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Foreword

The accession of Austria, Finland and Sweden has not significantly influenced the inflation rate for the European Union as a whole. In January 1995 the annual rate for the European Union of Fifteen was 3.1%, it would have been 3.2% for the Union of Twelve.

EUR 12 seasonally-adjusted unemployment is estimated in December 1994 at 10.8%.

The seasonally-adjusted EU production index (1990 = 100) for industry was 103.3 in December 1994.

European Union's exports increased more than imports during the first eight months of 1994 (+2.5 percentage points). In August 1994, the European Union of Twelve recorded a trade surplus of ECU 500 million, compared with a trade deficit of ECU 1 400 million for the same month of the previous year.

The main trend on the financial markets in February and March 1995, ending with the devaluation of the Spanish peseta and Portuguese escudo, was the rise of the German mark compared with the currencies of Germany's main trading partners, especially the US dollar.

This month's 'Data of the month' is devoted to *Agriculture in the European Union* (the first part) and to a study of *International migration flows in countries of the European Union in 1992* (the second part), based on the publication 'Rapid Reports - Population and social conditions'.

Bulletin board of the European economy



	Period	B	DK	D ⁽¹⁾	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR 15
GDP, seasonally adjusted volume trends, T/T-1%	III/94	:	-1.0	0.6	:	0.6	0.8	:	1.0	:	0.5	0.2	:	1.4	-0.1	0.7	0.7
GFCF, seasonally adjusted volume trends, T/T-1%	III/94	:	-1.8	0.4	:	1.2	1.5	:	-0.1	:	4.4	-2.0	:	3.2	0.9	-0.6	0.6 ⁽²⁾
Production index, 1990=100 total, seasonally adjusted	12/94	:	116.8	96.7	94.2	102.8	103.6	138.2	108.2	100.1	105.3	104.0	91.8	111.0	112.4	106.7	103.3
Consumer price index T/T-12%	1/95	1.9	2.3	2.3	11.1	4.4	1.7	2.4	4.0p	2.3	2.4	2.7	4.5	1.9	2.5	3.3	3.1
Conversion rate ECU=... monthly average	1/95	39.2	7.5	1.9	295.7	164.5	6.6	0.8	1999	39.2	2.1	13.4	196.1	5.9	9.3	0.8	
Exchange rate USD=... monthly average	1/95	31.6	6.0	1.5	238.3	132.6	5.3	0.6	1611.2	31.6	1.7	10.8	158.1	4.7	7.5	0.6	
Money supply, M1, T/T-12%	12/94	10.8	:	5.2	:	8.5	3.6	13.1	3.2	:	1.7	6.3	7.8	8.9	:	21.9	:
Yield on public sector long-term bonds %	1/95	8.4	9.0	7.5	:	11.7	8.2	8.7	10.3	6.1	7.5	:	11.7	:	:	8.6	:
Unemployment rate seasonally adjusted %	12/94	9.9	9.3	6.1	:	22.6	11.3	17.6	12.2	3.5	10.0	:	6.2	:	:	8.9	10.8 ⁽²⁾
Extra-EU Trade balance BN ECU, T/T-12%	8/94	-0.4*	0.3	2.8	-0.3	-0.5	0.3	0.0	1.5	-0.4*	-1.3	:	-0.2	:	:	-1.7	0.5 ⁽²⁾

Data in italics are not necessarily for the indicated period but are the latest available

* BLEU

⁽¹⁾ Before 3 October 1990

⁽²⁾ EUR 12

EU annual inflation remains stable at 3.1% in January 1995

Inflation rate

The accession of Austria, Finland and Sweden has not significantly influenced the inflation rate for the EU as a whole. In January 1995 the annual rate for EUR 15 was 3.1%. This is the same as it was for EUR 12 in December. Without the addition of the new Member States it would have risen to 3.2% in January.

Retrospective data show that since the beginning of 1993 the EUR 15 rate has remained between 3.7% and 3%. In

January last year it was 3.3%. During the second half of '94 the annual rate was almost stable (3.1% or 3%).

