

# EU current external surplus in 1998, ECU 12 bn: down by 79%

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The EU current account surplus with the rest of the world<sup>1</sup> fell by 79% from ECU 56.2 bn in 1997 to ECU 11.9 bn in 1998. This deterioration was explained by contractions in the surpluses of goods<sup>2</sup> (down from ECU 39.9 bn in 1997 to ECU 25.0 bn in 1998), services, and the reversal of the income balance from an ECU 20.4 bn surplus to a deficit of ECU -4.4 bn in 1998. Trade in services registered a surplus of ECU 11.2 bn, which was about ECU 6 bn less than in 1997, despite the transportation balance moving to an ECU 3.1 bn surplus. The EU current balance with the USA deteriorated from ECU 17.9 bn in 1997 to ECU -0.9 bn in 1998. The EU current deficit with Japan enlarged by 46% to ECU -24.0 bn in 1998. The EU current balance with Canada, available for the first time in 1998, showed a current surplus of ECU 4.4 bn.

## Statistics in focus

### ECONOMY AND FINANCE

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#### BALANCE OF PAYMENTS

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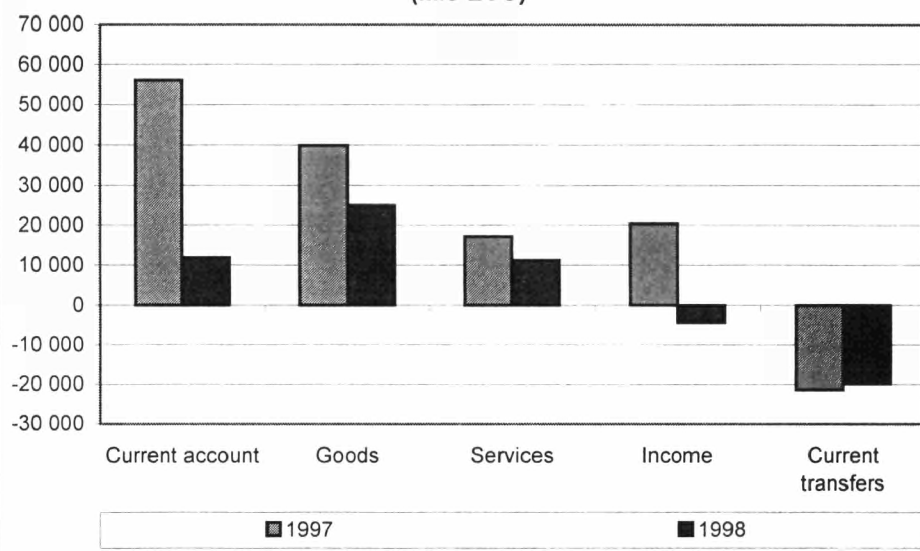
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EU current account balance with the rest of the World (Mio ECU)



### In 1998 the EU current external surplus fell by 79% to ECU 11.9 bn

Preliminary 1998 results revealed a sharp drop of 79% in the European Union (EU) current external surplus to ECU 11.9 bn from ECU 56.2 bn in 1997. With the exception of the broadly unchanged deficit in current transfers, all the current account sub-balances recorded a significant deterioration. The surplus in goods decreased from ECU 39.9 bn in 1997 to ECU 25.0 bn in 1998. This trend was confirmed by foreign trade statistics (exports FOB - imports CIF) which reported surpluses of ECU 49.0 bn in 1997 against ECU 19.0 bn in 1998. The surplus in services decreased from ECU 17.2 bn in 1997 to ECU 11.2 bn. Finally, the income balance reversed from an ECU 20.4 bn surplus to a deficit of ECU -4.4 bn in 1998.

Nevertheless the EU total<sup>3</sup> current international transactions with the rest of the world rose by 4% to ECU 2351.9 bn.



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<sup>1</sup> Excluding intra-EU transactions

<sup>2</sup> According to Balance of Payments concept (exports FOB - imports FOB)

<sup>3</sup> Credits + debits

## EU Current account with the rest of the World

(Mio ECU)

	Exports		Imports		Net		Net change (%)
	1997	1998*	1997	1998*	1997	1998*	
<b>Current account</b>	1 161 979	1 181 926	1 105 756	1 170 014	56 224	11 912	-79%
<b>Goods</b>	693 344	700 698	653 421	675 817	39 923	24 881	-38%
<b>Services</b>	227 709	234 829	210 479	223 584	17 230	11 245	-35%
<i>Transportation</i>	59 131	59 459	59 324	56 379	-193	3 080	..
<i>Travel</i>	57 308	60 953	55 863	62 762	1 445	-1 809	..
<i>Other services</i>	110 430	113 538	94 504	103 242	15 927	10 296	-35%
<i>Services not allocated</i>	840	880	788	1 201	52	-321	..
<b>Income</b>	213 608	219 503	193 222	223 920	20 386	-4 418	..
<b>Current transfers</b>	27 317	26 896	48 633	46 693	-21 316	-19 796	7%

