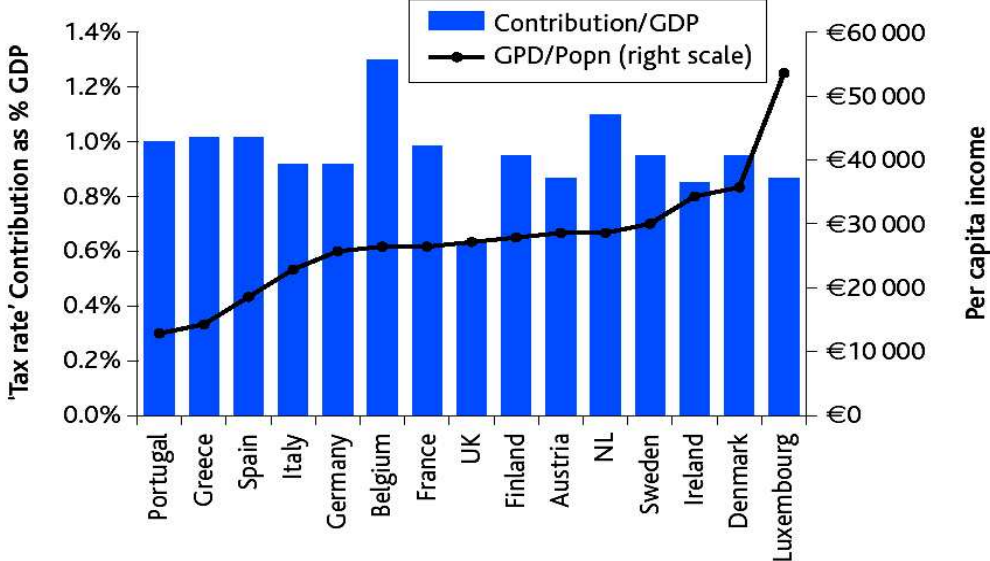
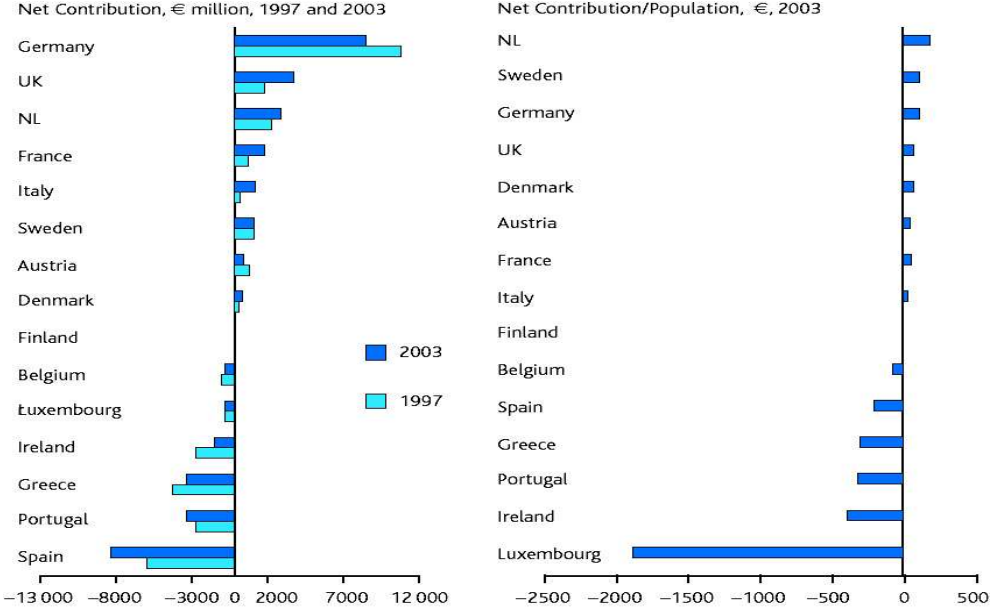


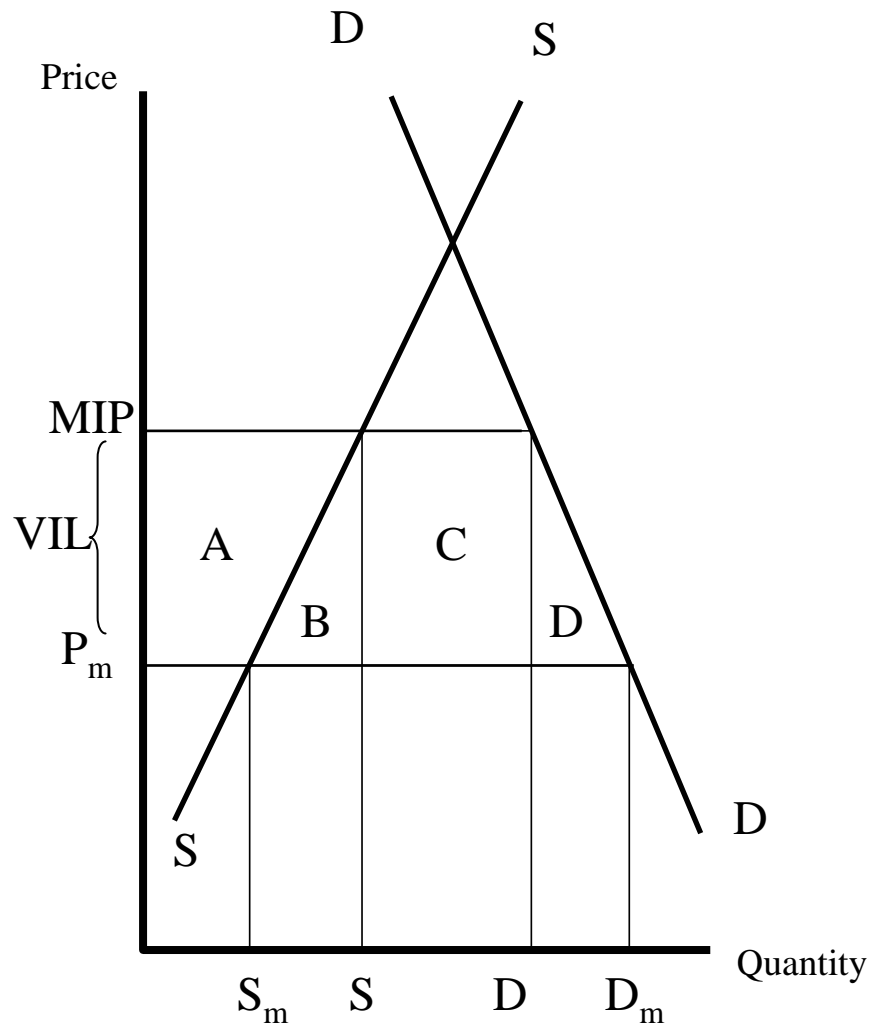
### Contribution versus GDP by EU members, 2003



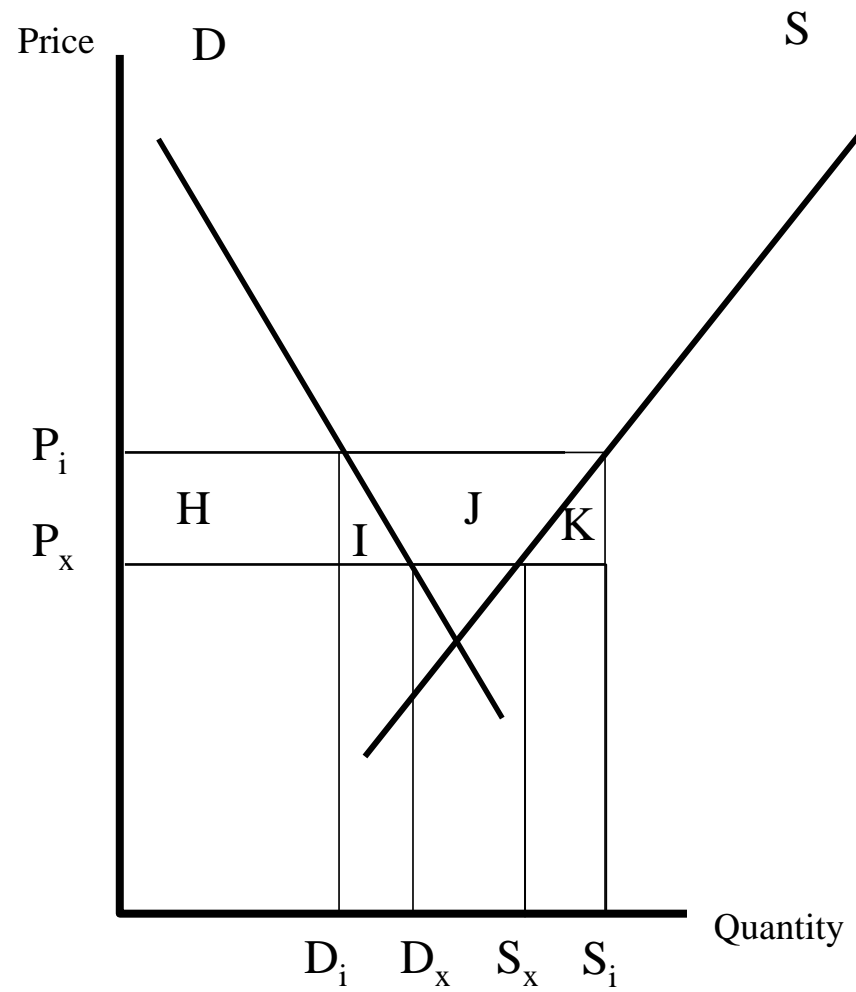
### Net financial contribution by EU members, 1997, 2003



Note: Millions of euros.



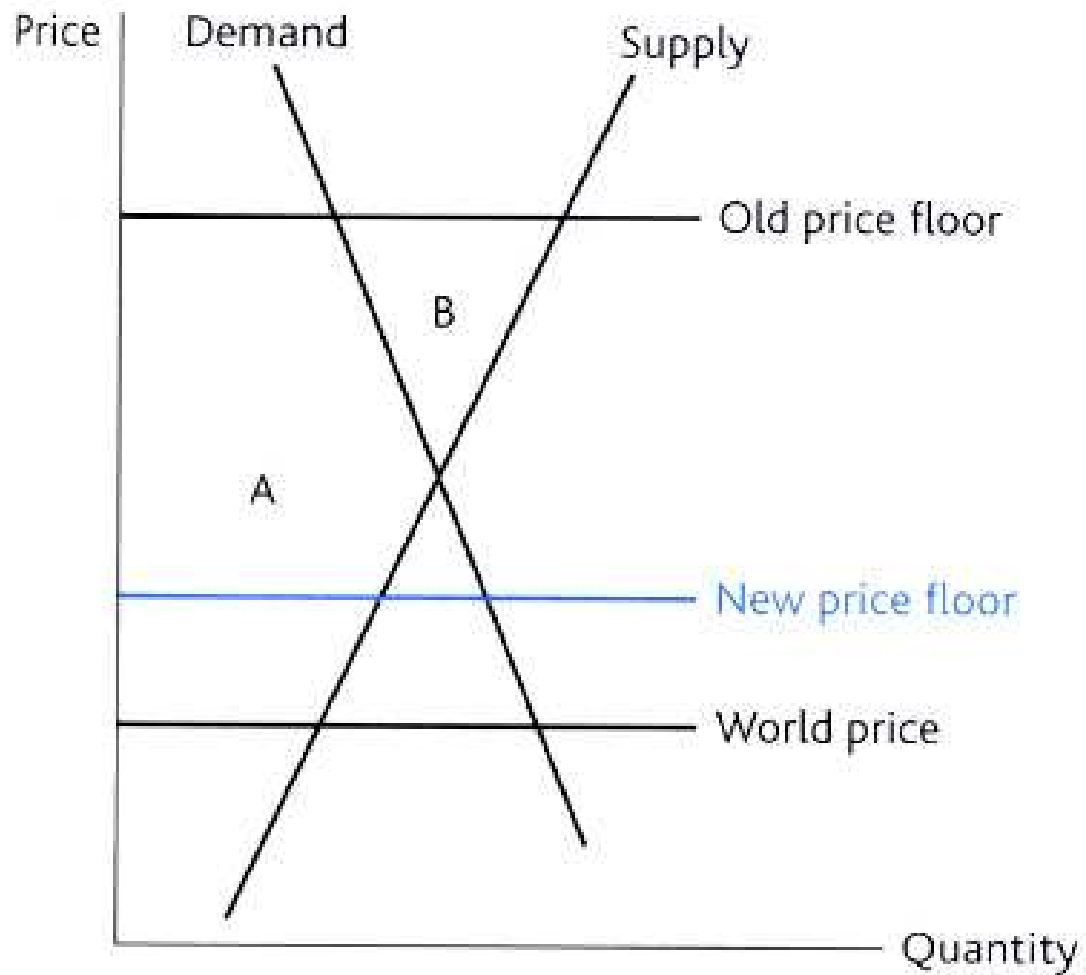
Basic system of external protection for imported commodities