In January France remained the lowest with 1.7%. Finland shared the second lowest rate with Belgium (1.9%). Sweden (2.5%) and Austria (2.7%) were below the average. The United Kingdom (3.3%) had climbed above the average.

EU 12 seasonally-adjusted unemployment is estimated in December 1994 at 10.8%.

Unemployment

EUR 12 seasonally-adjusted unemployment is estimated in December 1994 at 10.8%.

Following a series of revisions this is down on November's 10.9%. Revisions also now indicate a rate of 10.9% in August, September and October. The latest figures show a peak of 11% in mid-'94 after four years' continuous increase.

Average annual EUR 12 unemployment in 1994 is estimated at 10.9%. This compares with 10.5% in 1993.

Eurostat estimates that around 17 million people were unemployed in the EU in December - a seasonally-adjusted figure in line with International Labour Organisation (ILO) criteria.

Biggest falls over the last year have been in the United Kingdom (10% to 8.9% Dec 93/Dec 94), Denmark (10.4% to 9.3%) and Ireland (18.4% to 17.6%).

Biggest rise was in Italy (11.3% to 12.2%).

Notes

The unemployment rate and numbers of unemployed are estimated according to ILO recommendations after taking account of the differences between national methods of recording unemployment.

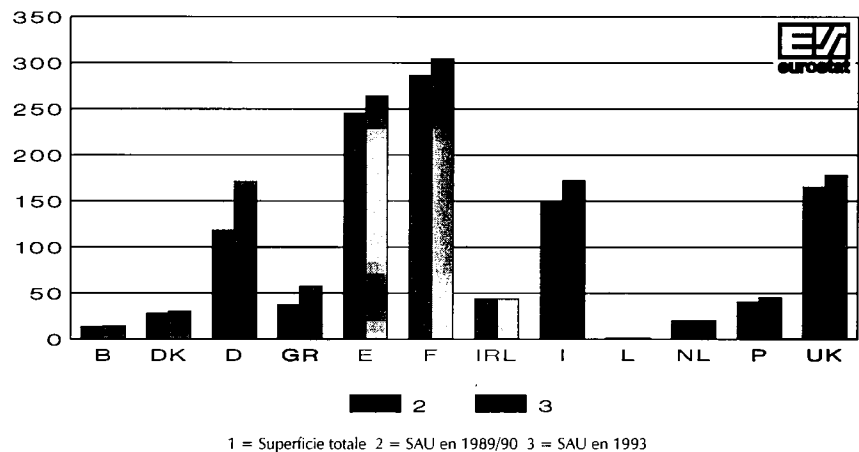
The unemployment rate is estimated by extrapolating the 1991 results of the labour force surveys for all Member States. Introduction of subsequent results, when available, will probably lead to a revision of the estimates, but this will not affect recent trends. The results of the quarterly labour force surveys are now being used for the United Kingdom and for Spain which has caused a significant revision of the results previously published.

Agriculture in the European Union

Utilized agricultural area

In 1989/90 and 1993 the United Kingdom had the largest utilized agricultural area (UAA) in relation to its total area, with Denmark in second place. In all the Member States the utilized agricultural area either increased or stayed the same between 1989/90 and 1993. For the Union of the Twelve as a whole, the UAA increased by a little over 13% between these two periods.

Utilized agricultural area in 1989/90 and 1993 (in 1 000 km²)



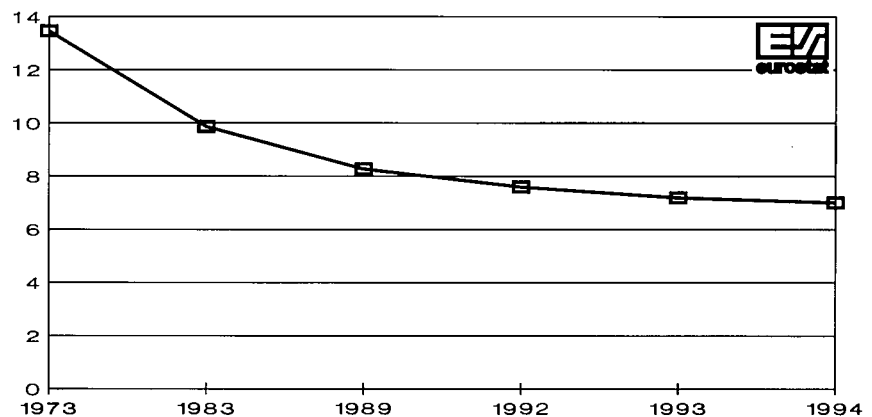
Total area and utilized agricultural area (in 1 000 km²)

