



KEY FIGURES

Bulletin of economic trends in Europe and summaries 11/99



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Foreword

Euro-zone annual inflation rose from 1,1% in July to 1,2% in August. A year earlier the rate was 1,1%. EU-15 annual inflation was up from 1,1% in July to 1,2% in August. In August 1998 it was 1,3%. EEA annual inflation increased from 1,1% to 1,2%.

Euro-zone seasonally-adjusted unemployment stayed at 10,2% in August 99, same as July 99. The EU-15 rate was 9,3% in August 1999, same as July 99.

The first estimate for euro-zone trade with the rest of the world in July 1999 was a 12,1 billion surplus. The revised June 1999 surplus was 8,0 billion euro, it was 7,8 billion in June 1998. This gave a total surplus of 25,3 billion for the first half of 1999, compared with 37,7 billion in the same period of 1998. The first estimate for July 1999 Extra-EU-15 trade was a 5,2 billion surplus. In June there was a revised 2,4 billion euro surplus, against 3,0 billion in June 1998. There was a deficit of 8,3 billion in the first six months compared with a surplus of 6,1 billion in 1998.

The dollar / euro exchange rate was fairly stable in September, the euro ending the month at USD 1,0665. The Japanese yen continued to appreciate, ending the month at JPY 112,7 to the euro.

The upward trend in long-term interest rates continued in August. The average yield on government bonds rose to 5,12% for the EU-15 and 5,06% for the euro-zone.

Money supply growth tended to ease in August. The annual rate of M3 growth in the euro-zone was 5,7%, compared with 5,8% in July.

Foreign official reserves of the euro-zone amounted to 341,4 billion euro July, down 5,1 billion from June. Those of the EU-15 amounted to 436,1 billion euro in June.

Euro-zone and EU-15 industrial production trend rose by 0,4% in May to July compared to the previous three months.

The "Dossier of the month" of this edition is devoted to the *Transport enterprises*, to the *Social benefits* and to the *GDP in the European Union*.

European economy at a glance



	Date	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR-11	EU-15
GDP, seasonally adjusted volume trends, T/T-1 % (1) (2)	11/99	0,25	0,19	0,04	:	1,14	0,59	:	0,42	:	0,75	0,34	2,41	0,98	0,91	0,64	0,49	0,51
GFCF, seasonally adjusted volume trends, T/T-1 % (1) (2)	11/99	0,06	-2,77	-0,59	:	3,17	1,29	:	1,04	:	4,79	4,94	:	2,02	1,99	0,3	0,61	0,53
Private final national consumption volume trends, T/T-1 % (1) (2)	11/99	2,37	-1,67	-0,46	:	1,35	0,51	:	0,39	:	1,35	0,75	:	0,41	0,59	1,08	0,25	0,36
Production index 1995=100 total, seasonally adjusted (3)	07/99	112,2	111	106,6	116	114	110	:	103	:	111,7	121	118,9	128,7	115	103	109,97	109,11
Consumer price index T/T-12 %	08/99	0,9	2,4	0,7	1,6	2,3	1,3	2,4	1,6	1,4	2,5p	0,5p	1,8	1,4	0,8	1,3	1,2p	1,2p
Unemployment rate seasonally adjusted %	08/99	9,1	4,4	9,2	:	15,7	11,0	6,6	:	2,8	3,2	4,3	4,7	9,9	7,0	:	10,2	9,3
Extra-EU trade balance Billion EUR	01-06/99	-2,3	1,0	13,4	-1,8	-5,3	6,5	2,5	5,1	-0,2	-18,2	1,5	-2,1	2,8	6,0	-17,1	25,3(*)	-8,3(*)
Intra-EU trade balance Billion EUR	01-06/99	10,6	0,3	19,0	-5,1	-7,2	-2,7	8,8	0,2	-0,9	25,1	-6,7	-4,0	1,4	1,7	-7,8	:	:

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

(1) = All quarterly figures presented respect the ESA95 methodology, except for the Netherlands, Austria and Portugal which are still under the national concept. This is also true for the USA and Japan (national concept), which are both not yet in line with the SNA93. Among Member States on an annual basis, only Austria and Portugal are computing figures under the national concept; (2) = Seasonally adjusted figures for France, Germany, The Netherlands and Spain are also corrected for working days; (3) = Excluding construction; (4) = The EUR-11 figure represent the total of the Extra-UE balance; p = provisional data; : = data not available.

