



## COMPLETING EUROPE'S ECONOMIC AND MONETARY UNION

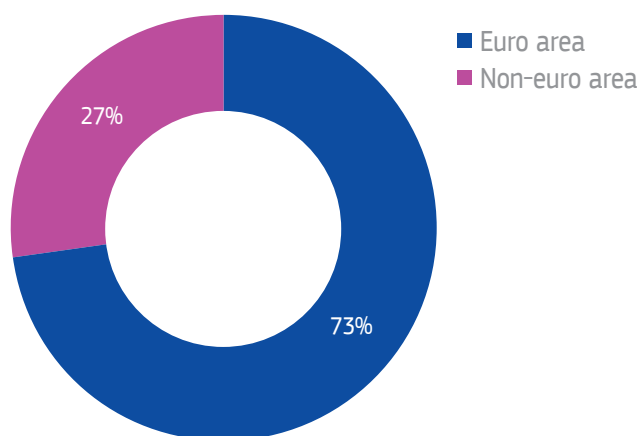
The Commission's Contribution to the Leaders' Agenda  
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### ECONOMIC AND SOCIAL CONVERGENCE IN THE EU: KEY FACTS

Figure 1: The euro is the currency of the European Union

The euro area will account for as much as 85% of the European economy after the United Kingdom's departure from the EU in 2019.

Euro area as a share of EU 28, 2019



Euro area as a share of EU 27, 2019

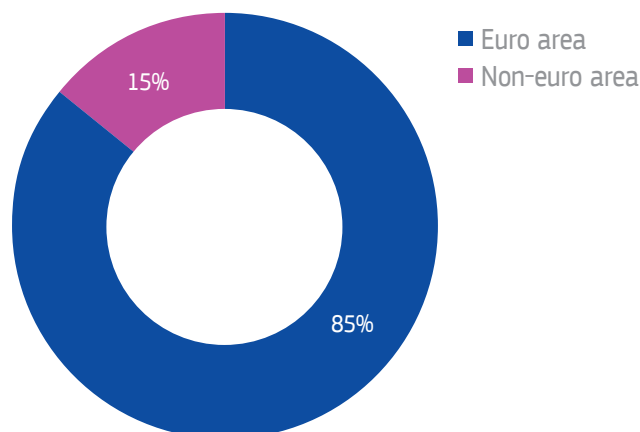
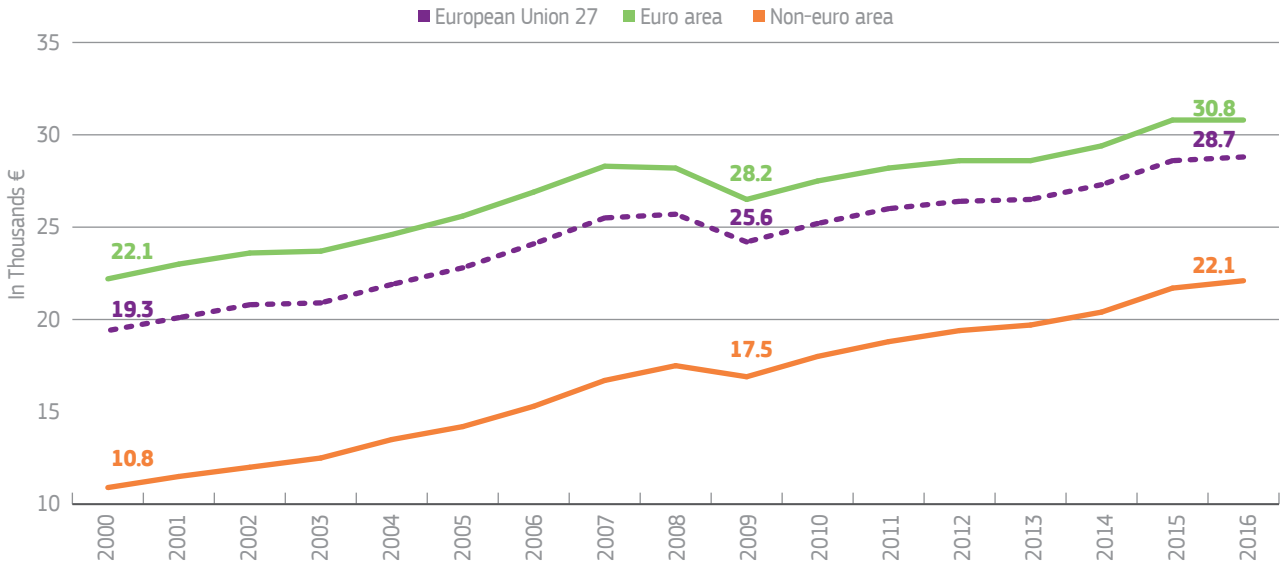


