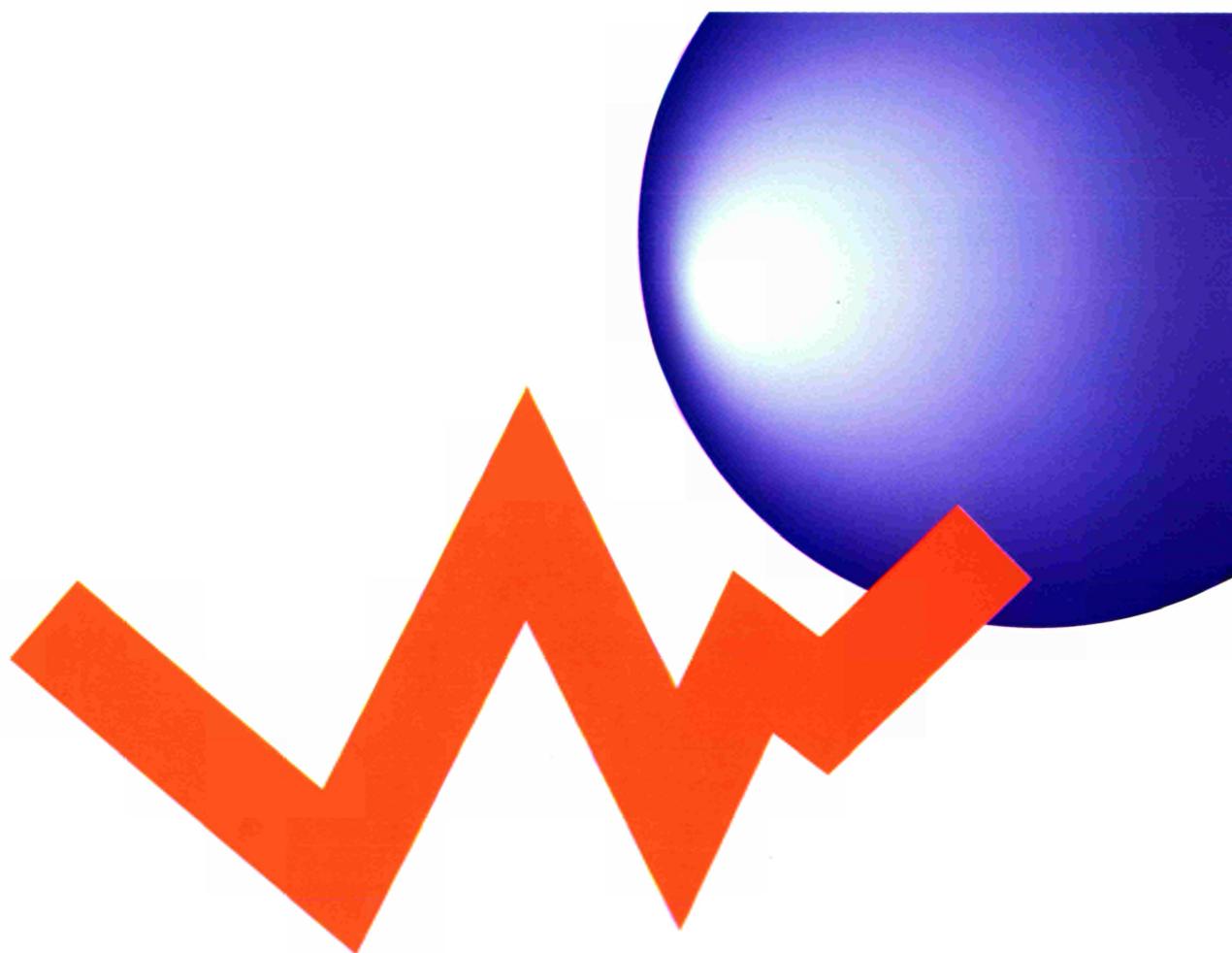


Panorama of EC industry

Short-term supplement
Latest information on EC industry

bimonthly

6/1993





OFICINA ESTADÍSTICA DE LAS COMUNIDADES EUROPEAS
DE EUROPÆISKE FÆLLESSKABERS STATISTISKE KONTOR
STATISTISCHES AMT DER EUROPÄISCHEN GEMEINSCHAFTEN
ΣΤΑΤΙΣΤΙΚΗ ΥΠΗΡΕΣΙΑ ΤΩΝ ΕΥΡΩΠΑΪΚΩΝ ΚΟΙΝΟΤΗΤΩΝ
STATISTICAL OFFICE OF THE EUROPEAN COMMUNITIES
OFFICE STATISTIQUE DES COMMUNAUTÉS EUROPÉENNES
ISTITUTO STATISTICO DELLE COMUNITÀ EUROPEE
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Theme
Energy and Industry
Series
Short-term trends



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1. MACROECONOMIC OVERVIEW

- GDP in real terms falls in the first quarter of 1993
- CPI increases slightly in July
- Money supply growth still of concern
- Unemployment continues to grow in the Community
- Italy records a trade surplus for the first time since 1984
- American output growth equal to 4.2%
- Japanese trade surplus reaches 140 billion dollars
- EFTA countries face recession too

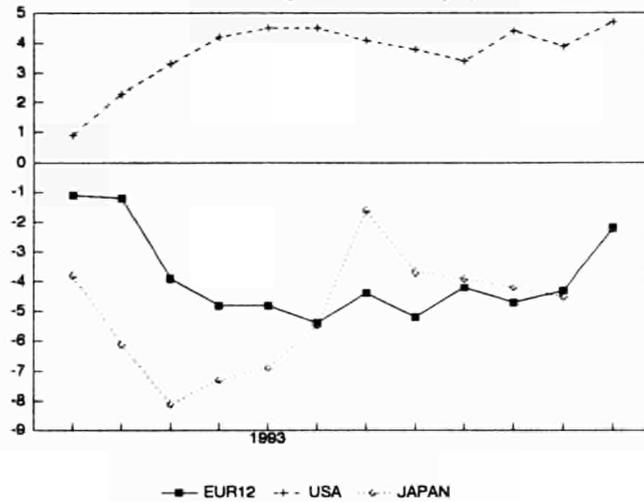
MACROECONOMIC OVERVIEW

In the first quarter of 1993, GDP for the Community in real terms fell 0.7% compared to the last quarter of 1992. Economic growth forecasts were once again revised downward (in June 1993), and stood at -0.5% for 1993 (excluding former East Germany). Particularly worrying for the prospects of recovery is the continuing downward trend seen in the levels of investment, which fell 2.9% in real terms in the first quarter of 1993 (the fifth consecutive quarterly fall). EC investment levels fell in both the private and public sectors, with only the United Kingdom showing modest gains in the last quarter of 1992 and the first quarter of 1993. Latest data available for industry confirmed this trend with the enduring decline of the capital goods sector (down 1.4% for the three month period May to July 1993, compared to the three previous months).

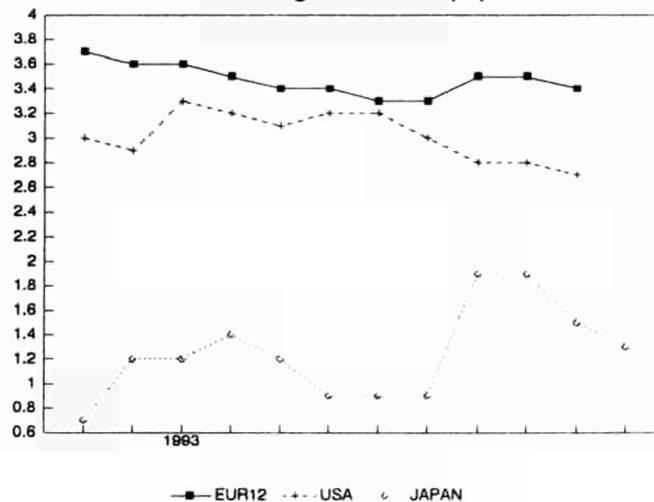
Speculation on the currency markets was reduced, as some degree of normality returned to trading in early autumn (nevertheless, the Belgian franc came under attack in October, whilst the Yen continued to appreciate against most other currencies). At the same time interest rates were shaved in several economies, although there was no widespread reduction in levels which would help stimulate growth. Rather, governments and central banks seemed more concerned with the threat of an expanding money supply. Indeed, in Germany broad money growth was up by 8.8% during the year to July 1993.

Of the major EC economies only the United Kingdom showed growth in its industrial output rate compared to a year ago. Germany (-7.6% for the period June to August 1993 compared

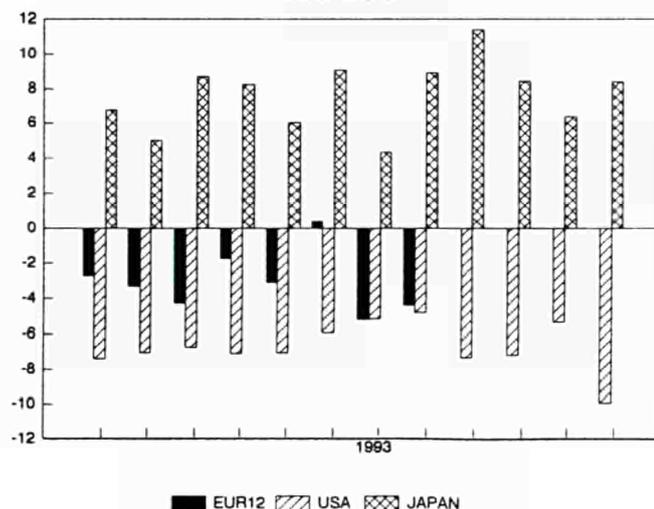
Industrial production
Annual growth rate (%)



Consumer prices
Annual growth rate (%)



Trade balance
mrd ECU



MAIN INDICATORS

to the same three months in 1992), France and Italy all reported large annual reductions in output levels.

Pressures from the recession caused producer prices in Germany to contract by 0.2% during the year to July 1993 (data compared to that of July 1992). However, the Italian and United Kingdom figures once again showed their historical trend of higher growth, increasing by 4.7% and 3.5% respectively over the same period.

The consumer price index in the EC rose slightly in July 1993 (showing annual increases of 3.5%), due to rapid growth of prices in Belgium, the Netherlands and Portugal (all up by 0.7%). Danish and United Kingdom rates were down by 0.2%, with Greek rates falling too, due to the seasonal effect of the summer sales. Compared to July 1992, the CPI was only higher in three of the Member States: Germany, Greece and Luxembourg.

Demand showed some signs of a recovery as retail sales volumes were up on the year in the United Kingdom and France (by 3.4% to August 1993 and 2.5% to July 1993 respectively). However, in Germany the effects of recession were evident on the High Street, with annual reductions of 6.5% (on the year to July 1993).

