

Brussels, 9 November 2007

Autumn economic forecast 2007-2009: growth moderating

Growth in the European Union economy is expected to decelerate from 2.9% in 2007 to 2.4% in both 2008 and 2009 (from 2.6% to 2.2% in 2008 and 2.1% in 2009 in the euro area) according to the Commission's autumn economic forecast. This follows from the impact of the turbulence in the financial markets that has caused tighter financing conditions and increased uncertainty. However, a still benign global environment and solid fundamentals limit the downward revision to 0.3 percentage points (pp.) in 2008 for both areas compared to the spring forecast. In particular, private consumption, which became the main driver of growth earlier this year, is expected to grow at a healthy pace, underpinned by relatively sustained employment growth. The EU as a whole is predicted to create 8 million new jobs over the period 2007-2009, on top of the 3.5 million already created in 2006. This will help reduce EU unemployment to 6.6% in 2009. Thanks in part to this healthy economic activity, the budget deficit for 2007 in both the EU and the euro area is forecast to fall to its lowest level in many years, averaging 1.1% of GDP in the EU and 0.8% in the euro area. The structural deficit is also expected to improve this year, albeit to a lesser degree, though fiscal consolidation will come to a halt thereafter. Inflation is set to increase in the coming quarters as a result of higher commodity prices, but should fall back to around 2% by mid-2008 in the euro area.

"Clouds have clearly gathered on the horizon with this summer's turbulence in the financial markets, the US slowdown and the ever-rising oil prices. As a result, economic growth is becoming more moderate and the downside risks have clearly increased. But thanks to strong world growth and solid economic fundamentals, the negative impact should be limited. On the prices front, inflation should remain moderate, but the risks are on the upside," said Joaquín Almunia, the Economic and Monetary Affairs Commissioner.

Firm growth prospects, despite US slowdown

The Commission's economic forecast published today projects economic growth to moderate over the forecast horizon, decelerating from 2.9% in the EU in 2007 to 2.4% in both 2008 and 2009 (and, in the euro area, from 2.6% in 2007 to 2.2% in 2008 and 2.1% in 2009). The 2008 growth forecast for both areas is now 0.3 pp. lower than six months ago.

After a solid first half of 2007, the moderation going forward is partly explained by the impact of the turbulence in the financial markets – though the peak of the cycle may have already been behind us before this summer's turmoil.

The Commission's central forecast assumes that the financial distress will peter out gradually. In the meantime, it has clearly reduced investors' appetite for risk and has tightened financing conditions. Investment has proven dynamic so far, but at this stage of the cycle it should moderate, not least given the sharp slowdown of construction investment in some Member States. Private consumption has picked up and is taking over as the main engine of growth on the back of a favourable employment outlook, provided that consumer confidence remains good.

On the external side, EU growth continues to be supported by a solid outlook for the world economy, especially the emerging economies, which largely compensates for the slowdown in the US. Therefore, the Commission sees the EU economy growing at around potential in the two forecast years. Inflation, however, is expected to accelerate to 2.4% in the euro area in the coming quarters on the back of higher commodity prices, but to fall back to around 2% next summer.

Unemployment still falling; fiscal consolidation comes to a halt

Dynamic employment growth of 1.5% in both the EU and the euro area is expected to have led to 3.6 million new jobs in the EU this year (2.3 million in the euro area). This improvement is broad-based across sectors, types of work arrangements and Member States. Going forward, employment growth should decelerate to around 1% on average in 2008-2009 in both the EU and the euro area as the business cycle matures. Nevertheless, 4.5 million jobs will still be created in the EU in 2008-2009 (3.2 million in the euro area), increasing the overall employment rate to above 66% by 2009. The unemployment rate is projected to reach 6.6% in the EU and 7.1% in the euro area by 2009, levels not witnessed in fifteen years.

Labour shortages are becoming more common and wages are therefore expected to increase somewhat faster over the forecast horizon, in particular in 2008, when developments will partly reflect one-offs and catching-up on previous years of wage restraint. But sustained labour productivity growth is set to limit the rise in unit labour costs and help contain inflation pressures.

As a result of both unexpected revenue gains and consolidation efforts, the government deficit will decline from 1.6% of GDP in 2006 to 1.1% in 2007 in the EU (from 1.5% to 0.8% in the euro area). However, a worsening is expected in 2008 in some countries, due to the moderation in economic activity and to the use of windfall gains for additional expenditure in some countries. The overall deficit for 2008 is forecast to increase to 1.2% of GDP in the EU and 0.9% in the euro area. For 2009, based on a no-policy-change assumption, it should stabilise. In structural terms, the fiscal consolidation is also set to come to a halt in 2008 and 2009.

General government debt is on a downward path, and is expected to reach 63.4% of GDP in the euro area by 2009 and to fall below 60% in the EU already in 2007.

