

Statistical portrait of the European Union 2007

*50 years of the Treaty of Rome
establishing the European Economic Community*



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50 YEARS OF THE TREATY OF ROME ESTABLISHING THE EUROPEAN ECONOMIC COMMUNITY

Editor-in-chief

Gunter Schäfer

Editorial team

Virginie Dohn, Michael Feith, Matthias Fritz, Rosemary Montgomery, Ulrich Wieland

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Contact details

Eurostat,
Statistical office of the European
Communities,
Bâtiment Joseph Bech,
5 rue Alphonse Weicker,
L-2721 Luxembourg
e-mail address:
estat-central-support@ec.europa.eu

For more information

<http://ec.europa.eu/eurostat>

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This Eurostat brochure is the third edition of a series of publications that are distributed at the end of each year. It celebrates the 50th anniversary of the signing of the Treaty of Rome establishing the European Economic Community (EEC), which occurs on 25 March 2007. The treaty consists of 240 articles, as covered by six separate parts. The EEC has since been renamed the European Community (EC). This publication presents a collection of statistical indicators relating to the different areas covered by the preamble to the treaty, tracing the evolution of the European Community over the last five decades.

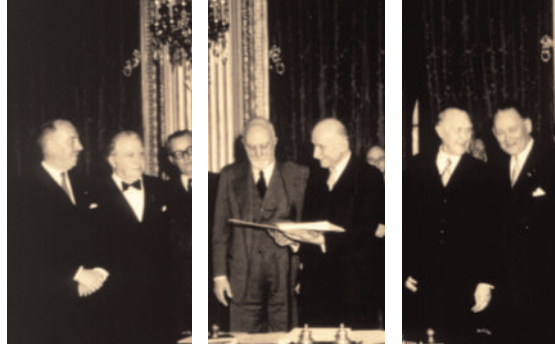
Note that, on the same day in 1957, the six signatories also signed a Treaty to establish a European Atomic Energy Community, better known as Euratom; more details on this subject are provided in Chapter 10.

Note that this publication was produced during the autumn of 2006, ahead of the final accession procedures for Bulgaria and Romania. As such, these two countries are still considered as candidate countries throughout the publication, and no EU-27 aggregates are provided.

Introduction	5
Chapter 1: ‘...to lay the foundations of an ever closer union among the peoples of Europe’	13
Graph 1.1: evolution of the EU's population)	14
Table 1.1: evolution of the EU's population	15
Graph 1.2: age pyramid, EC-6, 1960	16
Graph 1.3: age pyramid, EU-25, 2003	17
Graph 1.4: EU-25 population in relation to the rest of the world	18
Table 1.2: land area and population density	19
Chapter 2: ‘...to ensure the economic and social progress of their countries by common action to eliminate the barriers which divide Europe’	21
Graph 2.1: evolution of EU's GDP	22
Table 2.1: evolution of GDP	23
Graph 2.2: evolution of government finances, EU-25	24
Table 2.2: evolution of government finances	25
Graph 2.3: evolution of exchange rates against the euro	26
Table 2.3: evolution of the inflation rate	27
Graph 2.4: evolution of the labour force, EU	28
Table 2.4: evolution of the labour force	29
Graph 2.5: patent applications to the European Patent Office by priority year	30
Table 2.5: R&D expenditure relative to GDP	31
Chapter 3: ‘...to improve the living and working conditions of their peoples’	33
Graph 3.1: infant mortality and life expectancy rates, EU-25	34
Table 3.1: evolution of main indicators for living standards	35
Graph 3.2: expenditure on social protection, EU	36
Table 3.2: evolution of total expenditure on social protection	37
Graph 3.3: evolution of hourly labour costs, EU-25	38
Table 3.3: evolution of car registrations and household expenditure	39
Graph 3.4: evolution of health indicators, EU-25	40
Table 3.4: main indicators for environmental living standards	41

Chapter 4: ‘...to remove existing obstacles in order to guarantee steady expansion, balanced trade and fair competition’	43
Graph 4.1: Agricultural output, EU	44
Table 4.1: Gross value added (at basic prices) of agriculture, hunting, forestry and fishing	45
Table 4.2: evolution of main indicators for fisheries	46
Table 4.3: main indicators for forestry, 2005	47
Graph 4.2: evolution of the index of production, EU-25	48
Graph 4.3: breakdown of the economy, 2003	49
Graph 4.4: breakdown of the non-financial business economy by enterprise size class, EU-25, 2003	50
Table 4.4: breakdown of the non-financial business economy by enterprise size class, 2003	51
Graph 4.5: market liberalisation within electricity generation	52
Table 4.5: market liberalisation within telecommunications, 2004	53
Graph 4.6: evolution of main indicators for EU hotels and similar establishments	54
Table 4.6: evolution of transport networks	55
Graph 4.7: evolution of passenger transport, EU-25	56
Graph 4.8: evolution of freight transport, EU-25	56
Chapter 5: ‘...to strengthen the unity of their economies and to ensure their harmonious development by reducing the differences existing between the various regions and the backwardness of the less-favoured regions’	57
Graph 5.1: variations in GDP per capita, 2003	58
Table 5.1: GDP per capita, ten highest and lowest regions in the EU-25, 2003	59
Table 5.2: structural funds commitments	60
Table 5.3: Population, ten most and least populated regions in the EU-25, 2003	61
Chapter 6: ‘...to contribute, by means of a common commercial policy, to the progressive abolition of restrictions on international trade’	63
Graph 6.1: evolution of the EU's external trade position with non member countries	64
Table 6.1: evolution of extra-EU exports and imports	65
Graph 6.2: evolution of the EU's external trade position	66
Table 6.2: evolution of intra-EU exports	67
Graph 6.3: evolution of extra-EU foreign direct investment flows, EU-25	68
Table 6.3: evolution of foreign direct investment flows	69

Chapter 7: ‘...to confirm their solidarity with overseas countries and desire to ensure the development of their prosperity’	71
Graph 7.1: evolution of overseas development aid by region, EU	72
Graph 7.2: overseas development aid by EU donors, 2004	73
Graph 7.3: evolution of overseas development aid by sector, EU	74
Table 7.1: top recipients of overseas development aid, 2004	75
Chapter 8: ‘...preserve and strengthen peace and liberty’	77
Table 8.1: assistance to EU neighbouring countries - funding commitments to the European Neighbourhood Policy	78
Graph 8.1: evolution of net migration, EU	78
Table 8.2: migration and asylum indicators, 2005	79
Chapter 9: ‘...to contribute, through the common market for coal and steel, to economic expansion, growth of employment and a rising standard of living’	81
Table 9.1: evolution of the production of hard coal	82
Table 9.2: evolution of the production of pig iron	83
Table 9.3: evolution of the production of crude steel	84
Table 9.4: evolution of the number of employees in the EU's iron and steel industry	85
Chapter 10: ‘...resolved to create the conditions necessary for the development of a powerful nuclear industry which will provide extensive energy resources’	87
Graph 10.1: evolution of primary energy indicators, EU	88
Graph 10.2: breakdown of gross inland consumption by major fuel type, EU-25	89
Graph 10.3: evolution of electricity and gas prices, EU-15	89
Table 10.1: energy indicators, 2004	90
Chapter 11: ‘The Community shall implement a vocational training policy...’	91
Graph 11.1: evolution of expenditure on education, EU-25	92
Table 11.1: main indicators for education	93
Graph 11.2: mobility of students within the EU	94
Table 11.2: evolution of lifelong learning	95
The future?	97
Signs and abbreviations	98



Introduction

This publication is based upon the preamble to the Treaty of Rome establishing the EEC, where the signatories declared its main goals, namely to:

- lay the foundations of an ever closer union among the peoples of Europe;
- eliminate the barriers which divide Europe;
- improve the living and working conditions of their peoples;
- remove existing obstacles in order to guarantee steady expansion, balanced trade and fair competition;
- strengthen the unity of their economies and ensure their harmonious development by reducing the differences existing between the various regions and the backwardness of the less-favoured regions;
- contribute, by means of a common commercial policy, to the progressive abolition of restrictions on international trade;

- confirm their solidarity with overseas countries and desire to ensure the development of their prosperity;
- preserve and strengthen peace and liberty.

Each of the eight points covered by the preamble to the Treaty of Rome establishing the EEC is treated in this publication, with a short summary of policy developments and a description of the accompanying statistics. Three other sections have been added to the publication, in relation to the European Coal and Steel Community (ECSC), Euratom and Amsterdam Treaties, with information on coal and steel, energy, and education and lifelong learning opportunities.

A BRIEF HISTORY

The European Union of 25 Member States is the result of a lengthy historical process that dates back to the post-war period of the 1950s, when a number of statesmen considered the possibility of a new era in which the common interests of peoples and nations would be guaranteed by the rule of law and equality between countries.

The 50 years since the signing of the Treaties of Rome have been marked by profound changes within Europe, in terms of both the socioeconomic and political make-up of the continent, while the attitudes of its citizens and the ways in which people go about their everyday (working) lives have also changed considerably. Some of the most profound transformations include the introduction of a single European market, where people, goods, services and capital circulate freely, and the introduction of a common currency, the euro, that is now used in 12 of the Member States ⁽¹⁾.

The first step in European integration was taken when six countries (Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands) set up a common market in coal and steel, with the signing of the European Coal and Steel Community Treaty (ECSC) in Paris in 1951. The aim, in the aftermath of the Second World War, was to secure peace between Europe's nations. It brought them together as equals, cooperating within shared institutions. This treaty expired on 23 July 2002, exactly 50 years after it came into effect.

Economic areas became the focus for supranational cooperation, when, in 1957, the six ECSC members agreed to form the European Economic Community (EEC) and the European Atomic Energy Community (Euratom) — the Treaties of Rome.

One of the most visible aspects of the EEC has been the establishment of a common market for a range of goods and services, as customs duties between the participating countries were removed in 1968. During the same period, a number of common policies were established, notably in the areas of external trade and agriculture.

The first enlargement of the European Community took place in 1973, with the adhesion of Denmark, Ireland and the United Kingdom. At the same time, common social, regional and environmental policies were introduced. The oil crises and financial instability of the 1970s provided stimulus for the creation of the European Monetary System (EMS) in 1979, designed to promote stable exchange rates and financial discipline.

The next wave of enlargement was in the 1980s, as Greece joined the European Community in 1981, followed by Spain and Portugal in 1986. The Single European Act, which provided for the creation of the internal market, entered into force on 1 July 1987.

⁽¹⁾ On 1 January 2007, Slovenia will join the euro area.

The changing political landscape of the early 1990s saw the spread of democracy across central and eastern Europe; as a result, on 3 October 1990 the population of the EEC grew further, following the reunification of Germany.

Just over a year later, the Heads of State or Government met in Maastricht in December 1991, where the European Council adopted a new treaty, which came into force on 1 November 1993. As a result, the EEC was renamed the European Community (EC), reflecting the wish of the Member States to expand powers to non-economic domains. The treaty set ambitious goals in terms of monetary union and citizenship. It introduced the European Union, to include, on one hand, the European Communities and, on the other, intergovernmental structures to deal with aspects of common

foreign and security policy, as well as justice and home affairs. On 1 January 1995, three more countries joined the European Union: Austria, Finland and Sweden.

The Treaty of Amsterdam, signed on 2 October 1997, entered into force on 1 May 1999. Its purpose was to simplify decision making and to further integrate the common foreign and security policy concept. It also added new provisions on social policy and employment and integrated the Schengen Agreement.

The euro was introduced into financial markets in 1999 and was subsequently launched in the form of notes and coins on 1 January 2002 in 12 of the Member States, in what is referred to as the 'euro area'.

<i>Entry into force:</i>					
1952	1958	1967	1993	1999	2003
Treaty of Paris	Treaties of Rome	Merger Treaty	Treaty of Maastricht	Treaty of Amsterdam	Treaty of Nice
Treaty establishing the European Coal and Steel Community	Treaty establishing the European Economic Community and Treaty establishing the European Atomic Energy Community	Treaty establishing a Single Council and a Single Commission of the European Communities	Treaty on European Union	Treaty of Amsterdam amending the Treaty on European Union, the Treaties establishing the European Communities and related acts	Treaty of Nice amending the Treaty on European Union, the Treaties establishing the European Communities and related acts
European Coal and Steel Community (ECSC)					
European Economic Community (EEC)			Renamed as European Community (EC)		
European Atomic Energy Community (Euratom)					
European Union (EU)					

Adhesion to the European Communities/Union

1958	EC-6: Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands
1973	EC-9: Denmark, Ireland and the United Kingdom join EC-6
1981	EC-10: Greece joins EC-9
1986	EC-12: Spain and Portugal join EC-10
1995	EU-15: Austria, Finland and Sweden join EC-12
2004	EU-25: the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia join EU-15
2007	EU-27: Bulgaria and Romania join EU-25

Almost immediately after expanding from 12 to 15 Member States, the European Union received membership applications from a number of central and east European countries, as well as Cyprus and Malta. Accession negotiations began in 1997 and 1999. The Treaty of Nice, in force since 1 February 2003, provided for further enlargement, while extending qualified majority voting to more areas, simplifying the management of the European Union.

At the time of writing, a timetable has been put in place for the expansion of the European Union to 27 Member States, as an announcement by the European Commission on 26 September 2006 outlined plans for the accession of Bulgaria and Romania at the start of 2007.



Eurostat

Eurostat – the statistical office of the European Communities

The European Commission is an independent body whose job is to represent and uphold the interests of the European Community. It drafts proposals for European laws, which it presents to the European Parliament, representing citizens ⁽²⁾, and the European Council, representing Member States ⁽³⁾. It is also acts as the executive arm of the European Community, implementing the decisions of the Parliament and the Council through the management of the day-to-day business of the European Community. Like the Parliament

⁽²⁾ The European Parliament was set up in the 1950s to give a voice to European citizens. Since 1979, Members of the European Parliament (MEPs) have been directly elected, by universal suffrage, every five years. The present Parliament, elected in 2004, has 732 members.

⁽³⁾ The Council of the European Union is the EU's main decision-making institution. Every Council meeting is attended by one minister from each of the Member States. Which minister attends depends on the topics on the agenda. If the topic is foreign policy, it will be the foreign affairs minister from each country; if it is agriculture, it will be the minister responsible for agriculture, and so on.

and Council, the European Commission was set up in the 1950s under the Treaty of Rome.

Since the early days of the Community, the need for reliable and comparable statistics was evident. The European statistical system (ESS) was built up gradually with the objective of providing comparable statistics for the European Union. Eurostat, the statistical office of the European Communities, is one of the directorate-generals of the European Commission; it was initially set up in 1959.

Eurostat does not work alone, as the ESS comprises Eurostat and the statistical offices, ministries, agencies and central banks that collect official statistics in the European Union Member States, Iceland, Liechtenstein and Norway. The ESS functions as a network: Eurostat's role is to lead the way in the harmonisation of statistics, in close cooperation with the national statistical authorities. The ESS concentrates on European

policy areas, although harmonisation has extended to almost all statistical fields.

At the heart of the ESS is the Statistical Programme Committee (SPC), which brings together the heads of the Member States' national statistical offices and is chaired by Eurostat. The SPC discusses joint actions and programmes to be carried out to meet European Community information requirements. It agrees a five-year programme, which is implemented by the national authorities and monitored by Eurostat. The current programme (2003–07) has set the following objectives for the development of European statistics:

- economic and monetary union (EMU): all of the statistics required for phase III of EMU and the Growth and Stability Pact;
- enlargement: incorporating those areas of statistical indicators of primary importance for the accession negotiations and for the integration of candidate countries into the ESS;
- competitiveness, sustainable development and the social agenda: in particular, statistics on the labour market, environment, services, living conditions, migration and e-Europe;
- structural indicators: further consolidation of work, as requested by the Lisbon summit.

USER GUIDE

The data presented within this publication has been selected from a wide range of information available within Eurostat's free dissemination database. It is intended to give the reader an idea of the range of statistics that are available, but in no way is it a comprehensive picture of all data sources. The tables and graphs show, wherever possible, data relating to the accession dates of new members to what is now the European Union (1958, 1973, 1981, 1986, 1995 and 2004). However, the European statistical system (ESS) is ever-changing and has adapted considerably to reflect the needs of policy- and decision makers. This has been particularly true in the past decade when a wide range of indicators has been developed to monitor and appraise monetary or socioeconomic policies, most notably in the form of euro-indicators, principal European economic indicators (PEEIs), structural indicators, and sustainable development indicators. Data for many of these indicators does not exist back to the 1950s and, as a result, the time-series that are presented vary greatly in length depending upon the indicator under consideration.

Extraction date

The information presented in this publication was extracted from Eurostat's dissemination database (freely available through the Eurostat website) on 16 August 2006, if not mentioned otherwise under the tables and graphs. The publication was produced during the autumn of 2006.

Data coverage

This brochure celebrating 50 years of the Treaty of Rome establishing the EEC presents information for the 25 Member States of the European Union (EU-25), candidate countries, other EEA/EFTA countries, as well as Japan and the United States, when available. The EU-25 aggregate is only provided when information for all 25 Member States is available or has been estimated. Information for Germany is provided on the basis of a unified Germany, from 1990 onwards.

Symbols and abbreviations

Note that a list of symbols and abbreviations may be found at the end of the publication.



Chapter 1

‘...to lay the foundations of an ever closer union among the peoples of Europe’

Preamble to the Treaty of Rome establishing the EEC, 25 March 1957

Perhaps one of the most important results of European integration is that war has become unthinkable among the peoples of the European Union. Commercial, economic, political and legal systems have developed to such a degree that it is difficult to consider that Europe was at war just over 60 years ago. When these developments are seen alongside increased standards of living and improved transport infrastructure and equipment, it is easy to understand why Europeans increasingly travel for holidays, work, or to study, furthering their ties and their understanding of each other.

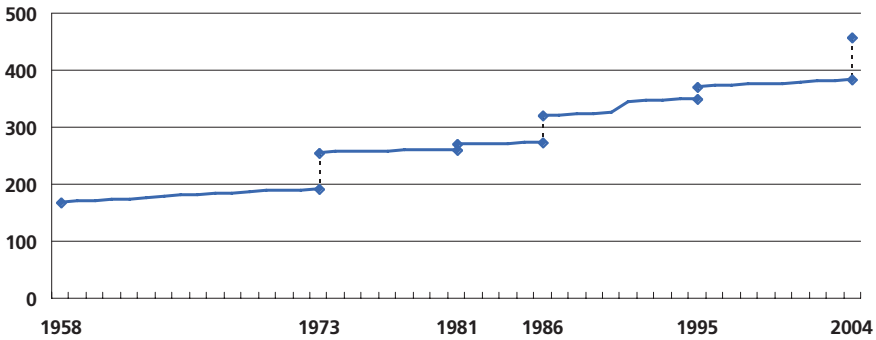
One of the most fundamental changes since the Treaty of Rome establishing the EEC was the right of citizens of Member States to move, work and live anywhere within the European Union. These rights are enshrined in the Treaty of Maastricht in a chapter on

citizenship, which also provides for the right to vote or stand as a candidate at municipal and European Parliament elections.

The Treaty of Amsterdam took these principles further, and expanded upon the principle of non-discrimination with respect to nationality, by including also gender, race, religion, age, and sexual orientation. These changes were confirmed in Nice in December 2000 in the form of the Charter of Fundamental Rights of the European Union that defines the civil, political, economic and social rights of the citizen.

‘Every person holding the nationality of a Member State shall be a citizen of the Union. Citizenship of the Union shall complement and not replace national citizenship’ — Article 17 of the Treaty of Amsterdam.

Graph 1.1: evolution of the EU's population (millions) (1)



(1) Break in series in 1991, prior to this date Federal Republic of Germany and France métropolitaine (excluding DOM-TOM).

There were 459 million inhabitants in the European Union in 2004. This is 2.7 times as many as the 168 million inhabitants that lived in Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands in 1958.

Germany had the largest population within the EU-25 in 2004, with some 82.5 million inhabitants, equal to almost 18 % of the EU-25 total. The 10 Member States that joined the European Union in 2004 together accounted for 16.2 % of the population in the same year.

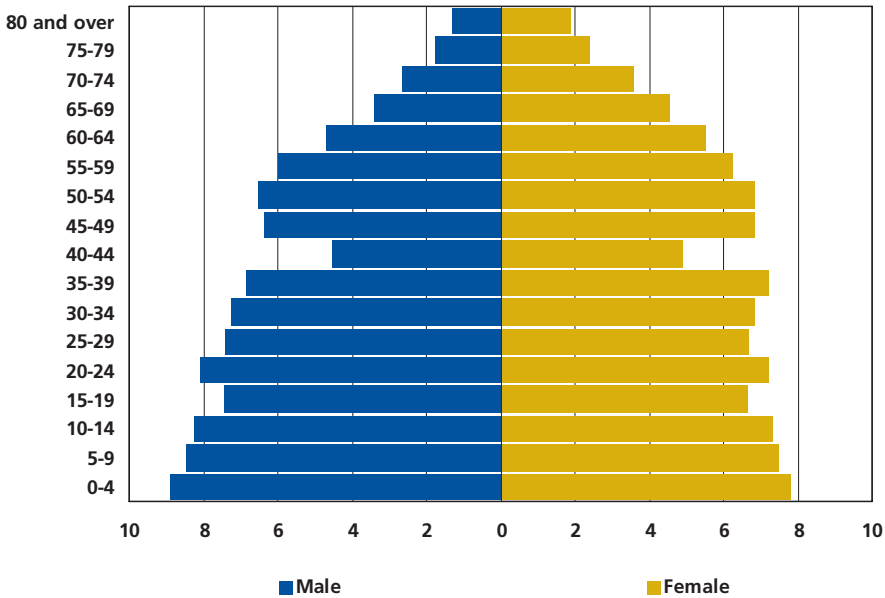
The number of inhabitants in the European Union is influenced on the one hand by the number of births and deaths (often referred to as natural population change), and on the other by flows of migrants coming into and leaving the European Union (net migration).

Table 1.1: evolution of the EU's population (millions) (1)

	1958	1973	1981	1986	1995	2004
EU-25		396.1	411.2	416.3	447.4	459.0
EC-6	168.4	191.8	196.6	197.8	223.7	229.5
EC-9		256.0	261.5	263.1	290.4	298.6
EC-10			271.2	273.0	301.0	309.7
EC-12				321.5	350.4	362.5
EU-15					372.2	384.8
BE	9.0	9.7	9.9	9.9	10.1	10.4
CZ	:	9.9	10.3	10.3	10.3	10.2
DK	4.5	5.0	5.1	5.1	5.2	5.4
DE	54.1	61.8	61.7	61.0	81.5	82.5
EE	:	1.4	1.5	1.5	1.4	1.4
EL	:	8.9	9.7	9.9	10.6	11.0
ES	:	34.7	37.6	38.5	39.3	42.3
FR	44.6	51.9	54.0	55.4	59.3	62.0
IE	2.9	3.1	3.4	3.5	3.6	4.0
IT	49.3	54.6	56.5	56.6	56.8	57.9
CY	:	0.6	0.5	0.5	0.6	0.7
LV	:	2.4	2.5	2.6	2.5	2.3
LT	:	3.2	3.4	3.6	3.6	3.4
LU	0.3	0.3	0.4	0.4	0.4	0.5
HU	:	10.4	10.7	10.6	10.3	10.1
MT	:	:	0.3	0.3	0.4	0.4
NL	11.1	13.4	14.2	14.5	15.4	16.3
AT	7.0	7.6	7.6	7.6	7.9	8.1
PL	:	33.2	35.7	37.3	38.6	38.2
PT	8.7	8.6	9.8	10.0	10.0	10.5
SI	:	1.8	1.9	1.9	2.0	2.0
SK	:	4.6	5.0	5.2	5.4	5.4
FI	4.3	4.7	4.8	4.9	5.1	5.2
SE	7.4	8.1	8.3	8.4	8.8	9.0
UK	:	56.2	56.3	56.6	57.9	59.7

(1) Break in series in 1991, prior to this date Federal Republic of Germany and France métropolitaine (excluding DOM-TOM); EU-25 aggregate excluding Malta, 1973.

