



# KEY FIGURES

Bulletin of economic trends in Europe and summaries 8-9/99



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## Foreword

Euro-zone annual inflation fell from 1,0% to 0,9% between May and June. For the same period, the EU-15's and EEA's rate were 1,0%.

Euro-zone seasonally-adjusted unemployment stayed at 10,3% in June 99, same as May 1999. This compares to 10,9% in June 1998. The EU-15 rate was 9,4% in June 1999, same as May 1999. In June a year before it was 10,0%.

The euro-zone had a trade surplus with the rest of the world of 5,4 billion euro in April 1999. Extra-EU-15 trade was 0,7 billion euro in deficit in April, 3,5 billion down on the surplus in April 1998. And there was a deficit of 8,4 billion euro in the first four months 1999.

The dollar continued its upward trend in June, ending the month at 1,0328 to the euro. In terms of its effective exchange rate, the euro depreciated by 7,2% in the first half of 1999, and by 3,4% in the year to June 1999.

The average government bond yield for EU-15 increased in May to 4,31% from 4,12% a month earlier. The euro-zone average also rose, from 4,04% to 4,21%.

For the euro-zone, the annual rate of M3 monetary growth increased in May to 5,3%, from a revised 5,0% in April. For the EU-15, M3 growth is estimated to have increased in May to 6,9%, from 5,4%.

Foreign official reserve assets of the euro-zone amounted to 352,6 billion euro at end-April, up from 348,9 billion at end-March. Those of the EU-15 were an estimated 436,3 billion euro at end-March, up from 426,5 billion a month earlier.

Euro-zone industrial production trend fell by -0,1% in the period March to May, compared to the previous three months, while the production in EU-15 was unchanged. This follows an unrevised -0,2% for the euro-zone and an upward revised -0,1% for EU-15 in the three months up to end-April.

The "Dossier of the month" of this edition is devoted to the European lifestyle, to the European pension funds and the foreign direct investment.

## 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 %	1/99	0,25	-0,42	-0,14	:	0,88	0,45	:	0,16	:	0,67	0,54	2,41	0,60	0,94	0,13	0,48(1)	0,41(1)
GFCF, seasonally adjusted volume trends, T/T-1 %	1/99	0,06	4,71	0,73	:	1,48	2,72	:	1,34	:	4,79	-3,73	9,89	-1,62	:	0,23	2,55(1)	2,35(1)
Private final national consumption volume trends, T/T-1 %	1/99	2,39	0,37	0,42	:	1,43	0,20	:	0,48	:	1,35	-0,21	0,71	-0,38	:	1,31	1,09(1)	1,07(1)
Production index 1995=100 total, seasonally adjusted (2)	05/99	108,9	112,9	108,1	113,5	114,4	109,0	152,2	100,7	:	109,1	:	117,0	126,5	116,7	102,4	109,2	108,6
Consumer price index T/T-12 %	6/99	0,7	1,9	0,4	1,8	2,1	0,4p	2,1	1,4	1,2	2,1p	0,2p	2,1	1,2	0,4	1,4	0,9p	1,0p
Unemployment rate seasonally adjusted %	6/99	9,0	4,5	9,1	:	16,1	11,1	6,8	:	2,8	3,3	4,3	4,6	10,0	7,0	:	10,3	9,4
Extra-EU trade balance Billion EUR	01-04/99	-1,97	0,61	8,16	-1,01	-3,56	3,36	1,60	2,32	-0,19	-11,87	0,90	-1,39	1,70	3,70	-11,35	16,6(3)	-8,97(3)
Intra-EU trade balance Billion EUR	01-04/99	7,48	0,13	13,76	-3,19	-4,15	-0,96	5,22	0,24	-0,68	17,22	-4,44	-2,36	0,79	1,36	-5,79	:	:

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) = 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 annual inflation falls to 0,9% in June

Euro-zone<sup>1</sup> annual inflation<sup>2</sup> fell from 1,0% to 0,9% between May and June. A year earlier the rate was 1,4%. The EU-15's rate fell from 1,1% in May to 1,0% in June. In June 1998 it was 1,5%. EEA annual inflation<sup>3</sup> fell from 1,1% to 1,0%.

