



KEY FIGURES

Bulletin of economic trends in Europe and summaries 12/98

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GDP: second quarter 1998

The annual inflation rate for the Member States participating in Stage III of Economic and Monetary Union (EMU) fell from 1,2% in August to 1,0% in September 1998. For the same period, EU15 annual inflation rate fell from 1,3% in August to 1,2% in September 1998.

In September, EU15 seasonally-adjusted unemployment fell below 10% for the first time since December 1992, to 9,9%. The EUR-11 rate fell to 10,9% for the same period.

In January-June 1998, the EU's external trade balance worsened by ECU 15,5 billion to a small surplus of ECU 0,6 billion. Extra-EU flows grew steadily with growth rates over the same period of 1997 of 6% for exports and 12% for imports. The EU remained the world's leading exporter, and was the second largest importer behind the USA.

The dollar stabilised in October, following the previous month's fall, ending the month at DEM 1,652. Global interest rates continued their downward trend. Among the EUR-11 there was further convergence in official interest rates.

Government bond yields fell further in September to record low levels. The composite yields for EUR-11 and EU15 declined to 4,27% and 4,50% respectively.

EU broad money growth has been steady in recent months, but the pace of narrow money growth has quickened. In the year to July, M1 and M3 of the EU15 grew an estimated 8,5% and 3,8% respectively.

Foreign official reserves of the EU15 increased by ECU 1,2 billion in July, to ECU 371,3 billion. This was despite a fall in EUR-11 reserves of ECU 3,0 billion, to ECU 295,1 billion.

Euro-zone industrial production trend was up 1,0% in June to August compared to the previous three months. EU15 rose by 0,6 %.

The "Dossier of the month" of this edition is devoted to *Social protection in the EU, Public expenditure on education and GDP: second quarter 1998*.

European economy at a glance



	Dates	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR-11	EU 15
GDP, seasonally adjusted volume trends, T/T-1 %	II/98	:	0,2	-0,5	:	0,8	0,6	:	0,4	:	0,8	:	:	1,1	2,2	0,5	0,2	0,3
GFCF, seasonally adjusted volume trends, T/T-1 %	II/98	:	-5,8	-4,8	:	1,5	1,0	:	0,2	:	-2,3	:	:	2,8	6,0	-1,4	-1,3	-1,2
Private final national consumption volume trends, T/T-1 %	II/98	:	1,5	-0,5	:	0,9	1,0	:	0,0	:	1,2	:	:	1,6	0,8	0,3	0,2	0,2
Production index 1995=100 total, seasonally adjusted (1)	08/98	114,1	110,3	110,8	113,2	:	108,8	:	101	:	104,9	:	:	121,4	116,8	103,9	110,0	109,1
Consumer price index T/T-12 %	09/98	0,8	1,1*	0,6	5,0	1,6	0,5	2,8	2,1	0,7	1,3p	0,6p	2,2	1,4	-0,1*	1,5*	1,0p	1,2p
Conversion rate 1 ECU=... monthly average	10/98	40,4	7,4	2,0	336,5	166,3	6,6	0,8	1935,0	40,4	2,2	13,8	200,6	6,0	9,4	0,7	:	:
Exchange rate 1 USD=... monthly average	10/98	33,8	6,2	1,6	281,9	139,3	5,5	0,7	1621,0	33,8	1,9	11,5	168,1	5,0	7,9	0,6	:	:
Money supply, M1 (1) T/T-12 %	07/98	-1,9	:	4,6	10,1	11,7	8,8	24,0	11,9	:	12,2	7,4	18,0	4,9	:	5,5 (1)	8,6	8,5
Yield on public sector long-term bonds %	09/98	4,3	4,7	4,1	8,3	4,5	4,2	4,4	4,5	4,4	4,2	4,3	4,5	4,5	4,8	5,2	4,3	4,5
Unemployment rate seasonally adjusted %	9/98	8,8	4,3	9,5	:	18,5	11,9	8,8	:	2,2	3,7	4,5	4,6	11,2	7,7	:	10,9	9,9
Extra-EU trade balance Billion ECU	01-06/98	-2,5 (1)	0,7	18,8	-2,1	-4,1	3,8	1,3	8,6	-2,5 (1)	-18,7	1,7	-1,9	3,6	6,4	-15,1	10,6	0,6
Intra-EU trade balance Billion ECU	01-06/98	8,4 (1)	0,0	15,6	-4,8	-3,7	-1,6	7,5	1,2	8,4 (1)	23,9	-4,2	-3,3	1,5	1,5	-3,7	:	:

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

(1) = Excluding construction

(2) = BLEU

(3) = For the UK, MO is a narrow measure

(4) = estimates for EUR-11 and EU15

p = provisional data.

