



STATISTICS IN FOCUS

Economy and finance



1998 □ 34

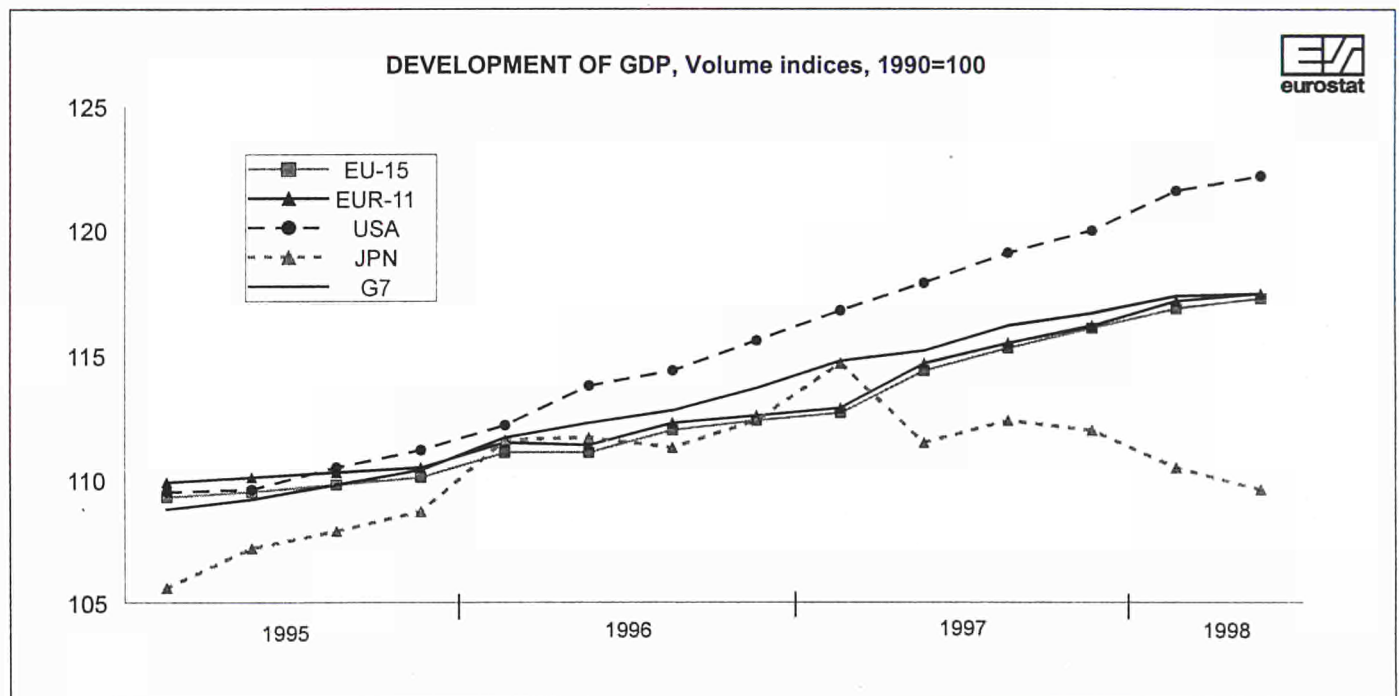
ISSN 1024-4298

QUARTERLY ACCOUNTS - SECOND QUARTER 1998

Eurostat estimates * for the second quarter of 1998 indicate that economic growth within the European Union as a whole (EU-15) and within the Euro-zone ** (EUR-11) slowed down compared to the previous quarter (GDP +0.3% and +0.2%, respectively). This slow growth was caused by the slowdown in private consumption (+0.14 and +0.16 of the GDP variation, respectively) and by the drop in gross fixed capital formation (-0.24 and -0.30 of the GDP variation, respectively).

A comparison with the most important economic partners shows that the economy of the United States slowed down (GDP +0.5%). Japan (GDP -0.8%) displayed a new weakening, but less considerable than during the previous quarter. The economic growth of the G7 slowed down (+0.1%).

