France in the European Union

2014 Edition

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Note

This work is the translation of « La France dans l'Union européenne » published in the *INSEE Références* collection in April 2014.
Unless otherwise stated, the data used are taken from the website of Eurostat, the European Union's statistical office. These data are continually updated. The date of acquisition of the figures is therefore generally indicated below the tables and charts. The data mainly concern the countries of the European Union of 28 (EU of 28), as currently defined. However, for some countries (particularly those that have recently joined the EU), certain figures are not yet available. In such cases the perimeter of the EU is indicated.

On 15 May 2014, the INSEE published the national accounts in the 2010 base: these data are compiled in accordance with the new European System of Accounts (ESA 2010). France is one of the first countries to integrate this change, as most other States are not publishing national accounts data in line with ESA 2010 until September 2014. Prior to that date, only data from the 2005 base can be used to make reliable comparisons. It is this base that is therefore used here. It is likely that the change of base will have little effect on the majority of national accounting aggregates (particularly those presented here) and that it will not alter the hierarchies observed between countries.

Symbols used

…	Result unavailable
///	No results due to the nature of things
e	Estimate
p	Provisional result
n.s.	Non-significant result
€	Euro
M	Million
Bn	Billion
Ref.	Reference

Progressive enlargement of the European Union

Introduction

This work was compiled on the eve of the European elections and gathers the key statistical elements allowing a comparison between France's economic and social situation and that of its European Union partners. A perspective of this kind serves to identify the main trends, both common and divergent, that affect the Union as a whole. It is all the more important in that the Union, formed in 1958 of six countries, now has twenty-eight member States, with their varied histories and geographies, their different levels of economic development, and their disparate institutional and social structures. So as you can imagine, drawing comparisons has not been an easy task.This work follows on from the one published in 2008, the year in which France held the Presidency of the European Union.

Five reports focus on economic growth, inequality and poverty, the new European socio-economic categories, early school leavers, and foreign trade in food products. Twenty or so fact sheets then present summaries of issues related to population, living conditions, the labour market, and the economy.

The official statistics authorities regularly produce data enabling European comparisons. In particular, international data sheets are published in most of the thematic issues of the *INSEE Références* collection. Some of these documents are used here.

This work is for people who wish to gain a better insight into the European economies and the way France fits into the Union, whether they are students, teachers, researchers, public stakeholders or citizens, and provides them with objective background material for an informed contribution to democratic debate.

Happy reading!

Jean-Luc Tavernier
Director-General of the INSEE

2014 Edition

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Reports

The European Union: an economic power "united in diversity"

*Grégoire Borey, Étienne Chantrel**

Today's European Union, considered as a whole, is an economic power with a moderate rate of growth. The process of catching up with the United States was interrupted over thirty years ago, but the EU's macro-economic imbalances are smaller by comparison. Taken individually, the countries which make up the European Union remain highly diverse from a macroeconomic perspective. A rough classification based on a set of criteria which reflect this heterogeneity would split the member States into four groups: the "Eastern European nations" (the Baltic nations, Bulgaria and Romania) which are still in the process of catching up to the EU average; the "Central European nations"(Croatia, Hungary, Poland, Czech Republic, Slovakia and Slovenia, along with Malta), also in the process of catching up but distinguishing themselves from the first group by the lesser impact of the current economic crisis on their economies; the "peripheral nations" (Ireland, Greece, Spain, Cyprus, Portugal and the United Kingdom) for whom the crisis resulted in a slowdown in growth, an increase in the unemployment rate and an increase in public debt which were all greater than those seen in other European nations; and finally the "Western and Northern European nations" (Germany, Austria, Belgium, Denmark, Finland, France, Italy, the Netherlands and Sweden), a group bringing together countries whose recent economic performances are not necessarily homogeneous but which share the distinction of being mature economies which have demonstrated a certain resilience to the crisis.

The European Union became a group of 28 countries (EU of 28) with the official accession of Croatia on 1st July 2013, the latest step in a long process of gradual expansion which has seen the Union grow to incorporate the majority of nations in, successively, Western, Southern, Central and Eastern Europe.[1] Taken as a whole, the EU is an economic power with a moderate rate of growth. The process of catching up to the United States stalled over thirty years ago, but the EU's macroeconomic imbalances are smaller by comparison. Taken individually, the countries which make up the European Union remain highly diverse from a macroeconomic perspective, not least in terms of their reaction to the financial crisis which broke out in 2008.

The European Union, less wealthy than the United States

The 28-member European Union (EU of 28) is now an economic zone on the same scale as the United States: EU gross domestic product (GDP) stood at around €13,100 billion in 2013, slightly higher than the corresponding figure for the United States (€12,800 billion). However, the EU population is much larger (502 million citizens, compared to 314 million in the USA), making GDP per capita around 40% lower than in the US. This gap in terms of annual output per capita is of comparable size when expressed in Purchasing Power Parity (PPP), an exchange rate conversion mechanism which allows us to express the purchasing power of different currencies in a coherent common unit.[2]

* Grégoire Borey, Étienne Chantrel, INSEE.

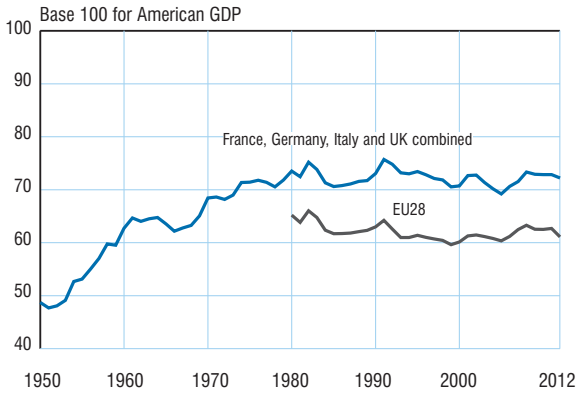
1. EU data are not always available for the full EU of 28 including Croatia (this is particularly true of certain Eurostat and OECD statistics). Out of necessity, some of our analyses cover the EU of 27 and others the full EU of 28.

2. This rate expresses the difference between the quantity of monetary units required in different countries to pay for a standard "basket" of goods and services. Looking at GDP in PPP terms thus allows us to compare the wealth created in different economies, neutralising the effects of differences in exchange rate and prices.

Between the end of the Second World War and the 1973 oil crisis, a period of almost thirty years, the Western European nations (EU of 15), along with Japan, enjoyed a rate of growth far superior to that seen in the United States. The European Union was gradually closing down the distance separating it from the USA in terms of GDP per capita at purchasing power parity, as predicted by the neoclassical economic theorists (*see Box 1*). This era of catching up with the US, immortalised as the "*Trentes Glorieuses*" (Thirty Glorious Years) in France and the *Wirtschaftswunder* in Germany, came to an end in the early 1980s, and the gap in per capita wealth creation between the 15-member EU and the United States has since fluctuated between 25 and 30% (*Figure 1*). As for the EU of 28, the per capita wealth gap shrank slightly between the turn of the millennium and 2008, boosted by the catch-up growth of the former communist economies.[3] This process should resume once the effects of the financial crisis have been absorbed, bringing the gap closer to that currently seen between the EU of 15 and the United States [see Blanchard, 2004 for a comparison of the respective economic performances of Europe and the United States].

How should we interpret this thirty-year interruption of the EU of 15's previous progress towards catching up with the USA?

1. Long-term GDP per capita at PPP



Sources: Cepii, IMF and OECD, INSEE calculations.

Box 1

Convergence between countries, a key topic in economic theory

A longstanding debate among economic theorists concerns the issue of convergence between different countries in terms of income: are the poorer countries catching up with the rich?

For several decades the dominant model for studying growth, the neoclassical "Solow-Swan Model" first introduced in 1956, suggested that a given country would always converge towards a steady rate of growth. Positing the hypothesis that in the long term this rate would be the same in all countries, many economists concluded that per capita income in all countries would ultimately converge (the "absolute" convergence theory). This absolute convergence has not been borne out by the data, which has cast doubt on the validity of the whole model, particularly since the introduction of endogenous growth models in the 1980s. In the context of this debate, new theories of convergence have emerged, most notably the idea of conditional convergence [Mankiwet *al.*, 1992]. Taking a broader perspective on the issue, the contemporary literature distinguishes between various dimensions of convergence – for an overview of the current state of the debate, see Islam [2003], who identifies no fewer than seven different dimensions of this problem.

3. GDP growth in the United States has been greater since 1990 (+2.7% compared to +1.9% in the European Union), but this dynamic has also been accompanied by a more favourable demographic development (both in terms of natural increase and net migration).

The employment rate is more dynamic in Europe than in the United States, unlike labour productivity

In statistical terms the growth differential between two countries can be broken down into the respective performances of the employment rate (the proportion of people in the total population in employment) and apparent labour productivity, a measure of the wealth generated by each active employee (*Figure 2*).

2. Comparative development and breakdown of per capita GDP

		EU 27		EU 15			United States		
		2002	2012	1992	2002	2012	1992	2002	2012
Apparent labour productivity (in current PPP dollars per employee)	(1)	57,000	79,502	44,418	63,914	86,301	55,188	80,450	114,022
Rate of employment (%)	(2)	42.1	43	41.2	43	43.3	46.2	47.5	45.4
GDP/inhabitant (current PPP dollars)	(1)x(2)	23,986	34,191	18,281	27,499	37,366	25,493	38,175	51,749

Sources: OECD, INSEE calculations.

If we compare the EU of 15 and the United States, it becomes clear that the evolution of the employment rate was more favourable in the EU over the period 1992-2012. On the other hand, apparent labour productivity has increased more rapidly in the USA over the past twenty years, from a starting point which was already stronger than that of the EU. These two effects have cancelled one another out, causing wealth creation per capita in these two economic zones to progress in parallel.

The growth in the employment rate can itself be broken down into different forces: the changes in the working age population, the labour force participation rate and the proportion of the labour force currently in employment (*Figure 3*). Two distinct phases emerge: between 2002 and 2012, the European Union greatly reduced its employment rate deficit in comparison with the United States (+0.3 points over this period in the EU of 15, compared to a decline of –2.1 points in the United States), a clear improvement on the preceding decade (+1.8 points in the EU of 15, +1.3 points in the United States). Since 2002, the unemployment rate has certainly increased by slightly more in the EU of 15 (+2.8 points compared with +2.3 points in the USA), but changes in the labour force participation rate have more than offset this disparity in the evolution of unemployment (+3.9 points in the EU, compared with -1.7 points in the USA). Ultimately, the employment rate differential was responsible for 11 points of the wealth gap between the EU of 15 and the USA in 1992; by 2012 this figure had fallen to below 5 points.[4]

3. Comparative development and breakdown of employment rates

as a %

		EU 27		EU 15			United States		
		2002	2012	1992	2002	2012	1992	2002	2012
Proportion of the population of working age (aged 15-64)	(1)	67.2	66.4	67.1	66.5	65.4	65.5	66.6	66.8
Employment rate of the working age population	(2)	68.8	72.3	67.7	70	73.9	76.3	75.6	73.9
Employment rate in the active population (1 - unemployment)	(3)	91.1	89.6	90.7	92.4	89.6	92.5	94.2	91.9
Employment rate in the total population	(1)x(2)x(3)	42.1	43	41.2	43	43.3	46.2	47.5	45.4

N.B.: as this analysis is based on OECD data, the only source of harmonised employment data for both the EU and the USA, it covers only the 27-member EU (EU27, without Croatia). The figures used are for the total active civil population and workforce, as total population figures (including military personnel) are not available for all EU members (particularly for Austria, Greece, Portugal and the Netherlands since 2010).
Sources: OECD, INSEE calculations

4. For the EU of 27, data is only available for 2000 onwards; considering the developments of the past decade or so, in 2002 the employment rate differential was responsible for 11 points of the wealth gap between the EU of 27 and the USA; by 2012 this figure had fallen to below 5 points.

The increase in apparent labour productivity[5] in the United States contributed to the 5-point increase in the productivity gap between the USA and the EU of 15 between 1992 and 2012.[6] However, the European economy is characterised by a stronger contribution of industry to value added (19.3% in 2012, compared to 15.5% in the USA), and productivity is more dynamic in industry than in other sectors. Moreover, intra-zone trade has developed substantially as the EU has expanded, which should eventually allow European businesses to benefit from effects of scale similar to those already observed in the United States.[7] But American productivity has benefited more from the emergence of new information and communication technologies (NICT): Cette & Lopez [2012] estimate that the NICT capital coefficient in 2009 was 10% in the United States, compared to just 7% in the Eurozone. Spending on research and development is also considerably higher in the USA than in the European Union (2.8% of GDP in 2011, compared with 1.9%). Furthermore, over the past twenty years many EU member States have implemented "employment growth stimulus" policies aimed at increasing the employment rate of less skilled workers, resulting in a lower rate of apparent productivity growth. However, the situation becomes more nuanced if we consider hourly labour productivity instead of productivity per employee (*Box 2*).

Since the onset of the crisis in 2008, growth in productivity has been less dynamic in the EU (remaining stable in the EU OF 27, while it has grown 6% in the United States), although the overall gap in GDP growth per capita at constant prices has been reduced by 3 points. Employment has been more resistant to the crisis in the European Union (the employment rate has fallen by just 1 point, compared to 3 in the United States). This can be partly attributed to the different characteristics of the labour market, giving rise to more distinct productivity cycles, but it might also prove to be the first indication of a long-term decline in the productivity rate increase in the European Union.[8]

Box 2

Number of hours worked

According to the available data, the number of hours worked is very different in the EU and the US. In 2012 the average was 1790 hours in the United States, compared to 1400 in Germany. This gap has widened over the past twenty years: the average number of hours worked in a year has fallen by 9.7% in Germany, 9.4% in France and 7.8% in the United Kingdom, falling by just 1.7% in the USA over the same period. Various studies have sought to identify the origin of this disparity, and a number of non-mutually exclusive explanations have been put forward [see for example Prescott (2004) and Blanchard (2004)]: higher marginal tax rates in Europe; a greater appreciation of leisure time in Europe; stricter labour regulations in Europe. The extent of the gap is itself a subject of some debate, as international comparisons of hours worked are far from solid. The OECD issues the following disclaimer regarding its hourly labour statistics: "The data are intended for comparisons of trends over time; they are unsuitable for comparisons of the level of average annual hours of work for a given year, because of differences in their sources." (Methodological note on the OECD website).

The fragility of these statistics has prompted economists to compare the apparent productivity of labour per capita and not in terms of number of hours worked.

5. Apparent productivity is here defined as GDP in value divided by the number of people in work.
6. Calculated in GDP per capita at PPP, productivity grew by 3.4% per annum in the EU of 15 and 3.7% in the United States between 1992 and 2012.
7. The European Union is a highly integrated trading zone, with 63% of exports from EU nations destined for other countries within the Union.
8. When employment levels are slow to react to fluctuations in economic activity, the productivity of labour slows during phases of economic downturn and accelerates during phases of recovery. This phenomenon is known as the productivity cycle.

The European Union: a more balanced and more equitable economy than the USA

The European Union is a region where macroeconomic imbalances are relatively limited. In 2012, government deficit (3.3% of GDP) and debt (85.0% of GDP) in the 28-member EU remained, in spite of a sharp increase since the onset of the crisis, lower than the corresponding levels seen in the USA (8.3% and 102.7% respectively) and Japan (10.2% and 238.0%). In 2013 the European Union recorded a trade surplus in both goods and services. This surplus was generated largely by trade with the United States and other OECD nations (apart from the USA and EU member States). While the EU's energy spending represents a serious burden on the balance of foreign trade (to the tune of around €400 billion per annum), this deficit is more than offset by exports of machinery, vehicles and chemicals. This presents a stark contrast with the USA's balance of trade, which has been in deficit for the past thirty years: the average deficit of America's current account balance was 2.7% of GDP for the period 1980-2012.

On the other hand, the relative weight of the construction sector in the economy has remained considerably higher in the European Union than in the United States, a potential indication of less efficient investment allocation in Europe: construction accounted for, respectively, 6.8% and 4.9% of economic activity in the EU and the USA at the outset of the crisis in 2008; by 2012 the figure stood at 5.4% in the EU and 3.5% in the USA. This is all the more remarkable when we bear in mind that population growth is more dynamic in the United States.

The European Union is also a more equal economy than the United States, with relatively moderate income inequality. The Gini index, which gives a figure between 0 and 1 for the degree of deviation of the current distribution of income from a hypothetical situation of strict income equality, is much lower in the EU: in 2011 the figure was 0.31 in Europe, while in 2007 it stood at 0.45 in the USA.[9] Wealth inequality is also less extreme in the European Union (see Davies *et al.* [2008] and the *Luxembourg Wealth Study* [2006]).

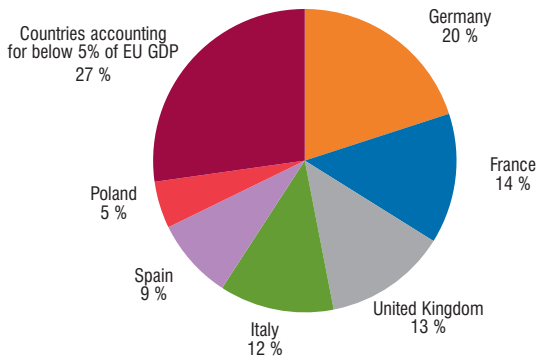
However, since the mid-1990s the EU's economic cycles have been just as volatile as those experienced by the USA, as we can see from the standard deviation of real GDP growth (standard deviation allows us to measure the average variation of a value; for the period 1995-2013 the standard deviation of GDP growth was 1.9 in both the EU and the USA).

Inequalities within the European Union have persisted since the 2008 crisis

The EU member States vary greatly in size: the four largest nations (Germany, France, United Kingdom, Italy) account for over half of the Union's population and 59% of GDP at PPP (*Figure 4*). Meanwhile, 20 countries (listed in descending order of contribution to EU GDP at PPP: Sweden,

4. GDP breakdown for the EU28

as a % of total EU GDP, in current Euros at PPP in 2012



Source: Eurostat.

9. Sources: Eurostat for the EU and the World Bank for the United States.

Austria, Romania, Czech Republic, Greece, Portugal, Denmark, Hungary, Ireland, Finland, Slovakia, Bulgaria, Croatia, Lithuania, Latvia, Luxembourg, Slovenia, Estonia, Cyprus and Malta) account for just 24% of the population and slightly below 20% of the EU's GDP at PPP. The member States also vary significantly in terms of their respective wealth. In 2012, GDP per capita in Germany, calculated at purchasing power parity, was only 21% below that of the United States. The corresponding gap was 27% for the United Kingdom, 30% for France, 36% for Italy, 38% for Spain, 57% for Poland and 68% for Romania.

Box 3

Methodological notes

Data analysis

The purpose of principal component analysis (PCA) is to condense the information contained in a large number of variables into a small set of dimensions (known as principal axes or factors), thus cutting down on redundancy. The method involves identifying potential correlations between different variables and drawing up 'axes' based on new composite variables. This method also enables us to identify anomalous cases (in this context, Luxembourg). Ascending hierarchical classification (AHC) allows us to group together countries into clusters which are as homogeneous as possible [for a more detailed explanation see *Hussonet al.*, 2009].

The Luxembourg situation

Luxembourg stands out among EU nations, and represents a clear exception in our classification system. Statistical analysis shows the Grand Duchy to have very unusual economic characteristics: GDP per capita at PPP is 2.5x above the EU average, the foreign trade rate is 150%, compared with an EU average of 50%, and the trade surplus is equivalent to 25% of GDP, whereas the EU average is effectively zero. Including Luxembourg in our calculations would mask the disparities which exist in the rest of the EU, and necessarily lead us to overestimate the importance of variables for which Luxembourg is entirely atypical. This is why Luxembourg is not included in our analysis. If it were to be included it would most likely be in the group "Western Europe".

Robustness of our typology

The most broadly significant variables used to create our segmentation allow us to clearly distinguish the group of "**Eastern European nations**" from the three others: GDP growth (before and after 2007), variation in market share (before and after 2007) and average level of GDP at PPP. The "**peripheral nations**" stand apart from the other groups primarily in terms of the variation in government debt since 2007, along with the variation in the proportion of value added (VA), the contribution of construction to the economy since 2007 and the variation in the rate of unemployment since 2007. Finally, certain variables allow us to split the remaining member States into "**Western European nations**" and "**Central European nations**": the average foreign trade ratio before 2007, the average budget deficit/surplus before 2007, the average level of government debt before 2007 and the average contribution of the industrial sector to the economy before 2007.

For the purposes of our study, this system of four broad groups seems to be relatively robust. In order to test the validity of this classification, we verified the results by removing one or more variables and repeating the calculations. Some countries changed groups depending on the variables used (Malta, for example, sometimes appears among the "**Western European nations**" while in other configurations it is closer to the "**Central European nations**"; certain configurations also place Portugal and the UK within the group of "**Western European nations**"). Nonetheless, with the exception of these minor variations the groups remain largely stable. There is a certain temptation to use a more detailed classification, such as that generated by ACH analysis. For example, we could use such a system to break down the "**Western European nations**" into a cluster based around Germany, a Scandinavian cluster and a Mediterranean cluster. Nevertheless, a classification with this level of detail is much more sensitive to the choice of variables used. It thus appears to be less objective, and hence less pertinent.

In addition to these differences, the European Union is made up of 28 independent nations which have developed differently over the course of their respective histories, and now present very varied economic profiles (*Figure 5*). In economic terms, we can divide these countries into four broad groups using techniques of statistical analysis: principal component analysis (PCA)

5. Macroeconomic statistics for the member States of the European Union

5a. 2000-2007

	Private sector debt (in GDP points)	VA by construction (as a % of total VA)	GDP in volume, (average annual rate)	Balance of trade (in GDP points)	Unemployment (as a % of the active population)	Variation in market share (as a %)
2000-2007						
Belgium	189	5.2	2.2	4.3	7.7	5
Denmark	194	5.4	1.9	5.0	4.6	–8
Germany	130	4.5	1.6	4.2	9.4	10
France	130	5.5	2.1	0.2	8.8	–21
Italy	100	5.8	1.6	0.4	8.1	–4
Netherlands	204	5.7	2.2	7.0	3.9	9
Austria	134	7.3	2.5	3.9	4.4	11
Finland	137	6.4	3.5	6.9	8.6	–10
Sweden	200	4.8	3.2	7.3	6.5	–11
Western European nations	**158**	**5.6**	**2.3**	**4.3**	**6.9**	**–2**
Croatia	77	6.9	4.5	3.1	13.6	30
Czech Rep	60	6.6	4.7	0.4	7.6	94
Hungary	93	5.4	3.6	–2.0	6.4	56
Malta	173	5.1	1.9	–2.2	7.2	–36
Poland	48	6.8	4.1	–3.0	16.9	103
Slovenia	80	6.7	4.4	–0.9	6.2	58
Slovakia	53	7.1	5.6	–4.1	16.8	127
Central European nations	**84**	**6.3**	**4.0**	**–2.0**	**10.2**	**67**
Bulgaria	79	5.8	5.8	–12.1	13.3	75
Estonia	116	7.6	7.9	–6.8	9.3	59
Latvia	84	7.3	8.5	–13.9	10.7	104
Lithuania	48	7.6	7.5	–7.6	11.0	121
Romania	50	7.5	5.7	–8.9	7.1	79
Eastern Europe	**75**	**7.2**	**7.1**	**–9.9**	**10.3**	**88**
Ireland	181	8.8	5.8	13.4	4.4	–28
Greece	83	7.2	4.2	–12.2	9.9	–8
Spain	167	12.4	3.6	–4.1	10.2	1
Cyprus	186	10.4	3.8	–1.8	4.4	60
Portugal	199	7.8	1.5	–8.8	6.9	–1
United Kingdom	184	6.7	3.2	–2.5	5.1	–29
Peripheral nations	**167**	**8.9**	**3.7**	**–2.7**	**6.8**	**–1**
Luxembourg	157	6.7	4.7	24.4	3.6	26
EU average	**…**	**6.3**	**2.5**	**0.9**	**8.6**	**…**

Sources: Eurostat, OECD

5. Macroeconomic statistics for the member States of the European Union

5a. 2000-2007 (cont'd)

	Government debt (in GDP points)	ERER[1] (annual average variation)	VA by industry (as a % of total VA)	Inflation (annual average)	GDP per capita at PPP (international dollars)	Foreign trade ratio (in GDP points)	Average government deficit (in GDP points)
2000-2007							
Belgium	97	0.4	20.0	2.1	30.8	78	–0.3
Denmark	43	0.3	20.2	2.0	32.0	48	2.7
Germany	64	–0.1	25.2	1.7	29.4	39	–2.3
France	62	0.3	16.1	1.9	29.2	27	–2.8
Italy	106	0.6	21.2	2.4	27.3	26	–3.0
Netherlands	50	0.7	18.6	2.5	33.6	68	–0.6
Austria	64	–0.2	23.2	1.9	32.7	51	–1.6
Finland	42	–0.3	26.6	1.6	28.9	42	4.2
Sweden	50	–0.4	23.2	1.7	31.2	47	1.4
Western European nations	**64**	**0.1**	**21.6**	**2.0**	**30.6**	**48**	**–0.2**
Croatia	40	0.9	21.9	–6.1	13.9	45	–3.7
Czech Rep	26	3.7	30.9	2.4	19.5	63	–4.0
Hungary	60	4.2	26.0	6.4	15.3	70	–6.5
Malta	62	1.2	18.8	2.3	20.6	82	–4.9
Poland	44	2.6	23.7	3.5	12.7	34	–4.3
Slovenia	26	0.0	27.7	5.4	21.8	59	–2.2
Slovakia	40	6.8	29.0	6.0	14.8	77	–5.0
Central European nations	**43**	**2.8**	**25.4**	**2.8**	**17.0**	**61**	**–4.4**
Bulgaria	42	3.6	22.8	6.6	8.8	51	0.6
Estonia	5	1.5	21.6	4.1	14.7	74	1.2
Latvia	13	0.9	17.1	5.0	11.8	43	–1.4
Lithuania	20	1.7	23.9	1.9	12.6	52	–1.7
Romania	19	5.7	28.3	18.8	8.5	33	–2.4
Eastern Europe	**20**	**2.7**	**22.7**	**7.3**	**11.3**	**51**	**–0.7**
Ireland	30	2.5	29.0	3.5	36.0	87	1.5
Greece	103	0.3	13.1	3.3	23.4	23	–5.5
Spain	48	1.4	18.9	3.2	25.9	27	0.4
Cyprus	65	0.6	11.4	2.8	23.4	51	–2.5
Portugal	61	1.2	18.9	3.0	20.2	29	–4.2
United Kingdom	41	–0.4	17.8	1.6	30.1	27	–1.7
Peripheral nations	**58**	**0.9**	**18.2**	**2.9**	**26.5**	**41**	**–2.0**
Luxembourg	6	1.0	11.5	2.9	65.9	154	2.3
EU average	**61**	**…**	**20.6**	**2.6**	**…**	**37**	**–1.8**

1. Effective real exchange rate.
Sources: Eurostat, OECD.

5. Macroeconomic statistics for the member States of the European Union

5b. 2007-2012

	Private sector debt (variation in GDP points)	VA by construction (variation as a % of total VA)	GDP in volume. (variation between 2000-2007 average and 2007-2012 average)	Balance of trade (variation in GDP points)	Unemployment (variation in points)	Variation in market share (as a %)
2007-2012						
Belgium	18.4	0.1	0.1	–2.6	0.1	–20
Denmark	0.2	–1.0	0.2	2.7	3.7	–21
Germany	4.2	0.4	0.1	–1.4	–3.2	–18
France	10.5	0.1	0.1	–0.7	1.9	–22
Italy	6.5	–0.4	0.2	1.5	4.6	–23
Netherlands	13.6	–0.9	0.2	0.6	1.7	–8
Austria	4.2	–0.2	0.1	–2.2	–0.1	–22
Finland	9.9	–0.3	0.3	–5.7	0.8	–38
Sweden	–4.5	0.5	0.1	–1.3	1.9	–21
Western European nations	**7.0**	**–0.2**	**0.1**	**–1.0**	**1.3**	**–21**
Croatia	16.9	–2.7	0.4	7.9	6.3	–22
Czech Rep	5.1	–0.4	0.3	2.6	1.7	–2
Hungary	11.6	–1.1	0.3	6.9	3.5	–16
Malta	9.2	–0.9	0.0	7.2	0.0	–11
Poland	7.5	0.0	0.1	3.2	0.5	1
Slovenia	10.9	–2.6	0.4	5.7	4.0	–18
Slovakia	6.9	–0.4	0.3	6.1	2.7	7
Central European nations	**9.7**	**–1.2**	**0.2**	**5.7**	**2.7**	**–2**
Bulgaria	–8.7	–2.2	0.4	16.0	5.4	11
Estonia	–31.3	–3.3	0.6	9.7	5.5	13
Latvia	–7.0	–4.3	0.7	16.8	8.5	30
Lithuania	–11.8	–5.1	0.5	13.7	9.5	33
Romania	–43.2	–0.9	0.4	8.7	0.6	10
Eastern Europe	**–20.4**	**–3.2**	**0.5**	**13.0**	**5.9**	**19**
Ireland	30.5	–4.1	0.5	15.1	10.0	–26
Greece	5.7	–5.7	0.5	9.1	16.0	12
Spain	–2.6	–4.8	0.3	7.7	16.8	–11
Cyprus	45.6	–6.6	0.3	6.3	7.9	–4
Portugal	9.1	–2.4	0.2	7.4	7.0	–14
United Kingdom	–16.6	–1.1	0.2	0.4	2.6	–18
Peripheral nations	**12.0**	**–4.1**	**0.3**	**7.7**	**10.0**	**–10**
Luxembourg	105.1	–0.6	0.3	–1.9	0.9	–35
EU average	**…**	**–0.9**	**0.2**	**1.4**	**3.3**	**…**

Sources: Eurostat, OCDE.

5. Macroeconomic statistics for the member States of the European Union

5b. 2007-2012 (cont'd)

	Government debt (in GDP points)	ERER[1] (annual average variation)	Structural deficit (variation in potential GDP points)	Property prices variation (%) (deflated for inflation)	Financial liabilities (variation in GDP points)	Wages in GDP (variation in GDP points)
2007-2012						
Belgium	16	–0.2	0.8	6	2	2.6
Denmark	19	–0.6	0.1	–23	34	0.5
Germany	17	–1.5	1.1	–3	9	2.7
France	26	–1.2	2.5	3	28	1.6
Italy	24	–0.7	2.8	–2	9	2.0
Netherlands	26	–0.7	1.4	–7	40	2.6
Austria	13	–0.7	1.2	–8	18	2.2
Finland	18	–0.8	–1.4	5	113	4.3
Sweden	–2	0.1	–2.5	18	34	0.1
Western European nations	**17**	**–0.7**	**0.7**	**–1**	**32**	**2.1**
Croatia	23	–0.6	0.4	17	27	1.4
Czech Rep	18	2.3	3.7	16	34	1.8
Hungary	12	–0.7	1.6	–24	41	–2.0
Malta	11	–0.7	–0.2	14	61	–0.1
Poland	11	–0.8	4.4	16	65	0.6
Slovenia	31	–0.1	1.7	6	40	2.6
Slovakia	23	2.4	3.1	11	34	1.7
Central European nations	**18**	**0.2**	**2.1**	**8**	**43**	**0.9**
Bulgaria	1	1.7	3.1	–14	30	3.2
Estonia	6	1.1	1.2	–37	6	0.3
Latvia	32	1.4	5.2	–38	29	–6.7
Lithuania	24	1.2	3.4	–22	46	–3.7
Romania	25	–2.8	6.8	–40	88	–2.3
Eastern Europe	**18**	**0.5**	**4.0**	**–30**	**40**	**–1.8**
Ireland	93	–2.1	2.4	–37	27	0.3
Greece	50	–0.1	13.8	–9	48	–2.1
Spain	48	–0.5	3.1	–17	29	–1.0
Cyprus	27	–0.3	–0.3	–14	57	0.0
Portugal	55	–0.8	4.5	–1	39	–0.8
United Kingdom	46	–3.3	2.4	–8	67	0.7
Peripheral nations	**53**	**–1.2**	**4.3**	**–14**	**44**	**–0.5**
Luxembourg	14	0.1	–0.9	3	35	5.2
EU average	**28**	**…**	**2.3**	**…**	**…**	**1.4**

1. Effective real exchange rate
Sources: Eurostat, OECD

and ascending hierarchical classification (ACH) (see *Box 3* and *Figure 6*). The four-group system was selected because it yields relatively homogeneous groups. Increasing the number of groups would not substantially increase the pertinence of our system, and in fact increasing the level of precision would simply serve to isolate certain countries with specific individual characteristics (Ireland, Romania, Greece, Finland). The four-group breakdown appears to be relatively stable, as adding or subtracting variables only affects the margins involved, not the fundamental structure.[10]

6. Dividing the EU member States into four broad groups

How to read it: the member States are classified in four main groups according to their economic characteristics and the variation in these characteristics since the 2008 crisis.

10. Using only 24 of the 25 potential variables, i.e. 25 potential alternative configurations, the four groups are not significantly altered. The major differences apply to Malta and the United Kingdom.

Box 4

Variables used

For this exercise we used variables which reflect the State of the economy over the past fifteen years, but also variables which reflect the impact of the 2008 crisis. This selection of variables was partly inspired by the macroeconomic imbalance procedure in place since 2012 as part of the new system of European economic governance, incorporating a dashboard with variables that measure the macroeconomic situation in EU member States. Ultimately, the variables selected are intended to reflect the principal facets of the economy (trade, output, public and private sector finances etc.):

– Average unemployment rate between 2000 and 2007, as a percentage of the labour force;

– Average rate of GDP growth in volume 2000-2007;

– Average level of GDP per capita at PPP 2000-2007, in thousands of international dollars (a fictional currency with the same purchasing power in a given country as the US dollar in the USA, for the year in question);

– Average balance of trade (in GDP points), 2000-2007;

– Average government deficit/surplus (in GDP points), 2000-2007;

– Average level of government debt (in GDP points), 2000-2007;

– Average level of private sector debt (in GDP points), 2000-2007;

– Weight of the construction sector in the economy (as a proportion of total added value), 2000-2007 average;

– Weight of the industrial sector in the economy (as a proportion of total added value), 2000-2007 average;

– Variation in market share (in %) 2000-2007;

– Average foreign trade ratio (in GDP points), 2000-2007;

– Average annual inflation 2000-2007;

– Average annual variation in the real effective exchange rate 2000-2007;

– Average annual variation in the real effective exchange rate 2007-2012;

– Variation in the unemployment rate (in points) 2007-2012;

– Variation in government debt (in GDP points), 2007-2012;

– Variation in the contribution of the construction sector to overall value added by the economy, 2007-2012;

– Variation in market share (in %) 2007-2012;

– Variation in the structural deficit (potential GDP points) 2009-2012;

– Difference between annual average GDP growth in the periods 2000-2007 and 2007-2013;

– Evolution (in %) of house prices deflated for inflation, 2007-2011;

– Evolution of private sector debt (in GDP points), 2008-2011;

– Evolution of financial sector liabilities (in GDP points), 2007-2011;

– Evolution of the balance of trade (in GDP points), 2007-2012;

– Evolution of business overheads (wage bill + charges) in GDP points, 2007-2012

The descriptive variables used in this exercise (*Box 4)* reflect the State of the economy over the past fifteen years, with a particular emphasis on the impact of the 2008 crisis on the economy. Some of the variables are not used for both periods (pre- and post-2007), as they are of little interest in terms of representing the State of the economy or the impact of the crisis.

"Eastern Europe": playing catch-up in the early 21st century, now badly hit by the crisis

The "**Eastern European**" nations (the three Baltic nations, plus Bulgaria and Romania) present economic profiles typical of countries catching up with their neighbours, a trend which was accelerated by their accession to the European Union: a low level of GDP at PPP but a rapid rate of growth, with GDP rising by 7% per annum in the Baltic nations. This catch-up phenomenon is

accompanied by a high level of inflation (the *Balassa-Samuelson effect*) and a pronounced trade deficit. We also see levels of government and private debt which are relatively low compared to other EU nations. Finally, the average unemployment rates in these economies have been high since the turn of the millennium, despite a steady decline before the onset of the crisis.

This group has been particularly hard hit by the economic crisis since 2007, reflected in the sharp rise in unemployment (an average rise of 6 points between 2007 and 2012), the severe slowdown in GDP growth and the flight of capital observed in the intervening years, accompanied by a decline in levels of private debt and a noticeable readjustment of the balance of trade as a result of the downturn in domestic demand and the continued increase of market share. It was not a foregone conclusion that the Baltic nations would be in the same group as the most recent additions to the European Union (Bulgaria and Romania), but these countries do share many of our chosen characteristics.

The "peripheral nations": rich, but unbalanced

This "**peripheral**" group includes the Southern European nations – Portugal, Spain, Greece and Cyprus – along with Ireland and the United Kingdom. These are Western European nations, relatively rich advanced economies which saw their levels of debt soar in the early 2000s, in both the public (+17 GDP points in Portugal between 2000 and 2007) and private sectors (+27 GDP points in Cyprus 2000-2007), leading to the emergence of a property bubble (as seen in Spain, Ireland and Cyprus).

As with the "Eastern European economies", these "peripheral nations" have been particularly badly affected by the crisis. Their average rate of unemployment exploded between 2007 and 2012, hitting record highs in Greece and Spain. Government debt increased sharply over this same period, rising by an average of 50 GDP points. The bursting of the property bubble in these nations (to varying extents) is reflected in the marked decline of the contribution of the construction sector to GDP (this contribution was particularly high in the early 2000s) and a fall in property prices. Finally, government debt is higher than average in these countries, and has increased substantially since the crisis: +85 GDP points in Ireland between 2007 and 2011, +67 GDP points in Cyprus over the same period.

At first sight, the inclusion of the United Kingdom in this group of crisis-hit countries may seem surprising; nonetheless, this grouping appears to be robust based on our chosen criteria.[11] The UK shares a number of characteristics with the other countries in this group, albeit not always on the same scale: the bursting of a property bubble, a weakened trade balance and a strong increase in government debt in the period 2007-2012.

"Central European nations": industrialised nations catching up with Western Europe, but without excessive imbalances

The "**Central European**" nations (Croatia, Hungary. Poland, Czech Republic, Slovakia, Slovenia and Malta) are united by the relative significance of the industrial sector to the economy (25% on average), and a high foreign trade ratio in the 2000s.[12] As with the Eastern European nations, the members of the "Central European" group present characteristics typical of economies catching up to their neighbours: low levels of GDP at PPP in the 2000s, significant increases in market share over the same period and a private sector debt which remained relatively low. These

11. Of the alternative scenarios tested (removing one of the variables), the United Kingdom ended up in this same group in 22 of the 25 possible configurations, and was always in the same group as Portugal.
12. A country's foreign trade ratio is defined as the ratio between half of its total import/export balance and its GDP in value terms.

countries are distinguished from their eastern neighbours by the less dramatic economic impact of the crisis. Most notably, the increase in property prices, which has continued to outstrip inflation since 2007, is an indication that these countries did not fall prey to excessive speculation in this sector before the crisis, and thus have not suffered the consequences of a forced correction in recent years.

"Northern and Western European nations": developed nations which have proved to be relatively resilient to the crisis

This final group brings together the majority of countries in "**Western and Northern Europe**": Germany, Austria, Belgium, Denmark, Finland, France, Italy, the Netherlands and Sweden. This group thus includes all of the original signatories of the Treaty of Rome, with the exception of Luxembourg which has been omitted from our analysis as an anomalous case. These mature economies (high GDP per capita at PPP, moderate growth, low inflation) were growing in a balanced manner before the onset of the crisis: private debt and property speculation were limited; the balance of trade was generally in surplus. Although growth has clearly slowed since the crisis, these economies have nonetheless demonstrated a certain resilience. The total wage bill as a proportion of GDP has increased since 2007; this has been largely imputed to the effects of the productivity cycle, with little increase in the rate of unemployment. Finally, the impact of the crisis on government debt has been less pronounced here than in the peripheral economies. The subsequent improvement in the public finances, reflected in the scale of the structural deficit, was nonetheless limited in the period 2009-2012 (the structural deficit actually deteriorated in some Scandinavian nations, where the budget situation was very healthy before the crisis), Italy and France stand out in this respect, with a more marked improvement of 2.8 points and 2.5 points respectively. The presence of Italy in this group may appear counter-intuitive, as the country's GDP has slowed significantly since the onset of the crisis. But, like the other economies in this group, and particularly France and Germany, Italy saw moderate growth before the crisis, with neither a property bubble nor a disproportionate increase in the weight of the financial sector, while the unemployment rate and government debt remained relatively high. ■

Further Reading

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Inequality, poverty and social protection in Europe: current state of affairs and impact of the crisis

*Magali Beffy, Marie-Émilie Clerc and Céline Thévenot**

In 2011, the median equivalised income in France was among the highest in Europe. In terms of inequality in equivalised incomes, France is in keeping with the average for the 28-member European Union (EU of 28). However, the indicators used to measure poverty and social exclusion at European level – income poverty, severe material deprivation and exclusion from the labour market – reveal France to be reasonably well-positioned with regard to its European neighbours. This strong position can be attributed to the high level of economic development in France; it is also a result of the country's relatively high level of social transfers.

Nonetheless, social inequalities in France have seen a slight increase since the onset of the crisis, while they have remained relatively stable across Europe as a whole. Similarly, while income poverty in France remains below the European average it has increased to a certain extent since 2007. Social transfers certainly helped to cushion the impact of the crisis in 2008 and 2009, but this beneficial effect has since subsided somewhat.

The increase in the overall risk of poverty and social exclusion has been smaller in France than the European average. A number of European countries have been hit much more severely by the crisis (southern Europe, Ireland, the Baltic nations).

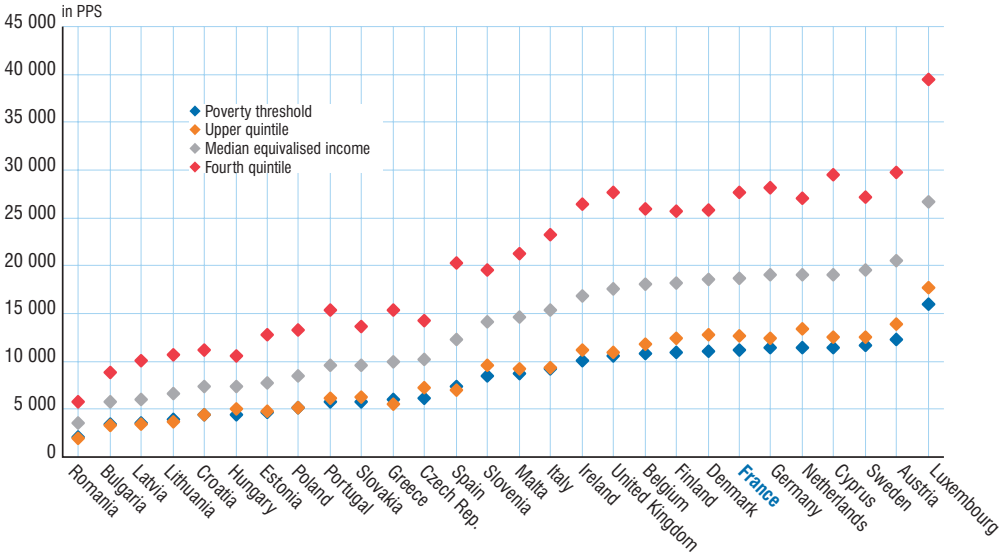
In 2011, according to the European SILC instrument (*see Box 1*), the median **equivalised income** in France stood at 20,600 Euros per annum, or 1,720 Euros per month. This median equivalised incomes varies considerably from one country to the next, from €2,120 p.a. in Romania to €32,780 in Luxembourg, a ratio of 1:15. In order to take into account the differences in prices between different countries, equivalised income can be converted using the **purchasing power standard** (PPS): the ratio in this format is closer to 1:7 (*Figure 1*). In PPS, the median equivalised income in France is among the highest in Europe, alongside Germany, the United Kingdom, Italy and Sweden. This equivalised income is far superior to that recorded in those EU member States with the lowest standards of living: four times higher than that of Romania and Bulgaria, three times higher than that of the Baltic nations, twice that of Poland. If we consider income distribution across Europe as a whole, the vast majority of those with the lowest incomes live in a handful of member States (Romania, Bulgaria, Hungary, Latvia, Lithuania, Estonia, Poland; see *Box 2*).

Income inequalities in France are in line with EU averages

While standards of living vary considerably between different EU nations, the same can also be said of the extent of income inequality.

* Magali Beffy, Marie-Émilie Clerc, INSEE; Céline Thévenot, European Commission.

1. Equivalised income quantiles and annual poverty thresholds by member State, 2011



How to read the graph: in 2011, the median equivalised income of Germans was 19,000 using the purchasing power standard (PPS). The poverty threshold was thus 11,400 in PPS, giving a monthly poverty threshold of 950 PPS. The wealthiest 20% of Germans had an average annual equivalised income of 28,150 PPS while the poorest 20% had on average 12,480 PPS.
Sources: Eurostat, EU-SILC 2012, SILC 2011 for Ireland.

Box 1

Sources

The SILC instrument

SILC (Statistics on Income and Living Conditions) is the European reference source for comparative statistics on income distribution and social inclusion across the EU. The SILC instrument is based on the principle of a common "framework" rather than a common "survey". This common framework incorporates harmonised lists of primary (annual) and secondary (every four years at most) target variables. The results are submitted to Eurostat, along with guidelines and common procedures, concepts (household, income etc.) and classifications ensuring that the resulting data offers the greatest possible level of comparability.

The SILC instrument has been recording information on income for the year y-1 since 2004. Variables regarding material deprivation and labour market activity are measured for the current year y.

The Fiscal and Social Revenue Survey (ERFS) is the French reference source for income and income poverty. The ERFS matches the results of the INSEE's Labour Force Survey with administrative data sources on fiscal income and income support and other social benefits paid out by the national family benefit agency, the national old age pension agency and the agricultural social fund. The ERFS is not suitable for comparisons at EU level because it does not measure the variables required to compile indicators of material deprivation.

Although based on different samples and methodologies, these two sources both measure income using the same definitions and are harmonised.

The ESSPROS system

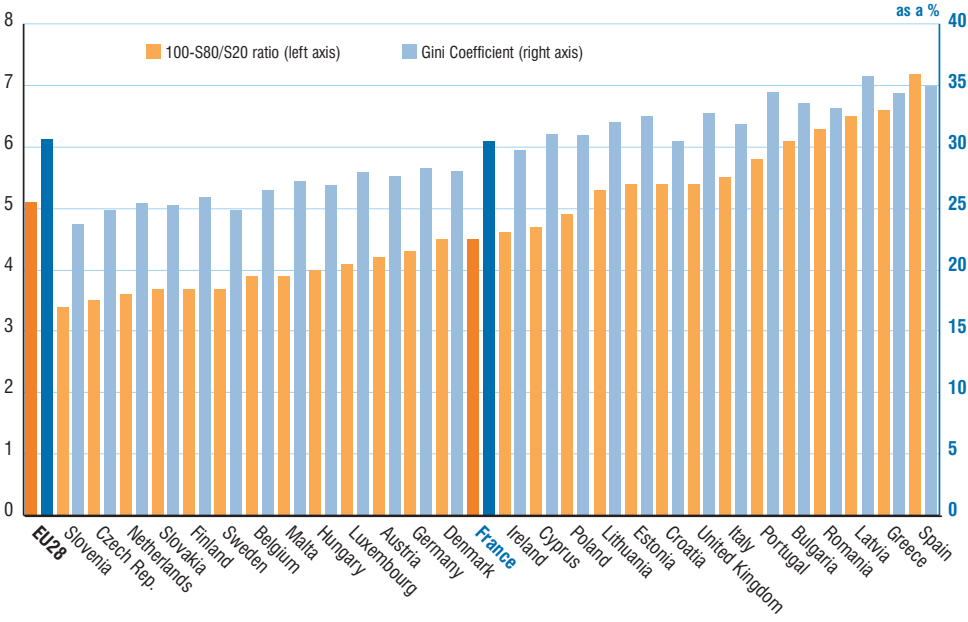
The European System of Integrated Social Protection Statistics (ESSPROS) [Eurostat, ESSPROS Manual 2012] is a stable source of annua data on the receipts and expenditure of social protection systems in the European Union. It aims to provide a full and coherent overview of the state of social protection in each member State, covering social services (i.e. benefits received by households in cash or in kind) and their funding. ESSPROS is harmonised with other statistical sources, most notably national accounts, allowing for international comparisons.

Two indicators are commonly used to measure the extent of this inequality: the **100-S80/S20 ratio** and the **Gini coefficient**. The former compares the equivalised income of the wealthiest 20% of the population (the top quintile) with that of the poorest 20% (the bottom quintile). The higher the ratio, the greater the inequality. By definition, this ratio only considers the circumstances in the two most extreme quintiles on the equivalised income spectrum. To better understand inequalities across the whole range of living standards, we use the Gini coefficient. This tool represents the average difference in living standard between two individuals randomly selected from the population, expressed as a percentage of the average equivalised income. If all individuals had exactly the same equivalised income, the Gini coefficient would be 0%. Conversely, if one individual was in possession of all of the economy's disposable income then the Gini coefficient would be 100%.

In 2011, the mass of equivalised disposable income held by the wealthiest 20% of French citizens was 4.5 times greater than that held by the poorest 20% (the 100-S80/20 ratio, *see Figure 2*). For the European Union as a whole this ratio was slightly higher (5.1).[1] Across the EU the ratio ranges from around 3.5 in Slovenia, the Czech Republic and the Netherlands to 7.2 in Spain. The ratio in France is comparable to that seen in Germany (4.3), but lower than that recorded in the UK (5.4) and Italy (5.5).

This ranking is broadly backed up by a comparison of the corresponding Gini coefficients. In France the Gini coefficient is 30.5%, very close to the European average (30.6%) and midway between Germany (28.3%) and the United Kingdom (32.8%). The most egalitarian countries (Gini coefficient of below 27.0%) are Northern European nations (Sweden, Finland, the Netherlands) and a handful of Central European countries, where incomes are lower but more evenly-distributed (Slovakia, Slovenia, the Czech Republic).

2. Inequality indicators for the member States in 2011



Sources: Eurostat, EU-SILC 2012, SILC 2011 for Ireland.

