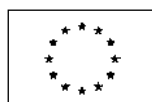


# Europe in figures

## Eurostat yearbook 2005

### Chapter 3



EUROPEAN  
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THEME  
General and  
regional statistics

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*G. Schäfer*

**Editors**

*S. Cervellin, M. Feith, M. Fritz*

**Eurostat, Dissemination unit**

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### The Eurostat yearbook is easy to use

- Introductory texts for each section explain the main features and the relevance of the information presented and give an idea of what other data on the subject Eurostat has on offer.
- A glossary clarifies the statistical terms and concepts used.
- References indicate how to get more Eurostat data and analysis on the subject.
- The abbreviations and acronyms used are spelled out on the bookmark to the yearbook.

#### Date of data extraction

The statistical data presented in this yearbook were extracted on **29 April 2005** and represent the data availability at that time. In the cases where the data were extracted later, these are mentioned in the chapters concerned.

### Order and coding of countries

The order of the EU Member States used in the Eurostat yearbook is their order of protocol. It follows the alphabetical order of the countries' short names in their respective native languages.

Generally, the countries are identified in the Eurostat yearbook 2005 by using the shortest official designation. If codes are used, these are the two-digit ISO codes, except for Greece and the United Kingdom for which EL and UK, respectively, are used.

### Symbols and codes in the tables

- 'Not applicable' or 'real zero' or 'zero by default'
- 0 Less than half the final digit shown
- . Not applicable
- .. Confidential data. Data not conclusive or withheld owing to non-disclosure practice
- : Data not available
- b Break in series
- e Estimated value
- f Forecast
- i See footnote
- p Provisional value
- r Revised value
- s Eurostat estimate



## The economy

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## National accounts



### National accounts — monitoring the state of the economy

The national accounts provide a comprehensive and consistent framework to measure the level and structure of economic activity. This framework of accounts provides many key macro-economic statistics including gross domestic product (GDP), gross national income (GNI), output and value added, consumption, investment and the external balance of goods and services.

Accounts shed light on both the supply and the demand side of an economy. They are compiled for regions, Member States and the European Union. The accounts show which sectors of the economy are particularly important for GDP and economic growth; how much of the income generated in the economic process is retained by enterprises and what amount is received by households and government; how much of the income is spent on consumption and investment, and how high savings are.

These features make national accounts particularly relevant for economic analysis, decision-taking and policy-making.

### ESA 95 — a common standard for national accounts in Europe

In Europe, national accounts are compiled according to fully harmonised standards which are laid down in the European system of national and regional accounts (ESA 95). ESA 95 is the subject of Council Regulation (EC) No 2223/96 which entered into force in 1996 and is thus legally binding for all European Union Member States. This common methodology ensures the full comparability of national accounts data across economic areas. ESA 95 is the European version of the worldwide guidelines, the system of national accounts (SNA 93). SNA 93 was prepared and published jointly by the United Nations, the International Monetary Fund, the European Commission, the Organisation for Economic Cooperation and Development and the World Bank.



### Gross domestic product per inhabitant in purchasing power standards (PPS) At current market prices

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-25	15 200	16 000	16 900	17 700	18 500	19 800	20 500	21 200	21 400 (f)	22 300 (f)	23 100 (f)	24 100
EU-15	16 900	17 700	18 600	19 400	20 400	21 700	22 500	23 200	23 300 (f)	24 300 (f)	25 100 (f)	26 100 (f)
Euro-zone	17 000	17 800	18 600	19 500	20 400	21 700	22 200	22 700	22 800 (f)	23 700 (f)	24 500 (f)	25 400 (f)
Belgium	18 300	19 000	19 800	20 500	21 500	23 100	24 000	24 700	25 200	26 400 (f)	27 300 (f)	28 400 (f)
Czech Republic	10 700 (e)	11 500 (e)	11 700 (e)	11 800 (e)	12 200	12 800	13 500	14 300	15 000	15 900 (f)	16 800 (f)	17 800 (f)
Denmark	19 000	20 100	21 300	22 000	23 600	25 100	25 800	25 700 (f)	26 100 (f)	27 200 (f)	28 300 (f)	29 400 (f)
Germany	18 200	18 900	19 500	20 200	21 000	22 100	22 500	23 000	23 100	24 000 (f)	24 600 (f)	25 400 (f)
Estonia	5 400 (e)	5 900 (e)	6 800 (e)	7 400 (e)	7 600	8 600	9 200	9 900	10 400	11 200 (f)	12 200 (f)	13 200 (f)
Greece	11 000	11 500	12 200	12 700	13 300	14 300	15 100	16 400	17 300	18 400 (f)	19 200 (f)	20 100 (f)
Spain	13 300	14 100	14 800	15 700	17 000	18 100	18 900	20 000	20 900 (f)	21 800 (f)	22 600 (f)	23 500 (f)
France	17 500	18 300	19 300	20 200	21 200	22 500	23 500	23 900	23 700	24 800 (f)	25 600 (f)	26 600 (f)
Ireland	15 100	16 500	19 000	20 700	22 600	25 000	26 500	28 100	28 300	30 000 (f)	31 600 (f)	33 300 (f)
Italy	17 600	18 400	19 000	20 100	20 800	22 000	22 800 (e)	23 100 (e)	22 800 (f)	23 400 (f)	24 000 (f)	24 900 (f)
Cyprus	13 100 (e)	13 600 (e)	14 100 (e)	14 900 (e)	15 700	17 000	18 300	17 700	17 600	18 200 (f)	19 000 (f)	19 900 (f)
Latvia	4 500 (e)	4 900 (e)	5 500 (e)	6 000 (e)	6 300	7 000	7 700	8 200	8 800	9 800 (f)	10 700 (f)	11 600 (f)
Lithuania	5 200 (e)	5 700 (e)	6 300 (e)	6 900 (e)	7 000	7 600	8 300	9 000	9 800	10 700 (f)	11 600 (f)	12 600 (f)
Luxembourg	27 200	28 400	31 100	34 000	38 600	43 200	43 600	45 000	45 900	48 400 (f)	50 700 (f)	53 200 (f)
Hungary	7 600 (e)	7 900 (e)	8 500 (e)	9 100 (e)	9 700	10 600	11 500	12 400	12 900	13 800 (f)	14 600 (f)	15 500 (f)
Malta	:	:	:	:	14 400	15 400	15 100	15 500	15 600	16 100 (f)	16 500 (f)	17 100 (f)
Netherlands	18 300	19 300	20 400	21 400	22 300	24 000	25 400	25 800	25 800	26 700 (f)	27 400 (f)	28 400 (f)
Austria	19 700	20 700	21 400	22 100	23 500	25 300	25 400	25 900	26 100	27 100 (f)	28 000 (f)	29 000 (f)
Poland	6 200 (e)	6 800 (e)	7 400 (e)	7 900 (e)	8 500	9 100	9 400	9 700	9 800	10 600 (f)	11 300 (f)	12 000 (f)
Portugal	11 100	11 700	12 500	13 300	14 300	15 300	15 800	16 200	16 000	16 400 (f)	16 800 (f)	17 300 (f)
Slovenia	10 400 (e)	11 200 (e)	12 000 (e)	12 700 (e)	13 700	14 500	15 300	15 900	16 400	17 500 (f)	18 500 (f)	19 600 (f)
Slovakia	6 800 (e)	7 400 (e)	8 000 (e)	8 400 (e)	8 700	9 500	10 000	10 900	11 200	12 000 (f)	12 900 (f)	13 800 (f)
Finland	16 100	16 900	18 700	20 000	20 700	22 600	23 300	24 100	24 300	25 700 (f)	26 900 (f)	28 100 (f)
Sweden	18 000	18 800	19 600	20 300	21 900	23 700	23 800	24 300 (f)	24 600 (f)	25 900 (f)	27 100 (f)	28 200 (f)
United Kingdom	16 800	17 900	19 200	20 100	21 000	22 500	23 600	24 900 (f)	25 500 (f)	26 800 (f)	28 000 (f)	29 200 (f)
Bulgaria	4 700 (e)	4 500 (e)	4 400 (e)	4 700 (e)	4 900	5 300	5 800	6 100	6 400 (f)	6 900 (f)	7 500 (f)	8 000 (f)
Croatia	5 700 (e)	6 400 (e)	7 000 (e)	7 500 (e)	7 400 (e)	8 200 (e)	8 600 (e)	9 300 (e)	9 700 (e)	10 300 (f)	10 900 (f)	11 600 (f)
Romania	:	:	:	4 700	4 800	5 000	5 500	6 100	6 300	7 000 (f)	7 600 (f)	8 100 (f)
Turkey	4 600 (e)	5 000 (e)	5 500 (e)	5 700 (e)	5 500	6 000	5 400	5 600 (f)	5 900 (f)	6 400 (f)	6 800 (f)	7 200 (f)
Iceland	18 500	19 900	21 200	22 600	23 700	24 800	25 500	25 000 (f)	24 900 (f)	26 500 (f)	28 100 (f)	29 800 (f)
Norway	20 200	22 400	23 900	23 600	26 200	31 900	32 400	31 600 (f)	31 500 (f)	33 000 (f)	34 800 (f)	36 100 (f)
Japan	19 000	20 200	21 100	21 200	21 600	22 900	23 400 (f)	23 800 (f)	24 400 (f)	26 600 (f)	27 300 (f)	28 300 (f)
United States	23 400	24 700	26 200	27 500	29 000	30 700	31 200	32 200	32 900	35 500	37 100 (f)	38 500 (f)
Canada	19 100	19 900	21 100	22 100	23 700	25 500 (f)	26 200 (f)	27 500 (f)	27 800 (f)	29 500 (f)	30 500 (f)	31 700 (f)

(f): forecasts; (e): estimated values.

Gross domestic product (GDP) is an indicator for a nation's economic situation. It reflects the total value of all goods and services produced less the value of goods and services used for intermediate consumption in their production. Expressing GDP in PPS (purchasing power standards) eliminates differences in price levels between countries, and calculation on a per head basis allows the comparison of economies significantly different in absolute size.

Gross domestic product (GDP) is an indicator that summarises a nation's economic situation. It is equal to the value of all goods and services, either consumed, invested, put in inventories or exported, minus the value of goods

and services imported. To compare economies of different sizes and with different price levels, Eurostat has calculated the indicator 'GDP per inhabitant in PPS'.



## Economic output

### Eurostat data

Eurostat provides a wide range of data on economic output, broken down by the industries of the economy that have generated it:

- agriculture, hunting and forestry
- fishing
- mining and quarrying
- manufacturing
- energy (electricity, gas, etc.) and water supply
- construction
- trade, transport and communication services
- business activities and financial services
- other services

### GDP: the result of all production activity

Gross domestic product (GDP) at market prices is the final result of the production activity of resident producer units. It can be defined in three ways:

- GDP is the sum of gross value added of the various institutional sectors or the various industries, plus taxes and less subsidies on products (output approach).
- GDP is the sum of final uses of goods and services by resident institutional units (final consumption and gross capital formation), plus exports and minus imports of goods and services (expenditure approach).



- GDP is the sum of uses in the total economy generation of income account (compensation of employees, net taxes on production and imports, gross operating surplus and mixed income) (income approach).

In these tables, GDP corresponds to the economy's value of goods and services less intermediate consumption, plus taxes less subsidies on products. Valuation at constant prices means valuing the flows and stocks in an accounting period at the prices of the reference period.

### GDP per capita

GDP, and in particular GDP per capita, is one of the main indicators for economic analysis as well as spatial and/or temporal comparisons.

In order to facilitate these international comparisons, the levels of GDP in national currency of each Member State are converted into a common currency (ecu until 1998, euro from the beginning of 1999) by means of its official exchange rate. However, the exchange rate does not necessarily reflect the actual purchasing power of each national currency.

In order to remove price-level differences, purchasing power parities (PPPs) are calculated and used as a factor of conversion (exchange rate from national currency to PPS, purchasing power standards). These parities are obtained as a weighted average of relative price ratios regarding a homogeneous basket of goods and services, comparable and representative for each Member State.

The 'comparable volume' values of GDP obtained in this way are hence expressed in terms of PPS.

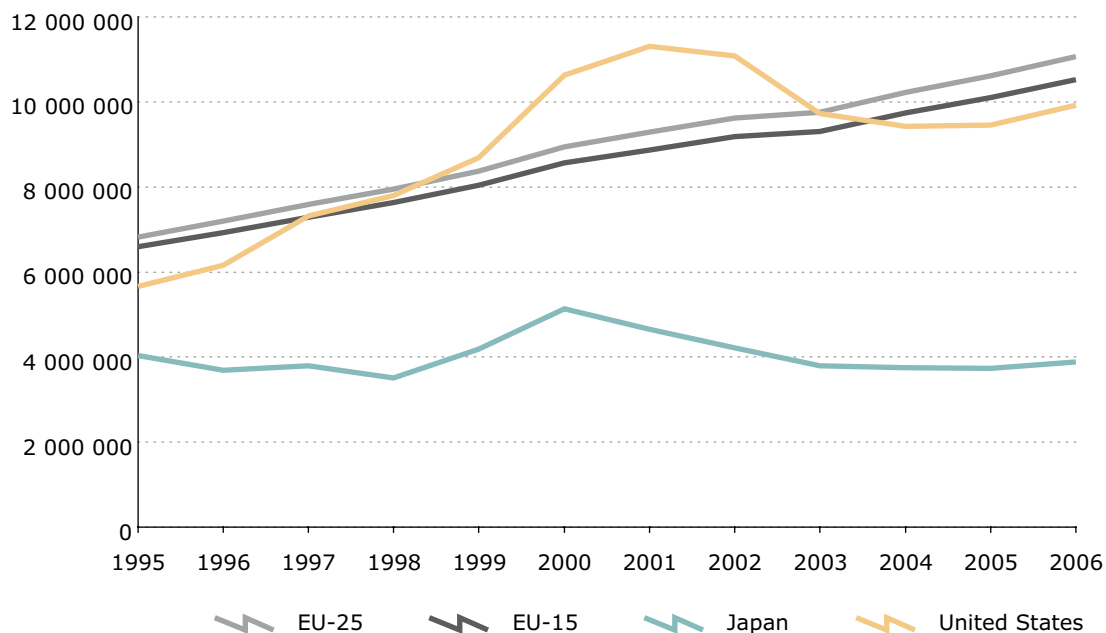
### Gross value added

Gross value added is defined as the value of all newly generated goods and services less the value of all goods and services consumed in

their creation. The depreciation of fixed assets is not taken into account. Gross value added is compiled by the industry that generates it.

When calculating value added, output is valued at basic prices and intermediate consumption at purchasers' prices, and thus taxes less subsidies on products have to be added to value added. The GDP resulting from the above equation will then be valued at market prices.

**Gross domestic product at current market prices**  
In million ECU/EUR



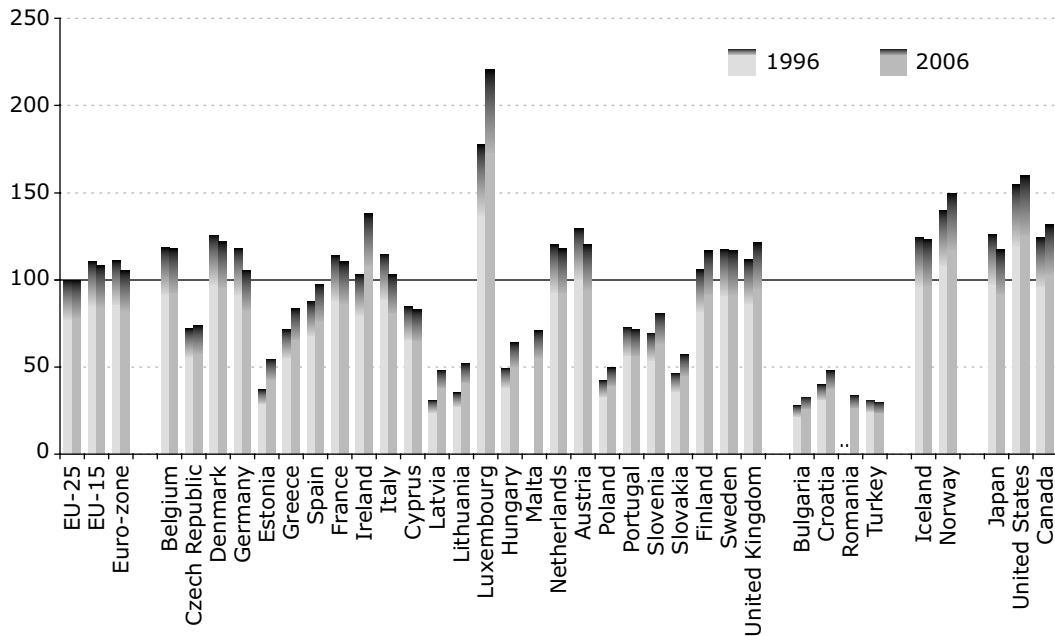
2005, 2006: forecast.

Gross domestic product (GDP) is an indicator for a nation's economic situation. It reflects the total value of all goods and services produced less the value of goods and services used for intermediate consumption in their production. Expressing GDP in PPS (purchasing power standards) eliminates differences in price levels between countries, and calculation on a per head basis allows the comparison of economies significantly different in absolute size.



### Gross domestic product per inhabitant in purchasing power standards (PPS) in 1996 and 2006

EU-25 = 100

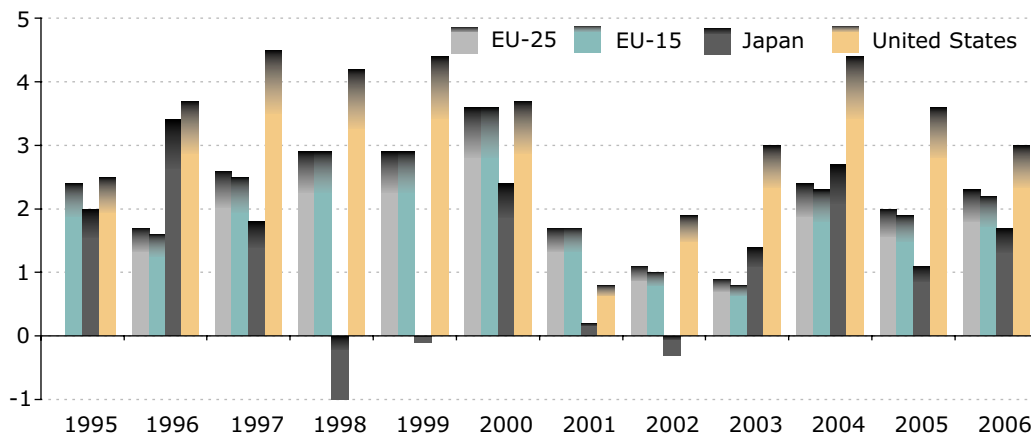


1996: includes estimated data; 2006: forecast.

Gross domestic product (GDP) is a measure for the economic activity in an economy. It is defined as the value of all goods and services produced less the value of any goods or services used in their creation. The volume index of GDP per capita in purchasing power standards (PPS) is expressed in relation to the European Union (EU-25) average set to equal 100. If the index of a country is higher than 100, this country's level of GDP per head is higher than the EU average and vice versa. Basic figures are expressed in PPS, i.e. a common currency that eliminates the differences in price levels between countries allowing meaningful volume comparisons of GDP between countries. Note that the index, calculated from PPS figures and expressed with respect to EU-25 = 100, is intended for cross-country comparisons rather than for temporal comparisons.

### Real GDP growth rate

Growth rate of GDP at constant prices (1995); percentage change on previous year

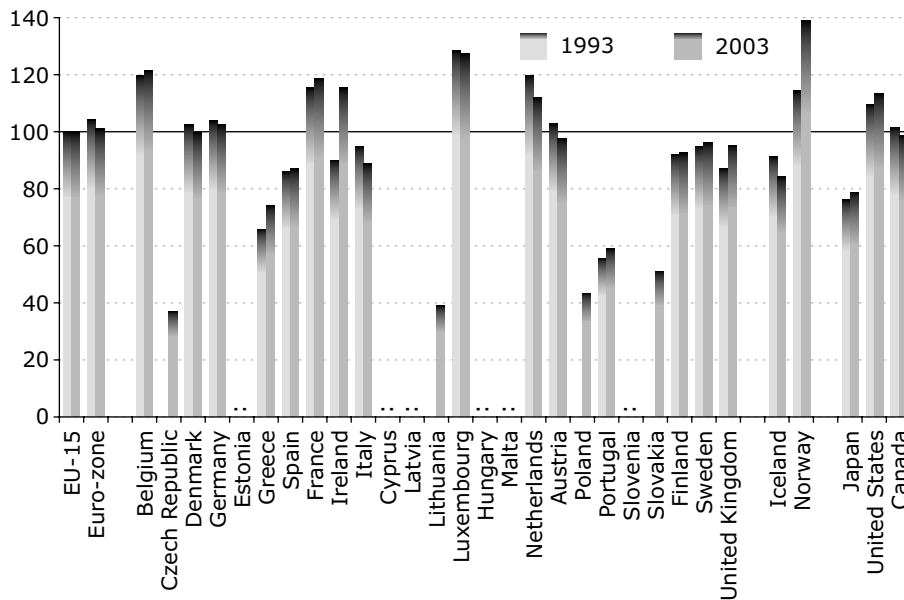


2005, 2006: forecast.

