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Eurostat has set up with the members of the 'European statistical system' (ESS) a network of user support centres which exist in nearly all Member States as well as in some EFTA countries. Their mission is to provide help and guidance to Internet users of European statistical data. Contact details for this support network can be found on Eurostat Internet site.

Foreword

This second issue of the flagship publication "European Economic Statistics" provides an overall statistical picture of the structure and development of the European economy.

A significant part of the publication is devoted to presenting and analysing the most recent statistics on the European economy. In addition, its editorial and methodological sections provide an overview on current and background topical issues such as, among others, the statistical responses to the economic and financial crisis, insights on the ongoing projects to foster productivity measures and growth accounting, the presentation of integrated government finance statistics.

The publication covers the full range of Eurostat's economic indicators, including statistics relating to national accounts, government finances, balance of payments, prices, monetary and financial accounts, foreign trade and the labour market.

I would like to congratulate members of the Eurostat editorial board and contributors for their valuable input.

The financial and economic crisis has further highlighted the role of statistics in an evolving economy and their mutual relations with science, politics and public opinion. In an interactive and global world, statistics play the fundamental role of summarising complex events in simple indicators. These simple indicators are then used by economic and social actors as an input for taking decisions and implementing actions. Therefore, an evolving framework requires evolving statistics suited to fit the events and to describe an evolving society.

In this sense, I do hope that this publication will be a useful tool to provide the generalist user with an insight on the European economy and an understanding about how the statistical system reacted to the recent financial and economic crisis.

Walter Radermacher
Director-General, Eurostat

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Editorial

Statistical Responses to the Financial and Economic Crisis

Walter Radermacher and Roberto Barcellan

1. Introduction

The ongoing financial and economic crisis has generated a number of challenges for official statisticians. They have been confronted with an increased number of requests from economic actors and policy makers to improve the provision of relevant statistical indicators in a timely and reliable fashion. The background of these requests is that traditional statistical production processes very often are limited by their rigidity and resource constraints.

The worldwide nature of the crisis has underlined the global dimension of economic and financial phenomena, the integration of financial markets and the rapidity of circulation of the information. All these aspects call for a global statistical view of the economic and financial reality adequately supported by a statistical vision for the coming years. In addition, a re-think of the conceptual macroeconomic paradigm underlining the framework for producing macroeconomic statistics could be one result of the crisis. Therefore, the main statistical consequence of the crisis is the recognition of the limits of the traditional approaches to statistical production and the importance to go beyond them.

The European Statistical System (ESS) has acknowledged these challenges and is stepping up efforts to expedite the changes already under way, including the modernisation of the business architecture for the production of official statistics.

2. The European Statistical System's reaction to the financial and economic crisis

The exceptional evolution of the financial markets and its consequences on the real economy required the European Statistical System (ESS) to deliver a prompt and coherent reaction, addressing in particular the following dimensions:

- statistical consequences on key selected statistical domains with special relevance at European level for administrative purposes (e.g. the appropriate recording of the bank and other market rescue operations in the context of public finance);
- prompt availability of key short-term economic indicator for monitoring the impact of the crisis and the impact of the measures to offset it;
- deepening of methodological issues to ensure comparability and methodological soundness of figures;
- international coordination;
- enhanced communication at different levels among users and stakeholders.

The ESS reaction to the crisis had, therefore, to be multi-fold and its overall framework for action has been fixed around three axes:

a) the ESS Action Plan on the accounting consequences of the financial crisis;

b) the regular production of key short-term economic indicators;

c) a critical analysis of methodological and practical aspects related to the statistical production process.

2.1. ESS Action Plan

The challenge: A key aspect of the ESS reaction has been to ensure the appropriate and proper consideration of the statistical consequences of the financial crisis on key statistics used in the European Union for administrative purposes and for the assessment of public finance.

As the financial crisis escalated from late summer 2008, governments and central banks in European countries have intervened through various operations in an effort to restore confidence in the financial system, at first to rescue single financial institutions in distress, and then through coordinated interventions broadly targeting financial institutions regardless of whether they were in distress or not, recognising the systemic aspect of the situation.

All these operations required an appropriate recording and treatment in statistical terms, notably in the framework of public finance statistics.

A key requirement for the ESS in this area was to ensure the consistency across time and across countries of the statistical treatment of public interventions in full respect of the European System of Accounts (ESA95) rules.

ESS reaction: The ESS Action Plan on the accounting consequences of the financial crisis[1] has been created and implemented to achieve this target and to support it by strengthening coordination among European statistical authorities and enhancing the communication with users' and stakeholders.

In this sense, the activation of the ESS Action Plan has:

- streamlined the reaction of the ESS to the financial crisis;
- created awareness of the statistical consequences;
- strengthened coordination and communication;
- supported the ESS actions to handle the response to the crisis.

The recording and treatment in national accounts of public interventions has clearly been the key methodological topic for official statisticians. In this field, Eurostat, in cooperation with ESS partners, has closely monitored the public interventions and their implications for national accounts data, notably for the government deficit and debt statistics used for the excessive deficit procedure (EDP).

The outcome of this methodological analysis provided the background information for defining the methodological treatment in national accounts of this type of operations (see Box 1.1).

On 15 July 2009, Eurostat published the Decision on "The statistical recording of public interventions to support financial institutions and financial markets during the financial crisis"[2].

Lessons learnt: The Decision of Eurostat provides a general framework of statistical rules, fully consistent with the European System of Accounts 1995 (ESA 95). Nevertheless, individual national interventions often have specific characteristics which must be carefully analysed in the context of this general framework. In addition, the Decision covers the main forms of public interventions observed to date, however it is possible that the Decision will have to be supplemented if new forms of public interventions emerge in the coming months.

From a methodological point of view, three aspects of the crisis have raised particular challenges for statisticians - the uncertainty over asset values, the difficulty in measuring risks which public bodies are taking on, and the rapid development of new forms of intervention.

In this context, particular attention has been paid to an appropriate recording of risks under the unique circumstances of the financial crisis. Reliability is the quality cornerstone of observation-based statistics. Unavoidably, the crisis rescue operations include elements for which uncertainty about their future impact is so high, that they should not be included in the "core accounts", which have to fulfil high quality standards.

Therefore, in order to ensure full transparency, Eurostat intends to publish, from the second EDP notification in October 2009, supplementary tables related to activities undertaken to support financial institutions (e.g. government guarantees, special purpose entities, temporary liquidity schemes). Such supplementary tables will integrate the official data transmitted by Member States to Eurostat in the context of future EDP notifications. This approach will make public possible future consequences in terms of impact on government deficit and debt. The final impact on government deficit and debt figures of these operations will be recorded in the core accounts if and when the associated risks crystallise, and can be measured objectively.

2.2. Indicators to monitor the crisis and its consequences

The challenge: It is clear that the lack of indicators cannot be claimed to have been the cause for this crisis that originated in highly developed economies, with well established administrative structures and statistical frameworks. Nevertheless, the crisis highlighted the need for more timely, integrated and comparable statistics to monitor the evolution of the economic and financial situation and the impact of the measures undertaken to offset the effects of the crisis itself.

ESS reaction: In order to meet these requirements, the ESS has decided to further emphasise the importance of the Principal European Economic Indicators (PEEIs), an existing set of selected key macroeconomic indicators which can offer a continuously updated overview of the effects of the crisis in European Member States and at European level (See Box 1.2).

[1] http://epp.eurostat.ec.europa.eu/portal/page/portal/financial_turmoil/introduction

[2] Eurostat news release 103/2009 - 15 July 2009.

Lessons learnt: Finally, one of the first concerns of economic actors in relation to the crisis was an urgent need for indicators to monitor and explain the financial and economic events. Most of the users thought that the offer of official (and not only) statistical indicators was inadequate to the situation either in terms of coverage or, mainly, in terms of timeliness. This perception started a critical analysis inside national statistical institutes supported by multiple contacts between users and producers. The outcome of this analysis highlighted very often that, contrary to the general perception, most of the statistical information needed by users was already available but in an unstructured and not prominent enough way.

Furthermore, the debate highlighted some limits of official statistics, notably:

- the lack of comparability among countries (a key element in a global crisis);
- the need for prompter availability of key indicators (requirements for more flash estimates and indicators at higher frequency);
- the need for statistical indicators in areas of particular importance for the financial and economic crisis (e.g. housing market statistics).

The response of official statisticians has been threefold:

a) enhancing the communication on available statistics;

b) start an in depth analysis to identify the ideal statistical kit for policy makers/analysts/economic operators;

c) enhance the international comparability of key indicators.

Two initiatives are particularly important in this area:

- the work of the Interagency Group on Economic and Financial Statistics (IMF, BIS, Eurostat, ECB, World Bank, UNSC);
- the "International Seminar on Timeliness, Methodology and Comparability of Rapid Estimates of Economic Trends" jointly organised by Statistics Canada, United Nations Statistics Division and Eurostat, held in Ottawa in May 2009[3].

Both groups focused their efforts in trying to identify which official economic and financial indicators should be regularly produced by national

BOX. 1.1: TYPOLOGIES OF PUBLIC INTERVENTIONS INTO FINANCIAL INSTITUTIONS OR MARKETS, IN THE CONTEXT OF THE FINANCIAL TURMOIL

Recapitalisation

Recapitalisation occurs when a equity instrument issued by a financial institution is acquired. This may involve a range of instruments, including ordinary shares, preference shares and hybrid debt-equity instruments.

Lending

Lending occurs when a loan is granted to a financial institution.

Guarantees

Guarantees provide an assurance that should a debtor be unable to meet its liability, the guarantor will meet the liability. In the context of financial institutions this includes guarantees on deposits and on borrowing. There is a possibility that guarantees might extend to the value of assets in some circumstances.

Purchases of assets and Defeasance

Purchases of existing financial assets commonly involve equity and securities other than shares with the acquisition of loans taking place in some cases. The term "defeasance" is used to describe a situation where government buys directly impaired assets from financial institutions, or instructs an existing or new public body to undertake this task.

Exchange of assets

Exchange of assets occurs when an asset is exchanged or another (different) asset, commonly over a fixed period of time. Examples include repurchase agreements and securities lending, but may also encompass other types of arrangement. This type of operation is commonly made to improve the liquidity situation of one party to the exchange.

From the Decision of Eurostat on "The statistical recording of public interventions to support financial institutions and financial markets during the financial crisis", Eurostat news release 103/2009 - 15 July 2009.

[3] http://unstats.un.org/unsd/nationalaccount/workshops/2009/ottawa/ac188-2.asp

BOX 1.2: PRINCIPAL EUROPEAN ECONOMIC INDICATORS (PEEIS)

The PEEIs are key short-term macroeconomic indicators available in a harmonised way for EU Member States, euro area and European Union (and when available major economic partners), disseminated via the PEEIs website, a modern approach to dissemination of statistical indicators[a].

The PEEIs project is an example of a cooperative and forward looking approach to statistics. Its genesis (2003)[b] is a dialogue between users and producers to identify the best set of indicators needed for economic and monetary policy purposes at European level complemented by quality requirements (notably timeliness) and methodological background. Short, medium and long-term objectives supported by a continuous monitoring and concrete implementation plans made up the framework for PEEIs[c].

The PEEIs successfully evolved over time and, to a large extent, anticipated several requirements that became relevant during the crisis. Improvements in timeliness and quality of the traditional macro-economic indicators have been complemented by the development in most recent years of housing statistics and integrated quarterly financial and non- financial accounts for institutional sectors (two key sets of indicators in the financial crisis context).

Because of their flexibility and efficiency in tracing economic movements, the PEEIs have been chosen as a reference for the development of the Principal Global Indicators, the coordinated initiative of the Inter-Agency Group on Economic and Financial Statistics (BIS, ECB, Eurostat, IMF, OECD and the World Bank).

PEEIs statistical domains:

1. Consumer price indices
2. Quarterly national accounts
3. Business indicators
4. Labour market indicators
5. External trade indicators
6. Housing indicators
7. Additional selected indicators (financial indicators, balance of payments indicators, Economic Sentiment Indicator, public finance indicators)[d].

The PEEIs is not only a set of selected key short-term indicators but also a coordinated approach to the compilation of such indicators at European level. Indeed, the PEEIs philosophy relies on the improvement and harmonisation of the compilation process. In the construction of the PEEIs, a lot of attention has been put on horizontal methodological issues: seasonal adjustment, revision policy, data exchange, access and use of basic statistics, sharing of best practices and communication.

a) PEEIs website: http://epp.eurostat.ec.europa.eu/portal/page/portal/euroindicators/peeis
b) European Council and Commission (2003), Joint Report on Eurozone Statistics and Indicators.
c) For example, see the European Council Economic and Financial Committee (2008), Status Report on Information Requirements in EMU.
d) The set of indicators is selected from the PEEIs list (COM/2002/661) and complemented by certain Monetary and Financial Indicators as well as the Economic Sentiment Indicator

statistical authorities to monitor the evolution of the economy. The Interagency Group set up the "Principal Global Indicators" website, offering the available indicators regularly collected by international agencies for different countries and in different relevant statistical domains[4].

The work of all these different groups will help to prepare the answer to the requirements expressed by the G20 with respect to statistics in relation to the financial and economic crisis.

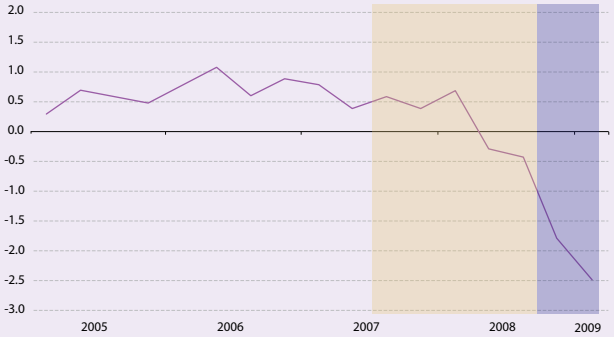
In this context, the PEEIs already provide an internationally comparable set of key indicators that offer a quite complete macro-economic short-term view of the economy in an adequate timely fashion (See Box 1.3).

In the coming years, the process of improvement of the PEEIs will continue through new or already undertaken initiatives of the ESS, including fostering the compilation of housing statistics, promoting flash estimates, enhance the development of integrated financial indicators, strengthen the coherence between different key indicators, etc. Furthermore, it will be important to discuss how official statistics can support the analysis of the relationships between the economy, the social system and the environment.

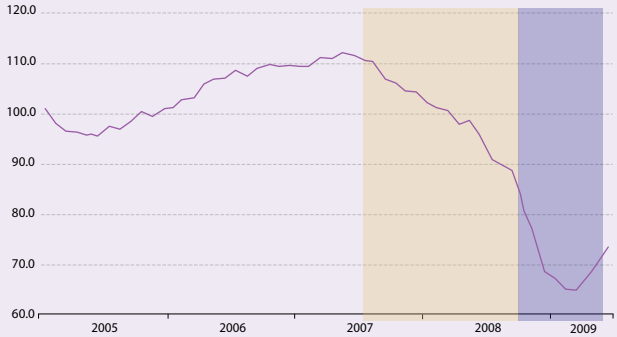
[4] http://financialdatalink.sharepointsite.net/default.aspx

BOX. 1.3: THE CRISIS THROUGH THE PEEIS – EURO AREA INDICATORS

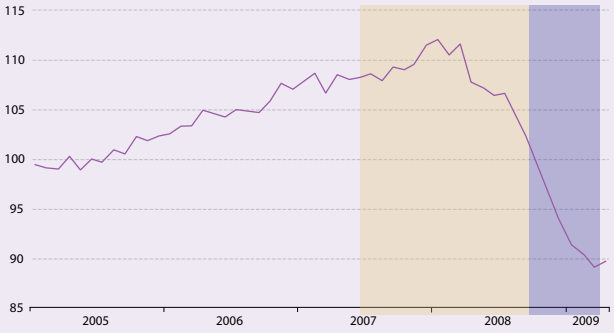
Gross Domestic Product (quarterly, volume changes q/q-1, sa)



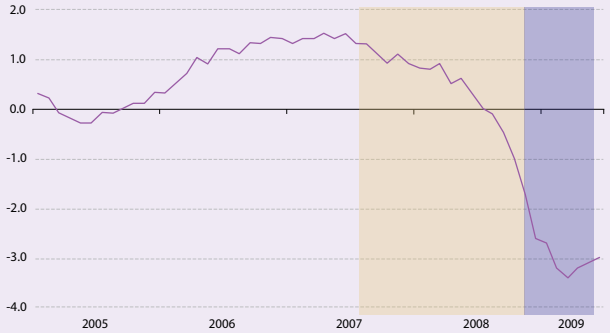
Economic Sentiment Indicator (monthly, 2005=100, sa)



Industrial Production Index (monthly, 2005=100, sa)

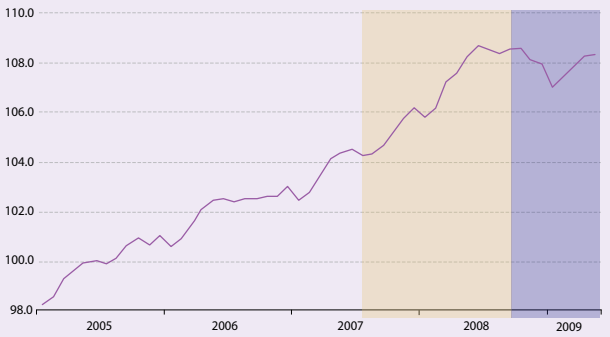


Business Climate Indicator (monthly, sa)



Household Consumption Expenditure (quarterly, volume changes q/q-1, sa)

Harmonised Index of Consumer Prices (monthly, 2005=100)



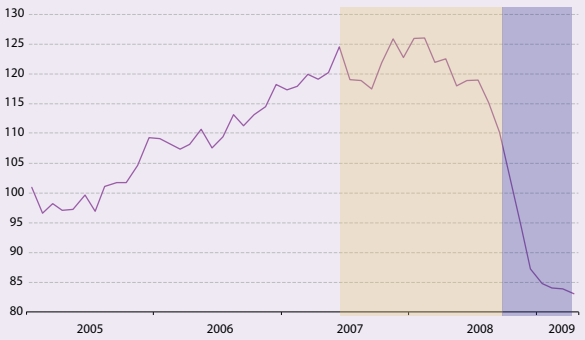
Legend:

from the subprime crisis (June 2007) to the Lehman Brother bankruptcy (15 September 2009)

Government rescue operations.

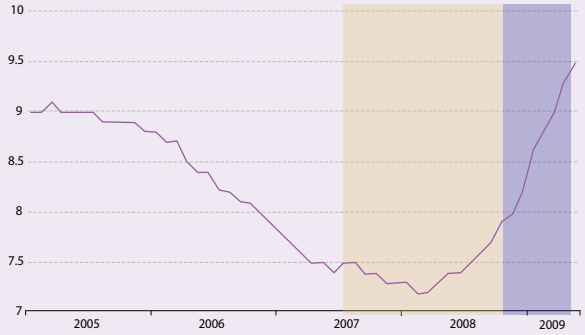
Gross Fixed Capital Formation (quarterly, volume changes q/q-1, sa)

New Orders - Manufacturing (monthly, 2005=100, sa)

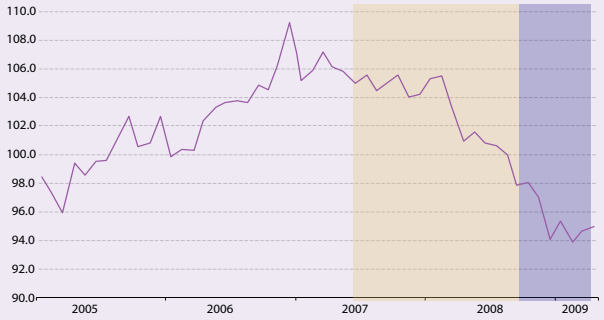


Employment (quarterly, volume changes q/q-1, sa)

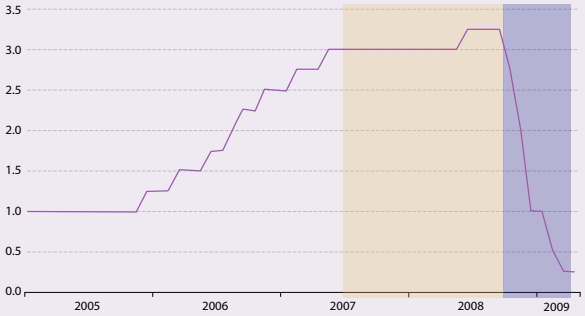
Business Climate Indicator (monthly, sa)



Construction (monthly, 2005=100, sa)



3-Monthly Interest Rate (monthly)



Source: Eurostat, PEEIs
sa: seasonally adjusted
For a more in depth analysis of the crisis and its consequences see the "Annual Report on the Euro Area – 2009", European Economy, European Commission – DG Economic and Financial Affaires.

2.3. Communication

The challenge: The crisis asked for an enhancement of communication between statistical authorities, policy makers and European institutions, general public.

ESS reaction: Communication has been paramount in the ESS reaction to the financial crisis. Initially, efforts have been concentrated on the implementation of the necessary actions to inform European Member States and international organisations about the ESS Action Plan in view of its full endorsement and implementation by stakeholders.

Communication on the ESS Action Plan has been supported by a communication strategy focused on different categories of users, information targets and dissemination tools[5].

Finally, Eurostat actively participated and promoted international activities in relation to the statistical consequences of the financial crisis in strict co-operation with other international institutions.

These communication activities complemented the already existing communication channels devoted to statistical indicators.

3. A modern business structure for the production of official statistics

The challenge: In the end, the financial crisis has highlighted the need to transform the production system of official statistics into a modern and efficient tool, flexible enough to cope with increasing or unexpected new requirements, time constraints, limited resources, communication aspects, changes in the regulatory frameworks.

ESS reaction: The ESS has acknowledged these challenges and has already started to speed-up the changes already under way, and to rethink the production of official statistics through the modernisation of its business architecture.

Such a project encompasses a vision for the next decade for the production method for statistics in the European Union that goes beyond the current approach (a so-called "augmented stovepipe" model[6]), no longer fully adapted to the changing environment – as demonstrated by the crisis – and emphasises the improvement of efficiency through a systematic collaboration between the different partners of the statistical system (new European systems method to statistics).

The vision of a modernised statistical productive system is based on a holistic approach, rather than a fragmented one, and it will imply replacing the current stovepipe model with a model relying on the integration of data sets and by combining data from different sources. At country level, statistics for specific domains will be no longer produced independently from each other; instead they will be produced as integrated parts of comprehensive production systems (the so-called data warehouse approach) for clusters of statistics. These systems would be based on a common (technical) infrastructure, they would apply as far as possible standardised IT tools and they would make use of all available data sources which are appropriate in quality. This approach will have the direct implication that European statistics would no longer be produced domain per domain but together in an integrated fashion (horizontal integration). In addition, synergies will be developed within the ESS and joint structures, tools and processes could be established or further developed through collaborative networks, involving both the national statistical authorities and Eurostat (vertical integration).

Several elements of the proposed integrated model imply a change in the professional paradigm of statistical offices from "data-collectors" to "re-users of data".

The implementation of the European systems method to statistics relies on three components:

(i) the first component remains European Community legislation, which will continue to be mainly output-oriented and to set minimum standards for the production of statistics in a particular area;

5 Including, for example, a section dedicated to the Financial Turmoil in the website of Eurostat http://epp.eurostat.ec.europa.eu/portal/page/portal/financial_turmoil/introduction

6 In the "stovepipe" model every single product stovepipe corresponds to a specific domain of statistics, together with the corresponding production system. For each domain, the whole production process from survey design over data collection and processing to dissemination takes place independently of other domains, and each has its own data suppliers and user groups. In order to produce European statistics, Eurostat compiles the data coming from individual NSIs also area by area. The same product stovepipe model thus exists in Eurostat, where the harmonised data in a particular statistical domain are aggregated to produce European statistics in that domain. The traditional approach for the production of European statistics based on the stovepipe model can thus be labelled as an "augmented" stovepipe model, in that the European level is added to the national level.

(ii) the second component concerns complementing product harmonisation by process harmonisation through the promotion of methodologies based on common tools;

(iii) the third component is the promotion of common values and the sharing of knowledge throughout the ESS (use of the intelligence and know-how available in the system – i.e. human capital of the ESS).

This strategic direction will be complemented by an improved communication with users and stakeholders.

2 Statistical analysis

2.1 Overview of statistical analysis

The following chapters provide a statistical analysis of the main aspects of economic data for European Union, EFTA and candidate countries. They are based on the latest data which were available to Eurostat at end-April 2009. All data are published on the Eurostat public website, and a selection of these data are reproduced in the statistical annex to this publication.

Unless otherwise stated, in the following chapters "EU" means the European Union 27, and "EA" mean the countries belonging to the euro area. The term "new Member States" is sometimes used to denote those 12 countries which have joined the EU since 2004, with the term "EU15" used to denote those countries which were EU members by 2003.

The chapters should be seen as a coherent set of data which have many links with each other (commonly through the national accounts framework). This is particularly appropriate for users. There are other detailed aspects of the economy in Europe which are not covered specifically in this publication (for example, agriculture or business statistics), however these aspects are included in the aggregate data presented. Short summary of the main results follows.

National accounts

This chapter covers a set of indicators derived from the non-financial national accounts. National accounts are a powerful tool for studying many aspects of the economy. Gross domestic product (GDP) in current prices gives an indication of the size of the economy. It is worth noting that only five Member States account for about three quarters of the EU economy. GDP per capita expressed in Purchasing Power Standards (PPS) enables cross-country comparison of income levels, although with some caveats for specific cases.

EU countries display very different income levels, but a catching-up process has taken place in recent years. This chapter shows which industries generate value added and concludes that the EU is a service-based economy where more than 70% of total value added corresponds to service industries. Analysing how GDP is used shows that it is mainly spent on private consumption and that half of EU investment goes on construction –related fixed assets. Examining how income is distributed between economic sectors reveals that the share of GDP devoted to compensation of employees has declined over recent years and that the average compensation per employee in the EU is around 30 thousand euros.

The EU had average annual economic growth of 2.0% during the period 2001 – 2008, which translated into 1.6% per capita volume growth (after taking into account the 0.4% increase in population). Nearly two thirds of this volume growth originated from labour productivity increases while the other third was due to the increase in the share of employed persons in the total population.

Around one tenth of the disposable income of households is saved, and the share of non-financial corporations' business profit is slightly below 40%. National accounts also provide information at regional level. Member States calculate a number of key variables, in particular at the NUTS-2 regional level, which sub-divides the EU into 271 regional units. The divergences between GDP per inhabitant among the EU regions are still very high, but have been narrowing over recent years.

Public finance

Governments play a key role in economies, by providing public services and redistributing income. The way in which they finance their activities (with taxation or borrowing) and the scale, pattern and purpose of their expenditure has a major impact on other economic actors. In the EU there is particular interest in government fiscal policy owing, among other things, to the excessive deficit procedure and the debate on the sustainability and quality of public finances. These aspects are mentioned within the framework of the stability and growth pact and other initiatives.

This chapter analyses the finances of the EU during recent years. The data concern the general government sector, as defined in the European System of Accounts. Total general government expenditure in the EU stood at 46.8% of GDP in 2008. Between 2007 and 2008 total government expenditure increased sharply – by 1.1 % of GDP in the EU27. Total general government revenue in the EU27 amounted to 44.5% of GDP in 2008, a decrease of 0.4% percentage points of GDP from the levels of 2006 and 2007. The government balance (the difference between total government revenue and expenditure) accounted for -2.3% of GDP in 2008, well above 0.9% in 2007.

The chapter also provides relevant information on taxes and social contributions, and on the breakdown of these components into economic criteria, as well as inter-country comparison.

Inflation, interest rates and exchange rates

The Harmonised Indices of Consumer Prices (HICPs) provide the best measure for international comparisons of consumer price inflation in the EU and the euro area, and for assessing price convergence and stability in the context of monetary policy analysis. Annual average inflation for the euro area in the period 2001 – 2007 was relatively stable at around 2.2%; in 2008 it rose to its higher level at 3.3%. In the EU as a whole, annual average inflation in 2008 stood at 3.7%, its higher level since the start of the HICP series in 1997.

Long-term interest rates are a convergence criterion for European monetary union. Following the market turmoil that began in summer 2007 and central banks' interventions to safeguard liquidity, the Maastricht criterion interest rates in the euro area decreased from 4.60% in July 2007 to 4.07% in March 2008. Later the rates increased within three months to 4.78% in June 2008 before decreasing again, reaching 3.72% in December 2008.

Money market rates, also known as inter-bank rates, are interest rates used by banks for operations among themselves. This chapter also explains the main developments of these indicators in recent periods.

Finally, the introduction of the euro eliminated exchange rates between an increasing number of EU Member States. In contrast to the moderate fluctuations between the majority of European countries, the value of the euro increased against the currencies of important trading partners between 2002 and 2008: the Japanese yen (+29.1%) and the US dollar (+50.5%).

External dimension of the economy

The EU was the major player in international trade during 2007, with exports and imports totalling nearly 2700 billion euro. Of these, 46% were exports and 54% imports, resulting in a trade deficit of around 200 billion euro. The second largest trading partner was the United States, with total trade of around 2300 billion euro. Between 2007 and 2008 extra-EU exports grew by 5.4% and imports by 8.1%. The growth of EU trade in 2008 was concentrated in the first three quarters, then a contraction was registered in the last quarter (-2.1% compared to the last quarter of 2007), showing the effect of the international financial turmoil. The chapter also presents the main results by product categories.

In 2008 the United States was by far the larger importer of goods from the EU (19% of total EU exports in 2008), while China remained the most important trading partner for EU imports during 2008 (16% of the total) with a growth rate of 6.5% between 2007 and 2008 and an impressive growth rate of 232% between 2000 and 2008.

In 2008 the EU remained the world's largest exporter and importer of services. The EU accounted for about one quarter of global exports and imports (excluding intra-EU transactions). EU trade in services was marked by an increase of 4.4% in exports and 7.4% in imports over 2007 in value terms. As a result the surplus decreased, reaching 75.4 billion euro in 2008, compared to 84.1 billion euro in 2007. The United States continued to be the EU's biggest partner, accounting for around 30% of both imports and exports of services.

The chapter describes in detail the evolution of the current account of the EU, both in terms of main components and trading partners. It also deals with the role of the EU in the development of foreign direct investment, and outward foreign affiliate statistics (FATS).

Labour market

This chapter shows the current situation and the changing patterns in the European labour market. In 2008 employment grew by 0.9% in the EU. This value is approximately half of the growth reached in 2007, but in line with the average 1.0% growth in the period 2001 – 2008. This annual figure for 2008 conceals very uneven performance within the year: the EU quarterly employment growth ranged between 1.7% in the first quarter (year-on-year) and 0.1% in the fourth quarter.

On average, 226.2 million people worked in the EU during the year 2008. Employment grew not only measured in absolute number of persons but also in proportion to the population in working age, i.e. the employment rates. The rate of persons aged 15 – 64 grew in 2008 to reach 65.9% in the EU. This result follows rates of 65.4% in 2007 and 64.5% in 2006. As in previous years, the increased participation by women in the labour market is behind much of the growth achieved. The EU female employment rate rose in 2008 by 1.0 point to 59.1%, while the employment rate for male rose by 0.3 points to reach 73.8%.

In the EU, 69.5% of persons worked in services activities, 17.4% in manufacturing other than construction, 7.4% in construction, and the remaining 5.7% in agriculture, forestry and fishery. These EU averages conceal significant differences in the distribution of employment by activities among Member States.

Most persons employed in Europe are employees rather than self-employed workers: at least 75% of non-agricultural jobholders in all Member States in 2008 are employees. Most employment consists on full-time jobs, even though the share of part-time jobs has shown a tendency to increase (more common among women than men).

The average EU unemployment rate dropped to 7.0% in 2008, down from 7.1% in 2007 and 8.2% in 2006. The evolution of recent unemployment data gives worrying signs of surge especially in a number of Member States.

2.2 National accounts

2.2.1 Introduction

This chapter covers a set of indicators derived from non-financial national accounts. National accounts are a powerful tool for studying many aspects of the economy. Gross domestic product (GDP) in current prices gives an indication of the size of the economy. It is worth noting that only five Member States account for about three quarters of the EU Economy. GDP per capita expressed in Purchasing Power Standards (PPS) enables cross-country comparisons of income levels, although with some caveats for specific cases. EU countries display very different income levels, but some sort of catching-up process has taken place in recent years and relatively poorer Member States are gradually approaching richer ones. This chapter shows which industries generate value added and concludes that the EU is a service-based economy where more than 70% of total value added corresponds to service industries. Analysing how GDP is used shows that it is mainly spent on private consumption and that half of EU investment goes on construction-related fixed assets. Examining how income is distributed between economic sectors reveals that the share of GDP devoted to compensation of employees has declined over recent years and that the average compensation per employee in the EU is around 30 thousand euros. The EU had average annual economic growth of 2.0% during the period 2001–2008, which translated into 1.6% per capita volume growth (after taking into account the 0.4% increase in population). Nearly two thirds of this 1.6% per capita volume growth originated from labour productivity increases while the other third was due to the increase in the share of employed persons in the total population. The next step is to analyse specific sectors of the economy: this shows that around one tenth of the disposable income of households is saved and that the share of non-financial corporations' business profit is slightly below 40%. National accounts also provide information at regional level. Member States calculate a number of key variables, in particular at the NUTS-2 regional level, which subdivides the EU into 271 regional units. The divergences between GDP per inhabitant among the EU's regions are still very high, but have been narrowing over recent years; at Member State level, however, this applies only to the EU15 countries, while regional discrepancies in new Member States are still widening. The remainder of this chapter contains more details of the findings highlighted above.

2.2.2 Nominal GDP and GDP per capita

The European Union (EU) economic data are the result of aggregating the data for the individual economies of 27 Member States. The 27 Member States are fairly heterogeneous in terms of size, income levels, economic structure and recent economic performance. Table 2.2.1 below provides an overview of the relative size of their economies in 2001 and 2008 based on GDP measured at current prices and current exchange rates. Member States are sorted in descending order according to their share in EU27 GDP in 2008. They have been classified into three groups. A first group of five large Member States accounted for almost three quarters of the EU27 economy in 2008 (71.4%). A second group of twelve medium-sized Member States accounted for about one quarter (25.7%). Lastly, a group of ten small Member States represented 3.0% of the EU economy.

Table 2.2.1: Member States' relative economic size

	Country	Share in EU27 GDP, 2001	Share in EU27 GDP, 2008
Large Member States, more than 5%	Germany	22.1	19.9
	France	15.6	15.6
	United Kingdom	17.2	14.5
	Italy	13.0	12.6
	Spain	7.1	8.8
	Subtotal	*75.0*	*71.3*
Medium-sized Member States, between 1% and 5%	Netherlands	4.7	4.8
	Poland	2.2	2.9
	Belgium	2.7	2.8
	Sweden	2.6	2.6
	Austria	2.2	2.3
	Greece	1.5	1.9
	Denmark	1.9	1.9
	Finland	1.5	1.5
	Ireland	1.2	1.5
	Portugal	1.3	1.3
	Czech Republic	0.7	1.2
	Romania	0.5	1.1
	Subtotal	*23.1*	*25.7*
Small Member States, less than 1%	Hungary	0.62	0.84
	Slovakia	0.25	0.52
	Slovenia	0.24	0.30
	Luxembourg	0.24	0.29
	Bulgaria	0.16	0.27
	Lithuania	0.14	0.26
	Latvia	0.10	0.18
	Cyprus	0.11	0.14
	Estonia	0.07	0.13
	Malta	0.04	0.05
	Subtotal	*2.0*	*3.0*

The table provides some interesting facts. For example, the Member State with the largest economy (Germany) is more or less the same size as the combined economies of the twenty smaller Member States. It therefore follows that the main features of the EU economy will chiefly result from developments in the largest Member States.

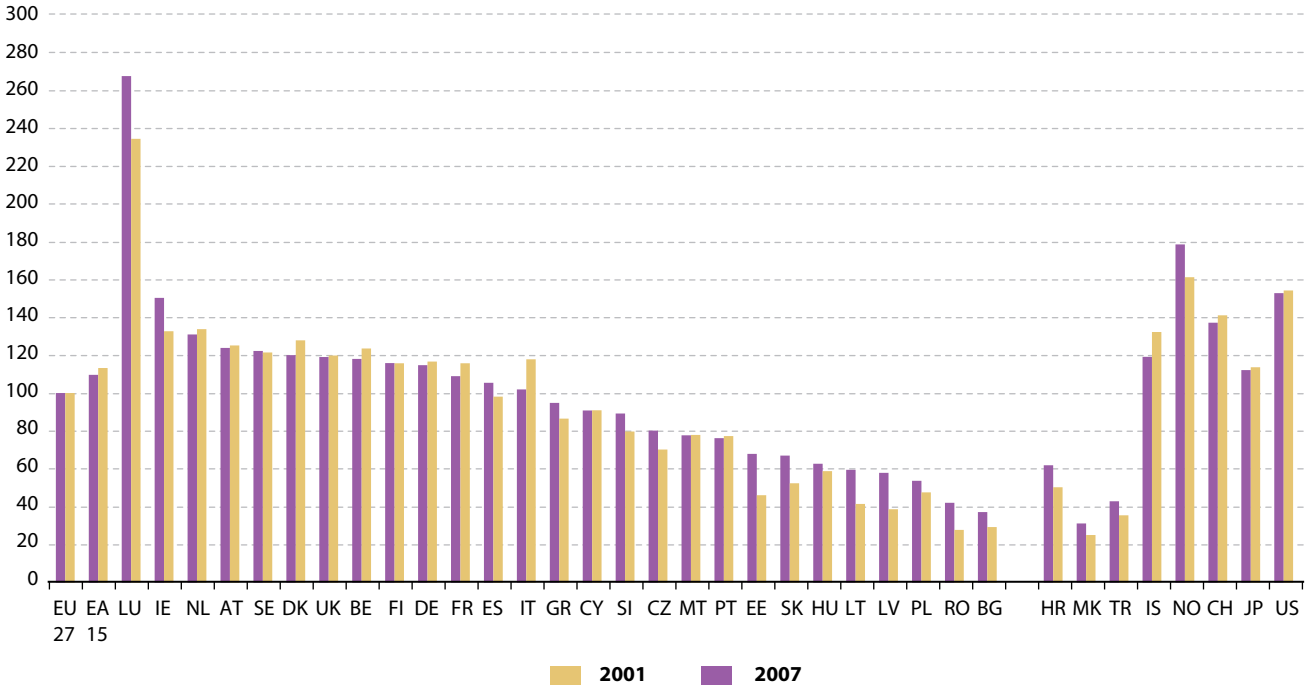
Table 2.2.1 provides also the same weights for the year 2001. Comparing 2008 with 2001, it is clear that all large Member States with the exception of Spain and France have lost relative weight, and that all medium-sized and small Member States have maintained, and in most cases increased their weights.

In Table 2.2.1 GDP is measured at current prices and market exchange rates. If one wants to obtain a proper measure of relative income levels (see Box 2.2.1) in different countries, one should use another indicator: GDP per capita expressed in Purchasing Power Standards (PPS). This indicator is the result of combining four elements. First, GDP is measured at current prices and exchange rates. Second, in order to allow GDP per capita comparisons, levels are divided by population. Third, GDP per capita in euros is converted into an artificial currency using Purchasing Power Parity (PPP) exchange rates. The reason is that the same amount of euros can buy a different amount of goods and services in different countries due to the existence of differences in price levels, especially for non-tradable items such as haircuts, health and education. Finally the amounts expressed in PPP are scaled to euros, so that the aggregate for the EU as a whole is the same whether expressed in euros or PPS.

Figure 2.2.1 shows the results, indexed to EU27=100, for 2001 and 2007. In 2007, six countries had an index of 20% or more above the EU average and ten countries were more than 20% under the EU average. Although PPS are in principle intended for spatial comparisons and not for temporal ones, comparing the relative positions in 2001 and 2007 provides some interesting in-

sights. It can be clearly seen that in a majority of cases (twelve out of fifteen) countries that were below the EU average in 2001 improved their relative position in 2007. Consequently, the opposite is also true; eight out of the twelve countries that were above 100 in 2001 saw their relative position worsen. This provides some evidence of a convergence process within the EU in the 2001–2007 period. The GDP per capita of countries that were relatively poorer in 2001 grew faster than the GDP per capita of countries that were relatively richer in 2001.

Figure 2.2.1: GDP per capita in Purchasing Power Standards, EU27=100



BOX 2.2.1: GDP SHORTCOMINGS FOR MEASURING INCOME LEVELS IN LUXEMBOURG AND IRELAND

GDP is the standard measure for international comparisons of income levels. There are many reasons for that. It is very timely, closely harmonised across countries and widely known by users. Nonetheless, in certain cases it may give a misleading picture of relative income levels, and other alternative indicators in the framework of National Accounts may be preferable. For example, Gross National Income (GNI) which is the measure used to calculate a major part of the contribution of EU Member States to the EU budget. The difference between GDP and GNI is mainly net primary incomes with the rest of the world (GNI = GDP + net primary incomes with the rest of the world). Primary incomes comprise compensation of employees and property income. In most EU countries the magnitude of the balance is relatively small, and therefore GDP is very similar to GNI. Indeed, for the EU as a whole, GDP and GNI are almost the same amounts. Nonetheless there are two countries, Luxembourg and Ireland, for which the difference is significant. In the case of Luxembourg the difference is partly due to the large daily influx of commuter workers coming from France, Belgium and Germany. What they produce is taken into account in Luxembourg's GDP, but the salaries are not included in its GNI. In Ireland's case, the difference is due to the major presence of foreign multinational corporations. Their profits are included in Ireland's GDP, but the dividends repatriated by the multinationals are not included in GNI.

The GNI of Ireland and Luxembourg in PPPs in 2007 shows that both countries are comparatively less rich than is indicated by their GDP. Luxembourg would be 2.3 times richer than the EU average, instead of 2.7 times, and Ireland would be 29% richer than the EU average instead of 50%.

2.2.3 The production side

This section looks at which industries generated the gross value added. Gross value added is the difference between output and intermediate consumption. It should not be confused with production (output). To calculate the gross value added of an industry, one computes its total production and subtracts the value of goods and services consumed or used as inputs in production. For the EU, around 50% of output is used as intermediate consumption. Therefore, gross value added for the EU27 represents around 50% of the total production of goods and services.

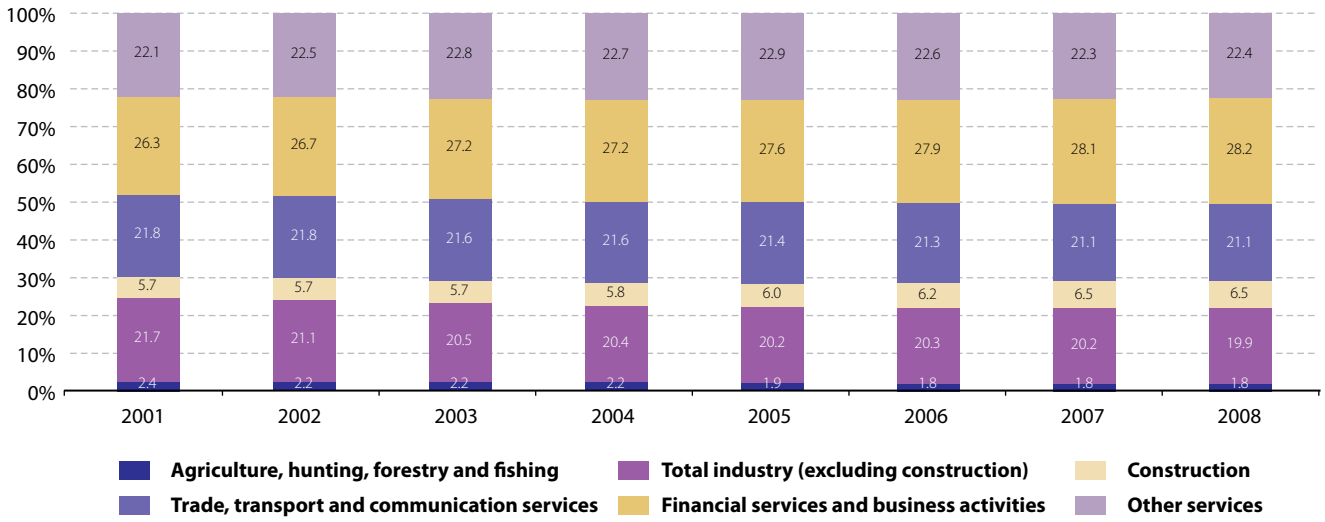
Gross value added is also different from GDP. This is due to the fact that output is valued at basic prices[7] and intermediate consumption is valued at purchasers' prices. To obtain GDP at market prices it is necessary to adjust gross value added by adding taxes and subtracting subsidies on products. For the EU, taxes less subsidies on products represent around 11% of GDP. As the information regarding taxes less subsidies is only available for the total economy and not by industry, it is not possible to calculate the GDP of specific industries. That is why total gross value added, and not GDP, is used to analyse the importance of the different industries. In the interest of readability the economy has been broken down into six industries even though more detailed breakdowns exist.

In 2008, the three services industries were the major contributors to the EU27's gross value added, namely *financial services and business activities* (28.2%), *other services*, which includes public administration and defence, education, health, etc, (22.4%) and *trade, transport and communication services* (21.1%). These three combined make up more than 70% of total gross value added. *Industry (excluding construction)* generated 19.9% of the total gross value added, *construction* 6.5% and, lastly, *agriculture, hunting, forestry and fishing* 1.8%.

Analysing the period 2001–2008 one can see that the weights of industries have remained relatively stable in general, but Figure 2.2.2 reveals some clear patterns. There was a steady growth in *financial services and business activities* which increased its weight by 2.2 points during the period. There was a steady decline in *agriculture, hunting, forestry and fishing* and in *industry (excluding construction). Construction* increased between 2003 to 2007 in particular.

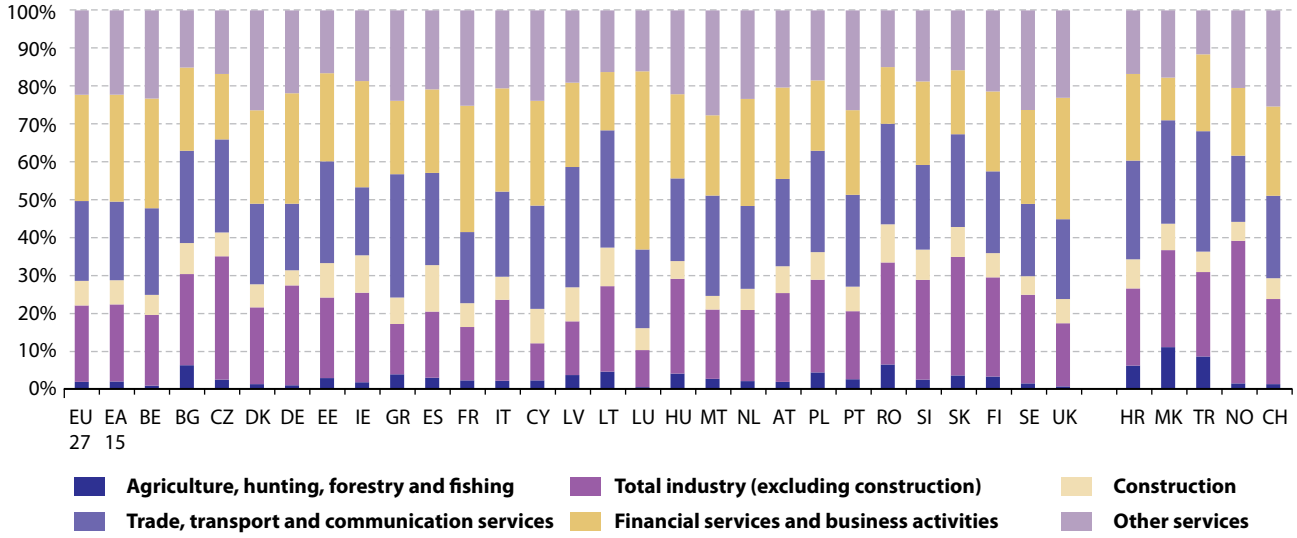
Figure 2.2.3 shows the weights of industries for individual countries for 2007. Some figures are worth highlighting. Countries with relatively large shares for *agriculture, hunting, forestry and fishing* are e.g. Romania (8.8%), Bulgaria (8.5%), Lithuania (5.2%), Poland (4.3%) and Hungary (4.0%). Countries with relatively high shares of industry are the Czech Republic (32.6%), Slovakia (31.3%), Romania (27.0%), Germany (26.4%) and Finland (26.2%). For *construction*, it is worth noting the high share for Spain (12.3%), which is almost the double of the EU27 (6.5%), which is also the case for Lithuania (10.2%), Romania

Figure 2.2.2: EU Gross Value Added by industry, % of total Gross Value Added



[7] Because of transport costs, trade margins and taxes less subsidies on products, the producer and the user of a given product usually perceive its value differently. In order to keep as close as possible to the views of the transactors, the system records all uses at purchasers' prices, which include transport costs, trade margins and taxes less subsidies on products, while output is recorded at basic prices, which exclude these elements.

Figure 2.2.3: Gross Value Added by industry, % of total Gross Value Added, 2007



(10.1%) and Ireland (9.9%). Greece (32.6%) and the three Baltic countries account for the largest share of *trade, transport and communication services:* Latvia (31.8%), Lithuania (31.0%) and Estonia (26.9%). The importance of the financial services industry for Luxembourg can be easily confirmed, as *financial services and business activities* make up almost half of its total value added. Malta (27.7%), Denmark (27.0%), Portugal and Denmark (both 26.4%) and Sweden (26.3%) show the largest weights for *other services*.

2.2.4 The expenditure side

This section focuses on the main expenditure components of GDP. *Private final consumption* is by far the largest category and includes the expenditure made by households and non-profit institutions serving households (NPISH[8]). *Government final consumption* comprises the value of goods and services produced by general government itself, other than own-account capital formation and sales, and purchases by the general government of goods and services that are supplied to households. However, cross-country comparisons should be interpreted with caution (see Box 2.2.2). *Gross capital formation* consists of *gross fixed capital formation*, which measures resident producers' acquisitions, less disposals, of fixed assets plus certain additions to the value of non-produced assets, and *changes in inventories*, which measures the value of the entries into inventories less the value of withdrawals and the value of any recurrent losses of goods held in inventories. Finally, the *external balance* represents the difference between *exports and imports of goods and services*[9].

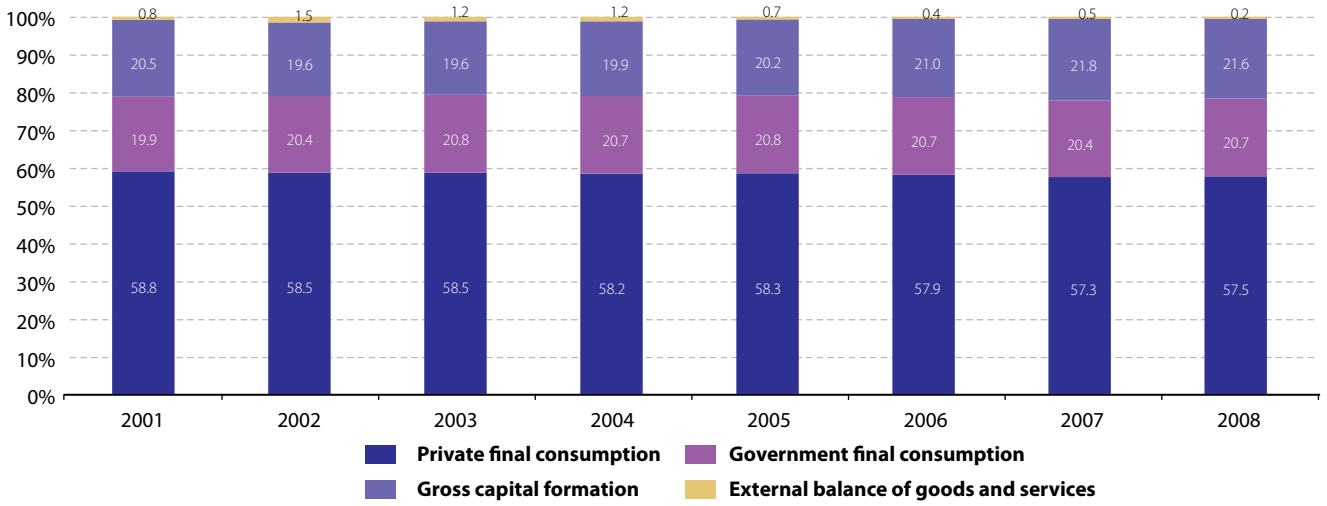
Figure 2.2.4 shows the respective weights of each expenditure component in GDP for the years 2001–2008 for the EU27. As stated earlier, *private final consumption* is by far the most important component representing a little under 60% of GDP throughout the period. Its weight shows overall a slight downward trend during the period analysed. Both *government final consumption* and *gross capital formation* each represent around 20% of GDP. While no clear trend can be discerned for *government final consumption*, the weight of *gross capital formation* increased between 2003 and 2007, reaching a higher weight in 2008 (21.6%) than at the beginning of the reference period in 2001 (20.5%).

However, there are sizeable differences in the weight of expenditure components at individual Member State level. Luxembourg (32.2%) and Ireland (46.2%) show the lowest weights for *private final consumption*. Part of the explanation is that GDP is not the most appropriate measure of these two countries' income levels (see Box 2.2.1). Also, both countries have substantial positive external balances. This is partly explained, in Luxem-

[8] NPISH are private, non-market producers which are separate legal entities. Their principal resources, apart from those derived from occasional sales, are derived from voluntary contributions in cash or in kind from households, from payments made by general governments and from property income. Examples of NPISH are churches, trade unions and political parties.

[9] Exports and imports of goods and services are analysed in detail in Chapter 2.5.

Figure 2.2.4: EU expenditure components, % of GDP, 2001 – 2008



BOX 2.2.2: PRIVATE FINAL CONSUMPTION VERSUS ACTUAL INDIVIDUAL CONSUMPTION AND CROSS-COUNTRY COMPARISONS

There are some caveats to be taken into account before making cross-country comparisons of *private final consumption*. A part of *government final consumption* is made up of purchases by general government of goods and services produced by market producers that are supplied to households; this is called *government individual consumption*. Imagine that we are comparing two countries, one in which the education is paid for directly by households and another in which the government finances education and households do not make any direct payment, although they do indirectly finance education through the tax system. To make a proper comparison of consumption by households between both countries this difference has to be taken into account. It is recommended to use the variable *actual individual consumption,* which is the sum of *private final consumption* and *government individual consumption*. As stated earlier, for a proper cross-country comparison of levels the unit chosen should be amounts converted into PPS. The following table illustrates this situation by comparing the three different consumption items for Austria and Sweden for 2007 in data expressed in PPS per capita:

	Austria	Sweden
Private final consumption	16 400	14 200
Government individual consumption	3 400	5 800
Actual individual consumption	19 800	20 000

This partly explains why *private final consumption* in the United States accounts for a much bigger share of GDP (around 70%) than in the EU27 (around 60%), since some services which are financed by the government sector in the EU are paid directly by households in the United States. However, not all of the difference can be attributed to this factor.

bourg's case, by the significant purchases of fuel, cigarettes and alcohol by non-residents (which is counted as *exports of services*), and by the strong export intensity of foreign multinationals located in Ireland. The Netherlands (46.6%) and Sweden (46.7%) have relatively low shares of *private final consumption*, but relatively high shares of *government final consumption*. At the other end of the scale, Greece (71.2%), Bulgaria (69.1%) and Romania (67.3%) have the highest shares of *private final consumption*, which are partly offset by relatively low *government final consumption* shares. Looking at *gross capital formation*, Latvia (40.4%) and Estonia (37.9%) display the highest shares – as might be expected of very fast growing economies, while the United Kingdom (18.2%) and Germany (18.2%) display the lowest shares.

As other chapters will deal in more detail with some expenditure components (Chapter 2.4 for *private final consumption*, Chapter 2.3 for *government final consumption* and Chapter 2.5 for *exports and imports* of goods and services), the focus of this chapter is on *gross fixed capital formation*.

Figure 2.2.6 shows the breakdown by fixed asset[10] type for the EU in 2001 and 2008. In 2008, more than half of *gross fixed capital formation* was devoted to construction-related fixed assets, either to *other buildings and structures* (29.8%) or *dwellings* (26.5%). *Other machinery and equipment* represented 25.7%, while *transport equipment* and *intangible fixed assets* were less important with 9.4% and 8.5% of total *gross fixed capital formation*, and investments in *cultivated assets* were minor (0.2%).

Figure 2.2.5: Expenditure Components, % of GDP, 2007

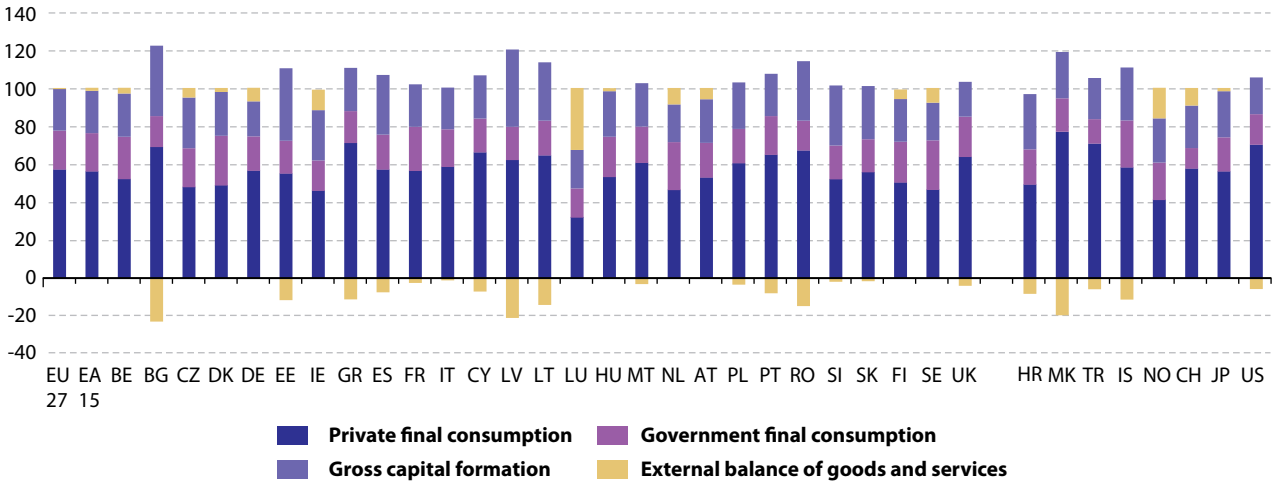
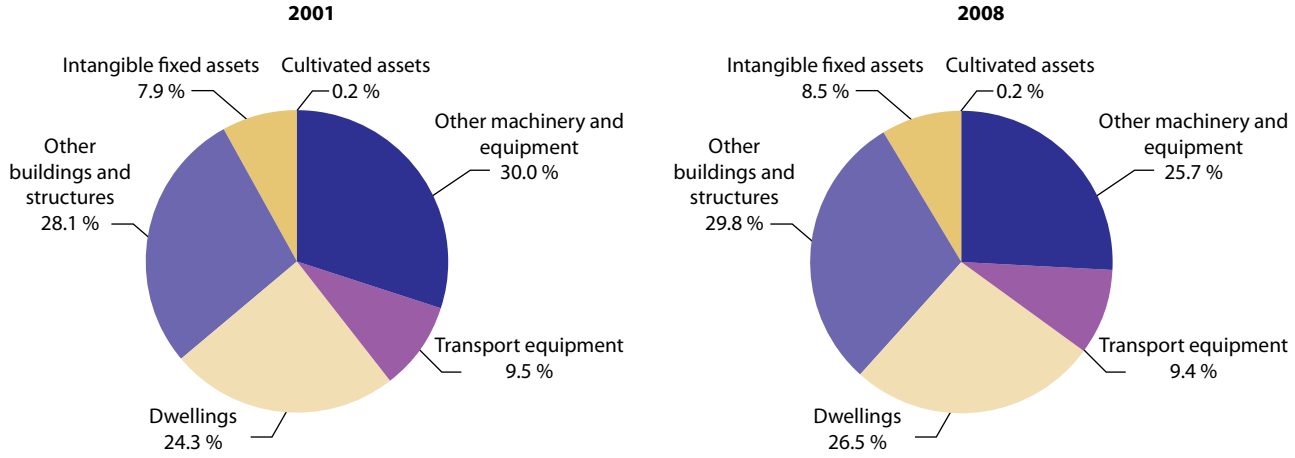


Figure 2.2.6: EU, breakdown of gross fixed capital formation by six fixed asset types



[10] Fixed assets are tangible or intangible assets produced as outputs from processes of production that are themselves used repeatedly, or continuously, in processes of production for more than one year.

When compared with 2001, it can be observed that the weight of categories has shifted to some extent. *Gross fixed capital formation* in *other machinery and equipment* fell by 4.3 percentage points, while the weights of *dwellings* and *other building and structures* increased by 2.1 and 1.7 percentage points respectively. The share of *intangible fixed assets* also increased marginally, by 0.6 percentage points, while for the other two assets, *transport equipment* and *cultivated assets*, the respective shares in the total remained virtually unchanged.

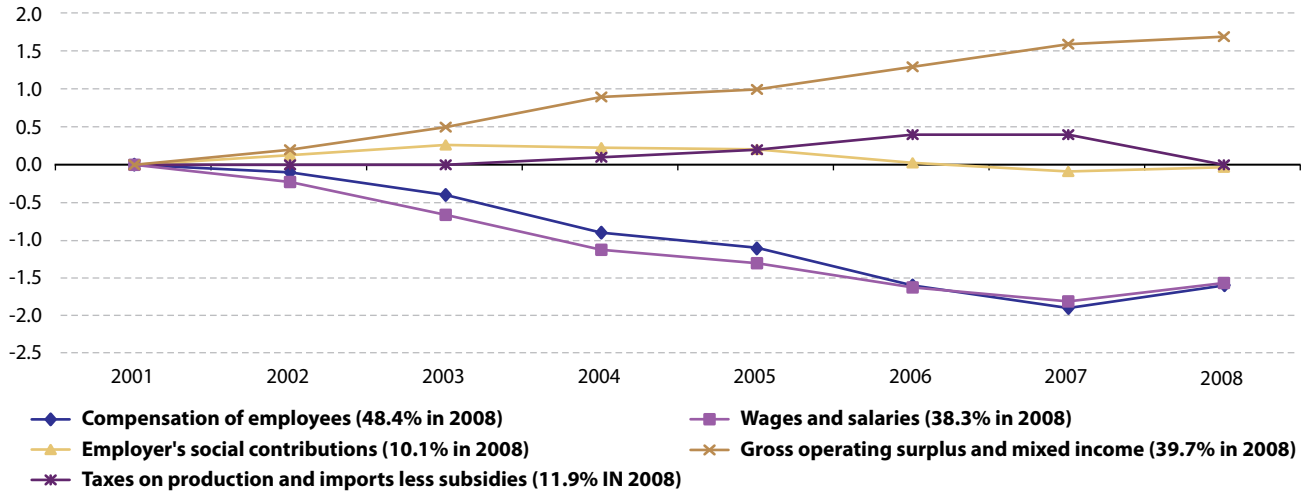
2.2.5 The income side

The income side shows how GDP is distributed among different participants in the production process. The relevant components are the following: (1) *Compensation of employees*, which is the total remuneration, in cash or in kind, payable by an employer to an employee. It can be broken down into *wages and salaries* and *employers' social contributions*. (2) *Gross operating surplus and mixed income*, which is the surplus (or deficit) on production activities before account has been taken of the interest, rents or charges paid or received for the use of assets; plus the remuneration for the work carried out by the owner (or by members of his/her family) of an unincorporated enterprise[11]. (3) *Taxes on production and imports less subsidies*, which consist of compulsory (in the case of taxes) unrequited payments to or from general government or institutions of the EU in respect of the production or import of goods and services, the employment of labour and the ownership or use of land, buildings or other assets used in production.

Figure 2.2.7 illustrates a well-known recent phenomenon which has been discussed at length in the economic literature: namely, a downward trend regarding the *compensation of employees* as a share of GDP that remained intact between 2001 and 2007. The decrease is explained by the *wages and salaries* component, as the weight of *employer's social contributions* did not change much throughout that period. The decrease has been matched by a corresponding increase in the share of *gross operating surplus and mixed income*, while the share of *taxes on production and imports less subsidies* has remained broadly stable over the observation period. The decline in the share of *compensation of employees* contributes to explaining the decline in the share of *private final consumption* commented on in Section 2.2.2. The evolution of *private final consumption* is mainly driven by the change in *household disposable income*, of which *wages and salaries* are the most important component.

Another interesting indicator is the average compensation per employee, which is obtained by dividing the *compensation of employees* by the number of employees[12]. Figure 2.2.8 shows that average compensation per employee in the EU in 2007 was 31.5 thousand euros. The highest values were recorded in Luxembourg (51.9), Belgium (45.9), Denmark (44.6) and Ireland (45.0), while the lowest were found in Bulgaria (3.7), Romania (7.6), Poland (9.4), Lithuania (9.6) and Latvia (10.0).

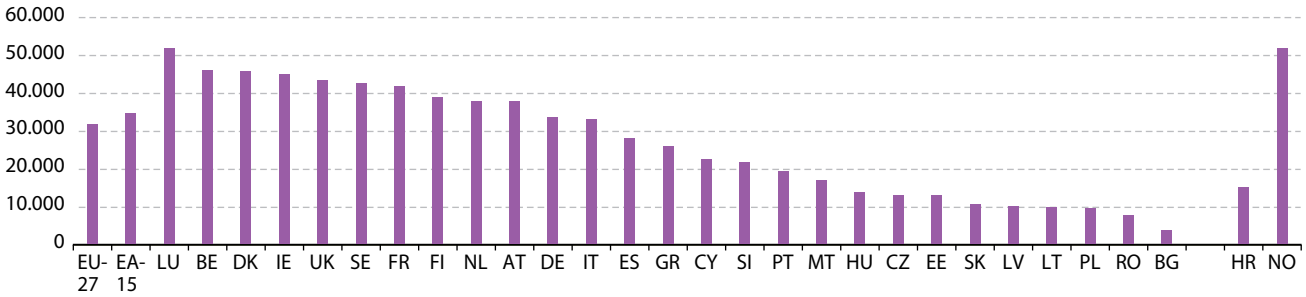
Figure 2.2.7: EU income components, change in their share of GDP
(share in GDP for 2008 in the labels)



[11] This is referred to as 'mixed income' since it cannot be distinguished from the entrepreneurial profit of the owner.

[12] See Chapter 2.6 for more detailed information on employment figures.

Figure 2.2.8: Compensation per employee in euros, 2007

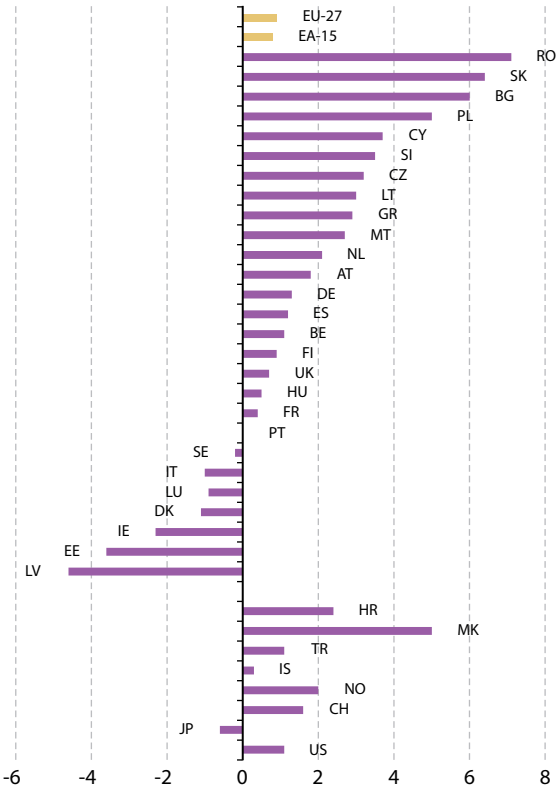


2.2.6 Economic growth

So far the analysis has been restricted to figures in current prices or in PPS, but in order to analyse the behavior of economies over time one needs to use volume changes which exclude price movements (see Box 2.2.3). As seen before, GDP per capita in PPS is a measure for calculating relative income levels, but it is not the most suitable indicator available for observing the increase over time of a country's economic well-being. A country's GDP per capita in PPS is affected by many factors: exchange rate movements, evolution of domestic prices and population changes in that country, plus the same factors in all the other countries included in the comparison. The volume change of GDP is the indicator most used to gauge a country's economic growth.

Figure 2.2.9 gives an overview of GDP volume growth in 2008. Both the EU and the euro area experienced an economic slowdown in 2008 following healthy economic growth in 2007 and 2006. Annual growth rates in the EU and the euro area declined to 0.9% and 0.8% in 2008, after growth rates of respectively 2.9% and 2.6% in 2007 as well as 3.1% and 2.8% in 2006, which were substantially higher than those achieved in the 2001–2005 period. While the economic downturn was a global trend that accelerated with the accentuation of the financial crisis in the second half of 2008, several EU Member States still experienced relatively strong growth in 2008. Romania (7.1%), Slovakia (6.4%), Bulgaria (6.0%) and Poland (4.8%) were the best-performing EU Member States in 2008, while Latvia (-4.6%), Estonia (-3.6%) and Ireland (-2.3%) experienced sharp contractions. GDP volume growth in selected non-EU countries has generally also decelerated significantly compared to previous years, or turned negative – as in Japan's case (-0.6%)[13].

Figure 2.2.9: Volume GDP growth in 2008, percentage change on previous year



The GDP volume change gives a rough indication of the short-term evolution of living standards. But over longer periods the increase in volume GDP does not necessarily translate into an improvement in living standards: changes in population should be taken into consideration. For short-term economic analysis (quarter-on-quarter or year-on-year developments), population changes are relatively small and therefore the GDP volume change in GDP is a very good approximation of the increase in living standards.

[13] For the evolution of GDP volume growth rates over recent yeas see also Annex Table 4.6.

BOX 2.2.3: VOLUME MEASURES AND THE CALCULATION OF AGGREGATES AND CONTRIBUTIONS TO GDP GROWTH

Volume measures have traditionally been expressed in constant prices of a base year (commonly moved ahead every five years). With a view to producing more accurate measures of volume growth, the price base is now updated every year, giving data in previous year's prices, which – together with data expressed at current prices – allow the calculation of volume growth rates. Multiplying successive growth rates, starting from a reference year level, provides a chain-linked volume time series.

Chain-linked volume of year t = Chain-linked volume of year t-1 x (Previous year prices of year t/Current prices of year t – 1)

A fundamental feature of chain-linking is the loss of additivity for all years except the reference year and the year directly following. Consequently, it is not simply a matter of adding up chain-linked data to obtain aggregates, such as the GDP growth of the Baltic countries or the growth rate of industry plus construction, as was done with constant prices. Custom aggregations should be obtained by summing up the components of the desired aggregate at previous year's prices and current prices and subsequently chain-link the series. Not all Member States provide data at previous year's prices, but these can be easily reconstructed from the available data at current prices and chain-linked volume series by using the following reformulation of the above equation:

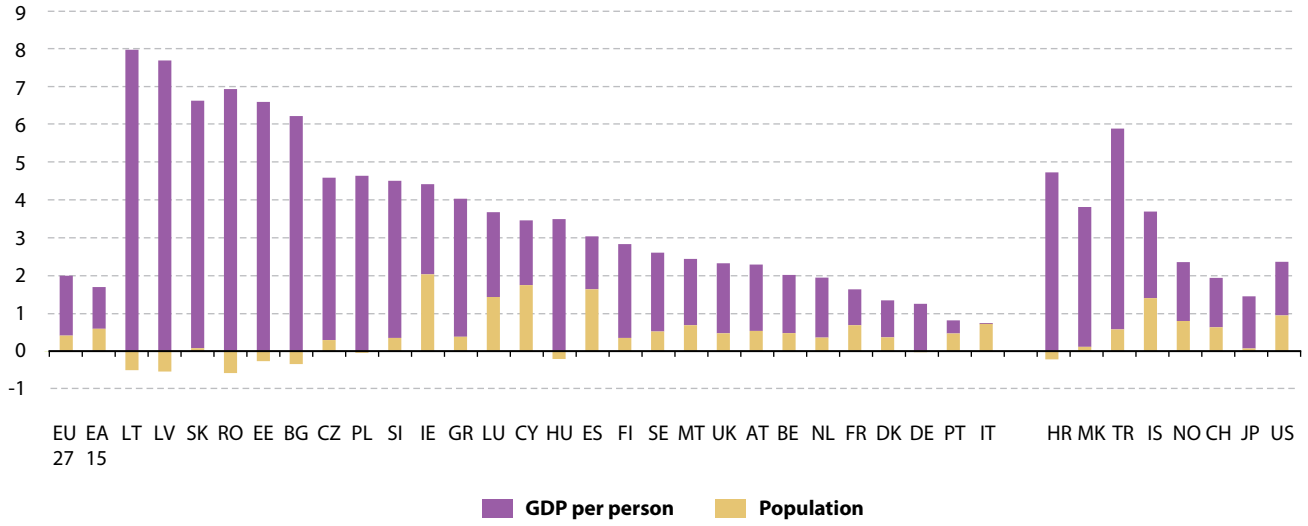
Previous year prices of year t = Chain-linked volume of year t x (Current prices of year t – 1/ Chain-linked volume of year t-1)

The lack of additivity also prevents direct use of chain-linked data to calculate the contributions to GDP growth of individual variables, such as Gross Fixed Capital Formation (GFCF). It would be necessary to combine data at previous year's prices and current prices. For example, to calculate the contribution of GFCF to GDP growth the following expression should be used:

(GFCF at previous year's prices for year t – GFCF at current prices for year t-1) / GDP at current prices for year t-1

Figure 2.2.10 shows the average annual growth of GDP volume broken down into per capita and average population changes for 2001–2008. As can be seen, the EU27 experienced an average annual GDP volume growth rate of 2.0% during the 2001–2008 period, but the average annual GDP volume growth rate per capita was only 1.6%. This was due to a 0.4% average annual increase in population. Most of the "new" 10 Member States are at the top of the ranking, as they have experienced the highest GDP volume growth. Moreover, as in many cases their population decreased, GDP per capita growth often outstripped GDP volume growth in these countries. On the other hand, most of the "old" 15 Member States are at the lower end of the ranking and, with the exception of Germany, GDP growth per capita was lower than GDP growth, as the population increased. Among the non-EU countries represented, GDP volume growth also mostly exceeded GDP per capita growth due to growing populations. In fact, the United States and Japan provide good examples of the shortcomings of focusing on the GDP volume growth rate only. While Japan experienced a significantly lower GDP growth rate than the United States between 2001 and 2008, increases in GDP per capita were similar because the population in the United States grew much more than in Japan.

Figure 2.2.10: Average annual growth of volume GDP for the period 2001–2008



Data are partly estimated or based on forecasts; for further details please consult the tables in annex and/or the Eurostat database.

The following section focuses on the sources of the change in GDP volume per capita, which can be changes in the amount of labour input or changes in labour productivity. We will measure labour input as the number of persons employed[14] and labour productivity as GDP per person employed. During the past 200 years advanced economies' higher living standards have mainly been the result of increased labour productivity. This also holds true for the foreseeable future, since employment cannot be the engine of growth for prolonged periods due to the existence of an upper limit to the labour input as defined by the maximum population. Labour productivity, on the other hand, can grow without such restriction.

In equation 2.2.1, GDP in volume per person is broken down into its components:

$$\frac{\text{GDP}}{\text{population}} = \frac{\text{GDP}}{\text{employment}} \times \frac{\text{employment}}{\text{population}} \quad (2.2.1)$$

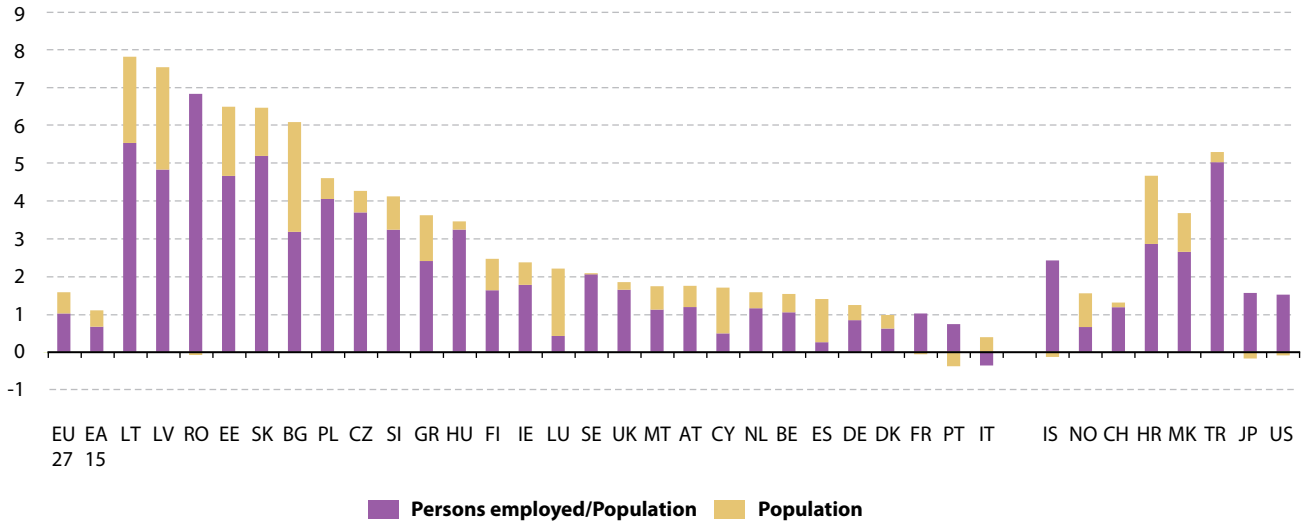
In Figure 2.2.11, GDP in volume per person growth is thus further broken down into the contributions by the growth of labour productivity per person employed and the growth of persons employed divided by the population for the period 2001–2008. Overall, it can be seen that more than two thirds of EU27 and euro area (EA15) growth stemmed from higher labour productivity.

The most impressive gains in productivity were displayed by Romania (+6.9%), Lithuania (+5.5%), Slovakia (+5.2), Latvia (+4.8%) and Estonia (+4.7). The other eastern European new Member States also experienced substantial gains in labour productivity ranging from 4.1% for Poland to 3.2% for Bulgaria. Labour productivity gains in the other EU Member States were more modest, but substantial increases in the number of employed persons in Ireland (+2.6%), Luxembourg (+3.3%), Cyprus (+3.0%) and Spain (+2.8%) contributed to the strong economic performance in these countries. The only EU country that experienced negative labour productivity growth was Italy (-0.4%). The EU candidate countries have also experienced significant productivity gains.

On the other hand, the highest increase in employment ratios was observed for Bulgaria (+2.9%), Latvia (+2.7%), Lithuania (+2.3%), Estonia and Luxembourg (both +1.8%). The respective EU27 and EA15 average growth rates were 0.4% and 0.6% per year. The countries that experienced decreases in their employment ratios were Portugal (-0.4%), Romania and France (both -0.1%). Outside the EU, Island, Japan and the United States also experienced slight declines in their employment ratio.

[14] Hours worked instead of persons employed can be considered a better variable for performing this analysis, but insufficient data coverage does not allow this calculation for many countries.

Figure 2.2.11: Average annual growth of GDP per capita for the period 2001–2008



Employment and labour productivity data are partly estimated or based on forecasts; the average for Romania refers to 2002–2008.

2.2.7 Sector accounts

For about ten years, the annual sector accounts of the EU Member States have been collected according to one common methodology described in the European System of Accounts 1995 (ESA 95)[15].

Since 2006, the non-financial annual sector accounts of the euro area and of the EU have been published by Eurostat, together with the sector accounts of most Member States. Since June 2007, quarterly series have also been released for the euro area and the European Union but without a national breakdown. All these data are available, together with methodological information in English, French and German, on the following website: http://ec.europa.eu/eurostat/sectoraccounts. A synthesis of the methods used to compile European sector accounts on the basis of Member States' data is also provided in European Economic Statistics, 2008 edition (Chapter 3.2), European Communities 2008.

Annual sector accounts represent a wealth of information that make it possible to analyse the economic behaviour of each sector in the economy, mainly non-financial corporations, financial corporations, general government and households. The transactions of the economy as a whole vis-à-vis third countries are recorded in the accounts of the 'rest of the world'.

The behaviour of households and non-financial corporations is particularly relevant for economic analysis. Households are generally the main source of national saving, which itself finances investment in the national economy or abroad. Non-financial corporations are the main driver of investment in productive assets which determines long-term growth to some extent. Considered together, household saving and business investment generally explain the main developments in an economy's lending capacity or borrowing needs.

In addition, sector accounts also give valuable information about how value added is shared among stakeholders. One possible indicator serving this purpose is the profit share, defined as the portion of value added that remunerates capital. This profit share is the complement of wages costs that remunerate labour, plus net taxes on production that (partially) finances government services.

In the following sub-section the saving rate and investment rate of households are commented on, whereas the last sub-section focuses on the investment rate and profit share of non-financial corporations.

For each of the above indicators, disparities across countries are analysed for the reference year 2007, i.e. before the economic turmoil that started in 2008. Movements between 2000 and 2007 are also commented on for each ratio.

Households

The households sector covers individuals or groups of individuals acting as consumers and entrepreneurs provided, in the latter case, that

[15] For more details, see http://forum.europa.eu.int/irc/dsis/nfaccount/info/data/esa95/en/titelen.htm.

their activities as market producers are not carried out by separate entities. In the following, this sector has been merged with the small sector of non-profit institutions serving households (e.g. associations, charities, etc.).

Household saving rate

In national accounts terms, the gross household saving rate is defined as gross saving divided by gross disposable income. The latter has been adjusted to take into account the net increase/decrease in the equity of households in pension fund reserves.

The household saving rate is provided gross, which means before deducting the normal wear and tear of fixed assets, mainly dwellings in this case.

The figure below displays in descending order the saving rates of households as measured in 2007 for all Member States, for which data were available, the euro area (EA15) and the EU27.

As the figure above shows, the household saving rate in 2007 was more than 3 percentage points (pp) higher in the euro area (13.8%) than in the EU (10.8 %). This gap is mainly explained by the low saving rates of Denmark (5.1%) and UK (2.5%).

In the euro area, saving rates were generally high and homogeneous. Only Greece and Finland had a low saving rate, whereas the three largest economies of the euro area (Germany, Italy and France) rank in the top positions.

Member States that are not part of the euro area, the Baltic countries in particular, had the lowest household saving rates (0.8% for Estonia, 0.1% for Lithuania, and even -4.3% for Latvia[16]).

Figure 2.2.12: (Gross) household saving rates in the EU (%, 2007 data if available)

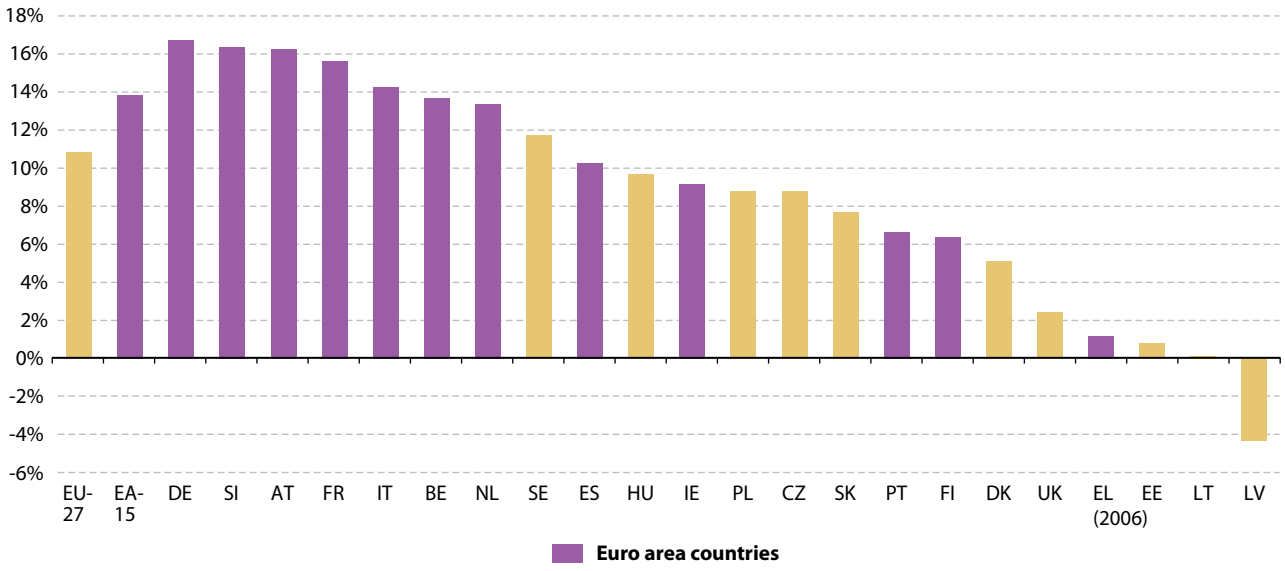


Table 2.2.2: Changes in the gross household saving rates between 2000 and 2007 *(percentage points)*

EU27	EA15	BE	BG	CZ	DK	DE	EE	IE	EL (*)	ES	FR	IT	CY	LV
-0.6%	0.3%	-1.7%	:	0.3%	0.3%	1.6%	-3.2%	:	-1.4%	-0.9%	0.7%	0.1%	:	-7.2%

LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
-6.4%	:	:	:	1.4%	2.4%	-3.6%	-3.6%	:	2.4%	-3.4%	-1.1%	4.3%	-2.2%

(*) change calculated from 2000 to 2007

[16] A negative saving rate means that the household sector as a whole has to borrow to finance part of its current expenditures.

As indicated in Table 2.2.2, the changes over the 2000–2007 period show a significant increase only for Sweden (+4.3 pp).

By contrast, remarkable decreases were recorded in particular for the 'new' Member States such as Poland (-3.6 pp), Slovakia (-3.4 pp) and Baltic countries (-7.2 pp for Latvia and -6.4 pp for Lithuania). In these countries, households increased their final consumption at a higher pace than their disposable income.

Among the 'old' Member States, only Portugal (-3.6 pp) and UK (-2.2 pp) show such strong decreases in their household saving rates.

Household investment rate

The household investment rate is defined as gross investment (gross fixed capital formation; mainly dwellings) divided by gross disposable income. The residual part includes mainly investment in equipment and machinery by self-employed workers and non-profit institutions. Consumer durables (which include passenger cars) are not considered part of households' investment.

In 2007, the household investment rate was 0.6 pp higher in the euro area (10.8%) than in the EU (10.2%). A large number of euro-area countries had a rate above the euro-area average (10.8%). This pattern can be explained by three large heavyweights of the euro area, namely Germany (9.3%), Italy (9.8%) and France (10.2%) having lower rates than many other countries in this zone. Particularly high rates were measured in the two euro-area countries Ireland (24.7%) and Greece (18.9%). Among the non-euro-area countries, only the investment rates of Estonia (14.3%) and Denmark (12.7%) exceeded the EU average. The lowest rates were recorded in Sweden (5.7%), Lithuania (6.9%) and Poland (7.6%), none of which belong to the euro area.

Over the 2000–2007 period, higher increases were measured in the EU (+1.1 pp) than in the euro area (+0.7 pp). The two Baltic countries, Estonia (+8.8 pp) and Latvia (+6.2 pp), had rates far above the other EU countries. They were followed by the two euro-area members Greece and Spain, both at +4.3 pp. None of the EU Member States showed a significant decrease during this period. The largest fall was measured in Portugal (-3.0 pp).

