The European economy since the start of the millennium

A STATISTICAL PORTRAIT

2018 edition

Since the start of the millennium, the European economy has evolved and statistics can help to better perceive these structural changes.

This digital publication **The European economy since the start of the millennium — a statistical portrait** aims to show how main features of the economy of the European Union and its Member States have evolved since 2000 through a large range of statistical data giving both a micro- and a macro-economic perspective.

This publication does not describe the short-term trends of the European economy, but its purpose is to answer questions such as: How has our consumption behaviour changed? How has household income evolved? Are working patterns still the same? What is the share of services in the economy? What is the proportion of large enterprises? Has government employment increased or decreased?

The publication is divided into four parts focusing on specific areas:

The whole economy: the publication starts with the main characteristics of the whole economy by showing long term trends for GDP, investment and consumption, trade, inflation, unemployment, employment,...

Households: this chapter informs about main developments in household income and spending. For instance, you can see where your income is situated compared with others in your country! It also shows how much households spend on different goods and services and how household's savings and debts have evolved.

Businesses: this part presents the demography of enterprises in the economy. It also shows the evolution of investment, debt and profitability of enterprises. Furthermore, it includes a section dedicated to banks.

Government: this chapter presents the evolution of government expenditure and revenue, public deficit and debt. It also shows the place of the government sector in the economy in terms of employment.

Throughout the publication, brief descriptions of the main findings are completed with interactive visualisations, where you can compare your country with other countries. This publication is aimed at those who would like to have an overview of the economic trends in the EU since 2000 in an easy and interactive way. Where available, data for EFTA countries are included. For those who would like to get a deeper view, links are included to the database of Eurostat.

Menu

1. MACRO-ECONOMIC TRENDS

1.1 A macro-economic overview

What are the main trends of the economy in the European Union and its Member States since 2000? How has Gross Domestic Product (GDP), investment and consumption evolved? Have we faced high inflation or have prices been stable? Is unemployment decreasing or not?

Three phases in the EU economy

The most common indicator to measure economic activity is GDP. In the period 2000 to 2017 the annual GDP growth in the EU was quite volatile. Between 2001 and 2007, the economy grew at an annual rate of between +1 % and +3 %. From 2008 to 2013, the EU economy was strongly affected by the financial crisis, with GDP dropping by more than 4 % in 2009 and then again slightly in 2012. Since then, the economy has progressively recovered, with annual growth rates around +2 % between 2014 and 2017.

A similar pattern was observed overall for the euro area and the EU Member States. However, not all Member States have recorded the same magnitude of fluctuations. The impact of the financial crisis on GDP was in particular deeper in Greece, Croatia, Spain, Portugal and Cyprus with several years of consecutive negative growth.

In the EU, investment and consumption follow the same three phases as GDP, investment however with larger fluctuations. With the recovery from the financial crisis, investment and consumption grew steadily between 2015 and 2017: at around +3 % and +2 % per year respectively.

A moderate inflation

Inflation in the EU is measured by the evolution of the Harmonised Index of Consumer Prices. Between 2001 and 2007, the annual inflation rate stood at around +2 % in the EU. From 2008 to 2011, the inflation rate registered stronger variations from one year to another, while it slowed down progressively from 3 % in 2011 to 0 % in 2015, before reaching 1.7 % in 2017.

This pattern was followed to a large extent by the euro area and most of the Member States. In 2017, the highest inflation rates were observed in Estonia and Lithuania (both 3.7 %), Latvia (2.9 %) and the United Kingdom (2.7 %), and the lowest in Ireland (0.3 %), Cyprus (0.7 %) and Finland (0.8 %).

Large decrease in long-term interest rates since 2011

Long-term interest rates can be measured through the evolution of long-term bond yields. In the EU, the rate was 5.3 % at the beginning of the millennium, fluctuating between 4 % and 5 % until 2011. Since then it steadily decreased to reach 1.3 % in 2017. The Member States followed quite the same pattern. In 2017, the rates ranged from 0.3 % in Lithuania and Germany and 0.5 % in Denmark, Luxembourg and the Netherlands to 3.0 % in Portugal, 3.4 % in Poland, 4.0 % in Romania and 6.0 % in Greece.

Euro stronger against the British pound and the US dollar

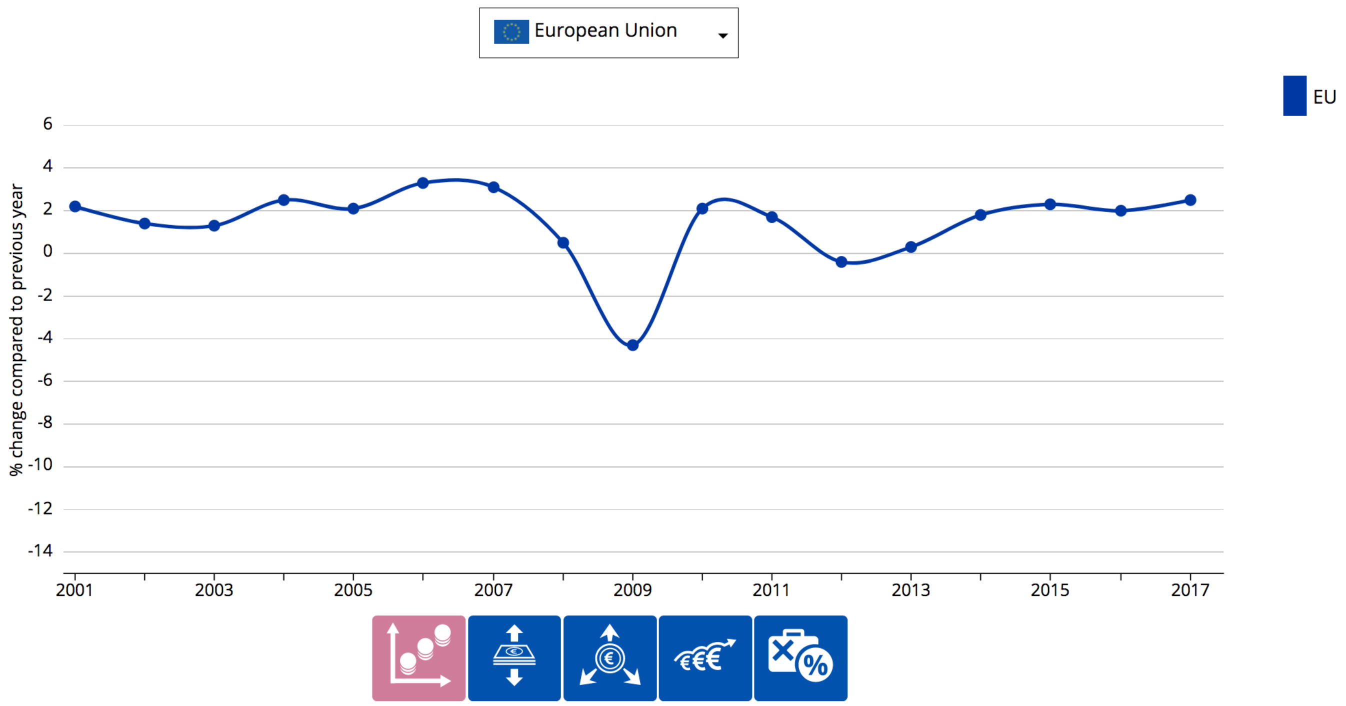
As regards exchange rates, the euro has become stronger against the British pound (from 0.61 pounds for one euro in 2000 to 0.88 pounds in 2017) and the US dollar (from 0.92 dollars for one euro in 2000 to 1.13 dollars in 2017), while it has become weaker against the Swiss franc (from 1.56 Swiss francs for one euro in 2000 to 1.11 Swiss francs in 2017).

Unemployment on the decline

After being relatively stable at around 9 % between 2000 and 2005, the unemployment rate fell to 7.0 % in 2008. Since then the rate in the EU rose continuously to attain a peak of 10.9 % in 2013. In line with the economic recovery, unemployment fell subsequently to reach 7.6 % in 2017. A similar trend is observed for male, female and youth unemployment, however with slightly higher rates for women than men and around double the rate for young people.

Gross domestic product (GDP)

(% change compared to previous year)



Source: Eurostat - access to dataset

1.2 The EU: a major player in world trade

The EU is one of the world's largest players in global trade being the second largest exporter and importer of goods in the world, with only China exporting more goods and the United States importing more. Moreover, the EU is the world's number one trader for trade in services.

In 2017, the main partners of the EU for total trade in goods and services were the United States (20 % of total extra EU trade), China (12 %) and Switzerland (8 %). Between 2008 and 2017 the importance of China increased from 9 % to 12 % as well as of the United States from 18 % to 20 %. On the other hand, the share of Russia in EU trade of goods and services almost halved from 8 % to 5 %.

In 2017, trade in goods represented 70 % of total EU trade in goods and services. Looking separately at goods and services, both have recorded similar trends, with values more than doubling between 2000 and 2017. They also both registered a fall in 2009 following the financial crisis.

An EU trade surplus for goods only since 2013

As regards the EU trade in goods balance, two phases can be observed: a continuous deficit (meaning that imports were larger than exports) between 2000 and 2012, followed by an increasing surplus, which reached EUR 142 billion in 2017.

In 2017, the highest surpluses for trade in goods (including within the EU and outside the EU) were recorded in Germany (EUR +266 billion), Ireland (EUR +107 billion), the Netherlands (EUR 90 billion), Italy (EUR +56 billion) and Denmark (EUR +17 billion), and the largest deficits in the United Kingdom (EUR -155 billion), France (EUR -46 billion), Spain (EUR -22 billion) and Greece (EUR -18 billion).

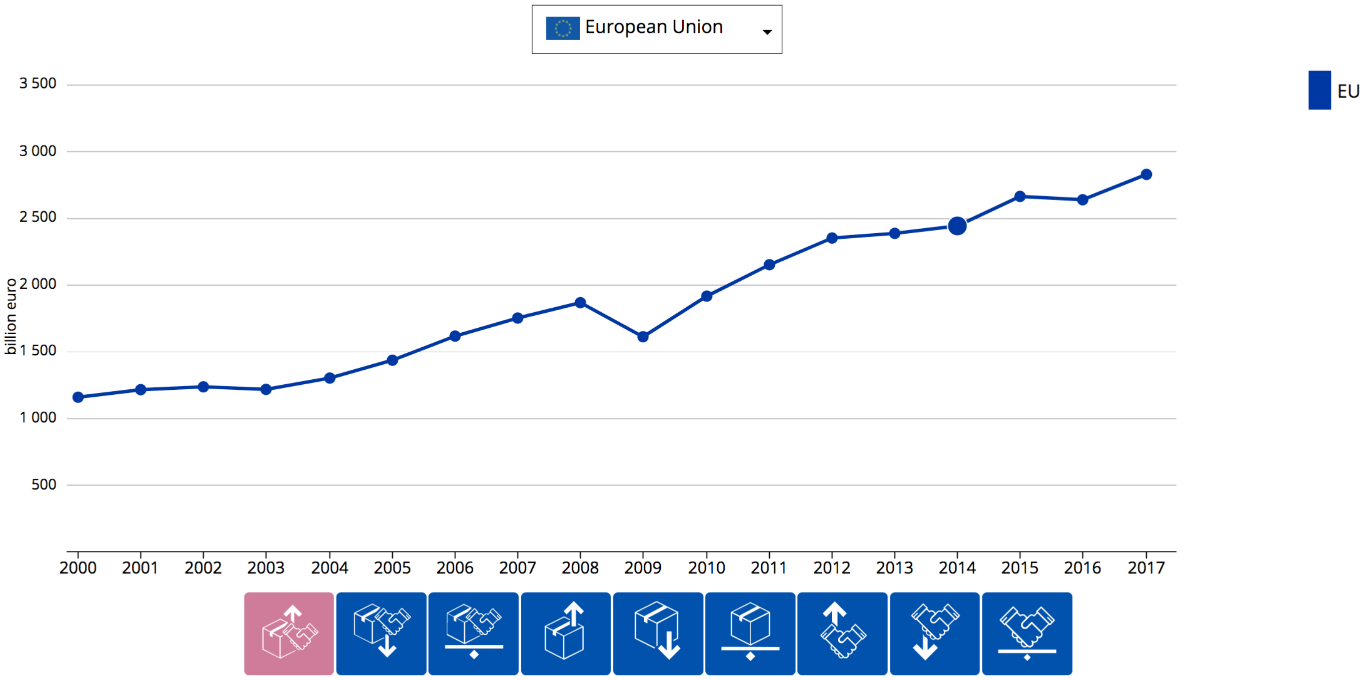
A constant EU trade surplus for services

Unlike trade in goods, the EU has registered a continuous surplus in trade in services for the period 2000 to 2017. This surplus has strongly increased from EUR 14 billion in 2000 to EUR 181 billion in 2017.

