

Stability and Growth Programmes inconsistencies evaluated with the EU27 Bilateral Trade Tool.

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1-5 September 2008

The EU27 Bilateral Trade Tool

This tool has been built using COMEXT

Comext is the official European Union Foreign Trade statistics database; at present, Comext is a useful source for harmonized and comparable data for each of the 27 Member country.

The EU27 Bilateral Trade Tool

Comext has been used to make 120 square matrices of bilateral trade flows among:

- 31 individual countries;
- Intra-EU (sum up the flows between 27 Member States);
- Extra-EU;
- Total (Intra-EU + Extra-EU).

The EU27 Bilateral Trade Tool

In EU27 BTT bilateral trade flows by SITC Rev.3 are available for:

- EU15: imports 1995-2006;
- EU12: imports 1999-2006.
- 4 Candidate countries (Albania, Croatia, Macedonia, Turkey; only export data available)

and for 120 commodity categories, according to the classification scheme used by Qiang Ma (1996).

The EU27 Bilateral Trade Tool

The EU27 BTT can be used to transfer Inforum BTM forecasts to EU countries not (yet) in the Inforum system of models.

Given the forecasts of the EU countries already in the system (Spain, France, Germany, Belgium, Austria, Italy), the forecasts of the 'rest' of EU requires the definition of a scenario.

The scenario

- countries in the Inforum system of models follow the Inforum BTM forecast (Autumn 2007)
- for the other countries a mixed scenario is adopted
 - a) for the years 2007 (observed), 2008 (estimated) and 2009 (forecast), import rates of growth come from the Commission Autumn Forecast 2007
 - b) from 2010 onwards the aggregate import rates of growth of the countries in the Inforum system of models is applied to the other countries in the EU27 BTT

The EU27 BTT
a tool to evaluate
the Stability and Growth Programmes
and
the Convergence Programmes

Stability and Convergence Programmes

- Every year, later in Autumn, each EU Member State prepares a ‘programme’.
- This is a document used by the EU to evaluate the Member State Fiscal Policy
- The so called ‘mutual economic surveillance’ is monitored by the European Commission through these Programmes

Stability and Convergence Programmes

- The structure of these Programmes follows a Format designed by the European Commission
- A set of ‘Tables’ must be present in every Member State’s Programme as described in the ‘Code of Conduct’ endorsed by the European Council
- Here, the attention is focused on Table 1

Table to be contained in SCP updates

Table 1a. Macroeconomic prospects

	ESA Code	Year X-1	Year X-1	Year X	Year X+1	Year X+2	Year X+3
		Level	rate of change	rate of change	rate of change	rate of change	rate of change
1. Real GDP	B1*g						
2. Nominal GDP	B1*g						
Components of real GDP							
3. Private consumption expenditure	P.3						
4. Government consumption expenditure	P.3						
5. Gross fixed capital formation	P.51						
6. Changes in inventories and net acquisition of valuables (% of GDP)	P.52 + P.53						
7. Exports of goods and services	P.6						
8. Imports of goods and services	P.7						
Contributions to real GDP growth							
9. Final domestic demand		-					
10. Changes in inventories and net acquisition of valuables	P.52 + P.53	-					
11. External balance of goods and services	B.11	-					

Import rates of growth from Stability and Growth Programmes and Convergence Programmes (ESA P7)
(November 2007)

	Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1	Austria	6,80	7,70	6,60	6,00	6,00					
2	Belgium	2,70	4,90	4,80	5,60	5,60	5,60				
3	Bulgaria	15,15	13,57	11,69	11,14	11,05					
4	Cyprus	6,80	3,30	3,10	3,50	3,50	3,60				
5	Czech Republic	15,20	13,90	12,70	12,40	12,40					
6	Germany	11,20	6,30	6,80	5,50	5,50	5,50				
7	Denmark	14,40	5,70	3,50	2,20	3,20	2,00	3,80	3,80	3,80	3,80
8	Estonia	17,10	3,50	4,70	5,90	7,30	7,50				
9	Spain	8,30	7,20	5,50	5,20	5,50					
10	Finland	8,30	4,40	3,80	3,00	2,80	2,60				
11	France	4,40	5,50	6,70	6,70	6,70	6,70				
12	UK	6,75	3,75	4,00	4,25	4,25					
13	Greece	8,70	8,40	7,80	7,20	7,00					
14	Hungary	14,50	13,20	11,10	11,00	11,10	11,10				
15	Ireland	4,40	5,90	4,50	4,30	4,10					
16	Italy	4,30	1,80	2,50	3,10	3,30	3,40				
17	Lithuania	13,80	16,00	12,30	4,10	8,40					
18	Luxembourg	7,20	9,30	7,20	8,00	7,70					
19	Latvia	17,50	22,10	8,90	7,50	7,40					
20	Malta	8,10	-3,90	2,00	2,10	1,80					
21	The Netherlands	8,10	6,50	6,00	5,50	5,50					
22	Poland	17,40	10,90	9,60	7,80	7,00					
23	Portugal	4,30	3,80	3,90	4,80	5,60	6,60				
24	Romania	23,00	21,50	16,10	14,90	13,90					
25	Svezia	3,20	3,20	2,90	3,00	3,00					
26	Slovenia	12,20	14,20	10,10	8,20	8,00	7,70	7,70	7,70		
27	Slovacchia	17,80	17,20	11,50	8,10	6,10					

