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**ANNEX TO THE
COMMISSION STAFF WORKING DOCUMENT**

accompanying the

Proposal for a

COUNCIL REGULATION

amending Regulations (EC) No 1290/2005 on the financing of the common agricultural policy and (EC) No 1234/2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation) as regard food distribution to the most deprived persons in the Community

Impact Assessment

ANNEX 10

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ANNEX

ANNEX 10 Income poverty and material deprivation in Europe

3

ANNEX 10

INCOME POVERTY AND MATERIAL DEPRIVATION IN EUROPE

On 23-24 March 2000, the European Council held in Lisbon agreed a new strategic goal for the Union in order to strengthen employment, economic reform and social cohesion as part of a knowledge-based economy¹. In that occasion was already affirmed the need to have reliable statistics on poverty, income and social exclusion.

At the Laeken Council in December 2001, EU Heads of State and Government adopted a first set of 18 common statistical indicators of social exclusion and poverty. The scope was to allow the EU to follow the progress in achieving the social inclusion targets set at the 2000 meeting of the Council in Nice and to improve the understanding of poverty and social exclusion in the European context.

Since then Eurostat has developed different statistical platforms² to be able to respond to this need. The indicators initially selected focussed more on monetary poverty by covering four important dimensions of social inclusion (financial poverty, employment, health and education).

This first set of indicators has been successively expanded to include indicators on material deprivation (non-monetary indicators). A complete list of them is reported in Annex.

This note gives a picture of the state of poverty and social exclusion in Europe. The first part describes poverty by making more use of monetary indicators; the second part illustrates the state of material deprivation in Europe. The third part gives some elements of the relationship existing between poverty and food consumption expenditures.

1. POVERTY AS A RELATIVE CONCEPT (EUROSTAT)

The indicator mostly frequently used by Eurostat to measure income poverty is the "at risk of poverty threshold". This indicator represents the share of persons with an income below 60% of the national equivalised median income³. The household income that is considered is the total household income (including earnings of all household members, social transfers received by individual household members or the household as a whole, capital income...).

The indicator is expressed in "equivalised" income to take into account the household size and its composition⁴ and can be calculated for two illustrative household types:

¹ European Commission website http://ec.europa.eu/growthandjobs/index_en.htm

² European Community Household Panel (ECHP) replaced by EU-SILC (Community Statistics on Income and living Conditions) in 2003 (Council Regulation (EC) N°1177/2003, 13 June 2003).

³ The advantage of using the median is that it is not influenced by extreme values.

⁴ Equivalised income is defined as the household's total income divided by its equivalent size, to take account of the size and composition of the household, and is attributed to each household member. The total household income is divided by its equivalent size using the so-called modified OECD equivalence scale, a revised version of a scale advocated by the OECD. This scale gives a

- Single person household
- Household with 2 adults, 2 children

By making reference to the distribution of income within each Member State, poverty is calculated by Eurostat in relative terms. Eurostat gives two reasons why the indicator is calculated in relative terms (national reference) and not in absolute terms (European reference):

1. "Firstly, the key challenge for Europe is to make the whole population share the benefits of high average prosperity, and not to reach basic standards of living, as in less developed parts of the world.
2. Secondly, what is regarded as minimal acceptable living standards depends largely on the general level of social and economic development, which tends to vary considerably across countries" European Commission (2004)⁵.

In Eurostat official document it is said that the choice of taking 60% of national median equivalised income as the threshold is purely conventional, although behind this choice, there are statistical considerations⁶.

Taking 60% of national median equivalised income as threshold, in 2006, on average, 16% of the EU-25 population were at risk of poverty. **This involves more than 74 million of citizens in EU-25 and a little bit less of 80 million in EU-27.**

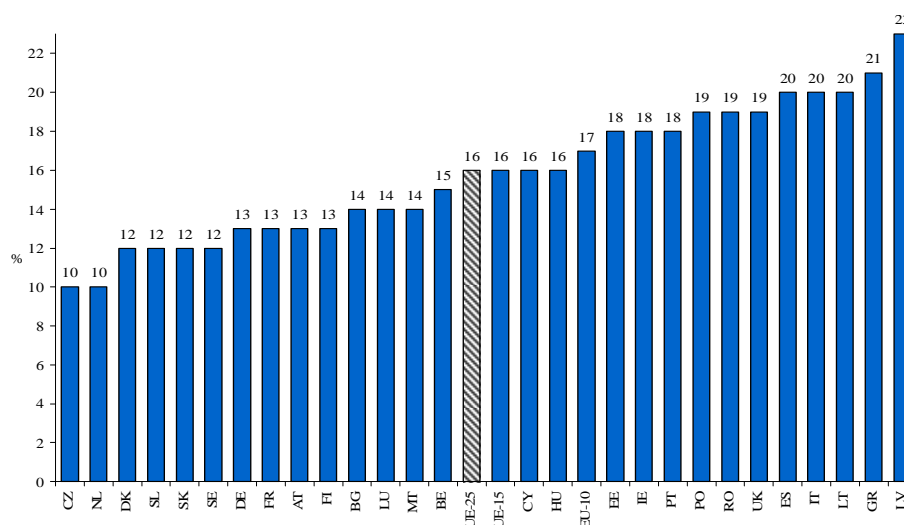
Graph1 shows the proportion of the population at risk of poverty in each country. The rate ranges between 10 and 23%. In 2006, Czech Republic and the Netherlands had the lowest rate followed by Denmark, Slovenia, Slovakia and Sweden. On the other extreme, Latvia had the highest share of the population at a risk of poverty (23%), followed by Greece (21%), Lithuania, Italy and Spain (20%).

weight of 1.0 to the first adult, 0.5 to any other household member aged 14 years and over, and 0.3 to each child.

⁵ Joint Report on Social inclusion, Office for Official Publications of the European Communities, Luxembourg.

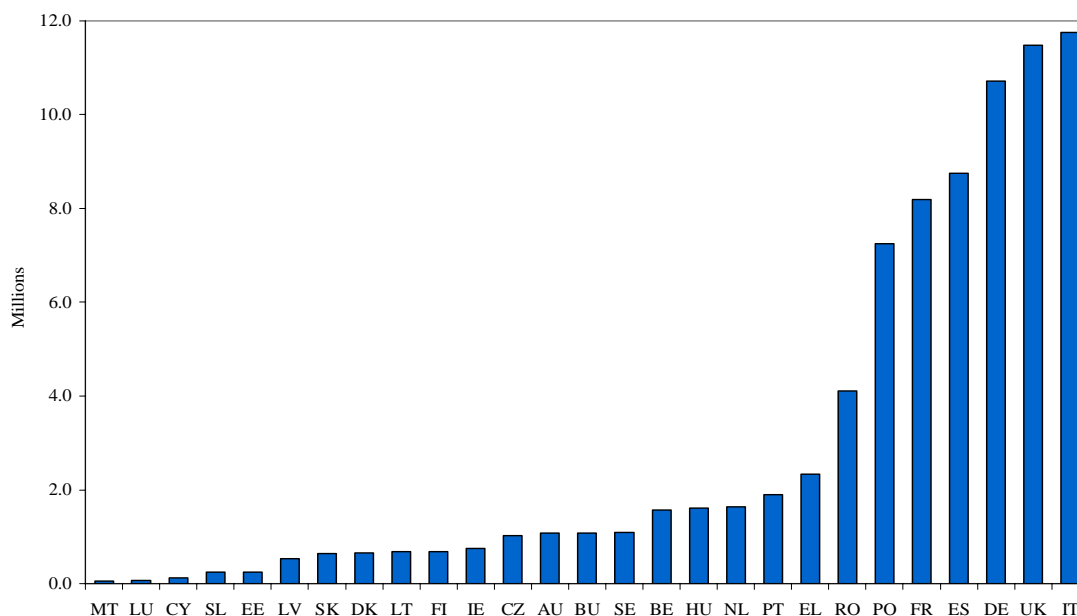
⁶ More robustness of this indicator compared to equivalent indicators set at different thresholds.

Graph 1 – At risk of poverty rate (threshold of 60% of the national equivalised median income, after social transfers) – 2006



At Member State level, in terms of population, Italy, UK and Germany have the highest number of citizens at risk of poverty. In Italy the number is just below 12 million of people, in the UK is around 11.5 million, in Germany 10.7 million. With 4 million, Romania is the first country of the new Member State with the highest number of citizens at risk of poverty.

Graph 2 – Number of citizens at risk of poverty rate (threshold of 60% of the national equivalised median income, after social transfers) – 2006



The rate of persons at risk of poverty, 60% of the median income, has been fairly stable over the last ten years. For EU-15 after falling to 15% in the early 2000s, it rose slightly

to 17% and then stabilised at 16%. The same percentage concerns today EU-25 and EU-27 statistics.