In 2017, the largest surpluses were recorded in the United Kingdom (EUR +122 billion), Spain (EUR +56 billion), Luxembourg (EUR +23 billion), Poland (EUR +19 billion) and France (EUR +18 billion), and the only deficits in Germany (EUR -16 billion), Ireland (EUR -12 billion), the Netherlands (EUR -5 billion), Italy (EUR -4 billion) and Finland (EUR -1 billion).

Exports of goods & services

(in billion euro)



Source: Eurostat - access to dataset for EU and Member States. No data available for EA19!

1.3 Large differences in price changes at detailed level

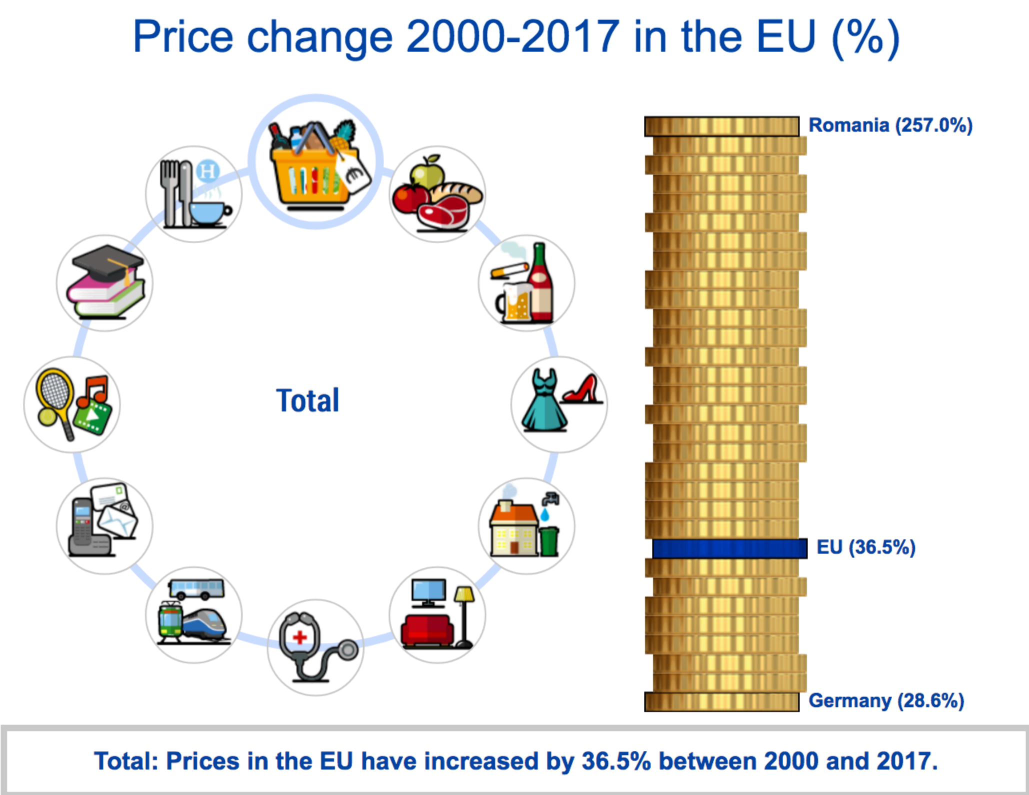
While the overall inflation rate can be considered as moderate in the EU since the start of the millennium (as shown in chapter 1.1), significant price variations are noticeable at a detailed level.

Between 2000 and 2017, prices in the EU have risen by 36 % overall. The highest increases were registered for «alcoholic beverages and tobacco» as well as for «education» where prices rose by more than 90 %. «Housing, water, electricity and gas» as well as «restaurants and hotels» followed with growth rates of more than 55 %. Prices for «clothing and footwear» remained nearly stable, while prices for «communications» decreased by more than 20 %.

Looking at detailed products, the highest increases were observed in particular for tobacco (+154 % between 2000 and 2017), «jewellery, clocks and watches» (+96 %), «gas» (+94 %) as well as «solid fuels» and «heat energy» (both +89 %). Lower increases were observed for e.g. «cars» (+9 %), furniture (+22 %), «books» (+27 %) and «wine» (+30 %). On the other hand, prices for «audio visual, photographic and information processing equipment» decreased by 70 %, «telephone equipment and services» by 25 % and «games and toys» by 22 %.

Prices for «coffee» (+34 %), «milk, cheese and eggs» (+38 %), «meat» (+41 %) and «bread and cereals» (+ 44 %) rose nearly at the same speed as the overall price increase of the EU in the period 2000 to 2017.

Have a look at the interactive visualisation on the right hand side to see how prices in your country have changed since 2000!



1.4 More people in work

Since the start of the millennium, more and more people are in work, while working conditions have changed.

Strong increase in female employment rate

In the period between 2002 and 2017 the employment rate for the total working age population increased from 67 % in 2002 to 72 % in 2017, mainly due to the high increase of the employment rate of women (from 58 % to 66 %). For men, the rate slightly increased from 75 % to 78 %. However, for young people aged 20 to 24, the pattern was different as the employment rate slightly decreased from 53 % in 2002 to 52 % in 2017.

The pattern of an increasing employment rate can also be seen in the euro area and in a large majority of Member States with the largest rises in Bulgaria, Poland and Malta. In 2017, the highest employment rates for women were found in Sweden (80 %), Lithuania (76 %), Germany and Estonia (both 75 %), and for men in the Czech Republic (86 %), Malta and Sweden (both 84 %), the United Kingdom, the Netherlands and Germany (all 83 %). In all Member States, the employment rate for men was higher than for women.

Temporary and part-time employment increasing

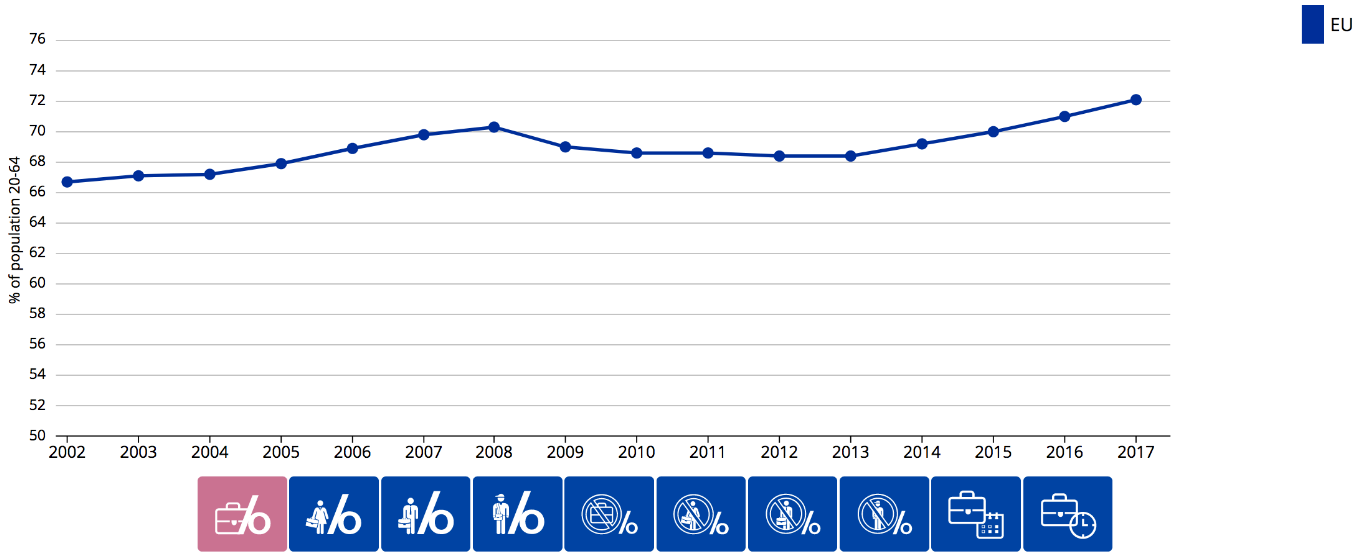
In the period 2002 to 2017, the possibility to find a job with an unlimited duration has slightly reduced with the share of temporary employees in the EU increasing from 11 % in 2002 to 13 % in 2017. Temporary employment in 2017 was nearly the same among women (14 %) as among men (13 %) in the EU. The total share of temporary employees varied among the Member States, with the highest shares observed in Poland and Spain (both 26 %), Portugal (22 %) and Croatia (20 %), and the lowest in Romania (1 %), Lithuania (2 %), Estonia and Latvia (both 3 %).

Another important change in working conditions is the development of part-time work. In the EU, the proportion of those working part-time rose from 15 % in 2002 to 19 % in 2017. Part-time employment in 2017 was much more common among women (31 %) than among men (8 %) in the EU. The total share of part-time workers varied among the Member States, with the highest observed in the Netherlands (47 %), Austria (28 %), Germany (27 %), Belgium and the United Kingdom (both 24 %), and the lowest in Bulgaria (2 %), Hungary (4 %) and Croatia (5 %).

Employment

(as % of the population aged 20 to 64)

European Union



Source: Eurostat - access to dataset

2. HOUSEHOLD INCOME AND SPENDING

2.1 Household income recovering

Real household income up by 1 % per year since 2000

The evolution of the purchasing power of households can be measured through the variation of the disposable income of households adjusted for inflation. However, it should be noted that this indicator which reflects the evolution of the average, does not provide information on income disparities.

In real terms, the disposable income of households, grew in the EU in total by 16 % between 2000 and 2009. Following the financial crisis, it decreased by around 3 % from 2009 to 2013 and then rose by 5 % between 2013 and 2016. In total, the disposable income of households increased by around 18 % between 2000 and 2016, meaning an average growth rate of 1 % per year.

Have a look at the interactive line chart on the right hand side to see how household income in your country has changed since 2000! In addition, to know more on income disparities in your country, have a look at the interactive visualisation to see where your net monthly income is situated compared with others in your country!

Share of pension expenditure increasing

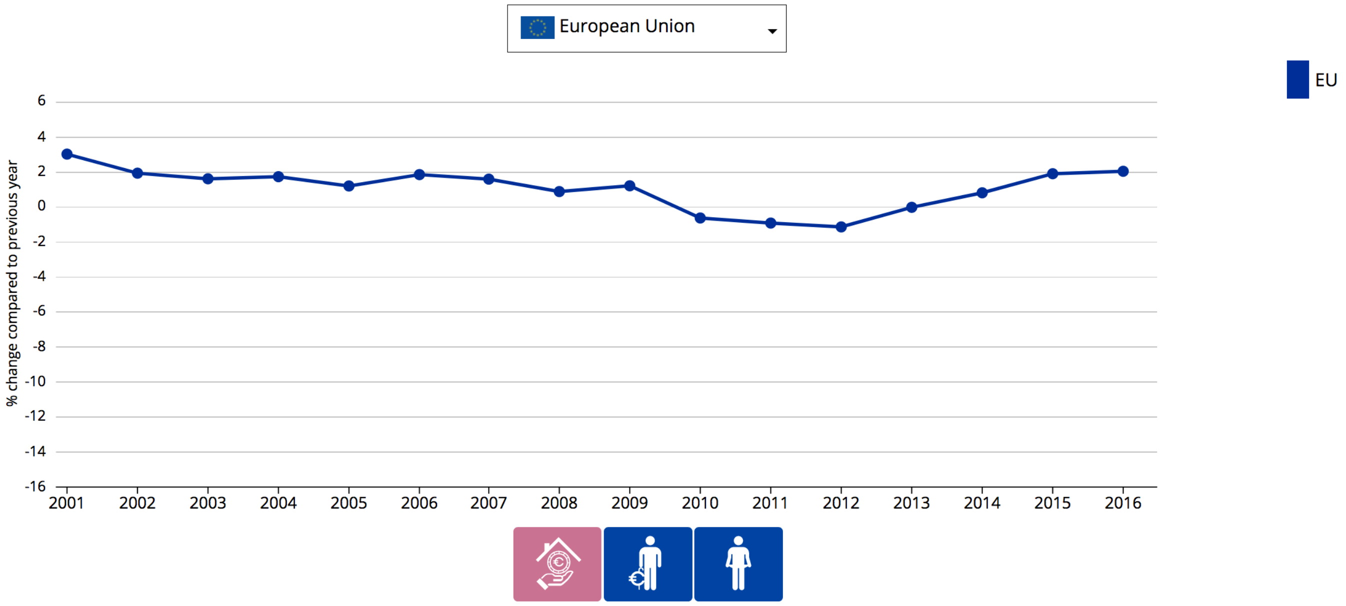
Linked to an ageing population, social benefits relating to pensions as a share of GDP have increased steadily in the EU from 11.6 % in 2008 to 13.0 % in 2014. Even if the same pattern is observed in the euro area and in a large majority of EU Member States, there are still today large differences among Member States: in 2015, the highest shares of social benefits relating to pensions were observed in Greece (17.8 % of GDP), Italy (16.5 %) and France (15.0 %), and the lowest in Ireland (5.5 %), Lithuania (6.8 %) and Latvia (7.7 %).