Clear downside risks

The main downside risks to the growth outlook relate to the events in financial markets and the possibility of a sharper or more protracted slowdown in the US. Some segments of the financial markets are still malfunctioning, and a more prolonged period of uncertainty cannot be ruled out, affecting credit conditions and, in turn, housing markets more acutely than anticipated. On the other hand, the labour market could again surprise on the upside, which would boost labour income and consumer confidence. As regards inflation, further oil-price hikes and rises in food and commodity prices present upside risks to the baseline scenario.

The full Commission autumn economic forecast is available on the internet at: http://ec.europa.eu/economy_finance/index_en.htm

AUTUMN 2007 FORECASTS

MAIN ECONOMIC INDICATORS 1992 - 2009

(a) GDP at constant prices (annual % change)

	5-year averages							Estimates 2007	Forecasts 2008	Scenario unchanged policies 2009	
	1992-96	1997-01	2002-06	2003	2004	2005	2006				
BE	1.5	2.6	2.0	1.0	3.0	1.7	2.8	2.7	2.1	2.2	BE
DE	1.4	2.1	0.9	-0.2	1.1	0.8	2.9	2.5	2.1	2.2	DE
IE	6.2	9.0	5.3	4.3	4.3	5.9	5.7	4.9	3.5	3.8	IE
EL	1.1	4.2	4.0	5.0	4.6	3.4	4.3	4.1	3.8	3.7	EL
ES	1.5	4.4	3.3	3.1	3.3	3.6	3.9	3.8	3.0	2.3	ES
FR	1.2	3.0	1.7	1.1	2.5	1.7	2.0	1.9	2.0	1.8	FR
IT	1.1	2.1	0.7	0.0	1.2	0.1	1.9	1.9	1.4	1.6	IT
CY	5.5	4.2	3.1	1.8	4.2	3.9	3.8	3.8	3.9	3.9	CY
LU	2.6	6.3	4.4	2.1	4.9	5.0	6.1	5.2	4.7	4.5	LU
MT	5.0	3.4	1.7	-0.3	0.1	3.1	3.2	3.1	2.8	2.9	MT
NL	2.5	3.7	1.4	0.3	2.2	1.5	3.0	2.7	2.6	2.5	NL
AT	2.0	2.6	1.9	1.2	2.3	2.0	3.3	3.3	2.7	2.4	AT
PT	1.6	3.8	0.7	-0.7	1.5	0.5	1.3	1.8	2.0	2.1	PT
SI	2.0	4.3	4.2	2.8	4.4	4.1	5.7	6.0	4.6	4.0	SI
FI	1.3	4.6	3.0	1.8	3.7	2.9	5.0	4.3	3.4	2.8	FI
€ area	1.4	2.8	1.6	0.8	2.0	1.5	2.8	2.6	2.2	2.1	€ area
BG	-2.8	2.0	5.7	5.0	6.6	6.2	6.1	6.3	6.0	6.2	BG
CZ	2.3	1.2	4.5	3.6	4.5	6.4	6.4	5.8	5.0	4.9	CZ
DK	2.6	2.4	1.9	0.4	2.1	3.1	3.5	1.9	1.3	1.4	DK
EE	-	6.2	9.0	7.2	8.3	10.2	11.2	7.8	6.4	6.2	EE
LV	-8.8	6.2	9.0	7.2	8.7	10.6	11.9	10.5	7.2	6.2	LV
LT	-8.4	5.0	8.0	10.3	7.3	7.9	7.7	8.5	7.5	6.3	LT
HU	0.6	4.6	4.3	4.2	4.8	4.1	3.9	2.0	2.6	3.4	HU
PL	4.9	4.4	4.1	3.9	5.3	3.6	6.1	6.5	5.6	5.2	PL
RO	1.4	-0.9	6.1	5.2	8.5	4.1	7.7	6.0	5.9	5.8	RO
SK	-	2.7	5.6	4.2	5.4	6.0	8.3	8.7	7.0	6.2	SK
SE	1.2	3.2	3.0	1.7	4.1	2.9	4.2	3.4	3.1	2.4	SE
UK	2.5	3.1	2.6	2.8	3.3	1.8	2.8	3.1	2.2	2.5	UK
EU27	1.4	2.9	2.0	1.3	2.5	1.8	3.0	2.9	2.4	2.4	EU27
US	3.3	3.5	2.7	2.5	3.6	3.1	2.9	2.1	1.7	2.6	US
JP	1.4	0.5	1.7	1.4	2.7	1.9	2.2	1.9	1.9	2.3	JP

(b) Gross fixed capital formation in equipment (annual % change)