As regards the job market, unemployment in France rose again, following the trend seen throughout 1993, to 11.7% in July 1993. German figures also continued to grow, reaching 6.5% in the summer of 1993. Despite the restraint exerted by a rising unemployment level, German wage levels rose by 4.8% in the twelve months to

		EUR 12	USA	JAPAN
Industrial production	92.09	-1.1	0.9	-3.8
Annual growth rate (%)	92.10	-1.2	2.3	-6.1
	92.11	-3.9	3.3	-8.1
	92.12	-4.8	4.2	-7.3
	93.01	-4.8	4.5	-6.9
	93.02	-5.4	4.5	-5.5
	93.03	-4.4	4.1	-1.6
	93.04	-5.2	3.8	-3.7
	93.05	-4.2	3.4	-3.9
	93.06	-4.7	4.4	-4.2
	93.07	-4.3	3.9	-4.5
	93.08	-2.2	4.7	N/A
Consumer prices	92.11	3.7	3.0	0.7
Annual growth rate (%)	92.12	3.6	2.9	1.2
	93.01	3.6	3.3	1.2
	93.02	3.5	3.2	1.4
	93.03	3.4	3.1	1.2
	93.04	3.4	3.2	0.9
	93.05	3.3	3.2	0.9
	93.06	3.3	3.0	0.9
	93.07	3.5	2.8	1.9
	93.08	3.5	2.8	1.9
	93.09	3.4	2.7	1.5
	93.10	N/A	N/A	1.3
Trade balance (mio ECU)	92.07	-2731.4	-7398.0	6779.0
	92.08	-3292.2	-7053.5	5044.8
	92.09	-4288.1	-6738.0	8693.8
	92.10	-1789.8	-7104.6	8190.2
	92.11	-3071.2	-7050.1	6067.0
	92.12	385.9	-5969.8	9036.9
	93.01	-5222.2	-5142.2	4344.6
	93.02	-4363.4	-4793.8	8945.6
	93.03	N/A	-7318.4	11371.7
	93.04	N/A	-7148.7	8422.0
	93.05	N/A	-5366.7	6414.7
	93.06	N/A	-9917.5	8372.0

Source: Eurostat

July 1993. United Kingdom unemployment figures failed to continue their downward descent seen earlier in the year and have seemingly stagnated for the moment (with signs of recovery in the United Kingdom economy patchy, many indicators once again showing depressed

levels). Wages in the United Kingdom rose by 3.5% in the year to July 1993. Spanish unemployment continued to run at over twenty per cent into the summer of 1993.

The EC's trade deficit was somewhat reduced in the first quarter of 1993. At

the level of individual countries slight reductions were observed in the deficits of France, the United Kingdom and Spain (first quarter of 1993). In the last quarter of 1992, Italy was able to record its first surplus since the start of 1984.

After the rapid expansion of GDP in the United States (up 1.2% in the final quarter of 1992), growth slowed at the start of 1993 (recording a 0.2% increase, compared to the previous quarter), with signs that a slow-down in private consumption was largely responsible for the poorer figures. Nevertheless, investment levels increased notably around the turn of the year (both in the final quarter of 1992 and the first quarter of 1993) and seemed to be providing the United States economy with the much needed stimulus to return to moderate economic growth levels. Demand additionally showed some signs of a recovery as retail sales volumes were up by 5.4% during the year to July 1993. Industrial output in

the United States rose by 4.2% during the year to August 1993. Canada too seemed to be profiting from the recovery in the United States, recording strong growth in industrial production (up 5.7% on the year to June 1993). At the same time the Canadian CPI showed an annual rate of only 1.6% in July 1993. However, unemployment was well into double figures (11.3% in August 1993). The USA and Japan both recorded unemployment levels well below the Community average. In the United States, it fell to a rate of 6.7% in August 1993, from 7.6% a year before. In Japan, unemployment remained comparatively low, at 2.5%, though up slightly on previous months.

The Japanese economy displayed a sharp turnaround to positive growth levels in the first quarter of 1993, with GDP rising 0.6%. The Japanese trade surplus continued to expand (much to the annoyance of its trading partners) reaching an annual total of 140 billion dollars in July 1993. Healthy

signs of recovery were provided by growing investment and private consumption levels in the first quarter of 1993 (although more recent data has since dampened optimism). Additionally, as regards industrial output, figures compared to a year before, continued to show a declining trend (by 4.5% during the year to July 1993).

EFTA countries also saw their real levels of GDP decline. Indeed Sweden and Finland have both seen their levels fall in consecutive quarters for more than one year. EFTA countries displayed inflation rates of generally the same magnitude as the EC Member States: for example, the CPI for July was equal to 3.4% in Switzerland, 3.5% in Austria, 2.2% in Norway, 4.6% in Sweden and 2.1% in Finland. Norway's energy related trade surplus (22.4% of GDP) continued and Finland recorded a trade surplus for the first time in five years during the first quarter of 1993.

2. TOTAL INDUSTRY (NACE 1-4)

- Larger economies continue to struggle against recession
- European output falls by 4.8%
- United Kingdom output up by 3.6% in July 1993
- Producer price increases remain modest
- Capacity utilisation rates remain unchanged in the third quarter
- Trading patterns show a marked slowdown in activity
- Trade volume growth is almost static
- General economic malaise may be expected to continue

Total industry (Nace 1-4)

Index of production

1985 = 100		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Total Industry	1992	114.6	115.2	112.0	121.2	100.7	111.2	113.0	162.0	113.6	117.6	113.0	132.1	105.8
	Φ	111.6	111.7	108.0	108.8	98.6	109.9	111.0	174.8	116.9	124.7	110.7	128.4	108.2
Growth rate (%)	1992	-1.0	-0.1	1.7	-1.0	-1.0	-3.5	-1.0	9.1	-1.6	-0.9	-0.2	-2.3	-0.3
	Φ	-0.4	-1.9	-2.7	-0.5	3.1	1.8	-1.0	-1.4	-0.6	3.7	-1.2	-3.9	0.8
Intermediate Goods	1992	111.5	115.2	114.9	118.2	97.5	105.6	114.9	155.5	113.2	114.0	110.0	118.4	101.6
	Φ	108.5	113.0	112.7	107.5	96.8	103.5	108.2	170.6	115.8	119.9	101.7	119.1	103.1
Growth rate (%)	1992	-0.4	-0.3	2.7	0.4	-2.9	-2.7	0.2	9.2	-1.0	-2.4	0.0	-3.0	-0.1
	Φ	-0.7	-1.4	-3.2	0.1	3.6	1.9	-0.6	-2.2	-3.2	3.5	-5.0	2.1	1.0
Capital Goods	1992	114.4	106.1	109.9	122.0	122.0	123.9	108.2	226.1	110.9	112.0	109.0	106.7	111.5
	Φ	110.5	111.7	106.0	108.6	118.7	120.7	98.6	244.7	116.5	116.0	111.3	104.1	115.4
Growth rate (%)	1992	-3.8	-11.1	1.3	-3.0	3.4	-5.4	-5.2	13.0	-6.2	-6.5	-0.3	-8.0	-2.5
	Φ	-2.0	-2.8	-0.9	-2.5	-1.4	-4.2	-1.6	-2.0	-3.9	-12.1	-3.1	-2.1	0.5
Consumer Goods	1992	119.0	118.6	112.0	124.7	100.9	117.5	114.3	139.8	116.2	143.7	124.0	126.8	110.9
	Φ	117.1	114.7	106.0	112.2	97.0	116.0	124.1	150.5	119.4	161.7	127.3	123.4	111.2
Growth rate (%)	1992	0.1	0.6	1.4	-0.9	0.8	-2.4	1.0	6.8	0.2	11.7	0.7	-4.6	1.3
	Φ	-0.8	-3.2	-3.0	0.8	2.4	2.9	-1.5	-0.5	-4.1	11.6	1.2	-2.0	0.5

Source: Eurostat

Short-term indicators of industrial production fell again in Europe. This was in part due to seasonal effects, as July and August always display the lowest levels of the year. Nevertheless, compared to a year before the figures for the summer of 1993 were disappointing, showing a decline of some 4.8% (for June to August) compared to the same three months in 1992.

During June to August 1993, the German production index was running at 7.6% below figures seen during the same period of 1992. Most badly hit was the capital goods sector of the German economy. The situation in other major European economies was little better. France too reported

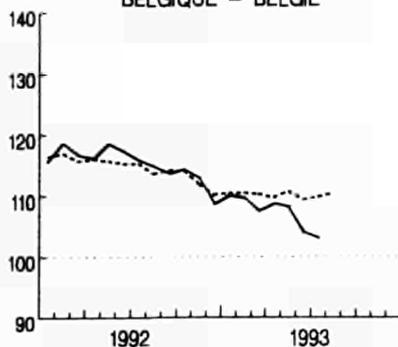
a falling trend in industrial production, which has now been apparent for the last two years. The brief recovery seen in Italian production at the start of 1993 appears to have been short-lived, as the index once more continued its downward path. However, figures for July 1993 showed the United Kingdom as the only Member State to report a rising trend in its production index (with gains of 3.6% on the corresponding month of 1992). Strongest growth in the United Kingdom was seen in the capital goods sector which reported year on year growth of 4.0% in July 1993. In the smaller economies of the Community, the latest data available showed results that were not as bad as the average European performance. The

Irish production index continued to record growth rates well above those seen in the other Member States. Indeed, the latest data for June 1993 showed Irish output levels still rising at an annual rate of 4.5% compared to data for June 1992. The Portuguese production index also recorded high levels, however in recent months Portuguese industry has recorded a downward trend in production. Danish data continued to display patchy performance, with a marked rise in June, only to see the index fall sharply again in July. Thus, there were very few signs of recovery in Europe and the general malaise experienced in almost every Member State may well be expected to continue for some time yet.