The economic growth of the European Union and of the EUR-11 during the first half-year of 1998 was +3.1% for both of them, against +3.9% in the United States and -2.8% in Japan.



* Methodological Note: Data for the EU-15 and the EUR-11 are calculated with a coherent and consistent statistical technique using the data available from those Member States which compile quarterly accounts.

** The Euro-zone consists of the following countries: Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland.

Manuscript completed on = 6.11.1998

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Price (excl. VAT) in Luxembourg: Subscription 'Statistics in focus' of all themes: ECU 348
Subscription 'Statistics in focus' of Theme 2 'Economy and Finance': ECU 85
Single copy: ECU 6

Catalogue number: CA-NJ-98-034-EN-C

GROWTH OF GDP AND ITS COMPONENTS

The European Union, the Euro-zone and their main trading partners

During the second quarter of 1998, the economic growth * within the EU-15 as a whole and within the EUR-11 slowed down compared to the previous quarter (GDP +0.3% and +0.2%, respectively). These results were mainly due to the weakening of private consumption (+0.14 and +0.16 of the GDP variation, respectively) and the drop of gross fixed capital formation (-0.24 and -0.30 of the GDP variation, respectively). The United States' economy continued to grow but less strongly than the previous quarter (GDP +0.5%). Japan recorded a new but less important decrease (GDP -0.8%). Canada (+0.4%) showed a slowdown of its economic growth and Australia (+0.9%) kept its growth speed. Switzerland (+0.2%) confirmed the previous low pace. The European countries' and United States' slowdowns and the results of the Japanese economy explained the weak growth of G7 (+0.1%).

Compared to the previous quarter, growth of private consumption within the EU-15 and within the EUR-11 decreased (+0.2% and +0.3%, respectively). On the other hand, it remained stable in the United States (+1.5%) and decreased in Japan (-0.8%). The growth of private consumption accelerated in Canada (+1.4%) and in Australia (+1.3%), compared to the previous quarter. Switzerland (+0.5%) recorded a positive pace after the downturn of the previous quarter.

The growth of gross fixed capital formation dropped during the second quarter within the EU-15 (-1.2%) and within the EUR-11 (-1.5%). Investments in the United States recorded a high pace (+2.4%) even if lower than during the previous quarter. Canada (+1.4%) and Switzerland (+0.5%) experienced an acceleration while Australia (-2.9%) reported a drop. In Japan (-3.3%), gross fixed capital formation continued to fall. The G7 (-0.4%) recorded a downturn.

The trade surplus of EU-15 and EUR-11 measured as percentage of GDP showed similar results as in the previous quarter (+2.0% and +2.8%, respectively), with imports slowing down (+1.2% and +1.7%, respectively) and exports accelerating (+1.0% and +1.5%, respectively). The trade deficit of the United States (-3.7% of GDP) still rose due to the decrease in exports (-2.0%), for the second consecutive quarter, and the slowdown in imports (+2.3%). The increase of Japanese trade surplus (+2.7% of GDP) was mainly caused by a heavy drop of imports (-6.8%) and a minor fall of exports (-0.4%). Canada (+1.9% of GDP) showed a stable trade surplus. Australia (-1.7% of GDP) still reported a trade deficit but for the first time after three quarters the resumption of exports (+2.2%) was accompanied by a decrease of imports (-0.6%). Switzerland (-0.6% of GDP) displayed a trade deficit but less important than the previous quarter.

Member States

Most Member States economies recorded a slight slowdown, during the second quarter of 1998. This effect is mainly due to the displacement of Easter from the first quarter in 1997 to the second quarter in 1998. The influence of this displacement was not eliminated because Member States in general do not publish working-day adjusted results. The economies of Italy (+0.4%) and especially Sweden (+2.2%) recovered and Finland's growth accelerated (1.1%). Germany (-0.5%) is the only country which recorded a drop due to the working-day effect described above and to specific characteristics of the seasonal adjustment used by the German Statistical Office.