	5-year averages							Estimates 2007	Forecasts 2008	Scenario unchanged policies 2009	
	1992-96	1997-01	2002-06	2003	2004	2005	2006				
BE	-0.5	6.2	1.8	-2.3	7.7	4.0	4.0	7.6	2.5	2.5	BE
DE	-3.1	6.3	2.3	0.9	4.4	6.0	8.4	10.5	3.8	4.5	DE
IE	9.6	11.3	3.7	-0.7	7.5	19.9	-6.7	13.0	6.0	5.0	IE
EL	7.4	12.2	7.7	18.3	8.2	-0.7	6.9	6.7	7.8	6.3	EL
ES	-0.1	9.1	4.8	4.1	4.4	9.0	9.7	12.2	5.9	5.8	ES
FR	-	-	1.8	1.4	2.2	3.6	5.9	4.4	4.3	4.2	FR
IT	-0.1	5.1	0.0	-5.8	2.3	-0.8	2.3	1.9	1.8	2.0	IT
CY	-	5.3	2.0	-13.0	10.3	-5.1	7.9	6.0	6.0	6.0	CY
LU	-4.2	11.0	-0.3	-12.7	18.6	-1.1	4.9	14.7	8.5	7.5	LU
MT	-	-	-	-	-	-	-	-	-	-	MT
NL	2.7	1.6	0.8	2.5	-4.5	1.5	12.5	5.5	4.0	3.9	NL
AT	-0.5	5.5	-0.4	7.7	-2.3	1.0	1.5	7.7	3.8	2.8	AT
PT	1.1	9.1	-0.9	-4.6	5.1	-0.3	4.0	3.9	3.8	4.7	PT
SI	8.9	13.1	5.8	12.5	8.7	2.7	8.6	12.0	6.0	5.0	SI
FI	-1.4	6.7	1.1	7.0	0.4	0.7	2.6	4.4	4.4	3.2	FI
€ area	-	-	2.0	0.7	3.1	4.0	6.3	7.1	3.9	4.0	€ area
BG	-	-	-	-	-	-	-	-	-	-	BG
CZ	17.0	5.6	2.1	-5.9	5.2	0.7	3.2	4.5	4.4	4.3	CZ
DK	3.3	6.6	5.1	-4.0	5.6	12.1	15.9	4.6	1.7	1.1	DK
EE	-	-	-	-	-	-	-	-	-	-	EE
LV	-	-	-	-	-	-	-	-	-	-	LV
LT	-	13.7	14.3	7.5	31.9	10.2	12.7	14.0	9.0	6.0	LT
HU	-	-	-	-	-	-	-	11.7	8.2	8.0	HU
PL	-	7.1	-	-1.5	8.0	-	-	24.0	16.0	14.0	PL
RO	6.2	9.3	-	18.0	8.2	-	-	9.0	7.0	5.0	RO
SK	-	2.5	7.9	-0.2	-0.5	24.0	15.2	10.2	8.6	7.4	SK
SE	5.1	5.3	4.7	3.3	6.5	12.9	5.2	14.0	5.1	2.7	SE
UK	1.8	8.2	2.2	-3.1	4.9	1.3	6.7	4.4	3.1	5.7	UK
EU27	-	-	-	-	-	-	-	-	-	-	EU27
US	10.3	8.6	3.7	2.7	7.0	9.2	6.0	1.0	2.1	3.0	US
JP	-	-	-	-	-	-	-	-	-	-	JP

Note : - As usual, the forecasts are conditioned upon, inter alia, the technical assumption of 'no policy change'.

This means that specific policy measures, especially in the budgetary field, which have not yet been disclosed are not taken into account. As a result, projections for 2009 are essentially an extrapolation of present trends.

AUTUMN 2007 FORECASTS

MAIN ECONOMIC INDICATORS 1992 - 2009

(c) Total employment (annual % change)

