

Consumers in Europe

Facts and figures

Data 1996–2000



THEME 3
Population
and social
conditions

3

A great deal of additional information on the European Union is available on the Internet.
It can be accessed through the Europa server (<http://europa.eu.int>).

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The launch of *Consumers in Europe - Facts and Figures* is another important step forward in improving EC policy-making in the domain of consumer affairs. Too often in the past, policy initiatives and other actions have been launched on the basis of only limited availability of the necessary quantitative data. Indeed, over the last decade, a significant number of consumer-related actions initiated by the Commission have been on a pilot basis precisely in order to overcome this lack of information. However, in this evolving information age, a more comprehensive, systematic and continuous effort is needed to develop a suitable “knowledge base” as an essential tool for policy development.

The aim of *Consumers in Europe - Facts and Figures* is, therefore, to bring together the most relevant and useful information as the necessary foundation for the evaluation and development of consumer policy. The material includes data from various sources including EUROSTAT, other Commission services as well as other surveys and studies.

Although the prime objective of this publication is to help policy-makers at the European level to better understand the needs of consumers in general, the publication should also be of use to others interested in consumer affairs, such as consumer organisations, other public authorities and even suppliers of goods and services. Moreover, we are ready to collaborate with representatives of all these sectors should they wish to contribute to enhancing the scope of this publication.

This is the first edition of a regular series of publications. We are conscious that, despite all our efforts, some weaknesses remain. In particular, the content is by no means complete and it is our intention to have additional data introduced, in subsequent years, as and when they become available. However, it does represent a first step towards the construction of a solid “knowledge base”.

We hope that you will find that this initiative marks a useful step in making consumer-related statistics available in a more accessible way to a wider public.



Pedro Solbes



David Byrne

A handwritten signature in dark ink, appearing to read 'Pedro Solbes'.

A handwritten signature in dark ink, appearing to read 'David Byrne'.

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Consumers in Europe - facts and figures:

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Colipa (European Cosmetic Toiletry and Perfumery Association)
Degryse & Verboven
EBMA (European Bicycle Manufacturers Association)
Electrabel
EDF (Electricité de France) and OFGEM (Office of Gas and Electricity Markets, UK)
Empirica
EQ (European Organization for Quality)
Eurocontrol (European organisation for the safety of air navigation)
Eurofinas (European Federation of Finance House Associations)
ECB (European Central Bank)
EMF (European Mortgage Federation)
FAO (Food and Agriculture Organization of the United Nations)
FEDMA (Federation of European Direct Marketing)
FEDSA (Federation of European Direct Selling Associations)
FEVE (European Glass Container Federation)
IAAPA (International Association of Amusement Parks and Attractions)
IEFS (Institute of European Food Studies)
IEIC (Institut Européen Interrégional de la Consommation)
IPC (International Post Corporation)

IP Group (CMI - International Marketing Committee)
M+M euroData
Media Salles
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Office for National Statistics (UK)
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UNICEF (The United Nations Children's Fund)
UPU (Universal Postal Union)
WAN (World Association of Newspapers)
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Enquiries regarding the purchase of data should be addressed to one of the Eurostat Data Shops listed at the end of this publication.

A great deal of additional information on statistics relating to the European Union is available on the Internet. It can be accessed through the Europa server at <http://europa.eu.int/comm/eurostat>. More information concerning consumer issues is available on the Directorate-General of the European Commission for Health and Consumer Protection web-site at http://europa.eu.int/comm/dgs/health_consumer/index_en.htm.
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STRUCTURE OF THE PUBLICATION

The aim of this publication is to present, for the first time, a comprehensive collection of the most important data available from different sources on consumption patterns, including expenditure and prices, and on consumer attitudes and quality indicators in the European Union, as well as providing details of European policy initiatives (see chapters 1.6, 2 and 4.3). It examines the realities of the European economy and the European Single Market from the consumer's viewpoint. It provides an essential source of information to policy-makers concerned with consumer protection and with the impact of European and national policies on consumers; to advertisers and other businesses interested in European wide markets; indeed, to anybody interested in Europe's spending patterns and consumption habits.

The first chapter begins with a general overview of consumers and consumption (sub-chapter 1.1), whilst more detail regarding consumption expenditure patterns is provided in sub-chapter 1.2. The profile of the European consumer plays an important role in shaping consumption trends, with major demographic changes such as an increasing number of elderly people, a growing number of single person households, more working women and increased leisure time, all influencing not only household consumption but also the ways in which Europeans shop. Consumer attitudes and satisfaction also have a bearing on expenditure patterns across Europe (sub-chapter 1.5), as do prices, which crucially influence consumption, along with the relative purchasing powers of the different national currencies and the levels of indirect taxation within each Member State (sub-chapter 1.4). Consumers should find that price transparency within the euro-zone is enhanced following the introduction of euro notes and coins.

Beyond in-store retailing, there exist a growing number of alternative trading forms, such as mail-order and business to consumer (B2C) e-commerce (sub-chapter 1.3). Choice, competition and innovation also play a vital role in stimulating demand and driving household expenditure. This is particularly the case in goods markets, whilst the same cannot always be said in the service sector. The on-going liberalisation of service and utility markets in the EU (for example, telecommunications, energy and financial services) may increase household consumption and/or reduce prices in these areas during the coming years.

The main body of statistical information presented within *Consumers in Europe - Facts and Figures* is found within chapters 2 to 8. These chapters aim to present data in a harmonised manner, and with this purpose in mind each chapter ends with a statistical annex containing a collection of key indicators in table format (derived from household budget surveys). Chapters 2 to 4 cover some of the essentials of life, namely, food, beverages, clothing, footwear and housing.

After housing, the second most important expenditure item for most households is the purchase of a car, covered within chapter 5, that also deals with other means of personal transport and transport services. The next two chapters are devoted to items that are expected to take an increasingly large share of the household budget in coming years: communications services and the information society (chapter 6) and leisure and recreation (chapter 7). The last of the product/service-orientated chapters is devoted to the topic of saving and financial services (chapter 8). Savings may be viewed as a choice between consumption today and consumption tomorrow. In other words, savings are future or deferred consumption. Finally, a statistical annex of key indicators for EU candidate countries is provided (chapter 9).

DATA INTERPRETATION

There follow some general notes that give a brief explanation of how to interpret the data presented within this publication. For more detailed methodological notes that relate to the principal data sources employed, please refer to page 281.

Timeframe

The Eurostat data used in this publication was extracted from a wide variety of databases on 29 May 2001, except for the information presented on applicant countries in chapter 9, which was extracted on 26 July 2001. The text that accompanies the tables and figures was written between June and August 2001. Fresher data (than that published) may be available in Eurostat's reference database, NewCronos, where it may also be possible to find more detailed data. The NewCronos domain from which data was extracted is identified as part of the source for each table and figure compiled using Eurostat data. Readers who wish to obtain the data behind the tables and figures in electronic format should ask for a tailor-made extraction to be made by one of Eurostat's Datashops (details are given on the page facing the inside back cover).

COICOP classification

Data have been compiled using the COICOP (Classification Of Individual Consumption by Purpose) classification. In March 1999, the United Nations accepted a new version of the COICOP, which is the basis of the main data sources presented throughout this publication (further information is available at: <http://esa.un.org/unsd/cr/registry/regcst.asp?Cl=5&Lg=1>).

The COICOP is structured hierarchically in three levels. The chapter headings within this publication are usually based on the Division level of COICOP (level 1), whilst more detailed information is provided within each chapter. Whilst the COICOP classification officially goes to a third level, readers will find that a fourth level has been added for some consumption items.

Geographical entities

Data published for EU totals is either the sum or average of all fifteen Member States or alternatively a figure that includes estimates to cover missing country data. When EU aggregates cannot be computed using a full set of country data, appropriate footnotes have been added. Figures for Germany are on a post-unification basis, unless otherwise stated.

Monetary values

All nominal financial/monetary values are expressed in ECU/euro terms, with national currencies converted using average exchange rates prevailing for the year in question. As of 1 January 1999, eleven of the Member States entered into Economic and Monetary Union (EMU), forming what has become known as the euro-zone. Technically, data available prior to this date should continue to be denominated in ECU terms, whilst data available after this date should be denominated in euro (€) terms. However, as the conversion rate was 1 ECU=1 euro, for practical purposes the two terms are used interchangeably when referring to a series that covers both periods. As of 1 January 2001, Greece also became a member of the euro-zone.

The conversion of data expressed in national currencies to a common currency facilitates comparison, however, fluctuations in currency markets may be responsible for at least some of the movements identified when looking at the evolution of a time-series in ECU/euro terms.

Average exchange rates (1 ECU/€=...national currency) (1)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
B	42.4257	42.2233	41.5932	40.4713	39.6565	38.5519	39.2986	40.5332	40.6207	40.3399	40.3399
DK	7.85652	7.90859	7.80925	7.59359	7.54328	7.32804	7.35934	7.48361	7.4993	7.43556	7.45382
D	2.05209	2.05076	2.02031	1.93639	1.92453	1.87375	1.90954	1.96438	1.96913	1.95583	1.95583
EL	201.412	225.216	247.026	268.568	288.026	302.989	305.546	309.355	330.731	325.763	336.63
E	129.411	128.469	132.526	149.124	158.918	163.000	160.748	165.887	167.184	166.386	166.386
F	6.91412	6.97332	6.84839	6.63368	6.58262	6.52506	6.493	6.6126	6.60141	6.55957	6.55957
IRL	0.767768	0.767809	0.760718	0.799952	0.793618	0.815525	0.793448	0.747516	0.786245	0.787564	0.787564
I	1521.98	1533.24	1595.52	1841.23	1915.06	2130.14	1958.96	1929.3	1943.65	1936.27	1936.27
L	42.4257	42.2233	41.5932	40.4713	39.6565	38.5519	39.2986	40.5332	40.6207	40.3399	40.3399
NL	2.31212	2.31098	2.27482	2.17521	2.15827	2.09891	2.13973	2.21081	2.21967	2.20371	2.20371
A	14.4399	14.4309	14.2169	13.6238	13.5396	13.1824	13.4345	13.824	13.8545	13.7603	13.7603
P	181.109	178.614	174.714	188.37	196.896	196.105	195.761	198.589	201.695	200.482	200.482
FIN	4.85496	5.00211	5.80703	6.69628	6.19077	5.70855	5.82817	5.88064	5.98251	5.94573	5.94573
S	7.52051	7.47927	7.53295	9.12151	9.16308	9.33192	8.51472	8.65117	8.91593	8.80752	8.44519
UK	0.713851	0.701012	0.73765	0.779988	0.775903	0.828789	0.813798	0.692304	0.676434	0.658735	0.609478
CA	1.4854	1.41981	1.56863	1.5107	1.6247	1.79483	1.73147	1.5692	1.66506	1.58399	1.37058
CH	1.76218	1.77245	1.81776	1.73019	1.62128	1.54574	1.5679	1.644	1.62203	1.60034	1.55786
JP	183.66	166.493	164.223	130.148	121.322	123.012	138.084	137.077	146.415	121.317	99.4748
NO	7.94851	8.01701	8.04177	8.30954	8.3742	8.28575	8.19659	8.01861	8.46587	8.31041	8.11292
US	1.27343	1.23916	1.2981	1.171	1.18952	1.30801	1.26975	1.13404	1.12109	1.06578	0.921937

(1) B, D, E, F, IRL, I, L, NL, A, P and FIN became members of the euro-zone as of 1 January 1999; EL became a member of the euro-zone as of 1 January 2001.
Source: Eurostat (theme2/mny/exchr/eurer/eurer_an)

Non-official data sources

Whilst the majority of the data in this publication comes from official sources (supplied to Eurostat by national statistical authorities) there has also been the need to source data from alternative sources. Particular care should be taken when interpreting data from non-official sources, as data collection, survey techniques and compilation methods may not be fully harmonised, nor coverage representative.

FURTHER INFORMATION

Consumers in Europe - Facts and Figures is available as a paper publication in English, as well as in PDF format in English, French and German. The publication may be purchased through the usual retail outlets for Commission publications (see the inside back cover for more details) or alternatively via Eurostat's web-site (<http://europa.eu.int/comm/eurostat>). More information concerning consumer issues is available on the Directorate-General of the European Commission for Health and Consumer Protection web-site (http://europa.eu.int/comm/dgs/health_consumer/index_en.htm).

Eurostat and the Directorate-General of the European Commission for Health and Consumer Protection would gratefully receive any comments from readers that may help improve future editions of this publication (contact details may be found on page 3).

SYMBOLS AND ABBREVIATIONS

EU MEMBER STATES

EU	European Union
EU-15	Fifteen Member States of the European Union
Euro-zone	Geographical entity covered by the Member States participating in the euro
B	Belgium
DK	Denmark
D	Germany
EL	Greece
E	Spain
F	France
IRL	Ireland
I	Italy
L	Luxembourg
NL	Netherlands
A	Austria
P	Portugal
FIN	Finland
S	Sweden
UK	United Kingdom

OTHER COUNTRY CODES

AL	Albania
BG	Bulgaria
CA	Canada
CH	Switzerland
CY	Cyprus
CZ	Czech Republic
EE	Estonia
HU	Hungary
JP	Japan
LT	Lithuania
LV	Latvia
MT	Malta
NO	Norway
PL	Poland
RO	Romania
SI	Slovenia
SK	Slovakia
TR	Turkey
US	United States of America

ABBREVIATIONS

ADSL	Asynchronous Digital Subscriber Line
ATFM	Air Traffic Flow Management
ATM	Automatic Teller Machine
BIS	Bank for International Settlements
BMI	Body Mass Index (kg/m ²)
B2B	Business to Business
B2C	Business to Consumer
CD	Compact Disc
CEC	Central European Countries
COICOP	Classification Of Individual Consumption According to Purpose
DIY	Do-it-yourself
DSL	Digital Subscriber Line
DVD	Digital Versatile Disc or Digital Video Disc
ECB	European Central Bank
EFTPOS	Electronic Funds Transfer Point-Of-Sale
EICP	European Index of Consumer Prices
EMU	Economic and Monetary Union
ESA-95	European System of National and Regional Accounts, 1995
ESCB	European System of Central Banks
GDP	Gross Domestic Product
GM	Genetically Modified
HFMCE	Household Final Monetary Consumption Expenditure
ISDN	Integrated Services Digital Network
ISP	Internet Service Provider
ITC	Information Technology and Communications
ITU	International Telecommunication Union
LP	Long Play sound recording
MC	Music cassette
MUICP	Monetary Union Index of Consumer Prices
NACE Rev. 1	Statistical Classification of Economic Activities in the European Community, Revision 1.
NA-HC	National Accounts breakdowns of final consumption expenditure of Households by Consumption purpose
NewCronos	Eurostat's reference database
NPISH	Non-Profit Institutions Serving Households
NSI	National Statistical Institute
NUTS	Nomenclature of Territorial Units for Statistics
OECD	Organisation for Economic Co-operation and Development
PC	Personal Computer
PLI	Price Level Indices
PPP	Purchasing Power Parity

PPS	Purchasing Power Standard
PSTN	Public Switched Telephone Network
SGI	Services of General Interest
TV	Television
UNESCO	United Nations Educational, Scientific and Cultural Organisation
VAT	Value Added Tax
VCR	Video Cassette Recorder

UNITS AND MEASURES

billion	Thousand million
ECU	European Currency Unit
EUR	Euro
GJ	Gigajoule (billion joules)
g/kg	Grams per kilogram
ha	Hectare
kg	Kilogram
kgoe	Kilogram of oil equivalent
km	Kilometre
km ²	Square kilometre
km/h	Kilometres per hour
kWh	Kilowatt hour
m	Metre
m ³	Cubic metre
MJ	Megajoule (million joules)
mg/ml	Milligrams per millilitre
pkm	Passenger-kilometre
toe	Tonne of oil equivalent
trillion	Thousand billion

SYMBOLS

€	Euro
-	Not applicable
:	Not available
%	Percent
0.0	Real zero or value less than 0.5



1. Consumers and consumption expenditure



1 CONSUMERS AND CONSUMPTION EXPENDITURE

CONSUMERS AND CONSUMPTION: A DEFINITION

Viewed in the perspective of a country's economy as a whole, there are only three classes of final consumers: individuals, non-profit institutions serving households and government. Any consumption by enterprises is regarded as intermediate consumption - intermediate in the sense that it is an input into the production of goods and services.

Consumption figures mentioned in this publication only deal with the consumption of individuals. Consumption patterns of individuals are of policy interest in that they provide evidence of comparative living standards over time, between Member States, and between different groups of people within Member States. Consumption is not identical to monetary expenditure. People's monetary expenditure is often supplemented by various non-monetary consumption. For example:

- an employee may receive a company car for personal use as part of their employment contract;
- some people grow and then consume their own fruit and vegetables, or raise their own animals for eggs and meat.

The value of these items is included in the National Accounts final consumption expenditure of households and is also estimated in the Household Budget Surveys' measures of household consumption expenditure.

In all Member States, governments provide services to households such as health and education free (or at greatly reduced prices) at the point of use. The value of these services is generally omitted from this publication. However, the extent of government provision will have an impact on the amount that individuals have to spend from their own resources on such services.

Expenditure data in this publication are invariably presented aggregated across households, rather than for individuals. This is because, for example, although one person may buy all the food for a household, it will then be consumed by all household members and indeed its purchase may be financed through the pooling of their incomes. Consumption of individuals cannot therefore be estimated by reference to the expenditure they incur, rather it is generally assumed to be shared across a household.

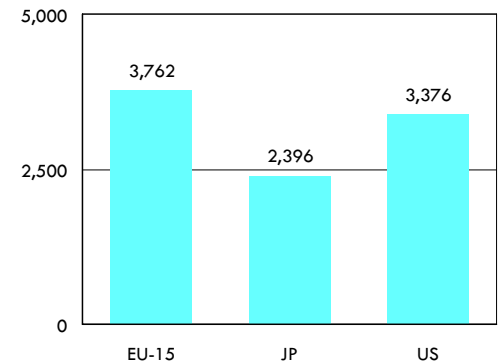
THE EUROPEAN CONSUMER MARKET

Figure 1.1 places the European Union consumer market in a world context, comparing the size of final household consumption expenditure between the EU, Japan and the USA. In 1996, the latest year for which data are available for all three areas, the EU consumer market was valued at 3.76 trillion ECU, 57% greater than that of Japan, and 11% greater than that of the USA. In 1999, just four countries accounted for 72% of the EU's consumer market: Germany, the United Kingdom, Italy and France (table 1.1). Spain accounted for 9% of consumption within the EU, and the Netherlands 4%, whilst the other Member States each accounted for less than 3% of the total.

Average growth between 1995 and 1998 in constant prices (in other words, in volume) was equal to 2.4% per annum for the EU, compared with 3.8% for the USA. Between 1998 and 1999, final consumption expenditure in the EU grew by 3.1% in constant price terms, to reach €4.08 trillion.

The level of final consumption expenditure of households is determined both by the overall level of economic activity - measured by Gross Domestic Product (GDP) - and by the distribution of GDP between households and government. On average, final consumption expenditure formed 56.5% of the EU's GDP in 1999, but figure 1.2 overleaf shows that this proportion varied considerably between Member States. Where the proportion is high - for example, in Greece (72.1%) - this implies less state activity than in countries where it is low - for example, Luxembourg (42.6%).

Figure 1.1: Consumer markets in the EU, Japan and USA, 1996 (€ billion) (1)



(1) At 1995 prices.

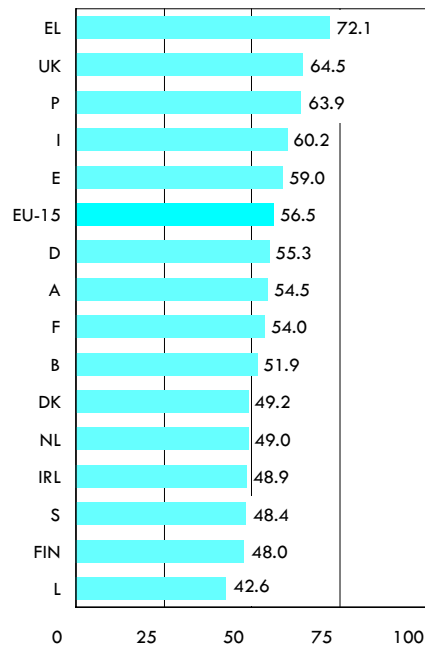
Source: Eurostat, National Accounts - ESA95 - aggregates (theme2/aggs)

Table 1.1: Total final consumption expenditure of households, 1999 (billions)

Purchasing Power Standard (PPS)

EU-15	4,547
B	124
DK	65
D	1,028
EL	106
E	393
F	682
IRL	41
I	746
L	7
NL	191
A	103
P	97
FIN	53
S	93
UK	817

Source: Eurostat, National Accounts - ESA95 - aggregates (theme2/aggs)

Figure 1.2: Final consumption expenditure of households as a proportion of GDP, 1999 (%)

Source: Eurostat, National Accounts - ESA95 - aggregates (theme2/aggs)

Due to the link between final consumption expenditure of households and GDP, in times of economic downturn, the real (or in other words, deflated) growth rate of household consumption is likely to fall, and in severe recession consumption as a whole may be reduced in real terms (in other words, in volume). The economic cycle can have an impact on the pattern of consumption: as in times of economic recession, consumer confidence often falls, and with it the sums of money available for consumption. This generally results in fewer purchases of luxury goods and services, as well as fewer purchases of the more expensive consumption items such as cars and domestic appliances. The consumer confidence index measures consumers' opinions on a range of economic decisions, such as whether they consider it a good time to purchase expensive goods, and represents the proportion of households with an optimistic view minus the share with a pessimistic view. The index shows that in most Member States, 1992 and 1993 were years in which consumer confidence was at a low, since when it recovered, so that by 1999 EU consumers generally took a much less pessimistic view of the economy (see table 1.2). Notable exceptions to this rule were Greece and Italy.

Table 1.2: Consumer confidence index in the EU (1)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
EU (2)	-17	-15	-14	-13	-5	-5	-5	-6	-9	-14	-18	-25	-16	-13	-17	-11	-4	-2
B	-27	-28	-27	-21	-16	-11	-6	1	0	-7	-12	-26	-15	-14	-23	-22	-6	-2
DK	-12	0	6	3	-3	-9	-14	-14	-8	-2	-2	-5	8	9	4	9	3	-3
D (3)	-26	-15	-10	-8	3	-1	-4	1	1	-12	-20	-28	-15	-9	-21	-19	-7	-3
EL	0	-11	-4	-5	-19	-28	-20	-13	-25	-27	-31	-27	-22	-31	-27	-26	-29	-15
E	:	:	:	0	-5	-8	-2	1	-2	-6	-20	-34	-25	-20	-14	-3	5	8
F	-5	-15	-23	-22	-13	-17	-11	-11	-13	-21	-22	-25	-17	-17	-28	-20	-10	-4
IRL	-34	-39	-33	-28	-27	-28	-16	-7	-7	-18	-21	-14	-1	4	11	18	17	20
I	-18	-24	-15	-11	-4	-3	-4	-6	-6	-13	-19	-32	-21	-21	-25	-22	-11	-12
L	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
NL	-32	-30	-22	-7	4	-2	1	9	3	-10	-10	-17	-7	4	3	17	22	19
A	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-15	-12	-3	3
P	:	:	0	0	-4	0	-7	-10	-2	3	-5	-24	-26	-20	-18	-10	-5	-5
FIN	:	:	:	:	:	:	:	:	:	:	:	-8	9	11	9	15	15	14
S	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-7	1	6	10
UK	-12	-3	-4	-11	-7	4	2	-18	-26	-17	-15	-13	-12	-10	-5	4	0	1

(1) The consumer confidence index is the result of an arithmetic average of 5 indices of consumers opinions. It represents the balance between the percentage of households with an optimistic view minus the percentage of households with a pessimistic view.

(2) 1982-83 EU-10, excluding L; 1984 EU-12, excluding E and L; 1985-92 EU-12, excluding L; 1993-95 EU-15, excluding L, A and S; 1996-99 EU-15, excluding L; including former East Germany from 1995 onwards; blue figures indicate countries that were not EU Member States for the reference year concerned but were used in the EU aggregation.

(3) Including former East Germany from 1995 onwards.

Source: European Economy, Directorate-General of the European Commission for Economic and Financial Affairs

1.1 CONSUMER PROFILE

The evolution of and changes in the structure of consumption follow consumer attitudes and consumer satisfaction. On the supply side this may be because of the arrival of new products or changes in the availability of existing products. Viewing consumers as a group, their demand for particular products may evolve due to changes in the attitudes of individuals within the group or because of modifications in the composition of the group.

PEOPLE AND HOUSEHOLDS

There were 375 million people living in the EU in 1998, of whom over two-thirds were living in just four countries - Germany, the United Kingdom, France and Italy (see figure 1.3). Between 1995 and 1998, the EU's population grew by 0.8%, or 3 million people. However, as average household size has been falling, the number of households in the EU was found to be growing at a faster rate than the population, increasing by over 3% during the same period¹. In 1995, the latest year for which data are available for all Member States, there were 146.2 million households in the EU (see table 1.3). In 1999, average household size ranged from 2.14 persons in Denmark to 3.24 in Spain² (see figure 1.4).

(1) Excluding P.

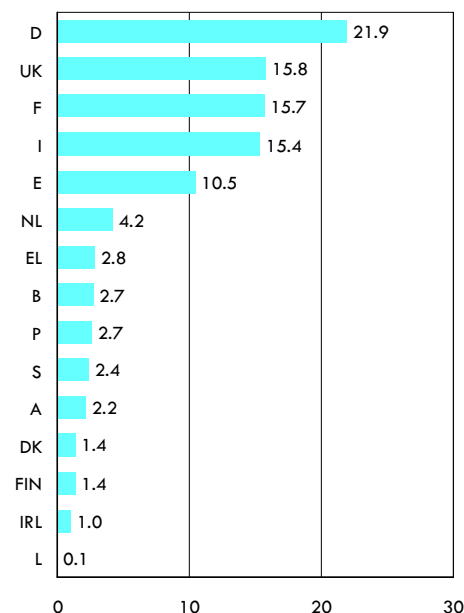
(2) F and P, 1994.

Table 1.3: Number of households in the EU (millions)

	1980	1985	1990	1995	1996	1997	1998
EU-15	:	:	133.6	146.2	:	:	:
B	3.3	3.5	4.0	4.1	4.1	4.2	4.2
DK	2.1	2.2	2.3	2.4	2.4	2.4	2.4
D	24.8	26.4	28.2	36.9	37.3	37.5	37.5
EL	3.0	3.2	3.5	3.6	3.6	3.6	3.7
E	10.0	10.7	11.3	11.9	12.1	12.1	12.1
F	19.2	20.5	21.6	22.9	23.1	23.3	23.5
IRL	0.9	1.0	1.1	1.1	1.2	1.2	1.2
I	18.4	19.9	20.8	20.1	20.1	21.6	21.8
L	0.1	0.1	0.1	0.2	0.2	0.2	0.2
NL	4.9	5.5	6.0	6.4	6.6	6.6	6.7
A	2.7	2.8	2.9	3.1	3.2	3.2	3.2
P	2.9	3.2	3.3	3.3	:	:	:
FIN	1.8	2.0	2.1	2.3	2.3	2.3	2.3
S	3.5	3.7	3.8	4.1	4.1	4.1	4.1
UK	:	:	22.5	23.9	24.1	24.3	24.5

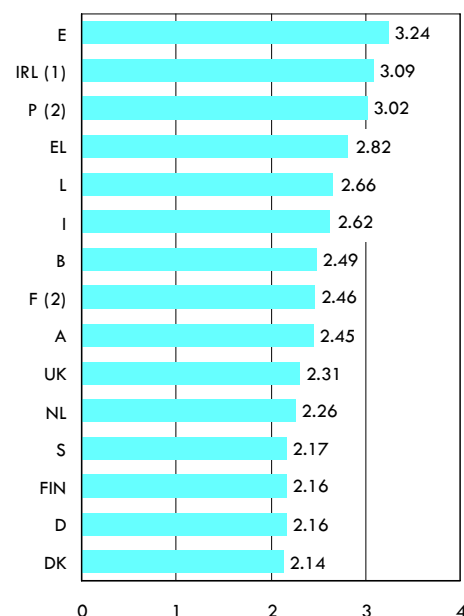
Source: Eurostat, Audiovisual services (theme4/auvis)

Figure 1.3: Population of the EU by Member State, 1998 (% share of total)



Source: Eurostat, Population and social conditions - demography (theme3/demo)

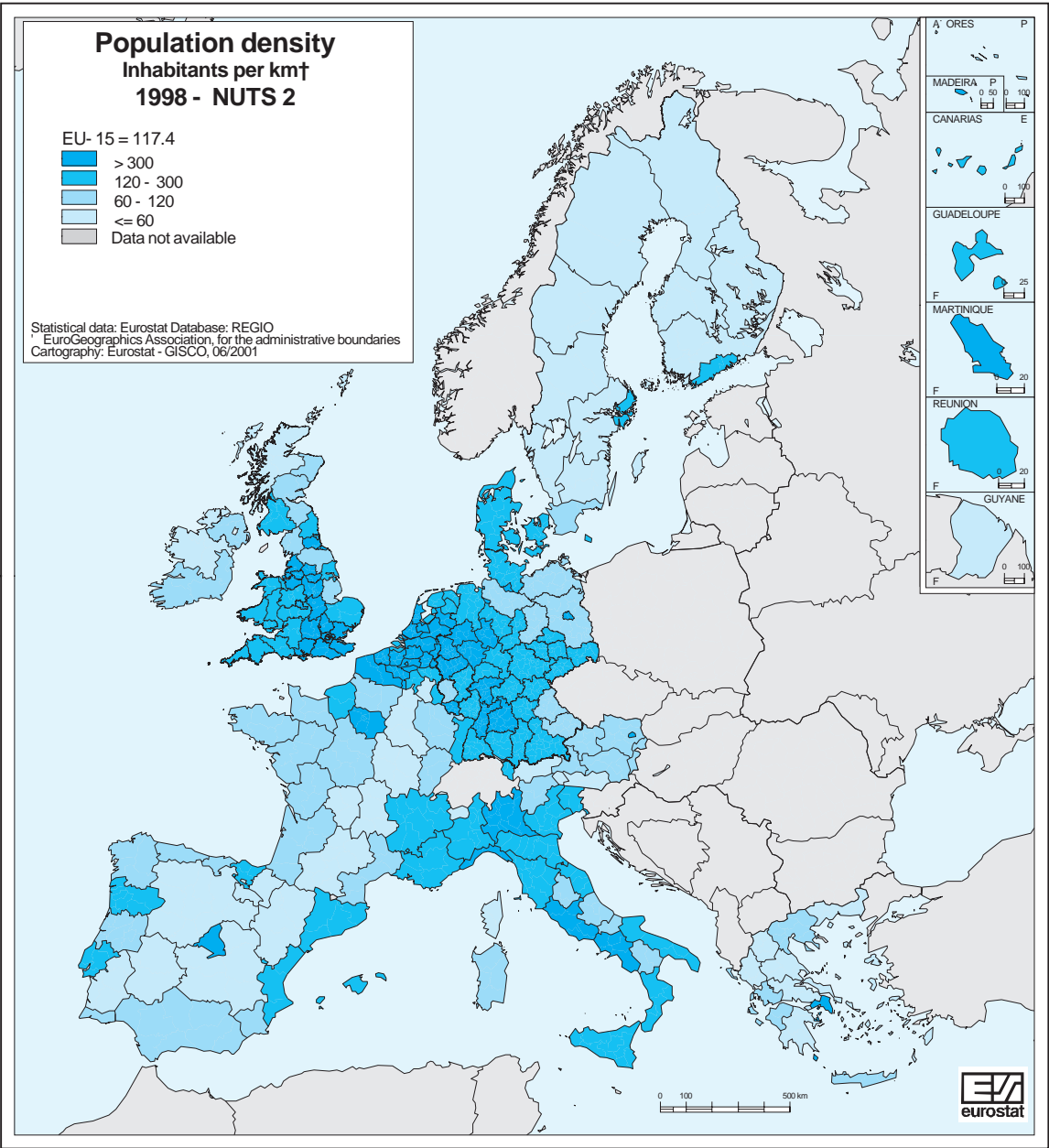
Figure 1.4: Average number of members per household, 1999 (units)



(1) Provisional.

(2) 1994.

Source: Eurostat, Household Budget Survey (theme3/hbs)



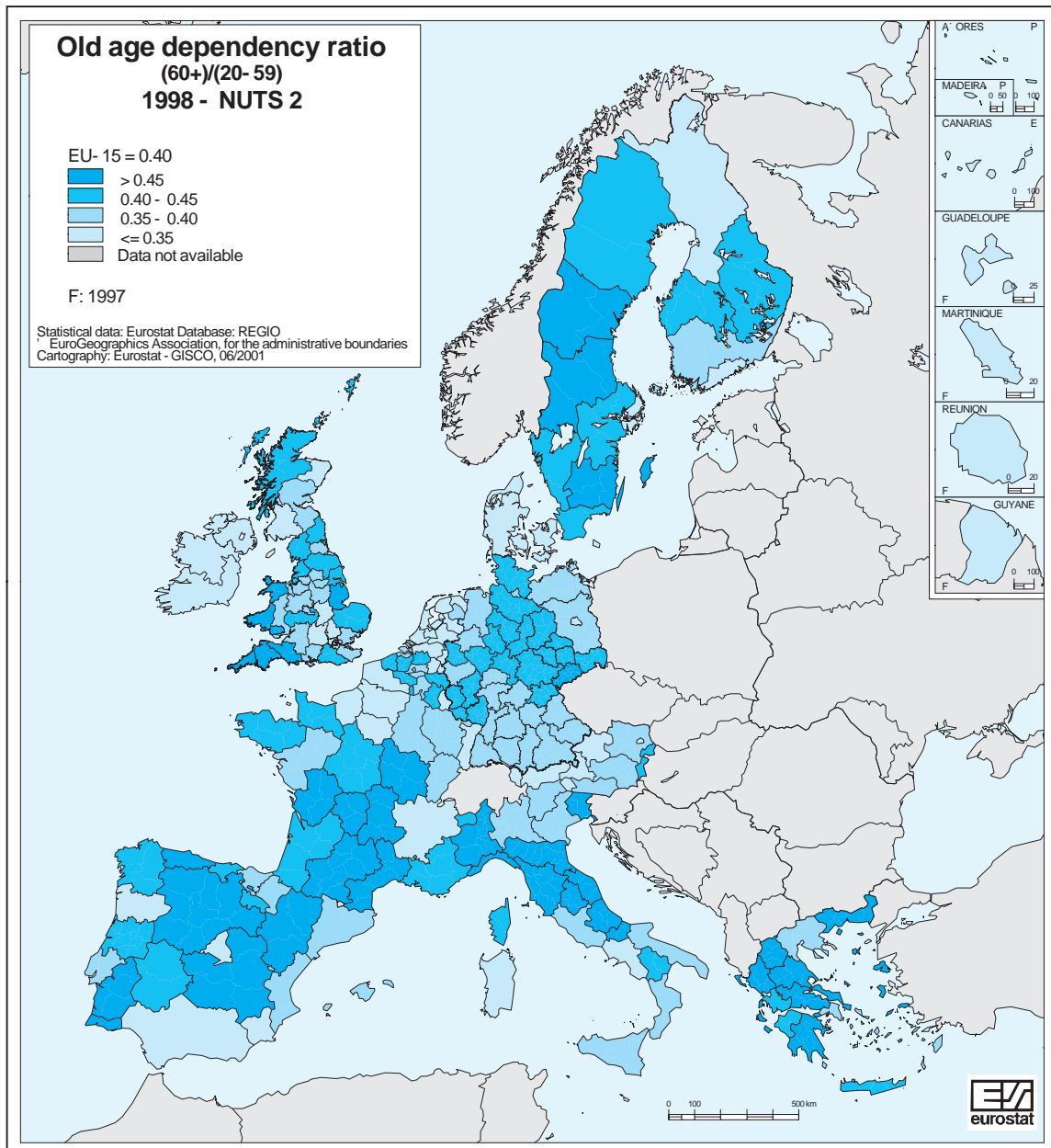
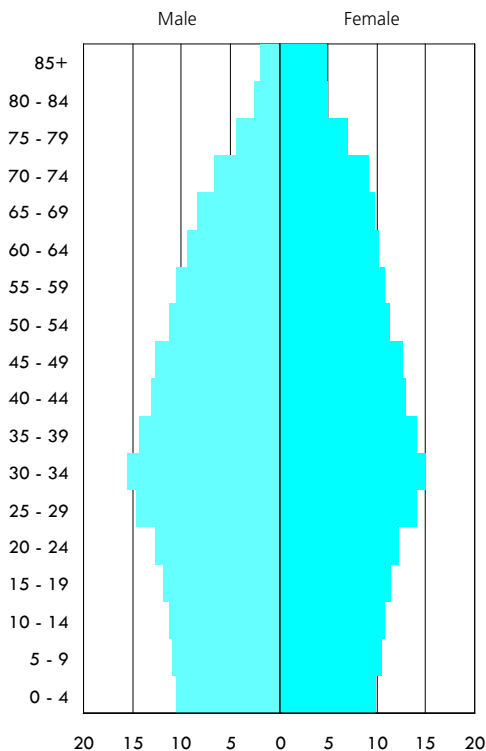


Figure 1.5: Population breakdown by age group in the EU, 1998 (millions)



Source: Eurostat, Population and social conditions - demography (theme3/demo)

Some 56% of the EU population was aged between 20 and 59 in 1998, with 23% aged under 20 and a slightly lower proportion (21%) aged over 59 (see figure 1.5). Between a fifth and a quarter of the population of all Member States (except Ireland) were aged under 20: Ireland has a much younger age structure, with nearly a third of its population under 20. Although there were more young people aged under 20 than there were people aged over 59, the EU has an ageing population (see table 1.4). Between 1995 and 1998, the number of young people fell in all Member States except Denmark, Germany, Luxembourg, the Netherlands and the United Kingdom (1995 to 1997), whilst the number of people aged over 59 rose in all Member States. Growth in the number of people aged over 59 was highest in Germany (6.5%), followed by Greece (5.4%) and Italy (4.6%).

ECONOMIC ACTIVITY

In 2000, across the EU, employment rates amongst men of working age were higher than amongst women. The gap has been generally narrowing, except for women aged between 15 and 24, which may suggest a higher take-up of further education by women (see table 1.5). Between 1995 and 2000 women's employment rates increased in all age ranges, peaking between the ages of 40 and 44 (at 68.6%). Employment rates for men peaked between the ages of 35 and 44 (at 90.1%). However, for both males and females, employment rates were relatively flat between the ages of 30 and 49.

The proportion of 15 to 24 year-olds in employment is affected by the propensity to take part in full-time upper secondary and higher education, and varied from 26.1% in Italy (and less than 30% in Greece and France) to 67.1% in Denmark and 68.2% in the Netherlands, averaging 39.9% for the EU in 2000.

Table 1.4: Change in the number of inhabitants aged under 20 and aged over 60 between 1995 and 1998 (1995=100)

	Less than 20 years old	More than 59 years old
B	99.6	102.3
DK	101.7	100.6
D	100.2	106.5
EL	93.8	105.4
E	91.9	103.5
F	99.9	102.9
IRL	97.4	102.5
I	94.8	104.6
L	105.9	104.0
NL	101.6	103.0
A	99.4	100.8
P	93.8	103.1
FIN	98.9	103.6
S	99.1	100.4
UK (1)	101.1	100.4

(1) 1997 instead of 1998.

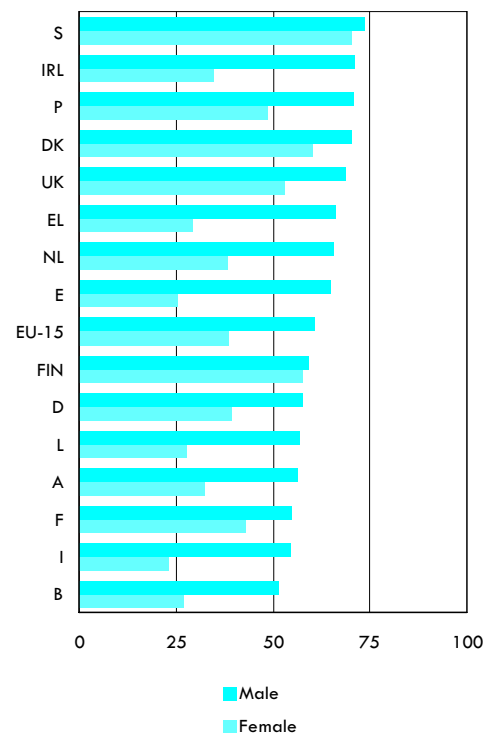
Source: Eurostat, Population and social conditions - demography (theme3/demo)

Once people reach the age of 50, employment rates decline with age, as they retire from work. This decline has become more rapid in recent years as retirement before state pensionable age has become more common. However, there are considerable differences between Member States: 51.5% of Belgian men aged between 50 and 64 were still in employment in 2000, compared with 73.7% in Sweden (see figure 1.6). The differences were even greater for women, ranging from an employment rate of 23.1% in Italy to 70.4% in Sweden.

Table 1.5: Employment rates of men and women broken down by age group in the EU (%)

	1995		2000	
	Female	Male	Female	Male
15 - 19	18.7	23.1	21.2	26.1
20 - 24	47.9	56.4	51.1	60.6
25 - 29	61.4	78.7	66.2	81.2
30 - 34	62.1	86.8	66.9	89.1
35 - 39	63.6	89.1	67.9	90.1
40 - 44	64.9	88.8	68.6	90.1
45 - 49	61.3	87.2	66.4	88.4
50 - 54	52.9	81.5	57.7	82.5
55 - 59	36.2	61.6	40.6	63.4
60 - 64	13.5	29.9	14.7	30.9
65 - 69	3.9	9.5	4.1	9.2

Source: Eurostat, Labour Force Survey (theme3/lfs)

Figure 1.6: Employment rates of persons aged between 50 and 64, 2000 (%)

Source: Eurostat, Labour Force Survey (theme3/lfs)

INCOME LEVELS AND DISTRIBUTION

Nearly seven out of ten persons in the EU live in a household where the main source of income is work. However, this ratio varies from four out of ten in the bottom income decile group to over eight out of ten in the top income decile group. In the bottom decile group, the majority of people live in households where the main source of income is social transfers. Mean equivalised net income per household in the EU was equal to 12,121 PPS (Purchasing Power Standard) in 1996, but ranged from 7,722 PPS in Portugal to 21,992 PPS in Luxembourg (see table 1.6)³. Households where the main source of income was work had incomes that were, on average, 41.7% higher than households where the main source of income was social transfers. However, in Ireland the income of working households was twice that of households relying mainly on social transfers. In Italy and Austria working households had incomes that were only about 25% higher than those relying mainly on social transfers.

(3) F, FIN and S, not available.

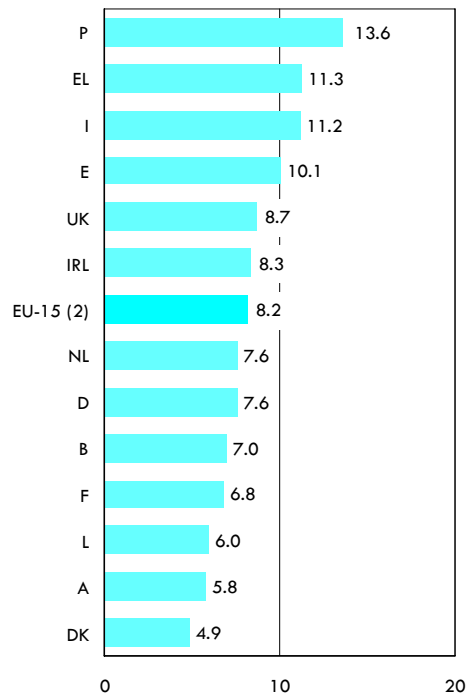
Table 1.6: Mean equivalised net income, by main income source, 1996 (PPS)

	Total	Private income	Social transfers	Income from work
EU-15 (1)	12,121	12,067	9,421	13,349
B	13,857	14,571	11,179	15,365
DK	14,043	23,410	10,678	15,373
D	14,052	10,515	11,762	15,132
EL	8,400	7,126	6,856	8,983
E	9,104	8,142	6,931	10,059
F	:	:	:	:
IRL	10,949	9,966	6,463	13,150
I	10,101	9,678	8,555	10,747
L	21,992	:	17,874	23,397
NL	13,414	9,139	10,948	14,564
A	14,377	14,973	12,169	15,182
P	7,722	8,232	5,532	8,394
FIN	:	:	:	:
S	:	:	:	:
UK	13,721	19,702	8,711	16,083

(1) Excluding F, FIN and S; also excluding L for private income.

Source: Eurostat, European Community Household Panel (theme3/ilc)

Figure 1.7: Ratio of the average income of the highest decile group to that of the lowest decile group, 1996 (%) (1)



(1) FIN and S, not available.

(2) Excluding FIN and S.

Source: Eurostat, European Community Household Panel (theme3/ilc)

Table 1.7: Average consumption expenditure per household, 1999 (units)

e		National currency	Purchasing Power Standard (PPS)
B	27,188	1,096,761	27,405
DK	29,255	217,511	23,439
D	25,134	49,158	23,487
EL	19,147	6,203,602	23,401
E	16,775	2,804,610	19,976
F (1)	24,507	161,323	22,319
IRL (2)	24,628	23,041	24,628
I	24,081	46,627,685	27,220
L	44,564	1,797,692	45,179
NL	24,607	54,135	25,657
A	28,145	387,272	26,453
P (1)	11,333	2,231,349	16,311
FIN	21,571	128,348	18,211
S	28,883	236,669	21,673
UK	29,850	20,148	27,646

(1) 1994.

(2) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

The ratio of average income for households in the top decile group to the average income of households in the bottom decile group provides a measure of the distribution of income. Figure 1.7 shows that this ratio varied between 4.9 in Denmark (the most equal distribution amongst the Member States) to 13.6 in Portugal.

1.2 CONSUMPTION EXPENDITURE

Average expenditure per household varies considerably between EU Member States, even when expenditure is adjusted for differing purchasing powers (see the methodological notes on page 281). Table 1.7 shows that although Luxembourg had the smallest consumer market within the EU (as witnessed in table 1.1 on page 11), its average consumption expenditure per household was the highest in the EU in 1999 at 45.2 thousand PPS, nearly three times that of Portugal (16.3 thousand PPS)⁴. The differences are even greater when adjusted for household size, in other words, when expressed in terms of equivalised household expenditure, as households tend to be larger in Portugal than in Luxembourg. For the majority of Member States, average expenditure per household was within the range 21 thousand PPS to 28 thousand PPS per year.

(4) Throughout this publication, Household Budget Survey data for F and P are for 1994.

Table 1.8: Average household expenditure broken down by income quintile group, 1999 (thousand PPS)

	First quintile	Second quintile	Third quintile	Fourth quintile	Fifth quintile	Total
B	18.7	23.8	25.7	30.1	38.7	27.4
DK	13.6	17.8	22.9	28.5	34.4	23.4
D	12.5	17.8	22.1	27.2	37.9	23.5
EL	12.6	17.1	21.7	27.1	38.6	23.4
E	13.8	16.3	18.6	21.8	29.4	20.0
F (1)	13.8	17.2	21.0	25.8	33.8	22.3
IRL	:	:	:	:	:	:
I	19.3	22.9	26.1	29.9	38.0	27.2
L	28.1	38.1	41.4	49.7	68.5	45.2
NL	17.5	20.2	24.5	29.8	36.2	25.7
A	:	:	:	:	:	:
P (1)	6.0	10.2	14.4	19.3	31.6	16.3
FIN (2)	10.0	14.0	18.1	21.5	27.4	18.2
S	14.0	19.3	21.9	24.1	29.1	21.7
UK	14.3	20.1	26.9	32.1	44.8	27.6

(1) 1994.

(2) Income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Average expenditure also varies between different types of household within countries. Many of these differences are linked to income. Table 1.8 shows average expenditure per household by quintile group of income - in other words, households have been ranked by their income and then divided into five groups of equal size. This breakdown shows, perhaps unsurprisingly, that expenditure increases as income increases. However, the rate of increase is much steeper for some Member States than others. The ratio of average expenditure by the highest quintile group to average expenditure by the lowest quintile group gives an indication of the distribution of household expenditure, high values indicating a lower degree of equality. This ratio ranged from 5.2 in Portugal to 2.0 in Italy (see figure 1.8)⁵.

Given the link with income, it is also no surprise to find that in all Member States it is households containing no economically active person that have the lowest average expenditure (see table 1.9). The extent to which expenditure rises when an economically active person is present differs between Member States. In Portugal it resulted in a virtual doubling of expenditure, but in Sweden expenditure rose on average by only 8%. These figures reflect the differing incomes from social benefits that are available to the economically inactive.

(5) IRL and A, not available.

Table 1.9: Average household expenditure broken down by the number of economically active people, 1999 (thousand PPS)

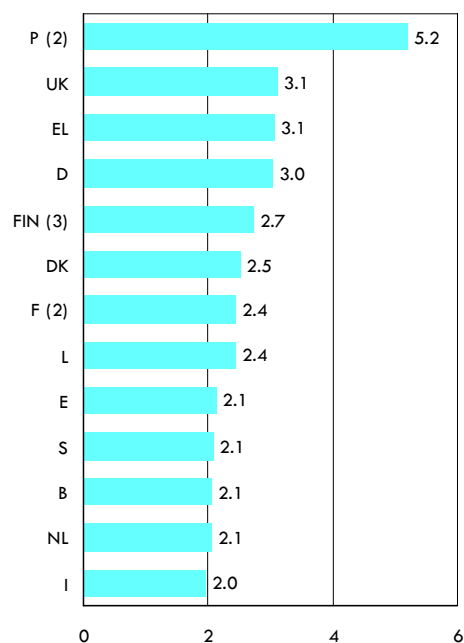
	Zero	1	2	3 or more	Total
B	19.6	25.6	36.7	43.5	27.4
DK	15.8	21.9	32.5	41.8	23.4
D	18.4	21.6	30.8	36.0	23.5
EL	14.2	24.2	29.4	30.8	23.4
E	12.1	19.3	24.2	26.2	20.0
F (1)	16.3	20.6	28.8	32.5	22.3
IRL (2)	11.4	22.9	32.5	43.9	24.6
I	20.2	30.6	37.2	38.8	27.2
L	33.6	44.9	55.7	60.3	45.2
NL	18.6	24.1	34.2	42.4	25.7
A	18.1	26.2	32.9	36.8	26.5
P (1)	8.1	15.3	21.3	23.0	16.3
FIN	11.6	16.3	26.5	29.4	18.2
S	16.3	17.6	29.1	33.1	21.7
UK	17.7	25.9	36.8	47.5	27.6

(1) 1994.

(2) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 1.8: Ratio of the average household expenditure of the highest quintile group to that of the lowest, 1999 (units) (1)



(1) IRL and A, not available.

(2) 1994.

(3) Income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 1.10: Average household expenditure broken down by socio-economic category of the head of household, 1999
(thousand PPS)

	Manual workers in industry & services (1)	Non manual workers in industry & services	Self- employed	Retired	Other inactive (2)	Unemployed	Total
B	27.0	32.9	36.0	20.4	21.6	14.3	27.4
DK	24.5	29.5	34.4	16.5	14.0	16.2	23.4
D	26.2	:	32.3	:	14.3	15.9	23.5
EL	22.8	32.7	26.9	17.8	16.4	18.5	23.4
E	19.9	27.6	21.4	15.4	12.2	16.8	20.0
F (3)	22.4	27.5	29.8	17.7	13.3	15.4	22.3
IRL (4)	:	:	:	:	:	:	22.2
I	32.1	:	34.0	22.7	19.2	21.3	27.2
L	38.7	59.0	58.4	40.4	31.6	30.6	45.2
NL	27.5	31.1	30.5	21.7	16.8	15.7	25.7
A	28.0	31.3	33.5	20.3	21.6	22.8	26.5
P (3)	15.9	27.3	15.0	9.9	11.9	14.9	16.3
FIN	20.1	23.2	24.7	12.3	11.3	11.8	18.2
S	20.6	25.0	34.2	18.0	16.4	15.7	21.7
UK	28.0	36.1	38.6	18.9	17.5	16.7	27.6

(1) D, including non-manual workers; I, including all non-agricultural persons in employment.

(2) D, including retired.

(3) 1994.

(4) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 1.11: Average household expenditure broken down by the age of the head of household, 1999 (thousand PPS)

	Less than 30 years	Between 30 and 44 years	Between 45 and 59 years	60 years and over	Total
B	23.8	31.5	31.4	20.6	27.4
DK	18.7	28.5	27.2	17.3	23.4
D	18.1	24.7	27.7	20.4	23.5
EL	19.5	27.7	29.2	17.1	23.4
E	16.8	21.9	24.6	14.9	20.0
F (1)	18.3	25.0	27.3	17.6	22.3
IRL (2)	29.6	27.9	29.7	14.0	24.6
I	26.8	30.8	33.0	21.5	27.2
L	40.8	48.3	52.5	37.7	45.2
NL	21.4	28.0	30.4	20.4	25.7
A	20.8	31.4	29.8	20.1	26.5
P (1)	16.3	20.3	20.7	11.1	16.3
FIN	15.8	22.0	21.1	12.8	18.2
S	15.5	23.0	25.0	20.0	21.7
UK	25.8	31.6	33.6	19.6	27.6

(1) 1994.

(2) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 1.10 confirms that households headed by someone in work have the highest expenditures and also shows that within this group those who are in non-manual work or those who are self-employed have higher expenditures than those in manual work. Amongst those not working, it is generally those who are economically inactive, but neither retired nor unemployed, who have the lowest expenditures, although in Portugal and Austria it was the retired and in Belgium, Luxembourg, the Netherlands and the United Kingdom it was the unemployed⁶.

Expenditure also depends on life-cycle effects in incomes. In the youngest age groups, incomes, and therefore expenditures, are relatively low as careers are being built. Towards the end of normal working life incomes tend to peak, while in later years income and expenditure fall as people leave the labour force (see table 1.11). The extent of this reduction largely depends on the level of pension provision: in Sweden, the average expenditure of households whose head was aged over 59 was 80.2% of that of households with heads aged between 45 and 59, whereas in Ireland this proportion fell to 47.3% (see figure 1.9). For the majority of Member States this ratio lay between 60% and 70%.

(6) D, retired persons included within retired persons and others; IRL, not available.

Table 1.12: Average household expenditure broken down by degree of urbanisation, 1999 (thousand PPS)

	Densely populated area (1)	Inter-mediate urbanised area (2)	Sparsely populated area (3)	Total
B	26.9	28.7	23.5	27.4
DK	22.7	24.8	24.0	23.4
D	:	:	:	:
EL	:	:	:	:
E	22.0	19.4	17.2	20.0
F	:	:	:	:
IRL	:	:	:	:
I	28.5	26.5	24.2	27.2
L	42.3	46.2	47.0	45.2
NL	:	:	:	:
A	26.3	27.2	26.1	26.5
P (4)	19.5	14.4	9.4	16.3
FIN	18.5	19.6	16.7	18.2
S	22.5	22.0	21.2	21.7
UK	27.2	28.1	28.4	27.6

(1) At least 500 inhabitants/km².

(2) Between 100 and 499 inhabitants/km².

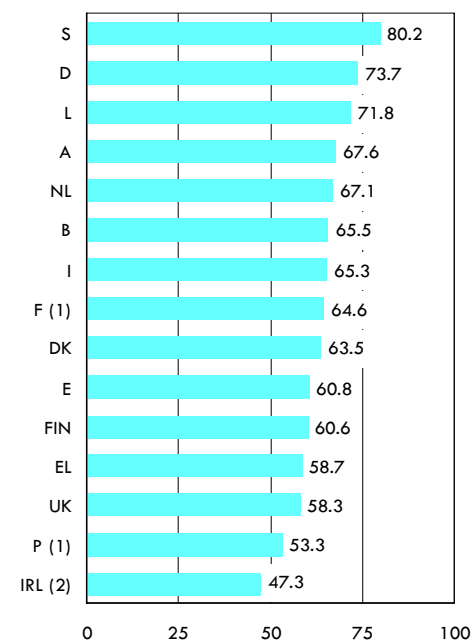
(3) Less than 100 inhabitants/km².

(4) 1994.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Member States differ in the extent to which expenditure is affected by the level of urbanisation of the areas in which households live. In Portugal, households living in sparsely populated areas spent on average less than half the amount spent by those living in densely populated areas (see table 1.12). As well as the fact that incomes may be lower, it may also be that persons living in rural areas produce more of their own food, the value of which may not be completely captured in the Household Budget Survey (HBS). Amongst the other countries for which data are available, the differences according to degree of urbanisation are much less marked.

Figure 1.9: Ratio of the average household expenditure of the households with their head aged over 59 to that of households with their head aged between 45 and 59, 1999 (%) (1)



(1) 1994.

(2) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Apart from income, the other main determinant of household expenditure is household composition. Table 1.13 shows that in general, the larger the household the higher its average expenditure. This relationship is not a linear one however, because of the economies of scale that can be achieved when people live together. Thus, expenditure of two adult households was always less than twice that of a single person living alone. The presence of dependent children raised the average expenditure of two adult households by between 16.5% (Germany) and 88.0% (Portugal). These figures are affected not only by the average number of children per household, but also by the extent to which costs such as childcare are met through social transfers rather than household expenditure.

Table 1.13: Average household expenditure broken down by household composition, 1999 (thousand PPS)

	Single person	Single parent with dependent children	Two adults	Two adults with dependent children	Three or more adults	Three or more adults with dependent children	Total
B	16.4	22.7	26.7	37.6	31.4	42.7	27.4
DK	14.0	22.0	25.5	34.3	33.8	39.1	23.4
D	14.6	18.5	26.4	30.7	34.0	37.7	23.5
EL	13.7	24.5	18.2	30.2	26.7	29.9	23.4
E	9.9	16.7	15.0	23.4	21.2	25.6	20.0
F (1)	13.3	19.9	22.9	29.9	26.6	34.5	22.3
IRL (2)	10.0	17.3	19.9	30.6	34.9	39.7	24.6
I	16.6	27.9	24.6	33.2	32.3	37.0	27.2
L	28.6	37.4	46.0	54.4	50.1	58.5	45.2
NL	16.3	21.1	28.4	33.2	37.4	40.5	25.7
A	17.2	24.3	26.3	33.5	32.7	37.6	26.5
P (1)	7.2	13.1	11.1	20.9	19.6	23.6	16.3
FIN	10.5	15.8	19.8	27.8	24.7	31.6	18.2
S	14.3	17.3	24.5	29.7	29.9	32.3	21.7
UK	16.2	18.8	29.6	37.2	40.0	46.6	27.6

(1) 1994.

(2) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

EXPENDITURE PATTERNS BETWEEN DIFFERENT CONSUMPTION ITEMS

Table 1.14 shows the broad structure of expenditure in each Member State in 1999. In all countries (except Portugal), housing and utilities form the highest proportion of expenditure, ranging from 31.2% of total expenditure in Germany to 19.9% in Portugal. In seven of the Member States (Belgium, Greece, Spain, France, Ireland, Italy and Sweden) food and non-alcoholic beverages took second place, but in Portugal this was the highest category and in the remaining countries it took either third or fourth place. Expenditure on transport was also in the top three categories in most Member States. If taken together, housing, food and non-alcoholic beverages and transport accounted for between 47.5% (the Netherlands) and 59.3% (Finland) of total expenditure.

Education accounted for 2.4% (Greece) or less of total expenditure in all Member States, reflecting the fact that the vast majority of these services are provided by governments free at the point of use. Expenditure on health accounted for a somewhat higher share, ranging from 1.1% (the Netherlands and the United Kingdom) to 6.3% (Greece), again depending to some degree on the extent of government provision. It is important to underline that the comparability between and within countries of household expenditure on education and health is limited by the importance of these services provided free at the point of use.

Table 1.14: Structure of consumption expenditure per household, 1999 (% of total expenditure) (1)

	B	DK	D	EL	E	F (2)	IRL (3)	I	L	NL	A	P (2)	FIN	S	UK
Food and non-alcoholic beverages	13.3	13.1	11.1	16.6	18.3	16.2	15.2	19.0	10.1	10.5	13.4	21.2	14.2	15.4	10.5
Alcoholic beverages and tobacco	2.3	4.2	2.8	3.5	2.7	2.7	7.2	1.9	2.0	2.1	2.6	2.8	2.9	2.9	3.0
Clothing and footwear	5.4	5.5	5.7	8.6	7.4	5.6	5.9	7.5	5.9	6.0	6.6	6.3	4.6	5.2	5.5
Housing, water, electricity, gas and other fuels	26.2	28.4	31.2	21.9	27.5	23.2	23.0	24.7	27.4	26.7	23.9	19.9	28.1	26.8	28.3
Furnishings, household equip. & routine maintenance	6.5	6.4	7.4	7.5	5.0	7.6	4.7	7.6	8.2	7.2	7.2	6.7	4.5	5.0	7.3
Health	4.7	2.4	3.6	6.3	2.5	5.2	1.8	4.4	2.4	1.1	2.4	4.6	3.7	3.0	1.1
Transport	12.5	14.1	13.3	11.2	12.5	14.5	13.0	13.7	15.4	10.3	14.4	15.7	17.0	13.4	13.6
Communication	2.2	2.1	2.5	3.3	2.0	2.0	2.3	2.5	2.1	2.2	2.6	2.0	2.8	2.6	2.3
Recreation and culture	10.7	11.2	11.9	4.5	6.2	7.6	:	6.3	8.7	10.4	12.3	3.7	10.7	14.6	13.4
Education	0.5	0.4	0.5	2.4	1.4	0.5	1.4	0.8	0.1	1.2	0.3	1.3	0.2	0.1	1.3
Restaurants and hotels	5.7	4.1	4.9	8.8	9.2	6.9	4.9	4.6	9.6	7.0	5.4	9.2	4.1	3.8	7.9
Miscellaneous goods and services	10.0	8.1	5.0	5.5	5.1	8.1	10.8	7.1	8.0	15.3	8.9	6.5	7.1	7.2	5.8

(1) Bold indicates the country with the lowest proportion of total expenditure; blue indicates the country with the highest proportion of total expenditure.

(2) 1994.

(3) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Expenditure on goods and services which might be regarded more as luxuries than necessities - for example, recreation and culture and restaurants and hotels - might be expected to form a higher proportion of expenditure in those Member States where total expenditure per household is highest. However, this was not always the case, as, for example, although the proportion of expenditure on restaurants and hotels was highest in Luxembourg, at 9.6%, it was only slightly less in Spain, Portugal and Greece. The relative share of expenditure on recreation and culture was highest in Sweden, the United Kingdom, Austria and Germany⁷.

Evidence from the National Accounts shows how the share of each category of goods and services in total household expenditure has changed in real terms over the period 1994 to 1999. For each Member State for which data are available, the proportion of expenditure on food, alcohol and tobacco was falling, whilst the share of total expenditure accounted for by communications was rising at a rapid pace (see table 1.15).

(7) IRL, not available..

Table 1.15: Average annual growth rate of final consumption expenditure of households by final expenditure category, 1994-1999 (%)

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Food and non-alcoholic beverages	:	-0.7	-0.6	:	:	:	-5.4	-1.9	:	:	-1.4	:	-2.0	:	:
Alcoholic beverages and tobacco	:	-1.0	-0.1	:	:	:	-1.2	-2.3	:	:	-0.1	:	-2.6	:	:
Clothing and footwear	:	0.3	-1.7	:	:	:	6.4	-1.0	:	:	-1.5	:	0.6	:	:
Housing, water, electricity, gas and other fuels	:	-1.1	0.5	:	:	:	-1.7	-0.9	:	:	-0.3	:	-1.8	:	:
Furnishings, household equip. & routine maintenance	:	0.4	-1.6	:	:	:	0.8	0.6	:	:	-0.1	:	1.7	:	:
Health	:	1.2	0.6	:	:	:	-4.1	1.6	:	:	1.1	:	-1.1	:	:
Transport	:	-0.4	0.9	:	:	:	2.7	0.8	:	:	0.3	:	2.0	:	:
Communication	:	3.2	8.8	:	:	:	10.2	11.7	:	:	12.4	:	14.7	:	:
Recreation and culture	:	2.6	-0.2	:	:	:	-2.0	1.7	:	:	1.7	:	1.5	:	:
Education	:	-0.9	-2.2	:	:	:	-2.2	-0.9	:	:	-2.2	:	1.5	:	:
Restaurants and hotels	:	0.2	-2.8	:	:	:	0.2	0.0	:	:	-1.7	:	-1.1	:	:
Miscellaneous goods and services	:	1.1	0.2	:	:	:	3.7	0.6	:	:	0.3	:	1.7	:	:

Source: Eurostat, National Accounts - ESA95 - breakdowns by branch of activity (theme2/brkdowns)

EXPENDITURE PATTERNS ACCORDING TO HOUSEHOLD INCOME

The level of household expenditure has already been shown to be strongly linked with the level of household income and table 1.16 shows that this is also true for the structure of expenditure⁸. For those categories of expenditure which may be considered as necessities - food and housing - the proportion of expenditure decreases as income increases. The rate of change differs between Member States however: in Portugal expenditure on food for the lowest income group was equal to 36.7% of total expenditure, compared with only 13.4% for the highest income group, whereas the equivalent figures for Denmark were 15.5% and 11.2%. In most Member States the proportion of expenditure on food by the highest income group was between 50% and 65% of that of the lowest income group.

The extent to which transport may be regarded as a necessity or luxury depends on the situation of individual households. Table 1.17 shows that although transport accounted for a high proportion of expenditure in all Member States, within each country the importance of transport within total expenditure increased steeply as a function of income. In Finland, for example, transport accounted for 17.0% of total expenditure averaged over all households, ranging between only 9.7% for the lowest income quintile group and 20.8% for the highest.

(8) For the whole of this section on expenditure according to income: IRL and A, not available; FIN, income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

Table 1.16: Expenditure on food and non-alcoholic beverages as a proportion of total household expenditure, broken down by quintile group of income, 1999 (%)

	First quintile	Second quintile	Third quintile	Fourth quintile	Fifth quintile
B	16.9	14.9	14.0	12.9	10.6
DK	15.5	14.8	13.7	12.8	11.2
D	15.5	13.5	12.1	10.8	8.2
EL	24.0	20.6	18.4	15.8	12.1
E	24.9	21.6	19.6	17.4	13.3
F (1)	20.7	19.2	17.5	15.3	12.8
IRL	:	:	:	:	:
I	25.1	22.4	20.1	18.0	14.0
L	14.2	12.5	10.5	9.3	7.5
NL	13.0	12.8	10.8	9.8	8.4
A	:	:	:	:	:
P (1)	36.7	30.3	25.4	21.2	13.4
FIN (2)	17.0	17.0	14.9	13.8	11.5
S	17.5	16.5	16.8	15.0	12.8
UK	15.1	12.9	11.3	10.2	7.6

(1) 1994.

(2) Income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 1.17: Expenditure on transport as a proportion of total household expenditure, broken down by quintile group of income, 1999 (%)

	First quintile	Second quintile	Third quintile	Fourth quintile	Fifth quintile
B	9.5	12.4	12.6	11.7	14.4
DK	9.1	10.2	15.1	16.4	15.6
D	8.5	10.4	11.4	12.7	17.9
EL	7.8	8.8	10.0	11.8	13.5
E	11.7	12.3	12.2	12.7	13.2
F (1)	10.7	12.3	13.6	15.5	17.0
IRL	:	:	:	:	:
I	12.1	12.4	13.1	14.1	15.3
L	13.5	15.0	14.3	15.5	16.9
NL	8.5	8.2	10.1	11.8	11.2
A	:	:	:	:	:
P (1)	7.1	11.1	14.7	16.3	18.9
FIN (2)	9.7	13.5	16.7	18.0	20.8
S	8.8	13.0	11.7	15.4	15.4
UK	9.3	9.4	12.9	13.8	17.1

(1) 1994.

(2) Income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 1.18: Expenditure on clothing and footwear as a proportion of total household expenditure, broken down by quintile group of income, 1999 (%)

	First quintile	Second quintile	Third quintile	Fourth quintile	Fifth quintile
B	4.8	4.5	5.5	6.2	5.6
DK	5.7	5.5	5.4	5.8	5.4
D	5.3	5.8	5.8	5.9	5.6
EL	7.2	7.9	8.5	8.6	9.4
E	7.2	7.7	7.6	7.5	7.2
F (1)	5.3	5.2	5.3	5.4	6.2
IRL	:	:	:	:	:
I	7.6	7.0	7.5	7.3	7.9
L	5.4	5.8	5.7	6.0	6.4
NL	5.6	5.3	6.1	6.0	6.4
A	:	:	:	:	:
P (1)	6.1	6.1	6.4	6.4	6.3
FIN (2)	4.1	4.2	4.6	4.6	5.2
S	5.5	5.2	5.3	4.4	5.8
UK	5.0	5.5	5.7	5.6	5.5

(1) 1994.

(2) Income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Expenditure on clothing and footwear on the other hand, which might also be regarded a necessity, varied little as a proportion of total expenditure either between or within Member States, ranging between 5% and 8% for the majority of EU households (see table 1.18). Indeed, higher income groups generally spent more on these items.

Expenditure on luxuries became more important as income rose. Thus, expenditure on recreation and culture rose as a proportion of total expenditure as income rose in all Member States other than Denmark, although the rate of increase was much less than the decrease noted for expenditure on food (see table 1.19). In Greece the lowest income group spent 2.8% of their total expenditure on recreation and culture compared to 5.7% for the highest income group, and in Sweden the equivalent figures were 14.1% and 16.4%.

EXPENDITURE PATTERNS ACCORDING TO HOUSEHOLD COMPOSITION

The other main determinant of the level of household expenditure noted above was household composition. Table 1.20 shows that the proportion of expenditure accounted for by housing was much higher for single people living alone than for larger households, indicating the economies of scale which larger living units can bring. On the other hand, expenditure on food, which depends more heavily on the number of people in the household, tended to increase as a proportion of total expenditure for larger households (see table 1.21). Expenditure on clothing and footwear did not vary much between one, two and three or more adult households, but was almost always a higher proportion for households with children (see table 1.22).

Table 1.19: Expenditure on recreation and culture as a proportion of total household expenditure, broken down by quintile group of income, 1999 (%)

	First quintile	Second quintile	Third quintile	Fourth quintile	Fifth quintile
B	8.8	9.8	9.8	11.2	12.3
DK	11.7	10.6	10.4	11.2	11.9
D	10.8	11.8	12.0	12.1	12.2
EL	2.8	3.6	4.0	4.5	5.7
E	4.8	5.3	5.7	6.7	7.4
F (1)	6.0	6.7	7.4	7.9	8.6
IRL	:	:	:	:	:
I	5.0	5.6	6.2	6.4	7.3
L	7.0	8.0	8.8	9.2	9.4
NL	9.4	9.5	10.3	10.5	11.3
A	:	:	:	:	:
P (1)	2.5	2.6	2.9	3.8	4.6
FIN (2)	10.0	9.8	10.0	11.1	11.7
S	14.1	13.4	13.2	15.1	16.4
UK	10.8	12.4	13.2	13.8	14.6

(1) 1994.

(2) Income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 1.20: Expenditure on housing, water, electricity, gas and other fuels as a proportion of total household expenditure, broken down by household type, 1999 (%)

	Single person	Single parent with dependent children	Two adults	Two adults with dependent children	Three or more adults	Three or more adults with dependent children	Unknown
B	35.4	28.3	27.3	22.1	25.1	21.5	:
DK	34.3	29.7	28.3	25.3	23.4	23.7	:
D	35.6	32.8	30.2	29.5	30.2	30.0	:
EL	29.0	23.6	25.5	19.8	19.7	18.8	:
E	43.1	31.7	33.2	26.0	25.9	22.6	:
F (1)	31.5	24.8	23.3	20.0	21.2	19.6	28.1
IRL (2)	38.9	26.0	27.0	20.3	20.0	16.5	:
I	33.0	23.0	27.2	21.2	23.9	21.0	:
L	34.5	28.3	27.3	25.3	27.3	23.4	:
NL	32.9	28.9	25.9	24.4	22.6	18.7	:
A	28.5	22.9	23.1	22.2	24.3	21.8	:
P (1)	28.4	22.8	22.9	18.6	21.6	15.5	26.5
FIN	34.6	32.1	27.7	24.6	25.6	23.8	:
S	30.6	33.8	26.7	23.7	23.2	22.7	:
UK	39.2	34.1	28.6	23.9	22.3	19.7	:

(1) 1994.

(2) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 1.21: Expenditure on food and non-alcoholic beverages as a proportion of total household expenditure, broken down by household type, 1999 (%)

	Single person	Single parent with dependent children	Two adults	Two adults with dependent children	Three or more adults	Three or more adults with dependent children	Unknown
B	11.0	13.4	13.1	14.2	15.7	14.3	:
DK	12.2	14.4	12.6	13.9	13.6	14.5	:
D	9.5	12.8	10.6	12.5	11.4	12.3	:
EL	13.1	13.9	18.3	16.0	17.2	18.1	:
E	15.7	15.6	18.8	17.1	19.6	19.9	:
F (1)	14.1	14.9	17.4	16.4	19.6	18.1	10.9
IRL (2)	12.6	18.1	14.3	16.2	13.4	16.4	:
I	18.9	19.0	19.0	18.9	19.2	19.7	:
L	8.0	9.5	9.4	10.6	11.7	12.1	:
NL	9.0	11.8	10.1	11.7	10.1	11.4	:
A	10.7	13.6	12.8	13.5	15.8	17.0	:
P (1)	19.2	21.7	24.6	19.8	20.4	22.7	18.5
FIN	13.0	16.1	13.6	14.9	16.1	15.4	:
S	14.3	15.4	14.7	16.5	15.3	19.3	:
UK	9.0	13.2	10.1	11.3	10.6	11.1	:

(1) 1994.

(2) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 1.22: Expenditure on clothing and footwear as a proportion of total household expenditure, broken down by household type, 1999 (%)

	Single person	Single parent with dependent children	Two adults	Two adults with dependent children	Three or more adults	Three or more adults with dependent children	Unknown
B	3.5	6.4	4.5	6.7	4.6	4.8	:
DK	4.7	7.0	5.1	6.2	4.6	8.0	:
D	5.1	6.4	5.5	6.2	5.8	6.4	:
EL	7.8	9.0	8.1	9.3	8.1	9.0	:
E	6.9	7.8	6.9	8.0	7.1	7.3	:
F (1)	4.5	6.2	4.9	6.3	4.5	6.1	6.4
IRL (2)	3.6	6.0	4.2	6.5	6.4	7.8	:
I	6.4	8.4	6.6	8.6	7.0	7.9	:
L	4.3	5.9	5.9	6.5	6.0	6.8	:
NL	4.8	6.3	5.7	6.9	6.4	5.5	:
A	5.8	6.5	6.9	6.8	6.5	7.3	:
P (1)	6.1	7.1	5.3	6.6	6.3	6.5	4.3
FIN	4.5	5.3	3.7	5.7	3.3	4.2	:
S	5.0	6.1	4.8	5.6	5.1	5.3	:
UK	3.9	6.6	5.0	6.4	5.8	8.1	:

(1) 1994.

(2) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 1.23: Expenditure on transport as a proportion of total household expenditure, broken down by household type, 1999 (%)

	Single person	Single parent with dependent children	Two adults	Two adults with dependent children	Three or more adults	Three or more adults with dependent children	Unknown
B	9.1	11.0	12.0	14.2	9.6	15.1	:
DK	10.2	9.2	15.7	15.1	20.3	15.1	:
D	10.4	10.1	13.9	14.3	15.8	15.7	:
EL	8.8	8.3	9.8	12.2	11.9	11.9	:
E	5.2	7.5	10.3	13.3	13.2	14.6	:
F (1)	10.5	14.2	14.5	15.8	15.6	15.5	16.2
IRL (2)	8.0	9.4	13.6	13.1	14.7	14.6	:
I	9.1	12.1	12.6	15.4	14.8	14.9	:
L	11.8	14.7	15.8	16.0	15.9	18.1	:
NL	8.9	7.7	10.8	10.2	13.6	16.1	:
A	13.0	10.2	14.0	15.3	14.3	17.4	:
P (1)	7.3	11.1	12.9	17.1	16.3	18.5	17.8
FIN	10.7	12.4	18.5	19.2	20.0	24.2	:
S	9.3	8.1	14.2	15.6	23.1	13.4	:
UK	12.0	6.8	14.0	14.8	14.9	13.9	:

(1) 1994.

(2) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Single people, whether living alone or with dependent children, spent a lower proportion of their expenditure on transport than other household types. This was particularly marked in the United Kingdom, where single parent families spent only 6.8% of their expenditure on transport compared to between 13.9% and 14.9% for families with two or more adults; this may in part be explained by the ownership and use of more than one car in the household (see table 1.23). Recreation and culture also generally form a lower proportion of expenditure for single people than larger households, although the differences between different household types are not as marked.

EXPENDITURE PATTERNS OF SELECTED POPULATION SEGMENTS

Older people

As people grow older not only does their expenditure fall (see table 1.11 on page 20) but their expenditure patterns change too. A much lower proportion of expenditure of households headed by a person aged over 59 is accounted for by transport (in particular the purchase and operation of motor vehicles) when compared with households of all ages. This difference amounted to between 1.9 (Sweden) and 6.0 (Finland) percentage points in 1999 (see table 1.24). Clothing and footwear, recreation and culture, and restaurants and hotels also played a less important part in the expenditure patterns of people aged over 59. On the other hand, housing and utilities increased in importance, as did expenditure on health.

Table 1.24: Difference in structure of expenditure between households headed by a person aged over 59 and all households, 1999 (percentage point difference compared to all households)

	B	DK	D	EL	E	F (1)	IRL (2)	I	L	NL	A	P (1)	FIN	S	UK
Food and non-alcoholic beverages	0.5	0.4	-0.6	3.1	2.9	2.5	1.3	2.4	1.5	0.8	1.9	4.1	2.3	0.7	1.6
Alcoholic beverages and tobacco	0.2	0.4	-0.2	-0.5	-0.2	-0.2	-1.4	-0.1	-0.1	0.0	-0.4	0.1	-0.8	-0.2	-0.5
Clothing and footwear	-1.9	-1.2	-0.6	-1.4	-0.4	-1.4	-1.8	-1.5	-0.6	-0.7	-0.9	-0.6	-1.5	-0.6	-1.7
Housing, water, electricity, gas and other fuels	6.5	7.5	3.6	4.1	5.0	3.8	9.8	4.7	5.2	5.9	3.9	1.9	8.3	4.2	9.5
Furnishings, household equip. & routine maintenance	0.5	-0.9	0.2	0.2	0.1	-0.3	-0.1	-0.3	-1.0	0.2	0.0	-0.6	-0.7	-0.1	0.5
Health	2.1	1.1	1.7	2.1	0.3	1.7	0.3	1.2	0.6	0.4	0.9	1.8	3.6	2.3	0.4
Transport	-4.9	-3.5	-3.2	-2.6	-4.0	-3.1	-3.0	-3.3	-3.9	-2.1	-4.0	-3.7	-6.0	-1.9	-3.0
Communication	-0.2	0.0	-0.1	-0.2	0.2	0.1	0.0	0.1	-0.3	-0.1	-0.1	0.3	-0.3	-0.5	-0.2
Recreation and culture	-1.0	-1.2	-0.1	-1.0	-1.3	-1.5	-	-1.3	-0.8	-1.2	-1.2	-0.7	-1.4	-0.1	-1.4
Education	-0.5	-0.2	-0.3	-1.7	-0.9	-0.4	-0.8	-0.3	0.0	-1.0	-0.2	-0.7	-0.1	-	-1.1
Restaurants and hotels	-0.6	-1.2	-0.3	-1.3	-1.8	-1.9	-1.6	-1.3	0.0	-1.0	-0.8	-1.9	-2.6	-1.7	-3.2
Miscellaneous goods and services	-0.7	-1.2	0.2	-0.7	0.1	0.7	-1.3	-0.4	-0.5	-1.2	1.0	0.2	-0.8	-2.0	-0.8

(1) 1994.

(2) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Low income households

Households in the lowest quintile group of the income distribution generally spent between 50% and 70% of the average spent by all households - Portugal was an exception to this rule with low income households spending 37.1% of average expenditure (see table 1.8 on page 18). Unsurprisingly the expenditure patterns of low income households are weighted towards food, housing and utilities (see table 1.25). A higher than average proportion of housing expenditure is accounted for by payments of rent, rather than imputed rent (an estimation of the rent the owner would pay in the case of rented accommodation), showing that this group are less likely to be owner-occupiers. Low income households also spend a higher proportion of total expenditure on tobacco products, though not on alcohol. On the other hand, like households headed by a person aged over 59, the purchase and operation of motor vehicles features less prominently in expenditure patterns, as do recreation and culture and restaurants and hotels.

What difference do children make?

Table 1.26 compares the expenditure patterns in 1999 of two adult households with and without dependent children. Some general points can be drawn, though these are also confounded by other life-cycle effects (for example, the group of two adult households will include young couples prior to having children, as well as older couples whose children are no longer dependent).

Housing and utilities take a lower share of expenditure for households with children in all Member States, as does health to a lesser extent. A higher share of expenditure goes on clothing and footwear (except Austria) and transport (though this is not the case in Denmark, Ireland or the Netherlands). In most Member States the share of food in the expenditure of households with children is higher than in those without children, although in Portugal, Greece, Spain, France and Italy it is lower (in Portugal by 4.8 percentage points). The impact of children on the share of expenditure accounted for by restaurants and hotels also differs between Member States. In five Member States there was less than 0.5 percentage points difference, but in Portugal, Spain, France and Greece, the share was more than 1 percentage point higher for households with children, whereas for the Netherlands it was 2 percentage points lower.

Table 1.25: Difference in structure of expenditure between low income households and all households, 1999
(percentage point difference compared to all households)

	B	DK	D	EL	E	F (1)	IRL	I	L	NL	A	P (1)	FIN (2)	S	UK
Food and non-alcoholic beverages	3.6	2.4	4.4	7.4	6.6	4.5	:	6.1	4.1	2.5	:	15.5	2.8	2.1	4.6
Alcoholic beverages and tobacco	0.6	0.7	1.1	1.6	1.0	0.7	:	0.6	0.9	0.4	:	1.7	1.0	0.7	1.8
Clothing and footwear	-0.6	0.2	-0.4	-1.4	-0.2	-0.3	:	0.1	-0.5	-0.4	:	-0.2	-0.5	0.3	-0.5
Housing, water, electricity, gas and other fuels	3.1	3.7	4.7	2.3	-2.3	4.8	:	-2.1	0.8	4.1	:	-2.8	5.5	4.3	4.1
Furnishings, household equip. & routine maintenance	-1.1	-1.7	-1.6	-1.6	-0.8	-1.8	:	-0.4	-1.1	-1.2	:	-0.9	-0.6	-1.4	-1.2
Health	1.3	0.0	-1.3	0.0	0.1	-0.4	:	0.3	0.4	-0.4	:	2.5	0.2	-0.8	-0.3
Transport	-3.0	-5.1	-4.8	-3.4	-0.8	-3.8	:	-1.6	-1.9	-1.8	:	-8.6	-7.3	-4.6	-4.3
Communication	0.5	1.0	1.0	0.1	-0.1	0.4	:	0.5	0.8	0.6	:	0.4	1.4	1.1	0.7
Recreation and culture	-1.9	0.5	-1.1	-1.8	-1.4	-1.6	:	-1.3	-1.7	-1.0	:	-1.2	-0.8	-0.5	-2.6
Education	-0.1	0.2	0.1	-0.9	-0.6	-0.1	:	0.0	0.1	0.8	:	-1.0	0.0	0.0	-0.3
Restaurants and hotels	-1.2	-0.3	-1.2	-1.5	-0.4	-2.0	:	-1.8	-1.6	-2.4	:	-3.5	-0.4	0.7	-1.0
Miscellaneous goods and services	-1.1	-1.8	-0.6	-0.9	-0.9	-0.6	:	-0.3	-0.1	-1.2	:	-1.7	-1.2	-1.9	-1.0

(1) 1994.

(2) Income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 1.26: Difference in structure of expenditure between 2-adult households and 2-adult households with children, 1999
(percentage point difference compared to 2-adult households with children)

	B	DK	D	EL	E	F (1)	IRL (2)	I	L	NL	A	P (1)	FIN	S	UK
Food and non-alcoholic beverages	1.0	1.3	1.8	-2.3	-1.8	-1.0	1.9	-0.1	1.2	1.6	0.7	-4.8	1.3	1.8	1.3
Alcoholic beverages and tobacco	-0.5	-1.6	0.5	-0.1	0.2	-0.2	-1.2	-0.1	-0.2	-0.6	-0.4	0.0	-0.4	-0.8	-0.4
Clothing and footwear	2.2	1.1	0.7	1.2	1.1	1.4	2.2	2.1	0.6	1.3	-0.1	1.3	2.0	0.8	1.4
Housing, water, electricity, gas and other fuels	-5.2	-3.0	-0.7	-5.7	-7.2	-3.3	-6.7	-6.0	-2.1	-1.5	-0.9	-4.3	-3.1	-3.1	-4.7
Furnishings, household equip. & routine maintenance	0.3	1.1	-0.7	-0.8	-0.3	1.1	0.3	-0.3	1.0	-0.1	0.4	0.5	-0.2	0.0	-0.3
Health	-1.3	-1.3	-1.4	-1.3	-0.6	-1.3	0.0	-1.0	-0.5	-0.2	-0.6	-2.8	-2.1	-2.1	-0.5
Transport	2.2	-0.6	0.4	2.4	3.0	1.2	-0.5	2.8	0.2	-0.7	1.3	4.2	0.8	1.4	0.8
Communication	0.4	-0.2	0.0	-0.3	-0.3	-0.3	-0.2	-0.1	0.2	0.0	0.4	-0.5	-0.1	0.3	0.1
Recreation and culture	0.3	-0.4	-0.5	1.2	1.6	1.1	:	1.2	0.4	-0.1	-0.3	1.5	0.1	-1.2	-1.0
Education	0.8	0.4	0.6	4.1	2.2	0.7	1.1	1.0	0.2	1.2	0.5	1.9	0.1	-0.2	2.2
Restaurants and hotels	-0.7	0.0	-0.8	1.1	2.3	1.7	0.4	0.4	-0.7	-2.3	-0.9	3.4	0.4	-0.3	0.3
Miscellaneous goods and services	0.5	3.3	0.2	0.4	-0.2	-1.1	2.0	0.1	-0.4	1.3	-0.1	-0.3	1.2	3.5	0.8

(1) 1994.

(2) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

1.3 RETAIL NETWORK, ADVERTISING AND DIRECT MARKETING

This sub-chapter provides an insight into the options open to consumers in terms of where and how they buy goods and services. The first part looks at the retail network and contrasts the importance of in-store and non-store retailing, specialised and non-specialised retailing and food and non-food retailing. Focus is then turned to a number of non-store retail formats, such as business to consumer (B2C) e-commerce. The sub-chapter concludes with information on advertising and direct marketing, two techniques that are used to encourage purchases, as well as to shape consumer attitudes and opinions.

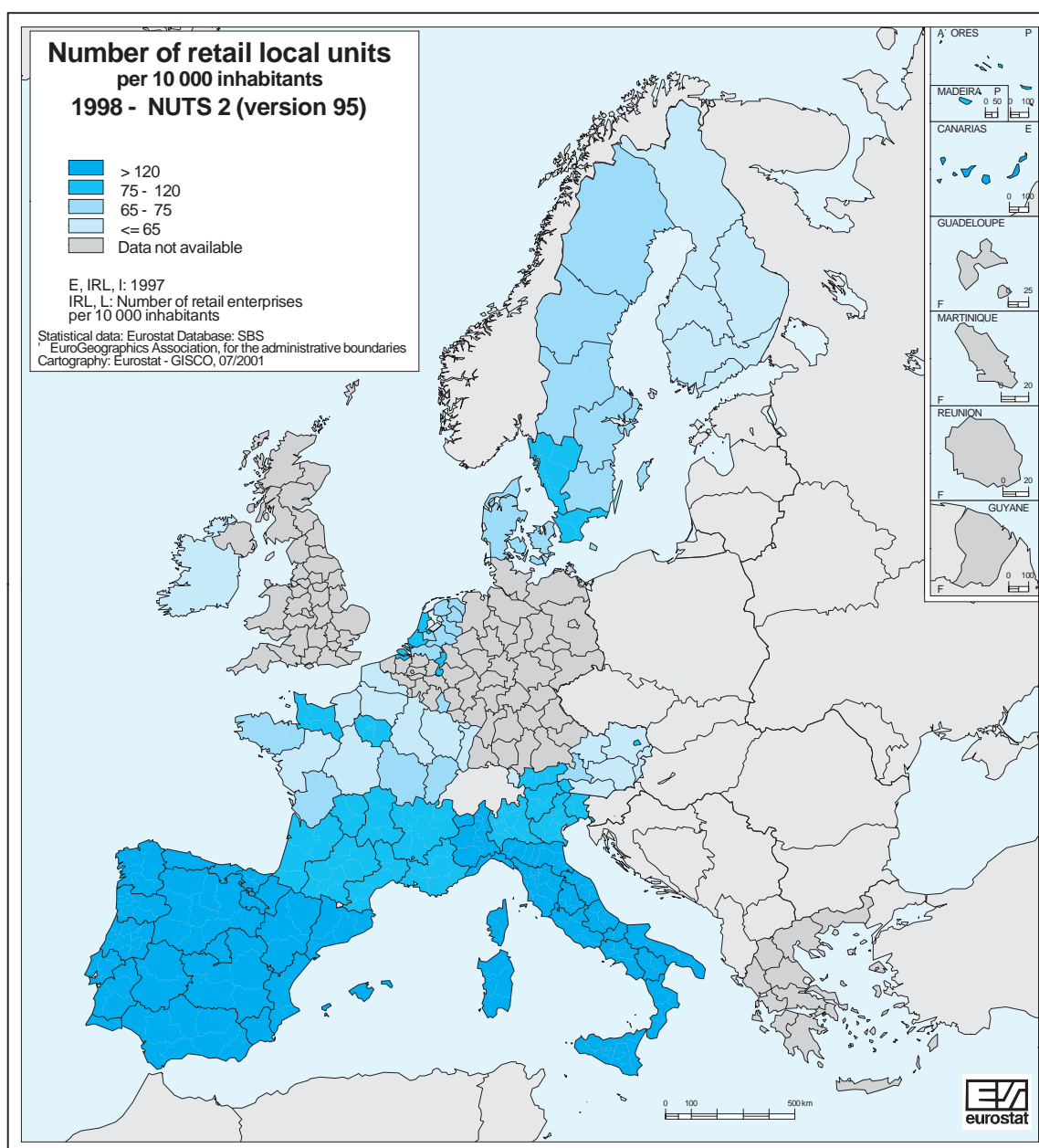


Table 1.27: Retail sales by activity, 1997 (%) (1)

	NACE Rev. 1	Share of all retail sales	Share of retail sales of food products
Retail trade	52	100.0	100.0
Retail sale in non-specialised stores	52.1	43.5	77.1
Food, beverages or tobacco predominating	52.11	37.9	74.8
Other	52.12	5.6	2.3
Retail sale in specialised stores	52.2, 52.3, 52.4	49.8	19.5
Retail sale of food, beverages and tobacco in specialised stores	52.2	6.7	17.4
Retail sale of pharmaceutical and medical goods, cosmetic and toilet articles in specialised stores	52.3	7.2	0.4
Other retail sale of new goods in specialised stores	52.4	35.9	1.7
Other retail activities	52.5, 52.6, 52.7	6.7	3.4

(1) Data covers DK, D, E, F, NL, P, UK and Norway; NL, excluding NACE Rev. 1 52.12 and 52.3; D, excluding NACE Rev. 1 52.7.
Source: Eurostat, Structural Business Statistics (theme4/sbs)

1.3.1 THE EUROPEAN RETAIL NETWORK

IN-STORE RETAILING

Estimates for 1996 indicate that there were close to 3 million retail enterprises (Division 52 of NACE Rev. 1) in the EU of which around 80% were specialised retail stores (Groups 52.2, 52.3 and 52.4) and 10% non-specialised retail stores (Group 52.1). The remainder sold second hand goods, did not sell in stores or carried out repairs. Data from eight EU Member States shows that over 99% of retail enterprises had less than 50 persons employed. Very small enterprises, with less than 10 persons employed, accounted for more than half of the retail sales in 1997 in Italy (60%) and Spain (55%) compared to just over a quarter of the total in 1998 in Denmark (26%), Austria (27%), Finland (27%) France (29%) and Sweden (29%).

A special study based on data for 1997 focused on the products sold by retail enterprises. Results for eight European countries⁹ show that 77% of food products were sold in non-specialised stores (such as supermarkets) and 17% in specialised food stores (see table 1.27). Conversely, three-quarters of non-food products were sold in specialised stores. There were a number of products that were sold predominantly, if not exclusively, through specialised stores, for example 94% of pharmaceutical products were sold in pharmacies and 70% of clothing in clothes stores (see table 1.28). At the other end of the scale, only 11% of bakery products were sold through specialist stores.

(9) DK, D, E, F, NL, P, UK and Norway.

Table 1.28: Share of retail trade turnover generated by stores specialising in these products, 1997 (%) (1)

Fruit and vegetables	13.6
Meat and meat products	29.4
Fish, crustaceans and molluscs	30.0
Bread, cakes and confectionery	11.1
Beverages	16.5
Tobacco products	36.5
Other food, including dairy products	4.3
Pharmaceuticals	94.1
Medical and orthopaedic products	39.6
Perfumes and beauty products	27.9
Textiles	23.4
Clothing	69.5
Footwear and leather goods	65.9
Furniture, household equipment	60.9
Household electrical appliances, radios and televisions	60.2
Hardware, paint and glass	67.5
Books, magazines, stationery	52.8

(1) Data presented covers DK, D, E, F, NL, P, UK and Norway.
Source: Eurostat, Structural Business Statistics (theme4/sbs)

Table 1.29: Ranking of the top 30 international grocery retailers, 2000

	Country	Sales (€ million)	Grocery sales (%)	Foreign sales (%)
Wal-Mart	US	199,096	39.8	17
Carrefour	F	64,791	71.0	48
Ahold	NL	52,471	91.1	82
Kroger	US	50,990	91.0	0
Metro	D	48,235	48.2	44
Albertson's	US	38,999	90.0	0
Kmart	US	38,531	36.0	0
Tesco	UK	34,400	86.5	10
Safeway	US	33,275	92.0	11
Rewe	D	33,193	73.4	20
Costco	US	32,905	41.0	15
Aldi	D	31,000	84.2	41
ITM Enterprises	F	30,600	82.3	31
Ito-Yokado	JP	30,235	46.0	30
Dalei	JP	28,296	35.0	1
Jusco	JP	26,678	49.0	9
Sainsbury	UK	25,603	90.0	15
Edeka	D	24,669	84.5	10
Tengelmann	D	24,432	65.0	49
Auchan	F	23,620	71.3	30
Leclerc	F	21,000	52.4	2
IGA (Supervalu)	US	20,812	75.0	25
Casino	F	19,049	75.0	24
Delhaize "Le Lion"	B	18,168	92.8	84
Mycal	JP	16,788	27.0	1
Lidl & Schwarz	D	16,477	83.4	30
Coles Myer	AU	14,604	57.0	1
Winn-Dixie	US	14,254	98.0	0
Marks & Spencer	UK	12,895	40.4	15
Safeway	UK	12,882	93.0	0

Source: M+M Planet Retail

Table 1.30: Median expenditure of on-line shopping per month, 1999 (€ per regular user of on-line shopping)

DK	117
D	73
E	59
F	76
IRL	42
I	78
FIN	84
S	37
UK	74

Source: E-commerce data report, Empirica, 2000; available at <http://www.empirica.com>**INTERNATIONALISATION OF THE RETAIL NETWORK**

Traditionally national retail markets within Europe have been served by a mixture of local shops and national chains. An expansion by national groups from EU countries into other markets within the EU and into Eastern Europe has been witnessed in recent years, particularly during the 1990s.

In 2000 the world's thirty largest grocery retailers had combined sales in excess of €1 trillion¹⁰. These food multiples, collectively accounted for 10% of the global retail market. Recently the EU retail market has seen competition from groups originating from outside of the EU, most notably the arrival of the world's largest retailer in Germany in January 1998 and in the United Kingdom in July 1999 (see table 1.29).

NON-STORE RETAILING**E-commerce**

Care has to be taken with any estimates of the size of e-commerce, as attempts to collect this information from business surveys suffer from intrinsically outdated survey frames and from the various definitions that can be applied to e-commerce. Internationally harmonised and comparable statistics in this area are few and far between (but are undergoing major development work). The basic working definition of e-commerce is that it includes all goods and services ordered over computer mediated networks (such as the Internet); the payment and/or delivery of the products may or may not be made over such a network.

A compilation from private sources presented in an OECD report from June 2000 estimated EU wide business to consumer (B2C) e-commerce in 1999 to be valued in excess of €3.3 billion (see table 1.31). In Sweden, the country with the highest penetration rate in the EU, this still represented less than 1% of total retail sales. Despite its small scale, this type of retailing is of particular interest because of its exponential growth, with most Member States recording growth in excess of 150% between 1998 and 1999 and several recording sales having trebled.

Table 1.32 shows the use made of the Internet for ordering goods and services, as reported in ten EU¹¹ countries in Empirica's report on e-commerce. Amongst the selected products, tickets (admission, accommodation or travel) were the most common order made through the Internet by consumers. More information on other uses of the Internet can be found in sub-chapter 6.3.

(10) M+M Planet Retail.

(11) B, EL, L, A and P were not covered.

Table 1.31: B2C e-commerce, main indicators

	Value of transactions, 1999 (€ million)	Value of transactions growth rate (1999/98) (%)	Penetration rate, share of retail sales (%)	Number of buyers, end 1998 (thousands)	Number of buyers as a share of Internet users (%)	Number of buyers as a share of working age population (%)
B	77	447	0.16	90	11	1.3
DK	43	237	0.20	90	8	2.5
D	1,125	216	0.30	1,370	13	2.4
EL	:	:	:	30	11	0.4
E	66	200	0.06	220	11	0.9
F	324	231	0.14	310	8	0.8
IRL	:	:	:	40	13	1.6
I	182	158	0.09	360	12	0.9
NL	171	226	0.34	320	13	3.0
A	90	226	0.23	120	13	2.2
P	66	200	0.06	50	11	0.7
FIN	48	173	0.22	160	10	4.7
S	218	184	0.68	260	10	4.6
UK	976	300	0.37	970	11	2.5

Source: OECD secretariat, Boston Consulting Group, Warburg Dillon Reed in E-commerce: impacts and policy challenges by Jonathan Coppel, 23 June 2000

Table 1.32: Proportion of individuals that use on-line services to order selected products, 1999 (%) (1)

		DK	D	E	F	IRL	I	NL	FIN	S	UK
Admission tickets	Regular user	2.4	0.8	0.3	1.6	0.5	0.4	0.8	1.9	4.2	1.3
	Occasional user	2.3	2.8	0.9	3.4	1.0	1.5	2.9	3.3	4.5	1.8
Computer software and hardware	Regular user	2.5	2.0	0.2	0.8	1.1	0.8	1.9	3.2	2.2	1.9
	Occasional user	3.1	3.4	0.9	2.4	1.5	1.3	3.4	3.0	2.6	3.3
Books and audio-visual media	Regular user	2.5	1.1	0.8	2.5	1.4	0.8	3.4	3.1	2.8	2.5
	Occasional user	3.4	3.1	1.3	2.9	2.3	1.1	3.0	1.9	7.1	3.3
Food, clothing, household goods	Regular user	0.8	0.0	0.0	1.8	0.4	0.1	0.4	0.8	1.0	0.4
	Occasional user	0.9	1.2	0.2	2.7	0.6	0.2	1.7	1.4	2.6	1.2
Book holidays, hotel accommodation	Regular user	3.5	1.0	0.0	3.7	1.6	0.8	1.7	2.1	2.9	1.7
	Occasional user	3.7	2.9	0.3	5.2	1.4	0.9	2.5	1.7	3.7	1.9
Other goods and services	Regular user	2.7	1.3	0.3	1.2	0.9	1.0	1.5	0.2	2.7	1.1
	Occasional user	1.1	1.1	0.3	3.0	1.1	1.3	2.3	3.9	3.6	1.9
Order paid on-line services	Regular user	1.6	0.8	0.4	1.0	1.5	0.7	1.7	2.5	0.8	1.1
	Occasional user	1.9	1.1	0.4	3.0	0.9	1.0	0.6	2.1	0.5	2.1
Download chargeable information	Regular user	4.1	1.9	1.0	1.5	2.8	0.8	5.5	1.3	0.7	3.0
	Occasional user	3.1	2.9	1.6	2.3	2.4	1.4	6.5	1.9	2.3	3.7
Make payments	Regular user	2.1	0.8	0.2	3.7	2.0	0.9	4.0	4.6	1.0	3.2
	Occasional user	2.2	1.7	0.6	4.2	1.5	1.4	3.0	1.7	1.9	4.0

(1) Data not available for missing countries.

Source: Empirica, E-commerce data report (population survey), 2000

Table 1.33: Share of mail-order in total retail trade sales (%) (1)

	Year	Share
D (2)	1998	5.5
UK	1998	3.6
A	1998	3.0
F	1998	2.6
S	1998	2.1
B	1998	1.4
NL (3)	1995	1.4
FIN	1998	1.4
DK	1998	0.9
IRL	1997	0.8
E	1997	0.7
I	1997	0.4
P	1998	0.3

(1) Share of NACE Rev. 1 Class 52.61 in Division 52; data not available for missing countries.

(2) Retail trade, excluding repair.

(3) Retail trade, excluding pharmacies.

Source: Eurostat, Structural Business Statistics (theme4/sbs)

Table 1.34: Average value of direct selling, 1999 (€ per inhabitant)

UK	24.7
D	23.1
FIN	19.0
F	18.7
EU-15 (1)	17.1
A	16.1
E	15.1
I	13.1
S	12.4
B	8.1
NL	7.5
L	6.3
P (2)	5.8
EL (2)	5.7
DK	5.5
IRL	5.0

(1) EL and P, 1998.

(2) 1998.

Source: FEDSA (Federation of European Direct Selling Associations); available at <http://www.fedsa.be>

Mail order

Table 1.33 shows that mail order accounted for an important share of retail sales in Germany, the United Kingdom, Austria and France. A longer time-series from the European Mail Order and Distance Selling Trade Association (EMOTA) for twelve Member States¹², shows that mail order sales in the EU were stable or growing in each year between 1992 and 1998, with an annual average growth rate of 4% over the period.

Direct selling

FEDSA (Federation of European Direct Selling Associations) estimate that each European made an average of €17.1 of purchases through direct sales in 1999. The United Kingdom (€24.7) and Germany (€23.1) registered the largest amount of purchases per inhabitant in value terms, the same two countries that had the highest propensity to use mail-order shopping (see table 1.34).

According to a report by PricewaterhouseCoopers for FEDSA¹³, the most common product categories for direct selling purchase in 1998 were either household goods (for example, cleaning products) or personal goods (for example, cosmetics), although direct sales of books were common in Spain (see table 1.35).

The same report detailed that in the United Kingdom the main reasons for purchasing through direct selling were the need for a particular product, its appeal, convenience or value for money. Men and young persons generally replied that the main reason they used direct selling was that it was good value for money, whilst women and older persons thought that the main advantages of direct selling were its convenience and that the products had a high degree of appeal (see table 1.36).

(12) EL, IRL and L were not covered.

(13) Socio-economic impact of the direct selling industry in the European Union, editorial summary available at <http://www.fedsa.be>; survey conducted in D, E, F, I, S and UK.

Outdoor markets

In the statistical classification of activities, markets and stalls are grouped together within NACE Rev. 1 Class 52.62. From the data available in table 1.37 it is possible to note that these activities accounted for a significantly higher proportion of retail trade sales in Italy, Spain and France than, for example, in the Nordic countries.

Markets in France

In March 1999, INSEE published a report¹⁴ on the type of outlets used to buy food products in France. The data for 1998 show that 29% of households in France used a market (or mobile sales) at least once per week, compared to 83% for hyper and supermarkets, whilst 12% of consumers used a market at least twice a week. Almost 50% of market shoppers were over 60 years of age - by comparison only 4% were under 30.

Petrol retailing

The European Petroleum Industry Association (Europia) estimates that EU retail sales of petroleum were equal to 238 million m³ in 1998, equivalent to just over 630 litres per inhabitant. Nearly three-quarters (74%) of sales came from retail outlets supplied by the major brands, 5% from supermarkets and hypermarkets and one-fifth (21%) through other suppliers.

Petrol retailing in the United Kingdom

Between 1990 and 1998 there have been significant changes in the petrol retailing market of the United Kingdom that have had a direct impact on the consumer. The most important of these has been the increased presence of supermarkets. During the 1990's the supermarkets' share grew from 5% to just over 25% of all petrol sales, their economies of scale providing them with a cost advantage that was often, at least partially, passed on to the consumer.

(14) INSEE premiere N° 636, March 1999; methodological note - the survey was carried out in June 1998 and there may well be a seasonal effect which leads to an over-estimation of the importance of markets.

Table 1.35: Direct selling by product category, 1998 (% of total)

	D	E	F	I	S	UK
Services	4	0	7	3	0	14
Family	9	59	15	22	18	18
Household	51	16	25	34	30	23
Health	0	2	7	7	25	6
Personal	13	23	21	17	27	35
Other	23	0	25	17	0	4

Source: Socio-economic impact of the direct selling industry in the European Union, PriceWaterhouseCoopers for FEDSA (Federation of European Direct Selling Associations); available at <http://www.fedsa.be>

Table 1.36: Consumer attitudes to direct selling in the United Kingdom - main reasons for purchase through direct selling (%) (1)

	Age						
	Total	Male	Female	16-34	35-54	55-64	>65
Product need and appeal	77	60	85	75	85	71	75
Convenience	71	50	83	68	69	71	88
Value for money	64	80	56	79	54	43	50
Service provided	39	30	44	39	23	43	63
Company image	20	30	14	21	23	29	0
Sales person image	18	20	17	11	23	29	25

(1) Respondents were asked to select the three main reasons.

Source: Socio-economic impact of the direct selling industry in the European Union, PriceWaterhouseCoopers for FEDSA (Federation of European Direct Selling Associations); available at <http://www.fedsa.be>

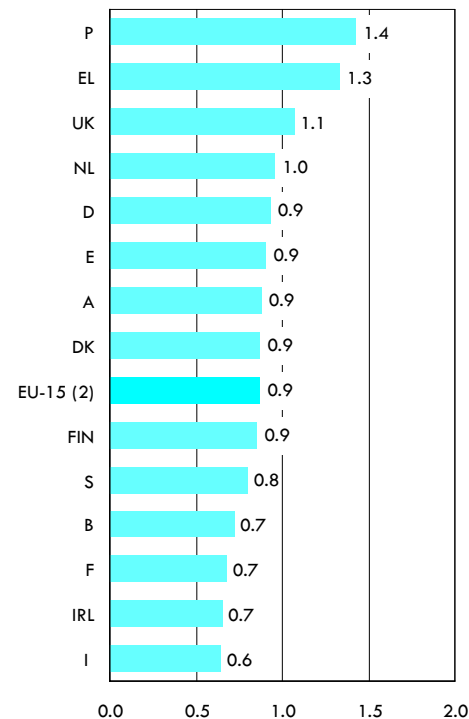
Table 1.37: Share of outdoor markets in total retail trade sales (%) (1)

	1997	1998
B	0.8	0.9
DK	0.1	0.1
E	1.3	:
F	1.2	1.2
IRL	0.0	:
I	2.4	:
A	0.1	0.1
P	0.7	0.5
FIN	0.1	0.1
S	0.1	0.1
UK	0.2	0.1

(1) Share of NACE Rev. 1 Class 52.62 in Division 52; data not available for missing countries.

Source: Eurostat, Structural Business Statistics (theme4/sbs)

Figure 1.10: Advertising expenditure as a percentage of GDP, 1999 (%) (1)



(1) No adjustment for different measures of compilation, therefore figures are not always directly comparable; L, not available.
(2) Excluding L.

Source: Western European Market and Mediafact, Zenithmedia

1.3.2 ADVERTISING AND DIRECT MARKETING

Advertising and direct marketing are techniques used to influence consumer choice. They help to shape opinions and attitudes, as well as to encourage purchases. The data presented in this section comes from non-official sources and it is important to note that there may be differences between national methodologies. Furthermore, the activities of advertising and direct marketing overlap to some degree and hence there is likely to be some double-counting in the figures presented.

ADVERTISING

Advertising expenditures accounted for between 0.6% (Italy) and 1.4% (Portugal) of GDP in the EU in 1999 (see figure 1.10). Total expenditure on advertising in the EU is estimated to have been equal to €68.9 billion in 1999, equivalent to €184 for each inhabitant.

There are many ways to categorise the activity of advertising: a distinction can be made between brand advertising and product advertising, or between regular advertising (to maintain awareness) and special one-off campaigns (employed for product launches). No matter which is employed, a broad range of enterprises use advertising to promote their products and services (for example, from retail groups to manufacturers and from financial service providers to travel agencies).