INDUSTRIELLE PRODUKTION

GESAMTE INDUSTRIE

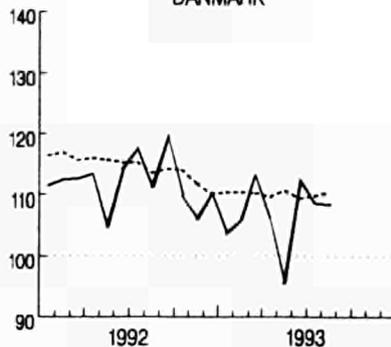
BELGIQUE - BELGIE



INDUSTRIAL PRODUCTION

TOTAL INDUSTRY

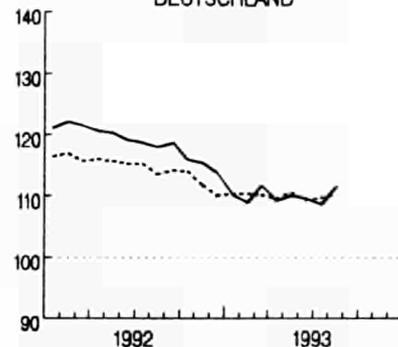
DANMARK



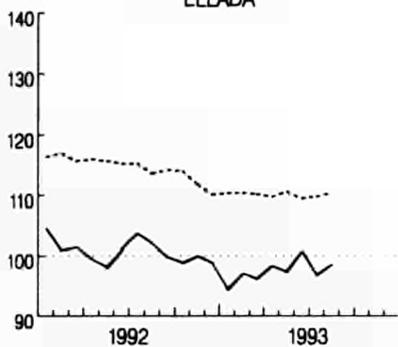
PRODUCTION INDUSTRIELLE

ENSEMBLE DE L'INDUSTRIE

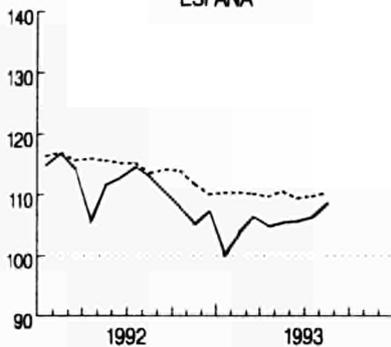
DEUTSCHLAND



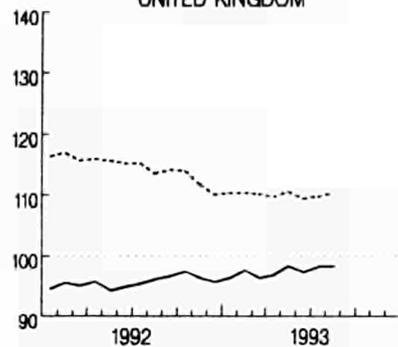
ELLADA



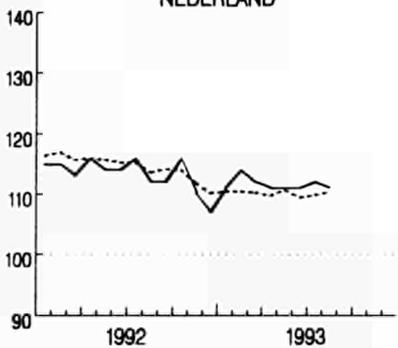
ESPANA



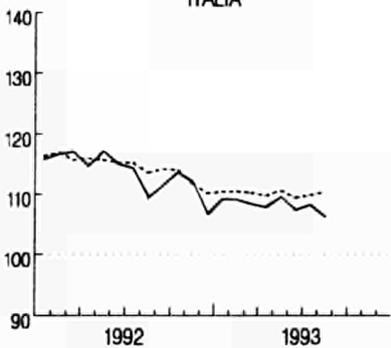
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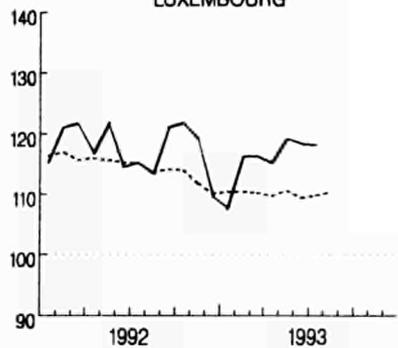
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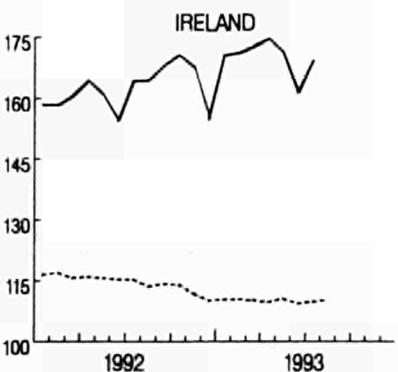
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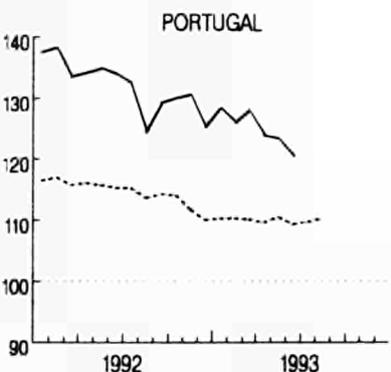
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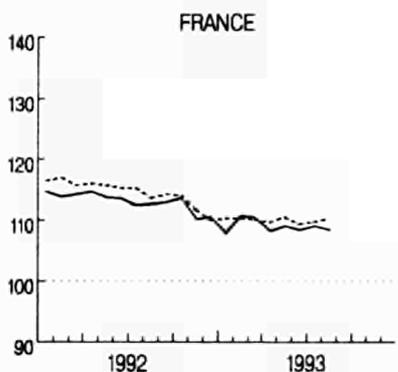
IRELAND



PORTUGAL



FRANCE



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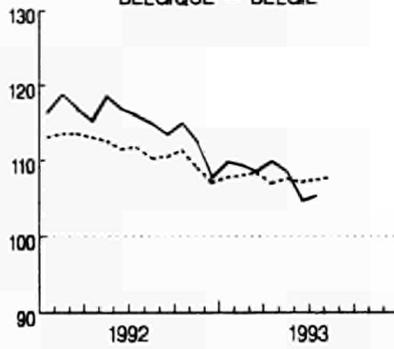
1985 = 100