Basic system of internal protection for commodities in surplus

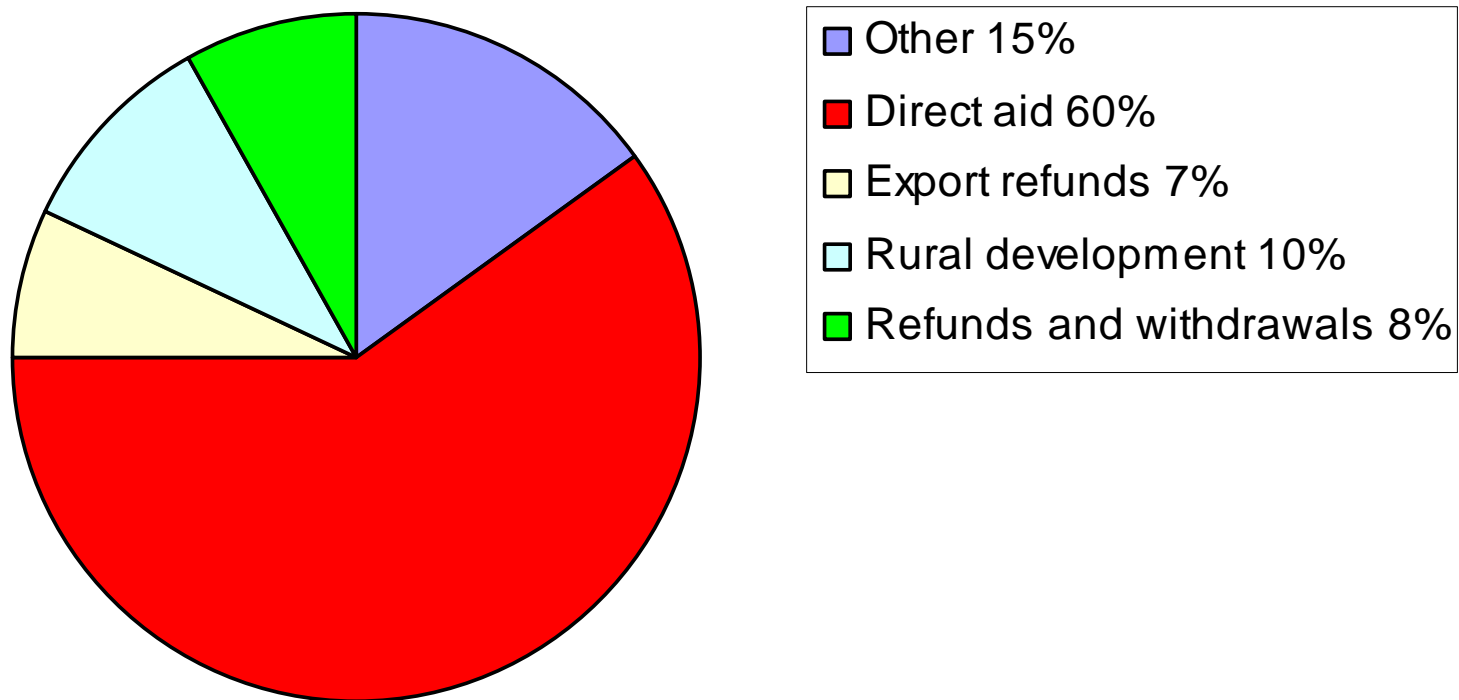
## Summary of the MacSharry CAP reforms.

Commodity	Cuts in support	Compensation and other gains	Production control
Cereals	<ul style="list-style-type: none"> <li>* Target price cut by 29% from 1991/2 buying-in price.</li> <li>* Price reduction phased in over three years from 1993/4</li> </ul>	<ul style="list-style-type: none"> <li>* Per hectare compensation payments available provided set-aside is implemented.</li> <li>* Producers of less than 92 tonnes of cereals are exempted from set-aside.</li> <li>* Compensation payments based on historical yield levels for regions of the EU.</li> <li>* Co-responsibility levy abolished from 1992/3.</li> </ul>	<ul style="list-style-type: none"> <li>* Annual set-aside required for producers to receive compensation payments.</li> <li>* The minimum % of base arable area to be set aside varies from year to year.</li> <li>* Controls over which land can be set aside.</li> </ul>
Oilseeds and pulses	<ul style="list-style-type: none"> <li>* No price support 1993/4 onwards</li> </ul>	<ul style="list-style-type: none"> <li>* Per hectare area payments available but cut from 1992/3 levels.</li> <li>* Linseed added to list of eligible crops.</li> </ul>	<ul style="list-style-type: none"> <li>* Controlled by same set-aside schemes as cereal production.</li> </ul>
Sheep	<ul style="list-style-type: none"> <li>* Payment of ewe premium restricted by producer quota.</li> <li>* Producer quotas based on number of ewe premiums paid in 1991</li> </ul>	<ul style="list-style-type: none"> <li>* Quota has market value.</li> <li>* Special extensification premiums for reduced stock levels.</li> <li>* Lower feed grain costs.</li> </ul>	<ul style="list-style-type: none"> <li>* If quota sold without land. 15% of quota taxed to national reserve.</li> <li>* No transfer of quota outside existing Less Favoured Areas.</li> </ul>
Beef	<ul style="list-style-type: none"> <li>* Intervention price cut by 15% from 1993/4.</li> <li>* 350.000t. limit set on intervention purchases by 1997.</li> </ul>	<ul style="list-style-type: none"> <li>* Beef and suckler cow premium increased but made contingent on stocking rates below minimum level.</li> <li>* Suckler cow quota has marketable value.</li> <li>* Lower feed grain costs.</li> </ul>	<ul style="list-style-type: none"> <li>* Beef premium limited by regional ceiling equal to number of premiums paid in 1991. If exceeded. producer payments reduced pro rata.</li> <li>* Suckler cow premiums restricted by producer quota.</li> <li>* Beef and suckler cow premium payments subject to stocking-rate restrictions.</li> </ul>
Dairy	<ul style="list-style-type: none"> <li>* 5% cut in butter intervention price by 1994/5.</li> </ul>	<ul style="list-style-type: none"> <li>* Milk quota and associated value to last at least to 2000.</li> <li>* Co-responsibility levy abolished from 1992/3.</li> </ul>	<ul style="list-style-type: none"> <li>* Cuts in quota may be made.</li> </ul>

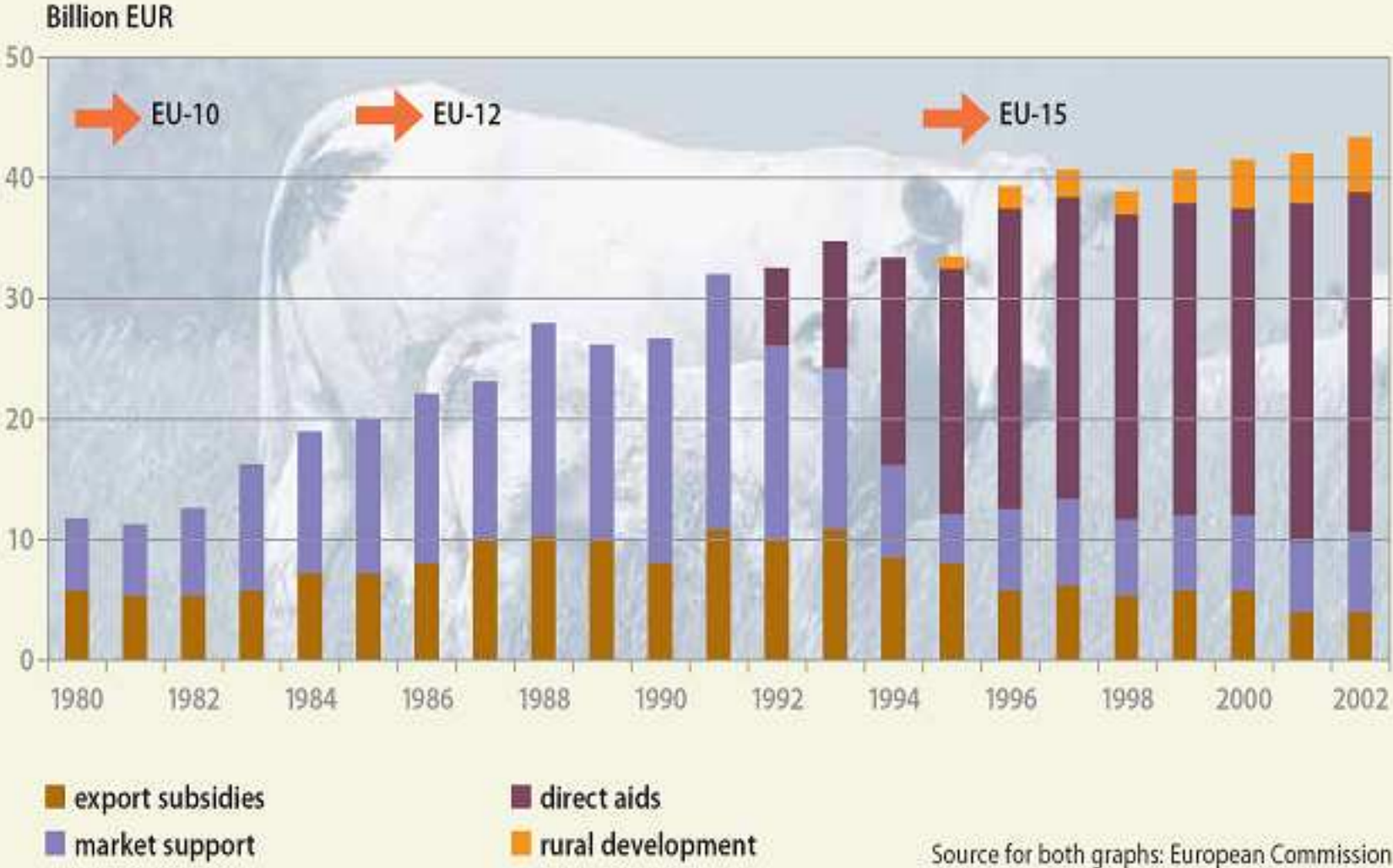


*The economics of decoupling payments and production*

Breakdown of CAP expenditure by type (2001)

