EUROPEAN PARLIAMENT

TASK-FORCE
ON ECONOMIC AND MONETARY UNION

Briefing 8
(third revision)

The Single Currency Background Brief

The opinions expressed are those of the author, and do not necessarily reflect the position of the European Parliament

Brussels, 30th. March 1998

PE 166.162/rev.3

Contents

The Basic Facts	3
The Timetable	6
Some issues	8
The position of the European Parliament	9
The Case for a Single Currency	11
1. The Single Market	11
2. The International Dimension	12
3. The Political Dimension	13
The Opposition to a Single Currency	14
1. The Economic Objections	14
2. The Political Objections	15
Convergence criteria: Commission Report of 25 March 1998	17

Author: Ben Patterson

The Basic Facts

- Under the Maastricht Treaty of 1992 a Single European Currency - **the euro** - is due to replace ten of the European Union's fourteen[1] currencies over a 3-year period, starting with "irrevocably fixed" exchange rates on 1st. January 1999.

- The final decision will be taken by the EU Council of Heads of State or Government on **2nd May 1998**, on the basis of a report and recommendation by the Commission (published on 25th. March, 1998), a report from the European Monetary Institute (also published on 25th. March), resolutions of the European Parliament and the conclusions of the Council of Economic and Finance Ministers (ECOFIN).

- Eligibility for participation in the single currency has depended upon meeting a number of conditions. First, Member States must have achieved "**a high degree of sustainable convergence"** as judged against four **convergence criteria**:

1. "a **rate of inflation** which is close to that of at least the three best-performing Member States". "Close" is defined as within 1.5 percentage points.

2. "an average nominal **long-term interest rate**" within 2 percentage points of the same three countries.

3. having respected "the normal fluctuation margins provided for by the **exchange-rate mechanism** of the European Monetary System for at least two years before the examination"[2]. **Sterling** and the **Swedish crown** are currently outside the mechanism altogether. The **Lira** and the **Finnish Markka** joined in late 1996, the **Greek drachma** in March 1998.

4. "a government **budgetary position** without a deficit that is excessive". National positions are to be judged against two reference values:

---

[1] Belgium and Luxembourg already form a single currency area.

[2] The Commission has found it necessary to interpret both the phrase "*normal fluctuation margins*" and the two-year time criterion. Since the ERM margins were widened in 1993 to +/- 15% either side of the central parities, they have not been considered a satisfactory test of currency stability. Instead, the Commission has applied the criterion of +/- 2.25% around the *median* currency, which "*allows for deviations greater than 2.25% against the exchange rates of the remaining ERM currencies*" and "*appears most consistent with the actual working of the ERM after the introduction of the +/- 15% fluctuation bands...*" The two-year period has been defined as running from March 1996 to February 1998. The Finnish Markka has been in the Mechanism only since 14 October 1996, and the Italian lira only since 25 November 1996. Both have been assessed, however, "*as if the two currencies had participated in the ERM with their currency central rates for the full two-year period*".

- a 3% ratio of "planned or actual" budget deficit to GDP;
- a 60% ratio of overall public debt to GDP.

The Treaty has allowed flexibility in judging performance against these ratios. For example, a budget deficit is not "excessive" if it appears to be "exceptional and temporary" and is "close" to the 3%; and overall debt is not "excessive" if it is "approaching the reference value at a satisfactory pace".

♦ The decisions on whether the criteria have been fulfilled are being taken on the basis of statistics for 1997, on the planned budgets for 1998 and more long-term economic forecasts. Common statistical bases provided by EUROSTAT are being used.

♦ Also formally taken into account are the development of the existing ECU; progress towards a Single Market; national balance of payments statistics; and developments in wage levels, productivity, etc. A further important factor will be developments in **real economic performance**: economic growth and unemployment levels.

♦ The extent to which any budget deficit is balanced by **public investment** is also taken into account. In 1997, nine Member States had a level of public investment greater than the budget deficit.

♦ The **national central banks of the participating currencies must be "independent"**, in the sense of not accepting instructions from national governments or EU institutions.

♦ The figures reported by Commission on 25th March (see page 16) - verified by the EU's statistical office, EUROSTAT - show that **all EU Member States except Greece** met the inflation, long-term interest rate and budget deficit criteria. Only **France, Luxembourg, Finland** and the **UK** had totals for public debt below the 60% of GDP reference level, and both **Belgium** and **Italy** had levels more than double this figure. The Commission has recommended, nevertheless, that only Greece should be considered still to have an "excessive deficit". **Greece, Sweden** and **the UK** did not meet the exchange rate criterion.

