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Economy and finance

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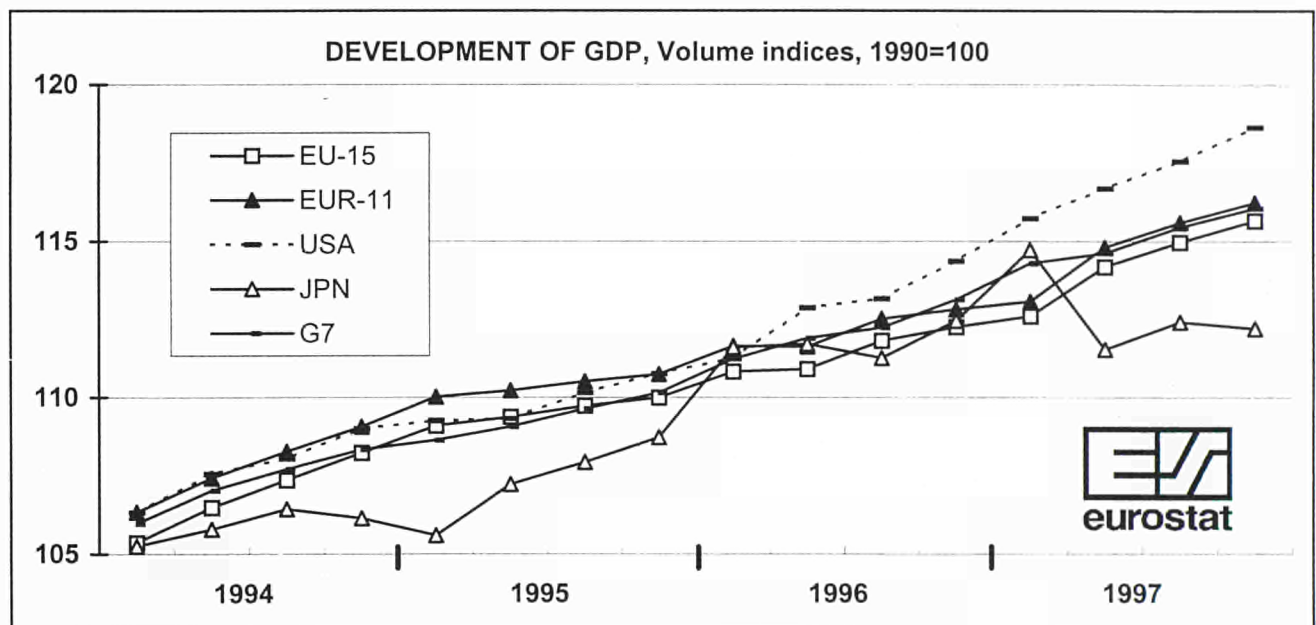
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QUARTERLY ACCOUNTS – FOURTH QUARTER OF 1997

EUROSTAT estimates * for the fourth quarter of 1997 indicate that economic growth within the European Union as a whole (EU-15) and within the Economic and Monetary Union (EUR-11) maintained nearly the same rate as in the third quarter (both GDP +0.6% compared to the previous quarter). These results are mainly due to the resumption of private consumption, with the rate of EU-15 being marginally higher than that of EUR-11 (+0.5 and 0.4 of the variation of GDP respectively). Compared to the fourth quarter of 1996 the GDP growth rates of EU-15 and of EUR-11 increased (+3.0% for both).

A comparison with the most important economic partners shows, compared to the third quarter, that the economy of the United States continued to grow slightly more strongly (GDP +0.9%). After the resumption during the third quarter Japan (GDP -0.2%) fell back slightly. The net effect was a slowing down in the G7 (GDP +0.5%).

During the whole of 1997 the economic growth of the EU-15 was 2.6%, against 2.5% for EUR-11, 3.8% in the United States and 0.9% in Japan.



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

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GROWTH OF GDP AND ITS COMPONENTS

The European Union, the Economic and Monetary Union and the main trading partners

During the fourth quarter of 1997 economic growth within the European Union as a whole * (EU-15 with GDP +0.6% compared to the previous quarter) was approximately the same as in the third quarter. The Economic and Monetary Union (EUR-11 with GDP +0.6% compared to the previous quarter) shows the same performance. These results are mainly due to the resumption of private consumption, with the rate for EU-15 (+0.5 of the variation of the GDP) being fractionally higher than that for EUR-11 (+0.4 of the variation of the GDP). The economy of the United States continued to grow slightly more strongly (GDP +0.9% compared to the previous quarter), whilst after the resumption during the third quarter Japan fell back (GDP -0.2%). Canada (+0.7%) and especially Australia (+0.3%) slowed down. Switzerland (+0.5%) confirmed its results of the previous quarter. The weakening of the Japanese economy and the slowdown of European G7 countries (France, Italy, the United Kingdom) explain the lower growth rate of the G7 (+0.5%).

