



KEY FIGURES

Bulletin of economic trends in Europe 06/95

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Foreword

European Union of Fifteen annual inflation fell to 3.1% in July 1995 from 3.3% in June 1995.

Eurostat estimates European Union of Fifteen seasonally-adjusted unemployment in July 1995 at 10.7%, same as June 1995.

The European Union of Fifteen industrial production trend rose by 0.4% in March to May 1995 compared to the previous three months.

In 1994, the European Union of Twelve's trade balance went down to a deficit of ECU 1 billion compared to 1993 when the imports and the exports flows were almost in equilibrium (only a small ECU 0.1 billion deficit).

Market sentiment moved sharply in favour of the US dollar during August 1995.

The first part of this month's 'Data of the month' section is devoted to *The population of the European Union*, and the second part to initial results for 1994 of *Taxes and social contributions in the European Union*.

European economy at a glance



	Period	B	DK	D ⁽¹⁾	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR 15
GDP seasonally adjusted volume trends, T/T-1 %	III/94	:	-1.0	0.6	:	0.6	0.8	:	1.0	:	0.5	0.2	:	1.4	-0.1	0.7	0.7
GFCF seasonally adjusted volume trends, T/T-1 %	III/94	:	-1.8	0.4	:	1.2	1.5	:	-0.1	:	4.4	-2.0	:	3.2	0.9	-0.6	0.6 ⁽²⁾
Production index 1990=100 total, seasonally adjusted ⁽²⁾	5/95	:	118.6	96.2	96.7	106.4	104.7	:	106.6	:	104.9	111.6	95.4	116.2	113.9	104.9	103.5
Consumer price index T/T-12 %	7/95	1.2	1.8	2.3	8.9	4.7	1.5	2.8	5.2p	1.9	1.8	2.2	3.7	0.8	2.9	3.5	3.1
Conversion rate ECU=... monthly average	8/95	38.7	7.30	1.88	302.7	160.7	6.48	0.81	2095	38.7	2.11	13.25	195.3	5.61	9.43	0.83	:
Exchange rate USD=... monthly average	8/95	29.7	5.60	1.45	232.1	123.3	4.97	0.62	1606	29.7	1.62	10.16	149.8	4.30	7.23	0.64	:
Money supply, M1 T/T-12 %	5/95	-0.6	:	3.4	20.3	4.6	0.6	10.3	-1.0	:	2.3	7.8	12.1	7.5	:	:	:
Yield on public sector long-term bonds %	7/95	7.3	8.4	6.9	17.3	11.3	7.4	8.6	12.2	6.2	6.9	6.4	11.7	8.7	10.6	8.3	:
Unemployment rate seasonally adjusted %	5/95	10.2	8.8	8.1	:	23.0	12.3	14.8	12.0	3.9	6.8	:	7.8	17.6	9.6	8.6	10.9
Extra-EU Trade balance BN ECU	12/94	-0.1*	0.3	2.4	-0.1	-0.4	2.0	0.1	1.8	-0.1*	-1.5	:	-0.2	:	:	-1.6	2.7 ⁽²⁾

Data in italics are not necessarily for the indicated period but are the latest available (usually the previous month or quarter)

* BLEU

⁽¹⁾ Before 3 October 1990

⁽²⁾ EUR 12

⁽³⁾ Excluding construction

European Union of Fifteen
annual inflation falls to 3.1%
in July 1995

Inflation rate

European Union of Fifteen annual inflation fell to 3.1% in July 1995 from 3.3% in June 1995.

This is the same rate as in July 1994. Annual inflation is now lower than a year ago in all Member States except Sweden and Spain, where it is the same, and Italy, the UK and Ireland, where it is higher.

Eurostat says the *monthly* index for the European Union of Fifteen actually fell for the first time since July 1986 (by -0.1% on both occasions). Summer

sales of clothing and footwear and lower prices for seasonal food were the main reason.

Finland still has the lowest rate (0.8%). Belgium is next at 1.2%. Highest is Greece (8.9%); next Italy (5.2%).

