



KEY FIGURES

Bulletin of economic trends in Europe 05/95

Content

1- Indicators

Inflation rate
Unemployment
Industrial production
External trade
Money and finance

2- Data of the month

Advertising in the European Union
European Union trade in 1994

Foreword

The annual inflation rate in the fifteen-member European Union remained unchanged at 3.3% in May 1995.

Seasonally adjusted unemployment in the fifteen-member European Union was 10.9% in May 1995.

European Union of Fifteen industrial production trend rose by 1.1% in first quarter this year compared to Q4 '94.

Imports to the twelve-member European Union increased slightly more than exports in 1994 (+0.7%). In December 1994, the European Union recorded an external trade surplus of ECU 2.7 billion.

The exchange markets returned to relative calm in June 1995, with the US dollar trading within a narrow range against the German Mark (around DM 1.40) and the Japanese Yen (approximately YEN 84.5).

The first part of this month's "Data of the month" section is devoted to *Advertising in the European Union*, and the second part to *European Union Trade in 1994*.

European economy at a glance



	Period	B	DK	D ⁽¹⁾	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR15
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 ⁽³⁾	4/95	:	109.3	94.3	96.4	98.7	103.2	143.7	106.7	:	105.8	108.9	97.9	114.4	117.1	104.2	101.6
Consumer price index T/T-12 %	5/95	1.4	2.7E	2.2	9.8	5.1	1.6p	2.8	5.4p	2.2	2.1	2.8E	4.3	1.6	3.2	3.4	3.3p
Conversion rate 1 ECU=... monthly average	6/95	38.3	7.28	1.9	301.2	161.9	6.6	0.82	2182	38.3	2.09	13.13	196.4	5.72	9.66	0.83	:
Exchange rate 1 USD=... monthly average	6/95	28.77	5.47	1.40	228.3	121.6	4.92	0.61	1639	28.77	1.57	9.85	147.6	4.30	7.26	0.63	:
Money supply, M1 T/T-12 %	3/95	:	:	3.3	13.7	5.3	0.1	8.9	0.7	:	1.3	5.9	8.6	7.4	:	:	:
Yield on public sector long-term bonds %	5/95	7.5	8.1	6.8	17.5	11.4	8.0	8.7	12.3	6.2	6.9	6.5	11.9	8.8	10.7	8.2	:
Unemployment rate seasonally adjusted %	5/95	10.2	8.8	8.1	:	23.0	12.3	14.8	12.0	3.9	6.8	:	7.8	17.6	9.6	8.6	10.9
Extra-EU Trade balance BN ECU	12/94	-0.1*	0.3	2.4	-0.1	-0.4	2.0	0.0	1.8	-0.1*	-1.5	:	-0.2	:	:	-1.6	2.7 ⁽²⁾

Data in italics are not necessarily for the indicated period but are the latest available (usually the previous month or quarter)

* BLEU

⁽¹⁾ Before 3 October 1990

⁽²⁾ EUR 12

⁽³⁾ Excluding construction

European Union of Fifteen annual inflation unchanged at 3.3% in May 1995

Inflation rate

European Union of Fifteen annual inflation was a provisional 3.3% in May 1995, unchanged from March and April. In May last year it was 3.2%.

Belgium had the lowest rate - 1.4%. France with 1.6% (provisional) and Finland (1.6%) came next. Only countries above the European Union of Fifteen average were the United Kingdom

(3.4%), Portugal (4.3%), Spain (5.1%), Italy (5.4% - provisional) and Greece (9.8%).

May rates in Member States, in ascending order of inflation, with corresponding figures for a year earlier, are as follows:

	<u>May 95</u>	<u>May 94</u>		<u>May 95</u>	<u>May 94</u>
	May 94	May 93		May 94	May 93
Belgium	1.4 %	2.6 %	Ireland	2.8 %	2.7 %
Finland	1.6 %	0.2 %	Sweden	3.2 %	2.3 %
France	1.6 % ^P	1.7 %	United Kingdom	3.4 %	2.6 %
Netherlands	2.1 %	2.9 %	Portugal	4.3 %	5.7 %
Germany*	2.2 %	3.0 %	Spain	5.1 %	4.9 %
Luxembourg	2.2 %	2.1 %	Italy	5.4 % ^P	4.0 %
Denmark	2.7 % ^E	1.9 %	Greece	9.8 %	11.0 %
Austria	2.8 % ^E	3.0 %			
EUR 15	3.3 % ^P	3.2 %			

* The CPI for Germany continues to reflect the geographical borders prior to 3 October 1990. Annual inflation in the new Länder in May was 1.4% compared to May 1994, when it was 3.4%.