Highest annual rates were in Spain, Ireland, the Netherlands and Portugal (all four: 2,1%). Lowest rates were in Austria (0,2%), Germany, France and Sweden (all three: 0,4%).

Compared with May, annual inflation fell in eight Member States, rose in three and was unchanged in four. Compared to a year earlier, the biggest

relative rises were in Denmark (1,2% to 1,9%) and Spain (2,0% to 2,1%) and biggest relative falls were in Austria (0,8% to 0,2%) and Sweden (1,4% to 0,4%).

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

Annual inflation<sup>4</sup> fell to 2,0% in the USA and remained stable at 0,6% in Switzerland (no data available yet for Japan). 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 at 10,3% in June

Euro-zone seasonally-adjusted unemployment stayed at 10,3% in June 99, same as May 1999. This compares to 10,9% in June 1998.

The EU-15 rate was 9,4% in June 1999, same as May 1999. In June a year before it was 10,0%.

Lowest rates were in Luxembourg (2,8%) and in the Netherlands (3,3% in May), followed by Austria (4,3%), Denmark (4,5%) and Portugal (4,6%). Spain's 16,1% was still by far the EU's highest rate. However, Spain did register a big fall over the year, down from 19,0% to 16,1%. Notable falls were also recorded in the Netherlands (from 3,9% to 3,3% in May 1999), in Finland

(from 11,6% to 10,0%), in Sweden (from 8,1% to 7,0%), in Ireland (from 7,8% to 6,7%) and in Denmark (from 5,1% to 4,5%).

EU unemployment of under-25s ranged from 5,7% in Austria to 32,1% in Italy (April 1999). EU-15-wide, it was 18,1%, and 19,4% in the euro-zone. A year earlier it was 19,5% and 21,3% respectively.

US unemployment was 4,3%; the Japanese rate 4,8%.

Eurostat estimates 13,3 million men and women were unemployed in the euro-zone and 16,1 million in EU-15 in June 1999. 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 5,4 billion euro in April

## 0,7 billion euro deficit for EU-15

The euro-zone<sup>1</sup> had a trade surplus with the rest of the world of 5,4 billion euro<sup>2</sup> in April 1999, down 2,5 billion on April 1998. This gave a total surplus of 15,5 billion euro for January-April, down 5,8 billion euro on the same period a year earlier.

Extra-EU-15 trade was 0,7 billion euro in deficit in April, 3,5 billion down on the surplus in April 1998. And there was a deficit of 8,4 billion euro in the first four months compared to 0,1 billion euro in 1998.

There were some signs of renewed growth in imports in April, although exports continued to fall.

EU-15 trade growth with most major partners was weak or falling in the first four months. Exceptions were exports to China (+16%) and imports from Hungary (+16%). Trade flows with Russia (-55% for exports, -11% for imports) and Norway (-10% for exports, -25% for imports) were particularly weak.

In January-April, Germany still enjoyed the largest surplus (22,0 billion euro), while the UK deficit rose to 17,3 billion euro. Trade growth was weak or falling for all Member States except Austria and Ireland, which now has the second largest trade surplus.

### Euro-zone trade

billion euro<sup>2</sup>

Flows	Apr 99	Apr 98	Growth	Jan-Apr 99	Jan-Apr 98	Growth
Extra-EUR-11 <sup>1</sup> exports	65,7r	67,9	-3%r	252,4	261,9	-4%
Extra-EUR-11 imports	60,3r	60,0	1%	236,9	240,6	-2%
Extra-EUR-11 trade balance	5,4r	7,9		15,5	21,3	
Intra-EUR-11 dispatches	70,0r	69,8	0%r	276,5	273,1	1%

### EU-15 trade

billion euro<sup>2</sup>

Flows	Apr 99	Apr 98	Growth	Jan-Apr 99	Jan-Apr 98	Growth
Extra-EU-15 exports	59,8r	62,7	-5%	227,2	241,9	-6%
Extra-EU-15 imports	60,5r	59,9	1%	235,7	241,9	-3%
Extra-EU-15 trade balance	-0,7r	2,8		-8,4	-0,1	
Intra-EU-15 dispatches	105,3 r	106,5	-1%r	418,7	420,6	0%

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 Technically data before 1 January 1999 are in ECU, and data after this date are in euro. As the conversion rate was 1 ECU = 1 euro, for practical purposes the two terms can be used interchangeably.