: = data not available

* = Member States not participating in Stage III of Economic and Monetary Union are not covered by the MUICP.

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BANQUE DE LUXEMBOURG



EMU annual inflation falls to 1,0% in September

The annual inflation rate¹ for the Member States participating in Stage III of Economic and Monetary Union (EMU) fell from 1,2% in August to 1,0% in September 1998. A year earlier the rate was 1,7%.

EU15 annual inflation rate² fell from 1,3% in August to 1,2% in September. A year earlier the rate was 1,8%. Highest rates were reported for Greece (5,0%), Ireland (2,8%), and Portugal (2,2%). The lowest rates were in Sweden (-0,1%), France (0,5%), Germany and Austria (both 0,6%).

Compared with a month earlier, inflation fell in ten EU Member States, rose in three and remained stable in two. Compared with a year earlier, the largest relative increases in the rates were in Ireland (0,6% to 2,8%), Portugal (1,5% to 2,2%) and Italy (1,6% to 2,1%) while the largest relative decreases were in Sweden (2,6% to -0,1%), France (1,5% to 0,5%) and Germany (1,6% to 0,6%).

The EEA annual rate³ of inflation fell from 1,3% in August to 1,2% in September.

For details figures, see table in page 1

1 As measured by the Monetary Union Index of Consumer Prices (MUICP), calculated as a weighted average of the Harmonized Indices of Consumer Prices (HICPs) for participants in Stage III of EMU. The annual rate of inflation is defined as the percentage change resulting from the index number for a particular month divided by the index number for the same month in the previous year.

2 As measured by the European Index of Consumer Prices (EICP), calculated as a weighted average of HICPs for EU Member States.

3 As measured by the European Economic Area Index of Consumer Prices (EEAICP), calculated as a weighted average of HICPs for EU Member States plus Norway and Iceland.

In September EU15 jobless rate under 10%

In September, EU15 seasonally-adjusted unemployment fell below 10% for the first time since December 1992, to 9,9%. This compares with 10,0% in August, July and June, and 10,6% in September last year.

The EUR-11¹ rate fell to 10,9% from the 11,0% recorded in the previous three months and 11,7% in September 1997. Lowest rates, according to these latest

data, are in Luxembourg (2,2%) and the Netherlands (3,7%) (both August figures), followed by Denmark (4,3%) and Austria (4,5%). Spain still has by far the EU's highest unemployment (18,5%), albeit moderating.

Eurostat estimates 16,6 million men and women were jobless in EU15 in September and 14,0 million in the euro-zone.

Background notes

¹ EUR-11 (the countries participating in the final phase of EMU from 1 January 1999) = Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, Netherlands, Austria, Portugal and Finland.

Unemployed people according to International Labour Organisation (ILO) criteria are those aged 15 years and over who

· are without work

· or are available to start work within the next two weeks

· and have actively sought employment at some time during the previous four weeks.

The monthly unemployment rate and numbers of unemployed are estimated and based on data from the annual Community Labour Force Survey (LFS), held in spring according to ILO recommendations. These results are interpolated/extrapolated to monthly data using figures from national quarterly surveys and national monthly series on registered unemployment. Estimated rates *might differ* from national unemployment rates due to differences in methods and definitions of unemployment.

In January-June 1998 the EU was the world's leading exporter with a surplus of ECU 0,6 billion

In January-June 1998, the EU's¹ external trade balance worsened by ECU 15,5 billion to a small surplus of ECU 0,6 billion; in the same period of 1997 there was a surplus of ECU 16,1 billion. Extra-EU flows grew steadily with growth rates over the same period of 1997 of 6% for exports and 12% for imports. The EU remained the world's leading exporter, and was the second largest importer behind the USA.

The EU had its largest trade surpluses with Poland (ECU 5,9 billion), Hong Kong (ECU 4,7 billion) and Turkey

(ECU 4,3 billion). The largest deficits were recorded in trade with Japan (ECU 17,3 billion) and China (ECU 12,0 billion).