INDUSTRIELLE PRODUKTION

VORLEISTUNGSINDUSTRIE

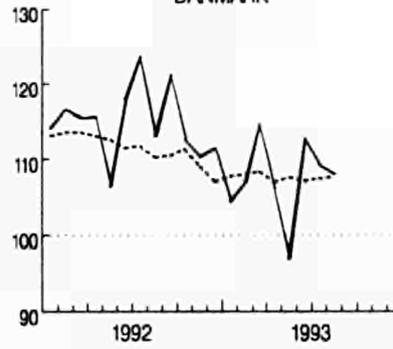
BELGIQUE - BELGIE



INDUSTRIAL PRODUCTION

INTERMEDIATE GOODS

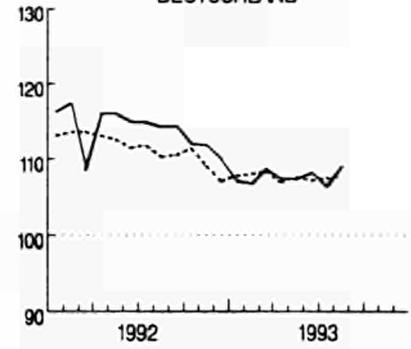
DANMARK



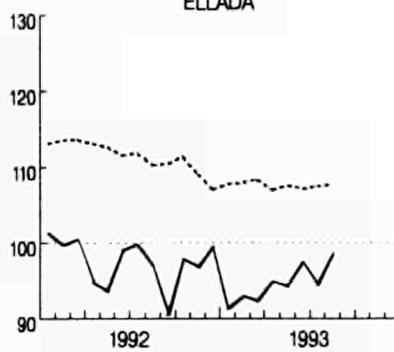
PRODUCTION INDUSTRIELLE

BIENS INTERMEDIAIRES

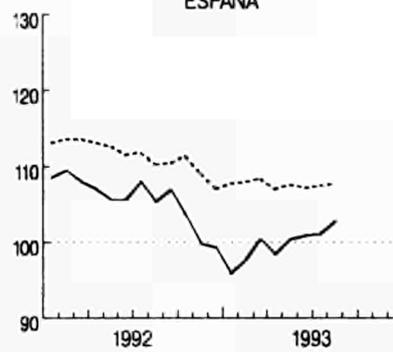
DEUTSCHLAND



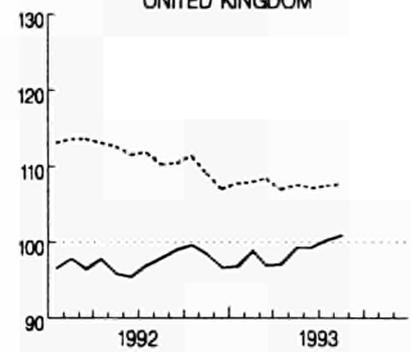
ELLADA



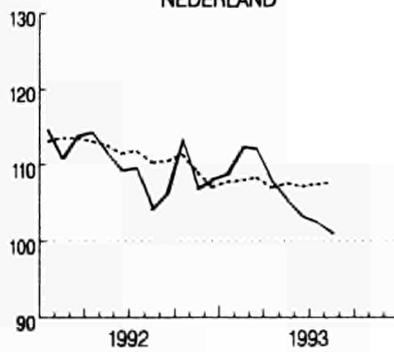
ESPAÑA



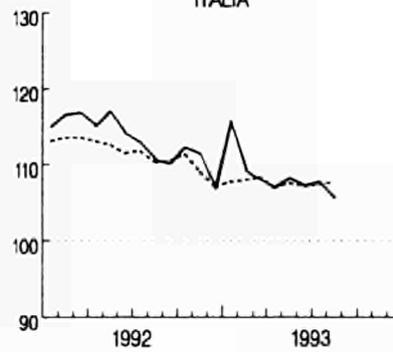
UNITED KINGDOM



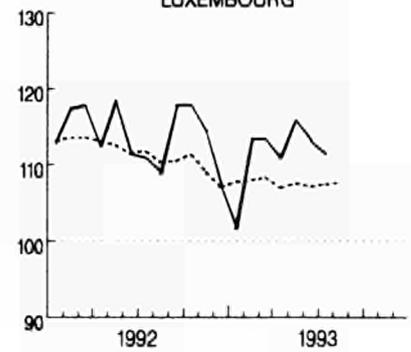
NEDERLAND



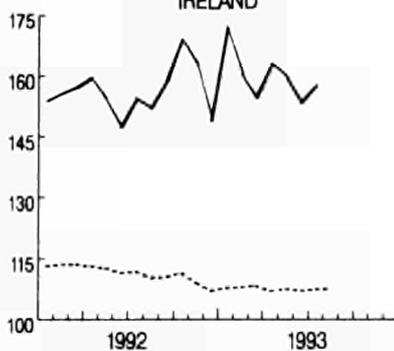
ITALIA



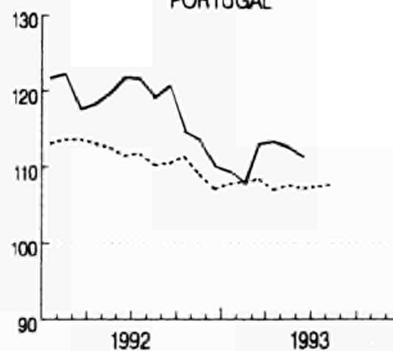
LUXEMBOURG



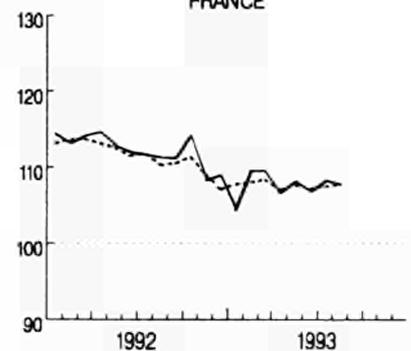
IRELAND



PORTUGAL



FRANCE



----- EUR 12

1985 = 100

INDUSTRIELLE PRODUKTION

INVESTITIONSGUETERINDUSTRIE

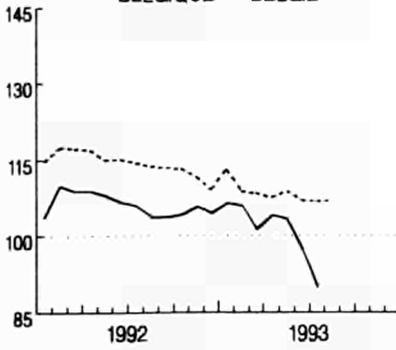
INDUSTRIAL PRODUCTION

CAPITAL GOODS

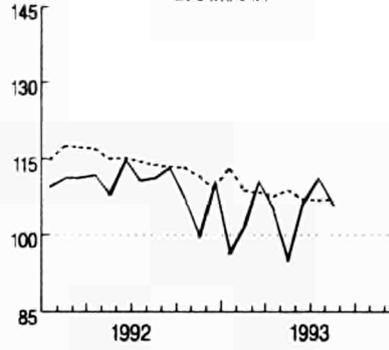
PRODUCTION INDUSTRIELLE

BIENS D'INVESTISSEMENT

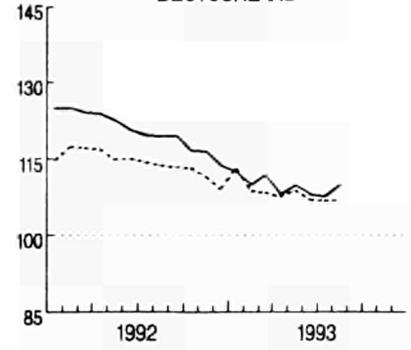
BELGIQUE - BELGIE



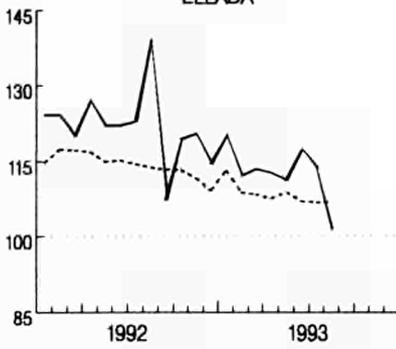
DANMARK



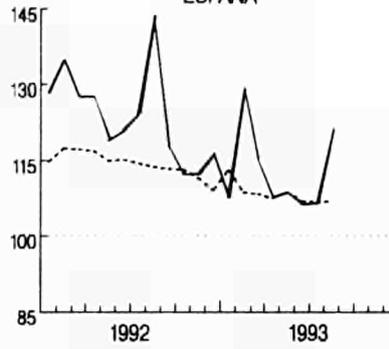
DEUTSCHLAND



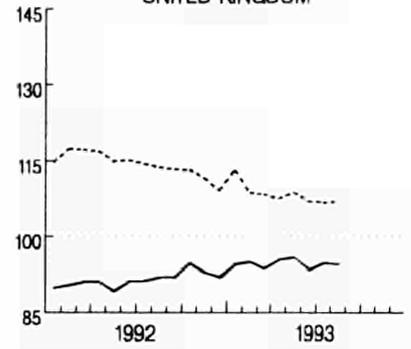
ELLADA



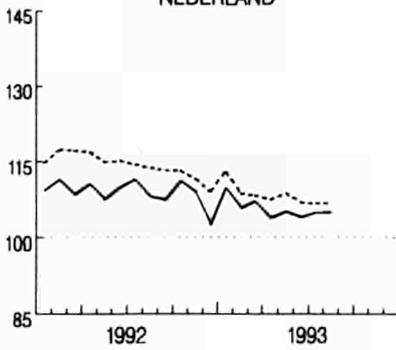
ESPANA



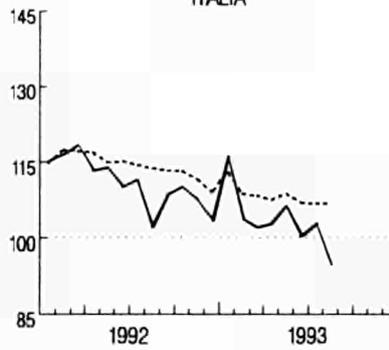
UNITED KINGDOM



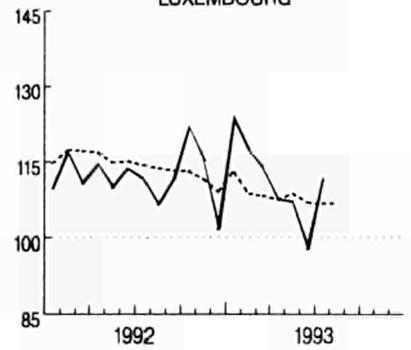
NEDERLAND



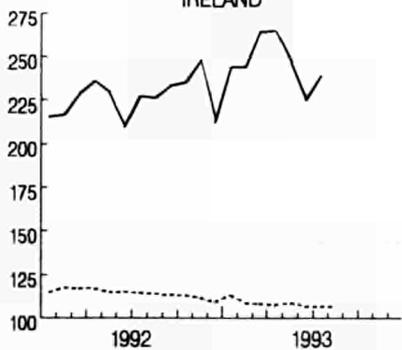
ITALIA



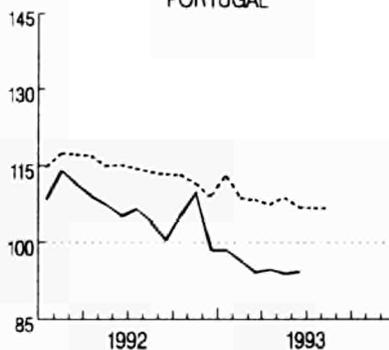
LUXEMBOURG



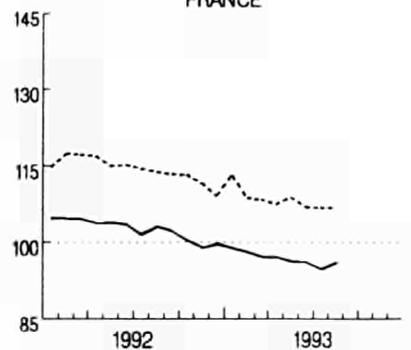
IRELAND



PORTUGAL



FRANCE



----- EUR 12

1985 = 100

INDUSTRIELLE PRODUKTION

VERBRAUCHSGUETERINDUSTRIE

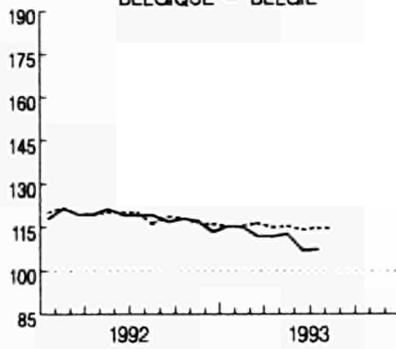
INDUSTRIAL PRODUCTION

CONSUMER GOODS

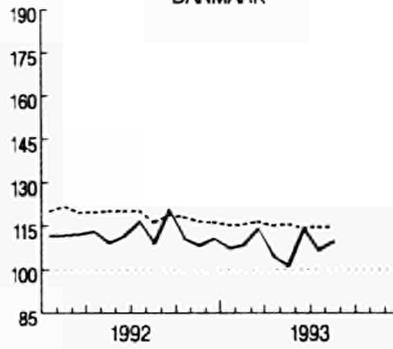
PRODUCTION INDUSTRIELLE

BIENS DE CONSOMMATION

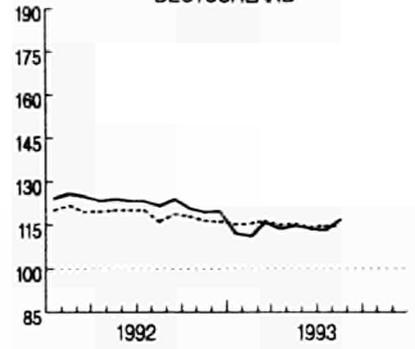
BELGIQUE - BELGIE



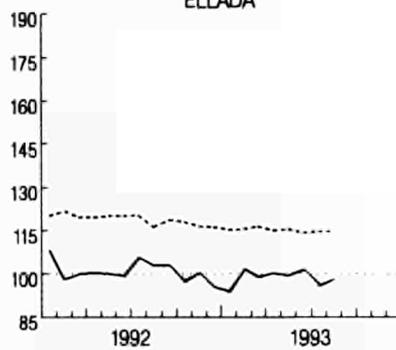
DANMARK



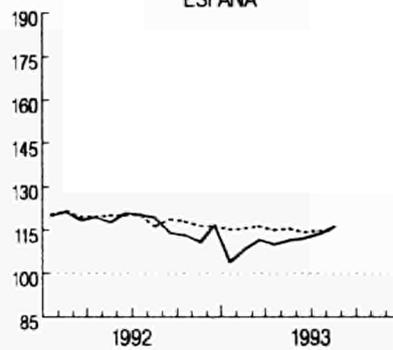
DEUTSCHLAND



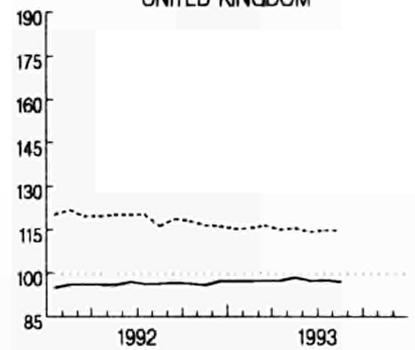
ELLADA



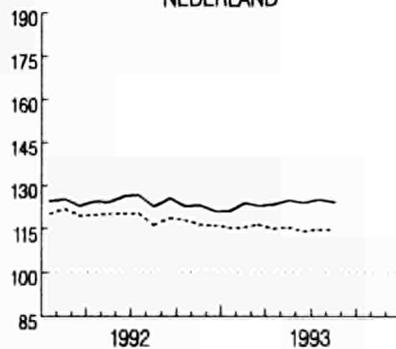
ESPAÑA



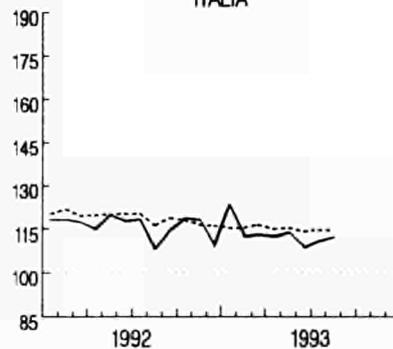
UNITED KINGDOM



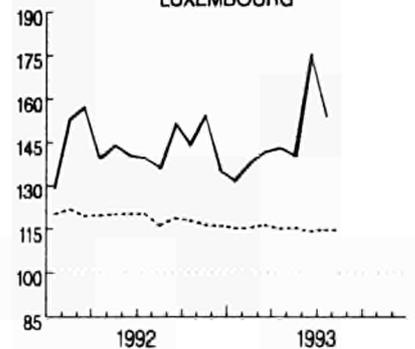
NEDERLAND



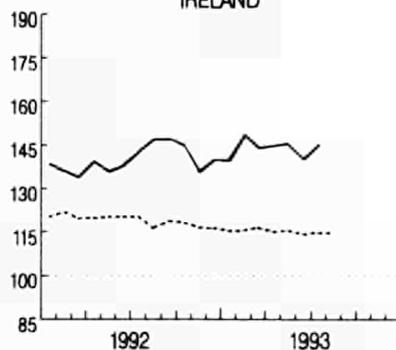
ITALIA



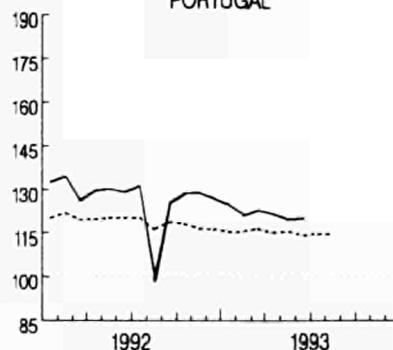
LUXEMBOURG



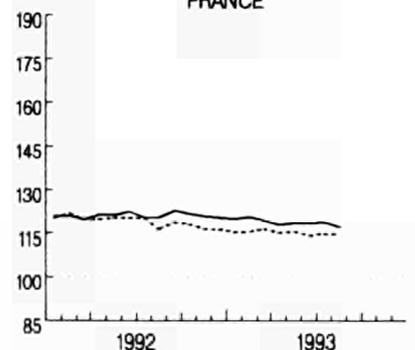
IRELAND



PORTUGAL



FRANCE



----- EUR 12

1985 = 100

Total industry (Nace 1-4)

Producer price index

1985 = 100		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Total Industry	1992	113.8	92.8	108.6	104.8	247.9	114.7	109.5	116.6	124.0	93.7	90.1	N/A	125.3
	Φ	115.5	91.9	108.0	104.9	274.5	116.8	109.0	119.4	128.6	91.7	89.1	N/A	129.7
Growth rate (%)	1992	1.5	0.2	-1.2	1.3	11.9	1.4	1.0	2.1	1.9	-2.6	0.5	N/A	2.0
	Φ	0.6	0.4	0.3	0.0	2.0	0.4	0.1	1.3	1.3	0.7	0.0	N/A	1.2
Intermediate Goods	1992	104.1	81.2	102.4	95.8	234.8	100.4	102.0	90.6	115.8	84.9	83.3	N/A	112.8
	Φ	105.0	80.4	102.0	94.6	260.4	101.4	100.2	91.9	120.5	82.0	81.7	N/A	116.3