1. Unless specified otherwise the Europe-wide indicators cited in this chapter are calculated as an average of the various national indicators weighted by the population of their respective countries.

The most unequal countries (Gini coefficient greater than 33.0%) are Romania, Bulgaria and Latvia, along with three Southern European nations (Greece, Spain, Portugal). All in all, whichever indicator is used, France is close to the European median in terms of the scale of inequalities in standards of living.

17% of Europeans and 14% of French people are at risk of poverty

A person is considered to be at risk of poverty if he/she is living with an equivalised income falling below a given level, known as the poverty line or threshold. Since 2001, EU member States have agreed to set this threshold at 60% of their equivalised median income. This threshold thus varies from country to country and from year to year (*see Box 3*).

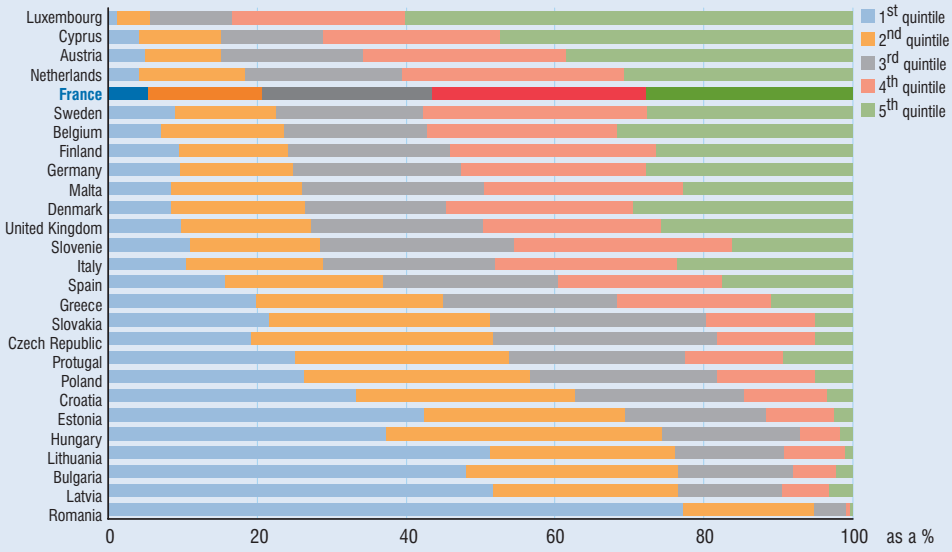
In France, according to the EU-SILC instrument, the poverty rate stood at 14.1% in 2011, 3 points below the European average, with Germany (16.1%) and the United Kingdom (16.2%) closer to this EU average. The poverty rate is at its lowest in the Czech Republic (9.6%). It is also low across Northern Europe in general (10.1% in the Netherlands, 13-14% in Finland, Sweden

Box 2

26% of French people are among the wealthiest 20% of EU citizens

Ranking all EU citizens in terms of their equivalised incomes expressed in purchasing power parity (PPP), 74% of French people belong to the top half of the ranking distribution, with 26% featuring among the wealthiest 20% (*Figure 2*). By way of comparison, 75% of Swedes, 65% of Germans and British citizens and 60% of Italians also live with an income greater than the European median, while 32% of Swedes, 22% of Germans and 17% of Italians belong to the wealthiest 20%. At the other end of the scale, 2% of French people are among the poorest 20% of Europeans. This is also the case for 2% of Swedes, 5% of Germans and 6% of Italians.

Distribution of national populations with regard to the European quintiles



How to read the graph: 77% of Romanians are among the poorest 20% of the European population, while 5% of them are in the top three quintiles. Conversely, 60% of Luxembourgers are among the richest 20% of Europeans.
Note: negative incomes declared by independent sources are excluded. Countries are ranked by increasing order of the proportion of their population featuring in the bottom two quintiles.
Sources: Eurostat, EU SILC 2011, DG EMPL European Commission.

and Denmark). At the opposite end of the scale, it is the southern European nations which have the highest rates of poverty: 19.4% in Italy, 22.2% in Spain and 23.1% in Greece. The differences between countries are partly a result of disparities in the distribution of market incomes, incomes from wealth and pensions, but they can also be attributed to the considerable disparities which exist in terms of the level and distribution of social transfers, family structures and the rate of participation of women in the labour market.

Three indicators to capture the multidimensional nature of poverty and social exclusion

Poverty is a complex phenomenon that has often been recognized as multidimensional. In Europe, income poverty is a relative concept. It is defined as the experience of living with an income below that of the majority of the population (in concrete terms, an income below 60% of the median equivalised income among the population). This monetary measurement alone, considered at a specific point in time, does not provide a full picture of the conditions in which people are living.

The European statistical institutes have identified two complementary indicators to adopt a more comprehensive approach to poverty in all its forms. The first measures the material deprivations experienced by households, while the second measures the strength of a household's connection to the labour market. These indicators are founded on the principle that restricted access to certain fundamental material, cultural and social resources – and, for those of working age, insufficient access to the labour market – is conducive to social exclusion, regardless of the monetary resources to which an individual may have access.

The indicator of severe material deprivation is an absolute measurement of poverty. It is calculated with reference to a scale which is fixed in time and applicable across the whole European Union. The value of this indicator for a given country is above all an indication of that country's level of economic development; in that respect, it casts light on inequalities within the Union. Meanwhile, the indicator of household work intensity depends on the characteristics of the national labour markets and the capacity of these markets to resist economic shocks.

Box 3

Income poverty

An individual is considered to be at risk of poverty if he/she lives in a household whose income falls below the poverty threshold. The INSEE, along with Eurostat and the European Statistical System, thus measures income poverty in a relative manner. This definition of poverty was adopted by all member States in 2001, conforming to the definition of poverty issued by the European Council in 1975 which describes as "poor" "those individuals or households whose resources are so low as to exclude them from the minimum acceptable way of life in the country where they live". The poverty threshold is fixed with reference to the income distribution among the population of a given country. Eurostat and the EU member States have set this threshold at 60% of the median income.

The development of the income poverty rate can be tricky to interpret in times of crisis, as the poverty rate may remain stable, or even fall slightly, in countries feeling the full brunt of the crisis. Simply put, if the median income in a country deteriorates as a result of economic crisis, the poverty threshold will also fall accordingly. This reduction in the poverty threshold may thus automatically lift out of poverty a certain number of people whose income previously situated them just below the poverty threshold. Situations such as this see the rate of income poverty fall, an apparent improvement which is not corroborated by other poverty indicators, particularly that measuring the prevalence of material deprivation. This phenomenon was particularly evident in the Baltic nations during the crisis, where median incomes fell sharply as a result of the economic turmoil.

In 2010, as part of their combined efforts to combat poverty, the 27 EU member States committed to using a common, composite indicator covering all three of the key dimensions of poverty and social exclusion: income poverty, severe material deprivation and joblessness [Bontout & Delautre, 2012]. According to this composite indicator, a person is considered to be at **risk of poverty or social exclusion** if he or she belongs to a household facing at least one of the following situations: an income which falls below the poverty threshold, severe material deprivation and low work intensity *(see Box 4)*. These three dimensions overlap, but only partially.

In 2012, almost one in five people living in France was at risk of poverty or social exclusion

In 2012,[2] 124 million people were at risk of poverty or social exclusion in Europe, i.e. a quarter of the population of the Union's 28 member States. Among them, 11.8 million were French, equivalent to one in five people in the French population.

The prevalence of poverty and social exclusion varies substantially from one country to the next. But there is also significant variation in terms of the respective prevalence of the different forms of poverty and social exclusion risk within member States.

Box 4

Severe material deprivation and (quasi-)joblessness

The **severe material deprivation** indicator is a useful complement to the income poverty indicator, introducing a non-monetary dimension and establishing a common threshold for all EU nations, unlike the income poverty threshold which is relative. The severe material deprivation indicator thus allows us to analyse the disparities in standards of living between different member States.

This indicator is a useful counterpoint to the income poverty rate, based exclusively on household income, as a shortage of financial resources need not always result in difficult living conditions and, conversely, some households which are not classed among the poorest in terms of income may nonetheless encounter serious difficulty in surviving when faced with specific pressures (healthcare, for example). In February 2009, the following definition of severe material deprivation was adopted by the Indicators sub-group of the Social Protection Committee: a person is considered to be in a situation of severe material deprivation when unable to afford four of the following nine essential requirements: 1) paying rent, mortgage payments or standard utility bills on time, 2) adequately heating their home, 3) meeting unexpected expenses, 4) eating meat, fish or another source of protein once every two days, 5) affording one week of holidays away from home, 6) owning their own car, 7) owning a washing machine, 8) owning a colour television and 9) owning a telephone (including mobile phones).

The household work intensity is measured as the number of full months worked in a given year by those members of the household of working age (excluding students and retirees), as a proportion of the total number of months that it is theoretically possible for these people to work in a year (i.e. 12 for a single person, 24 for two people etc.). A household is considered to be (quasi-)jobless if its work intensity falls below 20% of the potential total (i.e. less than two months worked in the year per person). In practice, this indicator largely serves to identify households which have not worked at all in a given year, highlighting the problem of poor access to employment, a form of social exclusion.

2. Figures on income poverty rates are for 2011, while severe material deprivation and (quasi-)joblessness statistics are for 2012. By agreement, the composite "risk of poverty or social exclusion" indicator which combines all three dimensions is taken to reflect the situation in 2012.

For all three dimensions of this composite indicator, France is below the European average (*Figure 3*). This is also the case of Germany, Sweden, Finland, the Netherlands, Austria, Luxembourg, Slovenia, Slovakia and the Czech Republic. The United Kingdom is close to the European average in terms of income poverty and material deprivation, but its labour market exclusion figures are higher. The opposite is true in Italy, where the income poverty and severe material deprivation rates are above the European average but exclusion from the labour market is within the average range. A number of countries in southern and Eastern Europe, along with Ireland, have poverty and social exclusion rates which are above the European average.

3. The composite "risk of poverty and social exclusion" indicator and its components

	Risk of poverty or social exclusion (as a %)	Change since 2008 (in points of %)	Risk of poverty (income poverty) (as a %)	Development 2007-2011 (in points of %)	Severe material deprivation in 2012 (as a %)	Development 2008-2012 (in points of %)	People living in a (quasi-) jobless household in 2011 (as a %)	Development 2007-2011 (in points of %)
EU (28 members)	**24.8**	**…**	**17.0**	**…**	**9.9**	**…**	**10.4**	**…**
EU (27 members)	**24.7**	**1.0**	**16.9**	**0.4**	**9.9**	**1.4**	**10.3**	**1.2**
Austria	18.5	–0.1	14.4	2.0	4.0	–2.4	7.6	–0.2
Belgium	21.6	0.8	14.8	0.1	6.5	0.9	14.0	2.3
Bulgaria	49.3	4.5	21.2	–0.2	44.1	2.9	12.4	4.3
Croatia	32.3	…	20.5	…	15.4	…	16.1	…
Cyprus	27.1	3.8	14.7	–1.2	15.0	5.9	6.4	1.9
Czech Republic	15.4	0.1	9.6	0.6	6.6	–0.2	6.8	–0.4
Denmark	19.0	2.7	13.1	1.3	2.8	0.8	10.9	2.6
Estonia	23.4	1.6	17.5	–2.0	9.4	4.5	9.0	3.7
Finland	17.2	–0.2	13.2	–0.4	2.9	–0.6	9.1	1.8
France	**19.1**	**0.6**	**14.1**	**1.6**	**5.3**	**–0.1**	**8.4**	**–0.4**
Germany	19.6	–0.5	16.1	0.9	4.9	–0.6	9.8	–1.8
Greece	34.6	6.5	23.1	3.0	19.5	8.3	14.1	6.7
Hungary	32.4	4.2	14.0	1.6	25.7	7.8	12.7	0.7
Ireland	29.4	5.7	15.2	–0.3	7.8	2.3	24.1	10.5
Italy	29.9	4.6	19.4	0.7	14.5	7.0	10.3	0.5
Latvia	36.2	2.0	19.2	–6.7	25.6	6.3	11.7	6.3
Lithuania	32.5	4.9	18.6	–1.4	19.8	7.5	11.3	6.2
Luxembourg	18.4	2.9	15.1	1.7	1.3	0.6	6.1	1.4
Malta	22.2	3.0	15.0	0.0	8.0	4.0	7.9	–0.3
Netherlands	15.0	0.1	10.1	–0.4	2.3	0.8	8.7	0.6
Poland	26.7	–3.8	17.1	0.2	13.5	–4.2	6.8	–1.1
Portugal	25.3	–0.7	17.9	–0.6	8.6	–1.1	10.1	3.8
Romania	41.7	–2.5	22.6	–0.8	29.9	–3.0	7.4	–0.8
Slovenia	19.6	1.1	13.5	1.2	6.6	–0.1	7.5	0.8
Slovakia	20.5	–0.1	13.2	2.3	10.5	–1.3	7.2	2.0
Spain	28.2	3.7	22.2	1.4	5.8	2.2	14.2	7.6
Sweden	18.2	0.7	14.2	2.0	1.3	–0.1	10.0	4.6
United Kingdom	24.1	0.9	16.2	–2.5	7.8	3.3	13.0	2.6

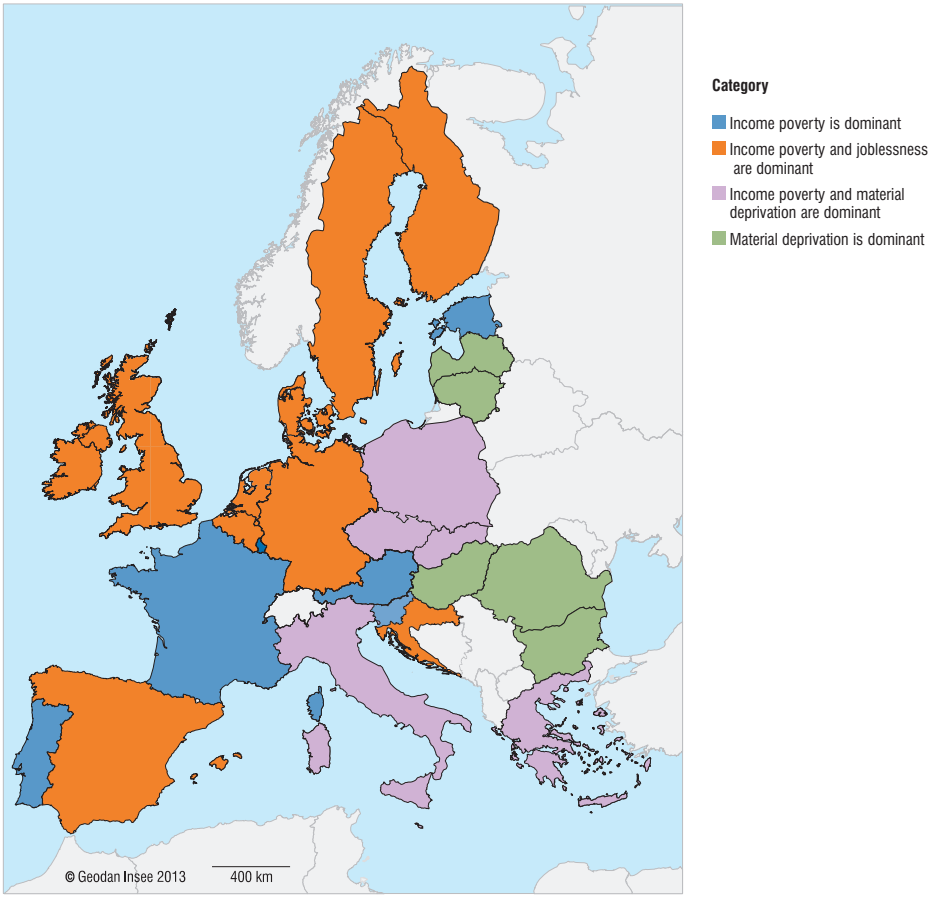
Note: the 'risk of poverty or social exclusion indicator' is less than the sum of its three dimensions (risk of poverty, severe material deprivation, people living in a (quasi-)jobless household): a given individual may be affected by two or more of these dimensions. The risk of poverty refers to 2011 while the indicators for severe material deprivation and (quasi-)jobless are for 2012.
Sources: Eurostat, EU-SILC 2012, SILC 2011 for Ireland.

For each country the most prevalent forms of poverty and social exclusion can be identified. This approach allows us to break down the member States into four groups (*Figure 4*):

The first group consists of countries in which severe material deprivation represents a particularly high proportion of the population at risk of poverty and exclusion (between 60 and 90%), a proportion well above the EU average (40%). This group is largely comprised of the poorest countries in the Union (Bulgaria, Romania, Hungary, Latvia).

The second group is composed of countries with a higher standard of living, and where income poverty, a relative indicator, is thus greater among the population at risk of poverty and social exclusion, but where material deprivation remains relatively high. This is particularly true of Italy, where the proportion of income poverty among the population at risk of poverty and social exclusion is notably high (65%), but where deprivation (48%) is also much higher than the European average.

4. Typology of countries by relative prevalence of each dimension (income poverty, material deprivation, (quasi-)joblessness) among those affected by poverty



Note: in the United Kingdom, the main aspects of the poverty and social exclusion risk are income poverty and joblessness.
Source: Eurostat, EU-SILC 2012.

Finally, in the richest nations cases of severe material deprivation are less common, and hence income poverty is the dominant form of hardship among the population at risk of poverty and social exclusion. We can nonetheless split these countries into two different groups:

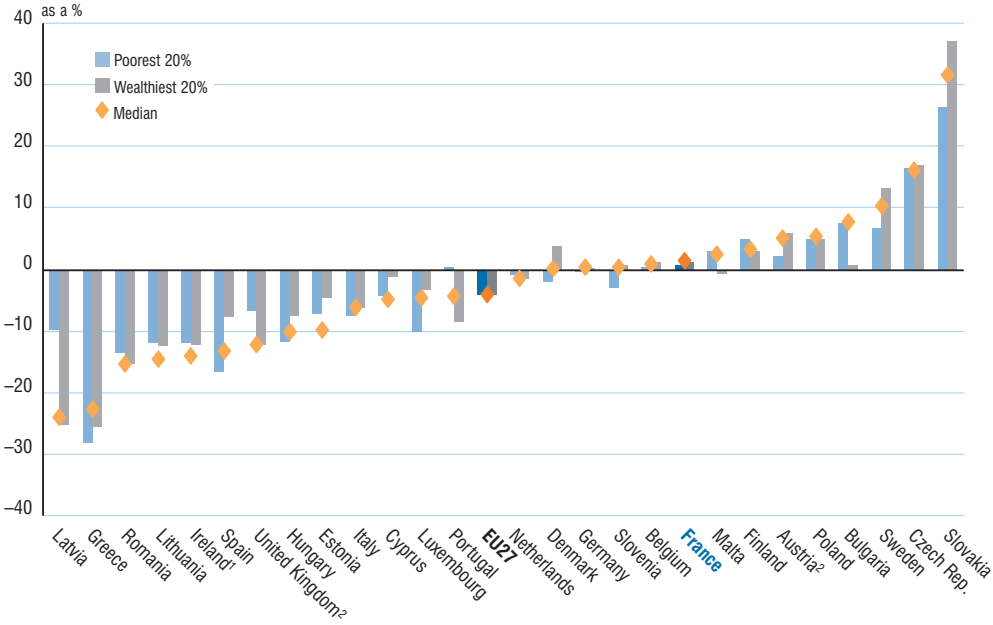
– member States where the risk of poverty and social exclusion is essentially a matter of income poverty. This is the case of France and Austria;

– member States where, along with a sizeable risk of income poverty, the proportion of the population at risk of poverty and social exclusion living in a (quasi-)jobless household is significant. This is particularly true of Germany (50%), the United Kingdom (54%) and Sweden (55%).

Living standards have developed very differently in member States since the onset of the crisis

In France, according to the EU-SILC instrument, the median income increased between 2007 and 2011 (+1.4%).[3] This rate of growth is below that recorded equivalised for the preceding four-year period (2004-2007), but the situation in France is clearly better than in the majority of other EU nations. The median income across Europe declined by 4.1% between 2007 and 2011. This overall deterioration masks even greater disparities between individual member States (*Figure 5*). Since the start of the crisis the median income has fallen in half of all EU members, while increasing in the other half.

5. Changes in equivalised incomes, 2007-2011



1. Data for 2011.
2. Change in calculation methods in 2012.
How to read the graph: in Denmark, the equivalised income for the wealthiest 20% of households grew by 3.9 % while the equivalised income of the poorest 20% fell by –2.0 % between 2007 and 2011. The median equivalised income increased by 0.1 %.
Sources: Eurostat, EU-SILC 2008 and 2012, data deflated by the consumer price index, authors' calculation.

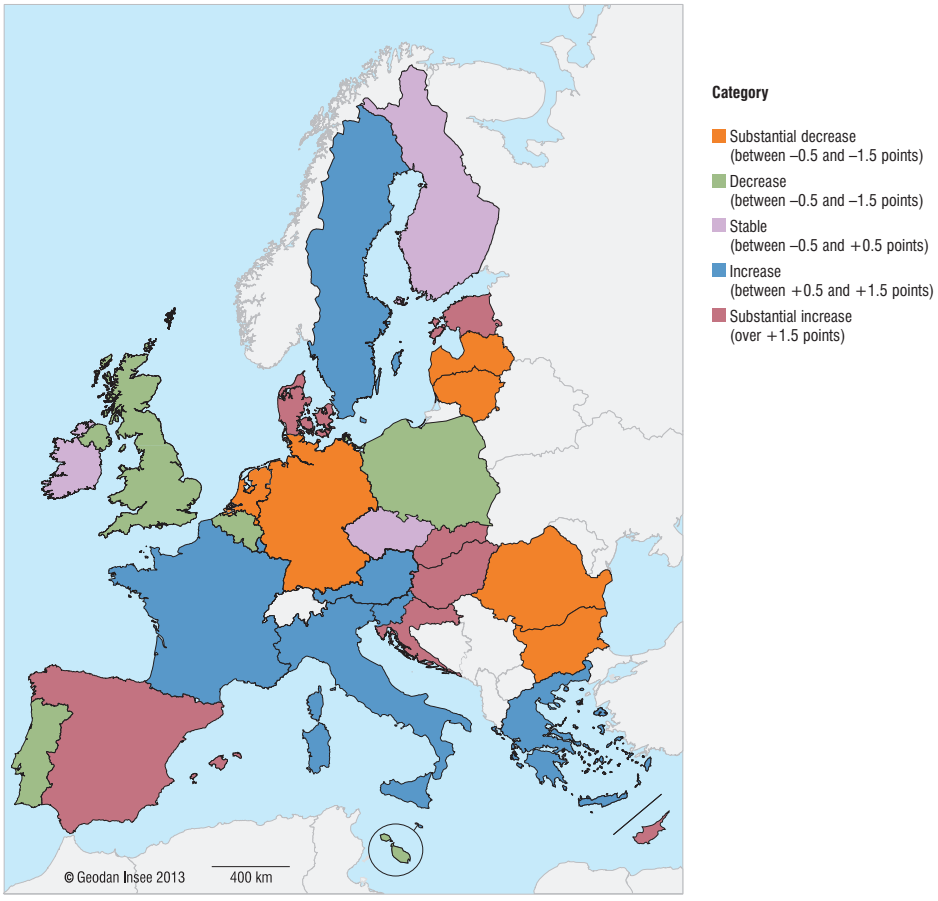
3. The reference source in France, the Fiscal and Social Income Survey, gives a similar estimation of the growth of the median equivalised income for the period, at +1.5%.

The crisis has not affected all income brackets equally. Certainly, on the face of things the income of the poorest 20% of households would appear to have suffered a decline identical to that seen by the income of the wealthiest 20% of households (–4.0% between 2007 and 2011). But these figures once again mask the great disparities between countries. In France, income increased slightly at both ends of the distribution spectrum, but this increase was nonetheless greater for the wealthiest quintile.

The rise of poverty and inequality in certain EU countries

Since the onset of the crisis, the increase in inequality in France has been slightly above the EU average. Between 2007 and 2011, the Gini coefficient increased by 0.7 points in France, while falling by 0.3 points across the European Union as a whole. The respective national Gini coefficients have followed very different trajectories (*Figure 6*). Inequality has thus seen a sharp increase since 2007 in Spain, Denmark and particularly in Italy. On the other hand, inequality has been reduced substantially in Latvia, Lithuania, Bulgaria and Romania, but also in Germany.

6. Growth in inequalities 2007-2011 (Gini coefficient)



Source: Eurostat, EU-SILC 2008 and 2012.

The risk of poverty and social exclusion has also increased in France, rising by 0.6 points between 2008 and 2012 (*Figure 3*) from 18.5% to 19.1%.

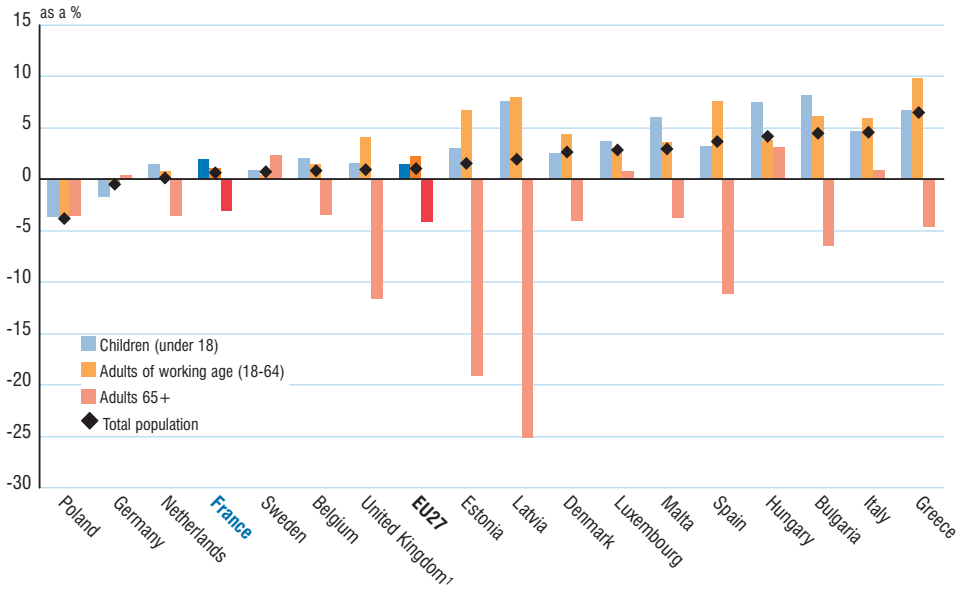
This rise in inequality is nonetheless below the EU average (+1.0 point between 2008 and 2012), in contrast to the above-average increase in the Gini coefficient. As with inequality, the risk of poverty and social exclusion has varied greatly from country to country. The risk of poverty and social exclusion has fallen slightly in seven countries, including Germany (-0.5 points), and risen in others, most notably Greece (+6.5 points), Ireland (+5.7 points) and Italy (+4.6 points).

The three components which make up the composite poverty and social exclusion risk indicator have also developed differently in different countries (*Figure 3*). France is one of the countries where income poverty has gained ground since the onset of the crisis (+1.6 points in 4 years), but material deprivation and the share of individuals living in (quasi-)jobless households have fallen. Severe material deprivation has increased significantly as a result of the crisis in Greece and Italy, but also in the Baltic nations and Hungary. Finally, the proportion of people living in (quasi-)jobless households has increased substantially in Ireland (+10.5 points), Spain (+7.6 points), Greece (+6.7 points) and the Baltic nations. This proportion increased in 20 of the 27 member States between 2007 and 2011, reflecting the sharp rise in unemployment.

Adults of working age have been hit hardest by the crisis

Across Europe as a whole, and in many member countries, working-age adults have been particularly hard hit by the crisis (*Figure 7*): their risk of poverty and social exclusion has increased sharply, as they have been directly affected by the rise in unemployment. As many of these adults belong to households with children, the deterioration of their situation has had knock-on effects for these children (0-17). On the other hand, those aged 65 and above have been left relatively unscathed by the impact of the crisis since the value of old age pensions has largely been left untouched, in a context where the overall income has slowed its growth or even declined.

7. Development of poverty and social exclusion by age group, 2008 - 2012



1. Change in calculation methods in 2012.
Source: Eurostat, EU-SILC 2008 and 2012.

Between 2008 and 2012, the risk of poverty and social exclusion for adults of working age (18-64) grew more slowly in France than in Europe as a whole (+1.0 point, compared to the EU average of +2.3 points). This risk increased in all countries, particularly those most affected by the crisis (+9.8 points in Greece, +7 points in the Baltic nations, +7.6 points in Spain,+5.9 points in Italy), but also in Denmark and the United Kingdom (+4.4 and +4.1 points respectively). Only in Germany did this rate subside over the same period (–0.3 points).

The risk of poverty and social exclusion for children has followed the trend established by the corresponding risk for their parents: with the exception of Germany (where this risk has fallen by 1.7 points), all EU nations have seen an increase in the poverty risk faced by children, particularly Spain (+3.2 points), Italy (+4.7 points) and the UK (+1.6 points). In France the risk has increased by 2.0 points: children thus represent the section of the population most affected by the crisis.

Finally, the impact of the crisis has been much less acute for the oldest age groups. By definition immune to the risk posed by exclusion from the labour market, the equivalised income of pensioners has barely been affected by the crisis. We have even seen a pronounced decrease in the risk of poverty and social exclusion faced by this section of the population in countries where the decline in market income has prompted a dramatic decline in the median equivalised income for the population as a whole, thus bringing down the income poverty threshold: as old age pensions are protected from such economic shocks, the mechanical effects have lifted a number of pensioners above this threshold. As an EU average, the risk of poverty and social exclusion for those aged 65 and over fell by 4.1 points between 2008 and 2012. In France this risk decreased by 3 points.

Social protection spending softens the blow of the fall in household income

In times of economic turmoil, social protection spending (here considered in its broad definition, including pensions and healthcare expenditure) plays a crucial role in stabilising household incomes. Such spending helps soften the blow of the decline in earned income, helping to offset certain losses of income via unemployment benefits, as well as by other mechanisms such as means-tested benefits and services.

Since the onset of the crisis, social protection spending has played a key stabilising role, helping to ensure that the fall in household income remains limited in comparison with the sudden dip in GDP, i.e. national economic output. As such, social protection spending rose in all EU member States in the years 2007-2011, with the exception of Greece and Hungary. In several countries, most notably France and Germany, social protection spending grew more rapidly than it had done in the preceding period (2004-2007). This stabilising impact has been less pronounced in Southern European nations such as Italy and Spain, where social protection spending has increased more slowly since the beginning of the crisis (*Figures 8 and 9*).

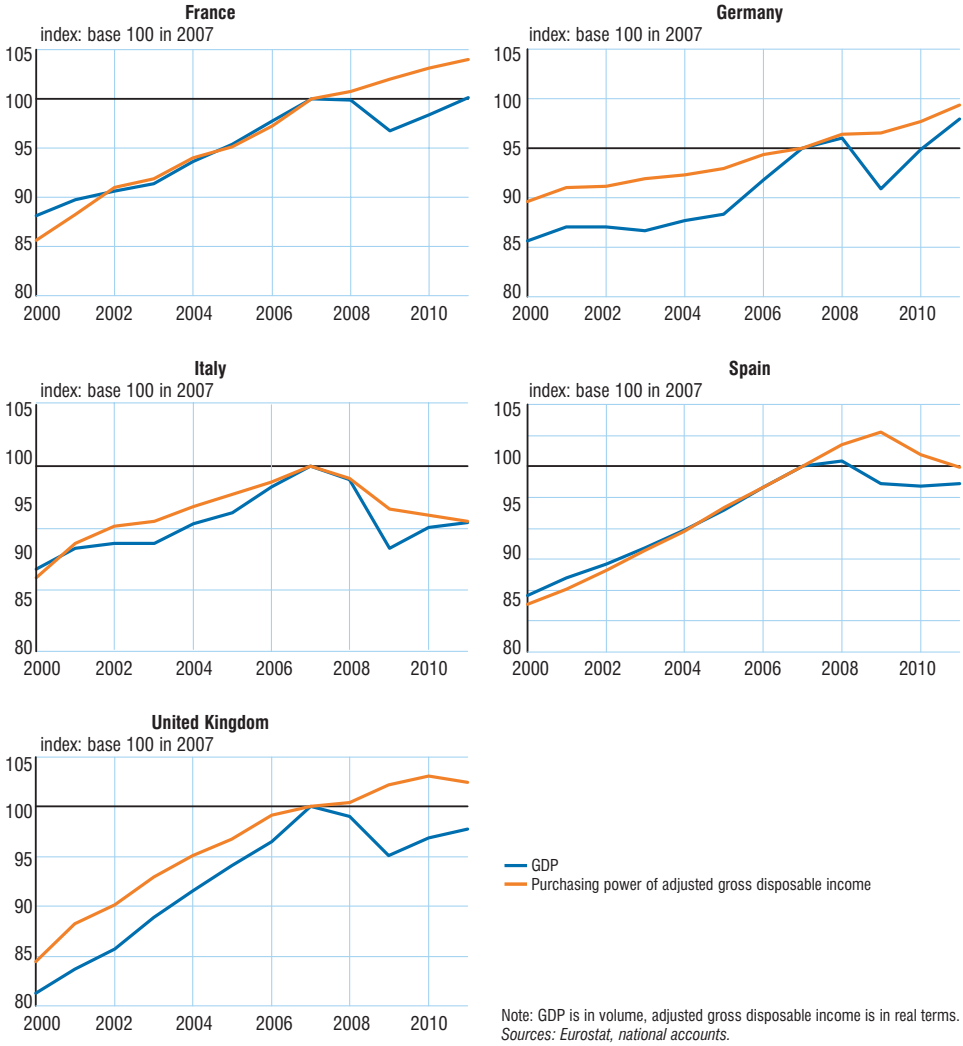
8. Annual growth rate for GDP, social protection spending and adjusted disposable income figures for selected countries

as a %

	Gross domestic product		Social protection spending		Adjusted gross disposable income	
	2004-2007	2008-2011	2004-2007	2008-2011	2004-2007	2008-2011
EU27	**2.9**	**–0.3**	**…**	**2.1**	**1.8**	**–0.8**
Germany	2.5	0.6	–0.7	2.1	0.9	0.9
Greece	3.8	–5.1	6.2	–1.7	6.6	–6.3
Spain	3.7	–1.3	5.0	3.0	3.8	–1.2
France	**2.2**	**0.2**	**1.9**	**2.7**	**2.1**	**1.0**
Italy	1.6	–1.1	2.1	1.0	1.1	–1.2
United Kingdom	3.1	–0.8	1.7	0.4	1.7	0.6

Note: GDP and social protection figures are in volume; the adjusted disposable income figures have been deflated by final consumption expenditure.
Sources: ESSPROS, national accounts, Eurostat.

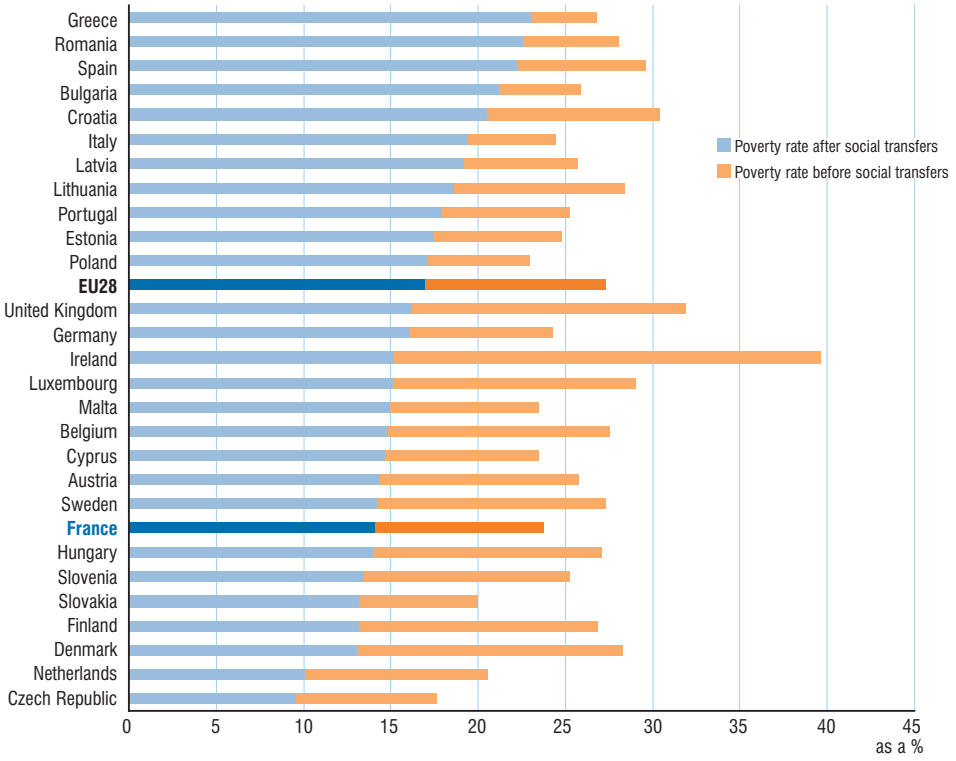
9. Effects of the crisis on household income: cumulative growth of GDP and gross disposable income of households in selected countries



Note: GDP is in volume, adjusted gross disposable income is in real terms.
Sources: Eurostat, national accounts.

In 2012, against the backdrop of a second economic slump, this stabilising force began to run out of steam at EU level [Bontout et *al.* 2013; European Commission, 2014]. We can invoke a number of factors to help explain this phenomenon: the increase in the proportion of long-term unemployed (with reduced benefits or no more unemployment compensation), the methods used to index social security benefits against inflation (which can have a positive impact in the context of a slowdown in inflation), reforms to the social protection system made with the intention of reining in government spending, or in some cases an upturn in economic activity. This overall trend masks a great deal of underlying diversity. In France, the stabilising effect of social protection has thus declined somewhat. In Germany, where economic growth has been more robust, social security benefits have actually had the effect of tempering the dynamic of income growth. In Italy and Spain, where primary incomes have fallen substantially, this stabilising effect has proven to be very limited.

10. Reduction of the poverty rate by social transfers in 2011



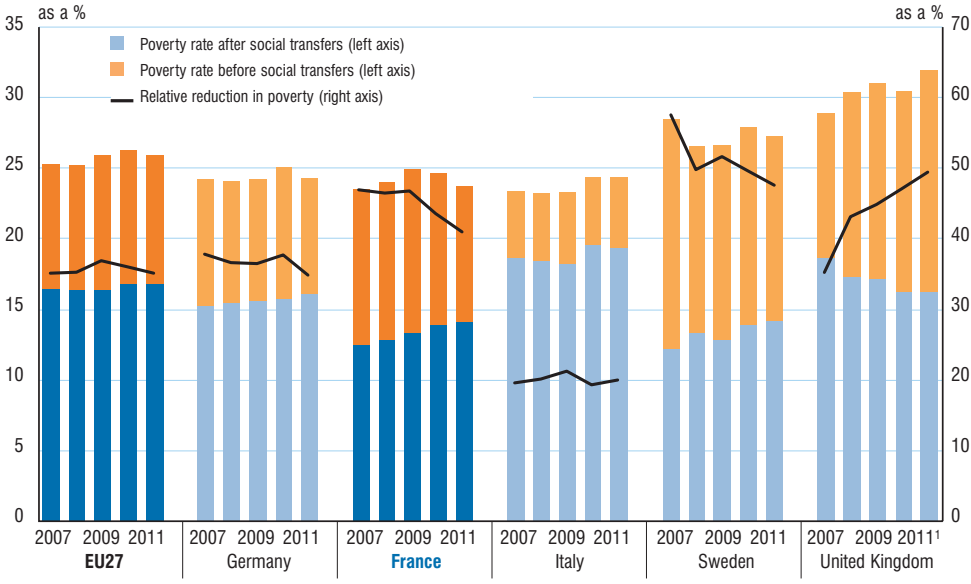
Source: Eurostat, EU-SILC 2012, SILC 2011 for Ireland.

Social transfers help keep poverty down

Among the various forms of social protection spending, certain cash benefits are more straightforwardly redistributive (family allowances, housing allowances, minimum income schemes, unemployment benefits), and are collectively referred to as social transfers. These social transfers significantly reduce the rate of poverty in a population. This phenomenon can be illustrated (*Figure 10*) by comparing the number of people whose come would fall below the poverty threshold if they did not receive social transfers with the number of people who are still beneath this threshold after their social transfers have been taken into account.

In France, the **rate of income poverty before social transfers** is around 24%, while it is just 14% when social transfers are taken into account. Put simply, social transfers reduced poverty in France by 41% in 2011. This is well above the EU average, which sees social transfers reducing income poverty by around 35%. The role of social transfers in limiting poverty is particularly prominent in Northern Europe (49% in Sweden, 51% in the Netherlands, 54% in Denmark) and certain Eastern European nations (Czech Republic, Hungary, Slovenia), along with Ireland and the United Kingdom (62% and 49% respectively), where the proportion of social benefits which are means-tested is particularly high. In the Southern European nations and certain recent member States, the poverty reduction due to social transfers is more limited (14% in Greece, 21% in Italy, 25% in Spain, 18% in Bulgaria and 19% in Romania). In Germany, the impact of social transfers is close to the EU average.

11. Relative reduction of income poverty rate by social transfers in the period 2007-2011, selected EU nations



1. Change in calculation methods in 2011 (SILC 2012) for the United Kingdom.
How to read the graph: in 2011, the poverty rate before social transfers was 24.3% in Germany. After transfers were taken into account, the rate was 16.1%.
Source: Eurostat, EU-SILC 2008-2012.

In France, social transfers impeded the development of income poverty between 2007 and 2009, but their positive impact waned in 2010 and 2011 (*Figure 11*). The income decline for unemployed people in 2010 and 2011 goes some way to explaining this development. This is largely a result of the increasing duration of periods of unemployment, combined with a slight increase in the number of unemployed people no longer entitled to unemployment benefits [Houdré, Ponceau, Zergat [Bonnin, 2013]. In Germany, the impact of social transfers in terms of reducing poverty remained stable until 2010, before dropping off in 2011. In Sweden, a country where the influence of social transfers is traditionally very strong, this impact declined over the period, especially as the robust upswing in economic activity contributed to a reduction in the poverty rate before transfers. In the United Kingdom, on the other hand, the impact of social transfers on income poverty has increased in recent years. This phenomenon can be partly attributed to the high proportion of benefits which are means-tested in the UK, combined with the strong increase in income poverty before transfers. ■

Definitions

Gini index: an index measuring the degree of inequality of income distribution, taking all income distribution into account. It varies from 0% to 100%, with 0% corresponding to perfect equality (everyone has the same income) and 100% to extreme inequality (one person has all the income, everyone else has nothing).

Equivalised income (standard of living): The ratio between a household's disposable income and its number of consumption units (CU). Disposable income includes all earned income, pensions, unemployment benefits and some wealth income, along with financial revenue and social services received. The equivalised income is thus the same for all individuals in a given household. The number of consumption units is generally calculated using the modified OECD scale, which classes the first adult in a household as 1CU, then counts 0.5CU for all other members of the household aged 14 and over and 0.3CU for children under the age of 14.

100–S80/S20 ratio: a ratio comparing the total equivalent income of the top-earning 20% of the population with the income of the lowest-earning 20%. By definition, this ratio is only sensitive to changes affecting the top and bottom quintiles.

Risk of poverty or social exclusion: a person is deemed to be at risk of poverty or social exclusion when they live in a household faced with at least one of the following three scenarios: an equivalised income below the income poverty threshold, inability to afford at least four or more items from a list of nine essential requirements, household living in a (quasi-)jobless household.

Poverty threshold: determined at national level with reference to the distribution of equivalised incomes across the population. Eurostat and EU members generally set the bar at 60% of the national median equivalised income.

Purchasing Power Standard (PPS): an artificial currency unit which eliminates the differences in price levels between countries. A PPS serves to buy the same volume of goods and services in all countries. This unit allows significant comparisons in volume of economic indicators between countries. Aggregates expressed in PPS are calculated by dividing the aggregates expressed in current prices and in the national currency by the respective Purchasing Power Parities (PPP). Due to the uncertainty level that characterises prices and basic national accounts data as well as the methods used to calculate the PPP, the differences between countries with a similar PPS index per inhabitant should not be over-interpreted.

Poverty rate: percentage of the population whose equivalised income falls below the poverty threshold.

Poverty rate before social transfers: percentage of the population whose income before social transfers (income support, family benefits, housing benefits, unemployment benefits) falls below the poverty threshold. This should not be interpreted as an indicator of the performance of the relevant social protection system, but rather as a measurement of the way in which those with the lowest incomes receive financial support in the form of social benefits. By definition, this indicator does not take into account social transfers in kind provided to households (healthcare, child care), which may help to relieve pressure on the household budget. Moreover, this indicator is static in that it does not take into account changes in behaviour which would exist in the absence of such transfers (involvement of both partners in the labour market, the decision for young people to leave the family home etc.). Finally, poverty may also be controlled by adjusting the distribution of market income (for example, by encouraging women to participate in the labour market), something which is not covered by this indicator.

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Europeans in employment in seven socio-economic categories

*Michel Amar, François Gleizes, Monique Meron**

In 2011, 218 million people aged 15 or over were working in the 27 countries of the European Union (EU). It would be inadequate to describe the workings of this labour market solely through the prism of economic activities (agriculture, industry, services, etc.). A new economic and social tool enables us to provide a deeper analysis of this complex space that is the European Union, by dividing the labour force into seven homogenous socio-economic groups, ranging from managers to the least skilled employees. This interpretative framework is useful, for example, in analysing the labour market in each country (risk of unemployment, part-time work, mobility, etc.) as well as the impact of the economic crisis on its evolution.

This article is based on a categorisation of the European social space currently being developed and aims to divide the 218 million people who work in the Union into seven groups, consisting of socio-economic categories[1] *(Box 1)*.

The "managers" group brings together company directors and executives whose principal functions are managerial. In 2011, there are 13 million such managers in the EU-27[2], or 6% of people in employment. There are 39 million "professionals", a group containing principally teachers, health professionals and engineers. They represent 18% of the reference population. Small business owners (the "independents" or "small entrepreneurs" – including farmers, shopkeepers and craftsmen) generally do not have any employees. There are 26 million of them, or 12% of the total *(Figure 1)*.

The intermediate occupations (or "technicians and associated professionals") cover a large part of the "intermediate professions" in the corresponding French category. However, they do not include primary school teachers, who, like other teachers, are classified at European level among the "professionals". Numbering 30 million, they constitute 14% of the total. There are 32 million "**clerks and skilled service** employees" (15%), 36 million "skilled workers" or ("**industrial skilled employees**", 17%), and 41 million "less-skilled employees" (19%).

This categorization of the European social space proves relatively balanced, with exceptions[3] (no obviously dominant category or barely represented category). It is clearly consistent with the description of the structure of the European economic fabric (strong expansion of the service sector, decline of agriculture and slump in industry – *Box 2*) and is subdivided at national level for each country in order to describe the distinctive features of national contexts.

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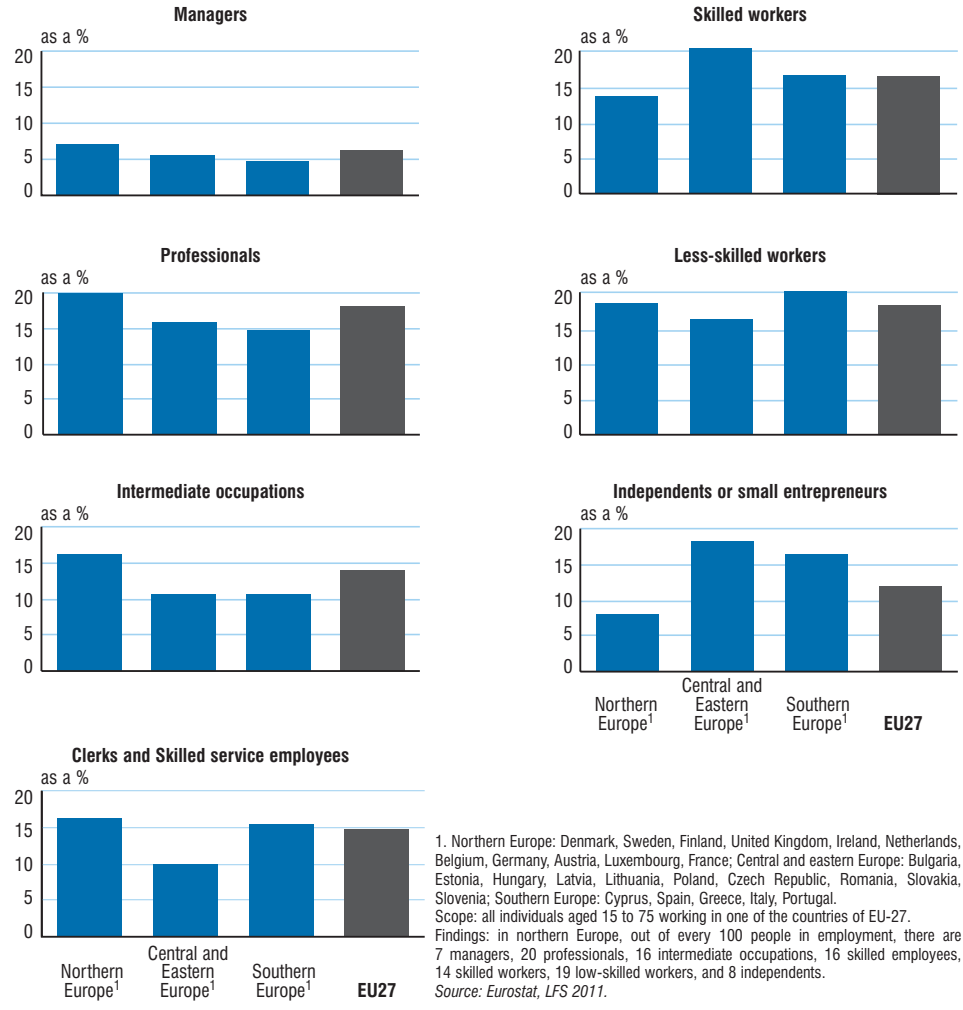
1.This article, based on data provided by Eurostat, represents only the opinions of its authors

2. In other words the European Union in 2011, when it consisted of 27 countries, Croatia not yet being part of it.

3. For example, in Luxembourg, the "professionals" represent 33% of employees, and "independents" only 4%, against respectively 14% and 31% in Romania.

