

Quarterly Newsletter of the Federal Planning Bureau

Short Term Update (STU) is the quarterly newsletter of the Federal Planning Bureau. It is published four times a year in English. It contains the main conclusions from the publications of the FPB, as well as information on new publications, together with an analysis of the most recent economic indicators.

HEADLINES BELGIAN ECONOMY

An improvement in the most recent economic indicators and a better outlook for the European economy have prompted the FPB to revise its growth forecasts. GDP is now expected to grow by 2.4% in 1997 and 2.7% in 1998, compared to the previous forecasts of 2.1% and 2.5% respectively.

Higher growth rates are forecast for domestic as well as external demand. The revision, however, is mainly based on external factors. Exporters are benefiting with a certain time lag from a stronger USD and UKP. The combined expected depreciation of the BEF over 1997-98 is now 4.5%. As it concerns essentially a depreciation of the currencies of the whole DEM-zone, not only Belgian exporters benefit from this, but the impact on the economies of the other continental European countries is also positive. This, in turn, improves market opportunities for Belgian exporters.

The recent import price increases are linked to the exchange rate evolution. Consumer price inflation, however, remains subdued and is expected to amount to 1.65% in 1997 and 1.7% in 1998. The recent and expected rises in short term interest rates on the European continent should not have a significant effect on economic activity.

There are a few small signs of an improving labour market. In 1998, employment should increase by 44,000, taking into account specific programmes targeting unemployed people. This should therefore lead to increased private consumption and higher tax receipts.

The macroeconomic impact of the 1998-Budget is small. The government deficit should be well below 3% of GDP in 1997 and 1998. The deficit figures of 2.5% and 2.3% for 1997 and 1998 respectively, announced by the FPB in April, should be achieved without difficulty. The expected economic growth and the measures set out in the 1998-Budget should even enable the deficit to be reduced further.

Editorial Board

Henri Bogaert
Michel Englert
Bart Hertveldt
Valérie Lemaigre
Etienne Rohaert
Joost Verlinden

DTP & Web Publishing

Geert Bryon
Dominique van der Wal

Printed by

Ministry of
Economic Affairs

The Federal Planning Bureau (FPB) is a public agency under the authority of the Prime Minister and the Minister of Economic Affairs. The FPB has a legal status that gives it an autonomy and intellectual independence within the Belgian Federal public sector.

FPB activities are primarily focused on macro-economic forecasting, analysing and assessing policies in the economic, social and environmental fields.



Table of Contents

| | |
|---|-----------|
| Special Topic..... | 3 |
| Labour costs in industry and market services | |
| Economic Forecasts..... | 5 |
| Economic forecasts 1997-98 | |
| Summary of Economic Forecasts | 7 |
| Economic Forecasts by the Federal Planning Bureau | |
| Economic forecasts for Belgium by different institutions | |
| Recent Economic Evolution | 8 |
| General economic activity | |
| Private consumption | |
| Business investment | |
| Housing investment | |
| Stockbuilding | |
| Foreign Trade | |
| Labour market | |
| Prices | |
| Interest Rates | |
| Exchange rates | |
| Fiscal indicators | |
| Summaries | 19 |
| Budgetary cost of an unemployed person, from 1983 to 1997 | |
| Forty years evolution of working time in Belgium | |
| Specification and estimation of an allocation system for private consumption in Europe. | |
| The Rocard proposal to reduce working hours: a micro-macro analysis | |
| Relocation and internationalisation | |
| News | 22 |
| Recent Publications | |
| Forthcoming Publications | |
| Forthcoming Events | |
| Economic Policy Measures | 23 |
| Recent history of major economic policy measures | |
| Abbreviations | 24 |
| Abbreviations for names of institutions used in this publication | |
| Other Abbreviations | |

Labour costs in industry and market services

The competitiveness laws of 1989 and 1996 refer respectively to past and expected developments of labour costs on a macroeconomic level in the main trading partner countries. In this analysis the recent evolution of a number of indicators for cost-competitiveness of Belgian firms is assessed. It is based on the most rudimentary sectorial breakdown possible: industry on the one hand and market services on the other hand. The issue of the importance of working time in the assessment of competitiveness is also addressed. Given the important delays in the availability of sectorial data, this exercise can only be performed in a reliable way for the 1987-94 period.

Legal framework

The 1989 'Competitiveness Law' authorizes government intervention if the average overall wage increases proves (ex post) to result in an upsurge of relative labour costs per head in common currency (vis-à-vis Belgium's seven most important trading partners), and in a deteriorating external performance of enterprises in the private sector.

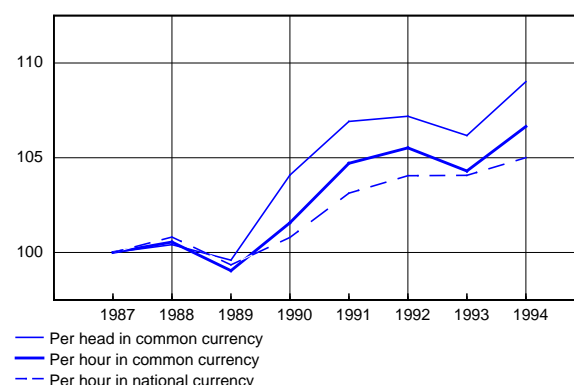
The 1989 law was extended in 1996 so as to enable the government to shape and monitor even more closely the wage bargaining process. The most important changes with respect to the 1989 law consisted in a shift from an ex-post to an ex-ante assessment of labour costs and also in the fact that the number of countries used as a benchmark was reduced to three. The forecasted weighted growth of foreign hourly labour costs in national currency (to be understood as a weighted average for France, Germany and The Netherlands) now acts as an upper limit for wage negotiations at all levels (macro; sector; firm), the lower limit remaining, as before, the automatic price indexation of wages, plus wage drift.

Both the 1989 and the 1996 laws were profoundly macroeconomic in nature. Nevertheless, both laws may also be seen as contributing to a uniform evolution of relative wages and labour costs across sectors, firms and workers.

Macroeconomic labour cost evolution

Graph 1 clearly reveals the origin of the 1995-96 real wage freeze. Accumulated over the period 1987-94, Belgian labour costs per head in common currency had risen 9% faster than in France, Germany and The Netherlands on average.

Graph 1 - Relative labour costs for the market sector



This relative labour cost disadvantage also holds true in terms of hourly labour costs in common currency, which is a more relevant concept from a competitiveness point of view. However, due to the fact that average working time per head for wage and salary earners decreased considerably more abroad, the accumulated labour cost disadvantage over the period according to this indicator falls to 6.7%. The faster reductions of average working time abroad occurred entirely in the period 1987-90, when both Germany and The Netherlands witnessed considerable reductions in average working time; since 1990 working time reductions both in Belgium and abroad have been extremely moderate.

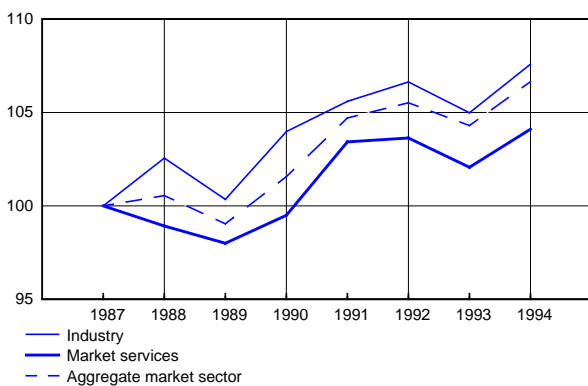
Graph 1 also indicates that by the standards of the new "Wage Norm", which uses relative hourly labour costs in national currency to measure cost competitiveness, the accumulated disadvantage over the period reduces further to 5%, due to the effective appreciation of the BEF vis-à-vis the three trading partners over the period in question. In the future, whether measuring in national or in common currency will probably be irrelevant, given that all countries involved in the comparison are likely to participate in European Monetary Union. For the period under consideration, however, it seems that relative hourly labour costs in common currency should be regarded as the more relevant indicator.

Productivity growth for the aggregate market sector was slightly faster in Belgium over the given period than abroad (graph 3). This means that Belgium's accumulated cost disadvantage of 6.7% in terms of relative hourly labour costs in common currency reduces to 4.6%, if relative unit labour costs in common currency (graph 4) are used as an indicator for cost competitiveness.

Sectorial labour cost evolution

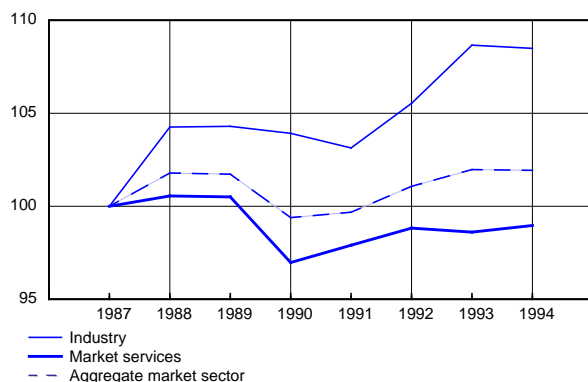
The market sector as a whole can be broken down into two major sectors: industry (i.e. manufacturing industry, energy and construction) and market services. Hourly labour costs in common currency have risen faster in Belgium than abroad in the total market sector, but more so in industry than in market services (see graph 2), even though the accumulated differences between the two sectors are not very important. The rather similar evolution of relative labour costs contrasts with major differences in relative productivity growth (graph 3) and, consequently, relative unit labour costs (graph 4) for industry on the one hand and market services on the other hand.

Graph 2 - Relative hourly labour costs in common currency

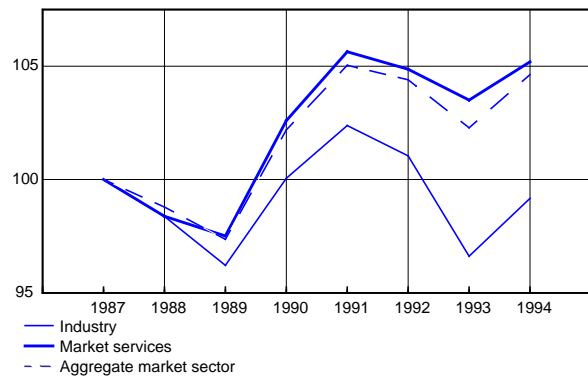


Productivity growth in Belgian industry was markedly faster than abroad and stood at an accumulated premium of 8.5% at the end of the period (graph 3), whereas for market services productivity growth was slightly less rapid in Belgium than abroad. This divergency in sectorial productivity growth seems to confirm a specific feature which goes back many years in Belgium, applying in fact to the whole post-1974 period. If anything, the slower productivity growth in Belgian market services has been slightly less pronounced than before; since 1990 productivity growth in Belgian market services has even been marginally higher than abroad.

Graph 3 - Relative productivity growth



Graph 4 - Relative unit labour costs in common currency



For market services, labour productivity growth in Belgium and in the three trading partners over the period in question has been rather similar. Value added growth and employment growth, however, have been smaller in Belgium than in the neighbouring countries. In industry, the picture is different. With employment in Belgium evolving in line with the three neighbouring countries, Belgium has been able to attain higher value added growth rates, corresponding to higher labour productivity growth.

For sectorial relative unit labour costs (graph 4) this means that over the period in question a considerable 5.2% disadvantage was accumulated in market services, whereas for industry the faster domestic increase in productivity more than compensates the higher increase in domestic labour costs, corresponding to an accumulated relative cost competitiveness advantage of 0.8% for Belgian industry.

For industry as for market services, a negative correlation between relative activity and relative unit labour costs is apparent. Belgium has experienced higher output growth and lower unit labour costs than its trading partners in the industrial sector. The opposite (i.e. lower output growth and higher unit labour costs) holds for market services.

The preceding analysis, however, does not allow any clearcut conclusions to be drawn concerning the available margins for wage increases per sector. It is indeed difficult to assess to what extent higher productivity growth rates in industry (and hence lower unit labour costs) are caused by higher wages or by other factors. To avoid this problem, the wage norm defined in the 1996 Law focuses prudently on comparisons for labour costs per hour.

The forecasts (presented on page 7) are an up-date of the 'Economic forecasts 1998 - Budget 1998' of July 97. In particular, the latest economic data for Belgium, the 1998-Budget as well as a clearer picture of the international outlook for the current year and next year are incorporated. Available data up to 27 October are used.

