



KEY FIGURES

Bulletin of economic trends in Europe and summaries 2/99

Foreword

Euro-zone annual inflation fell to 0,9% between October and November. For the EU15, the rate fell from 1,1% in October to 1,0% in November.

Euro-zone seasonally-adjusted unemployment stayed at 10,8% in November. This compares to 11,6% in November last year. The EU15 rate was 9,8%, also unchanged from the previous month. In November a year ago it was 10,5%.

In January-September 1998, the EU's external trade balance worsened by EUR 18,2 billion to a surplus of EUR 14,3 billion. Extra-EU flows grew steadily with growth rates over the same period of 1997 of 4% for exports and 8% for imports. The EU remained the world's leading exporter, and was the second largest importer behind the USA.

The third stage of monetary union began on 1 January 1999, as currencies of the EUR-11 were irrevocably fixed to the single currency, the euro. This one replaced the ECU at a rate of one euro to one ECU. Key interest rates were lowered throughout the euro area in December, covering at 3%.

The government bond yield for the EU15 moved slightly lower in November, to a record low of 4,43%. The EUR-11 yield was unchanged at 4,25%.

M3 money supply growth for the EUR-11 increased by a provisional 4,5% in November, down from 5,0% in October. M3 for the EU15 was an estimated 4,1%.

Foreign official reserves of the EU15 were an estimated EUR 348 billion in September, down EUR 13 billion. Those of the EUR-11 also fell by around EUR 13 billion, to EUR 284 billion.

The euro-zone industrial production trend rose by 0,6% in August to October compared to the previous three months. In EU15 it was up by 0,3%.

The "Dossier of the month" of this edition is devoted to *Energy production in the EU*, to *Agricultural income* and *the EU insurance industry*.

Contents

Foreword
European economy at a glance

1- Short-term indicators

Inflation rate
Unemployment
External trade
Money and finance
Industrial production

2- Dossier of the month

Energy production in the EU
Agricultural income
EU insurance industry

European economy at a glance



	Dates	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR-11	EU15
GDP, seasonally adjusted volume trends, T/T-1 %	III/98	:	0,2	-0,5	:	0,9	0,5	:	0,5	:	0,8	0,8	:	1,1	2,2	0,4	0,64(5)	0,6(5)
GFCF, seasonally adjusted volume trends, T/T-1 %	III/98	:	-5,8	2,0	:	1,5	0,8	:	1,1	:	-2,3	-0,3	-1,3	5,6	1,3	2,5	0,64(5)	0,9(5)
Private final national consumption volume trends, T/T-1 %	III/98	:	1,5	-0,3	:	0,9	0,7	:	0,3	:	1,2	0,7	:	1,6	0,8	0,4	0,7(5)	0,6(5)
Production index 1995=100 total, seasonally adjusted (1)	11/98	109,5	107,7	110,1	112,8	111,9	109,4	:	102,4	114,9	108,4	:	109,0	123,2	118,3	102,3	109,6	108,9
Consumer price index T/T-12 %	11/98	0,6	1,1*	0,6	3,9*	1,4	0,2	2,2	1,7	0,5	1,5p	0,5p	2,6	0,9	0,1*	1,4*	0,9p	1,0p
Conversion rate 1 ECU=... monthly average	12/98	40,4	7,4	1,96	328,8	166,5	6,56	0,79	1938	40,4	2,21	13,77	200,7	5,95	9,45	0,70	:	:
Exchange rate 1 USD=... monthly average	12/98	34,4	6,4	1,67	280,5	142,1	5,60	0,67	1654	34,4	1,88	11,75	171,2	5,08	8,06	0,60	:	:
Money supply, M1 (4) T/T-12 %	11/98	1,0	:	8,3	18,5	10,7	8,4	29,4	9,4	:	14,9	4,9	16,0	6,1	:	4,8(3)	9,2	9,0
Yield on public sector long-term bonds %	11/98	4,3	4,7	4,1	7,7	4,4	4,2	4,3	4,4	4,3	4,2	4,3	4,4	4,4	4,6	4,9	4,3	4,4
Unemployment rate seasonally adjusted %	11/98	8,5	4,2	9,4	:	18,2	11,8	8,5	12,3	2,1	3,6	4,4	4,4	10,6	7,6	:	10,8	9,8
Extra-EU trade balance EUR Billion	01-09/98	3,4(2)	0,9	28,8	2,8	6,1	13,0	2,4	14,8	3,4(2)	25,1	2,8	2,7	5,3	9,6	23,5	63,9(4)	14,3
Intra-EU trade balance EUR Billion	01-09/98	13,9(2)	0,1	22,9	7,2	6,7	3,8	11,6	3,8	13,9(2)	34,7	7,4	5,0	2,0	1,8	7,6	:	:

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, M0 is a narrow measure. EU-15 is estimated.