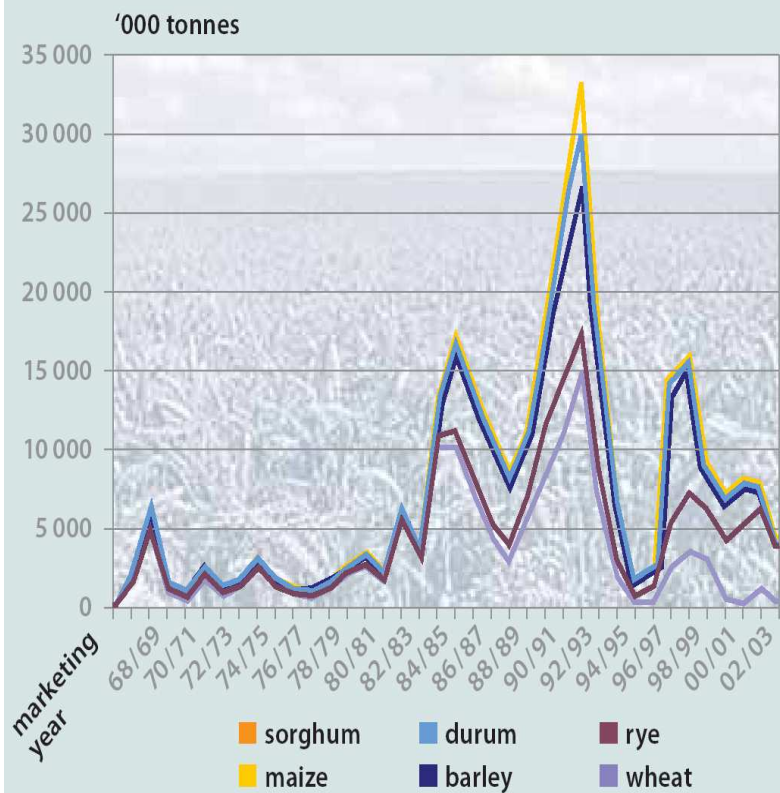


# The evolution of CAP expenditure

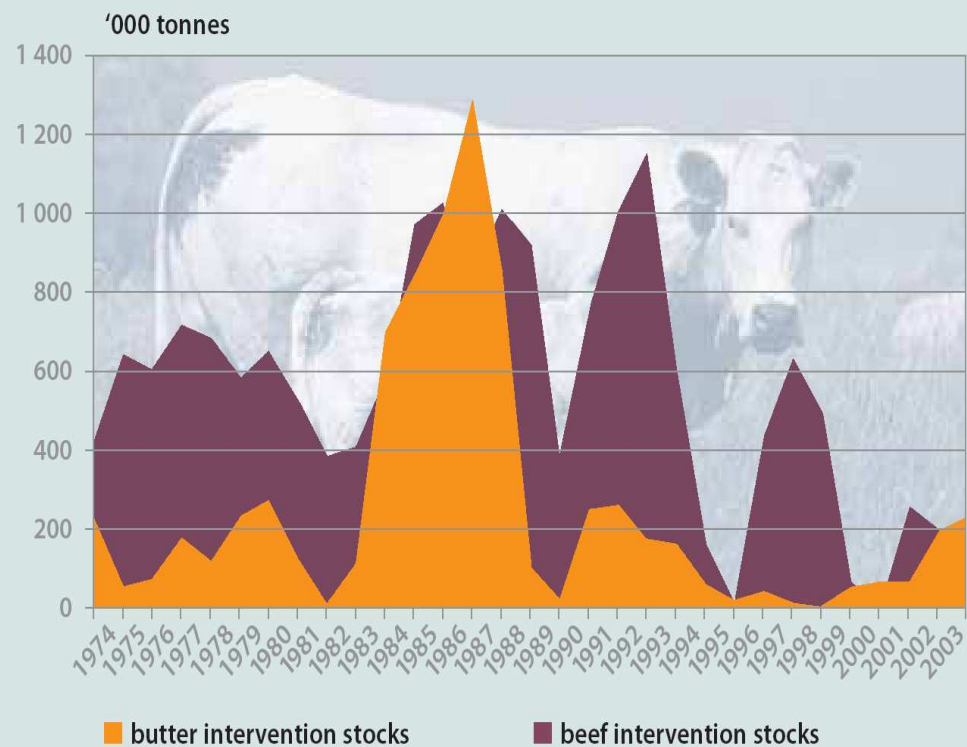


## 'FOOD MOUNTAINS' NO LONGER EXIST

Development of public storage of cereals  
(Intervention stocks)

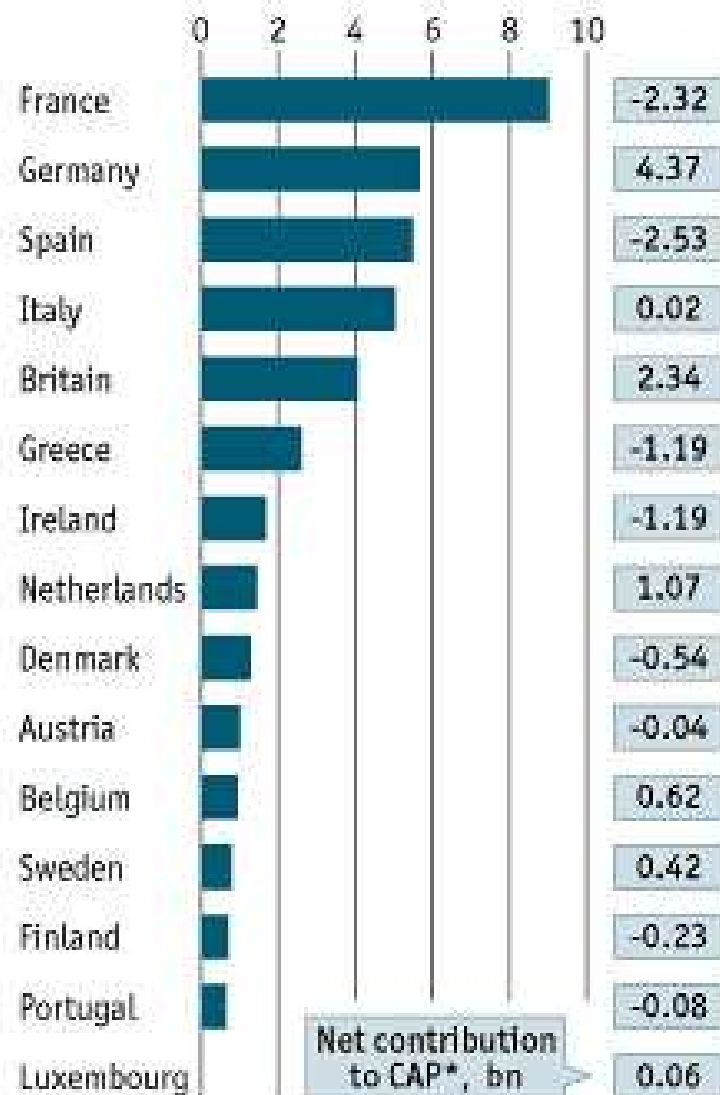


Development of public storage of beef and butter  
(Intervention stocks)



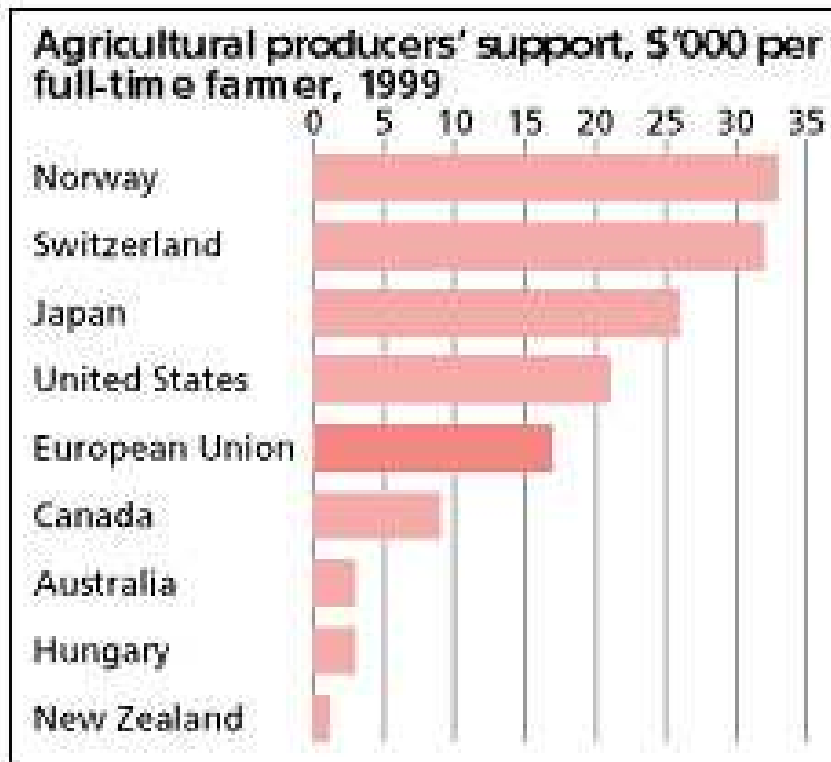
Source for both graphs: European Commission

CAP spending in 2000, bn

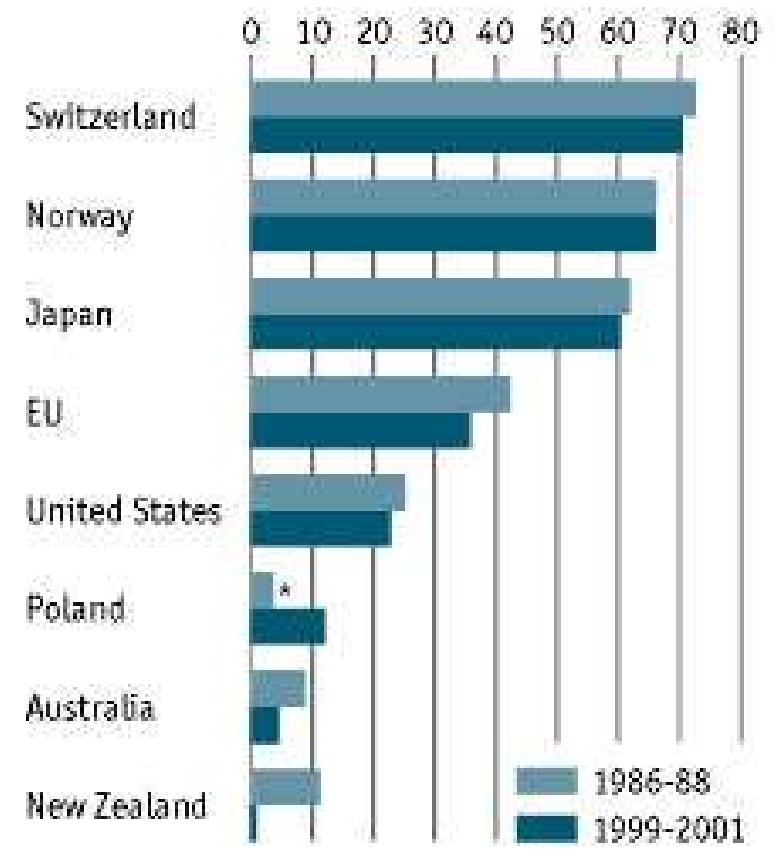


\* Estimate based on level of contributions to EU budget, but excludes funds carried over from previous year  
 Sources: European Commission; European Court of Auditors;





