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UNITED KINGDOM - AT A GLANCE

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- The UK economy has become a leader among the larger European economies following a 5-year trend of sustained, modest growth. Real growth of 2.4% in 1986 is projected to increase to a robust 3.5% by year's end. This year's growth is expected to be led by a strong export response from manufacturing industry to last year's sterling depreciation. This should lead to a strong revival in investment spending next year.
 - Unemployment has dropped below the sensitive 3 million mark, to 10.6% of the labor force. However, concentrations of unemployment in the inner cities and the traditional industries, such as coal, steel, and shipbuilding, in the North of England and Scotland continue to prompt charges that Mrs. Thatcher is presiding over a divided Britain. Further declines in the unemployment rate are projected to be modest.
 - Inflation is at its lowest rate in 19 years. The Retail Price Index increased by only 3.4% in 1986. The price outlook is reasonably good, with inflation expected to remain around 4% through the first half of 1988. However, a combination of high average earnings growth (7.5% per year) and small productivity gains are expected to provide a continuing inflationary push.
 - Buoyant corporate tax and VAT revenues have allowed HMG to accommodate higher spending, cut income taxes, and still reduce government spending.
 - Monetary policy has eased as interest rates, though still high by OECD standards, have been allowed to decline. With HM Treasury officially abandoning its broad money targets, exchange rates are now the principal guide for monetary policy.
 - Britain is running a \$4-5 billion trade surplus with the U.S., but the declining dollar and firmer sterling could transfer this into a surplus in the near future.
 - Britain and the US remain the largest investors in each other's economies.

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

lot A 88D140, Box #5
The official visit of Prime Minister
Thatcher July 17, 1987

ECONOMIC DATA CHART - UNITED KINGDOM

	1984	1985	1986	85-86 Percent Change
INCOME, PRODUCTION, EMPLOYMENT				
GDP, Current Prices (a)	320.2	351.6	371.8	5.7
GDP, 1980 Prices (a)	243.6	252.7	258.3	2.3
Per Capita GDP, Current Prices (a)	4,657	4,750	4,869	2.5
Investment, Current Prices				
Total (a)	55.6	60.1	62.2	3.5
Plant & Machinery (a)	20.5	23.3	23.5	0.9
Real Personal Dispos. Income (a)	166.3	171.0	175.6	2.7
Indices (1980 = 100)				
Industrial Production	103.2	108.2	109.7	1.4
Average Earnings	158.3	171.7	184.8	7.6
Working Population (Millions)	27.1	27.6	27.8	0.7
Unemployment Rate (%)	11.6	11.8	11.3	N/A
MONEY AND PRICES				
Gold & Foreign Ex. Reserves (b)				
(billions of dollars)	15.7	15.5	21.9	N/A
Sterling M3 (Broad Money				
percent change) Dec/Dec (c)	10.0	13.4	N/A	N/A
Interest Rate (%) yr avg (d)				
Wholesale Prices (1980=100)	132.1	139.4	145.7	4.5
Consumer Prices (1980=100)	133.4	141.5	385.9	3.4
Volume Retail Sales (1980=100)	110.7	115.3	121.4	5.3
BALANCE OF PAYMENTS (\$ millions)				
Exports	93,630	100,155	101,750	+6.6
Imports	99,413	102,864	118,500	+15.2
Invisible Balance	7,923	7,332	11,500	
Current Balance	2,080	4,623	-1,750	
Foreign direct investment (new)	3.36	3.14	N/A	
Foreign exchange reserves				
(\$ millions of pounds)	15,700	15,500	21,920	
Average Exchange Rate for year				
(1 pound = U.S. \$)	1.34	1.30	1.47	
U.S.-U.K. Trade (\$ millions)				
U.S. exports to U.K. (F.A.S.)	12,209	11,272	11,418	+1.3
U.S. imports from U.K. (C.I.F.)	15,044	15,573	16,032	+3.3
Trade balance	-2,835	-4,301	-4,614	N/A
U.S. share of U.K. exports (%)	14.4	14.7	14.1	N/A
U.S. share of U.K. imports (%)	11.9	11.6	11.3	N/A
Principal U.S. exports (1986): office machines & ADP equipment; electrical machinery, apparatus, appliances & components; professional, scientific & control instruments; power generating machinery; aircraft & parts				
Principal U.S. imports (1986): petroleum & petroleum products; automobiles & auto parts/accessories; jet engines; aircraft & parts; specialized industrial machinery				

FOOTNOTES: (a) for 1986 based on three quarters of actual data, and estimate for 86:IV; (b) end of period; (c) new, end of month definition; (d) London clearing bank base rate

*This information is current as of February 1987.