(4) = The EUR-11 figure represent the total of the Extra-UE balance (5) = Estimation

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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Euro-zone annual inflation down to 0,9% in November 1998

Euro-zone annual inflation¹ fell to 0,9% between October and November. A year earlier the rate was 1,6%. For EU15 'rate'² fell from 1,1% in October to 1,0% in November. In November 1997 it was 1,7%. EEA annual inflation³ fell to 1,0%.

Highest annual rates were in Greece (3,9%), Portugal (2,6%) and Ireland (2,2%). Lowest were in Sweden (0,1%), France (0,2%), Luxembourg and Austria (both 0,5%).

Compared with October, annual inflation fell in eight Member States, rose in two and was unchanged in five. Compared to a year earlier, the biggest relative rises

were in Ireland (1,1% to 2,2%) and Portugal (1,9% to 2,6%); biggest relative falls were in Sweden (2,7% to 0,1%) and France (1,4% to 0,2%).

Lowest 12-month averages⁴ up to November were in France (0,7%), Germany (0,8%), and Belgium and Austria (both 0,9%). Highest were in Greece (4,6%), Portugal (2,2%) and Ireland (2,1%).

Annual Inflation⁵ remained at 1,5% in the USA, fell to -0,1% in Switzerland and rose to 0,8% in Japan. But these indices are not strictly comparable with EU harmonized indices.

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 the previous year.

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

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

4. Arithmetic average of indices for a 12-month period relative to the arithmetic average for the preceding 12 months. Measure used to determine price stability, see Convergence report 1998 by the Commission to the Council, prepared in accordance with Article 109(j) of the Treaty.

5. As measured by national CPIs.

Euro-zone unemployment stays at 10,8% in November 1998

Euro-zone¹ seasonally-adjusted unemployment stayed at 10,8% in November. This compares to 11,6% in November last year. The EU15 rate was 9,8%, also unchanged from the previous month. In November a year ago it was 10,5%.

Lowest rates (less than 5%) were in Luxembourg (2,1%), the Netherlands (3,6% October), Denmark (4,2% October), Austria and Portugal (both 4,4%). Spain's (18,2%) was still by far the EU's highest rate, even if it was 2 percentage points lower than 12 months ago.

EU unemployment of under-25s ranged from around 6% in Luxembourg, the Netherlands and Denmark to 34% in

Spain. EU15-wide it was 19,3% and 21,1% in the euro-zone. A year earlier it was 20,5% and 22,7% respectively.

The EU15 women's rate in November 1998 fell to 11,6% from 11,7% in the previous month and for men remained stable at 8,4%. In November 1997 the rates were 12,3% and 9,1% respectively.

US unemployment was 4,5% in October 1998; the Japanese rate 4,3% in September 1998.

Eurostat estimates 13,8 million men and women were unemployed in the euro-zone and 16,5 million in EU15 in November 1998. These are seasonally-adjusted figures in line with ILO criteria.

1. Euro-zone: the 11 Member States participating in Economic and Monetary Union (EMU) - Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland.
2. Unemployed people according to the International Labour Organisation (ILO) criteria are those aged 15 and over who:
 - are without work,
 - are available to start work within the next two weeks,
 - and have actively sought employment at some time during the previous four weeks.
3. The monthly unemployment rate and numbers of unemployed are estimates based on the results from the Community Labour Force Survey (LFS). These results are interpolated/extrapolated to monthly data using national survey data and national monthly series on registered unemployment. Estimated rates might differ from national unemployment rates due to differences in methods and definitions of unemployment.

External trade

Between January to September 1998 the EU was the world's leading exporter

Surplus of EUR 14,3 billion

Between January to September 1998, the EU's external trade balance worsened by EUR 18,2 billion to a surplus of EUR 14,3 billion; in the same period of 1997 there was a surplus of EUR 32,5 billion. Extra-EU flows grew steadily with growth rates over the same period of 1997 of 4% for exports and 8% for imports. The EU remained the world's leading exporter, and was the second largest importer behind the USA.

The external trade balance of the EUR-11 improved very slightly to a surplus of EUR 63,9 billion, compared

with EUR 63,1 billion in 1997. Growth rates of 7% over the same period of 1997 were recorded for both imports and exports.

