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Foreword

The EU annual average *inflation* for the whole year of 1997 compared with the whole of 1996 dropped to 1.7%.

EU seasonally-adjusted *unemployment* fell to 10.5% at the end-December. Ten Member States were under the EU average.

In the first seven months of 1997, the EU's *external trade balance* improved by ECU 7.9 billion and showed a surplus of ECU 25.9 billion. Extra-EU flows were quite dynamic and registered growth rates of 13.8% for exports and 12.2% for imports. For the same period, the intra-EU trade showed a total value for dispatches of around ECU 664 billion. In the ERM, the Irish pound remained the strongest *currency* in January but continued to depreciate, ending the month at DEM 2.505. The other ERM currencies moved closer together during the month, the gap between the strongest and weakest currencies having already narrowed significantly in 1997.

The downward trend in EU *government bond yields* seen during the autumn of 1997 continued in December. For several countries, yields reached new all-time lows. In all cases apart from Greece, yields were at their lowest level for the year.

During the first nine months of 1997, Member States' *money supply* generally tended to grow at a steady pace. There were a number of exceptions, however. The UK's broad M4 measure, for example, slowed to an annual rate of 5.6% in October, after having been above its 3 to 9% monitoring range for most of the year.

In October 1997 there was a notable increase in the *reserves* of Denmark, of ECU 2.3 billion on the month, to a record level of ECU 18.2 billion. Compared with a year earlier, the increase was 53.9%.

The EU *industrial production* trend rose by 1.0% in August-October 1997 compared with the three months before.

The "Dossier of the month" of this edition is devoted to the EU audio-visual market, the *Demography in the European Union* and the *EU trade in services*.

European economy at a glance



| | Dates | B | DK | D | EL | E | F | IRL | I | L | NL | A | P | FIN | S | UK | EUR 15 |
|---|----------|---------------------|--------------|--------------|-------------|--------------|--------------|------|--------------|---------------------|--------------|------------|-------|--------------|--------------|--------------------|---------------|
| GDP, seasonally adjusted volume trends, T/T-1 % | III/97 | : | 1.40 | 0.36 | : | 0.87 | 0.87 | : | 0.40 | : | 0.72 | : | : | 2.76 | -0.07 | 0.90 | 1.32 |
| GFCF, seasonally adjusted volume trends, T/T-1 % | III/97 | : | 6.96 | -0.85 | : | 1.53 | 1.68 | : | -0.00 | : | 2.00 | : | : | 7.25 | 6.78 | -1.18 | 1.21 |
| Private final national consumption volume trends, T/T-1 % | III/97 | : | 2.46 | -0.99 | : | 0.86 | 1.12 | : | 0.45 | : | 0.83 | : | : | 0.69 | 1.43 | 1.18 | 0.89 |
| Production index 1990=100 total, seasonally adjusted ⁽¹⁾ | 11/97 | <i>105.1</i> | <i>123.0</i> | <i>102.9</i> | <i>99.4</i> | <i>113.2</i> | <i>107.3</i> | : | <i>109.0</i> | : | <i>113.8</i> | : | : | <i>133.1</i> | <i>131.5</i> | <i>110.1</i> | <i>108.95</i> |
| Consumer price index T/T-12 % | 11/97 | 0.9 | 1.7 | 1.4 | 4.5 | 1.9 | 1.2 | 1.0e | 1.8 | 1.5 | 2.2p | 1.0p | 2.1 | 1.6 | 2.7 | 1.8 | 1.6p |
| Conversion rate 1 ECU=... monthly average | 1/98 | 40.8 | 7.53 | 1.98 | 312.3 | 167.5 | 6.62 | 0.79 | 1945 | 40.8 | 2.23 | 13.90 | 202.1 | 5.98 | 8.72 | 0.67 | : |
| Exchange rate 1 USD=... monthly average | 1/98 | 37.5 | 6.92 | 1.82 | 287.2 | 154.0 | 6.08 | 0.72 | 1788 | 37.5 | 2.05 | 12.78 | 185.8 | 5.50 | 8.01 | 0.61 | : |
| Money supply, M1 T/T-12 % | 10/97 | <i>5.8</i> | : | 6.2 | <i>16.3</i> | 12.4 | 8.0 | 25.6 | 9.1 | : | 9.7 | <i>6.4</i> | 17.8 | 7.0 | : | 6.7 ⁽²⁾ | : |
| Yield on public sector long-term bonds % | 12/97 | 5.5 | 5.7 | 5.3 | 10.5 | 5.6 | 5.3 | 5.6 | 5.7 | 5.4 | 5.3 | 5.4 | 5.7 | 5.6 | 6.0 | 6.4 | : |
| Unemployment rate seasonally adjusted % | 12/97 | 9.3 | 5.6 | 10.0 | : | 21.0 | 12.3 | 9.8 | : | 3.6 | 4.7 | 4.4 | 5.9 | 12.6 | 9.1 | 6.6 | 10.5 |
| Extra-EU trade balance Bn ECU | 01-07/97 | -1.1 ⁽³⁾ | 1.6 | 21.5 | -1.8 | -3.6 | 8.6 | 1.6 | 13.2 | -1.1 ⁽³⁾ | -17.4 | 2.4 | -2.0 | 3.9 | 7.8 | -8.7 | 25.9 |
| Intra-EU trade balance Bn ECU | 01-07/97 | 7.5 ⁽³⁾ | 0.5 | 14.5 | -5.5 | -3.0 | 0.1 | 5.6 | 4.1 | 7.5 ⁽³⁾ | 24.5 | -5.9 | -2.9 | 1.2 | 1.1 | -7.0 | : |