Share of population at risk-of-poverty or social exclusion decreasing since 2012

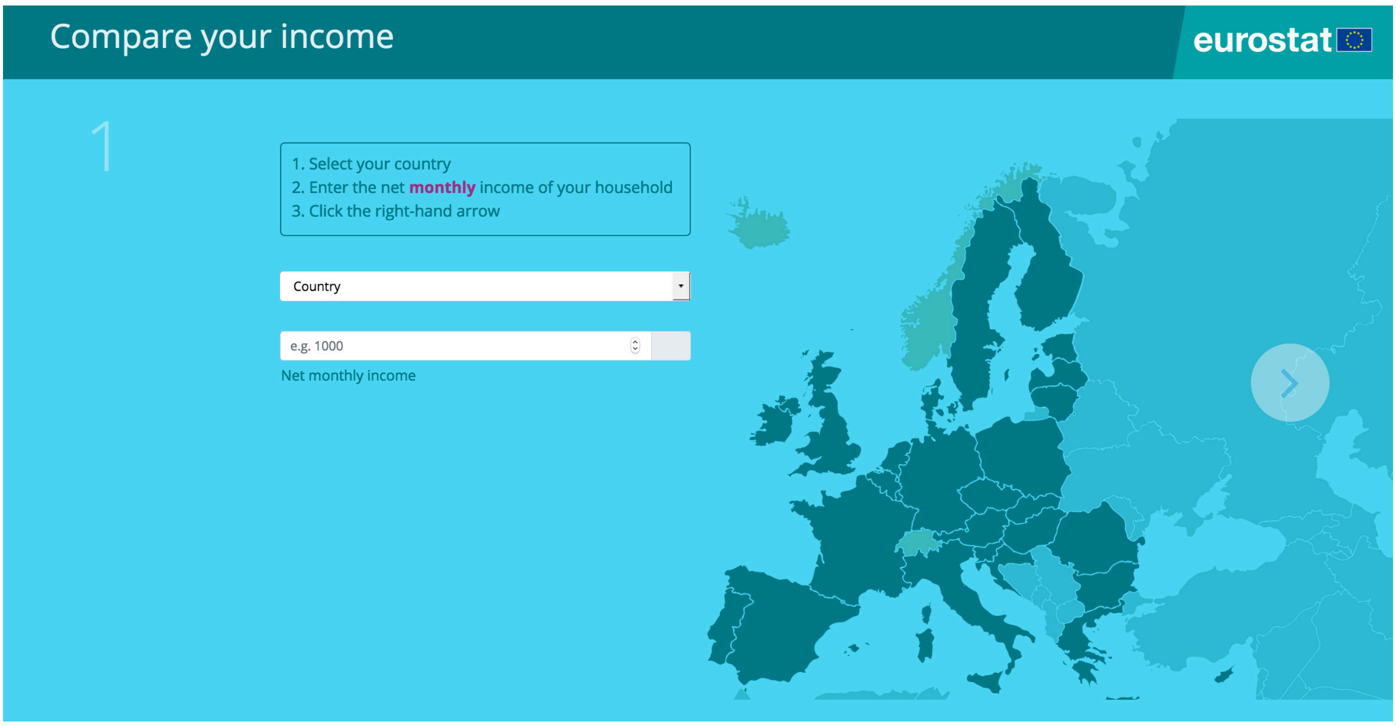
Economic fluctuations also have a strong impact on the population at risk-of-poverty or social exclusion. In the EU, the share of the population being at risk of poverty or severely materially deprived or living in a household with very low work intensity increased from 23.8 % in 2010 to 24.8 % in 2012, before decreasing to reach 23.5 % in 2016. There are large differences among Member States with the highest rates in 2016 observed in Bulgaria (40.4 % of the population), Romania (38.8 %), Greece (35.6 %) and Lithuania (30.1 %), while the lowest were found in the Czech Republic (13.3 %), Finland (16.6 %), Denmark and the Netherlands (both 16.7 %).

Real disposable income of households

(% change compared to previous year)



Source: Eurostat - access to dataset



2.2 Large differences in spending and prices

Half of household expenditure on housing, transport and food

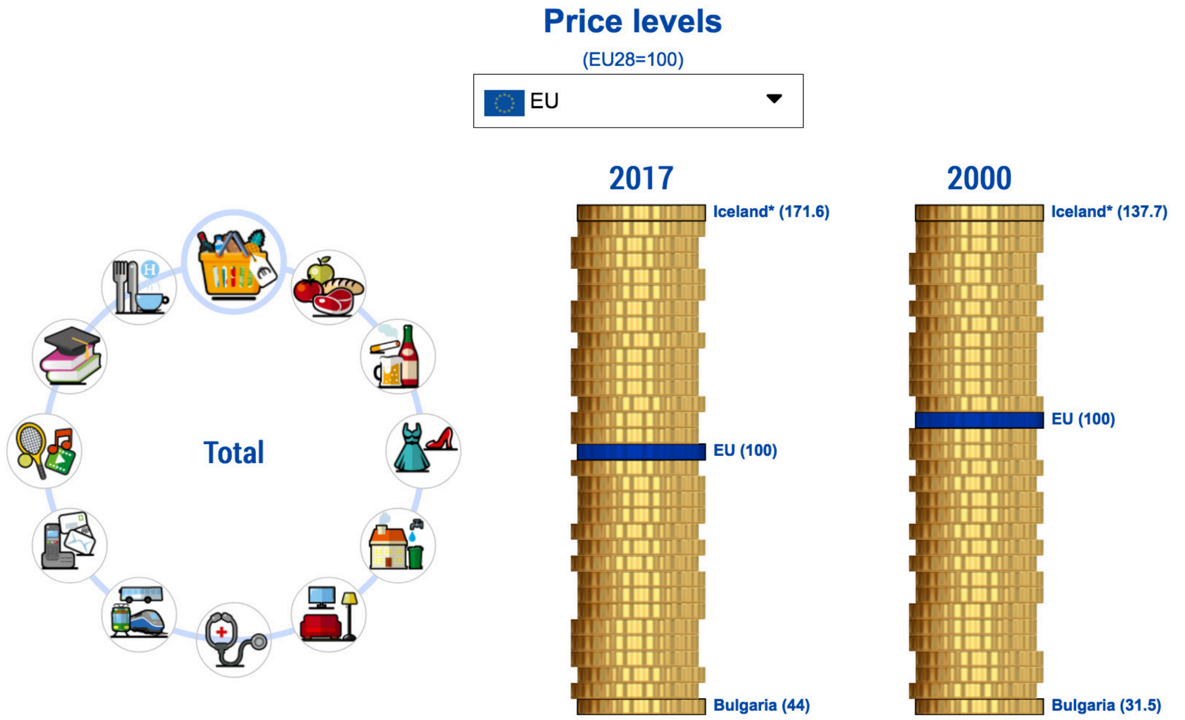
Households have different consumption patterns very much depending on income levels, cultural habits or geographical situation. On average in the EU in 2016, the largest part (nearly a quarter) of household consumption expenditure was devoted to «housing, water, electricity and gas» (which excludes purchase of dwellings), while «transport» accounted for 13 % and «food» for 12 %. «Restaurants and hotels» and «recreation and culture» followed with shares of around 9 % each. The remaining groups of products and services had shares of around 4 % to 5 %: «furnishings and household equipment», «clothing and footwear», «alcoholic beverages and tobacco» and «health»; while «communications» and «education» had smaller shares of 3 % and 1 % respectively.

Household expenditure was mostly devoted to «housing» in all Member States except Bulgaria, Estonia, Lithuania and Romania, where «food» was most important, and Cyprus and Malta where it was «restaurants and hotels».

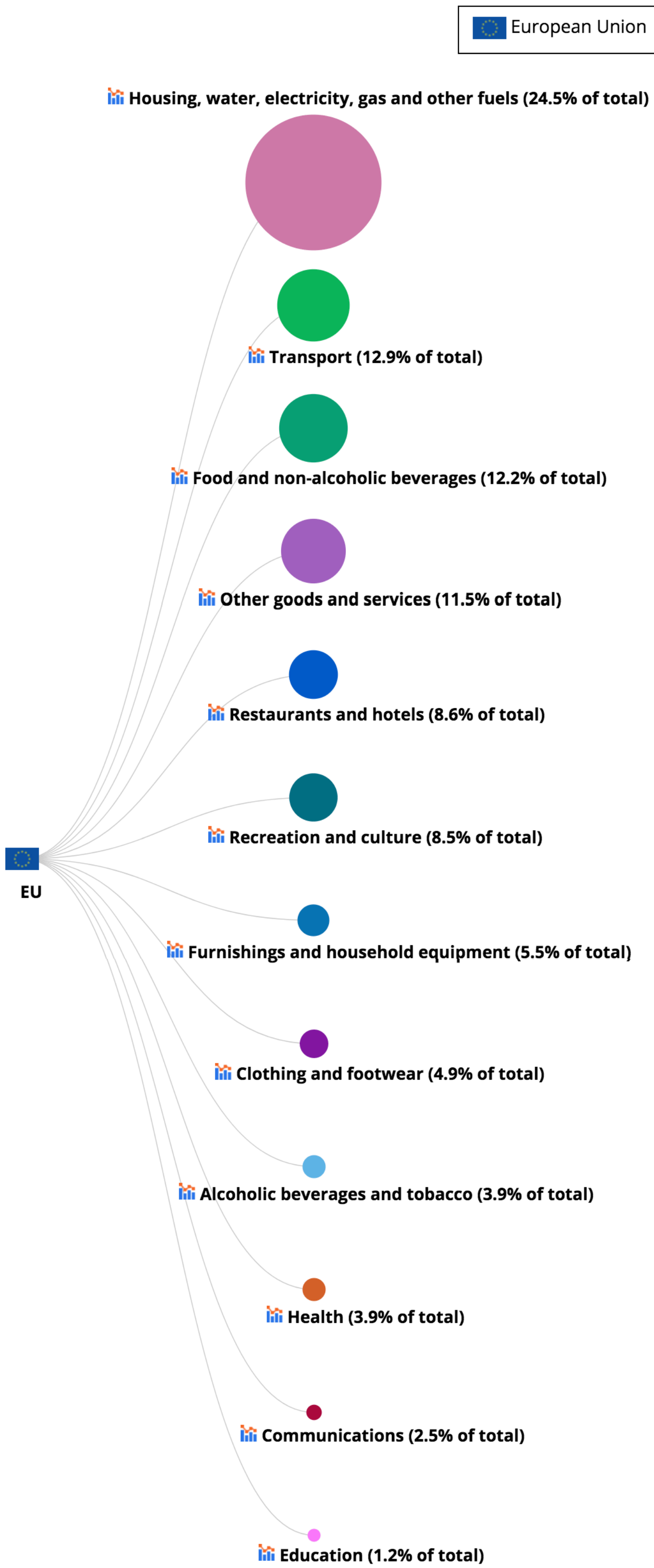
Denmark and Luxembourg the most expensive, Bulgaria the cheapest

Price levels for consumer goods and services differ widely among EU Member States. In 2017, Denmark and Luxembourg had the highest price levels (both 41 % above the EU average), followed by Sweden (35 % above), Ireland (28 % above), Finland (23 % above) and the United Kingdom (17 % above), while the lowest levels were observed in Bulgaria (56 % below the EU average), Romania (52 % below), Poland (47 % below), Hungary (42 % below) and Lithuania (40 % below).

