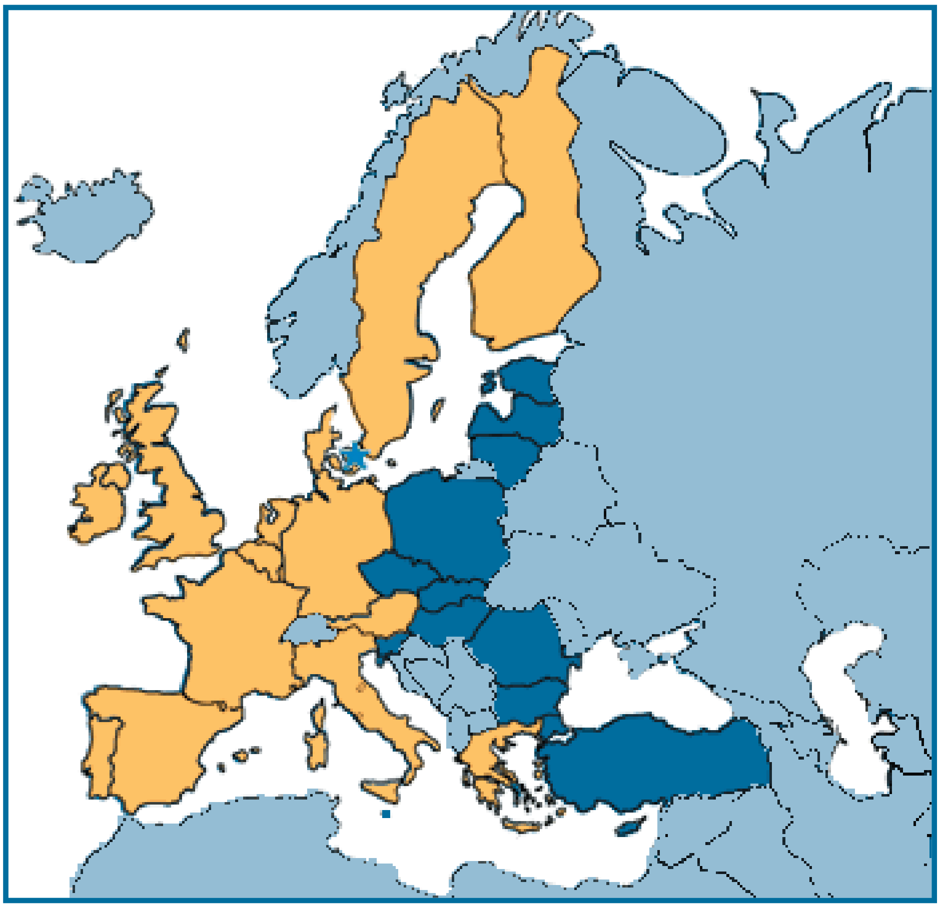
The European Affairs Committee

Conference
for
The Applicant Countries

Copenhagen 15.-16. October 2002



Some economic facts and figures for the applicant countries

The EU-Department of the Folketing – 12.10.2002
The EU-Counsellor

Some Economic Facts and Figures for the Applicant countries (2001)

Compilation of figures: Martin Jørgensen
Cover design: Hella Rasmussen
(The EU-Information Centre)

The Population

Table 1

		Size	Age distribution			Life expectancy	
		Year 2001 Million	Year 2000 0-14 years %	Year 2000 15-64 years %	Year 2000 65 years + %	at birth 2001 males	at birth 2001 females
Baltic countries	**Estonia**	1,4	18	67	15	65,1	76,0
	Latvia	2,4	18	67	15	64,5	75,6
	Lithuania	3,7	20	67	13	67,5	77,7
Visegrad countries	**Poland**	38,6	19	69	12	70,2	78,4
	Hungary	10,0	17	68	15	67,7	75,7
	Czech R.	10,3	17	70	14	72,1	78,5
	Slovakia	5,4	20	69	11	69,1	77,2
	Slovenia	2,0	16	70	14	72,3	79,7
Mediter-ranean countries	**Malta**	0,4	20	68	12	75,1	79,3
	Cyprus	0,7	23	66	11	75,3	80,4
Totals	**CC-10**	**74,7**	**19**	**69**	**13**	**69,9**	**77,9**
	EU-15	379,4	17	66	17	75,3	81,4
Other candidate contries	**Bulgaria**	8,1	16	68	16	68,2	75,3
	Romania	22,4	19	68	13	67,7	74,8
	Turkey	65,3	30	65	6	66,4	71,0
Reference countries	*Denmark*	*5,6*	*18*	*67*	*15*	*74,3*	*79,0*
	Germany	*82,4*	*16*	*68*	*17*	*74,4*	*80,6*

Source: Eurostat

With the accession of ten new member countries (or the so-called CC-10, **C**andidate **C**ountries-10) the total population in the European Union will increase by 75 million people or from 380 million to ***455 million***. The increase is around 20 pct. Although it is a big increase; it is not the biggest in the history of the EC/EU. In 1973 when the UK, Denmark and Ireland joined the EC the increase in population was actually bigger in relative terms.

The population in Bulgaria and Romania will add another 30 million inhabitants. Turkey has a population of 65 million inhabitants.

The ***age distribution*** in the ten accession-countries is a little younger then in the EU. More people are in the age group of 0-14 years and fewer are older (from 65 years). This is especially true for Turkey, with an age distribution of 30 pct. younger than 14 years, and only 6 pct. older than 65 years.

Life expectancy is on average shorter in the new member countries. For ***males*** it is 70 years in CC-10 against 75 years on average for EU-15. For ***females*** it is 78 years in CC-10 against 81 years for EU-15.

In Bulgaria, Romania and Turkey life expectancy is shorter than in both CC-10 and EU-15.

The Population

Figure 1.1.