There are a large number of media available to advertisers, although during the past decade there has been a progressive movement away from mass media advertising towards target-specific advertising. Nevertheless, national daily newspapers and commercial television stations remain the most popular mediums for disseminating advertisements and increasing consumer awareness (see table 1.38). The broad range of media available to advertisers allows them to reach niche markets, targeted as closely as possible to the profile of consumers, in terms of age, sex, occupation and income group. Advertisers will weigh the costs of reaching a large number of consumers against the likelihood that they are targeting the correct audience (see table 1.39).

Table 1.38: Breakdown of total advertising expenditure by medium, 1999 (share of total adspend, %) (1)

	Total adspend (€ million)	Daily newspapers	Commercial television	Magazines	Outdoor sites	Commercial radio	Cinema
EU-15 (2)	68,932	36.1	30.9	20.7	6.3	5.2	0.8
B	1,674	23.6	41.3	14.8	9.5	9.2	1.5
DK (3)	1,418	51.9	17.1	3.9	24.9	1.8	0.5
D	18,457	44.2	23.4	24.0	3.7	3.8	0.9
EL	1,557	17.2	41.2	25.6	10.9	4.6	0.5
E	5,038	30.4	41.7	13.4	4.3	9.3	0.8
F	9,190	17.7	29.2	33.4	11.9	7.0	0.7
IRL	570	48.2	30.4	3.5	8.5	8.6	0.9
I	7,003	22.6	52.8	14.8	4.1	5.3	0.6
L	:	:	:	:	:	:	:
NL	3,537	48.2	17.1	25.7	3.2	5.4	0.4
A	1,728	31.5	24.6	27.7	6.9	8.8	0.5
P	1,453	11.2	57.6	14.6	8.7	7.3	0.5
FIN	1,023	56.5	20.1	16.7	3.2	3.4	0.2
S	1,786	55.6	21.8	14.1	4.5	3.5	0.4
UK	14,497	39.6	32.6	17.2	5.4	4.1	1.1

(1) No adjustment for different measures of compilation, therefore figures are not always directly comparable.

(2) Excluding L.

(3) Outdoor sites include free magazines, directories, annuals and trade press.

Source: Western European Market and Mediafact, Zenithmedia

Table 1.39: Cost and reach of advertising, 1999 (€)

	Most viewed commercial television channel (1)		Most popular national daily newspaper (2)		Most listened to commercial radio channel (3)	
	Cost of a 30 second prime time advert	Cost of reaching 1,000 inhabitants	Cost of a full page black and white advert	Cost of reaching 1,000 inhabitants	Cost of a 30 second prime time advert	Cost of reaching 1,000 inhabitants
B	8,087	13.0	17,848	23.3	1,934	3.6
DK	11,701	19.6	15,026	19.8	941	3.8
D	39,197	13.2	232,732	20.8	5,150	3.4
EL	4,850	7.3	4,298	41.0	614	5.5
E (4)	18,029	5.1	13,672	9.4	5,171	3.6
F	56,307	9.7	67,000	32.4	7,119	3.0
IRL	3,809	9.6	20,316	31.6	1,417	3.2
I	60,000	8.9	85,272	31.1	5,120	3.6
L	:	:	:	:	:	:
NL	5,197	5.8	35,800	15.6	1,455	3.1
A	8,396	12.5	22,333	7.9	2,793	2.7
P	14,608	11.6	5,739	8.1	873	3.0
FIN	6,307	9.6	14,397	11.6	310	2.2
S	11,013	14.1	11,544	15.0	849	5.1
UK	80,380	11.5	55,837	5.8	1,834	3.5

(1) B: VTM; DK: TV2; D: RTL; EL: Mega; E: TVE1; F: TF1; IRL: RTE1; I: Rai 1; NL: NL 1; A: ORF 1; P: SIC; FIN: MTV3; S: TV4; UK: ITV.

(2) B: Het Laatste Nieuws; DK: Jyllandsposten; D: Bild; EL: Ta Nea; E: El Pais; F: Le Parisien; IRL: Irish Independent; I: Corriere Della Sera; NL: De Telegraaf; A: Kronen Zeitung; P: Jornal de Noticias; FIN: Helsingin Sanomat; S: Aftonbladet; UK: The Sun.

(3) B: Radio 2; DK: Nordisk Radio Reklame; D: Funk Combi Nord; EL: Sky; E: Ser; F: RTL; IRL: RTE Radio 1; I: Rai Radio 1; NL: Sky Radio; A: ORF Regional; P: Renascença Canal 1; FIN: Radio Nova; S: Radiobokningen; UK: Classic FM.

(4) Cost of a 20 second television advert.

Source: Western European Market and Mediafact, Zenithmedia

DIRECT MARKETING

Direct marketing is defined by FEDMA (Federation of European Direct Marketing) as, “part of the commercial communications sector... used to sell products at a distance, provide customer care, raise funds, inform customers of offers (sales promotion), etc”. As such, the activity is a hybrid that includes elements of advertising, retail distribution, customer database management and customer services.

Direct marketing operations may be categorised as: direct mail (any piece of promotional material delivered to a consumer via a postal operator); teleservices (the use of the telephone to generate sales or maintain a relationship with a consumer); or direct response advertising (commercials spread over a variety of mediums with a response mechanism, such as a coupon, freephone number or Internet address).

FEDMA estimates that total direct marketing activities in the EU were worth €42.1 billion in 1999, equivalent to €116.5 per inhabitant. The Netherlands was the most mailed country in the EU in 1999, with each person receiving an average of 669 pieces of direct mail (577 of which were unaddressed). In neighbouring Belgium, each inhabitant received an average of 107 items of addressed mail, which was the highest figure recorded in the EU. At the other end of the scale, Spanish residents received an average of only 2 items of unaddressed mail and Portuguese citizens an average of 19 items of addressed mail. There was rapid growth in on-line (Internet) and telephone marketing during the late 1990s, although this form of direct marketing is still a distant second to direct mail in the majority of Member States, the exceptions being those with high Internet penetration rates, such as the Netherlands (see table 1.40).

Table 1.40: Summary of direct marketing spend and volume of direct marketing per capita, 1999

	Volume per inhabitant (items)			Spend per inhabitant (€)		
	Addressed	Unaddressed	Total	Direct mail	Teleservices	Total
EU-15 (1)	67.1	223.5	290.6	72.9	43.6	116.5
B	106.6	:	106.6	64.0	:	64.0
DK	49.3	350.8	400.2	71.3	:	71.3
D	78.0	188.9	267.0	102.2	31.2	133.4
EL	:	:	:	:	:	:
E	21.7	1.6	23.3	55.3	11.0	66.3
F	70.0	307.2	377.2	99.1	10.1	109.2
IRL	27.0	59.0	86.0	14.2	7.5	21.6
I	:	:	:	:	:	:
L	:	:	:	:	:	:
NL	92.0	577.1	669.1	136.3	323.8	460.1
A	83.3	447.7	531.0	136.0	:	136.0
P	18.9	63.7	82.6	4.2	:	4.2
FIN	98.8	214.7	313.5	89.0	:	89.0
S	68.4	318.7	387.1	79.7	:	79.7
UK	73.0	:	73.0	53.8	76.3	130.1

(1) Average of available countries.

Source: 2000 Survey on Direct Marketing Activities in the European Union, FEDMA (Federation of European Direct Marketing)

1.4 PRICES AND INDIRECT TAXES

The first part of this sub-chapter looks at why prices may vary between countries in the EU and at consumer price inflation. Part of the price of a product, sometimes a significant share, is made up of indirect taxes (VAT, excise or other taxes) and this phenomenon is dealt with in the second part.

1.4.1 PRICES

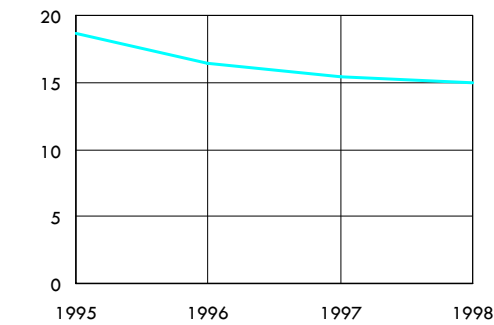
Prices show how much a purchaser has to pay for an item. The rate of change of prices of goods and services reflects the price inflation faced by consumers. As well as being interested in rising or falling prices, consumers may also be interested in price comparisons between suppliers, for example between different types of retailers (supermarkets, corner shops or e-commerce) or between geographical regions or countries. This interest may be from an abstract perspective, to compare a consumer's own cost of living to that of someone in another country, or more practically to target locations for better prices. Consumer interest in better prices may relate to either big ticket items such as cars (that may justify a specific trip) or to bargains on smaller items, which may be purchased whilst on holiday or during occasional cross-border shopping trips. Methodological notes on the compilation of the price level indices, the harmonized index of consumer prices and scanner data used to look at price comparisons over time and between markets can be found at the end of this publication.

PRICE DISPERSION - WHY IS THERE NOT JUST ONE PRICE FOR EACH PRODUCT IN THE EU?

Prices of products in different countries could be compared simply by converting them into a common currency using ordinary exchange rates. The introduction of the euro (€) will help consumers to make cross-border comparisons within the euro-zone. However, a comparison based on the use of Purchasing Power Standards (PPS)¹⁵ and resulting price level indices (PLIs) reflects more accurately the relative price level differences between the countries. In reality, consumers can rarely pick and choose in which country to purchase goods and services on a regular basis.

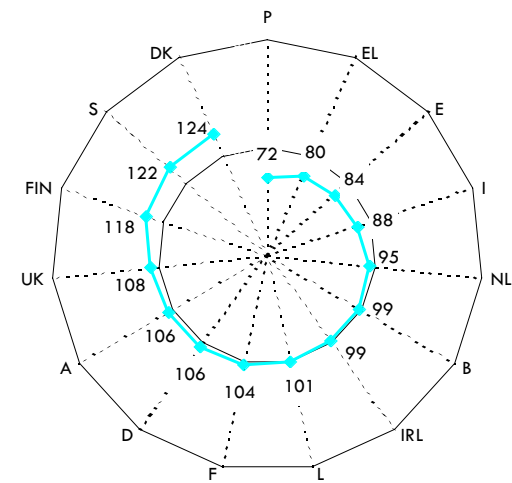
(15) See methodological notes on page 283 for an explanation of PPSs.

Figure 1.11: Price dispersion, standard deviation of the price level index for private final consumption in the EU (%)



Source: Eurostat, Price level indices (theme2/price)

Figure 1.12: Price level indices for private final consumption, 1998 (EU-15=100)



Source: Eurostat, Price level indices (theme2/price)

The creation of the Single Market on 1 January 1993 was accompanied by convergence in prices across national borders. However, despite the existence of the Single Market for several years, price levels still differ between Member States. In 1998, price levels for private final consumption in the EU, measured by price level indices, ranged from 72% of the EU average in Portugal to 124% in Denmark (see figure 1.12). Between 1995 and 1998 there was convergence in relative price levels in the EU (see figure 1.11). This phenomenon is likely to be reinforced within the euro-zone as greater transparency in price differentials is expected, following the introduction of the single currency.

Price dispersion remains in the EU for a number of reasons, amongst which are tax differentials, transportation and information costs, regional and national preferences, different retail structures and the degree of market competition. The relative price levels of household final consumption of goods and services are shown in table 1.41. This shows low prices in a group of southern European countries (Portugal, Greece, Spain and Italy), a large group of countries with relative price levels close to the EU average (of 100) made up of the Netherlands, Belgium, Ireland, Luxembourg, France, Germany, Austria and the United Kingdom and a high price group of the three Nordic countries.

Greater price convergence for goods than for services

Price dispersion can be measured by the standard deviation of the price level indices of the fifteen Member States. Results for 1998 and provisional results for 1999 show that price dispersion is generally lower for goods than for services, and generally lower for durable and semi-durable goods than for non-durables. This can be clearly seen when looking at the price levels of transport services or certain food and beverage items in table 1.41.

Goods and services that are regulated also tend to have high levels of price dispersion, as markets may be protected from competition and prices may be set independently of market conditions (for example, fuel and power). Products with a strong national (or regional) preference may also be expected to show high price dispersion.

Table 1.41: Price level indices, 1998 (EU-15=100) (1)

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Private final consumption	99	124	106	80	84	104	99	88	101	95	106	72	118	122	108
Food, beverages, tobacco	100	131	101	83	78	103	111	96	94	93	104	77	120	126	114
Food	102	129	106	85	83	107	99	98	106	94	108	82	110	118	99
Bread and cereals	98	138	110	81	99	108	99	92	102	84	112	72	125	130	89
Meat	103	132	117	68	74	110	90	94	111	108	108	72	100	112	97
Fish	111	110	114	91	84	107	91	101	108	90	130	114	83	107	94
Milk, cheese and eggs	111	104	87	99	88	106	115	109	96	91	97	89	104	108	109
Oils and fats	109	133	110	109	81	107	95	96	114	84	121	86	121	125	100
Fruits, vegetables, potatoes	96	134	107	78	80	108	109	97	116	91	104	74	114	124	110
Other food	98	139	95	112	88	101	96	104	97	92	110	108	126	125	97
Beverages	96	132	88	92	65	91	146	87	85	96	95	67	165	150	146
Non-alcoholic beverages	105	165	101	92	65	78	125	79	84	96	87	90	135	140	144
Alcoholic beverages	93	123	85	91	66	96	154	92	86	97	98	64	173	153	147
Tobacco	90	141	96	70	60	94	137	95	69	87	92	65	124	153	172
Clothing and footwear	114	97	109	102	92	96	84	90	115	104	110	85	98	102	107
Clothing including repairs	113	92	106	101	93	97	84	92	113	102	108	85	96	101	107
Footwear including repairs	119	119	122	109	92	94	88	84	123	114	122	86	108	104	109
Gross rents, fuel and power	101	125	128	71	77	111	104	70	125	91	100	46	127	126	100
Gross rents	102	119	135	72	75	113	111	63	142	91	100	33	139	136	106
Fuel and power	99	155	107	72	86	107	85	107	85	96	106	113	91	98	86
Household equipment and operation	97	107	101	88	91	103	93	99	105	96	103	77	93	109	106
Furniture, floor coverings and repairs	88	91	101	93	101	96	111	114	101	99	92	96	83	95	95
Household textiles and repairs	127	94	107	87	85	112	110	87	122	111	112	64	79	97	124
Household appliances and repairs	103	111	104	88	88	103	96	90	103	91	123	82	109	109	106
Other household goods and services	96	129	100	85	88	108	82	93	107	91	108	74	104	133	112
Medical and health care	90	128	106	63	103	100	99	100	111	76	121	99	132	148	99
Transport and communication	97	130	97	71	84	103	104	88	86	105	109	89	112	113	120
Personal transport equipment	89	171	92	120	95	98	119	92	88	112	94	120	128	100	119
Operation of transport equipment	96	120	96	72	77	104	94	90	89	102	116	78	111	122	126
Purchased transport services	97	117	114	44	79	114	100	73	81	109	98	60	113	143	118
Communication	134	86	100	83	89	98	119	91	81	97	140	114	89	94	112
Recreation, education and culture	103	115	97	90	97	106	93	104	95	89	107	79	119	118	99
Recreational equipment and repairs	99	116	94	98	98	109	101	98	97	86	97	90	122	113	103
Recreational and cultural services	114	103	97	75	92	107	82	109	93	89	116	70	104	111	101
Books, newspapers, magazines	99	144	104	115	105	95	96	104	90	103	97	78	144	147	82
Education	108	116	97	88	103	109	93	109	97	90	111	80	119	118	98
Miscellaneous goods and services	97	135	102	86	87	106	92	90	96	101	107	70	121	135	110
Restaurants, cafés and hotels	100	140	105	95	88	102	86	92	100	98	101	68	122	138	112
Other goods and services	94	131	98	72	85	112	103	87	91	102	118	72	121	130	107

(1) Bold indicates the country with the lowest price level, blue indicates the country with the highest price level.

Source: Eurostat, Purchasing power parities (theme2/price)

Remaining price differences matter to consumers

Results from two pilot surveys to collect price data using bar code readers have been analysed by the Directorate-General of the European Commission for the Internal Market¹⁶. The surveys looked at fresh food and consumer electronics.

The analysis shows that considerable price differences continue to exist across the EU. Price differences were considerably larger for non-durables (for example, fresh food) than for durables (for example, consumer electronics) - as seen for price level indices earlier in this sub-chapter. It also shows that VAT differences were not the main cause of price dispersion. Even if prices are considered exclusive of VAT, large price variations were found across the Member States.

The surveys allow a comparison of regional price dispersion inside the Member States, as well as price dispersion across the Member States. The results show that price differences across Member States were usually three times higher than regional price differences within the Member States for consumer electronic products.

These price differences matter to consumers. By selecting a basket of television and video recorders, and assuming that consumers can always buy them in the cheapest country, the analysis shows that Spanish consumers could save as much as 20%. On average, EU consumers could save around 12%.

(16) Internal Market Scoreboard N° 8, Directorate-General of the European Commission for the Internal Market, May 2001, available at http://europa.eu.int/comm/internal_market/en/update/score/score8en.pdf.

Table 1.42: Relative price level indices, 1999 (country average for each product group = 100) (1)

		B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Toothpaste	PE	94	:	102	108	76	88	109	101	:	101	101	76	95	124	126
Shampoo	PE	88	107	82	:	76	100	126	83	:	125	98	91	112	:	111
Butter	G	98	127	87	:	121	99	77	124	:	84	102	98	79	:	102
Flour	G	:	114	116	:	87	118	:	144	:	63	117	75	72	66	126
Ground coffee & coffee beans	G	82	87	80	129	54	107	178	75	:	69	:	98	87	108	145
Marmalade	G	80	154	100	:	79	:	81	88	:	65	119	142	119	97	75
Milk (UHT) full fat	G	65	:	75	:	78	121	:	126	:	64	113	84	137	106	133
Milk (UHT) half fat	G	90	:	97	:	82	103	:	123	:	88	:	80	139	99	:
Olive oil	G	126	:	94	81	51	108	113	69	:	89	118	58	166	127	:

(1) The table shows the price level in each Member State for a selection of supermarket products with respect to a simple EU-average. The prices used are average, yearly prices on the national level. In the data base used for the calculations two prices are quoted for each product: a popular size and a consistent size (across countries). In the calculations a weighted (volume) average of the two has been used. For the pan-European products (indicated by PE), the price level in the countries for one selected brand is shown. For the generic products (indicated by G) an average price of all generic products in the country has been calculated.

Source: Directorate-General of the European Commission for the Internal Market (Scanner data) based on AC Nielsen data

CONSUMER PRICE INFLATION

Care has to be taken when comparing changes in prices. When based on prices in a common currency, such as the euro, changes may result from real changes in the underlying prices faced by consumers or because of movements in exchange rates.

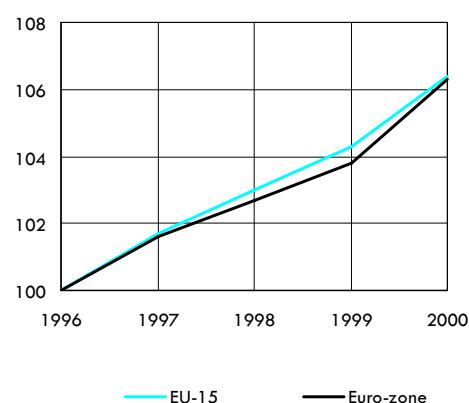
The all-items harmonized index of consumer prices grew by just under 6.5% between 1996 and 2000 in both the EU and the euro-zone (see figure 1.13). Prices had risen less in the euro-zone up to 1999, but an increase of 2.3% in 2000 (compared to 2.1% in the EU) brought the 4-year absolute growth rates together.

Inflation in the United States was systematically higher between 1996 and 2000 than in the EU which in turn, with the exception of 1997, recorded systematically higher consumer price inflation than Japan (see table 1.43). In 2000, Japan recorded a fall in the annual consumer price index (deflation) for the second year running, the first time this has occurred since the present time series was introduced in 1971.

Falling prices in communication goods and services

Decomposing the all-items index it is possible to identify two groups of products and services where prices were rising most and least. From 1996 to 2000, education services recorded a 15.7% price increase in the EU, alcoholic beverages and tobacco 13.9%, health 12.1%, hotels and restaurants 11.1% and transport 10.0% (see table 1.44). The seven other Divisions all saw prices rise by less than 10% over this period or, as in the case of communication, actually fall (-10.4%). Looking at the communication figures in more detail, it is possible to note that the prices in this Division fell each year from 1996 to 2000, and by more than 4% per annum in 1999 and 2000.

Figure 1.13: Development of the all-items harmonized index of consumer prices (1996=100)



Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

Table 1.43: Harmonized index of consumer prices, growth rates for the all-items index (%)

	1996	1997	1998	1999	2000
EU-15	2.4	1.7	1.3	1.2	2.1
Euro-zone	2.2	1.6	1.1	1.1	2.3
B	1.8	1.5	0.9	1.1	2.7
DK	2.1	1.9	1.3	2.1	2.7
D	1.2	1.5	0.6	0.6	2.1
EL	7.9	5.4	4.5	2.1	2.9
E	3.6	1.9	1.8	2.2	3.5
F	2.1	1.3	0.7	0.6	1.8
IRL	2.2	1.2	2.1	2.5	5.3
I	4.0	1.9	2.0	1.7	2.6
L	1.2	1.4	1.0	1.0	3.8
NL	1.4	1.9	1.8	2.0	2.3
A	1.8	1.2	0.8	0.5	2.0
P	2.9	1.9	2.2	2.2	2.8
FIN	1.1	1.2	1.4	1.3	3.0
S	0.8	1.8	1.0	0.6	1.3
UK	2.5	1.8	1.6	1.3	0.8
JP (1)	0.1	1.8	0.6	-0.3	-0.7
US (1)	3.0	2.3	1.6	2.2	3.4

(1) Data for national consumer price indices (CPIs) are given, which are not strictly comparable with the harmonized indices. Source: Eurostat, Harmonized indices of consumer prices (theme2/price); Statistics Bureau & Statistics Center, Ministry of Public Management, Home Affairs, Posts and Telecommunications (JP); Bureau of Labor Statistics (US)

Table 1.44: Development of the harmonized index of consumer prices (1996=100)

	EU-15					Euro-zone				
	1996	1997	1998	1999	2000	1996	1997	1998	1999	2000
All items	100.0	101.7	103.0	104.3	106.4	100.0	101.6	102.7	103.8	106.3
Food and non-alcoholic beverages	100.0	100.8	102.3	102.6	103.5	100.0	100.9	102.3	102.5	103.6
Alcoholic beverages and tobacco	100.0	103.9	107.5	111.0	113.9	100.0	103.5	106.2	108.8	111.1
Clothing and footwear	100.0	100.8	101.4	101.6	101.2	100.0	101.0	102.0	103.0	103.8
Housing, water, electricity, gas and other fuels	100.0	102.7	103.9	105.5	109.6	100.0	102.8	103.8	105.3	109.8
Furnishings, household equip. & routine maintenance	100.0	101.0	102.1	102.8	103.4	100.0	100.9	102.0	103.0	104.0
Health	100.0	104.1	107.6	110.0	112.1	100.0	104.6	108.7	111.2	113.1
Transport	100.0	102.1	102.8	104.9	110.0	100.0	101.5	101.8	103.8	109.4
Communication	100.0	98.7	97.9	93.9	89.6	100.0	98.6	97.7	93.4	89.4
Recreation and culture	100.0	101.3	102.1	102.5	103.2	100.0	101.3	102.2	102.6	103.2
Education	100.0	103.4	107.4	111.5	115.7	100.0	102.2	104.8	107.4	110.4
Restaurants and hotels	100.0	102.5	105.3	108.0	111.1	100.0	102.1	104.3	106.6	109.5
Miscellaneous goods and services	100.0	101.9	103.3	105.2	107.3	100.0	101.5	102.3	103.9	106.1

Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

Table 1.45 shows the Classes that have seen the fastest rising prices over the period 1996 to 2000, and table 1.46 shows the headings for which prices have fallen or increased the least. Durable and semi-durable goods, particularly electronic goods, dominate the list of headings with falling prices. Near the top of this list are two of the Classes that make up the communication Division, namely telephone and telefax equipment and telephone and telefax services. It is also interesting to note that electricity, a product whose market was undergoing liberalisation in many countries during the period considered, is the only energy product in the list. Gas (which was also undergoing liberalisation), liquid fuels and heat energy all feature in table 1.45 with the highest rising prices. This table is exclusively composed of services and non-durable goods.

CONSUMER PRICE INFLATION IN THE MEMBER STATES

An analysis of the rate of change of the all-items consumer price index for each of the Member States (see table 1.43) shows that between 1996 and 2000 the inflation rate faced by Greek consumers exceeded that faced by consumers across the EU, but moved progressively closer to this average. Between 1997 and 2000 the inflation rates in the remaining fourteen EU Member States diverged somewhat. In 1999, Ireland (2.5%), Spain (2.2%) and Portugal (2.2%) recorded the highest annual inflation rates. The rate of inflation increased in all EU Member States in 2000, except in the United Kingdom.

Like consumers in Greece, those in Italy, Spain and Portugal have also consistently faced higher inflation rates than the EU average between 1996 and 2000, while consumers in Germany, France, Austria and Sweden have generally, if not always, faced lower rates. Consumers in the Benelux countries, Denmark, Finland and Ireland have all seen their inflation rates move from below the EU average in 1996 to above it in 2000, whilst consumers in the United Kingdom have seen their inflation rates move the other way.

Table 1.45: Development of the harmonized index of consumer prices in the EU for headings with the highest price increases between 1996 and 2000 (1996=100)

		1996	1997	1998	1999	2000
Liquid fuels	Non-durable	100.0	100.6	88.0	97.2	138.8
Fuels and lubricants for personal transport equipment	Non-durable	100.0	104.3	102.1	107.8	125.5
Tobacco	Non-durable	100.0	106.5	112.2	117.4	122.6
Refuse collection	Service	100.0	105.6	111.5	115.0	118.3
Passenger transport by sea and inland waterway	Service	100.0	104.4	105.1	108.4	117.2
Heat energy	Non-durable	100.0	105.3	103.9	100.6	116.4
Fish and seafood	Non-durable	100.0	102.9	109.1	112.6	116.1
Education	Service	100.0	103.4	107.4	111.5	115.7
Repair of household appliances	Service	100.0	104.5	108.1	111.9	115.2
Package holidays	Service	100.0	103.5	107.1	109.6	115.1
Insurance connected with transport	Service	100.0	102.7	101.9	107.5	114.6
Domestic services and household services	Service	100.0	104.1	107.5	110.6	114.5
Accommodation services	Service	100.0	102.8	106.4	109.7	114.5
Sewage collection	Service	100.0	105.7	109.6	113.7	114.0
Passenger transport by road	Service	100.0	103.3	106.2	108.8	112.2
Recreational and sporting services	Service	100.0	103.7	106.3	109.4	112.1
Combined passenger transport	Service	100.0	103.5	106.8	108.8	111.9
Gas	Non-durable	100.0	104.8	103.9	102.1	111.8
Other services relating to the dwelling n.e.c.	Service	100.0	103.4	106.1	108.8	111.6
Water supply	Non-durable	100.0	103.6	107.1	110.0	111.5

Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

Table 1.46: Development of the harmonized index of consumer prices in the EU for headings with falling prices or the lowest price increases between 1996 and 2000 (1996=100)

		1996	1997	1998	1999	2000
Information processing equipment	Durable	100.0	89.4	76.7	65.0	58.2
Telephone and telefax equipment	Durable	100.0	92.2	84.3	79.6	75.1
Equipment for reception, recording & reproduction of sound & pictures	Durable	100.0	95.8	91.9	86.9	82.2
Photographic and cinematographic equipment and optical instruments	Durable	100.0	94.9	90.2	86.4	83.8
Telephone and telefax services	Service	100.0	97.8	95.9	90.5	86.4
Oils and fats	Non-durable	100.0	93.8	91.2	93.1	92.3
Major household appliances and small electric household appliances	Durable, semi-durable	100.0	99.2	98.5	97.4	95.7
Recording media	Durable	100.0	99.8	99.8	98.1	96.4
Electricity	Non-durable	100.0	99.2	99.0	98.6	97.2
Equipment for sport, camping and open-air recreation	Semi-durable	100.0	99.5	99.2	99.0	98.6
Games, toys and hobbies	Semi-durable	100.0	100.7	101.3	100.6	98.7
Jewellery, clocks and watches	Durable	100.0	99.8	99.1	98.5	99.4
Spare parts and accessories for personal transport equipment	Semi-durable	100.0	100.0	99.7	99.9	99.9
Motor cars	Durable	100.0	100.0	101.2	100.7	100.3
Garments	Semi-durable	100.0	100.8	101.2	101.3	100.4
Tools and equipment for house and garden	Durable, semi-durable	100.0	100.3	100.3	100.2	100.4
Medical and paramedical services	Service	:	:	:	:	101.1
Milk, cheese and eggs	Non-durable	100.0	100.4	100.8	100.5	101.2
Other insurance	Service	:	:	:	:	101.4
Pharmaceutical products	Non-durable	100.0	101.2	99.3	100.4	101.5

Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

Clothing and footwear prices rise and fall across the EU

An analysis of inflation rates for each Member State at the Division level shows that there were considerable price variations (between 1996 and 2000) for clothing and footwear, health and alcoholic beverages and tobacco (see table 1.47). Particularly high price increases were recorded for clothing and footwear in Greece (20%), whilst prices fell in Ireland (-21%), the United Kingdom (-18%) and Denmark (-12%). For health services prices fell sharply in Greece (-13%), whilst they rose most in Italy (23%). The largest price rises for alcoholic drinks and tobacco were recorded in Spain (27%), Greece (26%) and Ireland (25%), compared with the lowest price rise in Austria (4%). The falling price of communication between 1996 and 2000 in the EU as a whole resulted from a reduction in prices experienced in each and every Member State, ranging from -17% in Ireland and -16% in Germany to -1% in Spain.

PRICE TRENDS IN THE EU

Amongst the key points observed in this section, the nature of the product, be it a service or a particular type of good, appears to be important as regards differences in price levels between Member States and the rate at which prices change. Falling prices and the lowest variations in price levels across countries were observed for a number of durable and semi-durable goods. Some of the products included in these categories include household appliances (for example, refrigerators or freezers), telephones, television sets, radios, video recorders, information processing equipment and electrical appliances for personal care.

Table 1.47: Absolute change in the harmonized index of consumer prices, 1996 to 2000 (%)

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
All-items	6.4	8.3	4.9	15.8	9.7	4.4	11.5	8.4	7.3	8.2	4.5	9.4	7.0	4.8	5.6
Food and non-alcoholic beverages	4.8	6.4	0.6	13.8	4.1	5.9	12.3	3.3	7.2	6.0	4.1	8.4	3.9	4.0	0.7
Alcoholic beverages and tobacco	9.3	7.4	6.7	26.1	26.9	14.0	24.6	11.7	10.9	12.5	4.3	15.6	7.8	13.2	22.2
Clothing and footwear	0.2	-12.0	1.3	19.5	8.9	0.6	-21.3	9.8	3.2	3.3	-1.3	-3.7	-0.7	3.0	-17.7
Housing, water, electricity, gas and other fuels	11.3	16.4	9.6	13.1	11.8	4.0	11.2	14.7	12.2	17.3	9.0	11.7	10.8	4.9	6.7
Furnishings, household equip. & routine maintenance	3.3	6.1	1.3	16.3	8.6	2.5	11.6	7.3	5.9	5.6	2.2	8.6	2.5	0.9	-1.5
Health	3.2	4.9	6.1	-13.3	10.5	7.4	21.0	22.5	14.9	6.8	2.9	15.2	8.5	9.7	11.6
Transport	12.2	11.9	10.0	13.3	12.1	6.8	15.6	9.3	9.4	10.9	7.8	15.5	10.7	7.6	12.7
Communication	-4.1	-9.9	-16.3	-13.9	-1.0	-10.4	-16.8	-4.1	-14.1	-9.4	-8.7	-9.2	-1.2	-5.1	-10.7
Recreation and culture	2.9	6.0	4.1	14.3	10.1	-0.4	10.4	3.9	4.0	0.3	0.9	2.4	4.8	-0.3	2.5
Education	0.4	10.0	15.7	23.7	14.9	5.6	22.6	8.2	11.9	11.4	15.1	16.3	15.0	17.4	24.2
Restaurants and hotels	8.7	10.9	5.0	28.5	14.9	7.3	17.5	11.9	7.8	11.4	7.5	12.3	10.6	6.6	15.1
Miscellaneous goods and services	5.5	10.6	5.2	20.1	10.3	3.1	17.2	8.9	3.7	8.4	3.4	15.6	8.8	9.0	11.3

Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

On the other hand, non-durable goods and services generally recorded the highest price dispersion in 1998 and the highest price increases between 1996 and 2000. Products that typify this include non-durables such as beverages and tobacco items, fuel and power items and, in particular, rents and transport services.

Naturally there are products that do not fit into this overly-simple categorisation. Amongst the anomalies are communications (such as telephone and telefax services), with a large variation in price levels and falling prices, or fish products, where consumer prices rose by a relatively high 16.1% between 1996 and 2000, whilst there was a relatively low degree of price variation.

1.4.2 INDIRECT TAXATION

Taxation is an instrument that can be used by governments to affect consumption and savings patterns by shaping the way in which individuals and companies behave. Direct taxes are paid and borne by the taxpayer (for example, income tax, corporation tax, wealth tax and most local taxes), whilst indirect taxes are levied on the production and consumption of goods and services. Indirect taxation is often described as being “regressive” when it results in lower income groups paying relatively more tax.

Are Europeans aware that they pay as much tax on their consumption as they do on their income?

Revenues from indirect and direct taxation are approximately equal in the EU (see figure 1.14). Taxes on individual and household incomes equated to between 5.9% (Portugal, 1998) and 25.5% (Denmark¹⁷) of GDP in 1999, with an EU average of 10.7%¹⁸. Expressed in per capita terms, this means that each European paid an average of €2,342 of tax on their income during 1999. As regards indirect taxation, value added tax (VAT) receipts in the EU were equal to €528 billion in 1999¹⁹, whilst revenues from excise duties amounted to €207 billion²⁰. For the purpose of comparison, each European paid an average of €1,410 of VAT and €638 of excise duty during 1999.

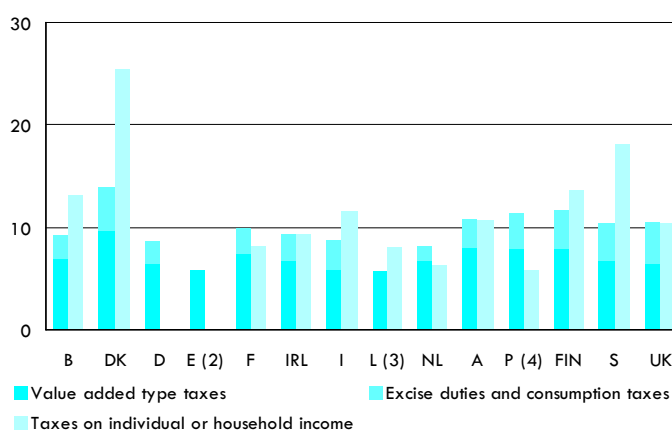
(17) The Danish figure is particularly high as the welfare state is largely financed through direct taxation, rather than social security contributions.

(18) Excluding D, EL and E; P, 1998.

(19) Excluding EL.

(20) Excluding EL and E; P, 1998.

Figure 1.14: Share of taxation in GDP, 1999 (%) (1)



(1) EL, no data available.

(2) No data available for income tax and excise duties.

(3) No data available for excise duties.

(4) Income tax and excise duties, 1998.

Source: Eurostat, National Accounts - ESA95 - tax aggregates (theme2/gov)

INDIRECT TAX RECEIPTS

Household Budget Survey data includes indirect taxation, as the collection of expenditure data is based on the price actually paid by households to acquire goods and services. There are a number of different ways that indirect taxes are levied: as a percentage of the sales price (which is the case with VAT), as a fixed amount per unit of product (as with most excise duties), or as a flat rate (as with a license fee). Indirect taxes are usually collected by industrial, service or distribution enterprises on behalf of the government. The two main sources of indirect tax revenue in the EU are VAT and excise duties. Other forms, such as stamp duties; taxes on entertainment, lotteries, gambling and betting; television license fees or car registration taxes equate, on average, to less than 1.0% each of GDP.

The Directorate-General of the European Commission for Economic and Financial Affairs estimates that indirect taxation represents 25% or more of the value of final consumption in Denmark, France, Ireland, Luxembourg, Finland and Sweden (inclusive of tax), with rates between 29.6% (Denmark) and 18.3% (Spain) in 2000. Germany and the United Kingdom had relatively low indirect tax rates on consumption (both 18.4%). These figures are in marked contrast to those for the United States, where it is estimated that taxes on consumption accounted for 9.1% of the value of final consumption, less than half the EU average of 20.9%.

Value added tax

VAT is a general consumption tax paid by the consumer. VAT rates are not applied systematically to all goods and services as table 1.48 shows. VAT was adapted in 1992 to meet the requirements of the Single Market. In terms of raising revenues, VAT is the most important form of indirect taxation, equivalent to between 5.8% (Spain) and 9.7% (Denmark) of GDP in 1999, with an EU average of 6.7%²¹. The standard rate of VAT applied within the Member States ranged between 15% in Luxembourg and 25% in Denmark and Sweden in May 2001.

Excise duties

Excise duties are taxes levied on three main categories of consumer items: mineral oils (petrol and diesel), alcoholic drinks and manufactured tobacco. Since their harmonisation across the EU at the start of 1993, excise duties have become an important source of revenue, equivalent to approximately 2.6% of the EU's GDP in 1999²². Excise duties may be used to achieve health, consumer protection or environmental goals, in the belief that such taxes will discourage the abuse of tobacco or alcoholic products or alternatively dissuade people from using their car. They may also simply be an alternative to direct taxation in raising revenue.

Duties are usually, though not always, levied as a fixed amount per unit and hence the revenues collected do not increase (or decrease) as the price of an item rises (or falls). Consumers may be unaware of the proportion of the retail price that is accounted for by excise duties when purchasing an item. Table 1.49 shows the excise duties collected in the EU in 1999. The highest revenue per capita figures are generally found in the Nordic countries, Ireland and the United Kingdom (particularly for alcoholic items).

(21) Excluding EL.

(22) Excluding EL, E and L; P, 1998.

Table 1.48: VAT rates generally applied in the Member States of the European Community as of 1 May 2001 (%) (1)

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Standard rate	21	25	16	18	16	19.6	20	20	15	19	20	17	22	25	17.5
Foodstuffs	6/12/21	25	7/16	8	4/7	5.5/19.6	0/4.3/12.5/20	4/10	3	6	10	5/12/17	17	12/25	0
Beer and spirits	21	25	16	18	16	19.6	20	20	15	19	20	17	22	25	17.5
Wine	21	25	16	18	16	19.6	20	20	12	19	20	5	22	25	17.5
Adult's clothing	21	25	16	18	16	19.6	20	20	12/15	19	20	17	22	25	17.5
Children's clothing	21	25	16	18	16	19.6	0	20	3	19	20	17	22	25	0
Tobacco	21	25	16	18	16	19.6	20	20	12	19	20	17	22	25	17.5
Books	6/21	25	7	4	4/16	5.5	0	4	3	6	10	5	8	25	0
Daily newspapers	0/6/21	0	7	4	4/16	2.1	12.5	4	3	6	10	5	0/22	6	0
Household elec. app.	21	25	16	18	16	19.6	20	20	15	19	20	17	22	25	17.5
Water	6	25	7	8	7	5.5	Ex	10	3	6/19	10	5	22	25	0/17.5
Gas (2) (3)	21	25	16	8	16	19.6/5.5	12.5	10	6	19	20	17	22	25	5
Electricity (3)	21	25	16	8	16	19.6/5.5	12.5	10	6	19	20	5	22	25	5
Heating oil	21	25	16	18	16	19.6	12.5	20	12	19	20	5	22	25	5
Phone and fax services	21	25	Ex/16	18	16	19.6	20	20	15	19	10	17	22	25	17.5
Motor vehicles	21/6	25	16	18	16	19.6	20	20	15	19	20/12	17	22	25	17.5
Unleaded petrol	21	25	16	18	16	19.6	20	20	12	19	20	17	22	25	17.5
Diesel	21	25	16	18	16	19.6	20	20	15	19	20	12	22	25	17.5
Hotels	Ex/6	25	16	8	7	5.5	12.5	10	3	6	10	5	8	12	17.5
Restaurants	21	25	16	8/18	7	19.6	12.5	10	3	6	10/20	12	22	25	17.5

(1) Ex, exemption.

(2) E, a 7% rate is applied to bottled gas.

(3) IRL, parking rate applied.

Source: VAT rates applied in the Member States of the European Community, Directorate-General of the European Commission for Taxation and Customs Union; available at http://europa.eu.int/comm/taxation_customs/publications/info_doc/info_doc.htm**Table 1.49: Tax receipts from selected excise duties, 1999**

	Beer		Strong alcohols		Petrol		Diesel		Cigarettes	
	(€ million)	(€/inhabitant)	(€ million)	(€/inhabitant)	(€ million)	(€/inhabitant)	(€ million)	(€/inhabitant)	(€ million)	(€/inhabitant)
B	210	20.6	193	18.9	1,631	160.0	1,721	168.8	1,074	105.4
DK (1)	214	40.5	220	41.7	1,197	226.9	517	97.6	903	170.5
D	845	10.3	2,233	27.2	21,243	258.9	11,376	138.6	11,271	137.4
EL (2)	63	6.0	188	17.8	1,404	133.5	931	88.6	1,717	163.4
E (3)	175	4.5	664	16.9	4,186	106.7	3,665	93.4	3,325	84.5
F (4)	308	5.3	1,809	30.9	11,277	193.6	9,895	168.5	6,677	113.7
IRL	479	129.6	218	59.0	707	191.3	655	177.3	845	228.8
I	248	4.3	467	8.1	12,956	225.1	8,127	141.2	6,704	116.5
L	3	6.7	25	58.1	187	441.0	190	447.9	292	690.2
NL (5)	280	17.9	383	24.5	3,149	201.2	2,072	132.4	1,603	102.4
A (6)	144	17.8	88	10.9	2,695	333.7	:	:	1,157	143.3
P (1)	85	8.6	85	8.5	1,307	131.8	1,172	118.1	999	100.4
FIN (3)	548	107.1	505	98.7	1,390	271.6	564	110.2	510	99.0
S	305	34.6	594	67.2	3,073	347.7	1,495	169.2	767	86.8
UK (1)	3,741	63.7	2,225	37.9	17,860	304.2	10,945	186.4	5,143	87.6

(1) 1998, except for cigarettes (1999).

(2) Intermediate alcohol production included within strong alcohols; cigars included within cigarettes.

(3) 1997, except for cigarettes (1999).

(4) 1997 for petrol and diesel; 1998 for alcoholic beverages; cigars included within cigarettes.

(5) Cigars included within cigarettes.

(6) Diesel included within petrol; cigars included within cigarettes.

Source: Excise duty tables, Directorate-General of the European Commission for Taxation and Customs Union; available at http://europa.eu.int/comm/taxation_customs/publications/info_doc/info_doc.htm

1.5 CONSUMER ATTITUDES AND SATISFACTION

Consumer attitudes affect the demand for goods and services and hence, along with supply, determine the price and level of consumption. Many factors determine attitudes, for example, consumer satisfaction, expectations in terms of quality and safety (covered in sub-chapter 1.6), environmental concerns, fashion and the availability and reliability of information.

FOCUS ON SERVICES OF GENERAL INTEREST (SGI)

Services of general interest (SGIs)²³ may be defined as market and non-market services which public authorities class as being of general interest and subject to specific public service obligations. SGIs include in particular telephone services (fixed and mobile), energy services (electricity and gas), transport services (air, rail, maritime and urban), water supply services and postal services. They are services that European consumers may use everyday and for which, therefore, consumer attitudes and consumer satisfaction are key indicators for service providers and policy-makers.

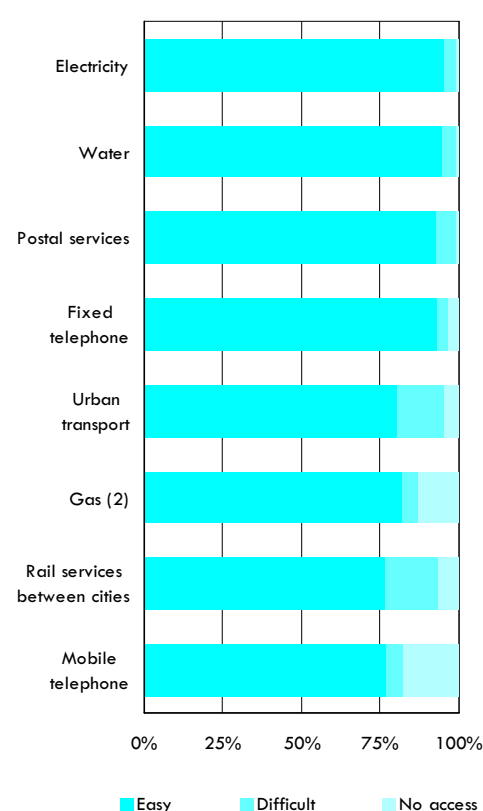
In the past universal access to these services was guaranteed by obligations on publicly owned suppliers of these services. Cross-subsidisation between different services or markets was often permitted. This situation has changed greatly in a large number of Member States as a result of technological changes, privatisation, liberalisation, the introduction of regulatory bodies, easier market entry and the breaking-up of vertically integrated industries/services.

In April and May 2000, a Eurobarometer survey (53) looked at access to eight SGIs in an attempt to measure access and consumer satisfaction. Figure 1.15 shows that access to four SGIs (electricity, water, fixed telephony and postal services) was easy for around 90% of consumers in the EU, whilst for the other four services (urban transport, gas, inter-city rail services and mobile telephony) around a fifth of the population had no or difficult access (the figures cited exclude respondents who replied “do not know” to the question).

Another Eurobarometer survey (47.1) in 1997 showed that a majority of Europeans felt that universal access should be guaranteed to the following services: water (88%), electricity (80%), waste (63%) and gas (56%). On the other hand, only 35% of Europeans felt that there should be universal access to urban transport and 24% to telephony services.

(23) Two Communications of 1996 and 2000 from the European Commission address the issue of SGIs (COM/1996/443 final of 11 September 1996 and COM/2000/580 final of 20 September 2000).

Figure 1.15: Opinion of survey respondents as to the ease of access to services of general interest in the EU, 2000 (%) (1)



(1) Excluding respondents who replied “do not know”.

(2) Excluding EL.

Source: Eurobarometer 53 (Services of general interest), European Commission, 2000

In the 2000 survey on services of general interest, satisfaction with services was measured according to four criteria: price; quality of the product; clarity of information; and fairness of terms and conditions. A simple average of these criteria for the eight SGIs showed that Europeans with access to these services were most satisfied with postal and electricity services (around 74% satisfaction) and least satisfied with mobile telephony and inter-city rail services (less than 60%) - see table 1.50. Satisfaction was generally highest concerning quality and the clarity of information and lowest concerning price. When respondents were asked whether they had made a complaint, mobile phone services (6.1%), fixed line telephone services (5.6%) and postal services (3.4%) had the highest figures. As regards the handling of complaints made, most dissatisfaction was expressed with urban transport services (55% of those who complained were dissatisfied with their treatment), rail services between cities (55%) and gas distribution services (52%).

Table 1.50: Overall user satisfaction with services of general interest, 2000 (%) (1)

	Electricity supply	Gas supply (2)	Water supply	Mobile telephone	Fixed telephone	Postal services	Urban transport	Railways
EU-15	73.8	68.5	71.4	56.9	69.8	73.9	60.2	55.2
B	70.3	63.8	72.4	54.7	64.5	78.1	60.0	41.5
DK	86.7	62.0	84.6	59.4	78.3	86.8	77.3	75.2
D	72.3	61.9	68.5	54.3	75.1	64.9	53.6	46.1
EL	71.2	:	80.1	62.3	70.9	85.2	76.7	77.4
E	68.3	66.3	70.4	44.7	57.8	71.6	65.3	61.3
F	76.6	73.7	70.3	49.4	73.4	78.1	62.6	58.7
IRL	83.9	67.0	74.7	63.0	76.1	85.2	64.2	62.7
I	63.3	60.2	60.5	63.7	53.1	63.0	53.3	46.7
L	87.9	80.9	88.5	73.3	84.6	85.4	82.2	80.7
NL	83.9	82.7	84.9	61.5	79.9	85.8	54.9	55.9
A	74.9	59.2	77.3	66.8	67.8	74.1	63.2	62.8
P	62.1	59.2	66.8	50.4	49.2	73.8	56.0	56.5
FIN	79.0	39.4	79.6	73.0	79.4	77.4	72.2	71.1
S	73.4	44.9	68.9	68.7	79.9	69.9	72.0	64.7
UK	85.2	82.6	80.4	65.7	81.5	86.4	63.4	57.6

(1) The population has been filtered to exclude those respondents who had spontaneously answered that they did not have access to the service in question.

(2) EU-15 excluding EL, due to the small number of respondents with access to gas supply services (2.7%).

Source: Eurobarometer 53 (Services of general interest), European Commission, 2000

Table 1.51: User satisfaction with the price of services of general interest, EU-15, 2000 (%) (1)

	Satisfied	Unsatisfied
Electricity	56.6	39.3
Water	55.3	39.4
Fixed telephone	49.9	46.6
Postal services	67.3	29.0
Urban transport	49.8	40.9
Gas (2)	54.8	34.9
Rail services between cities	41.6	45.9
Mobile telephone	38.9	48.5

(1) The population has been filtered to exclude those respondents who had spontaneously answered that they did not have access to the service in question.

(2) Excluding EL.

Source: Eurobarometer 53 (Services of general interest), European Commission, 2000

Table 1.52: User satisfaction with the quality of services of general interest, EU-15, 2000 (%) (1)

	Satisfied	Unsatisfied
Electricity	93.7	4.4
Water	90.7	6.7
Fixed telephone	91.0	5.8
Postal services	81.5	16.2
Urban transport	66.6	25.2
Gas (2)	86.4	5.0
Rail services between cities	61.7	26.9
Mobile telephone	78.1	7.2

(1) The population has been filtered to exclude those respondents who had spontaneously answered that they did not have access to the service in question.

(2) Excluding EL.

Source: Eurobarometer 53 (Services of general interest), European Commission, 2000

Table 1.53: User satisfaction with the information received on services of general interest, EU-15, 2000 (%) (1)

	Satisfied	Unsatisfied
Electricity	75.7	19.3
Water	72.6	18.8
Fixed telephone	75.8	18.7
Postal services	78.6	11.5
Urban transport	68.1	14.9
Gas (2)	69.0	17.1
Rail services between cities	64.9	16.4
Mobile telephone	59.9	20.5

(1) The population has been filtered to exclude those respondents who had spontaneously answered that they did not have access to the service in question.

(2) Excluding EL.

Source: Eurobarometer 53 (Services of general interest), European Commission, 2000

Table 1.54: User satisfaction with the contract of services of general interest, EU-15, 2000 (%) (1)

	Satisfied	Unsatisfied
Electricity	69.0	19.2
Water	66.8	19.4
Fixed telephone	62.5	25.0
Postal services	68.0	14.2
Urban transport	56.3	17.9
Gas (2)	63.7	17.5
Rail services between cities	52.7	19.4
Mobile telephone	50.6	24.0

(1) The population has been filtered to exclude those respondents who had spontaneously answered that they did not have access to the service in question.

(2) Excluding EL.

Source: Eurobarometer 53 (Services of general interest), European Commission, 2000

Table 1.55: Survey respondents complaints about services of general interest in the 12 months prior to the survey, EU-15, 2000 (%) (1)

	Having made a complaint	Share of Europeans with the opinion that complaints were dealt with		
		Yes	No	Do not know
Electricity	2.9	57	38	5
Water	2.5	52	42	6
Fixed telephone	5.6	51	45	4
Postal services	3.4	47	48	5
Urban transport	2.5	40	55	5
Gas (2)	2.6	42	52	6
Rail services between cities	2.5	42	55	3
Mobile telephone	6.1	53	45	2

(1) The population has been filtered to exclude those respondents who had spontaneously answered that they did not have access to the service in question.

(2) Excluding EL.

Source: Eurobarometer 53 (Services of general interest), European Commission, 2000

FOCUS ON E-COMMERCE

In 2000, Empirica published a report on ten EU countries²⁴. Amongst users and interested non-users of on-line services, the main advantages of on-line services were deemed to be: that they required less effort (68%); that there were more interesting products offered (59%); and that goods were acquired faster (59%). In contrast, just 37% of respondents cited cost savings as an advantage (see table 1.56).

The reasons for not shopping on-line can be grouped together under the headings of technical barriers and fears; technical barriers tend to outweigh the fears (see table 1.57). However, the largest single reason for not using on-line services was a lack of need - as 85% of non-users of on-line shopping services said they were not interested in these services (as high as 93% in Finland) - whilst only 1.7% of non-users declared themselves to be very interested in these services.

The buzzwords of speed, convenience and choice surround e-commerce. At the end of 1999, Consumers International²⁵ published a comparative study of electronic commerce that highlighted another view, one where refunds are made slowly and where e-commerce sites do not give information on delivery charges, privacy, returns and redress. Although not a statistical survey, the study showed that just under half of the Internet sites surveyed gave a target time to dispatch goods and just over half a target time for delivery, but of these only a small majority met this delivery target. Worse, nearly 10% of goods ordered failed to arrive at all.

(24) E-commerce data report, Empirica, 2000; B, EL, L, A and P were not covered.

(25) The full report is available at <http://www.consumersinternational.org>.

Table 1.56: Advantages of on-line shopping, 1999 (%) (1)

	More interesting things to buy	Faster	Less effort	Money savings	None of these
Total	59.5	59.3	68.4	36.8	13.9
DK	55.5	36.6	58.2	34.0	17.1
D	69.4	58.8	72.2	38.8	11.7
E	67.4	69.1	83.6	33.6	8.2
F	43.5	49.8	46.5	37.7	22.5
IRL	75.4	67.0	79.3	46.5	7.2
I	68.2	68.7	79.9	31.8	8.8
NL	46.2	63.1	64.1	27.2	16.6
FIN	47.0	46.0	70.4	33.5	15.7
S	60.3	71.9	63.9	41.0	11.8
UK	58.5	58.0	73.1	40.1	13.7

(1) Proportion of users of on-line services and respondents interested in on-line shopping.
Source: E-commerce data report, Empirica, 2000; available at <http://www.empirica.com>

Table 1.57: Barriers to on-line shopping, 1999 (%)

	Lack of equipment	Costs	Comprehensibility, lack of know-how	Dangers (data security)	Dangers (fraud)	Product characteristics (1)	Other reasons
Total	21	5	7	4	6	15	15
DK	24	4	10	5	18	11	7
FIN	50	16	6	9	15	4	9
F	7	6	3	3	8	25	17
D	20	4	11	4	4	13	13
IRL	28	3	6	4	5	12	18
I	25	4	7	2	3	13	10
NL	51	13	7	11	13	5	3
E	14	3	8	2	3	9	17
S	15	2	9	12	15	19	10
UK	26	7	5	6	6	16	24

(1) The fact that the products being offered on the Internet cannot for example be touched or tried on.

Source: E-commerce data report, Empirica, 2000; available at <http://www.empirica.com>

Table 1.58: Proportion of survey respondents in favour of environmental taxes on products in the EU, 1997 (%)

	In favour
Taxes on products harmful to the environment	74
Higher taxes on ecologically harmful packaging and reduced taxes on eco-friendly packaging	79
Reduced taxes on eco-friendly products and production processes	88

Source: Eurobarometer 47, European Commission, 1997

FOCUS ON ENVIRONMENTAL AWARENESS

The spring 1997 Eurobarometer survey (47) on citizens and environmental problems concluded that 68% of respondents thought that it was necessary to modify the current levels of human activity in order to reduce environmental damage. The same survey looked at opinions on the use of fiscal measures to protect the environment (see table 1.58). Approximately three-quarters of respondents were in favour of eco-taxes to discourage the use of products and processes that are harmful to the environment.

Most statistics on attitudes are based around opinions expressed concerning theoretical situations. Recycling rates of glass and plastics (see table 1.59) give some indication of the extent to which these attitudes are put into practice²⁶. Recent data from FEVE (the European Glass Container Federation) shows that in 1999 the Dutch recycled 91% of their container glass, followed by the Austrians and the Swedes with national recycling rates of 84%. According to APME (Association of Plastics Manufacturers in Europe), recycling or energy recovery of plastics in Denmark exceeded 90% in 1997, whilst it was typically below 50% in most other EU countries.

(26) It should be noted that some commercial activities produce packaging waste as well as households.

Table 1.59: Recycling rate of container glass (%)

	1990	1995	1996	1997	1998	1999
B	59	67	67	75	:	:
DK	40	63	63	70	63	63
D	54	75	75	79	81	81
EL	16	35	35	26	27	25
E	27	32	32	37	41	40
F	41	50	50	52	55	55
IRL	19	39	39	38	37	35
I	49	53	53	34	37	41
L	:	:	:	:	:	:
NL	66	80	80	82	85	91
A	60	:	77	88	86	84
P	23	42	42	44	42	42
FIN	46	50	50	62	69	78
S	35	61	61	76	84	84
UK	21	27	27	23	24	26

Source: FEVE (European Glass Container Federation)

1.6 CONSUMER REPRESENTATION AND PROTECTION

Consumers and businesses need public authorities to provide a regulatory framework in which they can interact. Consumers are generally a heterogeneous group whose interests are often defended collectively by representative bodies. These bodies may offer a better counterbalance to the technical expertise of the business community.

The EC Treaty as amended by the Amsterdam Treaty sets out in article 153 the objective of consumer policy as to “promote the interests of consumers” and “to ensure a high level of consumer protection”. This sub-chapter looks at the various bodies that represent consumers, the policy issues related to consumer protection and focuses on labelling, product safety and accidents.

1.6.1 CONSUMER REPRESENTATION

The Commission's consumer policy action plan for 1999 to 2001 is set against changes in product characteristics, the way markets work and consumer expectations resulting from the increased globalisation of markets and new technologies.

Providing a more powerful voice to consumers is one of the main tasks set by the Commission in its action plan and in practical terms this involves “helping consumers to help themselves”. A greater role for consumer organisations is foreseen to help consumers make sense of information on the growing range and complexity of products and markets, ensuring that consumers' rights and interests are effectively promoted and protected by effective representation in decision-making.

Table 1.60: Opinion of respondents as to what is the main task of a consumer organisation, 1999 (%) (1)

	Distribute infor- mation	Giving all consumers practical advice/ assistance	Giving only members of consumer assoc. practical advice/ assistance	Providing legal advice	Publishing a magazine	Lobbying government	Protecting consumers' interests	Representing consumers' interests	Other tasks (spontaneous)	Do not know or no response
EU-15	26.8	25.4	2.2	4.6	3.3	5.2	19.2	7.3	0.2	5.7
B	34.6	18.9	1.9	4.4	3.8	7.0	16.9	7.4	0.2	4.1
DK	23.2	27.5	2.0	3.4	3.0	1.8	22.8	14.0	0.4	2.0
D	23.4	34.0	3.2	5.5	2.1	5.4	13.1	6.8	0.2	5.6
EL	26.2	23.7	3.2	3.4	4.2	8.3	21.4	4.5	0.2	4.9
E	26.4	26.8	2.0	2.5	1.5	3.6	25.2	7.6	0.0	4.5
F	25.6	20.2	2.0	6.9	6.4	7.9	21.0	7.1	0.3	2.8
IRL	21.9	21.6	2.5	5.4	4.3	4.9	23.1	7.9	0.1	8.3
I	32.7	24.8	1.7	2.3	1.8	3.5	21.2	5.3	0.3	6.4
L	29.8	24.3	2.6	6.6	8.7	4.4	12.3	4.6	2.0	4.6
NL	28.8	16.2	2.0	2.4	2.4	3.5	24.6	17.8	0.2	2.0
A	28.8	25.4	3.0	3.6	6.6	5.0	12.5	5.1	0.4	9.7
P	32.9	20.0	1.1	3.1	3.8	8.5	20.2	4.4	0.4	5.6
FIN	36.0	30.8	1.4	2.2	3.4	2.3	9.7	7.2	0.0	7.0
S	37.9	24.4	0.6	2.0	2.4	4.7	18.0	8.9	0.2	1.0
UK	22.0	22.7	2.0	6.6	4.0	4.4	20.1	7.7	0.2	10.3

(1) Question: “In your opinion, which one of the following tasks should be a priority for consumer associations?”; one answer only.

Source: Eurobarometer 51.1, European Commission, 1999

Table 1.61: Membership rates of consumer associations, 1999 (%)

	Member	Non-member	Do not know or no response
EU-15	4.1	94.5	1.2
B	5.6	94.0	0.3
DK	8.6	90.7	0.7
D	2.9	95.1	1.5
EL	0.6	99.0	0.4
E	1.0	98.2	0.9
F	1.9	96.1	2.0
IRL	0.9	98.3	0.7
I	3.6	95.7	0.7
L	28.9	69.1	1.8
NL	24.7	74.2	1.1
A	7.2	87.3	5.5
P	2.5	96.9	0.6
FIN	2.0	95.8	2.3
S	21.5	75.8	2.7
UK	2.6	96.9	0.5

Source: Eurobarometer 51.1, European Commission, 1999

Commission financial support in this area is aimed at encouraging greater co-operation by giving preference to groupings of consumer organisations. Support is given for specific projects aimed at improving the ability of organisations to represent, inform and advise consumers. The Commission funded 45 consumer information and education projects in 1999 to the sum of €4.5 million and in 2000 it provided 36 such projects with a total of €4.7 million. Operational funding is also provided to three European Consumer Organisations.

ROLE OF CONSUMER ORGANISATIONS

For historical and legal reasons there are many differences in the structure of consumer representation in the Member States, with general organisations providing a broad range of services alongside much more focused groups. Providing information and advice, education/training for consumers and, in some cases, carrying out consumer research/being active in the area of consumer legislation are the most common activities of consumer organisations. In all except one Member State there is at least one organisation carrying out product testing and in the vast majority at least one providing legal assistance.

It is difficult to get accurate figures on the number of individuals represented by these bodies, as some do not rely on membership, while others have group or family membership. A Eurobarometer survey (51.1) in 1999 looked at these associations and found that only 4% of Europeans are members of a consumer organisation (see table 1.61). The highest proportions by a large margin were recorded in Luxembourg (29%), the Netherlands (25%) and Sweden (22%), as membership did not exceed 10% in any other Member State. Membership increased with education level and income.

The two most important tasks of consumer organisations, according to the respondents of the same survey, were to provide information (first priority for 27% of respondents) and advice (25%). These were followed by the protection (19%) and representation (7%) of consumers' interests. Opinion differed noticeably in the Netherlands, where advice was regarded as less important than both protection and representation of interests.

Table 1.62 shows the frequency with which respondents said that they had used consumer organisations and for what reason. An analysis of similar data for each Member State shows that it is the three Member States with the highest incidences of membership that also have the highest proportion of respondents having asked a consumer organisation for advice or information. However, it can be noted that the proportion of respondents having sought advice or information in the EU as a whole is more than double the proportion of current members. The most common requests were for legal advice, information on products, general advice or advice on purchases. Leaving aside those respondents that said that they never needed advice, amongst respondents that had not used consumer organisations, the most important reasons for not doing so were that they did not know how to contact them or that they were not members.

EUROPEAN ORGANISATIONS - EUROGUICHETS AND CONSUMER ORGANISATIONS

Euroguichets serve as the main point of contact between the Commission and ordinary consumers²⁷. When first established their main role was to provide information and advice on cross-border issues, but this has since been expanded under the 1999-2001 action plan to provide information and education on a full range of consumer issues. The type of information requested from Euroguichets varies enormously, but the most common subjects in 1999 were package holidays, distance selling, cars and financial services.

There are five Europe-wide consumer organisations that participate in the Consumer Committee of the European Commission with a collective budget in 2000 that was in excess of €3 million and about 30 staff. The largest in terms of both budget and staff is the European Consumers' Organisation (BEUC). It should be noted that these organisations generally do not directly represent consumers, but act on behalf of their members at an international level.

(27) Additional information on Euroguichets can be found on the web-site of the Directorate General of the European Commission for Health and Consumer Protection, available at http://europa.eu.int/comm/dgs/health_consumer/index_en.htm.

Table 1.62: Use made of consumer organisations in the EU, 1999 (%)

Have you ever asked a consumer association for advice/assistance?	
Yes	9.7
No	88.9
Do not know or no response	1.3
If yes, what for?:	
General advice/assistance	26.4
Information on products or services	31.2
Legal advice	34.2
Advice on purchases	25.5
Insurance advice	9.3
Other financial advice	7.2
Other reasons	4.9
If no, why?:	
I never needed the assistance of a consumer association	74.6
I do not know how to contact them	22.4
They do not give the type of advice/assistance I need	2.3
They are too expensive	1.7
They do not provide a good service	1.4
They do not understand my problems	1.1
I am not a member	9.2
They are too far away	4.1
For other reasons	2.9
Do not know	3.3

Source: Eurobarometer 51.1, European Commission, 1999

1.6.2 CONSUMER PROTECTION

Beyond providing consumers with a more powerful voice, the two main tasks of the Commission's consumer policy concern consumer health and safety and respect for consumers' economic interests. Three particular areas are covered in this section: the labelling of goods, product safety and home and leisure accidents.

Beyond simply striving to ensure safer goods and services, policies relating to health and safety involve making use of the best scientific advice to make a coherent analysis of risks. One of the specific actions undertaken by the Commission has been to reinforce consumer confidence in food safety and an integrated "farm to table" strategy was set out with the adoption of a White Paper on food safety. This has been strengthened by the creation of a European Food Authority. Concerning consumers' economic interests, the main focus of Commission policy has been on services of general interest (see page 52), the information society (see page 55 and sub-chapters 6.2 and 6.3), financial services (see chapter 8) and the introduction of the single currency. Apart from these specific areas, the Commission's action plan foresees enforcement and monitoring of legislation and maintaining the relevance of regulation in an ever-changing market place.

LABELLING (STANDARDISATION) AND LOGOS

Consumers are more and more interested in product marking. Certification is one way of explaining to consumers that a product complies with certain standards governing the product's safety or performance. Marks which require third-party testing can make an important contribution to consumer safety.

Table 1.63: CE marking - understanding and misunderstanding, 1999
(proportion of respondents believing that CE marking signifies the following characteristics, %) (1)

	Manufactured in Europe	Not dangerous	High- quality	Meets legal requirements	Meets technical standards	Others	Do not know or no response
EU-15	34.1	9.7	11.0	32.6	22.7	1.3	27.1
B	30.5	9.9	12.6	30.4	31.7	1.1	23.7
DK	27.2	5.8	6.3	39.6	32.4	1.8	19.1
D	16.9	11.9	14.6	31.2	27.2	0.6	35.7
EL	36.7	22.5	17.6	8.6	12.9	1.6	38.8
E	54.0	1.8	5.6	25.4	8.9	1.7	24.0
F	55.7	11.6	13.6	38.2	37.5	2.9	11.0
IRL	24.9	8.4	17.6	18.1	14.2	3.1	40.0
I	43.1	10.6	8.5	45.4	16.5	0.9	14.6
L	37.0	9.7	18.8	29.3	35.4	1.2	20.7
NL	16.1	4.6	8.9	45.1	22.6	1.2	29.6
A	31.4	6.5	10.7	23.4	21.4	1.0	35.8
P	46.7	9.2	14.2	18.1	10.9	1.5	24.9
FIN	28.5	10.4	7.4	37.9	29.0	1.7	23.7
S	29.9	8.6	8.1	42.8	32.1	0.6	23.1
UK	19.8	9.1	8.9	24.5	17.8	1.0	43.2

(1) Multiple answers allowed.

Source: Eurobarometer 52.1, European Commission, 2000

CE marking was set up in order to reduce barriers to trade that might result from the application of national standardisation rules. As such, strictly speaking it is neither a safety nor a quality standard, although many consumers misunderstand its purpose (see table 1.63). The CE marking indicates that the manufacturer declares that the product complies with the requirements of certain specified Directives (known as the “new approach” Directives) so that it can freely circulate and be sold anywhere within the European Economic Area - this may or may not involve the product being tested by a third party.

In a 1999 Eurobarometer survey (52.1), some 27% of respondents said that they did not know what the CE marking meant. However, many of those that said they did know its meaning were incorrect, as 34% felt it meant that product had been manufactured in Europe, 23% that the product met technical standards, 11% that it was of high quality and 10% that it was safe. Only a third of respondents knew the correct meaning of the mark. This widespread misunderstanding or lack of knowledge of the meaning can not easily be attributed to a lack of awareness of CE marking, as 62% knew that the symbol was on products that they buy. However, nearly half of the respondents (49%) said that the presence of the CE marking never influenced their decision on whether or not to buy a product, compared to 11% who said that the marking always or often influenced their decision.

The European Keymark is a relatively new initiative that confirms a product's conformity with European standards (including safety and quality) and is the result of third-party certification. The first sector for which the Keymark has been developed is domestic electrical appliances and it is available on a voluntary basis to suppliers who wish to use it.

LABELLING CLAIMS - INFORMATION OR MARKETING?

The prime consideration for rules on food labelling are the need to protect and inform the consumer. Nutritional information is not mandatory on a food label, but if a manufacturer wants to include such information they must follow the provisions of the Nutritional Labelling Directive 90/496/EEC.

A 1998 Eurobarometer survey (49) showed that two-thirds of respondents generally read food labels (see table 1.64 overleaf). A large majority of respondents (86%) stated that they felt that the origin of products should be stated on the label or packaging. Two-thirds of respondents thought that the information they looked for on labels was generally available. However, only just over half (57%) felt that the information given on labels was true, though a relatively large percentage (16%) did not express an opinion on this subject. Concerns for consistent labelling within the internal market were high, with over 84% of respondents supporting the idea that the term “light product” should have the same meaning in all countries. A similar proportion agreed that “bio products” should be produced without any chemical products (81%), that the presence of genetically modified ingredients should be indicated (86%) and that the absence of genetically modified ingredients should be indicated (77%).

Table 1.64: Proportion of respondents generally reading food product labelling information, 1998 (%)

	Generally reading labelling	Generally not reading labelling	Reasons for not reading the label (% of those generally not reading the label) (1)							
			Label is not clear	Too much information	Language is too complicated	Not interested	Know that the product is safe	Printing is too small	Other	Do not know or no response
EU-15	66	32	6	6	5	8	6	7	3	2
B	66	33	7	6	5	10	5	7	1	1
DK	64	34	5	5	5	9	8	7	7	2
D	59	39	6	12	5	7	8	7	2	2
EL	81	18	4	2	4	4	1	6	4	1
E	70	28	3	2	4	6	7	7	5	2
F	69	29	9	7	5	8	5	6	2	2
IRL	49	45	4	6	4	15	6	7	9	6
I	70	27	7	3	6	6	3	8	3	3
L	75	24	6	2	6	5	6	6	1	1
NL	70	29	2	4	2	10	15	2	4	1
A	58	39	11	8	9	9	7	10	2	3
P	69	26	4	2	7	4	2	4	8	5
FIN	69	29	6	4	5	6	9	9	3	2
S	75	24	5	3	2	6	5	5	3	1
UK	63	35	4	4	2	12	8	7	5	2

(1) Multiple answers allowed.

Source: Eurobarometer 49, European Commission, 1998

FOCUS ON SAFETY

A Eurobarometer survey (47) from the spring of 1997 looked at people's interest in and views on the safety of 13 types of different products. The results of this survey clearly showed two major areas of concern for consumers, namely food and medicines, where respectively 68% and 67% of respondents said that safety was an issue. In terms of whether respondents thought that products were actually safe or not, food products again came out as the area of most concern, with only 60% regarding them as safe.

Recent agricultural crises have reduced public confidence with respect to food safety⁽²⁸⁾. A Eurobarometer survey (49) from 1998 showed considerable variety in the opinions of consumers on the safety of different types of foods. Table 1.65 shows that amongst the product groups considered in the survey, bread, cheese and fresh fruit were regarded as the safest products, whilst ready-made dishes and other pre-packed products were considered as the least safe. Supermarkets and similar large retail outlets were regarded as having the safest food products⁽²⁹⁾ by 47% of those surveyed, closely followed by farmers and other small-holdings (46%). Markets and small grocers were regarded as having the safest products by 24% and 20% of those surveyed respectively.

(28) See chapter 2 for more details of the European Commission's policy for food safety.

(29) Note that respondents could select more than one type of retail outlet as having "the safest food products".

One of the consequences of concerns over food safety has been an interest in organic/bio foods. A 1999 study³⁰ in Bavaria (D) and Languedoc-Roussillon (F) showed that more than 50% of consumers in the sample bought bio products in both regions and more than a quarter bought them on a regular basis. Just over one-third (35%) of respondents in Languedoc-Roussillon were prepared to pay more for bio products (at an average of 28% more) compared to more than two-thirds (68%) in Bavaria (at an average of 18% more). Respect for the environment and the health benefits were the two main advantages of bio products over ordinary products, as perceived by respondents in both regions.

(30) A cross-cultural research on consumers' attitudes and behaviour towards organic and regional foods, Lucie Siriex and Burkhard Schaer.

Table 1.65: Opinion of survey respondents on the safety of specified food product groups, EU-15, 1998 (%) (1)

	Safe	Unsafe
Bread and bakery products	86	11
Cheese	80	15
Fresh fruit	80	17
Fresh milk	79	17
Fresh vegetables	77	18
Eggs	73	22
Fresh fish	69	25
Fresh meat	60	34
Frozen foods	58	34
Preserved products	52	40
Other pre-packed products	42	43
Ready made dishes	39	49

(1) Excluding respondents who replied "do not know".
Source: Eurobarometer 49, European Commission, 1998

Table 1.66: Opinions of survey respondents as to the elements that determine food safety, 1998 (%) (1)

	Absence of additives	Presence of authorised additives	Absence of preservatives	Presence of authorised preservatives	Absence of pesticides	Absence of hormones	Limitation of hormones and pesticides to levels determined by scientists	Appropriate packaging	Regulation of the product by appropriate bodies	None/other/ do not know
EU-15	36	33	28	35	56	54	21	29	49	7
B	37	27	32	31	55	64	21	37	52	9
DK	31	52	19	49	62	64	23	32	54	3
D	34	41	28	38	58	55	18	28	51	8
EL	46	18	50	26	63	69	15	20	43	1
E	37	34	36	35	48	48	14	33	47	10
F	35	30	28	34	55	60	31	35	57	5
IRL	39	26	23	25	52	51	23	15	25	8
I	44	18	35	28	64	49	13	24	52	5
L	37	29	26	27	48	53	16	27	35	9
NL	22	49	15	44	53	59	30	35	58	1
A	38	36	29	36	54	56	21	16	44	7
P	27	11	19	14	46	42	18	23	33	13
FIN	31	56	20	54	46	54	17	23	56	4
S	37	53	20	49	61	63	16	35	50	4
UK	34	34	20	35	56	49	26	27	40	9

(1) Multiple answers allowed.

Source: Eurobarometer 49, European Commission, 2000

Table 1.67: Opinions of survey respondents as to where the safest food products are found, 1998 (%) (1)

	Supermarkets, hypermarkets and large area specialists	Small and local grocers	Markets	From farmers and small producers	Elsewhere (spontaneous response)	Nowhere (spontaneous response)	Do not know
EU-15	47	20	24	46	3	6	7
B	39	22	29	49	3	12	7
DK	53	32	10	39	2	4	8
D	22	10	28	62	2	12	8
EL	32	12	32	46	4	7	2
E	62	36	36	21	2	3	7
F	37	18	40	60	3	6	5
IRL	54	15	7	30	2	5	16
I	47	17	10	45	4	7	7
L	27	13	46	58	4	7	3
NL	83	42	18	29	3	1	4
A	36	30	26	59	3	2	5
P	27	10	23	56	2	5	5
FIN	54	34	30	62	1	1	3
S	47	27	21	55	2	3	8
UK	78	17	9	24	2	2	6

(1) Multiple answers allowed.

Source: Eurobarometer 49, European Commission, 2000

The RAPEX system

The Commission operates a notification system for information on products that provide a serious and immediate risk for the health and safety of consumers, the RAPEX-system. Article 8 of Directive 92/59/EEC provides for a procedure for the rapid exchange of information when a Member State adopts or decides to adopt emergency measures within its territory against a product. The Commission verifies the conformity of the information received with the Directive and passes it on to the other Member States. The system covers both foodstuffs and non-food products with each sector having its own network. It also covers consumer products harmonised under sectoral Directives unless the sectoral Directive has an equivalent notification system. The system works according to the procedures laid down in the Annex of the Directive. The other Member States must inform the Commission services of any measures they have taken or decided upon and if the product is found on their markets but no measures were taken, the reasons for this decision.

Although there is no legal requirement to do so, Member States can communicate notifications for information only, for example, in the non-food sector in the case of voluntary withdrawal of a product by a producer, or in the food sector when a dangerous product is detected at a border.

Table 1.68: Dangerous non-food products notified by product category, 2000 (units) (1)

Total	138
Toys	32
Electric appliances/material	23
Child equipment	22
Cosmetics and hygiene	14
Lighting accessories	7
Furniture	7
Gadgets	4
Lighters	4
Clothing	3
Laser pointer	3
Hobby and sports equipment	3
Kitchen and cooking accessories	2
Other	14

(1) These figures include notifications processed by the European Commission under Articles 7 and 8 and for information only under Directive 92/59/EEC on general product safety.

Source: Directorate-General of the European Commission for Health and Consumer Protection

The same network is used by the Member States for the communication of notifications under the safeguard clause of Article 7 of Directive 92/59/EEC on general product safety and by the Commission to disseminate its position on the justification of the measures taken by the Member States. Article 7 applies when a Member State takes measures to restrict the placing of a product on the market or requires the withdrawal from the market of a product which presents a health/and or safety risk for consumers. However, this Article is only applied in practice for non-foodstuffs because similar procedures exist in the specific foodstuff legislation.

Data for the year 2000 on the notifications under the Directive on general product safety is provided in tables 1.68 to 1.70.

Table 1.69: Dangerous non-food products notified by origin, 2000 (units) (1)

Total (2)	140
B	3
DK	1
D	8
E	6
F	2
I	19
NL	1
P	1
UK	8
China	30
Hong Kong	3
Japan	1
Norway	1
Poland	1
Taiwan	6
Thailand	3
USA	4
Unknown	42

(1) These figures include notifications processed by the European Commission under Articles 7 and 8 and for information only under Directive 92/59/EEC on general product safety.

(2) The same product could be notified by different countries.

Source: Directorate-General of the European Commission for Health and Consumer Protection

Table 1.70: Dangerous non-food products notified by nature of the danger, 2000 (units) (1)

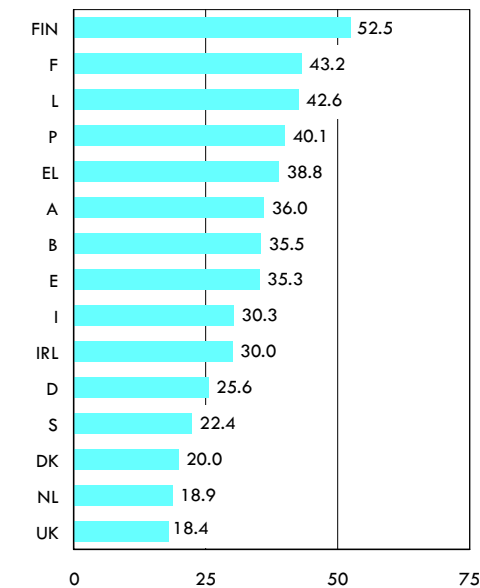
Total (2)	150
Risk of injury	36
Choking/suffocation	30
Electric shock	25
Fire risk/burns	17
Skin lesion/irritation	12
Release of metal	7
Risk of fall	6
Risk of death	4
Poisoning	3
Cuts	2
Release of phthalates	2
Possible confusion with toy	1
Other	5

(1) These figures include notifications processed by the European Commission under Articles 7 and 8 and for information only under Directive 92/59/EEC on general product safety.

(2) The same product could present different risks.

Source: Directorate-General of the European Commission for Health and Consumer Protection

Figure 1.16: Home and leisure accidents in the EU, 1995 (age standardised mortality rate per 100 thousand inhabitants)



Source: WHO mortality statistics, 1995

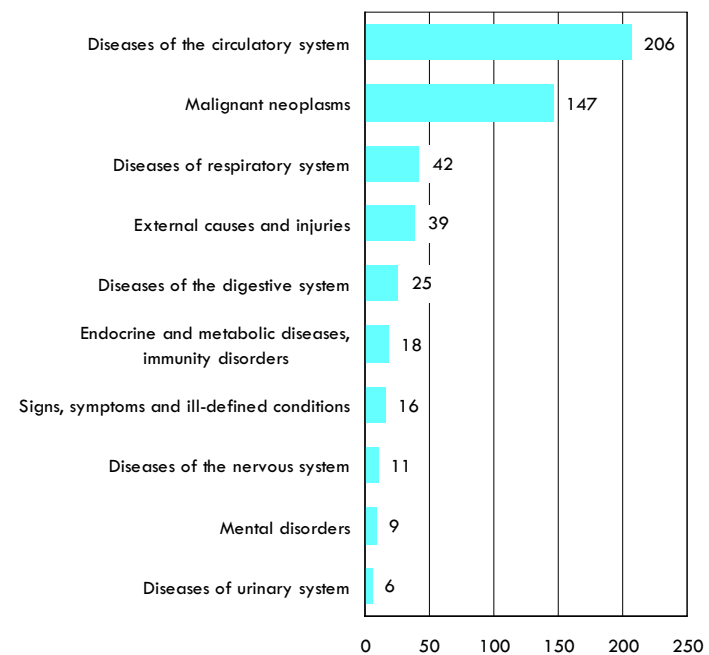
HOME AND LEISURE ACCIDENTS

According to statistics compiled by the European Consumer Safety Association (ECOSA)⁽³¹⁾, there are about 80 thousand home and leisure related fatalities, 43 thousand road fatalities and 5.5 thousand fatalities in the workplace each year. Over 40 million people are injured each year in the European Union because of home and leisure related accidents⁽³²⁾. ECOSA estimate that products or their faulty usage caused or contributed to half of these injuries. On average in the EU, approximately 70% of all accidents in society are home and leisure accidents. The most affected groups are children and elderly people. Figure 1.16 provides data on home and leisure accidents in the EU. Additional information on home and leisure accidents is provided in chapter 4 (see page 119).

(31) More information is available at <http://www.ecosa.org>.

(32) Priorities for consumer safety in the European Union, agenda for action, ECOSA, September 2001.

Figure 1.17: Ten leading causes of death in the EU, 1995 (rates per 100 thousand inhabitants)



Source: WHO mortality statistics, 1995



2. Food, beverages and tobacco



2 FOOD, BEVERAGES AND TOBACCO

Food and beverages are amongst the most important consumption items, satisfying the basic physiological needs of hunger and thirst and forming one of the most recurrent expenditure items for the majority of EU households. However, the increasing share of Europe's population in active employment and the growing number of large supermarkets (especially in northern Europe) has generally led to a reduction in the average number of shopping trips that are made for food each week.

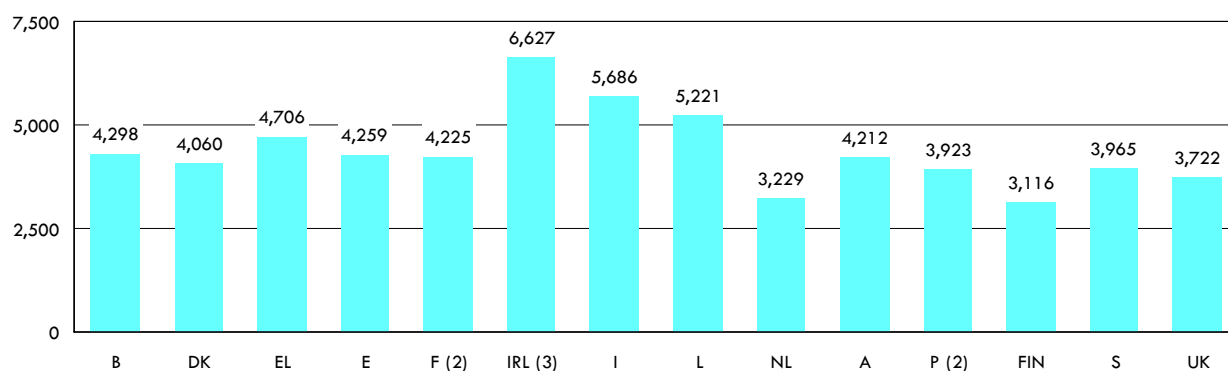
There are considerable differences in the regional trends of consumption of food and beverages, which are driven by the diversity of produce available within the EU. Increased leisure, in the form of more foreign holidays and a larger number of trips to restaurants has resulted in higher consumer awareness as regards foreign foods and drinks. Coupled with improved distribution networks, this has led to a convergence in consumption patterns (for example, rising wine consumption in northern Europe and rising beer consumption in southern Europe).

Together food, beverages and tobacco accounted for between 12.1% (Luxembourg) and 24.1% (Portugal) of total household expenditure in 1999 (see figures 2.1 and 2.2). It is important to note that the HBS data covered in this chapter does not include food or beverages sold for immediate consumption by hotels, restaurants, cafés and bars, nor cooked dishes prepared by restaurants or catering contractors (whether collected by the customer or delivered to the customer's home). Furthermore, the data does not always take account of self-production of food and beverages, which may account for a considerable share of household consumption¹. Indeed, INSEE estimate that in 1999, some 11% of the fresh fruit and vegetable market in France was satisfied by self-production (9% of which was accounted for by vegetables and 2% by fruits)².

(1) Consumption of own production is generally thought to be underestimated within the HBS; S, no consumption of own production; DK, consumption of own production only recorded when >1,000 Danish crowns.

(2) La consommation des ménages en 1999, Infos - Cifil - no. 166, November 2000.

Figure 2.1: Food, beverages and tobacco
Mean consumption expenditure, 1999 (PPS per household) (1)



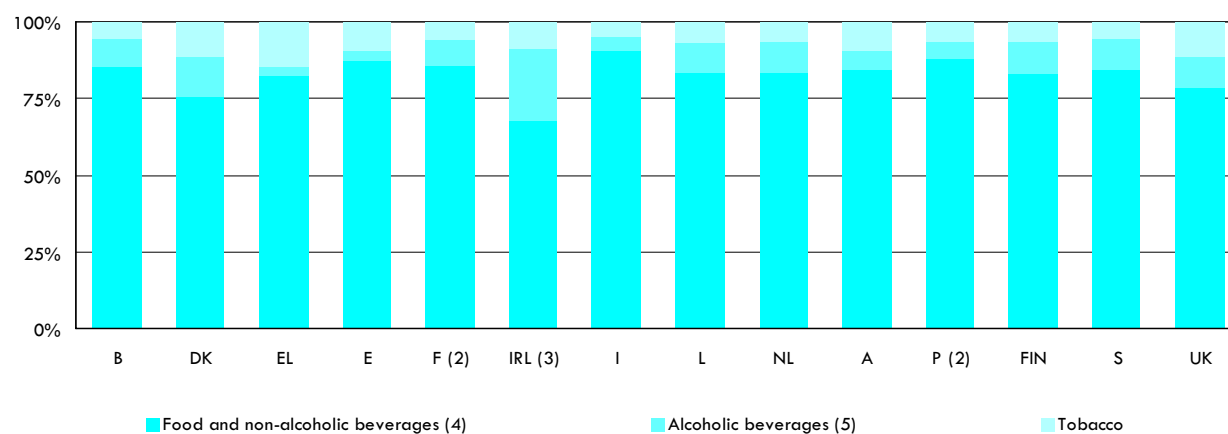
(1) D, not available.

(2) 1994.

(3) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 2.2: Food, beverages and tobacco
Breakdown of consumption expenditure, 1999 (%) (1)



(1) D, not available.

(2) 1994.

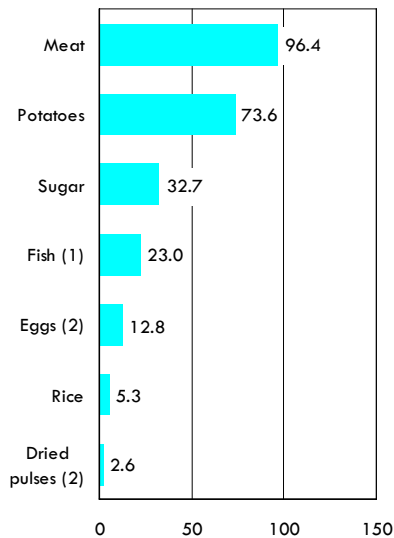
(3) Provisional.

(4) S, including part of beer and take-away food and beverages.

(5) A, data for alcoholic beverages are unreliable; S, excluding part of beer.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 2.3: Human consumption of selected food products in the EU, 1999 (kg/inhabitant)



(1) 1997.

(2) 1998.

Source: Eurostat, Agriculture and fisheries (theme5/zpa1 & theme5/fish)

CONSUMPTION

Figure 2.3 shows the breakdown, in volume terms, of consumption of selected food items in 1999. On average Europeans ate more than four times as much meat (96kg/inhabitant) as they did fish (23kg), whilst consuming almost 33kg of sugar.

Looking in more detail, table 2.1 shows the wide disparities that still exist between the consumption of certain food and beverage items within the EU. These patterns are usually related to whether or not a product can be supplied locally. For example, the principal consumers of vegetable oil are Greece, Spain and Italy, whilst the highest per capita consumption of meat is in Austria (a land-locked country) and the largest volume of fish and seafood is eaten in Portugal and Greece.

According to the FAO, Europeans consumed on average almost 3,400 calories per day in 1996. More than two-thirds of this total could be accounted for by vegetable products, whilst the daily intake of calories from meat was, on average, just over 400 and that from fish below 50 (see table 2.2). There was a fairly narrow range in the calorific intake of EU inhabitants, from 3,013 calories in Finland to 3,621 calories in Austria³.

(3) Excluding L.

Table 2.1: Per capita supply of food per year, 1996 (kg) (1)

	EU-15	B/L	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Cereals	110.6	103.5	102.0	98.3	150.4	101.4	111.2	130.7	157.8	:	77.7	102.3	125.8	92.9	97.5	91.7
Starchy roots	78.3	105.2	67.3	80.6	65.2	88.1	67.3	127.5	37.6	:	86.5	61.7	128.5	68.0	56.4	110.0
Sugar & sweeteners	38.1	48.1	48.6	40.8	31.4	33.3	38.4	43.4	30.3	:	46.3	46.3	34.8	38.0	45.0	39.1
Pulses	3.4	2.4	0.9	1.5	5.2	6.5	2.0	2.9	5.2	:	2.7	0.8	4.5	1.5	1.2	4.5
Treenuts	4.4	4.4	3.6	4.7	10.5	6.5	3.6	0.8	5.8	:	5.4	5.4	3.8	1.3	2.7	1.5
Oilcrops	3.3	2.6	1.0	2.9	12.6	4.8	2.2	1.4	2.4	:	5.3	2.8	1.5	1.2	1.9	4.1
Vegetable oils	19.8	23.3	7.2	18.5	28.1	26.8	16.8	14.1	24.8	:	17.4	19.0	17.0	8.7	15.8	17.4
Vegetables	119.4	126.1	88.1	77.4	284.0	155.2	122.4	74.2	177.2	:	87.4	89.4	179.7	69.3	71.1	83.4
Fruits	105.5	141.1	77.0	115.3	144.9	99.8	87.3	88.0	127.3	:	136.9	98.6	109.5	69.3	88.9	80.7
Stimulants	8.4	6.4	14.1	9.7	5.6	6.1	9.1	5.8	6.4	:	12.0	10.0	5.4	11.4	12.2	8.3
Spices	0.4	0.7	0.7	0.5	0.4	0.2	0.3	0.3	0.1	:	1.0	0.8	0.2	0.3	0.5	0.5
Alcoholic beverages	115.7	131.5	151.3	155.1	52.8	105.0	108.0	152.1	81.2	:	92.8	148.1	131.6	93.1	80.5	118.4
Meat	87.3	87.5	102.2	86.5	76.8	102.1	98.8	80.7	86.0	:	92.8	105.2	78.6	63.1	66.4	72.2
Edible offal	4.6	4.6	1.3	4.1	4.0	3.8	9.3	20.5	3.9	:	2.3	3.1	5.6	2.5	1.7	2.7
Animal fats	13.8	26.4	27.0	21.6	2.6	3.9	18.2	17.4	10.5	:	7.9	20.2	11.6	14.0	19.1	7.3
Milk	240.4	207.8	239.9	234.2	257.1	165.6	248.7	246.1	257.3	:	338.6	261.3	185.2	357.8	342.6	232.3
Eggs	12.6	13.0	13.7	12.5	10.3	13.7	15.5	8.9	12.5	:	15.2	13.6	9.0	10.4	12.2	10.0
Fish & seafood	24.9	20.9	24.0	14.9	26.1	40.7	29.8	17.2	23.5	:	15.8	14.2	63.3	34.0	30.1	21.5
Other aquatic products	0.0	0.2	:	0.0	0.0	0.1	0.1	0.0	0.0	:	0.0	0.0	0.2	:	:	0.0

(1) Bold indicates the country with the lowest per capita supply; blue indicates the country with the highest per capita supply; EU-15, excluding L.

Source: Food and Agriculture Organization of the United Nations (FAO)

Table 2.2: Per capita supply of calories per day, 1996 (units) (1)

	EU-15	B/L	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Total	3,393	3,579	3,287	3,395	3,580	3,310	3,500	3,525	3,519	:	3,256	3,621	3,602	3,013	3,054	3,203
Vegetable products (2)	2,338	2,445	2,018	2,336	2,774	2,433	2,179	2,444	2,601	:	2,132	2,381	2,629	1,794	2,023	2,194
Cereals	832	728	793	766	1,056	748	837	982	1,132	:	604	824	1,022	739	729	713
Starchy roots	142	191	120	148	119	160	121	216	67	:	159	115	234	133	100	199
Sugar & sweeteners	368	458	446	398	302	323	366	415	289	:	451	452	327	370	448	381
Pulses	32	23	9	13	49	61	18	27	49	:	25	7	42	14	11	42
Treenuts	29	33	30	37	58	36	22	5	36	:	32	34	20	10	20	9
Oilcrops	25	15	5	28	45	34	18	12	11	:	30	26	7	13	17	39
Vegetable oils	482	527	165	446	681	649	406	339	596	:	417	469	408	207	375	448
Vegetables	80	112	68	56	160	105	84	60	103	:	66	61	115	47	50	60
Fruits	125	133	90	140	179	127	93	95	160	:	130	123	143	83	101	96
Stimulants	23	11	52	38	10	12	18	21	11	:	66	19	25	16	18	16
Spices	3	6	6	4	3	2	3	3	1	:	9	7	2	3	4	4
Alcoholic beverages	196	208	234	262	96	176	193	268	145	:	145	244	281	160	147	184
Animal products	1,055	1,134	1,269	1,059	805	877	1,321	1,081	918	:	1,124	1,240	974	1,220	1,031	1,010
Meat	416	321	399	375	295	414	534	364	388	:	438	484	354	483	292	437
Edible offal	14	15	4	13	12	12	28	61	12	:	7	9	17	7	5	9
Animal fats	220	420	436	328	30	62	293	214	158	:	153	338	210	183	240	151
Milk	314	287	305	270	385	261	363	379	272	:	434	336	264	442	391	342
Eggs	49	50	55	49	40	53	60	34	48	:	59	52	35	40	48	38
Fish & seafood	42	40	70	25	42	75	43	30	41	:	34	21	93	64	56	33

(1) Bold indicates the country with the lowest per capita supply; blue indicates the country with the highest per capita supply; EU-15, excluding L.

(2) Includes miscellaneous products in the total that are not presented in the breakdown.

Source: Food and Agriculture Organization of the United Nations (FAO)

Healthy eating?

According to a report by the IEFS⁴, all socio-economic groups in the EU believe that nourishing and wholesome food can prevent disease and help people stay healthy. Less fat and more fruit and vegetables were amongst the most frequently mentioned items by respondents when asked to name food characteristics that would form the basis of a healthy diet (see table 2.3).

Over 70% of respondents to the same survey believed that their own personal diet was healthy, ranging from 47% in Finland to 87% in Italy. Nevertheless, more than half of the EU's population was at the wrong weight for their height in 1996 (see table 2.4). A breakdown by Member State revealed that the United Kingdom had the highest prevalence of obesity in the EU (some 12% of the population). A high prevalence of under-weight in females was found for the 15 to 24 year-old age group.

Many nutritionists and health experts believe that healthy eating habits should be established from an early age and for this reason the consumption habits of students are of particular interest. Table 2.5 shows some eating habits of students, aged 15. One of the most revealing statistics is that more than 50% of girls in the EU were either dieting or felt that they should be on a diet. The highest share of respondents eating fruit at least once a day was found in Portugal, with a maximum of 95% for 15 year-old girls. Portugal was also the only country in the EU where more than 50% of students claimed to eat raw vegetables on a daily basis.

(4) Survey conducted between October 1995 and February 1996; A Pan-EU Survey on Consumer Attitudes to Food, Nutrition and Health, Report Number Four - Dietary Changes, IEFS (Institute of European Food Studies).

Table 2.3: Dietary changes made by respondents during the last six months, 1996
(proportion of respondents indicating a change in their eating habits, %) (1)

	Less fat	More fruit and vegetables	Less sugar	Drink more water	Avoid additives	Less salt	More wholemeal or wholegrain	Less alcohol
B	21	19	19	16	11	12	10	7
DK	23	22	15	15	12	9	15	8
D	18	17	17	8	10	10	14	11
EL	21	21	17	11	12	10	4	8
E	24	19	19	13	11	14	5	14
F	20	16	16	14	7	6	8	9
IRL	21	20	16	13	8	9	11	7
I	20	17	16	11	12	8	6	8
L	25	24	23	21	16	15	16	15
NL	29	21	21	15	13	12	15	7
A	34	33	32	15	16	16	19	15
P	15	13	15	9	8	12	5	7
FIN	37	32	32	26	22	35	21	13
S	23	22	19	18	9	9	13	5
UK	37	34	29	19	14	16	18	14

(1) Multiple responses allowed.

Source: A Pan-EU Survey on Consumer Attitudes to Food, Nutrition and Health, Report Number Four - Dietary Changes, IEFS (Institute of European Food Studies)

Table 2.4: Body-mass index, 1996
(proportion of the population in each category, %) (1)

	Under-weight	Normal weight	Over-weight	Obese
EU-15	11	48	31	10
B	12	48	31	9
DK	13	49	31	8
D	8	46	35	11
EL	9	45	35	11
E	9	47	33	11
F	17	52	24	7
IRL	10	50	31	8
I	14	49	30	7
L	11	53	27	9
NL	9	52	29	10
A	10	48	32	10
P	8	50	33	9
FIN	9	48	33	10
S	11	49	33	7
UK	12	46	30	12

(1) Body mass index is calculated as kg/m²; under-weight, <=19.99; normal weight, 20 - 24.99; over-weight, 25 - 29.99; obese, >30.

Source: A Pan-EU Survey on Consumer Attitudes to Physical Activity, Body-weight and Health, IEFS (Institute of European Food Studies)

Table 2.5: Eating habits of students aged 15 years old, 1997/1998 (%)

	On or feel they should be on a diet		Drink low-fat milk every day		Eat sweets or chocolate every day		Eat potato crisps every day		Drink soft drinks every day		Eat chips or fried potatoes every day		Eat fruit every day	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
B (1)	16	51	45	41	33	24	12	8	55	39	3	2	39	53
DK	20	47	77	70	31	27	5	2	40	22	4	1	48	59
D (2)	22	50	29	28	45	41	10	7	54	37	5	2	51	63
EL	29	56	26	25	43	47	18	15	61	41	32	19	75	76
F (2)	19	52	65	58	47	40	22	15	42	27	11	7	53	59
IRL	20	50	24	27	80	75	56	50	75	51	28	13	66	75
A	18	53	16	14	43	42	12	6	39	26	3	2	55	69
P	18	44	13	15	60	55	21	17	58	42	27	20	91	95
FIN	16	42	80	75	24	14	:	:	22	6	:	:	43	56
S	19	51	33	37	31	28	6	4	32	19	5	2	58	69
UK (3)	20	49	73	67	62	54	60	50	67	53	33	19	52	57

(1) Flanders only.

(2) Regional data.

(3) England only.

Source: adapted from Currie, C., et al., ed. Health and health behaviour among young people in Health Behaviour in School-aged Children: a WHO Cross-national study (HBSC); International report; Copenhagen, WHO Regional Office for Europe, 2000 (document EUR/ICP/IVST 0603 05(A))

CONSUMPTION EXPENDITURE

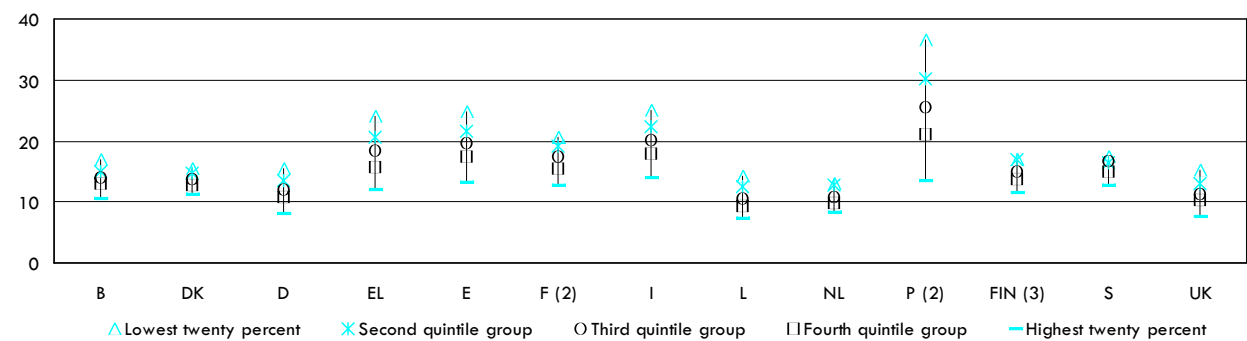
Food as a necessity

There was a relative decline in the importance of food and non-alcoholic beverages within total household expenditure between 1994 and 1999 in seven out of eight countries for which data were available⁵. The largest reductions were recorded in Ireland and the United Kingdom, where spending on food and non-alcoholic beverages as a proportion of total expenditure fell by 3.9 and 3.6 percentage points respectively.

Figure 2.4 shows the breakdown of food and non-alcoholic beverages consumption expenditure by income quintile group in 1999⁶. As food may be regarded as a necessity, the share of expenditure on food and non-alcoholic beverages in total expenditure is inversely related to income. As a result, the breakdown of expenditure by income quintile group is influenced by income distribution. The proportion of total expenditure accounted for by food and non-alcoholic beverages shows similar proportions amongst different income groups in Denmark and Sweden and wider variations Portugal.

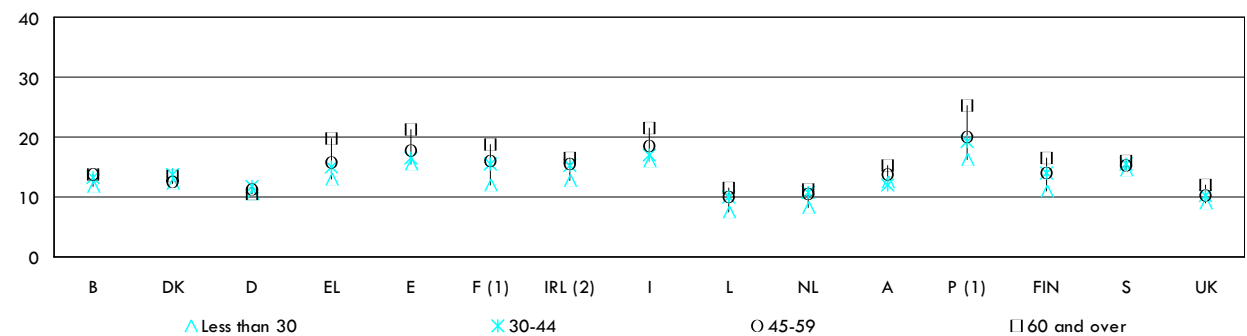
(5) DK, EL, IRL, NL, FIN, S and UK; the share rose in B.
(6) For the whole of this section on consumption expenditure: F and P, 1994; IRL and A, consumption expenditure broken down by income quintile, not available; FIN, income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

Figure 2.4: Food and non-alcoholic beverages
Share of total consumption expenditure, breakdown by income distribution, 1999 (%) (1)



(1) IRL and A, not available.
(2) 1994.
(3) Income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.
Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 2.5: Food and non-alcoholic beverages
Share of total consumption expenditure, breakdown by age of head of household, 1999 (%)



(1) 1994.
(2) Provisional.
Source: Eurostat, Household Budget Survey (theme3/hbs)

Health and dietary factors, as well as consumer's concern vis à vis food safety play an important role in determining food purchases. Food items associated with healthy living or with quick and easy preparation (for example, fish, vegetables and mineral waters, soft drinks and fruit juices) have recorded the most rapid relative growth between 1994 and 1999⁷. On the other hand, the two Classes of food items that recorded the largest decline in their respective shares of total household expenditure were meat and milk, cheese and eggs.

Figure 2.5 shows that households headed by a person aged 60 and over generally spent a higher proportion of their expenditure on food and non-alcoholic beverages. Expenditure on food and non-alcoholic beverages by households headed by a person aged under 30 was generally between two-thirds and four-fifths of the proportion for households headed by a person aged 60 and over (although in Denmark, Germany and Sweden the ratio was over nine-tenths).

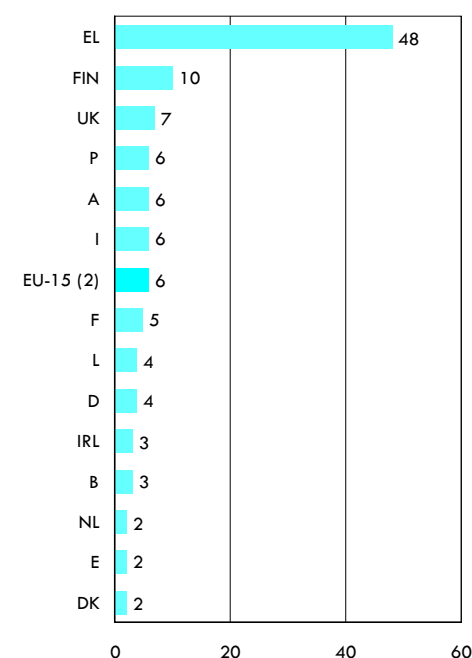
The European Community Household Panel provides an indication of the number of households that cannot afford to eat meat or chicken or fish at least once every two days (see figure 2.6). This was usually below 10%, with the notable exception of Greece (48%).

PRICES

The harmonized index of consumer prices for food and non-alcoholic beverages rose in the EU by 3.5% between 1996 and 2000, equivalent to less than 1% per annum on average (see figure 2.7). This was almost half the rate of increase recorded for the all-items consumer price index, which gained, in absolute terms, 6.4% between 1996 and 2000.

(7) All information in this paragraph is based on data for B, DK, EL, IRL, NL, FIN, S and UK.

Figure 2.6: Households that cannot afford to eat meat, chicken or fish every second day, 1996 (%) (1)



(1) S, not available.

(2) Excluding S.

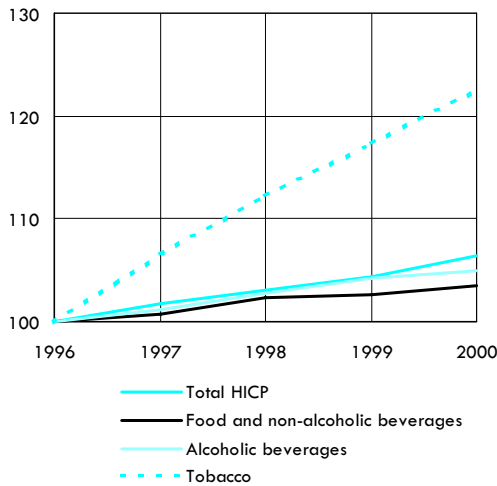
Source: Eurostat, European Community Household Panel (theme3/ilc)

Table 2.6: Relative price level indices, 1999 (country average for each product group = 100) (1)

		B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Carbonated drinks - cola	PE	99	139	73	91	93	78	92	88	:	116	90	82	112	135	113
Carbonated drinks - non cola	PE	90	145	81	95	88	85	115	82	:	77	95	81	120	146	:
Chocolate bars (singles)	PE	73	143	85	:	:	:	:	98	:	80	98	106	95	142	78
Dry pasta	PE	118	:	115	:	97	94	105	62	:	:	:	108	112	88	99
Instant coffee	PE	93	113	88	77	87	93	100	133	:	86	103	117	108	107	94
Ketchup	PE	93	117	66	124	109	108	84	138	:	88	105	108	86	88	86
Mineral water	PE	63	:	85	76	:	44	98	58	:	95	116	:	189	176	99
RTE cereals	PE	91	88	100	152	82	94	:	115	:	93	123	85	112	93	71
Drinking chocolate	G	:	118	56	:	76	76	:	147	:	:	78	97	91	157	104
Frozen pizza	G	100	103	71	83	96	99	:	89	:	78	103	152	107	108	110
Granulated sugar	G	89	113	:	:	89	120	114	:	:	87	106	100	96	110	77
Honey	G	:	108	73	:	91	95	97	108	:	57	91	:	115	160	104
Mineral water	G	79	139	109	73	39	57	145	49	:	68	60	:	153	199	129

(1) The table shows the price level in each Member State for a selection of supermarket products with respect to a simple EU-average. The prices used are average, yearly prices on the national level. In the data base used for the calculations two prices are quoted for each product: a popular size and a consistent size (across countries). In the calculations a weighted (volume) average of the two has been used. For the pan-European products (indicated by PE), the price level in the countries for one selected brand is shown. For the generic products (indicated by G) an average price of all generic products in the country has been calculated. Source: Directorate-General of the European Commission for the Internal Market (Scanner data) based on AC Nielsen data

Figure 2.7: Food, beverages and tobacco
Development of harmonized indices of consumer prices in the EU (1996=100)



Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

For means of comparison, consumer price indices for alcoholic drinks and tobacco products are also provided in figure 2.7. Whilst consumer prices for alcoholic drinks also grew by less than the all-items average (up 4.9% between 1996 and 2000), the price index for tobacco goods rose by 22.6% over the same period (equivalent to an average annual increase of 5.2%).