Looking at the only rate of poverty can be in a certain way limitative. New Member States in fact even if have a risk of poverty rate quite close to EU-15, have a living standard much lower than EU-15.

Table 1 shows the monthly at risk of poverty threshold (illustrative value) for a **"2 adults - 2 children" household and "single person"** in EURO and PPS.

The standard of living of poor people varies greatly across the EU. While in 13 of the 15 old Member States these thresholds are higher than 1500€ for a household with 2 adults and 2 children, poor families with the equivalent size have to cope with less than 500 € per month in 7 out of the ten of the new member States.

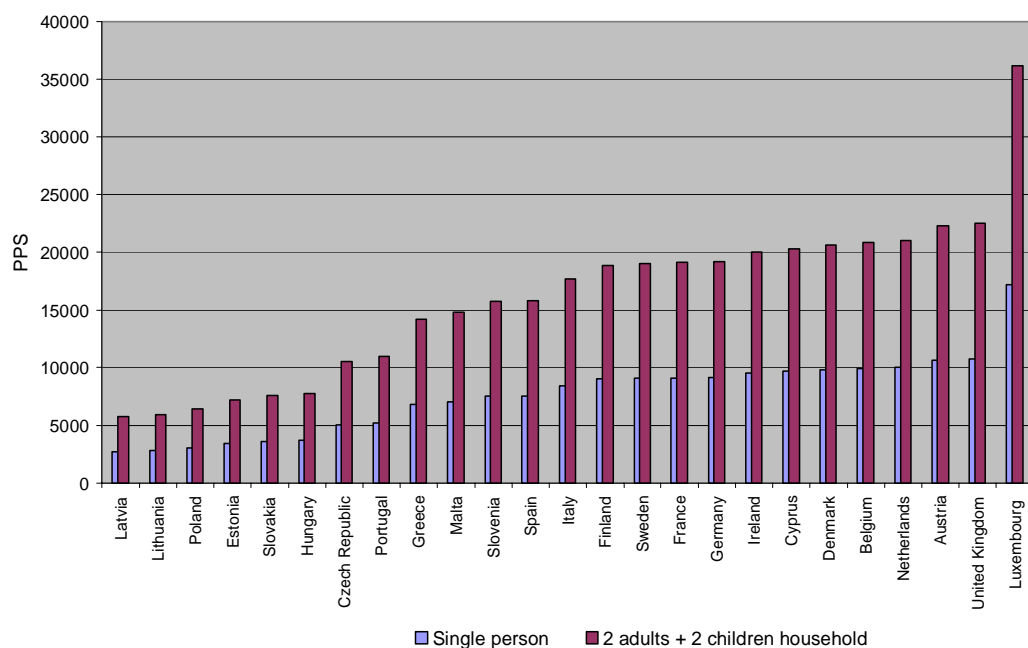
Even when corrected for the differences in the cost of living (i.e. when expressed in PPS), the poverty thresholds range from 478 PPS in Latvia to more than 1800 PPS in Austria and the UK, and up to more than 3000 PPS in Luxembourg. The variation in the value of the national thresholds is thus approximately one to five if we compare the average of the three countries with the lowest income with that of three countries with the highest value.

Table 1: Monthly at risk of poverty threshold for a "2 adults - 2 children" household and "single person" illustrative value – EURO and PPS, 2006

	Single person	Single person	Two adults with two children younger than 14 years	Two adults with two children younger than 14 years
	<i>EUR</i>	<i>PPS</i>	<i>EUR</i>	<i>PPS</i>
EU-25	697		1464	
EU-15	771		1620	
NMS	178		373	
Belgium	860	826	1805	1735
Czech Republic	240	417	504	875
Denmark	1133	817	2380	1716
Germany	781	760	1640	1596
Estonia	182	286	382	600
Ireland	984	795	2066	1669
Greece	493	564	1034	1183
Spain	572	628	1201	1318
France	809	760	1700	1596
Italy	726	703	1525	1476
Cyprus	727	806	1526	1692
Latvia	127	228	266	478
Lithuania	127	234	266	492
Luxembourg	1484	1434	3116	3011
Hungary	192	308	404	646
Malta	423	587	888	1233
Netherlands	863	834	1812	1751
Austria	893	885	1875	1858
Poland	156	255	327	535
Portugal	366	435	768	913
Slovenia	466	625	978	1313
Slovakia	166	300	348	630
Finland	916	749	1923	1573
Sweden	887	756	1862	1587
United Kingdom	965	894	2027	1877

For most of them in fact the threshold expressed in value (Purchasing Power Standard - PPS), set at 60%, is lower than 10000 (Latvia, Lithuania, Poland, Estonia, Slovakia, Hungary), while is more than 15000 PPS for the majority of EU-15 Member States.

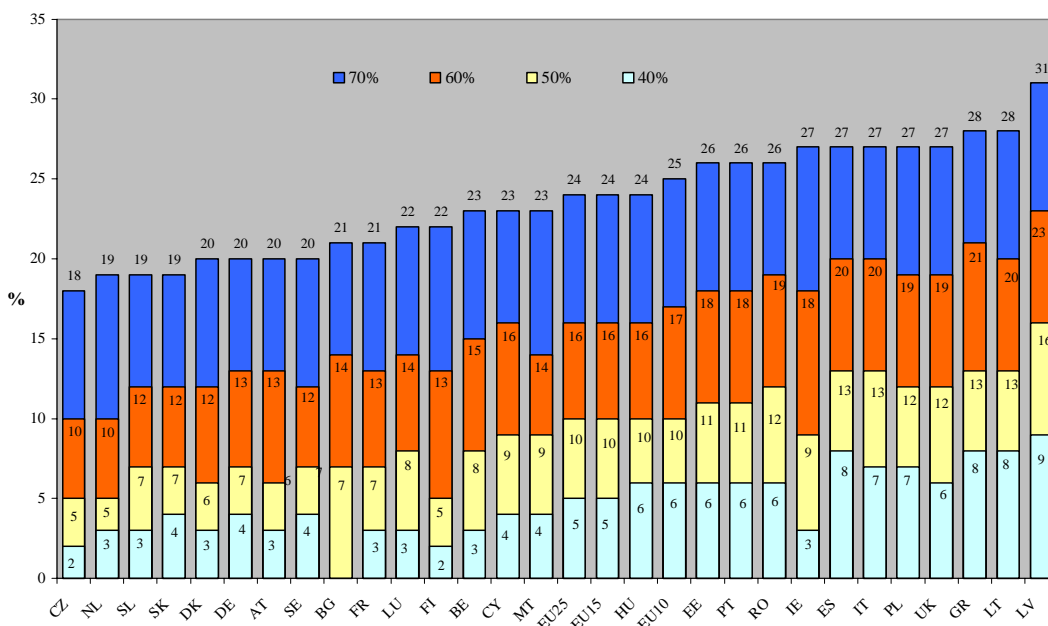
Graph 3 - Illustrative value of the at-risk of poverty threshold for a "2 adults - 2 children" household and "single person" - PPS - 2006



1.1. At risk of poverty by different thresholds

Even though, for conventional reasons, Eurostat sets at 60% of national median equivalised income the cut off to determine the poverty threshold, other additional thresholds are as well computed. In particular, graph 4 shows the rate at risk of poverty when three other possible thresholds are chosen: 40%, 50% and 70%. This allows examining the sensitivity of the risk of poverty to the choice of alternative levels.

Graph 4 - At risk of poverty by different thresholds, 2006

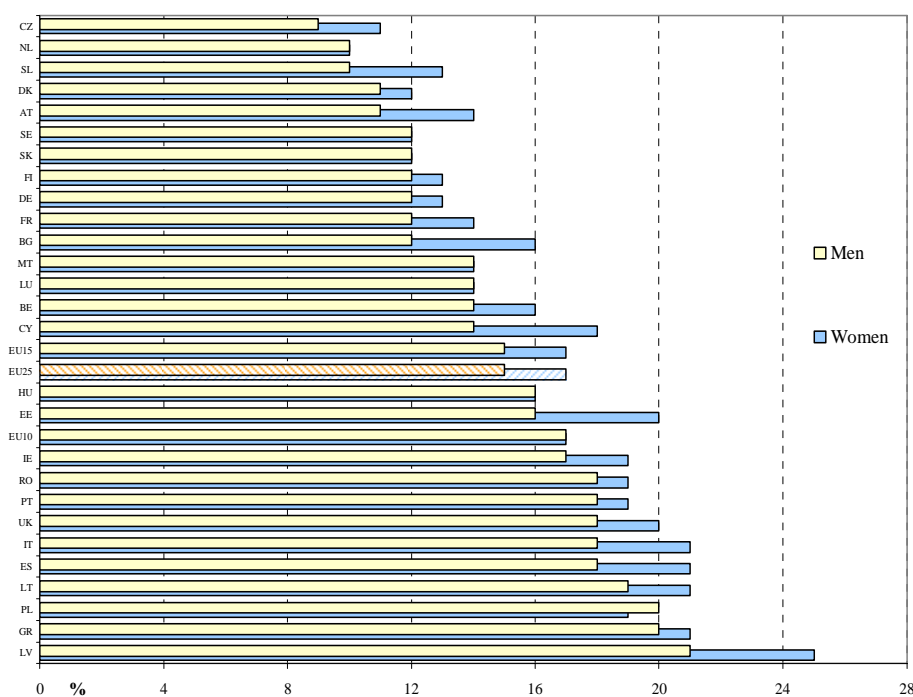


At EU-25 level, the rate of being at a risk of poverty can be 5%, 10%, 16% or 24%, respectively for threshold set at 40%, 50%, 60% and 70%. This means that the population considered at risk of poverty can vary from 23 (when a cut off of 40% is employed) to 111 millions of citizens (with a cut off of 70%) for EU-25. When Bulgaria⁷ and Romania are included these figures raise to 25 and 118 millions of habitants respectively.