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1	31	43	357	132	505	544	69	301	3	42	92	244	2 363
2	13	28	118	37	245	286	44	149	1	20	40	165	1 146
3	14	30	171	57	264	304	44	172	1	20	45	178	1 300

Agricultural labour force

During the period 1973-1994, there was a considerable decline in the total agricultural labour force in the Union of the Twelve. However, the rate of decline in 1994 was only half of what it had been in the previous two years. The total agricultural labour force expressed in AWU fell by 2.5% between 1993 and 1994. The changes range from 0% in Portugal and -0.5% in Italy to -7% in Germany.

The agricultural labour force for EUR 12 in annual work units (in millions)



Annual rate of change in the agricultural labour force

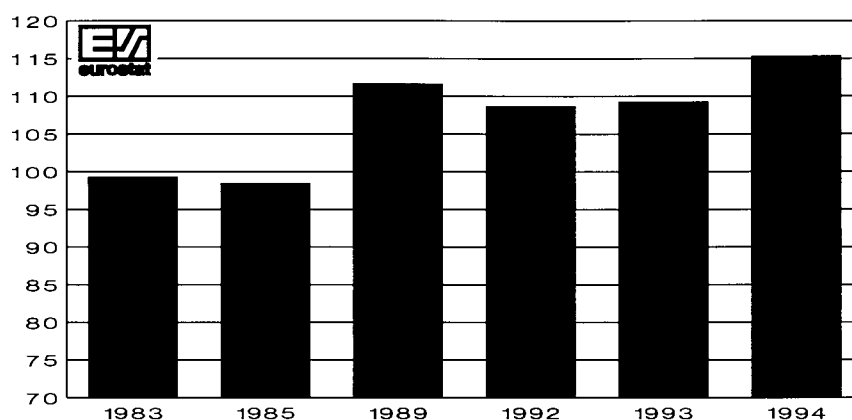
	B	DK	D ⁽¹⁾	GR	E	F	IRL	I	L	NL	P	UK	EUR12 ⁽¹⁾
1993/1992	-2.6	-2.6	-7.8	-2.3	-8.7	-5.6	-2.0	-6.9	-2.4	-1.1	-2.4	-0.7	-5.4
1994/1993	-2.6	-2.0	-7.0	-3.1	-2.8	-3.4	-5.0	-0.5	-4.5	-2.6	0.0	-2.1	-2.5

⁽¹⁾ Figures include the new German Länder

Agricultural income

The forecasts for agricultural accounts suggest that agricultural income as measured by the net value added of agriculture at factor cost per annual work unit increased considerably in real terms (5.7%) in the Union of the Twelve in 1994. This trend would seem to be common to the vast majority of Member States, since the only decreases predicted are in Luxembourg and Italy. In Greece, France, Spain and Portugal the predicted increases exceed 10%.

Net value-added per AWU for EUR 12
(1985 + 1985 + 1986/3 = 100)