A more detailed breakdown of the evolution of consumer price indices of food, beverage and tobacco items is provided in table 2.7. For the vast majority of items, price increases followed closely the pattern observed for the aggregate of all food, beverage and tobacco items. There were however more rapid price increases for fish and seafood, up on average by 3.8% per annum between 1996 and 2000, whilst the price of coffee also rose rapidly in 1997 and 1998, before falling in 1999 and 2000. On the other hand, the price of oils and fats fell on average by 2.0% per annum between 1996 and 2000.

In general terms, price level indices show that food was cheaper in the southern Member States, although this did not hold for all items (see table 1.41 on page 43). When comparing the most and least expensive countries in 1998, price levels normally varied between a factor of 1.5 and 2. However, for alcoholic beverages and tobacco products this ratio was close to 3.

Table 2.7: Food, beverages and tobacco
Development of harmonized indices of consumer prices in the EU (1996=100)

	1996	1997	1998	1999	2000
Total HICP	100	102	103	104	106
Food & non-alcoholic beverages	100	101	102	103	104
Food	100	101	102	103	104
Non-alcoholic beverages	100	103	105	103	103
Food	100	101	102	103	104
Bread & cereals	100	101	102	103	104
Meat	100	102	101	100	102
Fish & seafood	100	103	109	113	116
Milk, cheese & eggs	100	100	101	101	101
Oils & fats	100	94	91	93	92
Fruit	100	101	105	105	105
Vegetables	100	98	102	105	105
Sugar, jam & confectionery	100	102	103	104	105
Food products n.e.c.	100	101	103	104	104
Non-alcoholic beverages	100	103	105	103	103
Coffee, tea & cocoa	100	106	110	103	102
Mineral water, soft drinks & juices	100	101	102	103	103
Alcoholic beverages	100	101	103	104	105
Spirits	100	101	102	102	103
Wine	100	101	103	106	107
Beer	100	101	103	103	104
Tobacco	100	107	112	117	123

Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

The Nordic countries, Ireland and the United Kingdom were the most expensive countries for purchasing alcoholic beverages in 1998, with indirect taxation having an important influence on price. Indeed, the five most expensive countries for alcoholic beverages were also the only countries to report that excise revenues for these items summed on average to over €100 per inhabitant in 1999. The same countries reported the highest relative price levels for tobacco products, with the United Kingdom the most expensive country, followed by Sweden, Denmark, Ireland and Finland.

Alcoholic beverages were cheapest in Portugal and Spain (with price levels some 64% and 66% of the EU average), whilst the cheapest tobacco products were found in Spain (60% of the EU average), Portugal (65%), Luxembourg (69%) and Greece (70%).

Whilst the largest price increases between 1996 and 2000 were for fish and seafood, there was a relatively low degree of variation in the price of fish between countries. Finland and Spain reported the lowest price levels for fish in 1998 (almost 20% below the EU average), whilst Austria had the highest price level (30% above the EU average). There was a somewhat higher variation in the price of fresh fruit, vegetables and potatoes, with Portugal reporting price levels 26% lower than the EU average, whilst the Danish price level was 34% higher. In general, Denmark had some of the highest price levels in the EU for food items, about one third above the EU average with only fish, milk, cheese and egg products more in line with the EU average price level.

Figure 2.8: Food, beverages and tobacco
Absolute growth in consumer prices, 1996-2000 (%)



Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

Are food prices that important to consumers?

European consumers consider safety as the most important ingredient in their food, placing the greatest emphasis on perceived quality when asked to select the most important factors that influence their choice of food (see table 2.8)⁸. The information presented excludes replies that accounted for less than 5% of responses, such as a prescribed or vegetarian diet, the presentation/packaging of food or cultural factors. It is interesting to note that the percentage of respondents selecting price as one of the three most important factors when buying food varied from just 18% in Greece and Luxembourg to 62% in Finland. Although quality and freshness (pre-requisites for any food purchase) primarily drive consumer choice, price was seen as the second most important influence in six countries (Germany, Spain, France, Austria, Finland and Sweden).

Taste was considered as an important influence on food choice by 44% of male respondents, compared to 32% of female respondents (see table 2.9). On the other hand, female consumers attached a higher degree of importance to a healthy diet. Indeed, the study showed that the females aged between 35 and 54 with at least a secondary level of education were the most likely to study nutritional information when selecting food (whilst at the same time being more interested in slimming, the presence of additives and vegetarianism). Convenience was generally cited by between 10% and 20% of respondents as an important factor: Denmark (25%) and Austria (8%) were outside this interval, whilst an age breakdown showed that younger people (17%) were more inclined to cite convenience than persons aged 55 or over (10%).

(8) A Pan-EU Survey on Consumer Attitudes to Food, Nutrition and Health, Report Number Four - Dietary Changes, IEFS (Institute of European Food Studies).

Table 2.8: Factors perceived to be amongst the most important influences on food choice, 1996 (%) (1)

	Quality/ freshness	Price	Taste	Healthy diet	Family preference	Habit	Convenience	Contains additives
B	76	34	46	37	29	19	12	11
DK	64	39	29	48	22	18	25	17
D	76	40	31	31	29	26	11	7
EL	75	18	47	32	38	28	11	5
E	80	52	22	32	25	20	11	5
F	77	57	42	25	21	20	13	5
IRL	49	30	45	35	36	29	13	5
I	84	29	40	25	36	19	15	5
L	68	18	49	24	18	18	14	21
NL	73	36	41	28	36	21	16	9
A	90	54	25	50	32	10	8	8
P	66	38	40	34	24	21	12	5
FIN	67	62	41	40	17	20	17	7
S	73	59	37	30	31	21	17	8
UK	59	43	49	40	30	20	15	5

(1) Respondents were asked to give the three most important factors, of which the eight most frequent answers are presented.

Source: A Pan-EU Survey on Consumer Attitudes to Food, Nutrition and Health, Report Number Four - Dietary Changes, IEFS (Institute of European Food Studies)

Table 2.9: Factors perceived to be amongst the most important influences on food choice in the EU, 1996 (%) (1)

	Quality/ freshness	Price	Taste	Healthy diet	Family preference	Habit	Convenience	Contains additives
Sex								
Male	71	41	44	27	25	23	13	5
Female	78	44	32	37	32	19	13	7
Age								
15-34	70	42	42	29	27	23	17	6
35-54	77	42	34	33	34	20	12	7
55+	78	44	36	33	25	20	10	6
Occupation								
Working	74	41	40	33	30	21	13	7
House person	80	42	33	33	40	20	12	6
Student	63	41	48	27	21	23	17	5
Unemployed	68	48	34	27	23	21	17	7
Retired	78	46	34	33	22	21	10	5
Education								
Primary	77	48	33	28	27	23	11	6
Secondary	74	40	41	33	31	20	13	6
Tertiary	74	38	38	38	28	23	16	6

(1) Respondents were asked to give the three most important factors, of which the eight most frequent answers are presented.

Source: A Pan-EU Survey on Consumer Attitudes to Food, Nutrition and Health, Report Number Four - Dietary Changes, IEFS (Institute of European Food Studies)

SAFETY AND QUALITY:

THE TWO MOST IMPORTANT INGREDIENTS OF FOOD

As shown above, European consumers consider food safety and quality as more important than price. It is the responsibility of the European Commission, in the field of food safety and quality, to set-up, at a European level, a regulatory framework aimed at achieving the highest possible level of consumer health protection and the utmost standards of food safety. This framework is implemented and enforced by Member States. The Commission is also responsible for integration of food safety and quality concerns into policy areas such as the Common Agricultural Policy and for the monitoring of the performance of Member States in controlling food safety.

Important actions are currently being developed to further improve the food safety legislative framework. The European Commission is preparing, on the basis of a coherent and comprehensive approach, a number of proposals implementing actions outlined in the White Paper on Food Safety it adopted in January 2000. Food quality, nutrition and food safety were also the three main themes developed during the third European Consumer Day on 15 March 2001⁹.

(9) More information about debates, speeches and round tables on food quality can be found at http://europa.eu.int/comm/dgs/health_consumer/library/debate/index_en.html.

Table 2.10: Number of products registered under Community legislation as PDOs and PGIs as of May 2001 (units)

	PDO (Protected Designation of Origin)	PGI (Protected Geographical Indication)
EU-15	346	216
B	2	1
DK	0	3
D	37	24
EL	58	18
E	34	20
F	60	65
IRL	1	2
I	77	34
L	2	2
NL	5	0
A	8	3
P	49	29
FIN	1	0
S	0	2
UK	12	13

Source: Directorate-General of the European Commission for Agriculture; available at http://europa.eu.int/comm/agriculture/qual/en/prodb_en.htm

Food safety and quality improvements are necessary in all sectors of the food chain: feed production, primary production, food processing, storage, transport and retail sale, in other words from farm to table. The aim of the legislative framework is to put safe food and quality food at the heart of the European food chain. Two other important cornerstones of the policy are increased information for consumers and the traceability of food products.

The capacity of the Union's scientific and management systems to respond rapidly to emerging and reoccurring food safety threats in full co-operation and co-ordination with Member States' activities is being reinforced. Its scientific advice system guarantees a high level of human health and consumer protection and this is being increased. Networks and structural arrangements to reinforce co-operation with the Member States are being established. The Union's scientific and management systems are also actively involved in research within this domain. Efforts to promote better education of consumers on food safety, as well as nutrition policy are also being developed.

Specific instruments have been developed to have food of a particular quality recognised and these include rules on the protection of geographical indications (PGI) and designations of the origin of agricultural products and foodstuffs (PDO), covered by Regulation (EEC) No 2081/92. In addition, there are rules on certificates of specific character for agricultural products and foodstuffs (TSG), covered by Regulation (EEC) No 2082/92. These rules were created in 1992 with the aim to protect specific product names

from misuse and imitation and to help consumers by giving them information concerning the specific characteristics of products. The names of more than 500 cheeses, meats, fruit and vegetable products are currently registered as either PDOs or PGIs (see table 2.10).

Table 2.11: Incidence rates for selected diseases related to food and water borne diseases (persons having declared a communicable disease per 100 thousand inhabitants)

	Botulism (1)	Campylo- bacteriosis (2)	Salmonellosis (3)	Shigellosis (4)
B	0.01	63.8	85.0	2.9
DK	0.00	66.2	61.5	1.0
D	0.02	40.5	103.8	2.0
EL	0.00	:	0.1	0.0
E	0.02	13.2	17.6	0.2
F	0.04	:	23.2	1.6
IRL	:	55.8	25.8	3.1
I	0.04	:	24.5	3.1
L	:	:	11.6	0.0
NL	0.00	22.1	13.7	2.1
A	0.00	40.2	85.2	3.0
P	:	:	3.4	0.1
FIN	0.00	64.0	54.2	1.4
S	0.00	80.6	55.2	5.3
UK	:	110.4	:	3.3

(1) EL, NL and FIN, 1998.

(2) DK, D and UK, 1998.

(3) B, EL, L and P, 1998.

(4) EL, P and UK, 1998.

Source: Eurostat, Health and safety (theme3/health)

A Eurobarometer survey (49) conducted in April and May 1998 identified, from the consumer's perspective, the most important characteristics that make food products safe. The first three items identified were the absence of pesticides (56%), the absence of hormones (54%) and a relevant control system being conducted by competent authorities (49%). For more details concerning consumers' attitudes to food safety and labelling issues, please refer to sub-chapter 1.6.2. One indicator that may be used to monitor the success of food safety policy is the incidence rate of selected communicable diseases (see table 2.11).

Organic and genetically modified aspects of food production

Eurostat estimates that almost 2% of agricultural land was devoted to organic farming practices in 1998. Council Regulation 2092/91 sets out strict guidelines that need to be respected before an agricultural product may be deemed as organic. The Regulation particularly restricts the use of fertilisers and pesticides. Whilst it is true that organic farming still accounts for a marginal share of total agricultural output, the number of organic farms increased by more than 40% in 1998 in Denmark, Belgium and Portugal. Organic farming was most prevalent (in terms of area covered) in Italy and France (see table 2.12).

EU legislation concerning genetically modified organisms (GMOs) and genetically modified (GM) food and feed is based on the following principles: GMOs and GM food and feed must be safe; proper information must be given to enable consumers to exercise freedom of choice; there must be careful monitoring of GMOs. GMOs, including seeds, and GM derived food and feed cannot be authorised unless they have undergone a comprehensive scientific risk assessment and it is concluded that they are safe for human health, animal health and the environment.

Table 2.12: Breakdown of crops grown on organic land in selected Member States, 1998 (ha of land) (1)

	DK	EL	F	I	L	NL	P	S
Cereals	30,070	1,000	34,117	177,017	116	3,424	3,424	31,751
Dried pulses	2,746	57	2,836	:	12	171	:	4,289
Potatoes	768	7	580	:	12	816	:	1,007
Sugar beet	193	:	8	:	:	404	:	425
Industrial crops	921	197	9,637	32,724	2	195	:	1,221
Nuts	:	:	1,298	:	:	:	1,606	:
Citrus fruit	:	1,299	182	51,982	:	:	104	:
Vines	:	1,566	7,896	27,005	1	:	782	:
Olives	:	9,475	242	48,435	:	:	13,743	:
Fodder	:	437	8,825	162,266	177	2,650	5,476	56,981
Permanent pasture	14,739	60	134,786	:	404	11,826	738	24,209
Flowers and ornamental plants	:	:	13	:	:	14	:	5
Horticulture	1,074	240	3,909	22,154	9	1,455	1,425	496
Seeds and seedlings	:	:	524	23,168	:	:	0	:
Fresh fruits and berries	:	:	3,727	:	8	175	429	294

(1) Missing countries, not available.

Source: Eurostat, Environment statistics (theme8/milieu)

The overall EU legislative framework regulating GM food and feed which is being implemented and further developed, provides for comprehensive food and environmental safety assessment, time limited authorisation and mandatory post market monitoring of GMOs, transparency of scientific advice, as well as harmonised traceability and comprehensive labelling requirements in order to provide consumers and users with precise information.

The Eurobarometer survey (46.1) provides comparative data on the subject of biotechnology. In 1996, the Italians, Spaniards and Portuguese generally displayed the most positive perception of biotechnology. However, a majority of Europeans were worried about transgenic food, with more than six out of ten respondents concerned about the risks. A Eurobarometer survey (52.1) conducted in late 1999 assessed the reasons for consumer concerns over GM food. Items gaining the highest recognition from respondents included “even if GM food has advantages, it is against nature”, “if something went wrong, it would be a global disaster” and “GM food is simply not necessary”. The share of respondents thinking that food production is a useful application of biotechnology decreased from 54% to 43% between the two surveys, whilst in 1999 some 53% of respondents said that they would be prepared to pay more for non-GM food, against 36% who said they would not.

Table 2.13: Food, beverages and tobacco
Mean consumption expenditure and structure of household expenditure, 1999

	B	DK	D	EL	E	F (1)	IRL (2)	I	L	NL	A	P (1)	FIN	S	UK
MEAN CONSUMPTION EXPENDITURE (PPS PER HOUSEHOLD)															
Food, beverages and tobacco (3)	4,298	4,060	2,605	4,706	4,259	4,225	6,627	5,686	5,221	3,229	4,212	3,923	3,116	3,965	3,722
Food	3,303	2,725	:	3,680	3,508	3,399	4,014	4,748	3,911	2,437	3,181	3,348	2,351	:	2,638
Bread and cereals	647	511	:	459	572	631	723	891	708	455	576	523	443	:	561
Meat	981	666	:	939	1,043	1,005	1,122	1,268	1,172	568	768	1,010	490	:	651
Fish and seafood	209	129	:	304	496	218	110	438	219	67	81	528	91	:	103
Milk, cheese and eggs	442	434	:	591	509	495	603	753	569	416	477	406	449	:	361
Oils and fats	92	87	:	354	137	89	104	237	143	69	120	195	71	:	61
Fruit	233	174	:	320	290	250	216	477	338	207	264	254	175	:	187
Vegetables	339	296	:	455	291	400	503	457	378	322	277	328	235	:	402
Sugar, jam, chocolate, confectionery	248	355	:	223	121	173	396	184	265	187	272	88	204	:	202
Food products n.e.c.	113	74	:	35	49	138	237	44	119	147	346	16	194	:	111
Non-alcoholic beverages	354	348	:	212	202	223	485	431	450	260	354	112	230	:	259
Coffee, tea and cocoa	85	130	:	81	75	74	100	171	144	93	128	47	98	:	85
Mineral waters, soft drinks, juices	269	218	:	131	126	149	385	260	306	168	226	66	132	:	174
Alcoholic beverages, Tobacco (4)	408	531	:	146	161	367	1,528	239	512	326	277	223	334	412	397
Spirits	52	91	:	51	30	111	224	:	75	74	35	28	93	:	87
Wine	256	243	:	53	84	257	218	171	336	142	123	166	92	:	189
Beer	100	197	:	42	47	:	1,086	49	100	109	119	30	150	:	121
Tobacco	233	456	:	668	389	236	600	267	348	206	400	239	201	224	428
STRUCTURE OF EXPENDITURE (% of TOTAL HOUSEHOLD EXPENDITURE)															
Food, beverages and tobacco (3)	15.6	17.3	11.1	20.1	21.0	18.9	22.4	20.9	12.1	12.6	15.9	24.1	17.1	18.3	13.4
Food	12.1	11.6	:	15.7	17.3	15.2	13.6	17.4	9.1	9.5	12.0	20.5	12.9	:	9.5
Bread and cereals	2.4	2.2	:	2.0	2.8	2.8	2.4	3.3	1.6	1.8	2.2	3.2	2.4	:	2.0
Meat	3.6	2.8	:	4.0	5.1	4.5	3.8	4.7	2.7	2.2	2.9	6.2	2.7	:	2.4
Fish and seafood	0.8	0.6	:	1.3	2.4	1.0	0.4	1.6	0.5	0.3	0.3	3.2	0.5	:	0.4
Milk, cheese and eggs	1.6	1.9	:	2.5	2.5	2.2	2.0	2.8	1.3	1.6	1.8	2.5	2.5	:	1.3
Oils and fats	0.3	0.4	:	1.5	0.7	0.4	0.4	0.9	0.3	0.3	0.5	1.2	0.4	:	0.2
Fruit	0.8	0.7	:	1.4	1.4	1.1	0.7	1.8	0.8	0.8	1.0	1.6	1.0	:	0.7
Vegetables	1.2	1.3	:	1.9	1.4	1.8	1.7	1.7	0.9	1.3	1.0	2.0	1.3	:	1.5
Sugar, jam, chocolate, confectionery	0.9	1.5	:	1.0	0.6	0.8	1.3	0.7	0.6	0.7	1.0	0.5	1.1	:	0.7
Food products n.e.c.	0.4	0.3	:	0.1	0.2	0.6	0.8	0.2	0.3	0.6	1.3	0.1	1.1	:	0.4
Non-alcoholic beverages	1.3	1.5	:	0.9	1.0	1.0	1.6	1.6	1.0	1.0	1.3	0.7	1.3	:	0.9
Coffee, tea and cocoa	0.3	0.6	:	0.3	0.4	0.3	0.3	0.6	0.3	0.4	0.5	0.3	0.5	:	0.3
Mineral waters, soft drinks, juices	1.0	0.9	:	0.6	0.6	0.7	1.3	1.0	0.7	0.7	0.9	0.4	0.7	:	0.6
Alcoholic beverages, Tobacco (4)	1.5	2.3	:	0.6	0.8	1.6	5.2	0.9	1.2	1.3	1.0	1.4	1.8	1.9	1.4
Spirits	0.2	0.4	:	0.2	0.1	0.5	0.8	:	0.2	0.3	0.1	0.2	0.5	:	0.3
Wine	0.9	1.0	:	0.2	0.4	1.1	0.7	0.6	0.8	0.6	0.5	1.0	0.5	:	0.7
Beer	0.4	0.8	:	0.2	0.2	:	3.7	0.2	0.2	0.4	0.5	0.2	0.8	:	0.4
Tobacco	0.8	1.9	:	2.9	1.9	1.1	2.0	1.0	0.8	0.8	1.5	1.5	1.1	1.0	1.5

(1) 1994.

(2) Provisional.

(3) D, excluding alcoholic beverages and tobacco; S, including part of beer and take-away food and beverages.

(4) A, data for alcoholic beverages are unreliable; S, excluding part of beer.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 2.14: Food, beverages and tobacco
Structure of household expenditure, 1999 (%)

	B	DK	D	EL	E	F (1)	IRL (2)	I	L	NL	A	P (1)	FIN	S	UK
BROKEN DOWN BY INCOME DISTRIBUTION (3)															
Lowest twenty percent	19.8	20.4	:	29.1	28.5	24.1	:	27.6	17.1	15.4	:	41.2	20.9	21.1	19.9
Second quintile group	17.2	19.9	:	25.0	24.8	22.3	:	24.4	14.8	15.0	:	34.1	19.8	19.2	16.9
Third quintile group	16.2	18.0	:	22.2	22.4	20.3	:	22.0	12.5	13.0	:	29.0	17.8	19.6	14.2
Fourth quintile group	15.3	16.7	:	19.2	19.9	17.9	:	19.8	11.2	11.9	:	24.1	16.9	18.1	13.0
Highest twenty percent	12.7	14.8	:	14.5	15.3	15.1	:	15.5	8.9	10.2	:	15.3	14.0	15.5	9.8
BROKEN DOWN BY AGE OF HEAD OF HOUSEHOLD															
Less than 30	13.8	16.0	:	16.9	19.3	15.0	24.3	17.7	9.3	9.8	14.8	19.6	13.8	17.7	12.5
Between 30 and 44	15.3	17.4	:	18.7	19.4	18.5	21.7	18.9	11.8	12.6	14.6	22.0	17.1	18.1	13.3
Between 45 and 59	16.3	17.3	:	19.5	20.5	18.8	22.5	20.4	12.0	13.1	16.8	22.7	17.3	18.4	13.2
60 and over	16.3	18.0	:	22.7	23.7	21.1	22.3	23.2	13.5	13.4	17.4	28.2	18.6	18.8	14.6
BROKEN DOWN BY TYPE OF HOUSEHOLD															
1 adult without dependent children	13.5	17.2	:	15.5	17.0	16.6	18.3	20.6	10.2	11.2	13.3	21.1	16.1	17.7	12.0
2 adults without dependent children	15.8	17.2	:	21.6	21.2	20.2	21.2	20.9	11.5	12.4	15.4	27.4	16.7	17.9	13.0
3+ adults without dependent children	18.9	18.6	:	21.5	22.9	22.6	24.1	21.2	13.8	12.4	18.9	23.4	19.6	17.9	14.5
Single parent with dependent child(ren)	15.7	18.0	:	16.2	17.7	17.8	24.4	20.8	11.7	13.5	16.1	23.9	18.9	17.8	16.4
2 adults with dependent child(ren)	16.3	17.0	:	19.2	19.6	19.0	21.9	20.7	12.5	13.5	15.7	22.6	17.6	18.9	13.9
3+ adults with dependent child(ren)	16.9	20.0	:	22.6	23.1	21.2	26.5	21.7	13.9	:	19.7	26.2	18.2	22.1	14.9
BROKEN DOWN BY SOCIO-ECONOMIC CATEGORY OF HEAD OF HOUSEHOLD															
Manual workers (4)	17.3	17.9	:	22.7	23.2	21.2	:	19.7	14.3	12.3	18.0	27.2	18.8	19.8	15.4
Non-manual workers	14.9	16.3	:	16.0	17.2	16.6	:	:	9.4	11.8	12.9	18.0	15.0	16.8	11.8
Self-employed	14.7	15.5	:	20.8	22.1	20.1	:	18.7	10.9	12.7	16.1	28.5	16.7	17.1	12.3
Unemployed	18.0	22.0	:	23.6	24.7	21.6	:	24.8	:	:	20.1	24.8	22.1	20.6	18.1
Retired	16.5	18.6	:	22.5	24.6	21.3	:	22.9	13.8	13.5	17.8	28.8	19.1	18.6	14.4
Other inactive (5)	17.0	18.7	:	18.1	22.8	18.4	:	22.9	13.2	14.5	16.7	26.2	15.3	19.7	17.1
BROKEN DOWN BY DEGREE OF URBANISATION															
Dense (>500 inhabitants/km ²)	15.7	17.5	:	:	19.5	:	:	20.3	11.8	:	14.1	21.4	16.2	17.5	13.3
Intermediate (100-499 inhabitants/km ²)	15.6	16.0	:	:	21.1	:	:	21.4	12.2	:	16.1	27.9	17.4	17.9	13.4
Sparse (<100 inhabitants/km ²)	16.8	18.8	:	:	23.9	:	:	22.3	12.3	:	18.0	32.1	19.4	18.9	13.7

(1) 1994.

(2) Provisional.

(3) FIN, income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

(4) I, including all non-agricultural persons in employment.

(5) D, including retired.

Source: Eurostat, Household Budget Survey (theme3/hbs)



3. Clothing and footwear; personal care and personal effects



3 CLOTHING AND FOOTWEAR; PERSONAL CARE AND PERSONAL EFFECTS

The items covered by this chapter bring together a diverse range of goods and services that are used by individuals, rather than collectively by households. In recent years, clothing and footwear has accounted for a declining share of consumer spending in Europe. National Accounts estimate that the share of clothing and footwear in total household expenditure fell from 9.3% in 1970 to 6.4% by 1997¹. Whilst clothing remains a necessity for some people, the growing importance of fashion means that purchases can often be viewed as discretionary (or even luxury) acquisitions. Clothing and footwear together accounted for around 6% of total household expenditure in the EU in 1999, which was, in most countries, at least twice as high as spending on personal care and personal effects (see figures 3.1 and 3.2).

A similar dichotomy exists for personal care items and personal effects, where necessities such as hairdressing services, razors and soap are found alongside luxury items such as jewellery and perfumes. As with clothing and footwear, expenditure patterns between men and women can vary significantly.

3.1 CLOTHING AND FOOTWEAR

This sub-chapter on clothing and footwear also includes data covering the cleaning, repair and hire of these items, as well as their purchase².

CONSUMPTION

According to OETH³, the five principal clothing markets of Germany, the United Kingdom, Italy, France and Spain accounted for 80% of the EU's consumption in 1998. The most important clothing segment was womenswear (43%); followed by unisex garments, such as t-shirts, pullovers and sportswear (37%); and menswear (20%).

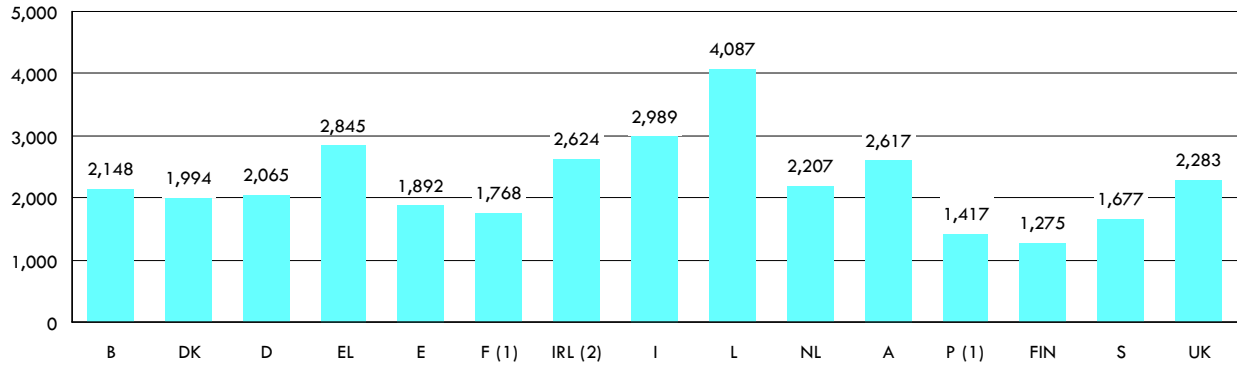
Demand for clothing is influenced by demographic changes, lifestyle choices and relative prices. One of the most important demographic changes in recent years has been the increasing proportion of women in full-time work, particularly those in white collar, service industries, where particular standards of dress code are often required. At the same time casual menswear has also become an important market as dress codes have become more relaxed. More working women, smaller family sizes and older parenthood means that in many households there is now a higher level of per capita spending on children's clothing. This trend is reinforced by the fact parents may choose the same brands for their children as themselves, whilst older children are becoming increasingly fashion conscious.

(1) Data coverage reflects the changing membership of the EU during the period.

(2) Although the importance of repair and hire has lessened in recent years.

(3) The EU Textile and Clothing Sector, OETH (L'Observatoire Européen du Textile et de l'Habillement), 1999.

Figure 3.1: Clothing and footwear; personal care and personal effects n.e.c.
Mean consumption expenditure, 1999 (PPS per household)

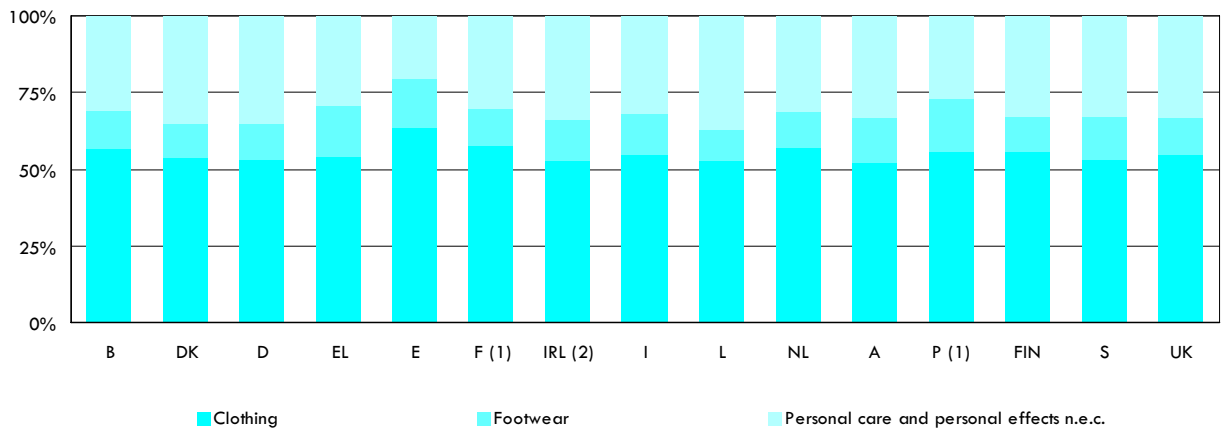


(1) 1994.

(2) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 3.2: Clothing and footwear; personal care and personal effects n.e.c.
Breakdown of consumption expenditure, 1999 (%)



(1) 1994.

(2) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Consumers are price sensitive towards necessity items, whilst designer and branded clothing is relatively price inelastic (in other words, price changes have less of an effect on demand). This polarisation of clothing and footwear markets has had a significant impact on retail formats (see the end of this sub-chapter for more details).

CONSUMPTION EXPENDITURE

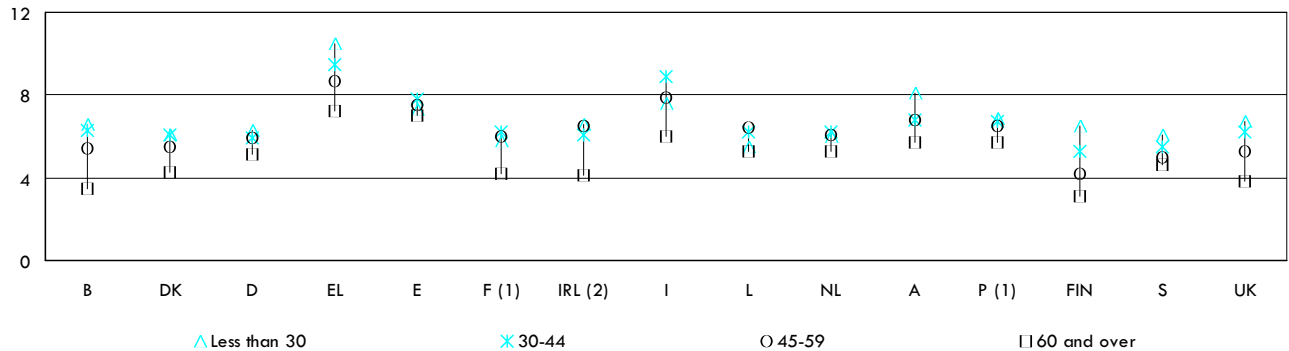
Mean household consumption expenditure on clothing and footwear ranged between 845 PPS (Finland) and 2,568 PPS (Luxembourg) in 1999⁴. In relative terms, clothing and footwear accounted for between 4.6% (Finland) and 8.6% (Greece) of total household expenditure. Europeans spent between 3.2 (Portugal) and five times (Luxembourg) as much on clothes as they did on footwear in 1999.

By far the most important item of the goods and services covered by this chapter was the purchase of garments, which represented between 3.5% (Finland) and 6.1% (Greece) of total household spending in 1999. Greece also had the highest relative share of expenditure on footwear (2.0%), which was equivalent to 470 PPS per household (the highest level in the EU). Spending on materials to make clothes; clothing accessories (such as ties, scarves, hats and gloves); and the cleaning, repair and hire of clothing never exceeded 0.3% of total household expenditure, other than in Italy (where cleaning, repair and hire accounted for 0.6%).

Clothing and footwear expenditure follows to some degree the business cycle, although shorter-term, seasonal volatility is found in fashion markets, particularly for women's clothing (for example, around the release dates of new collections). In times of recession, falling income or insecurity can affect consumption expenditure, as most clothing purchases can be deferred (particularly for adults). As with food (another essential of life - see chapter 2), the proportion of income spent on necessity clothing will generally decrease as income increases. In the latest Household Budget Survey in 1999, the lowest income quintile group spent a smaller proportion of their expenditure on clothing and footwear than the highest income quintile group in every Member State except Denmark⁵, suggesting that discretionary purchases had a greater importance than necessity items.

(4) For the whole of this section on consumption expenditure: F and P, 1994.
(5) IRL and A, not available.

Figure 3.3: Clothing and footwear
Share of total consumption expenditure, breakdown by age of head of household, 1999 (%)



(1) 1994.
(2) Provisional.
Source: Eurostat, Household Budget Survey (theme3/hbs)

Life-cycle effects are another important factor in relation to clothing and footwear expenditure patterns. The ratio of the proportion of spending devoted to clothing and footwear by households headed by a person aged 60 or over compared to spending by households with a head aged 30 or less showed that older persons spent relatively less on clothing and footwear. This ratio was below 75% in eight of the Member States⁶, supporting the view that fashion is one of the driving forces of expenditure for younger persons (see figure 3.3).

A study conducted for OETH⁷ reveals that consumers in the four largest Member States made an average of between 11 (France and Italy) and 18 (the United Kingdom) shopping trips to purchase clothes in 1999 (see table 3.1). Average spending per trip was between €60 (the United Kingdom) and €77 (Germany). Some 13% of European households that were surveyed as part of the European Community Household Panel, said that they were unable to afford new rather than second-hand clothes in 1996 (see figure 3.4).

PRICES

One of the main trends in clothing and footwear markets in the second half of the 1990s has been the slow growth of prices. This may be attributed to a number of factors: for example, intense retail competition⁸. However, perhaps the principal reason is the increasing penetration of imports from low-cost countries outside the EU.

(6) IRL, not available.

(7) Cotton Incorporated *in* The EU Textile and Clothing Sector, OETH (L'Observatoire Européen du Textile et de l'Habillement), 2000.

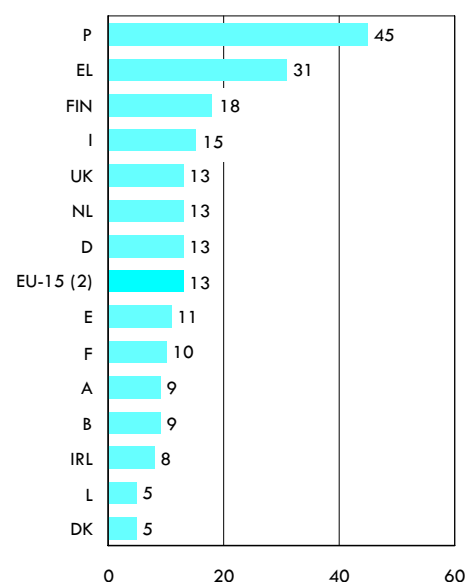
(8) The Long-term Scenarios for the EU Textile and Clothing Industry - Consumption and Distribution Update; OETH (L'Observatoire Européen du Textile et de l'Habillement) states that the growing importance of large retailers has resulted in economies of scale and subsequently price inflation has been kept low.

Table 3.1: Frequency of clothes shopping in selected Member States, 1999

	Average trips per year (units)	Average spent per trip (€)
D	16	76.9
F	11	73.0
I	11	72.7
UK	18	59.6

Source: Cotton Incorporated *in* The EU Textile and Clothing Sector, OETH (L'Observatoire Européen du Textile et de l'Habillement), 2000

Figure 3.4: Households not able to afford new rather than second-hand clothes, 1996 (%) (1)



(1) S, not available.

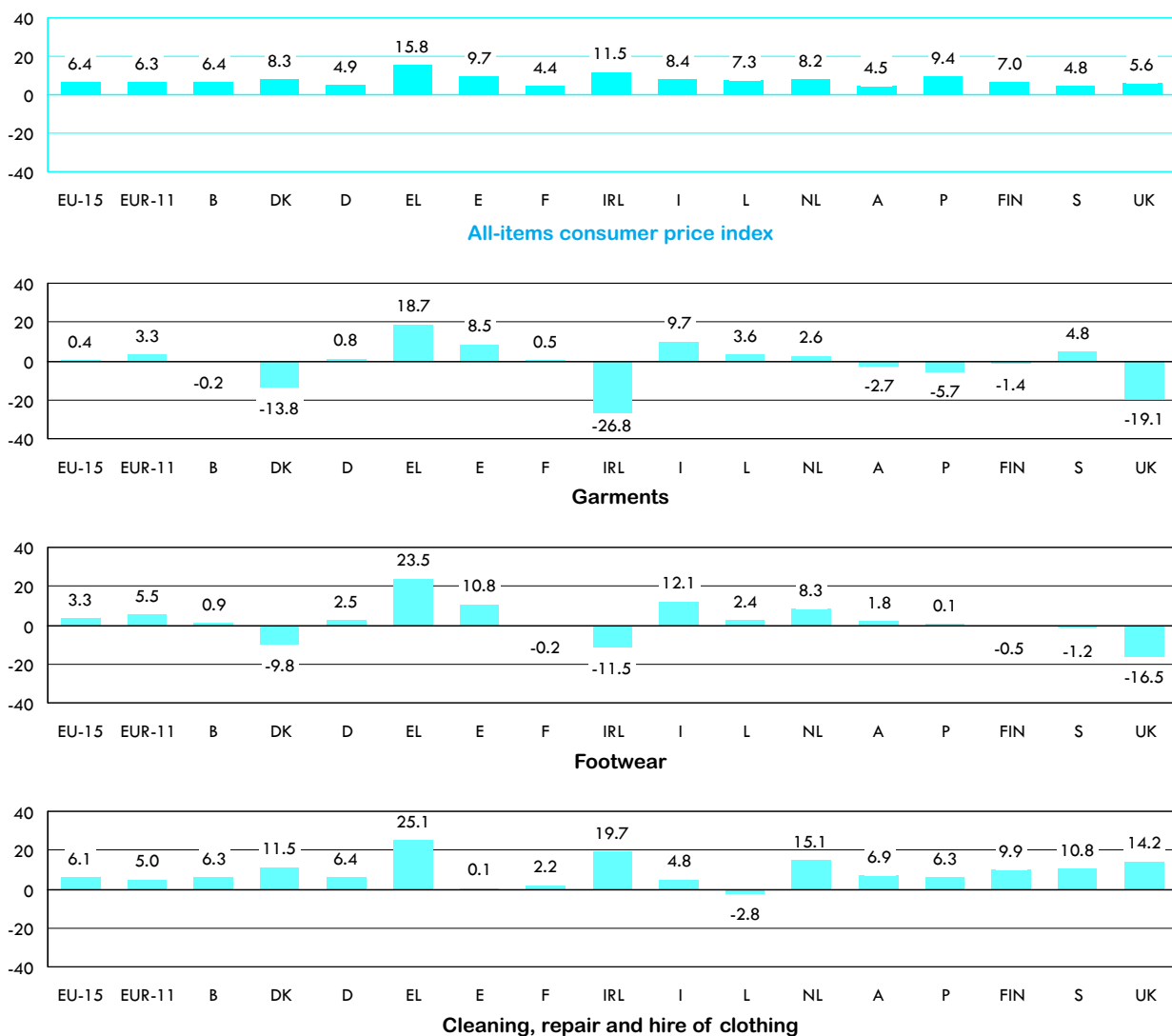
(2) Excluding S.

Source: Eurostat, European Community Household Panel (theme3/ilc)

Between 1996 and 2000 clothing and footwear prices increased by just 0.7%. In keeping with many other services, the price of cleaning, repairing and hiring clothes rose at a much faster pace, up 6.1%, however this was lower than for other repair services. The most significant price reductions were registered in Denmark, Ireland and the United Kingdom (see figure 3.5).

The price of clothing items across the EU showed a relatively low degree of variation in 1998 (see table 1.41 on page 43), as would be expected for such semi-durable goods. The variation of footwear prices was only slightly higher. Ireland reported the lowest relative price level for clothing and Italy for footwear (both 84% of the EU average), with Portugal the second least expensive country in both cases. Clothing and footwear were most expensive in Luxembourg, with price levels some 13% and 23% respectively above the EU average.

Figure 3.5: Clothing and footwear
Absolute growth in consumer prices, 1996-2000 (%)



Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

RETAIL NETWORK

At the same time as clothing prices remained all but constant, consumer's shopping patterns changed considerably. The effects of changes in consumer behaviour during the 1990s were seen in the movement away from outlets selling a broad range of unbranded or own label clothing towards specialised retailers catering for lifestyle preferences (sportswear and designer fashion). The increasing importance of branded goods originated with jeans, continued with sports shoes and now extends across sportswear, leisurewear, designer wear and footwear.

Some stores adapted to these new challenges by developing their retail formats, for example through concessions, where branded and designer clothing can occupy a space alongside department store own labels. At the low-price end of the market, consumers were increasingly likely to take advantage of new retail formats such as factory outlets and discount shopping within super and hypermarkets (see table 3.2).

Table 3.2: Retail sales of clothing in the EU by distribution channel (%)

	1996	1999
Independent stores	41	33
Specialist multiples	24	25
Department & variety stores	13	15
Hyper and supermarkets	6	8
Mail order	8	8
Others	8	12

Source: The EU Textile and Clothing Sector, OETH (L'Observatoire Européen du Textile et de l'Habillement), 2000

3.2 PERSONAL CARE AND PERSONAL EFFECTS

In the previous sub-chapter, the increasing importance of clothes and footwear branding was noted. Many personal care items, such as soaps, toiletries and perfumes also have strong brand images that differentiate products in the eyes of the consumer. Personal effects cover a miscellaneous group of durable and semi-durable items, including jewellery, clocks and watches, travel goods, sunglasses and umbrellas.

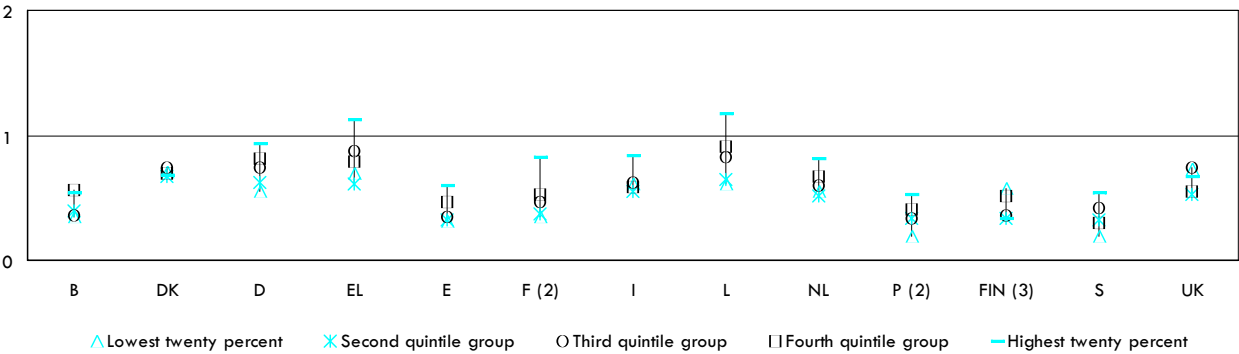
CONSUMPTION EXPENDITURE

Mean household consumption expenditure on personal care items and personal effects ranged between 500 PPS and 1,000 PPS in the majority of Member States in 1999, with Finland, Spain and Portugal on the low-side of this range and Luxembourg (1,519 PPS) well above it⁹. In terms of their relative weight in total expenditure, these items represented between 1.9% (Spain) and 3.6% (Greece) of all purchases. Personal care (and in particular personal hygiene and beauty products) accounted for the majority of spending, whilst average expenditure on personal effects (such as jewellery and watches) never exceeded 1% of the total.

Households headed by a person aged 30 and under or households in a higher income quintile group (see figure 3.6) tended to spend more on personal effects. Eight Member States reported that mean household consumption expenditure for jewellery, clocks and watches rose above 100 PPS in 1999. Greece and Finland were the only countries to record household spending on other personal effects higher than that on jewellery, clocks and watches¹⁰.

(9) For the whole of this section on consumption expenditure: F and P, 1994.
(10) IRL, not available.

Figure 3.6: Personal effects n.e.c.
Share of total consumption expenditure, breakdown by income distribution, 1999 (%) (1)



(1) IRL and A, not available.
(2) 1994.
(3) Income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.
Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 3.3: Consumption expenditure on cosmetics, toiletries and perfumes, 1999 (€ per inhabitant) (1)

	EU-15	B (2)	DK	D	EL	E	F	IRL	I	L (3)	NL	A	P	FIN	S	UK
Cosmetics, toiletries and perfumes	123.9	126.5	125.3	122.8	90.8	116.3	148.4	102.3	120.7	:	122.2	130.4	74.2	102.3	112.3	127.5
Decorative cosmetics	15.1	15.1	16.4	12.3	8.2	27.3	18.8	14.2	17.1	:	12.7	19.7	3.4	15.7	18.6	18.6
Fragrances and perfumes	19.1	23.9	21.1	16.4	13.7	11.6	29.8	15.3	16.3	:	16.9	15.3	12.0	4.5	9.0	14.7
Hair care products	31.1	38.6	39.9	30.8	27.2	27.6	34.9	21.7	26.6	:	31.9	35.1	26.7	37.8	30.4	32.9
Skin care products	26.3	24.3	20.9	25.0	24.5	26.5	36.8	19.0	29.0	:	25.6	25.4	13.0	21.5	17.3	20.8
Toiletries	32.3	24.5	27.1	38.3	17.2	23.3	28.2	32.1	31.6	:	35.1	34.9	19.0	22.9	36.9	40.5

(1) At retail sales price.

(2) Including L.

(3) Included within B.

Source: Colipa (European Cosmetic, Toiletry and Perfumery Association)

Table 3.3 gives a more detailed breakdown of consumption expenditure within European cosmetic, toiletry and perfumery markets in 1999. It should be noted that this data is not from the Household Budget Survey but from COLIPA, the European cosmetic, toiletry and perfumery association and it reports average expenditure of individuals rather than households. Europeans on average spent €124 in 1999 on cosmetics, toiletries and perfumes, 25% of which was on hair products and toiletries respectively. In absolute terms the French spent, on average, the most on cosmetics, toiletries and perfumes in 1999, in the main due to higher than average expenditure on perfumes and skin care products.

Table 3.4: Personal care and personal effects n.e.c.
Development of harmonized indices of consumer prices
in the EU (1996=100)

	1996	1997	1998	1999	2000
Total HICP	100	102	103	104	106
Personal care	100	102	104	106	108
Hairdressing & similar estab.	100	103	106	108	111
Electrical appliances	100	102	103	105	105
Personal effects n.e.c.	100	100	100	100	101
Jewellery, clocks & watches	100	100	99	99	99
Other personal effects	100	101	101	102	102

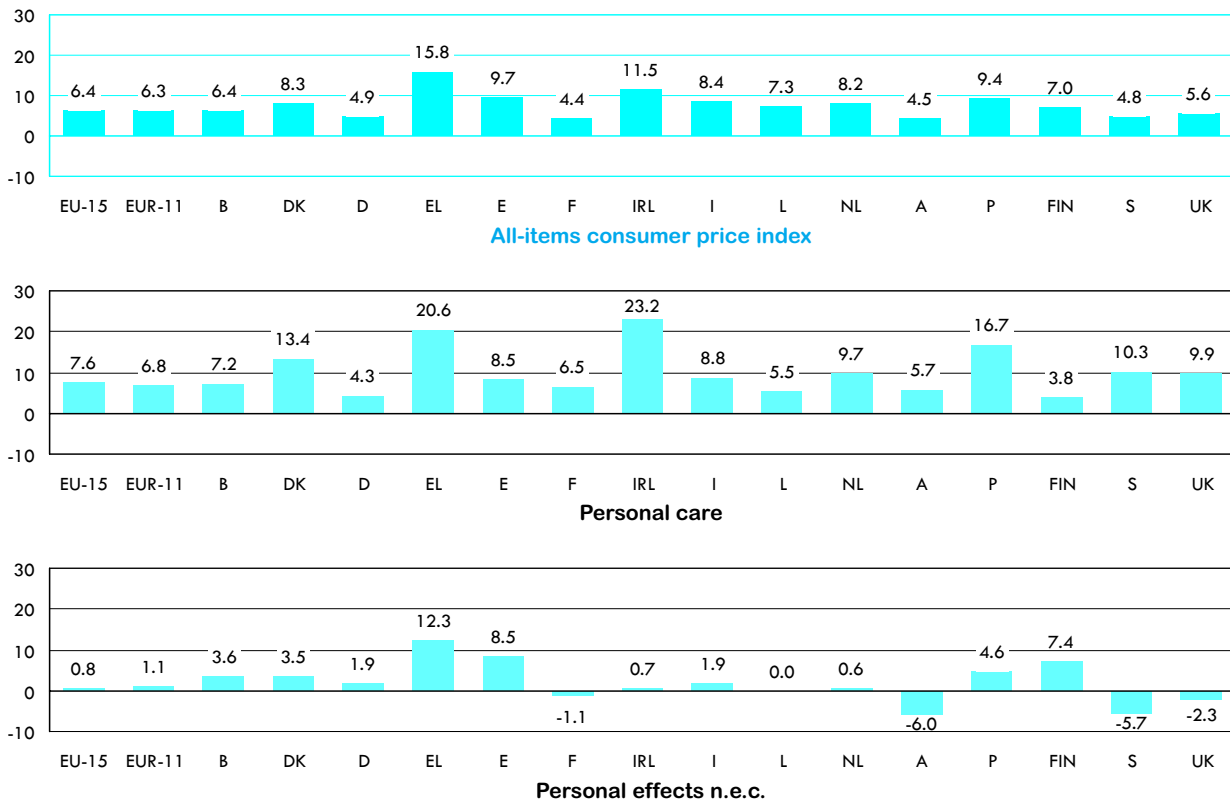
Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

PRICES

There was considerable price variation between Member States for goods and services for personal care and personal effects. Prices in Denmark were some 26% higher than the EU average, whilst they were 33% below the EU average in Portugal. The other two Nordic Member States were also relatively expensive for goods and services for personal care and personal effects. It is important to note that these price levels are at a very aggregated level and may hide considerable price disparities at a more detailed level.

The highest price variations between 1996 and 2000 were recorded for hairdressing salons and personal grooming establishments (see table 3.4 and figure 3.7). Hairdressing prices in the EU rose at an average annual rate of 2.6% per annum (or 11% in total over the four years). On the other hand, the price of appliances, articles and products for personal care (5.3%) and other personal effects (2.4%) rose over the four-year period at a slower pace than the all-items consumer price index (6.4%). The price of jewellery, clocks and watches, the only durable goods in this sub-chapter, fell by 0.6% over the same period.

Figure 3.7: Personal care and personal effects n.e.c.
Absolute growth in consumer prices, 1996-2000 (%)



Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

Table 3.5: Relative price level indices, 1999 (country average for each product group = 100) (1)

		B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Disposable razors	PE	76	129	93	84	93	78	111	89	:	123	:	103	:	121	100
Hair conditioner	PE	:	118	82	109	86	90	113	97	:	:	112	94	103	95	100
Shaving foam gel	PE	85	116	90	:	84	81	:	84	:	91	91	89	115	131	142
Surface cleaners	PE	83	97	107	71	44	61	169	64	:	:	85	154	129	115	120
Shampoo	PE	88	107	82	:	76	100	126	83	:	125	98	91	112	:	111
Washing up detergents	G	125	:	116	73	86	124	40	97	:	70	142	109	93	136	88

(1) The table shows the price level in each Member State for a selection of supermarket products with respect to a simple EU-average. The prices used are average, yearly prices on the national level. In the data base used for the calculations two prices are quoted for each product: a popular size and a consistent size (across countries). In the calculations a weighted (volume) average of the two has been used. For the pan-European products (indicated by PE), the price level in the countries for one selected brand is shown. For the generic products (indicated by G) an average price of all generic products in the country has been calculated. Source: Directorate-General of the European Commission for the Internal Market (Scanner data)

RETAIL NETWORK

COLIPA states that the type of outlet for purchases of cosmetics, toiletries and perfumes varies significantly between Member States, with specialist stores accounting for the highest proportion of sales in France, whilst mail order sales were significant in Germany. Discount retailers gained market share in the late 1990s across the whole of Europe.

Data from the Family Expenditure Survey in 1999/2000 in Great Britain shows that consumers spent approximately twice as much on soap in supermarkets as they did in other stores, equal amounts on toiletries, whilst perfumes were five times more likely to be purchased in non-supermarket outlets.

One clear change to the retail network in recent years has been the abolition of duty-free sales for European consumers embarking on a trip to another Member State. The creation of the Single Market took away the possibility for retailers to exempt or reimburse tax on perfumes and toiletries. Through decisions in 1991 (VAT) and 1992 (excise duties)¹¹, a transitional period was allowed until 30 June 1999. Intra-EU duty-free sales of perfumes and cosmetics were estimated to be valued at 0.9 billion ECU in 1996 (an average of just over 6 ECU per household). COLIPA estimates that duty free sales accounted for approximately 3.8% of all cosmetics, toiletries and perfumery sales before such sales were abolished.

(11) Council Directive 91/680/EEC of 16 December 1991 and Council Directive 92/12/EEC of 25 February 1992.

Table 3.6: Clothing and footwear; personal care and personal effects n.e.c.
Mean consumption expenditure and structure of household expenditure, 1999

	B	DK	D	EL	E	F (1)	IRL (2)	I	L	NL	A	P (1)	FIN	S	UK
MEAN CONSUMPTION EXPENDITURE (PPS PER HOUSEHOLD)															
Clothing & footwear; pers. care & effects	2,148	1,994	2,065	2,845	1,892	1,768	2,624	2,989	4,087	2,207	2,617	1,417	1,275	1,677	2,283
Clothing and footwear	1,489	1,296	1,338	2,011	1,505	1,245	1,752	2,044	2,568	1,530	1,759	1,032	845	1,132	1,527
Clothing	1,210	1,067	1,093	1,541	1,205	1,024	1,398	1,627	2,153	1,264	1,369	790	705	890	1,243
Clothing materials	14	11	16	13	14	32	12	11	5	21	6	0	11	15	:
Garments	1,119	966	997	1,429	1,162	949	1,348	1,374	2,009	1,154	1,279	753	639	831	1,147
Other clothing & accessories	43	56	50	46	19	43	34	76	91	70	55	32	45	42	58
Cleaning, repair and hire of clothing	33	34	30	53	9	:	4	167	48	18	29	5	10	1	38
Footwear	279	229	245	470	300	221	354	417	415	266	389	242	140	242	284
Shoes and other footwear	268	225	233	467	297	210	350	384	401	255	385	240	138	240	280
Repair and hire of footwear	11	3	12	3	3	11	4	33	14	11	4	1	2	1	4
Personal care and personal effects n.e.c.	659	698	727	834	387	523	872	945	1,519	677	858	385	430	545	756
Personal care	533	534	544	628	298	397	698	765	1,133	509	675	317	355	463	579
Hairdressing & similar estab. (3)	242	207	219	91	145	207	182	352	567	181	283	121	135	198	171
Electrical appliances	12	13	325	2	4	:	516	12	28	14	15	1	4	7	:
Other appliances & products	278	314	:	535	149	190	516	401	537	313	377	195	215	258	408
Personal effects n.e.c.	126	164	183	206	89	126	174	180	386	168	183	68	75	82	177
Jewellery, clocks and watches	63	102	114	59	60	63	174	109	265	101	105	45	34	48	117
Other personal effects	62	62	69	147	30	63	:	71	121	67	78	24	40	34	60
STRUCTURE OF EXPENDITURE (% of TOTAL HOUSEHOLD EXPENDITURE)															
Clothing & footwear; pers. care & effects	7.8	8.5	8.8	12.2	9.3	8.0	8.9	11.0	9.4	8.7	9.9	8.6	6.9	7.7	8.2
Clothing and footwear	5.4	5.5	5.7	8.6	7.4	5.6	5.9	7.5	5.9	6.0	6.6	6.3	4.6	5.2	5.5
Clothing	4.4	4.6	4.7	6.6	5.9	4.6	4.7	6.0	5.0	4.9	5.2	4.8	3.9	4.1	4.5
Clothing materials	0.1	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.1	:
Garments	4.1	4.1	4.2	6.1	5.7	4.3	4.6	5.0	4.7	4.5	4.8	4.6	3.5	3.8	4.1
Other clothing & accessories	0.2	0.2	0.2	0.2	0.1	0.2	0.1	0.3	0.2	0.3	0.2	0.2	0.2	0.2	0.2
Cleaning, repair and hire of clothing	0.1	0.1	0.1	0.2	0.0	:	0.0	0.6	0.1	0.1	0.1	0.0	0.1	0.0	0.1
Footwear	1.0	1.0	1.0	2.0	1.5	1.0	1.2	1.5	1.0	1.0	1.5	1.5	0.8	1.1	1.0
Shoes and other footwear	1.0	1.0	1.0	2.0	1.5	0.9	1.2	1.4	0.9	1.0	1.5	1.5	0.8	1.1	1.0
Repair and hire of footwear	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Personal care and personal effects n.e.c.	2.4	3.0	3.1	3.6	1.9	2.4	3.0	3.5	3.5	2.7	3.3	2.3	2.3	2.5	2.7
Personal care	1.9	2.3	2.3	2.7	1.5	1.8	2.4	2.8	2.6	2.0	2.6	1.9	1.9	2.1	2.1
Hairdressing & similar estab. (3)	0.9	0.9	0.9	0.4	0.7	0.9	0.6	1.3	1.3	0.7	1.1	0.7	0.7	0.9	0.6
Electrical appliances	0.0	0.1	1.4	0.0	0.0	:	1.7	0.0	0.1	0.1	0.1	0.0	0.0	0.0	:
Other appliances & products	1.0	1.3	:	2.3	0.7	0.9	1.7	1.5	1.2	1.2	1.4	1.2	1.2	1.2	1.5
Personal effects n.e.c.	0.5	0.7	0.8	0.9	0.4	0.6	0.6	0.7	0.9	0.7	0.7	0.4	0.4	0.4	0.6
Jewellery, clocks and watches	0.2	0.4	0.5	0.3	0.3	0.3	0.6	0.4	0.6	0.4	0.4	0.3	0.2	0.2	0.4
Other personal effects	0.2	0.3	0.3	0.6	0.1	0.3	:	0.3	0.3	0.3	0.3	0.1	0.2	0.2	0.2

(1) 1994.

(2) Provisional.

(3) DK, including personal care n.e.c.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 3.7: Clothing and footwear; personal care and personal effects n.e.c.
Structure of household expenditure, 1999 (%)

	B	DK	D	EL	E	F (1)	IRL (2)	I	L	NL	A	P (1)	FIN	S	UK
BROKEN DOWN BY INCOME DISTRIBUTION (3)															
Lowest twenty percent	6.8	9.1	8.2	10.2	8.9	7.1	:	11.3	9.1	8.0	:	8.1	6.6	7.7	7.9
Second quintile group	6.9	8.5	8.8	10.9	9.5	7.3	:	10.6	9.2	7.9	:	8.3	6.4	7.9	8.2
Third quintile group	8.0	8.3	9.0	12.0	9.5	7.6	:	11.1	9.2	8.6	:	8.7	7.1	7.9	8.8
Fourth quintile group	8.8	8.8	9.0	12.5	9.4	7.8	:	10.7	9.4	8.7	:	8.8	7.0	6.9	8.2
Highest twenty percent	8.1	8.2	8.7	13.2	9.3	8.9	:	11.2	9.9	9.2	:	8.9	7.4	8.2	8.1
BROKEN DOWN BY AGE OF HEAD OF HOUSEHOLD															
Less than 30	9.6	9.6	9.5	14.7	9.5	8.1	9.7	11.4	9.3	8.5	11.6	9.8	9.4	8.2	9.8
Between 30 and 44	8.7	9.2	8.8	13.4	9.6	8.4	9.9	12.6	9.6	8.9	9.9	9.3	7.9	8.2	9.1
Between 45 and 59	7.8	8.4	9.0	12.4	9.3	8.4	9.0	11.2	9.8	8.8	9.9	8.8	6.4	7.5	8.0
60 and over	5.8	6.8	8.4	10.2	9.0	6.7	:	9.4	8.9	7.9	9.3	7.9	4.9	7.2	6.2
BROKEN DOWN BY TYPE OF HOUSEHOLD															
1 adult without dependent children	5.6	7.6	8.5	11.0	9.3	6.9	:	9.9	7.5	7.2	9.6	8.4	6.6	7.5	5.9
2 adults without dependent children	7.0	7.9	8.7	11.5	9.0	7.5	:	10.1	9.8	8.5	10.2	7.3	5.8	7.2	7.8
3+ adults without dependent children	6.6	7.0	8.8	11.7	9.1	6.5	:	10.4	9.3	8.6	9.5	8.6	5.2	7.4	8.7
Single parent with dependent child(ren)	8.8	10.6	9.5	12.8	9.9	8.4	10.3	12.1	10.0	9.3	9.6	9.7	8.4	9.1	9.8
2 adults with dependent child(ren)	9.2	9.4	9.0	13.0	9.8	8.5	10.3	12.1	10.0	9.7	9.9	9.0	8.3	8.3	9.3
3+ adults with dependent child(ren)	7.3	10.7	9.1	12.6	9.0	8.2	:	11.2	9.8	7.6	10.1	9.1	6.9	7.4	11.2
BROKEN DOWN BY SOCIO-ECONOMIC CATEGORY OF HEAD OF HOUSEHOLD															
Manual workers (4)	8.1	7.5	9.1	12.4	9.7	7.4	:	12.0	9.1	8.4	9.8	8.5	6.6	7.2	8.5
Non-manual workers	8.8	9.4	:	13.9	9.4	8.8	:	:	10.2	9.2	10.6	9.4	8.2	8.5	9.0
Self-employed	7.9	9.4	9.1	12.4	9.7	8.7	:	11.7	9.6	9.4	9.1	8.6	7.1	7.4	8.2
Unemployed	9.2	7.0	7.4	11.1	8.7	6.7	:	11.5	:	:	11.6	7.3	5.2	6.6	8.4
Retired	5.9	6.8	:	10.2	8.9	6.6	:	9.5	8.8	7.7	9.3	7.8	5.0	7.1	6.2
Other inactive (5)	7.5	10.7	8.1	11.0	9.4	7.3	:	10.0	8.4	8.1	9.7	8.4	8.0	7.5	7.6
BROKEN DOWN BY DEGREE OF URBANISATION															
Dense (>500 inhabitants/km ²)	7.7	9.0	:	:	8.6	:	:	10.4	9.4	:	10.8	9.0	7.4	8.6	8.4
Intermediate (100-499 inhabitants/km ²)	8.1	8.1	:	:	9.9	:	:	11.5	9.6	:	9.2	8.4	6.5	7.6	8.2
Sparse (<100 inhabitants/km ²)	6.4	7.4	:	:	10.2	:	:	11.7	9.4	:	9.3	7.9	6.0	7.4	8.0

(1) 1994.

(2) Provisional.

(3) FIN, income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

(4) D, including non-manual workers; I including all non-agricultural persons in employment.

(5) D, including retired.

Source: Eurostat, Household Budget Survey (theme3/hbs)



4. House and garden

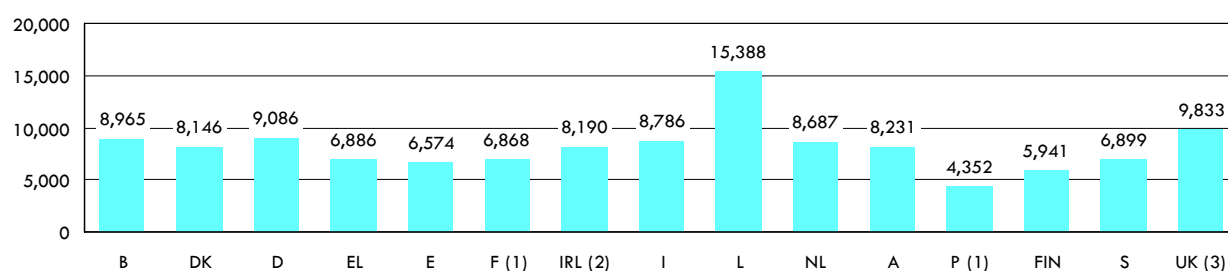


4 HOUSE AND GARDEN

The largest share of household consumption is dedicated to the home. Consumption expenditure and price data on “house and gardens” is treated in this chapter its broadest sense, as covered by housing, water, electricity, gas and other fuels, as well as furnishings, household equipment and routine maintenance of the house.

Following this definition, EU households devoted, on average, around one-third of total consumption expenditure to their dwellings in the majority of countries. In absolute terms, this means that they spent an average of between 5.9 thousand PPS (Finland) and 9.8 thousand PPS (the United Kingdom) per annum to have a home, equip and decorate it, maintain it and heat it. Only Portugal (4,352 PPS) and Luxembourg (15,388 PPS) lay outside this broad range (see figure 4.1). Housing itself accounted for the largest proportion of spending, generally over two-thirds of expenditure on the items covered within this chapter, the rest being more or less equally distributed between furnishings and household durables and energy and water services (see figure 4.2).

Figure 4.1: Housing, water, electricity, gas & other fuels; furnishings, household equipment & routine household maintenance
Mean consumption expenditure, 1999 (PPS per household)



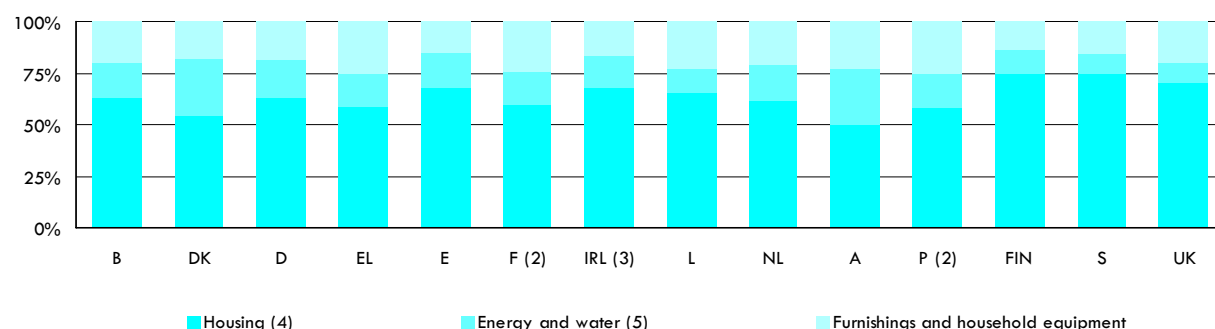
(1) 1994.

(2) Provisional.

(3) Includes insurance for dwellings.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 4.2: Housing, water, electricity, gas & other fuels; furnishings, household equipment & routine household maintenance
Breakdown of consumption expenditure, 1999 (%) (1)



(1) I, not available.

(2) 1994.

(3) Provisional.

(4) D, estimated; FIN, including heating; S, including water supply, sewerage and heating and miscellaneous services related to the dwelling; UK, including insurance for dwellings.

(5) FIN and S, excluding heating.

Source: Eurostat, Household Budget Survey (theme3/hbs)

4.1 HOUSING

This section will address various aspects of housing consumption of European households. When analysing the statistics provided, it is very important to keep in mind that international comparisons in this area should be made with great caution because of the different traditions between countries.

Table 4.1: Types of dwelling in the EU, 1996 (% of households) (1)

	House	Flat	Other (2)
EU-15 (3)	52.7	44.9	2.4
Socio-economic status			
Employed	54.3	43.5	2.1
Unemployed	41.2	56.4	2.4
Retired	51.1	42.2	6.8
Other	42.1	54.1	3.8
Type of household			
One adult younger than 30 years	20.6	74.8	4.6
One adult aged between 30 and 64 years	35.4	61.7	2.9
One adult older than 65 years	45.5	51.0	3.5
Single parent with dependent children	39.7	58.0	2.2
Two adults with one dependent child	54.7	43.5	1.8
Two adults with two dependent children	61.4	37.1	1.5
Two adults with three or more dependent children	62.6	34.9	2.5
Two adults, at least one aged 65 years and over	61.3	36.7	2.0
Income group (4)			
High	53.7	44.6	1.7
Mid-high	54.1	43.9	2.0
Mid-low	52.8	44.7	2.6
Low	49.0	46.9	4.1

(1) S, not available.

(2) For example hotel, institution or campsite.

(3) Excluding S.

(4) Income breakdown expressed in relation to median income: low income, less than 60%; mid-low income, 60% to 100%; mid-high income, 100% to 140%; high income, more than 140%.

Source: Eurostat, European Community Household Panel (theme3/housing)

Table 4.2: Housing tenure in the EU, 1996 (% of households) (1)

	Owner-occupied	Rental	Rent free
EU-15 (2)	60.0	35.5	4.6
Socio-economic status			
Employed	63.0	32.7	4.3
Unemployed	39.2	55.8	5.0
Retired	61.3	34.3	4.4
Other	42.5	51.4	6.1
Type of household			
One adult younger than 30 years	21.4	67.5	11.1
One adult aged between 30 and 64 years	46.4	48.7	4.9
One adult older than 65 years	51.1	42.2	6.7
Single parent with dependent children	36.2	59.3	4.4
Two adults with one dependent child	61.6	32.8	5.6
Two adults with two dependent children	67.5	29.0	3.5
Two adults with three or more dependent children	63.7	32.8	3.5
Two adults, at least one aged 65 years and over	69.6	26.2	4.2
Income group (3)			
High	73.2	23.8	3.0
Mid-high	64.4	31.6	4.0
Mid-low	55.3	39.5	5.2
Low	43.3	49.9	6.8
Type of housing			
Flat	36.2	59.7	4.1
House	78.4	16.3	5.3
Other living quarter (hotel, institution, campsite)	44.5	42.6	12.9

(1) S, not available.

(2) Excluding S.

(3) Income breakdown expressed in relation to median income: low income, less than 60%; mid-low income, 60% to 100%; mid-high income, 100% to 140%; high income, more than 140%.

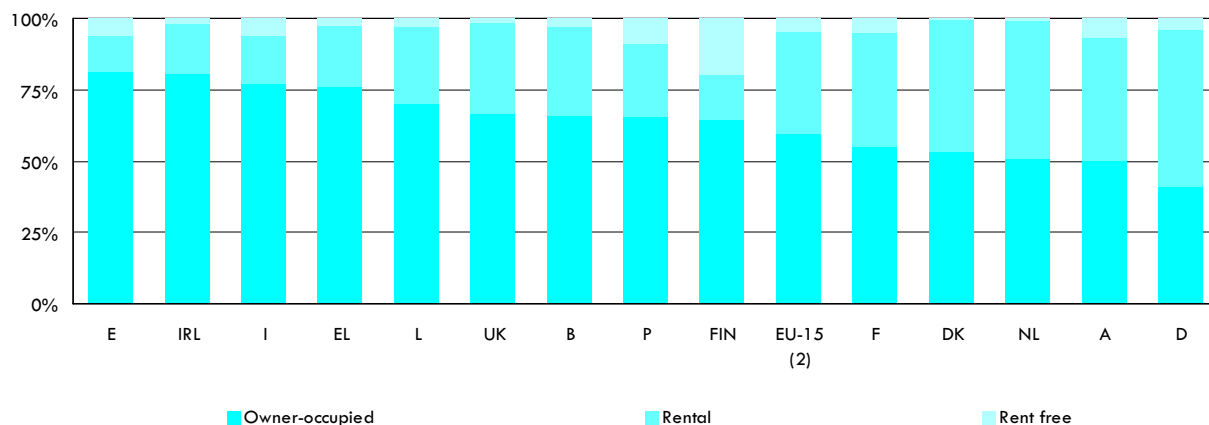
Source: Eurostat, European Community Household Panel (theme3/housing)

CONSUMPTION:**HOUSE OR FLAT - OWNED OR RENTED?**

In 1996, the majority of Europeans lived in houses (52.8%) rather than flats (44.8%), and most (60.0%) owned the dwelling they lived in. Houses tended to be owner-occupied (78.4%), whilst flats were more likely to be rented (59.7%) - see table 4.2. There was naturally a clear link between the level of income and the proportion of owners, from 73.2% owner-occupation for high-income households down to 43.3% for low-income households. The link was less clear as regards housing type, although households with low-incomes tended to be more likely to live in a flat.

In 1996, more than three-quarters of Spanish (81.4%), Irish (80.8%) and Italian (77.0%) households owned the dwelling they lived in (see figure 4.3). Whilst the Irish lived predominantly in houses (94.0%), Spaniards and Italians showed a marked preference for flats (62.8% and 61.9% respectively) - see figure 4.4. The only country¹ where less than half of the households owned the dwelling they lived in was Germany (40.9%).

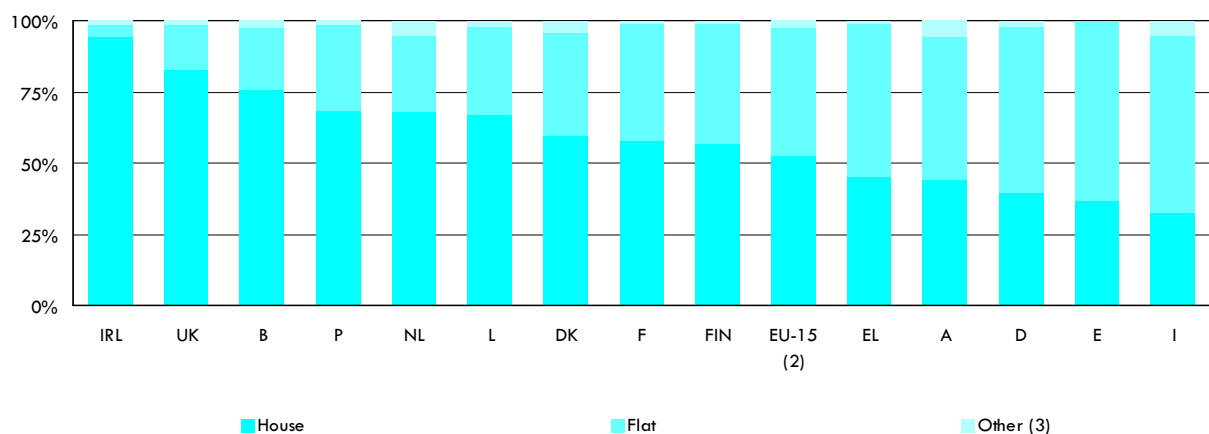
(1) S, not available.

Figure 4.3: Housing tenure, 1996 (%) (1)

(1) S, not available.

(2) Excluding S.

Source: Eurostat, European Community Household Panel (theme3/housing)

Figure 4.4: Types of dwelling, 1996 (%) (1)

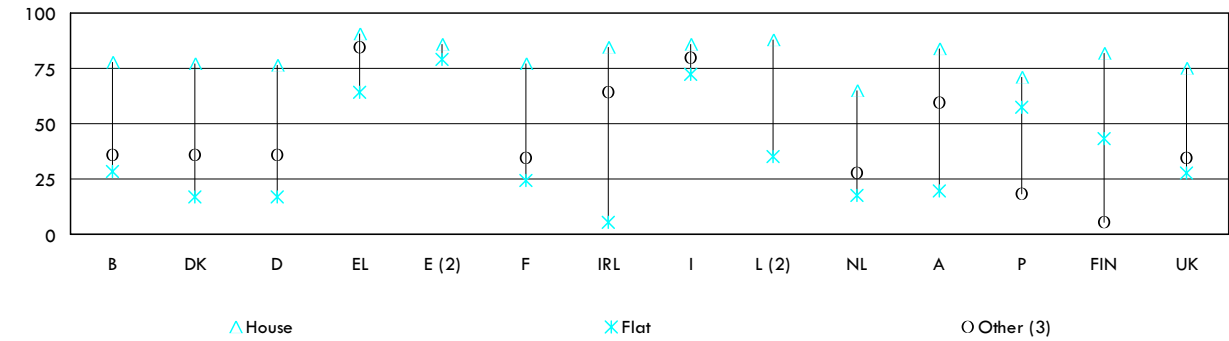
(1) S, not available.

(2) Excluding S.

(3) For example hotel, institution or campsite.

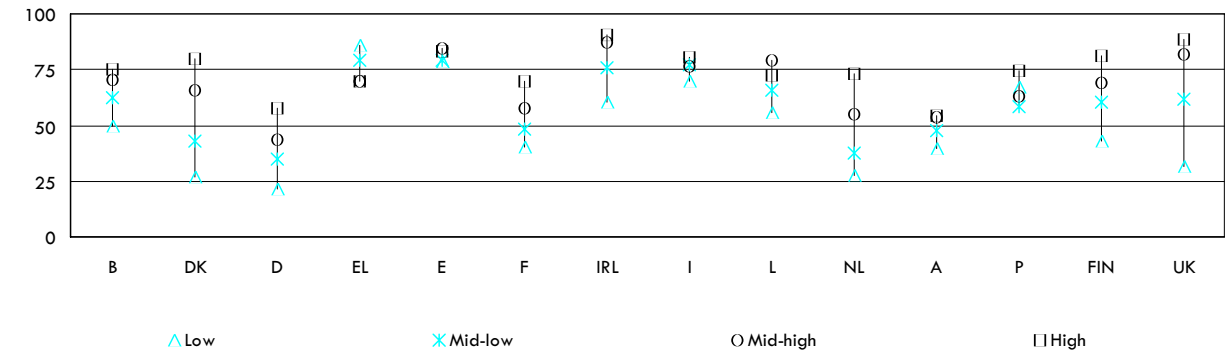
Source: Eurostat, European Community Household Panel (theme3/housing)

Figure 4.5: Proportion of households owning their own dwelling, breakdown by housing type, 1996 (%) (1)



(1) S, not available.
(2) Other, not available.
(3) For example hotel, institution or campsite.
Source: Eurostat, European Community Household Panel (theme3/housing)

Figure 4.6: Proportion of households owning their own dwelling, breakdown by income group, 1996 (%) (1)



(1) Income breakdown expressed in relation to median income: low income, less than 60%; mid-low income, 60% to 100%; mid-high income, 100% to 140%; high income, more than 140%; S, not available.
Source: Eurostat, European Community Household Panel (theme3/housing)

Table 4.3: Breakdown of housing and tenure in selected EU cities (%) (1)

		Type of housing			Type of tenure		
		House	Flat	Other	Owner-occupied	Rental	Social housing (2)
Bruxelles/Brussel	B	28.8	71.1	1.0	38.1	59.7	:
København	DK	5.1	90.9	3.9	16.1	63.2	19.7
München	D	:	:	:	20.3	65.3	9.6
Athina (3)	EL	38.8	61.2	0.0	66.8	31.1	:
Madrid	E	5.4	94.6	:	73.4	18.9	:
Barcelona (3)	E	5.9	94.1	0.1	71.8	27.8	:
Marseille	F	13.9	83.8	2.3	43.9	32.9	15.9
Lyon	F	3.6	93.4	3.0	31.4	46.6	14.8
Lille	F	25.9	69.7	4.5	28.9	35.2	24.2
Dublin	IRL	:	:	:	62.6	17.6	17.0
Roma	I	:	:	:	59.3	35.2	:
Milano	I	:	:	:	51.0	44.4	:
Luxembourg	L	35.2	64.2	0.6	40.5	50.2	:
Amsterdam	NL	13.8	85.2	1.0	12.3	28.9	55.8
Wien	A	6.7	93.3	0.0	17.6	33.5	40.1
Helsinki	FIN	12.9	87.1	:	47.4	27.7	16.9
Stockholm (3)	S	20.7	79.3	0.0	18.1	55.5	:
Leeds	UK	83.3	16.7	0.1	62.4	7.9	29.7
Glasgow	UK	25.9	74.0	0.1	44.3	4.9	50.8
Manchester	UK	73.9	26.0	0.1	41.3	13.1	33.9

(1) 1990/91 data; København, München, Barcelona, Helsinki and Leeds, 1996; Amsterdam, 1994; Athina and Glasgow, 1996 for type of tenure.

(2) E, social housing can be bought, hence the share of households owning/buying their own dwelling includes social housing; B and I, there is no differentiation between social renting and private renting.

(3) At Wider Territorial Units, or conurbation level, to reflect the physical or functional boundaries of the urban area beyond administrative boundaries.

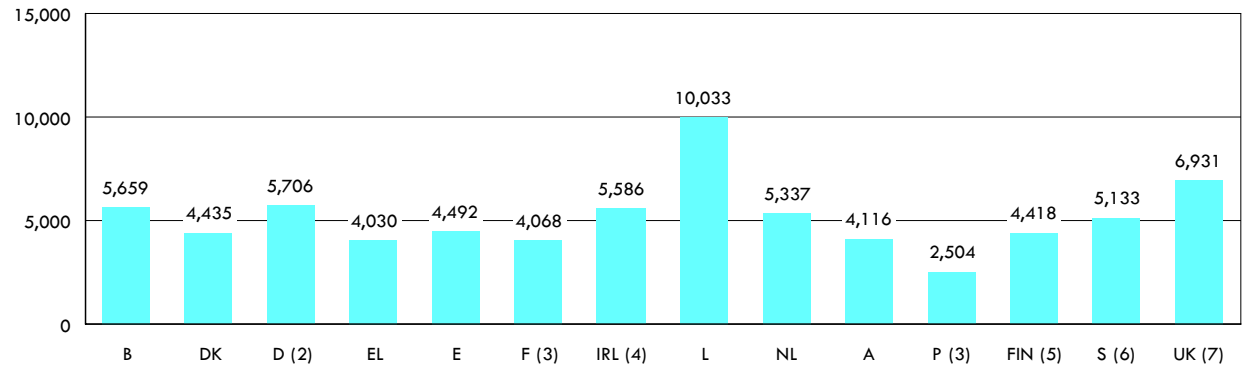
Source: Urban Audit, Directorate-General of the European Commission for Regional Policy, 2000

CONSUMPTION EXPENDITURE

When studying consumption expenditure of housing, the goal is to analyse how much European households spend to have a roof over their heads. It should be noted that the purchase of a dwelling (regarded as gross fixed capital formation) and major improvements to housing (for example building, rebuilding, modernisation and extensions) are not included in the consumption expenditure of households and can be regarded as investment expenditure; whilst decorating, maintenance and repair are treated as consumption. Secondly, a distinction can be made between the cost of occupying a dwelling and the operational costs associated with living in a dwelling. Whilst the latter is mainly independent from the type of tenure (rented or owned), the former is linked. For families renting a dwelling, it is quite simply reflected in the rental cost of the flat or apartment, but in the case of ownership, no such expenditure is directly made. In order to compare consumption between both types of households, an estimation (referred to as an imputed rent) is calculated for owner-occupied dwellings². Unfortunately, data may not be fully comparable across Member States in the absence of a common estimation method.

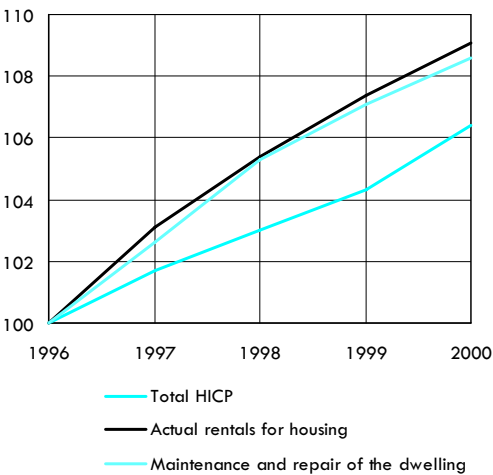
(2) For Household Budget Surveys, the usual practice is to consider such an imputed rent only for principal residences, in other words, excluding holiday homes and other secondary residences.

Figure 4.7: Actual and imputed rentals for housing; maintenance and repair of the dwelling
Mean consumption expenditure, 1999 (PPS per household) (1)



(1) I, not available.
(2) Estimated.
(3) 1994.
(4) Provisional.
(5) Including heating.
(6) Including water supply, sewerage and heating and miscellaneous services related to the dwelling.
(7) Including insurance for dwellings.
Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 4.8: Actual rentals for housing; maintenance and repair of the dwelling
Development of harmonized indices of consumer prices in the EU (1996=100)



Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

In 1999, housing expenditure (including both rentals and operational costs) varied for most countries³ between 4,030 PPS (Greece) and 6,931 PPS (the United Kingdom). Luxembourg and Portugal stood outside of this range and recorded the highest (10,033 PPS) and lowest (2,504 PPS) average levels of expenditure respectively (see figure 4.7). In most countries, housing expenditure represented around one-fifth of total expenditure, ranging from 15.4% in Portugal up to 25.1% in the United Kingdom. It is interesting to note that this share does not vary much according to the income level of the household. In contrast, the type of household (number of persons, with or without dependent children) appears to be an important discriminating factor, with the proportion of total expenditure dedicated to housing generally decreasing as the size of the household increases. The share of total expenditure accounted for by housing was also quite high for the elderly, however, in reality, the elderly are likely to pay less for their accommodation than the estimated rent.

(3) For the whole of this section on consumption expenditure: F and P, 1994; I, not available.

PRICES

The relative price level of gross rents in 1998 was highest in Luxembourg (42% above the EU average) but Finland, Sweden and Denmark were almost as high (see table 1.41 on page 43). Portugal had the lowest level of prices, only 33% of the EU average, whilst rents in Italy were 63% of the EU average.

Figure 4.9: Actual rentals for housing; maintenance and repair of the dwelling
Absolute growth in consumer prices, 1996-2000 (%)



(1) Not available.

Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

Table 4.4: Housing costs - ratio of average house prices to average annual household income in selected cities (years) (1)

Bruxelles/Brussel	B	3.8
Leipzig	D	13.3
Athinai (2)	EL	2.2
Barcelona	E	5.6
Marseille	F	5.1
Lyon	F	5.8
Lille	F	5.8
Amsterdam	NL	6.9
Helsinki	FIN	5.0
Stockholm	S	7.0
Göteborg	S	5.3
Leeds	UK	3.4

(1) 1996/97 data; Barcelona and Helsinki, 1991; Amsterdam, 1994; household income figures have been reported either gross or net of tax, which influences the ratio.

(2) At Wider Territorial Units, or conurbation level, to reflect the physical or functional boundaries of the urban area beyond administrative boundaries.

Source: Urban Audit, Directorate-General of the European Commission for Regional Policy, 2000

Table 4.6: Average useful living area per inhabitant in selected cities (m²) (1)

Bruxelles/Brussel	B	35.1
Hamburg	D	33.6
Frankfurt	D	34.4
Leipzig	D	32.1
Athinai (2)	EL	28.9
Barcelona	E	28.0
Bordeaux	F	26.5
Lille	F	31.3
Roma	I	32.1
Milano	I	33.3
Luxembourg	L	44.9
Wien	A	33.9
Helsinki	FIN	31.6
Stockholm	S	37.1

(1) 1991 data; Frankfurt, Leipzig, Athinai and Helsinki, 1996; definition may vary between cities.

(2) At Wider Territorial Units, or conurbation level, to reflect the physical or functional boundaries of the urban area beyond administrative boundaries.

Source: Urban Audit, Directorate-General of the European Commission for Regional Policy, 2000

Table 4.5: Average price of dwellings (1990=100)

	1995	1996	1997	1998	1999	2000
B (1)	138.1	143.9	146.0	150.0	169.0	:
DK (2)	119.0	131.0	144.0	158.0	170.0	180.0
D	133.0	133.0	133.0	137.0	115.0	:
E (3)	117.4	119.7	121.3	127.0	140.0	160.0
F (4)	105.0	108.0	110.0	124.0	:	:
IRL (5)	118.3	133.0	156.0	191.0	227.0	258.0
I (6)	118.2	117.6	:	:	:	:
NL (7)	137.0	151.0	163.0	181.0	216.0	247.0
A (8)	98.5	100.0	102.0	103.0	103.0	104.0
P (9)	110.0	113.0	117.0	130.0	140.0	140.0
FIN (10)	66.5	70.1	82.4	90.9	106.0	109.0
S (11)	91.0	91.0	98.0	107.0	117.0	129.0
UK (12)	95.5	98.9	108.1	120.0	133.8	152.9

(1) Average price of existing dwellings sales (small & medium sized dwellings).

(2) Refers to existing dwellings (owner-occupied dwellings and second residences).

(3) Price index for existing dwellings.

(4) Index, 1992=100.

(5) Average price for new houses for which loans were approved by mortgage lenders.

(6) Average price of new and existing dwellings in main Italian cities.

(7) Price index for existing housing.

(8) Sales referring to dwellings offered by Vienna's property stock exchange; index, 1996=100.

(9) Refers to the average sales price for all dwellings; index, 1993=100.

(10) House prices.

(11) Price index for existing owner-occupied one- and two-dwelling buildings.

(12) Mix adjusted house price index for all dwellings.

Source: European Mortgage Federation and national sources, 2001

© European Mortgage Federation; <http://www.hypo.org>

It is important to note that the price of housing is looked at in terms of national averages, but that within a country prices can vary greatly between different regions. House prices are available for some European cities as shown in table 4.4. As well as reflecting differences in prices relative to income levels, the ratios presented may also be influenced by differences in the stock of housing, for example, the size, type and quality of housing. Athens appeared as the most affordable city amongst those surveyed, with average house prices equal to 2.2 years of average household income.

QUALITY

The quality of housing can be associated with a variety of parameters: the existence of amenities in the dwelling (such as running or hot water, a bathroom or central heating), the available space (see table 4.6), the quality of the building (is there damp or a leaking roof) or the environment (for example noise, darkness, pollution, crime or vandalism). Some of these parameters may be very subjective feelings connected to individual preferences.

Table 4.7: Share of households dissatisfied with their housing, and main reasons, 1996 (%)

	Dissatisfaction	Noise (1)	Safety (2)	Bad quality building (3)	Lack of space	Pollution	Not adequate heating	Darkness
EU-15 (4)	17.5	30.2	18.2	16.7	15.4	15.4	9.2	9.1
B	15.1	26.5	19.2	18.7	13.9	13.3	8.5	10.5
DK	9.6	17.6	11.0	12.1	15.7	6.9	4.2	3.8
D	15.6	34.8	10.0	9.8	10.9	12.7	3.7	5.5
EL	32.8	21.4	4.6	22.2	24.1	22.6	27.8	9.4
E	21.7	34.7	20.0	24.8	22.1	13.2	1.4	19.2
F	11.6	24.2	22.9	21.1	12.3	15.7	10.1	9.3
IRL	14.9	13.1	15.6	13.9	11.7	8.8	9.1	3.5
I	25.8	35.8	19.1	10.8	17.0	23.9	15.8	11.7
L	8.4	21.7	11.0	10.6	9.4	13.8	6.2	4.4
NL	8.2	33.3	20.0	17.6	10.2	12.8	7.1	5.4
A	9.5	27.7	8.0	11.5	16.1	10.5	6.8	6.8
P	30.3	24.8	22.0	41.9	28.5	18.5	40.0	17.6
FIN	13.9	25.9	19.7	6.7	15.9	20.5	3.8	5.0
S	:	:	:	:	:	:	:	:
UK	15.0	26.8	27.4	21.3	19.0	14.0	9.7	8.3

(1) From neighbours or outside.

(2) Vandalism or crime.

(3) Rot in the house, damp or leaking roof.

(4) Excluding S.

Source: Eurostat, European Community Household Panel (theme3/housing)

As can be seen in table 4.7, 32.8% of Greeks and 30.3% of the Portuguese voiced dissatisfaction over the quality of their housing in 1996, the highest rates in the EU; households in Luxembourg (8.4%) and the Netherlands (8.2%) were the least dissatisfied with their living conditions. The most frequent problem area, cited by 30.2% of respondents, was noise. This was particularly the case in Italy and Germany. Next came crime or vandalism, which was a problem for 18.2% of households (especially in the United Kingdom and France) and the bad quality of the building, cited by 16.7% of households on average, but 41.9% in Portugal.

In general, households living in a flat or a rented dwelling were more often dissatisfied than those living in their own dwelling or those living in a house. Single adults (with or without children) tended to express greater dissatisfaction than couples with children (see table 4.8).

Table 4.8: Share of households dissatisfied with their housing, and main reasons, EU-15, 1996 (%) (1)

	Dissatis- faction	Noise (2)	Safety (3)	Bad quality building (4)	Lack of space	Pollution	Not adequate heating	Darkness
EU-15 (5)	17.5	30.2	18.2	16.7	15.4	15.4	9.2	9.1
Type of housing								
House	13.4	23.5	13.6	16.9	10.3	11.7	8.1	7.4
Flat	23.3	38.4	23.7	16.6	20.5	18.9	10.5	10.8
Socio-economic status								
Employed	16.9	30.2	17.5	15.9	18.5	15.2	8.0	9.1
Unemployed	28.2	37.1	23.5	26.6	23.8	18.0	19.6	15.0
Retired	14.0	31.5	16.9	14.3	7.6	18.3	8.3	7.2
Tenure type								
Owner-occupied	11.6	25.9	15.5	12.7	10.7	14.0	6.3	7.0
Rental	30.9	38.2	23.5	23.4	22.9	18.5	14.4	13.3
Type of household								
One adult younger than 30 years	23.4	36.0	17.6	17.5	19.2	13.3	8.6	12.8
One adult aged between 30 and 64 years	22.8	33.5	20.2	19.3	14.6	18.6	11.8	12.3
One adult older than 65 years	16.5	24.9	17.0	16.9	6.4	13.8	10.2	8.2
Single parent with dependent children	27.0	37.9	23.9	22.1	22.1	18.3	14.4	11.1
Two adults with one dependent child	18.6	30.8	17.7	16.2	19.8	14.6	7.9	9.5
Two adults with two dependent children	18.8	29.4	17.8	16.2	23.4	15.8	7.6	8.4
Two adults with three or more dependent children	22.2	30.1	17.7	20.1	29.4	16.7	11.3	10.9
Two adults, at least one aged 65 years and over	13.3	29.4	16.8	13.5	6.8	15.2	7.5	7.1
Income group (6)								
High	10.9	27.8	17.1	10.6	12.0	15.2	4.4	6.5
Mid-high	14.6	29.4	18.1	14.5	13.8	15.4	7.1	8.3
Mid-low	19.5	31.3	18.1	18.9	16.7	15.8	10.3	10.2
Low	28.6	33.3	20.4	25.6	21.2	15.2	17.7	13.0

(1) S, not available.

(2) From neighbours or outside.

(3) Vandalism or crime.

(4) Rot in the house, damp or leaking roof.

(5) Excluding S.

(6) Income breakdown expressed in relation to median income: low income, less than 60%; mid-low income, 60% to 100%; mid-high income, 100% to 140%; high income, more than 140%.

Source: Eurostat, European Community Household Panel (theme3/housing)

4.2 HOUSEHOLD FURNISHINGS AND APPLIANCES

The durable goods covered in this chapter exclude the goods used in conjunction with a service (for example, television sets or video-recorders), as these are treated in the specific chapters that relate to the corresponding service (mainly found in chapter 7). As such, the coverage in this sub-chapter is restricted to furniture, furnishings and decoration items, household textiles, heating and cooking appliances and similar white goods.

OWNERSHIP: HOUSEHOLD APPLIANCE PENETRATION RATES

Cooking equipment and refrigerators have made their way into virtually all European households (see table 4.9). The penetration rate of refrigerators was equal to 79.1% and that of refrigerators with a deep-freeze compartment 24.6% in 1995. Whilst this data cannot be aggregated (as some households may possess more than one refrigerator), it is likely that the overall equipment rate was close to 100%. Washing machines were present within 88.4% of EU households in 1995, whilst dryers (26.2%) and dishwashers (29.3%) were far less common.

Table 4.9: Penetration rate of electrical appliances, 1995 (% of households)

	EU-15 (1)	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Refrigerator	79.1	67.0	41.4	82.0	74.0	99.0	98.8	50.9	:	97.0	63.1	98.0	83.8	97.0	95.6	44.0
Deep freeze	46.3	67.0	44.0	56.1	7.0	25.0	49.1	22.5	:	68.0	31.7	66.0	46.6	83.0	61.6	39.0
Combined refrigerator & deep-freeze	24.6	40.0	38.0	27.0	29.0	:	:	49.4	:	68.0	45.6	38.0	9.9	:	:	59.0
Washing machine	88.4	92.0	69.3	90.5	78.0	97.0	89.4	85.6	:	91.0	97.3	83.0	75.2	83.0	48.7	91.0
Tumble dryer	26.2	55.0	27.0	25.7	4.0	:	20.5	26.3	:	:	47.9	12.0	5.7	9.0	15.4	50.0
Dishwasher (2)	30.1	31.4	33.7	41.2	21.1	18.8	36.9	22.5	24.3	55.6	22.5	45.8	18.2	43.5	30.6	22.6
Cooking equipment (3)	99.6	100.0	:	100.0	99.0	99.9	99.0	96.7	:	99.8	100.0	100.0	99.4	100.0	100.0	99.5
Microwave oven (2)	44.6	51.6	35.9	49.3	6.8	38.1	48.9	59.1	13.5	32.7	57.3	49.6	17.1	72.8	:	74.1

(1) Excluding countries for which no data is available.

(2) Eurostat, European Community Household Panel, 1996.

(3) Penetration rate for dwellings.

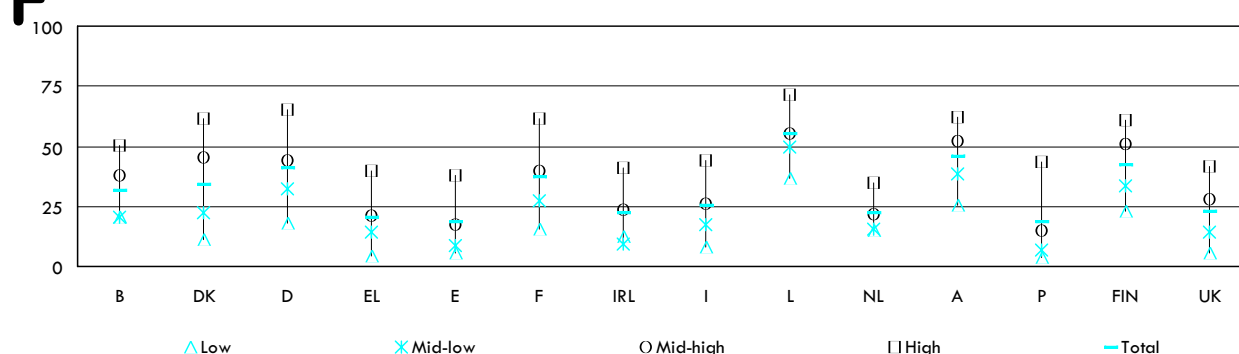
Source: Eurostat, Survey on Energy Consumption in Households

Detailed data for dishwashers and microwave ovens is available from the European Community Household Panel for 1996 (see figures 4.10 and 4.11). It shows that the employment status of the head of household and his/her income level were two highly discriminating factors that influenced ownership. In the case of dishwashers, the ownership rate was equal to 39.6% for Europeans in paid employment and 51.7% for high-income households, but it was as low as 16.1% amongst the unemployed and 12.3% within low-income households. Similarly, microwave ovens were found in 54.6% of homes where the head of household was employed and 57.7% of high-income households, but in only 35.9% of households headed by an unemployed person and 31.0% of low-income households.

When asked why they were not equipped with a dishwasher, 16.2% of Europeans said they could not afford one, a share that doubled amongst the unemployed (33.6%) and low-income households (32.8%). But financial reasons were not the most frequent argument given, as more than half of the respondents said that they simply did not want a dishwasher⁴. Very similar patterns can be observed for microwave ovens.

(4) It is important to note that psychological factors may play a role, making the respondent reply to the interviewer they do not want something they actually cannot afford.

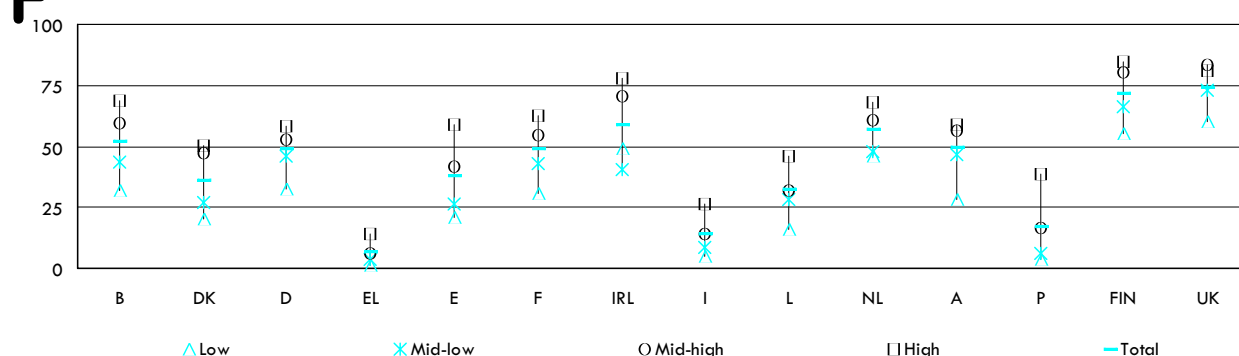
Figure 4.10: Proportion of households owning a dishwasher, breakdown by income group, 1996 (%) (1)



(1) Income breakdown expressed in relation to median income: low income, less than 60%; mid-low income, 60% to 100%; mid-high income, 100% to 140%; high income, more than 140%; S, not available.

Source: Eurostat, European Community Household Panel (theme3/housing)

Figure 4.11: Proportion of households owning a microwave oven, breakdown by income group, 1996 (%) (1)



(1) Income breakdown expressed in relation to median income: low income, less than 60%; mid-low income, 60% to 100%; mid-high income, 100% to 140%; high income, more than 140%; S, not available.

Source: Eurostat, European Community Household Panel (theme3/housing)

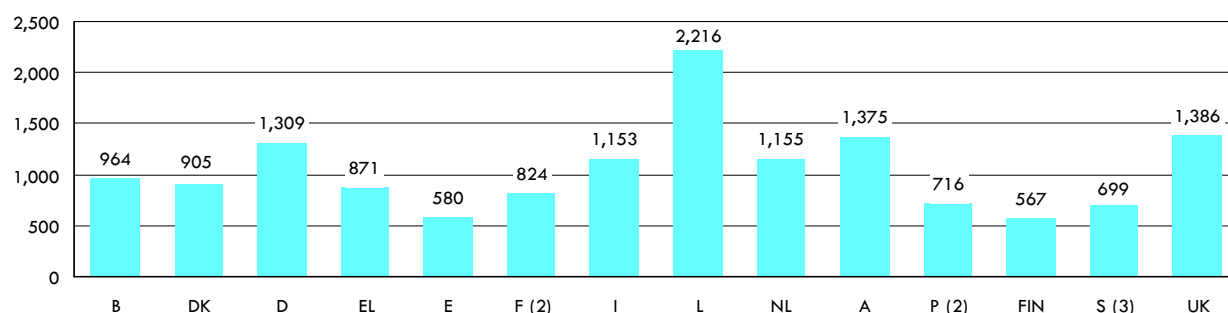
CONSUMPTION EXPENDITURE

In a majority of Member States in 1999⁵, average consumption expenditure for household furnishings, textiles and appliances ranged between 824 PPS in France and 1,386 PPS in the United Kingdom. Amongst the countries outside this bracket, notably low values were recorded in Finland (567 PPS) and Spain (580 PPS) - almost four times less than the highest value that was recorded in Luxembourg (2,216 PPS). In relative terms, purchases of these items represented between 2.9% (Spain) and 5.6% (Germany) of total household expenditure (see figure 4.12).

Looking at the different categories of durable goods: furnishing was of particular importance in Germany (980 PPS or 4.2% of total expenditure) and Luxembourg (1,515 PPS or 3.5% of total expenditure), whilst household textiles were relatively significant in Greece (319 PPS or 1.4%). As for household appliances, they generally represented around 1.0% of total expenditure, with spending between 167 PPS in Spain and 379 PPS in Luxembourg (see figure 4.13).

(5) For the whole of this section on consumption expenditure: F and P, 1994; S, not available; IRL, excluding household textiles; IRL and A, consumption expenditure broken down by income quintile, not available.

Figure 4.12: Furniture and furnishings, carpets and other floor coverings, household textiles and appliances
Mean consumption expenditure, 1999 (PPS per household) (1)



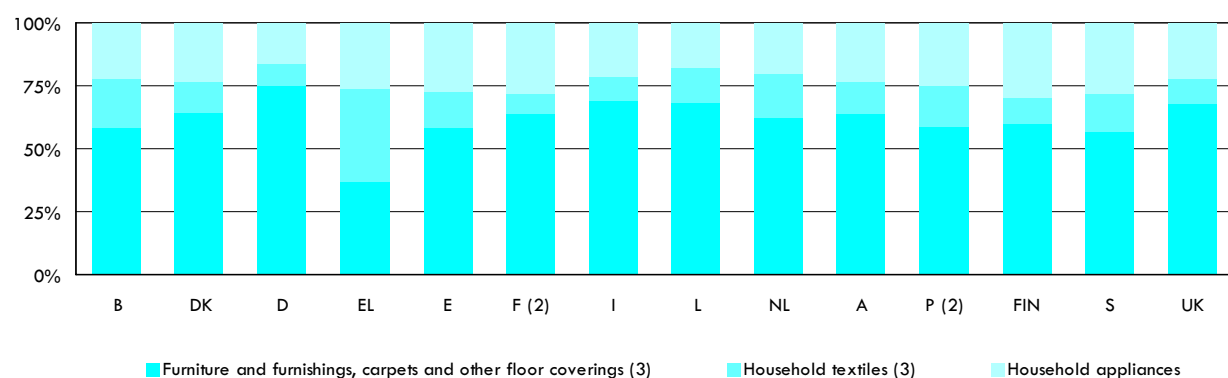
(1) IRL, not available.

(2) 1994.

(3) Includes part of non-specified expenditure on furnishings, household equipment and routine household maintenance.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 4.13: Furniture and furnishings, carpets and other floor coverings, household textiles and appliances
Breakdown of consumption expenditure, 1999 (%) (1)



(1) IRL, not available.

(2) 1994.

(3) S, includes part of non-specified expenditure on furnishings, household equipment and routine household maintenance.