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; e = estimation data;



EU inflation fell to 1.7% in 1997

The EU annual average inflation for the whole year of 1997 compared with the whole of 1996 dropped to 1.7%. This is 0.7 percentage points down on the 2.4% recorded between 1995 and 1996.

The EU annual inflation rate fell to 1.6% in December 1997 (compared with Dec 1996) from a revised 1.7% in November.

The lowest rates were in Belgium (0.9%), Ireland and Austria (each 1.0%). Six Member States were below the EU average; Finland on it. The highest rates remained in Greece (4.5%) and Sweden (2.7%)

Inflation fell to 1.7% in the USA and to 1.8% in Japan. The Swiss rate remained at 0.4. But, again, these are not strictly comparable with HICPs.

Annual % inflation measured by HICPs - in ascending order

| Dec. 1997/Dec. 1996 | | Dec. 1997/Dec. 1996 | |
|---------------------|------|------------------------|------|
| EU15 (EICP) | 1.6p | Spain | 1.8 |
| Belgium | 0.9 | Portugal | 1.9 |
| Ireland | 1.0e | United Kingdom | 2.1 |
| Austria | 1.0p | The Netherlands | 2.2p |
| France | 1.2 | Sweden | 2.7 |
| Germany | 1.4 | Greece | 4.5 |
| Luxembourg | 1.5 | | |
| Finland | 1.6 | Iceland | 2.1 |
| Denmark | 1.7 | Norway | 2.2 |
| Italy | 1.8 | EEA | 1.7p |

p = provisional; e = estimation.

EU unemployment fell to 10.5% in December 1997

EU seasonally-adjusted unemployment fell to 10.5% at the end-December. This compares with 10.6% at end-November and 10.8% at end of both 1996 and 1995. Ten Member States were under the EU average.

The jobless rate fell last year in most Member States – by at least one percentage point in the Netherlands, Portugal, Finland, Sweden, UK and Ireland. Only Germany saw a noticeable rise: from 9.2% to 10.0%, where it stuck for the last four months of 1997.

Spain's 21.0% was still by far the EU's highest rate. The lowest was Luxembourg's 3.6%. Next lowest was Austria with 4.4%.

The EU average for men was 9.1%, 0.4 percentage points down on the year. For women it was 12.5%, the

same as at the end of 1996 and 1995. The lowest EU-wide rate was 7.7% for men 25 and over - a fall on 8.0% at the end of the two previous years.

Under-25s remained hardest hit – 18.7% for young men and 22.2% for young women at the year-end, but down on the 20.2% and 23.2% respectively seen at the end of both 1996 and 1995. Spanish under-25 rates were still 33.5% for men and 46.9% for women, little changed.

17.7 million men and women were unemployed in the EU in December 1997. This seasonally-adjusted figure in line with ILO criteria is 370 000 fewer than in December 1996.

US and Japanese unemployment stood at 4.7% and 3.4% respectively (October).

Dynamic extra-EU exports and imports in January-July 1997

Extra-EU trade recorded a surplus of ECU 26 billion

In the first seven months of 1997, the EU's¹ external trade balance improved by ECU 7.9 billion and showed a surplus of ECU 25.9 billion, whereas in January-July 1996 it had recorded a surplus of only ECU 18 billion. Extra-EU flows were quite dynamic and registered growth rates of 13.8% for exports and 12.2% for imports. The EU balance with its Central and Eastern European (CEEC) partners showed the largest surplus in the first seven months of 1997 reaching ECU 14.4 billion, up by ECU 3.2 billion compared with the the same period of the previous year. In contrast, trade with Japan and China registered the highest deficits (ECU 11.7 and 11.8 billion respectively).