Figure 2.2.13: (Gross) household investment rates in the EU (%, 2007 data if available)

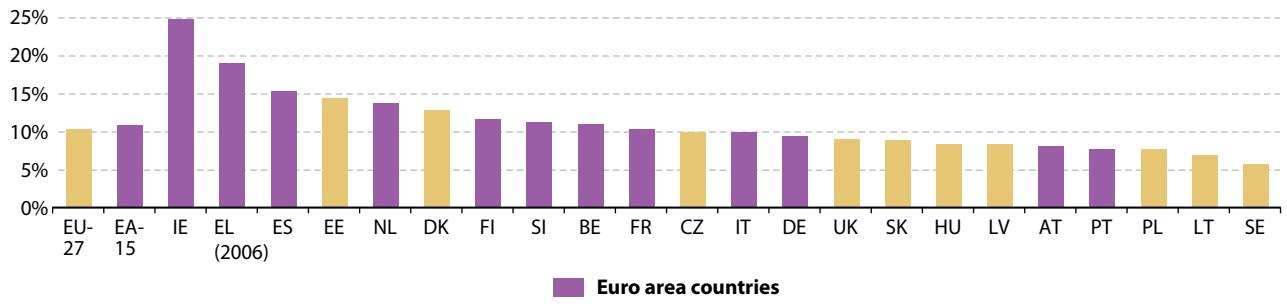


Table 2.2.3: Changes in the gross household investment rates between 2000 and 2007 *(percentage points)*

EU27	EA15	BE	BG	CZ	DK	DE	EE	IE	EL (*)	ES	FR	IT	CY	LV
1.1%	0.7%	2.2%	:	0.9%	1.6%	-1.6%	8.8%	:	4.3%	4.3%	1.6%	0.7%	:	6.2%

LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
1.6%	:	:	:	1.5%	-0.6%	1.0%	-3.0%	:	1.9%	-1.6%	1.2%	2.2%	3.1%

(*) change calculated from 2000 to 2007

Non-financial corporations

The non-financial corporations sector covers enterprises whose principal activity is the production of goods and non-financial services to be sold on the market. It includes incorporated enterprises, but also unincorporated enterprises as long as they keep a complete set of accounts and have an economic and financial behaviour that differs from that of their owners. Small businesses such as self-entrepreneurs are recorded under the households sector.

Business investment rate

The investment rate can be used as an indicator to analyse the propensity of this sector to invest (in buildings, machinery, etc.) and thus to contribute to the long-term growth of the economy. It is defined as gross investment (fixed capital formation) divided by gross value added. By gross, we mean that the amount of fixed assets used up during the year as a result of normal wear and tear is not deducted.

In Figure 2.2.14, the investment rate of non-financial corporations is displayed for all available Member States, the EA15 and the EU27.

The business investment rate in the EU was the same as in the euro area (23.3%). Among the non-euro-area countries, the Member States that joined the EU in 2004 generally had high investment rates. In particular, this was the case for Latvia (38.9%), Slovakia (38.5%) and Estonia (31.2%).

By contrast, only a few EU15 Member States still have high investment rates, notably Spain (37.1%) and, to a lesser extent, Austria (29.2%) and Greece (28.9%).

Figure 2.2.14: (Gross) investment rates of non-financial corporations in the EU (%, 2007 data if available)

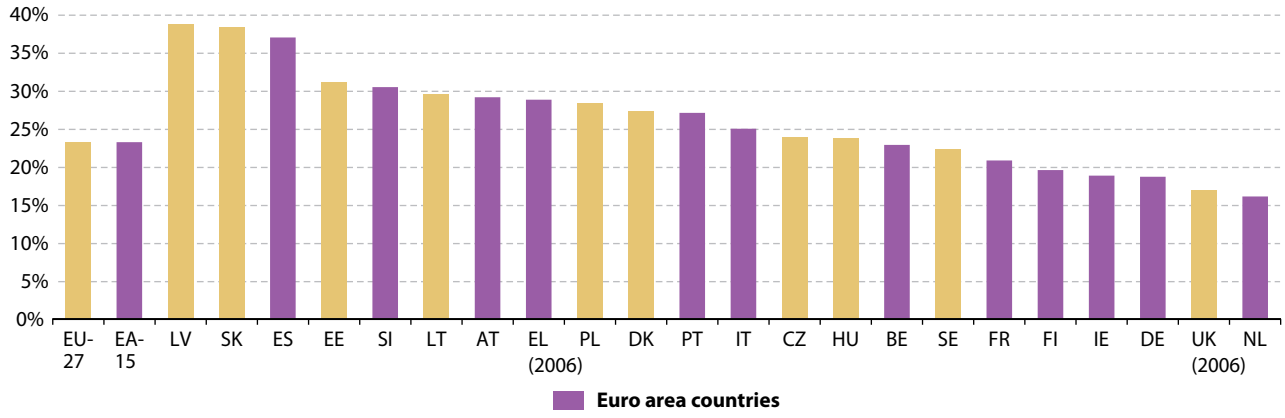


Table 2.2.4: Changes in the business investment rates between 2000 and 2007
(in percentage points)

EU27	EA15	BE	BG	CZ	DK	DE	EE	IE	EL (*)	ES	FR	IT	CY	LV
0.2%	0.2%	-0.4%	:	-9.2%	2.0%	-2.3%	-0.2%	:	5.5%	6.7%	1.1%	1.2%	:	3.0%

LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK (*)
5.3%	:	:	:	-2.1%	-2.2%	-9.7%	-5.8%	:	-1.1%	6.2%	-0.2%	-0.7%	-1.6%

(*) change calculated from 2000 to 2007

Turning to the dynamics of investment rates, as outlined in Table 2.2.4, it can be observed that the same slight increase was recorded in the euro area and in the EU (+0.2 pp). At country level, a significant fall was observed for Poland (-9.7 pp) and in the Czech Republic (-9.2 pp). A sizeable decrease was also measured in Portugal (-5.8 pp). A large surge in investment rates was observed in four countries, namely Spain (+6.7 pp), Slovakia (+6.2 pp), Greece (+5.5 pp) and Lithuania (+5.3 pp).

Business profit share

Another important variable derived from the sector accounts is the profit share of the non-financial corporations measured as their gross operating surplus divided by gross value added. This indicator measures the portion of value added that remunerates the capital. When related to investment rates, it helps us to understand whether firms' investment behaviour is linked to their current/past profit shares.

The profit share of non-financial corporations was 0.7 pp higher in the euro area (39.3%) than in the EU (38.6%). Low rates were observed for France (31.2%), Sweden (31.8%) and the UK (34.5%). At the other extreme, the highest profit shares were measured in Greece (56.3%), Malta (55.1%), Ireland (54.1%) and Slovakia (53.6%).

Profit shares increased by 1.7 pp in the EU and 1.6 pp in the euro area between 2000 and 2007. An outstanding increase was recorded in Poland (+11.1 pp), followed by Slovenia (+6.1 pp), Germany (+5.2 pp) and Slovakia (+5.1 pp). Sizeable decreases can be observed in Latvia (-5.8 pp), Denmark (-5.2 pp), Italy (-4.3 pp) and Estonia (-3.6 pp).

Figure 2.2.15: (Gross) profit shares of non-financial corporations in the EU (%, 2007 data, if available)

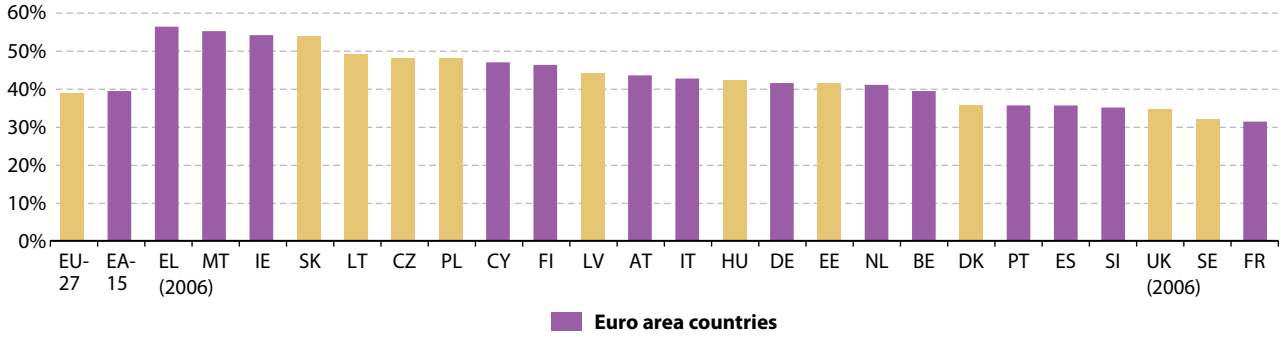


Table 2.2.5: Changes in the profit share of non-financial corporations between 2000 and 2007 *(percentage points)*

EU27	EA15	BE	BG	CZ	DK	DE	EE	IE	EL (*)	ES	FR	IT	CY	LV
1.7%	1.6%	4.1%	:	0.4%	-5.2%	5.2%	-3.6%	:	-2.2%	-0.3%	0.0%	-4.3%	:	-5.8%

LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK (*)
-2.4%	:	:	:	1.9%	3.8%	11.1%	-1.2%	:	6.1%	5.1%	0.5%	1.5%	0.8%

(*) change calculated from 2000 to 2007

2.2.8 Regional GDP

Map 2.2.1 provides an overview of the regional distribution of per capita GDP for 2006 (as a percentage of the EU average of 23 600 expressed in PPS) for the European Union, Croatia and the former Yugoslav Republic of Macedonia. It ranges from 25% of the EU average (PPS 5 800) per capita in north-east Romania to 336% (PPS 79 400) per capita in the UK capital region of Inner London. The difference between the two ends of the range is therefore 13.6 to 1. Luxemburg, at 267% (63 100 PPS) and Brussels at 233% (55 100 PPS) follow in second and third places, and Hamburg at 200% (47 200 PPS) and Groningen at 174% (41 000 PPS) take fourth and fifth places.

The most prosperous regions are situated in southern Germany, in the south of the UK, in northern Italy and in Belgium, Luxembourg, the Netherlands, Austria, Ireland and Scandinavia. The capital regions of Madrid, Paris and Prague also fall into this category. Most of the economically weaker regions are in the southern and south-western periphery of the EU, in eastern Germany and the new Member States as well as in Croatia and the former Yugoslav Republic of Macedonia.

Prague (Czech Republic), the region with the highest GDP per inhabitant in the new Member States, has already risen to twelfth place with 162% of the EU average (PPS 38 400), and Bratislavský kraj (Slovakia) with 149% (PPS 35 100) has reached nineteenth place out of the 275 level-two regions of the EU27, Croatia and FYROM. However, these two regions are exceptions in the "new" Member States, as the next ones are lagging far behind: Közép-Magyarország (Hungary) at 106% (24 900 PPS) in 101st place, Zahodna Slovenija (Slovenia) at 105% (24 900 PPS) in 103rd place and Cyprus at 90% (21 300 PPS) in 161st place. With the exception of three other regions (Mazowieckie in Poland, Malta and Bucuresti-Ilfov in Romania), all the remaining regions of the new Member States, Croatia and the former Yugoslav Republic of Macedonia have a GDP per inhabitant of less than 75% of the EU27 average.

If the 275 regions are divided into classes according to their GDP (in PPS) per inhabitant, the following picture emerges: in 2006, GDP in 72 regions was less than 75% of the EU average. These 72 regions account for 25.2% of the population, of which three quarters are in the new Member States and in Croatia and the former Yugoslav Republic of Macedonia, and one quarter in EU15 countries. 11.5% of the population live in regions whose per capita GDP is less than 50% of the EU average; all of these regions are in the new Member States, Croatia and the former Yugoslav Republic of Macedonia.

At the upper end of the spectrum, 41 regions have a per capita GDP of more than 125% of the EU average. 20.1% of the population live in these regions. A total of 54.7% of the population, i.e. a significant majority, live in regions with a per capita GDP between 75% and 125% of the EU average.

A comparison of the ranges between 2001 and 2006 shows that the gap between the most and the least prosperous of the 275 regions is continuing to narrow. While the difference between the two ends of the range was 16.0 to 1 in 2001, it decreased to 13.6 to 1 for 2006.

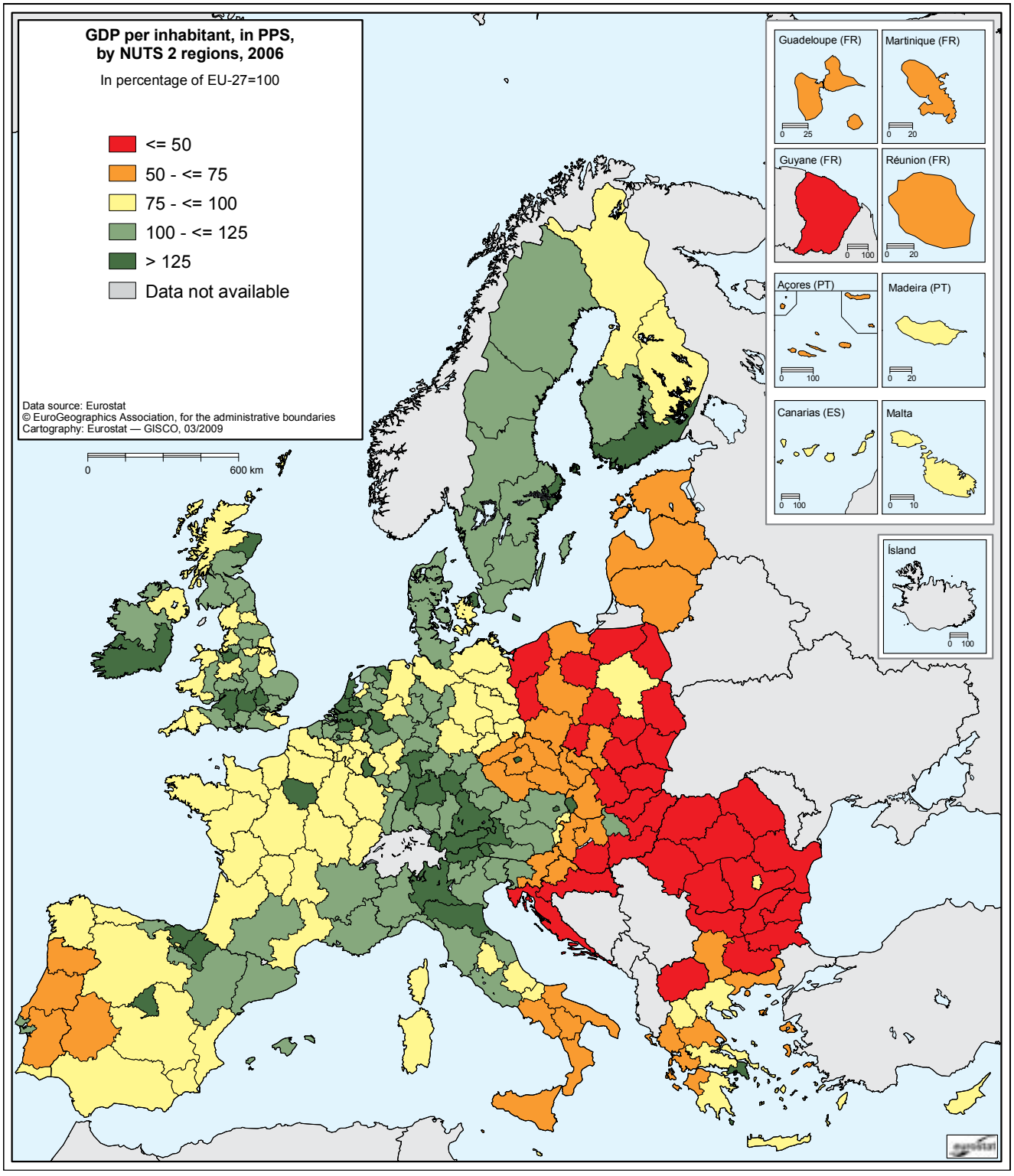
There are also substantial regional differences within countries themselves. In 2006, the highest per capita GDP was more than twice the lowest in 13 of the 22 countries with more than one NUTS-2 region. This group includes six of the eight "new" Member States and Croatia but only seven of the 14 EU15 Member States.

The largest regional differences are in the United Kingdom and France, where there is a factor of 4.3 and 3.5 respectively between the two extreme values, and in Romania where the factor is 3.4. The lowest values can be found in Slovenia with a corresponding factor of 1.5, and in Ireland and Sweden (both at 1.6). Moderate regional disparities in per capita GDP (i.e. factors of less than 2 between the highest and the lowest value) are found only in the EU15 Member States and in Slovenia.

In all the new Member States, in Croatia and in a number of the EU15 Member States, a substantial share of economic activity is concentrated in the capital regions. As a result, in 19 of the 22 countries included here in which there is more than one NUTS 2 region, the capital regions are also the regions with the highest GDP per inhabitant. For example, Map 2.2.1 clearly shows the prominent position of the regions of Brussels, Sofia, Prague, Athens, Madrid, Paris, Lisbon, as well as Budapest, Bratislava, London, Warsaw, Bucharest and Zagreb.

A comparison of the ranges between 2001 and 2006, however, shows that developments in the EU15 were significantly different to those in the new Member States. Whilst the ranges between the regional extremes in the new Member States tended to increase, they decreased in every second EU15 country.

Map 2.2.1: GDP per inhabitant, in PPS, by NUTS 2 regions, 2006
In percentage of EU-27=100



2.3. Public finances

Governments play a key role in economies, by providing public services and redistributing income. The way in which they finance their activities (with taxation or borrowing) and the scale, pattern and purpose of their expenditure has a major impact on other economic actors. In the European Union there is particular interest in government fiscal policy owing, among other things, to the excessive deficit procedure and the debate on the sustainability and quality of public finances. These aspects are monitored within the framework of the Stability and Growth Pact and other initiatives.

This section analyses the finances of EU governments over recent years. The data concern the general government sector, as defined in the European System of Accounts (see box 2.3.1 for further details).

BOX 2.3.1. DEFINITION OF THE GENERAL GOVERNMENT SECTOR

In the European System of Accounts (ESA95, paragraph 2.68) the 'general government' sector is defined as containing *'all institutional units which are other non-market producers whose output is intended for individual and collective consumption, and mainly financed by compulsory payments made by units belonging to other sectors, and/or all institutional units principally engaged in the redistribution of national income and wealth'.*

The main functions of general government units are therefore:

- to organise or redirect flows of money, goods and services or other assets among corporations, among households or between corporations and households for the purpose of social justice, increased efficiency or other aims legitimated by the citizens (redistribution of national income and wealth), for example corporate income tax paid by companies used for financing unemployment benefits, or social contributions of employees paid for financing pension systems;
- to produce goods and services to satisfy households' needs (e.g. State health care) or simultaneously meet needs of the whole community (e.g. defence, public order and safety).

By convention, the general government sector includes all public corporations that are not able to cover at least 50 % of their costs by sales and are therefore considered non-market producers.

Government expenditure[17]

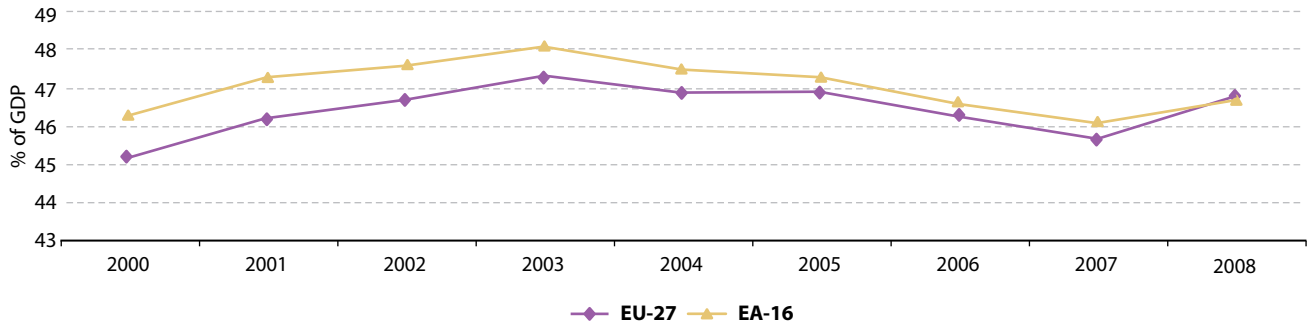
a. General trends and structure

Total general government expenditure (as defined in box 2.3.2) in the EU stood at 46.8 % of GDP in 2008. In the 2000 to 2008 period total government expenditure peaked in 2003 both in the EU and in the euro area (EA16) countries and then decreased continuously up to 2007 (with a stable period between 2004 and 2005 in the EU27 countries). Between 2007 and 2008 total government expenditure increased sharply – by 1.1 percentage points of GDP in the EU27 and by 0.6 percentage points in the EA16 countries (see Figure 2.3.1).

A large proportion of government expenditure (41.7 % of the EU total) in 2008 was for redistribution of income in the form of social transfers in cash or in kind. Around 36 % was spent on compensation of employees (22.4 %) and intermediate consumption (13.7 %). Interest on borrowing and rent paid by government accounted for 5.9 % of the total, while public investment spending (acquisitions less disposals of fixed assets gross of consumption of fixed capital) took another 5.7 %. The remainder was for other current transfers (4.6 %), subsidies (2.5 %) and other components such as capital transfers and taxes paid (3.6 %). In the euro area the share of social transfers in total government expenditure was just under 4 percentage points larger than in the EU (see Figure 2.3.2).

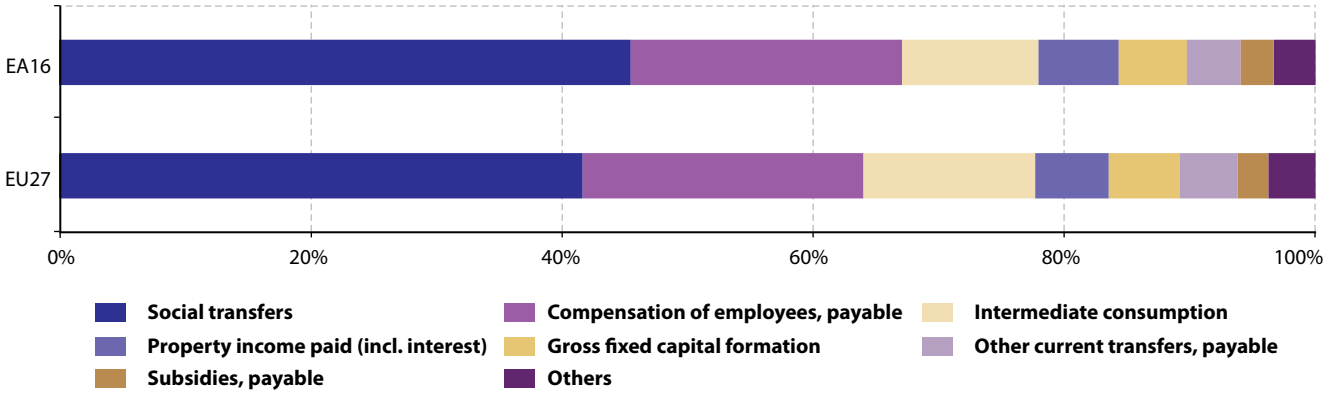
[17] For a formal definition of government expenditure, please see box 2.3.2.

Figure 2.3.1: Total general government expenditure in the European Union and in the euro area over the period 2000-2008



Source: Eurostat

Figure 2.3.2: Composition of total government expenditure in EU27 and in the euro area in 2008



Source: Eurostat

b. Inter-country comparisons

Nine Member States recorded total general government expenditure above the EU27 average in 2008, as a share of GDP. The highest level, at 53.1 % of GDP, was recorded in Sweden followed by France (52.7 %) and Denmark (51.7 %). The lowest general government expenditure in 2008 was recorded in Slovakia, with 34.9 % of GDP, followed by Lithuania, Bulgaria, Romania and Latvia – all with general government expenditures below 40 % of GDP in 2008.

Compared to the situation in 2007, all but three Member States increased or maintained their level of government expenditure. Increases of over five percentage points of GDP were recorded in Estonia (5.4) and Ireland (5.3). However, it has to be noted that both countries previously had consistently very low levels of total general government expenditure as measured in percentage of GDP and that the relative importance of government expenditure is still well below the EU average. At the other end of the spectrum, three countries decreased their levels of government expenditure from 2007 to 2008: Bulgaria reported a sharp decrease of 4.1 percentage points. In Bulgaria, 2007 represents the year in which government expenditures had an unusually high share of GDP in the period 2000-2008. The Czech Republic and Germany reported slight decreases of 0.2 and 0.3 percentage points of GDP respectively. Both these countries have steadily decreased the share of government expenditure over the last five years. A similar trend was recorded in Austria between 2004 and 2007; however, the share of total general government expenditure there remained unchanged between 2007 and 2008.

BOX 2.3.2. GOVERNMENT REVENUE AND EXPENDITURE

To ensure consistency between national accounts logic expressed in the sequence of accounts (production, generation, distribution, redistribution and use of income, accumulation and financing) and from a government budget perspective (government spending and revenue), two additional concepts are defined in ESA95 with reference to national accounts categories:

Government revenue as the sum of:

- sales consisting of market output, output for own final use and payments for other non-market output,
- taxes on production and imports,
- other subsidies on production receivable,
- property income,
- current taxes on income, wealth, etc.,
- social contributions,
- other current transfers,
- capital transfers.

Government expenditure as the sum of:

- intermediate consumption,
- gross capital formation,
- compensation of employees, payable,
- other taxes on production,
- subsidies payable,
- property income paid (including interest),
- current taxes on income, wealth, etc.,
- social benefits other than social transfers in kind,
- social transfers in kind related to expenditure on products supplied to households via market producers,
- other current transfers payable,
- adjustment for the change in net equity of households in pension funds reserves,
- capital transfers payable,
- acquisitions less disposals of non-financial non-produced assets (public investment spending).

By convention, internal transactions inside the general government sector, i.e. between different sub-sectors or between different general government units belonging to the same sub-sector, related to property income, other than current transfers and capital transfers, are excluded from government revenue and expenditure.

Comparing the share of general government expenditure in 2008 to the peak recorded in 2003 for the EU27 and EA16, the majority of Member States achieved a decrease compared to that period. The biggest decrease was recorded in Slovakia, where total general government expenditure decreased by 5.2 percentage points of GDP over this period.

Among the EFTA countries, 2008 total government expenditure data was only available for Iceland and Norway. Total government expenditure in Norway in 2008 was 40.1 % of GDP. Since 2003 Norway has decreased its government expenditure's share of GDP by 8.1 percentage points. In Iceland, government expenditure stood at 42.5 % of GDP in 2007 and increased by 15.2 percentage points to 57.7 % of GDP in 2008[18]. In Switzerland, government expenditure accounted for 33.7 % of GDP in 2006 (the latest year for which figures are available).

Government expenditure per inhabitant averaged around 11,750 euro in the EU in 2008 and differed significantly between Member States. In Luxembourg, in 2008 the government spent over 30,500 euro per inhabitant[19], the highest value in the EU, whereas for Bulgaria the figure was 1,659 euro. Government spending per inhabitant was below 10,000 euro in all the Member States that have joined the EU since 1 May 2004 (the Central and

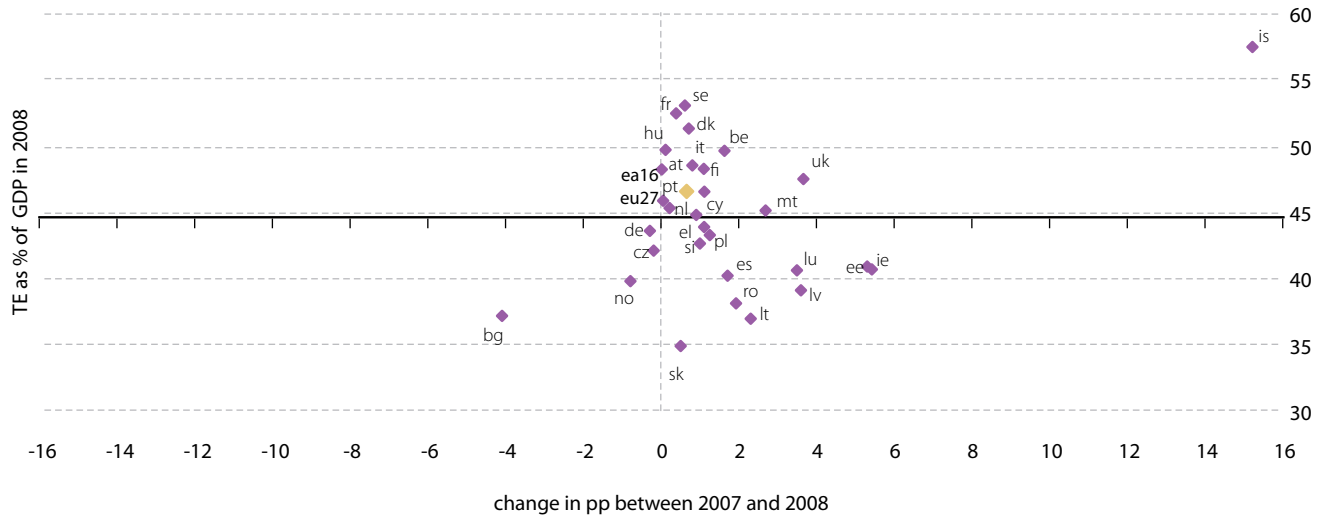
[18] This was partly due to the inclusion of the central government's assumption of debt of 1.3 billion euro in 2008.

[19] This figure for Luxembourg (and also the equivalent figure for revenue below) is inflated owing to the fact that a significant proportion of the Luxembourgish labour force is non-residents

Eastern European countries, Malta and Cyprus) as well as in Spain, Greece and Portugal. In 2008 the four most populous Member States (Germany, France, Italy and the United Kingdom) spent between 12,793 euro per inhabitant in Italy and 16,082 euro per inhabitant in France.

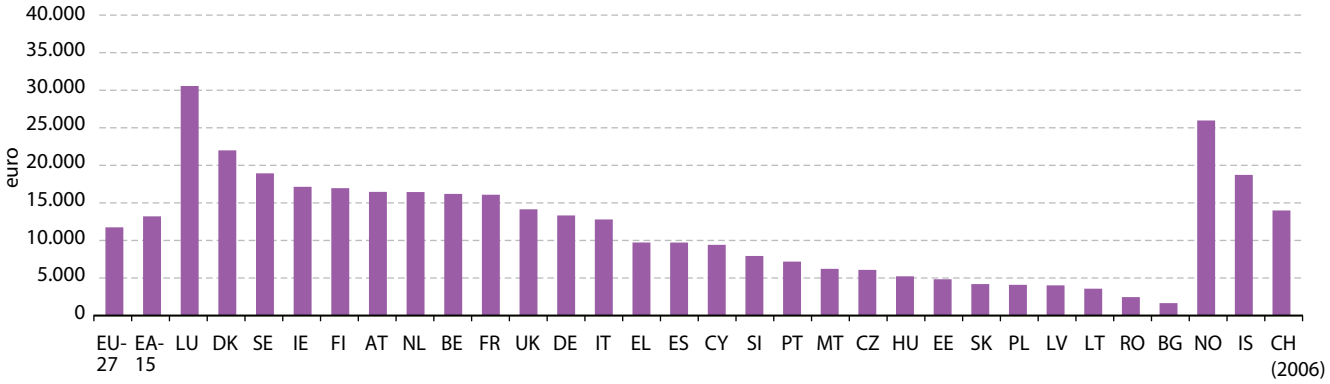
Of the EFTA countries, Norway and Iceland recorded government expenditure of about 25,960 euro and 18,720 euro per inhabitant respectively in 2008. Switzerland also recorded values above the EU average for the latest year for which data were available (2006).

Figure 2.3.3: Government expenditure as a percentage of GDP in 2008 and its change between 2007 and 2008 in percentage points of GDP



Source: Eurostat

Figure 2.3.4: Government expenditure in euro per inhabitant in 2008

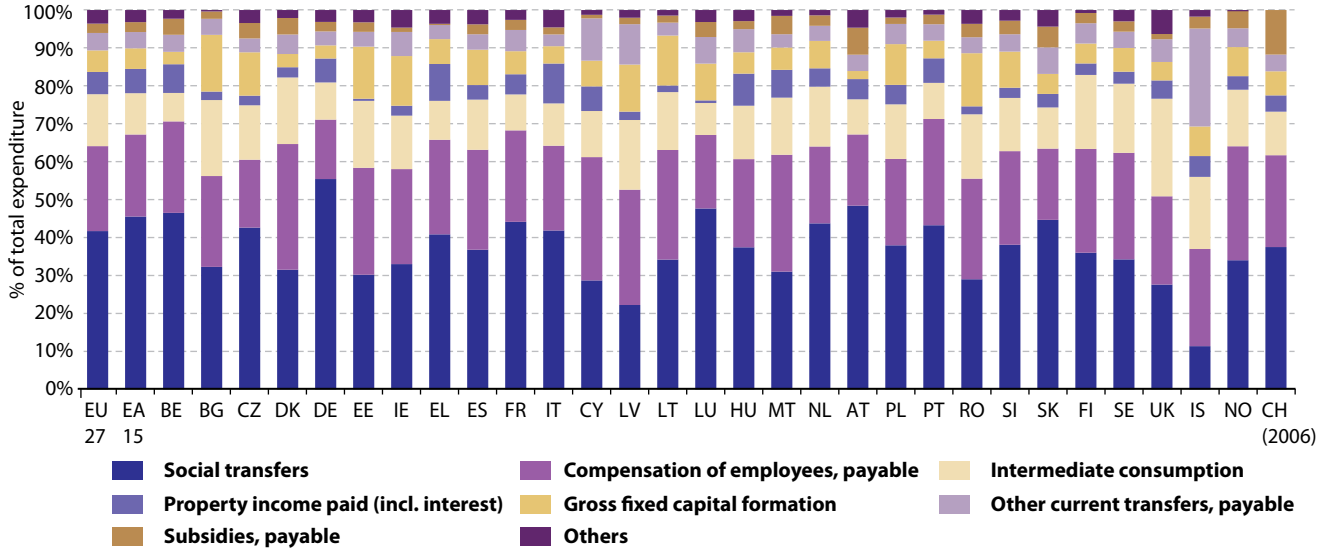


Source: Eurostat

An analysis of the composition of total expenditure in individual Member States in 2008 gives rise to the following observations[20]:

- Belgium, the Czech Republic, Germany, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Slovakia spent more than the EU average of 41.7 % of their total government expenditure on redistributive transactions (social transfers), with Germany the highest at over 55.5 %, whereas in Cyprus, Latvia and Romania the share of social transfers was below 30 %, the lowest being in Latvia with 22.3 %.
- The share of compensation of government employees was greatest in Denmark and Cyprus (33.1 % and 32.5 % respectively), and also exceeded 30 % in Latvia and Malta. However, in the Czech Republic, Germany, Luxembourg, Austria and Slovakia it was below 20 %.
- Intermediate consumption (purchases of non-capital goods and services) was a relatively small item of government spending in Belgium, Germany, France, Luxembourg, Austria and Portugal, with a share of total expenditure below 10 %, whereas in Bulgaria its share in 2008 reached 20 % and in Finland it amounted to just below 20 %.
- Interest payments (making up most of the component 'property income, paid, including interest') had a relatively large share of total government expenditure in countries with a high level of government debt, such as Italy (10.5 %), Greece (9.7 %) and Hungary (8.5 %), and a very low share in Member States with a low level of government debt, in particular Estonia, Lithuania and Luxembourg (with shares not exceeding 2 %).
- The EU Member State allocating the largest share of government spending to investment was Bulgaria, followed by Romania, Estonia, Lithuania and Ireland (all above 13 %). The share of investment was below the EU27 average (5.7 %) in ten Member States: Belgium, Denmark, Germany, Italy, Hungary, Austria, Portugal, Slovakia, Finland and the United Kingdom, but in 2008 Austria was the only Member State where it was below 3 %.
- The share of other current transfers was relatively high in Cyprus and Latvia (above 10 %), whereas the share of government spending on subsidies and on capital transfers was relatively important in the Czech Republic, Ireland, Austria, Slovakia and the United Kingdom (see Figure 2.3.5).

Figure 2.3.5: Main components of government expenditure in 2008



Source: Eurostat

[20] The United Kingdom and Greece are excluded from the analysis of shares of social transfers and intermediate consumption in total government expenditure. For these countries, social transfers are underestimated and intermediate consumption is overestimated due to the statistical treatment of social transfers in kind related to expenditure on products supplied to households via market producers.

In Norway, the share of social transfers in total government expenditure in 2008 was 34.1 %, compensation of employees amounted to 30 % and intermediate consumption to nearly 15 %, followed by investment (7.7 %), other current transfers (5 %), subsidies (4.6 %) and property income paid (including interest) (3.6 %). In Iceland, other current transfers and compensation of employees were the predominant type of government expenditure in 2008 (25.8 % and 25.6 % of the total respectively). Social transfers made up just 11.4 % of total government expenditure, by far the lowest figure among the countries on which data are available. In Switzerland (2006 data) the level of social transfers was slightly higher than in Norway (36.4 %).

Government revenue[21]

a. General trends and structure

Total general government revenue in the EU amounted to 44.5 % of GDP in 2008, a decrease of 0.4 percentage points of GDP from the levels of 2006 and 2007. Between 2000 and 2004 total government revenue in the EU decreased from 45.4 % of GDP to a low of 44 % of GDP in 2004. It subsequently increased by just less than one percentage point of GDP between 2004 and 2006. The same trend can be observed for total general government revenue in the euro area. While total general government revenue remained slightly higher in euro area countries than for the EU as a whole, this difference decreased over the period 2000-2008.

The evolution of total revenue in the EU and in the euro area, as presented in Figure 2.3.6, can be explained by the behaviour of its main components over this period: taxes and social contributions (see Figure 2.3.11 and 2.3.13).

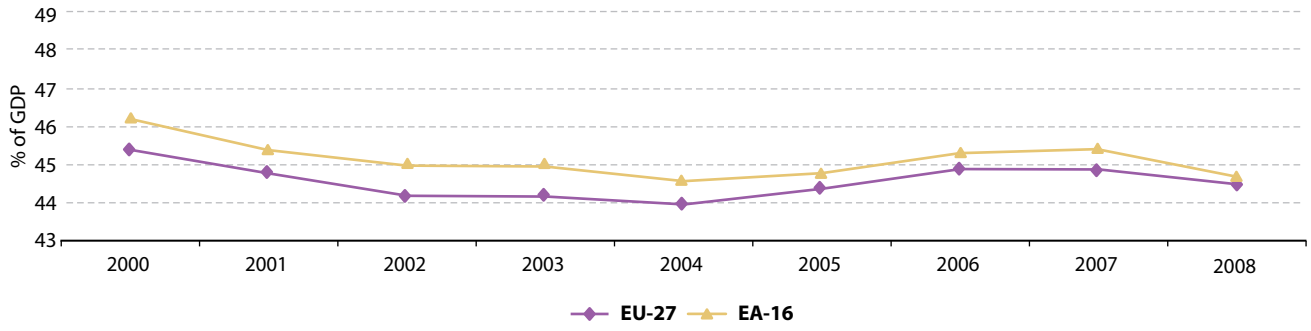
EU governments collect most of their revenue (just under 60 % on average) in the form of taxes and a further 30.8 % as social contributions. Taxes on production and imports and taxes on income and wealth, etc. yield, on average, roughly equal shares of total taxes received – they each make up about 29 % of total government revenue. Taxes on capital make up less than 1 % of total government revenue in the EU. The share of revenue from sales of products and services by government is around 5 %, whereas around 2.4 % of revenue comes from rents and interest received (property income) and another 2 % from current and capital transfers.

b. Inter-country comparison

Figure 2.3.8 presents total government revenue as a percentage of GDP in particular Member States, as recorded in 2008, and its change in percentage points of GDP compared to 2007. It groups Member States into four categories:

– Countries where total general government revenue as a percentage of GDP is higher than the EU average and where total revenue as a percentage of GDP has fallen since 2007: France, Italy, Cyprus and Sweden, with Sweden recording the highest level of government revenue in the EU at 55.7 %.

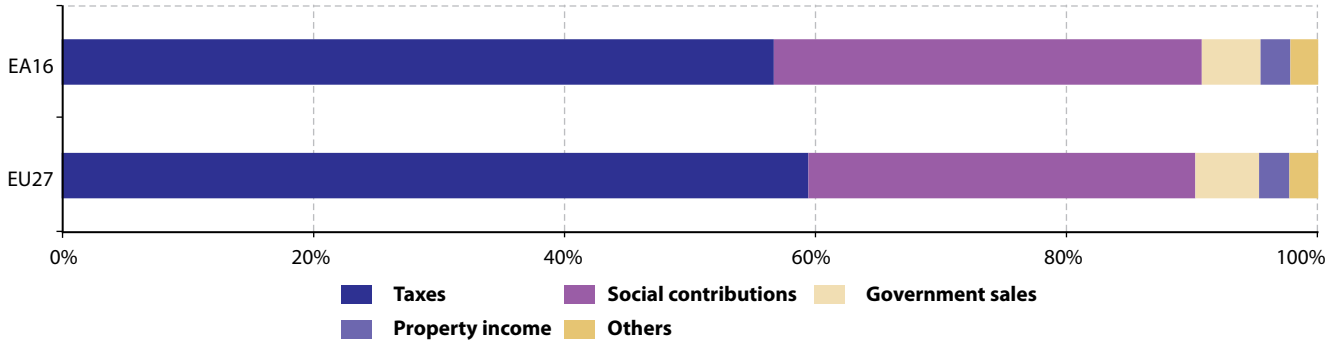
Figure 2.3.6: Total general government revenue in the European Union and in the euro area over the period 2000-2008



Source: Eurostat

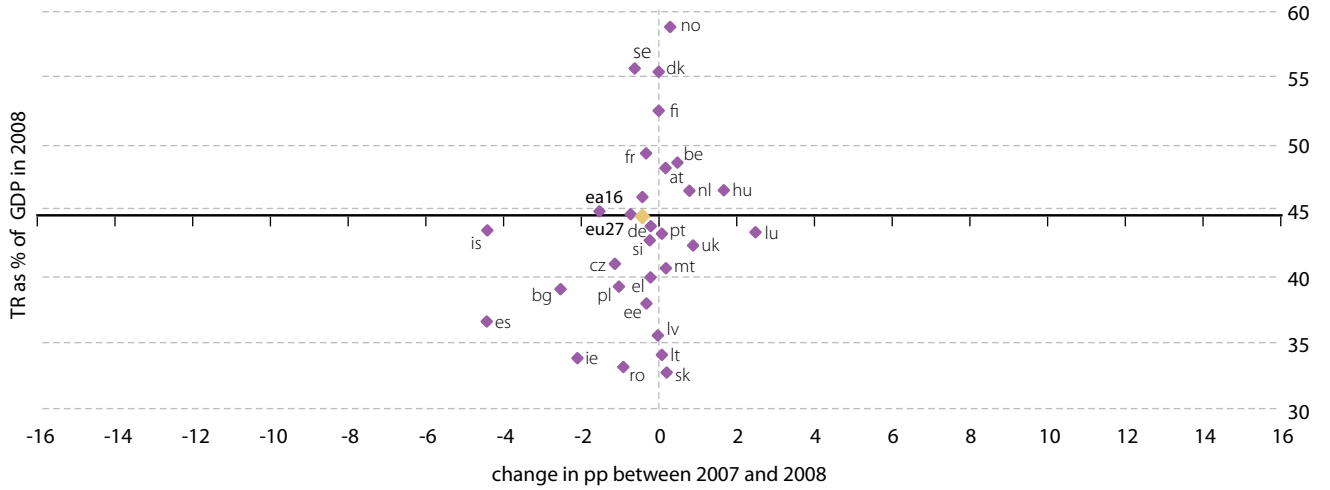
[21] For a formal definition of government revenue, see box 2.3.2.

Figure 2.3.7: Composition of total revenue in the European Union and in the euro area in 2008



Source: Eurostat

Figure 2.3.8: Total government revenue as a percentage of GDP in 2008 and its change since 2007 in percentage points of GDP



Source: Eurostat

– Countries that recorded total government revenue above the EU27 average in 2008 and at a higher or equal level (relative to that year's GDP) than in 2007: Belgium, Denmark, Hungary, the Netherlands, Austria and Finland.

– Countries with total revenue as a percentage of GDP lower than the EU average and where it has fallen since 2007: Bulgaria, the Czech Republic, Germany, Estonia, Ireland, Greece, Spain, Poland, Romania and Slovenia. The biggest fall in government expenditure as a share of GDP was recorded in Spain (4.4 percentage points).

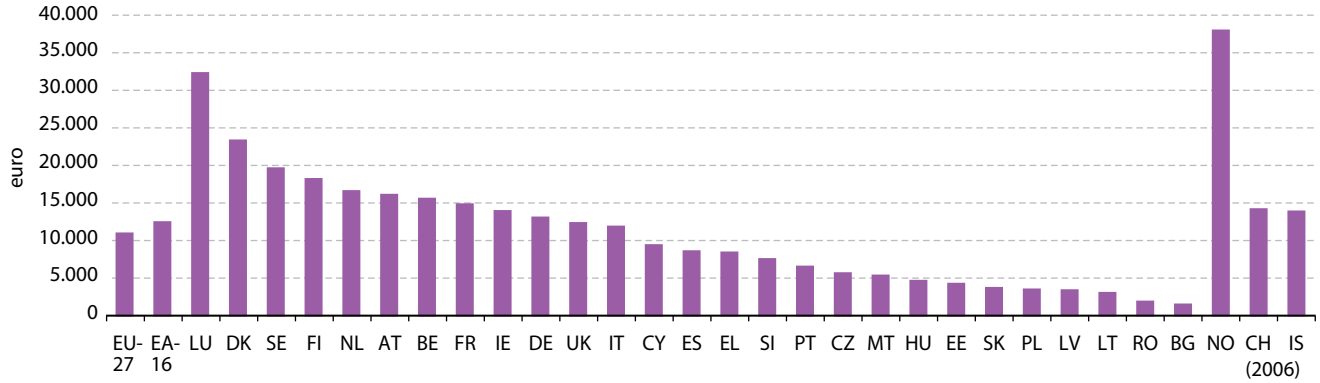
– The remaining countries with total revenue as a percentage of GDP below the EU average in 2008 but at a higher level than in 2007.

In 2008, the lowest levels of total revenue, below 35 % of GDP, were recorded by Ireland, Lithuania, Romania and Slovakia.

In Iceland, total government revenue amounted to 43.5 % of GDP in 2008, a drop of 4.4 percentage points compared to 2007 – equalling the relative fall in revenue experienced in Spain, whereas in Switzerland in 2006 (the latest year for which figures are available) total government revenue equalled 34.7 % of GDP. Both in 2007 and in 2008 Norway recorded a higher level of government revenue than any EU Member State, at 58.6 % and 58.9 % of GDP respectively.

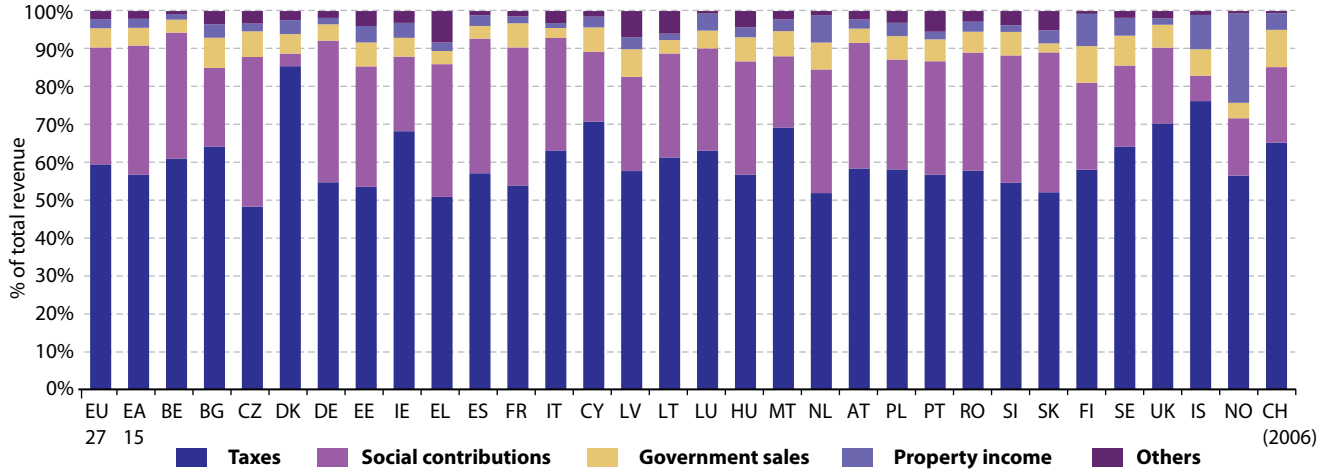
Looking at the relationship between the value of total revenue and the country's total population, using total government revenue in euro per

Figure 2.3.9: Government revenue per inhabitant in 2008



Source: Eurostat

Figure 2.3.10: Main components of government revenue in 2008



Source: Eurostat

inhabitant as an indicator, it is clear that all the Member States that have joined the EU since 1 May 2004 collect less revenue per inhabitant than the EU average (just under 11,200 euro). Greece, Spain and Portugal are also below the EU average. By contrast, in Luxembourg and Denmark government revenue per inhabitant was above 20,000 euro in 2008. In Luxembourg it equalled 32,482 euro per inhabitant.

In Norway, government revenue was 38,140 euro per inhabitant, more than three times the EU average, whereas in Iceland it equalled 14,089 euro in 2008 and in Switzerland 14,388 euro in 2006.

As mentioned above, just over 90 % of EU government revenue is collected in the form of taxes and social contributions. Bulgaria, Latvia, the Netherlands and Finland were the only countries where the combined share of other types of revenue was equal to or exceeded 15 % of the total in 2008. In all four countries government sales, in percentage points of total revenue, exceeded the EU average by at least 2 percentage points. Latvia also relied quite heavily on transfers from other sectors of the economy: it collected 7 % of its total government revenue from other current and capital transfers. Property income was also relatively important in Finland with a share of 8.5 % compared with an EU average of 2.4 %. In the Netherlands the government also collected over 7 % of its total revenue from property income.

In Norway, most government revenue also comes from taxes and social contributions: current taxes on income, wealth, etc. (37.3 % of the total in 2008), taxes on production and imports (19.1 %) and social contributions (just over 15 %). However, what distinguishes this country from EU

Member States is that 23.6 % of government revenue is collected in the form of property income (interest and rent received), largely relating to its 'Government Pension Fund – Global' (oil fund). Iceland relies to a large extent on taxes (representing 76.2 % in 2008), whereas it collects relatively few social contributions (6.7 %). The only EU Member State collecting a higher share of government revenue via taxes is Denmark, which collects around 85 % of its government revenues through taxes – partly due to its social insurance system. In Switzerland, the most important source of revenue are current taxes on income, wealth, etc. (their share of government revenue was 44.1 % in 2006), followed by taxes on production and imports and social contributions (each around 20 %) and government sales with a share of 9.8 %.

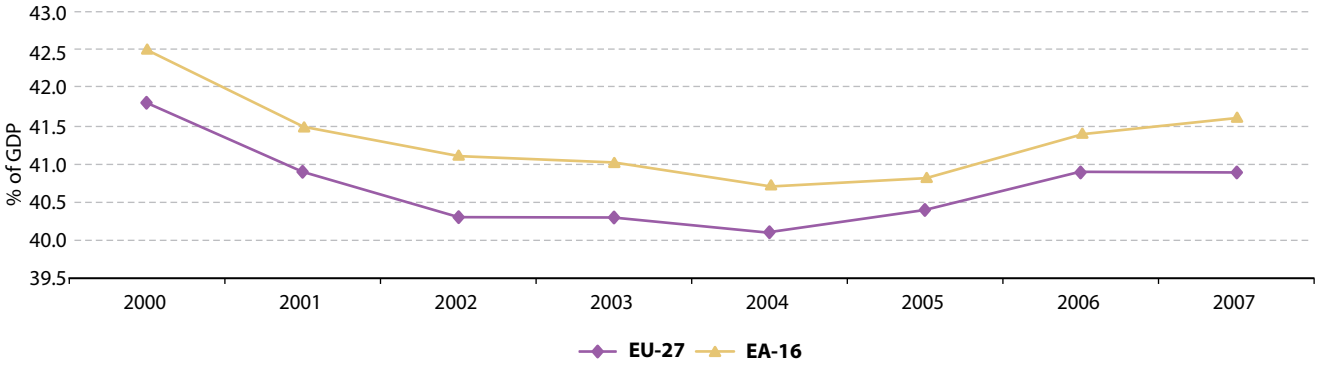
Taxes and social contributions[22]

a. General trends and structure of taxation in the EU and in the euro area in 2007

General government[23] total tax revenue in EU27 in 2007 amounted to 40.9 % of GDP, stabilising after two years on the increase. Consequently, tax revenue remained still lower than in 2000, when it reached its highest level over the period 2000-2007 (see figure 2.3.11). However, tax revenue in the euro area increased slightly between 2006 and 2007, by 0.2 percentage points of GDP.

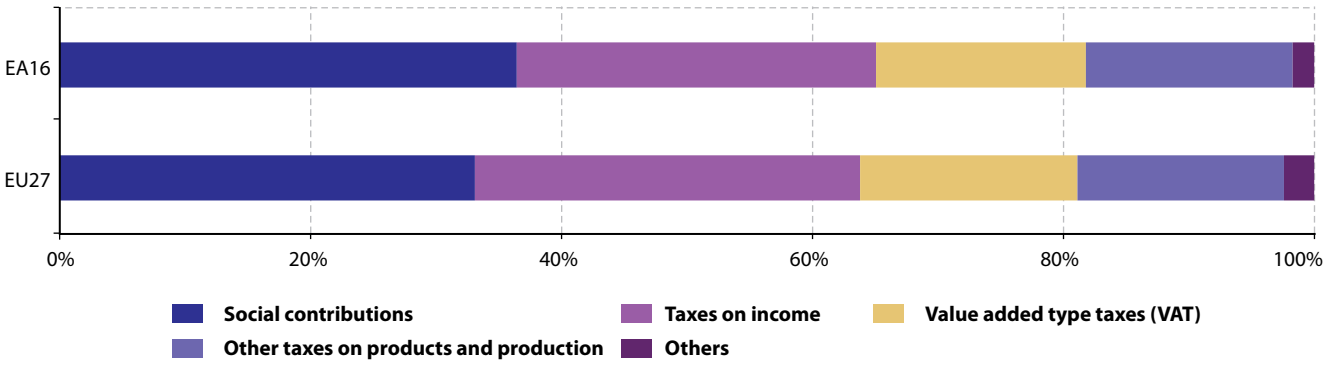
Looking at a more detailed breakdown of taxes, social contributions show up as the most significant source of tax revenue in the EU, with a share of 33.1 %, followed by taxes on income (around 31 %), VAT and other taxes on products and pro-

Figure 2.3.11: Evolution of total tax revenue in the EU and in the euro area over the period 2000-2007



Source: Eurostat

Figure 2.3.12: Main components of tax revenue in the EU and in the euro area in 2007



Source: Eurostat. The component 'others' includes the component ' taxes on income, wealth, etc.', except for taxes on income in addition to capital taxes – all reduced by amounts of taxes and social contributions assessed but unlikely to be collected, where applicable.

[22] For the sake of consistency and the benefit of more detailed breakdown, the data analysed in this section are taken from ESA95 table 9 transmitted by Member States to Eurostat at the end of September 2008. Consequently, they are available only until 2007 and are not updated to take account of the latest revisions to the main government aggregates used as a basis for the analysis in the other sections of this chapter.

[23] For the purpose of this section 'general government' also includes taxes collected on behalf of the EU institutions. In this way it covers all tax revenue collected at EU level.

duction (slightly above 17 % and close to 17 %, respectively). In the euro area the share of social contributions is about 3 percentage points higher (see figure 2.3.12).

The evolution of the main tax revenue components in the EU over the period 2000-2007 is presented in figure 2.3.13. Between 2000 and 2003 taxes on income fell by 1.4 GDP percentage points in the EU27 before bouncing back from 2005 onwards, reaching a level of 12.6 % of GDP in 2007. VAT revenue in the EU27 remained stable over the period 2001-2004 after the 0.2 GDP pp drop between 2000 and 2001, but from 2005 on it began to increase by 0.1 GDP percentage points annually, reaching 7.1 % of GDP in 2007. Other taxes on products and production first moved in the same direction as VAT by increasing by another 0.1 pp of GDP between 2005 and 2006 before decreasing by 0.2 pp of GDP to 6.7 % of GDP in 2007.

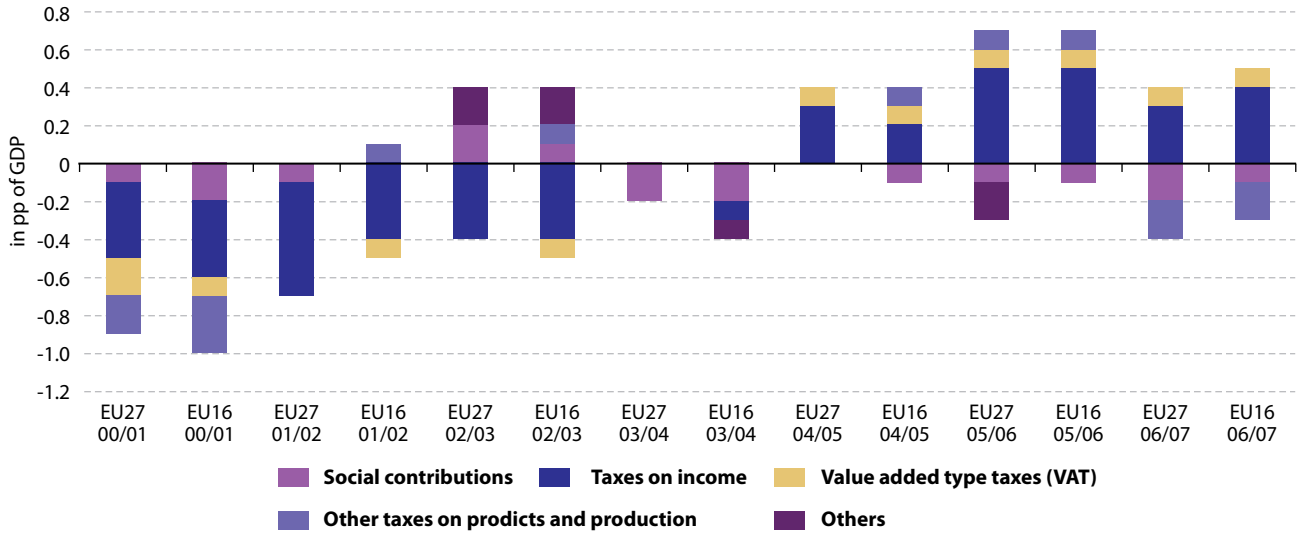
Considering their significant share in total tax revenue, social contributions appear to be a relatively stable component, with annual changes not exceeding +/- 0.2 GDP pp and showing a downward trend since 2005. Some changes in the component 'others' were observed in 2003, when capital taxes (levied at irregular and infrequent intervals on the value of assets and net worth, such as inheritance taxes) went up by 0.2 GDP pp, and in 2006 due to decreases in both capital taxes and other current taxes.

The economic function bringing in most tax revenue in the EU, at close to 50 %, is labour. Taxes on consumption account for almost 28 % of total taxation, whereas taxes on capital make up the remainder (over 23 %).[24] However, in the euro area taxation on labour is 2 percentage points higher than in the EU and taxation on consumption and capital slightly lower (by 1.2 and 0.5 percentage points respectively).

Looking at the evolution of taxation by specific economic functions (labour, consumption and capital) in the EU, it can be noted that taxes on labour decreased by around one percentage point of GDP between 2000 and 2006, due to a fall in social contributions and personal income tax, and then remained stable at around 19.4 % of GDP in 2007. Taxes on capital fell between 2000 and 2002 from 9.0 % of GDP to 8.1 % of GDP, stabilised shortly in 2003 and then increased by 1.3 percentage points of GDP to reach 9.4 % of GDP in 2007 (mostly due to an increase of 0.8 percentage points in corporate income tax from 2003 to 2006), whereas taxes on consumption remained stable over the whole period 2002-2007 at 11.1 % of GDP after falling by 0.2 pp of GDP between 2000 and 2001.

Implicit tax rates (ITRs) show the relationship between taxes on specific economic functions and the size of their potential tax bases. In 2007, taxes on labour accounted for 36.5 % of the la-

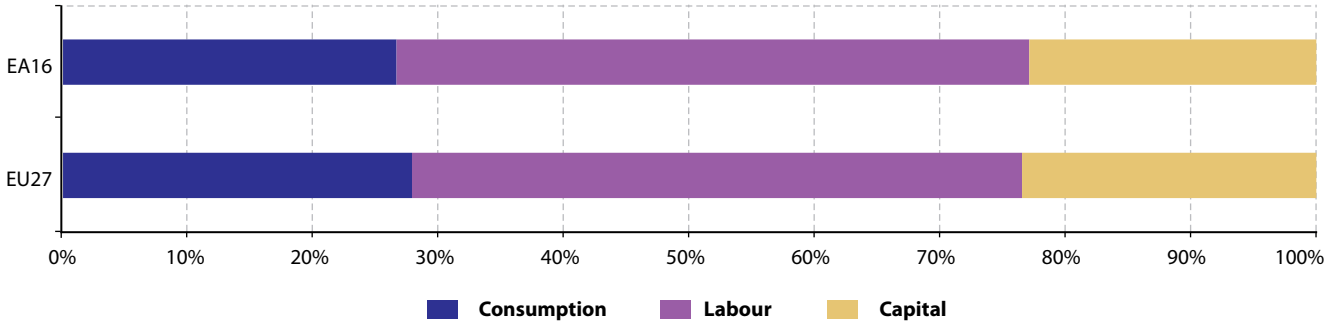
Figure 2.3.13: Evolution of main ESA95 tax categories in the EU and in the euro area over the period 2000-2007



Source: Eurostat

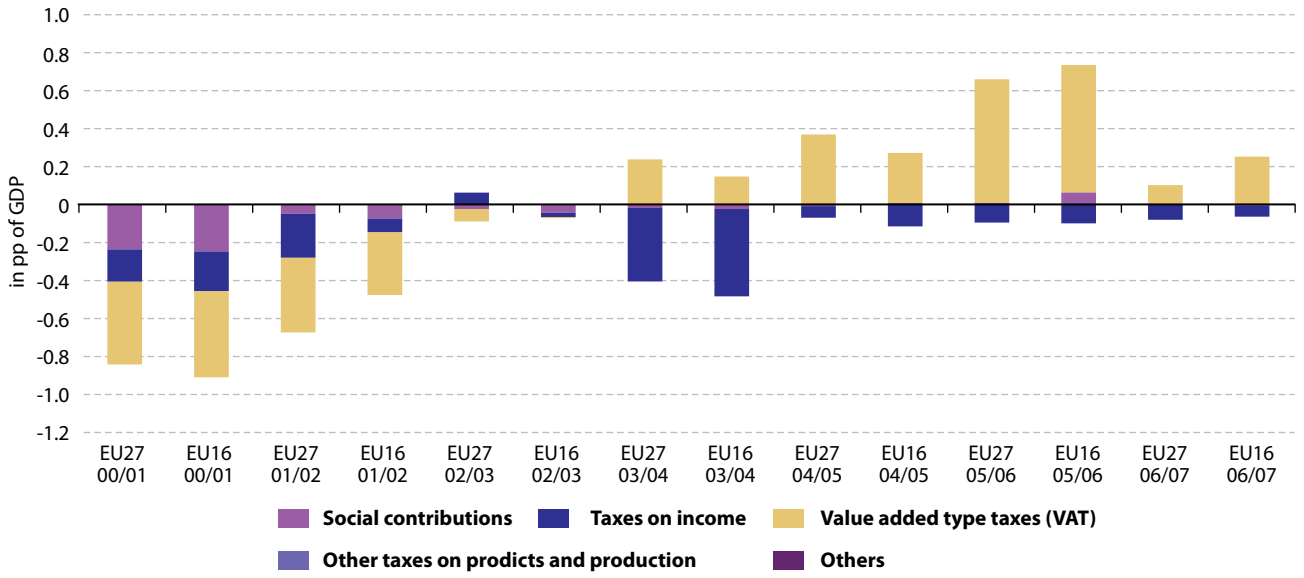
[24] Due to a lack of attribution of category D995 (capital transfers from general government to relevant sectors representing taxes and social contributions assessed but unlikely to be collected), total calculated taxation may exceed 100%.

Figure 2.3.14: Composition of the tax burden by economic functions in the EU and in the euro area in 2007



Source: Taxation trends in the EU. Data for the EU Member States and Norway; 2009 edition

Figure 2.3.15: Evolution of taxation by economic functions over the period 2000-2007



Source: Eurostat calculations on the basis of: Taxation trends in the EU. Data for the EU Member States and Norway; 2009 edition

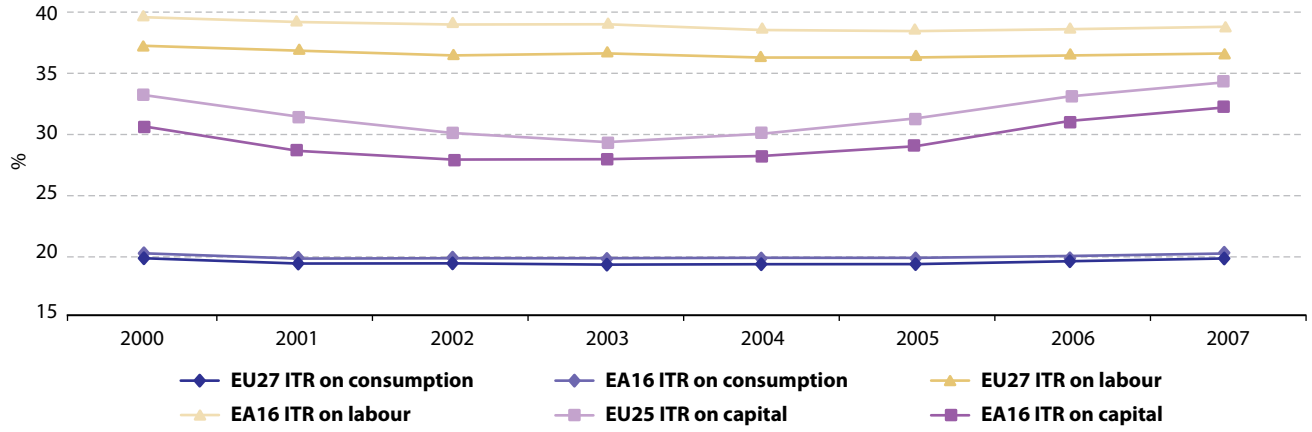
bour tax base (compensation of employees as well as payroll taxes and taxes on the wage bill) in the EU and had, after a decrease (by 1 percentage point) between 2000 and 2005 and an increase between 2005 and 2007, returned to the same level as in 2003. Consumption taxes in the EU equal one fifth of final consumption expenditure of resident households. Over the years 2000-2003 the EU implicit tax rate on capital decreased by almost 4 percentage points, but since then it has increased significantly, up by almost 5 percentage points to 34.2 % in 2007.

It is also interesting to examine the relationship between the ITRs on capital and consumption. Although capital raises less tax revenue than consumption as a percentage of GDP, when the value of the potential tax bases is taken into account taxation of capital is more than 10 percentage points higher than taxation of consumption and this gap is widening over time.

b. Inter-country comparison

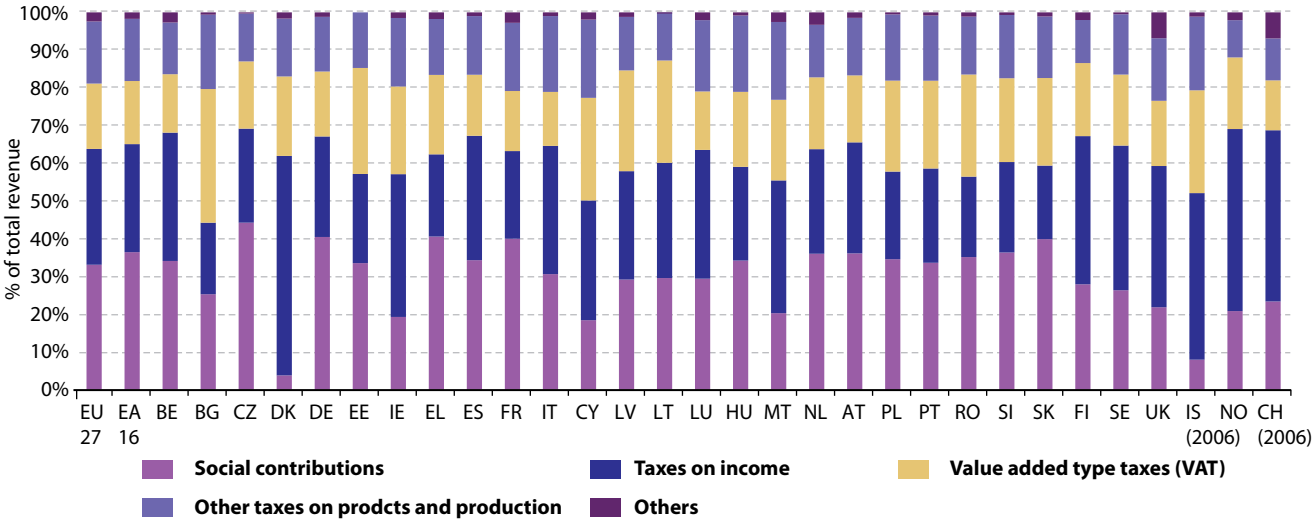
The share of social contributions is above the EU weighted average (33.1 % of total tax revenue) in 15 Member States, coming close to 40 % in Slovakia and higher than 40 % in the Czech Republic (which, at 44.3 %, has the highest share in the EU), Germany, Greece and France. In Denmark, which finances its social benefits mainly from taxes on income, social contributions make up just under 4 % of the total. The second lowest share of social contributions, at just over 18 %, was recorded by Cyprus. Ireland, Malta and the United Kingdom have shares below 22 %, as does Norway. For Ice-

Figure 2.3.16: Implicit tax rates in the EU and in the euro area – evolution over the period 2000-2007



Source: Taxation trends in the EU. Data for the EU Member States and Norway; 2009 edition

Figure 2.3.17: Main types of taxes in 2007



Source: Eurostat.

land in 2006 the share of social contributions was below 8 % of total tax revenue.

Taxes on income are the biggest source of tax revenue in Denmark, with a share of over 58 % of the total in 2007. It is followed by Finland, Sweden, Ireland and the United Kingdom, where the respective share was over 37 %, and then by Malta, Luxembourg, Italy and Belgium (a share of 34 % or over). In Slovakia and Bulgaria this type of tax was relatively less important, generating below 20 % of total tax revenue in 2007. Among EFTA countries, Norway relied mostly on taxes on income for generating its tax revenue (share of over 44 % of total revenue) in 2007, as did Iceland and Switzerland in 2006.

Value added tax was very important in the structure of taxation in Bulgaria (over 35 % of the total in 2007). In the Baltic States, Cyprus and Romania its share was above 26 %, whereas Italy, Belgium and Luxembourg raised less than or slightly over 15 % of their tax revenue from VAT.

Looking at the components making up 'other taxes on products and production', a relatively high level of taxes and duties on imports excluding VAT was reported by Estonia, Ireland and Luxembourg (close to or over 2 % of GDP). Domestic excise, consumption and sales taxes, stamp taxes and taxes on capital and financial transactions generate revenue equivalent to 5 % of GDP or more in Bulgaria, Denmark, Hun-

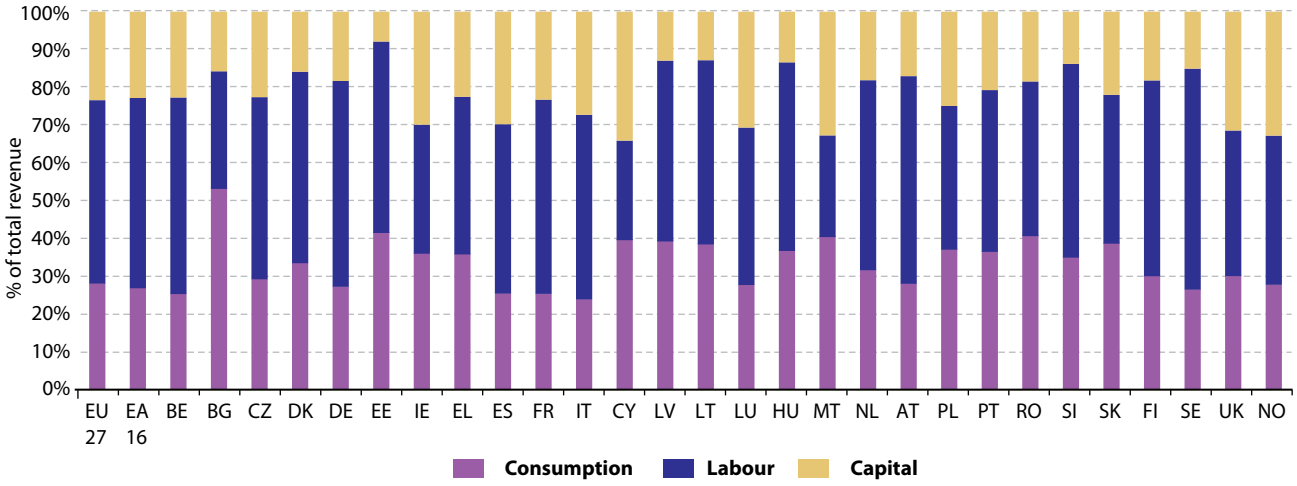
gary, Malta and Portugal. Italy, France, Sweden and Austria also have relatively high revenue from this source (together equal to or above 3 % of GDP) from taxation of land and buildings used for production (especially France), of total wage bills and payroll taxes (especially Sweden and Austria) and from other taxes paid by enterprises as a result of engaging in production, where the taxes are independent of the quantity or value of goods and services produced or sold.

The United Kingdom collected revenue equivalent to 2.3 % of GDP from other current taxes, whereas in all other Member States this type of taxes generated not more than 1 % of GDP in 2007. In the United Kingdom, most of these current taxes, a share equivalent to 1.8 % of GDP, were raised from current taxes on capital (e.g. property taxes on buildings periodically paid by individuals) that do not exist in the tax systems of Estonia, Ireland, Malta and Bulgaria (in 2007), whereas 0.6 % of GDP came from payments by households for licences granted automatically on payment.

Inheritance taxes an gift taxes levied at irregular and infrequent intervals are considered as capital taxes that should be distinguished a category of current taxes levied directly on the value of assets owned or net worth (so-called 'wealth taxes').[25] Belgium, Bulgaria, Spain and France were the only countries where the value of capital tax revenue in 2007 was equal to or above 0.5 % of GDP. Estonia is the only Member State that does not collect this type of tax revenue at all.

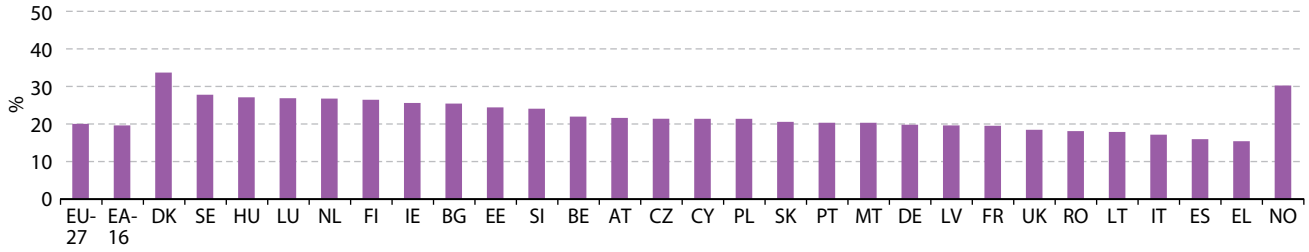
Consumption is the economic function on which most tax revenue is levied in Bulgaria (over 50 %),

Figure 2.3.18: Taxes by economic functions in 2007



Source: Taxation trends in the EU. Data for the EU Member States and Norway; 2009 edition

Figure 2.3.19: Implicit tax rate on consumption in 2007



Source: Taxation trends in the EU. Data for the EU Member States and Norway; 2009 edition

[25] 'Capital taxes' should also not be confused with 'taxes on capital'. Please see box 2.3.3 for details.

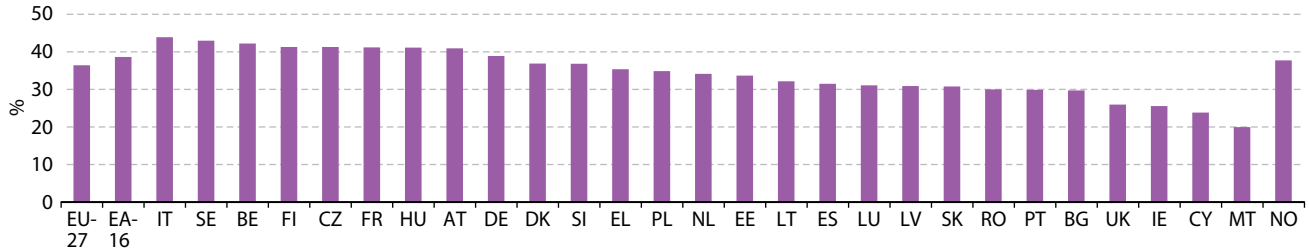
Cyprus and Malta (both over 39 %), whereas in all the other Member States but Ireland labour is the most common basis for taxation. In Slovakia, Romania and Poland the difference between the shares of these two functions did not exceed 2 percentage points in 2007. In Ireland taxes on consumption (35.8 %) bring slightly more tax revenue than taxes on labour and the share of taxes on capital in total tax revenue amounted to 30 %. In general, taxation on capital generates the least revenues in all countries; only in Spain, Italy, Luxembourg, the United Kingdom and Norway did taxation on capital raise more tax revenue than taxation of consumption in 2007.

The figures set out below show the implicit tax rates on consumption, labour and capital (where available) for individual EU Member States. The Member State that raises the most taxes on domestic final consumption of its households is Denmark (almost 34 % in 2007), whereas the respective ratio in Greece and Spain is less than half of this (15.4 % and 15.9 %, respectively).

Taxes on labour in relation to compensation of employees are highest in Italy (44 %), with the lowest implicit tax rates on labour recorded in Malta (20.1 %), Cyprus, Ireland and the United Kingdom (close to or just above 26%).

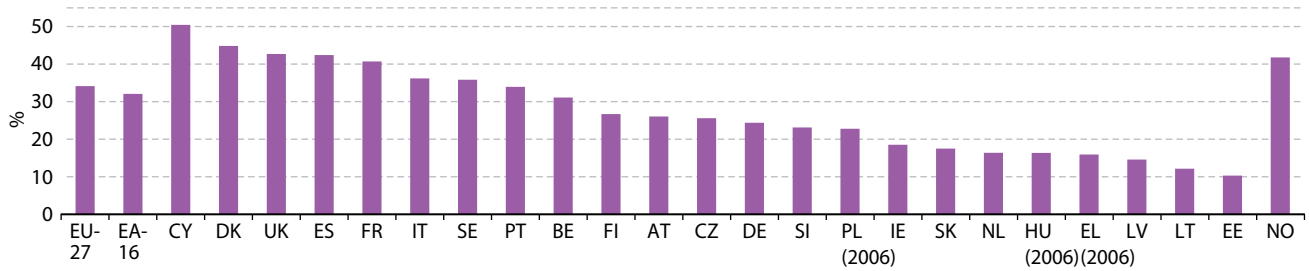
Amongst the Member States for which data on ITR on capital are available, the highest levels were recorded in Cyprus (over 50 %), Denmark, the United Kingdom, Spain and France (over 40 %), whereas in Estonia and Lithuania the level was four times lower.

Figure 2.3.20: Implicit tax rate on labour in 2007



Source: Taxation trends in the EU. Data for the EU Member States and Norway; 2008 edition

Figure 2.3.21: Implicit tax rate on capital in 2007



Source: Taxation trends in the EU. Data for the EU Member States and Norway; 2009 edition. For Greece, Poland and Hungary 2006 data.

BOX 2.3.3. TAXATION

Total tax revenue is an aggregate comprising:

- **taxes on production and imports**, such as value added tax, import duties, excise duties and consumption taxes, stamp taxes, payroll taxes, taxes on pollution and others,
- **current taxes on income, wealth, etc.**, such as corporate and personal income taxes, taxes on holding gains, payments by households for licences to own or use a car, hunt or fish, current taxes on capital that are paid periodically, and others,
- **capital taxes**, such as inheritance taxes, death duties and taxes on gifts and capital levies that are occasional or exceptional,
- **actual social contributions** paid on a compulsory or voluntary basis by employers or employees or the self- or non-employed to insure against social risks (sickness, invalidity, disability, old age, survivors, family, maternity, etc.),
- **implicit social contributions** payable under unfunded social insurance schemes (in which employers pay social benefits to their employees, ex-employees or their dependants out of their own resources without creating a special reserve for the purpose),
- reduced by the amount of **taxes and social contributions assessed unlikely to be collected**, where applicable.

The ESA95 category 'taxes on production and imports' is also known under the economic term '**indirect taxes**', whereas 'taxes on income, wealth, etc.' and 'capital taxes' are defined as '**direct taxes**'.

An alternative classification of taxes may be made according to their economic function. Since this split does not correspond fully to the ESA95 breakdown of taxes, it is undertaken specifically for each Member State in the annual exercise by the European Commission (DG TAXUD) and Member States cooperating in the Working Group Structures of Taxation. The results are published in the report 'Taxation trends in the European Union. Data for the EU Member States and Norway' that is the source of the data presented and the methodological information below.

The breakdown of taxes by economic functions is as follows:

- **taxes on consumption** – i.e. levied on transactions between final consumers and producers and on the final consumption goods, such as VAT, taxes and duties on imports excluding VAT, stamp taxes, taxes on financial and capital transactions, taxes on international transactions, on pollution, under-compensation of VAT, poll and expenditure taxes and payments by households for licences,
- **taxes on labour** – on employed labour, i.e. taxes directly linked to wages and mostly withheld at source, paid by employees and employers, including compulsory social contributions, and on non-employed labour income, i.e. all taxes and compulsory social contributions raised on transfer income of non-employed persons, where these could be identified (e.g. unemployment and health care benefits),
- **taxes on capital** – defined as taxes on capital and business income that economic agents earn or receive from domestic resources or from abroad (e.g. corporate income tax, tax on income, social contributions of self-employed and taxes on holding gains) and taxes on capital stock that include wealth taxes (paid periodically on the ownership and use of land or buildings by owners and current taxes on net wealth and on other assets, such as jewellery and other external signs of wealth), capital taxes, real estate tax, taxes on use of fixed assets, professional and business licences and some taxes on products.

Implicit tax rates are special tax indicators defined separately for each economic function, measuring the actual or effective tax burden levied on different types of economic income or activities that could potentially be taxed. They are computed as the ratio of total tax revenue of the specific economic category (consumption, labour or capital) to a proxy of the potential tax base defined using the production and income national accounts.

Definition of the implicit tax rate on:
consumption - all taxes on consumption divided by final consumption expenditure of households on the economic territory concerned;
labour - direct taxes, indirect taxes and compulsory actual social contributions paid by employees and employers on labour employed divided by compensation of employees increased by wage bill and payroll taxes;
capital - ratio between revenue from all taxes on capital and all (in principle) potentially taxable capital and business income in the economy, such as net operating surplus of corporations and non-profit institutions, imputed rents of private households, net mixed income by self-employed, net interest, rents and dividends and insurance property income.

Government deficit and debt

After analysing the financial position of governments in the European Union and in the euro area (see Figure 2.3.22) over the last decade, the following conclusions can be drawn:

– The government balance (the difference between total government expenditure and revenue) in the EU and in the euro area has been in deficit over almost the entire period. Between 2000 and 2003 the government balance shifted from a slight surplus in EU27 of 0.6 % and zero in the euro area (16 countries) in 2000 to above the Maastricht reference value of 3 % of GDP. The EU27 deficit then decreased by around 2.3 percentage points of GDP up to 2007 before increasing again but staying below the 3 % criterion in 2008. Nevertheless, the deficit increased sharply in both the euro area and in the European Union as a whole. In the EU27, the government deficit to GDP ratio increased from 0.9 % to 2.3 % of GDP and in the euro area from 0.6 % to 1.9 % of GDP.

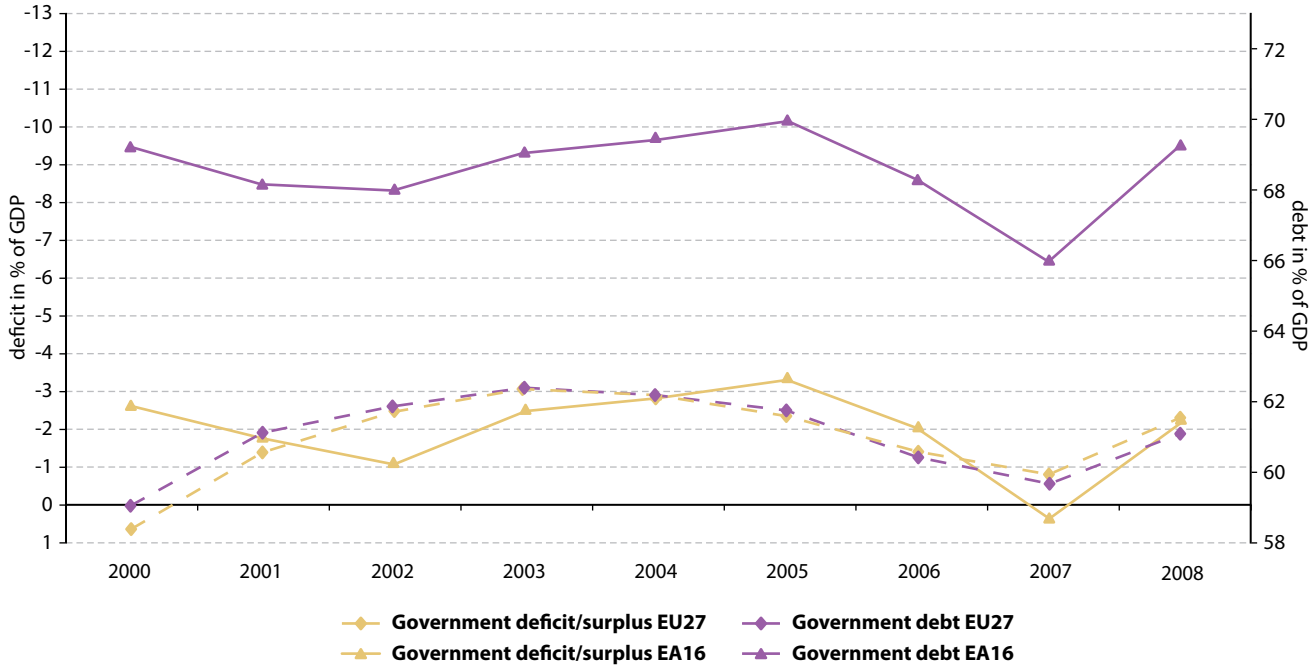
– Government debt showed a downward trend between 2005 and 2007, falling below the Maastricht reference value of 60 % of GDP in the EU27 in 2007 (58.7 %). This was followed by a sharp increase between 2007 and 2008 to 61.5 % of GDP. In the euro area, government debt followed the same trend as in the EU27 countries, but debt remains at a higher level and above the Maastricht reference value of 60 % throughout the period studied. In 2008 it increased to 69.3 % of GDP.

Compared to the situation in 2007, the government's budgetary position as a percentage of GDP worsened in all but six Member States. Bulgaria and the Netherlands recorded a larger surplus than in 2007, Germany, Hungary and Austria recorded a smaller budget deficit than in 2007 and the balance of Portugal remained unchanged.

Among EU Member States the largest government surpluses, both in 2007 and 2008, were recorded in the Nordic Member States and Luxembourg. Finland recorded the largest government surplus in both 2007 (5.2 % of GDP) and 2008 (4.2 % of GDP). Of the eleven Member States which achieved a government surplus in 2007, seven countries still had a surplus in 2008: Finland (4.2 %), Denmark (3.6 %), Luxembourg (2.6 %), Sweden (2.5 %), Bulgaria (1.5 %), the Netherlands (1.0 %) and Cyprus (0.9 %).

In 2008 the largest government deficits as a percentage of GDP were recorded by Ireland (7.1 %), the United Kingdom (5.5 %), Romania (5.4 %), Greece (5.0 %), Malta (4.7 %), Latvia (4.0 %), Poland (3.9 %), Spain (3.8 %), France (3.4 %), Hungary (3.4 %), Lithuania (3.2 %) and Estonia (3.0 %).

Figure 2.3.22: Evolution of EU27 and EA16 public balance (scale inverted) and debt over the period 2000-2008



Source: Eurostat

BOX 2.3.4. THE EXCESSIVE DEFICIT PROCEDURE (EDP)

The fiscal framework of the European Monetary Union (the Protocol on the Excessive Deficit Procedure annexed to the Maastricht Treaty) requires sound public finances, defined on the basis of the following criteria:

– negative public balance (deficit) not exceeding 3 % of GDP,
– public debt not exceeding 60 % of GDP.

For the sake of comparability between Member States, these criteria are measured based on (though not fully identical to) two economic categories from the national accounts framework:

– net lending(+)/ net borrowing (–) of general government and
– liabilities of general government, respectively.

In the framework of the EDP, all Member States are requested to report their data to Eurostat before 1 April and 1 October each year. Following an assessment, within three weeks after these deadlines Eurostat shall provide the actual government deficit and debt data through publication.