# Dollar strength continues in June

## reaching 1,03 to the euro

The US dollar continued its upward trend in June, rising to a highpoint against the euro of USD 1,028 on 23 June, before easing back to 1,0328 on the last day. During the first six months of 1999, the dollar has appreciated by 13,0% against the euro, and by 6,4% in terms of Japanese yen. The yen / euro rate was 124,8 at end June, almost unchanged from a month earlier. On the last day of June the US federal funds rate was raised by 25 basis points to 5,0%, the first change in this rate since it was lowered in three stages from 5,5% to 4,75% late last year.

The euro gained slightly in value against both the pound sterling and Swiss franc in June, to end the month at GBP 0,6563 and CHF 1,6034 respectively. During the first half of 1999, the CHF / euro rate showed little movement, but the euro depreciated by 7,0% against sterling. UK interest rates continued their downward trend, as the repo rate was lowered 25 basis points

to 5,0%, having reached a peak of 7,5% in June - September 1998.

In ERM II, the Greek drachma strengthened slightly to the end of the month of June at GRD 324,5 to the euro, a degree of divergence from its central rate of 8,1%. Meanwhile the Danish krone was unchanged against the euro, diverging from its central rate by 0,4%. Denmark's repo rate was lowered by 5 basis points, to 2,85%. This nevertheless remains above the euro-zone's key official interest rate, unchanged since April at 2,5%.

Measured in terms of its effective exchange rate (against a trade-weighted basket of currencies), the euro's value has declined much less than if measured against the US dollar alone. Using a 'synthetic' euro for pre-1999 values, the euro depreciated by 7,2% between December 1998 and June 1999, and by 3,4% in the 12 months to June 1999.

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 =...	June 99	7,43	324,2	8,83	0,65	1,00	:
Monthly average							
Exchange rate 1 USD =...	June 99	7,16	312,4	8,51	0,63	0,96	:
Monthly average							
Central bank interest rate end month % (1)	June 99	2,85	12,00	2,90	5,00	2,50	:
Money supply M1	May 99	:	25,1	:	6,2 *	11,7	11,9 **
T / T- 12 %							
Money supply M3 ***	May 99	5,2	17,2	6,8	6,9	5,3	6,9 **
T / T- 12 %							
Yield on long-term government bonds %	May 99	4,5	5,8	4,5	4,8	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 and euro-zone bond yields increased in May

## New decrease for Greek yields

The average long-term interest rate for the EU-15, as measured by the yield on government bonds, increased from 4,12% in April to 4,31% in May. It had reached an historical low in January, of 3,92%. The yield increased in May in all countries apart from Greece, where it declined by a further 10 basis points to a new record low of 5,75%. As a result, the differential between the highest and lowest yields in the EU (Greece and Germany respectively) narrowed to

a record 174 basis points, from 200 in April. For most countries, yields were the highest since November 1998. For the euro-zone, the average yield increased in May to 4,21%, from 4,04% a month earlier.

The US yield rose 36 basis points in May, to 5,54%, the highest level since June 1998. Meanwhile for Japan the yield fell from 1,55% to 1,36%, though still above the record low set in October 1998 with 0,82%.

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.

## Euro-zone and EU-15 money supply growth generally quickens in May

For the euro-zone, the annual rate of M3 monetary growth increased in May to 5,3%, from a revised 5,0% in April. Most of the increase (seasonally adjusted) in May was due to currency in circulation and overnight deposits, although the other components (other short-term deposits, marketable instruments) were also higher than a month earlier. Measured on a 3MMA basis, the annual rate of expansion in M3 moved up to 5,2%, from 5,1%. This compares with a reference value set by the ECB (as part of its strategy for maintaining

price stability) of 4,5% for 1999 on a 3MMA basis. The annual rate of M1 growth for the euro-zone also increased in May to 11,7%, from 11,2% in April, while M2 growth was unchanged at 6,1%.