At a more detailed level, Denmark was the most expensive Member State in 2017 for «restaurants and hotels» (51 % above the EU average), «food» (50 % above), «recreation and culture» (48 % above), «transport (28 % above) and «household equipment» (20 % above). Ireland was the most expensive Member State for «alcoholic beverages and tobacco» (74 % above), Luxembourg for «housing, water, electricity and gas» (63 % above), Greece for «communications» (54 % above) ar



Household expenditure by category, EU, 2016 (as % of total expenditure)



2.3 Evolution of the housing market

This chapter describes different aspects of the housing market: from purchase and price development to ownership and affordability.

Household investment rate in the EU down since 2008

Household investment mainly consists of the purchase and renovation of dwellings. The household investment rate, defined as the share of investment in disposable income, has slightly decreased in the EU in the period 2000 to 2016. From around 9 % between 2000 and 2004, it rose to around 10 % between 2005 and 2008, and then dropped to reach 8 % in 2016. Among the Member States for which data are available, the highest household investment rates in 2016 were observed in the Netherlands (11.2 %), Luxembourg (10.9 %), Finland (10.7 %) and Belgium (10.0 %), and the lowest in Latvia (4.5 %), Portugal (4.6 %) and Spain (4.8 %).

House prices up by 11 % in the EU since 2010

House prices, including purchases of both new and existing houses and flats, have fluctuated significantly since 2006 with annual growth rates in the EU of around 8 % in 2006 and 2007, followed by a fall of 4 % in 2009 as a result of the financial crisis. Prices started growing again in 2014.

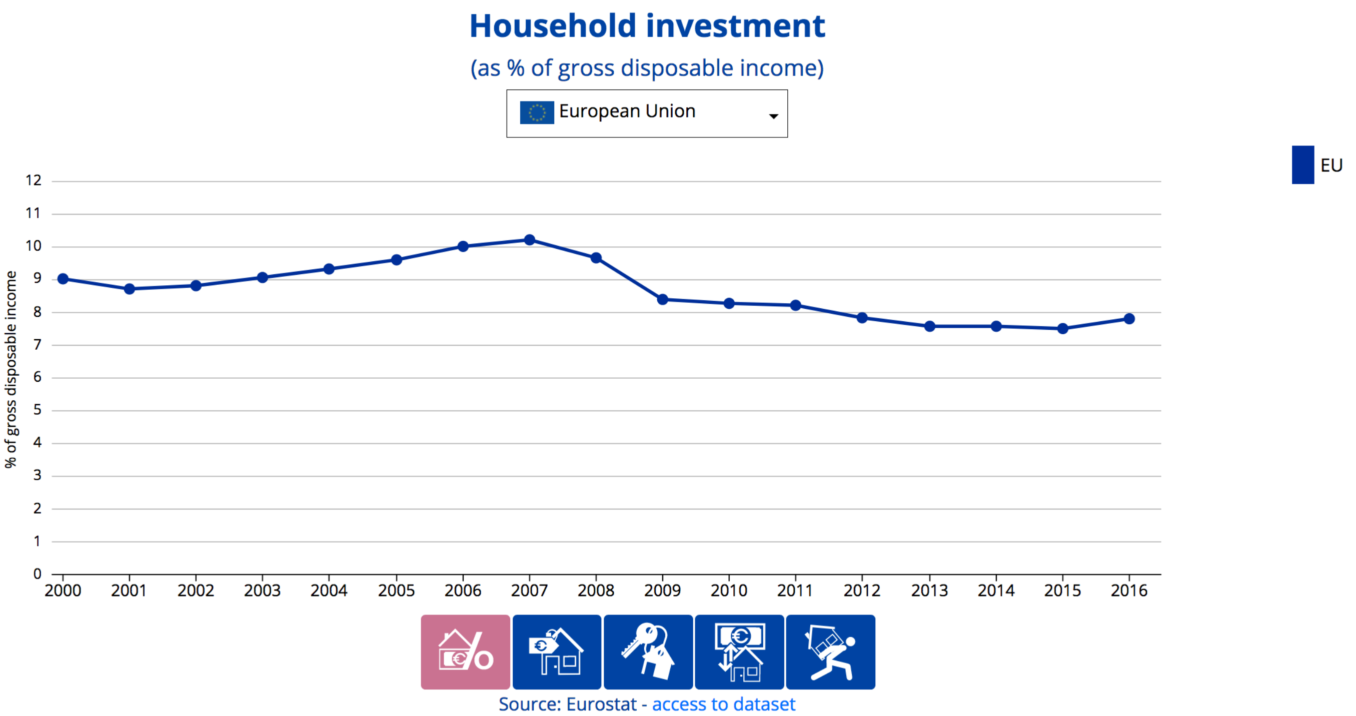
Overall, between 2010 and 2017, house prices grew in total by 11 % in the EU and by 6 % in the euro area. Among the Member States, the highest increases during this period were observed in Estonia (+73 %), Sweden (+56 %), Austria (+49 %), Latvia (+47 %) and Luxembourg (+40 %), and the largest decreases in Spain (-17 %), Italy (-15 %) and Cyprus (-9 %).

Around 70 % of people in the EU own their home

In the EU, the share of the population owning their home has been stable at around 70 % over the whole period 2010 to 2016, leaving the share of tenants at around 30 %. This pattern slightly differed in the euro area, where around two thirds of the population were owning and around one third renting. Among the Member States, the ownership rates in 2016 varied from 96 % in Romania, 90 % in Lithuania and Croatia to 52 % in Germany, 55 % in Austria, 62 % in Denmark and 63 % in the United Kingdom.

Housing costs represent an overburden for more than 10 % of the EU population

Housing costs today represent an overburden for part of the population. In 2016, around 11 % of the EU population spent 40 % or more of their disposable income on housing, which is considered as an overburden housing cost. There are significant differences between the Member States with the highest housing cost overburden rates in 2016 in Greece (41 %), Bulgaria (21 %), Germany (16 %) and Denmark (15 %), and the lowest in Malta (1 %), Cyprus (3 %) and Finland (4 %).


Household investment
(as % of gross disposable income)
European Union
EU
% of gross disposable income
12
11
10
9
8
7
6
5
4
3
2
1
0
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
Source: Eurostat - access to dataset

2.4 Large diversity in saving- and debt ratios

Household saving rate in the EU rather stable

Saving is the part of the household's disposable income which is not spent as final consumption expenditure. The amount of money households are saving can be measured through the household saving rate, which is defined as household's saving as a proportion of their disposable income.

The household saving rate in the EU has been rather stable since the beginning of the millennium, fluctuating between 11 % and 13 %.The pattern is about the same in the euro area, but at slightly higher rates. In 2016, the highest household saving rates were observed in Luxembourg (20 %), Sweden (19 %), Germany (17 %) and France (14 %), and the lowest in Cyprus (-2 %), Lithuania (0 %), Latvia (3 %) and Poland (4 %).

Increasing household debt ratio in the euro area...

Household debt can be measured by the debt-to-income ratio, which is the household debt divided by the disposable income. In the euro area (data not available for the EU), this rate increased between 2000 and 2016: It was around 75 % in 2000 and then increased year on year to reach 98 % in 2010, after which it decreased and stood at 93 % in 2016.

In all Member States for which data are available, the debt-to income ratio was higher in 2016 than in 2000, except in Germany where it was lower. However in around half of the Member States, it was lower in 2016 than in the period of the financial crisis. In 2016, the rates ranged among Member States from 33 % in Bulgaria, 36 % in Lithuania, 38 % in Latvia and 45 % in Slovenia up to 172 % in Luxembourg, 179 % in Cyprus, 213 % in the Netherlands and 242 % in Denmark.

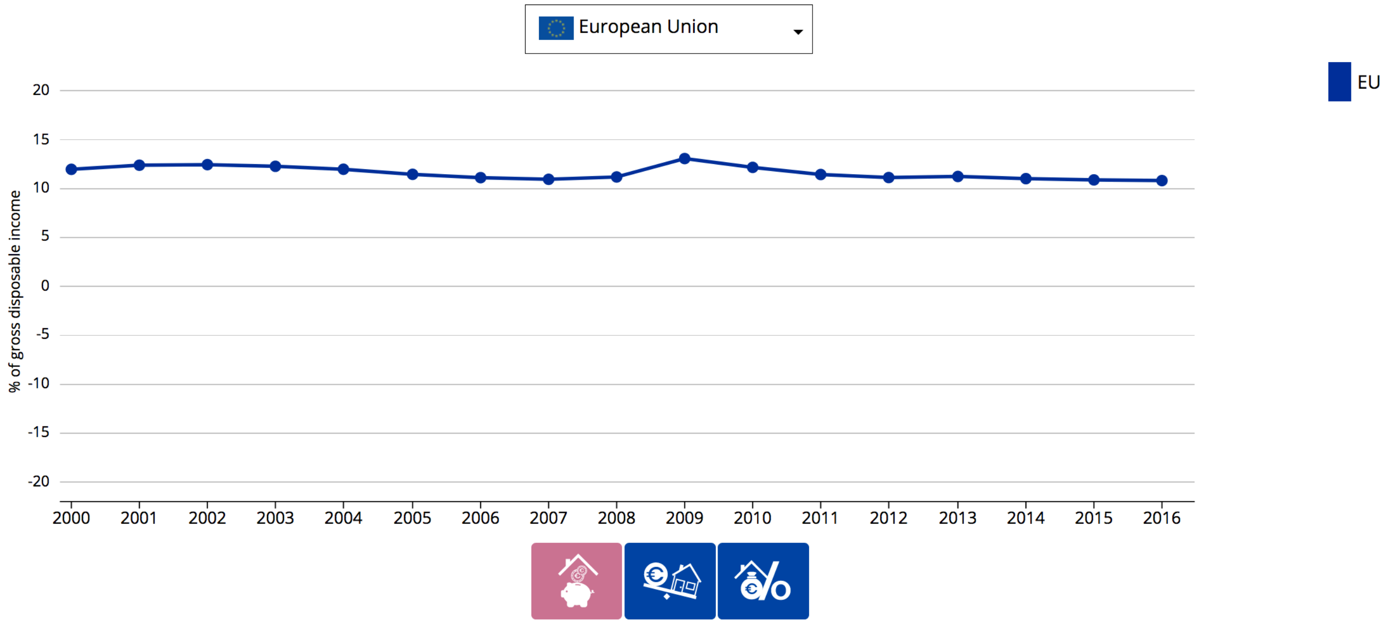
...but also increasing household financial assets ratio

Apart from dwellings, another component of the wealth of households is their financial assets (shares, bonds, deposits etc.). The household net financial assets-to-income ratio represents the accumulation of financial assets, after deduction of liabilities, of households as a proportion of their annual income. This ratio does not take into account non-financial assets such as dwellings.

After fluctuating around 200 % in the euro area since 2000, the ratio increased continuously from 2011 to reach nearly 240 % in 2016. The rate varied greatly among Member States, ranging from 68 % in Slovakia, 97 % in Lithuania, 107 % in Poland and 115 % in Slovenia up to 355 % in the United Kingdom, 376 % in Sweden, 418 % in the Netherlands and 435 % in Belgium.