Gross domestic product (GDP) is a measure for the economic activity in an economy. It is defined as the value of all goods and services produced less the value of any goods or services used in their creation. The calculation of the annual growth rate of GDP at constant prices is intended to allow comparisons of the dynamics of economic development both over time and between economies of different sizes. The growth rate is calculated from figures at constant prices since these give volume movements only, i.e. price movements will not inflate the growth rate.

**Labour productivity in 1993 and 2003**

GDP in purchasing power standards (PPS) per hour worked relative to the EU-15 (= 100)

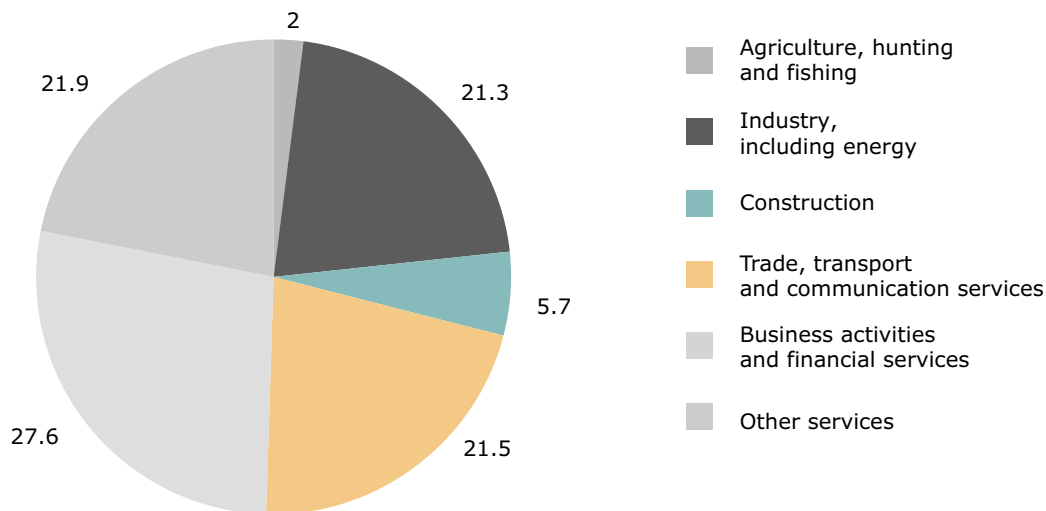


1993: includes estimates; 2003: forecasts.

Gross domestic product (GDP) is a measure for the economic activity in an economy. It is defined as the value of all goods and services produced less the value of any goods or services used in their creation. GDP per hour worked is intended to give a picture of the productivity of national economies expressed in relation to the European Union (EU-15) average. If the index of a country is higher than 100, this country's level of GDP per hour worked is higher than the EU average and vice versa. Basic figures are expressed in PPS, i.e. a common currency that eliminates the differences in price levels between countries allowing meaningful volume comparisons of GDP between countries. Expressing productivity per hour worked will eliminate differences in the full-time/part-time composition of the workforce.

**Gross value added by branches in the EU-25 in 2004**

Share in total gross value added in %; at current basic prices and current exchange rates



Gross value added is, just like the gross domestic product, an indicator for a nation's economic situation. Gross value added differs from the gross domestic product only with respect to valuation, which is at producers' prices, i.e. it does not include the value of taxes on products (less subsidies on products). Taxes on products include, in particular, value-added-type taxes.



## Consumption and spending

### Eurostat data

Eurostat provides a wide range of data on:

- private final consumption expenditure, i.e. consumption expenditure incurred by private households and by non-profit institutions serving households
- government final consumption expenditure
- gross fixed capital formation, i.e. 'investment', including a breakdown by investment product category
- changes in inventories
- external balance, i.e. the difference between exports and imports of goods and services

### Central to both structural and business-cycle analysis of the economy

National accounts aggregates on consumption and spending are used by the European Central Bank and Commission services, in particular

the Directorate-General for Economic and Financial Affairs, as important tools for structural economic analysis and policy decisions. The respective quarterly series are central to business-cycle analysis and subsequent policy decisions. These series are also widely employed for supporting business decisions in the private sector, in particular on financial markets.

3





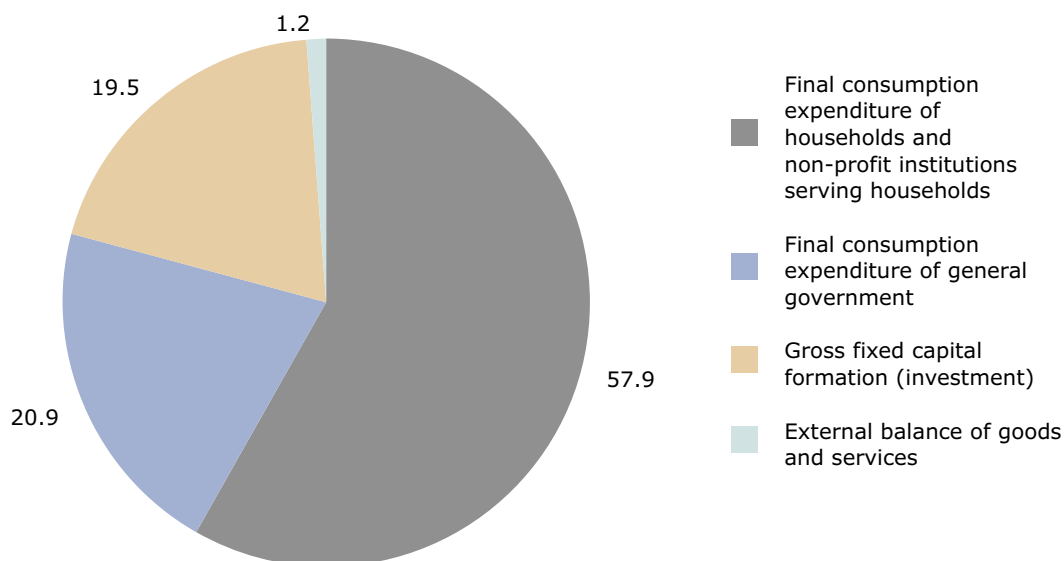
Following the expenditure approach, the tables in this section show by broad category what GDP has been used for. The main domestic expenditure categories are consumption on the one hand and investment on the other; domestically produced goods and services may also be exported. The counterpart to exports are imports, which can be consumed or invested without being the result of domestic production activity. Exports minus imports, i.e. the external balance, is the net contribution of external trade to GDP.

— **Private final consumption expenditure** includes households' and NPISHs' (non-profit institutions serving households) final consumption expenditure, i.e. their expenditure on goods or services that are used for the direct satisfaction of individual needs. NPISHs consist of non-profit institutions which constitute separate legal entities, which serve households and which are private non-market producers. Their principal resources, apart from those derived from occasional sales, are derived from voluntary contributions in cash or in kind from households in their capacity as consumers, from payments made by general governments and from property income. Examples of NPISHs are churches, trade unions and political parties.

- **Government final consumption expenditure** includes two categories of expenditure: the value of goods and services produced by general government itself other than own-account capital formation and sales, and purchases by general government of goods and services produced by market producers that are supplied to households — without any transformation — as social transfers in kind.
- **Gross fixed capital formation** consists of resident producers' acquisitions, less disposals, of fixed assets plus certain additions to the value of non-produced assets realised by productive activity. Fixed assets are tangible or intangible assets produced as outputs from processes of production that are themselves used repeatedly, or continuously, in processes of production for more than one year.
- **Changes in inventories** are measured by the value of the entries into inventories less the value of withdrawals and the value of any recurrent losses of goods held in inventories.
- **External balance:** imports of goods and services are recorded with a negative sign while exports of goods and services are recorded with a positive sign. The difference between exports and imports is called the 'external balance of goods and services'.

### Expenditure components of the EU-25's GDP in 2004

In % of total GDP

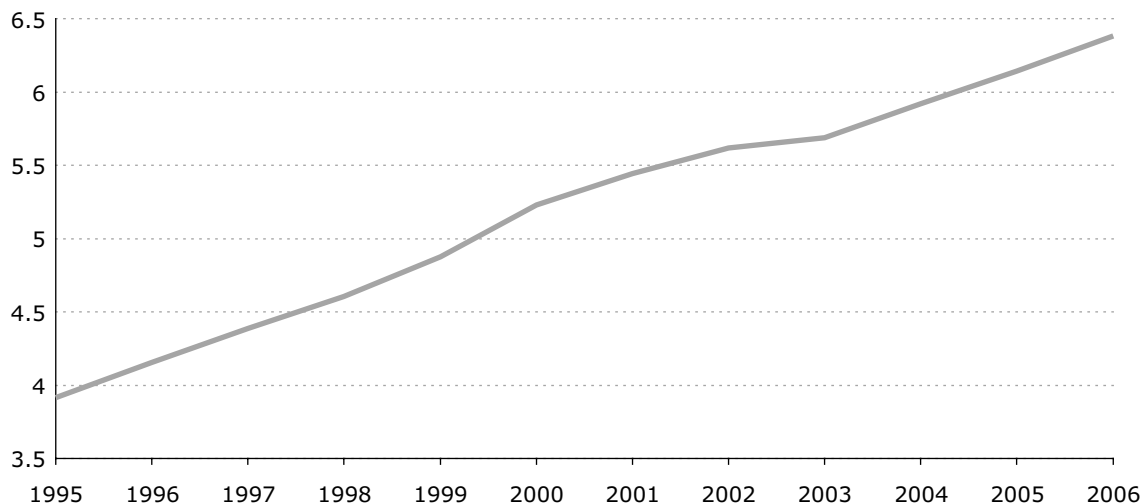


In 2004, there was a positive change in inventories of about 0.5 % of GDP in the EU-25; estimated data.



### Final consumption expenditure of households and non-profit institutions serving households, EU-25

In 1 000 billion EUR



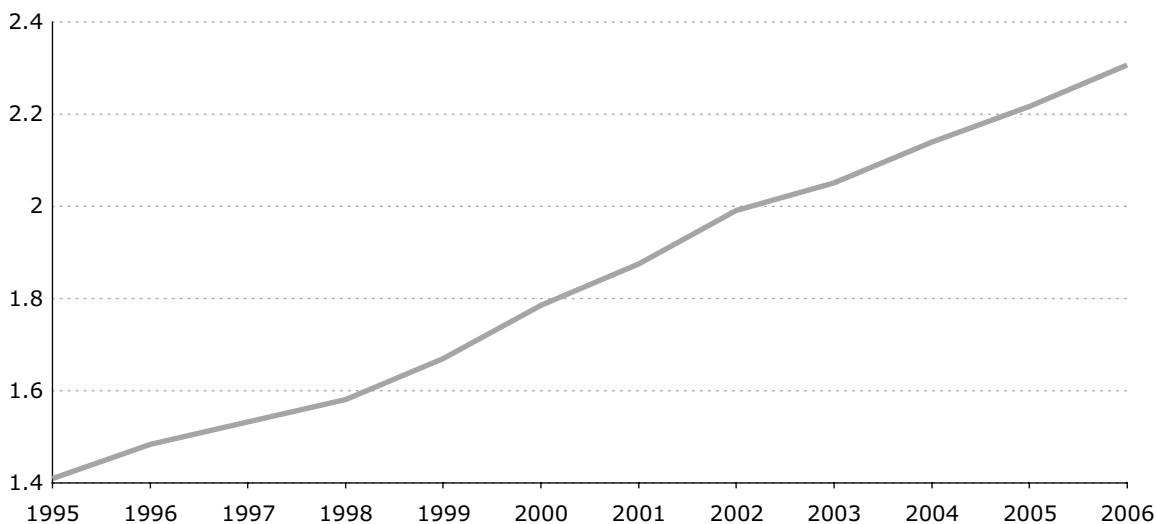
2005, 2006: forecast.

In 2004, 57.9 % of the GDP of today's EU-25 was spent on consumption by households and NPISHs. This share has been rather stable over time and reached its peak in 2001 when it represented 58.6 % of GDP. Looking at individual Member States, shares varied between 66.8 % for Greece and 41.9 % for Luxembourg in

2003. Final consumption expenditure of general government represented 20.9 % of EU-25's GDP in 2004, the first time its share in total GDP did not grow since 1998. For Sweden this share amounted to 28.3 % of GDP while for Ireland was 15.8 %.

### Final consumption expenditure of general government, EU-25

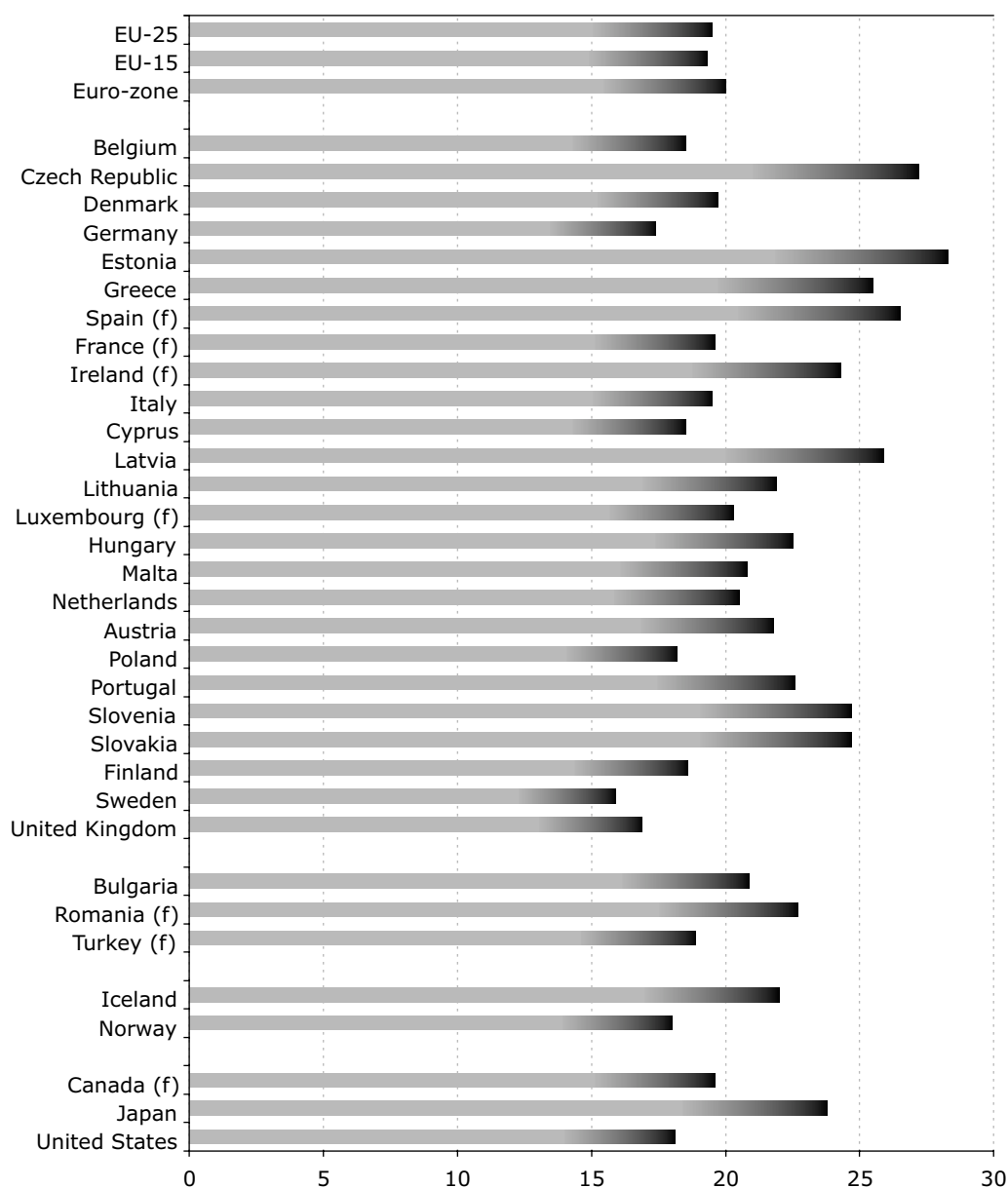
In 1 000 billion EUR



2005, 2006: forecast.

**Gross fixed capital formation (investment) in 2004**

Share in the GDP in %



(f): forecast.

Gross fixed capital formation consists of resident producers' acquisitions, less disposals, of fixed tangible or intangible assets. This covers, in particular, machinery and equipment, vehicles, dwellings and other buildings.

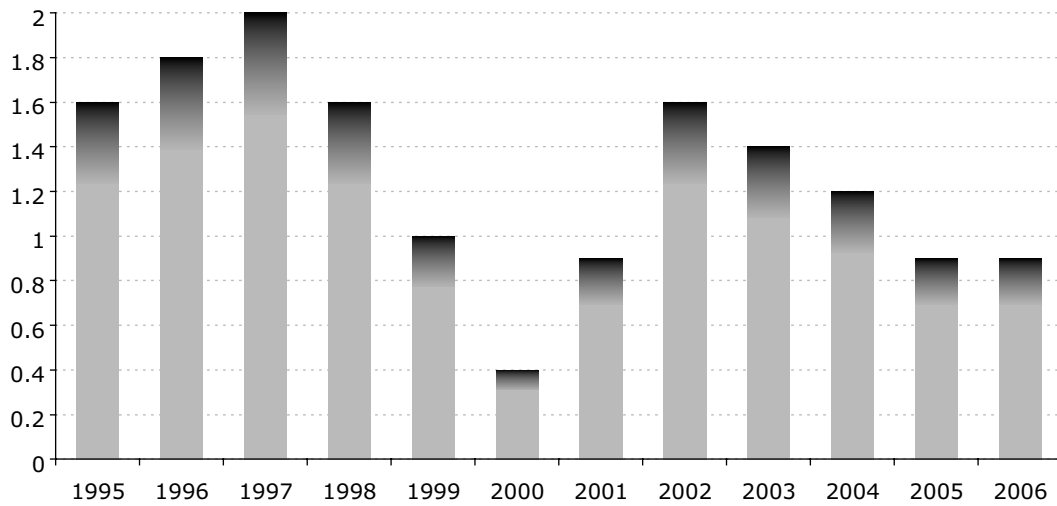
Gross fixed capital formation represented 19.5 % of EU-25 GDP in 2004, which constituted an increase compared with 2003 (19.2 %) but far from the peak recorded in 2000 (20.7 %).

Investment, as a share of GDP, recorded its highest value in Estonia (28.4 %) and its lowest in the United Kingdom (16.3 %).



### External balance of goods and services, EU-25

Share in the GDP in %



2005, 2006: forecast.

The external balance of goods and services of the EU-25 has been traditionally positive. In 2004, it amounted to + 1.2 % of GDP. In 2003, Luxembourg achieved the highest surplus (+ 18.7 %), closely followed by Ireland (+ 15.4 %), while the highest deficit was observed in Latvia (- 12.8 %).



## Income of the input factors

### Eurostat data

Eurostat provides a wide range of data on:

- compensation of employees, including a breakdown by industry of activity
- wages and salaries, including a breakdown by branch of activity
- gross operating surplus and mixed income
- taxes on production and imports
- gross national income
- consumption of fixed capital
- disposable income
- net saving of the economy
- net lending/net borrowing of the economy

### Crucial to economic analysis

Eurostat data on the income of the input factors are crucial to economic analysis in a number of contexts inside and outside the European Commission. Typical examples are studies of competitiveness, of income distribution inequalities and of long-term economic developments. Users outside the Commission include, in particular, academia and financial institutions.

### Factor income: 'earning' the GDP

Producing the GDP requires 'input factors' such as the work of employees and capital. These income factors have to be paid for. The income-side approach shows how GDP is distributed among different participants in the production process. It is therefore represented as the sum of:

- **compensation of employees:** this is defined as the total remuneration, in cash or in kind, payable by an employer to an employee in return for work done by the latter during the accounting period. The compensation of employees is broken down into: (i) wages and salaries (in cash and in kind); (ii) employers' social contributions (employers'



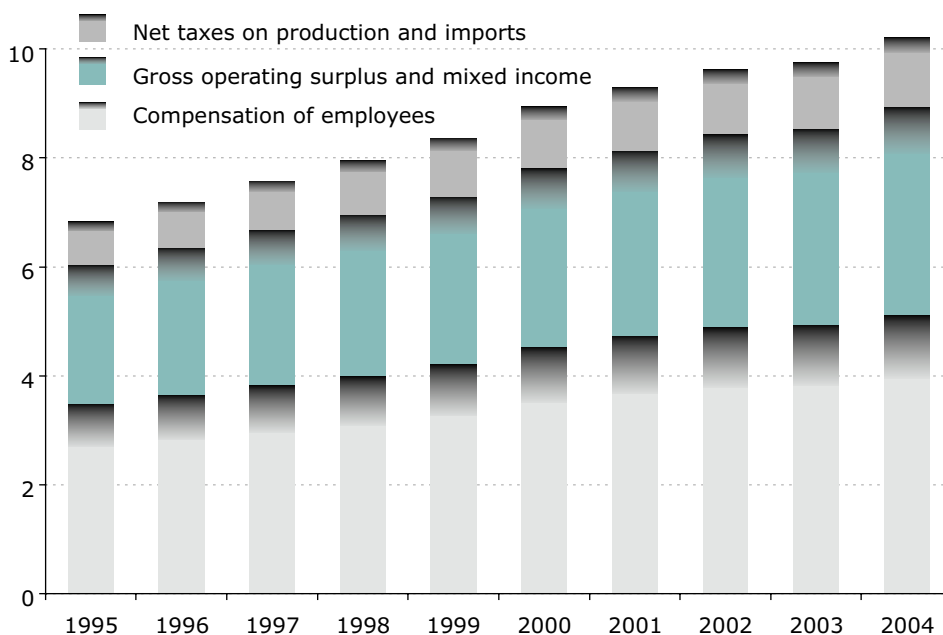
actual social contributions and employers' imputed social contributions);

- **gross operating surplus:** this is the surplus (or deficit) on production activities before account has been taken of the interest, rents or charges paid or received for the use of assets;
- **mixed income:** this is the remuneration for the work carried out by the owner (or by members of his/her family) of an unincorporated enterprise. This is referred to as 'mixed income' since it cannot be distinguished from the entrepreneurial profit of the owner;

— **taxes on production and imports less subsidies:** these consist of compulsory (in the case of taxes) unrequited payments to or from general government or institutions of the European Union, in respect of the production or import of goods and services, the employment of labour, and the ownership or use of land, buildings or other assets used in production.