The economic climate has further improved over the last few months. The clearest signs can be found in the high export growth figures. These indicate that growth is principally fuelled by the manufacturing sector, its capacity utilisation rate having increased significantly in the second and third quarter. The NBB surveys and the exchange rate evolution indicate that export activity should gain further strength during the third and fourth quarters.

GDP-figures for the second quarter in the neighbouring countries also confirm these indications.

A small drop in the unemployment level in the third quarter could also confirm that the essential spill-over from export growth into the labour market has now started. If this is further substantiated, the expected increase of 44,000 in employment should be achieved.

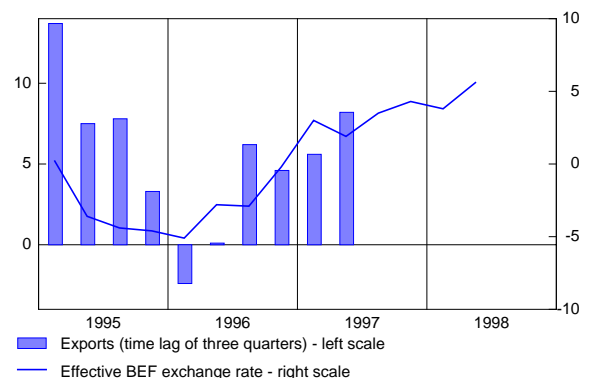
Breakdown of growth in 1997-98

Both net exports and final national demand should contribute positively to GDP growth in 1997 and 1998.

With respect to final national demand, forecasts for private consumption and business investment have been revised slightly upwards. This is based on better than expected figures for the second quarter of 1997 but also on higher overall activity rates.

On the external side, exports have seen high year-on-year growth rates over the last quarter. Graph 1 links the export volume growth rate to the evolution of the (inverse of the) effective exchange rate. There is a time lag of two to three quarters between the exchange rate evolution and the full impact on exports. On this basis, exports are expected to grow at a relatively strong pace for the next three to four quarters. Moreover, this improves access to potential markets for Belgian exporters. Part of this evolution is linked to the appreciation of the USD and the UKP vis-à-vis the DEM-linked currencies.

Graph 1 - The effective exchange rate and exports



Prices and interest rates

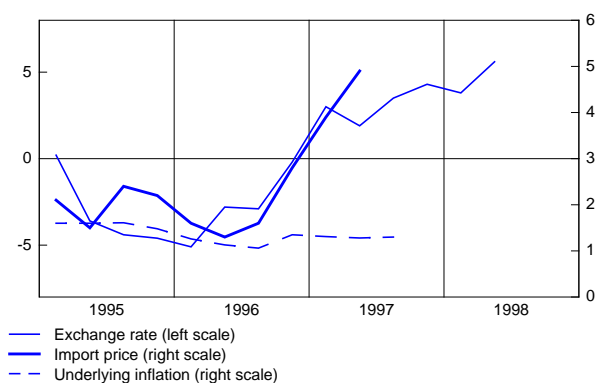
Consumer price inflation remains subdued. At the end of the year it should drop to 1.3%, leading to a growth rate of 1.65% for 1997 as a whole. For 1998, the underlying inflation (i.e. CPI, excluding energy, tobacco, alcohol and fresh food prices and indirect taxes) should gradually increase from 1.3% to 2% at the end of the year, leading to an inflation rate for 1998 of 1.7%.

Graph 2 shows the impact of the exchange rate depreciation on import prices. A time lag of three quarters is used. Import prices clearly rose during the past few quarters. The underlying domestic inflation, however, remains stable. On the domestic markets, profit margins have been squeezed. On the export side, on the other hand, profit margins have probably increased.

Terms of trade losses are expected for this year and, to a much smaller extent, also next year. However, thanks to a positive contribution of net exports to growth, the current account should improve slightly.

Higher import prices and increases in regulated prices were among the reasons why the Bundesbank raised official interest rates in early October. Belgian monetary authorities also raised its intervention rates. The FPB expects the three-month money market rates to increase somewhat further next year. On the other hand, the short term interest rate differential between Belgium and Germany should drop again and disappear completely after April 1998. For 1998 as a whole, the short term interest rate on BEF should rise to 4%.

Graph 2 - The effective exchange rate and inflation



The effects of higher short term rates on real activity should be negligible. Long term interest rates, which are more important for real activity, should rise moderately, in line with the July forecasts.

Labour market

With higher activity growth rates, the employment situation should also improve. The small decline in the unemployment level observed in the third quarter of 1997 might be a harbinger of this. Hourly labour productivity should increase by about 2.25% per year.

Further cuts in employers' social security contributions were announced in the 1998-Budget (see below). Even though the impact of these measures in 1998 will be small, the government has been able to eliminate uncertainty about the future evolution of employers' contributions by repeating its commitment to further cuts.

The number of jobs created (measured by the differences between June figures) remains small in 1997 but should be substantial in 1998 (+44,000 for total employment). It should be emphasised that a third of the 1998 improvement in employment figures should be attributed to the inclusion of people who were previously considered as unemployed. The unemployment rate (Eurostat standardised definition) should drop by 0.5%-point in 1998 to 9.3%.

Competitiveness

In the technical report of September 1997 on the available margins for labour cost increases, the Central Economic Council (CRB/CCE) stated that labour costs in 1997-98 should remain within the limits set by the Government (6.1%). In that case, the competitive position of Belgium vis-à-vis its three main trading partners should slightly improve.

The most recent indications on the wage evolution in the neighbouring countries show that wage inflation in The Netherlands and France might this year be somewhat more important than previously expected. For next year, wage forecasts are unchanged. The wage cost handicap in Belgium might therefore be somewhat reduced in 1997.

The 1998-Budget

The Prime Minister unveiled the main points of the 1998-Budget on 7 October 1997. As regards public finances, the Budget is based on the (new) Convergence Plan. The primary surplus of the combined accounts of the Federal Government and Social security should not be lower than the Government's estimates of the 1997-level, i.e. 5.3% of GDP.

On the expenditure side, the health insurance budget is expected to grow by 2.7%, excluding inflation. On the revenue side, three items increase receipts by around 12 billion - all one-off measures: +8 billion from the licence to be granted to a third mobile phone operator; an extension of levies paid by pharmaceutical companies (+2.4 billion) and by electricity producers (+1.5 billion).

To promote employment, social security contributions are to be further reduced. The Government has continued to stress its commitment to reducing social contributions to a level comparable to the average of such contributions in France, Germany and The Netherlands over a 5 to 6 year period. In 1998, employers contributions' to Social security should fall by around 15 billion: 9 billion through an extension of Maribel (of which 2.8 billion for 'Social Maribel') and 6 billion through a further reduction in contributions, the details of which should be discussed among the social partners by the middle of 1998. This last measure should cost 12 billion from 1999 onwards.

An extra 4.2 billion will be allocated in 1998 for the modernisation of the Ministry of Justice.

All in all, the macroeconomic impact of the Budget is rather small. On the other hand, the impact on the Government account will be mainly positive in 1998. The figures announced by the FPB in April of this year for the government deficit (2.5% for 97 and 2.3% for 98) should be achieved without difficulty. The expected economic growth and the measures set out in the 1998-Budget should even enable the deficit to be reduced further.

Economic Forecasts by the Federal Planning Bureau

| Changes in volume (unless otherwise specified) | | | | |
|--|------|------|------|------|
| | 1995 | 1996 | 1997 | 1998 |
| Private consumption | 1.1 | 1.3 | 1.2 | 1.9 |
| Public consumption | 0.9 | 1.8 | 0.7 | 1.3 |
| Gross fixed capital formation | 3.2 | 0.6 | 4.1 | 3.1 |
| Final national demand | 1.4 | 1.1 | 1.7 | 2.0 |
| Exports of goods and services [1] | 6.8 | 3.2 | 5.3 | 5.9 |
| Imports of goods and services [1] | 6.1 | 2.8 | 4.6 | 5.2 |
| Net-exports (contribution to growth) | 0.7 | 0.4 | 0.8 | 0.8 |
| Gross Domestic Product | 2.1 | 1.5 | 2.4 | 2.7 |
| p.m. Gross Domestic Product - in current prices (bn BEF) | 8056 | 8305 | 8639 | 9016 |
| Traditional consumer price index | 1.5 | 2.1 | 1.7 | 1.7 |
| Consumer prices: "health" index | 1.6 | 1.7 | 1.3 | 1.7 |
| Real disposable income households | 0.1 | -0.4 | 1.3 | 2.0 |
| Households saving rate (as % of disposable income) | 17.7 | 16.3 | 16.3 | 16.4 |
| Domestic employment (change in '000, situation on June 30th) | 18.8 | 2.1 | 7.2 | 44.0 |
| Unemployment (Eurostat standardised rate, yearly average) | 9.9 | 9.8 | 9.5 | 9.1 |
| Current account balance BLEU/UEBL (as % of GDP) | 5.1 | 5.0 | 5.5 | 6.0 |
| Short term interest rate (3 m.) | 4.8 | 3.2 | 3.5 | 4.0 |
| Long term interest rate (10 y.) | 7.5 | 6.5 | 5.9 | 6.0 |

[1] The 1995 growth rate should be interpreted with care due to a break in the series between 1994 and 1995

Economic forecasts for Belgium by different institutions

| | GDP-growth | | Inflation | | Government deficit | | Date of update |
|----------------------------------|------------|------|-----------|------|--------------------|--------|----------------|
| | 1997 | 1998 | 1997 | 1998 | 1997 | 1998 | |
| Federal Planning Bureau | 2.4 | 2.7 | 1.7 | 1.7 | 2.5(*) | 2.3(*) | 24/10/97 |
| INR/ICN | 2.1 | 2.5 | 1.6 | 1.6 | . | . | 08/07/97 |
| National Bank of Belgium | 2.2 | . | 1.6 | . | 2.7 | . | 06/10/97 |
| European Commission | 2.4 | 3.0 | 1.7 | 1.8 | 2.6 | 2.3 | 01/10/97 |
| OECD | 2.2 | 2.6 | 1.6 | 1.7 | 2.8 | 2.7 | 13/06/97 |
| IMF | 2.2 | 2.6 | 1.6 | 1.9 | . | . | 05/09/97 |
| BBL | 2.2 | 2.6 | 1.7 | 1.9 | . | . | 15/10/97 |
| Generale Bank/Générale de Banque | 2.2 | 2.9 | 1.7 | 2.1 | 2.7 | 2.3 | 22/10/97 |
| Gemeentekrediet/Crédit Communal | 2.1 | 2.5 | 1.9 | 2.0 | 2.9 | 2.7 | 26/09/97 |
| Kredietbank | 2.2 | 2.8 | 1.7 | 1.8 | 2.8 | 2.3 | 20/10/97 |
| J.P. Morgan | 2.6 | 2.7 | 1.7 | 2.1 | 2.9 | 2.6 | 26/09/97 |
| Morgan Stanley | 2.3 | 2.8 | 1.8 | 1.9 | . | . | 15/09/97 |
| Paribas | 2.7 | 2.6 | 2.0 | 2.3 | 2.7 | 2.3 | 01/09/97 |
| Petercam | 2.5 | 2.5 | 1.7 | 1.6 | 2.8 | 2.5 | 27/10/97 |
| IRES | 2.2 | 2.5 | 1.7 | 2.0 | . | . | 01/09/97 |
| DULBEA | 2.3 | 3.0 | 1.8 | 2.0 | 2.9 | 2.4 | 01/09/97 |
| Averages | | | | | | | |
| All institutions | 2.3 | 2.7 | 1.7 | 1.9 | | | |
| International institutions | 2.3 | 2.7 | 1.6 | 1.8 | | | |
| Credit institutions | 2.2 | 2.6 | 1.8 | 2.2 | | | |
| Consensus The Economist | 2.2 | 2.7 | 1.9 | 2.2 | | | 11/10/97 |

Collaborating institutions for The Economist: BZW, Daiwa Institute of Research, Economist Intelligence Unit, Goldman Sachs, Hoare Govett, IBI, James Capel, Kredietbank, Lehman Brothers, Merrill Lynch, J.P. Morgan, Morgan Stanley, Nordbanken, Paribas, Royal Bank of Canada, Solomon Brothers, UBS, Long-Term Credit Bank, Scotiabank