1. Breakdown of the labour force in employment by socio-economic category for the major European regions



1. Northern Europe: Denmark, Sweden, Finland, United Kingdom, Ireland, Netherlands, Belgium, Germany, Austria, Luxembourg, France; Central and eastern Europe: Bulgaria, Estonia, Hungary, Latvia, Lithuania, Poland, Czech Republic, Romania, Slovakia, Slovenia; Southern Europe: Cyprus, Spain, Greece, Italy, Portugal.
Scope: all individuals aged 15 to 75 working in one of the countries of EU-27.
Findings: in northern Europe, out of every 100 people in employment, there are 7 managers, 20 professionals, 16 intermediate occupations, 16 skilled employees, 14 skilled workers, 19 low-skilled workers, and 8 independents.
Source: Eurostat, LFS 2011.

Employees and independents not classified in the same way

The managers'activity is essentially managerial. Overall, one third of them are not employees but this proportion varies greatly from one country to the next: it is almost two-thirds of managers in southern Europe; these are often directors of small or medium-sized enterprises, whereas salaried managers are generally found in larger companies. This is one of the most masculine groups (68%), although this characteristic is less marked in France (61%) and in certain Central and Eastern European countries. The managers form quite a well-qualified population. This is less true, however, of self-employed managers than of salaried managers. They work in all sectors. This is the best-paid group: half of the salaried managers are in the highest decile in the distribution of wages in their country *(Sources and definitions)*.

Box 1

Constructing a European socio-economic classification

The harmonisation of European statistics is being developed with the aim of better describing and comparing these societies. In this framework, the development of a socio-economic classification of the population is controversial and long-awaited.

The aim is to construct, at European level, a tool that – based on characteristics of employment and, in particular, of occupation type – defines the classes in which individuals display a certain homogeneity of behaviour in various social spheres.

In France, the explanatory power of our "socio-occupational categories" is well known. This classification is generally used in sociology, demographics and economics, and helps to structure our vision of the social space. Using the principles described by P. Bourdieu, A. Desrosières and L. Thévenot extended the work of J. Porte and adjusted the categories used since 1954 to construct, in 1982, a classification that has since been revised, in 1993 and 2003. In Europe, other countries have taken similar approaches, even if the principles of construction of such classifications sometimes differ. However, most of them are based on qualification and employment status.

The ESEG (European Socio-Economic Groups) Project

In the 1990s the European Commission asked B. Grais to write a report on existing national classifications. Then, in 2004-06, at the request of the Research Directorate, a working group – consisting mostly of researchers, under the direction of D. Rose and E. Harrison – developed an initial classification: ESEC (European Socio-Economic Classification), based on the different forms of "employment relationship" (taking into account the person's autonomy at work and the implicit contract with their employer) in accordance with the principles developed by J. Goldthorpe. As it was controversial and disputed, at Eurostat's request this classification was assessed by statistical institutes in France, Bulgaria, Italy and Hungary, in 2007-09. The ESEC was constructed using the 1988 version of the International Standard Classification of Occupations (ISCO 1988). Since then, this International Labour Organization classification has been considerably updated (ISCO 2008), with an improved integration of qualification levels and the exercise of managerial functions.

In late 2011, Eurostat tasked INSEE with piloting a small group of statisticians belonging to the four national statistical offices (France, Hungary, Italy and Czech Republic), with the aim – by mid-2014 – of proposing a socio-economic classification that takes into account previous work and is based on three mandatory variables available in all the European surveys: occupation (ISCO 2008 two digits), employment status (salaried or not) and activity sector (industry, services, etc.), encoded in accordance with NACE (Statistical Classification of Economic Activities in the European Community, one digit). This operating restriction presents the advantage of being able to encode the new classification in all the major European surveys without extending the questionnaires.

Initial studies and discussions with researchers (a major consultation was carried out and several laboratories were associated with the group's work) enabled a consensus to be reached. For people in work, seven groups were identified, and the precise perimeter of three of them was set: the "managers", the "professionals", and the "independents". For the four other groups – "intermediate occupations", "clerks and skilled service employees", "skilled workers" and "low-skilled workers" – three proposals were debated and tested in various fields. As the classification has not, at the time of writing of this article, yet been completely agreed, the numerical results presented here may end up being slightly modified in light of the working group's final proposal, without the general content of the findings being affected. Furthermore, two other groups are

Box 1 (cont'd)

for retired people, students and other people out of the labour market.

The development of classification proposals is based on the analysis of employment and labour market characteristics. The indicators used for this analysis are the variables relating to stability and quality of employment, whether the work is full- or part-time, level of training, the salary decile in the individual country when that information is available, the activity sector, and the size of the enterprise to which the person belongs. This nine-group classification project will be completed by a second classification level developed in about 30 sub-groups, with the aim of analysing some of the most targeted populations. This detailed level will also enable other groupings to be made that are considered useful by certain researchers or statisticians, whether for theoretical reasons or to take into account the distinctive features of the countries in question. For example, farmers are isolated, at the detailed level of ESEG, in a sub-group within the "independents", enabling them to be identified in countries where they represent a large proportion of workers. Similarly, among the less skilled employees, we can distinguish between blue-collar and white-collar[4] and service workers, and in this way we can put together a group that includes all manual workers.

Tests are being carried out to determine the best contours – in other words, the classification that proves to be the most discriminating with regard to various social fields: working conditions, health, living conditions, housing conditions, deprivation and poverty, etc.

From one classification to another: the example of France

Changing the classification modifies the vision of society: for example, the breakdown of jobs in France in accordance with our traditional "socio-occupational categories" is here cross-referenced with the classification of groups used in this article and which will be close to the "European Socio-Economic Groups" (ESEG). The vast majority of farmers, shopkeepers and craftspeople logically belong to the "independents" group, with the exception of company directors who are part of the "managers" group. The French "intermediate occupations" do not correspond exactly to the equivalent group in the European classification: 20% are part of the "professionals". Finally, one in three "employees" and "workers" are categorized as "low-skilled workers" by the ESEG *(Figure)*.

French socio-occupational categories in the European socio-economic classification

as a %

French socio-occupational categories (CS)	European socio-economic groups (ESEG)							People in employment according to the CS	
	Managers	Professionals	Intermediate occupations	Independents	Skilled employees	Skilled workers	Less-skilled occupations	%	Thousands
Farmers	1.2	0.0	0.0	98.8	0.0	0.0	0.0	2.0	518
Craftspeople, shopkeepers, business owners	20.7	1.9	0.0	77.4	0.0	0.0	0.0	6.5	1,676
Managers	34.1	65.6	0.3	0.0	0.0	0.0	0.0	17.6	4,521
Intermediate occupations	1.0	20.4	70.6	3.2	1.2	0.0	3.6	24.4	6,287
Employees	0.0	0.0	4.1	0.0	57.9	0.0	38.1	28.3	7,289
Workers	0.0	0.0	3.6	0.0	3.9	60.7	31.8	21.1	5,426
People in employment according to the ESEG									
(%)	**7.6**	**16.6**	**19.2**	**7.8**	**17.5**	**12.8**	**18.4**	**100.0**	///
(Thousands)	**1,956**	**4,282**	**4,939**	**2,009**	**4,512**	**293**	**4,726**	///	**5,717**

Scope: people in employment (Metropolitan France).
Source: INSEE, Employment Survey 2011 (French LFS).

4. Or between "clerks and service employees" and "workers".

Box 2

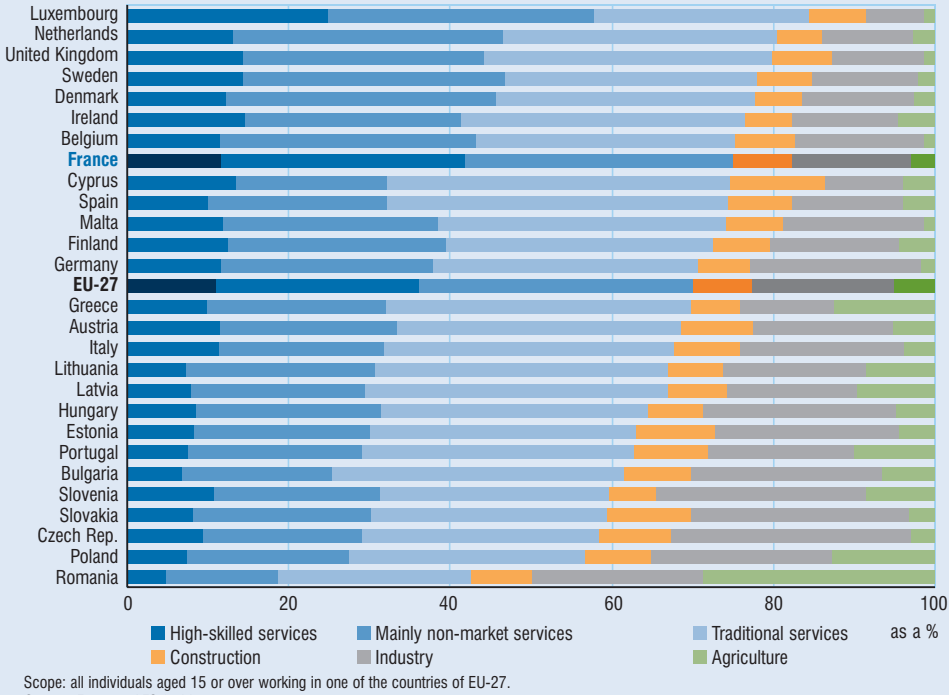
Six main activity sectors

In the European Union (EU) the service sector represents 70% of jobs, industry 18%, construction 7%, and agriculture 5% *(Figure 1)*. The proportion of construction jobs varies little from one country to another, but this is not true of the other sectors. Agriculture represents less than 2% of jobs in many northern European countries (Belgium, Germany, Denmark, Luxembourg, Sweden and the United Kingdom) while it accounts for 10% or more of the total in Greece, Portugal, Poland and Romania. Industry brings together less than 12% of jobs in Cyprus, Greece, Luxembourg, the Netherlands and the United Kingdom, while it is 20% or over in Germany, Italy, Bulgaria, Czech Republic, Estonia, Hungary, Poland, Romania, Slovenia and Slovakia.

In almost all European Union countries, the majority of jobs are to be found in the service and trade sectors. But the proportion of service jobs is 60% or less in several Central and Eastern European countries (Poland, Romania, Slovakia, Czech Republic, Slovenia) while it is over 75% in other areas, where "high-skilled service" (a group that includes banks, computing and communication, as well as specialised scientific and technical activities) and "mainly non-market service" are notably developed (*Definitions*).

In industry and "high-skilled service", large companies are relatively common, particularly in northern Europe, while in construction and agriculture, small enterprises dominate. But, the proportion of large companies and of small companies is a factor that helps to structure the economic fabric and social relations. On average, 36% of people working in EU countries are in companies of less than 10 employees; this proportion rises to 47% in southern Europe (and to 64% in Greece) against 31% in northern Europe. On the other hand, 37% of working Europeans are employed in companies with more than 50 employees, 44% in northern Europe and 25% in southern Europe.

1. Breakdown of people in employment by activity sector

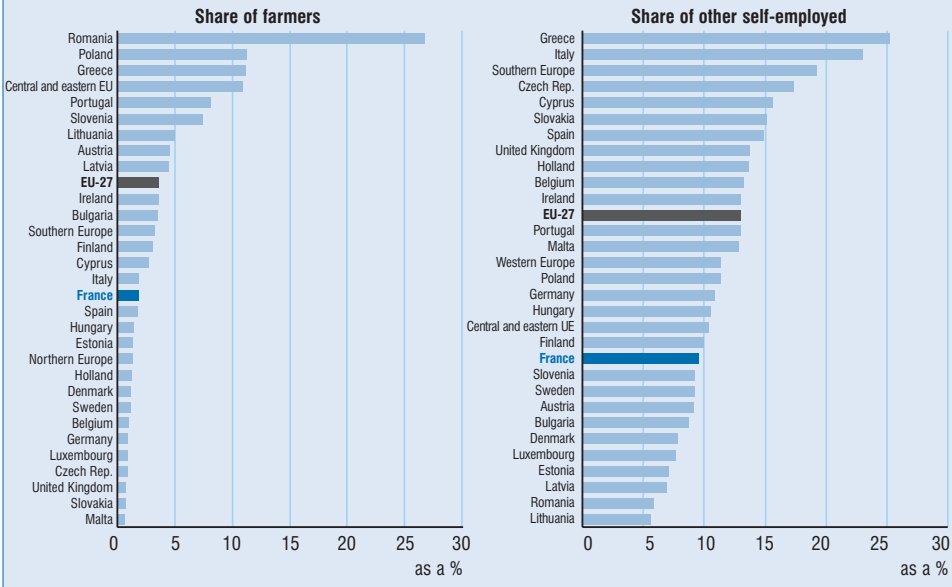


Scope: all individuals aged 15 or over working in one of the countries of EU-27.
Source: Eurostat, LFS 2011.

Box 2 (cont'd)

The extension of the salaried workforce came with industrialisation, and then the growth of the service sector and its social development in Europe, causing a decrease in the number of independent commercial workers, craftsmen and, in particular, farmers, over the long term. In 2011 the proportion of self-employed is less than 13% in northern Europe (with less than 2% in agriculture and 11% in other sectors), while it is still 22% in southern Europe (3% in agriculture and 19% in other sectors – *Figure 2*). In Central and Eastern Europe, the share of self-employed is almost as large as it is in southern Europe, due to the relatively high number of Romanian and Polish farmers. The share of agricultural workers remains high only in a few countries (Romania, Poland, Slovenia, Greece and Portugal). Other self-employed (including, notably, those in construction and market service sectors) represent 25% of people in work in Greece, 23% in Italy, 16% in Cyprus, 17% in Czech Republic, and 15% in Slovakia.

1. Breakdown of people in employment by activity sector



Scope: all individuals aged 15 or over working in one of the countries of EU-27.
Findings: in Romania, farmers represent 27% of the working population, and other independents 6%.
Source: Eurostat, LFS 2011.

The "professionals" are even more highly qualified than managers (84% have university degrees[5], against 55% of managers). Irrespective of the country, they are characterised by a high level of education, high stability in employment and low exposure to the risk of unemployment (*Figure 2*). Half of them belong to the mainly non-market service sector: administration, education and health. A quarter work in the high-skilled service sector (finance, computing, communication, scientific and technical activities). In this group, the share of women is never less than 45% ; this rate is lowest in Germany, the Netherlands and the United Kingdom, while it is over 60% in certain Central and Eastern European countries. The share of professionals who work in the Professions is low (16%). Finally, their income positions them at the top of the earnings hierarchy, as almost half of those who are salaried are located above the eighth decile in the distribution of wages in their countries.

5. With the International Standard Classification of Education (ISCED-1997): Level 5 (First stage of tertiary education) and level 6 (Second stage of tertiary education)

2. A few indicators for Europeans' quality of employment

as a %

	Whole	Managers	Professionals	Independents	Intermediate occupations	Skilled employees	Skilled workers	Less-skilled workers
Indicator of turnover	**13**	7	10	8	10	13	14	20
Average time in job (in years)	**11**	13	12	15	12	11	10	7
Risk of unemployment for labour force aged 25 or over[1]	**8**	3	3	4	4	7	10	14
Proportion of women	**45**	32	51	34	51	65	14	60
Proportion of part-time work	**20**	7	17	19	17	26	5	36
Proportion of constrained part-time work	**5**	1	2	4	2	5	2	12
Low qualifications	**21**	12	2	34	9	18	31	38
High qualifications	**33**	55	84	17	44	24	7	10
Employees earning more than eighth decile[2]	**20**	69	48	///	26	12	13	3
Employees earning less than second decile[2]	**20**	3	7	///	10	21	13	42
Division of working population	**100**	**6**	**18**	**12**	**14**	**15**	**17**	**19**

1. Ireland and the Netherlands excluded, as well as unemployed people unclassifiable due to lack of information on previous employment.
2. The united Kingdom, Sweden and Ireland excluded (variables unavailable).
Scope: all individuals aged 15 or over working in one of the countries of EU-27 (except Malta).
Findings: 18% of Europeans in employment are professionals; 10% of professionals have been in their current job for less than a year; they have an average length of service in their current job of 11.7 years. The unemployment rate for over-25s in this category is 3%. The proportion of part-time workers is 17%, of whom 2.5% would like to work longer hours; 2% declare low qualifications (ISCED 2 or lower) and 84 % have university degrees (ISCED =4 or higher). 48% of professionals are in the eight decile or higher in the national distribution of salaries.
Source: Eurostat, LFS 2011.

The intermediate occupations group contains only salaried employees: technicians, team leaders, health professionals (nurses in particular). This group is as feminised as the professionals group but less highly qualified, with only 44% having university degrees. Just under a third of them perform (local) managerial functions. Their employment is as stable as that of the professionals, but with slightly higher exposure to the risk of unemployment. Two-thirds of this group earn more than the median wage for their country, and a quarter above the eighth decile.

The "clerks and skilled service employees" group brings together people in administration and health (nursing auxiliaries), social work and security (police officers, in particular). This is the most feminised group of all (65% women), along with the "less-skilled" group. Part-time work is quite common, with a quarter of employees. One in five of these part-time workers has not chosen that status, but is compelled to do so[6]. Stability of employment is lower and the risk of unemployment higher than in the previous group. The vast majority of skilled employees work in the service sector, whether mainly non-market (43%) or traditional[7] (31%). In terms of qualifications, almost two-thirds have the equivalent of the French CAP or baccalaureate[8]. Due to their level of qualifications and the high proportion of part-time work, their wages are, on average, considerably lower than those of the intermediate occupations and skilled workers. Only just over 40% of skilled service employees are above the median salary level for their country, and 20% are below the second decile.

Skilled workers represent 17% of the working population in the EU, but only 10% in the United Kingdom and 13% in France, compared with more than 25% in many Central and Eastern European countries. Compared with the other large northern and western

6. If the employee says they wish to work longer hours, we consider that they have not chosen that status, so we call it "constrained part-time work".
7. Trade, transport, personal services, etc. In this study, the service sector is divided into three sub-sectors: high-skilled, mainly non-market, and traditional (Sources and definitions).
8. With the International Standard Classification of Education (ISCED-1997): Level 1 (primary education) and level 2 (lower secondary education)

European countries, Germany is notable in having a large proportion of skilled workers in its workforce (17%). At European level, half of skilled workers work in industry, and one-fifth in construction. Job stability is similar to that of skilled service employees. But the risk of unemployment for skilled workers is, in 2011, noticeably higher than that for skilled service employees, as a consequent of the 2008 economic crisis. In this highly masculine group (86% men), part-time work is rare. Wages are, on average, higher than those for skilled service employees (51% of skilled European workers have a salary higher than their national median, compared with 44% for skilled service employees), even when we limit the sample to full-time workers.

Less-skilled workers represent almost 20% of the working population and are situated at the very bottom of the wage hierarchy. This category includes 60% of women. The feminisation of less-skilled jobs is high in Luxembourg and Portugal (70%) and lower in Ireland (54%), the United Kingdom (55%) and Denmark (51%). Sixty eight percent of these jobs are in the traditional service sector *(Definitions)*. Thirty six percent are part-time jobs, and one in three of these are constrained part-time work. This group of workers most often declares that they work weekends, nights or shifts (one in three). This group also has the lowest level of training and the lowest wages. More than 40% of these people have wages below the second decile in the distribution of wages for their country.

The six groups listed thus far are clearly ordered, in terms of pay and qualifications. Furthermore, the latter four (intermediate occupations, skilled service employees, skilled workers, low-skilled workers) are exclusively salaried. The independents (or "small entrepreneurs") form a separate group that includes only the self-employed and is made up of farmers, shopkeepers and craftspeople. One quarter of these independents work in agriculture, another quarter in trade, and one third in construction. Eighty percent of them work alone, without any employees, sometimes with the assistance of one family member ("family worker"). Their level of training is slightly higher than low-skilled workers. They declare low incomes (18% of them say they are not making a positive income and 37% declare an income below the second decile in the distribution of wages for their country).

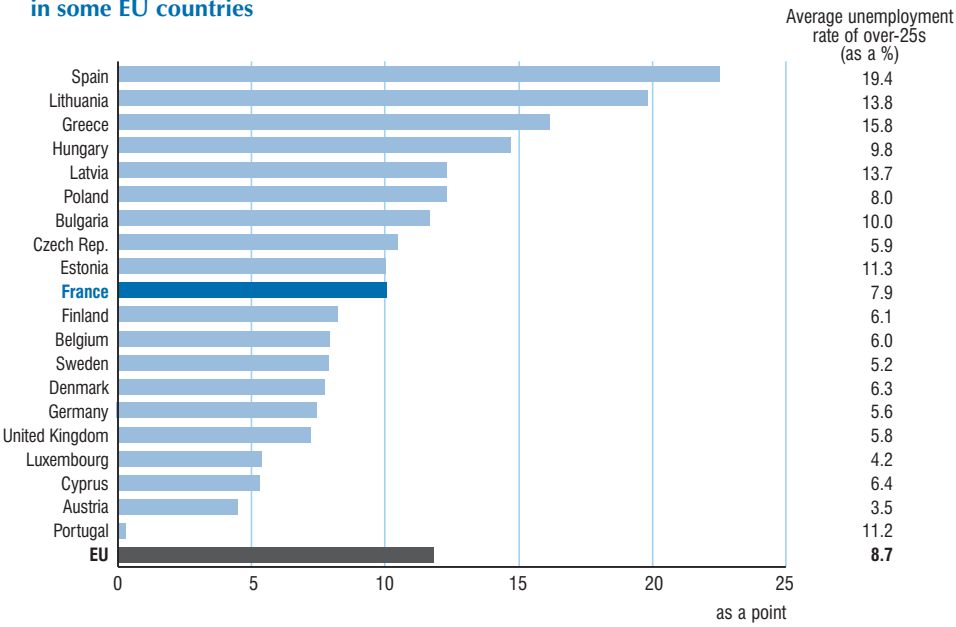
Risk of unemployment and instability of employment are most widespread among people in less-skilled employment

At European level, the social groups run from managers and professionals to less-skilled workers, not only in terms of income but of stability of employment and risk of unemployment. The chasm between managers and less-skilled workers illustrates the inequalities that exist throughout all EU countries *(Figure 3)*.

The risk of unemployment among the over-25s *(Definitions)* is highest for less-skilled workers in almost every country (19 countries out of 24). In the few countries where skilled workers are more exposed to unemployment, the situation for less-skilled workers is very similar to them. This risk (of almost 15%) is 11 percentage points higher than the average for professionals in the EU. It is especially high in Greece and Spain, two countries very badly affected by the crisis, but it is also high in the other countries.

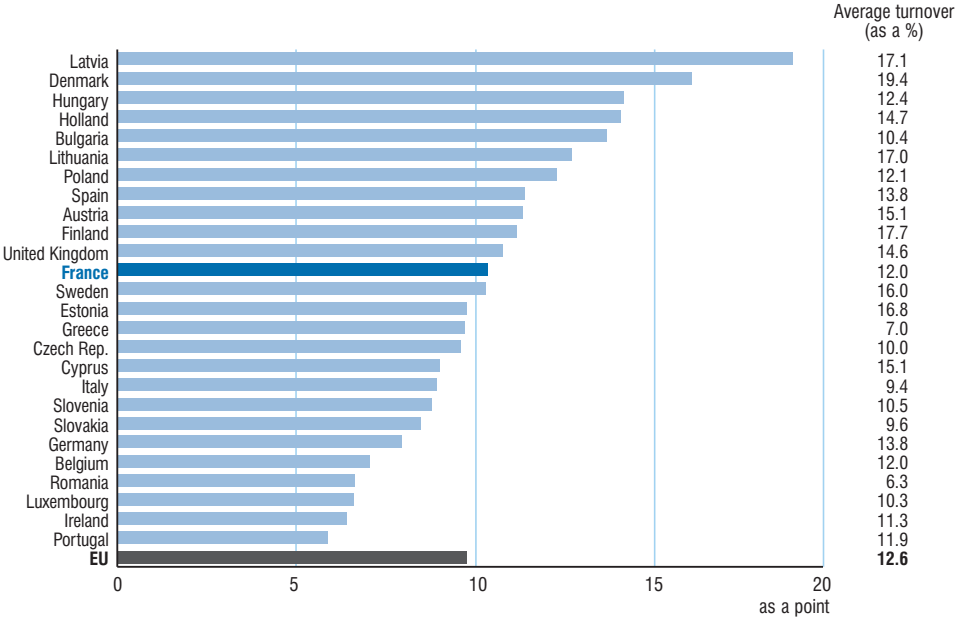
Likewise, instability of employment, measured using the turnover indicator (i.e. the percentage of people who stay in their job for less than a year) is, in all EU countries, highest for less-skilled jobs, 10 percentage points higher than for professionals *(Figure 4)*. This disparity is relatively low in Portugal (six points). In Denmark, turnover is high irrespective of the social group, perhaps reflecting the "flexi-security" model. So the share of Danish professionals who have been in their jobs for less than a year is particularly high

3. Comparison of risk of unemployment between professionals and less-skilled occupations in some EU countries



Scope: all individuals aged 15 or over working in one of the twenty countries of EU-27 where data are available.
Findings: in Spain, the unemployment rate for less-skilled over-25s is 22 percentage points higher than for professionals of the same age.
Source: Eurostat, LFS 2011.

4. Comparison of turnover for less-skilled occupations in comparison with professionals

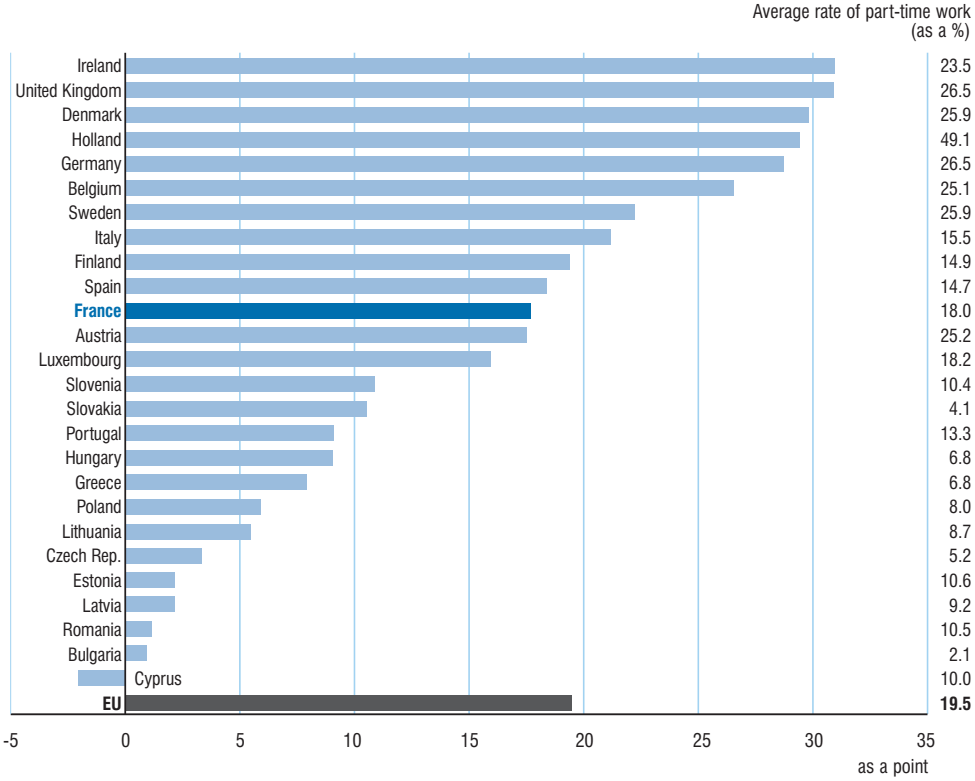


Scope: all individuals aged 15 or over working in one of the countries of EU-27 (except Malta).
Findings: in Portugal, the turnover (proportion of individuals in current job for less than a year) in less-skilled occupations is 6 percentage points higher than for professionals.
Source: Eurostat, LFS 2011.

(15% against an average of 10% for the EU as a whole). But this turnover generally affects the less-skilled much more: in Denmark, 31% of low-skilled workers have been in their jobs for less than a year, compared with 20% for the EU as a whole.

Another characteristic of less-skilled jobs is the prominence of part-time work, with 36% in the EU compared with about 17% among professionals and intermediate occupations – two categories that also have a female majority. This predominance of part-time work in less-skilled jobs can be seen in almost all EU countries *(Figure 5)*. It is more tenuous (less than 10 percentage points) where part-time work is generally less common, in certain Central and Eastern European countries (Czech Republic, Hungary and Poland, for example) or in Greece. On the other hand, it is very marked (around 30 percentage points) in Germany, Denmark, the United Kingdom and the Netherlands. This latter is an extreme case: 73% of people – and 89% of women – in less-skilled work have a part-time job, with an average time quota of 40%.

5. Comparison of share of part-time work for less-skilled occupations with professionals



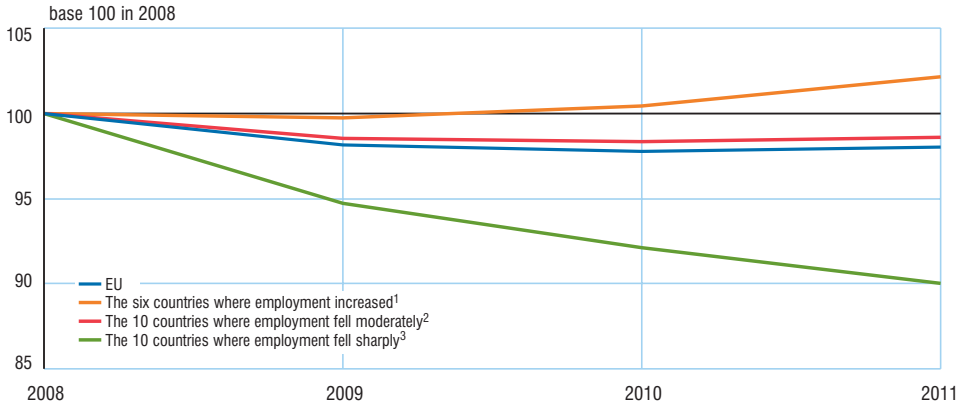
Scope: all individuals aged 15 or over working in one of the countries of EU-27 (except Malta).
Findings: in Ireland, the proportion of part-time work for less-skilled occupations is 30 percentage points higher than for professionals.
Source: Eurostat, LFS 2011.

These differences between socio-economic categories show how almost everywhere in Europe, less-skilled workers have fewer working hours and low salaries. Thus 42% of Europeans in less-skilled jobs are below the second decile in the distribution of wages in their countries. This proportion is more than 50% in the Czech Republic, and 47% in France.

Employment trends from 2008 to 2011: between rebounds and stagnation

In 2009, employment rates dropped in almost every country (-1.8% for the EU). Only Poland and Luxembourg evaded this trend. The fall in employment remained moderate (less than 0.5%) in Germany, Austria, Holland and Cyprus. During the following two years, European employment stagnated overall *(Figure 6)*, but this aggregated trend masks some highly variable situations: between 2009 and 2011, employment rates rebounded in some countries and stagnated or continued to fall in others.

6. Employment trend from 2008 to 2011 in Europe



1. Sweden, Luxembourg, Belgium, Austria, Germany and Poland: countries where employment rose between 2008 and 2011 by 1% or more.
2. France, Italy, United Kingdom, the Netherlands, Finland, Hungary, Czech Republic, Cyprus, Romania and Slovakia: countries where employment evolved between 2008 and 2011 between 0% and -3,5%.
3. Spain, Portugal, Greece, Ireland, Denmark, Bulgaria, Slovenia, Lithuania, Latvia and Estonia: countries where employment fell between 2008 and 2011 by more than - 5%.
Scope: all individuals aged 15 or over working in one of the countries of EU-27 (except Malta).
Findings: in all six countries (Sweden, Luxembourg, Germany, Poland, Austria, Belgium) where employment increased, the average number of jobs in 2011 is 2% higher than in 2008.
Source: Eurostat, LFS 2008 to 2011.

Overall, between 2008 and 2011 employment increased by more than 1% in six countries (Sweden, Luxembourg, Germany, Poland, Austria, Belgium) representing 31% of the EU's working population. At the other extreme, in 10 countries (Spain, Portugal, Greece, Ireland, Bulgaria, Slovenia, Denmark and the three Baltic States) representing 19% of the EU's working population, the fall in employment was more than 5%. Between these two situations, 10 countries experienced a fall in employment of between 0.5% (France) and 3% (Slovakia) between 2008 and 2011.

During that period, the economic crisis and its repercussions affected the principal activity sectors to varying degrees (*Figure 7*). Employment contracted by more than 14% in construction after the housing bubble burst in several countries (–42% for jobs in this sector in Spain; –37% in Greece). In the manufacturing industries, the fall in employment was almost as marked (–10% on average), with a drop almost everywhere: –4% in Germany, –9% in France, –8% in Italy, –14% in the United Kingdom. Job losses in these two sectors (–6.4 million for the EU as a whole) are higher than the net balance of job losses in the EU (–4.4 million).

The fall in employment is equally marked in trade (more than a million jobs lost), agriculture and transport (–500,000 jobs for each of these sectors), and administration (–400,000 jobs).

A few sectors did resist this trend, however, with a growth in employment of 9% in health and social work, 5% in education and in administrative and support service activities, and 7% in specialised scientific and technical activities. Health and social work were the biggest creators of

7. Employment trend by sector and unemployment rate from 2008 to 2011

as a %

	Division of employment in 2011	Employment trend from 2008 to 2011					Unemployment rate	
		Total	Agriculture	Industry	Construction	Services	2008	2011
Countries where employment increased[1]	32	**2.1**	–3.7	–4.1	0.2	4.8	7.0	6.9
Countries where employment fell moderately[2]	50	**–1.4**	–0.8	–9.0	–10.5	1.2	6.3	8.3
Countries where employment fell sharply[3]	18	**–10.0**	–11.4	–19.1	–37.1	–3.0	8.7	17.4
Whole	**100**	**–2.0**	**–4.2**	**–9.0**	**–14.2**	**1.5**	**7.0**	**9.6**

1. Sweden, Luxembourg, Belgium, Austria, Germany and Poland: countries where employment rose between 2008 and 2011 by 1% or more.
2. France, Italy, United Kingdom, the Netherlands, Finland, Hungary, Czech Republic, Cyprus, Romania and Slovakia: countries where employment evolved between 2008 and 2011 between 0% and -3.5%.
3. Spain, Portugal, Greece, Ireland, Denmark, Bulgaria, Slovenia, Lithuania, Latvia and Estonia: countries where employment fell between 2008 and 2011 by more than 5%.
Scope: all individuals aged 15 or over working in one of the countries of EU-27 (except Malta).
Source: Eurostat, LFS 2008 to 2011.

employment. These trends generally helped the most qualified people. In this way, employment among people with university degrees increased by 10% while employment for the least qualified (level ISCED 2 or less) fell by 13%.

Employment for skilled workers falls throughout Europe while employment for managers and professionals holds strong

The economic crisis that began in 2008 affected the social groups of the EU to varying degrees. Within the EU, the population of the most qualified people in work increased between 2008 and 2011 – the number of managers and professionals increased by about 5% – while employment fell in all other socio-economic categories *(Figure 8)*. For the intermediate occupations and clerks and skilled services employees, frequently working in the service sector which was least affected by the crisis, this fall was limited (around 1%). Among skilled employees, it was above all in administrative-type jobs (secretaries, accountants, etc.) that the sharpest falls occurred, with the development of new technologies leading to productivity gains. On the other hand, the poor conditions in industry and construction had a powerful impact on skilled workers, whose employment fell by just over 10%. In the less-skilled group, there was a relatively moderate fall in employment rates, less than 3%, but concentrated in the jobs of less-skilled workers (about –8%).

8. Employment trend by socio-economic category from 2008 to 2011

as a %

	Managers and professionals	Independents	Intermediate occupations	Skilled employees	Skilled workers	Less-skilled occupations	Unemployment rate	
							2008	2011
Countries where employment increased[1]	10.2	1.0	3.9	–0.4	–3.4	–0.5	7.0	6.9
Countries where employment fell moderately[2]	4.3	0.6	–3.2	–0.8	–10.3	–0.6	6.3	8.3
Countries where employment fell sharply[3]	0.3	–16.8	–8.2	–1.3	–22.0	–9.8	8.7	17.4
Whole	**5.4**	**–3.2**	**–1.6**	**-0.8**	**–10.5**	**–2.5**	**7.0**	**9.6**

1. Sweden, Luxembourg, Belgium, Austria, Germany and Poland: countries where employment rose between 2008 and 2011 by 1% or more.
2. France, Italy, United Kingdom, the Netherlands, Finland, Hungary, Czech Republic, Cyprus, Romania and Slovakia: countries where employment varied between 2008 and 2011 between 0% and –3.5%.
3. Spain, Portugal, Greece, Ireland, Denmark, Bulgaria, Slovenia, Lithuania, Latvia and Estonia: countries where employment fell between 2008 and 2011 by more than 5%.
Scope: all individuals aged 15 or over working in one of the countries of EU-27 (except Malta).
Source: Eurostat, LFS 2008 to 2011.

Within the group of six countries where employment remained dynamic, the hierarchy of socio-economic categories remained in place. The increase in employment helped only the most qualified categories (about +10% for managers and professionals, and +4% for intermediate occupations). The number of independents, skilled service employees and less-skilled workers was stable. Skilled workers suffered from the fall in industrial employment (about –3%).

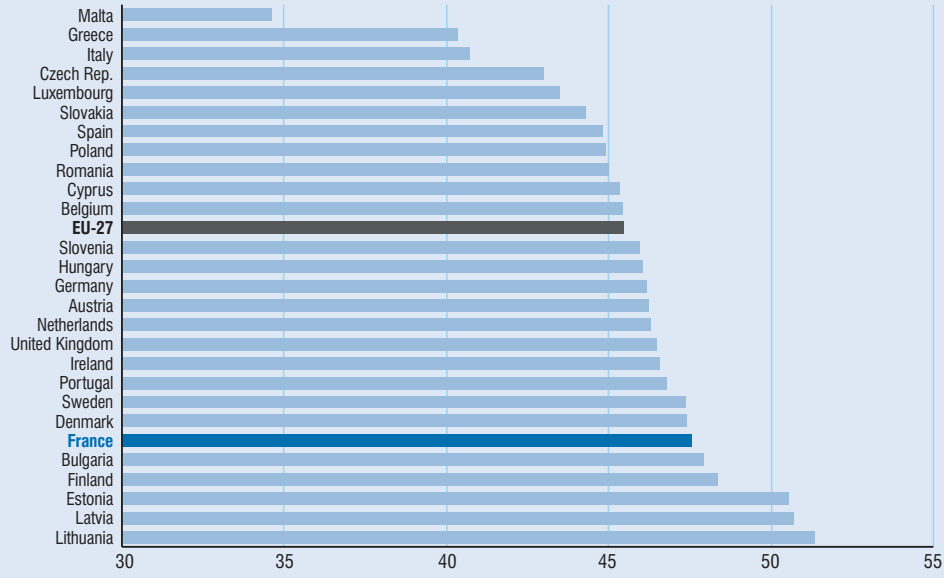
Box 3

The place of women: between one third and half of jobs, depending on the country

In the European Union, 46% of jobs are occupied by women in 2011. This rate varies sharply *(Figure)*. In the Baltic States, women are notably in the majority among adults of working age (almost 52% of people between 15 and 64) and consequently very prominent on the labour market (51% of jobs), due to high emigration levels towards Russia among men of working age (Avdeev A. et *al.*, 2011). On the other hand, employed women are noticeably less numerous than men in certain southern countries such as Malta (35%), Italy (41%) and Greece (40%). Furthermore, the presence of women in the labour market increased greatly in recent decades in Spain (their share of jobs in 2011 is 45%, whereas in 1990 it was only 30%) and they have almost reached parity in Portugal (47%), Denmark, Sweden, France and Finland (48%), the Czech Republic and Luxembourg (43%).

In the Scandinavian countries (Sweden and Denmark), in the United Kingdom and Ireland, in Germany, Austria, France and the Benelux countries, women often work part-time: in these countries, that concerns more than 30% of women in work, and the figure is as high as 78% in the Netherlands. Conversely, part-time work is much less common among women in Bulgaria (3%), Slovakia (6%), Czech Republic and Hungary (less than 10%). These differences reflect the countries' specific economic and demographic features, related to the implementation of policies that favour, to some degree, the work-life balance.

Proportion of women in the working population



Scope: all individuals aged 15 or over working in one of the countries of EU-27.
Source: Eurostat, LFS 2011.

In the group of ten countries that experienced a moderate fall in overall employment, the labour market for professionals and managers remained dynamic (about +4%) while that for independents, skilled employees and less-skilled jobs either remained stable or shrank slightly. The fall, however, was more marked among the intermediate occupations, a quarter of whom work in the hard-hit sectors of industry and construction. Skilled workers, strongly impacted by the fall in industrial activity, saw their workforce dramatically reduced (–10%).

In the group of ten countries where employment fell sharply, depending on the social structure, it was the skilled workers and independents who suffered the most from job losses (about three-quarters of jobs disappeared). The only category that resisted this trend, in almost every country, was the professionals group. ■

Further reading

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Sources

The figures are taken from the annual European survey, the Labour Force Survey, coordinated by Eurostat. The 27 members of the EU in 2011 are featured in this survey, which is based on harmonised surveys at European level.

The French data cover Metropolitan France.

The socio-economic category is constructed from the occupation as expressed in the international classification available on the subject (ISCO in English; CITP in French), revised in 2008 and implemented by the statistical offices only from the surveys of 2011 onwards. In order to estimate the employment trends between 2008 and 2011, in the LFS 2008 we used a conversion of the occupations initially expressed in ISCO 1988 to the occupations of ISCO 2008, with the aid of a conversion table between the old and new versions of this classification.

For certain indicators, some countries may be excluded from the analysis as the necessary variables are not treated everywhere in the same way. For example, where it is necessary to have the occupation expressed at a detailed level of the ISCO classification in order to construct the socio-economic classification, Malta is excluded, because occupations are encoded in a more aggregated way in the survey.

Definitions

In this study, the **service sector** is divided into three sub-groups: mainly non-market services (public administration, education, health and social work); high-skilled services (finance, computing, communication, scientific and technical activities including research and development); and traditional services (trade, transport, personal services, etc.)

The **turnover** indicator is the proportion of individuals who have been in their current jobs for less than one year.

Risk of unemployment: the unemployment rate in a given population is defined as the number of unemployed people in this population as a percentage of the number of people of working age (in work and unemployed). An unemployed person is classified in the group of the last job he occupied, which is problematic in the case of unemployed people entering the labour market for the first time. This is why the population scope for this indicator was limited to over-25s. Despite this reservation, not all unemployed people have a previous occupation or status provided in the LFS. That is why the indicator calculated in this way is defined as "risk of unemployment". Moreover, for a few countries, this information is unusable.

For employees, we know the **decile** to which they belong in the distribution of wages in the country in question. This variable is not always usable and some countries were excluded. For the self-employed, the decile is not known, but we have sometimes – with help from another source – been able to compare their income to the distribution of wages in their country.

For the self-employed, the size of the **enterprise** is that of the legal unit; this variable is often imprecise and sometimes incorrect. We use it only in segments (less than 10 employees, 10-49, 50 or more).

Reducing the prevalence of early school leaving: a core objective of the "Education and training 2020" programme

*Florence Lefresne**

The education and training policies of the European Union have gained more importance since the Lisbon Strategy (2000) and the "Education and Training 2020" programme (2009) which was in corporated into the"Europe 2020" strategy. While each member State retains political sovereignty, the strategy has considerable impact on the management of education and training systems at national level. Here we present one of the benchmarks selected by the European Union, associated with major socio-economic issues, that of early school leavers. These are young people who have left the educational system with no qualifications and without going on to follow a training course after leaving. Although there are many difficulties involved in measuring their numbers for the purposes of international comparison, it would seem that one young European in eight leaves the education system early. The situation in France is slightly better than the European average, and early school leaving occurs more often in southern Europe. In the Netherlands in particular, where a proactive policy has been followed, early school leaving has seen a rapid decline (from 16% at the beginning of the 2000s to under 9% in 2012).

Education and training policies have gained more importance in the European Union (EU) since the adoption, in 2000, of the Lisbon Strategy, which identified "knowledge" as a key issue. One year later, the member States and the European Commission defined a cooperation framework in this field, which was strengthened in 2009 with the "Education and Training 2020" programme incorporated into the "Europe 2020" strategy. The Union has competence to support, coordinate or complement the action of member States: although each one retains political sovereignty (by applying the principle of subsidiarity), there is considerable impact on the way education and training systems are run at national level. Seven benchmark criteria have been defined, and an eighth will probably be added in 2014 (*Appendix*). More and more monitoring indicators have been introduced, and working methods and common calendars for the States have been developed. The large number of reference criteria and the wide variety of methodologies now mobilised to measure them is the reason why the scope of this study has been limited. It will focus on one criterion, associated with a major socio-economic issue: early school leaving. The struggle to limit early school leaving is one of the main targets of the "Education and Training 2020" strategy; it is also at the forefront of the objectives of the "Europe 2020" strategy.

In order to count early leavers, qualifications have to be classified at European level

In order to be able to make an international comparison of national education systems, a common framework was defined: this is the International Standard Classification for Education (ISCED).

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Using this classification, all educational programmes can be ordered on the basis of standardised levels of education (*see Box*). If we say that a young person is an early school leaver or a school dropout - the expression commonly used in the French debate[1] - then this means that he not only has a low level of studies but also that he has left the education system and has had no sort of training. More precisely, the European indicator concerns the proportion of young people aged 18 to 24 whose level of studies is less than or equivalent to ISCED 2 or ISCED 3C short, and who have had no teaching or training (formal or informal[2]) during the four weeks prior to the time they were surveyed. It is measured on the basis of community Labour Force Surveys (continuous

Box 1

International Standard Classification for Education (ISCED)

In the context of a wide diversity of national education systems – in terms of institutions, organisation of teaching (teaching cycles, learning pathways), curricular content (programmes and educational objectives) or even teaching methods and the importance placed on diplomas – international comparison involves first and foremost a common framework of classifications with which to measure "levels of educational attainment". This common framework is the result of a long-term process that started with the creation of the International Bureau of Education in 1925 and then more especially that of UNESCO in 1945, and which gradually became associated with other institutions (OECD, Eurostat). International definitions and classifications are rooted in a history built around compromise, arbitration and changes which have inevitably left scope for a wide range of interpretation for each country [Education and training, 2011]. So when the reference benchmarks use data defined in terms of "levels of educational attainment", as is the case for early school leavers, then the first issue to arise is the question of classifications and how to find national equivalents.

Set up by UNESCO and adopted at the General Conference in 1978, the International Standard Classification for Education (ISCED) provides concepts, definitions and systems of standardised classifications with which whole programmes of education can be organised. Revised in 1997, ISCED combines three criteria: level of education (ranked into six grades according to the main divisions of the teaching cycles - see Figure); the distinction between a general pathway intended for entry into further study (A), a vocational pathway intended for entry to further study (B) and a pathway that prepares for the labour market (C); and finally the duration of the programmes. However, using this last benchmark, Eurostat classified the short vocational secondary teaching programmes, called "3C short", in the first stage of secondary education (with ISCED 2), in accordance with the level attained. To be classified as ISCED 3, the minimum duration required for secondary teaching programmes is 2 years in the second stage; vocational teaching programmes of less than 2 years are therefore classified as ISCED "3C short" with ISCED 2.

ISCED is used for all educational statistics and especially for collecting UOE data (joint data collection for UNESCO, the OECD and EUROSTAT). In 2011, the revision of UOE was officially adopted by the member States of UNESCO, at the instigation of the three organisations which coordinate its implementation. This revision takes into account important changes that have been made to education systems since the 2000s, especially where higher education is now divided into four levels instead of two. ISCED 2011 will be used for the first time for the UOE data collection in 2014.

1. This expression, which is used for convenience, does not refer to the system put in place by the French Ministry of Education to monitor those that drop out of school. In fact, to be a dropout, in educational terms, is not to have successfully completed the second stage of secondary education on which a young person has embarked. Thus a young person who holds a CAP (apprenticeship certificate) and who continues his studies to obtain a professional Baccalaureate but who leaves before obtaining it is a dropout in terms of the educational code, but not in the sense of being an early school leaver, as he holds a CAP certificate.
2. UNESCO defines non-formal education as, "any organised and sustained educational activities that do not correspond exactly to the definition of formal education (schools, secondary or higher educational establishments)".

Labour Force Survey in France). In France, early school leavers are therefore defined as young people aged between 18 and 24 who have neither a CAP (apprenticeship certificate), nor a BEP (vocational studies certificate), nor a higher diploma and who have not followed any course in the four weeks prior to the survey. The CAP and the BEP are vocational diplomas at ISCED 3 (France has no diploma classified as ISCED 3C short). The target figure set by the European Union is to limit the proportion of early school leavers to 10% by 2020. Even though this is a weighted mean to achieve for all young people across the European Union, the target also makes sense for each member State. The way in which countries collect information on the highest level of studies achieved and how they classify their diplomas is key. While the European definition is very clear concerning ISCED 2 or ISCED 3C short, it is possible that some national diplomas are coded as ISCED 3 when they may not have entirely fulfilled the criteria (especially in terms of duration) for completing the second stage of secondary education. From this simple fact, the proportion of early

Box (*contd.*)

In the European Labour Force Survey, the level of education that counts is the level that has been successfully achieved, as attested by a certificate or a diploma, on condition that the diploma exists; if not, then success is assimilated with completion of the school year. All European countries have diplomas. However, they have by no means exactly the same significance for each nation. The wording of the questions and precision in the coding of the responses are of course essential factors in data collection, as is the way in which the national structure of diplomas is converted into the international ISCED classification. This transcription of diplomas is in itself highly dependent on their significance and their role in the system of education and of qualifications, and the way they are linked to the labour market. They are specific to each national configuration, and provide clear proof that there is no universal identity for diplomas [Kieffer, Tréhin-Lalanne, 2011].