### Income of the input factors in the EU-25

In 1 000 billion ECU/EUR; at current prices



The higher the output of an economy, the more income can be distributed to the factors that have provided an input to its creation. Between 1995 and 2004, the GDP of the EU-25 (measured at current prices) increased by almost a half (49.6 %). Both the overall income of the employees and that of the capital owners grew

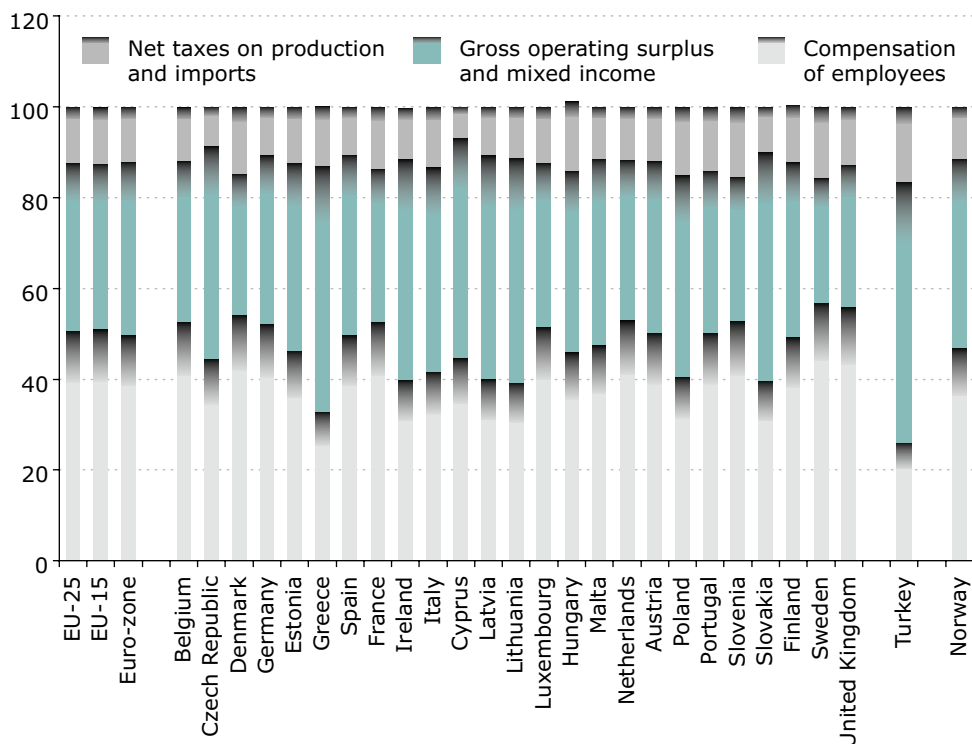
at about the same rate. However, the growth of the gross operating surplus and mixed income was slightly higher (49.9 %) than that of 'compensation of employees' (46.6 %). Taxes on production and imports less subsidies grew by 62.4 % over the same period.





### Income of the input factors in 2003

Share in the GDP in %



Missing 'compensation of employees' for Iceland.

Missing 'net taxes on production and imports' for Bulgaria.

At Member State level, some differences are observed when looking at the shares in 2003 of the three components in GDP. For compensation of employees, the shares range between 32.9 % in Greece and 57.0 % in Sweden, while for the EU-25 it is 50.8 %. Regarding gross operating surplus and mixed income, the highest

share is observed in Greece (54.3 %) and the lowest in Sweden (27.3 %), being 36.9 % for the EU-25. Finally, for taxes less subsidies on production and imports, shares vary between 15.7 % in Sweden and 6.8 % in Cyprus, while the figure stood at 12.3 % for the EU-25.



## Government finances

### Eurostat data

Eurostat provides a wide range of data on:

- government surplus/deficit and debt
- total general government revenue
- taxes on production and imports
- current taxes on income and wealth
- social contributions
- total general government expenditure
- subsidies
- social benefits (other than social transfers in kind)
- final consumption expenditure
- gross fixed capital formation



### Measuring government finances in the EU and the euro-zone ...

EU Member States acknowledge the need for solid and sustainable government finances. They are to avoid situations of 'excessive government deficits': their ratio of planned or actual government deficit to gross domestic product (GDP) should be no more than 3 %. Their ratio of government debt to GDP should be no more than 60 % (unless the excess over the reference value is only exceptional or temporary, or unless the ratios have declined substantially and continuously). The rules on budgetary discipline were clarified and tightened under the Stability and Growth Pact (Amsterdam, 1997).

The EU Member States notify their government deficit and debt statistics to the European Commission on 1 March and 1 September of each year under the 'excessive deficit procedure'. Eurostat collects the data and ensures that Member States comply with the relevant regulations.

### ... more than just about the surplus or deficit

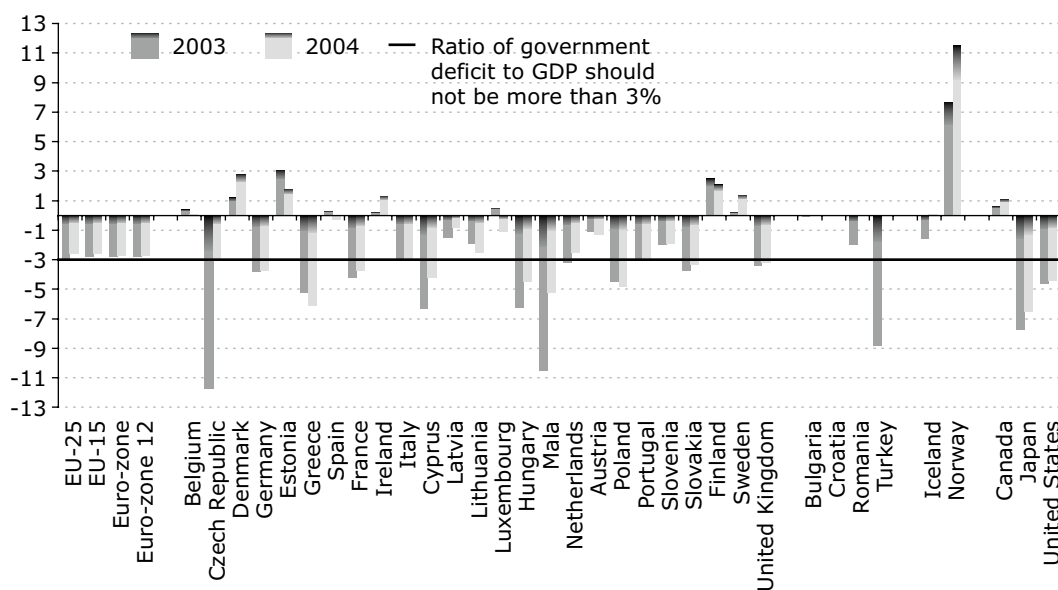
Government finance statistics offer much more information on the general government sector. Examples are given in the box 'Eurostat data' at the beginning of this section.

The main aggregates of general government are provided by the Member States to Eurostat twice a year, at the end of March and end of August, according to the ESA 95 transmission programme. For a detailed description of the terms, please refer to the glossary.

The public deficit of the EU-25, measured in terms of GDP, decreased between 2003 and 2004 from 2.9 % to 2.6 %. In the euro-zone, the deficit fell marginally in 2004 to 2.7 % of GDP, from 2.8 % a year earlier. France and Germany continued to record a deficit of above 3 % in 2004 (both at 3.7 % of GDP), while Greece recorded the highest deficit in the EU (6.1 % of GDP).

**Public balance**

Net borrowing/lending of the general government sector as a percentage of GDP

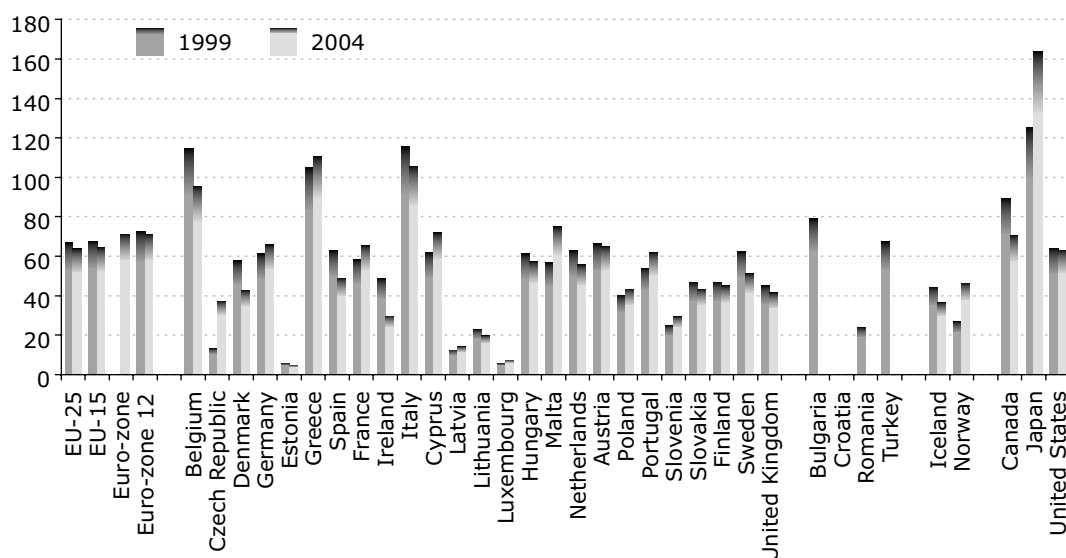


Bulgaria: -0.1 (2003); Iceland: 0.1 (2004).

The net borrowing (+)/net lending (-) of general government is the difference between the revenue and the expenditure of the general government sector. The general government sector comprises the following subsectors: central government, state government, local government, and social security funds. GDP used as a denominator is the gross domestic product at current market prices.

**General government debt**

General government consolidated gross debt as a percentage of GDP



Sources: Eurostat, OECD.

Missing: Bulgaria, Romania, Turkey for 2004.

Sweden, Denmark, Austria, EU-25, EU-15, euro-zone 12 (1999): revised value.

The general government sector comprises the subsectors of central government, state government, local government and social security funds. GDP used as a denominator is the gross domestic product at current market prices. Debt is valued at nominal (face) value, and foreign currency debt is converted into national currency using end-year market exchange rates (though special rules apply to contracts). The national data for the general government sector are consolidated between the subsectors. Basic data are expressed in national currency; for EU aggregates national currencies are converted into euro using end-year exchange rates for the euro provided by the European Central Bank.

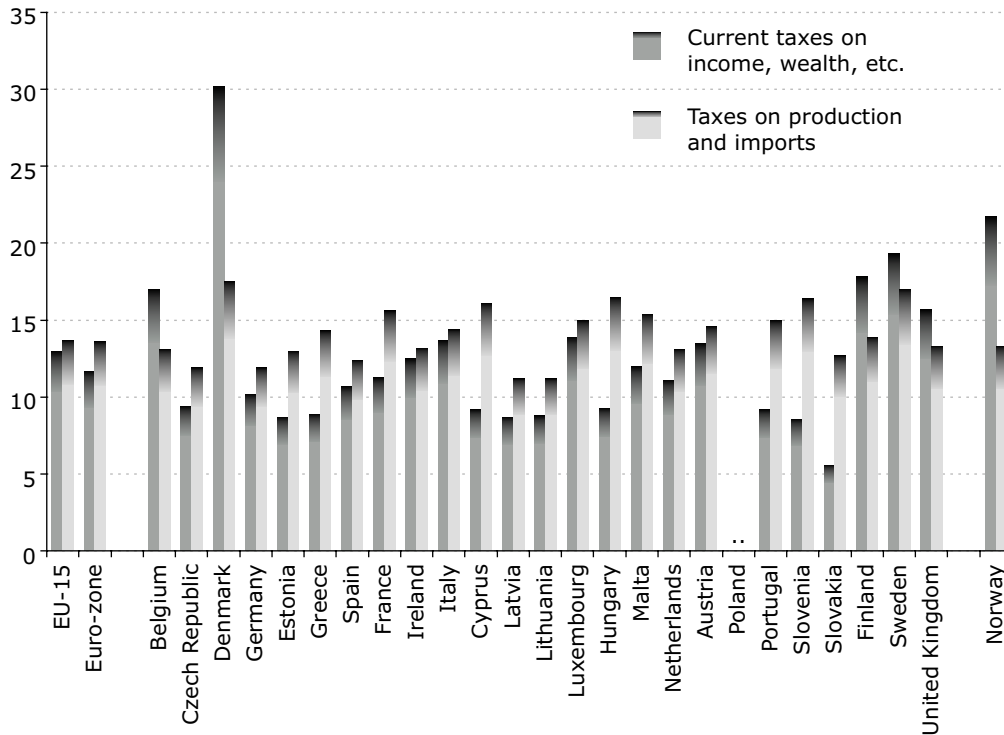


General government gross debt reached 63.8 % of GDP in 2004, compared with 63.3 % in 2003. In the euro-zone, the rise was of the same order, from 70.8 % to 71.3 % of GDP. The

three Baltic States plus Luxembourg continued to record the lowest levels of debt (below 20 % of their GDP), while the debt of Italy and Greece remained above 100 % of GDP.

### Current taxes on income, wealth, etc. and taxes on production and imports

Taxes of general government in 2003; in % of GDP



Current taxes on income, wealth, etc. (ESA 95 code D.5) cover all compulsory, unrequited payments, in cash or in kind, levied periodically by general government and by the rest of the world on the income and wealth of institutional units, and some periodic taxes which are assessed neither on the income nor the wealth. In ESA 95, current taxes on income, wealth, etc. are divided into taxes on income and other current taxes.

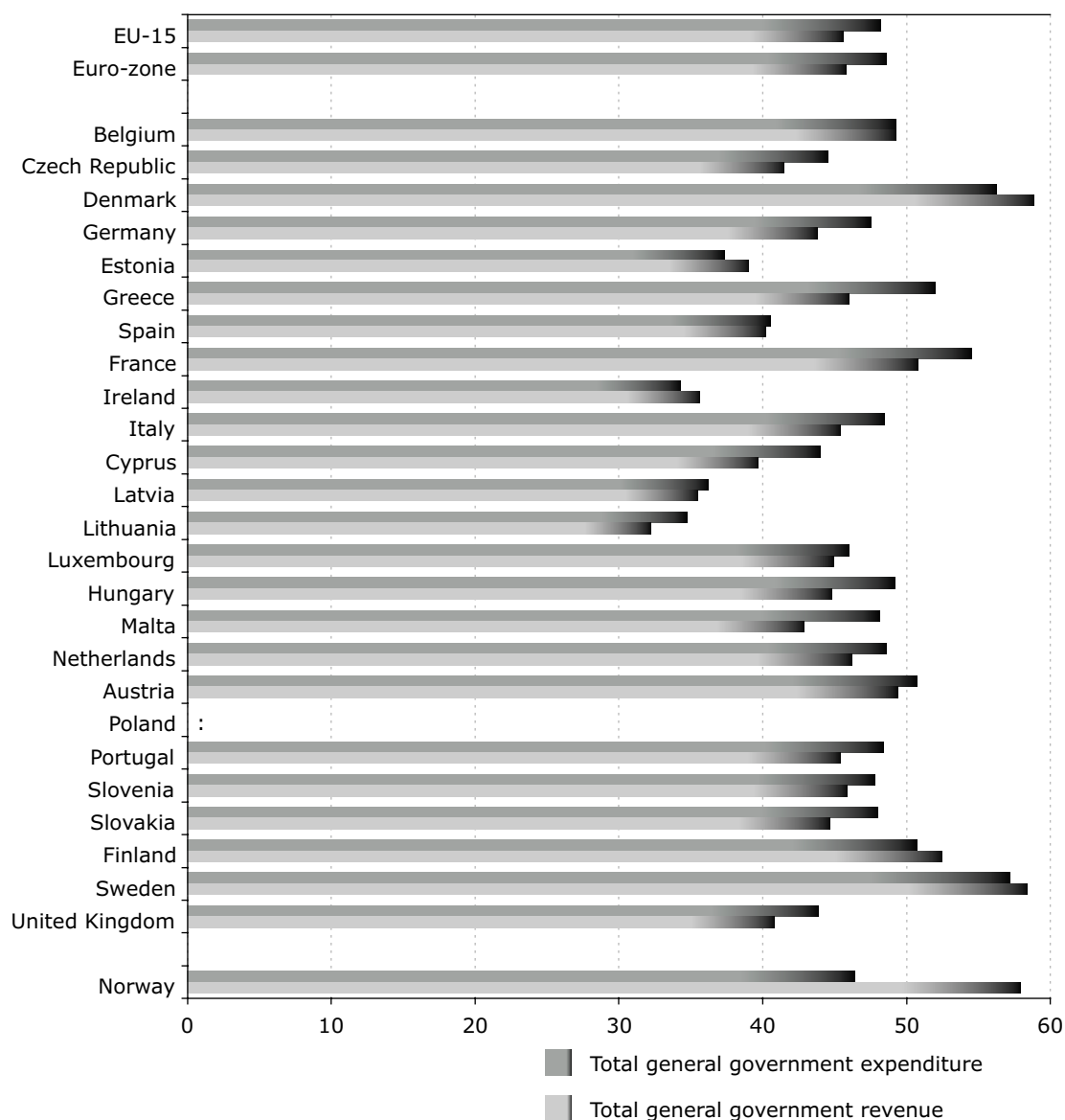
Taxes on production and imports (ESA 95 code D.2) consist of compulsory, unrequited payments, in cash or in kind, which are levied by general government, or by EU institutions, in respect of the production and importation of goods and services, the employment of labour, and the ownership or use of land, buildings or other assets used in production. In ESA 95, taxes on production and imports comprise taxes on products and other taxes on production.

The importance of the general government sector in the economy may be measured in terms of total government revenue and expenditure as a percentage of GDP. In the euro-zone, total

government revenue in 2004 amounted to 45.8 % of GDP, and expenditure to 48.6 % of GDP. In the EU-25, the equivalent figures (for 2003) were respectively 45.6 and 48.5 %.

**Total general government revenue and expenditure in 2003**

In % of GDP



Total general government expenditure is defined in ESA 95, paragraph 8.99, by reference to a list of categories: intermediate consumption, gross capital formation, compensation of employees, other taxes on production, subsidies, payable property income, current taxes on income, wealth, etc., social benefits, some social transfers, other current transfers, some adjustments, capital transfers and transactions on non-produced assets.

Total general government revenue is defined in ESA 95, paragraph 8.99, by reference to a list of categories: market output, output for own final use, payments for the other non-market output, taxes on production and imports, other subsidies on production, receivable property income, current taxes on income, wealth, etc., social contributions, other current transfers and capital transfers.

The Member States with the highest levels of both government expenditure and revenue as a proportion of their GDP in 2004 were Denmark and Sweden, while those with the lowest levels were Ireland, Latvia and Lithuania. The main

types of revenue are taxes on income and wealth, taxes on production and imports, and social contributions. The importance of each form of revenue varies considerably among countries.



## Consumer prices

### Eurostat data

Eurostat provides a wide range of data on:

- harmonised indices of consumer prices (HICPs)
- price stability
- price convergence
- European index of consumer prices (EICP) – EU
- monetary union index of consumer prices (MUICP) – euro-zone
- convergence criteria of the Maastricht Treaty

### HICPs: a comparable measure of inflation for the EU

The harmonised indices of consumer prices (HICPs) provide the best statistical basis for comparisons of consumer price inflation within the EU. The methodology ensures comparability between Member States. Eurostat publishes the HICPs monthly, about 16 to 18 days after the end of the reporting month. The HICP series started in the mid-1990s and are presented with a common reference year: 1996 = 100. HICPs for the new Member States are also available.