Farmers' subsidies as % of gross farm revenue

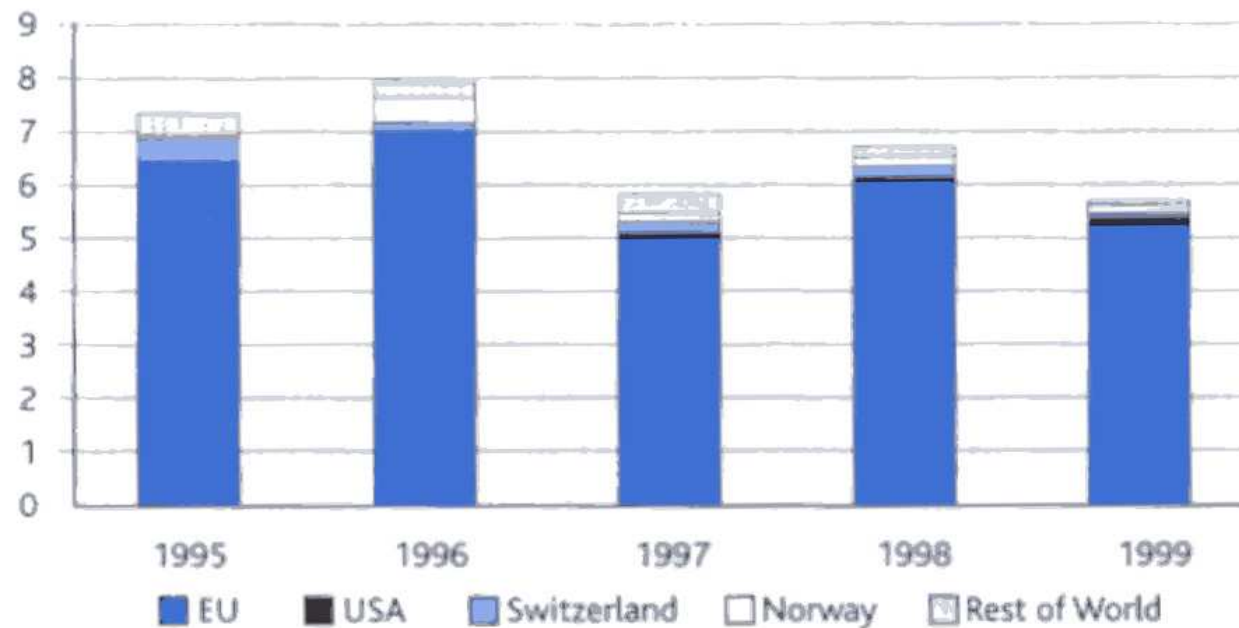


Source: OECD

\*1991-93

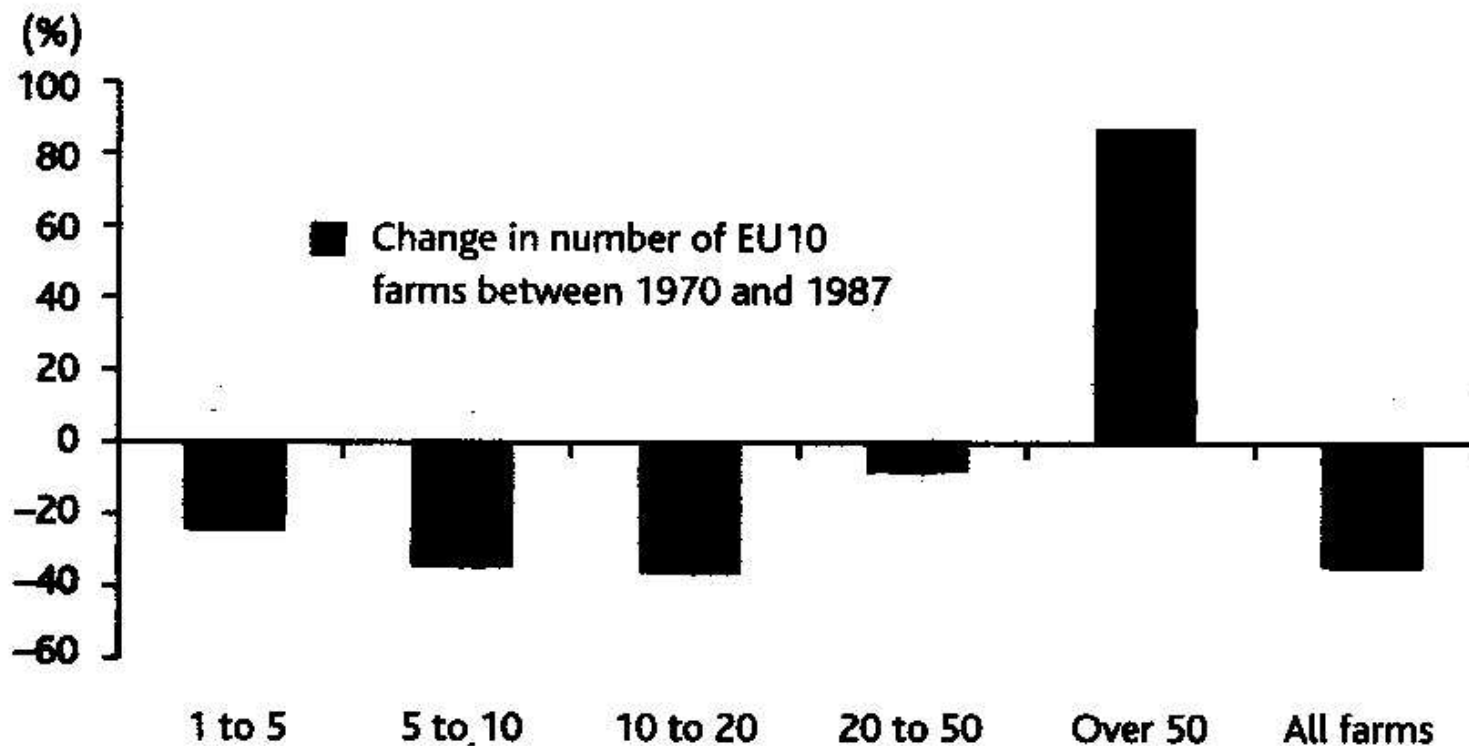
The EU and three countries consistently account for over 95% of all export subsidy expenditures.

Total global export subsidies (US\$ billion)



*World agricultural export subsidies,  
1995-99*

Source: US Department of Agriculture Economic Research Services on <http://www.ers.usda.gov/briefing/EuropeanUnion/Policy>.



*Change in shares of big and very small farms between 1970 and 1987*

Source: Data from *European Commission* (1994)

### Farmer income by farm size, EU12, 1991/92

Income generated by the farm, by income class (euros per year)	Number of holdings (millions)	Number of holdings as share of all holdings	Average annual farm-income per farmer/1	Average size (hectares)	Farm net value added per hectare
0-5,000	2.0	45%	€900	15.0	€287
5,000-10,000	1.0	22%	€7,300	18.4	€668
10,000-20,000	0.9	20%	€14,100	27.8	€813
20,000-30,000	0.3	7%	€24,300	37.4	€1,061
over 30,000	0.3	6%	€51,800	55.4	€1,527
All holding	4.4	100%	€9,300	22.3	€762

1/ Specifically, per unit of full time equivalent of unpaid labour.

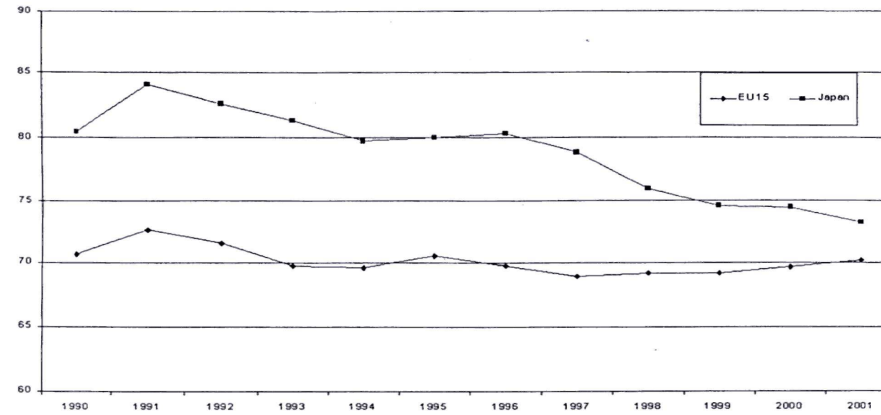
### Distribution of farmland by farm size, EU12, 1987.

Farm size class (hectares)	Number of farms (millions)	Number of farm as share of total	Share of EU12 farm land in size class	Average farms size (hectares )
1 to 5	3.411	49.2%	7.1%	2.4
5 to 10	1.163	16.8%	7.1%	7.0
10 to 20	0.936	13.5%	11.5%	14.1
20 to 50	0.946	13.7%	25.7%	31.2
Over 50	0.473	6.8%	48.6%	117.6
total	6.929	100%	115 (mill.ha)	16.5

### Inequity of direct payments, receipts per farm by farm size, 2000

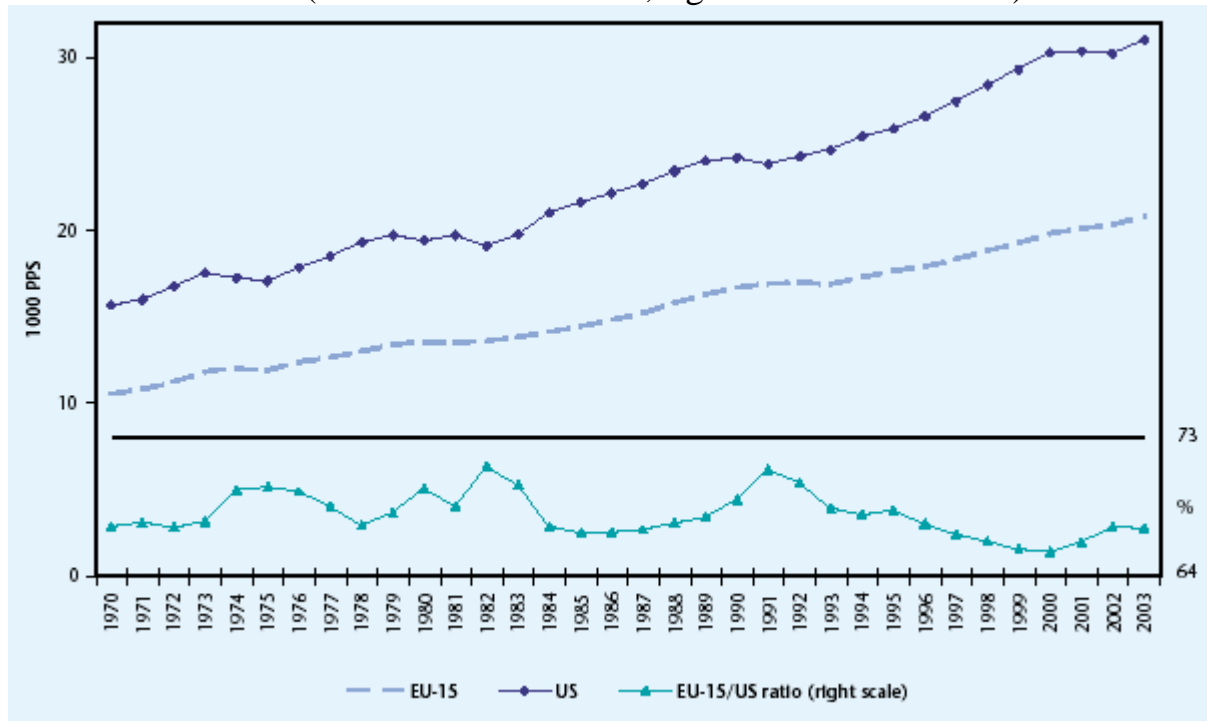
Size Class	Payment per farm	% of EU15 farms in size class	Number of farms in size class	% of EU15 payments to size class	Cumulative % of budget (from largest to smallest)	Cumulative % of farms (from largest to smallest)
0 to 1.25	€405	53.76%	2,397,630	4.3%	100.0%	99.97%
1.25 to 2	€1,593	8.54%	380,800	2.7%	95.7%	46.21%
2 to 5	€3,296	16.30%	726,730	10.7%	93.0%	37.67%
5 to 10	€7,128	9.17%	409,080	13.0%	82.2%	21.37%
10 to 20	€13,989	6.81%	303,500	19.0%	69.2%	12.20%
20 to 50	€30,098	4.13%	184,100	24.8%	50.2%	5.39%
50 to 100	€67,095	0.94%	41,700	12.5%	25.4%	1.27%
100 to 200	€133,689	0.24%	10,720	6.4%	12.9%	0.33%
200 to 300	€241,157	0.05%	2,130	2.3%	6.5%	0.09%
300 to 500	€376,534	0.03%	1,270	2.1%	4.2%	0.04%
over 500	€768,333	0.01%	610	2.1%	2.1%	0.01%
Average, All farms	€5,015					

### GDP per capita, PPP (US=100)



SOURCE: World Bank

### GDP at 1995 market prices per capita (left scale in 1995 PPS, right scale EU/US ratio)



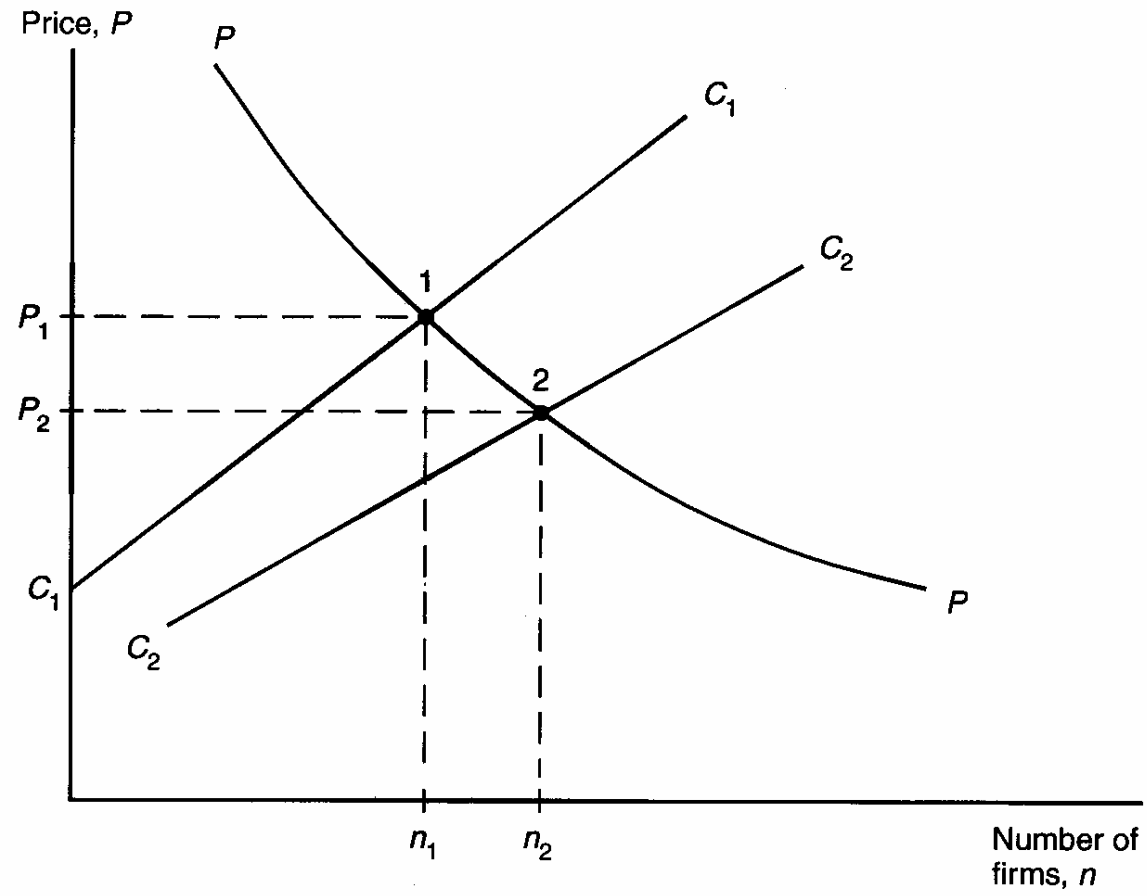
SOURCE: European Competitiveness Report 2002