Graph 1.2: age pyramid, EC-6, 1960 (% of population) (1)

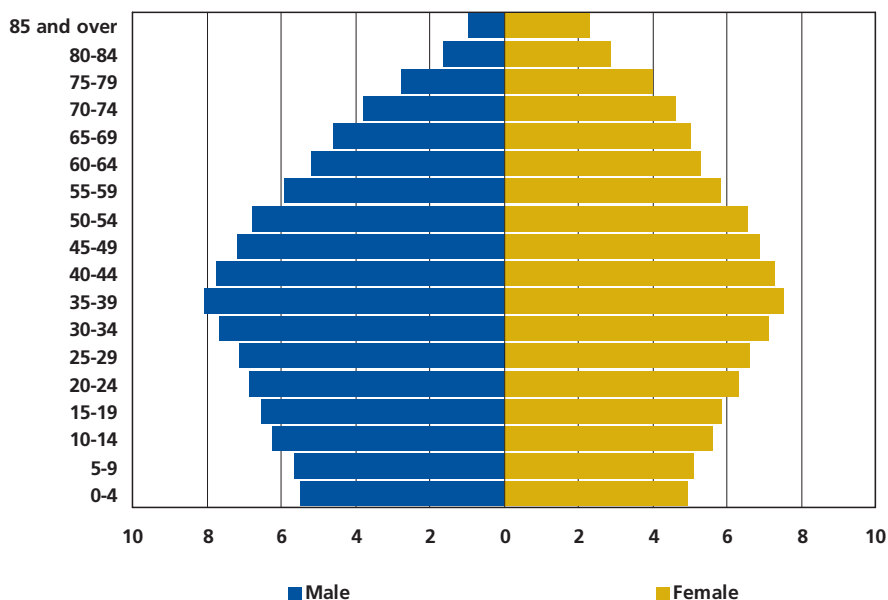


(1) Federal Republic of Germany and France métropolitaine (excluding DOM-TOM).

Consistently lower birth rates and increasing life expectancy mean that the structure of the European Union's population is changing. Age pyramids show the proportion of the population within a particular age range (in the examples shown, according to a breakdown by five-year age groups).

The effects of the First World War are evident in the first of the two graphs, where the proportion of the population aged 40 to 44 in 1960 was considerably lower for both males and females.

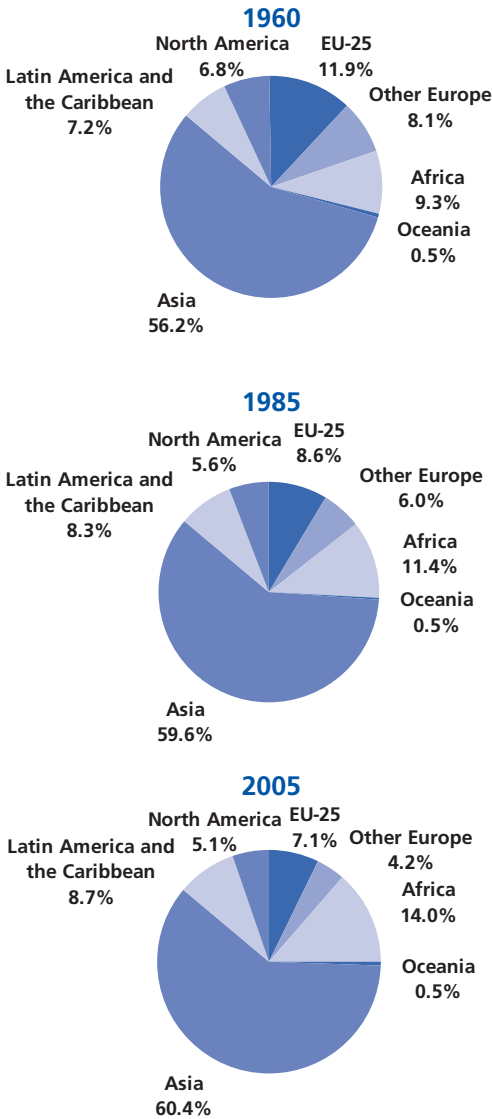
Graph 1.3: age pyramid, EU-25, 2003 (% of population)



The baby-boom generation is evident in the second of the graphs, with a particularly high proportion of 35 to 39 year olds in 2003. The proportion of the population aged less than 35 shows decreasing shares for successive age groups.

When the baby-boom generation reaches pensionable age, there will be a considerably smaller proportion of people within the labour force. As such, there are concerns regarding the provision of healthcare and old-age pensions.

Graph 1.4: EU-25 population in relation to the rest of the world (share of total) (1)



Population density, as measured by the number of inhabitants per square kilometre, is considerably higher in the EU-25 than in many other regions of the world, averaging 115.6 inhabitants per square kilometre in 2005.

However, within the European Union there are considerable variations between the Member States, with relatively high population density in Malta and the Benelux countries (Belgium, Luxembourg and the Netherlands), whereas Finland, Sweden and the Baltic countries of Estonia, Lithuania and Latvia are relatively sparsely populated.

The developed world accounts for a decreasing share of the world's population and this is reflected in the EU-25's share of the global population. While the combined populations of the 25 countries that today make up the European Union accounted for 11.9 % of the world's inhabitants in 1960, their combined share of world population had fallen by 4.8 percentage points to 7.1 % by 2004.

(1) EU-25 excluding former East Germany and DOM-TOM for 1960 and 1985.

Source: Non-EU-25 data, population division of the department of economic and social affairs of the United Nations secretariat, World Population Prospects.

Table 1.2: land area and population density (inhabitants per km²) (1)

	Total area, 2005 (km ²)	1958	1973	1981	1986	1995	2004	2005
EU-25	3 975 560	:	:	103.4	104.7	112.5	115.4	115.6
EC-6	1 277 940	144.4	164.4	168.5	169.5	175.0	179.6	180.4
EC-9	1 635 440		168.0	171.6	172.6	177.6	182.6	183.3
EC-10	1 767 400			163.8	164.9	170.6	175.2	175.9
EC-12	2 364 680				142.7	148.2	153.3	154.1
EU-15	3 236 980					114.9	119.9	119.5
BE	30 530	295.7	318.6	323.1	322.9	331.8	340.5	342.2
CZ	78 870	:	125.4	130.5	131.1	131.0	129.5	129.6
DK	43 100	104.4	116.2	118.9	118.7	121.0	125.2	125.6
DE	357 030	217.5	248.6	248.0	245.4	228.4	231.2	231.1
EE	45 230	:	30.9	32.8	33.9	32.0	29.9	29.8
EL	131 960	:	67.6	73.5	75.4	80.3	83.7	84.0
ES	505 370	:	68.6	74.5	76.2	77.9	83.8	85.2
FR	549 090	81.6	94.9	98.7	101.2	105.3	110.0	110.3
IE	70 300	40.7	43.5	48.8	50.3	51.2	57.3	58.5
IT	301 340	163.6	181.1	187.4	187.8	188.6	192.1	194.0
CY	9 250	:	:	:	:	114.3	129.9	130.2
LV	64 590	:	37.2	38.9	40.1	38.7	35.9	35.7
LT	65 300	:	49.5	52.4	54.5	55.8	52.8	52.5
LU	2 590	119.4	134.4	140.9	141.8	156.6	174.4	175.7
HU	93 030	:	111.9	115.1	113.5	111.1	108.7	108.5
MT	320	:	:	1 017.9	1 065.3	1 154.5	1 249.6	1 258.3
NL	37 360	297.0	358.3	380.3	388.9	412.9	435.2	436.4
AT	83 860	83.2	90.2	90.1	90.2	94.7	97.1	97.9
PL	312 690	:	106.2	114.3	119.4	123.4	122.1	122.1
PT	91 910	94.9	94.0	106.8	109.1	109.0	114.0	114.6
SI	20 270	:	86.8	94.2	96.0	98.1	98.5	98.5
SK	49 030	:	94.2	101.9	105.6	109.2	109.7	109.8
FI	338 140	12.8	13.8	14.2	14.5	15.1	15.4	15.5
SE	450 300	16.4	18.1	18.5	18.6	19.6	19.9	20.0
UK	244 100	:	230.1	230.8	231.9	237.4	244.6	:

(1) Break in series in 1991, prior to this date Federal Republic of Germany; France métropolitaine (excluding DOM-TOM).



Chapter 2

‘...to ensure the economic and social progress of their countries by common action to eliminate the barriers which divide Europe’

Preamble to the Treaty of Rome establishing the EEC, 25 March 1957

Article 2 of the Treaty of Rome establishing the EEC set goals ‘to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability, an accelerated raising of the standard of living and closer relations between the States belonging to it’. Specific policies for certain sectors of the economy are enshrined in the treaty, such as the common agricultural policy (Articles 38 to 47), or a common external trade policy (Articles 110 to 116) ⁽⁴⁾.

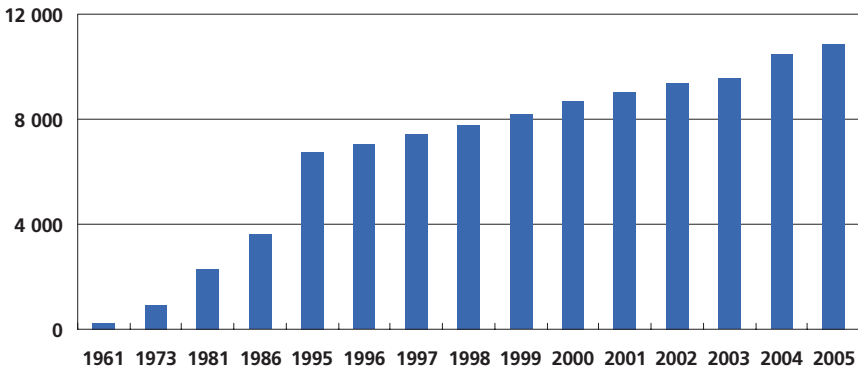
Customs duties and tariffs were abolished within the EEC in July 1968 — however, the creation of the single European market was not declared until 1 January 1993, when

protectionist measures, technical barriers to trade, and closed markets for public contracts were also abolished. Upon establishing the free movement of goods, services, people and capital within the single market, the treaty laid down a set of rules to ensure that there was fair competition, prohibiting ‘*the prevention, restriction or distortion of competition within the common market*’ (Article 81).

However, there remain some open issues with respect to the freedom of movement, as policy focus has switched to the liberalisation of the services sector, which creates the lion’s share of the European Union’s wealth, for example the opening up of gas and electricity, and transport markets.

⁽⁴⁾ It should be noted that the numbering of the Articles has changed in the meantime.

Graph 2.1: evolution of EU's GDP (1 000 million EUR) (1)



(1) EC-6, 1961; EC-9, 1973; EC-10, 1981; EC-12, 1986; EU-15, 1995-2003; EU-25, 2004-2005.

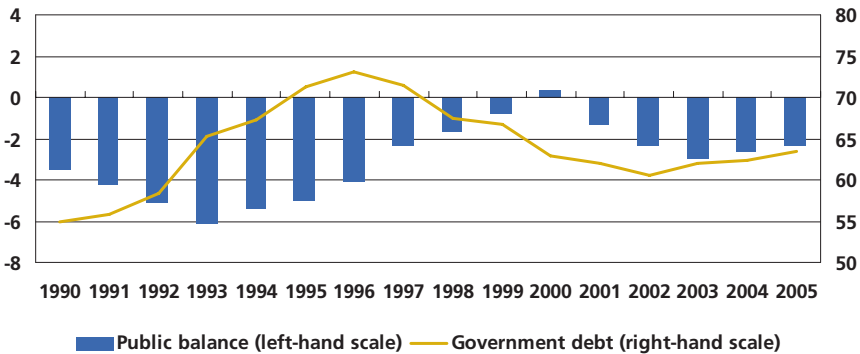
Economic progress is ultimately measured by the gross domestic product (GDP) of a country. GDP is the central measure of national accounts, summarising the economic position of a country or region. GDP is equal to the market value of all final goods and services produced in a given period of time. The GDP of the European Union is slightly higher than that of the United States.

GDP per capita in purchasing power standards (PPS) may be used to measure the material living standards of a country, one way of determining wealth. The PPS is essentially an artificial currency, whose exchange rates with the euro and other European currencies are calculated using purchasing power parities (PPP). One PPS buys the same volume of goods/services in all countries. Thus, use of the PPS eliminates price level differences between countries, allowing a fairer comparison of living standards.

Table 2.1: evolution of GDP

	GDP per capita, 2005 (PPS)	GDP (million EUR)				
		1981	1986	1995	2004	2005
EU-25	23 500	:	:	6 949 159	10 449 769	10 841 913
EC-6	:	:	:	4 545 400	6 067 327	6 204 090
EC-9	:	:	:	5 604 243	8 145 721	8 364 906
EC-10	:	:	:	5 694 131	8 314 138	8 545 993
EC-12	:	:	:	6 237 665	9 294 483	9 597 712
EU-15	25 400	:	:	6 714 641	10 449 769	10 284 860
BE	27 600	90 424	117 553	217 419	288 089	298 180
CZ	17 100	:	:	42 268	87 205	98 418
DK	29 100	54 284	88 056	139 129	197 222	208 610
DE	25 700	642 469	953 134	1 929 422	2 215 650	2 247 400
EE	13 400	:	:	2 874	9 043	10 540
EL	19 200	40 420	49 322	89 888	168 417	181 088
ES	23 100	173 339	243 382	456 496	837 316	904 323
FR	25 500	542 994	778 406	1 201 128	1 659 020	1 710 024
IE	32 299	:	:	51 281	147 569	161 163
IT	24 100	373 453	629 183	861 118	1 388 870	1 417 241
CY	19 500	:	:	7 012	12 469	13 418
LV	11 000	:	:	3 742	11 157	12 789
LT	12 200	:	:	4 887	18 083	20 587
LU	58 000	:	5 913	15 811	27 056	29 325
HU	14 300	:	:	34 119	81 179	87 895
MT	16 200	:	:	:	4 316	4 497
NL	28 900	133 829	188 621	320 502	488 642	501 921
AT	28 700	63 151	99 770	183 221	235 819	245 103
PL	11 700	:	:	106 363	203 711	243 398
PT	16 700	:	:	87 038	143 029	147 395
SI	18 700	:	:	15 525	26 146	27 373
SK	12 900	:	:	14 834	33 863	38 138
FI	26 600	46 724	73 865	99 901	151 935	157 377
SE	26 900	106 382	140 839	191 589	282 014	287 970
UK	27 300	457 691	568 515	868 432	1 733 603	1 791 043
BG	7 500	:	:	10 019	19 595	21 448
HR	11 400	:	:	14 391	28 389	30 947
MK	6 000	:	:	:	4 326	4 577
RO	8 100	:	:	:	60 818	79 314
TR	7 200	65 466	70 749	129 564	242 262	290 503
IS	29 400	3 095	3 998	5 358	10 521	12 732
NO	38 600	56 079	77 203	113 140	205 137	237 707
CH	29 900	89 984	144 301	240 823	288 853	295 117
JP	25 500	1 055 647	2 052 607	4 009 935	3 689 813	3 671 752
US	34 800	2 802 102	4 534 595	5 655 709	9 415 950	10 011 896

Graph 2.2: evolution of government finances, EU (% of GDP) (1)



(1) Break in series in 1998, EU-15 to EU-25 (also a switch from ESA-75 to ESA-95); ESA: European system of national and regional accounts.

The Treaty of Maastricht laid down a set of criteria to be met by Member States in order to qualify for economic and monetary union (EMU). The criteria are related to the financial discipline of a country: namely, to curb inflation, to cut interest rates, to stabilise exchange rates, to reduce budget deficits to 3 % or less of GDP, and to limit public borrowing to no more than 60 % of GDP.

The public balance (budget surplus/deficit) measures a government's net borrowing or lending during a calendar year, in other words whether the government spends more than it receives; it is normally expressed as a percentage of GDP. The public balance tends to become a deficit during times of recession (as more people require benefits and less people pay taxes and social contributions) and a surplus during periods of sustained economic growth.

Table 2.2: evolution of government finances (% of GDP) (1)

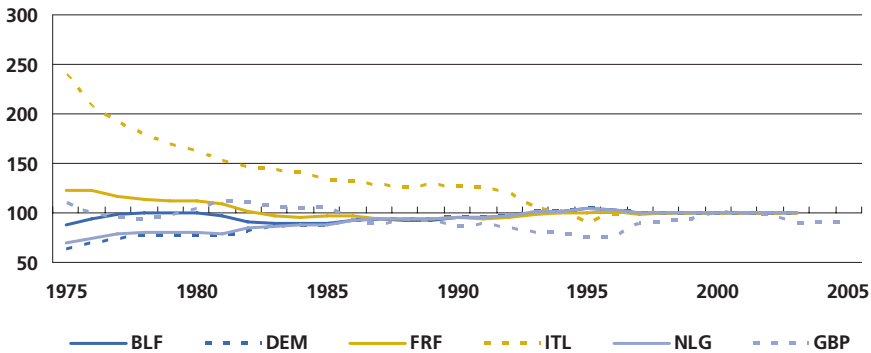
	Public balance				Government debt			
	1990	1995	2004	2005	1990	1995	2004	2005
EU-25	:	:	-2.6	-2.3	:	:	62.4	63.4
EC-6	:	:	-3.3	-3.0	:	:	74.1	76.0
EC-9	:	:	-3.9	-3.6	:	:	82.8	85.2
EC-10	:	:	-4.0	-3.6	:	:	83.4	85.8
EC-12	:	:	-3.5	-3.1	:	:	78.8	80.4
EU-15	-3.5	-5.0	-2.6	-2.3	55.0	71.2	63.4	64.6
BE	-5.4	-3.8	0.0	0.1	131.0	132.0	94.7	93.3
CZ (2)	-3.3	-13.4	-2.9	-2.6	:	:	30.6	30.5
DK	-1.5	-2.4	2.7	4.9	59.6	72.1	42.6	35.8
DE	-2.1	-3.3	-3.7	-3.3	43.8	58.3	65.5	67.7
EE	:	:	1.5	1.6	:	:	5.4	4.8
EL	-13.8	-10.3	-6.9	-4.5	82.6	110.1	108.5	107.5
ES	-4.3	-7.1	-0.1	1.1	44.9	64.2	46.4	43.2
FR	-1.6	-4.9	-3.7	-2.9	35.4	52.8	64.4	66.8
IE	-2.2	-2.1	1.5	1.0	96.8	78.4	29.4	27.6
IT	-10.9	-7.7	-3.4	-4.1	97.9	125.3	103.8	106.4
CY	:	:	-4.1	-2.4	:	:	71.7	70.3
LV (2)	6.9	-2.0	-0.9	0.2	:	:	14.6	11.9
LT (2)	:	-1.9	-1.5	-0.5	:	:	19.5	18.7
LU (2)	4.9	2.3	-1.1	-1.9	5.4	6.7	6.6	6.2
HU	:	:	-5.4	-6.1	:	:	57.1	58.4
MT	:	:	-5.1	-3.3	:	:	76.2	74.7
NL	-5.1	-4.1	-1.9	-0.3	78.8	77.9	52.6	52.9
AT	-2.2	-5.1	-1.1	-1.5	58.4	69.4	63.6	62.9
PL (2)	:	-2.2	-3.9	-2.5	:	:	41.9	42.5
PT	-5.3	-5.7	-3.2	-6.0	67.7	65.9	58.7	63.9
SI	:	:	-2.3	-1.8	:	:	29.5	29.1
SK (2)	:	-0.9	-3.0	-2.9	:	:	41.6	34.5
FI	5.4	-4.6	2.3	2.6	14.5	58.1	44.3	41.1
SE	4.2	-6.9	1.8	2.9	43.8	77.6	50.5	50.3
UK	-1.5	-5.7	-3.3	-3.6	35.4	52.5	40.8	42.8

(1) The data in this table were extracted from the Eurostat database on 16 August 2006. They do not reflect the revised data provided by countries in the latest transmission of data in the context of the Excessive Deficit Procedure, where there were some changes to debt and deficit data, notably for 2005. Please see the Eurostat Press Release of 23 October 2006 and the Eurostat database for the latest data.

Break in series in 1998 (switch from ESA-75 to ESA-95); ESA: European system of national and regional accounts.

(2) ESA-95 for all years.

Graph 2.3: evolution of exchange rates against the euro (2001=100) (1)



(1) BLF: Belgian/Luxembourg Franc; DEM: German Mark; FRF: French Franc; ITL: Italian Lira; NLG: Dutch Guilder; GBP: Pound Sterling; exchange rates are based on the value of 1 national currency = ... euro, a rising index shows an appreciation in the value of a currency, and a declining line shows a depreciating currency.

One of the goals behind the single European currency was to promote exchange rate stability. Business in particular was affected by the uncertainty of not knowing how much goods and services would cost or could be sold for when dealing with suppliers or customers abroad. The competitiveness of an economy can be radically changed as a result of movements in exchange rates, as the price of exports and imports will be directly affected.

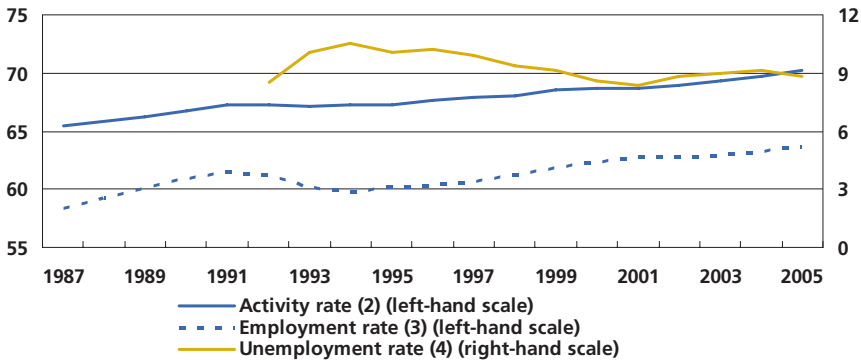
With the completion of the single market on the horizon and the free circulation of people, goods and capital soon to be a reality, there were calls for an area of monetary stability too, as the possibility of being able to devalue a currency would potentially give an unfair competitive advantage.

