



# KEY FIGURES

Bulletin of economic trends in Europe and summaries 06/99

## Foreword

Euro-zone annual inflation rose from 0,8% in February to 1,0% in March 1999. The EU-15 rate was up from 1,0% in February to 1,2% in March. However the EEA rate increased from 1,0% to 1,2% for the same period.

Euro-zone seasonally-adjusted unemployment stayed at 10,4% in March. The EU-15 rate was 9,6%. The two rates were stayed unchanged as in February.

The euro-zone had a trade surplus with the rest of the world of 0,7 billion euro in January 1999, up 0,2 billion on January 1998. Extra-EU-15 trade was 6,1 billion euro in deficit in January, 1,5 billion worse than 1998.

The European Central Bank lowered the key euro-zone interest rate in April, by 50 basis points to 2,5%. The US dollar and Japanese yen continued to appreciate against the euro, falling to USD 1,0597 and JPY 126,9 by end month.

Government bond yields for the euro-zone and EU-15 rose in March to, on average, 4,18% and 4,27% respectively. The difference between the highest and lowest EU yields fell below 2% for the first time ever.

The annual rate of M3 monetary growth for the euro-zone was stable in March, at 5,1%. For the EU-15, however, it fell to an estimated 4,8%. M1 growth decelerated in the euro-zone to 10,8%, and in the EU-15 to 10,7%.

Foreign official reserves (including gold) of the euro-zone rose from 337,4 billion euro in January to 340,1 billion in February. EU-15 reserves were an estimated 418,5 billion euro in January.

The euro-zone and EU-15 industrial production trend fell by -0,7% in December to February compared to the previous three months.

The "Dossier of the month" of this edition is devoted to the *Tourism in the EU*, to the *Social protection in the European union* and the *Earnings in the European union*.

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### 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 %	IV/98	0,27	0,08	0,40	:	0,74	0,71	:	0,50	:	1,19	0,54	-0,36	1,54	1,39	0,06	0,17 <sup>1</sup>	0,19 <sup>1</sup>
GFCF, seasonally adjusted volume trends, T/T-1 %	IV/98	3,13	-1,8	1,20	:	2,46	1,40	:	0,2	:	0,90	-3,7	-1,55	5,60	1,34	2,90	0,21 <sup>1</sup>	0,60 <sup>1</sup>
Private final national consumption volume trends, T/T-1 %	IV/98	-0,67	0,98	1,14	:	0,82	0,65	:	0,62	:	1,35	-0,21	0,64	2,04	0,77	0,55	0,92 <sup>1</sup>	0,86 <sup>1</sup>
Production index 1995=100 total, seasonally adjusted (2)	02/99	107,1 <sup>3</sup>	110,7	107,3	113,8	112,4	108,1	154,0	101,1	108,1 <sup>3</sup>	103,8 <sup>3</sup>	108,2 <sup>3</sup>	112,8 <sup>3</sup>	126,5	113,3	101,3	108,2	107,6
Consumer price index T/T-12 %	3/99	1,3	1,7*	0,5	3,2*	2,1	0,5p	2,0	1,4	0,6	2,0p	0,1p	2,8	0,9	0,5*	1,7*	1,0p	1,2p
Unemployment rate seasonally adjusted %	3/99	9,1	4,7	9,0	:	17,4	11,4	6,9	12,0	2,8	3,6	4,6	4,2	10,6	7,5	:	10,4	9,6
Extra-EU trade balance Billion EUR	01/99	0,6	0,0	1,2	:	1,1	0,3	0,2	0,1	0,0	:	0,0	0,3	0,4	0,7	3,7	0,7 <sup>4</sup>	-6,1
Intra-EU trade balance Billion EUR	01/99	2,1	0,1	3,2	:	0,7	0,1	:	:	0,2	:	0,8	0,3	0,3	:	:	:	:

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

(1) = Estimation

(2) = Excluding construction

(3) = Data corresponding at the period of 12/1998

(4) = The EUR-11 figure represent the total of the Extra-UE balance

p = provisional data.

: = data not available

\* = Member States not participating in Stage III of Economic and Monetary Union are not covered by the MUICP.

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**BANQUE DE LUXEMBOURG**

# Euro-zone annual inflation rises to 1,0% in March 1999

Euro-zone<sup>1</sup> annual inflation<sup>2</sup> rose from 0,8% in February to 1,0% in March 1999. A year earlier the rate was 1,1%. The EU-15 rate<sup>3</sup> was up from 1,0% in February to 1,2% in March. In March 1998 it was 1,3%. However the EEA rate<sup>4</sup> increased from 1,0% to 1,2%.