July rates in Member States, in ascending order of inflation, with corresponding figures for a year earlier, are as follows. It can be seen that ten Member States are below the European Union of Fifteen average.

	July 95 July 94	July 94 July 93		July 95 July 94	July 94 July 93
Finland	0.8%	1.6%	Ireland**	2.8%	2.7%
Belgium	1.2%	2.7%	Sweden	2.9%	2.9%
France	1.5%	1.7%	United Kingdom	3.5%	2.4%
Netherlands	1.8%	2.8%	Portugal	3.7%	5.1%
Denmark	1.8%	2.0%	Spain	4.7%	4.7%
Luxembourg	1.9%	2.2%	Italy	5.2% ^P	3.8%
Austria	2.2%	2.8%	Greece	8.9%	11.2%
Germany*	2.3%	2.9%			
EUR 15	3.1% ^P	3.1%			

* The CPI for Germany continues to reflect the geographical borders prior to 3 October 1990.

The annual inflation rate of the new Länder for July is not available for technical reasons.

** May 1995/May 1994 and May 1994/May 1993

^P Provisional

European Union of Fifteen
seasonally-adjusted
unemployment down.

Unemployment

Eurostat estimates European Union of Fifteen seasonally-adjusted unemployment in July 1995 at 10.7%, same as June 1995. This is down on the rate of 10.9% which held throughout the spring - due mainly to falling unemployment in Spain, Italy and France. In July last year it was 11.2%.

The European Union of Fifteen average for under-25s has fallen to almost 20%. The downward trend applies to all Member States except Portugal (17.8%) and Luxembourg (8.1%), where the upward movement of recent years continues; and Germany (8%) and the United Kingdom (16.6%), where the July figures are lower than a year ago but with

upward movement over the last few months.

Luxembourg continues to enjoy the European Union of Fifteen's lowest rate (3.9%) followed by the Netherlands (6.7% - June).

Eurostat estimates that around 17.6 million people were unemployed in the European Union of Fifteen in July. This is a seasonally-adjusted figure in line with ILO criteria.

The unemployment rate and numbers of unemployed are estimated according to ILO recommendations after taking account of the differences between national methods of recording unemployment.

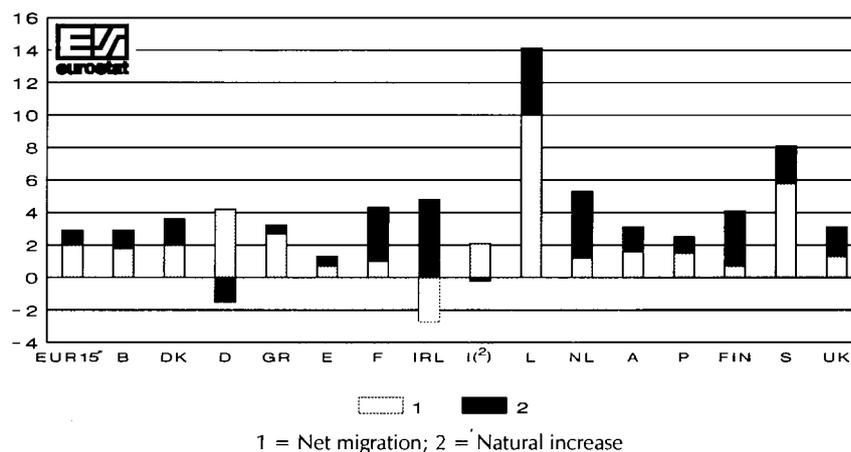
Data of the month

The population of the European Union

Growth in the population of the European Union of the Fifteen in 1994

On 1 January 1995, the European Union of the Fifteen had a population of 371.5 million, compared with 348.6 million on 1 January 1994. This increase of almost 23 million is due to the accession of Austria, Finland and Sweden (which together account for 22.0 million inhabitants), natural increase (excess of births over deaths) of 0.3 million, and net immigration of 0.7 million.