In the period January-July of 1997, the

EU's trade balance in machinery and transport equipment recorded the greatest surplus (ECU 56.6 billion), while fuel products showed the largest deficit (ECU 38.8 billion). The total surplus for manufactured goods amounted to ECU 85.2 billion. For the same period, Germany achieved the largest extra-EU surplus (ECU 21.5 billion) followed by Italy (ECU 13.2 billion) and France (ECU 8.6 billion), while the Netherlands and the United Kingdom registered the highest external deficits (ECU 17.4 and 8.7 billion respectively). Nevertheless, the Netherlands' deficit has to be interpreted in conjunction with the intra-EU Dutch surplus and the country's transit role in EU trade.

Slower growth in intra-EU trade

In the period January-July 1997 intra-EU trade showed a total value for dispatches (i.e. exports, which are the more reliable measure of intra-EU trade) of around ECU 664 billion, representing an increase of 6.1% compared with the same period of the previous year.

The Netherlands was the Member State with the largest intra-EU surplus. In the first seven months of 1997 it grew to ECU 24.5 billion, up by 3.4 billion on the same period of 1996. However, as mentioned before, this surplus has to be interpreted in conjunction with the extra-EU Dutch deficit and the country's transit role in EU trade

As in the case of extra-EU trade, Germany was the most important player with the EU partners and it registered the second largest intra-EU trade surplus (ECU 14.5 billion) - an increase of ECU 2.7 billion compared with the previous year.

In the period January-July of 1997, France's intra-EU trade registered a small surplus, improving by ECU 4.1 billion in comparison with the deficit registered in the corresponding period

of 1996. In contrast, for the same period, the United Kingdom's intra-EU deficit worsened and reached ECU 7 billion.

Regarding Italy, the intra-EU surplus went down by ECU 3.4 billion in comparison with same period of the previous year and reached only ECU 4.1 billion, while for Ireland its surplus remained almost stable and recorded a figure of ECU 5.6 billion.

In the period January-July 1997, Belgium/Luxembourg recorded an intra-EU surplus of ECU 7.5 billion. This represented a slight improvement (ECU 0.7 billion) compared with a year earlier.

As far as the three new Member States are concerned, Sweden and Finland confirmed their small surpluses in trade with their EU partners whereas Austria showed a deficit of ECU 5.9 billion.

Of the remaining four Member States, only Denmark displayed a small intra-EU surplus in the first seven months of 1997 (ECU 0.5 billion), while Spain, Portugal and Greece registered internal deficits of ECU 3, 2.9 and 5.5 billion respectively.

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

Dollar appreciates further against DEM in January

Irish pound weakens in the ERM

Against a background of an easing of tensions in Asian financial markets, the US dollar advanced further against the Deutschmark in January, ending the month at DEM 1.824, compared with 1.79 at the end of December.

Meanwhile, the dollar reached a peak against the Japanese yen in the first week of January of JPY 133.5, its highest level since 1992. However, it failed to sustain the upward momentum of recent months, falling by the end of January to JPY 127.2. In monthly average terms, the dollar / DEM rate rose to 1.817 in January (its highest level since August 1997) from 1.778 in December, whereas the dollar / JPY rate was unchanged at 129.5.

In the ERM, the Irish pound remained the strongest currency in January but continued to depreciate, ending the month at DEM 2.505. Its monthly average fell to 2.511, the lowest level since October 1996. The other ERM currencies moved closer together during the month, the gap between the strongest and weakest currencies (measured in terms of bilateral fluctuations) having already narrowed significantly in 1997. Comparing the position at the end of January with the end of December, the

gap excluding the IEP narrowed to 0.47% from 0.77%. Including the IEP, the gap narrowed to 3.78% from 5.85%.

The pound sterling appreciated slightly in January to a monthly average of DEM 2.971 (December: 2.952), and ended the month at DEM 2.986. Although sterling is below the peak levels of 1997, it remains very strong relative to the years 1993-96 (in 1996 for example it averaged DEM 2.35). Following its depreciation in the last quarter of 1997, the Swedish krona continued to move lower against the DEM in January, to a monthly average of SEK 4.412 from SEK 4.382 in December.

Official interest rates in the EU were generally unchanged in January. However, Portugal lowered its liquidity draining rate by 10 basis points to 4.8%. The trend in Portuguese rates has been downward for several years; at the beginning of 1997 the corresponding rates were 6.7% and 6.2%. Also in January, Greece increased its Lombard rate from 19% to 23%, but the discount rate was unchanged at 14.5%.