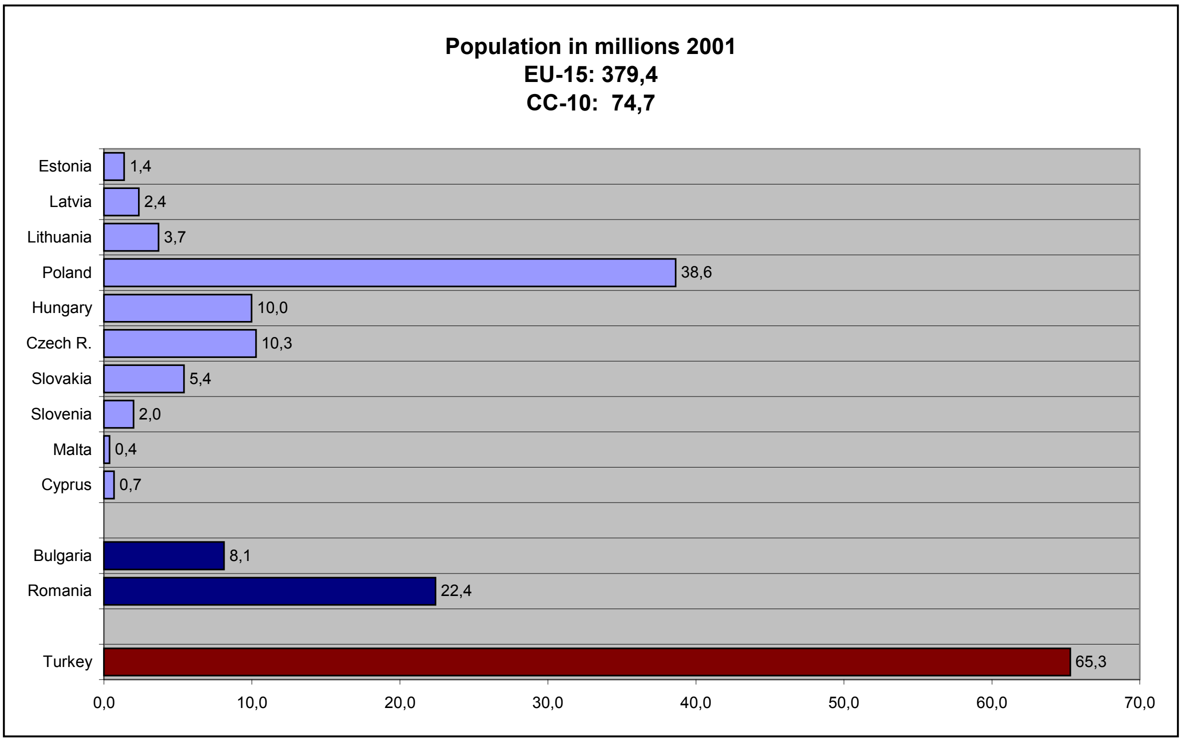
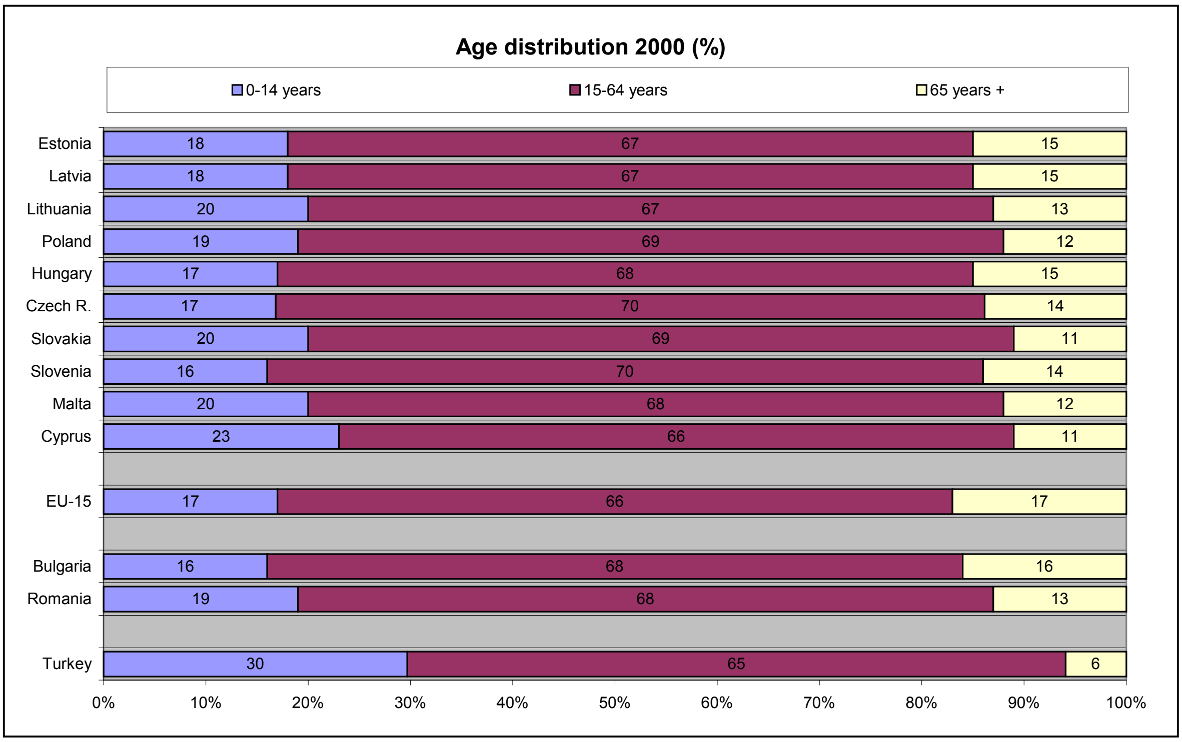


Figure 1.2.



Gross Domestic Product (GDP)

Table 2

		Year 2001 GDP billion euro	Year 2001 GDP* growth rates	GDP growth 1998-2001* Average
Baltic countries	**Estonia**	6,2	5,0	4,2
	Latvia	8,5	7,7	4,9
	Lithuania	13,4	5,9	2,7
Visegrad countries	**Poland**	196,7	1,1	3,5
	Hungary	58,0	3,8	4,5
	Czech R.	63,3	3,3	1,2
	Slovakia	22,8	3,3	2,7
	Slovenia	20,9	3,0	4,2
Mediter-ranean countries	**Malta**	4,0	-0,8	2,9
	Cyprus	10,2	4,0	4,7
Totals	**CC-10**	**404,1**	**2,4**	**3,2**
	EU-15	8.829,2	1,5	2,7
Other candidate countries	**Bulgaria**	15,2	4,0	3,9
	Romania	44,4	5,3	0,3
	Turkey	164,6	-7,4	-0,4
Reference countries	*Denmark*	*181,4*	*1,2*	*2,3*
	Germany	*2071,2*	*0,6*	*1,9*

Source: Eurostat

* percentage change over previous year – at constant prices (1995)

Gross Domestic Product (GDP) at current prices is estimated at 404 billion Euro for the ten accession countries (2001). It is a very small GDP compared to the EU-15, with an estimated GDP at 8.829 billion Euro. Among the accession countries Poland clearly has the highest GDP; Poland alone has nearly half the GDP for all the CC-10.

The growth rates for the CC-10 have been higher than in the EU-15 as seen from the table 2. It is worth noticing that the Baltic Countries have the highest growth rates in 2001 among the CC-10. Bulgaria and Romania have also experienced a rather high growth in 2001. Turkey has had a negative growth in the later years.

Gross Domestic Product (GDP)

Figure 2.1.

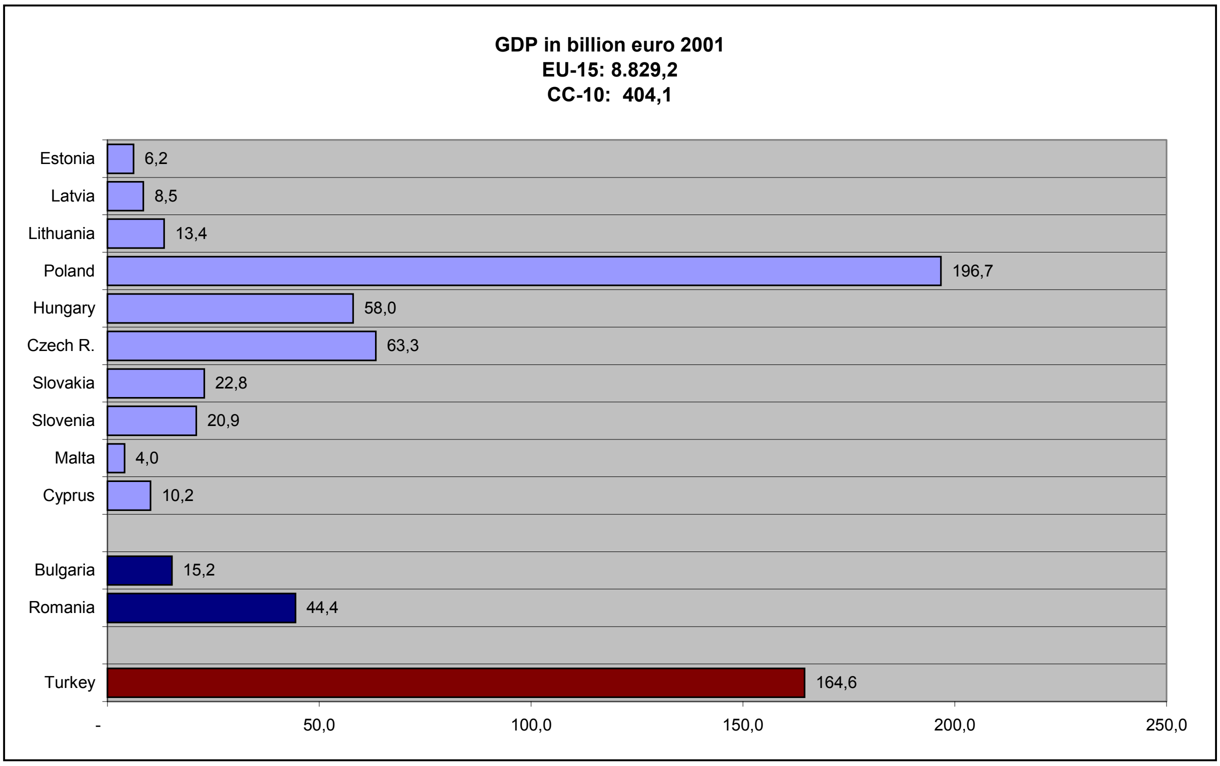
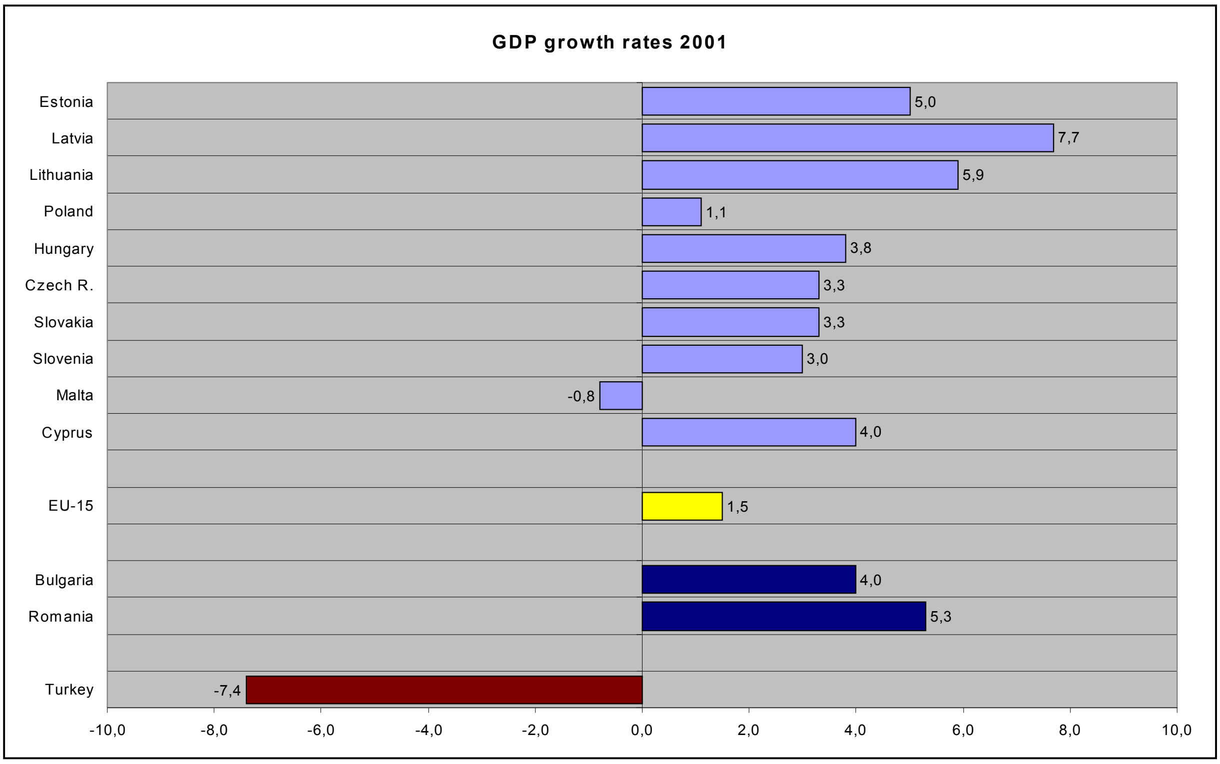


