The EU in the world - economy and finance

Statistics Explained

Data extracted in January and February 2020.
Planned article update: February 2023.

" G20 members accounted for 86 % of the world's GDP in 2018. "

" China and India had the highest GDP growth between 2008 and 2018 among the G20 members. "

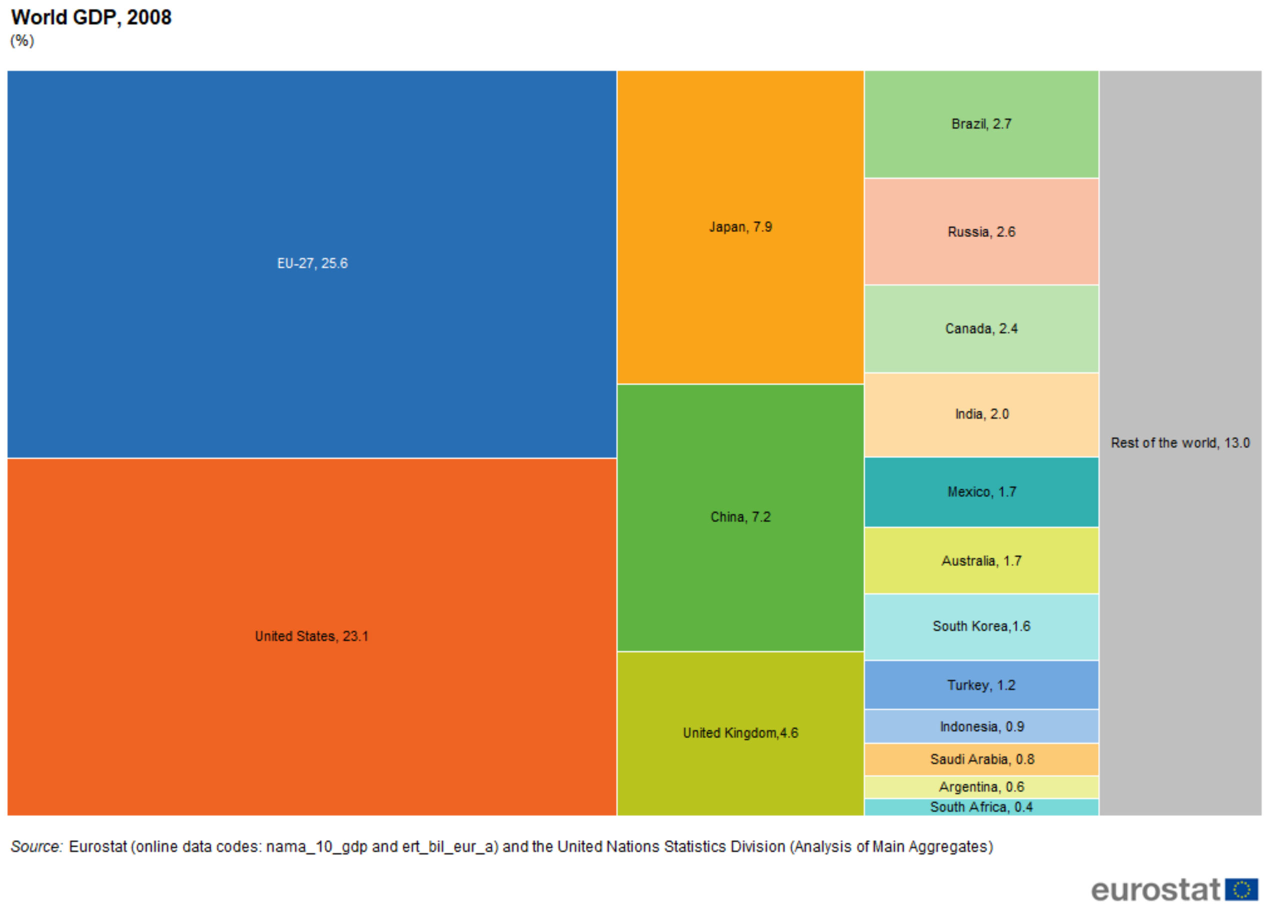
" Among the G20 members, Argentina recorded the largest increase in consumer prices between 2008 and 2018. "

This article is part of a set of statistical articles based on Eurostat's publication *The EU in the world 2020* . It presents indicators from various areas, such as national accounts , government finance, exchange rates and interest rates , consumer prices , and the balance of payments in the European Union (EU) and the 16 non-EU members of the Group of Twenty (G20) . The article gives an insight into the EU's economy in comparison with (most of) the major economies in the rest of the world, such as its counterparts in the so-called Triad — Japan and the United States — and the BRICS composed of Brazil, Russia, India, China and South Africa.

National accounts

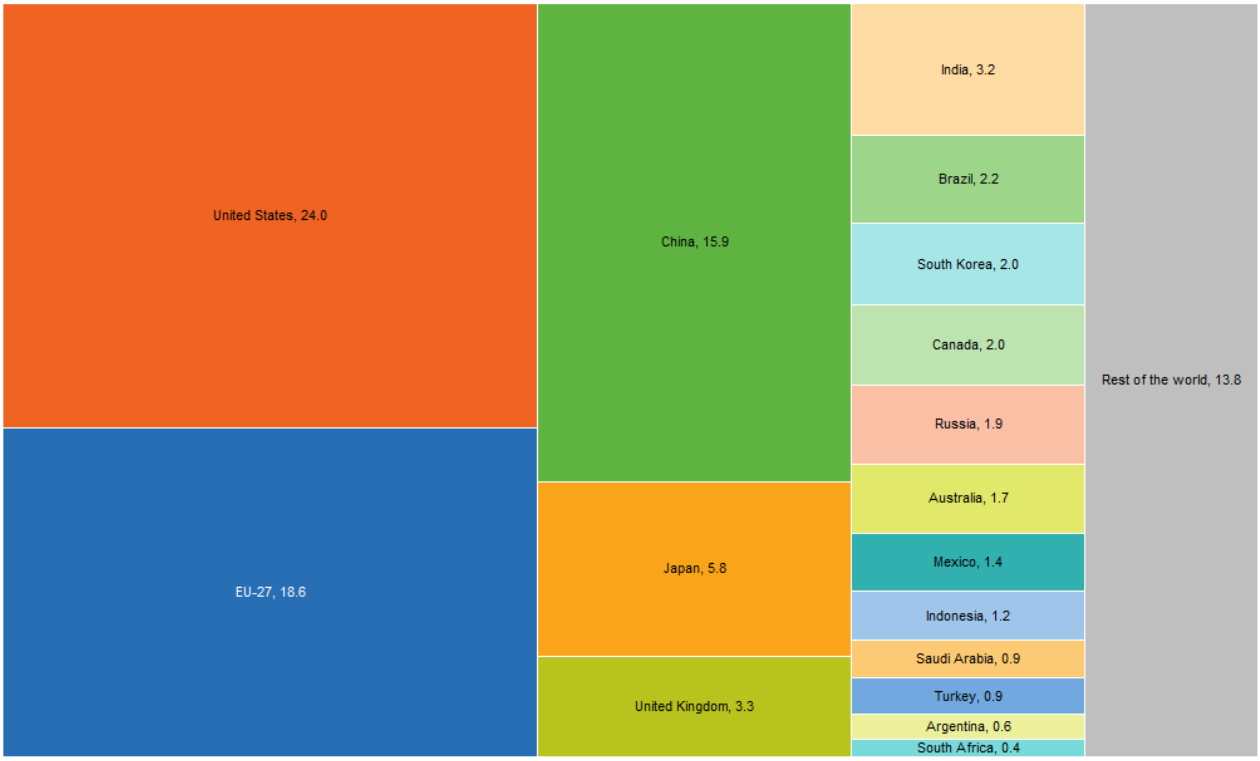
G20 members accounted for 86.2 % of the world's GDP in 2018

In 2018, the total economic output of the world, as measured by gross domestic product (GDP) , was valued at EUR 72.6 trillion, of which the G20 members accounted for 86.2 %. Map 1 shows the shares of the G20 members in world GDP for 2008 as well as for 2018; it should be noted that 2008 was the beginning of the global financial and economic crisis. The G20 members' combined share of world GDP was 0.8 percentage points higher in 2008 than it was in 2018.