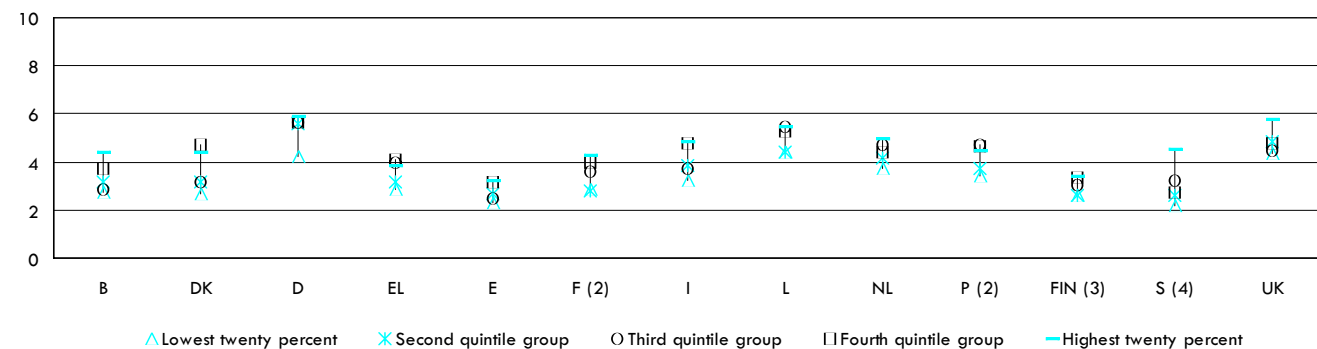
Source: Eurostat, European Community Household Panel (theme3/housing)

As household income rises, expenditure on furnishings, textiles and appliances increases at an even faster rate. Household furnishings, textiles and appliances accounted for between 2.2% (Sweden) and 4.4% (Luxembourg) of total household expenditure within the lowest income quintile group of households, a proportion that rose to between 3.3% (Spain) and 5.9% (Germany) within the highest income quintile group. Households with a relatively young head usually dedicated a larger share of their total expenditure to furnishings, textiles and appliances (see figure 4.14).

FREQUENCY OF PURCHASE

The results of the latest HBS provide some indication on the frequency of purchase of furnishings, textiles and household appliances in 1999, by measuring the proportion of households that bought a particular item at least once during the reference period. In most countries, more than a third of households bought furniture and more than a quarter bought major household appliances (see table 4.10) during this twelve-month period. In contrast, most Member States reported that less than 15% of households purchased carpets or small electric appliances.

Figure 4.14: Furniture and furnishings, carpets and other floor coverings, household textiles and appliances
Share of total consumption expenditure, breakdown by income distribution, 1999 (%) (1)



(1) IRL and A, not available.

(2) 1994.

(3) Income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

(4) Includes part of non-specified expenditure on furnishings, household equipment and routine household maintenance.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 4.10: Furniture and furnishings, carpets and other floor coverings and household appliances
Consumption characteristics, 1999 (%)

	B	DK	D	EL	E	F (1)	IRL (2)	I	L	NL	A	P (1)	FIN	S	UK
PERCENTAGE OF HOUSEHOLDS HAVING BOUGHT AN ITEM IN 1999															
Furniture and furnishings (3)	:	61.0	:	23.0	:	33.0	30.0	:	60.0	76.0	33.0	26.0	51.0	56.0	37.0
Carpets and other floor coverings (4)	:	7.0	:	12.0	:	14.0	28.0	:	26.0	21.0	2.0	7.0	19.0	2.0	14.0
Repair of furniture & furnishings	:	2.0	:	1.0	:	0.0	4.0	:	:	5.0	0.0	1.0	4.0	0.0	:
Major household appliances	:	30.0	:	23.0	:	32.0	27.0	:	44.0	41.0	20.0	23.0	36.0	30.0	8.0
Small electric household appliances	:	3.0	:	10.0	:	16.0	4.0	:	48.0	26.0	3.0	11.0	31.0	2.0	7.0
Repair of household appliances	:	1.0	:	6.0	:	3.0	2.0	:	17.0	13.0	1.0	5.0	2.0	0.0	4.0

(1) 1994.

(2) Provisional.

(3) S, including part of non-specified expenditure on furnishings, household equipment and routine household maintenance.

(4) FIN, excluding wall to wall carpets and plastic or other floor coverings.

Source: Eurostat, Household Budget Survey (theme3/hbs)

PRICES

Differences in price levels of furniture (including living-room and dining-room, kitchen and bedroom furniture) and floor coverings were not that significant in 1998 (see table 1.41 on page 43). Finland and Belgium were the cheapest countries, some 17% and 12% respectively below the EU average, whilst Italy was the most expensive country (14% above average).

Price level differences were however more significant in the case of household textiles (such as fabrics, curtains and bed-linen). Portugal was by far the cheapest country, with a price level 36% below the EU average, whilst Luxembourg, the United Kingdom and Belgium were the most expensive countries with price levels some 22%-27% higher than the EU average.

On the other hand, price level indices for household appliances (such as refrigerators, freezers, washing machines and other smaller electric appliances) were usually within a 12% range of the EU average, except for in Austria (which was the most expensive country some 23% above the average) and Portugal (the cheapest country some 18% below the EU average). For all of these items, it is important to note that the limited price level differences reported do not exclude more significant variations at the level of individual products.

Recent price developments

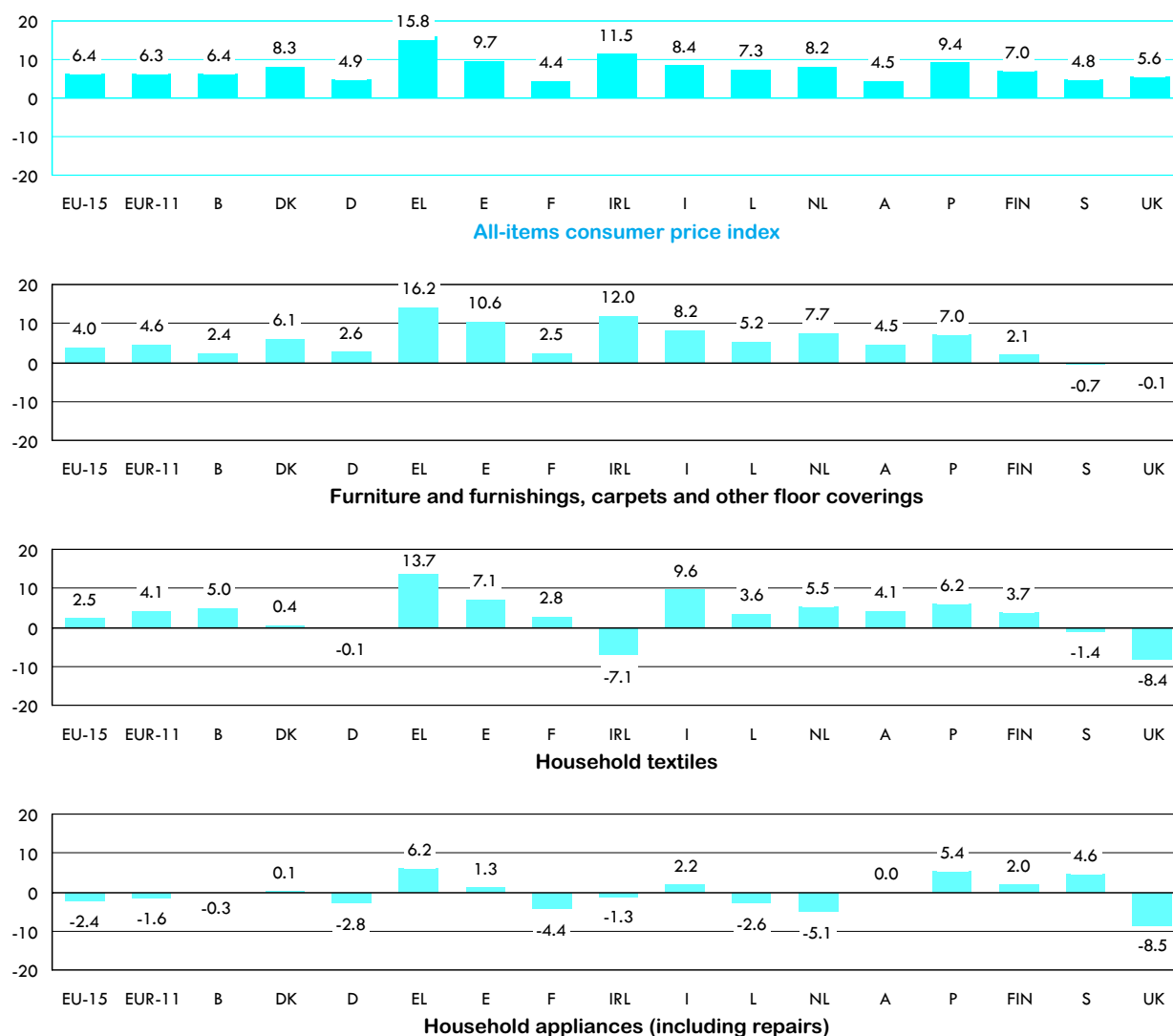
Between 1996 and 2000, the price of household durables has generally risen at a slower pace than inflation, in contrast with repair services for these items. Whilst the harmonized index of consumer prices for all-items displayed an average increase of 1.6% per annum, the price of furniture rose on average by 1.0% per annum (4.1% in total) - the highest increase recorded amongst household goods. The price of major household appliances fell on average by 1.1% per annum (or 4.3% in total). There was a different evolution for the price of repair services, rising on average by 2.2% per annum for the repair of furnishings and by 3.6% per annum for the repair of household appliances (see table 4.11).

Table 4.11: Furniture and furnishings, carpets and other floor coverings, household textiles and appliances
Development of harmonized indices of consumer prices in the EU (1996=100)

	1996	1997	1998	1999	2000
Total HICP	100	102	103	104	106
Household textiles	100	101	102	103	103
Carpets & floor coverings	100	101	102	102	103
Furniture and furnishings	100	101	103	103	104
Repair of furniture, furnishings	100	102	105	106	109
Household appliances	100	99	99	97	96
Repair of household appliances	100	105	108	112	115

Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

Figure 4.15: Furniture and furnishings, carpets and other floor coverings, household textiles and appliances
Absolute growth in consumer prices, 1996-2000 (%)



Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

4.3 HOUSEHOLD EQUIPMENT & ROUTINE MAINTENANCE

This sub-chapter covers a vast array of generally small everyday items that are used regularly at meal times or for household chores such as cooking, cleaning and ironing, as well as products used for DIY (Do-it-yourself) and gardening. It also covers household services, such as babysitting and window cleaning, as well as products that are used to clean household textiles and carpets.

Time spent on household tasks in Great Britain in 1999

Table 4.12 shows that on average, a person living as part of a couple in Great Britain in 1999 spent just over three hours per day on household chores. For women, the average was just under four hours. The only activities where men spent more time than women were DIY related, gardening and pet care. It should be noted that respondents could not double-count time, for example, cleaning while caring for children.

The statistics in table 4.12 show that gardening ranks third in terms of time spent on household activities in the Great Britain. A survey in 1997⁶ shows that this is not a particularly British phenomenon: as 18% of respondents across the EU reported that they gardened during a typical week, rising to 35% in Denmark and 37% in Austria (see table 4.13). Generally participation in gardening increased with age, with Portugal a clear exception.

(6) A Pan-EU Survey on Consumer Attitudes to Physical Activity, Body-weight and Health, IEFS (Institute of European Food Studies).

Table 4.12: Division of main household activities for married couples and cohabiting couples living together in Great Britain, May 1999 (minutes per day)

	Males	Females	All
All activities	142	235	191
Cooking, baking, washing up	30	74	53
Cleaning house, tidying up	13	58	36
Gardening, pet care	48	21	34
Care of own children	20	45	33
Maintenance, odd jobs, DIY	26	9	17
Clothes washing, ironing, sewing	2	25	14
Care of adults in own home	4	3	4

Source: Omnibus Survey, Office for National Statistics, May 1999

Table 4.13: Proportion of EU inhabitants gardening during a typical week, 1997 (%)

	Age			
	Total	15-34	35-54	55+
EU-15	18	8	21	27
B	15	9	19	17
DK	35	17	43	41
D	23	12	25	33
EL	10	2	11	19
E	3	1	4	4
F	16	8	20	26
IRL	26	15	32	37
I	12	5	14	20
L	28	13	32	41
NL	32	19	37	44
A	37	17	41	50
P	3	4	2	3
FIN	10	3	11	19
S	26	9	29	45
UK	23	9	26	36

Source: A Pan-EU Survey on Consumer Attitudes to Physical Activity, Body-weight and Health, IEFS (Institute of European Food Studies)

CONSUMPTION EXPENDITURE

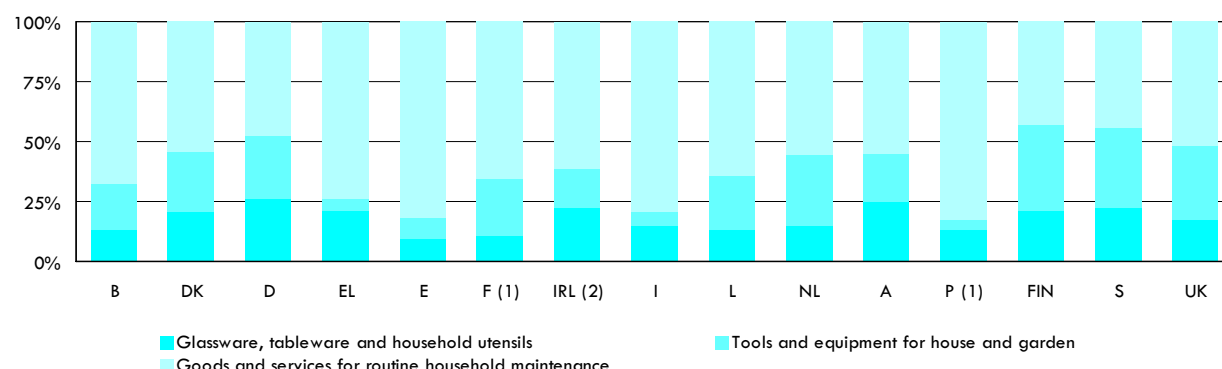
Expenditure on household equipment and routine maintenance in 1999 accounted for between 1.4% (in Finland) and 3.8% (in France) of average household expenditure⁷. In terms of PPS per household this represented, for example in Luxembourg, which had the highest level of expenditure on these items, 1,343 PPS. Products for routine household maintenance alone accounted for almost two-thirds of average household expenditure on these items in 1999 (see figure 4.16), whilst glassware, tableware and household utensils; and tools and equipment for the house and garden, both accounted for about one-sixth of expenditure.

PRICES

Between 1996 and 2000 the consumer price index of goods and services for routine household maintenance rose faster (8% in total) than the price index for all-items (6% in total), whilst the price of tools and equipment for the house and garden remained almost unchanged (see figure 4.18). The former is partly due to very high rises in excess of 20% in Greece and Ireland, mainly as a result of steep price increases for domestic and household services.

(7) For the whole of this section on consumption expenditure: F and P, 1994.

Figure 4.16: Household equipment (excluding appliances); goods and services for routine household maintenance
Breakdown of consumption expenditure, 1999 (%)

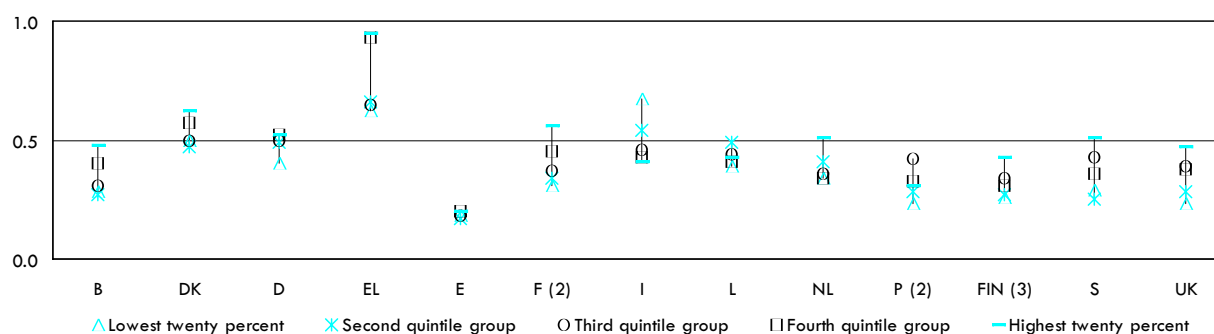


(1) 1994.

(2) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 4.17: Glassware, tableware and household utensils
Share of total consumption expenditure, breakdown by income distribution, 1999 (%) (1)



(1) IRL and A, not available.

(2) 1994.

(3) Income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

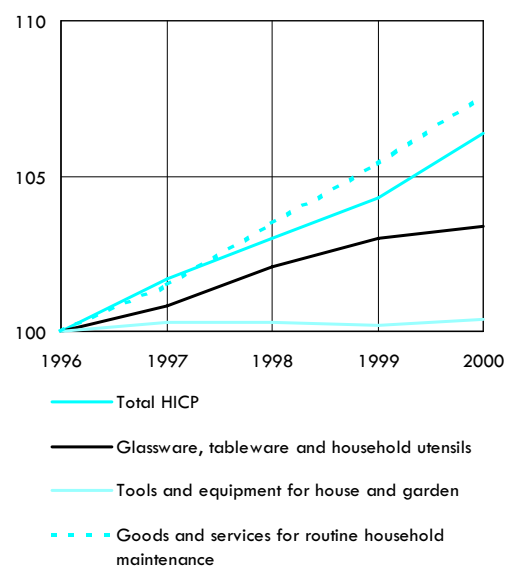
Source: Eurostat, Household Budget Survey (theme3/hbs)

SAFETY

The European Home and Leisure Accident Surveillance System (EHLASS) provides information for 13 of the Member States⁸ on the type of activity being undertaken when an accident occurs. Although the results are not representative, they can give an impression of the concentration of accidents in certain activities (excluding road traffic and occupational accidents). In 1995, DIY, gardening and household activities together accounted for around 15-16% of home and leisure accidents. Accidents related to household activities increased with age to a peak in the mid-20s for men and the late 30s for women; with adult women more than twice as likely to incur accidents as men. Accidents related to DIY also increased with age, to a peak for men in their mid-30s, when the risk of an accident was reported to be more than five times higher than for women.

(8) Excluding D and A.

Figure 4.18: Household equipment (excluding appliances); goods and services for routine household maintenance
Development of harmonized indices of consumer prices in the EU (1996=100)



Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

4.4 ENERGY

Households were one of the largest final energy consumers in the EU, accounting for 26.5% of the total energy consumption in 1998 (which can be compared to 27.8% for industrial use). European households spent, on average, between 3% and 4% of their total expenditure on energy in 1999⁹. Energy consumption within the home is, in the short-term, a relatively inelastic expenditure item, as reactions to price fluctuations can often only be made through investment in new equipment. As energy consumption has risen, there has at the same time been an increase in energy-conserving items (such as double-glazing or insulation), as well as more frequent replacement of equipment (resulting in higher energy efficiency).

CONSUMPTION

European households consumed 251.6 million toe of energy in 1998 (equivalent to 1.7 toe per household), which was 11.5% more than in 1988.

Just two energy uses were responsible for approximately 85% of total household energy consumption in the EU in 1995. Space heating was the single most important use (68.6%), followed by water heating (15.1%) - see figure 4.19 and table 4.14. Cooking and other consumption purposes (which include the electricity used to power household appliances), accounted for 5.3% and 11.1% respectively of the energy consumed in the EU in 1995.

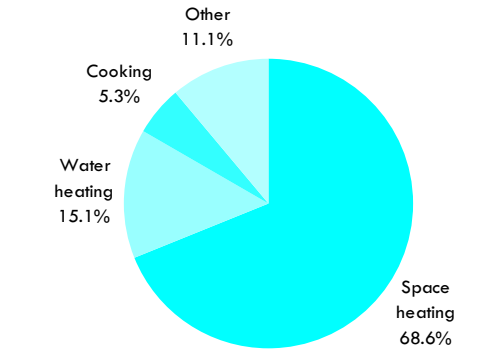
The energy mix

European households relied on three types of fuel for more than three-quarters of their energy needs - besides natural gas (38.0%), the most important products in the energy mix were electricity (21.2%) and gas/diesel oil (19.4%). During the 1990's households changed their energy mix, switching from solid fuels and petroleum products to natural gas and (to a lesser extent) electricity - see figure 4.20. The share of natural gas in the total energy consumed by EU households in 1998 was some 8 percentage points more than in 1988. Whilst natural gas and electricity consumption per inhabitant increased between 1988 and 1998 (reaching 255.1 kgoe and 142.4 kgoe respectively), gas/diesel oil consumption fell to 130.2 kgoe.

Within the Member States there was a low level of natural gas used in Greece, Finland and Sweden (with respective shares of 0.3%, 0.4% and 1.3% in total energy consumption in 1998). In contrast, the latter two countries reported (together with Denmark) a well established network of district heating, accounting for 24.5% (Finland), 26.9% (Sweden) and 34.8% (Denmark) of total energy consumption - compared to a European average of 3.9%. According to SKY (the Finnish District Heating Association), district heating provided heat for 1.09 million Finnish households in 1999 (compared to 458 thousand households in 1979), which was equal to 45% of the Finnish population.

(9) F and P, 1994.

Figure 4.19: Total household energy consumption by type of use in the EU, 1995 (in volume terms) (1)



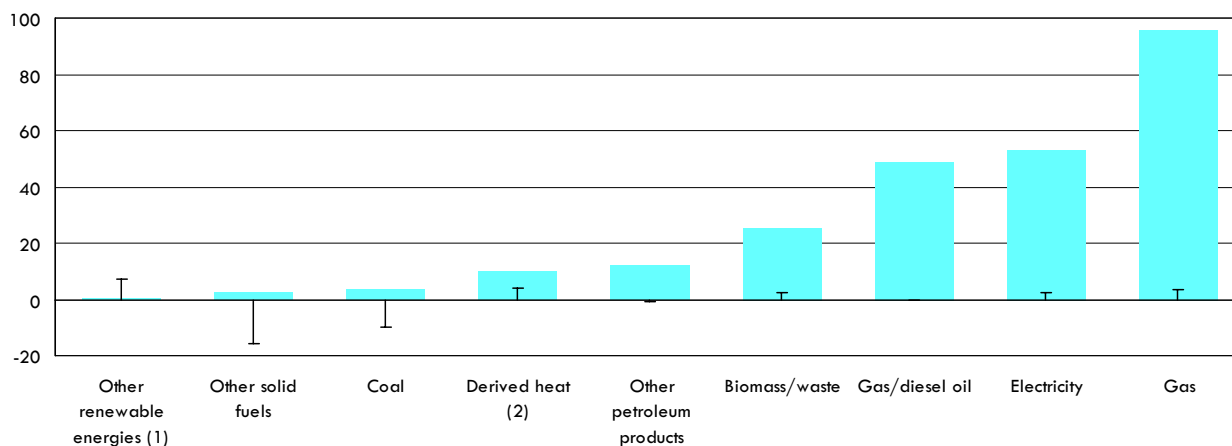
(1) Excluding I.
Source: Eurostat, Survey on Energy Consumption in Households

Table 4.14: Total energy consumption per household for space and water heating, 1995 (MJ)

	Space heating	Water heating
EU-15 (1)	4,836	1,062
B	7,210	1,060
DK	5,534	1,329
D	5,618	897
EL	4,391	142
E	1,528	680
F	5,773	789
IRL	6,105	957
I	:	:
L	12,271	1,215
NL	4,558	1,370
A	6,774	949
P	971	539
FIN	5,873	1,250
S	5,389	1,719
UK	3,997	1,781

(1) Excluding I.
Source: Eurostat, Survey on Energy Consumption in Households

Figure 4.20: Total energy consumption of households in the EU, 1998 (million toe, bars) and annual average rate of change in the level of household energy consumption in the EU between 1988 and 1998 (% per annum, lines)



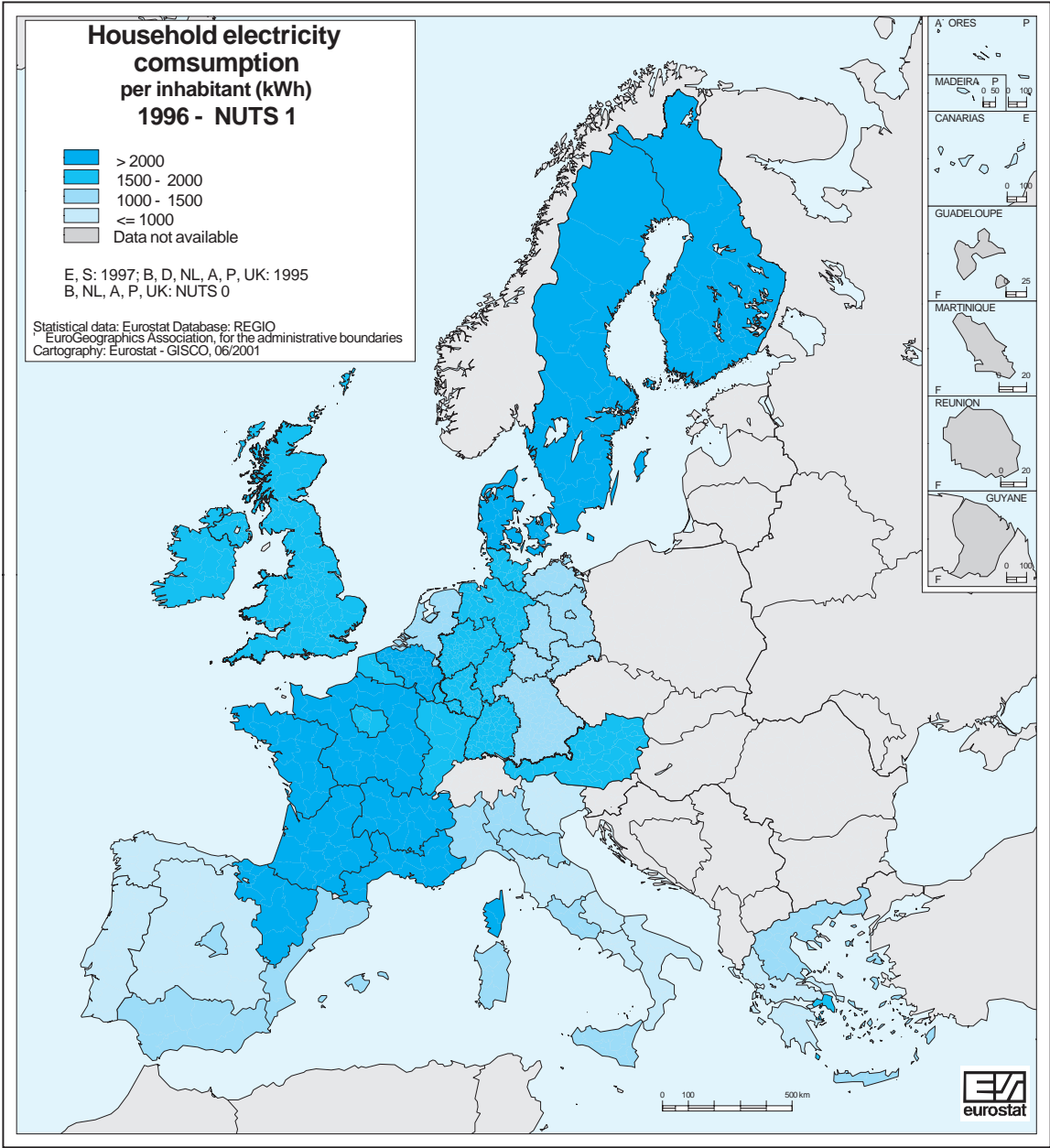
(1) Solar energy, geothermal energy and others.

(2) District heating.

Source: Eurostat, Energy statistics (theme8/sirene)

Renewable fuels played a small role in the energy mix, but displayed one of the highest growth rates during the 1990s: for example, solar energy consumption grew by an average of 10.4% per annum between 1988 and 1998.

The map presented overleaf shows a north-south divide in household electricity consumption per inhabitant, with Portugal, Spain, Greece and Italy the countries with the lowest energy consumption per inhabitant (due to a warmer climate and/or lower average incomes). As this map is limited to electricity consumption, another important factor to consider is the energy mix within each country; as gas was relatively important in Italy, the Netherlands and Germany, whilst LPG (liquefied petroleum gas) was widely used in Spain.



CONSUMPTION EXPENDITURE

European households spent between 2.9% (the United Kingdom) and 6.8% (Denmark) of their total consumption expenditure on electricity, gas and other fuels in 1999¹⁰ (see table 4.27 of the statistical annex to this chapter). Mean consumption expenditure varied from 596 PPS per household in Finland¹¹ to 1.6 thousand PPS per household in Denmark.

Electricity accounted for in excess of 40% of energy expenditure in the majority of the Member States in 1999, whilst Dutch and Italian households spent a higher proportion on gas (52.8% and 42.3%). Solid fuels accounted for more than a quarter (28.4%) of energy spending in France and more than a fifth (21.5%) in Ireland.

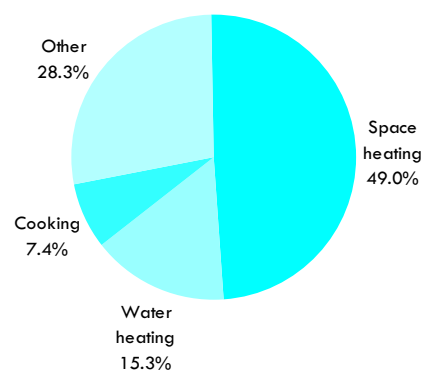
In terms of energy use (see figure 4.21), EU households spent almost half (49.0%) of their energy budget on space heating in 1995 and more than a quarter (28.3%) on other consumption purposes, in other words electricity consumption of electrical appliances. In 1995, the average EU household spent 438 ECU on space heating, 137 ECU on water heating, 66 ECU on cooking and 253 ECU on other uses (such as lighting and power for domestic appliances). The relative price levels of the different energy options explain the difference observed between these expenditure figures and the figures for the volume (quantity) of energy used.

With increasing income, the proportion of expenditure devoted to energy tends to decrease, because energy consumption does not increase once certain needs are covered (see figure 4.22). Considering the link between rising income and a reduced share of energy in total expenditure, it was not surprising to find that households spending proportionally more on energy included those whose head was unemployed, retired or otherwise inactive.

(10) For the whole of this section on consumption expenditure: F and P, 1994; FIN and S, excluding heating; IRL and A, consumption expenditure broken down by income quintile, not available.

(11) Heating expenditure is included within rents for tenants and within maintenance charges (and hence imputed rent) for owner occupiers.

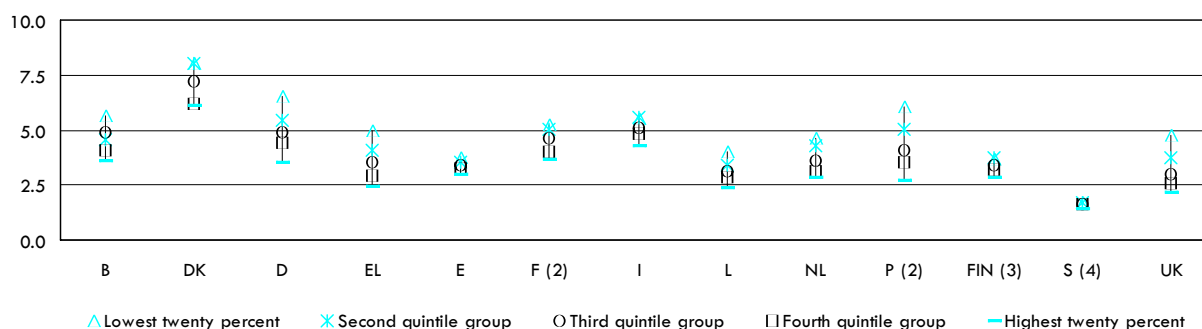
Figure 4.21: Total household energy consumption expenditure by type of use in the EU, 1995 (in value terms) (1)



(1) Excluding I.

Source: Eurostat, Survey on Energy Consumption in Households

Figure 4.22: Electricity, gas and other fuels
Share of total consumption expenditure, breakdown by income distribution, 1999 (%) (1)



(1) IRL and A, not available.

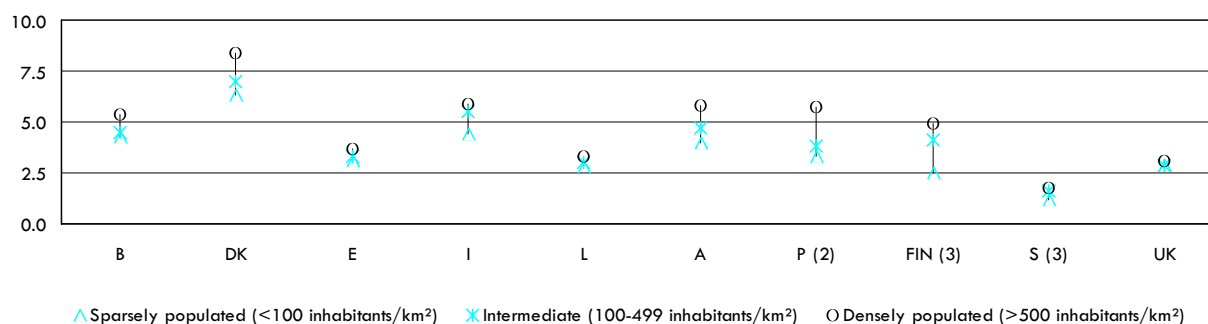
(2) 1994.

(3) Excluding heating; income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

(4) Excluding heating.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 4.23: Electricity, gas and other fuels
Share of total consumption expenditure, breakdown by degree of urbanisation, 1999 (%) (1)



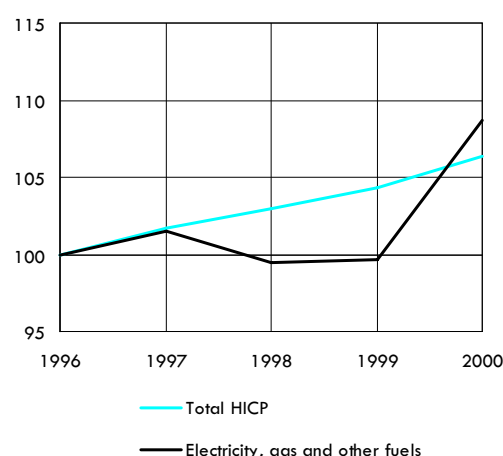
(1) D, EL, F, IRL and NL, not available.

(2) 1994.

(3) Excluding heating.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 4.24: Electricity, gas and other fuels
Development of harmonized indices of consumer prices in the EU (1996=100)



Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

The degree of urbanisation was another important determinant with households in urban areas more likely to spend proportionally more of their total budget on energy. The ratio of the share of energy in total expenditure for households in sparsely populated areas to that for households in densely populated areas was between 0.5 in Finland and 0.9 in the United Kingdom¹² (see figure 4.23).

PRICES

Energy prices have long and short term signals for consumers. Investment in equipment is based upon price expectations in the future, as well as affordability (income) and choice (whether the chosen fuel network is established in the area). When energy prices rise, consumers may become more aware of their everyday consumption and try to avoid consuming excessive amounts of energy. Alternatively, consumers may look for energy-saving measures. It is generally agreed that consumers are more responsive to rising prices (asymmetric price elasticity)¹³.

Fuel and power taken together (electricity, gas, liquid and solid fuels and heat energy) displayed significant price level variations between Member States mainly because of two countries with extreme price levels (see table 1.41 on page 43): Danish households paid more than twice as much for their energy as households in Greece. Interestingly, the two other Nordic Member States were slightly below the EU average in terms of the price of fuel and power (Finland 91% and Sweden 98%).

Table 4.15: Electricity, gas and other fuels
Development of harmonized indices of consumer prices in the EU (1996=100)

	1996	1997	1998	1999	2000
Total HICP	100	102	103	104	106
Electricity, gas and other fuels	100	102	100	100	109
Electricity	100	99	99	99	97
Gas	100	105	104	102	112
Liquid fuels	100	101	88	97	139
Solid fuels	100	101	102	104	107
Heat energy	100	105	104	101	116

Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

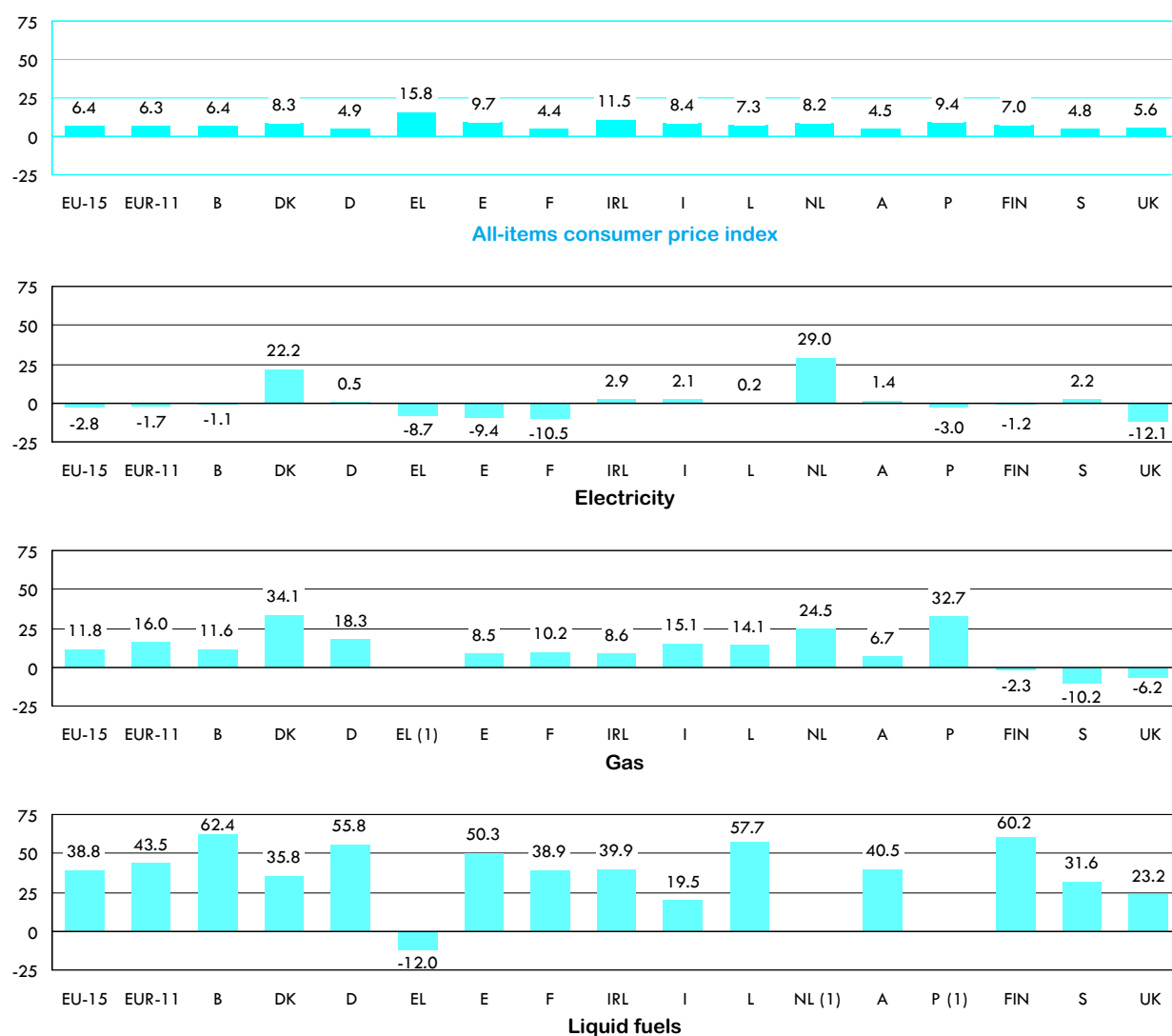
(12) D, EL, F, IRL and NL, not available.

(13) Environmental Outlook, OECD, 2001.

The price of energy products rose considerably in 2000, resulting in the harmonized consumer price index for energy overtaking the all-items index (see figure 4.24 and table 4.15). Between 1996 and 2000, the absolute change in energy prices varied between a 26.2% increase in the Netherlands and a 6.9% reduction in Greece and the United Kingdom.

Between the different energy options, there was also a wide variation in price developments between 1996 and 2000 (see figure 4.25), as the price of electricity in the EU fell on average by 0.7% per annum, whilst the price of liquid fuels rose on average by 8.5% per annum. These absolute changes are strongly influenced by the evolution of prices between 1999 and 2000, when electricity prices fell by 1.4% and those of liquid fuels rose by as much as 42.8% (the latter reflecting the imbalance between supply and demand in crude oil markets). The on-going process of liberalisation of electricity markets may well be influencing the trend of electricity prices.

Figure 4.25: Electricity, gas and other fuels
Absolute growth in consumer prices, 1996-2000 (%)



(1) Not available.

Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

Table 4.16: Price of natural gas, electricity and heating gas oil for households, all taxes included, 1 January 2001 (1)

	Natural gas (€ per GJ) (2)	Electricity (€ per 100 kWh) (3)	Heating gas oil (€ per thousand litres) (4)
B	11.8	18.0	328.2
DK	:	24.5	699.9
D	12.3	21.9	377.4
EL	:	7.1	314.3
E	12.8	13.4	392.9
F	9.9	14.5	407.8
IRL	8.2	12.8	502.5
I	18.5	9.7	822.1
L	8.1	16.7	309.9
NL	10.6	14.9	590.8
A	11.8	15.5	413.9
P	:	14.8	359.3
FIN	8.2	11.1	454.1
S	16.1	15.0	671.8
UK	6.8	15.2	323.0

(1) Underlying prices are half-yearly data; data relate to national average or regional prices according to the country; bold indicates the country with the lowest price, blue indicates the country with the highest price.

(2) Standard consumers are households consuming 83.7 GJ per year for cooking, water heating and central heating; FIN, 1 July 1999.

(3) Households consuming 1,200 kWh per year for a standard dwelling of 70 m²; D, Südliches Gebiet; EL, Athinai; E, Madrid; F, Paris; IRL, Dublin; NL, Rotterdam, 1 January 2000; A, Oberösterreich/Tirol/Wien; P, Lisboa.

(4) Households with deliveries between 2,000 and 5,000 litres annually.

Source: Eurostat, Energy statistics (theme8/sirene)

Taxes can be used to make energy prices higher, with the aim of influencing consumer choice. Taxation is regarded as a flexible instrument to encourage changes in consumption behaviour and combined with subsidies it can be used to stimulate a wider use of alternative energy products (in particular renewable energy sources). Energy taxes are justified on the grounds of externalities (such as air and water pollution or greenhouse gas emissions), following the polluter pays principle. Considering that the consumption of energy products is relatively inelastic, changes to taxation are normally made in progressive steps in order to give consumers time to adapt to the resulting price levels. The inelasticity of energy consumption is shown by a study¹⁴ on the impact of existing fuel taxation on heating systems chosen by households, where it was found that central heating equipment using natural gas was cheaper, whether considering the price with or without excise duties.

With 157.6 billion ECU of revenues in the EU, energy taxes accounted for 77.3% of all environmental taxes in 1997¹⁵. Since 1980 energy tax revenues have quadrupled and their share in total taxes and social contributions increased by 1.0 percentage point to reach 5.2% of the total by 1997. On average, 421.2 ECU of energy taxes was collected per inhabitant in 1997 in the EU, hiding a wide variation from 230 ECU per inhabitant in Spain to just over 1,000 ECU in Luxembourg.

Table 4.16 shows the energy prices faced by European households in the early part of 2001, with the tax differentials between Member States shown in table 4.17. It is possible to note the correlation between high taxes and high prices. For example, Italy (155%) raised 11 times as much tax per litre of gas oil as Luxembourg (14.2%), whilst electricity taxes more than doubled (126%) the price of electricity in Denmark, but resulted in a 5% increase in the United Kingdom.

The tax burden consists of VAT, excise duties and other indirect environmental taxes. Several Member States applied reduced VAT rates to energy products, such as the United Kingdom or Luxembourg, whilst the Nordic countries applied their standard rates (see page 51 for a list of VAT rates applied to energy products). Excise duties applied to heating gas oil ranged from €5.2 per thousand litres in Luxembourg to €360.2 per thousand litres in Italy, with nine Member States reporting duties between €40 and €80 per thousand litres (as of April 2001)¹⁶.

(14) Towards a European strategy for the security of energy supply, Directorate-General of the European Commission for Transport and Energy, Green Paper, November 2000.

(15) This figure covers revenues from households, as well as other sectors of the economy.

(16) Member States which on 1 January 1991 did not apply excise duty to heating gas oil are authorised to continue to apply a zero rate provided that they levy a monitoring charge of at least €5 per thousand litres from 1 January 1993 (Article 5.3 of Directive 92/82/EEC).

The pricing/tariff structure for electricity is dependent upon the degree of market opening, the number of utilities in an area and the time of day (as most networks have excess capacity during the night). For example, in the London electricity region, one of the largest suppliers in the deregulated market of the United Kingdom offered final consumers a night rate that was 61.3% below day rates in June 2001. In Belgium and France (where liberalisation was limited), the respective figures were 51.6% lower in May 2001 and 38.8% lower in January 2001 (see table 4.18).

The German electricity market was opened to competition in April 1998. When looking at the development of electricity prices between January 1998 and January 2001, pre-tax prices of electricity used in households fell in eight out of ten electricity regions for which data was available¹⁷, from -17.3% in München to -1.0% in Westliches Gebiet. In contrast, prices rose in Leipzig (4.1%) and Hannover (2.0%). However, when taking into account taxes, post-tax prices fell in only three regions (Südliches Gebiet, München and Erfurt). This is mainly due to the fact that a new tax on electricity consumption was introduced in Germany in April 1999.

CHOICE

Most of the dwellings in the EU were equipped with space and water heating in 1995 (98.3% and 98.1% respectively), more than one-third of them using natural gas to heat their water. In the Netherlands and the United Kingdom natural gas was the principal heating fuel, with 94.6% and 76.4% of dwellings equipped with gas space heating and 86.5% and 69.8% with gas water heating. The size of gas distribution networks varied between the Member States, for example 80% of the households in the United Kingdom had access to the network in 2000¹⁸. On the other hand, a Eurobarometer survey (53) on services of general interest in the spring of 2000 showed that four-fifths of the respondents in Sweden and Greece had no access to gas distribution services.

(17) Eurostat, SIRENE database.

(18) The UK Fuel Poverty Strategy, Department of Environment Transport and the Regions (DETR) and Department of Trade and Industry (DTI), 2001.

Table 4.17: Tax rate on natural gas, electricity and heating gas oil for households, 1 January 2001 (% of pre-tax price) (1)

	Natural gas (2)	Electricity (3)	Heating gas oil (4)
B	25.3	22.1	27.4
DK	:	125.6	145.4
D	27.7	26.3	43.0
EL	:	7.9	27.7
E	16.0	21.9	51.1
F	17.4	30.2	31.6
IRL	12.6	12.5	27.4
I	75.2	14.8	155.0
L	6.0	9.5	14.2
NL	67.3	28.1	68.0
A	34.8	36.5	54.0
P	:	5.6	46.1
FIN	30.7	32.1	49.4
S	76.5	48.9	132.7
UK	5.1	5.0	24.5

(1) Underlying prices are half-yearly data; data relate to national average or regional prices according to the country; bold indicates the country with the lowest tax rate, blue indicates the country with the highest tax rate.

(2) Based on consumption of 83.7 GJ per year for cooking, water heating and central heating; FIN, 1 July 1999.

(3) Based on consumption of 1,200 kWh per year for a standard dwelling of 70 m²; NL, 1 January 2000; D, Südliches Gebiet; EL, Athinai; E, Madrid; F, Paris; IRL, Dublin; A, Oberösterreich/Tirol/Wien; P, Lisboa.

(4) Based on consumption of between 2,000 and 5,000 litres per year.

Source: Eurostat, Energy statistics (theme8/sirene)

Table 4.18: Day and night tariffs for electricity (€ per kWh) (1)

	Day rate	Night rate
B (2)	0.1569	0.0759
F (3)	0.0779	0.0477
UK (4)	0.0409	0.0158

(1) Annual standing charge excluded.

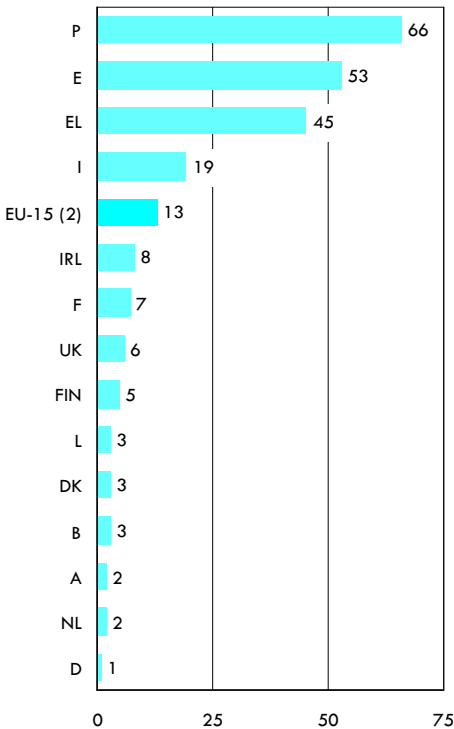
(2) Data for May 2001; representative prices, including VAT (21%) and energy tax levy (€0.001363 per kWh).

(3) Data for January 2001; prices exclude energy tax (19.6%).

(4) Data for June 2001, London Electricity Region, Powergen; electricity charges for a medium user (average house, gas central heating).

Source: Electrabel, EDF and OFGEM

Figure 4.26: Households that cannot afford to keep their home adequately warm, 1996 (%) (1)



(1) S, not available.
(2) Excluding S.
Source: Eurostat, European Community Household Panel (theme3/ilc)

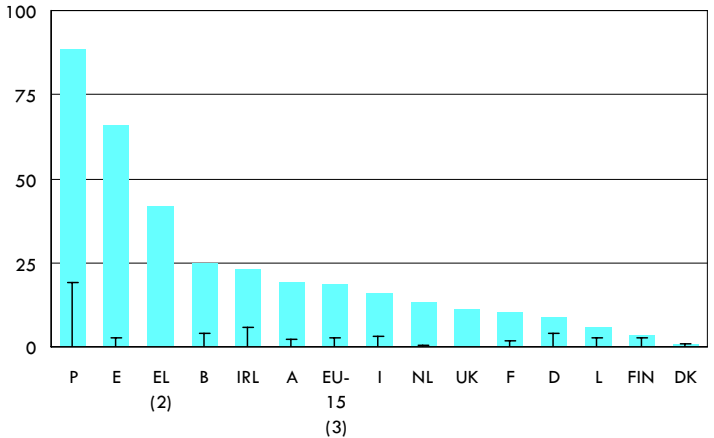
Household amenities - a question of cost?

In 1996, some 13% of European households reported that they could not afford to keep their home adequately warm (see figure 4.26), a percentage that included households that cannot afford equipment, as well as households that cannot afford fuel. This average hid the gap between several southern Member States (Portugal 66%, Spain 53% and Greece 45%) and the remaining countries, where figures ranged between 19% in Italy and 1% in Germany.

Data regarding energy amenities shows that four-fifths (81.3%) of European households were living in dwellings with central heating, whilst almost all (97.2%) households had hot running water in 1996⁽¹⁹⁾ - see figure 4.27. Whilst some of the variation between Member States can be explained as a result of climatic differences (there is often less or no need for heating in southern Member States) and general income levels, differences also occur due to the penetration of alternative heating systems. For example, the relatively low percentage of Danish and Finnish households without central heating reflects the importance of district heating in these countries. The proportion of dwellings in the EU without central heating or hot water was higher when the head of the household was inactive or unemployed (29.1% and 4.2% respectively in 1996).

(19) Excluding S for central heating; excluding EL and S for hot running water.

Figure 4.27: Households with no central heating (bars) or no hot running water (lines) on the premises, 1996 (%) (1)



(1) S, not available.
(2) Hot running water, not available.
(3) Excluding S for central heating; excluding EL and S for hot running water.
Source: Eurostat, European Community Household Panel (theme3/housing)

Satisfaction with electricity and gas supply

The Eurobarometer survey (53) on services of general interest provides information on consumer satisfaction in relation to electricity and gas distribution services. In the survey, satisfaction was measured according to four criteria: price; quality of the product; clarity of information; and fairness of terms and conditions. European consumers were most satisfied with the quality of electricity (94%) and gas (87%) services, whilst the lowest satisfaction ratings were given to price, where 39% and 35% of respondents were unsatisfied (see table 4.19).

The Portuguese were the least satisfied consumers in Europe, as they gave one of the three lowest ratings for all four criteria, resulting in the lowest overall satisfaction level for electricity services (62%) and the third lowest for gas services (59%), ahead of Sweden and Finland. On the other hand, consumers in Luxembourg gave one of the three highest ratings for all four criteria, including the highest satisfaction rates for electricity prices (79%) and gas prices (74%). As regards the handling of complaints, 52% of respondents in the EU were dissatisfied in the case of gas distribution and 38% in the case of electricity distribution.

ENVIRONMENT

Whilst public awareness of the environmental impact of energy use in the industrial and transport sectors is high, the same cannot always be said for air emissions that result from energy consumption within households. Public perception of emissions is often influenced by the distance between energy generation and energy use. For example, a heating boiler in the cellar of a house may smell or smoke when combusting oil, whilst district heated households are clearly separated from their energy source. A shift towards sustainable energy consumption patterns and therefore changes in lifestyle are likely in the future, with energy prices increasingly likely to reflect environmental costs.

Table 4.19: Overall satisfaction with electricity and gas supply services, 2000 (% , filtered) (1)

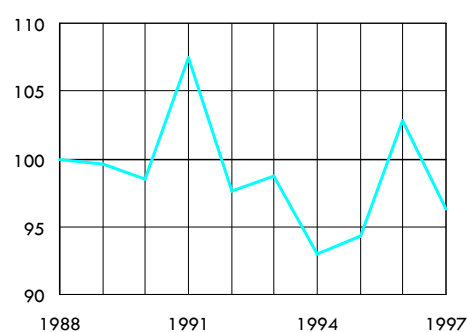
	Electricity supply services			Gas supply services		
	Satisfied	Unsatis- fied	Do not know	Satisfied	Unsatis- fied	Do not know
EU-15 (2)	73.8	20.6	4.6	68.5	18.6	7.0
B	70.3	23.2	5.5	63.8	19.5	7.4
DK	86.7	10.0	3.2	62.0	6.6	6.6
D	72.3	19.4	6.7	61.9	19.1	10.5
EL	71.2	24.4	3.4	:	:	:
E	68.3	27.1	4.2	66.3	21.8	6.0
F	76.6	19.1	3.6	73.7	13.3	7.1
IRL	83.9	7.6	5.6	67.0	4.9	7.9
I	63.3	31.9	4.9	60.2	33.1	6.2
L	87.9	6.6	4.5	80.9	5.4	7.2
NL	83.9	9.1	5.1	82.7	9.3	5.1
A	74.9	17.9	5.8	59.2	13.3	8.3
P	62.1	32.8	3.9	59.2	27.0	5.7
FIN	79.0	16.4	3.8	39.4	8.5	29.5
S	73.4	21.1	4.5	44.9	7.3	29.7
UK	85.2	9.8	3.2	82.6	9.5	3.7

(1) The population has been filtered to exclude those respondents who had spontaneously answered that they did not have access to the service in question; figures do not add up to 100% because of the "not applicable" or "no answer" categories.

(2) Excluding EL for gas supply services, due to the small number of respondents with access to these services (2.7%).

Source: Eurobarometer 53 (Services of general interest), European Commission, 2000

Figure 4.28: Emissions of carbon dioxide from fossil fuel combustion by households in the EU (1988=100)



Source: Eurostat, Environment statistics (theme8/milieu)

Emissions of carbon dioxide (see figure 4.28 and table 4.20), the most important greenhouse gas, are difficult to control with end-of-pipe technologies. As a result, if European households are to lower their emissions, energy consumption either has to be reduced (through more efficient consumption) or switched to fuels with lower or no carbon content (such as renewable energies). As has already been noted, during the 1990s, European households changed the balance of their fuel mix away from oil towards natural gas (which has a lower carbon content). However, a simultaneous increase in the volume of household energy consumption (up by 11.5% in absolute terms between 1988 and 1998) offset some of the emissions reductions made. The most rapid cuts were made in Finland, Sweden and Denmark (as a result of the growing importance of district heating and wind energy in Denmark). This could be contrasted with rising emissions in Greece and Spain (which may be explained by increased income levels), as well as Austria (where oil gained importance in the fuel mix).

Table 4.20: Emissions of carbon dioxide from fossil fuel combustion by households (million tonnes)

	1988	1990	1995	1996	1997	Annual average growth rate, 1988-1997 (%)
EU-15	459	452	433	472	442	-0.4
B	20	19	20	23	22	1.1
DK	7	5	5	6	5	-3.7
D	139	130	128	144	131	-0.7
EL	4	5	5	6	7	6.4
E	11	13	14	15	14	2.7
F	74	71	65	70	69	-0.8
IRL	7	7	6	6	6	-1.7
I	60	69	65	66	63	0.5
L	1	1	1	1	1	0.0
NL	19	19	21	24	20	0.6
A	12	12	13	13	13	0.9
P	2	2	2	2	2	0.0
FIN	7	6	6	3	4	-6.0
S	6	5	4	5	4	-4.4
UK	90	88	78	88	81	-1.2

Source: Eurostat, Environment statistics (theme8/milieu)

4.5 WATER SUPPLY

Water is a natural resource on which human health and development depends; in return human activities have an impact on this resource in terms of quality and availability.

European water policies place great attention on water quality, whether for drinking or other purposes, and Community legislation in these areas dates from the 1970s and 1980s. In 2000, a long-term framework for Community action in the field of water policy²⁰ was established with broader aims, including the promotion of sustainable water use. Notably this framework promotes a gradual implementation of the use of pricing and taxation, alongside other measures, as incentives for consumers to modify their consumption patterns towards a sustainable level with the aim of recovering the full costs of water services.

CONSUMPTION: WATER USING AMENITIES

Table 4.21 shows that average water consumption per inhabitant is high in several southern Member States and the Nordic countries; Italy, Spain, Portugal and Greece, as well as Finland, Sweden and Denmark all record average annual consumption in excess of 58m³ per inhabitant, whilst consumption in the more centrally located countries of Belgium, Germany, France, Luxembourg and the Netherlands was below this level.

Pressure on water use by households comes from high or growing use of amenities such as showers, toilets, washing machines and dishwashers, as well as from other uses such as swimming pools and the watering of gardens (see table 4.22). This pressure is offset to some extent by technological/design improvements that have led to greater water efficiency in some of these appliances. Table 4.23 shows that basic water consuming amenities, such as running hot water, indoor flushing toilets and baths or showers are available in more than 90% of the dwellings in nearly every Member States, Portugal being the clear exception.

(20) Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000.

Table 4.21: Water consumption in the domestic sector (1)

	Year	Million m ³	m ³ per capita per year
B (2)	1998	381	41
DK	1994	301	58
D	1995	3,872	47
EL	1997	670	64
E	1995	2,849	73
F	1994	2,384	41
IRL	:	:	:
I	1995	4,440	78
L	1999	23	55
NL	1996	733	47
A	1997	456	56
P	1998	680	71
FIN	1999	404	78
S	1995	528	60
UK	:	:	:

(1) Domestic sector covers households and small businesses with equivalent services.

(2) Flanders and Wallonia.

Source: Water resources, abstraction and use in European countries, Statistics in Focus, Theme 8 6/2001, Eurostat, 2001

Table 4.22: Average appliance consumption (litres per use)

	D	F	FIN	UK (1)
Toilet flush	9	9	6	9.5
Washing machine	72-90	75	74-117	80
Dishwasher	27-47	24	25	35
Shower (2)	30-50	16	60	35
Bath	120-150	100	150-200	80

(1) England and Wales only.

(2) F, litres/minute.

Source: OFWAT, 1997 and Etelämäki, 1999 in Sustainable water uses in Europe, European Environment Agency, 2001

Table 4.23: Basic housing amenities in the EU, 1996 (%) (1)

	Hot running water	Bath or shower	Flushing toilet	All three
B	96.0	96.1	96.9	93.4
DK	99.2	97.5	99.0	97.3
D	96.1	98.3	99.1	94.7
EL	:	96.5	95.7	:
E	97.2	98.4	99.0	96.5
F	98.0	96.2	97.1	94.7
IRL	94.4	95.9	97.0	93.5
I	96.8	98.2	98.9	95.4
L	97.4	98.6	99.3	96.7
NL	99.4	99.0	99.3	98.8
A	97.7	96.8	95.2	93.1
P	81.0	86.9	88.2	79.4
FIN	97.5	95.9	97.7	95.1
UK	99.9	99.7	99.8	99.6

(1) S, not available.

Source: Eurostat, European Community Household Panel (theme3/housing)

Table 4.24: Proportion of dwellings connected to public sewerage (%)

	Year	All public sewerage	Public sewerage without treatment
B	1998	82	44
DK	1998	89	0
D (1)	1998	93	1
EL	1997	:	11
E	1992	55	13
F	1995	81	2
IRL (2)	1991	66	20
I (3)	1995	75	:
L	1999	93	0
NL	1999	98	0
A	1998	82	0
P	1994	61	35
FIN	1999	80	0
S	1998	93	0
UK (4)	1997	96	10

(1) Percentage without treatment, 1995.

(2) Percentage without treatment, 1993.

(3) Percentage connected to public sewerage with treatment.

(4) England and Wales.

Source: Eurostat, European Community Household Panel (theme3/housing)

One of the most obvious environmental impacts of the household use of water is the generation of waste water. Table 4.24 shows that in most EU Member States over three-quarters of dwellings are connected to public sewerage systems, with only Spain, Portugal and Ireland falling below this level. In the Nordic countries, Luxembourg, the Netherlands and Austria, all public sewerage involves treatment, whereas in the other Member States up to 44% of dwellings may be connected to a public sewerage system where waste water is not treated.

PRICES:**A ROLE IN LONG-TERM WATER MANAGEMENT?**

The use of pricing to promote sustainable water use, as foreseen in the framework Directive, presumes that users must pay in relation to their level of consumption and pollution. It also implies that users must pay a price that covers environmental costs and the depletion of limited resources, as well as the operating and investment costs of the distribution infrastructure. As an example of the price structure, one may cite the basic structure of pricing in France that dates from 1964 and is based on the polluter pays principle. Table 4.25 shows the increasing proportion of an average bill accounted for by water treatment and other charges including specific taxes used to contribute to a sustainable management of water resources.

Harmonized consumer price indices show that water prices have risen each year in the EU between 1996 and 2000. Up until 1999 price rises for water exceeded (in percentage terms) the rise seen in the all-items consumer price index (see figure 4.32). Over the period 1996 to 2000, the consumer price index for water rose in all of the EU Member States²¹ except for Ireland, where it fell by as much as 71%.

(21) E, not available.

Table 4.25: Structure of water bills in France (%) (1)

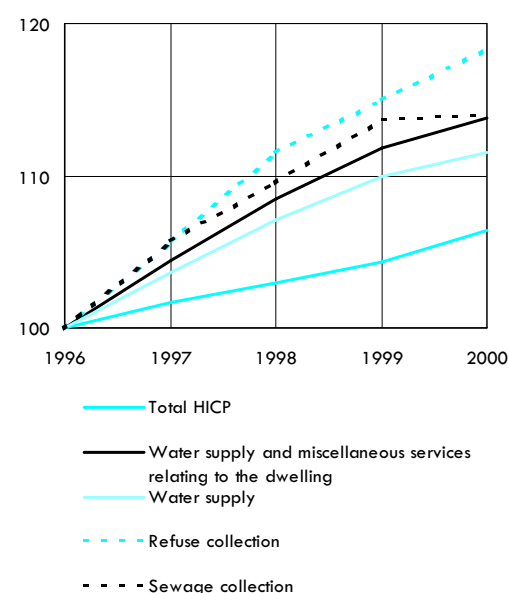
	1991	1996
Water distribution	56.0	45.0
Treatment	30.0	33.0
Other charges (2)	8.5	16.5
VAT	5.5	5.5

(1) Average water bill for a typical consumption of 120m³ per year per inhabitant at the end of the year.

(2) Payments to the water agency, intended to ensure the quality and sustainability of the water supply.

Source: Ministère de l'aménagement du territoire et de l'environnement (France)

Figure 4.29: Water supply and miscellaneous services relating to the dwelling
Development of harmonized indices of consumer prices in the EU (1996=100)



Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

Table 4.26: Overall satisfaction with water supply services, 2000 (%; filtered) (1)

	Satisfied	Un-satisfied	Do not know
EU-15	71.4	21.1	5.7
B	72.4	20.6	5.6
DK	84.6	10.0	4.5
D	68.5	22.8	7.4
EL	80.1	15.5	4.0
E	70.4	23.0	5.5
F	70.3	23.8	4.7
IRL	74.7	5.5	8.0
I	60.5	32.8	6.6
L	88.5	5.1	5.0
NL	84.9	7.9	5.1
A	77.3	11.9	7.4
P	66.8	25.1	4.0
FIN	79.6	10.3	7.2
S	68.9	8.3	11.6
UK	80.4	13.3	3.6

(1) The population has been filtered to exclude those respondents who had spontaneously answered that they did not have access to the service in question; figures do not add up to 100% because of the "not applicable" or "no answer" categories.

Source: Eurobarometer 53 (Services of general interest), European Commission, 2000

SATISFACTION

In April and May 2000, a Eurobarometer survey (53) looked at consumer access and satisfaction with the water distribution industry as one of eight services of general interest (see page 52 for a comparison between the different services). Satisfaction was measured according to four criteria: price; quality of the product; clarity of information; and fairness of terms and conditions (see table 4.26). Across the EU water scored a satisfaction rate in excess of 50% for each of these measures, with the highest satisfaction concerning quality (91%) and the lowest concerning price (55%). As regards information and terms of conditions, the satisfaction rates were 73% and 67% respectively. The French and the Italians expressed the highest level of dissatisfaction (49%) in terms of price, followed by the Belgians (47%). The overall satisfaction indicator ranked water third highest out of the eight services studied, behind postal and electricity distribution services.

**Table 4.27: Housing, water, electricity, gas and other fuels;
furnishings, household equipment and routine household maintenance
Mean consumption expenditure and structure of household expenditure, 1999**

	B	DK	D	EL	E	F (1)	IRL (2)	I	L	NL	A	P (1)	FIN	S	UK
MEAN CONSUMPTION EXPENDITURE (PPS PER HOUSEHOLD)															
House and gardens (3)	8,965	8,146	9,086	6,886	6,574	6,868	8,190	8,786	15,388	8,687	8,231	4,352	5,941	6,899	9,833
Housing, water & energy (3)	7,178	6,654	7,339	5,130	5,566	5,182	6,805	6,719	11,830	6,849	6,331	3,253	5,118	5,814	7,820
Actual rentals for housing (4)	1,319	1,608	1,926	700	329	1,588	587	686	1,832	1,975	1,134	241	1,055	1,479	1,352
Imputed rentals for housing (5)	3,916	2,311	3,102	2,947	3,863	2,439	4,563	:	7,884	2,967	2,156	1,928	3,330	3,324	5,144
Maintenance and repair (3)	424	516	678	383	300	41	436	288	317	395	826	335	33	330	435
Water supply and services	312	616	548	337	401	148	96	334	503	607	951	148	104	334	78
Electricity, gas and other fuels (6)	1,207	1,604	1,084	764	673	966	1,123	1,350	1,293	905	1,265	601	596	347	810
Furnishings, hhld equip. & maintenance	1,787	1,492	1,747	1,756	1,008	1,686	1,385	2,067	3,558	1,838	1,900	1,099	823	1,085	2,013
Furniture & furnishings, carpets (7)	564	585	980	327	336	514	481	797	1,515	720	866	418	331	392	953
Household textiles (7)	179	108	113	319	77	76	:	119	322	215	184	116	63	118	134
Household appliances	221	212	216	225	167	234	241	237	379	220	325	182	173	189	299
Glassware, tableware & utensils	100	128	117	191	38	97	106	132	187	103	130	53	62	84	106
Tools & equip. for house & garden	155	152	111	40	31	204	94	58	308	195	115	20	85	130	187
Goods and services for maintenance	568	307	210	654	359	562	320	724	848	385	279	311	110	172	334
STRUCTURE OF EXPENDITURE (% of TOTAL HOUSEHOLD EXPENDITURE)															
House and gardens (3)	32.7	34.8	38.6	29.4	32.5	30.8	27.7	32.3	35.6	33.9	31.1	26.6	32.6	31.8	35.6
Housing, water & energy (3)	26.2	28.4	31.2	21.9	27.5	23.2	23.0	24.7	27.4	26.7	23.9	19.9	28.1	26.8	28.3
Actual rentals for housing (4)	4.8	6.9	8.2	3.0	1.6	7.1	2.0	2.5	4.2	7.7	4.3	1.5	5.8	6.8	4.9
Imputed rentals for housing (5)	14.3	9.9	13.2	12.6	19.1	10.9	15.4	:	18.3	11.6	8.2	11.8	18.3	15.3	18.6
Maintenance and repair (3)	1.5	2.2	2.9	1.6	1.5	0.2	1.5	1.1	0.7	1.5	3.1	2.1	0.2	1.5	1.6
Water supply and services	1.1	2.6	2.3	1.4	2.0	0.7	0.3	1.2	1.2	2.4	3.6	0.9	0.6	1.5	0.3
Electricity, gas and other fuels (6)	4.4	6.8	4.6	3.3	3.3	4.3	3.8	5.0	3.0	3.5	4.8	3.7	3.3	1.6	2.9
Furnishings, hhld equip. & maintenance	6.5	6.4	7.4	7.5	5.0	7.6	4.7	7.6	8.2	7.2	7.2	6.7	4.5	5.0	7.3
Furniture & furnishings, carpets (7)	2.1	2.5	4.2	1.4	1.7	2.3	1.6	2.9	3.5	2.8	3.3	2.6	1.8	1.8	3.4
Household textiles (7)	0.7	0.5	0.5	1.4	0.4	0.3	:	0.4	0.7	0.8	0.7	0.7	0.3	0.5	0.5
Household appliances	0.8	0.9	0.9	1.0	0.8	1.0	0.8	0.9	0.9	0.9	1.2	1.1	0.9	0.9	1.1
Glassware, tableware & utensils	0.4	0.5	0.5	0.8	0.2	0.4	0.4	0.5	0.4	0.4	0.5	0.3	0.3	0.4	0.4
Tools & equip. for house & garden	0.6	0.6	0.5	0.2	0.2	0.9	0.3	0.2	0.7	0.8	0.4	0.1	0.5	0.6	0.7
Goods and services for maintenance	2.1	1.3	0.9	2.8	1.8	2.5	1.1	2.7	2.0	1.5	1.1	1.9	0.6	0.8	1.2

(1) 1994.

(2) Provisional.

(3) UK, includes insurance for dwellings.

(4) D, estimated; FIN, including heating; S, including water supply, sewerage and heating and miscellaneous services related to the dwelling.

(5) FIN and S, including heating.

(6) FIN and S, excluding heating.

(7) S, including part of non-specified expenditure on furnishings, household equipment and routine household maintenance.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 4.28: Housing, water, electricity, gas and other fuels; furnishings, household equipment and routine household maintenance
Structure of household expenditure, 1999 (%)

	B	DK	D	EL	E	F (1)	IRL (2)	I	L	NL	A	P (1)	FIN	S	UK (3)
BROKEN DOWN BY INCOME DISTRIBUTION (4)															
Lowest twenty percent	34.7	36.9	41.7	30.1	29.4	33.8	:	29.8	35.3	36.8	:	22.9	37.5	34.7	38.5
Second quintile group	32.5	37.4	39.9	30.3	30.7	32.2	:	31.4	34.2	36.8	:	24.7	35.9	31.8	38.9
Third quintile group	33.0	33.3	40.2	29.9	32.6	31.4	:	31.8	36.9	34.2	:	24.6	32.8	32.4	35.4
Fourth quintile group	32.2	33.1	39.7	29.0	32.5	30.0	:	32.9	36.0	31.4	:	25.7	31.3	30.7	34.9
Highest twenty percent	32.1	34.9	35.5	28.9	34.8	29.0	:	33.9	35.5	32.6	:	29.6	30.1	31.0	33.7
BROKEN DOWN BY AGE OF HEAD OF HOUSEHOLD															
Less than 30	30.8	30.9	34.6	28.9	32.8	32.0	25.3	31.6	34.2	30.4	29.6	25.4	29.8	31.2	32.4
Between 30 and 44	30.4	33.1	37.0	28.3	31.1	29.6	26.1	29.7	34.6	32.8	29.9	26.5	30.1	30.6	32.5
Between 45 and 59	30.8	33.9	37.9	26.9	29.8	28.6	24.8	30.0	33.6	32.3	30.1	26.0	31.6	30.8	33.6
60 and over	39.7	41.4	42.4	33.7	37.6	34.3	37.4	36.7	39.8	40.0	35.0	27.9	40.2	35.9	45.6
BROKEN DOWN BY TYPE OF HOUSEHOLD															
1 adult without dependent children	41.4	39.2	42.0	37.0	48.6	38.4	43.1	39.1	41.8	39.4	35.1	34.9	38.4	34.9	46.5
2 adults without dependent children	33.9	34.6	38.3	33.5	38.6	30.6	31.9	35.4	35.6	33.4	30.2	29.6	32.6	32.2	36.6
3+ adults without dependent children	29.5	30.2	38.3	27.5	30.7	28.0	23.9	31.5	33.9	30.0	31.5	27.9	29.5	27.8	27.6
Single parent with dependent child(ren)	34.5	35.5	39.2	34.0	36.7	31.6	30.5	30.5	36.1	35.7	33.6	29.9	36.3	36.8	40.3
2 adults with dependent child(ren)	29.0	32.7	36.9	27.1	31.0	28.3	25.5	29.1	34.6	31.7	29.7	25.7	29.3	29.1	31.6
3+ adults with dependent child(ren)	26.8	30.1	36.5	24.8	27.1	27.0	20.4	28.3	30.7	24.6	28.2	21.7	27.5	28.0	25.6
BROKEN DOWN BY SOCIO-ECONOMIC CATEGORY OF HEAD OF HOUSEHOLD															
Manual workers (5)	28.3	33.5	36.5	27.5	29.7	29.3	:	29.9	34.3	31.3	29.9	25.7	30.6	31.6	31.9
Non-manual workers	30.0	32.4	:	27.9	32.3	29.2	:	:	33.1	31.2	29.4	27.0	29.7	30.1	32.7
Self-employed	33.1	36.0	39.1	26.9	29.2	27.5	:	30.3	36.5	35.1	30.2	23.8	31.9	30.5	32.0
Unemployed	36.8	38.1	43.0	29.8	32.8	35.0	:	29.4	34.9	39.3	28.5	29.4	37.2	38.1	41.8
Retired	39.4	41.2	:	33.4	37.2	34.2	:	35.4	37.6	39.0	35.0	28.2	39.9	37.1	46.5
Other inactive (6)	33.4	32.7	44.0	36.9	42.4	37.9	:	38.6	38.7	39.3	30.1	32.0	33.8	33.8	40.2
BROKEN DOWN BY DEGREE OF URBANISATION															
Dense (>500 inhabitants/km ²)	33.4	33.6	:	:	33.9	:	:	33.6	34.5	:	29.7	27.7	32.3	31.4	35.8
Intermediate (100-499 inhabitants/km ²)	31.6	37.7	:	:	32.1	:	:	31.1	36.2	:	31.1	24.7	31.5	31.8	35.2
Sparse (<100 inhabitants/km ²)	31.7	34.0	:	:	29.6	:	:	30.0	36.0	:	32.9	24.5	34.4	32.1	35.4

(1) 1994.

(2) Provisional.

(3) Includes insurance for dwellings.

(4) FIN, income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

(5) D, including non-manual workers; I, including all non-agricultural persons in employment.

(6) D, including retired.

Source: Eurostat, Household Budget Survey (theme3/hbs)



5. Transport



5 TRANSPORT

Each European travelled, on average, almost 13,800 kilometres during 1998¹, journeying almost three out of every four kilometres in a car. The car is by far the most widely used mode of transport in every Member State (see table 5.1) and its use has expanded at a rapid pace across the Union. The total number of passenger kilometres travelled by car grew, on average, by 3.1% per annum between 1970 and 1998. Air transport² recorded even faster growth, with the number of passenger kilometres increasing at an average annual rate of 7.5%. On average, private households spent between 6.6 thousand PPS in Luxembourg and 2.5 thousand PPS in Spain on transport in 1999³ (see figures 5.1 and 5.2).

(1) Only intra-EU and domestic flights are included for air transport.

(2) Intra-EU and domestic flights only.

(3) Excluding F and P (although 1994 levels in both of these countries were above those recorded in E in 1999).

Table 5.1: Passenger kilometres per person by mode of transport, 1998 (units)

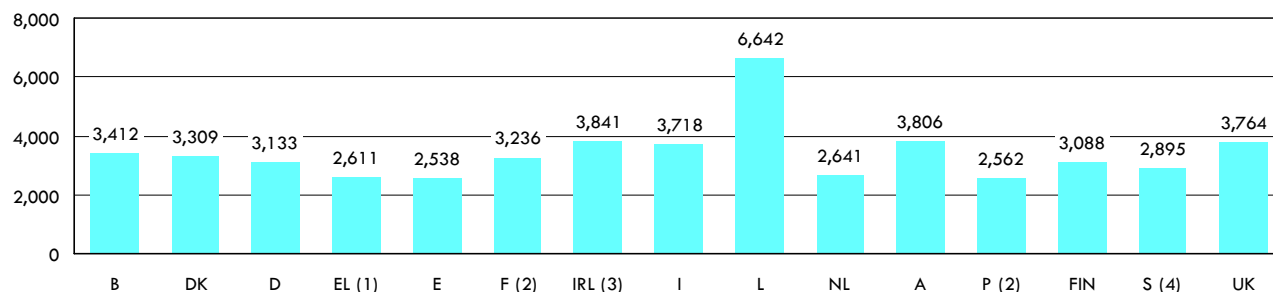
	Car	Powered two- wheelers	Bus/coach	Tram/metro	Railway	Waterborne	Bicycle (1)	Air (2)	Walking (1)
EU-15	10,073	358	1,108	134	767	84	188	642	437
B	9,376	137	1,176	79	685	38	326	550	445
DK	11,027	159	2,100	:	978	515	899	1,070	500
D	9,025	188	846	176	828	24	291	402	434
EL	6,463	1,055	2,015	76	179	433	29	1,523	387
E	8,935	356	1,166	123	454	30	20	1,254	415
F	12,038	207	999	172	1,050	50	76	410	438
IRL	7,663	81	1,533	:	373	177	185	1,056	416
I	11,237	1,111	1,548	92	912	61	157	395	470
L	11,725	94	938	:	692	0	39	1,064	439
NL	9,589	178	923	89	918	45	854	505	442
A	8,479	198	1,572	332	1,030	4	143	536	495
P	7,584	401	1,404	55	458	16	30	814	443
FIN	10,342	175	1,514	85	655	634	255	997	460
S	10,733	147	1,073	164	723	502	272	1,257	441
UK	10,655	71	731	123	583	82	77	731	415

(1) 1995.

(2) Intra-EU and domestic flights only.

Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Figure 5.1: Transport
Mean consumption expenditure, 1999 (PPS per household)



(1) Excluding circulation fees.

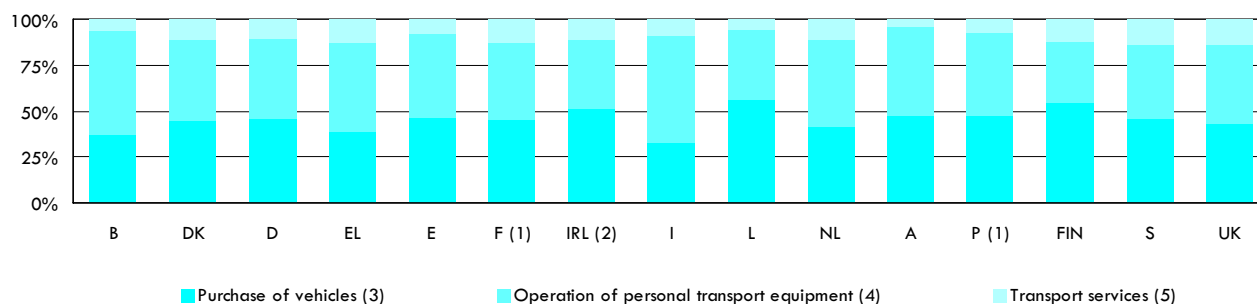
(2) 1994.

(3) Provisional.

(4) Excluding interest payments for car loans.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 5.2: Transport
Breakdown of consumption expenditure, 1999 (%)



(1) 1994.

(2) Provisional.

(3) S, excluding interest payments for car loans.

(4) EL, excluding circulation fees.

(5) A, excluding holiday travel.

Source: Eurostat, Household Budget Survey (theme3/hbs)

5.1 PERSONAL TRANSPORT EQUIPMENT

This sub-chapter covers the purchase of new and used cars, motorcycles, mopeds and bicycles, as well as the operational costs associated with keeping these vehicles on the road.

The purchase of a car is usually the second most important household expenditure decision, behind the acquisition of a flat or a house. The average expenditure of those households that purchased a second hand vehicle in 1999 rose to over 7 thousand PPS in Luxembourg, Portugal and the United Kingdom⁴ (see table 5.2). Eurostat's TERM database estimates that the average age of a car in the EU in 1999 was 7.6 years.

OWNERSHIP

When analysing the data on personal transport equipment it is important to note that it is often difficult to distinguish between private and business use of vehicles. A related issue is the different number of fleet purchases⁵ made in each Member State and the respective share of business and private use. Pecuniary benefits received by employees may also cover items such as fuel, breakdown or servicing costs, all of which may distort comparisons between countries.

(4) F and P, 1994; B, DK, D, E and I, not available.

(5) Traditional fleet car operators include rental companies and public administrations, however this term also includes purchases made by lease and contract hire companies that provide company cars.

Table 5.2: Purchase of vehicles
Consumption characteristics, 1999

	B	DK	D	EL	E	F (1)	IRL (2)	I	L	NL	A	P (1)	FIN	S (3)	UK
PERCENTAGE OF HOUSEHOLDS HAVING BOUGHT AN ITEM IN 1999 (%)															
Purchase of new motor cars	:	:	:	4.0	:	9.0	:	:	15.0	5.0	7.0	4.0	4.0	6.0	3.0
Purchase of second hand motor cars	:	:	:	2.0	:	12.0	15.0	:	13.0	11.0	9.0	5.0	14.0	13.0	13.0
AVERAGE EXPENDITURE OF THOSE HOUSEHOLDS WHO BOUGHT AN ITEM IN 1999 (PPS)															
Purchase of new motor cars	:	:	:	19,026	:	8,754	:	:	17,445	15,051	17,365	19,839	19,372	13,790	22,505
Purchase of second hand motor cars	:	:	:	6,271	:	4,974	5,730	:	7,457	4,951	5,571	7,458	6,349	3,566	7,562

(1) 1994.

(2) Provisional.

(3) Excluding interest payments for car loans.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Passenger cars in use

The number of passenger cars in use has grown at a rapid pace in the EU during the last three decades. There were 62.5 million cars in use in the EU in 1970 and this figure had almost trebled by 1998, when there were nearly 170 million cars on the roads. The fastest expansion was recorded in Greece (nearly 12 times as many cars over the period) and the Iberian Peninsula (see table 5.3).

There were, on average, 451 cars per thousand inhabitants in the EU in 1998. Motorisation rates in Luxembourg (572 cars per thousand inhabitants), Italy (545) and Germany (508) were above the level of one car for every two persons.

Table 5.3: Main indicators relating to passenger car use (millions)

	Number of passenger cars in use		Number of petrol cars, 1998 (1)		Passenger cars per thousand inhabitants, 1998 (units)
	1970	1998		1998 (2)	
EU-15	62.5	169.0	137.5	28.3	450.8
B (3)	2.1	4.5	2.8	1.6	440.3
DK (4)	1.1	1.8	1.7	0.1	342.7
D	15.1	41.7	36.2	5.5	508.1
EL	0.2	2.7	2.6	0.0	254.3
E	2.4	16.1	12.7	3.4	407.7
F	11.9	26.8	18.2	8.6	455.6
IRL	0.4	1.1	1.0	0.2	308.9
I	10.2	31.4	26.2	3.7	544.7
L	0.1	0.2	0.2	0.0	572.4
NL	2.6	5.9	4.9	0.7	375.7
A	1.2	3.9	2.7	1.2	481.1
P	0.4	3.2	2.3	0.3	321.0
FIN	0.7	2.0	1.8	0.2	392.2
S	2.3	3.8	3.6	0.2	428.4
UK	11.9	23.9	20.6	2.7	404.2

(1) EU-15, F, L and P, 1995; DK, IRL and NL, 1997.

(2) EU-15, L and P, 1995; DK, IRL and NL, 1997.

(3) As of 1 August.

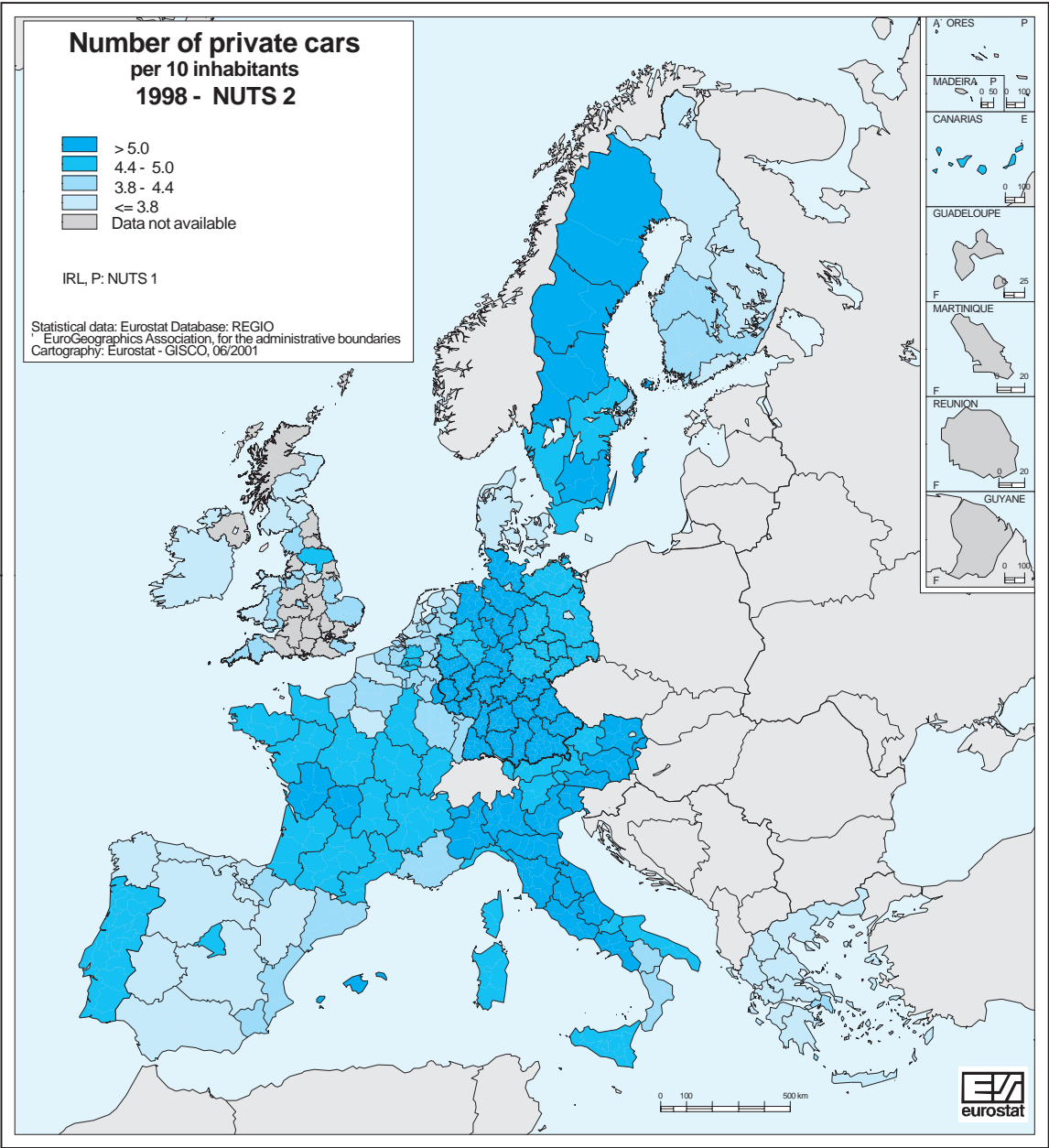
(4) As of 31 December.

Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Table 5.4: Number of powered two-wheelers in use per thousand inhabitants, 1998 (units)

	Motorcycles	Mopeds
EU-15	27.3	34.8
B	23.6	30.4
DK	12.0	22.6
D	30.8	24.8
EL	60.2	69.9
E	34.6	56.7
F	14.3	25.2
IRL	6.7	4.0
I	47.5	71.2
L	21.7	46.6
NL	28.6	38.1
A	29.2	44.4
P	26.6	50.1
FIN	14.1	19.3
S	15.5	28.2
UK	9.9	1.7

Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport



Consumer attitudes to owning a car

The European Community Household Panel estimates that 16.2% of households in the EU⁶ did not want to own a car in 1996 (see table 5.5). The highest shares were found in the Netherlands (26.1%) and Denmark (23.7%). A further 10.5% of EU households could not afford to own a car, a share which rose to above 20% in Greece and Portugal, whilst remaining below 4% in Italy and Luxembourg.

As one may expect, the percentage of households owning a car rose in relation to household income. Less than half of those households with a low income (less than 60% of the median) possessed a car in 1996, whilst nine out of ten households with a high income (at least 140% of the median) possessed one. In terms of household composition, the most likely units to possess a car were those with two adults and dependent children (93.7%).

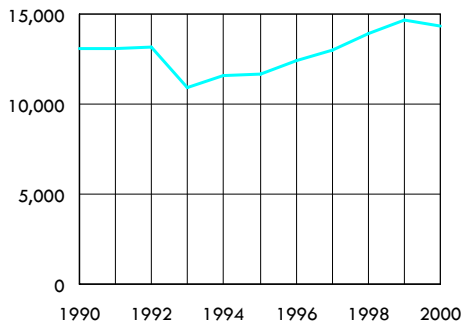
(6) For the whole of this section on consumer attitudes to owning a car: EU-15 excluding S.

Table 5.5: Ownership of cars broken down by household characteristics, 1996 (%)

	All households	Less than 60% of the median income	140% of the median income	Composed of a single adult aged less than 30	two adults and two dependent children	Composed of a single adult aged 65 or more	Head of household is retired	Do not want a car	Cannot afford a car
EU-15 (1)	73.2	48.6	90.2	58.4	93.7	21.1	50.4	16.2	10.5
B	75.2	57.0	90.9	56.6	93.6	21.5	58.0	16.5	8.3
DK	62.2	30.5	86.7	21.4	88.9	26.2	43.5	23.7	14.1
D	74.0	40.1	92.0	67.8	94.6	21.4	50.8	10.7	15.3
EL	56.8	31.0	78.3	10.7	84.9	9.3	33.4	22.3	20.9
E	68.6	56.0	85.4	52.1	92.5	6.9	42.1	18.6	12.8
F	78.9	60.7	90.5	59.6	97.4	31.9	65.5	14.6	6.5
IRL	69.2	53.8	92.8	54.7	90.3	25.0	56.6	16.0	14.7
I	78.2	67.3	90.5	74.4	97.7	16.1	58.7	18.3	3.5
L	82.7	58.2	92.5	82.6	98.7	34.1	66.7	13.7	3.6
NL	67.6	44.0	82.5	24.4	86.6	24.6	:	26.1	6.3
A	73.2	41.1	88.8	61.4	91.9	13.8	54.3	20.8	6.0
P	60.9	31.4	85.8	:	82.3	4.2	32.7	16.2	22.9
FIN	66.4	48.3	85.2	37.3	95.8	16.2	48.1	23.4	10.3
S	:	:	:	:	:	:	:	:	:
UK	71.9	37.1	94.7	:	91.0	25.8	50.1	17.6	10.5

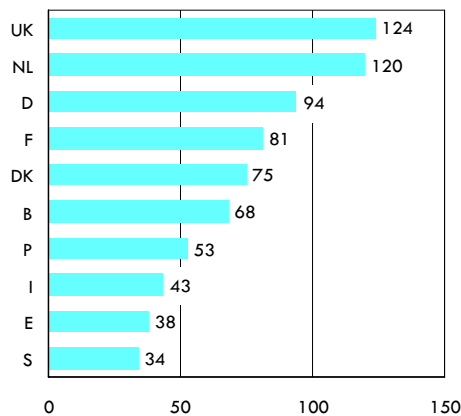
(1) Excluding S; excluding P and UK for households composed of a single adult aged less than 30; excluding NL for households whose head is retired.
Source: Eurostat, European Community Household Panel (theme3/housing)

Figure 5.3: Number of new passenger car registrations in the EU (thousands)



Source: ACEA
(Association des Constructeurs Européens d'Automobiles)

Figure 5.4: Used car sales per thousand inhabitants, 1999 (units)



Source: <http://www.british-car-auctions.co.uk/> in The Natural Link between Sales and Service, autoPOLIS

New vehicle registrations and used car sales

During the 1990s there were generally between 13 and 14 million new car registrations each year in the EU (see figure 5.3). The number of registrations fluctuates with economic activity and the reduction in household disposable income during the recession of the early 1990s resulted in the number of registrations falling to 10.9 million units in 1993. By 2000, the number of new car registrations in the EU had recovered to in excess of 14.3 million (see table 5.6).

The majority of car sales in Europe are of used cars. There were some 124 used car sales per thousand inhabitants in the United Kingdom and 120 in the Netherlands in 1999 (see figure 5.4). These were the only two countries to record a figure of more than 100 used car sales per thousand inhabitants, whilst the lowest rates were found in Spain and Sweden (both less than 40 per thousand inhabitants)⁷.

More than 14 million bicycles were purchased in the EU in 1998, whilst in excess of 1.5 million mopeds were delivered and almost a million motorcycles were registered (see table 5.6).

(7) A study conducted by British Car Auctions; excluding EL, IRL, L, A and FIN.

Table 5.6: New vehicle registrations (thousands)

	Passenger cars, 2000	Motorcycles, 1998	Mopeds, 1998 (1)	Bicycles, 1998 (2)
EU-15	14,308	986	1,526	14,666
B (3)	515	21	38	415
DK	113	3	24	430
D	3,378	290	128	4,500
EL	290	45	:	210
E	1,381	55	320	620
F	2,134	172	190	2,076
IRL	231	3	:	120
I	2,412	228	694	1,350
L (4)	42	1	0	:
NL	598	15	69	1,350
A	309	25	16	430
P	258	14	9	350
FIN	135	4	7	225
S	291	11	7	440
UK	2,222	98	23	2,150

(1) Deliveries; EU-15 total is the sum of available countries.

(2) Consumption.

(3) Includes bicycle consumption for L.

(4) Bicycle consumption included in B.

Source: ACEA (Association des Constructeurs Européens d'Automobiles), ACEM (Association des Constructeurs Européens de Motocycles) Yearbook 2000, EBMA (European Bicycle Manufacturers Association)

CONSUMPTION:**DISTANCE TRAVELLED AND OCCUPANCY RATES**

Vehicle use figures reinforce the ownership figures that show that the car dominates the personal transport modal breakdown. Indeed, cars accounted for 91.2% of the passenger kilometres travelled in the EU in 1998⁸ (see table 5.7). Walking was the second most popular mode of personal transport in terms of kilometres travelled (3.9% of the total), ahead of powered two-wheelers (3.2%) and the bicycle (1.7%).

There were only five Member States where the car accounted for less than 90% of the personal transport passenger kilometres travelled in 1998. Two of these countries reported a high dependence on the use of the bicycle, namely, Denmark and the Netherlands, where bicycle use was between 4 and 5 times the EU average. The other three countries reported a higher propensity to travel by powered two-wheelers: Greece, Italy and, to a lesser degree, Portugal.

Occupancy rates may be used as a measure of the efficiency of the use of a particular transport mode. A study carried out for the Energy and Transport Directorate-General of the European Commission⁹ shows that the number of car trips per person (on average 3 per day) and occupancy rates (1.66 persons per car) are ratios that remained relatively stable during the 1990s¹⁰. On the other hand, the average length of each car trip has increased. The most popular use of the car was for leisure purposes (40% of trips), ahead of commuting purposes for work or education (30%) and shopping trips (20%).

(8) Kilometres travelled by car, foot, powered two-wheeler and bicycle.

(9) Estimates based on the results of national mobility surveys in eight EU countries during the 1990s (continuous/regular surveys: DK, NL, S and UK; periodic surveys: D; other surveys: F, A and FIN).

(10) Occupancy rates were generally higher before this date, as car ownership was not as widespread and there were hence more passengers per car.

Table 5.7: Distance travelled by transport mode, 1998
(billion passenger-kilometres)

	Passenger cars	Walking	Powered two-wheelers (1)	Bicycles (2)
EU-15 (3)	3,776.2	162.7	134.1	69.6
B	95.7	4.5	1.4	3.3
DK	58.5	2.6	0.8	4.6
D (3)	740.3	35.4	15.4	23.8
EL (4)	68.0	4.1	11.1	0.3
E (5)	351.8	16.3	14.0	0.8
F	708.4	25.5	12.2	4.4
IRL (5)	28.5	1.5	0.3	0.7
I	647.1	26.9	64.0	9.0
L (4)	5.0	0.2	0.0	0.0
NL	150.6	6.8	2.8	13.5
A	68.5	4.0	1.6	1.2
P	75.6	4.4	4.0	0.3
FIN	53.3	2.4	0.9	1.3
S	95.0	3.9	1.3	2.4
UK	630.0	24.3	4.2	4.1

(1) DK, D, I, FIN and UK from national statistical publications; A from Austrian Ministry for the Environment; all other countries from studies made for the Directorate-General of the European Commission for Energy and Transport and estimates based on these studies.

(2) EU-15, DK, D, NL, S and UK, 1997; IRL, 1996; all other countries, 1995.

(3) Excluding former East Germany for walking.

(4) Results from a study carried out for the Directorate-General of the European Commission for Energy and Transport for passenger cars.

(5) Estimate based on national data or studies.

Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

CONSUMPTION EXPENDITURE

Expenditure on vehicles

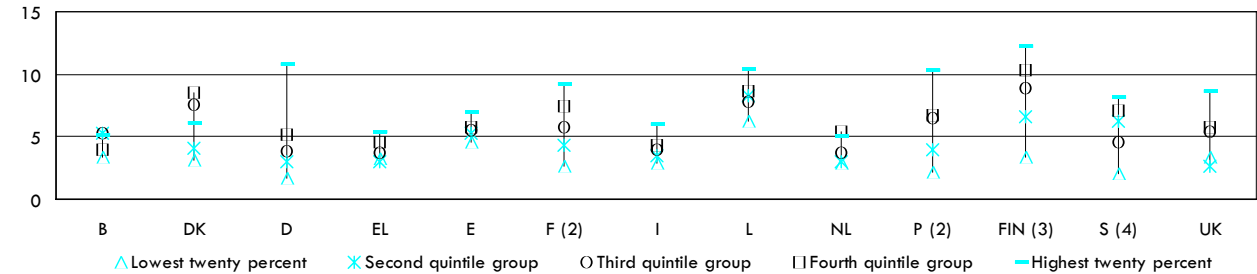
Europeans spent on average around 6% of their total household budget on the purchase of personal transport equipment in 1999⁽¹⁾, the overwhelming share on cars. In contrast, powered two-wheelers and bicycles accounted for very low shares of total household expenditure, never more than 0.3% of the total⁽²⁾.

The highest mean consumption expenditure for cars was registered in Luxembourg, where each household spent an average of 3.6 thousand PPS in 1999, considerably above the next highest figures recorded in Finland and the United Kingdom (both 1.6 thousand PPS).

There was a large degree of variation in the share of total household expenditure devoted to the purchase of vehicles in 1999 when broken down by income level (see figure 5.5), whilst the operation of personal transport equipment (which can be treated to some degree as a necessity) generally showed less variation (see figure 5.6).

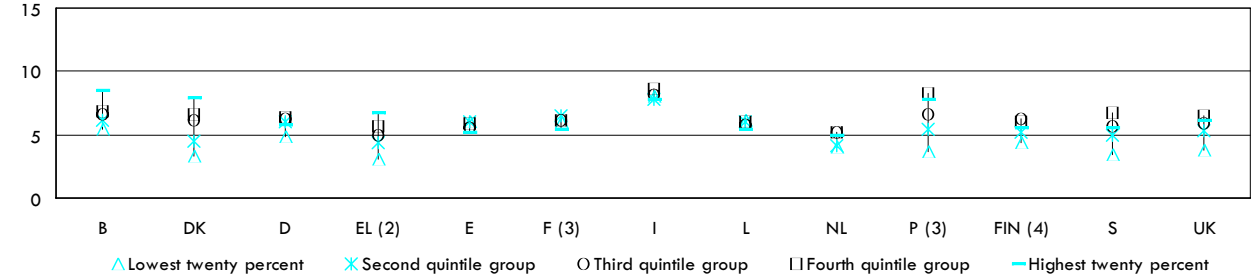
(1) For the whole of this section on consumption expenditure: F and P, 1994; IRL and A, consumption expenditure broken down by income quintile, not available; FIN, income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.
(12) IRL, no data available for bicycles.

Figure 5.5: Purchase of vehicles
Share of total consumption expenditure, breakdown by income distribution, 1999 (%) (1)



(1) IRL and A, not available.
(2) 1994.
(3) Income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.
(4) Excluding interest payments for car loans.
Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 5.6: Operation of personal transport equipment
Share of total consumption expenditure, breakdown by income distribution, 1999 (%) (1)



(1) IRL and A, not available.
(2) Excluding circulation fees.
(3) 1994.
(4) Income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.
Source: Eurostat, Household Budget Survey (theme3/hbs)

The percentage of EU households buying a new car in 1999 ranged between 3% (the United Kingdom, where a large proportion of cars are purchased second-hand) and 15% (Luxembourg) - see table 5.2 on page 140. The majority of Member States reported a considerably higher proportion (usually over 10%) of households purchasing second-hand cars during the same year¹³.

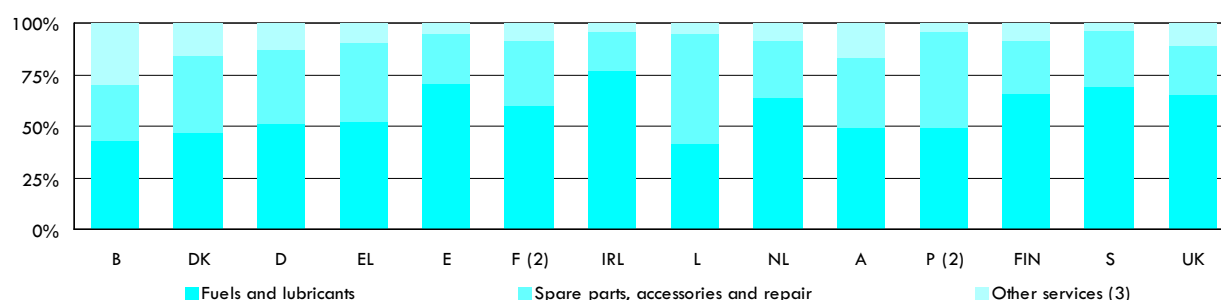
Expenditure on the operation of personal transport equipment

Europeans spent between 4.8% (Ireland and the Netherlands) and 8.1% (Italy) of their total household expenditure on the operation of personal transport equipment in 1999. Motoring costs are largely a function of the distance travelled and the price of fuel, added to which are the cost of spare parts, servicing and the repair of vehicles. Of these, the purchase of fuel and lubricants was the largest expenditure item in every Member State in 1999 (see figure 5.7). Some 5.4% of household expenditure in Italy was given over to the purchase of fuel and lubricants, whilst the lowest share was recorded in Luxembourg (2.4%). Considering that the average distance travelled by car each year is fairly uniform across Member States, these shares are largely a function of the price of fuel and average total household expenditure in each country.

Spare, parts, accessories, maintenance and repairs generally accounted for between 1.3% (the Netherlands) and 2.4% (Austria) of total household expenditure, with the exception of Ireland (0.9%) at the bottom end of the range and Luxembourg (3.1%) and Portugal (3.3%) at the top end of the range.

(13) B, DK, D, E and I, not available; IRL, no data available for the purchase of new cars.

Figure 5.7: Operation of personal transport equipment
Breakdown of consumption expenditure, 1999 (%) (1)



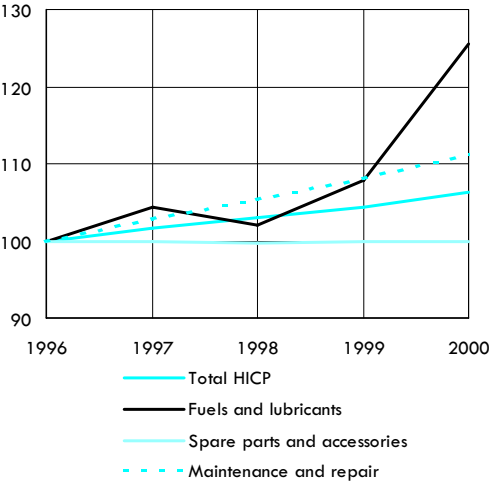
(1) I, not available.

(2) EL, excluding circulation fees.

(3) 1994.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 5.8: Operation of personal transport equipment
Development of harmonized indices of consumer prices in the EU (1996=100)



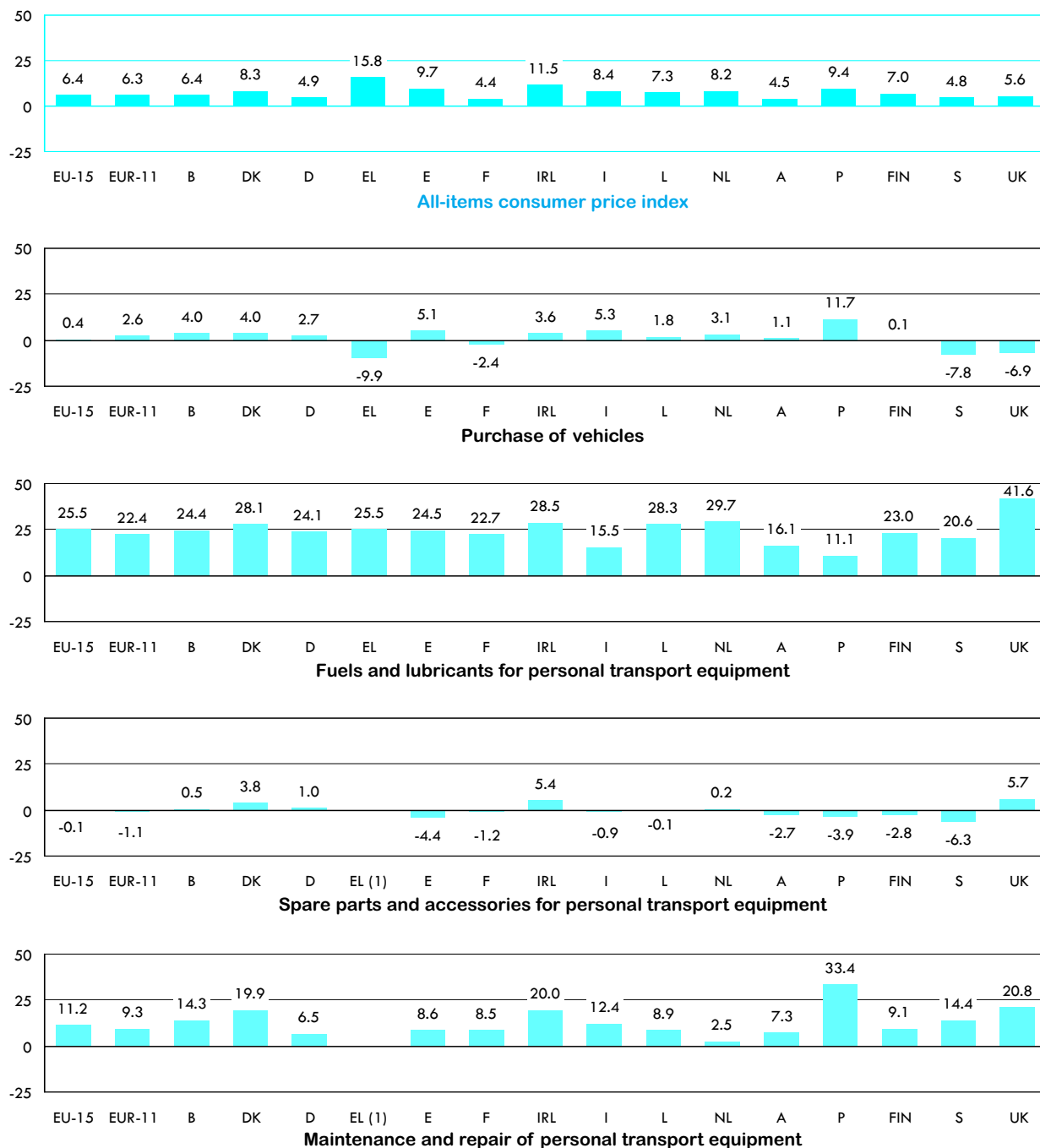
Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

PRICES

The variation in the price of passenger cars between countries and the rapid increase in the price of fuel during 2000 have led to increasing scrutiny from consumers, their representative consumer groups and legislators. The relative price of transport rose at a faster pace than the all-items consumer price index in every country (other than Greece) between 1996 and 2000. The index of consumer prices for transport (including transport services) gained 10% in the EU, whilst general consumer price inflation was equal to 6.4%.