During 1997 the growth rate within EU-15 was 2.6% and within EUR-11 2.5%. The United States recorded a growth of 3.8% against 0.9% in Japan, 3.8% in Canada, 2.8% in Australia and 0.7% in Switzerland.

Compared to the previous quarter private consumption within EU-15 (+0.8%) grew resulting notably from the recovery of private consumption in Germany and Denmark and its continued rise within the United Kingdom. This translates into a parallel but slightly weaker increase within EUR-11 (+0.7%). Compared to the previous quarter the growth rates of consumption in the United States (+0.6%), in Canada (+0.6%) and in Australia (+1.5%) are smaller. Japan shows a pronounced decline (-0.9%). Switzerland (+0.7%) increased after relative stagnation during the third quarter.

Within the EU-15 the growth of fixed capital formation (+0.4%) maintains the same level as in the previous quarter, but a slight slowdown is recorded within EUR-11 (+0.3%). In the United States (+0.2%) and Canada (+0.1%), despite a slowdown fixed capital formation is still growing, whilst fixed capital formation dropped slightly again in Japan (-0.8%) and shows a downturn in Australia (-0.4%) and especially in Switzerland (-4.9%).

The trade surplus of EU-15 (+2.6% of GDP) reduced slightly mainly caused by slower growth of exports (+1.3% compared to the previous quarter) than of imports (+1.8%). The quarterly trade surplus, like both exports and imports, remains higher within the EUR-11 than within the EU-15 (+3.4% of GDP), but it

develops in parallel (exports +1.5% and imports +1.9%). In the United States (-2.6% of GDP) the rise of exports (+2.0%) combined with a slowing in the growth of imports (+1.3%) is translated into a slight improvement of the trade deficit. Japan continued to show a trade surplus (+2.3% of GDP) because the resumption of exports (+3.1%) was accompanied by a reduction of imports (-1.3%). The external balance for Canada (+1.8% of GDP) is improving resulting from a marked slowing down of the growth of imports (+1.5% against +5.5% during the previous quarter). Australia (-1.2% of GDP) again recorded a trade deficit, whereas Switzerland (+1.0% of GDP) experienced a trade surplus resulting from a small increase in imports compared to the previous quarter.

Member States

For some Member States a tendency towards a small acceleration of their economies is occurring: Sweden +2.2%, Denmark +1.1%, the Netherlands +0.9% and Germany +0.5%. The others record a more or less pronounced tendency towards a slowing down of their economic growth: Finland +1.1%, Spain +0.9%, France +0.8%, the United Kingdom +0.3% and Italy +0.2%.

Private consumption is marked by the recovery in Germany (+1.0% compared to the previous quarter) and Denmark (+1.6%). Consumption in Italy continues to stagnate (+0.0%). Government consumption declined markedly in Germany (-2.9%) and in Sweden (-1.0%).

In general, fixed capital formation remains constant in most of the Member States. Denmark however, is an exception with a reduction of investments (-1.9% compared to the previous quarter) while Sweden (at +1.9%) shows a strong resumption.

Several Member States have consolidated their trade surpluses: the Netherlands (+8.2% of GDP), France (+4.3%), Denmark (+3.0%), Germany (+1.8%) and Spain (+1.4%). The other Member States continue to enjoy good trade surpluses which are nevertheless diminishing in comparison with the previous quarter: Sweden (+9.5% of GDP), Finland (+8.8%) and Italy (+3.9%). Only the United Kingdom continues in deficit.

* The EU-15 and EUR-11 growth rates in this publication have been revised since the "Statistics in Focus" No. 6 of 13/03/1998. 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. GDP was revised by 0.02%).