The relevant definitions are set out below:

National accounts (ESA95)	Excessive deficit procedure (EDP)
Net lending (+)/ net borrowing (–)	Government surplus/ deficit (net lending/ borrowing under EDP)
= net acquisition of financial assets less net incurrence of liabilities or = gross saving (defined as gross disposable income less final consumption expenditure) corrected by net capital transfers and gross acquisitions less disposals of non-financial assets, or = total revenue less total expenditure	= net lending (+)/ net borrowing (–) of general government (as defined in ESA95), plus net streams of interest payments resulting from swaps arrangements and forward rate agreements
Liabilities	Government consolidated gross debt ('Maastricht debt')
six categories of liabilities: – currency and deposits, – securities other than shares, – loans, – shares and other equity, – insurance technical reserves, – other accounts, payable.	sum of government liabilities as defined in ESA95 in: – currency and deposits, – securities other than shares, excluding financial derivatives, and – loans outstanding at the end of the year, measured at nominal value and consolidated.

In Norway, the government surplus stood at 18.8 % of GDP in 2008 whereas Iceland recorded a deficit of 14.3 %.

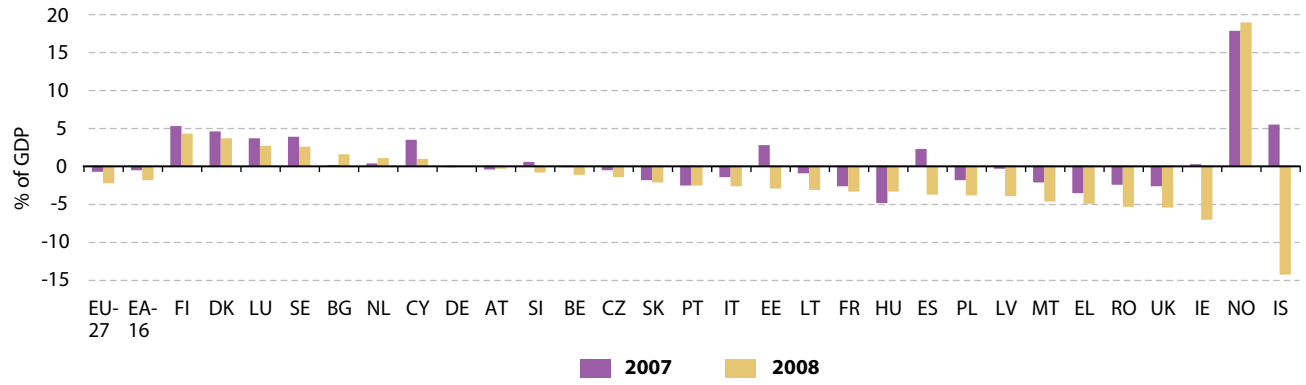
The latest (2008) results can be broken down into three elements:

– primary government deficit/surplus before gross fixed capital formation (investments),
– gross fixed capital formation (GFCF),
– interest payable.

All Member States except Ireland and the United Kingdom were able to cover all their government expenditure except interest on public debt and gross fixed capital formation (public investment) from their revenue. In Bulgaria, Denmark, Cyprus, Luxembourg, the Netherlands, Finland and Sweden, the primary surplus before investment exceeded 6 % of GDP: in Finland the primary balance before interest on public debt and public investment stood at just over 8 % of GDP.

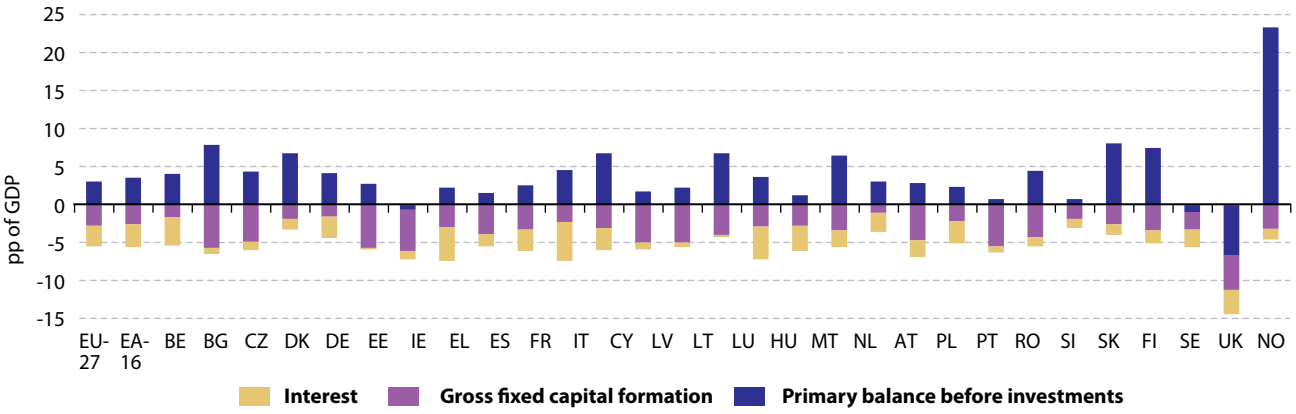
In order to assess the long-term sustainability of public finances, it is essential to measure the financial commitments the country will have to face in the future. Whilst this is largely determined by expected future cash flows, the starting

Figure 2.3.23: Government surplus (+)/ deficit (–) in EU Member States in 2007 and 2008



Source: Eurostat

Figure 2.3.24: Primary balance before investments, gross fixed capital formation (GFCF) and interest paid in EU Member States in 2008 as a percentage of GDP



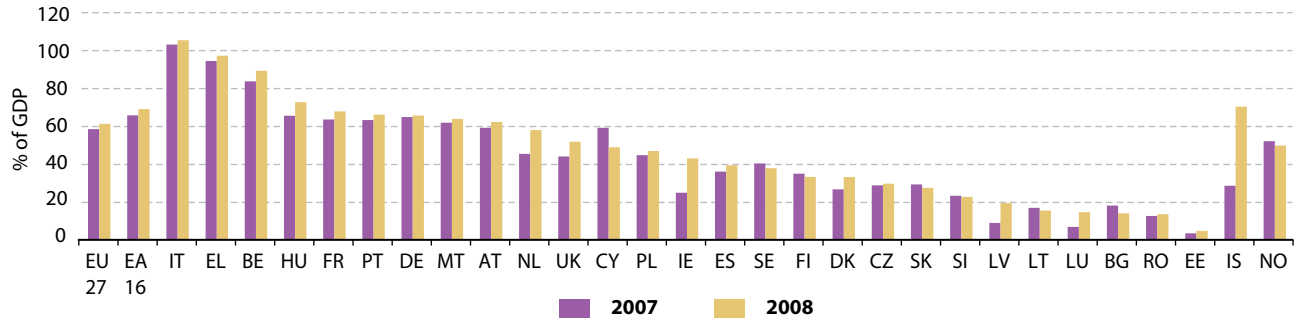
Source: Eurostat

point for governments is their accumulated commitments from the past, measured by convention as gross general government consolidated debt ('Maastricht debt'). In 2008, nine Member States had government debt ratios higher than 60 % of GDP: Italy (105.8 %), Greece (97.6 %), Belgium (89.6 %), Hungary (73.0 %), France (68.0 %), Portugal (66.4 %), Germany (65.9 %), Malta (64.1 %) and Austria (62.5 %). Other Member States (Bulgaria, the Czech Republic, the Baltic States, Slovenia, Slovakia, Romania and Luxembourg) had much lower government debt to GDP ratios, below 30 %. Government debt was even below 15 % of GDP in Estonia (4.8 %), Romania (13.6 %), Bulgaria (14.1 %) and Luxembourg (14.7 %).

Looking at the changes in government debt in relation to GDP between 2007 and 2008, seven Member States were able to reduce their debt levels, while government debt increased in relation to GDP in the other twenty Member States. Government debt decreased in Bulgaria, Cyprus, Lithuania, Slovenia, Slovakia, Finland and Sweden. However, among those countries were debt decreased in relation to GDP, in absolute terms (measured in millions of euro, not in national currency), debt increased in Lithuania, Slovenia and Slovakia while it decreased in the United Kingdom, where debt in relation to GDP increased. The biggest decrease in government debt (10 percentage points) was recorded in Cyprus. The biggest increases in public debt as a ratio of GDP (above 10 percentage points of GDP) were seen in Ireland (18.2), the Netherlands (12.6) and Latvia (10.5), although all three countries still have debt levels below the EU average.

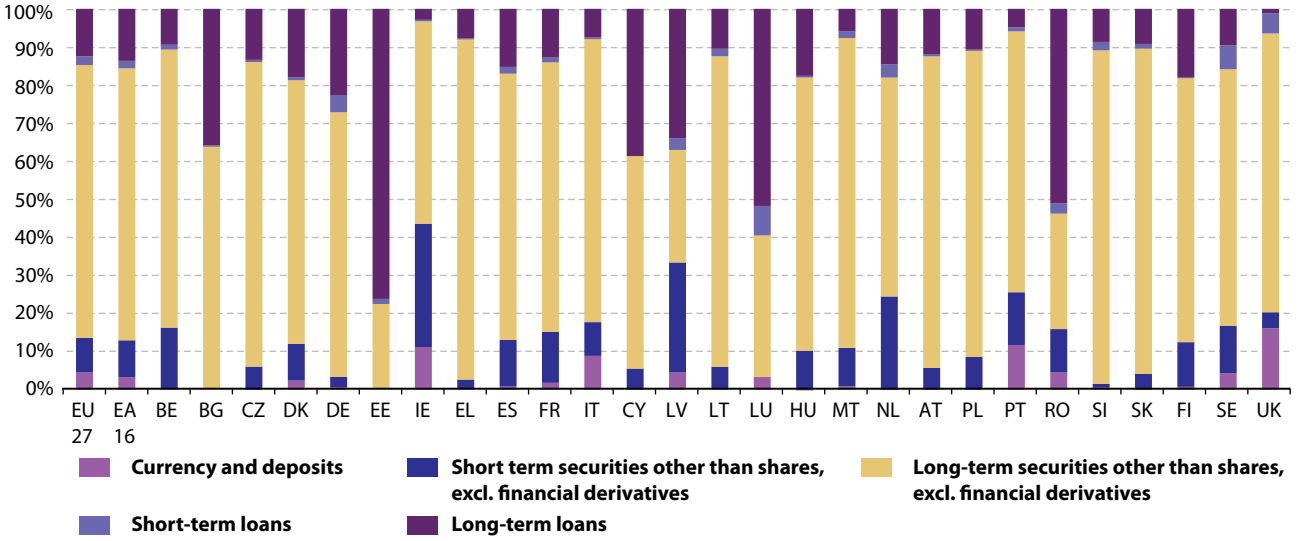
In Norway, government debt at the end of 2008 stood at 50 % of GDP, almost 21 percentage points higher than in 2000, in spite of running large surpluses in all years. This situation is explained by short-term loan operations of the

Figure 2.3.25: Public debt at the end of 2007 and end of 2008



Source: Eurostat

Figure 2.3.26: Composition of government consolidated gross debt in EU Member States at the end of 2008



Source: Eurostat. * Securities other than shares exclude financial derivatives.

'Pension fund global' (oil fund). In Iceland, government debt stood at 70.6 % of GDP, a nearly two and a half fold increase from 2007, when it stood at 28.7 %.

While the government deficit/ surplus normally explains most of the change in government debt, there are also other contributing factors. The difference between the change in government debt and the government deficit/surplus for a given period is called the 'stock-flow adjustment'. The stock-flow adjustment is made up of 15 different elements incorporating three main groups: 'net acquisition of financial assets', including financial transactions which do not contribute to the deficit but only to the change in debt, 'net incurrence of liabilities in financial derivatives and other liabilities', which are those liabilities excluded from the Maastricht debt, and a third group relating to effects of face valuation, appreciation/depreciation of foreign currency debt, other changes in volume (such as reclassification of units outside or inside government, etc.) and statistical discrepancies, reflecting differences arising from the diversity of data sources[26].

Most EU Member State governments finance their activities through the issue of securities other than shares, e.g. government bonds, treasury bills, etc., rather than through direct loans.

[26] Eurostat publishes a twice-yearly note on the stock-flow adjustment in government accounts in the context of the latest reporting of data in the framework of the Excessive Deficit Procedure.

In 2008, securities other than shares made up just over 80 % of EU and euro area government debt, whereas loans accounted for just under 15 %. In addition, governments tend to rely on long-term financing (maturity over one year) rather than on short-term financing.

At the end of 2008 three countries (Bulgaria, Estonia and Luxembourg) had no short-term securities other than shares. Member States that rely more on loans than debt securities are Estonia (77.5 % of total government consolidated gross debt), Luxembourg (59.5 %) and Romania (53.8 %). In Bulgaria, Germany, Cyprus and Latvia, the share of loans in government debt is also relatively high (over 25 %).

The share of currency and deposits in government debt in the EU stands at 4.7 % and in the euro area it is even smaller (3.3 %). However, in some EU Member States the share of this item is above 10 %: in Ireland it accounted for 11.2 % of total government debt in 2008, while in Portugal it reached 11.7 % and in the United Kingdom 16.1 %.

2.4 Inflation, interest rates and exchange rates

Introduction

The Harmonized Indices of Consumer Prices (HICPs) provide the best measure for international comparisons of consumer price inflation in the EU and the euro area, and for assessing price convergence and stability in the context of monetary policy analysis. Annual average inflation for the euro area in the period 2001–2007 was relatively stable at around 2.2 %; in 2008 it rose to its highest level ever at 3.3 %. In the EU as a whole, annual average inflation in 2008 stood at 3.7 %, its highest level since the start of the HICP series in 1997.

Long-term interest rates are a convergence criterion for European monetary union. Following the market turmoil that began in summer 2007 and central banks' interventions to safeguard liquidity, the Maastricht criterion interest rates in the euro area decreased from 4.60 % in July 2007 to 4.07 % in March 2008. Later the rates increased within three months to 4.78 % in June 2008 before decreasing again, reaching 3.72 % in December 2008.

Money market rates, also known as inter-bank rates, are interest rates used by banks for operations among themselves. In general the rates decreased between 2000 and 2004. Later, in the euro area, the three-month EURIBOR increased steadily and in December 2007 reached 4.85 %. In 2008, it first fell, to 4.36 % in February, before increasing to 5.11 % by October 2008. In the months that followed, central banks all over the world took measures to minimise the effect of the 'credit crunch'. As a result, the EURIBOR fell to 1.42 % in April 2009, the lowest figure since the creation of this benchmark in 1999.

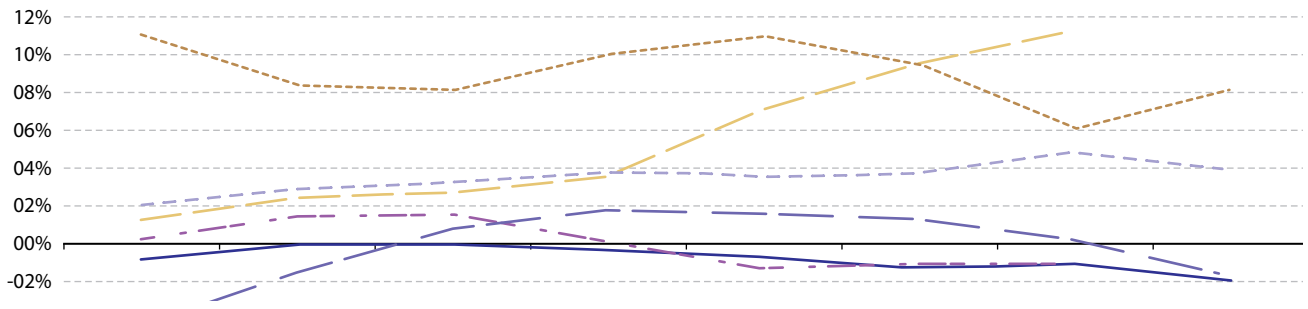
The introduction of the euro eliminated exchange rates between an increasing number of EU Member States. In contrast to the moderate fluctuations between the majority of European currencies, the value of the euro increased against the currencies of important trading partners between 2002 and 2008: the Japanese yen (+29.1 %) and the US dollar (+50.5 %).

2.4.1 Trends in consumer price inflation 2001–2008

Consumer price indices (CPIs) measure the changes over time in the prices of consumer goods and services acquired, used or paid for by households. CPIs have a variety of potential uses, for example in indexing commercial contracts, wages, social protection benefits or financial instruments and as inputs into various types of economic analysis.

The Harmonized Indices of Consumer Prices (HICPs) are a set of EU consumer price indices calculated according to a harmonised approach and a single set of definitions. HICPs have been set up to provide the best measure for international comparisons of consumer price inflation in the EU and the euro area and for assessing price convergence and stability in monetary policy analysis. Since 1999, when the euro area was created, the European Central Bank's (ECB) main focus of interest has been assessing price stability in the euro area. The ECB defines price stability as an annual increase in the HICP for the euro area of close to but below 2 %.

Figure 2.4.1: Annual average inflation rates (%)



Source: Eurostat (tsieb060)

BOX 2.4.1:

EU inflation is measured by the EICP (European Index of Consumer Prices), which is the official EU aggregate. The EU included 15 Member States until April 2004, 25 Member States from May 2004 until December 2006 and 27 Member States from January 2007.

Euro area inflation is measured by the MUICP (Monetary Union Index of Consumer Prices), which is the official euro area aggregate. The euro area initially included Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Greece was included from January 2001, Slovenia from January 2007, Cyprus and Malta from January 2008 and Slovakia from January 2009.

For the **USA and Japan,** national consumer price indices are used, which follow a slightly different methodology.

Trends in euro area inflation

In 2008, the highest ever annual average inflation rate was recorded for the euro area: 3.3 %. This high rate followed several years of relative stability at around 2.2 %. The inflation in 2008 can be explained by steep increases in energy and food prices between autumn 2007 and autumn 2008. Looking at the monthly figures, annual inflation was actually above 3 % from November 2007 until October 2008 and reached its peak in June and July at 4.0 %. In the second half of 2008 a substantial decline in these rates was recorded, falling to 0.6 % in March 2009.

Consumer prices for food, in particular, recorded extraordinary inflation rates in 2008 with an annual average of 5.7 %. This was significantly above the price increases recorded for food products since 2001, when annual average inflation reached 5.3 % at the time of the out-breaks of BSE and food-and-mouth disease. Food price increases in 2008 might be explained by the sharp price increases in milk, cheese and eggs and in oil and fats. Towards the end of 2008, food price inflation decreased and stood at 1.6 % in March 2009. For both sub-categories 'milk, cheese and eggs' and 'oil and fats', annual inflation rates actually turned negative at the beginning of 2009.

In 2008, the three main headings with the largest weights in household final monetary consumption expenditure for the euro area showed annual average rates above the overall inflation rate of 3.3 %. These were Food and non-alcoholic beverages (5.5 %), Housing (5.2 %), and Transport (4.5 %). Other components with upward impacts on inflation were Education (4.4 %), and Restaurants and hotels (3.4 %). Downward impacts on overall inflation in the euro area came mainly from Communications (-2.2 %), Recreation and culture (0.2 %), and Clothing and footwear (0.7 %)

Figure 2.4.2: Euro area — HICP main headings, annual average inflation rates (%)

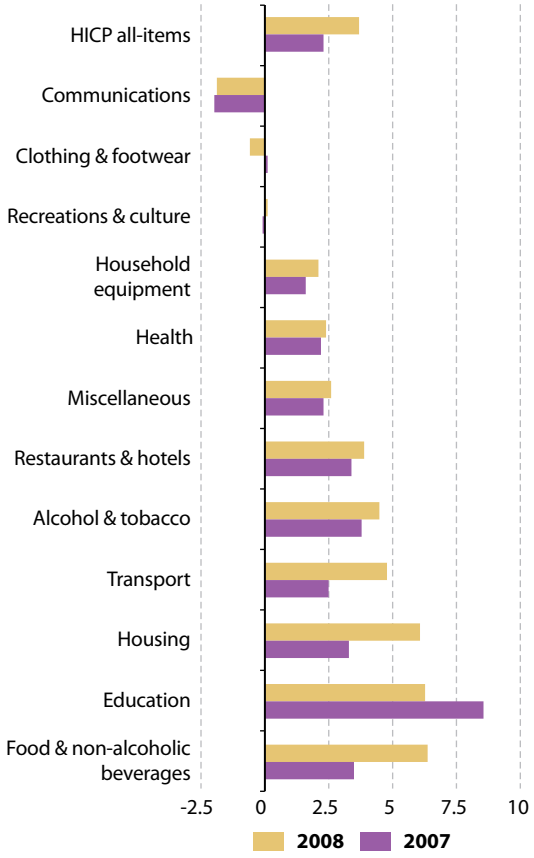
Source: Eurostat (prc_hicp_aind)

BOX 2.4.2: CHANGING COMPOSITION OF COUNTRY AGGREGATES

The euro area HICP aggregate is compiled as a weighted average for the countries in the euro area. The countries are weighted according to their household final monetary consumption expenditure (HFMCE), expressed in euro. The index is computed as an annual chain index allowing country weights to change each year and, consequently, new Member States to be added as they join the euro area.

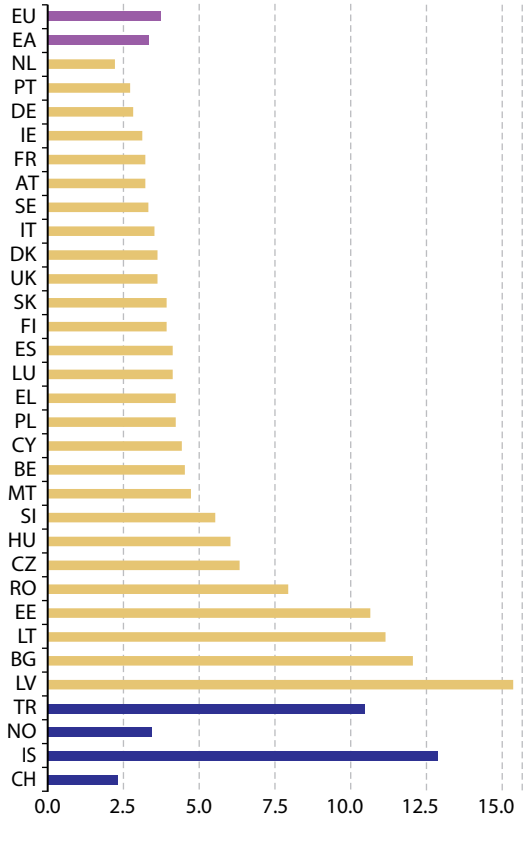
For the EU and EEA HICP aggregates, the euro area is treated as a single entity to which data for the other countries is then added (the weights again use national accounts data, converted into purchasing power standards). Note that for the EU enlargement in May 2004 chain-linking was also added in May to maintain the correct country coverage for both the EU and EEA aggregates.

Figure 2.4.3: EU — HICP main headings, annual average inflation rates (%)



Source: Eurostat (prc_hicp_aind)

Figure 2.4.4: Annual average inflation rates, 2008 (%)



Source: Eurostat (prc_hicp_aind)

Price changes in the EU and Member States

In the EU as a whole, annual average inflation in 2008 was at 3.7 %. It had been below euro area inflation until 2004, while the EU had 15 Member States. Then in 2005 and 2006 both country groups showed the same annual average inflation rates and in 2007 and 2008 EU inflation went above that in the euro area. The more detailed monthly data show that summer 2006 was the turning point, when EU inflation actually went above that of the euro area.

In 2008, when the inflation rate in the European Union was 3.7 % and the EU had 27 Member States, the highest annual average inflation

rates were recorded for Latvia (15.3 %), Bulgaria (12.0 %) and Lithuania (11.1 %). The main components with high rates in 2008 in the European Union were Food and non-alcoholic beverages (6.4 %), Education (6.3 %), and Housing (6.1 %), and those with the lowest rates were Communications (-1.9 %), Clothing and footwear (-0.6 %), and Recreation and culture (0.1 %).

The nine highest annual average inflation rates for 2008 among the 27 EU Member States were those of countries that had joined the EU in 2004 or 2007. Iceland, a Member State of the European Economic Area, with an inflation rate of 12.8 %, was also placed among countries with the highest inflation rates due to its falling currency as a consequence of the heavily-indebted banking system. Within the EU, the lowest rates were recorded for the Netherlands (2.2 %), Portugal (2.7 %) and Germany (2.8 %).

Looking at annual average inflation rates for all EEA Member States for the years 2007 and 2008, there was only one country — Hungary — where the rate went down, from 7.9 % in 2007 to 6 % in 2008. For all the other EEA Member States, annual average rates increased between 2007 and 2008. The biggest increases in the EU were recorded in Lithuania (from 5.8 % in 2007 to 11.1 % in 2008) and Latvia (from 10.1 % in 2007 to 15.3 % in 2008). In the EEA, Iceland showed the biggest increase (from 3.6 % in 2007 to 12.8 % in 2008). Looking at annual inflation rates for the individual months, the Icelandic figures went above 10 % in April 2008 and showed values close to and above 20 % from November 2008 until March 2009 (latest data available at the time of writing).

Permanent versus transitory price changes

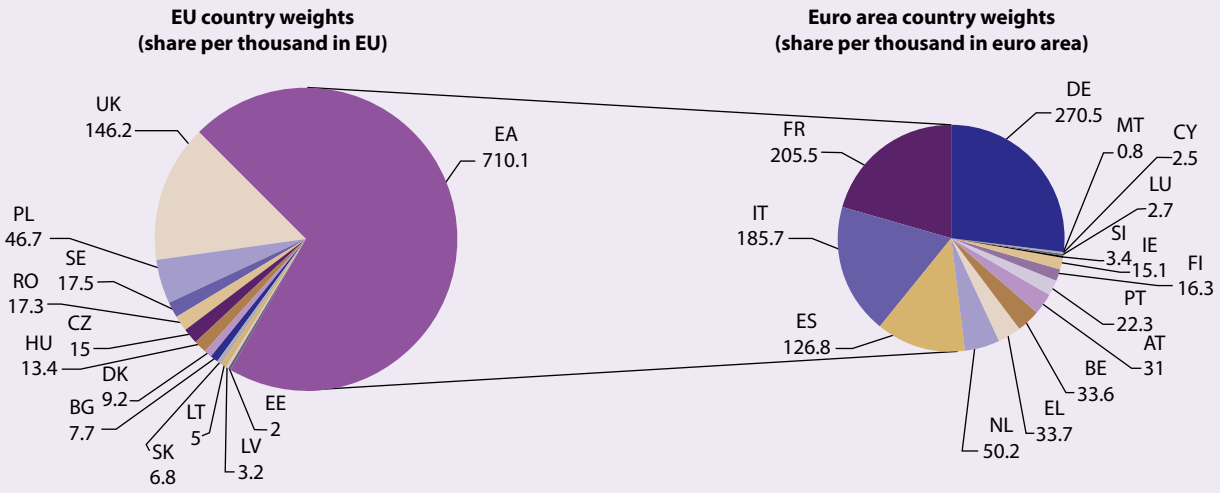
There are many prices that substantially affect the overall index but may rise or fall sharply in a short time. Experts are always trying to construct inflation measures to be independent of these effects (short-term changes in energy prices, fresh fruit and vegetables) but to reflect that part of inflation caused by monetary effects or permanent price changes.

Special aggregates enable the factors responsible for certain inflation rate behaviour to be detected.

BOX 2.4.3: IMPORTANCE OF MEMBER STATES' CONSUMPTION EXPENDITURE

The weight of a Member State in the euro area or in the EU is its share of household final monetary consumption expenditure in the totals. The country weights used in 2008 are based on national accounts data for 2006 updated to December 2007 prices. For the euro area, weights in national currencies are converted into euro using the irrevocably locked exchange rates. For the EU, weights in national currencies are converted into purchasing power standards. The weight of the euro area reflects its share in the EU total.

Figure 2.4.5: EU and euro area — country weights, 2008



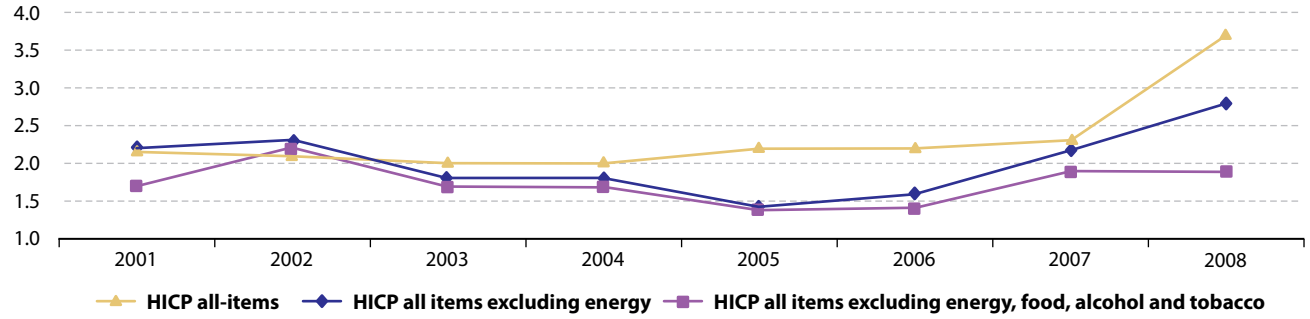
Source: Eurostat (prc_hicp_cow)

In order to facilitate medium-term decisions by the European Central Bank, Eurostat releases a series of special aggregates, including:

- HICP all items excluding energy;
- HICP all items excluding energy, food, alcohol and tobacco;
- HICP all items excluding energy and unprocessed food;
- HICP all items excluding energy and seasonal food;
- HICP all items excluding tobacco;
- Energy;
- Food, alcohol and tobacco.

When price changes are measured excluding energy or food, alcohol and tobacco, or both, inflation rates can show trends different from that of overall inflation. In 2005, when the overall inflation rate was going up, inflation rates measured excluding both energy and the food, alcohol and tobacco group were falling. This can be explained by the fact that price changes in these groups had significant upward impacts on overall inflation. In 2008, inflation measured excluding energy, food, alcohol and tobacco was 1.9 % and remained unchanged compared with the previous year. However, the headline HICP inflation rate increased from 2.3 % in 2007 to 3.7 % in 2008. This was caused by the substantial upward impacts of both energy and food (0.9 % each) on the all-items rate.

Figure 2.4.6: EU — HICP all items & special aggregates, annual average inflation rates (%)



Source: Eurostat (prc_hicp_aind)

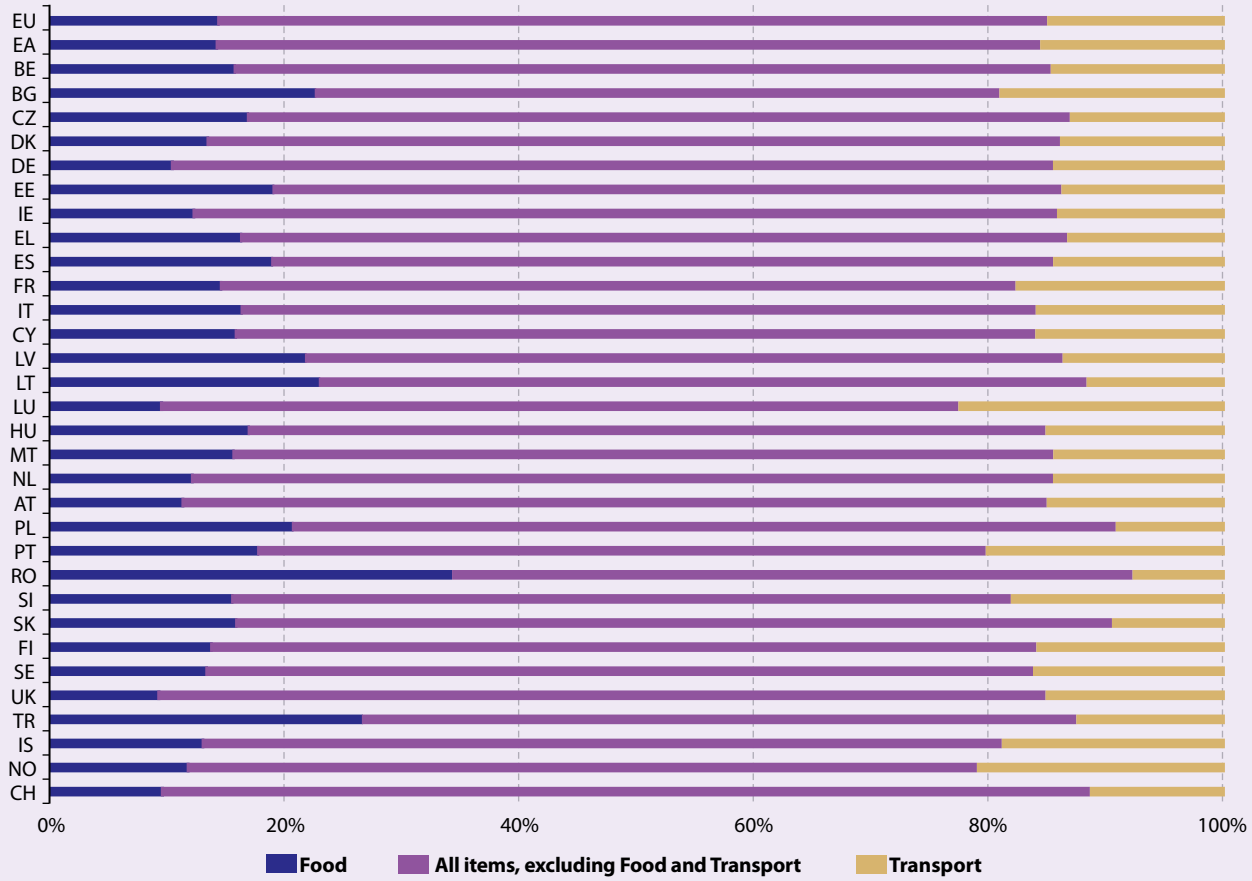
BOX 2.4.4: HOUSEHOLD CONSUMPTION PATTERNS

The consumption patterns of households determine the relative importance (weight) of household monetary expenditure that is attached to each of the categories of goods and services covered by the HICP. The impact on the all-items index of any price change is proportional to the size of the corresponding weight. There is no uniform basket applying to all Member States. The structure of the weights may vary considerably, both between the HICPs for individual Member States and between the HICP for an individual Member State and the average weighting structure for the EU or the euro area. HICP item weights are updated each year.

In 2008, the three categories food, transport and housing, each accounting for around 15 % of consumption expenditure, were those with the largest weights in both country groups: the EU and the euro area. A weight of around one tenth is attached to recreation and culture, though it is a little more important for the whole EU than for the euro area. Only just less are the weights for restaurants and hotels, which again are slightly higher for the EU.

Within the national HICPs the weight for food varies between 11–12 % (the United Kingdom, Luxembourg, Germany) and 37 % (Romania). Transport's share of HFMCE ranges from 8–10 % (Romania, Poland, Slovakia) to 19–23 % (Bulgaria, Portugal and Luxembourg). Consumption expenditure on recreation and culture ranges from 5 % (Bulgaria, Portugal, Romania, and Greece) to 15 % (the United Kingdom). The weight for housing ranges from 8-9 % (Malta, Cyprus, Greece and Luxembourg) to 22–23 % (Slovakia and Germany). In the housing category, it should be noted that HICPs reflect only monetary expenditure; unlike national accounts or household budget surveys, they do not cover services provided by owner-occupied dwellings. This means that countries in which a larger proportion of the population lives in rented dwellings tend to have a larger weight for housing than countries in which a larger proportion of households live in their own dwellings.

Figure 2.4.7: — Consumption patterns, 2008 (%)



Source: Eurostat (prc_hicp_inw)

2.4.2 Trends in interest rates 2000–2008

Long-term interest rates: 10-year government bond yields (Maastricht criterion)

Long-term interest rates are one of the convergence criteria indicators for European monetary union (under Article 121 of the Treaty establishing the European Community). Article 4 of the Protocol on the convergence criteria annexed to the Treaty states that a Member State has to have an average nominal long-term interest rate that does not exceed by more than two percentage points that of, at most, the three best performing Member States in terms of price stability. The interest rate levels are measured using long-term government bonds or comparable securities, taking into account differences in national definitions. This means in practice that, for each country, data have to be collected on long-term (close to 10-year maturity) central government bonds (or a basket of several of these bonds) which are liquid on the secondary market (the interest rates for Cyprus are based on primary market rates). For all countries except Luxembourg and Estonia, the same principles for the calculation of long-term interest rates have been used.

Long-term interest rates in the EU still vary between countries

In 2008, the gap between EU Member States' rates widened significantly. The lowest rates were recorded for Sweden (3.89 %), Germany (3.98 %) and the Netherlands and France (4.23 %), while the highest rates were found in Hungary (8.24 %) and Romania (7.70 %).

Annex Table 4-27 shows changes in long-term interest rates for EU Member States, EU aggregates, the euro area and for some OECD countries. In

2000 and 2001, long-term interest rates were higher than in subsequent years. The lowest rate in 2001 was recorded for Germany (4.80 %). EU and US 10-year government bond yields both stood at 5 %. The highest value was recorded for Poland in 2001 (10.68 %). Between 2000 and 2005, long-term interest rates decreased significantly in the euro area, by 202 basis points, to 3.42 %. The lowest rate in 2005 was recorded for Ireland (3.33 %), the highest in Hungary (6.60 %). In 2006 and 2007 increasing long-term interest rates were reported by most of the Member States providing data, with the exception of Cyprus, Malta, the UK and Hungary. Following the market turmoil that began in summer 2007 and central banks' interventions to safeguard liquidity, the Maastricht criterion interest rates in the euro area decreased from 4.60 % in July 2007 to 4.07 % in March 2008. Later the rates increased within three months up to 4.78 % in June 2008 before decreasing again reaching 3.72 % in December 2008.

In 2008 annual average long-term government bond yields stood at 4.30 % in the euro area, 3.65 % in the US and 1.49 % in Japan.

Short-term rates: three-month money market rates (three-month EURIBOR)

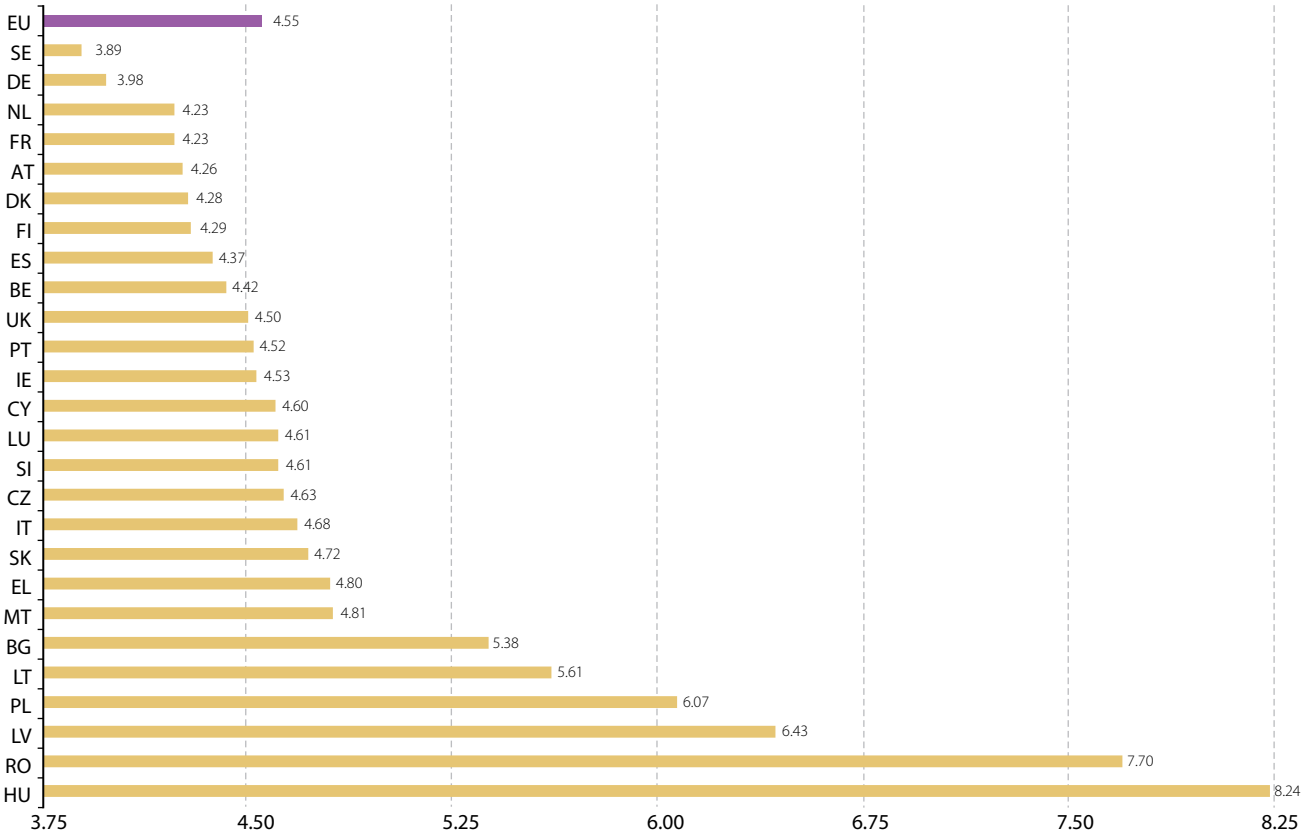
Money market rates, also known as inter-bank rates, are interest rates used by banks for operations among themselves. In the money market, banks are able to trade their surpluses and deficits.

Annex Table 4-28 shows the change in three-month money market interest rates in the euro area (EURIBOR) and in other Member States that had not adopted the euro before 2007. For the period 2000 to 2008, to provide a global picture, data is given for the US and Japan.

In 2000 the three-month money market interest rates in the euro area, the US and Japan were higher than in subsequent years. The lowest rates were recorded for Sweden (4.06 %) and the euro area (4.39 %), the highest for Romania (50.71 %) and Poland (18.77 %).

In general the rates decreased between 2000 and 2004. In the euro area the three-month EURIBOR fell by 228 basis points to 2.11 % in 2004 and remained below 2.20 % until September 2005.

Figure 2.4.8: Maastricht criterion, annual average rates, 2008



Source: Eurostat, Economy and finance, Interest rates, Long term interest rates, Maastricht criterion interest rates (ECB).

Source: Eurostat (tec00036 and tec00097)

Later this important benchmark for short-term interest rates rose continuously and in December 2007 reached 4.85 %. In 2008, EURIBOR fell to 4.36 % in February 2008 before increasing again, to 5.11 % in October 2008. In the following months the central banks all over the world took measures to minimise the effects of the 'credit crunch'. As a result EURIBOR decreased significantly to 1.42 % in April 2009, the lowest figure since the creation of this benchmark in 1999.

The lowest annual rates in 2008 were noted in the Czech Republic (4.04 %) and in Slovakia (4.15 %), the highest in Romania (12.26 %) and in Hungary (8.79 %).

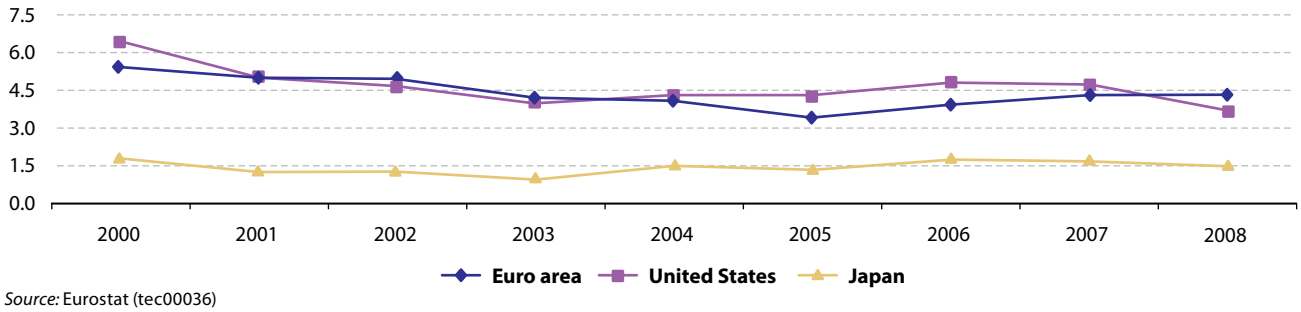
In 2008, the three-month EURIBOR averaged 4.63 %. The relevant short-term rate in the United States was 2.91 % and in Japan only 0.92 %.

The increase in three-month money market rates between 2005 and October 2008 was a global phenomenon, not limited to the euro area. It was felt in most of the Member States outside the euro area and in Japan as well.

However, in the United States three-month money market rates followed a slightly different pattern to that of the euro area. Only in March 2004 was the lowest rate recorded for both (euro area 2.03 %, US 1.11 %). After that, US money market interest rates increased continuously — exceeding the euro area level in November 2004 — to 5.50 % in July 2006. In that time the three-month EURIBOR rose only to 3.10 %. However, the gap of 240 basis points closed in subsequent months. Since January 2008, US short-term interest rates have been lower than those of euro area. The rates decreased sharply between December 2007 (4.98 %) and May 2008 (2.69 %). In the following months the rates rose again until October 2008 (4.06 %). Thereafter, triggered by the financial turmoil in October 2008, central banks took coordinated action with the aim to lower interest rates by providing liquidity at favourable conditions. As the result, three-month money market rates fell worldwide. They stood at 1.11 % in the US in April 2009.

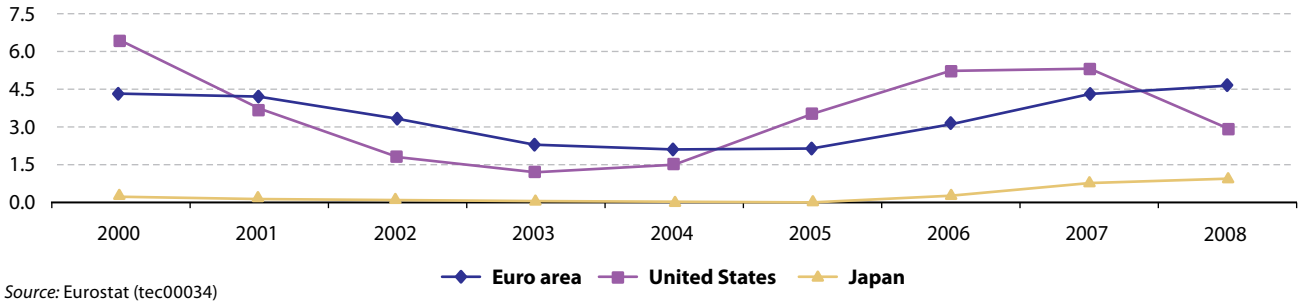
Worldwide, Japanese interest rates were always the lowest. Japanese three-month interest rates remained below 0.1 % until March 2006. Since then Japanese rates have increased significantly. However, with the exception of October 2008 (1.04 %) three-month interest rates were always below 1 %, which was still a moderate rate compared with European countries (where the lowest level was 1.00 %, recorded in Sweden in April 2009) and the United Kingdom (1.53 %). In the euro area the

Figure 2.4.9: Long-term interest rates, annual averages



Source: Eurostat (tec00036)

Figure 2.4.10: Three-month money market rates, annual averages



Source: Eurostat (tec00034)

three-month EURIBOR was 1.42 %, in the US three-month interest rates stood at 1.11 % and in Japan at 0.57 %.

In April 2009 the highest three-month interest rates were observed in Romania (13.61 %), Latvia (12.43 %) and Hungary (9.56 %).

2.4.3 Trends in euro exchange rate developments 2000–2008

Exchange rate developments were less relevant in the decade ending 2008. The introduction of the euro eliminated exchange rates between an increasing number of EU Member States. At the outset, in 1999, the euro area covered 11 Member States (BE, DE, IE, ES, FR, IT, LU, NL, AT, PT, FI). Later other Member States joined: Greece (2001), Slovenia (2007), Cyprus and Malta (2008), and Slovakia (2009). Some other European currencies have remained stable against the euro in recent years, especially the Danish krone, the Estonian kroon, the Latvian lats and the Lithuanian litas.

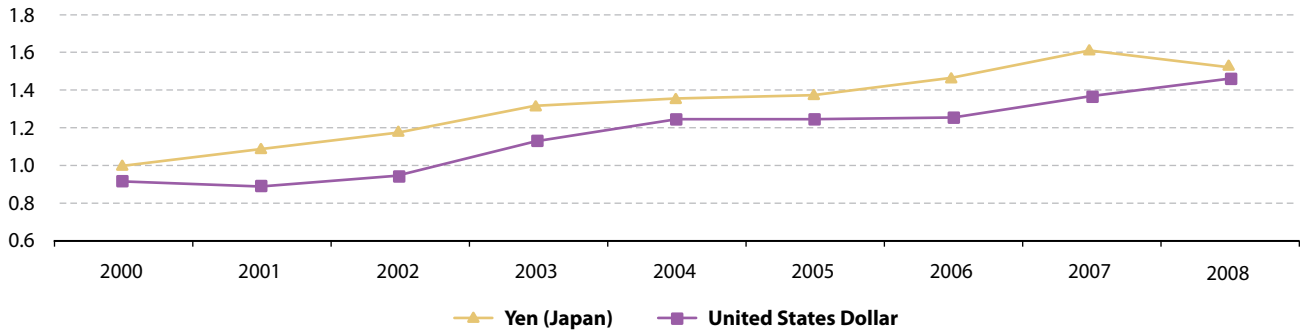
However, taking into account recent developments the euro appreciated significantly against the pound sterling (by 18.1 % by the end of February 2009 year-on-year) and against the Swedish krona (by 21.9 %).

A small number of currencies appreciated against the euro during the period 2004–2007, measured by the annual average exchange rates in 2007 as against 2004 (see Annex Table 4-29). The most significant gains were for the Rumanian leu (17.7 %), the Polish zloty (16.4 %), and the Slovak koruna (15.6 %).

However, after the financial turmoil in October 2008 the euro appreciated by the end of February compared to September 2008 against the Polish zloty by 37.7 %, against the Hungarian forint by 23.9 %, and against the Romanian leu by 18.3 %.

In contrast to the moderate fluctuations between the majority of European currencies, the value of the euro increased against the following currencies of important trading partners between 2002 and 2008: the Japanese yen (+29.1 %) and the US dollar (+ 50.5 %). However, since the second half of 2008 these currencies have appreciated significantly. At the end of February 2009 the value of the euro stood at USD 1.2644 i.e. –16.6 % year-on-year, and at JPY 123.23, i.e. –22.0 % year-on-year.

Figure 2.4.11: Euro exchange rates, annual average rates



Source: Eurostat (tec00033)

2.5 External dimension of the economy

2.5.1 Introduction

The EU has a common trade policy (known as the Common Commercial Policy). In other words, wherever trade issues, including issues related to the World Trade Organisation (WTO), are concerned, the EU acts as a single entity. In these cases, the European Commission negotiates trade agreements and represents Europe's interests on behalf of the Union's 27 Member States. The EC Treaty establishes the overall aims and objectives of EU trade policy: Article 2 sets the general aims, including promoting the development of economic activities, high employment and competitiveness, and environmental protection. Articles 131 explains how the common commercial policy must operate in principle: "to contribute, in the common interest, to the harmonious development of world trade, the progressive abolition of restrictions on international trade and the lowering of customs barriers". Article 133 sets out the scope, instruments and decision-making procedures. Article 300 establishes the current inter-institutional procedure for the conclusion of international agreements, principally by the Council.

The EU's external trade policy contributes to Europe's competitiveness in foreign markets. Being an open economy, the EU's aim is to secure improved market access for its industries, services and investments, as well as to enforce the rules of free and fair trade. A coordinated foreign trade policy takes on even greater importance in an era of globalisation, when economies and borders are opening up, leading to an increase in trade and capital movements, and the spread of information, knowledge and technology, and involving a process of deregulation. The economic impacts of globalisation on the EU are obviously felt through trade in goods and services, financial flows ranging from foreign direct investment to more short-term forms, such as portfolio investment, as well as the movement of persons linked to cross-border economic activity, ranging from workers' remittances to the provision of services.

Globalisation becomes noticeable when it is measured by actual trade flows. According to World Development Indicators (published by the World Bank) trade grew, on average, almost twice as fast as GDP between 1990 and 2006. Global trade is expected to hit about US$ 16 trillion in 2007, equal to 31% of world GDP. At the same time, stocks of foreign direct investment grew almost five times as fast as world GDP. The domestic sales of foreign affiliates are larger than world exports and are critically reliant on trade in intermediate goods, further underscoring the importance of the integration of trade in modern economic activity.

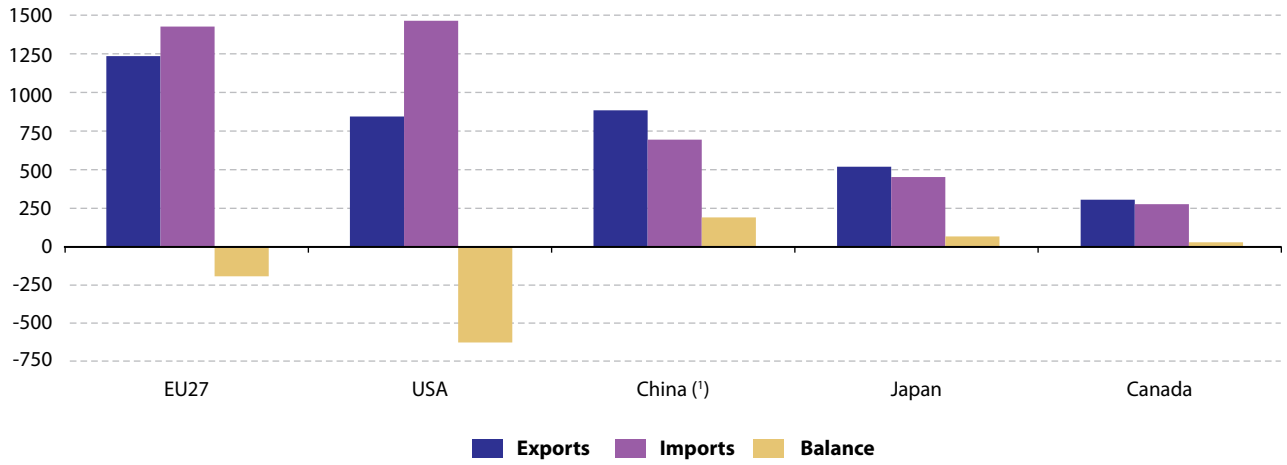
Within the EU, there are two main sources of statistics on international trade. One is external trade statistics (ETS), which provide information on trade in merchandise goods, collected on the basis of customs and VAT declarations. ETS provide highly detailed information on the value and volumes (quantity) of international trade in goods as regards the type of commodity. The second main source is balance-of-payments statistics (BoP), which register all the transactions of an economy with the rest of the world. The purpose of this chapter is to give an overview of the EU's trade in merchandise goods (within the ETS framework), as well as its trade in services, current account, and foreign direct investments (within the BoP framework).

2.5.2 Trade in goods

The European Union was the major player in international trade during 2007, the latest year for which a comparison with other major players is possible, with exports and imports totalling EUR 2 675.6 billion. Of these, 46% were exports and 54% imports, resulting in a trade balance deficit of EUR 192.5 billion. The second largest world player was the United States, with total trade of EUR 2 320.1 billion. Their wider gap between exports (37% of trade) and imports (63%) resulted in a trade deficit of EUR 623.6 billion.

China, Japan and Canada followed with considerably lower levels of total trade, but all showing small trade surpluses.

Figure 2.5.1: Main world traders: exports, imports and balance, EUR Bn, 2007



Source: Eurostat (tet00018)

(1) Excluding Hong Kong

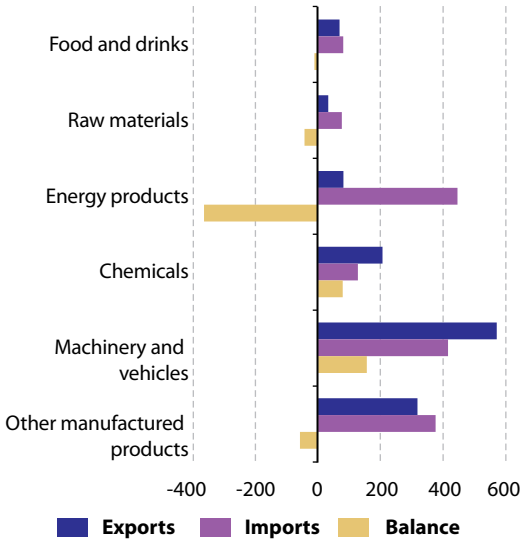
Between 2007 and 2008 extra EU-27 exports grew by 5.4% and imports by 8.1%. The growth of EU trade in 2008 was concentrated in the first three quarters, then a contraction was registered during the last quarter (-2.1% for total trade in comparison with the last quarter of 2007), showing the effect of the international financial turmoil.

An analysis by product can be made at aggregated level by using the first two levels (section and division) of the Standard International Trade Classification (SITC). All main product groups showed an increase in Extra EU-27 exports in 2008. The biggest rise was registered for exports of energy products (SITC 3), and especially for exports of petroleum products (SITC 33) with an increase of 27%. The second largest increase was in exports of food and drinks (SITC 0 + 1). In particular, cereals (SITC 04) rose by 48.5% from EUR 6.7 billion in 2007 to EUR 10.0 billion in 2008.

Imports of machinery and transport equipment (SITC 7) and other manufactured products (SITC 6 + 8), accounting for a half of extra EU-27 imports, decreased during 2007-2008. For machinery and transport equipment, the most important falls were in imports of telecommunications and sound recording and reproducing apparatus (SITC 76) which fell from EUR 79.7 billion in 2007 to EUR 74.6 billion in 2008 (-6.4%), followed by imports of cars (SITC 78) and office machinery (SITC 75), with a reduction respectively of 5.2% and 4.6%.

Among the other manufactured products, EU-27 imports of non-ferrous metals (SITC 68) fell from EUR 47.3 billion in 2007 to EUR 37.9 billion in 2008 (-19.9%), non metallic mineral manufactures (SITC 66) fell by 5.9% and textile yarn and related products (SITC 65) by 5%.

Figure 2.5.2: EU27 exports, imports and balance, by SITC-1 product group, EUR Bn, 2008



Source: Eurostat (tet00061)

Petroleum products with a total value of EUR 405.0 billion were by far the biggest product group traded by EU-27 during 2008, with imports accounting for the lions share. Far behind, cars were the second most traded products but the most exported ones, followed by electrical machinery, apparatus and appliances (SITC 77) with exports just bigger than imports.

In 2008 the United States was by far the main destination of goods from EU-27 (19% of all EU-27 exports in 2008), in spite of a fall of their imports of 4.6% between 2007 and 2008.

Machinery and transport equipment was the largest group of EU-27 exports to the United States in 2008 and, even after falling by 7.4% during 2007-2008, accounted for 40% of all EU-27 exports to the United States. Within this group, exports of cars from Germany to the United States fell from EUR 20.3 billion in 2007 to EUR 17.7 billion in 2008.

China remained the most important trading partner for EU-27 imports during 2008 (16% of all EU-27 imports) with a growth rate of 6.5% during 2007-2008 and a remarkable growth rate of 232% between 2000 and 2008.

EU-27 exports to Japan showed a decrease of 3.2% in 2008. Exports of cars, which represented 12% of total EU-27 exports to Japan in 2008, fell by 12.9%. Exports of cars from Germany, amounting to 57% of all SITC 78 exports to Japan in 2008, fell by 7.8%.

In contrast, EU-27 exports to Russia showed a growth rate of 18% for 2007-2008 and Russia overtook Switzerland to become the second largest trading partner for EU-27 exports. Trade in machinery and transport equipment increased in value by 23.1% during 2007-2008 and accounted for over a half of EU-27 exports to Russia in 2008.

Exports of cars to Russia grew by 34.8% during 2007-2008, with exports from Germany increasing from EUR 4.4 billion to EUR 5.1 billion.

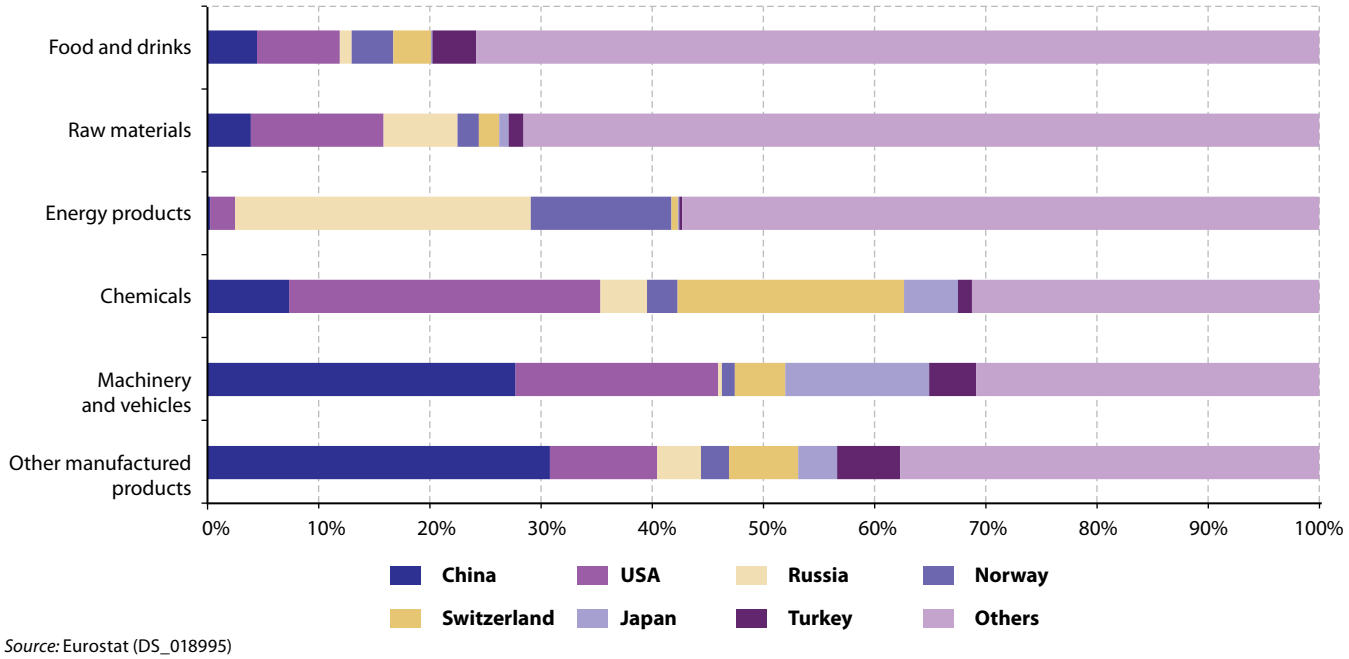
EU-27 exports to Brazil also had a high growth rate during 2007-2008 (23.5%), again relating to machinery and transport equipment. Exports from Germany to Brazil of industrial machinery and machine parts (SITC 74) increased by 28.7% during 2007-2008.

EU-27 imports from Russia increased by 20.1% during 2007-2008. Imports of mineral fuels (SITC 3) represented 68% of all EU-27 imports from Russia and rose by 24.6% in 2008. The value of petroleum products, which represented more than a half of all EU-27 imports from Russia, rose by 20.7%.

EU-27 imports from Norway grew strongly (+ 20%) between 2007 and 2008, due mainly to the growth (+28.8%) in the value of energy products, which made up 62% of all EU-27 imports from Norway. In particular, EU-27 imports of petroleum products from Norway increased by 21.3% in 2008 and amounted to EUR 43,7 billion, about half of the total imports.

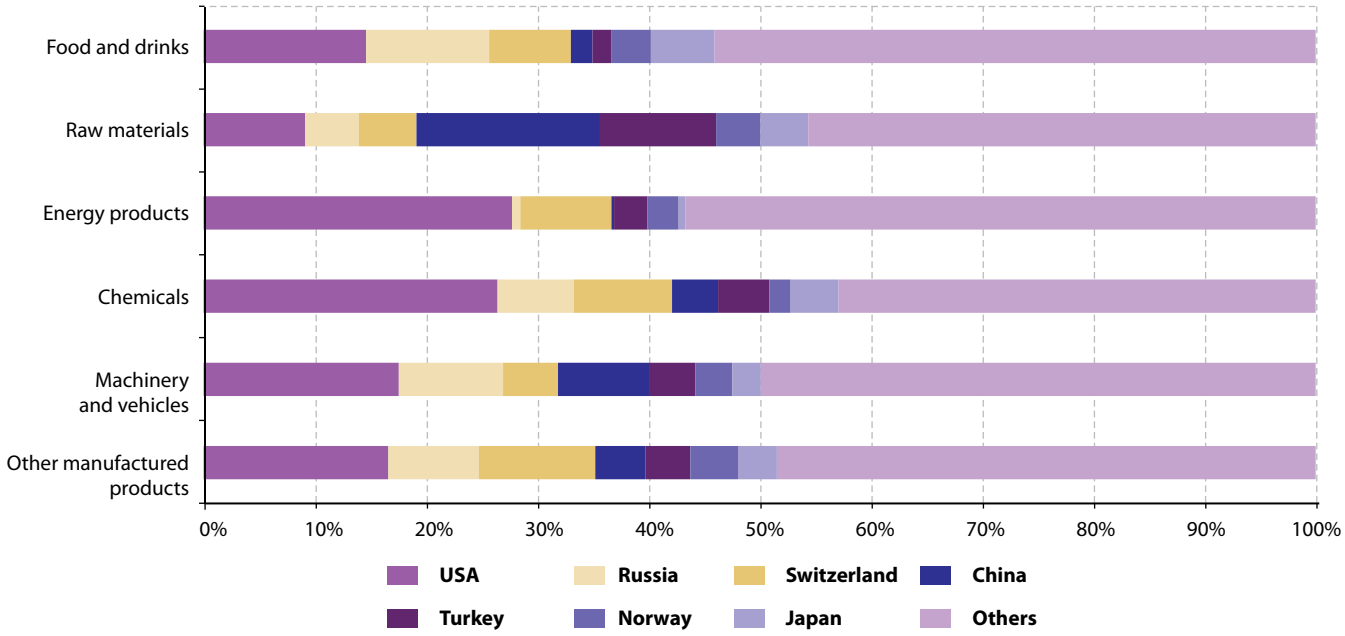
The big rise in value of energy products imports during the most recent years was to a large extent determined by rising prices. The unit value index for EU-27 imports of energy products, that can be used as a price change indicator, more than doubled between 2004 and 2008.

Figure 2.5.3: Extra-EU27 imports by SITC group, share by main partners, 2008



Source: Eurostat (DS_018995)

Figure 2.5.4: Extra-EU27 exports by SITC group, share by main partners, 2008



Source: Eurostat (DS_018995)

Germany was by far the largest contributor to extra EU-27 trade in both 2007 and 2008, with 23% of all trade in both years. For both these years, the United Kingdom, Italy and France followed, but with only approximately half the trade of Germany.

All the main declaring Member States, with the exception of the UK whose total extra EU-27 trade fell by EUR 4 billion, increased their trade between 2007-2008.

Two Member States, Ireland and Malta, had falling growth rates for both exports and imports during 2007-2008. Belgium was the only other Member State showing a fall in exports in 2008. Its most important export, chemicals, which represented 32% of its exports in 2008, fell by 10.4%. Within that category, there was a significant fall (-18.3%) in exports of medicinal products (SITC 54).

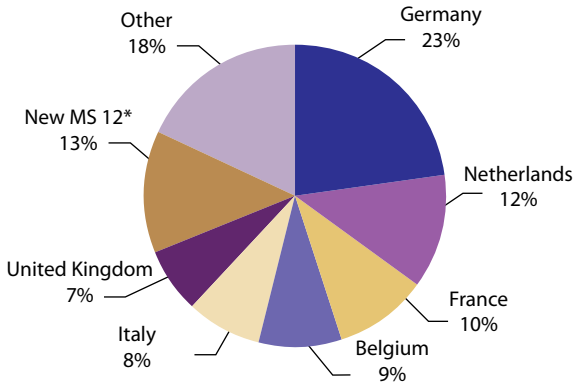
Apart from Ireland and Malta, three other Member States (Greece, Estonia and the United Kingdom) showed a reduction in Extra EU-27 imports in 2008. Greece had a remarkable fall of 55.7% in the value of petroleum products, which represented 16% of all extra EU-27 imports in 2008.

All other Member States recorded increased trade during 2007-2008, with the biggest growth rates shown by the new MS12*. Lithuania had remarkable increases for both exports and imports (44.8% and 59.2% respectively). Apart from Lithuania, the biggest growth rates for exports were shown by Latvia and Slovakia, and for imports by Czech Republic and Poland.

Close to two thirds of the EU's total external trade was carried out within the Union in 2008. The weight of intra-EU trade (dispatches plus arrivals) measured as a percentage of the individual Member States' total trade ranged between 81% in Luxembourg and the Czech Republic and 55% in the United Kingdom. Intra-EU dispatches increased in 2008 at a lower rate than extra-EU exports (2% against 5.4%).

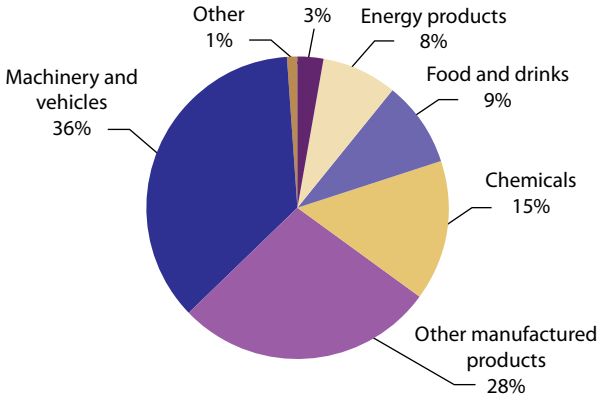
Once again the new MS12* showed the biggest growth rates with the exception of Malta that conversely had a reduction of 22.5%. Apart from Malta, the biggest fall in intra-EU dispatches were registered by Spain, United Kingdom (both -4.9%) and Ireland (-4.6%). Dispatches are shown broken down by main exporting Member State, as well as by SITC-1 product group. Despite a rise in extra-EU exports, machinery and vehicles as well as other manufactured products where the only groups showing a fall in intra-EU dispatches in 2008 (-2.7% and -1.3% respectively in comparison with 2007).

Figure 2.5.5: Intra-EU27 dispatches, share by main declaring Member State, 2008



Source: Eurostat (tet00039)

Figure 2.5.6: Intra-EU27 dispatches, share by SITC-1 product group, 2008



Source: Eurostat (ext_lt_intratrd)

* 'New MS12' = Member States that joined the EU in the 2004 and 2007 enlargements

BOX 2.5.1: TRADE IN GOODS – THE "ROTTERDAM EFFECT"

Dutch trade flows are over-estimated because of the so-called 'Rotterdam effect': that is goods bound for other EU countries arrive in Dutch ports and, according to Community rules, are recorded as extra-EU imports by the Netherlands (the country where goods are released for free circulation). This in turn increases the intra-EU flows from the Netherlands to those Member States to which the goods are re-exported. To a lesser extent, Belgian figures are similarly overestimated.

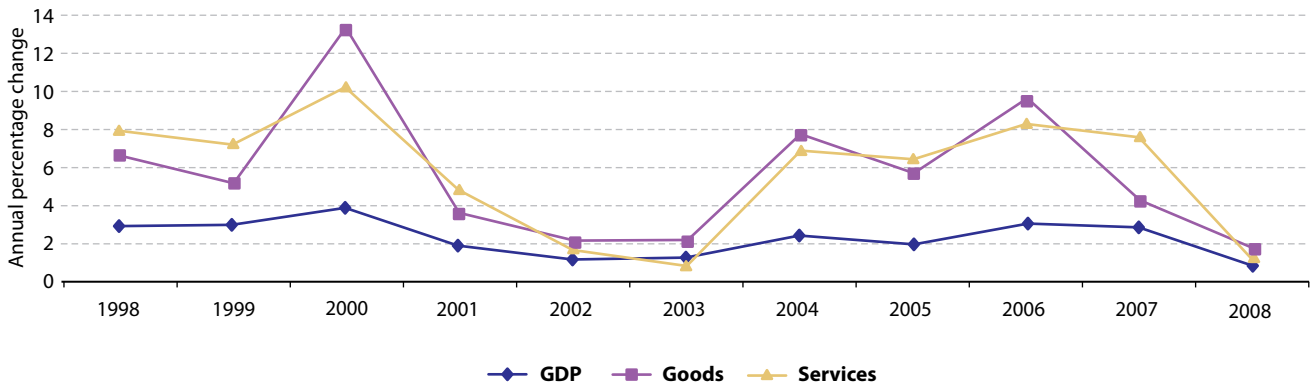
2.5.3 Trade in Services

Whereas section 2.5.2 described trade in goods (within the External Trade Statistics framework), this section will concentrate on trade in services. Statistics on trade in services are compiled in the balance of payments framework.

Services play a major role in all modern economies. An efficient services sector is crucial for trade and economic growth and for vibrant and resilient economies. Trade in services also plays an important role in creating wealth and jobs for all economies around the world, and is a catalyst for development. Services are the backbone of economies and trade around the world and provide vital support to the economy and industry as a whole, for example through finance, logistics and communications. Increased trade in and availability of services boost economic growth by improving the performance of other industries, since services provide key intermediate inputs, especially in an increasingly interlinked globalised world.

Since the 1990s, growth in the export of goods and services in the EU has evolved in a broadly similar pattern, with both sectors growing by about 6.5 % per year on average. Consequently, services maintained their roughly 22 % share of overall international trade during this period. The year 2008 — as Figure 2.5.7 shows — saw a significant fall in growth rates, both for export of goods (1.8 %, down from 4.2 % in 2007) and for export of services (1.3 %, compared to 7.6 % in 2007).

Figure 2.5.7: EU GDP and exports of goods and services, annual variation (%) [1]



(1) At 1995 prices and exchange rates

Figure 2.5.8: EU-27 trade in services, credit, debit and net (EUR bn)

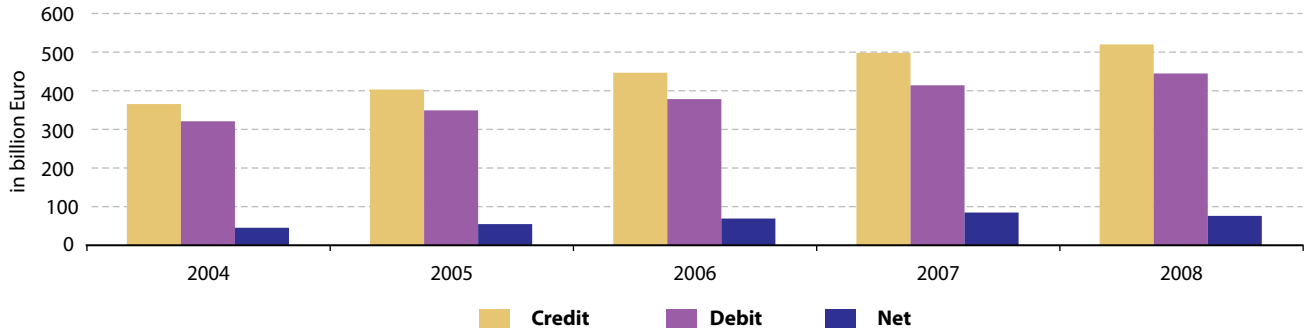
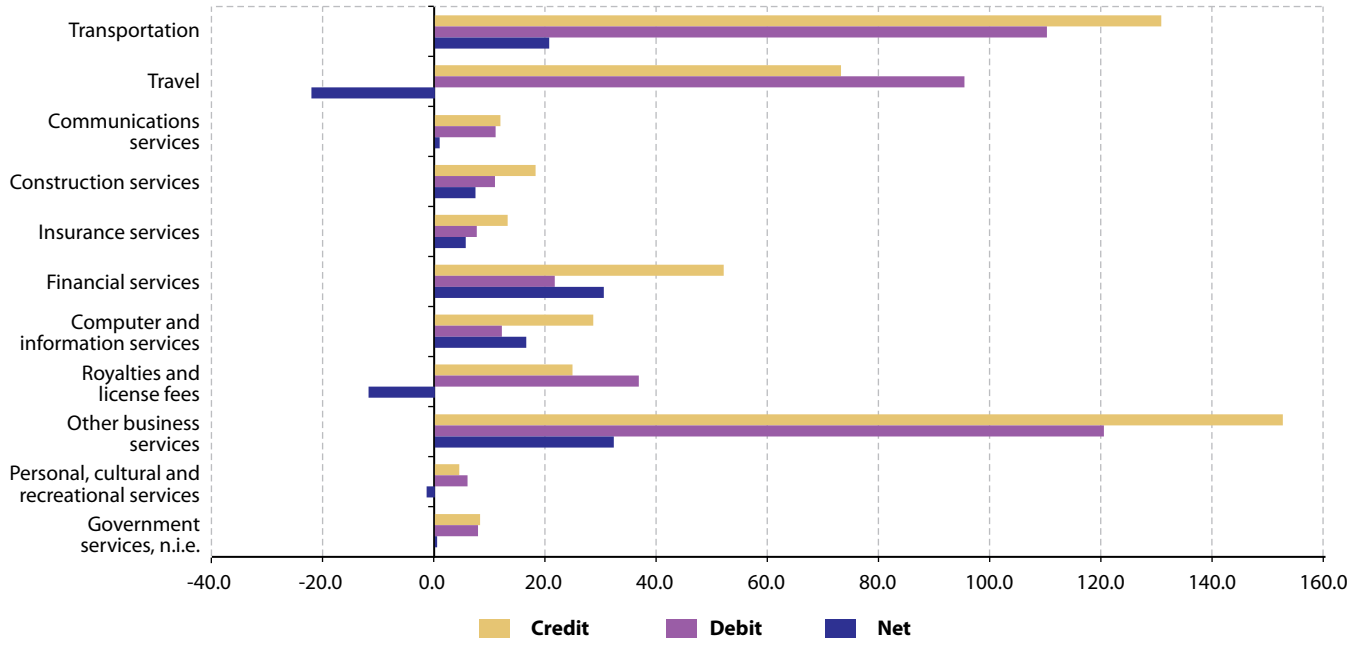


Figure 2.5.9: EU international trade in services with the rest of the World (EUR bn)



In 2008, the European Union remained the world's largest exporter and importer of services. The EU-27 accounted for about one quarter of global exports and imports (intra-EU transactions are excluded from this calculation because the EU is treated as a single entity). EU-27 trade in services was marked by an increase of 4.4 % in exports (credits) and 7.4 % in imports (debits) over 2007 in value terms. As a result the surplus decreased, reaching EUR 75.4 bn in 2008, compared to EUR 84.1 bn in 2007.

Chart 2.5.9 shows that transportation services, travel and other business (which covers merchanting and other trade-related services, operational leasing services and miscellaneous business, professional and technical services) made up 69 % of total EU exports and 74 % of total EU imports. The decreased surplus in 2008 was mainly due to a deterioration of the balance in travel, royalties and license fees and in other business services, which could not be offset by an improved balance in transportation services.

An analysis of the breakdown by partner, and of the underlying trend of EU transactions with the rest of the world (extra-EU transactions), shows that the USA continued to be the EU's biggest trading partner. In 2008, 26.2 % of total exports from the EU-27 went to the USA and 29.7 % of total imports came from the USA. While exports to the USA decreased, imports from the USA went up, pushing down the trade surplus from EUR 11.4 bn in 2007 to EUR 3.8 bn in 2008. Exports to Switzerland grew somewhat faster than imports from that country, resulting in a slight increase in the trade surplus. Countries that increased their share in EU trade in services, although starting from a relatively low level, were China (3.9 % and 3.2 % of total EU exports and imports respectively in 2008, compared to 2.5 % and 2.4 % in 2004), and Russia (4.1 % and 3.1 % of total EU exports and imports respectively in 2008, compared to 2.6 % and 2.3 % in 2004).

The EU had considerable surpluses with most of its trading partners; however the largest deficits were recorded with Morocco, Croatia, Thailand, Egypt and Turkey, mainly due to deficits recorded under the 'travel' category.

The United Kingdom continued to be the largest exporter of services in 2007. Almost one quarter of all EU exports to the rest of the world came from the UK, followed by Germany and France. Germany was the biggest importer, accounting for more than 19 % of total EU imports, followed by the UK and France. The United Kingdom also recorded the largest surplus in 2007 (EUR 51.9 bn), followed by Sweden (EUR 10.0 bn) and Greece (EUR 8.2 bn). The highest deficit in 2007 was recorded by Ireland (-EUR 12.5 bn), followed by Germany (-EUR 3.9 bn) and Italy (-EUR 3.1 bn).

It is noteworthy that about 57 % of EU trade in services in 2008 was between EU Member States (intra-EU transactions). This share has remained more or less stable over the last decade.

Figure 2.5.10: Extra-EU trade in services, share by main partner (%)

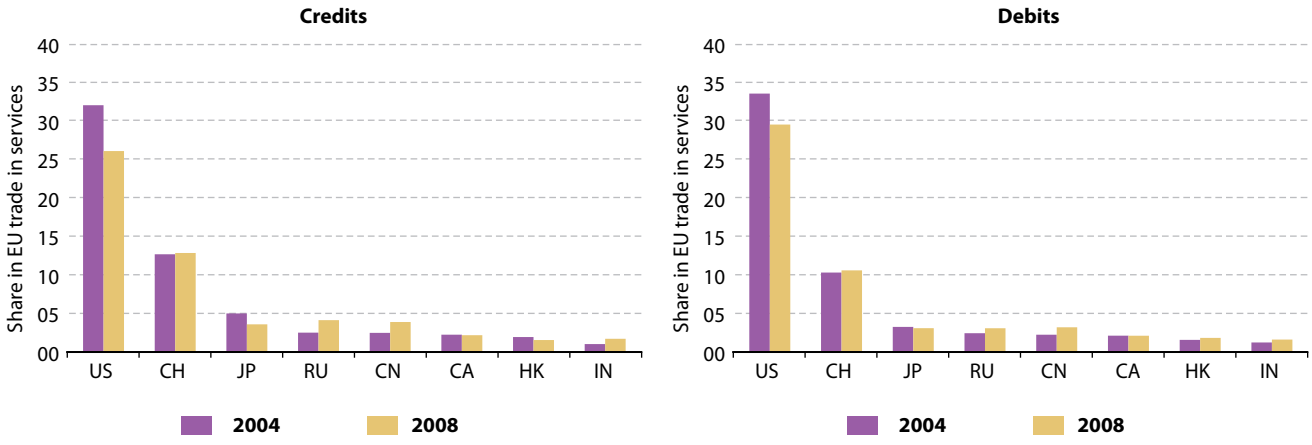
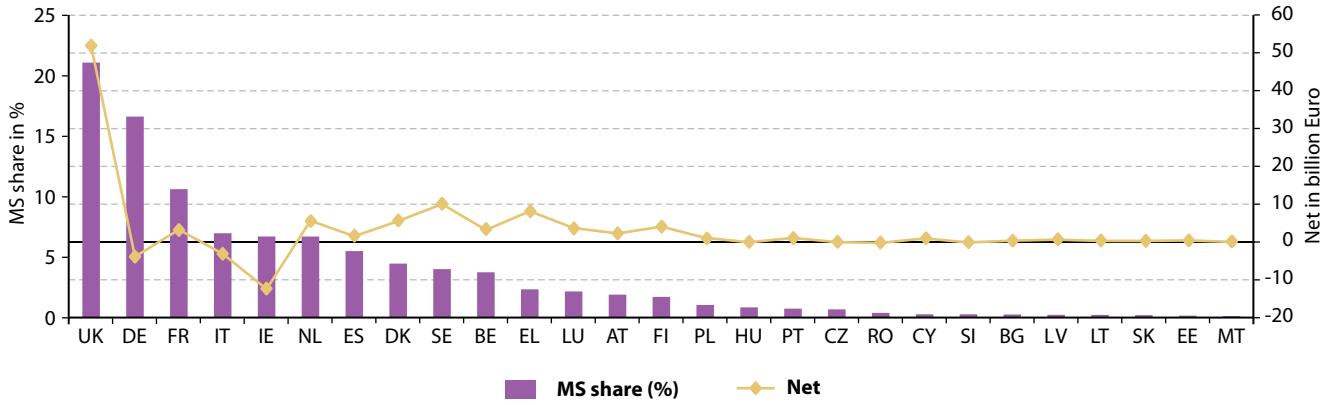


Figure 2.5.11: Member States' share in total extra-EU ITS transactions (%), net (EUR bn), 2007



Left-hand scale for MS share in percentage; Right-hand scale for balance in bn euro

2.5.4 Current account

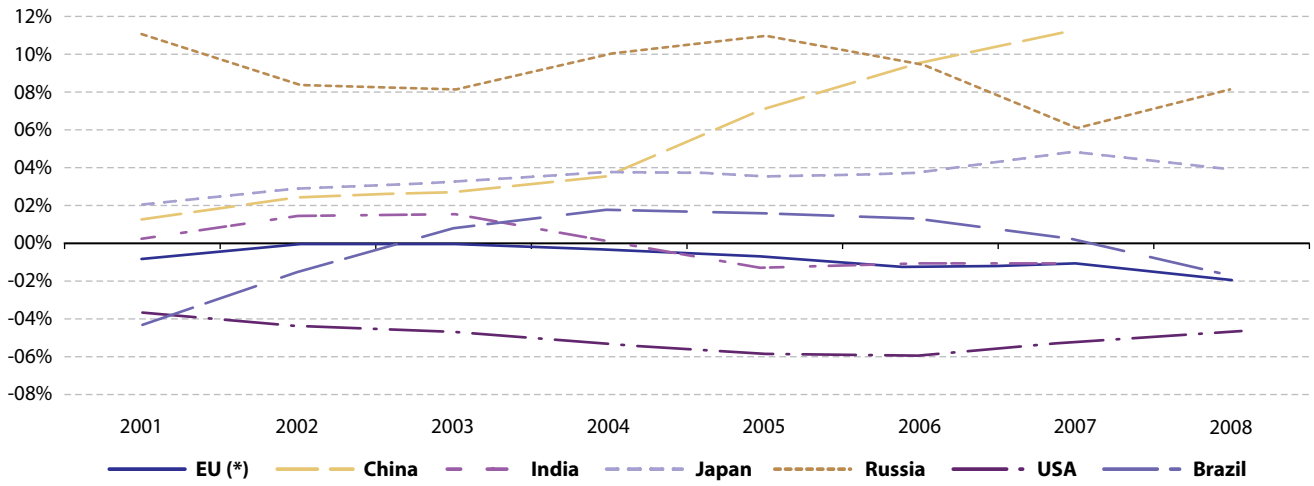
The current account measures the economic position in the world of a country or economic union such as the EU, covering all transactions other than those in financial items that occur between resident and non-resident entities. Besides international trade in goods and services, discussed in the two previous sections, it also includes income and current transfers. Economies with a current account surplus are net creditors, while those with a deficit are net debtors to the global economy. Such deficits are financed by the various items of the financial and capital account.

The position of the EU economy can be set against that of other major world economies by comparing the current account balance measured as a share of GDP. As shown in Figure 1, in the most recent years the current account of the EU was close to balance, though there has been a slowly growing deficit since 2004. China became the world's biggest creditor with a constantly increasing current account surplus driven by exports of manufactured goods, which rose from over 1 % in 2001 to more than 11 % in 2007. On the other side the USA remains by far the world's biggest debtor. Its current account deficit reached the highest level in 2006 and since then decreased slightly. Russia benefited from the high prices of raw materials and energy products, of which it is a major exporter, and, after short decline in 2007, its current account surplus increased again in 2008 to over 8 %. Also Japan has been running significant surpluses, although it fell after the highest point in 2007 back to below 4 % in 2008. Brazil's current account moved from deficit to surplus in 2003, peaked in 2004 and then steadily decreased, turning back into a small deficit in 2008; similarly India moved from a small surplus until 2004 to a deficit.

To get a clearer picture of the economy and of its strengths in comparison with the rest of the world, it is useful to study the contribution to the current account balance of the various components: international trade in goods, trade in services, income and current transfer. As shown in Figure 2, based on yearly data for 2008, the EU current account deficit was mainly due to the deficit in trade in goods. Small deficits in income and current transfers contributed further to this small, in terms of GDP, negative imbalance in the current account. On the other hand, the EU recorded a surplus in international trade in services, which highlights the growing importance of services in the EU economy and the comparative strength of the EU in this sector.

For the world's other major economies, the importance of the different components of the current account varied, with the balance of trade in goods usually being the most important factor. For the USA the significant deficit caused by the big negative imbalance in trade in goods was only partially offset by surpluses in trade in services and income. China and Russia had substantial surpluses in trade in goods. But while China also recorded surpluses on income and current transfers, Russia had deficits for all the other components. Income was the main contributor to the current account balance of Japan and Brazil (in surplus and in deficit respectively). For India, surpluses in trade in services and current transfers did not completely offset the large deficit in trade in goods, leaving a deficit not far from balance.