The general consumer price index for transport hid considerable differences, as the price of vehicles rose by just 0.4% between 1996 and 2000, whilst motoring costs grew by 16.0%. Even greater disparity existed within several of the Member States, in particular in the United Kingdom, where the price of vehicles fell by 6.9%, as motoring costs rose by 29.7% (see figure 5.9).

Figure 5.9: Personal transport equipment
Absolute growth in consumer prices, 1996-2000 (%)



(1) Not available.

Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

Table 5.8: Dispersion of car prices in the EU (%) (1)

	Average	Minimum	Maximum
1995-1996	32.9	11.0	89.5
1997-1998	38.9	7.8	75.7
1999-2000	38.8	5.5	80.5

(1) Expressed as a percentage of the model price.
Source: Car Price Differentials in the European Union:
An Economic Analysis, Degryse & Verboven, 2000

Price of personal transport equipment

Car price differentials

The Directorate-General of the European Commission for Competition carries out a twice-yearly study of car price differentials in EU Member States as part of its work to evaluate the implementation of Regulation (EC) No. 1475/95 concerning motor vehicle distribution and servicing. This on-going study shows that price differentials of passenger cars have changed very little during the second half of the 1990s (see table 5.8). The average pre-tax price differential of new cars in the EU between the cheapest and most expensive country was equal to 38.8% in 1999-2000.

Data from the November 2000 survey shows that the United Kingdom was the most expensive market for the majority of the 71 car models studied. However, if the price of cars in the United Kingdom is studied in national currency and constant price terms, one observes a reduction in the real price of vehicles in the United Kingdom during the late 1990s (as shown in figure 5.9 on the previous page).

Within the euro-zone, the pre-tax price of 34 models was at least 20% more expensive in Germany than in other markets. This was particularly the case for cars made by the Volkswagen Group (VW, Audi and Seat), as well as for the majority of Japanese models.

Table 5.9: Price of selected cars as of 1 November 2000 (€) (1)

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Audi A4	18,123	13,670	18,819	17,658	16,962	18,375	17,314	18,258	18,625	17,668	18,709	18,744	15,549	16,840	19,389
BMW 318	18,942	17,331	20,143	18,510	18,379	19,561	19,374	19,566	20,057	18,176	20,302	19,857	17,828	19,700	22,121
Ford Fiesta	8,410	7,169	9,159	8,016	7,603	8,209	8,900	7,885	8,410	7,794	9,086	7,998	8,429	9,245	10,376
Ford Focus	10,776	9,296	11,890	10,366	10,066	11,013	10,992	10,625	10,776	10,604	11,450	11,058	10,708	12,278	14,209
Ford Mondeo	13,987	11,095	16,304	11,650	12,551	13,562	13,549	14,632	13,987	13,171	12,960	13,491	13,075	15,122	15,383
Opel Astra	12,817	10,242	14,319	11,582	11,813	12,866	13,044	12,041	12,817	12,866	13,203	13,103	11,218	12,809	15,245
Opel Corsa	8,394	7,302	9,799	8,258	7,979	8,218	8,770	8,008	8,394	9,257	8,885	8,610	7,866	8,530	10,573
Opel Vectra	17,932	12,662	18,727	18,524	16,347	16,274	15,288	17,112	17,932	15,735	17,977	17,268	14,958	17,499	18,779
Peugeot 106	7,850	6,592	8,478	6,897	7,857	7,839	7,630	8,126	7,850	7,611	8,230	8,110	:	:	9,953
Peugeot 306	13,087	10,749	13,917	11,726	12,278	13,065	12,202	13,213	13,087	12,188	14,190	12,223	11,937	13,022	17,410
Renault Clio	8,823	7,061	10,110	9,376	8,219	9,178	10,078	8,770	8,823	8,885	9,263	8,807	8,443	9,572	11,602
Renault Mégane	12,810	9,836	13,670	10,869	11,744	13,384	13,063	12,974	12,810	11,531	13,130	12,359	11,780	13,098	16,944
VW Golf	10,983	9,076	11,899	9,344	11,150	11,098	9,919	11,505	11,220	10,604	11,128	10,883	8,956	12,106	12,653
VW Passat	15,786	12,225	16,268	13,378	14,810	14,823	13,454	15,101	15,752	14,802	14,832	15,522	13,326	16,349	16,807
VW Polo	8,386	7,621	9,518	:	8,424	8,576	7,845	8,837	8,611	8,576	8,726	:	7,373	9,089	9,471

(1) Bold indicates the country with the lowest pre-tax price; blue indicates the country with the highest pre-tax price.
Source: Car prices within the European Union on 1 November 2000, Directorate-General of the European Commission for Competition

Table 5.10: Price differentials of selected cars (percentage difference between the country with the lowest pre-tax price and the country with the highest pre-tax price, € terms)

	November 1999	May 2000	November 2000
Small sized cars - segments A and B			
Opel Corsa	19.2	14.3	24.6
Ford Fiesta	22.9	20.1	20.5
Renault Clio	19.9	24.0	23.0
Peugeot 106	15.0	14.3	11.4
VW Polo	31.7	26.8	29.1
Medium sized cars - segment C			
VW Golf	33.2	30.1	32.9
Opel Astra	23.0	28.7	27.6
Ford Focus	14.1	14.5	18.1
Renault Mégane	19.4	17.6	18.5
Peugeot 306	17.2	14.6	18.9
Large sized cars - segment D, E and F			
BMW 318	15.1	14.1	13.9
Audi A4	15.5	15.5	21.0
Ford Mondeo	25.0	29.8	29.9
Opel Vectra	20.6	23.6	25.2
VW Passat	24.2	25.2	22.1

Source: Car prices within the European Union on 1 November 2000, Directorate-General of the European Commission for Competition

In November 2000, the survey found that only a few manufacturers (BMW, Mercedes-Benz, Mitsubishi, Peugeot and Volvo) limited price differentials within the euro-zone to a maximum of 20% for all of their models. Price differentials (in percentage terms) were generally lowest within the luxury car market and considerably higher for smaller cars, where competition could be expected to be fiercer (see tables 5.10 and 5.11). A more long-term study, over the period 1995 to 2000, showed that only BMW, Citroën, Lancia, Mercedes, Peugeot and Renault limited the majority of their price differentials to less than 30% (see table 5.12 overleaf).

First results from the May 2001 survey showed that pre-tax prices were still higher in the United Kingdom than in other countries. Greece, Finland, Spain, the Netherlands and Denmark were the countries where it was generally possible to find the lowest pre-tax prices.

Table 5.11: Car price differentials by market segment in the EU, 1995-2000 (percentage of models in each price differentiation range)

	(% difference in price between lowest and highest priced country)					
	0-10	10-20	20-30	30-40	40-50	>50
Mini-cars	0	11	37	43	6	3
Small cars	0	4	26	36	23	12
Medium cars	0	4	13	29	29	24
Large cars	0	8	17	26	30	19
Executive cars	3	5	34	30	16	12
Luxury cars	3	49	19	22	3	5

Source: Car Price Differentials in the European Union: An Economic Analysis, Degryse & Verboven, 2000

Table 5.12: Car price differentials in the EU by brand, 1995-2000
(percentage of models in each price differentiation range)

	0-10%	10-20%	20-30%	30-40%	40-50%	>50%
Alfa Romeo	0	0	21	24	28	28
Audi	0	19	14	58	8	0
BMW	0	12	67	12	3	6
Citroën	0	14	41	32	11	2
Daihatsu	0	25	19	31	13	13
Fiat	0	2	16	31	20	31
Ford	0	0	3	31	33	33
GM	0	0	16	50	32	2
Honda	0	0	5	36	32	27
Lancia	0	9	61	9	21	0
Mazda	0	3	3	12	33	48
Mercedes	15	58	21	3	0	3
Mitsubishi	0	12	4	23	38	23
Nissan	0	0	9	27	36	27
Peugeot	0	20	46	14	20	0
Renault	0	11	39	21	21	8
Rover	0	13	25	28	18	15
Seat	0	7	14	43	20	16
Subaru	0	0	8	25	42	25
Suzuki	0	0	10	62	29	0
Toyota	0	0	3	39	30	27
Volkswagen	0	0	5	36	38	21
Volvo	0	3	14	38	21	24

Source: Car Price Differentials in the European Union:
An Economic Analysis, Degryse & Verboven, 2000

Taxation on passenger cars and parallel trade

All Member States impose VAT upon the purchase of vehicles, with rates between 15% (Luxembourg) and 25% (Denmark and Sweden) in May 2001. In addition, a number of countries in the European Union also impose one-off registration or sales taxes. In contrast to all other goods, taxes on new passenger cars are paid in the country of destination (and not the country of purchase). This creates an incentive for consumers to re-export cars from Member States where pre-tax prices are relatively low. According to the findings of the United Kingdom Competition Commission, parallel trade in right-hand-drive cars accounted for just 0.5% of all new cars registered and 1.0% of the registrations made by private customers in 1999¹⁴.

Price of operating personal transport equipment

Motoring costs are partly determined by the price of fuel and lubricants, which are subject to substantial fluctuations. The price of fuels and lubricants rose, in absolute terms, by 25.5% in the EU between 1996 and 2000. The vast majority of this increase was registered between 1999 and 2000, spurred on by rising crude oil prices (see figure 5.8 above). Prices rose by as much as 41.6% in the United Kingdom between 1996 and 2000, whilst Austria (16.1%), Italy (15.5%) and Portugal (11.1%) were the only Member States to report price increases of less than 20% (see figure 5.9 above).

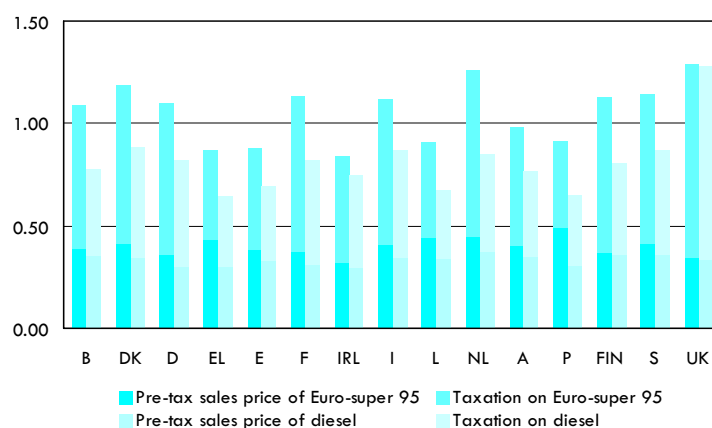
(14) A number of British consumers have complained directly to the Directorate-General of the European Commission for Competition regarding obstacles they have faced when trying to purchase a car in another Member State, mainly in relation to the high cost of right-hand drive supplements and long delivery times.

Taxation on motor fuels

The retail price of motor fuel is subject to a number of different taxes, including VAT, excise duties and (in some countries) environmental taxes. Leaded petrol must under Community law¹⁵ be subject to higher excise duty than unleaded petrol.

Taxation accounted for as much as 73.2% of the retail price of unleaded petrol in the United Kingdom in May 2001, whilst the lowest proportion was in Greece (49.9%). There was much less dispersion when studying the tax incidence applied to diesel, with Luxembourg reporting the lowest share of tax in the retail price of diesel (50.6%) and the United Kingdom (73.7%) again the highest share (see figure 5.10).

Figure 5.10: Price of petrol and diesel as of 21 May 2001 (€/litre)



Source: Oil Bulletin, no. 1065, Directorate-General of the European Commission for Energy and Transport

Other price issues relating to motoring

The price of motoring is not determined solely by the price of petrol and diesel. Taxes on ownership (circulation taxes and annual registration fees) and insurance premiums are other examples of costs faced by motorists. The highest levels of circulation tax on passenger cars are found in Denmark, the Netherlands and Ireland. Most Member States also have some form of user charge that is levied in relation to road traffic, be it for the use of motorways (as in Greece, Spain, France, Italy, Austria and Portugal), bridges or tunnels.

The price of spare parts and accessories was almost unchanged between 1996 and 2000 (down by 0.1% in the EU and by 1.1% in the euro-zone) - see figures 5.8 and 5.9 above. On the other hand, the price of maintenance and repair costs rose at a relatively rapid pace, up 11.2% in the EU (and by at least 19% in Denmark, Ireland, Portugal and the United Kingdom¹⁶).

(15) Articles 3 and 4 of Directive 92/82/EEC fix minimum excise duty rates at €337 per thousand litres for leaded petrol and €287 per thousand litres for unleaded petrol.

(16) EL, not available.

Table 5.13: Characteristics of car sales in selected Member States, 1997

	Number of dealer networks (units)	Share of total retail sales made through dealer networks (%)	Share of car purchases by private customers involving trade-ins, 1997-1999 (%)
D	3,528	58	75
E	1,012	60	61
F	1,713	69	58
I	2,412	70	54
NL	478	67	:
UK	2,171	37	75

Source: autoPOLIS submission to House of Commons Trade and Industry Committee, 1998 in The Natural Link between Sales and Service, autoPOLIS

As to the operation of personal transport equipment, the United Kingdom, Sweden and Denmark were the most expensive countries in the EU in 1998 (with prices between 26% and 20% above the EU average) - see table 1.41 on page 43. The lowest relative price levels were recorded in Greece (28% below the EU average), followed by Spain and Portugal.

THE RETAIL NETWORK

Dealerships make the majority of new car sales in the EU, however it is important to note that the exclusive distribution system (SED) only concerns about a third of total car sales in Europe, due to the large number of fleet and used car sales. Dealerships accounted for between 58% and 70% of new passenger car sales in 1997¹⁷, other than in the United Kingdom, where high fleet sales considerably reduced the proportion of new cars sold through dealerships to around 37% (see tables 5.13 and 5.14).

Table 5.14: Average gross dealer margins for the sale of cars (%)

	1993	1999
B	17.2	14.9
DK	8.1	8.7
D	18.9	16.7
EL	7.3	10.2
E	15.8	13.9
F	16.8	14.9
IRL	18.7	16.1
I	17.7	15.7
L	14.7	14.0
NL	18.0	16.3
A	18.1	17.4
P	15.1	14.3
FIN	16.1	14.6
S	14.1	14.5
UK	17.4	12.7

Source: Car Price Differentials in the European Union: An Economic Analysis, Degryse & Verboven, 2000

Dealerships are generally tied to a single manufacturer who enforces brand exclusivity at the point of sale. Consumers in turn are tied to dealerships, as their warranty stipulates that they must use an authorised dealer or service centre. Once the warranty period for a new car has expired, consumers face the choice of entrusting the repair and service of their vehicle to the original dealer or switching to an independent repair shop or fast-fit chain. Dealer retention of these customers is generally reduced the older the car becomes.

The car is one of only a few consumer items where consumers ask for a discount when purchasing a new model, or alternatively for additional equipment options or a price based upon trading-in a vehicle (giving their old vehicle to a dealer in part-exchange for a new one). Most Europeans opt to trade-in their old car, as opposed to making a private sale. The lowest share of trade-ins was recorded in Italy (54%), whilst 75% of motorists buying a new car in Germany and the United Kingdom traded-in their vehicles between 1997 and 1999¹⁸.

(17) A study conducted by autoPOLIS in D, E, F, I, NL and UK.

(18) A study conducted by the UK Competition Commission in D, E, F, I and UK.

Table 5.15: Road safety in the EU, 2000

	Urban speed limit (km/h)	National speed limit (km/h)	Motorway speed limit (km/h)	Blood alcohol limit (mg/ml)
B	50	90	120	0.5
DK	50	80	110	0.5
D (1)	50	100	-	0.5
EL	50	110	120	0.5
E	50	90	120	0.5
F	50	90	130	0.5
IRL	48	96	112	0.8
I	50	90	130	0.8
L	50	90	120	0.8
NL	50	80	120	0.5
A	50	100	130	0.5
P	50	100	120	0.5
FIN	50	80	120	0.5
S	50	90	110	0.2
UK	48	96	112	0.8

(1) No speed limit on motorways, although a recommended speed of 130 km/h exists and more than half the network has a limit of 120 km/h or less.

Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Table 5.16: Number of persons killed in road accidents (units) (1)

	1990	1998
EU-15	56,413	42,608
B	1,976	1,500
DK	634	449
D	11,046	7,792
EL	2,050	2,226
E	9,032	5,957
F	11,215	8,918
IRL	478	429
I	7,137	6,314
L	71	57
NL	1,376	1,066
A	1,558	963
P	3,017	2,425
FIN	649	400
S	772	531
UK	5,402	3,581

(1) Persons killed are all persons killed within 30 days of the accident; for Member States not using this definition - EL (3 days for 1990), E (1 day for 1990), F (6 days), I (7 days), A (3 days for 1990) and P (1 day) - corrective factors were applied (EL 1.18, E 1.3 and F 1.09 for 1990 and 1.057 for 1998, I 1.078, A 1.12 and P 1.3).

Source: Transport safety, Statistics in Focus, Theme 7 3/2000, Eurostat, 2000

SAFETY

The key role that the motor vehicle plays in the majority of European consumers' lives is reflected in legislation to protect the driver and passengers (safety aspects) and to limit emissions and waste products (environmental concerns and recycling).

Given the high proportion of Europeans that use the car as their preferred means of transport, it is not surprising to find that the largest number of passenger road deaths involve cars (see tables 5.16 and 5.17). However, if a ratio of the number of deaths per passenger kilometre is calculated, then powered two-wheelers become the most dangerous means of personal transport in Europe, ahead of walking and the passenger car. Data on child safety are given in table 5.18.

Despite the large volume increase in the use of road transport, the number of deaths on Europe's roads fell from 56.4 thousand persons in 1990 to 42.6 thousand by 1998 (a net reduction of 25%) - see table 5.16. The number of deaths was reduced by in excess of 30% in Spain, Austria, Finland, Sweden and the United Kingdom over the period considered¹⁹.

(19) Transport safety, Statistics in Focus, Theme 7 3/2000, Eurostat, 2000.

Table 5.17: Breakdown of persons killed in road accidents by type of road user, 1998 (units)

	Passenger cars	Pedestrians	Bicycles	Powered two- wheelers
B	936	162	135	199
DK (1)	259	87	65	46
D (2)	4,700	1,080	600	1,010
EL (3)	731	408	29	537
E	3,303	995	114	931
F	5,491	988	301	1,319
IRL (4)	219	130	24	58
I (1)	3,454	828	397	1,133
L (1)	46	8	1	2
NL (1)	547	119	242	180
A	565	165	57	120
P	809	356	65	488
FIN	232	62	54	25
S	327	69	58	52
UK	1,789	946	165	509

(1) 1997.

(2) Data correct to two significant figures for passenger cars.

(3) 1994 for passenger cars and 1995 for all other transport modes.

(4) 1996 for powered two wheelers and 1997 for all other transport modes.

Source: Eurostat, Transport and Environment Reporting Mechanism (TERM) (theme8/milieu)

Table 5.18: Child safety on the roads

	Children aged 11 to 13 who always use a seat belt (%) (1)	Child deaths from road accidents (2)
B	42	4.3
DK	57	4.0
D	72	3.6
EL	:	4.7
E	42	4.0
F	72	3.8
IRL	:	4.1
I	:	3.3
L	:	:
NL	:	3.4
A	58	4.0
P	:	8.7
FIN	69	4.2
S	71	2.5
UK	:	2.9

(1) Data collected during the 1993-1994 school year.

(2) Average between 1991 and 1995; ratio per 100 thousand children aged between 1 and 14.

Source: UNICEF, A league table of child deaths by injury in rich nations, Innocenti Report Card No.2, February 2001; UNICEF Innocenti Research Centre, Florence

© The United Nations Children's Fund, 2001

ENVIRONMENT

The social costs of transport also include environmental consequences, such as energy depletion, exhaust emissions and resulting air quality. Whilst fuel efficiency has improved significantly over the last two decades, these gains have been largely outweighed by an increase in the number and size of cars.

There has been a marked change in the proportion of petrol deliveries that are accounted for by unleaded petrol during the 1990s. The share rose to 80% in the EU in 1999 and by 2000 only Greece, Spain and Italy continued to receive deliveries of leaded petrol. The volume of petrol and diesel used in the EU grew at considerably different rates, rising, on average, by 0.3% and 10.4% per annum between 1990 and 1999. There was a decline in the volume of petrol delivered in six Member States during the 1990s, whilst diesel deliveries grew in absolute terms by at least 50% in all Member States.

The number of petrol cars fitted with a catalytic converter has grown rapidly since its mandatory introduction for new cars in 1993. As a result, some 58% of all passenger cars in the EU had a catalytic converter by 1998 (see table 5.19).

Emission standards for passenger cars are set by Directive 98/69/EC. These currently stand at 2.3g/kg of carbon monoxide and 0.15g/kg of nitrogen oxide for petrol cars and 0.64g/kg of carbon monoxide and 0.5g/kg of nitrogen oxide for diesel cars. Further stringent reductions are already planned for new vehicles at the start of 2005, when the above thresholds will by and large be halved.

Table 5.19: Estimated share of petrol-engined cars fitted with catalytic converter (%)

	1990	1998
EU-15	12	58
B	3	61
DK	2	60
D	38	82
EL	9	54
E	4	30
F	3	49
IRL	5	63
I	3	49
L	5	79
NL	32	82
A	36	83
P	1	25
FIN	2	44
S	4	82
UK	3	46

Source: Eurostat, Transport and Environment Reporting Mechanism (TERM) (theme8/milieu)

5.2 TRANSPORT SERVICES

The end of the 20th century has seen an explosion in demand for certain transport services. The transport services covered in this sub-chapter include passenger transport by rail, road, air, sea and inland waterway, as well as combined passenger transport and a miscellaneous group of other purchased transport services.

NETWORK ACCESS

Accessibility can be measured as the ratio of network length to the surface area of a given country. However, this indicator should be interpreted with care as a result of different population densities between countries, for example, the Netherlands (378 inhabitants and 3.1 km of road per km²) and Finland (15 inhabitants and 0.23 km of road per km²).

A better measure is to compare network length to population, which reveals that there were 5.3 metres of roads per inhabitant in Italy in 1996, half the EU average and almost five times less than in Ireland (25.2 m). Sparsely populated countries such as Sweden or Finland, which displayed a low density of roads in relation to surface area, reported high levels of road accessibility in terms of this measure (both over 15 m per inhabitant), which was more than in densely covered Belgium (14.3 m) and the Netherlands (8.2 m).

Table 5.20: Transport services - length of network, 1998 (kilometres)

	Road, 1996				Rail, 1999			Metro (1)		Light rail and tram (2)	
	Motor-ways	National roads	Regional roads	Municipal roads	Length of lines	Share electrified (%)	High speed lines	Number of systems (units)	Length of network	Number of systems (units)	Length of network
EU-15	46,333	222,175	997,443	2,228,783	153,138	49.5	2,726	27	1,782	101	5,121
B	1,674	12,509	1,326	129,400	3,472	77.8	88	1	40	5	296
DK	880	3,690	7,090	60,000	2,324	26.4	15	0	0	0	0
D	11,300	41,487	178,343	418,580	37,535	50.4	577	5	343	57	2,838
EL	470	9,100	29,107	75,600	2,299	0.0	0	1	26	0	0
E (3)	7,293	17,640	70,455	67,095	12,319	56.5	471	3	252	4	284
F	8,300	26,881	360,100	569,000	31,589	44.9	1,246	5	293	8	125
IRL	80	4,392	10,726	76,314	1,919	2.5	0	0	0	0	0
I	6,439	44,757	113,353	142,000	16,108	66.4	246	3	111	6	444
L	115	954	1,897	2,316	274	95.3	0	0	0	0	0
NL	2,360	2,120	8,580	114,000	2,808	73.4	0	2	120	4	370
A	1,607	10,269	19,780	98,000	5,643	61.2	0	1	38	5	272
P	710	9,032	46,130	62,528	2,813	32.0	0	1	30	2	72
FIN	431	12,338	29,073	35,939	5,836	38.3	0	1	17	1	75
S	1,330	14,647	83,368	38,900	10,799	74.6	31	1	110	3	148
UK	3,344	12,359	38,115	339,111	17,400	29.7	52	3	402	6	197

(1) Includes only heavy rail / full metro.

(2) Heritage tramways and non-urban light-rail systems not included.

(3) Some 503 thousand kms of secondary roads are included within municipal roads (not given in the EU-15 total).

Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Table 5.22: Rail network accessibility - density of railway stations and halts open to the public (units per thousand km²)

	1985	1990	1995
B	18.2	18.4	17.6
DK	6.4	6.6	:
D	22.0	20.2	:
EL	4.5	4.2	4.2
E	:	3.2	1.7
F	10.2	9.1	:
IRL	1.7	:	:
I	9.8	9.2	:
L	22.0	22.8	24.7
NL	:	:	:
A	18.5	17.4	:
P	10.0	3.9	5.7
FIN	1.5	1.1	1.1
S	1.5	1.3	:
UK	9.8	10.2	:

Source: Eurostat, Transport and Environment Reporting Mechanism (TERM) (theme8/milieu)

Table 5.23: Number of taxis per thousand inhabitants, 1999 (1)

EU-15	1.2
B, I	Very low (<0.5)
D, F, L	Low (0.5-1.0)
DK, NL, UK (2)	Average (1-1.5)
S, FIN, E, A	High (>1.5)

(1) Estimates.

(2) UK, excluding minicabs.

Source: Factsheets (10/99), Directorate-General of the European Commission for Energy and Transport

Table 5.21: Average availability of transport services' vehicles, 1998 (units per million inhabitants)

	Bus/coach (1)	Civil aircraft on register (2)	Rail passenger transport vehicles (3)
EU-15	1,361	102	198
B	1,430	109	332
DK	2,622	208	259
D	1,016	109	221
EL	2,501	27	75
E	1,316	46	97
F	1,393	171	269
IRL	1,613	151	93
I	1,473	42	212
L	2,214	:	342
NL	700	59	173
A	1,198	82	444
P	1,705	46	141
FIN	1,754	156	188
S	1,672	175	178
UK	1,439	126	135

(1) DK, as of 31 December; B, as of 1 August.

(2) 1995.

(3) Coaches, railcars and trailers; data relate to main railways and may be influenced by outsourcing and leasing of equipment.

Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Another measure that can be used to determine network accessibility is the availability of vehicles or transport nodes in relation to population levels - presented in tables 5.21 and 5.22. For railways, the number of stations open to the public was relatively high in Belgium, Luxembourg and Austria, whilst access to buses was highest in Denmark and Greece. In addition, there were an average of 1.2 taxis per thousand inhabitants in the EU in 1999 (see table 5.23).

When asked how they judge accessibility to transport services in 2000, some 18.3% of respondents to a Eurobarometer survey (53) on services of general interest said they had difficult or no access to urban transport services and 21.2% difficult or no access to inter-city rail services. Accessibility was generally better than average in Denmark and Spain, whilst it was below average in the Netherlands for urban transport and in Portugal for inter-city rail services (see table 5.24).

CONSUMPTION: DISTANCE TRAVELLED

The standard measure of consumption for transport services is the number of passenger-kilometres (pkm), defined as the number of passengers transported multiplied by the number of kilometres travelled. This indicator allows a comparison of traffic between different transport modes.

Total passenger traffic for the main transport services (bus, train, urban rail, aeroplane and boat) exceeded 1,028 billion pkm within the EU in 1998 (see figure 5.11). This represented approximately one-fifth of total passenger traffic (5,150 billion pkm) when including cars, motorcycles, bicycles, and walking. Amongst the other transport services (which are generally not well covered by official statistics), taxis represented an important transport mode, with estimates of their use reaching 20 billion pkm, or 5% of local collective transport²⁰.

Combining traffic and demographic data, each European citizen travelled an average of 7.5 km per day using transport services in 1998, up from 4.7 km in 1970 and 5.6 km in 1980. A modal breakdown reveals that the average person travelled 3.0 km by bus, 2.1 km by rail and 366 metres by tram or metro. Intra-EU air transport accounted for an additional 1.8 km per passenger per day, equivalent to 643 km per annum (see figure 5.12).

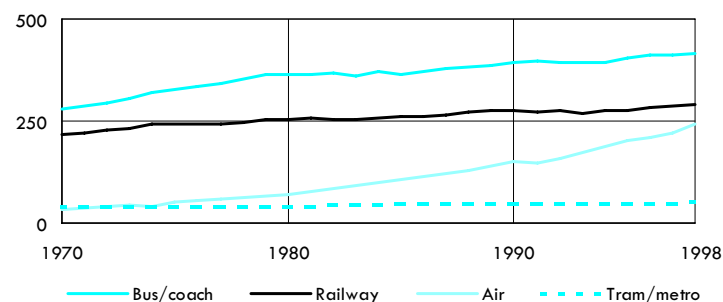
(20) IRU Taxi Group in Factsheets (10/99), Directorate-General of the European Commission for Energy and Transport, 1999.

Table 5.24: Proportion of Europeans with difficult or no access to transport services, 2000 (%)

	Urban transport	Inter-city rail
EU-15	18.3	21.2
B	19.5	22.1
DK	8.5	11.1
D	18.2	22.8
EL	13.7	25.3
E	9.4	13.6
F	21.9	24.0
IRL	25.0	26.7
I	22.8	23.9
L	13.5	19.0
NL	27.3	21.7
A	16.4	17.7
P	22.5	34.5
FIN	12.8	23.1
S	16.3	18.3
UK	15.1	16.6

Source: Eurobarometer 53 (Services of general interest), European Commission, 2000

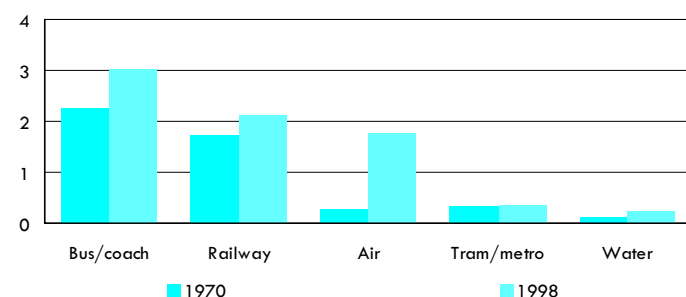
Figure 5.11: Evolution of passenger traffic for the main transport services within the EU (billion passenger-kilometres) (1)



(1) Intra-EU traffic only.

Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Figure 5.12: Average daily distance travelled per inhabitant in the EU (kilometres/day) (1)



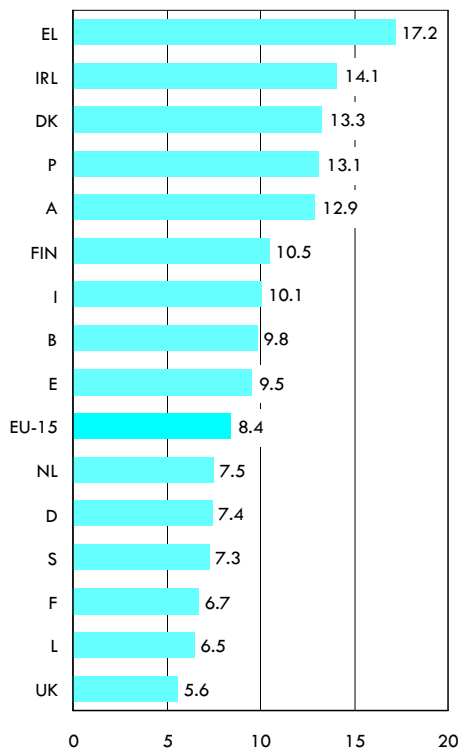
(1) Intra-EU traffic only.

Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Road transport

Buses and coaches were the principal passenger transport service in the EU in 1998, accounting for 8.4% of total passenger transport or an average of 1,108 km travelled per inhabitant during the year. Growth in bus and coach traffic has been relatively modest in the EU since 1980, equal to 0.8% per annum on average during the 1980s and 0.6% per annum during the 1990s.

Figure 5.13: Share of buses and coaches in total passenger traffic, 1998 (%) (1)



(1) Share of total passenger traffic, including buses and coaches, railways, tram/metro, airways, water transport, cars and powered two-wheelers; intra-EU traffic only.

Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Table 5.25: Buses and coaches - evolution of passenger transport (billion passenger-kilometres)

	1970	1980	1990	1998
EU-15 (1)	280.0	364.3	395.2	415.4
B (2)	9.3	9.1	10.9	12.0
DK	4.6	7.3	9.3	11.1
D	67.7	90.0	82.5	69.4
EL (3)	9.4	15.6	17.7	21.2
E	20.9	28.1	33.4	45.9
F (3)	35.2	53.0	57.6	58.8
IRL	3.3	4.5	3.9	5.7
I	32.0	57.8	84.0	89.2
L	0.3	0.3	0.4	0.4
NL	11.1	13.2	13.0	14.5
A	9.1	9.8	8.7	12.7
P	4.4	7.6	10.3	14.0
FIN	7.0	8.5	8.5	7.8
S	5.5	7.3	9.0	9.5
UK	60.2	52.2	46.2	43.2

(1) B, estimates for 1998; EL and F, estimates.

(2) 1998, estimates.

(3) Estimates.

Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Table 5.26: Railways - evolution of passenger transport (billion passenger-kilometres)

	1970	1980	1990	1998
EU-15 (1)	216.6	252.8	274.0	289.8
B	7.6	7.0	6.5	7.1
DK	3.6	4.5	5.1	5.6
D (1)	56.9	63.0	62.1	66.5
EL	1.5	1.5	2.0	1.8
E	15.0	14.8	16.7	18.9
F	41.0	54.7	63.8	64.5
IRL	0.8	1.0	1.2	1.4
I	34.9	42.9	48.3	50.3
L	0.2	0.2	0.2	0.3
NL	8.0	8.9	11.1	14.8
A	6.4	7.6	8.7	8.2
P	3.5	6.1	5.7	4.6
FIN	2.2	3.2	3.3	3.4
S	4.6	7.0	6.0	7.1
UK	30.6	30.4	33.4	35.4

(1) Excluding former East Germany, 1970 to 1990.

Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

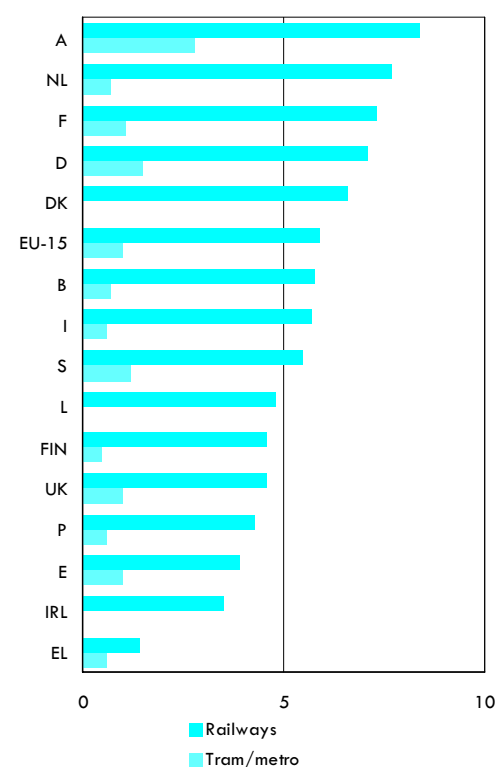
Railways

Rail remains an important mode of transport that accounted for 5.9% of passenger transport in 1998 (see table 5.26). Each EU citizen travelled an average of 773 km by train in 1998. The French (1,096 km) and Austrians (1,009 km) were the most active train users, as opposed to the Irish (382 km) and the Greeks (173 km). Urban rail transport (such as trams or metros) accounted, on average, for an additional 134 km per inhabitant of trips in the EU in 1998 (see table 5.27).

Table 5.27: Tram and metro - evolution of passenger transport (billion passenger-kilometres)

	1970	1980	1990	1998
EU-15	38.9	40.7	48.6	50.1
B	0.9	0.8	0.7	0.8
DK	0.0	0.0	0.0	0.0
D	14.6	13.8	15.1	14.4
EL	0.6	0.7	0.8	0.8
E	3.7	3.9	4.4	4.8
F	6.5	7.7	10.2	10.1
IRL	0.0	0.0	0.0	0.0
I	2.2	3.7	4.6	5.3
L	0.0	0.0	0.0	0.0
NL	1.2	1.4	1.3	1.4
A	1.5	1.7	2.1	2.7
P	0.9	0.7	0.7	0.6
FIN	0.1	0.1	0.4	0.4
S	1.4	2.0	1.9	1.5
UK	5.2	4.3	6.5	7.3

Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Figure 5.14: Share of rail transport in total passenger traffic, 1998 (%) (1)

(1) Share of total passenger traffic, including buses and coaches, railways, tram/metro, airways, water transport, cars and powered two-wheelers; intra-EU traffic only; DK, IRL and L have no tram/metro.

Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Table 5.28: Usage rate of public transport in selected EU cities, 1996 (%) (1)

		Proportion of journeys to work by public transport	Proportion of journeys for non- work purposes
Amsterdam	NL	29.6	57.3
Athina	EL	38.4	80.2
Bruxelles	B	:	60.5
Glasgow	UK	38.9	:
Göteborg	S	25.2	73.0
Helsinki (2)	FIN	28.0	:
Köln	D	17.0	:
Leeds	UK	21.5	:
Lille	F	15.5	87.5
Luxembourg	L	22.9	:
Lyon	F	21.1	84.9
Manchester	UK	27.1	:
Marseille	F	14.7	86.3
Milano	I	44.9	:
München	D	40.2	:
Palermo	I	12.7	:
Roma	I	30.5	:
Sevilla (2)	E	16.8	73.9
Stockholm	S	56.1	73.1
Valencia (2)	E	11.6	62.6
Wien	A	37.0	66.5

(1) Journeys by rail, metro, bus or tram; Bruxelles, München, Valencia, Italy and Luxembourg, 1991; Köln, 1992; Athina, Lyon and Wien, 1995; Marseille and Amsterdam, 1997; Lille, 1998.

(2) Wider territorial units, or conurbation level, reflecting the physical or functional boundaries of the urban area beyond administrative boundaries.

Source: Urban Audit, Directorate-General of the European Commission for Regional Policy, 2000

Table 5.29: Waterborne transport - evolution of passenger transport (billion passenger-kilometres)

1970 1980 1990 1998

EU-15 (1)	15.4	21.6	28.4	32.2
B	0.8	0.6	0.4	0.3
DK	2.7	2.7	2.7	2.7
D	1.4	1.8	2.0	1.9
EL	1.6	2.7	3.6	5.4
E (2)	1.2	1.2	1.1	1.2
F	0.3	1.0	2.5	2.8
IRL	0.2	0.4	0.6	0.7
I	1.1	2.0	3.3	3.8
L	0.0	0.0	0.0	0.0
NL	0.3	0.5	0.8	0.6
A	0.0	0.0	0.0	0.0
P	0.1	0.1	0.2	0.2
FIN	0.9	1.7	2.8	3.3
S	3.0	3.8	4.3	4.7
UK	1.8	3.0	4.2	4.6

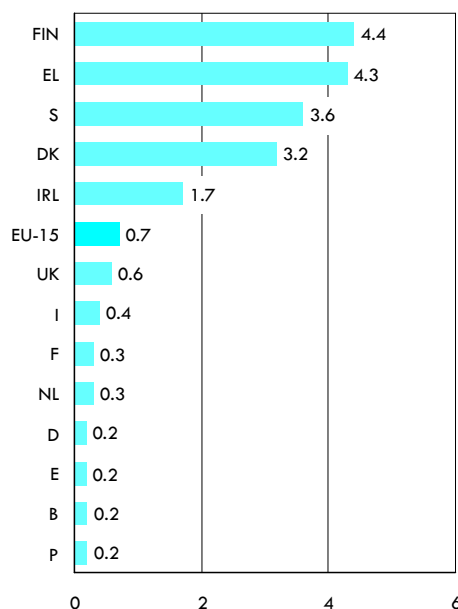
(1) E, domestic traffic only.

(2) Domestic traffic only.

Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

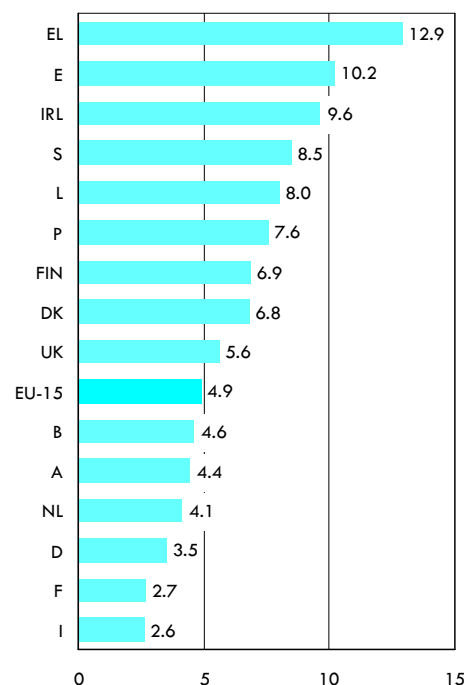
Water transport

Of the main transport services, water transport was the smallest in all of the Member States, other than in Greece, where water transport services accounted for a larger share of total transport traffic than rail in 1998. Passenger traffic by water registered average annual growth rates equal to 2.8% and 1.6% respectively during the 1980s and 1990s in the EU (see table 5.29).

Figure 5.15: Share of water transport in total passenger traffic, 1998 (%) (1)

(1) Share of total passenger traffic, including buses and coaches, railways, tram/metro, airways, water transport, cars and powered two-wheelers; intra-EU traffic only; A and L, value is less than 0.05.

Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Figure 5.16: Share of air transport in total passenger traffic, 1998 (%) (1)

(1) Share of total passenger traffic, including buses and coaches, railways, tram/metro, airways, water transport, cars and powered two-wheelers; intra-EU traffic only.

Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Air transport

Passenger traffic on intra-EU flights grew at an average annual rate of 7.8% in the 1980s and 5.5% during the 1990s, jumping from 74 billion pkm in 1980 to 240.8 billion pkm by 1998 (see table 5.30). If current rates of growth continue, air will soon surpass rail and buses and coaches and become the second most important mode of passenger transport after cars.

As regards international air traffic, table 5.31 overleaf shows a matrix by origin and destination. It is important to note that the table excludes national traffic, and that data for Italy, Luxembourg, Austria and Sweden concerns flight stage data, as opposed to origin and destination data²¹.

Table 5.33 (also overleaf) presents the densest intra-EU air routes in 2000 by city and region; note that table refers to the number of flights, and not to the actual capacity in terms of passenger seats offered.

(21) A flight stage is defined as the operation of an aircraft from take-off to its first landing (which may be only a stopover); origin and destination data concerns passenger traffic between the starting point of a journey and the final destination, and may consist of several flight stages.

Table 5.30: Airborne transport - evolution of intra-EU and domestic passenger transport (billion passenger-kilometres)

	1990	1995	1996	1997	1998
EU-15	157.3	201.5	208.7	221.9	240.8
B	3.0	3.9	4.1	4.8	5.6
DK	3.5	4.5	5.0	5.3	5.7
D	20.9	28.7	29.4	30.8	33.0
EL	11.9	16.1	15.3	15.2	16.0
E	30.3	40.1	41.8	45.2	49.4
F	18.0	21.2	22.6	23.1	24.1
IRL	2.0	2.8	3.0	3.5	3.9
I	14.4	18.1	19.4	21.3	22.7
L	0.3	0.4	0.4	0.4	0.5
NL	4.1	5.8	6.2	7.0	7.9
A	2.6	3.7	3.8	4.0	4.3
P	5.3	6.8	7.0	7.3	8.1
FIN	3.7	3.9	4.2	4.6	5.1
S	8.9	9.0	9.5	10.2	11.1
UK	28.4	36.6	36.8	39.1	43.2

Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Table 5.31: Airborne transport - destination of international passenger traffic, 1999 (thousand passengers)

From	B	DK	D	EL	E	F	IRL	I (1)	L (1)	NL	A (1)	P	FIN	S (1)	UK
To EU-15	7,145	5,270	26,565	8,878	32,879	16,004	6,443	11,939	687	10,530	4,169	5,064	2,622	5,709	39,661
B	-	260	870	300	1,638	812	180	856	41	196	159	241	103	245	1,417
DK	264	-	721	319	655	423	94	259	25	302	113	69	215	940	891
D	872	715	-	2,596	9,620	2,677	222	2,165	114	1,249	1,250	903	385	517	4,093
EL	299	324	2,558	-	106	552	35	598	25	661	507	1	161	463	2,622
E	1,466	646	8,936	88	-	2,289	592	1,680	135	1,620	425	616	380	842	11,903
F	821	392	2,435	512	2,326	-	454	2,093	71	881	318	772	128	299	3,918
IRL	93	93	227	34	598	448	-	113	0	206	30	93	14	28	4,491
I	967	272	2,516	677	1,855	2,432	123	-	50	768	311	247	75	188	3,224
L	36	25	108	24	140	64	4	47	-	43	13	45	0	8	113
NL	164	296	1,192	658	1,665	892	202	668	42	-	247	391	132	388	3,385
A	160	108	1,208	501	424	333	31	262	10	247	-	38	39	123	595
P	248	51	988	1	639	824	95	221	50	400	46	-	45	80	1,725
FIN	104	215	384	171	403	146	14	63	0	138	27	30	-	745	333
S	245	976	487	432	865	312	18	122	9	394	121	46	642	-	950
UK	1,406	896	3,934	2,563	11,945	3,800	4,378	2,793	115	3,425	604	1,573	305	842	-
Other Europe	979	:	7,928	1,540	2,244	2,858	170	1,465	59	2,078	1,466	387	663	1,399	6,589
North America	799	:	4,180	225	998	3,383	713	1,243	16	2,704	170	277	124	221	10,799
Central & South America	165	:	1,325	1	1,331	846	12	614	0	675	30	257	10	53	1,502
Africa, Middle East	854	:	3,255	437	644	5,190	40	1,867	31	1,285	488	206	73	108	3,743
Asia, Pacific	99	:	2,720	99	66	1,688	4	719	0	1,396	332	2	148	139	4,067
Total world	10,042	:	45,972	11,181	38,162	29,968	7,380	17,885	794	18,668	6,655	6,193	3,640	7,629	66,645

(1) Flight stage data: traffic is recorded for each flight stage, as opposed to the actual point of embarkation and disembarkation of passengers.

Source: Eurostat, Air transport (theme7/aviation)

Table 5.32: The twenty largest airports in the EU in terms of international traffic, 1999

International traffic, 1999			Total traffic (million passengers) (1)	Share of intra-EU traffic (%)
1	London/Heathrow	UK	54.8	48.6
2	Airport System - Paris (2)	F	44.3	51.6
3	Frankfurt/Main	D	37.1	45.7
4	Amsterdam/Schiphol	NL	36.3	59.8
5	London/Gatwick	UK	27.6	54.1
6	Bruxelles/National	B	20.0	75.0
7	Manchester/Intl	UK	14.7	71.8
8	Palma de Mallorca	E	14.6	98.1
9	Madrid/Barajas	E	14.0	61.9
10	München	D	13.4	68.8
11	Düsseldorf	D	12.0	71.4
12	Dublin	IRL	12.0	91.1
13	Roma/Fiumicino	I	11.5	61.0
14	Milano/Malpensa	I	11.2	53.7
15	Stockholm/Arlanda	S	11.2	83.3
16	Wien/Schwechat	A	10.6	65.3
17	Barcelona	E	8.1	87.4
18	London/Stansted	UK	8.0	95.8
19	Tenerife Sur	E	7.2	97.2
20	Athinai	EL	7.0	67.9

(1) Arrivals plus departures, excluding transit.

(2) Charles de Gaulle, Orly and Le Bourget.

Source: Eurostat, Air transport (theme7/aviation)

Table 5.33: Most dense air traffic flows, 2000

From	To	Total flights (units)	Share of delayed flights (%) (1)	Average delay per delayed flight (minutes) (1)	Average delay per flight (minutes) (1)
By region					
DK, FIN, S, NO	DK, FIN, S, NO	800,098	1.0	20.1	0.2
UK, IRL	UK, IRL	341,466	2.7	16.0	0.4
D (West)	D (West)	287,738	15.3	17.9	2.7
E, P (2)	E, P (2)	271,152	11.4	18.9	2.2
EL, Cyprus	EL, Cyprus	126,792	17.2	28.2	4.9
I (South), Malta	I (North)	114,681	15.2	20.7	3.1
I (North)	I (South), Malta	114,540	13.2	21.5	2.8
UK, IRL	London Airports	110,087	10.2	22.1	2.3
London Airports	UK, IRL	109,998	6.6	16.9	1.1
I (South), Malta	I (South), Malta	107,190	3.0	22.9	0.7
By city					
Barcelona	Madrid/Barajas	21,525	18.5	16.2	3.0
Madrid/Barajas	Barcelona	21,405	25.7	16.8	4.3
Roma/Fiumicino	Milano/Linate	12,728	5.4	17.1	0.9
Milano/Linate	Roma/Fiumicino	12,685	6.2	18.6	1.2
Paris/Orly	Nice	12,451	23.1	20.2	4.7
Nice	Paris/Orly	12,419	12.5	23.6	2.9
Paris/Orly	Toulouse/Blagnac	12,263	7.4	17.3	1.3
Toulouse/Blagnac	Paris/Orly	12,244	12.9	18.2	2.3
Barcelona	Palma de Mallorca	11,728	0.7	34.4	0.2
Palma de Mallorca	Barcelona	11,427	17.0	19.7	3.4

(1) Air traffic flow management (ATFM) delays only.

(2) Including Canaria.

Source: Delays to Air Transport in Europe, Eurocontrol - Central Office for Delay Analysis, 2000

CONSUMPTION EXPENDITURE

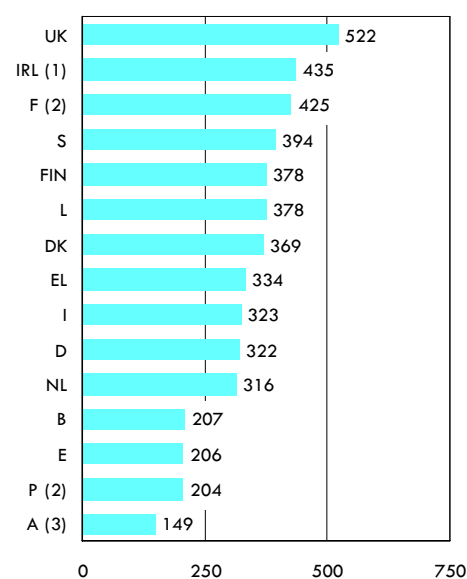
From the methodological point of view, it is important to keep in mind that transport expenditure may be associated with a variety of activities, including tourism (see page 235). It may not always be easy to make a distinction between accommodation and travel expenditure, especially in the case of package holidays. Although estimations can often be made, this was not the case in Austria, where expenditure on transport services from the HBS excludes holiday travel, hence underestimating mean expenditure levels. Similarly in Denmark, data for passenger transport by railway is aggregated with bus transport and recorded as combined passenger transport²².

European households generally spent between 204 PPS (Portugal) and 435 PPS (Ireland) on transport services in 1999, with the exception of Austria²³ (149 PPS) and the United Kingdom (522 PPS) that displayed values outside this range (see figure 5.17). Transport by bus or coach and rail accounted for the largest proportion of total expenditure in each Member State. Rail was the largest transport service expenditure item in Belgium, Germany, France, the Netherlands and Austria²⁴.

(22) For the whole of this section on consumption expenditure: F and P, 1994.

(23) Excluding holiday travel.

(24) DK, I and FIN, not available.

Figure 5.17: Transport services
Mean consumption expenditure, 1999
(PPS per household)

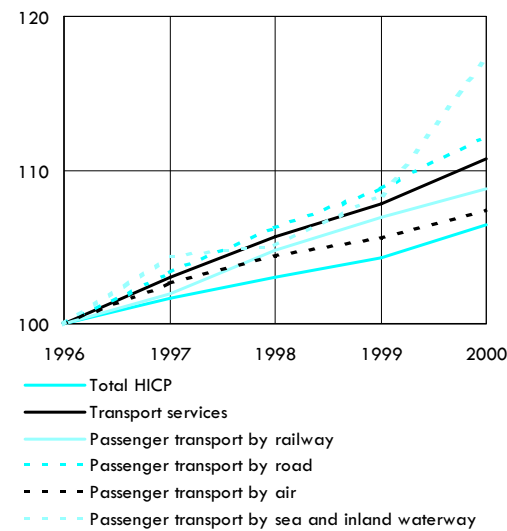
(1) Provisional.

(2) 1994.

(3) Excluding holiday travel.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 5.18: Transport services
Development of harmonized indices of consumer prices in the EU (1996=100)



Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

PRICES

Transport prices rose at a faster pace than inflation between 1996 and 2000 (see figures 5.18 and 5.19). Price level indices underline the considerable difference in passenger transport tariffs that exist within the EU (see table 1.41 on page 43). These differences may reflect a wide range of costs, as well as different policies with respect to subsidising public transport. As a general rule, transport services tariffs are higher in northern Europe than in southern Europe. Greece and Portugal displayed the lowest price levels compared to the EU average for all of the main transport modes in 1998, whilst Swedish consumers faced the highest price levels for transport services (some 43% above the EU average). Price levels were also relatively high in the United Kingdom (18% above the EU average), Denmark (17% higher) and Germany and France (both 14%).

Table 5.34 presents tariffs applied to the main transport services in 1997. It must be borne in mind that the data refers to single trips, and prices may vary according to the time of day, the day of the week or the age of the passenger. In addition, trips paid in advance (for example, return tickets, books of tickets or season tickets) are generally substantially cheaper.

Table 5.34: Average price of transport services, 1997 (ECU)

	Metro or bus (1)	Taxi (2)	Rail (3)
Average	1.45	7.00	19.00
B	1.23	6.20	14.00
DK	2.20	9.40	24.80
D	1.83	9.10	28.10
EL	0.28	2.30	4.30
E	0.78	3.70	9.50
F	1.21	7.50	23.90
IRL	1.29	6.40	23.70
I	0.78	8.90	9.30
L	0.89	8.60	8.00
NL	1.53	9.50	20.10
A	1.34	8.00	21.10
P	0.45	2.80	6.50
FIN	1.54	7.80	17.80
S	1.90	6.90	28.50
UK	1.74	8.30	45.30

(1) For 10 km or 10 stops.

(2) For a 5 km trip; prices in capital cities, except I (Milano) and D (Berlin).

(3) 1999 data; second class one-way ticket for a 200 km trip; B, figure based on a journey of 150 kms; IRL, average price of 10 different journeys; L, maximum distance is a journey of 100 kms (4 ECU); S, many tariff options; UK, 1997; inter-city tariffs for D (31 ECU), E (12.6 ECU), I (14.6 ECU).

Source: Factsheets (12/99), Directorate-General of the European Commission for Energy and Transport

Figure 5.19: Transport services
Absolute growth in consumer prices, 1996-2000 (%)

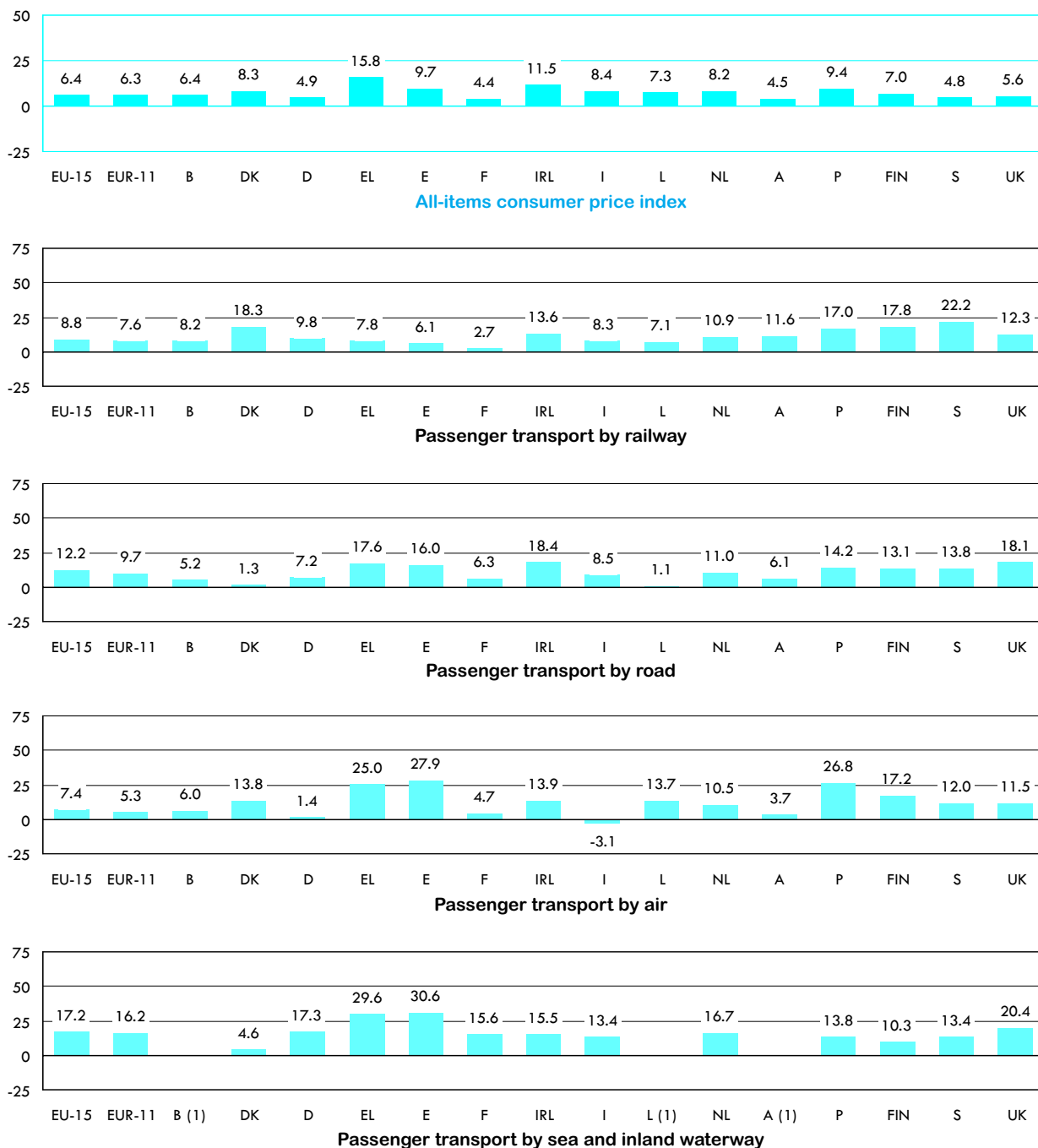


Table 5.35: Average airfares of the busiest intra-EU routes, January 2000 (€ per kilometre)

	Available capacity (seats per week)	Economy fare (1)	Promotional fare (1)
Madrid - Barcelona	126,659	0.19	0.15
London - Dublin	106,634	0.35	0.15
Roma - Milano	97,615	0.32	0.20
London - Amsterdam	97,136	0.54	0.24
London - Paris	86,924	0.64	0.25
Paris - Nice	85,908	0.24	0.14
London - Edinburgh	85,030	0.30	0.13
Paris - Toulouse	82,258	0.25	0.13
London - Glasgow	81,101	0.28	0.13
Paris - Marseille	78,882	0.25	0.13

(1) Weighted average of published fares per kilometre on a like-for-like basis.

Source: Annual report on economic and fares data regarding the European Air Travel Industry, Directorate-General of the European Commission for Energy and Transport, 2000

Table 5.36: Overall satisfaction with transport services, 2000 (% , filtered) (1)

	Urban transport services			Inter-city rail services		
	Satisfied	Unsatis- fied	Do not know	Satisfied	Unsatis- fied	Do not know
EU-15	60.2	24.7	9.4	55.2	27.2	10.9
B	60.0	22.6	10.5	41.5	25.4	11.1
DK	77.3	11.7	6.8	75.2	13.0	7.3
D	53.6	30.1	9.7	46.1	34.5	10.5
EL	76.7	17.6	5.3	77.4	13.3	7.9
E	65.3	21.9	7.7	61.3	21.2	10.1
F	62.6	20.0	10.2	58.7	22.1	10.2
IRL	64.2	14.1	12.5	62.7	15.2	13.1
I	53.3	34.2	10.2	46.7	39.9	12.2
L	82.2	7.1	5.9	80.7	7.9	6.6
NL	54.9	31.6	8.9	55.9	29.8	9.6
A	63.2	21.5	8.9	62.8	22.4	9.0
P	56.0	24.7	10.0	56.5	18.1	13.1
FIN	72.2	14.8	8.3	71.1	13.5	9.8
S	72.0	13.9	10.0	64.7	21.3	9.9
UK	63.4	19.6	9.8	57.6	22.1	12.5

(1) The population has been filtered to exclude those respondents who had spontaneously answered that they did not have access to the service in question; figures do not add up to 100% because of the "not applicable" or "no answer" categories.

Source: Eurobarometer 53 (Services of general interest), European Commission, 2000

As regards air transport, average prices for flights within the EEA were equal to €310 for economy fares and €142 for promotional fares in 2000 (see figure 5.20). Average fares were again generally lower in southern Europe²⁵ (€155 economy and €104 promotional) than northern Europe²⁶ (€286 and €126, respectively). Trans-European flights²⁷ (€434 and €184, respectively) were more than twice as expensive as those within southern Europe and over 50% more than those within northern Europe. In terms of city pairs, value for money comparisons can be made on a price per kilometre basis - see table 5.35. Amongst the busiest routes, the best value tickets were Madrid-Barcelona for economy fares (€0.188/km) and Paris-Marseille for promotional fares (€0.125/km).

The Eurobarometer survey (53) on services of general interest conducted during the spring of 2000 reports that 40.9% of Europeans felt that the price of transport services within urban areas was unfair or excessive. The highest levels of dissatisfaction were recorded in the Netherlands (58.2%) and Germany (55.6%). A higher proportion (45.9%) felt that the price of rail services between cities was unfair or excessive, with the highest levels of dissatisfaction again recorded in the Netherlands (60.9%) and Germany (58.8%).

(25) EL, E, I and P.

(26) B, DK, D, F, IRL, L, NL, A, FIN, S, UK, Iceland and Norway.

(27) Routes between northern and southern Europe.

QUALITY

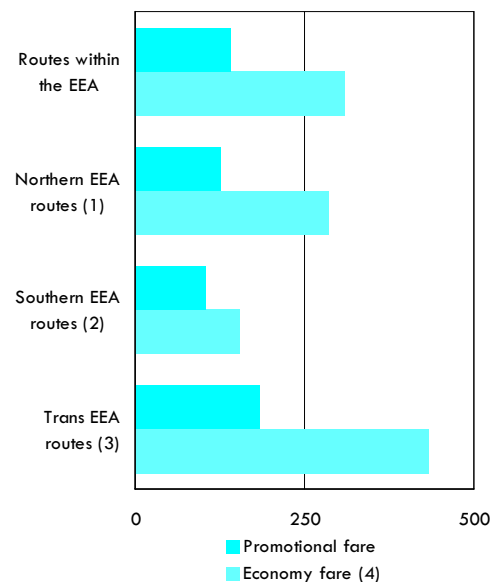
The concept of quality can be associated with a variety of parameters: availability, accessibility, information to customers, time (length of trip, adherence to schedule), customer service, comfort, safety, as well as environmental impact. Some of these can be objectively measured, such as accessibility, punctuality or safety and they are addressed elsewhere in this chapter. But others may be more subjective feelings that also help to shape consumers' opinions of the general quality of the services being offered. In the spring of 2000, a Eurobarometer survey (53) revealed that 24.7% of Europeans thought that urban transport services were of bad quality and 27.2% thought the same about inter-city rail services (see table 5.36). Italians were the most critical in both cases, joined by the Dutch and the Germans. In contrast, consumers in Luxembourg were, by far, the most satisfied.

Concerning rail services between cities, some 16.4% of Europeans expressed dissatisfaction with the information that was available (the Italians being the least satisfied) and 19.4% thought that the terms and conditions of contracts were unfair (Italians again being the least satisfied, 39.2%).

For intra-urban transport services, some 14.9% of Europeans expressed dissatisfaction with the information that was available, the Dutch and the Italians being the most dissatisfied at 24.4% and 23.2% respectively. Almost 18% of Europeans thought that the terms and conditions of contracts relating to intra-urban transport services were unfair; the Italians were again the least satisfied (33.9%).

As regards the treatment of complaints, around 55% of European consumers who complained about urban transport services and rail services felt that their complaints were not well dealt with. This was the highest rate of dissatisfaction for any of the services of general interest covered by the Eurobarometer survey.

Figure 5.20: Average airfares on routes within the EEA, January 2000 (€)



(1) Routes within and between B, DK, D, F, IRL, L, NL, A, FIN, S, UK, Iceland and Norway.

(2) Routes within and between EL, E, I and P.

(3) Routes between northern and southern Europe.

(4) Fully flexible economy ticket.

Source: Annual report on economic and fares data regarding the European Air Travel Industry, Directorate-General of the European Commission for Energy and Transport, 2000

Air transport delays

Data on air transport published by Eurocontrol (the European Organisation for the Safety of Air Navigation) provides information on delays due to air-traffic flow management (ATFM). Data for the year 2000 highlight Milan-London and Madrid-Frankfurt as the two routes with the most delayed air traffic in Europe. On these routes, more than two-thirds of the flights were delayed in 2000, on average by in excess of 20 minutes per delayed flight (see table 5.37).

As regards particular airports, delays reported by the member companies of the Association of European Airlines (AEA) confirm that Milan and Madrid were the two airports with the longest delays. More than 36% of intra-European flights by AEA airlines in these two airports departed at least 15 minutes behind schedule in 2000, with an average of 43 minutes per delayed flight in Milan and 38 minutes in Madrid.

Table 5.37: Most delayed flight connections, 2000

From	To	Total flights (units)	Share of delayed flights (%) (1)	Average delay per delayed flight (minutes) (1)	Average delay per flight (minutes) (1)
Milano/Malpensa	London/Heathrow	3,459	67.9	25.3	17.2
Madrid/Barajas	Frankfurt	3,564	69.3	22.7	15.7
Venezia/Tessera	Paris/CDG	3,209	56.2	25.7	14.5
Dublin	Paris/CDG	3,141	45.0	31.3	14.1
Manchester	Paris/CDG	3,852	40.9	33.4	13.7
Madrid/Barajas	Paris/CDG	5,670	50.1	26.7	13.4
Milano/Malpensa	Paris/CDG	4,455	55.9	23.8	13.3
Düsseldorf	Palma de Mallorca	3,312	54.3	24.1	13.1
Palma de Mallorca	Düsseldorf	3,318	51.7	24.4	12.6
Madrid/Barajas	Amsterdam	3,001	53.1	23.4	12.4
Paris/CDG	Venezia/Tessera	3,182	47.7	23.3	11.1
London/Heathrow	Paris/CDG	9,931	33.7	32.4	10.9
Amsterdam	Zürich	3,669	48.6	22.4	10.9
Bruxelles	Milano/Malpensa	3,017	51.7	20.4	10.6
Birmingham	Paris/CDG	4,002	36.3	29.0	10.5
Frankfurt	Madrid/Barajas	3,574	52.4	20.0	10.5
Zürich	Frankfurt	3,789	52.9	19.7	10.4
London/Heathrow	Milano/Malpensa	3,390	46.2	22.5	10.4
Zürich	Amsterdam	3,720	48.4	21.4	10.4
Düsseldorf	Frankfurt	3,228	50.0	20.5	10.3

(1) Air traffic flow management (ATFM) delays only.

Source: Delays to Air Transport in Europe, Eurocontrol - Central Office for Delay Analysis, 2000

The underlying reasons for delays may be grouped into five main categories (see table 5.38). The most frequent are related to traffic management (when a requested departure slot is not available) and airport conditions²⁸. The second most frequent reason may be classified as reactionary delays, typically caused by the late arrival of an incoming aircraft. Together, these reasons accounted for approximately 70% of the departure delays in 2000. Less than one in ten delayed planes were late because of load and aircraft handling or flight operations, which generally arise as a result of the airline's own procedures or those of its handling agent²⁹. Delays can also be caused by equipment failure or, exceptionally, weather conditions.

(28) For example, security, immigration, health or customs procedures or airport congestion.

(29) For example, late check-in, delays in boarding, aircraft cleaning, fuelling or catering, late completion of the flight plan or the crew boarding late.

Table 5.38: Delay rates on intra-European departures, 2000 (%) (1)

Airport		Total delayed flights	Airport and air traffic control	Reactionary (late arrival)	Load, aircraft handling or flight operations	Maintenance or equipment failure	Weather	Average delay per delayed flight (minutes)
Milano/Malpensa	I	36.6	16.0	12.9	4.7	2.2	0.7	42.7
Madrid	E	36.4	16.6	10.4	6.5	2.7	0.2	38.4
Bruxelles	B	33.3	13.1	14.7	3.0	1.9	0.5	36.3
Barcelona	E	31.5	13.1	13.1	3.2	1.8	0.2	39.5
Paris/CDG	F	31.3	10.3	11.3	7.0	2.1	0.6	42.9
Athina	EL	30.1	11.4	12.6	3.7	2.1	0.3	41.7
Lisboa	P	29.1	12.9	13.9	1.1	0.9	0.1	41.0
Roma	I	29.1	11.3	10.2	3.4	3.8	0.3	40.0
Amsterdam	NL	28.7	13.4	7.3	5.4	1.9	0.6	37.8
Manchester	UK	26.8	14.4	7.3	2.1	2.5	0.6	39.3
London/Heathrow	UK	25.0	10.5	7.5	3.8	2.1	1.0	40.4
München	D	24.7	10.6	9.4	2.0	2.1	0.6	36.7
Dublin	IRL	23.9	9.6	4.5	3.9	4.0	1.8	47.8
Wien	A	23.2	7.6	9.7	2.2	3.0	0.6	39.2
Milano/Linate	I	20.1	11.3	5.9	1.5	0.8	0.6	42.2
Frankfurt	D	20.0	7.1	8.7	1.7	2.0	0.5	35.0
London/Gatwick	UK	19.2	6.5	6.1	3.5	2.4	0.7	37.0
Paris/Orly	F	19.0	5.7	10.1	1.8	1.0	0.4	43.3
Düsseldorf	D	17.3	8.8	6.1	0.9	1.1	0.3	36.3
København	DK	14.3	3.0	4.2	3.2	3.7	0.2	37.8
Stockholm	S	14.3	4.9	5.0	1.6	2.2	0.6	37.5
Helsinki	FIN	14.0	5.1	3.5	2.3	2.2	0.9	36.7

(1) The figures refer only to flights operated by AEA airlines: Adria, Aer Lingus, Air France, Air Malta, Alitalia, Austrian, British Airways, British Midland, Croatia Airlines, CSA, Cyprus Airways, Finnair, Iberia, Icelandair, JAT, KLM, Lufthansa, Luxair, Malev, Olympic Airways, Sabena, SAS, Spanair, Swissair, TAP, Tarom and Turkish Airlines. Source: AEA Punctuality Data, Association of European Airlines, 2001

Table 5.39: Fatalities by mode of transport in the EU, 1997

	Fatalities (units)	Fatalities per billion pkm (units)
Airlines (1)	14	0.04
Buses and coaches	173	0.40
Railways	139	0.48
Water transport (2)	140	4.40

(1) Average 1997–98; any nationality of aircraft over EU territory.
 (2) Estimates from Factsheets (02/99), Directorate-General of the European Commission for Energy and Transport,
 Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Table 5.40: Air transport fatalities (persons) (1)

	Total world	World scheduled traffic	EU-15 (2)
1970–79	1,621	690	267
1980–89	1,328	495	166
1990–95	1,189	710	42

(1) Involving jet and turboprop aircraft only; excluding military.
 (2) Any nationality of aircraft over EU territory.
 Source: Factsheets (02/99), Directorate-General of the European Commission for Energy and Transport

Table 5.41: Railway fatalities (units) (1)

	1970	1980	1990	1995	1996	1997	1998
Number of railway passengers killed	381	318	165	96	93	134	188
Persons killed in accidents involving railways	2,044	1,395	987	901	853	787	760
Total	2,425	1,713	1,152	997	946	894	948

(1) Excluding DK, 1996 to 1998.
 Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

SAFETY

Transport services safety has greatly improved in recent decades. The number of fatalities has been falling since 1970 for all modes of transport service, both in relative and absolute terms, despite the rise in traffic. Measured in fatalities per billion pkm, air transport was the safest mode of transport in 1997/98, followed by buses and coaches and railways (see tables 5.39 to 5.41).

ENVIRONMENT

Aviation accounted for 3.9% of final energy consumption in the EU in 1998, or 38.9 million toe, up from 2.5% in 1985. Over the same period, the share of railways in total energy consumption stayed constant at 0.8%, or 7.53 million toe in 1998. When related to passenger numbers, air transport becomes the most energy-intensive mode of transport, as 161 kgoe were required to transport one person over a thousand kilometres, six times more than on the railways (26 kgoe). As a consequence, air was one of the most polluting modes of transport. It was responsible for 3.7% of total emissions of carbon dioxide in the EU in 1998 against only 0.3% for railways. Road transport emissions accounted for 23.4% of the total, but this figure includes passenger cars and freight transport in addition to buses, coaches and taxis.

Emission standards for air transport are set by the International Civil Aviation Organisation (ICAO). Noise emissions standards mean that aeroplanes designed before October 1977 will be phased out in the EU by 2002 (for example, early models of the Boeing 737 and the McDonnell Douglas DC-9).

Table 5.42: Transport
Mean consumption expenditure and structure of household expenditure, 1999

	B	DK	D	EL	E	F (1)	IRL (2)	I	L	NL	A	P (1)	FIN	S	UK
MEAN CONSUMPTION EXPENDITURE (PPS PER HOUSEHOLD)															
Purchase of vehicles (3)	1,295	1,484	1,422	1,008	1,185	1,472	1,976	1,195	3,741	1,101	1,802	1,204	1,690	1,316	1,637
Motor cars (3)	1,229	1,357	1,330	977	1,153	1,412	1,956	1,135	3,605	978	1,691	1,158	1,591	1,251	1,594
Motor cycles	39	76	51	29	26	47	21	53	109	35	62	42	58	30	22
Bicycles	27	51	41	1	6	14	:	7	28	88	48	4	41	35	22
Operation of transport equipment (4)	1,910	1,457	1,389	1,270	1,147	1,339	1,429	2,200	2,523	1,224	1,855	1,154	1,020	1,185	1,604
Spare parts and accessories	102	157	131	302	22	113	97	198	415	107	186	143	133	136	147
Fuels and lubricants	827	680	719	662	807	806	1,093	1,480	1,035	776	913	577	665	796	1,026
Maintenance and repair	416	377	362	177	259	311	168	420	925	227	439	386	133	203	255
Other services (4)	565	244	177	128	60	109	70	:	148	114	317	47	89	50	176
Transport services (5)	207	369	322	334	206	425	435	323	378	316	149	204	378	394	522
Railway (5)	83	:	146	9	40	117	49	:	48	207	95	45	:	48	132
Road (5)	43	42	85	222	115	93	278	:	145	13	36	133	:	66	216
Air (5)	35	52	59	51	27	8	81	105	172	:	5	23	:	31	106
Sea and inland waterway (5)	3	49	10	41	2	2	12	19	11	:	1	0	:	36	9
Combined and other services (5)	42	:	:	11	:	:	:	:	:	96	:	:	:	213	59
STRUCTURE OF EXPENDITURE (% of TOTAL HOUSEHOLD EXPENDITURE)															
Purchase of vehicles (3)	4.7	6.3	6.1	4.3	5.8	6.6	6.7	4.4	8.7	4.3	6.8	7.4	9.3	6.1	5.9
Motor cars (3)	4.5	5.8	5.7	4.2	5.7	6.3	6.6	4.2	8.3	3.8	6.4	7.1	8.7	5.8	5.8
Motor cycles	0.1	0.3	0.2	0.1	0.1	0.2	0.1	0.2	0.3	0.1	0.2	0.3	0.3	0.1	0.1
Bicycles	0.1	0.2	0.2	0.0	0.0	0.1	:	0.0	0.1	0.3	0.2	0.0	0.2	0.2	0.1
Operation of transport equipment (4)	7.0	6.2	5.9	5.4	5.7	6.0	4.8	8.1	5.8	4.8	7.0	7.1	5.6	5.5	5.8
Spare parts and accessories	0.4	0.7	0.6	1.3	0.1	0.5	0.3	0.7	1.0	0.4	0.7	0.9	0.7	0.6	0.5
Fuels and lubricants	3.0	2.9	3.1	2.8	4.0	3.6	3.7	5.4	2.4	3.0	3.5	3.5	3.7	3.7	3.7
Maintenance and repair	1.5	1.6	1.5	0.8	1.3	1.4	0.6	1.5	2.1	0.9	1.7	2.4	0.7	0.9	0.9
Other services (4)	2.1	1.0	0.8	0.5	0.3	0.5	0.2	:	0.3	0.4	1.2	0.3	0.5	0.2	0.6
Transport services (5)	0.8	1.6	1.4	1.4	1.0	1.9	1.5	1.2	0.9	1.2	0.6	1.2	2.1	1.8	1.9
Railway (5)	0.3	:	0.6	0.0	0.2	0.5	0.2	:	0.1	0.8	0.4	0.3	:	0.2	0.5
Road (5)	0.2	0.2	0.4	0.9	0.6	0.4	0.9	:	0.3	0.0	0.1	0.8	:	0.3	0.8
Air (5)	0.1	0.2	0.3	0.2	0.1	0.0	0.3	0.4	0.4	:	0.0	0.1	:	0.1	0.4
Sea and inland waterway (5)	0.0	0.2	0.0	0.2	0.0	0.0	0.0	0.1	0.0	:	0.0	0.0	:	0.2	0.0
Combined and other services (5)	0.1	:	:	0.0	:	:	:	:	:	0.3	:	:	:	1.0	0.2

(1) 1994.

(2) Provisional.

(3) S, excluding interest payments for car loans.

(4) EL, excluding circulation fees.

(5) A, excluding holiday travel.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 5.43: Transport
Structure of household expenditure, 1999 (%)

	B	DK	D	EL (1)	E	F (2)	IRL (3)	I	L	NL	A	P (2)	FIN	S (4)	UK
BROKEN DOWN BY INCOME DISTRIBUTION (5)															
Lowest twenty percent	9.5	9.1	8.5	7.8	11.7	10.7	:	12.1	13.5	8.5	:	7.1	9.7	8.8	9.3
Second quintile group	12.4	10.2	10.4	8.8	12.3	12.3	:	12.4	15.0	8.2	:	11.1	13.5	13.0	9.4
Third quintile group	12.6	15.1	11.4	10.0	12.2	13.6	:	13.1	14.3	10.1	:	14.7	16.7	11.7	12.9
Fourth quintile group	11.7	16.4	12.7	11.8	12.7	15.5	:	14.1	15.5	11.8	:	16.3	18.0	15.4	13.8
Highest twenty percent	14.4	15.6	17.9	13.5	13.2	17.0	:	15.3	16.9	11.2	:	18.9	20.8	15.4	17.1
BROKEN DOWN BY AGE OF HEAD OF HOUSEHOLD															
Less than 30	14.5	17.4	17.0	11.1	13.8	17.2	13.5	17.9	22.9	12.0	14.4	20.1	17.7	11.7	13.4
Between 30 and 44	14.2	13.9	14.8	12.6	14.2	15.0	13.6	15.6	16.3	10.6	16.1	16.7	18.3	13.2	14.7
Between 45 and 59	13.3	15.2	13.9	12.1	13.9	15.9	13.8	15.0	15.1	10.7	15.3	17.5	19.0	15.1	14.5
60 and over	7.6	10.6	10.1	8.6	8.5	11.4	10.0	10.4	11.5	8.2	10.4	12.0	11.0	11.5	10.6
BROKEN DOWN BY TYPE OF HOUSEHOLD															
1 adult without dependent children	9.1	10.2	10.4	8.8	5.2	10.5	8.0	9.1	11.8	8.9	13.0	7.3	10.7	9.3	12.0
2 adults without dependent children	12.0	15.7	13.9	9.8	10.3	14.5	13.6	12.6	15.8	10.8	14.0	12.9	18.5	14.2	14.0
3+ adults without dependent children	9.6	20.3	15.8	11.9	13.2	15.6	14.7	14.8	15.9	13.6	14.3	16.3	20.0	23.1	14.9
Single parent with dependent child(ren)	11.0	9.2	10.1	8.3	7.5	14.2	9.4	12.1	14.7	7.7	10.2	11.1	12.4	8.1	6.8
2 adults with dependent child(ren)	14.2	15.1	14.3	12.2	13.3	15.8	13.1	15.4	16.0	10.2	15.3	17.1	19.2	15.6	14.8
3+ adults with dependent child(ren)	15.1	15.1	15.7	11.9	14.6	15.5	14.6	14.9	18.1	16.1	17.4	18.5	24.2	13.4	13.9
BROKEN DOWN BY SOCIO-ECONOMIC CATEGORY OF HEAD OF HOUSEHOLD															
Manual workers (6)	12.7	17.1	15.3	12.4	14.8	15.8	:	15.2	16.6	11.7	15.7	15.1	19.1	13.2	13.8
Non-manual workers	14.8	15.4	:	12.4	14.2	15.8	:	:	17.4	11.6	15.9	17.9	19.3	14.4	15.1
Self-employed	13.0	12.5	13.5	12.5	15.6	15.2	:	16.1	14.4	7.1	16.4	17.3	18.7	16.1	16.7
Unemployed	8.8	7.3	10.7	8.2	11.3	12.6	:	13.5	12.4	:	13.7	18.6	12.2	9.3	7.0
Retired	7.7	10.3	:	8.8	9.2	11.6	:	11.3	12.3	9.0	10.6	11.2	10.6	9.3	11.0
Other inactive (7)	7.9	9.1	8.1	7.5	7.0	10.4	:	9.3	11.8	7.5	13.6	12.1	12.7	11.6	8.8
BROKEN DOWN BY DEGREE OF URBANISATION															
Dense (>500 inhabitants/km ²)	11.4	13.3	:	:	12.0	:	:	13.2	16.3	:	13.3	15.5	16.4	10.9	13.0
Intermediate (100-499 inhabitants/km ²)	13.9	14.5	:	:	12.5	:	:	14.0	14.8	:	14.7	16.6	19.6	13.8	13.7
Sparse (<100 inhabitants/km ²)	14.9	16.2	:	:	13.6	:	:	14.7	15.4	:	15.4	15.0	16.8	14.3	15.3

(1) Excluding circulation fees.

(2) 1994.

(3) Provisional.

(4) Excluding interest payments for car loans.

(5) FIN, income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

(6) D, including non-manual workers; I, including all non-agricultural persons in employment.

(7) D, including retired.

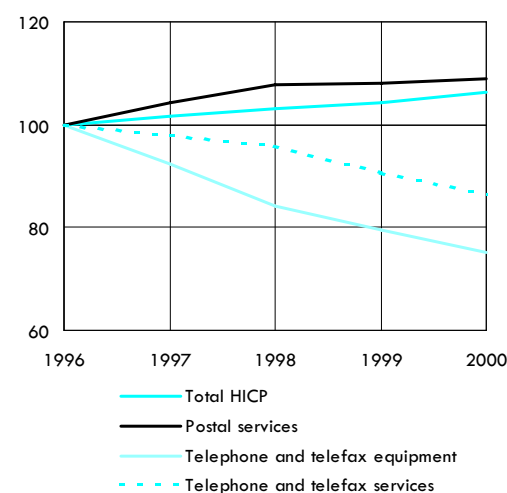
Source: Eurostat, Household Budget Survey (theme3/hbs)



6. Communication services and the information society



Figure 6.1: Communication
Development of harmonized indices of consumer prices in the EU (1996=100)



Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

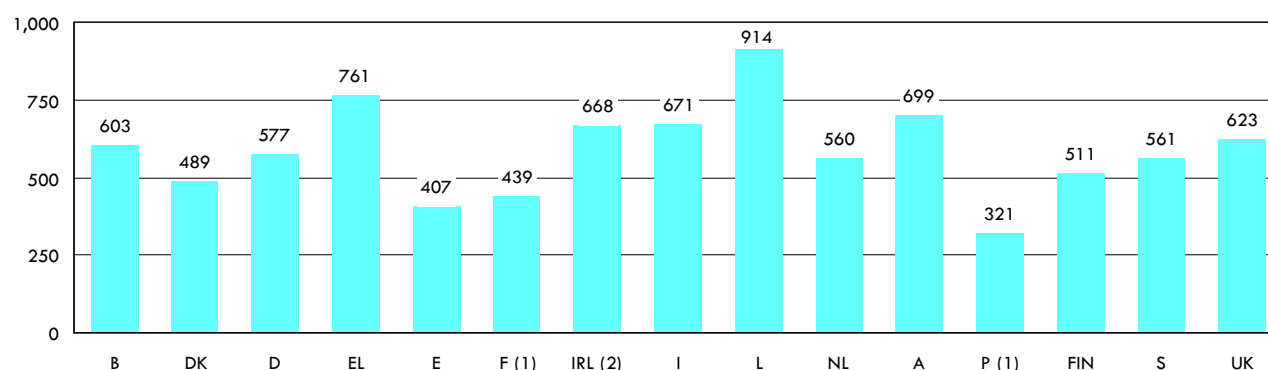
6 COMMUNICATION SERVICES AND THE INFORMATION SOCIETY

The services covered in this chapter are classified into three areas: namely, postal services, telephone and telefax equipment and telephone and telefax services (including Internet connection services). Communication has become the centrepiece of the emergent information society. In a short period of time, what used to be a slow-moving sector dominated by public monopolies has metamorphosed into a very competitive, high-technology sector. Not so long ago, consumers had to rely on postal and telecommunication monopolies to satisfy their communications needs. Nowadays, telecommunications are liberalised, mobile phones are widespread, and consumers can choose between an increasingly large number of different service suppliers. However, Eurobarometer surveys reveal that a certain level of consumer dissatisfaction with the provision of these services remains.

European households spent between 321 PPS (Portugal, 1994) and 914 PPS (Luxembourg) on communication in 1999, with most countries falling within the range of 500 PPS to 700 PPS (see figure 6.2). This represented a share in total household consumption of between 2.0% and 2.5%, the overwhelming majority of which was devoted to telecommunication services. In contrast, postal services and telecommunication equipment accounted for marginal shares of total household expenditure, around 0.1%.

Aggregated price level data for communications (including postal services, telephone and telefax services and related equipment) in 1998 shows that prices were 40% higher than the EU average in Austria and 34% higher in Belgium (see table 1.41 on page 43). The cheapest price levels were found in Luxembourg (81% of the EU average), followed by Greece (83%). All three of the Nordic Member States also recorded relative price levels below the EU average. The price of telecommunication equipment (24.9%) and services (13.6%) fell between 1996 and 2000 in the EU. On the other hand, the price of postal services rose by 9.0%, a rate above the average increase observed for all-items (6.4%).

Figure 6.2: Communication
Mean consumption expenditure, 1999 (PPS per household)

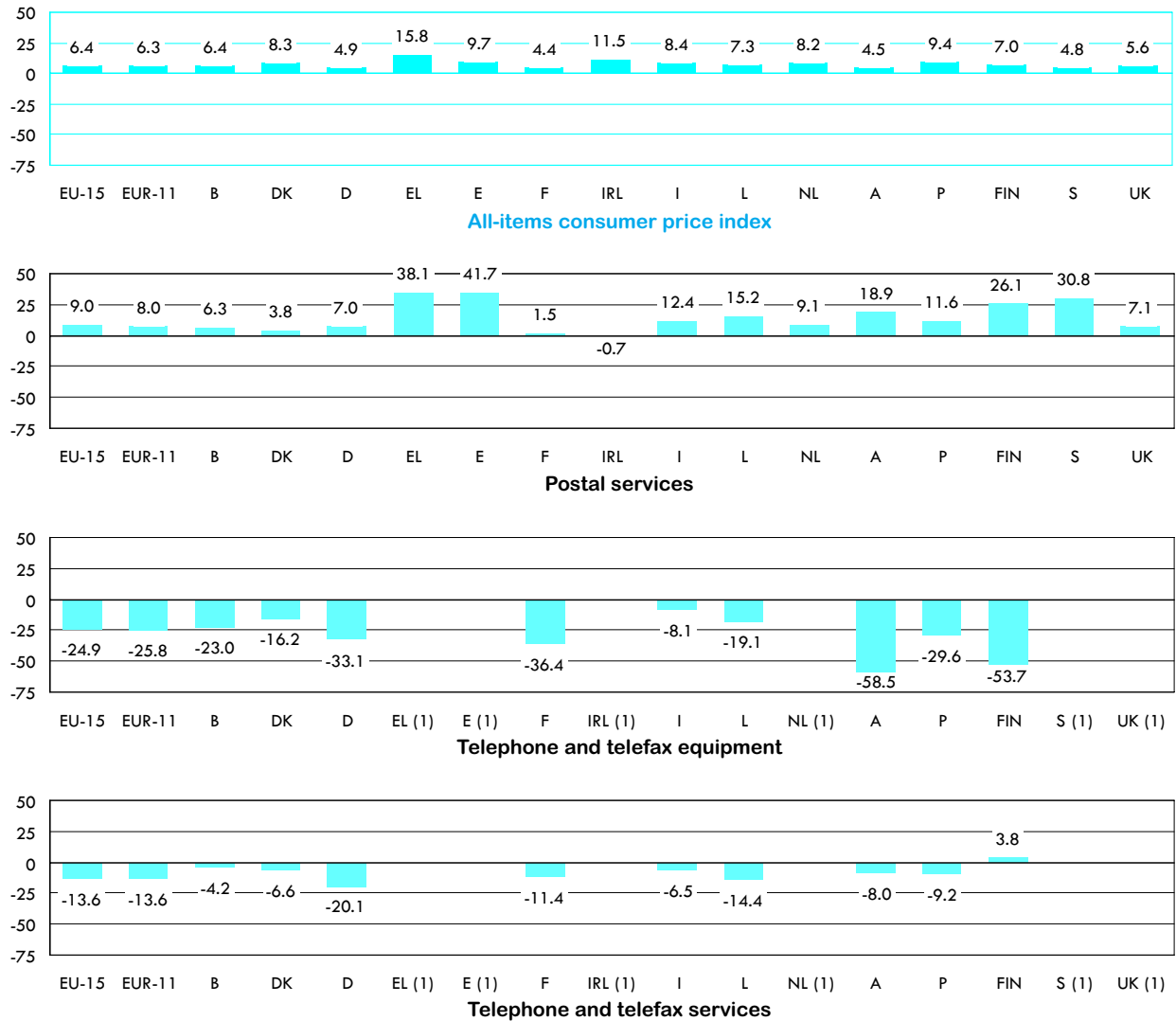


(1) 1994.

(2) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 6.3: Communication
Absolute growth in consumer prices, 1996-2000 (%)



(1) Not available.

Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

6.1 POSTAL SERVICES

Table 6.1: Postal services - network access, 1999 (units)

	Permanent post offices (1)	Average number of inhabitants served by a permanent post office (1)	Post- boxes (2)	Automatic vending machines for postage stamps or pre-payment labels (3)
B	1,637	6,206	20,317	155
DK	1,144	4,650	10,289	0
D	14,000	5,864	140,000	11,000
EL	1,620	6,562	13,025	43
E	3,994	9,870	37,490	5,578
F	16,930	3,491	150,373	5,000
IRL	1,913	1,960	6,300	184
I	15,079	3,803	80,033	:
L	157	2,739	1,181	115
NL	2,361	6,696	19,599	86
A	2,436	3,358	24,000	1,300
P	3,774	2,639	18,698	515
FIN	1,523	3,395	10,000	118
S	1,720	5,140	36,676	:
UK	18,341	3,203	112,000	2,000

(1) B and S, 1996.

(2) EL, 1998; S, 1996.

(3) F and A, 1998; DK, 1997; D, 1996; FIN, 1995.

Source: UPU (Universal Postal Union)

Postal services were the first communications service offered to consumers, allowing them to correspond with relatives, businesses and administration, by way of letters, postcards and small parcels. With the development of technology, postal services have progressively had to face increasing competition from new ways of communicating, first of all from the telephone and telex, then the fax, and now electronic mail and the Internet.

NETWORK ACCESS

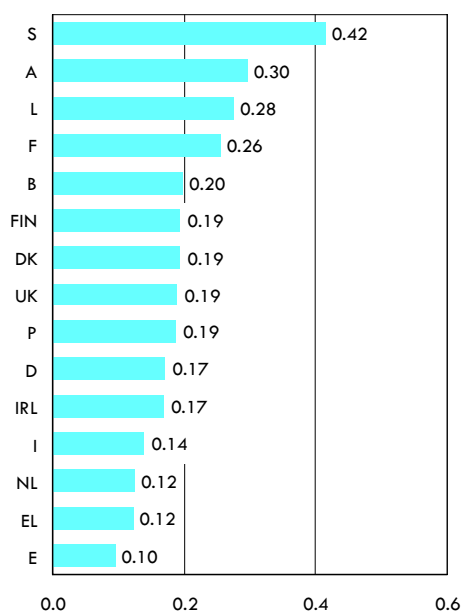
Consumer access to postal services relies to a large degree on permanent post offices that are open to the public, of which there were some 86.6 thousand in the EU in 1999 (see table 6.1). This number has decreased in most Member States during the past decade, which could be to the detriment of the consumer interest (especially in remote areas). Each permanent office served on average 4.3 thousand persons in the EU in 1999, ranging between almost one per two thousand inhabitants in Ireland, up to close to one for every ten thousand inhabitants in Spain. Consumers post their correspondence in one of 680 thousand post-boxes spread across the EU, equivalent to one for each 551 persons (see figure 6.4).

CONSUMPTION

Approximately 105 billion letter-post items were handled in 1999 by European postal services. This figure includes letters, postcards, printed matter and small packets, but excludes parcels or newspapers. Most posted items are addressed to domestic recipients, as national traffic accounted for 94% of the total (sum of domestic traffic, international dispatch and international receipt). Most postal traffic in circulation in Europe originates from business. It is generally estimated that only a tenth of all mail that is posted in the EU is from households, whilst two-thirds of all mail is addressed to them¹.

(1) Post 2005, Universal Postal Union, 1997.

Figure 6.4: Number of post-boxes per 100 inhabitants, 1999 (units) (1)



(1) EL, 1998; S, 1996; F and UK, number of inhabitants, 1998.

Source: UPU (Universal Postal Union) and Eurostat, Regional statistics (theme1/regio)

Combining postal traffic with demographic data, there were, on average, some 279 letter-post items sent (and hopefully received!) per inhabitant in 1999, ranging from 47.7 items in Greece up to almost 500 in Sweden (see table 6.2). It is important to note that these figures relate to the number of letter-post items treated by the national post for domestic service and international dispatch, and they do not distinguish between private and business use.

CONSUMPTION EXPENDITURE

Postal services are far from being one of the most important items as regards the household budget. According to figures from the latest Household Budget Survey, the highest mean consumption expenditure per household on postal services in 1999² was registered in Germany (64 PPS), well ahead of the United Kingdom (42 PPS). At the other end of the scale, Portugal (2 PPS), Greece and Spain (both 5 PPS) reported the lowest levels (see figure 6.5).

(2) For the whole of this section on consumption expenditure: F and P, 1994.

Table 6.2: Postal traffic, 1999

	Number of letter-post items posted per inhabitant (units) (1)	Number of letter post items treated by the national post (millions)		
		Domestic service (2)	International dispatch (3)	International receipt (3)
B	344	3,533	194	200
DK	335	1,622	130	78
D	249	21,000	403	702
EL	48	433	74	:
E	120	4,570	141	157
F	443	25,591	576	476
IRL	176	580	81	126
I	104	5,822	154	217
L	336	106	38	26
NL	:	6,769	:	299
A	372	2,868	120	135
P	123	1,161	61	43
FIN	345	1,743	38	63
S	499	4,360	86	125
UK	325	18,090	987	536

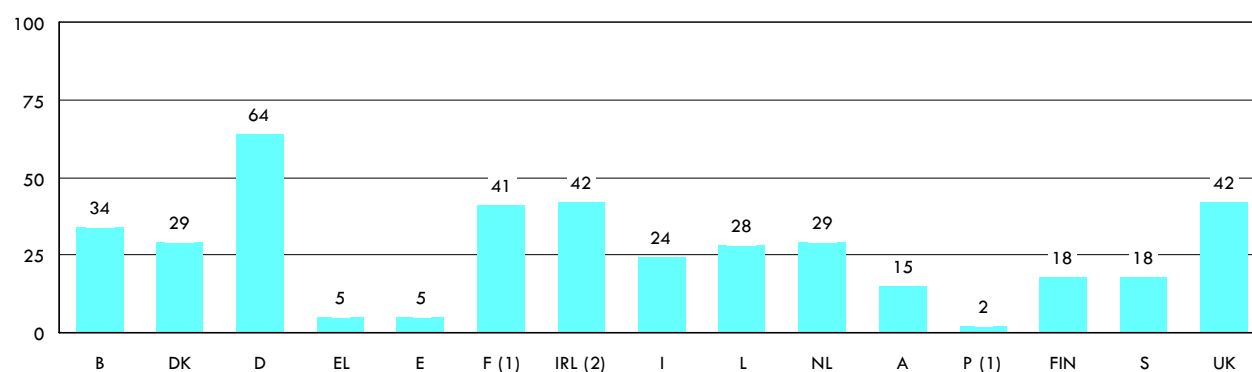
(1) B, 1998; D and A, 1997; S, 1996; DK, 1995.

(2) A, 1997; S, 1996.

(3) B, 1998; D, 1997; S, 1996; DK, 1995.

Source: UPU (Universal Postal Union)

Figure 6.5: Postal services
Mean consumption expenditure, 1999 (PPS per household)



(1) 1994.

(2) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 6.3: Price of a postage stamp for a letter in the EU, 2001 (€)

	National (1)	EU-15 (2)	Rest of the world (3)
B	0.42	0.52	0.84
DK	0.50	0.60	0.74
D	0.56	0.56	1.53
EL	:	:	:
E	0.24	0.45	0.72
F	0.46	0.46	0.79
IRL (4)	0.38	0.41	0.57
I	0.41	0.62	0.77
L	0.45	0.52	0.74
NL	0.36	0.50	0.73
A	0.51	0.51	1.09
P (4)	0.26	0.52	0.70
FIN	0.61	0.61	0.61
S (4)	0.59	0.83	0.95
UK	0.44	0.59	1.07

(1) Ordinary mail, letter of standard size and less than 20 g.

(2) Priority mail, letter of standard size and less than 20 g.

(3) Maximum price for priority airmail, letter of standard size and less than 20 g.

(4) Special rates apply for mail sent to neighbouring countries.

Source: INFORMA

Table 6.4: Postal delivery indicators, 1999 (1)

	Percentage of the population having mail delivered at home	Average number of deliveries per day in urban areas	Average number of deliveries per week in rural areas
B	100.0	1	5.0
DK	100.0	1	6.0
D	100.0	1	6.0
EL	100.0	1	4.6
E	99.5	1	6.0
F	100.0	1	6.0
IRL	100.0	1	5.0
I	99.0	1	6.0
L	100.0	1	5.0
NL	100.0	1	6.0
A	99.0	1	5.0
P	99.2	1	5.0
FIN	90.0	1	5.0
S	99.0	1	5.0
UK	100.0	2	6.0

(1) B, two deliveries per working day in Brussels, Antwerp, Charleroi, Ghent and Liège; F, two deliveries per working day in Paris; FIN, 1998; S, 1996.

Source: UPU (Universal Postal Union)

PRICES

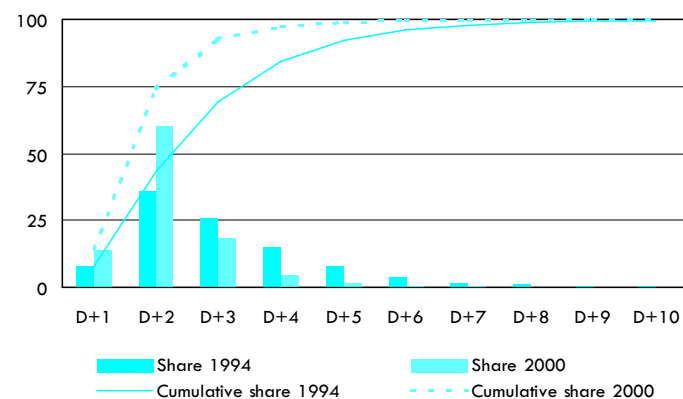
On average, EU customers sending standard letters to national destinations via ordinary mail were required to place the equivalent of a €0.44 stamp on them in 2001. An additional €0.11 was generally required to send them cross-border to another EU country via priority mail. However, as shown in table 6.3, stamp prices vary considerably across the EU, often by a factor of two. Spain and Portugal offered the lowest national rates, at €0.24 and €0.26 per item respectively, whilst the highest prices were found in Sweden (€0.59) and Finland (€0.61). For intra-EU cross-border traffic, the highest prices were found in Sweden (€0.84), more than double the Irish tariff (€0.41).

The Eurobarometer survey (53) conducted in the spring of 2000 on services of general interest reports that 29% of Europeans expressed dissatisfaction with the price level of postal services, with the highest level of dissatisfaction being recorded in Germany (49.7%), Sweden (43.5%), Austria (35.8%), Italy (33.9%) and Finland (32.4%) and the lowest levels in Greece (11.3%), the United Kingdom (10.1%) and Ireland (5.6%).

QUALITY

Practically the whole EU population had its mail delivered directly to their homes in 1999 (see table 6.4), and there was at least one delivery per day in urban areas (including Saturdays), and almost as many in rural areas.

As regards delivery speed, the current postal directive (97/67/EC) establishes cross-border quality targets that should be met for the benefit of consumers. These targets are 85% delivery within three days and 98% delivery within five days. According to the International Post Corporation, the actual performance of postal operators surpasses these objectives (see figure 6.6 and table 6.5). They state that in 2000, some 92.5% of cross-border priority mail was delivered within three days of posting, up from 69.1% in 1994. The average speed of delivery for cross-border priority mail improved from 3.1 working days in 1994 to 2.3 working days by 2000.

Figure 6.6: Delivery days of international first class mail in the EU (% share of mail arriving) (1)

(1) D is the day of posting and + X expresses the number of days required for collection, transportation and distribution to the receiver; the accuracy of the statistics ranges between 1% and 5% within a 95% level of confidence; the method of calculation is based on a five days business week - that excludes Saturdays and Sundays, as well as national public holidays in the destination country; the following countries have Saturday mail deliveries, DK, F, D, I, NL and UK.

Source: UNEX - Unipost External Monitoring System, International Post Corporation, 2001

Table 6.5: Average number of delivery days for intra-EU mail, 2000 (units) (1)

Destination	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Origin B	-	2.2	2.1	3.9	2.5	2.3	2.5	2.5	1.7	2.2	2.3	2.2	2.5	2.3	2.2
DK	2.1	-	2.0	3.6	2.4	2.3	2.2	2.3	2.0	2.1	2.2	2.2	2.2	1.9	2.1
D	2.1	2.0	-	3.6	2.6	2.2	2.2	2.3	1.9	2.0	2.1	2.1	2.2	2.1	2.2
EL	2.8	2.5	2.5	-	3.5	2.7	3.2	3.0	2.8	2.6	2.7	2.6	3.3	2.7	2.8
E	2.4	2.3	2.4	4.1	-	2.5	2.7	2.8	2.8	2.4	2.8	2.3	3.0	2.5	2.4
F	2.2	2.1	2.0	3.7	2.4	-	2.4	2.4	1.9	2.1	2.5	2.2	2.6	2.2	2.2
IRL	2.3	2.2	2.2	3.9	2.9	2.3	-	2.5	2.3	2.2	2.9	2.5	2.6	2.4	2.1
I	2.3	2.3	2.2	3.8	2.6	2.4	2.7	-	2.6	2.3	2.5	2.5	2.9	2.5	2.3
L	2.1	2.1	2.0	4.1	2.5	2.2	2.4	2.5	-	2.1	2.2	2.2	2.6	2.2	2.1
NL	2.2	2.1	2.3	3.6	2.5	2.5	2.3	2.7	2.2	-	2.2	2.2	2.3	2.1	2.3
A	2.2	2.1	2.0	3.8	2.7	2.3	3.0	2.4	2.1	2.2	-	2.5	2.5	2.2	2.2
P	2.2	2.1	2.2	4.3	2.4	2.3	2.8	2.6	2.4	2.1	2.9	-	2.6	2.1	2.2
FIN	2.2	2.0	2.1	3.9	3.1	2.4	2.5	2.7	2.4	2.1	2.2	2.5	-	1.9	2.2
S	2.2	2.0	2.2	3.7	2.5	2.3	2.4	2.6	2.2	2.2	2.2	2.4	2.1	-	2.2
UK	2.3	2.1	2.2	3.9	2.6	2.4	2.1	2.5	2.2	2.4	2.5	2.4	2.4	2.3	-

(1) The method of calculation is based on a five days business week - that excludes Saturdays and Sundays, as well as national public holidays in the destination country; the following countries have Saturday mail delivery, DK, F, D, I, NL and UK.

Source: UNEX - Unipost External Monitoring System, International Post Corporation, 2001

More generally, 17.7% of Europeans surveyed in the spring of 2000 by Eurobarometer (53) regarding services of general interest said that they were not satisfied with the quality of postal services. Italians were the most critical against their postal services (29.8% were unsatisfied), followed by the Germans (24.3%) and the Swedes (19.6%), whilst only 3.3% of the Irish and 5.2% of the British voiced their dissatisfaction (see table 6.6).

Information received from postal service providers was considered to be clear by 78.6% of Europeans. Dissatisfaction regarding the level of information was especially high in Italy (23.5%), Germany (13.8%) and Finland (12.9%). General terms and conditions applicable to postal services were judged to be fair by 68.0% of the Europeans with the highest levels of dissatisfaction again recorded in Italy (30.0%), followed by Austria (16.9%) and Spain (16.4%). As regards the proportion of consumers who had made a complaint during the previous 12 month period, the highest rates were recorded in Finland (8.6%), Sweden (7.4%) and the Netherlands (6.9%), compared to an EU average of 3.4%. The handling of complaints was dealt with in the most satisfactory way in Ireland, Finland, Sweden and the United Kingdom. All of the data above is based upon replies from those respondents who actually used postal services, in other words non-users of postal services are filtered from the results.

Table 6.6: Overall satisfaction with postal services, 2000 (% , filtered) (1)

	Satisfied	Un-satisfied	Do not know
EU-15	73.9	17.7	6.1
B	78.1	14.2	5.8
DK	86.8	9.4	2.9
D	64.9	24.3	7.1
EL	85.2	9.2	5.3
E	71.6	16.6	8.3
F	78.1	16.8	4.2
IRL	85.2	3.3	6.6
I	63.0	29.8	7.0
L	85.4	8.2	4.0
NL	85.8	8.4	4.7
A	74.1	18.7	5.8
P	73.8	12.9	6.9
FIN	77.4	17.4	4.3
S	69.9	19.6	7.2
UK	86.4	5.2	4.9

(1) The population has been filtered to exclude those respondents who had spontaneously answered that they did not have access to the service in question. Figures do not add up to 100% because of the "not applicable" or "no answer" categories.

Source: Eurobarometer 53 (Services of general interest), European Commission, 2000

6.2 TELECOMMUNICATIONS

Until the 1980s, most European telecommunications markets were based around state-controlled enterprises with a legal and economic monopoly. However, following the first liberalisation moves at the start of the 1980s - initially concerning value added services and business users - the liberalisation of the sector has progressed at a faster pace in the 1990s. Since January 1998 telecommunication services have been fully liberalised in the majority of EU countries.

Table 6.7: Household ownership of telecom devices in the EU, 1999 (%)

	Fixed only	Mobile only	Both	Total
EU-15	53	4	39	96
Urbanisation (1)				
Metropolitan	52	4	41	97
Urban	50	4	41	95
Rural	57	4	34	95
Income (2)				
High	35	2	62	99
Mid-high	50	3	46	99
Mid-low	58	5	32	95
Low	63	6	18	87
Household size (3)				
One	69	6	15	90
Two	63	3	29	95
Three	45	4	48	97
Four+	41	4	53	98

(1) Metropolitan: principal urban centres including at least the capital; urban: secondary towns and urban centres; rural: smallest localities.

(2) Qualifications (high, mid-high, mid-low and low) established at a national level.

(3) Number of persons living under the same roof, as an indicator of the theoretical communication needs of the household.

Source: The situation of telecommunications services in the regions of the EU, Residential Report, European Commission, April 2000

OWNERSHIP AND NETWORK ACCESS

Telecommunication connections have made their way into virtually all European households. Their penetration rate was estimated to be equal to 96% in 1999, ranging from 81% in Portugal to 99% in Luxembourg and Sweden. Some 53% of households had only a fixed line, 39% had a mobile phone and a fixed line and 4% only a mobile phone.