Methodological notes can be accessed via the Eurostat Internet site (<http://europa.eu.int/comm/eurostat> or <http://forum.europa.eu.int/Public/irc/dsis/hiocp/library>).

### HICP coverage

HICPs cover virtually all forms of household expenditure on goods and services (household final monetary consumption expenditure – HFMCE). HICP coverage follows the international classification Coicop (classification of



individual consumption by purpose), adapted to the needs of HICPs.

### HICP aggregate indices

There are three HICP aggregate indices: the monetary union index of consumer prices (MUICP) for the euro-zone; the European index of consumer prices (EICP) covering all Member States; the European Economic Area index of consumer prices (EEAICP), which additionally covers Iceland and Norway.

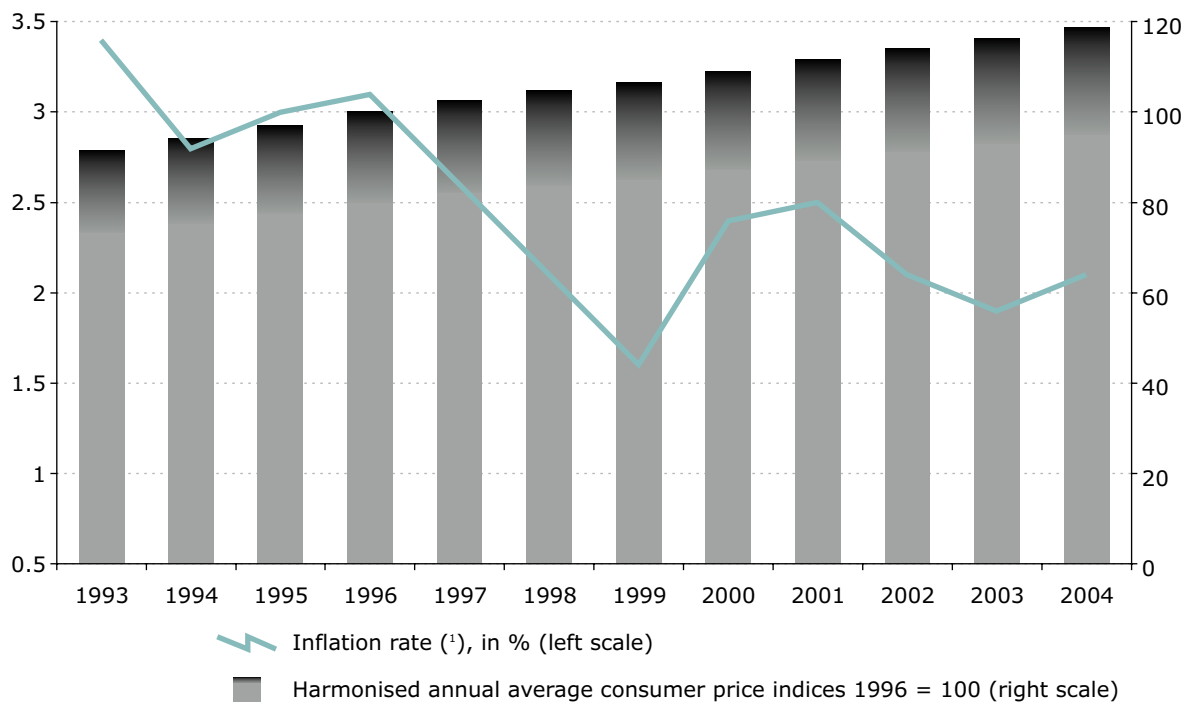


The HICP methodology allows country weights to change each year: for the MUICP, a Member State's weight is its share of HFMCE in the European monetary union total; for the EICP and the EEAICP, a Member State's weight is its share of HFMCE expressed in euro in the EU and EEA totals. For the latter two indices, expenditure in national currencies is converted using purchasing power parities. The HICP is computed as an annual chain index. Starting in 1999, the MUICP is treated as a single entity within the EICP.

### Price stability in the euro-zone

With the launch of the euro in January 1999, the MUICP is used for monitoring inflation in the EMU and for assessment of inflation convergence. As price stability is the primary objective of the European System of Central Banks, the MUICP is used by the European Central Bank (ECB) as a prime indicator for monetary policy management for the euro-zone. The ECB has defined price stability as a year-on-year increase in the HICP for the euro-zone of close to but below 2 %, in the medium term.

Consumer price indices in the EU-25



(¹) Annual average rate of change in harmonised indices of consumer prices.

Harmonised indices of consumer prices (HICPs) are designed for international comparisons of consumer price inflation. The HICPs are used by, for example, the European Central Bank for monitoring inflation in the economic and monetary union and for the assessment of inflation convergence as required under Article 121 of the EC Treaty.

The EU Member States have made a successful effort to keep their inflation under control. Inflation, as measured by the annual average rate of change of the harmonised index of consumer

prices for the EU Member States, decreased during the 1990s reaching 1.7 % in 1999. Inflation increased again in 2000 before settling close to 2 % in the period 2003 to early 2005.



## Purchasing power parities

Purchasing power parities (PPPs) estimate price-level differences between countries. They make it possible to produce meaningful volume or price-level indicators required for country comparisons. PPPs are aggregated price ratios calculated from detailed price comparisons of a large number of products.

PPPs are employed either:

- as **currency converters** to generate volume measures with which to compare levels of economic performance, economic welfare, consumption, investment, overall productivity and selected government expenditures, or
- as **price measures** with which to compare price levels, price convergence and competitiveness.

Eurostat produces three sets of data using PPPs:

- **Levels and indices of real final expenditure:** these are measures of volume. They indicate the relative magnitudes of the product groups or aggregates being compared. At the level of GDP, they are used to compare the economic size of countries.
- **Levels and indices of real final expenditure per head:** these are standardised measures of volume. They indicate the relative levels of the product groups or aggregates being compared after adjusting for differences in the size of populations between countries. At the level of GDP, they are often

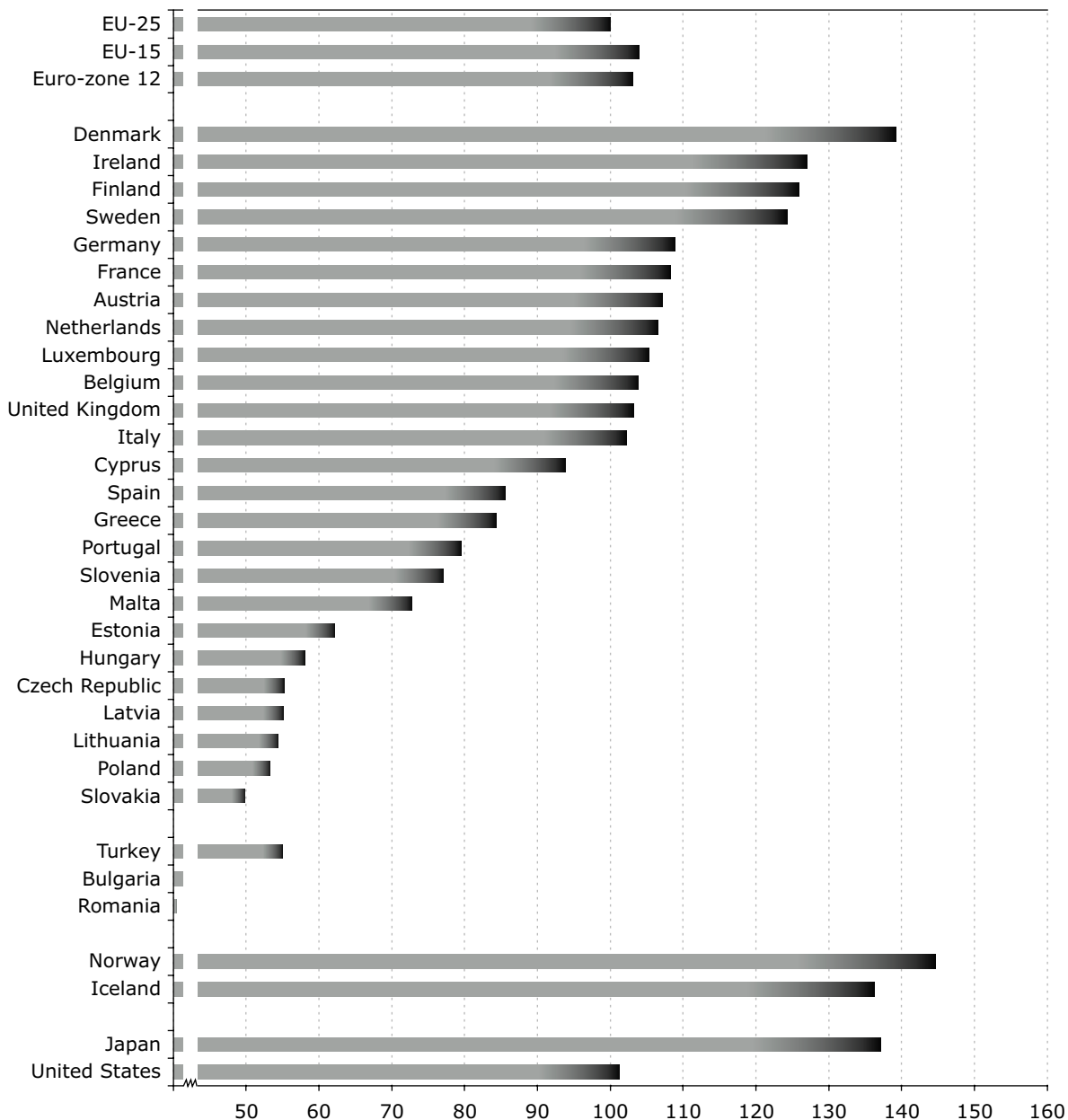


used to compare the economic well-being of populations.

- **Comparative price levels:** these are the ratios of PPPs to exchange rates. By expressing the PPPs in a common currency unit, they provide a measure of the differences in price levels between countries by indicating for a given product group the number of units of the common currency needed to buy the same volume of the product group in each country. At the level of GDP, they provide a measure of the differences in the general price levels of countries. Furthermore, comparative price levels provide, with certain restrictions, a means of observing the movement of price levels over time. The coefficient of variation of comparative price levels is applied as the indicator of price dispersion among EU Member States.

**Comparative price levels in 2003**

Comparative price levels of final consumption by private households, including indirect taxes (EU-25 = 100)



Provisional values. Bulgaria: 42.1; Romania: 40.5.

Comparative price levels are the ratio between purchasing power parities (PPPs) and the market exchange rate for each country. PPPs are currency conversion rates that convert economic indicators expressed in national currencies to a common currency, called the purchasing power standard (PPS), which equalises the purchasing power of different national currencies and thus allows meaningful comparison. The ratio is shown in relation to the EU average (EU-25 = 100). If the index of the comparative price levels shown for a country is higher/lower than 100, the country concerned is relatively expensive/cheap as compared with the EU average.

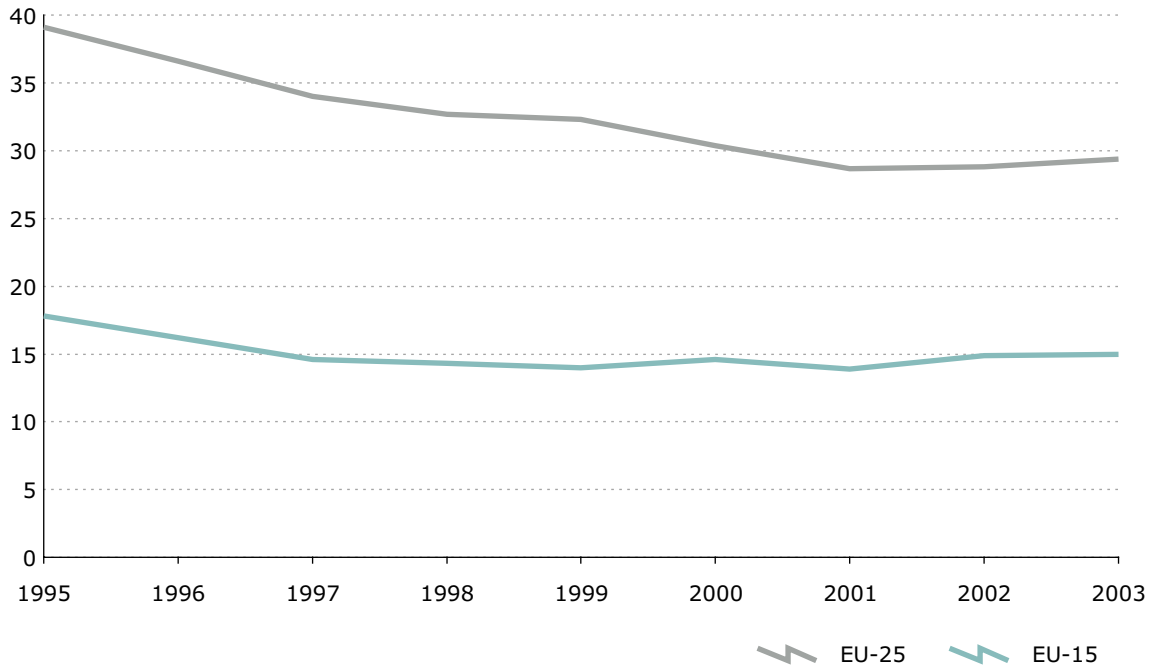
The price levels that private households have to take into account for their consumption vary significantly between the Member States of the European Union. The average for the EU-25 being defined as 100, the comparative price lev-

els range, within the 25 countries that today form the European Union, from 139.3 in Denmark to 49.8 in Slovakia. The comparative value for Japan is 137.1 and for the United States 101.3.



**Convergence of price levels between EU Member States**

Coefficient of variation of comparative price levels of final consumption by private households, including indirect taxes



2003: provisional data; EU-25 1995-98: estimated data.

Comparative price levels are the ratio between purchasing power parities (PPPs) and the market exchange rate for each country. PPPs are currency conversion rates that convert economic indicators expressed in national currencies to a common currency, called the purchasing power standard (PPS), which equalises the purchasing power of different national currencies and thus allows meaningful comparison. If the coefficient of variation of the comparative price levels for the EU decreases/increases over time, the national price levels in the Member States are converging/diverging.

Given these differences, it must, however, also be pointed out that the price levels converged in the EU-15 during the early 1990s. Since 1997 there has been a certain stagnation in the process, at least for the EU-15. The convergence of price levels within the 15 'old'

Member States is currently much more advanced (15 in 2003) than within the whole EU-25 that includes the 'old' and the 'new' Member States (29.4 in 2003) (note that the lower the value, the more advanced the convergence of price levels).



## Wages and labour costs

### Eurostat data

Eurostat provides a wide range of data on:

- labour costs
- minimum wages
- gross earnings
- net earnings in manufacturing
- tax rates in manufacturing



3

### Earnings and labour costs

Information on labour costs is of major importance for employers' associations, trade unions, political parties and all other users who are interested in the level and structure of labour costs.

The term 'labour costs' refers to the expenditure necessarily incurred by employers in order to employ personnel, and covers wages and salaries, employers' social contributions, vocational training costs, other expenditure and taxes minus labour-cost-related subsidies.

Gross earnings are the most important part of labour costs. They cover remuneration in cash paid directly by the employer, before tax deductions and social security contributions payable by wage earners and retained by the employer.

Net earnings are derived from gross earnings and represent the part of remuneration that employees can actually spend. Compared with gross earnings, net earnings do not include social security contributions and taxes, but include family allowances.

## Low-wage earners: tax rate and 'trap indicators'

In connection with low pay, a set of indicators has been developed to describe the relative tax burden for an employed person with low earnings (the 'tax wedge on labour cost') and 'trap indicators' measuring what percentage of gross earnings is 'taxed away' when moving from unemployment to employment (the 'unemployment trap'), or when increasing the work effort (the 'low-wage trap').

### Average gross annual earnings in industry and services

Of full-time employees in enterprises with 10 or more employees; in ECU/EUR

	1995	1996	1997	1998	1999	2000	2001	2002	2003
EU-25	:	:	:	:	:	:	28 614.57	29 540.08	:
EU-15	:	:	:	28 742.31	29 962.19	30 958.58	31 911.53	32 913.61	:
Euro-zone	:	:	27 610.63	28 305.42	28 984.96	28 739.34	29 628.08	30 531.52	:
Belgium	28 945	29 131	28 901	29 616	30 701	31 644	33 109	34 330	:
Czech Republic	:	:	:	:	:	:	:	:	:
Denmark	:	36 375.95	36 235.05	37 208.67	39 514.65	40 962.22	41 661.17	43 577.17	44 692.02
Germany	34 584	35 254	35 093	36 033	36 862	37 253	38 204	39 440	40 375
Estonia	:	:	:	:	:	:	:	:	:
Greece	11 291.10	11 916.90	12 604.80	13 209.50	13 925.70	14 721	15 431.30	16 278.44	16 738.53
Spain	:	16 043	16 192	16 528	17 038	17 432	17 873.58	18 462.30	19 219.96
France	23 952	24 292	24 798	25 519	25 947	26 521	27 319	28 068 (e)	:
Ireland	:	:	:	:	:	:	:	:	:
Italy	:	:	:	:	:	:	:	:	:
Cyprus	:	12 980.15	14 020.95	14 708.58	15 161.10	16 334.92	16 947.62	17 740.28	:
Latvia	:	:	:	:	:	:	:	:	:
Lithuania	1 385.31	1 597.17	2 285.63	2 799.06	3 016.85	:	:	:	:
Luxembourg	:	:	32 600	33 337	34 462	35 875	37 745	38 442	39 587
Hungary	3 062.32	3 157.77	3 543.11	3 685.93	3 770.39	4 172.46	4 898.07	5 870.66	:
Malta	8 746.70	9 287.23	10 114.40	10 713.06	11 581.29	12 552.64	13 319.87	13 459.92	:
Netherlands	27 966	28 140	28 061	29 189	30 426	31 901	33 900	35 200	:
Austria	:	:	:	:	:	:	:	:	:
Poland	:	3 076.02	:	4 155.51	5 309.70	:	7 509.45	7 172.43	6 434.2
Portugal	:	:	:	:	:	12 619.57	13 338	13 450 (e)	:
Slovenia	:	:	:	:	:	:	:	:	:
Slovakia	:	:	3 178.91	3 291.77	3 124.98	3 583.14	3 836.83	4 582.29	:
Finland	23 584	23 883	24 005	24 944	25 739	27 398.32	28 554.78	29 844	:
Sweden	:	:	:	:	:	31 620.84	30 467.06	31 163.94	32 177.40
United Kingdom	:	:	:	29 370.20	32 269.43	37 676.50	39 233.03	40 553.02	:
Bulgaria	:	:	895.74	1 216.10	1 330.17	1 436.12	1 518.30	1 587.82	:
Iceland	:	:	:	:	32 311.08	37 638.46	34 100.72	36 764.15	:
Norway	:	:	:	:	:	:	38 603.75	43 736.34	:

Gross earnings are remuneration (wages and salaries) in cash paid directly to the employee, before any deductions for income tax and social security contributions paid by the employee. Data are presented for full-time employees in 'industry and services'.