Germany had the largest extra-EU surplus (ECU 18,8 billion) followed by Italy (ECU 8,6 billion) and Sweden (ECU 6,4 billion), while the Netherlands and the United Kingdom had the highest external deficits (ECU 18,7 and 15,1 billion respectively). The Netherlands' deficit has to be interpreted in conjunction with its intra-EU surplus and its transit role in EU trade.

Stronger growth in intra-EU trade

In January-June 1998 intra-EU trade had a total value for dispatches (i.e. exports, which are the more reliable measure of intra-EU trade) of ECU 625,9 billion, an increase of 10% over the same period of 1997. This means that, after several years of weaker growth, intra-EU trade is now growing at the same rate as extra-EU trade.

The Netherlands had the largest intra-EU surplus, at ECU 23,9 billion. However this surplus has to be inter-

preted in conjunction with the extra-EU deficit and its transit role in EU trade.

Germany had the second largest intra-EU trade surplus (ECU 15,6 billion), with Belgium/Luxembourg (ECU 8,4 billion) and Ireland (ECU 7,5 billion) also reporting significant surpluses.

The largest deficits were recorded by Greece (ECU 4,8 billion), Austria (ECU 4,2 billion), Spain (ECU 3,7 billion) and the United Kingdom (ECU 3,7 billion).

¹ The European Union's figures have been sent to Eurostat by the Member States and are subject to frequent revisions.

Downward trend in interest rates continues

The decline in the US dollar against ERM currencies since the end of August came to a halt in mid-October. Against the Deutschmark, the dollar depreciated further from DEM 1,675 at end September to DEM 1,612 by mid-October, but ended the month slightly higher at DEM 1,652. The dollar also continued to fall against the Japanese yen in the first half of October, before recovering slightly. From its peak level in August (of JPY 147,2) to the end of October (JPY 116,3), the dollar's decline amounted to 21%. The recovery in the yen may also be measured against ERM currencies: during October it moved from JPY 80,8 to JPY 70,4 to the DEM, an increase of 15%.

The downward trend in global interest rates continued in October. The US Federal Reserve, having already signalled a cut in official interest rates in late September (the first change in US rates since March 1997), lowered both its discount rate and federal funds rate by 25 basis points, to 4,75% and 5,0% respectively. UK banks' base rate was cut by 25 basis points to 7,25%. Denmark reduced its repo rate in two stages in October, down to 4,65%, having increased the rate the previous month.

Among the EUR-11 there were further moves towards convergence of official rates, as the central banks of Spain, Portugal, Italy, and Ireland announced interest rate cuts. At the end of October,

the Spanish repo rate stood at 3,75%, the Portuguese liquidity provision rate at 4%, the Italian discount rate at 4%, and the Irish short-term facility rate at 5,75%. Throughout October, the Greek drachma remained the strongest currency in the ERM. The spread between ERM currencies widened to 5,9% at the end of October, from 4,7% a month earlier. However, the spread excluding the drachma narrowed to just 0,4%, from 0,8%. Apart from the Greek drachma and Danish krone, these currencies will be permanently fixed to the euro on 1 January 1999.

The pound sterling and Swedish krona showed a similar trend to each other in September and October, weakening until early October to a lowpoint of DEM 2,735 (=1 GBP) and SEK 4,909 (=1 DEM) respectively. They ended the month slightly stronger at DEM 2,772 and SEK 4,720 respectively. The Norwegian krone depreciated during October to NOK 4,459 to the DEM, but the Swiss franc strengthened to CHF 0,815 to the DEM.

Among the EU applicant countries, the Polish and Czech authorities lowered interest rates in October. The Slovak currency, the koruna, was allowed to 'float' (it was previously fixed within a fluctuation band to a currency basket), immediately causing it to weaken. It then recovered to end the month at SKK 21,19 to the DEM, compared with SKK 20,72 at end September.

Note:

Exchange rates are as supplied to the European Commission by the Belgian central bank on a daily basis, following concertation among central banks.

ERM = exchange rate mechanism of the European Monetary System, comprising all of EU apart from the UK and Sweden.

Basis point = 1/100th of a percentage point in interest rates.