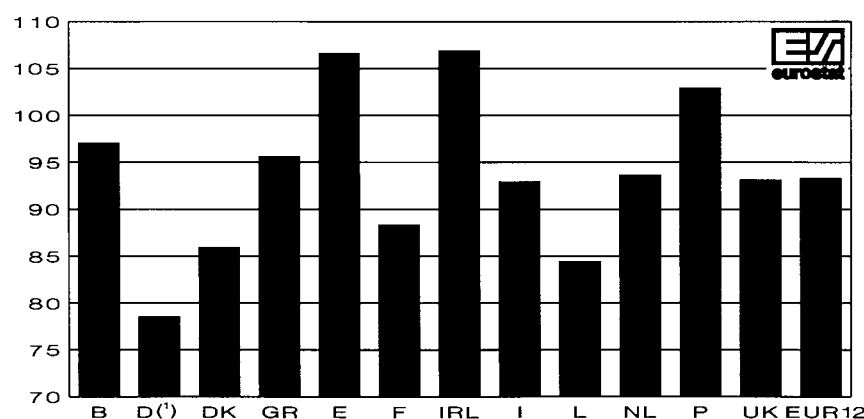
Annual rate of change in net value-added in real terms per annual work unit

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1993/1992	-2.3	2.4	-11.5	-1.7	26.0	-0.7	1.3	-2.0	0.3	-13.1	-17.9	12.5	0.5
1994/1993	5.4	2.9	6.7	10.2	12.9	12.1	7.6	-7.6	-0.9	9.4	20.0	4.7	5.7

Agricultural price indices

The producer price index in real terms for agricultural products rose by 2.8% in the third quarter of 1994. The most marked rises were in Spain (9.7%) and Italy (5.8%), while in Luxembourg prices fell (-4.9%). The real terms of trade for agriculture (real price index outputs/real price index inputs) stood at 93.3.

Terms of trade for agriculture, third quarter of 1994 (1985 = 100)



Rate of change in the producer price indices of agricultural products⁽²⁾

	B	DK	D ⁽¹⁾	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
I 1994 / I 1993	-2.1	-6.3	-5.4	4.8	8.4	-3.1	6.6	-7.0	-2.1	-3.7	3.4	-5.9	-2.4
II 1994 / II 1993	7.2	-2.3	-2.8	4.6	7.1	0.8	2.3	-2.6	-5.3	0.2	4.4	-2.6	0.5
III 1994 / III 1993	5.1	-2.0	0.0	3.2	9.7	1.7	-3.1	5.8	-4.9	-1.3	2.9	-1.1	2.8

⁽¹⁾ Before 3.10.1990.

⁽²⁾ Deflated indices based on 1985 = 100.

International migration flows in countries of the European Union in 1992

The European Union : an attractive pole

Net migration in the European Union as a whole showed an increase in 1992.

Net migration has shown a positive balance every year since 1985, and a substantial one each year since 1989. In 1992 the increase was around 1.2 million.

That positive balance is confirmation of the attractive power of the Union. It is also plausible, however, that it shows the better quality of data collection, and is a reflection of the efforts made to count more accurately the migrants arriving within the Union. The fact is that it is apparently easier to count arrivals than departures.

High rise of immigration in five States between 1991 and 1992

Immigration regardless of origin rose steeply between 1991 and 1992 in five countries: France, Germany, Greece, Ireland and Spain (Table 1).

In Member States which have data on both immigration and emigration, the level of emigration seems directly dependent on the level of immigration. No country appears to have a strong migratory flow in one direction only.

Slight variations in flow, regardless of flow direction, have been observed in Belgium, Denmark and Luxembourg between 1991 and 1992.

In the Netherlands and the United Kingdom, migratory flows were less

strong in 1992 than in 1991, with a substantial drop in the numbers of both immigrants and emigrants.

New regularisation laws affecting migration statistics were passed in Spain (1989) and Italy (1990). The effect is that people who might have been in the country for a long time became immigrants in the statistics although they did not move physically, but merely changed status from illegal to legal. In Italy, this effect appeared as a notional rise in 1990 and a fall the following year as the immigrants' status became legitimized.