### Labour productivity in the EU falls further vis-à-vis the US

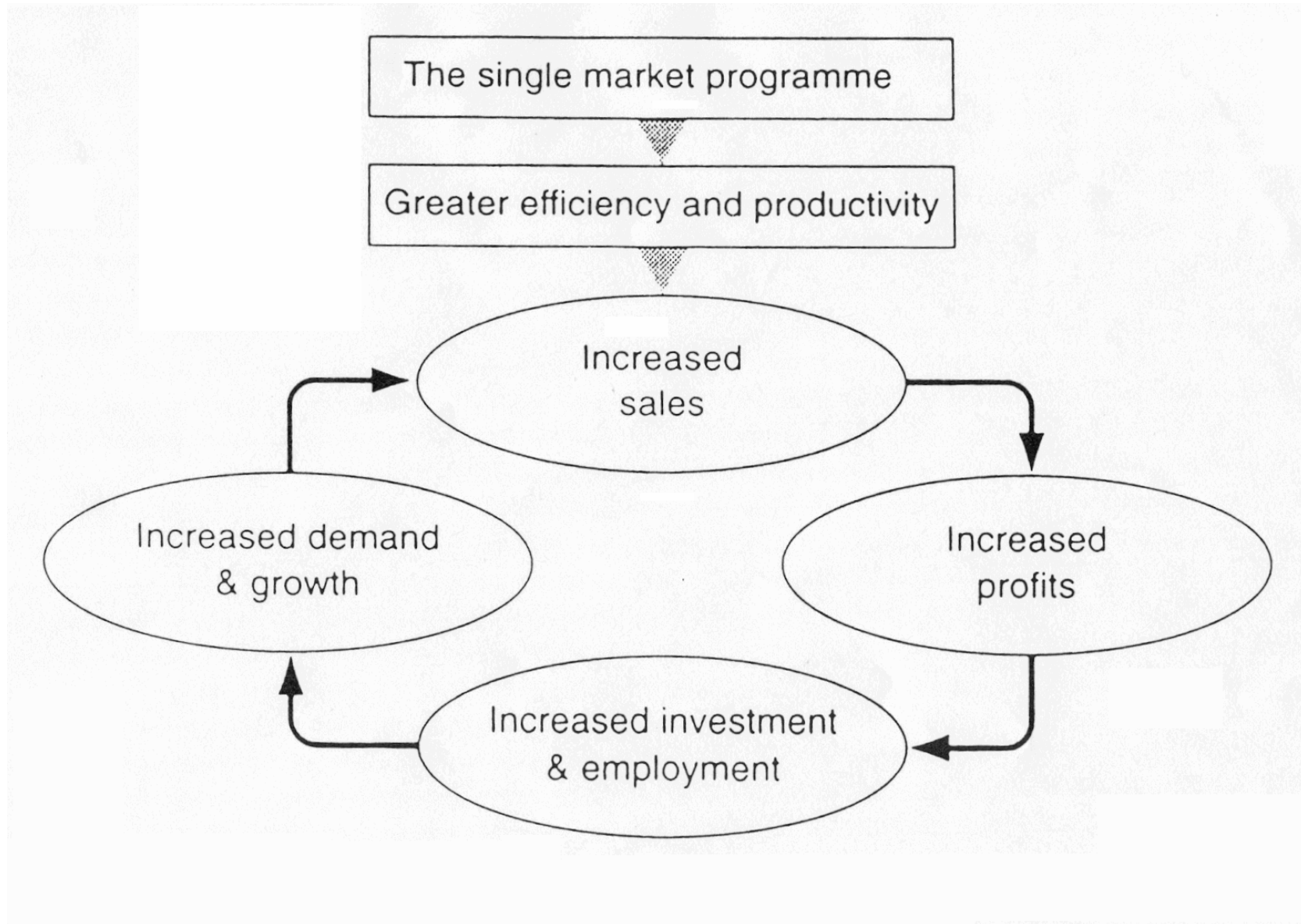


SOURCE: European Competitiveness Report 2001

## Effects of larger market

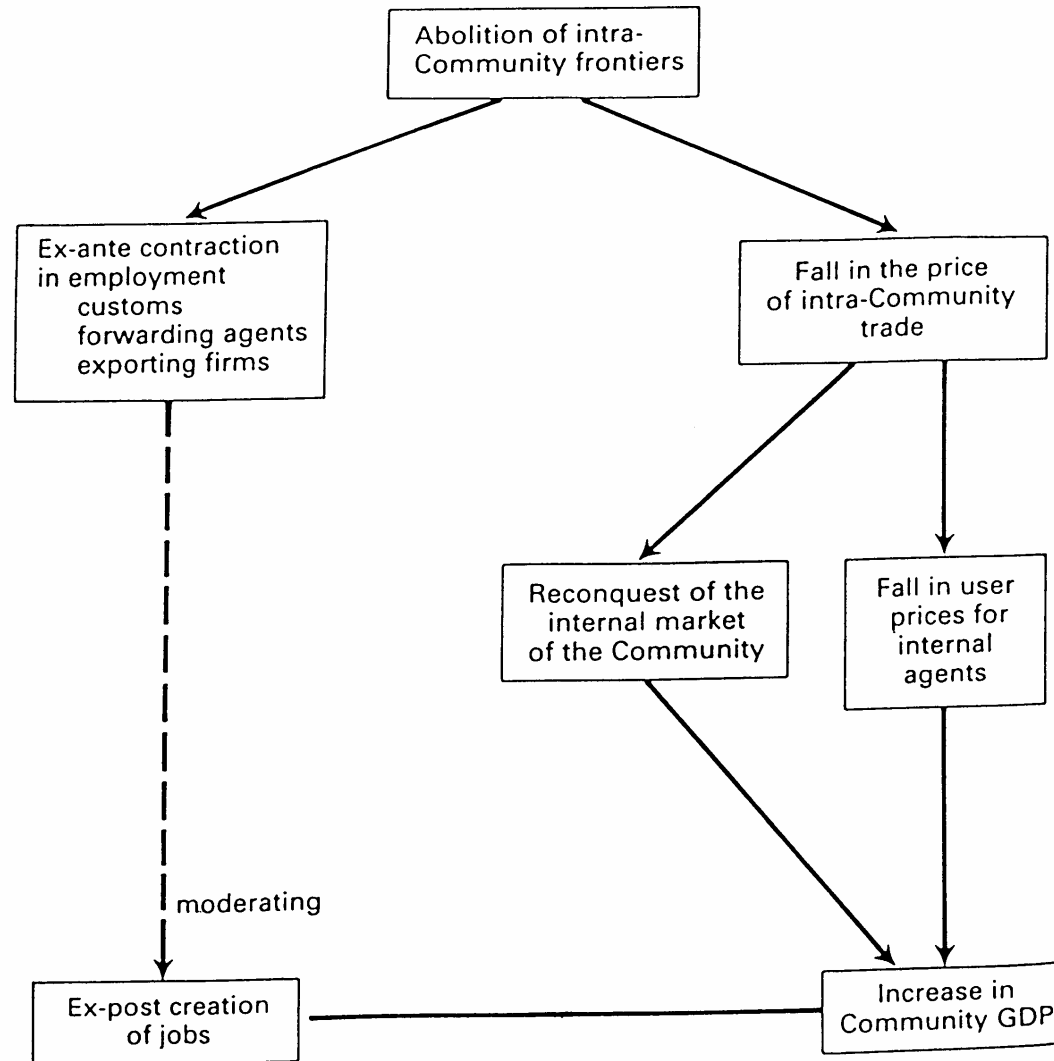


## Single Market – the Virtuous Circle

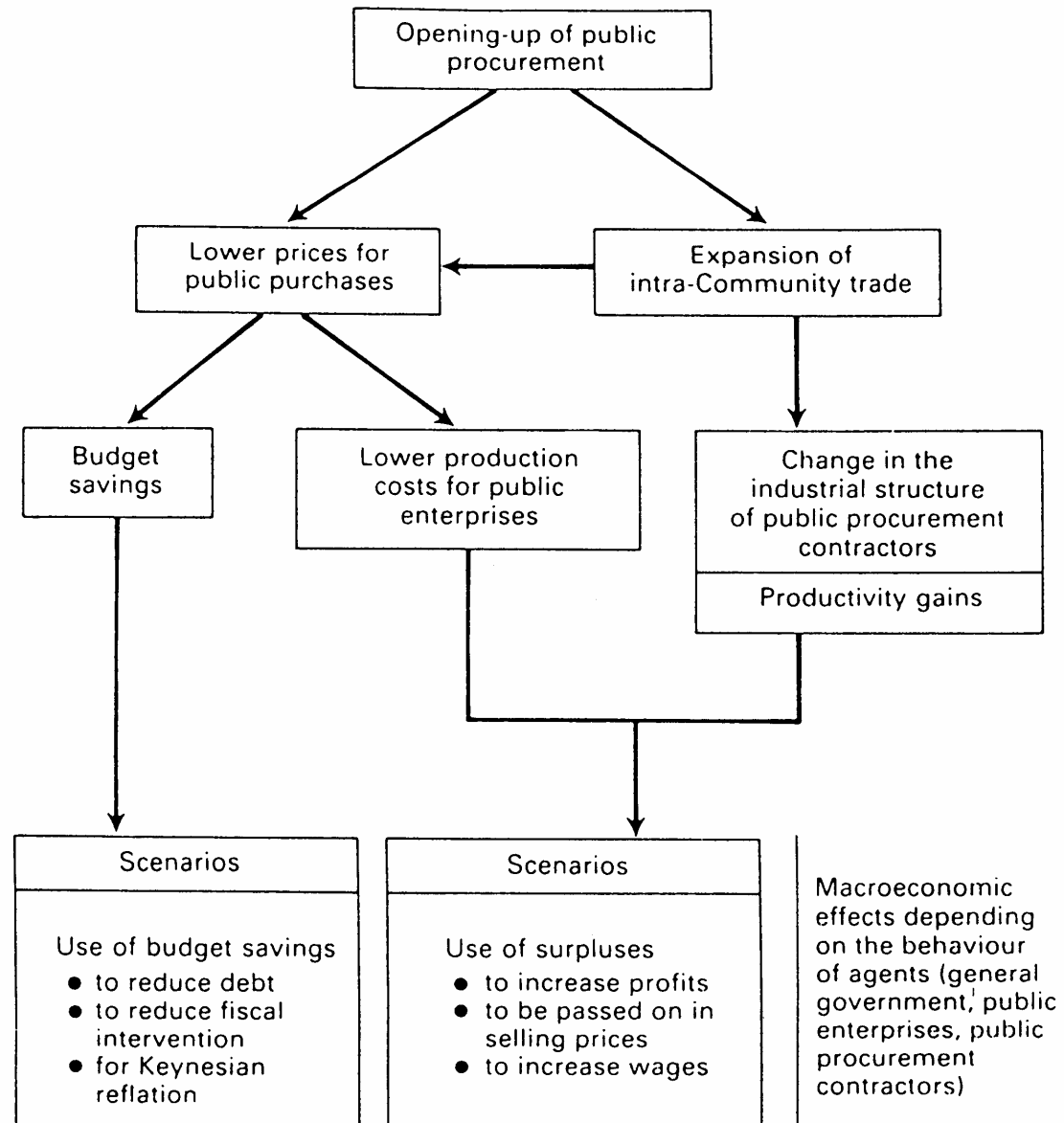




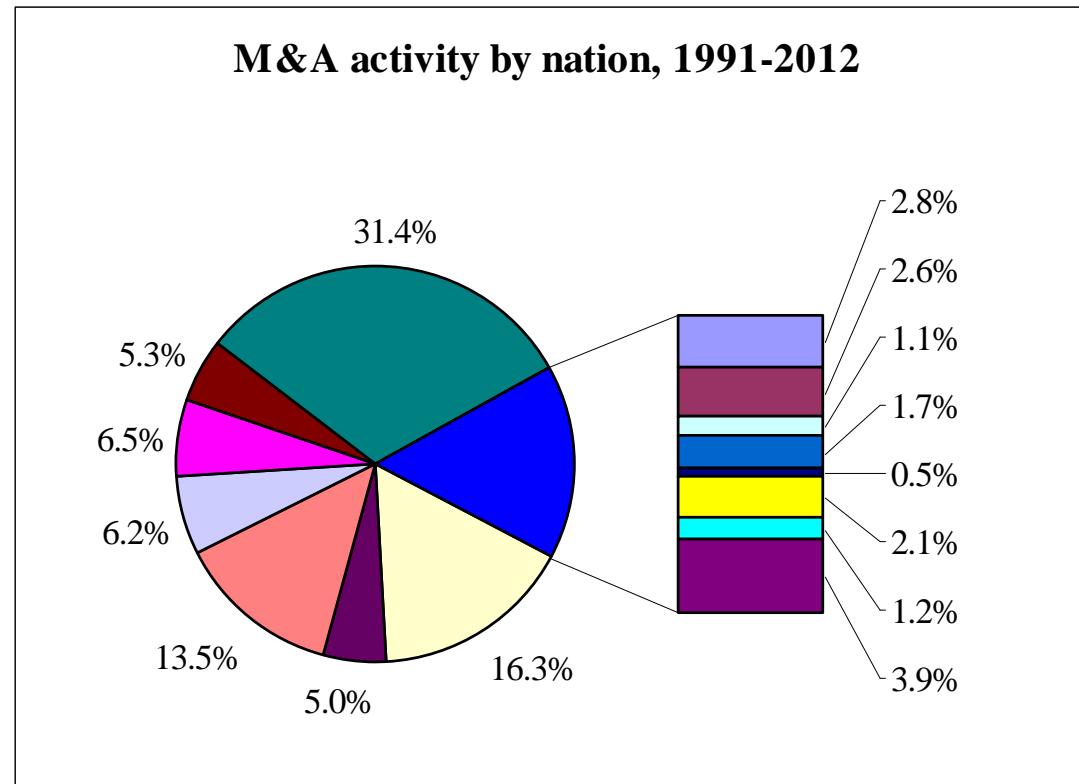
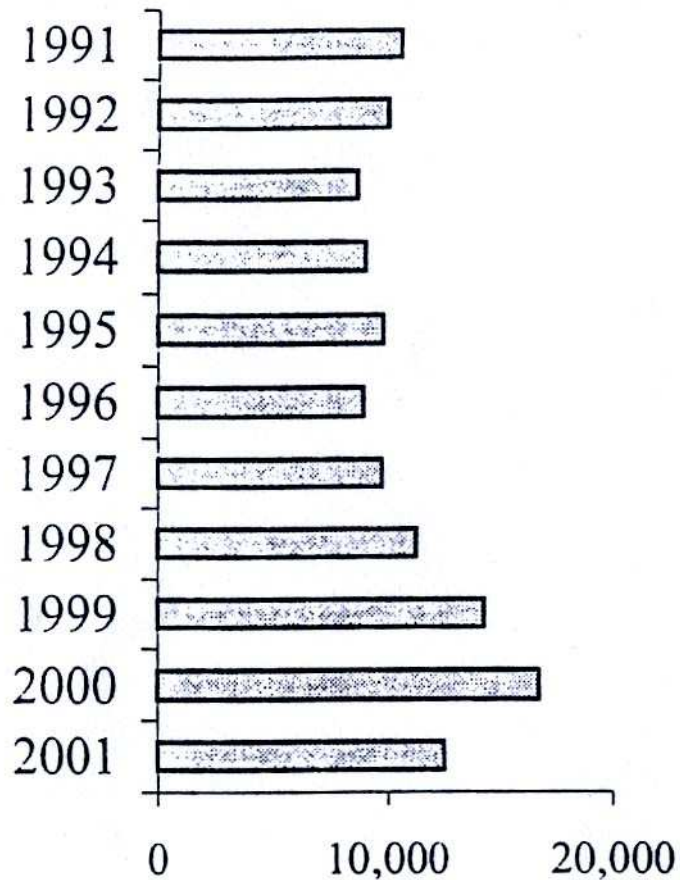
# Macroeconomic effects of the abolition of intra-Community frontiers



# Macroeconomic effects of opening-up public procurement



## Mergers and acquisitions (M&As) involving EU15 firms, 1991-2001



Note: Left panel shows the evolution of the number of mergers and acquisitions involve EU15 firms. The right panel shows the distribution od all operations from 1991-2001 by member state.

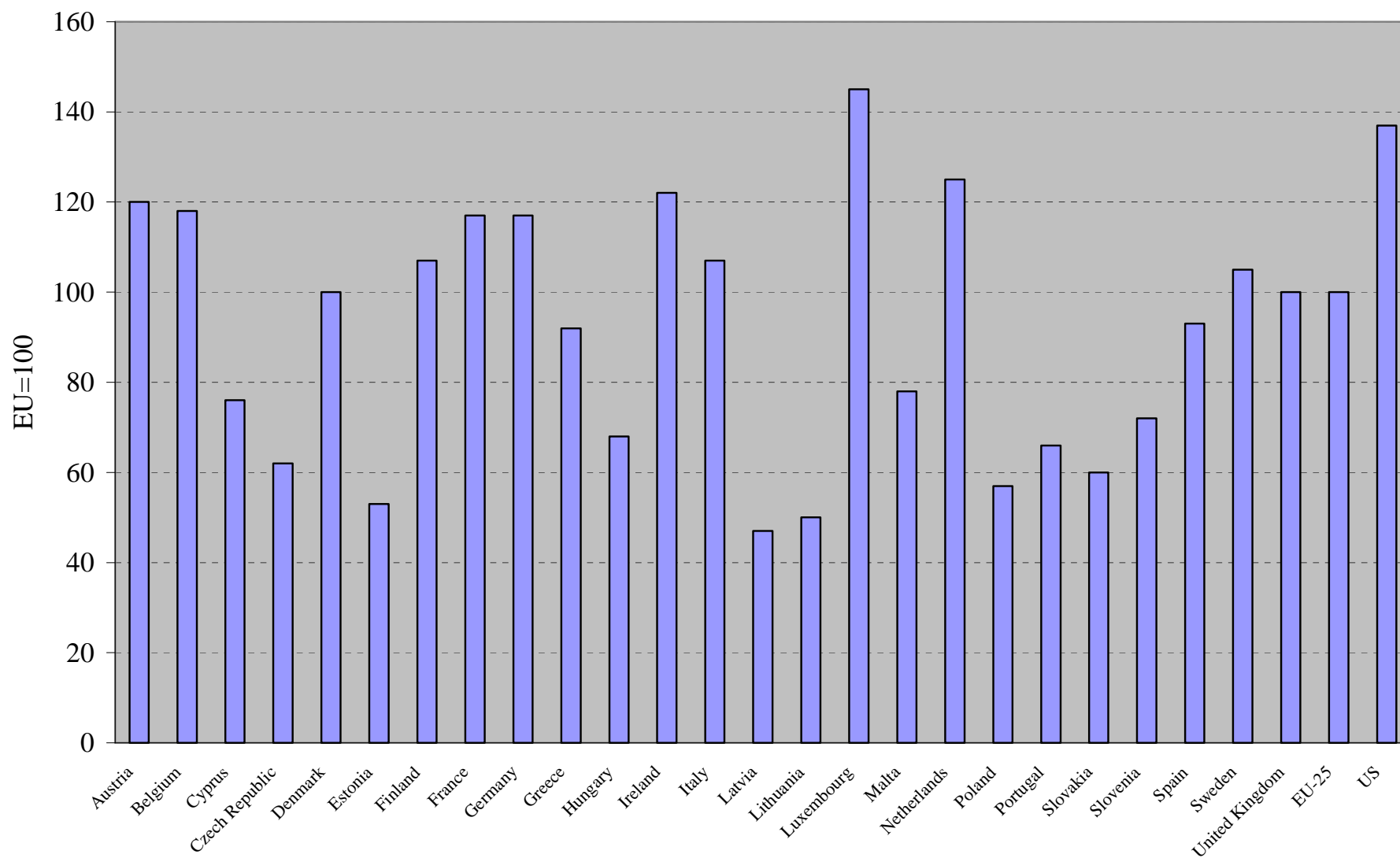
Source: Data from European Economy, Supplement A, N. 12, December 2001

**Growth of Labour Productivity per person employed & 2005 levels of real GDP  
per person employed (ppe) and real GDP per hour worked (phw)**

	Average annual labour productivity growth				GDP ppe 2005	GDP phw 2005