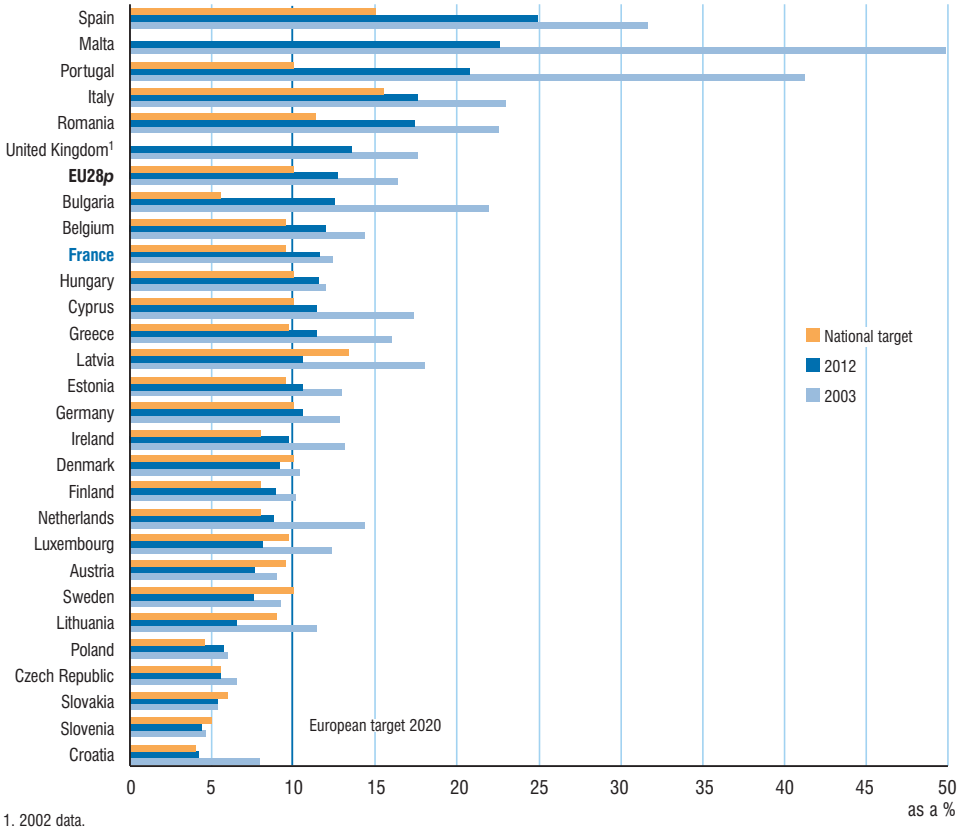
International Standard Classification for Education ISCED 1997

Education levels	Programmes
0 Pre-primary education (from age 3 to the age of entry into primary education)	Initial stage of organised instruction designed to introduce very young children to a school-type environment
1 Primary education (or first stage of basic education) Age of entry between 5 and 7: duration 6 years	Basic education in reading, writing and mathematics, and introduction to other subjects
2 First stage of secondary education (or second stage of basic education) Minimum duration 3 years	**2A** Designed to lead to general studies **2B** Designed to lead to vocational studies
3 Second stage of secondary education Minimum duration 2 years	**3A** Designed to prepare for academic higher education **3B** Designed to lead to vocational higher education **3C short** Designed to give access to labour market or to ISCED 3[1] **3C long** Prepares for access to labour market or to ISCED 4
4 Post-secondary education (non-higher education)	**4A** Prepares for higher studies **4B** Prepares for entry into working life
5 First stage of higher education	**5A** Long higher education academic-type programmes, **5B** Short higher education programmes, more practically and occupation-specific oriented
6 Second stage of higher education	Advanced level programmes corresponding to a duration of studies of at least 3 years (7 years of higher education in all, cumulated in the awarding of a doctorate or equivalent diploma)

1. ISCED 3C short, along with ISCED 2, counts as an early school leaver level. In fact, the 3C short corresponds to programmes that start after ISCED 2. In terms of programmes (right-hand column), it is therefore classified with ISCED 3, but in terms of level of education (i.e. diploma, left-hand column), it comes under ISCED 2.
Sources: UNESCO, Eurostat.

school leavers is automatically lowered. If the teaching cycles are organised in a specific way this may, for example, leave room for interpreting the classification. Thus, in the United Kingdom, pupils enter compulsory primary education early (at age 5 instead of age 6). Secondary education starts at age 11 with an initial stage of three years, after which, in the space of two years, therefore when most are aged 14 to 16, they prepare an exam called the General Certificate of Secondary Education (GCSE). Between fifteen and forty subjects are offered, depending on the school; most pupils take exams in nine to ten subjects. Thus the first stage of secondary education is longer than in most other European countries. If we think in terms of age (16 years old), the GCSE would be equivalent to the end of the "seconde" class in France. After GCSE, pupils can choose between leaving school or continuing to study for two more years to take A-levels which are equivalent to the Baccalaureate, and this corresponds to the second stage of secondary education, which is shorter than in other European countries.The United Kingdom classes pupils who have GCSE, and who have validated their five compulsory subjects, as ISCED 3, which of course affects the educational level of early school leavers. To appreciate the effect that this classification can have, we can look at the case of Malta, where the educational system is very similar to that of the United Kingdom, but which does not apply the same classification to holders of the GCSE, because there was some delay in applying ISCED 1997. In Malta, GCSE holders, without exception, were all classified as ISCED 2. It was when large numbers of early school leavers were observed in this country at the beginning of the 2000s (*Figure 1*) that adjustments were made by Eurostat in liaison with the Malta national statistics office.

1. Share of early school leavers in the 18-24 year-old population



1. 2002 data.
Source: Eurostat.

A simulation exercise by Eurostat in 2010 and 2011 showed that by simply reclassifying the holders of the GCSE as ISCED 3 this caused the historic indicator of early school leavers to drop by more than 10 percentage points [NSO, 2013].

The way in which certain diplomas are coded is not the only source of possible bias. Any system of employment assistance accompanied by training for the least qualified can cause the indicator to drop. No matter how short they are, whether they lead to a diploma or a qualification or not, this type of training can reduce the number of early school leavers. In France, for example, the median duration of training sessions taken by early school leavers before the 4-week reference period is 19 days: half of training periods therefore last less than 19 days [Le Rhun and Dubois, 2013].

France does slightly better than the European average

In France, the target set for early school leavers is lower than that for the EU as a whole: 9.5% by 2020, instead of 10%. In 2012, according to the Labour Force Survey, 11.6% of young people aged 18 to 24 and living in Metropolitan France were early school leavers, or about 600,000 young people out of more than five million. They had no diploma, or only the "Brevet des Collèges" (junior school certificate), and at the time of the survey were neither studying nor attending training. This figure has not dropped significantly since 2003.

Traditionally, in addition to this European indicator for the share of early leavers, France uses an indicator for those leaving initial training with no diploma or with only the "Brevet des Collèges": these young people are leavers with no diploma.[3] This indicator measures the low level of young people's skills at the key time when they could be entering the job market.

Thus, according to the Employment survey, 135,000 young people, i.e. 17% of those leaving initial schooling, leave the education system with no diploma. The essential difference between this percentage and that of the early school leavers (11.6%) is that it applies to a flow (those coming out of initial training) whereas the early school leavers' percentage applies to a stock of people (18-24 year-olds). The figure is obviously lower when one refers to 18-24 year-olds as a whole, whether they are studying or not, rather than only to those leaving the educational system. In addition, if we calculate the share of early leavers among 25-29 year-olds, the vast majority of whom have finished their studies, the figure for early leavers increased to 15.7% in 2011 [Le Rhun and Dubois, 2013]. A gap remains which can be explained by the fact that some of the young people in the 25-29 year-old population are still continuing their initial studies, and some others may have obtained a diploma after going back to education.

Fewer young people leave early in education systems where selection is limited

In 2012, 14 countries had reached the European target and 3 had almost reached it. In five countries the rate of early leavers was significantly higher, and early school leaving occurs more frequently in the countries of southern Europe. In most member States in the north or east early leaver rates are less than 12.0%, whereas in Spain (24.9%), Malta (22.6%), Portugal (20.8%), or Italy (17.6%) levels are higher, and similarly in Romania (17.4%). France joins Germany, Estonia, Ireland, Greece, Latvia and Hungary at an intermediate level. There are several factors to account for this diversity, but there have also been changes over the last ten years.

3. See reports « Origine et insertion des jeunes sans diplôme », in *Formations et emploi*, *INSEE Références* coll., 2013 and « Scolarisation et origines sociales depuis les années 1980 : progrès et limites », in *Trente ans de vie économique et sociale*, *INSEE Références* coll., 2014.

To a large extent the disparities reflect the history of the development of secondary education in the countries of the European Union. The rise in educational standards has led for the most part to a drop in the proportion of early leavers.

This proportion falls sharply when there is a drive in a country towards introducing secondary education for all. However, although practically all countries of the European Union have experienced such a movement, this has not happened at the same time in all cases.The level of education of the generations born in the 1950s gives a good illustration. In the EU today, the proportion of 55-64 year-olds who have studied at least to the level of second stage of secondary education is 64.6% on average for the 28 countries (Eurostat data, 2012). The Baltic and Scandinavian countries achieve 70%, as do the countries of the former Eastern Bloc and Germany, Austria and the United Kingdom. In contrast, only a small proportion of the 1950s generations in the countries around the Mediterranean completed the second stage of secondary education: 19.8% in Portugal, 47.1% in Greece, 19.5% in Malta, 35.2% in Spain, 42.4% in Italy. France is in an intermediate position with 59.0% of 55-64 year-olds reaching at least the second stage of secondary education. Along with Ireland and Belgium it is one of the countries to have experienced rapid progress in this area among recent generations. Since 2003, early school leaving rates have dropped by at least 30% in Bulgaria, Croatia, Cyprus, Lithuania, Latvia, Luxembourg, Malta, the Netherlands and Portugal. In each of these countries, school attendance to 18 has increased by at least 15%, with the exception of Luxembourg where it has remained stable at a high level throughout the period. There are two features of education systems that are favourable to low proportions of early leavers nationally: first, a structural continuity between the first stage of education at primary and secondary schools, in the form of non-selective "core curricula"; second, a significant development in vocational teaching and training courses in the second stage of secondary education. The Scandinavian countries have placed significant emphasis on these models, Sweden in the 1960s, Finland and Denmark in the 1970s. Although there are many variations from one institution to another, this is also the case in the Baltic countries and many Eastern European countries. In Poland, for example, a reform put in place at the end of the 1990s resulted in the core curriculum being extended to the age of 16. In the Mediterranean countries, on the other hand, secondary education is now, or has for a long time been characterised by the existence of selective pathways. Also, vocational education in these countries has fallen behind to some extent, especially in terms of certification.

Early and coordinated intervention seems more effective

The Netherlands provides an example of a proactive policy in this area. Early school leaving has decreased rapidly in this country, from 16% at the start of the 2000s to under 9% in 2012. Dealing with early school leavers became the focus of a specific policy in the form of two legal measures. An initial law in 1969 ensured that compulsory schooling was respected, until the age of 16 in full-time education, followed by one year of part-time education. In 2001, a second law was introduced which this time instructed educational establishments to report instances of pupils leaving school with no diploma attesting to completion of secondary education, even if they were no longer under 17 and no longer obliged to attend school. These legal measures were accompanied by "tailor-made" programmes giving early leavers the possibility of validating skills acquired outside the educational system through agreements with networks of large companies. The early leavers were monitored by a series of bodies coordinated at local level (schools, local authorities, social services, local job centres) [Ballergeau, 2008].

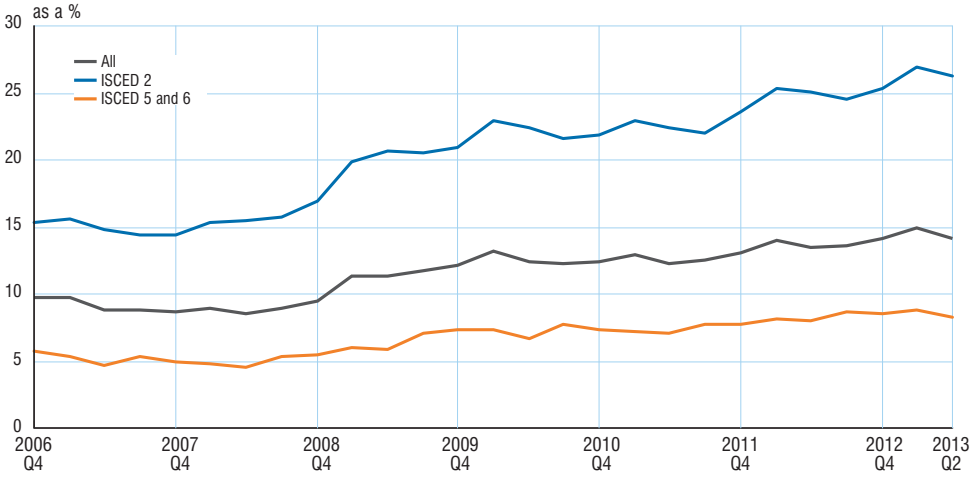
More generally, the main characteristic of recent reforms to reduce early school leaving is the emphasis placed on prevention, with many countries having realised that remedial action not only has a higher cost, but is also less effective. European Union countries have moved in several different directions: more attention paid to pre-primary education; targeting disadvantaged

groups (e.g. migrants); development of vocational pathways (more resources for career guidance; increased permeability of general pathways; closer links with the labour market); improved partnership with parents; customised support; second-chance schools. To varying degrees, each of these actions has found some response in national policies, but few of these are backed up by studies identifying the real causes of early school leaving. The study by AFSA (2013), which was carried out at national level using longitudinal data, nevertheless shows that the academic level reached when a child enters the "sixième" class in France (1st year of secondary education), measured by assessments, can in itself explain almost half of the cases of leavers with no diploma, and that, at a given academic level in "sixième", household structure and social category, the children of migrants are no more likely than the rest to drop out. The author concludes that early intervention is necessary, right from primary school, which confirms the validity of longstanding practices used in Finland. In this country where repeating the school year is unheard of, the focus is on spotting pupils in difficulty as early as the primary school. The key figure in identifying these children is the teacher, for whom this responsibility is stressed during their basic and higher level training [Robert, 2010]. To help with this task, the teacher has an assistant so that he can work individually with pupils in difficulty or in small groups. A third type of individual may also be called in to school to meet any specific needs pupils may have (slow learning Finnish or Swedish, the second official language, dyslexia, dyscalculia, etc.). If the pupils require more sustained support, then the whole teaching team is involved, assisted by a guidance counsellor, a psychologist and usually a social worker who looks at the learning environment in the family (housing, family break up, alcoholism, etc.). If the young person still leaves school early, then it is the responsibility of the local authorities to return him to the school system or to provide him with vocational training.

Young women who are early school leavers are more often faced with inactivity

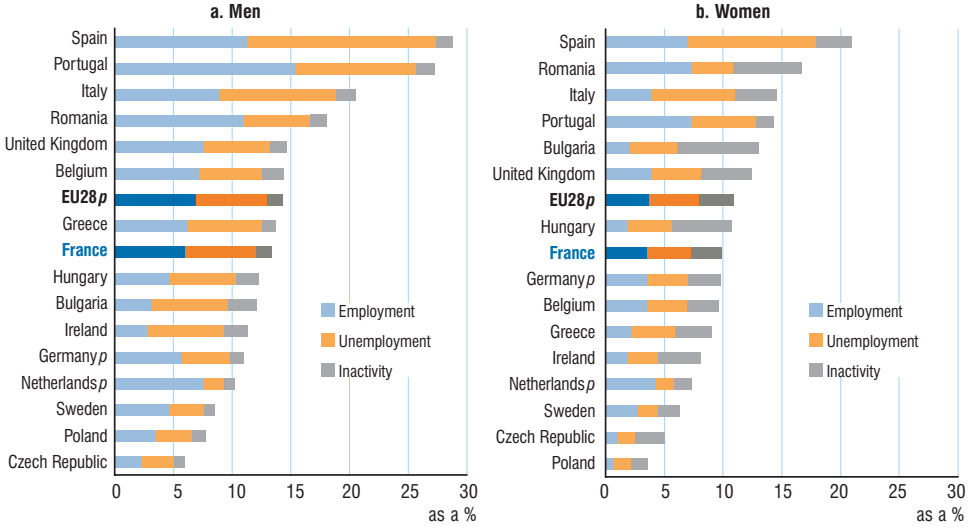
The difficulties surrounding not only integration into professional life – increased risk of unemployment and insecurity – but social integration also – less access to healthcare, risk of poverty – are considerably heightened for young people with no diploma, by comparison with those who do have a diploma. In all European countries, a diploma gives access to a better situation in the job market. And the crisis has only tended to widen this gap (*Figure 2*). This major finding is in itself a total justification for choosing to make reducing early school leaving one of the priorities of government policies in the European Union. The situation of early school leavers when faced with the employment market reveals some contrasting configurations according to gender: young men are more often employed or unemployed; young women on the other hand, whose early leaver rate in the European is on average four percentage points lower than that of men, tend to be more in situations of inactivity (*Figures 3a and 3b*). ■

2. Average unemployment rate for 15-39 year-olds by level of diploma in EU28



Note: The age bracket selected is sufficiently wide to take account of the ages people entered the labour market, which differ according to the level of diploma. Thus, length of service in the labour market is greater for those without diplomas; in principle therefore, this graph tends to under-estimate the difference in the unemployment rate between those without diplomas and those with higher education diplomas. ISCED: International Standard Classification for Education.
Source: Eurostat, Community Labour Force surveys.

3. Early school leavers by employment status in 2012



How to read the chart: in the European Union, an average of 11% of women aged 18 to 24 leave education early. This rate is itself the sum of three separate rates measuring respectively three possible situations for women in this age group: in employment: 3.7% of women aged 18 to 24 are both early school leavers and in employment; unemployed: 4.2% of women aged 18 to 24 are both early school leavers and unemployed; inactive: 3% of women aged 18 to 24 are both early school leavers and inactive.
Note: countries whose data did not seem reliable were not taken into consideration.
Source: Eurostat, Community Labour Force surveys.

Appendix

"Education and Training 2020" benchmarks

Each of the following targets has been set for 2020.The first 5 benchmarks were approved by the European Union Council in 2009, the 6th in 2011 and the 7th in 2012. An 8th reference criterion, relating to foreign language skills, is expected to be adopted in the course of 2014.

1st benchmark: at least 95% of children between the age of four and the age for starting compulsory primary education should participate in early childhood education.

2nd benchmark: the share of low-achieving 15-year-olds in reading, mathematics and sciences should be less than 15%.

3rd benchmark: the early school leaving rate among 18-24 year-olds should not exceed 10%.

4th benchmark: at least 40% of adults aged 30-34 should have some form of higher education attainment.

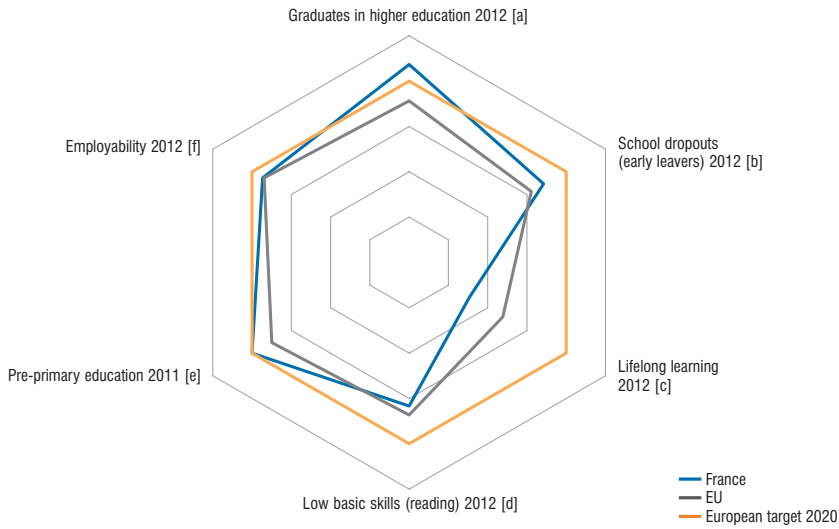
5th benchmark: an average of at least 15% of adults in the working-age population should participate in lifelong learning.

6th benchmark: at least 20% of higher education graduates and 6% of 18-34 year-olds with diplomas from initial vocational education and training should have had a period of higher-education related study or training abroad.

7th benchmark: the share of employed graduates (20-34 year-olds) having left the education and training system no more than three years before the reference year should be at least 82%. By "graduates"here is understood those with a diploma higher than or equal to ISCED 3 (*Box*).

Benchmarks of the "Education and Training 2020" strategy

Position of France and the European Union



How to read the chart: there are two types of target represented by the points of the regular orange hexagon. The first are objectives for minimum targets. For example, for the target of at least 40% of adults being graduates with a higher education diploma, France is positioned at 43.6/40 x r where r is the radius of the regular orange hexagon. The second type concerns objectives that set maximum thresholds. For example, for the objective of not exceeding 10% for early school leavers: with a rate of 11.6%, France is positioned at 10/11.6 x r.

Sources: Eurostat, Community Labour Force Surveys, Education and Training statistics; OECD, PISA survey (Programme for International Student Assessment).

France's position in relation to the objectives and to the European Union is shown in the Figures above and below.

Pre-primary education (1st benchmark): this target has also been largely achieved in France. The same is true for half of the countries of Europe. Croatia, Finland and Greece are not there yet.

Low basic skills in reading (2nd benchmark): once again, France falls within the European Union average, but is very far off the European target. Finland has achieved some remarkable performances; Estonia and the Netherlands have also met the target. Romania and Bulgaria, on the other hand, have the weakest performances.

Benchmarks of the Education and Training 2020 strategy

Position of the European Union countries as a %

	Graduates in higher education (4th benchmark)	Early school leavers (3rd benchmark)	Lifelong learning (5th benchmark)	Low basic skills (reading, 2nd benchmark)	Pre-primary education (1st benchmark)	Employability (7th benchmark)
	2012	2012	2012	2012	2011	2012
	[a]	[b]	[c]	[d]	[e]	[f]
Austria	26.3	7.6	14.1	19.5	94.3	91.2
Belgium	43.9	12.0	6.6	16.2	98.1	80.9
Bulgaria	26.9	12.5	1.5	39.4	86.6	67.3
Cyprus	49.9	11.4	7.4	32.8	85.0	73.0
Croatia	23.7	4.5	2.4	18.7	70.6	58.7
Czech Republic	25.6	5.5	10.8	16.9	87.8	82.3
Denmark	43.0	9.1	31.6	14.6	98.3	84.1
Estonia	39.1	10.5	12.9	9.1	89.1	75.1
Finland	45.8	8.9	24.5	11.3	74.0	80.7
France	**43.6**	**11.6**	**5.7**	**18.9**	**100.0**	**76.5**
Germany	31.9	10.5 *p*	7.9	14.5	96.4	87.3
Greece	30.9	11.4	2.9	22.6	74.6	42.9
Hungary	29.9	11.5	2.8	19.7	94.5	73.4
Ireland	51.1	9.7	7.1	9.6	99.7	69.3
Italy	21.7	17.6	6.6	19.5	96.8	54.3
Latvia	37.0	10.5	7.0	17.0	92.7	74.2
Lithuania	48.7	6.5	5.2	21.2	84.2	76.0
Luxembourg	49.6	8.1 *p*	13.9	22.2	95.6	84.6
Malta	22.4	22.6	7.0	…	100.0	91.9
Netherlands	42.3 *p*	8.8 *p*	16.5 *p*	14.0	99.6	89.3
Poland	39.1 *p*	5.7 *p*	4.5 *p*	10.6	78.4	73.3
Portugal	27.2	20.8	10.6	18.8	95.4	67.9
Romania	21.8	17.4	1.4	37.3	82.0	69.4
Slovakia	23.7	5.3	3.1	28.2	76.9	68.6
Slovenia	39.2	4.4	13.8	21.1	92.9	73.2
Spain	40.1	24.9	10.7	18.3	100.0	62.4
Sweden	47.9	7.5	26.7	22.7	95.3	83.2
United Kingdom	47.1	13.5	15.8	16.6	97.0	81.5
EU28	**35.8**	**12.7 *p***	**9.0**	**17.8[1]**	**93.2[2]**	**75.7**
EU previous year	34.6	13.5	8.9	…	92.4	77.2
Target 2020 (EU)	40.0	10.0	15.0	15.0	95.0	82.0
Target 2010 (EU)	…	10.0	12.5	17.0	…	…
Situation 2000 (EU)	22.4	18.0	7.1	21.3	85.2	///

1. EU27 (excl. Malta) 2. EU27 (excl. Croatia)

How to read the chart: in Germany in 2012, those with higher education diplomas represented 31.9% of young people aged 30 to 34; early leavers made up 10.5% of young people aged 18 to 24; 7.9% of 25-64 year-olds underwent training or participated in formal or non-formal education; 14.5% of 15-year-old pupils had a low level of reading skill (PISA test); in 2011, 96.4% of children between 4 and the age of compulsory schooling were attending school; the employment rate among young people aged 20 to 34 who had been out of the education system for at least three years and who had a diploma equal to or above ISCED 3 was 87.3%.

Source: Eurostat; [a], [b], [c], [f]: Eurostat, Community Labour Force Surveys; [d]: PISA survey by OECD (Programme for International Student Assessment; [e] Eurostat, Education and Training statistics.

Higher education graduates (4th benchmark): with a rate of 43.6%, France has achieved the European target. The national target is set at 50%, whereas in Italy, Romania, Slovakia, Croatia and Malta national targets are lower at 25%.

Lifelong learning (5th benchmark): this is the benchmark where France has the poorest performances. In 2012, 5.7% of 25-64 year-olds had followed a course or a training session in the four weeks preceding the survey. This figure is higher than 20% in the Nordic countries. It is under 5% in Greece and in the majority of central European countries.

Employability of graduates from higher education (7th benchmark): with a rate of 76.5%, France falls within the average for the European Union. Austria, the Netherlands and Germany all perform considerably better. Italy, Bulgaria, Croatia and Greece all fall very far short.

No method has so far been validated by Eurostat to measure the student mobility benchmark (6th benchmark).

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Foreign trade in agricultural and agri-food products in the European Union

*Guillaume Wemelbeke**

Since the crisis towards the end of 2008, European production of agricultural and agri-food products has no longer been on the increase. The countries of Europe were previously experiencing strong growth in foreign trade, but this is now slowing down both in value and volume. Intra-community trade and imports from non-European Union (EU) countries are stagnating. However, exports to non-EU countries, boosted by demand from Asia, are accelerating. Inside the EU, France, the foremost exporter to non-EU countries, is following this trend. French exports destined for EU countries, on the other hand, are increasing only half as fast as those of other European countries. Nevertheless, France remains the third European exporter, all destinations combined.

In 2012, the trade balance for goods in France was in deficit, i.e. imports were greater than exports. However, some products showed a surplus: this was the case for agricultural and agri-food products (*Box 1*), where the trade surplus was €12 billion in 2012 (*Figure 1*). This put France in second place in Europe in terms of trade surplus in agricultural and agri-food products, behind

1. Trade balance for agricultural and agri–food products in EU countries

in € million

	2000	2008	2012
Netherlands	12,862	16,738	17,591
France	**9,708**	**9,420**	**11,732**
Spain	1,809	1,216	6,823
Denmark	5,153	4,725	5,293
Poland	–479	1,720	4,516
Hungary	1,283	1,836	3,461
Ireland	3,473	2,295	2,634
Belgium	2,130	2,203	2,283
Lithuania	–102	249	948
Bulgaria	146	167	926
Latvia	–309	–336	210
Estonia	–183	–328	–164
Malta	–241	–335	–379
Slovakia	–358	–902	–414
Romania	–637	–2,015	–598
Cyprus	–299	–720	–734
Austria	–756	–209	–736
Czech Republic	–407	–821	–817
Slovenia	–305	–783	–864
Luxembourg	–629	–913	–982
Greece	–1,222	–2,794	–1,276
Finland	–1,088	–2,060	–2,845
Portugal	–3,052	–3,858	–3,465
Sweden	–2,366	–4,195	–5,101
Italy	–6,058	–7,344	–6,149
Germany	–11,819	–9,520	–9,914
United Kingdom	–12,691	–22,781	–24,688

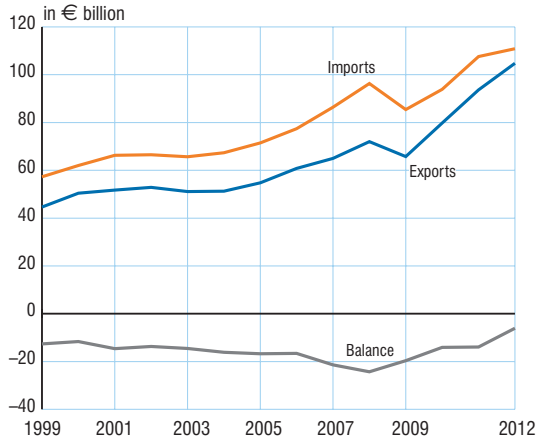
Source: Eurostat.

* Guillaume Wemelbeke, SSP.

the Netherlands. Trailing far behind, the United Kingdom and Germany have the largest deficits for these products.

In 2012, some €303 billion of agricultural and agri-food products were traded between European Union countries. In addition, EU countries exported €105 billion of agricultural and agri-food products to third countries – countries outside the EU – and imported the equivalent of €111 billion (*Figure 2*). Hence three-quarters of exports and imports from EU countries were from or to other EU countries.

2. EU trade in agricultural and agri-food products with non-EU countries

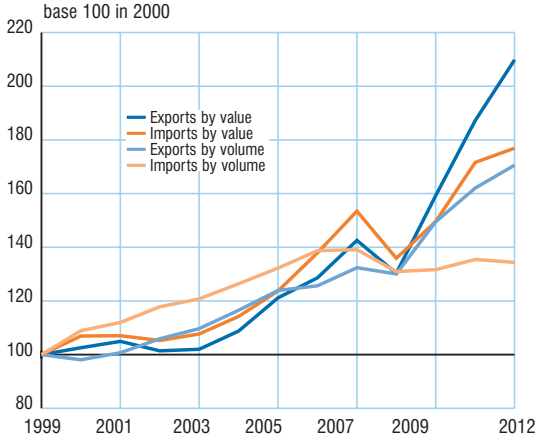


Source: Eurostat.

Since 2010, imports from non-EU countries have slowed and exports have accelerated

Between 2000 and 2008, EU imports of agricultural and agri-food products from non-EU countries grew faster than exports both in volume and value (+5.6% annually for imports and in value compared with +4.5% per year for exports in value) (*Figure 3*).

3. Variations in EU agricultural and agri-food trade with non-EU countries by value and volume



Sources: Eurostat ; calculs SSP.

Box 1

Standard International Trade Classification

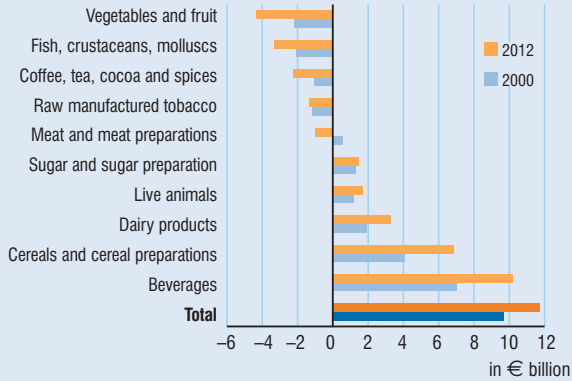
The classification chosen is the Standard International Trade Classification, 4th revised edition (SITC). The sections used are:

section 0: Food and live animals;
section 1: Beverages and tobacco;
division 22: Oil-seeds;
section 4: Animal and vegetable oils

The study does not consider agricultural non-food crops such as flowers, shrubs, or processed products unfit for human or animal consumption.

Data for foreign trade for EU countries are taken from the Eurostat Comex database. Data for external trade for Asia are taken from the UNCTADStat website. Production data are by Eurostat.

France's main agricultural and agri-food surpluses and deficits



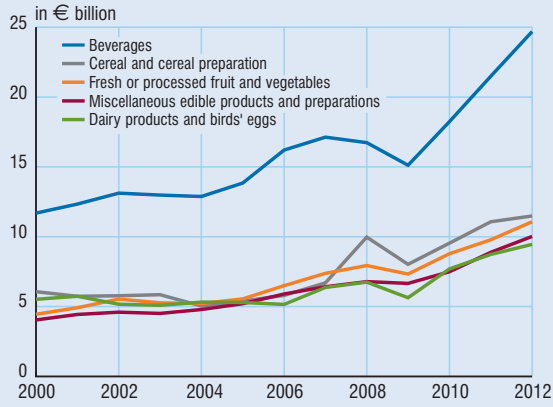
Sources: Eurostat; calculations SSP.

Box 2

Beverages are the main product exported to countries outside the EU

With 24% of sales in 2012, beverages are the main product exported to countries outside the EU (*Figure*). Alcoholic beverages, with wine at the forefront, represent almost 90% of sales of beverages to non-EU countries. A long way behind come sales of cereals and cereal preparations (11%), fresh or processed fruit and vegetables (11%), prepared dishes (10%) and dairy products (9%). All these products have seen acceleration in the growth of their exports to non-EU countries since 2008, in terms of both value and volume.

Main exports from the EU to non-EU countries



Sources: Eurostat; calculations SSP.

In 2009, following the world economic crisis at the end of 2008, trade with countries outside the EU – both imports and exports – dropped sharply. From 2010 through to 2012, although exports increased once again at a sustained rate (+10% per year between 2008 and 2012), imports rose less quickly (+3.5% per year). Import volumes from non-EU countries, which had been on the rise until 2008, stabilised or even decreased very slightly. Thus the trade deficit with non-EU countries in agricultural and agri-food products, which increased between 2000 and 2008, has been now declining.

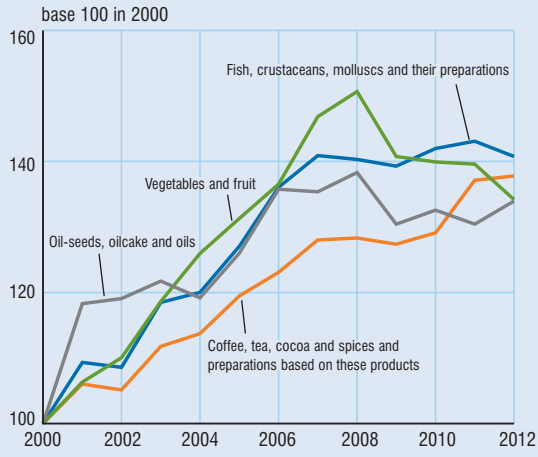
The strong growth in exports to non-EU countries seen in 2010 and 2011 (*Box 2*) is due on the one hand to a catch-up effect following a sharp fall in 2009, and on the other hand to a real acceleration in sales to this same area. In what follows, in order not to place too much importance on this catch-up effect, changes in trade after the crisis will be compared with 2008. Intra-community trade, or trade between EU countries, followed the same trend as imports from third countries. Between 2000 and 2008, trade in agricultural and agri-food products between EU countries increased at a sustained rate both in value (+6.5% per year) and in volume (+4.6% per year), after the 2008 crisis growth in intra-community trade slowed down (+4.1% per year in value and +2.8% per year in volume). This overall slowdown in imports from EU countries since 2008 coincides with a stagnation in Community production (*Box 3*).

Box 3

Main products imported by the EU: oils and oil products, fruit and vegetables, fishery products, coffee, cocoa and tobacco

From non-EU countries, European Union countries mainly import products that cannot be produced within the EU territory. In 2012, with 24% of imports, oil-seed, mainly soybean, oils and oilcake (residue from crushed oil seeds, used for animal feed) were the main products imported (*Figure*). In 2011 they overtook fruit and vegetables – fresh or processed – which still represented 20% of imports from non-EU countries. Imports of fish, crustaceans, and their preparations accounted for 17% of imports and finally, exotic products like coffee, cocoa and tea represented 14% of imports. Meat and meat preparations, products whose provenance can often cause concern for consumers, represented only 5% of purchases. By volume, imports of the main products from non-EU countries have stagnated since 2008, or even declined.

Change in main products imported by the EU from non-EU countries by volume

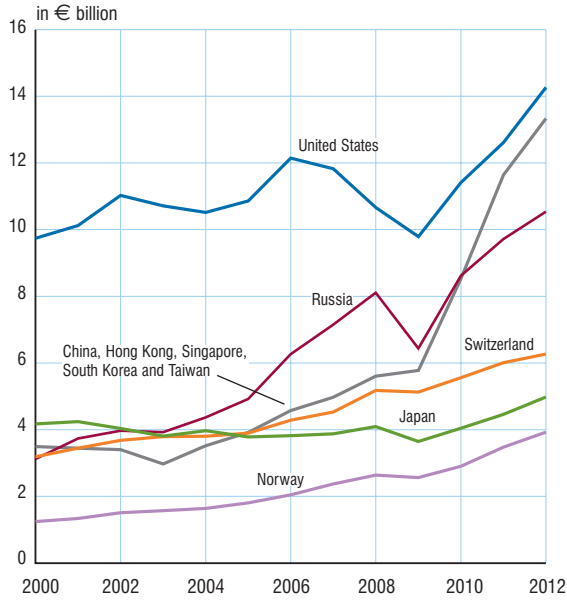


Sources: Eurostat; calculations SSP.

Asia boosts growth in EU exports

The block of high-growth Asian countries – China, Hong Kong, Singapore, South Korea and Taiwan – is the EU's second client, after the United States and ahead of Russia (*Figure 4*). But more importantly, this is the area where EU exports have increased most since 2008 (+24% per year between 2008 and 2012). It therefore accounts for more than half of the increase in exports from the EU to non-EU countries between 2008 and 2012. Exports to the United States too have increased just as sharply since 2008 (+8% per year), while those to Russia slowed down, but nevertheless still showed strong growth (+7% per year between 2008 and 2012 after +13% per year between 2000 and 2008). These two countries account for 40% of the increase in exports to countries outside the EU.

4. Agricultural and agri-food products: the EU's main clients



Source: Eurostat.

The EU has benefitted from the increased standard of living both in China and in Asia generally, as it can now trade in high-quality consumer products such as wine, dairy products and meat. European products are becoming more accessible to the Asian market because the Euro has depreciated against the Chinese Yuan since the start of the last quarter of 2008.

However, despite strong growth in exports to Asia since 2008, EU countries did not gain market share over this period. In 2000, the high-growth Asian countries imported 12% of their agricultural and agri-food products from the EU, compared with 8% in 2008 and 2009. The EU's market share then increased slightly to reach 9% of imports in 2012 but it did not return to the 2000 level.

The main reason for this relative drop in the EU's market share in Asia is the very strong growth in imports of oil-seed – with soybeans in the lead – and products from crushing – oils and oilcake – by North Asia (40% of North Asia imports in 2012 compared with 24% in 2012). On these products the EU finds it difficult to compete with countries like Brazil and the United States, which have large production areas. For other products, however, the EU is maintaining its market share, and even increasing it, especially beverages, meat and dairy products.

France, the primary European exporter to non-EU countries...

With 18% of exports from the EU to non-EU countries, France is the leading exporter to countries outside the EU. France's growth of 10% per year between 2008 and 2012 is comparable to that of its European competitors: Germany +11% per year, Netherlands +10% per year. France is the leading exporter of beverages, thanks mainly to sales of wine, and achieved 30% of European exports of beverages to third countries in 2012. For cereals and cereal preparations too, France is the leading exporter with 28% of EU exports to non-EU countries.

More particularly, France has taken advantage of the high demand from North Asia for wines and Cognac and to a lesser extent for dairy products and processed products. Exports of agricultural and agri-food products to North Asia thus increased very steadily by 24% per year from 2008 to 2012. This destination has now become France's foremost client outside the EU, ahead of the United States.

A parallel can be drawn between the stagnation in volumes of agricultural and agri-food products imported from non-EU countries (*Box 3*) and the slowdown in the growth in trade between EU countries.

... loses market shares in Europe

With exports of agricultural and agri-food products standing at €56 billion for all destinations combined, France was the third European exporter in 2012, behind the Netherlands and Germany. The Netherlands holds the top position for exports, but this is partly linked to its trading activity. Indeed, it is the top European importer of agricultural and agri-food products from non-EU countries. A proportion of these products are then re-exported to other EU countries. While exports from France have grown continuously since 2000 – with the exception of the 2009 crisis – this growth has been weaker than that of the other main European exporters, despite the dynamism of exports to non-EU countries. Exports from the Netherlands increased by 5.2% per year from 2000 to 2012, those from Germany by 7.1% per year, while those from France rose by only 3.7% per year. Only the United Kingdom (+2.9% per year), Denmark (+2.8% per year), and Ireland (+2.5% per year) recorded slower growth over this period.

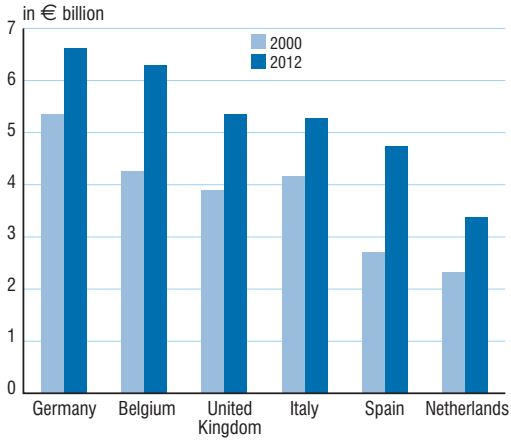
So France, which represented 13% of German imports in 2000, accounted for only 9% in 2012. It also lost market share with its other main European clients: Belgium, the United Kingdom and Italy. Overall, France represented 17.5% of EU exports in 2000, but only 13.7% in 2012 (*Figure 5*).

In 2007, Germany became the second European exporter of agricultural and agri-food products. It is also the leading European importer, with 17% of European imports. This contrasts sharply with the Netherlands who import massively and then re-export, while Germany imports mainly to make up for its low level of production of fruit and vegetables. Its trade balance in agricultural and agri-food products is in deficit. German exports increased by 8% per year over the period 2000-2008, then by 5% per year after 2008. In contrast to France, where only two products – beverages and cereals and cereal preparations – account for more than 40% of exports, the distribution of German exports by product is more balanced. Exports of meat and meat preparations, cereals and cereal preparations, dairy products, oil-seed, coffee, prepared dishes and beverages were all of similar proportions in 2012. Nevertheless, exports have increased particularly strongly since 2000 for the meat and prepared dishes sectors.

French exports of agricultural and agri-food products grew more slowly than these exports from the other EU countries, and this was the case for all products except prepared dishes and oils, which increased at the same rate. Indeed, production in the French agri-food industry has

not grown much since 2000 (*Box 4*). In addition, production of raw agricultural products has remained stable or decreased according to the products. Cereal production remained relatively stable between 2000 and 2012, depending on uncertainties linked with the production process. Fruit and vegetable production remained stable or decreased, depending on the products. Lastly, only oil-seed production remained significantly dynamic, which explains why French exports of oils held out well.

5. French agricultural and agri-food products: the main European clients



Source: Eurostat.

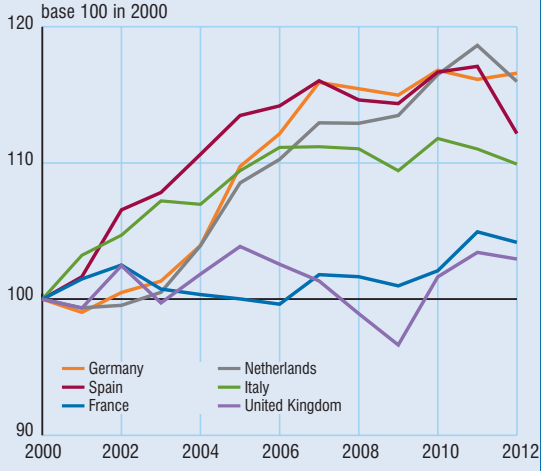
Box 4

European agro-industry production has slowed since 2008

Between 2000 and 2008, most of the main European agri-food producers increased their production of agri-food products. Since the crisis that occurred in 2008, European production has stagnated. However, in contrast to manufactured products, agri-food production has managed to hold up and for some countries there has been a slight rise.

In France, agri-food production was sluggish before the crisis, but did not suffer any after-effects later and in fact showed a very slight increase, until 2011 (*Figure*)

Variations in European agro-industry production, excluding beverages and tobacco



Source: Eurostat.

In France, the meat sector is slowing

The meat sector is very much concerned by this slowdown in activity. The value of French exports of meat and meat preparations has increased very slowly (+0.8% per year), with price rises compensating for the relative stability of the volumes exported. This very slight rise is in contrast to the dynamism of meat exports from other EU countries, which increased by 6% per year on average between 2000 and 2012. Exports from Germany, the Netherlands, Spain and Poland in particular increased strongly. At the same time, French imports of meat and meat preparations increased at a rate of 3.4% per year. Thus although France had a surplus balance of trade in meat in 2000, this became a deficit in 2004, and this deficit has continued to increase.

In contrast to their European competitors, French abattoirs found their activity stagnating from 2000 to 2012. Although the slaughter of pigs remained stable in France over the period, the number of poultry, cattle, sheep and goats that were slaughtered decreased. Over this period between 2000 and 2012, the slaughter of pigs increased in Germany (+2.7% per year) and Spain (+1.0% per year). And that of poultry increased in Poland (+7.6% per year), Germany (+5.1%), Spain, the Netherlands and Italy.

For pork, volumes of French exports and imports have remained relatively stable. Imports of pork preparations on the other hand – charcuterie and sausages – increased rapidly in volume whereas exports declined.

Since 2000, French imports of poultry have increased substantially. These consist of either meat pieces or meat preparations, but very few whole birds. Meanwhile, poultry meat exports have decreased, except to non-EU countries, mainly the Middle East, where they have risen. However, imports of poultry meat and meat preparations from EU countries have increased considerably (+8% per year between 2000 and 2008 and +5.9% per year between 2008 and 2012). Those countries that stepped up production have also expanded their exports. French poultry production has therefore not only lost market share in the other countries of the EU, but also in its own domestic market.

Fresh or processed fruit and vegetables: France's major deficit

French exports of fresh or processed fruit and vegetables grew 2.7% per year between 2000 and 2012, and growth has also been relatively poor compared with all EU countries (+4.1% per year). French imports of fresh or processed fruit and vegetables, however, increased (+4.1% per year) faster than exports. Thus the trade deficit for fresh or processed fruit and vegetables rose, reaching €4.4 billion in 2012, against €2.2 billion in 2000. This is France's major deficit. In all, France has a deficit both with non-EU countries, as it buys exotic fruit, and especially with other EU countries.

Among vegetables, it is tomatoes and potatoes that bolster export growth. However, the increase in tomato exports is artificial since tomatoes from Spain transit through France to be re-exported into northern Europe. Moreover, while exports of fresh potatoes are high and are increasing, imports of processed potatoes from Belgium are also on the way up.

For fresh fruit, exports have grown only as a result of price increases, whereas volumes decreased across the period in question.

Spain is the principal European exporter of fruit and vegetables, followed by the Netherlands. However, the Netherlands are also one of the main points of entry for fruit and vegetables from non-EU countries, and these products are then re-exported, so this is more a trading activity than true production. Nevertheless, both these countries report increased production of vegetables, and also of fruit for Spain. ■

Fact sheets

European Union in brief

1.1 Situation in 2012

The ongoing financial and economic crisis has had major consequences for the **European Union** (EU),with gross domestic product (GDP) shrinking in volume terms between 2011 and 2012. The **unemployment rate** averaged 10.6% of the labour force in 2012. **Government debt** in the EU as defined in the **Maastricht Treaty** now stands at 85.1% of GDP, 2.8 points higher than in 2011. The crisis has thus cast certain weaknesses in the economic governance of the European Union into stark relief, some of which have been remedied by the introduction of stronger budget surveillance measures, along with a new system for tracking macroeconomic imbalances.

This reinforcement of the surveillance to which EU member States are subject includes preventive measures as well as a corrective arm (the excessive deficit procedure). This surveillance system incorporates new criteria which allow the union to check on the direction taken by budgetary policy in the member States (public deficit and government debt), and track developments in government spending. In the event that budgetary policy or government expenditure should deviate from the rules, an enhanced monitoring procedure is put in place, leading almost inevitably to a raft of financial sanctions with a dissuasive impact.

As a corollary to this budgetary monitoring system, the Macroeconomic Imbalance Procedure (MIP) is a scheme founded on a dedicated alert mechanism, allowing the authorities to identify and forestall risks of imbalance in member States. The European Commission, responsible for assessing such risks, can urge recalcitrant nations to undertake structural reforms, or even impose sanctions on members of the Eurozone that fail to meet the standards required by the MIP.

In addition to these surveillance mechanisms, the **Europe 2020** strategy adopted in 2010 in favour of "smart, sustainable and inclusive growth," and the "Euro Plus" pact of March 2011 both aim to reinforce cooperation and coordination between member States in the medium term, in order to stimulate growth, employment and competitiveness. In mid-2012 a further growth and employment pact completed this strategic arsenal.

The Euro is the second most widely-held reserve currency in the world, used daily by 300 million of the EU's 505.7 million citizens (Figures as of 1st January 2013, following the accession of Croatia). Just ten years ago, only twelve member States had adopted the Euro as their official currency: that number now stands at seventeen. ■

Definitions

Europe 2020: ten-year growth strategy of the European Union. It is not limited to resolving the crisis which has continued to affect the economies of numerous European countries; it also aims to address the flaws in our growth model and to establish the conditions for smarter, more sustainable, more inclusive growth. To give tangible form to this goal, the European Union has set itself five key objectives to be achieved by the end of the decade. They relate to employment, education, research and innovation, social inclusion and reduction of poverty, and climate change and energy.

Reported public debt, G20 (group of 20), harmonised consumer price index (HCPI), gross domestic product (GDP), purchasing power standard (PPS), employment rate, unemployment rate, Maastricht Treaty, European Union (EU): see the *Glossary*.

Further Reading

- "EU28 population 505.7 million at 1st January 2013", press release n° 173, Eurostat, November 2013.
- "GDP per capita in the member States ranged from 47% to 271% of the EU27 average in 2012", press release n° 98, Eurostat, June 2013.
- "General report on economic activity in the European Union – 2012", January 2013.
- *Population* n° 2, Ined, 2013.