Highest annual rates were in Greece (3,2%), Portugal (2,8%) and Spain (2,1%). Lowest were in Austria (0,1%), Germany, France and Sweden (all 0,5%).

Compared to February, annual inflation fell in three Member States, rose in eight and was unchanged in four.

Compared to a year earlier, biggest relative rises were in Portugal (1,5% to 2,8%) and Ireland (1,5% to 2,0%) and biggest relative falls in Austria (1,0% to 0,1%) and Sweden (1,7% to 0,5%).

Lowest 12-month averages<sup>5</sup> up to March were in Germany (0,5%), France, Luxembourg, Austria and Sweden (all 0,6%), and highest in Greece (4,3%), Portugal (2,5%) and Ireland (2,4%).

Annual inflation<sup>6</sup> rose to 1,7% in the USA and 0,5% in Switzerland. But these indices are not strictly comparable to EU harmonized indices.

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

2 As measured by the Monetary Union Index of Consumer Prices (MUICP), calculated as a weighted average of the Harmonized Indices of Consumer Prices (HICPs) for participants in Stage III of EMU. The annual rate of inflation is defined as the percentage change resulting from the index number for a particular month divided by the index number for the same month the previous year.

3 As measured by the European Index of Consumer Prices (EICP), calculated as a weighted average of HICPs for Member States.

4 As measured by the European Economic Area Index of Consumer Prices (EEAICP), calculated as a weighted average of HICPs for Member States plus Norway and Iceland.

5 Arithmetic average of indices for a 12-month period relative to the arithmetic average for the preceding 12 months. Measure used to determine price stability, see Convergence report 1998 by the Commission to the Council, prepared in accordance with Article 109(j) of the Treaty.

6 As measured by national CPIs.

# Euro-zone unemployment stayed at 10,4% in March 1999

Euro-zone seasonally-adjusted unemployment stayed at 10,4% in March, same as February. This compares to 11,1% in March last year.

The EU-15 rate was 9,6%, also same as February. In March a year before it was 10,1%.

Lowest rates were in Luxembourg (2,8%) and the Netherlands (3,6% in February), followed by Portugal (4,2%), Austria (4,6%) and Denmark (4,7%).

Spain's 17,4% was still by far the EU's highest rate. However, Spain did register a big fall over the year, down from 19,2%, as did Portugal, from 5,8% to 4,2%.

EU unemployment of under-25s ranged from less than 7,5% in Austria, Luxembourg, Denmark and the Netherlands (February) to over 30% in Italy (January) and Spain. EU-15-wide, it was 18,6%, and 19,9% in the euro-zone. A year earlier it was 19,7% and 21,4% respectively.

US unemployment was 4,2%; the Japanese rate 4,7%.

Eurostat estimates 13,5 million men and women were unemployed in the euro-zone and

16,3 million in EU-15 in March. 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 0,7 billion euro in January 1999

### 6,1 billion euro deficit for EU-15

The euro-zone<sup>1</sup> had a trade surplus with the rest of the world of 0,7 billion euro<sup>2</sup> in January 1999, up 0,2 billion on January 1998. The total surplus for 1998 was 82,8 billion euro, down 6,2 billion euro on 1997.

Extra-EU-15 trade was 6,1 billion euro

in deficit in January, 1,5 billion worse than 1998. And there was a surplus of 20,0 billion euro in 1998 compared to 48,5 billion euro in 1997.

Extra- and intra-trade growth fell in January for both the euro-zone<sup>1</sup> and EU-15 for both flows.

#### Euro-zone trade

billion euro<sup>2</sup>

Flows	Jan. 99	Jan. 98	Growth	1998	1997	Growth
Extra-EUR-11 exports	54,1	58,4	-7%	790,6	762,4	4%
Extra-EUR-11 imports	53,4	57,9	-8%	707,8	674,0	5%
Extra-EUR-11 trade balance	0,7	0,5		82,8	88,4	
Intra-EUR-11 dispatches	61,5	63,7	-3%	805,2	750,5	7%

#### EU-15 trade

billion euro<sup>2</sup>

Flows	Jan. 99	Jan. 98	Growth	1998	1997	Growth
Extra-EU-15 exports	47,5	53,8	-12%	729,3	720,8	1%
Extra-EU-15 imports	53,6	58,4	-8%	709,3	672,3	6%
Extra-EU-15 trade balance	-6,1	-4,6		20,0	48,5	
Intra-EU-15 dispatches	93,4	98,2	-5%	1 237,1	1 166,4	6%

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. 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.