(*) See FPB "Medium Term Economic Outlook 1997-2001", April 1997

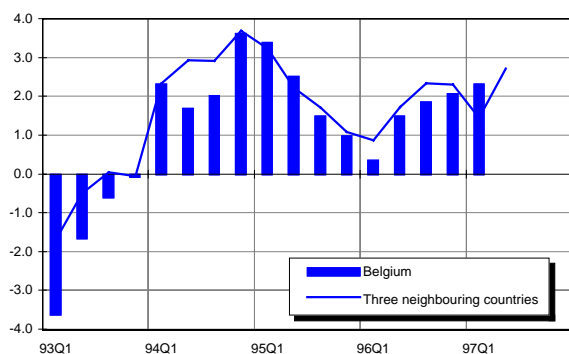
General economic activity

Table 1 - GDP: change compared to the same period in the previous year, in %

| | 94 | 95 | 96 | 95Q2 | 95Q3 | 95Q4 | 96Q1 | 96Q2 | 96Q3 | 96Q4 | 97Q1 | 97Q2 |
|-------------|-----|-----|-----|------|------|------|------|------|------|------|------|------|
| Germany | 3.0 | 1.9 | 1.0 | 2.3 | 1.4 | 1.0 | 0.0 | 1.1 | 2.3 | 1.8 | 1.1 | 2.9 |
| France | 2.8 | 2.2 | 1.4 | 2.6 | 2.0 | 0.4 | 1.1 | 0.8 | 1.4 | 2.2 | 1.1 | 2.3 |
| Netherlands | 3.4 | 2.2 | 3.3 | 1.9 | 1.9 | 1.7 | 1.7 | 3.2 | 3.1 | 3.0 | 2.1 | 2.8 |
| Belgium | 2.4 | 2.1 | 1.5 | 2.5 | 1.5 | 1.0 | 0.4 | 1.5 | 1.9 | 2.1 | 2.3 | . |

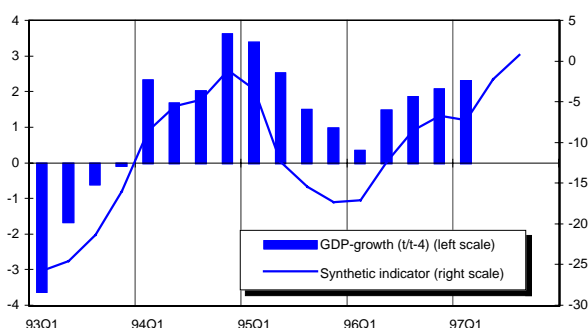
Source: National sources, NBB

Graph 1 - GDP-growth (t/t-4), in %



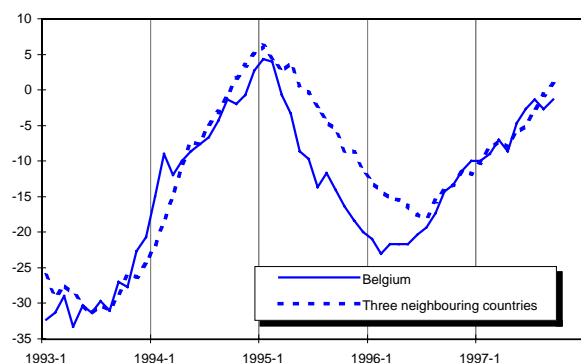
Source: NBB, National sources

Graph 2 - Belgian GDP-growth and synthetic indicator



Source: NBB

Graph 3 - Industrial confidence: international comparison



Source: European Commission

The annual GDP-growth rate in 1996 turned out to be on average 1.8% in our neighbouring countries and 1.5% in Belgium. While the performance in Belgium was not very different from that recorded in Germany and France, The Netherlands outperformed the other countries in GDP terms with an annual growth rate of 3.3%.

Data for the first quarter of 1997 for the neighbouring countries point to a considerable weakening in economic growth. Figures for the second quarter of 1997, on the other hand, are clearly better. Data from both the first and second quarter of 1997, however, are strongly influenced by the number of working days. The half-year period data therefore provide a clearer picture. This reveals that activity grew during the first half-year period of 1997 at more or less the same pace as during the last half-year period of 1996.

Whilst growth in household consumption remains very modest in Belgium, France and Germany, exports have really taken off. Exports grew by nearly 10% in both Germany and France in the first half-year period of 1997, compared to a year earlier. There are some signs that business investment is finally picking up in Germany.

Survey indicators point to the same conclusion. Industrial confidence in Europe is on a seven-year high. The spill-overs to other sectors in the economy are, however, barely perceptible. An immediate surge in domestic demand is unlikely.

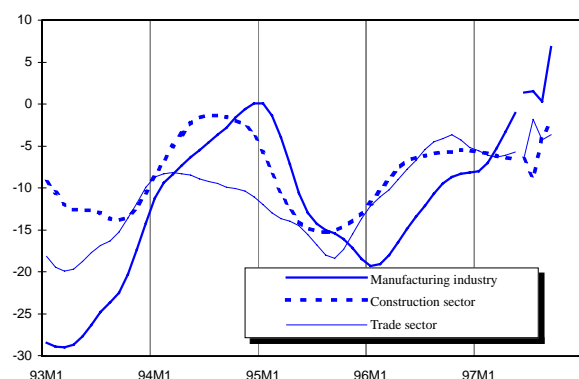
Table 2 - Monthly business surveys [1]

| | 95 | 96 | 96Q4 | 97Q1 | 97Q2 | 97Q3 | 97M4 | 97M5 | 97M6 | 97M7 | 97M8 | 97M9 |
|------------------------|-------|-------|------|------|------|------|------|------|------|------|------|------|
| Synthetic indicator | -12.2 | -11.2 | -6.7 | -7.3 | -2.3 | 0.8 | -2.0 | -3.8 | -1.0 | -0.6 | -1.0 | 3.9 |
| Manufacturing industry | -11.3 | -13.3 | -7.9 | -7.8 | -0.2 | 2.9 | -0.4 | -1.6 | 1.4 | 1.5 | 0.3 | 6.8 |
| Construction sector | -13.1 | -7.0 | -5.0 | -4.8 | -7.1 | -5.1 | -6.4 | -8.4 | -6.6 | -8.9 | -4.0 | -2.3 |
| Trade sector | -15.1 | -5.8 | -2.8 | -7.6 | -7.0 | -3.3 | -5.0 | -9.7 | -6.3 | -1.8 | -4.3 | -3.7 |

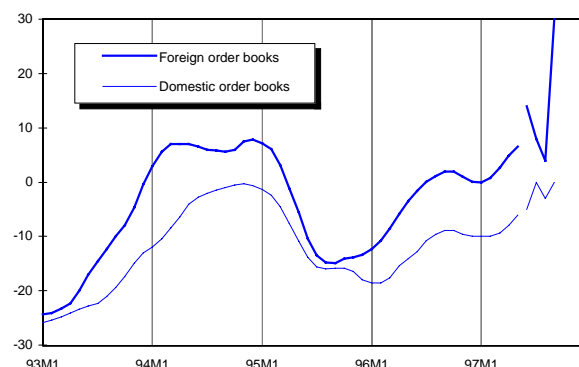
[1] Qualitative data

Source: NBB, FPB

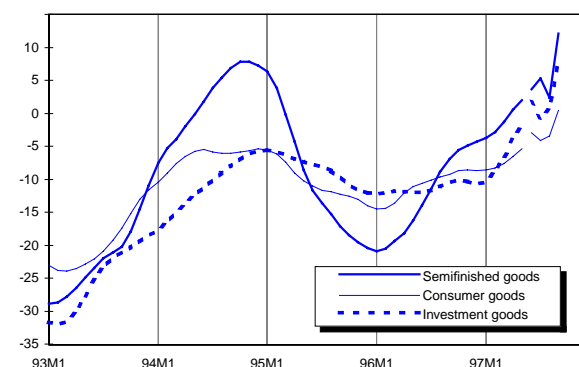
Graph 4 - Business cycle: sectoral evolution



Graph 5 - Manufacturing industry: order books



Graph 6 - Manufacturing industry: different types of goods



Source: Business cycle survey NBB

The recovery continues to be mainly fuelled by the manufacturing sector. One of the main factors behind the recovery has been the appreciation of the US dollar and the UK pound since the beginning of 1996. After some erratic movements towards the end of 1996, the NBB survey indicators for the manufacturing sector are again improving. Foreign orders in the manufacturing sector have clearly picked up more than domestic orders. This is clearly in line with earlier observations regarding export-led growth, and the key role of the exchange rate evolution in the recovery in continental Europe.

Semi-finished manufacturing goods remain the most buoyant part of the manufacturing sector. The investment goods component of the manufacturing sector has recently also gained some strength. This is in line with the first signs of a business investment recovery in Germany and France.

The most worrying evolution concerns the manufacturing of consumer goods. The spill-over of an export-led recovery into domestic demand remains weak. Even though domestic orders have somewhat recovered, this indicator remains rather flat.

A similar evolution can be observed from the top graph. The synthetic survey indicator of the NBB can be broken down into three indicators, covering the business cycle in the manufacturing, industry, the construction sector and the trade sector. While the improvement and the strength of the manufacturing industry is beyond doubt, it is equally clear that there has been no real improvement in the other two sectors. Indeed the opposite can be said to be true for the trade sector.

Private consumption

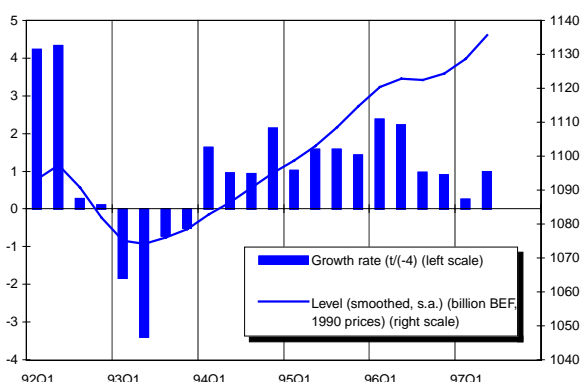
Table 3 - Private consumption indicators

| | 95 | 96 | 96Q4 | 97Q1 | 97Q2 | 97Q3 | 97M4 | 97M5 | 97M6 | 97M7 | 97M8 | 97M9 |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Turnover (VAT) - retail trade [1] | 1.3 | 3.5 | 3.4 | 2.3 | 2.4 | . | 2.1 | 1.7 | 3.4 | 9.0 | . | . |
| New car registrations [1] | -8.0 | 7.8 | -3.1 | -12.2 | -6.4 | 1.7 | -5.2 | -15.5 | 2.1 | -7.8 | 4.5 | 11.5 |
| Consumer confidence indicator [2] | -13.8 | -22.5 | -20.7 | -23.3 | -25.7 | -21.7 | -26.0 | -26.0 | -25.0 | -23.0 | -20.0 | -22.0 |

[1] Change (%) compared to same period previous year; [2] Qualitative data

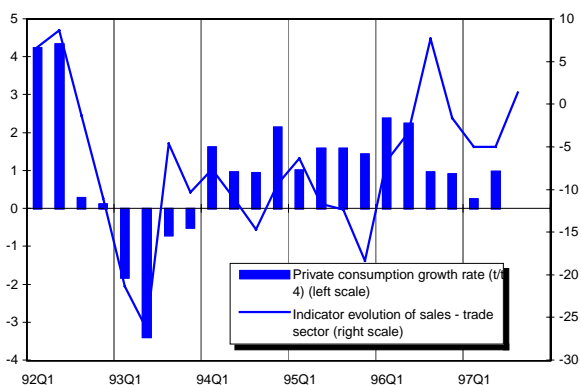
Source: NIS/INS, Eurostat, NBB, Febiac, FPB

Graph 7 - Private consumption at constant prices



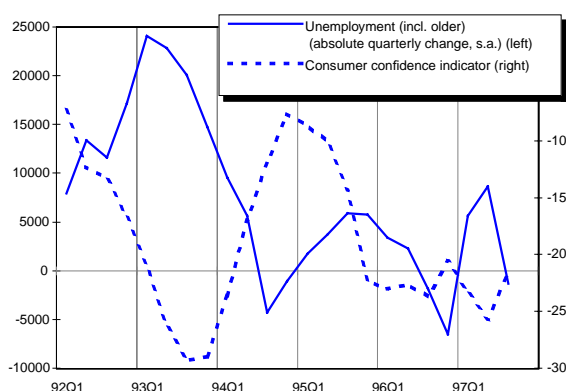
Source: Estimation FPB

Graph 8 - Private consumption and related survey indicator



Source: FPB, Business cycle survey NBB

Graph 9 - Consumer confidence and unemployment



Source: RVA/ONEm, Eurostat, FPB

The series relating to turnover in the retail trade sector (VAT-source) was revised upwards for the first quarter of 1997 by almost 1 percent: from 1.4% to 2.3% (growth rates t/t-4 in current prices). In the second quarter of 1997 retail sales grew by 2.6% in current prices compared to the same period of 1996. At the same time turnover in the retail trade sector increased in real terms compared to the first quarter of 1997.