Map 1a: World GDP, 2008 (%) Source: Eurostat (nama_10_gdp) and (ert_bil_eur_a) and the United Nations Department of Economic and Social Affairs, Statistics Division (Analysis of Main Aggregates)

World GDP, 2018
(%)



Source: Eurostat (online data codes: nama_10_gdp and ert_bil_eur_a) and the United Nations Statistics Division (Analysis of Main Aggregates)

eurostat

Map 1b: World GDP, 2018 (%) Source: Eurostat (nama_10_gdp) and (ert_bil_eur_a) and the United Nations Department of Economic and Social Affairs, Statistics Division (Analysis of Main Aggregates)

In 2018, the United States accounted for a 24.0 % share of the world's GDP. Although the United States' share in 2018 was 0.9 percentage points less than it had been in 2008, it moved ahead of the EU-27 whose share fell from 25.6 % in 2008 to 18.6 % in 2018. Note these relative shares are based on current price series in euro terms, reflecting market exchange rates. The Chinese share of world GDP rose from 7.2 % in 2008 to 15.9 % in 2018, moving ahead of Japan (7.9 % in 2008 and 5.8 % in 2018). To put the rapid pace of recent Chinese economic growth into context, in current price terms China's GDP in 2018 was EUR 8 399 billion higher than it was in 2008, an increase greater than the combined GDP in 2018 of the nine smallest G20 economies (Canada, Russia, Australia, Mexico, Indonesia, Saudi Arabia, Turkey, Argentina and South Africa). The share of world GDP contributed by India also increased greatly, such that it moved from the ninth largest G20 economy in 2008 (leaving aside the three G20 EU Member States) to become the sixth largest by 2018 with a share of 3.2 %, just behind the 3.3 % share of the United Kingdom.

China and India had the highest GDP growth between 2008 and 2018

Figure 1 shows the real rate of change (based on price adjusted data) of GDP in the latest year for which data are available (2018 compared with 2017) as well as the 10-year annual average rate of change between 2008 and 2018; it should be remembered that much of the financial and economic crisis occurred during the early part of this period. The lowest 10-year rates of change were generally recorded in developed economies such as Japan, Russia, Argentina and the EU-27, while the highest growth rates were recorded in several Asian economies, most notably in India and China. Looking at the rate of change between 2017 and 2018, Argentina stands out as it recorded a contraction in its economic output in 2018. At the other end of the scale three G20 members stood out with notably faster growth, with annual increases of 5.2 % in Indonesia, 6.6 % in China and 6.8 % in India. For comparison, the annual growth rate of GDP in 2018 for the whole world was 3.1 %, with the EU-27 recording slightly slower growth (2.1 %).

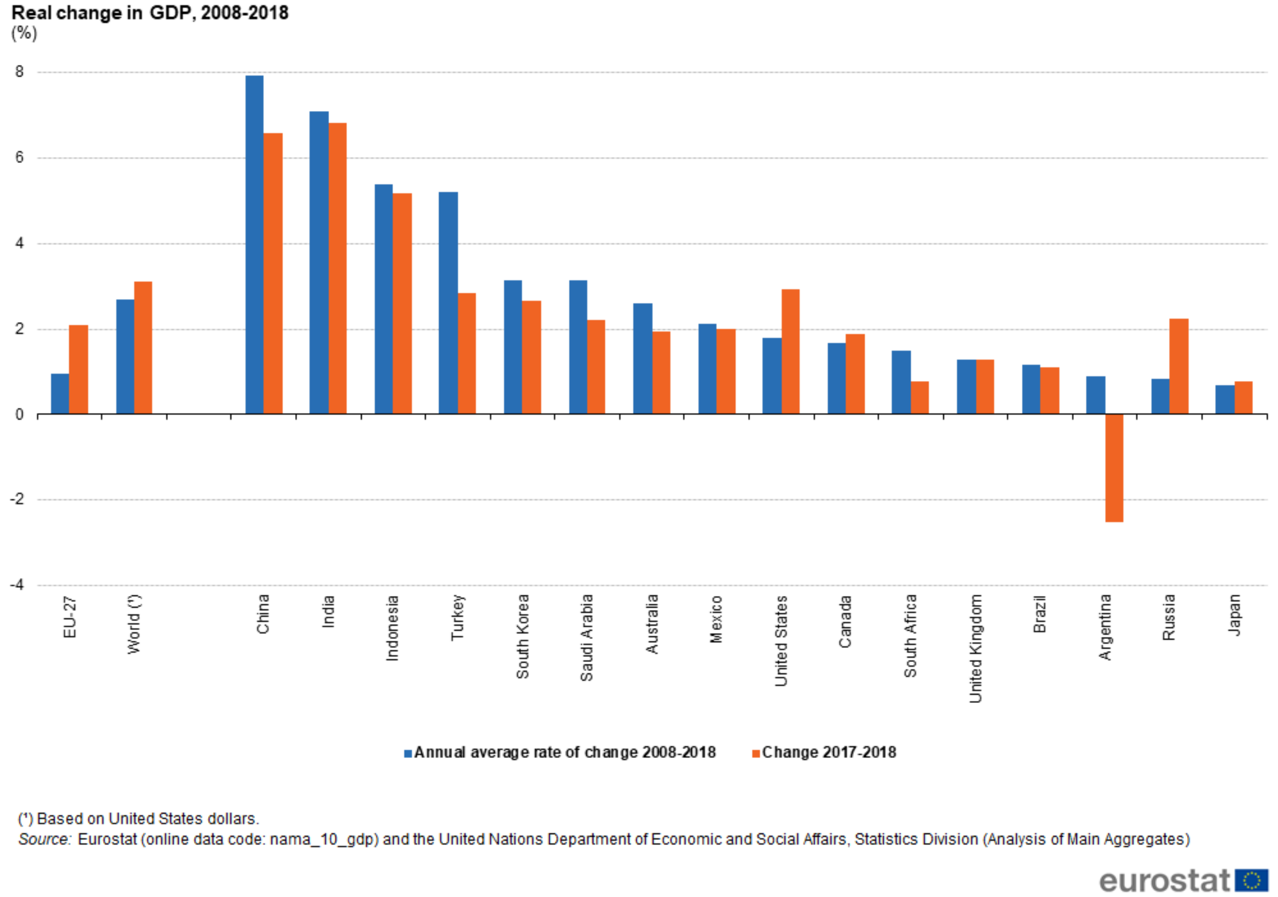
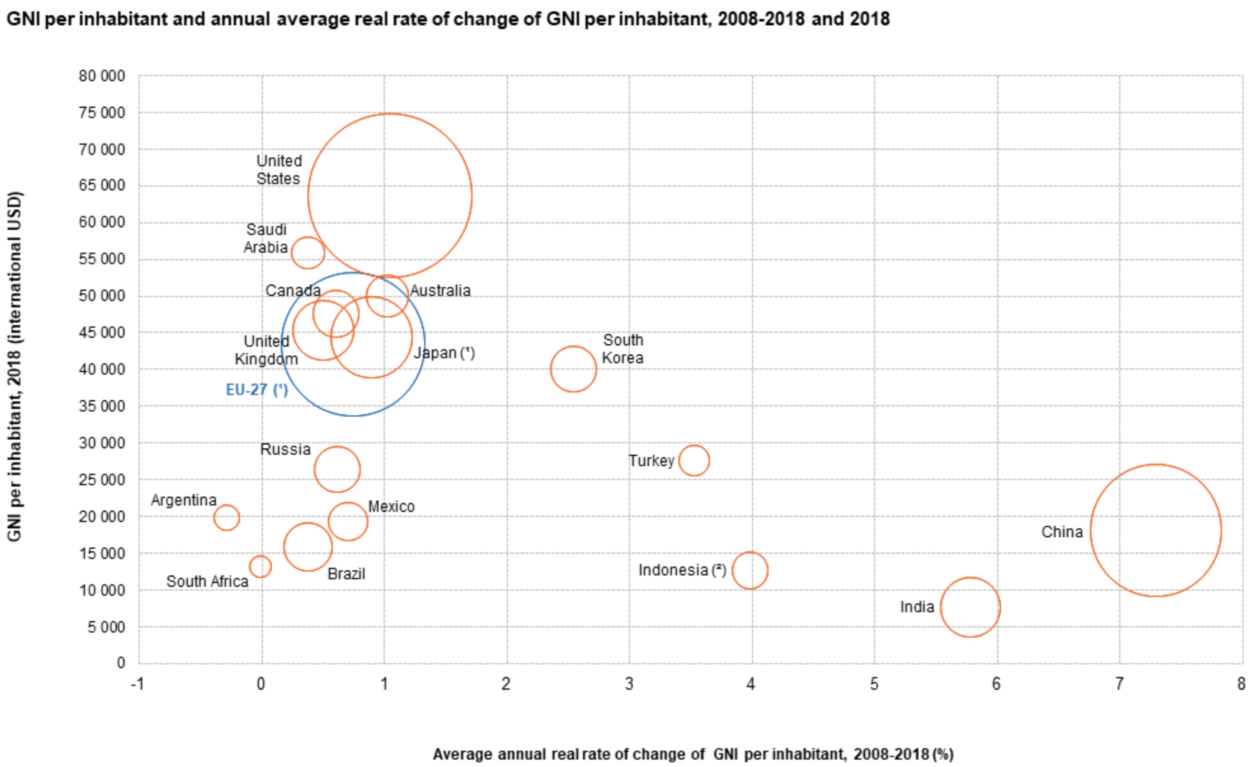