**Table 2.3: evolution of the inflation rate
(% change compared with the year before)**

	1997	1998	1999	2000	2001	2002	2003	2004	2005
EU-25	2.6	2.1	1.6	2.4	2.5	2.1	1.9	2.1	2.2
EU-15	1.7	1.3	1.2	1.9	2.2	2.1	2.0	2.0	2.1
BE	1.5	0.9	1.1	2.7	2.4	1.6	1.5	1.9	2.5
CZ	8.0	9.7	1.8	4.0	4.5	1.5	-0.1	2.5	1.6
DK	1.9	1.3	2.1	2.7	2.3	2.5	2.0	0.8	1.7
DE	1.6	0.6	0.7	1.4	1.8	1.4	1.0	1.8	1.9
EE	9.3	8.8	3.1	3.9	5.6	3.6	1.4	3.0	4.1
EL	5.4	4.5	2.1	2.9	3.7	3.9	3.4	3.0	3.5
ES	1.9	1.8	2.2	3.5	2.8	3.6	3.1	3.1	3.4
FR	1.3	0.7	0.6	1.8	1.8	1.9	2.2	2.3	1.9
IE	1.3	2.1	2.6	5.2	3.9	4.8	4.0	2.3	2.1
IT	1.8	2.0	1.6	2.5	2.4	2.6	2.8	2.2	2.2
CY	3.3	2.3	1.1	4.9	2.0	2.8	4.0	1.9	2.0
LV	8.1	4.3	2.1	2.6	2.5	2.0	2.9	6.2	6.9
LT	10.3	5.4	1.5	1.1	1.5	0.3	-1.1	1.2	2.7
LU	1.4	1.0	1.0	3.8	2.4	2.1	2.5	3.2	3.8
HU	18.4	14.2	10.0	10.0	9.1	5.2	4.7	6.8	3.5
MT	3.9	3.7	2.3	3.0	2.5	2.6	1.9	2.7	2.5
NL	1.9	1.8	2.0	2.3	5.1	3.9	2.2	1.4	1.5
AT	1.2	0.8	0.5	2.0	2.3	1.7	1.3	2.0	2.1
PL	15.1	11.8	7.2	10.1	5.3	2.0	0.7	3.6	2.1
PT	1.9	2.2	2.2	2.8	4.4	3.7	3.3	2.5	2.1
SI	8.3	7.9	6.1	8.9	8.6	7.5	5.7	3.7	2.5
SK	6.0	6.7	10.5	12.2	7.2	3.5	8.4	7.5	2.8
FI	1.2	1.3	1.3	3.0	2.7	2.0	1.3	0.1	0.8
SE	1.8	1.0	0.6	1.3	2.7	1.9	2.3	1.0	0.8
UK	1.8	1.6	1.3	0.9	1.2	1.3	1.4	1.3	2.0
BG	:	18.7	2.6	10.3	7.4	5.8	2.4	6.1	5.0
RO	154.9	59.0	45.8	45.7	34.5	22.5	15.3	11.9	9.1
TR	85.4	81.9	61.4	53.2	56.8	47.0	25.3	10.0	8.1
IS	1.8	1.3	2.1	4.4	6.6	5.3	1.4	2.3	1.4
NO	2.6	2.0	2.0	3.1	2.7	0.8	1.9	0.6	1.5
JP (1)	1.7	0.7	-0.3	-0.7	-0.8	-0.7	-0.4	-0.1	-0.2
US (1)	2.4	1.6	2.2	3.4	2.8	1.5	2.3	2.7	3.4

(1) National CPIs are given; these are not strictly comparable with the HICPs; CPI: consumer price index; HICPs: harmonised indices of consumer prices (EU consumer price indices calculated according to a harmonised approach).

Graph 2.4: evolution of the labour force, EU (%) (1)



(1) EC-12, 1987-1991; EU-15, 1992-1997; EU-25, 1998-2005; data refer to the second quarter, except for the unemployment rate (annual average).

(2) Proportion of persons in the labour force (aged 15-64, employed or unemployed) in relation to the total population aged 15-64.

(3) Proportion of persons in employment (aged 15-64) in relation to the total population aged 15-64.

(4) Proportion of unemployed persons (aged 15+) in relation to those in the labour force (employed or unemployed).

While European integration focused on economic affairs, there was concern in some quarters that not enough attention was being paid to labour markets. The Luxembourg Summit in 1997 and the Lisbon Council in 2000 recognised employment as a top priority for the European Union. The latter set the ambitious goal of achieving an employment rate of 70 % by 2010.

Flexible working conditions are thought to stimulate employment and activity rates, as the possibility to work, for example, part-time or from home, is likely to encourage more persons into the labour force, and may also provide a first working opportunity. Other initiatives, such as improving the availability of childcare facilities or providing

opportunities for lifelong learning, may also encourage a higher proportion of persons into work. One of the main goals for increasing employment and activity rates, besides their importance for personal well-being, is to reduce the demand for social protection payments, while at the same time increasing tax and social security revenues.

There were 196.7 million people working in the EU-25 in 2005, corresponding to almost 64 % of the working aged population (15–64 years old). Unemployment rates vary considerably across the European Union, with an average of 8.8 % of persons looking for a job but unable to find one in 2005.

Table 2.4: evolution of the labour force (%) (1)

	Employment rate (2)		Unemployment rate (3)		Share of women in total employment		Proportion of part-time employment	
	1983	2005	1983	2005	1983	2005	1983	2005
EU-25	:	63.6	:	8.8	:	44.2	:	18.3
EU-15	:	65.0	:	7.9	:	44.0	:	20.2
BE	53.1	61.0	10.7	8.4	34.3	44.1	8.0	21.9
CZ	:	64.7	:	7.9	:	43.1	:	4.8
DK	70.3	75.5	8.4	4.8	45.2	46.2	23.3	22.0
DE	59.9	65.3	:	9.5	38.6	45.0	12.6	24.2
EE	:	64.9	:	7.9	:	50.9	:	7.7
EL	54.9	60.3	7.1	9.8	32.7	38.3	6.4	4.8
ES	:	63.2	14.3	9.2	:	40.1	:	12.8
FR	63.0	62.8	7.7	9.7	40.7	46.3	9.6	17.4
IE (4)	52.8	67.1	13.9	4.3	30.7	42.5	6.6	16.9
IT	54.0	57.8	7.4	7.7	32.0	39.1	4.6	12.8
CY	:	68.7	:	5.3	:	43.3	:	8.9
LV	:	63.0	:	8.9	:	48.9	:	9.6
LT	:	62.6	:	8.3	:	48.9	:	6.5
LU	58.7	63.6	3.4	4.5	32.8	41.8	6.7	17.4
HU	:	56.8	:	7.2	:	45.8	:	4.4
MT	:	53.6	:	7.3	:	31.2	:	9.2
NL	51.6	73.2	9.2	4.7	33.1	44.7	21.0	46.2
AT	:	67.6	:	5.2	:	45.7	:	21.0
PL	:	52.2	:	17.7	:	44.7	:	10.6
PT	:	67.6	8.2	7.6	:	46.1	:	11.5
SI	:	66.0	:	6.5	:	45.9	:	8.9
SK	:	57.4	:	16.3	:	44.5	:	2.4
FI	:	69.2	:	8.4	:	48.3	:	13.6
SE	:	72.6	3.7	7.8	:	47.5	:	24.3
UK	62.9	71.5	10.8	4.7	40.9	46.5	18.9	25.7
BG	:	56.2	:	10.1	:	46.7	:	2.3
HR	:	54.8	:	:	:	45.5	:	10.1
RO	:	58.7	:	7.7	:	45.4	:	10.7
TR	:	45.8	:	10.3	:	25.9	:	5.9
IS	:	85.1	:	:	:	46.5	:	19.5
NO	:	74.6	:	4.6	:	47.1	:	28.5
JP (5)	:	68.7	2.6	4.4	:	:	:	:
US (5)	:	71.2	9.6	5.1	:	:	:	:

(1) Data refer to the second quarter, except for the unemployment rate (annual average).

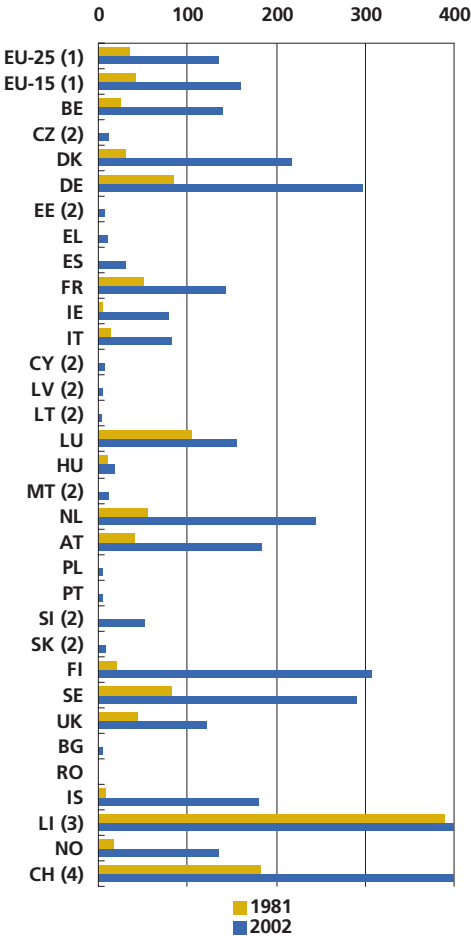
(2) Proportion of persons in employment (aged 15-64) in relation to the total population aged 15-64.

(3) Proportion of unemployed persons (aged 15+) in relation to those in the labour force (employed or unemployed).

(4) 2004, instead of 2005 for the proportion of part-time employment.

(5) 2004, instead of 2005 for the employment rate.

Graph 2.5: patent applications to the European Patent Office by priority year (per million inhabitants)



(1) 2001, instead of 2002.
 (2) 1981, not available.
 (3) Y-axis broken, 849.8 in 2002.
 (4) Y-axis broken 411.7 in 2002.

The technological revolution of recent years has resulted in economies becoming increasingly interdependent, with the possibility to exchange information all over the planet. New technologies and the development of the Internet spurred economic growth in the 1990s, with countries investing in these technologies often stealing a competitive advantage through increased levels of productivity, and ultimately higher living standards.

Patents are widely used as an indicator to help measure a country's technological output, assessing an economy's capacity to exploit knowledge and translate it into potential economic gains, reflecting inventive and innovative performance.

Research and development (R & D) expenditure is considered to be one of the keys to future competitiveness. The European Union committed itself to increasing R & D expenditure to a level of 3 % of GDP by 2010. This was part of the Lisbon objectives that were designed to make the European Union *'the most competitive and dynamic knowledge-based economy in the world'*.

Table 2.5: R&D expenditure relative to GDP (%)

	1981	1986	1995	2004
EU-25	:	:	1.81	1.86
EU-15	:	:	1.85	1.92
BE	:	1.63	1.67	1.90
CZ	:	:	0.95	1.27
DK	1.06	1.29	1.82	2.58
DE	:	:	2.19	2.49
EE	:	:	:	1.00
EL	0.17	0.27	0.49	0.57
ES	0.41	0.59	0.79	1.07
FR	1.90	2.14	2.29	2.16
IE	:	:	1.26	1.20
IT (1)	0.86	1.11	0.97	1.11
CY	:	:	:	0.37
LV	:	:	0.48	0.42
LT	:	:	0.45	0.76
LU	:	:	:	2.00
HU	:	:	0.73	0.89
MT	:	:	:	0.29
NL	1.79	2.11	1.99	1.78
AT	1.10	1.25	1.54	2.26
PL	:	:	0.63	0.56
PT	:	:	0.54	1.00
SI	:	:	1.57	1.45
SK	:	:	0.93	0.53
FI	1.18	1.66	2.26	3.51
SE	2.22	:	3.32	3.70
UK	2.38	2.26	1.95	1.79
BG	:	:	0.62	0.51
HR	:	:	:	1.25
RO	:	:	:	0.39
TR (2)	:	:	0.38	0.66
IS	0.64	0.72	1.56	2.92
NO	1.18	:	1.70	1.61
CH (3)	2.15	2.76	:	2.57
JP (1)	2.31	2.71	2.92	3.20
US	2.33	2.70	2.49	2.66

(1) 2003, instead of 2004.

(2) 2002, instead of 2004.

(3) 2000, instead of 2004.



Chapter 3

‘...to improve the living and working conditions of their peoples’

Preamble to the Treaty of Rome establishing the EEC, 25 March 1957

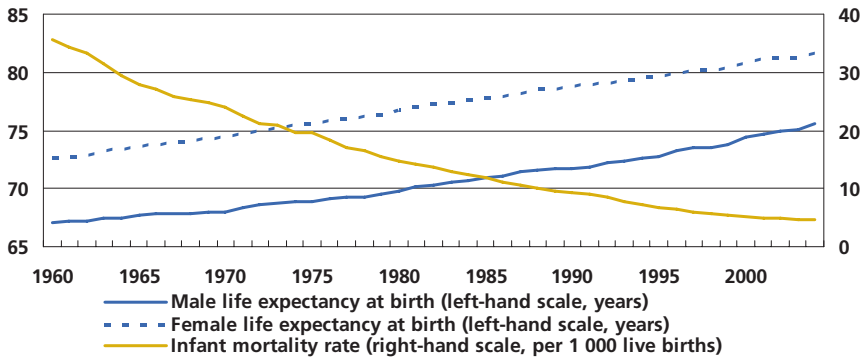
A commonly used measure of living standards is GDP per capita — however, this measure is based on material living standards. Living and working conditions can also be measured by a plethora of alternative indicators, using quantitative as well as qualitative statistics. Indeed, Europeans share many concerns about life, such as unemployment, health, pensions, education, housing, the protection of the environment, crime and terrorism.

The European Union attaches importance to social policy: the European Social Fund (ESF) was set up in 1961 to promote job creation and help people move from one type of work to another, or from one region to another. However, financial aid alone does not solve problems caused by recession or regional underdevelopment. Because of this, EU-wide legislation has been introduced to

guarantee a set of basic rights — including equal pay between the sexes, or the protection of workers through health and safety measures. These rights were extended in Maastricht and adopted as a charter of basic social rights which cover: free movement; fair pay; improved working conditions; social protection; the right to form an association and undertake collective bargaining; the right to vocational training; equal treatment of women and men; health and safety protection; worker information, consultation and participation.

Member States co-ordinate their policies for combating poverty and social exclusion on the basis of a process of policy exchanges and mutual learning known as the 'Open Method of Coordination' (OMC).

Graph 3.1: infant mortality and life expectancy rates, EU-25



Average life expectancy within the European Union has risen considerably in recent decades, with an increase of over eight years for both women and men over the last four decades. A baby boy born in 2004 could expect to live on average to 76 years old and a baby girl to 82 years old. These increases may be attributed to a number of different factors that have raised living standards, including: higher disposable income; improvements in medicine, care and benefit systems; greater public awareness of healthy lifestyle choices; or changes in types of jobs (for example, fewer people working in heavy industry).

Infant mortality rates in the countries of today's EU-25 have fallen markedly: the chance that a newborn baby dies during its first year of life was approximately eight times higher at the start of the 1960s than it was in 2004.

The proportion of the population that was aged over 65 was above 15 % in the majority of Member States in 2004. The increasing proportion of older persons results not only from people living longer, but also from fewer babies being born within the European Union, as current fertility rates are generally well below the replacement level of slightly over two children per woman. The rising proportion of older persons has serious implications for health, benefit and pension systems.

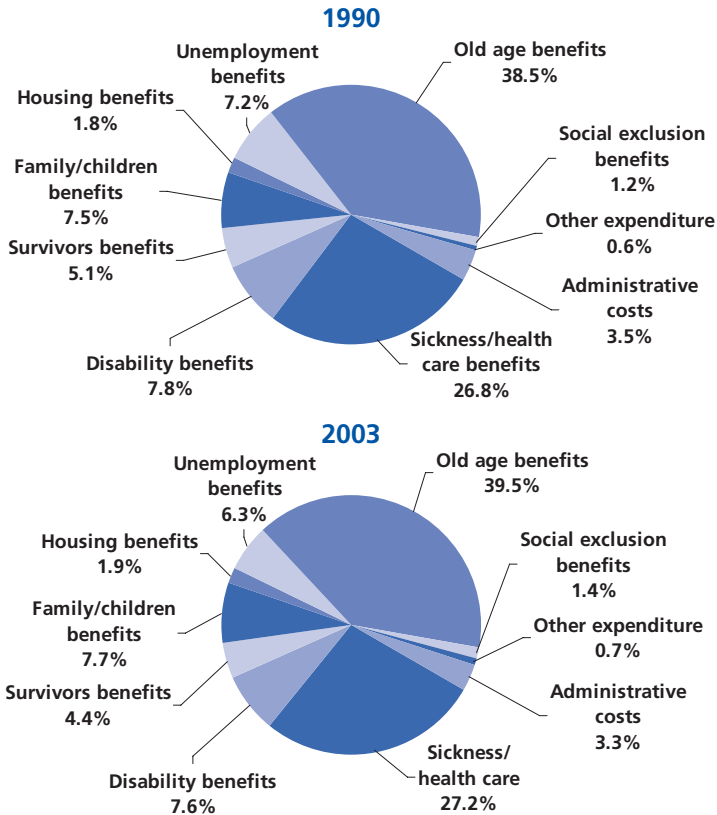
Table 3.1: evolution of main indicators for living standards

	Infant mortality rate (‰)		Male life expectancy at birth (years)		Female life expectancy at birth (years)		Proportion of the population aged 65+ (%)	
	1960	2004	1960	2004	1960	2004	1960	2004
EU-25	35.6	4.6	67.1	75.6	72.6	81.7	10.0	16.4
EU-15	33.3	4.3	67.4	76.6	72.9	82.2	10.6	17.0
BE (1)	23.9	4.3	67.7	75.9	73.5	81.7	12.0	17.1
CZ	20.0	3.7	67.9	72.6	73.4	79.0	9.5	13.9
DK	21.5	4.4	70.4	75.2	74.4	79.9	10.5	14.9
DE	35.0	4.1	:	75.7	:	81.4	11.5	18.0
EE (1)	31.1	6.3	64.3	66.0	71.6	76.9	:	16.2
EL	40.1	3.9	67.3	76.6	72.4	81.4	9.4	17.8
ES	35.4	3.5	67.4	77.2	72.2	83.8	8.2	16.9
FR	27.7	3.9	66.9	76.7	73.6	83.8	11.6	16.3
IE (1)	29.3	4.9	68.1	75.8	71.9	80.7	11.1	11.1
IT (1)	43.3	4.1	67.2	76.8	72.3	82.5	9.3	19.2
CY (1)	:	3.5	:	77.0	:	81.4	:	11.9
LV	26.9	9.4	65.2	65.5	72.4	77.2	:	16.2
LT	38.0	7.9	64.9	66.4	71.4	77.8	:	15.0
LU (1)	31.6	3.9	66.5	75.0	72.2	81.0	10.8	14.1
HU	47.6	6.6	65.9	68.6	70.1	76.9	8.9	15.5
MT (1)	38.1	5.9	66.5	76.7	70.5	80.7	:	13.0
NL	16.5	4.1	71.5	76.4	75.3	81.1	8.9	13.8
AT	37.5	4.5	66.2	76.4	72.7	82.1	12.1	15.5
PL	56.1	6.8	64.9	70.0	70.6	79.2	5.8	13.0
PT (1)	77.5	4.0	61.2	74.2	66.8	80.5	7.8	16.8
SI (1)	35.1	3.7	66.1	72.6	72.0	80.4	:	15.0
SK	28.6	6.8	68.4	70.3	72.7	77.8	6.8	11.5
FI	21.0	3.3	65.5	75.3	72.5	82.3	7.2	15.6
SE	16.6	3.1	71.2	78.4	74.9	82.7	11.7	17.2
UK (1)	22.5	5.1	67.9	76.2	73.7	80.7	11.7	16.0
BG	45.1	11.6	67.8	68.9	71.4	76.0	7.4	17.1
HR	70.4	6.1	64.3	72.0	69.0	79.0	:	16.5
MK (1)	114.5	13.2	60.8	71.1	61.8	75.9	:	10.7
RO	75.8	16.8	64.2	67.7	67.7	75.1	:	14.4
TR	:	21.5	:	68.8	:	71.1	:	:
IS	13.1	2.8	71.3	79.2	76.4	82.7	8.2	11.8
LI (2)	20.0	2.7	:	78.7	:	82.1	8.0	10.8
NO	15.9	3.2	71.6	77.5	76.0	82.3	10.9	14.7
CH	21.1	4.2	68.7	78.6	74.5	83.7	10.2	15.7

(1) 2003, instead of 2004 for life expectancy.

(2) 2002, instead of 2004 for life expectancy.

Graph 3.2: expenditure on social protection, EU (share of total) (1)



(1) EU-15 for 1990; EU-25 for 2003.

Social protection measures are designed to relieve households and individuals of the burden of social risks or needs. Social systems take different forms within the Member States, although all countries rely, to some degree, on collecting revenue in the form of taxes and social security payments to help pay for protection schemes that mainly

include provisions for pensions, healthcare, disability, family and unemployment.

The most important social protection measures in terms of expenditure are old-age pensions and sickness and healthcare, which together accounted for two thirds of the EU-25's social protection expenditure in 2003.