	5-year averages							Estimates 2007	Forecasts 2008	Scenario unchanged policies 2009	
	1992-96	1997-01	2002-06	2003	2004	2005	2006				
BE	0.1	1.3	0.6	0.0	0.7	1.2	1.2	1.4	1.0	0.9	BE
DE	-1.4	0.0	-0.7	-1.7	-0.4	-0.5	0.2	1.4	0.5	0.4	DE
IE	2.5	5.6	3.2	2.0	3.1	4.7	4.3	3.3	1.3	1.5	IE
EL	1.0	0.6	1.4	1.3	2.9	1.3	1.5	1.5	1.4	1.4	EL
ES	-0.3	4.1	2.8	2.4	2.7	3.2	3.2	3.0	2.1	1.7	ES
FR	-0.5	1.7	0.4	0.0	0.1	0.3	0.7	1.0	0.9	0.7	FR
IT	-0.9	1.1	0.7	0.6	0.4	-0.2	1.6	0.8	0.6	0.6	IT
CY	-	1.6	3.2	3.8	3.8	3.6	2.7	1.5	1.5	1.5	CY
LU	2.5	4.7	2.8	1.8	2.2	2.9	3.7	4.0	3.6	3.2	LU
MT	1.5	0.8	0.7	1.0	-0.8	1.8	0.9	1.4	1.2	1.1	MT
NL	1.0	2.4	-0.2	-1.1	-1.0	-0.3	1.8	1.8	1.6	1.3	NL
AT	-0.2	0.9	0.6	0.2	0.3	0.9	1.6	1.6	0.9	0.6	AT
PT	-0.8	1.9	0.2	-0.4	0.1	0.0	0.7	0.3	0.6	0.9	PT
SI	-	0.3	0.6	-0.4	0.3	0.2	1.2	2.2	0.9	0.5	SI
FI	-2.3	2.3	0.9	0.1	0.4	1.4	1.8	1.8	0.8	0.3	FI
€ area	-	1.4	0.6	0.0	0.5	0.5	1.3	1.5	1.0	0.8	€ area
BG	-1.6	-0.4	2.2	3.0	2.6	2.7	2.4	2.2	1.2	1.0	BG
CZ	-	-0.8	0.4	-1.0	0.1	1.1	1.7	1.6	1.5	1.6	CZ
DK	0.2	1.0	0.3	-1.3	0.0	0.7	2.0	2.0	0.1	-0.3	DK
EE	-	-1.8	1.9	0.8	0.1	1.8	5.6	1.1	0.2	0.0	EE
LV	-7.4	0.3	2.1	1.7	1.1	1.7	4.6	2.0	0.8	0.4	LV
LT	-2.7	-2.1	2.0	2.2	0.0	2.5	1.7	2.2	0.2	-0.1	LT
HU	-	1.3	0.3	0.8	-0.5	0.4	0.9	-0.3	0.1	0.2	HU
PL	-	-1.0	0.5	-1.2	1.3	2.3	3.3	4.4	1.7	1.3	PL
RO	-2.8	-1.8	0.1	-0.3	0.4	0.2	2.8	1.2	1.0	0.8	RO
SK	-	-1.1	0.9	1.8	-0.3	1.4	2.3	1.9	1.5	1.0	SK
SE	-2.0	1.3	0.3	-0.3	-0.6	0.4	1.8	2.0	1.0	0.3	SE
UK	0.0	1.2	0.9	1.0	1.0	0.9	0.8	0.5	0.4	0.6	UK
EU27	-	0.9	0.6	0.1	0.6	0.8	1.5	1.5	0.9	0.8	EU27
US	1.8	1.7	0.6	-0.1	0.9	1.4	1.9	1.1	0.0	0.7	US
JP	0.4	-0.6	-0.2	-0.3	0.2	0.4	0.4	0.3	0.1	0.2	JP

(d) Number of unemployed (as % of the labour force)

	5-year averages							Estimates 2007	Forecasts 2008	Scenario unchanged policies 2009	
	1992-96	1997-01	2002-06	2003	2004	2005	2006				
BE	8.9	8.1	8.1	8.2	8.4	8.4	8.2	7.5	7.2	6.9	BE
DE	7.8	8.3	9.6	9.3	9.7	10.7	9.8	8.1	7.7	7.6	DE
IE	13.9	6.3	4.5	4.7	4.5	4.3	4.4	4.5	5.3	5.5	IE
EL	8.8	10.9	9.8	9.7	10.5	9.8	8.9	8.4	7.9	7.5	EL
ES	17.7	13.1	10.1	11.1	10.6	9.2	8.5	8.1	8.5	9.1	ES
FR	11.1	10.1	9.4	9.5	9.6	9.7	9.5	8.6	8.2	8.1	FR
IT	10.3	10.5	7.9	8.4	8.0	7.7	6.8	5.9	5.7	5.5	IT
CY	-	3.9	4.4	4.1	4.6	5.2	4.6	4.3	4.1	3.9	CY
LU	2.7	2.4	4.1	3.7	5.1	4.5	4.7	4.7	4.5	4.2	LU
MT	5.2	6.8	7.4	7.6	7.4	7.3	7.3	6.8	6.6	6.5	MT
NL	6.2	3.4	3.9	3.7	4.6	4.7	3.9	3.1	2.7	2.4	NL
AT	3.9	4.0	4.6	4.3	4.8	5.2	4.7	4.3	4.2	4.2	AT
PT	6.3	4.9	6.7	6.3	6.7	7.6	7.7	8.0	8.0	7.7	PT
SI	-	6.9	6.4	6.7	6.3	6.5	6.0	4.9	4.7	4.6	SI
FI	14.9	10.6	8.6	9.0	8.8	8.4	7.7	6.7	6.4	6.3	FI
€ area	-	9.2	8.6	8.7	8.9	8.9	8.3	7.3	7.1	7.1	€ area
BG	14.1	16.4	12.6	13.7	12.0	10.1	9.0	7.5	6.8	6.0	BG
CZ	-	7.7	7.7	7.8	8.3	7.9	7.1	5.9	5.4	5.0	CZ
DK	7.8	4.8	4.8	5.4	5.5	4.8	3.9	3.0	2.7	2.7	DK
EE	-	11.1	8.8	10.0	9.7	7.9	5.9	4.9	4.8	4.9	EE
LV	13.8	14.0	9.8	10.5	10.4	8.9	6.8	5.8	5.5	5.6	LV
LT	5.0	13.3	10.2	12.4	11.4	8.3	5.6	4.2	4.2	4.4	LT
HU	10.3	7.3	6.5	5.9	6.1	7.2	7.5	7.3	7.0	6.9	HU
PL	13.4	13.8	18.0	19.6	19.0	17.7	13.8	9.4	7.3	6.4	PL
RO	5.8	6.2	7.6	7.0	8.1	7.2	7.3	7.1	7.0	6.9	RO
SK	-	15.8	16.8	17.6	18.2	16.3	13.4	11.2	9.7	9.0	SK
SE	8.5	7.1	6.3	5.6	6.3	7.4	7.1	6.1	5.8	5.7	SE
UK	9.1	5.8	5.0	4.9	4.7	4.8	5.3	5.3	5.4	5.3	UK
EU27	-	-	8.8	9.0	9.1	8.9	8.2	7.1	6.8	6.6	EU27
US	6.3	4.5	3.4	6.0	5.5	5.1	4.6	4.6	3.3	5.4	US
JP	2.8	4.4	4.8	5.3	4.7	4.4	4.1	3.9	4.0	4.0	JP

