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FM BONN

TO IMMEDIATE FCO

TELNO 008

OF 071730Z JANUARY 87

INFO PRIORITY OTHER EUROPEAN COMMUNITY POSTS, WASHINGTON, TOKYO

INFO PRIORITY VIENNA, UKDEL OECD, UKHMS GENEVA

INFO SAVING ALL CONSULATES-GENERAL: HN FRG

FRAME ECONOMIC

FRG ECONOMY

SUMMARY

1. GROWTH IN REAL GNP ROSE BY ONLY 2.5 PER CENT IN 1986. EXPORTS FELL SLIGHTLY IN REAL TERMS WHILE IMPORTS ROSE. ALTHOUGH THE GOVERNMENT WILL DRAW SOME COMFORT FROM PRIVATE CONSUMPTION, NEVERTHELESS THE OVERALL GROWTH IS DISAPPOINTING.

DETAILS

2. AT A PRESS CONFERENCE TODAY THE FEDERAL STATISTICAL OFFICE ANNOUNCED THAT REAL GNP GROWTH IN 1986 HAD REACHED 2.5 PER CENT, ONLY SLIGHTLY ABOVE THE 2.4 PER CENT RECORDED IN 1985. OF THE MAIN COMPONENTS OF GROWTH, PRIVATE CONSUMPTION ROSE BY 4.1 PER CENT (1.9 PER CENT IN 1985), GOVERNMENT CONSUMPTION INCREASED BY 2.5 PER CENT (1985 2.2 PER CENT), CONSTRUCTION INVESTMENT WAS UP BY 1.9 PER CENT AND EQUIPMENT BY 3.1 PER CENT (1985 6.2 PER CENT AND MINUS 0.3 PER CENT RESPECTIVELY). EXPORTS OF GOODS AND SERVICES FELL BY 0.6 PER CENT IN REAL TERMS WHILE IMPORTS ROSE BY 3.1 PER CENT IN REAL TERMS.

COMMENT

3. THESE FIGURES ARE EVEN LOWER THAN THE LATEST OFFICIAL FORECASTS WHICH HAD ALREADY BEEN REVISED DOWNWARDS FROM EXPECTATIONS OF 4 PER CENT AT THE BEGINNING OF THE YEAR AND BEAR OUT THE PREDICTIONS OF THE FIVE WISE MEN (BONN SAVING TELNO 16 OF 28 NOVEMBER). THE GOVERNMENT CAN DRAW SOME COMFORT FROM FIGURES FOR INVESTMENT AND PRIVATE CONSUMPTION BUT THOSE FOR EXPORTS WILL INCREASE CONCERN OVER THE LOSS OF EXPORT COMPETITIVENESS.

4. FULL DETAILS FOLLOW BY BAG.

BULLARD

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BONN WILL PASS TO SAVING ADDRESSEES

BPLNAN 3199

FRAME ECONOMIC

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