Germany had the largest extra-EU surplus (EUR 28,8 billion) followed by Italy (EUR 14,8 billion) and France (EUR 13,0 billion), while the Netherlands and the United Kingdom had the highest external deficits (EUR 25,1 and 23,5 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

Between January to September 1998, intra-EU trade had a total value for dispatches (i.e. exports, which are the more reliable measure of intra-EU trade) of EUR 919,0 billion, an increase of 8% 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.

Intra-EUR-11 dispatches grew by 9% over the same period of 1997 to reach EUR 597,6 billion.

The Netherlands had the largest intra-

EU surplus, at EUR 34,7 billion. However this surplus has to be interpreted in conjunction with the extra-EU deficit and its transit role in EU trade.

Germany had the second largest intra-EU trade surplus (EUR 22,9 billion), with Belgium/Luxembourg (EUR 13,9 billion) and Ireland (EUR 11,6 billion) also reporting significant surpluses.

The largest deficits were recorded by the United Kingdom (EUR 7,6 billion), Austria (EUR 7,4 billion), Greece (EUR 7,2 billion), and Spain (EUR 6,7 billion).

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

Euro comes into being

On 31 December 1998 the fixed conversion rates between the euro and the currencies of the EUR-11 were applicable since the 1st January 1999. The euro replaces the ECU at a rate of one euro to one ECU. During the transi-

tional period to the single currency, from 1 January 1999 to 2002, these national currencies will continue in existence as sub-divisions of the euro. The conversion rates applicable are as follows:

1 euro (EUR) =	Belgian franc (BEF)	40,3399
	German mark (DEM)	1,95583
	Spanish peseta (ESP)	166,386
	French franc (FRF)	6,55957
	Irish pound (IEP)	0,78756
	Italian lira (ITL)	1936,27
	Luxembourg franc (LUF)	40,3399
	Dutch guilder (NLG)	2,20371
	Austrian schilling (ATS)	13,7603
	Portuguese escudo (PTE)	200,482
	Finnish markka (FIM)	5,94573

The ERM ceased to exist on 31 December 1998. The DKK and GRD, however, participate in a new exchange rate mechanism (ERM II) aimed at limiting fluctuations against the euro. The DKK's central rate against the euro is 7,46038, with compulsory intervention points of +/- 2,25%. For the GRD, the central rate is 353,109 with intervention points at +/- 15%. The DKK ended the year at 3,809 to the DEM, and the GRD at 168,6.

Both the pound sterling and Swedish krona weakened against the EUR-11 currencies in December. Sterling ended the year at DEM 2,772, representing a depreciation of 6,5% during 1998. The SEK fell by 9,8% against the DEM in 1998, to end at SEK 4,851.

In December, the EUR-11 currencies strengthened slightly against the US dollar, but fell against the Japanese yen. The USD ended the year at DEM 1,676, amounting to a USD depreciation of 6,3% during 1998. The Japanese yen stood at 67,9 to the DEM at the end of 1998, a JPY appreciation of 7,1% during 1998.

In a coordinated move, key central bank interest rates were lowered throughout the euro area in December. By the end of the month they had converged at 3%. The European Central Bank announced that it will conduct its first refinancing operation at this rate. Official interest rate cuts also took place in December in Denmark, the UK, Sweden, and Greece.

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.

EUR-11: the 11 Member States participating in Economic and Monetary Union (EMU) - Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland.

EU15 government bond yield reaches a record low

EUR-11 yield is unchanged

Using a weighted average of 10-year government bond yields of Member States, the EU15 yield fell to a record low of 4,43% in November, down 3 basis points from October. The EUR-11 yield, meanwhile, was unchanged at 4,25%. For several countries, yields reached record low levels: Denmark (4,59%), Spain (4,41%), Ireland (4,32%), Italy (4,38%), Portugal (4,43%), Finland (4,41%), Sweden (4,55%), and the UK (4,93%). Germany's yield remained the lowest,

although rising 6 basis points to 4,12%. The Greek yield remained the highest in the EU, despite a fall of 80 basis points in November, to 7,65%. Among the EUR-11 countries, the difference between the highest- and lowest-yielding bonds narrowed to 31 basis points, from 43 basis points in October.

The US yield moved up from 4,53% in October to 4,83% in November, and the Japanese yield from 0,85% to 1,1%. Nevertheless, these remain close to historically low levels.

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 and EU15 aggregates are calculated on the basis of GDP weights.

