



15 March 2010

EUROPEAN REFORM BAROMETER – SPRING 2010

BENCHMARKING OUR WAY OUT OF THE CRISIS

METHODOLOGICAL NOTES

Data used in this report has been directly taken from the European Commission, DG ECFIN, AMECO database, unless otherwise mentioned.

Productivity, investment and competitiveness:

- ✓ Hourly labour productivity = $YR/(E*H)$
 - YR: GDP at 2000 prices and in Purchasing Power Parity
 - E: Employment, persons: all domestic industries
 - H: Average annual hours worked per person employed
- ✓ Corporate investment rate = $(PGFCF - NRGFCF) / Y$
 - PGFCF: Private gross fixed capital formation (at current prices)
 - NRGFCF: Gross fixed capital formation: non residential construction and civil engineering (at current prices)
 - Nominal GDP levels
- ✓ Export performance: Market performance of exports of goods and services (in volumes) on export weighted imports of goods and services of 35 industrial markets (EU-27, TR CH NR US CA JP AU MX NZ); 2000=100
- ✓ Labour costs: Nominal unit labour cost, total economy, performance relative to 35 industrial countries: double export weights, 2000=100
- ✓ Current account balance: Balance on current transactions with rest of the world (as percentage GDP at market prices)

Employment, labour participation and hours worked:

- ✓ Employment as percentage of labour force: 100 – unemployment rate (ILO/Eurostat definition)
- ✓ Annual hours worked per person employed (OECD definition)
- ✓ Labour participation: labour force as percentage of active population (Labour Force Statistics)
- ✓ Dependency ratio: working age population as percentage of total population (Eurostat)
- ✓ Labour Utilisation: product of the variables above

Public finances and fiscal sustainability:

- ✓ Government gross debt: General government consolidated gross debt: excessive deficit procedure definition, as percentage of GDP
- ✓ Public deficit: net lending/ net borrowing of general government: excessive deficit procedure definition
- ✓ Public investment: Gross fixed capital formation: general government as percentage of total current expenditure of the general government
- ✓ Tax burden: total tax burden excluding imputed social security contributions, total economy
- ✓ Required budgetary adjustment linked to ageing: required adjustment in the primary balance needed to compensate the rise of age-related costs. Source: European Commission, Sustainability Report 2009.