1. EU member States in 2012

as a %

	Population as of 1st January 2013p (in millions)	Proportion of population under the age of 15	Proportion of population over the age of 65	Employment rate in the 15-64 age group	Unemployment rate[1] in the 15-64 age group	GDP per capita[3] (en PPS[2])	Annual variation in consumer prices[4]
Austria	8.5	14.5	17.8	72.5	4.4	33,600	2.6
Belgium	11.2	17.0	17.3	61.8	7.6	30,500	2.6
Bulgaria	7.3	13.4	18.8	58.8	12.4	12,100	2.4
Croatia	0.9	14.9	17.3	48.7	///	15,600	3.4
Cyprus	4.3	16.5	12.8	64.6	12.1	23,200	3.1
Czech Rep.	10.5	14.7	16.2	66.5	7.0	20,200	3.5
Denmark	5.6	17.7	17.3	72.6	7.7	32,000	2.4
Estonia	1.3	15.5	17.2	67.1	10.4	17,500	4.2
Finland	5.4	16.5	18.1	69.4	7.8	29,400	3.2
France	**65.6**	**18.6**	**17.1**	**63.9**	**9.9**	**27,500**	**2.2**
Germany	80.5	13.2	20.6	72.8	5.6	31,100	2.1
Greece	11.1	14.4	19.7	51.3	24.5	19,200	1.0
Hungary	9.9	14.5	16.9	57.2	11.0	16,800	5.7
Ireland	4.6	21.6	11.9	58.8	15.0	33,100	1.9
Italy	59.7	14.0	20.6	56.8	10.8	25,200	3.3
Latvia	2.0	14.3	18.6	63.1	15.2	14,700	2.3
Lithuania	3.0	14.9	18.1	62.2	13.5	17,800	3.2
Luxembourg	0.5	17.1	14.0	65.8	5.2	69,400	2.9
Malta	0.4	14.7	16.5	59.0	6.5	22,000	3.2
Netherlands	16.8	17.3	16.2	75.1	5.3	32,900	2.8
Poland	38.5	15.1	13.8	59.7	10.2	16,800	3.7
Portugal	10.5	14.8	19.4	61.8	16.4	19,200	2.8
Romania	20.1	15.0	15.0	59.5	7.3	12,600	3.4
Slovakia	5.4	15.4	12.8	59.7	14.0	19,200	3.7
Slovenia	2.1	14.3	16.8	64.1	9.0	21,000	2.8
Spain	46.7	15.2	17.4	55.4	25.2	24,900	2.4
Sweden	9.6	16.7	18.8	73.8	8.1	32,800	0.9
United Kingdom	63.9	17.5	16.9	70.1	8.0	28,000	2.8
European Union	**505.7**	**15.6**	**17.8**	**64.2**	**10.6**	**25,600**	**2.6**

1. Annual average. 2. Purchasing power standard, a unit of measurement useful for international comparisons. 3. 2011 data for Latvia
4. Rate of variation 2012/2011 in the annual average of the overall harmonised consumer price index. *Source: Eurostat.*

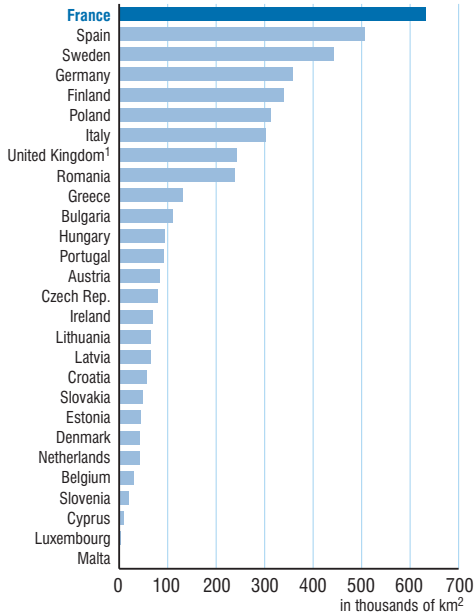
2. Situation of the 27-member EU in the world and in relation to other G20 nations

as a %

	2013	2012	
	Proportion of global population[1]	GDP (in billions of dollars)	Share of global GDP
South Africa	0.7	384.3	0.5
Saudi Arabia	0.4	711.1	1.0
Argentina	0.6	475.2	0.7
Australia	0.3	1,541.7	2.1
Brazil	2.7	2,253.1	3.1
Canada	0.5	1,821.4	2.5
China2	19.1	8,221.0	11.4
South Korea	0.7	1,129.5	1.6
United States	4.4	16,244.6	22.5
India	17.9	1,841.7	2.6
Indonesia	3.5	878.5	1.2
Japan	1.8	5,960.3	8.3
Mexico	1.6	1,177.4	1.6
Nigeria	2.4	270.2	0.4
Russia	2.0	2,029.8	2.8
Turkey	1.1	788.3	1.1
EU27[3]	**7.0**	**16,673.3**	**23.1**
World	**100.0**	**72,216.4**	**100.0**

1. Mid-year population estimates. 2. Exc. Hong Kong and Macao.
3. These figures for share of global GDP differ from those given in section 1.3 (calculated with reference to purchasing power) due to the differences in prices in different countries. *Sources: Ined ; FMI.*

3. Surface area of EU member States in 2013



1. 2004 data. Note: total surface area, including lakes and seas.
Source: Eurostat.

1.2 European monetary union

In a context marked by the downturn in economic activity, and the volatility of financing conditions following the financial crisis and the sovereign debt crisis, 2012 was another difficult year for monetary policy in the EU. The further deterioration of the sovereign debt crisis in the first half of 2012 prompted the European Central Bank to reiterate the urgent need for closer coordination of economic, budgetary and financial policies in order to stave off the risk of untenable developments in certain countries.

Real economic activity declined in the **Eurozone** in 2012, reflecting the weakness of private investment and consumption. All in all **gross domestic product** was down 0.6% on 2011, after two years of weak but positive growth. This decline is indicative of the lack of confidence among economic agents, the pervading air of uncertainty and the ongoing process of restructuring balance sheets in the financial and non-financial sectors, aggravated by the high rate of unemployment, tighter fiscal policy and sluggish world demand.

Annual **inflation** in the Eurozone remained relatively high in spite of the unfavourable macroeconomic climate. These high levels of inflation are largely a result of strong increases in energy prices, as well as increases in indirect taxation and prices in various countries. On average, inflation as derived from the variations in the **harmonised consumer price index** stood at 2.5% in 2012 (2.7% in 2011).

In 2012, developments in the exchange rate of the Euro largely mirrored the fluctuating opinions of market forces regarding the economic perspectives of the Eurozone and the modification of the risk premium linked to the sovereign debt crisis within the Eurozone. The nominal effective exchange rate of the Euro against the currencies of the Eurozone's twenty principal trading partners remained practically unchanged over the course of the year. By the end of 2012, in nominal effective terms, the Euro stood 0.4% below the level recorded at the end of 2011.

The combined government **deficit** of the Eurozone nations fell to 3.7% of GDP in 2012. This decrease in the level of budget deficits can be attributed to an increase in public revenue as a percentage of GDP, reflecting the increases in income and wealth taxes and, to a lesser extent, increases in indirect taxation. Meanwhile, the ratio of expenditure has increased slightly. By the end of 2012, the **government debt** ratio was above the benchmark level of 60% of GDP in 12 of the 17 Eurozone countries. ■

Definitions

All data given here are for the 17 Eurozone countries (excluding Latvia, which joined the Eurozone on 1st January 2014).

Eurozone: monetary zone comprising the countries of the European Union that have adopted the euro as the single currency. The eighteen member States making up the Eurozone are Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain. The Eurozone was created in 1999 by eleven countries, joined by Greece in 2001, Slovenia in 2007, Cyprus and Malta in 2008, Slovakia in 2009, Estonia in 2011 and Latvia in 2014.

Maastricht Treaty convergence criteria, reported public deficit, reported public debt, harmonised consumer price index (HCPI), inflation, purchasing power parity (PPP), gross domestic product (GDP), purchasing power standard (PPS), exchange rate, nominal effective exchange rate, interest rate: see the *Glossary*.

Further Reading

- « Zone euro - Principaux indicateurs économiques et financiers », Banque de France, December 2013.
- "Eurozone and EU28 government deficit at 3.7% and 3.9% of GDP respectively", press release n° 152, Eurostat, October 2013.
- "Convergence Report", European Central Bank, June 2013.
- "Annual Report 2012", European Central Bank, April 2013.

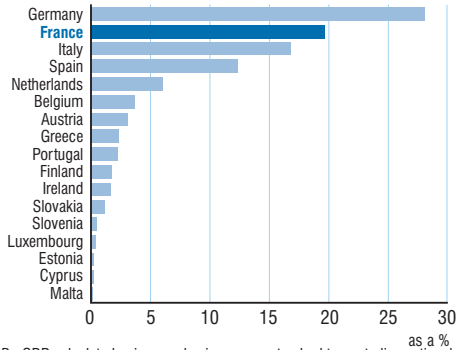
1. Exchange rate of the Euro against other currencies

equivalent of one Euro at the end of the period indicated

	2011	2012	nov. 2013
Dollar	1.2939	1.3194	1.3611
Yen	100.20	113.61	139.21
Pound Sterling	0.8353	0.8161	0.8328
Swiss Franc	1.2156	1.2072	1.2298
Danish Krone	7.4342	7.4610	7.4589
Swedish Krona	8.9120	8.5820	8.9075
Czech Koruna	25.787	25.151	27.391
Hungarian Forint	314.58	292.30	301.10
Latvian Lats	0.6995	0.6977	0.7030
Romanian Leu	4.3233	4.4445	4.4385
Bulgarian Lev	1.9558	1.9558	1.9558
Lithuanian Litas	3.4528	3.4528	3.4528
Polish Zloty	4.4580	4.0740	4.2060

Source: European Central Bank.

2. National GDP as a share of total Eurozone GDP in 2012



N.B.: GDP calculated using purchasing power standard to neutralise national price differences.
Source: Eurostat, December 2013.

3. Situation of EU nations with regard to the convergence criteria

	Balance of public finances (as a % of GDP)[1]			Government debt (as a % of GDP)[1 2]			Inflation (as a %)[3]			Long–term interest rate (as a %)[4]		
	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
Austria	–4 5	–2.5	–2.5	72.3	72.8	74.0	1.7	3.6	2.6	3.23	3.32	2.37
Belgium	–3.7	–3.7	–4.0	95.7	98.0	99.8	2.3	3.4	2.6	3.46	4.23	3.00
Bulgaria	–3.1	–2.0	–0.8	16.2	16.3	18.5	3.0	3.4	2.4	6.01	5.36	4.50
Croatia	–6.4	–7.8	–5.0	44.9	51.6	55.5	1.1	2.2	3.4	…	6.54	6.13
Cyprus	–5.3	–6.3	–6.4	61.3	71.5	86.6	2.6	3.5	3.1	4.60	5.79	7.00
Czech Rep.	–4.7	–3.2	–4.4	38.4	41.4	46.2	1.2	2.1	3.5	3.88	3.71	2.78
Denmark	–2.5	–1.8	–4.1	42.7	46.4	45.4	2.2	2.7	2.4	2.93	2.73	1.40
Estonia	0.2	1.1	–0.2	6.7	6.1	9.8	2.7	5.1	4.2	…	…	…
Finland	–2.5	–0.7	–1.8	48.7	49.2	53.6	1.7	3.3	3.2	3.01	3.01	1.89
France	–7.1	–5.3	–4.8	82.4	85.8	90.2	1.7	2.3	2.2	3.12	3.32	2.54
Germany	–4.2	–0.8	0.1	82.5	80.0	81.0	1.2	2.5	2.1	2.74	2.61	1.50
Greece	–10.7	–9.5	–9.0	148.3	170.3	156.9	4.7	3.1	1.0	9.09	15.75	22.50
Hungary	–4.3	4.3	–2.0	82.2	82.1	79.8	4.7	3.9	5.7	7.28	7.64	7.89
Ireland	–30.6	–13.1	–8.2	91.2	104.1	117.4	–1.6	1.2	1.9	5.74	9.60	6.17
Italy	–4.5	–3.8	–3.0	119.3	120.7	127.0	1.6	2.9	3.3	4.04	5.42	5.49
Latvia	–8.1	–3.6	–1.3	44.4	41.9	40.6	–1.2	4.2	2.3	10.34	5.91	4.57
Lithuania	–7.2	–5.5	–3.2	37.8	38.3	40.5	1.2	4.1	3.2	5.57	5.16	4.83
Luxembourg	–0.8	0.1	–0.6	19.5	18.7	21.7	2.8	3.7	2.9	3.17	2.92	1.82
Malta	–3.5	–2.8	–3.3	66.8	69.5	71.3	2.0	2.5	3.2	4.19	4.49	4.13
Netherlands	–5.1	–4.3	–4.1	63.4	65.7	71.3	0.9	2.5	2.8	2.99	2.99	1.93
Poland	–7.9	–5.0	–3.9	54.9	56.2	55.6	2.7	3.9	3.7	5.78	5.96	5.00
Portugal	–9.8	–4.3	–6.4	94.0	108.2	124.1	1.4	3.6	2.8	5.40	10.24	10.55
Romania	–6.8	–5.6	–3.0	30.5	34.7	37.9	6.1	5.8	3.4	7.34	7.29	6.68
Slovakia	–7.7	–5.1	–4.5	41.0	43.4	52.4	0.7	4.1	3.7	3.87	4.45	4.55
Slovenia	–5.9	–6.3	–3.8	38.7	47.1	54.4	2.1	2.1	2.8	3.83	4.97	5.81
Spain	–9.6	–9.6	–10.6	61.7	70.5	86.0	2.0	3.1	2.4	4.25	5.44	5.85
Sweden	0.3	0.2	–0.2	39.4	38.6	38.2	1.9	1.4	0.9	2.89	2.61	1.59
United Kingdom	–10.1	–7.7	–6.1	78.4	84.3	88.7	3.3	4.5	2.8	3.36	2.87	1.74
Benchmark target	**–3.0**	**–3.0**	**–3.0**	**60.0**	**60.0**	**60.0**	**1.5**	**3.4**	**3.2**	**4.9**	**4.8**	**3.7**

1. Figures submitted to the European Commission and verified by Eurostat.
2. Gross government debt as defined in the Maastricht Treaty.
3. Harmonised Consumer Price Index (HCPI). annual average.
4. Annual average.

Sources: European Central Bank; European Commission; Eurostat.

4. Comparison of the Eurozone (17 countries) with the USA and Japan in 2012

annual average, as a %

	Eurozone	USA	Japan		Eurozone	USA	Japan
Population as of 1st January 2013 (in millions)	331.1	313.9	127.5	Government debt (as a % of GDP)	90.6	106.3	219.1
Unemployment rate	11.4	8.1	4.4	Variation of consumer prices	2.5	2.1	0.0
GDP (billions of Euros at PPP)	9,146.6	12,325.7	3,405.1	Variation in industrial production (excluding construction)	–2.4	3.9	0.2
GDP per capita (in euros at PPP)	27,570	39,220	26,700	Balance of current transactions (as a % of GDP)	–1.4	3.5	1.5
GDP growth in volume	–0.6	2.8	1.9	Variation in volume of retail sales	1.8	–2.6	1.0
Government deficit (as a % of GDP)	–3.7	–8.7	–9.9	Long-term interest rate	3.06	1.79	0.85

Sources: European Central Bank; European Commission; Eurostat.

1.3 European Union over the long run

Since 1980, the **European Union** (EU) has gradually expanded from nine to twenty-eight countries. The Union only really took on its present name on 1st November 1993, further to the **Maastricht Treaty** of 7 February 1992, succeeding the **European Economic Community** created by the Treaty of Rome of 25 March 1957, of which France was one of the six founding countries.

In its 2013 form which includes Croatia, the EU covers 4.5 million km² and gathers 508.3 million inhabitants as of 1st January 2012. The nineteen countries that have joined the EU since 1980 account for 61% of the territory but only 39% of its inhabitants. The EU was also extended with the reunification of Germany in 1990. Within the EU, France is the largest country in size (14% of the territory) and the second most populated (13% of the population) after Germany (16% of the population).

From 1980 to 2012 the population of the EU of 27 rose by 10%. It grew more sharply in France (+18% for Metropolitan France) than in most of the other large European countries: Germany (+5%, including the former German Democratic Republic), Italy (+8%) and the United Kingdom (+12%). It is in Spain that the population grew the most (+24%), due to a particularly high migration balance.

In the EU as a whole the share of people aged 65 or over rose from 13% in 1980 to 18% in 2012. In Metropolitan France this growth was slightly less marked: from 14% to 17%. This population ageing, due both to the drop in fertility rates and to falling mortality rates among the most elderly, came earliest in several northern and western countries such as Sweden, Germany and the United Kingdom. Certain southern countries have now caught up with them, for example Italy, Greece and Portugal. In 2012 as in 1980, Germany remained one of the two countries with the largest proportion of elderly people, with Italy replacing Sweden as the other country.

The **gross domestic product** (GDP) of the EU (excluding Croatia) represented 19% of world GDP in 2012. This share is calculated as **purchasing power parity** (PPP) in order to eliminate differences in national price levels. Within the EU including Croatia, the top five countries in terms of PPP are Germany (20% of EU GDP in 2012), France (14%), the United Kingdom (14%), Italy (12%) and Spain (9%). But as an average per inhabitant, seven countries are ahead of them, with Luxembourg far and away at the top of the list.

From 1980 to 2012, average GDP in volume per inhabitant increased slightly less in the Europe of 12 (perimeter in 1986) than in the USA or Japan. Up to the start of the 1990s it grew much faster in Japan than in the USA or Europe, and the trend was then reversed through to the start of the 2000s. The growth rates of the three zones were then similar until the crisis of 2007-2008, which resulted in a recession in all industrialised countries in 2009. At that point divergences reappeared: in 2012 the European countries recorded GDP in volume per inhabitant which was still far lower than its 2008 level, unlike the USA and Japan.

Individual situations within the EU contrast, however: among the five main European countries over the last 20 years, GDP growth per inhabitant has been strongest in the United Kingdom and weakest in Italy. Since the mid-2000s, French growth per inhabitant has been well below that of Germany.

In 2012, of the five countries, only Germany showed GDP in volume per inhabitant that was higher than its pre-crisis level. ■

Definitions

European Union, Maastricht Treaty, European Economic Community, gross domestic product, purchasing power parity: see *Glossary*.

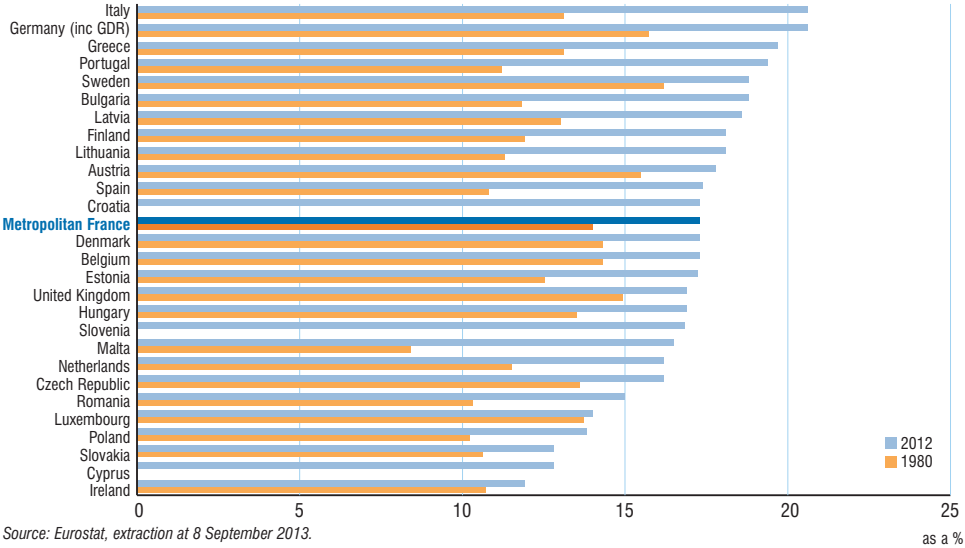
Further Reading

- Eurostatwebsite: http: //epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/
- IMF website: htpp: //www.imf.org/external/
- « De 55 à 65 millions d'habitants : pourquoi la population a-t-elle augmenté plus vite en France que dans les pays voisins ? », in *France, portrait social*, *INSEE Références* coll., 2011 edition.
- « Populations et tendances démographiques des pays européens (1980-2010) », *Population* n°1, Ined, 2011.

1. Gradual enlargement of the European Union

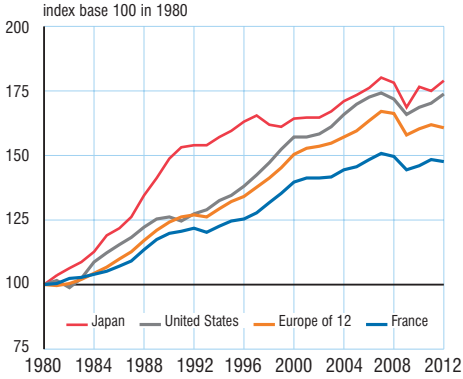
Date of entry	Member States
1957	Germany, Belgium, France, Italy, Luxembourg, Netherlands
1973	Denmark, Ireland, United Kingdom
1981	Greece
1986	Spain, Portugal
1995	Austria, Finland, Sweden
2004	Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Czech Republic, Slovakia, Slovenia
2007	Bulgaria, Romania
2013	Croatia

2. Proportion of the population aged 65 or over



Source: Eurostat, extraction at 8 September 2013.

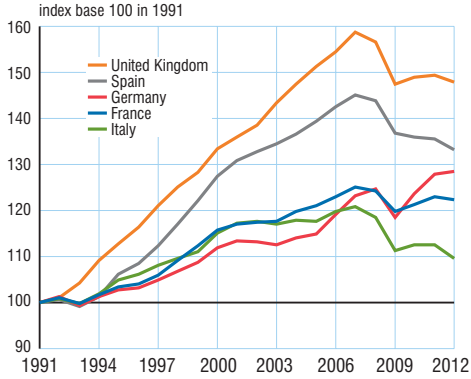
3. Gross domestic product (GDP) in volume per inhabitant since 1980



Note: over the period 1980-1994, the "Europe of 12" series was rebuilt based on data in the 1991 base. For years prior to 1991 the calculation was based on the application of GDP growth rates in volume of the Europe of 12 excluding the former East Germany to the GDP of Germany as reunified in 1991. In 1980 and 1981, the population in France is estimated by retropolation using variations in Metropolitan France.

Sources: Eurostat, extraction at 8 September 2013 (GDP; population in Europe of 12 excluding France); INSEE (population in France); World Bank (population of the USA and Japan).

4. GDP in volume per inhabitant in five large EU countries since 1991



Note: unlike Figure 3, here the data only go back to 1991 because the historical series is only available for the Europe of 12 as a whole.

Sources: Eurostat, extraction at 8 September 2013 (except the population in France); INSEE (population in France).

1.4 Sustainable development indicators

In July 2010, France adopted a new National Sustainable Development Strategy for the period 2010-2013. This strategy was organised around nine strategic challenges, consistent with the nation's European and international commitments. The fruit of a consultation with representatives of all five stakeholders of the 'Grenelle de l'Environnement' agreements (central government, local government, businesses, social partners and environmental NGOs), fifteen headline indicators and four economic and social context indicators were chosen relating to these nine challenges. They form the basis of the indicator scoreboard used to facilitate monitoring of the national strategy.

Since the year 2000 economic growth per capita in France has fallen behind the EU average, and some of the pressure on natural resources seems to have eased, particularly in terms of greenhouse gas emissions and the productivity of natural resources. For instance, in 2010, emissions of greenhouse gases contributing to global warming were 6.6% below their 1990 levels, the benchmark used in the Kyoto protocol. Since 2000 total energy consumption in the transport sector has been decoupled from economic growth, and combined with the increase in renewable energy production (supplying 13.1% of final energy consumption needs in 2011) this has helped to bring emissions under control. The efficiency of the economy in terms of raw material usage is also increasing: the volume of GDP (in Euros) generated by one kilogram of materials increased by 26% between 2000 and 2010.

However, the long-term commitments of this strategy are very demanding: at the Copenhagen summit, France agreed to slash its greenhouse gas emissions to a quarter of current levels by 2050. Furthermore, France is still lagging far behind the target, set out in the first Grenelle Law, of 23% of final energy consumption being provided by renewable sources by 2020.

Moreover, economic growth has come at the expense of greater dependence on imports and the 'hidden flows' associated with these imports, which must be added to those emissions generated in France itself. The carbon footprint of the final demand of each French citizen, i.e. the greenhouse gas emissions generated by the production of the goods and services required to satisfy individual demand, thus stood at 12.2 tonnes per year in 2007 when all goods and services incorporated into this demand are taken into account, regardless of whether they are produced in France or imported. Of this figure, an average of only 8.2 tonnes comes from emissions generated on French soil. Furthermore, the pressure on biodiversity remains very strong, even if this complex phenomenon is difficult to assess. In 2010, artificial surfaces covered 8.9% of France's total surface area. The increase in this proportion has been accelerating in recent years: artificial areas expand by the equivalent of one *département* every seven years on average. This development poses a threat to many species, particularly farmland birds sensitive to the degradation of their habitat, while generalist birds are faring better, or even thriving.

In terms of well-being and social cohesion, these indicators paint a mixed picture: the employment rate among older workers continues to rise, and the monetary poverty rate in France is below the European average, but rising nonetheless. Similarly, life expectancy in good health has stopped rising and the proportion of young people aged 16 to 25 who are unemployed and unqualified remains high (12.8% in 2011).

There is still considerable progress to be made in the transition to a knowledge economy. Research spending as a share of GDP is significantly below the target of 3% set out in the Europe 2020 strategy, and the proportion of young people aged 18-24 not in education or training and without secondary school qualifications (early school leavers) remains above the 10% target set by the EU for 2020 (12.0% in 2011).

Similarly, further effort will be required to meet the international sustainable development objectives commonly referred to as the 'millennium goals': only 0.46% of gross national product was allotted to Official Development Assistance in 2011, a decrease after three successive years of increase. The objective was to reach 0.56% by 2010 and 0.7% in 2015. ■

1. Sustainable development indicators

	1995	2001[1]	2005	2009	2010	2011
Challenge 1 - Sustainable consumption and production						
1.1 Material productivity (euros/kg)[2]						
France	1.74	1.80	2.01	2.19	2.27	….
EU27 (e)	…	1.34	1.40	1.57	1.64	...
Challenge 2 - Knowledge society						
2.1 Early school leavers in the 18-24 age group (%)[3]						
France	15.4	13.3	12.2	12.2	12.6	12.6
EU27	...	*e* 17.6	15.8	14.4	14.1	13.5
2.2 Domestic research and development expenditure (as a % of GDP)						
France	2.28	2.15[4]	2.11	2.21	2.24[4]	*e p* 2.25
EU27	*e* 1.81	*e* 1.86	1.82	*e* 2.02	*e* 2.01	*e* 2.03
Challenge 3 - Governance						
3.1 Proportion of women in executive roles (% of female company directors in the private sector)						
France	…	…	16.0	18.2	20.3	...
Challenge 4 - Climate change and energies						
4.1 Greenhouse gas emissions (in equivalent CO2 tonnes, index: Base 100 in 1990)						
France	99.4	101.0	101.5	92.1	93.4	...
EU27	93.4	91.0	92.2	82.6	84.6	...
4.2 Carbon footprint of final domestic demand (tonnes per person)[5]						
France	11.1	11.6	12.2	...	...	...
4.3 Renewable energies (as a % of final energy consumption)						
France	…	…	9.7	12.2	12.8	13.1
EU27	…	…	8.5	11.7	12.5	...
Challenge 5 - Sustainable transport and mobility						
5.1 Total energy consumption by transport in tonnes of oil equivalent (toe) in relation to GDP (base 100 in 1990)						
France	102.3	97.9	92.3	90.2	88.9	88.8
Challenge 6 - Conservation and sustainable management of biodiversity and natural resources						
6.1 Abundance index of common bird populations (base 100 in 1989)						
France, general birds	92	88	115	112	123	119
France, birds requiring agricultural habitats	75	71	70	60	66	61
6.2 Soil artificialisation (as a % of national surface area)						
France	///	7.3	///	8.8 4	8.9	...
Challenge 7 - Public health, risk prevention and management						
7.1 Life expectancy in good health (years)						
Men	60.0	60.1	62.3	62.8	61.8	62.7
Women	62.4	63.2	64.6	63.5	63.4	63.6
Challenge 8 - Demographics, immigration and social inclusion						
8.1 Income poverty (%)[6]						
France	14.50[7]	13.6	13.1	13.5	14.1	...
EU27	…	…	*e* 16.5	16.4	16.9 *e*	...
8.2 Senior citizens' employment rate (aged 55-64, as a %)						
France	29.8	29.4	38.5	38.8	39.8	41.5
EU27	36.0	36.9	42.3	46.0	46.3	47.4
8.3 Proportion of young people aged 16-25 neither in training nor employment (as a %)						
Men	9.8	8.9	10.5	13.3	13.0	12.3
Women	14.6	11.9	12.5	12.8	13.3	13.4
Challenge 9 - International challenges relating to sustainable development and global poverty						
9.1 Official Development Aid (as a % of gross national revenue)						
France	0.55	0.30	0.47	0.47	0.50	*p* 0.46
EU27	0.37	0.32	0.42	0.42	0.44	*p* 0.42
Economic and social context						
0.11 GDP per capita (average annual growth rate in volume, as a %)[1]						
France	///	2,3[1]	1.1	–3.7	1.1	1.1
EU27	///	2.7[1]	1.6	–4.6	1.8	1.3
0.12 Net domestic income per capita (average annual growth rate in volume, as a %)[1]						
France	///	2,7[1]	1.1	–4.1	1.3	1.0
EU27	///	2.5[1]	1.1	–4.8	1.5	...
0.21 Unemployment rate (%)						
Metropolitan France	10.1	8.6	8.9	9.1	9.4	9.2
EU27	///	8.8	9,0	9.0	9.7	9.7
0.21 Under-employment rate (%)						
Metropolitan France	6.2	5.8	5.2	5.6	5.9	5.1
0.3 Income distribution						
Metropolitan France: ratio of average equivalised income to the upper and lower deciles	6.20[7]	6.27	6.53	6.73	7.08	...
Metropolitan France: inter-decile equivalised incomes ratio (D9/D1)	3.51[7]	3.50	3.35	3.44	3.48	...
0.4 Fertility rate						
France	1.73	1.89	1.94	2.00	2.03	…
EU27	…	…	1.51	1.59	1.60[4]	*e* 1.57[4]

1. Except annual average growth rate 1995 - 2000. 2. Relationship between GDP in volume (base 2000) and domestic consumption of raw materials.
3. Proportion of those aged 18-24 in neither education nor training and without a degree of higher education. 4. Discontinuity in calculation methods.
5. CO2 emissions generated by all goods and services required to satisfy final national demand. 6. Proportion of people living with less than 60% of national median income. 7. Data for 1996.

Sources: INSEE-SOeS, tableau de bord de la stratégie nationale de développement durable ; Eurostat.

Fact sheets

Population

2.1 Demographics

As of 1st January 2013, the 28-member European Union is home to 505.7 million people. In the year 2012 the European population expanded by 2.2‰. Population growth in the EU has been slowing continuously since 2007: it was above 4‰ per annum in the period 2002-2008, and just below 3‰ between 2009 and 2011.

The situation varies significantly from country to country: Germany, still the most populous EU member State but with a population in decline since 2003, saw its population increase in 2011 and 2012 (+2.5‰). The strongly positive **migration balance** (+4.9‰ in 2012) more than made up for the deficit in the **natural increase**. With both natural increases and migration balances either negative or zero since the turn of the millennium, the majority of Eastern and Central European nations (with the exception of the Czech Republic, Slovakia and Slovenia) have seen their populations decline.

For the first time since 2001, Spain saw a substantial decline in its population in 2012. This stands in marked contrast to the growth rate of over 16‰ recorded between 2002 and 2007: Spain's migration balance was the highest in the EU during this period, at around 15‰. Greece and Portugal have also seen their populations decline in recent years. Up until 2010 these countries were both immigration destinations; they are now experiencing high levels of emigration. Ireland, meanwhile, has seen its migration balance inverted since 2009: the economic crisis caused immigration to slow, and drove a number of residents to leave the country. Nevertheless the birth rate remains high and the population relatively young, and as such the natural increase largely makes up for the negative migration balance. Certain member States, however, remain attractive destinations for immigration. Thus, in spite of a natural increase which is close to zero (Austria) or even below (Belgium, Sweden), the positive migration balance can cause the population to continue growing. The United Kingdom, which has both a strong natural increase and a highly positive migration balance, saw robust population growth in 2012, although the contribution of immigration to this increase did decrease slightly in that year.

Since 1998, with the exception of 2005 and 2006, when it was surpassed by France, Ireland has held the record for the highest birth rate in the EU (2.03 children per woman in 2011). With 2.01 children per woman in 2012, France and Ireland were neck and neck. The **short-term birth-rate indicator** is at its lowest in Poland and Portugal (1.30 and 1.28 respectively). The overall average birth rate in the EU stopped increasing in 2008: up until 2010 this rate held steady at 1.6 children per woman, falling slightly to 1.57 in 2011.

In 2012, **life expectancy at birth** continued to grow in almost all EU member States, with an average increase of 5 months for men and 4 months for women. France, Spain and Italy have the highest rates of life expectancy for women (around 85 years), with Italy and Sweden topping the table for men (80 years).

The **expected number of healthy life years** at 65 is 8.5 for women and 8.4 for men across the EU as a whole. Sweden is the member State where men and women aged 65 and over can expect to live longest in good health (14 and 15.4 years respectively). The European population continues to age: in the past ten years the proportion of the total population over the age of 65 has increased from 16.0% to 17.8% (as of 1st January 2012). This proportion has seen the biggest increase in Malta and Lithuania (almost 4 points over the past decade), followed by Germany, where it has risen from 17.1% to 20.6% over the same period. In Belgium, Luxembourg and Spain, the proportion of over-65s has risen much more slowly (less than 0.5 points over this same period). ■

Definitions

Migration balance, natural increase, short-term birth rate indicator, life expectancy at birth: see the *Glossary*.
Healthy life years: the number of years that a person of a given age can expect to live without serious or moderate health problems, continuing their everyday activities.

Further Reading

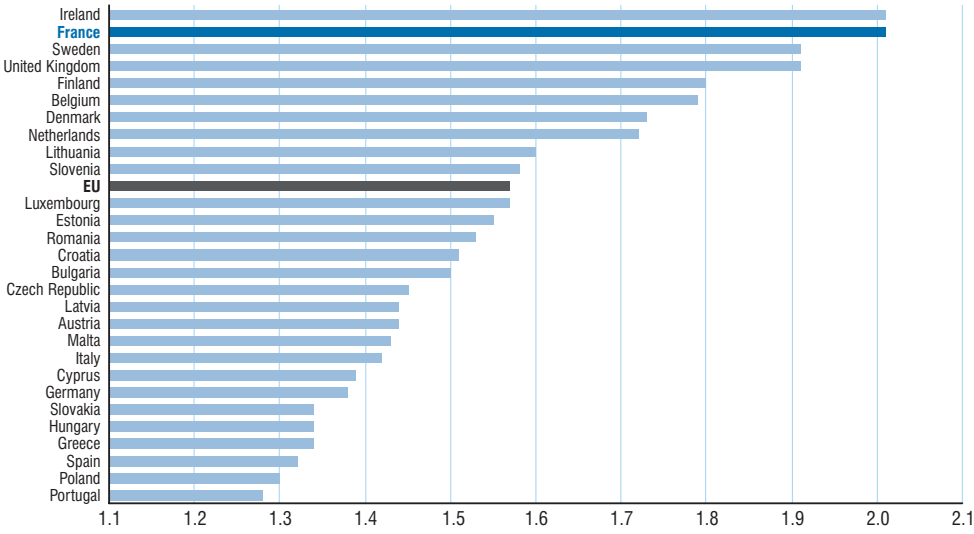
- "Number of healthy life years and life expectancy at the age of 65, by gender", Eurostat Database, updated January 2014.

1. EU demographic indicators

	Population as of 1st January 2013 (in thousands)	Population change 2012 – 2013 (‰)			Live births outside of wedlock in 2012 (%)	Proportion of population aged 65+ on 1st January 2012 (%)	Life expectancy at birth 2012 (in years)	
		Natural increase	Result of migrations[1]	Whole			Women	Men
Austria	8,452	–0.1	5.2	**5.1**	41.5	17.8	83.6	78.4
Belgium	11,162	1.7	4.3	**6.0**	52.3	17.3	83.1	77.8
Bulgaria	7,285	–5.5	–0.3	**–5.8**	57.4	18.8	77.9	70.9
Croatia	4,262	–2.3	–0.9	**–3.2**	15.4	17.3	80.6	73.9
Cyprus	866	5.2	–0.7	**4.5**	18.6	12.8	83.4	78.9
Czech Republic	10,516	0.0	1.0	**1.0**	43.4	16.2	81.2	75.1
Denmark	5,603	1.0	3.0	**4.0**	50.6	17.3	82.1	78.1
Estonia	1,325	–1.0	–5.7	**–6.7**	58.4	17.2	81.6	71.5
Finland	5,427	1.4	3.3	**4.7**	41.5	18.1	83.7	77.7
France	**65,588**	**3.8**	**0.8**	**4.7**	**56.7**	**17.1**	**84.8**	**78.5**
Germany	80,524	–2.4	4.9	**2.5**	34.5	20.6	83.3	78.6
Greece	11,063	–1.5	–4.0	**–5.5**	7.6	19.7	83.4	78.0
Hungary	9,909	–3.9	1.6	**–2.3**	44.5	16.9	78.7	71.6
Ireland	4,591	9.5	–7.6	**1.9**	35.1	11.9	83.2	78.7
Italy	59,685	–1.3	6.2	**4.9**	28.0	20.6	85.3	80.1
Latvia	2,024	–4.5	–5.8	**–10.3**	45.0	18.6	78.9	68.9
Lithuania	2,972	–3.5	–7.1	**–10.6**	28.8	18.1	79.6	68.4
Luxembourg	537	4.0	18.9	**22.9**	37.1	14.0	83.8	79.1
Malta	421	1.7	7.4	**9.1**	25.7	16.5	83.0	78.6
Netherlands	16,780	2.1	0.8	**2.9**	46.6	16.2	83.0	79.3
Poland	38,533	0.0	–0.2	**–0.2**	22.3	13.8	81.1	72.7
Portugal	10,487	–1.7	–3.6	**–5.3**	45.6	19.4	83.6	77.3
Romania	20,020	–2.7	0.8	**–1.9**	31.0	15.0	78.2	71.1
Slovakia	5,411	0.6	0.6	**1.2**	35.4	12.8	79.9	72.5
Slovenia	2,059	1.3	0.3	**1.6**	57.6	16.8	83.3	77.1
Spain	46,704	1.0	–3.5	**–2.5**	35.5	17.4	85.4	79.5
Sweden	9,556	2.2	5.4	**7.6**	54.5	18.8	83.6	79.9
United Kingdom	63,896	3.8	2.5	**6.3**	47.6	16.9	83.0	79.0
European Union	**505,656**	**0.4**	**1.8**	**2.2**	**39.3**	**17.8**	**83.2**	**77.4**

1. Including population adjustments.
N.B.: the overseas territories Saint–Martin and Saint–Barthélémy are included in the figures for France and the 28–member EU given here. These regions are effectively considered to be part of the EU. Italy, UK and EU: 2011 figures.
Source: Eurostat (data retrieved January 2013), except France: INSEE population forecasts. INSEE calculations for EU population totals and developments.

2. Short-term birth-rate indicator in EU member States in 2012



Note: Italian figures from the National Institute, UK and EU figures are for 2011.
Source: Eurostat (data retrieved January 2014).

2.2 Education

The governments of the European Union (EU) reached an agreement at the 2000 Lisbon Summit to promote a society and an economy which give growing importance to the development of knowledge. Seven priorities were identified for the period up to 2020, translated into detailed objectives: two of these targets feature among the "major objectives" of the "Europe 2020" strategy, the EU's ten-year growth plan.

The expansion of higher education is one of the "major objectives" of Europe 2020. The goal is that by 2020, 40% of all European citizens aged 30 to 34 will have successfully completed higher education, an increase on the figure of 35.7% recorded in 2012. France (43.6%), along with almost half of all member States, has already reached this target, while five countries (Croatia, Italy, Romania, Slovakia and Malta) are still below the 25% mark. France's stated objective for 2020 is 50%.

The second "major objective" of Europe 2020 which relates to education is the campaign to bring the rate of **early school leavers** down to below the 10% mark. The EU average was 12.7% in 2012. Ten countries have already met or surpassed the target, with Croatia (4.2%), Slovenia (4.4%), Slovakia (5.3%) and the Czech Republic (5.5%) leading the way. At the other end of the scale, Portugal, Spain and Malta trail far behind (20-25% early school leavers). France is aiming for 9.5% by 2020, while the current rate remains slightly over the 10% mark (11.6% in 2012).

The third objective is to promote lifelong learning. In the year 2020, at least 15% of adults aged 25-64 should have received training of some sort in the four weeks preceding the survey, be it in educational institutions (high schools, apprenticeship training centres, universities etc.) or elsewhere (town halls, companies, etc.). In 2012 this proportion stood at 9.0% across the EU, and 5.7% in France. The rate is above 20% in the Scandinavian countries, and below 5% in Greece and Central Europe.

Another stated EU objective is to bring the proportion of adolescents with low **basic reading skills** down to below 15% by 2020. In France the rate was 19% in 2012. Germany, Denmark, Estonia, Finland, Ireland, the Netherlands and Poland have already met this target. There is still much room for improvement in Bulgaria, Cyprus, Romania and Slovakia.

Another goal is to expand pre-primary education so that it is available to 95% of all children by 2020, between the age of 4 and the age at which compulsory education begins. This objective has already been attained in over half of member States. The lowest rates of pre-primary education are seen in Greece and Finland (74%).

Employability is a new objective codified in 2012. The EU target for 2020 is an employment rate of 82% among higher education and high-school graduates shortly after completing their qualifications. Eight countries have already met this target, including Austria and Malta where the rate is over 90%. France is in mid-table, with an employability of 76.5% in 2012. With rates below 60%, Italy, Croatia and Greece have a long way to go to meet this target.

Finally, the seventh objective concerns mobility between different countries for students, and is not yet quantifiable. ■

Definitions

Early school leavers: young people aged 18-24 with no high-school qualifications and who are neither in education nor in training (formal or informal).
Basic reading skills: a measurement based on a simple text requiring some general knowledge. See the *Glossary*.
Employability: Evaluated by the rate of employment of secondary school or higher education graduates who are no longer studying and who earned their qualification within the last three years.

Further Reading

- See the special report, "Reducing the number of early school leavers: a key objective of the "Education and Training 2020" programme".
- *L'état de l'École*, DEPP, 2013 edition.
- *Repères et références statistiques sur les enseignements et la formation*, DEPP, 2013 edition.
- "*Education and Training Monitor 2012*", European Commission, 2012.

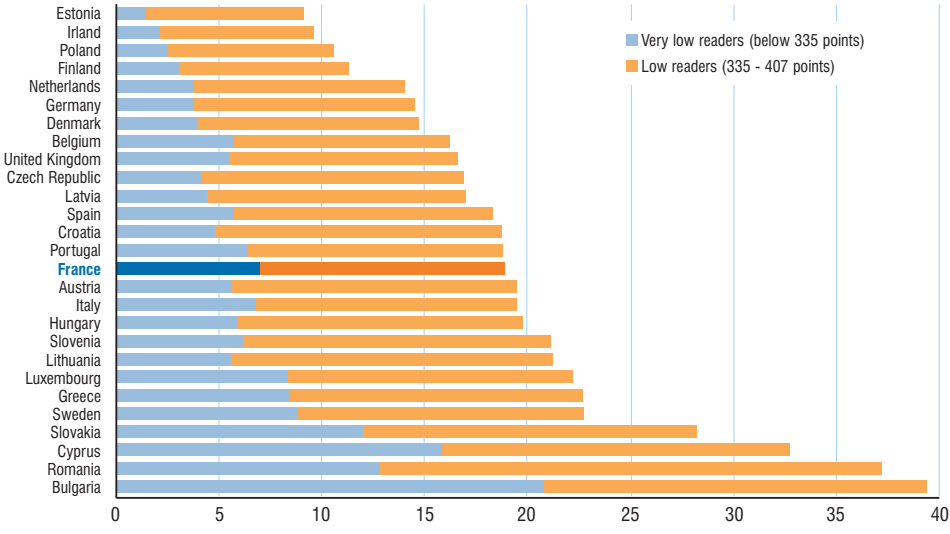
1. Situation of countries in relation to the Lisbon objectives targeting education and vocational training in 2020

as a %

	2012				2011
	Graduates in higher education	Early school leavers	Lifelong learning	Employability	Pre-primary education
Austria	26.3	7.6	14.1	91.2	94.3
Belgium	43.9	12.0	6.6	80.9	98.1
Bulgaria	26.9	12.5	1.5	67.3	86.6
Croatia	23.7	4.2	2.4	58.7	70.6
Cyprus	49.9	11.4	7.4	73.0	85.0
Czech Republic	25.6	5.5	10.8	82.3	87.8
Denmark	43.0	9.1	31.6	84.1	98.3
Estonia	39.1	10.5	12.9	75.1	89.1
Finland	45.8	8.9	24.5	80.7	74.0
France	**43.6**	**11.6**	**5.7**	**76.5**	**100.0**
Germany	31.9	10.5	7.9	87.3	96.4
Greece	30.9	11.4	2.9	42.9	74.6
Hungary	29.9	11.5	2.8	73.4	94.5
Ireland	51.1	9.7	7.1	69.3	99.7
Italy	21.7	17.6	6.6	54.3	96.8
Latvia	37.0	10.5	7.0	74.2	92.7
Lithuania	48.7	6.5	5.2	76.0	84.2
Luxembourg	49.6	8.1	13.9	84.6	95.6
Malta	22.4	22.6	7.0	91.9	100.0[1]
Netherlands	42.3	8.8	16.5 *p*	89 .3	99.6
Poland	39.1	5.7	4.5 *p*	73.3	78.4
Portugal	27.2	20.8	10.6	67.9	95.4
Romania	21.8	17.4	1.4	69.4	82.0
Slovakia	23.7	5.3	3.1	68.6	76.9
Slovenia	39.2	4.4	13.8	73.2	92.9
Spain	40.1	24.9	10.7	62.4	100.0
Sweden	47.9	7.5	26.7	83.2	95.3
United Kingdom	47.1	13.5	15.8	81.5	97.0
EU28	**35.7**	**12.7**	**9.0**	**75.7**	**93.2[2]**
Objective 2020	**40.0**	**10.0**	**15.0**	**82.0**	**95.0**

1. Break in data series. 2. EU27.
Source: Eurostat, labour force surveys and school population statistics.

2. Proportion of young people under the age of 15 with low basic reading skills in 2012



Source: MEN-MESR DEPP / OECD, data from the international programme for monitoring pupils' skill levels (PISA).

as a %

2.3 Old age

The ageing of Europe's population continues: over a ten-year period ending 1st January 2013, the proportion of the population aged 65 and over increased from 16.2% to 18.2%. This phenomenon was most noticeable in Malta (an increase of over 4 points in ten years), followed by Finland where the proportion of over-65s grew from 15.3% to 18.8% over the same period. In Luxembourg, Belgium and Spain, the proportion has risen much more slowly (less than one point over the same period).

Given the disparity in life expectancy between men and women, this ageing has mostly affected women. In 2013, across the 28 EU member States, women accounted for 57.6% of the population aged 65 and over and 65.1% of the population aged 80 and over. Within member States, the extent of the over-representation of women in the older age groups depends on the gap between the respective life expectancies for the two sexes: this gender imbalance is significant in the Baltic nations and Hungary, where the difference in life expectancy between men and women is very pronounced. On the other hand, the elderly population is more evenly balanced in Ireland, Cyprus and Sweden, where women account for around 54% of those aged 65 and over. France is close to the European average, with women representing 58% of over-65s.

The majority of older citizens are not in activity: in 2012, among people aged 65 and over residing in the EU, 95% were not in activity. Remaining in activity beyond the age of 65 is more common in Portugal, Romania and Estonia, where over 10% of older people are active. At the other end of the scale, in Hungary, Spain, France and Slovakia it is rare for older citizens to remain active (around 2%). Remaining in activity after the age of 65 is more common among men: across the EU 7% of men and 3% of women over the age of 65 are in activity. The disparity in the rates of activity among older men and women is very high in Ireland, Portugal and Cyprus (above 9 points).

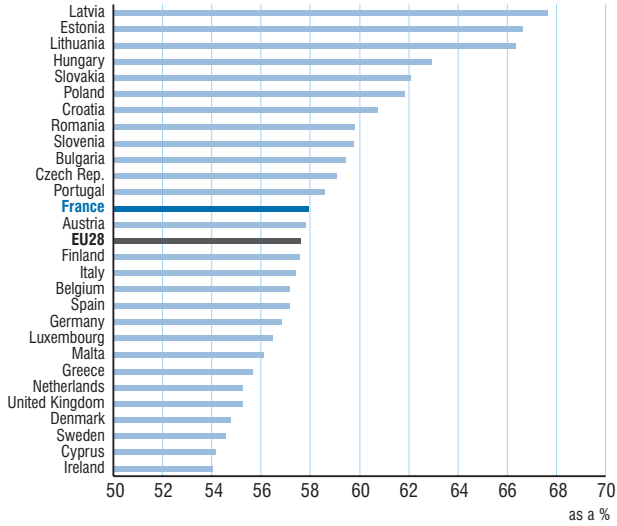
In 2011, spending on **pensions** stood at 12.9% of total GDP in the 28 EU member States. With the exception of Ireland, where this proportion was at its lowest (7.1%), the lowest rates of spending on pensions were generally observed in the Baltic and Eastern European member States. Pensions account for the greatest share of GDP in the Southern European nations (Portugal, Greece and Italy). Pension spending in France is above the EU average (14.5%). In the majority of member States, spending on pensions increased as a share of GDP between 2000 and 2011.