Note: - As usual, the forecasts are conditioned upon, inter alia, the technical assumption of 'no policy change'.

This means that specific policy measures, especially in the budgetary field, which have not yet been disclosed are not taken into account. As a result, projections for 2009 are essentially an extrapolation of present trends.

AUTUMN 2007 FORECASTS

MAIN ECONOMIC INDICATORS 1992 - 2009

(e) Inflation (I) (annual % change)

	5-year averages							Estimates 2007	Forecasts 2008	Scenario unchanged policies 2009	
	1992-96	1997-01	2002-06	2003	2004	2005	2006				
BE	1.8	1.7	2.0	1.5	1.9	2.5	2.3	1.7	2.1	1.8	BE
DE	2.4	1.2	1.6	1.0	1.8	1.9	1.8	2.2	2.0	1.8	DE
IE	2.6	3.0	3.2	4.0	2.3	2.2	2.7	2.8	2.2	2.0	IE
EL	11.6	3.7	3.4	3.4	3.0	3.5	3.3	2.8	3.1	3.1	EL
ES	4.9	2.4	3.3	3.1	3.1	3.4	3.6	2.6	2.9	2.7	ES
FR	1.6	1.2	2.1	2.2	2.3	1.9	1.9	1.5	1.7	1.6	FR
IT	5.1	2.1	2.4	2.8	2.3	2.2	2.2	1.9	2.0	1.9	IT
CY	-	2.7	2.6	4.0	1.9	2.0	2.2	2.0	2.3	2.1	CY
LU	2.8	1.9	2.9	2.5	3.2	3.8	3.0	2.5	2.8	2.3	LU
MT	-	3.1	2.5	1.9	2.7	2.5	2.6	0.8	2.5	2.2	MT
NL	2.4	2.6	2.1	2.2	1.4	1.5	1.7	1.6	2.3	2.7	NL
AT	2.8	1.3	1.7	1.3	2.0	2.1	1.7	1.9	1.9	1.8	AT
PT	5.7	2.7	2.9	3.3	2.5	2.1	3.0	2.4	2.4	2.3	PT
SI	45.7	8.0	4.3	5.7	3.7	2.5	2.5	3.5	3.7	2.9	SI
FI	1.9	1.9	1.1	1.3	0.1	0.8	1.3	1.5	2.4	2.1	FI
€ area	-	1.7	2.2	2.1	2.2	2.2	2.2	2.0	2.1	2.0	€ area
BG	80.5	-	5.5	2.3	6.1	6.0	7.4	7.1	7.3	5.8	BG
CZ	11.2	5.6	1.5	-0.1	2.6	1.6	2.1	3.0	3.8	3.2	CZ
DK	1.7	2.1	1.8	2.0	0.9	1.7	1.9	1.7	2.4	2.4	DK
EE	-	6.1	3.3	1.4	3.0	4.1	4.4	6.3	7.3	4.8	EE
LV	-	3.9	4.9	2.9	6.2	6.9	6.6	9.6	9.8	6.0	LV
LT	-	3.9	1.4	-1.1	1.2	2.7	3.8	5.6	6.5	5.2	LT
HU	-	12.3	4.8	4.7	6.8	3.5	4.0	7.7	4.9	2.8	HU
PL	31.6	9.8	1.9	0.7	3.6	2.2	1.3	2.5	2.8	2.9	PL
RO	117.3	63.2	12.9	15.3	11.9	9.1	6.6	4.7	5.6	4.6	RO
SK	-	8.5	5.3	8.4	7.5	2.8	4.3	1.7	2.5	3.0	SK
SE	3.5	1.5	1.5	2.3	1.0	0.8	1.5	1.6	2.0	2.0	SE
UK	3.4	1.3	1.7	1.4	1.3	2.1	2.3	2.4	2.2	2.0	UK
EU27	-	4.3	2.3	2.1	2.3	2.3	2.3	2.3	2.4	2.2	EU27
US	2.3	1.8	2.4	2.0	2.6	2.9	2.8	2.4	1.8	1.5	US
JP	0.2	-0.2	-0.8	-0.9	-0.7	-0.8	-0.3	-0.5	-0.2	0.2	JP

(I) Consumer prices (harmonised index) from 1996 onwards for the EU, deflator of private consumption otherwise.