Figure 2: Non-euro area income converges upwards towards euro area

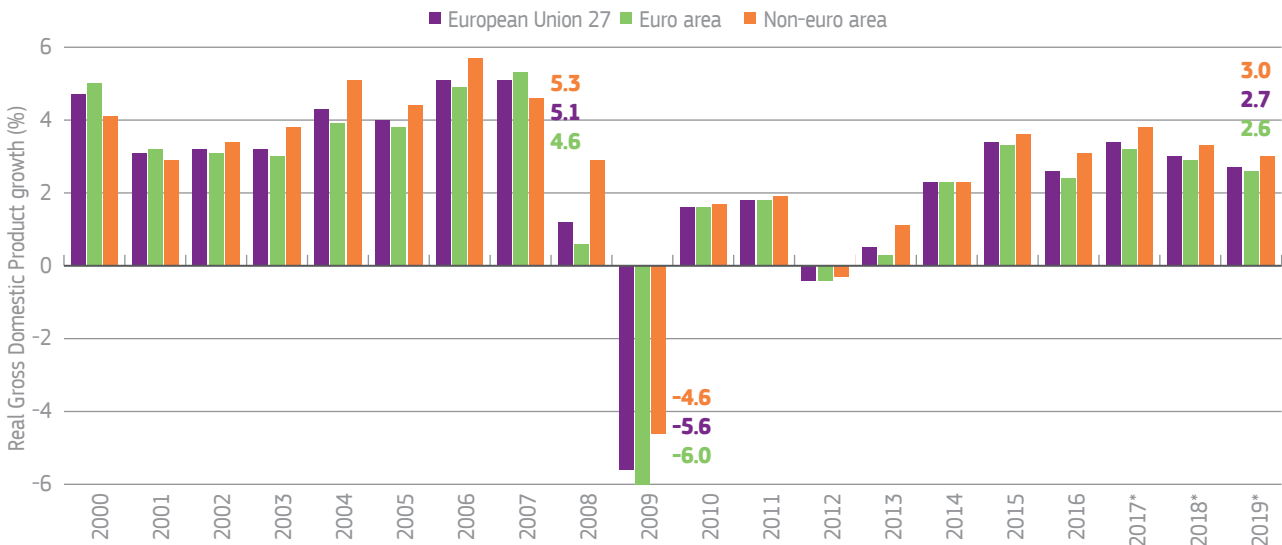
Income per capita has grown across the board since 2000, with the non-euro area reducing the gap with the euro area by 2.500€ in 2016.



Source: Eurostat  
Real Gross Domestic Product per capita, in Purchasing Power Parity

Figure 3: EU recovers steadily and converges upwards

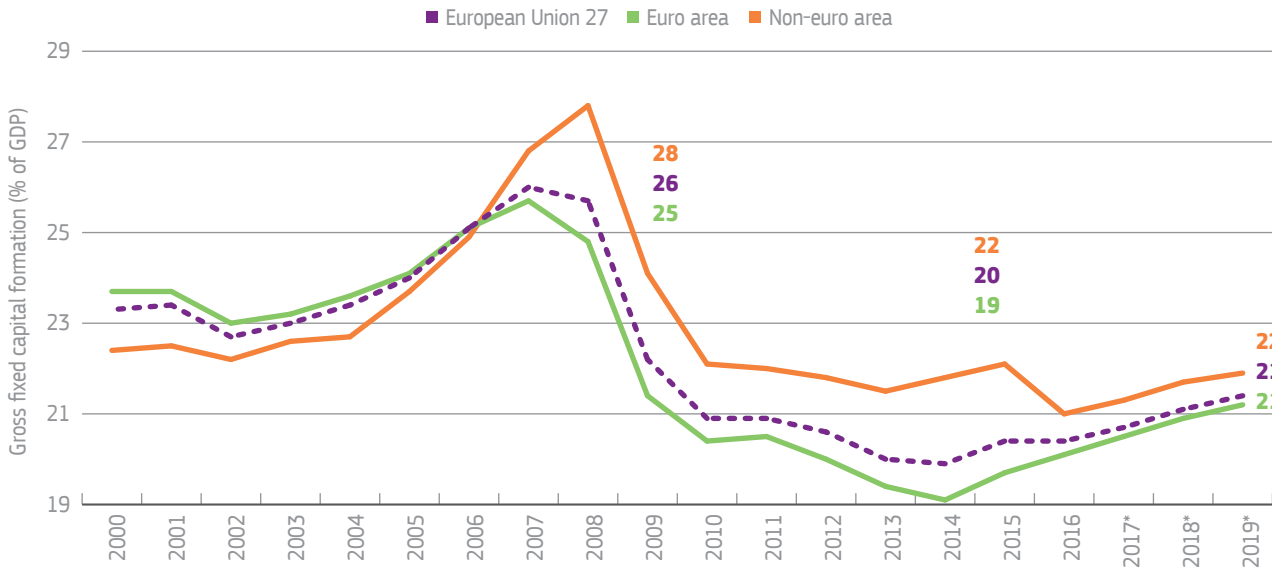
The EU has seen a sustained return to growth following the economic and financial crisis. This is set to continue in coming years. Higher growth rates in non-euro area Member States compared to the euro area will support further upward convergence.