Between January and September of this year, there were 250,000 new car registrations. This should bring the figure for the whole of 1997 to slightly above 310,000. For 1997 as a whole, this should represent a drop of 5 to 6% compared to 1996. Compared to 1995, the previous year when there was no Motor Show, the figures are expected to show an increase of almost 2%.

Since the beginning of 1996 consumer confidence has moved within the -20 to -25 range. Although some improvement was noted between March and August of this year, the level of consumer confidence remains far from the peak level reached at the end of 1994. The rather flat evolution of consumer confidence during the last seven quarters corresponds to the quasi-stagnant unemployment level witnessed over the same period.

Private consumption at constant prices was over 0.5% higher in the first half-year period of 1997 compared to the corresponding period of 1996. This growth rate may seem rather weak, but it has to be borne in mind that the (exceptional) rise of car sales after the biennial Motor Show had a positive effect on the consumption level in the first half of 1996.

If the (moderate) upward trend of private consumption (apparent since the second half of 1993) continues during the remaining months of 1997, private consumption will grow to almost 2% (t/t-4) in the second half-year period of this year. This relatively strong growth results partially from the fact that private consumption stagnated during the last two quarters of 1996. All in all, private consumption should grow in real terms by 1.2% in 1997, which is the average growth rate of the last two years.

Business investment

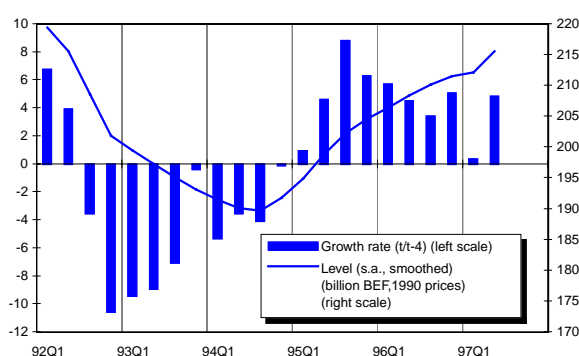
Table 4 - Business investment indicators

| | 95 | 96 | 97 | 96Q4 | 97Q1 | 97Q2 | 97Q3 | 97M3 | 97M4 | 97M5 | 97M6 | 97M7 |
|--------------------------------------|------|------|-----|------|------|------|------|-------|------|------|------|------|
| Investment (VAT) [1] | | | | | | | | | | | | |
| Industrial companies | 11.0 | 9.3 | . | 6.4 | -5.4 | 4.1 | . | -15.6 | 12.1 | -5.4 | 6.0 | 3.7 |
| Non-industrial companies | 5.5 | 3.1 | . | 7.1 | 5.7 | 23.9 | . | 6.5 | 5.0 | 67.0 | 4.1 | 3.4 |
| Total companies | 7.6 | 5.5 | . | 6.8 | 1.2 | 16.0 | . | -3.3 | 8.7 | 35.8 | 5.6 | 4.4 |
| Investment survey [1] | 3.6 | 5.1 | 6.7 | | | | | | | | | |
| Capacity utilisation rate (s.a.) (%) | 80.4 | 79.9 | . | 80.6 | 80.6 | 82.1 | 82.9 | | | | | |

[1] Change (%) compared to same period previous year

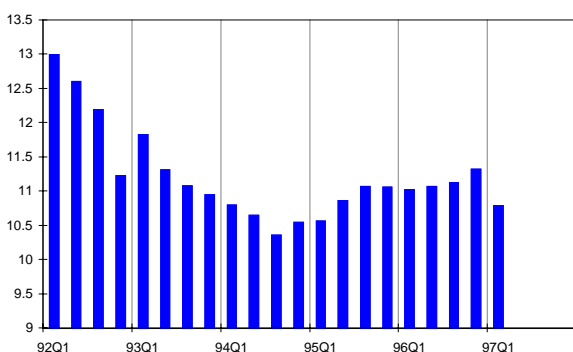
Source: NIS/INS, NBB, FPB

Graph 10 - Business investment at constant prices



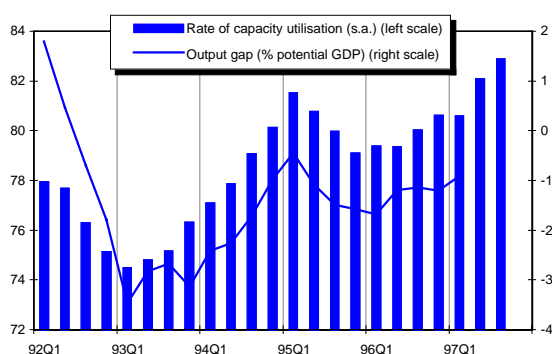
Source: Estimation FPB

Graph 11 - Business investment rate (in % of GDP)



Source: Estimation FPB

Graph 12 - Business investment indicators



Source: NBB, FPB

VAT-sources indicate an exceptional rise in investment of non-industrial companies in the second quarter of 1997, and more precisely in May (+67%). The origin of this exceptional rise, which can be estimated at around 20 billion BEF, are a number of operations that do not contribute to the fixed capital formation of the economy (among others a sale-lease-back operation of the national railway-company).

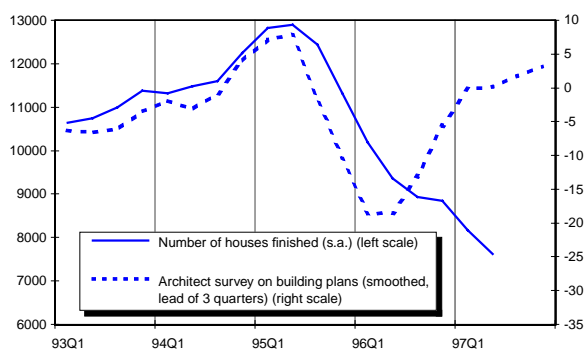
After adjustments for this effect, business investment growth (t/t-4) in the second quarter can be estimated at almost 5% in real terms. As expected, the weakening of business investment observed in the first quarter of 1997 was only a temporary phenomenon.

The investment climate remains favourable. The factors contributing to this climate are the low level of long term interest rates, high and increasing corporate profitability (especially in the export-oriented sector), and stronger demand, leading to a rising level of capacity utilisation and a shrinking of the negative output-gap. Based on these factors the good investment performance is expected to continue. With real growth rates (t/t-4) of 4 to 5% in the third and fourth quarters, the growth rate for 1997 as a whole will be around 3.5%.

By the end of 1997, business investment should not be far from 225 billion per quarter. This should imply a return to the high investment levels of the early nineties and an investment rate of around 11.5%, a level that has not been reached for the past four years. The capacity utilisation in manufacturing industry is high and rising; during the third quarter of 1997 a peak level of about 83% was reached. In the second half of 1997 the output gap should become slightly positive.

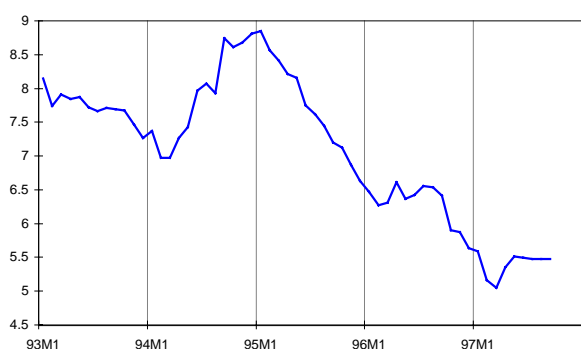
Housing investment

Graph 13 - Activity in the residential housing sector



Source: NIS/INS, NBB, FPB

Graph 14 - Mortgage rate (in %)



Source: NBB

Recent survey results¹ suggest that residential building activity has gradually picked up since the third quarter of 1996. There is no evidence so far of this improvement in the series of the number of houses finished. This can largely be explained by the fact that the most recent quarterly figures for the number of houses finished are still incomplete and (probably) will be revised upwards.

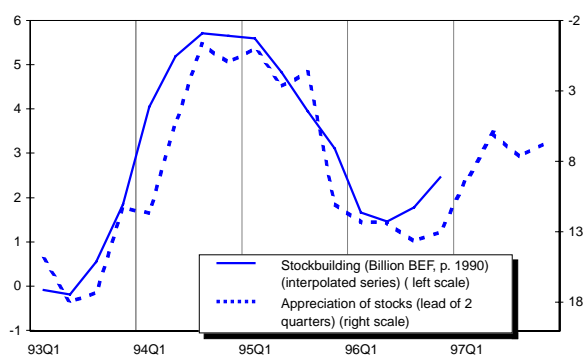
For 1997 as a whole, the housing investment level of 1995 could be reached, corresponding to a positive growth rate of 4% compared to 1996. The fall of mortgage interest rates at the end of 1996 and the beginning of 1997 has undoubtedly played a major role in the upturn in housing investment. Since the middle of this year, the downward trend in mortgage rates seems to have come to a halt.

Some measures introduced at the start of 1996 to stimulate residential housing investments are likely due to end in December of this year.

1. Survey among architects on the volume of building plans. The result of this survey is a leading indicator (three quarters lead) for the activity in the residential construction sector

Stockbuilding

Graph 15 - Stockbuilding and related indicator



Source: INR/ICN, NBB (Survey), FPB

From the first quarter of 1997 an increase of stockbuilding was noted. After a negative contribution in 1996, stockbuilding should contribute positively to economic growth this year.

Compared to the 1994-recovery (positive contribution of 0.3%), however, the current fluctuations in stockbuilding do not appear to be very important. A positive contribution of 0.1% is expected for 1997.

Foreign Trade

Table 5 - BLEU/UEBL Trade statistics (intra/extrastat) [*]

| | 95 | 96 | 96Q3 | 96Q4 | 97Q1 | 97Q2 | 97M2 | 97M3 | 97M4 | 97M5 | 97M6 | 97M7 |
|----------------------|-----|-----|------|------|------|------|------|------|------|------|------|------|
| Exports - value [1] | 8.0 | 4.0 | 7.3 | 7.0 | 9.2 | 12.1 | 8.8 | 9.6 | 17.4 | 4.7 | 14.2 | 14.8 |
| Imports - value [1] | 7.7 | 6.8 | 7.8 | 7.9 | 5.4 | 11.8 | 5.7 | 5.7 | 15.6 | 6.7 | 13.1 | 12.6 |
| Exports - volume [1] | 8.0 | 2.0 | 6.2 | 4.6 | 5.9 | 8.7 | 5.9 | 6.0 | 13.3 | 0.5 | 12.2 | 9.3 |
| Imports - volume [1] | 5.5 | 4.3 | 5.6 | 4.3 | 1.5 | 6.4 | 1.1 | 0.8 | 10.5 | 1.1 | 7.9 | 5.5 |
| Exports - price [1] | 0.0 | 2.0 | 1.2 | 2.4 | 3.1 | 3.2 | 2.7 | 3.3 | 3.6 | 4.2 | 1.8 | 5.0 |
| Imports - price [1] | 2.1 | 2.4 | 2.2 | 3.4 | 3.9 | 5.0 | 4.6 | 4.9 | 4.6 | 5.5 | 4.8 | 6.7 |

[1] Change (%) compared to same period previous year

[*] Methodological changes in the beginning of 1997 make comparisons with the past difficult. This table shows estimates to facilitate the analysis.