Export rates of growth from Stability and Growth Programmes and Convergence Programmes (ESA P6)
(November 2007)

	YEAR	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1	Austria	8,50	7,10	6,20	6,20	6,60					
2	Belgium	2,60	4,60	4,50	5,60	5,60	5,60				
3	Bulgaria	8,96	8,70	8,95	11,22	11,61					
4	Cyprus	4,80	1,60	2,70	3,30	3,70	3,90				
5	Ceek Rep.	15,90	13,20	11,90	12,90	13,50					
6	Germany	12,50	7,80	6,30	5,50	5,50	5,50				
7	Denmark	10,10	4,90	3,00	3,50	3,60	2,00	3,30	3,30	3,30	3,3
8	Estonia	8,30	2,50	6,40	7,70	7,70	7,70				
9	Spain	5,10	5,70	5,40	5,40	5,70					
10	Finland	10,40	5,70	4,70	5,00	4,50	4,00				
11	France	3,60	5,70	6,80	6,80	6,80	6,80				
12	UK	10,25	-3,25	4,75	5,00	5,00					
13	Greece	5,10	8,00	7,30	7,60	7,70					
14	Hungary	18,90	15,50	12,90	11,80	11,50	11,20				
15	Ireland	4,40	6,80	5,60	5,20	5,00					
16	Italy	5,30	2,00	2,80	3,50	3,80	4,10				
17	Lithuania	12,20	8,60	12,20	2,40	8,00					
18	Luxenburg	9,60	10,30	6,90	8,20	7,80					
19	Latvia	5,30	9,50	9,10	7,60	7,50					
20	Malta	10,00	-1,70	2,30	3,30	3,20					
21	TheNederlans	7,00	6,25	6,50	5,75	5,75					
22	Poland	14,60	9,00	6,00	6,20	6,20					
23	Portugal	8,90	6,90	6,70	6,00	6,30	6,50				
24	Romania	10,60	8,30	10,30	10,90	10,70					
25	Svezia	4,20	2,70	3,20	3,20	3,30					
26	Slovenia	12,30	13,40	10,30	9,70	8,80	8,20	8,20	8,20		
27	Slovacchia	20,70	21,10	12,80	8,90	6,80					

The Scenario

- Import growth rates from the Stability and Convergence programmes
- Import shares forecast from Inforum BTM for EU countries in the Inforum system of models
- Import shares at year 2006 for the EU countries not yet in the Inforum BTM

Exports computed by means of BTT

The exports obtained from BTT (next slide) are compared with the ‘official’ export rates of growth proposed by EU Member States and **‘accepted’** as reliable by the European Commission

Export rates of growth from EU27 BTM under PSG programme forecasts

YEAR	2007	2008	2009	2010	2011
Austria	7,68	7,18	6,62	6,43	5,78
Belgium	6,72	6,30	5,85	5,83	5,28
Bulgaria	7,99	7,21	6,70	6,10	5,13
Cyprus	5,56	5,41	5,34	5,34	4,20
Czech Republic	8,06	7,31	6,43	6,19	5,43
Germany	7,15	6,69	6,40	6,48	5,70
Denmark	6,35	5,91	5,58	5,40	4,92
Estonia	7,76	6,08	5,28	5,64	4,67
Spain	6,29	6,12	5,81	5,93	5,73
Finland	7,11	6,52	6,35	6,25	5,67
France	6,89	6,26	5,88	5,88	5,44
United Kingdom	6,88	6,38	5,96	5,95	5,53
Greece	7,49	6,60	6,33	6,04	5,12
Hungary	7,93	7,14	6,63	6,33	5,21
Ireland	6,65	6,04	5,92	6,00	5,26
Italy	7,55	7,06	6,61	6,33	5,92
Lithuania	8,32	6,37	6,02	6,14	4,99
Luxembourg	10,08	9,06	7,63	7,04	6,24
Latvia	7,19	6,44	5,16	5,86	4,67
Malta	8,24	7,19	6,87	7,41	6,58
Netherlands	6,41	6,20	5,93	5,89	5,29
Poland	7,65	7,04	6,28	6,37	5,48
Portugal	6,50	5,90	5,73	5,83	5,47
Romania	7,35	6,78	6,22	5,94	5,35
Sweedden	6,90	6,18	5,87	5,98	5,34
Slovenia	7,98	6,89	6,81	5,81	5,59
Slovakia	8,18	7,63	7,13	7,23	5,13

The differences between SCP programmes and BTT export rates of growth

Export rates of growth differences between export EU27 and PSC - C programmes rates of growth