♦ The Central Banks of all Member States except **Sweden** and the **UK** should meet the independence criterion by the deadline of 1st July 1998.

♦ The Commission therefore recommends that eleven countries - **Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain** - should form the "first wave" to adopt the Single Currency at the beginning of 1999.

♦ Following the final decision on which countries will participate in the "first wave", the EU Council will also determine the **conversion rates**, set to six significant figures, which will apply between the participating national currencies after 1st January 1999.

- When the euro comes into existence on 1st January 1999, its **external parity** (e.g. in terms of the dollar) will be the value, at that moment, of the existing ECU. The ECU will then cease to exist.

- Those countries participating in the Single Currency will have **a continuing obligation to avoid** "**excessive deficits"**. Failure to do so will ultimately trigger financial sanctions. Secondary legislation has now expanded the Treaty provisions through a **"Stability and Growth Pact**", under which financial penalties will be automatic if a budget deficit over 3% of GDP has not been corrected within two years. The rule will only be waived in "exceptional and temporary" circumstances.

- Countries with **a debt/GDP ratio above 60%** will be expected to reduce the ratio "*within an appropriate period of time*".[3] On current projections, all countries will have reached this target by 2004 except Greece (2007), Belgium (2011) and Italy (2016).

- Participating countries must also follow three **golden rules on the financing of deficits:**

  i) no "monetisation";
  ii) no bail-out; and
  iii) no privileged access to financial institutions.

- Monetary policy will be the responsibility of a **European System of Central Banks**, consisting of the national central banks (NCBs) and a new **European Central Bank**. The European Monetary Institute in Frankfurt is the precursor of the ECB. The ECB will be accountable for its actions through the European Parliament.

- Arrangements for the **co-ordination of economic policies** between EU Member States as a whole, and between the participating countries, will be strengthened.

- The euro will be introduced in **three stages**:

  - **At the beginning of 1999** the exchange rates of participating currencies will be irrevocably fixed, so that they become "different expressions" of the single currency.

  - **At the beginning of 2002**, euro coins and notes will come into circulation as legal tender, in parallel to national currency. There are to be 1, 2, 5, 10 and 50 "cent" coins; 1 and 2 euro coins; and 5, 10, 20, 50, 100, 200 and 500 euro notes. The designs for the notes and coins have already been published.

  - **By July 2002 *at the latest***, national coins and notes will be withdrawn from circulation.

---

[3] The phrase used in the March 1998 Convergence Report of the European Monetary Institute.

- Those EU currencies which do not participate in the system in 1999 (the "pre-ins") may be linked to the euro through **a new Exchange Rate Mechanism.** Those countries which choose to keep their currencies outside the ERM will nevertheless continue to regard their exchange rate policy as a "matter of common interest".

- All Member States are under an obligation to join the Single Currency as soon as they are declared to have met the convergence criteria.

- **Denmark** and **the UK,** however, have the right to decide whether or not to join, even when the criteria are met. Both have given notice that they will not be in the "first wave".

The Timetable

1998	**25 March**	**The Commission** and **European Monetary Institute** reports published. The Commission recommends that eleven EU Member States should form the "first wave" of euro area countries at the beginning of 1999.
	29/30 April	The **European Parliament** will adopt a resolution giving its opinion on the Commission and EMI reports.
	1 May	The Council of Economic and Finance Ministers **(ECOFIN)** will adopt its recommendations.
	2 May	The **European Parliament** will adopt its final formal opinion on the ECOFIN conclusions. The **European Council** will take the final decisions, by weighted majority vote.
	3 May	The **European Council** will fix the conversion rates between the participating national currencies.
	7 & 8 May	The responsible committee of the European Parliament will hold hearings to question **the prospective European Central Bank (ECB) President, Vice-President and Executive Board Members.**
	13/14 May	The **European Parliament** as a whole will debate and vote on the appointments.
	"Immediately after 1 July"	The President, Vice-President and other Members of the Executive Board of the ECB will be appointed. All participating **national central banks (NCBs**) will become fully independent. The **European System of Central Banks (ESCB)** and the **ECB** will be established.
1999	**1 January**	**"Stage 3" of Economic and Monetary Union (EMU)** will formally begin. The **euro** will come into existence, replacing the ECU. Participating national currencies will become "different expressions" of the euro, and exchange rates between them will be fixed. The ESCB and ECB will take over full responsibility for monetary policy within the euro area.
1999-2001		All new public debt will be issued in euros, and existing public debt eventually converted into euros. Euros may be used in all transactions on a **"no prohibition, no compulsion"** basis.
2002	**1 January**	Euro notes and coins will come into circulation.
	1 July (at the latest)	National notes and coins will be withdrawn from circulation.