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

EUR-11 money supply (M3) up 4,5%

Trend in M3 growth eases since mid-1998

On 1 December the European Central Bank announced a reference value for growth in M3 money supply of 4,5%, using a 3-month moving average (3MMA). This value is considered by the ECB to be consistent with price stability, defined as a year-on-year increase in the harmonised index of consumer prices for the euro area of below 2%. According to the ECB, deviations of monetary growth from the reference value would, under normal circumstances, signal risks to price stability.

The ECB has also released a historical time series for the monetary aggregates

of the euro area. In the year to November 1998, M3 of the euro area increased by a provisional 4,5%, down from 5,0% in October. On a 3MMA basis (centred on October) M3 growth was 4,7%, slightly above the reference value. The trend has however been downward since May, when the 3MMA peaked at 5,3%.

M1 of the EUR-11 increased by 9,2% in the year to November, and M2 by 5,0%. Eurostat estimates for the EU15 for M1, M2, and M3 in November are 9,0%, 4,4%, and 4,1% respectively.

Note:

Of the three definitions (M1, M2, M3), M1 is the narrowest and most liquid measure, and M3 the broadest and least liquid. EUR-11 consolidated series are compiled by the European Central Bank. EU15 series are Eurostat estimates calculated by adding the EUR-11 to the money supply of the four non-euro countries, to the extent that the data are available.

EU reserves fall to euro 348 billion in September

valuation affected by a weaker dollar

Between August and September 1998, foreign official reserves of the EU15 are estimated to have fallen, according the first estimations by EUR 13 billion, to 348 billion. However, an important reason for the decline was an appreciation in the euro against the US dollar, which reduced the value of dollar holdings when translated into euro. The combined reserves of the EUR-11 countries were also down by an estimated EUR 13 billion, to 284 billion. In the 12 months to September 1998, EU15 reserves declined by around 4,3%, and those of the EUR-11 by 3,2%. Most EU countries recorded a fall in reserves

in euro terms in September. The value of Italy's reserves was 5,6 billion lower at 33,4 billion, representing a fall in the 12 months to September of 32,3%. This was the largest decline over the 12-month period among EU countries, while the largest increase was in the reserves of France, up 37,8% at EUR 36,1 billion.

US reserves fell slightly in September to EUR 55,2 billion, while those of Japan recorded a much sharper fall to EUR 180,2 billion. Japan's reserves, though still the world's largest, were at their lowest level since 1996.

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

Industrial production

Euro-zone industrial production rose by 0,6% in August-October

The euro-zone industrial production trend rose by 0,6% in August to October compared to the previous three months. In EU15 it was up by 0,3%.

This compares to 0,7% for the euro-zone and 0,4% for EU15 in the three months up to end-September. In summer 1997 growth on this measure had been 1,8% for the euro-zone and 1,6% for EU15.

In this latest period, strong growth was

recorded by Ireland (4,5%), Finland (1,7%) and Greece (1,3%). Production fell in Belgium (-0,3%) and the UK (-0,4%). Five countries (France, Ireland, Italy, Netherlands and Finland) reported higher, eight countries (Belgium, Denmark, Germany, Spain, Greece, Luxembourg, UK and Portugal) lower growth rates compared with the previous period until September.

Production trend ¹			
% changes May-July to August-October 1998			
Euro-zone	0,6	The Netherlands	0,4
EU15	0,3	Italy	0,4
Ireland²	4,5	France	0,3
Finland	1,7	Denmark	0,2
Greece	1,3	Austria²	-0,2
Luxembourg²	1,2	Belgium	-0,3
Sweden	1,0	UK	-0,4
Spain	0,7	USA	1,4
Germany	0,7	Japan	-0,9
Portugal	0,4		

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

2. Eurostat estimates.

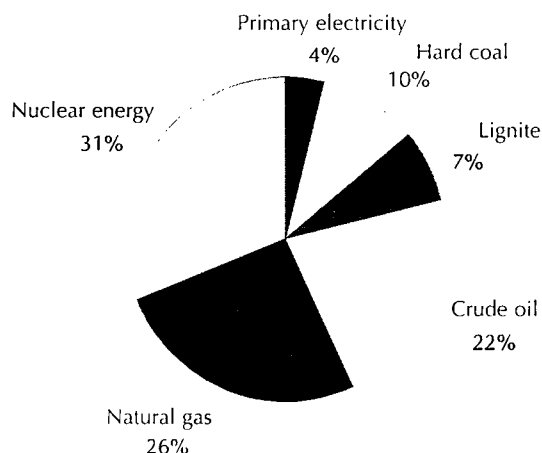
Dossier of the month

Energy production in the EU Production and consumption in decline

The production of primary energy in the European Union was 700,7 million toe (tonne of oil equivalent) in 1997, a decline of 1,1% compared with 1996

As in previous years, nuclear energy represented the largest single component of energy production, accounting for 31% of the total production of primary energy in 1997. It was followed by natural gas (26%) and crude petroleum (22%). The changes compared with the previous year were mainly due to declines in the production of coal (-4,9%) and natural gas (-2,2%).