Breaking down these results by income criteria reveals that there is a clear link between income and equipment use. This was particularly true in terms of dual equipment households, as 62% of high-income households were equipped with both a fixed and a mobile connection in 1999, whilst the corresponding figure for low-income households was only 18% (see table 6.7). In terms of a socio-economic breakdown, a link could also be noted between equipment rates and the size of households, reflecting the greater communication needs of larger families/household units. Urbanisation, in contrast, did not seem to be a discriminating criterion, except for dual equipment rates, which covered 34% of households in rural areas against 41% in urban and metropolitan areas.

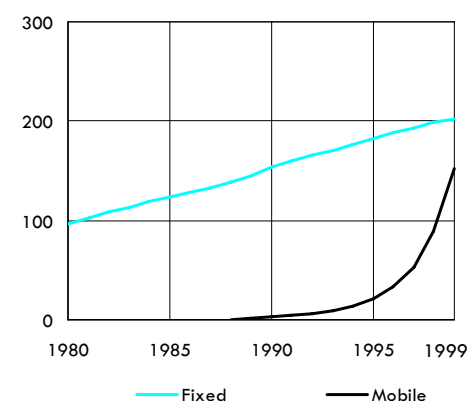
Fixed telephony

When analysing data on network dimensions, it is important to bear in mind that it may be difficult to distinguish between private and business use of the telephone. As an indication,

Eurostat's COINS database reports that approximately three-quarters of main telephone lines were residential, as opposed to professional, ranging between 65% in Luxembourg (1997) and 83% in Germany (1993).

The number of fixed telephone lines in the EU has more than doubled over the past 20 years to reach 202.7 million by 1999, up from 96.6 million in 1980 (see figure 6.7). Growth was fairly stable over this period, with an average of 5.6 million lines being added to the network each year. The fastest expansion was recorded in Portugal (nearly 4.2 times as many lines over the period) and Ireland (3.6 times). The Nordic countries, where connectivity was already at high levels in 1980, recorded the slowest expansion (see table 6.8).

Figure 6.7: Evolution of fixed and mobile telephone lines in the EU (millions)



Source: Eurostat, Communications (theme4/coins)

Table 6.8: Fixed and mobile telephone lines (millions)

	Fixed					Mobile				
	1980	1985	1990	1995	1999	1980	1985	1990	1995	1999
EU-15	96.6	123.8	153.4	182.6	202.7	:	:	3.1	21.5	151.9
B	2.5	3.1	3.9	4.6	5.1	0.0	0.0	0.0	0.2	3.2
DK	2.2	2.5	2.9	3.2	3.6	:	0.0	0.1	0.8	2.6
D	20.5	25.4	32.0	42.0	48.3	:	0.0	0.3	3.8	23.5
EL	2.3	3.1	3.9	5.2	5.6	:	:	0.0	0.3	3.3
E	7.2	9.3	12.6	15.1	17.0	:	0.0	0.1	0.9	15.0
F	15.9	23.0	28.1	32.4	34.1	:	0.0	0.3	1.3	20.6
IRL	0.5	0.7	1.0	1.3	1.8	:	0.0	0.0	0.2	1.7
I	13.0	17.4	22.4	24.8	26.5	:	0.0	0.3	3.9	30.3
L	0.1	0.2	0.2	0.2	0.3	:	0.0	0.0	0.0	0.2
NL	4.9	5.8	6.9	8.1	9.6	:	0.0	0.1	0.5	6.9
A	2.2	2.7	3.2	3.8	3.9	:	0.0	0.1	0.4	4.2
P	1.0	1.4	2.4	3.6	4.2	:	:	0.0	0.3	4.7
FIN	1.7	2.2	2.7	2.8	2.9	0.0	0.1	0.3	1.0	3.4
S	4.8	5.2	5.8	6.0	6.0	0.0	0.1	0.5	2.0	5.2
UK	17.7	21.7	25.4	29.4	33.8	:	0.1	1.1	5.7	27.2

Source: Eurostat, Communications (theme4/coins)

Table 6.9: Fixed and mobile telephone lines per 100 inhabitants (units)

	Fixed					Mobile				
	1980	1985	1990	1995	1999	1980	1985	1990	1995	1999
EU-15	27.2	34.5	42.1	49.1	54.1	:	:	0.9	5.7	40.5
B	25.0	31.1	39.3	45.7	50.2	0.0	0.0	0.5	2.3	31.4
DK	43.5	49.7	56.6	61.3	68.5	:	0.9	2.9	15.7	49.5
D	26.2	32.7	40.3	51.4	58.8	:	0.0	0.3	4.6	28.6
EL	23.6	31.4	38.9	49.4	52.8	:	:	0.0	2.6	31.1
E	19.3	24.3	32.4	38.5	43.1	:	0.0	0.1	2.4	38.1
F	29.5	41.7	49.5	55.7	57.9	:	0.0	0.5	2.2	35.0
IRL	14.2	19.9	28.0	36.4	47.8	:	0.0	0.7	4.4	45.7
I	23.1	30.7	39.4	43.4	46.2	:	0.0	0.5	6.8	52.8
L	36.3	42.0	48.1	57.1	72.4	:	0.0	0.2	6.6	48.7
NL	34.6	40.2	46.4	52.6	60.6	:	0.0	0.5	3.5	43.5
A	29.0	36.0	41.7	47.2	48.2	:	0.1	0.9	4.8	51.4
P	10.1	14.0	24.0	36.2	42.4	:	:	0.1	3.4	46.8
FIN	36.4	44.7	53.6	55.0	55.2	0.5	1.4	5.2	20.3	65.1
S	58.0	62.8	68.3	68.1	67.4	:	0.9	5.4	22.9	58.3
UK	31.4	38.2	44.1	50.3	57.5	:	0.1	2.0	9.8	46.3

Source: Eurostat, Communications (theme4/coins)

Despite the strong growth mentioned above, Portugal still displayed the lowest connectivity rate in 1999, with only 42.4 lines per 100 inhabitants, whilst the EU average stood at 54.1 lines (see table 6.9). Luxembourg boasted the highest ratio, equal to 72.4 lines per 100 inhabitants, ahead of Denmark (68.5) and Sweden (67.4). In the case of Sweden, it is interesting to note that

Table 6.10: Mean number of fixed telephone lines per household in the EU, 1999 (units)

EU-15	1.15
Urbanisation (1)	
Metropolitan	1.17
Urban	1.15
Rural	1.13
Income (2)	
High	1.35
Mid-high	1.13
Mid-low	1.09
Low	1.05
Household size (3)	
One	1.09
Two	1.13
Three	1.15
Four+	1.19

(1) Metropolitan: principal urban centres including at least the capital; urban: secondary towns and urban centres; rural: smallest localities.

(2) Qualifications (high, mid-high, mid-low and low) established at a national level.

(3) Number of persons living under the same roof, as an indicator of the theoretical communication needs of the household.

Source: The situation of telecommunications services in the regions of the EU, Residential Report, European Commission, April 2000

network expansion has been slower than population growth during the 1990s. As a consequence, Sweden's connectivity rate has decreased from 68.3 lines per 100 inhabitants in 1990, a sign that an upper limit has been reached (with Sweden's connectivity rate the highest within the EU between 1980 and 1998) and that a substitution effect towards mobile subscribers may have begun.

According to a survey published in April 2000 by the European Commission³, the two most frequent reasons given for non-ownership of a fixed line were that the household had no need for the service (36%), because they either had a mobile phone or easy access to a phone elsewhere, or that the household could not afford the service (also 36%) - see tables 6.10 and 6.11.

The digitalisation of the fixed line infrastructure is virtually complete across the EU. On the customer side (businesses and households), the number of ISDN lines has witnessed rapid growth. From virtually no ISDN subscriptions in 1990, their number soared to 17 million by 1998. The European Information Technology Observatory (EITO) forecast that the number of ISDN lines will reach 55.6 million in 2001 and 70.9 million by 2003⁴.

Household use of ISDN is slowly gaining momentum, in particular as a means for high-speed Internet access, where it competes with digital subscriber lines (DSL) and cable modems. Some 5.4% of respondents to the spring 2000 Eurobarometer survey (53) declared that they used an ISDN line at home (see tables 6.12 and 6.13). The share was highest in the Netherlands (13.2%), Luxembourg (12.4%) and Germany (12.0%).

Table 6.11: Reasons for not having a fixed telephone line in the EU, 1999 (%)

	Plan to get one, awaiting installation	Need is satisfied otherwise	Do not want one	Too expensive	Other
EU-15	15	36	20	36	12
Urbanisation (1)					
Metropolitan	16	40	17	33	16
Urban	14	37	20	39	12
Rural	15	34	23	35	10
Income (2)					
High	21	47	18	19	9
Mid-high	17	48	17	28	12
Mid-low	17	36	19	36	12
Low	11	31	25	45	11
Household size (3)					
One	10	39	24	31	13
Two	15	35	24	40	12
Three	21	35	15	37	11
Four+	15	37	16	38	12

(1) Metropolitan: principal urban centres including at least the capital; urban: secondary towns and urban centres; rural: smallest localities.

(2) Qualifications (high, mid-high, mid-low and low) established at a national level.

(3) Number of persons living under the same roof, as an indicator of the theoretical communication needs of the household.

Source: The situation of telecommunications services in the regions of the EU, Residential Report, European Commission, April 2000

(3) The situation of telecommunications services in the regions of the EU, Residential Report, European Commission, April 2000.

(4) Western Europe, including the EEA and Turkey.

Table 6.12: Household penetration of telecommunication devices and services in the EU, 2000 (%)

	ISDN line	Fax (1)	Mobile phone	Internet connection
EU-15	5.4	9.2	55.0	18.3
B	4.0	12.2	50.2	20.2
DK	9.1	11.2	60.7	45.3
D	12.0	12.8	39.4	13.6
EL	0.4	1.9	52.1	5.8
E	1.1	3.5	56.8	9.6
F	2.3	8.8	52.0	12.9
IRL	1.3	6.1	50.0	17.5
I	3.0	8.3	73.1	19.2
L	12.4	22.2	64.0	26.9
NL	13.2	18.1	63.3	46.1
A	7.7	12.9	51.5	16.9
P	1.1	2.8	46.7	8.4
FIN	5.9	9.4	80.4	28.2
S	4.4	12.2	71.4	47.5
UK	3.6	7.8	56.8	24.4

(1) Working without a PC.

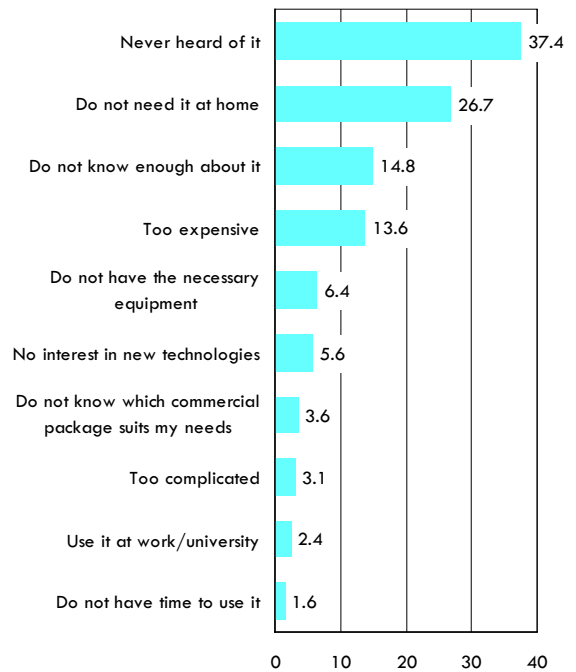
Source: Eurobarometer 53 (Measuring Information Society), European Commission, 2000

Table 6.13: Household penetration of telecommunication devices and services in the EU, 2000 (%)

	ISDN line	Fax (1)	Mobile phone	Internet connection
EU-15	5.4	9.2	55.0	18.3
Sex				
Male	6.3	10.5	58.6	21.0
Female	4.5	8.0	51.6	15.9
Age				
15-24	6.1	9.1	73.3	23.2
25-39	7.7	10.8	68.2	23.7
40-54	6.5	12.4	60.7	23.1
55+	2.1	5.6	30.3	7.8
Occupation				
Self employed	10.4	24.3	73.5	24.1
Managers	12.2	17.3	71.3	39.2
Other white collar	6.5	11.1	68.0	26.3
Manual workers	4.9	5.6	60.3	15.0
House person	4.0	6.3	46.1	11.5
Unemployed	2.5	4.2	59.9	13.8
Retired	1.3	4.1	25.0	5.9
Students	6.9	12.1	70.5	32.4
Income				
High	12.0	19.0	73.0	37.0
Mid-high	7.0	10.0	62.0	20.0
Mid-low	3.0	6.0	48.0	11.0
Low	3.0	3.0	34.0	8.0

(1) Working without a PC.

Source: Eurobarometer 53 (Measuring Information Society), European Commission, 2000

Figure 6.8: Reasons for not having an ISDN line in the EU, 2000 (% of those not owning an ISDN line) (1)

(1) Multiple answers allowed.

Source: Eurobarometer 53 (Measuring Information Society), European Commission, 2000

Mobile telephony

There has been a widespread adoption of cellular wireless technology in recent years. The number of mobile subscribers reached 151.9 million in the EU in 1999 (see table 6.8 above), equivalent to 40.5% of the population, up from 3.1 million in 1990. Estimates of the number of mobile subscriptions for the year 2000 exceed 235 million⁵ and, according to EITO, their number in Europe⁶ was forecast to reach 429.8 million by 2003, some 170.1 million more than the number of fixed lines. In some countries (Italy, Austria and Finland), the penetration of mobile phones already exceeds that of fixed lines (see table 6.9 above).

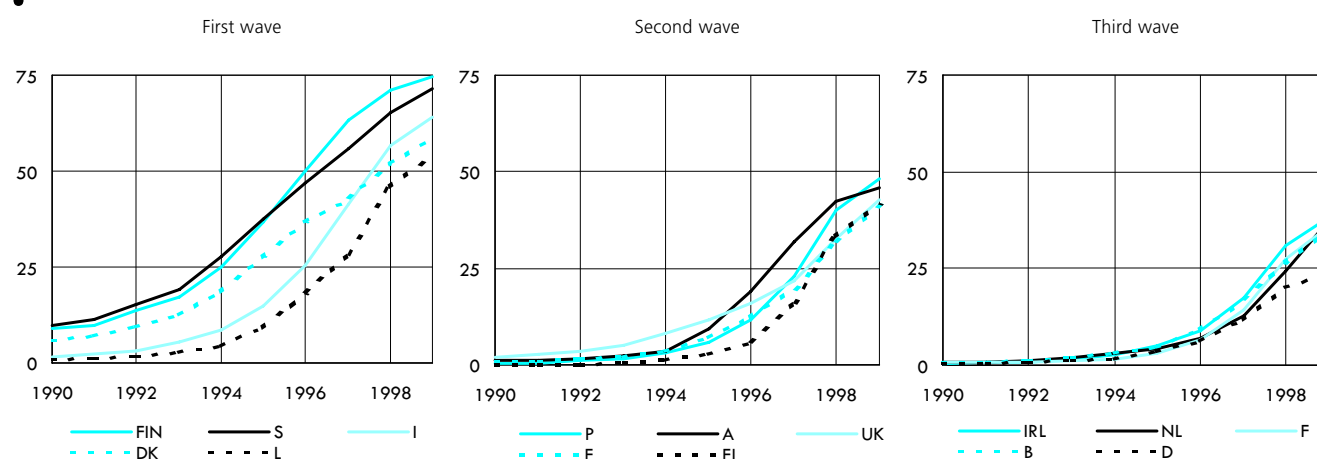
Finland boasted the highest penetration rate of mobile phones in 1999, with 65.1 subscriptions per 100 inhabitants, ahead of Sweden (58.3) and Italy (52.8). As in the case of fixed lines, it should be borne in mind that once again these figures include phones acquired for professional purposes, which may account for a significant share of mobile subscriptions.

The Eurobarometer survey (53) on measuring information society carried out in the spring of 2000 sheds some light on the penetration of mobile phones within households alone (see tables 6.12 and 6.13 above). Some 55% of EU households surveyed had a mobile phone. The highest proportion was recorded in Finland (80.4%), with Italy (73.1%) just ahead of Sweden (71.4%) as the second most equipped country. Germany displayed the lowest rate (39.4%), and was the only country, together with Portugal (46.7%), where household penetration rates remained below 50%.

(5) Informa Telecom Group and Information Society Statistics, Statistics in Focus, Theme 4 23/2001, Eurostat, 2001.

(6) Western Europe, including the EEA and Turkey.

Figure 6.9: Household take-up of mobile phones (%) (1)



(1) 1999 data refers to mid year.

Source: The situation of telecommunications services in the regions of the EU, Residential Report, European Commission, April 2000

An important development within the sphere of mobile telephony in recent years has been the introduction of pre-paid access. Pre-paid cards constitute a convenient solution for persons claiming “not to need” a mobile phone or deeming it “too expensive” (see table 6.14). Pre-paid cards grant subscribers the basic benefits of mobile network access (being reachable or being able to make emergency calls), whilst giving them greater control over expenditure without feeling burdened by a subscription. According to the OECD⁷, “with the exception of Finland, the [mobile penetration] rankings of different countries have been increasingly affected by how actively operators have marketed pre-paid cards. In countries such as Portugal and Italy, the overwhelming majority of users are pre-paid”, with levels between 80% and 90% (see table 6.15). In contrast, the post-paid model still represents the vast majority of subscriptions in Germany, where connectivity rates remain at low levels.

(7) Communications Outlook, OECD, 2001.

Table 6.14: Reasons for not having a mobile telephone in the EU, 1999 (% of those without a mobile phone) (1)

	Plan or consider getting one	Need is satisfied otherwise	Do not want one	Too expensive	Other
EU-15	13	35	53	12	9
Urbanisation (2)					
Metropolitan	13	35	53	12	9
Urban	13	32	54	13	7
Rural	12	38	50	12	10
Income (3)					
High	23	34	44	4	10
Mid-high	16	41	47	8	9
Mid-low	12	39	53	13	7
Low	8	30	56	21	8
Household size (4)					
One	8	33	59	15	9
Two	9	38	57	10	8
Three	18	34	47	12	9
Four+	18	33	45	13	10

(1) Multiple answers allowed.

(2) Metropolitan: principal urban centres including at least the capital; urban: secondary towns and urban centres; rural: smallest localities.

(3) Qualifications (high, mid-high, mid-low and low) established at a national level.

(4) Number of persons living under the same roof, as an indicator of the theoretical communication needs of the household.

Source: The situation of telecommunications services in the regions of the EU, Residential Report, European Commission, April 2000

Table 6.15: Proportion of mobile subscriptions that are pre-paid users, 1999 (%)

Operator	Pre-paid subscriptions	Operator	Pre-paid subscriptions	Operator	Pre-paid subscriptions
B Belgacom	20	F France Télécom	40	A MaxMobil	40
B Mobistar	59	F SFR	39	A Mobilkom	:
DK Sonofon	39	F Bouygues Télécom	43	A One	:
DK Mobilix	60	IRL Eircell	60	P TMN	84
DK Telia Denmark	:	IRL Esat	:	P Telecel	73
D T-Mobil	12	I Telecom Italia Mobile	82	P Optimus	81
D Mannesmann	15	I Omnitel	90	FIN Radiolinja	Pre-paid not offered
D E-Plus	25	I Wind	:	FIN Sonera	1
D Viag	20	L P&T	19	FIN Telia Mobil	:
EL Panafon	62	L Tango	30	S Telia	35
EL Telestet	62	NL KPN	53	S Europolitan	19
EL Cosmote	36	NL Libertel	66	S Comviq	55
E Telefonica	61	NL Dutchtone	Majority pre-paid	UK Cellnet	50
E Airtel	40	NL Telfort	Majority post paid	UK Vodafone	58
E Amena	:	NL Ben	:	UK Orange	57
				UK One2One	63

Source: Communications Outlook, OECD, 2001, and Public Networks Europe in Cellular Mobile Pricing Structures and Trends, OECD, 2000

Table 6.16: Number of public payphones (thousands)

	1995	1998	1999
B	14.9	15.9	16.7
DK	8.1	7.8	6.3
D	165.0	148.0	137.0
EL	40.5	62.1	64.5
E	52.5	64.4	66.9
F	206.0	242.9	243.3
IRL	6.6	8.4	:
I	383.9	380.8	361.3
L	1.3	0.5	:
NL (1)	19.0	22.6	19.2
A (2)	33.8	29.0	29.0
P	33.1	40.0	44.2
FIN (2)	25.3	21.3	16.3
S (3)	:	:	14.0
UK (2)	140.1	143.0	152.0

(1) 1998 and 1999 excludes Telfort.

(2) Including public payphones installed in private places.

(3) Telia cardphones only.

Source: Communications Outlook, OECD, 2001

Other telecommunications services

There were 1.2 million public payphones in the EU in 1999 (see table 6.16), a number that showed only a slight increase since 1995. Greece and Italy had the densest networks, with more than six public phones per thousand inhabitants, twice the EU average.

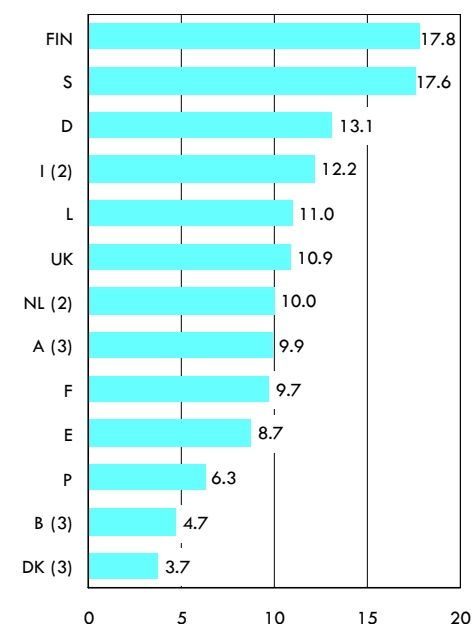
Some 9.2% of EU households declared that they owned a stand-alone fax machine in 2000. Luxembourg and the Netherlands reported significantly higher levels of penetration, as did self-employed persons and high-income households (see tables 6.12 and 6.13 above).

CONSUMPTION

Telephone consumption can be measured by the total duration of all telephone calls made in one country during a given period. In Finland and Sweden, an average of almost 18 minutes of national calls were made on each telephone line every day in 1999, whilst the EU figure lay around 10 minutes (see figure 6.10). The duration of national calls is primarily influenced by price, whilst Internet access has also become an important factor, as most households still connect to their service provider through a modem⁸.

International calls, including both intra and extra-EU calls, were much shorter than national calls, averaging just 23 seconds per line per day in 1998 (see table 6.17), or 2 minutes and 43 seconds per week. Smaller countries naturally reported longer average duration for international calls, with the highest figure in Luxembourg (169 seconds per day) in 1999. Amongst the larger Member States, particularly low levels of international calls were recorded in Spain and France (15 seconds per day), when compared to the United Kingdom (30 seconds per day). It must be noted that the above figures do not differentiate between calls made by households and those made by business, which represent a particularly large share of international traffic.

(8) According to the OECD, in 1999 the Internet accounted for 38% of all local telecom traffic in S, 32% of local calls of KPN in NL, and traffic generated by Internet access grew by 154% in P.

Figure 6.10: Average duration of national telephone calls, 1999 (minutes per line per day) (1)

(1) EL and IRL, not available.

(2) 1998.

(3) 1997.

Source: Eurostat, Communications (theme4/coins)

When not using the telephone for calling family or friends, or accessing the Internet, 40% of EU households declared that they used their home telephone to access services, such as telephone-banking, ordering goods and services or getting information. This was particularly commonplace in Sweden (68% of households use at least one of these services) and the United Kingdom (54%), as opposed to Ireland (27%) or Italy (25%). Only 24% of low-income households used added-value telephone services against 53% of high-income households. The most popular service was access to information through free or standard-priced calls (for example telephone number queries), used by 24% of EU households (see figure 6.11). Ordering goods or services (food delivery or mail order) was next (16%), ahead of phone banking (12%). Premium-rate information services attracted only 9% of households in the EU.

Mobile telephony use, as measured by the average number of minutes of calls per subscriber, was highest in the EU⁹ in Finland (3.7 minutes per day) and Sweden (3.0 minutes) in 1999. Spain (1.7 minutes) and Luxembourg (1.1 minutes) had the lowest use of mobile phones using this measure. It should be noted that as the number of personal subscriptions increases, the average use tends to decrease. Data collected from a limited number of companies by the OECD showed that, in 1999, the average minutes of use per user was more than three times lower for pre-paid users than for post-paid users¹⁰.

(9) Eurostat (COINS); excluding B, EL, F, IRL, I, NL and A.

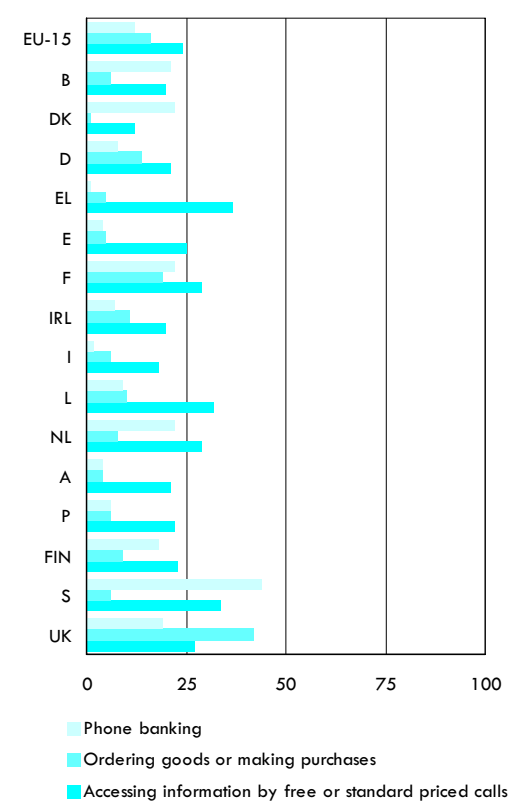
(10) Communications Outlook, OECD, 2001.

Table 6.17: Average duration of international outgoing telephone calls (seconds per line per day)

	1995	1996	1997	1998	1999
EU-15	:	:	17	23	:
B	39	42	45	47	51
DK	27	30	25	27	30
D	:	:	18	21	24
EL	15	16	18	20	21
E	11	10	12	10	15
F	14	14	15	16	15
IRL	51	69	76	91	94
I	12	13	14	17	19
L	163	158	169	165	169
NL	30	29	28	32	37
A	39	40	44	51	:
P	14	13	13	19	21
FIN	18	20	22	23	25
S	:	:	28	35	42
UK	23	24	29	29	30

Source: Eurostat, Communications (theme4/coins)

Figure 6.11: Value added telephone services used in households, 1999 (%)



Source: The situation of telecommunications services in the regions of the EU, Residential Report, European Commission, April 2000

CONSUMPTION EXPENDITURE

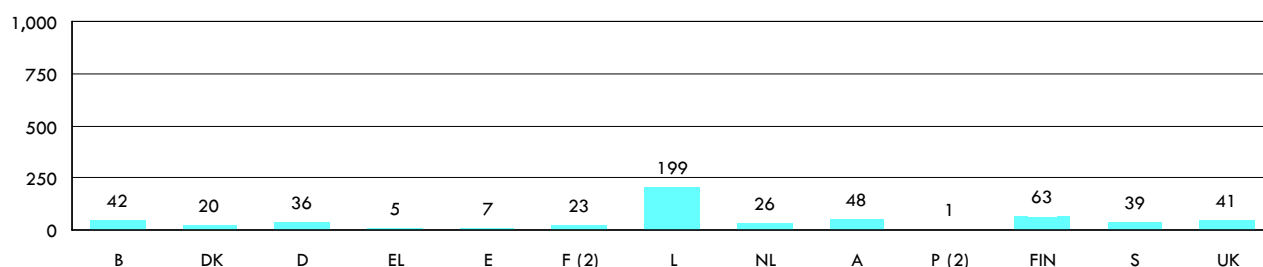
Telecommunications consumption expenditure can be broken down between equipment and services (see figures 6.12 and 6.13). As a general rule, equipment represents a marginal share of total expenditure and is limited to the occasional acquisition of home phones, answering machines, mobile phones or fax machines. On average, consumption expenditure on telecommunications equipment was below 30 PPS per household per year in 1999. The very high value displayed by Luxembourg (199 PPS) can probably be attributed to exceptional local circumstances (for example, several households participating in the survey reporting unusually high equipment expenditure)¹¹.

Household consumption expenditure on telecommunication services ranged between 317 PPS (Portugal) and 751 PPS (Greece) in 1999¹². In relative terms, consumers in Greece dedicated the highest share of their household budget to telecommunication services (3.2%), in contrast with Luxembourg (1.6%), whilst for most other countries the average stood around 2.1%. The weight of telecommunication services in total consumption expenditure was higher in households from lower income and age brackets. Similarly, it was notably higher for single revenue households, such as persons living alone or single parents with dependent children.

(11) For the whole of this section on consumption expenditure: F and P, 1994.

(12) IRL, not available.

Figure 6.12: Telephone and telefax equipment
Mean consumption expenditure, 1999 (PPS per household) (1)

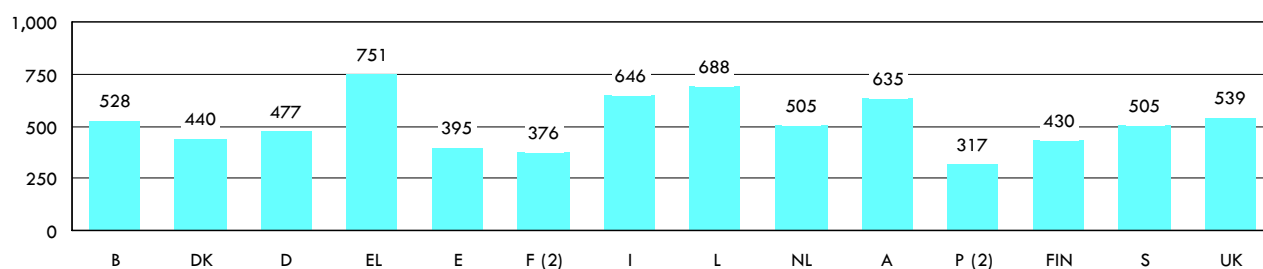


(1) IRL and I, not available.

(2) 1994.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 6.13: Telephone and telefax services
Mean consumption expenditure, 1999 (PPS per household) (1)



(1) IRL, not available.

(2) 1994.

Source: Eurostat, Household Budget Survey (theme3/hbs)

PRICES

Tables 6.18 to 6.21 present the results of a European Commission report on telephone charges faced by residential users in 2000. The tariffs collected were those of the incumbent operators, and they showed great divergence within the EU on the basis of a three-minute call. For each tariff category considered (local, long distance, to mobile or international), prices varied by a factor of at least two between the cheapest country and the most expensive. The extreme case was that of a long-distance national call at economy tariff, that cost €0.03 for three minutes in Ireland against €0.44 in Greece. In contrast, Greek local calls were generally at a lower level than the average European price.

Calls to mobile phones were priced, on average, more than 8.5 times the price of local calls during any given time period, and they were approximately three times the price of a long distance national call. They were cheapest in Denmark (€0.59 peak and €0.31 off-peak) and highest in Germany (€1.27) for peak hours, France (€1.12) for off-peak hours and Greece (€1.10) for economy hours.

Table 6.18: Residential annual telephone charges, 2000 (€)

	Consumption basket (1)				
	Very low	Low	Medium	High	Very high
B	102	309	433	605	1,150
DK	204	294	381	497	849
D	109	263	382	535	1,061
EL	152	206	331	507	1,075
E	57	242	345	489	961
F	171	252	371	534	1,022
IRL	246	297	399	536	919
I	109	257	373	533	1,024
L	212	257	345	459	842
NL	179	266	345	453	777
A	245	331	446	602	1,046
P	191	289	428	618	1,159
FIN	209	259	360	494	886
S	245	288	381	512	934
UK	195	300	415	566	1,063

(1) Very low: the phone is mainly kept for security reasons; Low: mostly domestic fixed line usage, a small proportion of the calls is international, to mobile phones and the Internet; Medium: median residential user; High: higher level of usage than Medium, with national fixed line calls dominating; Very high: highest level of usage, with a reasonable amount of international calling, and many calls to mobile phones.

Source: Teligen *in* Report on Telecoms Tariff Analysis - Volume 1: Residential, European Commission, 2000

Table 6.19: Connection and monthly rental charges for fixed telephone lines, 2000 (€, excluding VAT)

	Standard connection charge (1)	Standard monthly rental (2)	ISDN connection charge (3)	ISDN monthly rental (3)
Average	83.18	11.21	159.81	27.28
B	54.54	13.39	66.93	29.00
DK	102.10	12.93	150.46	17.27
D	44.46	10.93	44.46	32.89
EL	30.21	6.95	60.41	18.12
E	127.72	8.67	168.28	22.84
F	38.56	9.83	102.90	30.18
IRL	103.88	13.00	441.87	36.82
I	103.29	9.30	103.29	16.53
L	61.97	11.90	74.37	18.59
NL	38.62	13.36	86.89	19.29
A	109.01	14.53	130.81	23.98
P	71.83	11.17	139.66	23.89
FIN	134.55	9.65	84.00	4.20
S	90.73	9.77	229.74	23.26
UK	136.25	12.73	402.69	37.15

(1) Excluding VAT; B, €16.36 for low income and elderly customers; E, €38.31 for disabled and elderly customers; A, minimum charge; FIN, tax free.

(2) Charges may vary according to location or low-usage schemes; excluding VAT.

(3) Basic residential ISDN (two 64 kbits/s channels); excluding VAT; DK, within the Funen region; D, monthly rental for professional package; F, excluding Euro-Numeris; IRL, access provided with two free numbers; S, cities with ISDN exchange; UK, low start.

Source: Teligen *in* Report on Telecom Tariff Data as of January 2000, European Commission, May 2000

Table 6.20: Price of a three-minute fixed line telephone call, 2000 (€, excluding VAT) (1)

	Local			Long-distance national			To mobile			Intra-EU		
	Peak time (2)	Off-peak time (3)	Economy (4)	Peak time (2)	Off-peak time (3)	Economy (4)	Peak time (2)	Off-peak time (3)	Economy (4)	Peak time (2)	Off-peak time (3)	Economy (4)
Average	0.11	0.08	0.07	0.34	0.22	0.19	0.95	0.70	0.61	0.99	0.89	0.78
B	0.12	0.06	0.06	0.43	0.21	0.21	1.15	0.57	0.57	1.32	1.32	0.89
DK	0.11	0.06	0.06	0.16	0.09	0.09	0.59	0.31	0.31	1.09	0.79	0.79
D	0.11	0.11	0.05	0.48	0.16	0.16	1.27	0.63	0.63	0.84	0.75	0.75
EL	0.06	0.06	0.04	0.57	0.57	0.44	1.10	1.10	1.10	1.14	1.14	0.89
E	0.08	0.07	0.07	0.54	0.28	0.28	0.86	0.86	0.47	1.02	1.02	0.91
F	0.09	0.09	0.09	0.33	0.24	0.24	1.12	1.12	0.74	0.71	0.57	0.57
IRL	0.13	0.03	0.03	0.31	0.21	0.03	0.72	0.48	0.48	1.06	0.92	0.88
I	0.10	0.08	0.08	0.48	0.29	0.29	0.88	0.42	0.42	1.03	1.03	0.88
L	0.11	0.11	0.11	0.11	0.11	0.11	0.86	0.65	0.65	0.54	0.43	0.43
NL	0.10	0.07	0.06	0.17	0.09	0.11	0.91	0.62	0.62	0.53	0.49	0.49
A	0.19	0.13	0.13	0.48	0.18	0.19	0.78	0.60	0.60	0.95	0.83	0.83
P	0.12	0.12	0.10	0.39	0.39	0.26	0.93	0.93	0.77	1.03	1.03	0.54
FIN	0.11	0.11	0.11	0.25	0.16	0.16	0.83	0.60	0.60	1.28	0.88	0.88
S	0.10	0.07	0.07	0.14	0.09	0.09	1.01	0.74	0.74	0.99	0.99	0.99
UK	0.16	0.06	0.04	0.33	0.16	0.12	1.24	0.83	0.41	1.30	1.16	1.03

(1) Bold indicates the country with the lowest pre-tax price; blue indicates the country with the highest pre-tax price.

(2) 11:00 weekdays.

(3) 20:00 weekdays.

(4) Cheapest rate possible, regardless of time of day; rates for night-time weekdays and Sunday are the same (and lowest) in all countries except D (lowest on weekdays night-time) and UK (lowest on Sundays).

Source: Teligen in Report on Telecom Tariff Data as of January 2000, European Commission, May 2000

Table 6.21: Price of a three-minute fixed line intra-EU call at peak-time, 2000 (€, excluding VAT) (1)

From	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
To B	-	1.17	0.63	1.14	1.02	0.65	0.94	1.03	0.54	0.34	0.96	1.05	1.43	0.90	1.17
DK	1.11	-	0.63	1.14	1.02	0.65	1.20	1.03	0.54	0.39	0.96	1.05	0.48	0.46	1.17
D	1.11	0.79	-	1.14	1.02	0.65	0.94	1.03	0.54	0.31	0.77	1.02	1.26	0.71	1.17
EL	1.47	1.46	1.11	-	1.02	0.84	1.20	1.03	0.54	0.97	1.09	1.05	1.43	1.43	1.47
E	1.47	1.46	0.63	1.14	-	0.65	1.20	1.03	0.54	0.49	0.96	0.90	1.43	1.22	1.47
F	1.11	1.16	0.63	1.14	1.02	-	0.94	1.03	0.54	0.38	0.96	1.02	1.43	0.94	1.17
IRL	1.47	1.17	1.11	1.14	1.02	0.84	-	1.03	0.54	0.73	0.96	1.05	1.43	1.15	0.95
I	1.47	1.14	0.63	1.14	1.02	0.65	1.20	-	0.54	0.49	0.77	1.05	1.43	1.13	1.47
L	1.11	1.30	0.63	1.14	1.02	0.65	0.94	1.03	-	0.34	0.96	1.05	1.43	1.15	1.17
NL	1.11	1.01	0.63	1.14	1.02	0.65	0.94	1.03	0.54	-	0.96	1.05	1.43	0.71	1.17
A	1.47	1.14	0.63	1.14	1.02	0.84	1.20	1.03	0.54	0.68	-	1.05	1.43	1.43	1.59
P	1.47	1.46	1.27	1.14	1.02	0.84	1.20	1.03	0.54	0.97	1.09	-	1.43	1.43	1.47
FIN	1.47	0.66	1.27	1.14	1.02	0.84	1.20	1.03	0.54	0.68	0.96	1.05	-	0.46	1.59
S	1.47	0.53	1.27	1.14	1.02	0.65	1.20	1.03	0.54	0.39	0.96	1.05	0.48	-	1.17
UK	1.11	0.79	0.63	1.14	1.02	0.65	0.50	1.03	0.54	0.28	0.96	1.02	1.43	0.71	-

(1) Bold indicates the country with the lowest pre-tax price; blue indicates the country with the highest pre-tax price.

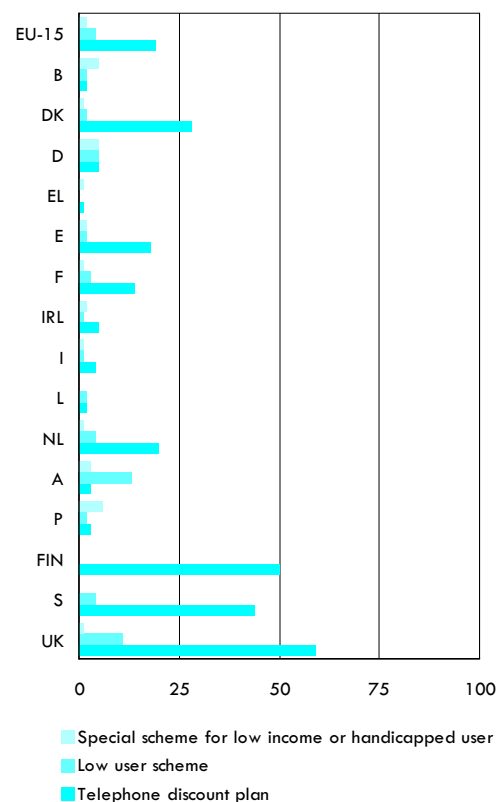
Source: Teligen in Report on Telecom Tariff Data as of January 2000, European Commission, May 2000

International intra-EU calls were generally most expensive when made from Belgium or the United Kingdom, either during peak or off-peak hours, whilst Luxembourg and the Netherlands offered the cheapest rates.

It should be noted that almost one-quarter of European households had recourse to special telephone tariff schemes to limit their expenditure in 1999: through discount plans (19%), low use schemes (4%) or special tariffs for low-income or handicapped persons (2%) - see figure 6.14.

The Eurobarometer survey (53) on services of general interest that was conducted in the spring of 2000 reports that 46.6% of Europeans expressed dissatisfaction (and 49.9% expressed satisfaction) with the level of the prices for fixed telephony services. The level of dissatisfaction was highest in Italy (70.4%), Spain (65.2%) and Portugal (62.5%), whilst lowest in Luxembourg (26.7%), the United Kingdom (28.3%), Ireland (32.7%) and Germany (33.6%). Nevertheless, even in these countries the level of price dissatisfaction was relatively high when compared to other services of general interest.

Figure 6.14: Use of special telephone tariff schemes, 1999 (%)



Source: The situation of telecommunications services in the regions of the EU, Residential Report, European Commission, April 2000

Table 6.22: Connection charges, monthly rental and operation charges for low volume digital mobile services, 2000
(€, excluding VAT) (1)

	Operator	Package (2)	Connection	Monthly rental	3 minute call to fixed network		3 minute call to same mobile network		3 minute intra-EU call	
					Peak	Off-peak	Peak	Off-peak	Peak	Off-peak
B	Proximus	ProxiFun	30.73	10.76	1.60	0.34	0.37	0.25	2.92	1.23
	Mobistar	Optimum 1	20.49	10.24	0.92	0.31	0.31	0.31	2.85	1.19
DK	Tele Danmark Mobil	Mobil Fritid Plus	75.23	8.95	1.32	0.25	1.32	0.25	1.73	1.43
	Sonofon	Fritids	75.23	8.60	1.32	0.25	1.32	0.25	2.44	1.06
D	T-Mobil D1	Telly D1	22.02	11.00	1.70	0.52	0.90	0.52	2.62	1.72
	Mannesmann D2	Fun	22.02	11.00	1.70	0.52	0.90	0.52	2.50	1.79
EL	Cosmote	Basic Programme 2	0.00	8.46	0.87	0.87	0.87	0.87	2.00	1.76
	Panafon	Economy	0.00	19.63	1.59	0.82	1.59	0.82	2.40	1.52
E	Movistar	Personal	21.04	12.02	1.47	0.66	0.84	0.48	1.74	1.56
	Airtel	Provincial	21.04	11.84	0.75	0.30	0.84	0.30	1.74	1.56
F	Itineris	Dedic	53.36	12.52	1.82	0.46	1.36	0.34	1.31	1.31
	SFR	Forfait SFR 30	53.09	17.07	0.95	0.95	0.46	0.46	1.47	1.30
IRL	Eircell	Eirtime 10	44.44	12.60	1.57	0.63	0.38	0.38	2.00	1.62
	Esat Digifone	Select 1	44.44	12.70	1.52	0.48	0.48	0.48	1.97	1.62
I	Telecom Italia Mobile	Euro Time	0.00	7.75	1.27	0.49	1.27	0.49	:	:
	Omnitel	Nuovo Personal 195	0.00	0.00	1.03	0.41	1.03	0.41	1.03	1.03
L	LuxGSM	Liberty	43.11	10.78	0.65	0.32	0.45	0.32	1.26	1.09
	Tango	Twist	0.00	10.78	0.58	0.32	0.32	0.32	1.16	0.91
NL	KPN GSM	Flexibel Hi	41.97	13.50	1.14	0.29	1.14	0.29	1.67	0.78
	Libertel	Personal	40.84	13.50	0.59	0.29	0.59	0.29	2.05	1.04
A	Mobilkom	A-1 Fun	27.25	17.44	0.71	0.34	0.18	0.18	1.07	1.29
	Maxmobil	Freizeit. max	26.89	18.11	0.53	0.34	0.18	0.18	1.36	1.36
P	TMN	TMN Basic	0.00	9.98	0.99	0.99	0.36	0.36	0.45	0.99
	Telecel	IntraRede	0.00	10.47	1.02	1.02	0.37	0.36	1.02	0.49
FIN	Sonera GSM	Private	6.73	2.30	0.99	0.33	0.41	0.33	2.22	1.20
	Radiolinja	Basic	6.47	4.14	0.95	0.26	0.36	0.26	1.96	1.22
S	Telia Mobil	Mobitel Pott	23.26	8.84	1.71	0.60	1.71	0.60	1.71	1.53
	Comviq	Joker	18.61	2.33	1.54	0.56	1.54	0.56	1.62	1.62
UK	Cellnet	Occasional Caller Plus	48.18	24.08	1.53	0.08	1.53	0.08	3.88	3.88
	Vodafone	Vodafone 120	48.19	34.45	1.03	0.21	1.03	0.21	3.88	3.88

(1) Bold indicates the country with the lowest pre-tax price; blue indicates the country with the highest pre-tax price.

(2) Packages with a figure attached (120 or 6H) will normally include the corresponding number of minutes or hours as free calls.

Source: Teligen in Report on Telecom Tariff Data as of January 2000, European Commission, May 2000

Turning to mobile telephony, table 6.22 shows the price of low-volume user packages for some of the main operators in the EU. It should be analysed in parallel with the price of pre-paid services shown in tables 6.23 and 6.24. Mobile telephony prices show a similar divergence, with the most expensive rates being three to ten times higher than the cheapest on offer for each call type (national, within the same mobile network or international) and time band (peak, off-peak, economy).

The Eurobarometer survey (53) reports that 48.5% of Europeans expressed dissatisfaction (only 38.9% were satisfied) with the level of prices for mobile telephony services. The highest levels of dissatisfaction were recorded in Spain (60%), France (58.6%) and Sweden (56.5%), whilst the lowest were in Austria (29.8%), the United Kingdom (30.2%) and Luxembourg (33.0%). Nevertheless, as with fixed telephony services, consumer dissatisfaction with price levels was generally high for mobile telephony services when compared with other services of general interest.

Table 6.23: Fixed charges for pre-paid packages, 2000 (€)

	Operator	Package	Card price	Card validity
B	Proximus	Pay & Go	10.24	12 months
DK	Tele Danmark Mobil	MobilTid	10.75	3 months
D	T-Mobil D1	Xtra	11.02	183 days
EL	Cosmote	Cosmokarta	12.80	365 days
E	Movistar	Joven	25.91	9 months
F	Itineris	Mobicarte Classic	8.85	6 months
IRL	Eircell	Ready to go	20.99	8 months
I	Telecom Italia Mobile	RicariCard	21.52	12 months
L	LuxGSM	Tip Top	21.56	3 months
NL	KPN GSM	Hi Pre Pay	9.66	12 months
A	Mobilkom	B-Free Classic	12.14	:
P	TMN	Mimo Easy	21.31	90 days
FIN	Sonera	Easy	13.78	6 months
S	Telia Mobil	Refill	23.26	12 months
UK	Cellnet	U	13.76	90 days

Source: Teligen in Report on Telecom Tariff Data as of January 2000, European Commission, May 2000

Table 6.24: Call charges for pre-paid packages, 2000 (€) (1)

	3 minute call to fixed network			3 minute call to same mobile network			3 minute intra-EU call	
	Peak	Off-peak	Economy	Peak	Off-peak	Economy	Peak	Off-peak
B	1.84	0.61	0.61	0.92	0.61	0.61	3.16	1.50
DK	1.61	0.81	0.81	1.61	0.81	0.81	2.69	1.58
D	2.24	0.90	0.25	0.90	0.52	0.52	4.88	4.88
EL	1.79	1.79	1.79	1.79	1.79	1.79	2.93	2.68
E	2.70	0.45	0.45	0.90	0.45	0.45	:	:
F	1.59	1.59	1.59	0.91	0.91	0.91	1.82	1.82
IRL	1.57	0.63	0.63	1.57	0.63	0.63	2.51	2.51
I	1.22	1.22	1.22	1.22	1.22	1.22	1.60	1.60
L	0.91	0.45	0.45	0.65	0.32	0.32	1.58	0.94
NL	1.73	0.29	0.29	1.73	0.41	0.41	2.90	2.90
A	1.78	0.76	0.76	1.78	0.76	0.76	1.80	1.80
P	0.60	0.60	0.23	0.32	0.32	0.23	0.60	0.25
FIN	1.22	1.22	1.22	1.22	1.22	1.22	:	:
S	1.68	0.56	0.56	1.68	0.56	0.56	:	:
UK	1.46	1.46	1.46	1.46	1.46	1.46	6.19	6.19

(1) Bold indicates the country with the lowest price; blue indicates the country with the highest price; peak time, 11:00h; off-peak time, 20:00h; economy time calls are the cheapest rates available, only in D and P are these lower than the off-peak rates.

Source: Teligen in Report on Telecom Tariff Data as of January 2000, European Commission, May 2000

Table 6.25: Short message service (SMS) pricing in the EU, 1999 (€)

	Operator	Price per message
B	Belgacom	0.15
DK	Mobilix	0.05
D	Deutsche Telekom	0.07
EL	Panafon	0.10
E	Telefonica	0.19
F	France Telecom	0.14
IRL	Telecom Eireann	0.26
I	TIM	0.18
L	PTT	0.12
NL	KPN	0.23
A	Telekom Austria	0.26
P	TMN	0.14
FIN	Radiolinja	0.14
S	Telia	0.29
UK	Orange	0.10
UK	Vodafone	0.17

Source: Cellular Mobile Pricing Structures and Trends, OECD, 2000

Table 6.26: Number of telephone network operators, 1999 (units)

	Fixed national (1)	Fixed international (2)	Mobile
B	32	:	3
DK	12	12	6
D	250	:	4
E	85	85	4
F	52	3	6
L	1	11	2
NL	1	1	5
P	1	2	3
FIN	120	42	57
S	13	13	4
UK	2	181	4

(1) Operators offering national telecommunications.

(2) Operators offering international telecommunications.

Source: Eurostat, Communications (theme4/coins)

CHOICE

With the progressive liberalisation of telecommunications, consumer choice has expanded at a rapid pace over the past decade. A number of new communications providers (as opposed to incumbent, national providers) have entered the EU market and started to compete on price and service, attracting 53% of households with respect to the mobile telephony market and 9% of households within the fixed telephony market in 1999 (see table 6.26). Sweden displayed the highest penetration ratio of competitors to the incumbent operator in fixed telephony (27%). In mobile telephony, 76% of households in the United Kingdom chose a competitor to the incumbent.

Table 6.27: Household penetration of alternative telecom providers, 1999 (%)

	Fixed telephony			Mobile telephony		
	Incumbent provider only	Incumbent and competitor	Competitor only	Incumbent provider only	Incumbent and competitor	Competitor only
EU-15	91	5	4	47	8	45
B	98	1	2	66	4	30
DK	86	9	5	44	9	47
D	90	8	1	35	2	63
EL	100	0	0	27	5	68
E	93	6	0	68	6	27
F	96	3	0	46	6	48
IRL	99	1	0	71	3	25
I	92	7	2	59	15	27
L	99	0	1	65	5	30
NL	98	1	1	51	7	42
A	96	3	1	55	6	39
P	100	0	0	43	6	51
FIN	97	1	2	58	14	27
S	73	19	9	39	9	52
UK	81	2	16	24	6	70

Source: The situation of telecommunications services in the regions of the EU, Residential Report, European Commission, April 2000

QUALITY

In the eyes of the EU consumer, both cost and quality of telecommunications services are generally improving. In a survey carried out in 1999 (see table 6.28), 29% of respondents said they were more satisfied with their telecommunications services than they had been the year before, whilst only 9% said the situation had worsened. Based on an index of between +100 (for much better) to -100 (for much worse), German consumers reported the largest gains in satisfaction (26).

Several indicators illustrate the improved quality of European telecommunication services. Waiting times for new connections have been greatly reduced (see table 6.29) and more than 90% of line faults are repaired within 24 hours in the majority of EU countries (see table 6.30 overleaf). More recently, number portability¹³ and carrier pre-selection¹⁴ are being implemented (see table 6.31 overleaf).

(13) Number portability is the possibility for customers to retain their existing number if they decide to change operator (non-geographic portability) or if they decide to move (geographic portability).

(14) Carrier pre-selection is the possibility for customers to have their telephone line directly routed to their preferred operator when picking-up the handset without having to follow a routing procedure (for example, dialling a routing prefix).

Table 6.28: General level of satisfaction as regards fixed telephony in households, compared to one year before, 1999 (%)

	Much better	Slightly better	About the same	Slightly worse	Much worse	Mean (1)
EU-15	6	23	57	7	2	12
B	4	16	69	7	2	7
DK	3	10	73	8	2	2
D	8	38	46	3	0	26
EL	12	26	41	11	3	18
E	3	23	63	7	2	9
F	5	18	66	5	2	10
IRL	8	19	54	2	1	18
I	4	22	52	14	7	1
L	3	11	61	7	1	4
NL	3	10	51	7	3	2
A	2	12	45	3	1	9
P	4	22	52	14	4	4
FIN	3	18	45	5	1	12
S	2	13	66	6	3	3
UK	7	17	66	4	0	15

(1) The scale is -100 (much worse) to +100 (much better).

Source: The situation of telecommunications services in the regions of the EU, Residential Report, European Commission, April 2000

Table 6.29: Waiting time for a new connection (days)

	1993	1994	1995	1996	1997	1998	1999
B	28	:	7	5	4	5	5
DK	8	9	8	:	:	:	:
D (1)	:	:	:	:	:	:	:
EL	:	220	30	9	5	7	7
E	8	5	3	4	5	5	5
F	8	8	7	6	6	:	:
IRL	:	:	13	:	11	:	:
I	12	10	8	:	:	:	10
L	30	30	30	:	:	:	:
NL	:	:	5	:	1	:	:
A	:	45	40	:	:	6	:
P	60	19	7	7	7	4	6
FIN	5	5	6	4	5	5	4
S	:	:	5	:	:	:	:
UK (2)	:	:	:	:	:	:	:

(1) 77.9% of applications connected in under 10 days in 1995, 78.5% in 1996 and 90.1% in 1997.

(2) 97% of orders met within the commitment agreed with the customer.

Source: Communications Outlook, OECD, 2001

Table 6.30: Fault incidence and repair times, 1999

	Faults per 100 lines per year (units) (1)	Percentage of faults repaired within 24 hours (%) (2)	Compensation schemes (3)
B	4.0	90.0	:
DK	:	96.0	Proportionate reimbursement of monthly subscription if it exceeds €186
D	8.7	85.9	Fixed monetary compensation of €49, or €98 after 48 hours
EL	17.0	90.5	:
E	15.0	95.5	Proportionate reimbursement of monthly subscription after six days
F	6.2	87.3	:
IRL	15.0	76.0	:
I	17.2	92.0	Reimbursement of subscription for every 2 days of delay in excess of the second working day
L	10.1	93.0	Reimbursement of subscription after five days
NL	2.7	98.0	Reimbursement of subscription two times if target not met
A	6.2	98.0	:
P	11.2	88.9	Proportionate reduction in monthly subscription after two days
FIN	8.4	74.1	Reimbursement of subscription after two days
S	4.3	77.0	Reimbursement of subscription three times if not repaired within 5 days, six times if not within 10 days
UK	14.3	92.0	Proportionate reimbursement of monthly subscription plus proven financial loss up to €659

(1) D, 1995; F, IRL and S, 1997; L, NL, A and FIN, 1998.

(2) DK (within 12 working hours), 1996; D, within 3 working days; F, IRL and S, 1997; L and NL (within 48 hours), 1998; P, within 12 working hours.

(3) First monitoring report on universal service in telecommunications in the EU, European Commission, COM(1998) 101 final, 1998.

Source: Communications Outlook, OECD, 2001

Table 6.31: Carrier number portability and carrier pre-selection, 2001

	Number portability	Carrier pre-selection
B	Implemented	Implemented but not available for local calls
DK	Implemented between fixed networks within the same geographic area and includes ISDN. By 1/1/2001 total portability, including between fixed and mobile will be introduced. Mobile portability to be implemented on 1/1/2001	Implemented for all geographic calls
D	Implemented for fixed geographic areas and for non-geographic numbers	Implemented for long distance and international calls and for fixed-mobile calls
EL	To be introduced not later than 1/1/2003	To be introduced not later than 1/1/2003
E	Geographic and non-geographic portability implemented	Implemented for national and international long distance services
F	Implemented for fixed geographic areas. From 1/1/2001 all users can obtain from their operator a number allowing for full geographic mobility	Implemented for long distance and international calls
IRL	Non-geographic portability introduced on 1/1/2000. Geographic number portability being phased in during the second half of 2000	Implemented for all geographic calls
I	Geographic number portability introduced within the local area only. Non-geographic portability restricted to toll free, shared cost, and premium services	Implemented for all geographic calls
L	Implemented	Implemented
NL	Implemented. Mobile portability available	Implemented for all geographic calls
A	Geographic portability only available if consumer stays within a local area	Implemented and covers all types of geographic calls
P	Portability will be implemented on 1/6/2001 for geographic and non-geographic numbers	Implemented for national and international long distance services
FIN	Geographic number portability available including nation-wide portability. No plans for mobile portability	Implemented for long distance and international calls
S	Geographic and non-geographic portability implemented. Available for digital mobile services from 1/9/2001	Implemented for national and international long distance services and mobile calls (and for local calls if the area code is dialled)
UK	Geographic and non-geographic portability implemented	Available with auto-dialers and without auto-dialers by the end of 2001

Source: Communications Outlook, OECD, 2001

The Eurobarometer survey (53) on services of general interest reports that the quality of telephone services was generally appreciated by European consumers: some 69.8% were satisfied with the quality of fixed telephony services and 56.9% with the quality of mobile phone services.

Information received from fixed telephony providers was considered to be clear by 75.8% of Europeans, whilst 18.7% were unsatisfied. The highest levels of dissatisfaction were recorded in Italy (34%), Portugal (26.3%), Spain (21.2%) and Belgium (21.2%). In the case of mobile phone providers, the satisfaction figure for the clarity of information was equal to 59.9% in the EU as a whole, whilst just over a fifth of European consumers were unsatisfied (20.5%). As with fixed telephony services, the Italians expressed the highest level of dissatisfaction (27.9%), followed by the French (25.7%), Spanish (21.7%) and Greeks (21.2%).

Terms and conditions of contracts were not considered as being fair by almost a quarter of Europeans (24% for mobile telephony and 25% for fixed telephony services). Dissatisfaction was again highest in Italy (40.8%), France (33%), Greece (32.5%) and Spain (32.4%) for mobile telephony services, whilst for fixed telephony services Italy (57.3%), Portugal (41.5%) and Spain (38.9%) recorded the highest level of dissatisfaction.

Dissatisfaction with complaint handling was highest in France, Denmark and Spain for mobile telephone services and in Austria, France and Italy for fixed telephony services. Table 6.32 shows a selection of general results relating to overall satisfaction from the Eurobarometer survey (53) for mobile and fixed telephony services.

Table 6.32: Overall satisfaction with telephone services, 2000 (% , filtered) (1)

	Mobile telephone services			Fixed telephone services		
	Satisfied	Unsatis- fied	Do not know	Satisfied	Unsatis- fied	Do not know
EU-15	56.9	25.1	7.0	69.8	24.0	4.1
B	54.7	24.2	8.2	64.5	26.7	4.7
DK	59.4	19.0	6.1	78.3	18.3	2.9
D	54.3	22.2	9.5	75.1	17.4	5.9
EL	62.3	28.1	7.3	70.9	25.4	3.5
E	44.7	30.6	7.4	57.8	33.8	4.5
F	49.4	32.8	6.8	73.4	21.7	3.5
IRL	63.0	15.3	5.1	76.1	12.7	4.9
I	63.7	31.9	4.3	53.1	43.1	3.8
L	73.3	15.8	4.4	84.6	11.4	3.2
NL	61.5	20.8	6.9	79.9	16.0	3.1
A	66.8	15.1	6.4	67.8	22.3	5.0
P	50.4	20.7	8.9	49.2	34.4	5.6
FIN	73.0	18.0	4.7	79.4	14.7	3.6
S	68.7	23.0	5.3	79.9	16.3	2.9
UK	65.7	15.4	6.1	81.5	13.4	2.7

(1) The population has been filtered to exclude those respondents who had spontaneously answered that they did not have access to the service in question. Figures do not add up to 100% because of the "not applicable" or "no answer" categories.
Source: Eurobarometer 53 (Services of general interest), European Commission, 2000

Table 6.33: Satisfaction index of mobile phone customers, 2000 (1)

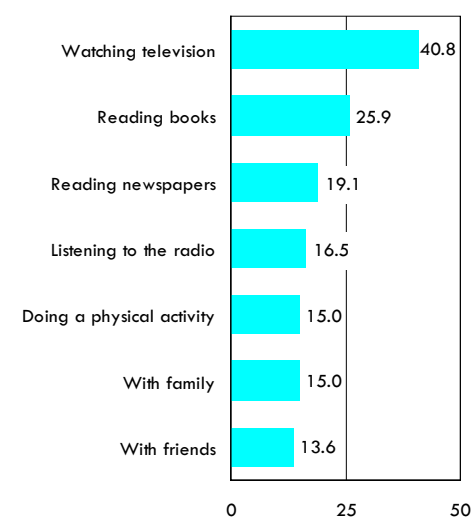
	B	E	IRL	P	FIN	Iceland	Average
Image	73.1	71.6	73.5	72.4	77.3	68.9	72.8
Quality	75.4	74.6	74.2	71.0	79.2	72.2	74.4
Value for money	58.3	60.7	60.3	61.8	69.4	53.9	60.7
Complaint handling	64.7	69.4	70.5	64.8	:	:	67.4
Loyalty	68.3	69.2	64.5	71.1	61.3	66.5	67.9
ECSI (2)	71.9	69.0	71.0	69.1	75.1	66.6	70.5

(1) Index on a scale from 0 (lowest) to 100 (highest).

(2) ECSI: European Customer Satisfaction Index.

Source: European Customer Satisfaction Index, EOQ (European Organization for Quality), 2001

Figure 6.15: Respondents reporting they spent less time on leisure activities because of Internet use, EU-15, 2000 (% of Internet users) (1)



(1) Multiple answers allowed.
Source: Eurobarometer 53 (Measuring information society), European Commission, 2000

Table 6.34: Household penetration of PCs and Internet, 1998-2000 (%)

	PCs (1)		of which, Internet connection	
	1998	2000	1998	2000
EU-15	30.8	34.9	8.3	18.3
B	33.0	42.4	8.2	20.2
DK	56.7	59.0	24.6	45.3
D	30.5	31.9	7.1	13.6
EL	12.2	15.4	2.9	5.8
E	28.4	34.2	5.0	9.6
F	22.8	28.9	3.9	12.9
IRL	26.3	28.0	8.4	17.5
I	26.6	35.5	6.1	19.2
L	42.5	45.3	14.0	26.9
NL	58.8	65.5	19.6	46.1
A	30.8	31.6	6.8	16.9
P	18.4	20.3	3.4	8.4
FIN	38.6	44.9	17.2	28.2
S	59.8	56.3	39.6	47.5
UK	35.2	36.2	10.7	24.4

(1) Desktop PCs only, 2000.
Source: Eurobarometer 50.1 and 53 (Measuring information society), European Commission, 1999-2000

6.3 INTERNET

One of the most-documented events in the explosion of communications and information technology is the rapid pace of growth that has been witnessed with respect to the Internet. Some 5% of Europeans still did not know what the Internet was in 2000¹⁵. For the purposes of this publication, the Internet is considered primarily as a communications service, as it relies on the same infrastructure as telecommunications.

ACCESS

Accessing the Internet requires basic computer equipment and a telephone line of some sort. The Eurobarometer survey (53) on measuring information society carried out in spring 2000 confirmed that 34.9% of households declared that they had a desktop PC at home and 5.4% a laptop. These figures cannot be added without the risk of double counting, but they can be compared to the results of a similar survey conducted during the autumn of 1998, when 30.8% of respondents said that they had a PC at home (no distinction being made between desktops and laptops). As shown in the previous section of this chapter, telecommunication equipment penetration rates are close to 100%.

Internet use grew at a rapid pace between the two surveys, rising from 8.3% in 1998 to 18.3% in 2000 (see tables 6.34 and 6.35). It should be noted from the way the survey questions were formulated¹⁶, these figures refer specifically to home Internet usage, hence excluding access from work, school or cyber-café.

(15) E-commerce data report, Empirica, 2000 (<http://www.empirica.com>).

(16) In 1998, "Do you use an Internet connection at home in your leisure time?" and in 2000, "Do you have an Internet connection at home?"

The main reasons given for not being connected to the Internet in 1999¹⁷ were a lack of interest in - or knowledge of - what the Internet offers (51%) - see tables 6.36 and 6.37 overleaf. This was particularly true amongst low-income households (60%), where only 9% of respondents raised financial reasons for not being connected (less than the EU average of 11%).

(17) The situation of telecommunications services in the regions of the EU, Residential Report, European Commission, April 2000.

Table 6.35: Household penetration of PCs and Internet, EU-15, 1998-2000 (%)

	PCs (1)		of which, Internet connection	
	1998	2000	1998	2000
EU-15	30.8	34.9	8.3	18.3
Sex				
Male	34.7	38.5	10.6	21.0
Female	27.1	31.5	6.1	15.9
Age				
15-24	44.9	46.3	11.8	23.2
25-39	40.1	42.5	11.8	23.7
40-54	37.8	43.7	9.6	23.1
55+	10.4	16.3	2.4	7.8
Occupation				
Self employed	38.0	43.0	11.6	24.1
Managers	56.8	60.2	21.8	39.2
Other white collar	40.1	47.5	11.5	26.3
Manual workers	30.2	33.6	6.2	15.0
House person	21.3	26.5	4.5	11.5
Unemployed	24.7	30.7	3.5	13.8
Retired	8.3	11.7	1.4	5.9
Students	60.8	58.8	18.5	32.4
Income				
High	53.1	61.0	18.1	37.0
Mid-high	34.2	40.0	8.1	20.0
Mid-low	22.9	25.0	6.1	11.0
Low	14.8	16.0	3.5	8.0

(1) Desktop PCs only, 2000.

Source: Eurobarometer 50.1 and 53 (Measuring information society), European Commission, 1999-2000

Table 6.36: Reasons for not having an Internet connection, 1999 (% share of non-Internet users)

	Plan to subscribe soon	Sufficient access elsewhere	No interest or don't know what Internet is	Concerned about cost	No means of connecting	Other
EU-15	8	8	51	11	33	6
B	9	10	52	11	32	3
DK	18	9	37	5	28	12
D	7	7	53	15	32	7
EL	5	4	65	4	27	4
E	5	5	53	9	39	4
F	9	15	48	17	37	4
IRL	8	6	42	8	28	21
I	9	5	55	6	34	2
L	16	10	46	11	31	3
NL	9	5	51	11	17	15
A	7	10	43	12	24	18
P	5	4	42	10	40	14
FIN	12	21	43	12	22	6
S	17	19	29	11	36	17
UK	9	8	47	9	32	7

Source: The situation of telecommunications services in the regions of the EU, Residential Report, European Commission, April 2000

Table 6.37: Reasons for not having an Internet connection, EU-15, 1999 (% share of non-Internet users)

	Plan to subscribe soon	Sufficient access elsewhere	No interest or don't know what Internet is	Concerned about cost	No means of connecting	Other
EU-15	8	8	51	11	33	6
Urbanisation (1)						
Metropolitan	9	10	47	12	33	7
Urban	8	7	51	11	32	7
Rural	7	7	54	11	35	6
Income (2)						
High	18	15	39	11	23	5
Mid-high	10	11	46	13	34	6
Mid-low	5	6	57	11	36	5
Low	3	5	60	9	35	7
Size of household (3)						
One	4	7	58	8	35	7
Two	6	6	59	8	34	6
Three	10	9	46	12	35	6
Four+	11	10	42	15	31	6

(1) Metropolitan: principal urban centres including at least the capital; urban: secondary towns and urban centres; rural: smallest localities.

(2) Qualifications (high, mid-high, mid-low and low) established at a national level.

(3) Number of persons living under the same roof.

Source: The situation of telecommunications services in the regions of the EU, Residential Report, European Commission, April 2000

Table 6.38: Number of Internet subscribers, as of 1 January 2000

	Total national subscribers (thousands)	Subscribers per 100 inhabitants (%)
EU-15 (1)	37,208	9.9
B	1,083	10.6
DK	1,135	21.3
D	9,000	11.0
EL	200	1.9
E	3,625	9.2
F	3,030	5.1
IRL	405	10.8
I	4,930	8.6
L	:	:
NL	2,834	17.9
A	486	6.0
P	474	4.7
FIN	564	10.9
S	2,040	23.0
UK	7,400	12.4

(1) Excluding L.

Source: Communications Outlook, OECD, 2001

CONSUMPTION

User base

There were 37 million subscribers to Internet service providers in the EU in 2000 (see table 6.38), and more than double this figure in terms of users¹⁸, taking into account access from home and other locations. Indeed, the total number of Internet users in the EU was estimated at 83.1 million in 2000 (equivalent to 22% of the population), compared to 19.3 million only three years before¹⁹ (see table 6.39). These figures represent an average annual growth rate of 62.6%, ranging from 26.5% in Sweden up to 104.1% in France and 128.5% in Portugal. It is estimated that the number of Internet users in the EU surpassed the 100 million threshold at the end of 2000²⁰.

(18) The term subscriber has a more specific meaning than user; for most carriers the term subscriber means a registered Internet account that has been used during the previous three months.

(19) ITU and Information Society Statistics, Statistics in Focus, Theme 4 4/2001, Eurostat, 2001.

(20) NUA and Information Society Statistics, Statistics in Focus, Theme 4 23/2001, Eurostat, 2001.

User profile

The Eurobarometer survey (53) allows the profile to be drawn of the typical Internet user in 2000 (see table 6.35 above). Internet users were more frequently found to be male (21.0% had an Internet connection), managers (39.2%) and come from a high-income household (37.0%), as opposed to being female (15.9%), a retired person (5.9%) or from a low-income household (8.0%). One interesting fact to come out of the survey is that Internet usage was virtually the same across all age classes up to 54 years (23% to 24%), although it fell to 7.8% amongst people aged 55 and above.

Another survey carried out in 1999²¹ provides additional details on Internet users. It reveals that Internet access was almost twice as high within households located in metropolitan areas (14.3%) as in rural ones (7.4%), whilst it was considerably higher in households with four or more members (14.1%) than it was in one-person households (6.7%).

For 30.5% of households with Internet access, home was the only place where they “surf” - see table 6.40. For the remainder of respondents, the workplace (36.1%) or a friend's home (20.3%) were the favoured points of access. Naturally, the pattern of Internet access was greatly dependent on socio-economic factors, as can be seen in table 6.41 overleaf. Retired persons and those not in paid work were more likely to have an exclusive home access (both over 62.0%). Amongst low-income households, 28% had access from the university, showing the large proportion of students in this income bracket.

(21) The situation of telecommunications services in the regions of the EU, Residential Report, European Commission, April 2000.

Table 6.39: Number of Internet users
(thousands)

	1997	1998	1999	2000
EU-15	19,340	36,305	55,942	83,120
B	500	800	1,400	2,000
DK	600	1,000	1,500	1,950
D	5,000	10,500	15,900	24,000
EL	200	350	750	1,000
E	1,100	1,733	2,830	5,388
F	1,000	3,500	5,660	8,500
IRL	150	300	444	784
I	1,300	3,000	5,000	6,000
L	30	50	75	100
NL	1,000	1,600	3,000	3,800
A	650	600	850	2,100
P	500	600	700	5,962
FIN	1,000	1,311	1,667	2,088
S	2,000	2,961	3,666	4,048
UK	4,310	8,000	12,500	15,400

Source: ITU in Information Society Statistics, Statistics in Focus, Theme 4 4/2001, Eurostat, 2001

Table 6.40: Access to the Internet outside of the home, 2000
(% share of Internet users)

	Office	University	School	Cyber café	Friend's house	Else- where	No- where
EU-15	36.1	9.5	9.0	5.6	20.3	6.5	30.5
B	35.5	5.7	13.4	3.5	21.8	2.5	33.4
DK	34.3	8.6	5.8	2.4	23.9	3.3	19.5
D	42.4	11.1	7.0	7.2	22.6	3.0	23.9
EL	25.7	18.8	4.1	39.0	24.2	4.9	18.8
E	34.3	19.5	5.8	19.7	13.1	6.8	21.4
F	31.5	7.8	8.5	5.3	18.6	1.8	38.0
IRL	24.3	12.4	17.0	3.5	14.7	4.3	35.6
I	36.2	7.2	3.0	3.4	22.2	7.3	38.1
L	44.6	7.8	23.7	11.7	33.4	1.7	26.7
NL	31.4	6.0	12.5	2.1	17.8	9.1	39.0
A	40.7	12.9	10.5	10.0	25.6	5.6	23.3
P	53.4	16.3	17.6	10.6	30.7	5.3	10.8
FIN	40.2	11.5	22.1	5.7	30.4	9.9	13.0
S	44.3	9.3	14.8	8.1	30.5	11.1	17.7
UK	33.2	9.4	9.7	2.4	15.4	9.2	33.6

Source: Eurobarometer 53 (Measuring information society), European Commission, 2000

Table 6.41: Access to the Internet from outside of the home, EU-15, 2000 (% share of Internet users)

	Office	University	School	Cyber café	Friend's house	Elsewhere	Nowhere
EU-15	36.1	9.5	9.0	5.6	20.3	6.5	30.5
Sex							
Male	41.5	8.7	8.1	6.0	21.6	6.6	27.5
Female	28.2	10.8	10.2	5.0	18.4	6.4	34.9
Age							
15-24	17.1	23.6	28.6	13.5	33.0	6.3	17.2
25-39	42.0	7.9	2.6	5.4	22.1	4.8	30.5
40-54	46.6	4.3	5.8	1.3	11.0	8.0	32.4
55+	26.5	1.4	2.0	1.8	13.2	9.3	50.3
Occupation							
Self employed	42.5	2.6	1.0	1.6	11.9	10.2	33.6
Managers	65.7	5.4	7.1	4.9	14.8	5.6	15.0
Other white collar	54.6	4.4	2.8	4.2	20.6	4.2	29.9
Manual workers	30.7	2.7	4.8	5.4	21.6	4.7	40.0
House person	4.5	2.6	1.6	0.7	15.3	7.1	62.8
Unemployed	11.8	2.5	3.4	10.6	25.6	12.7	47.2
Retired	10.6	2.2	1.0	1.5	15.1	13.4	62.1
Students	6.4	39.8	35.1	12.8	34.3	5.1	11.4
Income							
High	49.0	5.0	5.0	4.0	17.0	:	30.0
Mid-high	37.0	6.0	8.0	3.0	20.0	:	30.0
Mid-low	31.0	9.0	6.0	6.0	23.0	:	34.0
Low	16.0	28.0	11.0	13.0	34.0	:	30.0

Source: Eurobarometer 53 (Measuring information society), European Commission, 2000

Internet activities

In 2000, e-mail was by far the most popular activity on the Internet. An average of 69.0% of persons having an Internet connection at home said they used it to “e-mail family, friends or colleagues” at least once in the three months preceding the survey. Other common activities included the search for educational material (47.0%) and product information (46.8%), as well as downloading software (43.3%), or obtaining information on recreational and entertainment activities (41.5%). A large proportion of people use the Internet to plan their holidays (37.6%) - see table 6.42.

Table 6.43 provides material to help analyse the on-line activity of Internet users according to a number of socio-demographic criteria. Only the most cited uses are presented in the table. Of those not presented, the most notable include buying CDs and books (both 14.0%) or software (8.6%), making a telephone call using the Internet (9.2%), trading stocks (6.7%), watching television on-line (5.5%) or making a bid in an on-line auction (3.9%). For more details on e-commerce, please refer to chapter 1, page 55.

Table 6.42: On-line activities, 2000 (% share of Internet users) (1)

	E-mail	Searched educational material	Searched product information	Down-loaded software	Searched for sport or leisure information	Prepared a holiday	Read news-papers	Played games	Banking	Job search
EU-15	69.0	47.0	46.8	43.3	41.5	37.6	31.2	27.9	24.9	23.3
B	58.4	54.1	38.9	37.2	46.0	32.5	29.9	30.0	35.3	23.6
DK	86.1	46.8	53.8	37.6	36.7	45.9	41.7	27.8	39.9	22.5
D	72.7	51.4	52.7	51.2	33.5	35.4	24.7	30.0	34.7	21.2
EL	53.5	55.2	42.5	50.5	62.5	30.2	40.5	53.9	16.8	26.0
E	71.2	58.4	37.8	35.8	50.0	30.4	42.7	31.3	20.1	20.3
F	58.8	42.8	41.3	40.6	42.2	38.4	29.4	23.6	15.6	23.2
IRL	71.2	56.1	45.3	38.0	40.8	33.5	37.0	34.2	7.4	26.8
I	63.4	32.9	40.3	37.3	48.4	38.3	36.1	20.3	10.4	22.0
L	70.3	42.9	42.8	40.7	37.2	35.7	29.1	21.3	27.1	8.9
NL	62.5	39.9	46.1	56.5	36.0	44.0	25.9	19.3	40.0	24.1
A	56.3	39.0	39.2	40.8	35.4	16.2	25.9	31.1	21.5	14.1
P	48.9	44.9	38.6	29.7	30.1	24.7	38.8	28.3	9.0	11.6
FIN	80.0	54.0	57.6	31.0	57.2	38.7	47.8	37.5	63.8	32.4
S	79.3	43.8	48.5	37.3	34.8	41.9	34.9	28.2	35.4	27.7
UK	75.0	56.0	51.6	43.3	44.8	38.3	28.8	34.5	16.9	25.7

(1) "Which of the following, if any, have you done on-line in the last three months?"; multiple answers allowed.

Source: Eurobarometer 53 (Measuring information society), European Commission, 2000

Table 6.43: On-line activities, EU-15, 2000 (% share of Internet users) (1)

	E-mail	Searched educational material	Searched product information	Down-loaded software	Searched for sport or leisure information	Prepared a holiday	Read news-papers	Played games	Banking	Job search
EU-15	69.0	47.0	46.8	43.3	41.5	37.6	31.2	27.9	24.9	23.3
Sex										
Male	70.3	44.9	51.9	49.8	45.4	35.5	36.2	29.1	25.6	23.3
Female	67.1	50.1	39.3	33.6	35.8	40.8	23.9	26.1	23.8	23.2
Age										
15-24	72.4	55.2	42.7	52.4	47.3	32.2	27.7	38.6	14.3	27.4
25-39	73.3	46.0	51.1	44.9	41.8	40.0	33.2	30.3	27.4	28.1
40-54	64.3	46.3	45.4	40.5	38.3	38.0	32.4	18.7	30.3	19.4
55+	59.6	37.0	43.3	27.6	37.9	38.7	28.2	22.1	23.0	8.6
Occupation										
Self employed	62.0	40.3	53.5	31.1	38.9	32.4	29.6	21.7	26.4	16.7
Managers	73.5	55.0	49.3	45.3	41.2	47.1	38.6	23.1	31.9	21.2
Other white collar	74.2	46.5	47.3	47.2	45.3	43.9	32.2	27.0	31.1	32.3
Manual workers	67.7	34.1	47.6	48.4	40.9	32.3	27.0	33.6	21.2	25.4
House person	46.6	41.5	44.1	28.7	33.1	31.7	17.4	26.4	21.6	13.2
Unemployed	69.8	35.6	34.8	36.3	40.0	34.0	22.5	29.5	19.5	32.4
Retired	63.6	39.9	42.2	28.8	36.5	40.7	34.2	21.9	21.0	6.7
Students	74.3	63.6	43.1	52.3	46.1	30.4	32.6	35.9	16.3	26.3
Income										
High	72.0	48.0	53.0	45.0	45.0	50.0	34.0	24.0	33.0	23.0
Mid-high	68.0	39.0	46.0	41.0	40.0	37.0	33.0	27.0	24.0	21.0
Mid-low	65.0	48.0	43.0	43.0	33.0	34.0	29.0	32.0	28.0	28.0
Low	77.0	52.0	47.0	56.0	41.0	26.0	32.0	34.0	27.0	33.0

(1) "Which of the following, if any, have you done on-line in the last three months?"; multiple answers allowed.

Source: Eurobarometer 53 (Measuring information society), European Commission, 2000

Table 6.44: Cost of 400 hours of local telephone Internet access per year (€, excluding VAT) (1)

	1999		2000	
	Peak	Economy	Peak	Economy
B	573	142	736	370
DK	748	374	748	374
D	846	317	846	317
EL	321	96	507	254
E	650	253	579	253
F	837	455	837	455
IRL	386	193	387	192
I	446	236	371	224
L	1,035	256	776	191
NL	572	201	535	201
A	724	256	724	256
P	339	153	479	227
FIN	273	273	263	263
S (2)	500	257	529	272
UK (2)	1,147	307	1,304	330

(1) 400 calls of 1 hour each; cost of telephone calls only, not including ISP fees; peak time: 11:00 weekdays; economy: cheapest rate available; not including free access or reduced rates linked to specific ISP subscriptions.

(2) Exchange rate variations against the euro between 1999 and 2000 affect the comparison: S (5.6%) and UK (13.7%).

Source: Teligen in Report on Telecom Tariff Data as of January 2000, European Commission, May 2000

Table 6.45: Internet access using discounted telephone rates, 2000 (€, including VAT) (1)

	20 hours		40 hours	
	Peak	Off-peak	Peak	Off-peak
EU-15	44.39	33.79	69.39	46.85
B	54.04	37.36	84.89	54.04
DK	41.63	41.63	65.62	57.27
D	37.95	37.95	56.40	56.40
EL	35.56	31.20	44.26	35.56
E	39.67	24.68	67.12	27.24
F	37.04	37.04	65.50	65.50
IRL	55.12	31.67	76.93	42.67
I	30.65	25.11	43.50	36.92
L	62.45	40.37	106.57	62.45
NL	51.68	36.62	84.24	51.68
A	49.81	36.03	78.42	50.86
P	36.89	35.73	60.22	45.03
FIN	34.69	32.24	47.80	42.91
S	45.79	31.28	75.62	46.62
UK	50.93	33.25	75.51	33.92

(1) Access basket as of September 2000, including both telephone and Internet service provider charges.

Source: Communications Outlook, OECD, 2001

Table 6.46: Cost of Internet access by cable and ADSL, March 2000 (€)

Company		Connection charge	Monthly rental	Speed downstream (kbit/s)	Speed upstream (kbit/s)
Cable					
B	Telenet Pandora Formula 1	260.87	39.10	:	128
B	Brutele Brutelecom@home	63.14	37.88	256	64
B (1)	ALE Economy Pack	75.53	25.96	:	:
B (1)	ALE Family Pack	75.53	41.61	:	:
DK	TeleDanmark	281.92	13.85	512	:
F	France Telecom Cable (Wanadoo) Prime@accès	86.64	51.35	512	128
IRL	Cablenet Cable Net Home	200.44	40.09	128	:
IRL	Cablenet Cable Net Plus	200.44	60.13	256	128
S (1)	Tele2	61.82	38.33	512	:
UK	NTL Hispeed	42.86	84.43	:	:
ADSL					
A	Telekom Austria (A-Online Speed alpha)	7.57	61.11	512	64
B (2)	Belgacom - Turbo Line (Go)	0.00	32.35	300	64
B (2)	Belgacom - Turbo Line (Plus)	232.19	40.94	1,000	128
DK	TeleDanmark (NetExpress)	233.17	55.82	512	128
F (2)	France Telecom (Netissimo1)	124.35	42.52	500	128
F (2)	France Telecom (Netissimo2)	158.84	112.31	1,000	256
D	Deutsche Telekom (T-Online Speed 50)	160.90	53.27	768	128
D	Deutsche Telekom (T-Online Speed 100)	160.90	80.18	768	128
E	Telefonica (Terra Familiar)	194.44	47.69	256	128
E	Telefonica (Terra Profesional)	267.82	102.47	512	128

(1) Additional cost for modem rental. (2) Requires additional ISP set-up and monthly access fee.

Source: Local access pricing and e-commerce, OECD, 2000

PRICES

The traditional way for households to connect to the Internet is to use a modem between their computer and the telephone line. In this case the user has to dial the telephone number of their Internet service provider, usually at the same price as a regular, local voice call (see sub-chapter 6.2 for pricing details), although some telephone carriers offer special rates for Internet numbers. Table 6.44 presents the costs associated with an annual Internet access of 400 hours (400 calls per year of one hour each), which corresponds to almost 8 hours per week. During off-peak hours, when most residential access takes place, charges in 2000 varied between €191 in Luxembourg and €455 in France.

The above figures cover only the telephone access charges, and exclude any other connection charge, such as ISP monthly subscriptions. The OECD has defined a basket of Internet access services that includes line rental, telephone usage charges and ISP fees (see table 6.45). In September 2000, consumers would have paid €33.8 for 20 hours of Internet use during off-peak hours and €44.4 during peak-rate hours. For 40 hours, the cost would have risen to €46.9 off-peak and €69.4 during peak-rate.

CHOICE

In 1999, just over half (51%) of European households relied on new service providers, as opposed to the incumbent (former national, monopoly supplier of telecom services) - see table 6.48. The only countries where the penetration rates of new service providers were notably low were France, Italy (both 24%) and Portugal (12%). Urban households, low-income households and one-person households were more likely to use new service providers as opposed to incumbent suppliers.

Table 6.48: Household penetration of alternative Internet service providers, 1999 (% share of Internet users)

	Incumbent provider only	Incumbent and competitor	Competitor only
EU-15	48	3	49
Urbanisation (1)			
Metropolitan	47	4	49
Urban	42	2	55
Rural	61	2	37
Income (2)			
High	53	5	42
Mid-high	58	2	40
Mid-low	42	3	55
Low	37	1	62
Size of household (3)			
One	38	2	60
Two	42	2	56
Three	52	2	46
Four+	52	4	45

(1) Metropolitan: principal urban centres including at least the capital;

urban: secondary towns and urban centres; rural: smallest localities.

(2) Qualifications (high, mid-high, mid-low and low) established at a national level.

(3) Number of persons living under the same roof.

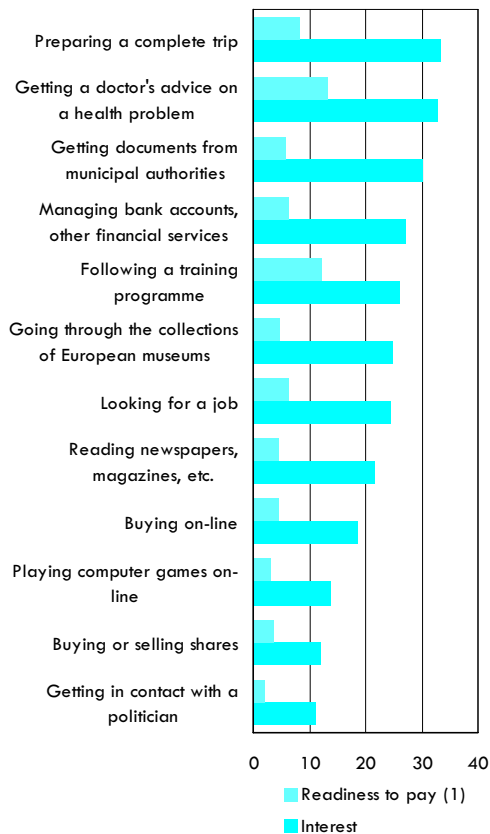
Source: The situation of telecommunications services in the regions of the EU, Residential Report, European Commission, April 2000

Table 6.47: Number of Internet service providers, 1999 (units)

B	48
DK	16
D	1,000
E	276
L	20
P	21
FIN	35
UK	400

Source: Eurostat, Communications (theme4/coins)

Figure 6.16: Interest and provision to pay for on-line services, 2000 (%)



(1) A monthly subscription, maximum €10.

Source: Eurobarometer 53 (Measuring information society), European Commission, 2000

QUALITY

Only around half (50.3%) of the EU's households with Internet declared themselves satisfied with connection speeds during the spring of 2000. The main explanation for this low figure is found in the low share of satisfied customers in Italy (38.4%), France (37.7%) and Spain (30.5%). In all other countries, except for Sweden (44.0%), satisfaction rates were above 50%, with Belgium (64.8%) and Portugal (65.2%) at the top of the ranking.

Some 34.1% of Internet users in the EU said that they had not considered an upgrade of their current connection in order to speed-up access (see table 6.49). Women were generally less interested in a connection upgrade than men, as 40.8% showed no interest, against 29.5% of men. A faster modem (21.5%) and an ISDN line (20.3%) were the most frequent upgrades considered. Cable and DSL interested 8.7% and 7.0% of respondents, although it is important to note that consumer preferences change at a rapid pace within this domain. According to the OECD²², "ISDN is expected to be rapidly overtaken by digital subscriber lines (DSL) or cable modems [...] The capabilities of DSL or cable modems for providing higher-speed Internet access are far greater than for ISDN. The trend towards unbundling local loops will encourage the shift to higher-speed access technologies".

(22) Communications Outlook, OECD, 2001.

Table 6.49: Alternatives considered in order to speed up an Internet connection (% share of Internet users) (1)

	A faster modem	An ISDN line	An ADSL connection	A cable connection	None of these
EU-15	21.5	20.3	7.0	8.7	34.1
B	14.6	16.7	5.2	20.0	39.7
DK	9.0	19.1	5.9	14.2	39.6
D	12.8	27.0	8.1	4.3	33.8
EL	25.5	31.1	0.0	7.4	26.2
E	39.8	13.3	3.3	9.5	15.0
F	24.6	12.0	15.8	10.5	28.9
IRL	20.6	18.6	1.0	2.2	48.0
I	39.8	25.7	8.0	0.0	22.8
L	26.2	34.0	11.9	11.4	25.0
NL	16.0	19.8	7.3	25.0	35.7
A	12.7	21.3	11.1	6.8	34.6
P	32.3	13.7	1.3	14.2	22.8
FIN	11.4	24.3	6.4	5.9	45.2
S	14.2	18.9	8.9	10.6	38.8
UK	19.2	18.0	2.5	6.1	44.5

(1) Multiple answers allowed.

Source: Eurobarometer 53 (Measuring information society), European Commission, 2000

Table 6.50: Communication
Mean consumption expenditure and structure of household expenditure, 1999

	B	DK	D	EL	E	F (1)	IRL (2)	I	L	NL	A	P (1)	FIN	S	UK
MEAN CONSUMPTION EXPENDITURE (PPS PER HOUSEHOLD)															
Communication	603	489	577	761	407	439	668	671	914	560	699	321	511	561	623
Postal services	34	29	64	5	5	41	42	24	28	29	15	2	18	18	42
Telephone and telefax equipment	42	20	36	5	7	23	:	:	199	26	48	1	63	39	41
Telephone and telefax services	528	440	477	751	395	376	:	646	688	505	635	317	430	505	539
STRUCTURE OF EXPENDITURE (% of TOTAL HOUSEHOLD EXPENDITURE)															
Communication	2.2	2.1	2.5	3.3	2.0	2.0	2.3	2.5	2.1	2.2	2.6	2.0	2.8	2.6	2.3
Postal services	0.1	0.1	0.3	0.0	0.0	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.2
Telephone and telefax equipment	0.2	0.1	0.2	0.0	0.0	0.1	:	:	0.5	0.1	0.2	0.0	0.3	0.2	0.1
Telephone and telefax services	1.9	1.9	2.0	3.2	2.0	1.7	:	2.4	1.6	2.0	2.4	1.9	2.4	2.3	2.0

(1) 1994. (2) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 6.51: Communication
Structure of household expenditure, 1999 (%)

	B	DK	D	EL	E	F (1)	IRL (2)	I	L	NL	A	P (1)	FIN	S	UK
BROKEN DOWN BY INCOME DISTRIBUTION (3)															
Lowest twenty percent	2.7	3.1	3.5	3.4	1.9	2.4	:	3.0	2.9	2.8	:	2.4	4.2	3.7	3.0
Second quintile group	2.2	2.6	2.8	3.5	2.1	2.1	:	2.7	2.2	2.5	:	2.2	3.2	2.9	2.7
Third quintile group	2.2	2.0	2.5	3.2	2.0	1.9	:	2.5	2.0	2.1	:	2.0	3.0	2.5	2.2
Fourth quintile group	2.0	1.8	2.3	3.2	2.0	1.8	:	2.3	2.0	2.0	:	1.9	2.6	2.5	2.1
Highest twenty percent	2.2	1.7	2.0	3.2	2.0	1.9	:	2.1	2.0	1.9	:	1.8	2.1	2.0	1.9
BROKEN DOWN BY AGE OF HEAD OF HOUSEHOLD															
Less than 30	2.7	2.6	3.4	4.3	2.3	2.4	2.2	2.3	2.8	2.7	3.6	1.6	3.9	4.0	2.7
Between 30 and 44	2.2	2.0	2.5	3.2	1.9	1.8	2.2	2.3	2.2	2.2	2.6	1.7	2.7	2.6	2.2
Between 45 and 59	2.2	2.0	2.3	3.3	1.9	1.9	2.4	2.4	2.1	2.1	2.6	2.0	2.7	2.4	2.2
60 and over	2.0	2.1	2.4	3.1	2.2	2.1	2.3	2.6	1.8	2.1	2.5	2.3	2.5	2.1	2.1
BROKEN DOWN BY TYPE OF HOUSEHOLD															
1 adult without dependent children	2.7	2.8	3.3	3.7	2.5	2.7	2.4	3.0	2.3	2.9	3.0	2.6	3.4	3.2	2.5
2 adults without dependent children	1.8	1.9	2.2	3.3	2.2	1.9	2.4	2.4	1.9	1.9	2.4	2.3	2.6	2.2	2.0
3+ adults without dependent children	2.2	1.8	2.2	3.3	2.1	1.7	2.2	2.4	2.0	2.1	2.4	1.9	2.8	2.1	2.3
Single parent with dependent child(ren)	3.0	2.6	3.1	4.3	2.8	2.4	3.0	2.8	2.4	3.0	3.4	2.4	3.4	3.5	3.5
2 adults with dependent child(ren)	2.2	1.8	2.2	3.0	1.9	1.7	2.2	2.3	2.2	1.9	2.8	1.8	2.5	2.4	2.1
3+ adults with dependent child(ren)	2.5	1.7	2.1	3.2	1.9	1.7	2.1	2.4	2.3	2.1	2.4	1.7	3.3	3.1	2.3
BROKEN DOWN BY SOCIO-ECONOMIC CATEGORY OF HEAD OF HOUSEHOLD															
Manual workers (4)	2.3	2.0	2.4	3.1	1.8	1.7	:	2.4	2.3	2.3	3.0	1.8	2.9	2.7	2.3
Non-manual workers	2.1	1.9	:	3.2	2.1	1.9	:	:	2.1	2.1	2.5	1.8	2.6	2.4	2.2
Self-employed	2.8	1.7	2.4	3.4	2.1	1.6	:	2.4	1.9	1.8	2.3	2.1	2.9	2.1	2.0
Unemployed	2.9	2.9	3.2	3.9	2.0	2.9	:	2.8	3.9	2.7	3.9	1.7	3.8	4.0	3.1
Retired	1.9	2.3	:	3.1	2.2	2.1	:	2.5	1.9	2.0	2.6	2.3	2.6	2.1	2.0
Other inactive (5)	2.8	3.6	3.5	3.9	2.4	2.7	:	2.9	2.1	2.7	3.4	2.0	4.4	3.2	3.0
BROKEN DOWN BY DEGREE OF URBANISATION															
Dense (>500 inhabitants/km ²)	2.2	2.3	:	:	2.1	:	:	2.4	2.3	:	2.7	2.0	2.7	2.9	2.3
Intermediate (100-499 inhabitants/km ²)	2.1	1.9	:	:	2.0	:	:	2.5	2.1	:	2.7	1.8	2.6	2.4	2.2
Sparse (<100 inhabitants/km ²)	3.2	1.8	:	:	1.9	:	:	2.5	1.9	:	2.5	2.4	3.1	2.5	2.2

(1) 1994.

(2) Provisional.

(3) FIN, income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

(4) D, including non-manual workers.

(5) D, including retired.

Source: Eurostat, Household Budget Survey (theme3/hbs)



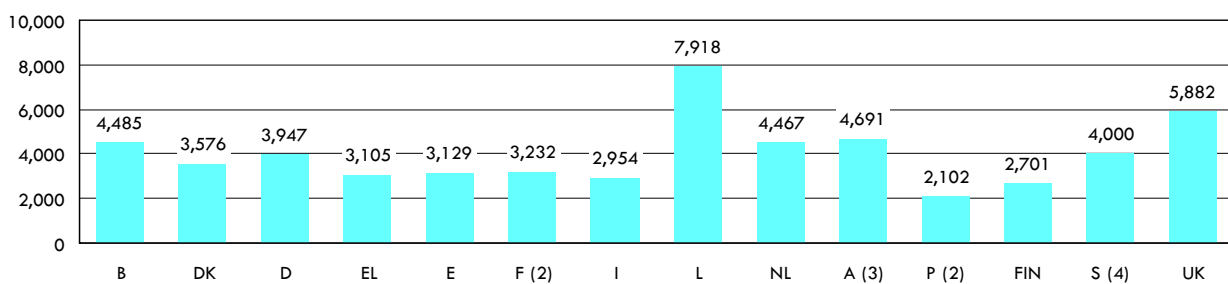
7. Leisure time and recreation



7 LEISURE TIME AND RECREATION

Lifestyle changes such as a reduction in working time and the relative ageing of the population, mean that a growing share of Europe's population have more time to participate in leisure and entertainment activities. Reading books, watching television, eating out, going on holiday, as well as practising a sport are all examples of activities that take an increasing share of leisure time.

Figure 7.1: Recreation and culture; restaurants and hotels
Mean consumption expenditure, 1999 (PPS per household) (1)



(1) IRL, not available.

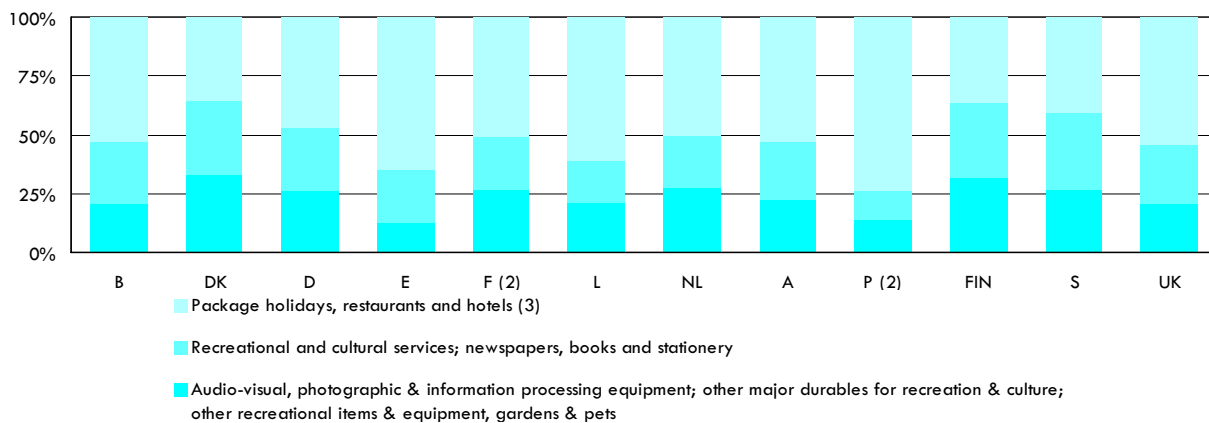
(2) 1994.

(3) Including holiday travel.

(4) Excluding take-away food and beverages.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 7.2: Recreation and culture; restaurants and hotels
Breakdown of consumption expenditure, 1999 (%) (1)



(1) EL, IRL and I, not available.

(2) 1994.

(3) A, including holiday travel; S, excluding take-away food and beverages.

Source: Eurostat, Household Budget Survey (theme3/hbs)

7.1 NEWSPAPERS AND BOOKS

Newspapers, magazines and books provide information and entertainment to European households. In most cases, consumption remains essentially national (or regional for a large number of newspapers), as the eleven different (official) languages of the EU pose a sometimes considerable barrier to market expansion.

CONSUMPTION

Newspapers

When buying their daily newspaper, European consumers could choose between some 1,126 titles in 1999. In most Member States, more than half of all adults read at least one newspaper each day (see table 7.2), a share that was generally higher amongst men than women. It should be noted that whilst the majority of daily newspapers are targeted at a regional audience, national dailies generally record the highest circulation figures (see table 7.3 overleaf).

In recent years a large number of newspapers have embraced the Internet as a new way of reaching their readership, often giving free access. In 1999, around two-thirds of the EU's dailies had an on-line edition. A Eurobarometer survey (53) on measuring the information society (spring 2000) revealed that 21.5% of Europeans were interested in reading newspapers and magazines on-line (but only 4.4% were ready to pay for this service) and that almost one third (31.4%) of actual Internet users read on-line editions of newspapers (see pages 204 and 205). The use of the Internet has resulted in some people spending less time reading newspapers than they used to. The same Eurobarometer survey (53) found that almost a fifth (19.1%) of Internet users declared that on-line activity reduced the time they would otherwise spend reading newspapers.

Table 7.1: Average consumption of newsprint and other printing and writing paper, 1997 (kilograms per thousand inhabitants) (1)

	Newsprint	Other printing and writing paper
B	22,308	100,389
DK	49,923	71,916
D	26,116	68,087
EL	9,821	32,199
E	12,400	42,721
F	11,476	60,525
IRL	47,025	32,535
I	10,631	57,131
L	:	:
NL	30,184	63,314
A	24,324	48,192
P	2,160	2,603
FIN	57,963	191,978
S	28,681	49,232
UK	41,097	71,177

(1) Apparent consumption: production+imports-exports.
Source: UNESCO

Table 7.2: Daily newspapers - main indicators, 1999 (1)

	Number of titles (units)		Circulation (thousands)		Readership (% share of adults)			Web sites (units)
	Total	National	Total	National titles	All adults	Men	Women	
B (2)	28	:	1,585	:	50.7	56.3	45.5	:
DK	34	10	1,528	871	73.5	76.8	70.3	26
D	387	9	24,565	1,644	78.3	79.9	76.8	179
EL	29	:	637	:	19.5	22.5	17.2	12
E	135	5	4,300	1,500	35.2	46.2	24.8	29
F	81	20	8,593	2,313	:	:	:	19
IRL (3)	6	:	567	:	56.0	58.0	54.0	3
I (4)	88	:	5,937	3,506	39.6	50.2	29.8	62
L (5)	5	5	124	124	69.0	71.0	67.0	4
NL	35	11	4,482	2,165	67.1	71.3	63.0	30
A	17	7	2,896	2,121	76.1	78.2	74.1	15
P	28	10	686	612	40.2	58.3	24.1	12
FIN	56	8	2,331	980	91.0	93.0	90.0	42
S	98	4	3,721	812	88.0	89.0	88.0	66
UK	99	10	18,939	12,649	31.5	32.6	30.4	82

(1) Daily newspapers defined as those published at least four times a week (UNESCO definition).

(2) Number of titles (16 in French, 11 in Dutch and 1 in German); circulation figures are estimates.

(3) Including 10 daily newspapers from the United Kingdom, with an overall circulation of 208,755 units.

(4) Members of FIEG only; circulation figures are estimates.

(5) Paid circulation only.

Source: World Press Trends, WAN, 2000

Table 7.3: Most popular newspapers by circulation, 1999

B	F (2)	A (3)
De Standaard	Ouest France	Neue Kronen Zeitung
Het Laatste Nieuws	Le Parisien/Aujourd'hui	Kleine Zeitung
La Meuse/La Lanterne	Le Monde	Kurier
Le Soir	L'Equipe	Täglich Alles
Gazet van Antwerpen	Le Figaro	OÖ Nachrichten
DK	IRL	P
Jyllands-Posten	Irish Independent	Jornal de Notícias
Berlingske Tidende	The Irish Times	A Bola
Politiken	Evening Herald	Record
Ekstra Bladet	The Star	Correio da Manhã
B.T.	The Examiner	Diário de Notícias
D	I	FIN
Bild-Zeitung	Corriere della Sera	Helsingin Sanomat
Bild am Sonntag	Repubblica	Ilta-Sanomat
Zeitungsgruppe WAZ	Gazetta dello Sport	Aamulehti
Zeitungsgruppe Thüringen	Il Sole 24 Ore	Ilta-lehti
Die Zeit	La Stampa	Turun Sanomat
EL (1)	L	S
Ta Nea	Luxemburger Wort	Aftonbladet
Eleftherotypia	Tageblatt	Expressen/GT
Eleftheros Tipos	Republicain Lorrain (L)	Dagens Nyheter
Ethnos	Lëtzeburger Journal	Göteborgs-Posten
Apogevmatina	Zeitung vum L. Vollek	Svenska Dagbladet
E	NL	UK (4)
El País	De Telegraaf	The Sun
Marca	Algemeen Dagblad	Daily Mail
ABC	De Volkskrant	The Mirror
El Mundo del Siglo XXI	NRC Handelsblad	Daily Express
La Vanguardia	Dagblad de Limburger	Daily Telegraph

(1) Source: Bari (Focus) Report.

(2) Source: DHS 1998/99 and EUROPOQ 1999.

(3) Ranking based on readership not circulation; source: ÖAK, MA, VÖZ and publishers' statements.

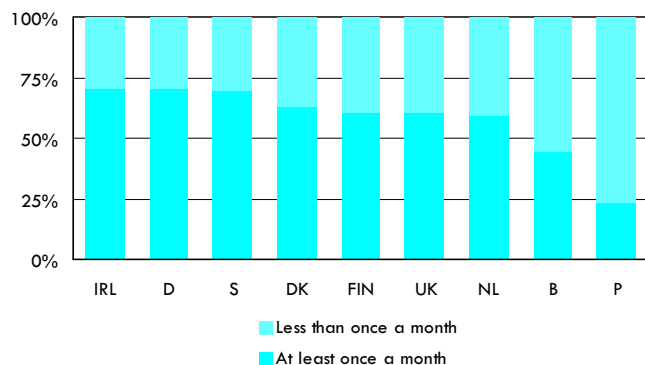
(4) Source: BRAD, JICREG, ABC and NS Marketing database.

Source: World Press Trends, WAN, 2000

Books

Reading has long been amongst the most popular entertainment activities, in addition to providing educational and reference material. A survey carried out between 1994 and 1998 in some Member States (Literacy in the Information Age, OECD, 2001) showed that more than 60% of the adults read at least one book per month in seven out of nine countries surveyed (see figure 7.3). However, the emergence of new media in the course of the last century has reduced the time many people spend reading books. The Eurobarometer survey (53) reveals that more than one quarter (25.9%) of Internet users admit that on-line activity has reduced the time they would otherwise have spent reading books. Table 7.4 provides information from UNESCO on the activities of public and national libraries.

Figure 7.3: Proportion of the population reading books, 1994-1998 (%) (1)



(1) Share of population aged 16 to 65.

Source: International Adult Literacy Survey in Literacy in the Information Age, OECD, 2001

Table 7.4: Main indicators of libraries, 1997 (thousands)

	Loans to users		Registered users	
	National libraries	Public libraries	National libraries (1)	Public libraries (2)
B	248	68,475	15	2,310
DK	:	85,880	:	:
D	3,459	310,778	1,996	387,212
EL	484	1,829	605	2,286
E	1,202	18,510	960	186,260
F	1,298	89,559	1,370	265,784
IRL	124	12,582	88	:
I	1,312	257,962	786	274,425
L	128	1,990	9	1,772
NL	175	158,286	360	69,797
A	345	15,728	85	929
P	261	1,113	254	49,328
FIN	8	102,139	501	2,516
S	135	71,005	:	41,924
UK	5,661	573,391	58	33,630

(1) D, EL, E, F, L, NL and P, number of visits; IRL, FIN and A, number of visits to national libraries (including exhibitions or sight-seeing in A); I and S, number of visits to public libraries.

(2) High number of registered users may be explained by users being able to belong to more than one library.

Source: UNESCO

CONSUMPTION EXPENDITURE

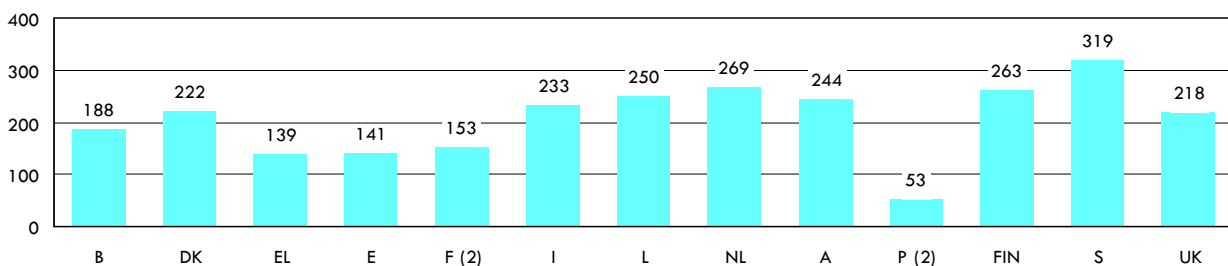
In most Member States, European households spent between 313 PPS (Spain) and 497 PPS (the Netherlands) on newspapers, books and stationery in 1999¹. Portugal (148 PPS) at one end and Luxembourg (572 PPS) at the other were the only countries outside of this range. In relative terms, households generally spent around 1.6% of their total expenditure on newspapers, books and stationery, although this share rose to above 2.0% in Finland (2.1%) and Sweden (2.3%).