(f) Current account balance (as a % of GDP)

	5-year averages							Estimates 2007	Forecasts 2008	Scenario unchanged policies 2009	
	1992-96	1997-01	2002-06	2003	2004	2005	2006				
BE	4.6	4.8	3.9	4.5	3.8	3.0	3.3	3.0	3.1	3.4	BE
DE	-1.1	-0.8	3.7	2.1	4.5	4.7	5.2	5.8	5.8	6.0	DE
IE	2.6	0.7	-1.5	0.9	-0.3	-3.5	-4.2	-4.6	-4.4	-4.3	IE
EL	-0.6	-5.9	-9.8	-9.8	-9.3	-9.0	-11.1	-10.8	-10.8	-10.6	EL
ES	-1.4	-2.4	-6.0	-4.0	-5.9	-7.5	-8.8	-9.3	-9.6	-9.8	ES
FR	0.5	1.9	-0.7	0.2	-0.6	-1.7	-2.2	-2.3	-2.3	-2.3	FR
IT	1.0	1.2	-1.0	-0.9	-0.5	-1.2	-2.0	-1.7	-1.8	-1.7	IT
CY	-	-2.4	-4.5	-2.2	-5.0	-5.6	-5.9	-6.0	-5.9	-5.7	CY
LU	12.8	10.0	10.5	8.0	11.6	10.9	10.3	11.5	12.7	13.8	LU
MT	-	-6.4	-4.4	-3.1	-6.0	-8.8	-6.7	-3.8	-3.4	-2.6	MT
NL	4.6	4.8	7.1	6.1	8.6	7.1	7.6	6.9	7.5	8.2	NL
AT	-1.8	-1.0	2.6	1.4	2.4	3.0	3.5	4.8	5.3	5.3	AT
PT	-3.1	-8.7	-8.5	-6.4	-7.8	-9.6	-9.9	-9.0	-8.8	-8.7	PT
SI	2.6	-1.3	-1.5	-0.9	-2.6	-2.0	-2.8	-3.5	-2.6	-1.8	SI
FI	0.6	7.3	6.6	5.9	7.7	4.9	4.7	5.2	5.1	5.0	FI
€ area	-	0.5	0.5	0.5	1.0	0.2	-0.1	0.0	0.0	0.1	€ area
BG	-4.3	-2.7	-8.5	-5.5	-6.6	-12.0	-15.8	-18.1	-17.7	-17.6	BG
CZ	-2.1	-4.1	-4.7	-6.5	-5.5	-2.3	-3.1	-2.8	-2.4	-2.3	CZ
DK	1.8	1.2	3.0	3.4	3.1	3.6	2.4	1.3	0.8	0.7	DK
EE	-	-7.0	-12.0	-11.4	-12.4	-10.1	-15.7	-14.6	-12.3	-10.9	EE
LV	6.0	-7.3	-12.3	-8.2	-12.9	-12.6	-21.1	-23.8	-21.6	-19.8	LV
LT	-	-8.6	-7.4	-6.8	-7.5	-7.2	-10.5	-13.9	-14.4	-14.6	LT
HU	-	-8.0	-7.3	-7.9	-8.4	-6.8	-6.5	-4.4	-3.4	-2.7	HU
PL	0.6	-4.2	-2.5	-2.1	-4.4	-1.7	-1.8	-4.3	-5.5	-6.2	PL
RO	-	-5.0	-6.0	-4.8	-5.0	-8.7	-10.3	-13.7	-15.5	-16.2	RO
SK	-	-6.3	-5.5	-2.1	-2.5	-7.9	-7.7	-4.4	-2.9	-2.0	SK
SE	0.9	4.2	6.3	6.6	6.5	5.8	6.9	7.1	7.0	7.3	SE
UK	-1.4	-1.5	-2.0	-1.3	-1.6	-2.5	-3.2	-3.1	-3.5	-3.5	UK
EU27	-	0.0	0.0	0.2	0.4	-0.3	-0.7	-0.8	-0.9	-0.9	EU27
US	-1.1	-2.8	-5.3	-4.7	-5.4	-5.9	-6.1	-5.4	-4.9	-4.3	US
JP	2.5	2.5	3.5	3.2	3.7	3.6	4.0	4.7	4.8	4.8	JP

Note : - As usual, the forecasts are conditioned upon, inter alia, the technical assumption of 'no policy change'.

This means that specific policy measures, especially in the budgetary field, which have not yet been disclosed are not taken into account. As a result, projections for 2009 are essentially an extrapolation of present trends.