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BANQUE DE LUXEMBOURG

Euro-zone and EU-15 annual inflation rises to 1,2% in August

Euro-zone¹ annual inflation² rose from 1,1% in July to 1,2% in August. A year earlier the rate was 1,1%. EU-15 annual inflation² was up from 1,1% in July to 1,2% in August. In August 1998 it was 1,3%. EEA annual inflation² increased from 1,1% to 1,2%.

Highest annual rates were in the Netherlands (2,5%), Denmark and Ireland (both 2,4%) and Spain (2,3%). Lowest rates were in France and Austria (both 0,5%), Germany (0,7%) and Sweden (0,8%)

Compared with July, annual inflation rose in ten Member States, fell in four and was unchanged in one. Compared

to a year earlier, the biggest relative rises were in Denmark (1,1% to 2,4%) and the Netherlands (1,4% to 2,5%); biggest relative falls were in Greece (4,7% to 1,6%) and Austria (0,7% to 0,5%).

Lowest 12-month averages³ up to August were in Sweden (0,2%), Germany, France and Austria (all three 0,4%). Highest were in Greece (3,1%), Portugal (2,4%) and Ireland (2,2%).

Annual inflation⁴ rose to 2,3% in the USA and to 0,9% in Switzerland. But these indices are not strictly comparable with EU harmonized indices.

1 Euro-zone: Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, Netherlands, Austria, Portugal and Finland.

2 As measured by the Harmonized Index of Consumer Prices (HICP) aggregate, the Monetary Union Index of Consumer Prices (MUICP) for the euro-zone, the European Index of Consumer Prices (EICP) for the EU-15 and the European Economic Area Index of Consumer Prices (EEAICP) for the EEA area.

3 Measure used to determine price stability in Convergence report 1998 by the Commission to the Council.

4 As measured by national CPIs.

Euro zone unemployment stays in August at 10,2%

Euro-zone seasonally-adjusted unemployment stayed at 10,2% in August 99, same as July 99. This compares to 10,9% in August last year.

The EU-15 rate was 9,3% in August 1999, same as July 99. In August a year before it was 9,9%.

Lowest rates were in Luxembourg (2,8% in July) and in the Netherlands (3,2% in July) followed by Austria (4,3%), Denmark (4,5% in July) and Portugal (4,7%).

Spain's 15,7% was still by far the EU's highest rate. However, Spain did register a big fall over the year, down from

18,7% to 15,7%. Notable relative falls were also recorded in the Netherlands (from 3,7% to 3,2% in July) and in Sweden (from 8,2% to 7,0%).

EU unemployment of under-25s ranged from 5,7% in Austria to 32,6% in Italy (April). EU-15-wide, it was 18,3%, and 19,7% in the euro-zone. A year earlier it was 19,6% and 21,2% respectively. Eurostat estimates 13,2 million men and women were unemployed in the euro-zone and 15,8 million in EU-15 in August. These are seasonally-adjusted figures in line with ILO criteria.

Unemployed people according to International Labour Organisation (ILO) criteria are those aged 15 and over who:

- are without work
- are available to start work within the next two weeks
- and have actively sought employment at some time during the previous four weeks.

The monthly unemployment rate and numbers of unemployed are estimates based on results of the Community Labour Force Survey (LFS). These results are interpolated/extrapolated to monthly data using national survey data and national monthly series on registered unemployment. Estimated rates might differ from national unemployment rates due to differences in methods and definitions of unemployment.

Euro-zone surplus 12,1 billion euro in July

2,4 billion euro deficit for EU-15

The first estimate for euro-zone¹ trade with the rest of the world in July 1999 was a 12,1 billion surplus, compared with 13,6 billion in July 1998. The revised June 1999 surplus was 8,0 billion euro², it was 7,8 billion in June 1998. This gave a total surplus of 25,3 billion for the first half of 1999, compared with 37,7 billion in the same period of 1998.

The first estimate for July 1999 Extra-EU-15 trade was a 5,2 billion surplus, compared with 7,8 billion in July 1998. In June there was a revised 2,4 billion euro surplus, against 3,0 billion in June 1998. There was a deficit of 8,3 billion in the first six months compared with a surplus of 6,1 billion in 1998.

The deterioration in the EU-15 trade balance is explained by the fall in exports over the first six months of the year (-4%). Exports were weak across

all main product groupings. Total imports remained the same as 1998, with the growth in 'Machinery and Vehicles' counterbalancing the fall in 'Raw Materials'.