For the EU-15, the annual rate of M3 growth is estimated to have increased in May to 6,9%, from 5,4% in April. M1 and M2 also expanded more quickly, by 11,9% and 7,1% respectively, compared with 10,0% and 6,0% 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 calculated by adding the euro-zone to the money supply of the four Member states not included in this zone, to the extent that the data are available. 3MMA = three-month moving average.

## Steady rise in euro-zone official reserves

Gross foreign reserve assets of the euro-zone (held by the ECB and participating national central banks) amounted to 352,6 billion euro at end-April, up from 348,9 billion at end-March, and 330,2 billion when the monetary union was established on 1 January. The increase in April was mainly the result of a higher valuation for gold (109,6 billion euro in April), whereas foreign exchange reserves fell slightly to 212,1 billion euro. Total foreign official reserves for

the EU-15 were an estimated 436,3 billion euro at end-March, up from 426,5 billion a month earlier, and 407,2 billion on 1 January.

Japan's reserves, the largest for any individual country, amounted to 212,4 billion in euro terms at end-March, including 6,3 billion euro of gold. US reserves at end-February were equal to 126,5 billion euro, over half of which (68,2 billion) comprised gold.

Note: Euro-zone reserves data (compiled by the European Central Bank) exclude the 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 four non-euro countries. Gold is valued on a market basis.

## Industrial production

### Euro-zone Industrial production slightly down by -0,1% from March to May 1999

Euro-zone industrial production trend<sup>1</sup> fell by -0,1% in the period March to May, compared to the previous three months, the smallest decline for five months. Production in EU-15 was unchanged.

This follows an unrevised -0,2% for the euro-zone and an upward revised -0,1% for EU-15 in the three months up to end-April. For the first time in six months EU-15 output saw a non-negative growth rate. The strongest fall was recorded in February this year, when production declined by -0,5% for both euro-zone and EU-15.

Looking at Member State level the picture is mixed: output is still decreasing

in Italy (-0,4%) and Germany (-0,6%). Production in Belgium saw another decline (-0,7%), falling for eight months. On the other hand production increased markedly in Finland (1,5%), Greece<sup>2</sup> (1,2%) and Portugal<sup>2</sup> (0,7%). Spain, reporting robust growth rates in the last couple of months, rose by 0,6% in May. While industrial production was earlier falling for five consecutive months in the Netherlands, output picked up again strongly in May (0,6%) after an earlier increase in April. After contracting for three periods, UK was up with (0,2%). Denmark, where growth rates were negative for half a year, saw its second positive growth rate in a row increasing by 0,3%.

Production trend <sup>1</sup> - % changes Dec'98-Feb'99 to Mar'99-May'99 (Available data, in descending order)			
<i>Euro-zone</i>	-0,1	<b>Sweden<sup>2</sup></b>	0,3
<i>EU-15</i>	0,0	<b>France<sup>2</sup></b>	0,1
<i>Finland</i>	1,5	<b>UK</b>	0,2
<i>Greece<sup>2</sup></i>	1,2	<b>Italy</b>	-0,4
<i>Portugal<sup>2</sup></i>	0,7	<b>Germany</b>	-0,6
<i>Spain</i>	0,6	<b>Belgium</b>	-0,7
<i>Netherlands</i>	0,6	<b>USA</b>	1,1
<i>Denmark</i>	0,3	<b>Japan</b>	0,3

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

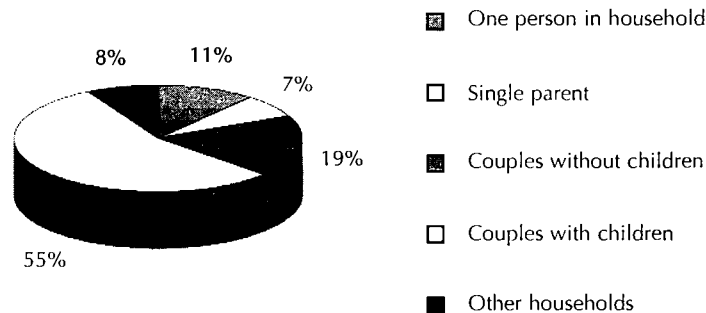
# Dossier of the month

## European lifestyle Advances in education but social inequality persists

**The average number of persons per household has gone down from 2,8 in 1981 to 2,5 in 1997**

The apparent reason for this is the increase in the number of people living alone: 11% now compared with 8% in 1981. The Swedes are the most likely to live alone (24%), whereas far fewer Spaniards and Portuguese (4%) opt for this way of living. Couples with children are still the most common household type (55%), although there is an increasing number of couples without children (19%) and single parents (7%).