Figure 1: Real change in GDP, 2008-2018 (%) Source: Eurostat (nama_10_gdp) and the United Nations Department of Economic and Social Affairs, Statistics Division (Analysis of Main Aggregates)

Among the G20 members, the highest gross national income (GNI) per inhabitant in 2018 was recorded in the United States, ahead of Saudi Arabia. Note that the conversion to United States dollars used for this indicator in Figure 2 is based on purchasing power parities (PPPs) rather than market exchange rates and so reflects differences in price levels between countries. The average levels of income per inhabitant in the United States and in Saudi Arabia were 3.6 and 3.1 times as high as the average GNI for the whole world (USD 17.9 thousand per inhabitant). Australia, Canada, the United Kingdom, Japan, the EU-27 and South Korea each recorded average GNI per inhabitant that was more than double the world average. By contrast, four G20 members recorded levels of GNI per inhabitant that were below the world average, namely Brazil, South Africa, Indonesia and India.



Note: GNI per inhabitant is presented in international United States dollars (USD) for 2018. The relative size of each bubble reflects the value of GNI in current prices for 2018. The average annual rate of change is calculated using constant 2010 prices in USD.
Reading note: the EU-27's annual average real rate of change of GNI per inhabitant between 2008 and 2018 was 0.7 % (shown on the horizontal axis), while its GNI per inhabitant in 2018 was USD 43 470 (shown on the vertical axis). The overall size of the EU-27 economy (GNI in current prices) was USD 16.0 trillion in 2018 (represented by the size of the large
(¹) Average annual real rate of change of GNI per inhabitant: 2008-2017.
(²) Average annual real rate of change of GNI per inhabitant: 2010-2018.
Source: the World Bank (World Development Indicators)

Figure 2: GNI per inhabitant and annual average real rate of change of GNI per inhabitant, 2008-2018 and 2018 Source: the World Bank (World Development Indicators)

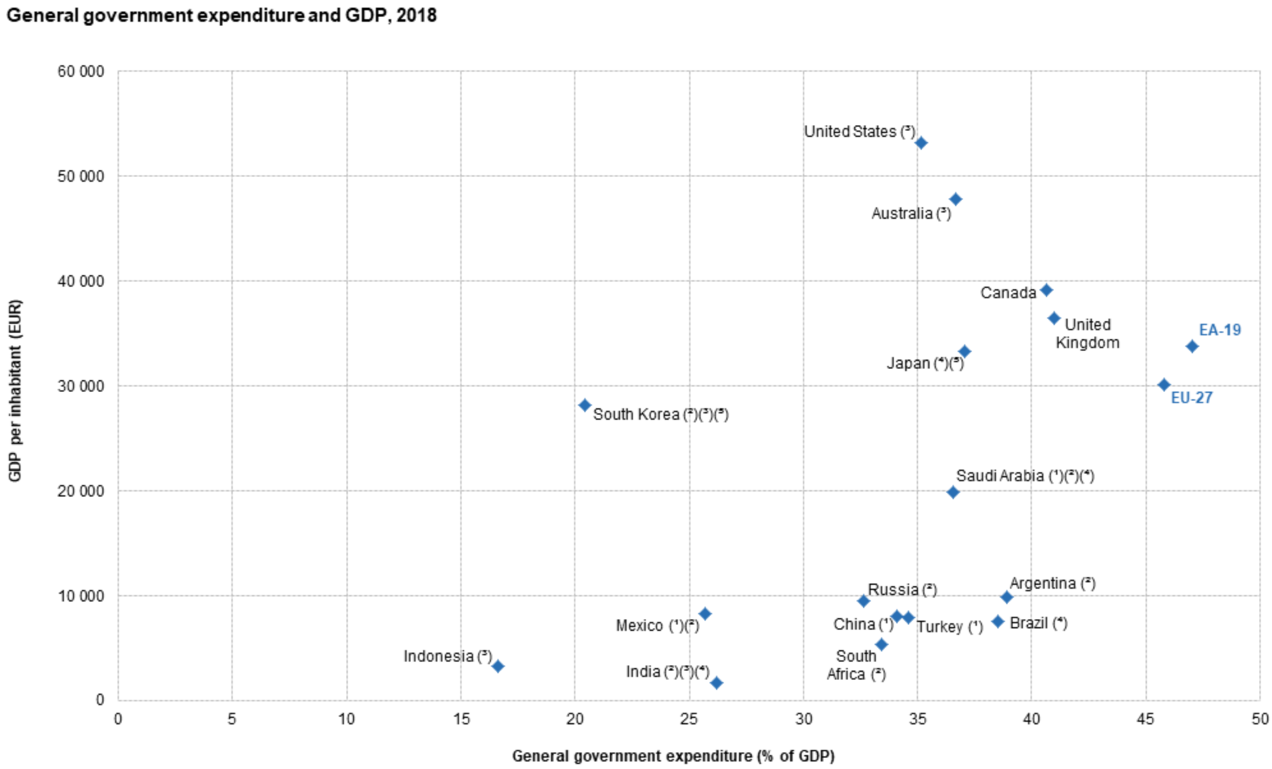
In broad terms, members with relatively low GNI per inhabitant recorded relatively high economic growth over the 10 years from 2008 to 2018; this was most notably the case in China, India and Indonesia (eight years from 2010 to 2018). By contrast, members with relatively high GNI per inhabitant at the start of the period under consideration generally recorded fairly low levels of economic growth; this was most notably the case in the United Kingdom, Canada, the EU-27 (nine years from 2008 to 2017), Japan (nine years from 2008 to 2017), Australia and the United States. The main exceptions to this pattern are clustered towards the bottom left corner of Figure 2, with relatively low growth and relatively low levels of GNI per inhabitant — in this group are Argentina, South Africa, Brazil, Russia and Mexico.

General government finances

The financial and economic crisis of 2008 and 2009 resulted in considerable media exposure for government finance indicators. The importance of the general government sector — in other words all levels of government, from central to the most local level — in the economy may be measured in terms of general government revenue and expenditure (which is often presented in relation to GDP). Subtracting expenditure from revenue results in a basic measure of the government surplus / deficit (public balance), providing information on government borrowing/lending for a particular year; in other words, borrowing to finance a deficit or lending made possible by a surplus. General government debt (often referred to as national debt or public debt) refers to the consolidated stock of debt (external obligations) at the end of the year for government and public sector agencies. These external obligations are the debt or outstanding (unpaid) financial liabilities arising from past borrowing. Note that the data presented in Figures 3 and 4 for some G20 members relate only to the expenditure of some but not all levels of public administration.

The level of general government expenditure in relation to GDP peaked among the G20 members in 2018 at 45.8 % in the EU-27 (in the euro area it was higher still, at 47.0 %), followed by 41.0 % in the United Kingdom and 40.7 % in Canada. For the majority of G20 members the ratio of government expenditure of GDP exceeded 30 %, with only four below this level: India, Mexico, South Korea and Indonesia.

Three of the four members with relatively low ratios of government expenditure to GDP also had relatively low GDP per inhabitant, the exception being South Korea. By contrast, among the members where government expenditure relative to GDP exceeded 30 %, the level of GDP per inhabitant ranged from EUR 5 380 per inhabitant in South Africa (the third lowest among the G20 members) to EUR 53 234 per inhabitant in the United States (the highest).



