cent in Sep-Nov from 74.4 per cent in June-Aug (figure 11), the LFS count of employment also increased by 107,000 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 Sep-Nov, up slightly on a year ago (figure 11), whereas the claimant count rate at 3.1 per cent in December is down very slightly from a year ago.

Figure 11
Labour Force Survey



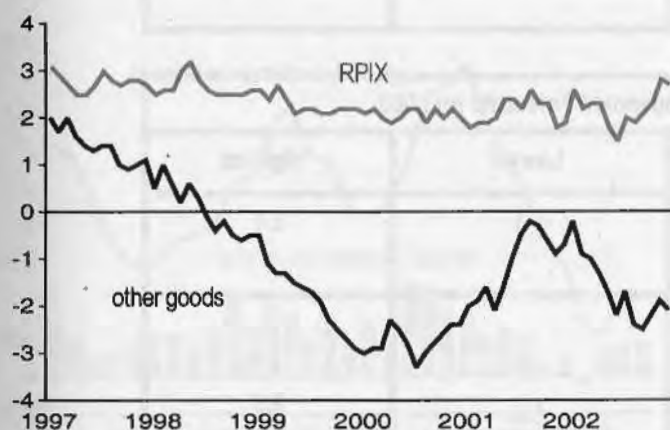
The most notable feature is that the nature of employment increases is changing. Firstly, most recent job creation has been exclusively in part-time posts: part-time employment increased by 174,000 over the year, while full-time jobs increased by only 50,000 (although this position was reversed between the latest two three-month periods). Secondly, there has been a bias towards job creation in the public sector. The industry disaggregation 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, 63 per cent were in the public sector areas (public administration, health and education). Lastly, again according to workforce jobs data, most job creation has been in self-employed jobs: over the year to quarter three, self-employed jobs have increased by 99,000, whereas 'employee jobs' have fallen by 76,000. Any of these factors might be interpreted as indicative of a labour market attempting to cope with the economic slowdown.

The average earnings index continues to echo the more subdued labour market. In November 2002 the headline rate was 3.8 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 (i.e. excluding food, beverages, tobacco and petroleum) annual output price inflation was 0.8 per cent in December up from 0.6 per cent in November. Underlying annual input prices inflation showed a fall of 1.4 per cent in the year to December, following a fall of 1.9 per cent in November. 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.

Figure 12
Consumer prices
growth, month on a year ago



On the other hand consumer price inflation has picked up a little in recent months. The Government's target measure RPIX was 2.7 per cent in December, down from 2.8 per cent in November. The November figure was the highest rate since 1998 (figure 12), but this was partly due to ongoing increases to the depreciation of housing component that are due to house price increases and effects from oil prices. The broad 'other goods' category – comprising many of the products that might be regarded as susceptible to consumer demand – continues to show deflation (figure 12 also). This indicates the marked contrast between generally subdued price pressures and significant price changes in the housing market and erratic effects due to oil.

Forecasts for the UK Economy

A comparison of independent forecasts, January 2003

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)	1.9	0.4	2.7
Inflation rate (Q4: per cent)			
- RPI	2.3	1.2	4.1
- RPI excl MIPs	2.2	1.5	3.1
Unemployment (Q4, mn)	1.09	0.94	1.33
Current Account (£ bn)	-23.3	-31.6	-18.0
PSNB * (2002-03, £ bn)	6.8	-6.7	15.0

	Independent Forecasts for 2003		
	Average	Lowest	Highest
GDP growth (per cent)	2.6	-0.1	3.4
Inflation rate (Q4: per cent)			
- RPI	2.8	1.8	4.1
- RPI excl MIPs	2.4	1.4	3.9
Unemployment (Q4, mn)	1.07	0.90	1.35
Current Account (£ bn)	-23.7	-39.6	-16.5
PSNB* (2003-04, £ bn)	11.0	0.5	22.0

NOTE: "FORECASTS FOR THE UK ECONOMY" gives more detailed forecasts, covering 27 variables and is published monthly by HM Treasury, available on annual subscription, price £75. Subscription enquiries should be addressed to Miss P K Phamber, Public Enquiry Unit, HM Treasury, Room 88/2, Parliament Street, London, SW1P 3AG (Tel: 020-7270 4558). It is also available at the Treasury's Internet site: <http://www.hm-treasury.gov.uk>.

* PSNB: Public Sector Net Borrowing.

International Economic Indicators - February 2003

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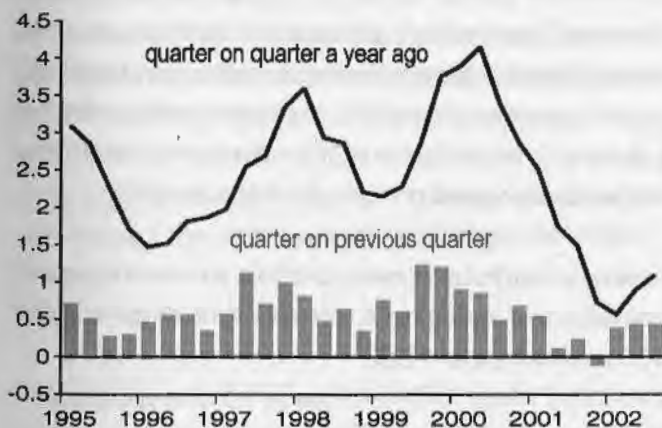
Overview

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 and Italy, while household consumption was the driver in France, USA and Japan. In all major economies except Italy, investment is still in decline. Recent monthly data shows industrial output appearing to weaken in most major economies. Set against output, unemployment is at best broadly flat or inching up in some economies, employment growth is also weakening. While headline figures rose a little, inflationary pressures remain very subdued.

EU15

The latest data for 2002 quarter three shows that the EU economy grew by 0.4 per cent, the same rate of growth as the two preceding quarters.

Figure 1
GDP: EU15
growth



EU GDP has been subdued since the start of 2001 (figure 1). The main driver of this has been falls in investment and falls in trade. In 2001 quarter four GDP declined for the first time since 1993 quarter one. A demand breakdown is only available to quarter two, where growth was as a result of a rebound in consumer expenditure and very strong exports.

There was no growth in industrial production in the EU in the third quarter. This follows growth of 0.4 per cent and 0.5 per cent in quarters one and two. Looking at the monthly figures, declines continue into quarter four with a large contraction of 0.5 per cent in the index in October.

Data for the second half of 2002 shows consumer price inflation increasing by 0.2 percentage points in every month for the three months to November. At 2.4 per cent in November, the rate is currently above the ceiling targeted by the European Central Bank. Prices at the factory gate had

been falling for the first half of this year, but started rising in the second half of 2002. Producer prices increased by 1.0 per cent in the year to November.

EU employment figures continue to show growth, although at a declining rate. Annual growth in the year to the third quarter was 0.5 per cent. The unemployment rate was 7.7 per cent in November, the same as the previous month 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, following a decline in the second half of 2001.

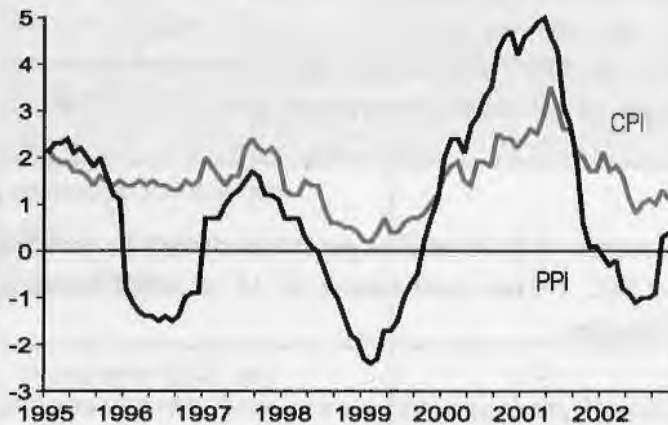
However, there has been a lack of any appreciable domestic momentum (although consumer spending was slightly stronger in quarter three) and declining investment spending (investment expenditure has declined for eight consecutive quarters). Government demand has made only small contributions. Impetus has come mainly from exports (adding a large 1.0 per cent to quarterly GDP in quarter three). Germany's growth rate remains below EU average with quarterly GDP being below the quarterly GDP growth rate of the region as a whole so far in every quarter of 2002.

The index of production grew by 0.8 per cent in the third quarter of 2002, following growth of 0.4 per cent in the previous quarter. However, monthly figures for September and October perhaps show declines resuming.

The CPI shows consumer prices growing by 1.1 per cent in the year to November, down from growth of 2.1 per cent growth seen in the index at

the start of the year (figure 2). The PPI is showing prices at the factory gate increasing by 0.4 per cent in the year to November. Germany has the lowest consumer price inflation of the largest Euro economies.

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



Having remained at 8.3 per cent of the workforce for five months since June 2002, unemployment in Germany has inched up by 0.1 percentage points in November. There has been a gradual increase in the unemployment rate from the recent trough of 7.6 per cent in quarter one 2001. 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

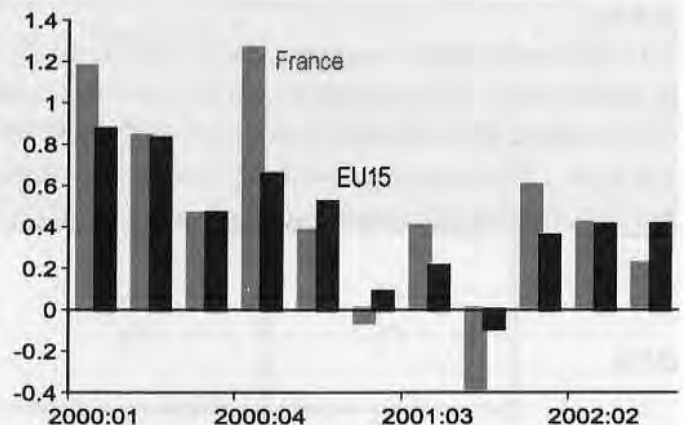
The latest data show that growth in the French economy slowed in the third quarter to 0.2 per cent, having grown by 0.4 per cent in the previous quarter.

The French economy has slowed significantly over the last two years, in line with global trends, although it outperformed the EU in the first half of this year (figure 3). The performance in the first half of 2002 compared to other major EU economies reflects mainly the stronger pace of consumer spending which has also been helped by recent income tax cuts (by five per cent in September). The weakening in quarter three came as investment spending fell sharply and export performance deteriorated.

Industrial production has contracted in France in the latest quarter, by 0.5

per cent following two quarters of growth in the index.

Figure 3
GDP: France & EU15
growth, quarter on previous quarter



Consumer price inflation increased by 2.2 per cent in the year to November, a 0.3 percentage points increase over the previous month's 1.9 per cent. Producer prices have been rising since the second half of 2002, having fallen in the previous five months.

The unemployment rate in France stabilised at 8.8 per cent of the workforce between July and November, 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 third 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.

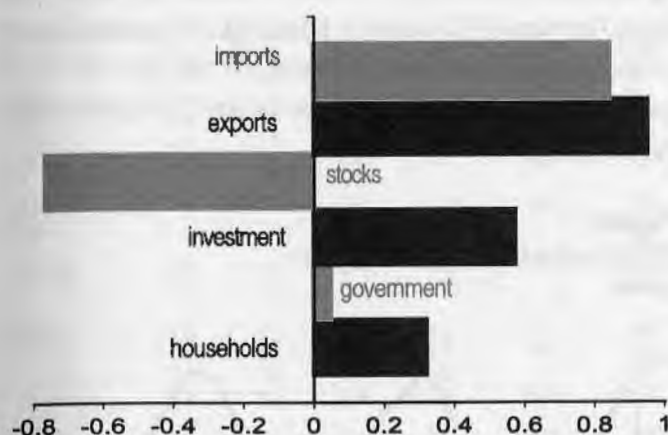
Italy

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.

As with other economies, weakness has been driven by investment, weak consumer and external demand. Trade then added to GDP in quarter two and quarter three. Quarter three saw investment demand give a very strong contribution of 0.6 percentage pointss to quarterly GDP (figure 4).

Having contracted in the second quarter by 0.7 per cent, the IOP grew by 0.5 per cent in the third quarter. However, the monthly change for October shows a contraction of 0.9 per cent, indicating that industrial production may still be weak.

Figure 4
GDP: Italy
contributions in 2002q3



In Italy, inflation is picking up, with figures showing growth of 2.8 per cent in the year to December, the same as the previous month. Figures also show producer prices rising following falls in the first half of 2002.

Latest figures on the Italian labour market shows unemployment falling slightly by 0.1 percentage points in October, having remained at 9.0 per cent of the workforce for eight months since February. The Italian labour market is currently the best performing of all the major EU economies. Employment growth was 1.3 per cent in the year to the third quarter of 2002.

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.

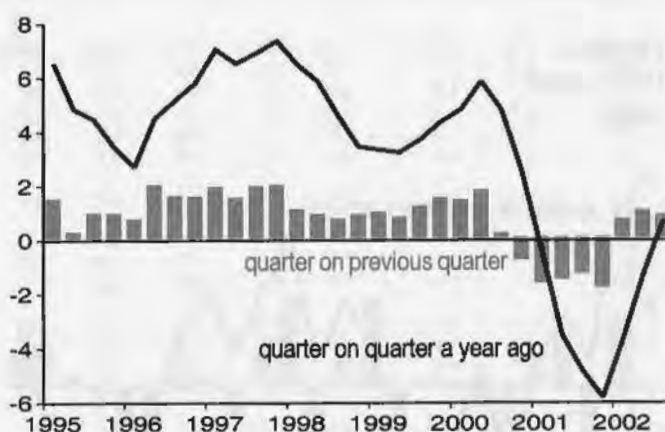
USA

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 US economy grew at between 3.6 per cent and 4.4 per cent between 1996 and 2000. However, in 2001, the effect of the global slowdown saw annual growth in that year slow to 0.3 per cent, with three quarters of negative growth from quarters one to three. Quarterly GDP growth in 2002 has been far below growth rates seen in the 1990s although performance has been better than in every quarter in 2001 so far. Strong consumer spending has stimulated GDP growth in 2002 and recent tax cuts are designed to help stimulate consumption further.