Figure 2.2.



Gross Domestic Product pr. head

Table 3

		GDP per head euro	GDP per head in PPS* 2001 Purchasing power	Passenger cars per 1000 inhabitants
Baltic countries	**Estonia**	4.535	9.800	339
	Latvia	3.614	7.700	235
	Lithuania	3.638	8.700	317
Visegrad countries	**Poland**	5.092	9.200	259
	Hungary	5.813	11.900	235
	Czech R.	6.165	13.300	362
	Slovakia	4.229	11.100	236
	Slovenia	10.500	16.000	426
Mediter-ranean countries	**Malta**	10.511	12.700	540
	Cyprus	15.044	18.500	400
Totals	**CC-10**	**5.408**	**10.400**	**335**
	EU-15	23.231	23.200	461
Other candidate countries	**Bulgaria**	1.875	6.500	244
	Romania	1.982	5.900	139
	Turkey	2.520	5.200	68
Reference countries	*Denmark*	*33.790*	*27.678*	*318*
	Germany	*25.126*	*24.221*	*538*

Source: Eurostat
*PPS: Purchasing Power Standard

The average GDP ***pr. head*** (or income pr. head) in EU-15 is about 23.000 Euro. For the accession countries the average GDP pr. head is about 5.400 Euro. ***That is a quarter of the GDP pr. head in the European Union***. But there is a very big spread in GDP pr. head among the accession countries, where Slovenia, Malta and Cyprus have a high GDP pr. head, contrary to Latvia and Lithuania, which have a very low income.

On the other hand, if we measure the GDP or income pr. head in so-called PPS (**in actual purchasing power**) the average figure for EU-15 is 23.200 Euro. For CC-10 the average value is 10.400; ***that is a little less than half the value for EU-15***.

So on average one can say that the actual standard of living in the CC-10 countries is a little less than half of the standard of living in the European Union, broadly speaking.

Standard of living

Figure 3.1.

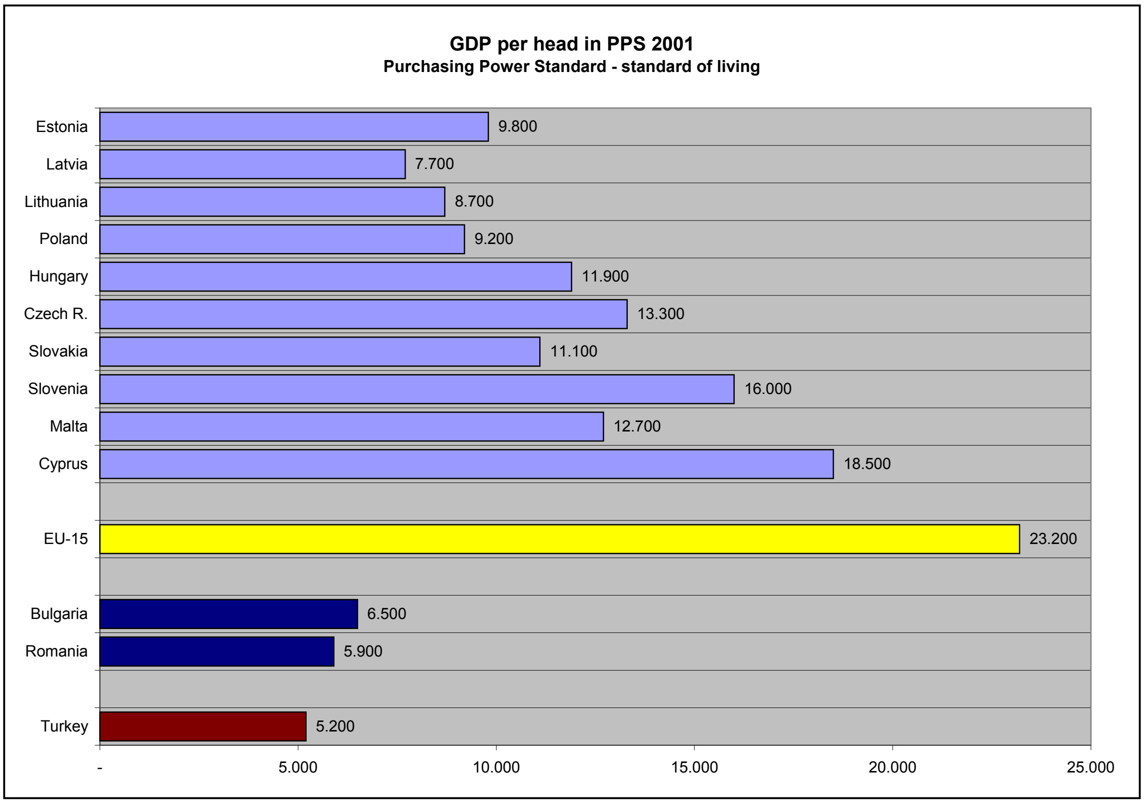
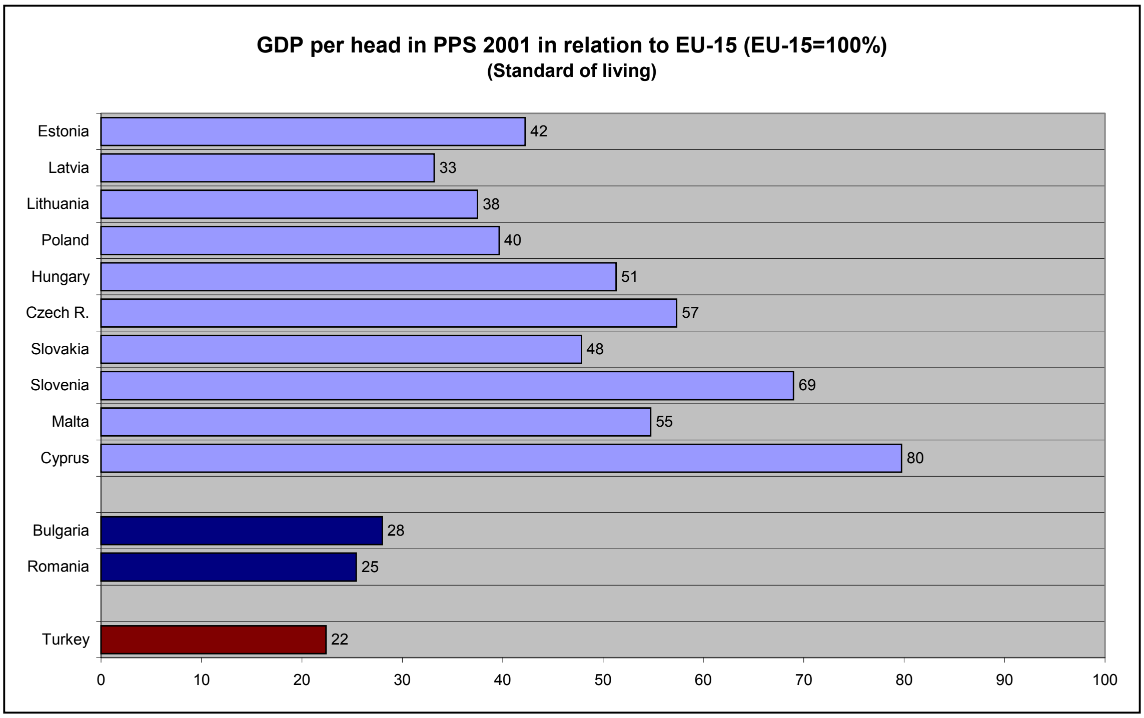


Figure 3.2.