EU-15 trade with its major partners was mixed, with some flows strong and others weak or falling. Particularly strong were exports to China (+15%), and imports from Hungary (+18%) and the Czech Republic (+12%). Trade flows with Russia (-54% for exports, -7% for imports) and Norway (-9% for exports, -21% for imports) were weak, as were exports to Turkey (-17%).

Germany had the largest surplus (32,3 billion euro), and the United Kingdom the largest deficit (24,9 billion). Ireland's trade growth continued to be strong, and it now has the second largest surplus (11,3 billion).

EUR-11 trade

billion euro²

Flows	July 99	July 98	Growth	June 99	June 98	Growth	Jan-June 99	Jan-June 98	Growth
Extra-EUR-11 ¹ exports	73,3	72,8	1%	72,2r	70,1r	3%r	388,6	398,0	-2%
Extra-EUR-11 imports	61,2	59,3	3%	64,2r	62,2r	3%r	363,3	360,3	1%
Extra-EUR-11 trade balance	12,1	13,6		8,0r	7,8r		25,3	37,7	
Intra-EUR-11 dispatches	70,5	68,7	3%	75,5r	72,2r	5%r	421,7	412,4	2%

EU-15 trade

billion euro²

Flows	July 99	July 98	Growth	June 99	June 98	Growth	Jan-June 99	Jan-June 98	Growth
Extra-EU-15 exports	67,8	67,6	0%	66,7r	64,8	3%r	353,4	367,5	-4%
Extra-EU-15 imports	62,6	59,7	5%	64,3r	61,8r	4%r	361,7	361,4	0%
Extra-EU-15 trade balance	5,2	7,8		2,4r	3,0r		-8,3	6,1	
Intra-EU-15 dispatches	105,7	104,6	1%	113,4r	110,8r	2%r	637,0	633,6	1%

r: revised

1. Extra-EUR-11 trade is trade with all countries outside the euro-zone, including the four Member States not in the euro-zone.

2. This release refers to values in euro. Technically data before 1 January 1999 are in ECU, and data after this date are in euro. However as the conversion rate was 1 ECU = 1 euro, for practical purposes the two terms can be used interchangeably.

Dollar/euro rate stable in September

Japanese yen strengthens

The euro continued to move in a narrow range against the US dollar in September, for the second month running. It ended the month at USD 1,0665, compared with 1,0573 at the end of August. In effective rate terms (measured against a trade-weighted basket of currencies), the euro's average value was 8,5% lower in September than in January.

As in August, the Japanese yen strengthened in September against the dollar and euro, which ended the month at JPY 105,6 and 112,7 respectively. During the month, the yen reached its strongest point against the dollar since 1996.

In ERM II the Greek drachma weakened slightly, ending the month at GRD 328,7 to the euro, compared with a central rate of 353,109. As a result, the degree of divergence of the GRD from its central rate fell below 7% for the first

time since ERM II came into being at the start of 1999. The Danish krone was very steady, continuing to diverge from its euro central rate by less than 0,4% throughout September.

The pound sterling appreciated against the euro in September, reaching a peak of GBP 0,633 (the highest level this year), before ending the month at 0,6475 to the euro. The Bank of England signalled a rise in short-term interest rates by increasing its 'repo' rate early in the month, from 5% to 5,25%. The rate had previously been on a downward trend, from a highpoint of 7,5% in mid-1998 down to 5% in June this year.

There were no other changes in official interest rates among Member States in September. In the euro-zone, the ECB's main refinancing rate was left unchanged at 2,5%. US and Japanese rates were also unchanged.

Note: Exchange rates are as supplied to Eurostat by the European Central Bank on a daily basis. Basis point = 1/100th of a percentage point in interest rates.

ERM II = exchange rate mechanism which came into being at the start of monetary union, linking the Danish krone and Greek drachma to the euro. The GRD is allowed to fluctuate within a band of +/- 15% and the DKK within +/- 2,25% relative to their central rates.

	Period	DK	EL	S	UK	EUR-11	EU-15
Exchange rate 1 EUR =...	Sep-99	7,43	327,0	8,63	0,65	1,00	:
Monthly average							
Exchange rate 1 USD =...	Sep-99	7,08	311,4	8,22	0,62	0,95	:
Monthly average							
Central bank interest rate	Sep-99	2,85	12,00	2,90	5,00	2,50	:
end month % (1)							
Money supply M1	Aug-99	:	33,7	6,9	7,6	12,8	13,0**
T / T- 12 %							
Money supply M3 ***	Aug-99	4,9	16,9	6,5	4,8	5,7	6,4**
T / T- 12 %							
Yield on long-term government bonds %	Aug-99	5,4	6,7	5,5	5,3	5,1	5,1

(1) EUR-11: main refinancing rate; UK, DK, S: repo rate; EL: liquidity draining rate.