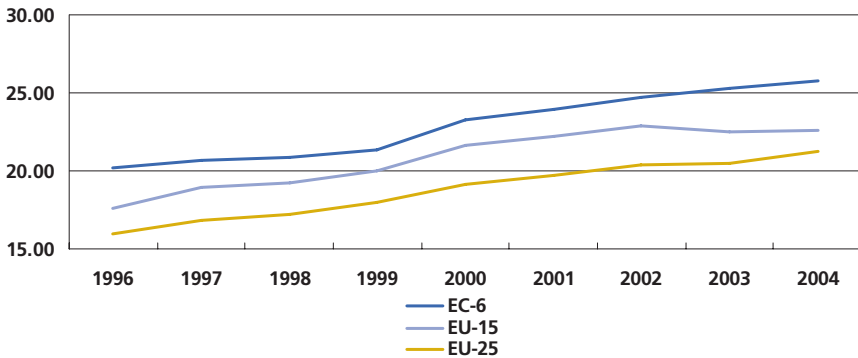
Table 3.2: evolution of total expenditure on social protection (1)

	(% of GDP)							(PPS per inhabitant)		
	1962	1973	1981	1986	1995	2000	2003	1995	2000	2003
EU-25	:	:	:	:	:	26.9	28.0	:	5 341	6 012
EC-6	15.3	:	:	:	:	:	:	:	:	:
EC-9	:	19.8	:	:	:	:	:	:	:	:
EC-10	:	:	24.4	:	:	:	:	:	:	:
EC-12	:	:	:	24.2	:	:	:	:	:	:
EU-15	:	:	:	:	28.2	27.2	28.3	4 990	6 192	6 926
BE	14.6	19.1	26.9	26.7	28.1	26.8	29.7	5 148	6 195	7 476
CZ	:	:	:	:	17.2	19.6	20.1	1 835	2 513	2 964
DK	:	21.8	28.3	25.2	31.9	28.9	30.9	6 123	7 314	8 115
DE (2)	16.5	22.2	26.3	25.5	28.2	29.3	30.2	5 260	6 581	7 087
EE	:	:	:	:	:	14.4	13.4	:	1 239	1 411
EL	:	:	13.9	18.5	22.3	26.3	26.3	2 450	3 764	4 567
ES	:	:	:	18.2	22.1	19.6	19.7	2 931	3 632	4 186
FR	15.4	18.5	25.2	27.0	30.3	29.3	30.9	5 382	6 696	7 434
IE	:	15.3	20.7	22.5	18.8	14.1	16.5	2 862	3 572	4 814
IT	13.4	19.3	20.1	21.3	24.8	25.2	26.4	4 393	5 624	6 024
CY	:	:	:	:	:	:	:	:	:	:
LV	:	:	:	:	:	15.3	13.4	:	1 075	1 174
LT	:	:	:	:	:	15.8	13.6	:	1 208	1 342
LU	14.9	16.9	27.6	22.4	23.7	20.3	23.8	6 468	8 788	10 905
HU	:	:	:	:	:	19.8	21.4	:	2 094	2 783
MT	:	:	:	:	17.5	16.9	18.5	1 892	2 610	2 879
NL	:	:	:	:	30.9	27.4	28.1	5 658	6 583	7 605
AT	:	:	:	:	28.9	28.3	29.5	5 678	7 145	7 700
PL	:	:	:	:	:	20.1	21.6	:	1 826	2 121
PT	:	:	:	13.0	21.3	21.7	24.3	2 465	3 513	4 076
SI	:	:	:	:	:	24.9	24.6	:	3 652	4 076
SK	:	:	:	:	18.7	19.5	18.4	1 267	1 849	2 063
FI	:	:	:	:	31.4	25.3	26.9	5 109	5 750	6 560
SE	:	:	:	:	34.6	31.0	33.5	6 235	7 334	8 258
UK	:	16.6	22.7	22.9	28.2	27.0	26.7	4 696	6 000	6 812
IS	:	:	:	:	19.3	19.6	23.8	3 619	4 936	6 039
NO	:	:	:	:	26.7	24.6	27.7	5 390	7 845	8 728
CH	:	:	:	:	25.7	27.4	29.8	5 751	7 334	8 363

(1) Only social benefits (excluding other expenditure and administrative costs) for 1962-1986.

(2) Federal Republic of (West) Germany for 1962-1986; unified Germany for 1995-2003.

Graph 3.3: evolution of hourly labour costs, EU-25 (EUR per hour) (1)



(1) For industry and services (as defined by NACE Sections C to K).

While most commentators would agree that the standard of living within the European Union has risen over the last 50 years, the statistics presented on GDP per capita say little about the distribution of wealth. Social exclusion and poverty indicators have become important tools for monitoring the proportion of the population that fall below certain thresholds. The Laeken Council in December 2001 set a relative poverty threshold at 60 % of national median equivalised income. This value is calculated by taking the joint income of each household and then dividing by the number of persons in the household, with more weight being given to the main wage earner, less to other adults, and less still to children aged under 14. The effects of social protection measures can be monitored by

comparing at-risk-of poverty ratios before and after social transfers. Around 16 % of EU-25 citizens were considered to be at risk of poverty in 2004 after social transfers.

Statistics regarding household consumption expenditure measure the purchases of goods and services made by consumers. Housing, energy, transport, food and drink account for the highest proportions of expenditure.

Labour costs are defined as the expenditure borne by employers, including wages and salaries for employees, social security contributions, vocational training costs, and other expenditure (such as recruitment costs or other employment taxes). EU-25 labour costs rose by an average of 3.6 % per annum between 1996 and 2004.

Table 3.3: evolution of car registrations and household expenditure

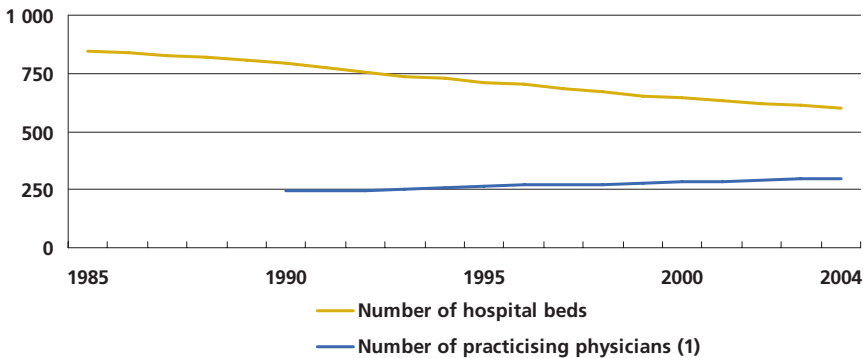
	At-risk-of poverty (%) (1)		Final consumption expenditure (PPS per household) (2)				Number of car registrations (1 000s) (3)			
	1995	2004	1973	1981	1995	2004	1973	1981	1995	2004
EU-25	:	16	:	:	3 300	:	:	:	176 220	212 488
EC-6	:	:	:	:	:	:	41 301	70 033	105 974	120 865
EC-9	:	:	:	:	:	:	54 441	88 000	130 560	152 170
EC-10	:	:	:	:	:	:	54 668	88 911	132 765	154 576
EC-12	:	:	:	:	:	:	60 395	98 200	150 728	179 260
EU-15	17	17	:	:	:	:	64 592	104 556	159 854	189 664
BE	16	15	:	:	9 800	13 700	2 060	3 206	4 273	4 847
CZ	:	8	:	:	5 500	8 300	658	1 740	3 043	3 816
DK	10	11	2 100	4 900	9 600	13 100	1 077	1 367	1 679	1 916
DE	15	16	:	:	10 200	13 800	13 941	23 731	40 404	45 023
EE	:	18	:	:	3 100	6 900	30	127	383	471
EL	22	20	:	:	8 400	13 100	227	911	2 205	3 840
ES	19	20	:	:	8 300	12 300	5 017	7 943	14 212	19 542
FR	15	14	1 800	4 900	9 900	13 900	12 470	19 750	25 100	29 730
IE	19	21	:	:	7 900	13 100	393	778	990	1 583
IT	20	19	1 900	5 000	10 800	14 200	10 181	18 603	30 301	33 973
CY	:	15	:	:	10 400	14 200	60	90	220	336
LV	:	16	:	:	2 900	5 600	38	166	332	686
LT	:	15	:	:	3 500	6 400	45	247	718	1 316
LU	12	11	:	:	14 700	25 000	85	133	232	300
HU	:	12	:	:	4 300	7 400	240	1 010	2 245	2 828
MT	:	:	:	:	:	12 100	:	:	181	211
NL	11	12	:	:	8 900	13 500	2 564	4 610	5 664	6 992
AT	13	13	:	5 500	11 200	15 800	1 197	2 247	3 594	4 109
PL	:	17	:	:	3 700	7 000	479	2 380	7 517	11 975
PT	23	21	:	:	7 600	10 200	710	1 346	3 751	5 996
SI	:	10	:	:	6 500	10 200	176	416	710	911
SK	:	21	:	:	3 600	6 600	164	552	1 016	1 197
FI	:	11	:	4 300	8 100	12 700	712	1 226	1 901	2 347
SE	:	11	:	:	8 700	12 300	2 288	2 883	3 631	4 113
UK	20	18	1 900	4 300	10 300	16 300	11 670	15 822	21 917	27 806
BG	:	15	:	:	3 300	:	160	820	1 648	2 348
HR	:	18	:	:	:	:	:	:	711	1 329
RO	:	17	:	:	:	4 900	40	240	2 197	3 225
TR	:	26	:	:	3 200	3 800	:	:	3 059	5 401
IS	:	10	:	:	10 300	15 200	:	:	119	175
LI	:	:	:	:	:	:	:	:	19	24
NO	:	11	:	:	:	:	690	1 230	1 685	1 978
CH	:	:	:	3 700	9 400	13 600	:	:	3 229	3 811

(1) The share of the population with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers); EU-25, EU-15, the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, the Netherlands, Poland, Slovenia, the United Kingdom, Croatia, Romania and Turkey, 2003 instead of 2004.

(2) Spain, Latvia, Lithuania, Portugal, Turkey and Switzerland, 2003 instead of 2004.

(3) EU-25, EC-10, EC-12, EU-15 and Greece, 2003 instead of 2004; Portugal, 2002 instead of 2004.

Graph 3.4: evolution of health indicators, EU-25 (per 100 000 inhabitants)



(1) EU-25, excluding France, Ireland, Italy and Latvia.

Living conditions are inexorably linked to health. European policies in this area are increasingly being linked to prevention and early detection, as well as environmental health, rather than treatment.

Over the last 20 years, a decrease in the number of hospital beds and in the average length of stay in hospitals can be observed; this can partly be explained by an increased use of different types of outpatient and day-care services, as well as an increasing use of services related to early detection.

The environment is another important aspect that relates to living and working conditions. Sustainable development has become one of the key elements of European policy. It aims to bring about a high level of environmental protection, social equity and cohesion, economic prosperity and active promotion of sustainable development worldwide. The environment is important to individuals who expect to have modern public services that ensure the provision of water, and the collection and safe disposal of waste. Another environmental concern is greenhouse gas emissions, including carbon dioxide and methane; these gases are among the most important causes of global warming.

Table 3.4: main indicators for environmental living standards, latest year available (1)

	Population connected to urban wastewater treatment (%)	Municipal waste generated (kg per capita)	Environmental expenditure by the public sector (million EUR)	Environmental protection expenditure by industry (million EUR)	Greenhouse gas emissions (% change compared with previous year) (2)
EU-25	:	537	50 893	28 483	1.5
EU-15	:	580	48 456	25 116	1.3
BE	38	469	1 390	1 165	1.6
CZ	70	278	:	:	1.8
DK	89	696	2 210	:	7.3
DE	93	600	9 490	:	0.2
EE	70	449	23	66	9.7
EL	56	433	730	:	3.1
ES	89	662	4 270	1 891	0.9
FR	79	567	4 101	2 790	0.7
IE	70	869	412	166	-2.6
IT	63	538	9 993	5 731	2.7
CY	35	730	:	34	5.3
LV	70	311	7	22	-0.9
LT	59	366	15	69	-12.1
LU	95	668	108	:	4.3
HU	57	506	456	351	3.0
MT	13	572	:	:	-0.5
NL	99	624	3 874	1 919	0.6
AT	86	627	449	1 108	5.9
PL (3)	58	256	839	1 762	3.7
PT	42	434	804	373	-5.3
SI	33	435	151	184	-1.2
SK	52	274	35	301	-1.3
FI	81	455	509	610	10.8
SE	85	464	689	1 034	1.5
UK	86	600	7 815	3 996	1.1
BG	40	471	55	195	8.9
HR	:	282	61	48	5.2
RO	:	378	95	591	5.1
TR	17	458	351	379	:
IS	50	492	26	:	-1.7
LI	:	:	:	:	21.4
NO	74	724	1 412	:	2.4
CH	96	678	2 317	:	2.0

(1) For most countries and indicators the latest year available is 2003 or 2004; in a limited number of cases the data refer to much earlier years.

(2) Based on total national emissions of greenhouse gases (CO₂ equivalent) in tonnes.

(3) Municipal waste generated is underestimated.



Chapter 4

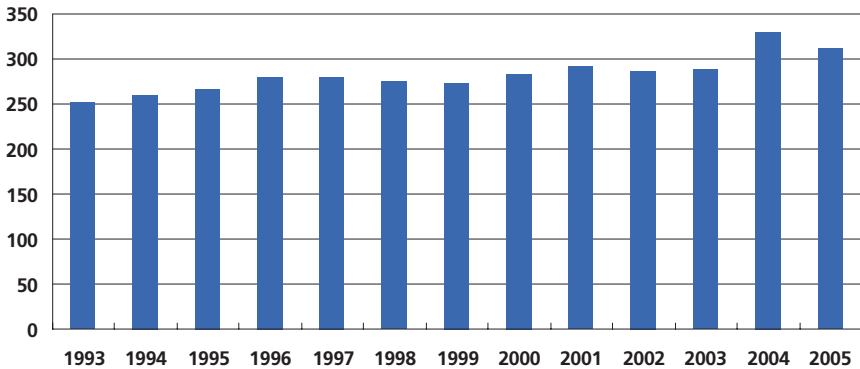
'...to remove existing obstacles in order to guarantee steady expansion, balanced trade and fair competition'

Preamble to the Treaty of Rome establishing the EEC, 25 March 1957

If goods, services, people and capital are to move freely around the European Union then there is a need for rules to ensure fair competition. These rules are included within the Treaty of Rome establishing the EEC that prohibits *'any abuse by one or more undertakings of a dominant position within the common market'* (Article 82). The European Commission can impose penalties on firms that break rules governing the abuse of monopoly power or unfair competition. The European Commission also has the power to prevent mergers between firms if these are not considered to be in the interests of the consumer. Finally, the European Commission also closely monitors state aid that is provided to businesses by national governments.

Removing obstacles in order to guarantee steady expansion, balanced trade and fair competition are also catered for by the common agricultural policy (CAP), which was created in 1957 under the Treaty of Rome establishing the EEC and by the common fisheries policy (CFP) which was born in 1983.

Graph 4.1: Agricultural output, EU (1 000 million EUR) (1)



(1) EU-15, 1993-2003; EU-25, 2004-2005.

Agriculture was one of the first sectors of the economy (following coal and steel) to receive the attention of European policymakers. Approximately half of the land in the EU-25 is farmed, highlighting its important role within the European Union, not only as a supplier of foodstuffs, but also as an employer in rural areas.

However, since the Berlin Council in 2000, the CAP aims to achieve a more market-orientated agricultural system within the European Union. Recent reforms of the CAP promote sustainable farming practices, rural development measures and entrepreneurial behaviour, encouraging farm managers to introduce new techniques, or to realign their business models in favour of promoting rural crafts, food processing facilities on farms, tourism, or afforestation.

Table 4.1: Gross value added (at basic prices) of agriculture, hunting, forestry and fishing (% share of GDP) (1)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
EU-25	2.6	2.5	2.4	2.3	2.2	2.1	2.1	2.0	1.9	1.9	1.7
EU-15	2.4	2.4	2.3	2.2	2.1	2.0	2.0	1.9	1.8	1.8	1.6
BE	1.4	1.4	1.4	1.3	1.2	1.2	1.2	1.1	1.0	0.9	0.9
CZ	4.5	4.2	3.8	3.8	3.5	3.5	3.6	3.0	2.8	3.0	2.6
DK	3.0	2.9	2.7	2.3	2.0	2.2	2.4	1.9	1.7	1.6	1.2
DE	1.2	1.2	1.2	1.1	1.1	1.1	1.2	1.0	1.0	1.1	0.9
EE	7.1	6.7	6.2	5.8	5.4	4.3	4.2	3.7	3.3	3.4	3.3
EL	9.1	8.3	7.8	7.5	7.1	6.4	6.2	6.2	5.9	5.0	4.7
ES	4.2	4.7	4.6	4.4	4.0	4.0	3.9	3.6	3.6	3.4	2.9
FR	:	:	:	:	2.7	2.5	2.6	2.4	2.2	2.2	2.0
IE	6.3	5.8	4.7	4.0	3.2	3.0	2.7	2.4	2.3	2.2	:
IT	3.0	3.0	2.9	2.8	2.7	2.5	2.4	2.3	2.3	2.3	2.0
CY	4.8	4.4	3.9	4.1	3.9	3.5	3.7	3.6	3.3	3.0	2.9
LV	7.9	6.6	4.6	3.6	3.5	4.1	4.1	4.1	3.7	4.0	3.6
LT	10.2	11.2	10.0	8.6	7.3	7.0	6.3	6.2	5.7	5.3	5.1
LU	0.9	0.8	0.7	0.8	0.7	0.6	0.6	0.6	0.5	0.5	0.4
HU	5.9	5.8	5.2	4.9	4.2	4.6	4.5	4.0	3.7	4.1	3.7
MT	:	:	2.5	2.5	2.3	2.0	2.3	2.2	2.2	2.2	2.1
NL	3.1	3.0	3.1	2.7	2.4	2.4	2.3	2.1	2.1	1.9	1.9
AT	2.4	2.2	2.2	2.1	2.0	1.9	1.9	1.8	1.8	1.7	1.5
PL	7.1	6.6	5.8	5.3	4.6	4.4	4.6	4.0	3.9	4.5	4.2
PT	5.0	4.8	4.0	3.7	3.5	3.3	3.1	2.9	3.0	2.8	2.5
SI	3.6	3.4	3.5	3.3	2.8	2.8	2.6	2.8	2.2	2.3	2.2
SK	5.4	5.0	5.2	4.8	4.2	4.0	4.2	4.6	4.1	4.0	3.9
FI	3.8	3.5	3.5	3.0	3.0	3.1	3.0	2.9	2.8	2.7	2.5
SE	2.4	2.1	2.1	1.9	1.8	1.6	1.7	1.6	1.6	1.6	1.0
UK	1.7	1.6	1.3	1.1	1.0	0.9	0.9	0.9	0.9	0.9	0.8
BG	:	14.4	23.3	16.8	14.5	12.3	11.9	10.7	10.1	9.4	8.0
HR	8.6	8.4	7.8	7.9	8.1	7.4	7.5	7.3	6.0	5.9	5.8
RO	:	:	:	14.4	13.3	11.1	13.4	11.4	11.6	12.8	8.9
TR	15.7	16.9	14.5	17.5	15.3	14.1	12.1	11.6	11.7	11.2	10.3
IS	9.3	9.0	8.1	8.3	7.7	7.1	7.6	7.7	6.3	5.5	:
NO	2.7	2.3	2.1	2.4	2.1	1.9	1.6	1.6	1.4	1.4	1.4
CH	2.0	1.8	1.7	1.7	1.5	1.5	1.4	1.3	1.2	1.3	1.2
JP	1.2	1.3	1.2	1.2	1.2	1.1	1.1	0.9	1.1	1.2	:
US	1.9	1.9	1.6	1.6	1.5	1.4	:	:	:	:	:

(1) Data extracted 12 October 2006.

Table 4.2: evolution of main indicators for fisheries

	Total catch of fishery products (1 000 tonnes live weight) (1)						Proportion of world catch (%) (1)		Fishing fleet - total power (1 000 kW)	
	1958	1973	1981	1986	1995	2004	1995	2004	1995	2004
EU-25	:	:	:	:	8 034	5 942	8.6	6.2	:	7 487
EC-6	1 996	2 411	2 251	1 968	1 785	1 758	1.9	1.8	3 238	3 001
EC-9	3 689	5 063	5 152	4 861	5 083	3 783	5.4	3.9	4 996	4 450
EC-10	3 769	5 167	5 253	4 983	5 235	3 876	5.6	4.0	5 666	5 000
EC-12	5 069	7 217	6 759	6 617	6 677	4 952	7.2	5.2	7 693	6 543
EU-15	5 374	7 537	7 156	6 975	7 237	5 357	7.8	5.6	8 187	6 940
BE	64	53	49	39	36	27	0.0	0.0	66	66
CZ	:	:	:	:	4	5	0.0	0.0	:	:
DK	593	1 452	1 833	1 825	1 999	1 090	2.1	1.1	424	336
DE	802	833	560	345	239	262	0.3	0.3	169	162
EE	:	:	:	:	132	88	0.1	0.1	:	63
EL	80	103	101	123	152	93	0.2	0.1	670	551
ES	819	1 572	1 243	1 231	1 179	854	1.3	0.9	1 631	1 152
FR	676	789	783	725	675	669	0.7	0.7	991	1 066
IE	34	91	190	228	390	280	0.4	0.3	213	214
IT	212	393	424	450	397	279	0.4	0.3	1 496	1 244
CY	1	1	1	3	9	2	0.0	0.0	:	53
LV	:	:	:	:	149	125	0.2	0.1	:	73
LT	:	:	:	:	57	162	0.1	0.2	:	78
LU	0	0	0	0	0	0	0.0	0.0	-	-
HU	5	7	13	19	7	7	0.0	0.0	-	-
MT	1	2	1	1	5	1	0.0	0.0	:	122
NL	243	344	434	408	438	522	0.5	0.5	517	463
AT	3	1	1	1	0	0	0.0	0.0	-	-
PL	142	567	609	626	429	192	0.5	0.2	:	147
PT	481	479	263	402	264	221	0.3	0.2	396	391
SI	:	:	:	:	2	1	0.0	0.0	:	11
SK	:	:	:	:	2	2	0.0	0.0	-	-
FI	63	99	141	146	155	135	0.2	0.1	225	179
SE	239	220	255	211	405	270	0.4	0.3	269	218
UK	1 066	1 110	877	840	910	655	1.0	0.7	1 122	900

(1) Catch of freshwater, brackish water and marine species of fish, crustaceans, molluscs and other aquatic animals and plants.

After years of difficult negotiations the Common Fisheries Policy (CFP) was born in 1983. It is designed to ensure that the exploitation of living aquatic resources is carried out under suitable sustainable, economic, environmental and social

conditions. The CFP sets maximum quantities of fish that can be safely caught every year: the total allowable catch (TAC). The 2002 reform of the CFP identified the need to limit fishing efforts, the level of catches, and to enforce certain technical measures.

Table 4.3: main indicators for forestry, 2005

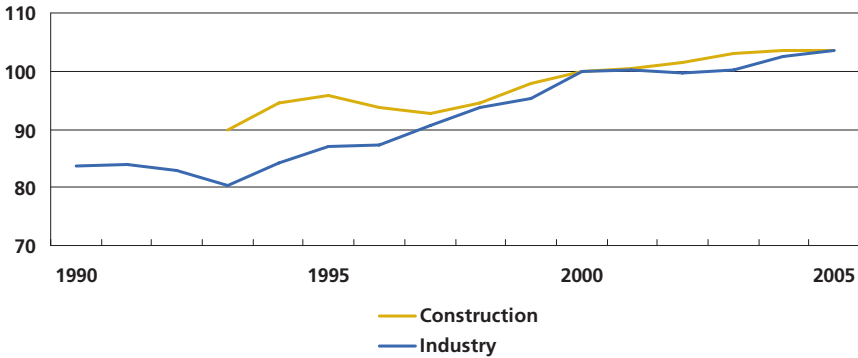
	Area of forest and other wooded land (1 000 hectares) (1)	Share of forest and other wooded land in total land area (%) (1)	Change in area of forest and other wooded land, 1990–2005 (%) (1)	Roundwood production, 2004 (1 000m ³)	Sawnwood production, 2004 (1 000m ³)
EU-25	166 441	43.2	4.8	376 601	101 056
BE	694	22.9	-0.6	4 765	1 215
CZ	2 648	34.3	0.7	15 601	3 940
DK	636	15.0	9.5	1 627	196
DE	11 076	31.7	3.1	54 504	19 850
EE	2 366	55.8	9.4	10 300	2 000
EL	6 532	50.7	0.3	1 526	191
ES	28 214	56.5	8.8	16 290	3 730
FR	17 262	31.4	3.8	34 950	9 860
IE	710	10.3	47.6	2 562	939
IT	11 026	37.5	19.0	8 697	1 580
CY	388	42.0	3.5	10	5
LV	3 056	49.3	5.9	12 754	3 988
LT	2 176	34.7	7.5	6 120	1 450
LU	88	34.0	-1.1	277	133
HU	1 976	21.5	9.7	5 660	205
MT	0	0.0	0.0	0	0
NL	365	10.8	5.8	1 026	273
AT	3 980	48.1	2.2	16 482	11 133
PL	9 192	30.0	3.5	32 733	3 743
PT	3 867	42.3	16.0	11 553	1 100
SI	1 308	64.9	6.2	2 551	461
SK	1 929	40.1	0.4	7 240	1 837
FI	23 302	76.5	0.8	53 800	13 544
SE	30 785	74.8	0.6	67 300	16 900
UK	2 865	11.9	8.9	8 273	2 782

(1) Data relating to forest and other wooded area, source: FAO, Global Forest Resources Assessment 2005.