Source: Eurostat, \*Forecasts from AMECO Database  
Real Gross Domestic Product growth, in % over last year, average

**Figure 4: Fresh hope for investments**

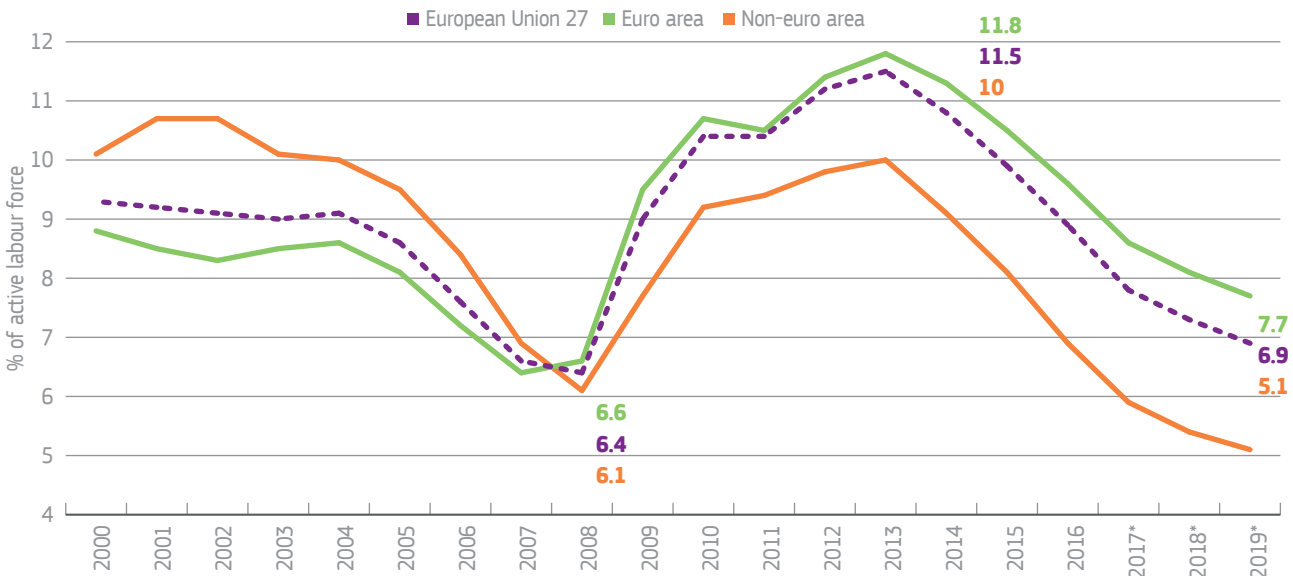
Investments are back on the up, rising even faster in non-euro area Member States than in the euro area.