1.2. Who are the poor? Income poverty by gender, age, household type and work intensity

By comparing the rate of people at risk of poverty by gender, we see that, except few Member States, **women are at a greater risk of being in income poverty than men**. In 2006, in EU-25, 17% of women lived in income poverty compared to 15% of men. The bigger gap between the rate at risk of poverty of men and women is realised in Estonia and Cyprus, where the difference is of 4 points (respectively 16% for men 20% for women and 14%, 18%). Only in Poland the situation is reversed with a rate of poverty higher for men than for women. For some Member States (Netherlands, Sweden, Slovakia, Malta, Luxembourg and Hungary) the likelihood of being at risk of poverty is at the same level.

Graph 5 - Income poverty by gender



The risk of poverty is **higher for children** (under 18 years old) **and elderly people** (67 years old and over). On average, in the new Member States the youngest are at higher risk than elderly people, while the contrary occurs in EU-15. An exception is Cyprus where 52% of people with more than 67 years are at a risk of poverty, while the rate for children is at 11%.

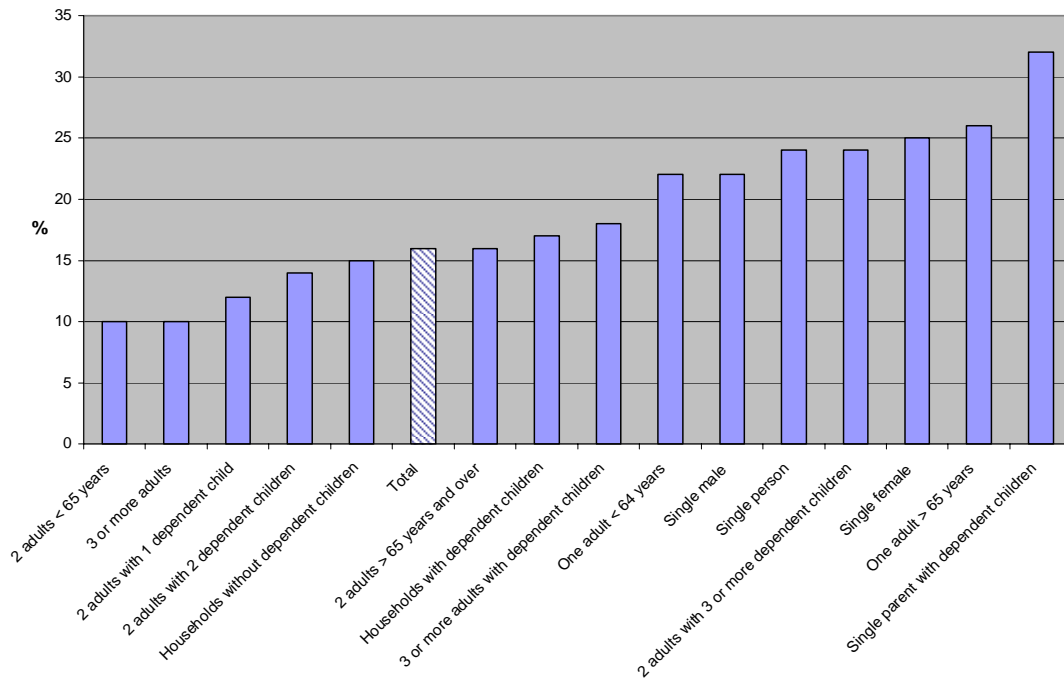
⁷ As in case of Bulgaria, the rate of population at a risk of poverty is not computed for the threshold at 40%, we considered, the rate calculated at 50%.

As in 2006 there were 97.5 million children (about 20% of population) aged 0-17 and about 78 million (16% of population) classified as elderly people, this mean that in that year there were **19 million children living under the poverty threshold** and about **15 millions** aged more than 67 years old.

	< 18 years	Between 18 and 64	>= 67 years
Latvia	26	21	30
Poland	26	19	8
Italy	25	18	22
Lithuania	25	18	22
Hungary	25	15	9
Spain	24	16	31
United Kingdom	24	16	28
Greece	23	18	26
Ireland	22	15	27
Portugal	21	16	26
Estonia	20	16	25
Luxembourg	20	13	8
Malta	19	11	21
Slovakia	17	11	8
Bulgaria	16	12	18
Czech Republic	16	9	6
Belgium	15	12	23
Austria	15	11	16
Sweden	15	11	12
France	14	12	16
Netherlands	14	9	6
Germany	12	13	13
Slovenia	12	10	20
Cyprus	11	11	52
Denmark	10	11	17
Finland	10	11	22
EU-10	23	16	11
EU-15	18	14	20
EU-25	19	15	19

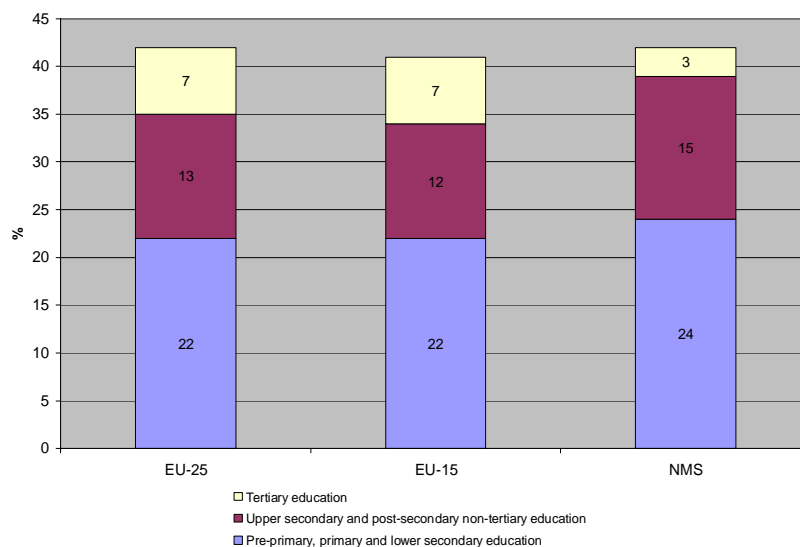
With regard to the type of household, **single parent with dependent children are at higher risk of being poor (32%, on average)**. This percentage is even higher for EU-10 where the rate reaches 36% (See Annex). The risk is lower for two adults with less than 65 years old or when the household is composed by three or more adults (around 10%).

Graph 6 - at risk of poverty rate by household type, EU-25 (2006)



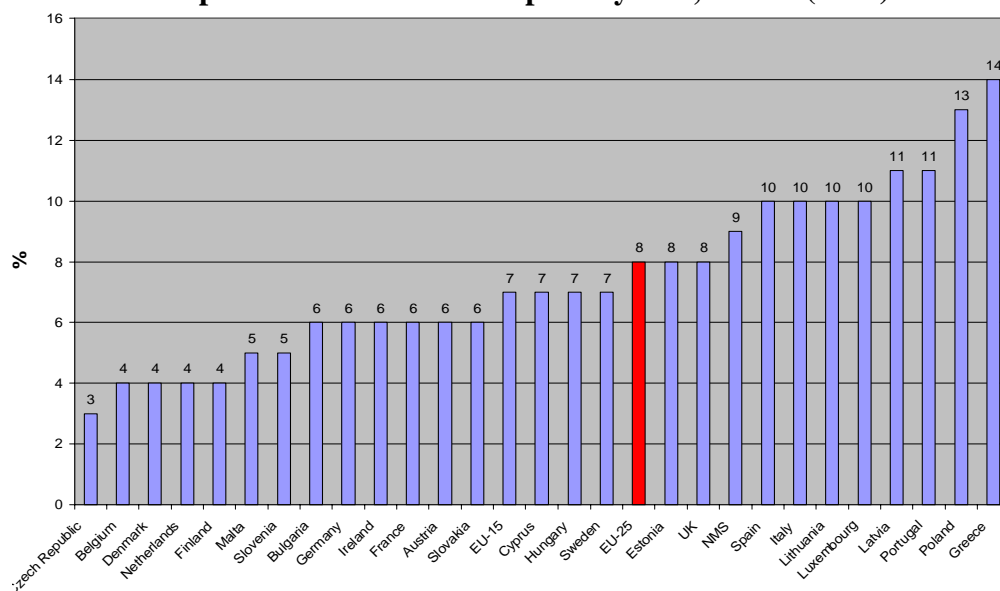
People with a lower level of education are clearly at greater risk of poverty than those with a higher level of education. As shown in Graph 7, on average in EU-25, the poverty risk rate for people with lower education was 22% against 7% for those with higher education. What is interesting to notice is that in the more "developed countries" (i.e. the old Member States) there is a higher incidence of people at risk of poverty among those with a higher level of education compared to the new Member States (7% vs 3%).