Source: INR/ICN, FPB

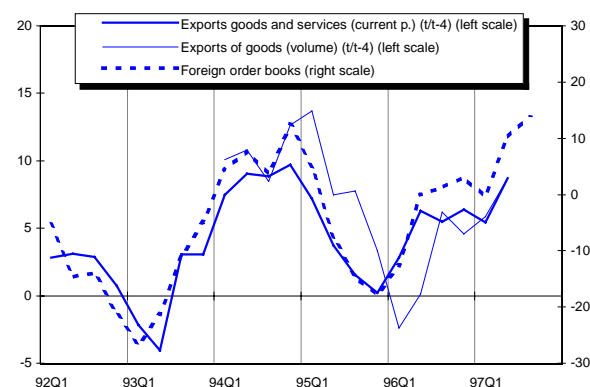
Table 6 - BLEU/UEBL Balance of payments statistics

| | 95 | 96 | 96Q3 | 96Q4 | 97Q1 | 97Q2 | 97M1 | 97M2 | 97M3 | 97M4 | 97M5 | 97M6 |
|------------------------------------|------|-----|------|------|------|------|------|------|------|------|------|------|
| Exports - goods [1] | 11.8 | 4.9 | 5.0 | 6.8 | 4.7 | 9.0 | 6.2 | 5.5 | 2.4 | 11.6 | 5.0 | 10.3 |
| Imports - goods [1] | 10.6 | 5.5 | 5.4 | 8.9 | 7.2 | 7.6 | 8.0 | 8.6 | 5.1 | 12.1 | 2.0 | 8.7 |
| Trade balance [2] | 296 | 283 | 62 | 72 | 57 | 91 | 34 | 12 | 11 | 31 | 36 | 24 |
| Exports - goods and services [1] | 3.1 | 5.2 | 5.5 | 6.4 | 5.4 | 8.7 | 6.2 | 5.9 | 4.2 | 10.5 | 4.1 | 11.6 |
| Imports - goods and services [1] | 3.3 | 5.6 | 5.1 | 8.6 | 6.6 | 8.5 | 6.6 | 7.7 | 5.4 | 12.4 | 2.6 | 10.4 |
| Goods and services balance [2] | 360 | 361 | 70 | 86 | 100 | 108 | 53 | 28 | 19 | 35 | 40 | 33 |
| Exports - current transactions [1] | -6.9 | 0.3 | 1.0 | -1.3 | 4.4 | 6.6 | 4.9 | 4.7 | 3.6 | 8.0 | 3.4 | 8.3 |
| Imports - current transactions [1] | -7.4 | 0.1 | 0.3 | -0.4 | 5.4 | 6.1 | 6.2 | 6.0 | 4.0 | 9.0 | 2.4 | 6.8 |
| Current account [2] | 433 | 445 | 102 | 112 | 104 | 131 | 50 | 24 | 30 | 45 | 51 | 35 |

[1] Change (%) compared to same period previous year; [2] Level in Billion BEF

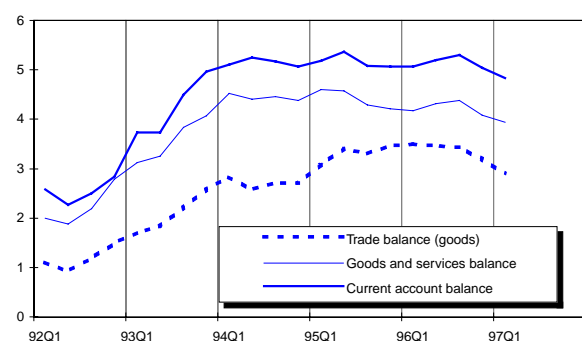
Source: NBB, FPB

Graph 16 - Growth of exports and related indicator



Source: NBB (BoP, Survey), INR/ICN (Trade Stat.), FPB

Graph 17 - Foreign balances (4 quarters cumulated, % of GDP)



Source: NBB (BoP), FPB

Real export growth accelerated during the second quarter of the year, and should continue to grow at the same pace during the second half-year period of 1997, given the depreciation of the BEF in real terms and the prospect of further increases in foreign demand. It is worth noting that after a slow start at the beginning of the year, exports to EU countries have picked up recently, although exports to non-EU countries still remain more dynamic.

The progressive increase of import prices, as a lagged consequence of exchange rate movements, is confirmed by most recent data. Terms of trade losses are observed for the first half-year period of 1997.

Despite the higher import prices, the trade balance surplus showed a significant improvement during the last quarter thanks to export performances.

Labour market

Table 7 - Labour market indicators

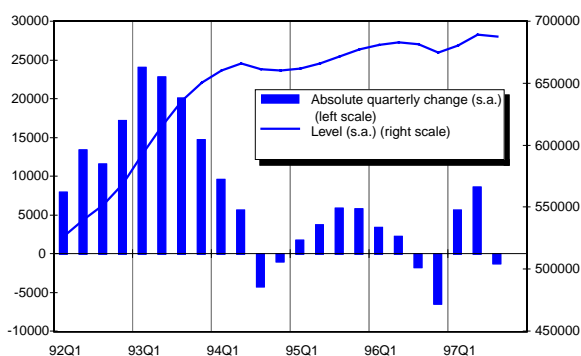
| | 95 | 96 | 96Q4 | 97Q1 | 97Q2 | 97Q3 | 97M4 | 97M5 | 97M6 | 97M7 | 97M8 | 97M9 |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Unemployment (excl. older) [1] | 596.9 | 588.3 | 582.9 | 570.5 | 542.9 | 598.1 | 551.4 | 536.8 | 540.6 | 588.2 | 607.0 | 599.0 |
| Unemployment (incl. older) [1] | 669.3 | 679.9 | 684.6 | 678.4 | 654.5 | 714.1 | 661.4 | 647.9 | 654.3 | 703.6 | 722.9 | 715.8 |
| Unemployment rate-FMTA/MfET[2] | 13.9 | 13.7 | 13.6 | 13.3 | 12.6 | 13.9 | 12.8 | 12.5 | 12.6 | 13.7 | 14.1 | 13.9 |
| Unemployment rate-Eurostat [3] | 9.9 | 9.8 | 9.5 | 9.5 | 9.6 | 9.6 | 9.6 | 9.6 | 9.6 | 9.6 | 9.6 | 9.5 |

[1] Level in thousands; [2] In % of labour force of June 1995, not seasonally adjusted

[3] Seasonally adjusted, in % of labour force (Eurostat standard); recent figures of unemployment rate are based on administrative data and can be revised.

Source: RVA/ONEm, FMTA/MfET, Eurostat, FPB

Graph 18 - Evolution of unemployment (incl. older)

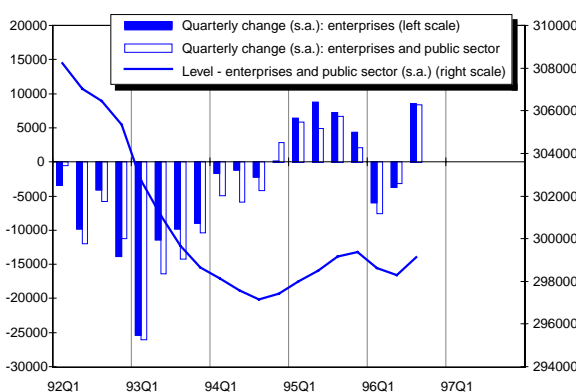


Source: RVA/ONEm, FPB

Analyses of the figures relating to the labour market has been made more complex since 1996 by changes in the administrative treatment of various categories of workers and unemployed people. No definitive conclusions can therefore be drawn from the monthly figures.

The RSZ/ONSS has recently started publishing quarterly data on employment with a delay of around six months. Two quarters (96Q4 and 97Q1) of these statistics are now available. More use of these data will probably be made in the future.

Graph 19 - Evolution of employment



Source: RSZ/ONSS, FPB

The seasonally adjusted unemployment level, inclusive of the 'older unemployed' (see graph 18), has evolved rather erratically since the beginning of 1996. Part of this can be attributed to the evolution in the number of exclusions. In particular, the drop in unemployment in the second half of 1996 can certainly be explained in part by a tightening of the conditions whereby unemployed people can claim unemployment allowances.

The underlying reality may be that the labour market is able to absorb the increase in the labour force, leaving the number of unemployed little changed. This could result in an annualised increase in employment of 0.3%.

Prices

Table 8 - Inflation rates: change compared to the same period in the previous year, in %

| | 95 | 96 | 96Q4 | 97Q1 | 97Q2 | 97Q3 | 97M5 | 97M6 | 97M7 | 97M8 | 97M9 | 97M10 |
|--------------------------------|------|------|------|------|------|------|------|------|------|------|------|-------|
| Consumer prices: all items | 1.47 | 2.06 | 2.45 | 1.91 | 1.53 | 1.79 | 1.58 | 1.74 | 1.89 | 1.85 | 1.62 | 1.30 |
| Food prices | 1.21 | 0.62 | 0.81 | 0.97 | 1.26 | 3.27 | 1.36 | 2.10 | 3.39 | 2.51 | 3.94 | 3.46 |
| Non food prices | 0.81 | 2.37 | 3.25 | 2.47 | 1.55 | 1.55 | 1.64 | 1.76 | 1.50 | 2.06 | 1.11 | 0.47 |
| Services | 2.01 | 2.35 | 2.45 | 1.78 | 1.59 | 1.36 | 1.59 | 1.56 | 1.66 | 1.37 | 1.05 | 1.13 |
| Rent | 2.88 | 2.48 | 2.13 | 1.80 | 1.71 | 1.59 | 1.74 | 1.73 | 1.60 | 1.49 | 1.67 | 1.61 |
| "Health" index | 1.56 | 1.65 | 1.88 | 1.44 | 1.22 | 1.42 | 1.29 | 1.39 | 1.61 | 1.38 | 1.27 | 1.13 |
| Brent oil price in USD (level) | 17.1 | 20.6 | 23.6 | 21.6 | 19.1 | 19.2 | 20.1 | 18.7 | 18.9 | 19.3 | 19.3 | 20.1 |

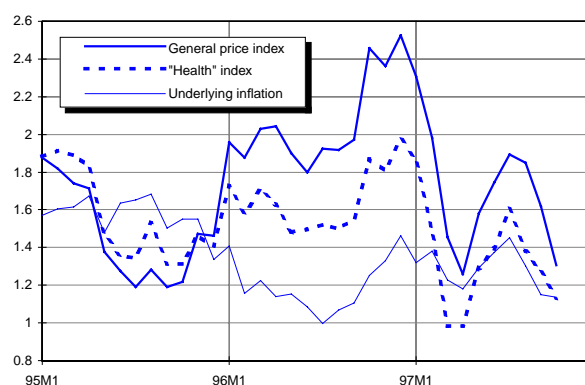
Source: MEZ/MAE, IWH

Table 9 - Monthly inflation forecasts

| | 97M1 | 97M2 | 97M3 | 97M4 | 97M5 | 97M6 | 97M7 | 97M8 | 97M9 | 97M10 | 97M11 | 97M12 |
|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Consumer prices: all items | 124.65 | 124.50 | 123.94 | 123.91 | 124.09 | 124.30 | 125.30 | 125.55 | 125.01 | 124.99 | 125.27 | 125.49 |
| Consumer prices: "health" index | 122.09 | 121.88 | 121.31 | 121.33 | 121.45 | 121.67 | 122.78 | 122.84 | 122.34 | 122.37 | 122.67 | 122.91 |
| Moving average "health" index | 121.38 | 121.60 | 121.64 | 121.65 | 121.49 | 121.44 | 121.81 | 122.19 | 122.41 | 122.58 | 122.55 | 122.57 |
| | 98M1 | 98M2 | 98M3 | 98M4 | 98M5 | 98M6 | 98M7 | 98M8 | 98M9 | 98M10 | 98M11 | 98M12 |
| Consumer prices: all items | 126.18 | 126.21 | 125.91 | 126.03 | 126.22 | 126.46 | 127.55 | 127.52 | 127.12 | 127.19 | 127.53 | 127.80 |
| Consumer prices: "health" index | 123.64 | 123.66 | 123.33 | 123.40 | 123.59 | 123.85 | 125.01 | 124.97 | 124.54 | 124.61 | 124.97 | 125.26 |
| Moving average "health" index | 122.90 | 123.22 | 123.39 | 123.51 | 123.49 | 123.54 | 123.96 | 124.35 | 124.59 | 124.78 | 124.78 | 124.85 |

Source: Observations (up to 97M10); MEZ/MAE; forecasts: FPB

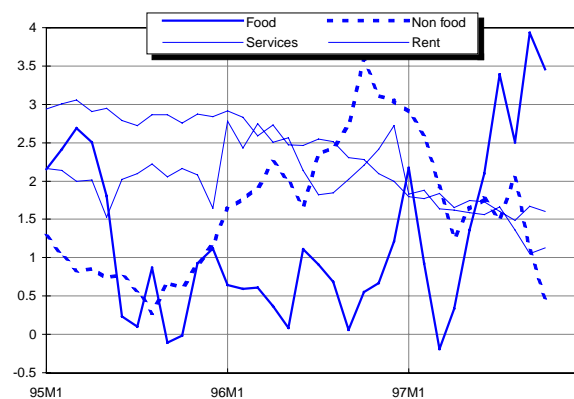
Graph 20 - Monthly inflation evolution in % (t/t-12)



Source: MEZ/MAE

As expected, the pivot index for the public sector was reached in August 1997. Public wages and social benefits were consequently increased (by 2%) in October. Over the first nine months of 1997, inflation (measured by the rise of the general CPI) amounted to 1.74%, whereas the health index over the same period only increased by 1.36%. Underlying inflation fluctuated within the 1.2-1.4%-range, with an average of 1.3% over the first three quarters. Assuming unchanged underlying inflation (i.e. around 1.3%) and in the absence of major energy price movements or dollar fluctuations during the remaining months of 1997, inflation is expected to be low during the last quarter of 1997 (around 1.3% for the general CPI and 1.1 to 1.2% for the health index). For 1997 as a whole general consumer price inflation should be around 1.65%, compared to 2.06% in 1996. The health index should grow by 1.3% in 1997, which is also less than last year (1.65%).