Components of growth, 1994 (per 1 000 head of population)



Population as on 1 January 1995 (million) (UK: 1993) ⁽¹⁾

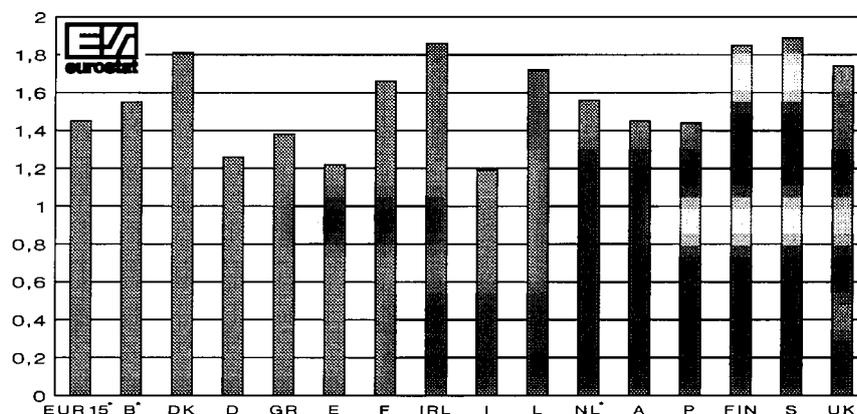
EUR 15*	B	DK	D	GR	E	F	IRL	I ⁽²⁾	L	NL	A	P	FIN	S	UK
371.485	10.131	5.216	81.552	10.442	39.170	58.027	3.577	57.247	0.407	15.423	8.040	9.912	5.099	8.816	58.276

* Eurostat estimates.
⁽¹⁾ Provisional data.
⁽²⁾ Resident population.

Reduction in fertility in the European Union of the Fifteen in 1994

In 1994 there were an estimated 4.1 million live births in the European Union of the Fifteen, which is a birth rate of 10.9. The total fertility rate (1.45 children per female) continues to fall. This indicator varies between 1.19 (Italy) and 1.89 (Sweden). The southern countries and Germany remain below the Community average.

Total fertility rate, 1994 (children per female) ⁽¹⁾



Total fertility rate, 1994 (children per female) ⁽¹⁾

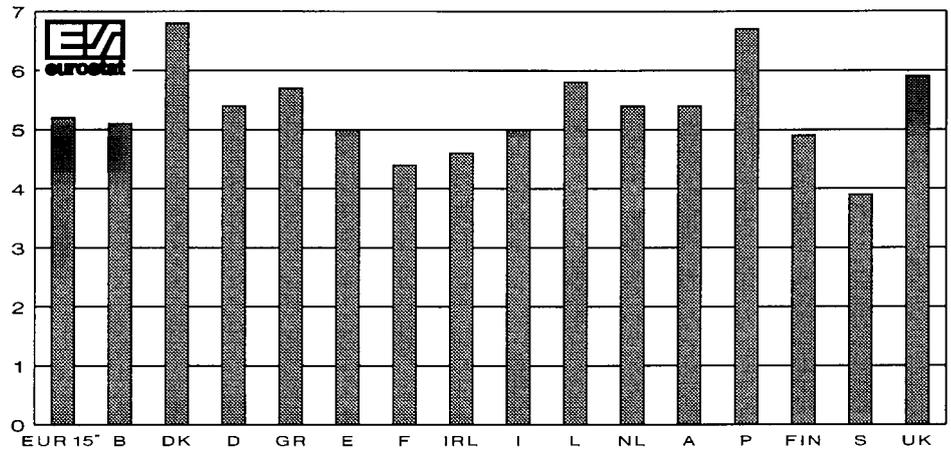
EUR 15*	B	DK	D	GR	E	F	IRL	I	L	NL*	A	P	FIN	S	UK
1.45	1.55	1.81	1.26	1.38	1.22	1.66	1.86	1.19	1.72	1.56	1.45	1.44	1.85	1.89	1.74

* Eurostat estimates.
⁽¹⁾ Provisional data.