Some Issues

- **The future relationship between the "in" and "out" (or "pre-in") currencies**. Linking the "out" currencies to the euro through the revised Exchange-Rate will not be obligatory, and both the UK and Sweden have stated an intention not to join the mechanism for the time being. This raises the question as to whether the Treaty will allow these countries to join the euro area without two prior years' membership of the new ERM.

  In the early years of the next century those current EU Member States still outside EMU will in any case be joined by some or all of the current applicant States from Eastern and Central Europe. It has been made clear that membership of the EU does not automatically imply membership of EMU, which will still depend upon meeting the convergence criteria.

- Within the Euro area, **monetary policy will be centralised; but fiscal policy will be decentralised** and remain the responsibility of national governments and parliaments. Despite the strengthening of the Treaty provisions for the coordination of economic policy, and the creation of the "euro-x" Council of Finance Ministers from countries in the euro area, there remain questions about how conflicts between monetary and fiscal policies are to be avoided[4].

- There will be certain **practical problems during the phasing-in of the euro**. During the period 1999-2002 the euro will be in use for financial and other purposes, but there will be no euro notes or coins in circulation. From the beginning of 2002, for a maximum of six months - although the Commission is arguing for only "a few weeks" - shops will have to cope with two sets of notes and coins. Among the questions to be answered are:

  - Whether, and over what period, shops should adopt dual pricing.
  - What charges banks will be able to make for exchanging national currencies and euros.
  - Whether the legislation adopted to ensure the continuity of contracts is sufficient to deal, for example, with changes in the structure of interest rates.
  - At what stage business will carry out accounting, quote prices, pay salaries, etc. in euros.

  Most Member State governments have already published programmes for converting to the euro, dealing with such issues as the publication of national statistics and indexes, the calculation and payment of taxes, etc.

- Although the European Central Bank has exclusive responsibility for maintaining the internal purchasing power of the euro, the **external value of the euro** will be the primary responsibility of the EU national governments. There remain questions, therefore, about how internal monetary policy is to be coordinated with external exchange-rate policy; and

[4] See "The Coordination of National Fiscal Policies in the Context of Monetary Union" *(European Parliament Working Paper Economic Affairs Series E-6, October 1996)*

about the **representation of the EU and the euro area in international monetary organisations.**

The position of the European Parliament

The European Parliament has **consistently supported the achievement of Economic and Monetary Union**. A delegation from the Parliament's Committee on Economic and Monetary Affairs and Industrial Policy participated in the negotiations which preceded the drafting of the Maastricht Treaty. Numerous resolutions of Parliament have since "*reaffirmed the contribution of monetary union to the deepening of the European Union, the completion of the internal market, prosperity and employment, and hence greater political and economic security*"[5].

Parliament has also, however, drawn attention to a number of defects in the Maastricht provisions: in particular to the lack of **parliamentary participation in certain key decisions**. Parliament's participation in the "excessive deficits" procedure outlined in Article 104c of the Treaty, for example, is confined to being informed of the decisions taken (para 11).

Recently, Parliament has increasingly drawn attention, in its debates and resolutions, to the **wider economic context** of monetary union, and notably to the continuing high rates of unemployment in the EU. Though Parliament has supported the limitations on national public deficits and borrowing, it has also supported Commission proposals for increased public investment at Community level. For example, a resolution of May 1996 declared that "*the expansion of Community financial instruments such as the EIB and EIF, as well as the creation of Community bonds, for the financing of Community investment projects*" was vital for a successful transition to EMU. Parliament has also argued for a **strengthening of the procedures for setting the EU's "economic guidelines".**

In the context of establishing "excessive deficits", Parliament has also drawn attention to the Treaty provisions which require account to be taken of *"whether the government deficit exceeds government investment expenditure*" (Article 104c.3) - that is, distinguishing between **current and capital expenditure**.

