Economic projections for Belgium – Autumn 2007

Introduction

Maintaining the momentum from the previous year, activity and employment had continued to expand strongly in the first half of 2007. That expansion was supported by two factors: a favourable external environment, both in Europe and in most other economic regions, and the dynamic domestic demand generated by both consumption and investment. Inflation was contained at less than 2 p.c.

Since the summer a number of exogenous factors have tended to cast a shadow over this picture. The cyclical slowdown which began in the United States in 2006 continued, owing to the effects of the residential construction sector. Although that slowdown did not in itself spread to the rest of the world, where the emerging economies continue to make a major contribution to growth, from August onwards the problems on the US mortgage markets triggered turbulence which particularly affected financial institutions on both sides of the Atlantic. In addition, prices of energy and agricultural commodities accelerated. Finally, the dollar depreciated significantly, primarily against the euro.

These events could affect the economic outlook for the euro area. According to the Eurosystem projections published in the December 2007 ECB Monthly Bulletin, activity growth is expected to remain robust in 2008 whereas inflation will rise more than previously expected. But the uncertainty inherent in any forecasting exercise is particularly great at this juncture, with the risks tending towards a sharper slowdown in activity.

(1) The previous version of the economic projections for 2007 and 2008 was presented in more detail in the spring, in the June issue of the Bank's Economic Review.

Coinciding with the publication of new projections for the euro area, this article presents a brief update of the results for the Belgian economy [1]. Compiled via the joint Eurosystem exercise, these results incorporate the information available up to 23 November 2007. As usual in the case of public finances, these projections take account only of the measures which have been formally approved by the government. That is particularly the case this year, in the absence of a federal budget for 2008.

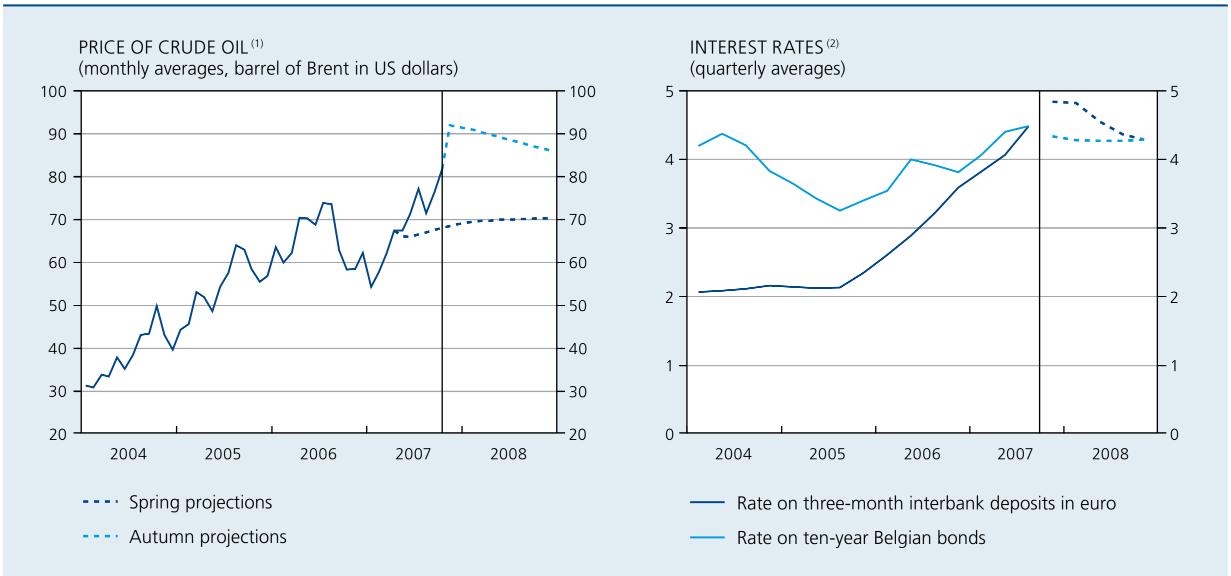
1. International environment and assumptions

With increasingly broadly-based support from the emerging economies and commodity-producing countries, world economic growth should remain robust in 2007 and 2008. However, it is likely to dip below the peak recorded in 2006, owing to the slower pace of activity in the United States, though that is due mainly to developments in the residential construction sector, so that the effects of contagion on other economies will be limited.