Forest and other wooded land represents 43 % of the total land area in the EU-25; this proportion has increased from the 1950s due to the introduction of new plantations and changes in the way that forests are perceived.

Contrary to what is happening in other parts of the world, the land area covered by forests in the EU-25 is slowly but steadily increasing (up by 4.8 % overall between 1990 and 2005).

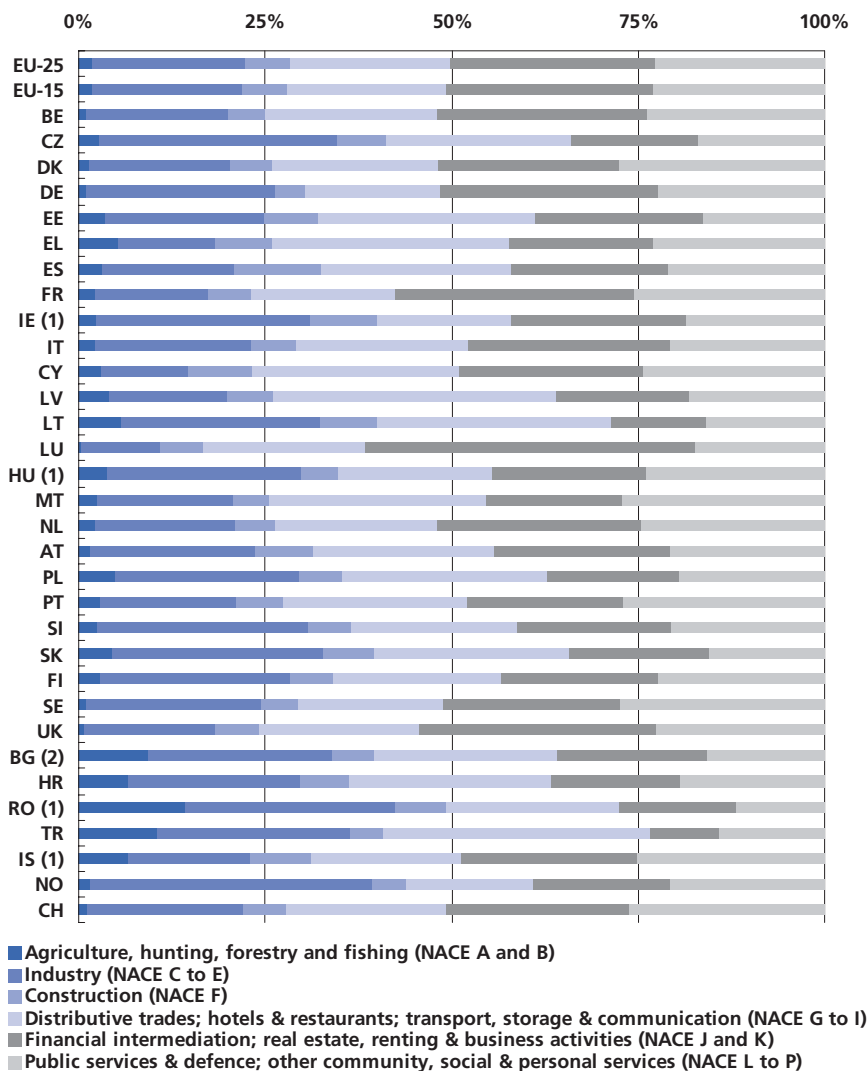
Graph 4.2: evolution of the index of production, EU-25 (2000=100)



The European economy has changed significantly in the last 50 years. There has been a significant shift from so-called heavy, traditional, industrial activities, such as mining coal and producing steel, towards a more knowledge-based economy, where services account for an increasingly important share of the EU-25's GDP.

Despite the relative decline in the share of industry (as a proportion of total GDP), it is important to note that the volume of industrial output in the EU-25 continues to rise. Indeed, some of the most important productivity gains have been made in this area of the economy, through technological advances, as well as shifts in methods of production, such as non-core activities being subcontracted or externalised, in particular to specialist suppliers of business services (such as security and industrial cleaning services, accountancy, tax advice or advertising).

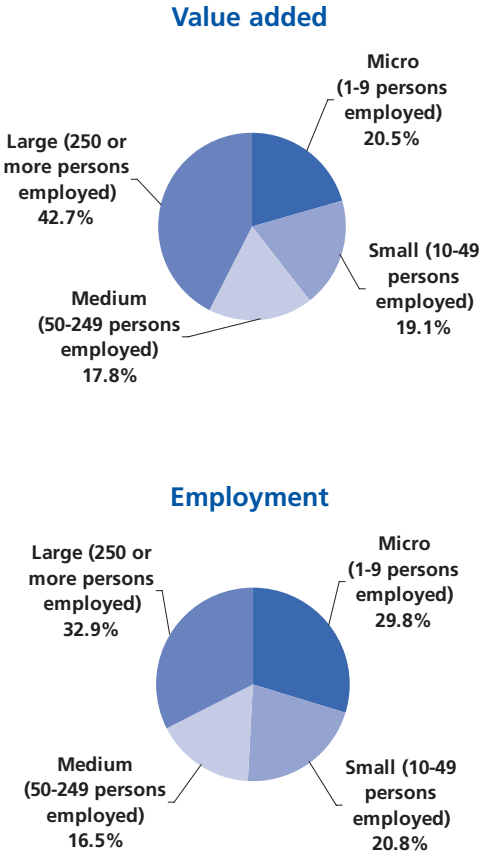
Graph 4.3: breakdown of the economy, 2003 (share of total value added)



(1) 2004.

(2) Forecasts.

Graph 4.4: breakdown of the non-financial business economy by enterprise size class, EU-25, 2003 (share of total) (1)



There are a wide range of different business structures within the EU-25 economy. These are reflected to some degree in the average size of enterprises, ranging from large enterprises which are part of multinational groups that may dominate a particular sector of the economy, to small, family-run or niche businesses that serve local or specialist markets.

Within the non-financial business economy, micro-enterprises with less than 10 persons employed accounted for almost 30 % of those employed and just over 20 % of the value added generated. At the other end of the range, large enterprises with 250 or more persons employed generated almost 43 % of total value added with just under one third of the total workforce. These figures suggest that large enterprises tend, on average, to be more productive, which may well be due to advantages associated with economies of scale. On the other hand, there are a number of service sectors where small and medium-sized enterprises (SMEs) are at least as productive as their larger competitors.

(1) Non-financial business economy defined as NACE Sections C to I and K (excluding financial services); NACE C - mining and quarrying; NACE D - manufacturing; NACE E - electricity, gas and water supply; NACE F - construction; NACE G - distributive trades; NACE H - hotels and restaurants; NACE I - transport and communications; NACE K - business services; partly including rounded EU estimates based on non-confidential data.

Table 4.4: breakdown of the non-financial business economy by enterprise size class, 2003 (% share of total) (1)

	Value added				Employment			
	Micro	Small	Medium	Large	Micro	Small	Medium	Large
EU-25	20.5	19.1	17.8	42.7	29.8	20.8	16.5	32.9
BE	19.3	:	19.0	:	29.0	:	15.9	:
CZ	20.4	17.1	19.3	43.2	32.6	18.6	17.8	31.0
DK	23.4	21.2	:	:	19.6	24.9	:	:
DE	15.6	18.3	18.6	47.6	19.6	21.9	18.7	39.8
EE	:	:	:	:	:	:	:	:
EL	:	:	:	:	:	:	:	:
ES	26.8	24.5	17.1	31.6	38.6	25.8	14.7	20.9
FR	19.6	18.2	16.0	46.2	23.3	20.7	16.9	39.2
IE	:	:	:	:	:	:	:	:
IT (2)	31.7	22.4	16.3	29.6	47.1	22.0	12.4	18.5
CY	:	:	:	:	:	:	:	:
LV	:	25.6	27.6	:	20.6	27.1	26.2	26.1
LT (3)	9.2	21.8	25.3	43.6	17.7	26.1	27.1	29.1
LU	:	:	:	:	:	:	:	:
HU	17.2	16.2	18.4	48.2	35.9	18.6	16.3	29.2
MT	:	:	:	:	:	:	:	:
NL	:	:	:	:	28.9	:	18.6	:
AT	18.9	:	:	:	25.1	:	:	:
PL	16.0	11.0	21.4	51.7	40.5	11.5	18.3	29.6
PT (4)	22.5	21.0	21.9	34.6	39.7	23.6	17.6	19.1
SI (5)	19.2	17.6	:	:	27.3	17.3	:	:
SK	11.7	12.3	17.6	58.3	12.5	14.6	22.2	50.7
FI	18.1	16.0	19.0	46.8	21.5	19.2	18.5	40.9
SE (6)	17.6	:	19.1	:	24.3	:	17.0	:
UK	17.9	16.1	16.5	49.4	21.1	17.9	14.8	46.2

(1) Enterprise size classes defined as follows: micro (1-9 persons employed); small (10-49 persons employed); medium (50-249 persons employed); large (250 or more persons employed); non-financial business economy defined as NACE Sections C to I and K (excluding financial services); NACE C - mining and quarrying; NACE D - manufacturing; NACE E - electricity, gas and water supply; NACE F - construction; NACE G - distributive trades; NACE H - hotels and restaurants; NACE I - transport and communications; NACE K - business services; for Belgium, Denmark, Estonia, the Netherlands and Portugal, a very limited number of estimates were made.

(2) Persons employed, turnover and value added data for NACE Section C, 2002.

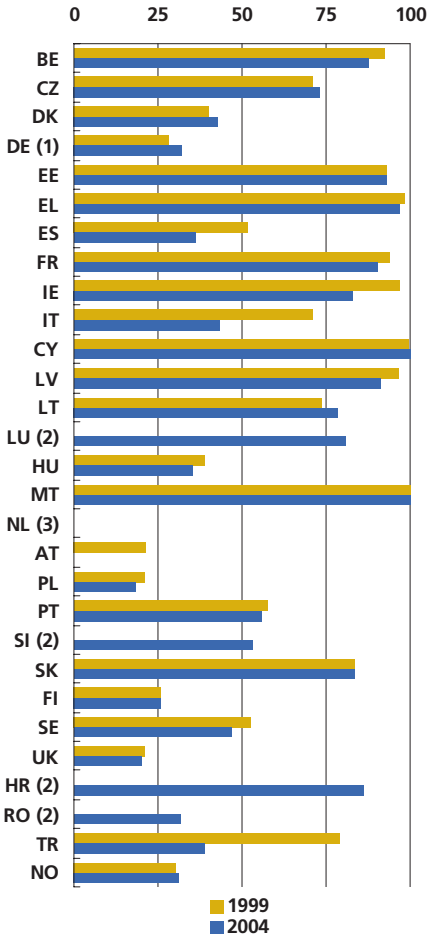
(3) All NACE Section I data, 2002.

(4) Persons employed and value added data for NACE Section C, 2002.

(5) Persons employed data for NACE Sections E, H and K, 2002; value added data for NACE Section E, 2002.

(6) All NACE Sections C to G data, 2002.

Graph 4.5: market liberalisation within electricity generation (% market share of the largest generator in the electricity market - as a share of total generation)



- (1) 2003, instead of 2004.
 (2) Not available for 1999.
 (3) Not available.

The programme to create a single European market without internal frontiers did not include the energy sector. In 1996 and 1998, the first electricity and gas directives were adopted, representing an important step towards the creation of an internal market in these sectors. The second gas and electricity directives were adopted in June 2003. The directives stipulated an opening of markets for non-household gas and electricity customers by July 2004 and all customers by July 2007. After these dates, businesses and private customers should be able to choose their power and gas suppliers freely in a competitive marketplace.

The service sector has also increasingly become the focus of liberalisation measures, although some areas have been opened up quicker than others. Telecommunications is one area where there has been a considerable reduction in prices in recent years. This may, in part, reflect the introduction of competition into a number of markets that were previously the domain of an incumbent, monopoly supplier, as well as reflecting technological changes that have increased capacity and made it possible to communicate not only by voice, but also over the Internet.

One of the main concerns associated with liberalisation relates to universal service provision, in other words guaranteeing, for example, that all consumers have access to dependable supplies at affordable prices.

**Table 4.5: market liberalisation within telecommunications, 2004
(% market share) (1)**

	Incumbent operator: fixed line, local calls (incl. the Internet)	Incumbent operator: fixed line, long-distance calls	Incumbent operator: fixed line, international calls	Leading operator in mobile telecoms (2)
EU-25	67	69	59	43
EU-15	71	65	55	42
BE (3)	73	73	47	47
CZ	:	:	:	47
DK	:	:	:	31
DE	57	59	80	38
EE	:	:	:	46
EL	82	75	69	41
ES	77	72	66	48
FR	79	67	66	47
IE (4)	84	87	69	49
IT	69	68	57	40
CY (5)	100	100	100	94
LV	99	99	74	51
LT (6)	98	91	81	38
LU	:	:	:	58
HU	99	96	88	45
MT	100	-	100	52
NL	75	75	45	36
AT (7)	53	73	53	41
PL	89	77	79	36
PT (8)	:	79	82	52
SI (3)	100	100	91	74
SK	100	100	100	56
FI	95	45	41	46
SE (9)	:	:	40	45
UK (10)	54	54	54	25
NO	:	75	65	55

(1) The incumbent is defined as the enterprise active on the market just before liberalisation.

(2) Reference year 2005, except for the Czech Republic, Greece, Latvia, Portugal, Finland, Sweden and Norway, all 2004; shares of the mobile market are based on the number of mobile subscriptions.

(3) For fixed lines, no distinction between local and national calls.

(4) For fixed lines, operators classify Internet calls differently; they may be included in other call categories.

(5) 2003, except for leading operator in mobile telecoms.

(6) For fixed lines, data exclude some alternative operators that cannot split revenues by type of service; the actual market share of the incumbent operator is lower.

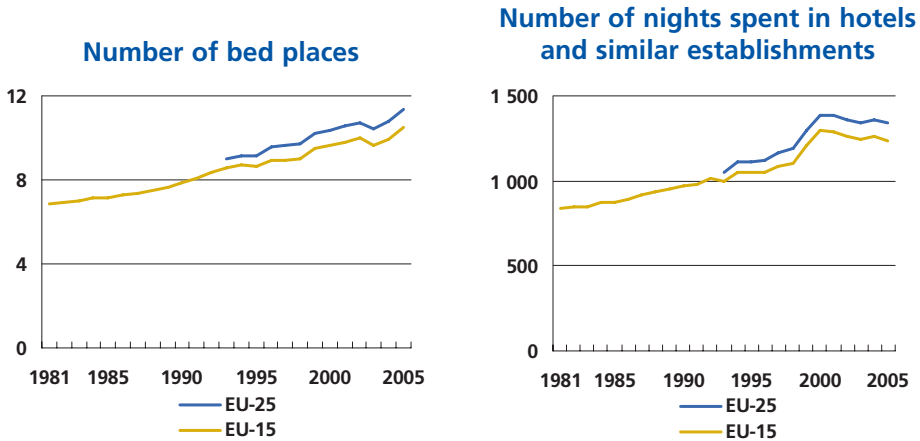
(7) For fixed lines, market shares for Q4-2004.

(8) For fixed lines, long distance calls include local calls.

(9) 2003 for fixed line, international calls.

(10) For fixed lines, market shares for Q1-2005.

Graph 4.6: evolution of main indicators for EU hotels and similar establishments (millions) (1)



(1) Number of nights spent, excluding Ireland.

The demand for hotel services is split between that for business and that for holidays and recreation. Business demand tends to fluctuate with the economic cycle, as during periods of recession businesses try to reduce their expenditure. In a similar way, individuals are also more likely to curb their spending on tourism-related activities during periods of low consumer confidence.

Although tourism grew rapidly during the latter part of the 20th century, this trend was reversed from 2000 as an economic slowdown, coupled with concerns over terrorist acts, health and safety epidemics, and a series of natural disasters, contributed to reduced demand (as shown by the evolution of the number of nights spent in hotels and similar establishments).

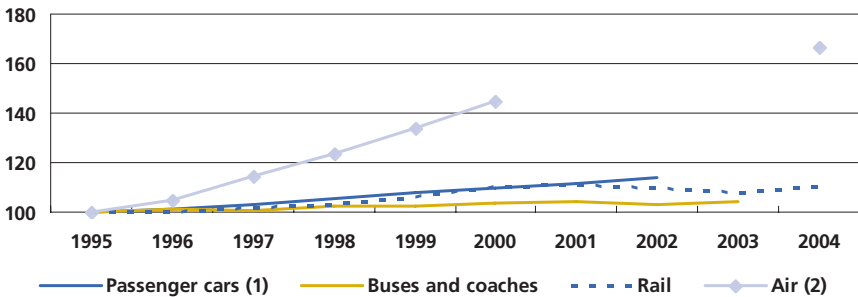
Transport infrastructure is an integral part of the European Union, as it provides a basis for the mobility of both people and goods within and between the Member States. There are a number of liberalisation policies within this domain, including efforts to harmonise technical standards and open up access to railway networks and the integration of air traffic control systems into a single European sky, as well as the development of trans-European networks (TENs) for transport and energy.

Table 4.6: evolution of transport networks (kms) (1)

	Motorways		Rail network (tracks)	
	1970	2004	1995	2004
EU-25	:	57 090	331 708	317 809
EC-6	11 399	33 027	158 306	151 502
EC-9	12 730	37 822	196 901	188 694
EC-10	12 741	38 564	199 375	191 516
EC-12	14 386	50 138	217 186	208 704
EU-15	15 419	54 052	243 124	238 408
BE	501	1 729	5 992	6 210
CZ	:	518	16 884	16 290
DK	198	1 010	2 349	2 273
DE	4 461	12 037	75 438	70 875
EE	:	98	1 018	959
EL	11	742	2 474	2 822
ES	1 585	9 739	14 291	14 387
FR	1 542	10 379	51 834	49 081
IE	-	176	1 945	1 919
IT	3 913	6 478	22 028	22 250
CY	:	268	-	-
LV	-	-	2 704	2 583
LT	:	417	2 665	2 200
LU	7	115	275	275
HU	134	542	13 074	12 735
MT	-	-	-	-
NL	975	2 289	2 739	2 811
AT	478	1 670	5 672	5 642
PL	:	405	46 378	38 781
PT	60	1 835	3 520	2 801
SI	:	477	2 196	2 193
SK	:	313	3 665	3 660
FI	152	653	8 977	8 596
SE	403	1 591	11 289	15 466
UK	1 133	3 609	34 301	33 000
IS	-	-	-	-
LI	-	-	19	19
NO	41	173	4023	4334
CH	1 258	1 351	5 041	5 159

(1) Earlier reference years have been used for some countries instead of 2004.

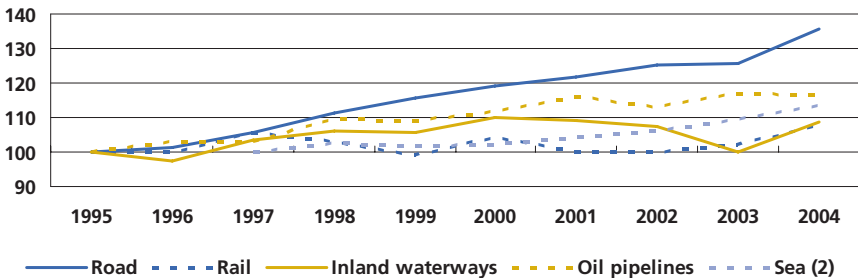
**Graph 4.7: evolution of passenger transport, EU-25
(1995=100, based on passenger-kms)**



(1) EU-15.

(2) Based on number of international passengers; passengers travelling between two EU countries are counted twice.

**Graph 4.8: evolution of freight transport, EU-25
(1995=100, based on tonne-kms) (1)**

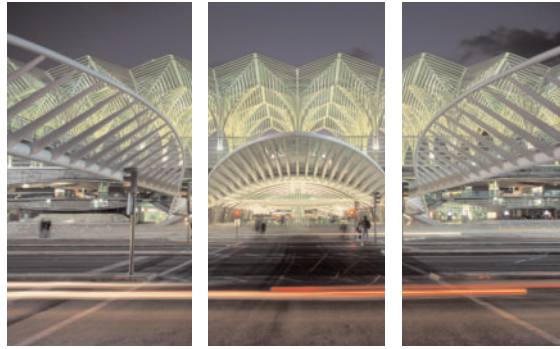


(1) Changes in the survey methodology in some countries after 1995 may be reflected in the indices for EU totals (for example, road and rail for 2004).

(2) EU-15; 1997=100; based on gross weight of goods handled in sea ports (tonnes instead of tonne-km).

The single market has made it possible to transport goods more easily between the Member States. In addition, people can also move freely across borders, promoting the consumer's search for better offers and encouraging visits to other Member States.

Approximately 50 % of all goods (in tonnes) that are transported by road, pipeline, rail, intra-EU shipping and inland waterway within the European Union travel by road, while approximately 80 % of all passengers (in numbers of passengers) travel by road. This places enormous stress on the road network, with congestion and air pollution commonplace, especially in urban areas and on some key transport axes.



Chapter 5

‘...to strengthen the unity of their economies and to ensure their harmonious development by reducing the differences existing between the various regions and the backwardness of the less-favoured regions’

Preamble to the Treaty of Rome establishing the EEC, 25 March 1957

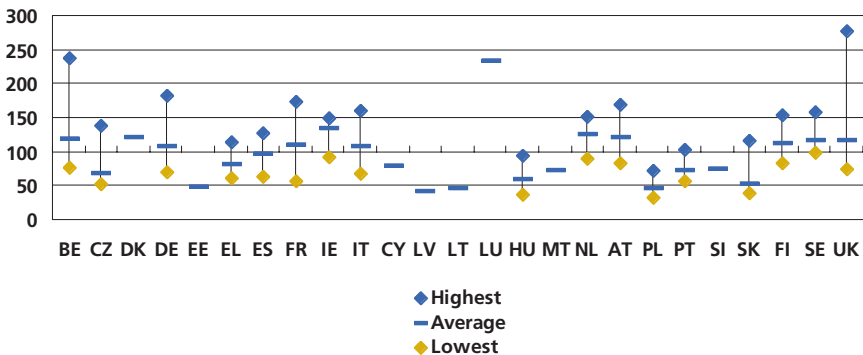
European regional policy consists of making payments to disadvantaged regions, with the aim of improving job opportunities and boosting economic development. Policy is concentrated in a number of specific areas, such as converting old industrial areas or helping less-favoured rural areas.