Reduction in the marriage rate in the European Union of the Fifteen in 1994

In 1994 the crude marriage rate continued to fall (5.2 for the European Union of the Fifteen compared with 5.3 in 1993). The greatest falls were in Greece and the Netherlands, whereas in countries with low marriage rates (Sweden, France and Finland) the figures stabilized. There was a swing in the opposite direction in Ireland (+5%) and a particularly sharp upturn in Denmark (+11%).

Crude marriage rate, 1994 (per 1 000 head of population) (UK: 1993)



Number of marriages, 1994 (1 000) (UK: 1993)

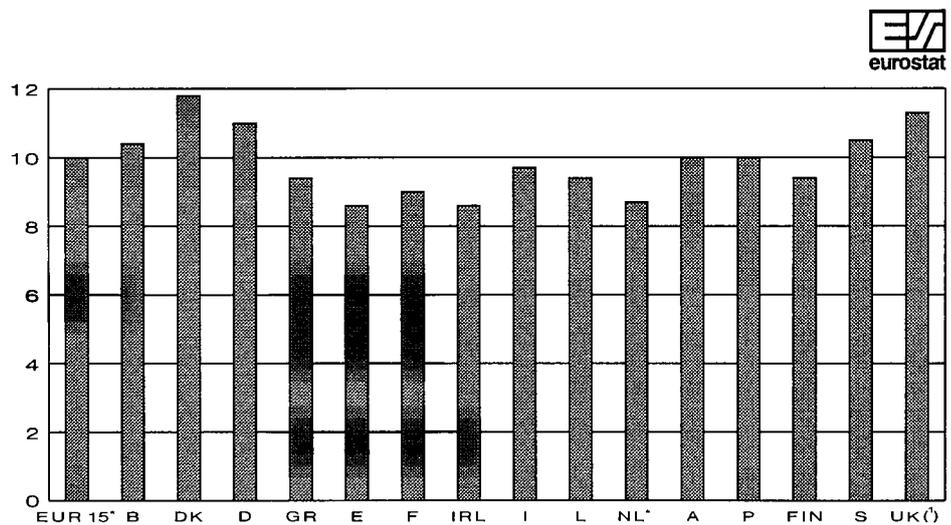
EUR 15*	B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK
1 932.8	52.0	35.4	439.6	59.0	196.4	253.5	16.3	287.3	2.4	82.9	43.3	66.0	24.9	33.9	341.6

* Eurostat estimates.

Fall in mortality rate in the European Union of the Fifteen in 1994

In 1994 the mortality rate in the European Union of the Fifteen (10.0) was lower than in 1993 (10.3). This was the trend in all countries, except for Italy. It is estimated that life expectancy at birth increased again in the European Union of the Fifteen, to 73.2 for men and 79.6 for women, in 1993.

Mortality rate, 1994 (per 1 000 head of population)



Life expectancy at birth, 1994 (years)

	EUR 15*	B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Men	73.2 (1)	73.0 (1)	72.5 (1)	73.3	74.9	73.3 (1)	73.6	72.3 (1)	74.7	72.6	74.0 (1)	73.3	71.2 (2)	72.1	76.1	73.6 (1)
Women	79.6 (1)	79.8 (1)	77.8 (1)	79.6	79.9	80.9 (1)	81.8	77.9 (1)	81.2	79.1	80.0 (1)	79.7	78.2 (2)	78.2 (1)	81.3	78.9 (1)

* Eurostat estimates.

(1) 1993.

(2) 1993/1994.

Taxes and social contributions in the European Union

Slowdown in the growth of contributions in 1994 in the European Union of the Fifteen

Small decrease in the rate of tax in the European Union of the Fifteen

Between 1990 and 1993, social taxes and contributions grew more rapidly than GDP. The highest figure for the period beginning 1980 was attained in 1993 with a rate of 41.9%. This seems to be the end of this trend for the time

being. Because of an increase in GDP of about 4.8% over the previous year, the proportion accounted for by contributions fell, from 41.9% in 1993 to 41.7% in 1994.