Household savings

(as % of gross disposable income)



Source: Eurostat - access to dataset

3. BUSINESS ACTIVITY AND INVESTMENT

3.1 Three jobs out of four in services

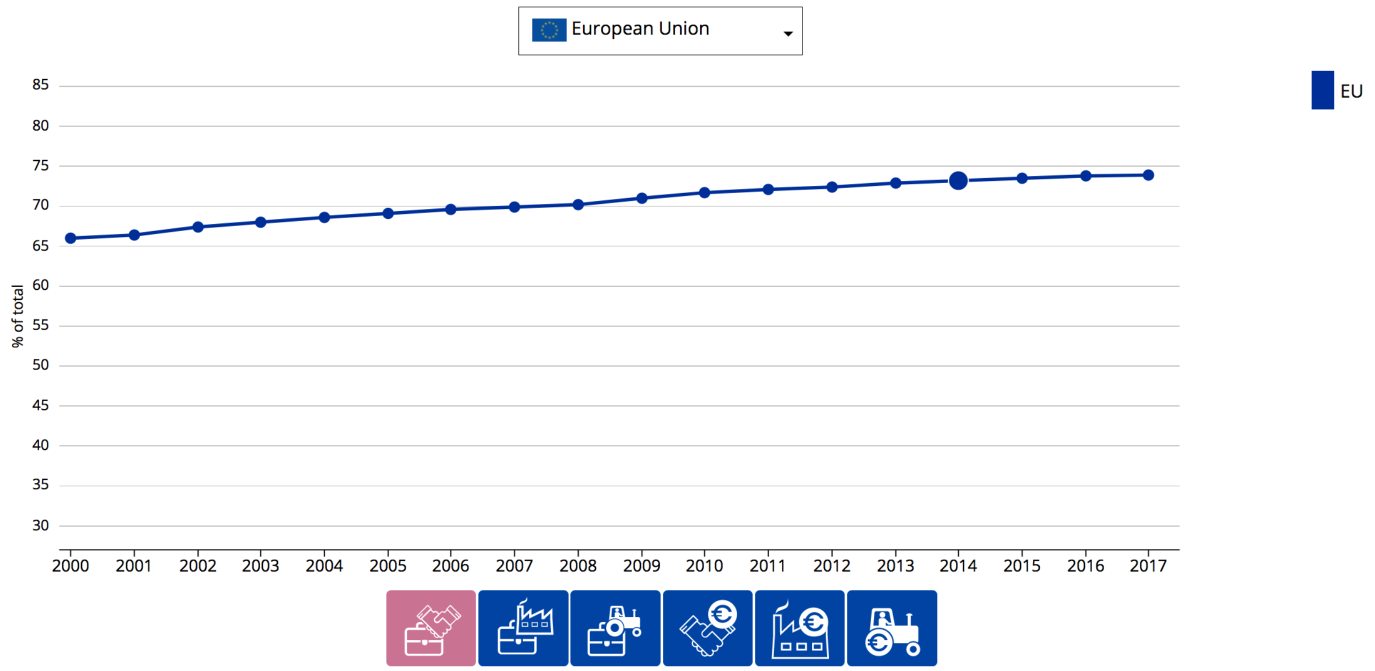
The shift towards a service economy is a long-term trend already observed in the EU in the second half of the 20th century. In 2017, employment in services accounted for 74 % of total employment in the EU compared with 66 % in 2000, while employment in industry decreased from 26 % in 2000 to 22 % in 2017 and agriculture halved from 8 % to 4 %. As regards value added, services generated 73 % of total value added in 2017, industry 25 % and agriculture 2 %.

The detailed service activities that have had the largest increases in proportion of employment since 2000 in the EU are "accommodation and food services", "residential care activities", "human health activities", "legal and accounting activities", «employment activities within administrative and support service activities», "retail trade" as well as "computer consulting, programming and information service activities", while the share of «financial services» has slightly decreased.

Among the Member States, the share of agricultural employment in 2017 was the highest in Romania (24 % of total employment), Bulgaria (19 %), Greece (11 %) and Poland (10 %), while the highest shares for industrial employment were observed in the Czech Republic (36 %), Slovakia and Poland (both 31 %) and Romania (30 %). Service activities represented 80 % of total employment or just over in the Netherlands, the United Kingdom, Belgium, Malta, France, Denmark, Cyprus and Luxembourg.

Employment in services

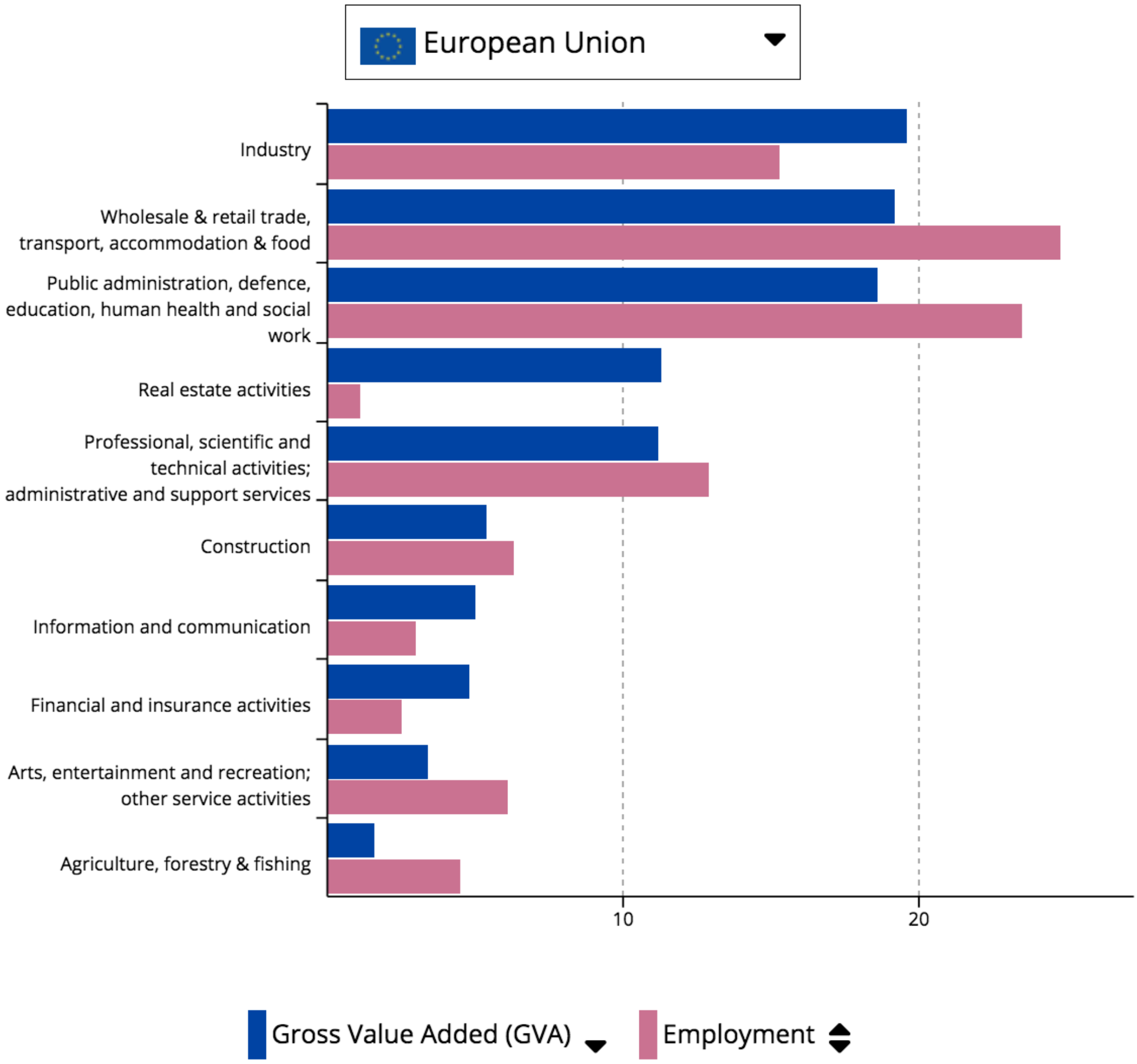
(% of total employment)



Source: Eurostat - access to dataset

Gross value added and employment by economic activity

(as % of total), 2017



3.2 Large enterprises generate one third of employment

Only 0.2 % of enterprises in the EU are large...

In the EU in 2015, there were in total 23.5 million non-financial enterprises, of which 98.7 % were small (0-49 employed persons), 1.0 % were medium (50-249 employed persons) and only 0.2 % were large (250 employed persons and over). It should be noted that among small enterprises, the smallest ones of less than 10 persons employed accounted for 93 % of the total number of enterprises. Among the Member States, the share of small, medium and large enterprises were largely identical in 2015.

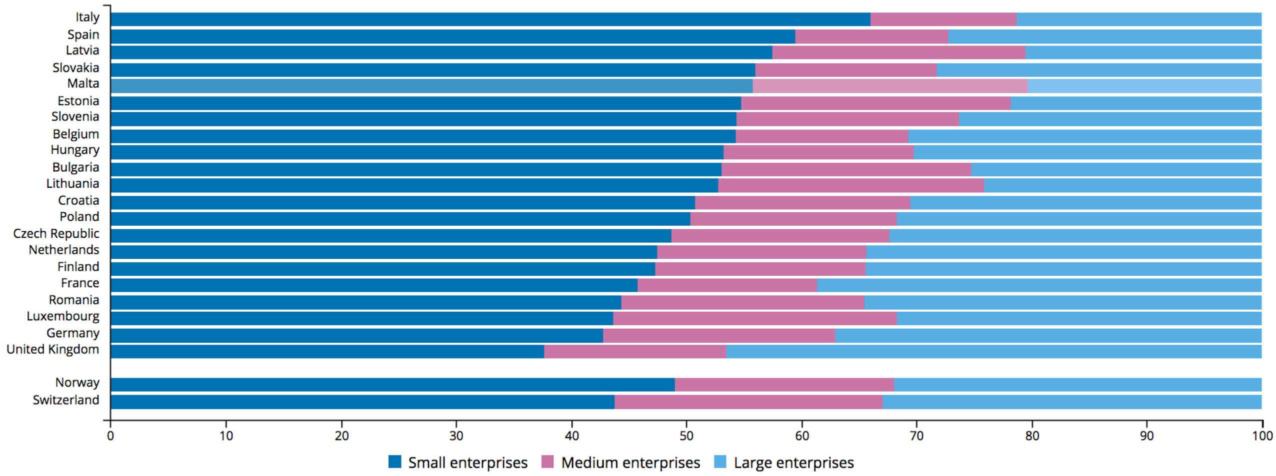
...but they generate 33 % of employment and 44 % of total value added

When looking at the number of persons employed in the EU, however, the shares change considerably with around half working in small enterprises in 2015, 17 % in medium and a third in large. Among the Member States, the largest shares of persons employed in small enterprises were observed in Italy (66 %), Portugal (62 %) and Spain (60 %), and for medium sized enterprises in Luxembourg (25 %), Malta (24 %), Estonia and Lithuania (both 23 %). For large enterprises, the highest proportions were found in the United Kingdom (47 %), France (39 %) and Germany (37 %).

Regarding value added, 38 % of value added came from small enterprises, 19 % from medium sized and 44 % from large enterprises. These shares vary among the Member States for which data are available. In 2015, the largest share of value added generated by small enterprises were found in Malta (59 %), Italy (50 %) and Estonia (49 %), while medium sized enterprises generated the largest shares of value added in Lithuania (28 %), Latvia (27 %) and Estonia (26 %). The highest proportions for large enterprises were observed in the United Kingdom (50 %), Poland (49 %) and Romania (48 %).

Number of persons employed by enterprise size class, 2015

(as % of total employment)



Sort by Small Medium Large

Source: Eurostat - access to dataset

3.3 Investment rate and profit share relatively stable on the long term

The investment rate of non-financial corporations (excluding the financial sector), showing businesses' investments as a share of their gross value added, is a key indicator for the business sector. In both the EU and the euro area, the investment rate remained relatively stable around 24 % between 2000 and 2008. It then went down to 21 % in 2009 and 2010 due to the financial crisis, before increasing slowly to reach 23 % in 2016.

In 2016, among the Member States, the highest investment rates for businesses were observed in Ireland (39 %), followed by the Czech Republic (29 %), Slovakia (28 %), Sweden and Spain (both 27 %). The lowest rates were found in the United Kingdom and the Netherlands (both 17 %), Greece and Lithuania (both 18 %).

The profit share of non-financial corporations, meaning businesses' gross operating surplus as a share of their gross value added, is an indicator of businesses profitability. This rate has been quite stable in the EU, fluctuating around 40 % in the period 2000 to 2016.

In 2016, the highest profit share of businesses was also observed in Ireland (72 %), followed by Greece (52 %), the Czech Republic and Lithuania (both 50 %). The lowest rates were found in France (32 %), Luxembourg, the United Kingdom and Slovenia (all 35 %).