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

EVOLUTION OF GDP AND COMPONENTS

PERCENTAGE CHANGE OVER PREVIOUS PERIOD



IN VOLUME

	GDP				Private consumption				Government consumption				Gross fixed cap. format.				Change in stocks ¹				Domestic demand				Exports				Imports				External balance ¹			
	97				97				97				97				97				97				97				97							
	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	Q3	Q4	Q1	Q2	Q3	Q4

I) ECONOMIC AREAS

EU-15 ⁽²⁾	0.3	1.4	0.7	0.6	0.3	0.9	0.2	0.8	0.2	-0.4	0.2	-0.4	0.0	1.7	0.4	0.4	0.3	0.6	0.6	0.8	0.4	1.2	0.3	0.8	-0.2	5.5	3.5	1.3	-0.1	5.2	2.3	1.8	2.2	2.4	2.8	2.6
EUR-11 ⁽²⁾	0.2	1.5	0.7	0.6	0.2	0.7	0.2	0.7	0.5	-0.1	-0.1	-0.6	-0.2	1.3	0.4	0.3	0.1	0.6	0.6	0.8	0.3	1.2	0.2	0.7	-0.7	5.9	3.9	1.5	-0.6	5.3	2.7	1.9	2.7	3.0	3.5	3.4
G 7	1.0	0.3	0.7	0.5	1.5	-0.6	1.0	0.4	0.1	-0.1	0.3	0.1	-0.1	0.6	1.1	-0.0	0.6	0.9	0.8	1.0	1.1	0.1	0.8	0.5	1.2	5.2	2.0	1.6	1.6	4.1	2.5	1.3	0.0	0.2	0.1	0.2

II) MAIN ECONOMIC PARTNERS

USA	1.2	0.8	0.8	0.9	1.3	0.2	1.4	0.6	0.2	0.7	0.3	0.3	0.5	2.7	2.9	0.2	1.0	1.2	0.9	1.2	1.5	1.0	1.2	0.8	2.4	4.3	1.1	2.0	4.2	4.8	3.5	1.3	-2.1	-2.3	-2.7	-2.6
JPN	2.0	-2.8	0.8	-0.2	4.0	-5.3	1.7	-0.9	-0.9	-0.9	0.7	1.4	-1.1	-2.6	-0.7	-0.8	0.0	0.3	0.3	0.2	1.9	-3.8	0.9	-0.8	1.4	5.8	-1.5	3.1	0.5	-2.3	-1.1	-1.3	0.8	1.8	1.7	2.3
CAN	1.2	1.3	1.0	0.7	1.0	1.1	1.3	0.6	-0.0	0.1	0.5	-0.0	2.1	1.3	3.0	0.1	-0.7	-0.1	0.3	0.4	0.5	1.6	1.9	0.5	5.7	0.8	2.9	2.0	4.1	1.6	5.5	1.5	2.7	2.5	1.6	1.8
AUS	0.1	1.9	1.4	0.3	0.3	1.2	1.9	1.5	-0.6	0.7	1.6	-0.4	4.2	3.2	1.6	-0.4	-1.1	-1.8	-0.7	-0.2	2.3	2.4	0.7	0.2	2.8	11.3	-3.0	-2.2	1.6	6.9	2.3	1.6	0.1	1.2	-0.2	-1.2