Note: Exchange rates are as supplied to the European Commission by central banks on a daily basis.
ERM = exchange rate mechanism of the European Monetary System.
Basis point = 1/100th of a percentage point in interest rates.

EU bond yields at record lows at the end of 1997

For most countries, yields are now below 6%

The downward trend in EU government bond yields seen during the autumn of 1997 continued in December. For several countries, yields reached new all-time lows. In all cases apart from Greece, yields were at their lowest level for the year. The Greek yield nevertheless fell from 10.81% in November, to 10.49%. The second highest, the UK, fell from 6.77% in November to 6.43%, its lowest point since January 1994. Apart from Greece, the UK, and Sweden (whose yield fell to 6.03%), all other EU yields were below 6%, the small-

lest-yielding bond being that of the Netherlands with 5.29%. The Italian bond saw the biggest decline in yield over the month, by 39 basis points to a record low of 5.74%.

Despite the markedly different economic conditions in the USA, Japan, and the EU, the trend in bond markets was broadly similar in 1997. In December the Japanese yield moved towards 1.7%, another record low. The US yield, meanwhile, fell below 5.8%, its lowest level since the beginning of 1996.

Note:

The above-mentioned yields relate to government bonds of around 10 years to maturity. Data are monthly average.

Money supply trends generally steady

But broad money growth slows in UK, Germany and Spain

During the first nine months of 1997, Member States' money supply generally tended to grow at a steady pace. There were a number of exceptions, however. The UK's broad M4 measure, for example, slowed to an annual rate of 5.6% in October, after having been above its 3-9% monitoring range for most of the year. The trend in German M3 growth (annualised on the fourth quarter of 1996) was gradually downwards, falling to 5.1% in October, then 4.7% in November, well within the 4-7% target range. Annual growth in Spain's ALP measure also tended to decline, falling to 4.8%

in October. By contrast, France's M3 measure, which had been distorted by structural changes in the financial market, grew 1.4% in the year to October, having declined by 3.5% in 1996 (year to December).

In the year to October, Ireland recorded the fastest rate of monetary expansion, in both broad and narrow definitions: M1 grew by 25.6%, and M3 by 24.4%. Greek M1 and M3, and Portuguese M1, also grew relatively quickly. Apart from French M3, Denmark's monetary measure (which approximates M2) and also Austria's M3 expanded relatively slowly.

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.

For Spain, ALP is a broad measure, as is L- for Portugal.

Denmark's reserves at a record level in October

but declines reported by several Member States

In October 1997 there was a notable increase in the reserves of Denmark, of ECU 2.3 billion on the month, to a record level of ECU 18.2 billion. Compared with a year earlier, the increase was 53.9%. By contrast, several Member States saw a decline in their reserves between September and October when measured in ECU, including Belgium-Luxembourg, Germany, Italy, the Netherlands, and Austria. Austria's fell relatively sharply, by 6.3% to ECU 17.8 billion, but were nevertheless 0.3% above the level of a year earlier. The reserves of Belgium-

Luxembourg were only ECU 0.1 billion lower than September's record ECU 15.0 billion. The reserves of Germany, Italy, and the Netherlands remained above year-earlier levels, despite falling to ECU 67.8 billion, 47.6 billion, and 23.2 billion respectively.

Reserves of the USA and Japan also fell in October in ECU terms, to 49.9 billion and 198.6 billion respectively. Japan's reserves have been on a downward trend since they reached a world record ECU 204.6 billion in July.

Note:

The definition of foreign official reserves used here excludes gold. October 1997 data not available for all countries.

Industrial production

EU industrial production up 1.0% in August-October 1997

The EU industrial production trend¹ rose by 1.0% in August-October 1997 compared with the three months before. The EU was considerably ahead of Japan (-0.7%) but still below the USA (1.5%). In this latest period, Sweden (2.6%) and Spain (2.4%) were in the lead. France (1.8%), Denmark and Finland (both

1.3%) were above the EU average. Germany and Italy were on the average. The volume of EU industrial production adjusted for working days rose by 5.2% in October 1997 compared with the same month a year earlier. In France growth was 7.1%, Germany had 4.9%, Italy 4.7% and the UK 2.1%.

| Production trend index ¹ | | | |
|--|-----|-------------|------|
| Changes (%) between May-July and August-October 1997 | | | |
| Member States with available data | | | |
| Sweden | 2.6 | Belgium | 0.9 |
| Spain | 2.4 | UK | 0.6 |
| France | 1.8 | Netherlands | 0.4 |
| Denmark | 1.3 | Greece | 0.1 |
| Finland | 1.3 | | |
| Germany | 1.0 | USA | 1.5 |
| Italy | 1.0 | Japan | -0.7 |
| EU | 1.0 | | |