AUTUMN 2007 FORECASTS

MAIN ECONOMIC INDICATORS 1992 - 2009

(g) General government net lending (+) or borrowing (-) (as a % of GDP) (1)

	5-year averages							Estimates 2007	Forecasts 2008	Scenario unchanged policies 2009	
	1992-96	1997-01	2002-06	2003	2004	2005	2006				
BE	-5.3	-0.5	-0.4	0.0	0.0	-2.3	0.4	-0.3	-0.4	-0.4	BE
DE	-3.0	-1.6	-3.3	-4.0	-3.8	-3.4	-1.6	0.1	-0.1	0.2	DE
IE	-1.7	2.4	1.1	0.4	1.3	1.2	2.9	0.9	-0.2	-0.6	IE
EL	-9.8	-4.2	-5.0	-5.6	-7.3	-5.1	-2.5	-2.9	-1.8	-1.8	EL
ES	-5.6	-1.9	0.4	-0.2	-0.3	1.0	1.8	1.8	1.2	0.6	ES
FR	-4.9	-2.1	-3.3	-4.1	-3.6	-2.9	-2.5	-2.6	-2.6	-2.7	FR
IT	-8.3	-2.2	-3.7	-3.5	-3.5	-4.2	-4.4	-2.3	-2.3	-2.3	IT
CY	-	-	-3.7	-6.5	-4.1	-2.4	-1.2	-1.0	-0.8	-0.6	CY
LU	1.6	4.5	0.4	0.5	-1.2	-0.1	0.7	1.2	1.0	1.4	LU
MT	-	-7.6	-5.2	-9.8	-4.9	-3.1	-2.5	-1.8	-1.6	-1.0	MT
NL	-3.3	0.0	-1.3	-3.1	-1.7	-0.3	0.6	-0.4	0.5	1.3	NL
AT	-4.1	-1.5	-1.2	-1.6	-1.2	-1.6	-1.4	-0.8	-0.7	-0.4	AT
PT	-4.7	-3.3	-3.8	-2.9	-3.4	-6.1	-3.9	-3.0	-2.6	-2.4	PT
SI	-	-3.0	-2.0	-2.7	-2.3	-1.5	-1.2	-0.7	-1.0	-0.8	SI
FI	-5.8	2.8	3.1	2.5	2.3	2.7	3.8	4.6	4.2	4.0	FI
€ area	-	-	-2.5	-3.1	-2.8	-2.5	-1.5	-0.8	-0.9	-0.8	€ area
BG	-	1.4	1.5	0.0	2.3	2.0	3.2	3.0	3.1	3.1	BG
CZ	-	-4.4	-4.6	-6.6	-3.0	-3.5	-2.9	-3.4	-2.8	-2.7	CZ
DK	-2.5	0.9	2.3	-0.1	1.9	4.6	4.6	4.0	3.0	2.5	DK
EE	-	-0.5	1.9	1.8	1.8	1.9	3.6	3.0	1.9	1.0	EE
LV	-	-1.6	-1.1	-1.6	-1.0	-0.4	-0.3	0.9	0.8	0.5	LV
LT	-	-4.6	-1.2	-1.3	-1.5	-0.5	-0.6	-0.9	-1.4	-0.8	LT
HU	-	-5.3	-7.9	-7.2	-6.5	-7.8	-9.2	-6.4	-4.2	-3.8	HU
PL	-	-3.9	-5.0	-6.3	-5.7	-4.3	-3.8	-2.7	-3.2	-3.1	PL
RO	-	-	-1.7	-1.5	-1.5	-1.4	-1.9	-2.7	-3.2	-3.9	RO
SK	-	-7.5	-3.9	-2.7	-2.4	-2.8	-3.7	-2.7	-2.3	-2.4	SK
SE	-7.8	1.3	0.7	-0.9	0.8	2.4	2.5	3.0	2.8	3.0	SE
UK	-6.1	0.6	-2.9	-3.3	-3.4	-3.3	-2.7	-2.8	-3.0	-2.8	UK
EU27	-	-	-2.5	-3.1	-2.8	-2.4	-1.6	-1.1	-1.2	-1.1	EU27
US	-4.2	0.3	-3.9	-4.9	-4.4	-3.6	-2.6	-2.7	-3.2	-3.4	US
JP	-2.5	-7.3	-6.6	-7.9	-6.2	-6.4	-4.6	-4.0	-4.2	-4.7	JP

(1) The net lending (borrowing) includes in 2000-2005 one-off proceeds relative to UMTS licences.

(h) General government gross debt (as a % of GDP)