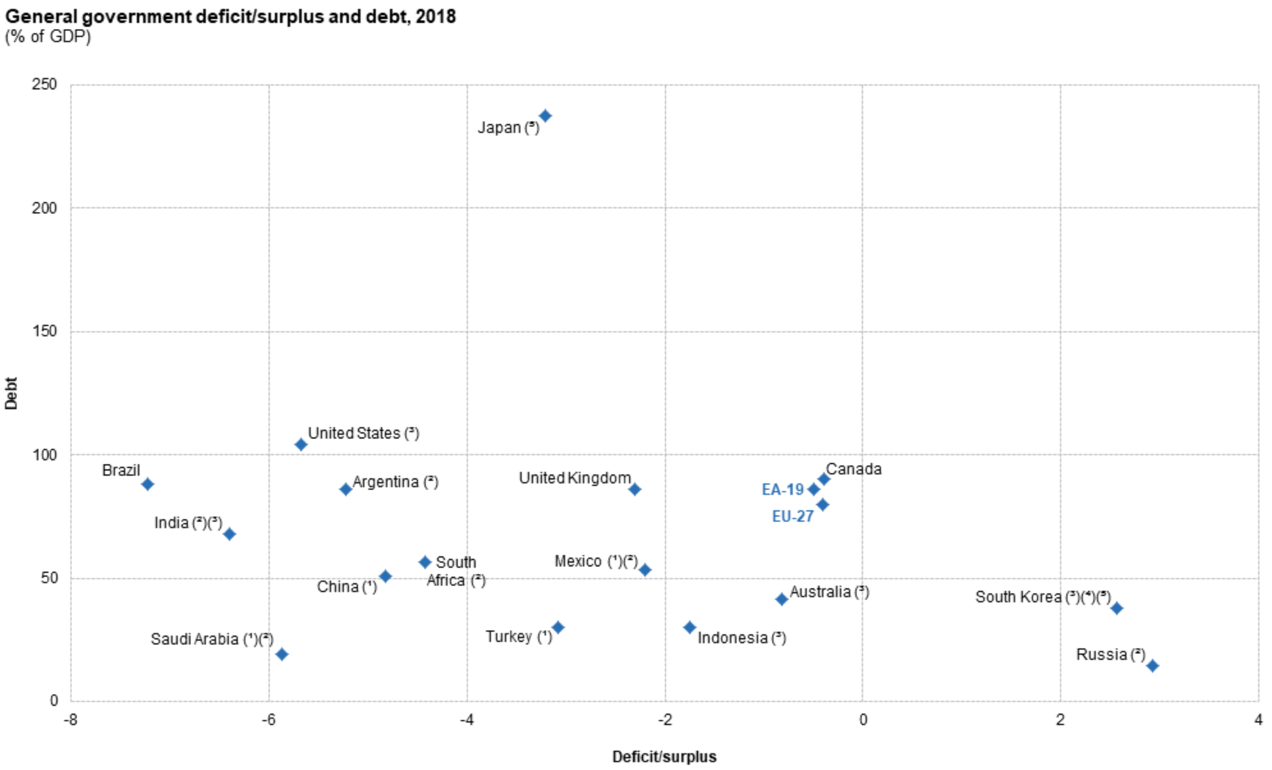
(1) Not including state governments.
(2) Not including local governments.
(3) Not including social security funds.
(4) GDP per inhabitant: estimate.
(5) General government expenditure: estimate.
Source: Eurostat (online data codes: gov_10a_main and nama_10_pc) and the International Monetary Fund (World Economic Outlook database)

eurostat

Figure 3: General government expenditure and GDP, 2018 Source: Eurostat (gov_10a_main) and (nama_10_pc)) and the International Monetary Fund (World Economic Outlook database)

Among the G20 members, Brazil had the largest government deficit relative to GDP in 2018

Most G20 members had a government deficit in 2018; only South Korea and Russia recorded surpluses as can be seen from Figure 4. Deficits below 3.0 % of GDP were observed in Canada, the EU-27 (and the euro area), Australia, Indonesia, Mexico and the United Kingdom. The largest deficits were recorded in India (6.4 % of GDP) and Brazil (7.2 % of GDP).



(¹) Not including state governments.
(²) Not including local governments.
(³) Not including social security funds.
(⁴) Deficit/surplus: not including local governments.
(⁵) Estimates.
Source: Eurostat (online data code: gov_10dd_edpt1) and the International Monetary Fund (World Economic Outlook database)

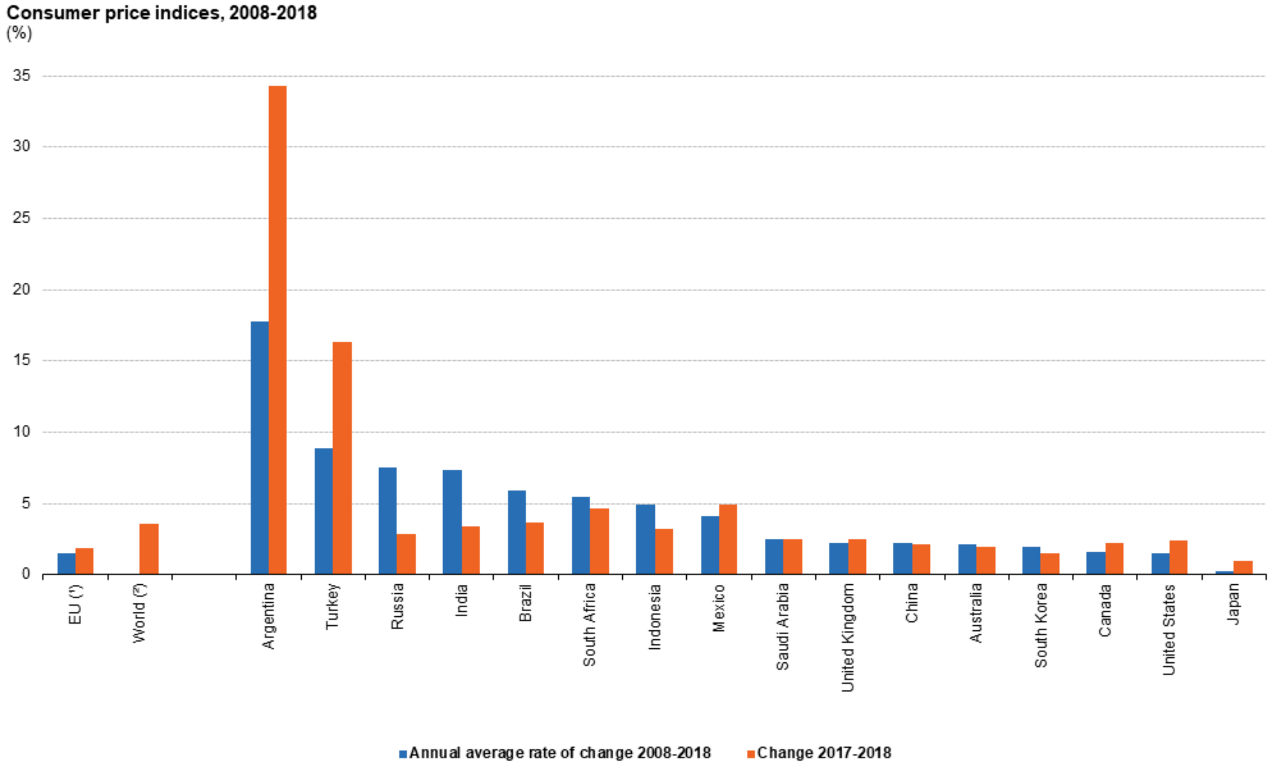
Figure 4: General government deficit/surplus and debt, 2018 (% of GDP) Source: Eurostat (gov_10dd_edpt1) and the International Monetary Fund (World Economic Outlook database)

Japan and the United States had the largest levels of debt relative to GDP in 2018

Japan had by far the highest government debt relative to GDP in 2018, 237.1 % (see Figure 4). The United States joined Japan with a level of government debt that was higher than GDP, as its ratio was 104.3 %. Canada (89.9 %) had the next highest level of government debt relative to GDP in 2018, followed by Brazil, Argentina, the United Kingdom and the EU-27, all with ratios above 75 %. The lowest ratios of government debt to GDP were reported in Saudi Arabia and Russia, both below 20.0 % of GDP.

Consumer prices and interest rates

Consumer price indices reflect the developments over time in the prices of consumer goods and services acquired, used or paid for by households, and thereby provide a measure of inflation. They aim to cover the whole set of goods and services consumed within the territory of a country by the population. The rate of change in consumer price indices between 2017 and 2018 is presented in Figure 5 along with the 10-year annual average rate of change between 2008 and 2018.