Production of primary energy in EU15, by product, 1997



Production of primary energy, millions of toe

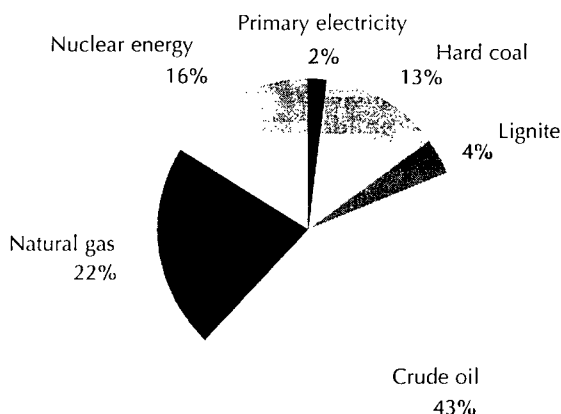
	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EU15
1996	11,3	16,1	131,7	8,4	28,2	114,0	3,2	27,6	0,0	72,3	5,6	1,4	7,9	23,6	258,3	709,5
1997	12,6	18,5	130,1	8,2	26,5	113,4	2,9	28,0	0,0	63,9	5,8	1,2	9,0	23,4	258,3	700,7



In 1997, total gross domestic energy consumption in the EU was 1 331,7 million toe, a decline of 1% compared with 1996

The consumption of petroleum declined by -2,3%, whereas the consumption of primary electrical energy increased significantly (+6,1%). As regards the five biggest energy consumers, Germany, France and the United Kingdom recorded reductions in consumption, while Spain and Italy saw their consumption rise.

Gross domestic consumption in EU15, by product, 1997



Gross domestic consumption, millions of toe

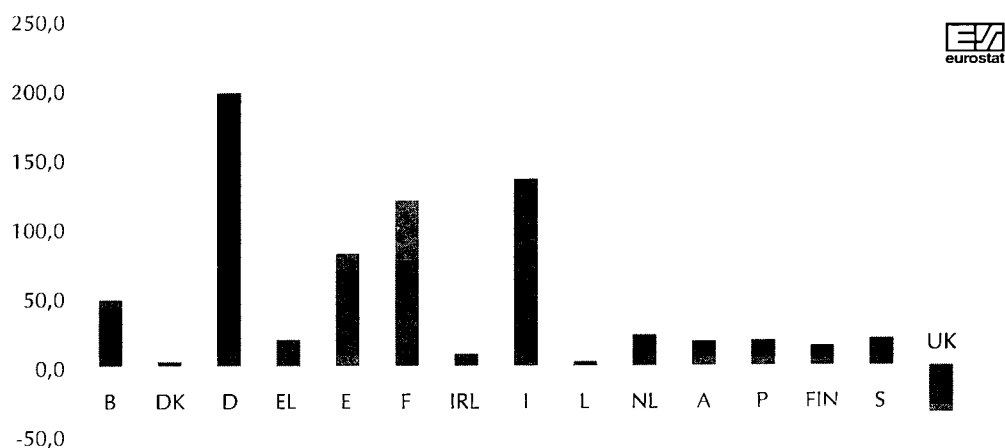
	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EU15
1996	55,0	22,1	329,7	23,7	95,7	232,2	10,7	160,0	3,4	75,0	23,7	17,6	21,8	44,6	230,5	1345,8
1997	55,4	19,0	324,0	23,9	103,0	229,4	11,3	162,0	3,3	73,5	23,9	19,0	23,5	41,4	219,1	1331,7



For the Union as a whole, total net imports (imports less exports) were 675,4 million toe in 1997, an increase of 0,6% compared with 1996

All the Member States except the United Kingdom are net importers. The biggest increase in net imports was recorded in the Netherlands (50,4%), while Denmark reduced its energy deficit by more than 48%.