^P Provisional

^E Eurostat estimate, data not available

European Union of Fifteen unemployment - 10.9% February to May 1995

Unemployment

Eurostat estimates European Union of Fifteen seasonally-adjusted unemployment in May 1995 at 10.9%. Revised estimates suggest this was also the level in the three previous months. In May last year it was 11.4%.

The rate in most Member States was fairly stable from February to May, for both men and women. Recent downward trends in Spain (which has the European Union of Fifteen's highest rate, 23%) and Denmark (8.8%) were not evident in this latest month. However, slow falls continued in France (12.3%) and the United Kingdom (8.6%).

Luxembourg continues to enjoy the European Union of Fifteen's lowest rate - 3.9%.

Eurostat estimates that around 18 million people were unemployed in the European Union of Fifteen in May 1995. This is a seasonally-adjusted figure in line with ILO criteria.

Note

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.

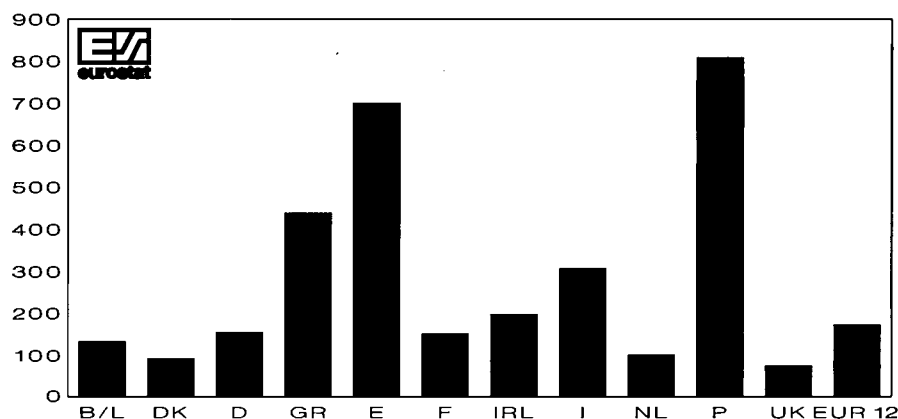
Data of the month

Advertising in the European Union

Advertising expenditure

Since 1981, advertising expenditure in the European Union has gone up and up. In 1992, however, expansion in the sector slowed because of the recession. In 1992, as in 1981, Germany was in first place as regards total advertising expenditure, followed by the United Kingdom. Over the period, however, it was Portugal which saw the strongest growth in publicity expenditure, with a rise of 800%, ahead of Spain (700%) and Greece (400%).

Changes in advertising expenditure between 1981 and 1992 (%)



Publicity expenditure at current prices, 1981 and 1992 (million ECU)

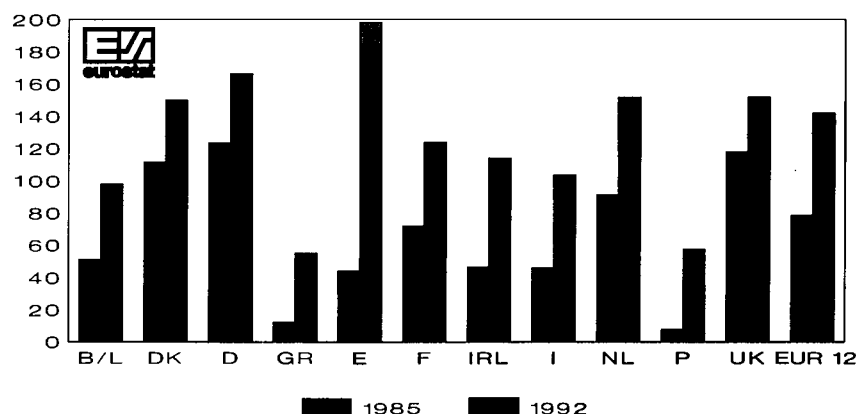
	B/L	DK ¹	D	GR	E	F	IRL	I	NL	P	UK	EUR 12
1981	400	428	5 334	105	974	2 857	137	1 446	1 157	59	5 024	17 921
1992	925	817	13 517	564	7 777	7 135	406	5 858	2 305	536	8 722	48 567

¹ Estimated figure for 1992.

Per capita breakdown

Publicity expenditure in the European Union in 1992 was some ECU 141 per head of population. It was Spain which came first in terms of per capita advertising expenditure, followed by Germany and the United Kingdom. In 1985, Germany, the United Kingdom and Denmark had the highest advertising expenditure per head, with figures in excess of ECU 100.