YEAR	2007	2008	2009	2010	2011
Austria	0,58	0,98	0,42	-0,17	
Belgium	2,12	1,80	0,25	0,23	-0,32
Bulgaria	-0,71	-1,74	-4,52	-5,51	
Cyprus	3,96	2,71	2,04	1,64	0,30
Czech Republic	-5,14	-4,59	-6,47	-7,31	
Germany	-0,65	0,39	0,90	0,98	0,20
Denmark	1,45	2,91	2,08	1,80	2,92
Estonia	5,26	-0,32	-2,42	-2,06	-3,03
Spain	0,59	0,72	0,41	0,23	
Finland	1,41	1,82	1,35	1,75	1,67
France	1,19	-0,54	-0,92	-0,92	-1,36
United Kingdom	10,13	1,63	0,96	0,95	
Greece	-0,51	-0,70	-1,27	-1,66	
Hungary	-7,57	-5,76	-5,17	-5,17	-5,99
Ireland	-0,15	0,44	0,72	1,00	
Italy	5,55	4,26	3,11	2,53	1,82
Lithuania	-0,28	-5,83	3,62	-1,86	
Luxembourg	-0,22	2,16	-0,57	-0,76	
Latvia	-2,31	-2,66	-2,44	-1,64	
Malta	9,94	4,89	3,57	4,21	
Netherlands	0,16	-0,30	0,18	0,14	
Poland	-1,35	1,04	0,08	0,17	
Portugal	-0,40	-0,80	-0,27	-0,47	-1,03
Romania	-0,95	-3,52	-4,68	-4,76	
Sweedden	4,20	2,98	2,67	2,68	
Slovenia	-5,42	-3,41	-2,89	-2,99	-2,61
Slovakia	-12,92	-5,17	-1,77	0,43	

Export rates of growth

Percentage differences at year 2010

1	Austria	-1,65		15	Ireland	-1,87
2	Belgium	-4,08		16	Italy	-13,73
3	Bulgaria	12,16		17	Lithuania	3,97
4	Cyprus	-9,45		18	Luxembourg	-0,61
5	Czech Republic	23,84		19	Latvia	8,83
6	Germany	-1,56		20	Malta	-19,51
7	Denmark	-7,53		21	Netherlands	-0,20
8	Estonia	-0,50		22	Poland	0,02
9	Spain	-1,84		23	Portugal	1,83
10	Finland	-5,83		24	Romania	13,73
11	France	1,14		25	Sweedeen	-11,27
12	United Kingdom	-12,49		26	Slovenia	14,45
13	Greece	3,95		27	Slovakia	18,80
14	Hungary	24,03				

SCP Macroeconomic forecasts

Assessments from the Council opinions

Bulgaria Latvia Czech Republic

‘Assessed against currently available information, this scenario appear to be based on broadly plausible growth assumption.’

SCP Macroeconomic forecasts

Assessments from the Council opinions

- Some specification
- For Estonia :..... , *this scenario appears to be based on cautious growth assumptions for 2008 and plausible growth assumption thereafter*
- For Hungary:..... *for 2007 and 2006, but rather favourable thereafter*

SCP Macroeconomic forecasts

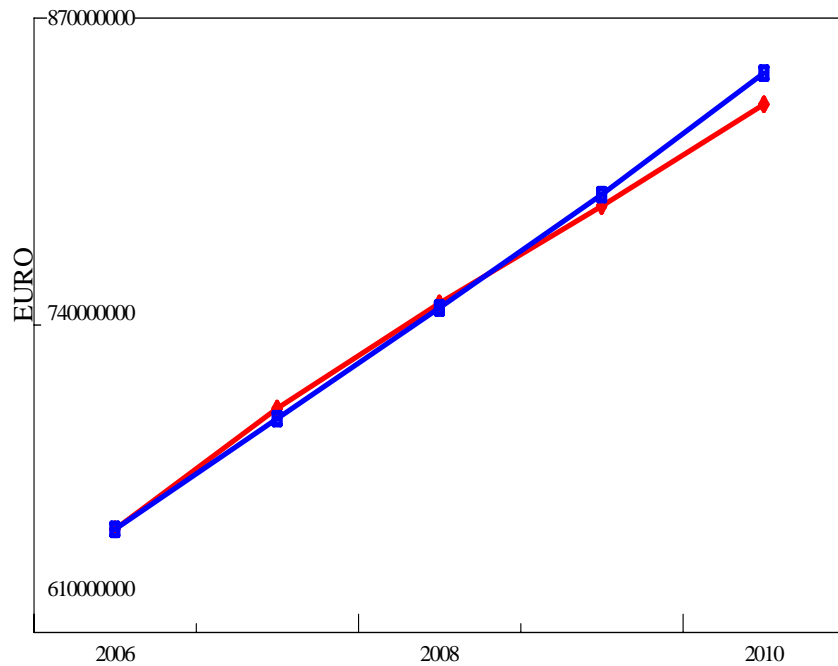
Assessments from the Council opinions

- The assessment is done “against currently available information” and from all the Council opinions it is stated that:
- *The assessment takes notably into account the Commission services' autumn forecast and the Commission assessment of the Autumn 2007 implementation report of the national reform programme*
- But the autumn forecast does not cover the SCP horizon