A further concern of Parliament has been the need for a high level of public support for, and understanding of, the transition to a Single Currency. A resolution of November 1995 observed that this needed to be "*so simple and transparent that every citizen will grasp how the currency change-over will work*".

On the original initiative of Parliament's Monetary Sub-Committee, a joint Parliament/Commission **EMU information campaign** in Member States has been launched. Parliament has also established a "Monetary Union Task Force" within its own secretariat.

Parliament gives its first opinion on the Commission and EMI reports in April. The draft report from **Economic and Monetary Committee Chairman Karl von Wogau** accepts the Commission's recommendation that 11 countries should form the "first wave" of the euro area

---

[5] Preamble to the resolution adopted in November 1995.

at the beginning of 1999. Parliament then holds a **special sitting at the beginning of May** to give its final opinion.

In the following week there will be committee hearings to question the candidates for the **European Central Bank President, Vice-President and Executive Board Members**, followed by a debate and vote by Parliament as a whole.

The ECB will be accountable through the European in a number of other ways. The ECB President will present the annual report for debate by Parliament. The President and other members of the Executive Board may appear before the appropriate parliamentary committee at the request of either side.

A draft report from **Monetary sub-Committee chairman Mrs. Randzio-Plath** makes detailed proposals for the development of this Treaty framework, and for the maximum public transparency of decisions by the ECB.

The case for a Single Currency

1. The Single Market

The most powerful argument in favour of the euro is also the simplest: that "a Single Market needs a Single Currency".

Removing most of the "non-tariff barriers" to trade between EU Member States has focused attention on those that remain. Among them are the costs involved in using fourteen different currencies, put at 20 billion ECU a year by the Commission in 1990.

Exchange costs.

Fluctuations in the parities of currencies after contracts have been negotiated create extra costs for traders. The extent to which such fluctuations reduce the volume of international trade overall is a matter of dispute between economists. They are nevertheless widely considered to be a deterrent to doing business outside the domestic currency area by, in particular, Small and Medium-Sized Enterprises. An exchange rate movement - or the cost of hedging against it - can more than wipe out the profit margin.

Transaction costs.

Theoretically, a system such as the EMS Exchange Rate Mechanism can at least partially eliminate such costs. Only a single currency, however, can remove the costs of actually changing one currency into another. Bank charges for transferring money *between* currency areas have in the past been up to *eight times* those for transfers within the same area.

Business decisions

The existence of separate currency areas within a trading area can have other disruptive effects. Potential exchange-rate volatility undermines long-term business planning. Investment decisions can be strongly influenced by the level of nominal short term interest rates; and these are frequently set to support the exchange rate rather than to stabilise the domestic economy. EMU will remove such distortions by creating not merely a single currency, but also a single monetary policy and a single structure of interest rates. EMU is likely to begin with money market rates of about 4%.

Price transparency

Even when customs duties, tax differences and regulatory anomalies have been removed, trade can still be distorted because customers cannot easily compare charges and prices expressed in different currencies: for example, in the case of financial services. Once all prices are in euros, such difficulties will end.

Capital markets

The full mobility of capital does not, in itself, create a single capital market. Each Member State issues its own debt, denominated in its own currency. National stock exchanges quote share prices in the local currency. Prudential rules require the liabilities of, for example, insurance and pension funds to be partly matched by assets in the same currency. Monetary union will end these differences and will in due course create euro financial markets as large as, or greater than, than those denominated in dollars. The options for corporate finance will expand in the same way, both raising the level of, and improving the allocative efficiency of investment.

Price stability

The way in which EMU is established will create a Europe-wide culture of price stability. Monetary policy will be the responsibility of a fully-independent European Central Bank, which will have the primary mandate of preserving the purchasing power of the euro. The Treaty will also specifically prevent the "monetisation" of public debt; and budget deficits will be limited by the Growth and Stability Pact. This should provide the stable currency base on which the Single Market can develop.

2. The international dimension

Creating the Single Currency will not only affect the European Union's internal economy. It will also have important consequences for the EU's position within the international monetary system.