¹ Production volume of total industry (excluding construction) adjusted for seasonal and one-off fluctuations

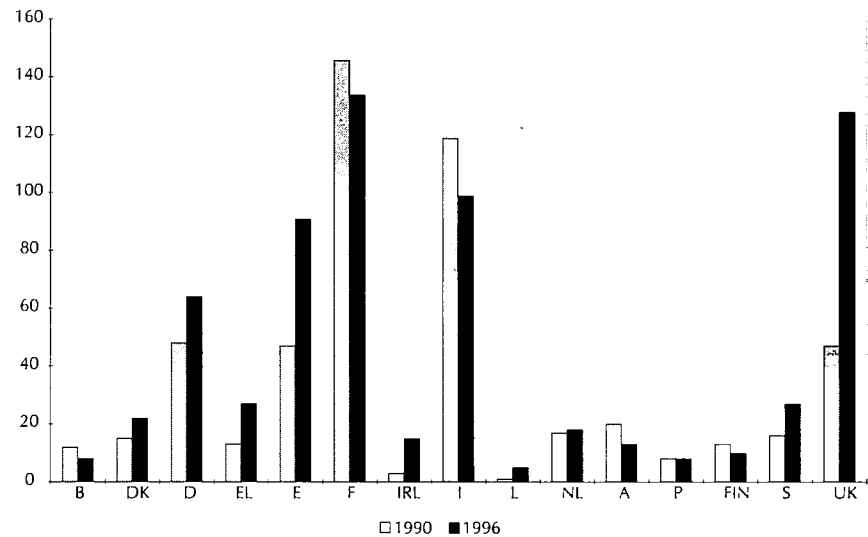
Dossier of the month

The EU audio-visual market Cinema activity increasing

The volume of EU film production increased in the 1990s. A total of 669 films (national films and international coproductions) were produced in 1996, 144 more than in 1990. More national films were produced

Between 1990 and 1996 two countries in particular contributed to the increase: the United Kingdom (a rise of 172%) and Spain (94%). National film production has also increased in some smaller countries, such as Denmark (47%) and Sweden (68%). The biggest EU film producer was still France with 134 in 1996.

Full-length films produced, 1990-96



Full-length films produced, 1996

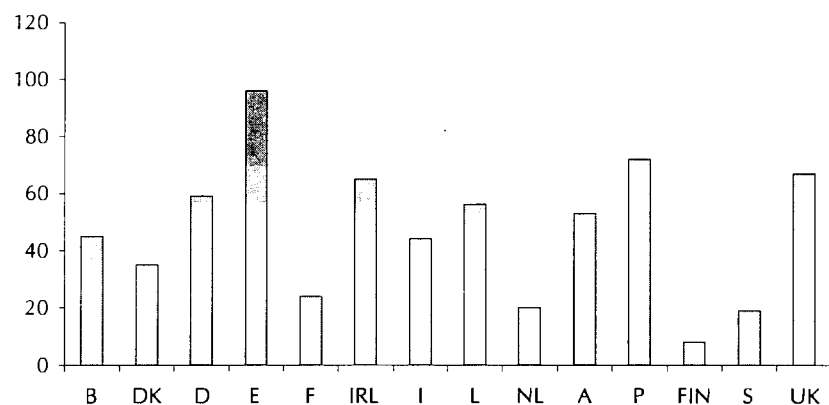
| | B | DK | D | EL | E | F | IRL | I | L | NL | A | P | FIN | S | UK | EU | USA |
|--------------------|---|----|----|----|----|-----|-----|----|---|----|----|---|-----|----|-----|-----|-----|
| National | 2 | 19 | 42 | 26 | 66 | 74 | - | 77 | - | - | 12 | 2 | 8 | 18 | 53 | 412 | |
| Int. coproductions | 6 | 3 | 22 | 1 | 25 | 60 | - | 22 | - | - | 1 | 6 | 2 | 9 | 75 | 242 | |
| Total | 8 | 22 | 64 | 27 | 91 | 134 | 15 | 99 | 5 | 18 | 13 | 8 | 10 | 27 | 128 | 669 | 421 |



During this decade, EU gross box office receipts grew in all Member States. The combined value of the cinema market in 1996 of the European Union was ECU 3 290.3 million

The increase in box-office receipts was substantial in Spain where it almost doubled from 1990 to 1996 (96%). Growth was relatively quick in Portugal (72%), the United Kingdom (67%), Ireland (65%) and Germany (59%).