# European Central Bank cuts interest rates in April

## New increase of the US dollar and the Japanese yen

For the first time since the birth of the euro on 1 January, the European Central Bank lowered its key interest rate in April, the main refinancing rate, by 50 basis points to 2,5%. The ECB's other reference interest rates, which act as a ceiling and floor to movements in money market rates, were also cut. Key interest rates were last cut in the euro-zone in December, in a concerted move among the 11 national central banks.

The euro continued to weaken against the US dollar in April, moving from USD 1,0742 to 1,0597. In the first four months since the start of trading in euro in January, the currency has fallen 9,2% in value against the USD. Meanwhile, it has depreciated by 4,4% against the Japanese yen, having weakened further in April to JPY 126,9.

Other currencies which have appreciated significantly against the euro are the pound sterling, Swedish krona, and Norwegian krone. In terms of euro, these exchange rates have fallen by respectively 6,9%, 6,1%, and 7,0% during the first four months of 1999. The GBP and NOK continued to strengthen in April, ending the month at 0,6571 and 8,2515 to the euro respec-

tively, but the SEK fell slightly to 8,9075. The downward trend in UK interest rates continued in April, as the repo rate was cut by 25 basis points to 5,25%. Norway's advances rate was also reduced, by 50 basis points to 8,5%.

One important trading currency against which the euro has gained slightly in value (by 0,2%) since the turn of the year is the Swiss franc. During April the euro appreciated from CHF 1,5981 to 1,6113. The Swiss national bank lowered its discount rate from 1,0% to 0,5%, the first change in this rate since 1996.

The currencies participating in ERM2 showed very little movement against the euro in April. The Danish krone remained close to its central rate, ending the month at 7,4323 to the euro (a divergence of 0,38%). The Greek drachma remained somewhat stronger than its central rate: at end-April the rate to the euro was 325,65 (a divergence of 7,78%). Greek interest rates were unchanged in April, but Denmark lowered its discount rate and repo rate by 50 basis points, to 2,75% and 2,9% respectively.

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 2 = 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 =...	April 99	7,43	325,5	8,91	0,67	1,00	:
Monthly average							
Exchange rate 1 USD =...	April 99	6,94	304,1	8,33	0,62	0,92	:
Monthly average							
Central bank interest rate	April 99	2,90	12,00	2,90	5,25	2,50	:
end month % (1)							
Money supply M1	March 99	:	15,5	:	6,5 *	10,8	10,7 **
T / T- 12 %							
Money supply M3 ***	March 99	5,5	17,2	6,3	6,2	5,1	4,8 **
T / T- 12 %							
Yield on long-term government bonds %	March 99	4,4	6,0	4,4	4,6	4,2	4,3

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

\* UK measure is M0.

\*\* EU-15 is estimated.

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

# EU bonds

## The difference between the highest and lowest yields falls below 2% in March

Long-term interest rates, as measured by the yield on government bonds, increased throughout the euro-zone in March for the second month running, having reached record low levels (on the basis of data available from 1980) in January. Compared with February, the average yield for the euro-zone increased by 20 basis points to 4,18%, while the differential between the highest and lowest yields widened slightly to 23 basis points. The lowest-yielding bond remained that of Germany, although it moved above 4% (4,04%) for the first time since November.

The average EU-15 yield also moved up

in both February and March from its record January level, increasing by 21 basis points in March to 4,27%. The Greek yield, however, which reached a record low level in February of 5,96%, rose by just 1 basis point. As a result, the differential between the highest and lowest yields in the EU (Greece and Germany respectively) fell below 2% (1,93%) for the first time ever.

The US yield increased by 24 basis points in March, to 5,23%, its highest position since August 1998. Japan's yield, meanwhile, moved down from 2,09% in February to 1,72%.

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

EUR-11 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 M3 stable in March

## M1 growth relatively strong, but falling

Figures from the European Central Bank for the euro-zone show that the annual rate of M3 monetary growth was unchanged in March, compared with February, at 5,1%. The two largest components of M3 - overnight deposits, and deposits redeemable at notice of up to 3 months - both grew more slowly, while the decline in deposits with agreed maturity of up to 2 years was halted. Measured On a 3MMA basis, the annual rate of expansion in M3 increased by 0,2 percentage points to 5,2%. This compares with a reference

value for 1999 set by the ECB (as part of its strategy for maintaining price stability) of 4,5% on a 3MMA basis. M1 growth for the euro-zone decelerated to an annual rate of 10,8% in March from 12,0% in February, but M2 growth moved up from 6,0% to 6,5%.