Growth rate (%)	1992	0.0	-1.9	-2.8	-0.3	10.8	-0.2	-0.6	-5.7	0.4	-5.1	-0.6	N/A	0.6
	Φ	0.5	1.0	-0.3	-0.2	1.4	0.3	-0.3	1.2	1.7	0.8	-0.1	N/A	1.0
Capital Goods	1992	125.9	117.0	120.1	119.0	247.1	134.4	116.1	N/A	134.5	122.0	110.2	N/A	138.0
	Φ	127.6	117.6	122.0	121.0	275.2	136.1	114.1	N/A	138.4	121.7	110.2	N/A	141.4
Growth rate (%)	1992	2.3	2.4	-0.1	2.9	13.0	2.2	1.1	N/A	2.5	1.7	1.1	N/A	2.0
	Φ	0.2	0.0	0.0	0.3	1.4	0.4	-1.2	N/A	0.9	-0.2	-0.2	N/A	0.8
Consumer Goods	1992	122.0	108.2	109.3	111.5	266.4	129.5	113.0	118.2	131.0	124.7	99.4	N/A	138.7
	Φ	124.3	106.7	107.0	112.6	294.0	133.2	112.3	123.4	135.8	126.9	99.6	N/A	144.9
Growth rate (%)	1992	3.1	2.8	-0.5	3.0	13.1	2.9	1.6	3.2	3.6	4.8	2.0	N/A	4.9
	Φ	0.8	-0.3	0.3	0.2	2.9	0.7	0.7	2.1	1.1	0.4	0.3	N/A	1.6

Source: Eurostat

Producer prices continued to expand at a modest pace during the first six months of 1993. The index reached 115.6 in June 1993 (a rise of only 1.4% compared to the corresponding month of 1992). Indeed, in Germany, France, Denmark and the Benelux countries producer prices continued to display their recent trend of falling (negative price movements have now been witnessed in the Benelux countries for almost one year). Latest data for July 1993 in national currency (as above) showed all Benelux countries with their producer price indexes well below even 1985 levels (Belgium 92.0, Luxembourg 93.0 and the Netherlands 89.0).

At the same time price increases in Spain and Ireland have continued along the steady path displayed over the last two years (rising by around two per cent per annum). Data for Italy and the United Kingdom showed increases slightly more marked, of the order of four per cent per annum. Finally, Greek producer prices continued to expand at a much faster rate than any other Member State (rising by just over fourteen per cent during the year to July 1993 compared to the corresponding month of 1992).

1992 saw prices fall in the intermediate goods sector. However, the decline of prices in the sector has since ceased and the situation in early 1993 showed that the rate of change of

prices was rising slightly (by 0.9% for the year to June 1993 compared to the corresponding month of 1992 - perhaps due to movements in currency markets, especially the rising value of the dollar). Indeed, only Germany and the Netherlands showed a declining trend in prices for the sector over the last twelve months.

Price growth in the other two goods sectors was still positive. Nevertheless, price increases in these two sectors were showing a tendency to slow in pace, contrary to the trend displayed for the intermediate goods sector. Latest data available (also June 1993) showed annual increases of 1.2% for capital goods, and 2.0% for consumer goods, compared to

the corresponding month of 1992. In the capital goods sector, Danish capital goods bucked the trend of slower

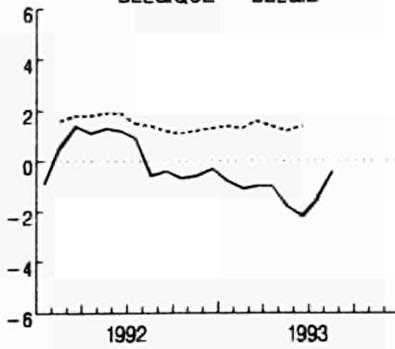
price growth. For the consumer goods sector, latest data showed that

only in Ireland were prices increasing at faster rates than a year before.