* UK and Sweden measure are M0.

** EU-15 is estimated.

*** UK measure is M4, Denmark is M2.

EU yields move above 5% in August

Upward trend continues

The upward trend in long-term interest rates, evident in the EU since the beginning of the year, continued in August. Yields on 10-year government bonds rose between July and August in all 15 Member States. The average bond yield for EU-15 increased by 19 basis points, to reach 5,12%, its highest level since June 1998. The euro-zone average yield moved up to 5,06%, a rise of 20 basis points, while the differential between the highest and lowest yields

in the euro-zone (Portugal and Germany respectively) widened to 37 basis points, the highest level since October 1998.

The US government bond yield has also been on an upward trend, having reached a lowpoint of 4,58% in October 1998. In August it moved up 14 basis points, to 5,94%. Meanwhile the Japanese yield rose for the third month running, to 1,89%.

Note: The above-mentioned yields relate to government bonds of around 10 years to maturity. Data are monthly average.

Euro-zone calculation is weighted by the nominal stock of government bonds, and EU-15 by GDP. Basis point = 1/100th of a percentage point in interest rates.

Money supply growth eases in the euro-zone in August

In the euro-zone, the annual rate of M3 monetary growth dipped in August to 5,7%, from a revised 5,8% in July. In seasonally-adjusted terms, the M1 components (currency in circulation and overnight deposits) were almost unchanged, while a decline in other short-term deposits was almost offset by a rise in volume of marketable instruments. Measured on a 3MMA basis, the annual rate of expansion in M3 moved up to 5,6%, from 5,5%. This compares with a reference value for 1999 set by the ECB (as part of its strategy for main-

taining price stability) of 4,5% on a 3MMA basis. The annual rate of M1 and M2 growth for the euro-zone also fell in August, to 12,8% and 7,0% respectively, from 13,9% and 7,7% respectively in July.

For the EU-15, the annual rate of M3 growth edged higher in August to an estimated 6,4%, from 6,3% in July. However, M1 and M2 expanded more slowly, by 13,0% and 7,5% respectively, compared with 14,0% and 8,2% respectively a month earlier.

Note: Of the three definitions (M1, M2, M3), M1 is the narrowest and most liquid measure, and M3 the broadest and least liquid. Euro-zone consolidated series are compiled by the European Central Bank. EU-15 series are Eurostat estimates in euro, calculated by adding euro-zone to the remaining four EU countries, to the extent that data are available.

3MMA = three-month moving average.

Euro-zone official reserves decline in July

Significant fall of gold's price

Gross foreign reserve assets of the euro-zone (held by the ECB and participating national central banks) amounted to 341,4 billion euro at end-July, down from 346,5 billion in June. This was mainly the result of a decline in the value of gold holdings, by 5,6 billion euro to 96,6 billion, whereas foreign exchange holdings increased by 1,2 billion to 214,9 billion. Foreign official reserve assets for the EU-15 were 436,1 billion euro at end-June, 3,5 billion higher than a month earlier. When the monetary union was established on

1 January, euro-zone reserves amounted to 330,3 billion euro, and EU-15 reserves 405,9 billion euro. These increases since the beginning of the year are, however, largely the result of US dollar appreciation against the euro: in dollar terms, the value of euro-zone and EU-15 reserves has fallen.

Japan's reserves including gold reached a new world record in June of 243,5 billion in euro terms (and was also a record in dollar terms). US reserves in June were 124,9 billion euro, down 2,4 billion from a month earlier.

Euro-zone reserves data (compiled by the European Central Bank) exclude holdings in euro and its national denominations, whereas these are included in the reserves of countries not belonging to the euro-zone. EU-15 is a Eurostat estimate calculated by adding euro-zone to the remaining four EU countries. Gold is valued on a market basis.

Industrial production

Euro-zone and EU-15 industrial production rose by 0,4% in May to July

Euro-zone and EU-15 industrial production trend¹ rose by 0,4% in May to July compared to the previous three months.

Estimates for the previous period (April-June) were confirmed for euro-zone (0,3%) and revised down for EU-15 from 0,4% to 0,3%. After falling for half a year, this is the third consecutive period with positive growth rates.

Industrial output in the Netherlands

(1,2%) and Finland (1,0%) increased significantly. Italy and UK returned to positive growth (both 0,2%). It was the first increase in industrial production for Italy since March '98. Taking into account the revisions for the previous period, the output for UK was up for the second time after showing negative rates since June '98. Production is still falling in Germany (-0,4%) and Belgium² (-0,6%).