Amongst the components of domestic demand, the growth of private consumption accelerated in most Member States while slowed down in the United Kingdom (+0.3%), reported stagnation in Italy (0.0%), and drop in Germany (-0.5%).

The gross fixed capital formation was still decreasing in Belgium (-0.6%), whilst Denmark (-5.8%), Germany (-4.8%), the Netherlands (-2.3%) and the United Kingdom (-1.4%) reported each a sharp drop. Spain (+1.5%), France (+1.0%) and Italy (+0.2%) slowed down. Finland (+2.9%) recovered and Sweden (+6.0%) accelerated for the third consecutive quarter.

Almost all Member States confirmed their trade surpluses, excluding the United Kingdom which kept showing a trade deficit (-1.6% of GDP), though for the first time after two quarters exports (+2.0%) recorded a higher rate than imports (+1.6%). Trade surplus as percentage of GDP increased in the Netherlands (+7.7%), due to the remarkable acceleration in exports and the slowdown in imports; in Belgium (+4.1%), where both exports and imports recovered, and Italy (+3.2%), which recorded a great recover in exports and an acceleration in imports. On the other hand, trade surplus decreased in Finland (+8.4% of GDP), where exports drop sharper than imports; Sweden (+6.9% of GDP) and France (+3.6% of GDP), showing both countries a downturn in exports and a slowdown in imports. It also decreased in Germany (+1.1% of GDP), where exports achieved the same rate of the previous quarter while imports accelerated, and Denmark (+0.6% of GDP) whose exports still decreased for the second consecutive quarter and imports dropped. Finally, trade surplus remained stable in Spain (+0.9% of GDP).

* The EU-15 and EUR-11 growth rates in this publication have been revised since the "Statistics in Focus" No. 31 of 21.09.1998. The previous publication was based on a more limited data set than the one used for this publication, and used first estimates for some countries which have now been revised. The size of the revisions, however, is quite small (e.g. EU-15 and EUR-11 GDP were revised by 0.17 and 0.20 points of percentage).