Employment and Employment by Sector

Table 4

		Sectoral breakdown of employment in 2001 - % of total employment			Empl.rate (%) 2001 15-64 years
		Agriculture	Industry	Services	
Baltic countries	**Estonia**	7,1	34,2	58,7	61,1
	Latvia	15,1	25,3	59,6	58,9
	Lithuania	16,5	27,2	56,3	58,6
Visegrad countries	**Poland**	19,2	30,7	50,1	53,8
	Hungary	6,1	34,5	59,4	56,3
	Czech R.	4,9	40,5	54,6	65,0
	Slovakia	6,3	37,1	56,7	56,7
	Slovenia	9,9	38,6	51,4	63,6
Mediter-ranean countries	**Malta**	1,7	33,0	65,2	*53,7
	Cyprus	4,9	24,0	71,1	67,9
Totals	**CC-10**	**12,5**	**33,6**	**53,9**	**57,5**
	EU-15	4,2	28,7	67,1	63,9
Other candidate countries	**Bulgaria**	**9,7	32,7	57,6	50,7
	Romania	44,4	25,8	29,7	63,3
	Turkey	*34,9	*24,6	*40,5	*46,0
Reference countries	*Denmark*	*3,5*	*25,4*	*71,1*	*75,9*
	Germany	*2,6*	*32,8*	*64,6*	*65,7*

Source: Eurostat
*year 2000
**due to the very high proportion of persons having agricultural activity in addition to another main occupation the data does not provide a precise estimate of total employment in this sector.

The overall ***employment rate*** in the CC-10 countries is around **58 pct.** against **64 pct.** in EU-15. So all in all the employment in the age group 15-64 years is only a little less than in EU-15. In Poland – however – the employment rate is down to 54 pct.

But the biggest difference is in the ***sectoral breakdown of employment***. In the CC-10 countries 12,5 pct. of the total employment is in agriculture against only 4 pct. for the EU-15. Another big difference is in the service sector, where EU-15 has a total employment rate of 67 pct. while it is only 54 pct. for the CC-10 countries.

In Poland no less than 19 pct. of the employment is in agriculture. In Latvia and Lithuania the figures are around 16 pct. for the agricultural sector. In Romania no less than 44 pct. of the total employment is in agriculture.

Employment and Employment by Sector

Figure 4.1.

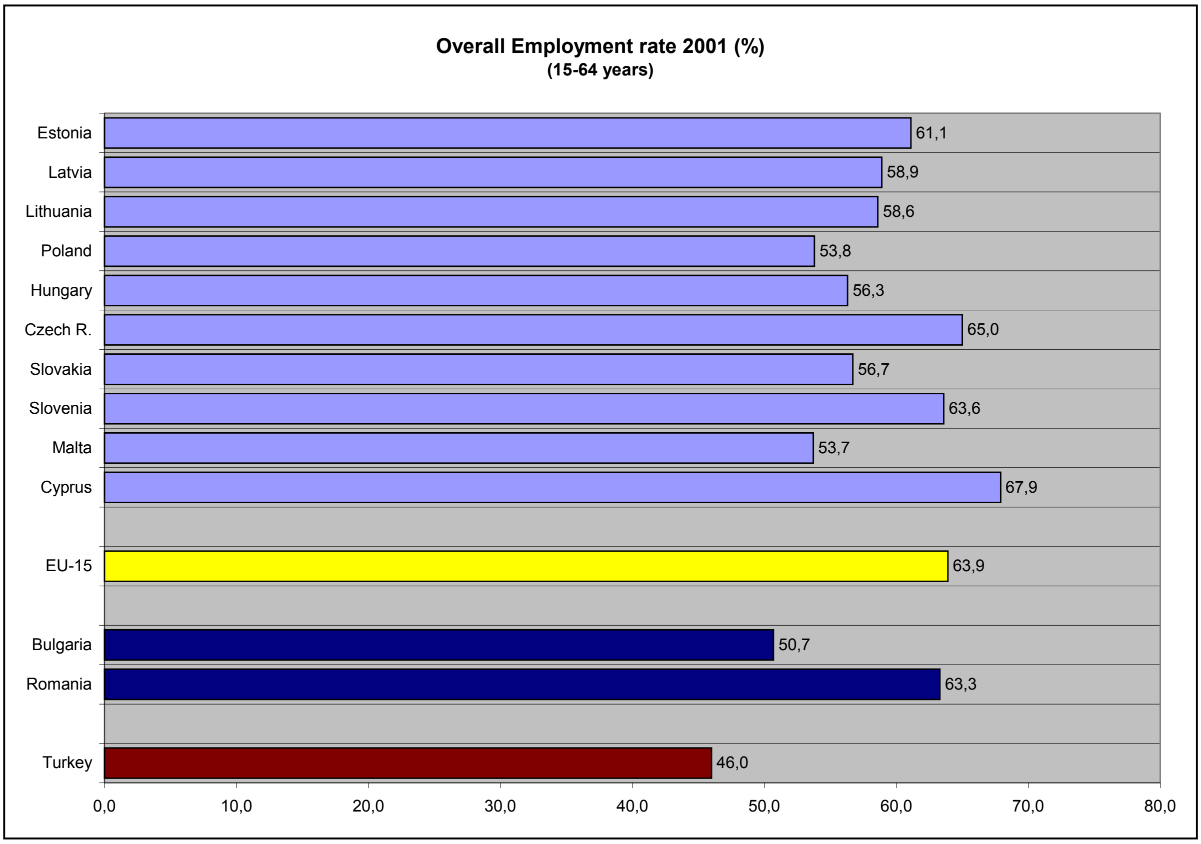
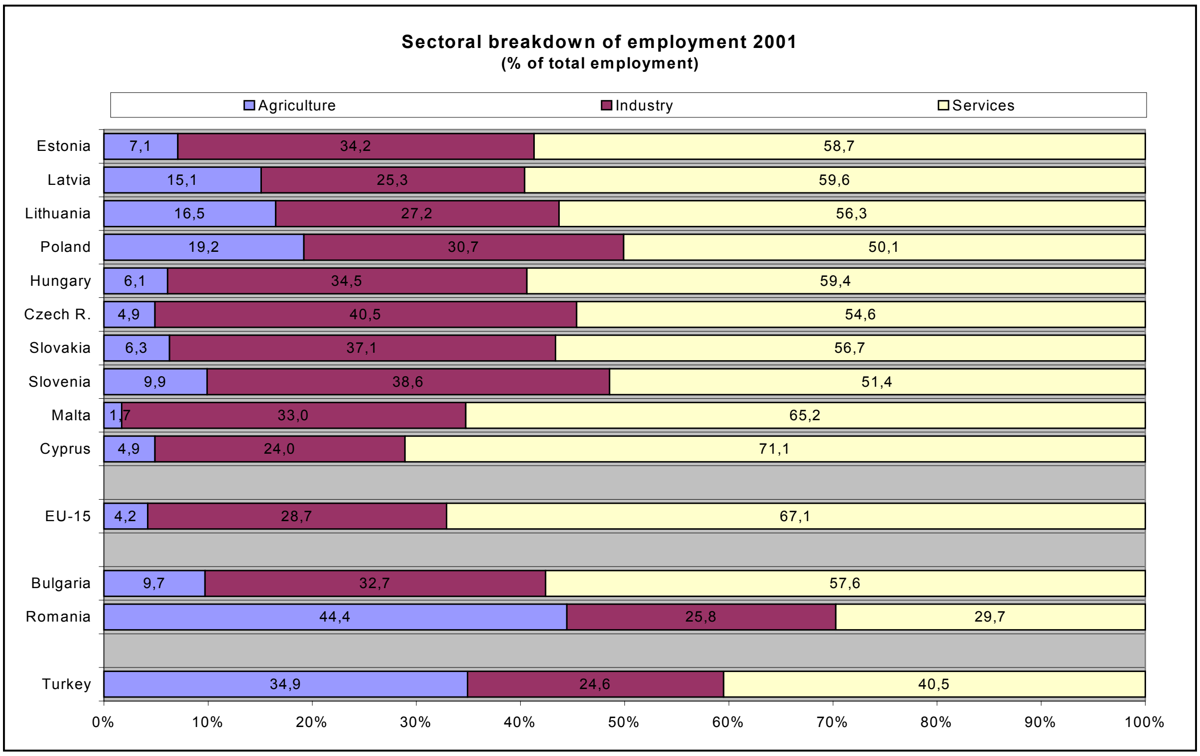


Figure 4.2.