Not affected on both groups

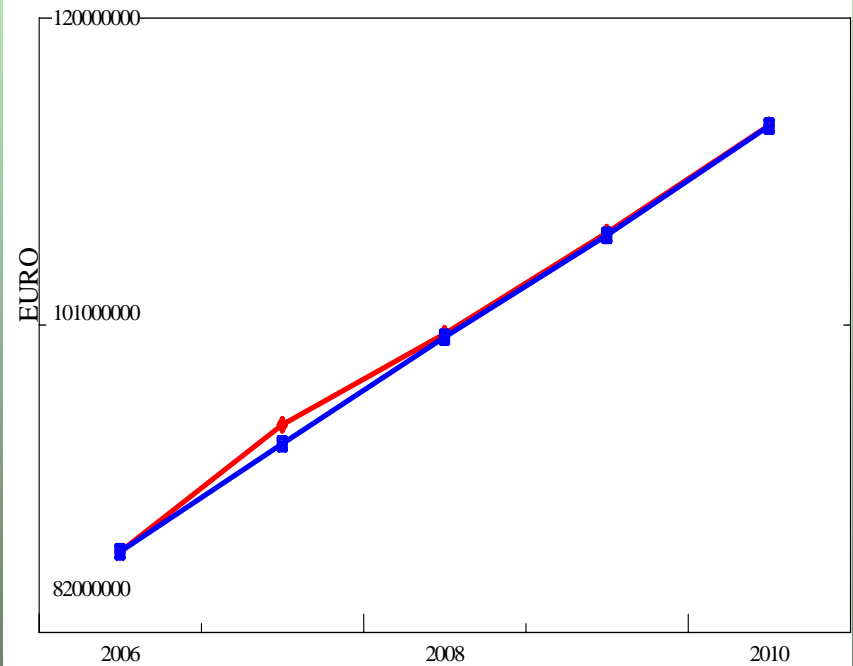
GERMANY

Exports from BTM:squares - Exports from SCP:diamonds



POLAND

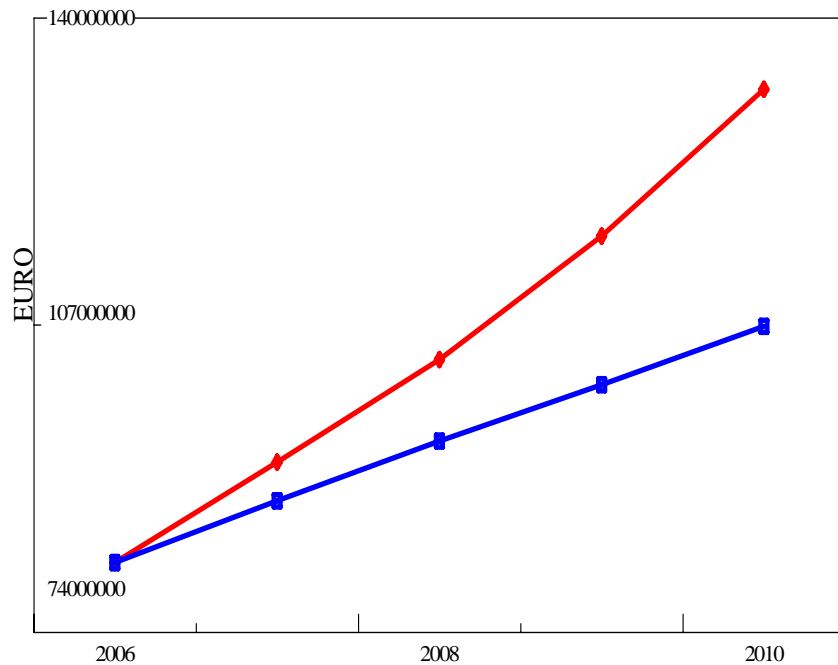
Exports from BTM:squares - Exports from SCP:diamonds