Downward trend in yields continues in September

EUR-11 and EU15 bond yields at record lows

Long-term government bond yields continued their decline in September in the EU, the USA and Japan. The EUR-11 and EU15 composite yields both fell by more than 30 basis points from their level in August, to 4,27% and 4,50% respectively. According to data from 1980 onwards, yields on all EU bonds apart from that of Greece were at record low levels. The biggest fall was in the UK yield, down 46 basis points to 5,17%, although this remained the highest-yielding bond apart from that of Greece, which rose 70 basis points to

8,25%. The lowest yield remained that of Germany (down 36 basis points to 4,06%), and the differential in yields of the EUR-11 countries widened slightly to 47 basis points.

For the USA and Japan, too, government bond yields reached record low levels in September (on the basis of data since 1980). The US yield fell 53 basis points to 4,81%, and the Japanese by 40 basis points to 0,70%. Before September, the decline in the US yield since the beginning to 1998 had been modest compared with EU or Japanese yields.

Note:

The above-mentioned yields relate to government bonds of around 10 years to maturity.

Data are monthly average except Japan (end month).

EUR-11 (the countries participating in the final phase of EMU from 1 January 1999) = Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, Netherlands, Austria, Portugal and Finland.

EUR-11 and EU-15 aggregates are calculated on the basis of GDP weights.

Basis point = 1/100th of a percentage point in interest rates.

Steady rise in broad money in the EU

Faster narrow money growth in first seven months of 1998

The broad definition (M3) of EU money supply grew at a fairly steady rate during the first seven months of 1998, whereas growth in the narrow (M1) measure has accelerated slightly. In the year to July, money supply for the EUR-11 expanded at a slightly faster rate compared with June: M1 grew an estimated 8,6% in July, up from 8,2% in June, while growth in M3 increased to 5,0% from 4,0%. At the EU15 level, M1 growth showed a similar trend as for EUR-11, accelerating to 8,5%, but growth in M3

slowed to 3,8% in July from 4,5%.

At the Member State level, German M3 growth (measured against the fourth quarter of 1997) decelerated to 5,0% in July from 5,3% in June, exactly the mid-point of the Bundesbank's target range for 1998. Ireland continued to record the fastest rate of monetary growth in the year to July, with M1 increasing by 24,0% and M3E by 17,7%. By contrast, M1 fell 1,9% in Belgium in July, while in Finland M3 grew just 0,6%.

Note:

Generally, M1 = notes and coin in circulation + bank sight deposits;

M2 = M1 + savings deposits + other short-term claims on banks;

M3 = M2 + certain placements in a less liquid or longer-term form. For the UK, M0 is a narrow measure and M4 a broad measure. EU15 and EUR-11 series for M1 and M3 are Eurostat estimates.

Small increase in EU15 reserves in July

Despite a decline in reserves of the EUR-11

Foreign official reserves of the EU15 rose by ECU 1,2 billion in July, to an estimated ECU 371,3 billion, representing a 1,6% increase on a year earlier. Meanwhile, those of the EUR-11 fell ECU 3,0 billion to ECU 295,1 billion, but nevertheless increased in the year to July by 0,5%. The difference in movement between EU15 and EUR-11 totals in July is accounted for by the UK (whose reserves climbed to ECU 31,5 billion), and Sweden (up to ECU 14,9 billion), whereas those of Denmark were almost unchanged in value at ECU 15,4 billion, and Greek reserves fell to ECU 14,5 billion. Among the EUR-11,

declines were recorded by Italy (to ECU 38,4 billion), Germany (to ECU 71,4 billion), the Netherlands (to ECU 20,3 billion), and Portugal (to ECU 14,1 billion). In the year to July, within the EU, the largest increase in reserves in percentage terms was recorded by France (up 36,5% to ECU 36,5 billion), and the largest fall by Finland (down 20,8% to ECU 7,9 billion). Japan's reserves (easily the largest in the world) fell slightly in July in ECU terms, to ECU 186,4 billion, a fall of 8,9% on the year. By contrast, those of the USA rose by 7,6% in the year to July, to ECU 54,9 billion (unchanged from June).

Note: the definition of foreign official reserves used here excludes gold.

Industrial production

EUR-11 industrial production rises 1,0% in June to August

Euro-zone¹ industrial production trend² was up 1,0% in June to August compared to the previous three months. EU15 rose by 0,6 %.

Previous growth - for the three months up to end-July compared to the previous three months - was a revised 1,0% for the euro-zone and 0,7% for EU15.