III) MEMBER STATES

D	-0.0	1.6	0.4	0.5	-0.7	1.0	-0.8	1.0	2.0	-1.2	-0.9	-2.9	-0.7	0.4	-0.4	0.3	1.4	1.6	2.2	2.2	0.1	0.8	-0.1	0.4	0.4	6.4	3.0	2.4	0.9	3.6	1.5	2.4	0.5	1.3	1.7	1.8
F	0.2	1.1	0.9	0.8	0.3	0.1	1.1	1.0	0.2	0.2	0.2	0.2	-1.4	1.0	1.1	0.0	-0.5	-0.3	-0.4	-0.5	-0.2	0.5	0.8	0.5	1.5	5.9	3.4	1.4	-0.0	4.1	3.6	0.6	3.4	4.0	4.1	4.3
I	0.0	1.9	0.6	0.2	1.0	0.6	0.2	0.0	-0.5	0.1	0.2	0.0	0.2	1.3	0.8	-0.1	-0.1	1.6	1.1	2.2	0.3	2.5	-0.3	1.1	-5.5	10.1	6.4	-1.1	-5.6	14.4	3.7	2.2	4.5	4.0	4.8	3.9
UK	0.8	0.8	0.8	0.3	1.0	1.8	0.7	1.4	-0.4	-1.8	1.2	0.2	1.7	2.6	0.5	1.0	0.7	0.8	0.7	0.6	0.8	1.3	0.6	1.0	1.9	3.2	1.4	-0.1	1.9	4.8	1.0	2.0	-0.8	-1.3	-1.1	-1.8
DK	0.9	2.0	0.5	1.1	0.9	3.5	-1.8	1.6	1.0	0.4	1.0	1.3	2.5	3.0	3.1	-1.9	-0.1	0.3	0.8	0.3	1.0	3.1	0.3	0.2	1.0	0.6	2.4	2.1	1.7	3.2	2.4	-0.2	3.0	2.0	2.1	3.0
E	0.9	0.8	1.0	0.9	1.0	1.0	0.8	0.5	0.2	0.2	0.7	0.7	1.5	1.7	2.1	1.4	-0.2	-0.3	-0.4	-0.4	0.8	0.9	1.0	0.7	2.6	3.6	4.0	3.9	2.3	3.9	4.3	3.4	1.3	1.3	1.3	1.4
NL	1.0	1.0	0.8	0.9	1.1	0.5	0.7	1.1	0.9	0.6	0.7	0.5	1.2	1.9	-2.1	1.2	-0.2	0.2	0.2	-0.7	0.8	2.1	-0.5	1.4	0.1	0.9	2.4	2.4	0.7	1.4	1.3	1.3	7.0	6.7	7.4	8.2
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S	-0.2	0.4	1.0	2.2	-0.2	1.9	0.1	0.3	-2.8	0.0	1.2	-1.0	-5.8	6.8	-4.9	1.9	1.7	-1.0	-0.4	1.8	0.2	-0.9	0.2	2.6	0.8	8.1	2.7	0.8	2.2	6.5	1.3	1.4	7.9	9.1	9.8	9.5
FIN	0.0	3.1	1.7	1.1	0.2	0.8	1.0	1.1	-2.6	1.6	0.3	0.2	-4.0	11.2	5.0	1.3	4.4	4.2	2.5	3.8	0.6	2.8	-0.3	2.4	-0.1	5.4	6.7	-3.4	1.7	4.9	2.0	-0.9	7.9	8.2	10.0	8.8

