






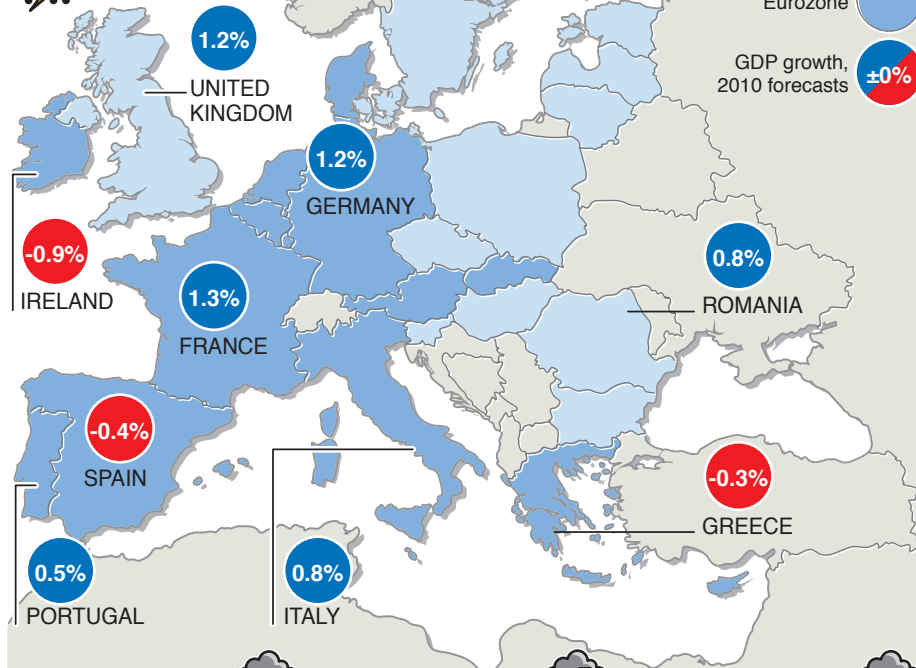
Austerity measures engulf struggling EU economies

Governments across Europe, including France and Germany, have announced budget cuts as Spain replaces Greece at the epicentre of the continent's ballooning sovereign debt crisis

*Deficit and debt as % of GDP, 2010 forecasts


UNITED KINGDOM 	
Budget deficit*	12.0% £163 billion (□190.7bn)
Sovereign debt	79.1%
Slash public sector borrowing by £6bn (□7bn); £57bn in spending cuts and tax rises over next five years	

-  Improving growth forecast
-  Outlook worrying
-  Persistent gloom
-  Serious disruption of economy




IRELAND 	
Budget deficit	11.7% □23.4 billion
Sovereign debt	77.3%


Cuts of **□4bn** in 2010, including 5-20% to public sector pay. Further **□3bn** in cuts each year planned for 2011 and 2012

GERMANY 	
Budget deficit	5.0% □79.4 billion
Sovereign debt	78.8%


Budget to be cut by **□10bn** a year until 2016. Generous unemployment benefits to end. Robust employment market is helping recovery

FRANCE 	
Budget deficit	7.5% □144.8 billion
Sovereign debt	83.6%


Freeze on public spending until 2013, except pensions and debt-interest payments. Cuts in state operating costs of up to 10%

ROMANIA 	
Budget deficit	8.3% □40.8 billion
Sovereign debt	30.5%


State pay slashed by 25%, pensions by 15% as part of **□20bn** IMF-led loan. Up to 80,000 public jobs, including 15,000 teachers, to go

PORTUGAL 	
Budget deficit	8.5% □15.4 billion
Sovereign debt	85.8%


□2bn shaved off deficit by increases in VAT, income and corporate taxes and 5% pay cut for top-level public servants

SPAIN 	
Budget deficit	8.0% □117.6 billion
Sovereign debt	64.9%

□15bn in cuts additional to **□50bn** announced in January. Includes 5% pay cut for public workers and freeze on pensions

ITALY 	
Budget deficit	5.3% □80.8 billion
Sovereign debt	118.2%

□24bn in cuts includes **□13bn** withheld in aid to regions with budget deficits. Public sector salary rises blocked for three years

GREECE 	
Budget deficit	13.6% □32.3 billion
Sovereign debt	124.9%

□35bn of cuts to pensions and public sector wages plus 25% cut to defence budget, in return for **□110bn** "aid for pain" bailout deal