In the latest period, strong growth was recorded by Ireland (2,5%), Belgium (2,3%), Denmark (2,2%) and Greece (2,1%). It fell slightly in France (-0,2%) and Luxembourg (-0,7%). Seven euro-zone countries had growth of 1,0% or over, with three (France, Italy and the Netherlands) virtually unchanged.

Production trend² - % changes March-May to June-August 1998 (Member States with available data, in descending order)			
Euro-zone	1,0	Portugal	1,1
EU15	0,6	Finland	1,0
Ireland*	2,5	UK*	0,6
Belgium*	2,3	Netherlands	0,2
Denmark	2,2	Italy	0,1
Greece	2,1	France	-0,2
Austria*	1,5	Luxembourg	-0,7
Sweden	1,5		
Spain*	1,2	USA**	0,6
Germany	1,1	Japan**	-2,9

* Eurostat estimates

** Q1 to Q2

1 Member States participating in EMU - Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, Netherlands, Austria, Portugal and Finland.

2 Production volume of total industry - excluding construction - adjusted for seasonal and one-off fluctuations.

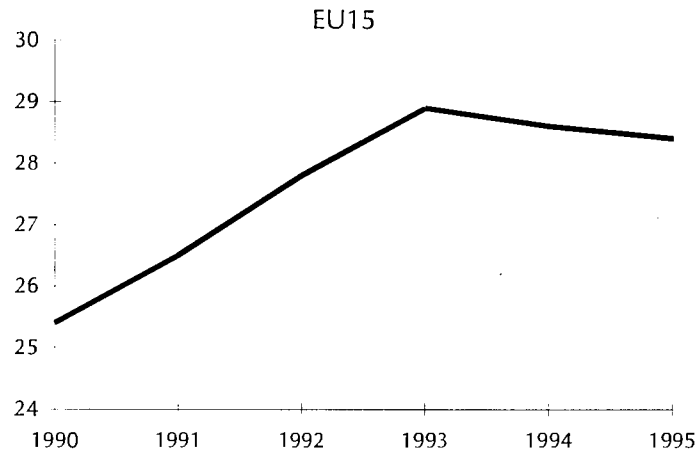
Dossier of the month

Social protection in the European Union A slight drop in spending

Following a marked increase between 1990 and 1993, EU15 expenditure on social protection expressed as a percentage of GDP fell slightly during 1995 from 28,6 % to 28,4 %

Spending on social protection has fallen in almost all EU countries since 1993. Only in Belgium, Luxembourg, Germany and France has there been a percentage increase. Greece and Portugal spent the least on social protection in 1995 (20,7% of GDP), while Sweden (35,6%) and Denmark (34,3%) spent the most.

Change in spending on social protection as a percentage of GDP, 1990-95



Expenditure on social protection as a percentage of GDP

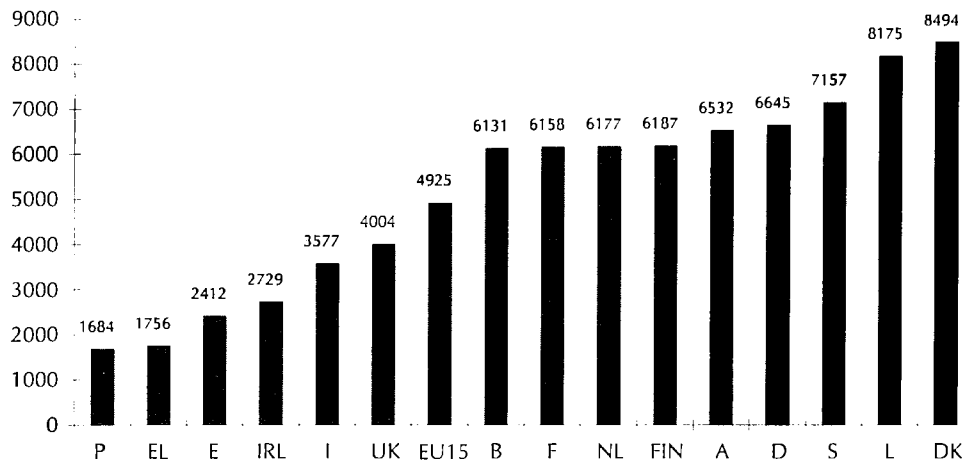
	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EU15
1990	26,6	30,3	25,4	22,6	19,9	27,7	19,1	24,1	23,5	32,5	26,7	15,5	25,5	32,9	23	25,4
1995	29,7	34,3	29,4	20,7	21,9	30,6	19,9	24,6	25,3	31,6	29,7	20,7	32,8	36	28	28



The differences between countries are more marked if expenditure per capita is considered. Average spending on social protection in the EU was ECU 4 925 per capita in 1995

Nine countries had above-average per capita expenditure. Denmark took the lead with more than double the average (ECU 8 494 per capita), followed by Luxembourg (ECU 8 175 per capita). Portugal spent the least (ECU 1 684 per capita).