In all countries except Greece and Portugal², households spent more on newspapers and periodicals than on books (see figures 7.4 and 7.5). Only a marginal share of expenditure was dedicated to other printed matters or stationery and drawing materials.

(1) For the whole of this section on consumption expenditure: F and P, 1994.

(2) D and IRL, not available.

Figure 7.4: Newspapers and periodicals
Mean consumption expenditure, 1999 (PPS per household) (1)

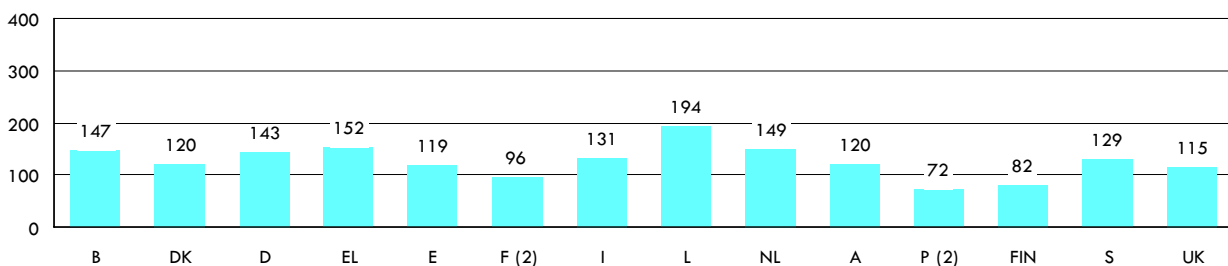


(1) D and IRL, not available.

(2) 1994.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 7.5: Books
Mean consumption expenditure, 1999 (PPS per household) (1)



(1) IRL, not available.

(2) 1994.

Source: Eurostat, Household Budget Survey (theme3/hbs)

PRICES

Households in the Nordic countries generally faced the highest relative prices for printed material and stationery in 1998 (see table 1.41 on page 43). Sweden was the most expensive country for books, newspapers and magazines with a price level index 47% above the EU average, whilst Portugal displayed the lowest price level, 22% below the EU average. As regards books, it is important to bear in mind that a certain degree of price regulation is applied in some countries, notably France and Germany, whereby a single price for any given title (fixed by the publisher or the importer) has to be applied throughout the retail network, with limited room for discount practices.

Table 7.5: Newspapers, books and stationery
Development of harmonized indices of consumer prices in the EU (1996=100)

	1996	1997	1998	1999	2000
Total HICP	100	102	103	104	106
Newspapers, books & stationery	100	102	105	107	109
Books	100	103	107	108	110
Newspapers and periodicals	100	102	105	107	109
Stationery & drawing materials	100	101	102	103	104

Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

7.2 AUDIO-VISUALS AND PERSONAL COMPUTERS

This sub-chapter addresses a very dynamic area, which is regarded as part of the emergence of the so-called “information society”. The items covered in this sub-chapter include all main home audio-visual devices (for example, television sets, video recorders and hi-fi systems), as well as personal computers and their accessories.

OWNERSHIP: EQUIPMENT RATES

Television sets

Virtually every European household is equipped with at least one television set. According to the latest available figures, there were almost 146 million television households in 1998 in the EU, 97% of the total. Furthermore, 45.4% of these were equipped with a second television set and 69.5% had access to teletext (see tables 7.6 and 7.7 overleaf). Data from the European Community Household Panel for 1996 shows that the penetration of colour television sets was generally lower amongst one-person households than households that were inhabited by couples. Low-income households or households headed by an unemployed person were also more likely than the average not to have a colour television (see table 7.8 overleaf).

Table 7.6: Household penetration of television sets and video recorders, 1998

	Televisions		Video recorders	
	Number of households (thousands)	(% of households)	Number of households (thousands)	(% of households)
EU-15	145,956	97	104,798	69
EUR-11	112,342	97	77,566	67
B (1) (2)	4,042	97	2,857	68
DK	2,357	98	1,791	74
D	37,007	99	24,208	64
EL	3,663	99	1,385	37
E (2)	11,951	99	8,397	69
F	21,996	94	17,061	73
IRL	1,175	95	844	69
I	21,149	97	13,489	62
L	162	99	117	71
NL (2)	6,558	98	4,629	69
A	3,032	94	2,340	73
P	3,037	90	1,973	58
FIN	2,233	96	1,651	71
S	3,994	97	3,418	83
UK (2)	23,600	96	20,638	84

(1) Number of television households, source: European Video Yearbook 2000/2001.

(2) Number of video recorder households, source: European Video Yearbook 2000/2001.
Source: Eurostat and Screen Digest in Audiovisual services, Statistics in Focus, Theme 4 3/2001, Eurostat, 2001

Table 7.7: Penetration characteristics of television households, 1999
(% share of television households)

	Colour television	Multi-set	Teletext
EU-15 (1)	98.9	45.4	69.5
B	95.0	23.7	52.7
DK	99.8	45.7	78.3
D	99.9	29.9	77.1
EL	98.6	55.5	:
E	99.2	59.4	49.8
F	99.2	40.2	:
IRL	99.0	34.0	:
I	99.3	49.6	56.1
L	100.0	51.0	:
NL	98.2	41.7	86.6
A	98.2	52.0	65.7
P	91.7	69.0	:
FIN	94.7	43.5	61.3
S	100.0	57.0	84.0
UK	99.0	60.0	70.0

(1) Excluding EL, F, IRL, L and P for teletext.

Source: European Keyfacts Television, IP/CMI, 2000

Table 7.8: Household penetration of television sets and video recorders in the EU, 1996 (% of households) (1)

	Colour television	Video recorder
Socio-economic status		
Employed	97.7	79.6
Unemployed	93.2	62.1
Retired	96.0	37.8
Other	91.5	44.1
Type of household		
One adult younger than 30 years	86.8	51.8
One adult aged between 30 and 64 years	92.1	54.6
One adult older than 65 years	92.4	19.3
Single parent with dependent children	96.4	73.0
Two adults with one dependent child	98.6	85.5
Two adults with two dependent children	98.6	87.3
Two adults with three or more dependent children	97.6	83.7
Two adults, at least one aged 65 years and over	97.8	45.7
Income (2)		
High	98.2	78.7
Mid-high	97.6	68.2
Mid-low	96.7	58.6
Low	92.1	46.0

(1) Excluding S.

(2) Income breakdown expressed in relation to median income: low income, less than 60%; mid-low income, 60% to 100%; mid-high income, 100% to 140%; high income, more than 140%.

Source: Eurostat, European Community Household Panel (theme3/housing)

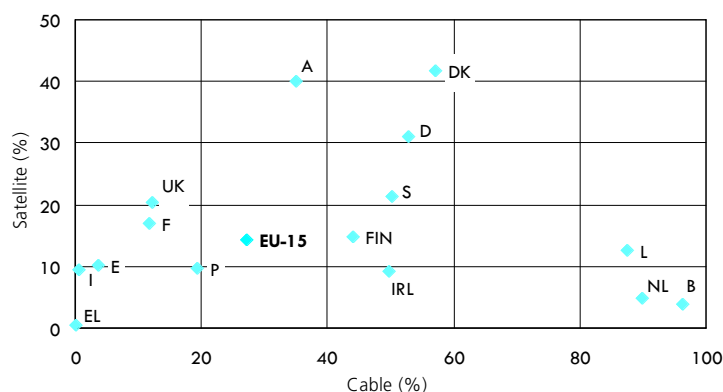
Aerial, cable or satellite?

The reception of television services has traditionally been achieved through terrestrial Hertzian signals, but cable and satellite have emerged as important alternatives. They often provide better quality reception and a wider choice of programmes, with sometimes additional services such as for example telephony services or high-speed Internet access. In the EU, 27.1% of TV households were subscribing to cable networks in 1997, whilst 14.4% had satellite dishes. In some countries cable has become prevalent, notably in the Benelux where it was the preferred means of receiving television programmes for approximately nine out of ten households in 1999. Cable also accounted for a majority of TV households in Denmark (57.0%) and Germany (52.7%). Satellite reception was most popular in Denmark (41.8%) and Austria (40.0%). With marginal cable and satellite penetration rates, countries such as Greece, Italy and Spain relied most on Hertzian transmission (see figure 7.6).

A survey carried out for the European Commission in 1999³ revealed that cable access was particularly popular in urban areas (where the majority of cables have been laid) and amongst small households (one or two persons). Satellite dishes were found mainly in rural areas and their penetration rate increased with household income or size (see table 7.10).

(3) The situation of telecommunications services in the regions of the EU, Residential Report, April 2000.

Figure 7.6: Means of receiving television services, 1999 (1)



(1) EU-15 and EL, 1997.

Source: OECD, OBS and ITU in Communications Outlook, OECD, 2001

Table 7.9: Number of subscribers to pay television services, 1999 (1)

	Number (thousands)	of which (%)			Share of households (%)
		Cable	Satellite	Terrestrial	
B	4,092	91.7	0.0	8.3	117.9
DK	1,695	79.6	20.4	0.0	71.5
D	21,245	96.0	4.0	0.0	54.9
EL	300	0.0	0.0	100.0	8.8
E	3,446	12.5	36.3	51.2	28.7
F	10,145	26.2	25.4	48.4	44.1
IRL	723	82.4	17.6	0.0	60.3
I	2,032	4.0	49.2	46.8	10.7
L	:	:	:	:	:
NL	6,050	99.2	0.8	0.0	90.4
A	1,100	100.0	0.0	0.0	34.9
P	810	93.8	6.2	0.0	20.5
FIN	1,031	90.5	9.5	0.0	48.5
S	2,560	78.1	21.9	0.0	64.0
UK	7,203	39.2	55.1	5.7	30.5

(1) Number of subscribers to cable, satellite and terrestrial subscription services; households may subscribe to more than one service.

Source: OECD, IDATE/EC Digital TV study and OBS in Communications Outlook, OECD, 2001

Table 7.10: Means of receiving television in households in the EU, 1999 (%) (1)

	Aerial	Cable	Satellite dish
EU-15	53	34	16
Urbanisation (2)			
Metropolitan	50	40	11
Urban	53	36	13
Rural	55	25	23
Income			
High	47	36	21
Mid-high	47	38	18
Mid-low	52	36	14
Low	56	33	9
Household size (3)			
One	51	36	11
Two	50	36	15
Three	53	33	17
Four+	56	31	18

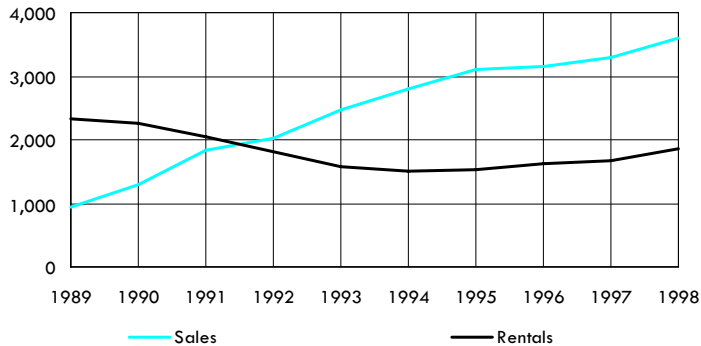
(1) Multiple answers allowed.

(2) Metropolitan: principal urban centres including at least the capital; urban: secondary towns and urban centres; rural: smallest localities.

(3) Number of persons living under the same roof, as an indicator of the theoretical communication needs of the household.

Source: The situation of telecommunications services in the regions of the EU, Residential Report, European Commission, April 2000

Figure 7.7: Evolution of sales and rentals of pre-recorded videos in the EU (million ECU)



Source: Eurostat, Audiovisual services (theme4/auvis)

Table 7.11: Number of outlets selling and renting pre-recorded videos, 1998 (units)

	Sales	Rentals
B (1)	1,900	700
DK	1,800	2,025
D (2)	10,000	5,550
EL (1)	150	525
E	3,050	4,600
F (1)	5,000	900
IRL	1,650	1,100
I	5,000	2,500
L	:	16
NL	2,500	1,250
A	750	350
P	443	787
FIN (1)	1,500	1,000
S (1)	5,000	600
UK	4,750	4,300

(1) 1997.

(2) Outlets selling videos, 1997.

Source: Eurostat, Audiovisual services (theme4/auvis)

Video cassette recorders

Over the last twenty years, the video cassette recorder (VCR) has become an increasingly popular complement to the television set. In 1998, 69% of EU household were equipped with a VCR, ranging between 37% in Greece and 84% in the United Kingdom. According to the European Community Household Panel in 1996, the penetration of VCRs into homes was particularly dependent on the age of the head of household, as the lowest rates were found amongst adults aged over 65, either single (19.3%) or in a couple (45.7%), and retired persons (37.8%). Equipment rates generally increased with revenue, from 46.0% amongst low-income households up to 78.7% for high-income households (see table 7.8 above).

Receipts from sales and rentals of pre-recorded videos reached 5.5 billion ECU in 1998, or more than 53 ECU per VCR household. An important evolution within this market

has been a clear shift from rentals to sales (see figure 7.7). In 1989, more than two-thirds of spending on pre-recorded videos was dedicated to rentals, whilst by 1998 the proportion had been reversed in favour of video sales. This evolution is reflected in the size of the retail network: there was a 35% decline in the number of rental outlets in the EU during the 1990s, from around 40 thousand in 1990 to some 26 thousand in 1997/98 (see table 7.11). Ireland disposed of the densest retail network for pre-recorded videos in 1998, with 130 video shops and 195 resellers per 100 thousand VCR households. The Nordic countries also displayed higher than average network density.

Table 7.12: Key data for the DVD market, 1999/2000

	Penetration rate, 2000 (% of households) (1)	Number of DVDs sold, 1999 (thousands)	Average price of a DVD, 1999 (€)
EU-15 (2)	3.9	14,576	20
B	3.5	689	16
DK	3.8	183	22
D	2.8	2,600	26
EL	0.7	77	22
E	5.0	700	15
F	4.0	4,200	20
IRL	4.0	77	22
I	4.6	1,000	18
L	6.3	:	:
NL	5.5	500	16
A	2.4	121	22
P	2.5	63	24
FIN	2.3	150	18
S	7.8	216	22
UK	4.1	4,000	20

(1) Source: Eurobarometer 53, European Commission, 2000.

(2) Excluding L.

Source: Screen Digest in Audiovisual services, Statistics in Focus, Theme 4 3/2001, Eurostat, 2001

The emergence of DVD

DVD, or Digital Versatile Disc, is a video format based on the Compact Disc with much larger storage capacity than a conventional video-tape. Since its formal launch in Europe in 1998, it has rapidly gained momentum and is expected to eventually replace the VCR. The Eurobarometer survey (53) from the spring of 2000 reports that 3.9% of respondents already had a DVD player. The average price of the discs themselves was €20, from €15 in Spain up to €26 in Germany (see table 7.12).

Radios

In 1999, more than nine out of ten households had at least one radio receiver in the EU, as a portable transistor radio, or integrated as part of an alarm clock, hi-fi system or car audio system (see table 7.13).

Table 7.13: Household penetration of radio equipment, 1999
(% share of households) (1)

	Total	Portable radios	Alarm clocks	Hi-fi tuners	Car radios
B (2)	98.1	75.7	72.5	80.3	65.5
D	98.3	28.6	53.1	70.9	70.4
E	97.6	69.4	42.9	9.9	71.6
F	99.0	86.2	80.7	77.7	80.0
IRL	92.0	:	:	66.0	77.0
L (3)	98.0	:	:	:	:
NL	95.7	89.0	:	:	59.5
A	90.2	:	:	82.2	82.9
FIN	99.0	:	:	:	:
UK	95.0	30.0	57.0	71.0	:

(1) DK, I, P and S, not available.

(2) Average of data available separately for the French & Dutch speaking regions.

(3) 1997.

Source: European Keyfacts Radio, IP/CMI, 2000

Personal computers

During autumn 1998, a Eurobarometer survey (50.1) registered 30.8% of respondents with a PC at home (no distinction being made between PCs and laptops). By the time of the Eurobarometer of spring 2000 (53), some 34.9% of EU households had a personal computer at home and 5.4% a laptop computer⁴ (see tables 7.14 and 7.15). In addition, 3.1% of Europeans owned handheld computer ("Personal Digital Assistant"). Dutch households were particularly well equipped, as 65.5% of them had a PC, 17.7% a laptop and 9.1% a handheld, the highest rates by far in the EU. Age and income level appeared as the most discriminating factors in determining whether or not a household had a computer. A large difference in equipment rates also existed between unemployed persons (30.7%) and students (58.8%) or managers (60.2%).

(4) As households may possess both a PC and a laptop, these figures cannot be added together to calculate the total equipment rate of households without the risk of double-counting.

Table 7.14: Household penetration of PCs, 2000
(% share of households) (1)

	Desktop PC	Laptop PC	CD-ROM linked to PC
EU-15	34.9	5.4	24.9
B	42.4	7.1	31.3
DK	59.0	10.9	53.5
D	31.9	5.4	24.0
EL	15.4	0.6	6.7
E	34.2	3.1	20.8
F	28.9	4.6	21.7
IRL	28.0	5.2	17.7
I	35.5	0.9	22.7
L	45.3	9.8	43.5
NL	65.5	17.7	55.9
A	31.6	7.2	27.0
P	20.3	3.4	12.5
FIN	44.9	7.3	17.3
S	56.3	10.9	43.4
UK	36.2	8.2	25.6

(1) Question: "Which of the following do you have at home?"; multiple answers allowed.

Source: Eurobarometer 53 (Measuring information society), European Commission, 2000

Table 7.15: Household penetration of PCs in the EU, 2000
(% share of households) (1)

	Desktop PC	Laptop PC	CD-ROM linked to PC
EU-15	34.9	5.4	24.9
Sex			
Male	38.5	6.1	28.4
Female	31.5	4.7	21.5
Age			
15-24	46.3	6.3	35.4
25-39	42.5	7.5	30.3
40-54	43.7	6.6	31.3
55+	16.3	2.2	10.3
Occupation			
Self-employed	43.0	7.5	29.6
Manager	60.2	15.4	47.8
Other white collar	47.5	6.7	34.7
Manual worker	33.6	3.4	22.7
House person	26.5	3.8	17.8
Unemployed	30.7	3.1	18.9
Retired	11.7	1.5	7.6
Student	58.8	9.5	45.2
Income			
High	61.0	14.0	49.0
Mid-high	40.0	5.0	29.0
Mid-low	25.0	3.0	17.0
Low	16.0	2.0	10.0

(1) Question: "Which of the following do you have at home?"; multiple answers allowed.
Source: Eurobarometer 53 (Measuring information society), European Commission, 2000

Table 7.16: Average daily television viewing time per individual (minutes)

	Target group	1997	1998	1999
EU-15	201	205	206	
B (1)	15+	184	188	186
DK	4+	162	170	165
D	14+	196	201	198
EL	6+	212	219	227
E	16+	218	218	220
F	15+	192	197	199
IRL	15+	188	197	188
I	15+	221	230	229
L	12+	115	112	124
NL	13+	157	168	166
A	12+	142	146	147
P	15+	173	165	194
FIN	10+	150	150	161
S	15+	149	154	152
UK	16+	229	230	232

(1) Average of data available separately for the French and Dutch speaking regions.

Source: European Keyfacts Television, IP/CMI, 2000

CONSUMPTION

Time spent watching television

With an average of three hours and 26 minutes per person per day within the EU (see table 7.16), watching television is one of the most popular leisure activities. Viewing time varied from two hours and 4 minutes per day in Luxembourg up to three hours and 52 minutes in the United Kingdom. Figures show that people in southern Europe (especially Italy, Greece and Spain) spent on average one hour more per day in front of the television than in Scandinavia. Whilst the usual viewing pattern shows a single peak for prime time between 18h00 and 22h00, southern European countries - as well as France and Belgium- tend to have a second peak around lunchtime.

Table 7.17: Audience share of leading television channels, 1999 (1)

	Channel	Adults		Channel	Young adults		Channel	Children	
		Target group	Audience share (%)		Target group	Audience share (%)		Target group	Audience share (%)
B (NL)	VTM	15+	30.8	VTM	15-34	21.5	Ketnet	4-14	23.9
B (F)	RTL-TVi	15+	23.5	RTL-TVi	15-34	22.5	ClubRTL	4-14	24.1
DK	TV 2	12+	36.7	TV 2	14-49	31.2	DR 1	4-11	37.3
D	RTL	14+	14.9	RTL	14-49	17.8	SuperRTL	3-13	18.7
EL	Antenna TV	6+	23.0	MEGA	15-34	24.7	:	:	:
E	TVE 1	16+	25.7	Antena 3	13-24	26.2	Antena 3	4-12	29.5
F	TF 1	15+	34.9	TF 1	15-34	35.5	TF 1	4-10	38.0
IRL	RTE 1	15+	34.9	RTE 1	15-34	23.9	:	4-14	:
I	RAI 1	15+	22.9	Canale 5	15-34	24.9	:	:	:
L	RTL-L	12+	19.7	:	:	:	:	:	:
NL	RTL 4	13+	17.0	RTL 4	20-34	17.3	RTL 4	6-12	12.4
A	ORF 2	12+	34.4	ORF 1	12-49	29.5	ORF 1	3-11	36.7
P	SIC	15+	47.7	SIC	15-24	49.3	SIC	4-14	50.7
FIN	MTV 3	10+	42.0	MTV 3	14-49	43.0	:	:	:
S	TV 4	15+	27.3	TV 4	15-34	28.8	SVT 1	3-14	32.9
UK	ITV	16+	31.8	ITV	16-34	30.6	ITV	4-15	26.9

(1) Average audience for the whole day, except B (17-23h) and L (19-23h); B (NL) - Belgium, Dutch speaking; B (F) - Belgium, French speaking.
Source: European Keyfacts Television, IP/CMI, 2000

Table 7.18: Audience share of public television channels, 1999 (1)

	Channels	Target group	Audience share (%)
B (NL)	TV1, TV2	15+	33.5
B (F)	La Une, La Deux	15+	24.4
DK	DR1+2, TV 2	12+	66.9
D	ARD, ZDF et al. (2)	14+	43.4
EL	ET 1, NET	6+	9.5
E	TVE 1, La 2	16+	33.6
F	FRANCE 2+3, La 5e	15+	43.6
IRL	RTE 1, NET 2, TG4	15+	50.0
I	RAI 1+2+3	15+	48.1
L	RTL-L (3)	12+	19.7
NL	NED 1+2+3	13+	35.4
A	ORF 1+2	12+	58.1
P	RTP 1+2	15+	35.9
FIN	YLE 1+2	10+	43.0
S	SVT 1+2	15+	47.1
UK	BBC 1+2	16+	39.6

(1) Average audience for the whole day, except B (17-23h) and L (19-23h); B (NL) - Belgium, Dutch speaking; B (F) - Belgium, French speaking.

(2) 3SAT, Arte, Kinderkanal, Phoenix, ARD III and BR ALPHA.

(3) Télé Lëtzebuerg: private channel with public service function.
Source: European Keyfacts Television, IP/CMI, 2000

Table 7.19: Daily reach and average listening time to radio, 1999

	Target group	Daily reach (%)	Weekly reach (%)	Weekend reach (%)	Average listening time (minutes) (1)
B (2)	12+	:	73.4	63.8	266
DK	12+	:	55.0	32.0	210
D	14+	:	84.3	:	220
E	14+	53.0	56.2	:	188
F	15+	:	83.3	75.1	193
IRL	15+	:	88.0	60.0	237
I	11+	67.9	:	:	177
L (3)	12+	:	65.9	57.8	198
NL	10+	:	70.3	58.4	147
A	10+	83.0	80.5	74.5	211
P	15+	83.6	80.6	53.7	190
FIN	9+	81.0	96.0	:	246
S	9+	79.8	:	73.3	177
UK	15+	90.0	87.0	74.0	199

(1) Average daily listening time from Monday to Friday, except I, A, FIN, S and UK (Monday to Saturday) and IRL (whole week).

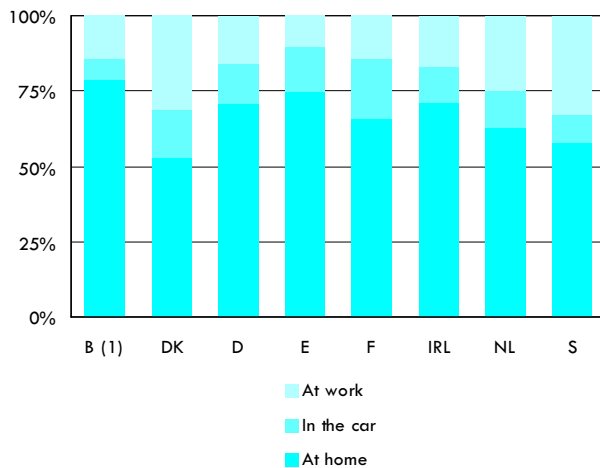
(2) Average of data available separately for the French and Dutch speaking regions.

(3) Weekend reach on Saturday instead of weekends.

Source: European Keyfacts Radio, IP/CMI, 2000

Time spent listening to the radio

The average time spent by Europeans listening to the radio in 1999 was comparable to the time they spent watching television, ranging from two hours and 22 minutes per day in the Netherlands to four hours and 26 minutes in Belgium (see table 7.19). Radio listening patterns generally show a peak in the morning between 7h00 and 9h00, although a second period can be observed in the late afternoon in some countries. Contrary to television, radio is considered more as an accompanying media, in the sense that listening to it goes along with everyday activities, for example having a meal, driving the car or working (see figure 7.8).

Figure 7.8: Radio listening broken down by location, 1999 (%)

(1) Average of data available separately for the French and Dutch speaking regions.

Source: European Keyfacts Radio, IP/CMI, 2000

Table 7.20: Audience shares of main radio stations, 1999 (1)

	Station	Programme format	Audience share (%)
B (NL)	Radio 2	General interest	31.3
	Donna	Hit	24.8
	StuBru	Hit	10.4
B (F)	Contact	Hit	23.6
	BelRTL	General interest	20.4
	Fréq Wallonie	General interest	8.1
DK	DR/P3	European Hit Radio	35.0
	DR/P2	Classical	27.0
	DR/P1	General interest	8.0
D (2)	WDR 4	Melody	5.4
	NDR 1 Niedersachsen	Melody	5.4
	Radio NRW	-	4.3
E	SER	General interest	30.3
	Cadena 40	Music	24.3
	Dial	Music	18.7
F	RTL	General interest	17.7
	France Inter	General interest	9.8
	NRJ	Hit	7.5
IRL	Radio 1	Talk, news	29.0
	2FM	Pop music	20.0
	Today FM	General interest	7.0
I (3)	Radiouno	General interest	15.5
	Radiodue	General interest	11.0
	RDS	Dance	9.0
L	RTL Radio Lëtzebuerg	General interest	49.9
	Eldorado	European Hit Radio	10.9
	Radio D	General interest	4.3
NL	Regional radio	Diverse	16.3
	Radio 3	Pop music	16.0
	Sky Radio	Soft pop	15.9
A	Ö 3	Adult Contemporary	50.0
	Ö 1	Classical	4.0
	Others	-	46.0
P	Renascença	General interest	19.9
	Cidade	European Hit Radio	10.1
	RFM	Adult Contemporary	9.4
FIN	YLE 3	General interest	45.0
	Radio Nova	Adult Contemporary	15.0
	YLE 1	Classical	8.0
S	P4	General interest	45.0
	P3	Youth	12.0
	P1	Talk, news	7.0
UK	BBC 2	Oldies	12.5
	BBC 4	Quality speech	10.7
	BBC 1	Pop music	10.3

(1) B (NL) - Belgium, Dutch speaking; B (F) - Belgium, French speaking.

(2) The structure of radio is mainly regional.

(3) Daily reach instead of audience share.

Source: European Keyfacts Radio, IP/CMI, 2000

Table 7.21: Number of video cassettes and discs sold and rented, 1998

	Sales		Rentals	
	Units (millions)	Average per VCR household (units)	Units (millions)	Average per VCR household (units)
EU-15 (1)	278.6	2.7	638.9	6.1
B	7.9	2.8	23.5	8.2
DK	6.2	3.5	22.1	12.3
D	43.0	1.8	159.0	6.6
EL	0.5	0.4	10.2	7.3
E	16.0	1.9	73.3	8.7
F	52.0	3.0	73.1	4.3
IRL	3.0	3.5	28.9	34.2
I (2)	17.7	1.3	38.9	2.9
L (3)	0.1	1.2	0.6	5.0
NL	9.5	2.1	35.0	7.6
A	4.4	1.9	11.3	4.8
P	8.5	4.3	7.2	3.6
FIN	3.8	2.3	9.0	5.5
S	6.3	1.8	20.8	6.1
UK	100.0	4.8	186.0	9.0

(1) Rentals, 1997; Sales, estimates, excluding L.

(2) Rentals, 1997.

(3) Sales, 1993.

Source: Audiovisual services, Statistics in Focus, Theme 4 3/2001, Eurostat, 2001

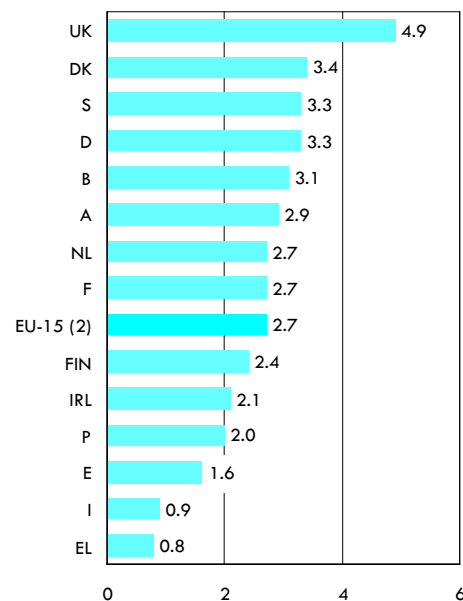
Pre-recorded video sales and rentals

Each household equipped with a VCR bought on average 2.7 pre-recorded videos (cassettes or discs) in 1998, one more than in 1990. As a result there were 279 million units sold. In addition, households rented an average of 6.1 videos per year (see table 7.21), about 10 fewer than in 1990 (although a resurgence in the rental market was seen in the second half of the decade). The most videos were bought in the United Kingdom (4.8 per video household) and Portugal (4.3), whilst rental was particularly popular in Ireland (34.2 rentals per video household) and Denmark (12.3 rentals) in 1998.

Music recordings

On average Europeans bought 2.7 sound recordings in 1998 (see figure 7.9), including singles, vinyl long plays (LPs), compact discs (CDs) and music cassettes (MCs). As a result, more than one billion units were sold. The switch from analogue to digital media is now virtually complete, as CDs (69.3%) and singles⁵ (19.8%) accounted together for nine out of ten units sold. Vinyl LPs sales in the EU plummeted from over 140 million units in 1990 to a mere 3.5 million by 1998 (see table 7.22). Music cassettes peaked at 274 million units in 1991, declining to 108 million units by 1998. In contrast, the number of long format CDs sold more than doubled between 1991 and 1998 reaching 712 million units, up from 350 million units in 1991 (see figure 7.10).

(5) Mainly short play CDs, although vinyl and music cassette singles are also included.

Figure 7.9: Number of sound recordings sold per inhabitant, 1998 (units) (1)

(1) L, not available.

(2) Excluding L.

Source: Eurostat, Audiovisual services (theme4/auvis)

According to IFPI (the International Federation of the Phonographic Industry), music sales in Europe rose by 1.3% in volume terms in 2000, following growth of 1.0% in 1999. Whilst CDs unit sales increased by 5.1%, sales volumes for singles and MCs dropped by 14.3% and 9.4% respectively. IFPI attributes this evolution (in part) to illegal music copying facilitated by on-line file sharing services. Indeed, new formats based on PC compression technologies (such as MPEG-1 layer 3⁶) have also gained momentum in recent years, with the introduction of portable MP3 players in 1998.

(6) Also known after its file extension, MP3; MPEG is an ISO/IEC sound compression algorithm standard developed by the Moving Picture Experts Group (MPEG), it is widely used over the Internet and allows music files to be compressed to about a tenth of their original size, whilst keeping near-perfect reproduction quality.

Table 7.23: Breakdown of music sales by music genre, 1998 (% in volume terms)

	National	International pop/rock	Classical
B (1)	15.0	79.0	5.8
D	:	87.2	7.2
EL (1)	59.0	38.0	3.0
F	50.0	41.7	8.3
IRL	16.0	79.0	5.0
I	46.0	47.7	5.8
NL (1)	23.0	68.0	9.0
A (1)	10.0	82.0	8.0
FIN (2)	40.8	50.8	8.3

(1) 1996.

(2) 1997.

Source: Eurostat, Audiovisual services (theme4/auvis)

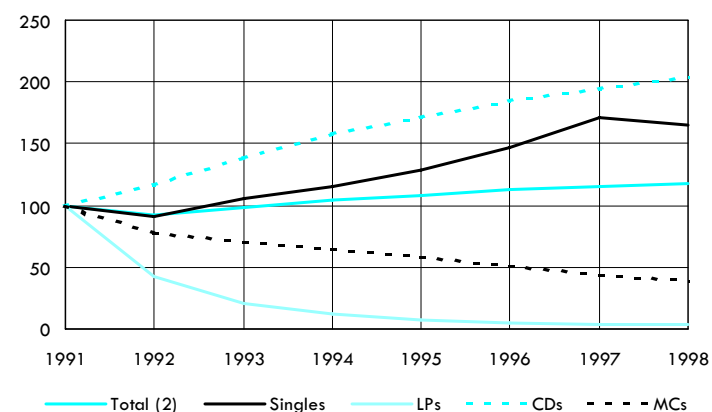
Table 7.22: Number of sound recordings sold, 1998 (thousands)

	Total	Singles	LPs	CDs	MCs
EU-15 (1)	1,026,185	203,208	3,464	711,624	107,889
B	31,450	8,700	50	22,400	300
DK	18,201	1,100	1	16,900	200
D	270,700	51,800	500	193,300	25,100
EL	8,830	0	30	8,300	500
E	64,630	1,500	30	50,200	12,900
F	157,742	40,023	308	103,604	13,807
IRL	7,779	1,748	14	4,736	1,281
I	51,775	3,464	83	34,169	14,059
L	:	:	:	:	:
NL	41,500	6,600	200	34,100	600
A	23,220	3,100	20	19,200	900
P	19,700	600	0	15,300	3,800
FIN	12,300	500	0	10,500	1,300
S	28,820	4,700	20	23,200	900
UK	289,538	79,373	2,208	175,715	32,242

(1) Excluding L.

Source: Eurostat, Audiovisual services (theme4/auvis)

Figure 7.10: Evolution of the number of music recordings sold in the EU (1991=100) (1)

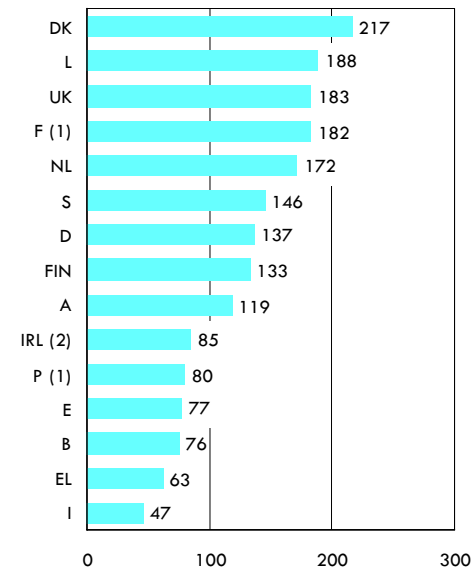


(1) Excluding L.

(2) Three singles are counted as one recording unit (IFPI standards).

Source: Eurostat, Audiovisual services (theme4/auvis)

Figure 7.11: Equipment for the reception, recording and reproduction of sound and pictures
Mean consumption expenditure, 1999
(PPS per household)



(1) 1994.

(2) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

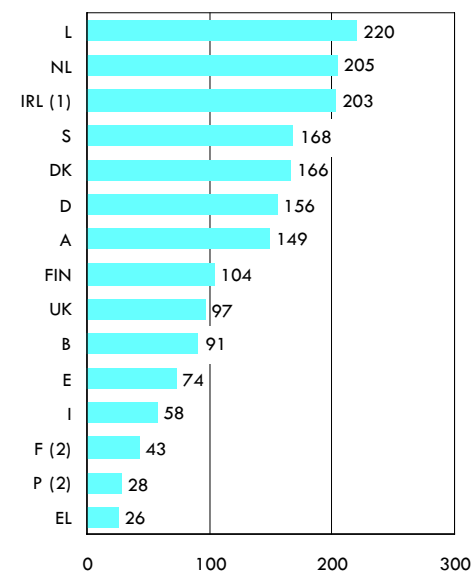
CONSUMPTION EXPENDITURE

European households spent on average between 156 PPS in Greece and 633 PPS in Luxembourg on audio-visual, photographic and information processing equipment in 1999, with most countries recording values between 400 PPS and 550 PPS⁷. As a general rule these items accounted for between 1.5% and 2.0% of total household expenditure. It is important to note that these figures are restricted to the purchase of equipment and exclude services such as television and radio licence fees or cable and pay-TV subscriptions.

More than four-fifths of audio-visual and PC spending was split more or less equally between the three main product categories of: audio-visual equipment (TVs, VCRs, DVD players, hi-fi systems) - see figure 7.11; information technology equipment (PCs including printers and accessories) - see figure 7.12; and media (pre-recorded or not) - see figure 7.13. The remainder was distributed between photographic and cinematographic equipment and repair services.

(7) For the whole of this section on consumption expenditure: F and P, 1994.

Figure 7.12: Information processing equipment
Mean consumption expenditure, 1999
(PPS per household)

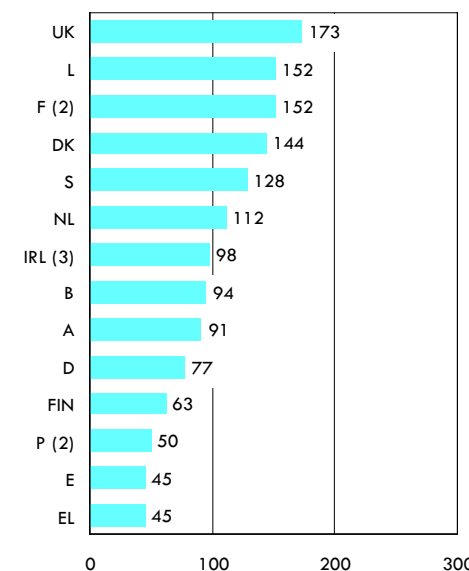


(1) Provisional.

(2) 1994.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 7.13: Recording media
Mean consumption expenditure, 1999
(PPS per household) (1)



(1) I, not available; including pre-recorded and unrecorded tapes, cassettes and CDs, as well as unexposed films.

(2) 1994.

(3) Provisional.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 7.24: Main price indicators for audio-visual services, 1998

	Colour television licence fee (€)	Evasion rate for television licence (%) (1)	Average price of a video rental (€) (2)	Average price of a video (€)	Radio licence fee (€)	Average price of a music recording (€) (3)
B	184.3	5.0	2.7	13.4	26.9	12.8
DK	236.8	8.3	3.3	16.5	21.6	13.4
D	114.6	9.3	2.3	11.5	:	10.7
EL	:	:	1.2	13.3	:	11.7
E	0.0	0.0	1.8	11.1	:	9.6
F	111.3	6.5	2.7	15.5	:	8.7
IRL	89.0	13.8	2.7	12.5	0.0	9.2
I	86.0	15.2	1.2	8.2	0.0	10.9
L	0.0	0.0	2.5	:	0.0	:
NL	95.5	8.0	2.8	12.3	26.6	13.5
A	211.9	11.5	2.7	13.0	62.3	14.6
P	0.0	0.0	1.7	3.9	16.5	8.5
FIN	137.4	13.0	2.7	11.9	0.0	10.4
S	176.3	8.0	3.8	13.4	:	13.7
UK	144.1	8.0	1.5	13.9	0.0	10.8

(1) Estimates for 1996, except FIN and S (1995), IRL (1994), D (1992), source: EAO, 2000.

(2) I and L, 1997.

(3) Receipts divided by units sold for singles, CDs, LPs and MCs; three singles are counted as one music recording unit (IFPI standards).

Source: Eurostat, Audiovisual services (theme4/auvis)

PRICES

Prices of audio-visual products and services are provided in table 7.24, where Portugal generally appears amongst the cheapest countries and Denmark amongst the most expensive. Price differences between Member States remain significant, with prices in the most expensive countries often double those in the cheapest (although it should be noted that the public service provision of television and radio varies considerably between Member States).

The price of recreational equipment fell between 1996 and 2000, most notably in the information technology sector, where the consumer price index fell on average by 12.7% per annum. Over the same period, the price of audio-visual equipment and photographic and cinematographic equipment also fell (on average by 4.8% and 4.6% per annum respectively). Repair services was the only category covered by this sub-chapter to report price increases between 1996 and 2000, up on average by 2.6% per annum (see table 7.25).

Table 7.25: Recreation and culture
Development of harmonized indices of consumer prices in the EU (1996=100)

	1996	1997	1998	1999	2000
Total HICP	100	102	103	104	106
Audio-visual photo. & IT equip.	100	96	92	87	83
Audio-visual	100	96	92	87	82
Photo. & cinematographic	100	95	90	86	84
Information processing	100	89	77	65	58
Recording media	100	100	100	98	96
Repair	100	103	106	108	111

Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

Table 7.26: Number of television channels, 2000 (units)

	National (1)		Regional (2)		Digital packages
	Public	Private	Public	Private	
B	4	9	0	0	5
DK	3	3	8	53	2
D	5	11	10	61	1
EL	3	5	0	95	1
E	2	2	11	400	2
F	3	3	1	:	2
IRL	3	1	1	1	1
I	3	7	1	616	2
L	0	1	0	0	0
NL	3	10	:	0	2
A	3	1	1	0	1
P	2	2	0	0	0
FIN	2	2	0	3	1
S	4	3	1	1	2
UK	4	4	1	2	2

(1) Technical penetration of at least 50% of households.

(2) 2000 data; source: OECD, OBS, EAVO and IDATE/EC Digital TV study in Communications Outlook, OECD, 2001

Source: European Keyfacts Television, IP/CMI, 2000

CHOICE

During the last twenty years, most Member States have opened their national audio-visual markets to private operators broadcasting alongside public channels. This trend is expected to continue as broadcasting turns to digital technology, which allows a greater number of channels to be transmitted on the same bandwidth. Across the EU there were in total more than 100 different national television channels and more than a thousand channels with local coverage in 2000 (see table 7.26). The European television landscape has seen the emergence of pan-European television channels during the course of the 1980s and 1990s with the development of satellite reception (see table 7.27). As regards radio broadcasting, there were approximately 6 thousand radio stations active in the EU in 1998, two-thirds of which were established in Spain and Italy alone (see table 7.28).

Table 7.27: Main pan-European television channels, 2000

	Programming	Launch	Languages (1)	Local feeds	Reach (million homes) (2)	Audience (%) (3)
Animal Planet	Documentaries	1997	5	Yes	9.0	:
Arte	Generalist/Culture	1992	2	No	75.0	:
BBC World	News	1995	1	No	43.1	5.7
Bloomberg TV	News/Finance	1996	5	Yes	55.6	2.0
Cartoon Network	Children	1993	5+	Yes	:	:
CNBC Europe	News/Finance	1996	1	Yes	44.8	4.5
CNN International	News	1987	4	Yes	83.8	18.2
Discovery Europe	Documentaries	1989	13	Yes	20.1	10.4
Euronews	News	1993	6	No	93.7	16.5
Eurosport	Sport	1989	16+	Yes	86.5	33.3
Fashion TV	Fashion	1997	1	No	18.0	1.5
Fox Kids Europe	Children	1996	12	Yes	18.0	:
Fox Sports Europe	Sport	2000	3	No	3.0	:
MCM	Music/Life-style	1993	3	Yes	15.0	:
MTV Europe	Music/Life-style	1987	6	Yes	81.4	15.6
National Geographic TV	Documentaries	1997	7	Yes	18.0	6.0
Nickleodeon	Children	1993	8	Yes	8.5	:
Travel Channel	Travel	1994	7	No	4.5	3.7
Turner Classic Movies	Classic movies	1993	5+	Yes	:	:
TV5 Europe	Generalist	1983	1	No	62.9	6.5
VH 1	Music	1994	3	Yes	22.0	:

(1) Subtitled or dubbed.

(2) Total estimated reception capability, including the eventual hertzian distribution offered to some channels (Arte in France, MTV in Italy and Euronews for the partial day retransmission on some of its public shareholders' terrestrial networks).

(3) Top 20% of income earners in the EU (excluding EL); Norway and Switzerland, source: EMS 2000.

Source: European Keyfacts Television, IP/CMI, 2000

Table 7.28: Number of radio channels, 1998 (units)

	Total (1)	National coverage	
		Public (2)	Private (3)
B	256	7	5
DK	274	5	:
D	233	2	9
EL	14	4	0
E	2,742	4	:
F	458	5	15
IRL	35	4	1
I	1,067	3	14
L	22	1	5
NL	30	5	12
A	13	4	0
P	334	3	4
FIN	92	5	1
S	115	5	0
UK	268	5	4

(1) B and A, 1996; E, 1995.

(2) A, 1997; B and DK, 1996; E, 1995.

(3) A, 1996; B, 1995.

Source: Eurostat, Audiovisual services (theme4/auvis)

7.3 CINEMA

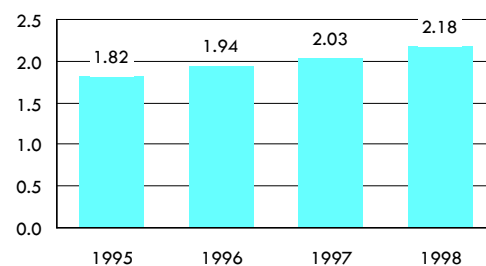
Cinema competes in the sphere of recreational activities for the free time of consumers. It is not identified separately by the Household Budget Survey, as it is aggregated with other “cultural services” such as theatres, concerts, museums and national parks, all of which are covered in sub-chapter 7.5.

NETWORK ACCESS

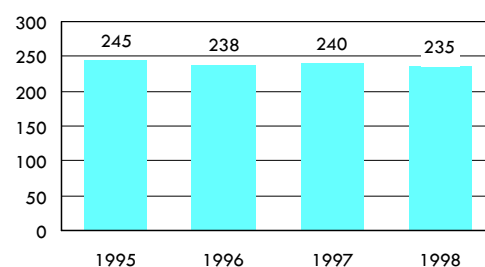
There were over ten thousand cinema sites in the EU in 1998, equivalent to 2.8 for every 100 thousand inhabitants (see table 7.29 overleaf). Each cinema had on average of 2.2 screens (see figure 7.14). Irish cinema sites were generally larger than in the rest of Europe, with 3.9 screens on average, whilst Greece reported a low presence of multi-screen cinemas (resulting in an average of just over one screen per site). The average cinema auditorium had 236 seats⁸, with more than 300 seats per screen on average in the United Kingdom and Spain. During the second half of the 1990s the number of screens per site increased in conjunction with a decreasing average number of seats per screen, both linked to the development of multiplex cinemas.

(8) EL and I, not available.

Figure 7.14: Evolution of the size of cinemas in the EU, 1995-98



Average number of screens per cinema site (units)



Average number of seats per screen (units)

Source: Eurostat, Audiovisual services (theme4/auvis)

Table 7.29: Main indicators - cinemas, 1998

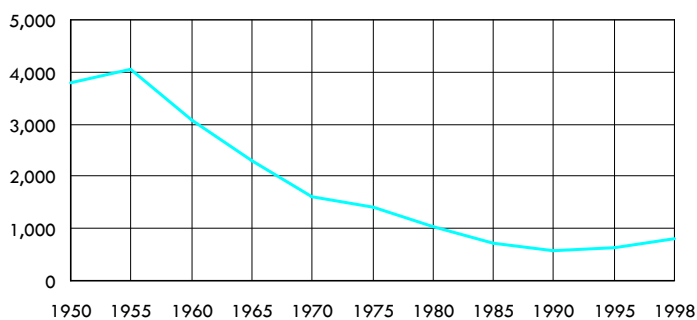
	Number of cinema sites (units)	Cinema sites per 100 thousand inhabitants (units)	Distribution of cinema sites (%) (1)			Average number of screens per cinema site (units)	Average number of seats per screen (units)	Total admissions (millions)
			1 screen	2 screens	>8 screens			
EU-15 (2)	10,461	2.8	:	:	:	2.2	:	796.3
B	137	1.3	12	7	43	3.4	233	25.4
DK	166	3.1	32	20	8	2.0	154	11.0
D	1,445	1.8	20	16	16	2.9	189	148.9
EL	319	3.0	84	5	8	1.1	:	12.4
E	1,329	3.4	29	7	21	2.2	337	108.4
F	2,152	3.7	27	12	17	2.2	208	170.1
IRL	66	1.8	4	11	28	3.9	185	12.4
I	2,159	3.8	74	9	3	2.1	:	118.5
L	8	1.9	29	0	48	2.6	213	1.4
NL	186	1.2	9	14	7	2.8	179	20.1
A	222	2.7	28	:	20	2.0	166	15.2
P (2) (3)	217	2.2	52	10	17	1.5	333	14.8
FIN	234	4.5	56	16	3	1.4	173	6.4
S	839	9.5	63	5	13	1.4	170	15.8
UK (3)	722	1.2	11	8	46	2.6	345	115.5

(1) Source: Media Salles.

(2) 1996.

(3) Average number of seats, source: Media Salles.

Source: Eurostat, Audiovisual services (theme4/auvis)

Figure 7.15: Evolution of cinema admissions (millions)

Source: Cinema Statistics, Statistics in Focus, Theme 4 2/2001, Eurostat, 2001

**CONSUMPTION:
CINEMA ATTENDANCE**

Cinema attendance in the EU recovered during the 1990s after more than 40 years of continuous decline, such that almost 800 million admissions were recorded in 1998, an average of 2.1 trips per inhabitant (see figures 7.15 and 7.16 on page 234). The Member States with the most enthusiastic cinema-goers were Ireland and Luxembourg⁹, with an average of 3.4 and 3.3 cinema tickets sold per inhabitant. In contrast, the Greeks and Finns went, on average, only slightly more than once to the cinema in 1998 (1.2 admissions per inhabitant).

(9) Cinema visitors may not be resident in the country where they watch a film, which is particularly pertinent for this latter country.

Table 7.30: Cinema seats and average attendance rates in selected EU cities, 1996 (%)

		Seats (units)	Average attendance per resident (units) (1)
Bruxelles/Brussel	B	15,141	5.0
København	DK	8,800	7.9
Berlin	D	39,399	2.7
München	D	22,844	3.8
Dresden	D	4,176	2.9
Madrid (2)	E	:	3.9
Barcelona	E	51,459	6.6
Sevilla	E	:	3.5
Marseille	F	9,240	2.7
Lyon	F	11,592	9.7
Lille	F	8,511	9.2
Roma	I	:	3.6
Milano	I	:	5.4
Napoli	I	:	2.6
Luxembourg	L	3,642	14.7
Rotterdam	NL	:	2.6
Wien	A	15,992	2.4
Helsinki (3)	FIN	6,935	3.8
Göteborg	S	7,682	3.6
Leeds	UK	:	3.6
Glasgow	UK	:	7.4
Manchester	UK	12,000	8.5

(1) Madrid, Marseille and Lille, 1991.

(2) Wider territorial units, or conurbation level, reflecting the physical or functional boundaries of the urban area beyond administrative boundaries.

(3) 1997.

Source: Urban Audit, Directorate-General of the European Commission for Regional Policy, 2000

Table 7.31: Box office receipts from cinemas, 1998

	Total (million ECU)	Per inhabitant (ECU)	Origin of film (%)		
			National	EU-15	US
EU-15	4269	11.5	:	:	:
B	132	13	2.0	24.5	72.4
DK	72	13.5	12.8	21.7	77.6
D	813	9.9	8.1	14.4	85.4
EL	61	5.8	:	:	:
E	386	9.8	11.9	20.3	78.6
F	907	15.5	27.0	:	64.0
IRL (1)	58	15.8	2.0	:	90.0
I	587	10.2	24.8	35.0	63.7
L (2)	8	18.7	0.2	:	78.5
NL	118	7.6	5.6	:	89.8
A (3)	87	10.8	:	:	:
P	47	4.7	:	:	:
FIN	41	7.9	10.1	18.5	80.0
S	118	13.3	14.7	:	76.1
UK (4)	835	14.1	11.8	9.3	81.7

(1) National origin, 1991; US origin, 1995.

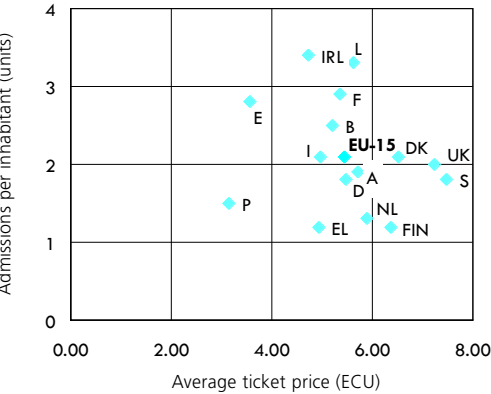
(2) National origin and US origin, 1996.

(3) Box office receipts and average ticket price per cinema ticket, source: Media Salles.

(4) National origin, 1996; EU-15 origin, 1995.

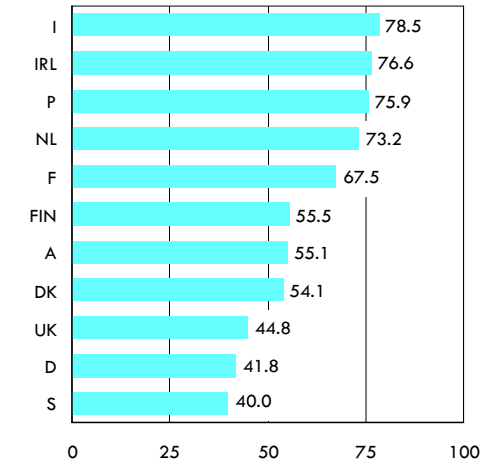
Source: Cinema Statistics, Statistics in Focus, Theme 4 2/2001, Eurostat, 2001

Figure 7.16: Average ticket price and cinema admissions, 1998



Source: Eurostat, Audiovisual services (theme4/auvis)

Figure 7.17: Young people expressing an interest in seeing more European films, 1998-2000 (%) (1)



(1) B, EL, E and L, not available.
Source: European Cinema Journal, Media Salles, February 2000

PRICE OF THE SILVER SCREEN

Cinema tickets were cheapest (€3.14) in Portugal in 2000, less than half the price paid by British (€7.23) or Swedish (€7.45) viewers. Table 7.32 provides the price of cinema tickets in some of Europe's main cities. EU consumers spent an average of 11.5 ECU on cinema tickets during the whole of 1998, ranging from 4.7 ECU in Portugal up to 18.7 ECU in Luxembourg.

Table 7.32: Maximum cinema ticket prices, 2000 (€)

		Full weekday prices		Full holiday prices	
		Afternoon	Evening	Afternoon	Evening
Berlin	D	7.16	7.16	7.16	7.67
Erfurt	D	5.62	6.14	5.62	6.14
Frankfurt	D	5.62	6.65	6.65	6.65
Madrid	E	4.81	4.81	4.81	4.81
Barcelona	E	4.66	4.66	4.96	4.96
San Sebastian	E	4.51	4.51	4.51	4.51
Paris	F	7.77	7.77	7.77	7.77
Lyon	F	5.79	7.62	7.62	7.77
Rennes	F	7.01	7.01	7.01	7.01
Roma	I	5.16	7.23	7.23	7.23
Milano	I	3.62	6.71	6.71	6.71
Brescia	I	6.20	6.20	7.23	7.23
London	UK	12.76	13.51	13.51	13.51
Leeds	UK	5.25	7.13	6.75	7.13
Manchester	UK	7.36	7.36	7.36	7.36

Source: European Cinema Journal, Media Salles, February 2000

CHOICE

American made films dominate the European cinema scene. Figures indicate that in most countries, 70% to 80% of all box office receipts are generated by movies of American origin (see table 7.31 above). Italy and France were the two most notable exceptions to this rule, with American movies accounting for less than two-thirds of all films watched.

Research carried out by MEDIA Salles between 1998 and 2000 looked into the cinema-going habits of young people. Italy was the country where the highest percentage of young people declared that they were interested in the screening of European films (78.5%), followed by Ireland (76.6%), Portugal (75.9%), the Netherlands (73.2%) and France (67.5%). On the other hand, the percentage was well below half in the United Kingdom (44.8%), Germany (41.8%) and Sweden (40.0%) - see figure 7.17.

7.4 TOURISM, HOTELS AND RESTAURANTS

Official statistics define tourism as the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes. Tourism has greatly benefited from the rapid development of personal mobility as well as a general reduction in working time and it takes an increasing share of the household budget in European countries. Please note that the distinction between business and leisure use of lodging or catering services is not always easy to make, particularly for hotels and restaurants.

NETWORK ACCESS:

ACCOMMODATION INFRASTRUCTURE

The main types of collective tourist accommodations are hotels, campsites and holiday dwellings. Other collective accommodation establishments include health establishments, holiday camps, boats and conference centres. All of these are covered by the statistics presented below. Some data is also provided on private tourist accommodation, such as rented dwellings, secondary residences or accommodation provided without charge by relatives or friends, which may account for an important share of tourism accommodation in certain regions and countries.

Table 7.33: Main indicators for hotels and similar establishments, 1999 (thousands)

	Number of hotels and similar establishments	Number of rooms	Number of bed-places	Arrivals		Nights spent	
				Residents	Non-residents	Residents	Non-residents
EU-15 (1)	198.5	:	9,521.2	253,657	:	661,721	567,137
B	2.0	51.1	119.4	1,862	4,983	3,652	9,749
DK	0.5	30.9	60.5	1,577	1,268	4,417	4,350
D (2)	38.6	877.1	1,590.3	70,828	16,719	163,429	34,641
EL (1)	8.2	315.3	597.9	5,530	7,276	14,454	45,803
E (2)	16.3	677.1	1,315.7	32,187	27,205	83,350	143,930
F	19.4	659.1	1,485.9	62,128	34,267	108,774	66,330
IRL	5.7	58.7	135.5	2,697	3,343	6,938	14,327
I	33.4	955.8	1,807.3	36,497	26,530	128,238	90,236
L (2)	0.3	7.7	14.4	17	546	68	1,139
NL (2)	2.8	:	173.1	7,801	7,738	14,027	15,895
A (2)	15.9	308.0	628.2	5,956	13,240	18,031	53,617
P	1.8	95.4	216.8	4,272	4,911	9,397	23,331
FIN (2)	1.0	54.9	117.3	5,415	1,751	9,786	3,562
S (2)	1.9	96.1	188.3	10,575	2,465	16,586	4,679
UK (3)	51.3	553.0	1,176.5	37,240	17,019	93,000	55,794

(1) Arrivals, 1998.

(2) 2000.

(3) Rooms, 1998.

Source: Eurostat, Tourism (theme4/tour)

Table 7.34: Main indicators for establishments other than hotels, 1999 (thousands)

	Number	places	Res.	Non-res.	Res.	Non-res.
EU-15 (1)	:	:	:	:	393,077	148,859
B	1.6	517.9	2,185	1,386	9,460	5,617
DK	0.6	318.2	1,450	755	10,829	5,616
D (2)	17.0	1,488.7	21,726	2,220	92,639	7,779
EL (3)	0.3	93.9	109	257	386	527
E (2)	173.4	1,306.5	5,423	10,695	27,419	92,627
F	9.1	2,977.3	10,061	7,654	62,512	37,071
IRL	2.5	54.7	571	553	2,098	3,714
I	36.8	1,816.6	5,979	5,315	53,409	36,432
L (2)	0.3	50.3	23	258	150	1,174
NL (2)	3.6	965.6	8,073	2,264	41,283	11,566
A (2)	5.6	346.2	1,439	2,014	8,211	10,851
P	0.2	268.5	1,106	468	6,846	1,749
FIN (2)	0.5	33.5	1,045	220	2,190	504
S (2)	1.6	66.9	1,334	281	14,570	3,975
UK (4)	11.2	1,759.7	22,860	1,986	94,830	21,807

of which: tourist campsites

EU-15	22.3	8,826.5	:	:	221,774	101,744
B	0.6	362.6	358	401	2,074	1,654
DK	0.4	266.9	856	392	7,592	3,768
D (2)	2.4	780.9	4,449	981	18,063	2,974
EL (3)	0.3	93.9	109	257	386	527
E (2)	1.2	740.0	3,703	1,842	15,800	12,351
F	8.0	2,700.3	10,061	7,654	62,512	37,071
IRL	0.1	33.9	170	100	638	929
I	2.4	1,317.2	3,785	3,514	34,650	24,916
L (2)	0.1	46.1	7	184	88	945
NL (2)	2.1	726.2	2,593	925	16,878	4,056
A (2)	0.5	199.0	242	670	1,147	3,456
P	0.2	261.2	819	422	5,816	1,629
FIN (2)	0.3	21.3	899	165	1,780	343
S (2)	1.0	:	:	:	10,811	3,140
UK	2.7	1,315.5	11,590	792	42,380	3,916

of which: holiday dwellings

EU-15	:	:	:	:	:	:
B	0.1	60.3	875	660	3,723	3,309
DK	0.1	40.3	336	193	2,592	1,425
D (2)	10.4	316.4	3,855	196	28,858	1,160
EL	:	:	:	:	:	:
E (2)	172.2	566.6	1,719	8,853	11,619	80,276
F	0.9	261.8	:	:	:	:
IRL	2.2	11.4	122	112	684	1,174
I (5)	25.3	320.4	1,168	1,142	10,827	9,348
L (2)	0.1	1.9	2	18	25	115
NL (3)	0.7	182.6	4,348	1,256	21,224	6,980
A (2)	2.4	54.6	146	580	865	4,412
P	:	:	:	:	:	:
FIN (2)	0.1	9.4	108	26	344	109
S (2)	0.3	49.9	781	161	2,830	633
UK (4)	7.1	308.5	9,070	:	44,130	:

(1) Nights spent, 1998.

(2) 2000.

(3) Arrivals, 1998.

(4) Bed-places, 1998.

(5) Number of establishments, 1998.

Source: Eurostat, Tourism (theme4/tour)

According to official statistics (Eurostat's Tour database) there were almost 200 thousand hotels and similar establishments in the EU in 1999, representing a total of 9 million bed-places (see table 7.33). On average European establishments had 24 rooms¹⁰, compared to only ten rooms in Ireland and twelve in the United Kingdom, where bed & breakfast is a common form of tourist accommodation.

In addition to hotels, there were more than 22 thousand campsites in the EU in 1999 that could accommodate, on average, approximately 400 campers each, for a total of more than 8.8 million bed-places, of which nearly one third were found in France alone (see table 7.34).

Austria and Greece showed the most dense accommodation infrastructure in relation to national population. In these countries, if all available bed-places were occupied simultaneously, the population would grow by 7.8% in Austria (2000) and 5.7% in Greece (1999).

(10) Excluding NL; D, E, I, A, FIN and S, 2000; UK, 1998.

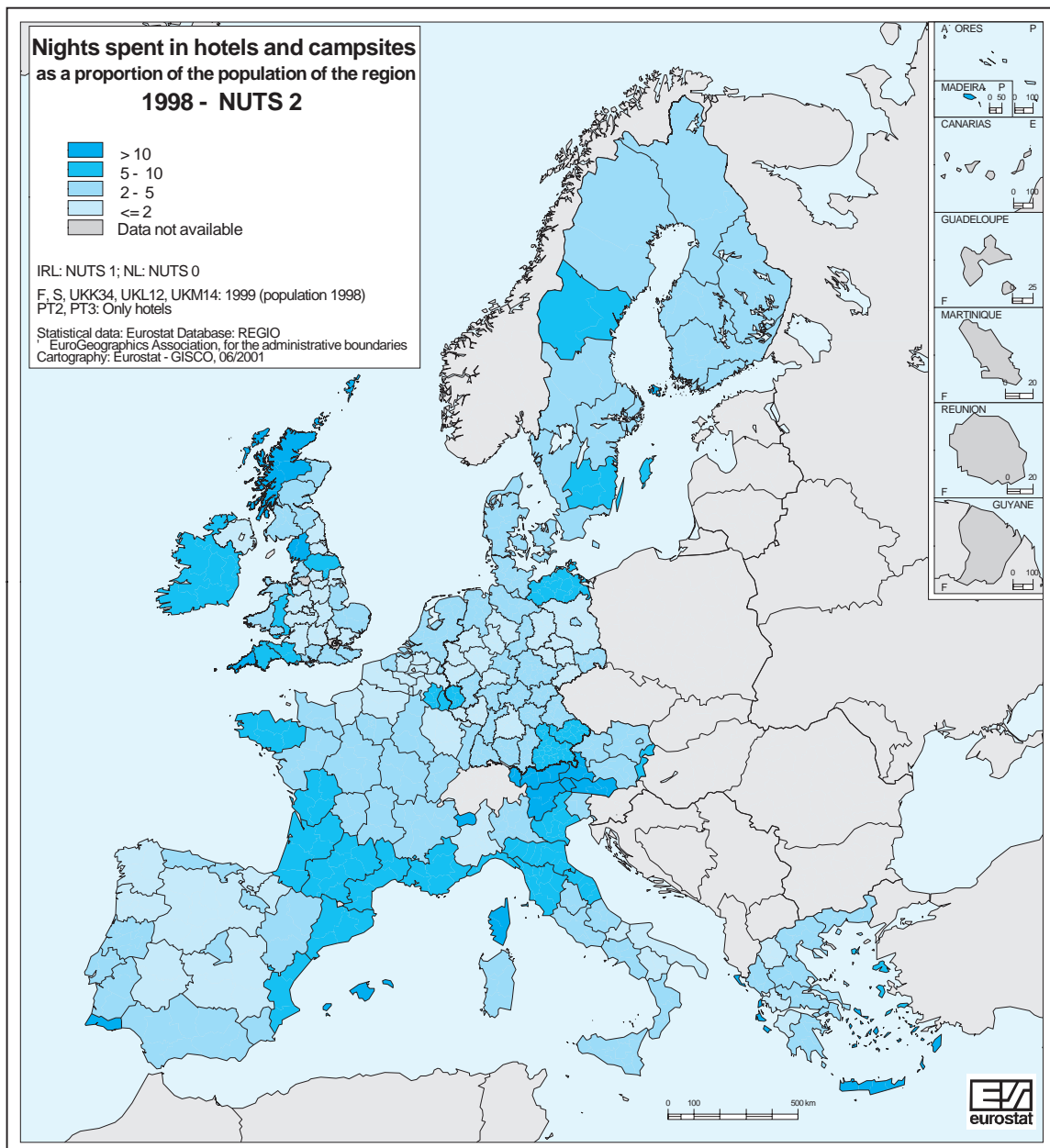


Table 7.35: Number of holiday trips, 1999 (thousands) (1)

Origin	Number (thousands)	Share of population (%)	Number (thousands)	Share of population (%)
B (2)	1,656	16.2	5,370	52.7
DK	1,412	26.6	2,991	56.3
D	33,500	40.8	67,900	82.8
EL (2)	5,500	52.3	261	2.5
E (2)	23,272	59.1	2,778	7.1
F (2)	68,876	117.3	12,656	21.6
IRL	1,121	30.0	1,490	39.9
I	25,821	44.8	8,270	14.4
L	6	1.4	499	116.3
NL	5,906	37.5	9,884	62.7
A	1,843	22.8	3,345	41.4
P	3,034	30.4	662	6.6
FIN	3,432	66.5	1,327	25.7
S (3)	12,275	138.8	5,280	59.7
UK	34,000	57.2	28,400	47.8

(1) Trips of at least four nights; as some persons may take more than one holiday trip per year, the share of population may rise above 100%.

(2) 1998.

(3) 1997.

Source: Eurostat, Tourism (theme4/tour)

CONSUMPTION:**PROFILE OF THE EUROPEAN TOURIST**

A majority of European tourists generally choose their own country as their holiday destination: approximately 60% of Europeans who went on holiday (defined as longer than four nights) in 1999 stayed in their country, whilst only 40% went abroad (see table 7.35). The most popular destinations for Europeans going on holiday outside of their home country were France and Spain (see table 7.36).

There is a high seasonality of demand for tourism services, as shown in figure 7.18. The peak months in every European country are between July and September, and the maximum is generally reached in August. In some countries (mainly in the Benelux countries and in the United Kingdom), a first surge in demand can be observed around Easter (March, April), whilst in Austria, Finland and Sweden there is also a peak in February or March due to the winter ski season. The long-term trend towards multiple holidays and an increasing number of mini-breaks may well smooth the seasonality of demand in the future. Shorter holidays were most popular in the Scandinavian countries (see figure 7.19).

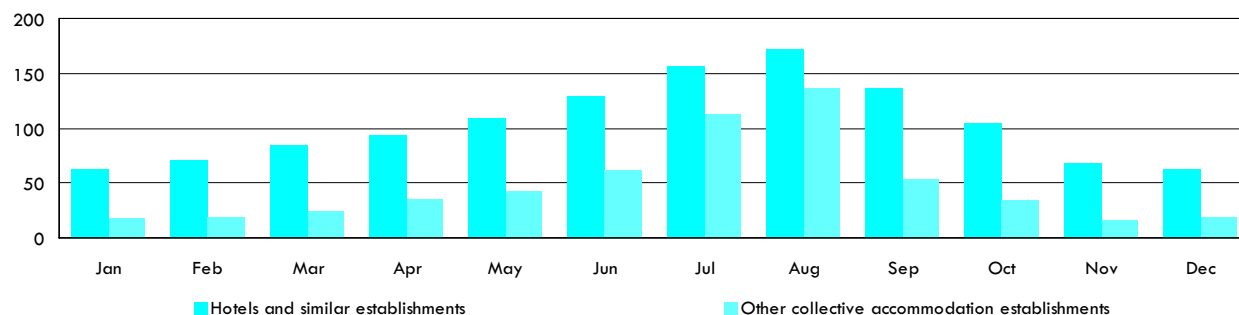
The majority of Europeans (62.8%, 1997) selected the seaside as their holiday destination (see table 7.37) - only the Finns preferred either cities or the countryside (which includes lakes, a popular destination in this country).

Table 7.36: Favourite international destinations for Europeans on holiday, 1997
(% of the population visiting a given destination) (1)

Origin	Favourite destination	Next favourite destination	Total to EU	Total to non-EU
EU-15	France (19)	Spain (19)	44	9
B	France (24)	Spain (21)	74	13
DK	France (10)	Greece (9)	59	9
D	Spain (17)	Italy (15)	73	9
EL	Germany (2)	France (2)	8	1
E	France (2)	Portugal (2)	10	4
F	Spain (7)	United Kingdom (2)	22	8
IRL	Spain (19)	United Kingdom (18)	58	14
I	France (8)	Spain (4)	25	5
L	France (23)	Spain (19)	91	10
NL	France (20)	Spain (9)	67	9
A	Italy (19)	Greece (13)	65	14
P	Spain (9)	France (4)	19	2
FIN	Spain (8)	Sweden (6)	32	6
S	Spain (12)	Greece (10)	53	8
UK	Spain (18)	France (9)	52	16

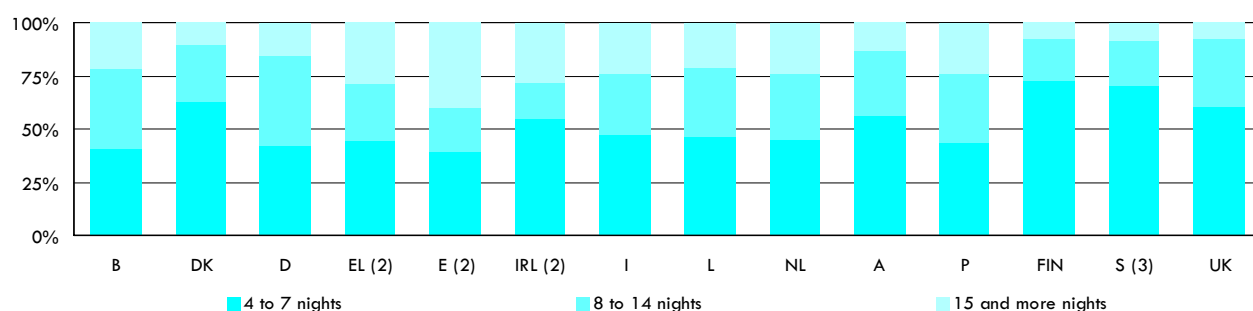
(1) Trips of at least four nights, excluding stays in home country; multiple answers allowed.

Source: Eurobarometer 48, European Commission, 1998

Figure 7.18: Number of nights spent in collective accommodation establishments in the EU, 2000 (millions) (1)

(1) Nights spent by residents and non-residents; EL, F, IRL and UK, 1999; excluding IRL for nights spent by residents; excluding F for nights spent in other collective accommodation.

Source: Eurostat, Tourism (theme4/tour)

Figure 7.19: Breakdown of holiday trips by origin of holidaymaker according to the number of nights spent, 1999 (%) (1)

(1) Trips of at least four nights, excluding length not determined; F, not available.

(2) 1998.

(3) 1997.

Source: Eurostat, Tourism (theme4/tour)

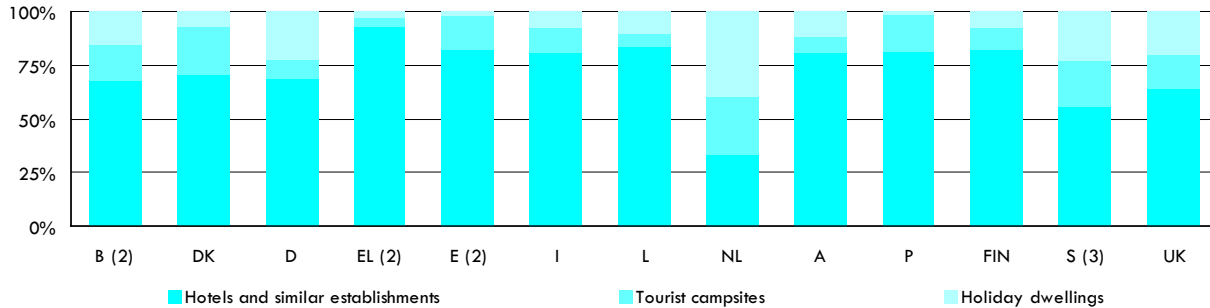
Table 7.37: Favourite types of holiday destination (%) (1)

Origin	Seaside	Mountains	Countryside	City
EU-15	62.8	24.9	23.2	24.5
B	58.1	28.9	23.3	30.1
DK	58.5	30.7	32.5	47.4
D	62.0	32.7	21.2	18.2
EL	78.8	19.9	8.2	16.2
E	59.9	20.8	15.9	32.5
F	68.0	29.2	23.5	22.8
IRL	58.4	13.6	28.8	41.4
I	67.2	20.3	6.3	18.6
L	68.2	33.7	22.9	26.2
NL	45.4	36.5	39.6	31.6
A	59.5	24.7	22.0	23.3
P	60.5	11.9	23.0	22.2
FIN	29.6	12.8	40.1	41.2
S	54.5	23.7	36.1	41.0
UK	67.0	16.4	36.1	24.9

(1) Trips of at least four nights; multiple answers allowed.

Source: Eurobarometer 48, European Commission, 1998

Figure 7.20: Breakdown of holiday trips by type of collective accommodation, 1999 (%) (1)



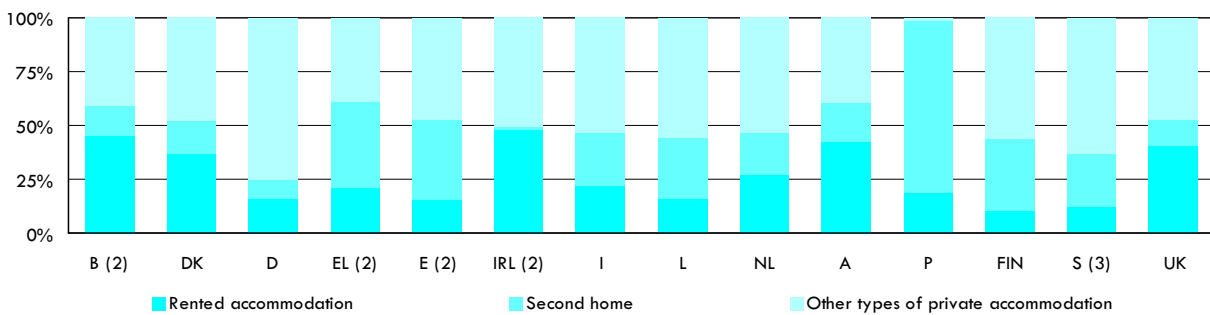
(1) Trips of at least four nights, excluding other types of accommodations or type not determined; F and IRL, not available.

(2) 1998.

(3) 1997.

Source: Eurostat, Tourism (theme4/tour)

Figure 7.21: Breakdown of holiday trips by type of private accommodation, 1999 (%) (1)



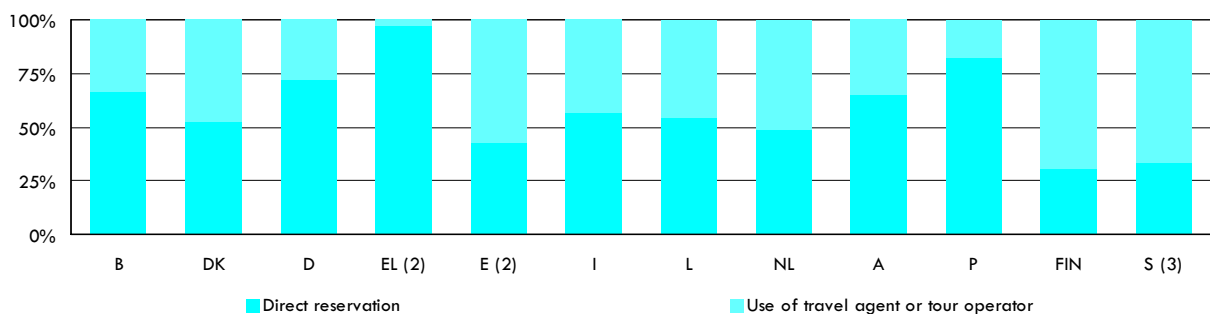
(1) Trips of at least four nights, excluding other types of accommodations or type not determined; F, not available.

(2) 1998.

(3) 1997.

Source: Eurostat, Tourism (theme4/tour)

Figure 7.22: Breakdown of holiday trips by organisational planning, 1999 (%) (1)



(1) Trips of at least four nights, excluding other types of organisation or type not determined; F, IRL and UK, not available.

(2) 1998.

(3) 1997.

Source: Eurostat, Tourism (theme4/tour)

Concerning collective accommodation establishments, the Greeks generally preferred hotels (92.8%, 1998) for their holiday trips, whilst two-thirds of the Dutch (66.6%, 1999) chose a campsite or holiday dwelling (see figure 7.20). Regarding private accommodation, 47.6% of the Irish choosing this type of lodging (1998) for their holiday trip rented a dwelling and 79.7% of the Portuguese (1999) went to their second residence (see figure 7.21). Whilst the Swedes and Finns preferred to rely on an intermediary to organise their holiday trips, the Portuguese and Greeks favoured making their own arrangements (see figure 7.22).

As regards travel arrangements, the car was the most favoured mode of transport in every Member State, ahead of aeroplanes (see table 7.38). Buses and coaches were quite popular in Spain and Portugal, rail in France and the proportion of sea transport was significant only in Greece.

The vast majority of Europeans were satisfied with their holiday (94% on average in 1997). Inhabitants of southern European countries were generally less satisfied than the EU average, whilst the two Scandinavian countries, Sweden and Denmark, had the most contented holidaymakers (see figure 7.23).

Table 7.38: Number of holiday trips, breakdown by mode of transport, 1999 (thousands) (1)

Origin	Air	Sea	Railway	Bus/coach	Private and hired vehicles
B (2)	1,413	64	370	700	4,661
DK	1,587	103	228	438	2,021
D	30,300	0	7,900	9,500	51,200
EL (3)	391	1,331	77	672	3,279
E (3)	2,881	344	1,149	2,494	19,120
F (3)	8,924	749	10,930	3,468	56,706
IRL	:	:	:	:	:
I	6,118	1,778	3,588	1,948	20,563
L	188	1	31	30	253
NL	3,359	214	611	1,285	10,284
A	1,618	15	283	492	2,714
P	584	83	96	503	2,400
FIN	1,108	181	441	332	2,698
S (2)	3,905	427	1,333	1,135	10,734
UK	23,300	1,000	2,900	4,700	29,700

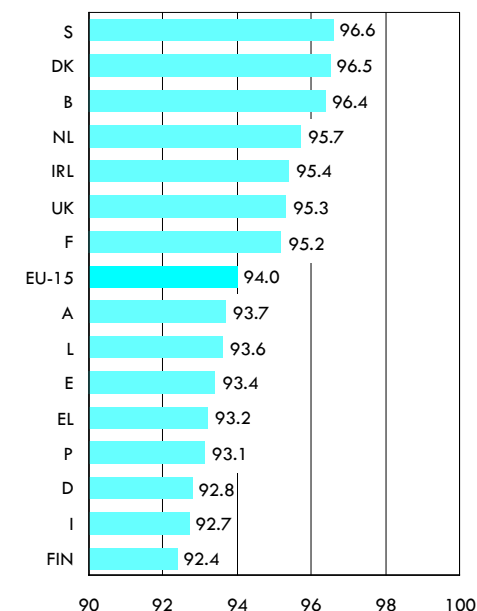
(1) Trips of at least four nights.

(2) 1997.

(3) 1998.

Source: Eurostat, Tourism (theme4/tour)

Figure 7.23: Share of persons satisfied with their holidays, 1997 (%) (1)



(1) Trips of at least four nights.

Source: Eurobarometer 48, European Commission, 1998

It should be noted that all the figures mentioned above concern only just over half of the European population. Indeed, some 45.8% of Europeans declared not having gone on holiday at all in 1997, invoking financial (49.3%), personal (23.5%), professional (17.0%) or health reasons (15.5%) - see table 7.39.

Table 7.39: Share of persons not going on holiday, breakdown by reason, 1997 (%)

	Did not go on holiday	of which, reason (1)				
		Financial	Personal/family	Professional	Health	Other
EU-15	45.8	49.3	23.5	17.0	15.5	10.5
Sex						
Male	46.0	47.4	21.3	22.9	12.4	10.8
Female	45.7	51.2	25.5	11.4	18.4	10.1
Age						
15-24	44.1	55.8	19.6	25.7	2.3	12.3
25-39	40.3	59.2	23.5	24.1	4.3	6.8
40-54	42.6	53.2	24.3	19.9	8.6	9.5
55+	54.2	37.5	24.8	6.6	32.9	12.6
Education length						
<=15 years	60.5	49.8	22.7	109.0	22.1	10.5
16-19 years	44.6	50.7	23.1	19.3	11.9	9.1
20+ years	30.7	41.7	27.7	28.1	10.3	12.4
Income						
High	26.8	36.8	30.6	29.4	12.0	9.4
Mid-high	38.3	46.7	27.2	19.2	12.6	10.6
Mid-low	52.8	51.4	24.1	14.9	16.4	8.6
Low	66.3	59.0	19.4	9.1	22.0	7.8
Occupation						
Self-employed	45.9	38.1	18.9	51.3	6.5	6.3
Manager	22.7	34.6	39.9	28.7	9.0	10.7
Other white collar	34.7	52.8	25.1	20.3	6.3	8.5
Manual worker	47.1	58.3	21.9	22.0	7.0	9.0
House person	55.1	51.6	28.1	6.3	18.2	10.5
Unemployed	63.6	70.0	13.3	11.9	4.4	10.5
Retired	55.9	34.7	25.4	1.6	39.0	13.2
Student	34.3	54.0	21.7	18.3	5.7	14.5

(1) Frequency of reason invoked for not going on holiday (at least four nights), multiple answers allowed.

Source: Eurobarometer 48, European Commission, 1998

CONSUMPTION EXPENDITURE

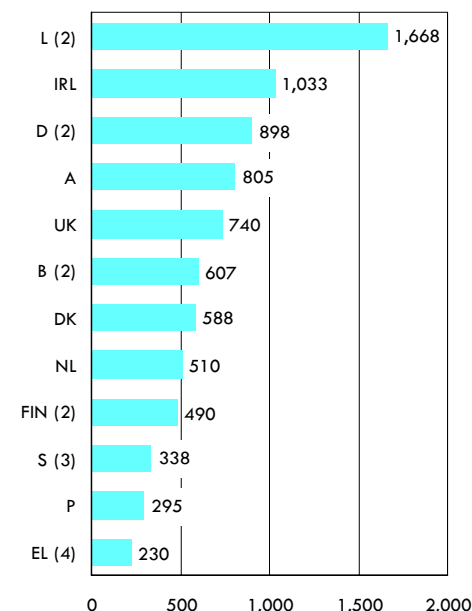
Average expenditure of households on tourism activities can be broken down into three main consumption categories of package holidays, catering services (which includes restaurants and bars); and accommodation services. It is important to note that these categories are not exclusively linked to holidays¹¹.

Package holidays, restaurants and accommodation services represented a significant share of total household expenditure for European households in 1999¹², ranging from 5.4% in Finland to 11.5% in the United Kingdom. In absolute terms, this represented between 999 PPS (Finland) and 4,877 PPS (Luxembourg), with most countries falling within the bracket of 1,500 PPS to 2,500 PPS (see figure 7.25). In a majority of countries, restaurants took at least two-thirds of the spending in this area, accounting for between 687 PPS per year in Finland and almost 4,000 PPS in Luxembourg (see figure 7.26).

(11) For some countries, expenditure data for hotels and restaurants is classified within package holidays within the framework of the Household Budget Survey.

(12) For the whole of this section on consumption expenditure: F and P, 1994; IRL, not available.

Figure 7.24: Average expenditure per holiday trip, 1999 (€) (1)



(1) Expenditure for holidays of at least four nights divided by the number of domestic and outbound trips; E, F and I, not available.

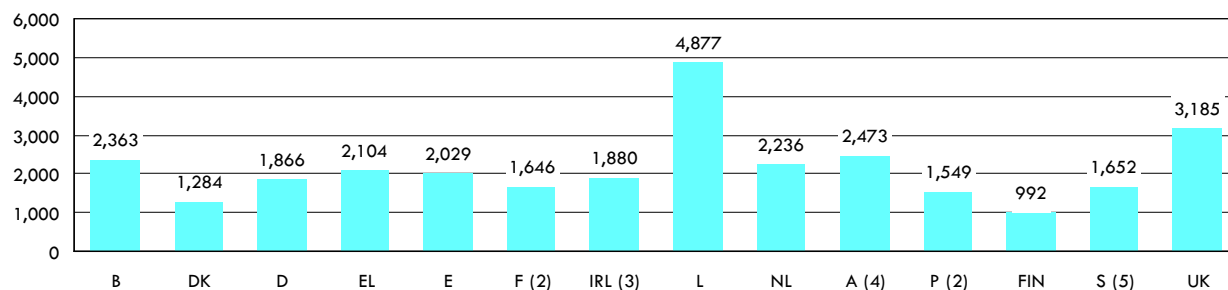
(2) 2000.

(3) 1997.

(4) 1998.

Source: Eurostat, Tourism (theme4/tour)

Figure 7.25: Package holidays, restaurants and hotels
Mean consumption expenditure, 1999 (PPS per household) (1)



(1) I, not available.

(2) 1994.

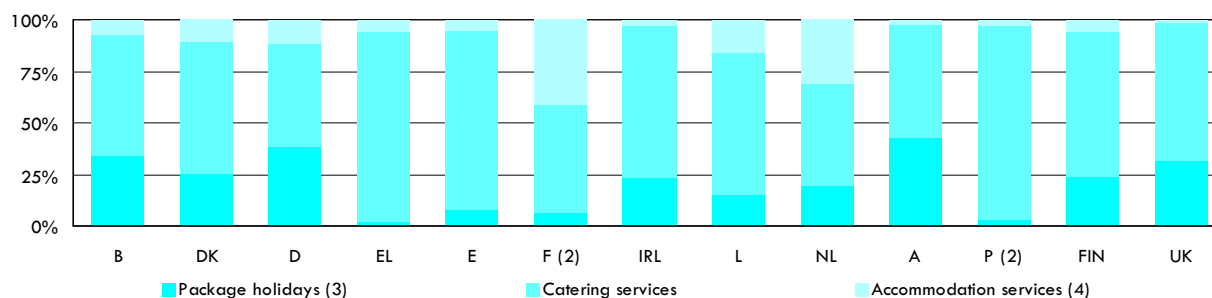
(3) Provisional.

(4) Including holiday travel.

(5) Excluding take-away food and beverages.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 7.26: Package holidays, restaurants and hotels
Breakdown of consumption expenditure, 1999 (%) (1)



(1) I and S, not available.

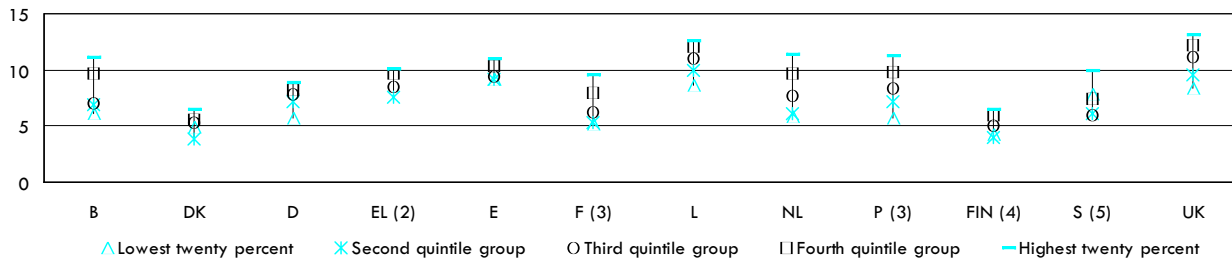
(2) 1994.

(3) A, including hotels and holiday travel.

(4) A, excluding hotels.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 7.27: Package holidays, restaurants and hotels
Share of total consumption expenditure, breakdown by income distribution, 1999 (%) (1)



(1) IRL, I and A, not available.

(2) Lowest twenty percent, not available.

(3) 1994.

(4) Income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

(5) Excluding take-away food and beverages.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 7.40: Package holidays, restaurants and hotels
Consumption characteristics, 1999

	B	DK	D	EL	E	F (1)	IRL (2)	I	L	NL	A	P (1)	FIN	S	UK
PERCENTAGE OF HOUSEHOLDS HAVING BOUGHT AN ITEM IN 1999 (%)															
Package holidays (3)	: 30.0		: 5.0		: 27.0	36.0		: 37.0	59.0	55.0	3.0	46.0	50.0	19.0	
Catering services (4)	: 84.0		: 88.0		: 64.0	79.0		: 95.0	91.0	81.0	75.0	67.0		: 90.0	
Restaurants (4)	: :		: 60.0		: 45.0	53.0		: 84.0	87.0	63.0	:	:		: 81.0	
Cafés, bars and the like	: :		: 83.0		: :	56.0		: 88.0	50.0	63.0	73.0	:		: 89.0	
Canteens (2)	: 54.0		: 25.0		: 50.0	51.0		: 15.0	:	29.0	23.0	34.0		: 45.0	
Accommodation services (5)	: 24.0		: 24.0		: 51.0	12.0		: 44.0	64.0	2.0	3.0	25.0		: 5.0	
AVERAGE EXPENDITURE OF THOSE HOUSEHOLDS WHO BOUGHT AN ITEM IN 1999 (PPS)															
Package holidays (3)	: 1,106		: 1,051		: 406	1,240		: 1,924	725	1,894	1,652	531	1,630	5,187	
Catering services (4)	: 977		: 2,213		: 1,342	1,754		: 3,571	1,222	1,686	1,933	1,024		: 2,354	
Restaurants (4)	: :		: 1,627		: 1,266	1,397		: 2,499	997	1,270	:	:		: 885	
Cafés, bars and the like	: :		: 1,060		: :	504		: 1,362	270	675	1,757	:		: 1,358	
Canteens (2)	: 118		: 357		: 586	713		: 666	:	501	755	540		: 416	
Accommodation services (5)	: 540		: 462		: 1,346	464		: 1,717	1,092	3,102	1,405	245		: 1,208	

(1) 1994.

(2) Provisional.

(3) A, including hotels and holiday travel.

(4) S, excluding take-away food and beverages.

(5) A, excluding hotels.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 7.41: Share of transport costs in total budget of holidaymakers, 1997 (%)

Origin	<25%	25-50%	>50%	Don't know
EU-15	49.8	30.4	6.7	12.5
B	55.4	27.6	2.2	14.9
DK	43.5	39.3	11.4	5.8
D	44.7	31.1	9.7	12.7
EL	72.0	18.9	3.3	4.3
E	62.1	20.3	3.1	14.5
F	58.9	27.5	4.3	9.3
IRL	49.7	35.7	3.4	10.4
I	55.4	23.6	3.1	17.8
L	49.1	28.5	2.1	17.4
NL	55.2	30.3	6.6	8.0
A	38.3	36.1	5.1	20.5
P	54.3	18.2	7.1	14.4
FIN	34.1	36.5	11.3	14.6
S	27.2	49.1	15.9	7.3
UK	37.4	41.5	9.0	12.2

Source: Eurobarometer 48, European Commission, 1998

Table 7.42: Share of lodging in total budget of holidaymakers, 1997 (%)

Origin	<25%	25-50%	>50%	Don't know
EU-15	29.7	39.9	14.5	14.8
B	23.7	47.3	12.5	16.5
DK	43.1	40.0	8.6	8.2
D	21.5	46.6	14.5	13.4
EL	17.1	33.4	42.9	5.0
E	41.9	29.6	11.2	17.2
F	43.3	34.0	9.5	13.2
IRL	36.2	42.7	7.1	13.2
I	21.4	33.0	25.7	20.0
L	26.4	37.6	12.5	20.5
NL	29.8	52.4	8.8	9.0
A	23.9	39.0	12.8	24.4
P	28.9	26.7	15.4	22.9
FIN	49.2	25.4	3.7	18.2
S	41.2	42.1	8.6	8.0
UK	26.0	46.9	12.3	14.7

Source: Eurobarometer 48, European Commission, 1998

PRICES

Price level indices show that Denmark was the most expensive country in relative terms for restaurants, cafes and hotels (40% above the EU average) - see table 1.41 on page 43. Within this broad definition, Portugal was by far the cheapest location in the EU, as price level indices were 32% below the EU average.

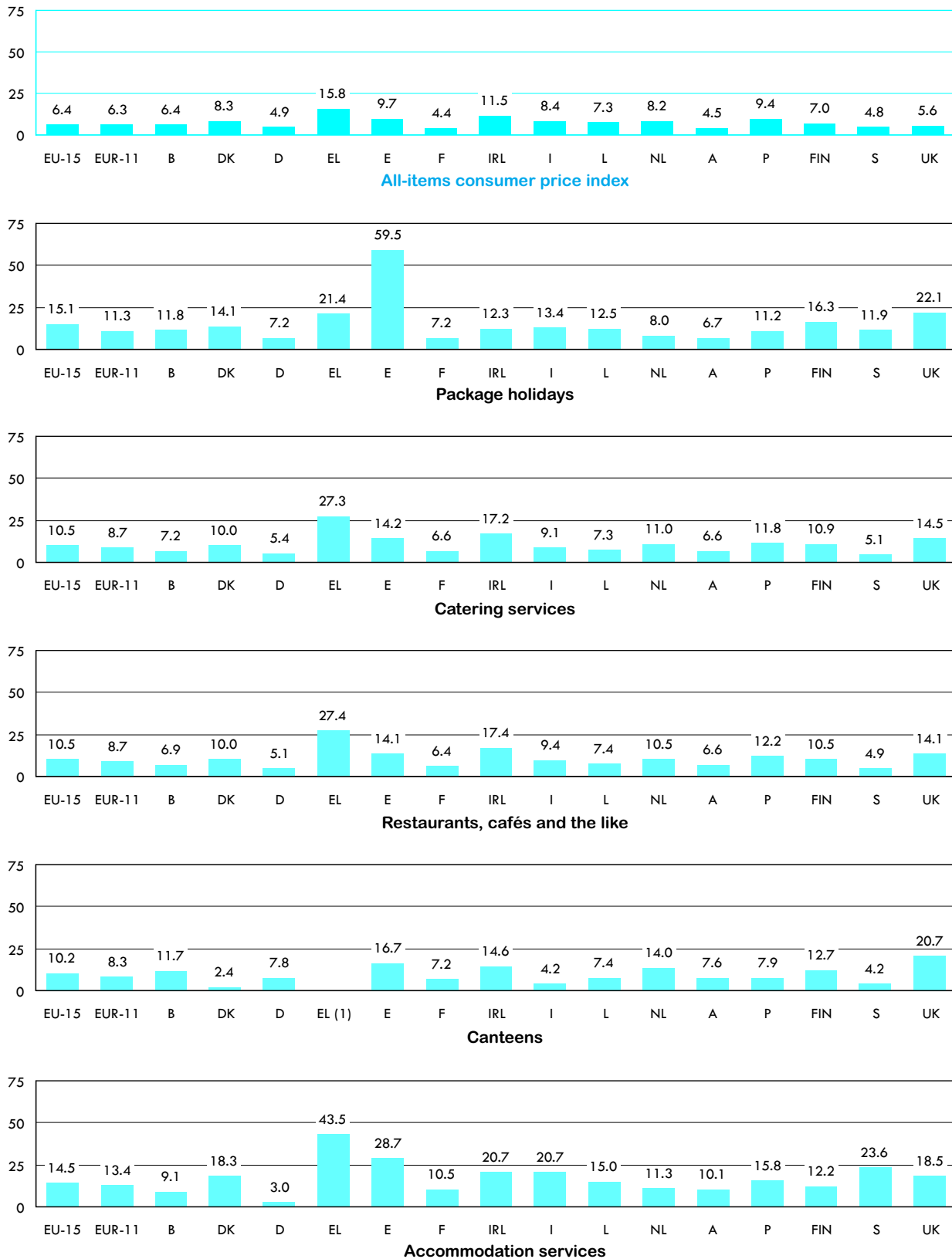
In recent years, prices for holidays, hotels and restaurants have increased at a faster pace than the harmonized index of consumer prices for all-items. Between 1996 and 2000, package holidays witnessed the highest price increases, equal to 3.6% per annum on average, just above the increase recorded for accommodation services (3.4%). Prices in restaurants rose at a somewhat slower pace, up on average by 2.5% per annum.

Table 7.43: Package holidays, restaurants and hotels
Development of harmonized indices of consumer prices in the EU (1996=100)

	1996	1997	1998	1999	2000
Total HICP	100	102	103	104	106
Package holidays	100	104	107	110	115
Catering services	100	102	105	108	111
Restaurants, cafés and the like	100	103	105	108	111
Canteens	100	102	105	108	110
Accommodation services	100	103	106	110	115

Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

Figure 7.28: Package holidays, restaurants and hotels
Absolute growth in consumer prices, 1996-2000 (%)



(1) Not available.

Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

7.5 SPORTS AND RECREATIONAL SERVICES

This sub-chapter focuses on some of the traditional activities that people practise during their spare time, such as sports, going to shows or amusement parks.

CONSUMPTION

Recreation and amusement parks

According to a survey carried out in ten Member States for the International Association of Amusement Parks and Attractions¹³, approximately 55% of respondents visited at least one amusement facility in 2000 (see table 7.44), with amusement parks (32% of the total) and zoos (28%) the most popular forms of attraction. Europeans spent an average of €9.8 for their visits: €5 for the entrance ticket, €3.1 for food and drinks and €1.7 for other items (see figure 7.29).

(13) European Amusement Industry Consumer Survey, IAAPA, 2001.

Table 7.44: Proportion of the population visiting amusement facilities, 2000 (%) (1)

	Total	Amusement park	Zoo	Water park	Other attraction
Average	55	32	28	21	26
B	45	32	18	16	16
DK	67	53	33	25	22
D	64	28	40	31	34
E	49	39	27	27	21
F	43	28	19	11	18
I	50	27	11	18	27
NL	56	46	43	25	31
FIN	49	48	39	31	38
S	57	44	26	7	19
UK	64	35	23	14	27

(1) Persons aged 15 or over; EL, IRL, L, A and P, not available.

Source: European Amusement Industry Consumer Survey, IAAPA, 2001

Figure 7.29: Average expenditure per inhabitant for amusement facilities, 2000 (€) (1)



(1) Persons aged 15 or over; EL, IRL, L, A and P, not available.
Source: European Amusement Industry Consumer Survey, IAAPA, 2001

Cultural venues

Table 7.45 shows the average number of visitors to museums as well as attendance at theatres and concerts in selected European cities. The figures must be interpreted with care as the definitions of museums or theatres can vary significantly between cities and there are variations in the data collection methodologies (for example, in many cases theatre attendance figures refer to attendance only at a number of selected venues).

Table 7.45: Visits to museums and attendance at theatres and concerts in selected European cities, 1996
(number per resident)

		Museums	Theatres (1)	Concerts (2)
Bruxelles/Brussel	B	2.1	:	:
København	DK	4.2	2.7	:
Berlin	D	1.9	0.9	0.4
München	D	1.8	0.9	:
Dresden	D	4.5	1.6	0.3
Athina (3)	EL	0.5	:	:
Madrid	E	12.7	0.6	:
Barcelona	E	3.6	1.2	0.8
Sevilla	E	0.4	0.2	:
Marseille (4)	F	0.3	:	:
Lyon	F	0.8	1.1	2.1
Lille (4)	F	0.5	:	:
Dublin (5)	IRL	1.8	:	:
Roma	I	0.5	0.8	0.4
Milano	I	1.2	1.2	0.9
Napoli	I	0.9	0.7	0.4
Luxembourg	L	2.2	0.5	0.8
Amsterdam	NL	7.9	:	1.6
Wien	A	3.5	1.8	0.4
Lisboa (6)	P	1.9	:	:
Helsinki (7)	FIN	2.1	1.7	0.8
Stockholm	S	3.5	1.1	0.4
Leeds	UK	0.2	0.4	0.1
Glasgow	UK	5.1	1.5	0.3
Manchester	UK	:	:	:

(1) Public or private registered venues (not street theatres, school theatres etc.); in many cases, figures refer only to attendance at a selection of theatres.

(2) Barcelona, regular and macro concerts; Amsterdam, professional performances excluding pop music; Helsinki and Glasgow, classical concerts only; in many cases, figures refer only to attendance at a selection of concert halls.

(3) Wider territorial units, or conurbation level, reflecting the physical or functional boundaries of the urban area beyond administrative boundaries.

(4) 1991.

(5) At county level.

(6) 1981.

(7) Museums, 1995.

Source: Urban Audit, Directorate-General of the European Commission for Regional Policy, 2000

Table 7.46: Ownership of recreational electronic devices, 2000 (%) (1)

	Games consoles	Personal Digital Assistant
EU-15	22.6	3.1
B	20.7	2.8
DK	19.0	2.1
D	13.7	1.5
EL	7.7	3.3
E	26.8	1.7
F	32.5	3.2
IRL	29.1	3.2
I	18.5	2.4
L	28.5	7.9
NL	22.1	9.1
A	15.2	2.7
P	12.3	2.3
FIN	18.7	1.5
S	13.9	3.9
UK	34.5	5.6

(1) Question: "Which of the following do you have at home?"

Source: Eurobarometer 53 (Measuring information society), European Commission, 2000

CONSUMPTION EXPENDITURE

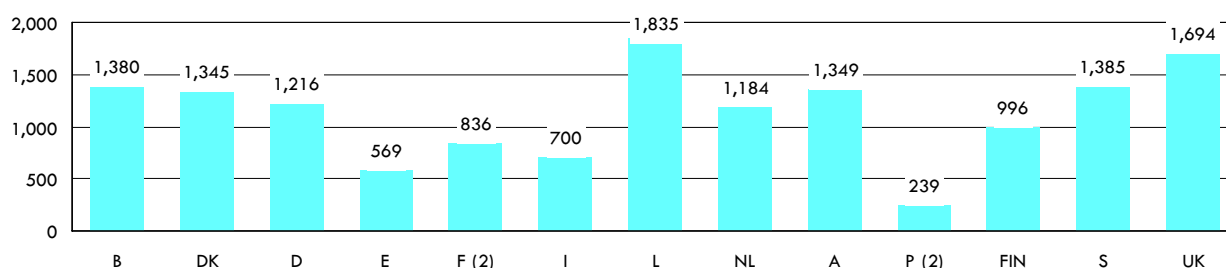
The coverage of this by household expenditure data includes: major durable goods for recreation and culture other than audio-visual and IT equipment (for example, caravans, boats or musical instruments); other durable goods for recreation and culture (including games, toys, equipment for sport and open-air recreation and plants); and recreational and cultural services (for example, amusement parks, ski passes, hire of equipment, music lessons, entrance tickets for events or film developing services). Please note that this definition also includes cinema and television services, however these services are covered within sub-chapters 7.2 and 7.3.

Average consumption expenditure of households on these goods and services generally ranged between 700 PPS (Italy) and 1,694 PPS (the United Kingdom)¹⁴. Portugal (239 PPS) and Spain (569 PPS) showed values well below average, whilst Luxembourg had the highest average expenditure (1,835 PPS) - see figure 7.30. The spending in this area was generally more or less equally shared between equipment and services.

(14) For the whole of this section on consumption expenditure: F and P, 1994; EL and IRL, not available.

Figure 7.30: Other major durables for recreation & culture; other recreational items & equipment, gardens & pets; recreational & cultural services

Mean consumption expenditure, 1999 (PPS per household) (1)



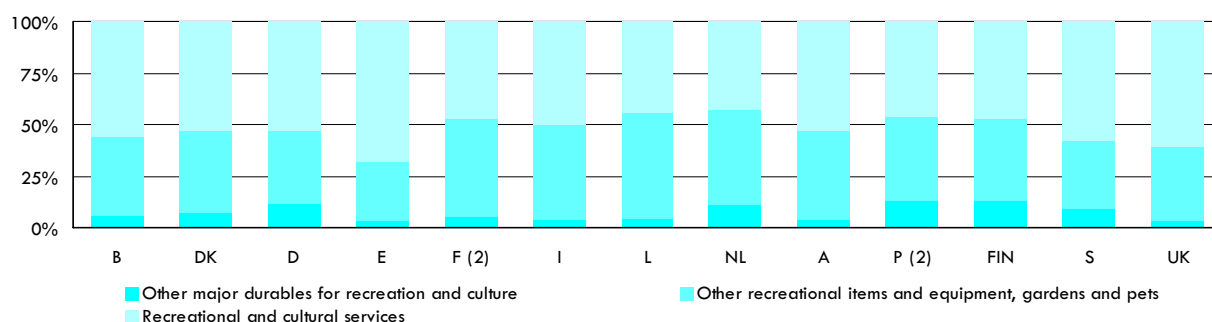
(1) EL and IRL, not available.

(2) 1994.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 7.31: Other major durables for recreation & culture; other recreational items & equipment, gardens & pets; recreational & cultural services

Breakdown of consumption expenditure, 1999 (%) (1)



(1) EL and IRL, not available.

(2) 1994.

Source: Eurostat, Household Budget Survey (theme3/hbs)

PRICES

The evolution of prices of recreational goods and services between 1996 and 2000 shows a familiar pattern, with the price of services rising at a faster pace than the all-items consumer price index, whilst the price of goods rose more slowly (see table 7.47). In the case of games and toys and equipment for open-air activities, prices decreased between 1996 and 2000, falling on average by 0.3% and 0.4% per annum. For major recreational durable goods, price increases remained modest, equal on average to 1.2% per annum. In the field of services, however, price increases reached an average of 1.8% per annum for cultural services and 2.9% per annum for recreational and sporting services.