Production trend¹ - % changes February-April to May-July 1999
(Member States with available data, in descending order)

Eurozone	0,4	Portugal²	0,6
EU-15	0,4	Sweden²	0,3
Netherlands	1,2	UK	0,2
Finland	1,0	Italy	0,2
Greece²	0,9	Germany	-0,4
Spain²	0,8	Belgium²	-0,6
Denmark²	0,8	USA	1,1
France²	0,7	Japan	0,3

¹ Production volume of total industry, excluding construction, adjusted for seasonal and one-off fluctuations. ² Eurostat estimate.

Dossier of the month

Transport enterprises

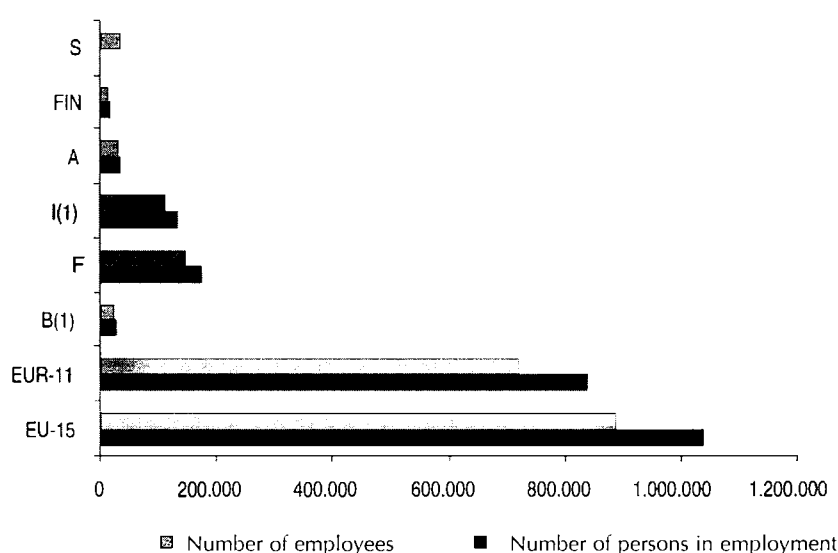
Land transport ranks first among transport enterprises

Transport services provide employment for 6,5 million people

The "land transport" sector alone accounted, in 1996, for nearly 4 million jobs. Some 1,04 million people are employed in the "passenger land transport" sector.

Among the countries which supplied data, France (173 000) had the most people employed in this sector. Second came Italy (134 000).

Number of employees and workers in the "buses and urban railway" sector and subsectors - 1996



Number of employees and persons in employment in the "buses and urban railway" sector and subsectors - 1996

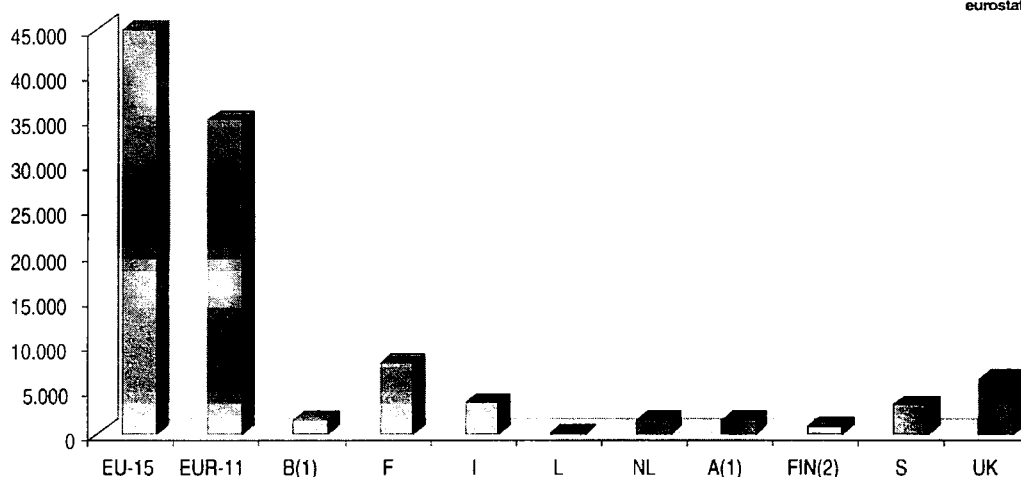
	EU-15	EUR-11	B(1)	F	I(1)	L	A	FIN	S
Number of persons in employment	1 040 000	840 000	27 299	173 305	134 451	1 867	35 613	18 044	:
Number of employees	890 000	720 000	24 843	146 248	110 851	1 689	31 910	13 584	35 321

(1) 1995 data

Turnover in the Community as a whole for the "passenger land transport" sector amounted to ECU 45 billion, of which 33 billion (73%) came from the "buses and urban railway" subsector

France had the highest turnover figure (ECU 7,9 billion) in the "passenger land transport" sector. The United Kingdom (ECU 6,1 billion) was in second place, with Italy (ECU 3,5 billion) third.