Expected overestimations

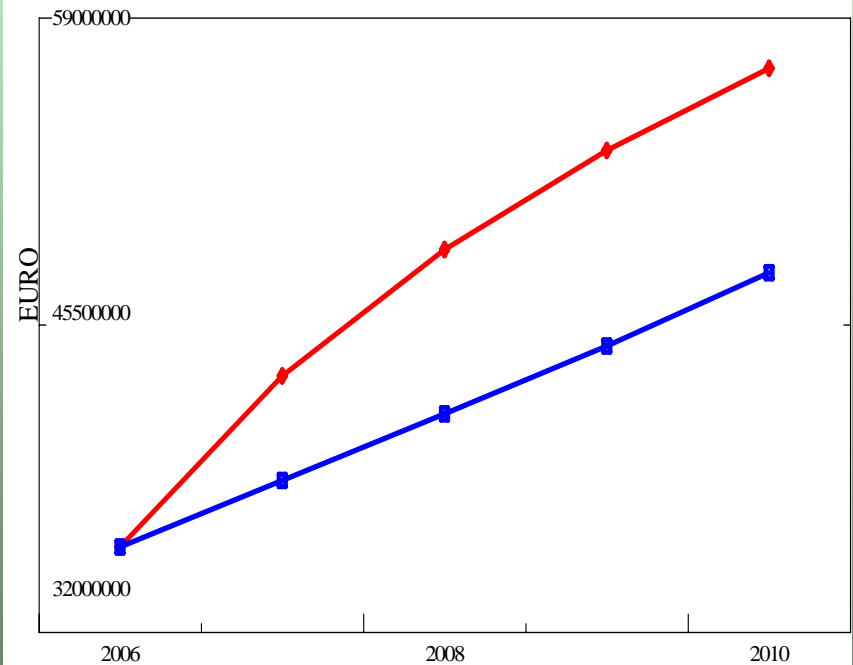
CZECH REPUBLIC

Exports from BTM:squares - Exports from SCP:diamonds



SLOVAKIA

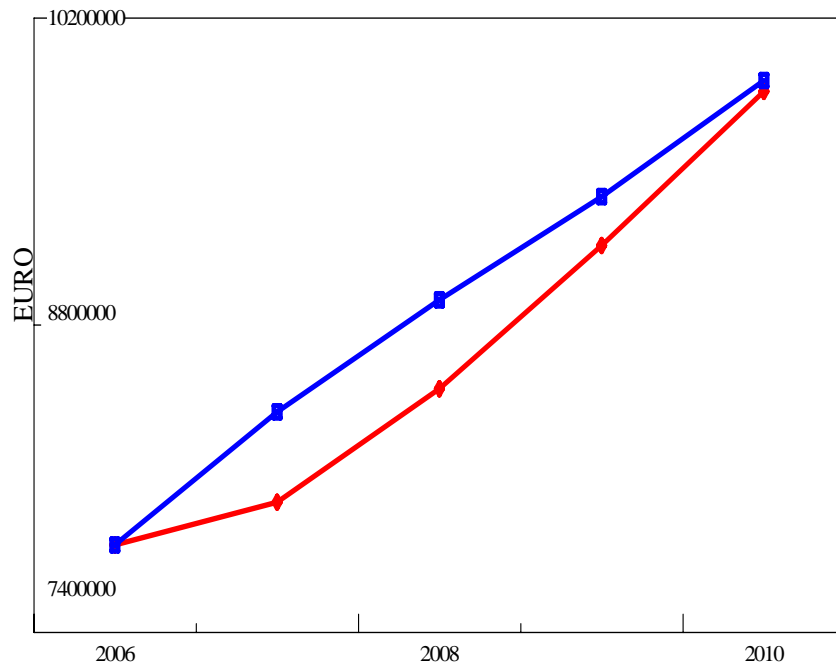
Exports from BTM:squares - Exports from SCP:diamonds