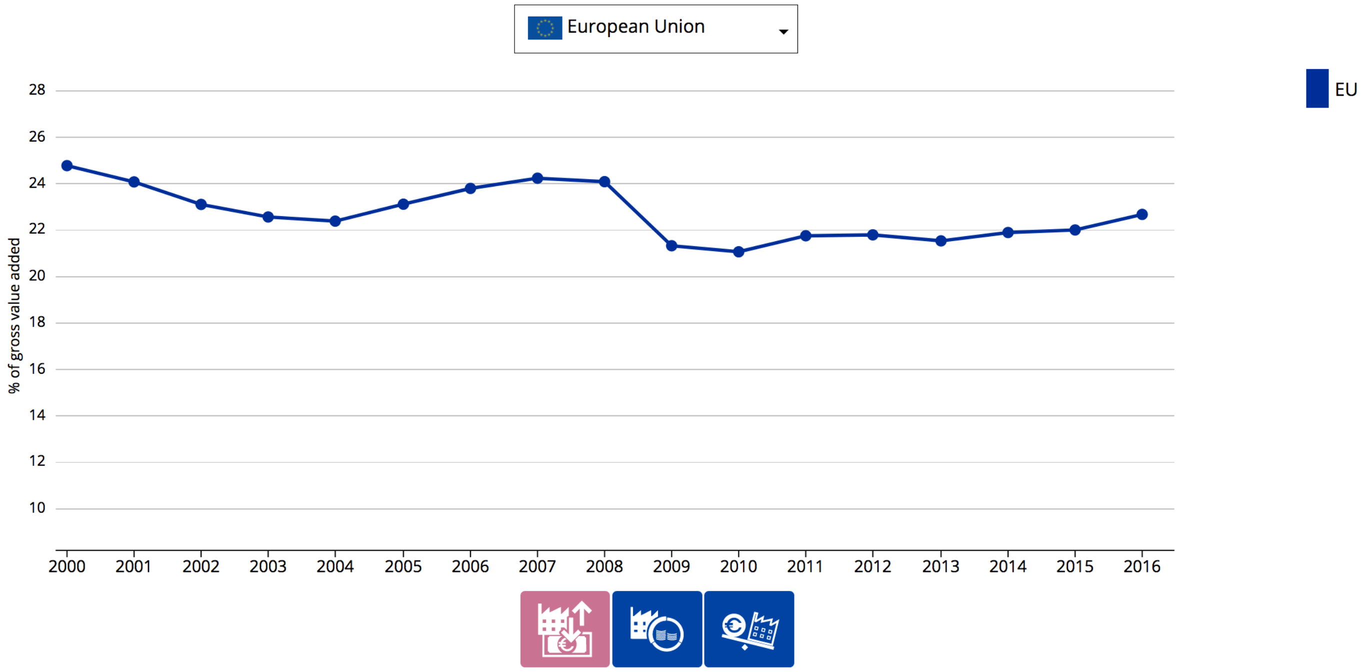
A reduced indebtedness

The net debt-to-income ratio of non-financial corporations shows the liabilities within the business sector. It is calculated as liabilities minus assets as a share of the net entrepreneurial income. This rate, which stood at 324 % in the EU in 2004, reached a peak of 409 % in 2009 and then decreased to reach 286 % in 2016.

The debt to income ratio strongly differs among the Member States for which data are available, ranging in 2016 from 52 % in Luxembourg, 157 % in Estonia, 158 % in Denmark and 176 % in the Netherlands to 757 % in Greece, 612 % in Portugal, 587 % in Italy and 512 % in Slovenia.

Business investment

(% of gross value added)



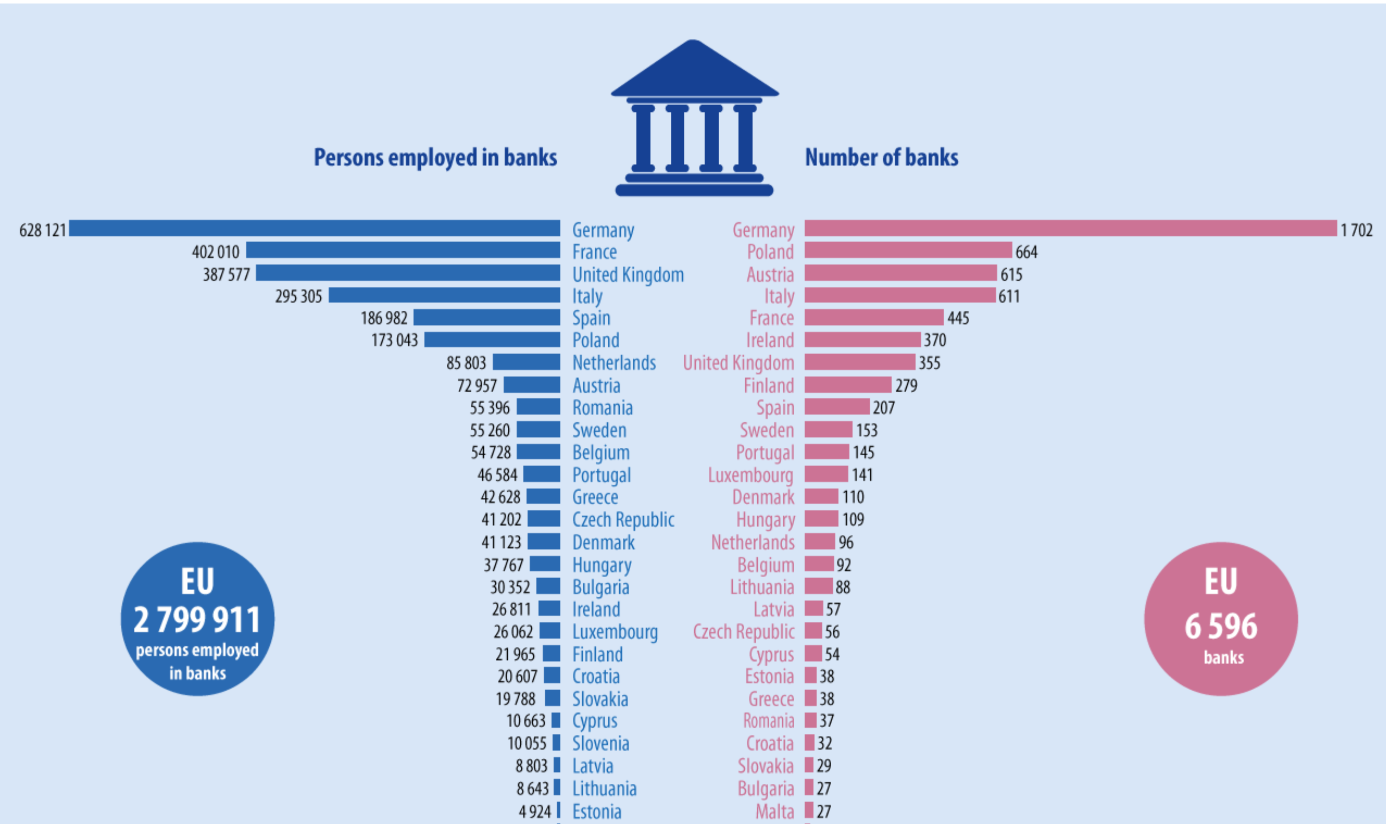
Source: Eurostat - access to dataset

3.4 Number of banks decreasing

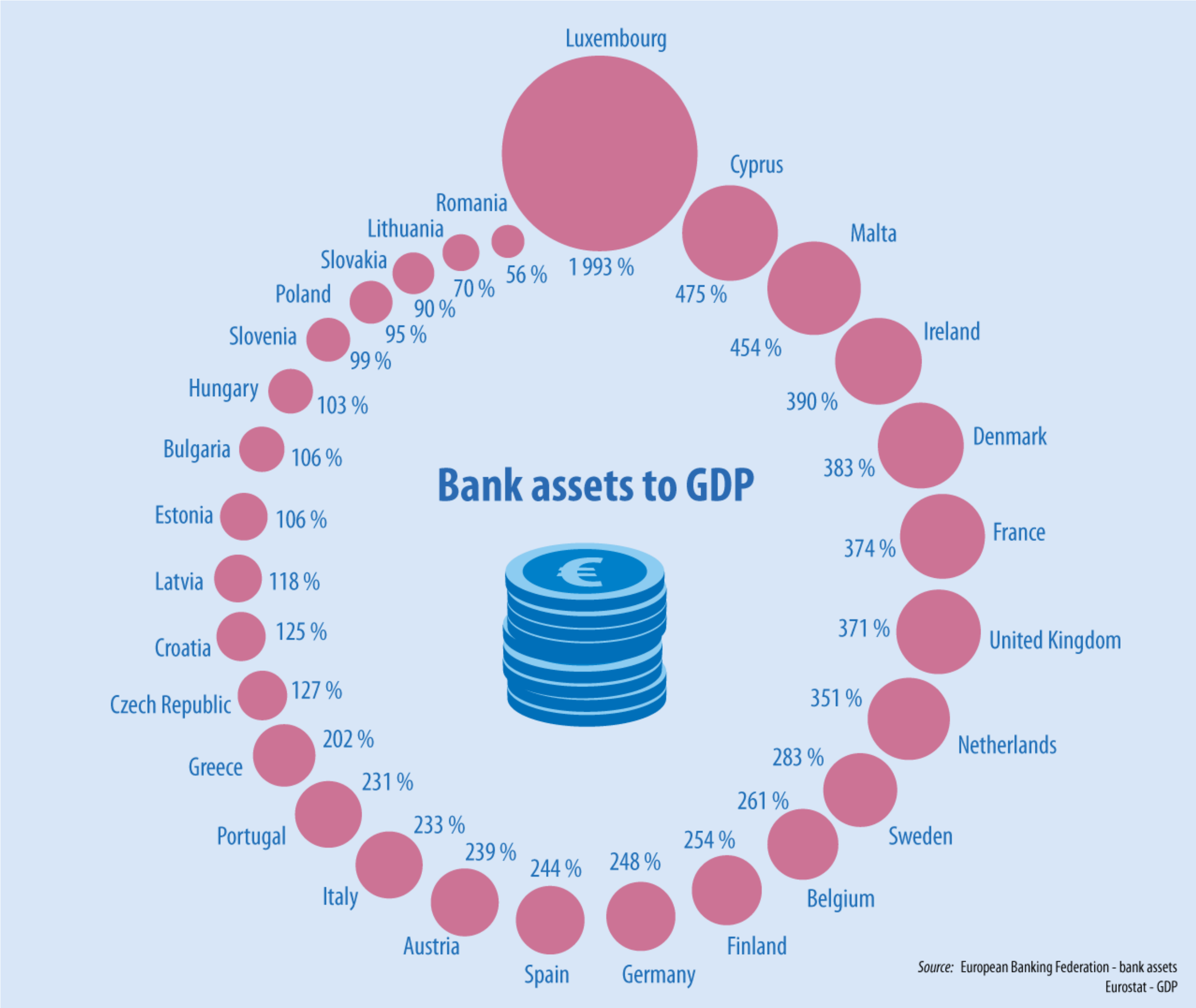
While the other parts of this chapter focus on non-financial businesses, this last part provides information on the banking sector. Since 2008, the number of banks in the EU has continuously decreased following mergers in the banking sector. In 2016, there were 6 596 banks in the EU, a fall of 23 % compared with 2008. In 2016, the Member State with the largest amount of banks was Germany (26 % of the EU total), followed by Poland (10 %), Austria and Italy (both 9 %), which means that over half of all EU banks were situated in these four Member States.

There were 2.8 million people employed within the banking sector in the EU in 2016. Germany (22 % of the EU total) had the largest number of persons employed in this sector, followed by France and the United Kingdom (both 14 %) and Italy (11 %).

Regarding the assets of the banking sector in the EU, they amounted to EUR 43 200 billion in 2016, corresponding to 290 % of EU GDP. The Member State with the largest banking assets was the United Kingdom (EUR 8 900 billion, 371 % of its GDP), followed by France (EUR 8 300 billion, 374 % of its GDP), Germany (EUR 7 800 billion, 248 % of its GDP) and Italy (EUR 3 900 billion, 233 % of its GDP). Banking assets as a share of GDP were highest in Luxembourg (1 993 %), Cyprus (475 %), Malta (454 %), Ireland (390 %) and Denmark (383 %). For more information see the European Banking Federation.



Source: European Banking Federation


Bank assets to GDP
Luxembourg 1 993 %
Cyprus 475 %
Malta 454 %
Ireland 390 %
Denmark 383 %
France 374 %
United Kingdom 371 %
Netherlands 351 %
Sweden 283 %
Belgium 261 %
Finland 254 %
Germany 248 %
Spain 244 %
Austria 239 %
Italy 233 %
Portugal 231 %
Greece 202 %
Czech Republic 127 %
Croatia 125 %
Latvia 118 %
Estonia 106 %
Bulgaria 106 %
Hungary 103 %
Slovenia 99 %
Poland 95 %
Slovakia 90 %
Lithuania 70 %
Romania 56 %
Source: European Banking Federation - bank assets
Eurostat - GDP

4. GOVERNMENT REVENUE AND EXPENDITURE

4.1 Government revenue to GDP ratio nearly stable since 2012

The whole government sector includes all central, state and local governments as well as social security funds. Government revenue, expressed as a percentage of GDP, slightly increased in the EU, from around 43 % at the beginning of the millennium to around 45 % in 2012. Since then, the ratio remained stable.