Turnover in the "passenger land transport" sector - 1996 (Mio ECU)



Turnover per person employed in the "passenger land transport" sector - 1996 (Mio ECU)

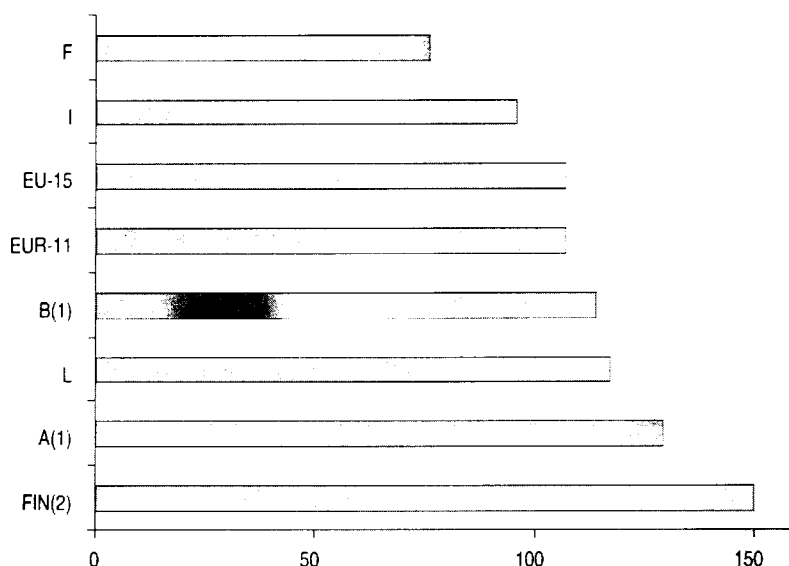
	EU-15	EUR-11	B(1)	F	I	L	A(1)	FIN(2)
1996	43,3	41,6	57	45,6	25,5	35,6	45,1	51,6

(1) 1995 data
(2) 1997 data

The wealth created by EU land passenger transport enterprises amounts to ECU 25 billion

The subsector with the highest value-added at factor cost was "buses and urban railway" (ECU 20 billion). Personnel cost for passenger land transport enterprises amount to nearly ECU 20 billion. Wage-adjusted labour productivity was highest in Finland (150%), followed by Austria (129%).

Wage-adjusted labour productivity (%) - 1996



Value-added at factor cost and personnel costs for the "passenger land transport" sector - 1996 (Mio ECU)



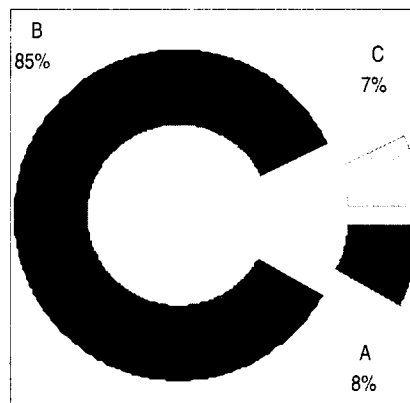
	EU-15	EUR-11	B(1)	F	I	L	NL	A(1)	FIN(2)	S	UK
Value-added at factor cost	25 000	20 000	1 038	4 350	4 698	76	1 762	1 193	676	823	3 518
Personnel costs	20 000	16 000	825	4 851	4 016	59	1 194	826	340	1 087	2 240

(1) 1995 data
(2) 1997 data

There were 210 000 "passenger land transport" enterprises active in the EU, with 89% of them operating in the euro zone

The subsector with the highest number of enterprises (178 000) was "taxi operation". The Member State with the highest number of enterprises in the "passenger land transport" sector was Spain, with 67 000. France was second, with 34 000 enterprises.