Graph 7: At risk of poverty rate by level of education, EU-25 (2006)



A quite high percentage of people at risk of poverty are employed. Graph 8 presents the incidence of in-work poverty by country in the EU-25. The in-work poor are defined as those individuals who are employed and whose household equivalised disposable income is below 60% of national median equivalised income. On average, at EU-25 level, 8% of population in work is at risk of poverty. The range is between 3% for Czech Republic and 14% for Greece. Considering only the population in work, this results in a total of approximately 14 million "in work poor" in the EU-25.

Graph 8: In work at risk of poverty rate, EU-25 (2006)



Generally, households with dependent children and jobless (work intensity⁸=0) are at higher risk of poverty. The following table shows that, on average, in the EU-25 the poverty risk rate for people in such households was as high as 62% in the presence of dependent children and 30% in the absence of dependent children.

	Households without dependent children	Households with dependent children
Household with work intensity = 0	30	62
Household with work intensity between 0 and 1	10	22
Household with work intensity = 1	5	7
Household with work intensity between 0 and 0.5	21	42
Household with work intensity between 0.5 and 1	7	18

At the other extreme, only 5% of individuals living in households without dependent children where all working age adults are working full-year, are at poverty risk against a rate of 7% for households with dependent children.

⁸ Work intensity is defined as the overall degree of work attachment of working-age members in a household. It is calculated by dividing the sum of all the months actually worked by the working age members of the household by the sum of the workable months in the household, i.e. the number of months spent in any activity status by working age members of the household.

2. MEASURES OF INEQUALITIES

In order to have indication about the overall income distribution in each Member State two indicators can be employed: the ratio S80/S20 and Gini coefficient.

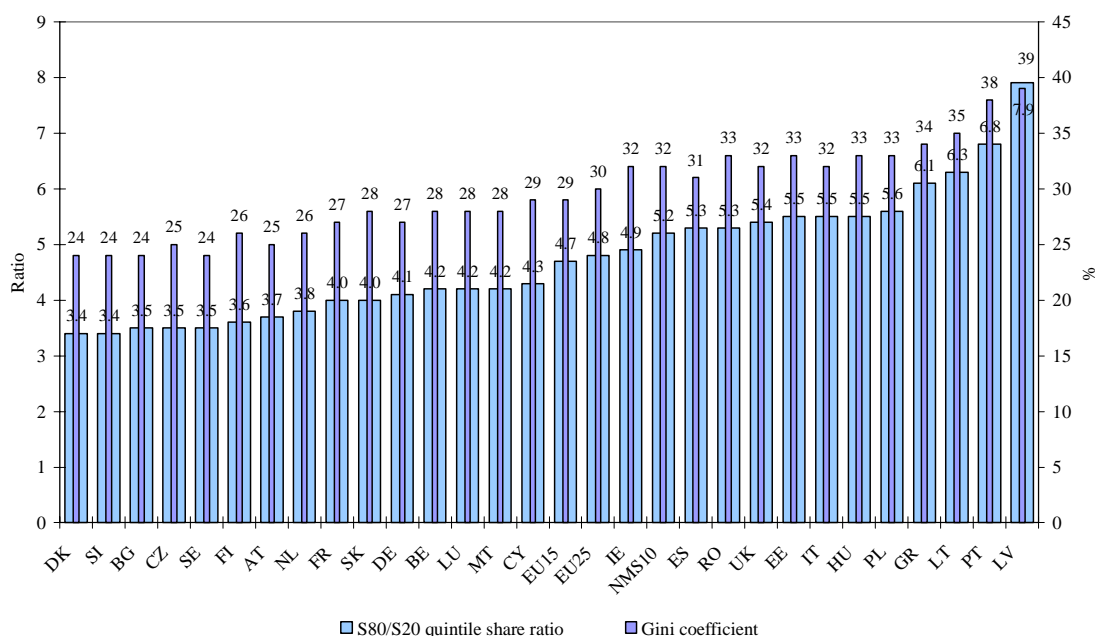
The ratio S80/S20 compares the total equivalised income received by the top income quintile (20% of the population with the highest equivalised income) to that received by the bottom income quintile (20% with the lowest equivalised income). In other words it allows telling what the difference in income between these two groups is.

While the ratio between the top and the bottom income quintile share takes into consideration only the extremes, Gini coefficient allows taking into account the whole distribution of income. When each person receives the same income, Gini index would be equal to 0% (perfect equality), when one single person concentrates any income Gini index would be equal to 100% (perfect inequality).

The ratio S80/S20 ranges between 3.4 and 7.9. The minimum level is reached in Denmark, while the highest in Latvia. On average, for EU-25, the share S80/S20 is equal to 4.6 while is 5.2 for EU-10. This means that, in 2006, the wealthiest quintile had 4.6 times more than the poorest in EU-25. The difference between the top and the bottom quintile of the population was even more accentuated for the new Member States, where this indicator reached 5.2 in the same year.

Disparities between these two quintiles are higher in Latvia, Portugal and Lithuania, while they are less pronounced in Denmark, Slovenia, Bulgaria, Czech Republic, Sweden and Finland.

Graph 9- S80/S20 quintile share ratio and Gini coefficient (2006)



Inequalities calculated taking into account the full distribution of income (Gini index) vary between 24% and 39%. On average, the index is higher for the New Member States (32%) than EU-15 (29%). As for the ration S80/S20, Latvia had, in 2006, the highest income inequalities distribution (39%).

As showed in Graph 9, the rankings of S80/S20 ratios and national Gini coefficient are quite similar. But, in some member states, the situation is more favourable when inequalities is measured taking into account the full distribution than only the extremes of the distribution. This is the case, for example, of Sweden, Austria, Germany, Spain, the UK and Italy.

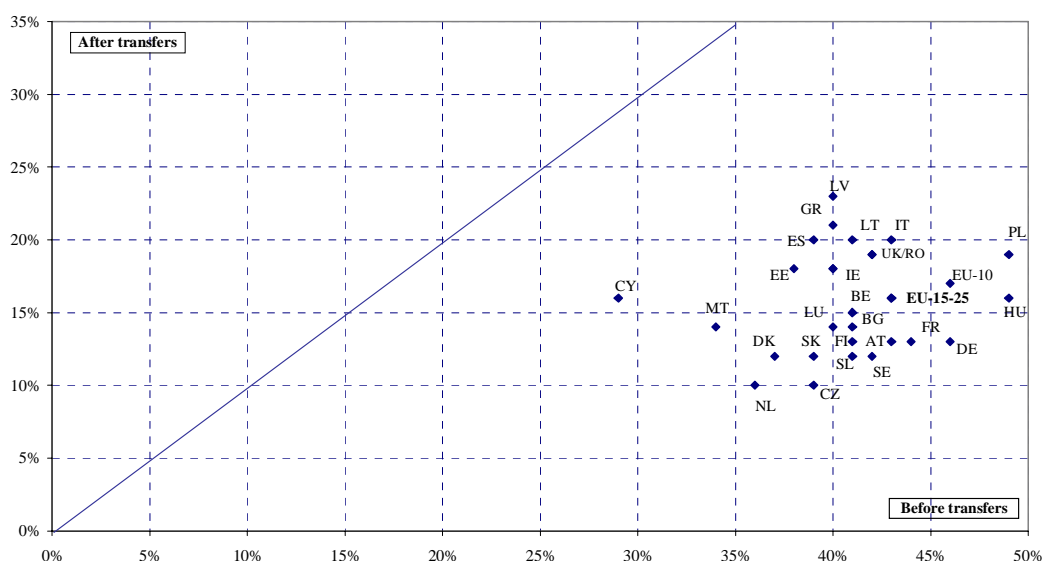
3. RE-DISTRIBUTIVE EFFECT OF SOCIAL TRANSFERS

Graph 10 compares the different at risk of poverty rates, before and after social transfers.