Total net imports, millions of toe, 1997



Trade in energy products, millions of toe, 1997

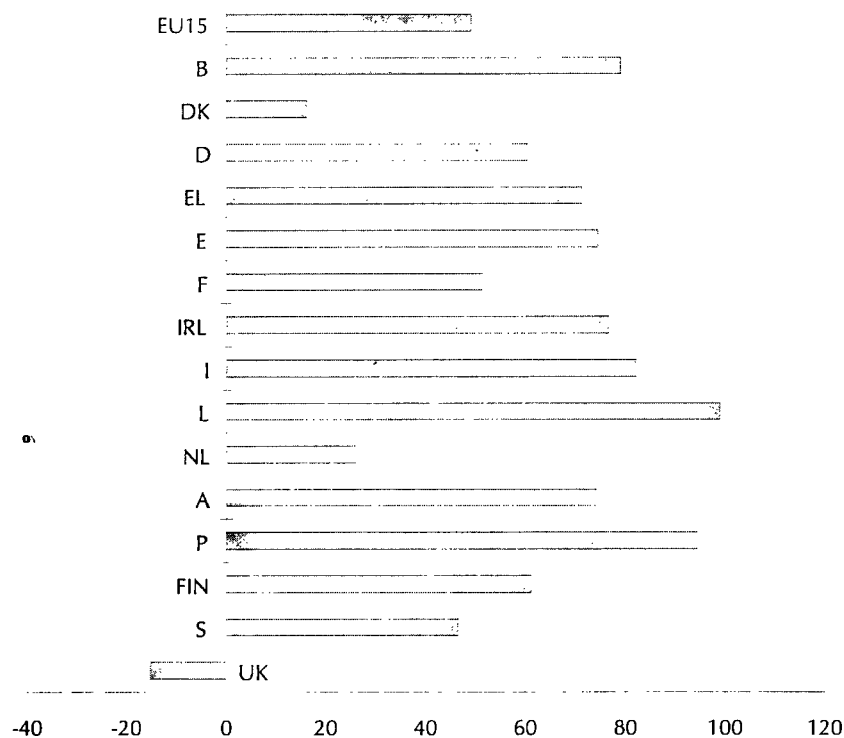
	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EU
Total imports	70,2	18,3	230,5	23,0	89,6	145,7	10,2	156,5	3,3	114,8	19,8	20,6	18,3	31,0	74,4	1026,1
Total exports	22,1	15,0	33,1	3,6	8,4	25,8	1,4	21,2	0,1	92,4	2,0	2,3	3,9	11,1	108,5	350,7
Total net imports	48,1	3,3	197,4	19,4	81,2	119,9	8,8	135,3	3,2	22,4	17,8	18,3	14,4	19,9	-34,1	675,4



The EU's rate of dependence on imported energy, i.e. the share of net imports in domestic consumption, rose from 48,5% in 1996 to 49,2% in 1997

Denmark posted the lowest positive rate of dependence on imported energy in 1997 (16,2%), while the United Kingdom was actually a net energy exporter, with a negative rate of -15,3%.

Rates of dependence on imported energy, 1997



Rates of dependence on imported energy

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EU15
1996	81,4	27	59,9	69,1	74,1	50,9	70,9	82,7	99,8	17,2	76,5	91,9	63,7	49	-11,4	48,5
1997	79,2	16,2	60,5	71,4	74,7	51,6	76,8	82,3	99,1	26,1	74,3	94,5	61,2	46,6	-15,3	49,2



Source: Statistics in Focus: Energy and Industry No 22/98.

EU15 agricultural income fell at -3,9% in 1997

A fall this year of 3,9% in EU15 real agricultural income¹ is revealed in first estimates² today from Eurostat, Statistical Office of the European Communities in Luxembourg. The euro-zone was down -2,5%. One of the main factors, says Eurostat, was "pig prices at rock bottom".

The average masks big differences between Member States. At one end of the scale, Sweden recorded a 9,0% rise. At the other, Denmark saw a -22,3% fall. The UK (-16,4%) and Portugal

(-13,4%) were also down heavily.

Apart from Sweden, the only other countries with rises were Germany (+4,0%), Luxembourg (+2,0%) and Italy (+0,7%).

The average EU15 fall this year follows a -2,7% decline in 1997 from a 20-year high the year before. The euro-zone change in 1997 was only -0,6%. However, across EU15, the level of income still remains about 12% above the average of 1990 and 1991.

Development in real agricultural income¹

	EUR-11	EU15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
A	120,2	116,2	79,2	113,5	131,9	97,4	138,7	121,7	131,3	113,5	98	92,5	97,5	103,1	93,9	72,4	94,7
B	-2,5	-3,9	-8,7	-22,3	4	-3,8	-7,3	-0,5	-5,8	0,7	2	-9,9	-4,3	-13,4	-4,7	9	-16,4

A: Indices in 1997 (1989-91=100)

B: Changes from 1997 to 1998

The reasons why...