Source: Eurostat, \*Forecasts from AMECO Database  
Gross fixed capital formation, as a % of Gross Domestic Product, average

**Figure 5: Unemployment levels at eight-year low**

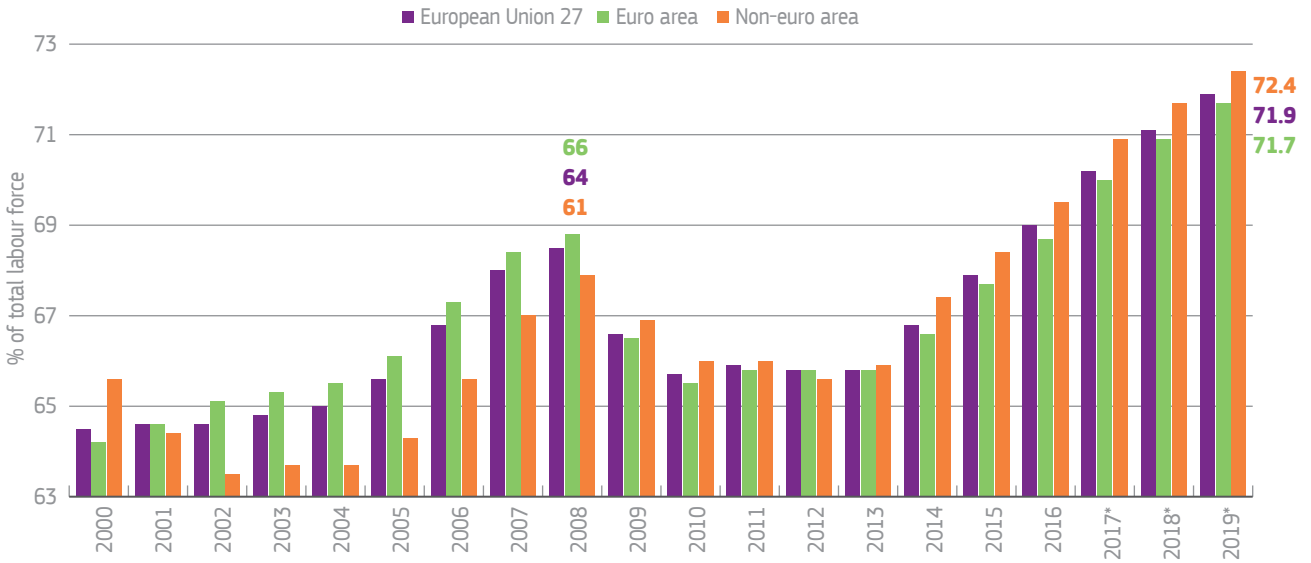
Unemployment has fallen significantly since the height of the crisis with 2016 registering an eight-year low. Non-euro area countries are home to some of the lowest unemployment rates in the EU.



Source: Eurostat, \*Forecasts from AMECO Database  
Unemployment rates, % of total active population, average

**Figure 6: Employment at eight-year high**

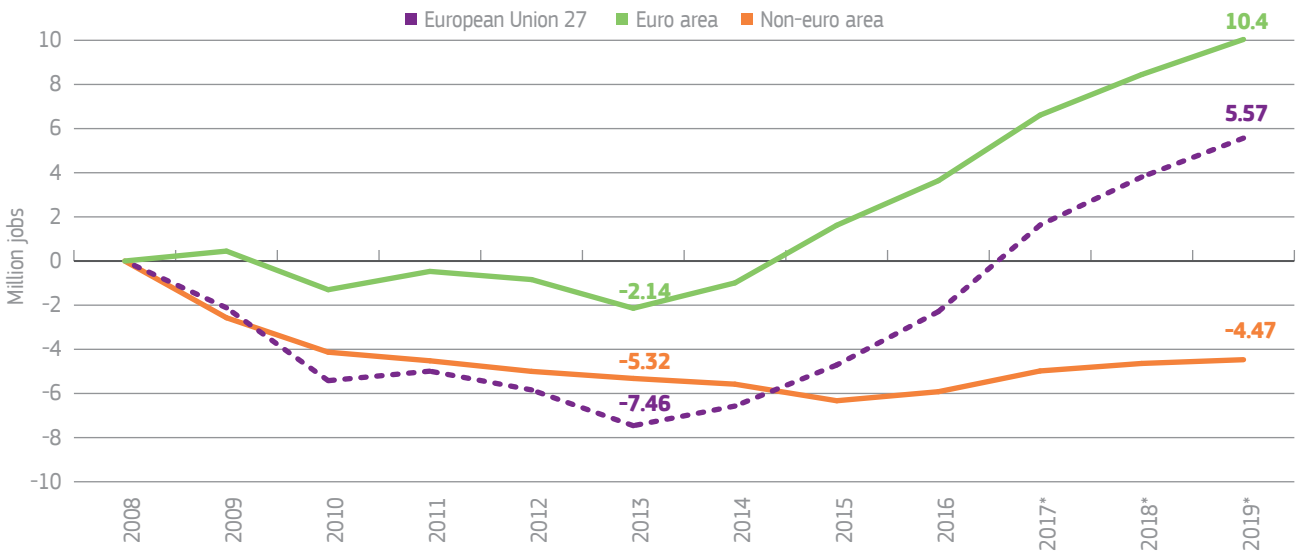
Employment rates have soared across the Union since 2013, and are forecast to surpass pre-crisis values. Non-euro area Member States record some of the highest employment rates in the Union.