Table 7.47: Other major durables for recreation and culture
Development of harmonized indices of consumer prices in the EU (1996=100)

	1996	1997	1998	1999	2000
Total HICP	100	102	103	104	106
Major durables for recreation	100	101	102	104	105
Durables for recreation	100	101	102	104	105
Main. & repair of durables	100	101	103	106	111
Other recreational items	100	101	102	102	102
Games, toys and hobbies	100	101	101	101	99
Sports equipment, camping	100	100	99	99	99
Gardens, plants and flowers	100	101	102	103	104
Pets & veterinary services	100	102	103	104	104
Recreational & cultural services	100	104	106	109	109
Recreational & sports services	100	104	106	109	112
Cultural services	100	104	106	108	107

Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

Table 7.48: Recreation and culture; restaurants and hotels
Mean consumption expenditure, 1999 (PPS per household)

	B	DK	D	EL	E	F (1)	IRL (2)	I	L	NL	A	P (1)	FIN	S	UK
MEAN CONSUMPTION EXPENDITURE															
Recreation & culture; rest. & hotels (3)	4,485	3,576	3,947	3,105	3,129	3,232	:	2,954	7,918	4,467	4,691	2,102	2,701	4,000	5,882
Aud.-vis., photo. & IT equipment	308	559	457	156	218	423	411	303	633	550	433	166	331	474	540
Audio-visual equipment	76	217	137	63	77	182	85	47	188	172	119	80	133	146	183
Photo. equip. & optical instruments	27	21	61	8	9	16	18	29	57	49	49	7	19	26	76
Information processing equipment	91	166	156	26	74	43	203	58	220	205	149	28	104	168	97
Recording media	94	144	77	45	45	152	98	:	152	112	91	50	63	128	173
Repair	21	11	26	13	12	31	7	80	15	11	25	0	12	7	10
Other major durables	80	105	131	:	18	35	:	18	97	118	50	28	127	125	59
Indoor/outdoor recreation & music	:	104	:	:	16	34	:	18	95	93	48	4	122	111	60
Maintenance and repair	1	:	:	:	2	:	:	:	2	25	2	24	6	14	:
Other items, gardens and pets	533	545	437	195	157	406	:	321	934	563	580	91	396	458	620
Games, toys, sports & camping	150	204	:	84	90	151	:	127	233	223	235	39	190	189	252
Gardens, plants and flowers	336	190	186	68	22	161	:	108	485	201	171	23	112	169	148
Pets and related products	:	150	:	43	45	93	:	:	216	140	174	29	95	100	:
Recreational and cultural services	767	695	648	320	394	395	879	361	804	503	719	120	473	802	1,015
Recreational and sporting services	140	146	:	65	83	173	264	:	338	149	221	16	106	222	302
Cultural services	521	379	516	145	123	140	337	112	318	303	333	43	214	270	349
Games of chance	106	170	133	111	188	81	47	142	148	51	165	61	152	310	364
Newspapers, books and stationery	434	389	409	327	313	328	:	397	572	497	436	148	381	489	463
Books	147	120	143	152	119	96	:	131	194	149	120	72	82	129	115
Newspapers and periodicals	188	222	:	139	141	153	:	233	250	269	244	53	263	319	218
Miscellaneous printed matter	26	19	107	7	4	80	:	:	37	40	14	1	23	13	:
Stationery and drawing materials	73	28	53	29	48	:	:	33	91	39	57	22	14	27	130
Package holidays, rest. & hotels (3)	2,363	1,284	1,866	2,104	2,029	1,646	1,880	:	4,877	2,236	2,473	1,549	992	1,652	3,185
Package holidays (4)	806	333	719	50	157	110	444	:	721	428	1,049	51	243	821	1,007
Restaurants and hotels (5)	1,557	951	1,147	2,054	1,872	1,536	1,436	1,251	4,156	1,808	1,424	1,498	749	831	2,178
Catering services (6)	1,397	821	928	1,944	1,762	856	1,382	832	3,397	1,109	1,373	1,457	687	:	2,114
Accommodation services (7)	160	130	219	111	109	680	55	:	759	699	50	41	62	:	64

(1) 1994.

(2) Provisional.

(3) A, including holiday travel; S, excluding take-away food and beverages.

(4) A, including hotels and holiday travel.

(5) A, excluding hotels; S, excluding take-away food and beverages.

(6) S, excluding take-away food and beverages.

(7) A, excluding hotels.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 7.49: Recreation and culture; restaurants and hotels
Structure of household expenditure, 1999 (% of total household expenditure)

	B	DK	D	EL	E	F (1)	IRL (2)	I	L	NL	A	P (1)	FIN	S	UK
STRUCTURE OF EXPENDITURE															
Recreation & culture; rest. & hotels (3)	16.4	15.3	16.8	13.3	15.4	14.5	:	10.9	18.3	17.4	17.7	12.9	14.8	18.4	21.3
Aud.-vis., photo. & IT equipment	1.1	2.4	1.9	0.7	1.1	1.9	1.4	1.1	1.5	2.1	1.6	1.0	1.8	2.2	2.0
Audio-visual equipment	0.3	0.9	0.6	0.3	0.4	0.8	0.3	0.2	0.4	0.7	0.5	0.5	0.7	0.7	0.7
Photo. equip. & optical instruments	0.1	0.1	0.3	0.0	0.0	0.1	0.1	0.1	0.1	0.2	0.2	0.0	0.1	0.1	0.3
Information processing equipment	0.3	0.7	0.7	0.1	0.4	0.2	0.7	0.2	0.5	0.8	0.6	0.2	0.6	0.8	0.4
Recording media	0.3	0.6	0.3	0.2	0.2	0.7	0.3	:	0.4	0.4	0.3	0.3	0.3	0.6	0.6
Repair	0.1	0.0	0.1	0.1	0.1	0.1	0.0	0.3	0.0	0.0	0.1	0.0	0.1	0.0	0.0
Other major durables	0.3	0.4	0.6	:	0.1	0.2	:	0.1	0.2	0.5	0.2	0.2	0.7	0.6	0.2
Indoor/outdoor recreation & music	:	0.5	:	:	0.0	0.1	:	0.1	0.2	0.4	0.2	0.0	0.6	0.5	0.2
Maintenance and repair	0.0	:	:	:	0.0	:	:	:	0.0	0.1	0.0	0.1	0.0	0.1	:
Other items, gardens and pets	1.9	2.3	1.9	0.8	0.8	1.8	:	1.2	2.2	2.2	2.2	0.6	2.2	2.1	2.2
Games, toys, sports & camping	0.5	0.8	:	0.4	0.5	0.7	:	0.5	0.5	0.8	0.9	0.2	1.0	0.8	1.0
Gardens, plants and flowers	1.2	0.8	0.8	0.3	0.1	0.7	:	0.4	1.1	0.8	0.6	0.1	0.6	0.8	0.5
Pets and related products	:	0.6	:	0.1	0.3	0.4	:	:	0.5	0.6	0.7	0.2	0.6	0.5	:
Recreational and cultural services	2.8	3.0	2.8	1.4	1.9	1.8	3.0	1.3	1.9	2.0	2.7	0.7	2.6	3.7	3.7
Recreational and sporting services	0.5	0.6	:	0.3	0.4	0.8	0.9	:	0.8	0.6	0.8	0.1	0.6	1.0	1.1
Cultural services	1.9	1.6	2.2	0.6	0.6	0.6	1.1	0.4	0.7	1.2	1.3	0.3	1.2	1.2	1.3
Games of chance	0.4	0.7	0.6	0.5	0.9	0.4	0.2	0.5	0.3	0.2	0.6	0.4	0.8	1.4	1.3
Newspapers, books and stationery	1.6	1.7	1.7	1.4	1.5	1.5	:	1.5	1.3	1.9	1.6	0.9	2.1	2.3	1.7
Books	0.5	0.5	0.6	0.7	0.6	0.4	:	0.5	0.4	0.6	0.5	0.4	0.4	0.6	0.4
Newspapers and periodicals	0.7	0.9	:	0.6	0.7	0.7	:	0.9	0.6	1.0	0.9	0.3	1.4	1.5	0.8
Miscellaneous printed matter	0.1	0.1	0.5	0.0	0.0	0.4	:	:	0.1	0.2	0.1	0.0	0.1	0.1	:
Stationery and drawing materials	0.3	0.1	0.2	0.1	0.2	:	:	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.5
Package holidays, rest. & hotels (3)	8.6	5.5	8.0	9.0	10.0	7.4	6.4	:	11.3	8.7	9.4	9.5	5.4	7.6	11.5
Package holidays (4)	2.9	1.4	3.1	0.2	0.8	0.5	1.5	:	1.7	1.7	4.0	0.3	1.3	3.8	3.6
Restaurants and hotels (5)	5.7	4.1	4.9	8.8	9.2	6.9	4.9	4.6	9.6	7.0	5.4	9.2	4.1	3.8	7.9
Catering services (6)	5.1	3.5	4.0	8.3	8.7	3.8	4.7	3.1	7.9	4.3	5.2	8.9	3.8	:	7.6
Accommodation services (7)	0.6	0.6	0.9	0.5	0.5	3.0	0.2	:	1.8	2.7	0.2	0.3	0.3	:	0.2

(1) 1994.

(2) Provisional.

(3) A, including holiday travel; S, excluding take-away food and beverages.

(4) A, including hotels and holiday travel.

(5) A, excluding hotels; S, excluding take-away food and beverages.

(6) S, excluding take-away food and beverages.

(7) A, excluding hotels.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 7.50: Recreation and culture; restaurants and hotels
Structure of household expenditure, 1999 (%)

	B	DK	D	EL	E	F (1)	IRL	I	L	NL	A (2)	P (1)	FIN	S (3)	UK
BROKEN DOWN BY INCOME DISTRIBUTION (4)															
Lowest twenty percent	13.3	15.5	14.5	10.0	13.5	11.0	:	7.8	15.0	13.9	:	8.2	13.7	18.5	17.7
Second quintile group	14.8	13.7	16.2	11.0	14.1	11.8	:	9.1	17.0	14.5	:	9.7	12.9	17.0	19.6
Third quintile group	14.9	14.8	16.8	12.4	14.5	13.3	:	10.2	18.2	16.3	:	11.3	14.1	16.5	21.3
Fourth quintile group	17.5	15.1	17.1	14.0	16.3	15.3	:	11.5	19.1	18.4	:	13.4	15.6	18.8	22.3
Highest twenty percent	18.9	16.5	17.7	15.3	17.1	17.4	:	13.4	20.0	20.7	:	15.3	16.2	20.6	22.5
BROKEN DOWN BY AGE OF HEAD OF HOUSEHOLD															
Less than 30	17.3	17.8	18.0	17.4	16.0	16.1	:	12.1	15.6	20.9	18.9	15.5	18.8	21.3	24.2
Between 30 and 44	17.5	15.5	16.8	14.3	16.4	16.3	:	13.0	18.6	17.4	19.2	15.0	15.9	18.8	22.4
Between 45 and 59	15.7	15.5	16.9	13.8	16.9	14.9	:	11.6	19.8	17.5	17.2	13.1	14.7	18.2	21.9
60 and over	14.8	12.9	16.4	11.0	12.3	11.1	:	8.3	17.5	15.2	15.7	10.3	10.8	16.6	16.7
BROKEN DOWN BY TYPE OF HOUSEHOLD															
1 adult without dependent children	15.6	16.9	17.5	14.7	11.4	14.3	:	10.3	19.4	17.1	18.9	13.8	15.4	20.6	17.0
2 adults without dependent children	17.0	15.0	17.4	11.1	12.4	12.8	:	10.1	18.4	18.8	19.1	9.2	14.5	18.7	21.8
3+ adults without dependent children	16.4	15.3	15.6	14.6	15.9	12.4	:	9.9	18.2	16.9	14.7	12.3	14.2	16.0	26.9
Single parent with dependent child(ren)	13.7	15.6	15.9	11.7	15.2	15.1	:	13.5	17.6	15.3	18.7	13.6	13.9	16.7	16.7
2 adults with dependent child(ren)	16.6	14.5	16.1	13.4	16.2	15.5	:	11.7	18.1	16.5	18.0	14.2	15.0	17.1	21.1
3+ adults with dependent child(ren)	17.3	14.4	15.5	14.2	17.1	14.7	:	11.2	17.5	18.4	14.0	13.1	13.1	18.7	26.6
BROKEN DOWN BY SOCIO-ECONOMIC CATEGORY OF HEAD OF HOUSEHOLD															
Manual workers (5)	17.1	13.9	17.2	12.0	15.7	13.3	:	12.5	15.9	17.9	15.8	12.7	15.0	17.8	23.5
Non-manual workers	17.2	16.1	:	15.8	17.8	17.0	:	:	20.1	18.9	20.9	15.5	16.5	19.5	22.8
Self-employed	17.2	16.9	17.1	13.8	15.7	14.7	:	11.8	18.4	18.3	18.0	11.0	14.9	20.0	22.2
Unemployed	13.8	15.9	14.9	12.3	15.3	11.5	:	8.5	17.9	:	15.8	9.8	13.0	15.6	17.9
Retired	14.6	13.2	:	11.1	12.9	11.0	:	9.0	17.8	15.3	15.4	10.5	11.0	15.7	15.8
Other inactive (6)	15.5	19.7	15.6	11.5	11.5	12.6	:	7.5	16.3	14.5	16.3	8.5	19.6	19.5	18.2
BROKEN DOWN BY DEGREE OF URBANISATION															
Dense (>500 inhabitants/km ²)	17.3	16.4	:	:	16.0	:	:	11.4	18.4	:	21.1	14.1	16.0	20.2	21.7
Intermediate (100-499 inhabitants/km ²)	15.4	14.2	:	:	15.3	:	:	10.5	18.4	:	17.8	11.0	13.6	18.4	22.0
Sparse (<100 inhabitants/km ²)	11.4	13.3	:	:	14.5	:	:	9.8	18.1	:	13.6	9.3	12.3	17.7	19.6

(1) 1994.

(2) Including holiday travel.

(3) Excluding take-away food and beverages.

(4) FIN, income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

(5) D, including non-manual workers; I, including all non-agricultural persons in employment.

(6) D, including retired.

Source: Eurostat, Household Budget Survey (theme3/hbs)



8. Savings, investment and financial services



8 SAVINGS, INVESTMENT AND FINANCIAL SERVICES

Consumers often save with a specific goal in mind; for example, a house, a car, a holiday, retirement. Viewed in this light savings may be considered as deferred or postponed consumption. The decision to save can also be seen as an attempt to smooth income fluctuations, which occur for a number of reasons; for example, illness, unemployment or retirement.

In the National Accounts, the purchase of savings instruments, such as stocks and shares or investment in an interest-bearing account is not considered part of expenditure but as saving, a capital transaction. Similarly, if expenditure is financed by borrowing - for example, through a bank loan or other credit arrangements - this is regarded as dis-saving, also a capital transaction. Consumption, saving and income are linked by the identity:

$$\text{income} = \text{consumption} + \text{saving}$$

8.1 SAVINGS, FINANCIAL INVESTMENTS AND ASSETS

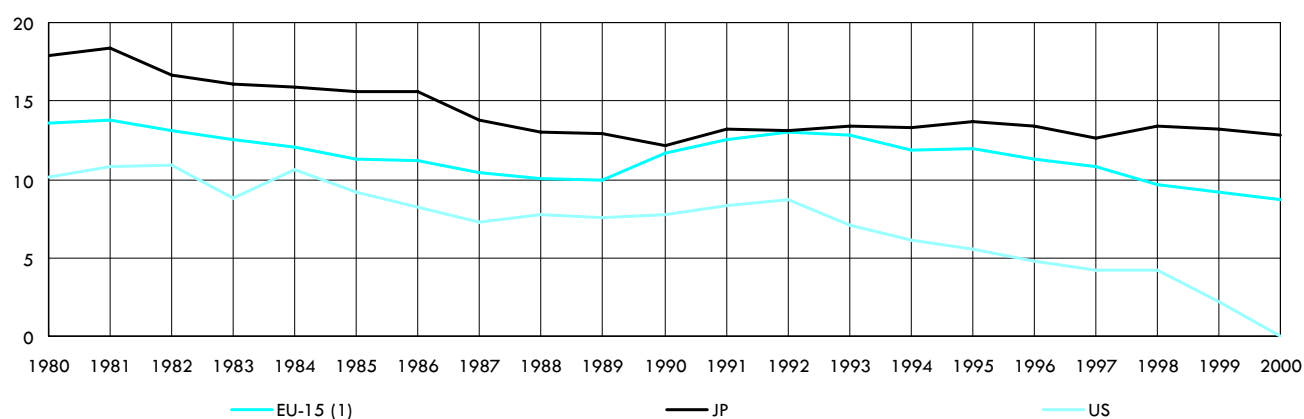
The capacity to save depends primarily on income, whilst the willingness to save depends on a wider range of factors that may include demographics, the inflation rate, the performance and operation of financial markets and the national tax regime.

HOUSEHOLD SAVINGS RATIO

The household savings ratio is defined as the proportion of total household disposable income that is saved. This ratio may be negative if there is dis-saving, for example when expenditure exceeds income as people run down savings or run up debt.

Any comparison of savings ratios should reflect upon the mix between public and private pension contributions, as the former are excluded from expenditure within National Accounts (as they are considered as tax payments), whilst the latter are included. As such, countries with a higher reliance on private pension schemes will tend to report lower savings ratios.

Figure 8.1: Household saving rate (% of disposable income)



(1) Excluding EL and L.

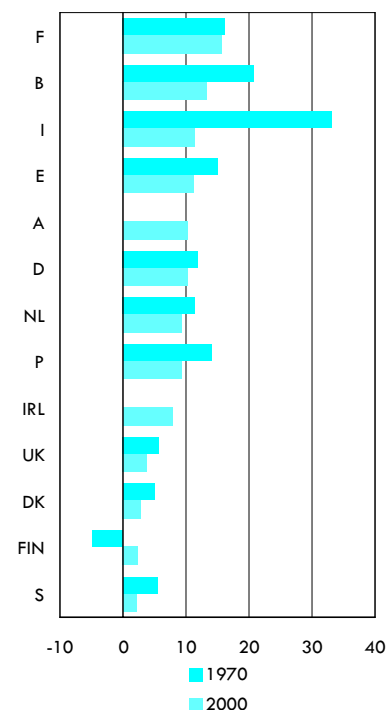
Source: Economic Outlook No.68, OECD, November 2000

Savings ratios have fallen in most industrialised economies since the mid-1970s. The Directorate-General of the European Commission for Economic and Financial Affairs estimates that the household savings ratio for the EU stood between 15% and 16% during the 1960s through to the oil shock of the mid-1970s. Subsequently, the EU savings ratio has generally followed a declining path, falling below 9% by 2000. This pattern was even more pronounced in the United States, where the savings ratio was equal to 0% by 2000 (see figure 8.1). Declining savings ratios were also observed in the majority of the Member States (see figure 8.2).

Whilst the savings ratio measures aggregate savings within the national economy, it does not allow any judgement to be made upon the distribution of savings between households. The European Community Household Panel asks respondents whether they are able to save regularly. The results for 1996 show that 41% of Europeans¹ had some money left at the end of the month. As with the savings ratio there are large differences in the results between countries, with a relatively high proportion of the population in southern Member State unable to save (see figure 8.3). Combined with the relatively high savings ratios in these same countries, this suggests that saving is concentrated in a smaller number of households.

(1) Excluding S.

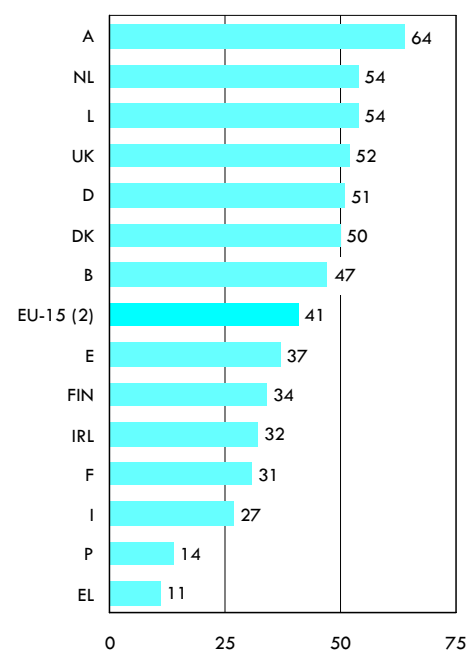
Figure 8.2: Household saving rate
(% of disposable income) (1)



(1) EL and L, not available.

Source: Economic Outlook No.68, OECD, November 2000

Figure 8.3: Households able to save regularly
(i.e. normally have some money left to save),
1996 (%) (1)



(1) S, not available.

(2) Excluding S.

Source: Eurostat, European Community Household Panel (theme3/ilc)

FINANCIAL ASSETS OF HOUSEHOLDS

Currency (cash in local and foreign currencies) and deposit savings are just one component of total saving and part of the decline in household savings ratios may be attributed to the growth of other financial assets. The distribution of financial assets between European countries gives rise to some diverse patterns (see table 8.1). Currency and deposits were generally one of the most popular forms of assets in 1999, with their share in total assets ranging between 57% in Austria and 19% in the Netherlands. Whilst the share of net equity in pension funds accounted for almost 40% of assets in the Netherlands, their share was below 5% in Belgium, Spain and Austria.

Table 8.1: Assets and liabilities of households and non-profit institutions serving households, 1999 (€ million)

	Total assets	Currency and deposits	Securities other than shares	Loans	Shares and other equity, excluding mutual funds shares	Mutual funds shares	Net equity of households in life insurance reserves	Net equity of households in pension fund reserves
B	777,598	181,090	170,820	95,373	232,798	104,924	64,129	14,770
DK	245,384	64,942	25,263	138,908	:	:	:	:
D	3,596,639	1,265,763	362,189	1,441,953	602,477	377,054	:	:
E	1,126,712	372,413	19,841	246,495	403,764	175,245	62,121	51,489
F (1)	2,664,760	795,895	65,855	471,770	852,510	240,349	547,444	:
NL	1,141,645	211,273	24,546	317,752	200,441	57,410	174,187	456,967
A	261,452	149,067	17,659	74,805	11,807	29,577	33,273	8,840
P	210,768	95,128	4,803	59,841	57,797	18,035	13,844	15,033
FIN	216,379	44,750	1,485	37,827	:	:	:	:
S	379,971	61,196	17,016	121,194	102,380	56,955	72,159	33,740

(1) 1998.

Source: Eurostat, Financial Accounts (theme2/fina)

8.2 FINANCIAL SERVICES

Financial services can be defined as services offered to consumers to manage their financial situation or risk management. Their central role is to facilitate transactions through payment services. In addition, they also ensure financial protection against accidents, damage to property or health problems (through insurance) and financial liquidity and assets over a lifetime (through savings and investments on the one hand, see sub-chapter 8.1, and by granting credit on the other hand). Financial services represented between 1.8% and 4.0% of total household expenditure in 1999 in the majority of Member States². It is important to note that the only expenditure items considered in the Household Budget Survey are the charges associated with financial services (bank charges, brokerage fees, tax and pension counselling and service charges for insurance) and not the capital or interest payments (investments) themselves.

NETWORK ACCESS:

RETAIL BANKING

Most households principal access to credit institutions (in other words banks) is through their local bank or an automatic teller machine (ATM). There was a status quo in terms of the number of local units between 1994 and 1999³, whilst the number of ATMs increased. Almost equal numbers of local branches and ATMs existed in the EU in 1999 (around 200 thousand in total). As such, there was, on average, one local branch and one ATM for each two thousand inhabitants. Network access was lowest in Greece and Sweden, where there were less than 25 local units and less than 30 ATMs per 100 thousand inhabitants. On the other hand, there were around 100 branches and ATMs per 100 thousand inhabitants in Spain. The number of ATMs has surpassed the number of local units in the majority of Member States (see table 8.2).

(2) F and P, 1994; D, IRL and I, not available.

(3) Not taking into account the increase due to the inclusion of newly privatised institutions within official statistics (for example, Deutsche Postbank).

Table 8.2: Credit institutions - network access, 1999 (units) (1)

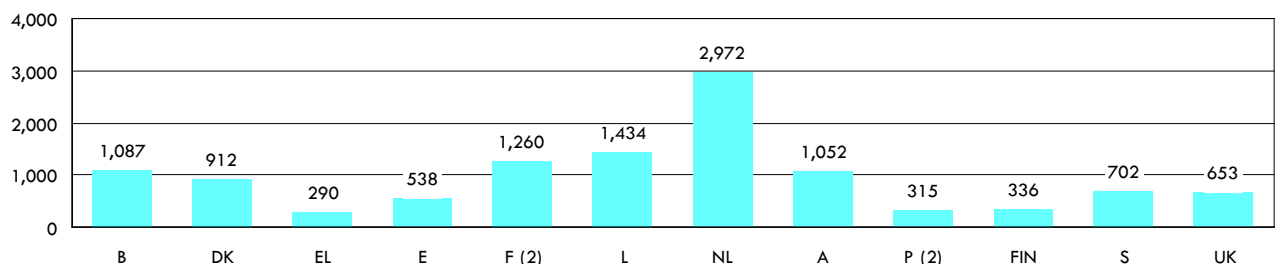
	Number of enterprises	Number of local units	Number of ATMs (2)	Local units per 100 thousand inhabitants	ATMs per 100 thousand inhabitants (2)
B	89	5,727	6,323	56.1	61.9
DK	201	2,333	2,641	43.9	49.7
D	3,055	61,587	46,200	75.1	56.3
EL	41	2,447	2,977	23.3	28.3
E	387	39,376	41,129	100.0	104.4
F	1,148	26,159	18,416	44.4	31.2
IRL	50	1,321	:	35.4	:
I	876	27,145	30,298	47.1	52.6
L	210	310	:	72.2	:
NL	169	6,830	6,673	43.3	42.3
A	870	5,391	2,570	66.7	31.8
P	219	5,491	8,850	55.0	88.7
FIN	361	1,964	2,725	38.1	52.8
S	212	2,140	2,577	24.2	29.1
UK	492	15,470	26,934	26.1	45.4

(1) IRL, 1993; FIN, 1998.

(2) ATM: Automatic Teller Machine; D, 1997.

Source: Eurostat, Structural Business Statistics (theme4/sbs)

Figure 8.4: Insurance and financial services n.e.c.
Mean consumption expenditure, 1999 (PPS per household) (1)



(1) D, IRL and I, not available.

(2) 1994.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 8.3: Main indicators for automatic teller machines, 1999

	Average number of transactions per inhabitant (units)	Average value per transaction (€)
EU-15 (1)	20.2	111
B	17.4	105
DK	:	:
D	18.4	146
EL	9.1	206
E	16.8	87
F	16.9	61
IRL	33.6	81
I	8.7	161
L	12.2	116
NL	33.5	74
A	11.9	137
P	28.9	70
FIN	46.1	69
S	35.0	94
UK	33.1	83

(1) Weighted average; excluding DK.

Source: Payment and securities settlement systems in the EU, European Central Bank, 2001

A Eurobarometer survey (52) carried out in the autumn of 1999 revealed that only 9% of Europeans did not have a bank account (see figure 8.5). This share would have been even lower had it not been for Italy, where more than a fifth of the population did not have a bank account. Approximately half (52%) of the persons not having an account declared that they had never had one.

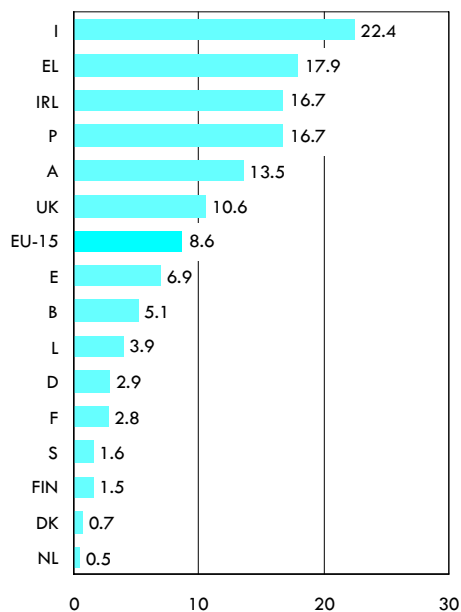
The highest proportion of persons without a bank account was found within the population not in paid work, notably students (27%), the unemployed (20%) or persons running a household (13%). There was a small difference between the percentage of men (7%) not possessing a bank account and the proportion of women (10%).

In addition to their account, 55.7% of Europeans surveyed during the autumn of 2000 for Eurobarometer (54) declared that they had a cheque book, 40.9% a credit card and 55.5% another type of bank card (see table 8.4). Cheques and credit cards were particularly popular in France and the United Kingdom, whilst other bank cards (mainly debit cards) had high penetration rates in the Netherlands and Finland.

Table 8.4: Ownership of payment means, 2000 (%)

	Cheque book	Credit card	Other bank card
EU-15	55.7	40.9	55.5
B	42.5	38.2	70.7
DK	31.1	40.5	58.7
D	51.6	30.3	77.4
EL	7.4	18.3	19.1
E	21.3	44.8	38.1
F	86.7	54.3	30.0
IRL	42.0	26.9	35.2
I	62.0	31.7	50.4
L	52.2	62.8	57.9
NL	36.5	35.2	88.7
A	32.2	29.8	54.8
P	64.0	31.2	42.8
FIN	1.1	31.7	84.0
S	24.3	51.2	63.5
UK	79.1	59.2	60.7

Source: Eurobarometer 54, European Commission, 2000

Figure 8.5: Proportion of persons not having a bank account, 1999 (%)

Source: Eurobarometer 52, European Commission, 1999

Table 8.5: General purpose card usage in Europe, 1999 (1)

	Purchase volume (% change on 1998) (€ billion)		Cash volume (% change on 1998) (€ billion)		Total transactions (% change on 1998) (millions)		Total cards (% change on 1998) (millions)		Outlets (millions)
Total	449.3	22.0	222.0	24.8	9,994	15.9	223.2	15.7	4.4
Visa	287.2	24.4	180.5	24.0	7,258	16.2	155.4	16.2	4.3
MasterCard	126.2	21.5	41.0	26.7	2,500	15.7	59.7	15.8	4.4
American Express	27.4	7.5	0.5	562.5	193	11.6	6.0	7.7	1.8
Diners Club	8.6	6.3	:	:	42	0.1	2.1	1.3	0.9

(1) Geographical Europe; volume change figures reflect currency fluctuations; MasterCard figures do not include Maestro or Cirrus; Visa figures include Visa Electron but do not include Plus or Interlink; JCB had issued 10,000 cards to customers in D, E, NL, UK and Switzerland; purchase volume includes spending on goods and services including all forms of direct marketing and electronic commerce; cash volume includes credit card cash advances and debit card cash withdrawals from ATMs, cheques and bank transactions; total outlets include merchant outlets, ATMs and bank branches, and is not the sum because most ATMs and merchant outlets accept some or all of the brands shown.

Source: The Nilson Report, 2000; reprinted with permission © 2000 The Nilson Report; available at <http://www.nilsonreport.com>

CONSUMPTION

Methods of payment

The European Central Bank regularly publishes data on payment systems⁴ and this shows that there is a wide diversity between EU Member States in the use of different non-cash means of payment (see table 8.6). Direct debits were the most popular means of non-cash payment only in Spain, whilst cheques remained the most popular in France and Ireland and their use also exceeded 40% in Portugal. Cards, whether credit, debit or retailer, dominated non-cash payments in Greece and Denmark and in 1998 replaced cheques as the most popular non-cash system in Portugal and the United Kingdom. However, credit transfers remained the most popular method for the seven other countries for which data are available, exceeding 50% of all non-cash payments in five of them.

From 1993 to 1998 the proportion of non-cash payments made by cheques fell in almost every country. The significant reductions in credit transfers in Italy and the Netherlands and the falling proportion of payments made by cheque in all countries accompanied an increase in the use of cards which accounted for more than 10% of non-cash payments in all countries, except Germany and Austria.

(4) Payment Systems in the European Union, European Monetary Institute and subsequent addenda from EMI and ECB (January 1997, January 1998, January 1999 and February 2000).

Table 8.6: Use of cashless payment instruments, 1998 (% share) (1)

	Cheques	Debit, credit and retailer cards	Credit transfers	Direct debits	E-money and others
B	7	27	54	9	2
DK	13	65	:	21	1
D	5	5	51	40	0
EL	13	76	:	11	:
E	12	22	14	46	6
F	45	20	18	15	1
IRL	45	13	26	15	0
I	27	14	40	9	11
L	:	:	:	:	:
NL	2	25	45	29	:
A	3	9	62	27	0
P	40	44	6	9	1
FIN	0	37	59	4	0
S	:	22	70	8	0
UK	28	33	19	19	0

(1) Share of total of reported instruments.

Source: Payment Systems in the European Union, European Monetary Institute and subsequent addenda from EMI and ECB, January 1997, January 1998, January 1999 and February 2000

Table 8.7: Terminals for Electronic Funds Transfer Point-Of-Sale, 1998 (units)

	Number of machines per million inhabitants (end of year)		Number of transactions per inhabitant		Average value of each transaction (€)	
	1993	1998	1993	1998	1993	1998
EU-15	:	8,231	:	:	:	:
B	:	9,122	16	33	54	56
DK	4,197	12,936	33	64	43	47
D	345	2,815	1	4	46	79
EL	241	5,233	:	2	:	73
E	8,287	18,351	6	10	43	48
F	9,193	9,958	27	37	49	46
IRL	:	3,992	:	2	:	2
I	1,329	5,976	0	6	104	
L	8,390	11,892	22	52	66	70
NL	1,606	8,569	4	38	50	43
A	229	2,382	1	5	38	51
P	2,790	7,136	8	28	32	
FIN	8,291	11,044	34	52	34	43
S	3,054	8,405	7	19	57	61
UK	4,640	10,301	:	:	:	:

Source: Payment Systems in the European Union, European Monetary Institute and subsequent addenda from EMI and ECB, January 1997, January 1998, January 1999 and February 2000

Table 8.8: Preferred means for payments in excess of €100 in the EU (%)

	Domestic payments		Payments in another EU Member State	
	1999	2000	1999	2000
Never make such payments	0.0	0.0	19.5	20.1
Cash	46.2	48.6	30.6	36.2
Cheque	15.3	13.6	6.2	5.4
Credit and debit cards	32.9	30.4	31.1	29.8
Bank transfer	3.2	3.9	2.7	2.7
Postal transfer	0.4	0.3	0.5	0.4
Other	0.2	2.0	1.0	2.4
Not specified	1.7	1.1	8.3	3.0

Source: Eurobarometer 52, European Commission, 1999; Eurobarometer 54, European Commission, 2001

In 1998 several countries reported the use of e-money, although in half of the cases results were negligible or zero, with only Italy, Spain and Portugal reporting significant use of these systems. Alongside the increased use of cards was a doubling in the number of EFTPOS⁵ terminals in all Member States between 1993 and 1998. Terminals were still relatively rare, on the basis of a terminals per inhabitant comparison, in Germany, Greece, Ireland, Italy and Austria (see table 8.7). These countries also had a very low average number of transactions per inhabitant, but, with the exception of Ireland, the average value of each transaction was quite high.

In 1999, a special Eurobarometer survey (52) looked at people's preferences for payment systems, both domestically and in other EU Member States. Table 8.8 shows that cash was by far the most favoured domestic means of payment in the EU, even for payments exceeding €100. This general preference was not shared in every Member State, notable exceptions included France (where cheques were preferred) and Denmark and the Netherlands (where debit cards were preferred). For payments in excess of €100 made by people in another EU country, cash was also the preferred means of payment. After adjusting for the 20% of respondents that said that they did not make such payments, cash was preferred significantly less for non-domestic payments than for domestic payments, as were cheques and debit cards, whilst the preference for credit cards increased. The main reasons cited by respondents for choosing cash, cheques or card payment systems were ease and cost, although the importance of personal and financial safety and the avoidance of legal conflicts increased as determining factors for their use in cases of non-domestic payments.

Eurobarometer survey (54) from the autumn of 2000 confirmed these earlier findings as cash remained the preferred means for domestic payments for 49% of Europeans and for approximately 36% of Europeans abroad. Cards⁶ remained the second most preferred means of payment for 30% of transactions (home and abroad).

(5) Terminal for electronic capture (and sometimes transmission) of payment information in retail outlets - Electronic Funds Transfer Point-Of-Sale.

(6) In Eurobarometer 52 cards were broken down into credit cards (charge cards/cards with deferred payment) and debit cards (cards with direct debit). Since this distinction mainly reflects differences in national card markets of which consumers are unlikely to be aware, it was abandoned in Eurobarometer 54.

About a third of the respondents declared being prepared to use an electronic purse for small payments, but less than 2% actually used one. In addition, only 17% of respondents in the EU said that they had experience with "distance" payments by telephone, computer or the Internet.

When asked the main reason for their decision as to a means of payment, some 75% of people making domestic payments cited convenience as the single most important criterion (66% of those paying abroad). Other reasons, including safety, never scored more than 20% abroad, or 15% for payments in the domestic economy.

Indebtedness

In the Eurobarometer survey (54) carried out during the autumn of 2000, some 11.4% of respondents declared that they had a loan (or other type of credit) with a duration of more than 12 months in order to buy a car. Some 9.4% of respondents had a loan to buy other types of goods and 30.0% had a permanent credit line linked to their current account. Access to credit was particularly high in Denmark, where more than one-fifth of respondents had contracted some type of loan or credit (see tables 8.9 to 8.11).

Table 8.10: Proportion of the population having contracted personal loans or credits in the EU, 2000 (%) (1)

	Cars	Other goods	Permanent credit line
EU-15	11.4	9.4	30.0
Sex			
Male	12.9	10.6	32.6
Female	10.1	8.4	27.6
Age			
15-24	7.1	6.0	21.6
25-39	17.8	14.3	38.9
40-54	15.0	12.8	36.8
55+	5.3	4.4	21.4
Education length			
<=15 years	6.8	6.5	18.1
16-19 years	15.1	10.7	34.9
20+ years	14.6	13.4	42.1
Occupation			
Self employed	14.7	15.0	34.8
Managers	20.9	15.7	50.9
Other white collar	17.5	12.6	42.6
Manual workers	16.6	12.7	34.0
House person	7.8	6.6	23.2
Unemployed	9.7	9.1	21.7
Retired	3.7	3.3	19.2
Students	2.3	4.1	19.2

(1) For longer than 12 months.

Source: Eurobarometer 54, European Commission, 2000

Table 8.9: Proportion of the population having contracted personal loans or credits, by type of purchase, 2000 (%) (1)

	Cars	Other goods	Permanent credit line
EU-15	11.4	9.4	30.0
B	14.7	8.3	36.9
DK	21.8	19.4	53.6
D	12.8	9.0	40.1
EL	4.4	7.0	5.2
E	8.6	9.2	5.5
F	14.4	10.2	43.5
IRL	20.1	15.3	19.5
I	9.3	6.6	17.1
L	21.7	10.6	44.1
NL	5.3	6.4	59.0
A	8.0	16.5	38.8
P	7.3	4.2	3.8
FIN	8.8	15.1	19.0
S	14.3	14.1	20.2
UK	12.6	11.3	32.2

(1) For longer than 12 months.

Source: Eurobarometer 54, European Commission, 2000

Table 8.11: Consumer credit - average value of new contracts, 2000 (€) (1)

	Personal loans (2)	Consumer goods (3)
B	10,460	1,820
D	6,338	1,239
E	:	700
F	6,253	674
IRL	5,875	4,900
I	7,385	885
NL	2,389	:
P	:	299
FIN	4,693	:
S	6,000	6,389
UK	10,265	1,612

(1) Provisional data; DK, EL, L and A, not available.

(2) Loans taken for an unspecified reason other than car finance or home mortgages; NL and FIN, 1999.

(3) E, IRL and S, 1999.

Source: Finance Houses Statistics, Eurofinas, 2001

As regards real estate, 6.6% of respondents said that they had contracted a mortgage loan for less than 10 years, 10.8% had loans of between 10 and 20 years and 5.0% had loans in excess of 20 years (see tables 8.12 and 8.13).

Table 8.12: Proportion of the population having contracted a mortgage loan in the EU, 2000 (%)

	Less than 10 years	10 to 20 years	More than 20 years
EU-15	6.6	10.8	5.0
Sex			
Male	7.5	11.1	5.3
Female	5.7	10.6	4.7
Age			
15-24	1.6	1.8	2.3
25-39	6.4	18.1	8.3
40-54	12.1	16.0	6.1
55+	5.3	5.1	2.4
Occupation			
Self employed	11.3	14.6	4.7
Managers	12.4	21.6	10.4
Other white collar	8.9	15.7	7.6
Manual workers	7.2	13.4	6.2
House person	5.8	11.6	5.7
Unemployed	3.2	6.1	3.3
Retired	4.1	4.1	1.5
Students	0.6	0.8	1.4

Source: Eurobarometer 54, European Commission, 2000

Table 8.13: Outstanding residential mortgage loans (€ per inhabitant) (1)

	1998	1999	2000
B (2)	5,445	6,188	6,393
DK	19,793	21,040	22,075
D (3)	12,345	13,638	13,310
EL (3)	675	846	1,074
E (4)	3,261	3,924	4,777
F	4,437	4,863	5,224
IRL (5)	5,658	6,997	8,706
I (6)	1,471	1,753	1,968
NL	14,086	15,952	17,677
P (7)	3,204	4,219	5,070
FIN (3)	6,567	:	:
S (8)	11,200	12,807	12,762
UK	10,946	13,451	14,315

(1) L and A, not available; DK and I, members of EMF only; 2000 figures calculated using 1999 population data; F and UK, 1999 and 2000 figures calculated using 1998 population data.

(2) Estimate, 2000.

(3) Including loans for residential property not secured by a mortgage.

(4) Estimate.

(5) Central Bank of Ireland, adjusted for securitisation.

(6) 1999 and 2000, figures relate to the end of the third quarter.

(7) Excluding Caixa Geral de Depósitos.

(8) Lending by specialised mortgage credit institutions.

Source: European Mortgage Federation;

© European Mortgage Federation; available at

<http://www.hypo.org>

Cross-border banking: transfer charges

A study carried out for the European Commission in 2001⁷ revealed that there were often considerable costs attached to transferring money between banks. An EU consumer wishing to send €100 from one Member State to another was charged an average of €17.36 for this service (€14.26 for the originator and €3.10 for the beneficiary), ranging from less than €10 in Luxembourg to more than €31 in Portugal (see table 8.14).

The practice of charging both the originator and the beneficiary of cross-border transfers (double-charging) was fairly widespread within the euro-zone, in contradiction of Directive 97/5, whereby the default option is to charge all costs to the originator. Double-charging was commonplace in Spain and Italy, where it existed for more than 75% of transactions, whilst the average for the euro-zone was 37.8%.

In the same study the average duration of cross-border transfers was equal to 3.3 working days, ranging from 2.1 days when originating from France up to 5.9 days when from Ireland. According to Directive 97/5, funds must be credited to the account of the beneficiary's institution no later than the end of the fifth banking business day following the date of acceptance of the cross-border credit transfer order.

(7) Bank Charges in Europe, report by IEIC, European Commission, May 2001 available at http://europa.eu.int/comm/dgs/health_consumer/library/surveys/sur24_en.pdf.

Table 8.14: Main characteristics of cross-border transfers, 2001 (1)

Country of origin	Cost for originator (€)	Cost for beneficiary (€)	Total cost (€)	Minimum cost (€)	Maximum cost (€)	Share of double charging (%)	Duration (days)
EUR-11	14.26	3.10	17.36	5.47	45.17	37.8	3.3
B	10.10	1.77	11.87	7.26	20.33	16.7	3.3
D	11.93	0.00	11.93	7.67	20.44	0.0	3.3
E	14.80	5.76	20.56	7.51	31.89	77.4	2.6
F	14.79	3.27	18.06	5.47	25.31	62.5	2.1
IRL	20.96	4.09	25.04	16.51	45.17	53.1	5.9
I	12.19	7.55	19.74	6.20	43.40	75.0	2.9
L	9.58	0.00	9.58	8.13	10.24	0.0	3.4
NL	8.84	2.60	11.45	6.81	39.88	25.0	3.8
A	15.90	1.50	17.40	9.45	38.29	18.8	3.0
P	26.99	4.05	31.04	20.75	39.50	56.3	2.8
FIN	10.81	3.55	14.36	7.46	37.17	31.3	3.4

(1) DK, EL, S and UK, not available; transfer of €100; average costs.

Source: Bank Charges in Europe, report by IEIC (Institut Européen Interrégional de la Consommation), European Commission, May 2001

Table 8.15: On-line banking - main indicators, 2001 (%) (1)

	Use of on-line banking	Use of on-line services for money transfers	Use of on-line services for making payments	Use of on-line services for getting information from the bank	Interest in on-line banking amongst the non-users of online services
Average	20.4	15.0	10.4	19.1	16.8
DK	32.1	24.6	17.3	30.7	16.9
D	20.0	15.7	9.3	18.6	20.2
E	10.1	7.2	6.0	9.4	11.9
F	27.7	19.8	15.8	26.6	13.0
IRL	16.9	11.3	14.2	16.3	25.4
I	10.4	6.9	:	9.9	16.8
NL	35.6	28.1	:	31.7	19.4
FIN	42.3	40.6	:	37.7	19.5
S	42.0	29.2	14.1	41.5	14.1
UK	20.8	14.7	17.8	19.3	18.5

(1) B, EL, L, A and P, not available.

Source: E-commerce data report, Empirica, 2000; available at <http://www.empirica.com>**Table 8.16: Satisfaction index for retail banking, 2000 (1)**

	B	E	IRL	P	FIN
Image	75.4	73.4	72.0	73.9	78.2
Quality	77.5	77.9	75.0	72.0	79.3
Value for money	64.8	57.5	59.1	63.8	66.3
Complaint handling	71.6	76.0	73.3	69.0	:
Loyalty	68.3	69.1	66.7	68.4	69.1
ECSI (2)	73.3	69.0	70.9	68.2	74.8

(1) Index on a scale from 0 (lowest) to 100 (highest).

(2) ECSI: European Customer Satisfaction Index.

Source: European Customer Satisfaction Index, EOQ (European Organization for Quality), 2001

**SATISFACTION:
BANK ACCOUNT HOLDERS**

In the Eurobarometer survey (54) of autumn 2000, consumers were generally found to be dissatisfied with the protection regime offered in relation to financial services. A majority of Europeans agreed that "in the case of a legal dispute with a bank, it is very difficult to win the case" (68.0%), whilst half of the respondents agreed that "it is very difficult to compare the conditions linked to different mortgage deals" (50.9%), and that "you never really know in advance how much it will cost you" (50.1%) in relation to credit (see table 8.17). A small majority of consumers felt well informed concerning bank accounts (50.5% agreed that "banks give enough information concerning the management of an account"), whilst 44.0% of respondents thought that it was expensive to have a bank account.

Table 8.17: Consumer opinion towards financial services, 2000 (%)

	Agree	Do not agree	No answer
In the case of a legal dispute with an insurance company, it is very difficult to win the case	70.0	12.5	17.6
In the case of a legal dispute with a bank, it is very difficult to win the case	67.5	14.2	18.2
In terms of insurance, you never really know in advance how you are covered	59.5	27.7	12.8
It is very difficult to compare the conditions linked to different mortgage deals	50.9	20.7	28.4
Banks give enough information concerning the management of an account	50.5	38.1	11.4
Concerning credit, you never really know in advance how much it will cost you	50.1	37.5	12.4
Having a bank account turns out to be expensive	44.0	44.9	11.1
Financial establishments clearly explain the risks associated with mortgages	34.3	40.8	24.8
Consumer credit is more useful than dangerous	32.7	50.0	17.3
You can borrow as much as you like, there is never really any form of real control	17.0	69.0	14.0
The problem of consumer default on their debt, that is to say when consumers can no longer pay back their loans, does not exist in our country	16.4	68.0	15.6

Source: Eurobarometer 54, European Commission, 2000

CONSUMPTION EXPENDITURE: INSURANCE

There were 3,600 insurance enterprises in the EU in 1999⁸, excluding reinsurance enterprises, of which 1,066 were life insurance enterprises, 2,280 non-life insurance and 254 composite life/non-life insurance enterprises.

Non-linked life insurance⁹ was the leading insurance product in the EU in 1999, with gross direct premiums written totalling €169 billion¹⁰, or €452 per inhabitant (see table 8.18). Motor vehicle insurance produced €78 billion of gross premiums, or €209 per inhabitant, of which more than 60% was for third party liability.

Within the framework of the Household Budget Survey, service charges for insurance generally cover the sum of all the insurance premiums paid by households for non-life insurance, for example insurance for dwellings, health or transport; social protection (such as payments into unemployment or sickness schemes) is not covered. The premiums paid under life insurance and capitalisation contracts are treated as a form of saving and are excluded from the field of consumption expenditure. As a result, contrary to other financial services, insurance claims an important share of household consumption. Mean expenditure ranged between 286 PPS per household in Greece (or 1.2% of total expenditure) and 2,946 PPS in the Netherlands (or 11.5%) in 1999¹¹ (see table 8.19 overleaf).

Table 8.18: Insurance - gross direct premiums written per inhabitant, 1999 (€) (1)

	Life insurance (2)		Non-life insurance (2)		
	Non-linked life	Linked life	Motor vehicle	Fire/damage to property	General liability
EU-15 (3)	452	185	209	111	49
B	505	395	995	745	497
DK	316	5	219	290	24
D	690	28	238	142	79
EL	:	:	:	:	:
E	262	165	172	14	17
F	825	409	241	170	43
IRL	355	1,412	290	138	152
I	306	261	275	58	33
L	1,869	8,726	429	242	91
NL	819	424	220	163	:
A	551	42	246	155	52
P	292	28	141	43	5
FIN	158	181	150	100	22
S	714	:	198	180	22
UK	:	:	:	:	:

(1) EU-15 and F, calculated using 1998 population data.

(2) Including business of composite insurance enterprises.

(3) Calculated on the basis of available country data.

Source: Eurostat, Structural Business Statistics (theme4/sbs)

(8) EL, 1997.

(9) Where insurance is not linked to the value of investment funds, but is rather a fixed guaranteed amount.

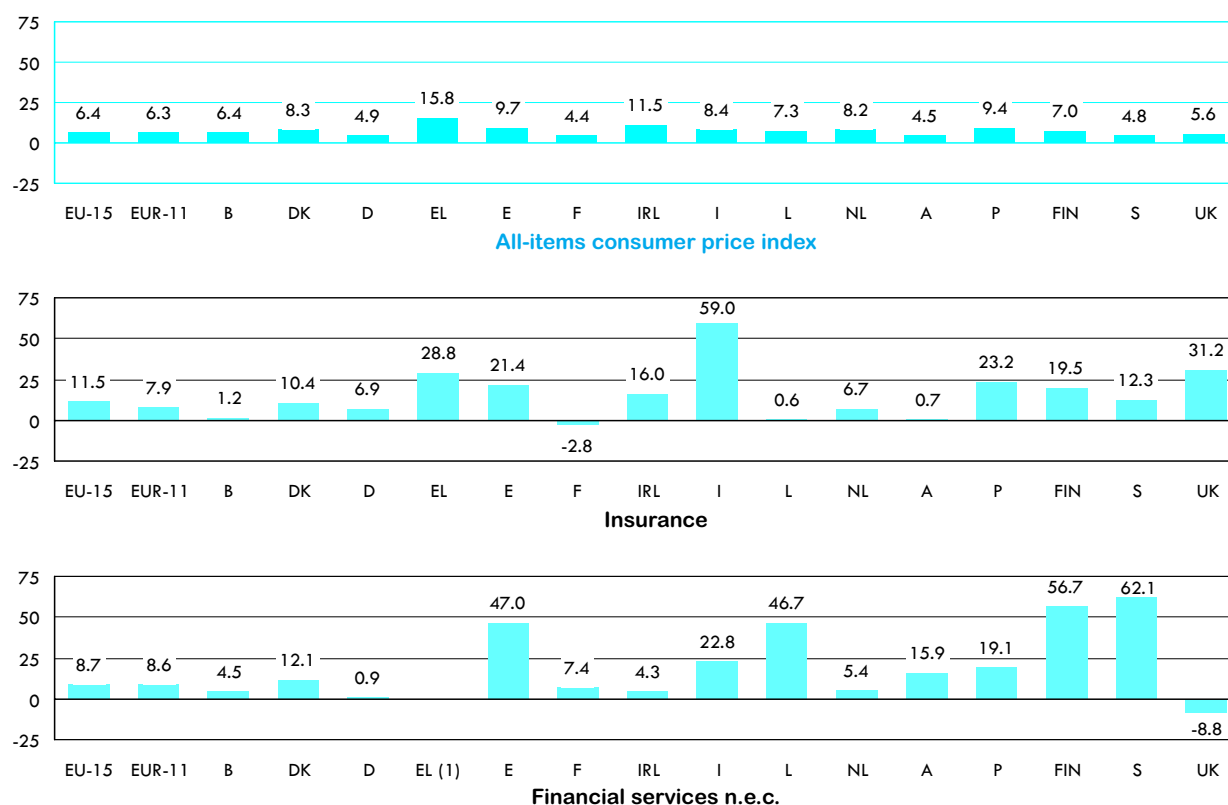
(10) Excluding EL and UK; amounts due during the financial year for all outstanding policies.

(11) For the whole of this section on consumption expenditure: F and P, 1994; D and IRL, not available.

INSURANCE PRICES:**THE COST OF PEACE OF MIND**

According to Commission Regulation (EC) No 1749/96, harmonized indices of consumer prices should cover only motor insurance and contents insurance for dwellings up to December 1999. Since January 2000, consumer price indices cover all insurance connected with the dwelling typically paid by the tenant (not only contents insurance), as well as private health, civil liability, and travel insurance. On average, the price of insurance rose by 11.5% between 1996 and 2000 in the EU (see figure 8.6).

Figure 8.6: Insurance and financial services n.e.c.
Absolute growth in consumer prices, 1996-2000 (%)



(1) Not available.

Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

**SATISFACTION:
POLICY HOLDERS**

Insurance companies do not have a particularly good image in the eyes of most European consumers. Some 70% of persons surveyed during the autumn of 2000 agreed that “in the case of a legal dispute with an insurance company, it is very difficult to win the case”, against 13% who did not (see table 8.17 above). Greek (77%), Swedish (76%) and French (75%) consumers were the most critical.

In addition, the majority of Europeans (60%) thought that “you never really know in advance how you are covered” by an insurance policy, against only 28% who thought they did. Again, the Greeks (72%) and the Swedes (70%) were amongst the most critical, although they were joined by the Finnish (77%). In contrast, a large share of consumers in the Benelux countries felt that they were well informed as to the coverage of their insurance policies: as 49% disagreed with the statement in the Netherlands, alongside 42% in Luxembourg and 39% in Belgium.

Table 8.19: Insurance and financial services n.e.c.
Mean consumption expenditure and structure of household expenditure, 1999

	B	DK	D	EL	E	F (1)	IRL (2)	I	L	NL	A	P (1)	FIN	S	UK
MEAN CONSUMPTION EXPENDITURE (PPS PER HOUSEHOLD)															
Insurance and financial services n.e.c.	1,087	912	:	290	538	1,260	:	:	1,434	2,972	1,052	315	336	702	653
Insurance (3)	1,033	858	:	286	533	1,226	:	774	1,363	2,946	1,030	315	334	687	630
Financial services n.e.c.	54	54	59	4	5	34	93	:	71	26	22	0	2	15	23
STRUCTURE OF EXPENDITURE (% of TOTAL HOUSEHOLD EXPENDITURE)															
Insurance and financial services n.e.c.	4.0	3.9	:	1.2	2.6	5.7	:	:	3.4	11.6	4.0	1.9	1.8	3.3	2.4
Insurance (3)	3.8	3.7	:	1.2	2.6	5.5	:	2.8	3.2	11.5	3.9	1.9	1.8	3.2	2.3
Financial services n.e.c.	0.2	0.2	0.3	0.0	0.0	0.2	0.3	:	0.2	0.1	0.1	0.0	0.0	0.1	0.1

(1) 1994. (2) Provisional. (3) DK and EL, excluding life insurance; S, including union fees and unemployment insurance; UK, excluding insurance for dwellings.
Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 8.20: Insurance and financial services n.e.c.
Structure of household expenditure, 1999 (%)

	B	DK	D	EL	E	F (1)	IRL	I	L	NL	A	P (1)	FIN	S	UK
BROKEN DOWN BY INCOME DISTRIBUTION (2)															
Lowest twenty percent	3.8	2.4	:	:	2.1	5.7	:	:	3.2	11.1	:	:	1.3	2.2	1.6
Second quintile group	4.2	3.3	:	:	2.4	6.0	:	:	3.5	11.8	:	:	1.6	3.2	2.1
Third quintile group	3.9	4.0	:	:	2.5	5.9	:	:	3.2	12.3	:	1.8	2.0	3.5	2.5
Fourth quintile group	3.8	4.3	:	:	2.7	5.6	:	:	3.4	12.2	:	2.0	1.9	3.4	2.6
Highest twenty percent	4.1	4.4	:	:	3.2	5.3	:	:	3.3	10.7	:	2.2	2.1	3.4	2.5
BROKEN DOWN BY AGE OF HEAD OF HOUSEHOLD															
Less than 30	3.2	2.9	:	:	3.0	5.0	:	:	3.3	12.0	3.7	1.8	1.5	2.9	2.3
Between 30 and 44	3.5	3.7	:	:	2.7	5.3	:	:	3.2	11.7	3.6	2.0	1.9	3.5	2.4
Between 45 and 59	4.3	4.3	:	:	2.6	5.8	:	:	3.5	11.7	4.1	2.1	2.0	3.6	2.5
60 and over	4.8	4.2	:	:	2.6	6.2	:	:	3.5	11.1	4.4	1.6	1.7	2.4	2.1
BROKEN DOWN BY TYPE OF HOUSEHOLD															
1 adult without dependent children	4.3	3.3	:	:	2.4	5.5	:	:	3.0	10.7	3.4	1.1	1.4	2.7	2.2
2 adults without dependent children	4.5	4.4	:	:	2.8	6.2	:	:	3.4	11.9	4.3	1.8	2.0	3.2	2.5
3+ adults without dependent children	5.3	4.6	:	:	2.7	7.4	:	:	3.7	13.4	4.9	2.1	2.2	:	2.6
Single parent with dependent child(ren)	3.4	2.9	:	:	2.5	5.2	:	:	2.7	10.3	2.9	:	1.7	3.1	1.9
2 adults with dependent child(ren)	3.5	3.9	:	:	2.7	5.4	:	:	3.3	11.7	3.7	2.1	2.0	3.7	2.3
3+ adults with dependent child(ren)	4.1	3.9	:	:	2.5	5.9	:	:	3.4	:	4.3	2.1	2.1	3.5	2.5
BROKEN DOWN BY SOCIO-ECONOMIC CATEGORY OF HEAD OF HOUSEHOLD															
Manual workers	4.2	4.2	:	:	2.6	6.0	:	:	3.3	12.6	3.8	1.9	1.9	4.0	2.6
Non-manual workers	3.5	4.0	:	:	3.0	5.3	:	:	3.3	11.3	3.6	2.1	1.9	3.5	2.5
Self-employed	3.8	4.0	:	:	2.7	7.5	:	:	3.5	11.4	4.9	:	2.2	3.1	2.6
Unemployed	3.1	3.1	:	:	2.2	4.6	:	:	3.1	:	3.1	:	1.6	2.7	1.7
Retired	4.8	3.8	:	:	2.6	6.1	:	:	3.4	11.1	4.2	1.4	1.6	1.9	2.1
Other inactive	4.1	2.3	:	:	2.3	4.3	:	:	2.9	10.9	4.2	1.5	1.2	2.2	1.7
BROKEN DOWN BY DEGREE OF URBANISATION															
Dense (>500 inhabitants/km ²)	3.8	3.5	:	:	2.8	:	:	:	3.2	:	3.6	1.9	1.8	2.9	2.4
Intermediate (100-499 inhabitants/km ²)	4.1	4.0	:	:	2.6	:	:	:	3.4	:	4.3	2.0	1.9	3.1	2.3
Sparse (<100 inhabitants/km ²)	6.2	4.8	:	:	2.3	:	:	:	3.5	:	4.3	:	2.0	3.4	2.4

(1) 1994. (2) FIN, income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.
Source: Eurostat, Household Budget Survey (theme3/hbs)



9. Candidate countries



9 CANDIDATE COUNTRIES

This chapter provides some key figures relating to consumers for the thirteen candidate countries (Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Romania, Slovenia, Slovakia and Turkey). Essentially these are selected tables comparable to those found for EU Member States in chapters 1 to 8 of this publication, although in some cases alternative sources and indicators have been used. Some of the data sources are the result of special surveys or pilot studies, often concentrating on the 10 Central European Countries (CECs), and hence availability for Cyprus, Malta and Turkey tends to be weaker.

Table 9.1 provides some basic indicators on consumers: the size of the population and the number of households. Figure 9.1 and table 9.2 show the importance of household consumption in GDP, and the structure of this consumption at a broad level - the first is taken from National Accounts produced in accordance with the ESA-95 and the second comes from 1998 Household Budget Surveys.

Table 9.1: Demographic indicators (thousands)

	BG	CY (1)	CZ	EE	HU	LT	LV	MT	PL (2)	RO	SI	SK	TR
Population, 2000 (3)	8,170	757	10,273	1,437	10,024	3,696	2,373	391	38,646	22,435	1,990	5,401	65,293
Households, 1996	2,958	:	3,998	619	3,822	1,408	1,008	:	12,170	7,903	636	1,860	:
Dwellings, 1996	2,804	:	3,683	607	3,822	1,283	994	:	11,366	7,782	612	1,757	:

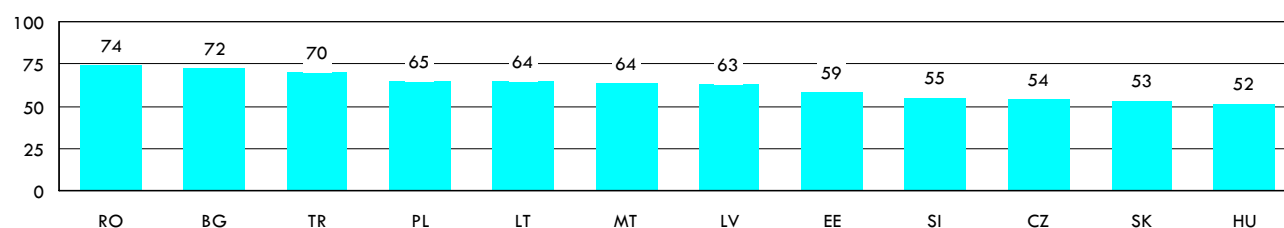
(1) Population refers to the whole of Cyprus.

(2) 1993 for households and dwellings.

(3) Bulgaria, Cyprus, Latvia and Slovakia, provisional; Romania, as of 1 July; Turkey, estimate.

Source: Eurostat, Candidate Countries/Central European Countries (theme1/cec) & Survey on Energy Consumption in Households

Figure 9.1: Final consumption expenditure of households and NPISH as a proportion of GDP, 2000 (%) (1)



(1) Cyprus, not available.

Source: Eurostat, National Accounts - ESA95 - aggregates (theme2/aggs)

Table 9.2: Structure of household consumption expenditure, 1998 (%) (1)

	BG	CZ (2)	EE (3)	HU	LT	LV	PL	RO	SI	SK
Food and non-alcoholic beverages	46.5	25.2	35.7	28.9	48.1	42.1	35.1	55.3	26.1	33.0
Alcoholic beverages and tobacco	3.9	3.5	3.4	4.3	4.0	2.8	3.3	2.7	3.4	3.6
Clothing and footwear	8.2	7.7	7.7	6.6	8.0	7.1	7.0	7.4	8.4	10.3
Housing, water, electricity, gas and other fuels (4)	14.2	17.1	18.7	19.5	12.3	17.0	18.4	15.3	10.7	12.4
Furnishings, household equip. & routine maintenance	4.4	7.8	5.4	5.4	4.8	4.2	5.5	4.3	6.8	6.4
Health (5)	3.3	1.5	1.6	3.0	3.5	3.5	4.4	2.3	1.6	1.2
Transport (6)	7.2	10.2	6.8	9.2	6.7	6.9	8.6	5.2	16.5	8.9
Communication (7)	1.9	2.0	2.8	4.4	1.9	3.2	2.3	1.4	1.9	2.1
Recreation and culture	3.0	11.0	7.5	6.7	3.5	5.6	6.5	2.6	8.8	8.2
Education	0.6	0.6	1.2	0.4	0.3	1.0	1.3	0.6	0.7	0.5
Restaurants and hotels	3.5	5.0	3.5	3.0	3.8	2.5	1.3	0.8	5.9	5.8
Miscellaneous goods and services	3.3	8.4	5.7	8.6	2.9	4.1	6.3	2.1	9.2	7.6

(1) Slovenia, 1997.

(2) Estimations based on the national classification of the 9 main expenditure groups.

(3) Non-monetary consumption of non-food items is not included; own produced food or food received without paying is included.

(4) Imputed rent for owner-occupiers is not included in any of the countries; Czech Republic, Hungary and Slovenia, housing provided by employer (for free or reduced price) is not included; Czech Republic, the benefit from free or reduced cost supply of gas, electricity and water is not included; Lithuania, Latvia and Poland, measurement problems.

(5) Hungary, Lithuania and Poland, household net expenditure (after deduction of social security and private insurance reimbursements) is recorded; in the other countries, household gross expenditure is recorded; Lithuania, all expenditures of households are recorded, except for accommodation in sanatoriums; Poland, health expenditure is not corrected for reimbursement; for the other countries, information on recording is not available.

(6) Romania, Slovenia and Slovakia, personal use of a company car and/or free fuel is not accounted for; Lithuania, Latvia and Poland, measurement problems.

(7) Czech Republic, free or reduced telephone costs are not included; Lithuania, Latvia and Poland, measurement problems.

Source: Eurostat, Household Budget Survey (theme3/hbs)

The very high inflation rate in Bulgaria in 1997 (see table 9.3) subsequently fell to levels comparable with the other candidate countries and, whilst Hungary, Poland and Slovakia also recorded inflation hovering around 10% per year, by 2000 only Romania and Turkey were significantly above this level.

Table 9.3: Annual growth rate of all-items harmonized index of consumer prices (%) (1)

	1996	1997	1998	1999	2000
BG	123.0	1,047.6	18.7	2.6	10.4
CY (2)	3.0	3.6	2.3	1.1	4.9
CZ	9.1	8.0	9.7	1.8	3.9
EE	19.8	9.3	8.8	3.1	3.9
HU	23.5	18.5	14.2	10.0	10.0
LT	24.7	8.8	5.0	0.7	0.9
LV	17.6	8.4	4.3	2.1	2.6
MT (3)	2.5	3.1	2.4	2.1	2.4
PL	19.9	14.9	11.8	6.3	10.2
RO	38.8	154.8	59.1	45.8	45.7
SI	9.9	8.3	7.9	6.1	8.9
SK	5.8	6.1	6.7	10.6	12.1
TR	80.4	85.7	84.6	64.9	54.9

(1) Break in series as a result of switch to interim HICP: Czech Republic, Estonia, Hungary, Lithuania, Slovenia, Slovakia and Romania, 1996; Bulgaria and Poland, 1997; Latvia and Cyprus, 1998.

(2) Data for Government controlled area only.

(3) Retail price index.

Source: Eurostat, Interim HICP for accession countries (theme2/price)

Table 9.4 provides more detail, with consumer price indices for 12 broad categories in 2000. Considering all of the candidate countries together, the smallest price increases have been recorded in clothing and footwear, and furnishings and household equipment. The highest inflation rates were recorded in housing, energy products and transport.

Table 9.4: Annual growth rate of harmonized index of consumer prices, 2000 (%)

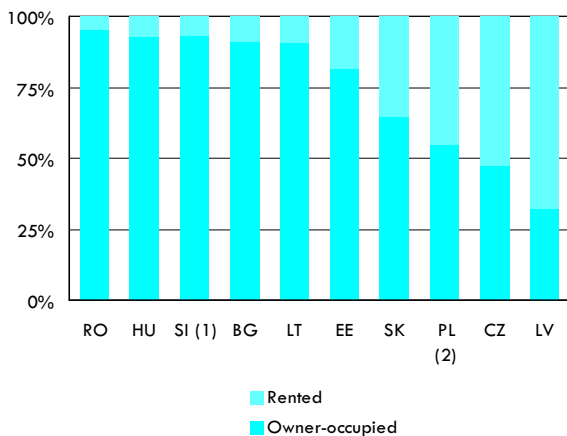
	BG	CY (1)	CZ	EE	HU	LT	LV	PL (2)	RO	SI	SK
All-items HICP	10.4	4.9	3.9	3.9	10.0	0.9	2.6	10.2	45.7	8.9	12.1
Food and non-alcoholic beverages	10.2	5.3	1.1	2.4	8.9	-2.4	0.7	9.9	44.0	5.6	5.1
Alcoholic beverages and tobacco	2.1	8.5	4.3	3.3	10.7	-9.6	6.9	8.1	29.7	4.2	9.5
Clothing and footwear	-4.0	-0.6	-2.0	3.4	6.1	-0.8	1.2	5.5	29.8	:	3.0
Housing, water, electricity, gas and other fuels	14.0	16.3	9.1	2.6	10.0	12.3	4.4	11.1	63.6	:	37.5
Furnishings, household equip. & routine maintenance	-0.5	1.4	0.3	-0.2	5.5	-2.1	1.3	5.5	31.8	5.8	4.0
Health	18.3	5.0	1.6	5.7	27.6	-4.6	3.1	10.5	59.0	15.4	10.0
Transport	21.0	5.9	11.8	16.1	15.4	9.3	5.4	19.5	41.7	14.0	15.5
Communication	3.6	-10.4	6.1	6.1	5.3	16.7	7.4	6.0	52.8	5.9	11.2
Recreation and culture	9.2	-0.2	2.5	1.2	7.6	-1.7	0.9	9.1	50.0	6.1	6.7
Education	20.6	3.6	4.4	7.8	11.0	1.7	2.5	11.2	53.5	8.9	7.8
Restaurants and hotels	11.8	8.0	2.5	5.7	10.9	-0.1	2.1	8.3	52.1	4.6	7.6
Miscellaneous goods and services	20.8	4.0	2.7	9.7	8.4	0.2	2.1	9.1	40.1	6.4	7.7

(1) Data for Government controlled area only.

(2) Revised estimates.

Source: Eurostat, Interim HICP for accession countries (theme2/price)

Figure 9.2: Distribution of dwellings by tenure, 1996 (%)



(1) Tenure unknown for 0.9% of dwellings.

(2) 1993.

Source: Eurostat, Survey on Energy Consumption in Households

The 1996 survey on energy consumption in households in CECs provides the data for figure 9.2 and tables 9.5 to 9.7, which show owner-occupancy rates, penetration rates for selected household appliances and energy consumption. For many countries this household survey was the first of its kind and hence some care has to be taken with the data, notably concerning the amount of fuelwood consumed, as this is an important energy source and is often acquired on a non-commercial basis. Energy consumption per person (in volume terms) was generally higher in the more northerly countries with the exception of Lithuania. Ownership rates of household appliances that are used frequently, such as fridges, were high, whilst others that are normally associated with higher incomes, such as dishwashers and clothes dryers were low. The Czech Republic and Slovenia generally recorded the highest ownership rates for these items. Central heating was common in the Czech Republic, Lithuania, Slovakia and Slovenia. Table 9.8 shows details of water consumption per person, which was substantially higher in Romania than the other countries.

Table 9.5: Percentage of dwellings with selected electrical appliances, 1996 (%)

	BG	CZ	EE	HU	LT	LV	PL (1)	RO	SI (2)	SK
Cooker	86.4	16.3	47.8	9.7	11.0	6.1	:	2.7	86.0	30.1
Microwave oven	4.4	30.1	11.0	25.8	5.4	2.8	:	:	6.9	18.1
Fridge	88.5	98.1	89.7	99.9	93.7	86.6	100.0	68.9	95.2	97.4
Freezer	17.3	65.2	11.7	52.4	6.2	2.2	30.0	13.0	85.8	55.7
Automatic washing machine	40.6	74.7	22.6	43.9	11.6	8.6	50.0	7.2	96.4	57.0
Non-automatic washing machine	36.2	35.7	52.1	59.6	63.2	61.3	80.0	43.6	:	45.7
Clothes dryer	0.3	3.3	:	0.4	:	:	:	:	7.2	1.2
Dishwasher	0.9	3.3	0.7	0.6	2.0	0.1	:	:	20.2	1.3
Hot water boiler	61.1	38.8	11.3	47.1	2.1	3.1	:	0.3	47.3	30.0
Space heater	83.4	20.5	25.4	9.3	6.5	93.6	:	11.9	17.4	14.4
Air conditioning	0.4	0.4	:	0.4	:	:	:	:	0.7	0.2

(1) Based on households rather than dwellings; 1993.

(2) Automatic washing machines includes non-automatic washing machines.

Source: Eurostat, Survey on Energy Consumption in Households

Table 9.6: Energy consumption per person, 1996 (GJ/inhabitant)

	BG	CZ	EE	HU	LT	LV	RO	SI	SK
Consumption	15.4	31.7	36.9	29.9	20.4	31.1	19.8	28.6	30.9

Source: Eurostat, Survey on Energy Consumption in Households

Table 9.7: Proportion of dwellings with space heating equipment, 1996 (%) (1)

	BG	CZ	EE	HU	LT	LV	PL (2)	RO	SI	SK
Central heating	19.3	97.2	65.5	55.6	91.7	70.0	:	40.0	86.4	91.5
Individual	1.9	56.5	8.7	35.2	32.1	9.7	33.0	1.9	63.4	46.4
Collective	0.4	13.5	12.1	3.8	5.3	10.9	:	0.7	10.3	21.9
District	17.0	27.2	44.7	16.6	54.3	49.4	34.0	37.4	12.7	23.2
Supplementary heating	5.1	14.6	21.5	8.3	6.2	18.8	:	1.2	23.0	10.4
Non-central heating	94.7	27.1	36.1	70.6	21.6	33.6	:	70.6	56.5	46.5
Cooking equipment	43.0	0.2	0.2	1.4	5.3	3.3	:	1.0	27.7	25.1
Stoves	51.1	26.6	32.8	69.2	16.1	30.3	33.3	69.6	28.8	21.1
Open fires	0.6	0.3	3.1	0.0	0.2	0.0	:	0.0	0.0	0.3
No heating	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0

(1) Figures do not sum to 100 as some dwellings may have more than one heating system, hence each line should be read as a proportion of the total number of dwellings.

(2) 1993.

Source: Eurostat, Survey on Energy Consumption in Households

Table 9.8: Domestic water consumption from public water supply

	Year	million m ³	m ³ per inhabitant	% of total public water supply
BG	1998	302	37	34
CZ	1999	355	35	63
EE (1)	1999	53	37	:
HU	1998	377	37	69
LT (1)	1999	118	32	:
PL	1999	1,406	36	76
RO	1999	1,188	53	43
SI	1997	86	43	79

(1) Total water supply comprising public, self and other supplies.

Source: Water resources, abstraction and use in European countries, Statistics in Focus, Theme 8 6/2001, Eurostat, 2001

Table 9.9: Passenger car stock

	(millions)				Cars per thousand inhabitants (units) (1)
	1970	1980	1990	1998	2000
BG	0.16	0.82	1.32	1.80	244
CY (2)	:	:	:	:	400
CZ	0.69	1.78	2.41	3.49	362
EE	0.03	0.13	0.24	0.45	339
HU (3)	0.24	1.01	1.94	2.22	236
LT	0.04	0.25	0.49	0.98	317
LV (3)	0.04	0.17	0.28	0.48	235
MT	:	:	:	:	540
PL	0.48	2.38	5.26	8.89	259
RO (4)	0.04	0.24	1.29	2.82	126
SI	0.15	0.42	0.58	0.80	426
SK	0.16	0.55	0.88	1.20	236
TR	:	:	:	:	68

(1) Source: Eurostat.

(2) Data for cars per thousand inhabitants refer to the Government controlled area only, calculated on the basis of that area's mid-year population.

(3) Break in series between 1990 and 1998.

(4) Cars per thousand inhabitants, 1999.

Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Ranking the ownership of cars (see table 9.9), as with less common household appliances, placed Slovenia, and the Czech Republic (together with Malta and Cyprus) at the top of the list. The use of unleaded petrol cars was particularly high (see table 9.10) in Latvia and Lithuania and very low in Bulgaria and Romania, whilst the share of diesel cars in total car ownership did not reach 10% in any of the countries surveyed. Table 9.11 shows the use of air and rail transport per person: Slovenia was the only country where a greater distance was travelled by air than by rail, although the use of these two transport means was almost equal in Estonia.

Table 9.12 provides key indicators relating to the postal service; covering all postal activities, not just use by consumers. The data are limited to national post activities and hence do not include postal couriers. Tables 9.13 to 9.15 show the main indicators for telecommunications and the Internet; again these relate to all users and not just private consumers. High growth has been recorded with respect to mobile phone subscriptions and Internet subscriptions also rose quickly from 4.5 million in the candidate countries in 1998 to 11.7 million in 2000. There were however large differences between countries in the take-up of these two technologies, particularly for Internet subscriptions.

Table 9.10: Passenger car fuel use, 1996

	Fuel used (%)				Fuel consumption (litres)	
	Leaded petrol	Unleaded petrol	Diesel	LPG	Per car	Per car-using household
BG	90.3	3.5	3.1	3.2	776	805
CZ	67.7	24.5	7.0	0.8	872	947
EE	57.4	34.3	8.1	0.3	1,352	1,504
HU	57.4	36.1	5.9	0.6	631	650
LT	29.6	61.7	6.2	2.6	1,190	1,238
LV	25.0	69.9	5.0	0.1	1,113	1,150
PL (1)	:	:	:	:	800	837
RO	90.8	3.9	5.2	0.1	1,098	1,143
SI	50.3	40.3	9.2	0.2	1,211	1,558
SK (2)	48.9	43.0	8.1	:	862	908

(1) 1993.

(2) Fuel consumption per car-using household is based on dwellings rather than households.

Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Table 9.11: Air and rail travel, 1998 (passenger-km per person per year)

	BG	CZ	EE	HU	LT	LV	PL	RO	SI	SK
National and international air transport	347	357	157	300	108	143	140	81	365	31
Railway transport	574	680	163	877	193	432	532	596	326	578

Source: Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Table 9.12: Postal services, 1999

	Number of post offices (units)			Letter post items (thousands)			Deliveries and collection	
	Total	Urban districts (1)	Rural districts (1)	Domestic service	International outbound	International inbound	Deliveries per week in rural areas (units)	Population having to collect mail from a postal establishment (%)
BG	3,234	655	2,579	65,848	:	:	:	:
CY (2)	761	33	16	41,974	12,525	11,758	6	3
HU	3,247	974	2,273	1,074,032	6,510	24,951	5	28
LT	978	244	734	32,950	6,173	909	:	:
PL	7,888	3,065	4,823	2,021,517	53,539	39,274	:	:
RO	7,071	826	6,245	308,345	:	:	:	:
SI	552	:	:	424,536	9,042	13,413	5	:
SK	1,732	:	:	485,113	18,914	34,047	5	:
TR	3,686	1,700	1,986	985,551	59,683	149,249	1	3

(1) Cyprus, permanent post offices only.

(2) Data for Government controlled area only.

Source: Eurostat, Communications (theme4/coins)

Table 9.13: Main telecom indicators, 1999 (minutes per inhabitant)

	BG	CY (1)	CZ	EE	HU	LT	LV	MT	PL	RO	SI	SK	TR
National calls	1,220	6,286	908	1,385	1,056	1,226	729	:	879	766	2,313	672	1,792
Cellular mobile calls	:	:	197	:	165	55	:	:	:	:	220	211	:
International incoming calls (2)	24	216	109	51	37	26	38	123	33	7	77	25	17
International outgoing calls	12	245	44	51	34	16	24	100	16	22	75	30	11
Number of main telephone lines (thousands)	2,833	424	3,853	515	3,609	1,145	831	198	10,076	3,780	759	1,658	18,054
Households' share of main telephone lines (%)	84.5	63.0	70.0	:	85.6	83.7	72.0	:	83.3	:	80.0	74.0	74.8
Number of main telephone lines per 100 inhabitants (units)	34.2	54.5	37.5	35.7	35.9	30.9	34.1	51.2	26.0	16.9	38.2	30.8	26.5

(1) Data for Government controlled area only; minutes per inhabitant were calculated on the basis of the Government controlled area's mid-year population.

(2) Hungary, 1998.

Source: Eurostat, Communications (theme4/coins)

Table 9.14: Mobile phone use

	Number of mobile phone subscribers at year end (thousands)			Number of mobile phone subscriptions per 100 inhabitants (units)		
	1998	1999	2000	1998	1999	2000
BG	127	350	670	1.5	4.3	8.2
CY (1)	116	151	4,197	17.5	22.5	26.2
CZ	965	1,944	3,000	9.4	19.0	29.2
EE	247	387	463	17.0	26.8	32.0
HU	1,070	1,628	2,990	10.6	16.2	29.7
LT	268	332	420	7.2	9.0	11.4
LV	168	274	377	6.8	11.2	15.6
MT	23	37	80	5.9	9.7	21.1
PL	1,928	3,956	5,783	5.0	10.2	15.0
RO	643	1,400	2,813	2.9	6.2	12.6
SI	196	626	1,140	9.9	31.5	57.4
SK	465	918	1,158	8.6	17.0	21.5
TR	3,506	8,122	12,624	5.5	12.5	19.3

(1) Data for Government controlled area only.

Source: Information Society Statistics - Data for Candidate Countries, Statistics in Focus, Theme 4 27/2001, Eurostat, 2001

Table 9.15: Internet use, 2000

	Internet access providers (units)	Number of Internet users (thousands)	Number of Internet users per 100 inhabitants (units)	Period	Households using the Internet (thousands)
BG	170	430	5.2	12/2000	41
CY (1)	:	80	10.6	12/2000	:
CZ	13	1,000	9.7	12/2000	206
EE	9	380	26.3	9/2000	116
HU	:	650	6.4	3/2000	101
LT	29	225	6.1	8/2000	74
LV	22	150	6.1	11/2000	10
MT	:	40	10.6	5/2000	:
PL	250	5,200	13.5	12/2000	387
RO	150	690	3.1	12/2000	675
SI	33	300	15.2	12/2000	119
SK	:	700	13.0	7/2000	108
TR	65	2,000	2.9	11/2000	:

(1) Data for Government controlled area only.

Source: Information Society Statistics - Data for Candidate Countries, Statistics in Focus, Theme 4 27/2001, Eurostat, 2001 and Information Society Statistics (theme4/infosoc)

PC ownership (see table 9.16) was substantially higher in Slovenia and Malta and the proportion of households using a PC was also notably high in Estonia. As can be seen from figure 9.3, ownership of colour televisions exceeds that of black and white televisions in all of the candidate countries, except for Romania.

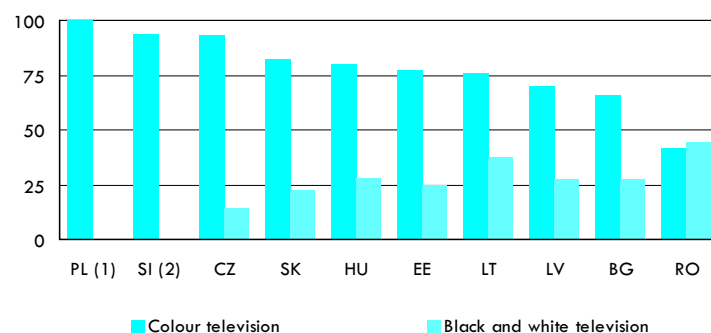
Table 9.16: PC ownership and use

	Year	Number of PCs (thousands)	PCs per 100 inhabitants (units)	Households using a PC, 1999 (%)
BG	2000	361	4.4	7
CY (1)	1999	130	16.7	:
CZ	2000	1,342	13.1	24
EE	1999	195	13.5	61
HU	1999	750	7.4	30
LT	1999	220	5.9	32
LV	1999	200	8.2	14
MT	2000	80	21.0	:
PL	2000	6,400	15.5	23
RO	2000	713	3.2	32
SI	2000	548	27.3	54
SK	1999	400	7.4	25
TR (2)	2000	3,000	4.6	:

(1) Data for Government controlled area only.

(2) PCs per 100 inhabitants - source: Information Society Statistics - Data for Candidate Countries, Statistics in Focus, Theme 4 27/2001, Eurostat, 2001.

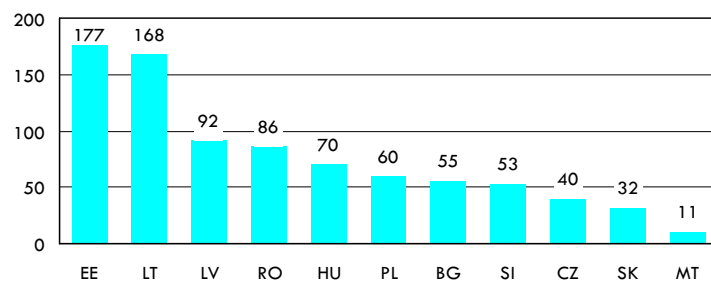
Source: Eurostat, Information Society Statistics (theme4/infosoc)

Figure 9.3: Proportion of dwellings with televisions, 1996 (%)

(1) Colour television includes black and white; based on households rather than dwellings, 1993.

(2) Colour television includes black and white.

Source: Eurostat, Survey on Energy Consumption in Households

Figure 9.4: Home and leisure accidents in the candidate countries, 1995 (age standardised mortality rate per 100 thousand inhabitants)

Source: WHO mortality statistics, 1995

Methodological notes

METHODOLOGICAL NOTES

This annex provides an overview of the five main sources of Eurostat data used within this publication, as well as a note about Eurobarometer surveys. Further methodological points relating to specific consumption purposes are included within the appropriate chapters.

HARMONIZED INDICES OF CONSUMER PRICES (HICPs)

HICPs for EU Member States are designed for international comparisons of consumer price inflation and are used for the assessment of inflation convergence. They are key indicators for the ESCBs/ECBs single monetary policy for the euro-zone as they form the basis of the Monetary Union Index of Consumer Prices (MUICP). Price stability in the euro-zone is defined by the ECB with reference to the MUICP (“Price stability shall be defined as a year-on-year increase in the HICP for the euro area of below 2%”)¹. Council Regulation (EC) No 2494/95 of 23 October 1995 provides for an overall framework to be completed by detailed implementing measures through Commission and Council Regulations. The HICP is produced in each Member State using harmonised methodology. Amongst the HICPs available are an all-items HICP and approximately 100 sub-indices. The sub-indices correspond to a derived version of COICOP².

HICPs aim to measure pure price changes, unaffected by changes in the quality of items which people buy. The prices included in HICPs are therefore adjusted for changes in the quality of goods and services to which they relate. HICPs should cover new products when they achieve a sales volume of over one part per thousand of total consumers' expenditure in a Member State.

The coverage of the HICP is defined as those goods and services which are included in Household Final Monetary Consumption Expenditure (HFMCE), in turn defined as that part of final consumption expenditure which is incurred by households irrespective of nationality or residence status; in monetary transactions; on the economic territory of the Member State; on goods and services that are used for the direct satisfaction of individual needs or wants; in one or both of the time periods being compared. In particular, HICP coverage includes expenditure by foreign visitors (“domestic concept”) and expenditure by individuals living in institutions, but excludes the expenditure made by residents whilst in a foreign country. Expenditure incurred for business purposes is also excluded. Owner-occupiers' shelter costs, expressed as imputed rents or mortgage interest payments are excluded.

The prices used in the HICP are the prices paid by households to purchase individual goods and services in monetary transactions. The purchaser's price is the price the purchaser actually pays and is net of reimbursements, subsidies, and discounts. Prices for goods are entered into the HICP for the month in which they are observed. Prices for services are entered into the HICP for the month in which the consumption can commence. HICPs are based on appropriate sampling procedures, taking into account the national diversity of products and prices. The samples are kept up-to-date.

The weights of the HICP are based upon aggregate expenditures by households on any set of goods and services covered by the HICP, expressed as a proportion of the total HFMCE in a Member State. The relative distribution of consumers' expenditure on individual products varies from country to country, hence there is no uniform basket applying to all Member States.

The Monetary Union Index of Consumer Prices (MUICP) is calculated as a weighted average of the euro-zone regardless of its composition. The index is computed as an annual chain-index allowing for country weights to change each year. The country weight of a Member State is its share of HFMCE in the euro-zone total. The country weights used are based on National Accounts data referring to the year ending two calendar years prior to the current year. They are updated to December prices of the latest calendar year prior to the current one.

(1) See ECB press release, 13 October 1998.

(2) In order to be easily comparable with other sources using COICOP, the HICPs presented in this publication have been re-coded to follow the standard COICOP coding system and hence this may differ from the coding used elsewhere to disseminate HICPs.

The European Index of Consumer Prices (EICP) is calculated as an annual chain-index for the 15 EU Member States up to 1998. Starting in 1999, the MUICP is treated as a single entity within the EICP. Country weights for the EICP are derived from the value of HFMCE in national currencies (including the euro for the euro-zone) converted into Purchasing Power Standards (PPS). The euro-zone country weights reflect their shares in the EU total.

More information on the development of HICPs can be found in: Report from the Commission to the Council on harmonisation of consumer price indices in the European Union, 21 November 2000, COM(2000) 742 final.

PRICE INDICES AND LEVELS:

PURCHASING POWER STANDARDS (PPSs), PRICE LEVEL INDICES (PLIs) AND BAR CODE SCANNER DATA SURVEYS

A natural way to compare prices expressed in different currencies is to use ordinary exchange rates. This might, however, not give a correct picture of the actual price levels in the countries concerned. Purchasing Power Standards (PPSs) are a type of exchange rate constructed to take account of price level differences between countries³. They are therefore more suitable for international comparisons.

Gross Domestic Product (GDP) is often regarded as the main indicator for measuring a country's economic activity and it is important to have a reliable way to compare the real volumes of GDP. PPSs are calculated primarily to make such comparisons possible. PPSs are obtained from averaging price ratios between a set of countries for a list of comparable goods and services. They are selected to be as far as possible equally representative of consumption patterns in each country. Taking into account the differences between the consumption structure, say in Greece and Finland, the construction of such a list is quite problematic and compromises must be made.

Household final consumption expenditure is divided into smaller groups according to the Classification of Individual Consumption by Purpose (COICOP) established by the United Nations with additional detail defined by Eurostat and the OECD. These groups (called basic headings) consist of similar kinds of products (for example, television sets, video recorders and radios). The total list for each group is divided into sub-lists consisting of representative items, with total private consumption being represented by over three thousand goods and services. For each basic heading, the average of the price ratios provides the PPS.

The price data collected from shops are the actual prices that the consumer will pay, in other words, prices including VAT and other possible taxes. The prices recorded in one geographic area (usually the capital city area) at a given time are converted into national annual averages. The selection of shops in which the prices are collected reflects approximately the average consumption habits in each country. The PPSs for basic headings are then aggregated to higher levels of the classification with the help of expenditure weights, in other words the share of consumption. The most recent National Accounts data available is used for the weights for each country.

Although PPSs are calculated with the aim of comparing the volumes of GDP and its main aggregates they can also be used for comparing relative price levels of groups of goods and services in different countries. Price Level Indices (PLIs) are calculated as the ratio between PPSs and the exchange rate. If the index is higher than 100, the country concerned is relatively expensive. PLIs are not sufficiently precise to establish a strict ranking of countries when the index figures are quite close to each other.

(3) Purchasing power parities are expressed in an arbitrary reference unit, a numeraire, known as a purchasing power standard, PPS. This numeraire is defined in such a way that for each individual aggregate of GDP, the EU total obtained from converting the values in national currency with purchasing power parities is equal to the EU total for that aggregate in euro.

The priority given to spatial consistency over temporal consistency for PPSs means that PLIs should not be compared over time. Furthermore, PLIs provide a spatial comparison of price levels between countries for a particular type of expenditure purpose (presented according to the COICOP) but can not provide comparisons of the price levels between these purposes for a given country.

More information on PPSs/PPPs and PLIs can be found in the latest edition of the annual publication, Purchasing power parities and related economic indicators: results for 1998, published in 2000 (ISBN 92-894-0118-4).

To investigate alternative methods to traditional shop-based surveys, bar code scanner data were collected during 2000/2001 as a pilot project with several objectives, including looking at the potential to improve the accuracy of PPS results. As compared to traditional surveys, the sample sizes for the scanner project were substantially larger. Furthermore, discounts and seasonal price variations could also be taken into account because prices were recorded continuously instead of within a fixed survey period. Some examples of comparison of prices of individual products from this survey, in the form of national annual average prices (and not exact prices one could find in shops) are given at the end of chapters 1, 2 and 3.

NATIONAL ACCOUNTS (ESA 95) BREAKDOWNS OF FINAL CONSUMPTION EXPENDITURE OF HOUSEHOLDS BY CONSUMPTION PURPOSE (NA-HC)

National Accounts are compiled in accordance with the European system of national and regional accounts (ESA 1995). Households, as consumers, may be defined as small groups of persons who share the same living accommodation, who pool some, or all, of their income and wealth and who consume certain types of goods and services collectively, mainly housing and food. The criteria of the existence of family or emotional ties may also be added.

Two concepts of final consumption are used: final consumption expenditure and actual final consumption. Final consumption expenditure refers to expenditure on consumption goods and services. In contrast, actual final consumption refers to the acquisition of consumption goods and services. The difference between these concepts lies in the treatment of certain goods and services financed by the government or NPISHs but supplied to households as social transfers in kind.

Final consumption expenditure of households is primarily made up of goods and services purchased in the market, but also includes consumption of household production for own final use, such as the services of owner-occupied dwellings, and goods or services received as income in kind. It does not include social transfers in kind, intermediate consumption or gross capital formation, acquisitions of non-produced assets, payments to NPISHs, taxes other than taxes on products, or voluntary transfers. Final consumption expenditure may take place on the domestic territory or abroad.

Goods and services should in general be recorded when the purchaser incurs a liability to the seller, implying that expenditure on a good is to be recorded at the time its ownership changes; expenditure on a service is recorded when the delivery of the service is completed. Expenditure on a good acquired under a hire purchase or similar credit agreement (and also under a financial lease) should be recorded at the time the good is delivered, even if there is no legal change of ownership at this point. Own-account consumption should be recorded when the output retained for own final consumption is produced.

The final consumption expenditure of households is recorded at the purchaser's price. This is the price the purchaser actually pays for the products at the time of the purchase. Goods and services supplied as compensation of employees in kind are valued at basic prices when produced by the employer and at the purchaser's prices of the employer when bought in by the employer. Retained goods or services for own consumption are valued at basic prices.

More information on National Accounts can be found in Eurostat's European System of Accounts, ESA 1995 (ISBN 92-827-7961-0).

HOUSEHOLD BUDGET SURVEYS (HBS)

The purpose of conducting an HBS in a broad sense is to give a picture of living conditions of private households in a defined area and time. The aims of the survey are, to give a picture of the total consumption expenditure of private households and groups of private households, broken down by household characteristics such as income, socio-economic characteristics, size and composition, degree of urbanisation, region etc. HBS data is often used to compile weights for the calculation of consumer price indices (such as the HICP) or for the compilation of National Accounts. Just over half of the EU Member States carry out annual surveys and the remainder have five-yearly or longer intervals between surveys. Probability sampling is used in the large majority of surveys in the Community. High incidence of non-response is a common and major problem.

Timing of national household budget surveys

	Reference period	National survey name	HBS sample size
B	1999	Enquête sur les Budgets des Ménages	3,745
DK	1997-1999	Forbrugerundersøgelsen	2,725
D	1998	Einkommens- und Verbrauchsstichprobe	60,681
EL	10/1998 - 09/1999	Family Budget Survey	6,258
E	1998	Encuesta Continua de Presupuestos Familiares	9,891
F	10/1994 - 09/1995	Enquête Budgets des Familles	9,634
IRL	06/1999 - 07/2000	Household Budget Survey	7,550
I	1999	Rilevazione sui consumi delle famiglie Italiane	20,929
L	1998	Enquête Budgets Familiaux	2,990
NL	1999	Budgetonderzoek	1,851
A	11/1999 - 10/2000	Konsumerhebung	7,098
P	10/1994 - 10/1995	Inquérito aos orçamentos familiares	10,554
FIN	1998	Kulutustukimus	4,359
S	05/1999 - 04/2000	Hushållens utgifter	1,612
UK	04/1999 - 03/2000	Family Expenditure Survey	7,096

Source: Eurostat, Household Budget Survey

All HBSs are confined to the population residing in private households. Collective or institutional households (old persons' homes, hospitals, hostels, boarding houses, prisons, military barracks etc.) are excluded, as are generally persons without a fixed place of residence. Data collection involves a combination of (a) one or more interviews, and (b) diaries or logs maintained by households and/or individuals, generally on a daily basis. The main diary or diaries are used to record the household's consumption expenditure and the main interview(s) aims to get substantive information on household characteristics and income. The length of the intensive recording period varies from only a quarter of a month to 30 days. In retrospective interviews or self-reporting, a range of reference periods are used, such as one month for frequent items and a whole year for infrequent items. The use of a longer reference period increases the precision of the information obtained however it also tends to increase bias due to recall errors.

Given that HBSs are output harmonised, Eurostat does not emphasise the use of the same questions, the same survey structure or the same sample designs in the surveys, but importance is put into harmonising concepts and definitions. The basic unit of data collection and analysis in HBSs is the household. The household can be defined as a social unit, which meets one or more conditions of living together (such as the criteria of sharing expenses or daily needs) in addition to having a common residence. This is the household defined as a housekeeping unit. The use of alternative definitions, based, for example, on the pooling of income and resources, or the existence of family or emotional ties, affects the average household size and composition, as well as the coverage achieved in the survey.

It is important to identify the reference person (often the head of the household) whose personal characteristics can be used in the classification and analysis of information on the household. The socio-economic group, occupation and employment status, income, sex and age of the reference person is often used to classify and present results. For the HBS it is recommended that the reference person should be the one contributing most to the total income of the household.

The distinction between adults and children influences the classification of households by type - for example, whether a couple with grown-up children is classified as a nuclear couple with children household or as a more complex type containing a couple, children and other adults. For the HBS a child is generally aged less than 16 or aged 16-24, economically inactive and living with at least one parent.

To take account of economies of scale, household expenditures can be expressed per adult equivalent. This allows expenditures to be compared between households of different sizes. The first adult in the household gets a weight of 1, each adult thereafter (aged 14 and over) a weight of 0.5 and each child a weight of 0.3.

The expenditure effected by households to acquire goods and services is recorded at the price actually paid, which includes indirect taxes (VAT and excise duties) borne by the purchaser.

The household's internal production constitutes one of the non-monetary components of consumption and it is recommended to include this measure in HBSs. This involves goods produced directly by the household through either a private activity, or a professional activity, for example own production of food (by a farming household or by a household with a vegetable garden) or withdrawals from stocks for the household of tradesmen. This production is usually valued at the retail price, as if the product would have been bought in a shop. Internal production should ideally be recorded at the time it is actually consumed but country practices may differ from this.

Benefits (or incomes) in kind provided by employers in exchange for work are included as consumption since the benefit in question is consumed by the household. Transfers in money between households are not related to consumption by the household concerned and theoretically should be excluded. From a consumption expenditure point of view, the cash price for items bought on credit is preferred. It is recommended to use the moment of delivery of the good as the determinant for the recording of the consumption expenditure. In order to obtain an evaluation of the standard of living from the expenditure carried out, the purchase of second hand goods is recorded in the same way as other consumption expenditures.

The comparability of HBS data is least good in the fields of health and education owing to the differences in the social protection and educational systems of the Member States. The consumption heading of health is of great importance in determining the standard of living of households, thus differences in treatment can skew international comparisons. Whatever methods are used, it seems difficult to reach a good level of international comparability in these domains.

More information can be found in Eurostat's Household Budget Surveys in the EU, Methodology and recommendations for harmonisation, 1997 (ISBN 92-827-9805-4).

THE USE OF HBS OR NATIONAL ACCOUNTS

BREAKDOWN OF FINAL CONSUMPTION EXPENDITURE

These two data sets have complementary strengths and weaknesses. National Accounts data has the big advantage that estimates are consistent with what is happening in the rest of the economy; they are in effect grossed up figures that allow for a full coverage of private households (for example, people in institutions who are generally excluded from sample surveys). They are also designed to be used as time series - in other words, constrained to ensure consistency over time. However, National Accounts are not usually available at a very detailed level of COICOP disaggregation, and it is not possible to disaggregate them by household type.

The HBS has a much finer level of disaggregation available both in terms of COICOP and in terms of household type. However, time series comparisons are limited. Non-response plus the fact that sample sizes are often quite small may affect the quality of the estimates of consumption expenditure for groups of households.

EUROBAROMETER SURVEYS

Eurobarometer surveys cover the population aged 15 years and over, resident in each of the Member States. The basic sample design is a multi-stage, random (probability) one at level II of the geographical classification, NUTS. Surveys are designed to be representative in terms of metropolitan, urban and rural areas. All interviews are conducted face-to-face. The results of Eurobarometer surveys are analysed and made available through Unit B1, "Opinion polls, press reviews, Europe direct", of the Directorate-General of the European Commission for Press and Communication and those relating to consumer issues are available on the web-site of the Directorate General of the European Commission for Health and Consumer Protection at http://europa.eu.int/comm/dgs/health_consumer/index_en.htm.

COICOP CLASSIFICATION

01-12 - INDIVIDUAL CONSUMPTION EXPENDITURE OF HOUSEHOLDS

01 - FOOD AND NON-ALCOHOLIC BEVERAGES

01.1 - Food

- 01.1.1 - Bread and cereals (ND)
- 01.1.2 - Meat (ND)
- 01.1.3 - Fish and seafood (ND)
- 01.1.4 - Milk, cheese and eggs (ND)
- 01.1.5 - Oils and fats (ND)
- 01.1.6 - Fruit (ND)
- 01.1.7 - Vegetables (ND)
- 01.1.8 - Sugar, jam, honey, chocolate and confectionery (ND)
- 01.1.9 - Food products n.e.c (ND)

01.2 - Non-alcoholic beverages

- 01.2.1 - Coffee, tea and cocoa (ND)
- 01.2.2 - Mineral waters, soft drinks, fruit and vegetable juices (ND)

02 - ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS

02.1 - Alcoholic beverages

- 02.1.1 - Spirits (ND)
- 02.1.2 - Wine (ND)
- 02.1.3 - Beer (ND)

02.2 - Tobacco

- 02.2.0 - Tobacco (ND)

02.3 - Narcotics

- 02.3.0 - Narcotics (ND)

03 - CLOTHING AND FOOTWEAR

03.1 - Clothing

- 03.1.1 - Clothing materials (SD)
- 03.1.2 - Garments (SD)
- 03.1.3 - Other articles of clothing and clothing accessories (SD)
- 03.1.4 - Cleaning, repair and hire of clothing (S)

03.2 - Footwear

- 03.2.1 - Shoes and other footwear (SD)
- 03.2.2 - Repair and hire of footwear (S)

04 - HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS

04.1 - Actual rentals for housing

- 04.1.1 - Actual rentals paid by tenants (S)
- 04.1.2 - Other actual rentals (S)

04.2 - Imputed rentals for housing

- 04.2.1 - Imputed rentals of owner-occupiers (S)
- 04.2.2 - Other imputed rentals (S)

04.3 - Maintenance and repair of the dwelling

- 04.3.1 - Materials for the maintenance and repair of the dwelling (ND)
- 04.3.2 - Services for the maintenance and repair of the dwelling (S)

04.4 - Water supply and miscellaneous services relating to the dwelling

- 04.4.1 - Water supply (ND)
- 04.4.2 - Refuse collection (S)
- 04.4.3 - Sewage collection (S)
- 04.4.4 - Other services relating to the dwelling n.e.c (S)

04.5 - Electricity, gas and other fuels

- 04.5.1 - Electricity (ND)
- 04.5.2 - Gas (ND)
- 04.5.3 - Liquid fuels (ND)
- 04.5.4 - Solid fuels (ND)
- 04.5.5 - Heat energy (ND)

KEY:

- (ND) - non-durable goods
- (SD) - semi-durable goods
- (D) - durable goods
- (S) - services

05 - FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE HOUSEHOLD MAINTENANCE**05.1 - Furniture and furnishings, carpets and other floor coverings**

- 05.1.1 - Furniture and furnishings (D)
- 05.1.2 - Carpets and other floor coverings (D)
- 05.1.3 - Repair of furniture, furnishings and floor coverings (S)

05.2 - Household textiles

- 05.2.0 - Household textiles (SD)

05.3 - Household appliances

- 05.3.1 - Major household appliances whether electric or not (D)
- 05.3.2 - Small electric household appliances (SD)
- 05.3.3 - Repair of household appliances (S)

05.4 - Glassware, tableware and household utensils

- 05.4.0 - Glassware, tableware and household utensils (SD)

05.5 - Tools and equipment for house and garden

- 05.5.1 - Major tools and equipment (D)
- 05.5.2 - Small tools and miscellaneous accessories (SD)

05.6 - Goods and services for routine household maintenance

- 05.6.1 - Non-durable household goods (ND)
- 05.6.2 - Domestic services and household services (S)

06 - HEALTH**06.1 - Medical products, appliances and equipment**

- 06.1.1 - Pharmaceutical products (ND)
- 06.1.2 - Other medical products (ND)
- 06.1.3 - Therapeutic appliances and equipment (D)

06.2 - Outpatient services

- 06.2.1 - Medical services (S)
- 06.2.2 - Dental services (S)
- 06.2.3 - Paramedical services (S)

06.3 - Hospital services

- 06.3.0 - Hospital services (S)

07 - TRANSPORT**07.1 - Purchase of vehicles**

- 07.1.1 - Motor cars (D)
- 07.1.2 - Motor cycles (D)
- 07.1.3 - Bicycles (D)
- 07.1.4 - Animal drawn vehicles (D)

07.2 - Operation of personal transport equipment

- 07.2.1 - Spare parts and accessories for personal transport equipment (SD)
- 07.2.2 - Fuels and lubricants for personal transport equipment (ND)
- 07.2.3 - Maintenance and repair of personal transport equipment (S)
- 07.2.4 - Other services in respect of personal transport equipment (S)

07.3 - Transport services

- 07.3.1 - Passenger transport by railway (S)
- 07.3.2 - Passenger transport by road (S)
- 07.3.3 - Passenger transport by air (S)
- 07.3.4 - Passenger transport by sea and inland waterway (S)
- 07.3.5 - Combined passenger transport (S)
- 07.3.6 - Other purchased transport services (S)

08 - COMMUNICATION**08.1 - Postal services**

- 08.1.0 - Postal services (S)

08.2 - Telephone and telefax equipment

- 08.2.0 - Telephone and telefax equipment (D)

08.3 - Telephone and telefax services

- 08.3.0 - Telephone and telefax services (S)

09 - RECREATION AND CULTURE

09.1 - Audio-visual, photographic and information processing equipment

- 09.1.1 - Equipment for the reception, recording and reproduction of sound and pictures (D)
- 09.1.2 - Photographic and cinematographic equipment and optical instruments (D)
- 09.1.3 - Information processing equipment (D)
- 09.1.4 - Recording media (SD)
- 09.1.5 - Repair of audio-visual, photographic and information processing equipment (S)

09.2 - Other major durables for recreation and culture

- 09.2.1 - Major durables for outdoor recreation (D)
- 09.2.2 - Musical instruments and major durables for indoor recreation (D)
- 09.2.3 - Maintenance and repair of other major durables for recreation and culture (S)

09.3 - Other recreational items and equipment, gardens and pets

- 09.3.1 - Games, toys and hobbies (SD)
- 09.3.2 - Equipment for sport, camping and open-air recreation (SD)
- 09.3.3 - Gardens, plants and flowers (ND)
- 09.3.4 - Pets and related products (ND)
- 09.3.5 - Veterinary and other services for pets (S)

09.4 - Recreational and cultural services

- 09.4.1 - Recreational and sporting services (S)
- 09.4.2 - Cultural services (S)
- 09.4.3 - Games of chance (S)

09.5 - Newspapers, books and stationery

- 09.5.1 - Books (SD)
- 09.5.2 - Newspapers and periodicals (ND)
- 09.5.3 - Miscellaneous printed matter (ND)
- 09.5.4 - Stationery and drawing materials (ND)

09.6 - Package holidays

- 09.6.0 - Package holidays (S)

10 - EDUCATION

10.1 - Pre-primary and primary education

- 10.1.0 - Pre-primary and primary education (S)

10.2 - Secondary education

- 10.2.0 - Secondary education (S)

10.3 - Post-secondary non-tertiary education

- 10.3.0 - Post-secondary non-tertiary education (S)

10.4 - Tertiary education

- 10.4.0 - Tertiary education (S)

10.5 - Education not definable by level

- 10.5.0 - Education not definable by level (S)

11 - RESTAURANTS AND HOTELS

11.1 - Catering services

- 11.1.1 - Restaurants, cafés and the like (S)
- 11.1.2 - Canteens (S)

11.2 - Accommodation services

- 11.2.0 - Accommodation services (S)

12 - MISCELLANEOUS GOODS AND SERVICES

12.1 - Personal care

- 12.1.1 - Hairdressing salons and personal grooming establishments (S)
- 12.1.2 - Electric appliances for personal care (SD)
- 12.1.3 - Other appliances, articles and products for personal care (ND)

12.2 - Prostitution

- 12.2.0 - Prostitution (S)

12.3 - Personal effects n.e.c.

- 12.3.1 - Jewellery, docks and watches (D)
- 12.3.2 - Other personal effects (SD)

12.4 - Social protection

- 12.4.0 - Social protection (S)

12.5 - Insurance

- 12.5.1 - Life insurance (S)
- 12.5.2 - Insurance connected with the dwelling (S)
- 12.5.3 - Insurance connected with health (S)
- 12.5.4 - Insurance connected with transport (S)
- 12.5.5 - Other insurance (S)

12.6 - Financial services n.e.c.

- 12.6.1 - FISIM (S)
- 12.6.2 - Other financial services n.e.c. (S)

12.7 - Other services n.e.c.

- 12.7.0 - Other services n.e.c. (S)