The financial market volatility is likely to cast only a slight shadow over this picture. The resulting reappraisal of loan risk premiums occurred after a period in which those premiums had been abnormally low. The financial institutions, which are currently facing a strain on their balance sheet position and their profits, could tighten up access to credit, but on a scale which is unlikely to put more than slight pressure on the financing of productive investments, at least in the immediate future.

In that context, global demand for commodities is rising rapidly, while the scope for expanding output is limited. Prices in dollars on the international markets therefore

CHART 1 ASSUMPTIONS RELATING TO THE MOVEMENT IN OIL PRICES AND INTEREST RATES



Source: ECB.
(1) Actual movement up to October 2007, assumption from November 2007.
(2) Actual movement up to the third quarter of 2007, assumption from the fourth quarter of 2007.

increased sharply, with a 65 p.c. rise in oil prices between January and November 2007, and a year-on-year rise averaging around 20 p.c. for food. Since these increases were largely determined by structural factors, the assumptions adopted in order to prepare these projections are based on commodity prices persisting at a high level in 2008.

For the euro area, the currency's appreciation against the dollar partially cushioned this price rise. However, where exports are concerned, it should temporarily impair the benefit of the vigorous foreign market growth. Domestic demand is predicted to remain robust, bolstered on the investment side by relatively high corporate profitability, and on the consumption side by rising employment.

According to the new Eurosystem projections, after reaching 2.9 p.c. in 2006, GDP growth is expected to be between 2.4 and 2.8 p.c. in 2007, and between 1.5 and 2.5 p.c. in 2008. Inflation, measured by the HICP at 2.2 p.c. in 2006, is forecast at between 2 and 2.2 p.c. in 2007, before reaching a level between 2 and 3 p.c. in 2008. In 2007 it was affected by the increase in the VAT rate in Germany. In 2008, it is likely to be propelled by the rising prices of energy and food.

Box – Eurosystem assumptions

The Eurosystem's economic projections for the euro area and the Bank's corresponding projections for Belgium are based on the following technical assumptions:

– Interest rates are based on market expectations. As an annual average, short-term rates in euro are predicted to rise from 4.3 p.c. in 2007 to 4.5 p.c. in 2008. This assumes a normalisation of the spreads which appeared from August 2007 between three-month interbank rates and the ECB's key rate. Long-term interest rates are projected at 4.3 p.c. for the two years. In view of the recent reappraisal of risk premiums, the assumptions also incorporate an additional 20 basis point increase in the cost of financing business and household investment;
– The bilateral euro exchange rates are kept constant at their value as at mid November 2007, namely 1.46 US dollars to the euro;

- In accordance with the movement in implicit prices reflected in forward contracts, oil prices on the international markets are expected to average 88.6 dollars per barrel of Brent in 2008, compared to 72.6 dollars in 2007 ;
- The real growth of Belgium's export markets, measured as the weighted sum of imports by volume from the trading partners, including those in the euro area, is expected to rise from 5.2 p.c. in 2007 to 5.7 p.c. in 2008 ;
- The export prices of competitors in the euro area are forecast to increase by 1.3 p.c. in 2007 and 1.4 p.c. in 2008 ;
- As usual, the results for public finances are calculated taking account of the macroeconomic environment and the budget measures which have already been announced and are specified in sufficient detail. That is particularly true this year, in the absence of a federal budget for 2008 ;

EUROSYSTEM PROJECTIONS : RESULTS AND ASSUMPTIONS

	2006	2007	2008
Projections for the euro area		(annual averages)	
GDP in volume	2.9	2.4 – 2.8	1.5 – 2.5
Inflation (HICP)	2.2	2.0 – 2.2	2.0 – 3.0
Eurosystem assumptions			
Three-month interbank rates in euro	3.1	4.3	4.5
Ten-year bond yields in Belgium	3.8	4.3	4.3
Euro exchange rate against the US dollar	1.26	1.37	1.46
Oil price (US dollar per barrel)	65.4	72.6	88.6
		(percentage changes)	
Export markets relevant to Belgium	8.8	5.2	5.7
Competitors' export prices	2.6	0.3	0.6
of which : competitors on the euro area markets	2.4	1.3	1.4

Source : ECB.