In particular, quarterly industrial production continues to show growth, with the index growing by 0.8 per cent in quarter three (figure 5). However, the latest month on month changes show three consecutive monthly declines including a contraction of 0.8 per cent in the index in October.

Figure 5
IOP: USA
growth



Inflationary pressures had remained subdued since January 2002, and have only started increasing in October and November. The index inched up by 0.1 percentage points to 2.2 per cent in November. In October the index had increased markedly to 2.1 per cent from 1.5 per cent in September (despite energy costs rising in September). The Producer prices index also show prices increasing at the factory gate in November by 1.5 per cent, the second consecutive month of rising producer prices.

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 0.3 percentage points in November over the previous month's 5.7 per cent to stand at 6.0 per cent of the workforce. This is the largest monthly percentage points increase since April 2002 and the highest unemployment rate in eight years.

Having grown strongly in February and March 2002 by 4.2 per cent, earnings growth eased to 2.5 per cent in the year to November 2002, possibly as a result of the weaker labour market.

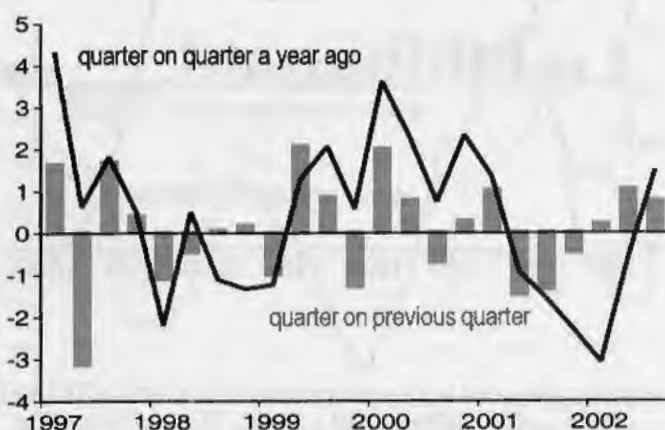
Japan

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.

Japan has had low or negative GDP growth since 1997 (figure 6). Consumer demand has been weak mainly due to falling prices and export growth low due in part to the global economic slowdown. Investment spending contracted in 1998, 1999 and 2001 and also up till the third quarter of 2002, declining for six consecutive quarters. The

stronger growth in quarter two and quarter three has been driven by a combination of stronger consumer demand, but also substantial stockbuilding.

Figure 6
GDP: Japan
growth



Industrial production has shown strong growth in the latest two quarters reversing five quarters of consecutive negative growth in the index. It is likely that much of this production has gone into stocks. Furthermore, 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 November show the consumer prices index falling by 0.4 per cent. Producer prices also show a similar story.

There has been a slight improvement in the unemployment rate in November, with a decline of 0.2 percentage points over the previous month. Unemployment now stands at 5.3 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.

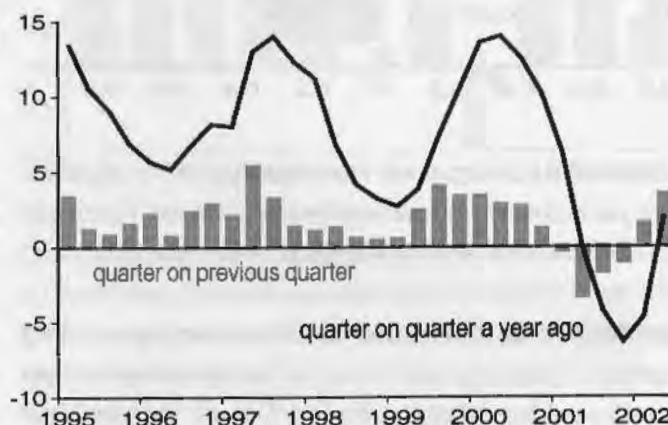
Earnings growth fell in line with the weak labour market conditions and slow economic activity, with workers earnings 2.8 per cent lower than a year ago in quarter three.

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. A breakdown of these figures show OECD exports of manufactures growing by 3.5 per cent (figure 7) 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 goods exports increasing by 3.2 per cent and non-OECD goods exports increasing by 2.7 per cent.

Figure 7
OECD exports of manufactures
growth



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.

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

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1 European Union 15

Contribution to change in GDP

	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	ILAP	ILIJ	GADR
1996	1.7	1.2	0.3	0.4	-0.5	1.5	1.2	0.7	0.6	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	3.8	1.5	2.0	0.9	3.1	1.0	10.0
1998	2.9	1.9	0.3	1.3	0.4	2.1	3.1	3.8	2.8	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	2.0	1.2	0.1	2.7	1.9	8.7
2000	3.6	1.8	0.4	1.0	-0.1	4.3	3.9	4.6	2.3	2.5	4.6	3.3	1.9	7.8
2001	1.6	1.3	0.4	-	-0.4	0.9	0.6	0.1	1.9	2.5	1.3	3.0	1.3	7.3
2002	..	..	..	..	..	..	..	..	..	..	..	..	..	..
1999 Q3	2.9	2.1	0.4	1.2	-0.3	2.1	2.5	2.1	1.9	1.2	0.6	3.6	2.0	8.6
Q4	3.8	2.1	0.4	1.2	-	3.3	3.3	4.2	2.8	1.6	2.4	2.7	1.8	8.3
2000 Q1	3.9	1.9	0.4	1.1	-0.1	4.3	3.7	4.3	2.4	2.1	4.2	3.6	1.7	8.1
Q2	4.2	2.2	0.5	1.2	0.1	4.4	4.1	5.6	3.1	2.3	4.8	3.6	1.9	7.9
Q3	3.4	1.8	0.4	1.0	-	4.3	4.1	4.7	2.1	2.7	4.9	2.6	1.8	7.7
Q4	2.9	1.5	0.4	0.9	-0.2	4.2	3.9	4.3	1.6	2.7	4.9	3.5	2.1	7.5
2001 Q1	2.5	1.4	0.4	0.5	-0.3	3.1	2.6	4.0	2.5	2.7	3.2	2.6	1.9	7.4
Q2	1.7	1.2	0.3	0.2	-0.2	1.5	1.3	0.4	2.2	2.9	2.4	3.4	1.4	7.3
Q3	1.5	1.2	0.4	-0.1	-0.4	0.2	-0.2	-0.6	1.8	2.5	0.7	3.4	1.2	7.3
Q4	0.7	1.2	0.4	-0.4	-0.8	-1.1	-1.4	-3.4	1.2	2.1	-0.9	2.5	0.8	7.4
2002 Q1	0.6	0.7	0.5	-0.6	-0.1	-1.2	-1.2	-3.1	1.2	2.2	-0.6	3.4	0.7	7.5
Q2	0.9	0.7	0.6	-0.6	-0.2	0.1	-0.4	-1.0	1.4	1.9	-0.4	2.5	0.7	7.6
Q3	1.1	..	..	..	..	..	..	-0.8	1.8	1.9	0.3	3.3	0.5	7.6
2001 Dec	..	..	..	..	..	..	..	-3.9	0.9	1.9	-0.9	..	..	7.4
2002 Jan	..	..	..	..	..	..	..	-3.1	-	2.3	-0.5	..	..	7.4
Feb	..	..	..	..	..	..	..	-3.5	1.8	2.0	-0.7	..	..	7.5
Mar	..	..	..	..	..	..	..	-2.4	1.8	2.2	-0.5	..	..	7.5
Apr	..	..	..	..	..	..	..	-1.0	1.8	2.2	-0.3	..	..	7.5
May	..	..	..	..	..	..	..	-0.9	1.8	1.9	-0.4	..	..	7.6
Jun	..	..	..	..	..	..	..	-1.3	0.9	1.7	-0.5	..	..	7.6
Jul	..	..	..	..	..	..	..	-0.4	1.8	1.8	0.1	..	..	7.6
Aug	..	..	..	..	..	..	..	-1.2	1.8	1.8	0.4	..	..	7.6
Sep	..	..	..	..	..	..	..	-0.6	1.8	2.0	0.5	..	..	7.6
Oct	..	..	..	..	..	..	..	0.1	..	2.2	0.9	..	..	7.7
Nov	..	..	..	..	..	..	..	..	..	2.4	1.0	..	..	7.7
Dec	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Percentage change on previous quarter														
	ILGL	HUDY	HUDZ	HUEA	HUEB	HUEC	HUED	ILHF	ILHZ				ILIT	
1999 Q3	1.2	0.6	0.1	0.4	-	1.1	1.0	1.6	1.6				0.9	
Q4	1.2	0.5	0.1	0.2	0.3	1.0	1.1	1.5	1.2				0.1	
2000 Q1	0.9	0.5	0.1	0.2	-0.2	1.2	1.0	0.4	0.3				-0.4	
Q2	0.8	0.5	0.1	0.3	-0.1	1.0	1.0	1.9	-				1.3	
Q3	0.5	0.2	0.1	0.2	-0.1	1.0	0.9	0.8	0.6				0.7	
Q4	0.7	0.2	0.1	0.1	0.1	0.9	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	-0.1	-	-0.5	-0.3	-1.5	-0.3				0.8	
Q3	0.2	0.2	0.1	-0.1	-0.3	-0.3	-0.5	-0.3	0.3				0.6	
Q4	-0.1	0.2	0.2	-0.1	-0.2	-0.4	-0.3	-1.7	-				-	
2002 Q1	0.4	-	0.1	-0.3	0.4	-	-0.1	0.4	1.2				-0.6	
Q2	0.4	0.3	0.1	-0.1	-0.1	0.7	0.5	0.5	-				0.8	
Q3	0.4	..	..	..	..	..	..	-	0.6				0.3	
Percentage change on previous month														
								ILKF	ILKP					
2001 Dec								0.7	-0.9					
2002 Jan								-	-					
Feb								-0.1	1.8					
Mar								0.8	-					
Apr								-0.1	-0.9					
May								0.2	0.9					
Jun								-0.1	-0.9					
Jul								-0.1	0.9					
Aug								0.3	-					
Sep								-0.3	-					
Oct								-0.5	..					
Nov								..	..			
Dec								..	..			

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 13

Contribution to change in GDP

	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	HUBZ	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	-1.0	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	1.4	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	0.4	2.5	2.9	1.5	0.4	7.8
2002	..	..	..	..	..	..	..	..	..	..	..	..	..	..
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	0.7	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	4.4	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	1.1	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	0.2	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	-3.1	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	-2.5	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	-0.5	-1.7	1.0	-1.0	1.9	-0.8	8.3
2001 Dec	..	..	..	..	..	..	..	-4.3	-0.9	1.7	0.1	..	..	7.9
2002 Jan	..	..	..	..	..	..	..	-4.1	-4.0	2.1	-0.1	..	..	8.0
Feb	..	..	..	..	..	..	..	-4.7	-2.6	1.7	-0.3	..	..	8.0
Mar	..	..	..	..	..	..	..	-3.1	-2.7	1.8	-0.2	..	..	8.0
Apr	..	..	..	..	..	..	..	-1.4	-1.5	1.6	-0.8	..	..	8.0
May	..	..	..	..	..	..	..	-3.0	-2.9	1.1	-0.9	..	..	8.2
Jun	..	..	..	..	..	..	..	-0.8	-3.2	0.8	-1.1	..	..	8.3
Jul	..	..	..	..	..	..	..	-0.5	-2.0	1.0	-1.0	..	..	8.3
Aug	..	..	..	..	..	..	..	-0.6	-2.4	1.1	-1.0	..	..	8.3
Sep	..	..	..	..	..	..	..	-0.3	-0.7	1.0	-0.9	..	..	8.3
Oct	..	..	..	..	..	..	..	-	-0.4	1.3	0.3	..	..	8.3
Nov	..	..	..	..	..	..	..	..	-1.9	1.1	0.4	..	..	8.4
Dec	..	..	..	..	..	..	..	..	..	..	..	..	..	..
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	1.4				1.0	
Q4	1.2	0.5	-	-0.1	0.3	0.7	0.3	1.3	2.0				0.6	
2000 Q1	0.7	-	0.1	0.2	-	1.4	1.1	0.9	-0.2				-1.8	
Q2	1.1	0.8	-	0.2	-	1.0	0.8	2.6	1.1				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	0.3				0.9	
2001 Q1	0.6	0.8	-0.1	-0.6	-0.5	-	-1.0	1.0	1.0				-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	-0.8				0.3	
Q4	-0.3	-0.3	0.1	-0.3	0.3	-0.4	-0.2	-2.4	-0.7				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	0.9				0.8	
Q3	0.3	0.3	-	-0.1	-	1.0	0.9	0.8	-				-0.1	
Percentage change on previous month														
								ILKC	ILKM					
2001 Dec								0.1	-1.3					
2002 Jan								1.0	-2.1					
Feb								-0.3	0.3					
Mar								0.3	0.6					
Apr								0.5	0.9					
May								-1.2	-0.3					
Jun								2.0	-1.0					
Jul								-0.9	0.4					
Aug								1.5	0.1					
Sep								-0.8	0.9					
Oct								-1.4	-1.0					
Nov								..	0.6					
Dec								..	..			