(¹) The data refer to the official EU aggregate, its country coverage changes in line with the addition or departure of EU Member States and integrates or detaches them using a chain-linked index formula.
(²) Annual average rate of change 2008-2018: not available.
Source: Eurostat (online data code: prc_hicp_aind) and the International Monetary Fund (World Economic Outlook database)

Figure 5: Consumer price indices, 2008-2018 (%) Source: Eurostat (prc_hicp_aind) and the International Monetary Fund (World Economic Outlook database)

Argentina had the highest inflation rate among G20 members in 2018

The worldwide inflation rate in 2018 was 3.6 %, slightly higher than the 2.8-3.2 % rates reported between 2015 and 2017. Among the G20 members, the lowest rates of change for consumer prices in 2018 were growth of 1.0 % in Japan and 1.5 % in South Korea. Annual price changes ranged between 1.9 % and 5.0 % in most of the other G20 members, including the EU, greatly exceeding this range in Turkey (16.3 %) and Argentina (34.3 %).

Average price developments over a 10-year period indicate that the high inflation rate in Argentina for 2018 was representative of a more sustained period of rapid price increases, with annual inflation averaging 17.7 % between 2008 and 2018. The next highest annual average inflation rates were a little more than half the rate recorded in Argentina, as prices rose by an annual average of 8.9 % in Turkey, 7.5 % in Russia and 7.4 % in India. By contrast, Japan had clearly the lowest annual average inflation rate among the G20 members between 2008 and 2018, just 0.3 %, with the next lowest rates in the EU (1.5 %), the United States and Canada (both 1.6 %).

The largest falls in interest rates between 2008 and 2018 were in the United Kingdom and the euro area

Lending interest rates varied greatly between the G20 members in 2018 and did so to a somewhat greater extent than they had done 10 years earlier. Historically low interest rates were recorded in the euro area (0.25 %) and the United Kingdom (0.50 %; 2014 data) while the latest lending interest rate in Japan (0.99 %; 2017 data) was also relatively low. Elsewhere, rates ranged from 2.70 % in Canada (2017 data) to 10.54 % in Indonesia, with the rates in Argentina (37.39 %) and Brazil (39.08 %) exceeding this range. In all but one of the G20 members (see Figure 6), interest rates were lower in 2018 than they had been in 2008. The exception was Argentina where rates increased by 17.9 percentage points over this period. The largest percentage point falls in interest rates between 2008 and 2018 were in Brazil (down 8.2 points) and South Africa (down 5.0 points). For comparison, the rate in the euro area fell 2.8 points over the same period.

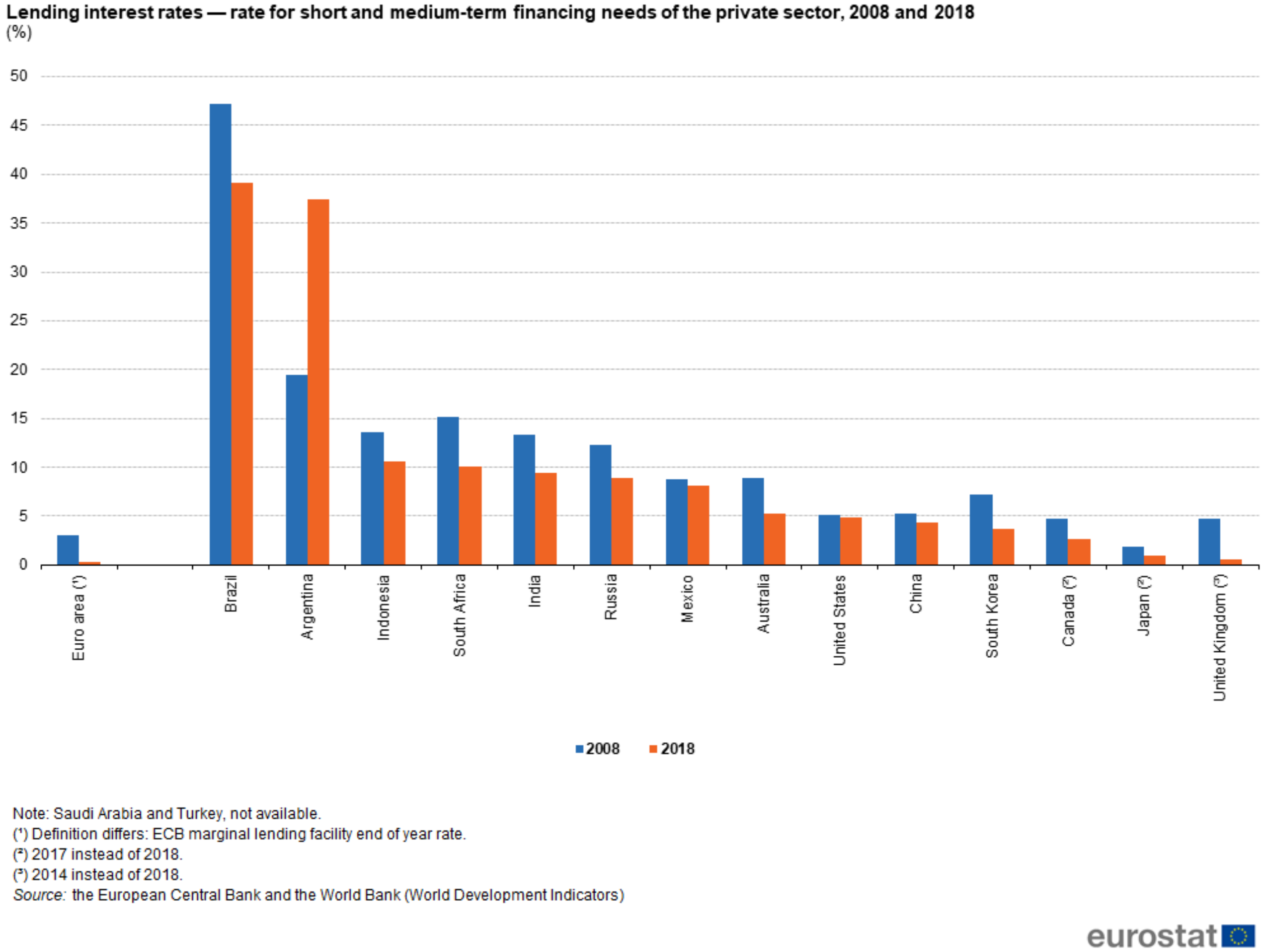


Figure 6: Lending interest rates — rate for short and medium-term financing needs of the private sector, 2008 and 2018 (%) Source: the European Central Bank and the World Bank (World Development Indicators)

Foreign direct investment

Foreign direct investment (FDI) is characterised by investment in new foreign plant/offices, or by the purchase of existing assets that belong to a foreign enterprise. FDI differs from portfolio investment as it is made with the purpose of having a lasting interest, by acquiring control or an effective voice in the management of the direct investment enterprise.

The largest difference between inward and outward stocks of FDI relative to GDP was recorded in South Africa

Figure 7 and Map 2 provide information concerning FDI stocks, in other words the value of all foreign direct investment assets, not the flows during a particular year. South Africa (2017 data), Canada, the EU-27 and the United Kingdom (2017 data) had by far the highest levels of outward stocks relative to the size of their economies in 2018, all in excess of 60 % of their GDP. The United Kingdom (2017 data) had the highest level of inward stocks relative to GDP and was one of only three G20 members — the others being the EU-27 and Canada — where inward stocks were valued at more than 50 % of their GDP.

The lowest levels of outward stocks relative to GDP in 2018 were held by Argentina, Indonesia, India and Turkey, all less than 10.0 % of GDP, while the lowest levels of inward stocks were in Japan (4.1 % of GDP), which is often characterised as a relatively closed economy. Five G20 members had outward stocks of FDI that outweighed their inward stocks: South Africa (2017 data), Japan, Canada, the EU-27 and South Korea (2017 data). Inward and outward stocks were nearly balanced in the United Kingdom with inward stocks slightly higher. Elsewhere among

the G20 members, inward stocks of FDI exceeded outward stocks and the largest percentage point differences between inward and outward stocks of FDI rel-
ative to GDP were observed in Mexico (2017 data), Brazil, Saudi Arabia, Indonesia, Australia (2017 data) and Turkey.