Source: Eurostat, \*Forecasts from AMECO Database  
Employment rate, % of total population aged 15-64, average

**Figure 7: 8 million new jobs created since 2014**

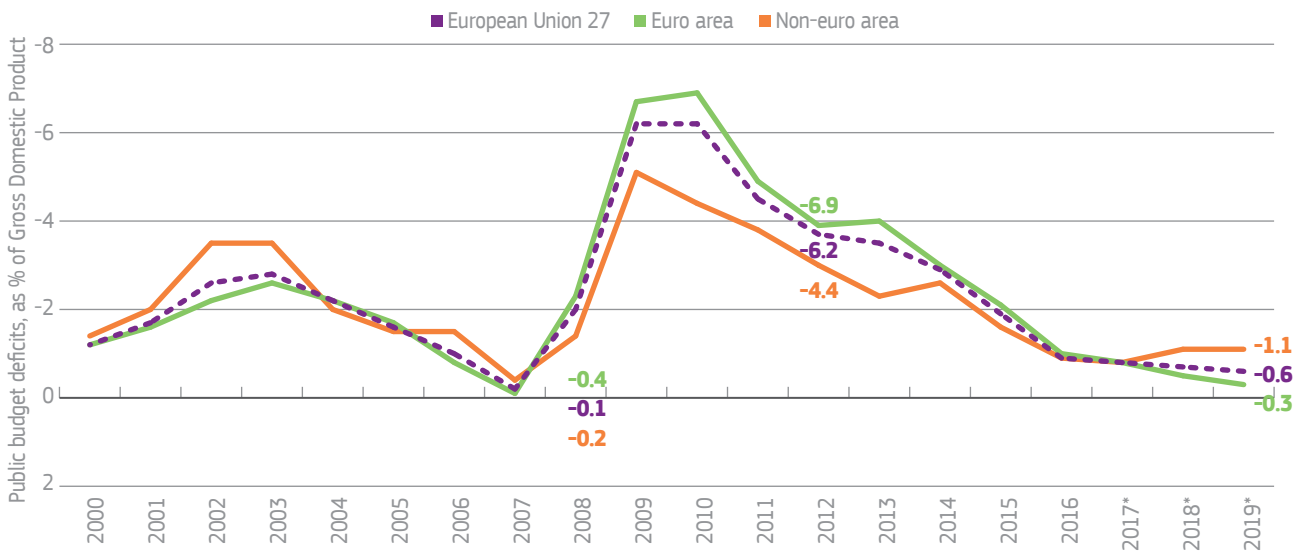
Roughly 8 million jobs were created in the EU since the start of this Commission. By 2019, this number is forecast to rise to 12 million jobs. However, the vast majority of these jobs were created in the euro area, while non-euro area Member States continue to face labour shortages due to waves of emigration to the rest of the EU.



Source: Eurostat, \*Forecasts from AMECO Database  
Job creation, total jobs created with a 2008 baseline year