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
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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

Contribution to change in GDP

	GDP	PFC	GFC	GFCF	ChgStk	Exports	less Imports	IoP	Sales	CPI	PPI ¹	Earnings	Emp 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	3.9	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	5.2	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
2002	..	..	..	..	..	..	..	..	..	-66.2	..	..	..	..
1999 Q3	3.2	2.0	0.3	1.6	-0.7	1.5	1.4	2.4	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	4.2	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	3.5	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	2.8	-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	2.4	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	1.7	-0.4	2.1	1.8	4.2	1.8	8.5
Q3	2.0	1.7	0.8	0.5	-1.0	-0.2	-0.4	1.5	-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	0.2	8.8
2001 Dec	..	..	..	..	..	..	..	-2.4	-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	0.2	..	..	8.8
Aug	..	..	..	..	..	..	..	-1.8	2.9	1.8	0.4	..	..	8.8
Sep	..	..	..	..	..	..	..	-1.2	-1.5	1.8	0.4	..	..	8.8
Oct	..	..	..	..	..	..	..	-0.6	3.0	1.9	0.3	..	..	8.8
Nov	..	..	..	..	..	..	..	..	2.5	2.2	0.3	..	..	8.8
Dec	..	..	..	..	..	..	..	..	..	..	..	..	..	..
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	1.3	1.2				0.7	
Q4	1.3	0.5	0.3	0.3	0.8	0.5	1.1	2.0	1.0				0.7	
2000 Q1	1.2	0.4	0.1	0.6	—	1.0	0.9	0.1	-0.1				0.8	
Q2	0.8	0.2	0.2	0.4	-0.1	1.1	0.9	0.2	-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	1.3	-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				0.1	
Percentage change on previous month														
								ILKD	ILKN					
2001 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								-0.4	-5.7					
Oct								-0.6	4.3					
Nov								..	0.5					
Dec												

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Earnings = Average Wage Earnings (manufacturing), definitions of coverage and treatment vary among countries
Emp = Total Employment not seasonally adjusted
Unempl = Standardised Unemployment rates: percentage of total workforce
IoP = Index of Production

Contribution to change in GDP

	GDP	PFC	GFC	GFCF	ChgStk	Exports	Imports	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	1.6	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	
2002	..	..	..	..	..	..	..	..	..	2.5	..	..	..	3.0	
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	3.1	2.3	2.1	2.2	1.5	1.4	11.0	
2000 Q1	3.2	1.4	0.2	1.5	-1.1	4.0	2.9	3.5	-0.3	2.4	4.7	1.6	1.0	10.9	
Q2	3.0	1.9	0.3	1.5	-0.9	3.0	2.7	5.8	-0.3	2.6	6.2	2.6	1.6	10.5	
Q3	2.6	1.7	0.3	1.4	-1.6	3.5	2.7	3.4	-	2.6	6.7	1.9	2.1	10.3	
Q4	2.6	1.6	0.4	0.7	-0.8	2.7	2.0	3.6	-1.3	2.6	6.5	1.8	2.8	9.9	
2001 Q1	2.5	1.3	0.4	0.7	-0.5	1.1	0.4	2.4	-0.6	2.9	4.8	2.2	3.2	9.7	
Q2	2.3	0.9	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	-	-1.3	-2.2	2.8	0.9	2.0	1.8	9.4	
Q4	0.6	0.2	0.3	0.4	-0.4	-1.0	-1.1	-4.3	-1.9	2.5	-1.0	2.1	1.2	9.2	
2002 Q1	-	-0.1	0.3	-0.4	1.2	-1.7	-0.8	-3.6	2.9	2.4	-1.3	2.2	1.7	9.0	
Q2	0.2	-	0.3	-0.6	0.8	-0.5	-0.2	-2.8	1.3	2.2	-1.0	3.1	1.9	9.0	
Q3	0.5	0.5	0.3	0.1	-0.2	1.2	1.5	-1.6	1.6	2.4	0.4	2.3	1.3	9.0	
2001 Dec	..	..	..	..	..	..	..	-5.7	-1.9	2.4	-1.3	2.1	..	9.1	
2002 Jan	..	..	..	..	..	..	..	-3.4	2.9	2.4	-1.2	1.9	..	9.1	
Feb	..	..	..	..	..	..	..	-3.1	2.9	2.3	-1.4	1.6	..	9.0	
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	..	..	..	..	..	..	..	-1.7	2.9	2.2	0.1	2.2	..	9.0	
Aug	..	..	..	..	..	..	..	-1.7	2.0	2.4	0.3	2.2	..	9.0	
Sep	..	..	..	..	..	..	..	-1.4	-	2.6	0.5	2.4	..	9.0	
Oct	..	..	..	..	..	..	..	-2.3	2.0	2.7	1.1	2.8	..	8.9	
Nov	..	..	..	..	..	..	..	..	..	2.8	1.2	2.8	..	..
Dec	..	..	..	..	..	..	..	..	..	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	0.8	0.6	0.1	0.3	-0.6	1.7	1.3	0.5	-1.9				-1.2		
Q2	0.3	0.4	0.1	0.3	-0.1	-0.5	-0.1	1.8	0.3				1.6		
Q3	0.6	0.3	0.1	0.2	-1.2	1.3	0.1	-0.3	0.3				1.9		
Q4	1.0	0.3	0.1	-0.1	1.1	0.2	0.7	1.6	-				0.6		
2001 Q1	0.7	0.2	0.1	0.3	-0.4	0.1	-0.3	-0.6	-1.3				-0.8		
Q2	0.1	0.1	0.1	0.2	0.3	-0.1	0.4	-1.5	-				0.4		
Q3	-	-0.2	0.1	-	0.2	-0.8	-0.8	-0.7	-1.0				1.7		
Q4	-0.2	0.1	0.1	-	-0.5	-0.2	-0.4	-1.5	0.3				-		
2002 Q1	0.1	-0.1	0.1	-0.5	1.2	-0.6	-	0.1	3.6				-0.4		
Q2	0.2	0.2	0.1	-	-0.1	1.1	1.0	-0.7	-1.6				0.6		
Q3	0.3	0.3	-	0.6	-0.8	0.9	0.8	0.5	-0.6				1.1		
Percentage change on previous month															
								ILKE	ILKO						
2001 Dec								1.5	-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								0.6	1.0						
Aug								0.4	-1.0						
Sep								-0.5	-1.9						
Oct								-0.9	2.0						
Nov													
Dec													

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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

Contribution to change in GDP

	GDP	PFC	GFC	GFCF	ChgStk	Exports	Imports	less Imports	IoP	Sales	CPI	PPI	Earnings	Empl ¹	Unempl
Percentage change on a year earlier															
	ILGC	HUDG	HUDH	HUDI	HUDJ	HUDK	HUDL	ILGW	ILHQ	ILAA	ILAJ	ILAS	ILIK	GADO	
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	8.8	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	
2002	..	..	..	..	..	..	..	..	..	..	..	..	..	..
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	3.3	2.6	0.6	-0.2	0.9	0.3	1.1	0.7	7.0	1.5	-0.8	2.8	-0.2	5.7	
2001 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	7.6	1.5	-1.1	2.5	0.1	5.6	
Oct	..	..	..	..	..	..	..	1.2	0.3	2.1	1.5	3.3	0.3	5.7	
Nov	..	..	..	..	..	..	..	..	3.4	2.2	1.5	2.5	—	6.0	
Dec	..	..	..	..	..	..	..	..	..	..	..	..	..	..
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	0.8	2.0				0.6		
Percentage change on previous month															
								ILKG	ILKQ				ILLA		
2001 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	-1.5				—		
Oct								-0.8	0.2				0.2		
Nov								..	0.7				-0.6		
Dec									

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Source: OECD - SNA93 17

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
2002	..	..	..	..	..	..	..	..	..	..	..	..	..	..
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 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	..	..	..	..	..	..	..	5.5	-2.3	-0.9	-0.3	-0.1	-0.8	5.5
Nov	..	..	..	..	..	..	..	..	-1.1	-0.4	-	-0.6	-1.3	5.3
Dec	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Percentage change on previous quarter														
	ILGN	HUDA	HUDB	HUDD	HUDE	HUDD	HUDD	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 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								-0.2	-2.3				-	
Nov								..	2.4				-0.1	
Dec								..	..				..

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

7 World trade in goods¹

	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
2002	..	..	..	..	..	..	..	..	..	..	..	..	..	..
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	10.8	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	-2.8	-	-
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

Regional Economic Indicators - February 2003

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Overview

Labour market data shows employment rose across most regions in the first quarter of 2002, although employee job growth showed a more mixed picture, with falls in many regions and data extending to 2002 quarter three. Unemployment across regions was also mixed, with increases in most regions. After falls in 2001, industrial production has picked up and construction output also rose across countries. However, external data shows that businesses in nearly all regions are less optimistic in October 2002 than they were in April. House prices show very strong increases in nearly all regions, although the rate of increase varied.

GDP at basic prices

Tables 1 to 4 concern National Accounts statistics for the regions.

In Table 1, London and the South East together accounted for 31.7 per cent of the UK's total GDP in 1999, with contributions of 16 per cent and 15.9 per cent respectively. For the South East this was a significant increase from 14.8 per cent in 1989. The other region to grow significantly faster than the average was Northern Ireland, which posted an 82.3 per cent increase in value terms from 1989 to 1999, although this only accounted for 2.2 per cent of the UK's total GDP in 1999. In 1999 overall GDP at basic prices rose by 3.8 per cent, compared to 6.1 per cent in 1998

Figure 1
GDP: UK, England, Wales, Scotland & Northern Ireland

growth, year on previous year
percentage change, 1997 to 1999



(figure 1). The highest annual rate of increase was in the South East at 5.1 per cent.

Table 2 compares GDP per head per region and on that basis it shows

that London remains the richest region and the North East the poorest. The growth rate was the highest in the South East, at 4.1 per cent. The other regions that grew above the UK average of 3.4 per cent were Yorkshire and the Humber, the West Midlands, the East and Wales. London, with one of the highest growth rates in GDP between 1997 and 1998 had the lowest growth rate in GDP per head of all the regions in 1999.

Table 3 shows how household disposable income per head increased in the UK in 1999 by 4.6 per cent, compared to an increase of 1.9 per cent in 1998. London recorded the highest value in 1999 of £12,207 followed by the South East with £11,055, which continues medium term trends. Looking at annual percentage changes, Scotland recorded the largest rise of 7.8 per cent in 1999, while Yorkshire and the Humber was the slowest growing region, with growth of 2.4 per cent in 1999. Other slower growing regions were the South East, with 3.3 per cent, London, with 3.4 per cent, and the South West with growth of 3.6 per cent in 1999. Significant acceleration in the rates of increase in 1999 compared to 1998, of more than 4.5 per cent, was seen in the North East and Scotland, whilst growth fell in the Yorkshire and Humber region.

Table 4, shows individual consumption expenditure per head, with London again recording the highest monetary value of £12,250 in 1999, followed by the South East with £11,392 and the North East having the lowest expenditure. Looking at annual percentage changes, London also recorded the largest rise in consumption with growth of 8.8 per cent in 1999, while the North East recorded a decline of 1.0 per cent in the same period, compared to an increase of 4.4 per cent in 1998.

The Labour Market

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

The **total in employment** (from the Labour Force Survey), table 9, extends to quarter one. At this point with the exception of the North West

and the East, all regions saw growth in total employment in the first quarter of 2002, but at a slower pace. Employment growth in the UK as a whole increased by 0.3 per cent, compared to an increase of 0.7 per cent in the previous quarter. However, the performance across regions differed to some extent, with the largest quarterly growth rate in employment in 0.2 per cent. Employment growth in Yorkshire and the Humber was 0.1 per cent. There was no significant growth in employment in 2002 quarter one in the South East.

National year-on-year growth to 2002 quarter one stood at 1.2 per cent, the same as in the year to the previous quarter. All regions except the North East, the North West and Scotland saw growth relative to the first quarter a year ago, with the highest employment growth in London, the South West, the East Midlands and Northern Ireland.

Employee jobs (from Employers Surveys), in table 11 shows employment in the UK little changed. In quarter three, growth in employee jobs in the UK fell 0.3 per cent compared to a year ago. Growth in the year to the third quarter was mixed across the regions, with many regions seeing declines. The largest decline was in London, 1.8 per cent and the strongest growth was in the North East, 2.2 per cent. However, as noted previously, there appear to be seasonal factors present in the data.

The UK **claimant count rate**, table 8, was 3.1 per cent of the workforce in the UK in July through to December 2002, with the North East having the highest claimant count in December of 4.7 per cent, followed closely by Northern Ireland with 4.5 per cent. Over the year, the national level unemployment has fallen very slightly and this is echoed in most regions except the East, London and the South East where there were slight increases.

In Table 6 shows the rate of **ILO unemployment**, which extends to quarter one 2002. At this point UK unemployment rose to 5.2 per cent, from 5.1 per cent in 2001 quarter four and 4.9 per cent in 2001 quarter one. However, there was a high degree of volatility between the latest quarters at the regional level. Increases in unemployment in 2002 quarter one were seen in all regions except the North East, the East Midlands, the West Midlands, the East and Northern Ireland, with the North East and Northern Ireland having the largest falls (0.7 percentage points). Over the year, London and Scotland saw the largest rise in unemployment, whilst Northern Ireland and the East Midlands saw the largest falls.

Long-term claimant count rates as a percentage of the unemployed, table 7, shows a significant fall over the year to December 2002. There was a 0.3 percentage points fall in the UK between November and December 2002. This trend is generally reflected across the regions. However, there are substantial differences across regions in the level of the long term claimant count, with Northern Ireland followed by

London having the highest levels and the South West followed by the South East having the lowest. It is difficult to interpret the significance of the changes over the past year, as the data has only been available since January 1999. Also, a decline in these rates can be attributable either to a reduction in the number of long-term unemployed or offset by a rise in the number of short-term unemployed.

Table 10 shows **redundancy rates** in the government office regions. Between Autumn 2001 and Autumn 2002, there were considerable reductions in the redundancy rates in the North West, Yorkshire and the Humber and to a lesser extent London. Most other regions saw no significant changes in redundancies over the same period.