Labour productivity (1998)

Table 5

		Labour productivity in 1998 EU-15 = 100						
		Agricul-ture	Manufac-turing	Construc-tion	Trade, transport comms.	Financial, business services	Public services	**Total economy**
Baltic countries	**Estonia**	46	26	41	55	44	38	37
	Latvia	12	29	39	42	31	27	27
	Lithuania	26	30	45	45	47	30	30
Visegrad countries	**Poland**	13	38	68	61	43	49	38
	Hungary	77	49	54	67	99	52	58
	Czech R.	88	53	72	63	54	54	58
	Slovakia	54	42	51	73	107	45	53
	Slovenia	94	58	72	80	82	86	71
Mediter-ranean countries	**Malta**	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Cyprus	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Totals	**CC-10**	**44**	**46**	**47**	**48**	**49**	**50**	**52**
	EU-15	100	100	100	100	100	100	100
Other candidate countries	**Bulgaria**	37	20	29	27	69	21	25
	Romania	24	31	53	60	77	28	32
	Turkey	32	49	54	94	101	54	44
Reference countries	*Denmark*	*164*	*94*	*99*	*104*	*117*	*91*	*97*
	Germany	*103*	*107*	*107*	*102*	*162*	*106*	*116*

Source: Eurostat

Labour productivity is very important in relation to the level of standard of living. In general, the higher the labour productivity the higher the standard of living for the labour force.

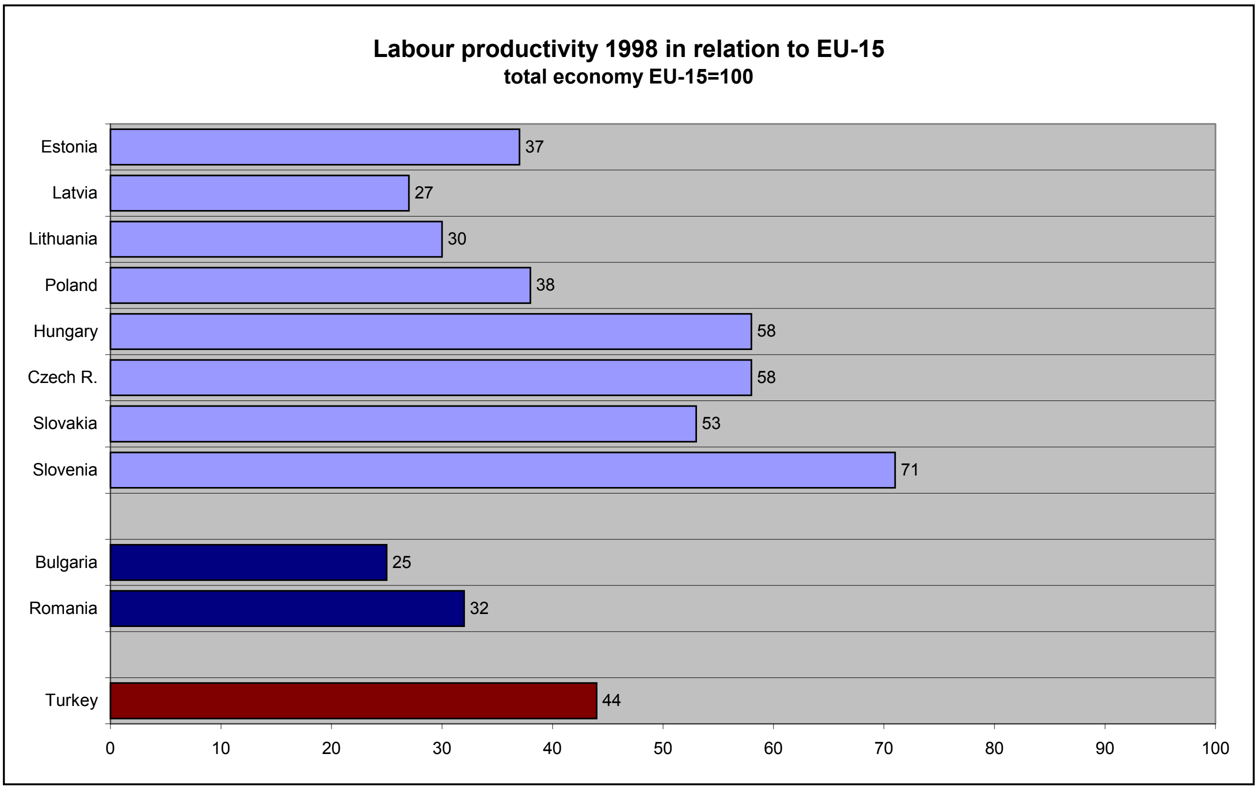
In the ten accession countries (CC-10) labour productivity is on average **half as big** as labour productivity for EU-15 measured for the total economy. But there is a very big variation among all the candidate countries as seen from table 5.

In Latvia and Bulgaria the labour productivity is down to 24 pct. of the EU level, where as in Slovenia it is as high as 71 pct. of the EU level.

It is especially in **agriculture** that the productivity is lagging behind. Furthermore, the variation among the candidate countries is very high in this sector. In Latvia the productivity is only 12 pct. of the EU average.

Labour productivity (1998)

Figure 5.



Government account

Table 6

		Year 2001 Government surplus % of GDP	1998-2001 Government surplus average % of GDP	Year 2001 Public debt % of GDP*	1998-2000 Public debt average % of GDP
Baltic countries	**Estonia**	-0,4	-1,4	4,8	6,1
	Latvia	-1,7	-2,2	16,0	12,7
	Lithuania	-1,7	-3,0	23,6	20,9
Visegrad countries	**Poland**	-3,9	-3,0	40,9	42,7
	Hungary	-4,3	-4,1	55,9	60,1
	Czech R.	-5,5	-3,0	23,7	15,1
	Slovakia	-5,5	-4,3	32,4	30,6
	Slovenia	-2,5	-1,7	25,8	25,5
Mediter-ranean countries	**Malta**	-7,0	-6,3	60,6	59,2
	Cyprus	-3,0	-2,7	63,0	62,5
Totals	**CC-10**	**-4,1**	**-3,7**	**37,6**	**37,4**
	EU-15	-0,8	-0,4	63,1	67,0
Other candidate countries	**Bulgaria**	1,8	0,2	76,9	80,8
	Romania	-3,3	-2,6	22,8	21,6
	Turkey	-28,7	-11,2	102,5	57,5
Reference countries	*Denmark*	*3,1*	*2,5*	*44,7*	51,2
	Germany	*-2,8*	*-1,4*	*59,5*	60,8

Source: Eurostat

*Public debt year 2000: Lithuania, Poland, Slovakia, Slovenia, Malta, Cyprus, Bulgaria and Romania.

All ten accession countries (CC-10) have a ***Government deficit***, which varies from 0.4 pct. to 7.0 pct of GDP. Among the ten accession countries, Poland, Hungary, the Czech Republic, Slovakia and Malta have a higher deficit than 3 pct. Taken together the CC-10 countries have a government deficit of 4.1 pct. of the GDP; ***which is a rather high figure***. For the EU-15 the average deficit is 0.8 pct. of GDP for 2001.

On the other hand the ***public debt*** in the CC-10 countries is relatively small. On average, debt is 38 pct. of the GDP. For the EU-15 the public debt is 63 pct. of the GDP.

The situation in ***Turkey*** is rather difficult, with a government deficit of 29 pct. of the GDP in 2001 and a public debt of 103 pct. of the GDP.

Government account

Figure 6.1.