Per capita expenditure on social protection in ecus, 1995



Per capita expenditure on social protection at constant prices, 1990=100

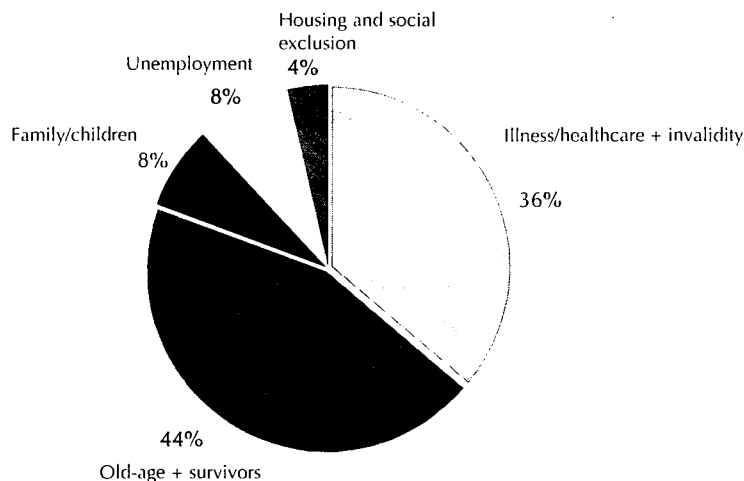
	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EU15
1991	103	105	96	95	109	103	106	105	108	101	104	112	108	100	108	103
1995	120	122	110	95	118	114	131	107	129	101	117	151	120	104	128	115



In most Member States, the single largest item of social protection expenditure was on old-age and survivors' pensions, which on average accounted for approximately 45% of benefits in EU15 in 1995

This was particularly the case for Italy, where more than 60% of spending was in this category. There were, however, big divergences between Member States in terms of their expenditure on unemployment. Unemployment payments accounted for more than 14% of all benefits in Belgium but less than 3% in Italy.

Expenditure on social protection by category of benefits in EU15, 1995 (as a percentage of all social protection benefits)



Expenditure on social protection by category of benefits, 1995 (as a percentage of all social protection benefits)



	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EU15*
1	32,3	28,4	38,0	34,2	37,5	34,9	40,1	28,6	37,5	44,4	33,4	44,8	36,1	33,9	37,7	36,0
2	42,5	37,6	42,5	49,7	45,4	43,0	26,0	65,7	44,7	37,4	48,3	43,4	32,8	37,1	39,4	44,6
3	8,2	12,4	7,5	7,0	1,8	9,0	11,7	3,5	13,2	4,7	11,3	5,8	13,3	11,3	9,0	7,5
4	14,3	14,7	9,1	5,9	14,3	8,2	17,3	2,2	3,0	10,1	5,6	5,5	14,3	11,1	5,9	8,3
5	3,6	2,7	6,8	3,2	0,8	4,9	4,9	0,0	1,6	3,4	1,5	0,4	3,6	6,5	8,1	3,6

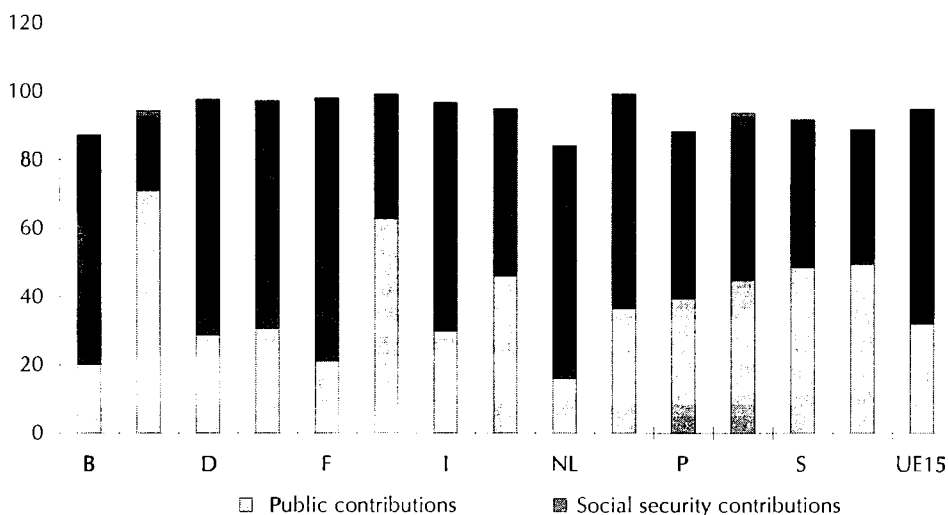
1 Illness/health care + invalidity 2 Old-age + survivors; 3 Family/children; 4 Unemployment; 5 Housing and social exclusion