ERZEUGERPREISINDEX

GESAMTE INDUSTRIE
VERÄNDERUNGSRATE

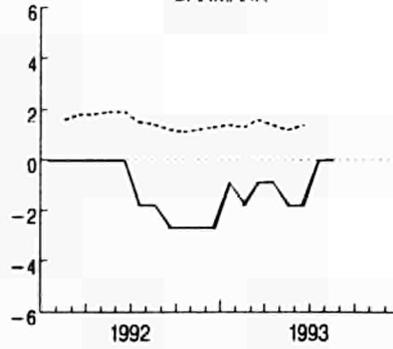
BELGIQUE - BELGIE



PRODUCER PRICE INDEX

TOTAL INDUSTRY
GROWTH RATE

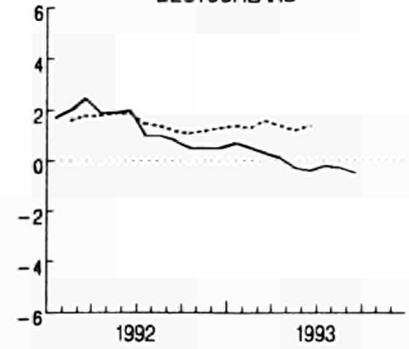
DANMARK



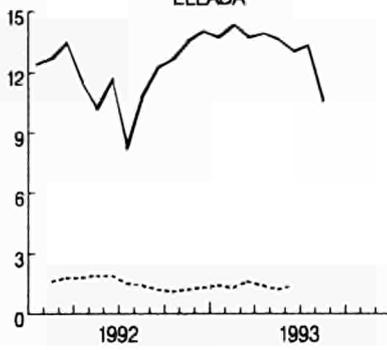
INDICE DES PRIX A LA PRODUCTION

ENSEMBLE DE L'INDUSTRIE
TAUX DE VARIATION

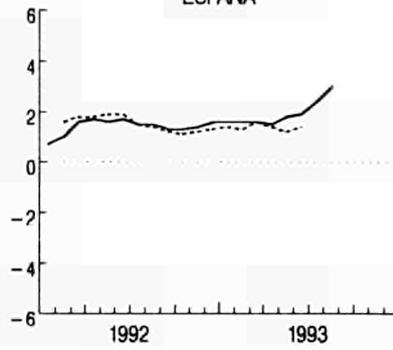
DEUTSCHLAND



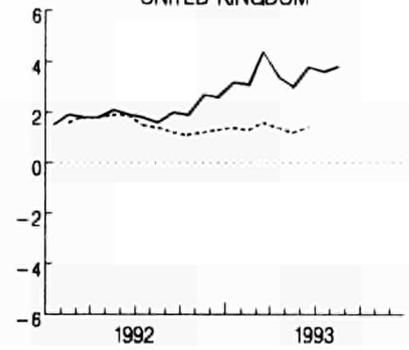
ELLADA



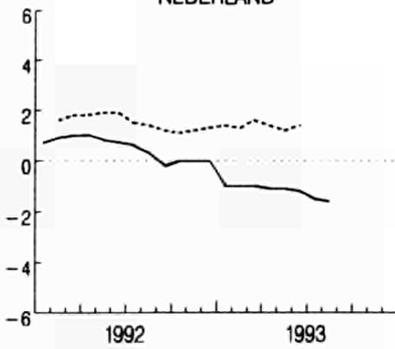
ESPAÑA



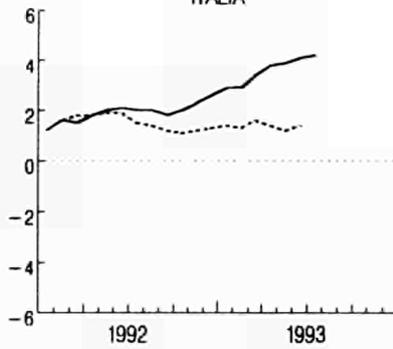
UNITED KINGDOM



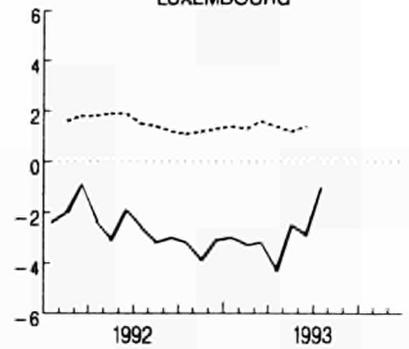
NEDERLAND



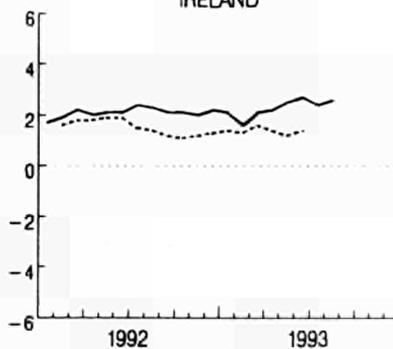
ITALIA



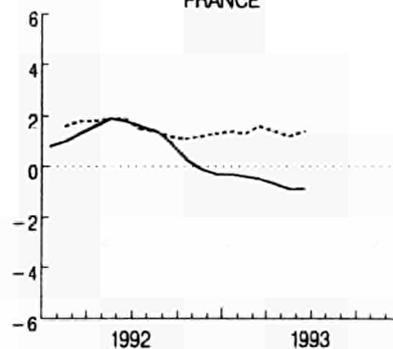
LUXEMBOURG



IRELAND



FRANCE



----- EUR 12

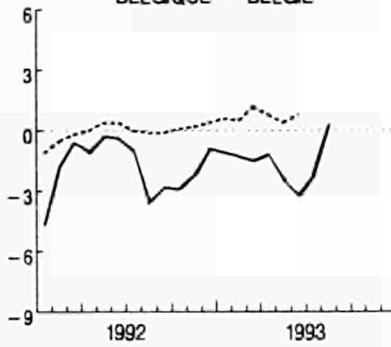
1985 = 100

ERZEUGERPREISINDEX
VORLEISTUNGSINDUSTRIE
VERÄNDERUNGSRATE

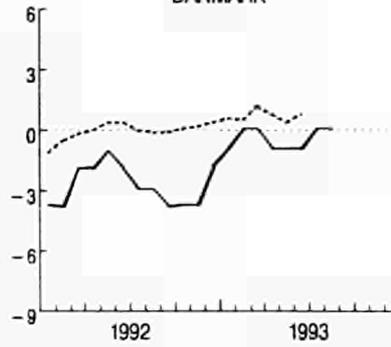
PRODUCER PRICE INDEX
INTERMEDIATE GOODS
GROWTH RATE

INDICE DES PRIX A LA PRODUCTION
BIENS INTERMEDIAIRES
TAUX DE VARIATION

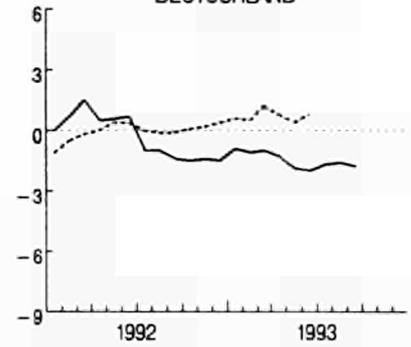
BELGIQUE - BELGIE



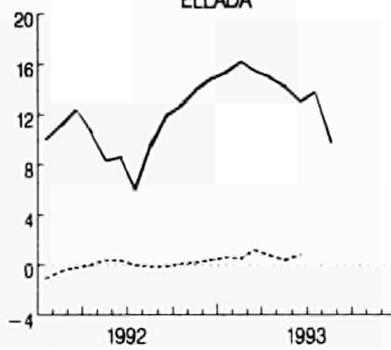
DANMARK



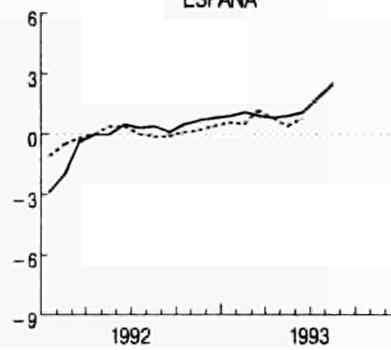
DEUTSCHLAND



ELLADA



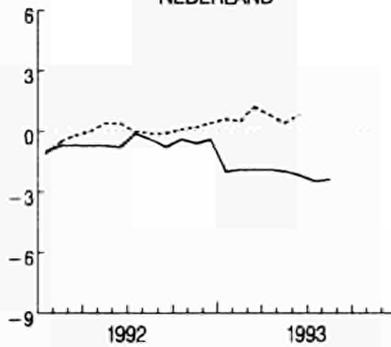
ESPAÑA



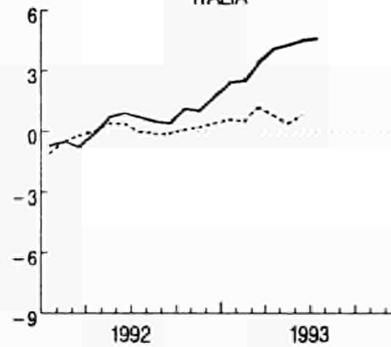
UNITED KINGDOM



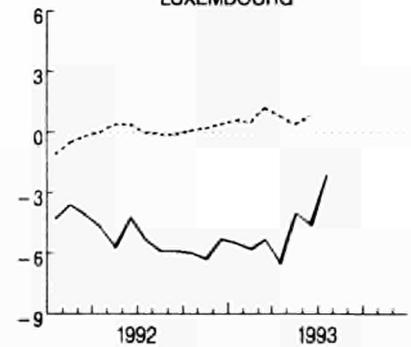
NEDERLAND



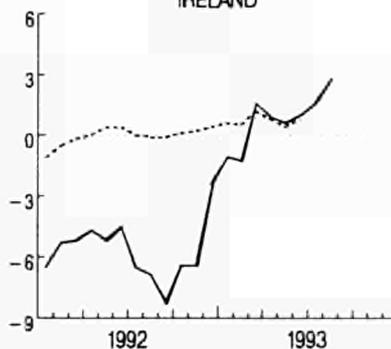
ITALIA



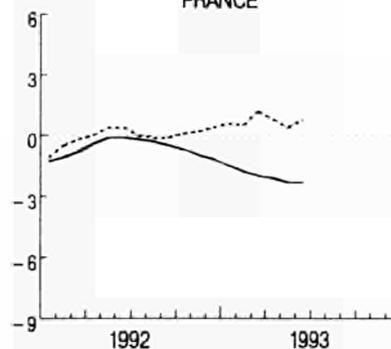
LUXEMBOURG



IRELAND



FRANCE



..... EUR 12

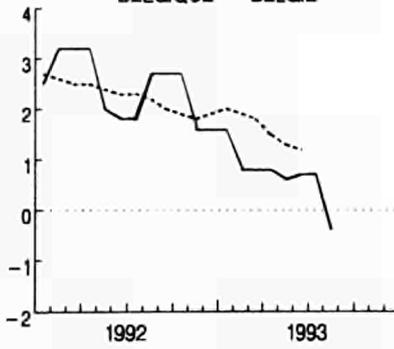
1985 = 100

ERZEUGERPREISINDEX
INVESTITIONSGUETERINDUSTRIE
VERÄNDERUNGSRATE

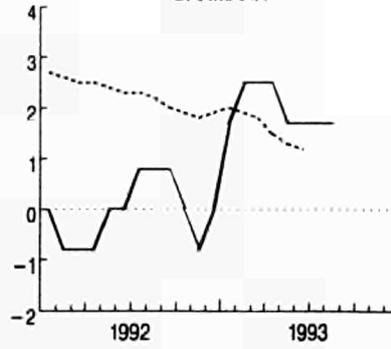
PRODUCER PRICE INDEX
CAPITAL GOODS
GROWTH RATE

INDICE DES PRIX A LA PRODUCTION
BIENS D'INVESTISSEMENT
TAUX DE VARIATION

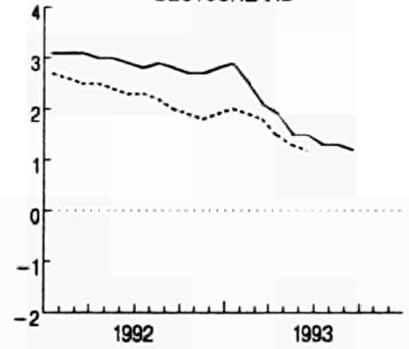
BELGIQUE - BELGIE



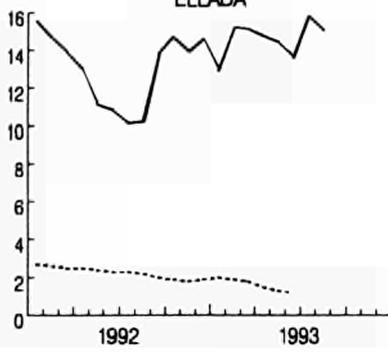
DANMARK



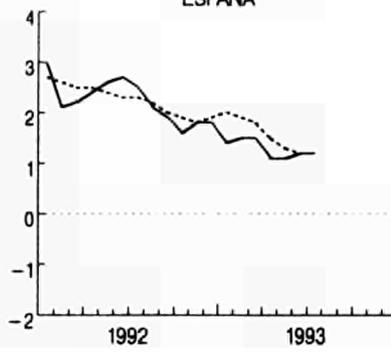
DEUTSCHLAND



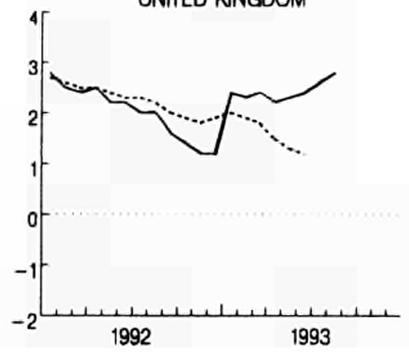
ELLADA



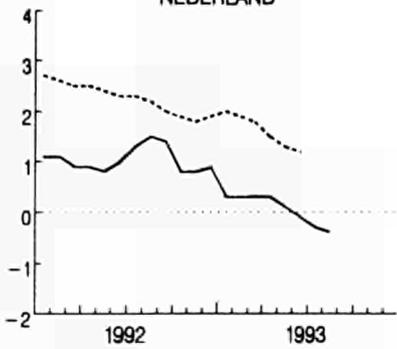
ESPAÑA



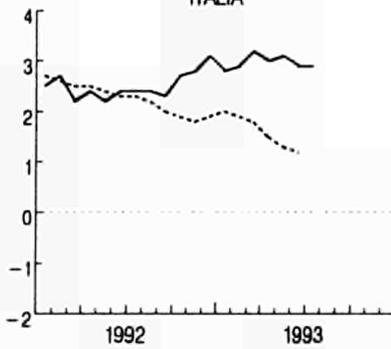
UNITED KINGDOM



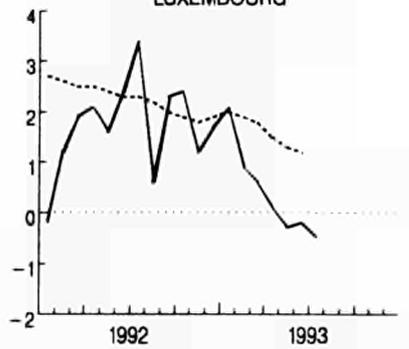
NEDERLAND



ITALIA



LUXEMBOURG



----- EUR 12

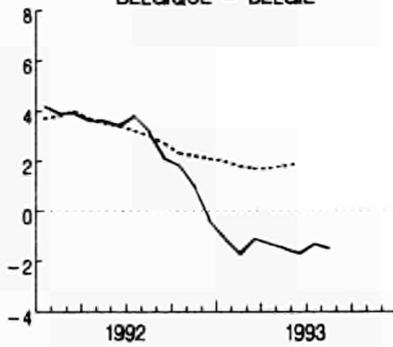
1985 = 100

ERZEUGERPREISINDEX
VERBRAUCHSGUETERINDUSTRIE
VERÄNDERUNGSRATE

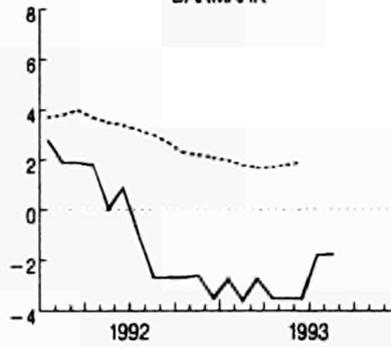
PRODUCER PRICE INDEX
CONSUMER GOODS
GROWTH RATE

INDICE DES PRIX A LA PRODUCTION
BIENS DE CONSOMMATION
TAUX DE VARIATION

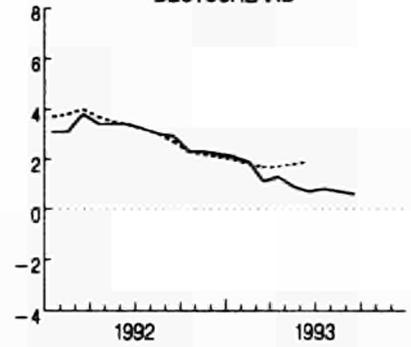
BELGIQUE - BELGIE



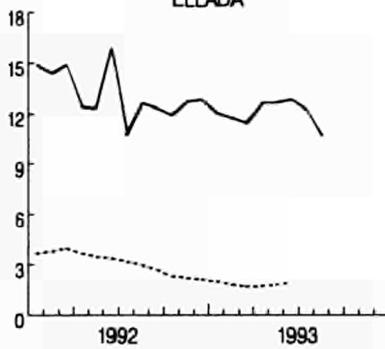