Anteil der Personen, die 1995 in Haushalten leben (EU-15) (\*)



(\*) Provisional or estimated data

### Average size of household (1)

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EU-15
1981/82	2,7	2,4	2,5	3,1	3,6	2,7	3,6	3,0	2,8	2,8	2,7	3,3	2,6	2,3	2,7	2,8
1997	2,5	2,2(2)	2,2	2,6	3,1	2,4	3,0	2,7	2,6	2,3	2,5	2,9	2,1	2,3	2,4	2,5(*)

(1) Data for private households

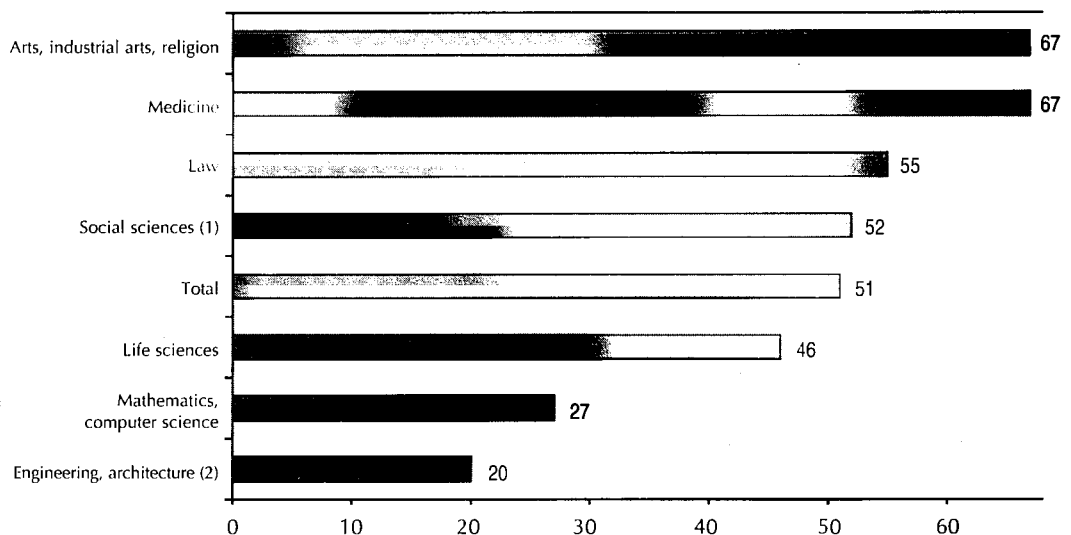
(2) DK = 1995

**There have been advances in the education of young Europeans, affecting women as well as men**

In 1997 some 69% of people aged 25-29 had received upper secondary schooling, compared with only 47% of those aged 50-59. The lowest figures were recorded in Greece, Spain, Italy and Portugal.

There are now more women than men in higher education in the EU. In Denmark, France and Sweden there are more than 120 female students for every 100 male students, and the figure is as high as 130 in Portugal. In Germany, however, there are only 80 female students for every 100 male students.