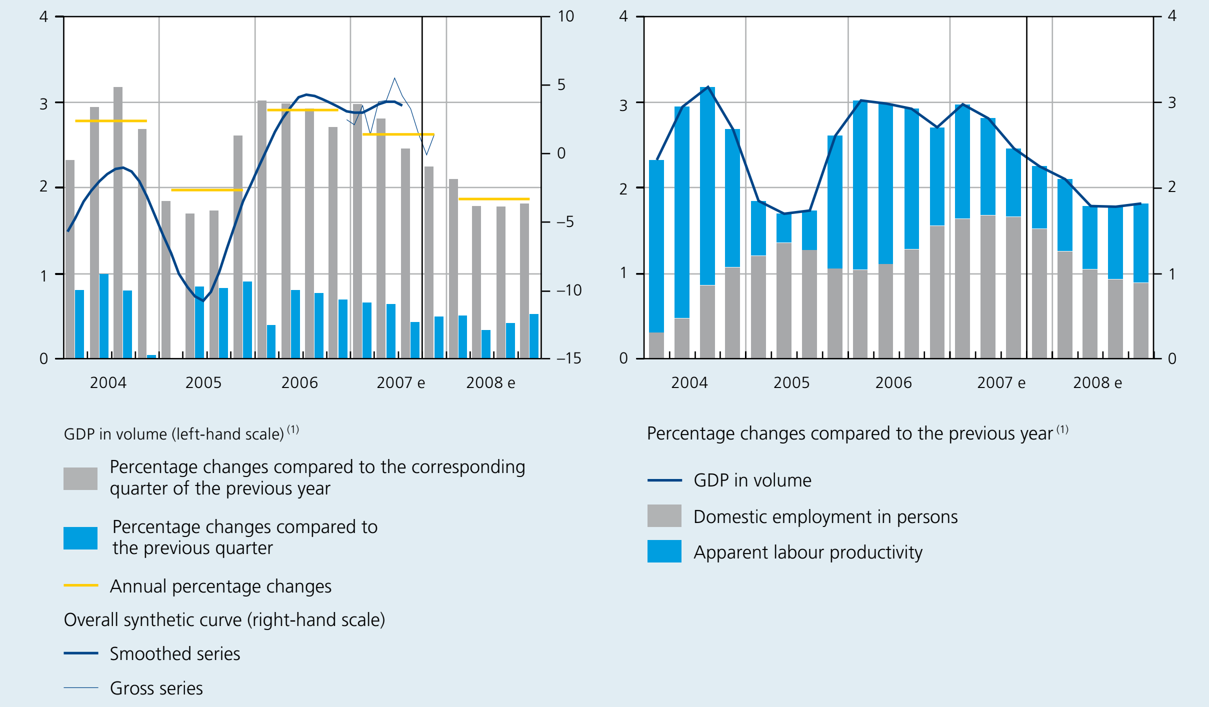
2. Activity, employment and demand

In Belgium, the dynamism of activity seen in 2006 was maintained in the first half of 2007. Measured against the corresponding quarter of the previous year, the volume of GDP continued to expand at close on 3 p.c. Compared to the preceding episodes when growth soon ran out of steam, the period of buoyant economic activity was therefore relatively long-lasting, continuing slightly longer than predicted in the spring projections.

However, the Bank's synthetic business survey indicator has recorded a slowdown since the summer, confirmed by the NAI's first estimate for the third quarter of 2007. Having averaged 0.7 p.c. for the past eighteen months, quarter-on-quarter GDP growth is expected to drop to around 0.4 p.c., reducing the year-on-year rate to 2.5 p.c. The slower quarterly expansion rate is likely to continue in the fourth quarter and in the first part of 2008, until the recent effects of the rising oil price, euro appreciation and financial market turmoil gradually fade away. In all, the

CHART 2 GDP, BUSINESS SURVEY INDICATOR AND EMPLOYMENT

(seasonally adjusted data)



Sources: NAI, NBB.
(1) Calendar adjusted data.

average annual growth rate is forecast to fall from 2.9 p.c. of GDP in 2006 to 2.6 p.c. in 2007 and 1.9 pc. in 2008.