DANMARK



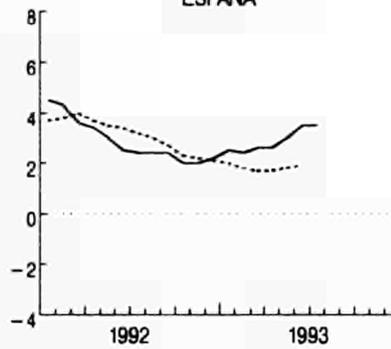
DEUTSCHLAND



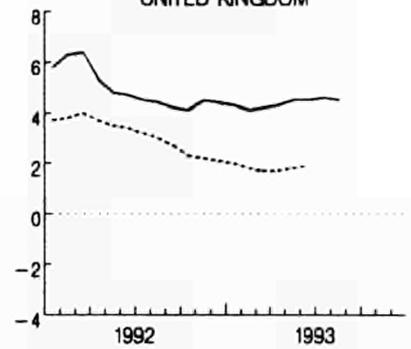
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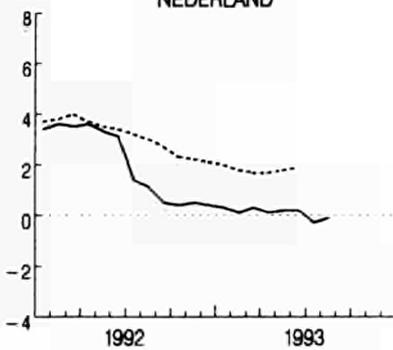
ESPAÑA



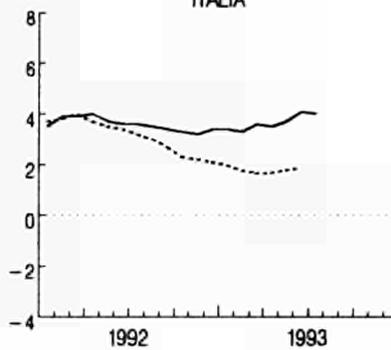
UNITED KINGDOM



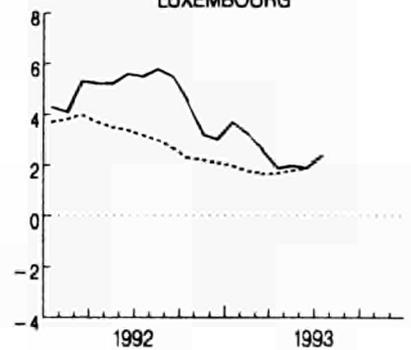
NEDERLAND



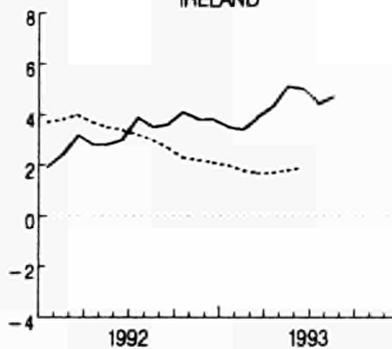
ITALIA



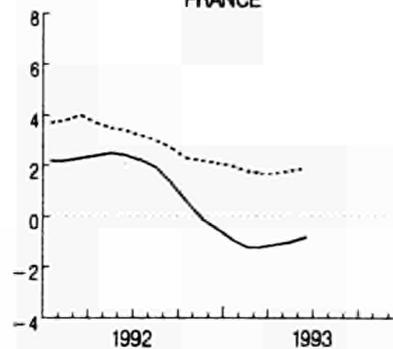
LUXEMBOURG



IRELAND



FRANCE



----- EUR 12

1985 = 100

Total industry (Nace 1-4)

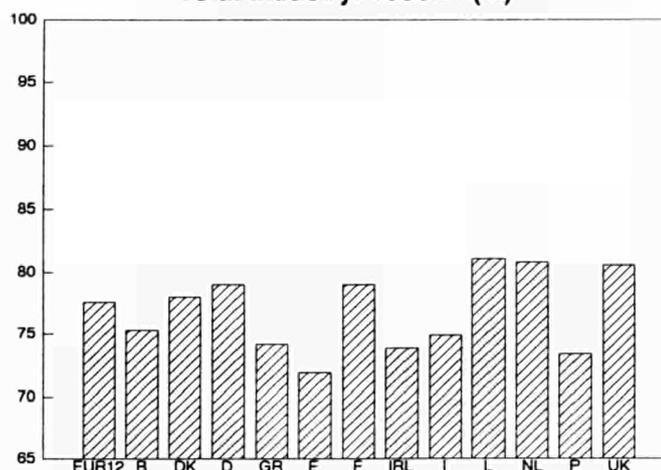
Capacity utilization

%		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Total Industry	92.IV	79.5	76.6	79.0	83.2	79.4	76.3	82.1	77.3	74.3	79.0	83.0	77.1	78.4
	93.I	77.6	74.5	77.0	80.1	77.7	73.7	80.9	69.9	74.3	78.9	81.5	75.0	76.3
	93.II	77.6	74.3	75.0	79.0	75.6	72.6	79.1	75.4	74.8	80.9	81.2	74.3	80.5
	93.III	77.6	75.3	78.0	79.0	74.2	71.9	79.0	73.9	74.9	81.1	80.8	73.4	80.5
Intermediate Goods	92.IV	79.6	73.9	78.0	82.5	81.8	77.8	84.5	78.6	74.2	79.0	81.4	78.5	78.0
	93.I	77.5	71.4	74.0	77.9	79.1	75.1	82.8	69.4	74.2	79.3	79.4	77.2	77.2
	93.II	78.0	71.9	72.0	78.2	76.4	72.7	81.5	80.6	75.2	82.0	80.7	77.0	80.5
	93.III	77.7	72.8	75.0	78.6	74.9	71.5	80.4	76.1	75.6	81.6	79.8	76.6	80.1
Capital Goods	92.IV	78.1	79.3	78.0	80.5	67.2	75.4	80.1	80.8	72.6	82.0	84.2	80.4	76.8
	93.I	76.9	77.9	75.0	79.1	81.7	72.0	78.8	67.9	73.2	81.6	82.1	76.6	75.5
	93.II	76.5	74.7	74.0	76.5	72.3	72.1	75.3	77.0	74.6	82.3	79.6	75.0	80.1
	93.III	76.0	75.6	78.0	75.9	72.8	72.3	76.1	72.9	73.4	83.0	79.5	71.7	78.4
Consumer Goods	92.IV	81.1	76.5	80.0	87.6	77.0	75.2	81.5	71.3	75.3	79.0	84.5	76.7	82.2
	93.I	79.8	74.3	80.0	85.9	77.6	74.9	81.0	78.1	75.0	74.7	84.4	72.8	78.4
	93.II	79.6	76.6	79.0	84.1	78.0	73.7	79.9	70.5	74.5	74.5	83.2	75.2	81.8
	93.III	79.7	77.3	81.0	83.0	76.1	71.6	80.6	68.0	74.4	77.2	83.6	73.5	84.3

Source: Eurostat

For the third successive quarter capacity utilisation rates remained at the constant level of 77.6% across Europe. Estimates for the third quarter of 1993 suggested that there were general improvements in the data for Belgium, Denmark, Italy and Luxembourg. However, with the highest rates recorded at just over 80% (in Luxembourg, the Netherlands and the United Kingdom) there were few signs of a recovery in the European economy. Nevertheless, the dramatic declines witnessed throughout 1992 seemed to be slowing by mid-1993 as the situation stabilised. For example, the sharp reductions seen in Germany were no longer apparent, with utilisation rates remaining at the same levels as those observed in the second quarter of 1993 (some 79%, estimated).