	1990 – 1995(*)	1995 – 2000	2000 – 2005	<u>2005</u>		
Austria	2.0	2.2	1.0	0.7	120	108
Belgium	1.5	1.5	0.9	0.1	118	137
Cyprus	:	2.4	1.6	0.5	76	71
Czech Republic	:	2.7	2.4	4.4	62	56
Denmark	2.5	1.8	1.3	2.2	100	114
Estonia	6.5	8.2	6.5	8.3	53	45
Finland	3.1	2.4	1.5	1.6	107	110
France	1.5	1.5	0.8	0.9	117	116
Germany	2.9	2.2	1.6	1.6	117	116
Greece	0.7	2.8	3.3	2.3	92	78
Hungary	5.4	2.9	3.9	4.3	68	58
Ireland	2.9	3.7	2.2	0.9	122	132
Italy	2.1	1.1	0.0	0.4	107	102
Latvia	-5.0	5.9	6.4	8.6	47	43
Lithuania	-8.2	5.4	6.5	6.1	50	48
Luxembourg	1.2	1.9	0.2	1.0	145	161
Malta	3.8	3.8	-0.7	0.7	78	80
Netherlands	1.3	1.5	1.3	1.8	125	124
Poland	6.2	5.8	3.6	0.9	57	50
Portugal	2.3	2.2	0.3	0.3	66	68
Slovakia	5.6	4.5	4.0	4.6	60	59
Slovenia	:	4.8	2.8	3.7	72	74
Spain	1.9	0.3	0.4	0.4	93	91
Sweden	2.9	2.4	1.9	2.4	105	116
United Kingdom	2.4	1.9	1.5	0.9	100	106
EU-25	2.2	2.0	1.3	1.1	100	100
US	1.3	2.0	2.2	1.8	137	129

Source: Commission Services, AMECO.

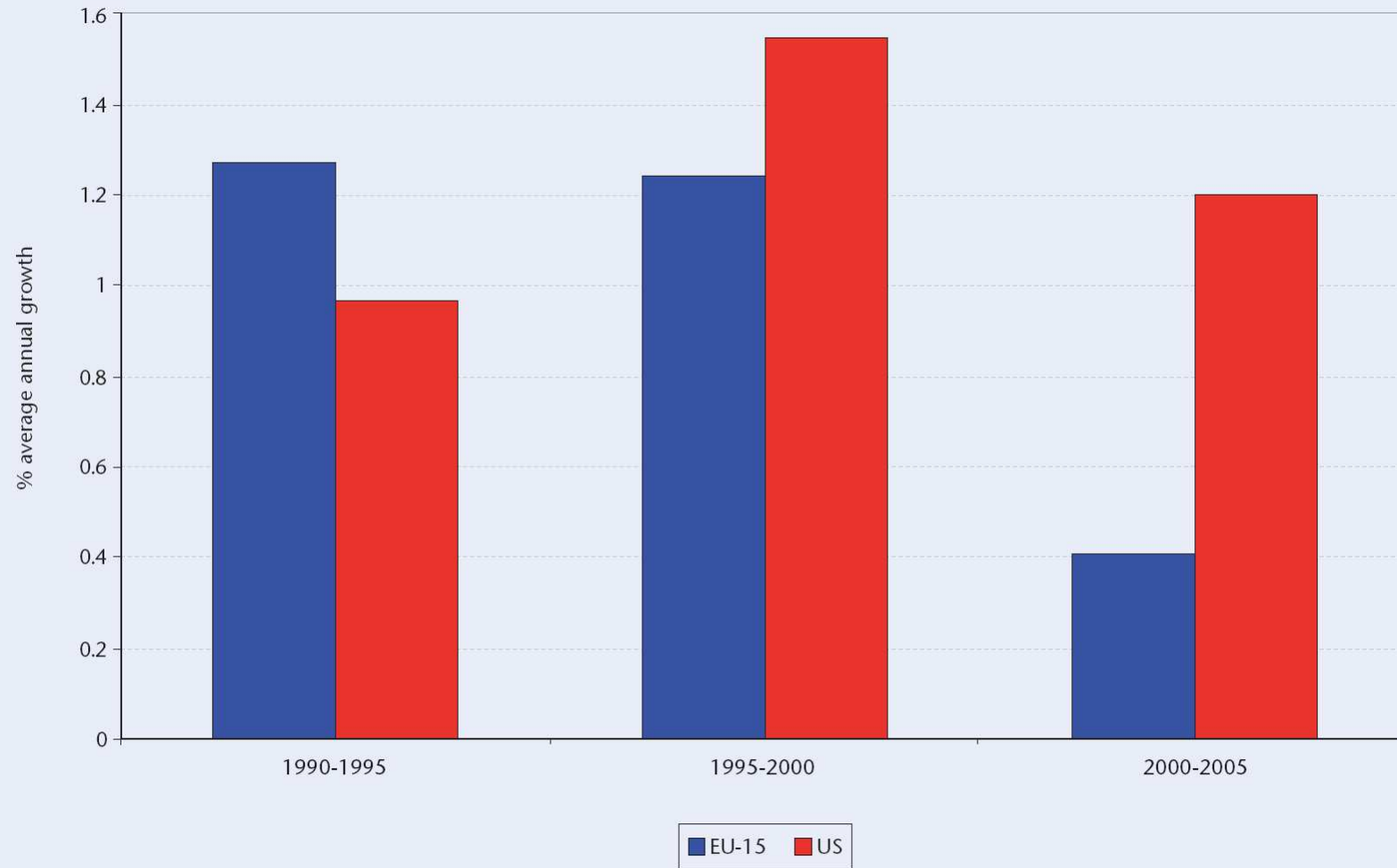
# Productivity levels by Member State



Note: Labour productivity defined as GDP per employed person.