As the period of robust growth of activity continued, net job creations increased in the first half of 2007; they were also underpinned by the success of the service vouchers which finance jobs providing domestic help. Overall, following annual expansion of 1.2 p.c. in the two previous years, employment is projected to grow by 1.6 p.c. in 2007 and 1 p.c. in 2008, representing net cumulative growth of around 115,000 jobs in the two years, 17,000 of them resulting from the forecast expansion of the service voucher scheme. Thus, taking account of the expected movement in the labour force, the decline in the unemployment rate which began in April 2006 should continue, bringing the rate down from an average of 8.3 p.c. in 2006 to 7.7 p.c. in 2007 and 7.3 p.c. in 2008.

The buoyancy of the Belgian economy at the beginning of 2007 was due mainly to the impetus of domestic demand. In fact, at that time businesses and households were still resolutely increasing their fixed capital investments, as they had in the preceding years, while private consumption rose significantly. These two factors are likely to diminish at the end of the year and in 2008. Consequently, the contribution to GDP growth generated by domestic spending – excluding the change in stocks – is forecast to fall from around 3 percentage points in 2007 to about 2 percentage points in 2008.

In 2007, mirroring the previous year's picture, private consumption will have been stimulated by the increase in purchasing power. Having stagnated from 2002 to 2005, the real disposable income of households increased by 2.6 p.c. in 2006 and an estimated 2.4 p.c. in 2007. However, the reasons for this surge differ between the two years. For 2006, it was due mainly to the implementation of the final component of the tax reform initiated in 2001; for 2007 the rise in net job creation was the major factor. In 2008, the declining dynamism of employment accompanied by a sharper rise in inflation will probably cut the increase in real disposable income to 1.5 p.c. These marked variations in the rate of change in disposable income, with a large rise in 2006 and 2007 and a smaller one in 2008, seems to be partly smoothed out in the pattern of consumption. The consumption

TABLE 1 GDP, EMPLOYMENT AND MAIN CATEGORIES OF EXPENDITURE

(percentage changes compared to the previous year, calendar adjusted data)

	2005	2006	2007 e	2008 e
GDP (1)	2.0	2.9	2.6	1.9
Total domestic employment in persons	1.2	1.2	1.6	1.0
Real disposable income	–0.1	2.6	2.4	1.5
Components of expenditure (1)				
Final consumption expenditure of individuals	1.4	2.1	2.2	1.8
Final consumption expenditure of general government	–0.2	0.0	2.2	2.3
Gross fixed capital formation	6.7	4.2	6.6	2.6
Housing	10.1	7.4	4.9	1.2
Government	13.0	–3.2	5.1	0.1
Business	4.6	3.9	7.6	3.4
p.m. Total domestic demand excluding change in stocks (2)	*2.0*	*2.0*	*3.0*	*2.0*
Change in stocks (2)	0.4	0.8	–0.1	–0.3
Net exports of goods and services (2)	–0.4	0.2	–0.3	0.2
Exports of goods and services	4.1	2.6	5.2	4.3
Imports of goods and services	4.9	2.5	5.8	4.2

Sources: NAI, NBB.
(1) In volume.
(2) Contribution to the change in GDP.

growth rate is forecast at 2.2 p.c. in 2007, close to the previous year's figure, before dropping to 1.8 p.c. in 2008. Measured at 12.5 p.c. of disposable income in 2006, the savings ratio is expected to rise by 0.2 percentage point in 2007, and then to subside to 12.2 p.c. in 2008.

The slackening pace of gross fixed capital formation in 2008 is likely to be evident in both household and business investments. It began to emerge by the first half of 2007 in the case of expenditure on housing construction and renovation, coinciding with the cooling of prices on the secondary market. After averaging over 9 p.c. per annum from 2004 to 2006, in a context of low interest rates, the volume growth of housing investment is expected to drop to 4.9 p.c. in 2007 and 1.2 p.c. in 2008.