Total average gross weekly pay (from the annual New Earnings Survey), in table 5, shows London having the highest pay of £624 a week in April 2002, up from £593 a year ago, an increase of 5.1 per cent. Other regions where the rate of growth increased by 5 per cent or more were the South East (5.0 per cent) and Scotland (5.6 per cent). However, the rates of increase in 2002 are generally lower than those seen in 2001, when the UK average was 6.3 per cent and many more regions

Figure 2
Total average gross weekly pay
2001 April
seasonally adjusted



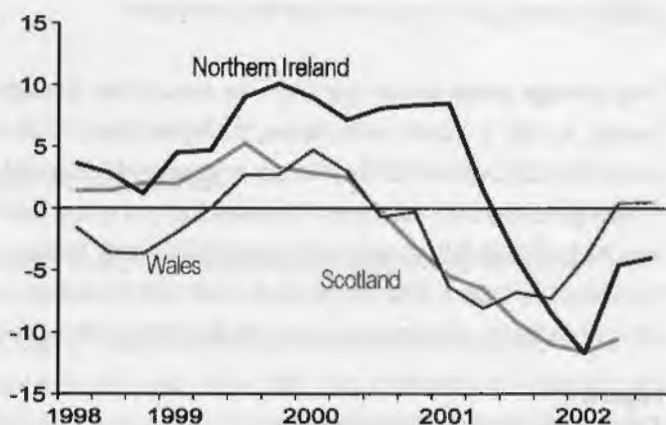
had growth rates of 5.0 per cent and above. In April 2002, the West Midlands weekly pay increased by 2.0 per cent, the lowest of all the regions, although this followed the highest rate of growth in the year to April 2001, with a rate of 8.2 per cent.

Industrial Production and Construction

UK industrial production output, table 12, grew slightly for the second quarter in a row with a rise of 0.3 per cent in 2002 quarters two and three. However, the preceding six successive quarters of decline mean that the industrial production was still lower than a year ago in quarter three by 3

per cent. Scotland, Wales and Northern Ireland all showed faster quarterly growth than the UK as a whole in quarter two. Three stronger quarters in Wales has led to 2002 quarter two industrial production in Wales being 0.5 per cent above that of the same quarter a year earlier. Following falls in the previous year, in contrast Scottish industrial production was 10.6 per cent lower in 2002 quarter two than in 2001 quarter two (figure 3).

Figure 3
Index of industrial production
growth, quarter on previous quarter



On the other hand, **UK construction output**, table 13, rose by 1.1 per cent in 2002 quarter two and 1.7 per cent in quarter three, this continues the recent strong positive growth. Construction in Scotland and Northern Ireland rose after recent falls, with the Northern Ireland recovery being much stronger. Wales sustained its recent growth in construction in quarter two, but this slowed considerably in quarter three. The index of construction in quarter two 2002 compared with the same quarter a year earlier shows a rise for the UK of 6.9 per cent, for Scotland a fall of 6.6 per cent, for Wales a rise of 20.7 per cent (although the figure was very low in 2001 quarter two), with no change in the index for Northern Ireland.

Manufacturing

Almost all CBI data is presented on the basis of government office regions. However, London and the South East are combined.

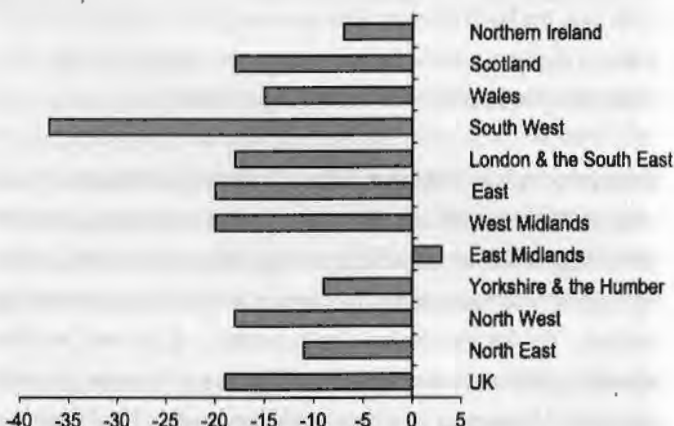
Tables 14 to 18 show that CBI/BSL balances reveal a substantial decrease in business optimism and in the volumes of new orders across most regions in its latest survey.

Table 14 shows that businesses in all regions were substantially less **optimistic about the business situation** in the October 2002 survey than the April survey, with most regions also being less optimistic than in the July survey. The only region that had a positive balance was the East

Midlands, although this was still much less than in the April survey (figure 4).

UK manufacturing output, as measured by CBI/BSL balances for **volume of output** in table 15, shows general deterioration in the volume of output over the past four months, but looking ahead an improvement is

Figure 4
Manufacturing industry
business optimism (balances)
October 2002



anticipated. The exceptions for the past four months are the East Midlands, Wales, Scotland and especially Northern Ireland, which has seen strong growth. Looking ahead, output is anticipated to deteriorate significantly only in Yorkshire and the Humber and Scotland.

The overall CBI/BSL April 2002 balance for **volume of new orders**, table 16, shows a pattern of continued decline for the UK in the volume of new orders in the July and October surveys. The figures are volatile and those regions showing small recent increases generally have had large falls in earlier surveys. Looking ahead to the next four months, again, most regions anticipate improvements.

Volume of new export orders, table 17, for the next four months is showing a mixed picture from the April 2002 survey across the regions. Broadly the figures show continuing decline, with only the North East, North West, East Midlands and Northern Ireland showing strong recent growth but in all cases this is after major falls in earlier surveys. Looking ahead, most regions anticipate strong growth, the exceptions being Scotland and Yorkshire and the Humber, which expect major falls in orders, and Northern Ireland and the East, which expect little change.

In contrast, the percentages of **firms working below capacity**, table 18, shows a decrease in the number of firms working below capacity, from 72 percent in April 2002 to 67 per cent in July and October 2002. Despite this, few regions showed the same stability with much volatility

both across regions and within regions across time. The percentage of firms working below capacity fell significantly between July and October in the North East, East Midlands and Wales. The percentage rose significantly in Yorkshire and the Humber, the West Midlands and Northern Ireland.

The Housing Market

In Table 20, UK **house price growth** (not seasonally adjusted) continued to accelerate in the third quarter, increasing by a very strong 8.3 per cent over the previous quarter after growth of 8.0 per cent in quarter two.

The latest quarterly data shows this increase occurs in most regions, but at a wide range of rates. The exception is Merseyside where, after a rise of 30.0 per cent in quarter two, prices fell by 2.7 per cent in quarter three. The highest levels of quarterly growth occurred in the West Midlands (13.7 per cent), the South East (11.4 per cent), the South West (12.8 per cent) and Wales (13.1 per cent). In quarter three the only region with lower house prices than in quarter one is Scotland, after a small rise in quarter three fails to undo the fall in quarter two.

The annual data shows a similar story. UK year-on-year growth to 2002 quarter three saw house prices increase by 18.9 per cent, and this was reflected in all regions. Regions with increases in house prices of over 25 per cent were the West Midlands (25.8 per cent), the South West (27.8 per cent) and Wales (30.0 per cent). The region with the lowest annual increase in house prices was Merseyside (8.7 per cent).

In Table 19 the number of **permanent dwellings started** fluctuates quite widely from quarter to quarter with a significant seasonal factor involved. Year-on-year growth to quarter three shows an increase in the number of permanent dwellings started in all regions with the exception of the South East, the North West and London.

Business Start-Ups

VAT registrations and de-registrations, table 21, shows registrations outnumbering de-registrations by 12,700 for the calendar year 2001 which, is well up on the levels of 1999 and 2000, although well down on that recorded in 1998. In 2001 registrations outnumbered de-registrations in every region, except the North East, where there was a small net decline of 100 enterprises. The largest net gains were in London (2,800 businesses), the South East (3,900 businesses), the East (1,000 businesses) and the North West (1,400 businesses).

1 Gross domestic product¹ 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	TMXP	TMPY	TMPZ	TMQA	TMQB	TMQC	TMQD	TMQE	TMQF	TMQG	TMQH	TMQI
1989	452 437	17 156	49 365	34 848	30 439	37 956	45 885	68 907	66 979	34 118	385 653	19 007	38 448	9 329
1993	562 857	21 480	60 664	42 952	37 124	46 859	55 928	86 574	83 817	42 529	477 927	23 191	49 302	12 437
1994	593 931	22 074	63 938	44 752	39 023	49 577	59 824	91 118	88 936	44 607	503 851	24 463	52 273	13 344
1995	622 389	22 975	66 007	47 108	40 976	52 407	62 416	93 843	93 319	47 385	526 437	25 989	55 667	14 297
1996	657 775	23 755	68 937	50 043	44 184	54 851	66 484	99 490	100 614	50 128	558 483	27 017	57 338	14 936
1997	700 567	24 202	72 414	53 182	47 261	57 783	72 698	108 559	108 276	53 580	597 956	28 010	58 650	15 952
1998	743 314	25 294	75 275	55 457	49 413	61 130	77 962	118 499	116 024	56 064	635 117	29 541	62 153	16 501
1999	771 849	25 875	77 562	57 554	50 906	63 495	81 793	122 816	121 956	58 151	660 108	30 689	64 050	17 003

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

Source: National Statistics

2 UK less Extra-Region and statistical discrepancy.

2 Gross domestic product¹ 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).

Source: National Statistics

2 UK less Extra-Region and statistical discrepancy.

3 Household disposable income¹: £ 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
	DEPZ	LRCG	LRCH	DEQB	DEQC	DEQH	LRCI	DEQE	LRCJ	DEQG	LREV	DEQJ	DEQK	DEQL
1989	5 560	4 908	5 239	5 208	5 280	4 934	6 097	6 549	6 110	5 638	5 643	4 994	5 355	4 729
1993	7 771	7 053	7 313	7 232	7 214	7 112	8 248	9 311	8 519	7 608	7 867	6 986	7 704	6 540
1994	8 019	7 095	7 536	7 417	7 569	7 391	8 540	9 612	8 873	7 767	8 127	7 235	7 773	6 959
1995	8 497	7 522	7 874	7 780	7 869	7 939	9 011	10 102	9 282	8 606	8 592	7 742	8 287	7 678
1996	8 938	7 972	8 334	8 323	8 401	8 313	9 484	10 650	9 814	8 915	9 070	8 056	8 541	7 834
1997	9 513	8 554	8 900	8 776	8 835	8 748	10 025	11 485	10 579	9 511	9 674	8 389	8 977	8 365
1998	9 696	8 585	9 008	9 106	8 935	8 981	10 147	11 811	10 698	9 725	9 862	8 529	9 154	8 500
1999	10 142	9 018	9 501	9 325	9 409	9 541	10 638	12 207	11 055	10 073	10 284	8 870	9 870	8 998

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

Source: National Statistics

2 UK less Extra-Region

4 Individual consumption expenditure¹: £ per head

Government Office Regions

£

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland
	TLZI	TLZJ	TLZK	TLZL	TLZM	TLZN	TLZO	TLZP	TLZQ	TLZR	TLZS	TLZT	TLZU	THZZ
1994	7 441	6 676	7 082	7 081	7 180	6 920	7 380	8 799	8 424	7 045	7 539	6 563	7 334	6 427
1995	7 762	6 973	7 336	7 306	7 583	7 364	7 915	9 011	8 697	7 408	7 865	6 997	7 537	6 775
1996	8 268	7 391	7 798	7 758	7 939	7 705	8 514	9 485	9 333	8 049	8 365	7 722	8 007	7 188
1997	8 776	7 744	8 331	8 177	8 370	8 128	8 963	10 248	9 938	8 584	8 895	8 041	8 488	7 463
1998	9 316	8 086	8 662	8 763	8 695	8 640	9 740	11 264	10 656	8 961	9 488	8 079	8 874	7 749
1999	9 864	8 003	9 321	8 907	9 057	9 262	10 077	12 250	11 392	9 600	10 057	8 206	9 459	8 281

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

Source: National Statistics

5 Total average gross weekly pay¹ Government Office Regions

£

	United Kingdom ²	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	DEOG	LRGO	LSHZ	DCQI	DCQH	DCQG	LRCQ	DCPI	LRCR	DCQF	DCQL	DCQM	DCQN
1993 Apr	316.0	286.2	299.1	287.6	285.5	292.7	312.2	408.8	328.9	298.8	281.5	297.6	282.4
1994 Apr	324.7	294.6	307.7	297.0	292.6	300.1	322.9	420.6	339.4	306.9	290.5	301.9	286.5
1995 Apr	335.3	299.2	317.7	306.0	306.4	311.3	331.5	441.5	348.1	313.9	302.0	313.5	300.2
1996 Apr	350.2	314.1	329.6	316.4	317.9	324.3	345.7	454.3	367.4	326.5	313.1	324.9	306.2
1997 Apr	366.3	327.6	345.8	330.5	332.9	337.8	362.4	480.1	382.5	342.7	330.1	336.8	319.7
1998 Apr	383.1	339.2	361.6	344.9	350.4	358.8	378.6	500.9	405.5	354.0	343.9	350.3	332.6
1999 Apr	398.7	349.6	372.6	361.0	361.7	375.6	396.6	520.0	423.2	364.9	353.6	364.9	344.9
2000 Apr	418.1	368.0	389.0	375.1	374.4	387.2	416.2	561.7	443.3	380.6	368.4	383.0	360.4
2001 Apr	444.4	380.8	408.3	392.1	394.3	419.1	438.7	593.7	473.0	408.5	381.8	404.5	375.0
2002 Apr	462.6	399.3	426.8	409.9	413.0	427.3	459.6	624.1	496.7	421.7	399.7	427.0	390.1

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

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

6 ILO unemployment rates as a percentage of the economically active¹, seasonally adjusted Government Office Regions

Percentages

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland ²
	MGSX	YCNC	YCND	YCNE	YCNF	YCNH	YCNH	YCNH	YCNJ	YCNK	YCNL	YCNM	YCNN	MGXW
1999 Q1	6.2	9.7	6.7	6.8	5.1	7.0	4.2	7.8	3.9	4.9	6.0	7.2	7.5	7.2
Q2	6.0	9.6	6.3	6.3	5.3	6.9	4.2	7.4	3.9	4.5	5.8	7.5	7.2	7.6
Q3	5.9	9.7	6.3	6.1	5.6	6.3	4.0	7.5	3.8	4.4	5.7	7.3	7.0	7.3
Q4	5.9	8.4	6.0	6.1	5.6	6.8	4.2	7.1	4.1	4.2	5.6	7.4	7.2	6.6
2000 Q1	5.8	9.0	6.1	6.3	5.2	6.1	4.0	7.6	3.5	4.3	5.5	6.8	7.5	6.6
Q2	5.5	8.9	5.4	6.1	4.9	6.1	3.6	7.2	3.3	4.2	5.2	6.1	7.2	6.7
Q3	5.4	9.0	5.4	6.1	4.8	5.8	3.7	7.0	3.1	4.0	5.1	6.5	6.9	5.8
Q4	5.2	8.0	5.2	5.6	4.6	6.0	3.4	6.9	3.4	3.9	5.0	6.2	6.0	6.1
2001 Q1	4.9	7.4	5.4	5.1	4.9	5.1	3.7	6.1	3.7	3.6	4.7	6.1	5.7	6.2
Q2	5.1	7.1	5.4	5.5	4.8	5.3	3.8	6.3	3.3	3.7	4.8	5.9	6.7	6.0
Q3	5.1	7.3	5.5	5.1	4.4	5.4	3.9	6.9	3.4	3.5	4.9	5.4	6.7	6.3
Q4	5.1	7.6	5.1	5.0	4.7	5.6	3.8	6.8	3.3	3.5	4.9	5.3	6.6	6.1
2002 Q1	5.2	6.9	5.6	5.4	4.2	5.6	3.6	6.9	3.9	3.7	5.0	6.1	6.9	5.4

¹ Periods are calendar quarters.