Data source: European Commission (AMECO).

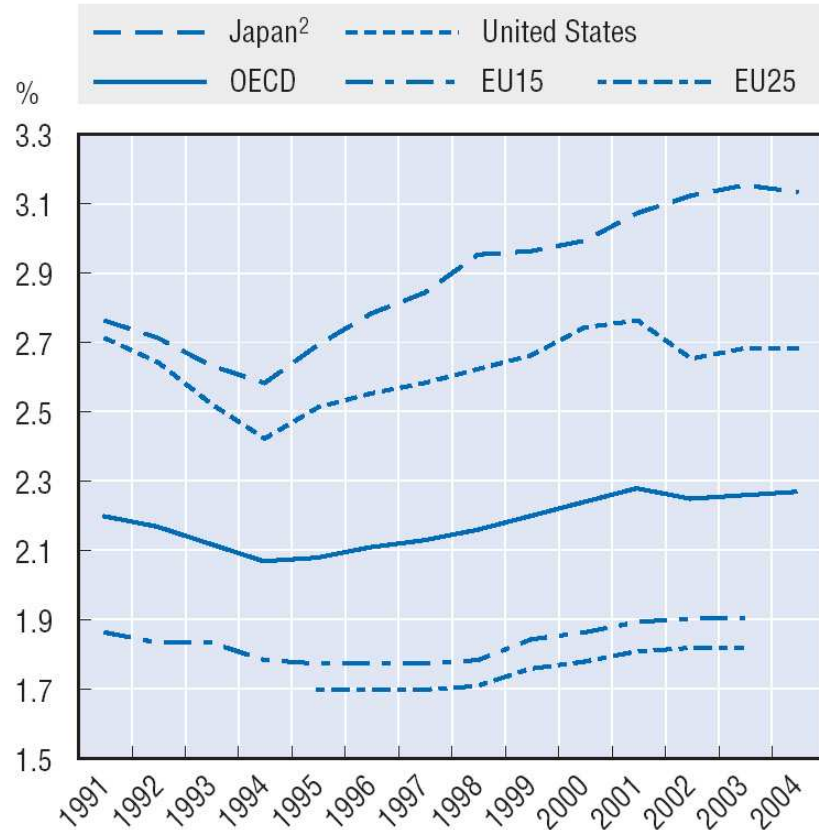
## Total Factor Productivity Growth



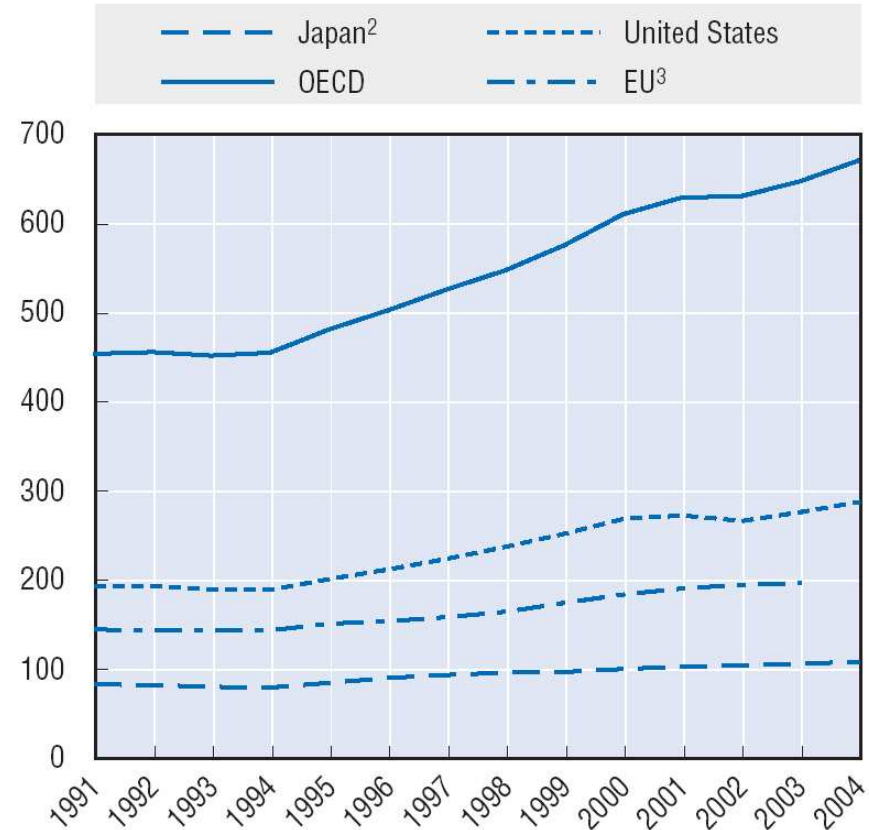
Source: Commission Services, AMECO.

## R&D trends in major OECD regions, 1991-2004

Trends in R&D intensity<sup>1</sup> by area, 1991-2004  
As a percentage of GDP



Gross domestic expenditure on R&D by area, 1991-2004  
Billions of USD PPP (2000)<sup>4</sup>



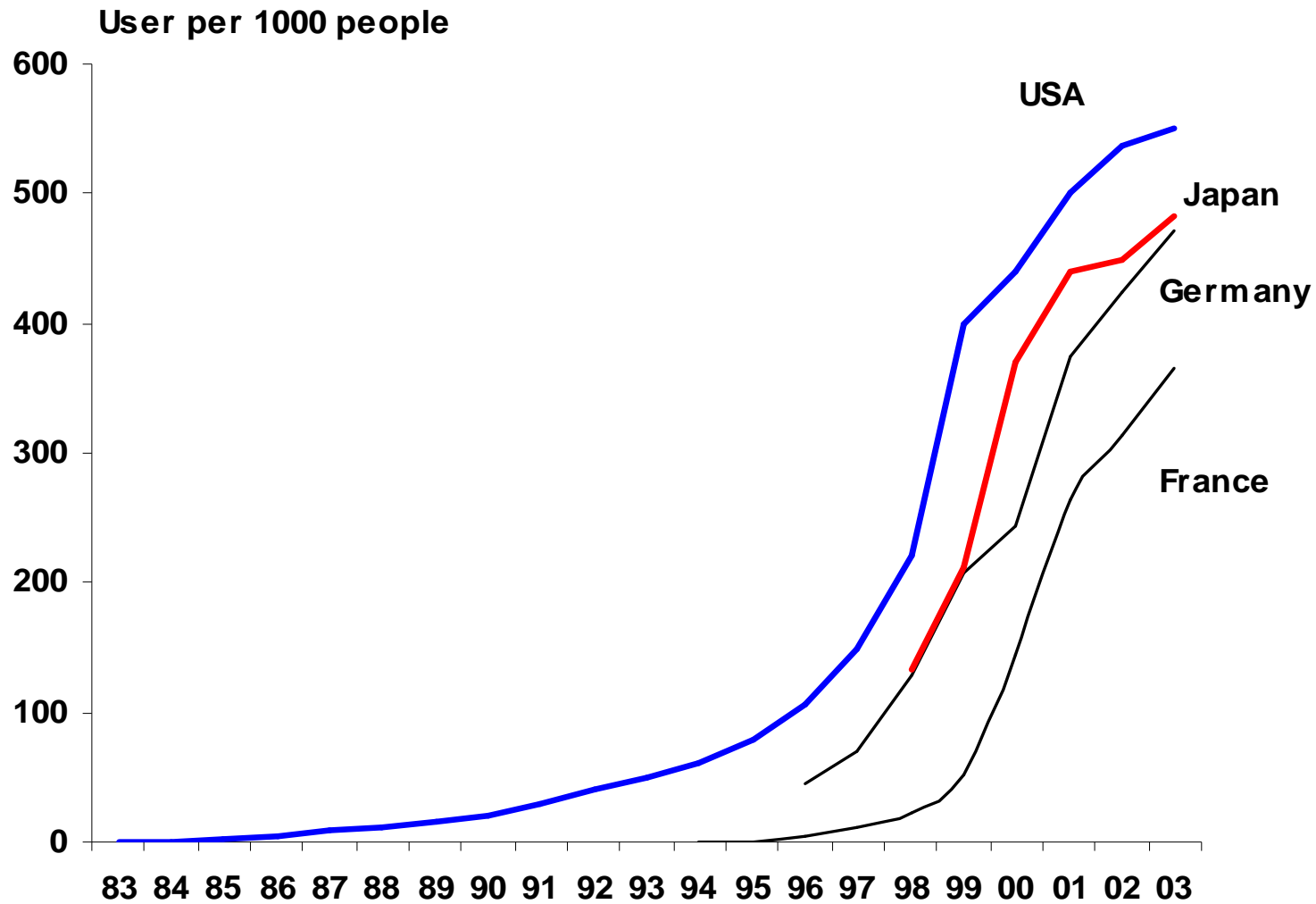
1. Gross domestic expenditure on R&D as a percentage of GDP.
2. Data are adjusted up to 1995.
3. Data are EU15 to 1994 and EU25 from 1995.
4. USD of 2000 in purchasing power parities (PPP).

Source: OECD, Main Science and Technology Indicators Database, June 2006.

StatLink: <http://dx.doi.org/10.1787/505288083604>

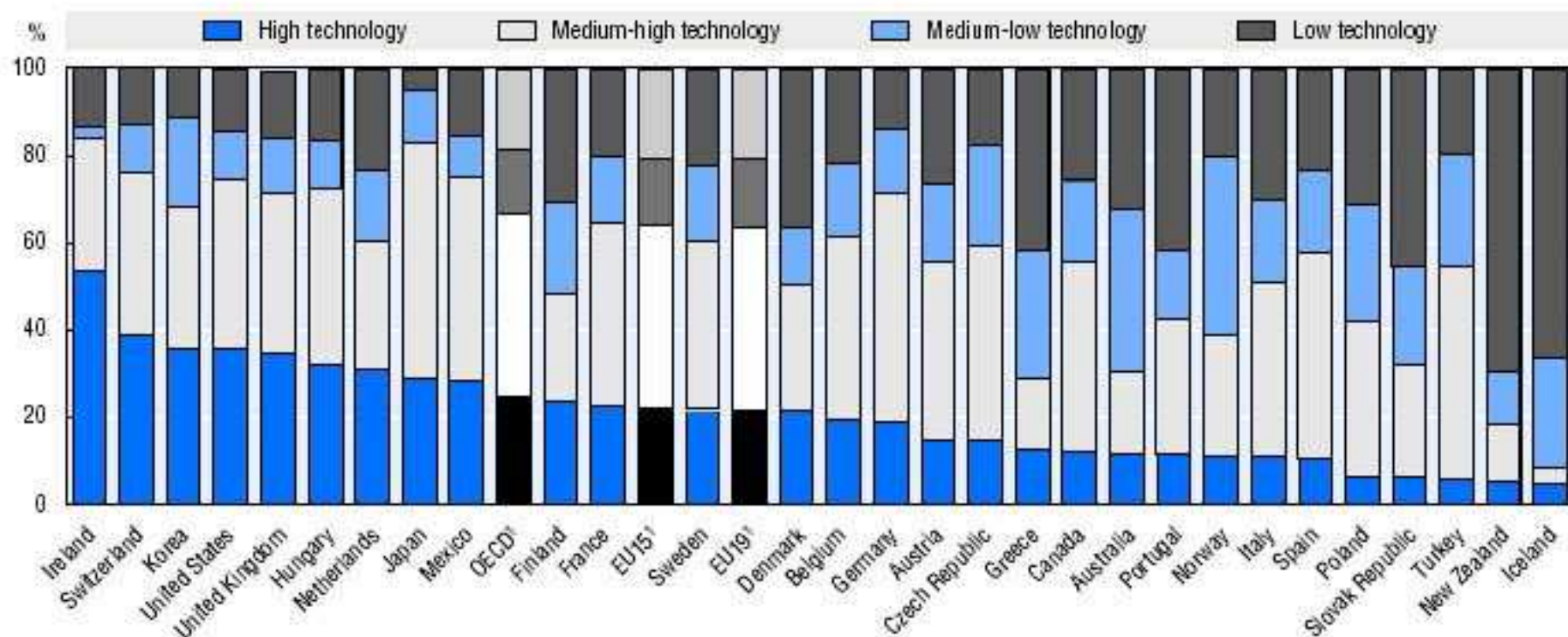
# Lead Markets: diffusion of Internet in selected countries

(source: ITU)