The rate of tax in the European Union of the Fifteen fell to a lesser extent than total contributions, from 27.1% in 1992 to 26.9% in 1993, and to 26.8% of GDP in 1994. (cf. Table 1)

1992 to 13% in 1994, whereas value-added tax increased by 0.2% and other taxes linked to production grew by 0.1%.

The reason for this is to be found in the drop in revenue from taxes on income and wealth, which fell from 13.7% in

The group accounting for the greatest source of tax revenue is still taxes on income and wealth. In 1994 it accounted for 48.6% of total tax revenue.

Table 1
Total taxes in the Member States of the European Union, as a percentage of GDP



	1991	1992	1993	1994
B	29.2	29.1	29.4	31.4
DK	47.4	47.7	48.1	49.5
D ⁽¹⁾	24.2	24.6	24.5	24.5
GR	:	:	:	:
E	23.0	24.0	22.7	22.7
F	24.7	24.2	24.3	25.0
IRL	30.8	31.0	31.0	31.9
I	26.7	28.7	29.6	27.6
L	30.2	29.8	32.2	31.8
NL	29.6	29.0	30.3	27.7
A	28.4	29.0	29.2	27.9
P	23.9	:	:	:
FIN	33.9	33.0	31.2	32.4
S	37.8	36.9	36.8	36.6
UK	29.4	27.6	26.9	27.2
Ø	27.0	27.1	26.9	26.8

⁽¹⁾ The figures for Germany include those for the new Länder.

Growth in social contributions in the European Union of the Fifteen

Since 1989, the rate of social contributions in the European Union of the Fifteen has steadily increased, rising from 13.7% of GDP in 1989 to 14.2% in 1991 and to 15.0% in 1994. (cf. Table 2)
The reason for this growth lies in the increased contributions of employees,

which rose from 4.3% of GDP in 1989 to 4.5% in 1991 and to 5.3% in 1994. In addition, the rate of social contributions paid by selfemployed and nonemployed also increased (from 1.4% in 1989 to 1.5% in 1991 and to 1.8% in 1994).

Table 2
Total social contributions in the Member States of the European Union, as a percentage of GDP



	1991	1992	1993	1994
B	15.9	16.0	16.3	15.9
DK	1.5	1.6	1.7	1.7
D	17.0	17.3	17.9	18.2
GR	:	:	:	:
E	12.4	13.1	13.3	13.0
F	19.3	19.4	19.5	19.3
IRL	5.7	5.9	5.9	5.7
I	13.1	13.3	13.6	13.2
L	11.7	12.2	12.6	12.8
NL	18.0	18.6	18.7	19.8
A	13.8	14.4	14.9	15.2
P	10.2	10.3	10.4	:
FIN	13.0	13.8	14.7	14.7
S	15.1	14.3	13.8	13.8
UK	6.7	6.6	6.6	6.6
Ø	14.2	14.5	14.9	15.0

(¹) The figures for Germany include those for the new Länder.

The weight of social contributions in the tax system differs for each of the Member States

The weight of social contributions as a percentage of total tax and social contributions in the European Union of the Fifteen has grown steadily, from 33.4% in 1989 to 35.9% in 1994.

If one disregards Denmark, where the social security system is financed almost

entirely out of taxes, the weight of social contributions as a percentage of total tax (which itself represents approximately 94% of all government revenue) ranged from 15.1% in Ireland to 43.5% in France in 1994.

European Union of Fifteen industrial output up 0.4%.

The European Union of Twelve's imports increased by slightly more than exports during 1994 (+0.2 percentage points).

Industrial production

The European Union of Fifteen industrial production trend* rose by 0.4% in March to May 1995 compared to the previous three months. The figure was held down primarily by the weakness of

growth in Germany and the United Kingdom.