The increase in the proportion of people aged 65 and over has brought with it new challenges, particularly in the form of increased demand for healthcare and personal care services. To receive the care they need, elderly people may turn to their friends and family or else have recourse to **home care and services**. In Germany in 2007, 38% of citizens aged 60 and over received aid from a member of their family not residing with them, a friend or a neighbour, in the form of personal assistance, household work or help with administrative tasks. In Spain the proportion was 20%. In many European nations, including France, Germany, Spain, Italy and Sweden, 'friend and family' assistance was predominantly provided by the children of the elderly people in question. Women are more likely to receive help from their family or friends than men of the same age, almost certainly because they are more likely to be widowed. This asymmetry is particularly obvious in France and Greece (17 points), and less so in Spain (7 points). Elderly people may also receive care and assistance from professionals; here also, women are more often the recipients of care than men of the same age. The gap broadens even further beyond the age of 80. ■

Definitions

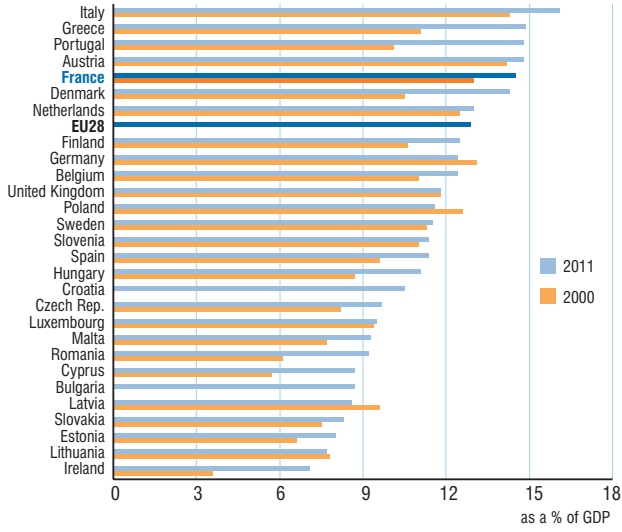
Pensions in this context include disability pensions, pre-retirement pensions, old-age pensions and provisions for surviving dependents.
Home care and services: these include nursing or personal care, for consideration or performed by a professional, home help for domestic chores that the subjects cannot do by themselves due to health problems, and meals brought to homes.

1. Women as a proportion of people aged 65 and over in 2013



Source: Eurostat, data retrieved February 2014.

2. Spending on pensions in 2000 and 2011



Source: Eurostat.

3. Family assistance and home care and services for elderly people in a selection of European member States

as a %

	Receiving aid from a non-resident family member, friend or neighbour within the past 12 months			Receiving home care or services at least once within the past 12 months		
	Women	Men	**Whole**	Women	Men	**Whole**
Austria	33	18	**27**	14	3	**9**
Belgium	40	24	**33**	24	14	**20**
Czech Republic	46	34	**42**	7	4	**6**
Denmark	36	25	**32**	18	10	**14**
France	**30**	**13**	**22**	**29**	**19**	**25**
Germany	45	29	**38**	12	3	**8**
Greece	35	18	**28**	5	2	**3**
Italy	28	17	**24**	9	6	**8**
Netherlands	34	26	**31**	23	11	**18**
Spain	22	15	**20**	8	6	**7**
Sweden	37	22	**30**	10	5	**8**

Scope: household population, people aged 60 and over.
Source: Share survey, round 2 (2006-2007).

2.4 Foreign-born population

In 2012, the EU of 27 was home to 35 million **foreigners**, accounting for just under 7% of the population. The foreign-born population as a share of total population varies significantly from country to country. This proportion is at its highest in Luxembourg (almost 44%), a rate significantly higher than the EU average which makes the Grand Duchy an anomaly. The proportion of foreigners is above 20% in Cyprus, and above 15% in Estonia and Latvia. The latter countries are home to significant numbers of Russian citizens. On the other hand, Poland, Romania and Bulgaria have virtually no foreign-born populations (below 0.5%). France (5.9%) is just above the European average, with similar figures seen in Denmark and Sweden. The differences between countries can be partly explained by differences in policy regarding the naturalisation of foreign residents. All other things being equal, the more difficult the naturalisation process is in a given country, the higher the proportion of foreigners.

Between 2003 and 2012, the number of foreigners increased in all EU nations with the exception of Latvia. The increase was particularly pronounced in Italy and Spain (over 3 million new residents) and the UK (2 million). In Germany, meanwhile, the number of foreigners remained virtually stable (+60,000) and the proportion of foreigners in the total population decreased.

Geographical proximity is a determining factor in the provenance of these foreigners. For example, almost half of all foreigners living in Greece are Albanians, while just below half of those residing in Austria originate from the former Yugoslavia. Over a third of foreigners living in Finland come from Russia or Estonia, while a third of Italy's foreign-born population comes from Albania and Romania. Finally, over a quarter of foreigners living in Ireland are British. Colonial and linguistic ties are also deciding factors. Hence the three most strongly-represented foreign nationalities in France are the Portuguese, the Moroccans and the Algerians. A significant proportion of Spain's foreign-born population comes from South America.

Since the Amsterdam Treaty came into force in 1999, the right to asylum has been managed at EU level. In 2009 the European Parliament adopted a series of measures aimed at improving the asylum system and reinforcing the rights of asylum seekers. These measures included rules making it possible to harmonise the various national systems in place.

In 2012, the European Union processed 336,000 requests for asylum. The largest number of requests came in Germany (78,000), France (61,000), Sweden (44,000), the United Kingdom (29,000) and Belgium (28,000). Taken together these five countries account for over 70% of asylum requests. The total number of people seeking asylum in the EU fell continuously between 2003 and 2006 (falling by 43%). Since 2006, applications have risen significantly (increasing by around 70% between 2006 and 2012), with the exception of a slight dip in 2010. This trend has been particularly visible in Germany and France. In France the number of requests for asylum has doubled since 2006, while in Germany it has almost quadrupled over the same period. ■

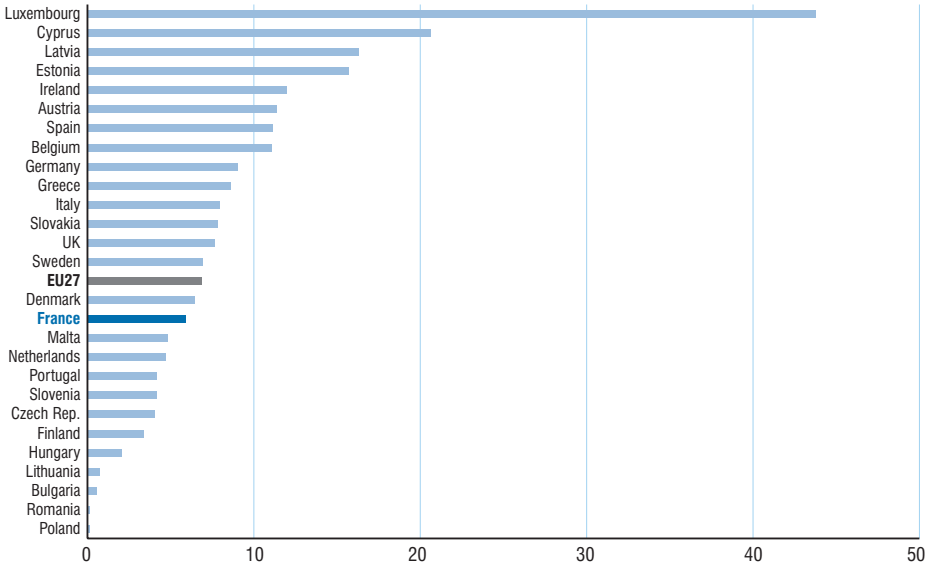
Definitions

Foreigner: a personally usually residing in the reporting country who is a citizen of another country, whether or not that country is a EU member State.

Further Reading

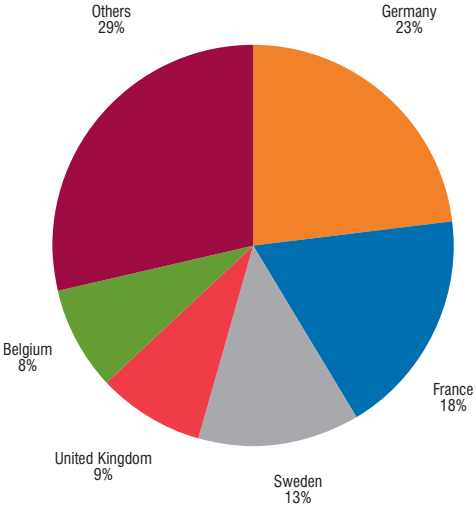
- « Immigrés et descendants d'immigrés en France », *INSEE Références* coll., 2012 edition.
- « *Le nombre et la part des immigrés dans la population : comparaisons internationales* », *Population et Sociétés* n° 4723, INED, November 2010.

1. Proportion of foreigners in 2012



Source: Eurostat, data retrieved February 2014.

2. Distribution of requests for asylum in 2012



Source: Eurostat, data retrieved February 2014.

3. Number of foreigners in 2012

in thousands

	2003	2012	Variation 2003/2012
Austria	746.8	959.3	212.5
Belgium	850.1	1,228.0	377.9
Bulgaria	…	39.5	…
Cyprus	72.5	178.0	105.5
Czech Republic	179.2	423.0	243.8
Denmark	265.4	358.9	93.4
Estonia	…	207.1	…
Finland	103.7	183.1	79.5
France	3,263.2	3,858.3	595.1
Germany	7,348.0	7,409.8	61.8
Greece	…	975.4	…
Hungary	115.9	207.6	91.7
Ireland	329.7	548.9	219.2
Italy	1,549.4	4,860.2	3,310.9
Latvia	534.5	332.9	-201.6
Lithuania	…	22.8	…
Luxembourg	170.7	229.9	59.2
Malta	10.4	20.3	9.9
Netherlands	700.0	786.1	86.1
Poland	41.7	66.2	24.6
Portugal	238.7	439.1	200.4
Romania	…	36.8	…
Slovakia	29.9	424.1	394.2
Slovenia	44.7	85.6	40.9
Spain	2,189.2	5,236.0	3,046.8
Sweden	474.1	655.1	181.0
United Kingdom	2,760.0	4,827.0	2,067.0
Whole excluding Bulgaria. Estonia. Greece. Lithuania. Romania	**22,018.0**	**33,317.3**	**11,299.3**
EU27	**…**	**34,598.9**	**…**

Source: Eurostat, data retrieved February 2014.

Fact sheets

Living conditions and society

3.1 Consumption and living conditions

Housing is the largest single item in household **consumption expenditure** in all of the 27 EU member States (pre-Croatia), with the exception of Lithuania and Romania. In 2012, housing accounted for 29.8% of consumption expenditure in EU member States (27.6% in 1995). The proportion of **expenditure related to housing** is close to 32% in Finland, Sweden, Slovakia and the Czech Republic, and is over 34% in Denmark. This expenditure is considerably lower in Malta, Portugal and Lithuania, where rents (real and imputed) are less significant as a proportion of household consumption expenditure (below 11%, while the EU average is 17%).

Spending on transportation, which includes the purchase and use of personal vehicles as well as other transport services, represented 13.0% of household consumption expenditure across the EU as a whole in 2012. It was the second largest expenditure item in Germany, France and the United Kingdom, and also in Luxembourg, Slovenia, Ireland and Austria. The low taxes levied on vehicles and fuel in Luxembourg attract a number of consumers from across the borders, boosting the Grand Duchy's spending on transport to 19.1% of total consumption expenditure.

The proportion of household expenditure devoted to food has fallen since 1995, dropping from 14.4% in that year to reach 13.0% in 2012. Expenditure on food as a proportion of total household expenditure varies significantly from one country to the next, with the disparities largely representative of the differences in standards of living in different countries. In 11 member States (particularly among relative newcomers to the EU) food is still the second largest expenditure item, while it remains the largest single expense in Lithuania and Romania. In the richer EU nations the proportion of household expenditure allocated to food has been below 15% for the past 15 years.

Expenditure on culture, leisure and communications accounted for 11.3% of consumption expenditure in the EU in 2012. In the Scandinavian countries and the Netherlands, this was the second largest item in consumption expenditure. In spite of significant reductions in the price of such goods, this expenditure has been bolstered in recent years by the dynamic performance of new technologies.

The proportion of household expenditure which goes to hotels, cafés and restaurants – including spending by foreign households visiting a country – is significantly higher in Southern Europe as a result of tourism. As such, this spending represents the second largest item in consumption expenditure in Malta (17.3%), Spain (16.8%) and Cyprus (16.0%), well above the European average of 8.5% in 2012.

In 2012 in the EU, around six in ten residents lived in a house, more often than not a detached house. The proportion of people living in houses is particularly high (over 75%) in the Netherlands, Belgium and the United Kingdom. These countries have a majority of terraced or semi-detached houses. Conversely, in Estonia, Latvia and Spain only a third of people live in houses. Similarly, but to a lesser extent, in Lithuania, Germany, the Czech Republic and Italy, the apartment is the dominant form of dwelling. In the Baltic nations and in Spain, those living in apartments are more likely to be in buildings with more than 10 apartments. In France, the proportion of people living in apartments is below the European average (33%, compared to an EU average of 42% in 2012), but those in apartments are more likely to be in buildings of more than 10 apartments (66% compared with an EU average of 59%). ■

Definitions

Consumption expenditure corresponds to the actual expenditure of households in the country, whether resident or otherwise. It includes the share of healthcare, education and housing costs borne by households, but excludes the share borne by local authorities.

Expenditure related to housing, in its broad definition, includes all expenditures related to housing and its equipment (rents, heating, water, electricity, gas, everyday maintenance, furnishings, cleaning items, etc.), including "imputed" rents.

Further Reading

- "Europe in figures – Eurostat Annual 2013", *Online statistical publications*, Eurostat.
- "European social statistics", *Pocketbooks*, Eurostat, 2013 edition.
- "Analysis of EU-27 household final consumption expenditure - Baltic countries and Greece still suffering most from the economic and financial crisis", *Statistics in focus*, Eurostat, march 2013.

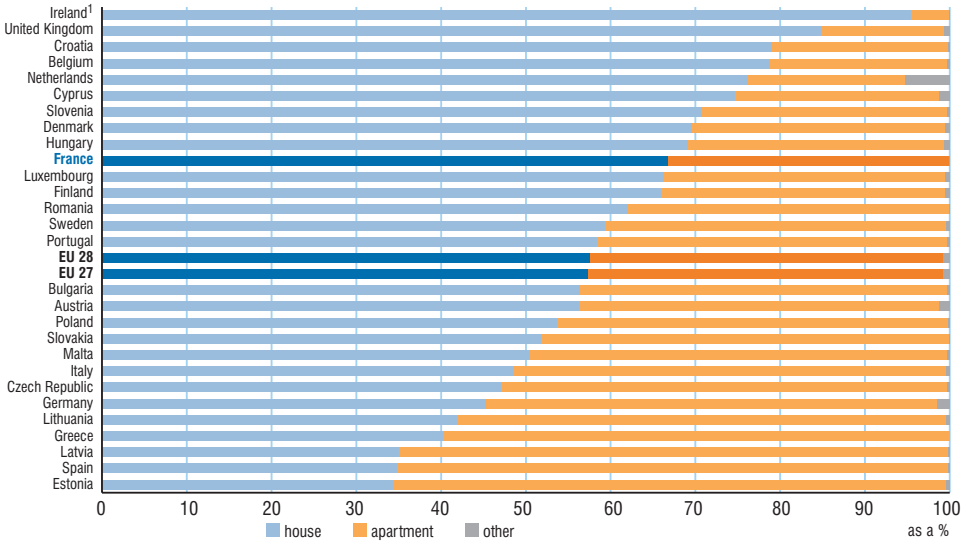
1. Breakdown of household consumption expenditure across the European Union in 2012, in value

as a %

	Housing[1]	Transport	Food and non-alcoholic beverages	Culture, leisure, communication	Hotels, cafés and restaurants	Other
Austria	28.1	13.3	10.0	12.4	12.1	24.1
Belgium	29.9	12.0	13.6	11.1	6.0	27.4
Bulgaria[2]	23.9	16.3	19.7	13.5	6.4	20.2
Cyprus	23.9	10.5	13.4	10.8	16.0	25.4
Czech Republic	31.7	9.4	15.5	12.0	7.7	23.7
Denmark	34.3	12.5	11.3	12.6	5.3	24.0
Estonia	23.7	13.3	19.0	10.5	7.8	25.7
Finland	32.3	11.1	12.5	13.1	6.4	24.6
France	**31.3**	**13.9**	**13.7**	**10.7**	**7.0**	**23.4**
Germany	30.5	13.7	11.7	11.7	5.9	26.5
Greece[2]	27.8	11.8	16.2	8.5	11.7	24.0
Hungary	25.8	12.7	17.6	11.0	6.8	26.1
Ireland	27.6	13.1	10.2	9.8	12.9	26.4
Italy	30.3	12.5	14.4	9.4	10.1	23.3
Latvia	27.3	14.9	19.2	10.8	5.2	22.6
Lituania[2]	21.6	14.6	25.4	9.1	2.8	26.5
Luxembourg	31.0	19.1	8.3	8.3	6.8	26.5
Malta	18.6	12.4	14.7	14.4	17.3	22.6
Netherlands	30.2	12.1	12.0	13.9	5.0	26.8
Poland	27.6	10.2	18.5	10.6	2.9	30.2
Portugal	22.1	11.5	18.2	10.2	11.2	26.8
Romania[2]	27.2	11.0	27.5	10.7	3.3	20.3
Slovakia	31.5	7.7	17.5	13.0	5.4	24.9
Slovenia	24.8	16.1	14.9	11.8	7.0	25.4
Spain	25.8	11.4	14.2	10.7	16.8	21.1
Sweden	32.0	12.9	12.1	14.2	5.8	23.0
United Kingdom	30.9	14.2	9.2	12.7	9.8	23.2
EU27	**29.8**	**13.0**	**13.0**	**11.3**	**8.5**	**24.4**

1. cf. Definitions. 2. Bulgaria and Greece, 2011 data; Romania, 2010 data; Lithuania, 2009 data.
Source: Eurostat, national accounts (data retrieved January 2014).

2. Distribution of the population by type of dwelling in 2012



1. Ireland: 2011 data.
How to read the chart: in France, 67% of the population lived in houses in 2012.
N.B.: "other" includes buildings which are not primarily intended to be used for accommodation purposes (schools, churches) as well as unusual dwellings such as caves, cellars, cabins etc.
Source: Eurostat, EU-SILC (data retrieved January 2014).

3.2 Income

International comparisons of equivalised incomes usually focus on **gross domestic product** (GDP) or actual household consumption. This latter measure covers household consumption expenditure, but also includes collective forms of expenditure (by general government and non-profit institutions serving households) which benefit individual households. GDP, which measures economic output within national boundaries as the total sum of value added generated by all resident units of production, differs slightly from the income actually received by resident economic entities (because primary incomes, earned income and income from capital, may be received overseas by economic agents residing in France, and conversely such income may be paid by resident agents to non-resident agents).

In order to compare standards of living, it is thus useful to construct our comparisons using **gross national income** (GNI). In order to allow for pertinent comparisons between levels of GDP, GNI or per capita consumption, we need to take into account the differences in prices observed for the same goods in different countries: the figures are deflated by price levels in order to give an idea of income volumes using the **purchasing power standard** (PPS).

In 2012, based solely on GDP per capita, France was the 10th wealthiest nation in the European Union, with a per capita GDP 9% above the EU average, just above the United Kingdom and behind Finland. Luxembourg is the clear leader in this respect, with a per capita GDP which is 2.6 times greater than the EU average. The ranking in terms of GNI per capita is not the same as that for GDP per capita, particularly for Luxembourg (not so far ahead of other member States) and Ireland (which finds itself lower down the table). In Luxembourg, almost half of all workers reside in neighbouring countries. In Ireland, a strong concentration of foreign-owned companies means that a substantial volume of capital income leaves Irish shores.

Although broadly comparable to the two aforementioned rankings, the table for consumption volume per inhabitant does present some clear differences, particularly as the proportion of GDP devoted to actual household consumption varies from country to country (ranging from 38% in Luxembourg to 81% in Greece; in France the figure is 76%). Disparities between countries thus become smaller when we apply this measurement, although they remain significant: in 2012, the level of per capita consumption in Luxembourg was 2.8 times that seen in Bulgaria. France sits in 8th place, with actual household consumption 14% above the European average. In terms of food consumption France is joint top among European nations, alongside Luxembourg and Lithuania, at 16% above the EU average.

The purchasing power of **adjusted gross disposable income** (AGDI) per inhabitant has suffered from the effects of the 2008-2009 financial crisis, though the impact of the recession has differed greatly from country to country. In Germany, while AGDI was growing only moderately before the crisis it has since registered a more sustained rate of growth. In France and the United Kingdom the rapid collapse of the tentative 2009 rebound, coupled with the effects of fiscal consolidation measures, caused purchasing power to stagnate or even decline in 2011 and 2012. Finally, in Italy, purchasing power of AGDI stagnated between 2002 and 2007, and deteriorated continuously from 2008 onwards, with 2012 alone seeing a drop-off of over 4%. In the USA and Japan the sudden decline triggered by the crisis soon gave way to a rapid rebound, with this strong rate of recovery remaining virtually steady in 2011 and 2012. ■

Definitions

Adjusted gross disposable income: disposable income plus social transfers in kind (reimbursement of healthcare expenditure by the social services, housing allocations etc.), the counterpart to the individualised consumption figures counted as part of expenditure by general government and non-profit institutions serving households.
Purchasing power standard, gross domestic product, gross national income: see the *Glossary*.

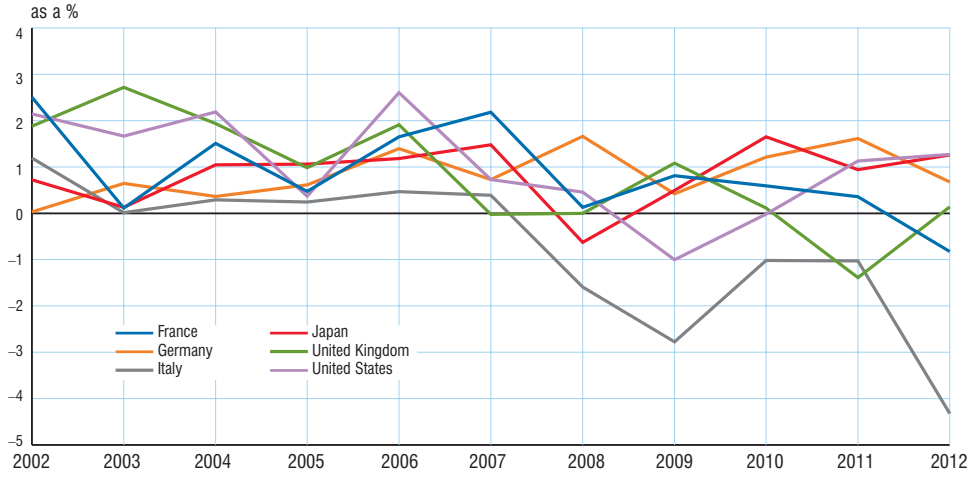
1. Price and volume of GDP, GNI, total actual household consumption, and consumption of food and non-alcoholic beverages indices in 2012

Base index 100 for EU28

	Per capita volumes in purchasing power standard format				Price Indices		
	Gross Domestic Product	Gross National Income	Actual individual consumption	Food and non-alcoholic beverages	Gross Domestic Product	Actual individual consumption	Food and non-alcoholic beverages
Luxembourg	263	179	138	116	120	136	116
Austria	130	129	120	89	110	110	120
Ireland	129	105	98	74	109	120	118
Netherlands	128	129	111	105	110	111	96
Sweden	126	129	117	105	133	136	124
Denmark	126	130	114	87	137	145	143
Germany	123	126	123	103	103	101	106
Belgium	120	120	113	113	111	113	110
Finland	115	115	116	107	121	123	119
France	**109**	**111**	**114**	**116**	**112**	**109**	**109**
United Kingdom	106	106	114	90	113	117	104
Italy	101	100	100	107	100	102	112
Spain	96	95	92	111	91	94	93
Cyprus	92	89	97	98	88	89	109
Malta	86	81	85	90	75	75	98
Slovenia	84	83	79	84	80	82	97
Czech Republic	81	75	72	74	70	68	84
Slovakia	76	74	73	82	68	65	87
Portugal	76	74	77	111	81	83	90
Greece	75	75	85	107	89	89	104
Lithuania	72	70	75	116	60	59	77
Estonia	71	68	62	79	71	71	87
Hungary	67	63	63	63	58	55	81
Poland	67	64	73	95	58	53	62
Latvia	64	64	63	78	67	66	87
Croatia	62	60	60	81	65	66	92
Romania	50	50	50	81	48	49	67
Bulgaria	47	46	49	56	45	43	68

Source: Eurostat.

2. Year-on-year variation in purchasing power of adjusted gross disposable income per capita



Scope: households, sole proprietorships and non-profit institutions serving households (NPISH).
Sources: INSEE, Eurostat, OECD.

3.3 Income poverty and inequality

In 2011 **income poverty** affected 17.0% of citizens in the 28-member EU, i.e. 85 million people. This calculation is based on a poverty line set at 60% of the national median equivalised income, the benchmark figure recommended by Eurostat. The expansion of the EU from 15 to 25 member States in 2004, then to 27 in 2007 and 28 in 2012, has not had a significant impact on the European poverty rate. Nonetheless, significant disparities persist between individual member States: national poverty rates range from 9.6% to 23.1%.

The rate of poverty is at its lowest in the Czech Republic (9.6%) and the Netherlands (10.1%). It ranges from 13.0% to 14.2% in Northern Europe, with the exception of the Baltic countries (Estonia, Latvia, Lithuania) where the rate is higher. Southern European nations have some of the highest levels of poverty: 17.9% in Portugal, 19.4% in Italy, 22.2% in Spain and 23.1% in Greece. The three most recent additions to the European Union - Bulgaria, Romania and Croatia – also have high poverty rates, with 21.2%, 22.6% and 20.5% of their respective citizens living below the national poverty line. France has a poverty rate of 14.1%, 2.8% below the European average, with Germany (16.1%) and the United Kingdom (16.2%) closer to that European average.

In 2011, the average equivalised income in EU member States was 17,500 Euros per annum. National averages range from 2,410 in Romania to 36,930 in Luxembourg, the latter being 15 times greater than the former. By converting the figures into **purchasing power standard** form (PPS), this ratio is halved (1x to 7.5x). France is among the countries with the highest average equivalised income.

As an EU average, the minimum equivalised income for the wealthiest 10% (D9) is 3.7 higher than the maximum equivalised income for the bottom 10% (D1). France is close to this EU average, with an interdecile range (D9/D1) of 3.5. In 2011, the mass of disposable income per consumption unit held by the richest 20% of the EU population was 5.1 times greater than that held by the poorest 20%. This **ratio** ranges from 3.4-3.5 in Slovenia and the Czech Republic to 7.2 in Spain. In France the ratio is 4.5, similar to that seen in Germany (4.3). The ratio is particularly high in Latvia (6.5) and the two most recent EU members, Bulgaria and Romania (6.1 and 6.3).

Across the EU as a whole, the **poverty gap** is 23.5%. In Finland, Luxembourg, the Netherlands, Belgium, Sweden and France, the level of this indicator is well below this average (not exceeding 19.0%), indicating that the equivalised income of those in poverty is closer to the national median. At the other end of the scale, the gap is widest in Bulgaria, Spain and Romania (in excess of 30%), countries afflicted by particularly high rates of poverty and inequality. ■

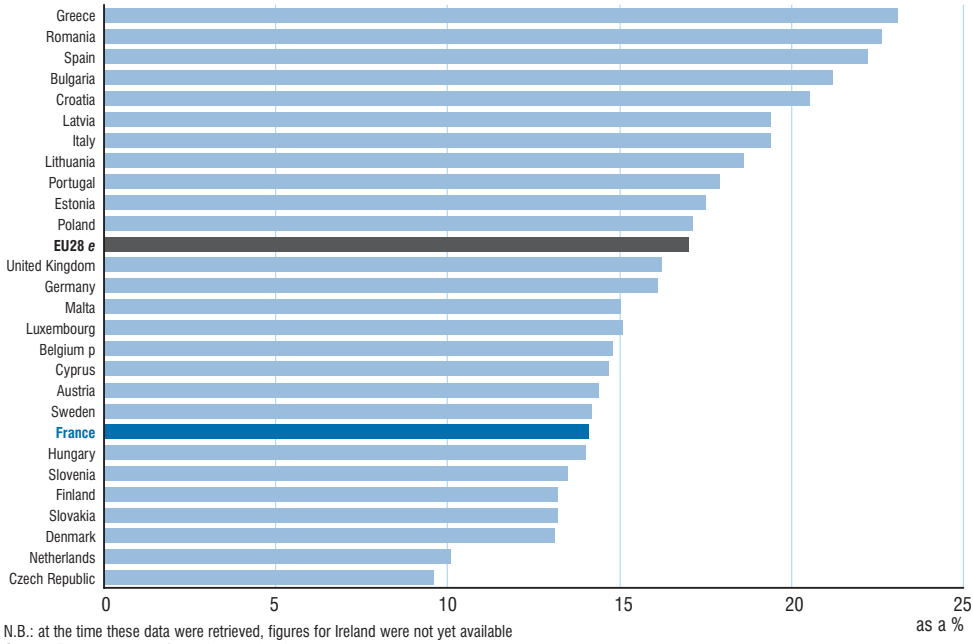
Definitions

Income poverty: defined in relation to the distribution of the equivalised incomes in the whole population, setting the poverty line as a proportion (60%) of the median equivalised income.
100-S80/S20 ratio: shows the differential between the mass of disposable income per consumption unit held by 20% of the richest persons and that held by 20% of the poorest persons.
GINI index, poverty gap, purchasing power standard (PPS): see the *Glossary*.

Further Reading

- "23% of EU citizens were at risk of poverty or social exclusion in 2010", *Statistics in focus*, Eurostat, February 2012.
- « Les approches de la pauvreté à l'épreuve des comparaisons internationales », *Économie et Statistique* issue 383-384-385, INSEE, December 2005.

1. Poverty rates in the EU in 2011



N.B.: at the time these data were retrieved, figures for Ireland were not yet available
Source: Eurostat, data retrieved January 2014.

2. EU poverty and inequality indicators in 2011

	Average equivalised income		D9/D1 ratio	Ratio "(100-S80)/S20"	GINI index	Poverty gap, as a %
	in Euros	PPS				
Austria	24,420	22,960	3.4	4.2	0.276	20.1
Belgium	21,810	19,650	3.2	3.9	0.265	18.1
Bulgaria	3,280	6,640	4.9	6.1	0.336	31.4
Croatia	6,005	8,194	4.6	5.4	0.31	28.8
Cyprus	20,220	22,750	3.7	4.7	0.31	19.0
Czech Republic	8,770	11,460	2.9	3.5	0.249	19.1
Denmark	28,860	20,120	3.0	4.5	0.281	22.8
Estonia	7,120	9,140	4.4	5.4	0.325	23.8
Finland	25,150	20,170	3.1	3.7	0.259	15.0
France	**24,500**	**22,230**	**3.5**	**4.5**	**0.305**	**19.0**
Germany	22,020	21,350	3.6	4.3	0.283	21.1
Greece	10,680	11,170	4.9	6.6	0.343	29.9
Hungary	5,310	8,250	3.3	4.0	0.269	21.0
Italy	18,200	17,430	4.2	5.5	0.319	25.4
Latvia	5,460	7,400	5.1	6.5	0.359	28.4
Lithuania	5,120	7,790	4.4	5.3	0.32	22.6
Luxembourg	36,930	30,030	3.4	4.1	0.28	15.0
Malta	12,680	16,280	3.3	3.9	0.272	16.0
Netherlands	22,950	21,220	2.9	3.6	0.254	17.3
Poland	5,900	9,950	4.0	4.9	0.309	22.2
Portugal	10,250	11,780	4.6	5.8	0.345	24.7
Romania	2,410	4,000	5.3	6.3	0.332	30.9
Slovakia	7,560	10,440	3.2	3.7	0.253	20.5
Slovenia	12,970	15,120	3.0	3.4	0.237	19.1
Spain	13,890	14,290	5.4	7.2	0.35	31.4
Sweden	26,260	20,770	3.0	3.7	0.249	18.6
United Kingdom	22,690	21,050	3.9	5.4	0.328	21.0
EU28 *e*	**17,457**	///	**3.7**	**5.1**	**0.306**	**23.5**

N.B.: at the time these data were retrieved, figures for Ireland were not yet available
Source: Eurostat, data retrieved January 2014.

3.4 Social protection

The social protection systems in place vary greatly from one EU member State to the next. The products of very different historical and demographic circumstances, these systems continue to operate and evolve in very different socio-economic and institutional contexts. Some are based on a health insurance model funded by contributions, while others are more defined by the principle of solidarity and funding via tax revenue.

With social protection systems which are less advanced, the most recent EU members are in different circumstances from those in the 'historic' member States. The twelve countries which joined the EU between 2004 and 2007 spend less on social protection per capita than the original EU of 15, both in **GDP** terms and in terms of **purchasing power standard** (PPS). For example, in 2010 Poland spent 19.2% of GDP on social protection, an average of €3,198 per capita in PPS terms, compared to an average of 30.1% (€8,050) in the 15 historic member States. France and Denmark were the biggest spenders on social protection in 2010, with approximately one third of GDP (33.8% and 34.3% respectively). However, if we consider social protection expenditure in PPS terms, France and Germany spend virtually the same amount (slightly more than €9,000 per capita PPS), behind Sweden, Ireland, Austria, Denmark, the Netherlands and Luxembourg (the latter three spending over €10,000 PPS per capita).

Member States differ not only in the extent of their spending on social protection, but also in terms of the allocation of this expenditure to different **risks**. In 2010, the "old age-surviving dependents" and "sickness-healthcare-disability" risks represented the largest items of expenditure in all European countries: an average of 12.8% of GDP was spent on the former and 10.4% on the latter. These two risks account for over 80% of total social protection expenditure. Ireland is the country which spends the lowest proportion of its GDP on "old age-surviving dependents" (6.6%), mainly as a result of the relatively youthful population. Italy, on the other hand, is the country which spends the most on this risk (17.4%), closely followed by France, Greece and Austria (all over 14% of GDP). This disparity can be partly attributed to the proportion of citizens aged 65 and over in each country, but also to the relative generosity of each country's pension system. Spending allocated to the "family-children" risk averages at 2.3% of GDP, highest in Denmark (4.0%) and lowest in Poland (0.8%). France is above the EU average, devoting 2.7% of GDP to expenditure on families, in gross terms (without deducting taxes or charges which may apply to social services, or adding the effects of fiscal measures which fulfil the same social objective, such as the family credit or tax reductions for childcare).

"Housing" and "social exclusion" receive 0.6% and 0.4% of European GDP respectively (EU of 27). The United Kingdom devotes the largest share of GDP to expenditure on housing (1.5%), followed by Cyprus (1.1%), France (0.8%), Denmark (0.8%) and Germany (0.6%). Expenditure on the "social exclusion" risk is lowest in Italy, at 0.1% of GDP; nor is there any national minimum wage in Italy. France is above the European average in this respect, spending 0.8% of GDP on tackling social exclusion in 2010. ■

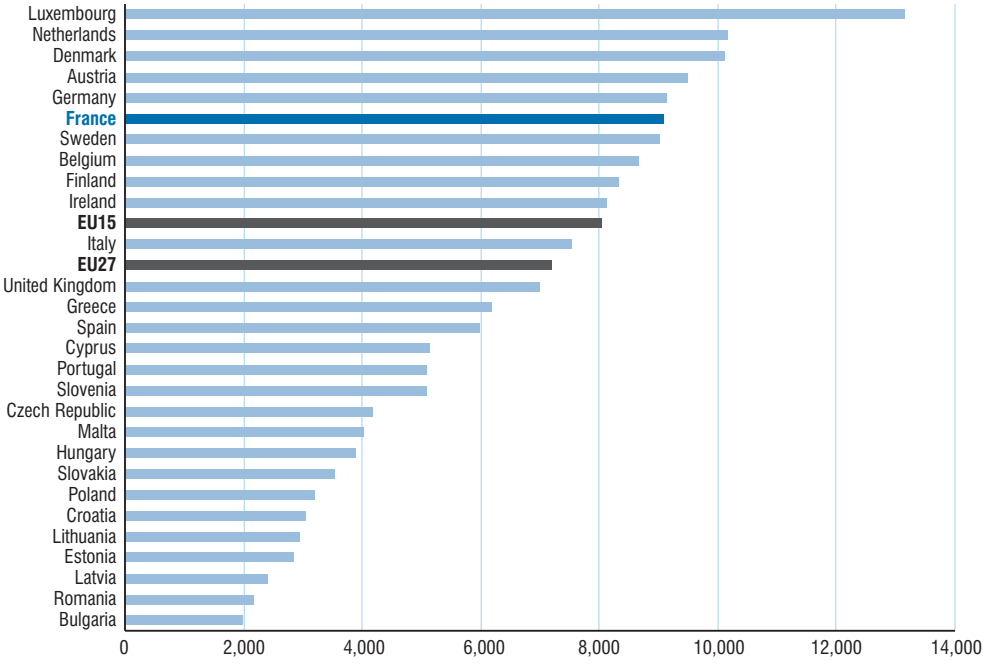
Definitions

GDP, purchasing power standard, risk: see the *Glossary*.

Further Reading

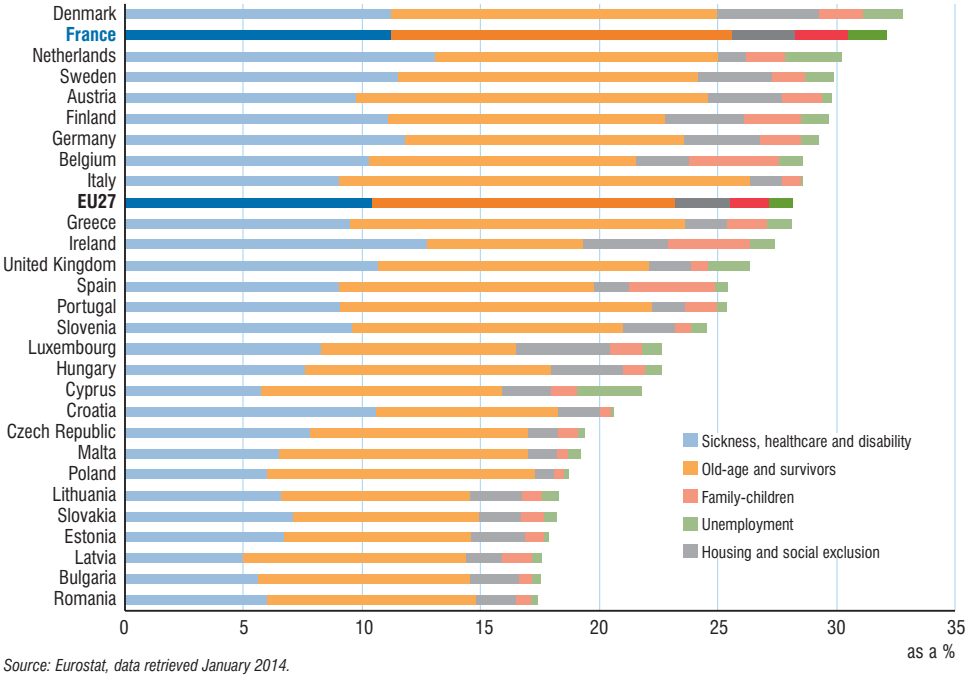
- « La protection sociale en France et en Europe en 2011 », *Études et statistiques* coll., DREES, 2013 edition.
- ESSPROS *Manual and user guidelines*, Eurostat, 2012 edition.
- « Quelles évolutions des dépenses sociales dans la crise en Europe ? », in *La protection sociale en France et en Europe*, « Études et statistiques » coll., DREES, 2013 edition.

1. Social protection expenditure per capita in PPS terms, 2010



Source: Eurostat, data retrieved January 2014.

2. Expenditure on individual social risks as a proportion of GDP in 2010



Source: Eurostat, data retrieved January 2014.

3.5 Health

In 2011, **healthcare expenditure** in the EU member States varied from just below 6% of GDP (Estonia) to almost 12% (the Netherlands). Countries in Eastern Europe spend less than the EU average, with healthcare expenditure as a proportion of GDP topping 10% in Portugal, Belgium, Austria, Denmark, Germany, France and the Netherlands. Public expenditure accounts for between 65% and 86% of total healthcare expenditure. There is no obvious correlation between the public contribution to total expenditure and the importance of this total expenditure as a proportion of GDP. In the Netherlands and Luxembourg, public spending on healthcare accounts for a large majority of total expenditure, but total healthcare expenditure represents just 11.9% of GDP in the Netherlands and 6.6% in Luxembourg; Portugal and Hungary are the member States where public healthcare expenditure is lowest (only two-thirds of total healthcare expenditure), but the total healthcare spending of these two countries is very different. In terms of healthcare expenditure the situation in Japan is broadly comparable to that seen in Western Europe (9.6% of GDP goes on healthcare, with just over 80% coming from the government). The situation in the United States, meanwhile, is very different indeed: total expenditure on healthcare is much higher (17.7% of GDP), but less than half of this (47.8%) is public spending.

Levels of the principal healthcare resources (doctors, nurses, hospital beds) vary greatly from one European country to the next. The number of doctors per 1000 people is 2.2 in Poland, 4.8 in Austria and 6.1 in Greece, with France somewhere in the middle (3.3). The number of nurses per 1000 people ranges from 3.3 in Greece to 15 in Belgium and Denmark (8.7 in France). Nevertheless, drawing comparisons is difficult as the responsibilities of nurses can vary quite widely from one country to the next. The number of hospital beds per 1000 people varies from just below 3 (Sweden, United Kingdom, Ireland) to over 8 in Germany (where outpatient surgery was brought in later than in other countries). Japan and the United States both have low numbers of doctors (2.2 and 2.5 per 1000 people respectively) and relatively high numbers of nurses (10.0 and 11.1). The number of hospital beds is very low in the USA and very high in Japan (over 13 per 1000 people, with many being used for long-term treatment of elderly patients).

Healthy life years is a measurement of the number of years a person born in 2012 can expect to live in good health, defined as the absence of restrictions on everyday activities and major disabilities resulting from health problems. This indicator is assessed on the basis of the respondents' perception of the extent of their health difficulties. As an EU average, men born in 2012 can expect to live 61.3 years in good health, while women can expect 61.9 years. Men and women both have a healthy life expectancy of over 70 in Malta and Sweden, and over 65 in Ireland and Luxembourg. This life expectancy is at its lowest in the majority of Eastern European nations (particularly Estonia, Slovakia, Latvia, Slovenia, Lithuania and Romania) as well as Portugal, Finland and Germany. France is slightly above the EU average in this respect (62.6 years for men, 63.9 for women). In most countries, healthy life expectancy for women exceeds that for men (by an average of 0.6 years across the EU). This disparity is particularly sharp in Eastern Europe (Estonia, Latvia, Lithuania, Poland, Croatia and Bulgaria). Meanwhile, the gender roles are reversed in the Netherlands. Furthermore, perception of the state of one's health can vary from country to country, as can respondents' understanding of the questions asked as a result of differences in terminology. This may affect the comparability of national data, and go some way to explaining the fact that Germany's figures are below average. ■

Definitions

Healthcare expenditure, healthy life years: see the *Glossary*.

Further Reading

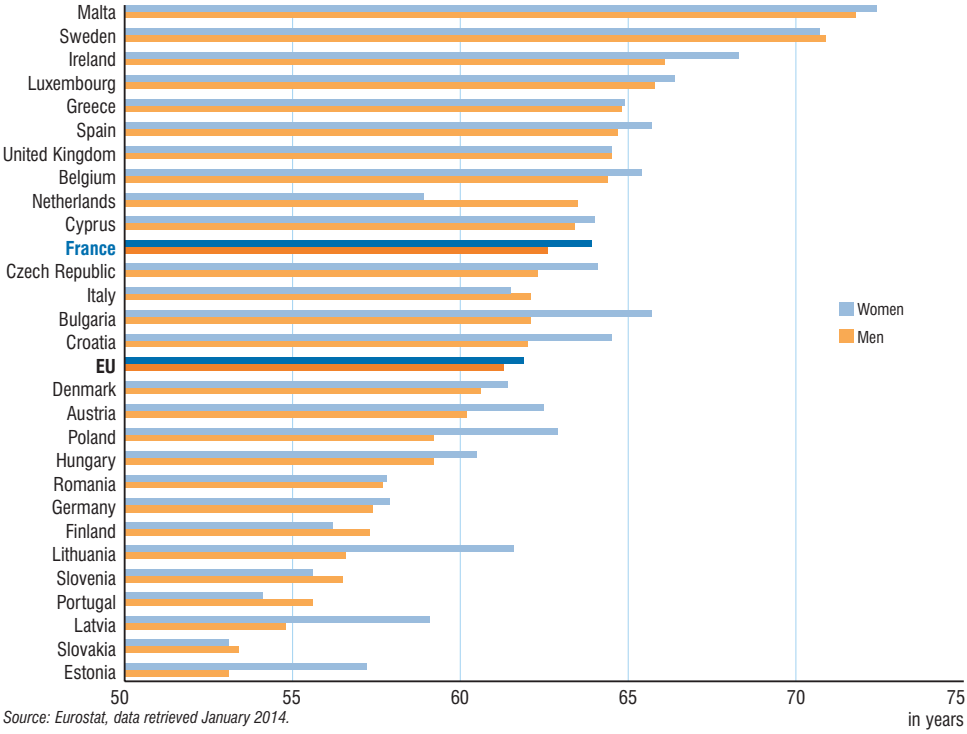
- Les comptes nationaux de la santé en 2012, Document de travail - Série Statistiques n° 185, DREES, September 2013.
- « État de santé de la population en France », *Études et Statistiques* coll., DREES, 2011.

1. Healthcare in the EU, Japan and the USA in 2011

	Healthcare expenditure	Public healthcare expenditure	Number of:		
			doctors	nurses	hospital beds
	(proportion of GDP)	(proportion of total health spending)	(per 1000 people)		
Estonia	5.9	79.3	3.3	6.2	5.3
Luxembourg	6.6	84.0	2.8	11.3	5.4
Poland	6.9	70.3	2.2	5.2	6.6
Czech Republic	7.5	84.2	3.6	8.0	6.8
Hungary	7.9	65.0	3.0	6.2	7.2
Slovakia	7.9	70.9	3.3	5.9	6.1
Slovenia	8.9	73.7	2.5	8.3	4.6
Ireland	8.9	67.0	2.7	12.2	3.0
Finland	9.0	75.4	3.3	10.3	5.5
Greece	9.2	65.1	6.1	3.3	4.9
Italy	9.2	77.8	4.1	6.3	3.4
Spain	9.3	73.0	4.1	5.5	3.2
United Kingdom	9.4	82.8	2.8	8.6	3.0
Sweden	9.5	81.6	3.9	11.1	2.7
Japan	9.6	82.1	2.2	10.0	13.4
Portugal	10.2	65.0	3.98	6.1	3.4
Belgium	10.5	75.9	2.9	15.4	6.4
Austria	10.8	76.2	4.8	7.8	7.7
Denmark	10.9	85.3	3.5	15.4	3.5
Germany	11.3	76.5	3.8	11.4	8.3
France	**11.6**	**76.8**	**3.3**	**8.7**	**6.4**
Netherlands	11.9	85.6	3.0	11.8	4.7
United States	17.7	47.8	2.5	11.1	3.1

Note: information is available in the OECD's "Health" database for 21 EU members. They cover the year 2011, or the closest available alternative.
Sources: OECD, data retrieved January 2014.

2. Life expectancy in good health at birth, 2012



Source: Eurostat, data retrieved January 2014.

3.6 Environment

In 2011 **renewable energies** supplied 13% of gross final energy consumption in the 28-member EU, but the national figures showed substantial variation. In five countries (Malta, Luxembourg, the United Kingdom, Belgium and the Netherlands), the contribution of renewable energies was below 5%. On the other hand, renewables provided over 30% of energy in Austria, Finland and Latvia, and exceeded 46% in Sweden. In France, the share of renewable energy sources was slightly below the European average (12% in 2011, 13% in 2012). However, the biofuels used in France in 2011 did not receive sustainable certification (on account of a delay in applying EU directive 2009/28/EC) and were therefore not counted as renewables by Eurostat. Taking these fuels into account would have boosted the contribution of renewable energy sources to France's gross final energy consumption up to the European average level of 13%.

The **productivity of resources** is a measurement of the quantity of materials physically used to satisfy the demand from a country's population. The EU of 27 average for 2011 was 1.6 Euros per kilogram. The majority of countries in Eastern Europe have weaker productivity figures (below €1/kg), while generally speaking those in Western Europe tend to be above average. France is among the five most efficient member States in this respect (just behind the United Kingdom, Luxembourg, the Netherlands and Malta).

Municipal **waste** products amount to a total of approximately 500kg per resident of the 28-member EU. Per capita waste varies from 300kg per annum in Estonia to 700kg in Denmark. In France, waste collected by municipal authorities stands at 527kg per person.

In 2012, five countries had **environmental taxes** in place which amounted to less than 2% of GDP (Spain, Lithuania, Slovakia, France and Romania). Conversely, three countries have environmental tax rates which exceed 3.5% (Denmark, Slovenia and the Netherlands). In the EU of 27 as a whole, environmental taxes amounted to 2.4% of GDP in 2011.

Between 2001 and 2011, in the 27-member EU, **environmental taxes** fell by 0.2 points as a proportion of GDP. There was relatively large growth in the tax burden in many countries, but no common trend emerges. The proportion of environmental taxes grew in six countries, with the greatest increase being the 0.67 points seen in Estonia. The proportion remained practically stable (variation of between –0.1 and + 0.1 GDP points) in seven countries, including France. It shrank in 14 countries, with the greatest decline recorded in Lithuania (-0.86 points) and Denmark, the country with the highest environmental taxes (-0.68 points). Between 2001 and 2011 the relative standing of member States in this regard changed very little. ■

Definitions

Renewable energies: see the *Glossary*.
Productivity of resources: the ratio between GDP in volume and domestic consumption of materials, measured in Euros per kilogram. Apparent domestic consumption of materials includes fossil fuels, minerals and agricultural products, produced nationally or imported in the form of raw materials or finished products; exports are deducted. This indicator measures the total quantity of materials physically used by the national economy in order to satisfy demand from the population.
Waste: is defined as any residue from a process of production, transformation or use, or any substance, material or product that has been abandoned or destined for abandonment by its owner. Municipalities must manage the waste produced by households, the waste that they produce themselves, and that originating from the crafts or retail trades, which is collected in the same way as household waste.
Environmental taxes: taxes whose tax base is a physical unit (or a proxy of it) that has a proven specific negative impact on the environment, and which are considered as a tax by ESA 95. All environmental taxes include taxes on transportation, energy, pollution and resources.