In 2017, the highest ratios among the Member States were observed in France (54 %), Finland and Denmark (both 53 %), Belgium (51 %) and Sweden (50 %), and the lowest in Ireland (26 %), Romania (31 %), Lithuania (34 %), Bulgaria (36 %).

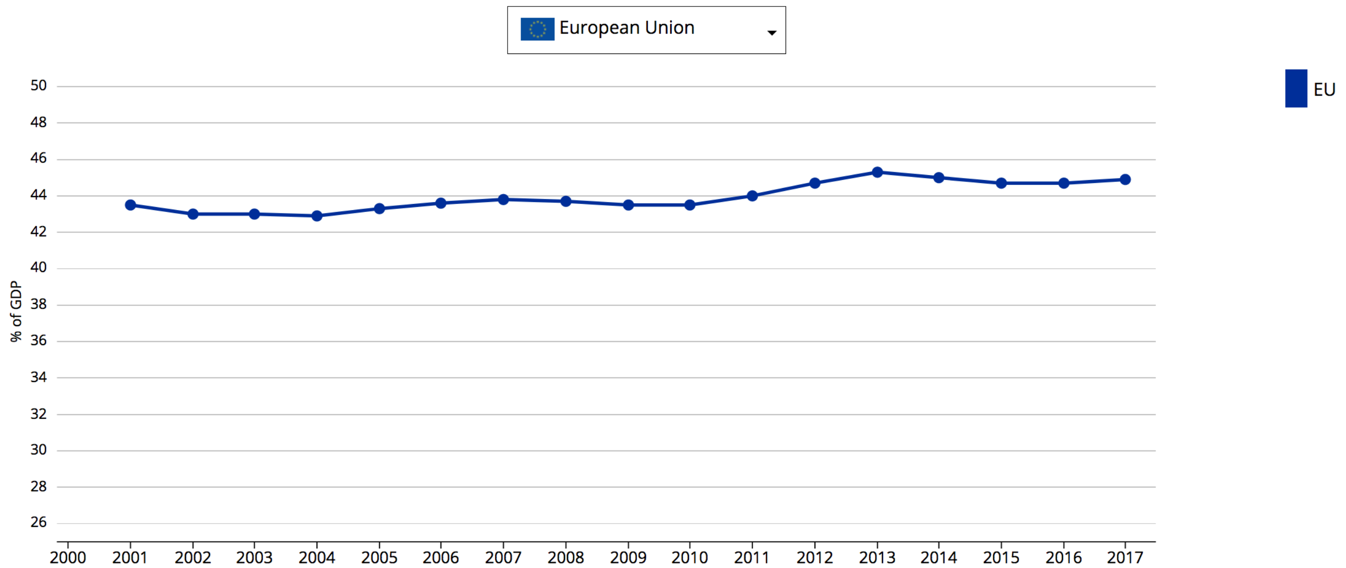
Highest tax to GDP ratios in France, Denmark and Belgium

A large part of government revenue comes from taxes and social contributions which represented 90 % of total government revenue in the EU in 2016. Revenue from taxes and social contributions as a share of GDP, which reflect the tax burden of a country, slightly increased since the start of the millennium, from 38 % in 2002 to 40 % in 2013, and then remained stable.

Among the Member States, the highest tax ratios in 2016 were observed in France and Denmark (both 47 % of GDP) and Belgium (46 %), and the smallest in Ireland (24 %), Romania (26 %) and Bulgaria (29 %).

Government revenue

(% of GDP)



Source: Eurostat - access to dataset

4.2 Government expenditure to GDP ratio down since 2010

The ratio of government expenditure, expressed as a percentage of GDP, has been less stable than the ratio of government revenue. Between 2001 and 2008, government expenditure in the EU stood at 45 % to 46 % of GDP. In 2009 and 2010, the rate increased sharply to a peak of 50 %, due to the financial crisis. Since then the rate has decreased gradually, to reach 46 % in 2017.

In 2017, the highest government expenditure-to-GDP shares were observed in France (57 %), Finland (54 %), Belgium and Denmark (both 52 %), and the lowest in Ireland (26 %), Romania and Lithuania (both 33 %) and Bulgaria (35 %).

Largest part of government expenditure spent on social protection

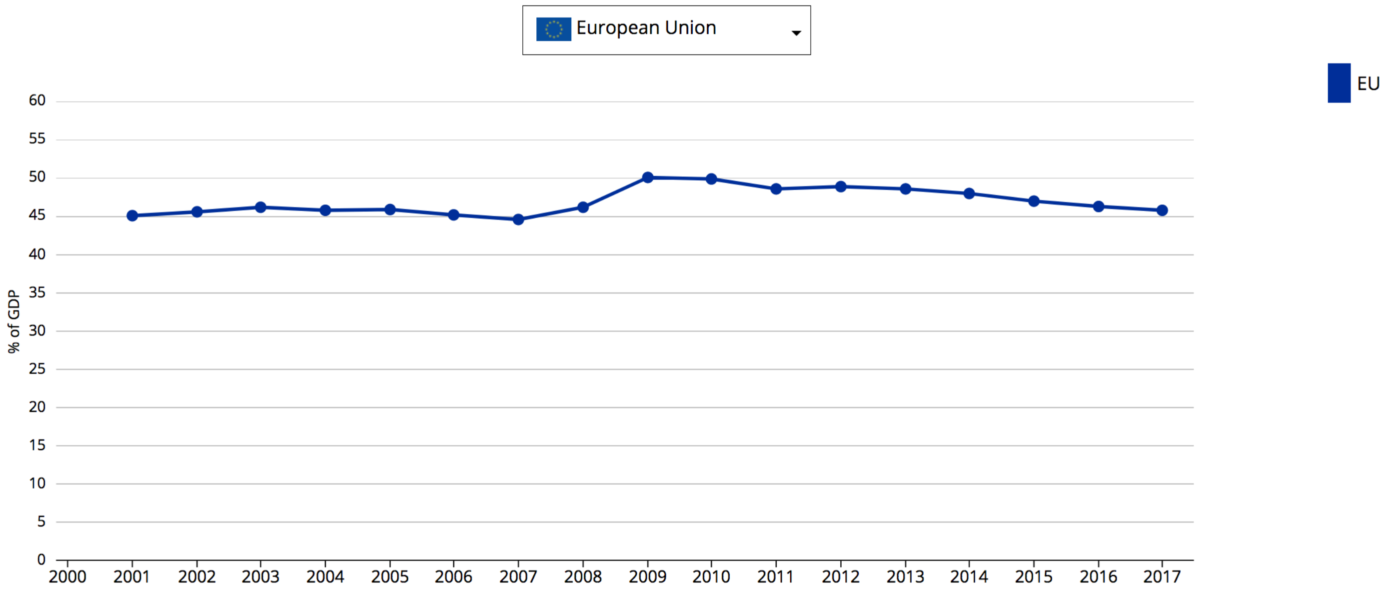
How does the government use its revenue? In 2016, the largest part of government expenditure in the EU was spent on social protection (41 % of total expenditure), followed by health (15 %), general public services (13 %), education (10 %) and economic affairs (9 %) — these items make up almost 90 % of government expenditure in the EU.

Social protection represents the largest share of government expenditure in all Member States. In 2016, the highest shares were observed in Finland (46 %), Denmark and Germany (both 44 %), and the lowest in Hungary, the Czech Republic and Croatia (all 31 %).

Have a look at the visualisation tool here on the right if you want to know more on the use of government revenue in your country!

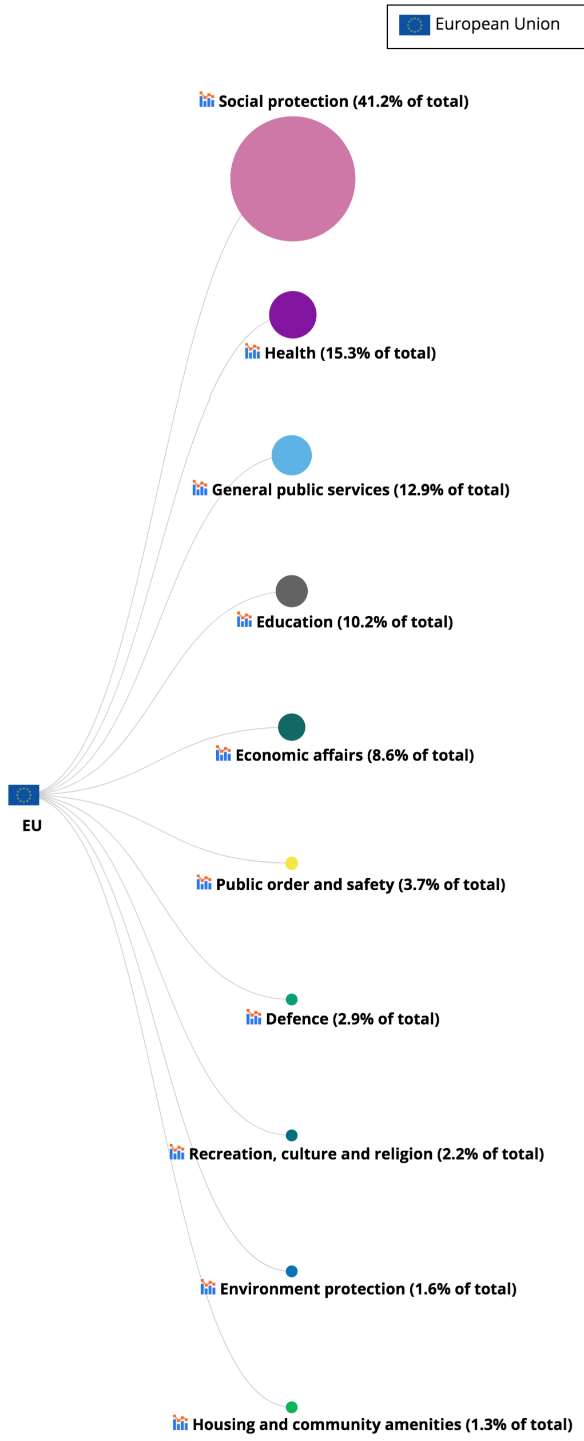
Government expenditure

(% of GDP)



Source: Eurostat - access to dataset

Government expenditure by functionEU, 2016 (as % of total expenditure)



4.3 A strong increase of government debt

The difference between government revenue and expenditure shows either the surplus or the deficit of a country. Under the terms of the EU's Stability and Growth Pact stemming from the Maastricht Treaty, EU Member States engaged to keep their deficit and debt below certain limits: a Member State's government deficit should not exceed 3 % of its GDP, while its debt should not exceed 60 % of GDP. If a Member State does not respect these limits, the so-called excessive deficit procedure (EDP) may be launched.

EU government deficit-to-GDP ratio decreasing steadily since 2009

The EU has recorded an annual public deficit since the start of the millennium. However after reaching a maximum of more than -6 % of GDP in 2009 and 2010, the deficit-to-GDP ratio decreased steadily to -1 % in 2017.

The situation in 2017 among the Member States is contrasted with a little more than half of the Member States having a deficit and the others a surplus. The largest government deficit ratios were observed in Spain (-3.1 %), Portugal (-3.0 %), Romania (-2.9 %) and France (-2.6 %), and the largest surpluses in Malta (+3.9 %), Cyprus (+1.8 %), the Czech Republic (+1.6 %) and Luxembourg (+1.5 %).