According to the national accounts figures, business investment was still very substantial in the second quarter of 2007, bringing the average rise to an estimated 7.6 p.c. for the year as a whole. Generally speaking, the outlook here is for slower expansion as from the second half of the year, moderating growth to 3.4 p.c. in 2008. The cyclical slowdown is projected to be the main factor in this development. A tightening of external financing conditions could also depress investment, but that effect should be weak since firms still have ample internal financial resources, generated by the sustained rise in their operating revenues.

Exports, which had lagged behind the strengthening of the foreign markets at the beginning of 2006, staged a revival. The growth rate is forecast at 5.2 p.c. in 2007, comparable to the rate of market expansion. However, this movement may be curbed during the period covered by the projections owing to deteriorating price competitiveness, in relation to competitors located in third countries benefiting from the euro's appreciation against their currency. Export growth is thus projected at 4.3 p.c. in 2008. However, it should slightly outpace the growth of imports, so that net exports will contribute 0.2 percentage point to GDP growth. In 2007, their contribution is estimated to be negative at 0.3 percentage point, since imports are being stimulated by the vigour of domestic demand.

3. Prices and costs

Estimated on the basis of the HICP, overall inflation is expected to fall from an average of 2.3 p.c. in 2006 to 1.8 p.c. in 2007. However, there was a marked acceleration in October, and that is expected to continue in early 2008, pushing the average price rise to 2.9 p.c. for that year.

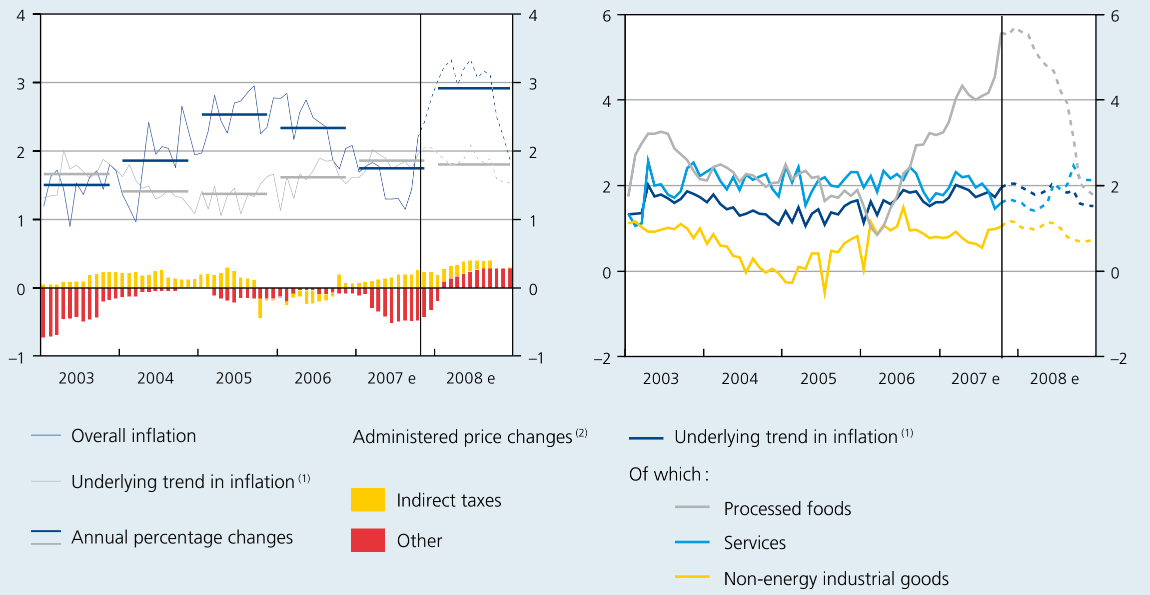
This "V-shaped" pattern mainly reflects the movement in energy product prices. For these products, which have a weight of around 10 p.c. in the consumer price index, inflation was practically zero in 2007 whereas it reached 7.3 p.c. in 2006 and is projected at 12.9 p.c. in 2008. Following a temporary dip during the last four months of 2006, the level of oil prices quoted on the international markets up to mid 2007 remained below those seen a year earlier. Since then, prices have once again far surpassed their previous peak and are assumed to remain at a high level in 2008. Furthermore, the liberalisation of the gas and electricity markets in Brussels and Wallonia and the new method of recording these prices in the consumer price index both acted as a brake at the beginning of 2007. However, that effect was negated by the strong rise in the rates charged from October by the main gas and electricity supplier. The impact of that rise will be fully incorporated in the HICP at the end of 2007; moreover, the intermunicipal associations are likely to put up their distribution charges at the beginning of 2008.