EU-15, EUR-11, MAIN ECONOMIC AREAS, PARTNERS AND EU MEMBER STATES



GROWTH OF GDP AND COMPONENTS

PERCENTAGE CHANGE OVER PREVIOUS PERIOD

IN VOLUME

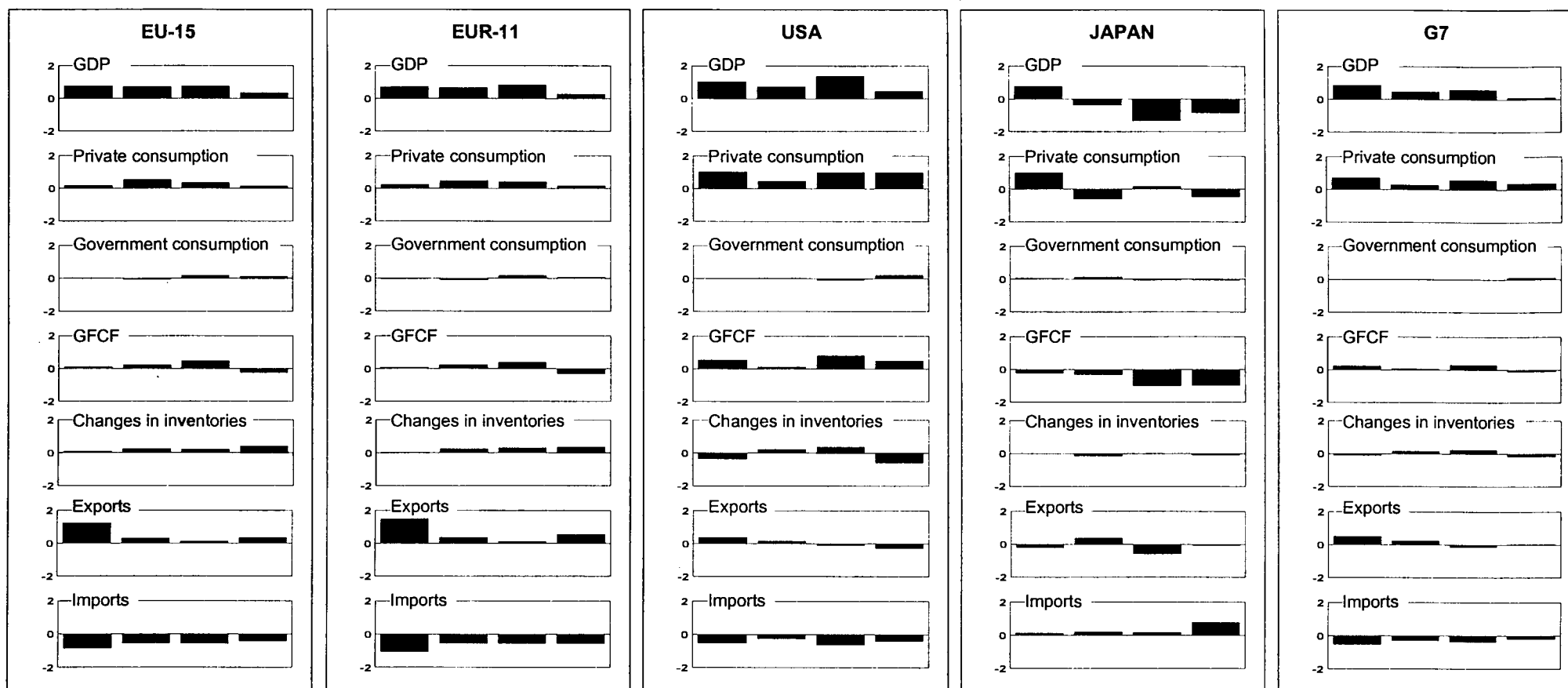
	GDP				Private consumption				Government consumption				Gross fixed capital formation				Changes in inventories ¹				Domestic demand				Exports				Imports				External balance ¹			
	97		98		97		98		97		98		97		98		97		98		97		98		97		98		97		98					
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2				
I) ECONOMIC AREAS																																				
EU-15 ²	0.7	0.7	0.7	0.3	0.3	0.9	0.6	0.2	0.1	-0.3	1.0	0.7	0.5	1.0	2.3	-1.2	0.6	0.9	1.1	1.5	0.4	1.0	1.2	0.4	3.5	0.8	0.4	1.0	2.6	1.6	1.7	1.2	2.8	2.6	2.1	2.0
EUR-11 ²	0.7	0.6	0.8	0.2	0.4	0.8	0.7	0.3	-0.1	-0.6	1.1	0.5	0.3	1.1	2.0	-1.5	0.7	0.9	1.2	1.5	0.3	0.9	1.3	0.3	4.2	1.0	0.3	1.5	3.3	1.6	1.6	1.7	3.5	3.3	2.8	2.8
G7	0.9	0.5	0.6	0.1	1.1	0.4	0.9	0.6	0.1	0.0	0.0	0.9	1.0	0.3	1.3	-0.4	0.7	0.8	1.1	0.9	0.9	0.5	1.1	0.3	2.5	1.1	-0.7	0.1	2.5	1.3	1.7	0.9	0.3	0.2	-0.3	-0.4
II) MAIN ECONOMIC PARTNERS																																				
USA	1.0	0.7	1.4	0.5	1.5	0.7	1.5	1.5	0.0	0.2	-0.6	1.5	2.7	0.6	4.1	2.4	0.8	1.0	1.4	0.8	1.2	0.8	2.0	1.1	2.5	1.1	-0.7	-2.0	3.2	1.5	3.7	2.3	-2.3	-2.4	-3.1	-3.7
JPN	0.8	-0.4	-1.3	-0.8	1.7	-1.0	0.3	-0.8	0.7	1.4	-0.6	-0.6	-0.7	-1.1	-3.4	-3.3	0.3	0.2	0.2	0.1	0.9	-0.9	-0.9	-1.6	-1.5	2.7	-4.2	-0.4	-1.1	-1.7	-1.4	-6.8	1.7	2.3	1.9	2.7
CAN	1.1	0.7	0.8	0.4	1.2	0.7	0.2	1.4	0.5	-0.2	-0.2	0.7	3.0	0.1	0.7	1.4	0.1	0.6	0.6	-0.1	1.8	0.9	0.2	0.5	3.2	1.8	1.5	1.3	5.4	2.2	0.0	1.5	1.6	1.4	2.0	1.9
AUS	1.1	1.0	0.9	0.9	1.5	1.7	0.3	1.3	1.3	1.3	-1.8	2.1	2.1	1.7	1.8	-2.9	-0.8	-0.4	1.2	1.0	2.7	2.0	1.9	0.2	-2.9	-3.0	-1.1	2.2	3.0	1.2	3.2	-0.6	-0.3	-1.3	-2.4	-1.7
III) MEMBER STATES																																				
B	1.3	0.2	1.2	0.6	1.0	0.3	1.7	1.9	0.0	-0.4	1.2	0.8	-2.6	4.4	-0.3	-0.6	0.1	0.8	1.8	-0.1	1.5	1.7	2.3	-0.7	4.9	0.3	-1.5	4.1	5.3	2.1	-0.3	2.5	5.2	3.8	2.8	4.1
