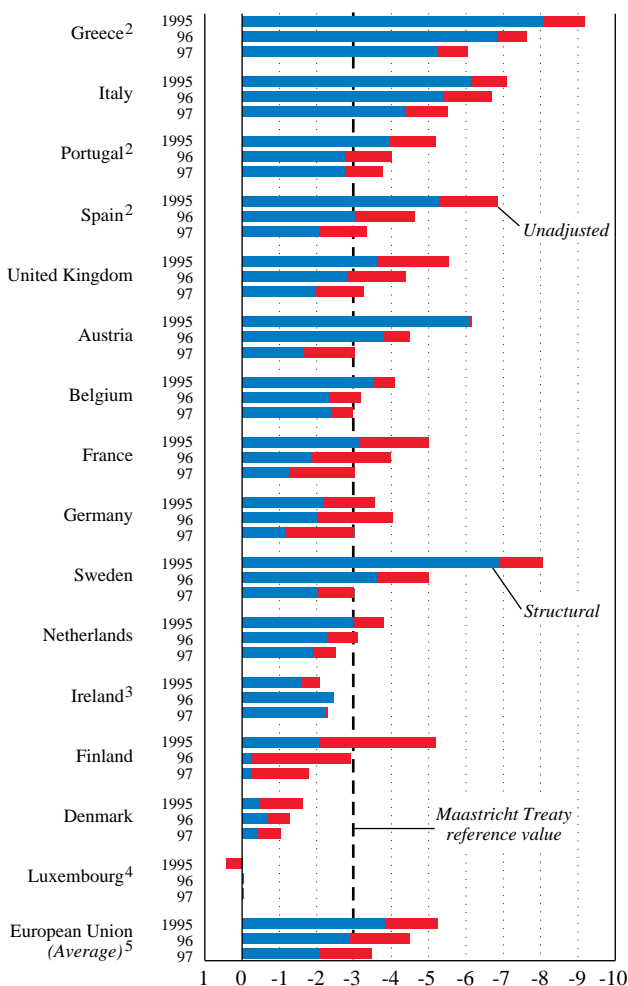


Chart 2. European Union: General Government Budget Positions¹

(In percent of GDP)

Expected progress toward reducing underlying budgetary imbalances is masked to some extent by large cyclical components in fiscal deficits.



¹IMF staff estimates and projections. The ordering of countries is based on the projected unadjusted budget positions in 1997, except that where the differences between projections are not significant the ordering is alphabetical.

²The estimates differ from those of national authorities (shown in Table 3) at least in part because sufficient information on the measures to be proposed in the 1997 budgets is not yet available. See Box 1 for details regarding the IMF staff's fiscal assumptions.

³The unadjusted budget position for Ireland in 1996 is not shown separately because it is about equal to the structural balance, reflecting the fact that output is close to potential.

⁴Structural budget positions are unavailable and unadjusted budget positions are expected to be in approximate balance in 1996–97.

⁵Excludes Luxembourg.