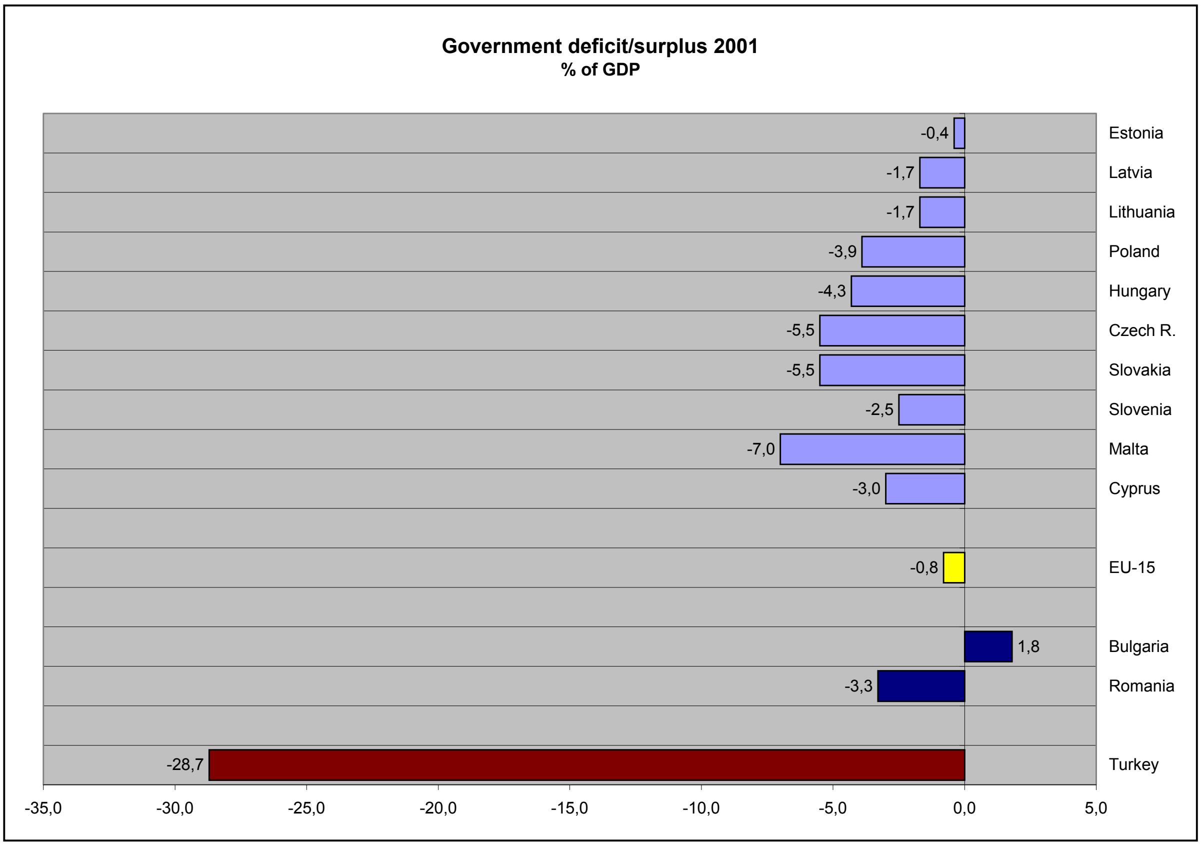
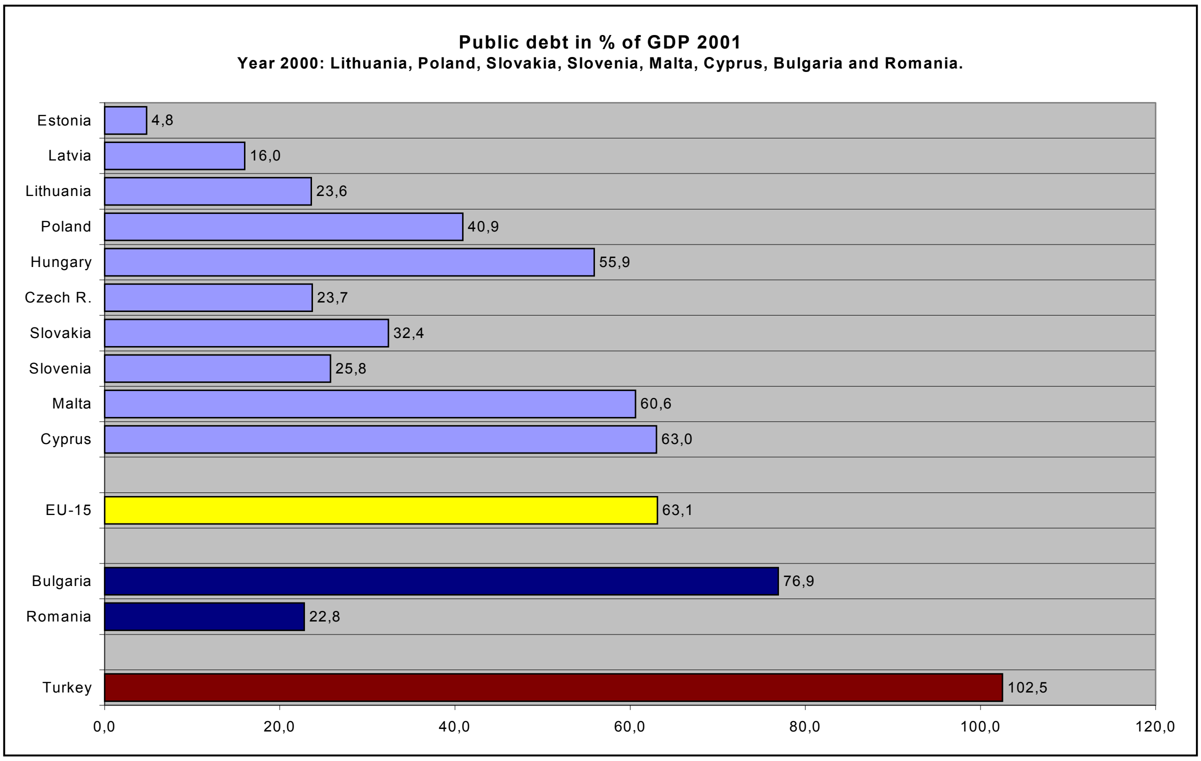


Figure 6.2.



Inflation and Unemployment

Table 7

		Year 2001 Inflation (annual %-change)	Inflation 1998 - 2001 average	Unemployment Year 2001	Unemployment 1998 - 2001 average (%)
Baltic countries	**Estonia**	5,9	5,4	12,4	12,1
	Latvia	2,5	2,9	13,1	14,0
	Lithuania	1,3	2,0	16,5	14,8
Visegrad countries	**Poland**	5,5	8,7	18,4	14,8
	Hungary	9,2	10,9	5,7	6,7
	Czech R.	4,7	5,0	8,0	7,9
	Slovakia	7,3	9,2	19,4	16,7
	Slovenia	8,4	7,8	5,7	7,2
Mediter-ranean countries	**Malta**	2,9	2,5	6,5	6,0
	Cyprus	2,0	2,6	4,0	4,0
Totals	**CC-10**	**5,9**	**7,8**	**13,6**	**11,9**
	EU-15	2,3	1,7	7,4	8,7
Other candidate countries	**Bulgaria**	7,5	9,8	19,9	17,3
	Romania	34,5	46,3	6,6	6,7
	Turkey	54,4	63,0	8,5	7,4
Reference countries	*Denmark*	*2,3*	*2,1*	*4,4*	*4,9*
	Germany	*2,4*	*1,4*	*7,8*	*8,4*

Source: Eurostat

The ***inflation*** for the ten accession countries is at a reasonable low level with 5.9 pct. in 2001. Overall the inflation seems to be on its way down. Only Hungary (and to a certain extend Slovenia) still have an inflation rate well above the average (8-9 pct.). The inflation in the EU-15 is around 2-3 pct. on a yearly basis.

In Romania and Turkey, however, the inflation is still extremely high, respectively 35 pct. and 55 pct., but it seems to be on its way down.

Unemployment is still a big problem in the CC-10 countries with an average figure of nearly 14 pct. The unemployment in the CC-10 countries is on average **twice** as high as in the EU-15. Especially Poland and Slovakia both have a serious problem with the high unemployment, which is around 18 pct. for both countries. The problem is that unemployment seems to be increasing in nearly all the candidate countries.

Inflation and Unemployment

Figure 7.1.