For the EU-15 as a whole, the annual rate of M3 growth is estimated to have decelerated in March to 4,8%, from 5,0% a month earlier. M1 also grew more slowly, by 10,7% compared with 11,8% in February, while M2 growth accelerated from 5,4% to 5,8%.

Note: Of the three definitions (M1, M2, M3), M1 is the narrowest and most liquid measure, and M3 the broadest and least liquid. EUR-11 consolidated series are compiled by the European Central Bank. EU-15 series are Eurostat estimates calculated by adding the EUR-11 to the money supply of the four non-euro countries, to the extent that the data are available. 3MMA = three-month moving average.

## Euro-zone reserves

### The assets show of 340,1 billion euro in February

The European Central Bank has released for the first time statistics on foreign official reserves for the euro-zone. They show that the gross reserve assets held by the Eurosystem (the ECB and participating national central banks) amounted at end-February to 340,1 billion euro, up from 337,4 billion at end-January, and 330,2 billion when the monetary union was established on 1 January. The increase in February was entirely due to a higher

valuation for gold (valued on a market basis at 105,6 billion euro); excluding gold, the reserves fell marginally to 234,5 billion euro.

Eurostat estimates that, on the basis of the euro-zone data, foreign official reserves of the EU-15 amounted to 418,5 billion euro at end-January, compared with 406,1 billion euro on 1 January. Excluding gold, the EU-15 reserves increased to 308,0 billion euro, from 298,2 billion euro.

Note: The data for EUR-11 and EU-15 cannot be compared with pre-1999 data because of changes in methodology. EUR-11 reserves exclude the euro and its national denominations, whereas these are included in the reserves of countries not belonging to the euro-zone.

## Industrial production

### Euro-zone industrial production fell by -0,7% in December '98 to February '99

The euro-zone and EU-15 industrial production trend<sup>1</sup> fell by -0,7% in December to February compared to the previous three months. This compares to a revised -0,6% for both euro-zone and EU-15 in the three months up to end-January.

While production was up markedly in Finland (1,4%), it was in Germany (-0,7%), Italy (-0,9%) and Denmark

(-1,1%). US production was up slightly at 0,3% but in Japan it was down by -0,8%.

In the euro-zone and EU-15, growth in capital goods production was close to zero at -0,1% (+0,1%). Durable consumer goods was down -0,7% (-0,8% in EU-15), non-durable consumer goods flat at +0,1% (-0,1%) and intermediate goods down -0,6% (-0,8%).

Production trend <sup>1</sup> - % changes Sept-Nov '98 to December '98-Feb '99 (Member States with available data, in descending order)			
<b>Euro-zone</b>	-0,7	<b>Germany</b>	-0,7
<b>EU-15</b>	-0,7	<b>Italy</b>	-0,9
<b>Finland</b>	1,4	<b>Denmark</b>	-1,1
<b>Spain</b>	0,5		
<b>France</b>	0,1		
<b>Sweden<sup>2</sup></b>	-0,2	<b>USA</b>	0,3
<b>UK</b>	-0,3	<b>Japan</b>	-0,8

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

# Dossier of the month

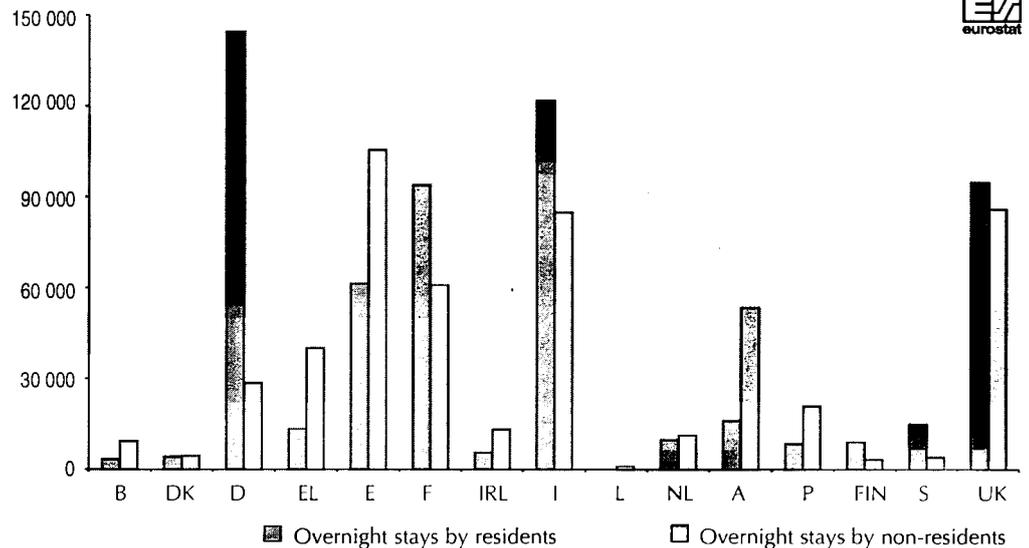
## Tourism in the EU

### Increasing Tourism flows in Europe

Overnight stays of residents and non-residents in hotels and similar establishments (thousands), 1997