Source: Labour Force Survey, National Statistics

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

7 Long-term claimant count as a percentage of the unemployed¹ (those out of work for 12 months or more) Government Office Regions

Percentages

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	LRFN	LRFO	LSIA	LRFR	LRFS	LRFT	LRFU	LRFV	LRFW	LRFX	LRFY	LRFZ	LRGA
2001 Nov	18.9	19.8	18.5	17.7	17.6	21.7	15.0	21.9	14.1	13.7	18.1	16.6	31.5
Dec	18.0	18.7	17.7	16.9	16.9	20.7	14.2	21.0	13.0	13.0	17.0	15.9	30.8
2002 Jan	16.8	17.4	16.5	15.9	15.6	19.5	13.0	20.6	12.0	12.0	15.9	14.4	29.5
Feb	16.4	17.3	16.2	15.6	15.3	19.0	12.5	20.0	11.4	11.5	15.3	14.1	28.4
Mar	16.3	17.4	16.1	15.4	15.1	18.9	12.4	19.8	11.3	11.8	15.3	14.0	27.6
Apr	16.6	17.8	16.5	15.8	15.8	19.2	12.7	19.8	11.6	12.6	15.8	14.2	27.7
May	16.7	18.1	16.6	15.8	15.9	19.2	12.7	19.7	11.6	12.9	16.1	14.2	27.4
Jun	16.7	18.1	16.6	15.7	16.1	19.0	12.8	19.6	11.8	13.1	16.3	14.1	26.2
Jul	16.2	17.7	16.2	15.2	15.7	18.2	12.4	19.3	11.6	12.8	15.6	13.5	23.8
Aug	15.9	17.7	15.9	14.9	15.2	17.6	12.1	19.2	11.4	12.3	15.1	13.4	23.3
Sep	16.1	18.1	16.3	14.9	15.4	17.7	12.3	19.2	11.7	12.6	15.2	14.2	23.3
Oct	16.3	18.2	16.6	15.2	15.6	17.9	12.5	19.3	12.0	12.6	15.6	14.4	23.9
Nov	16.0	17.6	16.3	14.8	15.1	17.6	12.3	19.3	11.8	12.3	15.3	14.2	23.2
Dec	15.7	17.0	15.8	14.3	14.5	17.1	12.2	19.3	11.9	11.7	14.8	14.1	22.8

¹ Computerised claims only.

Source: National Statistics

8 Claimant count rates as a percentage of total workforce

Government Office Regions

Seasonally adjusted

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	BCJE	DPDM	IBWC	DPBI	DPBJ	DPBN	DPDP	DPDQ	DPDR	DPBM	DPBP	DPBQ	DPBR
1998	4.5	7.2	5.1	5.4	4.0	4.6	3.2	5.0	2.6	3.4	5.4	5.5	7.3
1999	4.2	7.0	4.6	5.0	3.7	4.5	2.9	4.5	2.3	3.1	5.0	5.1	6.4
2000	3.6	6.3	4.1	4.4	3.5	4.0	2.5	3.8	1.9	2.5	4.4	4.6	5.3
2001	3.2	5.5	3.7	4.0	3.2	3.7	2.1	3.3	1.6	2.1	3.9	4.2	5.0
2001 Dec	3.2	5.4	3.7	3.8	3.0	3.6	2.1	3.5	1.6	2.1	3.7	4.2	4.9
2002 Jan	3.2	5.3	3.6	3.7	3.0	3.6	2.1	3.5	1.6	2.0	3.7	4.1	4.8
Feb	3.1	5.2	3.6	3.7	2.9	3.5	2.1	3.5	1.6	2.0	3.7	4.1	4.8
Mar	3.1	5.2	3.6	3.7	2.9	3.5	2.1	3.5	1.6	2.0	3.6	4.1	4.8
Apr	3.2	5.1	3.6	3.7	2.9	3.5	2.1	3.6	1.7	2.0	3.6	4.2	4.8
May	3.2	5.1	3.6	3.7	2.9	3.5	2.2	3.6	1.7	2.0	3.6	4.1	4.7
Jun	3.2	5.1	3.6	3.7	2.9	3.5	2.2	3.6	1.7	2.0	3.6	4.1	4.7
Jul	3.1	5.1	3.6	3.7	2.9	3.5	2.2	3.6	1.7	2.0	3.6	4.1	4.6
Aug	3.1	5.0	3.5	3.6	2.9	3.5	2.2	3.6	1.7	2.0	3.6	4.0	4.5
Sep	3.1	5.0	3.5	3.6	2.9	3.5	2.2	3.6	1.7	2.0	3.6	4.0	4.5
Oct	3.1	4.9	3.5	3.6	2.9	3.5	2.2	3.6	1.7	2.0	3.6	4.0	4.5
Nov	3.1	4.8	3.5	3.6	2.9	3.5	2.2	3.6	1.7	2.0	3.6	4.0	4.5
Dec	3.1	4.7	3.5	3.6	2.9	3.5	2.2	3.6	1.7	1.9	3.5	4.0	4.5

Source: National Statistics

9 Total in employment^{1,2}, seasonally adjusted

Government Office Regions

Thousands

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland ³
	MGRZ	YCJP	YCJQ	YCJR	YCJS	YCJT	YCJU	YCJV	YCJW	YCJX	YCJY	YCJZ	YCKA	YCPT
1999 Q1	27 540	1 058	3 023	2 287	2 009	2 454	2 652	3 391	4 049	2 372	23 295	1 238	2 309	694
Q2	27 592	1 062	3 064	2 291	1 998	2 461	2 656	3 394	4 046	2 374	23 346	1 231	2 318	693
Q3	27 696	1 077	3 077	2 311	2 006	2 475	2 664	3 389	4 053	2 360	23 411	1 244	2 335	705
Q4	27 769	1 089	3 093	2 320	2 019	2 459	2 661	3 406	4 057	2 390	23 494	1 244	2 333	702
2000 Q1	27 824	1 087	3 106	2 312	2 018	2 471	2 673	3 383	4 107	2 394	23 550	1 242	2 336	695
Q2	27 930	1 105	3 137	2 344	2 036	2 459	2 684	3 378	4 116	2 381	23 641	1 252	2 353	680
Q3	27 999	1 100	3 096	2 348	2 020	2 458	2 702	3 399	4 112	2 425	23 660	1 262	2 378	701
Q4	28 088	1 099	3 125	2 353	2 012	2 461	2 757	3 420	4 117	2 401	23 745	1 255	2 388	699
2001 Q1	28 180	1 108	3 136	2 335	2 009	2 481	2 753	3 454	4 134	2 410	23 819	1 250	2 398	713
Q2	28 161	1 097	3 100	2 328	2 019	2 479	2 729	3 472	4 152	2 428	23 804	1 252	2 384	721
Q3	28 227	1 097	3 096	2 323	2 052	2 505	2 743	3 475	4 148	2 440	23 878	1 260	2 382	706
Q4	28 419	1 099	3 141	2 347	2 043	2 492	2 777	3 544	4 179	2 462	24 084	1 258	2 371	707
2002 Q1	28 511	1 101	3 129	2 349	2 056	2 498	2 771	3 569	4 180	2 477	24 134	1 262	2 388	727

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

2 Periods are calendar quarters.

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

Source: Labour Force Survey, National Statistics

10 Redundancies, not seasonally adjusted¹

Government Office Regions

Rates²

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	DITA	LRDH	LRDI	DCXF	DCXG	DCXL	LRDJ	DCXI	LRDK	DCXK	DCXN	DCXO	DITB
Autumn 1998	7	10	7	7	8	9	9	6	9	8	3	6	3
Winter 1998	9	16	9	6	8	9	6	10	8	9	12	11	3
Spring 1999	8	3	9	9	3	11	8	6	7	7	10	10	3
Summer 1999	7	3	9	9	8	8	7	4	6	7	3	8	3
Autumn 1999	7	3	10	6	9	6	6	6	7	8	3	6	3
Winter 1999	8	11	8	7	11	10	6	7	7	6	15	9	3
Spring 2000	7	10	7	9	8	8	4	7	6	8	3	10	3
Summer 2000	6	3	7	5	9	7	5	4	7	8	3	6	3
Autumn 2000	7	3	8	7	7	8	6	6	6	6	3	7	3
Winter 2000	7	3	9	6	7	9	5	6	6	8	9	6	3
Spring 2001	7	3	8	5	8	8	6	7	5	7	3	10	3
Summer 2001	7	3	8	7	7	8	9	5	7	5	3	8	3
Autumn 2001	8	10	9	10	7	6	7	8	9	6	3	7	3
Winter 2001	9	12	10	5	8	9	8	8	10	8	10	10	3
Spring 2002	8	3	8	5	8	11	10	7	8	7	3	8	3
Summer 2002	7	3	7	8	7	10	7	7	8	8	3	8	3
Autumn 2002	7	3	6	6	9	6	7	6	8	7	3	7	3

1 The method of calculating redundancy estimates back to spring 1995 has changed from that used to calculate data previously published in this table. Thus the data in this table are not comparable to those previously published. See pp225-229 of the May 2000 Labour Market Trends for more information.

2 Redundancies per 1,000 employees.

3 Sample size too small to provide a reliable estimate.

Source: Labour Force Survey, National Statistics

11 Employee jobs (all industries)

Government Office Regions

June 1996 = 100

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	YEKA	YEB	YEC	YEKJ	YEKD	YEKI	YEKE	YEKF	YEG	YEH	YEKK	YEKL	YEKM
1999	105.3	100.1	106.5	104.0	103.7	101.9	106.2	111.9	107.7	104.7	104.8	102.0	106.3
2000	107.2	116.5	102.7	110.6	108.2	106.9	106.5	102.0	104.0	105.3	106.0	103.5	108.6
2001	108.2	117.3	101.1	111.0	110.6	107.9	109.6	102.1	104.1	105.1	106.2	106.5	110.1
2001 Mar	107.4	101.0	106.6	104.7	103.1	101.6	109.8	117.3	110.5	107.5	106.1	104.7	109.5
Jun	108.1	100.5	107.2	104.8	103.9	101.6	110.7	117.4	111.0	109.8	106.3	106.8	109.6
Sep	108.4	100.6	108.8	105.2	104.6	102.1	110.7	117.4	110.8	110.3	106.2	106.9	109.9
Dec	108.9	102.4	108.9	105.8	104.9	103.0	111.2	117.1	111.5	110.9	106.2	107.6	111.3
2002 Mar	107.9	101.4	107.8	104.4	103.9	102.5	110.5	115.7	110.6	110.3	105.2	106.9	110.6
Jun	107.9	101.8	108.0	104.3	103.6	102.2	110.5	115.4	110.7	111.1	105.9	106.5	110.9
Sep	108.1	102.8	108.7	105.3	103.5	102.7	110.3	115.3	110.0	111.2	106.0	106.4	111.0

Source: National Statistics

12 Index of industrial production¹

Seasonally adjusted 1995 = 100

	United Kingdom	Scotland	Northern Ireland	Wales
	CKYW	LRFK	LRFL	TMQX
1998	103.4	111.5	110.5	100.0
1999	104.2	115.3	118.3	100.9
2000	105.9	115.7	128.0	103.1
2001	103.6	106.4	126.9	95.3
1999 Q3	105.1	116.4	121.1	102.2
Q4	105.3	116.7	122.3	101.8
2000 Q1	104.8	116.8	124.0	104.5
Q2	106.2	117.1	124.4	102.8
Q3	106.4	115.9	130.9	101.5
Q4	106.3	113.0	132.5	101.5
2001 Q1	105.7	110.3	134.5	97.9
Q2	104.3	109.4	126.2	94.5
Q3	103.4	105.1	125.6	94.6
Q4	101.0	100.5	121.3	94.1
2002 Q1	99.8	97.4	118.7	93.9
Q2	100.1	97.8	120.4	94.9
Q3	100.4	..	120.6	95.1

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

Sources: National Statistics; Scottish Executive;

Department of Enterprise, Trade & Investment Northern Ireland;

13 Index of construction¹

Seasonally adjusted 1995 = 100

	United Kingdom	Scotland	Northern Ireland	Wales
	GDQB	LRZR	LRFM	TMQY
1998	107.0	98.3	..	98.1
1999	107.8	101.6	..	93.0
2000	109.7	109.3	..	86.3
2001	113.7	106.4	..	80.7
1999 Q3	108.7	104.9	103.1	91.5
Q4	109.3	107.7	103.1	88.9
2000 Q1	112.1	114.9	109.4	85.9
Q2	109.7	105.0	121.2	91.4
Q3	107.9	107.6	114.9	86.8
Q4	109.2	109.6	113.2	81.3
2001 Q1	111.5	110.4	119.2	82.2
Q2	113.1	108.3	118.7	74.4
Q3	114.1	104.7	118.1	82.2
Q4	116.1	102.1	116.5	83.9
2002 Q1	119.6	100.9	112.4 ²	86.7
Q2	120.9	101.1	118.7 ³	89.8
Q3	123.0	..	..	89.9