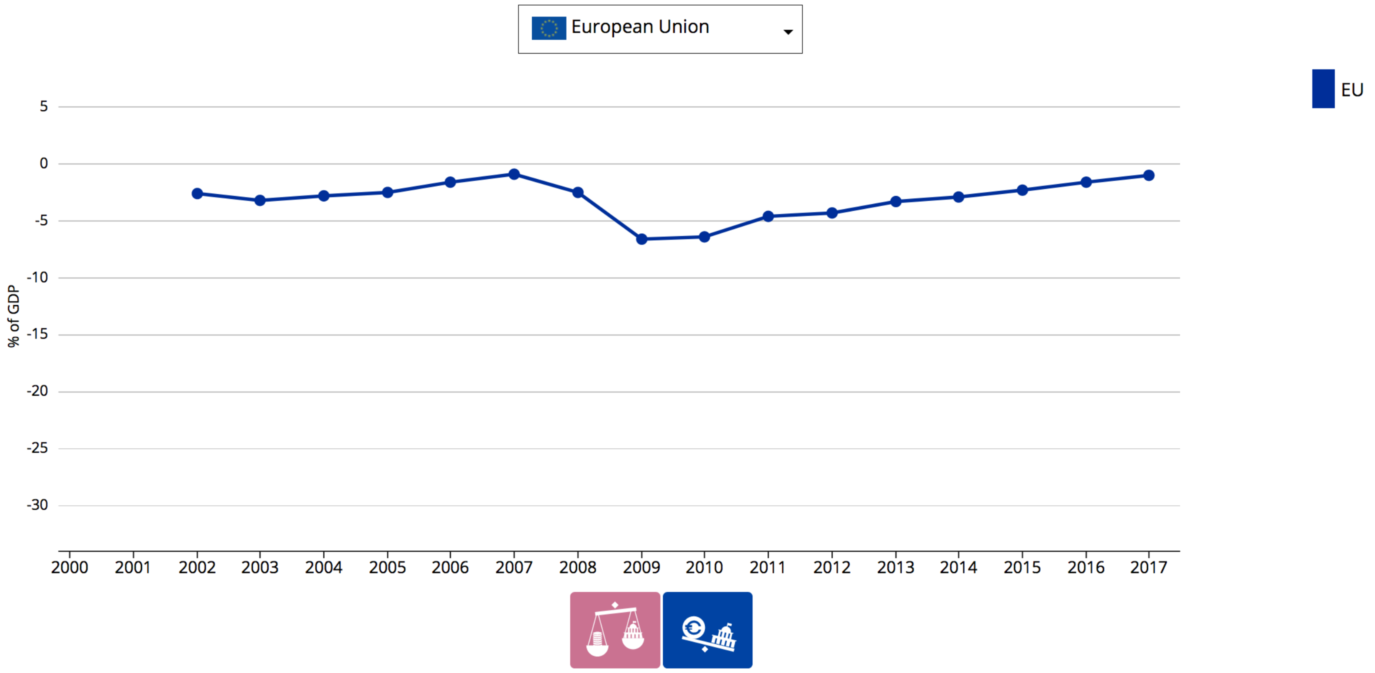
EU government debt ratio down since 2015

After being relatively stable at around 60 % of GDP from 2000 to 2008, the government debt ratio drastically increased to 73 % in 2009, following the financial crisis. The debt ratio continued to rise until 2014 when it stood at 87 %. Since then, the rate decreased continuously to reach 82 % in 2017. It should be noted that central governments represent more than 80 % of the general government debt in the EU.

Among the Member States, the largest government debt ratios in 2017 were observed in Greece (178.6 %), Italy (131.8 %), Portugal (125.7 %) and Belgium (103.1 %), and the lowest in Estonia (9.0 %), Luxembourg (23.0 %), Bulgaria (25.4 %) and the Czech Republic (34.6 %).

Government deficit / surplus

(% of GDP)



Source: Eurostat - access to dataset

4.4 Share of government employment nearly stable

Government employment includes civil servants and other government employees (on a national, regional and local level) as well as armed forces. It should be noted that the limits of the government sector vary across Member States, as, for example, jobs in education or health are part of government employment in some countries, while they are not in others. The share of government employment in the EU has remained almost stable between 15 % and 17 % of total employment since 2000, accounting for 16 % in 2016. Among the Member States for which data are available, the largest falls between 2000 and 2016 were observed in Slovakia, the United Kingdom and Italy, and the largest increases in Romania, Hungary and Slovenia.

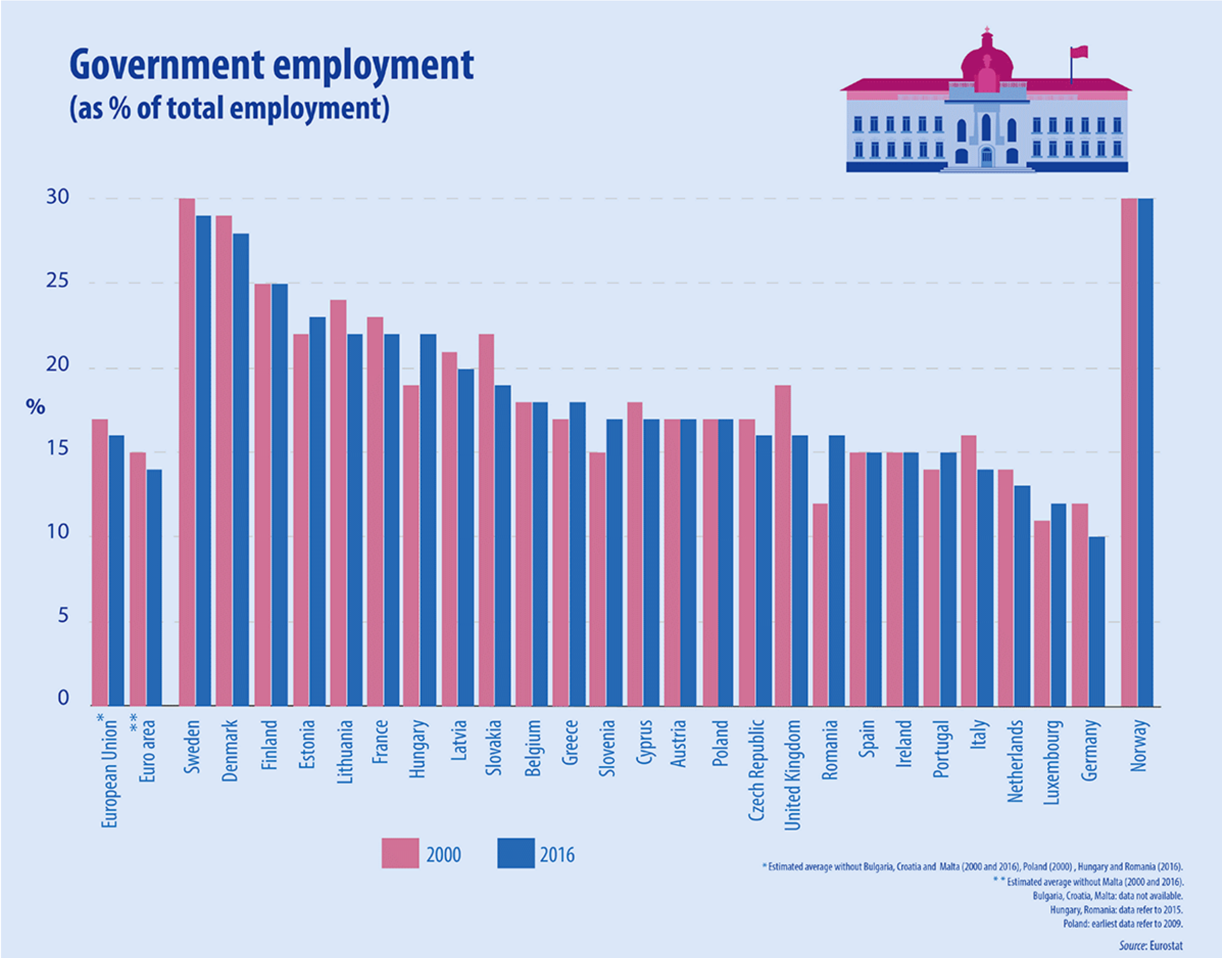
In 2016, the share of those employed in the government sector varied among the Member States, with the highest proportions observed in Sweden (29 % of total employment), Denmark (28 %), Finland (25 %), Estonia (23 %), Lithuania, France and Hungary (2015) (all 22 %) and the lowest in Germany (10 %), Luxembourg (12 %), the Netherlands (13 %), Italy (14 %), Portugal, Ireland and Spain (all 15 %).

Monthly gross earnings in public administration at €2 600 in the EU in 2014

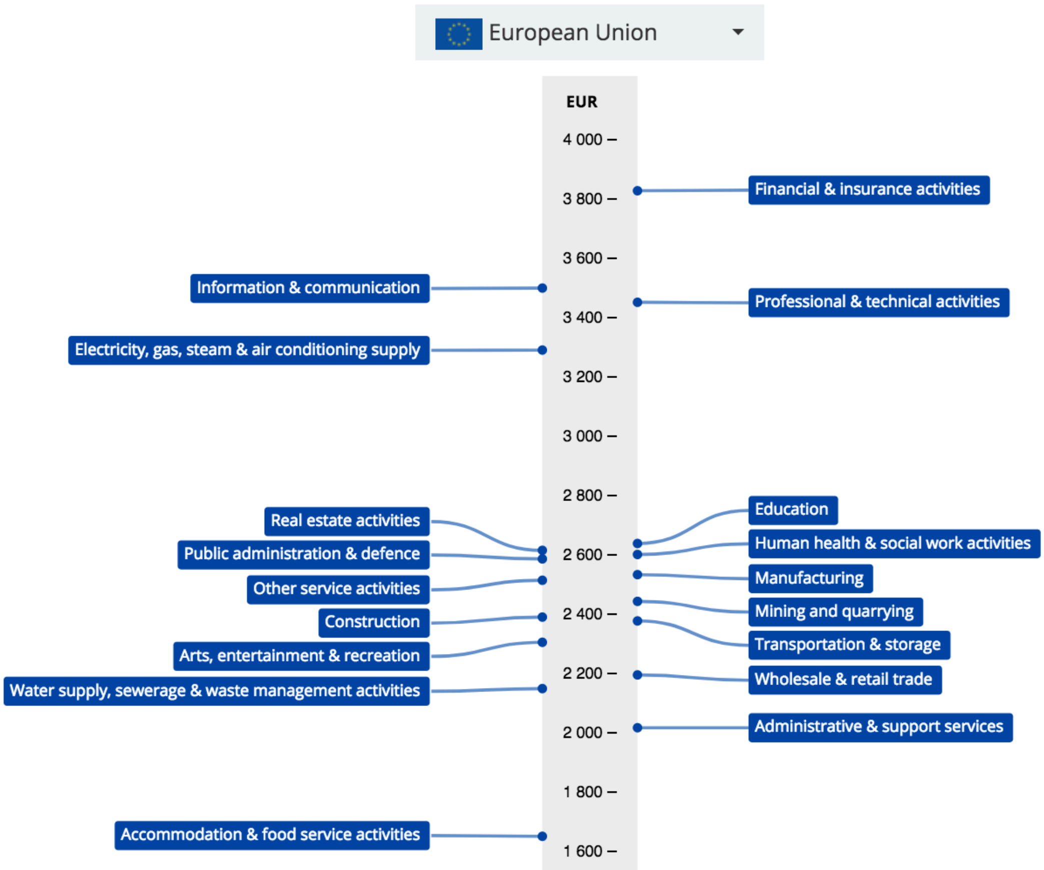
In 2014, the mean monthly gross earnings in public administration and defence (excluding the public health and education sectors) in the EU was € 2 600. Compared with other sectors, average earnings were highest in «financial and insurance activities» (€ 3 800), «information and communication» and «professional and technical activities» (both € 3 500), while «accommodation and food service activities» (€ 1 700), «administrative and support services» (€ 2 000), «water supply, sewerage, waste management activities» (€ 2 100) and «wholesale and retail trade» (€ 2 200) had the lowest earnings.

In 2014, the highest mean monthly gross earnings in public administration and defence (excluding the public health and education sectors) were observed in Denmark (€ 4 500), Ireland (€ 4 300), Sweden (€ 3 700) and the Netherlands (€ 3 600), and the lowest in Bulgaria (€ 500), Romania (€ 600) and Hungary (€ 700).

When comparing these earnings in purchasing power standards (eliminating price level differences between countries), the pattern is somewhat different: Ireland then has the highest earnings, followed by Germany, the Netherlands and Denmark. For the lowest earnings, the same ranking appears.



Mean monthly earnings by activity, 2014



Source: Eurostat - access to dataset

FURTHER INFORMATION

The European economy since the start of the millennium — a statistical portrait is a digital publication released by Eurostat, the statistical office of the European Union.

Information on data
The text refer to data available as of June 2018

Contact
If you have questions on the data, please contact the Eurostat User Support.
estat-user-support@ec.europa.eu

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