Further Reading

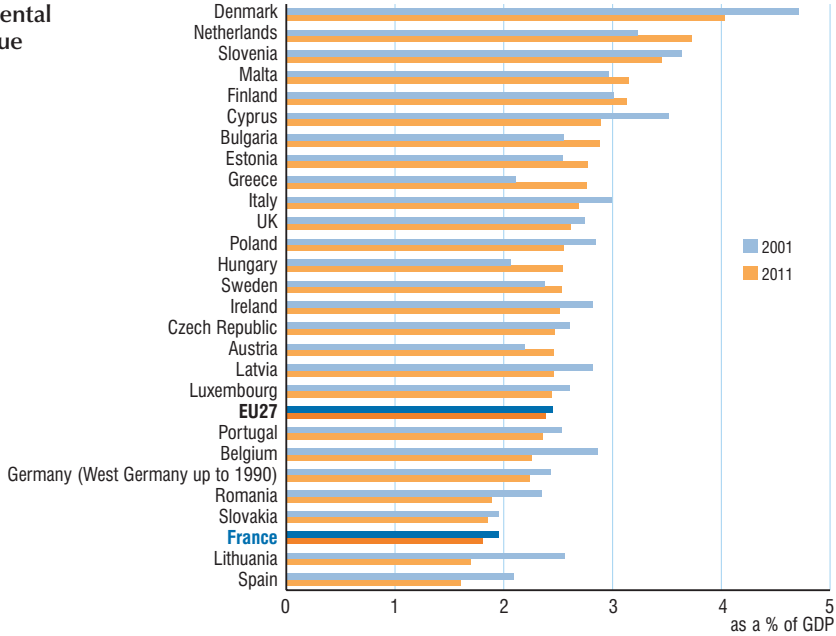
- *Repères, chiffres clé de l'environnement*, Commissariat Général au Développement Durable, October 2013.

1. Principal environmental indicators in the EU in 2011

	Renewable energy sources as a proportion of final gross energy consumption	Productivity of resources		Municipal waste
	(%)	(Euros/kg)	(Base 100 in 2001)	(kg/resident)
Austria	30.9	1.43	117.9	552
Belgium	4.1	1.79	118.1	464
Bulgaria	13.8	0.20	117.5	375
Croatia[2]	15.7	0.81	…	373
Cyprus	5.4	0.83	108.8	658
Czech Republic	9.4	0.69	146.8	320
Denmark	23.1	1.66	115.5	719
Estonia	25.9	0.42	100.8	298
Finland	31.8	0.93	117.6	505
France	**11.5**	**2.25**	**125.1**	**527**
Germany	12.3	1,82	121.1	597
Greece	11.6	1.37	132.4	496
Hungary	9.1	0.90	153.1	382
Ireland	6.7	1.71	224.0	623
Italy	11.5	2.02	134.6	535
Latvia	33.1	0.32	126.2	350
Lithuania	20.3	0.56	106.4	442
Luxembourg	2.9	3.21	130.0	687
Malta	0.4	2.52	76.6	583
Netherlands	4.3	2.89	119.1	596
Poland	10.4	0.40	103.6	315
Portugal	24.9	0.96	123.5	487
Romania	21.4	0.21	59.7	365
Slovakia	9.7	0.67	120.3	327
Slovenia	18.8	1.07	152.1	411
Spain	15.1	1.81	161.2	498
Sweden	46.8	1.60	110.4	460
United Kingdom	3.8	3.22	147.5	518
EU27	**13.0**	**1.60**	**119.7**	**500**
EU28	**13.0**	**…**	**...**	**499**

Source: Eurostat, data retrieved December 2013.

2. Environmental tax revenue



Source: Eurostat.

Fact sheets

Labour market

4.1 Employment and unemployment

In 2012, 64.1% of inhabitants of the European Union (EU) of 28 aged between 15 and 64 had a job. The EU **employment rate** has stabilised overall since 2010, after a 1.7-point drop between 2008 and 2010.

The employment rate among men (69.6%) was 11.1 points high than that of women (58.5%) in 2012. This gap has undergone a structural decrease of around 0.4 points per year since the start of the 2000s, and fell more sharply in 2009 as male employment was harder hit by the crisis than female employment. In Sweden, Finland, Bulgaria and the Baltic countries, the gap was lower than 5 points; in Lithuania it was virtually nil. In Malta, Greece, Italy and the Czech Republic it stood at more than 15 points. In the countries where employment has continued to fall, such as Greece, Italy, Spain and Portugal, the gap has closed more sharply because job cuts have affected male employment more severely.

The objectives of the European employment strategy set in 2000 were to reach a global employment rate of 70% and a female employment rate of 60% by 2010. In 2010, five countries had fulfilled the objectives: Germany, Austria, Denmark, the Netherlands and Sweden. The United Kingdom reached the target in 2012. Six countries, Estonia, Finland, France, Latvia, Lithuania and Slovenia, have only fulfilled the female employment objective.

Within the European Union the rate of employment among people aged 15 to 24 has fallen since the onset of the crisis: it stood at 32.8% in 2012 against 37.3% in 2008. Here again there are sharp disparities: while less than 25% of young people are in employment in 12 EU countries, including Spain, Italy and Greece, the figure stands at more than 50% in Austria, Denmark and the Netherlands. These differences stem from schooling systems and work-studies combinations that vary from one country to the next, but also from the differing degrees of ease with which young people are integrated into the labour market. Germany, the only country in which the employment rate among 15-24 year-olds increased between 2008 and 2011, saw its employment rate among young people decline in 2012. It stood at 46.6%, against 28.5% for France.

The employment rate among Europeans aged 55 to 64 was 48.8%, below the 50% European target but 1.5 points up on the previous year. Ten countries exceeded this objective in 2012, including Germany, Denmark, Estonia and Sweden. In France the employment rate among 55-64 year-olds is still below target.

In the EU, one employed person out of five works part-time. Part-time working is particularly common in the Netherlands (49.8%). It is also high in Germany, Austria, Belgium, Denmark, Ireland, the United Kingdom and Sweden (around one-quarter of employment). Since 2008 it has risen in almost all countries except Poland, Sweden and Croatia.

In 2012, 13.7% of salaried workers in the European Union were on a fixed-term contract. In Spain, Poland and Portugal, fixed-term contracts account for more than one contract in five, whereas this is the case of less than one contract in 20 in Bulgaria, Estonia, Latvia, Lithuania and Romania.

After stabilising in 2011, the unemployment rate in the EU rose once again in 2012, by 0.9 points, reaching 10.5%. The **unemployment rate** is particularly high in Spain (25.0%) and Greece (24.3%). For both these countries the increase was particularly sharp in 2012, respectively + 3.3 and + 6.6 points.

The unemployment rate fell in 9 countries in 2012, including Germany (– 0.4 points) and the United Kingdom (– 0.1 points). The unemployment rate of the under-25 labour force rose by 1.5 points in 2012, standing at 22.9%. In Greece, Spain, Italy, Portugal and Slovakia, the youth unemployment rate is over 33%. ■

Definitions

Employment rate, unemployment rate: see the *Glossary*.

Further Reading

- "Europe in figures - Eurostat yearbook 2013", Eurostat.

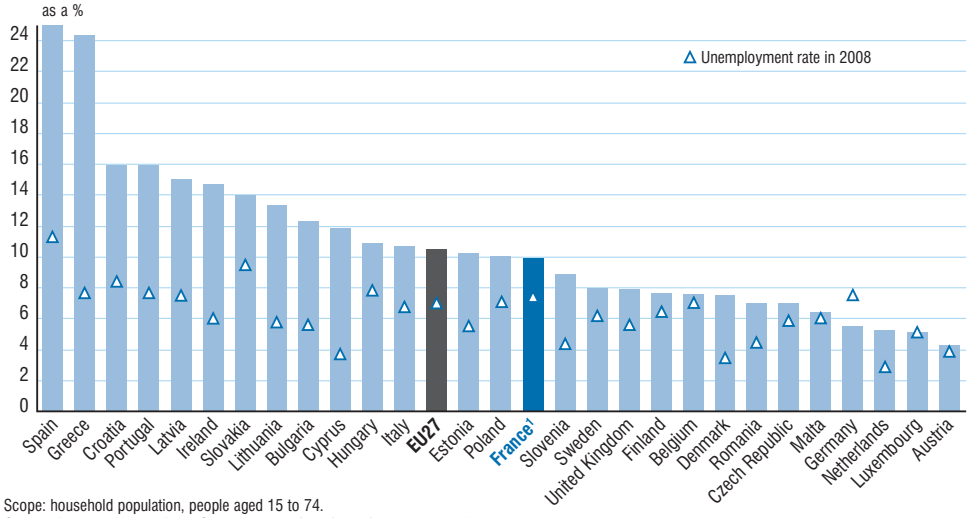
1. Employment rate and employment indicators in 2012

as a %

	Employment rate				Share of part-time employment[1]	Share of workers with a fixed-term contract[2]
	15-64 years			15-24 years		
	Men	Women	**Whole**			
Austria	77.8	67.3	**72.5**	54.6	25.7	9.3
Belgium	66.9	56.8	**61.8**	25.3	25.1	8.1
Bulgaria	61.3	56.3	**58.8**	21.9	2.4	4.5
Croatia	55.1	46.2	**50.7**	16.9	8.4	12.8
Cyprus	70.4	59.4	**64.6**	28.1	10.7	15.0
Czech Republic	74.6	58.2	**66.5**	25.2	5.8	8.8
Denmark	75.2	70,0	**72.6**	55.0	25.7	8.5
Estonia	69.7	64.7	**67.1**	33.0	10.4	3.7
Finland	70.5	68.2	**69.4**	41.8	15.1	15.6
France[3]	**68.1**	**60.0**	**64.0**	**28.5**	**18.0**	**15.2**
Germany	77.6	68.0	**72.8**	46.6	26.7	13.9
Greece	60.6	41.9	**51.3**	13.1	7.7	10.0
Hungary	62.5	52.1	**57.2**	18.6	7,0	9.4
Ireland	62.7	55.1	**58.8**	28.2	24.0	10.2
Italy	66.5	47.1	**56.8**	18.6	17.1	13.8
Latvia	64.4	61.7	**63.0**	28.7	9.4	4.7
Lithuania	62.2	61.8	**62.0**	21.5	9.5	2.6
Luxembourg	72.5	59.0	**65.8**	21.7	19.0	7.7
Malta	73.3	44.2	**59.0**	43.8	14.0	6.9
Netherlands	79.7	70.4	**75.1**	63.3	49.8	19.5
Poland	66.3	53.1	**59.7**	24.7	7.9	26.9
Portugal	64.9	58.7	**61.8**	23.6	14.3	20.7
Romania	66.5	52.6	**59.5**	23.9	10.2	1.7
Slovakia	66.7	52.7	**59.7**	20.1	4.1	6.8
Slovenia	67.4	60.5	**64.1**	27.3	9.8	17.1
Spain	60.2	50.6	**55.4**	18.2	14.7	23.6
Sweden	75.6	71.8	**73.8**	40.2	26.5	16.4
United Kingdom	75.2	65.1	**70.1**	46.9	27.2	6.3
EU28	**69.6**	**58.5**	**64.1**	**32.8**	**19.9**	**13.7**

1. Among all people in employment. 2. Among all salaried workers. 3. Metropolitan France.
Scope: household population, people aged 15 or over.
Note: The data on fixed-term contracts refer to the European definition which is broader than the French definition. For France, the data presented here are consistent with the results of the Labour Force Survey as recast in 2013 and the new series of unemployment rates published in March 2014 (impact of the recasting of the questionnaire: –0.5 points). The employment rate of the EU of 28 has not been calculated with the new data by Eurostat, but should be very similar to the results currently published.
Sources: Eurostat; INSEE for France (except share of workers with a fixed-term contract: Eurostat). Labour Force Surveys (data extraction in January 2014).

2. Unemployment rate in 2008 and 2012



Scope: household population, people aged 15 to 74.
Source: Eurostat, Labour Force Surveys (extraction of data in January 2014).

4.2 Wages and the cost of labour

In the European Union of 27, the average **gross wage** of a full-time employee in industry or market services in 2011 was between 4,700 Euros per year in Bulgaria and 60,000 Euros per year in Denmark, i.e. 13 times higher. Globally, the average annual gross wage was lower than 12,000 Euros in most Baltic States and in Central and Eastern Europe, between 16,000 and 30,000 Euros in southern European countries, and over 30,000 Euros in the other countries of the Union. France is in eleventh position, between the United Kingdom and Greece.

In Europe, **minimum wages** vary sharply, reflecting the differences in levels of development between countries and their institutions. There is a national minimum wage level in 21 countries (at 1st January 2013), either set by law, often after consultation with the social partners, or directly via a national inter-sector agreement (as is the case in Belgium and Greece). It generally applies to all salaried workers, or at least the vast majority of them. The minimum wage is less than 200 Euros per month in Romania and Bulgaria. Generally speaking the minimum wage is lowest in the Eastern European countries. At the other end of the scale, the minimum wage stands at 1,800 Euros per month in Luxembourg. The highest minimum wage levels are to be found in Western Europe (when such wages exist). France ranks fifth, with a level close to that of Belgium, the Netherlands and Ireland, slightly higher than that of the United Kingdom.

Wage differences partly reflect price differentials between countries, particularly among those outside the Eurozone. The wage gaps are less marked when price differentials are taken into account using **purchasing power parities**. For instance, the ratio between the two extremes falls from 13 (wages in Euros) to 5 (wages taking PPP into account). However, the relative positions of the countries remain largely unchanged.

Labour cost variations between countries partly reflect wage differences. But not only. For instance, the number of hours worked annually is lower in the former Europe of 15, and this increases the hourly cost accordingly as compared with the other countries. Furthermore, employers' contribution rates applied to compensation packages differ sharply between countries due to different social systems. For example, in Denmark, where a large proportion of social protection is taxed, wages represent 87% of the cost of labour, the highest level in Europe. France is one of three countries (with Sweden and Belgium) where the share of wages in the cost of labour is lowest (in the order of two thirds). Overall, France has one of the EU's highest hourly costs of labour. ■

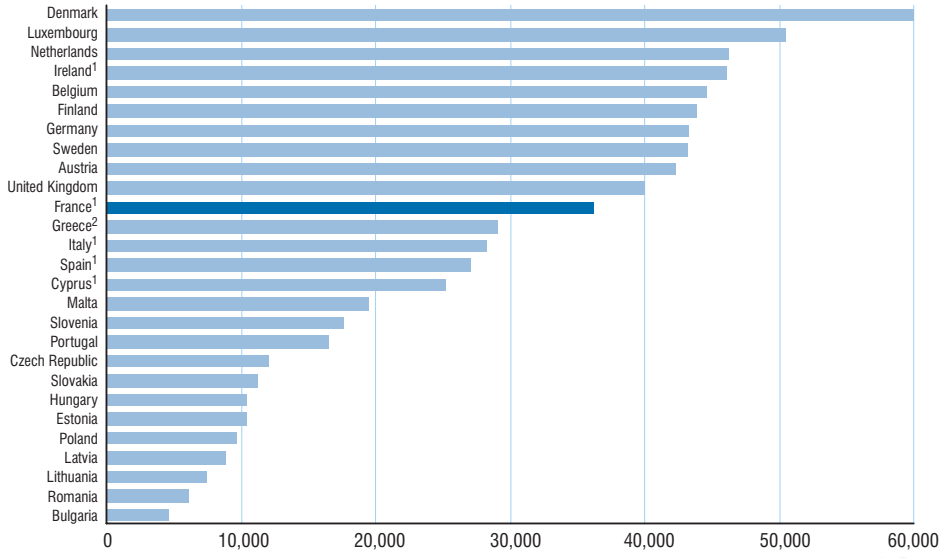
Definitions

Gross wage: corresponds to the total amount paid to an employee under his or her labour contract before any compulsory contributions have been deducted.
Minimum wages: the data presented here refer to the national minimum wages on the 1st of January of the year. In certain countries the national minimum wage is not set on a monthly basis but on an hourly or weekly basis. For these countries the hourly or weekly minimum wages are then converted into monthly wages. The minimum wages are gross, i.e. before income tax and social security contributions are deducted. These deductions vary from one country to the next.
Purchasing power parity: see the *Glossary*.

Further Reading

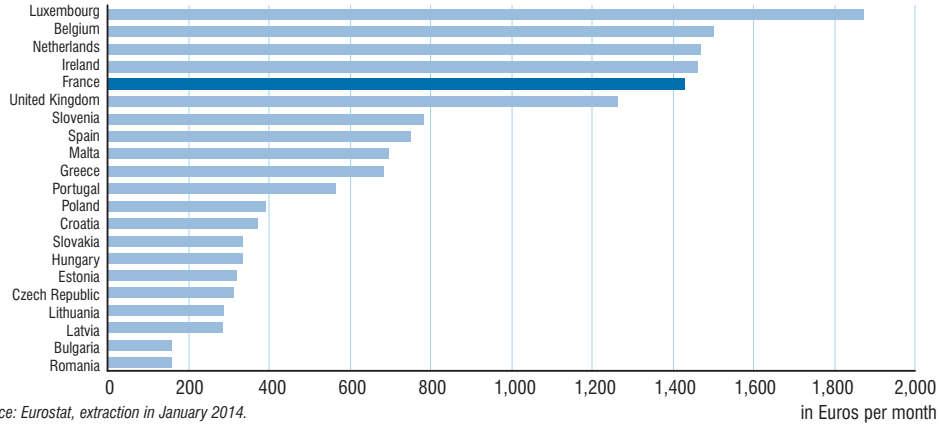
- « Emplois et salaires », *INSEE Références* coll., 2013 edition.

1. Average gross annual wage for a full-time job in 2011 in industry and market services



1. 2010 data. 2. 2009 data.
Scope: full-time wages excluding Italy, Lithuania, Poland, Czech Republic, Slovenia: average full-time equivalent wage; industry and market services sectors, NACE rev. 2; enterprises with 10 employees or more excluding Austria, Belgium, Cyprus, Estonia, Italy, Luxembourg, Poland and the Czech Republic.
Source: Eurostat, extraction of data in August 2013.

2. Minimum wages at 1st January 2013



Source: Eurostat, extraction in January 2014.

3. Total wages and salaries in 2011

as a % of the total cost of labour

Belgium	67.4	Lithuania	71.3
Bulgaria	84.0	Luxembourg	85.9
Croatia	84.3	Netherlands	76.9
Czech Republic	72.8	Portugal	79.8
Denmark	86.9	Romania	77.1
Finland	78.1	Slovakia	74.1
France	**66.8**	Slovenia	86.0
Germany	78.4	Spain	73.0
Hungary	74.2	Sweden	66.8
Ireland	85.3	United Kingdom	85.6
Latvia	78.7		

Scope: enterprises with 10 employees or more.
Source: Eurostat, extraction in January 2014.

4.3 Work-family balance

The differences in employment rate between women with **children** (when there is at least one aged under 6) and those without are a good indicator of the difficulty of reconciling family life with work. In Europe, labour force participation among women aged 20 to 49 is strongly linked to the number of children and their age. This is far less true of men. In 2012 in the EU of 28, the **employment rate** among childless women aged 20 to 49 was 75.0%. Among women aged 20 to 49 with at least one child under six, the employment rate is 65.0% when they have one child, 61.5% when they have two, and 46.7% when they have three. Conversely, the male employment rate is only very slightly influenced by the number of children.

The employment rate gradient according to number of children varies from country to country. The employment rate gap between childless women and those with children is wide in the Czech Republic, Slovakia, Hungary and Estonia (between 28 and 47 points, while this gap is 10 points in the EU as a whole). This gap is much narrower in France (2 points) and is even reversed in Sweden and Portugal. The employment rate differential between women with three children and those with one is 18 points on average in the EU, and in this respect France has one of the highest differentials (22 points) behind Germany, the United Kingdom, Bulgaria and Luxembourg.

The day-care offering for infants is a decisive factor in female employment. At the Barcelona Summit in 2002, the European Council set the target of one-third of infants aged under three being taken to **day care centres** by the year 2010. In 2012, the EU as a whole had not reached this target and only ten countries had done so. In five of these countries more than 40% of children now go to day care centres (Denmark, the Netherlands, Sweden, Luxembourg and France). At the other end of the scale, in seven countries – all in Eastern Europe – the proportion of children in such centres is lower than 10%.

In the EU of 28, one child in two aged under three taken to a day care centre goes there for more than 29 hours a week. The situation varies greatly between member States. For instance, in four countries (Austria, Czech Republic, United Kingdom and Netherlands), the vast majority of children attend these centres for between one and 29 hours a week. This means that parents either cannot work full-time or have to use **other child-minding methods**. In certain Southern European countries (Portugal, Cyprus, Greece, Romania), the use of these other child-minding methods is highly developed: approximately one child aged under three out of three is minded in this way, for more than 29 hours a week. Lastly, in many countries, including France, parents combine several child-minding methods. ■

Definitions

Child: in this sheet, having one or more children means having at least one child aged under 6.
Employment rate: ratio within a class of individuals of the number of individuals who have a job to the total number of individuals in the class.
Day care centres: childcare in infant schools, crèches or child-minding facilities, by a child-minder hired through governmental services, or by a childcare assistant.
Other child-minding methods: child-minder or an au pair hired without going through the governmental services, as well as child-minding performed by grandparents, friends, neighbours or other acquaintances.

Further Reading

- « Femmes et Hommes - Regards sur la parité », *INSEE Références* coll., 2012 edition.

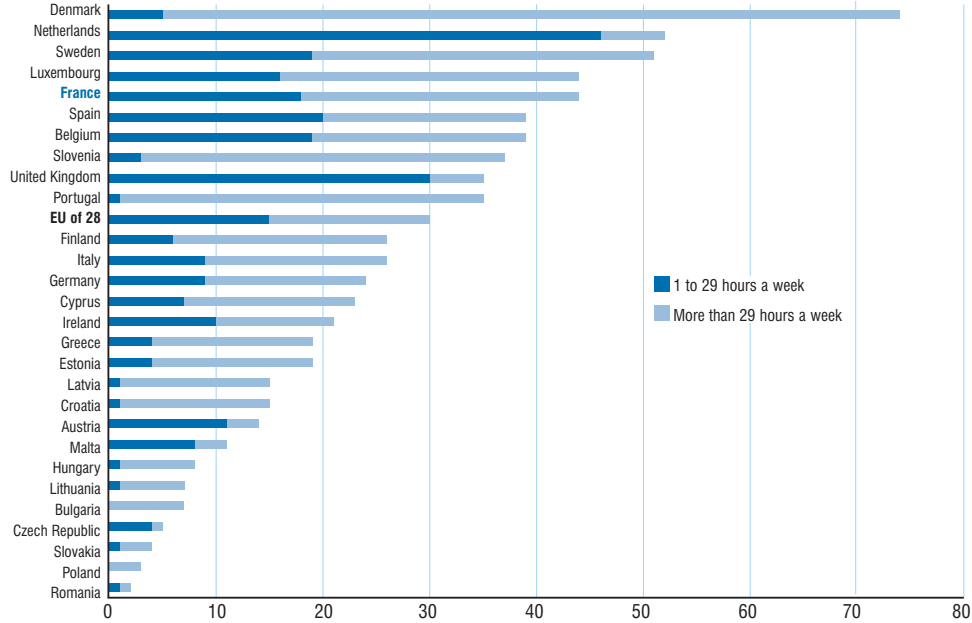
1. Employment rate according to number of children in 2012

as a %

	Women				Men			
	Childless	1 child	2 children	3 children or more	Childless	1 child	2 children	3 children or more
Austria	83.7	77.9	71.7	56.4	86.4	93.3	94.2	87.4
Belgium	75.4	74.4	74.6	54.7	78.1	89.4	89.9	84.0
Bulgaria	69.8	55.7	52.7	27.6	68.8	84.1	76.4	49.0
Croatia	64.3	61.9	60.8	48.1	64.3	84.8	85.0	74.8
Cyprus	77.3	67.5	74.1	62.0	75.4	87.5	89.6	88.5
Czech Republic	82.9	36.3	43.3	34.9	85.2	94.4	95.9	83.9
Denmark	74.9	72.2	82.5	75.4	76.7	86.6	94.2	92.6
Estonia	81.8	53.7	52.8	52.6	75.0	90.3	92.1	85.6
Finland	78.7	62.0	65.7	55.8	76.9	90.6	90.7	91.8
France	**74.5**	**72.2**	**68.3**	**49.9**	**76.8**	**89.2**	**90.4**	**85.9**
Germany	83.6	65.8	60.4	40.9	84.2	92.1	93.1	87.4
Greece	53.0	52.2	50.5	44.5	64.7	82.4	84.3	80.5
Hungary	76.8	39.8	39.8	23.6	76.6	86.2	86.1	72.3
Ireland	76.9	65.5	60.5	44.3	67.7	79.8	79.2	73.6
Italy	64.5	59.9	52.2	38.6	74.1	88.4	88.6	84.0
Latvia	74.8	64.9	63.6	53.7	72.8	83.4	85.9	79.9
Lithuania	74.6	73.0	81.0	56.2	68.0	83.9	87.7	74.7
Luxembourg	83.8	79.9	77.3	51.4	89.2	94.9	94.2	92.6
Malta	78.0	62.9	57.6	41.1	86.0	96.6	95.4	93.3
Netherlands	82.0	79.8	80.7	66.4	83.1	94.0	94.5	92.8
Poland	73.2	63.2	60.4	51.8	75.3	91.3	91.5	86.5
Portugal	70.7	74.8	73.4	53.9	71.0	85.3	85.5	79.1
Romania	68.3	65.0	63.4	45.6	76.4	85.2	84.7	73.6
Slovakia	75.7	37.7	35.5	29.7	76.2	90.8	89.5	76.6
Slovenia	77.9	75.0	81.8	75.7	79.5	90.9	94.4	92.9
Spain	66.6	62.6	57.2	44.0	63.3	76.4	80.4	68.0
Sweden	73.9	74.0	80.7	76.9	76.9	91.7	95.4	91.5
United Kingdom	81.6	68.2	61.6	41.4	80.9	91.6	91.7	80.9
EU28	**75.0**	**65.0**	**61.5**	**46.7**	**76.9**	**88.2**	**89.3**	**82.6**

Scope: persons aged 20 to 49. Note: when there is one child or more, the youngest is aged under 6.
Source: Eurostat, extraction in February 2014.

2. Children under 3 attending day care centres in 2011



Source: Eurostat, extraction in February 2012.

4.4 Working hours

In the European Union of 28, the average number of **usual weekly working hours** encompassing all employees (full-time and part-time) stood at 37.2 hours in Q2 2013. It ranged from 29.9 hours in the Netherlands to 42.1 hours in Greece. Weekly working hours are generally lower in northern European countries and higher in Central and Eastern European countries. France's working hours are equivalent to the European average.

Measurement of working hours involves defining what being in employment means, and then distinguishing between people who work full-time and those who work part-time. Being in employment means having worked for at least one hour during a reference week, according to the International Labour Office. But the difficulty lies in setting a threshold to determine the line between full-time activity and part-time activity: according to Eurostat, it is difficult to make a distinction based on legal or institutional standards, as practices vary greatly between countries and occupational branches. So to distinguish between full-time and part-time workers, Eurostat uses the spontaneous responses given by people questioned in the Labour Force Surveys.

According to these surveys the proportion of part-time salaried workers varies sharply from country to country. In the countries in the east of the EU part-time working is uncommon. It is lower than 10%, and in Bulgaria it is virtually non-existent (less than 3% of people in employment). Among the other countries, only Greece is in a similar situation (8% of part-time workers). Conversely, part-time working is highly developed in northern European countries where in general one job out of four is part-time. The situation in the Netherlands is exceptional, with one job out of two being part-time. The EU average is almost 20%, with France slightly below this figure. Overall, the countries that have the highest female part-time working rate also have the highest female employment rate.

Counting only part-time workers, working time comes to 19.8 hours in the EU. It varies from 16.4 hours in Portugal to 23.8 hours in Belgium. France is above the European average (22.9 hours).

The average number of usual weekly working hours declared by full-time workers stands at 41.6 hours in the EU. It ranges from 38.9 hours to 44.1 hours. In France it is lower than the European average (40.7 hours). The longest weekly working hours are to be found in Greece, Austria, the United Kingdom and Portugal.

On average in the EU, the **working lifetime** is 35 years. The figure is quite variable: between 30.4 and 40.6 years. This lifetime is longest in the countries of northern Europe. Finland, Germany, Denmark, the United Kingdom, the Netherlands and Sweden all have a working lifetime of over 37 years. At the other end of the scale, the shortest working lifetimes are to be found in southern and Eastern Europe, in particular Hungary and Italy. France has a working lifetime which is slightly lower than the European average.

Since 2000 the working lifetime has increased by three years on average in the EU. This rise has been observed in all countries except Romania. It has been particularly sharp in the Netherlands, Spain and Sweden (4 years). It stems partially from the rise in labour force participation rates. ■

Definitions

Usual weekly working hours: this refers to a normal working week with no exceptional event (bank holiday, day off, etc.). It includes all of the hours usually worked, including regular ('structural') overtime hours. The main working-time indicator used in this sheet is that of the usual weekly working hours. Indeed, national practice in terms of working time and leave (for example) is varied, and its measurement across all European countries is not always homogenous, to the extent that the actual annual working times derived from the Labour Force Surveys are difficult to compare between countries.

Working lifetime: indicator that measures the number of years for which a person aged 15 is likely to be active on the labour market throughout his or her lifetime. It takes into account life expectancy and labour market data (labour force participation rate by age).

Further Reading

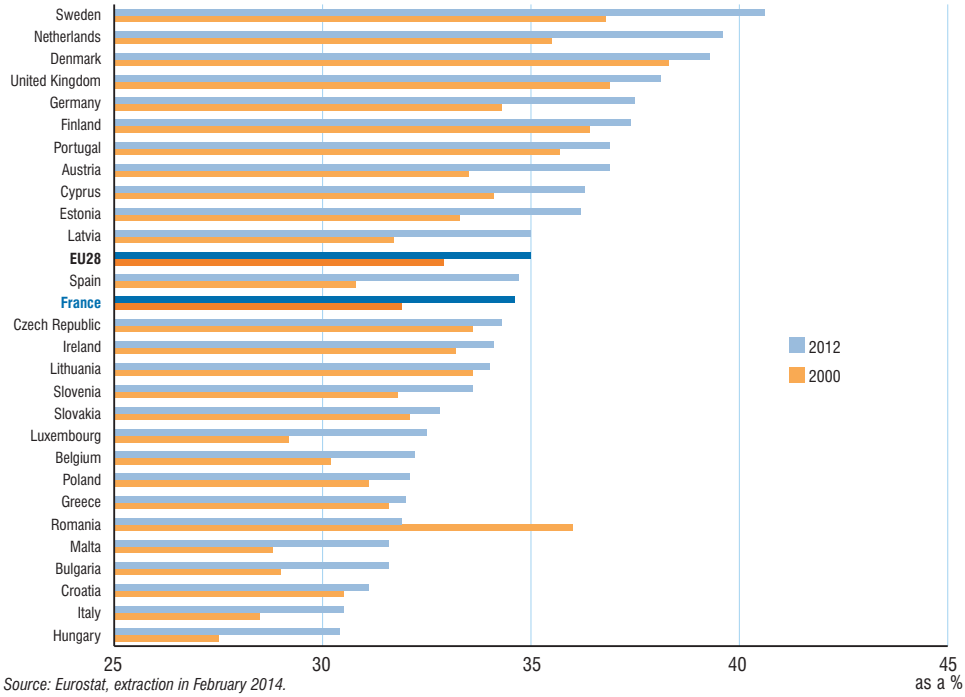
- « La durée du travail des salariés à temps complet », *Dares Analyses* n° 047, july 2013.

1. Different indicators of working time in Q2 2013

	Average number of usual working hours per week			Proportion of part time (as a %)
	Part time	Full time	**Whole**	
Austria	20.6	43.2	**37.2**	25.6
Belgium	23.8	41.8	**37.4**	23.6
Bulgaria	20.3	41.2	**40.7**	2.6
Cyprus	19.7	42.4	**39.8**	11.5
Croatia	21.5	41.2	**39.5**	7.0
Czech Republic	20.9	41.9	**40.5**	5.9
Denmark	18.5	38.9	**33.6**	25.4
Estonia	20.7	40.8	**38.9**	8.7
Finland	19.9	40.0	**37.1**	13.5
France	**22.9**	**40.7**	**37.5**	**17.6**
Germany	18.2	41.8	**35.3**	26.4
Greece	20.2	44.1	**42.1**	8.0
Hungary	23.4	40.7	**39.5**	6.5
Ireland	19.4	40.0	**35.3**	23.5
Italy	21.1	40.4	**36.9**	17.8
Latvia	21.1	40.4	**38.9**	7.8
Lithuania	20.8	39.6	**38.1**	8.1
Luxembourg	21.5	40.7	**37.1**	18.7
Malta	21.4	41.4	**38.4**	14.1
Netherlands	19.5	40.7	**29.9**	50.1
Poland	22.2	42.4	**40.8**	7.0
Portugal	16.4	42.8	**39.3**	11.3
Romania	23.4	40.7	**40.3**	9.0
Slovakia	19.6	41.8	**40.7**	4.8
Slovenia	19.6	42.0	**39.7**	9.3
Spain	18.2	41.8	**37.9**	16.3
Sweden	23.7	40.8	**36.3**	24.7
United Kingdom	18.9	42.9	**36.4**	25.8
EU28	**19.8**	**41.6**	**37.2**	**19.6**

Source: Eurostat, Labour Force Surveys, extraction in February 2014.

2. Working lifetime



Source: Eurostat, extraction in February 2014.

4.5 Foreign labour force

In 2012, people of foreign nationality represented an average of 6% of the **labour force** in the European Union (excluding Romania). This proportion is highest in Luxembourg (51%). It is also very high in countries such as Cyprus (24%), Estonia and Latvia(16%), as well as in Spain and Ireland (15%). In the EU as a whole, over 40% of the **foreign** labour force come from a European Union country.

Between 2003 and 2012 the foreign labour force of the EU grew by more than 6% per year as an annual average, with sharp differences in rhythm and scale according to the country. The increase has been particularly marked in Slovenia, Ireland, Cyprus, Spain and Denmark. Conversely, since 2003 the number of foreign workers has declined in several countries of Eastern Europe. In the Baltic countries this phenomenon is partly explained by a naturalisation policy.

In 2012 in the EU, the **labour force participation rate** among foreigners was the same as that for nationals. It was twice as high as that for nationals in 16 countries, most notably Luxembourg, Slovakia and Cyprus, where the differential between nationals and foreigners exceeded 8 points. But in Sweden, the Netherlands and Germany, the labour force participation rate is 9 points higher among nationals than among foreigners. These differences between countries are partly due to the reasons people migrate: in the countries where the labour force participation rate among foreigners is high, the majority of new immigrants have come to find work.

In all countries the labour force participation rate rises with the level of education, but this increase is less marked among foreigners. Among unqualified people the foreign labour force participation rate is often higher, or only slightly lower, than that of nationals.

In almost all countries unemployment affects foreigners more. Their **unemployment rate** is more than twice as high as that of nationals in ten countries, particularly Sweden, Belgium, Austria and Denmark. In 2012 the unemployment rate among foreigners from a European country was 12.5%, against 21.3% for those from a third country.

In most European Union countries the situation of foreigners on the labour market has deteriorated sharply in recent years, both in absolute terms and in comparison with that of nationals. On average, the unemployment rate among foreign workers increased by 5.6 points between 2008 and 2012, while this increase was more moderate among nationals (+3.3 points). The unemployment rate among foreigners did however rise less than that of nationals in eleven countries, including Denmark, Cyprus and Lithuania. In many countries the unemployment rate among foreign women is lower than that for foreign men, but these women are also more often inactive, on average.

60% of jobs occupied by foreigners are held by European Union citizens and the **employment rate** among foreigners of European nationality (68%) is far higher than that for non-Europeans (54%). This phenomenon is particularly marked in Slovenia, Lithuania, the Netherlands, the United Kingdom and Poland. ■

Definitions

Foreigner: a citizen from other EU Member States and citizens from third-party countries usually residing in the reporting country.
Labour force: people in employment or seeking employment.
Labour force participation rate: ratio between a population's labour force and the total population.
Unemployment rate (as defined by the ILO): the number of unemployed persons as defined by the ILO (that is, people who are jobless, available for working and seeking a job or who have found one which starts at a later date) as a proportion of the labour force.
Employment rate: ratio between the population with a job and the total number of individuals in this population.

Further reading

- "In the EU of E27, foreign workers account for 7% of overall employment in 2012", Eurostat, June 2013.
- "International migration outlook 2013", OECD, June 2013.

1. Foreign workers in the countries of the EU of 28

	Foreign labour force (in thousands)		Share in the total labour force (as a %)	
	2003	2012	2003	2012
Austria	399	532	10	12
Belgium	334	484	8	10
Bulgaria	8	5	<0.5	<0.5
Croatia	...	3	...	<0.5
Cyprus	38	101	12	24
Czech Republic	82	80	2	1
Denmark	92	205	3	7
Estonia	129	108	20	16
Finland	41	69	2	3
France	**1,358**	**1,739**	**5**	**6**
Germany	3,562	4,109	9	10
Greece	268	428	6	9
Hungary	22	32	1	1
Ireland	119	324	6	15
Italy	...	2,705	...	11
Latvia	...	159	...	16
Lithuania	14	9	1	1
Luxembourg	87	126	45	51
Malta	...	5	...	3
Netherlands	304	343	4	4
Poland	...	29	...	<0.5
Portugal	139	165	3	3
Romania	...	...	...	...
Slovakia	5	5	<0.5	<0.5
Slovenia	3	26	<0.5	3
Spain	1,463	3,404	8	15
Sweden	210	275	5	6
United Kingdom	1,472	2,827	5	9
EU28[1]	**10,150**	**18,297**	**4.5**	**5.7**

1. All countries in the EU of 28 for which the data are known. Scope: labour force aged 15 to 64. *Source: Eurostat.*

2. Situation on the labour market in 2012 of foreigners and nationals in the countries of the EU of 28

as a %

	Labour force participation rate		Unemployment rate	
	Foreigners	Nationals	Foreigners	Nationals
Austria	71.2	76.6	8.8	3.8
Belgium	63.3	67.4	17.2	6.5
Bulgaria	72.2	67.1	...	12.4
Croatia	52.9	60.5	...	16.3
Cyprus	79.9	71.7	13.2	11.7
Czech Republic	77.9	71.5	5.7	7.1
Denmark	71.5	79.3	16.0	7.0
Estonia	77.3	74.4	18.6	8.8
Finland	70.2	75.4	16.3	7.6
France	**65.4**	**71.4**	**19.3**	**9.3**
Germany	69.0	78.1	10.5	5.0
Greece	74.1	67.4	33.3	23.6
Hungary	68.0	64.3	11.1	11.0
Ireland	72.2	68.7	17.6	14.5
Italy	70.6	62.9	14.1	10.5
Latvia	75.0	74.4	22.9	13.9
Lithuania	79.5	71.8	…	13.6
Luxembourg	74.6	64.7	7.0	3.3
Malta	62.8	63.1	10.3	6.3
Netherlands	69.6	79.8	10.2	5.0
Poland	71.7	66.5	...	10.2
Portugal	80.2	73.8	26.6	16.1
Romania	...	64.2	...	7.3
Slovakia	78.5	69.4	...	14.0
Slovenia	74.4	70.3	15.5	8.8
Spain	78.9	73.3	36.1	23.3
Sweden	70.3	81.0	21.0	7.3
United Kingdom	73.9	76.5	9.2	7.9
EU28	**71.7**	**71.7**	**17.8**	**10.0**

1. All countries in the EU of 28 for which the data are known. Scope: labour force aged 15 to 64. *Source: Eurostat.*

Fact sheets

Economy

5.1 Agriculture

The European Union of 27 had just over 12 million farms at the end of the 2000s. Two-thirds of them are concentrated in four countries: Italy and Spain, but above all the United Kingdom and Poland, where mixed farming and small farms are predominant. The agriculture censuses of 2009 and 2010 show that the number of farms is falling. Since 2000 France has lost almost one-quarter, as have Spain, Italy and Portugal, Germany 35%, the Netherlands and Denmark 30%, and the United Kingdom just 15%. The newest EU States have experienced a more marked drop.

Over the same period the **agricultural area** has remained virtually stable in France and Denmark, and has actually increased slightly in the United Kingdom, while it has fallen by 1.5% in Italy, 3% in Germany, 5% in Portugal, and 8 to 9% in Spain and the Netherlands. In most countries the decrease in the number of farms has come hand-in-hand with a rise in the average agricultural area, a sign that the size of farms has increased. The average agricultural area in the EU rose from around 12.7 hectares in 2007 to 14.0 hectares in 2010.

French agricultural **production** valued at basic prices is the highest in Europe, with a value of 77.5 billion Euros in 2012. It contributes 19.3% of EU production, followed by Germany (13.4%), Italy (12.0%) and Spain (10.4%). The fifteen oldest members account for 84% of the value of agricultural production in the EU. Among the States that have joined the EU since 2004, Poland and Romania respectively contribute 5.7% and 3.5% to European production, and Hungary just under 2.0%.

In 2010 France represented 7.8% of the EU's **agricultural employment**. Well ahead of France were Poland (19.1%) and Romania (16.2%), but also Italy (9.6%) and Spain (8.9%). Since 2003 agricultural employment has fallen faster in the States who joined after 2004 than in the former Europe of fifteen, whose share of total employment rose from 47.4% in 2003 to 50.1% in 2010.

The EU's net income from agriculture in real terms (**net value added at factor cost** per annual work unit) rose significantly in 2010 and 2011, having hovered around the same level between 2002 and 2009. It then stabilised in 2012 and 2013. In France this indicator followed a similar trend between 2002 and 2012, although with larger upward and downward swings, then saw a sharp drop in 2013. In Poland however, income rose almost continuously, with the exception of two setbacks in 2005 and 2008, multiplying by more than 2.5 between 2002 and 2013. ■

Definitions

Agricultural area: the utilised agricultural area (UAA) includes arable land, the areas always under grass cover, and permanent crops (orchards and vineyards).
Production: the principle retained is that used in the agriculture accounts, representing the value of productions sold, stored or immobilised in the course of the period, plus own use and intra-unit consumption of animal feed on the farm. It is valued at the basic price, that is, the price received by the producer minus all taxes on products but including all subsidies on products. See the *Glossary*.
Agricultural employment: agricultural employment is measured in annual work units (AWU). An AWU corresponds to the work of a full-time equivalent person for a full year.
Net value added at factor cost: this is also known as net income from agriculture. It is calculated as production in value at the basic price less intermediate consumptions in value and amortisations, plus operating grants minus other taxes on production. It is expressed in real terms, deflated by the price of GDP.

Further reading

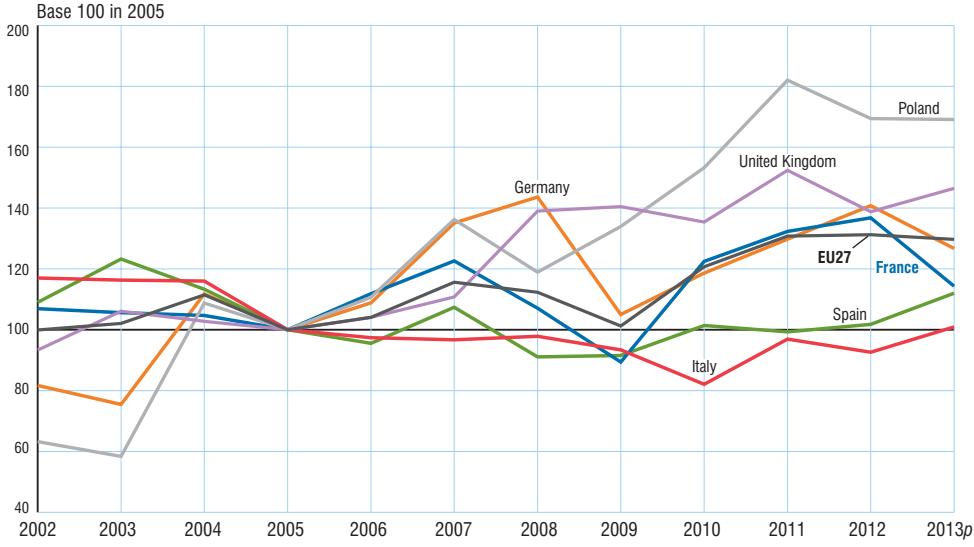
- GraphAgri 2013 - *L'agriculture, la forêt et les industries agroalimentaires*, Agreste.

1. The main agriculture indicators in the EU27

	Number of holdings (in thousands)		Utilised agricultural area (in thousands of hectares)		Labour force (in thousands of AWU)		Value of production (in millions of euros)	
	2000	2010	2000	2010	2000	2010	2002	2012
Austria	200	150	3,388	2,878	182	114	5,656	7,245
Belgium	62	43	1,394	1,358	74	62	6,630	8,545
Bulgaria	…	371	…	4,476	…	407	3,648	4,424
Cyprus	…	39	…	118	…	19	650	720
Czech Rep.	…	23	…	3,484	…	108	3,321	4,866
Denmark	58	42	2,645	2,647	67	52	8,327	11,873
Estonia	…	20	…	941	…	25	447	898
Finland	81	64	2,218	2,291	103	60	3,951	5,032
France	**664**	**516**	**27,856**	**27,837**	**949**	**780**	**63,757**	**77,353**
Germany	472	299	17,152	16,704	618	546	41,882	54,578
Greece	817	723	3,583	3,478	588	430	11,661	10,752
Hungary	967	577	4,555	4,686	…	424	6,100	7,514
Ireland	142	140	4,444	4,991	169	165	5,836	7,049
Italy	2,154	1,621	13,062	12,856	1,365	954	44,884	48,632
Latvia	141	83	1,433	1,796	145	85	580	1,323
Lithuania	…	200	…	2,743	…	147	1 184	2,973
Luxembourg	3	2	128	131	5	4	340	397
Malta	…	13	…	11	…	5	137	128
Netherlands	102	72	2,028	1,872	205	162	20,428	26,268
Poland	…	1,507	…	14,447	…	1,897	13,358	23,198
Portugal	416	305	3,863	3,668	524	363	6,124	6,466
Romania	…	3,859	…	13,306	…	1,610	10,101	14,410
Slovakia	71	25	2,160	1,896	137	56	1,677	2,397
Slovenia	87	75	486	483	108	77	1,074	1,149
Spain	1,287	990	26,158	23,753	1,078	889	39 066	42,191
Sweden	81	71	3,073	3,066	74	57	4 864	6,429
United Kingdom	233	187	15,799	15,686	354	266	24,456	29,257
EU27	///	**12,015**	///	**171,604**	///	**9,946**	**330,139**	**406,066**

1. The production of the agricultural branch is the sum of the production of agricultural products, agricultural services and goods and services produced within the framework of inseparable non-agricultural secondary activities. It is valued at basic prices.
Scope: all operations including collective (common pastures,...).
Source: Eurostat, agricultural censuses 2000 and 2009-2010, European agriculture accounts.

2. Variation in the index of the real income of factors in agriculture per AWU



Source: Eurostat, agriculture accounts.

5.2 Industries

In 2011 in the European Union (excluding Malta and Greece), 46.1 million people had a job in **industries** (including construction), representing slightly over one-third of employment in the non-agricultural **market sectors**. It is the complement of employment in the market services sector, and the relative situation of each country reflects this (see Market services sector sheet). Within industry, the manufacturing sector accounts for just under two-thirds of jobs, construction 28%, and the other sectors (extractive industries, production and distribution of electricity, gas, steam and conditioned air, production and distribution of water, sewerage works, waste management and depollution) 7%. This is an average that hides broad disparities between countries. In Luxembourg and Cyprus, less than one industrial job out of two is in manufacturing. At the other end of the scale, manufacturing accounts for three jobs out of four in Germany. After Germany, five Eastern European countries (Hungary, Czech Republic, Slovenia, Slovakia and Bulgaria) have the highest share of manufacturing (around 70%). The construction sector is relatively well developed in Luxembourg and Cyprus. With one industrial job out of three in this sector, France ranks seventh among European countries, just behind the Netherlands, Spain, Portugal and Belgium.

Lastly, the remaining industrial activities (in particular extractive activities) represent a large proportion of industrial jobs in the less-developed member States (Romania, Poland, Croatia, Bulgaria, all above 12%) and to a lesser extent in the three Baltic States.