Per capita advertising expenditure, 1985 and 1992 (ECU, at current prices)



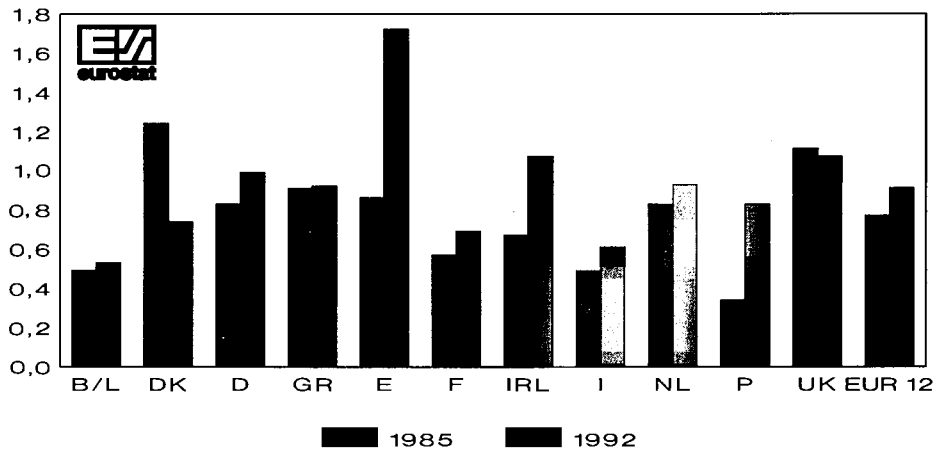
Per capita advertising expenditure (ECU, at current prices)

	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK	EUR 12
1985	51	111.5	123.1	12.3	43.7	71.9	46.6	45.9	91	7.7	117.7	78.5
1992	97.6	149.6	166.1	54.9	198.0	123.6	113.8	103.3	151.2	57.6	151.6	141.0

Share of GDP devoted to advertising expenditure

Apart from Denmark (1.24%) and the United Kingdom (1.11%), in 1985 the members of the European Union had less than 1% of their GDP devoted to advertising expenditure. In 1992, the United Kingdom (1.07%), Spain (1.72%) and Ireland (1.07%) devoted more than 1% of their GDP to advertising, while the figure in Denmark was only 0.74% of GDP.

Advertising expenditure, 1985 and 1992, as % of GDP (at market prices)



Advertising expenditure as % of GDP (at market prices)

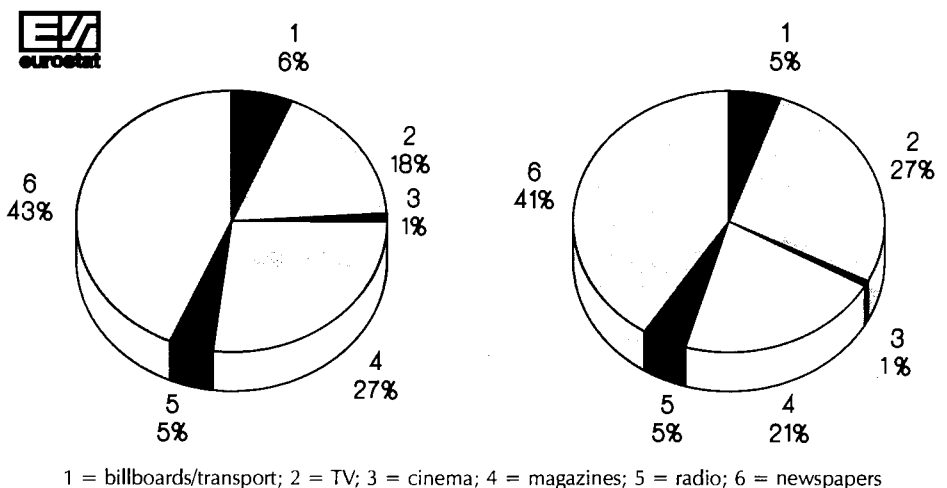
	B/L	DK ¹	D	GR	E	F	IRL	I	NL	P	UK	EUR 12
1985	0.49	1.24	0.83	0.91	0.86	0.57	0.67	0.49	0.83	0.34	1.11	0.77
1992	0.53	0.74	0.99	0.92	1.72	0.69	1.07	0.61	0.93	0.83	1.07	0.91

¹ Estimated figure for 1992.

Advertising expenditure by medium

The relative importance of the media varies considerably across the European Union. The main medium in 1992 was magazines in France (26.4%), newspapers in Denmark (63.3%) and in Ireland (64.4%), and television in Greece (54.2%) and in Italy (46.7%). In the European Union as a whole, newspapers were the medium most widely used for advertising in 1991. It is television which has benefited from the drop in advertising expenditure directed at magazines.