Table 1

Immigration and emigration, 1991 and 1992 (thousands)

EUROSTAT	Immigration			Emigration		
	1991	1992	Change %	1991	1992	Change %
B	67.5	66.8	-1.1	33.8	33.7	-0.3
DK	43.6	43.4	-0.5	32.6	31.9	-2.1
D	1182.9	1502.2	27.0	582.2	720.1	23.7
GR	24.3	32.1	32.2	:	:	:
E	24.3	38.9	60.0	:	:	:
F	102.1	110.7	8.4	:	:	:
IRL	33.3	40.8	22.5	:	38.9	:
I	126.9	113.9	-10.2	57.7	57.0	-1.2
L	10.9	10.7	-1.9	6.7	6.4	-3.9
NL	120.2	107.6	-10.5	57.3	48.6	-15.2
A	:	:	:	:	:	:
P	:	13.7	:	:	22.3	:
FIN	19.0	14.6	-23.4	6.0	6.1	1.9
S	49.7	45.3	-8.8	24.7	25.7	4.0
UK	267.0	216.0	-19.1	239.0	227.0	-5.0

France: Data do not include returning French nationals

Immigrants are not necessarily 'foreigners'

Immigrants are not necessarily 'foreigners': they can also be nationals returning to their countries after some years abroad. Furthermore, emigrants are not only nationals leaving the

country for another one; they are also people who immigrated years ago and have now decided to go elsewhere (Table 2).

1- Immigration by citizenship group

In Denmark, Greece, Spain, Ireland and the United Kingdom, one immigrant in two is a national of the country concerned: either returning from abroad having previously emigrated, or arriving from the first time having been born abroad.

In Belgium and Luxembourg the proportion of nationals amongst new arrivals is relatively low (around 20%) but the proportion of immigrants from other Member States of the European Union is high 60% or higher. Four countries, Germany, the Netherlands, Finland and Sweden are notably different from the rest in that they have a high proportion of immigrants from outside the Union.

2- Emigration by citizenship group

Eight of the Fifteen Member States provide data of emigration by nationality. For all except Germany (Belgium,

Denmark, Germany, Italy, Luxembourg, the Netherlands and the United Kingdom) 60-80% of those emigrating are citizens of another Member States of the European Union. In Luxembourg most who emigrate are EU citizens, but few are Luxembourgers.

More than 70% of emigrants from Germany are non EU citizens, though most are European.

3- Immigration and emigration by citizenship group

In every Member State bar one, 60-90 out of every 100 persons arriving are European (the exception is Sweden where the figure is 47%), and in every Member State 70-95 out of every 100 who leave are European.

No country among those submitting data shows a substantial difference between nationalities arriving and nationalities departing. The fact is that Europe is a melting-pot for the citizens of its Fifteen Member States.

Table 2

Migration by citizenship group, 1992 (thousands)

EU eurostat	Immigration			Emigration		
	National	Other EU	Non EU	National	Other EU	Non EU
B	11.7	27.9	27.2	12.8	13.1	7.8
DK	21.9	5.0	16.5	22.6	3.4	6.0
D	290.9	133.3	1078.1	105.2	105.8	509.2
GR	17.2	4.4	10.5	:	:	:
E	20.7	4.7	13.6	:	:	:
F	:	24.8	85.9	:	:	:
IRL	25.6	10.6	4.6	:	:	:
I	:	:	:	:	:	:
L	0.9	7.1	2.8	0.8	4.6	1.0
NL	27.5	21.1	59.0	32.1	7.5	9.0
A	:	:	:	:	:	:
P	:	1.5	12.1	21.2	:	:
FIN	4.2	1.0	9.3	4.6	0.7	0.8
S	5.8	6.1	33.4	12.6	6.2	7.0
UK	99.0	25.0	92.0	133.0	17.0	77.0

France: Data do not include French nationals
Portugal: Portuguese nationals are not counted for immigration, and are counted only partially for emigration

Industrial production

Industrial production: Steady rise unchecked

Industrial production in the European Union is currently rising steadily, particularly in the capital goods branches. The seasonally-adjusted EU production index (1990 = 100) for industry was 100.3 in October 1994, 100.7 in November and 103.3 in December.

If we consider the smooth component in the production index, i.e. adjust the series to take account of seasonal and irregular fluctuations, there was an increase of +0.3 for EUR 12 in the fourth quarter over the third quarter.

The corresponding figure for the United States was +1.1%, in Japan +0.9%.

