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EEC BUSINESS SURVEYS

Third Report, July-October 1973

The Commission of the European Communities has just published its third four monthly report for 1973 on the results of the Business Surveys carried out with managements in the Community. This report, which covers the July to October period, is an analysis of the replies of the industrialists to the monthly surveys.

At the end of October, the possibility that energy supply difficulties would have to be faced became apparent. The results of the business surveys do not yet suggest that there will be a major swing in the business trend. Although the present business phase has passed its peak in several member countries, in particular in the Federal Republic of Germany, replies from managements suggested that a high level of activity will be maintained. Nevertheless, the latest partial results of the December survey could indicate a change in the trend of the general business expectations.

In the Community as a whole, industrial growth has lost a little momentum. Managements' views on total order books are slightly less optimistic: between the end of July and the end of October the proportion which considered total orders to be "above normal" fell from 27% to 26%. Production expectations have deteriorated a little: at the end of October, 20% of managements expected production to go up in the months ahead, as against, 26% at the end of July. Expectations regarding selling prices indicate that strains will persist.

In Germany, replies from managements suggest that orders on hand have contracted. At the end of October, 13% of managements reported that the level of these orders was "above normal" as against 16% at the end of July. For the coming months, managements seem to be slightly less optimistic: at the end of October, 9% of them expected production to rise in the months ahead, as against 15% at the end of July. The upward trend of selling prices is still very firm.

In France, managements' replies to the survey show that overall and export demand have remained vigorous. At the end of October, 83% of managements reported that their total order books were "normal" or "above normal", as against 85% at the end of July. Production expectations were still optimistic; at the end of October, 93% of managements expected production to remain at the same level or to go up in the next few months, as against 94% at the end of July. Expectations as to selling prices indicated that strains would persist.

In Italy, managements' replies showed that the level of domestic and export orders had stabilised during recent months. At the end of October, as at the end of July, 34% of managements considered that their order books were

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"above normal". Managements were slightly less optimistic as regards future production trends: at the end of October, 27% of them were expecting a higher rate of activity in the months ahead, as against 31% at the end of July. The strains regarding selling prices probably eased somewhat.

In the Netherlands, managements reported that total orders on hand had picked up slightly in recent months. At the end of October, 20% of them considered that the total order books were "above normal", as against 11% at the end of July. Production expectations remained, on the whole, very optimistic: at the end of October, 95% of industrialists thought that activity would remain unchanged or increase in the months ahead, as against 98% at the end of July.

In Belgium, the surveys reveal that total orders have become fairly stable at the end of October, 25% of managements considered that their total order books were "above normal", as against 24% at the end of July. Production expectations are slightly less optimistic: at the end of October 28% of managements questioned expected operations to build up in the coming months, as against a corresponding figure of 32% in July. The upward tendency of selling prices has become more marked.

In the Grand Duchy of Luxembourg, replies from managements have remained very optimistic. Total and export books are well filled and stocks of finished products are slightly higher. Production expectations are slightly less optimistic and the upward tendency of selling prices has become more marked.