Graph 21 - Inflation rates in % (t/t-12): decomposition



Source: MEZ/MAE

The effective depreciation of the currencies of the DEM-zone seems (with a certain delay) to have provoked increases in import prices, but domestic price inflation remains very low. This would imply that domestic profit margins are being compressed. As the shrinking of profit margins is expected to end soon, underlying inflation is expected to increase slightly from the beginning of 1998 (from 1.3% to nearly 2.0% at the end of 1998). Taking into account this outlook for the underlying inflation both the general CPI and the health index should increase by 1.7% in 1998. Next year, public wages should be adjusted for price changes in November.

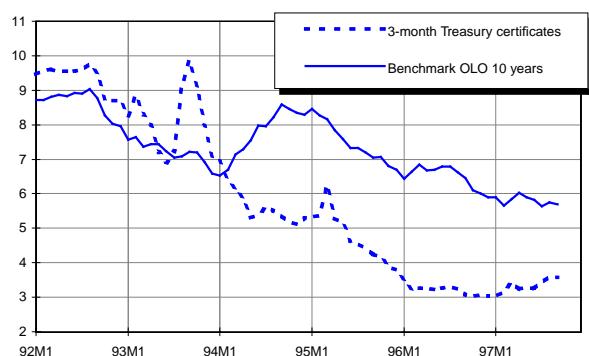
Interest Rates

Table 10 - Interest rates

| | 95 | 96 | 96Q4 | 97Q1 | 97Q2 | 97Q3 | 97M4 | 97M5 | 97M6 | 97M7 | 97M8 | 97M9 |
|------------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Short-term rates (3 months) | | | | | | | | | | | | |
| Belgium | 4.77 | 3.21 | 3.04 | 3.20 | 3.25 | 3.54 | 3.24 | 3.24 | 3.28 | 3.44 | 3.58 | 3.59 |
| Germany | 4.41 | 3.21 | 3.10 | 3.12 | 3.11 | 3.18 | 3.16 | 3.10 | 3.06 | 3.08 | 3.21 | 3.25 |
| Long-term rates | | | | | | | | | | | | |
| Belgium: traditional bonds (6+ y) | 7.37 | 6.30 | 5.81 | 5.61 | 5.70 | 5.50 | 5.81 | 5.68 | 5.61 | 5.42 | 5.55 | 5.52 |
| Belgium: 10 y benchmark OLO | 7.48 | 6.49 | 6.00 | 5.80 | 5.92 | 5.69 | 6.02 | 5.90 | 5.83 | 5.64 | 5.75 | 5.69 |
| Germany (7-15 y) | 6.81 | 6.10 | 5.8 | 5.6 | 5.6 | 5.5 | 5.7 | 5.6 | 5.6 | 5.4 | 5.5 | 5.5 |
| Germany: 10 y benchmark | 6.85 | 6.22 | 5.89 | 5.69 | 5.78 | 5.60 | 5.87 | 5.76 | 5.72 | 5.56 | 5.66 | 5.59 |

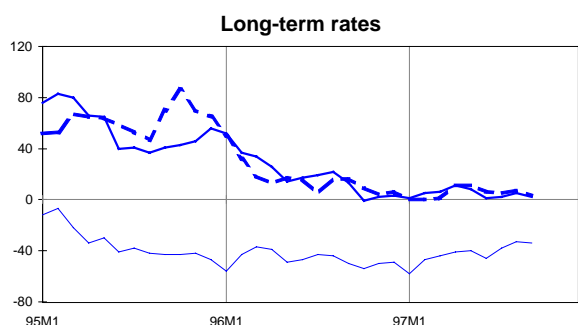
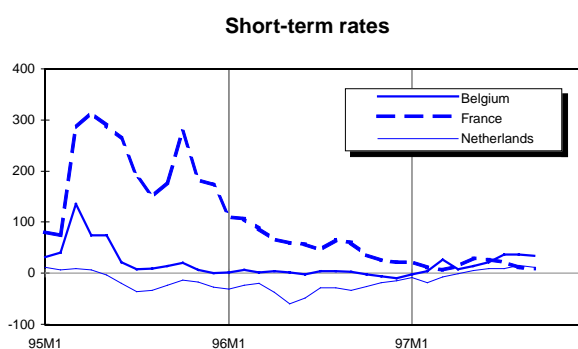
Source: NBB, Frankfurter Allgemeine Zeitung

Graph 22 - Interest rate levels in Belgium, in %



Source: NBB

Graph 23 - Interest rate differentials with Germany (in basis points)



Source: NBB, Frankfurter Allgemeine Zeitung, Crédit Lyonnais

As in previous years, the financial markets were turbulent in August. While the dollar strongly appreciated, European monetary and capital markets came under pressure. In fact, the depreciation of the mark against the dollar and its effect on import prices led to uncertainty as to the orientation of German monetary policy. German inflation peaked at 2.1% in August, as a result of pressures on import and regulated prices.

Monetary and capital markets reflected this concern. Short and long term interest rates registered a slight increase, no doubt in anticipation of a tightening of the Bundesbank's monetary policy. Finally, the German authorities followed by other European central banks, raised official interest rates on the 9th of October by 30 basis points. Despite the drop in long term interest rates since mid-September, monetary markets expected a minor increase of intervention rates, as reflected in the slope of the yield curve. The timing of the monetary tightening came, however, as a surprise.

The National Bank of Belgium also followed the movement and raised the central rate by 30 points and the discount rate by 25 points. This was an opportunity to try to reduce the spread between Belgian and German short term interest rates on the money market, which appeared in the first quarter of this year as political troubles put the Belgian franc under pressure. The spread, however, has increased to more than 40 basis points. Different reasons may have influenced this outcome: the uncertainty surrounding the countries which will participate in the future euro and the tendency of traders to test different currencies in the System; the sharp DEM/USD exchange rate fluctuations put pressure on the other currencies in the System.

Exchange rates

Table 11 - Exchange rate (Belgian Francs per ...)

| | 95 | 96 | 96Q4 | 97Q1 | 97Q2 | 97Q3 | 97M4 | 97M5 | 97M6 | 97M7 | 97M8 | 97M9 |
|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| German Mark | 20.58 | 20.58 | 20.61 | 20.63 | 20.64 | 20.64 | 20.63 | 20.64 | 20.64 | 20.64 | 20.65 | 20.64 |
| French Franc | 5.91 | 6.05 | 6.09 | 6.11 | 6.12 | 6.13 | 6.13 | 6.12 | 6.11 | 6.12 | 6.13 | 6.14 |
| Dutch Guilder | 18.37 | 18.37 | 18.37 | 18.35 | 18.35 | 18.33 | 18.35 | 18.35 | 18.34 | 18.33 | 18.33 | 18.33 |
| Italian Lira | 1.81 | 2.01 | 2.07 | 2.09 | 2.09 | 2.12 | 2.08 | 2.09 | 2.10 | 2.12 | 2.11 | 2.12 |
| British Pound | 46.53 | 48.38 | 51.66 | 55.76 | 57.85 | 60.61 | 57.51 | 57.42 | 58.61 | 61.80 | 60.94 | 59.09 |
| American Dollar | 29.51 | 30.96 | 31.54 | 34.21 | 35.36 | 37.31 | 35.30 | 35.15 | 35.64 | 36.98 | 38.01 | 36.94 |
| ECU | 38.12 | 38.77 | 39.59 | 40.04 | 40.27 | 40.61 | 40.25 | 40.23 | 40.32 | 40.71 | 40.63 | 40.49 |

Source: NBB

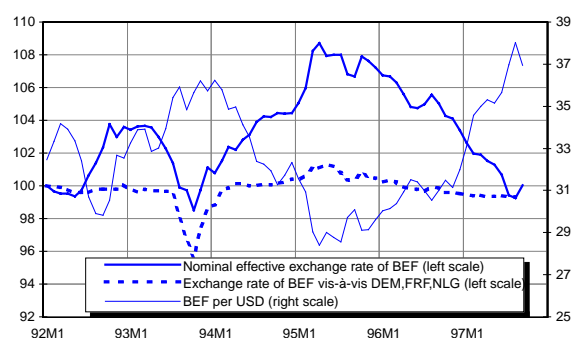
Table 12 - Nominal effective exchange rate of the Belgian Franc

| | 95 | 96 | 97 | 96Q4 | 97Q1 | 97Q2 | 97Q3 | 97M5 | 97M6 | 97M7 | 97M8 | 97M9 |
|--------------------------------------|-------|-------|------|-------|-------|-------|------|-------|-------|------|------|-------|
| Level (Jan.92=100) | 107.3 | 105.2 | | 103.9 | 102.2 | 101.2 | 99.6 | 101.3 | 100.7 | 99.4 | 99.3 | 100.0 |
| Growth rate [1] | 4.0 | -2.0 | | -3.4 | -4.1 | -3.7 | -5.3 | -3.4 | -3.9 | -5.3 | -6.0 | -4.8 |
| Id. with constant rate till year end | | | -4.2 | | | | | | | | | |

[1] Change (%) compared to same period previous year

Source: NBB, FPB

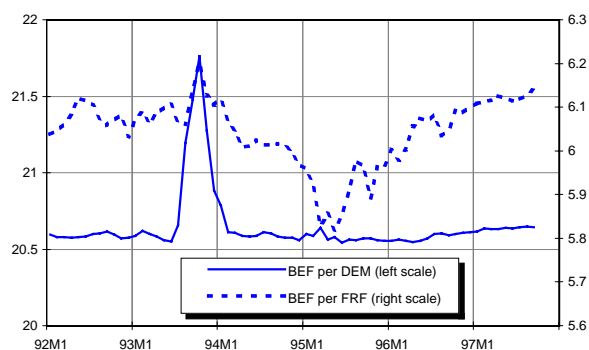
Graph 24 - Effective exchange rate (jan. 92=100) and dollar rate



Source: NBB, FPB

Financial markets focused on the dollar. The dollar pursued its correction, based on economic fundamentals, against the deutschemark and the yen. Moreover, the dollar also benefited from a new bout of uncertainty concerning the future euro participants and the method of exchange rate fixation. The USD peaked at 1.9 DEM in August. Nevertheless, as mentioned above, the uncertainties concerning a possible monetary tightening by the Bundesbank put a brake on the strong appreciation of the dollar.

Graph 25 - Belgian Francs per French Franc and Deutsche Mark



Source: NBB

Whilst in the United States activity is progressively slowing, the correction of the dollar, based on economic fundamentals, appears to be built into the current level of the currency. Nevertheless, until the final selection of the countries participating in the euro, concern about the project will probably enhance the dollar's role of "refuge currency" and cause it to appreciate temporarily.

In Belgium, the monetary authorities had to intervene to support the BEF/DEM exchange rate. However, as the consumer prices do not reflect the pressure on import price, Belgian exporters benefit from the depreciation of the effective exchange rate, without adverse effects.