Subsector distribution of "passenger land transport" enterprises in the EU - 1996



A : (60,21) : Buses and urban railway
B : (60,22) : Taxi operation
C : (60,23) : Other passenger land transport (coach transport)

Number of enterprises in the "passenger land transport" sector - 1996



	EU-15	EUR-11	E(1)	F	I	L	NL(2)	A	FIN(1)	S	UK
1996	210 000	186 000	66 911	33 713	22 859	176	2 808	4 593	8 645	9 594	8 412

(1) 1997 data
(2) 1995 data

Social transfers other than pensions reduce EU poverty rate by one-third

Social benefits and their redistributive effect

In 1995¹, 26% of EU citizens had an original income² below their country's "poverty line". The percentage of "poor" citizens ranges from 21% in Italy to 34% in the United Kingdom and Ireland. Once all social transfers are taken into account, the Community percentage falls by 8 percentage points, to 18%. National figures vary between 10-11% in Denmark and the Netherlands and 24% in Portugal.

Although social transfers (excluding pen-

sions) reduce the proportion of poor in all the Member States, the reduction varies considerably depending on the country: the smallest reductions (between 7 and 15%) are in Greece, Italy and Portugal, while the biggest (approximately 60%) are in Denmark and the Netherlands. In the other countries, the reductions are not less than 25%. The average reduction in the poverty rate in the EU is almost one-third.

Proportion of persons below the "poverty line" before and after social transfers other than pensions

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	UK	EU-13 ¹
A	30	29	24	22	27	28	34	21	26	26	27	28	34	26
B	18	11	18	21	19	16	21	19	14	10	17	24	20	18

A: Before transfers
B: After transfers

N.B.: Income before transfers, or "original income", includes pensions (retirement and survivors' pensions).

More than half of EU citizens benefit from social transfers other than pensions

In the EU, 52% of the population live in households benefiting from social transfers other than pensions (unemployment benefit, illness/disability allowance, family allowance, housing bene-

fit, etc.). The percentage is lower in Spain (37%), and even lower in Italy (17%) and Greece (18%). In Denmark, Ireland and the United Kingdom, it exceeds 70%.

Recipients of social transfers other than pensions and share of these transfers in total income, in %

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	UK	EU-13 ¹
A	70	75	55	18	37	63	81	17	66	68	64	63	73	52
B	14	16	07	02	08	10	12	03	08	13	10	05	12	09

A: Recipients of transfers (other than pensions)
B: Share of transfers (other than pensions) in total income

On average, these transfers account for 9% of the total income of EU citizens. The share is significantly higher (12-16%) in Belgium, Denmark, Ireland, the Netherlands and the United Kingdom, whereas it is in a range of 2-5% in Greece, Italy and Portugal.

In the EU's four southern countries, therefore, social transfers other than

pensions make up only a small share of total income (Greece, Italy and Portugal) and/or the proportion of recipients in the population is small (Greece, Spain and Italy). In Spain and Italy, however, these benefits (mainly illness/disability and unemployment benefits) constitute a large share of the recipients' income.

Social transfers precisely targeted

Social security benefits (other than pensions) are precisely targeted. In the EU as a whole, half of the benefits go to persons in the lowest quintile of original income², i.e. the 20% of the population with the lowest original income. This share falls to 20% for the second quintile and 7% for the fifth, which comprises the 20% of persons with the highest original incomes. In Ireland, the Netherlands and the United Kingdom, social transfers are largely concentrated on persons with the smallest incomes: the first quintile receives between 56% and 58% of the transfers. In Portugal and Austria, this category receives only 34% and 37% of transfers respectively. The proportion of persons in receipt of social transfers falls as original income rises. Whereas 74% of European citi-

zens with the lowest original incomes live in households benefiting from social transfers, the share falls to 34% in the highest income bracket. In Ireland and the United Kingdom, the percentage of recipients in the lowest income bracket is close to 100%, while in Greece and Italy, it is about 30%.

Social transfers account for 51% of the total income of persons in the first income quintile at EU level. However, the figures vary considerably from country to country, ranging from 11% in Greece and 17% in Italy to nearly 80% in Ireland and the United Kingdom. For persons in the last quintile, on the other hand, this share moves within a very narrow range (0-3%); the Community average is 2%.