These initiatives are funded through a variety of different funds, each with their own specific target population. The overwhelming share (94 %) of structural funding for the period 2000–06 is concentrated on three main objectives;

- Objective 1: helping regions whose development is lagging behind to catch up.
- Objective 2: supporting economic and social conversion in industrial, rural, urban or fisheries-dependent areas.
- Objective 3: modernising systems of training and promoting employment.

In addition to these Structural Funds, there is a Cohesion Fund that is used to finance transport infrastructure and environmental projects in those Member States that exhibit GDP per capita that is less than 90 % of the EU-25 average.

Graph 5.1: variations in GDP per capita, 2003 (EU-25=100, based on NUTS2) (1)



(1) Note that some Member States do not have any regions at the NUTS2 level.

The distribution of wealth within the Member States is by no means uniform. Generally, urban areas, in particular capital cities, tend to be the richest regions, explaining why the population is drawn to these regions in search of work.

The widest disparities in the distribution of wealth between the regions were recorded in the United Kingdom, Belgium, France and Slovakia. In each of these cases the highest GDP per capita was recorded for the region that includes the capital city. This pattern was not observed in each of the Member States; for example, Hamburg was the wealthiest region in Germany while the province of Bolzano-Bozen was the wealthiest in Italy.

The richest European regions are concentrated within the major conurbations of the EU-15 Member States, while the poorest regions, as defined by GDP per capita, are in the Member States that joined the European Union in 2004. The regions at the top of the ranking are more than five times as rich as those at the bottom.

One reason often used to explain backwardness is location. Indeed, many of the most remote and sparsely populated regions of the European Union struggle to attract investment, and also face difficulties retaining their population, as young people are inclined to search for work in regions with more varied job opportunities and higher average salaries.

Table 5.1: GDP per capita, ten highest and lowest regions in the EU-25, 2003 (PPS per inhabitant, based on NUTS2)

	NUTS		
Highest	code	Region	GDP per capita
1	UKI1	Inner London	60 342
2	BE10	Région de Bruxelles-Capitale/Brussels Hoofdstedelijk Gewest	51 658
3	LU	Luxembourg (Grand-Duché)	50 844
4	DE60	Hamburg	40 011
5	FR10	Île de France	37 687
6	AT13	Wien	37 158
7	UKJ1	Berkshire, Bucks and Oxfordshire	35 894
8	ITD1	Provincia Autonoma Bolzano-Bozen	34 792
9	DE21	Oberbayern	34 334
10	SE01	Stockholm	34 331

	NUTS		
Lowest	code	Region	GDP per capita
1	PL31	Lubelskie	7 211
2	PL32	Podkarpackie	7 217
3	PL34	Podlaskie	7 752
4	PL33	Swietokrzyskie	7 978
5	PL62	Warminsko-Mazurskie	8 048
6	PL52	Opolskie	8 112
7	HU31	Észak-Magyarország	8 287
8	SK04	Východné Slovensko	8 430
9	HU32	Észak-Alföld	8 476
10	HU33	Dél-Alföld	8 768

Objective 1 regions are defined as either having GDP per capita that is less than 75 % of the EU-25 average, or as areas with very low population density (fewer than eight inhabitants per square kilometre). Objective 1 regions cover the entire territory of the 10 Member States that joined the European Union in 2004 with the exception of Bratislava, Prague and Cyprus, while the second criterion on population density notably covers a number of regions in northern Finland and Sweden, as well as regions on the extreme periphery of the European Union (the French overseas departments, the Canary Islands, the Azores and Madeira).

Areas undergoing economic and social restructuring are classified as Objective 2 regions. These are defined according to four specific criteria: changes in key sectors resulting in declining employment within industrial activities and services; economic and social crisis in urban areas; the decline of traditional activities and depopulation of rural areas; or a crisis due to the decline of employment in the fisheries sector.

Objective 3 regions are those where efforts are made to combat unemployment by modernising training systems and helping to create jobs.

Table 5.2: structural funds commitments (1)

Period:	Funding of Objectives 1–3 (million EUR) (2)	Population in Objective 1 and 2 areas (millions)	Population covered by Objective 1 and 2 areas (%)
2000–2006			
BE	1 993	1.269	12.5
DK	596	0.538	10.2
DE	30 868	24.447	29.8
EL	23 143	10.476	100.0
ES	47 328	32.027	80.7
FR	15 783	20.412	34.0
IE	3 409	0.965	26.6
IT	31 302	26.704	46.5
LU	88	0.117	28.2
NL	2 863	2.324	15.0
AT	1 613	2.270	28.2
PT	21 010	6.616	66.6
FI	1 991	2.650	51.7
SE	2 023	1.674	18.9
UK	17 016	18.909	32.2
Period:			
2004–2006			
CZ	1 584	9.460	92.0
EE	371	1.379	100.0
CY (3)	50	0.212	30.9
LV	626	2.391	100.0
LT	895	3.531	100.0
HU	1 996	10.238	100.0
MT	63	0.387	100.0
PL	8 276	38.654	100.0
SI	238	1.986	100.0
SK	1 123	4.957	91.9

(1) Due to the different lengths of the programming periods for EU-15 and the ten Member States that joined the EU in 2004, it is not advisable to add the financial amounts for these two groups; EU-15: 2000-2006, monetary values are in constant 2004 prices; ten Member States that joined the EU in 2004: 2004-2006, monetary values are in current prices.

(2) Including phasing out for objective 1 for the EU-15 during the period 2000-2006.

(3) Including fisheries fund.

Source: Directorate-General of the European Commission for Regional Policy, available at: http://ec.europa.eu/regional_policy/intro/working4_en.htm

Table 5.3: Population, ten most and least populated regions in the EU-25, 1960 and 2003 (1 000 inhabitants, based on NUTS2)

Rank 1960	Rank 2003	NUTS code	Region	Most 1960	Most 2003
1	1	FR10	Île de France	8 470	11 235
2	2	ITC4	Lombardia	7 406	9 178
3	3	ES61	Andalucia	5 893	7 503
11	4	ES51	Cataluña	3 926	6 565
9	5	FR71	Rhône-Alpes	4 018	5 864
5	6	ITF3	Campania	4 761	5 743
22	7	ES30	Comunidad de Madrid	2 606	5 640
7	8	DK00	Danmark	4 585	5 391
4	9	DEA1	Düsseldorf	5 163	5 247
10	10	ITE4	Lazio	3 959	5 176

Rank 1960	Rank 2003	NUTS code	Region	Least 1960	Least 2003
1	1	FI20	Åland	21	26
5	2	ES64	Ciudad Autónoma de Melilla	79	67
4	3	ES63	Ciudad Autónoma de Ceuta	73	71
6	4	ITC2	Valle d'Aosta/Vallée d'Aoste	101	122
2	5	FR93	Guyane	33	181
13	6	GR41	Voreio Aigaio	254	204
8	7	GR22	Ionía Nísia	213	217
24	8	PT20	Região Autónoma dos Açores	328	239
14	9	PT30	Região Autónoma da Madeira	268	242
9	10	BE34	Prov. Luxembourg	219	253

European regional policy promotes solidarity by allocating more than one third of the European Union's budget to reducing gaps among the regions and disparities between citizens.

Taken together, the disadvantaged regions (Objectives 1 and 2) are home to some 225 million inhabitants, or almost 50 % of the EU-25's population.



Chapter 6

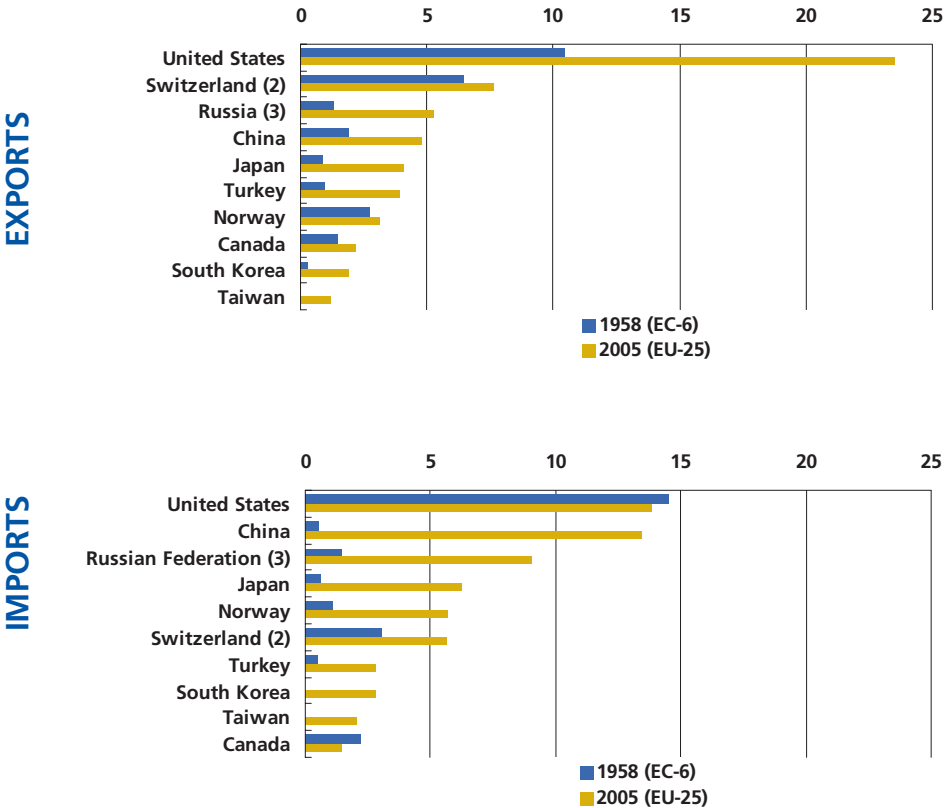
*‘...to contribute, by means of a common commercial policy,
to the progressive abolition of restrictions
on international trade’*

Preamble to the Treaty of Rome establishing the EEC, 25 March 1957

Throughout history, people have been interested in exploring new destinations and buying/trading in things made in other countries. Trade was one of the first areas in which the governments of the Member States saw that they could benefit by working together. The Treaty of Rome abolished quotas and customs duties between the Member States. It established a common external tariff, a sort of external frontier for Member States' products. The effects of dismantling customs barriers and

eliminating quantitative restrictions to trade have allowed intra-Community trade and trade with non-member countries to develop rapidly. Lower transactions costs and quicker deliveries of goods from abroad (due to less delays at borders) led to particularly rapid growth in trade following the establishment of the single market. The development of trade — if properly conducted — is also an opportunity for economic growth, often referred to as a win-win game by economists.

Graph 6.1: evolution of the EU's external trade position with non member countries (% share of total) (1)



(1) Extra-EU partners change as a function of the reference year and EC/EU membership; ranked on 2005; rest of the world accounted for 73.4 % of EC-6 exports in 1958 and 42.3 % in 2005; rest of the world accounted for 76.0 % of EC-6 imports in 1958 and 36.9 % in 2005.

(2) Including Liechtenstein for 1958.

(3) Soviet Union for 1958.

The EU-25 is one of the world's most important trading entities. While the EU-25's population accounts for just over 7 % of the world's total, its share of global imports and exports is over 20 %.

There have been significant changes in the structure of exports and imports in recent years that have, in part, resulted from the emergence of new economic powers in China and India, as well as a shift in

Table 6.1: evolution of extra-EU exports and imports (1 000 million EUR) (1)

	Exports						Imports					
	1958	1973	1981	1986	1995	2005	1958	1973	1981	1986	1995	2005
EU-25	1 071						1 177					
EC-6	16						19					
EC-9		81						85				
EC-10			270						304			
EC-12				346						336		
EU-15					573						545	
BE (2)	2	5	15	19	31	63	2	5	23	21	34	73
CZ						10						12
DK		3	8	12	13	20		3	8	11	10	18
DE	6	29	84	122	167	286	5	21	76	89	141	224
EE						1						2
EL			2	2	3	7			4	5	6	19
ES				11	24	42				16	27	83
FR	4	13	47	51	85	139	4	13	56	46	70	133
IE		0	2	4	9	32		1	2	3	9	18
IT	2	9	39	46	76	122	6	12	49	45	62	131
CY						0						2
LV						1						2
LT						3						5
LU (3)	-	-	-	-	-	2	-	-	-	-	-	5
HU						12						17
MT						1						1
NL	2	5	18	21	31	67	2	8	28	32	52	146
AT					15	31					12	22
PL						16						21
PT				2	3	6				4	6	12
SI						5						4
SK						4						6
FI					13	23					8	16
SE					25	44					16	27
UK		17	56	56	76	133		21	58	63	93	182

(1) Extra-EU partners change as a function of the reference year and EC/EU membership.

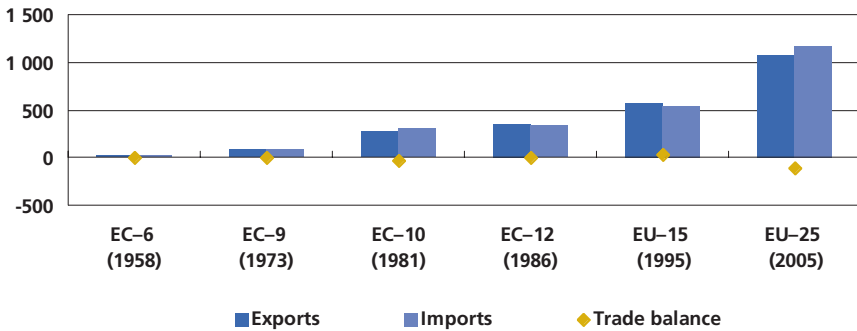
(2) Including Luxembourg, except for 2005.

(3) Included within Belgium, except for 2005.

industrial production from high to lower labour cost regions (especially for low-technology products). While the proportion of imports from the United States has remained stable, accounting for 13.9 % of

the total in 2005, China has risen to be the second largest supplier of goods to the EU-25, with a 13.4 % share of imports in 2005, ahead of Russia and Japan.

Graph 6.2: evolution of the EU's external trade position (1 000 million EUR) (1)



(1) Extra-EU partners change as a function of the reference year and EC/EU membership.

The evolution of external trade flows to other areas of the world has witnessed rapid growth. With the change in the composition of the European Union from 15 to 25 Member States, extra-EU trade data statistics subsequently excluded trade between the EU-15 and the 10 Member States that joined the European Union in 2004. Despite this, imports and exports from members of the European Union to non-member countries roughly doubled between 1995 and 2005.

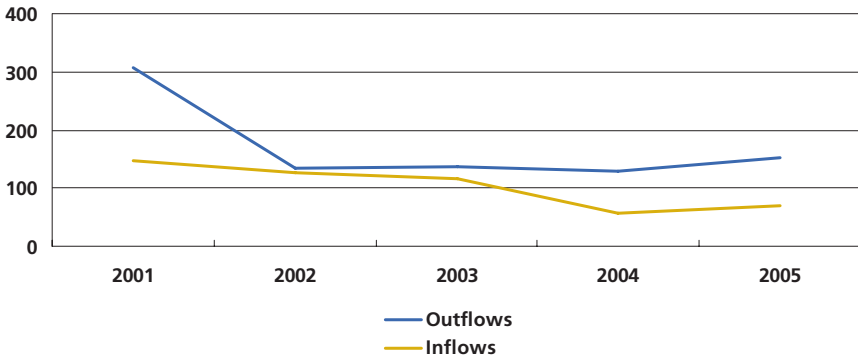
The single market has made trade between the Member States much easier with the free movement of goods across national borders. More than 50 % of the external trade of each Member State occurs within the boundaries of the European Union, in other words as intra-EU trade. This proportion rises to 80 % in several landlocked Member States (for example, the Czech Republic, Luxembourg and Slovakia).

Table 6.2: evolution of intra-EU exports (1 000 million EUR) (1)

	2000	2001	2002	2003	2004	2005
EU-25 (2)	1 781	1 842	1 865	1 879	2 028	2 148
BE	156	165	172	174	189	205
CZ	27	32	34	37	48	53
DK	39	40	42	41	44	48
DE	383	402	408	426	466	495
EE	3	3	3	3	4	5
EL	7	6	6	7	7	7
ES	91	97	99	103	109	108
FR	229	230	227	229	238	232
IE	54	59	62	51	53	56
IT	157	163	159	160	171	173
CY	0	0	0	0	1	1
LV	2	2	2	2	2	3
LT	3	4	4	4	5	6
LU	8	10	10	10	12	13
HU	25	27	30	31	35	38
MT	1	1	1	1	1	1
NL	205	209	207	210	229	256
AT	54	58	61	63	68	69
PL	28	32	35	38	48	56
PT	22	22	22	23	23	24
SI	7	7	7	8	9	10
SK	11	13	13	16	19	22
FI	31	29	29	28	29	30
SE	57	50	50	53	58	61
UK	183	182	181	159	163	175

(1) Note that the figures presented are on the basis of trade between all 25 Member States for each reference period.
(2) Sum of intra-EU trade for the Member States.

Graph 6.3: evolution of extra-EU foreign direct investment flows, EU-25 (1 000 million EUR) (1)



(1) Outward flows of FDI report investment by resident EU entities in an affiliated enterprise abroad; inflows of FDI report investment by foreigners in enterprises resident in the reporting country.

Enterprises that wish to establish a presence in a foreign market can do so via a number of routes. Traditionally the easiest was to export goods or services to the new market. However, some businesses choose to complement this method of market entry by seeking to produce and often sell their goods and services in a partner country; this approach involves foreign direct investment (FDI). It involves an enterprise investing in new plant/offices, or alternatively purchasing existing assets through a merger or takeover.

Flows of foreign direct investment are closely linked to global economic fortunes, and this may explain the apparent slowdown in investment levels during the last few years. Note that inflows of foreign direct investment into the European Union were particularly high in the run-up to the creation of the single market, as foreign enterprises sought to establish a presence within the European market.

Table 6.3: evolution of foreign direct investment flows, (1 000 million EUR) (1)

	Outflows						Inflows					
	2000	2001	2002	2003	2004	2005	2000	2001	2002	2003	2004	2005
EU-25	:	306.1	133.9	135.5	128.9	152.5	:	145.9	126.6	115.4	56.9	69.8
BE (2)	237.0	120.6	13.0	34.5	27.0	21.4	239.8	108.7	17.3	29.6	33.9	22.4
CZ	0.0	0.2	0.2	0.2	0.8	0.7	5.5	6.3	9.0	1.9	4.0	8.8
DK	30.9	14.1	6.6	-0.5	:	6.3	38.8	10.7	5.2	-2.3	:	4.0
DE	61.4	44.3	16.1	-3.6	1.5	36.7	215.2	29.5	53.7	23.8	-12.2	26.3
EE	0.1	0.2	0.1	0.1	0.2	0.5	0.4	0.6	0.3	0.8	0.8	2.2
EL	2.3	0.7	:	:	0.5	0.8	1.2	1.7	:	:	1.1	-0.2
ES	63.2	37.0	34.8	24.4	48.8	31.2	43.0	31.7	41.7	23.0	19.9	18.5
FR	190.5	103.9	53.6	47.1	38.5	79.9	46.6	61.6	52.1	37.7	19.6	40.0
IE	5.0	4.5	9.0	4.9	14.6	10.9	28.7	10.8	30.8	20.2	-8.5	-25.0
IT	13.4	24.0	18.3	8.1	15.6	33.4	14.5	16.6	15.5	14.5	13.6	15.7
CY	0.2	0.3	0.5	0.4	0.5	0.3	0.9	1.1	1.1	0.8	0.9	0.9
LV	0.0	0.0	0.0	0.0	0.1	0.1	0.4	0.1	0.3	0.3	0.6	0.5
LT	0.0	0.0	0.0	0.0	0.2	0.3	0.4	0.5	0.8	0.2	0.6	0.8
LU (3)	:	:	133.6	88.4	65.8	64.9	:	:	122.3	79.9	62.2	56.8
HU	0.6	0.4	0.3	1.5	0.9	1.0	1.8	4.4	3.2	1.9	3.8	5.2
MT	0.0	0.0	0.0	0.4	0.1	0.0	0.7	0.3	-0.5	0.8	0.4	0.6
NL	82.1	56.5	34.0	39.1	13.9	97.2	69.3	58.0	26.6	19.3	0.4	35.6
AT	6.2	3.5	6.2	6.3	6.0	7.5	9.6	6.6	0.4	6.3	3.0	7.2
PL	0.0	-0.1	0.2	0.3	0.6	1.2	10.1	6.4	4.4	4.3	10.3	6.6
PT	8.8	7.0	0.2	5.8	6.4	0.9	7.2	7.0	1.9	5.8	1.9	2.5
SI	:	0.3	0.2	0.1	0.3	0.5	:	0.3	0.9	1.0	0.6	0.4
SK	0.0	0.1	0.0	0.0	0.0	0.1	2.3	1.6	4.0	0.6	0.7	1.7
FI	26.1	9.4	8.1	-2.4	-0.9	2.2	9.6	4.2	8.4	3.0	2.8	3.7
SE	:	7.1	:	:	16.9	21.1	21.8	13.3	:	:	10.1	11.0
UK	253.1	65.7	53.4	58.8	76.3	81.3	128.8	58.8	25.5	18.0	45.2	132.3

(1) Outward flows of FDI report investment by resident EU entities in an affiliated enterprise abroad; inflows of FDI report investment by foreigners in enterprises resident in the reporting country; extra-EU flows for EU-25; flows with the rest of the world for the Member States.

(2) Including Luxembourg for 2000 and 2001.

(3) Included with Belgium for 2000 and 2001.



Chapter 7

‘...to confirm their solidarity with overseas countries and desire to ensure the development of their prosperity’

Preamble to the Treaty of Rome establishing the EEC, 25 March 1957

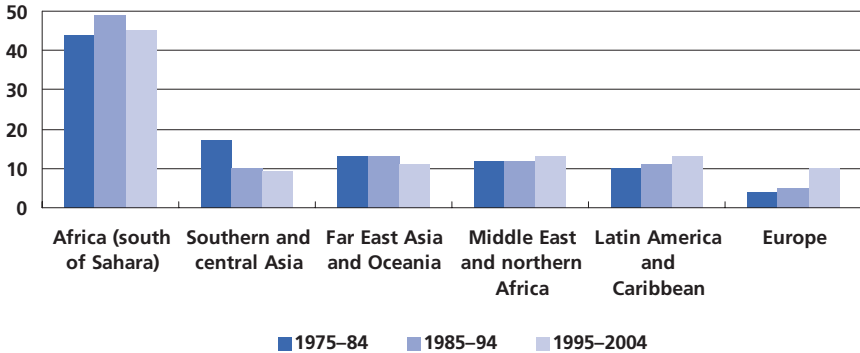
Poverty is a major global problem: in sub-Saharan Africa, some 44 % of the population are thought to live on less than a dollar a day, in southern Asia 31 %, and in eastern Asia 14 %, according to the UN Millennium Development Goals Report 2006.