**1997 saw an increase in tourism in the countries of the EU. Growth was higher for international tourism than for domestic tourism**

Tourist demand in EU countries, in terms of overnight stays, rose from 1,10 billion in 1996 to 1,14 billion in 1997. Germany, Italy, the United Kingdom and France recorded the largest number of overnight stays for residents in 1997, while Spain, the United Kingdom and Italy saw the highest number for non-residents.



Overnight stays of residents and non-residents in hotels and similar establishments (thousands), 1997

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EU-15
1	3 337	4 170	144 468	13 372	61 298	94 059	5 583	121 916	82	9 861	16 088	8 499	9 114	14 815	94 900	599 173
2	9 267	4 504	28 575	39 991	105 435	60 786	13 220	84 848	1 026	11 245	53 395	20 851	3 170	4 050	86 020	528 103

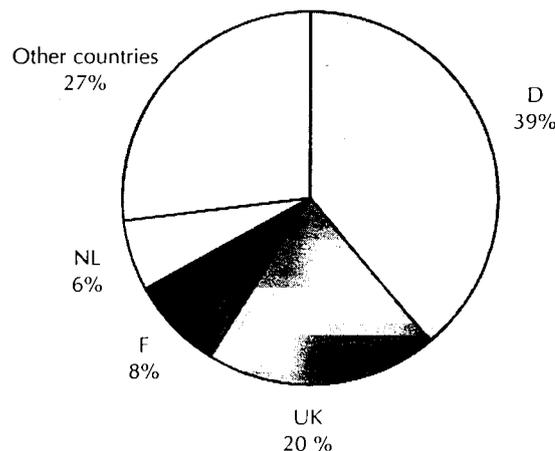
1: Overnight stays by residents

2: Overnight stays by non-residents

**Germany is the country of origin of the greatest number of tourists visiting other Member States of the EU, accounting for 39% of overnight stays in hotels and similar establishments in 1997**

It is followed by the United Kingdom, France and the Netherlands, these four together accounting for 70% of the tourism market in the EU. The country most visited by German tourists is Austria, with 69%. British tourists mainly opt for Ireland (66%).

Main countries of origin of tourists EU-15, 1997



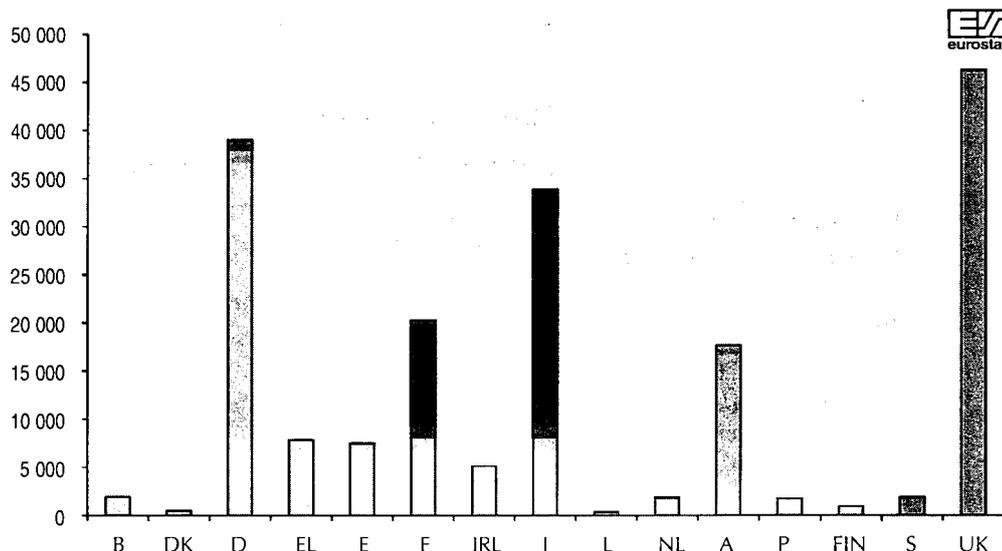
Main countries of origin of tourists, 1997

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EU-15
Country of Origin	UK	S	NL	D	D	UK	UK	D	B	D	D	UK	S	D	D	D
%	21	33	18	39	37	25	66	50	31	32	69	32	26	27	20	39

**The supply of tourist accommodation in EU countries remained stable in 1997 in terms of establishments, despite a slight drop in the number of beds**

In 1997, the number of hotels and similar establishments dropped by 1,4%, while other collective accommodation establishments increased by 1,7%. The number of beds in collective accommodation establishments dropped by 1,1% in 1997, though it remained steady for hotels and similar establishments (+0,2%).