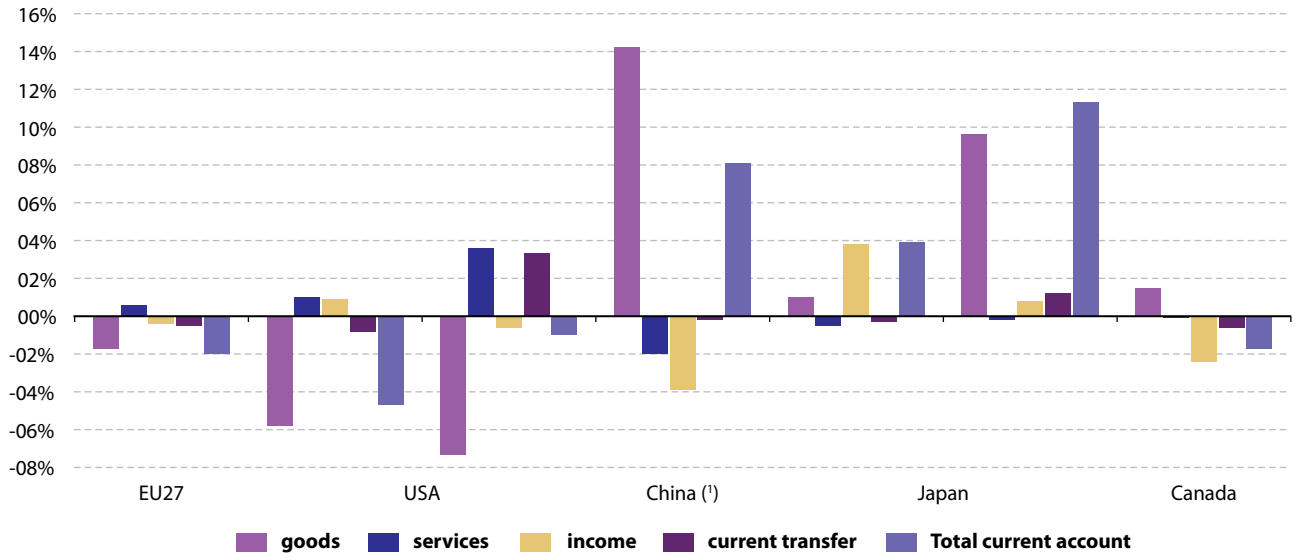
Figure 1: Current account balance as share of GDP (%)



(*)2001-2003: EU-25; 2004-2008: EU-27

Source: Eurostat, OECD, IMF, Bureau of Economic Analysis, Ministry of Finance of Japan, The Central Bank of the Russian Federation

Figure 2: Current account by component as share of GDP, 2008 (%)

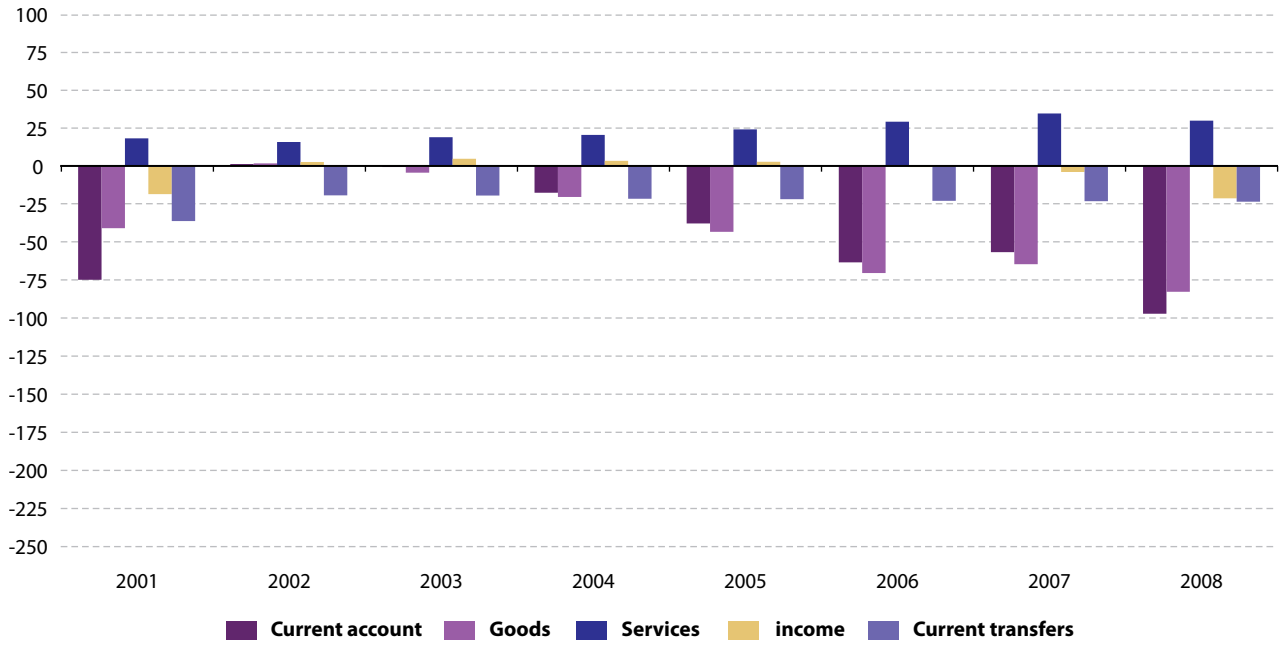


(*) 2007 data

Source: Eurostat (teibp050), OECD, IMF, Bureau of Economic Analysis, Ministry of Finance of Japan, The Central Bank of the Russian Federation

As shown in Figure 3, the EU current account moved from deficit in 2001 to a small surplus, which reached EUR 3 bn in 2003 and then back to the deficit, which increased from EUR 37 bn in 2004 to EUR 244 bn in 2008 — that is, as a share of GDP, from balance in 2002 and 2003 and -0.4 % in 2004 to -2.0 % in 2008. The main reason was the growing deficit in trade in goods, which has steadily worsened since 2002, reaching almost EUR 208 bn in 2008, representing 85 % of total current account deficit. The other factor responsible for the increase in current account deficit was movement in the balance of income account from a small surplus until 2006 to a deficit, small in 2007 but quite significant in 2008, which can be explained by the growing deficit in portfolio investment income. For this reason, the total current account deficit exceeded the deficit

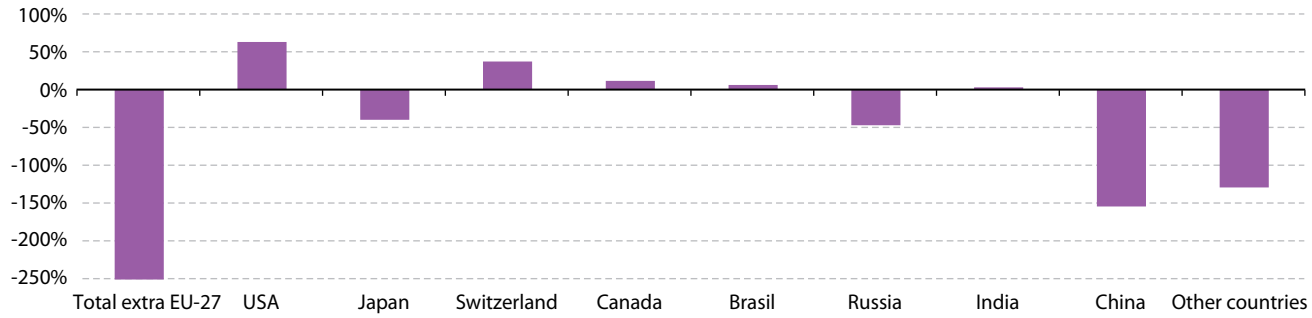
Figure 3: EU(*) current account by component (EUR 1 000 million)



(*)2001-2003: EU-25; 2004-2008: EU-27

Source: Eurostat

Figure 4: EU current account balance with other main economies, 2008 (EUR 1 000 million)



Source: Eurostat

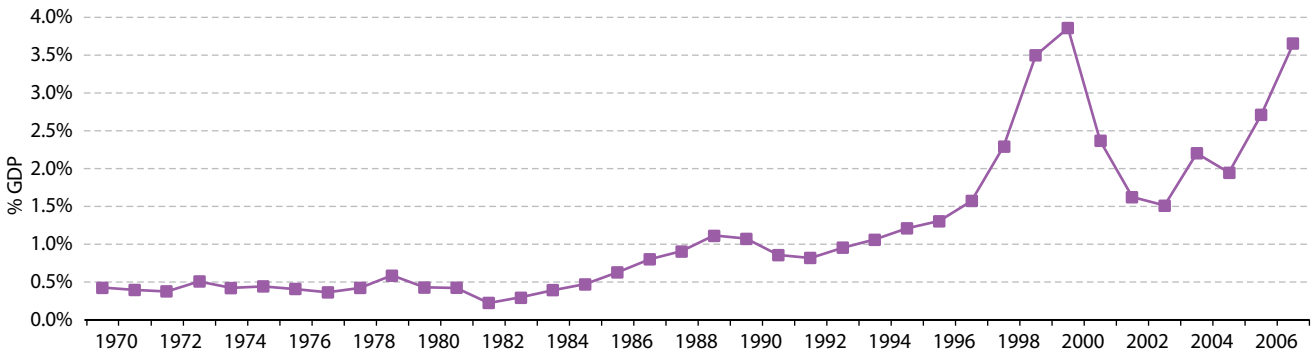
in trade in goods for the first time since 2002. Deficit in current transfers has remained stable in the past few years, at a level of around EUR 50 bn. On the other hand, growing surpluses in trade in services were recorded, reaching the highest level in 2007 at over EUR 86 bn and falling slightly in 2008 to about EUR 75 bn.

Figure 4 shows the geographical breakdown of the EU current account in 2008. The EU had a substantial net creditor position with the USA and to a lesser extent with Switzerland, Canada, Brazil and India. It was, however, more than counterbalanced by the debtor position with China, and the deficits with Russia and Japan further worsened the total current account balance. The deficit with these three countries in 2008 was almost equal to the total current account deficit of the EU and was caused mainly by the deficit in trade in goods. On the other hand, trade in goods was the principal component of the surplus in current account with the USA and India, while it was trade in services with Switzerland and income with Brazil and Canada.

2.5.5 Foreign direct investments

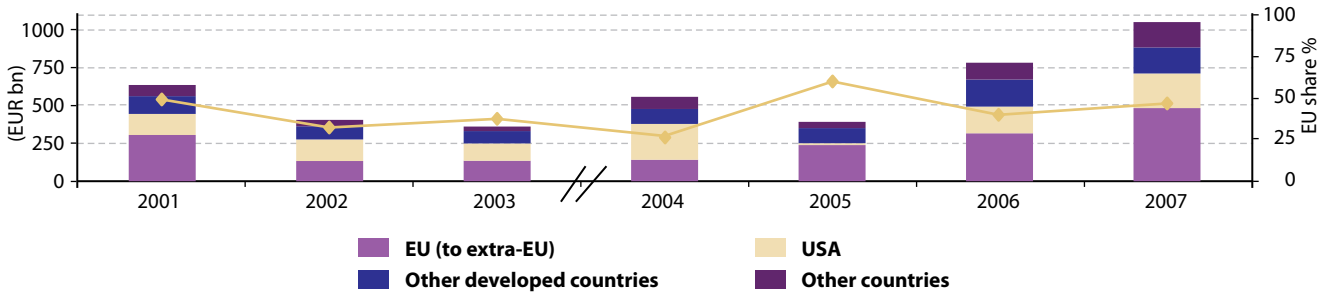
Foreign direct investment (FDI) plays an important role in economic globalisation. For the investing firm, it means access to new markets and

Chart 1: World FDI flows as a % of the world GDP, 1970-2007



Source: UNCTAD World Investment Report 2008 and UN statistics division.

Chart 2: World FDI flows by origin, 2001-2007 (EUR bn)



EU-27 for 2004-2007, EU-25 for 2001-2003

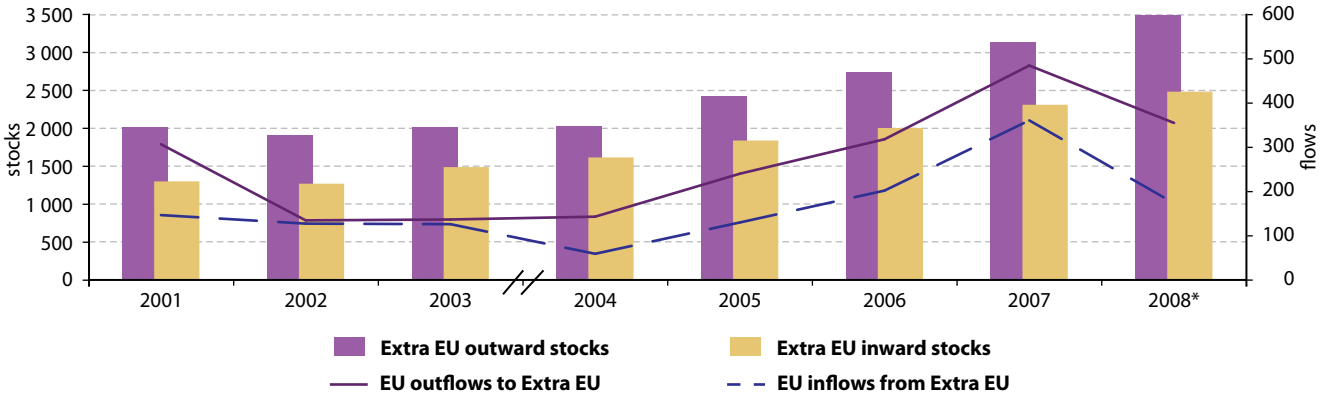
marketing channels, possibly cheaper production facilities, access to new technology, products, skills and financing. For a host country or the firm which receives the investment, it can provide a source of new technologies, capital, products and management skills, which can lead to higher competition and give impetus to economic development. FDI complements and fuels the expansion of trade flows and is seen as an important cornerstone of economic globalisation.

The world's FDI flows have increased tenfold since 1970. Relative to world GDP, FDI flows remained below 1 % from 1970 until 1988. From 1993 they experienced a steep growth with 2000 being the peak year (3.9 % of the GDP). The following three years were characterised by severe slumps; global FDI flows fell by 61 % between 2000 and 2003, dropping to 1.5 % of world GDP. Since then increasing world FDI flows were recorded until 2007 (3.7 % of the world GDP). The preliminary data available for 2008 indicate though that a downturn has taken place, at least in the EU (see Chart 3).

Chart 2 demonstrates the important role the EU plays in world FDI flows. After the peak investment years at the beginning of this century, when the EU had an almost 50 % share of world FDI outward flows, the EU continued to be the largest investor through the global decline in FDI flows and the following upturn, except in 2002 and 2004, when the United States surpassed the EU in investments. In 2007, when world FDI flows grew by 34 %, the EU held the leading position amongst the principal investing countries with a share of 46 % of total world FDI flows.

EU FDI flows in extra-EU countries dropped by 27 % in 2008, from EUR 484 bn in 2007 to EUR 354 bn in 2008, while FDI into the EU-27 from the rest of the world decreased by 52 % from EUR 360 bn to EUR 173 bn. In 2008, intra EU-27 FDI flows dropped by 33 % and represented 3.5 % of the GDP. Despite the large drop in investments, the EU remained a net investor in the rest of the world: in 2008 FDI outflows exceeded inflows by EUR 182 bn. Luxembourg with outflows of EUR 83 bn and inflows of EUR 76 bn was the largest investor in the rest of the world and at the same time the biggest recipient of extra-EU FDI in 2008.

Chart 3: EU FDI flows and stocks 2001-2008 (EUR bn) [27]

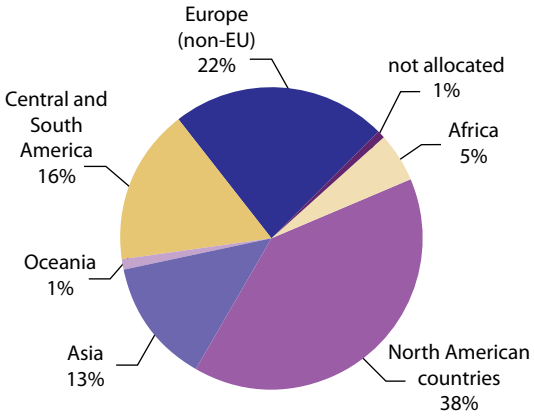


EU-27 for 2004-2008, EU-25 for 2001-2003

Luxembourg's FDI is dominated by investments via special purpose entities (notably empty holding companies), which account for approximately 85-90 % of Luxembourg's inflows and outflows.

EU FDI stocks in extra-EU countries amounted to EUR 3 489 bn in 2008 following a 11 % increase when compared to 2007 (EUR 3 135 bn). These investments were highly diversified, but in terms of activities, *services* accounted for the biggest part. In 2008, EU FDI inward stocks (EUR 2 480 bn) increased by 91 % from 2001 (EUR 1 296 bn). The EU was a net investor with EU FDI outward stocks exceeding EU FDI inward stocks by EUR 1 010 bn.

Chart 4: EU-27 FDI outward stocks by main destination (end-2007)



North America continued to be by far the most favourite destination of EU FDI, hosting EU FDI stocks of EUR 1 193 bn at the end of 2007. Its share of the total EU FDI outward stocks remained stable from 2004 to 2007, at around 40 %. The United States with EUR 1 043 bn attracted the lion's share of the EU outward stocks targeting Northern American countries, representing a share of 33 % of all EU FDI investments outside the EU. The United Kingdom was the biggest EU investor in the United States with FDI stock of EUR 289 bn.

Non-EU Europe, with EUR 787 bn, was the second most important extra-EU partner as its stocks accounted for 25 % of the EU outward stocks at the end of 2007. Switzerland alone attracted EUR 402 bn for the same period, accounting for 51 % of the total EU FDI stocks targeting non-EU European countries and 13 % of all extra-EU investments. The Netherlands together with France were the most significant EU investors in Switzerland, having invested EUR 85 bn at the end of 2007.

The combined share of South and Central America decreased marginally from 17 % at the end of 2004 to 16 % at the end of 2007. However, EU FDI stocks invested in South America increased by 21 % and in Central America by 61 % over the period in question.

Asia, with investments of EUR 415 bn at the end of 2007, slightly decreased its share of EU FDI outward stocks to 13 % (16 % at end 2004), making it, still, the fourth biggest destination area. The main recipients of EU outward stocks in Asia were China including Hong Kong with a share of 30 % of the EU outward stocks targeting Asia (4 % of total EU FDI stocks held abroad). Japan with

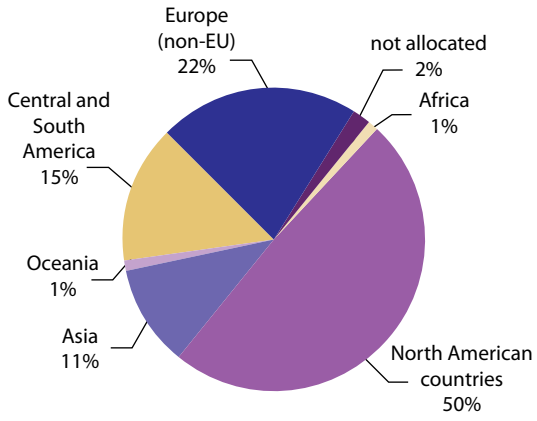
[27] The FDI flow figures for 2008 are based on preliminary data from the Member States; FDI stock data for 2008 are estimated by Eurostat.

EUR 74 bn was the second biggest target of EU FDI outward stocks to Asia. France was the biggest EU investor with 30 % of the total EU FDI outward stocks targeting Japan. Singapore continued attracting significant EU FDI stocks with EUR 61 bn at the end of 2007.

The share of total extra-EU FDI stocks in Africa remained stable from 2004-2007 at 5 %, but in absolute terms investments grew by 46 %, from EUR 100 bn at end 2004 to EUR 146 bn at end 2007. South Africa was the primary destination receiving 30 % of the total EU outward FDI stocks directed at Africa. The United Kingdom with EUR 12 bn was the main EU investor in South Africa.

Oceania kept its share of total extra-EU FDI stocks at rather stable levels from 2004 to 2007 at around 2 %. The value of the EU outward stocks invested in Oceania increased from EUR 58 bn at end 2004 to EUR 68 bn at end 2007. This increase was mainly due to enhanced investments in Australia.

Chart 5: EU-27 FDI inward stocks by extra-EU main investor (end 2007)



At the end of 2007 the EU FDI inward stocks from extra-EU partner countries were EUR 2 307 bn, revealing a 43 % increase from end-2004 levels. It is worth noting that at end 2007 half of the EU inward stocks originated in North America, which continued to be the biggest investor in the European Union throughout the time span in question. The United States was the biggest investor in the EU with EUR 1 030 bn, accounting for 90 % of the total EU inward stocks from Northern American countries and 45 % of all extra-EU investments. The United Kingdom, with EUR 229 bn, hosted 22 % of the total EU FDI inward stocks from the United States at the end of 2007.

The share of Europe (non-EU) remained at relatively stable levels throughout 2004-2007 at 20 %, totalling EUR 463 bn at end 2007. Switzerland was the main investor country to the EU, accounting for 65 % of the total EU inward stocks from European (non-EU) countries, and 13 % of all inward stocks. France, with EUR 53 bn, and Germany with EUR 45 bn were the two biggest EU recipients of FDI stocks coming from Switzerland.

EU FDI inward stocks coming from South and Central America remained steady at around 14 % throughout 2004-2007. The share of Asia increased slightly, from 9 % at end 2004 to 11 % at end 2007. Almost 50 % of the total EU FDI stocks originating in Asia came from Japan, which alone accounted for 5 % of the total EU inward stocks from extra-EU investments. The shares of EU FDI inward stocks of other investor zones remained at fairly low and unvarying levels between 2004 and the end of 2007.

2.5.6 Outward Foreign affiliates statistics

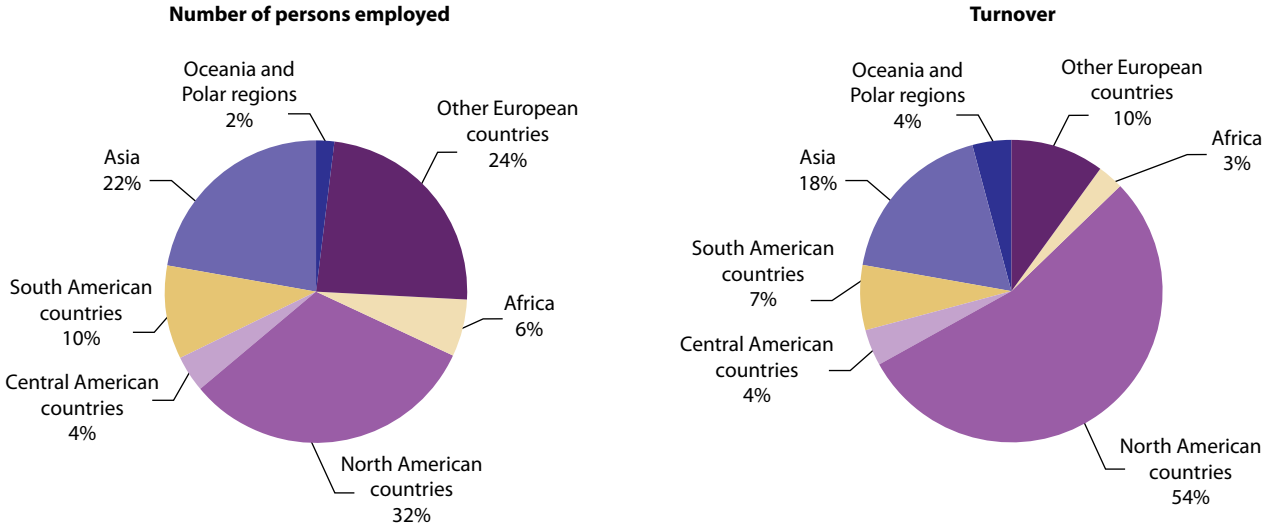
The European Union is one of the world's biggest investors and foreign affiliates of European companies play a very important role in the global economy. Therefore, outward Foreign AffiliaTes Statistics (FATS), which can be defined as statistics describing the activity of foreign affiliates abroad controlled by the compiling economy, are increasingly relevant in the formulation of European economic policies, as they provide information on the role which European capital groups play in the world's economy, especially in terms of sales and employment.

Reporting of outward FATS data in Europe is still done only on a voluntary basis and the variables covered for most countries are turnover and number of persons employed. For 2006, which is the latest year with data available, ten Member States provided data on turnover and eleven on number of persons employed.

Throughout the reference years 2004-2006, out of the Member States with available data, German foreign affiliates have by far the biggest share in terms of both turnover and number of persons employed. They are followed by foreign affiliates from Italy, Finland and France in terms of turnover and Sweden and Italy in terms of number of persons employed.

Activity of the EU foreign affiliates is bigger inside than outside the EU. For reference year 2006 intra EU-27's share in the number of persons employed was 56 % (with a range from 42 % for Portugal to 74 % for the Czech Republic, followed by 72 % for Austria) and in terms of turnover, intra

Graph 1: Number of persons employed and turnover in foreign affiliates located outside EU-27 in 2006 for 11 reporting countries for number of persons employed (Belgium, Czech Republic, Germany, Greece, Italy, Latvia, Austria, Portugal Slovakia, Finland and Sweden), and 10 reporting countries for turnover (no data available for Sweden)



EU-27's share represents 57 % (with a range from 43% for Latvia, followed by 51 % for Germany to 90 % for the Czech Republic). EU foreign affiliates activities is bigger inside the EU than outside in all Member States with data available and for both characteristics, turnover and number of persons employed, except for: (number of persons employed) Portuguese foreign affiliates, where the share of extra-EU was 61 % and Slovakian foreign affiliates, with a 53 % share, and (turnover) Latvian foreign affiliates, with 57 % of turnover registered outside EU-27.

Moreover, the most substantial activity of foreign affiliates takes place in the neighbouring countries (France for Belgium, Slovakia for Czech Republic, Germany for Austria and Czech Republic, Spain for Portugal or Sweden for Finland). Only for German foreign affiliates, the United States is the biggest country of destination outside the EU, in terms of both turnover and number of persons employed. The USA is also the biggest destination in terms of number of persons employed for Sweden and in terms of turnover for Finland.

The highest activity of European affiliates outside the European Union is in North America, with 32 % in terms of persons employed and 54 % for turnover of affiliates located outside the EU-27 (USA represents 92 % of the North America total). Graph 1 shows the whole geographical breakdown for number of persons employed and turnover outside the EU.

In terms of types of activities, services are the main field of activity for European affiliates, with 54 % of total turnover, followed by manufacturing which represents 39 %. Only Finland has a higher share for manufacturing (57 %) than for services (39 %) in terms of turnover. On the other hand, in terms of number of persons employed, manufacturing has the highest share, with 52 %, compared with 42 % for services. This was attributable to the share of employment in manufacturing in affiliates controlled from the Czech Republic, Germany, Italy and Finland, while for the remaining countries employment in services was greater.

'Trade and repairs' represents the biggest share among the services categories in both number of persons employed and turnover (38 % and 56 % respectively). But its share differs greatly from country to country, ranging from 12 % in Italy to 67 % in the Czech Republic and Slovakia for number of persons employed, and from 19 % in Italy to 95 % in Slovakia for turnover. 'Real estate' is the second most relevant activity, with a share of 20 % of the total number of employees, followed by 'Transport and communication' together with 'Financial intermediation', which each represent 19 % of total services. In terms of turnover, 'Financial intermediation' is the second highest activity, with 23 %, followed by 'Transport and communication' with 11 %

For most countries 'Trade and repairs' has the

largest share for both characteristics, with some exceptions. For Belgium 'Real estate & business activities' has the highest number of persons employed (73 %) and turnover (62 %). 'Financial intermediation' represents the highest number of persons employed for Greece (52 %), Italy (59 %), Austria (50 %) and Portugal (56 %). In the case of Italy and Portugal 'Financial intermediation' also represents the highest turnover (61 % and 51 % respectively). Finally for Sweden 'Real estate & business activities' is where the highest number of persons employed is registered.

The impact of foreign affiliates on employment differs greatly from country to country, being substantial in some countries and negligible in others. Among the EU countries with data available, German affiliates are by far the biggest employer abroad, representing 56 % of the total of data available on EU affiliates abroad. But comparing with total employment within the compiling country, Sweden and Finland have the highest ratio, with total number of persons employed in foreign affiliates being 25 % and 18 % respectively of total employment in the country. Next comes Germany, with a ratio of about 13 %. On the other hand the ratio is very small for countries such as Latvia, Slovakia, the Czech Republic and Portugal, with a ratio under 1 %. Taking into account only affiliates outside the EU, these figures range from 7 % for Finland and 6 % for Germany to 0.1 % for the Czech Republic and Latvia.

The above data show that EU companies are more eager to set up foreign affiliates in neighbouring countries, usually within the European Union, in other European states like Switzerland and Russia, or in countries with historical and cultural links such as Brazil for Portugal. The USA is easily the most popular destination for affiliates with headquarters in the EU, which can be explained by the fact that it is very important market. The role of Asia as a market for EU foreign affiliates increased substantially during the last few years, especially in China and Japan.

2.6 Labour market

2008 marked the change of the business cycle with the onset of the worldwide economic and financial crisis. However the GDP turndown did not have mayor impact in the labour market during 2008, as this chapter will show. There are two broad reasons for it. First, in general the labour markets react with some delay to shocks in the production (which are measured in indicators like GDP). Secondly, although the crisis hit countries broadly at the same time, the actual effects depend very much on their economic structures and they are transmitted differently to their labour markets. While the annual (average) 2008 labour statistics presented here start to give signs of change, the economic hit is far more apparent when looking at recent quarterly data[28]. Moreover the full impact of the economic turndown in the annual labour market statistics will become apparent in 2009.

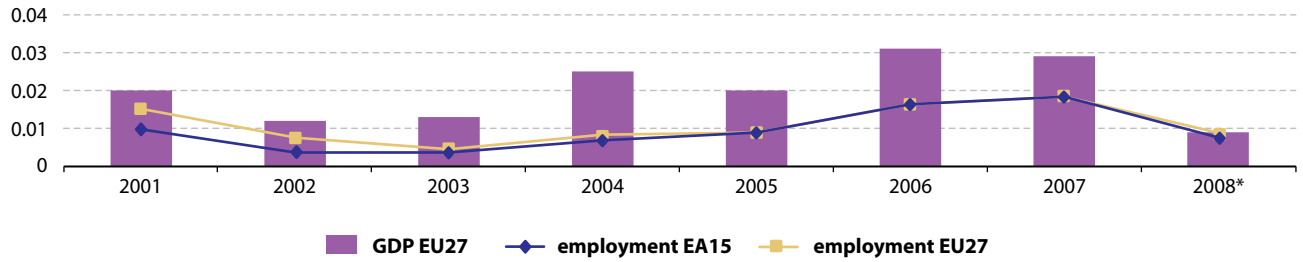
2.6.1 Employment growth and employment rates

Figure 2.6.1. shows the evolution of annual GDP and employment in recent years. The GDP slowdown in 2008 led to a reduction of employment growth too, however, less significantly. A similar but less acute behaviour can also be seen in 2001 and, to a less extent, in 2002, the years of the previous turn of cycle. This mitigated employment slowdown reflects the double work of 'automatic stabilisers' of the labour market to protect employment. They are Government and social partners' measures to maintain people in employment even if working less hours or with a lower pay or in lay-off. Those measures will first delay the full hit of the economic slowdown in employment until 2009. Secondly, they will also mitigate the impact and facilitate recovery. This is more visible when studying the dynamics of the indicators, which is beyond the aim of this publication.

In 2008, employment[29] grew by 0.9% in the EU27 and by 0.8% in the EA15. Those values approximately half the growth reached in 2007, which was 1.8% in both EU and EA. 2007 therefore marks the fastest expansion in the recent period before deceleration and subsequent turning point. All in all, the EU 27 employment growth in 2008 was adequate and in line with the average 1.0% growth in the period 2001-2008. Those annual figures for 2008 however conceal very uneven performance within the year, as normal in times of change. The EU27 quarterly employment growth ranged between 1.7% in quarter 1 (year-on-year, not seasonally adjusted) and 0.1% in quarter 4. The quarterly employment trends and the parallel evolution of GDP hint that the falling employment growth will not bottom in the last part of 2008.

EU27 and EA15 employment growth have been rather similar in recent years although for the first time in 2008 EU27 got an edge over EA15. This reflects the relative performance of Member States. The strongest growth was recorded in Luxembourg (+4.8%), Bulgaria (+3.3%) and Slovenia (+2.8%). It is worth noting that the vast majority of Member States still had positive employment growth in 2008, the exceptions being Spain (-0.5%), Lithuania (-0.5%), Ireland (-0.9%) and Hungary (-1.2%).

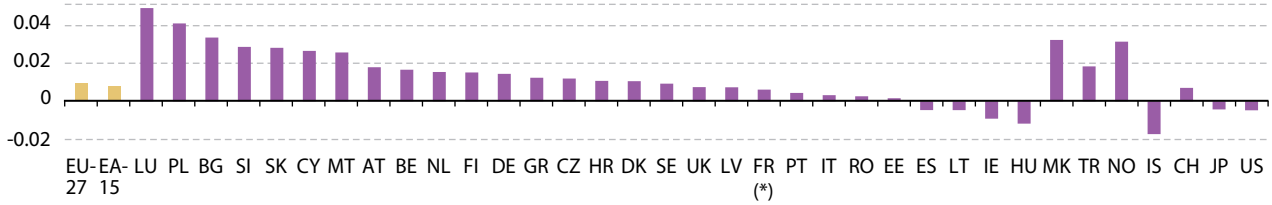
Figure 2.6.1: Employment and GDP growth, 2001-2008



[28] At the moment of this writing, 2008 quarter 4 are the most recent data available for most indicators and only few countries and indicators are available for 2009 quarter 1.

[29] Unless otherwise stated, employment in this chapter is measured as the number of persons employed or (the equivalent number of) job holders. Employment can also be measured in jobs or in full-time equivalents. One job holder could work in two or more jobs. Full-time and part-time jobs can be transformed into full-time equivalents. Hence these units are different yardsticks to measure employment.

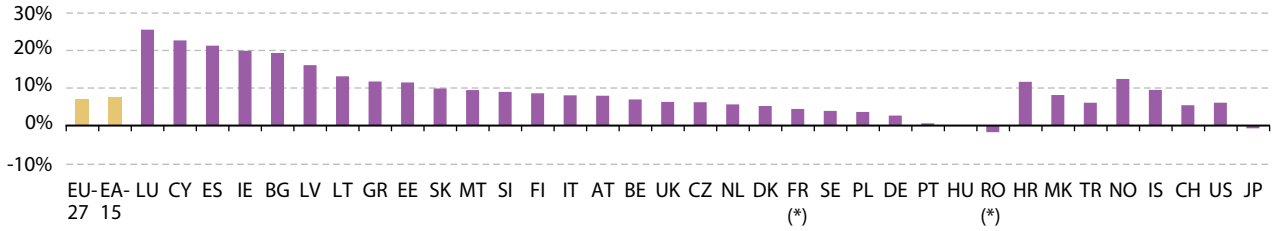
Figure 2.6.2: Employment growth, 2008



Source: National Accounts

* Note: France 2008 is a forecast from DG ECFIN

Figure 2.6.3: Employment growth, total 2001-2008



Source: National Accounts

* Notes: Growth 2002-2008 for Romania. France 2008 is a forecast from DG ECFIN

During the period 2001-2008, the Member States with the highest growth were Luxembourg (+25.5%), Cyprus (+22.0%), Spain (+21.3%) and Ireland (+19.9). Spain and Ireland have piled up remarkable employment growth in the decade, in spite of the negative results in 2008.

On average, 226.2 million men and women worked in the EU27 during the year 2008. This represented a net increase[30] of 14.7 million persons since 2001, or an overall 7.0% growth over the period 2001-2008. In the EA15 the increase was 10.0 million persons, making a total of 145.8 million persons in 2008, i.e. an overall growth for 2001-2008 of 7.4%. The big Member States are naturally the biggest contributors to the increase in number of persons employed, especially Spain (+3.6 million persons), followed by Italy (+1.9 million), United Kingdom (+1.7 million), France (+1.1 million[31]) and Germany (+1.0 million).

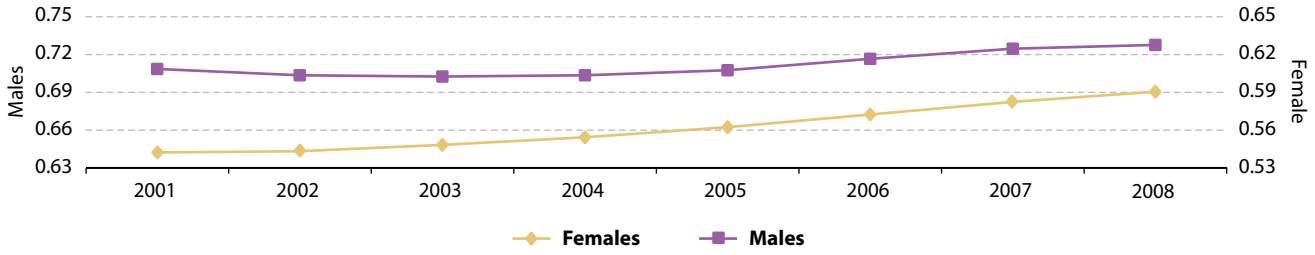
Employment grew not only measured in absolute number of persons but also in proportion to the population in working age i.e., the employment rates. The employment rate of persons aged 15-64 as measured by the European Union Labour Force Survey (LFS) grew in 2008 to reach 65.9% in the EU27. This result follows rates of 65.4% in 2007 and 64.5% in 2006. The increase by 0.4 percentage points in 2008 is far lower than 0.9 pp recorded in 2006 and 2005, but it is still a positive result. The EU27 employment rate was 62.6% in 2001. In the EA15 the employment rate reached 66.1% in 2008, slightly above the average for the EU27. This follows rates of 65.7% in 2007 and 62.2% in 2001.

As in previous years, the increased participation by women in the labour market is behind much of the growth achieved. Employment rates grew faster for women than men, although the levels for women still remain lower. The EU27 female employment rate in 2008 rose by 1.0 percentage point to 59.1%. The employment rate for men rose by 0.3 pp to reach 73.8%. The raise of female employment rate underpinned the progress in recent years, whereas the male employment rates stalled and suffered comparatively more from the economic context. Those developments led to further narrowing of the gender gap in employment rates from 16.6 pp in 2001 to 13.7 pp in 2008.

[30] 'Net increase' means number of persons that entered in employment minus persons that abandoned employment.

[31] France only for 2001-2007

Figure 2.6.4: Employment rates by gender, 2001-2008



Source: EU Labour Force Survey

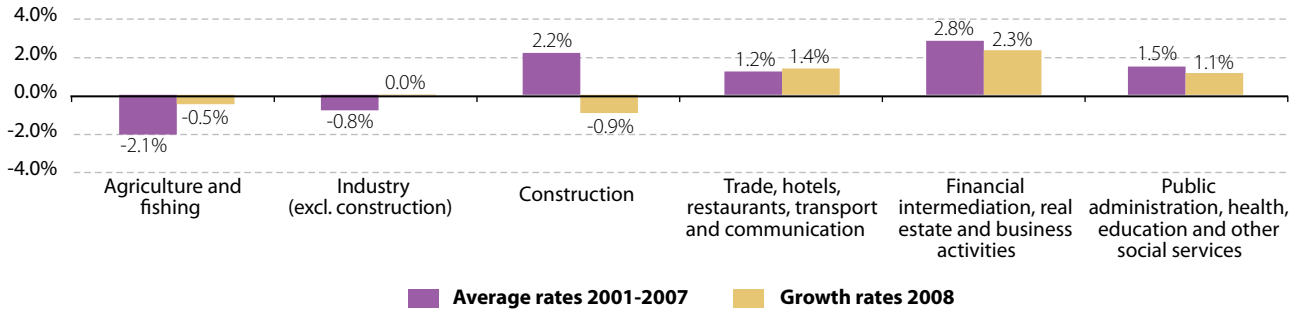
In the EA15, the gender gap stood at 14.6 pp in 2008. Progress in 2008 reflects however both female employment catching up and male employment slowing down. The employment gender gap was smallest in Finland (4.1 pp in 2008), Sweden (4.9 pp) and Lithuania (5.3 pp). Some of those countries increased their gender gap since 2007, though. On the other side of the spectrum, few Member States present particularly high gender gap values; these include Malta (35.1 pp in 2008), Greece (26.3 pp) and Italy (23.1 pp). Spain and Luxembourg are the two countries that show the biggest reduction in the employment gender gap since 2001 - down 10.8 pp and 7.7 pp respectively- although they are still both above the EU27 average – 18.6 pp and 16.4 pp respectively in 2008.

Older workers also contributed to employment growth more than the average. The employment rate for older people (aged 55-64) reached 45.6% in 2008 in the EU27. This was an increase of 0.9 percentage points over the previous year and an overall increase of 7.9 pp since 2001. The increase in 2008 was however lower than in 2007, which had recorded a raise of 1.2 pp. The average value in the EA15 is 44.4% in 2008, 1.1 pp higher than 2007 and up 9.3 pp since 2001. Among EU Member States, Sweden had the highest employment rate for older workers (70.1% in 2008), and the biggest improvement since 2001 was in Latvia (+22.5 pp), now at 59.4%.

Although employment grew moderately in 2008, the economic turndown will prevent the firm push that labour markets needed to reach the employment targets set by the Lisbon and Stockholm European Councils. The Lisbon European Council of 2000 called to raise the overall employment rate to as close to 70% as possible by 2010, and to raise the employment rate for women to more than 60% by the same year. The Stockholm European Council of 2001 set an additional target, namely to raise the average EU employment rate for older men and women (aged 55-64) to 50% by 2010. The target of 70% by 2010 is drifting out of reach. At present, Denmark (78.1%), the Netherlands (77.2%), Sweden (74.3%), Austria (72.1%), United Kingdom (71.5%), Cyprus (70.9%) and Germany (70.7%) are the only countries to have reached the target. In the category for older workers, reaching the Stockholm 50% target for the EU is still quite far away and progress even during the years of employment expansion was not sufficient. It is worth pointing out that the countries of the EU15, for which the Stockholm target was originally set, should have a smaller gap to close, as the EU15 employment rate for older people in 2008 is 47.4%. On its side, the Stockholm target on female employment rate is still within reach. 15 Member States have already reached the 60% target, namely: Denmark (74.3%), Sweden (71.8%), the Netherlands (71.1%), Finland (69.0%), Estonia (66.3%), Austria (65.8%), United Kingdom (65.8%), Germany (65.4%), Latvia (65.4%), Slovenia (64.2%), Cyprus (62.9%), Portugal (62.5%), Lithuania (61.8%), France (60.7%) and Ireland (60.2%). In addition Bulgaria, Czech Republic, Belgium and Luxembourg have rates above 55%. However doubts remain as the full impact of the economic turndown will hit the employment rates in 2009.

A look at the EU27 employment growth by industry in 2008 shows the lead of the services, starting by 'Financial intermediation; real estate, renting and business activities' (NACE Rev. 1.1. J-K) recording +2.3%, followed by 'Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods; hotels and restaurants; transport, storage and communication' (NACE G-I) at +1.4% and 'Public administration and defence, compulsory social security; education; health and social work; other community, social and personal service activities; private households with employed persons' (NACE L-P) at 1.1%. On the other side, 'Construction' (NACE F) is suffering the economic situation with a decrease by 0.9%.

Figure 2.6.5: Employment growth by activity, EU27, 2001-2008



Source: National Accounts

Those growth patterns contrast with the evolution in previous years, as seen in figure 2.6.5. Construction growth has turned from positive to negative, growth in services stalled and the previous years' reduction of employment in agriculture and manufacture stopped sharply.

Those developments led to the following distribution of employment by activity in 2008: in the EU27, 69.5% of persons worked in service activities (+3.0 percentage points since 2001), 17.4% in manufacturing other than construction (-2.2 pp since 2001), 7.4% in construction (+0.5 pp) and the remaining 5.7% in agriculture, forestry and fishery (-1.3 pp). Correspondingly, in the EA15, the share of services in 2008 was 71.8% (+3.0 pp since 2001), 16.9% in manufacturing other than construction (-2.3 pp since 2001), 7.5% in construction (+0.1 pp) and 3.9% in agriculture (-0.8 pp).

Those European averages conceal significant differences in the distribution of employment by activities among Member States, which result from structural differences. The following table shows the Member States reporting the highest and lowest share of employment in each main activity group:

BOX 2.6.1: EMPLOYMENT DEFINITIONS IN THE EU LABOUR FORCE SURVEY

Statistics rely on the definitions of employment and unemployment used to compile them. Several possible definitions of employment exist. The most immediate one is the subjective self-assessment of people responding surveys about whether they are employed or not. People's self-classification into employment – and also in unemployment or inactivity -constitutes the so-called perceived *main (labour)* ***status*** concept. The advantages of this approach are simplicity and focus on people's perception of their involvement in the labour market, which is very significant in itself. The main drawbacks are subjectivity and imperfect comparability across countries and time.

A step further consists of using international statistical definitions. The worldwide reference is the employment definition of the International Labour Organisation (ILO). According it, employment comprises all persons above a specified age who did any work for pay or profit (i.e. one hour or more during the reference week of the survey), or were not working but had a job or business from which they were absent. ILO provides further guidance on borderline cases like unpaid family workers, production activities for own-consumption, apprentices, students and members of armed forces. This definition dates from 1982. The EU LFS follows this definition and further rules and clarifies special cases like the definition of 'absence from a job', seasonal workers, maternity leaves, lay-offs, etc.

One (intended) feature of this definition is that it is loosely related to occupying a job. The advantage of the ILO employment definition is that it is a statistical standard ideal for comparisons across countries. It is also in line with the employment definition used in national accounts. However it may differ from subjective perception of labour status.

The EU LFS uses both those employment definitions. The ***ILO definition*** is the reference. It is mandatory and collected every quarter. The ***main status*** is only collected annually and voluntarily. Germany, France and the United Kingdom are among the 6 countries which do not collect or transmit it to Eurostat.

EU LFS data show that both employment definitions lead to similar but different results for the total employed population, however the picture can differ significantly for subgroups. In available EU countries, around 99.7% of persons which consider themselves employed are also employed according to ILO definition (the remaining 0.3% are mainly persons in long-term leave); however another 3% of persons who consider themselves unemployed or inactive add to the ILO employed. They are typically people raising foodstuff for own-consumption and students or retired people which work very few hours in small jobs but which do not see themselves as employed.

The differences between main status and ILO definitions are proportionally bigger for unemployment and inactivity than for employment. This is because ILO unemployment definition requires fulfilment of active job search and availability to start working criteria which not all self-reported unemployed persons actually fulfil.

EU27 (except Bulgaria, Germany, Ireland, France, Romania and United Kingdom), thousands, 2007

	Main status			
ILO status	**Employed**	**Unemployed**	**Inactive**	**Grand Total**
1. Employed	139.355	550	3.922	143.827
2. Unemployed	119	9.864	1.279	11.262
3. Inactive	338	4.184	65.818	70.340
Grand Total	**139.812**	**14.598**	**71.019**	**225.428**

Table 2.6.1: Employment by industry and Member State, share of total employment, 2008

NACE	EU27 average	Lowest	Highest
Agriculture, hunting, forestry and fishing	5.7%	Luxembourg (1.5%)	Romania (30.6%)
Total industry (excluding construction)	17.4%	Cyprus (10.4%)	Czech Rep (29.6%)
Construction	7.4%	Germany (5.4%)	Ireland (12.0%)
Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods; hotels and restaurants; transport, storage and communication	25.4%	Romania (17.5%)	Cyprus (35.6%)
Financial intermediation; real estate, renting and business activities	15.2%	Romania (4.7%)	Luxembourg (27.9%)
Public administration and defence, compulsory social security; education; health and social work; other community, social and personal service activities; private households with employed persons	28.9%	Romania (16.5%)	Sweden (38.4%)
Total	**100%**		

Note: CZ, LU and PL data for 2007. RO data for 2006

Source: National Accounts

2.6.2 Professional status and main job features[32]

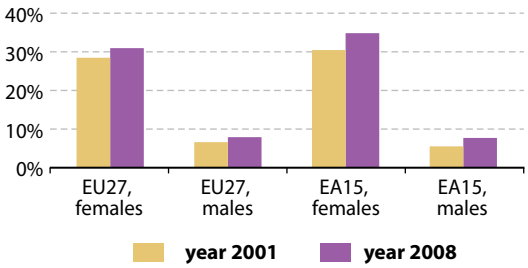
Most persons employed in Europe are employees rather than self-employed workers: at least 75% of non-agricultural jobholders in all Member States in 2008 are employees[33]. The share of employees in the EU27 was 87.7% and in the EA15 it was 87.0%. These shares are extremely stable over time because the number of employees dwarfs the number of self-employed and, given the respective weights in total employment, dramatically bigger growth rates for the self-employed would be needed to have a significant impact on the shares.

Most employment consists of full-time jobs, even though the share of part-time jobs has shown a tendency to increase. In 2001, 16.2% of workers in the EU27 classified their main job as part-time; in 2008 this share rose to 18.2%. This upward trend is stronger in the EA15, rising from 16.0% in 2001 to 19.8% in 2008. The EU LFS gathers information on part-time and full-time jobs based on a spontaneous self-classification by respondents; by way of exception, in Germany, Ireland and the Netherlands this is done in terms of the number of hours worked reported by individuals.

The proportion of part-time employment differs significantly by gender, as part-time employment is much more common among women than men. In 2008, female workers classifying their main job as part-time accounted for 31.1% of total female workers in the EU27, whereas the corresponding share for males was only 7.9%. In EA15 the gender gap was even wider, the shares being respectively 35.0% and 7.7% in 2008.

While the growing trend in part-time employment was broadly similar in recent years for male and female workers, this pattern has slightly changed in 2008. The male part-time employment increased by 0.2 pp whereas female part-time employed decreased by 0.1 pp both in EU27 and EA15. This is a very small decrease but it may indicate a turning point, particularly in countries like Germany and France.

Figure 2.6.6: Part-time jobholders, % jobholders



Source: EU LFS

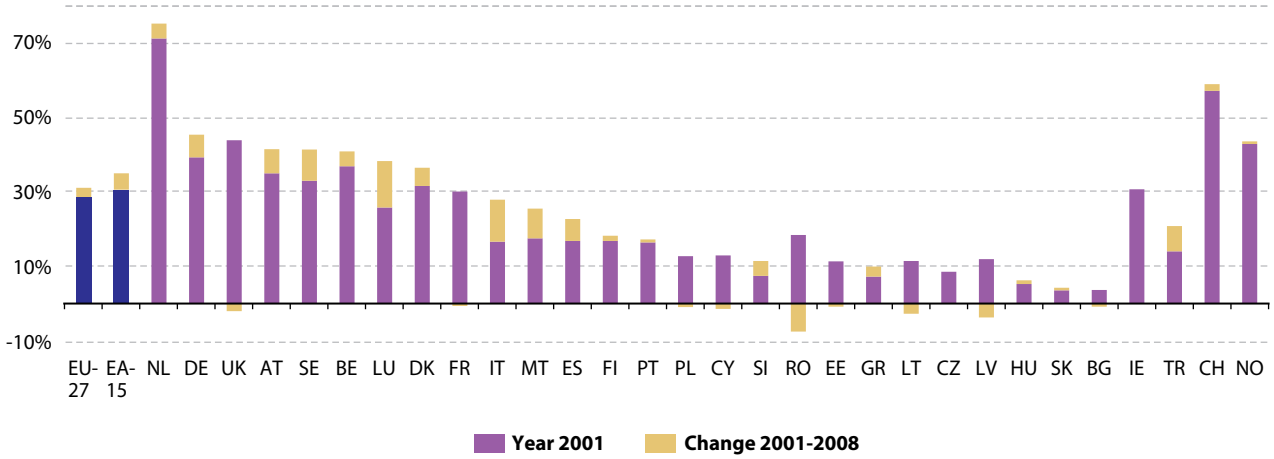
The countries having the highest percentage of female part-time workers in 2008 were the Netherlands (75.3%), followed some way behind by Germany (45.4%) and the United Kingdom (41.8%). In very few countries many of the women in part-time work in agricultural activities, the most extreme cases being Romania (90% or female part-time is in agriculture) and Turkey (74%). During the period 2001-2008, some countries have clear trends towards more female part-time workers, whereas other countries have a decreasing trend and others show a stable picture. The Member States with the strongest increase in part-time female employment were Luxembourg (+12.5 percentage points increase to 38.3% in 2008), Italy (+11.3 pp), Sweden (+8.4 pp), Malta (+8.0 pp) and Austria (+6.5 pp). In most countries reporting a decrease of part-time female employment since 2001 (see figure 2.6.7), like Romania, Latvia or Poland, it is generally related to a drop of sporadic agricultural activities by women. Broadly speaking, the countries with a stronger increase in part-time female employment during the period 2001-2008 are those which were already above the EU27 average in 2001. This means that, according to this indicator, the gap between Member States has widened with the passage of time.

Some of the countries experiencing the strongest growth in *female* part-time work also report the highest increases in *male* part-time employment in 2001-2008. These are: Germany (a +4.1pp increase from 5.3% in 2001), Denmark (+4.0 pp), the Netherlands (+3.9 pp) and Austria (+3.3 pp).

[32] All the information in this section refers only to main jobs, unless otherwise stated. This is because the LFS does not gather information on certain of the variables analysed here for secondary jobs. If secondary jobs are left out of consideration, the number of persons employed (i.e. jobholders) and jobs is the same. The wording of this section is focused on the jobholders (e.g. 'the number of persons reporting their main job as full-time is XX'), but occasionally for the sake of simplicity and clarity it will refer to jobs (e.g. 'the number of full-time jobs is XX').

[33] *The shares in this paragraph exclude agriculture for the following reason*: in a few EU Member States, a very significant percentage of self-employed persons work in agriculture – for example in Romania (90% of self-employed persons worked in agriculture, fisheries or forestry in 2006), Bulgaria (65% in 2008), Poland (55% in 2007), Portugal (some 50%) or Latvia, Slovenia, Hungary or Lithuania (some 40% each one) whereas in all the other Member States this share is below 30%. Actually, in some countries these numbers reflect a large number of people spending a few hours raising agricultural products purely for own-consumption, most of them women. Statistics record them as self-employed (or unpaid family workers) in agriculture, but this kind of labour clearly has a different economic significance from other self-employment in manufacturing and services.

Figure 2.6.7: Female part-time jobholders, % female jobholders, 2001-2008



Source: EU LFS

The increases in male part-time work are generally less pronounced than for women, although there are exceptions. All in all, part-time employment is becoming increasingly widespread, more so among women than among men, and is revealing a widening gender gap.

An important factor in part-time work is whether or not it is voluntary. Some 21.6% of EU27 part-time workers in 2007 aspired to a full-time job[34] with men (at 27.3%) accounting for a higher share than women (19.9%). In the EA15, 23.9% of part-time work was involuntary in 2007. In 2001 the respective shares were 17.2% in EU27 and 17.1% in EA15, showing that involuntary part-time raised in recent years and proportionally more in the EA15 countries.

Fixed-term employment increased steadily in previous years, but the trend is broken in 2008. The EU27 share was 14.0% of employees in 2008, down from 14.5% in 2007 and coming back at the same level as in 2005. Similar trends were observed for the EA15, reporting 16.4% in 2008, after 16.7% in both 2007 and 2006. The incidence of this phenomenon varies widely from country to country: in Spain one out of three employee jobs is fixed-term (29.3% in 2008), with Poland coming second on 28.0% and Portugal third on 22.8%. Meanwhile, at the other end of the spectrum, in Romania and Estonia fewer than 3% of employees have fixed-term contracts. 17 Member States decreased the share of fixed-term employment in 2008, mostly in Spain (down 2.4 pp), Poland (down 1.2 pp) and Lithuania and Slovenia (both down 1.1 pp). It rose instead in 10 countries, mostly in Ireland (+1.2 pp) and Cyprus (+0.7 pp). Different dynamics seem to be behind those figures. For instance, Ireland, Lithuania and Spain had negative employment growth and raising unemployment (see section 2.6.4 below) but the number of fixed-term jobs increased in Ireland whereas it decreased in Spain and Lithuania, hinting to different ways of adjusting the excess of labour supply. Conversely, Slovenia and Poland had strong employment growth and the percentage of fixed-term jobs decreased simultaneously. The Member States evolution in recent years has been most noteworthy in Poland, which saw fixed-term work rise from 11.7% in 2001 to 27.0% in 2008 (i.e. by +15.3 percentage points), in spite of the decrease in 2008. Other significant increases took place in Slovenia (+4.4pp), the Netherlands (+3.9pp) and Italy (+3.5pp).

Fixed-term contracts are more common among women than among men, although the difference is far smaller than for part-time work: the gender gap in 2008 was 1.6pp in the EU27 and 2.1 pp in the EA15, up from 1.6 pp and 1.8 pp respectively in 2007. In 2008, only a few Member States had a higher proportion of fixed-term contracts among men, and these are mostly the new Member States: Latvia, Lithuania, Estonia, Hungary, Bulgaria, Romania and Germany.

[34] Data for 2008 not available yet. 'reasons for working part-time' is an annual variable, which is released later than the quarterly variables. The EU27 and EA15 aggregates for 2007 were calculated using 2004 figures for Ireland.

2.6.3 Working time

Analyses of employment in terms of number of workers or jobs are usually supplemented by the numbers of hours worked. This is because *actual* working time is generally considered to be the most appropriate measure of labour input for economic production. Working time arrangements are of interest in the social domain too. However, analysis of working time is not straightforward. Several concepts of working time co-exist (actual hours worked, usual hours of work, etc.) and several indicators are possible (total annual hours, average hours per person, weekly hours). This multitude of measures can create confusion. Another hurdle is that measuring actual hours worked is difficult and data availability is limited.

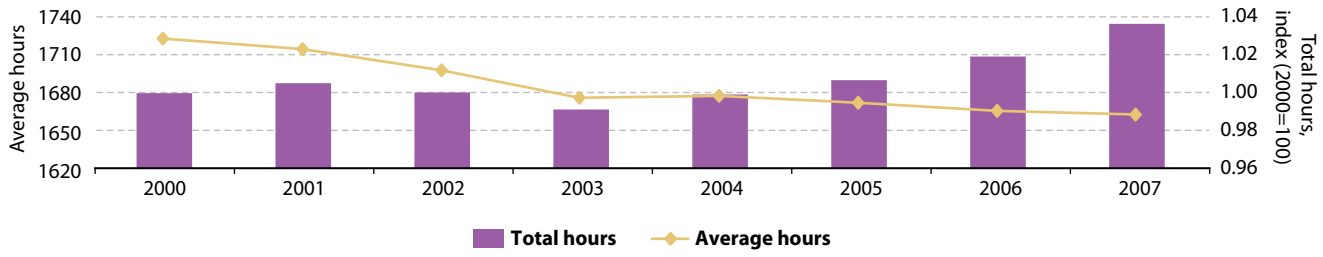
The total number of annual hours actually worked in the EU27[35] rose in 2007 by +1.7%, after rising +1.3% in 2006. The growth in the upward trend in terms of hours worked began in 2004.

However, most of that positive development is due to the increase in the number of persons employed. The average number of annual hours worked per person in 2007 in the EU27 was 1 672, which is very close to the worked hours in the two previous years (1 674 and 1 680 respectively), and down compared to earlier in the decade.

The pattern of average hours is therefore broadly consistent over time, showing a steady trend downwards. This is a combination of two structural changes. First, given any given employment situation, people tend to work slightly less hours. Secondly, and most importantly, the labour markets are evolving towards more people working in employment situations in which shorter hours are worked. This can be seen from LFS data on weekly hours worked, distinguishing between job categories and types of jobholders. For instance, while in 2008 persons in full-time jobs worked on average 41.0 weekly hours in the EU27, self-employed persons worked significantly longer hours than employees (46.7 vs. 39.8 hours). Men in full-time jobs work longer than women (42.1 vs 39.1 hours). Longer hours are worked in agricultural activities (44.1) than in manufacture or services (40.8 in both). Persons in occupations classified under ISCO[37] code 1 ('legislators, senior officials and managers') work significantly longer hours than in other occupations (46.3 hours in ISCO 1 as compared to 40.8 on average in other occupations). All in all, the LFS shows that the main factors for differences in the average working time are the distribution in full-time/part-time jobs, employee/self-employed status, sex, economic activity and occupation (in that order).

Against this background, the following structural changes referred in the previous sections contribute to the steady decrease in the average number of hours worked per person: increase of part-time jobs, more participation of women in labour market and the movement of jobholders to services or manufacture in detriment of agriculture.

Figure 2.6.8: Total and average annual hours worked, EU25[36], 2000-2007



Source: National Accounts

[35] Data not available for the year 2008.

[36] Data not available for Romania before 2002.

[37] ISCO is the International Standard Classification of Occupations (for European Union purposes), 1988 version

Table 2.6.2: Average weekly hours worked, EU 27, 2008

		Full-time jobs			Part-time jobs		
		Total	Employees	Self-employed	Total	Employees	Self-employed
All activities	Total	41.0	39.8	46.7	20.0	20.1	19.6
	Women	*39.1*	*38.4*	*43.7*	*20.0*	*20.2*	*18.8*
	Men	*42.1*	*40.7*	*47.9*	*19.8*	*19.5*	*20.8*
Agriculture	Total	44.1	40.9	45.7	22.2	19.5	22.8
	Women	*40.1*	*38.7*	*40.6*	*21.3*	*19.1*	*21.8*
	Men	*46.0*	*41.6*	*48.6*	*23.2*	*20.1*	*23.9*
Industry	Total	40.8	40.1	45.9	20.0	20.1	19.2
	Women	*39.2*	*38.9*	*43.3*	*19.9*	*20.3*	*16.7*
	Men	*41.2*	*40.4*	*46.2*	*20.3*	*19.9*	*21.4*
Services	Total	40.8	39.6	47.4	19.7	19.9	17.9
	Women	*38.9*	*38.2*	*45.0*	*19.8*	*20.0*	*17.6*
	Men	*42.2*	*40.8*	*48.5*	*19.0*	*19.1*	*18.4*

Source: EU LFS

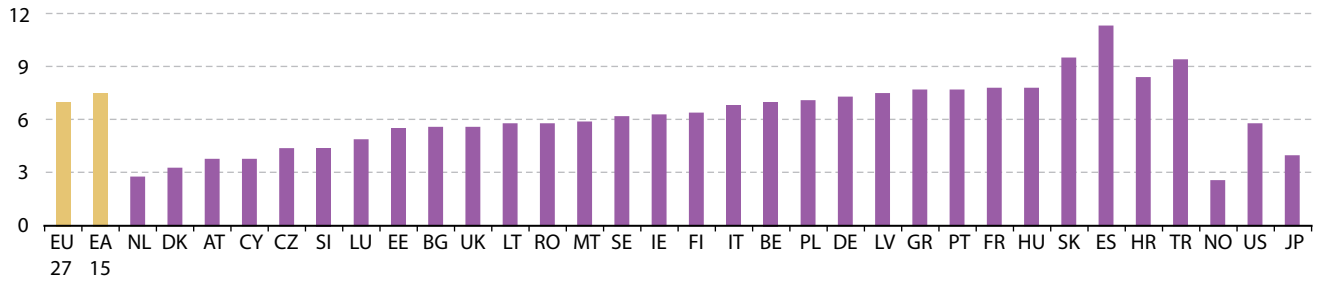
In several ways, the picture mentioned above for full-time jobs is significantly different in part-time jobs (however they weight less in the dynamics of total annual hours worked because there are fewer part-time jobs and each one counts less hours than full-time jobs). In 2008, the average EU27 weekly hours were 20.0, and self-employed part-time workers work less hours (19.6) than employees (20.1), i.e. the opposite than in full-time jobs. On average, the gender gap in hours worked in part-time jobs is very small, as men work 19.8 hours compared to 20.0 hours for women. However gender differences increase when comparing simultaneously the employees/self-employed status: part-time self-employed men work more than male employees (20.8 vs. 19.5 weekly hours) whereas the opposite is true among women: part-time self-employed women work 18.8 hours as compared to 20.2 by female employees. The reason for those different patterns between full-time and part-time jobs is that persons working scarce and/or occasional hours in non-contractual situations (i.e. not being employees) are classified as 'part-time self-employed'. In addition, those labour situations are more frequent among women than men: among people working few hours[38] and classified as part-time self-employed, 757 thousand were women and 336 thousand were men (EU27, 2008).

2.6.4 Unemployment rates and active population

Consistent with the outlook for employment, 2008 still showed some overall progress for unemployment, although significantly slowing down from previous years. The average EU27 unemployment rate dropped to 7.0%, down from 7.1% in 2007 and 8.2% in 2006. Unemployment fell in 17 Member States, mostly in Poland (falling by 2.5 pp), Slovakia (down 1.6 pp) and Bulgaria (down 1.3 pp). Those three countries were also the top ones in unemployment reduction in 2007. On the other hand, unemployment rate rose in 10 Member States, mostly in Spain (+3.0 pp), Ireland (+1.7 pp), Latvia and Lithuania (+1.5 pp each one). This is a consequence of the economic turndown. Since 2002, when unemployment peaked in Europe, the best progress has been seen in Poland (down from 20.0% to 7.1%) and in Bulgaria (down from 18.2% to 5.6%). Instead Spain and Ireland, with 11.3% and 6.3% respectively in 2008, are back to their highest levels in the decade. The evolution of recent quarterly unemployment data give worrying signs of surge especially in Spain, Ireland, Estonia, Latvia, Lithuania and United Kingdom.

[38] Meaning 1 to 10 hours worked during the LFS reference week.

Figure 2.6.9: Unemployment rates, 2008



Source: EU LFS

Figure 2.6.10: Reduction of unemployment by gender, 2008

Source: EU LFS

Note: Poland, Ireland and Spain are off scale

In 2008 the unemployment rate for women also showed a positive movement in the EU27, down to 7.5% from 7.8% in 2007. Poland again reported the best improvements for female unemployment (which fell by 2.4 pp), followed some way behind by Slovakia (down 1.8 pp) and Bulgaria (down 1.5 pp). On average, the gender gap between unemployment of women and men decreased slightly to 0.9 pp, from 1.2 pp in 2007 (female unemployment was higher).

While in some countries a narrowed gender gap represents genuine progress, in some others it simply reflects that unemployment rate is raising faster among men than women, due to the economy hitting more jobs normally hold by men (e.g., in construction). Figure 2.6.10 shows it (note that the chart scale is positive for a *decrease* of unemployment). The countries in the red part of the figure reduced the unemployment gender gap in 2008. However only countries in the upper right quadrant reduced both male and female unemployment, whereas those in the bottom left increased them both.

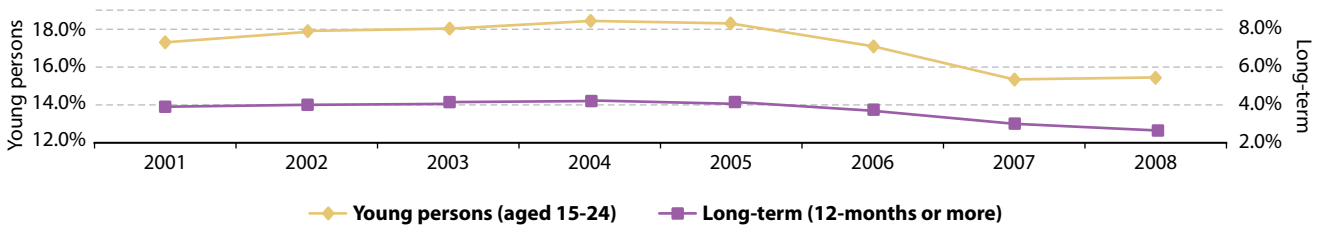
Special attention deserves the evolution of young unemployed persons and long-term unemployed persons in the present economic situation. Young unemployed persons (aged 15-24) are very exposed to changes in the economic cycle because they are looking for their first job or they are in traineeships or temporary contacts and also because their professional experience is limited. Consequently, the EU27 average unemployment rate of young people (aged 15-24) moved to 15.4% in 2008, slightly up from 15.3% in 2007. More importantly, this increase marks the end of a period with significant progress since 2004 (see figure 2.6.11). Complementing the unemployment rate, the unemployment ratio of young people in the EU27 was 6.9% in 2008 after 6.8% in 2007. The unemployment ratio gives a more indicative yardstick of the size of the problem in the collective of young people, as it uses in the denominator the total population (in the 15-24 age group) instead of the active population. Therefore this indicator does not exclude the inactive population, among which the students, from the denominator.

Another disadvantaged collective is the long-term unemployed persons. However long-term unemployment, being defined for a long reference period, is an indicator that takes time to absorb an exogenous hit. The long-term unemployment in EU27 was 2.6% in 2008, further down from 3.0% in 2007 and improving the results in previous years. This result actually harvest the progress reached in the previous years rather than showing the present labour market situation.

In terms of number of persons, on average in 2008 there were 16.8 million unemployed persons aged 15-74 in the EU27. This is 170 thousand persons less than in 2007, a rather lean reduction. In the EA15 there were 11.6 million unemployed persons, 230 thousand more than in the previous year. The number of unemployed persons decreased most in Germany (down 460 thousand persons) and Poland (down 410 thousand), and increased most in Spain (+760 thousand). Those are annual averages. Recent quarterly unemployment figures show worrying signs of rampant unemployment in Spain, Lithuania, Ireland, Latvia and Estonia between 2008Q1 and 2009Q1.

It is worth noting that there is not perfect substitution between employment and unemployment. For instance, while the number of unemployed in the EU27 reduced by 170 thousand persons

Figure 2.6.11: Unemployment rate of specific groups, EU27, 2001-2008



Source: EU LFS

in 2008, the number of employed persons in the same group raised by 2 610 thousand persons[38]. The change in the total population in working age (e.g. due to migration and ageing population) is responsible for part of the difference. The rest of it is the flow of economically inactive persons joining the labour markets.

The lack of substitution between employment and unemployment can be seen, for instance, from the variable size of the active population (i.e. those either unemployed or employment). In 2008, the EU27 active population aged 15-64 increased by 2 290 thousand persons. In the previous year the increase was 1 640 thousand persons. However a more indicative measure of the underlying dynamics should neutralise the demographic change. One way to remove it is to divide the active population by the total population in the same age group. This is what activity rates do. The EU27 activity rate for the population aged 15-64 passed from 70.5% in 2007 to 70.9% in 2008. Another possible measure to net the effect of demographics is to subtract from the active population the change of population aged 15-64, which was +1 210 thousand persons in 2008 and +1 320 thousand persons in 2007. That calculation would give 1 080 thousand persons which joined the ranks of the active population from the inactivity in 2008, and 320 thousand persons in 2007[39]. The net increase of active population in 2008 measured this way is significant and hints to a strong flow of persons from inactivity to the labour market. That kind of flow occurs in times of economic uncertainty because some families call on inactive family members with a view to ensure sustained earnings, to palliate salary cuts or to compensate for missed salary rises. This reinforces the picture that in times of crisis and scarcity of jobs, the labour markets must cope with a surge of unemployment coming not only from previously employed persons but also from other people becoming economically active.

[38] That figure is not the same as mentioned in section 3.6.1 because the age groups and/or data source are different.

[39] Note that those figures are indicative and biased downwards as we are assuming that all persons responsible for the demographic change are economically active. A more accurate calculation would demand more complexity and less clarity.

3 Methodology

3.1 EU KLEMS – ACCOUNTING FOR GROWTH AND PRODUCTIVITY IN THE FRAMEWORK OF EUROPEAN NATIONAL ACCOUNTS

Roberto Barcellan and Jukka Jalava

1. Background

According to the Lisbon Strategy, the EU in the year 2000

> "… set itself a new strategic goal for the next decade: to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion." [39]

To be able to quantify the progress of the Lisbon Strategy new productivity measures need to be set up within the European Statistical System (ESS). When measuring productivity for the total economy and for all of the industries; this is usually done in the national accounts framework.

The system of national accounts is a rich system that connects the macroeconomic transactions taking place during the accounting period to their impacts on the balance sheets. Such activities as production, generation of income and the distribution or use of income are all accounted for. These flows are linked to the balance sheets (stocks) of assets and liabilities. The flow accounts are also linked to each other so that the balancing item of each account, which is defined as the difference between total uses and resources, is carried forward to the following account. Gross Domestic Product (GDP)[40], the value of goods and services produced during a year, is the best known and most widely used statistical product of these flow accounts. GDP includes goods and services that have markets (or which could have markets) and products which are produced by general government and non-profit institutions.

The national accounting framework does a laudable job in quantifying economic developments

BOX 1: WHAT IS EU KLEMS?

The foundation of EU KLEMS[41] is in **neoclassical growth accounting**, which basically divides output growth into the contributions of input growth, i.e. labour and capital (and intermediate goods), with multi-factor productivity (MFP) growth as the residual. The **classic production function** of Robert Solow (1957), where he theoretically linked the production function with the index approach[42], was further developed by Dale Jorgenson and Zvi Griliches (1967) who broadened the concept of substitution in Solow's growth accounting framework and showed that it is also important to account for substitution between different kinds of capital and labour. The inputs are corrected for changes in quality and weighted with their marginal products - their market prices. MFP catches all unmeasured factors such as technical change (a shift of the production function), organisational improvements, economies of scale and measurement errors. The neoclassical theory is based on **many assumptions**, which are important to keep in mind when analysing the results. Firstly, that the production process can be depicted by a production function.[43] Secondly, that markets are perfectly competitive and thirdly that producers either maximize profits or minimize costs. At any given time t, the aggregate gross output Y is produced from aggregate inputs consisting of intermediate inputs X, capital K and labour L. The level of technology or multi-factor productivity is represented in the Hicks neutral or output-augmenting form by parameter A. The basic growth accounting equation gives the growth of output as the sum of the share weighted inputs and the growth in multi-factor productivity

$$\Delta \ln Y = v_X \Delta \ln X + v_K \Delta \ln K + v_L \Delta \ln L + \Delta \ln A$$

where the Δ-symbol refers to a first difference, i.e. $\Delta x \equiv x(t) - x(t-1)$, and where the time index t has been suppressed for the economy of exposition. The weights v_X, v_K and v_L sum to one and represent the nominal income shares of intermediate inputs, capital and labour, respectively. All shares are averaged over periods t and $t-1$.

[39] http://www.europarl.europa.eu/summits/lis1_en.htm

[40] Landefeld (2000) coined GDP as one of the great inventions of the 20th century.

[41] EU KLEMS: EU level analysis of capital (K), labour (L), energy (E), materials (M) and service (S) inputs.

[42] Griliches (1996) finds the first mention of an output-over-input index in Copeland (1937).

[43] Or by a production possibility frontier; see Jorgenson, Ho and Stiroh (2005).

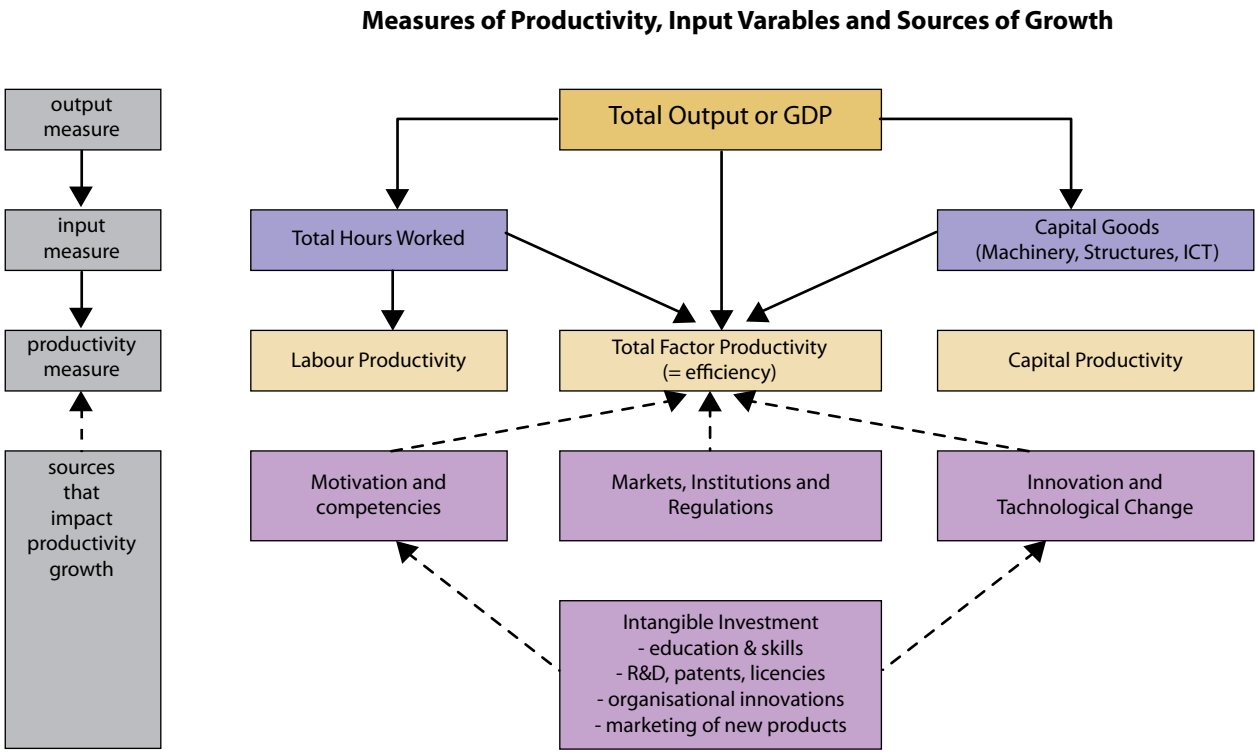
and structural change; with three Nobel laureates so far amongst its principal developers (Simon Kuznets 1971, Wassily Leontief 1973 and Richard Stone 1984). But the current national accounts framework (SNA93/ESA95) is not designed for more elaborate productivity calculations, the problematic topics concern especially fixed capital. Data on labour quality breakdowns by educational attainment, age, etc. are not available in national accounts either.

2. What EU KLEMS will offer to Users?

In the increasingly integrated world economy the economic structures are continuously changing. The EU is also undergoing major developments as the internal market, single currency and enlargement processes gain prominence. The presently ongoing ICT revolution is furthermore an important driver of technological change. Therefore:

"..the EU KLEMS project has emerged as an attempt by the Commission services to understand the global and EU specific phenomena driving EU growth and productivity trends in the post-1995 period. In our view (see also van Ark, 2004), it is not possible to provide a meaningful interpretation of economic developments over this period without examining industry level trends. The key objective of the EU KLEMS project was therefore to build a system of analysis at the industry level for the EU's Member States (as well as for the US, Japan and a number of other countries) which encompasses internationally harmonised, national accounts based, industry level statistics and indicators, as well as an analytical framework for interpreting this information based on input-output analysis and growth accounting. This project is in effect an attempt to overcome certain deficiencies in official industry level statistics, especially with regard to the provision of data for service industries, and to thereby ensure a more informed EU structural policy debate over the coming years. While the work of Eurostat and the National Statistical Institutes (NSIs) offers hope for the future provision of such data, the present situation is particularly problematic, with long runs of official industry level data only available for a relatively small number of countries, industries and vari-

Fig. 1: Productivity as key variable of economic performance[44]



[44] Source: Van Ark (2004).

ables and with these short sample lengths precluding any serious degree of analysis."[45]

One of the main empirical successes of the KLEMS growth accounting approach was to highlight the fact that the major driver behind the US computer hardware industry's productivity increase/rapid price decline of computers was due to technological advances made in the semiconductor industry. In the words of Jorgenson, Ho and Stiroh (2005): "Failure to quantify intermediate inputs may lead us to miss both the role of key industries that produce intermediate inputs and the importance of intermediate inputs for the industries that use them." Another key feature of the KLEMS framework is of course to account for capital and labour of different quality. The capital services provided by a computer differs from that of a building as do also the labour services provided by a high-school dropout from those of the holder of a PhD degree; the KLEMS approach takes into account their differing marginal products. This is in contrast with the old approach where the capital stocks of computers and buildings (and similarly labour of differing qualities) were simply summed up without any correction. The kind of analysis that can be performed with EU KLEMS is illustrated in table 1.

3. EU KLEMS Research Project

EU KLEMS is a statistical and analytical research project financed by the European Commission through the 6th Framework Programme (see www.euklems.net). The project is focused on the analysis of productivity and growth accounting in the European Union at the industry level. Such efforts contribute to the improvement of the international comparability of productivity measures and provide the necessary (more refined) information that is vital for academic and statistical research on the sources of growth. The series produced by the EU KLEMS research project are not entirely official statistics and they are to be treated solely as analytical research output. The first version of the analytical data was released on 15 March 2007 and was subsequently updated in November 2007 and March 2008.

Since its genesis, the EU KLEMS research project has been accompanied by an increasing awareness at political level of the possible uses and relevance of the dataset. The Ecofin Council, the Economic and Policy Committee (EPC) and the Economic and Financial Committee recognised and stressed on several occasions the importance and the impact of such a project and discussed, at different levels, strategic, technical and practical issues. Technical groups like the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB), the Eurostat National Accounts Working Group and the meeting of the Directors of National Accounts lead by Eurostat discussed the project and its main outcomes.

In July 2007, the ECOFIN Council underlined the relevance of the project for productivity and growth analysis and invited the Commission (Eurostat), in close co-operation with the CMFB, to develop an appropriate implementation and financing plan in co-operation with the NSIs in order to make progress and proceed towards the fulfilment of the primary objectives established in the genesis of the project and to report to the ECOFIN Council for further endorsement.

Indeed, the ECOFIN Council, given the strong economic policy significance of the project, recognised that it was important to put EU KLEMS on a sustainable footing to be able to use the research database for official policy purposes of direct benefit to ECOFIN Ministers.

4. EU KLEMS Action Plan

In June 2007, following the request of the ECOFIN Council, Eurostat and the meeting of the Directors of National Accounts of the EU Member States, with the support of the CMFB, set up a task force to address the issues of the role of National Statistical Institutes in the future of the EU KLEMS project, the resources/financing aspects, a possible legal framework and technical aspects.

The EU KLEMS Task Force explored the issues underlined by the ECOFIN Council conclusions on the basis of the main messages conveyed by the EPC and contributed to the input for the EU KLEMS Implementation Plan prepared by Eurostat.

The key messages of the EU KLEMS Implementation Plan are the following:

- the EU KLEMS database has to rely as much as possible on already existing official statistical data.
- the construction of the EU KLEMS dataset is based on a three-layer approach:

[45] Koszerek, Havik, Mc Morrow, Röger and Schönborn (2007a).

Table 1: Gross value added growth and contributions, 1995-2005 (annual average volume growth rates, in %)[46]

A. European Union-15 (excluding Greece, Ireland, Luxembourg, Portugal and Sweden)								
	VA	L	H	LC	K	KIT	KNIT	MFP
	(1)= (2)+(5)+(8)	(2)= (3)+(4)	(3)	(4)	(5)= (6)+(7)	(6)	(7)	(8)
1980-1995								
MARKET ECONOMY	2.1	0.0	-0.3	0.3	1.1	0.4	0.7	1.0
– Electrical machinery, post and communication	3.8	-0.6	-0.9	0.3	1.6	0.8	0.7	2.8
– Manufacturing, excluding electrical	1.2	-1.2	-1.5	0.3	0.7	0.2	0.5	1.7
– Other goods producing industries	1.2	-1.2	-1.4	0.2	0.7	0.1	0.6	1.6
– Distribution services	2.6	0.3	0.1	0.2	0.8	0.3	0.5	1.5
– Finance and business services	3.5	2.4	1.9	0.5	2.1	0.9	1.2	-1.0
– Personal and social services	1.7	1.8	1.5	0.3	0.9	0.2	0.7	-1.1
1995-2005								
MARKET ECONOMY	2.2	0.6	0.4	0.2	1.2	0.6	0.6	0.4
– Electrical machinery, post and communication	5.7	-0.4	-0.6	0.2	1.7	1.2	0.5	4.4
– Manufacturing, excluding electrical	0.9	-0.4	-0.7	0.3	0.6	0.3	0.3	0.8
– Other goods producing industries	1.0	0.1	-0.1	0.1	0.7	0.1	0.6	0.3
– Distribution services	2.3	0.6	0.5	0.1	1.1	0.5	0.7	0.6
– Finance and business services	3.6	2.2	1.9	0.3	2.1	1.2	0.9	-0.7
– Personal and social services	1.7	1.5	1.4	0.1	1.0	0.3	0.7	-0.9
A. United States								
	VA	L	H	LC	K	KIT	KNIT	MFP
	(1)= (2)+(5)+(8)	(2)= (3)+(4)	(3)	(4)	(5)= (6)+(7)	(6)	(7)	(8)
1980-1995								
MARKET ECONOMY	3.0	1.2	1.0	0.2	1.1	0.5	0.6	0.7
– Electrical machinery, post and communication	6.6	0.1	-0.3	0.4	1.9	1.0	0.9	4.6
– Manufacturing, excluding electrical	1.7	0.1	-0.2	0.3	0.6	0.3	0.3	0.9
– Other goods producing industries	0.7	0.7	0.4	0.3	0.7	0.2	0.5	-0.7
– Distribution services	3.9	1.3	1.2	0.2	1.2	0.6	0.6	1.3
– Finance and business services	4.4	2.9	2.7	0.2	1.8	1.0	0.9	-0.3
– Personal and social services	2.8	2.5	2.4	0.1	0.5	0.2	0.3	-0.2
1995-2005								
MARKET ECONOMY	3.7	0.7	0.4	0.3	1.3	0.8	0.6	1.7
– Electrical machinery, post and communication	10.5	-0.4	-0.8	0.5	2.2	1.4	0.8	8.7
– Manufacturing, excluding electrical	1.8	-1.0	-1.4	0.3	0.6	0.4	0.2	2.2
– Other goods producing industries	1.6	1.1	1.0	0.1	0.8	0.2	0.6	-0.3
– Distribution services	4.1	0.6	0.3	0.3	1.5	1.0	0.5	2.1
– Finance and business services	4.3	1.9	1.5	0.4	1.9	1.2	0.7	0.4
– Personal and social services	2.6	1.7	1.4	0.3	0.9	0.4	0.6	0.0

VA=Gross Value Added Growth
L=Contribution of Labour input growth
H=Contribution of Total hours worked
LC=Contribution of Labour composition
K=Contribution of Capital input growth
KIT=Contribution of ICT capital
KNIT=Contribution of Non-ICT capital
MFP=Contribution of Multi-factor productivity growth

[46] *Source*: Timmer, O'Mahony and Van Ark (2007).

BOX 2: EU KLEMS RESEARCH PROJECT - CONTENTS

As it presently stands, the "research" version of EU KLEMS already constitutes a unique resource for policy makers and researchers to exploit. The databank is extremely rich in terms of its coverage of

- over 60 industries
- 25-30 countries,
- up to 35 years of data
- between 60- 70 variables / indicators.

In practical terms, these datasets allow for a more refined growth accounting analysis at the industry level (between 30 and 72 industries in total, depending on the country, the variables included and the sub-period). These industries cover the whole economy, including a detailed breakdown of service industries. Labour input is disaggregated by age, gender as well as by distinct skill categories (i.e. high, medium and low skilled workers). A breakdown of capital distinguishing its ICT and non-ICT components is feasible and the databank also allows for an analysis of gross output as well as value added, with intermediate inputs (energy, materials and services) being considered as additional factors of production. Moreover, there is complementary information on technology indicators, productivity levels and a further breakdown for some of the factors of production into their domestic and foreign components.

www.euklems.net

  - a statistical module corresponding to the relevant national accounts data collected via the ESA95 transmission programme;
  - an enhanced statistical module adding other relevant statistics to national accounts data complemented by Eurostat estimations and computations, agreed with Member States;
  - an analytical module based on the data collected and computed in the first two layers encompassing growth accounting.
- the responsibility of setting-up the three-layer approach is on the ESS (Eurostat – databases, co-ordination, collection of Member States data – and Member States – production of input data for the first two layers) with the support of main users (DG ECFIN and ECB).
- Eurostat will ensure the technical maintenance of the future EU KLEMS database.
- efforts to step up methodological enhancements will continue under the co-ordination of the EU KLEMS task force.
- Member States should invest the necessary resources to ensure the maintenance and the regular update of the dataset. National resources during the starting phase will be complemented by supporting actions from the Commission which will try to secure at the same time the maintenance of the research database as an intermediate deliverable in a funded research project, until the statistical module becomes active in the ESS.
- Communication of development, strategy and delivery will continue to be paramount in the EU KLEMS project and will require the specification of a communication strategy centred on the website version of the database.

The roadmap associated with the implementation plan foresees a step-by-step approach which, over a medium-term period up to 2012, will aim to achieve the targets in terms of availability of the database and coverage as outlined in the implementation plan.

Member States are called upon to contribute to the setup and updating of the EU KLEMS dataset by committing to the transmission of the relevant statistics (national accounts and others).