1 The index of construction has been rebased from 1990=100 to 1995=100. Figures on the 1990=100 base are not being continued

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

2 Revised

3 Provisional

14 Manufacturing industry: optimism about business situation

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

Balance¹

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London and the South East	South West	Wales	Scotland	Northern Ireland
	DCMO	LYYS	LYYT	DCMU	DCMT	DCMS	LYYU	DCMP	DCMR	DCMX	DCMY	DCMZ
2002 Jan	-31	-14	-47	-34	-36	-59	-4	-9	-42	-33	-34	-18
Apr	21	11	13	14	15	-6	18	26	4	22	14	-2
Jul	4	-12	14	12	-4	-3	-	-8	10	-1	-7	-6
Oct	-19	-11	-18	-9	3	-20	-20	-18	-37	-15	-18	-7

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

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

15 Manufacturing industry: volume of output

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

Balance¹

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London and the South East	South West	Wales	Scotland	Northern Ireland
Past 4 months	DCLQ	LYYV	LYYW	DCLW	DCLV	DCLU	LYYX	DCLR	DCLT	DCLZ	DCMA	DCMB
2002 Jan	-13	-24	-46	-24	-5	3	-5	-8	3	-18	-26	7
Apr	-15	-3	-5	-24	-5	-17	-11	-9	-26	-	-33	-21
Jul	-10	1	7	-17	-12	-8	-9	1	-8	6	4	-4
Oct	-12	-17	-2	-20	6	-8	-26	-19	-17	12	1	24
Next 4 months	DCMC	LYYY	LYYZ	DCMI	DCMH	DCME	LRZA	DCMD	DCMF	DCML	DCMM	DCMN
2002 Oct	8	29	11	-18	27	10	4	10	-4	-2	-24	-

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

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

16 Manufacturing industry: volume of new orders

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

Balance¹

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London and the South East	South West	Wales	Scotland	Northern Ireland
Past 4 months	DCNA	LRZB	LRZC	DCNG	DCNF	DCNE	LRZD	DCNB	DCND	DCNJ	DCNK	DCNL
2002 Jan	-15	-13	-41	-28	-9	-2	-10	-10	-9	-20	-23	10
Apr	-14	7	9	-19	-1	-15	-10	-17	-22	-7	-30	-22
Jul	-11	-5	8	-17	-17	-17	-1	3	-22	6	-3	6
Oct	-16	7	1	-20	3	-6	-28	-20	-35	-8	-2	8
Next 4 months	DCNM	LRZE	LRZF	DCNS	DCNR	DCNQ	LRZG	DCNN	DCNP	DCNV	DCNW	DCNX
2002 Oct	8	37	8	2	22	10	8	19	-11	-11	-11	-10

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

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

17 Manufacturing industry: volume of new export orders

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

Balance¹

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London and the South East	South West	Wales	Scotland	Northern Ireland
Past 4 months	DCNY	LRZH	LRZI	DCOE	DCOD	DCOC	LRZJ	DCNZ	DCOB	DCOH	DCOI	DCOJ
2002 Jan	-36	-41	-48	-46	-22	-37	-20	-17	-18	-19	-39	-59
Apr	-18	7	-8	-20	-29	-23	-22	-14	-56	2	-21	-31
Jul	-14	-1	11	-11	-33	-21	-13	-1	-43	-1	9	11
Oct	-19	6	-	2	13	-4	-29	-25	-26	-9	-23	13
Next 4 months	DCOK	LRZK	LRZL	DCOQ	DCOP	DCOO	LRZM	DCOL	DCON	DCOT	DCOU	DCOV
2002 Oct	-1	36	-2	-27	37	21	2	14	-12	-1	-32	-1

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

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

18 Manufacturing industry: firms working below capacity

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

Percentages

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London and the South East	South West	Wales	Scotland	Northern Ireland
	DCOW	LRZN	LRZO	DCPC	DCPB	DCPA	LRZP	DCOX	DCOZ	DCPF	DCPG	DCPH
2002 Jan	66	90	70	74	51	50	65	69	62	62	61	54
Apr	72	80	65	80	66	60	69	72	71	69	54	68
Jul	67	92	53	70	62	55	66	73	56	64	44	54
Oct	67	74	63	81	53	63	66	66	67	52	47	70

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

19 Permanent dwellings started

Government Office Regions

Numbers

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland ¹	Northern Ireland
	DEOI	LRDP	LRZQ	DCRX	DCRW	DCRV	LRDR	DCRR	LRDS	DCRU	BLIA	BLFA	BLGA
2000	188 852	7 094	18 683	13 813	15 130	15 780	18 686	15 300	23 440	16 741	9 352	23 322	11 154
2001	193 053	6 373	19 228	14 774	14 982	14 616	19 071	16 601	25 727	16 393	9 136	22 940	13 245
1999 Q3	47 720	1 891	5 007	3 986	3 817	3 851	4 653	2 867	6 565	4 534	2 376	5 821	2 352
Q4	42 842	1 473	4 424	3 418	4 034	3 402	4 101	2 951	5 361	3 709	1 958	5 386	2 625
2000 Q1	52 100	2 071	5 546	3 571	4 161	4 566	5 350	3 240	6 316	4 688	2 205	6 794	3 592
Q2	50 641	1 793	4 804	3 661	3 992	4 464	5 074	4 466	6 776	4 595	2 749	5 464	2 803
Q3	48 140	1 712	4 554	3 594	3 890	3 663	4 871	4 119	6 078	4 258	2 781	6 130	2 490
Q4	37 971	1 518	3 779	2 987	3 087	3 087	3 391	3 475	4 270	3 200	1 617	5 291	2 269
2001 Q1	48 861	1 926	4 788	3 879	3 757	4 026	4 521	3 446	6 043	4 082	2 206	6 382	3 764
Q2	51 617	1 735	4 938	3 797	3 766	4 116	5 641	4 338	7 071	4 431	2 705	5 360	3 847
Q3	49 735	1 593	4 813	3 644	3 967	3 309	4 825	5 705	6 509	4 125	2 452	5 876	2 889
Q4	42 840	1 119	4 689	3 454	3 492	3 165	4 084	3 112	6 104	3 755	1 778	5 322	2 745
2002 Q1	50 629	1 768	5 258	3 328	3 580	4 079	5 391	4 765	6 431	4 672	2 159	5 693	3 381
Q2	50 559	1 764	5 093	3 765	4 439	3 621	4 403	4 152	7 145	4 372	2 794	5 501	3 510
Q3	..	1 644	4 672	4 196	4 976	3 864	5 982	4 321	6 300	4 508	2 506	..	3 107

1 Includes estimates for outstanding returns for private sector.

2 Estimates for 2002 Q2 & Q3 for the English regions are provisional.

Sources: Office of the Deputy Prime Minister; National Assembly for Wales; Scottish Executive; Department for Social Development, Northern Ireland

20 House prices¹

Government Office Regions

1993 = 100

	United Kingdom	North East	North West ²	Merseyside	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	LRBH	LRDX	LRDY	LRBN	LRBJ	LRBK	LRBP	LRDZ	LRBM	LRBA	LRBO	LRBR	LRBS	LRBT
2000	165.3	126.9	132.6	122.1	123.2	141.7	147.5	172.8	209.7	188.1	169.1	130.9	124.0	188.6
2001	179.2	132.1	143.5	141.9	132.5	157.1	160.5	192.9	231.8	207.5	191.3	146.4	129.3	207.8
1999 Q3	148.3	129.5	127.1	115.3	120.0	130.0	135.0	144.7	185.5	160.1	151.3	125.5	124.8	171.1
Q4	152.1	119.4	129.5	112.7	120.0	129.7	136.3	159.7	192.6	167.3	150.6	125.5	124.8	170.7
2000 Q1	156.0	116.5	126.5	109.8	119.9	137.3	137.5	163.7	200.7	171.6	157.7	128.6	124.2	181.5
Q2	164.5	131.9	135.8	120.0	119.9	140.8	146.9	170.6	215.7	184.5	163.8	129.2	123.6	184.3
Q3	167.6	122.4	134.8	121.2	127.4	144.6	151.0	178.0	204.1	192.4	176.9	131.8	124.4	186.0
Q4	172.6	126.2	129.3	134.8	125.7	144.7	153.1	181.4	219.2	202.1	177.7	133.2	124.2	201.9
2001 Q1	171.7	122.7	135.4	150.5	129.0	146.3	152.2	188.1	225.5	192.0	182.0	137.7	130.2	221.9
Q2	177.9	132.9	138.0	132.0	128.8	154.5	157.9	187.9	234.4	211.3	183.8	154.6	126.9	204.4
Q3	184.3	132.7	153.5	141.5	135.9	162.6	166.6	196.3	236.4	214.3	200.2	148.1	130.5	215.0
Q4	180.6	141.3	142.0	140.7	135.7	163.6	162.1	196.2	228.2	207.9	197.9	145.1	131.5	196.2
2002 Q1	187.3	139.6	144.5	121.6	141.7	173.8	168.9	222.2	226.6	211.0	201.2	168.3	146.2	210.7
Q2	202.3	144.0	169.9	158.1	156.0	190.5	184.3	227.7	253.1	228.1	226.8	170.2	141.0	222.1
Q3	219.1	153.6	172.3	153.8	164.2	202.4	209.6	239.4	268.5	254.1	255.9	192.5	145.3	237.9

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

2 Excludes Merseyside.

Source: Department for Transport, Local Government and the Regions

21 VAT registrations and deregistrations¹: net change²

Government Office Regions

Thousands

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	DCYQ	LRER	LRZS	DCYT	DCYU	DCYY	LRER	DEON	LRER	DCYX	DCZA	DCZB	DCZC
1998	30.3	0.2	2.5	0.5	1.2	1.7	2.7	11.3	6.9	1.7	-0.1	0.9	0.9
1999	6.5	-0.1	0.9	-0.7	-0.2	0.2	0.6	4.6	2.4	0.1	-0.7	-0.5	-0.1
2000	6.2	0.1	0.8	-0.8	0.2	0.3	1.0	2.7	1.9	-	-0.2	-	0.3
2001	12.7	-0.1	1.4	0.2	0.8	1.0	1.0	2.8	3.9	0.8	0.1	0.8	0.2

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

2 Registrations less deregistrations.

Source: Department of Trade and Industry

e-Commerce adoption and business impact: a progress report

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Summary

In June 2002, a first article 'e-Commerce and business change' (Clayton and Criscuolo 2002) outlined the programme of microdata work within ONS to examine effects of e-commerce adoption on business behaviour and performance. During the second half of 2002 significant progress has been made, and the programme has developed three main lines of analysis:

- examination of technology use and e-business adoption over time;
- investigating the influence of electronic networks, and e-business use, on innovation and its contribution to business growth;
- linking data on electronic network use by firms to information on productivity, building on frameworks developed by CeRIBA¹ and on approaches developed in other countries.

This article reports progress on the first line of work and briefly reviews research under way on the second and third. The innovation and productivity studies will be reported fully in later articles.

Background

A substantial body of work has already been completed, under the Evidence Based Policy Fund programme, to examine business performance at firm level. This uses microdata collected as part of normal statistical surveys to examine the effects of specific inputs on firm performance.

Early in 2002 ONS started to assess how survey data on e-commerce activity could be used in this type of analysis. There is strong policy interest in identifying the economic impact of 'new economy' inputs, and evidence on whether – and how – the use of Information and Communication Technology (ICT) affects firm behaviour and performance.

The work programme ONS has adopted is based on reporting unit data collected using the following enterprise surveys:

- the Annual Business Inquiry, including employment, gross output and value added;
- the Community Innovation Survey, which gathers data on R&D, innovation output and innovation processes;
- the e-Commerce Inquiry to Business, which asks for information on ICT use and electronic transactions at reporting unit level.

In addition, capital expenditure surveys that include ICT investment will be used. The article 'e-Commerce and business change' (Clayton and Criscuolo 2002) reported on the feasibility of linking these surveys, and summarised preliminary evidence that:

- business level innovation and e-commerce activity by firms are related;
- firms that are e-commerce users are more likely to assess their innovations as having high positive impact on firm performance than those that are not;
- there are strong skill/educational requirements related to e-business adoption.

ONS has conducted its second e-commerce survey for 2001, published in stages during August–November 2002 (Prestwood 2002). Further analysis of the ONS 2000 e-commerce survey has explored in detail the adoption behaviour by business, and shows that patterns of e-commerce use vary widely across UK industry. Initial work to link 2000 to 2001 e-commerce data has revealed a high level of experimentation and change under way, which will be important to recognise when we come to look at impact on performance.

At the same time, parallel statistical work in other OECD countries², and case studies conducted for the Department of Trade and Industry (DTI) and DG Enterprise, have demonstrated some common patterns of e-commerce adoption and shared factors in the ability of businesses to capitalise on ICT benefits. Statistical evidence on these patterns is of interest to policymakers, and has helped to shape work in ONS.

Input from other studies has helped focus our analytical approach on three strands:

- tabulation of the 2000 and 2001 e-commerce surveys, to understand the relationships between technology use and adoption of electronic transactions;
- analysis of R&D, innovation and output growth, to test whether use of electronic networks can improve the return from investment in innovation;
- modelling enterprise productivity levels and changes, taking into account the use of computer networks and electronic transactions, an extension of work already carried out in the US Bureau of Census (Atrostic and Nguyen 2002).