Underlying inflation – which excludes the energy component and prices of unprocessed foods – is forecast to edge upwards from 1.6 p.c. in 2006 to 1.9 p.c. in 2007. It should remain steady at that level in 2008. The 2007 increase was due solely to the rise in food prices caused by the higher cost of agricultural commodities. Thus, in October 2007 the prices of certain products, such as eggs, dairy produce and pasta, had risen by over 15 p.c. in one year. Conversely, inflation is likely to be restrained in the case of non-energy industrial goods and services, benefiting from the euro's appreciation, global competition, and the widespread wage moderation of recent years.

However, unit labour costs are projected to accelerate in 2007 and 2008, rising by 2.2 p.c. in 2007 and 2.1 p.c. in 2008, compared to 1.4 p.c. in 2006 and only 0.4 p.c. per annum in the four preceding years. This movement is due to a decline in productivity gains, net job creations being particularly sustained in 2007, while the slower employment growth is expected to lag behind the slackening pace of activity in 2008, as is usual in a cyclical downturn.

CHART 3 INFLATION

(HICP – percentage changes compared to the corresponding period of the previous year)



Sources : EC, NBB.

(1) Measured by the HICP excluding unprocessed food and energy.

(2) Impact on overall inflation, in percentage points, of changes in prices associated with measures concerning the radio and television licence fee, changes in the rates charged in network industries, and adjustments to indirect taxation.

TABLE 2 PRICE AND COST INDICATORS
(percentage changes compared to the previous year)

	2005	2006	2007 e	2008 e
Total HICP	2.5	2.3	1.8	2.9
of which: energy products	12.7	7.3	0.0	12.9
GDP deflator	2.4	2.0	2.0	2.6
Labour costs in the private sector:				
Unit costs	0.8	1.4	2.2	2.1
Hourly costs	2.3	2.9	2.8	3.0

Sources: EC, NAI, NBB.

Hourly labour costs are projected to rise by 2.8 p.c. in 2007 and 3 p.c. in 2008, an increase comparable to that in 2006 but exceeding the 5 p.c. indicative norm set in the central agreement for 2007-2008, taking account of the trend in wages predicted for the three main neighbouring countries. Temporary exceptional effects, due to the redundancy payments made in connection with a major restructuring, and amendments to the law on the declaration to the NSSO of holiday pay for persons changing their employment contract, accounted for 0.4 point of this rise in 2007. Since the rise in the health index is estimated at 1.7 p.c. in 2007 and 2.6 p.c. in 2008, wage indexation should also exceed the figure taken into account in the negotiations. However, in a growing number of sectoral joint committees, all-in clauses should limit the impact of such an overrun on the movement in labour costs. Although neighbouring countries do not have a mechanism which automatically links wages to prices, it is possible that the gathering pace of inflation there may also result in a bigger increase in labour costs than predicted at the end of 2006, when the norm was set.

4. Public finances

According to the commitments given in the stability programme submitted in December 2006, Belgium's public finances should achieve a surplus of 0.3 p.c. of GDP in 2007 and 0.5 p.c. in 2008.

Taking account of the latest information, public finances are projected to end the year 2007 with a deficit of 0.1 p.c. of GDP. In the macroeconomic context described above, that deficit is expected to increase to 0.3 p.c. of GDP in 2008.

Compared to the Bank's spring estimate, the deficit projected for 2007 is generally unchanged, whereas that for 2008 is slightly higher. However, it should be noted that the current forecasts do not yet take account of the impact of the measures presented in connection with the formation of the federal government, since – in accordance with the ESCB directives on public finance projections – measures which have been announced cannot be taken into account unless they are specified in sufficient detail and are very likely to be implemented.