Recipients of social transfers other than pensions Breakdown by quintile of original income, in %

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	UK	EU-13 ¹
A														
*	86	93	77	29	77	88	98	30	92	92	83	63	95	74
**	64	66	42	11	51	49	81	17	40	66	41	27	79	51
***	42	52	50	48	54	46	56	42	41	56	37	34	58	51
B														
*	55	53	37	10	14	38	53	08	49	31	43	64	53	34
**	03	03	01	00	01	02	01	01	02	02	02	01	02	02
***	09	06	07	10	06	06	04	09	11	06	09	12	06	07

A: First quintile
B: Fifth quintile
*: Recipients of transfers (other than pensions) **: Share of transfers (other than pensions) in total income. ***: Share of total transfers (other than pensions) distributed

1 The study, carried out jointly by Eurostat and the "DREES" Directorate of the French Ministry of Employment and Solidarity, is based on data obtained from the European Community Household Panel (ECHP). Sweden and Finland did not take part in the second wave, which took place in the year in which they joined the EU. The data for these countries are therefore not available.

2 In this report, income means the income of the household as a whole and not that of each household member separately (equivalised income): in order to take account of differences in household size and composition for the purpose of comparing income levels, the incomes of each household were converted into amounts per "equivalent adult".

3 Poverty line: under Eurostat's methodology, "poor" persons are those whose equivalised income is less than 60% of the median income in their country. This threshold is systematically defined in relation to the total equivalised income. Poverty is therefore defined here in relative and strictly monetary terms.

Source: Eurostat News Release Memo No 8/99.

Euro-zone and EU-15 GDP grew by 0,5%

Euro-zone and EU-15 GDP both grew by 0,5% in real terms during the second quarter of 1999, according to revised estimates¹ from Eurostat. Economic growth accelerated compared to the first quarter 1999, when it had reached +0,4% for both the euro-zone and EU-15.

According to Eurostat, these results are mainly due to a strong resumption in exports (+2,2% for both the euro-zone and EU-15, compared to -0,1% and -0,2% respectively in Q1). These effects were only partially reduced by the growth in imports (+2,1% for the euro-zone and +1,8% for EU-15, compared to +0,5% and +0,6% respectively in Q1).

The euro-zone and EU-15 domestic demand recorded a slow-down in the second quarter (+0,4% for both compared to +0,6% and +0,7% respectively in Q1). The main reason for this slow-down was the slackening of household's final consumption expenditure (+0,3% for the euro-zone and +0,4% for EU-15 +0,6% and +0,8% respectively in Q1), together with a strong slow-down in investments, both in the euro-zone (+0,6% compared to +2,5%) and the EU-15 (+0,5% compared to +2,3%).

During the second quarter, the US economy slowed down, showing a +0,4% growth rate, vs. +1,1% in the first quarter of 1999. Growth of GDP also decreased in Japan, reaching +0,2% compared with +2,0% in the previous quarter. G7 growth slowed down and stood at 0,4%.

Compared to the second quarter of 1998, euro-zone and EU-15 GDP grew both by +1,6%, while the US economy recorded a +3,9% increase. Japan showed a +1,1% growth.

In the first two quarters of 1999, the euro-zone and EU-15 GDP both rose by +1,6% compared to the same period a year before. The US figure rose by +3,9%, and Japan recorded a +0,6% increase.

Most EU Member States recorded an acceleration in their growth during the second quarter of 1999. This was the case for Spain (+1,1%), Finland (+1,0%), the Netherlands (+0,8%), France (+0,6%), the United Kingdom (+0,6%) and Italy (+0,4%). Denmark showed a recovery (+0,2%), while growth in Sweden slightly slowed down (+0,9%). Only Germany recorded a noticeable slow-down (+0,0% compared to +0,4% in the previous quarter).

Growth rates of GDP - volume

	B	DK	D*	E	F	I	NL	A	P	FIN	S	UK	EUR-11	EU-15
Q1-99/Q4-98	0,2	-0,5	0,4	0,6	0,4	0,2	0,7	0,3	:	0,3	1,0	0,2	0,4	0,4
Q2-99/Q1-99	:	0,2	0,0	1,1	0,6	0,4	0,8	:	:	1,0	0,9	0,6	0,5	0,5
Q1-99/Q1-98	1,7	0,9	0,6	3,2	2,4	0,8	3,1	1,1	:	3,4	3,6	1,3	1,6	1,6
Q2-99/Q2-98	:	1,5	0,6	3,6	2,1	0,8	3,2	:	:	3,3	3,6	1,4	1,6	1,6

Estimates for the euro-zone and EU-15 are obtained by using data from Member States. This data is seasonally adjusted according to national adjustment proce-

dures. For Germany, the seasonally adjusted data from the Bundesbank (Central Bank) is used.

¹ Eurostat Statistics in focus, Economy and finance, "GDP - Quarterly accounts, second quarter 1999", out shortly

Source: Eurostat News release No 102/99.

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