The diagonal line indicates perfect equality between the rate of the population at a risk of poverty before and after social transfers. In other words, this is equivalent to say that social transfers do not modify (alter) at all the rate of population at a risk of poverty, and therefore, the social transfer policy is ineffective. For the area below the diagonal line, the rate of people at risk of poverty after transfer is lower than the equivalent rate before transfer. The greater the distance from the diagonal line, the more effective the social transfer policy is in reducing the rate of people at a risk of poverty.

Social benefits reduce the percentage of citizens at a risk of poverty in all Member States. In absence of all social transfers (pensions included) the percentage of people at a risk of poverty would be 43% (instead of 16% after social transfers).

Graph 10 – Percentage of the population at a risk of poverty before and after social transfers (pension considered as social transfer)

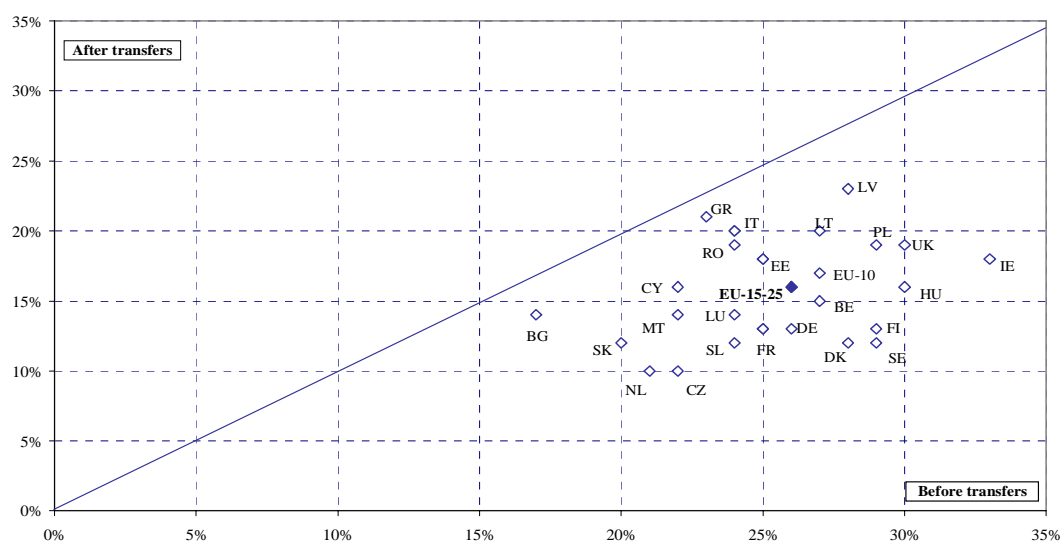


The reduction is smaller in Cyprus, Malta, Greece, Spain and Estonia, while social transfers are more effective in Denmark, surprisingly, in Hungary, Sweden, Austria and Poland.

Graph 11 illustrates what happens when pensions are considered as primary income rather than social transfers. For the EU-25, the average poverty would increase from 16% to 26%. After social transfers, the poverty is then reduced by 10 percentage points.

Again, the impact of social transfers is quite differentiated among Member States. Social transfers play a negligible role in reducing the internal rate of poverty in Greece, Italy, Romania, Bulgaria and Latvia, whereas, the role carried out is more significant for Sweden, Denmark, Finland and again Hungary.

Graph 11– Percentage of the population at a risk of poverty before and after social transfers (pension considered as primary income)



4. MATERIAL DEPRIVATION AND "POPULATION IN NEED OF FOOD AID"

Material deprivation is another important approach to measuring poverty. This is an attempt to move beyond just monetary indicators and to take better into account the actual standard of living that people enjoy⁹. Essentially the approach involves identifying goods or activities which are seen as basic necessities in the country where someone is living, according three different dimensions ("economic strain", enforced lack of durables and problems with housing). The items included by Eurostat are as follows:

Economic strain: could not afford if wanted to

- ✓ To face unexpected expenses
- ✓ One week annual holiday away from home
- ✓ To pay for arrears (mortgage or rent, utility bills or hire purchase instalments)
- ✓ A meal with meat, chicken or fish every second day
- ✓ To keep home adequately warm

Enforced lack of:

- ✓ Washing machine
- ✓ Colour TV
- ✓ Telephone
- ✓ Personal car

"Poor housing conditions" which groups the following sets of items:

- ✓ 1 or more of the three problems: leaking roof/damp walls/floors/foundations or rot in window frames
- ✓ Accommodation too dark

⁹ For clarification, see "Material Deprivation in the EU", Statistics in focus, European Commission, 21/2005.

- ✓ No bath or shower
- ✓ No indoor flushing toilet for sole use of the household

Deprivation is defined by Eurostat as people lacking at least two of the 5 items included in the economic strain dimension.

Table 2 gives an overview of the material deprivation across the European countries. The figures show large variations across countries in terms of the share of people affected by problems of material deprivation.

If we look at the percentage, in Luxembourg, Sweden, Denmark and the Netherlands around 10%-15% of the population suffer from missing at least two items in the economic strain, whereas the percentage is much higher in Latvia (71.5%), Lithuania (67.6%) and Poland (65.7%).

The enforced lack of durables (at least one) affects a smaller proportion of the population. The indicator ranges between a minimum of 5.5% in Sweden to a maximum of more than 42% in Latvia.

In terms of housing deprivation, still Latvia appears as the country facing the highest problems, with more than 52% of people declaring to have at least more than one problem in this dimension.

Table 2 - Share of people affected by material deprivation in each dimension (%)

	BE	CZ	DK	DE	EE	IE	GR	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	SL	SK	FI	SE	UK
Economic strain 0	62.8	42.2	66.5	65.7	30.2	66.2	35.9	48.2	54	51.9	33.6	13.4	17.3	74.58	21.8	24.7	67.6	62.4	19.4	32.4	46.3	21.7	59.1	70.6	62.9
Economic strain 1	15.5	20.4	19.6	15.2	31.3	16.7	21.7	23	18.1	20	17.8	15.2	15.2	14.78	20.4	34.4	16	19	14.9	25	21.4	19	19	15.3	14.5
Economic strain 2	10.5	19.1	7.63	10.8	24.1	8.79	18.9	20.1	15.7	14.5	18.1	23.4	22.9	7.1	22.5	26.2	9.67	11.1	19.9	25.7	19	22.4	12.9	6.94	12.8
Economic strain 3	7.09	11.9	3.93	5.54	10.7	5.28	13.6	6.75	7.95	8.25	19.5	23.1	23.9	2.12	19.3	10.1	4.41	5.15	18.2	12.4	9.86	23.1	5.96	3.07	6.83
Economic strain 4	3.23	4.69	1.01	2.2	3.03	2.23	6.4	1.56	2.94	3.67	9.74	17.2	15.8	1.13	11.3	3.77	1.2	1.67	18.5	3.96	2.65	10.8	1.23	0.75	2.47
Economic strain 5	0.79	1.71	0.07	0.39	0.57	0.81	3.54	0.22	0.72	1.59	1.24	7.67	4.95	0.05	4.08	0.85	0.13	0.2	9.12	0.47	0.64	1.23	0.15	0.06	0.38
Economic strain 2+	21.6	37.4	12.6	19	38.4	17.1	42.4	28.6	27.3	28	48.6	71.5	67.6	10.42	57.2	40.9	15.4	18.1	65.7	42.5	32.1	57.5	20.2	10.8	22.5
Durables 0	92	84.1	90	91.9	68.6	88	88.8	93.4	94.9	96	96.7	57.4	67.4	98.04	76.3	95.8	94.1	95.6	73	85.8	94.9	70.7	89.8	92.2	94.3
Durables 1	6.22	14	8.68	7.2	25.5	11.3	9.96	5.61	4.34	3.22	2.83	29.8	22.6	1.54	20.1	3.35	5.7	3.9	23.1	11	4.22	26.6	8.54	4.68	5.36
Durables 2	1.5	1.62	1.21	0.72	4.7	0.69	1.12	0.46	0.65	0.6	0.36	9.18	7.39	0.23	2.79	0.54	0.1	0.4	3.25	2.59	0.52	1.89	1.28	0.73	0.27
Durables 3	0.21	0.3	0.09	0.08	0.87	0.07	0.1	0.05	0.1	0.19	0.05	2.63	1.98	0.01	0.56	0.24	0.01	0.07	0.58	0.52	0.2	0.47	0.12	0.02	0.06
Durables 4	0.04	0.06	0	0.01	0.39	0.01	0.06	0	0.03	0.04	0.03	0.77	0.7	0.01	0.18	0.03	0	0	0.13	0.14	0.04	0.22	0.01	0.02	0.02
Durables 1+	7.97	15.9	9.98	8.01	31.4	12	11.2	6.12	5.12	4.05	3.26	42.4	32.6	1.78	23.6	4.16	5.81	4.37	27	14.2	4.99	29.1	9.95	5.45	5.71
Housing 0	77.7	75.9	88.2	81.1	59.9	84.3	75.1	75.7	82	73.8	61.5	47.4	49.7	81.3	61.2	86	0	84.3	52	67.3	76.8	88.3	89.7	90.3	76.5
Housing 1	17.9	19.6	10.1	13.8	20.9	12.7	18.9	20.5	14.5	20.7	33	25.3	23.9	14.69	25.4	11.4	0	12.8	33.7	24.3	18.4	8.14	8.58	7.71	19.5
Housing 2	3.98	3.5	1.2	1.78	11.8	2.82	5.08	3.5	3.13	5.12	4.46	12.1	15	3.04	8.13	2.32	0	2.58	7.91	6.1	3.69	2.48	1.23	0.51	3.94
Housing 3	0.3	0.49	0.04	0.06	5.49	0.15	0.75	0.13	0.31	0.34	0.77	9.13	7.17	0.12	3.017	0.26	0	0.26	4.35	1.57	0.59	0.59	0.06	0.01	0.01
Housing 4	0.11	0.51	0	0	1.96	0.06	0.19	0.09	0.04	0.06	0.19	6.09	4.23	0	2.03	0.05	0	0.05	2.02	0.78	0.45	0.37	0.04	0	0
Housing 1+	22.3	24.1	11.3	15.7	40.1	15.7	24.9	24.2	17.9	26.2	38.5	52.6	50.3	17.85	38.8	14	0	15.7	48	32.7	23.1	11.6	9.92	8.23	23.4