III) EFTA

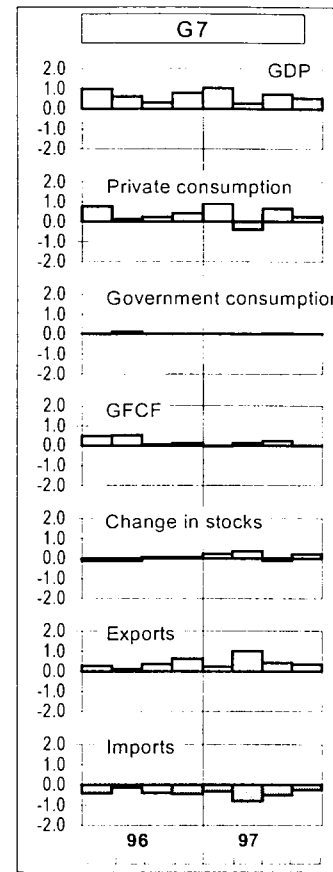
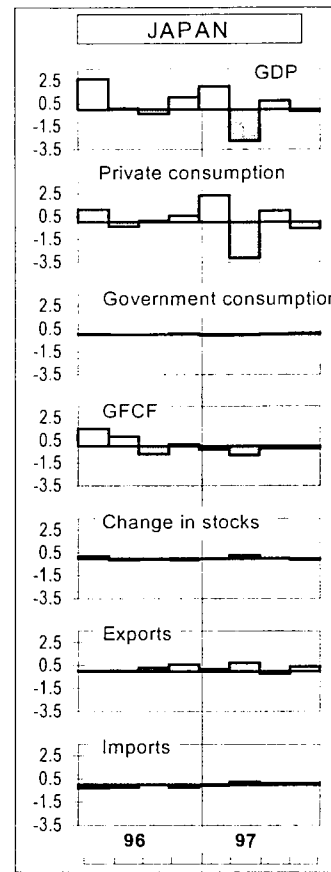
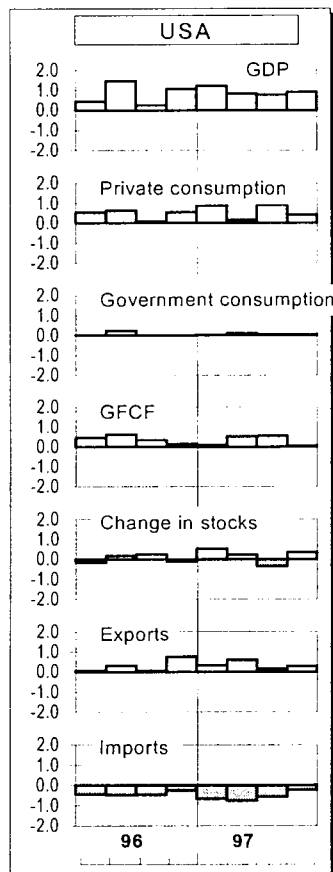
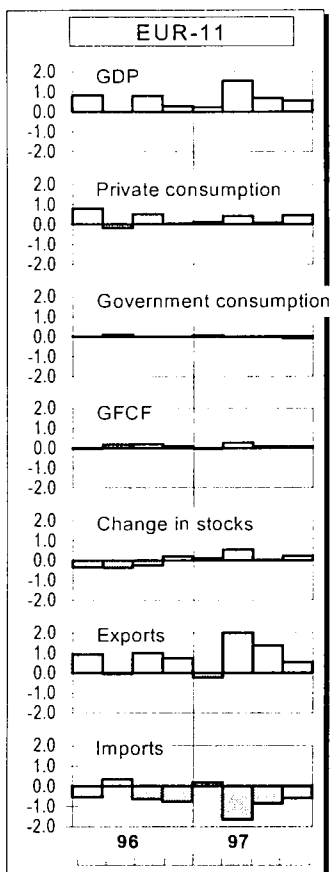
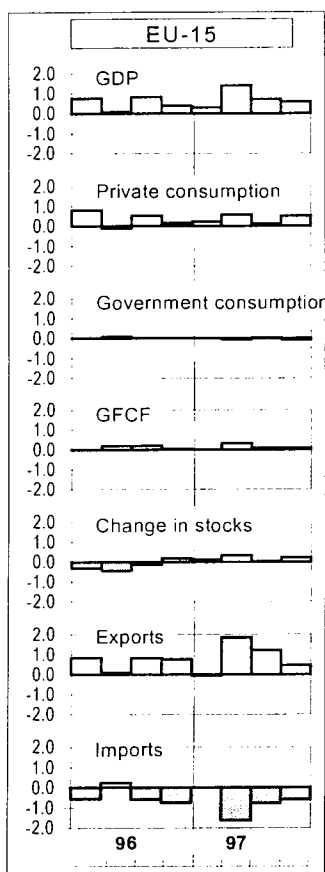
CH	0.2	0.8	0.5	0.5	-0.1	1.3	0.1	0.7	-0.3	-0.1	0.0	0.1	-1.3	0.4	3.1	-4.9	0.7	-0.4	-0.6	0.5	0.6	-0.3	0.7	0.2	0.7	6.6	2.5	2.1	1.6	4.0	3.0	1.6	-0.1	1.0	0.8	1.0
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¹ Percentage of GDP (seasonally adjusted).

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

eurostat	GDP				Private consumption				Government consumption				Gross fixed cap. formation				Change in stocks				Exports				Imports			
	97				97				97				97				97				97							
	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	0.30	1.40	0.70	0.59	0.21	0.57	0.12	0.51	0.03	-0.06	0.04	-0.07	0.00	0.33	0.07	0.07	0.13	0.34	0.03	0.22	-0.08	1.84	1.20	0.45	0.02	-1.63	-0.76	-0.59
EUR-11	0.23	1.53	0.69	0.55	0.13	0.41	0.09	0.44	0.08	-0.01	-0.01	-0.09	-0.03	0.26	0.08	0.06	0.09	0.52	0.02	0.22	-0.23	1.99	1.36	0.53	0.19	-1.64	-0.85	-0.60
USA	1.20	0.82	0.76	0.91	0.87	0.16	0.93	0.41	0.03	0.10	0.05	0.04	0.10	0.51	0.55	0.04	0.52	0.21	-0.35	0.35	0.32	0.59	0.15	0.29	-0.65	-0.76	-0.57	-0.22
JPN	2.01	-2.76	0.78	-0.18	2.33	-3.16	1.00	-0.54	-0.09	-0.08	0.06	0.12	-0.33	-0.79	-0.22	-0.22	-0.02	0.28	0.01	-0.12	0.18	0.73	-0.21	0.42	-0.05	0.27	0.13	0.15
G 7	1.03	0.27	0.73	0.52	0.92	-0.40	0.66	0.26	0.01	-0.01	0.05	0.01	-0.03	0.13	0.23	-0.01	0.21	0.36	-0.11	0.19	0.23	1.01	0.42	0.33	-0.31	-0.80	-0.50	-0.26



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