Breakdown of advertising expenditure by medium, 1980 and 1991 (EUR 12)



European advertising expenditure by medium (million ECU)

	Newspapers	Magazines	TV	Radio	Cinema	Billboards/transport
1980	6 531	4 020	2 662	690	153	945
1991	18 596	9 663	12 328	2 097	306	2 476

European Union trade in 1994

3 billion ECU surplus in European Union of Twelve in 1994

Exports rose 10.5%, imports 10.3% in 1994

1- Extra-EU trade

After several years of trade deficit with the rest of the world, the European Union of Twelve had a two billion ECU surplus in 1993. This rose to three billion ECU in 1994 despite a fall in the last half-year. Making the biggest contribution, as in 1993, were Germany (+25.6

billion ECU), Italy (+12.7) and France (+10.8). Main gaps were for the United Kingdom (-20.7 billion ECU) and the Netherlands (-17.8). Apart from the deterioration in these two countries, the situation is stable or improving in all the other Member States.

European Union of Twelve exports to the rest of the world rose by 10.5% in 1994. This rise was particularly strong in Belgium-Luxembourg (+18.2%), Ireland (+14.2%) and Denmark (+12.9%). After stagnating in 1993, European Union of Twelve imports were up by 9.3% in

1994. Ireland (+21.7%), Belgium-Luxembourg (+18.3%) and Denmark (+16.4%) had more pronounced rises than other Member States. Greece, according to Eurostat estimates, was the only country with a fall in imports (-14.1%). (See table 1)

Table 1

Extra trade of the European Union, 1994 (In million ECU)



	Exports		Imports	
	1994	1994 / 1993	1994	1994 / 1993
EUR 12	537 900^E	10.5 %	534 916^E	10.3 %
B/L	33 071	18.2 %	33 770	18.3 %
DK	16 345	12.9 %	13 835	16.4 %
D	182 143	11.9 %	156 560	9.6 %
GR	3 350 ^E	5.5 %	6 448 ^E	-14.1 %
E	23 039	10.4 %	27 378	8.9 %
F	82 314	8.3 %	71 557	7.4 %
IRL	8 561	14.2 %	7 694	21.7 %
I	74 365	10.6 %	61 698	9.7 %
NL	33 418 ^E	9.6 %	51 257 ^E	20.4 %
P	3 534	8.1 %	6 214	6.7 %
UK	77 761	6.5 %	98 504	7.8 %

^E = Eurostat Estimate

2- Intra-EU trade

In the first nine months of 1994 the recovery in exchanges between European Union of Twelve Member States seems particularly strong - up 10% over the same period in '93 - in most countries except Greece and Germany.

In intra-EU trade a discrepancy remains between "dispatches" - exports to other European Union countries - and "arrivals" - imports from other European Union countries. It amounted to 5.4% for first three quarters of 1994. In theory both totals should be around the same.

Eurostat believes dispatches are now the more reliable measure because of the higher response rate of companies providing data.

For first nine months of 1994 dispatches and arrivals were up 10% compared to the same period in 1993.

During the same period, the Netherlands (+19.9 billion ECU), Germany (+9.3) and Belgium-Luxembourg (+9) consolidated their intra-EU trade surplus. Greece (-5.4 billion ECU), United Kingdom (-5) and, at a lower level, Spain, France and Portugal had negative balances. (See table 2)

Table 2

Intra trade of the European Union, 1994 (In million ECU)



	Dispatches		Arrivals	
	jan94 - sep94	$\frac{\text{jan94 - sep94}}{\text{jan93 - sep93}}$	jan94 - sep94	$\frac{\text{jan94 - sep94}}{\text{jan93 - sep93}}$
EUR 12	554 338^E	10,0 %	526 045^E	10,0 %
B/L	64 283 ^E	13,3 %	55 284 ^E	14,4 %
DK	12 960	3,3 %	11 601	12,5 %
D	126 052	4,6 %	116 724	5,4 %
GR	2 966 ^E	-3,9 %	8 341 ^E	0,7 %
E	30 240	21,1 %	34 473	15,7 %
F	92 944	11,4 %	96 485	10,7 %
IRL	14 577	17,3 %	9 763	13,1 %
I	61 855	9,8 %	56 679	11,3 %
NL	74 133	11,6 %	54 223	13,7 %
P	8 154	10,6 %	11 299	1,9 %
UK	66 174	9,8 %	71 173	9,3 %

^E = Eurostat Estimate

Background notes

1. INTRASTAT began on 1 January 1993 following the abolition of customs controls in the EU. Instead of deriving from customs declarations, trade figures are now compiled from data provided directly by companies, with some problems of non-re-

sponse. In addition, increased delays in establishing intra-EU trade statistics occurred and still exist in some Member States.