Number of hotels and similar establishments, 1997



Number of hotels and similar establishments

	B	DK <sup>(1)</sup>	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EU-15
1996	2 015	478	38 565	7 916	9 482	20 849	5 274	34 080	368 <sup>(2)</sup>	1 739	17 990	1 744	958	1 842	46 221	189 521
1997	1 949	470	38 960	7 850	7 520	20 273	5 164	33 905	344	1 857	17 692	1 768	958	1 897	46 252	186 850

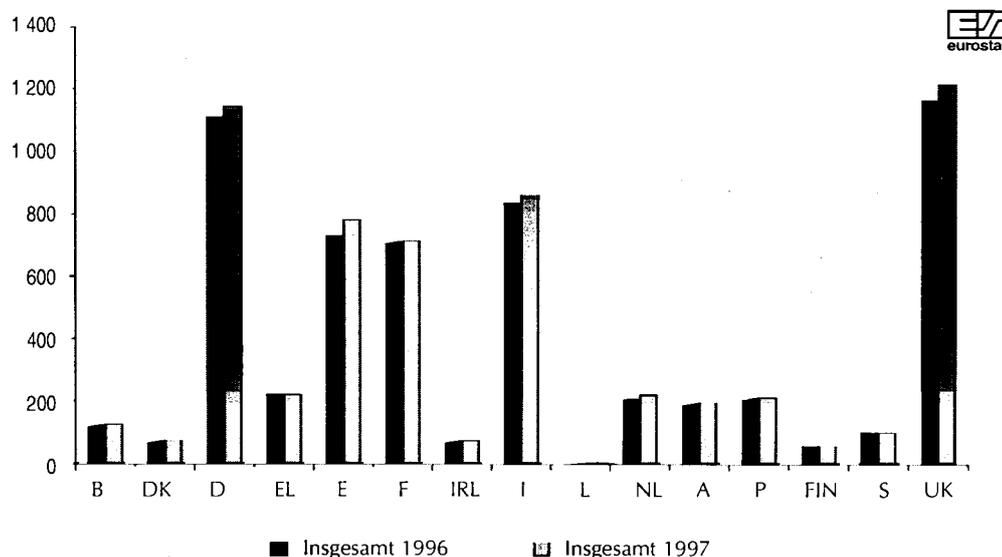
(1) Only establishments with at least 40 beds.

(2) 1995

**Employment in the hotel and restaurant industries in the EU climbed by 3,8% in 1997**

In 1997, over 6 million people were employed in the hotel and restaurant industries in EU countries. The United Kingdom, Germany and Italy had the most people employed in this sector, while Luxembourg, Finland and Ireland had the lowest rates of employment. Women account for 52,6% of the workforce in the hotel and restaurant industries within the EU.

Employment in the hotel and restaurant industries (thousands)



Employment in the hotel and restaurant industries (thousands)

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EU-15
1996 Total	123	70	1111	223	732	709	70	836	8	205	191	210	66	101	1164	5817
1997 Total	128	78	1145	224	784	718	75	868	9	219	203	212	60	103	1212	6036
Jobs held by women	63	47	662	97	332	350	43	403	4	113	128	109	41	62	720	3 174

Source: Statistics in Focus Industry, Trade and Services n°5/99

## EU-15 spends 28,7% of GDP on social protection

### Ireland least, Sweden most

A report<sup>1</sup> published by Eurostat shows that, as a percentage of GDP, Ireland is EU-15's lowest spender on social protection (18,9%) and Sweden (34,8%) the highest - with an EU-15 average of 28,7%. See Table 1.

Per person in money, Luxembourg spends the most: 8,297 PPS - purchasing power standards, the artificial currency statisticians use to smooth the

effect of price differences between countries and make 'real' comparisons. Portugal weighs in with the least: 2,533 PPS. The EU-15 average is 5,120. See Table 2.

The report show data for 1996, the latest available.

The lion's share of spending - over 12% of EU GDP - is taken by old-age and survivors' benefits.