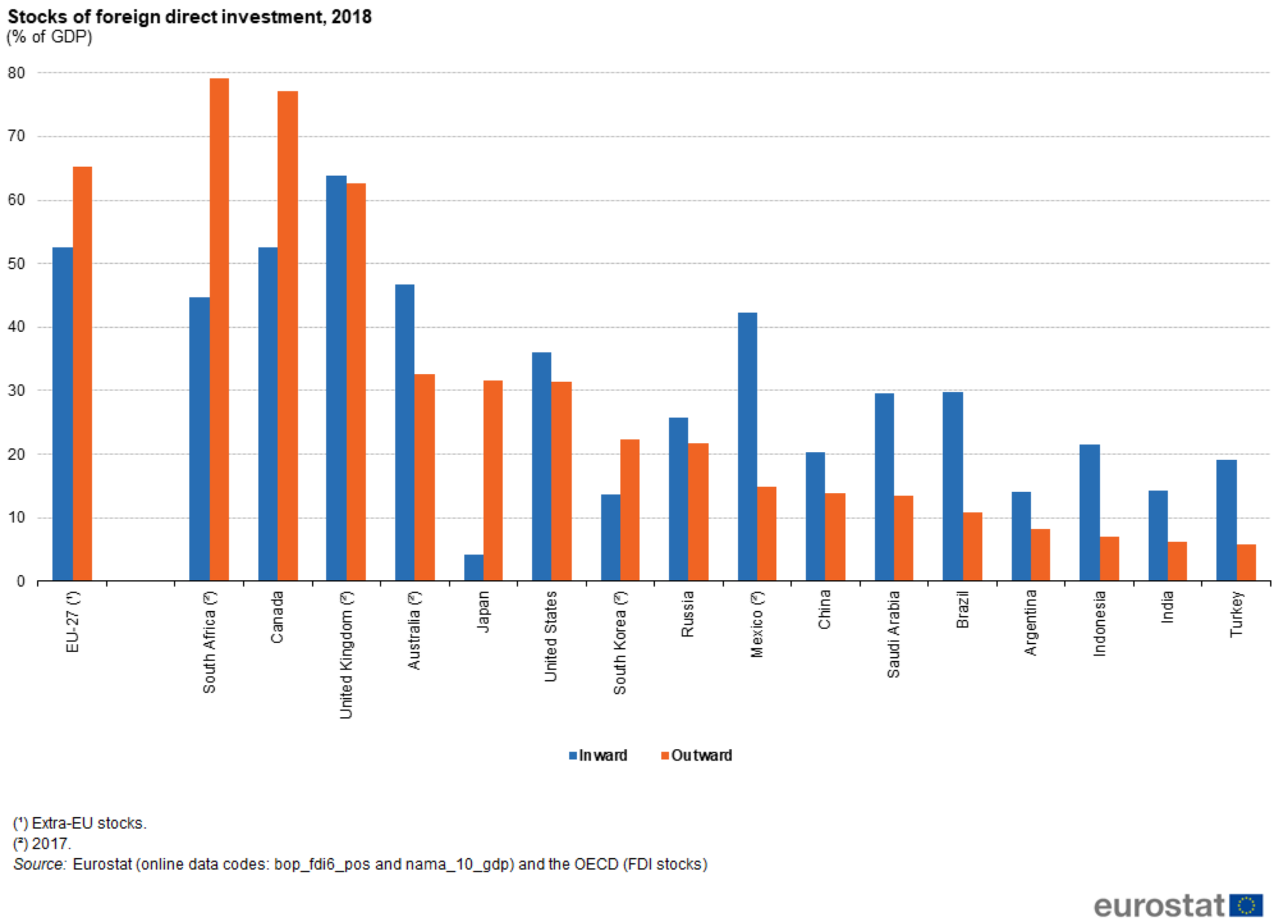
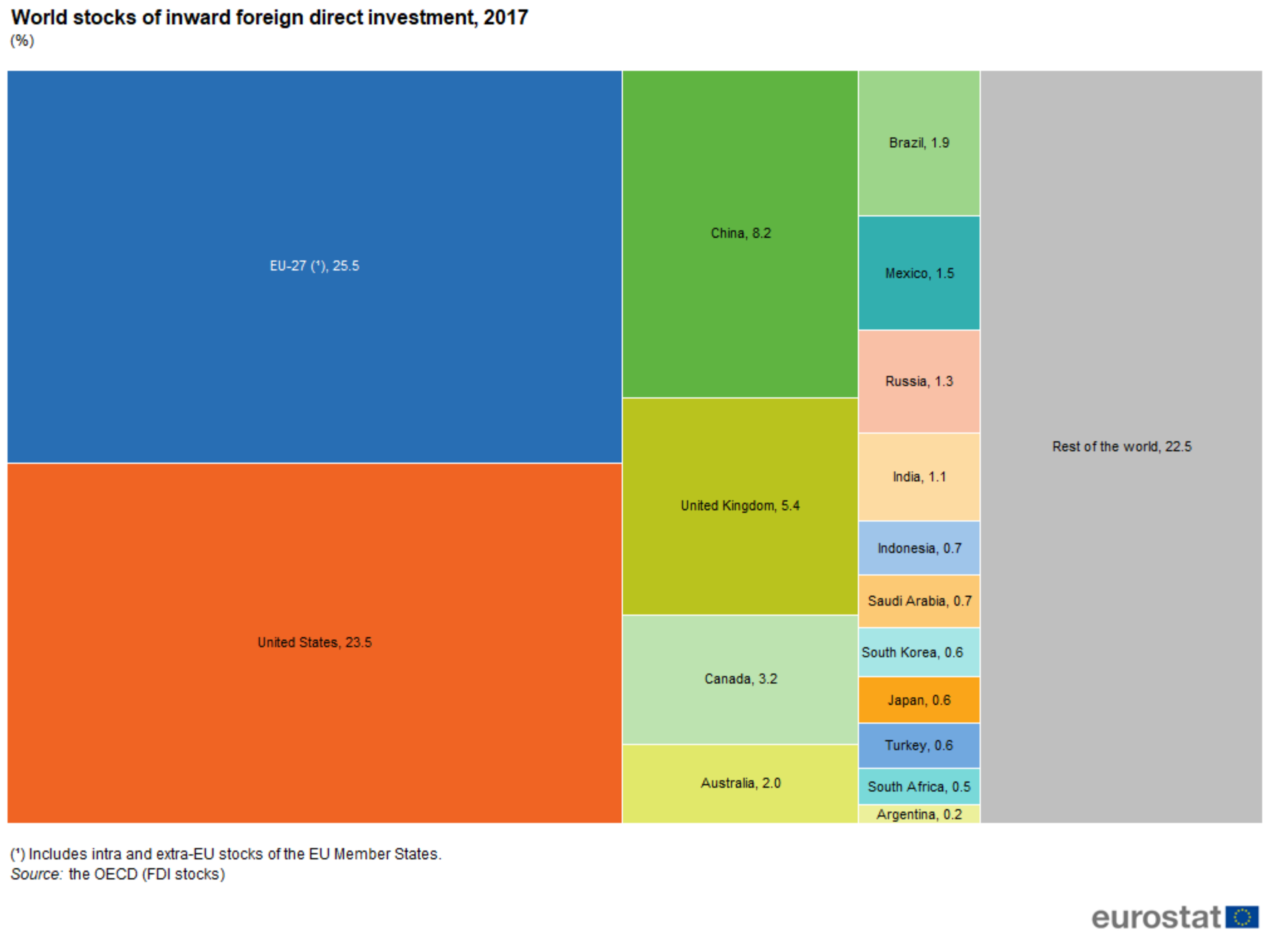