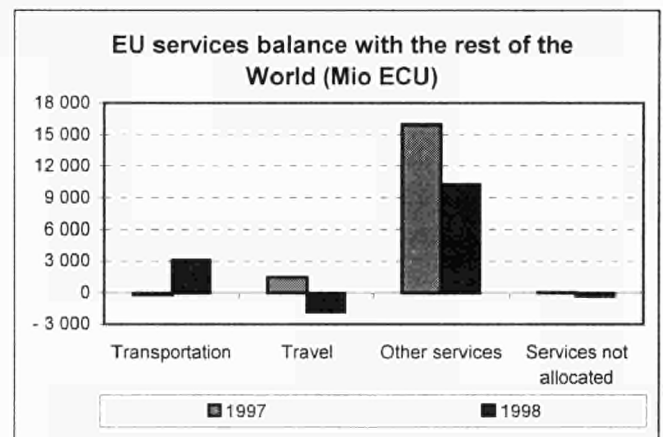
\* Preliminary results

.. Not applicable - sign change

## EU transportation services balance increased from equilibrium to an ECU 3.1 bn surplus

The sharp 5% contraction of EU imports of transportation services changed the transportation balance from a small deficit (ECU -0.2 bn) to a surplus of ECU 3.1 bn in 1998, confirming the upward trend observed since 1996.

However, trade in services as a whole registered a surplus of ECU 11.2 bn, about ECU 6 bn less than in 1997. Much of this decrease was attributable to the deterioration of the travel balance, from a surplus of ECU 1.4 bn in 1997 to a deficit of ECU -1.8 bn in 1998, and to the reduction of the surplus in other services to ECU 10.3 bn.



## Euro-zone<sup>4</sup>: the services surplus declined by 37% in 1998

As with the EU, the euro-zone (EUR-11) services surplus declined in 1998, from ECU 1.6 bn to ECU 1.0 bn. In the case of EUR-11 this contraction was entirely due to the deficit in other services which enlarged from ECU -6.0 bn to ECU -11.6 bn.

On the other hand, the balances in travel and transportation services improved: the surplus in travel grew by almost ECU 1.0 bn and the transportation services balance changed from a deficit to a surplus of ECU 3.2 bn in 1998.

## Euro-zone trade in services with the rest of the World

(Mio ECU)

	Exports		Imports		Net		Net change (%)
	1997	1998*	1997	1998*	1997	1998*	
<b>Services</b>	220 117	229 953	218 552	228 961	1 565	992	-37%
<i>Transportation</i>	56 914	56 740	57 952	53 532	-1 038	3 208	..
<i>Travel</i>	62 323	65 776	53 847	56 366	8 476	9 411	11%
<i>Other services</i>	99 718	105 860	105 689	117 469	-5 971	-11 609	-94%
<i>Services not allocated</i>	1 161	1 576	1 064	1 594	97	-18	..

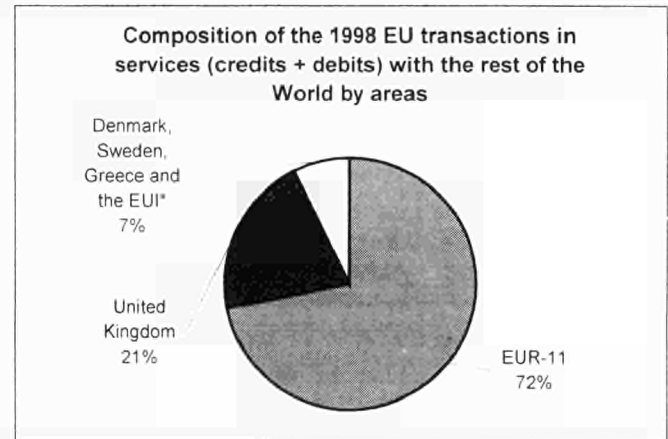
\* Preliminary results

.. Not applicable - sign change

<sup>4</sup> Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, Netherlands, Austria, Portugal, Finland

## Main differences between EU and euro-zone: the importance of the United Kingdom

The differences between EU and euro-zone trade in services were mainly due to other services. These registered a surplus of ECU 10.3 bn for the EU opposing a deficit of ECU -11.6 bn in the case of the euro-zone. The relative importance of the United Kingdom was evident: this country alone accounted for 21% of EU total external transactions in services and 74% of the transactions of the European Union non-EUR-11 countries<sup>5</sup>. These non-EUR-11 Member States represented 28% of the EU total transactions in services with the rest of the World. This share was 31% for transportation services, 29% for travel and 26% for other services.