### Average hourly labour costs in industry and services

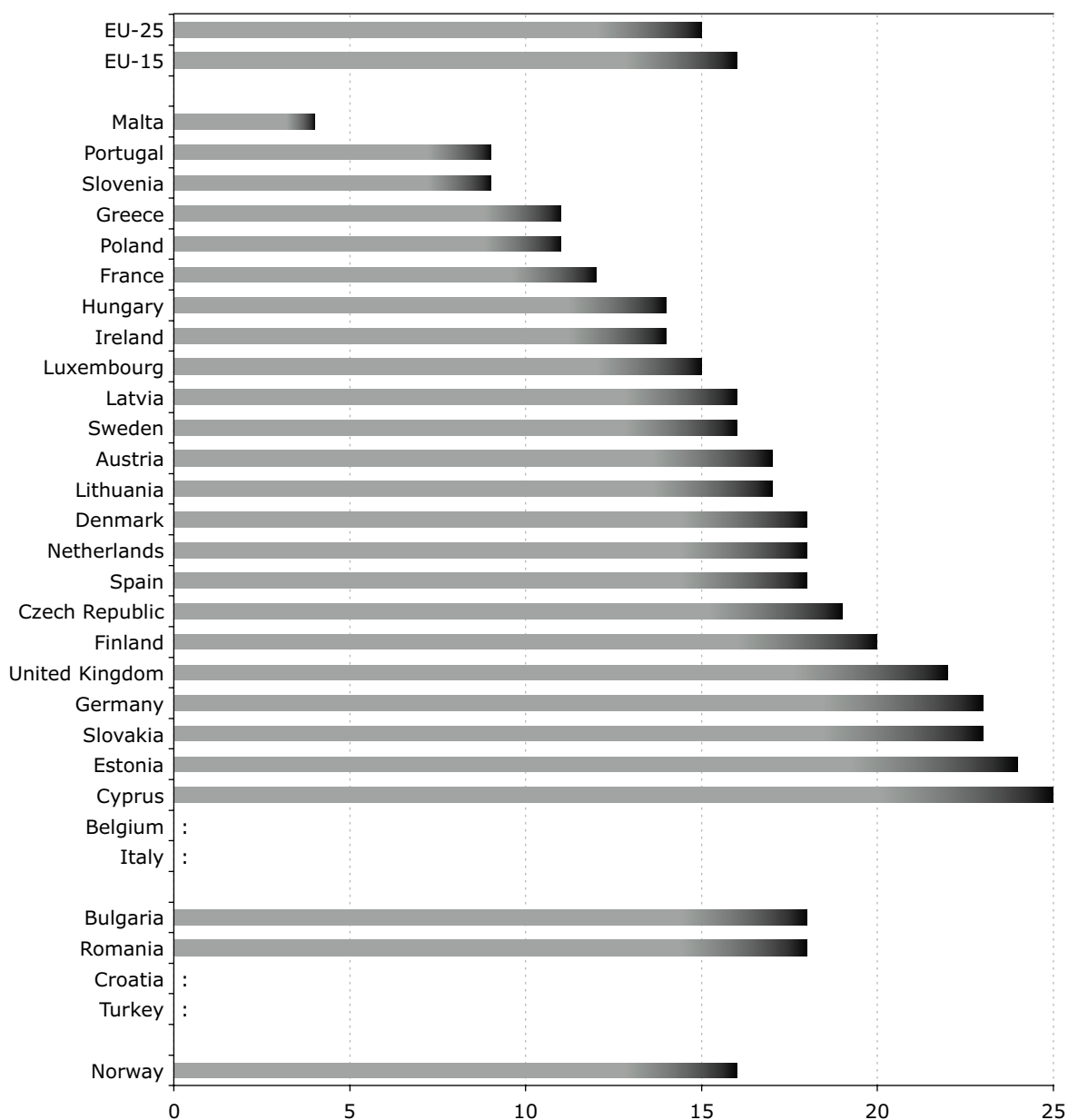
Of full-time employees in enterprises with 10 or more employees; in EUR

	1996	1997	1998	1999	2000	2001	2002	2003
EU-25	16.03	16.71	17.24	18.05	19.48	19.75	20.67	22.62
EU-15	19.14	19.95	20.51	21.34	22.73	22.59	23.51	24.34
Euro-zone	20.44	20.37	20.65	21.18	22.13	21.83	22.81	23.91
Belgium	:	:	:	:	26.61	:	29.17	:
Czech Republic	2.8	2.97	3.23	3.41	3.86	4.64	5.39	:
Denmark	:	23.4	24.63	25.92	26.53	28.54	29.06	30.3
Germany	24.26	24	24.3	24.82	25.68	26.41	27.25	27.93
Estonia	1.85	2.13	2.42	2.6	2.85	3.22	3.67	4.01
Greece	9.26	9.77	9.77	10.6	10.98	11.62	12.46	13.37
Spain	14.43	14.19	14.13	14.22	14.22	13.07 (b)	13.63	14.21 (p)
France	22.3	22.8	23.3	24	25	26	26.9	27.7
Italy	:	:	:	:	:	19.27	19.99	:
Cyprus	7.25	7.83	8.19	8.41	9.1	9.43	9.91	10.68
Latvia	:	1.59	1.71	1.85	2.22	2.29	2.39	2.37
Lithuania	1.32	1.68	1.95	2.16	2.63 (b)	2.76	2.9	3.1
Luxembourg	21.38	21.26	21.56	22.52	24.48	25.39	26.21	27.02
Hungary	2.86	3.15	3.02	3.14	3.63	4.04	4.91	5.1
Malta	:	:	:	:	:	:	7.59	7.77 (b)
Netherlands	20.39	19.71 (b)	20.79	21.78	22.99	24.42	25.64	26.75
Austria	:	:	:	:	22.87	:	:	:
Poland	2.95	3.38	3.73	4.05	4.48	5.3	5.27	:
Portugal	7.18	7.4	7.6	7.99	8.35	8.54	8.98	9.21
Slovenia	7.35	7.9	8.51	8.94	8.98	9.58	9.7	10.54
Slovakia	2.16	2.61	2.91	2.76	3.07	3.26	3.59	4.02
Finland	20.25	20.3	20.4	21.37	22.1	23.3	24.32	25.31
Sweden	23.12	23.79	23.99	25.43	28.56	27.41	28.73	30.43
United Kingdom	14.22	17.69	19.16	20.84	23.71	24.51	25.24	:
Bulgaria	:	:	:	:	1.23	1.29	1.32	1.39
Romania	:	:	:	:	1.41	1.55	1.67	:
Iceland	:	:	:	:	:	:	21.95	23.76

Average hourly labour costs are defined as total labour costs divided by the corresponding number of hours worked.

**Gender pay gap in 2003**

In unadjusted form; in %



Sources: administrative data for Luxembourg; Labour Force Survey for Malta; Statistics on Income and Living Conditions (EU-SILC) for Greece, Ireland and Austria; all other sources are national surveys.

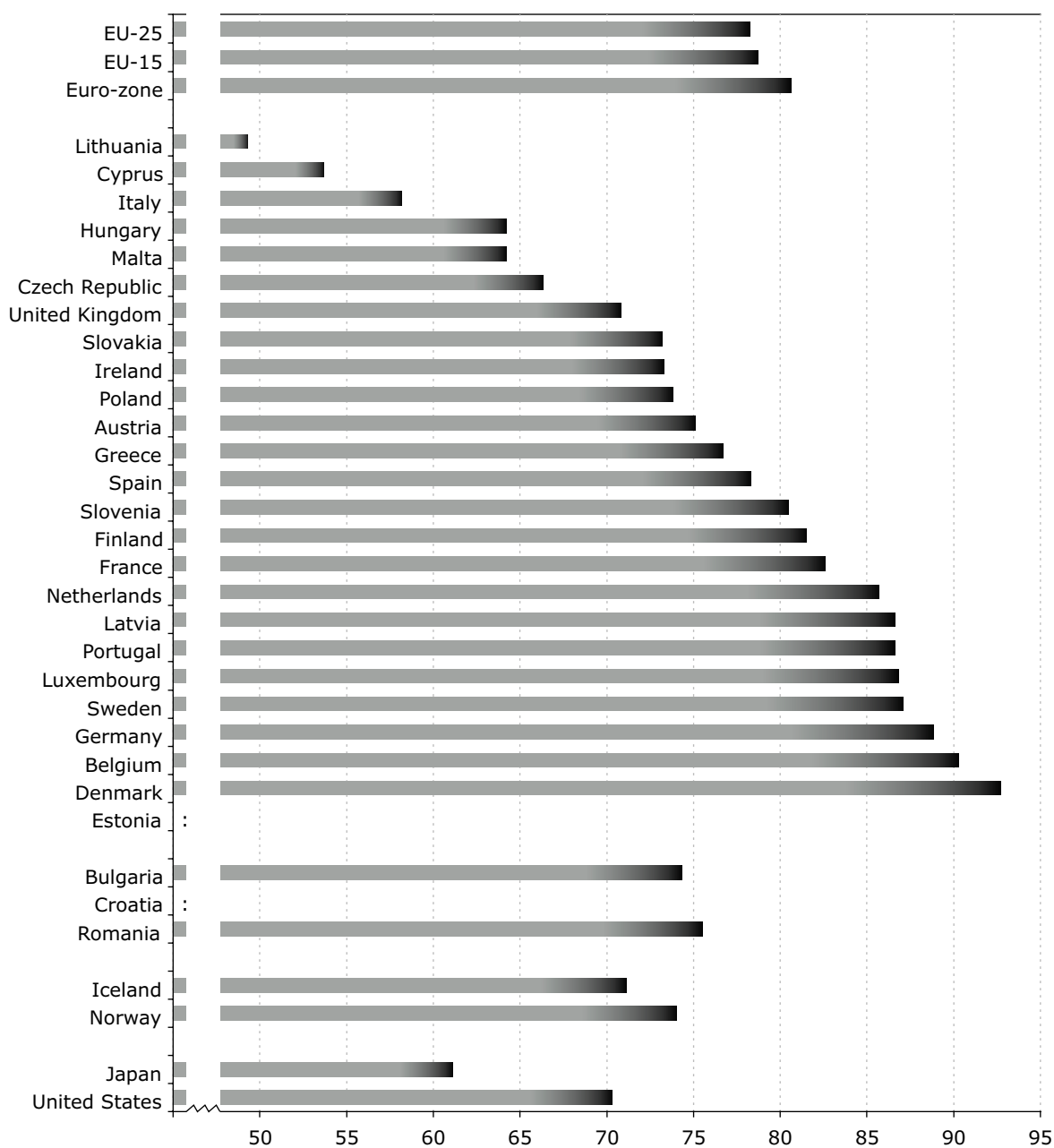
EU-25, EU-15: estimated data; Slovenia, Finland: 2002. In 2001, the gender pay gap stood at 12 % in Belgium and at 6 % in Italy.

The gender pay gap is the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees. The population consists of all paid employees aged 16 to 64 who are 'at work 15+ hours per week'.



### Tax rate on low-wage earners: unemployment trap in 2003

In %



The unemployment trap measures the percentage of gross earnings which is 'taxed away' through higher tax and social security contributions and the withdrawal of unemployment and other benefits when an unemployed person returns to employment. This structural indicator covers single persons without children earning, when in work, 67 % of the average earnings of a full-time production worker in the manufacturing industry.

**Unit labour cost growth in the EU-25**

Growth rate (in %) of the ratio: compensation per employee in current prices divided by GDP in current prices per total employment



This derived indicator compares remuneration (compensation per employee) and productivity (gross domestic product per employment) to show how the remuneration of employees is related to the productivity of their labour. It is the relationship between how much each 'worker' is paid and the value he/she produces by his/her work. Its growth rate is intended to give an impression of the dynamics of the participation of the production factor labour in output value created. Note that the variables used in the numerator (compensation, employees) refer to employed labour only, while those in the denominator (GDP, employment) refer to all labour, including self-employed.





## Current account

### Eurostat data

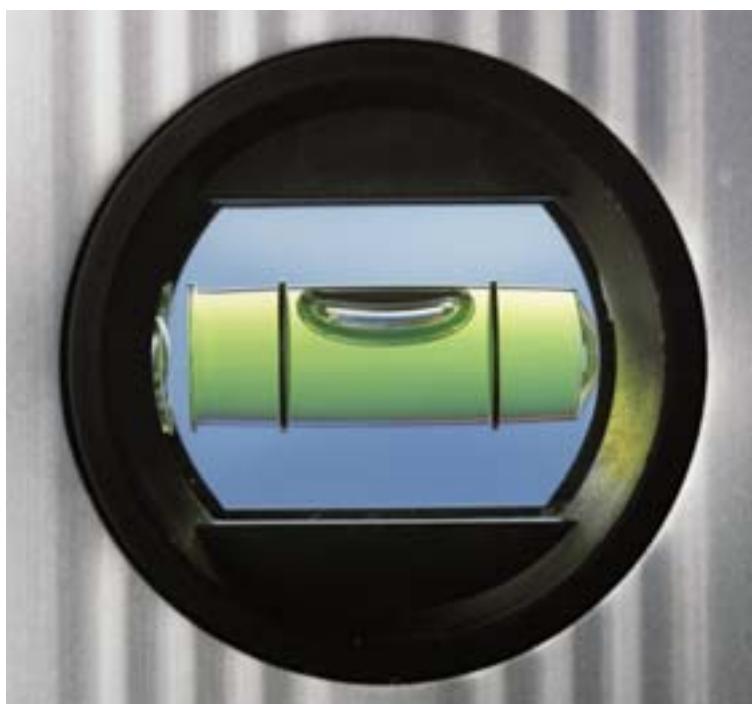
Eurostat provides a wide range of data on:

- international transactions of goods
- international transactions of services
- international transactions of income
- current transfers
- capital and financial account

### Gauging a country's economic position in the world

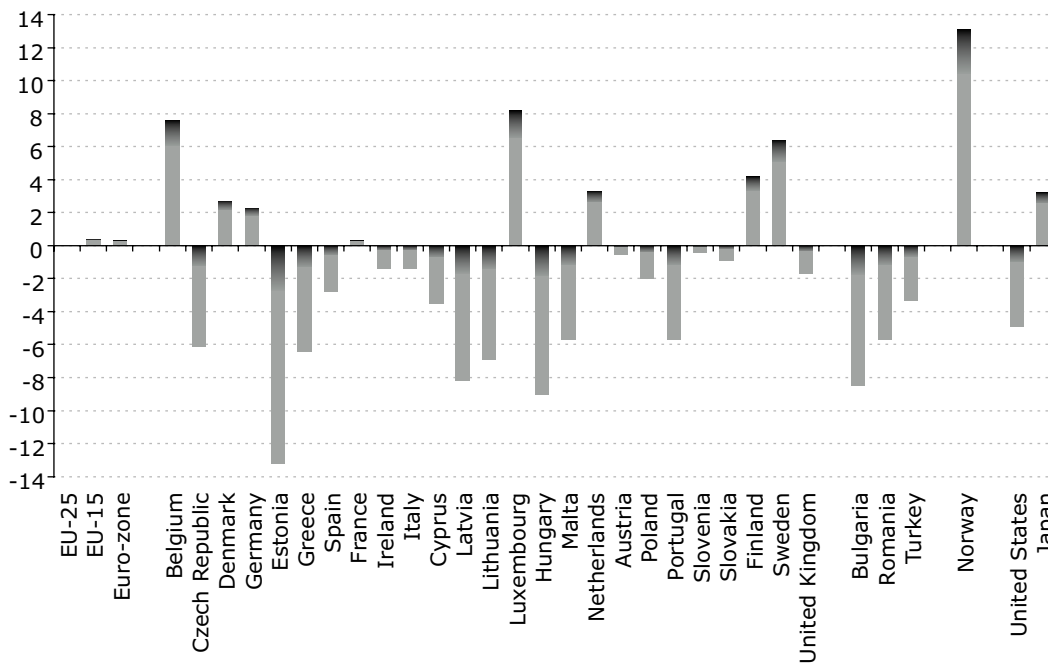
The current account covers all transactions (other than those recorded in the financial account) occurring between resident and non-resident entities. Within the current account, four main types of transactions are separately identified:

- The **goods account** covers general merchandise, goods for processing, repairs on goods, goods procured in ports by carriers and non-monetary gold. Exports and imports of goods are recorded on a fob/fob basis, i.e. at market value at the customs frontiers of exporting economies, including charges for insurance and transport services up to the frontier of the exporting country.
- The **services account** consists of the following items: transportation services performed by EU residents for non-EU residents, or vice versa, involving the carriage of passengers, the movement of goods, rentals of carriers with crew and related supporting and auxiliary services, travel, which includes primarily the goods and services EU travellers acquire from non-EU residents, or vice versa, and other services, which comprise those service transactions such as communication services, insurance, financial services, etc.
- The **income account** covers two types of transactions: compensation of employees paid to non-resident workers or received from non-resident employers, and investment income accrued on external financial assets and liabilities.
- The **current transfers account** includes general government current transfers, for example transfers related to international cooperation between governments, payments of current taxes on income and wealth, etc., and other current transfers, for example workers' remittances, insurance premiums — less service charges — and claims on non-life insurance companies.



**Balance of the current account in 2003**

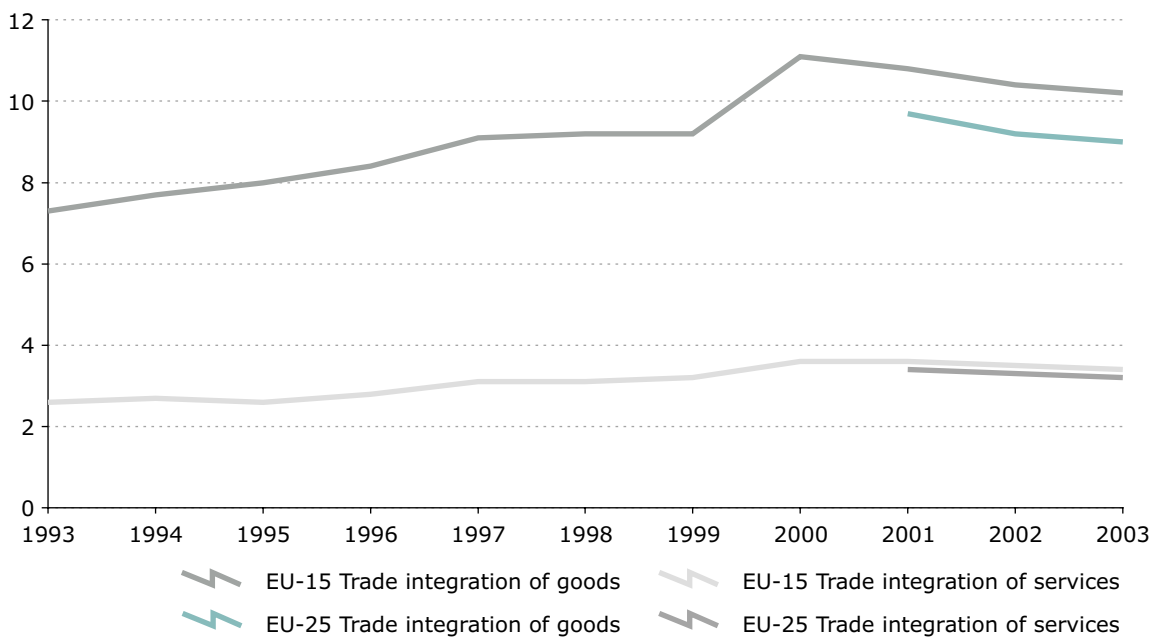
In % of GDP



The balance of payments is composed of the current account and the capital and financial account. The current account is itself subdivided into goods, services, income and current transfers; it registers the value of exports (credits) and imports (debits). The difference between these two values is the 'balance' of each Member State's current transactions with all the other countries, and of the EU transactions with the extra-EU countries.

**Trade integration for the EU of goods and services**

Average value of imports and exports divided by GDP, multiplied by 100

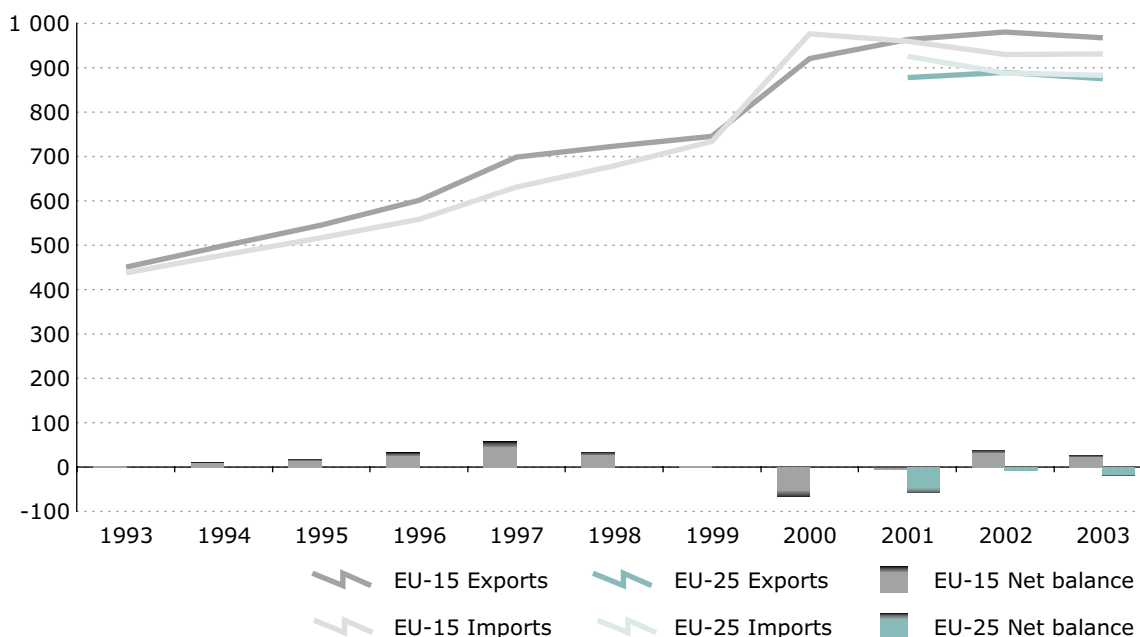


An increasing index indicates that the EU becomes more integrated within the international economy.