Reduced vulnerability

At present, trade represents about 30% of the EU Member States' (24% of the eleven prospective euro countries') national incomes. Each currency area has a separate balance of payments; and the need to keep these in equilibrium is an important constraint on domestic economic policy. After the creation of the Single Currency, separate external payment balances will effectively disappear, to be replaced by the external balance of the euro area as a whole. Moreover, external trade will only represent 10% of the EU Member States' (12% of the initial euro area's income, making it far less vulnerable to external disruption than are Member States separately.

Increased influence

The US dollar is today the world's major currency. It is used in over 80% of international transactions, and is the invoicing currency for about half of all world trade. Over 56% of all reserves are held in dollars. Although this situation has already begun to change, the dollar's position as an international currency brings the US major economic and political advantages: the *seigneurage* from issuing dollar bills used outside the US (put at $5-10 billion a year); the absence of exchange risk in trade; the ability to treat the parity of the dollar with "benign neglect"; and the most important voice in international monetary bodies. The euro, however, will be a credible alternative to the dollar, bringing similar advantages to the euro area.

Increased international stability

The dependence of the world's monetary system on a single national currency - the dollar - can also be a source of instability. US monetary policy is determined largely in relation to domestic economic circumstances, with the consequences for world trade or monetary conditions only a secondary factor. Recent events in S.E. Asia, however, have demonstrated how unpredictable and volatile the world's monetary system can be. European Economic and Monetary Union will make possible a more balanced world system, within which the coordination of policy between the US and the EU will play a key role.

3. The political dimension

Supporters and opponents of EMU alike recognise that the creation of a Single Currency has major political as well as economic consequences. Although trans-national currencies have existed in the past - for example, gold - the right to issue one's own currency has come to be seen as a key element of national sovereignty.

The Single Currency is therefore a significant step towards the *"ever closer union among the peoples of Europe*" required by the first sentence of the Treaty.

Care has been taken in the arrangements for EMU, however, to avoid excessive political influence over the conduct of monetary policy. The European Central Bank will be truly independent, protected by the Treaty itself from outside interference.

At the same time, the Bank will be accountable for its actions through the European Parliament.

The Single Currency also brings with it the need for far greater coordination of economic and fiscal policies between the EU Member States. The framework for this is established by the Treaty, and by subsequent decisions on the Growth and Stability Pact and on the work of "ECOFIN" (the Council of Economics and Finance Ministers). Such coordination is likely to grow once the euro area is fully established.

Finally, the Single Currency can be an anchor for the future expansion of the European Union itself. The candidate countries of Eastern and Central Europe may find preparation for membership easier by linking their own currencies to the euro in advance.

The Single Currency, indeed, can be a powerful instrument both for the "deepening" and the "broadening" of European unity.

The opposition to a Single Currency

Although it is now a virtual certainty that Stage 3 of EMU will begin, as provided for in the Treaty, on 1st January 1999, there is still significant opposition to the Single Currency, both in detail and in principle. Several strands of opinion can be distinguished, with opposition based on both economic and political grounds.

1. The economic objections

Opposition to the creation of the Single Currency exists for a wide range economic reasons. These, however, often conceal a fundamentally political hostility. In some cases the conclusion reached is that the introduction of the Single Currency should be delayed for a few years, or until general economic conditions improve. Others believe that EMU should be abandoned altogether.

- In certain Member States there is a widespread fear that **the euro will not turn out to be as stable as the existing national currency which is to be replaced**. In Germany, for example, a case has been brought before the Constitutional Court to prevent the Government from participating in EMU on the grounds that switching to the euro could result in inflation and an erosion of the value of savings, so infringing the constitutional right to private property. Considerations such as these have resulted in German public opinion remaining predominantly hostile to the Single Currency, despite the fact that industry, the trade unions and most major figures in German politics are in favour. A similar movement of opinion appears to have taken place in the Netherlands.

- By contrast, bodies of opinion in certain other Member States **oppose EMU because they see it leading to *de*flation**. The continuing high levels of unemployment in, for example, France have been seen as in part a consequence of the measures needed to meet the Maastricht convergence criteria. There is a fear that tight monetary policy, combined with strict and permanent limits on budget deficits, could have similar long-term effects.

- From the very earliest discussions on monetary union in the 1960s there was a division of opinion between the "monetarists" and the "economists". The former argued that monetary union would in due course lead to economic convergence; the latter that a single currency could only be the final stage of economic union. Today, the controversy is whether the Maastricht convergence criteria - which are confined to "nominal" factors like inflation - are sufficient, or whether **the convergence of "real" factors like growth rates and unemployment levels should be decisive**. The principal reason given by the UK government for delaying EMU entry, for example, is that the British and continental economic cycles are out of alignment.