Cinema income from gross box-office receipts %, rise, 1990-96



Cinema income from gross box-office receipts, million ECU.

| | B | DK | D | EL | E | F | IRL | I | L | NL | A | P | FIN | S | UK | EU ⁽¹⁾ | USA |
|----------------|-------|------|-------|----|-------|-------|------|-------|-----|------|------|------|------|-------|-------|-------------------|--------|
| 1990 | 64.9 | 41.4 | 403.5 | 41 | 218.4 | 553.4 | 25 | 399.2 | 2.3 | 72.6 | 40.9 | 15.8 | 37.5 | 104.7 | 374.9 | 2395.3 | 3943.5 |
| 1996 | 101.5 | 55.4 | 688.2 | - | 343.9 | 731.6 | 39.9 | 447.3 | 3.9 | 94.4 | 67.3 | 25.1 | 33.8 | 109.8 | 548 | 3290.3 | 4655.6 |
| 1990/96 % rise | 45 | 35 | 59 | - | 96 | 24 | 65 | 44 | 56 | 20 | 53 | 72 | 8 | 19 | 67 | - | 18 |

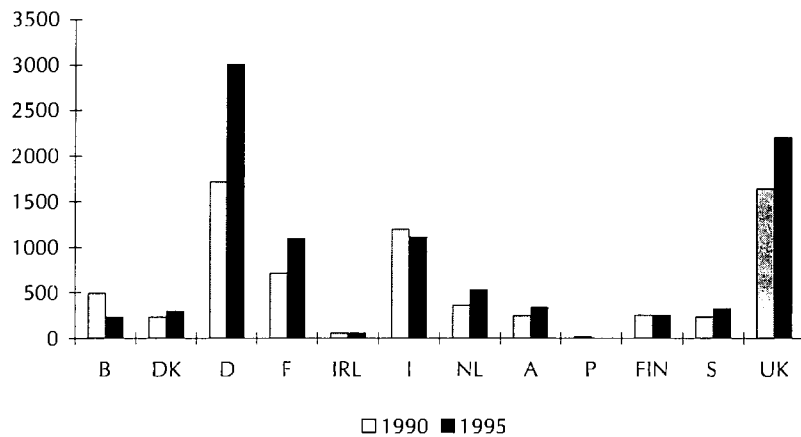
(¹) excluding Greece.



A television licence is required in all EU Member States except Spain, Luxembourg and Portugal. Receipts of EU public broadcasters from TV licence fees in 1995 was ECU 9 466.5 million

Licence fee receipts increased in all countries where the system is in force. Among those countries with the fastest growth were Sweden (69%), Germany (59%) and the United Kingdom (56%).

Receipts of public broadcasters from TV licence fees, million ECU



Receipts of public broadcasters from TV licence fees, Mio ECU

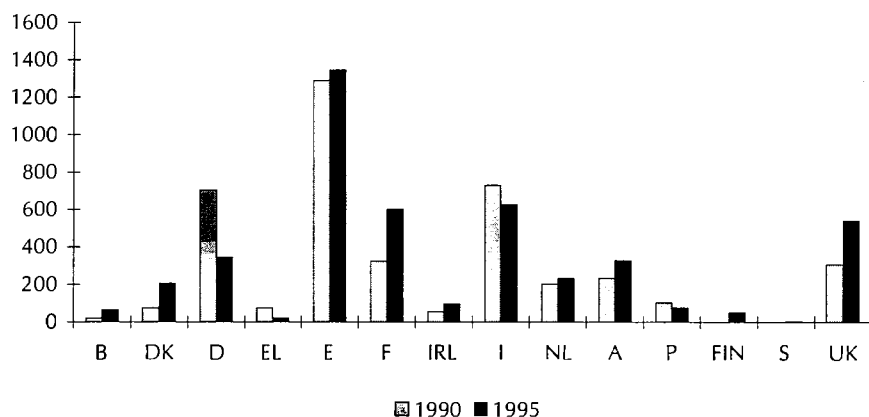
| | B | DK | D | EL | E | F | IRL | I | L | NL | A | P(2) | FIN | S | UK | EU(1) |
|-----------|-------|-------|--------|----|---|--------|------|--------|---|-------|-------|------|-------|-------|--------|--------|
| 1990 | 494 | 238.7 | 1720.2 | : | - | 711.9 | 61.1 | 1199 | - | 364.2 | 250.6 | 28.8 | 254.3 | 239.6 | 1641.1 | 7203.4 |
| 1995 | 235.9 | 301.3 | 3003.1 | : | - | 1098.7 | 61.4 | 1108.3 | - | 531.7 | 338.3 | - | 261.3 | 327 | 2199.6 | 9466.5 |
| 1990/95 % | -57 | 18 | 59 | : | - | 46 | 7 | 29 | - | 33 | 23 | | 21 | 69 | 56 | - |

(1) Excluding Greece; (2) No TV licence since 1991

In 1995 the total EU public TV income from advertising and sponsorship was 48% of the size of total public TV receipts from the licence fee

Income generated from advertising and/or sponsorship varied from country to country. In Sweden it was only ECU 1.6 million. In several countries it amounted to several hundred million ECU, for example in Spain it was ECU 1 345 million.