### 3 points up in 6 years

Between 1990-96, EU-15 social protection spending as a proportion of GDP rose from 25,4% to 28,7%, touching 29,0% in 1993. The rise was general across the Union with the exceptions of the Netherlands, where it fell from 32,5% to 30,9%, and Ireland, down

from 19,1% to 18,9%.

Together with Ireland, Portugal (21,6%) and Spain (22,4%) had the lowest EU shares in 1996. Denmark (33,6%) and Finland (32,1%) were, with Sweden (34,8%), at the top of the list. Within the EEA, Iceland came bottom at 18,7%.

### Gap narrows in the '90s

In PPS per person EEA-wide in '96, Denmark (6,884 PPS) came a not-too-close second to Luxembourg. Next, all with 6,000+ PPS, were Germany, Sweden, Belgium and Austria. Italy, UK, Finland, Norway and France were close to the average.

Joining Portugal at the bottom end were Greece, Ireland, Spain and Iceland, all well under 4,000 PPS, with Greece and Portugal well below 3,000.

Ratio of highest-spending country to lowest was 3,3 to 1, a narrowing from 3,7 to 1 in 1990.

### How it's spent

In most countries, old-age and survivors' benefits took the biggest share of total spending: EU-15-wide, 44,8% of total benefits (or 12,3% of GDP). In Italy, these functions accounted for over 65% of all benefits.

But in Ireland this share was only 26,1% of all benefits. The reason: Ireland is the 'youngest' country in the EU with 33% of its population under 20 in 1996 (EU average: 24%) and only 11% over 65 (EU: 16%). On the other hand, Ireland's spending on family and child benefits was among the EU's highest at 12,8% of total social benefits. Iceland's situation is similar.

Unemployment related benefits range from over 14% of total benefits in Ireland, Belgium and Spain to less than

2% in Italy. But, the report cautions, this doesn't necessarily reflect the level of unemployment; there are still big differences in coverage and level of unemployment benefits. EU-15-wide, unemployment cost 2,3% of GDP.

Spending on families and children accounted for 7,9% of all benefits in EU-15 (or 2,1% of GDP). It topped 12% in Luxembourg, Ireland, Finland and Denmark - but was under 5% in Spain, Italy and the Netherlands. The Norway spent most in this area - 13,8% of its total benefits outlay.

From 1990-96, spending on social benefits per person EU-15-wide in real terms rose by 17% for old age and survivors, 38% for unemployment and 21% for the family and children.

As a slice of the EU-15 GDP 'cake', spending on sickness, health care and disability ranked second to that on old

age and survivors, at 9,7% in 1996 (or 35,5% of total benefits' expenditure - up by 15% up in real terms on 1990).

### How it's paid for...

In 1996 the main source of benefits' funding was social contributions by people and employers - 63,5% in EU-15, 69,1% in what is now the euro-zone<sup>2</sup>. Tax-funded general government contributions provided 31,4% in EU-15 and 27,2% in EUR-11.

The social contributions are particularly high in France, Belgium, Spain, Germany, the Netherlands and Italy

over 65% of total receipts. At the other end of the scale, Denmark, Ireland and Norway finance their social protection systems mainly through taxes, whose relative share of total receipts is in excess of 60%.

The UK and Iceland are also heavily dependent upon general government contributions (48,5% and 59,6% respectively).

**Table 1. Social protection spending as % of GDP**

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR-11	EU-15
A	26,8	30,3	25,4	22,7	20,4	27,7	19,1	24,1	23,5	32,5	26,7	15,5	25,5	32,9	23,1	25,5	25,4
B	29,0	33,5	29,1	22	24,4	31,2	20,8	26	25,2	33,7	29	21	35,4	38,6	28,8	28,8	29
C	30,0	33,6	30,5	23,3	22,4	30,8	18,9	24,8	26,2	30,9	29,5	21,6	32,1	34,8	27,7	28,6	28,7

A : 1990; B : 1993; C : 1996;

**Table 2. Social protection spending in PPS per person, 1996 - in ascending order**

P	EL	IRL	E	I	UK	EU-15	EUR-11	FIN	F	NL	A	B	S	D	DK	L
2 533	2 695	3 069	3 160	4 644	4 839	5 120	5 203	5 266	5 608	5 952	6 050	6 059	6 119	6 351	6 884	8 297

1. Eurostat Statistics in Focus, Population and Social conditions, no 5/99, "Social protection in the European Union, Iceland and Norway".

Further information can be obtained from the Eurostat report "Social protection expenditure and receipts 1980-96", ± 250 pages, price: 29,50 euro, out shortly from the Office for Official Publications of the European Communities and its national sales points or the Eurostat Data Shop network.