A temporary exception and a neiborough divergence

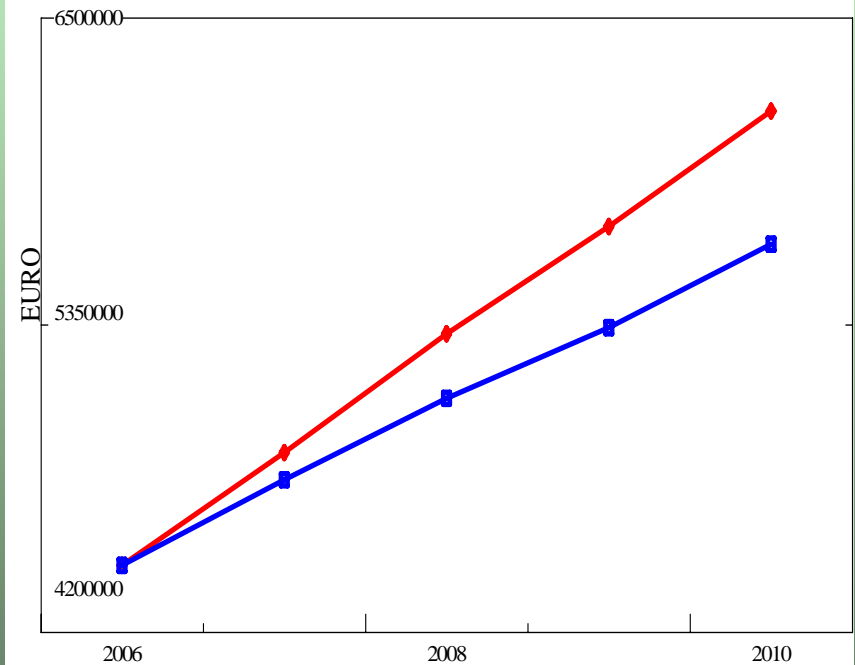
ESTONIA

Exports from BTM:squares - Exports from SCP:diamonds



LATVIA

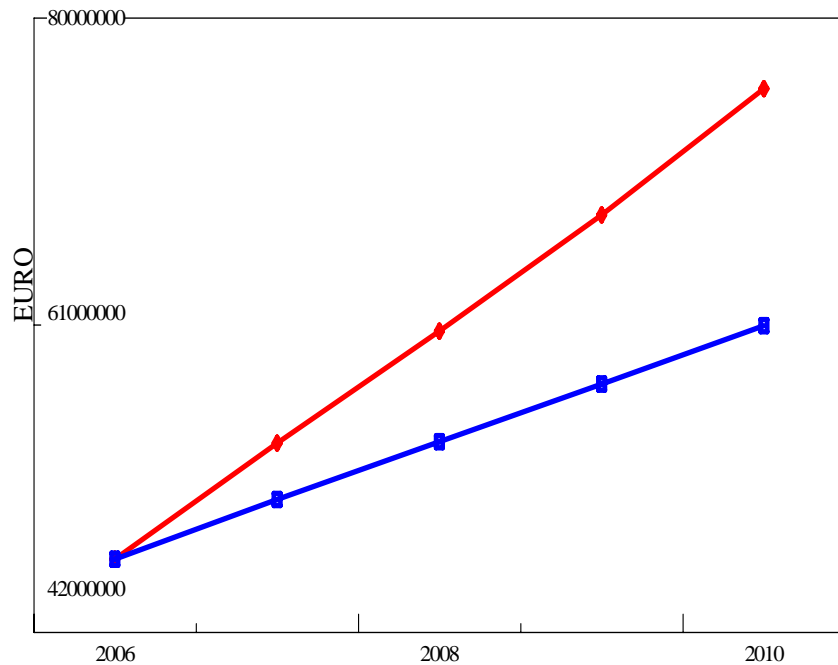
Exports from BTM:squares - Exports from SCP:diamonds



Over and under forecasts

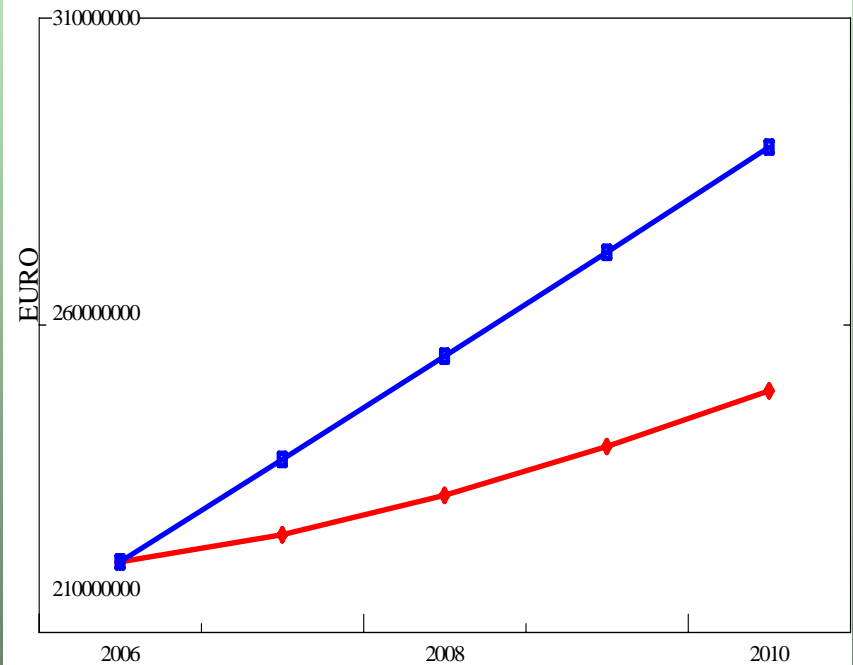
HUNGARY

Exports from BTM:squares - Exports from SCP:diamonds



ITALY

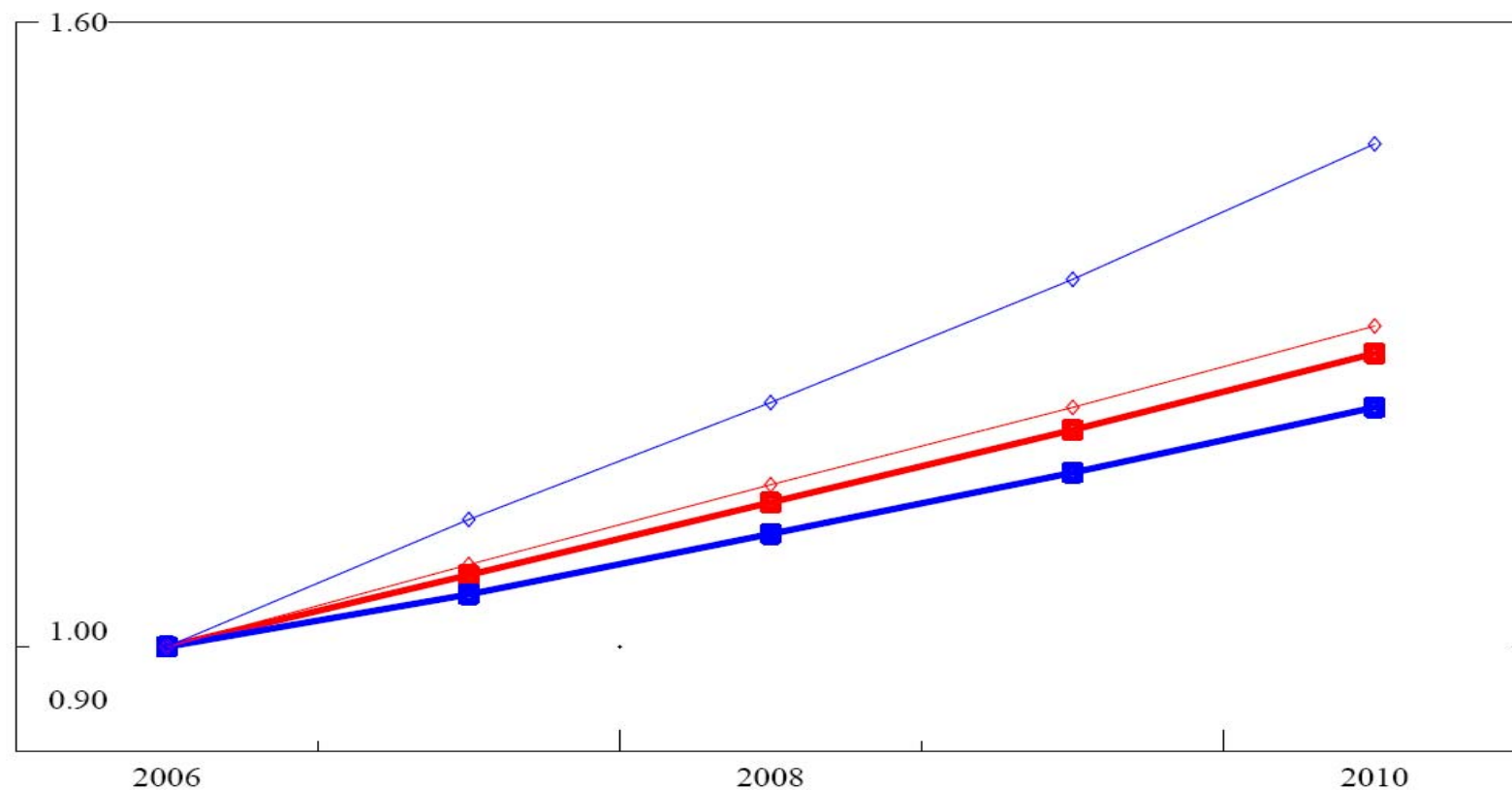
Exports from BTM:squares - Exports from SCP:diamonds