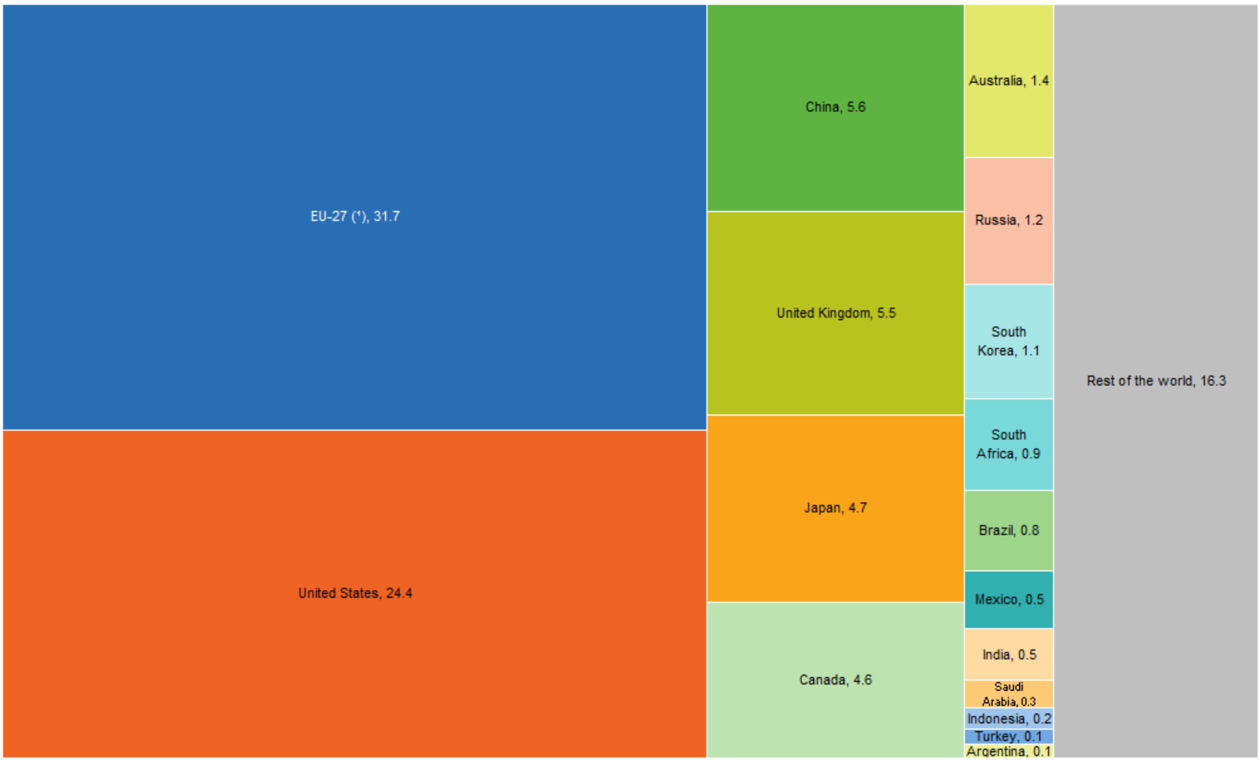
Figure 7: Stocks of foreign direct investment, 2018 (% of GDP) Source: Eurostat (bop_fdi6_pos) and (nama_10_gdp) and the OECD (FDI stocks)

The data in Map 2 are based on the absolute value of FDI stocks held by G20 members and show shares in the world total. The EU-27 had the highest level of inward stocks (including FDI stocks between different EU Member States), accounting for 25.5 % of the world's outward stocks in 2017; it also had the largest share of inward stocks, some 31.7 % of the world total. The United States, China and the United Kingdom were the second, third and fourth ranked G20 members both as investors abroad (in
other words, outward investment) and as recipients of FDI (in other words inward investment) in their own economies.



Map 2a: World stocks of inward foreign direct investment, 2017 (%) Source: the OECD (FDI stocks)

World stocks of outward foreign direct investment, 2017
(%)



(¹) Includes intra and extra-EU stocks of the EU Member States.
Source: the OECD (FDI stocks)

eurostat

Map 2b: World stocks of outward foreign direct investment, 2017 (%) Source: the OECD (FDI stocks)

Official development assistance

Official development assistance (ODA) concerns government aid designed to promote the economic development and welfare of developing countries. Loans and credits for military purposes are excluded. Aid may be provided bilaterally or channelled through a multilateral development agency. The OECD maintains a list of developing countries and territories with income per inhabitant below a certain threshold and only aid to these countries — currently around 150 in number — counts as ODA. A long-standing United Nations target is that developed countries should devote 0.7 % of their gross national income to ODA.

Figure 8 shows Turkey (0.95 % of gross national income) and the United Kingdom (0.70 %) were the only G20 members whose ODA met or exceeded the United Nations target in 2017, with Germany (0.67 %) — one of three EU Member States that are G20 members — close to the target; the two other EU Member States that are G20 members reported somewhat lower ratios, 0.43 % for France and 0.30 % for Italy. Among the other non-EU G20 members, the ratio of ODA to gross national income ranged from 0.08 % to 0.26 %.

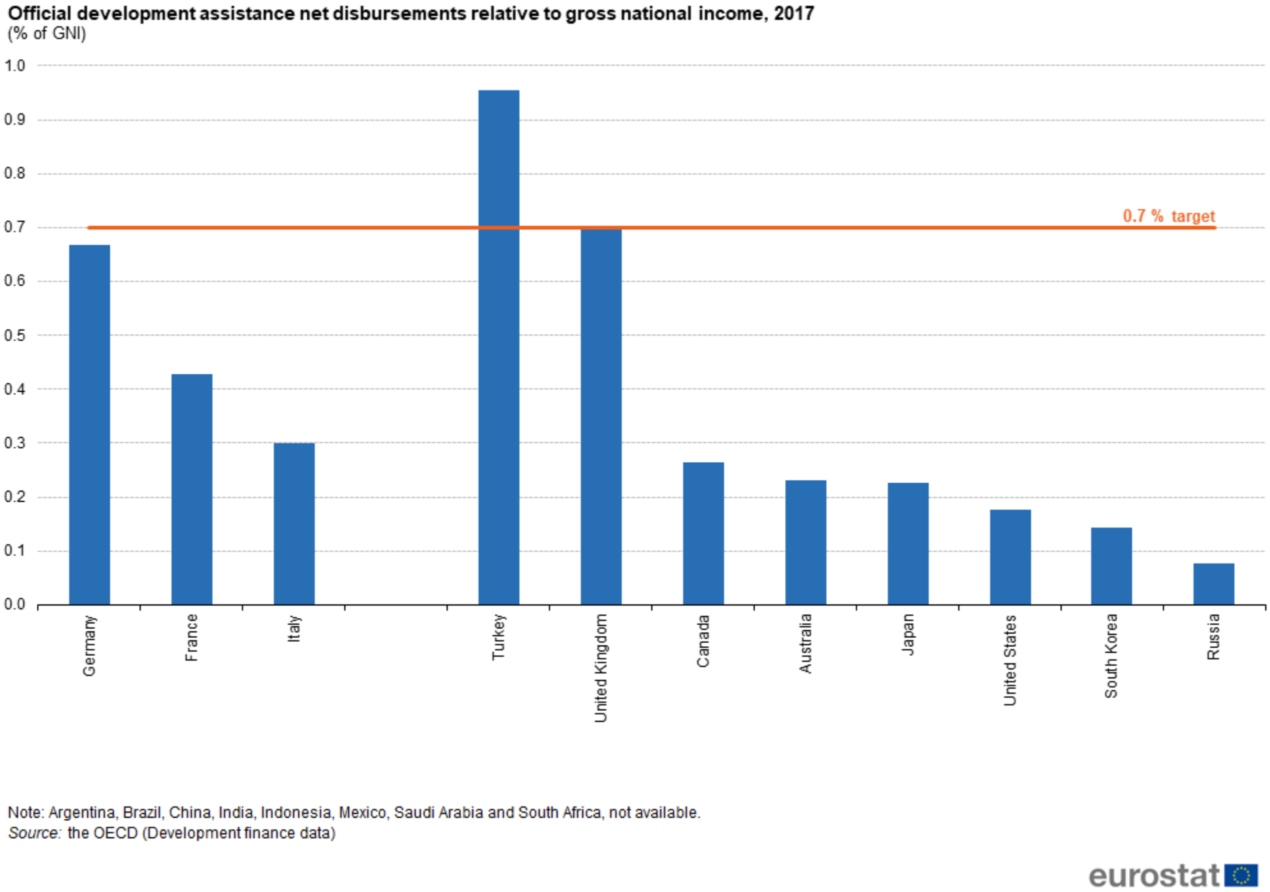


Figure 8: Official development assistance net disbursements relative to gross national income, 2017 (% of GNI) Source: the OECD (Development finance data)

The second analysis of ODA which is presented in Figure 9 shows the origin of contributions from members of the OECD's Development Assistance Committee (DAC). The combined contributions of the 14 EU Member States that are members of the DAC was 45 % of the total ODA provided by DAC members. Germany provided 17 % of the ODA by all DAC members, France 8 %, Italy 4 % and the other 13 EU Member States that are not individually G20 members together provided 16 %. The non-EU G20 members provided 50 % of the DAC total with most of this provided by the United States (24 % of the DAC total), the United Kingdom (12 %) and Japan (8 %). Three countries that are members of the DAC but not members of the G20 or the EU — New Zealand, Norway and Switzerland — together contributed 5% of the ODA by DAC members.