**Figure 8: Budget deficits converge to 'normal'**

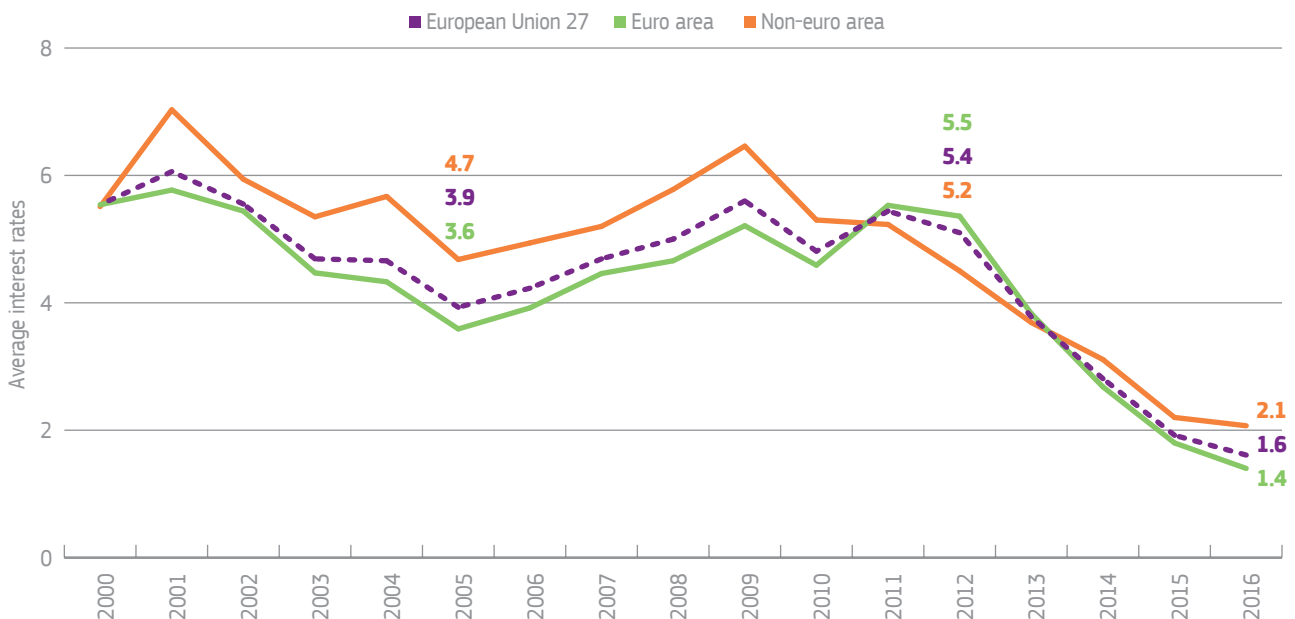
Public budget deficits have continued to decrease uniformly throughout the EU, averaging around 1% of GDP across the EU27. Furthermore, the gap between best and worst performers has narrowed. It is foreseen that this trend will continue in most Member States towards 2019.



Source: Eurostat, \*Forecasts from AMECO Database  
Public budget deficits, as % of Gross Domestic Product, average

**Figure 9: Cost of servicing government debt falls**

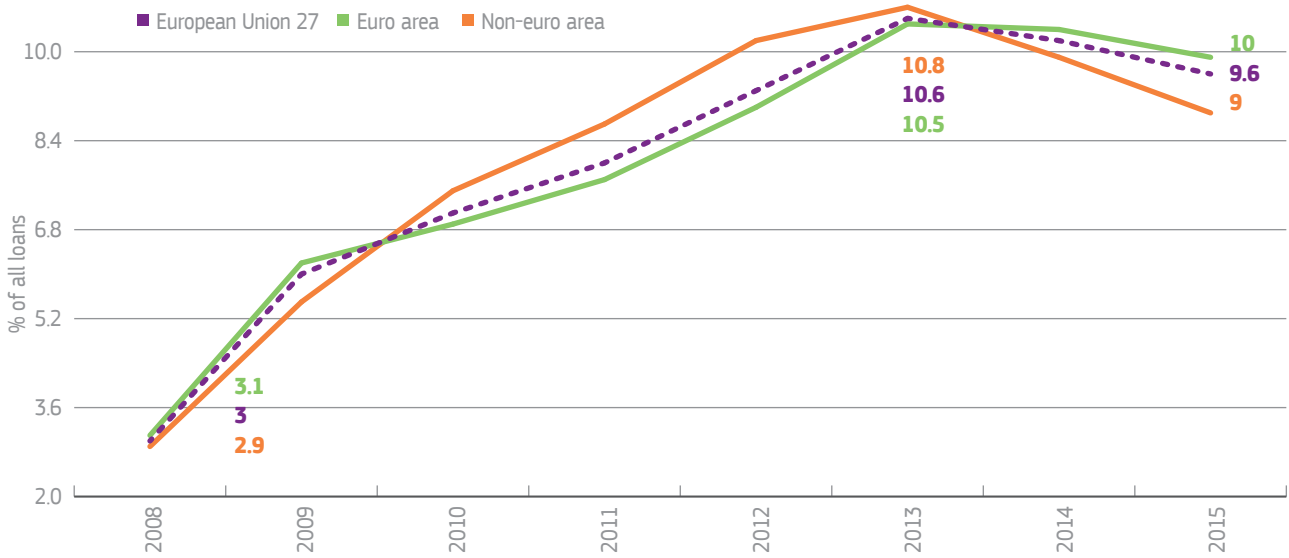
The cost of servicing government debt has fallen sharply across the Union, lowering borrowing costs for public authorities.