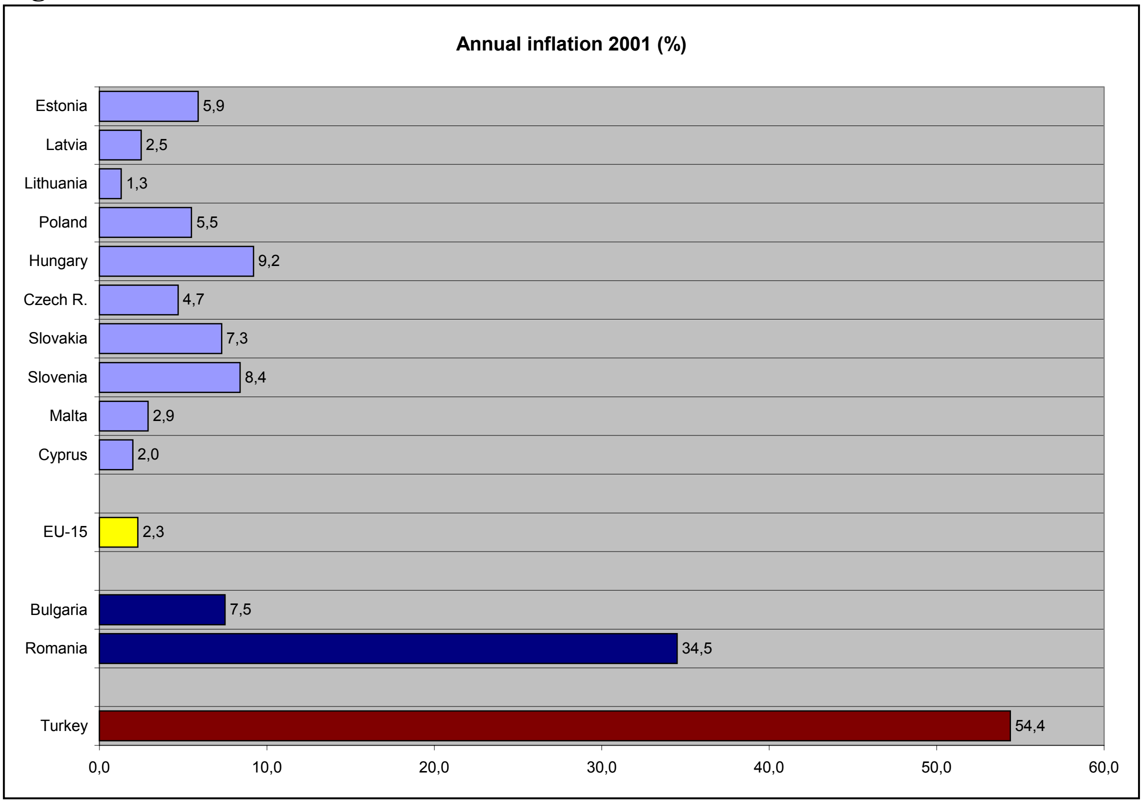
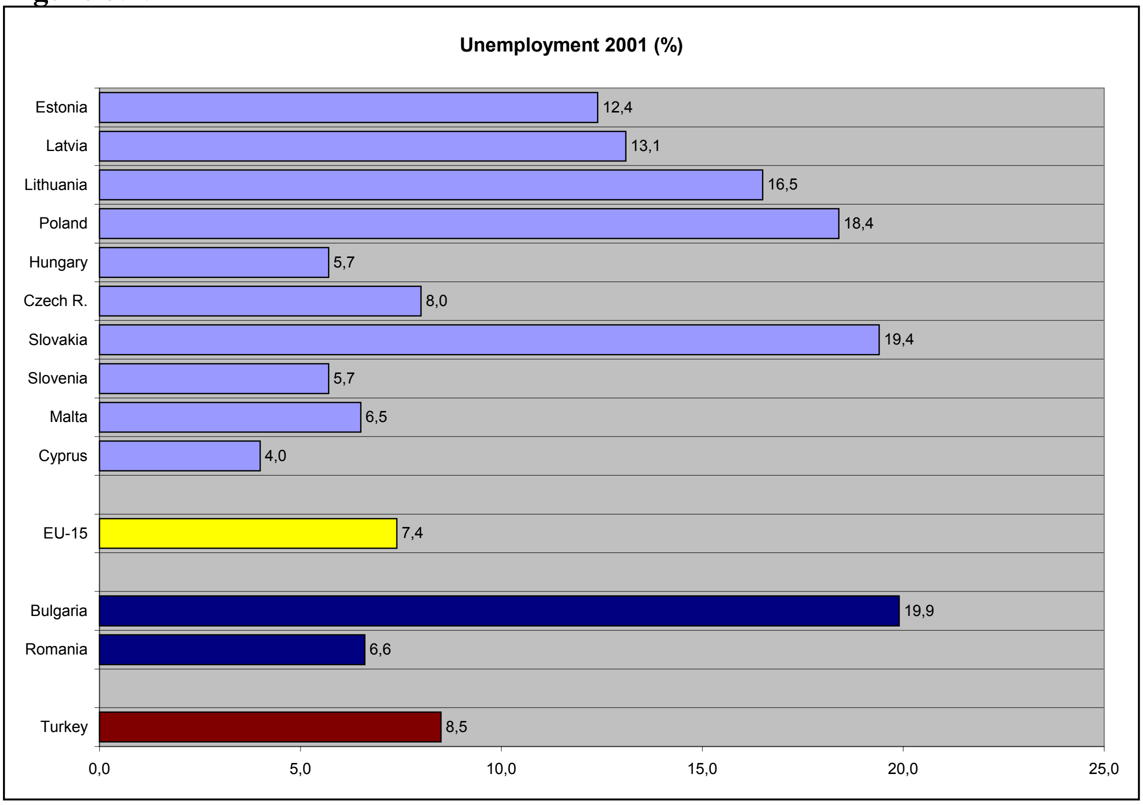


Figure 7.2.



Export and Current Account

Table 8

		Year 2001 Export billion euro, c.p.	Export 2001 %-change over previous year*	Exports year 2001 % of GDP	Export 2001 per head euro	Current account balance - 2001 (% of GDP)
Baltic countries	**Estonia**	5,6	-0,2	90,6	4.109	-6,5
	Latvia	3,8	6,9	44,9	1.623	-10,2
	Lithuania	6,8	20,8	50,4	1.834	-4,9
Visegrad countries	**Poland**	58,6	10,8	29,8	1.518	-4,0
	Hungary	35,1	9,1	60,5	3.515	-2,2
	Czech R.	45,2	12,3	71,3	4.398	-4,7
	Slovakia	16,9	6,5	74,0	3.130	-8,8
	Slovenia	12,6	6,2	60,1	6.308	-0,4
Mediter-ranean countries	**Malta**	3,5	-4,9	87,8	9.227	-4,8
	Cyprus	4,8	4,1	46,9	7.049	-4,4
Totals	**CC-10**	**192,8**	**9,5**	**47,7**	**2.581**	**-4,3**
	EU-15	3161,8	2,2	35,9	8.333	-0,2
Other candidate countries	**Bulgaria**	8,5	25,9	55,7	1.044	-6,9
	Romania	14,9	23,9	33,5	664	-5,9
	Turkey	54,6	7,4	33,2	836	2,3
Reference countries	*Denmark*	*82,0*	*3,4*	*45,2*	*14.536*	*2,5*
	Germany	*721,4*	*4,7*	*35,0*	*8.752*	*0,2*

Source: Eurostat
*year 2000: Bulgaria and Romania

The ***export*** from the ten accession countries is **increasing faster** than the export from the EU-15. In 2001 the export increased by 9.5 pct., while the export from EU-15 only increased by 2.2 pct. But the export from the accession countries is still at a relative ***low level*** compared to the EU-15. As seen from the table **export pr. head** from the ten accession countries is only on average 2.500 euro, while the same figure for EU-15 is 8.300 Euro. (The figure for Denmark is 14.500 euro)

However, the ***export sector*** is very important for nearly all the candidate countries. For all the CC-10 countries export accounts for no less than 48 pct. of the GDP in 2001 compared to only 36 pct. of the GDP for EU-15. In seven of the CC-10 countries the export sector is above 50 pct. of GDP.

Concerning the ***balance on the current account*** all the CC-10 countries have a deficit. For some of the countries the deficit is rather big. Taken together the deficit for the CC-10 is around 4-5 pct of the GDP. This means that the CC-10 countries are importing much more than they are exporting

Export and Current Account

Figure 8.1.