Fiscal indicators

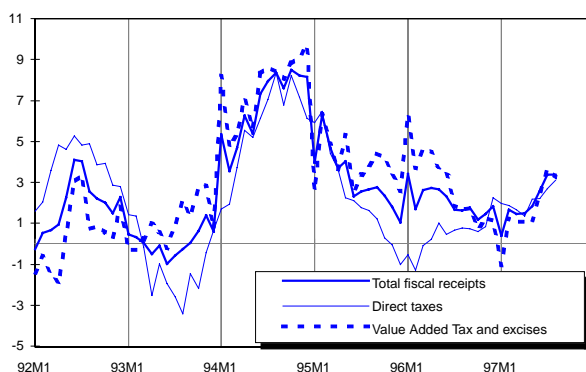
Table 13 - Fiscal receipts (1)

| | 95 | 96 | 96Q3 | 96Q4 | 97Q1 | 97Q2 | 97M3 | 97M4 | 97M5 | 97M6 | 97M7 | 97M8 |
|-------------------------------|------|-----|------|------|------|------|-------|-------|-------|-------|------|--------|
| Total | 2.5 | 4.0 | 3.4 | 3.8 | 4.8 | 6.4 | 3.3 | 4.7 | 9.4 | 6.6 | 10.3 | 2.2 |
| Direct taxes | 4.1 | 3.2 | 2.5 | 2.5 | 6.1 | 6.6 | 2.4 | 5.6 | 4.4 | 10.0 | 11.2 | -7.2 |
| Withholding earned income tax | 3.1 | 4.0 | 7.5 | 2.5 | 7.9 | 4.1 | -18.7 | -25.6 | 102.1 | -17.0 | 37.0 | -28.5 |
| Advance payments | 11.3 | 4.5 | 8.2 | -1.0 | -6.2 | 8.7 | 0.0 | 6.6 | -80.0 | 71.0 | 13.2 | -150.0 |
| Value Added Tax and excises | 0.4 | 4.4 | 2.9 | 5.7 | 3.2 | 4.8 | 5.2 | -0.1 | 17.1 | 0.9 | 8.7 | 10.1 |
| Other | 3.8 | 3.7 | 3.6 | 2.6 | 5.7 | 7.1 | 2.1 | 6.7 | 5.0 | 9.6 | 11.1 | -4.7 |

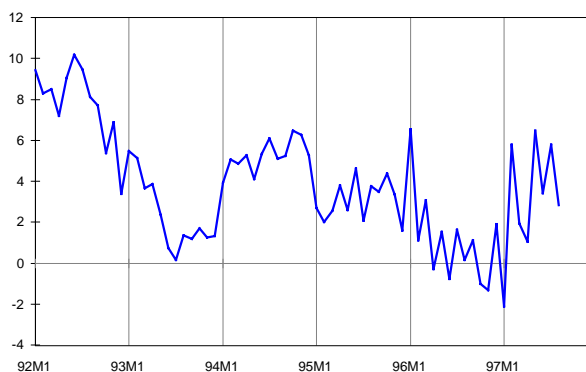
(1) Change (%) compared to same period previous year

Source: MvF/MdF, FPB

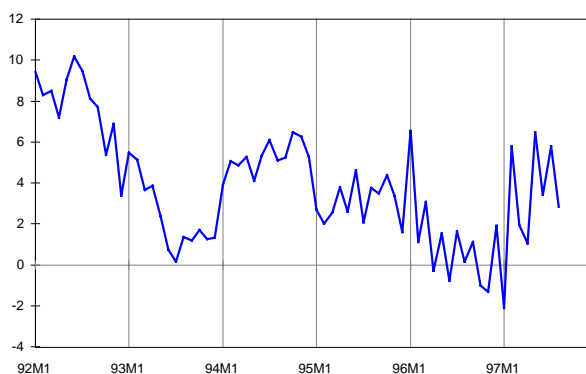
Graph 26 - Real total fiscal receipts (2)



Graph 27 - Real withholding earned income tax (2)



Graph 28 - Real advance payments (2)



Indications on tax receipts during the first nine months of the year confirm other indicators of the Belgian economy: domestic demand growth remains weak, with consequently only small increases in VAT-receipts and excise taxes. Moreover, part of these increases are attributable to higher excise taxes introduced at the beginning of 1997 on petroleum and tobacco products and alcohol. Only purchase tax on cars is increasing, reflecting the higher number of car registrations during the past few months.

Taxes generated by an export-led growth are lower than those arising from domestic demand-led growth. The present growth in export-led activity results only indirectly in higher tax receipts, in casu through higher business profitability and a bigger wage bill. This translates the current situation. Withholding earned income tax and advance payments by companies and self-employed are increasing faster than forecast. Part of the increase in the withholding earned income tax is attributable to three factors: (1) the corresponding tax receipts linked to the end-of-year wage supplements for employees of the French Community; (2) the earlier payment of taxes by families who have two pensions and (3) the non price linking of tax brackets. Even without these changes, the increase in the withholding earned income tax has been better than expected.

All in all, tax receipts have increased over the first nine months of this year by 6.2% in nominal terms and 4.4% in real terms. The better balanced growth expected later this year and next year should gradually have a more positive impact on tax receipts.

Budgetary cost of an unemployed person, from 1983 to 1997

The evolution of the budgetary cost of an unemployed person for the period 1983-1997 is presented. Unemployment implies budgetary costs not only due to unemployment benefits but also because of reduced social security contributions and tax losses as the consequence of a lower level of employment.

The losses in receipts taken into account are: social security contributions, direct income taxes (on unemployment benefits and labour income) and indirect taxes on consumption. Budgetary losses due to induced macroeconomic effects - on employment, wages, ... - are not included in the estimation.

Compared with the former 1993 edition, important methodological changes have been made, by taking into account the existing reductions in social security contributions and effective marginal income tax rates.

The budgetary cost of an unemployed person in 1997 is 909 400 BEF, of which 43% is due to losses in social security contributions. The unemployment benefits component amounts to 32%; the losses in direct and indirect

taxes represent 25% of the budgetary cost of the unemployed.

Figures are also presented in constant prices. In real terms, the total budgetary cost of unemployed people increased slightly (+ 7.4%) between 1983 and 1997, while the average unemployment benefit declined (- 7.7%).

The unemployment benefits, labour income and tax pressure used in the calculations are average values for the whole economy and are therefore not appropriate to measure budgetary losses or gains produced by specific cases of job losses or creation respectively; the impact will indeed depend very much on the characteristics of the labour market segment where the job losses or creation occur.

Budgettaire kost van een werkloze van 1983 tot 1997, M.-J. Festjens, M. Lambrecht, L. Masure, S. Schüttringer, Planning Paper 79, september 1997.

Coût budgétaire d'un chômeur de 1983 à 1997, M.-J. Festjens, M. Lambrecht, L. Masure, S. Schüttringer, Planning Paper 79, septembre 1997.

Forty years evolution of working time in Belgium

With the help of various Ministries and other public institutions - notably the Ministry of Employment and the National Institute of Statistics - the FPB regularly collects data about working time in Belgium, processing and using these data in its modelling of the labour market. Detailed statistical information concerning the long term historical evolution of yearly working time is presented. The statistical data are up-dated yearly.

The first part of the study consists in a methodological introduction and an analysis of the evolution of working time; the second part presents the statistical data, for the period 1955-95.

Three different kinds of data are presented.

- Yearly contractual working time by economic sector for blue- and white-collar workers. These statistics are based on provisions made in collective bargaining agreements, and represent the legal standard agreed by social partners.
- Yearly effective working time. Long term historical data for blue-collar workers in manufacturing industry, provided by the National Institute of Statistics. Moreover, data provided by Eurostat, which

are based on the Labour Force Survey, concern all wage-earners but are only available since 1983 and provide little detail as far as the sectorial desegregation is concerned.

- Statistics on part-time work by economic sector. It allows to calculate a yearly average contractual working time which includes the effect of part-time work.

The data show that the contractual working time of a full-time worker fell by 25% between 1955 and 1995 and by 30% for an average (full-time/part-time) worker. Two sub-periods can be distinguished.

Before 1974-75, the average yearly working time fell rapidly and almost exclusively on account of the reduction of the conventional working time for both white- and blue-collars in the whole economy. The evolution benefited from the synergy between macroeconomic performance and social progress, characterized by full employment, rapid productivity gains, strong wage increases and rapid progress in living standards.

After 1975, poor macroeconomic performance resulted in a slackening of the pace of the reduction of conven-

tional working time, which has practically stabilized since the beginning of the eighties.

Since then reductions in working time have been due to the progress of part-time labour and concern almost exclusively female workers in the market services sector. Working time reduction policy has come to be seen as a means of distributing available labour.

Quarante années d'évolution de la durée du travail en Belgique, K. Hendrickx, L. Masure, S. Schüttringer, Planning Paper 80, septembre 1997.

Veertig jaar evolutie van arbeidsduur in België, K. Hendrickx, L. Masure, S. Schüttringer, Planning Paper 80, september 1997.

Specification and estimation of an allocation system for private consumption in Europe.

Under the Non-Nuclear Energy Programme Joule III of the DGXII of the European Commission, five European teams collaborate on the construction of an Energy-Environment-Economy Model for Europe (E3ME). E3ME is a multi-sector, multi-country model which provides a framework for the evaluation of policies promoting sustainable energy use. This Working Paper presents part of the contribution of the FPB to the E3ME project.

The Working Paper presents an econometric model describing household demand for consumer goods in 11 European countries. The model describes how total aggregate consumption is allocated over its different components as a function of predetermined prices, total income, and demographic changes. The starting point of the modelling strategy is the assumption that there exists a long run equilibrium, but that rigidities prevent immediate adjustment to this long run equilibrium. First, a specification of the long run equilibrium is presented. Here the CBS version of an econometric allocation system is introduced, which explains quantities in terms of a scale effect and relative prices, and which allows us to impose the various restrictions derived from the theory of rational consumer behaviour in a

rather flexible way. Next, an error correction mechanism for our allocation problem is derived, and some econometric issues estimating this error correction mechanism are discussed, i.e., imposing the negativity condition, the Two-Step Engle-Granger estimator and groupwise separability.

In the empirical section the point estimates of the overall long and short run income elasticities and overall long and short run compensated and uncompensated own price elasticities are shown for 11 European countries. The results indicate, for example, that, taking the average of the 11 countries, the income elasticities of furniture and transport equipment are highest, while the overall long run income elasticity of recreation is lowest. Most of the overall compensated and uncompensated long run own price elasticities are situated between -0.5 and -1.0. On average, the compensated own price elasticity is the lowest (i.e. closest to zero) for food, expenditure in restaurants and cafes, clothing, rent, and the running of transport equipment.

Specification and estimation of an allocation system for private consumption in Europe, I. Bracke, E. Meyermans, Working Paper 3-97, October 1997.

The Rocard proposal to reduce working hours: a micro-macro analysis

The Working Paper analyses the impact, from a micro- and macroeconomic point of view, of the introduction of the "Rocard proposal" on the Belgian economy.

This proposal aims at encouraging employers and employees to reduce their working time by cutting employers' social security contributions in respect of the first 32 hours worked per week and by increasing contributions on the remaining ones. The originality of the proposal lies in its flexibility, which enables working time to be reduced on an individual basis, and on the lump-sum aspect of the reduction in contributions, which favours lower skilled workers.

Starting from two constraints (no increase in unit labour cost and 1% decrease in gross income for employees above the minimum wage), the authors have built a microeconomic model which makes it possible to calculate for each wage level the optimal working time reduction and the increase in hourly gross salary. For workers receiving the minimum wage or less, working time is reduced to 32 hours per week without loss of revenue, and for employees above this minimum wage, working time reductions become smaller with increases in wage levels.

Applied to Belgian sectorial data on salary distribution, the model gives the following results: working time is reduced by 3.2% and employment increases by 3%

(which means some 71,000 new jobs after 7 years). When the overall macroeconomic effects are taken into account some 8,000 extra jobs could be generated. GDP is slightly higher (+0.1%) and prices increase only marginally (+0.1%). The total cost for the public finances is estimated at about 60 billion BEF, which means a cost of 750,000 BEF per job created. However, some practical problems could arise when the system is implemented:

difficulties for firms in managing individual working hours and difficulties for the authorities to verify work time declarations (risk of fraud).

La proposition Rocard de réduction du temps de travail: une évaluation micro-macro, T. Bréchet, I. Lebrun., Working Paper 4-97, novembre 1997.

Relocation and internationalisation

The motives for and consequences of internationalisation and globalisation for the Belgian economy are analysed using six different approaches. The first one is based on a detailed examination of the inflow and outflow of foreign direct investment (FDI), and outsourcing data from the balance of payments, giving an insight into the evolution of FDI importance and of host and guest-countries.