### Percentage of women in higher education by area of study, EU-15, 1996



(1) Including business administration, information and documentation

(2) Including transport and manufacturing trades

### Students in higher education (1000) - 1996

	B	DK	D (1)	D (2)	EL	E	F	I	L	NL	A	P	FIN	S	UK	EU-15
Total	358	167	2 144	329	1 592	2 092	128	1 775	2	492	239	320	214	261	1 821	11 933

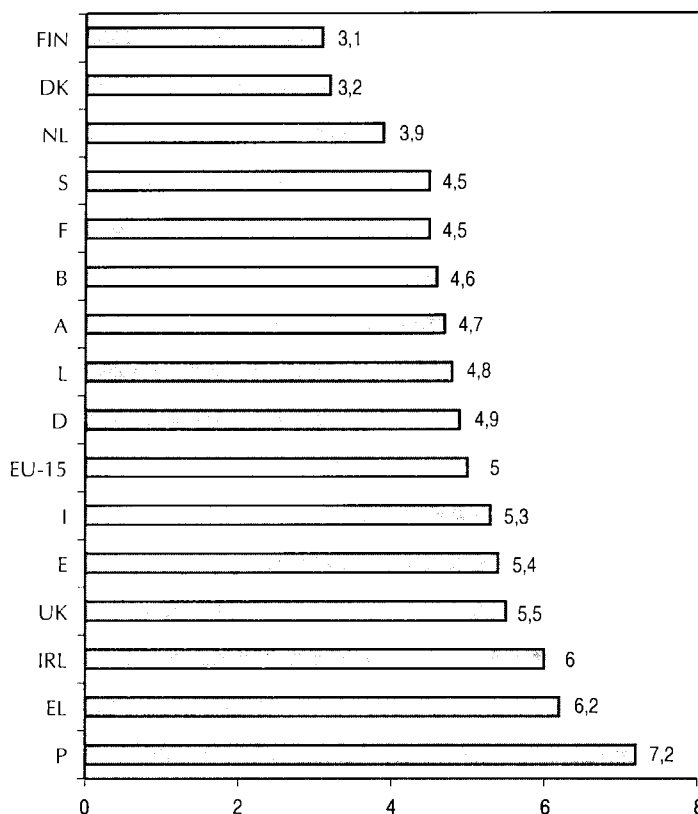


**The poorest 20% of the EU population receive only 8% of total income, whereas the richest 20% pocket almost 40%**

According to the share ratio of income inequality, the gap between the richest and the poorest is narrowest in Finland and Denmark and widest in Portugal.

The poverty rate is relatively high in Greece, Ireland, Portugal and the United Kingdom; it is lowest in Denmark, the Netherlands and Finland.

Income inequality ratio (S80/S20), 1994  
Proportion of richest 20% to poorest 20%



Distribution of income - Gini coefficient (%)

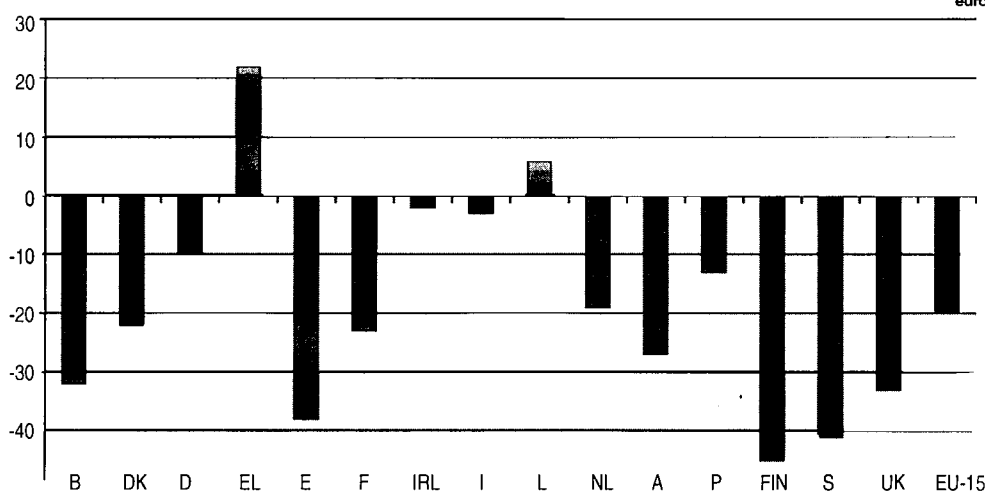


	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EU-15
1994	29	23	30	34	33	29	36	31	31	27	29	37	21	26	33	:

**There is a car available in 73% of European households, but road accidents account for more than 40 000 deaths each year in the EU**

Between 1989 and 1996 the number of road deaths fell by 20%. Leading the way came Finland with an impressive reduction (-45%), followed by Sweden (-41%) and Spain (-38%), while the figures in Greece and Luxembourg rose by 22% and 6% respectively. The death rate from road accidents throughout EU in 1996 was 115 per million.