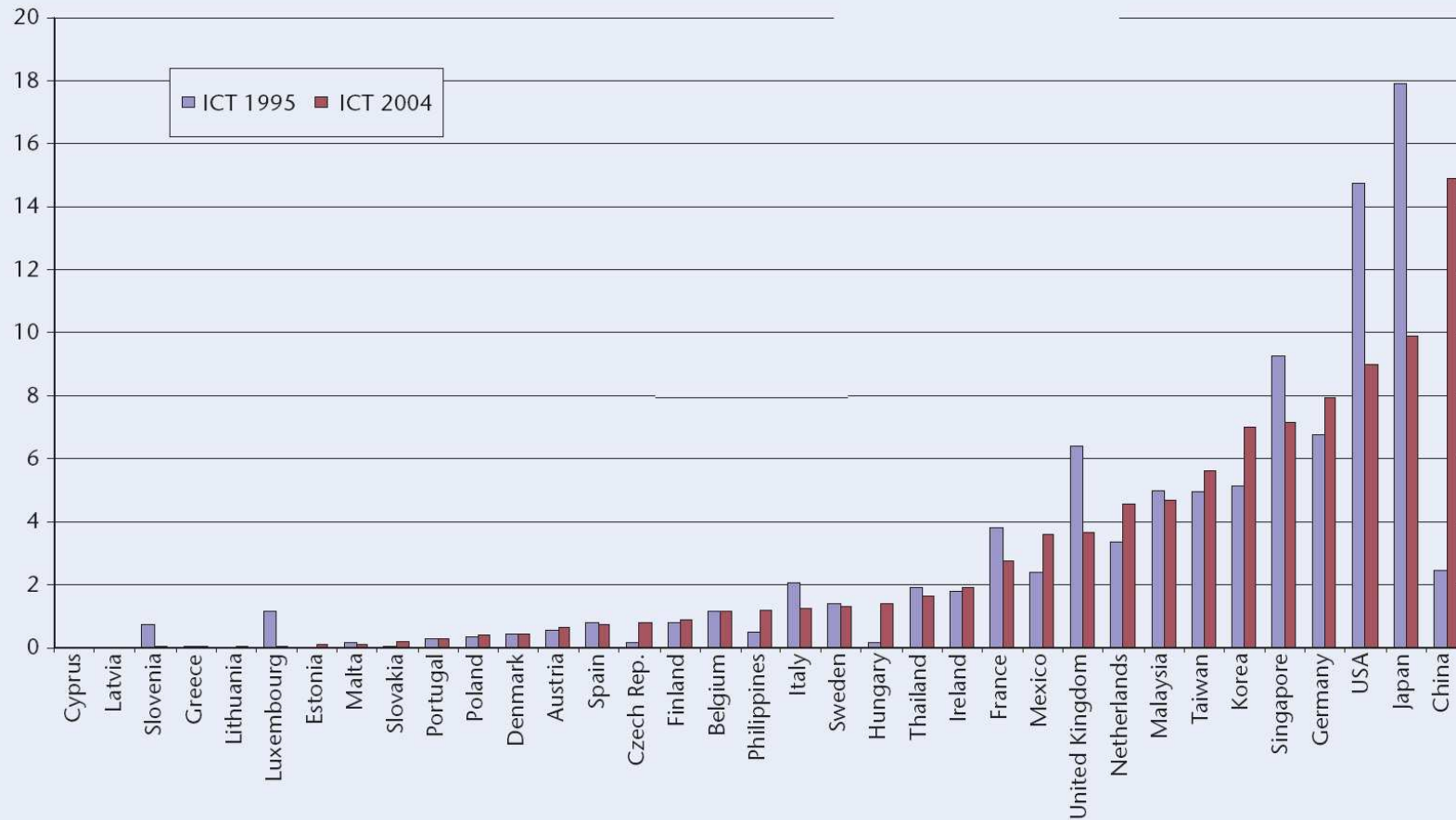
## Share of technology industries in manufacturing exports, 2003



1. Excluding Luxembourg.

SOURCE: OECD SCIENCE, TECHNOLOGY AND INDUSTRY SCOREBOARD 2005

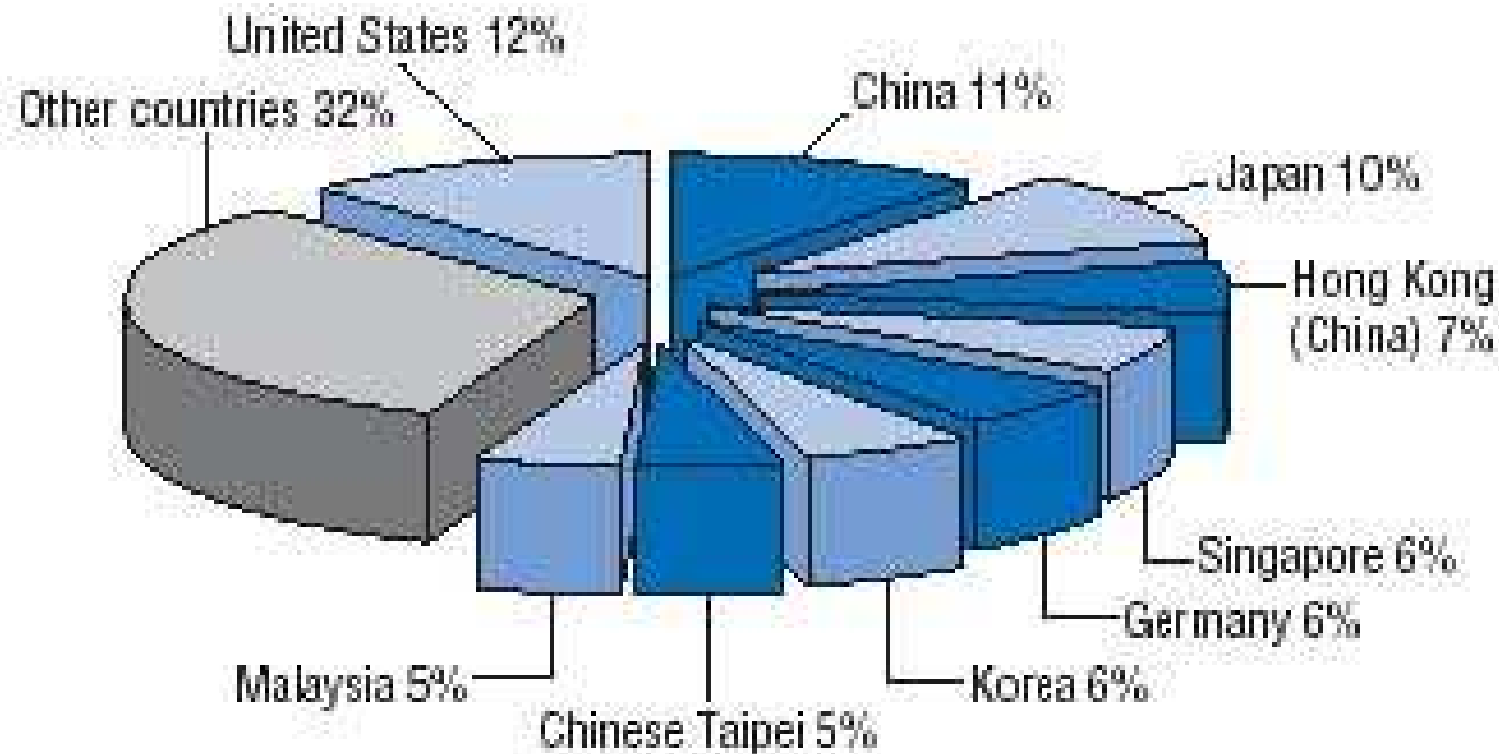
## Export shares in the ICT manufacturing industries 1995 and 2004. (Percent. Intra-EU trade included)



Source: United Nations Comtrade (2006)

## Top exporting economies of ICT goods

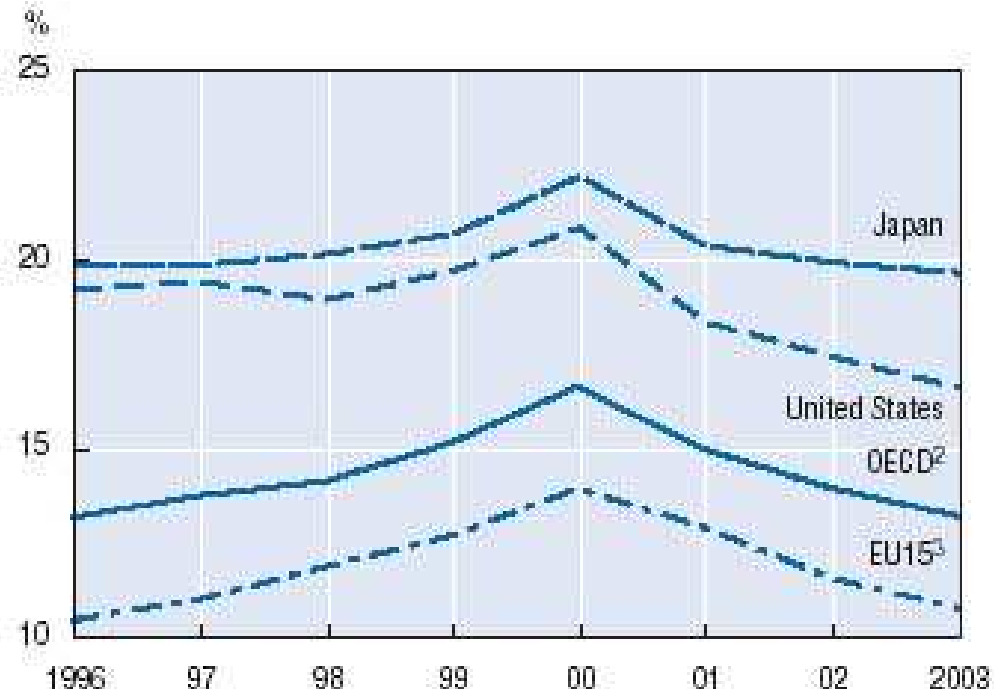
Share of economy in the world total, 2003



SOURCE: OECD SCIENCE, TECHNOLOGY AND INDUSTRY SCOREBOARD 2005

## ICT goods trade<sup>1</sup> by area, 1996-2003

As a percentage of total goods trade



1. Average of imports and exports.

2. The OECD includes all member countries except the Slovak Republic in 1996 and Luxembourg from 1996 to 1998.

3. From 1996 to 1998, the EU15 includes all European Union member states except Luxembourg.

SOURCE: OECD SCIENCE, TECHNOLOGY AND INDUSTRY SCOREBOARD 2005

# The World competitiveness scoreboard 2007

1	<b>USA</b>	(1)
2	<b>Singapore</b>	(3)
3	<b>Hong Kong</b>	(2)
4	<b>Luxembourg</b>	(9)
5	<b>Denmark</b>	(5)
6	<b>Switzerland</b>	(8)
7	<b>Iceland</b>	(4)
8	<b>Netherlands</b>	(15)
9	<b>Sweden</b>	(14)
10	<b>Canada</b>	(7)
11	<b>Austria</b>	(13)
12	<b>Australia</b>	(6)
13	<b>Norway</b>	(12)
14	<b>Ireland</b>	(11)
15	<b>China Mainland</b>	(18)
16	<b>Germany</b>	(25)
17	<b>Finland</b>	(10)
18	<b>Taiwan</b>	(17)
19	<b>New Zealand</b>	(21)

20	<b>United Kingdom</b>	(20)
21	<b>Israel</b>	(24)
22	<b>Estonia</b>	(19)
23	<b>Malaysia</b>	(22)
24	<b>Japan</b>	(16)
25	<b>Belgium</b>	(26)
26	<b>Chile</b>	(23)
27	<b>India</b>	(27)
28	<b>France</b>	(30)
29	<b>Korea</b>	(32)
30	<b>Spain</b>	(31)
31	<b>Lithuania</b>	
32	<b>Czech Republic</b>	(28)
33	<b>Thailand</b>	(29)
34	<b>Slovak Republic</b>	(33)
35	<b>Hungary</b>	(35)
36	<b>Greece</b>	(36)
37	<b>Jordan</b>	(40)
38	<b>Colombia</b>	(34)

39	<b>Portugal</b>	(37)
40	<b>Slovenia</b>	(39)
41	<b>Bulgaria</b>	(41)
42	<b>Italy</b>	(48)
43	<b>Russia</b>	(46)
44	<b>Romania</b>	(49)
45	<b>Philippines</b>	(42)
46	<b>Ukraine</b>	
47	<b>Mexico</b>	(45)
48	<b>Turkey</b>	(43)
49	<b>Brazil</b>	(44)
50	<b>South Africa</b>	(38)
51	<b>Argentina</b>	(47)
52	<b>Poland</b>	(50)
53	<b>Croatia</b>	(51)
54	<b>Indonesia</b>	(52)
55	<b>Venezuela</b>	(53)

(2006 ranking are in brakets)