Source: Eurostat  
Government 10 years bond yields, average

**Figure 10: Fewer non-performing bank loans**

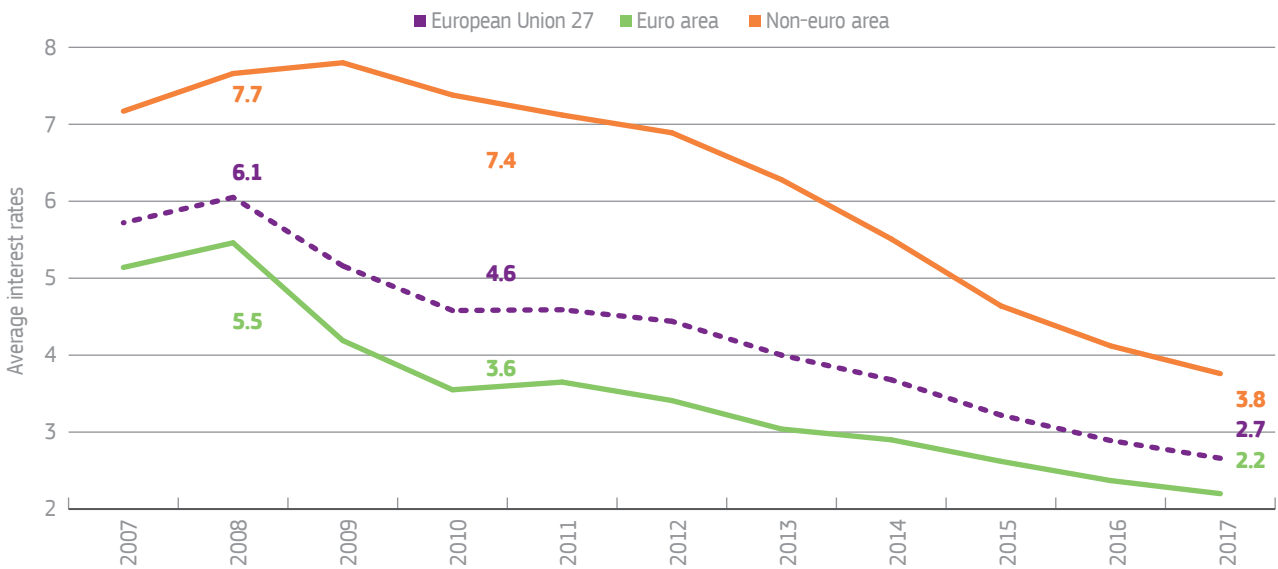
The share of non-performing loans – i.e. loans for which the borrower is in default or close to being in default – have declined across the Union since 2013, ridding banks of ‘bad debt’ and increasing their capacity to provide new loans.



Source: World Bank, European Banking Authority  
Non-performing loans, as % of all loans, average