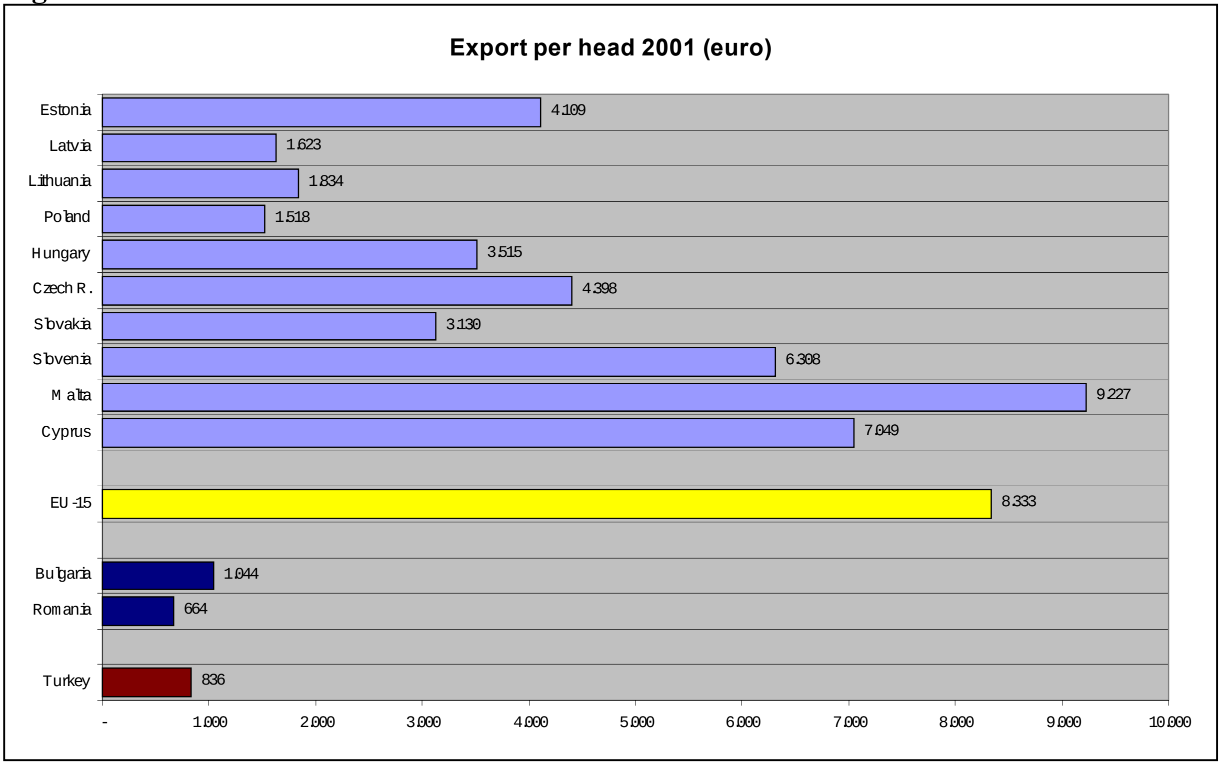
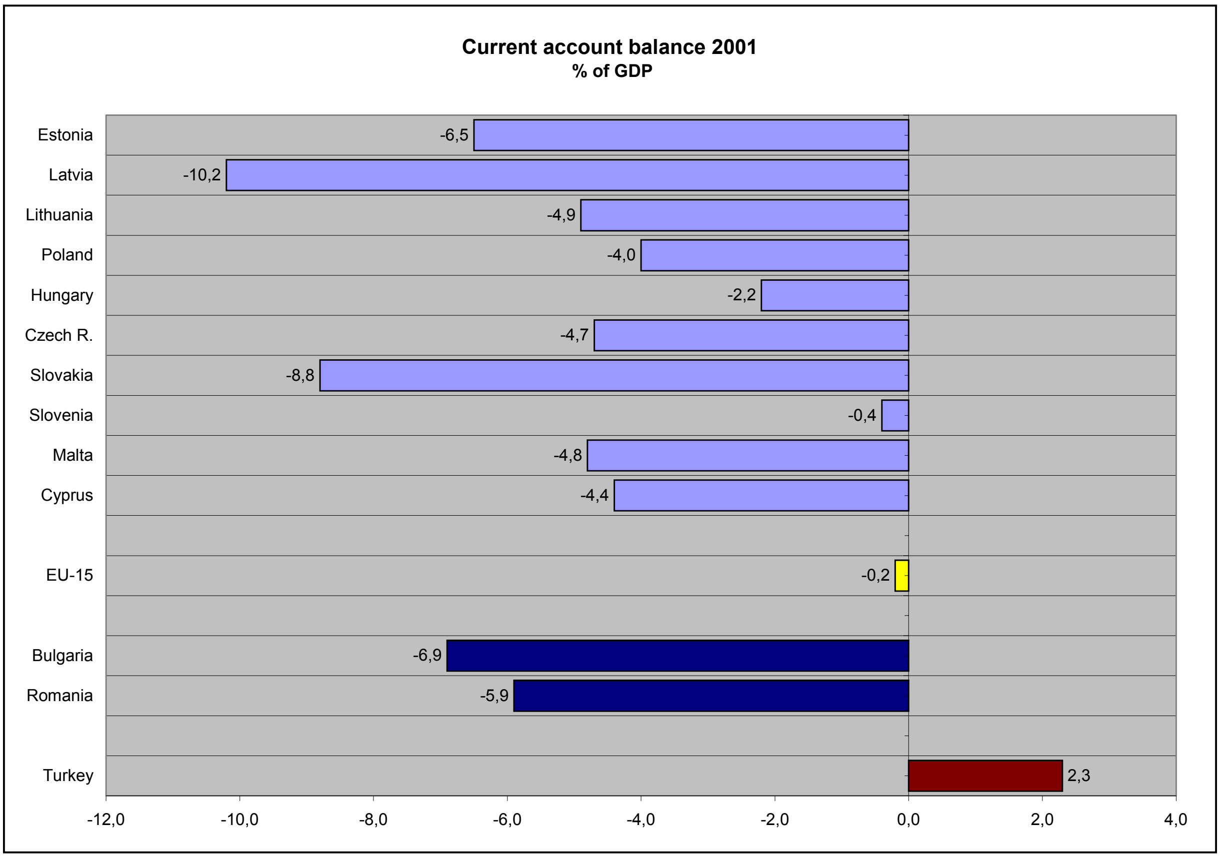


Figure 8.2.



Currency and Exchange rates

Table 9

		1999 Annual averages EUR 1 =	2000	2001	Value 1999-2001 (+ = increase %) (- = decrease %)
Baltic countries	**Estonia** (EEK)	15,65	15,65	15,65	-
	Latvia (LVL)	0,62	0,56	0,56	10,2
	Lithuania (LTL)	4,26	3,70	3,58	16,0
Visegrad countries	**Poland** (PLN)	4,23	4,01	3,67	13,2
	Hungary (HUF)	252,57	260,05	256,62	-1,6
	Czech R. (CZK)	36,89	35,60	34,06	7,7
	Slovakia (SKK)	44,12	42,48	43,30	1,9
	Slovenia (SIT)	194,47	206,61	217,97	-12,1
Mediter-ranean countries	**Malta** (MTL)	0,43	0,40	0,40	5,4
	Cyprus (CYP)	0,58	0,57	0,58	0,5
Other candidate countries	**Bulgaria** (BGN)	1,96	1,95	1,95	-
	Romania (ROL)	16345,00	19922,00	26010,00	-59,1
	Turkey (TRL)	447604,00	574816,00	1093693,40	-144,3
Reference country	*Denmark (DKK)*	*7,44*	*7,45*	*7,45*	-

Source: Eurostat
EEK: Estonian **kroon**, LVL: Latvian **Lat**, LTL: Lithuanian **litas**, PLN: Polish **zloty**:
HUF: Hungarian **forint**, CZK: Czech **koruna**, SKK: Slovakian **koruna**, SIT: Slovenian **tolar**
MTL: Maltese **lira**, CYP: Cyprus **pound**, BGN: Bulgarian **lev**, ROL: Romanian **leu**, TRL: Turkish **lira**,
DKK: Danish **krone**.

One can measure the currency stability for the candidate countries by the fluctuation in the exchange rates around the euro since its introduction in January 1999. As seen from the table Estonia, Hungary, Slovenia, Cyprus and Bulgaria have experienced a **very stable exchange rate** against the euro for the period 1999 – 2001.

For Latvia, Lithuania and Poland the exchange rate has **increased** by around 10-15 pct. in relation to the Euro. Among the accession countries (CC-10) only Slovenia seems to have experienced a noticeable fall in the exchange rate relative to the Euro.

Overall the picture for the currencies of the 10 accession countries show a picture of relative stability.

Romania and especially Turkey seem both to have currencies with high rates of devaluation.

Currency and Exchange rates

Figure 9.