2. Because of non-response, intra-EU trade figures should be treated with particular caution. They are subject to frequent revisions.

European Union of Fifteen industrial output still rising

Industrial production

European Union of Fifteen industrial production trend* rose by 1.1% in first quarter this year compared to Q4 '94.

Eurostat comments that although growth is continuing it is not as high as in mid-'94 when it was around 2%.

Comparable rise in the United States was 1.4%.

EUR 15	1.1
Sweden	4.1
Denmark	2.7
Finland	2.3
Spain	2.0
Italy	1.3
France	1.0

* "Trend" means adjusted for both seasonal and irregular fluctuations.

European Union of Fifteen growth is strong in motor vehicles (2.9% between the quarters), communications and television equipment (2.4%) and mechanical engineering (1.8%).

Figures (in %) for Member States, where available, are (E = estimate):

Portugal ^E	0.6
United Kingdom	0.5
Netherlands	0.5
Austria	0.4
Greece	0.1

European Union of twelve's imports increased slightly more than exports during 1994 (+0.7 percentage points).

External trade

In December 1994 the European Union of Twelve's external trade balance recorded a surplus of ECU 2.7 billion compared to the ECU 7 billion registered in the same month of 1993. As a consequence the cumulated balance for January-December 1994 went down to ECU 1 billion deficit from ECU 2 billion surplus registered in the same period a year earlier.

In the year 1994 Germany registered both the largest extra-EU surplus among the European Union of Twelve member states (ECU 25.6 billion) and the most important improvement compared to the previous year (ECU 5.6 billion).

During the year 1994 the Italian trade balance improved its surplus by ECU 1.7 billion, reaching ECU 12.7 billion, from ECU 11 billion recorded in 1993.

The Dutch extra-EU deficit recorded the most important deterioration between 1993 and 1994 (ECU 9.9 billion) and became the largest among the European Union of Twelve countries (ECU 22 billion).

In the year 1994 the United Kingdom was the European Union of Twelve country that experienced the second largest trade deficit, totalling ECU 20.5 billion.

France's extra-EU trade surplus improved by ECU 1.4 billion in 1994 compared to a year earlier (from ECU 9.4 billion to ECU 10.8 billion).

The external positions of the BLEU and Greece followed a different evolution: while the Greek trade balance improved by ECU 1.5 billion between 1994 and 1993, the BLEU's deficit went up to ECU 1 billion from ECU 0.6 billion registered a year earlier.

The external trade surpluses of Denmark and Ireland slightly reduced compared to 1993: respectively to ECU 2.5 billion and ECU 0.8 billion in 1994.

The external positions of Spain and Portugal were almost stable between 1993 and 1994: their extra-EU deficits registered in 1994 ECU 4.3 billion and ECU 2.7 billion respectively.

Money and finance

Exchange rates

Foreign exchange markets returned to relative calm in June 1995, with the US dollar trading in a narrow range against both the German mark (at around DM1.40) and Japanese yen (at around ¥84.5). The dollar had recovered somewhat in May, having reached record lows against both currencies in the previous month of DM1.35 and ¥81.1.

The extent of the dollar's depreciation this year remains very significant: a fall of 10% against the mark and over 15% against the yen since the end of 1994. The G7 economic summit in Halifax (Canada) in mid-June resulted in no major initiatives on exchange rate policy coordination.

Tensions in the EMS remained low in June, having eased during April and May. The Spanish peseta and Portuguese escudo was almost unchanged against the German mark, but the Irish punt steadily depreciated, falling below

the French franc to the bottom of the exchange rate mechanism. Meanwhile the French franc was stable against the German mark, following a period of greater volatility around the time of the presidential elections in April and May, trading in a range of FF3.50-3.52.

Currencies showed little reaction to official interest rate changes in June: Spanish short-term interest rates were increased by 0.75% on 2 June, and on 6 June the Swedish central bank raised its 'repo' rate by 0.25%. Belgian and Dutch short-term rates were edged lower on 8 June.

Outside of the EMS exchange rate mechanism, the Italian lira, Swedish krona and Finnish markka were stable in June, but sterling weakened late in the month as a result of political uncertainty ahead of the Conservative party leadership election, falling to DM2.2084 at the close in London on 26 June.

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