**Figure 11: Mortgage rates continue to fall**

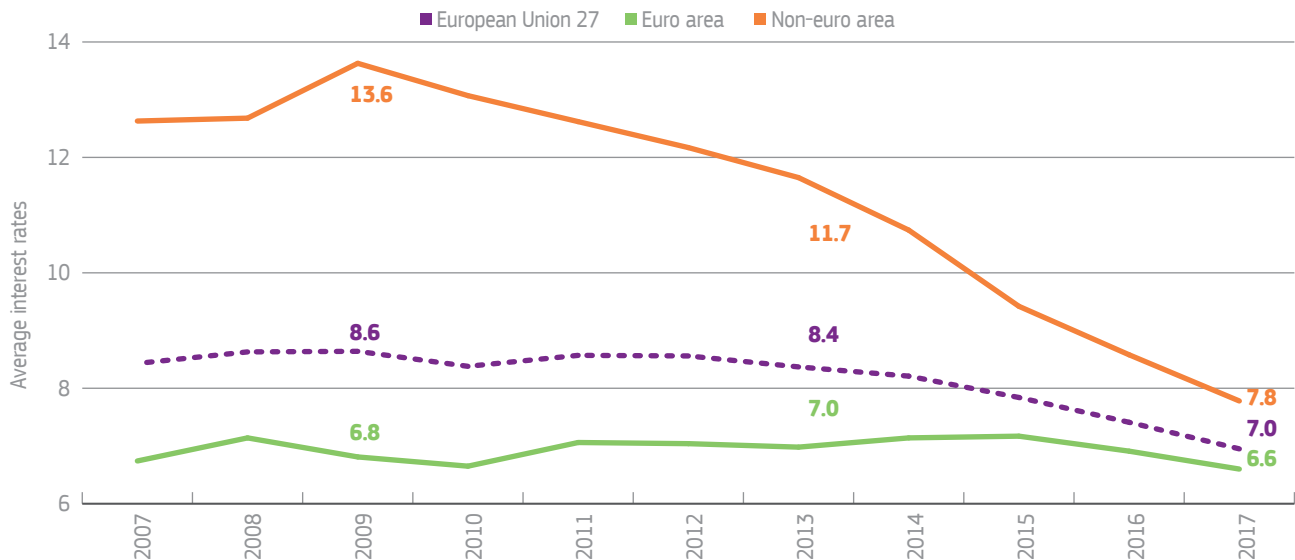
The gap in interest rates on mortgage lending to households has narrowed significantly.



Source: European Central Bank  
Mortgage lending interest rates to households, maturities over 5 years, average

**Figure 12: Consumer credit rates see strong convergence across Member States**

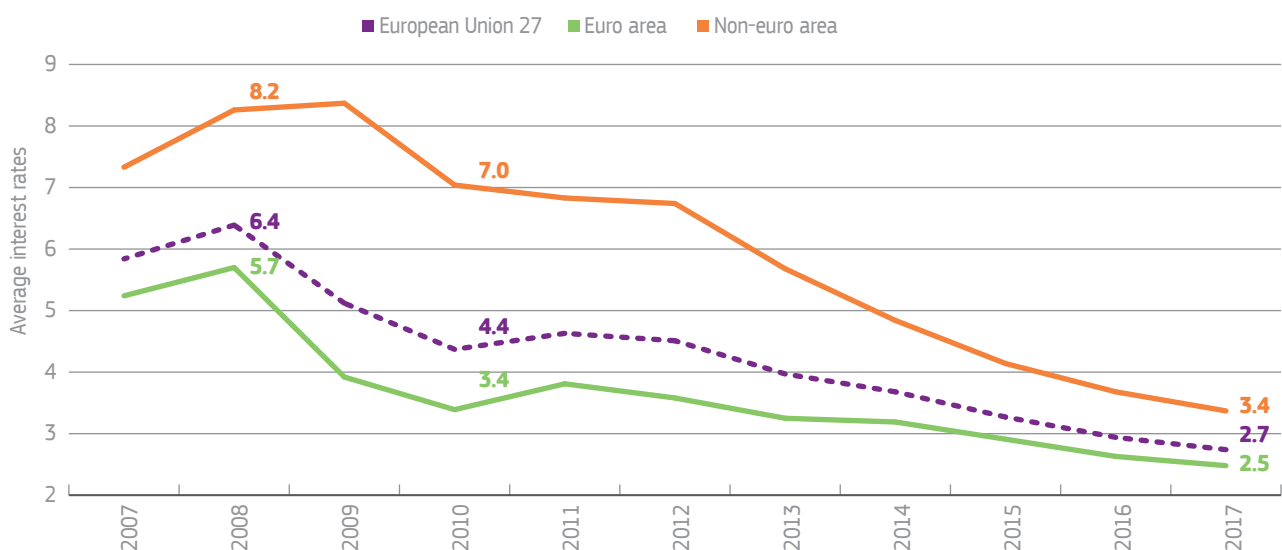
Interest rates on bank loans for consumption credit have converged significantly, but remain somewhat higher in non-euro area countries.



Source: European Central Bank  
Bank lending for consumption credit, maturities of over 1 year and up to 5 years, average

**Figure 13: Companies in non-euro area countries face higher interest rates despite convergence**

Interest rates on bank loans to non-financial corporations have also converged significantly, but remain a good deal higher in non-euro area Member States.



Source: European Central Bank  
Bank lending interest rates to non-financial corporations, maturities over 5 years, average