Source: Eurostat News Release Memo No 04/99.

## Euro-zone earnings up 2,4% in quarter 1998

Monthly earnings<sup>1</sup> in the whole economy of the euro-zone<sup>2</sup> grew by 2,4% in nominal terms in the last quarter of 1998 compared to the same period the previous year. The third quarter rise was 2,3%.

This is the first publication of such figures, produced by Eurostat to meet user demand in this field.

Q4 data are not yet available for all euro-zone countries. But among those with data, smallest annual rises were in Belgium (1,3%), France (1,7%) and Spain (1,9%), and biggest in Sweden (4,7%) and Finland (3,5%).

Gross hourly earnings in industry in the euro-zone rose slightly less, by 2,2%,

than in the whole economy. Smallest increases were in France (1,8%) and Germany (2,0%); biggest again were in Sweden (3,1%) and Finland (3,0%).

The rise in total hourly labour costs<sup>3</sup> in the whole economy of the euro-zone - including gross wages and employers' social contributions - was smaller than that of earnings: 1,2% between Q4 '97 and Q4 '98.

Only in Italy did labour costs fall, by -2,1%, due to a general reduction in employer labour contributions at the beginning of 1998. German labour costs were up by 1,0%. Biggest rises were Denmark's 4,6%, Finland's 3,9% and Spain's 3,8%.

	Gross monthly earnings in the whole economy				Gross hourly earnings in industry				Total hourly labour costs, whole economy			
	T3 97	T4 97	T3 98	T4 98	T3 97	T4 97	T3 98	T4 98	T3 97	T4 97	T3 98	T4 98
	% change compared to quarter a year earlier											
EUR-11	2,4	2,3	2,3	2,4	2,4	2,3	2,2	2,2	2,0	2,0	1,6	1,2
B	2,2	2,2	1,6	1,3	2,1	2,4	2,5	2,4	:	:	:	:
DK	3,9	4,0	:	:	3,9	4,0	:	:	4,0	4,0	4,5	4,6
D	1,5	1,8	2,4	2,5	1,4	1,4	1,8	2,0	1,3	1,4	1,9	1,0
EL	:	:	:	:	8,6	8,3	:	:	:	:	:	:
E	3,1	2,9	2,1	1,9	3,8	3,6	2,8	2,4	3,4	3,4	3,7	3,8
F	2,3	2,0	1,6	1,7	2,8	2,6	2,0	1,8	2,2	2,1	2,3	2,6
IRL	:	:	:	:	4,2	:	:	:	3,5	:	:	:
I	4,6	3,8	2,2	:	3,4	3,4	2,5	:	2,4	1,5	-1,6	-2,1
L	:	:	:	:	:	:	:	:	:	:	:	:
NL	2,7	2,8	3,4	:	2,8	2,7	3,3	:	2,5	2,2	2,6	:
A	1,9	1,9	2,2	2,2	2,4	2,4	2,5	2,7	:	:	:	:
P	:	:	:	:	9,1	9,5	:	:	:	:	:	:
FIN	3,0	2,3	3,5	3,5	3,2	2,0	3,4	3,0	2,9	2,8	3,8	3,9
S	4,0	3,8	3,8	4,7	4,4	4,5	3,2	3,1	4,1	4,4	2,3	2,4
UK	:	:	:	:	:	:	:	:	:	:	:	:

: unavailable

### Remarks

- Gross earnings, either on a hourly or monthly basis, are those paid directly and regularly by the employer at the time of each wage payment. They include the value of any social contributions, income taxes, etc. payable by the employee, even if actually withheld by the employer and paid directly to social insurance schemes, tax authorities, etc. on behalf of the employee.
- These short-term earnings and labour cost figures for the euro-zone are a new Eurostat development in response to user need in this area. At present these indices offer the most complete information on the evolution of average of wages, salaries and labour costs per employee or hours worked on a short-term basis. Definitions and coverage are not harmonized EU-wide, but nevertheless it is estimated that trends are sufficiently comparable to calculate aggregated euro-zone totals and, later, EU-15 totals. EU-15 figures are not available for the series released today because of non-availability of UK data.
- In addition to employees' gross earnings, total labour costs include indirect costs such as employers' social contributions and taxes connected to the employment.

Source: Eurostat News release No 36/99.

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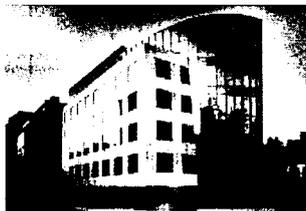
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