Percentage change in road accident deaths, 1989-1996



Road accident deaths per million population



	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EU-15
1996	134	99	107	227(*)	114	146(*)	125	117(*)	171	76	127	275(*)	79	61	64	115

Source: News release n°55/99, Living Conditions in Europe, Statistical Pocketbook, 1999.



# 'Growing need for supplementary pensions' as Europe ages

## Swiss pay most to boost old-age pensions

When it comes to providing for old age by way of autonomous, supplementary pension funds, the Swiss top a list of European countries published today. They paid total contributions to such funds of 21,132 million euro in 1997. Next in line were the UK (19,400 million) and Germany (15,639 million).

Autonomous pension funds are defined as employment-linked funds providing beneficiaries with supplementary pension benefits in addition to the compulsory state scheme. Their importance varies: for example, in Switzerland active members of such funds number over 44% of the population and in Iceland over 51%.

Elsewhere they are far less significant. Spain has around 6% of the population contributing, Italy 1,6% and Austria almost 2%; Denmark has a mere 0,27%. And such funds don't yet exist in France and Finland. For the remaining countries no information is available yet.

The Swiss also come first as measured by contributions per active member of an autonomous pension fund, with 6,714 euro in '97. On this measure, Denmark (4,612) comes next, followed by Austria (4,591) - although, as stated above, such funds are of limited significance in these two countries.

Among those already retired and in receipt of a pension from an autonomous fund, the Swiss again have the highest individual score at 27,028 euro. Once more, Denmark is second with 24,064 but this time it's Spain (19,091) that comes third.

The figures are in a report<sup>1</sup> - a 'first' from Eurostat - giving details of pension funds in a number of countries for which data are available. The data are clearly influenced by level of income and state of development of the pensions fund industry in different countries. The heterogeneity of national systems make comparability problematic; exchange rates add to the uncertainty.

### Payments versus contributions

Four of the countries analysed pension payments exceed contributions. These are Denmark, Germany, the Netherlands and the UK, where they exceed contributions by 4,2, 1,4, 1,3 and 2 times respectively.

In the other countries, pension payments are still well covered by contributions. They represent 15% of contributions in Austria, 30% in Spain and around 40% in Norway. In Italy and

Iceland they reach almost 50%. But in Switzerland they already amount to over 80%.

Pension contributions in most countries come mostly from employers, with shares ranging from 44% in Norway to 84% in Denmark. Spain is the exception - here only 12% of the total is paid by employers while 69% by pension fund members.

## Where it's invested...

In most of the countries covered the preferred investment of autonomous pension funds is in debt and other fixed-income securities - as much as 84% in Iceland. But the UK and the Netherlands have their highest proportions in shares and other variable-yield securities - 71% and 38% respectively.

Switzerland has the portfolio with the best spread: 31% in debt and other fixed-income securities, 19% in shares etc and 17% in land and buildings.

As supplementary pension funds are

expected to grow in the short and medium term as a result of policies to reduce state pension schemes, the volume of investment is also expected to increase very considerably. The structure of investments could also be expected to change as a result of EU policy to encourage flexibility and in the light of the single currency. This will lead to more cross-border investment, which in turn will increase the availability of capital in the EU, both to the benefit of job creation and the competitiveness of EU industries.

## Autonomous pension funds, 1997

	Total pension contributions, million euro	Contributions per active member, euro	Total payments on pensions, million euro	Pension payments per retired person, euro
<b>Denmark</b>	65	4 612	272	24 064
<b>Germany</b>	15 639	n/d	21 747	n/d
<b>Spain</b>	3 567	1 495	1 070	19 091
<b>Italy</b>	1 237	1 385	612	6 822
<b>Netherlands</b>	8 499	1 845	10 738	5 770
<b>Austria</b>	736	4 591	108	6 492
<b>Sweden</b>	345	n/d	n/d	n/d
<b>UK</b>	19 400	n/d	38 747	n/d
<b>Iceland</b>	326	2 344	154	3 752
<b>Norway</b>	867	3 995	353	8 204
<b>Switzerland</b>	21 132	6 714	17 490	27 028

n.a.: not available

<sup>1</sup> Eurostat Statistics in Focus, Industry, trade and services, no 14/99 and 15/99: "Statistics on Pensions Funds" Parts I and II.