In 2011, the median **business start-up rate** stood at 9.0% in the construction sector and 7.6% in the rest of industry. This rate is lower than that in the non-agricultural market sector as a whole, as the market services sector has a slightly more dynamic business demographic. But industrial business demographics vary sharply within the EU. Malta is the country with the lowest rate (2.7% in construction, 1.9% in the rest of industry). At the other extreme Latvia has the highest rate (23.9% in construction, 17.8% in the rest of industry). Even when these two countries are excluded, the gaps are still large (in construction, nine points between Belgium and Slovakia, and in the rest of industry, eight points between Luxembourg and Slovakia). Eastern European countries have the highest overall business start-up rates. France is well above the European median in construction, and is close to the median in the rest of industry. ■

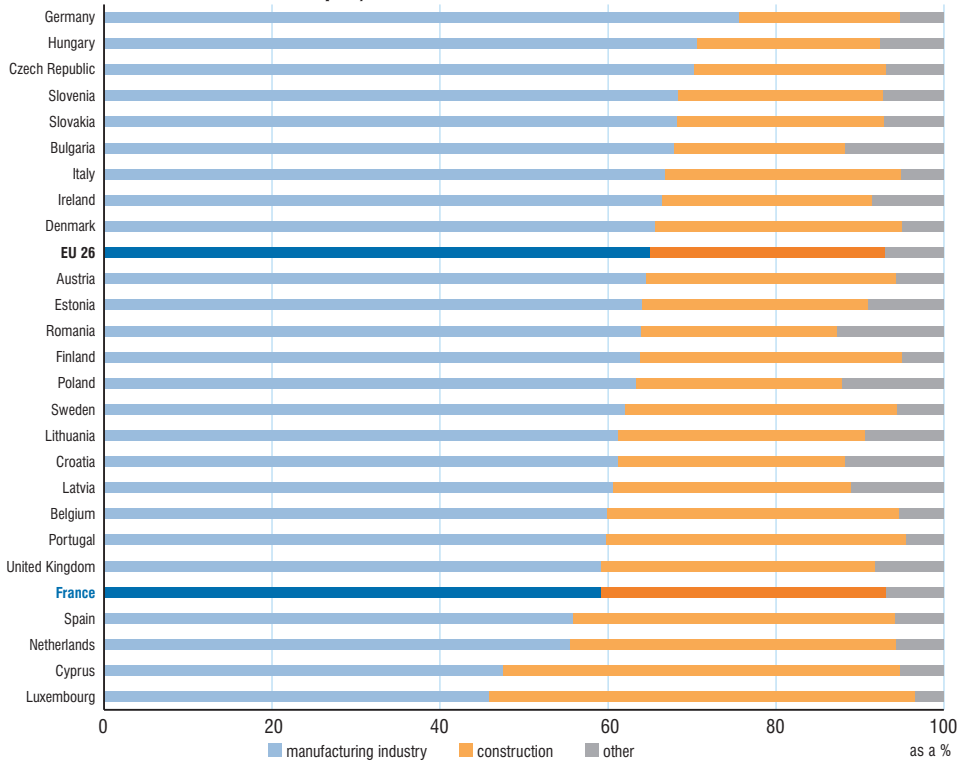
Definitions

Industries: these are the construction sector and the industry sector in the strict sense: extractive industries, manufacturing industry, production and distribution of electricity, gas, steam and conditioned air, production and distribution of water, sewerage works, waste management and depollution.
Market sectors: aside from industries, the market sectors comprise trade (wholesale and retail) and automobile and motorcycle repairs, transport and warehousing, accommodation and catering, information and communication, real-estate activities, specialised scientific and technical activities, and service and support activities. The agricultural, forestry and fisheries sector is excluded. Also excluded are those sectors in which the public-sector share is high, as well as the financial sectors.
Business start-up rate: ratio between the number of business start-ups in the reference period and the number of active enterprises. In France, "auto-entrepreneurs" are included.

Further Reading

- « Les entreprises en France », *INSEE Références* coll., 2013 edition.

1. Distribution of industrial employment in 2011



Note: no data available for Greece and Malta.
Source: Eurostat, Structural business statistics, extracted in February 2014.

2. Business start-up rate in 2011

as a %

	Extractive industries	Manufacturing industry	Production and supply of electricity, gas, steam and conditioned air	Production and supply of water; sanitation, waste management and decontamination	Construction	Industry (except construction)
Austria	2.6	4.0	6.6	4.5	6.7	4.1
Belgium	1.4	3.5	18.1	4.3	5.9	3.6
Bulgaria	7.9	7.6	23.0	13.7	10.4	8.6
Czech Republic	10.4	9.3	40.5	11.1	8.8	10.4
Finland	4.9	5.7	4.8	5.6	9.0	5.6
France	**4.6**	**7.5**	**10.0**	**11.8**	**11.9**	**7.8**
Germany	5.0	4.7	24.3	3.9	7.6	7.7
Hungary	7.5	6.9	16.2	8.7	9.2	7.1
Italy	3.6	4.6	26.1	5.3	7.1	4.9
Latvia	13.2	18.1	15.6	17.6	23.9	17.8
Luxembourg	0.0	3.2	4.8	7.1	8.5	3.6
Malta	1.5	1.8	0.0	4.4	2.7	1.9
Netherlands	11.8	8.0	14.8	10.0	9.2	8.1
Poland	14.4	10.0	17.4	11.1	14.4	10.2
Portugal	4.2	7.5	13.9	13.1	8.2	7.6
Romania	10.6	8.2	22.8	19.5	12.4	9.2
Slovenia	5.4	6.0	22.5	16.7	10.1	7.0
Slovakia	11.0	11.7	10.8	9.9	14.8	11.7
Spain	3.2	5.0	1.6	3.9	6.9	4.8
Sweden	3.4	5.3	6.7	7.8	8.9	5.4
United Kingdom	11.7	7.4	44.7	15.0	9.5	8.2

Note: no data available for Denmark, Estonia, Ireland, Cyprus and Lithuania.
Source: Eurostat, Structural business statistics, extracted in February 2014.

5.3 Market services sectors

In 2011 in the European Union (EU) (excluding Malta and Greece), the **market services sectors** (including trade) employed 85.5 million people, thus accounting for almost two-thirds of employment in the **market sectors**. This proportion varies sharply between countries – from 50% to 77%. The countries of Eastern Europe are where employment in the market services sector is the lowest: less than 55% in the Czech Republic, Slovenia, Romania and Slovakia. Conversely, in the British Isles and the Netherlands the share is over 75%. France (66%) is slightly above the European average in this respect, and Germany below.

Between 2010 and 2011, employment in the market services sector rose by 1.4 million people. While the majority of European countries experienced growth, six of them saw a drop of more than 1%: the southern European countries (Italy, Spain and Portugal) along with Slovenia, Croatia and Latvia.

In the EU as a whole the automobile and motorcycle trade and repair sector represented 38% of employment in the market services sector in 2011. Four sectors are average in size with between 12% and 16%: transport and warehousing, accommodation and catering, specialised scientific and technical activities, and administrative and support service activities. Two sectors are far smaller: information and communication (7%) and real-estate activities (3%).

In the less developed countries of Eastern Europe, trade carries the greatest relative weight: in Poland, Bulgaria, Lithuania, Slovakia and Romania, it has a share of over 45%. At the other end of the scale, it only represents 29% in Luxembourg.

In activities other than trade, the sectoral structure varies from one country to the next according to specialisations and geographical considerations. Administrative and support services are relatively prominent in the Netherlands, France, Portugal and Belgium. Conversely, their weight is relatively low in Cyprus and most eastern countries. Specialised scientific and technical activities are relatively more developed in Luxembourg, Slovenia and the Netherlands. The transport and warehousing sector is particularly significant in the Baltic countries. Accommodation and catering represent one quarter of market services employment in Cyprus (double the European average). The information and communication sector accounts for at least 10% of service-sector employment in four northern European countries (Denmark, Finland, Sweden and Luxembourg), while real-estate activities are overrepresented in Latvia.

In 2011 the median **business start-up rate** stood at just over 10%. But the business demographic in services is highly variable in the EU and this rate ranges from less than 4% (Malta) to almost 19% (Latvia). France is situated slightly above the European median. ■

Definitions

Market services sectors: these sectors encompass trade (wholesale and retail) and automobile and motorcycle repairs, transport and warehousing, accommodation and catering, information and communication, real-estate activities, specialised scientific and technical activities, and administrative service and support activities. Those sectors in which the public-sector share is high, as well as the financial sectors, are excluded.

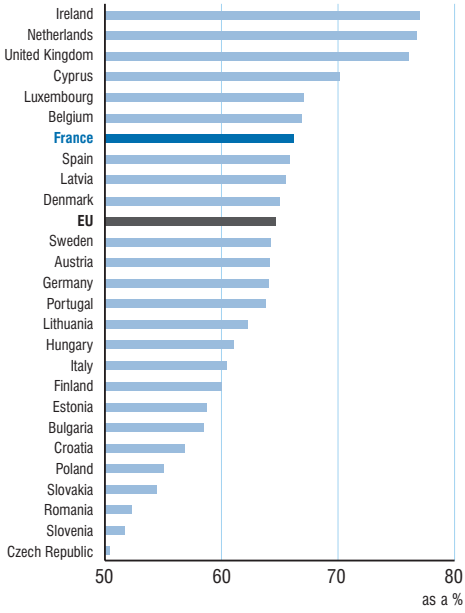
Market sectors: aside from the market services sectors, the market sectors comprise the construction sector and the industry sector in the strict sense: extractive industries, manufacturing industry, production and distribution of electricity, gas, steam and conditioned air, production and distribution of water, sewerage works, waste management and depollution. The agricultural, forestry and fisheries sector is excluded. Also excluded are those sectors in which the public-sector share is high, as well as the financial sectors.

Business start-up rate: ratio between the number of business start-ups in the reference period and the number of active enterprises. In France, 'auto-entrepreneurs' are included.

Further Reading

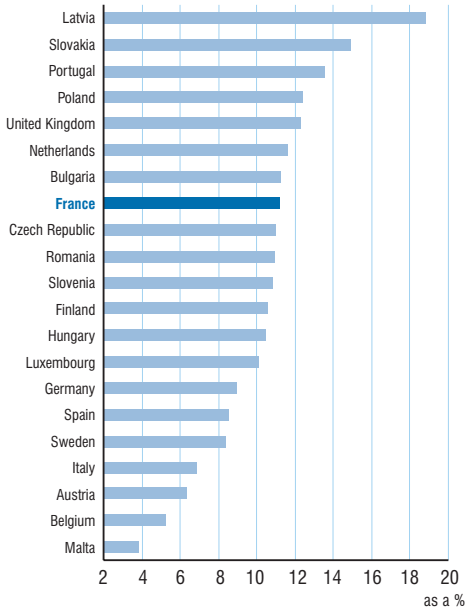
- « Les entreprises en France », *INSEE Références* coll., 2013 edition.

1. Distribution of employment in services in 2011



Note: data not available for Greece and Malta.
Source: Eurostat, Structural business statistics, extracted in February 2014.

2. Business start-up rate in 2011



Note: data not available for Denmark, Estonia, Ireland, Cyprus and Lithuania.
Source: Eurostat, Structural business statistics, extracted in February 2014.

3. Distribution of employment in services in 2011

as a %

	Trade; repair of motor vehicles and motorcycles	Transport and storage	Accommodation and catering	Information and communication	Real estate activities	Specialised, scientific and technical activities	Administrative services and support activities
Austria	38	12	16	6	3	13	12
Belgium	35	12	9	7	3	14	19
Bulgaria	47	14	13	6	3	8	9
Croatia	41	13	16	7	2	14	8
Cyprus	39	12	24	5	1	13	5
Czech Republic	40	16	10	6	3	14	11
Denmark	41	14	6	11	3	14	9
Estonia	37	17	9	8	5	11	14
Finland	35	17	8	11	…	13	16
France	**34**	**13**	**10**	**8**	**3**	**13**	**20**
Germany	38	12	12	6	3	12	17
Hungary	38	15	9	7	5	14	13
Ireland	39	9	17	8	3	12	12
Italy	38	12	14	6	3	13	13
Latvia	41	20	7	6	8	9	9
Lithuania	46	20	7	5	4	10	8
Luxembourg	29	14	11	10	2	17	17
Netherlands	36	10	10	6	2	15	21
Poland	49	16	5	6	4	11	9
Portugal	40	8	14	4	2	11	20
Romania	45	16	7	7	2	10	12
Slovakia	46	15	7	7	3	13	9
Slovenia	39	15	11	8	2	17	10
Spain	38	11	16	5	2	12	15
Sweden	34	14	8	10	4	14	15
United Kingdom	35	9	14	8	3	14	16
EU	**38**	**12**	**12**	**7**	**3**	**13**	**16**

Note: no data available for Greece and Malta.
Sources: INSEE, Eurostat, extracted in February 2014.

5.4 Research and development

Between 2000 and 2011, gross **domestic expenditure on research and development** (GERD) grew by an average of 1.6% per year in volume in France, rising from 31 to 45 billion Euros. As a comparison, in the EU as a whole the average annual increase in GERD was about 2.6% over the same period.

In France the **research effort**, measured as the ratio between gross domestic expenditure on research and development (GERD) and GDP, picked up slightly over the period 2008-2012. In 2012 the research intensity reached its highest level for over 15 years (2.26%). This figure, like that of 2011 (2.25%), is lower than the ratio in Germany (2.88%), due to the country's greater focus on the service sector, but is nonetheless higher than the EU average (1.94%).

With regards to this indicator, France occupies fifth position among the six leading OECD countries, behind South Korea (4.03%), Japan (3.39%), Germany (2.88%) and the United States (2.77%), but ahead of the United Kingdom (1.77%). Among EU countries, Finland, Sweden and Denmark are those that devote the largest proportion of their GDP to R&D, with respectively 3.78%, 3.37% and 3.09%. France is in eighth position in the EU.

Almost two-thirds of R&D expenditure is made by business enterprises (BERD). Since 2000, the BERD/GERD ratio has changed little from its minimum in 2005 (62.1%) to its maximum (64.2%) in 2012. In the EU this ratio is lower (61.9% in 2011, against 63.9% for France). In 2011, the countries where this ratio is highestare mainly in the north: Finland (70.5%), Sweden (69.3%), Luxembourg (68.5%), Denmark (67.6%) and Germany (67.3%).

Between 2010 and 2011, the ratio between BERD and GDP changed little in France (from 1.42% to 1.44%), remaining higher than that of the EU overall (1.20% in 2011). The ratio between government expenditure on R&D (GOVERD) and GDP was also stable, at around 0.80%.

In 2010, 393,000 **full-time equivalent** (FTE) employees worked for R&D in France, 59% of them in business enterprises. The number of researchers stood at 240,000 FTE. The EU had more than 2.5 million salaried FTE working on R&D in 2010, of whom 52% worked in enterprises.

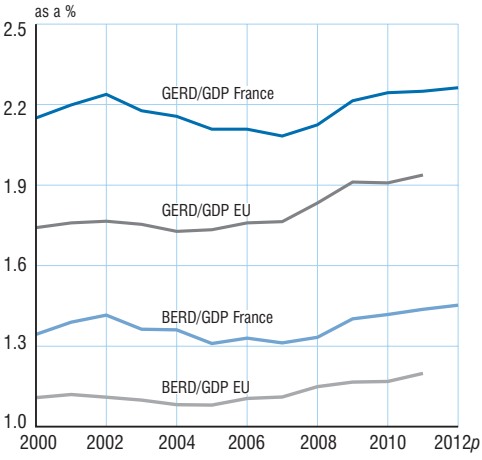
In France in 2010, nearly 26% of researchers were women. Research is far more feminised in Portugal (46%), Spain (38%), the United Kingdom (38%) and Italy (35%).

In 2010, France had 8.5 researchers per thousand active persons. This is much more than Italy (4.1‰), Germany (7.9‰) and the United Kingdom (8.2‰), and more than the EU average (6.6 ‰), but far less than Sweden (10.0‰), Denmark (12.9‰) and Finland (15.4‰). ■

Definitions

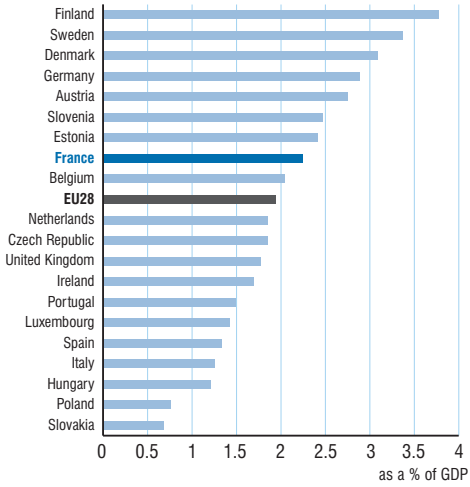
Gross domestic expenditure on research and development (GERD): corresponds to research and development (R&D) work carried out on the national territory, regardless of the origin of the funds. One part is carried out by governments and the other by business enterprises. It includes current expenditures (payroll of R&D personnel and overhead) and capital expenditures (purchases of the equipment required for domestic R&D work and real-estate transactions made over the year).
A country's "**research effort**" is measured by the ratio of GERD to GDP.
GDP, **full-time equivalent**: see the *Glossary*.

1. Change in the GERD/GDP ratio and in the BERD/GDP ratio since 2000



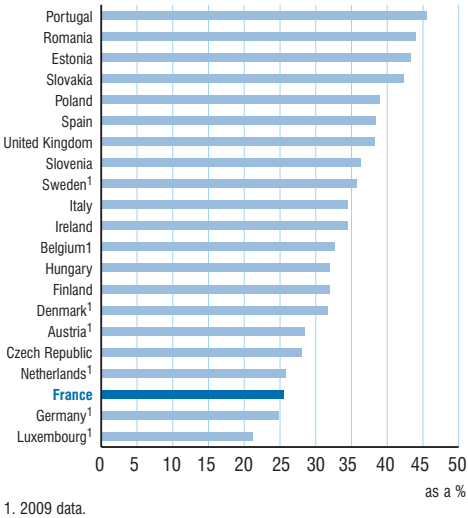
Note: for France, the 2011 data are semi-definitive and the 2012 data are estimates.
Sources: MESR/ DGESIP-DGRI/ SIES; OECD, MSTI.

2. Research effort of the countries in the EU in 2011



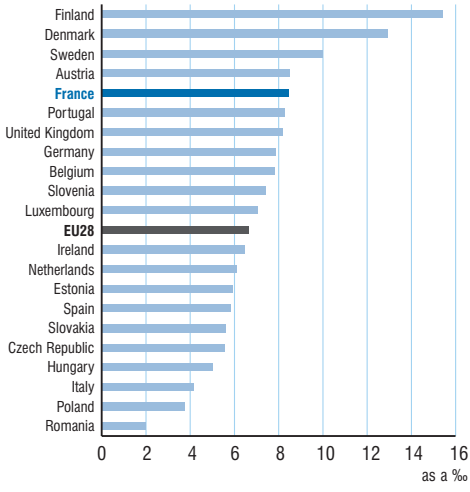
Note: 2010 data for the Netherlands, OECD estimation for the EU28.
Source: OECD, extracted in June 2013.

3. Share of women among researchers in 2010 in the main countries of the EU



1. 2009 data.
Source: OECD, extracted in June 2013.

4. Rate of researchers per thousand employees in FTE in 2010 in the main countries of the EU



Source: OECD, extracted in June 2013, calculation for EU28, OECD.

5.5 Government finances

In 2012, the **general government balance** represented 3.9% of GDP in the EU of 27. With a slight surplus (0.1%),Germany is the only country not in deficit. All the others are in deficit, in sharply varying proportions (from 0.2% to 10.6% of GDP). Sweden and Estonia are just short of breaking even. Aside from Germany, ten countries have a deficit lower than or equal to 3% of their GDP. France is above the median group with a deficit of 4.8% of GDP. Six countries fare worse than France: in northern Europe, the United Kingdom and Ireland, and in the south, Portugal, Cyprus, Greece and Spain. Spain is in the most difficult situation with a deficit of over 10% of GDP.

Variations in deficits are partly linked to the economic context: revenues fall during slowdown phases and rise when the economic situation improves. In 2000 for example, the high point of the economic cycle for most European countries, the EU of 27 had a surplus of 0.6% of GDP, and nine countries, mainly in northern Europe, showed a surplus (Finland being the most extreme example with a surplus of 7.0% of GDP). Only eight countries had a deficit of more than 3% of GDP. Among them, five were former Eastern Bloc countries. France had a deficit of 1.5% of GDP. Between 2000 and 2012, the deficit widened in the majority of European countries (by 4.5 points in the EU of 27).The increase was particularly sharp in Ireland (13.1 points), Spain (9.7 points) and the United Kingdom (9.6 points). Seven countries (of which six in Eastern Europe) saw an improvement in their situation.

Since 2000 the time profile of the deficit has been strongly correlated with economic activity. In the EU of 27, the deficit grew between 2000 and 2003 then decreased until 2007. The 2008 crisis led to a sharp rise in the deficit, which reached 6.9% of GDP in 2009. The improvement in the economic situation resulted in a reduction in the deficit, particularly from 2011 onwards. The same profile has been observed in Germany, Greece, Spain, France and the United Kingdom, with Greece's trajectory always lower than the other countries. The United Kingdom, which of the five countries was in the most favourable situation in 2000, has also experienced a relative deterioration over the period. Conversely, the relative situation of Germany has improved.

In the EU of 27, **public debt** represented 85% of GDP in 2012. The situations of the member States differ from each other significantly, with debt varying from 10% of GDP in Estonia to 157% in Greece. Half of the European countries have a debt level below 60% of GDP; these are Luxembourg, Sweden and Denmark, and the former Eastern Bloc countries (except for Hungary). Debt levels are highest in southern Europe (mainly Greece, Italy and Portugal), in the British Isles, in France and in Belgium. In 2000 public debt represented 62% of GDP in the EU of 27, with only five countries above this average.

In 2012, taxes and contributions represented 40.6% of GDP in the EU. The proportion is relatively variable from one country to the next, mainly due to different levels of social protection. Seven countries (including France) are above this average, with the maximum observed in Denmark (49.1%). Five countries in Eastern Europe (Lithuania, Bulgaria, Latvia, Romania and Slovakia) are below 30%. In 2000, the share of taxes and contributions in the EU of 27 was around one point higher (41.5%). Between 2000 and 2012 this proportion fell in two-thirds of the countries. In France it rose by about 1 point. ■

Definitions

General government balance (public deficit): corresponds to government net borrowing, corrected for gains and losses in swap operations. Net borrowing is the balance of the capital account: it includes not only current operating expenditures and redistributions, but also capital expenditure, investments, capital transfers and capital taxes.

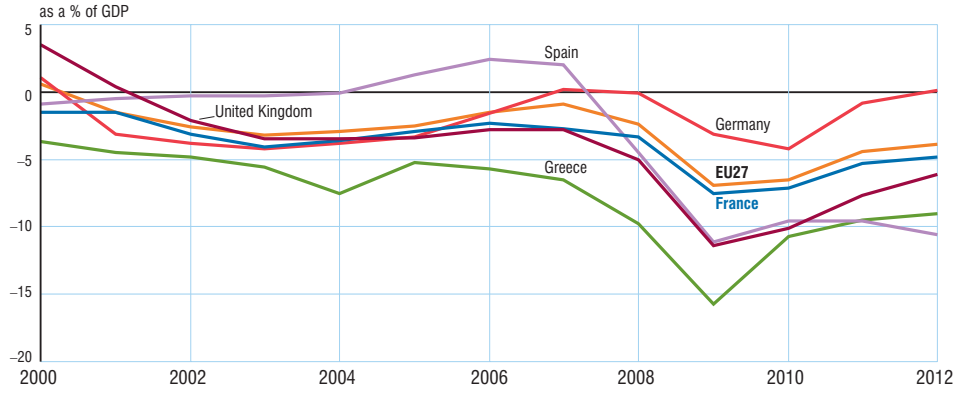
1. Some public finance indicators

as a % of GDP

	Government balance		Government debt		Taxes and contributions	
	2000	2012	2000	2012	2000	2012
Austria	–1.7	–2.5	66.2	74.0	45.1	44.8
Belgium	0.0	–4.0	107.8	99.8	47.3	48.0
Bulgaria	–0.5	–0.8	72.5	18.5	31.5	27.9
Cyprus	–2.3	–6.4	59.6	86.6	30.0	34.9
Czech Republic	–3.6	–4.4	17.8	46.2	33.9	35.0
Denmark	2.3	–4.1	52.4	45.4	50.2	49.1
Estonia	–0.2	–0.2	5.1	9.8	31.0	32.7
Finland	7.0	–1.8	43.8	53.6	47.4	44.2
France	**–1.5**	**–4.8**	**57.3**	**90.2**	**46.0**	**47.0**
Germany	1.1	0.1	60.2	81.0	42.8	40.4
Greece	–3.7	–9.0	103.4	156.9	36.5	36.6
Hungary	–3.0	–2.0	56.1	79.8	39.9	39.3
Ireland	4.9	–8.2	37.0	117.4	32.7	30.2
Italy	–0.8	–3.0	108.6	127.0	41.8	44.3
Latvia	–2.8	–1.3	12.4	40.6	29.9	28.1
Lithuania	–3.2	–3.2	23.6	40.5	30.9	27.5
Luxembourg	6.0	–0.6	6.2	21.7	40.0	40.3
Malta	–5.7	–3.3	53.9	71.3	28.4	34.9
Netherlands	2.0	–4.1	53.8	71.3	40.9	39.6
Poland	–3.0	–3.9	36.8	55.6	32.6	32.5
Portugal	–3.3	–6.4	50.7	124.1	33.7	34.9
Romania	–4.7	–3.0	22.5	37.9	30.6	28.4
Slovakia	–12.3	–4.5	50.3	52.4	34.1	28.5
Slovenia	–3.7	–3.8	26.3	54.4	37.5	37.9
Spain	–0.9	–10.6	59.4	86.0	35.0	33.6
Sweden	3.6	–0.2	53.9	38.2	52.1	44.8
United Kingdom	3.5	–6.1	40.5	88.7	37.7	37.1
EU27	**0.6**	**–3.9**	**61.8**	**85.2**	**41.5**	**40.6**

Source: Eurostat, extracted in February 2014.

2. Government balance



Source: Eurostat, extracted in February 2014.

5.6 Foreign trade

In 2012, the **export rate** in the EU varied from 27% (in Greece) to 177% (in Luxembourg). This measure of openness to international trade is higher in each European country than in Japan (14.7%) and the United States (13.5%). The same diagnostic holds when the **import rate** is taken into consideration. European countries are thus in a zone which is relatively open to the world, with exports representing 45% of GDP on average and imports 43%. One important factor explaining openness is the size of the country. Generally, the smaller the country (in number of inhabitants), the higher its export rate. Only Luxembourg, Ireland and Malta go beyond the threshold of 100%. The countries with a rate of between 80% and 100% are Slovakia, Hungary, Estonia, the Netherlands, Belgium and Lithuania. At the other extreme France, Italy, the United Kingdom and Spain have ratios in the region of 30%. However, this general rule should be modulated according to the country's economic history and sectoral specialisation. Thus Germany has relatively high export (52%) and import (46%) rates for its size while Greece is less open to international trade than its size would suggest.

Between 2000 and 2012 the export rate increased by 9 points in the EU of 28. This trend was observed in most countries, with only three exceptions: Finland, Cyprus and France, whose rate slipped back by 1.4 points. Measured by exports and imports, the hierarchies in terms of openness have changed little and are relatively structural. For example, in 2000 the export rate was already low in Greece (25%) and very high in Luxembourg (150%).

With its strong GDP and high export rate, Germany is the leading exporter in the EU of 28. German exports alone account for a quarter of all European exports. This is more than the exports of the United Kingdom and France combined (10% of the EU's exports for each country). The Netherlands, which has a high export rate despite its medium size, is Europe's fourth biggest exporter ahead of Italy, Spain and Belgium, the last country to have a share of over 5% of all exports of the EU of 28. The other 21 countries shared the remaining quarter of European exports in 2012.

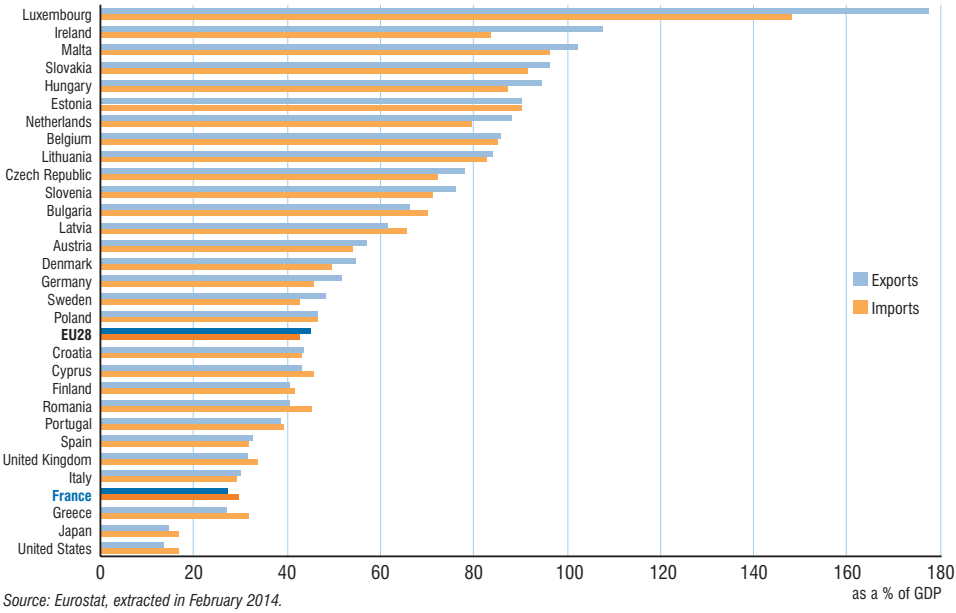
On average in the EU of 27, three-quarters of exports are goods (75%) and the remaining quarter is services. Among the three leading exporters situations vary greatly. France is close to the European average (78% goods in exports), while Germany, with 85%, has one of the largest shares of goods exports in Europe (particularly industrial goods). Conversely, in the United Kingdom the proportion of goods is far lower (61%). In Cyprus and Luxembourg services account for more than 80% of exports.

On average, the external balance in 2012 was positive in the EU of 28, standing at 1.9% of GDP. Two-thirds of the countries showed a surplus, one that was very high in the case of Luxembourg and Ireland (more than a quarter of their GDP), and relatively high in around 10 countries (including Germany). Conversely, nine countries (including France) were in deficit, with the most negative situations being those of Romania and Greece (about 5.0%). ■

Definitions

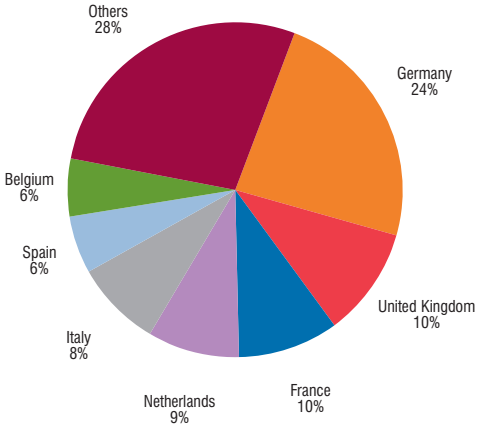
Export rate: ratio between exports and GDP.
Import rate: ratio between imports and GDP.
These rates may be higher than 100%, for example because products may be imported and then re-exported.

1. Exports and imports of goods and services in 2012



Source: Eurostat, extracted in February 2014.

2. Share of EU exports in 2012



Source: Eurostat, extracted February 2014.

3. Sectoral distribution of exports in 2012

as a %

	Goods	Services	Whole
Austria	72	28	**100**
Belgium	76	24	**100**
Bulgaria	79	21	**100**
Cyprus	19	81	**100**
Czech Republic	85	15	**100**
Denmark	61	39	**100**
Estonia	73	27	**100**
Finland	73	27	**100**
France	**78**	**22**	**100**
Germany	85	15	**100**
Greece	53	47	**100**
Hungary	82	18	**100**
Ireland	49	51	**100**
Italy	82	18	**100**
Latvia	73	27	**100**
Lithuania	83	17	**100**
Luxembourg	17	83	**100**
Malta	47	53	**100**
Netherlands	80	20	**100**
Poland	83	16	**100**
Portugal	75	25	**100**
Romania	84	16	**100**
Slovakia	92	8	**100**
Slovenia	80	19	**100**
Spain	68	31	**100**
Sweden	69	31	**100**
United Kingdom	61	39	**100**
EU27	**75**	**25**	**100**

Source: Eurostat.

Appendix

Glossary

Agricultural area

The utilised agricultural area (UAA) includes arable land, the areas always under grass cover, and permanent crops (orchards and vineyards).

Agricultural employment

Agricultural employment is measured in annual work units (AWU). An AWU corresponds to the work of a full-time equivalent person for a full year.

Agricultural production

The principle retained is that used in the agriculture accounts, representing the value of productions sold, stored or immobilised in the course of the period, plus own use and intra-unit consumption of animal feed on the farm. It is valued at the basic price, that is, the price received by the producer minus all taxes on products but including all subsidies on products. The production of the agricultural branch is the sum of production of agricultural products, agricultural services, and goods and services produced in the framework of inseparable non-agricultural secondary activities.

Apparent domestic consumption of commodities

This is the sum of fossil fuels, minerals and agricultural products, whether extracted from national territory or imported in the form of commodities or finished products, less exports. It measures the total quantity of materials physically used by the national economy to satisfy the needs of the population.

Basic reading skills

These skills relate a simple text to general knowledge and are considered as acquired when the reading literacy score of children aged 15 in the Programme for International Student Assessment (PISA) is at least 407 points in the 2012 edition of the assessment.

Business start-up rate

Ratio between the number of business start-ups in the reference period and the number of active enterprises. In France, "auto-entrepreneurs" are included.

Consumption expenditure

Consumption expenditure is the actual expenditure of households in the country, whether resident or otherwise. It includes the share of healthcare, education and housing costs borne by households, but excludes the share borne by the local authority.

Day care centres

Childcare in infant schools, crèches or child-minding facilities, by a child-minder hired through governmental services, or by a childcare assistant.

Early school leavers

These are people aged 18 to 24 who have not taken any form of training (formal or informal) in the course of the previous four weeks and who have not successfully completed their secondary education. In France, the early school leaver rate measures the proportion of people aged 18 to 24 who are neither studying nor in training and have not passed

the CAP, BEP or baccalaureate exams or any higher education diploma.

Employability

Evaluated by the rate of employment of secondary school or higher education graduates who are no longer studying and who earned their qualification within the last three years.

Employment rate

The ratio within a class of individuals of the number of individuals who have a job to the total number of individuals in the class. It can be calculated for the whole population of a country, but is usually restricted to the population of working age (generally defined, for the purposes of international comparison, as persons of between 15 and 64 years of age), or to a sub-category of the population of working age (women aged 25 to 29 years, for example).

Environmental taxes

Taxes whose tax base is a physical unit (or a proxy of it) that has a proven specific negative impact on the environment, and which are considered as a tax by ESA 95. All environmental taxes include taxes on transportation, energy, pollution and resources.

Europe 2020

Ten-year growth strategy of the European Union. It is not limited to resolving the crisis which has continued to affect the economies of numerous European countries; it also aims to address the flaws in our growth model and to establish the conditions for smarter, more sustainable, more inclusive growth. To give tangible form to this goal, the European Union has set itself five key objectives to be achieved by the end of the decade. They relate to employment, education, research and innovation, social inclusion and the reduction of poverty, and climate change and energy.

European Economic Community (EEC)

Created in 1957 by the Treaty of Rome, the European Economic Community continued the work undertaken by the European Coal and Steel Community (ECSC) to build Europe. The EEC aimed to introduce economic cooperation, gradually abolish customs barriers between member countries, and implement a common external tariff. Initially comprising 6 countries (France, West Germany, Italy, Belgium, the Netherlands, Luxembourg), the EEC was enlarged in 1973 with the accession of the United Kingdom, Ireland and Denmark, then in 1981 with Greece, and in 1986 with Spain and Portugal. In 1990 Germany was unified. For the EEC this was not a new enlargement but instead an extension of the FRG. No membership procedure was required, but institutional changes were made to take account of the new weight of Germany. The EEC remained in place until 1st January 1993, when the Maastricht Treaty was applied (providing for a single currency and European citizenship): it was then replaced by the European Union (EU).

European Union (EU)

Created on 1st January 1993 by the application of the Maastricht Treaty, the European Union (UE) replaced the European Economic Community (EEC) in the effort to build Europe. The EU is an intergovernmental union, but is not a State destined to replace the existing member States. It is a legal entity that is independent of the States composing it and has its own specific competencies (common agricultural policy, fisheries, trade policy, etc.), as well as competencies that it shares with its member States. It is recognised as an international organisation. In economic terms it has a customs union and, for the member States belonging to the Eurozone, a single currency, the Euro. The Union is thus a supra-national hybrid structure bearing the hallmarks of federalism and inter-governmentalism. At present there are 28 countries in the European Union.

Eurozone

Monetary zone comprising the countries of the European Union that have adopted the euro as the single currency. The eighteen member States making up the Eurozone are Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain. The Eurozone was created in 1999 by eleven countries, joined by Greece in 2001, Slovenia in 2007, Cyprus and Malta in 2008, Slovakia in 2009, Estonia in 2011 and Latvia in 2014.

Exchange rate

Rate at which a currency is exchanged against another. The exchange rate is nominal if it is measured without taking account of the differences in purchasing power between the countries or monetary zones to which these currencies belong. The exchange rate is real if it accounts for these differences in purchasing power.

Expenditure related to housing

Broadly speaking, this includes all expenditures related to housing and its equipment (rents, heating, water, electricity, gas, everyday maintenance, furnishings, cleaning items, etc.), including "imputed" rents.

Export or import rate

Ratio between exports (or imports) and GDP. These rates may be higher than 100%, for example because products may be imported and then re-exported.

Foreigner

A citizen from other EU member States and citizens from third-party countries usually residing in the reporting country.

Full-time equivalent

Total number of hours worked in a given activity divided by the annual average of hours worked in full-time jobs. For example, two part-time jobs are counted as a full-time equivalent.

G20 (Group of Twenty)

Economic forum founded in 1999 with the aim of fostering international financial stability and creating opportunities for dialogue between industrialised and emerging countries. It gathers 19 States, namely Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom and the United States, as well as the European Union.

Gini index

An index measuring the degree of inequality of a distribution (income, for example) for a given population. It varies from 0 to 1, with 0 corresponding to perfect equality (everyone has the same income) and 1 to extreme inequality (one person has all the income).

Gross domestic expenditure on research and development (GERD)

This corresponds to research and development (R&D) work carried out on the national territory, regardless of the origin of the funds. One part is carried out by governments and the other by business enterprises. It includes current expenditures (payroll of R&D personnel and overhead) and capital expenditures (purchases of the equipment required for domestic R&D work and real-estate transactions made over the year). A country's "research intensity" is measured by the ratio of GERD to GDP.

Gross domestic product

An aggregate representing the final result of the production activity of resident production units, GDP can be defined in three ways: as the sum of the gross added values of the various institutional sectors or of the various branches of activity plus taxes and minus subsidies on products (which are not attributed to the sectors and branches

of activity); as the sum of the final domestic uses of goods and services (actual final consumption, gross fixed capital formation, inventory change) plus exports and minus imports; or as the sum of uses in the operating accounts of the institutional sectors: payment of wages, taxes on production and imports minus subsidies, gross operating margin and mixed income.

Gross national income

An aggregate calculated as part of the national accounts. It is calculated by adding gross domestic products, often considered as the central aggregate of the accounts, to the balance of primary income exchanges with the rest of the world.

Gross wage

The total amount paid to an employee under his or her labour contract before any compulsory contributions have been deducted.

Harmonised consumer price index (HCPI)

This is the indicator used to assess compliance with the convergence criterion on price stability in the European Union (EU) Treaty (Maastricht Treaty). For France, the national economic territory comprises Metropolitan France and the overseas departments, but excludes the overseas collectivities. The index is designed expressly for international comparison purposes. The methods used by the European Union member States to calculate their national price index are distinctly different. They therefore cannot be used to adequately compare price rises in these countries. This is why the harmonised consumer price indices are calculated with methods and content that ensure better comparability. The main difference between the HCPI and the national consumer price index is the way social protection and education are processed. In the HCPI, only the proportion borne by the consumer (after repayment) is taken into account, whereas in the French CPI, the prices measured are gross prices.

Health expectancy

The number of years that a person of a given age, continuing his or her usual activities, can expect to live without a serious or moderately serious health problem.

Healthcare expenditure

Until 2005, the Organisation for Economic Cooperation and Development (OECD) used the concept of national healthcare expenditure to ensure comparability between its members. This is a slightly different notion from that of current expenditure on medical care and materials, as daily sickness benefit and medical research and training expenditure are subtracted, while the gross fixed capital formation of the hospital sector is added. Current expenditure on medical care and materials measures the resources devoted to healthcare by all financers of the system. It includes all current expenditure of the social security system, the State, local government bodies, supplementary healthcare providers and households. Capital expenditure is therefore not included in this measure. Current expenditure covers a broader field than "Consumption of medical care and materials": it includes care given to elderly people and the disabled in institutions (long-term care units and residential care homes for the elderly or disabled), daily sickness benefit, subsidies received by the healthcare system, expenditure on preventive medical treatment, research and training as well as the costs of managing the healthcare system.

Healthy life years

The number of years (at birth) that a person can expect to live in good health. Good health is defined as not having any restrictions on (everyday) activity and not having any disabilities. It is an indicator of healthy life expectancy combining information on mortality and on morbidity. The information used to calculate it consists of measures of

the prevalence (proportion) of the population of a given age that is in good or poor health, and of mortality information per age. It is also referred to as disability-free life expectancy (DFLE).

Home care and services

These include nursing or personal care, for consideration or performed by a professional, home help for domestic chores that the subjects cannot do by themselves due to health problems, and meals brought to homes.

Income poverty

This is defined in relation to the distribution of the equivalised incomes in the whole population, setting the poverty line as a proportion (60%) of the median equivalised income.

Industries

These are the construction sector and the industry sector in the strict sense: extractive industries, manufacturing industry, production and distribution of electricity, gas, steam and conditioned air, production and distribution of water, sewerage works, waste management and depollution.

Inflation

A loss in the currency's purchasing power. It should be distinguished from an increase in the cost of living. The inflation rate is calculated using the consumer price index (CPI). This measure is however incomplete, as the phenomenon of inflation covers a broader scope than that of household consumption.

Interest rate

This indicates the price that a borrower has to pay in order to obtain a sum of money. As opposed to the nominal interest rate, the real interest rate takes fluctuations in the value of the currency into account. Short-term interest rates are usually associated with Treasury bills or comparable instruments with a maturity of three months. They are set by the monetary authority (e.g. the European Central Bank for the Eurozone). Long-term interest rates are often associated with 10-year bonds (instruments with maturities of 5 or 30 years may also be part of this category). The European Union uses 10-year Treasury bills as its reference to set the long-term interest rate. Long-term interest rate levels are determined by market mechanisms.

Labour force

All people in employment or seeking employment.

Labour force participation rate (activity rate)

The ratio between a population's labour force and the total population.

Maastricht Treaty

Treaty establishing the European Union. It sets out the objectives of the Union. It was signed by the twelve member States of the European Economic Community in Maastricht (Netherlands) on 7 February 1992. It requires the member States to simultaneously satisfy five convergence criteria in order to be part of the single currency: price stability, control of government deficit, stability of exchange rates, and sustainable convergence as measured by the nominal long-term interest rate.

Maastricht Treaty convergence criteria

Criteria, based on economic indicators, that European Union member States must fulfil to enter the Eurozone. These criteria were established during the Maastricht Treaty, and were signed by the members of the European Union on 7 February 1992. The five criteria are defined in article 121 of the treaty establishing the European Community. They impose control over inflation, public debt and the public deficit, exchange rate stability and the convergence of interest rates. As regards price stability, the inflation rate of a given member State must not exceed by more than 1.5 points

that of the three best performing member States in terms of price stability. In respect of government finances, the annual public deficit must not exceed 3% of GDP of year N-1 and public debt must not exceed 60% of GDP of year N-1. Concerning the exchange rate, applicant countries must not devaluate their currency (this was made obsolete with the switch to the euro for countries in the Eurozone). Moreover, the member State must have participated in the exchange-rate mechanism under the European Monetary System (EMS) for two consecutive years before the examination, without severe tensions. As for long-term interest rates, they may not be more than 2% higher than those of the three best performing member States in terms of price stability. The evaluation of non-compliance with these criteria was made more flexible in March 2005, under the impetus of Germany and France, in order to take the economic situation and structural reforms into account. "Exceptional and temporary" excesses are now authorised. Once they have entered, the member countries must continue to comply with these criteria, failing which they are liable to warnings, then sanctions. Compliance with these criteria is considered necessary to the success of the Stability and Growth Pact, in order to avoid the "freerider" phenomenon that currency areas encourage.

Market sectors

Aside from industries, the market sectors comprise trade (wholesale and retail) and automobile and motorcycle repairs, transport and warehousing, accommodation and catering, information and communication, real-estate activities, specialised scientific and technical activities, and service and support activities. The agricultural, forestry and fisheries sector is excluded. Also excluded are those sectors in which the public-sector share is high, as well as the financial sectors.

Market services sectors

These sectors encompass trade (wholesale and retail) and automobile and motorcycle repairs, transport and warehousing, accommodation and catering, information and communication, real-estate activities, specialised scientific and technical activities, and administrative service and support activities. Those sectors in which the public-sector share is high, as well as the financial sectors, are excluded.

Minimum wages

The data presented in this work refer to the national minimum wages on the 1st of January of the year. In certain countries the national minimum wage is not set on a monthly basis but on an hourly or weekly basis. For these countries the hourly or weekly minimum wages are then converted into monthly wages. The minimum wages are gross, i.e. before income tax and social security contributions are deducted. These deductions vary from one country to the next.

Net value added at factor cost

This is also known as net income from agriculture. It is calculated as production in value at the basic price less intermediate consumptions in value and amortisations, plus operating grants minus other taxes on production. It is expressed in real terms, deflated by the price of GDP.

Nominal effective exchange rate

The exchange rate of a monetary zone, measured as the weighted sum of the exchange rates with trading partners and competitors. The nominal effective exchange rate is measured with nominal parities (therefore without taking account of the differences in purchasing power between the two currencies), while the real effective exchange rate includes price indices and their trends.

Other child-minding methods

A child-minder or an au pair hired without going through the governmental services, as well as child-minding performed by grandparents, friends, neighbours or other acquaintances.

Pensions

Encompass disability pensions, pre-retirement pensions, old-age pensions and provisions for surviving dependents.

Poverty gap

An indicator used to assess the extent to which the equivalised income of the poor population is under the poverty line. It is measured as the differential between the median equivalised income of the poor population and the poverty threshold. The higher the indicator, the greater the poverty gap is said to be, in that the equivalised income of the poorest is a very long way below the poverty threshold.

Productivity of resources

Ratio between GDP in volume and domestic consumption of materials. It is measured in euros per kilo.

Purchasing power parity (PPP)

A money conversion rate used to express the purchasing powers of different currencies in a common unit, known as the purchasing power standard. This rate expresses the ratio between the quantity of monetary units required in different countries to purchase the same basket of goods and services. This conversion rate may be different from the "exchange rate", as the exchange rate of one currency in relation to another reflects their reciprocal values on the international financial markets and not their intrinsic value to a consumer.

Purchasing power standard (PPS)

An artificial currency unit which eliminates the differences in price levels between countries. A PPS serves to buy the same volume of goods and services in all countries. This unit allows significant comparisons in volume of economic indicators between countries. The aggregates expressed in PPS are calculated by dividing the aggregates expressed in current prices and in the national currency by the respective Purchasing Power Parities (PPP). Due to the uncertainty level that characterises prices and basic national accounts data as well as the methods used to calculate the PPP, the differences between countries with a similar PPS index per inhabitant should not be over-interpreted.

Renewable energy

A distinction is made between "electric" renewable energies on the one hand (hydraulic, wind, tidal, photovoltaic solar, and high-temperature geothermal), and "thermal" renewable energies on the other, including thermal solar, heat pumps, geothermal recovered as heat, wood, incinerated urban waste, incinerated farming and agrifood residue, biogas and biofuels. Hydroelectricity produced by pumps and energy derived from the non-biodegradable share of incinerated urban waste are not considered as renewable energy.

Reported public deficit

The reported public deficit corresponds to "government net borrowing" in the sense of the national accounts, corrected for flows of interest related to swap operations performed by general government. These swap operations aim to reduce the debt burden. The government deficit is reported to the European Commission twice a year (end March and end September).

Reported public debt (or public debt within the meaning of Maastricht)

Reported public debt is evaluated based on the national accounts table of financial operations, but does not directly correspond to this presentation. It excludes certain types of debts (mainly commercial credits and mismatches). It is evaluated in gross value: we do not deduct from debt cash transfers from general governments to organisations that are not part of general governments, including, for example, the Treasury's cash assets in the form of deposits with the Banque de France or pensions, pension fund investments, etc. It is consolidated: we deduct the debts held

by certain general governments against other general governments, and particularly the deposits of local authorities with the Public Treasury. Lastly, it is evaluated in nominal value, that is, at the face value of the debt and not at the market value as is done in the national accounts.

Risk

Social benefits are effective transfers assigned personally to households without an equivalent or simultaneous counterpart. These benefits are presented according to the relevant risk: old age-surviving dependents with retirement pensions and reversion pensions; sickness-healthcare and healthcare-disability; family-children; unemployment, and lastly housing and social exclusion.

Unemployment rate

The unemployment rate is the percentage of unemployed people in the labour force (occupied labour force + the unemployed). An unemployment rate per age can be calculated by calculating the ratio of the unemployed persons in an age group to the labour force of the said age. Likewise, unemployment rates can be calculated by sex, by socio-occupational category, by region, by nationality, by qualification level, etc.

Unemployment rate (as defined by the ILO)

The number of unemployed persons as defined by the ILO (that is, people who are jobless, available for working and seeking a job or who have found one which starts at a later date) as a proportion of the labour force.

Unemployment within the meaning of the ILO

In accordance with the definition adopted in 1982 by the International Labour Office (ILO), a person of working age (15 years or older) is considered as unemployed if he simultaneously meets three conditions: is out of work, i.e. has not worked, even for one hour, during a reference week; is available for work within 15 days; and has actively sought a job in the previous month or has found one that starts in less than three months' time.

Usual weekly working hours

This refers to a normal working week with no exceptional event (bank holiday, day off, etc.). It includes all of the hours usually worked, including regular ("structural") overtime hours. The main working-time indicator used here is that of the usual weekly working hours. Indeed, national practice in terms of working time and leave is varied, and its measurement across all European countries is not always homogenous, to the extent that the actual annual working times derived from the Labour Force Surveys are difficult to compare between countries.

Waste

Waste is any residue from a process of production, transformation or use, or any substance, material or product that has been abandoned or destined for abandonment by its owner. Municipalities must manage the waste produced by households, the waste that they produce themselves, and that originating from the crafts or retail trades, which is collected in the same way as household waste.

Working lifetime

Indicator that measures the number of years for which a person aged 15 is likely to be active on the labour market throughout his or her lifetime. It takes into account life expectancy and labour market data (labour force participation rate by age).

100-S80/S20 ratio

This ratio shows the differential between the mass of disposable income per consumption unit held by 20% of the richest persons and that held by 20% of the poorest persons.

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