### Current account transactions of goods in the EU

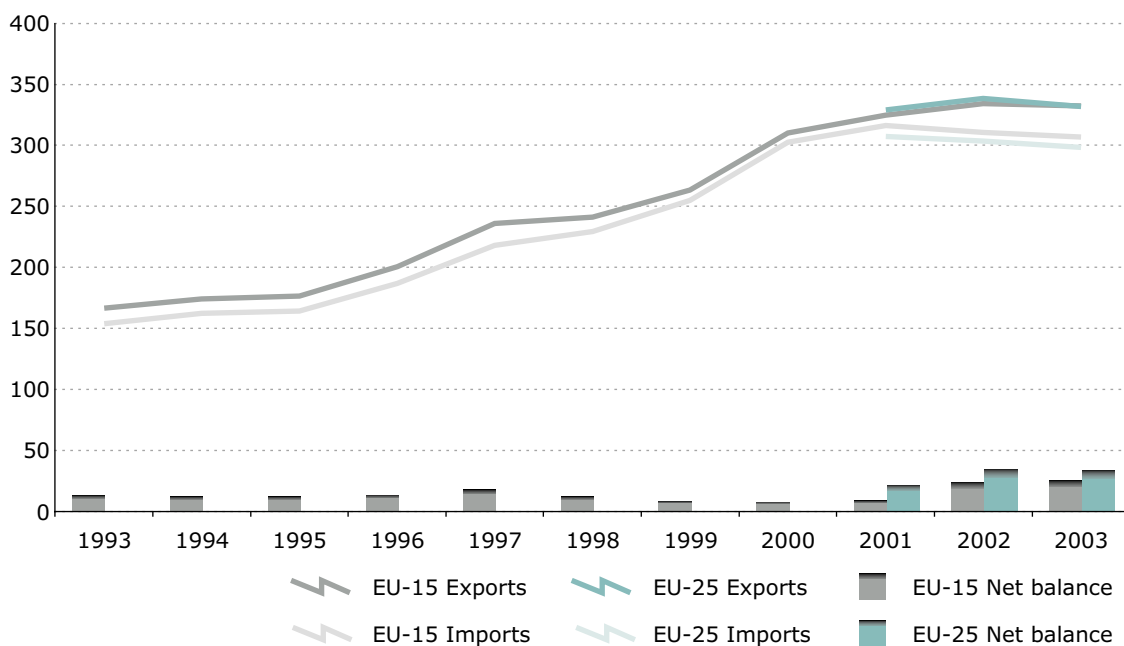
In 1 000 million ECU/EUR



The balance of payments is a record of a country's international transactions with the rest of the world. It is composed of the current account and the capital and financial account. The current account is itself subdivided into goods, services, income and current transfers; it registers the value of exports (credits) and imports (debits). The difference between these two values is the 'balance'.

### Current account transactions of services in the EU

In 1 000 million ECU/EUR

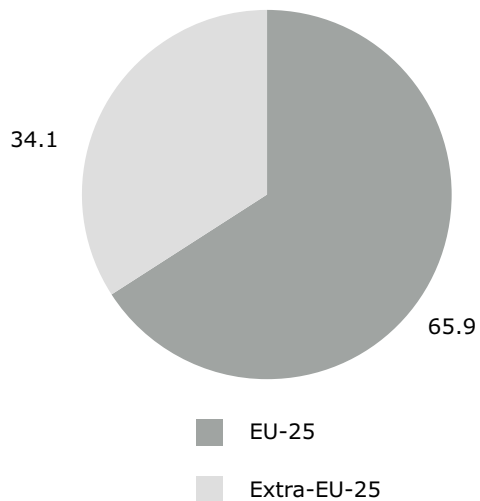


The balance of payments is a record of a country's international transactions with the rest of the world. It is composed of the current account and the capital and financial account. The current account is itself subdivided into goods, services, income and current transfers; it registers the value of exports (credits) and imports (debits). The difference between these two values is the 'balance'.



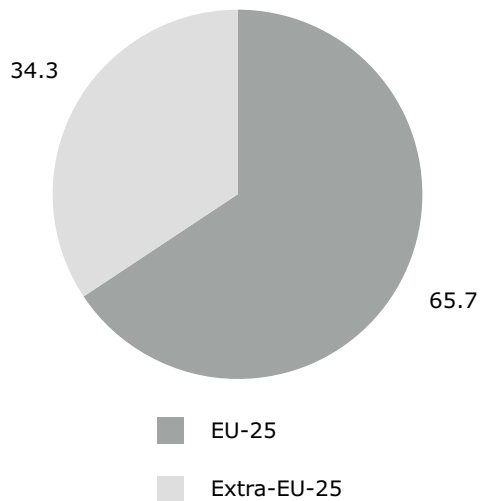
**EU-25 current account credits in 2003**

Share of total EU credits in %



**EU-25 current account debits in 2003**

Share of total EU debits in %



The balance of payments is a record of a country's international transactions with the rest of the world. It is composed of the current account and the capital and financial account. The current account is itself subdivided into goods, services, income and current transfers; it registers the value of exports (credits) and imports (debits).

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## International trade in services

### Eurostat data

Eurostat provides a wide range of data on:

- international transactions of transportation services
- international transactions of travel services
- international transactions of other services

### The services traded

In the balance-of-payments statistics, the balance of trade in services is divided into three major components: transportation, travel and other services. The categories transportation services and other services are broken down into detailed sub-items such as passenger transport by air or construction services.

- **Transportation** covers all transportation services that are performed by residents of one country for those of another. They comprise transport of passengers, goods (freight), rentals (charters) of carriers with crew, or related supporting and auxiliary services. In the Eurostat classification, transportation services are further broken down by mode of transportation (sea, air and other transport) and by kind of services (transport of passengers, transport of freight and auxiliary services).
- **Travel** refers to all goods and services acquired by travellers for their own use from residents of the countries in which they are travelling. A traveller is an individual staying in a country of which he/she is not resident

for less than one year. The international carriage of travellers, which is covered in transportation services, is excluded.

- **Other services** comprise all international service transactions other than transportation and travel. They cover highly varied services such as communication services, construction services, insurance services, financial services, computer and information services, royalties and licensee fees, other business services, personal, cultural and recreational services, and government services.

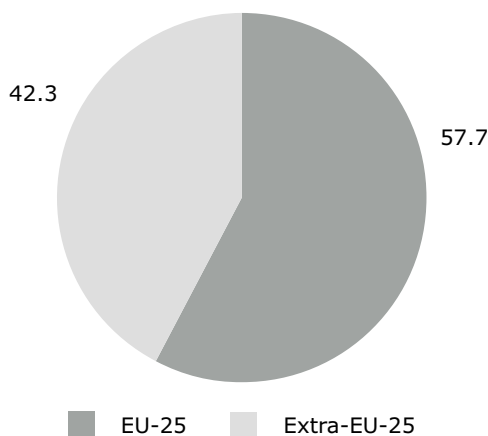
### Grasping the intangible

Due to its intangible nature, international trade in services is much more difficult to record than trade in goods. Three types of problems may arise: difficulty in defining the service; the value of the services is not specified separately; and practical difficulties for identifying gross flows (as many services can be paid for by means of an international offsetting mechanism). Such problems could lead to an underestimation of the service flows.



**EU-25 international trade in services – credits in 2003**

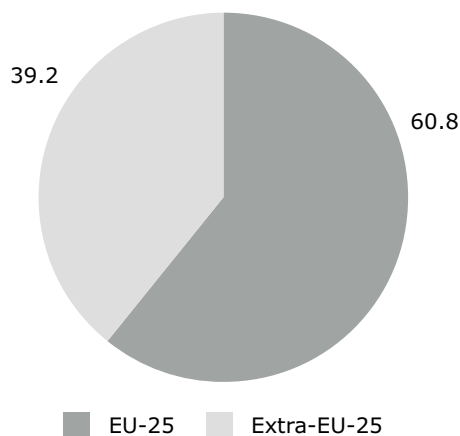
Share of EU total credits in %



The services account consists of the following items: transportation services, travel and other services such as communication services, insurance, financial services, etc.

**EU-25 international trade in services – debits in 2003**

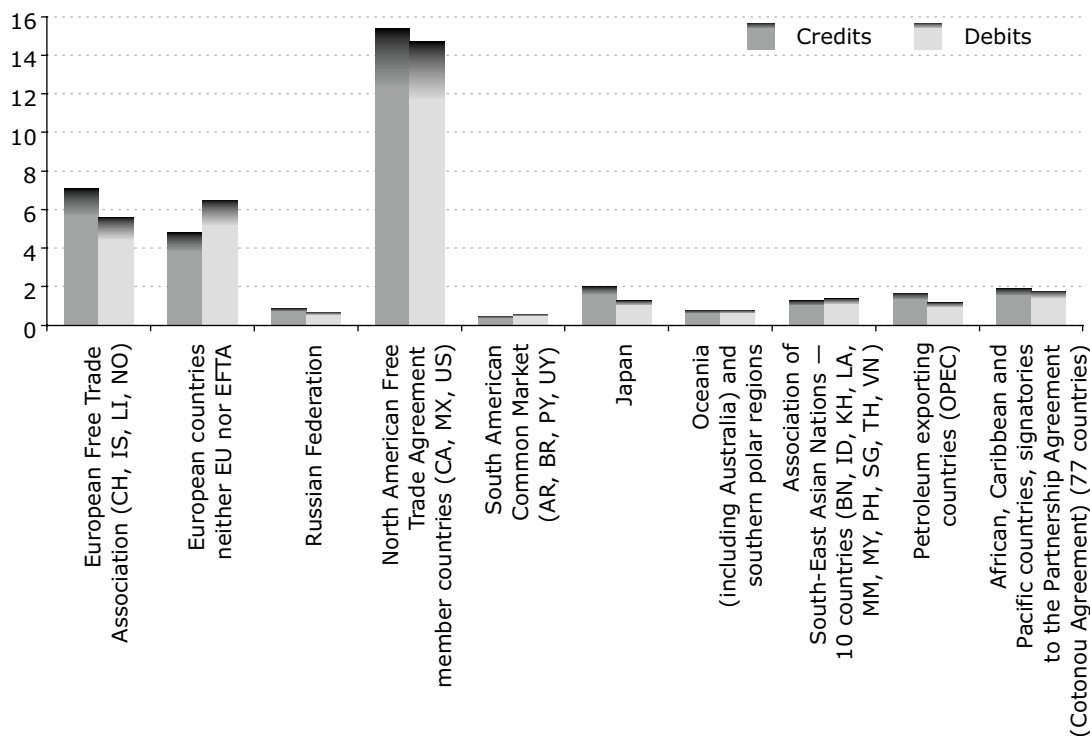
Share of EU total debits in %



The services account consists of the following items: transportation services, travel and other services such as communication services, insurance, financial services, etc.

**EU-25 international trade in services in 2003, by selected partner zones**

Geographical distribution of EU-25 total credits and debits in %

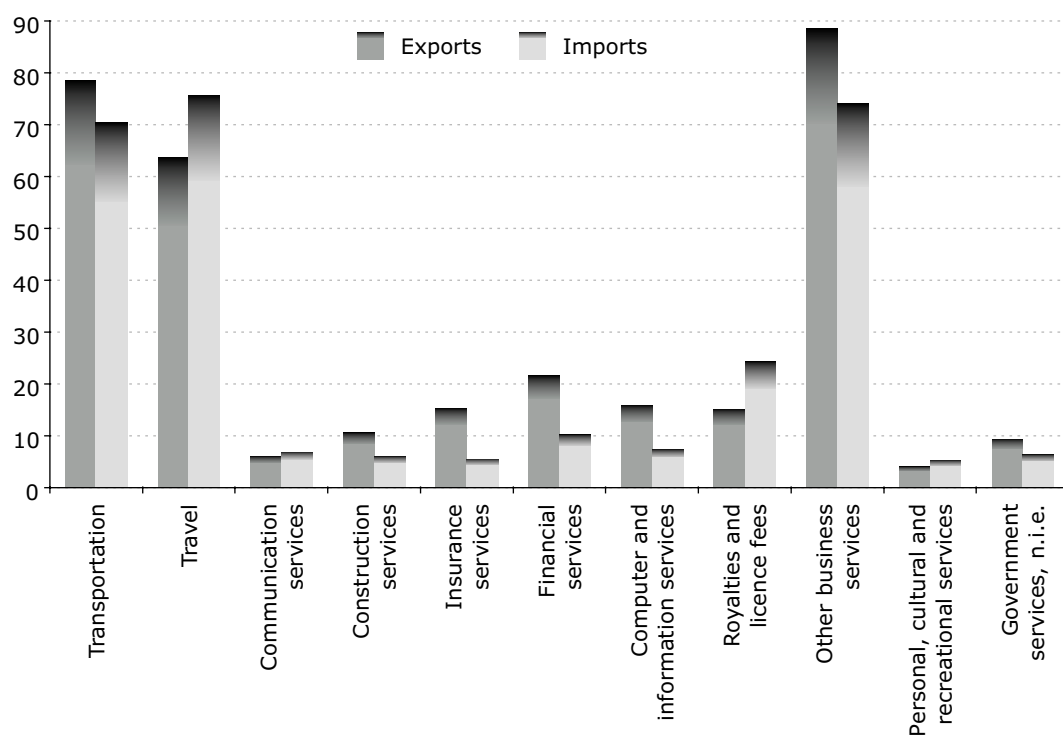


The services account consists of the following items: transportation services, travel and other services such as communication services, insurance, financial services, etc.



### EU-25 international trade in services in 2003 by main items

Total exports and imports in 1 000 million EUR





## Foreign direct investment

### Eurostat data

Eurostat provides a wide range of data on:

- direct investment flows (inward and outward)
- direct investment stocks (inward and outward)
- investing countries (countries of origin)
- recipient countries (countries of destination)

### The financial account: dealing with money

The financial account records financial transactions. It includes foreign direct investment, portfolio investment, other investment and reserve asset flows.

The annual European Union foreign direct investment statistics give a detailed presentation of foreign direct investment (FDI) flows and stocks, showing which Member State invests in which countries and in which sectors.

A firm wishing to sell overseas can choose between a variety of methods: exporting, licensing and using agents are some examples, with straightforward exporting up to now being the most common. FDI (producing and selling directly in the chosen country) is increasingly being adopted.

There are two kinds of FDI:

- the creation of productive assets by foreigners (greenfield investment);

- the purchase of existing assets by foreigners (acquisitions, mergers, takeovers, etc.).

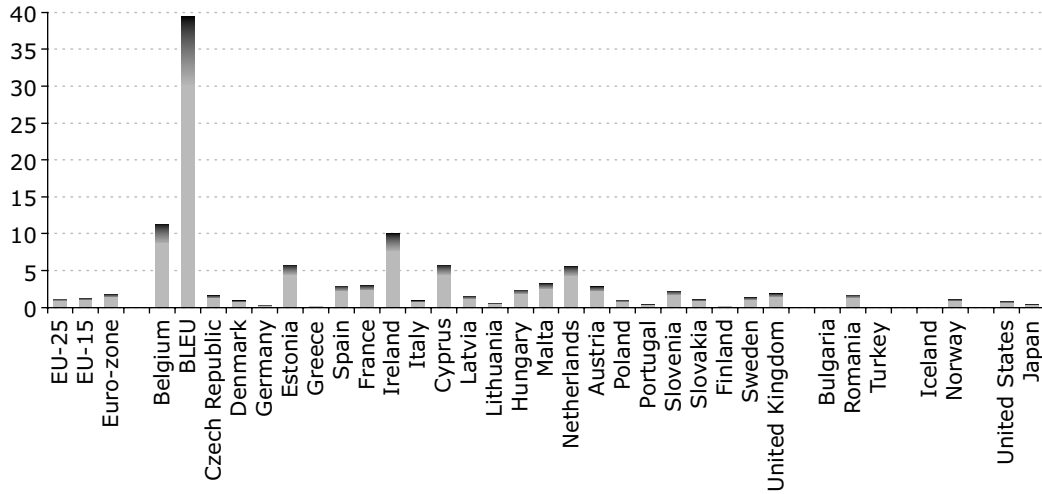
FDI differs from portfolio investments because it is made with the purpose of having control or an effective voice in management and a lasting interest in the enterprise. Direct investment does not only include the initial acquisition of equity capital, but also subsequent capital transactions between the foreign investor and domestic and affiliated enterprises.

Eurostat collects FDI statistics for quarterly and annual flows as well as for stocks at the end of the year. FDI stocks (assets and liabilities) are a part of the international investment position of an economy at the end of the year.

In the Eurostat yearbook, the sign convention adopted for the different sets of data (flows and stocks) is as follows: an investment is always recorded with a positive sign and a disinvestment with a negative sign.

### Foreign direct investment intensity in 2003

Average value of inward and outward foreign direct investment flows divided by GDP, multiplied by 100



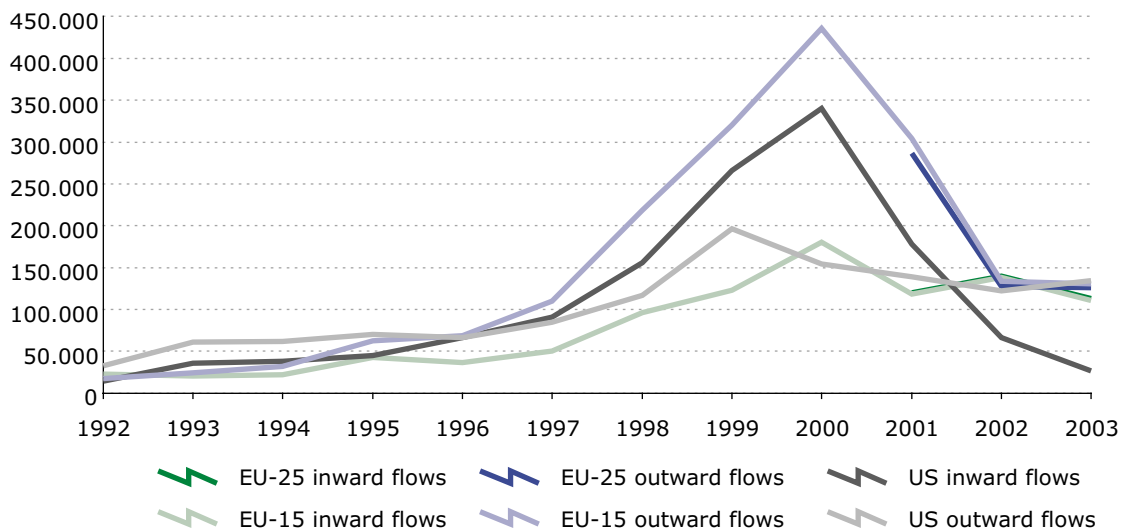
For individual countries the partner is the 'rest of the world', for the EU-15 the 'extra-EU-15' and for the EU-25 the 'extra-EU-25'.

For the aggregate of Belgium and Luxembourg (BLEU), the index stood at 39.5 in 2003 which is mainly due to a particularly high value for Luxembourg. For Luxembourg, the index stood at 357.6.

Average of inward and outward foreign direct investment (FDI) flows divided by gross domestic product (GDP). The index measures the intensity of investment integration within the international economy. The direct investment refers to the international investment made by a resident entity (direct investor) to acquire a lasting interest in an entity operating in an economy other than that of the investor (direct investment enterprise). Direct investment involves both the initial transactions between the two entities and all subsequent capital transactions between them and among affiliated enterprises, both incorporated and unincorporated. Data are expressed as a percentage of GDP to remove the effect of differences in the size of the economies of the reporting countries.

### Direct investment flows

In million ECU/EUR

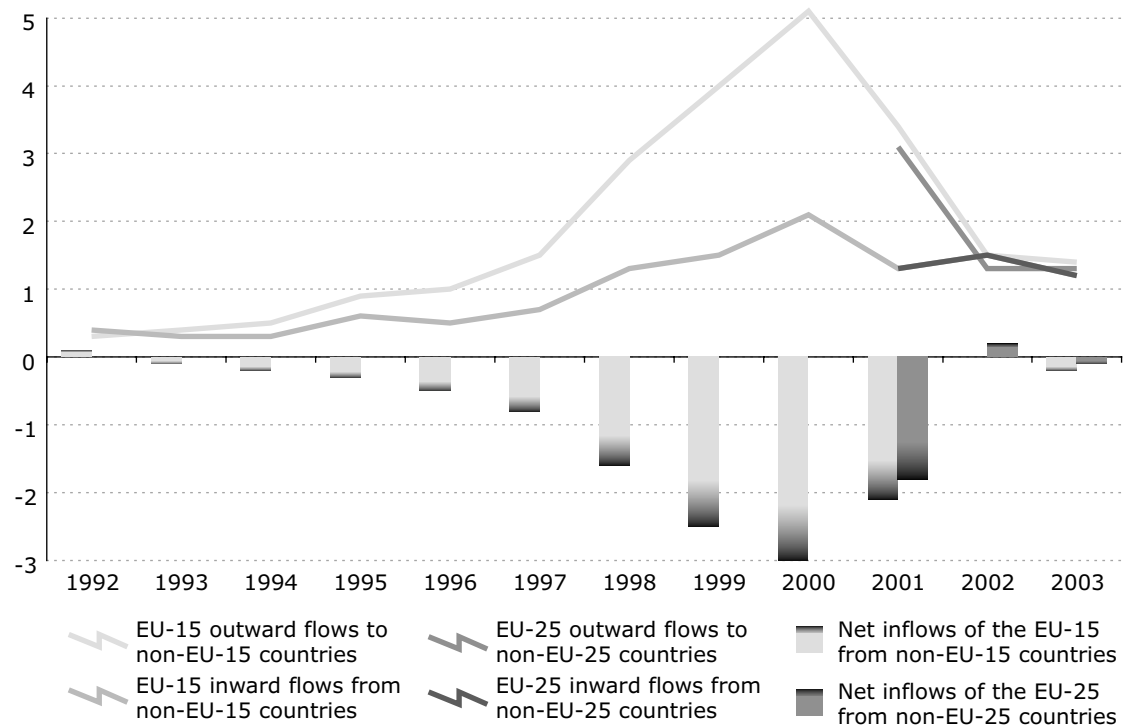


For the EU-15 the partner is 'extra-EU-15', for the EU-25 the 'extra-EU-25', and for the United States the 'rest of the world'.