The progressive implementation of actions will initially focus on limited details in terms of industry and less stringent timeliness. Progressively, the dataset will be extended to a more detailed industry breakdown, longer time series and appropriate timeliness.

The entire process will be accompanied by continuous methodological improvements, strict co-ordination with developments in national accounts and other statistics and appropriate com-

munication strategy. Consideration of possible changes to be made to the current legislation on the transmission of national accounts data relevant for the EU KLEMS dataset will be given in a second phase.

In October 2008, the EFC Sub-Committee on Statistics (EFC SCS) discussed the draft EU KLEMS implementation plan. The EFC SCS welcomed the report and the step-by-step implementation plan, acknowledged its ambitious targets focusing on a regular production, and called upon Member States and Eurostat to further elaborate its details, including the question of financing and quality aspects, before setting up the necessary actions. Also in October 2008, the EFC integrated these conclusions in its opinion to be reported to the ECOFIN Council.

In November 2008, the ECOFIN Council welcomed the report on the progress on the EU KLEMS project and underlined the importance of changing the nature of EU KLEMS from a research driven project to an ESS project. It called upon Member States and Eurostat to further elaborate its details, including the question of financing and quality aspects to set up the necessary actions.

5. Open Issues

The EU KLEMS Implementation Plan proposes a step-by-step approach based on a roadmap over a medium-term period up to 2012 that aims to achieve the targets in terms of availability of the database and coverage as outlined in the implementation plan itself. Whilst the road map indicates the main steps and actions, their details must be analysed and set up in view of their implementation and monitoring. In particular:

- three-layer approach: the progressive contents of the three layer approach (statistical module, enhanced statistical module and analytical module) have to be clearly established and deadlines for the achievement of the different steps have to be specified.
- level of details: the level of details (industry breakdown) has to be chosen in relation to the milestones of the project: a less detailed level (NACE Rev 1 A31) could be the intermediary target in view of the achievement of the final details required (NACE Rev 1 A60). A structured system of availability of detailed data could also be conceived (e.g., the A31 industry breakdown available earlier than the A60 breakdown).
- other official statistics: the interrelations with other official statistics than national accounts have to be explored and their progressive incorporation in layer 2 (enhanced statistical module) scheduled.

- Methodological work: the EU KLEMS implementation plan and the work of the Task Force already point out further work on methodological issues: methodology for deriving gross and net capital stocks[47]; aggregation formulae; use of output oriented Purchasing Power Parities; evaluation of capital services; definition of ICT investments; improvements in the measurement of output, inputs, prices, knowledge indicators and productivity; conventions in measuring intangible assets, including research & development; cross-classification of labour quality indicators (e.g., education, age, gender) in the labour force statistics.

  In addition, major methodological changes will affect national accounts in the coming years: implementation of the revised nomenclature for industrial activities – NACE Rev. 2; implementation of the revised SNA/ESA.

  In parallel, progress will be recorded in other areas that are key references for the EU KLEMS project like, for example, supply, use and input-output tables. The outcome of these activities has to be reflected in the follow-up of the EU KLEMS project.
- Database: a key aspect in the EU KLEMS strategy is to migrate the dataset to a database handled by Eurostat to collect and disseminate the harmonised information. The realisation of this objective covers the transfer of technical knowledge to Eurostat and the creation of the new IT support tools to handle the dataset.
- Communication aspects are paramount for the entire project. A detailed communica-

[47] In national accounts there have traditionally been two measures of capital stocks: the gross capital stock and the net capital stock. These traditional capital stock measures have been developed since the 1950s and due to their easy availability they have been widely used in productivity calculations. However, neither national accounts capital stock measure is appropriate for use in productivity or growth accounting computations. The gross capital stock does not take into account the possible decline in the capital good's productive capacity as it ages. The net capital stock depicts the market value of capital and not its productive capacity.

tion strategy has to be set up to accompany the integration of the EU KLEMS project in the ESS, including specific information on work plans, contents, methods and results. The communication strategy has to accommodate both the needs in terms of data dissemination (website, modern data and metadata repository) and research aspects, trying to ensure continuity with the previous research project. Communication aspects will have to be reinforced notably in correspondence with the official full dissemination of the ESS-EU KLEMS dataset.

- Monitoring: an important part of the project will be the monitoring of the progress achieved and the fulfilment of the tasks respecting the timetable. The appropriate indicators to measure such a progress have to be set up together with the reporting strategy to the different fora, notably the EFC Sub-Committee on Statistics, the EFC and the ECOFIN Council.

6. Conclusions

A high quality EU KLEMS database embedded in the ESS will enable policy makers and researchers to make detailed comparisons of the (proximate) sources of growth in the EU compared with those in the US, Japan, South Korea, etc. Indeed, "… it is not unrealistic to predict that EU KLEMS can quickly form the basis of a common EU methodology for evaluating progress with, and for assessing the effects of, Lisbon-related structural policies to promote growth and competitiveness in the enlarged European Union."[48]

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[48] Koszerek, Havik, McMorrow, Röger, and Schönborn (2007b).

3.2 Foreign AffiliaTes Statistics (FATS)

Gita Vergina
Eurostat, Balance of Payments

Michaela Grell
Eurostat, Structural Business Statistics

What are FATS?

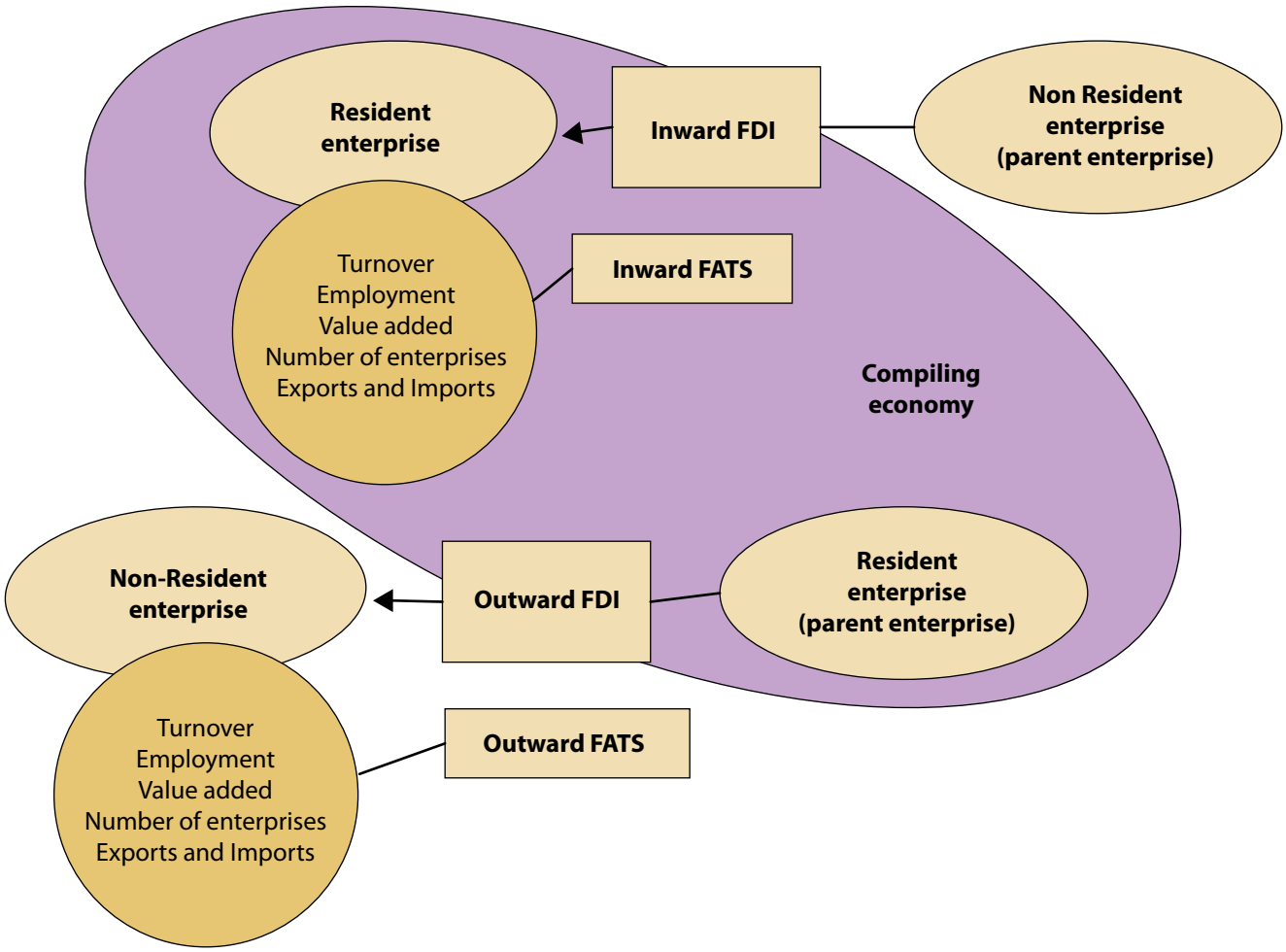
Foreign Direct Investment (FDI) has increased consistently in recent decades, which has resulted in the growing role of foreign-owned multinationals in the economy of many developed and developing countries. Affiliates of foreign multinationals are known to contribute to the welfare of the host economy, and thus there is competition between countries to attract FDI.

Commercial presence on the territory of another country is one of the modes of delivery of economic activities abroad. "Foreign Affiliates Statistics" (FATS) describe the overall activity of foreign affiliates. FATS measure the commercial presence, as clarified by the General Agreement on Trade in Services (GATS), through affiliates in foreign markets.

Foreign direct investment (FDI) and FATS reflect two different aspects of the role of multinationals in the global economy. While FDI provides data on the monetary value of investment flows and stocks, FATS describe the economic activity of companies receiving the investment.

FATS encompass *inward* and *outward* FATS data. Similarly, FDI contains inward and outward investment. Figure 1 shows FATS in relation to FDI.

Figure 1: FATS in relation to FDI



Inward FATS describe the overall activity of foreign affiliates resident in the compiling economy. A foreign affiliate within the terms of inward FATS is an enterprise resident in the compiling country over which an institutional unit not resident in the compiling country has control. In simpler terms, inward FATS describe how many jobs, how much turnover, etc. are generated by foreign investors in a given EU host economy. While FDI statistics give an idea of the total amount of capital invested by foreigners in the EU economy, FATS add to that information by providing insight into the economic impact those investments have in the EU in terms of job creation, etc.

Control – in this context – is the ability to determine the general policy of an enterprise by choosing appropriate directors, if necessary. However, control is often difficult to determine and, in practice, the share of ownership is often used as a proxy for control. FATS thus focus on the affiliates that are majority-owned by a single investor or by a group of associated investors acting in concert and owning more than 50% of ordinary shares or voting power. However, other criteria may also be relevant for defining foreign control, and thus other cases (multiple minority ownership, joint ventures, and qualitative assessment determining control) should be covered as regards assessment of control.

Outward FATS describe the activity of foreign affiliates abroad controlled by the compiling country. Foreign affiliate within the terms of outward FATS is an enterprise not resident in the compiling country over which an institutional unit resident in the compiling country has control. In simpler terms, outward FATS data describe, for example, how many employees work for affiliates of EU enterprises based abroad? In this case outward FATS give an idea of the economic impact of EU investments abroad (e.g. how many employees work for affiliates of German enterprises in China, what the exports of affiliates of British firms based in India are, etc.).

The FATS regulation

History of the FATS regulation

Political interest in FATS at EU level started to grow at the end of the 1990s, particularly in connection with the GATS negotiations. Data on foreign affiliates are needed for the negotiations, particularly; in this case, turnover of foreign affiliates abroad, which is counted in the GATS context together with classic exports to determine the total sales abroad of countries.

Apart from the GATS negotiations, several other sensitive political issues can be mentioned for which data on foreign affiliates are sought. This is not surprising as data on the foreign affiliates of multinationals obviously provide key input for the debate on globalisation and its effects. Particular mention can be made of the debate on the effect of foreign direct investment on employment, off-shoring of labour in developing countries, intra-group imports and exports and their effects on exchange rates and monetary policy. Researchers are clearly another class of users that seek such data for economic analysis.

Another point to underline is that the USA have been collecting FATS on their multinationals in a legislative framework since 1982 and therefore have a comparative advantage vis-à-vis the EU as regards background information in the GATS negotiations and for general policy-making and research purposes.

The Commission has been raising Member States awareness of the need for FATS data since 2000. Inward FATS data were collected in pilot studies and the possibility of incorporating FATS data in the Structural Business Statistics Regulation was considered. The Balance of Payments Regulation was being discussed at the same time, which initially included a module on FATS. To streamline organisation, Eurostat and the Member States agreed that the discussion on FATS statistics should be unified and in 2001 Eurostat created a specific working group for FATS – FATS joint working group (FATS JWG). It is important to note that there was a decision supported by a large majority of the Member States to make a separate regulation devoted to inward and outward FATS. Discussion of the FATS Regulation started in the FATS JWG and continued throughout 2002. It was felt that a legislative framework was needed, especially for outward FATS, where multinationals are asked for data on their activities outside the territory of residency of the mother company.

All in all, the draft FATS Regulation has been discussed since 2001 at statistical level and it already takes account of a certain degree of compromise with respect to the initial proposal.

The FATS Regulation (Regulation (EC) No 716/2007 of the European Parliament and of the Council on Community statistics on the structure and activity of foreign affiliates) was adopted on 20 June 2007 and published in the Official Journal

on 29 June 2007. It entered into force in 2007, with 2007 as the first reference year. The first FATS data under the FATS Regulation are to be delivered to Eurostat by the end of August 2009.

The FATS Regulation is the regulatory framework for the provision of inward and outward FATS in the European Economic Area (EEA).

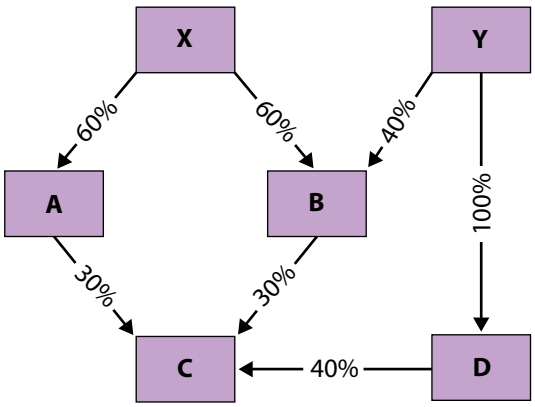
Scope of the FATS Regulation

The target population for inward FATS are all enterprises and all branches in an EU Member State under foreign control, whereas for outward FATS the target population is composed of all foreign affiliates located in extra-EU countries that are controlled by an institutional unit resident in an EU Member State.

The key concept used to compile FATS data is *Ultimate controlling institutional unit (UCI)*. The UCI of a foreign affiliate means the institutional unit, proceeding up a foreign affiliate's chain of control that is not controlled by another institutional unit.

In practice, the UCI is not always known from existing information about the enterprise. It is particular difficult to determine in cases of indirect control. Figure 2 shows how the decision about the UCI should be taken.

Figure 2: Defining the UCI in cases of indirect control

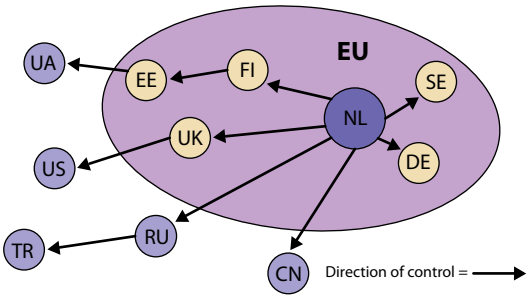


The institutional unit X has indirect control over enterprise C, even though it owns indirectly 36% (60% * 30% + 60% * 30%) of its capital share. X controls C through its two affiliates A and B, by joining their voting rights in the meeting of C = 30% + 30% = 60%. Y owns 52% (40% * 30% + 100% * 40%), but he has no power to control enterprise C, since the voting rights that it has in its meeting of C amount only 40% of its capital share.

This example demonstrates that - if the UCI is not instantly identifiable from existing information about the enterprise - the decision about the UCI should be based on a thorough analysis of the ownership chain of the units involved. A step by step analysis of the units (in this example paths C-A-X, C-B-X, C-B-Y and C-D-Y), whereby in each step control is determining, is the only viable option to ensure a sound determination of the UCI. A global calculation by multiplication of shares of ownership for alternative candidate UCIs could be misleading.

Identification of the UCI is crucial for the compilation of FATS. In principle, it should be much easier to identify UCIs for outward FATS than for inward FATS, as in the case of outward FATS they would be located on the territory of the compiling country. To avoid any risk of double counting or underreporting, the EU-UCI approach as presented in Figure 3 should be used when compiling FATS in the EU Member States.

Figure 3: Example of the EU-UCI approach



According to the chain of control illustrated in Figure 3, enterprises in the following countries should report inward FATS: DE, SE, FI, UK and EE. All reporting countries should attribute the affiliates in their countries to NL. To enable comparison with the whole business economy the enterprise in NL should report as a nationally controlled enterprise.

The UCI in the case of outward FATS is the company in NL. Under the FATS Regulation, only NL should report for outward FATS on its affiliates in UA, US, RU, TR and CN and on a voluntary basis on its intra-EU affiliates in DE, SE, FI, UK and EE.

Coverage of the FATS Regulation

The coverage of characteristics to be compiled on a mandatory basis is more ambitious for inward FATS than for outward FATS, which also reflects the respective level of difficulty of data compilation.

The following characteristics are to be compiled for inward FATS:

- number of enterprises;
- turnover;
- production value;
- value added at factor cost;
- total purchases of goods and services;
- purchases of goods and services purchased for resale in the same condition as received;
- personnel costs;
- gross investment in tangible goods;
- number of persons employed;
- total intra-mural R&D expenditure;
- total number of R&D personnel.

For outward FATS the following characteristics are to be compiled:

- turnover;
- number of persons employed;
- number of enterprises.

Data must be provided by geographical breakdown combined with activity breakdown.

Challenging future issues

Like other legal acts on statistics, the FATS Regulation provides for *quality standards and reports*. On the one hand, it lays down the quality obligations of the Member States, namely to guarantee data quality "according to common quality standards" and to submit quality reports, and, on the other hand, it underlines Eurostat's responsibility to specify these common quality standards and the content and periodicity of the quality reports.

The draft proposal has already been discussed extensively within the FATS JWG, which, in September 2008, unanimously endorsed the overall concept, namely the draft Commission Regulation on quality reports and inclusion of detailed provisions regarding the quality reports in the FATS Recommendations Manual.

Member States will be asked to report on quality on an annual basis, starting with the data for the year 2007.

Another even more challenging issue concerns the *pilot studies* provided for by the FATS Regulation. The pilot studies form the basis for any further decisions on implementing measures regarding the scope of data compilation for inward and outward FATS. The FATS Regulation underlines the importance of the pilot studies for the future design of FATS data compilation within the EU. One example of pilot studies is the collection of total and intra-group imports and exports, which are of high interest for users, but which are not mandatory under the FATS Regulation as data collection is difficult in practice. The more Member States take part in the pilot studies the better the basis will be for the Commission to draft conclusions and adopt the implementing measures needed for further FATS collection.

Methodological manuals

In response to the need to analyse the activities of multinationals, several international organisations have been taking steps towards harmonising FATS for more than ten years.

In 2002, the Manual on Statistics of International Trade in Services (MSITS) was published by the United Nations. This Manual was developed and published jointly by six international organisations.

In 2005, the OECD published the Handbook on Economic Globalisation Indicators (HEGI). Chapter 3 of the Handbook deals with the economic activity of multinational firms and the definitions proposed are consistent with those contained in the fourth chapter of the MSITS. In May 2008, the OECD completed the revision of the Benchmark Definition of Foreign Direct Investment, 4th edition (BDM4). For the first time, the BMD4 incorporated statistics on the activities of multinational enterprises.

The FATS Regulation provides for a recommendations manual to be published containing the relevant definitions and supplementary guidance concerning FATS produced in the EEA.

The 1st edition of the FATS Recommendations Manual was published in July 2007. To make sure that the manual is not only in line with the rules in the FATS Regulation but also that it meets the needs and realities national compilers face in practice, the first edition was thoroughly discussed at various meetings of the FATS JWG and also went through many rounds of written procedure with the Member States at all stages of production.

This FATS Recommendations Manual sets out the methodology and guidelines for the collection and compilation of inward and outward FATS. Member States of the European Union have to provide information to Eurostat pursuant to the FATS Regulation, the implementing and amending FATS Commission Regulations and the rec-

ommendations contained in this manual. Full implementation of these recommendations will help to ensure that FATS are compiled and maintained on a consistent basis in all Member States, thereby guaranteeing comparability and quality.

The manual goes beyond the provisions in the FATS Regulation and pushes for a harmonised methodology by identifying and recommending best practices. It also includes information on any experience gained by the Member States that might be useful for countries setting up their own data collections.

Consistency between the FATS Recommendations Manual and the latest versions of the HEGI, the MSITS and the BMD4 is ensured wherever possible for international comparability purposes.

The entry into force, in 2008, of the two Commission Regulations implementing and amending the FATS Regulation makes it necessary to update and improve the FATS Recommendations Manual. The same applies to the definition of proper common quality standards and to the content and periodicity of the quality reports. In addition, other underlying legal acts have been repealed and the corresponding changes will therefore have to be made to bring the manual into line with them. The second edition of the FATS Recommendations Manual will be released in summer 2009.

What the Member States and other countries have already done

One of the reasons the Commission was feeling some urgency in getting started on the systematic compilation of such data is that major partner countries such as the United States of America, Canada and Japan had already had systems in place to compile this kind of information for years. This provides them with a significant advantage in international negotiations and also puts them in a better position to analyse the competitiveness of their enterprises.

The Bureau of Economic Analysis[49] of the United States of America has long-standing experience in collecting FATS data; periodic surveys have been carried out since the beginning of 1950s. Annual time series on outward FATS are available beginning in 1982. The OECD and other international organisations have also been engaged in collecting data for the purpose of FATS.

The voluntary collection of data on the structure and activity of foreign affiliates in the Member States has shown that it is feasible to collect such data. Inward statistics on foreign affiliates (Inward FATS) have been collected as part of Structural Business Statistics (SBS), by breaking down business statistics by the residency of the enterprises exercising the foreign control. Inward FATS have also been collected with Balance of Payments statistics, by generating data for the subset in which foreign direct investment has attained a level corresponding to foreign control. Data for statistics on the activity of affiliates abroad (Outward FATS) have been collected on a strictly voluntary basis in the Balance of Payments framework. They are also based on extensions of the variables collected for foreign direct investment for foreign affiliates that are controlled by the direct investor.

Even if all EU Member States had provided data for FATS in one or other of their statistical frameworks, it would not have been possible to calculate EU aggregates as these data collections differed in terms of coverage, variables and methodology. As all users depend on the availability of EU aggregates, it was necessary to harmonise the data collection of FATS in order to establish a common framework for the production of coherent FATS.

For that purpose, pilot studies have been carried out for inward FATS since the end of the 1990s to standardise the use of information collected via Structural Business Statistics. The first data were collected for reference year 1995, and data were disseminated with 1996 as the first reference year. The Member States that participated in the first rounds of voluntary data collection were Denmark, Germany, Ireland, Spain, Italy, Luxembourg, the Netherlands, Austria, Portugal, Finland, Sweden and the United Kingdom. The breakdown of inward FATS was adjusted to the FATS Regulation from reference year 2003 onwards, and as many as 21 Member States have provided data for one or more reference years: Bulgaria, the Czech Republic, Estonia, Spain, France, Italy, Cyprus, Latvia, Lithuania, Hungary, Malta, the Netherlands, Austria, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

For outward FATS, Eurostat has been collecting data on a voluntary basis since 1995. Time series

[49] www.bea.gov

for Belgium, Germany, Austria, Portugal, Finland and Sweden are at least ten years long and provide information on turnover and number of persons employed of their foreign affiliates. The Czech Republic, Greece and France have the same time series for at least 8 years. In addition, the Czech Republic and Portugal have long experience in collecting imports and exports of their foreign affiliates. Italy, Latvia, Lithuania, Hungary and Slovakia have been collecting outward FATS for the last two to three years.

The voluntary inward and outward FATS data collections have proven that the vast majority of Member States are able to produce these statistics. In many cases FATS compilation is integrated in other data compilation activities, thus minimising the additional effort for all parties involved. In many countries, the compilation of FATS data is done by simply adding a few additional questions either to the SBS survey or to the FDI survey carried out routinely by National Statistical Institutes or Central Banks, respectively.

Benefits of systematic EU-wide compilation of FATS

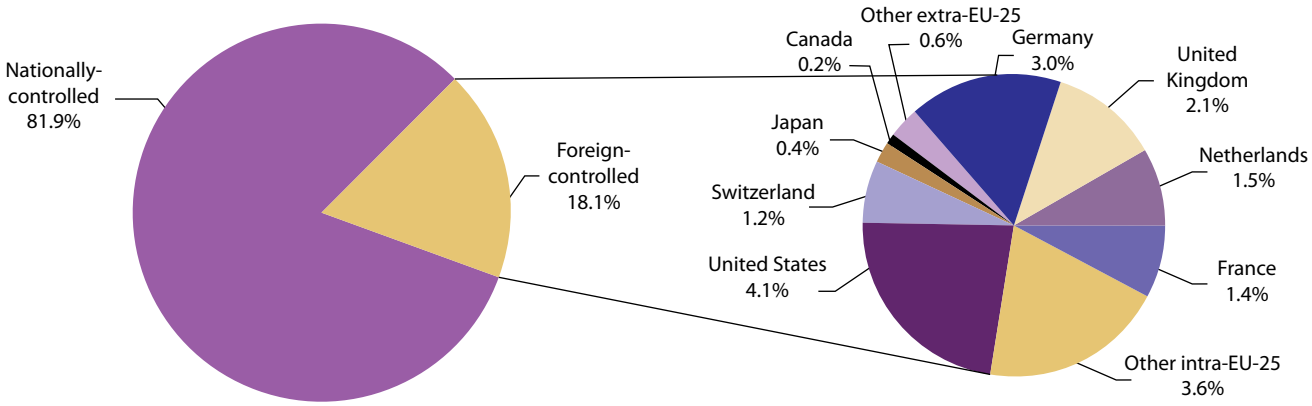
Systematic and harmonised EU-wide compilation of FATS data is indispensable for informed decision-making in a number of policy areas. This becomes obvious when looking at some of the questions that will be answered with the help of the FATS data collected in the framework of the FATS Regulation:

- How many jobs have affiliates of EU enterprises created in China and is this number increasing or falling over time?
- What is the turnover of EU affiliates in the United States?
- How much have EU enterprises controlled by a non-EU parent company invested in research and development (R&D) and how many jobs in R&D have they created in the EU?
- How much have foreign affiliates located in the EU invested in tangible goods?

This list is only a snapshot of the scope of useful information that will be gathered. The information is not only of general interest to the EU-wide public but essential for the analysis of economic trends and related political measures.

One of the observations always made when analysing FATS is that, although very few in number, foreign affiliates make a major economic impact. This suggests that foreign-controlled enterprises are considerably larger than their nationally-controlled counterparts.

Figure 4: Share of value added generated by nationally-controlled and foreign-controlled enterprises, breakdown by country of origin, on average of all reporting countries[50] (%)



Source: Eurostat

[50] The shares were calculated using data sent on a voluntary basis for the following 17 Member States: Austria (2003); Bulgaria, the Czech Republic, Estonia, Italy, Latvia, the Netherlands and Slovenia (2004); Spain, France, Cyprus, Lithuania, Hungary, Portugal, Romania, Slovakia and Sweden (2005).

As illustrated in Figure 4, foreign-controlled enterprises were responsible for 18% of the value added generated in the non-financial business economy in 17 reporting Member States in 2005. However, they accounted for less than 1% (0.75 %) of the total number of enterprises.

Conclusions

The information generated within the framework of the FATS Regulation will support the Commission's trade negotiation efforts on bilateral, regional and multilateral levels. Moreover, the information on the employment and trade effects of affiliates of EU-controlled enterprises abroad may help to demonstrate to partner countries the positive aspects of more liberalised trade with the EU.

The voluntary inward and outward FATS data collections have proven that the vast majority of Member States are able to produce these statistics.

Member States of the European Union have to provide information to Eurostat pursuant to the FATS Regulation, the implementing and amending FATS Commission Regulations and the recommendations contained in the FATS Recommendations Manual. Full implementation of these recommendations will help to ensure that inward and outward FATS are annually compiled on a consistent basis in all Member States, starting from reference year 2007. The first FATS data pursuant to the FATS Regulation are to be delivered to Eurostat by the end of August 2009.

Although the legal framework for collecting FATS is established by the FATS Regulation, further work on improving the quality of FATS will be carried out in close cooperation with the EU Member States.

3.3 External trade statistics by enterprise characteristics

Karo Nuortila, Gilberto Gambini
Eurostat – International trade, production

1. Introduction

External trade statistics measure the value and quantity of goods traded between the Member States of the European Union (known as intra-EU trade or Intrastat) and goods traded by Member States of the EU with third countries (known as extra-EU trade or Extrastat). They are the official harmonised source of information about imports, exports and trade balance of the EU and its Member States, as well as of the euro area.

As external trade is an important part of the world economy, statistics on the trading of goods are therefore an instrument of primary importance for numerous public and private sector decision makers. For example, external trade statistics:

- enable Community authorities to prepare multilateral and bilateral negotiations within the framework of the common commercial policy;
- enable Community authorities to evaluate the progress of the Single Market and the integration of EU economies;
- constitute an essential source of information for balance of payments statistics, national accounts and economic studies;
- help EU companies to conduct market research and define their commercial strategy.

Throughout their long history, the basic character of external trade statistics has remained unchanged. Their purpose is to answer questions like "Which products are countries importing from or exporting to other countries?" From this perspective it is obvious that the key dimensions in trade statistics are partner country and product. This can also be seen in the methodology of trade statistics: international concepts and classifications to define these data elements are harmonised to a large extent.

Nevertheless, one question which has been more difficult to answer is "What kind of businesses are behind these trade flows?" By their nature, trade statistics do not present any explicit information on the characteristics of traders. On the other hand, vast amounts of data on the structure and evolution of businesses are available in connection with business statistics, even though their variables, concepts and classifications differ from those applied in the area of trade statistics.

From the analytical viewpoint, bringing trade statistics closer to the frame of statistics could offer many attractive features. For instance, it would be possible to answer questions like "What is the contribution of a particular economic sector to trade or the share of total trade accounted for by small and medium-sized enterprises?" Users of trade statistics would benefit from new information on the profiles of traders, while statistics on businesses could be complemented by import and export data.

Over the last few years, Eurostat has worked together with the Member States in a project to develop external trade statistics by enterprise characteristics. These statistics are based on linking external trade micro data with business register data. With the help of this link, traders can be related to appropriate statistical units with key characteristics, such as the activity sector or number of employees. This provides new information for economic analysis, for instance to review the impact of external trade on employment, production and value added.

2. Trade statistics – data sources and trader identification

External trade statistics of the European Union fall into two categories: goods traded between the Member States (Intrastat) and those traded between Member States and third countries (Extrastat). The relevant information is collected separately and there are also some minor methodological differences between the two types.

Since 1993, no customs formalities have been necessary in trade between the EU Member States. Data on these intra-EU trade flows has been collected via the Intrastat system. In the Intrastat system, statistical data are collected directly from trade operators, which send a summary monthly declaration to the relevant national statistical administration.

The Intrastat system is closely linked to the VAT system. Under the VAT system, intra-Community supplies of goods are exempted from VAT in the Member State of dispatch, when they are made to a

taxable person in another Member State who will account for the VAT on arrival. Both parties need to report to the national tax authorities on the value of these transactions. Tax authorities must forward the information to the statistical authorities.

The purpose of the Intrastat system is to reduce the burden on trade operators wherever possible. In practice, this means that traders with a small volume of trade are exempted from Intrastat reporting. The national statistical authorities apply a system of thresholds, expressed in annual values of intra-EU trade that either exempts traders from providing statistical information or limits the information collected. In order to manage this procedure, these authorities must keep a register on intra-EU traders. The technical aspects and content of this register are not regulated. Nevertheless, as the register forms an important part of the production system of trade statistics, it is normally organised in such a way that it derives the maximum benefit from other information sources and ensures maximum effectiveness of all its functions. The close link to the VAT system ensures also that there is one harmonised identification code available: the VAT-code. Some Member States may also use other identification codes.

Data on extra-EU trade statistics are collected using the statistical copy of the Customs declaration (Single Administrative Document or 'SAD'). Trade operators fulfilling their reporting obligations to the Customs authorities in a Member State are providing the statistical data at the same time. Thus, the statistical authorities do not need to keep a register of extra-EU traders for data collection purposes, as they do in Intrastat. Nevertheless, many Member States have set up such a register or have a combined register for both intra- and extra-EU traders. There is no uniform identification code in use across the Member States.

3. Business statistics

3.1 Structural Business Statistics

Structural Business Statistics (SBS) and its special topics provide statistical information relating to the competitiveness and performance of business in the European Union. They can be used to analyse various aspects of business economy, such as

- The structure and development of business activities;
- The factors of production used and other information enabling business activity, performance and competitiveness to be measured;
- Small and medium-sized enterprises (SMEs);
- Business demography;
- Foreign-controlled enterprises.

Besides SBS, there are other statistics, such as Short-Term Statistics (STS) or PRODCOM, which also provide information related to businesses. STS describe short-term economic trends in relation to the business sector of the economy, while PRODCOM refers to statistics on the value and volume of industrial production. These statistics serve different user needs, so they differ from each other in terms of objectives, methodology (scope, frequency, classifications, variables, statistical units, etc) and compilation practices.

Business statistics contain limited information on external trade. Some variables and indicators make a distinction between domestic and non-domestic parts, but the concepts and definitions are different from those of external trade statistics.

3.2 Business registers

Data in business statistics are usually derived from surveys of businesses. Business registers are normally used as a tool for the preparation and co-ordination of surveys. They detect and construct the active population of statistical units (enterprises, local units and enterprise groups) from administrative units (legal units) and include information on their identification, demographic, economic and stratification characteristics, the control and ownership of units, and links with other registers.

Business registers are also used as a source of information for statistical analysis of the business population and its demography. Although business data cover only a few key economic variables (employment and turnover), they can be used to obtain comprehensive data with detailed breakdowns across a full range of activities, in contrast to data that are largely based on surveys such as SBS.

The business registers play an important role in bringing trade statistics closer to the business statistics. The links between legal units in the business registers and intra- and extra-Community trader identification codes need to be recorded in the business registers. Thus, the business registers provide a tool to link detailed external trade micro data with the statistical units used in business statistics.

4. Data collection and indicators

The feasibility of linking external trade data with the business registers has been tested in a series of pilot data collection rounds. The objective of these studies was twofold: first, to investigate to what extent and on what conditions micro data linkages are possible and, secondly, to define new statistics which can be derived from the combined dataset.

At the conceptual level, the methodology can be simplified into the following framework. First, a linkage is established between trade operators and legal units in business registers. Second, the trade value of each trader, by product code and partner country, is combined with the main enterprise characteristics (economic activity and number of employees) retrieved from the business registers. Third, specific indicators are calculated.

The quality of statistics based on data linkages depends very much on the matching rates between source data sets. The results of the pilot data collection rounds have shown that, in most cases, the matching rates have been very high, particularly when measured in terms of trade value.

During the development project, a harmonised set of indicators which describes various aspects of the structure of international trade from the viewpoint of the characteristics of enterprises was defined. Since the aim of these indicators is to describe enterprises rather than products, the activity sector of the trader is used as the primary classification in each indicator.

There are five indicators which are available both for trade flows (imports and exports) and for intra- and extra-EU trade. All indicators use enterprise as the statistical unit and are expressed in terms of number of enterprises and trade value.

1. Trade by activity sector and enterprise size class

Trade by activity sector and enterprise size class shows the contribution of each economic activity and size class (measured in terms of number of employees) to total trade. This makes it possible, for instance, to analyse the impact of external trade on employment and to estimate the importance of small and medium-sized enterprises.

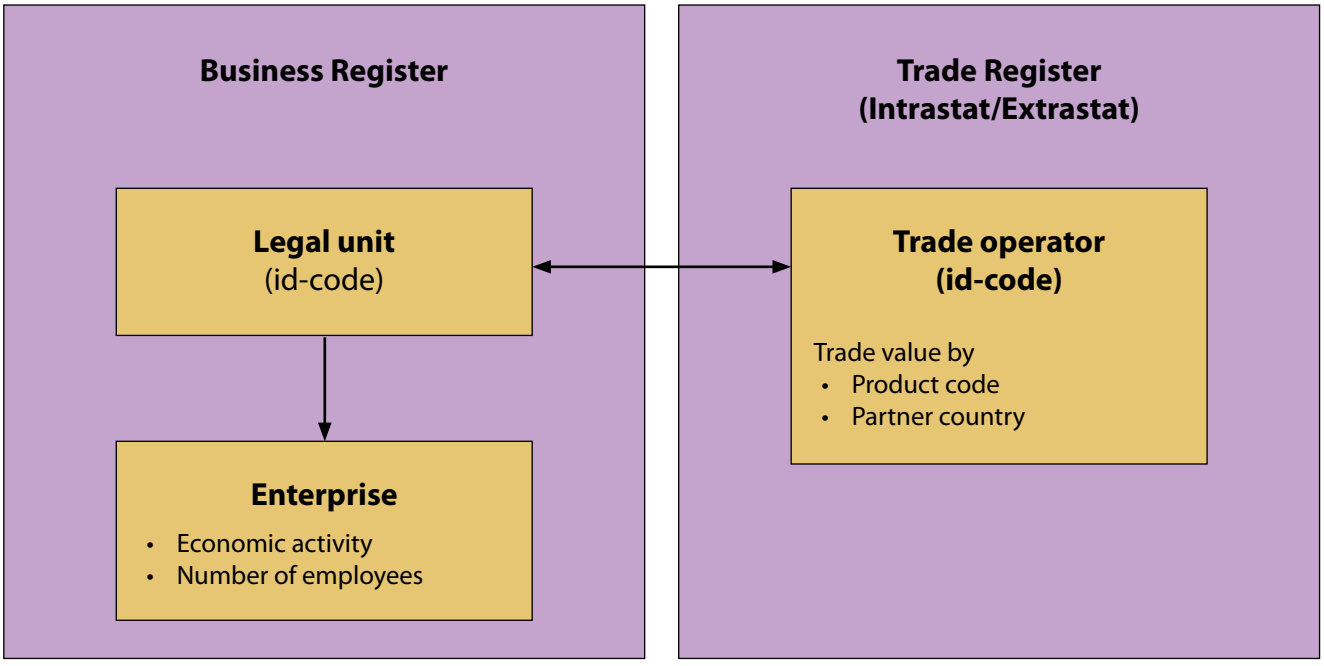
2. Concentration of trade by activity

External trade is typically concentrated on a few enterprises. This indicator shows how much of the total trade is accounted for by the top 5, 10, 20, etc. enterprises.

3. Trade by partner countries and activity

Trade by partner countries shows how many enterprises were trading with certain partner countries or country zones, and the trade value they accounted for. This makes it possible to identify most typical exports or imports markets.

Figure 1: Link between trade operators and statistical units



4. Trade by number of partner countries and activity

Number of partner countries shows how geographically diversified the exports markets are. For imports, it shows the number of countries from which goods are imported.

5. Trade by commodity and activity

Trade by commodity and activity allocates the trade of each commodity to the economic activity of the trading enterprise. This shows which sectors were involved in the trade of each product group.

5. Methodological issues

Treatment of traders

In order to obtain comparable statistics across the EU Member States, specific rules for dealing with traders have been created. These rules define how to classify trade according to three criteria:

- identification of the trader by a valid code;
- successful matching with the business registers;
- availability of data.

Detailed data are available only for those traders that meet all three criteria. Nevertheless, each indicator is complemented by information on unknown trade (trade which cannot be allocated to a trader with a valid identification code), unclassified trade (traders which cannot be matched with the business register) and traders below the statistical exemption threshold. These four groups together make up the total trade.

The smallest traders in intra-EU trade are exempted from Intrastat reporting (see chapter 2). These traders account for a very limited share of the trade value – at most 3 % of the total value by flow – but in terms of number of enterprises they are in the majority. In order to measure the correct number of enterprises, and particularly SMEs, VAT data are used to estimate the number of traders and trade value.

Statistical unit

The statistical unit is the enterprise. An enterprise is the smallest combination of legal units that is an organisational unit producing goods or services, which benefits from a certain degree of autonomy in decision making, especially for the allocation of its current resources.

Activity sector

The activity sector refers to the activity carried out by the enterprise during the reference year according to NACE Rev.1.1. statistical classification of economic activities in the European Community, as recorded in the business registers. Depending on the indicator, the breakdown of activity sector is either detailed or aggregated. The detailed breakdown includes all NACE divisions for sections D (Manufacturing) and G (Trade) and data at section level for other activities. The aggregated breakdown splits the activities into Industry (NACE sections C to E), Trade (NACE section G) and other activities.

Size-class

The size-class of the enterprise is defined according to the number of employees it has, as recorded in the business registers. Four classes are in use: 0-9, 10-49, 50-249 and 250 or more employees.

Product

The products are classified according to the Classification of Products by Activity in the European Economic Community (CPA 2002).

Partner country

The partner country in terms of exports is the country of final destination of the goods. For imports, the definition of partner country differs between Intrastat and Extrastat. For extra-EU imports it is the country of origin of the goods; for intra-EU imports it is the country (EU Member State) of consignment of goods.

Frequency

Data are compiled and disseminated annually.

ACTIVITY OR PRODUCT?

The concept of 'activity' is sometimes problematic in the field of external trade statistics. It is not always clear whether the activity refers to the economic activity of the statistical unit or to products classified according to their economic origin.

Essentially, the following concepts are involved:

– Classification of activities. The classification of activities is NACE, which is designed to categorise data related to statistical units. Within external trade statistics, the NACE classification refers to the economic activity of the trade operators, i.e. the enterprises that are active in external trade.

– Classification of products. The classification of products in relation to activities is the CPA, which distinguishes each type of goods and services in such a way that it is normally produced by only one activity as defined in NACE. External trade statistics by CPA can be produced explicitly, using the correspondence table between the product classification used in external trade statistics, the Combined Nomenclature and CPA.

– The link between the CPA and NACE can be seen in the coding. At all levels of CPA, the coding of the first 4 digits is identical to that used in NACE.

It is not usually possible to compile explicit trade statistics by activities (NACE) of trade operators within the external trade statistics without making a link with the business register. Instead, implicit figures are often provided by using the products by activities (CPA) as a substitute for activities. Theoretically, this method could be used to estimate certain trade flows, for instance exports from the manufacturing sector, because the majority of the goods traded by each enterprise should be typical products of that industry, i.e. commodities whose CPA category corresponds to the NACE category of the enterprise, as the link between these classifications indicates.

However, it is important to note that this approach does not give us the actual trade figures of that industry; instead it links the traded products with the industries that have manufactured them. As international trade statistics cover only the primary and manufactured goods, all the trade is therefore allocated to these sectors. The services sector, whose theoretical outputs are classified as services, is thus overlooked. This is particularly problematic for imports, where the services sector usually has an important role and the link between manufactured and traded products is not apparent.

Apart from the problems with correct allocation of trade flows to services sector activities, allocation within the manufacturing sector may be difficult too. An enterprise in a given manufacturing sector may trade products of other sectors, as well as those of its own sector. Therefore, any attempt to use products to measure the trade flows of each activity sector should be interpreted with caution.

6. Data availability

The data collected as part of voluntary pilot studies for the reference years 2005 and 2006 are published in Comext (http://epp.eurostat.ec.europa.eu/newxtweb/). Data are available for 19 EU Member States.

The revisions of Intrastat and Extrastat legal acts make the annual compilation of these statistics compulsory from reference years 2009 and 2010 onwards, respectively. Data will be collected for reference years 2007 and 2008 on a voluntary basis.

7. Conclusion

External trade statistics by enterprise characteristics are an example of how statistical data collected in different statistical frameworks can be used effectively for new indicators, without causing an additional burden on businesses. Furthermore, this kind of approach can also be extended to cover other statistical domains dealing with business related statistics.

3.4 Classification of functional expenditure of government

Monika Wozowczyk, Laura Wahrig, Alessandro Lupi, Eduardo Barredo
Eurostat, Government and sector accounts, financial indicators

1. Introduction

The Classification of the Functions of the Government (COFOG) is one of the four classifications of expenditure according to purpose (functional classifications) used in national accounts. In this context, the purpose/ function is understood as 'the socio-economic objective' of the government expenditure in question. COFOG is designed to identify consumption expenditure that benefits individual households, and is used to calculate the actual final consumption of households, to examine trends in government expenditure on particular functions or purposes over time, and to make inter-country comparisons of the extent to which governments are involved in economic and social functions, since a functional approach helps to overcome organisational differences between countries.

As they are compiled under the ESA95 framework, COFOG data follow all the methodological guidelines set out in ESA95 and the conventions adopted by national accountants. It is important to point out that the general government sector according to ESA95 is not equivalent to the public sector, since the public sector also includes all public corporations, i.e. corporations controlled by general government and considered to be market producers. This can affect the inter-country comparability of spending on a particular COFOG group, given that in some Member States public universities, hospitals or transport companies can be included as part of general government, whereas in others they are classified as public corporations. Accordingly, users should be fully aware of the various administrative arrangements in place in countries before undertaking detailed analysis and inter-country comparisons. In addition, ESA95 requires transactions to be recorded using accruals accounting. In this respect, COFOG statistics cannot be directly reconciled with many countries' reported budget spending, which is often recorded on a commitment and payment basis. There are some other considerations that should be taken into account before undertaking a thorough analysis of the data[51].

COFOG classifies government expenditure purposes into ten main categories (divisions — seen as broad objectives of government and known as the 'COFOG I level' breakdown): general public services, defence, public order and safety, economic affairs, environmental protection, housing and community affairs, health, recreation, culture and religion, education, and social protection. These divisions are further broken down into 'groups' ('COFOG II level') and in some cases even into more detailed 'classes' ('COFOG III level'). Although the classification does not have a separate division for research and development (R&D) expenditure, R&D expenditure is nevertheless distinguished at COFOG II level: one COFOG group is devoted specifically to basic research, classified under division 'general public services', whereas all applied research and experimental development is treated more horizontally and split among the ten COFOG divisions.

Each COFOG division contains a group for 'not elsewhere classified' expenditure, which consists of three different types of government spending: general administrative expenditure explicitly covered in the description of this group, residual expenditure not covered in the descriptions of other groups of the division, and expenditure for which there is a difficulty splitting it among other groups of the division (either due to its nature or the nature of the data sources). By convention, all interest expenditure related to government debt is allocated to COFOG group 'public debt transactions' (GF0107, in COFOG division GF01: General public services).

It is also important to briefly mention in this section the links of COFOG with other international statistics and classifications. COFOG systematises the purposes of all government activities and is thus interlinked with many more specialised statistical domains, e.g. R&D statistics, environmental accounts, health accounts, the European System of Integrated Social Protection Statistics (ESSPROS), and the International Standard Classification of Education (ISCED) and UOE data collection for education. In some cases, the COFOG division breakdown is based on the

[51] For more details see Manual on sources and methods for the compilation of COFOG statistics: http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/publication?p_product_code=KS-RA-07-022.

breakdowns of other international classifications (social protection) or the COFOG group descriptions include a direct reference to a specific category of comparable statistics (education). For other fields some conceptual and practical differences remain. Nevertheless, a reasonable degree of correspondence can be established and the plausibility of the results cross-checked.

2. Practical issues related to COFOG data transmission

COFOG data are an integral part of the ESA95 transmission programme. The transmission of the COFOG I level breakdown is compulsory for the years 1995 onwards, with a deadline of twelve months after the end of the reference period. Information on the more detailed COFOG II level is provided on a voluntary basis. However, consideration is being given to rendering this obligatory, at least for some selected divisions, in the context of the next revision of the ESA transmission programme.

Eurostat, together with the Member States in the framework of a dedicated Task Force, has devoted considerable effort to the compilation and promotion of these data. This has been recognised by important institutional users (including the ECOFIN Council). Twenty one Member States and Norway have now provided the full COFOG detail (levels I and II) for at least one year, compared to seven countries at the end of 2006. Partial datasets for COFOG II level are available for France, Ireland, Romania, Slovenia (detailed breakdown for selected COFOG divisions), Luxembourg (a test transmission) and the Netherlands (detailed breakdown for some sub-sectors of general government).

It must be stressed that for some Member States the compilation of back series for historical years is very difficult because of the lack of source information, and the quality of such data cannot be assured. Moreover, disaggregating the data into COFOG II level statistics may also create some practical compilation problems affecting data quality. In particular, if greater detail is produced for a period shorter than the available level I series, this can cause a 'break in series' between the last year where only COFOG I level data are available and the following year. The more detailed structure is also more sensitive to any changes in source data and methods of compilation. In some cases, the available source data (often depending on national institutional arrangements) do not allow for differentiation between some of the COFOG groups, so these countries will generally rely on administrative structures, e.g. agencies, offices, bureaux and project units within government departments, which can cause a bias in the statistical breakdown. Finally, the breakdown of some government categories into sub-functions is not an easy exercise in many cases, and there is a need to harmonise criteria across countries.

3. Dissemination of COFOG data

COFOG I level data are available in Eurostat databases. The public availability of COFOG II level statistics is a high priority for international organisations and institutional users. As these data are requested on a voluntary basis, Eurostat publishes this breakdown, if considered of sufficient quality, for those countries that agreed to its publication or do not explicitly object.

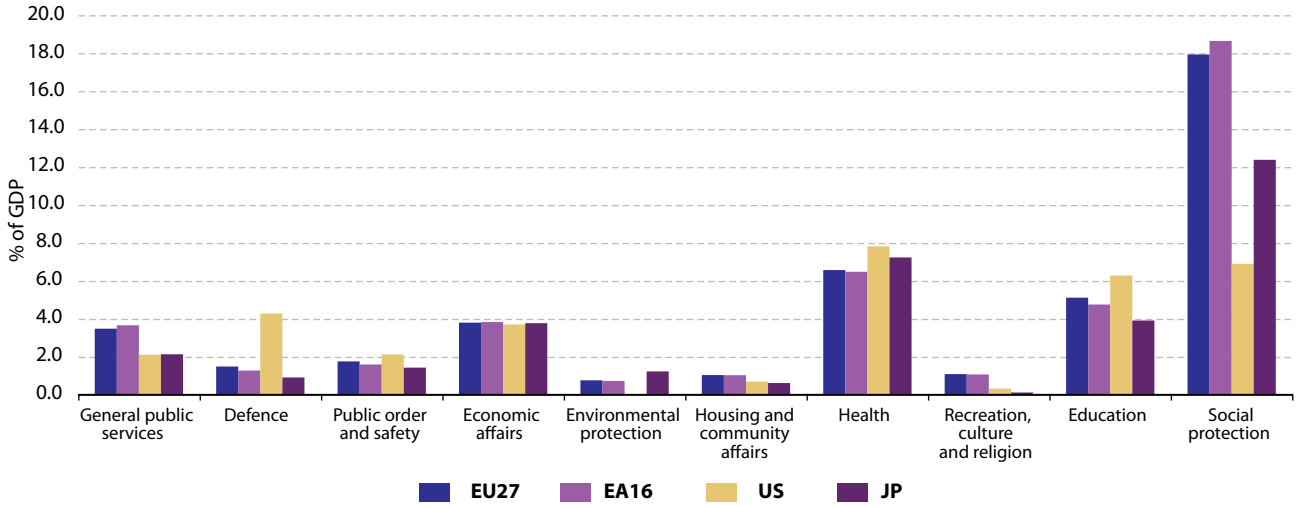
While no data were publicly disseminated at the end of 2006, Eurostat has now released COFOG II level data for the Czech Republic, Denmark (for general government only with the same detail as at national level), Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Malta, Austria, Poland, Portugal, Romania, Slovenia, Finland, the United Kingdom, and Norway. In addition, Bulgaria, Hungary and Sweden agreed to publication, with their data flagged as 'provisional'.

4. Analysis of the data

A. General trends

The data presented in this section come from the latest transmission of ESA95 table 11, due at the end of December 2008. In the cases of France, Ireland, Slovenia and Romania, it must be noted that the full COFOG II level structure is not available. The Netherlands and Luxembourg, for which the data are available only for selected sub-sectors, as well as Denmark (for most COFOG detailed categories), Belgium and Slovak Republic, for which the data are confidential, have been excluded from the presentation of the detailed breakdown. For most countries, the 2007 data are provisional.

Figure 3.4.1: Structure of primary government expenditure by COFOG I function, 2007



Source: Eurostat; OECD; internal calculations.

In 2007, on average (weighted by GDP), primary government expenditure[52] devoted to social protection in the EU27 and euro area (EA16) amounted to 18.0 % and 18.7 % of GDP, respectively. The next-largest COFOG functions in the ranking were health (6.6 % and 6.5 % of GDP, respectively) and education (5.1 % and 4.8 %, respectively). Spending on economic affairs was close to 4 % of GDP, while slightly less was devoted to general public services (3.5 % in the EU27 and 3.7 % in euro area). Less than 2 % of GDP was spent on average on each of the remaining COFOG functions.

While COFOG data are not fully comparable, it is interesting to include in the analysis other countries outside the EU, such as the USA and Japan. The most important COFOG category in the USA in 2007 was health expenditure (7.8 % of GDP in 2007), followed by social protection (6.9 %), education (6.3 %) and defence (4.3 %). In Japan, the largest proportion of general government spending was on social protection (over 12 % of GDP), followed by health (7.2 %), and education (below 4 % of GDP). The proportion of government spending measured as a proportion of GDP on the category 'economic affairs' seems to be rather similar for the EU27, USA and Japan.

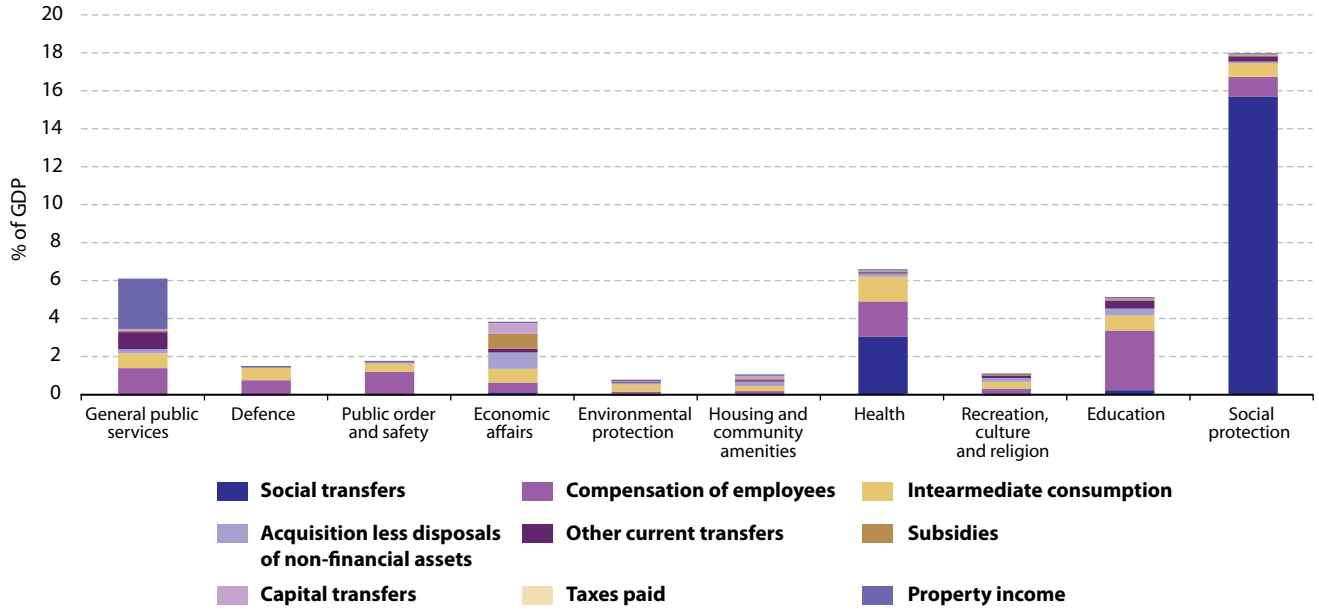
US and Japanese government primary expenditure on general public services, at 2.1 % of GDP, is around three fifths of that of the EU27. Government spending on environmental protection in Japan was slightly higher than in the EU27.

Governments have a broad spectrum of economic instruments for pursuing their policies, depending on the intended purpose. Although this varies among individual countries, comparing the COFOG structure of EU27 government expenditure with its breakdown by ESA95 economic categories (figure 3.x.2) shows some interesting patterns.

Most government expenditure on social protection in 2007 (15.7 % of GDP for the EU27 in 2007) took the form of social transfers, with relatively lower shares taken up by compensation of employees (1 % of GDP) and intermediate consumption (0.7 % of GDP). In the case of health, the share of social transfers in total spending (3 % of GDP), was balanced by compensation of employees and intermediate consumption (1.9 and 1.3 % of GDP, respectively). Finally, over 60 % of government spending on education went on compensation of employees (3.1 % of GDP), and around 16 % (0.8 % of GDP) on intermediate consumption.

[52] Total government expenditure excluding property income paid (mostly interest paid).

Figure 3.4.2: EU27 total government expenditure structure by COFOG and economic transactions, 2007



Source: Eurostat's internal calculations

Property income, mostly interest paid, was the most important component of total expenditure on general public services (2.7 % of GDP)[53], followed by compensation of employees (1.4 %), other current transfers (0.9 %) and intermediate consumption (0.8 %).

When looking at the structure of primary government expenditure by countries, it can be observed that social protection is the most important COFOG spending purpose for all Member States, ranging in 2007 from close to or over 22 % of GDP in France, Denmark and Sweden to 10 % or below for Ireland, Cyprus, Romania, Estonia, and Latvia (with the lowest level at 8.4 % of GDP)[54]. For more than half of the Member States and Norway the next most important spending purpose was health. For the Baltic States, Cyprus and Poland the second most important group after social protection was education. In 2007, general public services were the second main spending purpose for Bulgaria, but this was due to a big one-off debt cancellation transaction, while 'economic affairs' came in second place for Hungary and Romania.

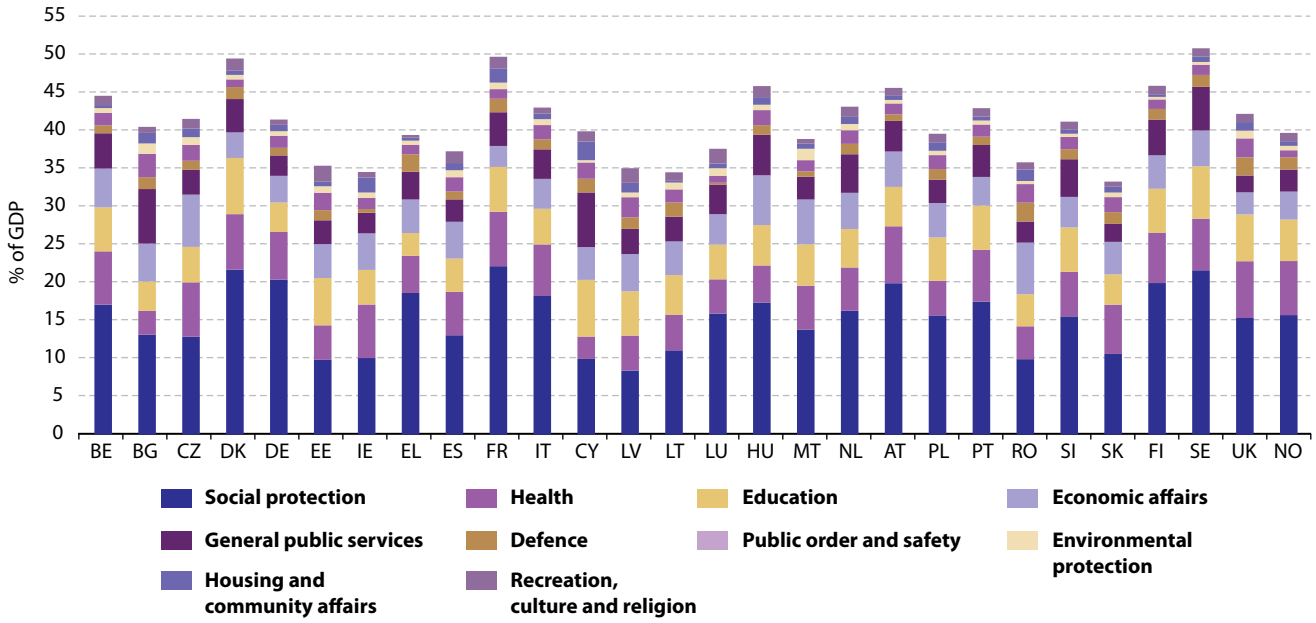
For public order and safety, the greatest share of spending in terms of GDP was in Bulgaria (over 3 % of GDP). Spending on defence in 2007 ranged in the EU27 from over 2 % of GDP for Romania, the United Kingdom and Greece to 0.5 % in Ireland and 0.2 % of GDP in Luxembourg. Malta was the Member State with the highest government expenditure in relation to its GDP (1.5 %) on environmental protection, followed by Bulgaria (1.4 %). Nine Member States spent more than the weighted EU27 average on housing and community amenities (1.0 % of GDP), led by Cyprus (2.5 %), Ireland and France (around 2 %).

The structure of COFOG spending appears to be relatively stable over time. However, a decreasing trend can be observed between 2004 and 2007 for social protection spending. Compared to 2003, this expenditure was lower by 0.9 percentage points of GDP in 2007. From 2005 onwards, expenditure on education and general public services also decreased in the EU27 (annually by around 0.1 pp of GDP). After a few years of increasing EU27 spending on health, rising by 0.4 pp of GDP between 2002 and 2006, its level remained the same in 2007 as in 2006 (6.6 % of GDP). Government expenditure on other COFOG divisions remained stable in the most recent years.

[53] Ignored when analysing primary government expenditure.

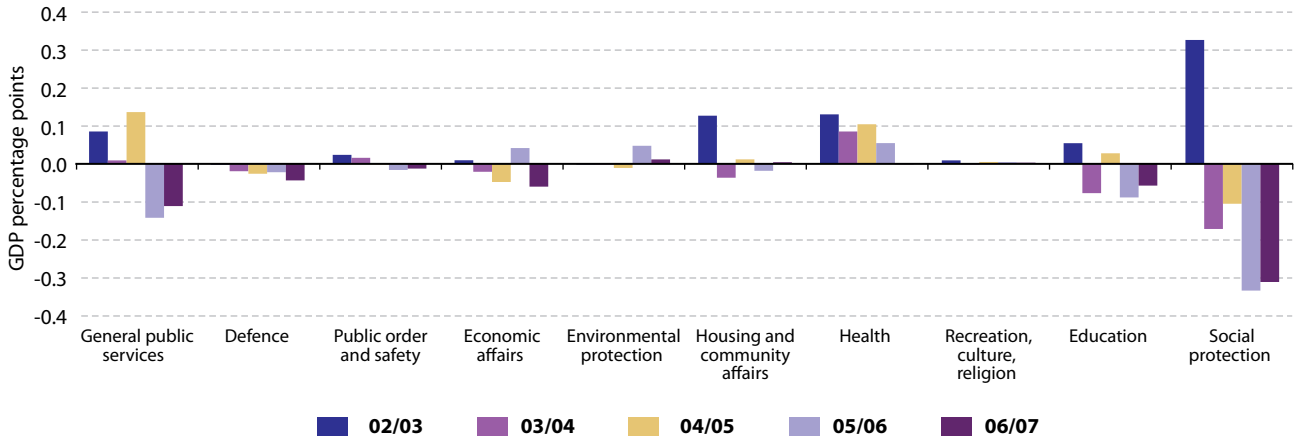
[54] For inter-country comparisons it should be considered that in some countries social benefits are paid and reported gross of income tax, which can inflate spending related to social protection.

Figure 3.4.3: COFOG structure of primary government expenditure by countries, 2007



Source: Eurostat's internal calculations.

Figure 3.4.4: Annual changes in EU27 primary government spending on COFOG functions over the period 2002-2007 (in percentage points of EU27 GDP)



Source: Eurostat's internal calculations

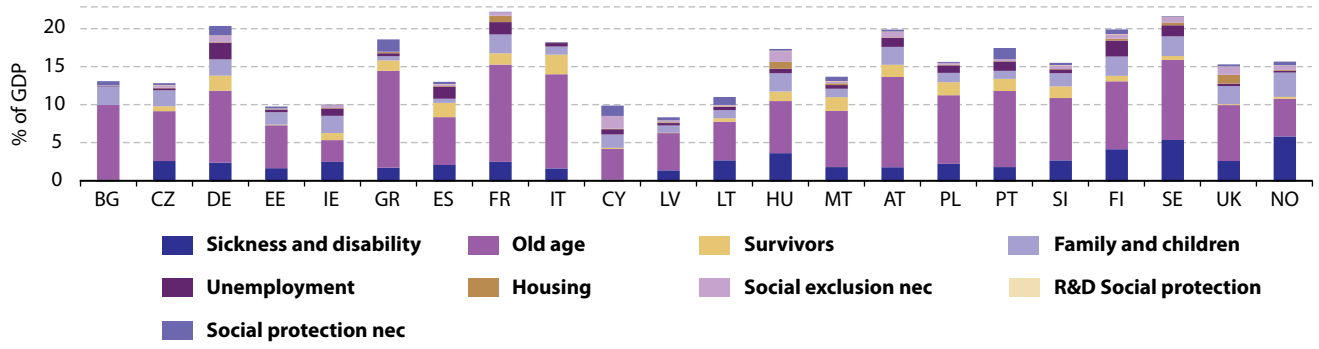
B. Detailed breakdown for the main COFOG divisions[55]

A detailed breakdown of four COFOG divisions is considered to be of particular interest and thus a priority for several institutional bodies, including the Economic Policy Committee: social protection, education, health, and environmental protection, together with government expenditure on research and development as derived from COFOG data. These breakdowns are examined in detail in this section.

In twelve Member States (Bulgaria, Czech Republic, Estonia, Greece, France, Italy, Latvia, Malta, Austria, Poland, Portugal, Slovenia) expenditure on old age constituted over 50 % of all spending on social protection in 2007 (for Bulgaria the share being almost 75 %, and for Italy and Greece above 67 %). In addition to the group 'sickness and disability', which ranks second in most countries, most social protection expenditure went on the following purposes: 'family and children' (over 15 % of spending within this division in Bulgaria, Czech Republic, Estonia, Ireland, Cyprus, United Kingdom and Norway); 'survivors' (over 10 % in Spain, Italy, Malta and Poland); and 'unemployment' (over 10 % in Germany, Spain, Finland).

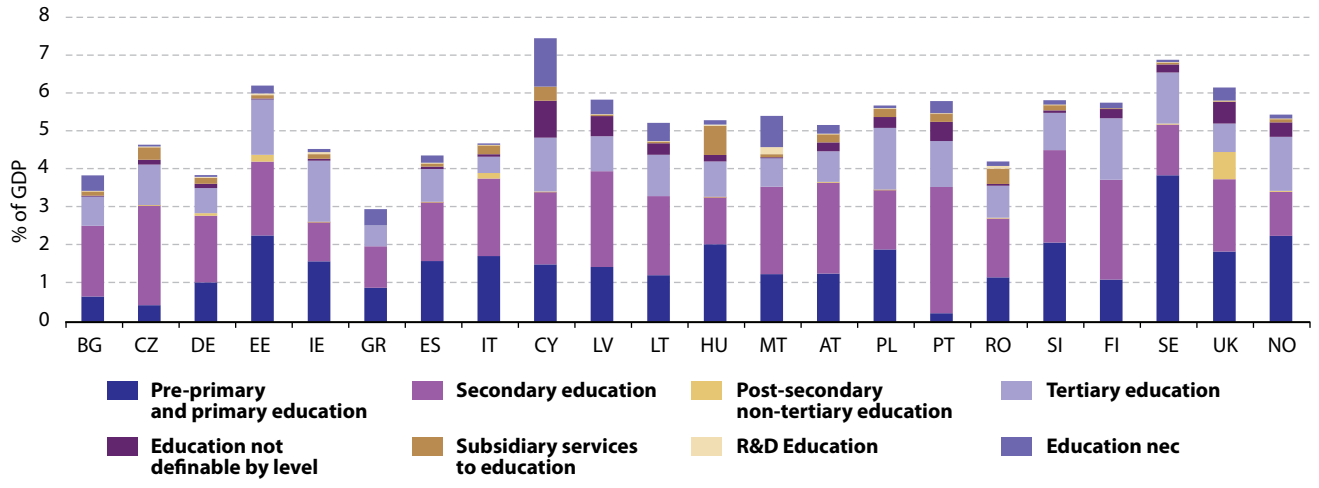
Fourteen countries reported less than 1 % of social protection expenditure going on help with meeting the cost of housing or provision of low-cost social housing (although the United Kingdom and Hungary devoted over 5 % of division spending to this purpose). For a number of Mem-

Figure 3.4.5: COFOG II level breakdown of 2007 government expenditure on social protection



Source: Eurostat

Figure 3.4.6: COFOG II level breakdown of 2007 government expenditure on education



Source: Eurostat

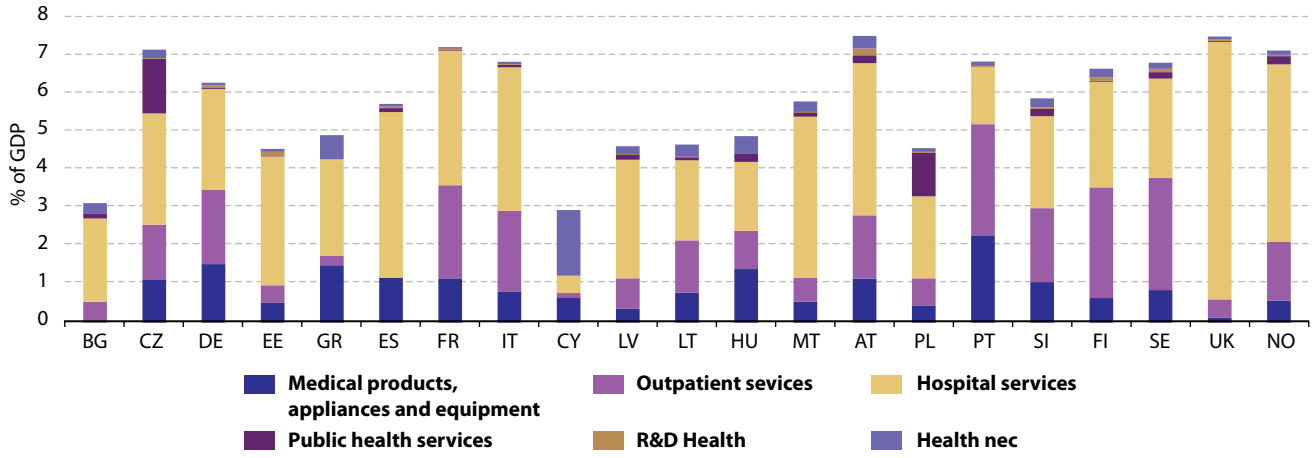
[55] In this and the following sections, the term spending/ expenditure refers to total government expenditure, i.e. including property income, payable.

ber States (Germany, Greece, Cyprus, Lithuania, and Portugal) a relatively high share (over 5 %) of social protection spending was assigned to the 'not elsewhere classified' group.

The detailed structure of expenditure on education in 2007 shows a concentration on three main areas: pre-primary and primary education (over 30 % of division spending in 11 countries, exceeding two fifths in Sweden and Norway); secondary education (over 30 % in 16 Member States, exceeding two fifths in Bulgaria, Czech Republic, Germany, Italy, Latvia, Malta, Austria, Portugal, Slovenia, and Finland); and tertiary education (over 20 % in 9 countries, exceeding 35 % in Ireland). The share of 'not elsewhere classified' educational expenditure was over 5 % in Bulgaria, Greece, Cyprus, Latvia, Lithuania, Malta, Portugal and the United Kingdom.

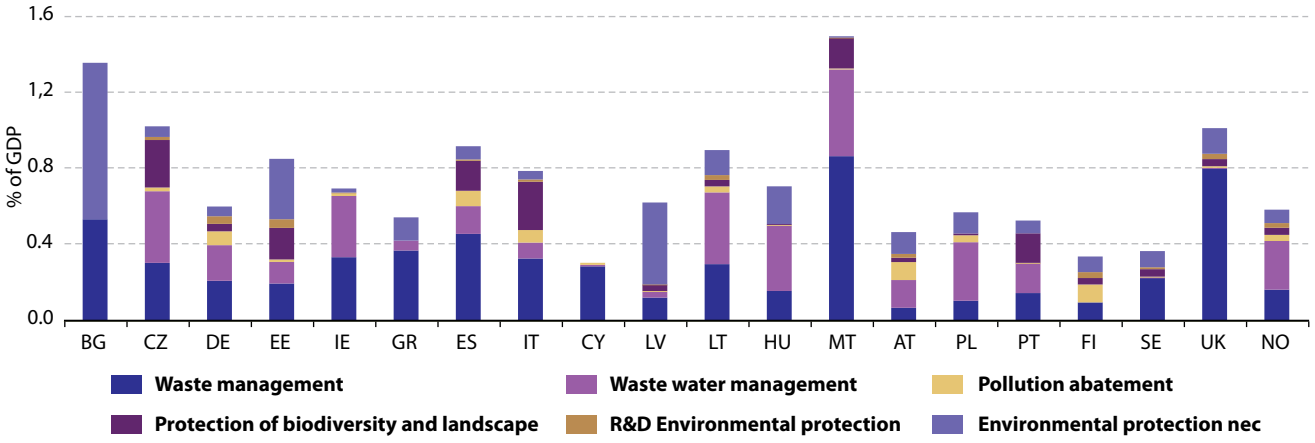
Figure 3.x.7 above shows the detailed structure of health spending in 2007. In seventeen countries hospital services exceeded two fifths of total division expenditure, with the United Kingdom reporting a share of over 90 %. Seven Member States reported spending over 30 % on outpatient services (Germany, France, Italy, Portugal, Slovenia, Finland and Sweden). Portugal and Greece devoted over 30 % of their government health expenditure to medical products, appliances and equipment.

Figure 3.4.7: COFOG II level breakdown of 2007 government expenditure on health



Source: Eurostat

Figure 3.4.8: COFOG II level breakdown of 2007 government expenditure on environmental protection



Source: Eurostat

Separating environmental protection expenditure from other government spending purposes poses problems for Member States even at the first, less detailed, COFOG level. A further breakdown appears to be less than straightforward — eight countries report over 20 % of their expenditure in this area as 'not elsewhere classified', for Bulgaria and Latvia the share being even over 60 %.

Eleven Member States assigned over 30 % of environmental spending to waste management, the highest share being registered in Cyprus (over 90 %), and exceeding 50 % in Greece, Malta, Sweden and the United Kingdom. Waste water management spending is quite significant (with shares of over 30 % of total environmental spending) in Poland, Hungary, Ireland, Lithuania, the Czech Republic, Austria, Germany, Malta, Portugal as well as Norway. Almost 30 % of government environmental spending in Finland is assigned to pollution abatement, whereas for all countries but Austria and Germany, the share of this group was below 10 %. In addition, the share of spending on the protection of biodiversity and landscape is close to or over 25 % in the Czech Republic, Italy and Portugal.

C. Analysis of COFOG II level data

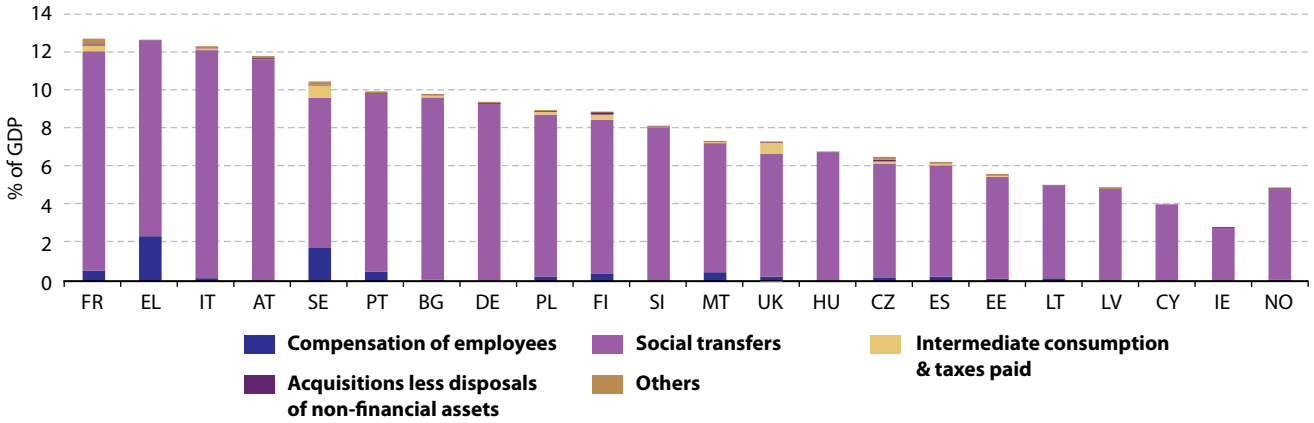
Looking at the structure of government expenditure according to COFOG purpose, it appears that the main COFOG groups, i.e. those exceeding 3 % of national GDP, in all Member States[56] are 'old age', 'hospital services', 'public debt transactions', 'family and children', 'sickness and disability', 'executive and legislative organs', 'transport', 'pre-primary and primary education', 'secondary education' and 'general services'. These groups are concentrated in five COFOG divisions: three of them relate to social protection and general public services, two to education and one to health and economic affairs.

The most important COFOG group in all Member States is 'old age', ranging from 12.7 % of GDP in France and Greece to 2.9 % in Ireland in 2007 (see figure 3.x.10). Only Norway devoted more government expenditure to a different purpose — 'sickness and disability' (5.9 % of GDP), whereas spending on old age amounted in 2007 to 4.9 % of GDP. 'Old age' is the only COFOG group for which expenditure exceeds 3 % of GDP in Germany and Lithuania. For all countries expenditure on old age mostly takes the form of social transfers.

In 2007, ten countries reported hospital services as one of their major COFOG groups, where dedicated expenditure exceeded 3 % of GDP. In 2007, spending on this purpose was highest in the United Kingdom (6.7 % of GDP), followed by Denmark (5.3 %). In contrast, Hungary, Portugal and Cyprus reported corresponding expenditures of less than 2 % of GDP (figure 3.x.11).

In those Member States where hospital services are supplied directly by general government enti-

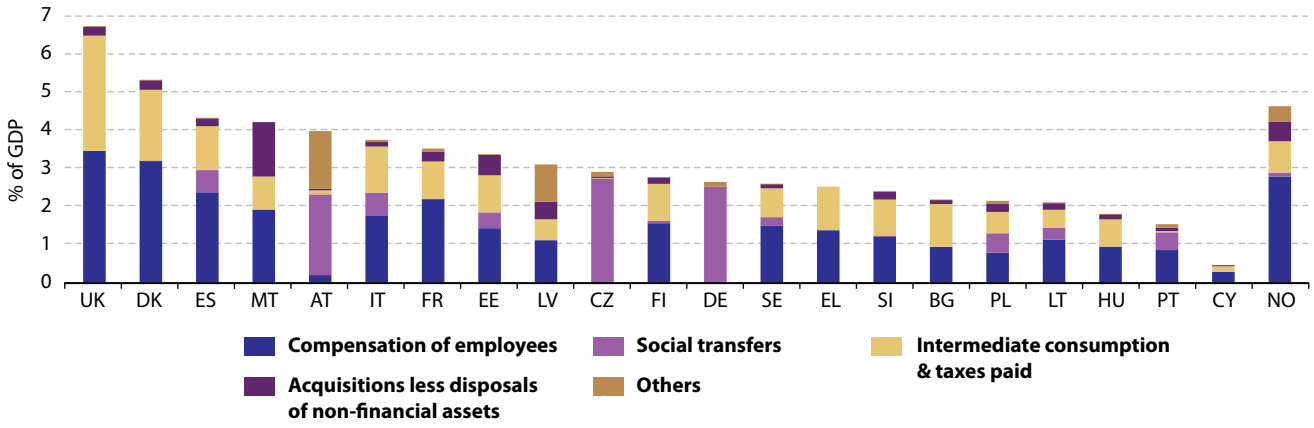
Figure 3.4.9: General government expenditure on old age in 2007



Source: Eurostat

[56] Ireland and Romania, which both delivered partial datasets, have so far not reported any COFOG group exceeding 3 % of GDP. In the Slovenian partial dataset only expenditure on 'old age' exceeds 3 % of GDP, and for France this is the case for 'old age' and 'hospital services'.

Figure 3.4.10: General government expenditure on hospital services in 2007



Source: Eurostat

ties, most expenditure takes the form of compensation of employees and intermediate consumption. Otherwise governments limit themselves exclusively to funding the total or partial cost of services provided by private or public hospitals, as market producers, in the form of social transfers to households. This can be done either by subsidising prices or by granting other transfers to finance the activities of those hospitals. Often governments combine both approaches.

In the United Kingdom, Denmark, France, Malta, Slovenia, Bulgaria, Cyprus and Hungary, government involvement consists in the direct provision of hospital services. This is in general also the case for Finland and Sweden, where related social transfers do not exceed 0.2 % of GDP. In Spain, Italy, Estonia, Lithuania, Poland and Portugal, governments also mostly provide own hospital services, but additionally they grant social transfers to households to finance hospital services supplied by market producers. In Germany and the Czech Republic, there is no provision of hospital services in the general government sector, but the costs incurred by households in this regard are covered by social transfers. In Austria, in addition to a minor government supply of hospital services, social transfers are granted to households and subsidies to market providers. Finally, in Latvia and Norway the government supply of own hospital services is accompanied to some extent by other current transfers to providers classified outside general government.

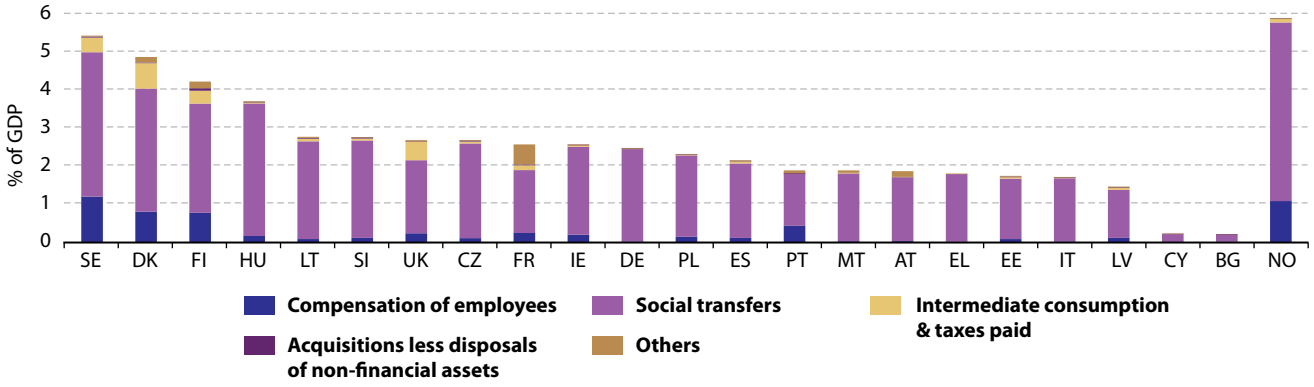
Ignoring spending on public debt services, the next major function is 'sickness and disability'. Four of the Nordic EEA countries spent more than 4 % of GDP in this COFOG group: Norway (close to 6 %), Sweden (5.4 %), Denmark (4.9 %) and Finland (4.2 %). However, in nine Member States this expenditure function amounted to below 2 % of GDP in 2007, with the lowest levels found in Cyprus and Bulgaria (just above 0.2 % of GDP). Due to the nature of this COFOG purpose, expenditure is mostly in the form of social benefits in cash or in kind. In 2007, significant shares for compensation of employees and intermediate consumption were reported by the Nordic countries, whereas for France other current transfers were relatively important.

According to the latest available COFOG statistics, general government expenditure on R&D in 2007 was highest in Finland, Austria and Sweden, at over 0.9 % of GDP. It did not exceed 0.2 % of GDP in Portugal, Greece and Cyprus. Data for Romania, France, Slovenia and Ireland are not comparable since R&D expenditures are only identified for some COFOG divisions (Romania — R&D on education, for France — R&D on health and social protection, Slovenia — R&D on health, social protection and education, and Ireland — R&D related to environmental and social protection and education). The highest share for basic research was recorded for Sweden (close to 0.7 % of GDP), followed by Finland (close to 0.5 % of GDP) and Italy (close to 0.4 %).

5. Looking forward

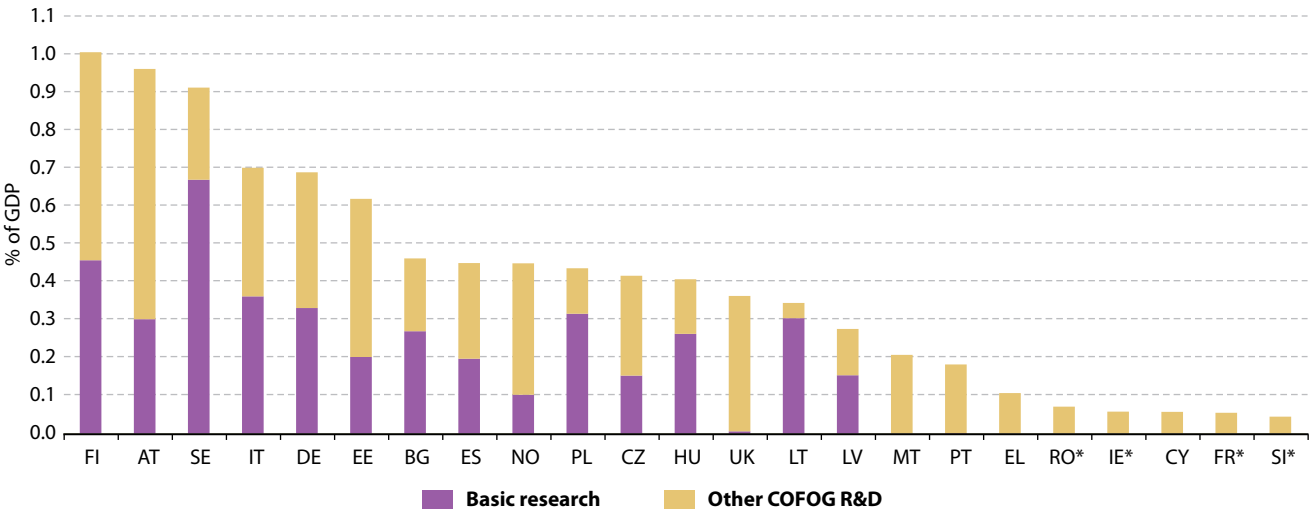
The recent progress in the provision of COFOG I and II level data marks an important step for

Figure 3.4.11: General government expenditure on sickness and disability in 2007



Source: Eurostat

Figure 3.4.12: Government spending on R&D derived from COFOG breakdown in 2007



Source: Eurostat's internal calculations * partial datasets.

strengthening the analysis of the quality of public finances. A dataset on government public expenditure by function that is consistent, internationally comparable and available for a considerable time period would allow for a better comparison and review of how countries have changed the allocation of public resources over time and across spending categories. This provides a fundamental basis for comparing policy choices and strategies for achieving policy objectives, such as long-term economic growth and social cohesion. In particular, the level of detail provided by COFOG II level data also help to identify country-specific institutional features explaining cross-country differences and thus provides a more solid basis for tackling country-specific issues and designing country-tailored approaches.

Moreover, the now fairly complete set of COFOG I level data allows Member State priorities to be identified along with the changes in allocating public resources. Of particular relevance is whether areas of importance for enhancing growth potential (as identified in the Lisbon Strategy for Growth and Jobs) have gained greater prominence. Given the widening public deficits in the current crisis, the data will also be key to identifying national prioritisation in budget-

ary allocation and assessing future fiscal consolidation strategies while acknowledging the role played by certain expenditure categories in promoting long-run economic growth. Experience has shown that the composition of expenditure not only matters for long-term growth but also for the success of fiscal consolidation.

The greater availability of COFOG II level data will also facilitate comparison of the efficiency and effectiveness of public expenditure for specific government functions by providing greater details on public spending components that can be matched with economic and societal objectives. The COFOG II level dataset has an advantage in consistency over the use of data from a range of sources for such studies in the past, and provides useful detailed information for a large number of groups of spending.

Introduction

This statistical annex contains tables of the key data presented in the data analysis section of this publication. The tables are presented for the most recent time periods available, broken down by country and including European aggregates as appropriate. It is important to note that the data presented are those available at end-April 2009, and therefore readers are encouraged to visit the Eurostat public database (accessible through the Eurostat website www.ec.europa.eu\eurostat) for more recent data.