\* European Union Institutions

## The direction of EU-15 trade: the USA remained the main extra-EU-15 partner in 1998

The European Union remained its own main trading partner in 1998: 62% of the EU current international transactions were carried out among EU Member States. The United States, with a share of 28% continued to be the main partner of the EU in its current transactions with the rest of the world. Japan and Canada came far behind and represented respectively 6% and 2% of the total EU current external transactions.

The EU current balance with the **USA** changed from a surplus of ECU 17.9 bn in 1997 to a deficit of ECU -0.9 bn in 1998. This was due to the income balance - down from a surplus of ECU 6.0 to a deficit of ECU -8.7 bn.

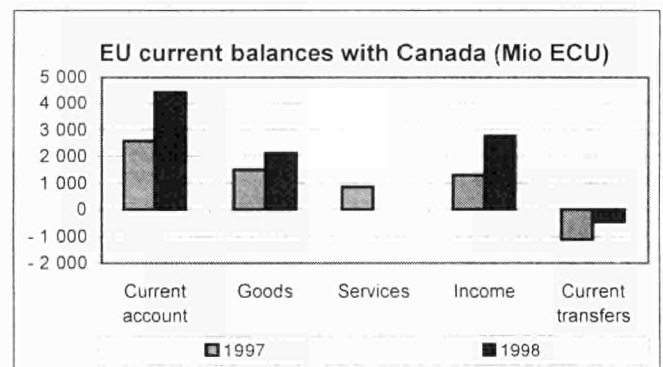
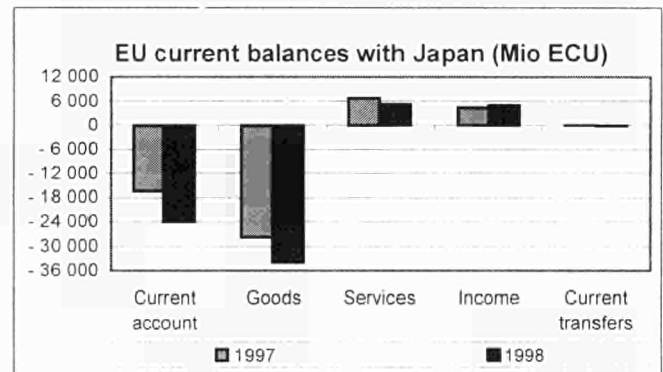
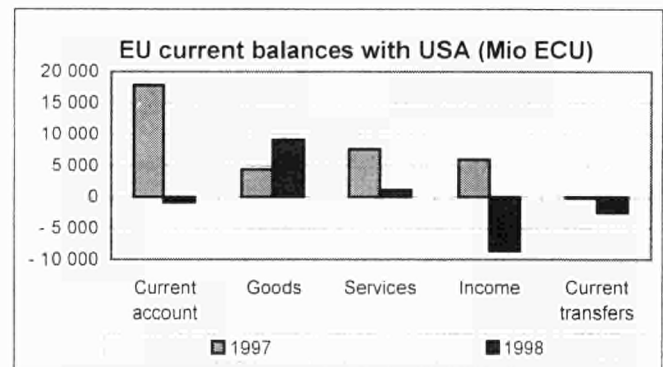
The EU current account deficit with **Japan** enlarged by 46% from ECU -16.4 bn in 1997 to ECU -24.0 bn in 1998. The decisive weight of the deficit in trade in goods offset the surpluses registered in trade in services (ECU 5.3 bn) and income (ECU 4.9 bn).

EU results for the current account with **Canada**, available for the first time, revealed a slightly expanding surplus, which reached ECU 4.4 bn in 1998 against ECU 2.6 bn in 1997. This was due to increases in the surpluses registered in trade in goods (from ECU 1.5 bn to ECU 2.1 bn) and in income (from ECU 1.3 bn to ECU 2.8 bn).

### Methodological Notes:

The methodological framework of this Statistics in Focus is that of the fifth edition of the *International Monetary Fund (IMF) Balance of Payments Manual*.

The results presented are preliminary and subject to revision according to the data timetable agreed with Member States. Final 1998 results will be issued by the end of October 1999.



<sup>5</sup> Denmark, Greece, Sweden and United Kingdom

# Further information:

## ➤ Reference publications

"EU/euro-zone current international transactions, 1998 Edition" (CA-17-98-184-ENC, EUR 30)  
 "International trade in services - EU, 1999 Edition" (CA-22-99-361-3AC, EUR 73.50)

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