4.1. What percentage of people cannot afford a meal with meat, chicken or fish every second day?

Among the items individualised by Eurostat to define economic strain deprivation compares also the inability of people to afford a meal with meat, chicken or fish every second day¹⁰.

The following table shows for each country, the number of population, the percentage and the number of people that cannot afford a meal. As before, data show a much greater diversity of national situations than would be inferred on the basis of the relative poverty risk indicator.

In 2006, the percentage of people that cannot afford a meal with meat, chicken or fish every second day varied between a minimum of about 2% in Luxembourg to a maximum of 37% in Slovakia. In 5 out of ten New Member States the indicator is above 20% and it is more widespread than in EU-15.

Table: % and number of people that cannot afford a meal with meat, chicken or fish every second day

Countries	Population		%		People unable to afford a meal	
	2005	2006	2005	2006	2005	2006
MT	402668	405006	9.9	6.3	39,864	25,515
LU	461230	469086	2.4	1.9	11,070	8,913
CY	749175	766414	5.7	6.3	42,703	48,284
EE	1347510	1344684	11.4	8.2	153,616	110,264
SI	1997590	2003358	9.3	10.7	185,776	214,359
LV	2306434	2294590	37.1	31.9	855,687	731,974
LT	3425324	3403284	28	23.3	959,091	792,965
IE	4109173	4209019	2.9	2.4	119,166	101,016
FI	5236611	5255580	2.9	2.6	151,862	136,645
SK	5384822	5389180	41.4	36.9	2,229,316	1,988,607
DK	5411405	5427459	1.9	1.8	102,817	97,694
AT	8206524	8265925	8.7	9.3	713,968	768,731
SE	9011392	9047752	3.2	3.6	288,365	325,719
HU	10097549	10076581	31.2	27.7	3,150,435	2,791,213
CZ	10220577	10251079	17.8	16.2	1,819,263	1,660,675
BE	10445852	10511382	3.8	4.2	396,942	441,478
PT	10529255	10569592	4	3.8	421,170	401,644
GR	11082751	11125179	5.8	7.9	642,800	878,889
NL	16305526	16334210	2.6	2.7	423,944	441,024
PL	38173835	38157055	35.3	28.4	13,475,364	10,836,604
ES	43038035	43758250	2.3	3.8	989,875	1,662,814
IT	58462375	58751711	6.3	5.6	3,683,130	3,290,096
UK	60059900	60393100	6.1	4.5	3,663,654	2,717,690
FR	62637596	62998773	6.4	5.6	4,008,806	3,527,931
DE	82500849	82437995	11	11.1	9,075,093	9,150,617
Total					47,605,780	43,153,368

¹⁰ Another indicator related with people in need of food is provided by the Irish EU-SILC is “No substantial meal on at least one day in the past two weeks”. According to the Irish Report, the proportion of persons at risk of poverty and in the condition of not having a substantial meal at least on day in the past two weeks was around 2% in 2005 and less in 2006 (1,7%) of those unable to afford a meal every second day.

Between 2005 and 2006 the range between the maximum and the minimum has decreased. The situation has definitely improved in most of the new Member States. For example, in Poland the proportion of people unable to afford a meal with meat, chicken or fish every second day decreased, passing from 35% to 28%. In Slovakia the reduction was of 4.5 points percentage (from 41% to 37%).

In the EU-15 Member States, the same indicator has in most cases remained on the same level or worsened.

4.1.1. Are the deprived also financially disadvantaged?

Some attempts have been made by Eurostat to mix the monetary poverty and deprivation indicators. Even if the degree of overlap between them is far from perfect, it offers interesting elements to discuss.

	Poverty	Strain 2+	Both
SE	9.3	10.8	2.4
DK	11.8	12.6	3.7
NL	10.8	15.4	4.1
AT	12.3	18.1	5.2
LU	13.0	10.4	5.2
FI	11.7	20.2	5.7
DE	13.1	19.0	6.9
FR	13.0	27.3	7.6
SL	12.2	32.1	7.7
IE	19.7	17.1	8.0
UK	17.6	22.5	8.0
CZ	10.4	37.4	8.1
BE	14.9	21.6	8.5
SK	13.3	57.5	9.4
MT	14.9	40.9	9.5
ES	19.7	28.6	10.0
HU	13.4	57.2	10.9
IT	19.0	28.0	11.3
CY	16.2	48.6	12.8
GR	19.6	42.4	13.1
EE	18.3	38.4	13.3
PT	20.3	42.5	13.5
LV	19.2	71.5	17.8
PL	20.6	65.7	17.8
LT	20.5	67.6	18.5

The intersection between the proportion of people facing relative monetary poverty and material deprivation, offers the possibility to have other measures of poverty such as the percentage of people definable as “**consistently poor**” (i.e. being deprived and poor at the same time). By definition, the "consistent poverty rate" is a subset of the poverty and the deprivation rates.

According to data referred to 2005, the proportion of consistent poverty (% of income poor that are also deprived) ranges from 2,4% in Sweden to 18,5% in Lithuania. Notably, the highest consistent poverty rate can be found in the New Member States.

The same type of exercise is provided by the Irish Report on EU-SILC indicators, which considers the overlapping between being at risk of poverty and the incapability to afford a meal.

According to the last report published¹¹ the percentage of persons at risk of poverty and reporting inability to afford a meal was 2% in 2005 and raised to 2,3% in 2006.

¹¹ EU Survey on Income and Living Conditions (EU-SILC), 2006, Dublin, Ireland.

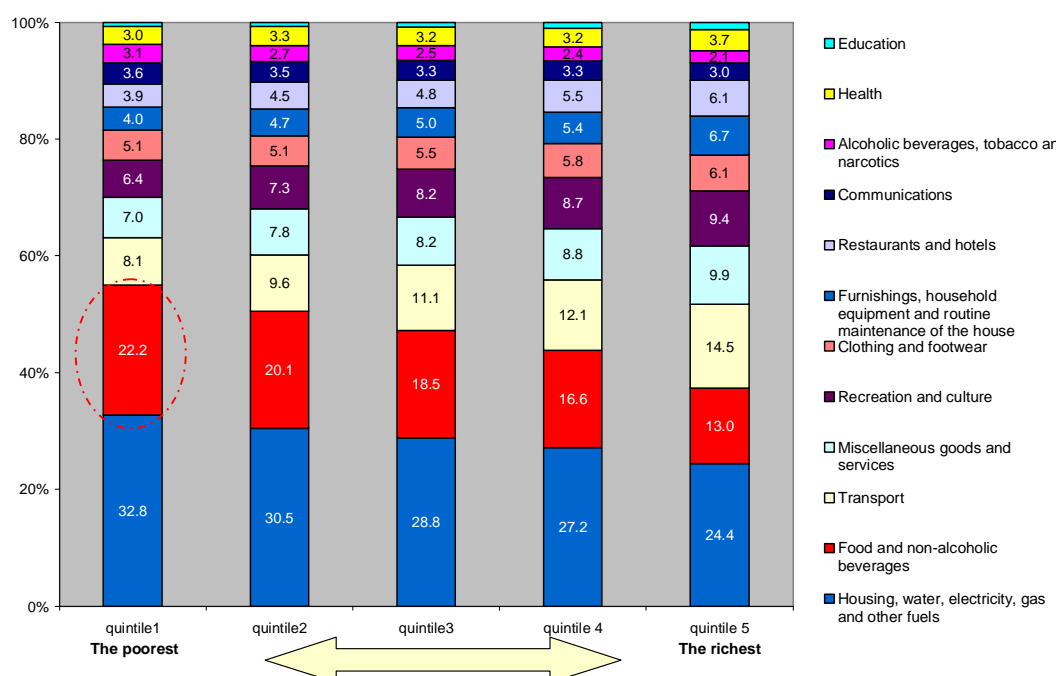
5. POOR PEOPLE AND FOOD CONSUMPTION EXPENDITURE

This section examines some aspect of the relationship existing between poverty and food consumption expenditure.