Although the budget deficit projected for 2007 is very small, the general government financing balance is expected to deteriorate compared to the previous year when a surplus had been recorded, though public finances did benefit from the cyclical movement and the persistent decline in interest charges. That decline is due solely to the further reduction in the public debt ratio, since the implicit interest rate on the debt has remained unchanged. However, the positive influence of these factors was more than offset by the decline in the structural primary surplus, amounting to 0.3 point of GDP, and to an even greater extent by the disappearance of the non-recurring measures.

The contraction of the structural primary balance seems to be attributable exclusively to the movement in revenues. Structural measures exerted downward pressure of around 0.1 p.c. of GDP on revenues, one factor being the reductions in employers' contributions for the youngest and oldest workers, agreed under the Generation Pact. Moreover, the increase in revenues generated by corporate income tax was less than the rise in corporate operating profits. Conversely, the movement in primary expenditure will probably be neutral overall for the structural primary balance. While expenditure was driven up by the strong increase in subsidies granted under the service voucher system and by the effects of a series of measures

TABLE 3 GENERAL GOVERNMENT ACCOUNTS [1]

(percentages of GDP; Eurostat point of view, unless otherwise stated)

	2005	2006	2007 e	2008 e
Revenues	49.4	48.8	48.2	47.9
of which: fiscal and parafiscal revenues	44.3	44.0	43.5	43.2
Primary expenditure	47.5	44.5	44.6	44.6
Primary balance	1.9	4.3	3.7	3.3
Interest charges	4.2	4.0	3.8	3.6
Financing requirement (–) or capacity	–2.3	0.4	–0.1	–0.3
Financing requirement (–) or capacity (NAI) [2]	0.1	0.3	–0.2	–0.4
p.m. Effects of non-recurring factors	*–2.0*	*0.7*	*–0.1*	*–0.1*
Effects of non-recurring factors (NAI) [2]	*0.5*	*0.7*	*–0.1*	*–0.1*
Consolidated gross debt	92.2	88.2	85.0	82.1
Consolidated gross debt (NAI) [2]	90.4	86.6	83.5	80.8

Sources: EC, NAI, NBB.

(1) According to the methodology used in the excessive deficit procedure (EDP), which includes net interest gains generated by certain financial transactions such as swaps and forward rate agreements (FRAs).

(2) According to the view taken by the NAI, the Railway Infrastructure Fund, created in the context of the BNRC restructuring on 1 January 2005, comes under the non-financial corporations sector. According to the view taken by Eurostat, that Fund is classified in the general government sector and the assumption of the BNRC debt has to be recorded as a capital transfer from that sector to the non-financial corporations sector.

aimed at raising the value of pensions and other welfare benefits, measures introduced in particular in the context of the Generation Pact, the investment expenditure of local authorities declined as is usual in a year following the local elections.

In 2006, non-recurring factors had increased the budget balance by 0.7 p.c. of GDP, essentially as a result of the sale of property and the structural acceleration in the assessment of corporate income tax. In 2007, however, these factors are expected to exert a slightly negative influence on the general government budget balance. In particular, it should be mentioned that – according to the projections – the transactions relating to public buildings and pension funds, planned in the 2007 federal budget, will not be carried out. Consequently, the target set for this year in the December 2006 stability programme will not be met.

In 2008, the budget deficit is expected to increase, despite a further decline in interest charges. The impact of the non-recurring measures will remain slightly negative owing to the effect on revenues of the securitisation operations conducted in the past. The economic environment is likely to exert slight pressure on the movement in budget balances. The deterioration in the general government budget balance will also be due to a further fall in the structural primary surplus, notably as a result of the measures aimed at raising the value of welfare benefits.

However, in 2007 and 2008 the public debt should continue falling by around 3 p.c. of GDP per annum.

5. Assessment of the uncertainty of the projections

Since the summer, the combined effects of the financial market volatility, rising prices of energy commodities and agricultural products, and the appreciation of the euro have posed a serious challenge for the economy's resilience. Fortunately, in this regard Belgium's situation – like that of the euro area as a whole – is fundamentally sound, as is evident from corporate profitability and the vigour of investment, job creation and private consumption. Nonetheless, it is apparent in the present projections that these shocks will dampen growth and fuel inflation in 2008.