* Data for Sweden are not included.

The main sources of funding for social protection in EU15 are social security contributions, which account for 63% of all receipts, followed by public contributions from taxes (32%)

Social security contributions account for a particularly high proportion (more than 65% of social security receipts in France, Germany, the Netherlands, Belgium and Italy. In contrast, Denmark and Ireland basically fund their social protection systems from taxes, with more than 60% of revenue coming from this source.

Structure of social protection revenue, 1995 (as a percentage of all revenue)



Einnahmenstruktur des Sozialschutzes 1995 (in % der Gesamteinnahmen)



	B	DK	D	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EU15*
1	20,2	71,0	28,6	30,5	21,1	62,8	29,8	46,1	16	36,4	39,4	44,7	48,4	49,5	31,9
2	67,2	23,4	69,0	66,7	76,9	36,4	66,8	48,8	68,1	62,8	48,8	48,8	43,2	39,4	62,9
3	42,3	9,5	40,4	51,7	49,4	22,3	49,0	25,3	22,0	36,9	30,0	35,2	38,0	25,5	39,3
4	12,6	5,6	2,4	2,8	2,0	0,9	3,4	5,1	16	0,8	11,7	6,4	8,4	11,1	5,2

1 Public contributions; 2 Social security contributions; 3 Of which: employers' contributions; 4 Other receipts

* Apart from Greece.

Source: Statistics in Focus: Population and social conditions 1998, No 14

EU spends 5,2% of GDP on education

Highest in Nordic Member States

Total EU-wide public spending on all levels of education is 5,2% of GDP. Highest levels are in Nordic Member States: Finland 7,3%, Sweden 7,8% and Denmark, top with 8,0%. At the other end of the scale lies Greece with 2,9%.

The report¹ is based on the data of 1995, latest available. The report says: "This relative homogeneity... in EU countries reflects similar education policies."

Public spending on education as % of GDP, 1995

EU*	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
5,2	5,7	8,0	4,8	2,9	4,9	6,0	5,2	4,7	4,4	5,2	5,6	5,8	7,3	7,8	5,2

* EU15 and EUR-112.

Spending per student

The report examines expenditure per student at primary, secondary and higher levels in PPS, the artificial currency used by statisticians to smooth price differences between countries.

For EU15 the expenditure per head ranges from 3324 PPS in *primary* education to 6249 in *tertiary* education. For EUR-11² the figures are 3390 and 6143.

In *primary*, the highest is Denmark's 5533 PPS, the lowest Greece's 1601³.

In *secondary*, EU15 average is 4579 PPS, the highest per head being observed in Austria with 6623. In higher, it's over 8000 PPS in Denmark, Germany, the Netherlands⁴ and Sweden. The latter's figure of 12407 is higher than all the others because it includes research spending. At the other extreme there's Greece with 2526.

Spending per student in public institutions in PPS, 1995

	Primary	Secondary	Higher
EU15	3 324	4 579	6 249
EUR-11 ²	3 390	4 673	6 143
B	3 808	6 592	6 029
DK	5 533	6 063	8 250
D	3 127	4 059	8 277
EL	16 013	1 843	2 526
E	2 817	3 638	3 934
F	3 250	6 179	5 993
IRL	2 026	3 172	6 546
I	4 348	4 976	4 751
NL	3 098	4 360	85 044
A	5 184	6 623	7 390
P	2 710	2 945	5 650
FIN	3 965	4 498	6 707
S	4 825	5 226	12 407
UK	3 089	4 288	6 571 ⁴

Luxembourg unavailable.