In the Member States, the available rates of change in this component in the industrial production index over the quarters in question were as follows: Sweden +3.4%, Ireland +2.6% (estimate), Denmark +1.7%, Italy +1.7%, Spain +1.5%, Germany +1.5%, Austria +1.5% (estimate), Finland +1.3%, United Kingdom +1.1%, France +0.9%, Netherlands +0.5%, Greece -0.4%, Portugal -1.1% (estimate).

External trade

European Union's exports increased more than imports during the first eight months of 1994 (+2.5 percentage points)

In the period January-August 1994 the United Kingdom was the EU country that experienced the largest trade deficit which reached ECU 14.1 billion.

The Netherlands' extra-EU imports (including goods consigned to other Member States via Dutch harbours) grew very fast in the first eight months of 1994 (+20.7%) while the exports' rate of change was under the EU average (11.4%).

During the period January to August 1994 the BLEU's and Ireland's extra-EU trade recorded the largest rates of growth among the EU Member States compared to the same period a year earlier. Imports of both countries registered a percentage change of 23.2%, while the BLEU's exports grew by 24.1% and the Irish by 19.3%.

The extra-EU trade surplus of Germany (the largest among the EU countries) soared to ECU 16 billion compared to ECU 10.8 billion registered in 1993.

During the first eight months of 1994 the Italian exports increased faster than imports compared to the same period a year earlier, respectively 13.2% and 6.2% growth rate.

France's extra-EU trade surplus slightly improved between the above mentioned period in 1994 and a year earlier (from ECU 5 billion in 1993 to ECU 5.5 billion in 1994). Both imports and exports recorded rates of change well under the EU average (6.6% and 6.9% respectively).

In the first eight months of 1994 Denmark experienced almost the same trade surplus registered in the corresponding period one year earlier (ECU 1.6 billion). Between these two periods Danish imports' and exports' rates of change recorded rather close values: respectively 14.4% and 14%.

Between the periods January-August 1993-1994 Spain reduced its trade deficit by ECU 0.3 billion. Spanish extra-EU exports showed a rate of change larger than imports by 4.2 points (respectively 11.5% and 7.3%).

In the period January-August 1994 Greece and Portugal experienced the same trade deficit (ECU 1.9 billion): while Greece improved his external position by ECU 0.8 billion compared to one year earlier, the Portuguese deficit increased by ECU 0.1 billion.

Money and finance

Realignment of the ERM

Exchange rates

The Spanish peseta and Portuguese escudo were devalued within the exchange rate mechanism of the ERM on March 6, by 7 and 3.5%. This followed a period when the peseta had been under increasing selling pressure on the foreign exchange markets, and had touched all-time lows against the German mark on March 3. The new central rates of the peseta and escudo against the ECU are 162.493 and 195.792 respectively.

The main trend in financial markets in recent weeks which culminated in this devaluation has been the strengthening of the German mark against the currencies of most of its major trading partners, and in particular against the US dollar. Between the beginning of February and March 7 the mark appreciated by around 8% against the US dollar, 12% against the lire, 6% against sterling and 3% against the French franc, which fell to new record lows against the mark, as did the Swedish krona, the lire and the peseta. Interest rates were increased at various points in Italy, Spain, Ireland, France, Denmark

and Belgium in order to lend support to currencies. However, against the Dutch guilder and Austrian schilling the mark has remained relatively stable.

The weakness of the dollar occurred despite the increase in US interest rates announced by the Federal Reserve on February 1, when both the discount rate and the Fed's target for the rate charged on Federal Funds were increased by 0.5%, to stand at 5.25 and 6% respectively. This was seventh time that US short-term interest rates have risen since February 1994, and had been widely expected by financial markets as a further move against inflation: the US economy grew at an annualized rate of 4.5% in 1994, a growth rate that is considered unsustainable without engendering further inflation.

The following day the Bank of England signaled that bank base rates should be increased by 0.5% to 6.75%, also intended as a further strike against inflation. Initially, sterling was hardly affected by the announcement, but later, amid political problems, touched all-time lows against the mark, closing in London on March 7 at DM 2.2611.

Latest Eurostat publications

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