Annex 1. COFOG Classification

01 — **General public services**

01.1 — Executive and legislative organs, financial and fiscal affairs, external affairs

01.2 — Foreign economic aid

01.3 — General services

01.4 — Basic research

01.5 — R&D General public services

01.6 — General public services n.e.c.

01.7 — Public debt transactions

01.8 — Transfers of a general character between different levels of government

02 — **Defence**

02.1 — Military defence

02.2 — Civil defence

02.3 — Foreign military aid

02.4 — R&D Defence

02.5 — Defence n.e.c.

03 — **Public order and safety**

03.1 — Police services

03.2 — Fire protection services

03.3 — Law courts

03.4 — Prisons

03.5 — R&D Public order and safety

03.6 — Public order and safety n.e.c.

04 — **Economic affairs**

04.1 — General economic, commercial and labour affairs

04.2 — Agriculture, forestry, fishing and hunting

04.3 — Fuel and energy

04.4 — Mining, manufacturing and construction

04.5 — Transport

04.6 — Communication

04.7 — Other industries

04.8 — R&D Economic affairs

04.9 — Economic affairs n.e.c.

05 — **Environmental protection**

05.1 — Waste management

05.2 — Waste water management

05.3 — Pollution abatement

05.4 — Protection of biodiversity and landscape

05.5 — R&D Environmental protection

05.6 — Environmental protection n.e.c.

06 — **Housing and community amenities**

06.1 — Housing development

06.2 — Community development

06.3 — Water supply

06.4 — Street lighting

06.5 — R&D Housing and community amenities

06.6 — Housing and community amenities n.e.c.

07 — **Health**

07.1 — Medical products, appliances and equipment

07.2 — Outpatient services

07.3 — Hospital services

07.4 — Public health services

07.5 — R&D Health

07.6 — Health n.e.c.

08 — **Recreation, culture and religion**

08.1 — Recreational and sporting services

08.2 — Cultural services

08.3 — Broadcasting and publishing services

08.4 — Religious and other community services

08.5 — R&D Recreation, culture and religion

08.6 — Recreation, culture and religion n.e.c.

09 — **Education**

09.1 — Pre-primary and primary education

09.2 — Secondary education

09.3 — Post-secondary non-tertiary education

09.4 — Tertiary education

09.5 — Education not definable by level

09.6 — Subsidiary services to education

09.7 — R&D Education

09.8 — Education n.e.c.

10 — **Social protection**

10.1 — Sickness and disability

10.2 — Old age

10.3 — Survivors

10.4 — Family and children

10.5 — Unemployment

10.6 — Housing

10.7 — Social exclusion n.e.c.

10.8 — R&D Social protection

10.9 — Social protection n.e.c.

3.5 Government finance statistics – integrated presentation

Laura Wahrig, Eduardo Barredo
Eurostat, Government and sector accounts, financial indicators

Government finance statistics (GFS) is a dedicated presentation template for government accounts that shows the economic activities of government in a manner suitable for fiscal analysis. It groups together all government statistics collected by Eurostat specifically for the general government sector (i.e. excluding public corporations) in the framework of national accounts, completed by statistical information gathered for administrative purposes. It assures a focus on economic substance over legal form, improves data harmonization and comparability across countries, and ensures full transparency in the respect of the different statistical concepts and practices.

The GFS presentation shows in an integrated manner: government revenue, government expenditure, government deficit, transactions in assets, transactions in liabilities, other economic flows, and balance sheets. This presentation is similar to that of business accounting where the profit and loss accounts and the balance sheet are presented together, in a linked manner. This type of GFS presentation is also suitable for fiscal analysis of the various levels of government (central, regional, local, social security funds).

European GFS are defined by reference to the European System of Accounts 1995 (ESA95), the European manual for national accounts. These GFS form the basis for fiscal monitoring in Europe, notably for the statistics related to the Excessive Deficit Procedure (EDP). The approach for compiling and presenting European GFS is to re-arrange the transactions recorded in the various ESA annual and quarterly financial and non-financial accounts for the government sector.

The integrated GFS presentation brings together an analysis of deficit and debt and their main components. More generally, linkages between stock and flow variables as well as the connection between financial and non-financial accounts are made transparent. This allows for a complete and concise overview of the governments' financial and non-financial positions. Because of the importance of fiscal monitoring, the integrated presentation of GFS is one important statistical tool that has been developed in order to improve the assessment of budgetary positions.

GFS template tables are presented on both annual and quarterly basis, and they are available in electronic form in the dedicated GFS section of the Eurostat web site[57]. The GFS template tables present data for all EU Member States, for the European Union (EU27) and the euro area (EA16) as well as for Iceland and Norway (annual data). Annual data are presented in summary as well as in a detailed form (including further breakdowns). Annual tables are available for the EU27 and EA16 from 1998 onwards, while data for most individual countries start in 1995. In addition to the presentation in millions of national currency (millions of euro for EU/ EA aggregates), data are also presented in percentages of GDP.

Annual Summary Government Finance Statistics (GFS) template tables are compiled twice per year, coinciding with the official notification of fiscal figures to Eurostat, at the end of April and end of October for data up to year N-1; that is in April 2009, 2008 annual data are published for the first time (as well as back series and possible revisions). Quarterly Summary GFS template tables are compiled four times per year, coinciding with the transmission to Eurostat of quarterly financial and non-financial accounts for the general government, as well as quarterly government debt. Information by sub-sector of government and more detailed breakdowns are shown in various other tables, which are consistent with the Annual Summary GFS tables.

The country template from the Annual Summary GFS presentation with EU27 data, as available at the end April 2009, is provided below (table 3.5.1).

[57] http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/introduction

Table 3.5.1: EU27 Annual Summary Government Finance Statistics tables
Consolidated general government

		in million euro			in % of GDP								
Table A - Summary table		**2000**	**2007**	**2008**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Government revenue and expenditure													
1=2+6+7+8+9	**Total revenue**	**4,181,273**	**5,544,709**	**5,563,330**	**45.4**	**44.8**	**44.2**	**44.2**	**44.0**	**44.4**	**44.9**	**44.9**	**44.5**
2=3+4+5	Taxes	2,516,481	3,354,149	3,312,033	27.3	26.6	26.2	26.0	26.0	26.4	27.0	27.1	26.5
3	. Indirect taxes	1,234,065	1,669,230	1,632,119	13.4	13.1	13.2	13.2	13.3	13.4	13.6	13.5	13.0
4	. Direct taxes	1,260,485	1,654,660	1,633,631	13.7	13.3	12.7	12.4	12.3	12.7	13.2	13.4	13.1
5	. Capital taxes	21,931	30,259	46,283	0.2	0.2	0.2	0.4	0.3	0.3	0.2	0.2	0.4
6	Social contributions	1,283,199	1,670,374	1,716,153	13.9	13.9	13.8	14.0	13.9	13.8	13.7	13.5	13.7
7	Sales	203,388	281,404	282,707	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.3	2.3
8	Other current revenue	161,387	215,218	229,673	1.8	1.9	1.8	1.7	1.6	1.7	1.7	1.7	1.8
9	Capital revenue	16,818	23,564	22,763	0.2	0.1	0.2	0.3	0.3	0.3	0.2	0.2	0.2
10=11+..+18	**Total expenditure**	**4,161,480**	**5,649,660**	**5,849,801**	**45.2**	**46.2**	**46.7**	**47.3**	**46.9**	**46.9**	**46.3**	**45.7**	**46.8**
11	Intermediate consumption	539,665	784,880	800,848	5.9	5.9	6.1	6.2	6.3	6.4	6.4	6.4	6.4
12	Compensation of employees	966,486	1,281,666	1,309,679	10.5	10.5	10.7	10.8	10.8	10.7	10.6	10.4	10.5
13	Interest	335,096	335,705	342,904	3.6	3.5	3.2	3.0	2.8	2.8	2.7	2.7	2.7
14	Subsidies	118,920	142,187	143,949	1.3	1.3	1.3	1.3	1.2	1.1	1.1	1.2	1.2
15	Social benefits	1,772,143	2,359,718	2,441,797	19.3	19.4	19.7	20.1	19.9	19.8	19.5	19.1	19.5
16	Other current expenditure	188,057	286,185	298,133	2.0	2.1	2.1	2.3	2.3	2.4	2.4	2.3	2.4
17	Capital transfers payable	102,956	148,492	183,138	1.1	1.3	1.2	1.3	1.3	1.5	1.3	1.2	1.5
18	Capital investments	138,158	310,827	329,352	1.5	2.3	2.3	2.4	2.4	2.2	2.4	2.5	2.6
19	of which, Gross fixed capital formation	209,345	314,670	331,900	2.3	2.4	2.3	2.4	2.4	2.3	2.5	2.5	2.7
Government deficit													
20=1-10	**Net lending (+) / net borrowing (-) in ESA 1995**	**19,793**	**-104,951**	**-286,471**	**0.2**	**-1.4**	**-2.5**	**-3.1**	**-2.9**	**-2.5**	**-1.4**	**-0.8**	**-2.3**
21	*Memo: Adjustment for swaps*	*1,100*	*2,119*	*-126*	*<0.1*	*<0.1*	*<0.1*	*<0.1*	*<0.1*	*<0.1*	*<0.1*	*<0.1*	*<0.1*
22	*Memo: Other adjustments*	*35,993*	*-1,409*	*-1,390*	*0.4*	*<0.1*	*<0.1*	*<0.1*	*<0.1*	*<0.1*	*<0.1*	*<0.1*	*<0.1*
23=20+21+22	***Memo: Government deficit: Net lending (+) / net borrowing (-) under EDP***	***56,886***	***-104,241***	***-287,987***	***0.6***	***-1.4***	***-2.5***	***-3.1***	***-2.9***	***-2.4***	***-1.4***	***-0.8***	***-2.3***
Government financing													
24=20-25	Statistical discrepancy (nonfinancial - financial accounts)	8,377	-455	-2,344	<0.1	<0.1	-0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1
25=26-32	**Net financial transactions**	**11,415**	**-104,496**	**-284,127**	**0.1**	**-1.4**	**-2.4**	**-3.1**	**-2.9**	**-2.5**	**-1.4**	**-0.8**	**-2.3**
26=27+..+31	**Net acquisition of financial assets**	**102,235**	**87,637**	**414,387**	**1.1**	**-0.4**	**0.2**	**0.3**	**0.3**	**0.7**	**0.7**	**0.7**	**3.3**
27	Currency and deposits	77,594	44,854	138,465	0.8	-0.6	<0.1	<0.1	0.2	0.3	0.5	0.4	1.1
28	Securities other than shares	20,422	28,065	72,168	0.2	<0.1	<0.1	<0.1	0.1	0.2	0.2	0.2	0.6
29	Loans	12,224	4,262	89,585	0.1	0.2	<0.1	<0.1	<0.1	0.1	<0.1	<0.1	0.7
30	Shares and other equity	-15,355	-9,623	80,717	-0.2	<0.1	<0.1	<0.1	-0.1	<0.1	-0.2	<0.1	0.6
31	Other financial assets	7,350	20,078	33,451	<0.1	<0.1	0.1	0.2	<0.1	0.2	0.2	0.2	0.3
32=33+..+36	**Net incurrence of liabilities**	**90,819**	**192,133**	**698,514**	**1.0**	**1.0**	**2.6**	**3.3**	**3.1**	**3.2**	**2.0**	**1.6**	**5.6**
33	Currency and deposits	3,466	3,501	33,369	<0.1	0.2	0.1	0.2	0.2	0.3	0.1	<0.1	0.3
34	Securities other than shares	60,643	169,840	598,755	0.7	1.4	2.4	2.9	2.9	2.5	1.4	1.4	4.8
35	Loans	-27,056	-3,557	52,720	-0.3	-0.3	-0.1	0.2	0.2	0.2	0.1	<0.1	0.4
36	Other liabilities	53,767	22,348	13,670	0.6	-0.3	0.1	<0.1	-0.1	0.2	0.3	0.2	0.1
Other economic flows in government assets and liabilities													
37=42(t)-42(t-1)-18+72	**Other changes in non-financial assets**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**
38=43(t)-43(t-1)-26	**Other changes in financial assets**	**7,965**	**138,681**	**-309,624**	**<0.1**	**<0.1**	**-0.6**	**0.7**	**1.5**	**1.8**	**1.4**	**1.1**	**-2.5**

39=49(t)-49(t-1)-32	**Other changes in liabilities**	**186,026**	**-188,685**	**-109,418**	**2.0**	**0.2**	**0.2**	**-1.3**	**1.2**	**0.6**	**-1.3**	**-1.5**	**-0.9**
40=37+38-39 = 55(t)-55(t-1)-73	**Changes in net worth due to other changes in assets/liabilities**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**
Government balance sheet													
41=42+43	**Total assets**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**
42	**Non-financial assets**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**
43=44+..+48	**Financial assets**	**2,579,643**	**3,521,699**	**3,626,462**	**28.0**	**26.5**	**25.1**	**25.6**	**26.2**	**27.6**	**28.2**	**28.5**	**29.0**
44	Currency and deposits	506,979	612,970	724,700	5.5	4.7	4.5	4.4	4.5	4.6	4.8	5.0	5.8
45	Securities other than shares	145,181	225,984	291,912	1.6	1.5	1.5	1.4	1.5	1.6	1.7	1.8	2.3
46	Loans	350,040	359,777	431,823	3.8	3.9	3.7	3.6	3.4	3.3	3.1	2.9	3.5
47	Shares and other equity	1,078,284	1,721,425	1,570,399	11.7	11.1	10.1	10.8	11.5	12.9	13.5	13.9	12.6
48	Other financial assets	499,160	601,543	607,628	5.4	5.4	5.3	5.4	5.3	5.2	5.0	4.9	4.9
49=50+..+53	**Liabilities**	**6,290,503**	**7,856,534**	**8,445,630**	**68.4**	**66.9**	**67.3**	**68.1**	**69.3**	**70.2**	**67.3**	**63.6**	**67.5**
50	Currency and deposits	370,559	417,598	415,029	4.0	4.1	4.0	3.5	3.5	3.7	3.7	3.4	3.3
51	Securities other than shares	4,579,181	5,950,682	6,512,856	49.8	49.4	50.3	51.3	52.8	53.6	50.9	48.2	52.1
52	Loans	1,024,338	1,103,253	1,138,388	11.1	10.5	9.9	10.4	10.1	9.9	9.5	8.9	9.1
53	Other liabilities	316,424	385,001	379,357	3.4	3.0	3.1	3.0	2.9	3.0	3.1	3.1	3.0
54=43-49	**Financial assets net of liabilities**	**-3,710,860**	**-4,334,834**	**-4,819,168**	**-40.3**	**-40.4**	**-42.2**	**-42.6**	**-43.1**	**-42.6**	**-39.0**	**-35.1**	**-38.5**
55=41-49	**Net worth**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**	**:**
Table B - Government debt and link with the deficit													
56=23	**Government deficit (Net lending (+) / net borrowing (-) under EDP)**	**56,886**	**-104,241**	**-287,987**	**0.6**	**-1.4**	**-2.5**	**-3.1**	**-2.9**	**-2.4**	**-1.4**	**-0.8**	**-2.3**
57=63(t)-63(t-1)	**Change in Government Debt**	**48,615**	**162,610**	**712,280**	**0.5**	**1.6**	**1.6**	**2.4**	**3.3**	**2.9**	**1.7**	**1.3**	**5.7**
58 = 56+57 = 59+..+62	**Stock flow adjustment (SFA)**		**58,369**	**424,293**		**0.1**	**-0.9**	**-0.7**	**0.4**	**0.4**	**0.3**	**0.5**	**3.4**
59	Net acquisition of financial assets		89,855	425,957						0.7	0.6	0.7	3.4
60	Incurrence in liabilities not in the Government debt		-22,837	-20,096						-0.3	-0.3	-0.2	-0.2
61	Valuation effects and other changes in volume in Government debt		-9,391	16,335						<0.1	<0.1	<0.1	0.1
62	Statistical discrepancies		743	2,095						<0.1	<0.1	<0.1	<0.1
63=64+65+66	**Government debt (nominal value)**	**5,693,168**	**7,249,674**	**7,696,717**	**61.9**	**61.0**	**60.3**	**61.8**	**62.2**	**62.7**	**61.3**	**58.7**	**61.5**
64	. Currency and deposits	:	341,824	344,354	:	3.4	3.3	2.7	2.8	3.0	3.0	2.8	2.8
65=66+67	. Securities other than shares	4,351,425	5,806,154	6,216,079	47.3	47.1	47.2	48.6	49.3	49.8	48.8	47.0	49.7
66	.. short term	:	446,810	702,209	:	3.7	4.3	4.7	4.6	4.3	3.7	3.6	5.6
67	.. long term	:	5,359,345	5,513,870	:	43.4	42.8	43.9	44.7	45.5	45.0	43.4	44.1
68=69+70	. Loans	1,019,792	1,101,684	1,136,299	11.1	10.4	9.9	10.4	10.1	9.9	9.5	8.9	9.1
69	.. short term	:	169,976	176,345	:	1.1	1.1	1.3	1.3	1.4	1.3	1.4	1.4
70	.. long term	:	931,706	959,954	:	9.4	8.8	9.1	8.8	8.5	8.2	7.5	7.7
Table C - Memorandum items													
71	*Government consumption*	*1,819,543*	*2,514,348*	*2,590,132*	*19.8*	*19.9*	*20.4*	*20.8*	*20.7*	*20.8*	*20.7*	*20.4*	*20.7*
72	*Consumption of fixed capital*	*159,647*	*218,022*	*:*	*1.7*	*1.7*	*1.7*	*1.8*	*1.8*	*1.8*	*1.8*	*1.8*	*:*
73=20+18-72	*Changes in net worth due to savings and capital transfers*	*-1,697*	*-12,147*	*:*	*<0.1*	*-0.8*	*-2.0*	*-2.5*	*-2.3*	*-2.0*	*-0.8*	*<0.1*	*:*
74	*GDP*	*9,202,308*	*12,355,101*	*12,506,693*									

a. Revenue and expenditure

The summary table of government finance statistics firstly shows total general government revenue as the aggregate of all transactions recorded under resources in the ESA framework, including subsidies receivable in the current accounts and capital transfers receivable recorded in the capital account. Total general government expenditure follows the presentation of revenue. Expenditure is an aggregate of all transactions recorded under positive uses, and subsidies payable, in the current accounts as well as transactions (gross capital formation, acquisition less disposals of non-financial non-produced assets plus capital transfers payable) in the capital account.

A revenue transaction is one that increases net worth. Revenue is presented in the tables as the sum of taxes, social contributions, sales of goods and services, other current revenues and capital transfer revenues.

Total taxes are composed of taxes on production and imports – indirect taxes, current taxes on income and wealth – direct taxes, and capital taxes[58]. Total social contributions consist of actual social contributions collected and imputed social contributions. Total taxes and social contributions indicate the level of fiscal burden, useful for inter-country comparisons. Total sales of goods and services comprise the subcategories market output, payments for non-market output and output for own final use. 'Other current revenues' consist of the categories property income, other subsidies on production and other current transfers. This category is dominated by transfers between different levels of government and must be consolidated when presenting data for the whole general government.

An expenditure transaction is one that decreases net worth. Government expenditure is calculated as the sum of transactions in the following categories: compensation of employees, intermediate consumption, interest, subsidies, social benefits, other current expenditure, capital transfers and capital investments.

The categories 'compensation of employees' and 'intermediate consumption' form part of the cost of production incurred by the government as a producer. The category 'compensation of employees' includes 'wages and salaries paid' and the 'employer's social insurance contributions' (including imputed social contributions). 'Intermediate consumption' contains the goods and services consumed by the government during its production process. Social benefits consist of social benefits other than social transfers in kind (mainly cash transfers) and social transfers in kind provided by market producers such as health care providers. The recording of social benefits expenditure does not include social transfers in kind provided by non-market producers within general government, such as certain types of social housing. This is to avoid counting such expenditures twice (once as social transfers and once as a cost of production).

The category 'interest' includes payments on government liabilities on an accrual basis. Interest expenditure does not include fees and charges made under the service component of interest payments; such expenditures are recorded as 'intermediate consumption'.

The category 'other current expenditure' is composed of 'other taxes on production', 'property income other than interest', current taxes on income, wealth, etc., 'other current transfers' and the 'adjustment for the net equity of households in pension funds[59]'.

'Capital transfers' comprise 'investment grants' and 'other capital transfers'. Last in the sequence, the category 'capital investments' includes 'gross fixed capital formation', among other capital transactions. Disposals of non-financial assets are included as negative investments in this category and not on the revenue side.

The GFS presentation of expenditure shows the type of transaction undertaken by the government, and it complements the purpose or function of government expenditure captured in the Classification of Functions of Government (COFOG) typology (please see chapter 3.x).

Figure 3.x.1 gives an overview of some components of government revenue and expenditure.

[58] Some classifications of taxes include capital taxes as a component of direct taxes, see chapter on public finance.

[59] This is very small in most EU countries because it includes only funded government pension schemes.

Figure 3.5.1: Presentation of government revenue and expenditure

Total revenue		
=	Taxes	
		=Taxes on production and imports (indirect taxes)
		+ Current taxes on income, wealth, etc. (direct taxes)
		+ Capital taxes
+	Social contributions	
		= Actual social contributions
		+ Imputed social contributions
+	Sales	
		= Market output
		+ Payments for non-market output
		+ Output for own final use
+	Other current revenue	
		= Property income
		+ Other subsidies on production
		+ Other current transfers
+	Capital revenue	
Total expenditure		
+	Intermediate consumption	
+	Compensation of employees	
+	Interest	
+	Subsidies	
+	Social benefits	
		= social benefits other than social transfers in kind
		+ social transfers in kind via market producers
+	Other current expenditure	
+	Capital transfers payable	
+	Capital investments	
		= Gross fixed capital formation
		+ changes in inventories, acquisitions less disposals of valuables
		+ acquisitions less disposals of non-financial non-produced assets

In 2008, combined EU27 government revenue represented 44.5% of GDP, while expenditure accounted for 46.8% of GDP. The type of presentation chosen for the GFS statistics immediately renders the origins of the deficit recorded in 2008 – 2.3% of GDP – transparent.

The share of EU27 government revenue and expenditure over GDP has remained relatively stable in recent years (however, this masks substantial differences across individual Member States). Taxes (26.5% of GDP in 2008) and social contributions (13.7% in 2008) are the largest revenue components and, within taxes; there are broadly similar amounts for direct and indirect taxes. Social benefits and compensation of employees are the largest components of EU27 government expenditure (19.5% and 10.5% of GDP in 2008, respectively).

b. government deficit

The balancing item of the general government in the non-financial accounts is net lending (positive sign) or net borrowing (negative sign), i.e. the government surplus or deficit in the integrated GFS presentation, that is total general government revenue minus total general government expenditure. The integrated GFS presentation shows two slightly different measures of deficit: the first type described above is the net lending/borrowing calculated according to the data transmitted in the context of the ESA95 transmission programme while the second measure, the so-called Maastricht deficit used for the Excessive Debt Procedure, is subject to some adjustments, the most important being an adjustment for the interest on swaps and forward rate agreements, as well as possible adjustments introduced by Eurostat on the reported figures.

In all years except 2000, this adjustment does not reach 0.1% of EU27 GDP, so the difference between net lending and net borrowing and the Maastricht deficit is barely noticeable at aggregate level when expressed as a proportion of GDP.

c. government financing

Similar to other institutional units and private companies, the financial account of general government records the transactions in financial assets and liabilities and is included in the integrated presentation of the GFS.

The position 'net financial transactions' describes the net financing (i.e. net acquisition of financial assets minus net incurrence of liabilities) of the government and should equal the ESA95 definition of the government net lending or net borrowing calculated in the non-financial accounts, since a surplus has to be invested or a deficit has to be financed.

The discrepancy between the two balancing items in the financial and non-financial accounts is a statistical discrepancy due to the use of different data sources for compiling the financial and the non-financial accounts. This statistical discrepancy forms one position in the integrated GFS presentation and is one way in which the consistency of the data is rendered transparent. It is not however a final indication, because some countries mask this discrepancy through adjustments to some financial instruments (traditionally in the 'other accounts' categories). Although this statistical discrepancy shows a relatively high volatility over the years, it has remained below 0.1% of EU27 GDP in all years, an indicator of the high quality of the data and consistency of the data sources. Even though this discrepancy is relatively small at EU27 level, there are some individual Member States for which this discrepancy is fairly significant, both on an annual and quarterly basis.

Under the heading 'government financing' – the financial accounts transactions – details of the 'net acquisition of financial assets' and 'net incurrence of financial liabilities' are also shown – around +414 billion euro and +699 billion euro respectively in 2008 in the EU27.

The category 'net acquisition of financial assets' is broken down into the subcategories currency and deposits, securities other than shares, loans, shares and other equity and other financial assets, while the category 'net incurrence of financial liabilities' is shown to consist of currency and deposits, securities other than shares, loans and other liabilities. On the assets side, transactions in currency and deposits represent the most important category in the EU27, at 138 billion euro in 2008 (1.1% of GDP). On the liabilities side, transactions in securities other than shares issued by the government went up by 3.4 percentage points of GDP between 2007 and 2008, to nearly 4.8% of GDP in 2008, partly to compensate for the deficit described above.

d. other economic flows in government assets and liabilities

Under the heading 'other economic flows in assets and liabilities' are adjustments to the value of the stock of financial assets and liabilities which

are not due to transactions ('net acquisition of financial assets' and 'net incurrence of financial liabilities').

These changes in stock are relatively important; in 2008 they represented –3.4% of EU27 GDP and are a relatively volatile category with changing signs observed over the years.

For the moment, 'other changes in non-financial assets' and 'changes in net worth due to other changes in assets/ liabilities' are not provided by most Member States, even though the GFS presentation includes both categories in order to complete the accounts.

e. government balance sheet

The government balance sheet is the stock equivalent of the presentation of government financing described above, containing subcategories consistent with the flow analysis. For the moment, only financial assets and liabilities are collected, though efforts are now underway to collect data on non-financial assets. In 2008 the stock of government financial liabilities in the EU27 represented 67.5% of GDP (up from 63.6% of GDP in 2007) and were for the most part held in securities other than shares (52.1%) and loans (9.1%). Financial assets amounted to 29% of GDP, with shares and other equity being the largest subcategory – financial assets amounting to 12.6% of GDP were held in shares and other equity.

f. government debt and link with the deficit

Table B of the integrated presentation includes the so-called 'stock flow adjustment' (SFA) and gross government debt in nominal value (according to the Maastricht definition). The SFA is the difference between the change in the stock of government debt and the flow of annual deficit/ surplus. It is widely known that deficits contribute to an increase in debt levels, while surpluses reduce them. However, the change of government debt also reflects other elements. A positive SFA means that the government debt increases more than the annual deficit (or decreases less than implied by the surplus). The importance of the SFA has been emphasised many times, as an efficient statistical monitoring of fiscal performance requires understanding the coherence between the two key fiscal indicators: government deficit and debt. While the SFA has been consistently positive (albeit at modest levels) for the EU27 since 2004 (varying between 0.3% and 0.5% of GDP), it increased sharply to 3.4% of GDP in 2008 mainly as a result of government actions to address the financial crisis.

In 2008, government debt (nominal value) in the EU27 was 61.5% of GDP, as compared to 58.7% in 2007, with just over 80% of this debt held in securities other than shares in 2008. As mentioned above, this aggregated figure masks very different national performances – in 2008 government debt ranged from 105.8% of GDP in Italy to 4.8% of GDP in Estonia.

g. memorandum items

'Memorandum items' include 'government final consumption expenditure, 'consumption of fixed capital', 'changes in net worth due to savings and capital transfers' and GDP.

Conclusion

The integrated presentation of GFS carried out by Eurostat allows for a detailed analysis of government fiscal performance through a better understanding of the financial and non-financial operations undertaken by government. It allows inter-country comparisons, to follow the evolution of the main components over time, and to understand better the links between the various variables. It shows how a government finances a possible deficit, and which are the main instruments used. For a more in-depth analysis of specific components, the detailed tables also posted in the Eurostat web site provide further breakdowns: functional classification of government expenditure following the COFOG classification (social protection, education, health, defence, etc.), a breakdown of taxes and social contributions, and a further breakdown for financial instruments. Overall, annual and quarterly GFS tables provide a wealth of integrated information for analysts, researchers, and policy makers.

4

Statistical annex

Table 4.1: GDP at current prices, millions of euros

	2001	2002	2003	2004	2005	2006	2007	2008
European Union	9,580,243	9,941,732	10,108,220	10,602,765	11,063,072	11,676,765	12,354,973	12,506,964
Euro area	7,051,702	7,298,184	7,514,864	7,820,248	8,110,910	8,509,755	8,936,902	9,208,703
Belgium	258,883	267,652	274,726	289,629	302,112	318,223	334,917	344,206
Bulgaria	15,250	16,623	17,767	19,875	21,882	25,238	28,899	34,118
Czech Republic	69,045	80,004	80,924	88,262	100,190	113,459	127,143	148,556
Denmark	179,226	184,744	188,500	197,070	207,367	218,341	226,544	233,331
Germany	2,113,160	2,143,180	2,163,800	2,210,900	2,243,200	2,321,500	2,422,900	2,492,000
Estonia	6,916	7,757	8,693	9,651	11,091	13,104	15,270	15,860
Ireland	116,990	130,190	139,442	148,975	162,168	177,286	190,603	185,721
Greece	146,428	156,615	171,410	185,851	197,645	213,207	228,180	242,946
Spain	680,678	729,206	782,929	841,042	908,792	982,303	1,050,595	1,095,163
France	1,497,174	1,548,555	1,594,814	1,660,189	1,726,068	1,806,430	1,894,646	1,950,085
Italy	1,248,648	1,295,226	1,335,354	1,391,530	1,429,479	1,485,377	1,544,915	1,572,243
Cyprus	10,801	11,170	11,785	12,728	13,659	14,673	15,667	16,949
Latvia	9,320	9,911	9,978	11,176	13,012	16,047	21,111	23,115
Lithuania	13,577	15,052	16,497	18,158	20,870	23,979	28,423	32,292
Luxembourg (Grand-Duché)	22,572	23,992	25,834	27,520	30,237	33,921	36,411	36,662
Hungary	59,388	70,581	74,580	82,236	88,664	89,969	101,370	105,244
Malta	4,301	4,489	4,421	4,515	4,799	5,114	5,464	5,750
Netherlands	447,731	465,214	476,945	491,184	513,407	539,929	567,066	594,608
Austria	212,499	218,848	223,302	232,782	244,453	257,295	270,837	282,202
Poland	212,294	209,617	191,644	204,237	244,420	272,089	310,613	362,095
Portugal	129,308	135,434	138,582	144,128	149,123	155,446	163,190	166,197
Romania	45,357	48,615	52,577	61,064	79,802	97,751	123,847	137,035
Slovenia	22,707	24,527	25,736	27,136	28,712	31,014	34,471	37,126
Slovakia	23,542	25,980	29,486	34,032	38,490	44,567	54,857	64,884 e
Finland	139,789	143,808	145,795	152,151	157,070	167,009	179,659	186,164
Sweden	251,340	264,244	275,657	287,689	294,674	313,450	331,226	328,421
United Kingdom	1,643,154	1,710,421	1,647,056	1,769,067	1,831,683	1,938,979	2,046,535	1,812,077
Croatia	25,501	28,089	29,993	32,754	35,722	39,093	42,824	47,365
Former Yugoslav Republic of Macedonia	3,839	4,001	4,105	4,325	4,676	5,176	5,791	6,507 t
Turkey	217,905	243,440	268,331	314,584	386,937	419,232	471,972	498,397
Iceland	8,830	9,475	9,711	10,657	13,118	13,305	14,600	10,014 t
Liechtenstein	2,784	2,857	2,718	2,782	2,943	3,180		
Norway	190,956	204,074	199,146	208,256	242,935	268,363	284,053	308,603
Switzerland	284,886	296,018	287,754	292,382	299,127	309,645	311,769	335,233
Japan	4,579,681	4,161,547	3,743,560	3,706,697	3,666,309	3,474,625	3,198,790	3,329,713
United States	11,308,620	11,071,912	9,689,533	9,394,566	9,984,648	10,495,699	10,074,790	9,698,531

Source: Eurostat (tec00001)
: = Not available
f = Forecast
e = Estimated value

Table 4.2: GDP per capita in Purchasing Power Standards, European Union=100

	2001	2002	2003	2004	2005	2006	2007
European Union	100	100	100	100	100	100	100
Euro area	113	112	112	110	111	110	110
Belgium	124	125	123	121 b	119	118	118
Bulgaria	29	31	33	34	35	37	37
Czech Republic	70	70	73	75	76	77	80
Denmark	128	128	124	126	124	123	120
Germany	117	115	117	116	117	116	115
Estonia	46	50	54	57	61	65	68
Ireland	133	138	141	142	144	147	150
Greece	87	90	92	94	93	94	95
Spain	98	101	101	101	102	104	105
France	116	116	112	110 b	111	109	109
Italy	118	112	111	107	105	104	102
Cyprus	91	89	89	90	91	90	91
Latvia	39	41	43	46	49	53	58
Lithuania	42	44	49	51	53	56	60
Luxembourg (Grand-Duché)	234	240	248	253	254	267	267
Hungary	59	61	63	63	63	64	63
Malta	78	80	78	77	78	77	78
Netherlands	134	133	129	129	131	131	131
Austria	125	126	127	127	125	124	124
Poland	48	48	49	51	51	52	54
Portugal	77	77	77	75	77	76	76 e
Romania	28	29	31	34	35	38	42 f
Slovenia	80	82	83	86	87	88	89
Slovakia	52	54	56	57	60	64	67
Finland	116	115	113	116	114	115	116
Sweden	121	121	123	125	120	121	122
United Kingdom	120	121	122	124	122	120	119
Croatia	50 e	52 e	54 e	56	57	58	61
The former Yugoslav Republic of Macedonia	25	25	26	27	29	29	31
Turkey	36	34	34	37	40	43	45 f
Iceland	132	130	126	131	130	124	119
Norway	161	155	156	164	176	184	178
Switzerland	141	141	137	136	134	136	137
United States	154	152	154	155	156	155	153
Japan	114	112	112	113	113	113	112

Source: Eurostat (tsieb010)
: = Not available
f = Forecast
b = Break in series
e = Estimated value

Table 4.3: Gross Value Added by industry, % total Gross Value Added, 2007

	Agriculture, hunting, forestry and fishing	Total industry (excluding construction)	Construction	Trade, transport and communication services	Financial services and business activities	Other services
European Union	1.8	20.2	6.5	21.1	28.1	22.3
Euro area	1.9	20.4	6.4	20.8	28.3	22.3
Belgium	0.8	18.7	5.3	22.9	29	23.3
Bulgaria	6.2	24.1	8.2	24.4	22	15.1
Czech Republic	2.4	32.6	6.3	24.6	17.3	16.8
Denmark	1.2	20.3	6.1	21.3	24.7	26.4
Germany	0.9	26.4	4	17.6	29.2	21.9
Estonia	2.8	21.3	9.1	26.9	23.3	16.6
Ireland	1.7	23.7	9.9	18	28.1	18.7
Greece	3.8	13.3	7	32.6	19.4	23.9
Spain	2.9	17.5	12.3	24.4	22.1	20.9
France	2.2	14.1	6.3	18.8	33.4	25.2
Italy	2.1	21.4	6.1	22.5	27.3	20.6
Cyprus	2.2	9.8	9.1	27.3	27.7	23.9
Latvia	3.6	14.2	9	31.8	22.3	19.1
Lithuania	4.5	22.6	10.2	31	15.4	16.3
Luxembourg (Grand-Duché)	0.4	9.8	5.8	20.8	47.1	16.1
Hungary	4	25.1	4.7	21.9	22.3	22.2
Malta	2.6	18.3	3.6	26.5	21.2	27.7
Netherlands	2	18.8	5.6	21.9	28.3	23.4
Austria	1.8	23.5	7.1	23.1	24.2	20.4
Poland	4.3	24.5	7.3	26.8	18.6	18.5
Portugal	2.5	18	6.5	24.3	22.4	26.4
Romania	6.4	27	10.1	26.6	15	15
Slovenia	2.4	26.4	8	22.4	22.1	18.8
Slovakia	3.5	31.3	7.9	24.5	16.9	15.8
Finland	3.2	26.2	6.4	21.6	21.1	21.4
Sweden	1.4	23.4	4.9	19.1	24.8	26.3
United Kingdom	0.6	16.7	6.4	21.1	32.1	23.1
Croatia	6.1	20.4	7.7	26.1	22.9	16.8
The former Yugoslav Republic of Macedonia	11	25.7	7	27.4	11.3	17.8
Turkey	8.5	22.3	5.4	31.8	20.3	11.6
Norway	1.4	37.7	5	17.5	17.9	20.5
Switzerland	1.2	22.5	5.5	21.8	23.6	25.4

Table 4.4: Expenditure Components, % of GDP, 2008

	Private final consumption	Government final consumption	Gross capital formation	External balance of goods and services
European Union	57.3	20.4	21.8	0.5
Euro area	56.3	20.1	22.1	1.6
Belgium	52.3	22.2	22.6	3.0
Bulgaria	69.1	16.2	36.8	-22.1
Czech Republic	48.1	20.4	26.5	5.0
Denmark	49.0	26.0	22.9	2.1
Germany	56.7	18.0	18.3	7.1
Estonia	55.2	17.2	37.9	-10.9
Ireland	46.2	15.9	26.3	10.7
Greece	71.2	16.7	22.6	-10.5
Spain	57.3	18.3	31.2	-6.8
France	56.6	23.1	22.2	-1.9
Italy	58.7	19.7	21.8	-0.2
Cyprus	66.3	17.7	22.6	-6.4
Latvia	62.3	17.4	40.4	-20.2
Lithuania	64.7	18.2	30.5	-13.4
Luxembourg (Grand-Duché)	32.2	15.3	20.1	32.4
Hungary	53.4	21.1	23.8	1.6
Malta	60.8	19.0	22.7	-2.5
Netherlands	46.6	25.1	19.7	8.6
Austria	53.1	18.2	22.8	5.9
Poland	60.6	18.0	24.3	-2.8
Portugal	65.0	20.3	22.1	-7.3
Romania	67.3	15.6	31.1	-14
Slovenia	52.2	17.7	31.4	-1.3
Slovakia	55.9	17.3	27.8	-1.0
Finland	50.5	21.4	22.3	5.0
Sweden	46.7	25.9	19.7	7.7
United Kingdom	63.9	21.1	18.2	-3.4
Croatia	49.4 f	18.5	28.9	-7.6
Macedonia, the former Yugoslav Republic of	77.1	17.5	24.2	-18.8
Turkey	70.9	12.8	21.5	-5.2
Iceland	58.4	24.6	27.7	-10.6
Norway	41.4	19.6	23.1	16.0
Switzerland	57.8	10.8	22.2	9.2
Japan	56.3	17.9	24.1 f	1.7
United States	70.3	16.0	19.2 f	-5.1

In blue: additional countries in comparison to last year's publication
last year data were 2006, 2008 data are all availalbe but include some forecasts; for 2008 external balance dataset is not complete

Table 4.5: Income components, % of GDP, 2007

	Compensation of employees	Wages and salaries	Employer's social contributions	Gross operating surplus and mixed income	Taxes on production and imports less subsidies
European Union	48.1	38.0	10.1	39.6	12.3
Euro area	47.4	36.6	10.7	40.4	12.2
Belgium	50.2	37.1	13.1	38.5	11.3
Bulgaria	34.5	27.9	6.7	48.2	17.3
Czech Republic	42.9	32.4	10.5	48.1	8.9
Denmark	54.6	49.6	5.0	30.1	15.3
Germany	48.8	39.5	9.3	39.6	11.6
Estonia	48.6	36.9	11.7	40.8	12.4
Ireland	41.3	38.3	3.0	47.5	12.1
Greece	34.6	26.6	8.0	54.6	10.8
Spain	47.3	36.6	10.7	42.3	10.4
France	51.5	38.0	13.5	35.1	13.4
Italy	40.9	29.9	11.0	45.4	13.7
Cyprus	44.1	38.7	5.5	37.3	18.6
Latvia	46.9	40.0	6.9	41.8	11.2
Lithuania	44.5	35.2	9.4	45.0	10.5
Luxembourg (Grand-Duché)	44.6	38.9	5.7	44.1	11.3
Hungary	46.0	35.8	10.2	40.3	13.8
Malta	42.7	38.5	4.2	44.2	13.0
Netherlands	49.3	38.8	10.6	39.0	11.6
Austria	48.2	38.9	9.3	41.3	10.5
Poland	35.2	30.4	4.8	51.5	13.3
Portugal	49.1 f	:	:	:	:
Romania	39.4 f	:	:	:	:
Slovenia	49.8	42.8	7.0	37.5	12.7
Slovakia	36.4	28.5	7.9	53.5	10.0
Finland	47.5	38.1	9.4	40.9	11.6
Sweden	54.7	40.4	14.2	30.1	15.2
United Kingdom	53.2	44.9	8.3	34.9	12.0
Croatia	48.3	:	:	37.0	14.7
Macedonia, the former Yugoslav Republic of	35.0	26.3	8.6	50.4	14.6
Turkey	20.4 f	:	:	:	:
Iceland	58.7	:	:	24.7	16.6
Norway	43.1	35.2	7.9	46.1	10.7
Switzerland	62.2	51.9	10.3	34.5	3.3
Japan	:	:	:	:	:
United States	:	:	:	:	:

e = Estimated value
: = not available
f = forecast
2006 data

Table 4.6: GDP and main components - volumes

	2001a00	2002a00	2003a00	2004a00	2005a00	2006a00	2007a00	2008a00
European Union	2	1.2	1.3	2.5	2	3.1	2.9	0.9
Euro area	1.9	0.9	0.8	2.1	1.7	2.9	2.6	0.8
Belgium	0.8	1.5	1	3	1.8	3	2.8	1.1
Bulgaria	4.1	4.5	5	6.6	6.2	6.3	6.2	6
Czech Republic	2.5	1.9	3.6	4.5	6.3	6.8	6	3.2
Denmark	0.7	0.5	0.4	2.3	2.4	3.3	1.6	-1.1
Germany	1.2	0	-0.2	1.2	0.8	3	2.5	1.3
Estonia	7.7	7.8	7.1	7.5	9.2	10.4	6.3	-3.6
Ireland	5.8	6.4	4.5	4.7	6.4	5.7	6	-2.3
Greece	4.2	3.4	5.6	4.9	2.9	4.5	4	2.9
Spain	3.6	2.7	3.1	3.3	3.6	3.9	3.7	1.2
France	1.9	1	1.1	2.5	1.9	2.2	2.3	0.4
Italy	1.8	0.5	0	1.5	0.7	2	1.6	-1
Cyprus	4	2.1	1.9	4.2	3.9	4.1	4.4	3.7
Latvia	8	6.5	7.2	8.7	10.6	12.2	10	-4.6
Lithuania	6.7	6.9	10.2	7.4	7.8	7.8	8.9	3
Luxembourg (Grand-Duché)	2.5	4.1	1.5	4.5	5.2	6.4	5.2	-0.9
Hungary	4.1	4.4	4.3	4.7	3.9	4	1.2	0.5
Malta	-1.6	2.6	-0.3	1.2	3.8	3.3	3.9	2.7
Netherlands	1.9	0.1	0.3	2.2	2	3.4	3.5	2.1
Austria	0.5	1.6	0.8	2.5	2.9	3.4	3.1	1.8
Poland	1.2	1.4	3.9	5.3	3.6	6.2	6.6	5
Portugal	2	0.8	-0.8	1.5	0.9	1.4	1.9	0
Romania	5.7	5.1	5.2	8.5	4.2	7.9	6.2	7.1
Slovenia	2.8	4	2.8	4.3	4.3	5.9	6.8	3.5
Slovakia	3.4	4.8	4.7	5.2	6.5	8.5	10.4	6.4 e
Finland	2.7	1.6	1.8	3.7	2.8	4.9	4.2	0.9
Sweden	1.1	2.4	1.9	4.1	3.3	4.2	2.6	-0.2
United Kingdom	2.5	2.1	2.8	2.8	2.1	2.8	3	0.7
Croatia	3.8	5.4	5	4.2	4.2	4.7	5.5	2.4
Macedonia, the former Yugoslav Republic of	-4.5	0.9	2.8	4.1	4.1	4	5.9	5 f
Turkey	-5.7	6.2	5.3	9.4	8.4	6.9	4.5	1.1 f
Iceland	3.9	0.1	2.4	7.7	7.5	4.4	3.8	0.3 f
Norway	2	1.5	1	3.9	2.7	2.3	3.1	2
Switzerland	1.2	0.4	-0.2	2.5	2.5	3.4	3.3	1.6
Japan	0.2	0.3	1.4	2.7	1.9	2	2.4	-0.6
United States	0.8	1.6	2.5	3.6	2.9	2.8	2	1.1

e = estimated value
f = forecast

Table 4.7: Labour productivitity per person employed, % change

	2001a00	2002a00	2003a00	2004a00	2005a00	2006a00	2007a00	2008a00
European Union	1.0	0.9	1.0	1.8	1.0	1.5	1.0	0.0
Euro area	0.3	0.2	0.4	1.3	0.7	1.3	0.8	-0.0
Belgium	-0.6	1.7	0.9	2.3	0.5	1.6	0.9	-0.5
Bulgaria	4.9	4.3	2.0	3.9	3.5	2.9	3.3	2.7
Czech Republic	2.0	1.3	5.0	4.1	5.2	5.1	3.2	2.0
Denmark	-0.2	0.4	1.5	2.9	1.4	1.3	-1.0	-2.2
Germany	0.8	0.6	0.7	0.8	0.8	2.3	0.7	-0.1
Estonia	6.8	6.4	5.6	7.6	7.0	4.7	5.5	-3.8
Ireland	2.7	4.6	2.5	1.6	1.6	1.4	2.4	-1.4
Greece	4.1	1.2	4.5	2.5	1.9	2.3	2.7	1.7
Spain	0.5	0.3	0.0	-0.3	-0.5	0.0	0.6	1.6
France	0.1	0.4	1.0	2.4	1.3	1.2	1.0	-0.1
Italy	-0.2	-1.2	-1.5	1.1	0.1	0.1	0.3	-1.4
Cyprus	1.8	0.0	-1.8	0.4	0.3	2.3	1.2	1.0
Latvia	5.7	4.8	5.4	7.5	8.7	7.2	6.2	-5.3
Lithuania	11.0	3.1	7.8	7.4	5.2	5.9	6.0	3.5
Luxembourg (Grand-Duché)	-2.9	0.8	-0.3	2.3	2.2	2.7	0.7	-5.3
Hungary	3.9	4.4	2.9	5.4	3.9	3.3	1.3	1.7
Malta	-3.3	2.0	-1.3	1.8	2.4	1.9	0.8	0.2
Netherlands	-0.1	-0.4	0.8	3.1	1.5	1.5	0.9	0.6
Austria	-0.2	1.7	0.9	1.1	1.4	1.9	1.2	0.0
Poland	4.6	3.4	14.2	4.1	1.4 b	2.9	2.1	0.9 f
Portugal	0.2	0.2	-0.2	1.6	1.2	0.9	2.0 e	-0.4 e
Romania	:	:	5.3	10.3	5.8	7.1	5.8 f	6.8 f
Slovenia	2.4	2.4	3.2	4.0	4.5	4.3	3.7	0.6
Slovakia	2.8	4.7	3.6	5.4	5.1	6.1	8.1	3.5 e
Finland	1.2	0.6	1.7	3.3	1.4	3.1	2.0	-0.5
Sweden	-1.0	2.4	2.5	4.9	3.0	2.5	0.4	-1.1
United Kingdom	1.6	1.3	1.8	1.7	1.0	1.9	2.3	-0.0
Croatia	9.8	1.2	4.3	2.5	3.4 f	5.4 f	1.9 f	1.3 f
Macedonia, the former Yugoslav Republic of	-2.9	1.4	4.8	6.4	2.0	0.8	1.5	1.7 f
Turkey	-4.7 f	8.1 f	6.3 f	6.1 f	6.9 f	5.5 f	3.3 f	-0.7 f
Iceland	2.2	1.6	2.3	8.1	4.1	-0.7 f	-0.7 f	2.5 f
Norway	1.6	1.1	2.1	3.4	1.5	-1.3	-1.0	-1.0
Switzerland	-0.5	-0.0	-0.0	2.2	2.1	1.1	2.0 f	0.9 f
Japan	0.9	1.9	1.7	2.5	1.5	1.6	1.9 f	-0.2 f
United States	0.7	1.9	1.6	2.6	1.2	0.9	0.9 f	1.6 f

e = Estimated value
b = break in series
f = forecast
: = not available

Table 4.8a: Household saving rate

Calculated in % as: gross saving / gross disposable income (D8 is included)*

	2000	2001	2002	2003	2004	2005	2006	2007
EU 27	11.5%	12.4%	12.3%	12.1%	11.7%	11.6%	11.2%	10.8%
Euro area 15	13.6%	14.3%	14.8%	14.6%	14.5%	14.0%	13.7%	13.8%
Belgium	15.4%	16.4%	15.8%	14.7%	13.3%	12.6%	12.9%	13.7%
Bulgaria	:	:	:	:	:	:	:	:
Czech Republic	8.5%	7.4%	8.1%	7.4%	5.7%	8.1%	9.1%	8.8%
Denmark	4.9%	8.8%	8.8%	9.4%	6.3%	4.5%	6.4%	5.1%
Germany	15.1%	15.2%	15.7%	16.0%	16.1%	16.3%	16.2%	16.7%
Estonia	4.1%	3.1%	0.5%	-1.6%	-4.8%	-3.8%	-3.0%	0.8%
Ireland	:	:	10.3%	10.6%	13.7%	11.6%	10.3%	9.2%
Greece	2.5%	1.7%	1.1%	1.6%	1.5%	0.7%	1.2%	:
Spain	11.1%	11.1%	11.4%	12.0%	11.3%	11.3%	11.2%	10.2%
France	14.9%	15.6%	16.7%	15.6%	15.6%	14.6%	14.9%	15.6%
Italy	14.2%	16.0%	16.8%	16.0%	16.0%	15.9%	15.1%	14.2%
Cyprus	:	:	:	:	:	:	:	:
Latvia	2.9%	-0.4%	1.5%	3.0%	4.7%	1.2%	-3.6%	-4.3%
Lithuania	6.5%	4.9%	4.7%	2.9%	1.3%	1.3%	1.2%	0.1%
Luxembourg	:	:	:	:	:	:	:	:
Hungary	:	:	11.4%	9.3%	12.0%	11.4%	12.6%	9.7%
Malta	:	:	:	:	:	:	:	:
Netherlands	11.9%	14.5%	13.7%	13.0%	13.0%	12.2%	11.5%	13.4%
Austria	13.9%	12.9%	12.9%	14.0%	14.1%	14.5%	15.4%	16.3%
Poland	12.4%	14.2%	10.4%	10.0%	10.1%	9.8%	8.6%	8.8%
Portugal	10.2%	10.9%	10.6%	10.5%	9.7%	9.2%	8.1%	6.6%
Romania	:	:	:	:	:	:	:	:
Slovenia	14.0%	15.5%	16.1%	13.9%	15.4%	17.0%	17.1%	16.4%
Slovakia	11.1%	9.1%	8.9%	7.1%	6.3%	6.9%	6.1%	7.7%
Finland	7.5%	7.7%	7.8%	8.3%	9.2%	7.8%	6.1%	6.4%
Sweden	7.4%	11.8%	11.6%	11.4%	10.3%	9.5%	10.5%	11.7%
United Kingdom	4.7%	6.0%	4.8%	5.1%	4.0%	5.1%	4.2%	2.5%

Table 4.8b: Investment rate of households

Calculated in % as: gross fixed capital formation / gross disposable income (D8 is included)*

	2000	2001	2002	2003	2004	2005	2006	2007
EU 27	9.0%	8.7%	8.7%	8.9%	9.2%	9.4%	9.9%	10.2%
Euro area 15	10.1%	9.6%	9.5%	9.5%	9.7%	10.0%	10.6%	10.8%
Belgium	8.7%	8.1%	8.4%	8.5%	9.5%	10.2%	10.9%	10.9%
Bulgaria	:	:	:	:	:	:	:	:
Czech Republic	9.0%	9.1%	9.0%	8.5%	8.5%	8.3%	8.7%	9.9%
Denmark	11.1%	10.4%	8.9%	9.1%	9.2%	11.2%	12.6%	12.7%
Germany	10.8%	9.7%	9.0%	8.8%	8.5%	8.3%	8.8%	9.3%
Estonia	5.5%	6.3%	7.2%	8.6%	10.0%	12.2%	15.1%	14.3%
Ireland	:	:	17.1%	20.3%	23.0%	26.2%	27.5%	24.7%
Greece	14.6%	14.6%	15.8%	17.1%	17.3%	17.1%	18.9%	:
Spain	10.9%	11.4%	12.0%	13.0%	13.9%	14.5%	15.2%	15.3%
France	8.6%	8.5%	8.4%	8.7%	8.9%	9.4%	10.1%	10.2%
Italy	9.1%	8.8%	9.2%	8.8%	8.9%	9.2%	9.5%	9.8%
Cyprus	:	:	:	:	:	:	:	:
Latvia	2.0%	2.1%	2.0%	3.9%	5.2%	7.6%	7.5%	8.2%
Lithuania	5.3%	5.6%	5.3%	6.3%	6.6%	6.2%	5.6%	6.9%
Luxembourg	:	:	:	:	:	:	:	:
Hungary	:	:	9.8%	10.1%	10.3%	8.8%	7.5%	8.3%
Malta	:	:	:	:	:	:	:	:
Netherlands	12.3%	11.8%	11.4%	11.7%	11.5%	12.4%	13.3%	13.7%
Austria	8.6%	8.3%	7.8%	7.8%	7.7%	7.6%	7.7%	8.0%
Poland	6.6%	6.2%	6.4%	6.8%	6.9%	7.0%	7.0%	7.6%
Portugal	10.7%	10.4%	10.0%	8.6%	8.5%	8.3%	7.6%	7.7%
Romania	:	:	:	:	:	:	:	:
Slovenia	9.2%	8.9%	8.0%	8.1%	8.6%	9.1%	10.1%	11.1%
Slovakia	10.4%	9.0%	9.8%	9.1%	8.1%	9.0%	9.1%	8.8%
Finland	10.4%	9.5%	9.2%	9.6%	10.0%	10.9%	11.5%	11.6%
Sweden	3.5%	3.4%	3.7%	3.9%	4.5%	4.9%	5.4%	5.7%
United Kingdom	5.8%	6.1%	6.7%	7.1%	8.1%	7.8%	8.4%	9.0%

Table 4.9a: Investment rate of non-financial corporations

Calculated in % as: gross fixed capital formation / gross value added of non-financial corporations

	2000	2001	2002	2003	2004	2005	2006	2007
EU 27	23.1%	22.5%	21.8%	21.3%	21.2%	22.2%	22.8%	23.3%
Euro area 15	23.1%	22.4%	21.6%	21.2%	21.3%	22.0%	22.7%	23.3%
Belgium	23.4%	22.5%	20.8%	20.8%	20.9%	21.5%	21.7%	22.9%
Bulgaria	:	:	:	:	:	:	:	:
Czech Republic	33.2%	33.6%	31.8%	30.6%	28.7%	26.5%	24.9%	24.0%
Denmark	25.3%	24.7%	26.0%	25.7%	25.2%	24.0%	25.4%	27.3%
Germany	21.1%	19.8%	17.9%	17.7%	17.4%	17.6%	18.4%	18.7%
Estonia	31.4%	30.4%	33.7%	36.1%	35.0%	31.9%	32.7%	31.2%
Ireland	:	:	15.9%	15.8%	17.1%	18.9%	17.8%	18.9%
Greece	23.4%	24.1%	25.6%	27.7%	26.6%	26.1%	28.9%	:
Spain	30.5%	29.9%	29.8%	30.4%	31.5%	33.9%	35.6%	37.1%
France	19.7%	19.8%	18.7%	18.2%	18.6%	19.1%	19.8%	20.9%
Italy	23.8%	23.8%	24.8%	24.1%	24.1%	24.5%	25.2%	25.1%
Cyprus	:	:	:	:	:	:	:	:
Latvia	35.9%	36.0%	34.8%	32.0%	34.7%	36.9%	38.1%	38.9%
Lithuania	24.3%	25.7%	23.9%	24.0%	24.1%	25.1%	28.3%	29.6%
Luxembourg	:	:	:	:	:	:	:	:
Hungary	:	:	24.3%	25.4%	25.2%	28.4%	24.5%	23.9%
Malta	:	:	:	:	:	:	:	:
Netherlands	18.2%	17.4%	16.8%	15.2%	15.1%	15.2%	15.7%	16.1%
Austria	31.5%	30.5%	28.1%	29.5%	29.1%	29.0%	28.6%	29.2%
Poland	38.2%	29.4%	25.2%	23.8%	22.4%	23.0%	25.2%	28.5%
Portugal	33.0%	31.8%	29.7%	28.4%	27.0%	28.2%	27.5%	27.2%
Romania	:	:	:	:	:	:	:	:
Slovenia	31.7%	29.0%	27.5%	28.7%	29.4%	30.3%	30.1%	30.6%
Slovakia	32.3%	40.0%	38.0%	36.6%	35.5%	40.9%	38.8%	38.5%
Finland	19.8%	20.5%	17.6%	17.1%	16.8%	17.6%	18.0%	19.6%
Sweden	23.1%	22.6%	20.8%	20.0%	19.8%	21.0%	21.6%	22.4%
United Kingdom	18.5%	18.3%	17.9%	16.9%	16.3%	19.2%	17.0%	:

Table 4.9b: Profit share of non-financial corporations

Calculated in % as: gross operating surplus / gross value added of non-financial corporations

	2000	2001	2002	2003	2004	2005	2006	2007
EU 27	36.9%	36.9%	36.8%	37.0%	37.7%	38.0%	38.4%	38.6%
Euro area 15	37.7%	38.2%	38.1%	38.2%	38.7%	38.8%	39.0%	39.3%
Belgium	35.2%	33.9%	34.1%	35.2%	37.1%	38.4%	39.0%	39.3%
Bulgaria	:	:	:	:	:	:	:	:
Czech Republic	47.6%	48.1%	47.2%	45.7%	46.7%	47.4%	48.1%	48.0%
Denmark	40.9%	38.3%	37.6%	37.5%	38.5%	38.3%	37.5%	35.6%
Germany	36.3%	37.2%	37.5%	37.7%	38.7%	40.0%	40.8%	41.4%
Estonia	44.7%	46.1%	46.8%	48.0%	48.1%	48.4%	47.2%	41.2%
Ireland	:	:	59.1%	57.9%	56.5%	55.2%	54.9%	54.1%
Greece	58.5%	54.9%	54.9%	56.0%	57.9%	57.5%	56.3%	:
Spain	35.8%	35.8%	36.0%	36.0%	36.6%	35.8%	35.2%	35.5%
France	31.2%	31.3%	30.7%	31.0%	30.8%	30.8%	31.1%	31.2%
Italy	46.9%	47.0%	46.3%	45.6%	45.7%	44.1%	42.9%	42.6%
Cyprus	56.9%	57.9%	55.6%	51.0%	49.8%	49.6%	48.2%	46.9%
Latvia	49.8%	52.7%	55.7%	54.1%	52.8%	49.7%	47.0%	44.0%
Lithuania	51.4%	56.4%	56.4%	56.2%	55.4%	54.4%	52.0%	49.0%
Luxembourg	:	:	:	:	:	:	:	:
Hungary	:	:	41.3%	41.2%	41.2%	40.1%	42.8%	42.2%
Malta	:	:	:	:	50.1%	52.1%	52.7%	55.1%
Netherlands	39.1%	38.7%	38.7%	38.0%	38.4%	40.2%	40.9%	40.9%
Austria	39.7%	38.6%	39.1%	39.5%	41.0%	41.9%	42.8%	43.4%
Poland	36.7%	33.8%	38.0%	42.1%	47.4%	47.2%	47.1%	47.8%
Portugal	36.7%	37.2%	37.0%	35.5%	36.9%	35.9%	35.4%	35.5%
Romania	:	:	:	:	:	:	:	:
Slovenia	28.9%	29.5%	30.5%	32.2%	31.7%	31.2%	32.7%	35.0%
Slovakia	48.5%	49.9%	47.3%	49.6%	54.3%	51.5%	53.8%	53.6%
Finland	45.7%	45.8%	45.6%	45.0%	45.2%	43.8%	45.3%	46.2%
Sweden	30.3%	27.1%	28.1%	28.5%	30.2%	31.2%	33.0%	31.8%
United Kingdom	33.8%	32.7%	32.6%	33.3%	33.9%	33.9%	34.5%	:

Table 4.10a: Total general government expenditure

	euro per inhabitant								
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
EU27	8,616	9,138	9,558	9,798	10,145	10,539	10,946	11,390	11,744
EA16	10,010	10,627	11,017	11,387	11,648	11,967	12,310	12,714	13,204
Belgium	12,081	12,397	12,930	13,572	13,765	15,059	14,629	15,240	16,191
Bulgaria	716	778	854	918	1,017	1,115	1,197	1,556	1,659
Czech Republic	2,503	3,004	3,632	3,754	3,903	4,404	4,845	5,249	6,083
Denmark	17,423	18,123	18,757	19,257	19,902	20,208	20,739	21,152	21,985
Germany	11,320	12,206	12,498	12,715	12,621	12,738	12,776	13,008	13,325
Estonia	1,622	1,775	2,043	2,238	2,435	2,801	3,333	4,036	4,837
Ireland	8,680	10,113	11,149	11,665	12,371	13,171	14,177	15,636	17,136
Greece	5,899	6,057	6,427	6,998	7,622	7,708	8,075	8,966	9,728
Spain	6,123	6,458	6,864	7,157	7,660	8,051	8,575	9,089	9,720
France	12,251	12,619	13,230	13,694	14,142	14,669	15,066	15,592	16,082
Italy	9,660	10,523	10,738	11,201	11,419	11,744	12,273	12,462	12,793
Cyprus	5,371	5,875	6,330	7,339	7,361	7,854	8,251	8,576	9,415
Latvia	1,338	1,368	1,511	1,493	1,729	2,013	2,678	3,333	4,025
Lithuania	1,382	1,435	1,507	1,584	1,761	2,038	2,373	2,943	3,581
Luxembourg	18,860	19,494	22,330	23,901	25,505	27,020	27,682	28,229	30,549
Hungary	2,370	2,763	3,572	3,618	3,982	4,404	4,639	5,000	5,227
Malta	4,437	4,710	4,893	5,300	5,119	5,312	5,481	5,656	6,221
Netherlands	11,595	12,657	13,313	13,846	13,910	14,094	15,076	15,687	16,439
Austria	13,502	13,633	13,795	14,168	15,379	14,818	15,358	15,853	16,463
Poland	1,994	2,429	2,425	2,240	2,280	2,781	3,126	3,432	4,094
Portugal	5,158	5,580	5,782	6,039	6,384	6,731	6,797	7,041	7,183
Romania	697	729	781	809	944	1,235	1,598	2,105	2,460
Slovenia	5,035	5,422	5,696	5,980	6,228	6,496	6,884	7,246	7,934
Slovakia	2,076 e	1,948 e	2,176 e	2,200 p	2,380 p	2,727 p	3,051 p	3,495 p	4,193
Finland	12,340	12,866	13,502	14,003	14,590	15,059	15,446	16,068	16,956
Sweden	16,697	15,682	16,798	17,526	17,773	18,017	18,677	19,027	18,929
United Kingdom	10,625	11,148	11,824	11,630	12,688	13,421	14,147	14,818	14,144
Iceland	14,028	13,195	14,580	15,311	16,050	18,723	18,220	20,269	18,721
Norway	17,197	18,664	21,156	21,016	20,609	22,135	23,300	24,713	25,960
Switzerland	13,272	13,754	14,753	14,316	14,272	14,247	13,988	:	:

Source: Eurostat
: = missing value
e = estimated value
p = provisional value
Figures rounded to whole euro

Table 4.10b: Total general government expenditure

	% of GDP								
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
EU27	45.2	46.2	46.7	47.3	46.9	46.9	46.3	45.7	46.8
EA16	46.3	47.3	47.6	48.1	47.5	47.3	46.6	46.1	46.7
Belgium	49.2	49.2	49.9	51.2	49.5	52.2	48.5	48.3	49.9
Bulgaria	42.6	40.3	40.3	40.3	39.7	39.3	36.5	41.5	37.4
Czech Republic	41.8	44.5	46.3	47.3	45.1	45.0	43.8	42.6	42.4
Denmark	53.6	54.2	54.6	55.1	54.6	52.8	51.6	51.0	51.7
Germany	45.1	47.6	48.1	48.5	47.1	46.8	45.3	44.2	43.9
Estonia	36.5	35.1	35.9	34.9	34.1	34.0	34.2	35.5	40.9
Ireland	31.5	33.4	33.6	33.4	33.7	33.7	34.0	35.7	41.0
Greece	46.7	45.3	45.1	45.0	45.4	43.3	42.2	44.0	44.9
Spain	39.1	38.6	38.9	38.4	38.9	38.4	38.5	38.8	40.5
France	51.6	51.6	52.6	53.3	53.2	53.4	52.7	52.3	52.7
Italy	46.2	48.0	47.4	48.3	47.7	48.2	48.7	47.9	48.7
Cyprus	37.0	38.2	40.2	45.0	42.8	43.6	43.4	42.9	44.0
Latvia	37.3	34.6	35.6	34.8	35.8	35.6	38.2	35.9	39.5
Lithuania	39.1	36.8	34.7	33.2	33.3	33.3	33.6	34.9	37.2
Luxembourg	37.6	38.1	41.5	41.8	42.5	41.6	38.6	37.2	40.7
Hungary	46.5	47.3	51.4	49.1	48.9	50.1	51.9	49.7	49.8
Malta	41.0	43.1	43.2	47.8	45.5	44.7	43.7	42.6	45.3
Netherlands	44.2	45.4	46.2	47.1	46.1	44.8	45.6	45.3	45.5
Austria	52.1	51.6	51.0	51.5	54.0	49.9	49.4	48.7	48.7
Poland	41.1	43.8	44.2	44.6	42.6	43.4	43.8	42.1	43.1
Portugal	43.1	44.4	44.3	45.5	46.5	47.6	46.3	45.8	45.9
Romania	38.5	36.0	35.0	33.5	33.5	33.5	35.3	36.6	38.5
Slovenia	46.7	47.6	46.3	46.4	45.8	45.3	44.6	42.4	43.6
Slovakia	50.9	44.5	45.0	40.1	37.6	38.2	36.9	34.4	34.9
Finland	48.3	47.8	48.8	50.1	50.1	50.3	48.7	47.3	48.4
Sweden	55.6	55.5	56.7	57.0	55.6	55.2	54.1	52.5	53.1
United Kingdom	39.1	40.1	41.0	42.1	42.9	44.1	44.2	44.0	47.7
Iceland	41.9	42.6	44.2	45.6	44.1	42.2	41.7	42.5	57.7
Norway	42.3	44.1	47.1	48.2	45.4	42.1	40.5	40.9	40.1
Switzerland	35.1	34.8	36.2	36.4	35.9	35.3	33.7	:	:

Source: Eurostat
: = missing value
e = estimated value
p = provisional value
Figures rounded to whole euro

Table 4.11: Total general government expenditure
millions of euro

	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU27	4,161,480	4,425,685	4,640,864	4,777,467	4,968,727	5,184,519	5,406,515	5,649,660	5,849,801
EA16	3,136,755	3,345,238	3,487,372	3,626,842	3,733,377	3,857,878	3,989,026	4,143,944	4,326,390
Belgium	123,784	127,455	133,567	140,786	143,385	157,731	154,235	161,882	171,981
Bulgaria	5,831	6,139	6,697	7,160	7,891	8,606	9,217	11,979	12,775
Czech Republic	25,715	30,717	37,047	38,292	39,838	45,070	49,737	54,180	62,921
Denmark	93,002	97,084	100,839	103,793	107,531	109,507	112,759	115,488	120,740
Germany	930,400	1,005,060	1,030,840	1,049,210	1,041,210	1,050,450	1,052,290	1,070,090	1,094,380
Estonia	2,225	2,426	2,781	3,035	3,290	3,775	4,481	5,418	6,485
Ireland	32,983	39,023	43,773	46,555	50,215	54,644	60,298	68,128	76,084
Greece	64,406	66,318	70,614	77,143	84,317	85,593	90,020	100,353	109,160
Spain	246,542	262,982	283,597	300,643	327,015	349,383	377,876	407,849	443,172
France	744,253	772,060	815,144	849,587	883,073	921,454	952,121	991,196	1,027,695
Italy	550,032	599,587	613,734	645,251	664,303	688,306	723,388	739,945	766,134
Cyprus	3,728	4,121	4,496	5,305	5,445	5,952	6,375	6,724	7,454
Latvia	3,172	3,222	3,533	3,471	3,998	4,630	6,127	7,586	9,120
Lithuania	4,835	4,996	5,228	5,472	6,052	6,958	8,053	9,933	12,026
Luxembourg	8,270	8,607	9,964	10,794	11,684	12,570	13,083	13,550	14,920
Hungary	24,203	28,144	36,284	36,650	40,248	44,420	46,718	50,279	52,448
Malta	1,730	1,851	1,937	2,112	2,053	2,143	2,235	2,321	2,565
Netherlands	184,612	203,063	214,960	224,621	226,403	229,965	246,356	256,918	270,262
Austria	108,175	109,648	111,512	115,011	125,720	122,004	127,194	131,824	137,308
Poland	76,293	92,913	92,703	85,561	87,053	106,107	119,194	130,815	156,011
Portugal	52,740	57,432	59,945	63,057	67,040	71,009	71,944	74,697	76,335
Romania	15,638	16,324	17,020	17,589	20,460	26,698	34,489	45,296	52,773
Slovenia	10,016	10,800	11,365	11,938	12,439	12,998	13,823	14,627	16,189
Slovakia	11,213	10,481	11,703	11,835	12,807	14,692	16,447	18,861	22,668
Finland	63,871	66,750	70,222	72,995	76,267	78,986	81,343	84,980	90,083
Sweden	148,132	139,508	149,923	156,998	159,849	162,694	169,604	174,055	174,504
United Kingdom	625,679	658,975	701,438	692,604	759,143	808,176	857,112	900,688	863,608
Iceland	3,944	3,761	4,193	4,429	4,696	5,539	5,545	6,312	5,882
Norway	77,232	84,230	96,029	95,939	94,616	102,310	108,600	116,297	123,775
Switzerland	95,087	99,086	107,042	104,703	105,102	105,645	104,336	:	:

Source: Eurostat
: = missing value
Figures rounded to whole millions of euro

Table 4.12: Main components of total general government expenditure; millions of euro; 2008

	Social transfers	Compensation of employees	Intermediate consumption	Property income, incl. interest	Public investments	Other current transfers	Subsidies	Others	Total expenditure
EU27	2,441,797	1,309,679	800,848	343,104	331,900	268,999	143,949	209,526	5,849,801
EA16	1,971,737	935,687	470,776	276,846	234,958	185,301	113,166	137,919	4,326,390
Belgium	80,045	41,463	12,891	13,016	5,618	7,730	7,285	3,933	171,981
Bulgaria	4,127	3,059	2,559	286	1,909	540	247	48	12,775
Czech Republic	26,845	11,259	9,021	1,598	7,191	2,300	2,555	2,152	62,921
Denmark	38,107	39,991	21,182	3,260	4,206	6,215	5,248	2,531	120,740
Germany	606,910	171,450	107,190	68,990	37,950	40,210	27,400	34,280	1,094,380
Estonia	1,961	1,829	1,144	37	891	253	163	210	6,485
Ireland	25,140	19,049	10,720	1,990	9,959	4,833	870	3,524	76,084
Greece	44,631	27,208	11,194	10,606	7,156	4,106	298	3,961	109,160
Spain	163,229	116,716	58,593	17,006	41,337	18,004	11,599	16,688	443,172
France	454,049	247,727	97,369	54,614	62,423	57,561	27,288	26,664	1,027,695
Italy	321,036	171,160	85,414	80,536	34,973	23,751	14,237	35,027	766,134
Cyprus	2,143	2,422	906	484	505	831	70	94	7,454
Latvia	2,030	2,772	1,674	201	1,132	970	155	185	9,120
Lithuania	4,117	3,473	1,836	209	1,584	409	224	175	12,026
Luxembourg	7,117	2,891	1,256	104	1,446	1,046	590	471	14,920
Hungary	19,652	12,186	7,386	4,434	2,952	3,197	1,111	1,530	52,448
Malta	797	790	386	188	151	90	124	39	2,565
Netherlands	118,321	54,759	42,586	13,082	19,518	10,770	7,449	3,777	270,262
Austria	66,515	25,774	12,713	7,318	2,916	5,909	9,776	6,388	137,308
Poland	59,280	35,516	22,438	8,001	16,761	8,299	2,635	3,081	156,011
Portugal	33,040	21,377	7,265	4,939	3,544	3,313	1,931	927	76,335
Romania	15,331	13,990	8,951	1,107	7,390	2,221	1,863	1,920	52,773
Slovenia	6,174	3,994	2,270	436	1,541	741	578	455	16,189
Slovakia	10,133	4,257	2,459	808	1,194	1,588	1,239	991	22,668
Finland	32,459	24,650	17,565	2,729	4,727	4,820	2,432	701	90,083
Sweden	59,841	48,999	31,785	5,517	10,927	7,483	4,759	5,192	174,504
United Kingdom	238,768	200,921	222,097	41,609	42,000	51,811	11,823	54,581	863,608
Iceland	672	1,507	1,118	323	459	1,519	184	131	5,882
Norway	42,159	37,181	18,443	4,423	9,490	6,131	5,690	259	123,775
Switzerland (2006)	38,012	24,510	11,623	4,347	6,429	4,463	11,888	3,064	104,336

Source: Eurostat

Figures rounded to whole millions of euro

Table 4.12b: Main components of total general government expenditure; 2008
% of total general government expenditure

	Social transfers	Compensation of employees	Intermediate consumption	Property income, incl. interest	Public investments	Other current transfers	Subsidies	Others
EU27	41.7	22.4	13.7	5.9	5.7	4.6	2.5	3.6
EA16	45.6	21.6	10.9	6.4	5.4	4.3	2.6	3.2
Belgium	46.5	24.1	7.5	7.6	3.3	4.5	4.2	2.3
Bulgaria	32.3	23.9	20.0	2.2	14.9	4.2	1.9	0.4
Czech Republic	42.7	17.9	14.3	2.5	11.4	3.7	4.1	3.4
Denmark	31.6	33.1	17.5	2.7	3.5	5.1	4.3	2.1
Germany	55.5	15.7	9.8	6.3	3.5	3.7	2.5	3.1
Estonia	30.2	28.2	17.6	0.6	13.7	3.9	2.5	3.2
Ireland	33.0	25.0	14.1	2.6	13.1	6.4	1.1	4.6
Greece	40.9	24.9	10.3	9.7	6.6	3.8	0.3	3.6
Spain	36.8	26.3	13.2	3.8	9.3	4.1	2.6	3.8
France	44.2	24.1	9.5	5.3	6.1	5.6	2.7	2.6
Italy	41.9	22.3	11.1	10.5	4.6	3.1	1.9	4.6
Cyprus	28.7	32.5	12.1	6.5	6.8	11.1	0.9	1.3
Latvia	22.3	30.4	18.4	2.2	12.4	10.6	1.7	2.0
Lithuania	34.2	28.9	15.3	1.7	13.2	3.4	1.9	1.5
Luxembourg	47.7	19.4	8.4	0.7	9.7	7.0	4.0	3.2
Hungary	37.5	23.2	14.1	8.5	5.6	6.1	2.1	2.9
Malta	31.1	30.8	15.1	7.3	5.9	3.5	4.8	1.5
Netherlands	43.8	20.3	15.8	4.8	7.2	4.0	2.8	1.4
Austria	48.4	18.8	9.3	5.3	2.1	4.3	7.1	4.7
Poland	38.0	22.8	14.4	5.1	10.7	5.3	1.7	2.0
Portugal	43.3	28.0	9.5	6.5	4.6	4.3	2.5	1.2
Romania	29.1	26.5	17.0	2.1	14.0	4.2	3.5	3.6
Slovenia	38.1	24.7	14.0	2.7	9.5	4.6	3.6	2.8
Slovakia	44.7	18.8	10.8	3.6	5.3	7.0	5.5	4.4
Finland	36.0	27.4	19.5	3.0	5.2	5.4	2.7	0.8
Sweden	34.3	28.1	18.2	3.2	6.3	4.3	2.7	3.0
United Kingdom	27.6	23.3	25.7	4.8	4.9	6.0	1.4	6.3
Iceland	11.4	25.6	19.0	5.5	7.8	25.8	3.1	2.2
Norway	34.1	30.0	14.9	3.6	7.7	5.0	4.6	0.2
Switzerland (2006)	36.4	23.5	11.1	4.2	6.2	4.3	11.4	2.9

Source: Eurostat
Figures rounded to tenth of percentage points

Table 4.13: Total government expenditure by COFOG functions; % of GDP; 2007

	General public services	Defence	Public order and safety	Economic affairs	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education	Social protection	Total expenditure
EU27	6.1	1.5	1.8	3.8	0.8	1.0	6.6	1.1	5.1	18.0	45.8
EA16	6.5	1.3	1.6	3.9	0.7	1.0	6.5	1.1	4.8	18.7	46.1
Belgium	8.5	1.0	1.6	5.1	0.6	0.4	7.0	1.2	5.8	17.1	48.4
Bulgaria	8.2 p	1.6 p	3.1 p	5.0 p	1.4 p	1.4 p	3.1 p	0.8 p	3.9 p	13.1 p	41.5 p
Czech Republic	4.4	1.2	2.1	6.9	1.0	1.1	7.1	1.3	4.7	12.9	42.6
Denmark	6.0	1.6	1.0	3.4	0.6	0.6	7.3	1.6	7.4	21.7	51.0
Germany	5.5	1.0	1.6	3.5	0.6	0.8	6.3	0.7	3.9	20.4	44.2
Estonia	3.3	1.3	2.3	4.5	0.9	0.7	4.5	2.1	6.2	9.8	35.5
Ireland	3.7	0.5	1.5	4.8	0.7	2.0	7.0	0.7	4.5	10.0	35.4
Greece	8.0	2.3	1.2	4.4	0.5	0.4	4.9	0.4	3.0	18.6	43.7
Spain	4.5 p	1.0 p	1.9 p	4.9 p	0.9 p	0.9 p	5.7 p	1.6 p	4.4 p	13.0 p	38.8 p
France	7.0	1.8	1.3	2.8	0.9	1.9	7.2	1.5	5.9	22.2	52.4
Italy	8.6	1.3	1.9	4.0	0.8	0.7	6.8	0.8	4.7	18.2	47.9
Cyprus	10.2	1.8	2.1	4.3	0.3	2.5	2.9	1.3	7.4	9.9	42.9
Latvia	3.8	1.5	2.7	4.9	0.6	1.3	4.6	1.9	5.8	8.4	35.5
Lithuania	4.0	1.9	1.7	4.4	0.9	0.3	4.6	1.0	5.2	11.1	35.2
Luxembourg	4.1	0.2	0.9	4.0	1.0	0.6	4.5	1.9	4.6	15.9	37.8
Hungary	9.4	1.3	2.0	6.6	0.7	1.0	4.9	1.5	5.3	17.3	49.8
Malta	6.3	0.7	1.5	5.9	1.5	0.7	5.8	0.6	5.4	13.8	42.2
Netherlands	7.3 p	1.4 p	1.8 p	4.7 p	0.8 p	0.9 p	5.7 p	1.3 p	5.1 p	16.3 p	45.3 p
Austria	6.9	0.9	1.4	4.6	0.5	0.6	7.5	1.0	5.2	19.9	48.4
Poland	5.5	1.4	1.8	4.6	0.6	1.1	4.6	1.1	5.7	15.8	42.2
Portugal	7.1	1.1	1.6	3.8	0.5	0.5	6.8	1.1	5.8	17.5	45.8
Romania	3.6	2.5	2.4	6.8	0.4	1.5	4.3	1.0	4.2	9.9	36.6
Slovenia	6.2	1.3	1.6	4.0	0.4	0.5	5.9	1.1	5.8	15.5	42.4
Slovakia	3.7 p	1.5 p	2.0 p	4.3 p	0.6 p	0.8 p	6.5 p	0.7 p	4.0 p	10.6 p	34.6 p
Finland	6.2	1.4	1.2	4.4	0.3	0.4	6.6	1.1	5.8	19.9	47.3
Sweden	7.5	1.6	1.3	4.7	0.4	0.7	6.8	1.1	6.9	21.6	52.5
United Kingdom	4.4	2.4	2.5	2.9	1.0	1.1	7.5	1.1	6.2	15.3	44.3
Iceland	:	:	:	:	:	:	:	:	:	:	:
Norway	4.2	1.6	0.9	3.7	0.6	0.6	7.1	1.1	5.4	15.7	40.9
Switzerland	:	:	:	:	:	:	:	:	:	:	:

Source: Eurostat
: = missing value
p = provisional value

Table 4.14a: Total general government revenue

	euro per inhabitant								
	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU27	8,657	8,860	9,042	9,153	9,521	9,984	10,609	11,178	11,169
EA16	9,998	10,207	10,414	10,654	10,924	11,323	11,969	12,533	12,664
Belgium	12,075	12,498	12,901	13,536	13,662	14,242	14,702	15,152	15,787
Bulgaria	710	790	837	910	1,057	1,169	1,296	1,559	1,727
Czech Republic	2,281	2,617	3,101	3,230	3,649	4,054	4,554	5,176	5,881
Denmark	18,161	18,518	18,838	19,221	20,582	22,118	22,748	22,999	23,528
Germany	11,650	11,482	11,548	11,657	11,608	11,838	12,340	12,958	13,284
Estonia	1,611	1,772	2,059	2,345	2,553	2,924	3,616	4,343	4,485
Ireland	10,004	10,397	11,048	11,813	12,890	13,838	15,423	15,715	14,146
Greece	5,428	5,463	5,738	6,104	6,381	6,774	7,487	8,169	8,639
Spain	5,967	6,348	6,780	7,115	7,590	8,252	9,025	9,608	8,802
France	11,901	12,239	12,434	12,635	13,177	13,855	14,404	14,779	15,046
Italy	9,479	9,844	10,055	10,380	10,568	10,679	11,434	12,077	12,081
Cyprus	5,035	5,531	5,637	6,281	6,660	7,418	8,024	9,265	9,614
Latvia	1,239	1,286	1,414	1,423	1,679	1,989	2,644	3,296	3,620
Lithuania	1,268	1,296	1,426	1,523	1,680	2,007	2,341	2,857	3,272
Luxembourg	21,855	22,616	23,459	24,166	24,847	27,033	28,657	30,985	32,482
Hungary	2,220	2,525	2,949	3,091	3,463	3,716	3,812	4,508	4,873
Malta	3,769	4,007	4,274	4,207	4,587	4,971	5,161	5,365	5,574
Netherlands	12,113	12,586	12,706	12,919	13,377	14,005	15,275	15,800	16,797
Austria	13,022	13,592	13,559	13,736	14,093	14,320	14,818	15,637	16,307
Poland	1,847	2,145	2,150	1,926	1,975	2,505	2,849	3,278	3,724
Portugal	4,803	5,037	5,404	5,647	5,919	5,876	6,218	6,634	6,763
Romania	613	658	736	773	910	1,192	1,500	1,959	2,114
Slovenia	4,634	4,969	5,395	5,635	5,926	6,290	6,683	7,327	7,762
Slovakia	1,575 e	1,663 e	1,779 e	2,048 p	2,231 p	2,526 p	2,765 p	3,306 p	3,930
Finland	14,102	14,212	14,627	14,677	15,227	15,841	16,681	17,847	18,404
Sweden	17,822	16,157	16,378	17,170	17,955	18,679	19,511	20,399	19,827
United Kingdom	10,992	11,326	11,278	10,727	11,704	12,417	13,303	13,929	12,552
Iceland	14,596	12,982	13,740	14,364	16,061	20,892	20,984	22,860	14,089
Norway	23,447	24,299	25,297	24,198	25,661	30,065	33,941	35,380	38,140
Switzerland	13,297	13,703	14,263	13,629	13,562	13,961	14,388	:	:

Source: Eurostat
: = missing value
e = estimated value
p = provisional value
Figures rounded to whole euro

Table 4.14b: Total general government revenue

	% of GDP								
	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU27	45.4	44.8	44.2	44.2	44.0	44.4	44.9	44.9	44.5
EA16	46.2	45.4	45.0	45.0	44.6	44.8	45.3	45.4	44.7
Belgium	49.1	49.6	49.8	51.1	49.1	49.4	48.7	48.1	48.6
Bulgaria	42.2	40.9	39.5	40.0	41.3	41.2	39.5	41.5	39
Czech Republic	38.1	38.7	39.5	40.7	42.2	41.4	41.2	42.0	40.9
Denmark	55.8	55.3	54.8	55.0	56.4	57.8	56.6	55.4	55.4
Germany	46.4	44.7	44.4	44.5	43.3	43.5	43.8	44.0	43.8
Estonia	36.2	35.0	36.1	36.6	35.7	35.5	37.1	38.2	37.9
Ireland	36.3	34.3	33.3	33.8	35.1	35.4	37.0	35.9	33.8
Greece	43.0	40.9	40.3	39.3	38.0	38.1	39.1	40.1	39.9
Spain	38.1	38.0	38.4	38.2	38.5	39.4	40.5	41.0	36.6
France	50.2	50.0	49.5	49.2	49.6	50.4	50.4	49.6	49.3
Italy	45.3	44.9	44.4	44.8	44.2	43.8	45.4	46.4	46
Cyprus	34.7	35.9	35.8	38.5	38.7	41.2	42.2	46.4	44.9
Latvia	34.6	32.5	33.4	33.2	34.7	35.2	37.7	35.5	35.5
Lithuania	35.9	33.2	32.9	31.9	31.8	32.8	33.1	33.9	34
Luxembourg	43.6	44.2	43.6	42.2	41.4	41.6	39.9	40.8	43.3
Hungary	43.6	43.2	42.4	42.0	42.6	42.3	42.7	44.8	46.5
Malta	34.8	36.6	37.7	37.9	40.7	41.8	41.2	40.4	40.6
Netherlands	46.1	45.1	44.1	43.9	44.3	44.5	46.2	45.6	46.4
Austria	50.3	51.4	50.1	49.9	49.5	48.2	47.7	48.0	48.2
Poland	38.1	38.6	39.2	38.4	36.9	39.1	39.9	40.2	39.2
Portugal	40.2	40.1	41.4	42.5	43.1	41.6	42.3	43.1	43.2
Romania	33.8	32.5	33.0	32.0	32.3	32.3	33.1	34.0	33.1
Slovenia	43.0	43.6	43.9	43.7	43.6	43.8	43.3	42.9	42.7
Slovakia	38.6	38.0	36.8	37.4	35.3	35.4	33.5	32.5	32.7
Finland	55.2	52.7	52.9	52.5	52.3	52.9	52.6	52.5	52.5
Sweden	59.3	57.2	55.3	55.8	56.1	57.2	56.5	56.3	55.7
United Kingdom	40.4	40.7	39.1	38.8	39.6	40.8	41.6	41.4	42.3
Iceland	43.6	41.9	41.7	42.8	44.1	47.1	48.0	47.9	43.5
Norway	57.7	57.4	56.3	55.5	56.6	57.2	59.0	58.6	58.9
Switzerland	35.2	34.7	35.0	34.6	34.2	34.6	34.7	:	:

Source: Eurostat
: = missing value
e = estimated value
p = provisional value
Figures rounded to whole euro