The European Union's approach to development cooperation is based on regional partnerships around the world. For example, the Cotonou Partnership Agreement with the ACP countries of sub-Saharan Africa, the Caribbean and the Pacific, revised in 2005, aims at promoting a common strategy on poverty reduction, as well as social, economic, political, cultural and environmental aspects of sustainable development. Economic partnerships are being agreed to promote development by

strengthening regional economic integration, abolishing trade obstacles and promoting gradual integration into the global economy.

Statistics are used to measure countries' progress in development, the impact of policy changes and of development activities, and the level and types of development aid. Eurostat plays an important role in many fields of developing country statistics.

Graph 7.1: evolution of overseas development aid by region, EU (% of total) (1)



(1) European Commission and Member States.

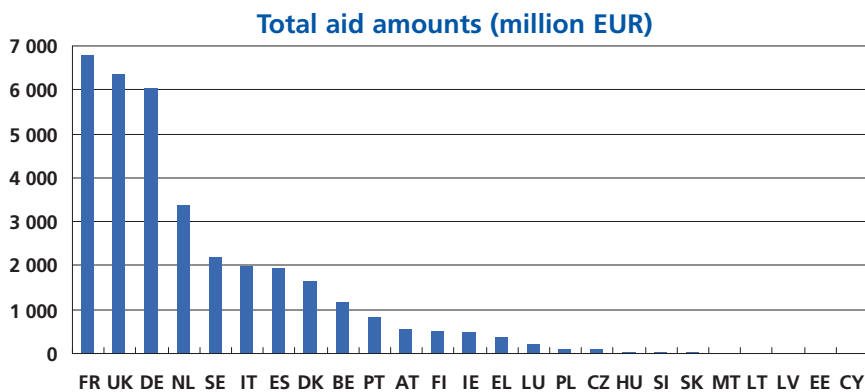
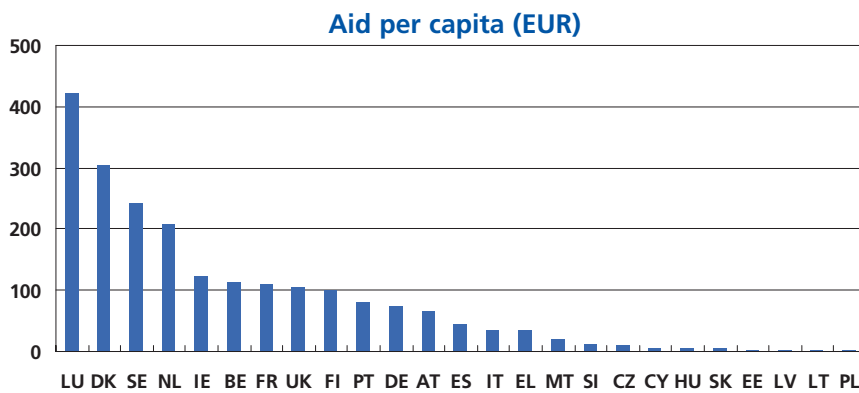
Source: IDS Online-DAC Database in EU Donor Atlas 2006, available at: http://ec.europa.eu/comm/development/body/publications/docs/eu_donor_atlas_2006.pdf#zoom=100

The European Union is the world's largest donor of official development assistance (ODA). The European Union's total ODA — the Member States and the European Community's own resources — amounted to almost EUR 35 000 million in 2004. In both real and nominal terms, ODA provided by the European Union was at its highest ever level in 2004. On 12 April 2005, the European Commission adopted three communications on the subject of the millennium development goals (MDGs). One of these laid out financing plans for the period to 2010, by which date the European Commission proposed that two intertwined targets should be reached: individual ODA targets for each Member State (ODA to account for a minimum of 0.51 % of gross

national income in the EU-15 Member States, and at least 0.17% in the 10 Member States that joined the European Union in 2004); as well as a collective ODA target for the whole of the European Union of 0.56 % of gross national income.

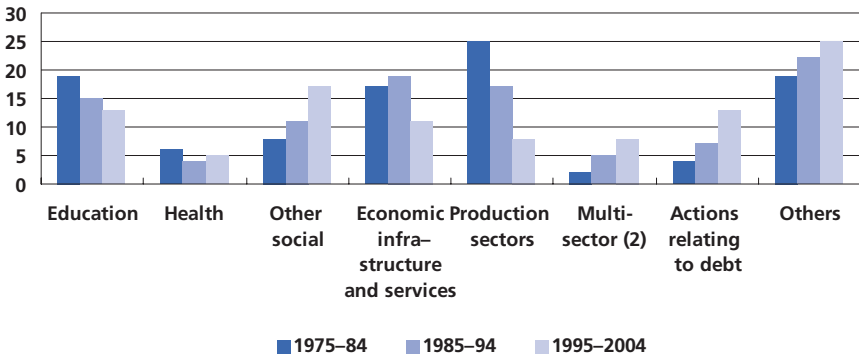
Sub-Saharan Africa has consistently accounted for just under half the total ODA, and most other regions have also received stable proportions of the European Union's ODA. However, the percentage of aid to southern and central Asia has declined over the years and that to Europe, largely the Balkans, has grown.

Graph 7.2: overseas development aid by EU donors, 2004



Source: IDS Online-DAC Database in EU Donor Atlas 2006, available at:
http://ec.europa.eu/comm/development/body/publications/docs/eu_donor_atlas_2006.pdf#zoom=10

Graph 7.3: evolution of overseas development aid by sector, EU (% of total) (1)



(1) European Commission and Member States.
 (2) Environment, democracy etc.

Source: IDS Online-DAC Database in EU Donor Atlas 2006, available at:
http://ec.europa.eu/comm/development/body/publications/docs/eu_donor_atlas_2006.pdf#zoom=100

There has been a shift in the structure of European Union aid by sector, with greater emphasis in recent years being placed on debt relief and social projects (other than education and health). There are significant differences between the aid priorities of the

European Commission and those of the Member States: of the top 20 recipients of Member State aid in 2004, just over half figured on the list of the top 20 recipients of European Commission aid.

Table 7.1: top recipients of overseas development aid, 2004 (million EUR)

Top 20 recipients of Member State aid (1)			Top 20 recipients of Commission aid (2)		
1	Democratic Republic of the Congo	911	1	Serbia and Montenegro	294
2	Tanzania	747	2	Turkey	244
3	Angola	731	3	Democratic Republic of the Congo	201
4	Afghanistan	638	4	Morocco	177
5	Nicaragua	625	5	Afghanistan	170
6	Iraq	592	6	Palestinian Admin. Territories	150
7	Zambia	570	7	Egypt	148
8	Ghana	568	8	Tanzania	130
9	Madagascar	567	9	Mozambique	121
10	Senegal	551	10	South Africa	115
11	Serbia and Montenegro	543	11	India	113
12	Mozambique	508	12	Iraq	111
13	Ethiopia	493	13	Madagascar	104
14	Egypt	461	14	Bosnia and Herzegovina	100
15	China	448	15	Zambia	100
16	Morocco	443	16	Mali	94
17	Cameroon	430	17	Uganda	91
18	Uganda	418	18	Ethiopia	91
19	Bangladesh	386	19	Tunisia	72
20	Vietnam	369	20	Benin	72

(1) Aid from EU Member States.

(2) Aid from the European Commission.

Source: IDS Online-DAC Database in EU Donor Atlas 2006, available at:
http://ec.europa.eu/comm/development/body/publications/docs/eu_donor_atlas_2006.pdf#zoom=100



Chapter 8

‘...preserve and strengthen peace and liberty’

Preamble to the Treaty of Rome establishing the EEC, 25 March 1957

Over the last 50 years there have been significant changes in the political make-up of Europe. The most significant changes include the fall of Communist states and the changes that have since followed with an expansion of the European Union to 25 Member States.

As a result of these changes, the European Union offers its new neighbours the possibility of political and economic relationships built upon commitments to a set of common values (democracy and human rights, rule of law, good governance, market economy principles and sustainable development). The European neighbourhood policy (ENP) was developed in the context of enlargement, with the objective of avoiding the emergence of new dividing lines between the EU-25 and neighbouring countries. Its main vision is to build an increasingly closer relationship, a zone of stability, security and well-being for all.

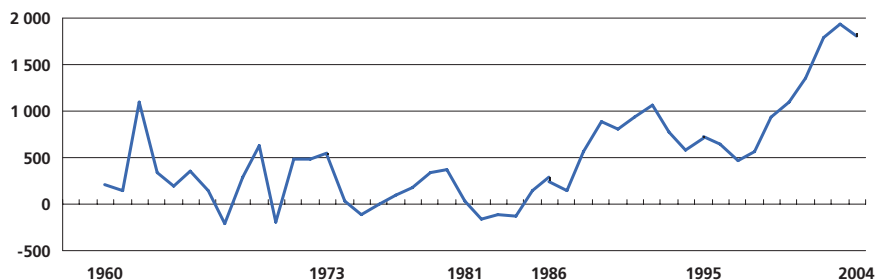
At present, assistance to neighbouring countries is provided under various geographical programmes including Tacis (for eastern neighbours and Russia) and MEDA (for southern Mediterranean neighbours), as well as thematic programmes such as EIDHR (European Initiative for Democracy and Human Rights). From 2007 onwards, the MEDA and Tacis programmes will be replaced by the European Neighbourhood and Partnership Instrument (ENPI).

Table 8.1: assistance to EU neighbouring countries - funding commitments to the European Neighbourhood Policy (million EUR)

	1991–1999	1995–1999	2000–2006	2007–2013
Tacis programme	4 226	-	3 138	-
EIB loans to Tacis countries	-	-	500	-
MEDA programme	-	3 435	5 350	-
EIB loans to MEDA countries	-	-	2 000	-
European neighbourhood policy – financial intervention	-	-	-	14 332
European neighbourhood policy – technical and administrative assistance	-	-	-	597

Source: European Commission, Directorate-General for External Relations, available at: http://ec.europa.eu/world/enp/funding_en.htm

Graph 8.1: evolution of net migration, EU (difference between total population change and natural increase, 1 000s) (1)



(1) Shifting aggregate as a function of EU membership.

As the European Union's internal border controls were gradually abolished, a set of measures were introduced to forge a common immigration and asylum policy. All Member States are affected by the flow of international migration. Indeed, large numbers of legal and illegal migrants come to the European Union each year, among which are asylum seekers. Asylum is granted to a person who is unable to seek protection

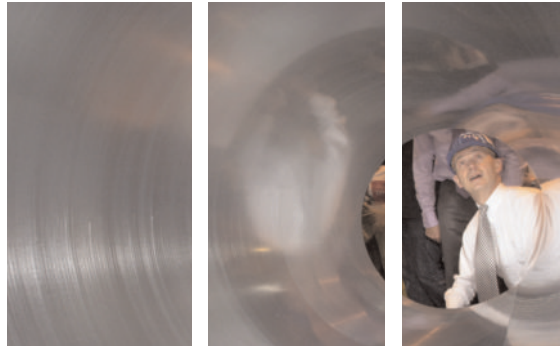
in his/her country of citizenship and/or residence, in particular for fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion.

The ageing structure of the European Union's population means that in certain sectors and regions migrants may facilitate economic and demographic transition.

Table 8.2: migration and asylum indicators, 2005

	Proportion of the population who are nationals (%) (1)	Proportion of the population who are foreigners (%) (1)	Asylum applications (number)	Number of asylum decisions (number)
EU-25	94.3	5.7	226 011	290 809
EC-6	93.5	6.5	106 560	158 247
EC-9	93.8	6.2	143 754	201 468
EC-10	93.8	6.2	152 804	211 889
EC-12	93.7	6.3	157 966	217 116
EU-15	93.7	6.3	201 589	263 079
BE	91.7	8.3	12 573	17 587
CZ	97.5	2.5	3 589	4 376
DK	95.1	4.9	2 050	1 329
DE	91.2	8.8	28 914	48 102
EE	80.0	20.0	11	13
EL	91.9	8.1	9 050	10 421
ES	92.2	7.8	5 049	5 138
FR	94.4	5.6	42 578	51 272
IE	93.8	6.2	4 304	5 242
IT	95.9	4.1	9 346	20 054
CY	86.9	13.1	7 717	5 796
LV	78.9	21.1	20	12
LT	99.1	0.9	102	384
LU	61.0	39.0	802	1 482
HU	98.6	1.4	1 609	1 654
MT	97.0	3.0	1 036	1 083
NL	95.7	4.3	12 347	19 750
AT	90.6	9.4	22 461	18 587
PL	98.2	1.8	5 240	8 841
PT	97.7	2.3	113	89
SI	97.8	2.2	1 549	1 785
SK	99.6	0.4	3 549	3 786
FI	97.9	2.1	3 594	3 454
SE	94.7	5.3	17 568	23 922
UK	95.0	5.0	30 840	36 650
BG	99.7	0.3	698	944
RO	99.9	0.1	485	471
IS	96.5	3.5	87	83
NO	95.4	4.6	5 402	7 444
CH	79.4	20.6	:	:

(1) Greece, Austria and the United Kingdom, 2004; Iceland and Portugal, 2003; Poland, 2002; Estonia, 2000; France, 1999.



Chapter 9

'...to contribute, through the common market for coal and steel, to economic expansion, growth of employment and a rising standard of living'

Preamble to the Treaty of Rome establishing the EEC, 25 March 1957

The European Coal and Steel Community (ECSC) Treaty was signed in Paris in 1951 and may be seen as a precursor to the development of the European Union. It was the first Community organisation created in the aftermath of the Second World War. Its main aim was to create a Community for organising the free movement of coal and

steel, supervising competition rules and price transparency. This choice was not only for economic reasons, but was also a political move. The underlying political objective was to strengthen Franco-German solidarity, and to banish the threat of war by opening the way for European integration.

Table 9.1: evolution of the production of hard coal (1 000 tonnes)

	1962	1973	1981	1986	1995	2000	2004
EU-25					346 581	253 017	228 146
EC-6	233 223						
EC-9		270 230					
EC-10			245 640				
EC-12				233 886			
EU-15					135 020	86 089	66 279
BE	21 226	8 842	6 136	5 625	0	0	0
CZ					73 548	64 709	61 350
DK		0	0	0	0	0	0
DE	147 114	103 654	95 545	87 125	58 858	37 376	29 151
EE					0	0	0
EL			0	0	0	0	0
ES				21 812	17 627	14 947	12 334
FR	52 359	25 682	18 589	14 394	7 014	3 166	160
IE		64	69	54	1	0	0
IT	691	5	0	29	0	0	98
CY					0	0	0
LV					0	0	0
LT					0	0	0
LU	0	0	0	0	0	0	0
HU					856	0	0
MT					0	0	0
NL	11 833	1 829	0	0	0	0	0
AT					1	0	0
PL					136 190	102 219	100 517
PT				212	0	0	0
SI					967	0	0
SK					0	0	0
FI					0	0	0
SE					0	0	0
UK		130 154	125 301	104 635	51 519	30 600	24 536

In the light of the establishment of the common market, the ECSC Treaty introduced the free movement of coal and steel products without customs duties or taxes. It prohibited discriminatory measures or practices, subsidies, aids granted by states or special charges imposed by states and restrictive practices.

The Community was able to deal with crises, ensuring balanced development of the production and distribution of resources and facilitating the necessary industrial restructuring and redevelopment. Steel production increased and production techniques became cheaper and cleaner. Coal production declined, as did the number of people employed in the sector,

Table 9.2: evolution of the production of pig iron (1 000 tonnes)

	1957	1973	1981	1986	1995	2000	2002
EC-6	45 114						
EC-9		106 858					
EC-10			88 228				
EC-12				85 404			
EU-15					97 380	94 995	89 484
BE	5 579	12 767	9 809	8 074	9 199	8 471	7 976
CZ							5 000
DK			-	-	-	-	-
DE	21 483	36 828	31 876	29 018	30 012	30 845	29 419
EE							
EL			-	-	-	-	-
ES				4 811	5 106	4 059	3 969
FR	11 884	20 302	17 274	13 982	12 860	13 622	13 216
IE		-	-	-	-	-	-
IT	2 138	10 098	12 319	11 966	11 684	11 224	9 758
CY							
LV							
LT							
LU	3 329	5 089	2 889	2 650	1 028	-	-
HU							
MT							
NL	701	4 707	4 600	4 628	5 530	4 970	5 381
AT					3 878	4 318	4 669
PL							5 000
PT				463	415	380	-
SI							
SK							4 000
FI					2 365	2 971	2 814
SE					3 034	3 146	3 703
UK		17 067	9 461	9 812	12 269	10 989	8 579

while technological developments, safety and environmental standards rose. Increasing use of oil in the 1950s and 1960s in power generation, nuclear power in the 1970s and

1980s, natural gas in the 1990s, and most recently biomass, has led to the gradual replacement of coal as a primary energy source.

Table 9.3: evolution of the production of crude steel (1 000 tonnes)

	1957	1973	1981	1986	1995	2000	2002
EC-6	59 997						
EC-9		150 073					
EC-10			126 053				
EC-12				126 899			
EU-15					155 745	163 210	:
BE	6 267	15 522	12 283	9 713	11 558	11 637	11 392
CZ							7 000
DK			453	612	654	800	:
DE	27 973	49 521	41 610	37 134	42 051	46 376	44 990
EE							
EL			909	1 009	939	1 088	1 840
ES				11 882	13 802	15 840	16 393
FR	14 100	25 270	21 245	17 865	18 107	21 001	20 502
IE		116	33	208	310	359	-
IT	6 979	20 995	24 778	22 985	27 766	26 475	26 259
CY							
LV							
LT							
LU	3 493	5 924	3 790	3 705	2 613	2 571	2 736
HU							
MT							
NL	1 185	5 623	5 472	5 286	6 409	5 666	6 117
AT					5 003	5 723	6 208
PL							8 000
PT				714	828	1 088	896
SI							
SK							4 000
FI					3 152	4 091	4 001
SE					4 898	5 190	5 722
UK		26 649	15 321	15 766	17 655	15 305	11 719

Fifty years after entering into force, the treaty expired as planned on 23 July 2002. Before its expiry, it was amended on various occasions. At the beginning of the 1990s, following extensive debate, its expiry was considered the best solution as opposed to renewal or any other compromise solution.

The European Commission proposed a gradual transition of policies relating to coal and steel sectors into the Treaty establishing the European (Economic) Community, the rules of which have applied to the coal and steel sectors since the expiry of the ECSC Treaty.

Table 9.4: evolution of the number of employees in the EU's iron and steel industry, at year end (persons)

	1957	1973	1981	1986	1995	2000	2002
EC-6	546 700						
EC-9		774 885					
EC-10			548 717				
EC-12				456 901			
EU-15					314 059	276 667	:
BE	:	62 417	44 106	30 535	23 295	20 590	18 936
CZ							
DK			1 743	1 739	1 148	1 060	:
DE	:	228 402	186 685	142 713	89 138	77 311	74 321
EE							
EL			:	4 239	2 452	2 134	2 259
ES				49 617	24 617	22 178	:
FR	:	151 740	97 305	68 400	38 578	37 316	34 930
IE		:	650	580	395	358	-
IT	:	89 666	95 651	66 368	40 979	39 325	36 676
CY							
LV							
LT							
LU	:	23 203	13 419	12 274	5 955	4 243	:
HU							
MT							
NL	:	23 299	20 911	18 933	12 508	11 440	10 958
AT					13 224	11 692	11 498
PL							
PT				5 631	2 570	1 433	:
SI							
SK							
FI					7 006	9 010	:
SE					14 246	13 112	12 705
UK		196 158	88 247	55 872	37 948	25 465	:



Chapter 10

‘...resolved to create the conditions necessary for the development of a powerful nuclear industry which will provide extensive energy resources’

Preamble to the Treaty of Rome establishing the European Atomic Energy Community,
25 March 1957

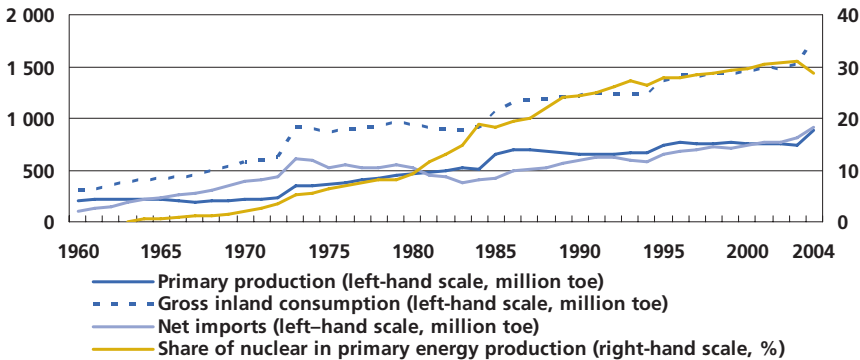
At the same time that the Treaty establishing the EEC was signed, the six original Member States of the European Union also signed a Treaty to establish a European Atomic Energy Community, better known as Euratom. This treaty also entered into force on 1 January 1958.

Security of energy supply has been an issue throughout the last 50 years, and the founding Member States looked to nuclear energy as a means of achieving energy independence. The general objective of the treaty is to contribute to the formation and development of Europe's nuclear industries, so that all the Member States can benefit from the development of atomic energy, and to ensure security of supply. At the same time, the treaty aims to guarantee high

safety standards for the public, and to prevent nuclear materials intended principally for civilian use from being diverted to military use.

The European Commission calls upon Member States, persons or undertakings to communicate to it their programmes relating to nuclear research. It publishes at regular intervals a list of those sectors of nuclear research which it considers to be insufficiently explored, and has established a Joint Nuclear Research Centre.

Graph 10.1: evolution of primary energy indicators, EU (1)



(1) Shifting aggregate as a function of EU membership; all data prior to 1985 are historical data which have not been modified, revised or adjusted subject to methodological or other changes.

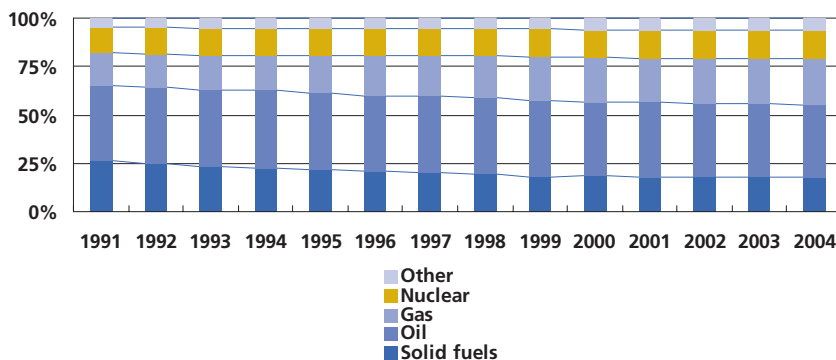
The Treaty of Rome establishing Euratom introduces a comprehensive system of safeguards to ensure that civil nuclear materials are not diverted from civil use. Euratom has exclusive powers in this domain, which it exercises through a team of 300 inspectors who enforce the Euratom safeguards. The European Commission may send inspectors into the territories of Member States. These inspectors have access at all times to all places and data, and to all persons who deal with materials, equipment or installations. The Euratom safeguards are applied in conjunction with those of the International Atomic Energy Agency (IAEA).