- Others go further, arguing that the economies of EU Member States are too diverse for **"one monetary policy fitting all"**. The ECB will manage the money supply and set short-term interest rates for the whole euro area. Such interest rates, however, might prove too high for areas with high unemployment and surplus capacity, and too low for others where the economy was in danger of over-heating.

♦ Monetary union not only removes the ability to vary short-term interest rates between countries. It also, by definition, ends the possibility of altering exchange rates. Two of the most important existing **mechanisms for adjusting for disequilibria** between economies will therefore no longer be available - for example, in the event of an "asymmetric shock" such as a rise in world oil prices, which might affect national economies differently. The alternative adjustment mechanisms would be:

- capital movements;
- adjustments in relative wage-levels,
- the migration of labour;
- fiscal mechanisms (richer areas contribute relatively more to federal budgets);
- direct aid to poorer areas.

In practice, it is argued, only the first and last of these will be available at EU level. European labour markets are considered too inflexible, and migration between Member States too difficult, for linguistic and other reasons. The European Community Budget would need to be several times larger to create automatic fiscal adjustments of the kind provided by the US Federal Budget. Finally, even the direct aid provided by the EU's Structural and Cohesion Funds are considered inadequate, particularly in the light of the impending enlargement of the EU to the countries of Central and Eastern Europe.

Such arguments lead to the conclusion that, despite the high level of internal trade, **the EU is not an "optimum currency domain".**

2. The Political Objections

Alongside such economic arguments against the Single Currency are others which are more overtly political.

♦ Many believe, for example, that **the structure of EMU is undemocratic**, and that the conduct of monetary policy - in particular the power to set short-term interest rates - should not be exclusively in the hands of "unelected bankers". Such considerations have led to tension between those governments which defend the absolute independence of the ECB, as provided for in the Treaty; and those which would wish to create counter-balancing mechanisms of political control.

♦ Others go further, and do not believe that monetary union is feasible without **full political union.** To counter-balance the ECB, there would need to be a genuine, democratically accountable "economic government". Moreover, the existence of a single monetary policy would soon make necessary widespread harmonisation of policies in other fields: notably those of fiscal policy and taxation.

- ♦ By contrast, there are those who believe full political union to be unacceptable, and who see monetary union as a **threat to national sovereignty**. Reluctance to follow this path contributes, in particular, to the widespread public opposition to a Single Currency in the UK, Denmark and Sweden.

- ♦ Finally, there is the extreme view that **Europe is too politically and culturally diverse** for the Single Currency ever to succeed. Both EMU and the EU, it is predicted, will eventually "blow apart", leading to "conflicts in Europe and confrontation with the United States".[6] The break-up of the Soviet Union, or the American Civil War, are often cited as warning precedents.

[6] See the recent paper, *"EMU and International Conflict"*, by Martin Feldman, Professor of Economics at Harvard University, in *Foreign Affairs*, Vol.76, No.6.

Convergence criteria: Commission Report of 25 March 1998

(Shaded boxes = reference levels exceeded.)

Country	**Inflation Jan. 1998**	**Deficit (% GDP) (- in surplus)**	**Debt (% GDP)**	**Interest rates (10-year bonds) Jan. 1998**
Austria	1.1*	2.5	66.1	5.6
Belgium	1.4	2.1	122.2	5.7
Denmark	1.9	- 0.7	65.1	6.2
Finland	1.3	0.9	55.8	5.9
France	1.2*	3.0	58.0	5.5
Germany	1.4	2.7	61.3	5.6
Greece	5.2	4.0	108.7	9.8
Ireland	1.2*	- 0.9	66.3	6.2
Italy	1.8	2.7	121.6	6.7
Luxembourg	1.4	-1.7	6.7	5.6
Netherlands	1.8	1.4	72.1	5.5
Portugal	1.8	2.5	62	6.2
Spain	1.8	2.6	68.8	6.3
Sweden	1.9	0.8	76.6	6.5
UK	1.8	1.9	53.4	7.0
EU Average	1.6	2.4	72.1	6.1
Benchmark	**2.7**	**3.0**	**60**	**7.8**

* The three best-performing countries