Multiple technologies

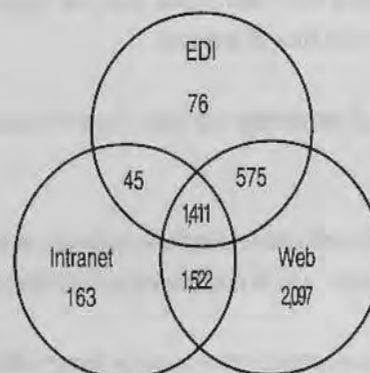
The ONS e-commerce survey was launched in 2000 and is based closely on the Eurostat model survey. It gathers data on the adoption patterns and use of ICT by UK enterprises. The 2000 survey showed that the majority of UK firms had invested in some form of 'connected' technology, and that many were using more than one technology.

Figure 1 shows the pattern of technology in use for connected firms and the relationships between older technologies, such as Intranet (internal networks within firms) and electronic data interchange (EDI, which links firms over closed transaction networks) and the more recent web technology.

Only web access shows up as a 'standalone' technology in use by a significant number of firms on its own although half of firms accessing

Figure 1

Distribution of 'connected' technologies in firms (number of respondents)

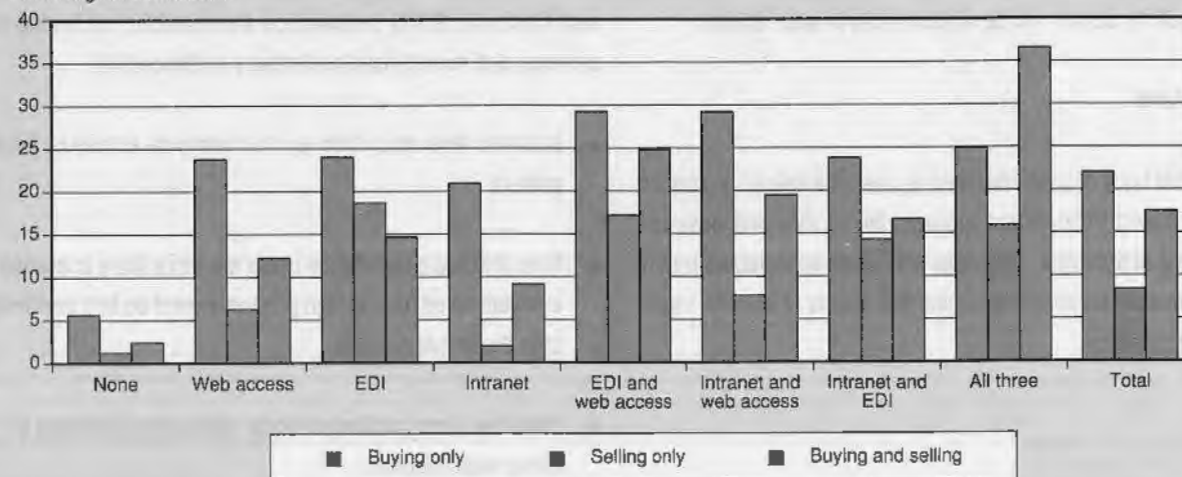


Source: e-Commerce Inquiry 2000

Figure 2

Technology combinations and e-commerce activity

Percentage of businesses



Source: e-Commerce Inquiry 2000

the web were also using intranet or EDI: 20 per cent of survey respondents, 1,411 in total, were using all three – web access, Intranet and closed links with business partners via EDI. A similar number, 1,385 or 19 per cent of respondents, had no connection at all.

Figure 2 shows that use of multiple 'connected' technologies is positively related to penetration of use of e-commerce. There are a small number of reporting businesses without any of these technologies that may engage in e-commerce via third party web sites but, for the rest, more than one channel for e-business often means a higher proportion able to undertake electronic sales. In addition, ownership of an Intranet, connecting internal processes within a firm, increases the likelihood that it will be able to buy and sell electronically.

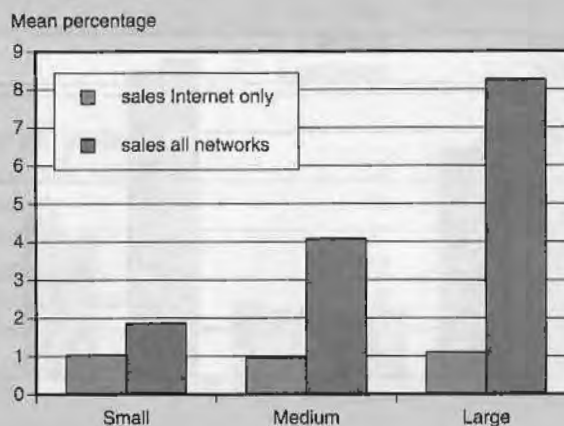
Adoption by large versus small firms

EDI predates the Internet by 20 years, but its role as a vehicle for e-commerce is still important. Almost all large firms in the 2000 e-commerce survey used some form of connected technology, often EDI, and 40 per cent of large firms were already doing so by 1997 (see Figure 3). The Internet boom of 1999/2000 drew in many more firms, but more of the 'late joiners' were small and medium-sized enterprises, under 250 employees.

As many larger firms that were ICT-enabled since the mid 1990s used electronic exchange of orders or of information over closed systems, EDI dominates measures of value of e-commerce in both 2000 and 2001. Figure 4 shows, for the year 2000, business done over the Internet and via 'all electronic networks', of which EDI is the largest element. In small firms, the proportion of business sold over the Internet is half of all electronic sales, which implies that EDI and Internet sales are roughly comparable. For large firms, Internet sales are only around 12 per

Figure 4

e-Commerce sales as percentage of turnover, by size of firm



Source: e-Commerce Inquiry 2000

cent of total network sales, with EDI and other systems accounting for the rest. This difference suggests the Internet is a point of entry to electronic trading for small firms, giving them access to e-business transactions already available to others for longer.

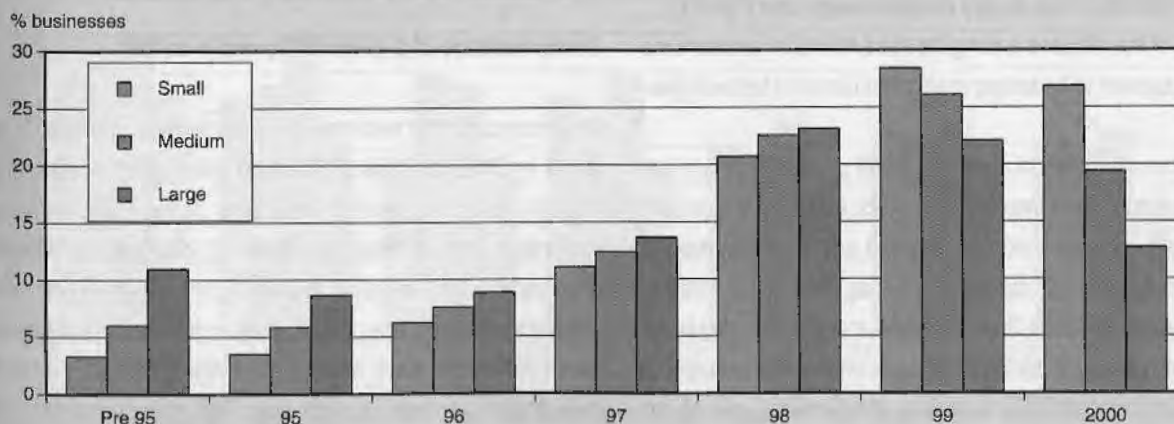
Analysis of the pattern of electronic transactions as a percentage of enterprise turnover (Figure 5) shows a similar effect. The majority of businesses for which e-commerce constitutes over 10 per cent of sales value use non-internet networks.

The 'marginal' e-traders

It is clear from the analysis in Figure 5 that a high proportion of businesses undertaking e-commerce sales in 2000 were very 'marginal', e-traders. For well over half the businesses undertaking electronic sales, this activity accounted for 1 per cent or less of their

Figure 3

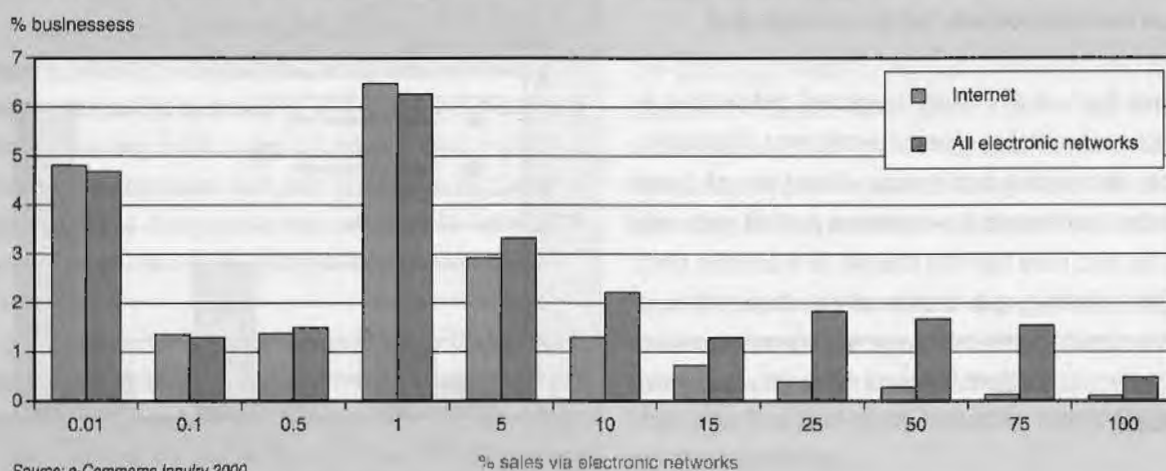
Year of network technology adoption, by size of firm



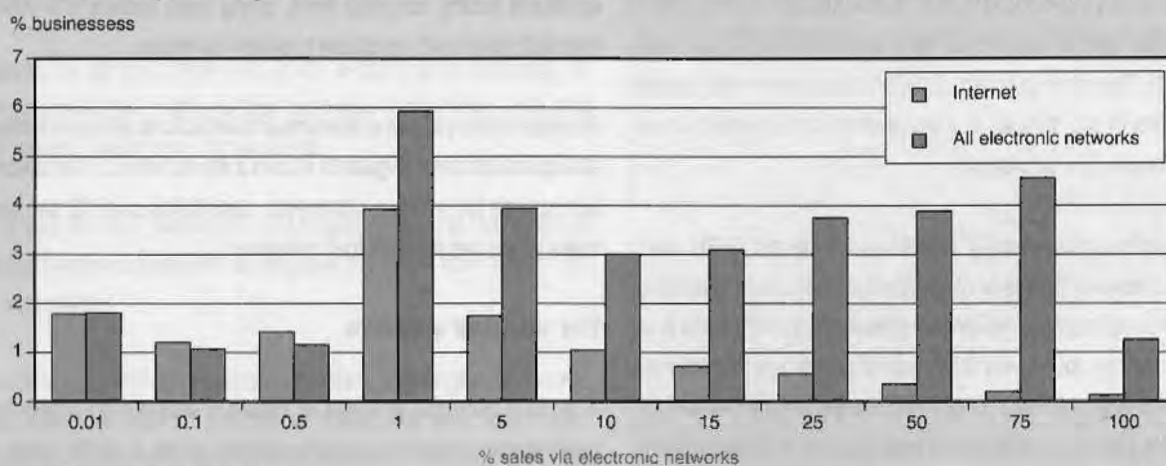
Source: e-Commerce Inquiry 2000

Figure 5

Business percentage of e-commerce sales via Internet and over all electronic networks in 2000

**Figure 6**

Business percentage of e-commerce sales via Internet and over all electronic networks in 2001



turnover. UK survey data for 2001 shows that this pattern has changed significantly. By 2001 there is a significantly higher proportion of e-traders in the 'over 1 per cent of sales' bands, and a definite reduction in the proportion of very marginal users (see Figure 6).

A large part of the increase among the more intensive e-commerce businesses appears to be among users of non-Internet technologies.

Within this overall pattern of consolidation of e-commerce, and the decline in the number of 'marginal' e-sellers, there is considerable change shown by comparison of the 2000 and 2001 surveys. Of firms responding in both surveys, and that did not sell through electronic networks in 2000, 30 per cent said they had adopted some form of electronic selling by 2001. Of firms selling electronically in 2000, half had increased their proportion of e-business, and 40 per cent had either ceased electronic selling or scaled down their

dependence on it. The data shows a dynamic pattern, with experimentation and exit still widespread. This will affect the ease with which we can identify costs and benefits of e-commerce use.

Sector balance of e-purchasers and e-sellers

The sector pattern of e-commerce sales has been published in value terms in ONS releases (Prestwood 2002). It shows significant differences across sectors for values of electronic sales as a percentage of total sales, by broad SIC category. An alternative approach is to look at selling and buying behaviour, focusing on the proportion of businesses for whom e-commerce represents more than 1 per cent of sales, and the proportion for whom it represents more than 1 per cent of purchases. This gives a pointer to how e-commerce is used by sector. Table 1 shows that:

- the food, drink and tobacco sector has by far the greatest proportion of 'non-marginal' e-traders, over 40 per cent. Sales from this sector via EDI to supermarkets and wholesalers have been an established business practice for several years.
- the wholesale/retail sector has among the highest proportion of electronic purchasers (22 per cent), along with financial services (23 per cent), business services (20 per cent) and electrical / optical machinery (21 per cent).

The pattern in Table 1 seems to suggest that e-commerce involves a significant proportion of firms in sectors where the number of suppliers and/or buyers is low. This model of e-commerce is likely to be a closed system of EDI. Where customers are more fragmented and the market structure suited to the Internet, penetration appears to be slower.

This 'buyer/seller' analysis confirms that, for the majority of sectors, the proportion of 'non-marginal e-purchasers' is greater than that of 'non-marginal e-sellers'.