Source: Eurostat, News release No 54/99.

# New high for EU Foreign direct investment

## EU investors step up search for opportunities abroad

After a strong rise in FDI<sup>1</sup> between 1996 and 1997, 1998 brought further EU growth in this dynamic element of globalisation of international capital flows.

EU inward FDI flows more than doubled, reaching 94,3 billion ECU. And EU investment abroad reached a commanding 192 billion as European investors sought new opportunities.

These figures<sup>2</sup> include flows of equity

capital and inter-company loans but exclude reinvested earnings.

The inward rise was broadly based among Member States. In particular the UK attracted spiralling amounts of foreign investment - after 23 billion ECU in 1997, figures more than doubled to 49 billion in 1998. Substantial amounts also found their way into the Netherlands (28 billion) and France (25 billion).

## FDI boost driven by links with USA

EU investors also stepped up their search for direct investment opportunities abroad. Most Member States targeted rising amounts of investment capital at foreign companies. This was particularly the case for German and UK investors. These countries saw foreign investment outflows soar respectively from around 32 and 34 billion ECU in 1997 to some 74 and 79 billion in 1998. France (34 billion) and the Netherlands (34 billion) also injected large sums into foreign enterprises.

The EU as a reporting entity vis-à-vis the rest of the world (ie excluding flows between Member States) recorded unprecedented high FDI activity. While 1997 was already marked by exceptional figures, the benchmark rose further in 1998. EU FDI flows to third countries more than doubled from around 94 billion in 1997 to a commanding 192 billion in 1998. One undoubted driving force was investment links with the US economy.

## Outward and inward FDI flows 1998 million ECU

1998	Outward flows to						Inward flows from					
	World	EU	non-EU	USA	Japon	Canada	World	EU	non-EU	USA	Japon	Canada
EU	:	:	191 640	112470	1010	2740	:	:	94300	59400	2420	710
B/L	20 652	16 712	3 940	475	4	1290	18667	12331	6336	3733	-111	136
DK	3 454	3 294	160	-667	40	13	5761	1147	4614	3640	0	0
D	74 349	22 635	51 713	39603	131	216	17766	15130	2636	2749	48	-95
EL	:	:	:	:	:	:	:	:	:	:	:	:
E	16 430	4 849	11 612	115	-1	625	10104	9006	1098	626	-46	2
F	34 334	15753	18 581	6417	60	212	24577	19684	4894	3882	103	290
IRL	1 917	941	976	981	:	:	6247	3190	3058	3251	:	:
I	10 787	5 667	5 120	1777	70	118	2332	2125	200	-258	69	7
NL	34 243	16598	17 645	6821	-64	608	28477	11454	17022	13339	186	66
A	2 181	1 062	1 119	-6	2	19	4207	3720	486	55	0	146
P	2 394	948	1 446	58	0	0	1029	485	543	201	4	2
FIN	19 707	18 479	1 228	810	17	0	8692	8607	85	26	48	0
SE	18 887	9 540	9347	2163	20	136	16812	12864	3948	683	-91	199
UK	78 849	10 100	68 749	53922	736	-498	48930	-306	49238	27469	2195	-69

EU aggregate includes data for all Member States; only Greek data is estimated.

: not available, but estimates are included in EU-15 totals

1 FDI is international investment that reflects the objective of obtaining a lasting interest by a resident entity in one economy in an enterprise resident in another. This implies the existence of a long-term relationship between the direct investor and the enterprise and a significant degree of influence by the investor on the management of that enterprise.

2 Eurostat Statistics in Focus, Economy and Finance, no 19/99: "European Union Direct Investment Flows - First results for 1998"

Source: Eurostat, News release n°60/99.

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