

Social protection expenditure in 2006

EU27 spent 26.9% of GDP on social protection

Highest ratios in France, Sweden and Belgium

In the **EU27**, social protection expenditure¹ accounted for 26.9% of GDP in 2006. This ratio was 27.1% in 2005 and 2004² and 27.2% in 2003².

The **EU27** average continued to mask major disparities between Member States. Social protection expenditure as a percentage of GDP was above 30% in 2006 in **France** (31.1%), **Sweden** (30.7%) and **Belgium** (30.1%), and below 15% in **Latvia** (12.2%), **Estonia** (12.4%), **Lithuania** (13.2%) and **Romania** (14.0%). These disparities reflect differences in living standards, but are also indicative of the diversity of national social protection systems and of the demographic, economic, social and institutional structures specific to each Member State.

In the **EU27** in 2006, expenditure on old age and survivors benefits accounted for 46% of total spending on social protection benefits, sickness & health care benefits for 29%, disability benefits and family & children benefits for 8% each, unemployment benefits for 6% and housing & social exclusion benefits for 4%.

This News Release is based on a report³ published by **Eurostat, the Statistical Office of the European Communities**.

Expenditure per capita highest in Luxembourg, Netherlands and Sweden

In 2006, social protection expenditure per capita in PPS⁴ (Purchasing Power Standards), which eliminates price level differences between countries, was more than ten times higher in **Luxembourg**⁵ than in **Romania**. After **Luxembourg**, the highest spending in PPS per capita was recorded in the **Netherlands** and **Sweden** at over 40% above the EU27 average and the lowest in **Romania** and **Bulgaria** (both at 20% of the EU27 average).

Share of social contributions in funding ranges from 31% in Denmark to 80% in Estonia and the Czech Republic

In 2006, the two main sources of funding of social protection at **EU27** level were general government contributions from taxes, making up 38% of total receipts, and social contributions 59%. These contributions are divided into those paid by the persons protected i.e. employees, self-employed persons and pensioners (21% of total receipts) and those paid by the employers (38%).

More than 80% of total receipts came from social contributions in **Estonia** and the **Czech Republic**, while more than 50% of total receipts were made up of taxes in **Denmark** (63%), **Ireland** (53%) and the **United Kingdom** (50%).

Social protection expenditure and funding

	% of GDP		Expenditure per capita in PPS, 2006	Funding of social protection, 2006:				
	2005	2006		General government contributions	Social contributions	Of which from:		Other receipts
						Employers	Protected persons*	
EU27	27.1	26.9	6 349	37.6	58.9	38.2	20.6	3.5
Belgium	29.7	30.1	8 520	27.7	70.8	49.3	21.4	1.5
Bulgaria	16.0	15.0	1 294	39.5	58.0	38.3	19.7	2.5
Czech Republic	19.1	18.7	3 439	18.8	80.3	53.9	26.4	0.9
Denmark	30.2	29.1	8 601	62.8	30.8	11.0	19.8	6.4
Germany	29.7	28.7	7 706	35.3	63.1	35.3	27.8	1.6
Estonia	12.7	12.4	1 976	19.5	80.4	80.1	0.3	0.1
Ireland	18.2	18.2	6 321	53.2	41.8	26.2	15.5	5.0
Greece	24.3	24.2	5 525	31.4	57.7	35.1	22.6	10.9
Spain	21.1	20.9	5 163	33.9	63.9	48.5	15.4	2.2
France	31.4	31.1	8 200	30.6	65.2	44.3	20.9	4.2
Italy	26.3	26.6	6 476	41.9	56.4	41.3	15.1	1.6
Cyprus	18.4	18.4	3 994	48.1	39.1	24.0	15.1	12.8
Latvia	12.4	12.2	1 547	35.5	63.9	47.1	16.8	0.6
Lithuania	13.1	13.2	1 770	38.5	61.0	54.9	6.1	0.5
Luxembourg	21.7	20.4	13 458	45.6	50.5	26.5	24.0	3.9
Hungary	21.9	22.3	3 401	40.6	53.8	38.6	15.2	5.7
Malta	18.4	18.1	3 298	35.2	62.0	43.3	18.7	2.8
Netherlands	27.9	29.3	9 099	20.1	69.5	31.8	37.7	10.4
Austria	28.8	28.5	8 524	33.3	65.3	37.8	27.4	1.4
Poland	19.7	19.2	2 373	33.3	48.0	25.9	22.0	18.8
Portugal	25.4	25.4	4 451	44.1	45.3	30.8	14.5	10.6
Romania	14.2	14.0	1 277	19.6	69.5	56.3	13.2	10.8
Slovenia	23.0	22.8	4 793	30.7	67.9	27.1	40.8	1.4
Slovakia	16.7	15.9	2 387	25.5	65.6	44.2	21.4	8.9
Finland	26.7	26.2	7 215	43.3	50.6	38.8	11.8	6.0
Sweden	31.5	30.7	8 998	48.9	48.7	39.9	8.9	2.4
United Kingdom	26.3	26.4	7 410	50.4	47.9	34.2	13.7	1.7
Iceland	21.7	21.2	6 535	31.6	30.6	24.8	5.8	37.9
Norway	23.8	22.6	9 901	52.9	47.0	32.0	15.0	0.1
Switzerland	29.3	28.4	9 127	22.3	62.2	28.7	33.6	15.4

: Data not available

* Protected persons include for example employees, self-employed and pensioners.

1. Social protection expenditure and receipts are calculated in line with the methodology of the 1996 version of the ESSPROS (European System of Integrated Social Protection Statistics) Manual until the 2007 collection (2005 data). For the first time, as from the 2008 collection (2006 data), a new ESSPROS Manual was used based upon Regulation (EC) No 458/2007 and on (EC) No 1322/2007 and 10/2008. Expenditure includes social benefits, administration costs and other expenditure linked to social protection schemes. Social benefits are recorded without deduction of taxes or other compulsory levies payable by recipients. "Tax benefits" (tax reductions granted to households as part of social protection) are generally excluded.
2. EU27 aggregates for 2003 and 2004 are based upon Eurostat estimates.
3. **Eurostat**, Statistics in Focus, 40/2009 "In 2006, gross expenditure on social protection accounted for 26.9 % of GDP in EU27", available free of charge in pdf format on the Eurostat web site.
4. The Purchasing Power Standard (PPS) is an artificial reference currency unit that eliminates price level differences between countries. Thus one PPS buys the same volume of goods and services in all countries. This unit allows meaningful volume comparisons of economic indicators across countries.
5. Data for Luxembourg are not fully comparable since a significant proportion of benefits are paid to persons living outside the country (primarily expenditure on health care, pensions and family benefits). Excluding these payments, expenditure would fall by approximately 15%.

Issued by: **Eurostat Press Office**

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