Foreign direct investment is an investment made by a resident entity (direct investor) to acquire a lasting interest in an entity operating in an economy other than that of the investor (direct investment enterprise).


**Direct investment flows of the EU**

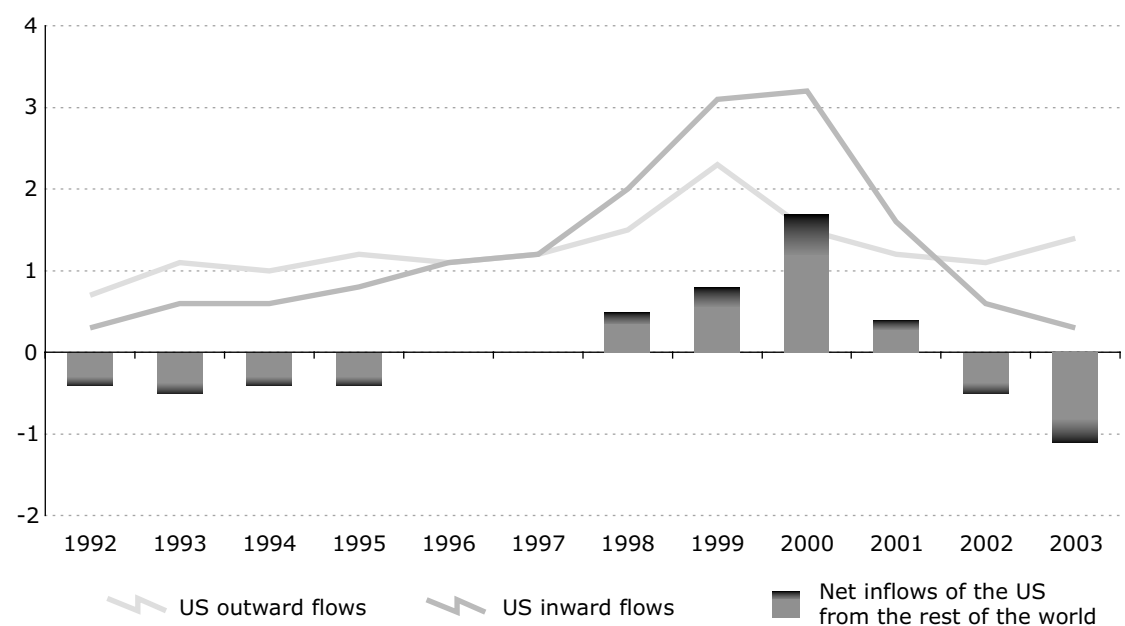
In % of GDP



Foreign direct investment is an investment made by a resident entity (direct investor) to acquire a lasting interest in an entity operating in an economy other than that of the investor (direct investment enterprise).

**Direct investment flows of the United States**

In % of GDP

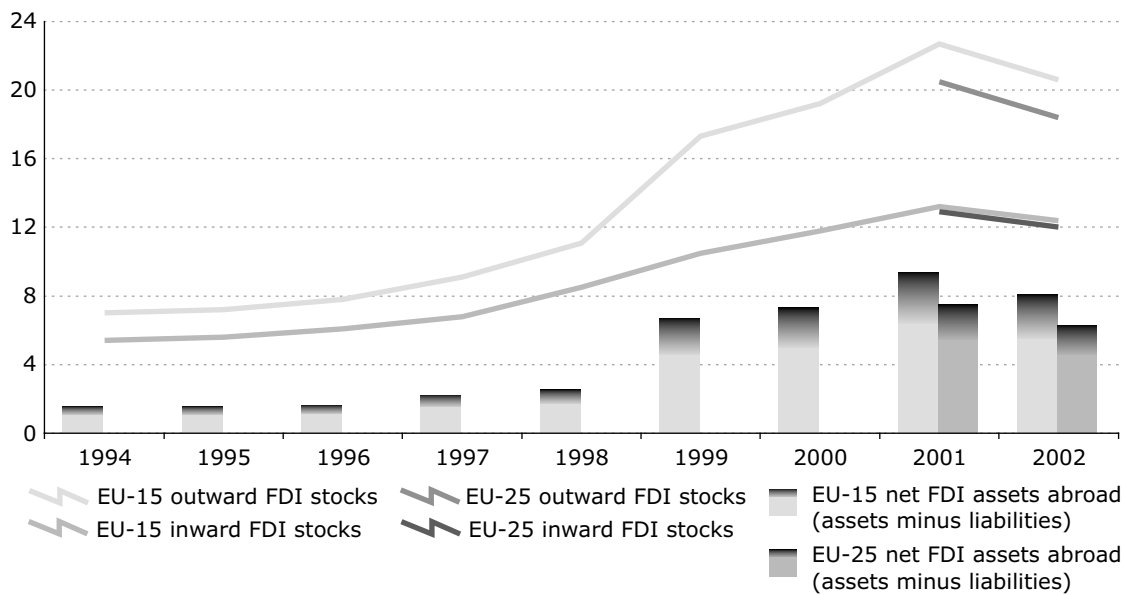


Foreign direct investment is an investment made by a resident entity (direct investor) to acquire a lasting interest in an entity operating in an economy other than that of the investor (direct investment enterprise).



### Direct investment stocks of the EU

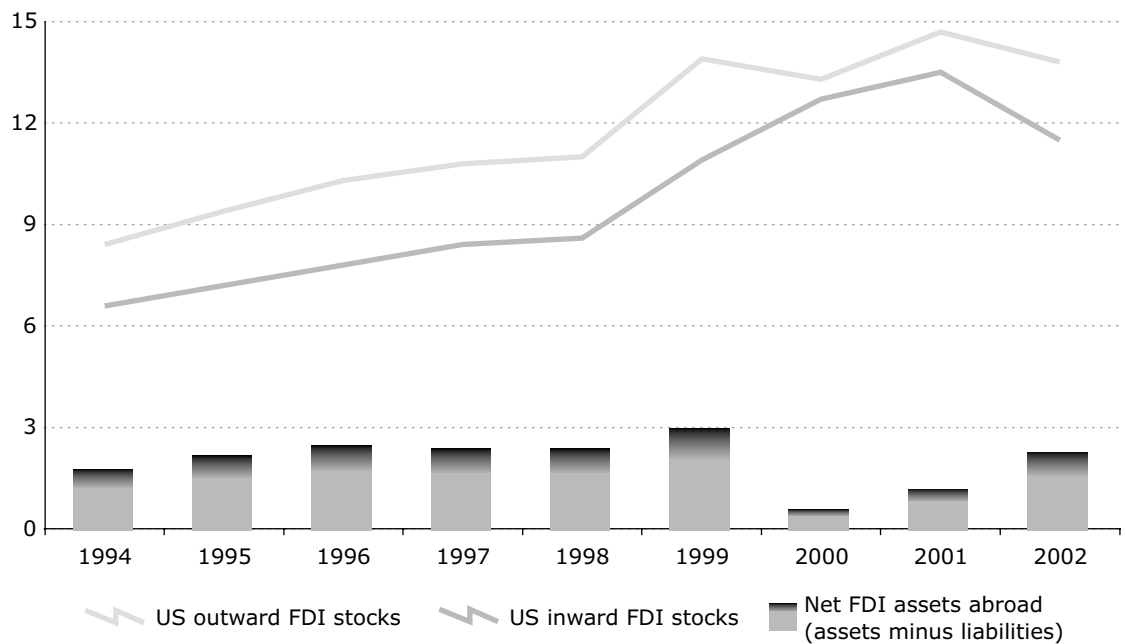
In % of GDP



Foreign direct investment (FDI) is an investment made by a resident entity (direct investor) to acquire a lasting interest in an entity operating in an economy other than that of the investor (direct investment enterprise). FDI stocks are the value of FDI assets (for outward FDI stocks) and of FDI liabilities (for inward FDI stocks) at the end of the reference period.

### Direct investment stocks of the United States

In % of GDP



Foreign direct investment (FDI) is an investment made by a resident entity (direct investor) to acquire a lasting interest in an entity operating in an economy other than that of the investor (direct investment enterprise). FDI stocks are the value of FDI assets (for outward FDI stocks) and of FDI liabilities (for inward FDI stocks) at the end of the reference period.



## International trade in goods

### Eurostat data

Consult our website to find out more about the EU and euro-zone trade flows:

- reporting countries: EU, euro-zone and the 25 Member States
- trading partners: all the countries in the world
- products: trading of goods classified according to the Combined Nomenclature and the high levels of the standard international trade classification
- flows: exports, imports and trade balances
- periods: years and months since 1995

### Essential information in a more and more open world economy

International trade in goods forms an increasing part of the world economy and, as such, must be measured reliably and the relevant data must be widely available and understood.

International trade statistics are an important primary source for most public and private sector decision-makers. For example, they help European companies carry out market research and define their commercial strategy. They enable Community authorities to prepare for multilateral and bilateral negotiations within the framework of the common commercial policy and to evaluate the progress of the single market or the integration of the European economies. Moreover, they constitute an essential source for balance-of-payments statistics, national accounts and studies of economic cycles.



### Harmonised statistics on international trade in goods ...

The compilation of trade figures rests on a legal basis which is set out in a series of Council and Commission regulations. The concrete work is based on a cooperative effort between Eurostat

and the appropriate bodies in the Member States which are responsible for collecting and processing the basic information.

Eurostat is responsible for harmonising Community legislation in the field of statistics on the trading of goods and ensuring that the legislation is applied correctly. The statistics provided

to Eurostat are therefore based on precise legal texts directly applicable in the Member States and on definitions and procedures which have to a large extent been harmonised.

### ... which cover all physical movements of goods through the frontiers

In broad terms, the aim of international trade statistics is to record all goods that add to or subtract from the stock of material resources of a country by entering or leaving its territory. By their nature, international trade statistics are concerned with transportable goods.

The most important component of international trade statistics is related to transactions involving actual or intended transfer of ownership against compensation. Nevertheless,



international trade statistics also cover movements of goods without a transfer of ownership such as operations following, or with a view to, processing under contract or repair.

## Some methodological notes

### Exports and imports valuation

In external trade statistics, exports are recorded at their fob value (fob — free on board) and

imports at their cif value (cif — cost, insurance and freight). Therefore, and contrary to the balance-of-payments statistics, import value includes charges, such as transport and insurance, relating to that part of the journey which takes place outside the statistical territory of the importing country. Export value corresponds to the value of goods at the place and time where they leave the statistical territory of the exporting country.

### Trade of country groups

The EU-15, EU-25, euro-zone and EEA (European Economic Area) are calculated as total trade less, respectively, intra-EU-15, intra-EU-25, intra-euro-zone and intra-EEA trade.

### Trade in products

Agrifood products are food products obtained from agriculture. They are determined according to Sections 0 and 1 of the standard international trade classification — Revision 3 (SITC — Rev. 3).

Trade in raw materials refers to Sections 2 and 4 of the SITC.

Trade in fuel products refers to products determined according to Section 3 of the SITC.

Trade in chemicals refers to products determined according to Section 5 of the SITC.

Trade in machinery and transport equipment refers to products determined according to Section 7 of the SITC and trade in other manufactured goods to products

determined according to Sections 6 and 8.

### More concepts and definitions

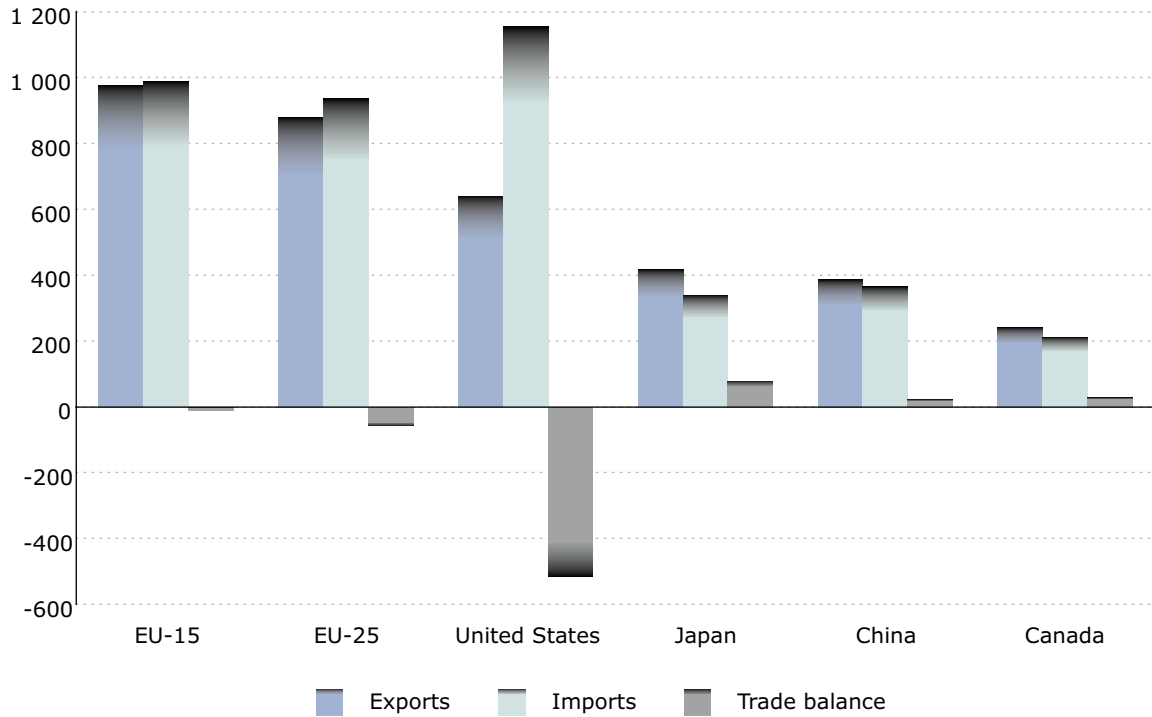
Please refer to the following documentation available on our website:

- the 'SDDS base page' and 'Summary methodology' linked to the external trade data which can be accessed free of charge;
- *Statistics on the trading of goods — User guide*;
- *Geonomenclature*.



**International trade in goods in 2003: the EU and other main actors**

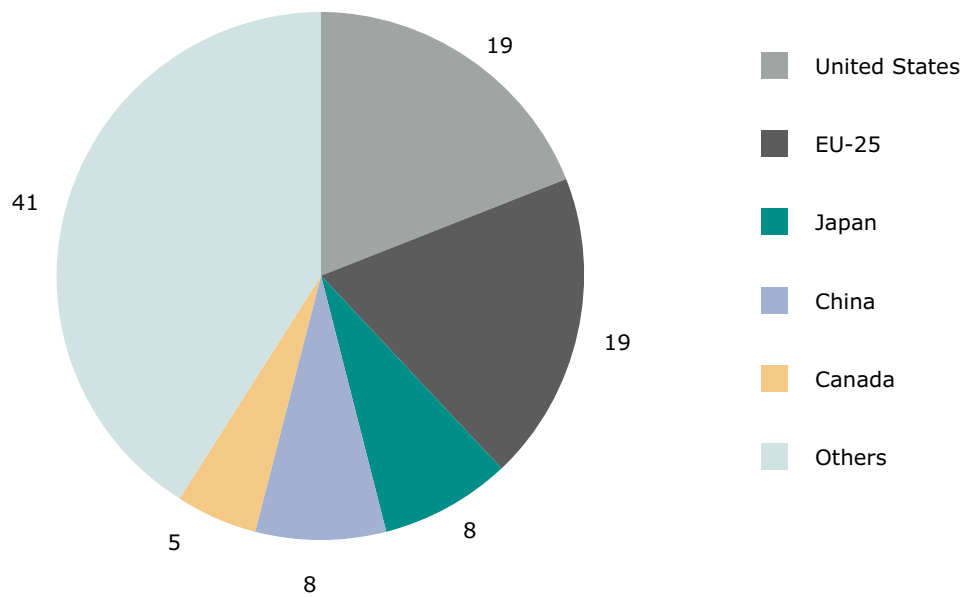
In 1 000 million EUR



3

**The EU-25's share in world trade (1) in 2003**

In %



(1) Imports + Exports.

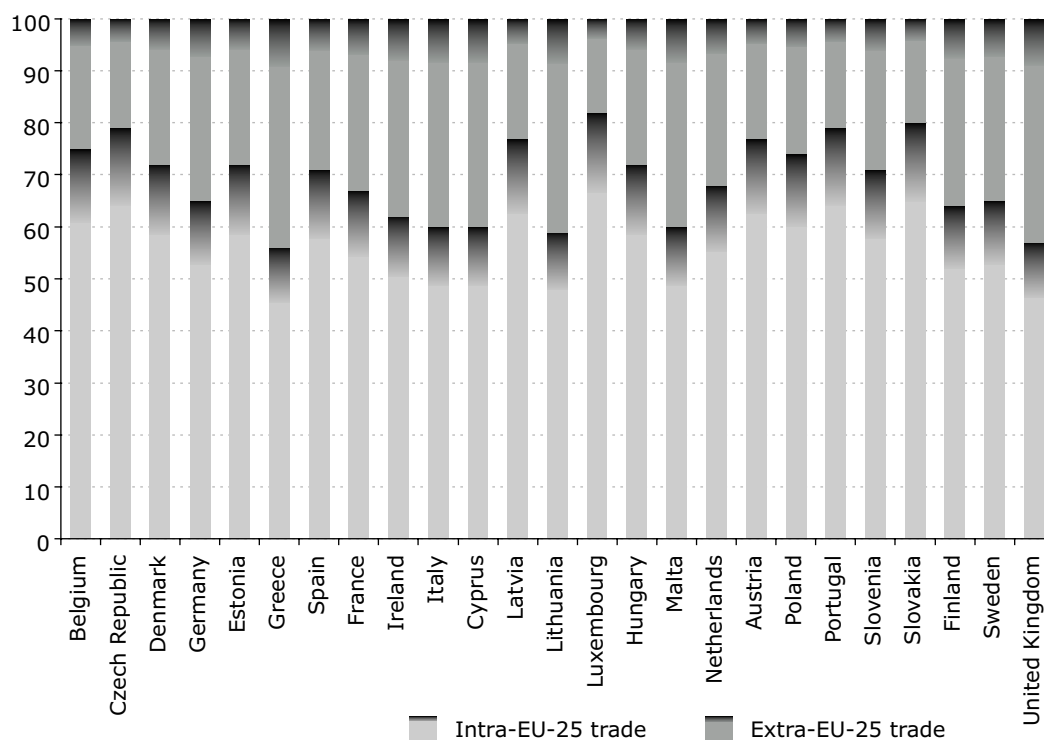
### Evolution of the EU-25's trade from 1999 to 2003

In 1 000 million ECU/EUR



### Shares of intra- and extra-EU-25 trade in total trade (†) in 2003

In %

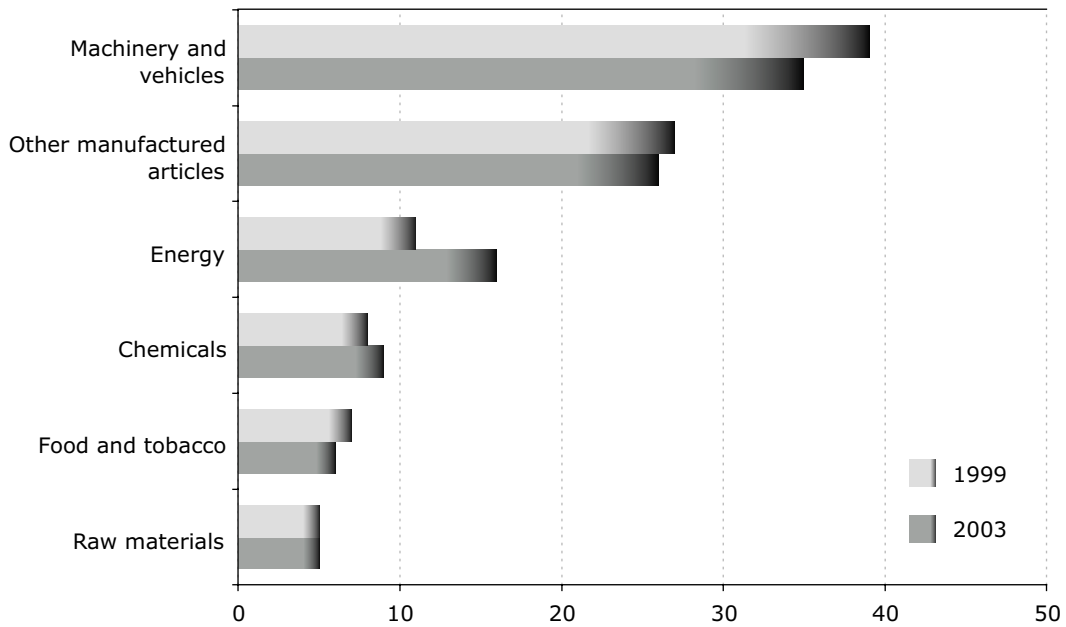


(†) Imports + Exports.