								Estimates 2007	Forecasts 2008	Scenario unchanged policies 2009	
	2000	2001	2002	2003	2004	2005	2006				
BE	107.7	106.3	103.3	98.6	94.2	92.2	88.2	84.6	81.7	79.0	BE
DE	59.7	58.8	60.3	63.8	65.6	67.8	67.5	64.7	62.6	60.3	DE
IE	37.8	35.5	32.2	31.1	29.5	27.4	25.1	25.2	26.9	28.5	IE
EL	101.8	102.2	100.8	97.9	98.6	98.0	95.3	93.7	91.1	88.8	EL
ES	59.2	55.5	52.5	48.7	46.2	43.0	39.7	36.3	34.6	33.0	ES
FR	56.7	56.2	58.2	62.9	64.9	66.7	64.2	64.3	64.1	64.1	FR
IT	109.1	108.7	105.6	104.3	103.8	106.2	106.8	104.3	102.9	101.2	IT
CY	58.8	60.7	64.7	68.9	70.2	69.1	65.2	60.5	53.3	49.6	CY
LU	6.4	6.5	6.5	6.3	6.4	6.2	6.6	6.6	6.0	5.4	LU
MT	55.9	62.1	60.1	69.3	72.7	70.8	64.7	63.1	61.3	59.2	MT
NL	53.8	50.7	50.5	52.0	52.4	52.3	47.9	46.8	44.8	41.7	NL
AT	65.5	66.0	65.8	64.6	63.8	63.4	61.7	60.0	58.4	57.2	AT
PT	50.4	52.9	55.5	56.9	58.3	63.7	64.8	64.4	64.7	64.5	PT
SI	27.2	27.8	28.5	27.9	27.6	27.4	27.1	25.6	24.5	23.8	SI
FI	43.8	42.3	41.3	44.3	44.1	41.4	39.2	35.7	32.4	29.8	FI
€ area	69.1	68.0	67.9	69.1	69.6	70.3	68.6	66.5	65.0	63.4	€ area
BG	73.6	66.2	53.6	45.9	37.9	29.2	22.8	19.3	15.9	12.9	BG
CZ	18.5	25.1	28.5	30.1	30.4	30.2	30.1	30.2	30.3	30.5	CZ
DK	51.7	47.4	46.8	45.8	44.0	36.3	30.3	25.0	20.9	17.5	DK
EE	5.2	4.8	5.6	5.5	5.1	4.4	4.0	2.8	2.3	2.0	EE
LV	12.3	14.0	13.5	14.4	14.5	12.5	10.6	10.2	7.8	6.4	LV
LT	23.7	22.8	22.2	21.2	19.4	18.6	18.2	17.7	17.2	16.1	LT
HU	54.3	52.1	55.7	58.0	59.4	61.6	65.6	66.1	66.3	65.9	HU
PL	35.9	35.8	39.8	47.1	45.7	47.1	47.6	46.8	47.1	47.1	PL
RO	23.9	23.2	25.0	21.5	18.8	15.8	12.4	12.5	12.8	13.5	RO
SK	50.2	48.9	43.3	42.4	41.4	34.2	30.4	30.8	30.7	30.6	SK
SE	52.3	53.8	52.0	53.5	52.4	52.2	47.0	41.1	35.7	30.5	SE
UK	40.9	37.7	37.2	38.7	40.4	42.1	43.2	43.6	44.8	45.6	UK
EU27	61.6	60.7	60.1	61.8	62.1	62.7	61.4	59.5	58.3	57.0	EU27

Note: - As usual, the forecasts are conditioned upon, inter alia, the technical assumption of 'no policy change'.

This means that specific policy measures, especially in the budgetary field, which have not yet been disclosed are not taken into account. As a result, projections for 2009 are essentially an extrapolation of present trends.

AUTUMN FORECASTS 2007

CANDIDATE COUNTRIES - MAIN ECONOMIC INDICATORS

	2004	2005	2006	Estimates 2007	Forecasts 2008	Forecasts 2009
(a) GDP at constant prices (annual % change)						
Croatia	4.3	4.3	4.8	6.0	5.0	5.5
The former Yugoslav Republic of Macedonia	4.1	4.1	3.1	5.0	5.5	5.3
Turkey	8.9	7.4	6.1	5.1	5.8	6.5
(b) Total employment (annual % change)						
Croatia	1.7	0.8	0.8	2.6	0.5	1.0
The former Yugoslav Republic of Macedonia	-2.2	2.1	4.7	3.7	4.1	3.5
Turkey	3.0	1.4	1.2	1.5	1.5	1.6
(c) Number of unemployed (% of the civilian labour force)						
Croatia	13.6	12.6	11.1	11.0	10.8	10.2
The former Yugoslav Republic of Macedonia	37.2	36.7	36.0	34.4	33.2	32.7
Turkey	10.3	10.3	9.9	9.7	9.5	8.9
(d) Inflation (1) (annual % change)						
Croatia	2.0	3.3	3.2	2.5	3.0	3.0
The former Yugoslav Republic of Macedonia	-0.4	0.5	3.2	1.8	2.3	2.7
Turkey	10.1	8.1	9.3	7.6	5.9	5.0
(e) Balance on current transactions (% of GDP)						
Croatia	-5.1	-6.4	-7.8	-8.5	-8.1	-8.0
The former Yugoslav Republic of Macedonia	-7.7	-1.4	-0.4	-2.8	-4.1	-3.9
Turkey	-6.2	-6.7	-7.8	-7.9	-8.6	-9.3
(f) General government net lending (+) or borrowing (-) (% of GDP)						
Croatia	-4.1	-3.8	-2.2	-2.2	-2.1	-2.0
The former Yugoslav Republic of Macedonia	0.0	0.2	-0.6	-0.9	-1.5	-1.3
Turkey	-5.8	-0.3	0.4	-0.7	0.2	1.3

(1) Consumer prices (national index)