Table 4.15: Total general government revenue

	millions of euro								
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
EU27	4,181,273	4,290,975	4,390,451	4,463,136	4,662,920	4,911,180	5,240,283	5,544,709	5,563,330
EA16	3,133,056	3,213,095	3,296,525	3,393,412	3,501,284	3,650,188	3,878,473	4,085,015	4,149,474
Belgium	123,720	128,489	133,267	140,405	142,321	149,175	155,007	160,947	167,690
Bulgaria	5,788	6,235	6,565	7,101	8,201	9,020	9,976	11,999	13,294
Czech Republic	23,426	26,753	31,633	32,954	37,243	41,491	46,757	53,429	60,832
Denmark	96,941	99,199	101,273	103,602	111,204	119,856	123,680	125,573	129,214
Germany	957,490	945,450	952,500	961,930	957,680	976,180	1,016,370	1,065,930	1,091,050
Estonia	2,211	2,422	2,802	3,180	3,449	3,941	4,863	5,830	6,014
Ireland	38,013	40,119	43,377	47,145	52,325	57,408	65,599	68,471	62,811
Greece	59,255	59,816	63,041	67,290	70,583	75,219	83,469	91,431	96,934
Spain	240,259	258,490	280,121	298,850	324,030	358,135	397,720	431,121	401,332
France	723,013	748,775	766,134	783,903	822,858	870,325	910,238	939,536	961,451
Italy	539,744	560,854	574,725	597,932	614,802	625,858	673,913	717,057	723,547
Cyprus	3,495	3,880	4,004	4,540	4,927	5,622	6,199	7,264	7,611
Latvia	2,937	3,027	3,308	3,309	3,883	4,576	6,050	7,503	8,203
Lithuania	4,437	4,513	4,947	5,261	5,773	6,853	7,945	9,643	10,987
Luxembourg	9,583	9,985	10,467	10,914	11,383	12,576	13,543	14,873	15,864
Hungary	22,670	25,727	29,954	31,313	35,003	37,483	38,390	45,333	48,889
Malta	1,470	1,575	1,692	1,676	1,840	2,005	2,105	2,201	2,298
Netherlands	192,856	201,922	205,155	209,580	217,724	228,516	249,600	258,772	276,149
Austria	104,326	109,321	109,604	111,507	115,210	117,903	122,717	130,024	136,007
Poland	70,669	82,034	82,207	73,552	75,413	95,580	108,638	124,960	141,896
Portugal	49,114	51,844	56,032	58,964	62,164	61,986	65,817	70,372	71,872
Romania	13,741	14,741	16,047	16,803	19,716	25,774	32,369	42,156	45,351
Slovenia	9,218	9,898	10,763	11,249	11,837	12,586	13,419	14,790	15,838
Slovakia	8,508	8,947	9,569	11,016	12,005	13,609	14,908	17,841	21,245
Finland	72,993	73,730	76,074	76,511	79,596	83,085	87,849	94,386	97,775
Sweden	158,113	143,728	146,176	153,812	161,486	168,667	177,183	186,607	182,789
United Kingdom	647,285	669,502	669,014	638,837	700,267	747,751	805,960	846,660	766,389
Iceland	4,104	3,701	3,951	4,155	4,699	6,181	6,386	7,118	4,427
Norway	105,300	109,660	114,824	110,463	117,810	138,961	158,200	166,500	181,853
Switzerland	95,266	98,714	103,490	99,677	99,870	103,525	107,325	:	:

Source: Eurostat

: = missing value

Figures rounded to whole millions of euro

Table 4.16: Main components of total general government revenue; 2008

	millions of euro						% of total general government revenue				
	Taxes	Social contributions	Government sales	Property income	Others	Total revenue	Taxes	Social contributions	Government sales	Property income	Others
EU27	3,312,033	1,716,153	282,707	134,443	117,994	5,563,330	59.5	30.8	5.1	2.4	2.1
EA16	2,355,927	1,415,714	194,399	98,539	84,894	4,149,474	56.8	34.1	4.7	2.4	2.0
Belgium	102,430	55,702	5,745	2,485	1,327	167,690	61.1	33.2	3.4	1.5	0.8
Bulgaria	8,542	2,757	1,058	473	464	13,294	64.3	20.7	8.0	3.6	3.5
Czech Republic	29,430	24,025	4,124	1,244	2,010	60,832	48.4	39.5	6.8	2.0	3.3
Denmark	110,404	4,315	6,641	4,743	3,113	129,214	85.4	3.3	5.1	3.7	2.4
Germany	598,000	407,820	47,050	18,380	19,800	1,091,050	54.8	37.4	4.3	1.7	1.8
Estonia	3,223	1,912	380	262	237	6,014	53.6	31.8	6.3	4.4	3.9
Ireland	42,892	12,362	3,122	2,476	1,960	62,811	68.3	19.7	5.0	3.9	3.1
Greece	49,395	33,949	3,368	2,175	8,047	96,934	51.0	35.0	3.5	2.2	8.3
Spain	229,533	142,601	13,402	11,386	4,410	401,332	57.2	35.5	3.3	2.8	1.1
France	518,906	350,126	61,441	17,197	13,781	961,451	54.0	36.4	6.4	1.8	1.4
Italy	457,424	214,718	19,043	9,390	22,972	723,547	63.2	29.7	2.6	1.3	3.2
Cyprus	5,392	1,403	488	216	112	7,611	70.8	18.4	6.4	2.8	1.5
Latvia	4,739	2,039	598	256	571	8,203	57.8	24.9	7.3	3.1	7.0
Lithuania	6,742	3,013	390	186	655	10,987	61.4	27.4	3.5	1.7	6.0
Luxembourg	10,024	4,277	744	712	107	15,864	63.2	27.0	4.7	4.5	0.7
Hungary	27,760	14,634	3,108	1,272	2,116	48,889	56.8	29.9	6.4	2.6	4.3
Malta	1,592	432	153	71	51	2,298	69.3	18.8	6.6	3.1	2.2
Netherlands	143,470	90,105	19,596	19,998	2,980	276,149	52.0	32.6	7.1	7.2	1.1
Austria	79,500	45,068	5,131	3,283	3,024	136,007	58.5	33.1	3.8	2.4	2.2
Poland	82,598	41,131	8,784	4,973	4,411	141,896	58.2	29.0	6.2	3.5	3.1
Portugal	40,801	21,546	4,163	1,440	3,923	71,872	56.8	30.0	5.8	2.0	5.5
Romania	26,235	14,137	2,504	1,198	1,277	45,351	57.8	31.2	5.5	2.6	2.8
Slovenia	8,657	5,324	985	278	594	15,838	54.7	33.6	6.2	1.8	3.7
Slovakia	11,085	7,841	509	730	1,080	21,245	52.2	36.9	2.4	3.4	5.1
Finland	56,827	22,440	9,461	8,320	727	97,775	58.1	23.0	9.7	8.5	0.7
Sweden	117,298	39,195	14,413	8,616	3,268	182,789	64.2 p	21.4	7.9	4.7	1.8
United Kingdom	539,137	153,283	46,309	12,682	14,978	766,389	70.3	20.0	6.0	1.7	2.0
Iceland	3,374	296	309	401	46	4,427	76.2	6.7	7.0	9.1	1.0
Norway	102,843	27,554	7,412	42,838	1,207	181,853	56.6	15.2	4.1	23.6	0.7
Switzerland (2006)	70,063	21,373	10,569	4,671	649	107,325	65.3	19.9	9.8	4.4	0.6

Source: Eurostat

Figures rounded to whole millions of euro

p = provisional value

Table 4.17: Main types of tax revenues of general government and EU institutions; % of GDP; 2007

	VAT	Other taxes on products and production	Taxes on income	Social contributions	Others	Total tax revenues
EU27	7.1	6.7	12.6	13.5	0.9	40.9
EA16	6.9	6.9	11.9	15.2	0.8	41.6
Belgium	7.1	6.4	15.7	15.7	1.3	46.1
Bulgaria	12.1	6.8	6.5	8.7	0.2	34.2
Czech Republic	6.6	4.7	9.2	16.3	0.1	36.9
Denmark	10.4	7.6	28.8	1.8	0.8	49.5
Germany	7.0	5.9	10.9	16.5	0.5	40.8
Estonia	9.3	4.9	7.8	11.1	0.0	33.2
Ireland	7.6	5.9	12.3	6.2	0.5	32.5
Greece	7.2 ep	5.1 ep	7.5 ep	14.0 ep	0.6 ep	34.4 ep
Spain	6.1	5.9	12.5	13.0	0.4	37.9
France	7.2	8.1	10.5	18.1	1.3	45.0
Italy	6.2	8.7	14.7	13.2	0.4	43.3
Cyprus	11.3	8.7	13.2	7.7	0.8	41.6
Latvia	8.2	4.4	8.8	9.0	0.4	30.7
Lithuania	8.2	3.8	9.2	8.9	0.0	30.2
Luxembourg	5.8	7.1	12.8	11.0	0.7	37.6
Hungary	7.9	8.1	9.9	13.6	0.4	39.9
Malta	7.7	7.5	12.7	7.3	0.9	36.1
Netherlands	7.6	5.5	11.0	14.3	1.3	39.7
Austria	7.7	6.7	12.8	15.8	0.6	43.6
Poland	8.3	6.1	8.0	12.0	0.2	34.6
Portugal	8.8	6.5	9.4	12.7	0.3	37.8
Romania	8.1 p	4.7 p	6.4 p	10.6 p	0.3 p	30.1 p
Slovenia	8.5	6.5	9.2	13.9	0.3	38.4
Slovakia	6.9	4.8	5.8	11.8	0.3	29.7
Finland	8.3	5.0	16.9	12.0	0.9	43.1
Sweden	9.2	7.8	18.8	12.9	0.2	48.9
United Kingdom	6.6	6.3	14.2	8.3	2.6	37.9
Iceland (2006)	11.3	8.1	18.3	3.3	0.4	41.4
Norway	8.3	4.3	21.1	9.1	0.9	43.7
Switzerland (2006)	3.9	3.3	13.4	6.9	2.1	29.5

Source: Eurostat
p = provisional value
e = estimated value

Table 4.18: Taxes on consumption

	% of GDP								implicit tax rate (%)								% of total taxation[1]
	2000	2001	2002	2003	2004	2005	2006	2007	2000	2001	2002	2003	2004	2005	2006	2007	2007
EU27	11.4	11.1	11.1	11.1	11.1	11.1	11.1	11.1	20.0	19.6	19.6	19.6	19.7	19.7	19.8	20.0	27.8
EA16	11.1	10.9	10.8	10.7	10.7	10.7	10.8	10.8	19.6	19.2	19.2	19.1	19.1	19.2	19.4	19.6	26.7
Belgium	11.4	11.0	11.0	11.0	11.2	11.2	11.2	11.0	21.8	21.0	21.4	21.3	22.0	22.2	22.3	22.0	25.1
Bulgaria	14.4	14.0	13.7	15.1	16.8	18.0	18.7	18.4	19.7	18.9	18.7	20.6	23.2	24.4	25.5	25.4	53.7
Czech Republic	10.6	10.2	10.1	10.4	11.2	11.3	10.7	10.7	19.4	18.9	19.3	19.6	21.8	22.2	21.1	21.4	29.0
Denmark	15.7	15.7	15.8	15.6	15.8	16.2	16.3	16.2	33.4	33.5	33.7	33.3	33.3	33.9	34.0	33.7	33.4
Germany	10.5	10.5	10.4	10.5	10.2	10.1	10.1	10.7	18.9	18.5	18.5	18.6	18.2	18.1	18.3	19.8	27.0
Estonia	11.8	11.8	11.9	11.6	11.7	12.9	13.3	13.6	19.8	19.9	20.0	19.9	19.8	22.2	23.4	24.4	41.3
Ireland	12.1	10.9	11.0	10.9	11.2	11.4	11.5	11.2	25.9	23.9	24.9	24.7	25.9	26.4	26.5	25.6	35.8
Greece	12.4	12.7	12.4	11.5	11.2	11.0	11.4	11.4	16.5	16.7	16.1	15.5	15.3	14.8	15.2	15.4	35.6
Spain	9.9	9.5	9.4	9.6	9.7	9.8	9.8	9.5	15.7	15.2	15.4	15.8	16.0	16.3	16.4	15.9	25.5
France	11.6	11.3	11.3	11.1	11.2	11.2	11.2	10.9	20.9	20.3	20.3	20.0	20.1	20.1	19.9	19.5	25.2
Italy	10.9	10.4	10.2	9.9	10.0	10.0	10.4	10.2	17.9	17.3	17.1	16.6	16.8	16.7	17.4	17.1	23.6
Cyprus	10.6	11.8	12.4	14.7	15.2	15.2	15.4	16.4	12.7	14.3	15.4	18.9	20.0	20.0	20.4	21.4	39.4
Latvia	11.3	10.6	10.6	11.4	11.3	12.2	12.7	11.9	18.7	17.5	17.4	18.6	18.5	20.2	20.1	19.6	39.0
Lithuania	11.8	11.5	11.7	11.1	10.6	10.8	10.9	11.4	18.0	17.5	17.9	17.0	16.1	16.5	16.7	17.9	38.3
Luxembourg	10.8	10.6	10.8	10.6	11.2	10.9	10.1	10.1	23.1	22.8	22.8	23.9	25.3	26.2	26.3	26.9	27.5
Hungary	15.3	14.5	14.1	14.6	15.0	14.5	13.9	14.5	27.5	25.6	25.4	26.0	27.6	26.4	25.8	27.1	36.5
Malta	12.1	12.7	13.4	12.4	13.2	14.4	14.0	13.9	15.9	16.5	18.1	16.5	17.6	19.7	19.9	20.3	40.2
Netherlands	11.7	11.9	11.7	11.8	12.0	11.9	12.2	12.2	23.7	24.4	23.9	24.2	24.8	25.0	26.5	26.8	31.4
Austria	12.4	12.4	12.5	12.4	12.4	12.1	11.7	11.7	22.1	22.1	22.5	22.2	22.1	21.7	21.2	21.6	27.8
Poland	11.3	11.1	11.8	11.9	11.8	12.2	12.4	13.0	17.8	17.2	17.9	18.3	18.4	19.5	20.2	21.4	37.3
Portugal	12.4	12.4	12.7	12.7	12.7	13.5	13.8	13.3	19.2	19.3	19.9	19.8	19.7	20.6	21.0	20.3	36.3
Romania	11.6	10.7	10.9	11.5	11.1	12.3	12.0	11.9	16.8	15.5	16.2	17.7	16.4	17.9	17.7	18.1	40.4
Slovenia	13.9	13.4	13.7	13.8	13.6	13.4	13.2	13.3	23.5	23.0	23.9	24.0	23.9	23.6	23.8	24.1	34.8
Slovakia	12.2	11.0	11.2	11.8	12.1	12.5	11.3	11.3	21.7	18.8	19.4	21.1	21.5	22.2	20.2	20.6	38.4
Finland	13.6	13.1	13.4	13.9	13.6	13.7	13.4	12.8	28.6	27.6	27.7	28.1	27.7	27.6	27.2	26.5	29.8
Sweden	12.4	12.6	12.7	12.7	12.6	12.9	12.6	12.7	26.3	26.6	26.8	26.9	26.9	27.5	27.4	27.8	26.2
United Kingdom	11.8	11.6	11.5	11.6	11.5	11.2	11.0	10.8	19.4	19.1	19.0	19.2	19.1	18.7	18.6	18.4	29.8
Norway	:	:	12.8	12.4	12.2	11.7	11.7	12.0	:	:	29.3	27.9	28.2	28.8	29.9	30.3	27.5

Source: Taxation trends in the European Union. 2009 edition

: = missing value

1) Since category D995 (capital transfers from general government to relevant sectors representing taxes and social contributions assessed but unlikely to be collected), negatively contributing to total tax revenue (in denominator of the indicator), has not been included in taxation split by economic functions (in numerator of the indicator), total calculated taxation in some cases exceeds 100%.

Table 4.19: Taxes on labour

	% of GDP								implicit tax rate (%)								% of total taxation[1]
	2000	2001	2002	2003	2004	2005	2006	2007	2000	2001	2002	2003	2004	2005	2006	2007	2007
EU27	20.3	20.1	19.9	20.0	19.6	19.5	19.4	19.4	37.2	36.8	36.4	36.5	36.2	36.2	36.4	36.5	48.7
EA16	21.5	21.3	21.2	21.2	20.7	20.6	20.5	20.5	39.5	39.1	38.9	38.9	38.5	38.4	38.5	38.7	50.6
Belgium	24.3	24.8	24.9	24.7	24.1	23.8	23.0	22.9	43.9	43.5	43.6	43.4	44.0	43.8	42.7	42.3	52.2
Bulgaria	14.0	12.6	11.8	12.9	12.8	12.2	10.5	10.8	38.7	34.3	32.9	35.5	36.3	34.7	30.6	29.9	31.6
Czech Republic	17.1	17.0	17.8	18.1	17.9	18.0	17.8	17.8	40.7	40.3	41.2	41.4	41.8	41.7	41.1	41.4	48.3
Denmark	26.6	26.9	26.1	26.0	25.2	24.8	24.5	24.8	41.0	40.8	38.8	38.1	37.5	37.1	37.1	37.0	51.0
Germany	24.4	24.1	24.0	23.9	22.9	22.4	22.0	21.6	40.7	40.5	40.4	40.4	39.2	38.8	39.0	39.0	54.6
Estonia	17.6	17.0	17.1	16.8	16.4	15.5	15.7	16.8	37.8	37.3	37.8	36.9	36.1	34.1	33.9	33.8	50.8
Ireland	11.5	11.0	10.0	9.8	10.4	10.4	10.4	10.7	28.5	27.4	26.0	25.0	26.3	25.4	25.4	25.7	34.2
Greece	12.4	12.2	13.1	13.1	12.6	12.8	12.8	13.4	34.5	34.6	34.4	35.6	33.7	34.2	35.1	35.5	41.8
Spain	15.9	16.2	16.3	16.2	16.0	16.2	16.4	16.9	28.7	29.5	29.8	29.9	29.9	30.3	30.8	31.6	45.6
France	23.0	22.9	22.8	22.9	22.8	23.1	22.9	22.4	42.1	41.7	41.2	41.5	41.4	41.9	41.9	41.3	51.8
Italy	19.9	20.2	20.2	20.3	20.1	20.4	20.5	21.2	43.7	43.6	43.5	43.4	43.1	42.9	42.5	44.0	49.0
Cyprus	9.4	9.9	10.0	10.7	10.5	11.3	11.1	11.0	21.5	22.8	22.2	22.7	22.7	24.5	24.1	24.0	26.4
Latvia	15.3	14.6	14.6	14.6	14.6	14.0	14.7	14.6	36.7	36.5	37.8	36.6	36.7	33.2	33.1	31.0	48.0
Lithuania	16.3	15.4	14.9	14.6	14.7	14.4	14.6	14.6	41.2	40.2	38.1	36.9	36.0	34.9	33.6	32.3	48.9
Luxembourg	15.3	16.0	15.4	15.3	15.4	15.4	14.8	15.3	29.9	29.6	28.3	29.3	29.5	30.4	30.7	31.2	41.8
Hungary	18.9	19.2	19.2	18.5	18.0	18.5	18.4	19.9	41.4	40.9	41.2	39.3	38.3	38.4	38.8	41.2	50.1
Malta	9.7	10.7	10.2	10.3	10.4	10.3	10.2	9.4	20.6	21.4	20.8	20.4	21.0	21.3	21.3	20.1	27.0
Netherlands	20.4	18.0	18.4	18.8	18.6	18.2	19.7	19.6	34.5	30.6	30.9	31.5	31.4	31.6	34.6	34.3	50.4
Austria	24.0	24.3	24.2	24.4	23.9	23.4	23.3	23.2	40.1	40.6	40.8	40.8	41.0	40.8	40.8	41.0	55.2
Poland	14.2	14.4	13.4	13.2	12.5	12.6	13.0	13.4	33.6	33.2	32.4	32.7	32.7	33.1	34.2	35.0	38.6
Portugal	14.1	14.3	14.5	14.8	14.8	15.2	15.3	15.8	27.0	27.4	27.6	27.8	27.9	28.1	28.6	30.0	42.9
Romania	13.2	13.0	12.3	11.2	10.8	11.1	11.7	12.1	32.2	31.8	31.1	29.5	28.9	28.0	30.4	30.1	41.1
Slovenia	20.7	21.0	20.8	20.9	20.8	20.7	20.3	19.7	37.7	37.5	37.6	37.7	37.5	37.6	37.4	36.9	51.5
Slovakia	15.0	15.1	15.0	14.4	13.2	12.5	11.5	11.6	36.3	37.1	36.7	36.1	34.5	32.9	30.5	30.9	39.5
Finland	23.7	23.7	23.6	23.3	22.7	23.2	22.9	22.3	44.1	44.1	43.8	42.5	41.5	41.5	41.6	41.4	52.0
Sweden	31.0	31.2	30.0	30.3	30.0	29.6	29.0	28.3	47.2	46.2	44.8	44.7	44.7	45.0	44.5	43.1	58.6
United Kingdom	14.0	14.0	13.3	13.3	13.6	14.0	14.1	14.0	25.3	25.0	24.1	24.3	24.8	25.5	25.8	26.1	38.6
Norway	:	:	19.0	18.8	18.2	17.0	16.5	17.3	:	:	38.7	39.0	39.2	38.5	37.9	37.8	39.6

Source: Taxation trends in the European Union. 2009 edition

: = missing value

1) Since category D995 (capital transfers from general government to relevant sectors representing taxes and social contributions assessed but unlikely to be collected), negatively contributing to total tax revenue (in denominator of the indicator), has not been included in taxation split by economic functions (in numerator of the indicator), total calculated taxation in some cases exceeds 100%.

Table 4.20: Taxes on capital

	% of GDP								implicit tax rate (%)								% of total taxation[1]
	2000	2001	2002	2003	2004	2005	2006	2007	2000	2001	2002	2003	2004	2005	2006	2007	2007
EU27	9.0	8.5	8.1	8.1	8.3	8.7	9.3	9.4	33.1 e	31.3 e	30.0 e	29.2 e	29.9 e	31.2 e	33.0 e	34.2 e	23.5
EA16	8.7	8.3	7.9	7.9	8.1	8.4	9.0	9.3	30.5	28.5	27.8	27.8	28.1	28.9	31.0	32.1	23.0
Belgium	9.5	9.4	9.3	9.2	9.7	9.9	10.2	10.0	29.3	29.6	30.9	31.9	32.9	32.4	32.0	31.1	22.8
Bulgaria	4.6	5.6	4.8	5.0	4.5	4.5	4.8	5.5	:	:	:	:	:	:	:	:	16.0
Czech Republic	6.2	6.7	6.9	7.2	8.3	7.9	8.3	8.4	20.9	22.3	23.7	24.8	28.0	25.6	25.9	25.6	22.7
Denmark	7.2	6.0	6.1	6.6	8.2	10.0	8.9	7.8	36.0	30.8	30.7	36.7	45.8	49.8	44.8	44.9	16.0
Germany	6.9	5.4	5.2	5.3	5.6	6.2	7.0	7.3	28.9	22.5	20.9	20.9	21.1	22.1	23.9	24.4	18.4
Estonia	1.9	1.6	2.1	2.5	2.5	2.5	2.4	2.6	6.0	4.9	6.4	7.8	8.1	8.0	8.3	10.3	7.9
Ireland	8.0	7.8	7.4	8.4	8.6	8.9	10.2	9.4	:	:	14.8	16.8	17.8	19.4	21.1	18.5	30.0
Greece	9.8	8.4	8.2	7.6	7.4	7.7	7.1	7.2	19.9	17.7	17.7	16.4	16.0	16.8	15.9	:	22.6
Spain	8.7	8.3	8.8	8.7	9.3	10.1	10.9	11.2	29.7	28.3	30.0	30.3	32.7	36.4	40.9	42.4	30.3
France	9.8	10.0	9.3	9.0	9.3	9.4	10.0	10.1	38.1	38.7	37.4	36.5	37.9	39.2	40.8	40.7	23.5
Italy	11.0	10.9	10.5	11.1	10.5	10.0	11.2	11.8	29.6	29.1	29.2	31.6	29.8	29.6	34.2	36.2	27.4
Cyprus	9.9	9.2	8.9	7.6	7.7	9.0	10.0	14.2	23.8	22.0	22.5	22.5	23.1	27.0	30.6	50.5	34.2
Latvia	2.9	3.3	3.1	2.5	2.6	2.8	3.0	4.0	11.2	11.5	9.6	8.2	8.4	9.6	11.0	14.6	13.0
Lithuania	2.3	2.0	2.0	2.5	3.1	3.3	4.0	3.9	7.2	5.9	5.7	7.1	8.5	9.1	11.6	12.1	12.9
Luxembourg	13.1	13.1	13.1	12.2	10.6	11.2	10.9	11.3	:	:	:	:	:	:	:	:	30.7
Hungary	4.3	4.6	4.6	4.6	4.6	4.5	4.8	5.3	15.9	16.9	16.4	16.7	16.8	16.6	16.3	:	13.4
Malta	6.3	6.9	7.9	8.7	9.1	9.1	9.5	11.4	:	:	:	:	:	:	:	:	32.8
Netherlands	7.8	8.4	7.7	6.8	6.9	7.4	7.1	7.1	20.8	22.6	24.3	21.0	20.4	18.2	17.2	16.4	18.2
Austria	6.9	8.6	7.3	7.1	7.1	6.8	6.8	7.2	27.3	35.8	29.3	28.3	27.4	24.2	24.4	26.1	17.1
Poland	7.2	7.0	7.8	7.4	7.5	8.4	8.7	8.8	20.5	20.7	22.5	20.7	19.1	21.6	22.8	:	25.3
Portugal	7.8	7.2	7.4	7.4	6.5	6.4	6.8	7.6	32.7	30.6	32.2	31.4	27.3	28.5	30.8	34.0	20.8
Romania	5.6	5.2	4.8	5.0	5.3	4.5	4.8	5.4	:	:	:	:	:	:	:	:	18.5
Slovenia	3.0	3.3	3.5	3.5	3.9	4.7	4.9	5.3	15.7	17.5	17.4	17.0	18.9	22.1	22.0	23.1	13.9
Slovakia	6.9	7.0	7.0	6.9	6.3	6.5	6.5	6.5	22.9	21.7	22.5	22.5	18.5	19.5	18.2	17.5	22.1
Finland	9.9	7.8	7.7	6.8	7.1	7.1	7.2	7.8	36.0	25.5	27.4	25.8	26.4	26.9	24.0	26.7	18.2
Sweden	8.4	6.1	5.1	5.3	6.1	7.1	7.3	7.3	43.4	34.2	29.3	30.3	28.8	35.9	29.1	35.9	15.1
United Kingdom	10.9	10.9	10.1	9.8	10.2	10.9	11.8	11.5	44.7	45.6	41.6	36.9	38.8	41.3	44.4	42.7	31.5
Norway	:	:	11.3	11.0	12.9	14.8	15.8	14.3	:	:	41.5	37.9	40.5	40.9	43.2	41.8	32.9

Source: Taxation trends in the European Union. 2009 edition

: = missing value

1) Since category D995 (capital transfers from general government to relevant sectors representing taxes and social contributions assessed but unlikely to be collected), negatively contributing to total tax revenue (in denominator of the indicator), has not been included in taxation split by economic functions (in numerator of the indicator), total calculated taxation in some cases exceeds 100%.

2) ITR on capital presented for EU25 aggregate

Table 4.21: Government surplus and deficit

	government surplus (+)/ government deficit (-)									primary balance before interest and GFCF*	GFCF*	interest paid
	% of GDP									% of GDP		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008		
EU27	0.6	-1.4	-2.5	-3.1	-2.9	-2.4	-1.4	-0.8	-2.3	3.1	2.7	2.7
EA16	0.0	-1.9	-2.6	-3.1	-2.9	-2.5	-1.3	-0.6	-1.9	3.6	2.5	3.0
Belgium	0.0	0.5	0.0	-0.1	-0.2	-2.7	0.3	-0.2	-1.2	4.1	1.6	3.7
Bulgaria	:	:	-0.8	-0.3	1.6	1.9	3.0	0.1	1.5	7.9	5.6	0.8
Czech Republic	-3.7	-5.7	-6.8	-6.6	-3.0	-3.6	-2.6	-0.6	-1.5	4.4	4.8	1.1
Denmark	2.4	1.5	0.3	0.1	2.0	5.2	5.2	4.5	3.6	6.8	1.8	1.4
Germany	1.3	-2.8	-3.7	-4.0	-3.8	-3.3	-1.5	-0.2	-0.1	4.2	1.5	2.8
Estonia	-0.2	-0.1	0.3	1.7	1.7	1.5	2.9	2.7	-3.0	2.8	5.6	0.2
Ireland	4.7	0.9	-0.4	0.4	1.4	1.7	3.0	0.2	-7.1	-0.6	5.4	1.1
Greece	-3.7	-4.5	-4.7	-5.7	-7.5	-5.1	-2.8	-3.6	-5.0	2.3	2.9	4.4
Spain	-1.0	-0.6	-0.5	-0.2	-0.3	1.0	2.0	2.2	-3.8	1.6	3.8	1.6
France	-1.5	-1.5	-3.1	-4.1	-3.6	-2.9	-2.3	-2.7	-3.4	2.6	3.2	2.8
Italy	-0.8	-3.1	-2.9	-3.5	-3.5	-4.3	-3.3	-1.5	-2.7	4.6	2.2	5.1
Cyprus	-2.3	-2.2	-4.4	-6.5	-4.1	-2.4	-1.2	3.4	0.9	6.8	3.0	2.9
Latvia	-2.8	-2.1	-2.3	-1.6	-1.0	-0.4	-0.5	-0.4	-4.0	1.8	4.9	0.9
Lithuania	-3.2	-3.6	-1.9	-1.3	-1.5	-0.5	-0.4	-1.0	-3.2	2.3	4.9	0.6
Luxembourg	6.0	6.1	2.1	0.5	-1.2	0.0	1.4	3.6	2.6	6.8	3.9	0.3
Hungary	-2.9	-4.0	-8.9	-7.2	-6.4	-7.8	-9.2	-4.9	-3.4	3.7	2.8	4.3
Malta	-6.2	-6.4	-5.5	-9.9	-4.7	-2.9	-2.6	-2.2	-4.7	1.3	2.7	3.3
Netherlands	2.0	-0.2	-2.1	-3.1	-1.7	-0.3	0.6	0.3	1.0	6.5	3.3	2.2
Austria	-1.7	0.0	-0.7	-1.4	-4.4	-1.6	-1.6	-0.5	-0.4	3.1	1.0	2.5
Poland	-3.0	-5.1	-5.0	-6.3	-5.7	-4.3	-3.9	-1.9	-3.9	2.9	4.6	2.2
Portugal	-2.9	-4.3	-2.8	-2.9	-3.4	-6.1	-3.9	-2.6	-2.6	2.4	2.1	2.9
Romania	-4.4	-3.5	-2.0	-1.5	-1.2	-1.2	-2.2	-2.5	-5.4	0.8	5.4	0.8
Slovenia	-3.7	-4.0	-2.5	-2.7	-2.2	-1.4	-1.3	0.5	-0.9	4.5	4.2	1.2
Slovakia	-12.3	-6.5	-8.2	-2.7	-2.3	-2.8	-3.5	-1.9	-2.2	0.8	1.8	1.2
Finland	6.9	5.0	4.1	2.6	2.4	2.8	4.0	5.2	4.2	8.1	2.5	1.4
Sweden	3.7	1.6	-1.2	-0.9	0.8	2.3	2.5	3.8	2.5	7.5	3.3	1.7
United Kingdom	3.6	0.5	-2.0	-3.3	-3.4	-3.4	-2.7	-2.7	-5.5	-0.9	2.3	2.3
Iceland	:	:	:	:	:	4.9	6.3	5.4	-14.3	-6.6	4.5	3.2
Norway	:	13.5	9.3	7.3	11.1	15.1	18.5	17.7	18.8	23.3	3.1	1.4

Source: Eurostat

: = missing value

* = Gross fixed capital formation

Table 4.22: Government consolidated gross debt; % of GDP

	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU27	61.9	61.0	60.3	61.8	62.2	62.7	61.3	58.7	61.5
EA16	69.2	68.2	68.0	69.1	69.5	70.0	68.3	66.0	69.3
Belgium	107.8	106.5	103.5	98.7	94.3	92.2	87.9	84.0	89.6
Bulgaria	74.3	67.3	53.6	45.9	37.9	29.2	22.7	18.2	14.1
Czech Republic	18.5	25.1	28.5	30.1	30.4	29.8	29.6	28.9	29.8
Denmark	51.5	48.7	48.3	45.8	43.8	37.1	31.3	26.8	33.3
Germany	59.7	58.8	60.3	63.8	65.6	67.8	67.6	65.1	65.9
Estonia	5.2	4.8	5.7	5.6	5.0	4.5	4.3	3.5	4.8
Ireland	37.8	35.5	32.2	31.1	29.4	27.5	24.9	25.0	43.2
Greece	103.2	103.6	100.6	97.9	98.6	98.8	95.9	94.8	97.6
Spain	59.3	55.5	52.5	48.7	46.2	43.0	39.6	36.2	39.5
France	57.3	56.9	58.8	62.9	64.9	66.4	63.7	63.8	68.0
Italy	109.2	108.8	105.7	104.4	103.8	105.8	106.5	103.5	105.8
Cyprus	58.8	60.7	64.7	68.9	70.2	69.1	64.6	59.4	49.1
Latvia	12.3	14.0	13.5	14.6	14.9	12.4	10.7	9.0	19.5
Lithuania	23.7	23.1	22.3	21.1	19.4	18.4	18.0	17.0	15.6
Luxembourg	6.2	6.3	6.3	6.1	6.3	6.1	6.7	6.9	14.7
Hungary	54.3	52.1	55.7	58.0	59.4	61.7	65.6	65.8	73.0
Malta	55.9	62.1	60.1	69.3	72.1	69.8	63.7	62.1	64.1
Netherlands	53.8	50.7	50.5	52.0	52.4	51.8	47.4	45.6	58.2
Austria	66.5	67.1	66.5	65.5	64.8	63.7	62.0	59.4	62.5
Poland	36.8	37.6	42.2	47.1	45.7	47.1	47.7	44.9	47.1
Portugal	50.5	52.9	55.6	56.9	58.3	63.6	64.7	63.5	66.4
Romania	22.6	26.0	25.0	21.5	18.8	15.8	12.4	12.7	13.6
Slovenia	:	26.8	28.0	27.5	27.2	27.0	26.7	23.4	22.8
Slovakia	50.3	48.9	43.4	42.4	41.4	34.2	30.4	29.4	27.6
Finland	43.8	42.3	41.3	44.3	44.1	41.4	39.2	35.1	33.4
Sweden	53.6	54.4	52.6	52.3	51.2	51.0	45.9	40.5	38.0
United Kingdom	41.0	37.7	37.5	38.7	40.6	42.3	43.4	44.2	52.0
Iceland	:	:	:	:	:	25.3	30.1	28.7	70.6
Norway	:	29.2	36.1	44.3	45.6	44.5	55.3	52.3	50.0

Source: Eurostat
: = missing value

Table 4.23: Structure of government consolidated gross debt; 2008

	millions of euro						% of government consolidated gross debt				
	Currency and deposits	Short term securities other than shares*	Long-term securities other than shares*	Short-term loans	Long-term loans	Total	Currency and deposits	Short term securities other than shares*	Long-term securities other than shares*	Short-term loans	Long-term loans
EU27	344,354	702,209	5,513,870	176,345	959,954	7,696,717	4.5	9.1	71.6	2.3	12.5
EA16	209,783	622,207	4,594,027	125,860	879,088	6,430,964	3.3	9.7	71.4	2.0	13.7
Belgium	1,176	49,056	225,474	3,891	29,147	308,744	0.4	15.9	73.0	1.3	9.4
Bulgaria		0	3,072	4	1,723	4,799	0.0	0.0	64.0	0.1	35.9
Czech Republic	0	2,480	32,917	233	5,515	41,144	0.0	6.0	80.0	0.6	13.4
Denmark	1,825	7,543	53,888	577	14,026	77,846	2.3	9.7	69.2	0.7	18.0
Germany	10,525	44,845	1,140,391	74,431	371,652	1,641,844	0.6	2.7	69.5	4.5	22.6
Estonia	0	0	171	10	578	759	0.0	0.0	22.5	1.3	76.2
Ireland	8,972	26,011	42,695	297	2,321	80,295	11.2	32.4	53.2	0.4	2.9
Greece	728	5,496	212,552	87	18,318	237,181	0.3	2.3	89.6	0.0	7.7
Spain	3,420	52,878	302,549	7,680	65,997	432,523	0.8	12.2	69.9	1.8	15.3
France	23,453	178,262	938,828	16,542	170,058	1,327,143	1.8	13.4	70.7	1.2	12.8
Italy	147,252	147,373	1,236,435	7,525	125,064	1,663,650	8.9	8.9	74.3	0.5	7.5
Cyprus	0	459	4,649	0	3,220	8,329	0.0	5.5	55.8	0.0	38.7
Latvia	200	1,292	1,321	138	1,518	4,468	4.5	28.9	29.6	3.1	34.0
Lithuania	0	298	4,107	99	528	5,032	0.0	5.9	81.6	2.0	10.5
Luxembourg	177	0	2,000	417	2,785	5,379	3.3	0.0	37.2	7.8	51.8
Hungary	50	7,345	51,979	311	12,757	72,442	0.1	10.1	71.8	0.4	17.6
Malta	31	366	2,954	66	213	3,630	0.9	10.1	81.4	1.8	5.9
Netherlands	604	84,046	199,042	12,153	50,379	346,224	0.2	24.3	57.5	3.5	14.6
Austria	0	10,012	144,378	1,064	20,966	176,420	0.0	5.7	81.8	0.6	11.9
Poland	0	12,350	116,071	197	15,454	144,072	0.0	8.6	80.6	0.1	10.7
Portugal	12,925	15,286	75,633	1,145	5,388	110,377	11.7	13.8	68.5	1.0	4.9
Romania	762	1,944	5,166	454	8,711	17,037	4.5	11.4	30.3	2.7	51.1
Slovenia	42	88	7,418	188	736	8,473	0.5	1.0	87.5	2.2	8.7
Slovakia	34	741	15,889	233	1,717	18,613	0.2	4.0	85.4	1.3	9.2
Finland	444	7,288	43,139	142	11,127	62,140	0.7	11.7	69.4	0.2	17.9
Sweden	4,762	13,777	74,377	6,935	10,602	110,452	4.3	12.5	67.3	6.3	9.6
United Kingdom	126,971	32,972	576,775	41,527	9,457	787,702	16.1	4.2	73.2	5.3	1.2

Source: Eurostat

Figures rounded to whole millions of euro/ tenth of percentage points

* = excluding derivatives

: = missing value

Table 4.24: Annual average inflation rates by product group, for euro area and EU (%)

Euro area	2000	2001	2002	2003	2004	2005	2006	2007	2008
All-items	2.1	2.3	2.2	2.1	2.1	2.2	2.2	2.1	3.3
COICOP – main components									
Food and non-alcoholic beverages	1.2	5.0	2.8	2.1	1.0	0.7	2.3	2.7	5.5
Alcohol and tobacco	2.2	2.8	4.1	5.9	7.5	4.9	2.7	3.4	3.3
Clothing	0.7	0.4	2.1	0.9	0.7	0.1	0.4	1.0	0.7
Housing	3.9	2.9	1.3	2.5	2.5	4.7	4.7	2.7	5.2
Household equipment	1.0	1.8	1.7	1.3	0.9	0.8	1.0	1.7	2.1
Health	1.7	1.2	2.5	2.2	7.9	2.1	1.4	1.7	1.9
Transport	5.2	1.2	1.7	2.3	3.1	4.4	3.1	2.4	4.5
Communications	-7.1	-4.1	-0.3	-0.6	-2.0	-2.3	-3.2	-1.9	-2.2
Recreation and culture	-0.2	1.4	1.4	0.2	-0.1	-0.1	0.1	0.2	0.2
Education	2.8	3.0	4.0	3.5	3.3	3.1	2.9	7.8	4.4
Restaurants and hotels	2.8	3.4	4.6	3.2	2.8	2.5	2.6	3.2	3.4
Miscellaneous	2.3	3.1	2.9	2.6	2.2	1.8	2.1	2.3	2.4
Selected special aggregates									
All-items excluding energy	1.1	2.4	2.5	2.0	1.9	1.4	1.6	2.1	2.5
All-items excl. energy, food, alcohol & tobacco	1.0	1.8	2.4	1.8	1.8	1.4	1.4	1.9	1.8
Energy	13.0	2.2	-0.6	3.0	4.5	10.1	7.7	2.6	10.3
Food, alcohol & tobacco	1.4	4.5	3.1	2.8	2.3	1.6	2.4	2.8	5.1

European Union	2000	2001	2002	2003	2004	2005	2006	2007	2008
All-items	1.9	2.2	2.1	2.0	2.0	2.2	2.2	2.3	3.7
COICOP – main components									
Food and non-alcoholic beverages	1.0	4.7	2.5	1.9	1.1	0.8	2.3	3.5	6.4
Alcohol and tobacco	2.7	3.0	3.5	4.9	6.1	4.0	2.6	3.8	4.5
Clothing	-0.5	-0.7	0.8	0.2	-0.2	-0.8	-0.6	0.1	-0.6
Housing	3.6	2.9	1.5	2.6	2.7	4.9	5.4	3.3	6.1
Household equipment	0.6	1.5	1.5	1.0	0.7	0.6	0.6	1.6	2.1
Health	1.9	1.6	2.7	2.3	7.1	2.4	1.7	2.2	2.4
Transport	4.8	1.0	1.6	2.5	3.2	4.3	3.0	2.5	4.8
Communications	-6.8	-4.4	-0.1	-0.5	-1.8	-2.1	-2.5	-2.0	-1.9
Recreation and culture	0.1	1.4	1.4	0.0	-0.4	-0.3	-0.3	-0.1	0.1
Education	3.8	3.7	4.2	4.7	3.8	3.7	4.0	8.6	6.3
Restaurants and hotels	2.9	3.6	4.3	3.2	2.9	2.8	2.8	3.4	3.9
Miscellaneous	2.1	3.1	2.8	2.5	2.5	2.3	2.6	2.3	2.6
Selected special aggregates									
All-items excluding energy	1.0	2.2	2.3	1.8	1.8	1.4	1.6	2.2	2.8
All-items excl. energy, food, alcohol & tobacco	0.9	1.7	2.2	1.7	1.7	1.4	1.4	1.9	1.9
Energy	12.1	1.7	-0.5	3.1	4.5	9.6	8.4	3.1	11.0
Food, alcohol & tobacco	1.4	4.3	2.7	2.6	2.2	1.6	2.4	3.5	6.0

Source: Eurostat (prc_hicp_aind)

Table 4.25: Annual average inflation rates by Member States (%)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
European Union	1.9	2.2	2.1	2.0	2.0	2.2	2.2	2.3	3.7
Euro area	2.1	2.3	2.2	2.1	2.1	2.2	2.2	2.1	3.3
Belgium	2.7	2.4	1.6	1.5	1.9	2.5	2.3	1.8	4.5
Bulgaria	10.3	7.4	5.8	2.3	6.1	6.0	7.4	7.6	12.0
Czech Republic	3.9	4.5	1.4	-0.1	2.6	1.6	2.1	3.0	6.3
Denmark	2.7	2.3	2.4	2.0	0.9	1.7	1.9	1.7	3.6
Germany	1.4	1.9	1.4	1.0	1.8	1.9	1.8	2.3	2.8
Estonia	3.9	5.6	3.6	1.4	3.0	4.1	4.4	6.7	10.6
Ireland	5.3	4.0	4.7	4.0	2.3	2.2	2.7	2.9	3.1
Greece	2.9	3.7	3.9	3.4	3.0	3.5	3.3	3.0	4.2
Spain	3.5	2.8	3.6	3.1	3.1	3.4	3.6	2.8	4.1
France	1.8	1.8	1.9	2.2	2.3	1.9	1.9	1.6	3.2
Italy	2.6	2.3	2.6	2.8	2.3	2.2	2.2	2.0	3.5
Cyprus	4.9	2.0	2.8	4.0	1.9	2.0	2.2	2.2	4.4
Latvia	2.6	2.5	2.0	2.9	6.2	6.9	6.6	10.1	15.3
Lithuania	1.1	1.6	0.3	-1.1	1.2	2.7	3.8	5.8	11.1
Luxembourg	3.8	2.4	2.1	2.5	3.2	3.8	3.0	2.7	4.1
Hungary	10.0	9.1	5.2	4.7	6.8	3.5	4.0	7.9	6.0
Malta	3.0	2.5	2.6	1.9	2.7	2.5	2.6	0.7	4.7
Netherlands	2.3	5.1	3.9	2.2	1.4	1.5	1.7	1.6	2.2
Austria	2.0	2.3	1.7	1.3	2.0	2.1	1.7	2.2	3.2
Poland	10.1	5.3	1.9	0.7	3.6	2.2	1.3	2.6	4.2
Portugal	2.8	4.4	3.7	3.3	2.5	2.1	3.0	2.4	2.7
Roumania	45.7	34.5	22.5	15.3	11.9	9.1	6.6	4.9	7.9
Slovenia	8.9	8.6	7.5	5.7	3.7	2.5	2.5	3.8	5.5
Slovakia	12.2	7.2	3.5	8.4	7.5	2.8	4.3	1.9	3.9
Finland	2.9	2.7	2.0	1.3	0.1	0.8	1.3	1.6	3.9
Sweden	1.3	2.7	1.9	2.3	1.0	0.8	1.5	1.7	3.3
United Kingdom	0.8	1.2	1.3	1.4	1.3	2.1	2.3	2.3	3.6
Turkey	53.2	56.8	47.0	25.3	10.1	8.1	9.3	8.8	10.4
Iceland	4.4	6.6	5.3	1.4	2.3	1.4	4.6	3.6	12.8
Norway	3.0	2.7	0.8	2.0	0.6	1.5	2.5	0.7	3.4
Switzerland							1.0	0.8	2.3

Source: Eurostat (prc_hicp_aind)

Table 4.26: Household consumption pattern used for the HICP, 2008 (per 1000)

	EU	Euro area	BE	BG	CZ	DK	DE	EE	IE	GR	ES
All-items	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Food	160.08	157.81	176.57	238.61	188.91	154.91	122.24	208.08	135.29	173.07	202.94
Alcohol and tobacco	42.43	37.19	30.06	48.18	97.44	51.26	44.72	79.52	67.84	43.48	26.89
Clothing	65.50	68.33	57.68	39.22	50.50	55.29	53.44	83.38	55.05	88.21	88.57
Housing	150.36	153.01	163.42	98.88	160.55	190.14	230.99	127.59	104.72	92.86	104.33
Household equipment	67.44	70.09	66.95	47.77	60.12	69.18	60.99	49.10	46.83	64.41	66.00
Health	37.53	40.49	39.31	46.66	23.01	30.94	43.83	35.63	35.22	62.04	30.51
Transport	150.64	156.59	147.63	191.12	131.45	139.81	145.72	138.57	142.33	133.72	145.58
Communications	32.61	32.91	29.61	63.64	40.08	23.99	31.12	40.47	37.48	38.31	36.11
Recreation and culture	102.62	96.78	124.19	53.73	105.37	116.01	121.41	78.78	110.71	54.15	76.05
Education	11.80	10.42	5.53	10.92	6.92	9.86	10.97	16.37	23.48	23.10	14.73
Restaurants and hotels	94.26	92.76	89.87	126.29	74.17	54.43	51.17	81.04	172.97	164.55	144.88
Miscellaneous	84.73	83.61	69.18	34.99	61.47	104.18	83.40	61.47	68.06	62.11	63.41
	FR	**IT**	**CY**	**LV**	**LT**	**LU**	**HU**	**MT**	**NL**	**AT**	**PL**
All-items	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Food	161.81	177.92	179.85	236.70	251.61	112.40	197.70	178.95	134.85	128.95	228.96
Alcohol and tobacco	36.83	30.83	30.05	69.85	74.53	127.60	76.79	49.24	34.81	29.62	76.76
Clothing	55.51	94.68	86.05	71.46	79.03	44.00	48.46	62.23	64.09	56.72	45.26
Housing	146.15	98.92	84.10	116.05	118.89	94.90	135.31	83.16	174.92	142.47	198.70
Household equipment	65.95	90.54	62.27	53.02	63.42	88.30	65.56	90.30	78.62	78.91	49.38
Health	42.46	36.41	51.24	42.97	51.06	18.80	41.59	31.38	26.41	52.16	44.75
Transport	177.44	160.35	160.71	137.54	117.21	225.90	152.06	145.47	145.72	151.02	92.53
Communications	35.09	27.83	37.81	44.43	39.06	14.00	49.51	25.32	49.11	21.61	35.54
Recreation and culture	99.77	69.97	67.67	76.46	66.56	81.90	89.18	93.07	117.84	115.81	70.52
Education	4.99	10.72	27.81	12.27	14.52	3.80	12.29	10.41	6.55	10.23	14.38
Restaurants and hotels	70.80	116.52	124.96	90.74	78.72	88.70	81.99	175.47	63.90	145.89	33.29
Miscellaneous	103.19	85.33	87.47	48.51	45.39	99.70	49.56	54.98	103.18	66.60	109.93
	PT	**RO**	**SI**	**SK**	**FI**	**SE**	**UK**	**TR**	**IS**	**NO**	**CH**
All-items	1000	1000	1000	1000	1000	1000	1000	1000.00	1000	1000	1000
Food	186.29	368.99	174.10	179.35	154.42	149.99	109.00	286.17	146.44	132.90	107.50
Alcohol and tobacco	28.75	61.96	50.51	54.22	58.86	43.75	42.00	50.04	33.32	32.70	17.11
Clothing	64.10	70.25	64.89	45.51	55.95	64.41	63.00	80.74	58.42	68.20	41.79
Housing	98.68	189.11	93.97	219.80	150.82	165.99	115.00	165.99	123.14	174.24	196.30
Household equipment	72.73	42.50	68.72	62.97	62.84	59.46	67.00	74.15	75.76	74.04	46.12
Health	53.58	30.23	38.64	39.66	53.25	38.29	22.00	25.41	40.83	33.98	145.92
Transport	202.71	78.26	181.45	95.74	159.81	162.67	152.00	125.93	189.10	210.21	114.44
Communications	27.46	53.61	41.38	39.00	39.51	36.27	23.00	43.00	31.93	29.66	28.91
Recreation and culture	46.06	46.66	99.23	85.35	111.16	115.03	152.00	28.15	131.85	142.36	102.27
Education	17.01	8.75	13.10	18.53	5.97	4.59	19.00	22.44	9.84	3.74	8.19
Restaurants and hotels	141.00	19.02	89.58	88.32	81.20	77.89	137.00	56.41	79.77	41.11	91.14
Miscellaneous	61.63	30.67	84.43	71.56	66.22	81.66	99.00	41.58	79.61	56.85	100.31

Source: Eurostat (prc_hicp_cow)

Table 4.27: Long term interest rates, annual averages

	time	2000	2001	2002	2003	2004	2005	2006	2007	2008
eu	European Union	5.44	5.01	4.93	4.24	4.39	3.70	4.03	4.57	4.55
ea	Euro area	5.44	5.00	4.91	4.14	4.12	3.42	3.84	4.32	4.30
be	Belgium	5.59	5.13	4.99	4.18	4.15	3.43	3.82	4.33	4.42
bg	Bulgaria	:	:	:	6.45	5.36	3.87	4.18	4.54	5.38
cz	Czech Republic	:	6.31	4.88	4.12	4.82	3.54	3.80	4.30	4.63
dk	Denmark	5.64	5.08	5.06	4.31	4.30	3.40	3.81	4.29	4.28
de	Germany	5.26	4.80	4.78	4.07	4.04	3.35	3.76	4.22	3.98
ee	Estonia (1)	10.48	10.15	8.42	5.25	4.39	4.17	5.01	6.09	8.16
ie	Ireland	5.51	5.01	5.01	4.13	4.08	3.33	3.77	4.31	4.53
gr	Greece	6.10	5.30	5.12	4.27	4.26	3.59	4.07	4.50	4.80
es	Spain	5.53	5.12	4.96	4.12	4.10	3.39	3.78	4.31	4.37
fr	France	5.39	4.94	4.86	4.13	4.10	3.41	3.80	4.30	4.23
it	Italy	5.58	5.19	5.03	4.25	4.26	3.56	4.05	4.49	4.68
cy	Cyprus	:	7.63	5.70	4.74	5.80	5.16	4.13	4.48	4.60
lv	Latvia	:	7.57	5.41	4.90	4.86	3.88	4.13	5.28	6.43
lt	Lithuania	:	8.15	6.06	5.32	4.50	3.70	4.08	4.55	5.61
lu	Luxembourg (2)	5.52	4.86	4.70	4.03	4.18	3.37	3.92	4.56	4.61
hu	Hungary	:	7.95	7.09	6.82	8.19	6.60	7.12	6.74	8.24
mt	Malta	:	6.19	5.82	5.04	4.69	4.56	4.32	4.72	4.81
nl	Netherlands	5.40	4.96	4.89	4.12	4.10	3.37	3.78	4.29	4.23
at	Austria	5.56	5.07	4.97	4.15	4.15	3.39	3.80	4.29	4.26
pl	Poland	:	10.68	7.36	5.78	6.90	5.22	5.23	5.48	6.07
pt	Portugal	5.59	5.16	5.01	4.18	4.14	3.44	3.91	4.42	4.52
ro	Romania	:	:	:	:	:	:	7.23	7.13	7.70
si	Slovenia	:	:	8.72	6.40	4.68	3.81	3.85	4.53	4.61
sk	Slovakia	:	8.04	6.94	4.99	5.03	3.52	4.41	4.49	4.72
fi	Finland	5.48	5.04	4.98	4.13	4.11	3.35	3.78	4.29	4.29
se	Sweden	5.37	5.11	5.30	4.64	4.43	3.38	3.71	4.17	3.89
uk	United Kingdom	5.33	5.01	4.91	4.58	4.93	4.46	4.37	5.06	4.50
us	United States (3)	6.03	5.01	4.60	4.00	4.26	4.28	4.79	4.63	3.65
jp	Japan (3)	1.76	1.34	1.27	0.99	1.50	1.39	1.74	1.68	1.49

(1) Estonia: The current indicator represents a weighted average interest rate on new EEK-denominated loans to households and non-financial corporations with short, medium and long interest rate fixation periods. However, currently a large proportion of the underlying claims (on average 90 %) are linked to interest rates with fixation periods of up to one year.

(2) Due to the fact that the Luxembourg Government does not have outstanding long-term debt securities with a residual maturity of close to ten years, the indicator is based on a basket of log-term bonds. This basket has an average residual maturity of close to ten years. The bonds are issued by a private credit institution and the indicator is thus not fully harmonised.

(3) Government bond yields - 10 years' maturity was used.

Source: Eurostat, Economy and finance, Interest rates, Long term interest rates, Maastricht criterion interest rates (ECB).

Source: Eurostat (tec00036 and tec00097)

Table 4.28: 3-month money market rates, annual averages

	time	2000	2001	2002	2003	2004	2005	2006	2007	2008
eu	European Union	4.78	4.41	3.48	2.60	2.64	2.72	3.50	4.58	4.97
ea	Euro area	4.39	4.26	3.32	2.33	2.11	2.19	3.08	4.28	4.63
bg	Bulgaria	4.63	5.06	4.91	3.68	3.74	3.62	3.69	4.90	7.14
cz	Czech Republic	5.37	5.17	3.54	2.27	2.36	2.01	2.30	3.10	4.04
dk	Denmark	5.00	4.70	3.54	2.42	2.20	2.22	3.18	4.44	5.26
ee	Estonia	5.68	5.31	3.88	2.92	2.50	2.38	3.16	4.88	6.67
cy	Cyprus (1)	6.44	5.93	4.40	3.90	4.74	4.25	3.37	4.15	:
lv	Latvia	5.40	6.86	4.35	3.84	4.23	3.07	4.38	8.68	8.00
lt	Lithuania	8.64	5.93	3.74	2.84	2.68	2.43	3.11	5.11	6.04
hu	Hungary	11.39	10.87	9.21	8.51	11.53	6.70	7.23	7.86	8.79
mt	Malta (1)	4.89	4.93	4.01	3.29	2.94	3.18	3.49	4.26	:
pl	Poland	18.77	16.07	8.98	5.68	6.20	5.28	4.21	4.74	6.36
ro	Romania	50.71	41.28	27.31	17.73	19.14	8.35	8.09	7.24	12.26
si	Slovenia (1)	10.94	10.87	8.03	6.78	4.66	4.03	3.58	:	:
sk	Slovakia	8.57	7.77	7.77	6.18	4.68	2.93	4.33	4.34	4.15
se	Sweden	4.06	4.12	4.27	3.24	2.31	1.89	2.57	3.89	4.74
uk	United Kingdom	6.19	5.04	4.06	3.73	4.64	4.76	4.85	6.00	5.51
us	United States	6.53	3.77	1.79	1.22	1.62	3.56	5.20	5.30	2.91
jp	Japan	0.28	0.15	0.08	0.06	0.05	0.06	0.30	0.79	0.92

(1) Slovenia is part of the euro area since 2007, Cyprus and Malta since 2008

Source: Eurostat (tec00034)

Table 4.29: Euro exchange rates, annual averages (1 € = … National currency)

time		2000	2001	2002	2003	2004	2005	2006	2007	2008
currency										
czk	Czech Koruna	35.599	34.068	30.804	31.846	31.891	29.782	28.342	27.766	24.946
dkk	Danish Krone	7.454	7.452	7.431	7.431	7.440	7.452	7.459	7.451	7.456
eek	Estonian Kroon	15.647	15.647	15.647	15.647	15.647	15.647	15.647	15.647	15.647
lvl	Latvian Lats	0.559	0.560	0.581	0.641	0.665	0.696	0.696	0.700	0.703
ltl	Lithuanian Litas	3.695	3.582	3.459	3.453	3.453	3.453	3.453	3.453	3.453
huf	Hungarian forint	260.04	256.59	242.96	253.62	251.66	248.05	264.26	251.35	251.51
pln	New Polish Zloty	4.008	3.672	3.857	4.400	4.527	4.023	3.896	3.784	3.512
skk	Slovak Koruna	42,602	43,3	42,694	41,489	40,022	38,599	37,234	33,775	31,262
sek	Swedish Krona	8.445	9.255	9.161	9.124	9.124	9.282	9.254	9.250	9.615
gbp	Pound Sterling	0.609	0.622	0.629	0.692	0.679	0.684	0.682	0.684	0.796
isk	Iceland Krona	72.58	87.42	86.18	86.65	87.14	78.23	87.76	87.63	143.83
nok	Norwegian Krone	8.113	8.048	7.509	8.003	8.370	8.009	8.047	8.017	8.224
chf	Swiss Franc	1.558	1.511	1.467	1.521	1.544	1.548	1.573	1.643	1.587
bgn	New Bulgarian Lev	1.952	1.948	1.949	1.949	1.953	1.956	1.956	1.956	1.956
ron	New Romanian leu	1.992	2.600	3.127	3.755	4.051	3.621	3.526	3.333	3.678
jpy	Yen (Japan)	99.47	108.68	118.06	130.97	134.44	136.85	146.02	161.25	152.45
usd	United States Dollar	0.924	0.896	0.946	1.131	1.244	1.244	1.256	1.371	1.471

Source: Eurostat (tec00033)

Table 4.30: Main world traders: exports, imports and trade balance, 2000-2007 (EUR Bn)

		2000	2001	2002	2003	2004	2005	2006	2007
Exports	EU27	849.7	884.7	891.9	869.2	953.0	1052.7	1159.3	1241.6
	United States	844.9	816.2	733.1	639.7	657.5	726.9	825.9	848.3
	China *	269.8	297.1	344.3	387.4	477.0	612.5	771.7	888.6
	Japan	518.9	450.4	440.7	417.3	454.8	478.2	515.1	521.2
	Canada	300.0	291.5	267.1	240.7	255.0	289.7	309.0	306.4
Imports	EU27	992.7	979.1	937.0	935.3	1027.5	1179.6	1351.7	1434.1
	United States	1362.1	1317.6	1271.5	1153.7	1226.2	1392.4	1528.4	1471.8
	China *	243.7	271.9	312.2	364.9	451.2	530.5	630.3	697.5
	Japan	411.1	390.0	357.0	339.0	366.0	414.7	461.2	454.0
	Canada	260.0	247.5	235.2	212.5	220.1	252.7	278.7	277.3
Trade balance	EU27	-143.0	-94.4	-45.1	-66.0	-74.6	-126.9	-192.5	-192.5
	United States	-517.3	-501.4	-538.4	-514.0	-568.7	-665.5	-702.4	-623.6
	China *	26.1	25.2	32.2	22.5	25.8	82.0	141.4	191.0
	Japan	107.8	60.4	83.7	78.3	88.8	63.6	53.9	67.2
	Canada	40.1	44.0	31.9	28.2	34.9	37.0	30.4	29.1

* = excluding Kong Kong

Source: tet00018

Table 4.31: Extra-EU-27 imports, exports and balance, by SITC-1 product group, 2000-2008 (EUR Bn)

sitc	flow	2000	2001	2002	2003	2004	2005	2006	2007	2008
Food and drinks	Exports	47.7	49.3	50.1	48.5	48.6	52.0	58.0	62.0	68.3
	Imports	54.8	58.1	58.1	57.3	58.9	63.0	67.9	75.6	80.1
	Trade balance	-7.1	-8.8	-8.0	-8.8	-10.3	-11.0	-10.0	-13.6	-11.7
Raw materials	Exports	17.8	17.0	18.5	18.3	21.0	23.8	28.6	30.3	32.4
	Imports	49.2	48.0	44.5	43.1	48.5	52.7	63.2	70.5	75.6
	Trade balance	-31.4	-31.1	-26.1	-24.8	-27.5	-28.9	-34.7	-40.2	-43.2
Energy products	Exports	29.1	24.9	26.2	27.4	32.9	45.9	58.7	63.5	80.7
	Imports	161.1	157.8	149.1	157.9	183.6	272.6	339.6	335.2	444.0
	Trade balance	-132.0	-132.8	-122.9	-130.5	-150.6	-226.7	-280.9	-271.6	-363.3
Chemicals	Exports	118.9	130.2	141.1	141.1	152.6	164.9	184.6	197.7	205.2
	Imports	70.5	76.9	80.8	80.5	88.6	96.4	109.0	120.6	126.8
	Trade balance	48.4	53.3	60.4	60.6	64.0	68.4	75.5	77.1	78.4
Machinery and vehicles	Exports	393.5	412.0	401.5	391.6	430.1	470.3	504.1	543.4	569.0
	Imports	371.5	352.0	329.1	326.8	354.6	378.7	402.6	418.5	413.8
	Trade balance	21.9	59.9	72.4	64.8	75.5	91.6	101.5	124.9	155.2
Other manufactured products	Exports	224.1	232.7	234.7	223.9	246.2	265.9	293.6	310.0	316.5
	Imports	250.5	253.5	244.3	238.5	262.5	290.3	340.9	382.1	374.3
	Trade balance	-26.4	-20.8	-9.6	-14.7	-16.3	-24.4	-47.2	-72.1	-57.7
Total - All products	Exports	849.7	884.7	891.9	869.2	953.0	1052.7	1159.3	1241.6	1308.6
	Imports	992.7	979.1	937.0	935.3	1027.5	1179.6	1351.7	1434.1	1550.7
	Trade balance	-143.0	-94.4	-45.1	-66.0	-74.6	-126.9	-192.4	-192.5	-242.1

Source: tet00061

Table 4.32: Extra-EU-27 imports, exports and balance, by main partners, 2000-2008 (EUR Bn)

partner	flow	2000	2001	2002	2003	2004	2005	2006	2007	2008
United States	Exports	238.2	245.6	247.9	227.3	235.5	252.7	269.0	261.4	249.4
	Imports	206.3	203.3	182.6	158.1	159.4	163.5	175.2	181.6	186.3
	Trade balance	31.9	42.3	65.3	69.2	76.1	89.2	93.8	79.8	63.1
China *	Exports	25.9	30.7	35.1	41.5	48.4	51.8	63.8	71.9	78.4
	Imports	74.6	82.0	90.2	106.2	128.7	160.3	194.8	232.6	247.6
	Trade balance	-48.8	-51.3	-55.1	-64.8	-80.3	-108.5	-131.1	-160.7	-169.2
Russian Federation	Exports	22.7	31.6	34.4	37.2	46.0	56.7	72.3	89.1	105.2
	Imports	63.8	65.9	64.5	70.7	84.0	112.6	140.9	144.3	173.3
	Trade balance	-41.0	-34.3	-30.1	-33.5	-37.9	-55.9	-68.6	-55.2	-68.2
Switzerland	Exports	72.5	76.5	72.8	71.4	75.2	82.6	87.7	92.9	97.7
	Imports	62.6	63.6	61.7	59.1	62.0	66.6	71.6	76.9	80.1
	Trade balance	10.0	12.9	11.1	12.3	13.2	16.0	16.1	16.0	17.6
Norway	Exports	26.4	27.2	28.2	27.7	30.8	33.8	38.5	43.6	43.7
	Imports	47.2	46.4	48.0	51.0	55.3	67.2	79.2	76.7	92.0
	Trade balance	-20.8	-19.2	-19.9	-23.4	-24.5	-33.4	-40.7	-33.1	-48.3
Japan	Exports	45.5	45.5	43.5	41.0	43.4	43.8	44.8	43.8	42.4
	Imports	92.1	81.1	73.7	72.4	74.7	74.1	77.3	78.4	74.8
	Trade balance	-46.6	-35.6	-30.2	-31.4	-31.3	-30.3	-32.5	-34.6	-32.4
Turkey	Exports	31.9	21.9	26.6	30.9	40.1	44.6	50.0	52.7	54.3
	Imports	18.7	22.1	24.6	27.3	32.7	36.1	41.7	47.0	45.9
	Trade balance	13.2	-0.2	2.0	3.6	7.4	8.5	8.3	5.7	8.4
South Korea	Exports	16.7	15.8	17.7	16.5	17.9	20.2	22.9	24.8	25.7
	Imports	27.0	23.3	24.6	26.0	30.7	34.5	40.8	41.4	39.4
	Trade balance	-10.2	-7.4	-6.9	-9.6	-12.7	-14.2	-17.9	-16.6	-13.7
Brazil	Exports	16.9	18.6	15.7	12.4	14.2	16.1	17.7	21.3	26.3
	Imports	18.7	19.6	18.4	19.1	21.7	24.1	27.2	32.8	35.5
	Trade balance	-1.8	-1.0	-2.6	-6.7	-7.6	-8.1	-9.5	-11.5	-9.2
India	Exports	13.7	13.0	14.3	14.6	17.2	21.3	24.4	29.5	31.5
	Imports	12.9	13.5	13.7	14.1	16.4	19.1	22.6	26.6	29.4
	Trade balance	0.8	-0.5	0.7	0.5	0.8	2.2	1.8	2.9	2.1

* = excluding Kong Kong

Source: tet00040

Table 4.33a: Member States' contribution to the extra-EU27 trade

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Share in the EU imports (%)									
EU (27 countries)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Belgium	5.6	5.7	6.1	5.9	6.1	6.1	5.8	6.1	6.1
Bulgaria	0.3	0.4	0.4	0.4	0.5	0.4	0.4	0.6	0.7
Czech Republic	0.9	1.1	1.3	1.4	1.1	1.0	1.1	1.2	1.4
Denmark	1.4	1.4	1.4	1.4	1.6	1.5	1.4	1.4	1.4
Germany	20.0	19.6	19.0	19.4	19.2	18.8	19.4	19.0	18.8
Estonia	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1
Ireland	2.0	1.9	2.0	1.9	1.7	1.6	1.4	1.3	1.1
Greece	1.3	1.3	1.6	1.8	1.6	1.5	1.6	1.6	1.3
Spain	5.5	5.5	5.7	6.0	6.5	7.1	7.4	7.3	7.6
France	12.1	12.2	11.7	11.2	11.2	11.2	9.8	9.8	10.0
Italy	10.2	10.3	10.4	10.3	10.5	10.6	11.1	11.0	11.2
Cyprus	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.2
Latvia	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Lithuania	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.6
Luxembourg	0.2	0.3	0.2	0.3	0.4	0.4	0.5	0.4	0.4
Hungary	1.2	1.3	1.5	1.6	1.5	1.4	1.4	1.5	1.5
Malta	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Netherlands	11.1	11.0	11.1	11.3	11.7	12.5	12.3	12.5	12.8
Austria	1.6	1.7	1.7	1.7	1.6	1.7	1.6	1.7	1.8
Poland	1.7	1.7	1.9	2.0	1.7	1.7	2.0	2.3	2.6
Portugal	1.0	1.0	0.9	0.9	1.0	1.0	1.0	1.0	1.0
Romania	0.5	0.6	0.6	0.7	0.9	1.0	1.1	1.0	1.1
Slovenia	0.3	0.3	0.3	0.3	0.2	0.3	0.3	0.4	0.5
Slovakia	0.4	0.5	0.5	0.5	0.5	0.5	0.7	0.8	0.9
Finland	1.2	1.1	1.2	1.3	1.3	1.3	1.5	1.5	1.5
Sweden	2.5	2.2	2.2	2.2	2.2	2.3	2.3	2.3	2.3
United Kingdom	18.3	18.2	17.6	16.3	16.2	15.3	15.0	14.3	13.0

Table 4.33b: Member States' contribution to the extra-EU27 trade

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Share in the EU exports (%)									
EU (27 countries)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Belgium	5.6	5.3	6.3	5.9	5.9	5.9	5.9	6.0	5.7
Bulgaria	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.5
Czech Republic	0.5	0.6	0.7	0.6	0.7	0.9	0.9	1.1	1.1
Denmark	1.9	2.0	2.1	2.0	1.9	1.9	1.8	1.8	1.8
Germany	24.8	26.3	26.7	26.8	27.2	26.5	27.7	27.4	27.6
Estonia	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Ireland	3.5	3.7	3.6	3.5	3.3	3.0	2.7	2.6	2.4
Greece	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Spain	4.0	3.8	3.8	3.9	4.0	4.1	4.2	4.4	4.4
France	14.7	14.6	13.7	13.3	13.0	12.9	11.8	11.4	11.6
Italy	11.8	12.0	11.8	11.5	11.4	11.0	11.1	11.5	11.6
Cyprus	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Latvia	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2
Lithuania	0.1	0.1	0.2	0.3	0.3	0.3	0.4	0.4	0.5
Luxembourg	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.1
Hungary	0.6	0.6	0.6	0.7	0.8	0.9	1.1	1.2	1.2
Malta	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Netherlands	5.6	5.4	5.7	5.9	6.1	6.3	6.6	7.1	7.0
Austria	2.2	2.2	2.3	2.4	2.6	2.7	2.6	2.6	2.6
Poland	0.8	0.9	0.9	1.0	1.2	1.5	1.6	1.7	2.0
Portugal	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.8
Romania	0.4	0.4	0.4	0.4	0.5	0.6	0.7	0.7	0.8
Slovenia	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.5	0.6
Slovakia	0.2	0.1	0.2	0.3	0.3	0.3	0.4	0.5	0.5
Finland	2.2	2.2	2.1	2.2	2.2	2.2	2.3	2.3	2.2
Sweden	4.4	3.9	4.0	4.3	4.3	4.1	4.0	3.9	3.8
United Kingdom	14.8	13.8	12.8	12.7	12.1	12.5	11.4	10.8	10.3

Source: tet00038

Table 4.34: Intra-EU-27 dispatches by SITC-1 product group, 2000-2008 (EUR Bn)

sitc	2000	2001	2002	2003	2004	2005	2006	2007	2008
Food and drinks	148.5	157.7	162.6	167.9	175.9	188.0	201.3	222.6	239.1
Raw materials	54.4	52.8	54.5	55.9	63.6	67.5	80.5	89.4	91.9
Energy products	75.2	75.3	75.5	80.1	89.4	129.1	155.7	152.1	201.5
Chemicals	223.2	239.6	261.0	268.0	294.7	325.7	359.0	394.7	414.7
Machinery and vehicles	763.3	787.6	782.8	771.9	830.1	859.4	972.5	1000.2	975.5
Other manufactured products	505.6	520.5	526.8	530.5	576.9	611.4	693.4	752.6	745.8
Total - All products	1805.8	1872.8	1897.4	1914.5	2071.8	2215.0	2497.3	2647.8	2701.7

Source: ext_lt_intratrd

Table 4.35a: Member States' contribution to the Intra-EU27 trade

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intra-EU dispatches in 1000 million of ECU/EURO									
EU (27 countries)	1805.8	1872.8	1897.4	1914.5	2071.8	2215.0	2497.3	2647.8	2701.7
Belgium	156.6	165.6	172.4	174.4	190.1	206.2	224.1	240.4	249.4
Bulgaria	3.0	3.5	3.8	4.2	5.0	5.5	7.1	8.2	9.2
Czech Republic	27.1	32.2	34.9	37.6	48.3	53.7	64.8	76.2	84.4
Denmark	39.2	40.1	42.4	41.3	43.8	48.4	52.4	52.6	55.6
Germany	386.6	406.0	412.7	431.1	472.3	501.6	561.4	623.9	633.0
Estonia	3.0	3.0	3.0	3.3	3.8	4.9	5.1	5.6	5.9
Ireland	54.3	59.4	61.6	51.2	53.0	56.2	54.8	56.3	53.7
Greece	7.9	8.1	6.7	7.7	7.9	8.6	10.6	11.2	11.0
Spain	91.1	96.9	99.4	103.9	109.2	112.1	121.1	130.8	124.4
France	230.0	231.9	228.4	231.1	239.8	236.5	258.7	261.0	259.5
Italy	160.2	166.6	163.9	165.0	176.0	183.7	203.1	215.4	213.9
Cyprus	0.3	0.3	0.3	0.3	0.5	0.9	0.8	0.7	0.8
Latvia	1.6	1.8	1.9	2.0	2.5	3.2	3.6	4.4	4.7
Lithuania	2.9	3.5	3.8	3.9	5.0	6.2	7.2	8.1	9.7
Luxembourg	7.9	9.6	9.5	10.5	11.8	13.6	16.3	14.5	15.4
Hungary	25.5	28.5	30.8	32.1	37.1	40.9	47.5	55.0	57.1
Malta	0.9	1.1	1.0	1.0	1.0	1.0	1.1	1.1	0.9
Netherlands	205.3	210.0	207.5	210.4	229.5	260.7	292.3	313.8	338.7
Austria	54.8	59.2	62.3	64.7	70.0	72.3	78.4	86.7	88.8
Poland	27.9	32.6	35.3	38.9	48.5	56.5	69.7	80.7	88.5
Portugal	21.5	21.9	22.3	22.8	23.0	24.5	26.7	28.8	28.0
Romania	8.1	9.6	10.8	11.8	14.1	15.6	18.2	21.3	23.7
Slovenia	6.9	7.3	7.5	7.7	8.9	10.5	12.7	15.2	15.8
Slovakia	11.5	12.7	13.6	16.6	19.3	22.4	29.0	36.8	41.2
Finland	31.5	29.2	29.2	28.3	28.7	29.9	35.2	37.3	36.6
Sweden	56.9	49.8	50.5	53.0	58.5	62.1	70.8	75.4	74.9
United Kingdom	183.5	182.4	181.9	160.0	164.2	177.4	224.9	186.4	177.3

Table 4.35b: Member States' contribution to the Intra-EU27 trade

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Share in the intra-EU dispatches (%)									
EU (27 countries)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Belgium	8.7	8.8	9.1	9.1	9.2	9.3	9.0	9.1	9.2
Bulgaria	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Czech Republic	1.5	1.7	1.8	2.0	2.3	2.4	2.6	2.9	3.1
Denmark	2.2	2.1	2.2	2.2	2.1	2.2	2.1	2.0	2.1
Germany	21.4	21.7	21.8	22.5	22.8	22.6	22.5	23.6	23.4
Estonia	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Ireland	3.0	3.2	3.2	2.7	2.6	2.5	2.2	2.1	2.0
Greece	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Spain	5.0	5.2	5.2	5.4	5.3	5.1	4.9	4.9	4.6
France	12.7	12.4	12.0	12.1	11.6	10.7	10.4	9.9	9.6
Italy	8.9	8.9	8.6	8.6	8.5	8.3	8.1	8.1	7.9
Cyprus	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Latvia	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Lithuania	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.4
Luxembourg	0.4	0.5	0.5	0.5	0.6	0.6	0.7	0.5	0.6
Hungary	1.4	1.5	1.6	1.7	1.8	1.8	1.9	2.1	2.1
Malta	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Netherlands	11.4	11.2	10.9	11.0	11.1	11.8	11.7	11.9	12.5
Austria	3.0	3.2	3.3	3.4	3.4	3.3	3.1	3.3	3.3
Poland	1.5	1.7	1.9	2.0	2.3	2.6	2.8	3.0	3.3
Portugal	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.0
Romania	0.5	0.5	0.6	0.6	0.7	0.7	0.7	0.8	0.9
Slovenia	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.6	0.6
Slovakia	0.6	0.7	0.7	0.9	0.9	1.0	1.2	1.4	1.5
Finland	1.7	1.6	1.5	1.5	1.4	1.4	1.4	1.4	1.4
Sweden	3.2	2.7	2.7	2.8	2.8	2.8	2.8	2.8	2.8
United Kingdom	10.2	9.7	9.6	8.4	7.9	8.0	9.0	7.0	6.6

Source: tet00039

Table 4.36: Trade in services with rest of the world, in € billion

	2004			2005			2006			2007			2008		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
Belgium	42.4	39.5	2.9	45.2	41.2	4.0	47.4	42.4	5.0	57.6	52.8	4.8	60.2	56	4.2
Bulgaria	3.3	2.6	0.7	3.6	2.7	0.8	4.2	3.3	0.9	4.6	3.5	1.1	5.4	4.5	0.8
Czech Republic	7.7	7.2	0.5	9.5	8.2	1.2	11.1	9.4	1.6	12.5	10.4	2.0	15.1	11.8	3.3
Denmark	29.4	26.8	2.7	35.0	29.8	5.1	41.3	35.9	5.4	44.8	39.2	5.6	49	42.4	6.6
Germany	117.7	157.4	-39.7	131.8	167.8	-36.1	149.6	178.6	-29.0	158.2	188.7	-30.5	168	193.7	-25.7
Estonia	2.3	1.4	0.9	2.6	1.7	0.8	2.8	1.9	0.8	3.2	2.2	1.0	3.5	2.3	1.2
Ireland	42.4	52.6	-10.2	48.2	57.5	-9.3	57.1	63.9	-6.8	65.6	68.5	-2.9	67.6	72.4	-4.8
Greece	26.7	11.3	15.5	27.6	11.9	15.7	28.4	13.0	15.3	31.3	14.7	16.6	34.1	16.9	17.1
Spain	69.4	47.6	21.8	76.2	54.0	22.2	84.7	62.4	22.3	94.2	72.0	22.2	97.5	71	26.5
France	92.4	79.2	13.3	98.4	85.0	13.3	100.4	90.5	9.9	106.3	95.3	11.0	109.5	95.6	13.9
Italy	68.2	67.0	1.2	71.9	72.4	-0.5	78.7	80.0	-1.3	81.6	88.6	-7.0	83.7	91.5	-7.8
Cyprus	5.0	2.1	2.9	5.2	2.2	3.1	5.7	2.3	3.4	6.4	2.7	3.7	7.1	3.2	3.9
Latvia	1.4	1.0	0.5	1.8	1.3	0.5	2.1	1.6	0.5	2.7	2.0	0.7	3.1	2.2	0.9
Lithuania	2.0	1.3	0.7	2.5	1.7	0.8	2.9	2.0	0.9	2.9	2.5	0.5	3.3	3	0.3
Luxembourg	27.1	16.7	10.4	32.9	19.8	13.1	40.5	24.0	16.5	47.0	27.3	19.7	47	27.7	19.4
Hungary	8.7	8.2	0.5	10.4	9.2	1.1	10.6	9.4	1.3	12.4	11.4	1.0	13.7	12.8	0.9
Malta	1.4	0.8	0.5	1.6	1.0	0.6	2.1	1.4	0.7	2.5	1.6	0.8	2.5	1.5	1
Netherlands	68.3	64.1	4.2	74.0	67.9	6.1	77.0	69.2	7.8	81.5	71.7	9.8	71.2	62.3	8.9
Austria	30.5	22.5	8.0	34.1	24.8	9.4	36.4	26.7	9.7	40.4	28.4	12.0	42.4	29	13.4
Poland	10.8	10.8	0.0	13.1	12.5	0.6	16.4	15.8	0.6	20.9	17.5	3.4	24.2	20.7	3.5
Portugal	11.9	7.8	4.0	12.3	8.4	3.8	14.2	9.4	4.8	16.9	10.2	6.7	17.9	11.4	6.5
Romania	2.9	3.1	-0.2	4.1	4.4	-0.3	5.5	5.5	0.0	7.6	7.4	0.2	8.8	7.9	0.8
Slovenia	2.8	2.1	0.7	3.2	2.3	0.9	3.6	2.6	1.0	4.3	3.1	1.2	5.2	3.4	1.8
Slovak Republic	3.0	2.8	0.2	3.5	3.3	0.3	4.3	3.8	0.5	5.1	4.7	0.4	5.8	6.3	-0.5
Finland	12.2	11.7	0.5	13.7	14.2	-0.6	13.9	14.8	-0.9	16.8	16.1	0.7	16.7	15.9	0.8
Sweden	31.3	26.6	4.7	34.7	28.5	6.2	39.6	31.5	8.1	46.3	34.9	11.4	49.2	37.1	12
United Kingdom	158.9	120.7	38.2	167.4	131.2	36.2	186.7	139.7	47.0	204.0	147.1	57.0	191.4	139.4	51.9

Table 4.37: EU trade in services, in € billion

Item Breakdown	2004			2005			2006			2007			2008		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
Total Services	365.6	321.0	44.6	403.4	349.3	54.1	447.1	378.6	68.5	498.5	414.4	84.1	520.5	445	75.4
Transportation	93.0	81.0	12.0	103.2	87.9	15.3	109.3	98.2	11.1	119.2	103.7	15.5	130.6	110	20.6
Travel	62.3	79.6	-17.3	65.7	84.8	-19.1	72.3	87.7	-15.4	75.6	94.2	-18.6	73	95.2	-22.2
Communications services	6.4	7.1	-0.7	7.3	7.9	-0.6	8.5	9.6	-1.1	10.0	10.4	-0.4	11.8	10.9	0.9
Construction services	9.7	5.9	3.8	12.2	6.1	6.0	13.7	7.1	6.6	15.9	7.8	8.1	18.1	10.8	7.3
Insurance services	10.6	8.2	2.4	6.1	8.3	-2.1	11.6	7.6	4.0	14.9	8.0	6.9	13.1	7.5	5.5
Financial services	29.4	11.8	17.6	35.0	14.2	20.9	41.9	17.7	24.2	51.5	20.8	30.8	51.9	21.5	30.4
Computer and information services	16.4	8.1	8.2	17.3	8.8	8.5	22.2	10.2	12.0	25.6	11.1	14.5	28.5	12	16.4
Royalties and license fees	20.5	29.3	-8.9	23.5	32.1	-8.6	23.7	30.7	-7.0	26.1	34.4	-8.3	24.7	36.7	-11.9
Other business services	103.1	78.1	25.0	120.4	86.7	33.7	130.9	95.7	35.2	144.3	108.9	35.5	152.4	120.2	32.2
Personal, cultural and recreational services	5.4	6.3	-0.9	4.9	6.3	-1.4	4.7	7.2	-2.6	4.8	6.0	-1.2	4.4	5.9	-1.5
Government services, n.i.e.	8.9	5.5	3.4	7.6	6.1	1.5	8.3	6.8	1.5	8.3	7.1	1.2	8.1	7.8	0.4
Services not allocated	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	2.3	2.2	0.1	3.9	6.5	-2.6

Partner breakdown	2004			2005			2006			2007			2008		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
Switzerland	46.5	33.4	13.1	49.9	37.3	12.6	53.3	38.1	15.1	61.5	44.0	17.5	67	47.6	19.5
Russia	9.2	8.0	1.2	12.4	10.0	2.4	14.7	11.0	3.7	19.2	12.0	7.2	21.6	14	7.6
Canada	8.3	7.0	1.3	9.0	7.4	1.6	10.4	8.5	1.9	11.7	9.6	2.0	11.4	9.6	1.8
United States of America	117.4	108.4	9.0	122.9	117.0	5.9	133.8	122.0	11.7	139.1	127.7	11.4	136	132.2	3.8
Brazil	3.7	3.4	0.3	4.6	4.0	0.6	5.3	4.7	0.6	6.4	4.8	1.6	9	6.1	2.9
China	9.1	7.4	1.7	12.4	9.4	3.0	13.3	11.9	1.5	17.8	13.8	4.0	20.3	14.5	5.8
Hong Kong	7.1	5.2	1.9	8.4	5.7	2.7	7.0	6.6	0.4	8.2	8.1	0.1	8.1	8.4	-0.3
India	3.8	4.1	-0.3	5.4	5.1	0.3	7.3	5.8	1.5	9.6	7.0	2.5	9	7.4	1.5
Japan	18.4	10.7	7.7	19.6	12.0	7.6	18.6	13.2	5.4	19.4	13.8	5.6	18.7	14	4.7

Table 4.38: Current account of EU Member States, in € billion

	2005			2006			2007			2008		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
Belgium	311.4	303.5	7.9	337.5	331.2	6.3	370.3	364.6	5.7	403.2	411.9	-8.8
Bulgaria	15.2	18.0	-2.7	18.3	23.0	-4.7	20.7	28.0	-7.3	23.7	32.3	-8.6
Czech Republic	78.4	79.7	-1.3	93.3	96.2	-2.9	109.9	113.9	-4.0	122.4	127.0	-4.6
Denmark	124.3	115.3	9.0	138.3	132.0	6.3	146.3	144.7	1.6	159.5	154.7	4.7
Germany	1100.2	985.6	114.7	1276.6	1125.7	150.9	1403.8	1212.5	191.3	1449.1	1284.3	164.9
Estonia	9.8	10.9	-1.1	11.8	14.0	-2.2	12.9	15.7	-2.8	13.7	15.2	-1.5
Ireland	180.0	185.7	-5.7	211.6	218.0	-6.3	237.4	247.7	-10.3	235.9	244.3	-8.4
Greece	51.6	66.3	-14.7	55.0	78.7	-23.7	60.0	92.4	-32.4	66.5	101.5	-35.0
Spain	282.5	349.4	-66.9	325.3	413.6	-88.3	361.3	466.7	-105.4	369.7	474.2	-104.5
France	591.6	602.5	-10.9	665.6	675.8	-10.2	712.6	732.3	-19.6	728.1	764.5	-36.5
Italy	439.6	463.2	-23.6	486.6	525.1	-38.5	532.1	569.5	-37.4	540.1	593.7	-53.6
Cyprus	8.3	9.1	-0.8	9.1	10.2	-1.0	10.5	12.3	-1.8	11.8	14.9	-3.1
Latvia	7.9	9.5	-1.6	9.4	13.0	-3.6	11.3	16.0	-4.8	12.3	15.2	-2.9
Lithuania	13.1	14.6	-1.5	15.7	18.3	-2.6	17.5	21.7	-4.1	21.5	25.3	-3.7
Luxembourg	127.9	124.6	3.3	159.8	156.3	3.5	184.7	181.1	3.6	200.4	198.4	2.0
Hungary	65.0	71.6	-6.7	77.9	84.7	-6.9	93.4	99.9	-6.5	95.7	104.5	-8.9
Malta	5.0	5.4	-0.4	6.8	7.2	-0.5	7.4	7.7	-0.3	7.6	8.0	-0.4
Netherlands	430.0	392.7	37.3	493.0	442.6	50.4	533.8	490.3	43.5	559.3	514.7	44.7
Austria	158.7	153.8	4.9	175.6	168.5	7.1	196.1	187.7	8.4	204.2	194.4	9.8
Poland	104.2	107.2	-3.0	126.4	133.8	-7.4	145.2	159.8	-14.6	163.1	182.9	-19.8
Portugal	56.5	70.7	-14.1	66.6	82.2	-15.6	73.6	89.0	-15.4	74.7	94.9	-20.2
Romania	31.7	38.6	-6.9	38.8	49.0	-10.2	46.1	62.8	-16.7	53.3	70.1	-16.7
Slovenia	19.2	19.7	-0.5	22.3	23.0	-0.8	26.2	27.6	-1.5	27.3	29.4	-2.1
Slovakia	31.7	35.0	-3.2	40.5	44.2	-3.6	50.5	53.6	-3.1	57.5	61.8	-4.3
Finland	79.5	73.8	5.7	91.8	84.3	7.6	101.7	94.2	7.5	99.1	95.3	3.8
Sweden	175.7	155.3	20.4	202.3	175.9	26.4	223.0	194.5	28.6	229.1	201.7	27.5
United Kingdom	775.3	823.1	-47.8	920.0	986.1	-66.1	975.7	1034.7	-59.0	874.2	903.1	-28.9

Table 4.39: EU outward and inward FDI stocks by economic activity at end-2006 in € million

	EU FDI stocks held outside the EU	% share	Investments from abroad held in the EU	% share	Net assets abroad
Total	2 737 692	100%	1 999 985	100%	737 707
Agriculture, hunting and fishing	1 356	0%	1 198	0%	158
Mining and quarrying	152 534	6%	49 131	2%	103 403
Manufacturing	536 152	20%	295 251	15%	240 901
- Food products	60 569	2%	43 645	2%	16 924
- Textiles and wood activities	23 830	1%	39 310	2%	- 15 480
- Petroleum, chemical, rubber, plastic products	221 745	8%	101 343	5%	120 402
- Metal and mechanical products	78 955	3%	35 463	2%	43 492
- Machinery, computers, RTV, communication	15 062	1%	17 782	1%	- 2 720
- Vehicles and other transport equipment	60 486	2%	17 297	1%	43 189
- Other manufacturing	75 505	3%	40 411	2%	35 094
Electricity, gas and water	31 662	1%	12 681	1%	18 981
Construction	12 261	0%	9 695	0%	2 566
Services	1 859 644	68%	1 560 271	78%	299 373
- Trade and repairs	117 582	4%	103 987	5%	13 595
- Hotels & restaurants	10 104	0%	7 506	0%	2 598
- Transport and communication	92 696	3%	55 504	3%	37 192
- Financial intermediation	1 164 374	43%	882 275	44%	282 099
- Business services	412 365	15%	455 974	23%	- 43 609
- Other services	62 522	2%	55 022	3%	7 500
Other sectors	144 083	5%	71 758	4%	72 325

Table 4.40: Geographical distribution of EU FDI stocks 2004-2007*

	Outward stocks at end (EUR bn)				Share (%) in 2007	Inward stocks at end (EUR bn)				Share (%) in 2007
	2004	2005	2006	2007		2004	2005	2006	2007	
Extra-EU-27	2 023.6	2 426.2	2 737.7	3 134.9	100%	1 611.7	1 835.1	2 000.0	2 307.0	100%
Europe (non-EU)	386.7	508.4	688.4	787.2	25%	327.5	407.9	440.1	463.0	20%
EFTA	289.1	350.4	426.3	450.6	14%	260.3	304.0	343.3	387.6	17%
Switzerland	245.0	309.7	374.0	401.8	13%	224.6	245.6	275.1	300.7	13%
Norway	42.1	38.7	50.6	47.0	1%	28.4	45.4	55.9	72.5	3%
Iceland	.8	.9	.6	.7	0%	2.8	5.5	6.4	8.4	0%
Russia	20.6	32.9	50.2	73.0	2%	5.6	12.1	14.6	23.7	1%
Turkey	12.9	23.5	35.1	48.3	2%	2.8	6.9	4.6	5.1	0%
Africa	99.9	116.7	131.2	146.2	5%	14.4	19.1	22.8	26.8	1%
North African countries	22.1	24.0	31.5	35.7	1%	3.0	3.5	3.7	4.0	0%
Other African countries	77.8	92.7	99.7	110.5	4%	11.4	15.6	19.1	22.8	1%
Republic of South Africa	37.0	47.2	43.0	44.1	1%	4.3	4.3	5.0	7.6	0%
America	1 144.4	1 349.8	1 470.9	1 681.0	54%	1 060.1	1 186.7	1 305.4	1 497.6	65%
North American countries	806.5	938.8	1 064.1	1 192.8	38%	827.6	937.0	1 023.4	1 141.9	49%
Canada	75.2	94.3	113.1	158.9	5%	63.7	76.2	103.8	108.1	5%
United States	731.8	844.6	950.3	1 043.4	33%	769.2	874.8	919.5	1 029.8	45%
Central American countries	198.5	250.6	257.2	319.8	10%	220.7	234.0	260.2	331.5	14%
Mexico	38.9	42.5	41.8	46.5	1%	8.1	9.1	9.8	10.6	0%
South American countries	139.5	160.4	149.6	168.4	5%	11.9	15.7	21.8	24.1	1%
Argentina	30.5	38.0	32.4	30.2	1%	2.1	2.0	1.9	2.0	0%
Brazil	70.5	74.1	78.3	97.5	3%	3.3	8.1	14.6	15.9	1%
Chile	16.3	18.2	14.4	13.5	0%	1.7	.8	.6	.8	0%
Asia	317.4	369.2	377.5	415.0	13%	146.1	161.2	197.8	246.0	11%
Near and Middle East countries	20.3	25.8	32.6	36.6	1%	17.0	20.8	34.5	40.2	2%
Other Asian countries	297.1	343.5	344.9	378.4	12%	129.1	140.4	163.3	205.8	9%
China	21.3	27.5	32.3	38.4	1%	1.7	1.2	3.6	4.6	0%
Hong Kong	86.3	87.3	86.4	87.0	3%	12.9	16.8	17.5	16.0	1%
India	8.1	10.6	12.3	19.1	1%	.6	2.5	2.2	4.3	0%
Indonesia	6.4	11.2	10.6	9.9	0%	.4	- 2.6	- 3.5	- 3.2	-0%
Japan	76.0	90.3	74.1	73.8	2%	81.9	78.2	97.6	120.2	5%
South Korea	19.9	28.5	28.4	30.8	1%	5.1	6.2	7.4	7.9	0%
Malaysia	7.1	8.0	9.4	11.9	0%	1.5	1.7	2.6	2.8	0%
Singapore	41.9	49.2	52.9	60.6	2%	17.2	28.5	28.3	40.2	2%
Thailand	7.4	8.8	9.5	10.6	0%	.2	.2	.4	.6	0%
Taiwan	6.6	10.4	13.5	8.1	0%	.7	.6	.6	.5	0%
Oceania and Polar regions	57.6	59.9	58.4	68.4	2%	28.0	23.2	20.4	27.4	1%
Australia	51.6	53.9	53.3	61.9	2%	27.3	22.7	18.7	26.2	1%
New Zealand	5.7	5.7	5.0	4.7	0%	.6	1.0	1.7	1.5	0%

* = The sum of continents does not always equal total extra-EU because of not allocated flows.
Parts may be higher than totals because of disinvestment.