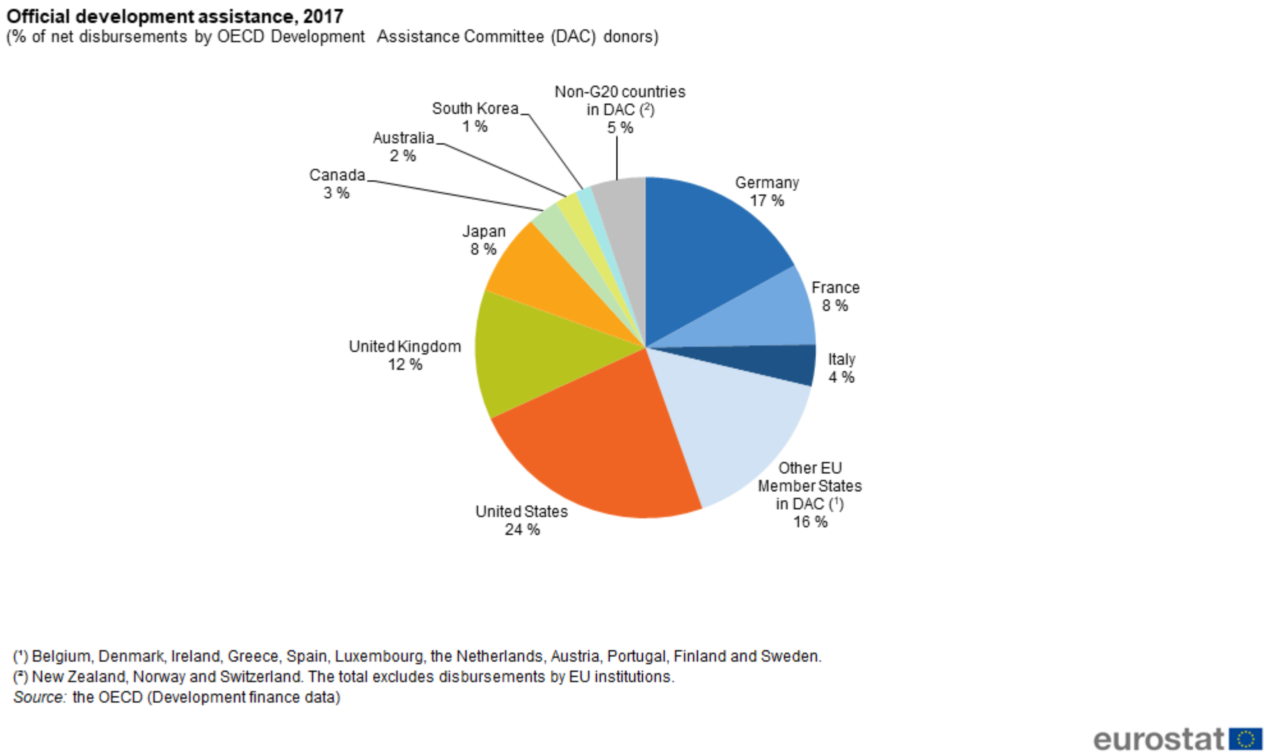


Figure 9: Official development assistance, 2017 (% of net disbursements by OECD Development Assistance Committee (DAC) donors) Source: the OECD (Development finance data)

Source data for tables and graphs

- Economy and finance: tables and figures

Data sources

The statistical data in this article were extracted during January and February 2020.

The indicators are often compiled according to international — sometimes worldwide — standards, for example, UN standards for national accounts and the International Monetary Fund's (IMF) standards for balance of payments statistics. Although most data are based on international concepts and definitions there may be certain discrepancies in the methods used to compile the data.

EU and euro area data

Nearly all of the indicators presented for the EU, the euro area and the United Kingdom have been drawn from Eurobase, Eurostat's online database. Eurobase is updated regularly, so there may be differences between data appearing in this article and data that is subsequently downloaded. Data concerning interest rates in the euro area have been taken from the European Central Bank (ECB) .

G20 members from the rest of the world

For the non-EU G20 members other than the United Kingdom, the data presented have been compiled by a number of international organisations, namely the IMF, the OECD, the United Nations Statistics Division and the World Bank . For some of the indicators shown a range of international statistical sources are available, each with their own policies and practices concerning data management (for example, concerning data validation, correction of errors, estimation of missing data, and frequency of updating). In general, attempts have been made to use only one source for each indicator in order to provide a comparable dataset for G20 members.

Context

An analysis of economic performance and developments can be carried out using a wide range of statistics, covering areas such as national accounts, government finance statistics, exchange rates and interest rates, consumer prices, and the balance of payments. These indicators are also used in the design, implementation and monitoring of economic policies.

GDP is the most commonly used economic indicator and it provides a measure of the size of an economy. It is the sum of the gross value added of all resident institutional units ('domestic' production) engaged in production, plus any taxes, and minus any subsidies, on products not included in the value of their outputs. It is also equal to i) the sum of the final uses of goods and services (all uses except intermediate consumption), minus the value of imports of goods and services; ii) the sum of primary incomes distributed by resident producer units. By contrast, GNI is the sum of gross primary incomes receivable by residents, in other words, GDP less income payable to non-residents plus income receivable from non-residents ('national' concept).

GDP per inhabitant is often used as a broad measure of living standards, although there are a number of international statistical initiatives to provide alternative and more inclusive measures (such as GDP and beyond).

A volume measure of GDP is intended to allow comparisons of economic developments over time, as the impact of price developments (inflation) has been removed. The use of a time series of a volume measure of GDP shows the 'real' change in GDP. Equally, international comparisons can be facilitated when indicators are converted from national currencies into a common currency using PPPs rather than market exchange rates. PPPs reflect price level differences between countries: in this article gross national income per inhabitant is presented in international United States dollars (USD) having been converted using PPPs.

Other articles

- All articles on the economy and finance
- All articles on non-EU countries
- Other articles from *The EU in the world*

Publications

- The EU in the world 2020
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- The European Union and the African Union — A statistical portrait — 2019 edition ;
- Key figures on the enlargement countries — 2019 edition
- Smarter, greener, more inclusive? Indicators to support the Europe 2020 strategy — 2019 edition
- Sustainable Development in the European Union — Monitoring report on progress towards the SDGs in an EU context
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- Globalisation patterns in EU trade and investment
- 40 years of EU-ASEAN cooperation — 2017 edition
- Asia-Europe Meeting (ASEM) — A statistical portrait — 2016 edition
- The European Union and the BRIC countries
- The European Union and the Republic of Korea — 2012

Database

- Annual national accounts (nama_10) , see:

Main GDP aggregates (nama_10_ma)

GDP and main components (output, expenditure and income) (nama_10_gdp)

Auxiliary indicators (population, GDP per capita and productivity) (nama_10_aux)

Main GDP aggregates per capita (nama_10_pc)

- Balance of payments - International transactions (BPM6) (bop_6) , see:

European Union direct investments (BPM6) (bop_fdi6)

EU direct investment positions, breakdown by country and economic activity (BPM6) (bop_fdi6_pos)

- Exchange rates (ert) , see:

Bilateral exchange rates (ert_bil)

Euro/ECU exchange rates (ert_bil_eur)

Euro/ECU exchange rates - annual data (ert_bil_eur_a)

- Government statistics (gov) , see:

Government finance statistics (EDP and ESA2010) (gov_gfs10)

Annual government finance statistics (gov_10a)

Government revenue, expenditure and main aggregates (gov_10a_main)

Government deficit and debt (gov_10dd)

Government deficit/surplus, debt and associated data (gov_10dd_edpt1)

- Harmonised index of consumer prices (HICP) (prc_hicp) , see:

HICP (2015 = 100) - annual data (average index and rate of change) (prc_hicp_aind)

Dedicated section

- Balance of payments
- Exchange and interest rates
- GDP and beyond
- Government finance statistics
- Harmonised Indices of Consumer Prices (HICP)
- National accounts (including GDP and regional accounts)

External links

European Central Bank

- Statistical data warehouse

International Monetary Fund IMF

- IMF DATA

OECD

- Development finance data
  - FDI stocks

United Nations Statistics Division

- National Accounts — Analysis of Main Aggregates

The World Bank

- DataBank