SCP exports vs EU27BTM exports

Export performance under PSC programmes

Exports (2006=1)



EU15 from EU27BTM == EU15 from SGP == EU12 from EU27BTM -- EU12 from SGP --

Exports from SCP versus Exports from EU27 BTT

Can Young EU12 run much faster than Old
EU15?

Let us consider 6 important Old EU countries
export markets for 6 Young EU Member
States

Exports from SCP versus Exports from EU27 BTT

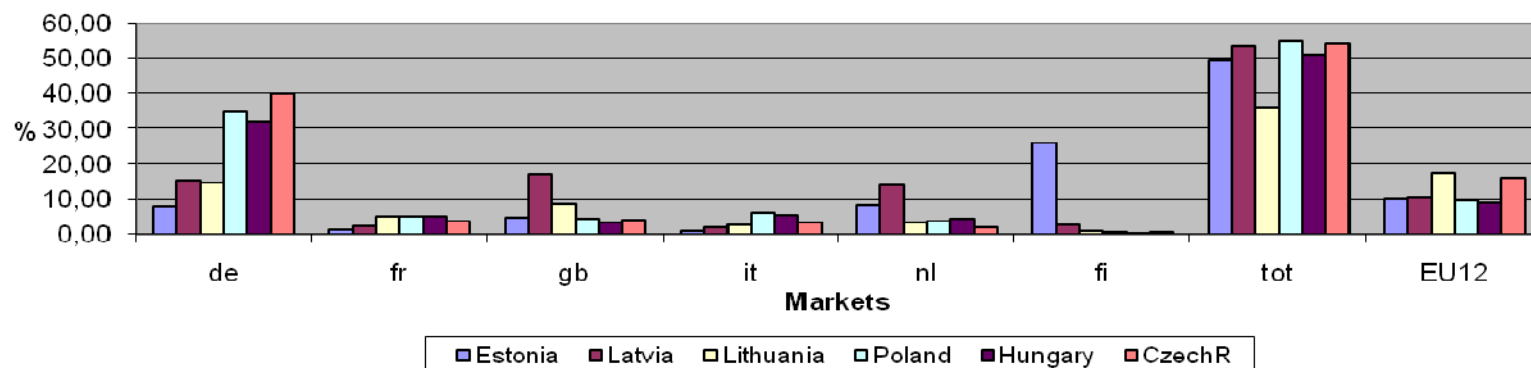
The 6 Old EU countries market are:

Germany – France – UK – Italy – Netherland –
Finland

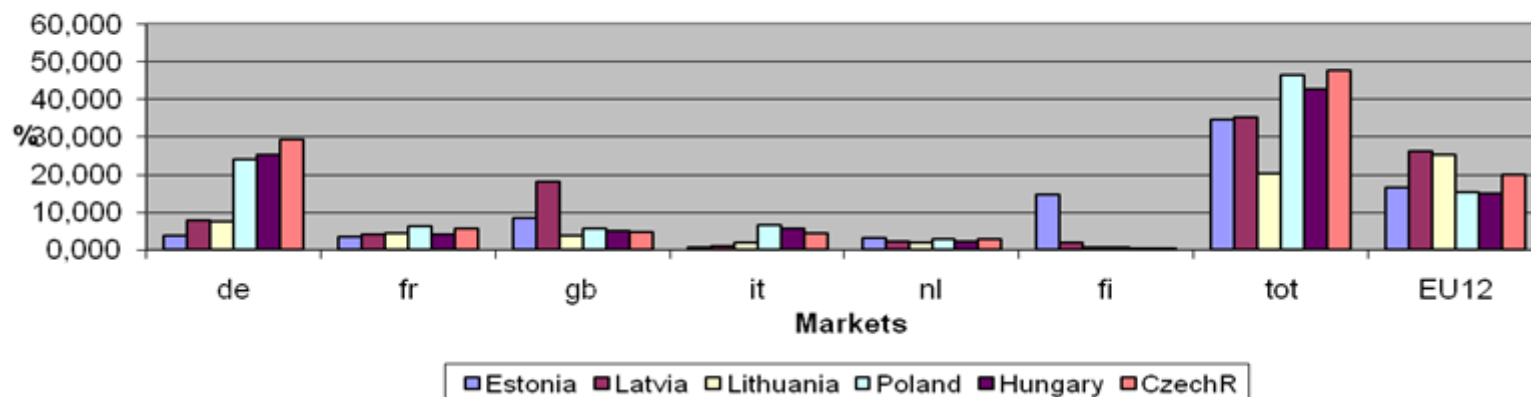
The 6 Young Member States are:

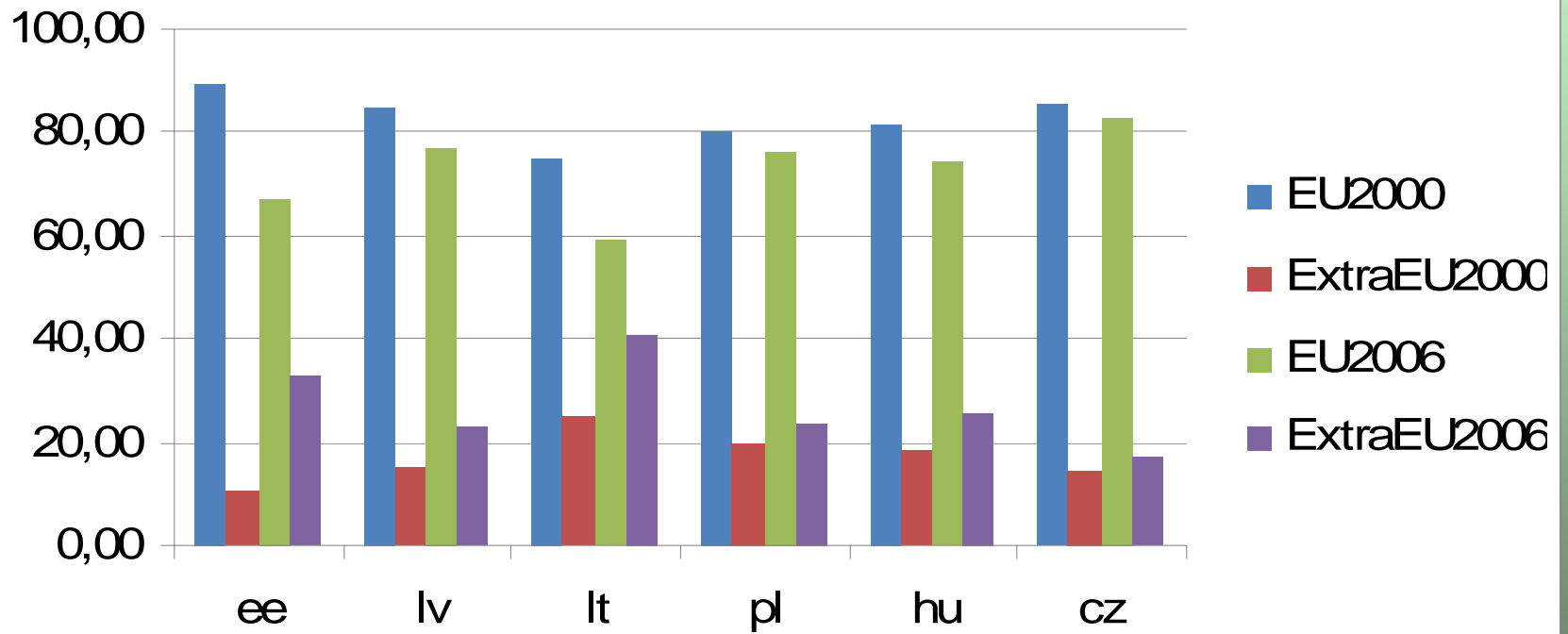
Estonia – Latvia – Lithuania – Poland – Hungary
– Czech Republic

Export Shares - 2000



Export Shares - 2006





EU12 catching-up in the EU27 market

YEAR	1999	2000	2001	2002	2003	2004	2005	2006	2007
Percentage of EU27 exports out of the European Market	32,0	33,0	33,8	33,4	32,4	32,5	33,2	32,8	33,4
Share of the EU12 exports in EU27 market	9,4	10,0	10,3	10,9	11,5	13,4	14,2	15,2	16,2