### Share of the main products in the EU-25's total imports

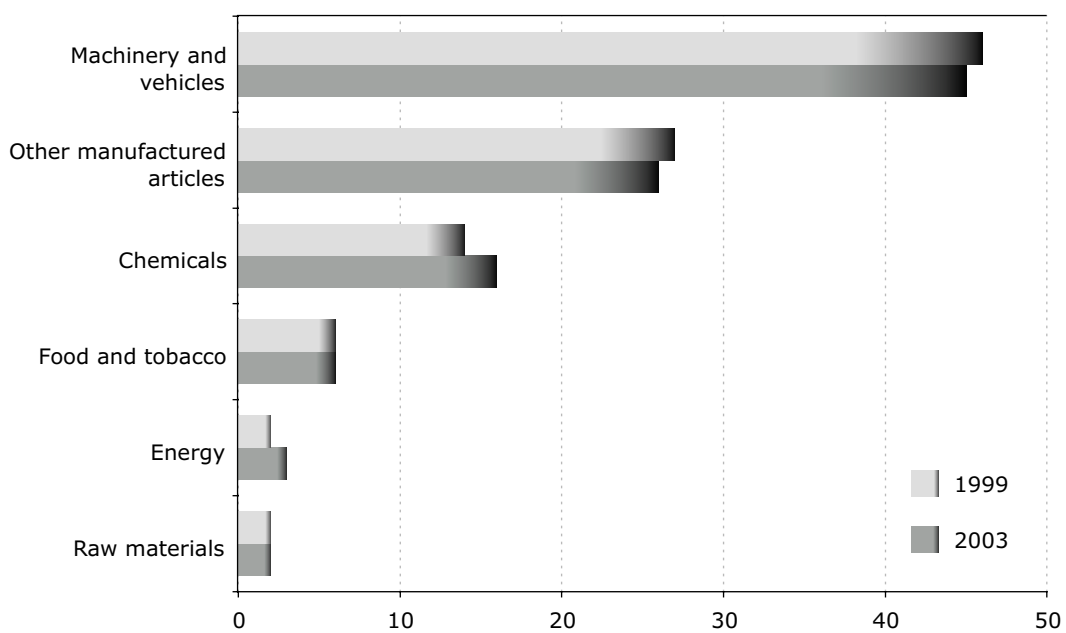
In %



3

### Share of the main products in the EU-25's total exports

In %



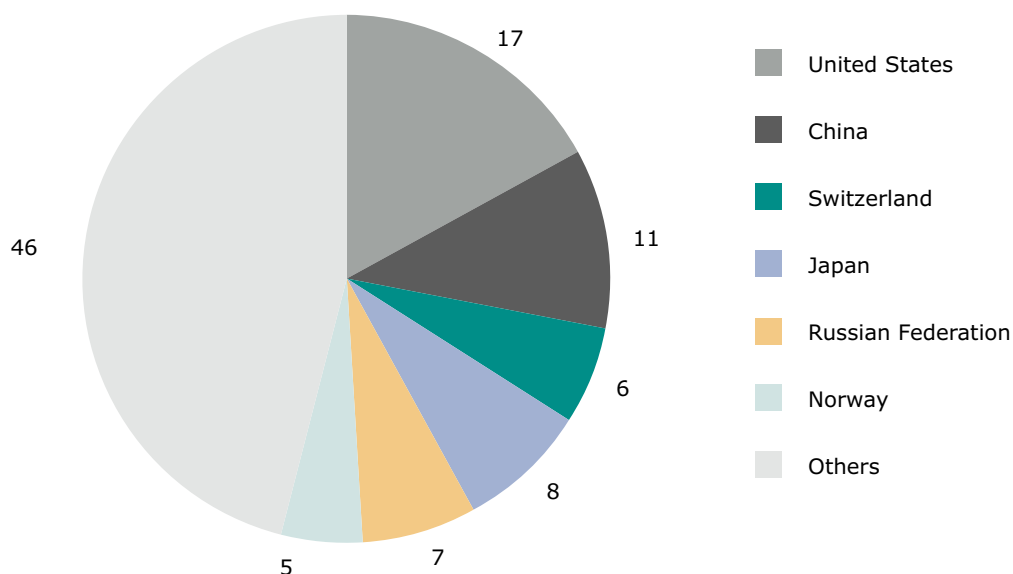
**Member States' contribution to extra-EU-25 trade in 2003**

In 1 000 million EUR

	Exports		Imports		Trade balance 1 000 mio. EUR
	1 000 mio. EUR	Share in %	1 000 mio. EUR	Share in %	
<b>Extra-EU-25</b>	880.4	100	936.3	100	-55.9
Belgium	51.5	5.8	55.1	5.9	-3.6
Czech Republic	5.8	0.7	12.9	1.4	-7.1
Denmark	17.7	2.0	13.6	1.5	4.1
Germany	237.8	27.0	182.9	19.5	55.0
Estonia	0.7	0.1	2.0	0.2	-1.3
Greece	5.3	0.6	17.2	1.8	-11.9
Spain	34.5	3.9	56.8	6.1	-22.3
France	117.3	13.3	106.4	11.4	10.9
Ireland	30.9	3.5	17.7	1.9	13.2
Italy	104.4	11.9	101.5	10.8	2.9
Cyprus	0.2	0.0	1.4	0.2	-1.3
Latvia	0.5	0.1	1.1	0.1	-0.6
Lithuania	2.3	0.3	3.6	0.4	-1.3
Luxembourg	1.3	0.1	3.3	0.4	-2.0
Hungary	7.1	0.8	15.5	1.7	-8.4
Malta	1.1	0.1	0.9	0.1	0.1
Netherlands	51.9	5.9	105.8	11.3	-53.9
Austria	22.2	2.5	16.8	1.8	5.5
Poland	9.0	1.0	18.5	2.0	-9.5
Portugal	5.4	0.6	8.6	0.9	-3.2
Slovenia	3.7	0.4	3.0	0.3	0.8
Slovakia	3.0	0.3	5.1	0.5	-2.1
Finland	18.7	2.1	11.9	1.3	6.8
Sweden	37.0	4.2	20.5	2.2	16.4
United Kingdom	111.1	12.6	154.1	16.5	-43.0

**Share of the main trading partners in the EU-25's total imports in 2003**

In %







### Total trade of the EU-15, EU-25 and the Member States in 2003

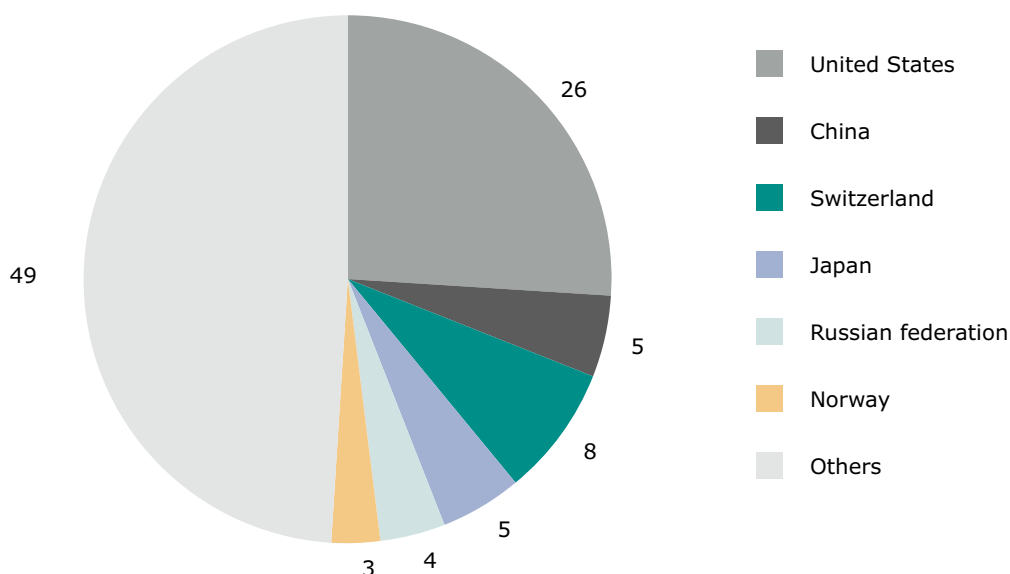
In 1 000 million EUR

	Exports			Imports			Trade balance	
	2003	2002	Growth in %	2003	2002	Growth in %	2003	2002
<b>EU-15</b>	976.7	997.2	-2.1	988.9	989.2	0.0	-12.2	8.0
<b>EU-25</b>	880.4	903.3	-2.5	936.3	942.0	-0.6	-55.9	-38.7
Belgium	225.7	228.6	-1.3	208.1	210.3	-1.1	17.6	18.3
Czech Republic	43.0	40.7	5.8	45.2	43.0	5.2	-2.2	-2.3
Denmark	59.6	60.8	-2.0	51.1	53.2	-4.0	8.5	7.6
Germany	661.6	651.3	1.6	531.9	518.5	2.6	129.6	132.8
Estonia	4.0	3.6	9.9	5.7	5.1	12.9	-1.7	-1.4
Greece	11.7	10.9	6.6	39.2	33.1	18.6	-27.5	-22.1
Spain	134.1	132.9	0.9	177.7	174.6	1.8	-43.6	-41.7
France	341.9	350.8	-2.5	345.2	348.2	-0.8	-3.4	2.6
Ireland	82.0	93.3	-12.2	47.2	55.4	-14.8	34.8	37.9
Italy	258.2	269.1	-4.0	257.1	261.2	-1.6	1.1	7.8
Cyprus	0.4	0.4	-6.2	3.6	3.9	-7.9	-3.2	-3.5
Latvia	6.1	5.5	10.8	8.4	8.0	6.1	-2.3	-2.4
Lithuania	2.6	2.4	5.8	4.6	4.3	8.1	-2.1	-1.9
Luxembourg	11.8	10.8	8.8	14.4	13.8	4.3	-2.6	-3.0
Hungary	37.7	36.5	3.2	42.1	39.9	5.5	-4.5	-3.4
Malta	2.0	2.1	-5.2	2.9	2.8	2.1	-0.8	-0.7
Netherlands	260.0	258.1	0.7	232.3	231.9	0.2	27.6	26.2
Austria	84.7	83.2	1.8	86.7	82.8	4.6	-1.9	0.4
Poland	47.5	43.5	9.3	60.4	58.5	3.2	-12.8	-15.0
Portugal	27.7	28.1	-1.3	39.9	42.4	-6.0	-12.1	-14.3
Slovenia	11.3	11.0	2.9	12.2	11.6	5.7	-1.0	-0.6
Slovakia	19.3	15.2	26.7	19.9	17.5	13.7	-0.6	-2.3
Finland	46.8	47.7	-1.9	37.1	36.2	2.6	9.7	11.6
Sweden	89.5	86.2	3.8	73.1	70.8	3.2	16.4	15.4
United Kingdom	269.3	296.3	-9.1	345.5	366.2	-5.7	-76.2	-69.9

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### Share of the main trading partners in the EU-25's total exports in 2003

In %



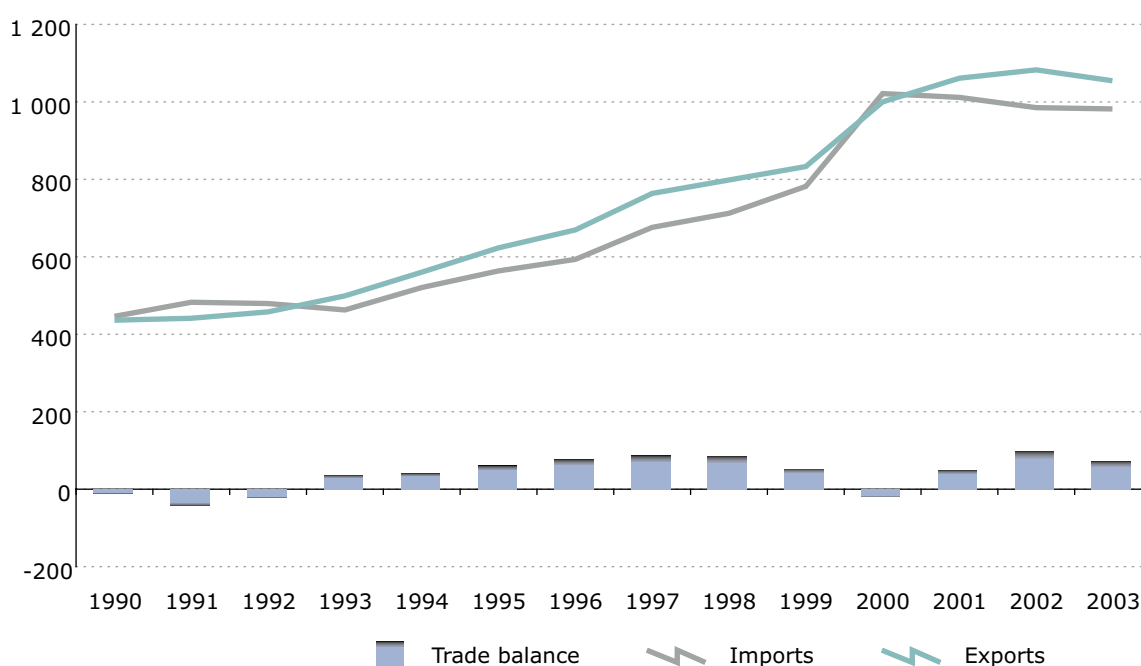
**Member States' contribution to intra-EU-25 trade in 2003**

In 1 000 million EUR

	Exports		Imports		Trade balance 1 000 mio. EUR
	1 000 mio. EUR	Share in %	1 000 mio. EUR	Share in %	
<b>Intra-EU-25</b>	1 857.9	100	1 755.3		102.6
Belgium	174.2	9	152.9	9	21.3
Czech Republic	37.3	2	32.3	2	4.9
Denmark	41.8	2	37.4	2	4.4
Germany	423.7	23	349.0	20	74.7
Estonia	3.3	0	3.7	0	-0.4
Greece	6.4	0	22.0	1	-15.6
Spain	99.6	5	120.9	7	-21.3
France	224.6	12	238.8	14	-14.2
Ireland	51.1	3	29.5	2	21.5
Italy	153.8	8	155.6	9	-1.8
Cyprus	0.2	0	2.1	0	-1.9
Latvia	2.0	0	3.5	0	-1.5
Lithuania	3.8	0	4.8	0	-1.0
Luxembourg	10.5	1	11.1	1	-0.6
Hungary	30.5	2	26.6	2	3.9
Malta	1.0	0	1.9	0	-1.0
Netherlands	208.0	11	126.6	7	81.5
Austria	62.5	3	69.9	4	-7.4
Poland	38.5	2	41.8	2	-3.3
Portugal	22.3	1	31.2	2	-8.9
Slovenia	7.5	0	9.2	1	-1.7
Slovak Republic	16.3	1	14.8	1	1.5
Finland	28.1	2	25.2	1	2.8
Sweden	52.5	3	52.6	3	-0.0
United Kingdom	158.1	9	191.4	11	-33.2

**Euro-zone trade from 1990 to 2003**

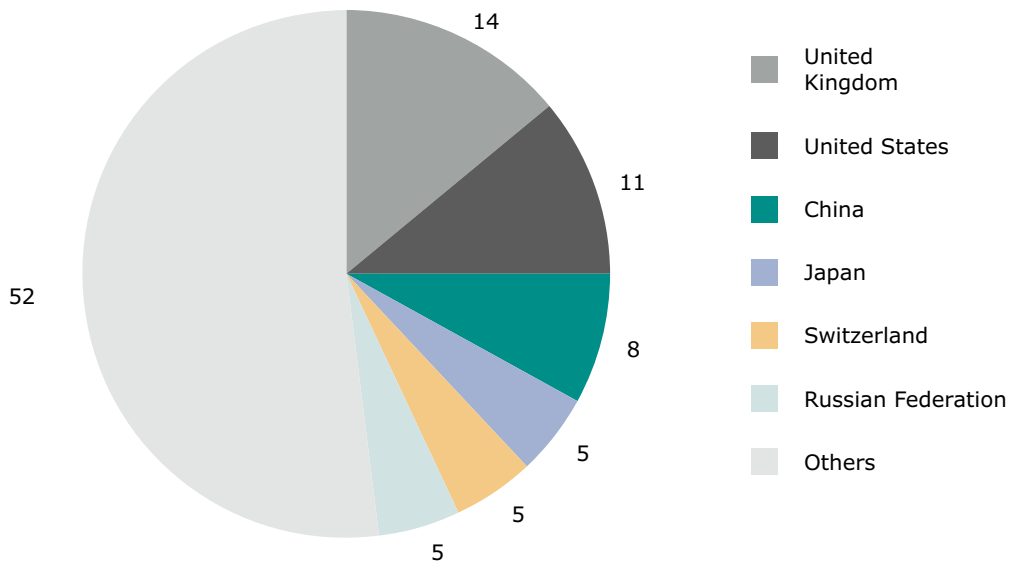
In 1 000 million ECU/EUR





**Share of the main trading partners in euro-zone imports in 2003**

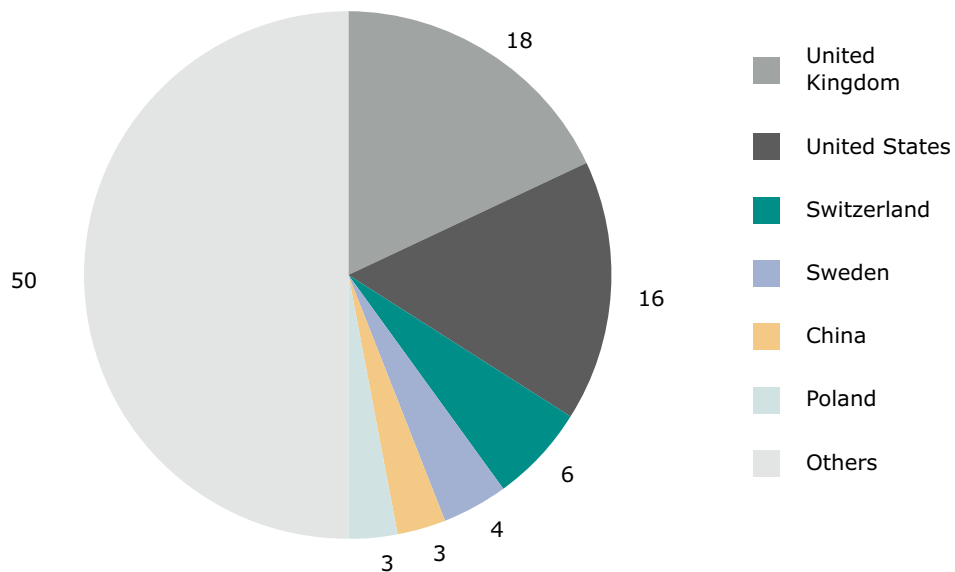
In %



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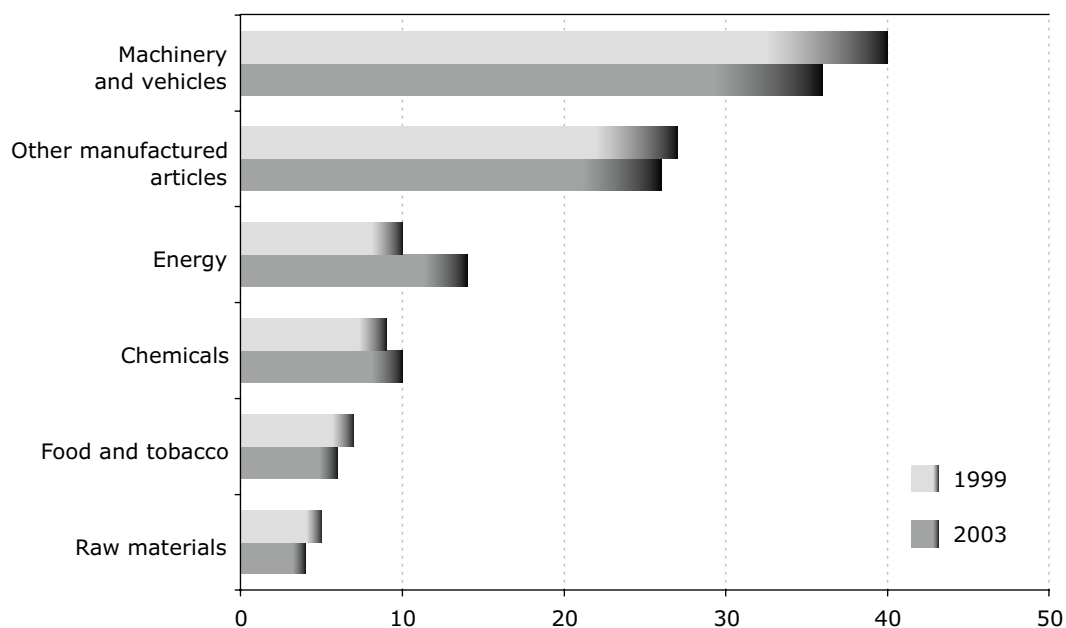
**Share of the main trading partners in euro-zone exports in 2003**

In %



### Share of the main products in total euro-zone imports

In %



### Share of the main products in total euro-zone exports

In %