The EU15 decline can be attributed in most part to the combination of:

- A fall in the average price of final agricultural output in real terms of 4,7%. This stems mainly from a marked fall in real prices for animals, averaging -12,3%, with pig prices tumbling -26,1%.
- Only a small rise in output volumes. Final agricultural output was a little higher (+1,0%). Underlying this were moderate hikes in volumes of crop output (+0,8%) and animal output (+1,3%).

- A notable fall in the real value of intermediate consumption, down 4,0% on 1997. This reflects a fall of 4,9% in real prices and slightly increased volume (+0,9%).
- A sharp fall of 6,2% in the real value of sub-sidies.
- Depreciation nearly unchanged in real terms over 1998.
- A slow-down in the rate of decline in the volume of total agricultural labour (-1,6 %, compared to -3,8 % in the average of 1990 to 1996).

Pig prices hit rock bottom

Due to the outbreak of swine fever in the Netherlands in 1997 most other EU countries expanded output to make up the shortfall. Greater production in a number of Member States continued in 1998; together with a speedy recovery of output levels in the Netherlands (+45%), the volume of EU15 final pig output rose strongly.

But this coincided with weaker demand, exports to Russia and the Far East falling due to economic and financial problems. The result: a sharp drop in real pig prices of -26,1% EU15-wide. And the real value of final pig output declined in all Member States, with an EU15 average of -20,8%.

Cattle prices up

Today's report says the real value of final cattle output was slightly below the 1997 level, with volume falls in most Member States. Strongest decline was in Portugal: -22,8%. Only Germany, Spain, Luxembourg and

Austria recorded increases.

In contrast, real cattle prices were up in 12 Member States - the exceptions being Greece, Ireland and UK - with an EU15 rise of 1,9%.

Cereal harvest at record level, came by prices in strong decline

In 1998, the volume of EU15 cereals production again reached record levels. This was due to significantly higher yields (particularly for wheat), since the EU15 grain area was below that of

1997. The strong rise in cereal output, in combination with declining world market prices for cereals, pushed cereal prices inside the EU back down (-8,8 % in real terms).

1. Change of real (deflated) net value added at factor cost compared to the change in total agricultural labour input (in annual work units).
2. Eurostat Statistics in focus, Agriculture, forestry and fisheries, No 10/98, Agricultural income: First estimates for 1998.

Source: Eurostat News Release No 99/98.

The number of enterprises fell by 3,4%

Total number of direct insurance enterprises in the EU fell by 3,36% between 1996 and 1997 - from 3 099 to 2 995. EU15-wide, most countries reported a drop, the biggest being in Greece (-11,18%), Spain (-9,73%), France (-7,22%) and Denmark (-5,71%).

Ireland, in contrast, recorded the largest EU growth (10,89%), followed by Sweden (8,15%).

According to Eurostat, the fall in the number of enterprises is most likely a result of mergers to face growing com-

petition. Since the liberalisation and deregulation of the insurance markets through the Third Generation Directives, Europe has seen increasing competition. The introduction of the euro will eliminate a further barrier. Enterprises are reacting at different levels in order to meet increasing competition and maintain or extend their market share: the number of mergers and acquisitions is increasing while efforts are being made to lower operational costs and maintain or lower prices.

Number of insurance enterprises¹

	EU ²	EUR-11	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S ³	UK	IS	NO	CH
A	2 995	2 483	161	231	454	135	334	450	112	215	75	414	59	52	157	146	:	13	121	132
B	-3,4	-3,3	-4,7	-5,7	-1,1	-11,2	-9,7	-7,2	10,9	-4,4	1,4	1,7	-4,8	-1,9	-3,1	8,2	:	-13,3	5,2	0

A: Total 1997

B: +/- 96/97 in %

Gross premiums up

· Total amount of gross premiums written in the EU in 1997 was EUR 409 298 million compared to EUR 396 267 million in 1996.

· Largest growth of gross premiums between the two years was reported by Luxembourg (39,6%) and Italy (19,0%). Most other countries had growth of under 10%.

· Largest insurance markets in the euro-zone are Germany and France, accounting 32% respectively of total premiums written.

· Ireland and Luxembourg are the Member

States making most use of the freedom to provide services abroad (FPS): 32,3% of total premiums by Irish direct insurance enterprises are written in other EU countries via FPS. For Luxembourg, this figure is 84,7%.