Nuclear heat provides an alternative source to fossil fuels, reducing the reliance on imported fuels and also reducing the problems of emissions. Nuclear power

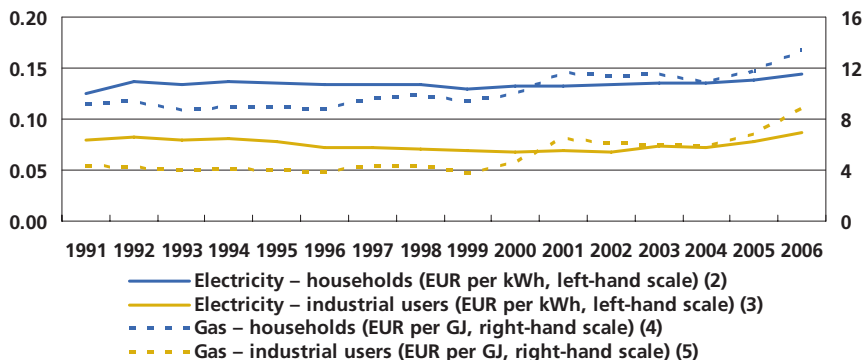
accounted for 31 % of electricity generation in the EU-25 in 2004. While some Member States have no nuclear electricity generation, more than half of the electricity produced in Belgium, France, Lithuania, Slovakia and Sweden came from nuclear power stations.

There are plans in a number of Member States (for example, Germany and Sweden) to phase out the production of electricity from nuclear power stations. According to the World Nuclear Association, as of May 2006 the only nuclear reactors under construction or planned in the EU-25 were in France and Finland, while there were proposals for reactors in a number of additional Member States.

Graph 10.2: breakdown of gross inland consumption by major fuel type, EU-25 (share of total)



Graph 10.3: evolution of electricity and gas prices, EU-15 (1)



(1) Data extracted on 18 October 2006; prices refer to 1 January of each reference year; EU-25 only available from 2004; EU-25 prices for January 2006: electricity - households, EUR 0.1416 per kWh; electricity - industrial users, EUR 0.0847 per kWh; gas - households, EUR 12.89; gas - industrial users, EUR 8.70.

(2) Annual consumption of 3 500 kWh of which 1 300 kWh are overnight; including taxes and VAT.

(3) Annual consumption of 2 000 MWh, maximum demand of 500 kW and annual load of 4 000 hours; including taxes other than VAT.

(4) Annual consumption of 83.7 GJ (equipment: cooking, water heating and central heating); including taxes and VAT.

(5) Annual consumption of 41 860 GJ and load factor of 200 days (1 600 hours); including taxes other than VAT.

Table 10.1: energy indicators, 2004

	Energy intensity of the economy (kgoe per 1 000 EUR of GDP) (1)	Electricity generation by origin (% of total)							Greenhouse gas emissions (Kyoto base year =100) (2)
		Nuclear	Coal- fired	Natural gas	Oil- fired	Hydro	Bio- mass	Wind	
EU-25	204.9	31.0	20.4	18.9	4.5	10.6	2.1	1.8	92.0
EU-15	187.5	32.3	18.0	20.4	4.7	11.3	2.3	2.1	98.3
BE	208.2	55.4	10.7	25.1	2.0	1.9	1.8	0.2	100.6
CZ	851.8	31.2	58.6	4.5	0.4	3.0	0.9	-	75.7
DK	120.3	-	46.2	24.7	4.0	0.1	8.8	16.3	106.3
DE	158.8	27.5	22.3	10.1	1.7	4.6	1.9	4.2	81.5
EE	1 140.2	-	0.0	6.6	0.3	0.2	0.3	-	49.2
EL	240.4	-	0.0	15.2	14.1	8.8	0.2	1.9	123.2
ES	222.5	22.7	26.1	19.8	8.5	12.3	1.1	5.6	140.6
FR	185.5	78.3	4.5	3.2	1.0	11.4	0.9	0.1	98.1
IE	156.9	-	24.4	50.5	12.6	3.8	0.4	2.6	125.2
IT	189.1	0.0	15.0	42.8	19.4	16.5	1.8	0.6	111.6
CY	261.8	-	-	-	100.0	-	-	0.0	152.8
LV	696.3	-	0.0	30.6	1.3	66.3	0.8	1.0	41.5
LT	1 135.6	78.4	0.0	14.0	1.9	4.9	0.0	-	33.8
LU	194.3	-	-	76.2	0.0	20.8	2.1	0.9	88.5
HU	534.1	35.4	1.3	34.6	2.5	0.6	2.2	-	68.1
MT	292.4	-	0.0	-	100.0	-	-	0.0	129.1
NL	203.2	3.8	23.3	60.6	2.8	0.1	4.6	1.9	100.8
AT	146.1	-	10.8	17.1	2.8	60.8	3.3	1.4	116.6
PL	596.6	-	55.5	2.0	1.6	2.4	0.6	0.1	67.9
PT	239.6	-	32.9	25.9	12.6	22.5	4.0	1.8	136.7
SI	329.2	35.7	3.4	2.3	0.3	26.8	0.8	-	98.1
SK	854.3	55.7	10.9	7.9	2.4	13.8	-	-	71.8
FI	272.1	26.5	19.2	14.9	0.7	17.6	12.2	0.1	121.5
SE	217.5	51.1	0.7	0.5	1.3	39.7	5.2	0.6	97.6
UK	207.2	20.2	33.3	39.4	1.2	1.9	2.0	0.5	86.7
BG	1 628.2	40.4	9.5	3.6	2.0	8.1	0.0	-	50.0
HR	436.8	-	15.9	18.5	12.5	52.9	0.0	-	94.0
RO	1 227.0	9.8	1.3	18.5	3.9	29.2	0.0	-	53.9
TR	452.5	-	7.4	41.3	5.1	30.6	0.1	0.0	93.9
IS	462.5	-	-	-	0.0	82.7	0.0	-	105.3
NO	189.1	-	0.0	0.3	-	98.9	0.4	0.2	109.3
JP	118.6	:	:	:	:	:	:	:	108.3
US	313.8	:	:	:	:	:	:	:	113.3

(1) Japan and the United States, 2003.

(2) Generally 1990=100; all data are for 2003.



Chapter 11

‘The Community shall implement a vocational training policy...’

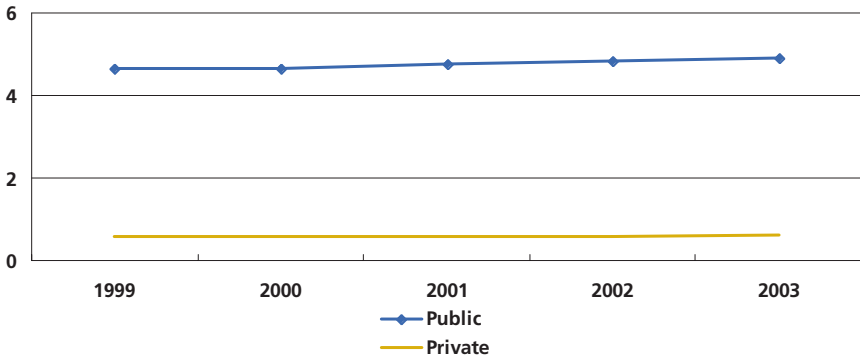
Preamble to the Treaty of Rome establishing the EEC, 25 March 1957

Under the principle of subsidiarity, every Member State retains responsibility for the content of teaching and the organisation of its own education system. However, the Treaty of Amsterdam foresees an integrated approach to lifelong learning and promoting cooperation through programmes like Socrates (for education) or Leonardo da Vinci (for vocational training).

In 1986, student exchanges were launched through the Erasmus programme. Every year, thousands of people in Europe take the opportunity to study abroad or work on European projects supported by the Socrates programme. Socrates is a funding programme under which any pupil, student or teacher may obtain a grant; it is open to a broad range of public and private sector organisations.

The development of vocational training is considered a crucial and integral part of the Lisbon strategy. The European Centre for the Development of Vocational Training (Cedefop) was established in 1975, and a number of initiatives in the 1980s were precursors to what is now the Leonardo da Vinci programme. This programme aims to contribute to the implementation of a Europe-wide vocational training policy.

Graph 11.1: evolution of expenditure on educational institutions, EU-25 (% of GDP)



Public expenditure on educational institutions accounted for almost 5 % of GDP in the EU-25 in 2003, with an additional 0.6 % of GDP accounted for by private education expenditure.

The importance of education is underlined by the continuing drive within the Member States to ensure that as many students as possible acquire high-level degrees or continue to educate themselves, so they equip themselves with the skills and knowledge required for today's society. As part of this drive, education has been opened up to all generations. The results of this policy are seen in the gradually increasing median age for tertiary students (22.1 years in the EU-25 in 2004).

Table 11.1: main indicators for education

	Number of pupils and students (1 000) (1)		Women among tertiary students (% of total) (2)		Median age in tertiary education (years) (3)	
	1998	2004	1998	2004	1998	2004
EU-25	101 640	105 268	52.7	54.8	21.9	22.1
EU-15	83 672	8 712	52.2	54.2	22.0	22.2
BE (4)	2 606	2 732	52.1	53.8	20.3	20.7
CZ	2 230	2 222	48.1	51.2	21.0	21.9
DK	1 216	1 377	55.5	57.9	24.6	25.3
DE	16 851	16 822	46.5	49.4	24.8	23.8
EE	345	347	56.8	61.8	20.5	22.0
EL	2 045	2 123	50.1	51.7	19.3	20.7
ES	9 212	8 865	53.0	53.8	21.5	22.0
FR	14 495	14 401	54.7	55.0	20.7	20.7
IE	1 003	1 036	52.7	55.2	19.7	20.3
IT	10 795	11 024	54.7	56.2	22.1	22.2
CY (4)	157	164	56.0	47.9	19.6	20.8
LV	531	563	58.9	62.3	21.2	22.7
LT	804	899	60.3	60.0	20.0	21.5
LU	72	86	51.7	53.3	:	:
HU	2 240	2 316	54.0	57.3	21.1	22.5
MT (4)	89	90	51.5	55.9	20.3	21.3
NL	3 526	3 614	48.6	50.9	21.6	21.7
AT	1 653	1 669	49.2	53.3	24.2	23.2
PL	9 846	9 837	56.8	57.6	21.5	21.6
PT	2 286	2 199	56.0	56.1	21.7	22.2
SI	433	452	55.2	56.9	21.2	22.1
SK	1 293	1 261	51.0	54.1	:	21.6
FI	1 220	1 345	53.5	53.4	24.0	24.2
SE	2 309	2 452	56.2	59.6	24.5	25.5
UK	14 383	17 372	52.7	57.0	22.6	22.9

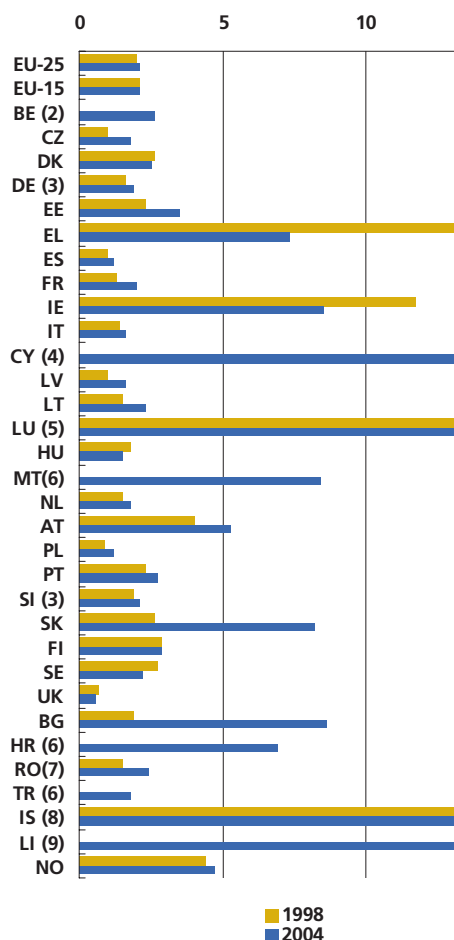
(1) Belgium: excluding independent private institutions; excluding the German speaking community for 2004; according to new definitions for 2004, students in programmes of a duration of one semester or shorter (which were included in previous years) are excluded; Denmark: improved coverage - adult education programmes (ISCED levels 3 and 5) are included for the first time for 2004; Germany and Slovenia: excluding ISCED level 6; Ireland: improved coverage of ISCED levels 2 to 4 for part-time programmes for 2004; Cyprus: most tertiary students study abroad and are not included; Luxembourg: most tertiary students study abroad and are not included; many students at ISCED levels 1, 2 and 3 study abroad and are not included.

(2) Belgium: excluding independent private institutions; excluding the German speaking community; Germany and Slovenia: excluding ISCED level 6; Cyprus: most tertiary students study abroad and are not included; Luxembourg: most tertiary students study abroad and are not included; 2003 instead of 2004.

(3) Belgium: excluding independent private institutions; excluding the German speaking community; Germany and Slovenia: excluding ISCED level 6; Cyprus: most tertiary students study abroad and are not included.

(4) 1999 instead of 1998.

Graph 11.2: mobility of students within the EU (% of all students) (1)



Training is a more diffuse field of activity than education, and it is particularly difficult to map in terms of statistics, given the broad range of formal and non-formal training undertaken. These differences may be complicated further by the location of the training course, with possibilities to undertake training in the workplace, at a dedicated training centre or an educational establishment, or more informally at home (through self-taught schemes). Just over one in 10 of the EU-25's population aged 25 to 64 participated in some education and training in 2005.

(1) Students (ISCED levels 5–6) studying in another EU-25, EEA or candidate country.

(2) 1998, not available; enrolments exclude independent private institutions and the German-speaking community.

(3) Excluding ISCED level 6.

(4) 1998, not available; y-axis broken, 54.8 in 2004.

(5) Y-axis broken, 71.8 in 1998 and 66.7 in 2003 (instead of 2004).

(6) 1998, not available.

(7) Excluding ISCED level 6 for 1998.

(8) Y-axis broken, 18.3 in 1998 and 15.5 in 2004.

(9) 1998, not available; y-axis broken, 34.5 in 2004.

Table 11.2: evolution of lifelong learning (% of the population aged 25 to 64 participating in education and training) (1)

	Male						Female					
	1995	2001	2002	2003	2004	2005	1995	2001	2002	2003	2004	2005
EU-25	:	7.2	7.2	8.5	9.4	10.1	:	8.4	8.5	10.0	11.1	11.9
EU-15	:	7.7	7.8	9.1	10.3	11.1	:	8.9	9.1	10.8	12.0	13.0
BE	3.3	7.7	6.8	8.3	9.7	10.3	2.3	6.9	6.3	8.7	9.3	9.7
CZ	:	:	6.1	5.1	6.0	5.5	:	:	5.7	5.7	6.5	6.4
DK	14.8	16.4	16.2	23.3	23.4	24.2	18.9	19.1	20.7	28.1	31.9	31.0
DE	:	5.7	6.1	6.4	7.8	8.3	:	4.8	5.5	5.6	7.0	8.0
EE	:	4.1	3.6	5.2	5.8	4.2	:	6.3	6.7	7.1	7.6	7.5
EL	1.0	1.6	1.3	2.7	2.0	1.9	0.9	1.3	1.2	2.7	2.1	1.7
ES	3.8	4.3	4.5	5.3	4.7	11.2	4.8	5.4	5.3	6.3	5.6	13.1
FR	2.8	2.5	2.4	7.1	7.6	7.4	3.0	3.0	3.0	7.7	7.9	7.9
IE	4.4	:	6.4	8.3	6.1	6.6	4.3	:	8.7	10.9	8.4	9.4
IT	4.0	4.9	4.5	4.2	6.5	5.7	3.6	5.2	4.7	5.2	7.2	6.6
CY	:	3.4	3.6	7.1	9.0	5.1	:	3.4	3.8	8.5	9.6	6.1
LV	:	:	5.2	5.7	6.1	4.9	:	:	10.9	10.2	11.8	10.0
LT	:	2.3	2.3	3.3	5.0	4.9	:	4.8	4.2	5.7	7.9	7.6
LU	3.5	5.9	8.9	6.8	9.5	8.5	2.3	4.7	6.4	6.1	10.1	8.5
HU	:	2.5	2.8	5.4	3.9	3.5	:	3.4	3.6	6.5	5.3	4.8
MT	:	5.8	4.9	4.9	5.5	6.7	:	3.4	3.8	3.6	4.2	4.8
NL	13.9	17.0	16.9	17.0	17.0	16.6	12.2	15.5	15.9	17.8	17.7	16.7
AT	9.2	8.7	7.6	12.6	11.5	13.1	6.3	7.7	7.3	12.3	12.5	14.5
PL	:	4.2	3.9	4.5	4.7	4.3	:	5.5	4.7	5.5	6.3	5.6
PT	3.0	3.0	2.4	3.4	4.4	4.5	3.5	3.7	3.4	4.0	5.1	4.7
SI	:	6.9	8.8	13.9	16.1	16.0	:	8.2	9.4	16.3	19.8	19.6
SK	:	:	8.7	4.9	3.9	4.7	:	:	9.4	4.7	5.2	5.2
FI	:	17.1	16.5	21.8	20.9	21.1	:	21.4	21.4	28.9	28.2	28.6
SE	:	15.4	15.7	31.0	29.2	29.9	:	19.7	21.2	38.8	37.7	39.7
UK (2)	11.4	17.8	18.4	17.4	24.2	24.2	11.7	25.6	26.2	25.3	33.9	33.9
BG	:	1.5	1.4	1.2	1.1	1.1	:	1.4	1.3	1.6	1.4	1.1
HR	:	:	2.0	2.1	1.8	2.3	:	:	2.2	2.1	2.3	2.3
RO	:	1.1	1.2	1.1	1.6	1.5	:	1.0	1.0	1.5	1.6	1.7
TR	:	0.7	0.6	0.7	0.9	1.4	:	1.3	1.2	1.6	1.6	2.6
IS	12.7	19.0	20.4	27.6	18.9	23.5	15.5	28.1	27.7	35.6	29.1	29.7
NO	:	13.8	12.6	18.4	18.0	17.8	:	14.5	14.0	20.4	19.7	21.0
CH	:	41.8	39.8	25.4	29.7	27.4	:	30.2	29.0	24.1	27.4	26.5

(1) Lifelong learning refers to persons aged 25 to 64 who stated that they received education or training in the four weeks preceding the survey; the denominator consists of the total population of the same age group; the information collected relates to all education or training whether or not relevant to the respondent's current or possible future job; Sweden, break in series for 2001; Lithuania, break in series for 2002; break in series for all countries for 2003, except for Belgium, Germany, Estonia, Spain, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Bulgaria, Croatia, Romania and Turkey; Belgium, Italy, Lithuania, Malta, Poland and Portugal, break in series for 2004; Spain and Cyprus, break in series for 2005; Estonia, unreliable for male rates for 2005; Croatia, unreliable for male rates for 2003 and 2004.

(2) 1994 instead of 1995.



The future?

The European Union's decision-making system has evolved over half a century. The system developed for a Community of six needs to be simplified and streamlined efficiently to cope with a Community of 25 and more Member States.

The proposed Treaty establishing a Constitution for Europe agreed by the European Council in 2004 tackled many questions relating to the future development of the European Union. It was designed to increase openness and democracy, for example by obliging ministers to hold their law-making discussions in public. It also sought to make clearer the distinction between areas where common policies were required and those where national or local

decisions should be taken. Finally, the proposed treaty also sought to make the European Union a more effective force on the world stage by creating a foreign affairs minister in charge of the European Union's external relations.

Although the Treaty establishing a Constitution for Europe was signed in 2004 by representatives of the Member States, it was subject to ratification, and French (29 May 2005) and Dutch (1 June 2005) voters rejected it in national referendums. Since then, a period of reflection, explanation and discussion has been currently under way in all countries, whether or not they have ratified the Constitution.

Geographical aggregates

EC-6	Belgium, (the Federal Republic of) Germany, France, Italy, Luxembourg and the Netherlands
EC-9	EC-6 and Denmark, Ireland and the United Kingdom
EC-10	EC-9 and Greece
EC-12	EC-10 and Spain and Portugal
EU-15	EC-12 and Austria, Finland and Sweden
EU-25	EU-15 and the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia
EU-27	EU-25 and Bulgaria and Romania (as of 1 January 2007)

Countries

BE	Belgium
CZ	the Czech Republic
DK	Denmark
DE	Germany
EE	Estonia
EL	Greece
ES	Spain
FR	France
IE	Ireland
IT	Italy
CY	Cyprus
LV	Latvia
LT	Lithuania
LU	Luxembourg
HU	Hungary
MT	Malta
NL	the Netherlands
AT	Austria
PL	Poland
PT	Portugal
SI	Slovenia
SK	Slovakia
FI	Finland
SE	Sweden
UK	the United Kingdom
DOM-TOM	French Overseas Departments and Territories (départements d'outre-mer, territoires d'outre-mer)

BG	Bulgaria
HR	Croatia
MK	the former Yugoslav Republic of Macedonia
RO	Romania
TR	Turkey
IS	Iceland
LI	Liechtenstein
NO	Norway
CH	Switzerland
CA	Canada
JP	Japan
RU	Russia
US	United States

Currencies

BLF	Belgian/Luxembourg Franc
DEM	German Mark
FRF	French Franc
ITL	Italian Lira
NLG	Dutch Guilder
GBP	Pound Sterling

Abbreviations

ACP	Africa, Caribbean, and Pacific countries
CAP	Common Agricultural Policy
CEDEFOP	European Centre for the Development of Vocational Training
CFP	Common Fisheries Policy
EC	European Community
ECSC	European Coal and Steel Community
EEA	European Economic Area
EEC	European Economic Community
EFF	European Fisheries Fund
EFTA	European Free Trade Association
EIB	European Investment Bank
EIDHR	European Initiative for Democracy and Human Rights
EMS	European Monetary System
EMU	Economic and Monetary Union
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood and Partnership Instrument
ESA	European System of national and regional Accounts

ESF	European Social Fund
ESS	European Statistical System
Euratom	Atomic Energy Community
FDI	Foreign Direct Investments
FIFG	Financial Instrument for Fisheries Guidance
GDP	Gross Domestic Product
IAEA	International Atomic Energy Agency
ISCED	International Standard Classification of Education
MDGs	Millennium Development Goals
MEDA	principal financial instrument for the implementation of the Euro-Mediterranean Partnership
MEPs	Members of the European Parliament
ODA	Official Development Aid
PEELs	Principal European Economic Indicators
PPP	Purchasing Power Parities
PPS	Purchasing Power Standards
R&D	Research and Development
SPC	Statistical Programme Committee
TAC	Total Allowable Catch
TACIS	Technical Aid to the Commonwealth of Independent States
TENs	Trans-European Networks
VAT	Value Added Tax

Units

EUR	Euro
GJ	Gigajoule (one billion joules)
kg	Kilogram
kWh	Kilowatt hour
MWh	Megawatt hour
Passenger-km	Passenger-kilometre
Tonne-km	Tonne-kilometre
Toe	Tonne of oil equivalent

Symbols

0	less than half the final digit shown
:	used in tables to represent data that is not available, either because the value was not provided by the national statistical authority or because the value is confidential
-	used in tables to indicate values that are not relevant or not applicable