DK	-0.1	0.6	0.8	0.2	-2.5	3.3	0.0	1.5	0.5	0.8	0.3	0.3	0.6	-2.1	10.3	-5.8	1.5	-0.5	0.2	1.3	0.3	0.2	2.0	0.6	2.6	1.6	-1.3	-5.9	2.8	0.6	1.7	-4.7	1.8	2.2	1.1	0.6
D	0.3	0.6	1.3	-0.5	-0.5	1.1	0.5	-0.5	-1.0	-3.1	2.3	1.3	-0.7	0.7	3.1	-4.8	1.7	1.7	1.8	2.8	0.2	0.5	1.3	-0.2	2.9	1.5	0.8	0.8	2.4	1.2	0.8	1.9	1.3	1.4	1.4	1.1
E	1.0	1.0	0.9	0.9	0.9	0.7	0.8	0.9	0.2	0.4	0.4	-0.1	2.2	2.3	2.8	1.5	-0.5	-0.5	-0.5	-0.4	1.0	1.0	1.2	0.9	3.7	2.4	1.6	2.3	3.7	2.7	2.5	2.4	1.2	1.2	0.9	0.9
F	0.9	0.8	0.7	0.6	1.4	1.0	0.7	1.0	0.2	0.3	0.3	0.4	0.6	0.2	1.9	1.0	-0.5	-0.5	-0.2	-0.2	0.9	0.7	1.2	0.9	3.2	1.5	0.8	-0.4	3.2	1.4	2.5	0.5	4.2	4.3	3.8	3.6
I	0.5	0.3	-0.1	0.4	0.2	0.1	0.6	0.0	0.2	0.1	0.5	0.4	0.8	1.0	0.5	0.2	1.1	2.0	2.5	2.4	-0.4	1.2	1.1	0.0	6.7	-1.5	-2.7	3.4	4.0	1.5	1.5	2.0	4.8	3.9	2.8	3.2
NL	1.0	1.2	1.1	0.8	0.9	0.9	0.9	1.2	1.2	0.4	0.8	0.0	-0.7	2.6	1.4	-2.3	-0.3	-0.3	1.3	0.6	-0.5	1.3	2.7	-0.5	4.4	2.1	0.2	3.3	2.2	2.4	2.6	1.4	8.1	8.0	6.5	7.7
A	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
P	0.5	1.9	:	:	0.9	1.0	:	:	0.4	0.2	:	:	3.7	-0.3	:	:	2.2	1.5	:	:	1.9	-0.1	:	:	2.3	1.3	:	:	4.7	-2.5	:	:	-16.0	-13.7	:	:
FIN	1.5	1.1	0.9	1.1	1.2	1.4	0.2	1.6	0.6	0.2	-0.2	0.9	3.9	0.6	-2.0	2.9	2.2	2.9	3.4	4.7	-0.2	1.7	0.2	3.1	6.4	-0.7	7.3	-6.9	2.3	0.5	7.0	-3.5	10.1	9.6	10.2	8.4
S	1.0	2.2	-1.2	2.2	0.3	0.4	0.7	0.8	2.6	-0.9	0.5	0.6	-4.1	2.5	4.9	6.0	-0.5	1.8	1.3	2.1	0.7	2.9	0.8	2.5	1.8	0.6	0.1	-0.1	1.4	1.9	5.1	0.2	9.6	9.0	7.2	6.9
UK	1.0	0.7	0.8	0.5	0.4	1.4	0.7	0.3	0.2	0.4	0.9	0.9	1.3	2.7	3.1	-1.4	0.5	0.5	0.4	0.7	0.7	1.5	1.1	0.4	1.8	0.5	-0.4	2.0	0.8	2.9	0.8	1.6	-0.6	-1.3	-1.7	-1.6
IV) EFTA																																				
CH	0.8	0.8	0.3	0.2	0.0	1.0	-0.1	0.5	-0.1	0.1	0.0	0.5	1.7	0.8	0.2	0.5	0.8	0.8	2.7	2.0	1.0	0.8	1.9	-0.2	2.2	2.0	-1.1	1.8	2.8	1.8	2.6	0.7	0.5	0.6	-1.0	-0.6
N	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:

¹ Percentage of GDP (seasonally adjusted).

² The EU-15 and EUR-11 aggregates are calculated statistically using data available from Member States which compile quarterly national accounts.

CONTRIBUTION OF THE COMPONENTS TO VARIATIONS IN GDP* - CONSTANT PRICES - T/T-1

	GDP				Private consumption				Government consumption				Gross fixed capital formation				Changes in inventories				Exports				Imports			
	97		98		97		98		97		98		97		98		97		98		97		98		97		98	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
EU-15	0.75	0.70	0.74	0.34	0.17	0.55	0.35	0.14	0.02	-0.06	0.17	0.12	0.10	0.21	0.46	-0.24	0.08	0.24	0.20	0.40	1.22	0.30	0.13	0.34	0.85	0.54	0.56	0.42
EUR-11	0.71	0.64	0.82	0.25	0.23	0.47	0.41	0.16	-0.01	-0.09	0.17	0.07	0.05	0.22	0.39	-0.30	0.02	0.23	0.29	0.35	1.48	0.35	0.10	0.53	1.05	0.54	0.54	0.56
USA	1.03	0.73	1.36	0.45	1.02	0.46	1.00	1.00	0.00	0.03	-0.09	0.21	0.53	0.12	0.80	0.49	-0.35	0.22	0.37	-0.58	0.36	0.15	-0.10	-0.28	0.52	0.25	0.62	0.39
JPN	0.78	-0.37	-1.32	-0.84	1.00	-0.60	0.16	-0.47	0.06	0.13	-0.05	-0.06	-0.22	-0.32	-1.00	-0.97	0.01	-0.13	0.00	-0.07	-0.21	0.36	-0.58	-0.06	-0.13	-0.19	-0.16	-0.78
G7	0.85	0.46	0.59	0.10	0.71	0.27	0.58	0.38	0.01	0.00	0.00	0.12	0.22	0.06	0.29	-0.09	-0.10	0.15	0.23	-0.16	0.51	0.24	-0.15	0.02	0.51	0.27	0.36	0.18



* Contributions to change in GDP are calculated by expressing changes in the components, compared with the previous quarter, as a percentage of GDP in the reference period.