· Overall, cross-border activities via branches and FPS are progressing only slowly; claims and cost ratios are satisfactory; and, as in previous years, the amount of investment by insurance companies in 1997 continued to grow.

1 Life insurance, non-life insurance and composite insurance enterprises

2 Excluding the United Kingdom

3 Excluding 330 minor local companies

: Not available

Source: Eurostat News release No 91/98.

For further information:**EUROSTAT DATA SHOP**

Chaussée d'Etterbeek 13
B-1049 Brussel - Bruxelles
Tel.: +32-2-299 66 66
Fax: +32-2-295 01 25
datashop.brussels@eurostat.cec.be

EUROSTAT DATA SHOP

4 rue Alphonse Weicker
L-2721 Luxembourg
Tel.: +352-43 35 22 51
Fax: +352-43 35 22 221
dslux@eurostat.datashop.lu

EUROSTAT DATA SHOP

Danmark statistiks
Sejrogade 11
DK-2100 KØBENHAVN Ø
Tel: +45-39 17 30 30
Fax: +45-39 17 30 03
bib@dst.dk

EUROSTAT DATA SHOP

Statistisches Bundesamt
Otto-Braun-Straße 70-72
D-10178 BERLIN
Tel: +49-30-2324 6427/28
Fax: +49-30-2324 6430
stba-berlin.datashop@t-online.de

EUROSTAT DATA SHOP

INE- Paseo de la Castellana 183
Oficina 009
Entrada por Estébanez Calderón
E-28046 MADRID
Tel: +34-1-583 91 67
Fax: + 34-1-579 71 20
datashop.eurostat@ine.es

EUROSTAT DATA SHOP

INSEE Info Service
195, rue de Bercy
Tour Gamma A
F-75582 Paris Cedex 12
Tel.: +33-1-53-17-88 44
Fax: + 33-1-53-17-88-22
datashop@dg75iisa.insee.atlas.fr

EUROSTAT DATA SHOP

ISTAT - Sede di Roma
Via Cesare Balbo 11A
I-00184 Roma
Tel.: +39-06-46 73 31 05/02
Fax.: +39-06-46 73 31 07/01
dipdiff@istat.it

EUROSTAT DATA SHOP

ISTAT- Sede di Milano
Piazza della Repubblica 22
I-20124 Milano
Tel.: +39-02-65 95 133/134
Fax.: +39-02-65 30 75

EUROSTAT DATA SHOP

Statistics Netherlands
P.O. Box 4000
NL-2270 JM VOORBURG
Tel: +31-70 -337 49 00
Fax: +31-70-337 59 84
datashop@cbs.nl

EUROSTAT DATA SHOP

INE / Serviço de Difusão
Av. António de Almeida, 2
P- LISBOA
Tel : +351 1 842 61 00
Fax : +351 1 842 63 64
catarina.cunha@ine.pt

EUROSTAT DATA SHOP

Tilastokirjasto
Postiosoite: PL 2B
00022 Tilastokeskus
Tel.: +358 09-1734 2221
Fax: +358 09-1734 2279
datashop.tilastokeskus@tilastokeskus.fi
<http://www.tilastokeskus.fi/tk/tuotteet.html>

EUROSTAT DATA SHOP

Statistics Sweden
Karlavägen 100
Box 24300
S - 104 51 STOCKHOLM
Tel: +46-8-783 48 01
Fax: +46-8-783 48 99
infoservice@scb.se



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EUROSTAT DATA SHOP

Office for National Statistics
1 Drummond Gate
UK - LONDON SW1V2QQ
Tel: +44-171-533 5676
Fax: +44-171-533 5688
gloria.ryan@ons.gov.uk

EUROSTAT DATA SHOP

Statistisches Amt des Kantons
Zürich
Bleicherweg 5
CH-8090 Zürich
Tel: +41 1 225 12 12
Fax: +41 1 225 12 99
datashop@zh.ch
<http://www.zh.ch/statistik>

EUROSTAT DATA SHOP

Haver Analytic
60 East 42nd Street - Suite 3310
USA-New York, NY 10165
Tel.: +1-212-986 93 00
Fax: +1-212-986 58 57
eurodata@haver.com

INTERNET ADDRESS OF EUROSTAT:

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OFFICE FOR OFFICIAL PUBLICATIONS
OF THE EUROPEAN COMMUNITIES
L-2985 Luxembourg
FAX: +352-2929 42758
Internet address: <http://eur-op.eu.int/en/general/s-ad.htm>
e-mail: Info.Info@opoce.cec.be

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