The second approach is mainly based on a new survey sent to foreign subsidiaries of Belgian firms, with the help of Belgian embassies. The information gathered makes an assessment of the types of Belgian firms abroad, differentiating between: "relocation in the strict sense" (i.e. the destruction of activities in Belgium), "expansion", "diversification", and "presence inherent in activities or local distribution".

Third, using the same sources, the reasons for Belgian investments abroad are investigated.

A fourth approach consists in studying the degree to which the import penetration by economic sector is linked to the transfer of specific activities to foreign countries.

A fifth approach links recent data on gross and net job creation and losses in Belgium to the degree of import penetration and risk of relocation in different sectors.

A sixth approach based on a questionnaire sent out to the main trade unions in each instance of mass redundancies, tries to establish the link between redundancies and the transfer of activities to foreign countries. About 20% of the mass redundancies in Belgium are linked to the transfer of activities to a foreign country.

Some of the main conclusions of the study are the following.

- Relocation in the strict sense (i.e. the destruction of activities in Belgium) remains limited to 10% of Belgian firms abroad. This percentage, however, increases in certain countries and in certain industrial sectors.

- Foreign affiliates of Belgian firms are mainly situated in Western Europe. Recently, however, Central- and Eastern European countries have gained in importance. Belgian direct investments in emerging countries in the Far East and Central- and South America are extremely limited.

- Sixty-five percent of the sectors involved in the globalisation belong to the service sector. Some Belgian industrial segments could be considered sensitive to imports from low-wage countries. Others, reacting to international competition, were obliged to reduce employment levels in order to improve productivity, or had to relocate or subcontract abroad.

- Low-priced "job-threatening" imports from four selected world-relocation zones, only account for 7.6% of total industrial imports and moreover the Belgian trade balance with these zones is positive and growing.

- The motive for direct investment in a foreign country remains mainly market-driven and is not primarily a result of high wage-costs in Belgium. On the other hand, relocation in the strict sense is much more affected by high wage cost differentials. Motives such as "advantages in guest-countries" "competitive devaluations" and "environmental regulations" are obviously of minor importance.

- The inflow of FDI in Belgium remains more important than the outflow. French companies in Belgium followed by Americans are the biggest job providers. Productivity at foreign affiliates in Belgium is higher than in Belgian firms and is growing faster.

Delokalisatie - Mondialisering, een actualisatierapport over België, P. Bernard, H. Van Sebreeck, H. Spinnewyn, P. Vandenhove, B. Van Den Cruyce, 1997.
Delocalisation - Mondialisation, un rapport d'actualisation concernant la Belgique, P. Bernard, H. Van Sebreeck, H. Spinnewyn, P. Vandenhove, B. Van Den Cruyce, 1997.

Recent Publications

[Medium Term Economic Outlook 1997-2001](#), April 1997 (available in Dutch and in French).

[Economic Forecasts 1998](#), July 1997 (available in Dutch and in French).

[Planning Paper 78](#), September 1996.

Bossier F., Englert M., Streel C., *"Effets macroéconomiques de diverses modalités d'accroissement des recettes et de réduction des dépenses des administrations publiques"* - *"De macro-economische impact van diverse modaliteiten betreffende de verhoging van de ontvangsten en de daling van de overheidsuitgaven"*.

[Working Paper 1-97](#), February 1997.

Lebrun I., Masure L., *"Loi de Robien" - Effets macroéconomiques et budgétaires d'une application en Belgique*.

[Working Paper 2-97](#), June 1997.

Hendrickx K., Hertveldt B., Masure L.: *"Doорlichting van verscheidene alternatieven ter herformulering van de MARIBEL - bijdrageverminderingen"*.

[First national communication of Belgium in accordance with articles 4 and 12 of the United Nations Framework Convention on Climate Change](#), January 1997. Ministry of Social Affairs, Public Health and Environment.

Forthcoming Publications

[Financing the Social security system in the long run](#), December 1997. Long term financial prospects for the Belgian Social security system are presented, taking new demographic projections and the pension reform for the private sector into account. A sensitivity analysis of demographic, macroeconomic and social policy variables is included.

[Demographic prospects 1996-2050](#), December 1997. This study focuses on the evolution of fertility rates, life expectancy, migration flows and dependency rates from 1950 to 2050. Alternative scenarios are discussed.

[Long term implications of the pension reform on social security schemes](#), December 1997. The pension reform decided in 1996 concerns wage-earners and independent workers. The rules for calculating new pensions are modified. Long term financial implications for the different branches of the Belgian Social security system are analysed.

(These three studies will be presented during the two-day Conference of December 2 and 3. See "forthcoming events").

[Modelling the Essen Employment Priorities](#), January 1998 (funded by the European Commission). Using the macrosectorial and international model HERMES-LINK, policy measures corresponding to the so-called "Essen Employment Priorities" are tested for Bel-

gium, France and Germany. The analysis focuses on the macroeconomic consequences of labour cost reduction policies.

[The supply-side of the Belgian economy](#), January 1998. The macroeconomic factors determining the supply of production factors and of goods and services in the Belgian economy are scrutinized. The determination of employment, investment and prices and wages is discussed. Comparisons with other European economies are made.

[ExternE project: case study](#), December 1997. Project funded by the European Commission. A methodology for quantifying external environmental costs for different fuel cycles in electricity generation is presented. The objective of the small policy case study elaborated by the FPB was to provide some insight into ExternE damage costs for the Belgian electricity sector in relation to the structuring of electricity taxes.

[The sustainable development project: five years after the Earth Summit: Five years after RIO](#), December 1997. This study looks at progress made in the project of sustainable development on an international basis. The purpose is to inform the public authorities, politicians as well as the general public about the 'global approach' notion. The study is based on information regarding the evolution of the Action 21 programme for sustainable development.

Forthcoming Events

[The financing of social expenditure in the long run](#). The FPB is organising a two-day Conference on demographic changes and social expenditure in the long term. Calculations by the FPB have been made using new

demographic projections and the pension reform. The Conference will take place on December 2 and 3, 1997, in Brussels.

Recent history of major economic policy measures

| | |
|---------------|---|
| October 1997 | The 1998-Budget was presented to the Parliament. Employers' contributions are to be cut by a further 6 billion BEF in 1998, and by 12 billion in 1999. The Justice Department is to receive an extra 4 billion BEF. Three one-off receipts: 8 billion from a third telephone operator; 2.4 billion from pharmaceutical companies and 1.5 billion from electricity producers. |
| July 1997 | <ul style="list-style-type: none"> • Changes in the pension system for the private sector were introduced. Men and women will gradually be treated equally in the calculation of their pension. Consequently, the legal retirement age for female workers will rise to 65. Anticipated retirement between 60 and 65 will henceforth only be allowed to workers with a career of minimum 20 years. This condition will be progressively increased to 35 years in 2005. A minimum pension right for every year worked was also introduced. The savings for government of these changes are evaluated by the FPB to be limited in the near future but will amount to 0.25% of GDP in 2010. • The EU-Amsterdam Summit extended the "Stability and Growth Pact" to include an employment chapter. Countries with budget deficits above 3% of GDP could receive fines between 0.2% and 0.5% of GDP unless there are exceptional circumstances (e.g. an economic recession). • The Federal Government extended and changed the criteria for Maribel: reduction of employers' social security contributions are based on the 'blue-collar intensity'^a of each company; the total reduction of contributions is increased from 18 to 25 billion. |
| December 1996 | The Federal Government decided that the maximum increase of the wage cost rate (per hour) would be 6.1% over 1997-98, as the Social partners were unable to reach an agreement earlier. |
| October 1996 | The Federal budget 1997 was presented to Parliament. The major measures were: <ul style="list-style-type: none"> • Increase in excise taxes on petroleum and tobacco products and alcohol - expected impact (excise taxes and VAT on excise taxes included): 1.2 billion in 96 and 13.2 billion in 97-; • Non-indexation of tax brackets in 97 and 98 - expected impact: 5.4 billion BEF in 97-. • Taxes on the delivery of financial products - expected impact: 4 billion BEF in 97-. |
| August 1996 | Three framework laws gave the Government extensive powers to encourage employment and competitiveness, as well as in the area of budgetary policy with a view to joining EMU and modernising the social security system. One of the laws defined a wage norm providing for a minimum and maximum increase of the hourly compensation. |
| October 1995 | Federal Budget 1996 was presented with the main measures as follows: <ul style="list-style-type: none"> • Excise taxes on petroleum products were increased (expected impact: 8.6 billion in 96, VAT included); • The 20.5% VAT rate was increased to 21% (expected impact: 12 billion in 1996) from January 96 onwards; • "Tax" on diesel cars (expected impact: 8 billion in 1996); • The withholding tax rate was increased to 15% from January 1996 onwards (after increases from 10% - see January 90 - to 10.3% in July 1993 and 13.39% in the beginning of 1994); • Extension of the number of "low paid workers" entitled to benefit from lower social security contributions to workers with a gross wage of up to 60,000 BEF per month (applied from April 96 onwards). |
| Januari 1994 | The 19.5% VAT rate was increased to 20.5%. Excise duties on petroleum and tobacco products were also increased. |
| November 1993 | The Federal Government presented its 'Global plan'. The main measures were as follows: <ul style="list-style-type: none"> • A new price-index was defined (the so-called 'health-index') as the CPI excluding: petroleum and tobacco products, alcohol and a new tax on household energy consumption. This price index would be used to link wages, house rents and social expenditure to prices; • A real wage-freeze in 1995-96; • Increase in indirect taxes (see January 1994); • Reduction of social security contributions. |
| August 1993 | <ul style="list-style-type: none"> • The EMS fluctuation bands were widened. • Reduction of employers contributions to social security in the "open sector" (so-called Maribel bis). • Several measures to encourage employment by reducing employers contributions to social security (e.g. the "Youth employment plan" - August 93 -, a measure aimed at low wage earners, leading to a reduction of labour costs by up to 12% for the lowest paid employees - April 94- and the "Advantage plan" - January 95 -.) |
| April 1992 | VAT rates were aligned with EU norms |
| June 1990 | The National Bank of Belgium announced that the BEF would be more closely linked with the stronger currencies of the EMS. |
| January 1990 | The withholding tax rate on fixed income investments was reduced from 25% to 10% from March 90 onwards. |

Abbreviations for names of institutions used in this publication

| | |
|-----------|--|
| BLEU/UEBL | Belgisch-Luxemburgse Economische Unie / Union Economique Belgo-Luxembourgeoise |
| DULBEA | Département d'Economie Appliquée de l'Université Libre de Bruxelles |
| FEBIAC | Fédération Belge des Industries de l'Automobile et du Cycle "reunies" |
| FMTA/MFET | Federaal Ministerie van Tewerkstelling en Arbeid / Ministère fédéral de l'Emploi et du Travail |
| FPB | Federal Planning Bureau |
| IMF | International Monetary Fund |
| INR/ICN | Instituut voor de Nationale Rekeningen / Institut des Comptes Nationaux |
| IRES | Université Catholique de Louvain - Institut de Recherches Economiques et Sociales |
| IWH | Institut für Wirtschaftsforschung Hamburg |
| MEZ/MAE | Ministerie van Economische Zaken / Ministère des Affaires Economiques |
| MvF/MdF | Ministerie van Financiën / Ministère des Finances |
| NBB | National Bank of Belgium |
| NIS/INS | Nationaal Instituut voor de Statistiek / Institut National de Statistique |
| OECD | Organisation for Economic Cooperation and Development |
| RSZ/ONSS | Rijksdienst voor Sociale Zekerheid / Office national de la Sécurité Sociale |
| RVA/ONEm | Rijksdienst voor Arbeidsvoorziening / Office National de l'Emploi |

Other Abbreviations

| | |
|--------|---|
| BEF | Belgian Franc |
| BoP | Balance of Payments |
| CPI | Consumer Price Index |
| DEM | Deutsche Mark |
| ECU | European Currency Unit |
| EMS | European Monetary System |
| EMU | European Monetary Union |
| FRF | French Franc |
| GDP | Gross Domestic Product |
| OLO | Obligations linéaires / Lineaire obligaties |
| s.a. | seasonally adjusted |
| t/t-4 | growth rate between present quarter and the corresponding quarter previous year |
| t/t-12 | growth rate between present month and the corresponding month previous year |
| UKP | United Kingdom Pound |
| USD | United States Dollar |
| VAT | Value Added Tax |