Figures (in %) for Member States, where available, are (E = estimate):

Sweden	3,2 ^E	France	0,6
Austria	2,2	Netherlands	0,6
Finland	2,1	Greece	0,2
Italy	1,2	United Kingdom	0,1
Denmark	1,1	Germany	0,0
Spain	1,1	Portugal	0,0 ^E

* 'Trend' means adjusted for both seasonal and irregular fluctuations.

External trade

In 1994, the *European Union's of Twelve** trade balance went down to a deficit of ECU 1 billion compared to 1993 when the imports and the exports flows were almost in equilibrium (only a small ECU 0.1 billion deficit).

This performance is the result of a clear upturn in extra-EU imports (10.8% growth rate against the stagnation registered in 1993), together with the one percentage point reduction in the exports annual growth rate (10.6% compared to 11.7% in 1993).

In 1994, *Germany* registered both the largest extra-EU surplus among the EU member states (ECU 25.6 billion) and the most important improvement compared to the previous year (ECU 5.6 billion).

The Italian trade balance improved its surplus by ECU 1.7 billion, reaching ECU 12.7 billion, from ECU 11 billion recorded in 1993.

The Dutch extra-EU deficit recorded the most important deterioration between 1993 and 1994 (ECU 9.9 billion) and became the largest among the EU countries (ECU 22 billion).

In 1994, the *United Kingdom* was the EU country that experienced the second largest trade deficit, totalling ECU 20.5 billion.

France's extra-EU trade surplus improved by ECU 1.4 billion in 1994 compared to a year earlier (from ECU 9.4 billion to ECU 10.8 billion).

The *BLEU* and *Greece* improved their external trade accounts: the Greek trade deficit went down to ECU 2.8 billion from the ECU 4.3 billion registered in 1993, and the BLEU's trade balance reduced its deficit by ECU 1.7 billion.

The external trade surpluses of *Denmark* and *Ireland* reduced slightly compared to 1993: to ECU 2.5 billion and ECU 0.8 billion respectively in 1994.

The external positions of *Spain* and *Portugal* were almost stable between 1993 and 1994: their extra-EU deficits registered in 1994 ECU 4.3 billion and ECU 2.7 billion respectively.

* Due to frequent revisions of the monthly figures sent by the member states, the data shown is not necessarily identical to that presented in the previous publications.

Money and finance

Exchange rates

Market sentiment moved sharply in favour of the US dollar during August 1995. The rebound was most marked against the Japanese yen: within a matter of days, the dollar had regained almost all of its loss in value against the yen since the beginning of 1995. The dollar also appreciated significantly against the Deutschemark. By late August, however, the rally appeared to lose momentum, and the dollar failed to breach ¥100 and DM1.50. At the market close in London on 29 August, the dollar was at DM1.47 and ¥97.7.

The change in market sentiment was underpinned by foreign exchange intervention by central banks in favour of the dollar. Another reason for the firmer dollar was the expectation that a further easing of monetary policy was likely in Europe and Japan. On 24 August the German Bundesbank cut its discount and Lombard rates by half a percentage point, to 3.5% and 5.5% respectively. The move was immediately followed by several other members of the EMS ex-

change rate mechanism. On 28 August Portugal's central bank announced a cut in key interest rates, the first lowering of rates for almost a year. Earlier in the month, the Bank of France had cut its 5-to-10 day repurchase rate by a further half percentage point, to 6.5%.

The dollar's appreciation against the Deutschemark during August helped to maintain stability in the ERM. The Irish pound remained the weakest currency, but the degree of divergence of currencies from their central rates remained low.

Outside the ERM, the pound sterling and Italian lira moved sharply higher against the DM in August, rallying to DM2.28 and L1112 respectively by 29 August (London closing rates). However, this failed to compensate fully for the depreciation of both currencies which had occurred since the start of 1995, when sterling was at DM2.39, and the lira L1047 against the DM. The Swedish krona and Finnish mark also strengthened during August.

Sharp rebound in dollar during August 1995.

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Eurostat - Information Office

JMO B3/89

L- 2920 Luxembourg

Tel: 352/ 4301 34 567

Fax: 352/ 43 64 04



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