Income of public broadcasters from advertising/sponsorship, million ECU



Income of public broadcasters from advertising/sponsorship, million ECU

| | B | DK | D | EL | E | F | IRL | I | L | NL | A | P | FIN | S | UK | EU |
|------|------|-------|-------|------|--------|-------|------|-------|---|-------|-------|-------|-----|-----|-------|--------|
| 1990 | 21.4 | 74.3 | 703.7 | 75.1 | 1289 | 324.3 | 55.9 | 731.3 | - | 202.4 | 232.4 | 102.4 | - | - | 305.2 | 4117.4 |
| 1995 | 65.1 | 206.1 | 345.3 | 19.3 | 1345.5 | 601.8 | 94.8 | 626.7 | - | 232 | 326.1 | 75.2 | 51 | 1.6 | 540.5 | 4531.1 |

Source: Eurostat Statistics in focus : Distributive trades, services and transport.

More babies born in the EU

But trend set to reverse

More babies were born and fewer people died in the EU in 1997 compared with 1996.

Births rose to 4 061 500 from 4 045 800 in 1996. In 1995 they reached a post-war low of 4 001 800. Deaths are estimated to fall from 3 732 700 in '96 to 3 721 400 last year.

Result: a probable rise in EU natural population (live births minus deaths) of 340 100; the '96 rise was 313 100. This implies nearly 0.1% growth in

total population. In '95 the increase was a post-war low of 282 100.

It seems probable that after 2000 there will be another decrease in births as the large numbers of women born in the mid-1960s 'baby-boom' move out of the peak childbearing ages and are replaced by the smaller number of women born during 1965 to 1975.

In the mid-sixties the annual number of live births was over two million higher than today's figure, but fertility fell dramatically from 1965 to 1975.

People living longer

Half the Member States anticipate a decline in births last year compared with 1996. In Austria (-5.2%) and Sweden (-4.4%) the likely fall is considerable. But Germany (2.9%), Ireland (7.4%) and the Netherlands (2.9%) expect significant rises.

Ireland will still have the highest crude birth rate – 14.9 live births per 1000 population; Spain the lowest – 9.1.

Most Member States had fewer deaths. "Only Finland, Ireland, Italy and Spain will probably be confronted with a moderate growth in funerals."

Denmark looks set to continue with the highest crude death rate – 11.4 per 1000 population. This is due to an aged population and a relatively less favourable mortality pattern. The Netherlands is most likely to record the lowest – 8.8.

Deaths peaked in 1976 at a post-war high of 3 793 700. During recent years deaths have been fairly stable, although the population is ageing so people are living longer – a trend set to continue.

'Births deficits' in Germany, Italy & Sweden

Natural population change in 1997 is likely to stay negative in Germany (-41 100) and Italy (-27 000). And Sweden should see a 'births deficit' – of -3 300 – for the first time this century. Greece, with an estimate of -500, might also slide this way. However, probably all these countries

will experience a population increase due to a substantial net inflow of international migrants.

Ireland is expected to remain the Member State with the highest crude natural population growth: 5.8 per thousand compared with an 0.9 EU average.