In EU-27, generally households spend in total 24630 PPS for total consumption expenditures. The first quintile, being the poorest, spends in total three times less than the richest group (the "5th quintile" – 14152 PPS vs. 39205 PPS). Food expenditure represents around 11.5% of total expenditures.

If we consider the breakdown of consumption expenditures by income quintile, we see that considerable differences in EU-27 consumption patterns across the five different income groups. Food represents more than 22% of total expenditure of low income households, while it represents only 13% of total budget of high income group.

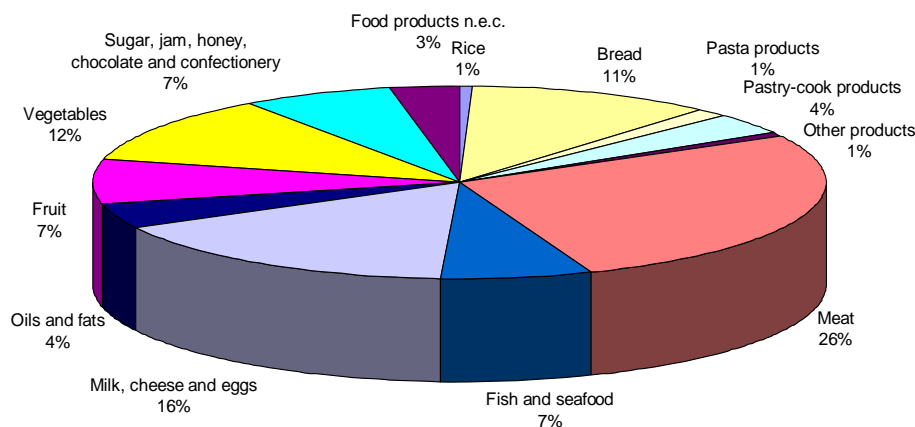
Graph 12 - Structure of consumption expenditure by income quintile, EU-27 (2005)



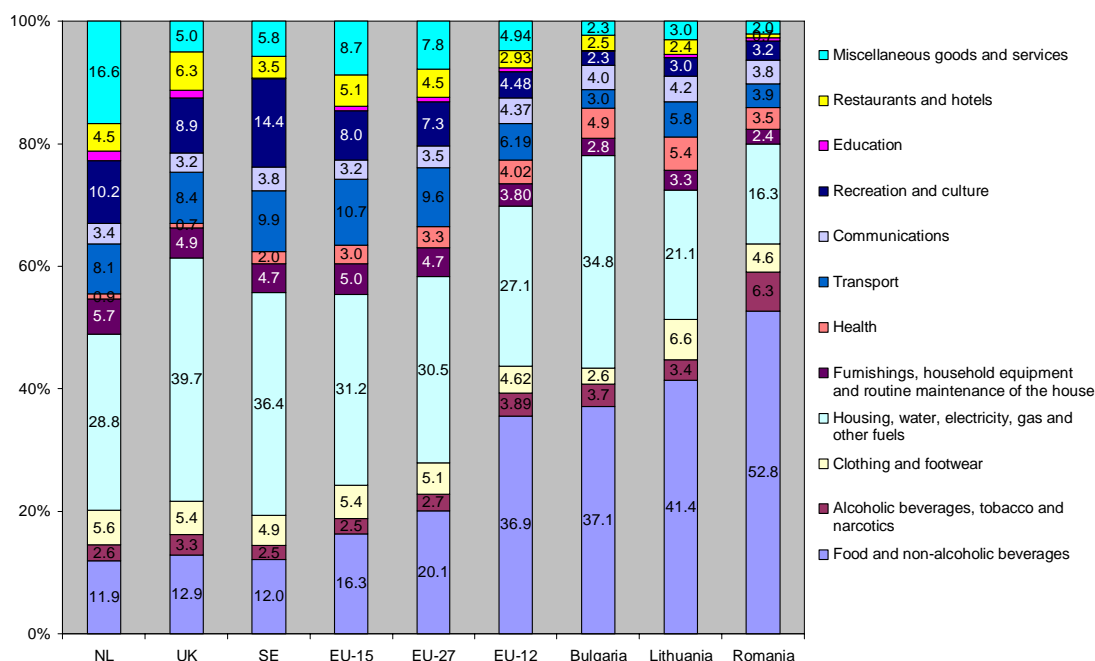
The consumption habits vary substantially among the 27 MS (see graphs in Annex). The enlargement to the new Member States has made these differences even more accentuated than before.

In EU-15, even for the lowest income group (first quintile), housing accounts for the largest share of household expenditure (31%). The other basic necessity (food) occupies second place, at only 16% of the total household budget. The pattern is inverted for most of the new Member States. In EU-12, food comes first with a share of about 37%, housing ranks second far behind food with a share of 27%. For some new member States (i.e. Bulgaria, Romania and Lithuania) food represents almost half of total expenditure of low income households. For Romania it accounts for more than 50%.

The composition of food consumption (table in Annex) is quite variegated. In EU-27, meat accounts for 27% of the household consumption for food, but it reaches till 32% in Poland. The second most consumed item is cheese and eggs with 16%, followed by vegetables at 12%. Bread and cereals products (pasta and pastry products) account together for 16% in EU-27, on average.



Graph 13 Structure of consumption expenditure in the 1st quintile by EU-15, EU-27 and some Member State, (2005)

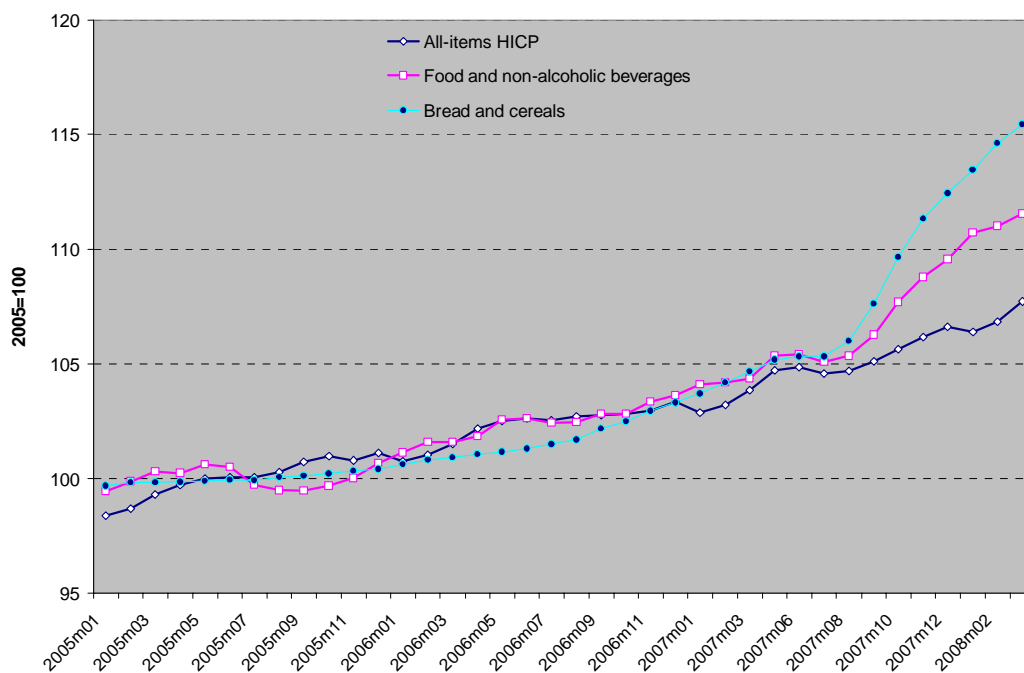


Having a different composition of expenditure, households are differently exposed to price dynamic. The low-income households (having a higher share of food expenditure) are more affected by food price increase than those with a higher level of income and, consequently, less flexibility to adjust.