Benefits of e-commerce

Responses to survey questions on the benefits associated with e-commerce use show business objectives for electronic trading have changed over time. Those firms that began using computer networks or the Internet prior to 1997 are more likely to have reported their reasons for doing so in terms of very specific business benefits (see Figure 7). They report benefits including cost reduction for the firm, service quality improvement for customers, increased speed of operation and simplification of business processes. These are benefits which usually

Table 1 e-Purchasers versus e-Sellers

Selected industry sectors	Percentage of firms with more than 1 per cent e-purchases	Percentage of firms with more than 1 per cent e-sales
Higher user sectors:		
Food / drink / tobacco	12	45
Paper etc	16	12
Chemicals	17	19
Rubber / plastic	19	14
Equipment / machinery	18	10
Electrical / optical machinery	21	12
Transport equipment	16	12
Utilities	21	10
Wholesale / retail	22	14
Hotels / catering	13	11
Real estate / business services	20	6
Transport	18	12
Financial services	23	17
Lower user sectors		
Textiles	7	11
Leather	8	7
Non-metallic products	6	8
Metal products	10	11
Manufacturing nes	8	6

Source: e-Commerce Survey 2000

Sectors shown in italics have fewer >1 per cent e-sellers than >1 per cent e-purchasers

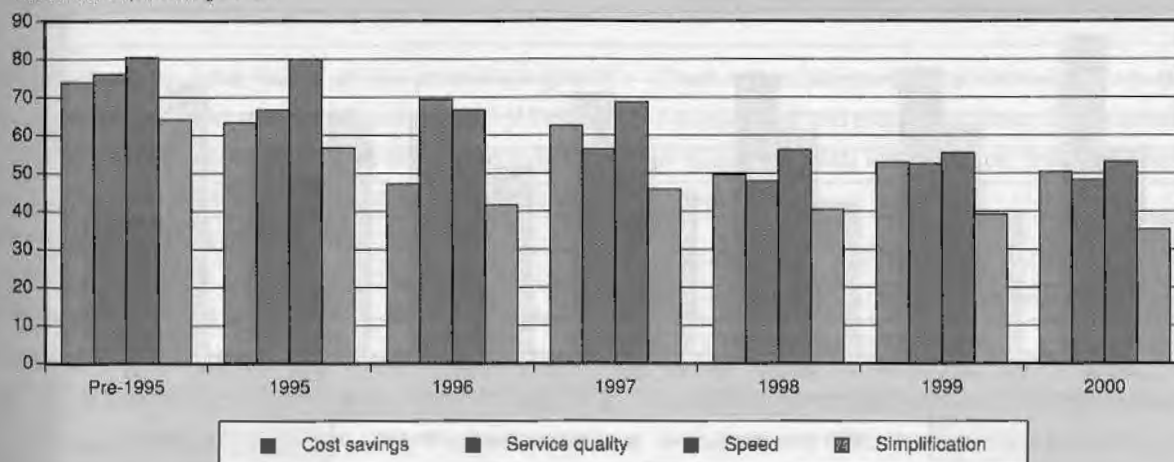
require electronic processes to be 'engineered in' to firms, affecting methods of work, or the way firms interact with customers.

Figure 8 shows, by way of contrast, that benefits reported by later adopters seem more related to marketing goals. The majority of these

Figure 7

Specific benefits versus first year selling over electronic networks

% businesses perceiving benefit

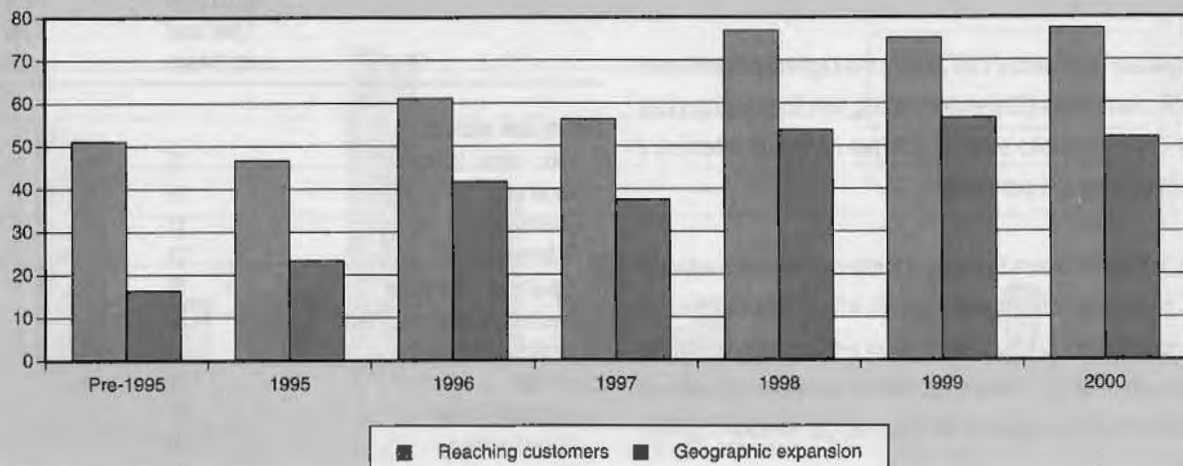


Source: e-Commerce Inquiry 2000

Figure 8

Marketing benefits versus first year selling over electronic networks

% businesses perceiving benefit



Source: e-Commerce Inquiry 2000

report their main objectives as geographic expansion or reaching customers. Often these objectives are less specific, and require less investment in business processes than cost savings, service quality, speed or process simplification. Further analysis may show whether businesses with primarily 'market reach' priorities are among the 'marginal' businesses in Figure 5 (see page 34).

Adoption rate

Most important for identifying the impact of ICT and e-commerce use for business performance is an understanding of lags involved in the adoption process. From survey responses (see Figure 9) it is possible to identify how long firms are likely to take to move from initial investment in 'connected' ICT to trading online, either as a

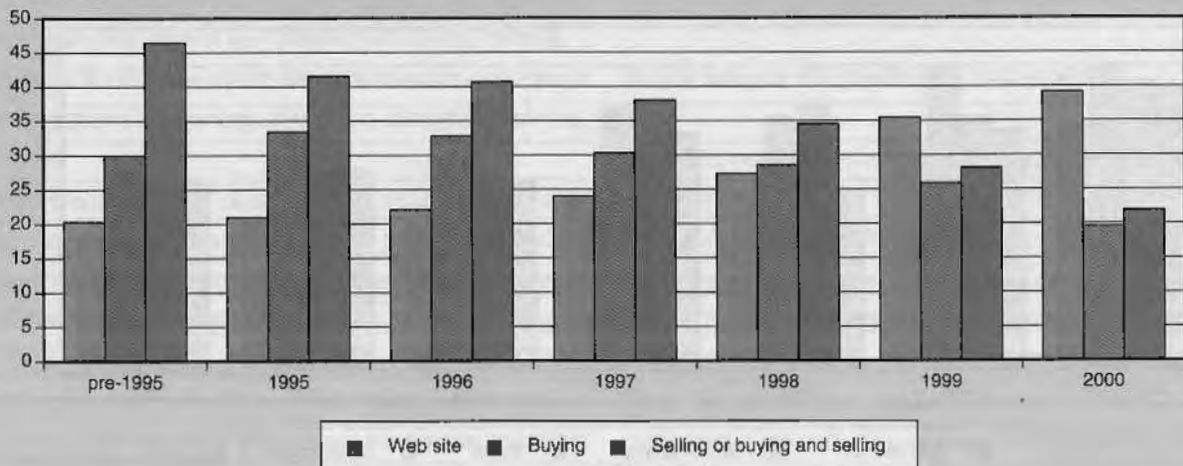
buyer or as a seller. For example those investing in the technology pre-1995 had a 46 per cent probability by 2000 of selling via e-commerce and possibly buying as well. Those investing in 2000 only had a 21 per cent probability of trading, and were nearly twice as likely to have only a marketing web site. The sharpest increase in probability of trading takes place in the first two years of adoption, which suggests a learning period for many firms to move from technology to business operations.

This result may be related to the responses on benefits to e-trading reported in Figure 7 (see page 6). The time taken to embed electronic processes to enable effective trading and secure benefits is probably measured in years rather than months. We will need to recognise this in looking for 'impact' benefits of technology.

Figure 9

e-Activity versus time with network technology

% businesses



Source: e-Commerce Inquiry 2000

ICT and e-commerce impact on business performance

Limited progress has been made on analysis of business performance. However, the research approach has been developed, and some initial results are shown here.

ICT, e-business and product innovation

Work with the Community Innovation Survey (CIS) collected in 1996 and 2000 has confirmed that innovation is related to business performance. Microdata from CIS 2000 shows that:

- businesses with higher levels of R&D spending relative to turnover in each sector also deliver more new and improved product sales relative to turnover;
- businesses maintaining higher levels of new and improved product sales relative to turnover in each sector achieve above sector average rates of sales growth, i.e. they increase market share.

The first of these relationships is similar to results derived in new research on CIS 1996 (Criscuolo and Haskel 2002).

The second is shown by our comparison below, which separates businesses surveyed in CIS 2000 into three groups:

- those reporting no new or improved products at all;
- firms which innovate, but whose proportion of new or improved output is less than the mean (excluding non-innovators) in their two-digit SIC category;
- innovators whose new or improved output equals or exceeds the mean for businesses in their SIC category (again excluding non-innovators).

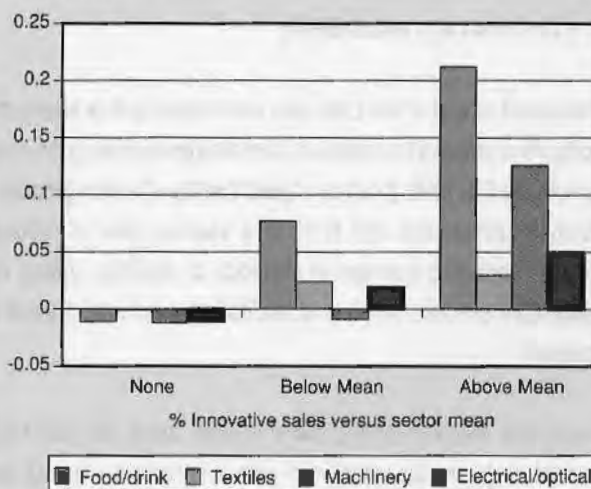
For each group we have looked at the percentage growth performance of businesses relative to the mean growth of their two-digit category – effectively relating relative innovation activity to the change in the business' share of its sector. The results are shown below, for selected broad sector groups.

For most production and service sectors, these results show that firms with no innovation grow slowest – usually slower than the sector mean. Firms with moderate innovation do better (although not in every case), and firms with the highest innovation levels increase their sales significantly faster than the sector mean. The effect is present in both manufacturing and service sectors.

Figure 10

Relative growth versus relative innovation: production

Firm growth versus sector

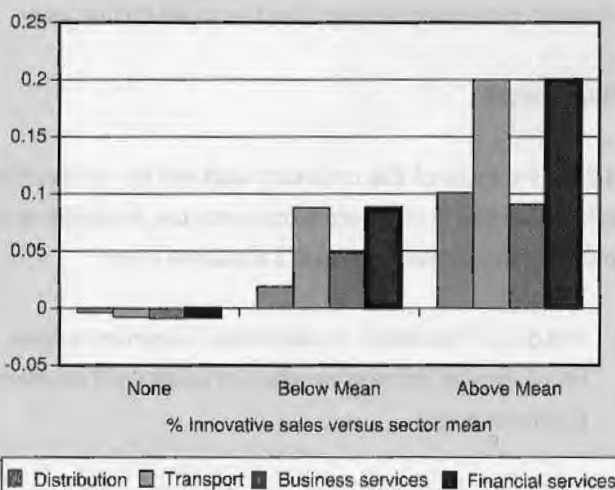


Source: Community Innovation Survey 2000

Figure 11

Relative growth versus relative innovation: services

Firm growth versus sector



Source: Community Innovation Survey 2000

These relationships provide a base from which it is possible to assess the case-based and anecdotal evidence that electronic interactions increase the benefits firms reap from innovation. Next steps are to test whether:

- e-enabled networks help to increase the speed or the amount of innovation derived for a given level of R&D spending, through more effective interaction;
- ICT and electronic transactions help to speed up or increase the sales growth effect associated with innovation, through faster access to a wider spread of markets, or through more effective targeting of customers.

If there is evidence to show either of these effects, either in general or in specific market situations, part of the value of e-commerce in promoting business growth could be quantified.

ICT, e-business and productivity

An important strand of the Criscuolo and Haskel article shows the importance of process innovation in promoting productivity gain, using data from the CIS 1996. It can be argued that the effect of introducing e-business processes into firms is a special case of process innovation, bringing changes in methods of working, cutting out unnecessary process steps and facilitating automatic control of processes.

Atrostic and Nguyen (2002) have shown using the US 1999 manufacturing census, combined with a computer network use supplementary survey, that there is a significant positive effect on productivity associated with the use of computer networks, after allowing for management and other effects. Initial work on 2000 ABI data for the UK (Criscuolo and Waldron 2003) suggests similar overall effects, but with most of the benefit of e-commerce adoption accruing to businesses that use it for procurement. These results will be presented in a subsequent paper, and extended to other years.

Future work

In 2003 the focus of this continuing work will be on identifying performance effects of ICT and e-commerce use. In addition to the sources of data already accessed, it is planned to use:

- data on ICT investment, developed from investment surveys, to help distinguish between the effects of installed ICT capital and e-commerce use;
- data on the linkage of e-business processes to purchasing and order receipt systems, which was included in the ONS e-commerce survey for the first time in 2002.

In parallel with this work, DTI and the Office of the e-Envoy will be commissioning further business case studies. The intention is to link these streams of work, using the case studies to develop models that can be tested using firm level statistics.

Acknowledgement

The authors wish to acknowledge the helpful contribution provided by Chiara Criscuolo of the Centre for Research into Business Activity.

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- ### Notes
- 1 Centre for Research into Business Activity (CeRiBa) led by Professor Jonathan Haskel, working on microdata analysis and business data linking at ONS, supported by the Evidence Based Policy Fund with input from HM Treasury and DTI.
 - 2 The OECD is co-ordinating a program of work in this topic under its DSTI SWIC committee, in which Australia, Canada, Denmark, Germany, Italy, Japan, Netherlands, USA, UK, Sweden and Switzerland have already contributed, leading to a report to Ministers in spring 2003.