Table 4.41: Foreign Direct investment flows with rest of the world, in € billion

	2004			2005			2006			2007		
	Outward	Inward	Net	Outward	Inward	Net	Outward	Inward	Net	Outward	Inward	Net
EU-27(1)	142.3	58.3	84.0	239.5	129.2	110.3	317.5	201.3	116.2	484.2	360.1	124.1
Belgium	27.4	35.1	-7.7	26.3	27.6	-1.4	40.4	46.9	-6.5	38.3	51.1	-12.8
Bulgaria	-0.2	2.7	-2.9	0.2	3.2	-2.9	0.1	6.0	-5.9	0.2	6.5	-6.3
Czech Republic	0.8	4.0	-3.2	-0.0	9.4	-9.4	1.2	4.4	-3.2	1.0	6.7	-5.7
Denmark	:	:	:	13.0	10.4	2.7	6.7	2.2	4.6	15.0	8.7	6.3
Germany	16.5	-8.2	24.8	55.4	33.7	21.6	75.5	44.0	31.5	124.1	37.9	86.3
Estonia	0.2	0.8	-0.6	0.6	2.3	-1.7	0.9	1.4	-0.5	1.2	2.0	-0.8
Ireland	14.6	-8.5	23.1	11.5	-25.5	37.0	12.2	-4.4	16.6	15.2	22.4	-7.2
Greece	0.8	1.7	-0.9	1.2	0.5	0.7	3.3	4.3	-1.0	3.9	1.4	2.5
Spain	48.8	19.9	28.8	33.6	20.1	13.5	79.9	21.4	58.5	91.7	42.2	49.5
France	45.7	26.2	19.5	92.5	68.3	24.2	96.7	62.3	34.4	164.1	115.4	48.7
Italy	15.5	13.6	2.0	33.6	16.1	17.6	33.5	31.3	2.3	66.3	29.4	37.0
Cyprus	0.6	0.9	-0.3	0.4	1.0	-0.5	0.7	1.5	-0.8	0.9	1.6	-0.7
Latvia	0.1	0.5	-0.4	0.1	0.6	-0.5	0.1	1.3	-1.2	0.2	1.7	-1.4
Lithuania	0.2	0.6	-0.4	0.3	0.8	-0.5	0.2	1.4	-1.2	0.4	1.5	-1.0
Luxembourg	67.7	63.7	4.0	100.2	93.4	6.8	88.3	99.8	-11.5	180.4	135.6	44.9
Hungary (2)	0.9	3.6	-2.7	1.8	6.2	-4.4	15.0	15.9	-0.9	31.2	34.5	-3.3
Malta	0.0	0.3	-0.3	-0.0	0.5	-0.6	0.0	1.5	-1.5	0.0	0.7	-0.7
Netherlands (3)	23.5	3.7	19.8	106.0	38.4	67.6	52.0	5.9	46.0	20.9	86.5	-65.6
Austria (3)	6.7	3.1	3.6	9.3	9.0	0.4	10.9	6.3	4.6	24.9	21.7	3.1
Poland	0.7	10.4	-9.7	2.7	8.3	-5.5	7.1	15.6	-8.5	3.4	16.6	-13.2
Portugal	6.0	1.6	4.4	1.7	3.2	-1.5	5.6	9.0	-3.5	4.5	4.1	0.4
Romania	:	5.2	:	-0.0	5.2	-5.2	0.3	9.0	-8.7	0.2	7.3	-7.1
Slovenia	0.4	0.6	-0.2	0.5	0.7	-0.1	0.7	0.5	0.2	1.4	1.2	0.2
Slovakia	-0.0	2.4	-2.5	0.1	2.0	-1.8	0.4	3.7	-3.3	0.3	2.4	-2.1
Finland	-0.9	2.3	-3.1	3.4	3.8	-0.4	2.5	4.5	-2.0	5.2	8.3	-3.1
Sweden	16.7	9.4	7.3	21.4	8.3	13.0	16.4	18.4	-2.0	21.3	9.2	12.1
United Kingdom	73.3	45.0	28.2	65.0	141.6	-76.6	68.8	124.5	-55.7	201.2	133.9	67.3

Net = Outward minus inward investment flows

Negative values denote disinvestment

: = missing or confidential data

(1) EU-27 investments with extra-EU-27

(2) Special purpose entities are included from 2006 onwards

(3) Special purpose entities are not included

Table 4.42: Employment levels (thousand persons)

		2001	2002	2003	2004	2005	2006	2007	2008
eu27	European Union (27 countries)	211,460	212,239	213,022	214,489	216,557	220,102	224,143	226,208
ea15	Euro area (BE, DE, IE, GR, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, FI)	135,770	136,753	137,338	138,452	139,779	142,048	144,653	145,768
be	Belgium	4,150	4,144	4,146	4,175	4,229	4,288	4,365	4,436
bg	Bulgaria	3,215	3,222	3,317	3,403	3,495	3,612	3,714	3,836
cz	Czech Republic	4,963	4,991	4,923	4,940	4,992	5,072	5,207	5,268
dk	Denmark	2,785	2,786	2,756	2,739	2,767	2,822	2,898	2,928
de	Germany (including ex-GDR from 1991)	39,316	39,096	38,726	38,880	38,851	39,097	39,768	40,330
ee	Estonia	577	584	593	593	604	637	642	643
ie	Ireland	1,748	1,779	1,814	1,870	1,958	2,042	2,115	2,096
gr	Greece	4,261	4,356	4,401	4,503	4,546	4,642	4,702	4,759
es	Spain	16,931	17,338	17,878	18,510	19,267	20,024	20,626	20,532
fr	France	24,765	24,919	24,950	24,977	25,116	25,362	25,705	25,841
it	Italy	23,393	23,793	24,150	24,256	24,396	24,874	25,184	25,263
cy	Cyprus	322	328	341	354	366	373	385	395
lv	Latvia	965	980	997	1,008	1,026	1,074	1,112	1,120
lt	Lithuania	1,346	1,395	1,426	1,425	1,461	1,487	1,529	1,522
lu	Luxembourg (Grand-Duché)	278	287	293	299	308	319	333	349
hu	Hungary	3,855	3,856	3,906	3,880	3,880	3,905	3,900	3,855
mt	Malta	149	150	151	150	152	154	159	163
nl	Netherlands	8,282	8,324	8,283	8,211	8,252	8,404	8,613	8,743
at	Austria	3,816	3,812	3,809	3,862	3,919	3,974	4,046	4,117
pl	Poland	15,242	14,960	13,606	13,773	14,075 b	14,530	15,174	15,783
pt	Portugal	5,121	5,151	5,122	5,117	5,100	5,126	5,125 e	5,147
ro	Romania	:	9,574	9,569	9,410	9,267	9,331	9,372 f	9,396
si	Slovenia	909	923	919	922	921	935	963	990
sk	Slovakia	2,037	2,038	2,060	2,056	2,084	2,132	2,177	2,237
fi	Finland	2,331	2,353	2,356	2,365	2,397	2,440	2,493	2,530
se	Sweden	4,391	4,393	4,368	4,337	4,349	4,423	4,518	4,559
uk	United Kingdom	27,711	27,922	28,189	28,489	28,779	29,030	29,226	29,439
hr	Croatia	1,465	1,526	1,535	1,561	1,573 f	1,564 f	1,618 f	1,635
mk	Former Yugoslav Republic of Macedonia, the	483	480	471	460	470	485	506	522
tr	Turkey	21,744 f	21,357 f	21,150 f	21,794 f	22,103 f	22,394 f	22,645 f	23,052
is	Iceland	159	157	157	156	161	170 f	177 f	174
li	Liechtenstein	:	:	:	:	:	:	:	:
no	Norway	2,328	2,337	2,313	2,323	2,352	2,437	2,538	2,616
ch	Switzerland	4,155	4,173	4,167	4,178	4,196	4,291	4,347 f	4,377
us	United States	139,222	138,807	140,084	141,569	143,980	146,678	148,295 f	147,603
jp	Japan	64,761	63,747	63,539	63,676	63,918	64,198	64,500 f	64,228

Source: National accounts
table: nama_aux_pem b
b = Break in series
f = Forecast
e = Estimated value

Table 4.43: Employment growth (% over previous year)

		2001	2002	2003	2004	2005	2006	2007	2008
eu27	European Union (27 countries)	1.0	0.4	0.4	0.7	1.0	1.6	1.8	0.9
ea15	Euro area (BE, DE, IE, GR, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, FI)	1.5	0.7	0.4	0.8	1.0	1.6	1.8	0.8
be	Belgium	1.4	-0.1	0.0	0.7	1.3	1.4	1.8	1.6
bg	Bulgaria	-0.7	0.2	2.9	2.6	2.7	3.3	2.8	3.3
cz	Czech Republic	0.5	0.6	-1.4	0.3	1.1	1.6	2.7	1.2
dk	Denmark	0.9	0.0	-1.1	-0.6	1.0	2.0	2.7	1.0
de	Germany (including ex-GDR from 1991)	0.4	-0.6	-0.9	0.4	-0.1	0.6	1.7	1.4
ee	Estonia	0.9	1.2	1.5	0.0	1.9	5.5	0.8	0.2
ie	Ireland	3.1	1.8	2.0	3.1	4.7	4.3	3.6	-0.9
gr	Greece	0.1	2.2	1.0	2.3	1.0	2.1	1.3	1.2
es	Spain	3.2	2.4	3.1	3.5	4.1	3.9	3.0	-0.5
fr	France	1.8	0.6	0.1	0.1	0.6	1.0	1.4	0.5
it	Italy	2.0	1.7	1.5	0.4	0.6	2.0	1.2	0.3
cy	Cyprus	2.2	1.9	4.0	3.8	3.4	1.9	3.2	2.6
lv	Latvia	2.2	1.6	1.7	1.1	1.8	4.7	3.5	0.7
lt	Lithuania	-3.8	3.6	2.2	-0.1	2.5	1.8	2.8	-0.5
lu	Luxembourg (Grand-Duché)	5.3	3.2	2.1	2.0	3.0	3.6	4.4	4.8
hu	Hungary	0.2	0.0	1.3	-0.7	0.0	0.6	-0.1	-1.2
mt	Malta	2.1	0.7	0.7	-0.7	1.3	1.3	3.2	2.5
nl	Netherlands	2.1	0.5	-0.5	-0.9	0.5	1.8	2.5	1.5
at	Austria	0.7	-0.1	-0.1	1.4	1.5	1.4	1.8	1.8
pl	Poland	-3.2	-1.9	-9.1	1.2	2.2 b	3.2	4.4	4.0 f
pt	Portugal	1.8	0.6	-0.6	-0.1	-0.3	0.5	-0.0 e	0.4 e
ro	Romania	:	:	-0.1	-1.7	-1.5	0.7	0.4 f	0.3 f
si	Slovenia	0.4	1.5	-0.4	0.3	-0.1	1.5	3.0	2.8
sk	Slovakia	0.6	0.0	1.1	-0.2	1.4	2.3	2.1	2.8 e
fi	Finland	1.5	0.9	0.1	0.4	1.4	1.8	2.2	1.5
se	Sweden	2.1	0.0	-0.6	-0.7	0.3	1.7	2.1	0.9
uk	United Kingdom	0.8	0.8	1.0	1.1	1.0	0.9	0.7	0.7
hr	Croatia	-5.4	4.2	0.6	1.7	0.8 f	-0.6 f	3.5 f	1.1 f
mk	Former Yugoslav Republic of Macedonia, the	-1.6	-0.6	-1.9	-2.3	2.2	3.2	4.3	3.2 f
tr	Turkey	-1.0 f	-1.8 f	-1.0 f	3.0 f	1.4 f	1.3 f	1.1 f	1.8 f
is	Iceland	1.9	-1.3	0.0	-0.6	3.2	5.6 f	4.1 f	-1.7 f
li	Liechtenstein	:	:	:	:	:	:	:	:
no	Norway	0.3	0.4	-1.0	0.4	1.2	3.6	4.1	3.1
ch	Switzerland	1.6	0.4	-0.1	0.3	0.4	2.3	1.3 f	0.7 f
us	United States	0.0	-0.3	0.9	1.1	1.7	1.9	1.1 f	-0.5 f
jp	Japan	-0.8	-1.6	-0.3	0.2	0.4	0.4	0.5 f	-0.4 f

Source: National accounts
table: nama_aux_pem
b = Break in series
f = Forecast
e = Estimated value

Table 4.44: Employment rates (15-64 years old), males plus females

		2001	2002	2003	2004	2005	2006	2007	2008
eu27	European Union (27 countries)	62.6	62.4	62.6	63.0	63.6	64.5	65.4	65.9
ea15	Euro area (BE, DE, IE, GR, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, FI)	62.2	62.4	62.7	63.2	63.8	64.8	65.7	66.1
be	Belgium	59.9	59.9	59.6	60.3	61.1	61.0	62.0	62.4
bg	Bulgaria	49.7	50.6	52.5	54.2	55.8	58.6	61.7	64.0
cz	Czech Republic	65.0	65.4	64.7	64.2	64.8	65.3	66.1	66.6
dk	Denmark	76.2	75.9	75.1	75.7	75.9	77.4	77.1	78.1
de	Germany (including ex-GDR from 1991)	65.8	65.4	65.0	65.0	66.0 b	67.5	69.4	70.7
ee	Estonia	61.0	62.0	62.9	63.0	64.4	68.1	69.4	69.8
ie	Ireland	65.8	65.5	65.5	66.3	67.6	68.6	69.1	67.6
gr	Greece	56.3	57.5	58.7	59.4	60.1	61.0	61.4	61.9
es	Spain	57.8	58.5	59.8	61.1	63.3 b	64.8	65.6	64.3
fr	France	62.8	63.0	64.0	63.7	63.9	63.8	64.6	65.2
it	Italy	54.8	55.5	56.1	57.6 b	57.6	58.4	58.7	58.7
cy	Cyprus	67.8	68.6	69.2	68.9	68.5	69.6	71.0	70.9
lv	Latvia	58.6	60.4	61.8	62.3	63.3	66.3	68.3	68.6
lt	Lithuania	57.5	59.9	61.1	61.2	62.6	63.6	64.9	64.3
lu	Luxembourg (Grand-Duché)	63.1	63.4	62.2	62.5	63.6	63.6	64.2	63.4
hu	Hungary	56.2	56.2	57.0	56.8	56.9	57.3	57.3	56.7
mt	Malta	54.3	54.4	54.2	54.0	53.9	53.6	54.6	55.2
nl	Netherlands	74.1	74.4	73.6	73.1	73.2	74.3	76.0	77.2
at	Austria	68.5	68.7	68.9	67.8 b	68.6	70.2	71.4	72.1
pl	Poland	53.4	51.5	51.2	51.7	52.8	54.5	57.0	59.2
pt	Portugal	69.0	68.8	68.1	67.8	67.5	67.9	67.8	68.2
ro	Romania	62.4	57.6 b	57.6	57.7	57.6	58.8	58.8	59.0
si	Slovenia	63.8	63.4	62.6	65.3	66.0	66.6	67.8	68.6
sk	Slovakia	56.8	56.8	57.7	57.0	57.7	59.4	60.7	62.3
fi	Finland	68.1	68.1	67.7	67.6	68.4	69.3	70.3	71.1
se	Sweden	74.0	73.6	72.9	72.1	72.5 b	73.1	74.2	74.3
uk	United Kingdom	71.4	71.4	71.5	71.7	71.7	71.6	71.5	71.5
hr	Croatia	:	53.4	53.4	54.7	55.0	55.6	57.1	:
tr	Turkey	47.8 i	46.9 i	45.8 i	46.1 i	46.0 i	45.9	45.8	45.9
is	Iceland	:	:	83.3	82.3	83.8	84.6	85.1	:
no	Norway	77.2	76.8	75.5	75.1	74.8	75.4	76.8	78.0
ch	Switzerland	79.1 i	78.9 i	77.9 i	77.4 i	77.2 i	77.9 i	78.6 i	79.5 i
us	United States	73.1	71.9	71.2	71.2	71.5	71.9	71.7	:
jp	Japan	68.7	68.2	68.3	68.6	69.2	69.9	70.6	:

Source: EU LFS
table: lfsi_emp_a
b = Break in series
i = Explanatory text:
TR = data source: national Labour Force Survey
CH = data refers to quarter 2

Table 4.45: Employment rates (15 to 64 years old), females

		2001	2002	2003	2004	2005	2006	2007	2008
eu27	European Union (27 countries)	54.3	54.4	54.9	55.5	56.3	57.3	58.3	59.1
ea15	Euro area (BE, DE, IE, GR, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, FI)	52.4	53.1	53.8	54.7	55.7	56.8	58.0	58.8
be	Belgium	51.0	51.4	51.8	52.6	53.8	54.0	55.3	56.2
bg	Bulgaria	46.8	47.5	49.0	50.6	51.7	54.6	57.6	59.5
cz	Czech Republic	56.9	57.0	56.3	56.0	56.3	56.8	57.3	57.6
dk	Denmark	72.0	71.7	70.5	71.6	71.9	73.4	73.2	74.3
de	Germany (including ex-GDR from 1991)	58.7	58.9	58.9	59.2	60.6 b	62.2	64.0	65.4
ee	Estonia	57.4	57.9	59.0	60.0	62.1	65.3	65.9	66.3
ie	Ireland	54.9	55.4	55.7	56.5	58.3	59.3	60.6	60.2
gr	Greece	41.5	42.9	44.3	45.2	46.1	47.4	47.9	48.7
es	Spain	43.1	44.4	46.3	48.3	51.2 b	53.2	54.7	54.9
fr	France	56.0	56.7	58.2	58.2	58.5	58.8	60.0	60.7
it	Italy	41.1	42.0	42.7	45.2 b	45.3	46.3	46.6	47.2
cy	Cyprus	57.2	59.1	60.4	58.7	58.4	60.3	62.4	62.9
lv	Latvia	55.7	56.8	57.9	58.5	59.3	62.4	64.4	65.4
lt	Lithuania	56.2	57.2	58.4	57.8	59.4	61.0	62.2	61.8
lu	Luxembourg (Grand-Duché)	50.9	51.6	50.9	51.9	53.7	54.6	56.1	55.1
hu	Hungary	49.8	49.8	50.9	50.7	51.0	51.1	50.9	50.6
mt	Malta	32.1	33.9	33.6	32.7	33.7	33.4	35.7	37.4
nl	Netherlands	65.2	66.2	66.0	65.8	66.4	67.7	69.6	71.1
at	Austria	60.7	61.3	61.6	60.7 b	62.0	63.5	64.4	65.8
pl	Poland	47.7	46.2	46.0	46.2	46.8	48.2	50.6	52.4
pt	Portugal	61.3	61.4	61.4	61.7	61.7	62.0	61.9	62.5
ro	Romania	57.1	51.8 b	51.5	52.1	51.5	53.0	52.8	52.5
si	Slovenia	58.8	58.6	57.6	60.5	61.3	61.8	62.6	64.2
sk	Slovakia	51.8	51.4	52.2	50.9	50.9	51.9	53.0	54.6
fi	Finland	65.4	66.2	65.7	65.6	66.5	67.3	68.5	69.0
se	Sweden	72.3	72.2	71.5	70.5	70.4 b	70.7	71.8	71.8
uk	United Kingdom	65.0	65.2	65.3	65.6	65.8	65.8	65.5	65.8
hr	Croatia	:	46.7	46.7	47.8	48.6	49.4	50.0	:
tr	Turkey	26.3 i	27.0 i	25.7 i	24.3 i	23.8 i	23.9	23.8	24.3
is	Iceland	:	:	80.1	78.8	80.5	80.8	80.8	:
no	Norway	73.6	73.7	72.6	72.2	71.7	72.2	74.0	75.4
ch	Switzerland	70.6 i	71.5 i	70.7 i	70.3 i	70.4 i	71.1 i	71.6 i	73.5 i
us	United States	67	66	65.6	65.3	65.6	66	65.9	:
jp	Japan	57	56.5	56.8	57.3	58.1	58.8	59.4	:

Source: EU LFS

table: lfsi_emp_a

b = Break in series

i = Explanatory text:

TR = data source: national Labour Force Survey

CH = data refers to quarter 2

Table 4.46: Employment rates (15 to 64 years old), males

		2001	2002	2003	2004	2005	2006	2007	2008
eu27	European Union (27 countries)	70.9	70.4	70.3	70.4	70.8	71.7	72.5	72.8
ea15	Euro area (BE, DE, IE, GR, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, FI)	72.0	71.7	71.6	71.6	71.9	72.7	73.4	73.4
be	Belgium	68.8	68.3	67.3	67.9	68.3	67.9	68.7	68.6
bg	Bulgaria	52.7	53.7	56.0	57.9	60.0	62.8	66.0	68.5
cz	Czech Republic	73.2	73.9	73.1	72.3	73.3	73.7	74.8	75.4
dk	Denmark	80.2	80.0	79.6	79.7	79.8	81.2	81.0	81.9
de	Germany (including ex-GDR from 1991)	72.8	71.8	70.9	70.8	71.3 b	72.8	74.7	75.9
ee	Estonia	65.0	66.5	67.2	66.4	67.0	71.0	73.2	73.6
ie	Ireland	76.6	75.4	75.2	75.9	76.9	77.7	77.4	74.9
gr	Greece	71.4	72.2	73.4	73.7	74.2	74.6	74.9	75.0
es	Spain	72.5	72.6	73.2	73.8	75.2 b	76.1	76.2	73.5
fr	France	69.7	69.5	69.9	69.4	69.3	69.0	69.3	69.8
it	Italy	68.5	69.1	69.6	70.1 b	69.9	70.5	70.7	70.3
cy	Cyprus	79.3	78.9	78.8	79.8	79.2	79.4	80.0	79.2
lv	Latvia	61.9	64.3	66.1	66.4	67.6	70.4	72.5	72.1
lt	Lithuania	58.9	62.7	64.0	64.7	66.1	66.3	67.9	67.1
lu	Luxembourg (Grand-Duché)	75.0	75.1	73.3	72.8	73.3	72.6	72.3	71.5
hu	Hungary	62.9	62.9	63.5	63.1	63.1	63.8	64.0	63.0
mt	Malta	76.2	74.7	74.5	75.1	73.8	73.3	72.9	72.5
nl	Netherlands	82.8	82.4	81.1	80.2	79.9	80.9	82.2	83.2
at	Austria	76.4	76.4	76.4	74.9 b	75.4	76.9	78.4	78.5
pl	Poland	59.2	56.9	56.5	57.2	58.9	60.9	63.6	66.3
pt	Portugal	77.0	76.5	75.0	74.2	73.4	73.9	73.8	74.0
ro	Romania	67.8	63.6 b	63.8	63.4	63.7	64.6	64.8	65.7
si	Slovenia	68.6	68.2	67.4	70.0	70.4	71.1	72.7	72.7
sk	Slovakia	62.0	62.4	63.3	63.2	64.6	67.0	68.4	70.0
fi	Finland	70.8	70.0	69.7	69.7	70.3	71.4	72.1	73.1
se	Sweden	75.7	74.9	74.2	73.6	74.4 b	75.5	76.5	76.7
uk	United Kingdom	78.0	77.7	77.8	77.9	77.7	77.5	77.5	77.3
hr	Croatia	:	60.5	60.3	61.8	61.7	62.0	64.4	:
tr	Turkey	69.4 i	66.9 i	65.9 i	67.8 i	68.2 i	68.1	68.0	67.7
is	Iceland	:	:	86.3	85.8	86.9	88.1	89.1	:
no	Norway	80.7	79.9	78.3	77.9	77.8	78.4	79.5	80.5
ch	Switzerland	87.6 i	86.2 i	85.1 i	84.4 i	83.9 i	84.7 i	85.6 i	85.4 i
us	United States	79.3	77.9	76.9	77.2	77.6	78	77.7	:
jp	Japan	80.4	79.8	79.8	79.9	80.3	81	81.7	:

Source: EU LFS
table: lfsi_emp_a
b = Break in series
i = Explanatory text:
TR = data source: national Labour Force Survey
CH = data refers to quarter 2

Table 4.47: Employment rates, older workers (aged 55-64), males plus females

		2001	2002	2003	2004	2005	2006	2007	2008
eu27	European Union (27 countries)	37.7	38.5	40	40.7	42.3	43.5	44.7	45.6
ea15	Euro area (BE, DE, IE, GR, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, FI)	35.1	36.4	37.8	38.6	40.5	41.8	43.3	44.4
be	Belgium	25.1	26.6	28.1	30	31.8	32	34.4	34.5
bg	Bulgaria	24	27	30	32.5	34.7	39.6	42.6	46
cz	Czech Republic	37.1	40.8	42.3	42.7	44.5	45.2	46	47.6
dk	Denmark	58	57.9	60.2	60.3	59.5	60.7	58.6	57
de	Germany (including ex-GDR from 1991)	37.9	38.9	39.9	41.8	45.4 b	48.4	51.5	53.8
ee	Estonia	48.5	51.6	52.3	52.4	56.1	58.5	60	62.4
ie	Ireland	46.8	48	49	49.5	51.6	53.1	53.8	53.6
gr	Greece	38.2	39.2	41.3	39.4	41.6	42.3	42.4	42.8
es	Spain	39.2	39.6	40.7	41.3	43.1 b	44.1	44.6	45.6
fr	France	31.9	34.7	37	37.6	38.7	38.1	38.3	38.3
it	Italy	28	28.9	30.3	30.5 b	31.4	32.5	33.8	34.4
cy	Cyprus	49.1	49.4	50.4	49.9	50.6	53.6	55.9	54.8
lv	Latvia	36.9	41.7	44.1	47.9	49.5	53.3	57.7	59.4
lt	Lithuania	38.9	41.6	44.7	47.1	49.2	49.6	53.4	53.1
lu	Luxembourg (Grand-Duché)	25.6	28.1	30.3	30.4	31.7	33.2	32	34.1
hu	Hungary	23.5	25.6	28.9	31.1	33	33.6	33.1	31.4
mt	Malta	29.4	30.1	32.5	31.5	30.8	29.8	28.5	29.1
nl	Netherlands	39.6	42.3	44.3	45.2	46.1	47.7	50.9	53
at	Austria	28.9	29.1	30.3	28.8 b	31.8	35.5	38.6	41
pl	Poland	27.4	26.1	26.9	26.2	27.2	28.1	29.7	31.6
pt	Portugal	50.2	51.4	51.6	50.3	50.5	50.1	50.9	50.8
ro	Romania	48.2	37.3 b	38.1	36.9	39.4	41.7	41.4	43.1
si	Slovenia	25.5	24.5	23.5	29	30.7	32.6	33.5	32.8
sk	Slovakia	22.4	22.8	24.6	26.8	30.3	33.1	35.6	39.2
fi	Finland	45.7	47.8	49.6	50.9	52.7	54.5	55	56.5
se	Sweden	66.7	68	68.6	69.1	69.4 b	69.6	70	70.1
uk	United Kingdom	52.2	53.4	55.4	56.2	56.8	57.3	57.4	58
hr	Croatia	:	24.8	28.4	30.1	32.6	34.3	35.8	:
tr	Turkey	35.8 i	35.7 i	33.5 i	33.2 i	31 i	30.1	29.5	29.5
is	Iceland	:	:	83	81.8	84.3	84.3	84.7	:
no	Norway	65.9	66.2	66.9	65.8	65.5	67.4	69	69.2
ch	Switzerland	67.1 i	64.6 i	65.8 i	65.2 i	65.1 i	65.7 i	67.2 i	68.4 i
us	United States	58.5	59.4	59.8	59.9	60.8	61.7	61.8	:
jp	Japan	62	61.6	62.1	63	63.8	64.7	66.1	:

Source: EU LFS
table: lfsi_emp_a
b = Break in series
i = Explanatory text:
TR = data source: national Labour Force Survey
CH = data refers to quarter 2

Table 4.48: Employment by NACE (thousands persons)

		2008						
		NACE A-B	NACE C-E	NACE F	NACE G-I	NACE J-K	NACE L-P	Total
eu27	European Union (27 countries)	12,824	39,458	16,726	57,484	34,374	65,342	226,208
ea15	Euro area (BE, DE, IE, GR, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, FI)	5,619	24,615	10,942	37,293	23,385	43,914	145,768
be	Belgium	82	619	264	1,071	900	1,500	4,436
bg	Bulgaria	739	825	259	980	274	760	3,836
cz	Czech Republic	179	1,545	455	1,339	670	1,080	5,268
dk	Denmark	84	412	192	765	473	1,003	2,928
de	Germany (including ex-GDR from 1991)	856	8,024	2,197	10,057	7,029	12,167	40,330
ee	Estonia	25	151	72	170	62	163	643
ie	Ireland	119	287	252	556	293	589	2,096
gr	Greece	542	549	381	1,569	441	1,277	4,759
es	Spain	879	3,181	2,416	5,907	2,472	5,678	20,532
fr	France	:	:	:	:	:	:	25,841
it	Italy	992	5,179	1,938	6,175	3,784	7,195	25,263
cy	Cyprus	17	41	39	140	43	115	395
lv	Latvia	89	187	126	327	113	279	1,120
lt	Lithuania	120	297	165	417	122	400	1,522
lu	Luxembourg (Grand-Duché)	5	38	38	90	101	77	349
hu	Hungary	178	1,000	307	1,041	422	1,048	3,855
mt	Malta	:	:	:	:	:	:	163
nl	Netherlands	258	966	498	2,266	1,941	2,815	8,743
at	Austria	215	712	274	1,156	618	1,143	4,117
pl	Poland	:	:	:	:	:	:	15,783 f
pt	Portugal	599 e	919 e	515 e	1,445 e	437 e	1,233 e	5,147 e
ro	Romania	:	:	:	:	:	:	9,396 f
si	Slovenia	86	252	90	219	141	203	990
sk	Slovakia	80 e	586 e	183 e	656 e	230 e	502 e	2,237 e
fi	Finland	125	448	191	569	357	841	2,530
se	Sweden	99	751	284	983	690	1,752	4,559
uk	United Kingdom	:	:	:	:	:	:	29,439
hr	Croatia	:	:	:	:	:	:	1,635 f
mk	Former Yugoslav Republic of Macedonia, the	:	:	:	:	:	:	522 f
tr	Turkey	:	:	:	:	:	:	23,052 f
is	Iceland	:	:	:	:	:	:	174 f
no	Norway	74	357	189	664	373	959	2,616
ch	Switzerland	:	:	:	:	:	:	4,377 f
us	United States	:	:	:	:	:	:	147,603 f
jp	Japan	:	:	:	:	:	:	64,228 f

		2001						
		NACE A-B	NACE C-E	NACE F	NACE G-I	NACE J-K	NACE L-P	Total
eu27	European Union (27 countries)	14,818	41,475	14,623	52,900	28,639	59,005	211,460
ea15	Euro area (BE, DE, IE, GR, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, FI)	6,324	26,019	10,077	34,347	19,514	39,490	135,770
be	Belgium	92	692	243	1,019	751	1,353	4,150
bg	Bulgaria	775	743	131	724	165	676	3,215
cz	Czech Republic	229	1,529	416	1,264	525	1,001	4,963
dk	Denmark	92	465	166	704	377	980	2,785
de	Germany (including ex-GDR from 1991)	925	8,544	2,598	9,885	5,985	11,379	39,316
ee	Estonia	39	151	39	155	44	149	577
ie	Ireland	126	321	183	468	223	428	1,748
gr	Greece	671	562	307	1,373	324	1,024	4,261
es	Spain	1,041	3,136	1,958	4,592	1,726	4,477	16,931
fr	France	950	3,883	1,503	5,696	4,374	8,359	24,765
it	Italy	1,110	5,174	1,656	5,767	3,100	6,586	23,393
cy	Cyprus	18	37	27	117	33	89	322
lv	Latvia	143	184	66	250	68	253	965
lt	Lithuania	232	279	83	314	52	386	1,346
lu	Luxembourg (Grand-Duché)	4	36	27	74	77	61	278
hu	Hungary	243	1,052	267	1,002	298	994	3,855
mt	Malta	:	:	:	:	:	:	149
nl	Netherlands	283	1,073	504	2,200	1,692	2,530	8,282
at	Austria	:	:	:	:	:	:	3,816
pl	Poland	4,306	3,049	776	2,990	1,125	2,996	15,242
pt	Portugal	654	1,057	571	1,300	367	1,172	5,121
ro	Romania	:	:	:	:	:	:	:
si	Slovenia	103	274	67	194	91	179	909
sk	Slovakia	110	572	129	509	182	534	2,037
fi	Finland	131	487	152	534	266	761	2,331
se	Sweden	119	838	234	936	603	1,662	4,391
uk	United Kingdom	:	:	:	:	:	:	27,711
hr	Croatia	228	344	97	391	88	317	1,465
mk	Former Yugoslav Republic of Macedonia, the	55	155	31	115	18	109	483
tr	Turkey	:	:	:	:	:	:	21,744 f
is	Iceland	:	:	:	:	:	:	159
no	Norway	91	341	138	609	283	866	2,328
ch	Switzerland	175	762	300	1,158	677	1,084	4,155
us	United States	2,299	21,085	10,155	36,782	23,681	45,221	139,222
jp	Japan	4,103	12,798	6,595	15,925	2,871	23,931	64,761

Source: National accounts

table: nama_nace06_e

f = Forecast

e = Estimated value

Table 4.49: Part-time jobholders, males plus females (% total jobholders)

		2001	2002	2003	2004	2005	2006	2007	2008
eu27	European Union (27 countries)	16.2	16.2	16.5	17.2	17.8	18.1	18.2	18.2
ea15	Euro area (BE, DE, IE, GR, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, FI)	16.0	16.3	16.7	17.7	18.9	19.5	19.6	19.8
be	Belgium	18.5	19.1	20.5	21.4	22.0	22.2	22.1	22.6
bg	Bulgaria	3.2	2.5	2.3	2.4	2.1	2.0	1.7	2.3
cz	Czech Republic	4.9	4.9	5.0	4.9	4.9	5.0	5.0	4.9
dk	Denmark	20.1	20.0	21.3	22.2	22.1	23.6	24.1	24.6
de	Germany (including ex-GDR from 1991)	20.3	20.8	21.7	22.3	24.0 b	25.8	26.0	25.9
ee	Estonia	8.2	7.7	8.5	8.0	7.8	7.8	8.2	7.2
ie	Ireland	16.5	16.5	16.9	16.8	:	:	:	:
gr	Greece	4.0	4.4	4.3	4.6	5.0	5.7	5.6	5.6
es	Spain	8.0	8.0	8.2	8.7	12.4 b	12.0	11.8	12.0
fr	France	16.3	16.4	16.5	16.7	17.1	17.2	17.2	16.9
it	Italy	8.4	8.6	8.5	12.7 b	12.8	13.3	13.6	14.3
cy	Cyprus	8.4	7.2	8.9	8.6	8.9	7.7	7.3	7.8
lv	Latvia	10.3	9.7	10.3	10.4	8.3	6.5	6.4	6.3
lt	Lithuania	9.9	10.8	9.6	8.4	7.1	9.9	8.6	6.7
lu	Luxembourg (Grand-Duché)	10.4	10.7	13.4	16.4	17.4	17.1	17.8	18.0
hu	Hungary	3.6	3.6	4.4	4.7	4.1	4.0	4.1	4.6
mt	Malta	7.4	8.3	9.2	8.7	9.6	10.0	10.9	11.5
nl	Netherlands	42.2	43.9	45.0	45.5	46.1	46.2	46.8	47.3
at	Austria	18.2	19.0	18.7	19.8 b	21.1	21.8	22.6	23.3
pl	Poland	10.3	10.8	10.5	10.8	10.8	9.8	9.2	8.5
pt	Portugal	11.1	11.2	11.7	11.3	11.2	11.3	12.1	11.9
ro	Romania	16.6	11.8 b	11.5	10.6	10.2	9.7	9.7	9.9
si	Slovenia	6.1	6.1	6.2	9.3	9.0	9.2	9.3	9.0
sk	Slovakia	2.3	1.9	2.4	2.7	2.5	2.8	2.6	2.7
fi	Finland	12.2	12.8	13.0	13.5	13.7	14.0	14.1	13.3
se	Sweden	21.1	21.5	22.9	23.6	24.7 b	25.1	25.0	26.6
uk	United Kingdom	25.0	25.3	25.6	25.7	25.2	25.3	25.2	25.3
hr	Croatia	:	8.3	8.5	8.5	10.1	9.4	8.6	:
tr	Turkey	6.2 i	6.9 i	6.3 i	6.9 i	5.9 i	7.9	8.8	9.6
is	Iceland	:	:	22.1	22.2	22.2	17.1	21.7	:
no	Norway	26.0	26.4	28.8	29.2	28.2	28.7	28.2	28.2
ch	Switzerland	31.8 i	31.7 i	32.7 i	33.0 i	33.1 i	33.3 i	33.5 i	34.3 i

Source: EU LFS

table: lfsi_emp_a

b = Break in series

i = Explanatory text:

TR = data source: national Labour Force Survey

CH = data refers to quarter 2

Table 4.50: Part-time jobholders, females (% total jobholders)

		2001	2002	2003	2004	2005	2006	2007	2008
eu27	European Union (27 countries)	28.6	28.5	29.0	30.0	30.9	31.2	31.2	31.1
ea15	Euro area (BE, DE, IE, GR, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, FI)	30.6	30.6	31.2	32.8	34.4	35.0	35.1	35.0
be	Belgium	36.9	37.4	39.1	40.5	40.5	41.1	40.6	40.9
bg	Bulgaria	3.6	3.0	2.6	2.7	2.5	2.5	2.1	2.7
cz	Czech Republic	8.5	8.3	8.5	8.3	8.6	8.7	8.5	8.5
dk	Denmark	31.6	30.3	32.7	33.8	33.0	35.4	36.2	36.5
de	Germany (including ex-GDR from 1991)	39.3	39.5	40.8	41.6	43.5 b	45.6	45.8	45.4
ee	Estonia	11.3	10.7	11.8	10.6	10.6	11.3	12.1	10.4
ie	Ireland	30.7	30.6	31.0	31.5	:	:	:	:
gr	Greece	7.2	8.0	7.7	8.5	9.3	10.2	10.1	9.9
es	Spain	16.8	16.8	17.1	17.9	24.2 b	23.2	22.8	22.7
fr	France	30.1	29.8	29.6	29.9	30.2	30.2	30.2	29.4
it	Italy	16.6	16.9	17.3	25.0 b	25.6	26.5	26.9	27.9
cy	Cyprus	12.9	11.3	13.2	13.6	14.0	12.1	10.9	11.4
lv	Latvia	11.9	12.0	12.7	13.2	10.4	8.3	8.0	8.1
lt	Lithuania	11.4	12.3	11.8	10.5	9.1	12.0	10.2	8.6
lu	Luxembourg (Grand-Duché)	25.8	25.3	30.7	36.3	38.2	36.2	37.2	38.3
hu	Hungary	5.2	5.1	6.2	6.3	5.8	5.6	5.8	6.2
mt	Malta	17.5	18.3	21.3	19.3	21.1	21.5	24.6	25.5
nl	Netherlands	71.3	73.1	74.1	74.7	75.1	74.7	75.0	75.3
at	Austria	35.0	35.9	36.0	38.0 b	39.3	40.2	41.2	41.5
pl	Poland	12.7	13.4	13.2	14.0	14.3	13.0	12.5	11.7
pt	Portugal	16.4	16.4	16.9	16.3	16.2	15.8	16.9	17.2
ro	Romania	18.4	13.0 b	12.2	11.2	10.5	9.8	10.4	10.8
si	Slovenia	7.4	7.5	7.5	11.0	11.1	11.6	11.3	11.4
sk	Slovakia	3.5	2.7	3.8	4.2	4.1	4.7	4.5	4.2
fi	Finland	16.8	17.5	17.7	18.4	18.6	19.2	19.3	18.2
se	Sweden	33.0	33.1	35.5	36.3	39.6 b	40.2	40.0	41.4
uk	United Kingdom	43.9	43.8	43.9	43.8	42.6	42.5	42.2	41.8
hr	Croatia	:	10.5	11.2	11.2	13.4	11.7	11.3	:
tr	Turkey	14.0 i	13.7 i	12.8 i	15.3 i	13.5 i	17.8	19.7	20.8
is	Iceland	:	:	36.2	36.8	37.5	30.1	36.7	:
no	Norway	42.9	43.3	45.3	45.4	44.2	45.2	44.1	43.6
ch	Switzerland	57.2 i	57.0 i	58.4 i	58.8 i	58.8 i	58.4 i	59.0 i	59.0 i

Source: EU LFS

table: lfsi_emp_a

b = Break in series

i = Explanatory text:

TR = data source: national Labour Force Survey

CH = data refers to quarter 2

Table 4.51: Part-time jobholders, males (% total jobholders)

		2001	2002	2003	2004	2005	2006	2007	2008
eu27	European Union (27 countries)	6.6	6.6	6.7	7.1	7.4	7.7	7.7	7.9
ea15	Euro area (BE, DE, IE, GR, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, FI)	5.5	5.7	5.8	6.3	7.0	7.4	7.5	7.7
be	Belgium	5.2	5.6	6.4	6.8	7.6	7.4	7.5	7.9
bg	Bulgaria	2.9	2.1	1.9	2.1	1.7	1.5	1.3	2.0
cz	Czech Republic	2.2	2.2	2.3	2.3	2.1	2.2	2.3	2.2
dk	Denmark	10.2	11.1	11.6	12.1	12.7	13.3	13.5	14.2
de	Germany (including ex-GDR from 1991)	5.3	5.8	6.1	6.5	7.8 b	9.3	9.4	9.4
ee	Estonia	5.1	4.8	5.4	5.4	4.9	4.3	4.3	4.1
ie	Ireland	6.6	6.5	6.6	6.1	:	:	:	:
gr	Greece	2.2	2.3	2.2	2.2	2.3	2.9	2.7	2.8
es	Spain	2.8	2.6	2.6	2.8	4.5 b	4.3	4.1	4.2
fr	France	5.0	5.2	5.4	5.4	5.8	5.8	5.7	5.8
it	Italy	3.5	3.5	3.2	4.8 b	4.6	4.7	5.0	5.3
cy	Cyprus	5.0	4.0	5.5	4.8	5.0	4.3	4.4	4.8
lv	Latvia	8.6	7.6	7.9	7.7	6.3	4.7	4.9	4.5
lt	Lithuania	8.4	9.4	7.4	6.5	5.1	7.9	7.0	4.9
lu	Luxembourg (Grand-Duché)	1.4	1.8	1.6	2.5	2.5	2.6	2.6	2.7
hu	Hungary	2.2	2.3	2.8	3.2	2.7	2.6	2.8	3.3
mt	Malta	3.2	3.9	3.8	4.1	4.5	4.9	4.4	4.5
nl	Netherlands	20.0	21.2	22.0	22.3	22.6	23.0	23.6	23.9
at	Austria	4.8	5.1	4.7	4.9 b	6.1	6.5	7.2	8.1
pl	Poland	8.3	8.5	8.2	8.2	8.0	7.1	6.6	5.9
pt	Portugal	6.7	7.0	7.3	7.1	7.0	7.4	8.0	7.4
ro	Romania	14.9	10.9 b	10.9	10.2	10.0	9.5	9.2	9.1
si	Slovenia	5.0	4.9	5.2	7.9	7.2	7.2	7.7	7.1
sk	Slovakia	1.2	1.1	1.3	1.4	1.3	1.3	1.1	1.4
fi	Finland	7.9	8.3	8.7	9.0	9.2	9.3	9.3	8.9
se	Sweden	10.8	11.1	11.2	12.0	11.5 b	11.8	11.8	13.3
uk	United Kingdom	9.0	9.6	10.1	10.3	10.4	10.6	10.8	11.3
hr	Croatia	:	6.6	6.3	6.3	7.3	7.5	6.4	:
tr	Turkey	3.2 i	4.0 i	3.7 i	3.9 i	3.3 i	4.4	4.9	5.6
is	Iceland	:	:	9.4	9.2	8.7	7.0	9.3	:
no	Norway	11.2	11.2	14.0	14.6	13.8	13.9	13.9	14.4
ch	Switzerland	11.5 i	10.9 i	11.6 i	11.8 i	11.8 i	12.6 i	12.4 i	13.5 i

Source: EU LFS
table: lfsi_emp_a
b = Break in series
i = Explanatory text:
TR = data source: national Labour Force Survey
CH = data refers to quarter 2

Table 4.52: Fixed-term contracts, males plus females (% total employees)

		2001	2002	2003	2004	2005	2006	2007	2008
eu27	European Union (27 countries)	12.4	12.3	12.7	13.3	14.0	14.4	14.5	14.0
ea15	Euro area (BE, DE, IE, GR, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, FI)	15.0	14.6	14.8	15.4	16.3	16.7	16.7	16.4
be	Belgium	8.8	8.1	8.4	8.7	8.9	8.7	8.6	8.3
bg	Bulgaria	6.3	5.3	6.5	7.4	6.4	6.2	5.2	5.0
cz	Czech Republic	8.0	8.1	9.2	9.1	8.6	8.7	8.6	8.0
dk	Denmark	9.2	9.1	9.3	9.5	9.8	8.9	8.7	8.4
de	Germany (including ex-GDR from 1991)	12.4	12.0	12.2	12.4	14.1 b	14.5	14.6	14.7
ee	Estonia	2.5	2.7	2.5	2.6	2.7	2.7	2.1	2.4
ie	Ireland	5.3	5.3	5.2	4.1	3.7	3.4	7.3	8.5
gr	Greece	13.2	11.7	11.2	11.9	11.8	10.7	10.9	11.5
es	Spain	32.2	31.8	31.8	32.5	33.3 b	34.0	31.7	29.3
fr	France	14.6	13.5	13.6	13.5	14.1	14.1	14.4	14.2
it	Italy	9.8	9.9	9.9	11.8 b	12.3	13.1	13.2	13.3
cy	Cyprus	10.8	9.1	12.5	12.9	14.0	13.1	13.2	13.9
lv	Latvia	6.7	13.9	11.1	9.5	8.4	7.1	4.2	3.3
lt	Lithuania	5.8	7.2	7.2	6.3	5.5	4.5	3.5	2.4
lu	Luxembourg (Grand-Duché)	5.6	5.1	3.1	4.8	5.3	6.1	6.8	6.2
hu	Hungary	7.5	7.3	7.5	6.8	7.0	6.7	7.3	7.9
mt	Malta	4.0	4.3	3.6	4.0	4.5	3.7	5.1	4.3
nl	Netherlands	14.3	14.4	14.5	14.8	15.5	16.6	18.1	18.2
at	Austria	7.9	7.4	6.9	9.6 b	9.1	9.0	8.9	9.0
pl	Poland	11.7	15.4	19.4	22.7	25.7	27.3	28.2	27.0
pt	Portugal	20.3	21.5	20.6	19.8	19.5	20.6	22.4	22.8
ro	Romania	3.0	1.0 b	2.0	2.5	2.4	1.8	1.6	1.3
si	Slovenia	13.0	14.3	13.7	17.8	17.4	17.3	18.5	17.4
sk	Slovakia	4.9	4.9	4.9	5.5	5.0	5.1	5.1	4.7
fi	Finland	16.4	16.0	16.3	16.1	16.5	16.4	15.9	15.0
se	Sweden	15.3	15.2	15.1	15.5	16.0 b	17.3	17.5	16.1
uk	United Kingdom	6.8	6.4	6.1	6.0	5.8	5.8	5.9	5.4
hr	Croatia	:	10.9	11.3	12.2	12.4	12.9	12.6	:
tr	Turkey	:	:	:	:	:	13.3	12.6	11.8
is	Iceland	:	:	7.9	6.7	6.9	11.5	12.3	:
no	Norway	2.5	2.8	9.5	10.0	9.5	10.1	9.6	9.1
ch	Switzerland	11.6 i	12.2 i	12.0 i	12.1 i	12.8 i	13.5 i	12.9 i	13.2 i

Source: EU LFS
table: lfsi_emp_a
b = Break in series
i = Explanatory text:
CH = data refers to quarter 2

Table 4.53: Fixed-term contracts, males plus females (% total employees)

		2001	2002	2003	2004	2005	2006	2007	2008
eu27	European Union (27 countries)	13.3	13.2	13.5	13.9	14.5	15.0	15.2	14.9
ea15	Euro area (BE, DE, IE, GR, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, FI)	16.3	16.0	16.0	16.5	17.2	17.7	17.7	17.5
be	Belgium	12.0	11.2	11.1	11.7	11.4	10.9	10.8	10.2
bg	Bulgaria	5.9	4.7	6.0	7.0	6.2	6.1	5.5	4.4
cz	Czech Republic	8.9	9.3	10.7	10.7	9.8	10.1	10.2	9.8
dk	Denmark	10.7	10.3	10.4	10.3	11.3	10.0	10.0	9.1
de	Germany (including ex-GDR from 1991)	12.7	12.2	12.3	12.2	13.8 b	14.1	14.5	14.6
ee	Estonia	1.8	1.5	1.8	1.8	2.0	2.2	1.6	1.4
ie	Ireland	6.2	6.3	6.0	4.6	4.2	3.9	8.6	9.8
gr	Greece	15.7	13.6	13.3	14.0	14.3	13.0	13.1	13.7
es	Spain	34.7	34.8	34.6	35.2	35.7 b	36.7	33.1	31.4
fr	France	16.2	15.3	15.2	14.8	15.0	14.8	15.4	15.4
it	Italy	11.9	12.0	12.2	14.5 b	14.7	15.8	15.9	15.6
cy	Cyprus	14.8	12.7	17.1	17.7	19.5	19.0	19.2	19.9
lv	Latvia	5.0	10.8	9.1	7.3	6.2	5.4	2.9	2.0
lt	Lithuania	4.2	4.9	4.8	3.9	3.6	2.7	2.3	1.9
lu	Luxembourg (Grand-Duché)	6.4	5.6	4.2	5.8	5.8	6.6	7.6	6.6
hu	Hungary	6.8	6.6	6.7	6.1	6.4	6.0	6.8	7.0
mt	Malta	6.4	5.9	4.8	5.8	6.1	5.8	7.7	5.8
nl	Netherlands	17.4	17.1	16.4	16.5	16.9	18.0	19.7	20.0
at	Austria	8.7	7.3	6.7	9.0 b	8.8	8.9	9.0	9.1
pl	Poland	10.9	14.4	17.8	21.5	24.7	26.0	27.9	27.7
pt	Portugal	22.5	23.4	22.3	21.1	20.4	21.7	23.0	24.1
ro	Romania	2.8	0.8 b	1.7	2.0	1.9	1.6	1.5	1.2
si	Slovenia	14.0	16.1	14.9	19.1	19.3	19.3	20.8	19.7
sk	Slovakia	4.7	4.5	4.6	5.1	4.9	5.2	5.3	4.8
fi	Finland	19.9	19.5	20.0	19.5	20.0	20.0	19.4	18.7
se	Sweden	17.6	17.6	17.4	17.5	17.7 b	19.1	19.9	18.7
uk	United Kingdom	7.6	7.2	6.9	6.6	6.3	6.5	6.4	6.0
hr	Croatia	:	10.4	10.7	12.4	12.3	12.6	13.2	:
tr	Turkey	:	:	:	:	:	13.1	12.4	12.5
is	Iceland	:	:	8.3	7.9	7.8	12.7	13.6	:
no	Norway	3.2	3.5	11.3	11.8	11.6	12.6	11.7	11.1
ch	Switzerland	12.6 i	12.7 i	12.4 i	12.5 i	13.0 i	13.9 i	13.1 i	13.1 i

Source: EU LFS
table: lfsi_emp_a
b = Break in series
i = Explanatory text:
CH = data refers to quarter 2

Table 4.54: Fixed-term contracts, males plus females (% total employees)

		2001	2002	2003	2004	2005	2006	2007	2008
eu27	European Union (27 countries)	11.7	11.6	12.0	12.8	13.6	13.9	13.8	13.3
ea15	Euro area (BE, DE, IE, GR, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, FI)	13.9	13.5	13.7	14.6	15.6	15.9	15.9	15.4
be	Belgium	6.3	5.8	6.2	6.4	6.8	6.9	6.8	6.6
bg	Bulgaria	6.6	5.9	7.0	7.7	6.7	6.3	5.0	5.6
cz	Czech Republic	7.2	7.0	7.9	7.8	7.6	7.5	7.3	6.5
dk	Denmark	7.7	7.9	8.2	8.7	8.5	8.0	7.6	7.6
de	Germany (including ex-GDR from 1991)	12.2	11.8	12.1	12.7	14.4 b	14.7	14.7	14.7
ee	Estonia	3.3	3.9	3.2	3.5	3.4	3.3	2.7	3.4
ie	Ireland	4.4	4.5	4.4	3.7	3.1	2.9	6.0	7.2
gr	Greece	11.6	10.5	9.7	10.5	10.1	9.1	9.3	9.9
es	Spain	30.6	29.9	29.9	30.6	31.7 b	32.0	30.6	27.6
fr	France	13.2	11.9	12.1	12.3	13.3	13.4	13.3	13.0
it	Italy	8.3	8.4	8.2	9.9 b	10.5	11.2	11.2	11.6
cy	Cyprus	7.1	5.8	8.1	8.5	9.0	7.9	7.6	8.2
lv	Latvia	8.5	17.0	13.1	11.6	10.7	8.8	5.5	4.7
lt	Lithuania	7.6	9.8	9.6	8.7	7.6	6.4	4.9	2.9
lu	Luxembourg (Grand-Duché)	5.2	4.7	2.4	4.1	4.9	5.7	6.2	5.9
hu	Hungary	8.1	7.9	8.3	7.5	7.6	7.4	7.7	8.7
mt	Malta	2.8	3.4	3.0	3.1	3.7	2.7	3.7	3.4
nl	Netherlands	11.9	12.1	12.9	13.4	14.3	15.4	16.6	16.6
at	Austria	7.2	7.6	7.1	10.2 b	9.3	9.1	8.8	8.9
pl	Poland	12.4	16.4	20.8	23.7	26.5	28.5	28.4	26.3
pt	Portugal	18.4	19.9	19.0	18.7	18.7	19.5	21.8	21.7
ro	Romania	3.2	1.1 b	2.2	2.9	2.8	2.0	1.7	1.3
si	Slovenia	12.1	12.6	12.6	16.7	15.7	15.5	16.5	15.3
sk	Slovakia	5.1	5.2	5.3	6.0	5.1	5.0	4.9	4.6
fi	Finland	12.9	12.5	12.6	12.6	12.9	12.6	12.4	11.2
se	Sweden	12.9	12.8	12.8	13.5	14.2 b	15.4	15.0	13.4
uk	United Kingdom	6.0	5.7	5.4	5.5	5.3	5.2	5.3	4.9
hr	Croatia	:	11.3	11.8	12.1	12.4	13.1	12.2	:
tr	Turkey	:	:	:	:	:	13.3	12.6	11.6
is	Iceland	:	:	7.4	5.5	6.0	10.4	11.0	:
no	Norway	1.8	2.1	7.7	8.4	7.5	7.8	7.6	7.1
ch	Switzerland	10.8 i	11.8 i	11.7 i	11.8 i	12.6 i	13.1 i	12.7 i	13.3 i

Source: EU LFS

table: lfsi_emp_a

b = Break in series

i = Explanatory text:

CH = data refers to quarter 2

Table 4.55: Fixed-term contracts, males plus females (% total employees)

		2001	2002	2003	2004	2005	2006	2007	2008
eu27	European Union (27 countries)	11.7	11.6	12.0	12.8	13.6	13.9	13.8	13.3
ea15	Euro area (BE, DE, IE, GR, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, FI)	13.9	13.5	13.7	14.6	15.6	15.9	15.9	15.4
be	Belgium	6.3	5.8	6.2	6.4	6.8	6.9	6.8	6.6
bg	Bulgaria	6.6	5.9	7.0	7.7	6.7	6.3	5.0	5.6
cz	Czech Republic	7.2	7.0	7.9	7.8	7.6	7.5	7.3	6.5
dk	Denmark	7.7	7.9	8.2	8.7	8.5	8.0	7.6	7.6
de	Germany (including ex-GDR from 1991)	12.2	11.8	12.1	12.7	14.4 b	14.7	14.7	14.7
ee	Estonia	3.3	3.9	3.2	3.5	3.4	3.3	2.7	3.4
ie	Ireland	4.4	4.5	4.4	3.7	3.1	2.9	6.0	7.2
gr	Greece	11.6	10.5	9.7	10.5	10.1	9.1	9.3	9.9
es	Spain	30.6	29.9	29.9	30.6	31.7 b	32.0	30.6	27.6
fr	France	13.2	11.9	12.1	12.3	13.3	13.4	13.3	13.0
it	Italy	8.3	8.4	8.2	9.9 b	10.5	11.2	11.2	11.6
cy	Cyprus	7.1	5.8	8.1	8.5	9.0	7.9	7.6	8.2
lv	Latvia	8.5	17.0	13.1	11.6	10.7	8.8	5.5	4.7
lt	Lithuania	7.6	9.8	9.6	8.7	7.6	6.4	4.9	2.9
lu	Luxembourg (Grand-Duché)	5.2	4.7	2.4	4.1	4.9	5.7	6.2	5.9
hu	Hungary	8.1	7.9	8.3	7.5	7.6	7.4	7.7	8.7
mt	Malta	2.8	3.4	3.0	3.1	3.7	2.7	3.7	3.4
nl	Netherlands	11.9	12.1	12.9	13.4	14.3	15.4	16.6	16.6
at	Austria	7.2	7.6	7.1	10.2 b	9.3	9.1	8.8	8.9
pl	Poland	12.4	16.4	20.8	23.7	26.5	28.5	28.4	26.3
pt	Portugal	18.4	19.9	19.0	18.7	18.7	19.5	21.8	21.7
ro	Romania	3.2	1.1 b	2.2	2.9	2.8	2.0	1.7	1.3
si	Slovenia	12.1	12.6	12.6	16.7	15.7	15.5	16.5	15.3
sk	Slovakia	5.1	5.2	5.3	6.0	5.1	5.0	4.9	4.6
fi	Finland	12.9	12.5	12.6	12.6	12.9	12.6	12.4	11.2
se	Sweden	12.9	12.8	12.8	13.5	14.2 b	15.4	15.0	13.4
uk	United Kingdom	6.0	5.7	5.4	5.5	5.3	5.2	5.3	4.9
hr	Croatia	:	11.3	11.8	12.1	12.4	13.1	12.2	:
tr	Turkey	:	:	:	:	:	13.3	12.6	11.6
is	Iceland	:	:	7.4	5.5	6.0	10.4	11.0	:
no	Norway	1.8	2.1	7.7	8.4	7.5	7.8	7.6	7.1
ch	Switzerland	10.8 i	11.8 i	11.7 i	11.8 i	12.6 i	13.1 i	12.7 i	13.3 i

Source: EU LFS
table: lfsi_emp_a
b = Break in series
i = Explanatory text:
CH = data refers to quarter 2

Table 4.56: Actual weekly hours worked by NACE and ISCO, EU27, 2008

NACE			Full-time jobs			Part-time jobs		
			Total	Employees	Self-employed	Total	Employees	Self-employed
A-P	All activities	Total	41.0	39.8	46.7	20.0	20.1	19.6
		Women	39.1	38.4	43.7	20.0	20.2	18.8
		Men	42.1	40.7	47.9	19.8	19.5	20.8
A-B	Agriculture	Total	44.1	40.9	45.7	22.2	19.5	22.8
		Women	40.1	38.7	40.6	21.3	19.1	21.8
		Men	46.0	41.6	48.6	23.2	20.1	23.9
C-F	Industry	Total	40.8	40.1	45.9	20.0	20.1	19.2
		Women	39.2	38.9	43.3	19.9	20.3	16.7
		Men	41.2	40.4	46.2	20.3	19.9	21.4
J-P	Services	Total	40.8	39.6	47.4	19.7	19.9	17.9
		Women	38.9	38.2	45.0	19.8	20.0	17.6
		Men	42.2	40.8	48.5	19.0	19.1	18.4

ISCO			Full-time jobs			Part-time jobs		
			Total	Employees	Self-employed	Total	Employees	Self-employed
0	Armed forces	Total	41.8	41.8				
		Women	40.6	40.6				
		Men	41.9	41.9				
1	Legislators, senior officials and managers	Total	46.3	43.2	50.6	21.8	23.9	19.4
		Women	43.9	40.9	48.3	22.3	24.6	19.3
		Men	47.3	44.2	51.5	20.7	22.2	19.5
2	Professionals	Total	40.2	39.4	45.0	21.3	22.0	18.4
		Women	38.2	37.7	42.0	21.6	22.3	18.7
		Men	41.8	40.7	46.3	20.3	21.3	18.1
3	Technicians and associate profressionals	Total	39.7	39.0	44.9	21.6	22.2	17.4
		Women	38.2	37.9	42.1	21.8	22.4	16.8
		Men	40.9	40.1	46.0	20.4	21.1	18.3
4	Clerks	Total	38.3	38.2	42.8	20.5	20.8	15.4
		Women	37.7	37.6	40.4	20.6	21.0	15.1
		Men	39.3	39.2	46.5	19.4	19.6	16.8
5	Service workers and shop & market sales workers	Total	40.9	40.2	46.6	19.5	19.6	18.0
		Women	40.0	39.3	44.9	19.7	19.8	17.8
		Men	42.5	41.6	49.2	18.7	18.7	18.8
6	Skilled agricultural and fishery workers	Total	44.5	40.3	45.6	21.7	19.9	22.0
		Women	40.9	39.3	41.2	21.2	19.7	21.3
		Men	46.5	40.5	48.3	22.3	20.0	22.8
7	Craft and related trades workers	Total	41.1	40.0	46.0	20.9	20.9	20.9
		Women	39.9	39.4	45.0	19.6	19.8	18.7
		Men	41.2	40.1	46.1	21.7	21.7	21.8
8	Plant and machine operators and assemblers	Total	41.3	40.8	47.8	20.5	20.6	20.0
		Women	39.0	38.9	45.1	20.7	20.9	17.2
		Men	41.7	41.2	48.0	20.4	20.4	20.9
9	Elementary occupations	Total	39.5	39.4	41.4	17.3	16.9	20.5
		Women	38.5	38.5	38.4	17.0	16.9	18.9
		Men	40.2	40.0	42.8	17.9	17.1	22.7

Source: EU LFS

tables: lfsa_ewhana & lfsa_ewhais

Table 4.57: Unemployment rates, males plus females

		2001	2002	2003	2004	2005	2006	2007	2008
eu27	European Union (27 countries)	8.5	8.9	9.0	9.0	8.9	8.2	7.1	7.0
ea15	Euro area (BE, DE, IE, GR, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, FI)	7.8	8.2	8.6	8.8	8.9	8.3	7.4	7.5
be	Belgium	6.6	7.5	8.2	8.4	8.5	8.3	7.5	7.0
bg	Bulgaria	19.5	18.2	13.7	12.1	10.1	9.0	6.9	5.6
cz	Czech Republic	8.0	7.3	7.8	8.3	7.9	7.2	5.3	4.4
dk	Denmark	4.5	4.6	5.4	5.5	4.8	3.9	3.8	3.3
de	Germany (including ex-GDR from 1991)	7.6	8.4	9.3	9.8	10.7	9.8	8.4	7.3
ee	Estonia	12.4	10.3	10.0	9.7	7.9	5.9	4.7	5.5
ie	Ireland	4.0	4.5	4.7	4.5	4.4	4.5	4.6	6.3
gr	Greece	10.7	10.3	9.7	10.5	9.9	8.9	8.3	7.7
es	Spain	10.3	11.1	11.1	10.6	9.2	8.5	8.3	11.3
fr	France	8.3	8.6	9.0	9.3	9.2	9.2	8.3	7.8
it	Italy	9.1	8.6	8.5	8.1	7.7	6.8	6.1	6.8
cy	Cyprus	3.8	3.6	4.1	4.7	5.3	4.6	4.0	3.8
lv	Latvia	12.9	12.2	10.5	10.4	8.9	6.8	6.0	7.5
lt	Lithuania	16.5	13.5	12.5	11.4	8.3	5.6	4.3	5.8
lu	Luxembourg (Grand-Duché)	1.9	2.6	3.8	5.0	4.6	4.6	4.2	4.9
hu	Hungary	5.7	5.8	5.9	6.1	7.2	7.5	7.4	7.8
mt	Malta	7.6	7.5	7.6	7.4	7.2	7.1	6.4	5.9
nl	Netherlands	2.2	2.8	3.7	4.6	4.7	3.9	3.2	2.8
at	Austria	3.6	4.2	4.3	4.9	5.2	4.8	4.4	3.8
pl	Poland	18.3	20.0	19.7	19.0	17.8	13.9	9.6	7.1
pt	Portugal	4.1	5.1	6.4	6.7	7.7	7.8	8.1	7.7
ro	Romania	6.8	8.6	7.0	8.1	7.2	7.3	6.4	5.8
si	Slovenia	6.2	6.3	6.7	6.3	6.5	6.0	4.9	4.4
sk	Slovakia	19.3	18.7	17.6	18.2	16.3	13.4	11.1	9.5
fi	Finland	9.1	9.1	9.0	8.8	8.4	7.7	6.9	6.4
se	Sweden	4.9	4.9	5.6	6.3	7.4 b	7.0	6.1	6.2
uk	United Kingdom	5.0	5.1	5.0	4.7	4.8	5.4	5.3	5.6
hr	Croatia	:	14.8	14.2	13.7	12.7	11.2	9.6	8.4
tr	Turkey	:	:	:	:	:	8.4	8.5	9.4
no	Norway	3.4	3.7	4.2	4.3	4.5	3.4	2.5	2.5
us	United States	4.8	5.8	6.0	5.5	5.1	4.6	4.6	5.8
jp	Japan	5.0	5.4	5.3	4.7	4.4	4.1	3.9	4.0

Source: EU LFS
table: une_rt_a
b = Break in series

Table 4.58: Unemployment rates, females

		2001	2002	2003	2004	2005	2006	2007	2008
eu27	European Union (27 countries)	9.4	9.7	9.7	9.8	9.6	8.9	7.8	7.5
ea15	Euro area (BE, DE, IE, GR, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, FI)	9.3	9.5	9.8	10.0	9.9	9.3	8.4	8.2
be	Belgium	7.5	8.6	8.9	9.5	9.5	9.3	8.5	7.6
bg	Bulgaria	18.6	17.3	13.2	11.5	9.8	9.3	7.3	5.8
cz	Czech Republic	9.7	9.0	9.9	9.9	9.8	8.9	6.7	5.6
dk	Denmark	5.0	5.0	6.1	6.0	5.3	4.5	4.2	3.7
de	Germany (including ex-GDR from 1991)	7.4	7.9	8.7	9.1	10.1	9.4	8.3	7.2
ee	Estonia	12.2	9.7	9.9	8.9	7.1	5.6	3.9	5.3
ie	Ireland	3.8	4.1	4.3	4.1	4.0	4.2	4.2	4.8
gr	Greece	16.1	15.7	15.0	16.2	15.3	13.6	12.8	11.4
es	Spain	14.8	15.7	15.3	14.3	12.2	11.6	10.9	13.0
fr	France	9.9	9.7	10.0	10.3	10.2	10.1	8.9	8.3
it	Italy	12.2	11.5	11.4	10.6	10.1	8.8	7.9	8.5
cy	Cyprus	5.3	4.5	4.8	6.0	6.5	5.4	4.6	4.3
lv	Latvia	11.5	11.0	10.4	10.2	8.7	6.2	5.6	6.9
lt	Lithuania	14.3	12.8	12.2	11.8	8.3	5.4	4.3	5.6
lu	Luxembourg (Grand-Duché)	2.4	3.5	4.9	6.8	6.0	6.0	5.1	6.0
hu	Hungary	5.0	5.4	5.6	6.1	7.4	7.8	7.7	8.1
mt	Malta	9.3	9.3	9.1	9.0	8.9	8.7	7.6	6.5
nl	Netherlands	2.8	3.1	3.9	4.8	5.1	4.4	3.6	3.0
at	Austria	4.2	4.4	4.7	5.4	5.5	5.2	5.0	4.1
pl	Poland	19.9	21.0	20.5	20.0	19.2	14.9	10.4	8.0
pt	Portugal	5.1	6.1	7.3	7.7	8.8	9.1	9.7	9.0
ro	Romania	6.1	7.9	6.4	6.9	6.4	6.1	5.4	4.7
si	Slovenia	6.8	6.8	7.1	6.9	7.1	7.2	5.9	4.8
sk	Slovakia	18.7	18.7	17.8	19.2	17.2	14.7	12.7	10.9
fi	Finland	9.7	9.1	8.9	8.9	8.6	8.1	7.2	6.7
se	Sweden	4.5	4.6	5.2	6.1	7.4 b	7.2	6.4	6.5
uk	United Kingdom	4.4	4.5	4.3	4.2	4.3	4.9	5.0	5.1
hr	Croatia	:	16.6	15.8	15.7	13.9	12.8	11.2	10.1
tr	Turkey	:	:	:	:	:	8.4	8.5	9.5
no	Norway	3.3	3.5	3.9	3.9	4.3	3.3	2.5	2.3
us	United States	4.7	5.6	5.7	5.4	5.1	4.6	4.5	5.4
jp	Japan	4.7	5.1	4.9	4.4	4.2	3.9	3.7	3.8

Source: EU LFS
table: une_rt_a
b = Break in series

Table 4.59: Unemployment rates, males

		2001	2002	2003	2004	2005	2006	2007	2008
eu27	European Union (27 countries)	7.7	8.3	8.4	8.5	8.3	7.6	6.6	6.6
ea15	Euro area (BE, DE, IE, GR, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, FI)	6.7	7.2	7.7	7.9	8.0	7.4	6.6	6.9
be	Belgium	5.9	6.7	7.7	7.5	7.6	7.4	6.7	6.5
bg	Bulgaria	20.2	18.9	14.1	12.6	10.3	8.7	6.5	5.5
cz	Czech Republic	6.7	6.0	6.2	7.1	6.5	5.8	4.2	3.5
dk	Denmark	4.1	4.3	4.8	5.1	4.4	3.3	3.5	3.0
de	Germany (including ex-GDR from 1991)	7.8	8.8	9.8	10.3	11.2	10.2	8.5	7.4
ee	Estonia	12.6	10.8	10.2	10.4	8.8	6.2	5.4	5.8
ie	Ireland	4.1	4.8	5.0	4.9	4.6	4.7	4.9	7.5
gr	Greece	7.2	6.8	6.2	6.6	6.1	5.6	5.2	5.1
es	Spain	7.5	8.1	8.2	8.0	7.1	6.3	6.4	10.1
fr	France	7.0	7.7	8.1	8.4	8.4	8.5	7.8	7.2
it	Italy	7.1	6.7	6.5	6.4	6.2	5.4	4.9	5.5
cy	Cyprus	2.6	2.9	3.6	3.6	4.3	4.0	3.4	3.3
lv	Latvia	14.2	13.3	10.6	10.6	9.1	7.4	6.4	8.0
lt	Lithuania	18.6	14.2	12.7	11.0	8.2	5.8	4.3	6.1
lu	Luxembourg (Grand-Duché)	1.6	2.0	3.0	3.6	3.6	3.6	3.4	4.0
hu	Hungary	6.3	6.2	6.1	6.1	7.0	7.2	7.1	7.6
mt	Malta	6.9	6.6	6.9	6.6	6.4	6.3	5.9	5.6
nl	Netherlands	1.8	2.5	3.5	4.3	4.5	3.5	2.8	2.5
at	Austria	3.1	4.0	4.0	4.5	4.9	4.3	3.9	3.6
pl	Poland	16.9	19.2	19.0	18.2	16.6	13.0	9.0	6.4
pt	Portugal	3.2	4.2	5.6	5.9	6.8	6.6	6.7	6.6
ro	Romania	7.3	9.2	7.6	9.1	7.8	8.2	7.2	6.7
si	Slovenia	5.7	5.9	6.3	5.9	6.1	4.9	4.0	4.0
sk	Slovakia	19.8	18.6	17.4	17.4	15.5	12.3	9.9	8.4
fi	Finland	8.6	9.1	9.2	8.7	8.2	7.4	6.5	6.1
se	Sweden	5.2	5.3	6.0	6.5	7.5 b	6.9	5.8	5.9
uk	United Kingdom	5.5	5.7	5.5	5.1	5.2	5.8	5.6	6.1
hr	Croatia	:	13.3	12.9	12.1	11.6	9.9	8.4	7.0
tr	Turkey	:	:	:	:	:	8.4	8.5	9.4
no	Norway	3.5	3.8	4.5	4.6	4.7	3.5	2.6	2.7
us	United States	4.8	5.9	6.3	5.6	5.1	4.6	4.7	6.1
jp	Japan	5.2	5.5	5.5	4.9	4.6	4.3	3.9	4.1

Source: EU LFS

table: une_rt_a

b = Break in series

Table 4.60: Unemployment rates, males

		2001	2002	2003	2004	2005	2006	2007	2008
eu27	European Union (27 countries)	17.3	17.9	18.0	18.4	18.3	17.1	15.3	15.4
ea15	Euro area (BE, DE, IE, GR, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, FI)	14.9	15.5	16.3	17.1	17.3	16.2	14.8	15.3
be	Belgium	16.8	17.7	21.8	21.2	21.5	20.5	18.8	18.0
bg	Bulgaria	38.8	37.0	28.2	25.8	22.3	19.5	15.1	12.7
cz	Czech Republic	17.3	16.9	18.6	21.0	19.2	17.5	10.7	9.9
dk	Denmark	8.3	7.4	9.2	8.2	8.6	7.7	7.9	7.6
de	Germany (including ex-GDR from 1991)	7.7	9.1	9.8	11.9	14.2	12.8	11.1	9.8
ee	Estonia	23.1	17.6	20.6	21.7	15.9	12.0	10.0	12.0
ie	Ireland	7.3	8.5	9.1	8.9	8.6	8.6	9.1	13.3
gr	Greece	28.0	26.8	26.8	26.9	26.0	25.2	22.9	22.1
es	Spain	23.2	24.2	24.6	23.9	19.7	17.9	18.2	24.6
fr	France	18.9	19.3	19.2	20.4	21.0	22.1	19.4	18.9
it	Italy	24.1	23.1	23.7	23.5	24.0	21.6	20.3	21.3
cy	Cyprus	8.1	8.1	8.9	10.5	13.0	10.5	10.1	9.5
lv	Latvia	22.9	22.0	18.0	18.1	13.6	12.2	10.7	13.1
lt	Lithuania	30.9	22.4	25.1	22.7	15.7	9.8	8.2	13.4
lu	Luxembourg (Grand-Duché)	6.2	7.0	11.2	16.4	14.3	15.8	15.6	16.8
hu	Hungary	11.3	12.7	13.4	15.5	19.4	19.1	18.0	19.9
mt	Malta	18.8	17.1	17.2	16.8	16.2	16.5	13.8	11.9
nl	Netherlands	4.5	5.0	6.3	8.0	8.2	6.6	5.9	5.3
at	Austria	5.8	6.7	8.1	9.7	10.3	9.1	8.7	8.0
pl	Poland	39.5	42.5	41.9	39.6	36.9	29.8	21.7	17.3
pt	Portugal	9.4	11.6	14.5	15.3	16.1	16.3	16.6	16.4
ro	Romania	18.6	23.2	19.6	21.9	20.2	21.4	20.1	18.6
si	Slovenia	17.8	16.5	17.3	16.1	15.9	13.9	10.1	10.4
sk	Slovakia	39.2	37.7	33.4	33.1	30.1	26.6	20.3	19.0
fi	Finland	19.8	21.0	21.8	20.7	20.1	18.7	16.5	16.5
se	Sweden	10.9	11.9	13.4	16.3	21.7 b	21.5	19.1	20.0
uk	United Kingdom	11.7	12.0	12.2	12.1	12.8	14.0	14.3	15.0
hr	Croatia	:	35.4	35.8	33.2	32.3	28.9	24.0	21.9
tr	Turkey	:	:	:	:	:	16.0	16.8	18.1
no	Norway	10.0	10.8	11.2	11.2	11.4	8.6	7.3	7.2
us	United States	10.6	12.0	12.4	11.8	11.3	10.5	10.5	12.8
jp	Japan	9.6	9.9	10.1	9.5	8.7	8.0	7.7	7.3

Source: EU LFS

table: une_rt_a

b = Break in series

Table 4.61: Unemployment rates, young persons (aged 15-24), males plus females

		2001	2002	2003	2004	2005	2006	2007	2008
eu27	European Union (27 countries)	17.3	17.9	18.0	18.4	18.3	17.1	15.3	15.4
ea15	Euro area (BE, DE, IE, GR, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, FI)	14.9	15.5	16.3	17.1	17.3	16.2	14.8	15.3
be	Belgium	16.8	17.7	21.8	21.2	21.5	20.5	18.8	18.0
bg	Bulgaria	38.8	37.0	28.2	25.8	22.3	19.5	15.1	12.7
cz	Czech Republic	17.3	16.9	18.6	21.0	19.2	17.5	10.7	9.9
dk	Denmark	8.3	7.4	9.2	8.2	8.6	7.7	7.9	7.6
de	Germany (including ex-GDR from 1991)	7.7	9.1	9.8	11.9	14.2	12.8	11.1	9.8
ee	Estonia	23.1	17.6	20.6	21.7	15.9	12.0	10.0	12.0
ie	Ireland	7.3	8.5	9.1	8.9	8.6	8.6	9.1	13.3
gr	Greece	28.0	26.8	26.8	26.9	26.0	25.2	22.9	22.1
es	Spain	23.2	24.2	24.6	23.9	19.7	17.9	18.2	24.6
fr	France	18.9	19.3	19.2	20.4	21.0	22.1	19.4	18.9
it	Italy	24.1	23.1	23.7	23.5	24.0	21.6	20.3	21.3
cy	Cyprus	8.1	8.1	8.9	10.5	13.0	10.5	10.1	9.5
lv	Latvia	22.9	22.0	18.0	18.1	13.6	12.2	10.7	13.1
lt	Lithuania	30.9	22.4	25.1	22.7	15.7	9.8	8.2	13.4
lu	Luxembourg (Grand-Duché)	6.2	7.0	11.2	16.4	14.3	15.8	15.6	16.8
hu	Hungary	11.3	12.7	13.4	15.5	19.4	19.1	18.0	19.9
mt	Malta	18.8	17.1	17.2	16.8	16.2	16.5	13.8	11.9
nl	Netherlands	4.5	5.0	6.3	8.0	8.2	6.6	5.9	5.3
at	Austria	5.8	6.7	8.1	9.7	10.3	9.1	8.7	8.0
pl	Poland	39.5	42.5	41.9	39.6	36.9	29.8	21.7	17.3
pt	Portugal	9.4	11.6	14.5	15.3	16.1	16.3	16.6	16.4
ro	Romania	18.6	23.2	19.6	21.9	20.2	21.4	20.1	18.6
si	Slovenia	17.8	16.5	17.3	16.1	15.9	13.9	10.1	10.4
sk	Slovakia	39.2	37.7	33.4	33.1	30.1	26.6	20.3	19.0
fi	Finland	19.8	21.0	21.8	20.7	20.1	18.7	16.5	16.5
se	Sweden	10.9	11.9	13.4	16.3	21.7 b	21.5	19.1	20.0
uk	United Kingdom	11.7	12.0	12.2	12.1	12.8	14.0	14.3	15.0
hr	Croatia	:	35.4	35.8	33.2	32.3	28.9	24.0	21.9
tr	Turkey	:	:	:	:	:	16.0	16.8	18.1
no	Norway	10.0	10.8	11.2	11.2	11.4	8.6	7.3	7.2
us	United States	10.6	12.0	12.4	11.8	11.3	10.5	10.5	12.8
jp	Japan	9.6	9.9	10.1	9.5	8.7	8.0	7.7	7.3

Source: EU LFS

table: une_rt_a

b = Break in series

Table 4.62: Long-term unemployment rates, males plus females (% active population)

		2001	2002	2003	2004	2005	2006	2007	2008
eu27	European Union (27 countries)	3.9	4.0	4.1	4.2	4.1	3.7	3.0	2.6
ea15	Euro area (BE, DE, IE, GR, ES, FR, IT, CY, LU, MT, NL, AT, PT, SI, FI)	3.6	3.6	3.9	4.0	3.9	3.7	3.2	2.9
be	Belgium	3.2	3.7	3.7	4.1	4.4	4.2	3.8	3.3
bg	Bulgaria	12.1	12.0	9.0	7.2	6.0	5.0	4.1	2.9
cz	Czech Republic	4.2	3.7	3.8	4.2	4.2	3.9	2.8	2.2
dk	Denmark	0.9	0.9	1.1	1.2	1.1	0.8	0.6	0.5
de	Germany (including ex-GDR from 1991)	3.8	4.0	4.6	5.5	5.7 b	5.5	4.7	3.8
ee	Estonia	6.0	5.4	4.6	5.0	4.2	2.9	2.3	1.7
ie	Ireland	1.3	1.4	1.6	1.6	1.5	1.4	1.4	1.7
gr	Greece	5.5	5.3	5.3	5.6	5.1	4.8	4.1	3.6
es	Spain	3.7	3.7	3.7	3.4	2.2 b	1.8	1.7	2.0
fr	France	2.9	3.0	3.5	3.8	3.8	3.9	3.3	2.9
it	Italy	5.7	5.1	4.9	4.0 b	3.9	3.4	2.9	3.1
cy	Cyprus	0.8	0.8	1.0	1.2	1.2	0.9	0.7	0.5
lv	Latvia	7.2	5.5	4.4	4.6	4.1	2.5	1.6	1.9
lt	Lithuania	9.3	7.2	6.0	5.8	4.3	2.5	1.4	1.2
lu	Luxembourg (Grand-Duché)	0.5	0.7	1.0	1.0	1.2	1.4	1.2	1.6
hu	Hungary	2.6	2.5	2.4	2.7	3.2	3.4	3.4	3.6
mt	Malta	3.7	3.2	3.2	3.4	3.3	2.8	2.7	2.5
nl	Netherlands	0.6	0.7	1.0	1.6	1.9	1.7	1.3	1.0
at	Austria	0.9	1.1	1.1	1.4 b	1.3	1.3	1.2	0.9
pl	Poland	9.2	10.9	11.0	10.3	10.3	7.8	4.9	2.4
pt	Portugal	1.5	1.8	2.2	3.0	3.7	3.9	3.8	3.7
ro	Romania	3.4	4.6 b	4.3	4.8	4.0	4.2	3.2	2.4
si	Slovenia	3.7	3.5	3.5	3.2	3.1	2.9	2.2	1.9
sk	Slovakia	11.3	12.2	11.4	11.8	11.7	10.2	8.3	6.6
fi	Finland	2.5	2.3	2.3	2.1	2.2	1.9	1.6	1.2
se	Sweden	1.0	1.0	1.0	1.2	:	1.1	0.8	0.8
uk	United Kingdom	1.3	1.1	1.1	1.0	1.0	1.2	1.3	1.4
hr	Croatia	:	9.0	8.4	7.4	7.4	6.7	5.9	:
tr	Turkey	1.4 i	2.7 i	2.2 i	3.5 i	3.5 i	2.5	2.2	2.2
is	Iceland	:	:	0.2	0.3	0.3	0.2	0.2	:
no	Norway	0.4	0.5	0.6	0.8	0.9	0.8	0.5	0.3
ch	Switzerland	:	:	:	:	:	:	:	:
us	United States	0.3	0.5	0.7	0.7	0.6	0.5	0.5	:
jp	Japan	1.3	1.7	1.8	1.6	1.5	1.4	1.2	:

Source: EU LFS

table: une_ltu_a

b = Break in series

i = Explanatory text:

TR = data source: national Labour Force Survey

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