Births, deaths & natural population change - 'now-casts' for 1997

| | Live births | 1996/97 % change | Deaths | 1996/97 % change | Natural change | Natural change per 1000 population |
|----------------------|-------------|------------------|-----------|------------------|----------------|------------------------------------|
| EU | 4 061 500 | 0.4% | 3 721 400 | -0.1% | 340 100 | 0.9 |
| Belgium | 115 800 | -0.4% | 105 000 | -0.3% | 10 800 | 1.1 |
| Denmark | 67 700 | 0.1% | 60 300 | -1.3% | 7 400 | 1.4 |
| Germany | 819 400 | 2.9% | 860 500 | -3.0% | -41 100 | -0.5 |
| Greece | 98 200 | -3.3% | 98 700 | -1.8% | -500 | -0.0 |
| Spain | 358 200 | -0.2% | 356 300 | 2.0% | 1 900 | 0.0 |
| France | 725 400 | -1.2% | 532 100 | -0.7% | 193 300 | 3.3 |
| Ireland | 54 100 | 7.4% | 32 800 | 4.1% | 21 300 | 5.8 |
| Italy | 543 000 | 0.9% | 570 000 | 5.0% | -27 000 | -0.5 |
| Luxembourg | 5 600 | -1.6% | 3 900 | 0.1% | 1 700 | 4.1 |
| Netherlands | 194 500 | 2.9% | 137 500 | 0.0% | 57 000 | 3.7 |
| Austria | 84 200 | -5.2% | 79 800 | -1.2% | 4 400 | 0.5 |
| Portugal | 112 200 | 1.7% | 105 000 | -2.1% | 7 200 | 0.8 |
| Finland | 59 500 | -2.0% | 49 500 | 0.7% | 10 000 | 1.9 |
| Sweden | 90 700 | -4.4% | 94 000 | -0.1% | -3 300 | -0.4 |
| UK | 733 000 | 0.0% | 636 000 | -0.5% | 97 000 | 1.6 |
| EEA | 4 126 300 | 0.4% | 3 768 500 | -0.1% | 357 800 | 0.9 |
| Iceland | 4 100 | -5.3% | 1 900 | 1.1% | 2 200 | 8.2 |
| Liechtenstein | 400 | -1.2% | 220 | -2.2% | 220 | 5.6 |
| Norway | 60 300 | -1.0% | 45 000 | 1.9% | 15 300 | 3.5 |
| Switzerland | 81 400 | -1.9% | 63 400 | 1.6% | 18 000 | 2.5 |

Background note

This is the first time Eurostat has produced such rapid estimates of births and deaths for the year just ended. The new system has been developed and implemented with the assistance of

Statistics Netherlands. Available monthly data have been seasonally adjusted and extrapolated with advice from experts in Member States. Firmer estimates are due in mid-1998.

* Eurostat Statistics in focus, Population and social conditions, no 1/98, Slightly more births and less deaths in 1997. The first set of demographic estimates for 1997.

Source: Eurostat News releases, No 13/98.

Boom in EU trade in services

But led by imports

Between 1986 and 1995 total EU trade in goods and services¹ in value terms grew faster than GDP.

Total EU services transactions, including trade between Member States, reached ECU 821.4 billion in 1995 – doubling over the decade. But it was import led.

Trade in goods and services grew by an average 7.8% a year to reach 58.2% of the EU's GDP. GDP rose by an annual average of 6.8% in nominal terms². Services grew faster than goods – by an annual average of 8.2% compared with goods' 7.7%.

The EU current account surplus, intra plus extra, reached almost ECU 35.7 billion in 1995, up from an ECU 64.5 billion deficit in 1992. This resulted mostly from the goods balance moving from an ECU 5.7 billion deficit in 1992 to a record surplus of ECU 103.2 billion in 1995.

The services' balance gradually eroded from some ECU 30 billion in 1986 to nearly ECU 2.2 billion in 1995 – the lowest in over 10 years. Even in 1994 it had been over ECU 11.8 billion. The

biggest falls were in transportation and miscellaneous business, professional and technical services. Between 1994 and 1995 the former moved from deficits of ECU 2.4 billion to ECU 6.4 billion; the latter went from a surplus of ECU 4.3 billion to one of ECU 1.8 billion.

Most of the import-led decline in the balance of services in 1995 arose from trade with the USA. This went from a balance of ECU 6.3 billion in 1994 to ECU 4 billion.

In 1995, EU income earned on assets recorded an ECU 40.2 billion deficit, a net outflow, continuing a negative trend.

The EU increased its services' surplus with Japan from ECU 4.1 billion to ECU 4.9 billion between 1994 and 1995. This came mainly from transportation and travel services.

Intra-EU trade in services accounted for 56% of total transactions in 1995. Over the decade these grew by an annual average of 10.6% compared with 5.5% for extra-EU.

EU (intra + extra) current account of the balance of payments, 1993-95 in million ECU

| | 1993 | 1994 | 1995 |
|--------------------------|---------|---------|---------|
| Goods | 61.735 | 77.275 | 103.155 |
| Services | 13.395 | 11.836 | 2.173 |
| Investment income | -36.234 | -46.088 | -40.329 |
| Current transfers | -29.924 | -34.858 | -29.452 |
| Current account | 9.747 | 9.060 | 35.648 |

¹. Total transactions (credit and debit) between Member States and between EU and rest of the world.

². EUR12 1986-91, EUR15 from 1992-95.

Source: Eurostat News releases, Memo No 1/98.

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