Financial aid

Total financial aid awarded to pupils or students represents on average 5,7% of total public education spending in EU15 and 4,0% in EUR-11. There are big differences between Member States: under 2,5% in Greece, Spain, Italy, Luxembourg, Austria and Portugal; but with highs of 12,7% in the Netherlands, 15,5% in Sweden and 16,4% in Denmark. Students in tertiary education are the main recipients of financial aid in the form of grants or loans, receiving on average 62% of the total.

Financial aid for pupils/students as % of total public education spending, 1995

EU15	EUR-11	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
5,7	4,0	3,6	16,4	4,3	0,4	2,4	4,3	9,3	1,2	2,4	12,7	1,7	1,8	8,7	15,5	10,3

Lion's share on wages and salaries

Wages and salaries for teaching and other staff account for the lion's share of total EU education spending in public institutions - an average 73% of the total, taking all levels together.

1 Eurostat Statistics in focus, Population and social conditions, No 15/98, Public expenditure on education in the EU.

2 Member States participating in Economic and Monetary Union (EMU) - Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland.

3 Including pre-primary.

4 Public plus government-dependent private institutions.

Source: Eurostat Memo No 21/98.

EU15 GDP up by 0,3%

EUR-11 by 0,2%

EU15 GDP in real terms rose by 0,3% in the second quarter of this year compared to the first quarter, according to revised estimates¹ today from Eurostat. EUR-11² was up by 0,2%. First estimates³ were 0,2% and 0,1% respectively.

This was a slowdown from Q1 when EU15 rose by 0,7% and EUR-11 by 0,8% and Q4 1997 when they were up by 0,7% and 0,6% respectively.

Eurostat says these latest results are due mainly to a slowdown in private consumption (up 0,2% and 0,3% respectively) and a drop in gross fixed capital formation: -1,2% for EU15, -1,5% for EUR-11.

The US economy slowed down: +0,5% compared to +1,4% in Q1. Japan's GDP registered a smaller fall in Q2 (-0,8%) than in Q1 (-1,3%). G7 was up by 0,1% compared to +0,6% in the first quarter.

EU15's trade surplus reached 2,0% of GDP compared to 2,1% in Q1. This was due mainly to a growth in exports (+1,0% as opposed to Q1's +0,4%) and a fall to +1,2% in imports compared to +1,7% in Q1. EUR-11's surplus was higher than that of EU15 at 2,8% of GDP. This was the same rate as in Q1 due to a strong rise in exports (+1,5%) and a slight fall in imports (+1,7%).

General slowdown in Member States

Most Member States' economies recorded a slight slowdown. This was due mainly to Easter falling in Q2 this year as opposed to Q1 in 1997. This influence remained because Member States in general do not publish working-day adjusted results.

The economies of Italy (from -0,1% in Q1 to +0,4% in Q2) and especially

Sweden (from -1,2% to +2,2%) indicated a recovery. Finland's growth accelerated from 0,9% in Q1 to 1,1% in Q2.

Germany's economy recorded a fall (-0,5%) due mainly to the working-day effect described above and to specific characteristics of seasonal adjustment method used by the German Statistical Office.

Evolution of GDP

Percentage change over previous period

	EU15	EUR-11	G7	USA	JPN	B	DK	D	E	F	I	NL	A	P	FIN	S	UK
Q3/97	0,7	0,7	0,9	1	0,8	1,3	-0,1	0,3	1	0,9	0,5	1	:	0,5	1,5	1	1
Q4/97	0,7	0,6	0,5	0,7	-0,4	0,2	0,6	0,6	1	0,8	0,3	1,2	:	1,9	1,1	2,2	0,7
Q1/98	0,7	0,8	0,6	1,4	-1,3	1,2	0,8	1,3	0,9	0,7	-0,1	1,1	:	:	0,9	-1,2	0,8
Q2/98	0,3	0,2	0,1	0,5	-0,8	0,6	0,2	-0,5	0,9	0,6	0,4	0,8	:	:	1,1	2,2	0,5

1. Eurostat Statistics in focus, Economy and finance, No 34/98: "GDP - Quarterly accounts, second quarter 1998" Out shortly.

2. Member States participating in Economic and Monetary Union (EMU) - Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland.

See News release 73/98, 22 September 1998.

Source: Eurostat News release No 86/98.

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CA-DC-98-012-EN-C