The dynamic of different items of prices is shown in Graph 18. As it is possible to see, on average, since 2005, prices rose by 7.7%, (all items Harmonised Index of Consumer Prices (HICP), food and for bread and cereals by, respectively, 11.8% and 15.5%. Since

the month of September last year (2007), bread and cereals index prices increased at a much higher rate than total prices.

Graph 14 Development of EU-27 consumer price indices for different items (2005=100)



**Overall structure of consumption expenditures by detailed COICOP (Classification of Individual Consumption according to Purpose)
by Member State**

	eu27	eu15	be	bg	cz	dk	ie	gr	es	fr	it	cy	lv	lt	hu	nl	at	pl	pt	ro	si	sk	fi	se	uk
Rice	1%	1%	0%	1%	1%	1%	0%	1%	1%	1%	1%	1%	0%	1%	0%	1%	1%	0%	1%	1%	1%	1%	1%	1%	1%
Bread	11%	11%	12%	13%	4%	11%	9%	9%	9%	14%	11%	8%	9%	7%	11%	11%	12%	10%	11%	16%	13%	12%	9%	9%	9%
Pasta products	1%	2%	2%	1%	1%	1%	0%	1%	1%	2%	3%	2%	1%	1%	2%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Pastry-cook products	4%	4%	4%	3%	10%	2%	7%	1%	4%	4%	7%	7%	3%	4%	1%	6%	4%	4%	2%	0%	3%	2%	6%	5%	4%
Other products	1%	2%	2%	1%	1%	1%	4%	0%	0%	0%	0%	0%	0%	0%	1%	2%	2%	0%	0%	0%	0%	0%	0%	2%	4%
Meat	27%	26%	28%	25%	27%	25%	25%	24%	28%	28%	26%	21%	28%	32%	33%	23%	26%	32%	26%	29%	27%	29%	20%	20%	24%
Fish and seafood	7%	9%	7%	2%	2%	5%	3%	8%	15%	7%	10%	4%	5%	5%	1%	3%	3%	3%	17%	3%	3%	3%	5%	6%	4%
Milk, cheese and eggs	16%	15%	13%	19%	21%	16%	13%	19%	14%	16%	16%	20%	18%	16%	18%	16%	17%	16%	14%	19%	15%	19%	19%	17%	14%
Oils and fats	4%	3%	2%	4%	5%	3%	3%	7%	4%	2%	4%	3%	4%	4%	5%	3%	4%	6%	5%	4%	3%	6%	3%	3%	2%
Fruit	7%	8%	7%	6%	7%	8%	7%	7%	9%	7%	10%	11%	7%	6%	6%	8%	8%	6%	8%	6%	10%	6%	8%	9%	9%
Vegetables	12%	11%	11%	16%	8%	12%	13%	13%	10%	11%	11%	15%	14%	12%	10%	12%	11%	12%	10%	15%	12%	7%	10%	12%	15%
Sugar, jam, honey, chocolate	7%	6%	7%	6%	8%	12%	8%	7%	4%	7%	7%	5%	8%	8%	7%	7%	9%	7%	3%	5%	8%	10%	9%	10%	7%
Food products n.e.c.	3%	3%	4%	2%	4%	4%	8%	1%	2%	3%	1%	2%	2%	3%	3%	7%	4%	3%	1%	1%	5%	3%	9%	4%	4%
Food	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Appendix: List of indicators calculated by Eurostat

Indicator	Definition
At risk of poverty rate after social transfers, by gender and selected age groups and by household type	Share of persons with an equivalised disposable income below 60% of the national equivalised median income. Equivalised median income is defined as the household's total disposable income divided by its "equivalent size", to take account of the size and composition of the household, and is attributed to each household member. Breakdowns by age and gender, household type, work intensity of households, most frequent activity status, accommodation tenure status.
At risk of poverty threshold (illustrative value)	The value of the at risk of poverty threshold (60% median national equivalised income) in PPS, Euro and national currency for two illustrative household types: <ul style="list-style-type: none"> – single person household – household with 2 adults, 2 children
Income quintile ratio (S80/S20)	Ratio of total income received by the 20% of the country's population with the highest income (top quintile) to that received by the 20% of the country's population with the lowest income
Persistent at risk of poverty rate	Share of persons with an equivalised income of persons below the at risk of poverty threshold in the current year and in at least two of the preceding three years.
Relative median poverty risk gap	Difference between the median equivalised income of persons below the at risk of poverty threshold and the threshold itself, expressed as a percentage of the at risk of poverty threshold
Dispersion around the at risk of poverty threshold	Share of persons with an equivalised disposable income below 40%, 50% and 70% of the national equivalised median income
At risk of poverty rate anchored at a moment in time	In year t, share of persons with an equivalised disposable income below the at risk of poverty threshold in year t-3, uprated by inflation over the three years
At risk of poverty rate before social cash transfers except old-age and survivors benefits	Relative at risk of poverty rate where equivalised income is calculated as follows: <ul style="list-style-type: none"> – excluding all social cash transfers – including retirement and survivors pensions and excluding all other social cash transfers – including all social cash transfers (=indicator 1) <p>The same at risk of poverty threshold is used for the three statistics, and is set at 60% of the national median equivalised disposable income (after social cash transfers)</p>
Gini coefficient	Summary measure of the cumulative share of equivalised income accounted for by the cumulative percentages of the number of individuals Its value ranges from 0% (complete equality) to 100% (complete inequality)
Persistent at risk of poverty rate (50% of median equivalised income)	Share of persons with an equivalised disposable income below 50% of the national median equivalised income in the current year and in at least two of the preceding three years
In work poverty risk	Individuals who are classified as employed (distinguishing between wage and salary employment and self-employment) according to the definition of most frequent activity status (indicator 1) and who are at risk of poverty. This indicator needs to be analysed according to personal, job and household characteristics.
Self defined health status by income level by gender and age	

Table: at risk of poverty by household types (cut-off point: 60% of national median equivalised income after social transfers)

	Total	Single person	1 adult younger than 64 years	1 adult older than 65 years	Single parent with dependent children	Single female	Single male	2 adults younger than 65 years	2 adults, at least one aged 65 years and over	2 adults with one dependent child	2 adults with two dependent children	2 adults with 3 or more dependent children	3 or more adults with dependent children	Households without dependent children	Households with dependent children
BE	15	24	21	27	33	28	18	10	21	9	8	14	8	15	16
BG		33	25	37	31	37	18	6	9	11	10	29	10	18	13
CZ	10	17	19	14	41	18	15	5	3	7	10	30	3	8	6
DK	12	25	27	21	19	25	26	5	13	4	4	12	3	10	15
DE	13	22	24	18	24	21	23	11	11	8	9	13	6	8	14
EE	18	42	34	53	41	45	37	14	8	13	12	24	7	11	20
IE	18	46	35	58	47	51	41	14	12	10	15	22	7	12	18
GR	21	25	15	34	30	28	18	16	24	15	21	38	15	30	19
ES	20	35	20	48	38	44	22	10	30	15	22	42	12	20	23
FR	13	19	17	21	29	20	16	8	13	10	9	19	11	18	13
IT	20	27	21	34	32	33	19	11	18	18	22	41	9	23	16
CY	16	43	22	70	34	52	28	16	51	8	8	12	11	7	27
LV	23	55	42	69	40	58	49	22	16	15	22	52	11	16	25
LT	20	38	35	41	44	39	36	14	12	16	15	42	9	13	19
LU	14	16	21	8	49	16	17	7	7	10	14	24	8	18	10
HU	16	18	22	13	39	14	25	10	8	14	18	34	6	14	21
MT	14	20	22	18	37	20	19	12	26	15	14	32	4	7	12
NL	10	15	20	4	32	12	18	5	7	6	8	16	5	6	9
AT	13	22	20	26	29	26	16	10	12	9	11	19	6	5	13
PL	19	16	24	8	32	11	27	14	6	14	21	38	12	24	23
PT	18	35	26	40	41	38	28	18	26	12	19	38	10	16	19
RO	19	27	19	33	27	30	20	11	13	10	18	45	14	22	15
SL	12	43	39	45	22	45	38	13	12	9	8	15	6	7	15
SK	12	17	19	15	29	16	20	9	4	8	14	24	5	12	14
FI	13	33	29	42	18	33	33	7	9	5	6	12	5	7	16
SE	12	21	22	20	32	21	21	7	5	6	6	13	5	16	12
UK	19	29	23	36	41	31	26	10	23	14	13	25	13	18	21
EU25	16	24	22	26	32	25	22	10	16	12	14	24	10	18	15
EU15	16	24	22	27	32	26	22	10	17	12	14	22	10	17	15
EU10	17	20	25	16	36	18	26	11	7	13	17	34	8	19	12

Structure of consumption expenditure by income quintile, by Member State (2005)