In the current circumstances, these results are decidedly uncertain, with the main risks concerning the growth prospects. In particular, it is still difficult to assess the scale and duration of the financial market tension and the problems of the financial institutions, and even more so to gauge the potential effects on corporate investment and consumer confidence. In addition, disorderly and unevenly distributed exchange rate movements would damage growth.

TABLE 4 **COMPARISON OF THE FORECASTS FOR BELGIUM**

(percentage changes compared to the previous year)

	GDP in volume		Inflation (1)		Budget balance (2)		Date of publication
	2007	2008	2007	2008	2007	2008	
NBB – Autumn 2007	2.6	1.9	1.8	2.9	–0.1	–0.3	December 2007
p.m. Spring 2007	*2.5*	*2.2*	*1.6*	*1.8*	*–0.1*	*–0.2*	*June 2007*
NAI	2.7	2.1	1.7	2.2	n.	n.	October 2007
IMF	2.6	1.9	1.8	1.8	–0.2	–0.2	October 2007
EC	2.7	2.1	1.7	2.1	–0.3	–0.4	November 2007
OECD	2.6	1.9	1.7	2.3	–0.2	–0.4	December 2007
Belgian Prime News	2.6	2.0	1.7	1.9	–0.1	–0.2	September 2007

(1) HICP, except for NAI: national consumer price index.
(2) Percentages of GDP.

If these risks materialise, they would reduce the cyclical inflationary pressure by slowing the pace of activity. Conversely, a continuing rise in commodity prices would tend to heighten inflation. On the domestic scene, the tension emerging on the employment market could lead to wage increases.

Prepared on the basis of the Eurosystem's updated common assumptions and information specific to Belgium concerning the rates charged by gas and electricity producers and distributors, the Bank's new inflation forecast for 2008 is higher than the ones currently available from other institutions. The growth forecast is at the lower end of the projection range.

Annex

PROJECTIONS FOR THE BELGIAN ECONOMY: SUMMARY OF THE MAIN RESULTS

(percentage changes compared to the previous year, unless otherwise stated)

	2004	2005	2006	2007 e	2008 e
Growth (calendar adjusted data)					
GDP in volume	2.8	2.0	2.9	2.6	1.9
Contributions to growth:					
Domestic expenditure, excluding change in stocks	2.6	2.0	2.0	3.0	2.0
Net exports of goods and services	0.2	–0.4	0.2	–0.3	0.2
Change in stocks	0.1	0.4	0.8	–0.1	–0.3
Prices and costs					
Harmonised index of consumer prices	1.9	2.5	2.3	1.8	2.9
Health index	1.6	2.2	1.8	1.7	2.6
GDP deflator	2.4	2.5	2.0	2.0	2.6
Terms of trade	–0.4	–0.3	–0.5	1.1	–0.2
Unit labour costs in the private sector	–0.5	0.8	1.4	2.2	2.1
Hourly labour costs in the private sector	2.1	2.3	2.9	2.8	3.0
Hourly productivity in the private sector	2.6	1.5	1.5	0.7	0.9
Labour market					
Domestic employment (annual average change in thousands of units)	28.1	51.1	52.7	69.5	44.8
Harmonised unemployment rate (1) (p.c. of the labour force)	8.4	8.4	8.3	7.7	7.3
Incomes					
Real disposable income of individuals	–0.2	–0.1	2.6	2.4	1.5
Savings ratio of individuals (p.c. of disposable income)	13.3	12.2	12.5	12.7	12.2
Public finances (2)					
Overall balance (p.c. of GDP)	0.0	–2.3	0.4	–0.1	–0.3
Primary balance (p.c. of GDP)	4.7	1.9	4.3	3.7	3.3
Public debt (p.c. of GDP)	94.2	92.2	88.2	85.0	82.1
Current account (according to the balance of payments, p.c. of GDP)	**3.5**	**2.6**	**2.7**	**2.9**	**2.9**

Sources: EC, NAI, NSI, NBB.

(1) Adjusted series (Eurostat).

(2) According to the methodology used in the excessive deficit procedure (EDP) and according to the Eurostat point of view (see table 3).