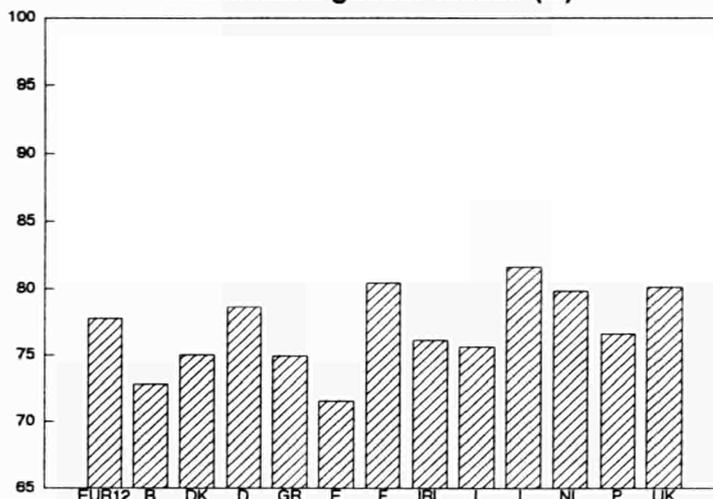
Capacity utilization
Total industry: 1993.III (%)



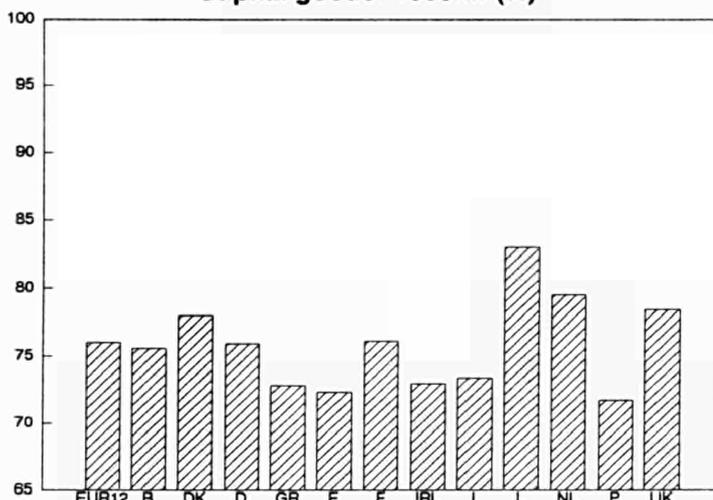
Despite the slowdown seen in falling rates for most countries, the decline of Spanish industry continued with the utilisation rate falling still further to 71.9% (the lowest level in the Community). Additionally, Ireland reported poor figures for the summer of 1993. Most noticeable was the reduction in Irish intermediate and capital goods sectors (down by an estimated 4.5 and 4.1 percentage points respectively). It was therefore no coincidence to find that these two countries also recorded the two highest rates of unemployment in the Community.

Turning to the individual goods sectors, in the third quarter of 1993 there were rising utilisation rates for consumer goods and falling rates in the other two goods sectors. Largest gains were made in Danish intermediate and capital goods sectors (estimated to be up by 3.0 and 4.0 percentage points in the third quarter of 1993), as well as in the United Kingdom consumer goods sector (estimated to be up by 2.5 percentage points for the same period). Declines, apart from those in Spain and Ireland, were most notable in the Portuguese capital goods sector (down by an estimated 3.3 percentage points).

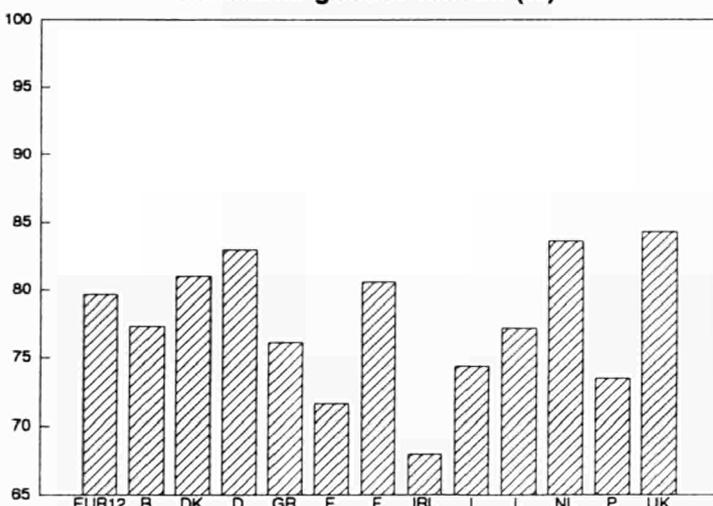
Capacity utilization
Intermediate goods: 1993.III (%)



Capacity utilization
Capital goods: 1993.III (%)



Capacity utilization
Consumer goods: 1993.III (%)



Total industry (Nace 1-4)

External trade indicators

1985 = 100			EUR 12	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK
Exports	Volume	1992	97.9	129.6	133.2	109.4	149.6	138.8	133.3	168.5	103.0	123.1	175.6	115.9
		Φ	106.1	131.4	155.5	111.9	184.3	147.3	136.5	181.3	108.3	127.5	172.2	126.1
	Growth rate (%)	1992	1.2	6.0	5.9	-2.2	9.3	7.1	1.2	15.1	0.2	-0.8	2.8	-0.1
		Φ	-3.8	3.4	14.2	-6.9	16.4	-4.7	-4.8	12.7	-5.5	-3.5	-7.5	-2.9
Value	1992	Φ	114.9	103.6	104.1	123.9	79.7	114.0	115.3	96.6	128.7	90.7	104.0	92.7
		Φ	114.4	105.1	105.6	126.6	79.0	111.6	116.8	92.5	124.0	91.3	101.9	87.4
	Growth rate (%)	1992	2.1	0.4	1.2	4.2	-5.0	-0.4	2.8	-2.7	0.5	0.1	1.9	-1.2
		Φ	1.9	1.8	3.1	6.2	-5.6	-2.8	4.0	-6.5	-3.0	1.6	1.2	-6.7
Imports	Volume	1992	155.0	135.9	114.8	163.8	140.6	250.4	150.6	132.1	127.7	133.6	286.1	120.7
		Φ	154.9	134.5	128.0	170.0	165.1	246.8	153.2	140.3	124.1	134.2	305.5	120.2
	Growth rate (%)	1992	0.5	0.3	-0.7	-0.6	3.9	5.5	-0.5	-2.9	0.5	0.9	9.4	3.8
		Φ	-3.9	-2.8	4.2	-0.2	-8.0	-7.2	-3.1	-3.9	-8.7	-0.9	3.6	-1.8
Value	1992	Φ	79.1	101.1	95.9	94.5	96.1	85.7	94.7	97.9	96.5	95.5	85.5	98.9
		Φ	79.7	102.5	97.3	95.7	93.1	84.2	96.0	95.4	95.0	96.7	85.3	96.2
	Growth rate (%)	1992	-1.4	0.1	0.9	1.1	0.4	-2.1	0.3	3.1	-0.7	1.1	-0.3	-1.8
		Φ	-0.9	1.3	2.5	1.7	-2.0	-3.2	1.9	1.4	-2.2	2.2	1.5	-4.1
Terms of Trade	1992	Φ	145.2	102.4	108.5	131.1	82.9	133.0	121.7	98.6	133.3	94.9	121.6	93.7
		Φ	143.5	102.5	108.5	132.2	84.8	132.5	121.6	96.9	130.4	94.4	119.5	90.8
	Growth rate (%)	1992	3.6	0.2	0.2	3.1	-5.3	1.7	2.5	-5.7	1.2	-1.0	2.3	0.6
		Φ	2.8	0.4	0.4	4.3	-3.6	0.4	2.0	-7.9	-0.8	-0.6	-0.2	-2.6

Source: Eurostat

With modifications to the method of collection of trade statistics, data is only available to the end of 1992. Indicators for 1992 showed export volumes growing by 1.2%, whilst import growth remained even more modest, recording annual gains of only 0.5%. This pattern was against that traditionally displayed as import volumes run at over fifty per cent (155.0, 1985 = 100) more than levels displayed in 1985, whereas export volumes continue to display a similar trend to that of the mid-eighties (97.9). Latest data available suggests that this considerable slowdown in trading activity is set to continue for some time, as volume indicators fell at an annual rate of just under four per cent for both exports and imports.

Value indicators followed historical trends more closely: with export values expanding slightly (2.1% growth in 1992) and import values below those of a year before (down 1.4%). The reduction in import values was less than that traditionally recorded and may be explained by the strength of currencies (such as the yen) and the relative weakness of certain currencies amongst the Member States. As a result of these moderate movements in 1992, import values recorded a level of 79.1 (1985 = 100), with export values at 114.9.

Terms of trade grew by 3.6% in 1992 to a level of 145.2. This growth was above that seen in 1991, when the indicator gained 2.1% - however, recent growth remains well below that

displayed in the mid to late eighties. Generally most countries saw their terms of trade follow historical trends. However, in Ireland levels fell rapidly from the third quarter of 1992. Conversely, 1992 saw the deterioration of Greek terms of trade slow, due in part to lower levels of inflation.

Export values for the last three months of 1992 were seen to be falling in the United Kingdom (6.7%), Ireland (6.5%), Greece (5.6%), Italy (3.0%) and Spain (2.8%). These reductions may at least in part be explained by movements in currency markets. For the same reason with intra-Community trade accounting for a significant share of total trade, other Member States conversely saw export values grow quite rapidly.

NACE 1 - 4

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

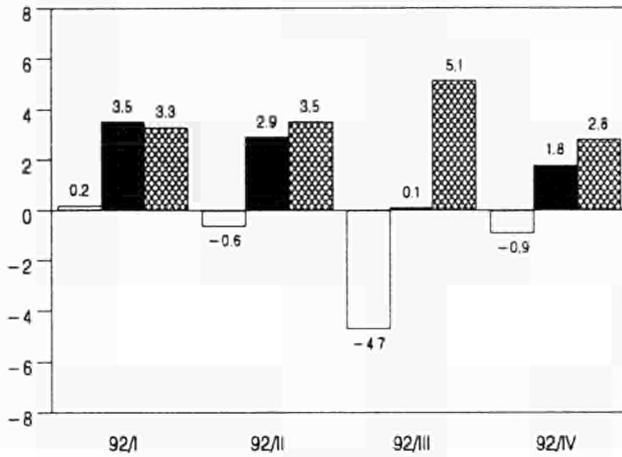
INDICATEURS COMMERCE EXTERIEUR

VERÄNDERUNGSRATE

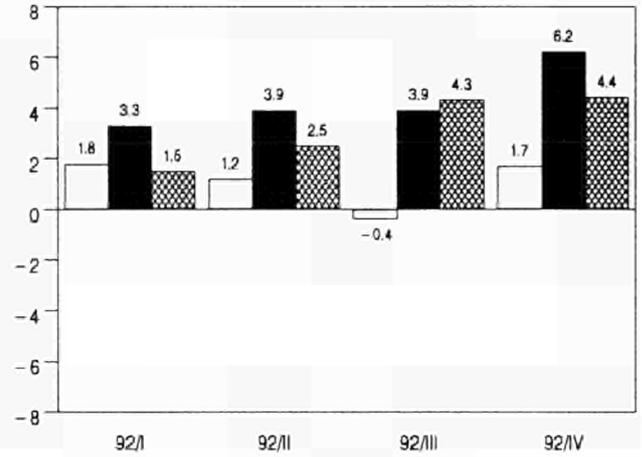
GROWTH RATE

TAUX DE VARIATION

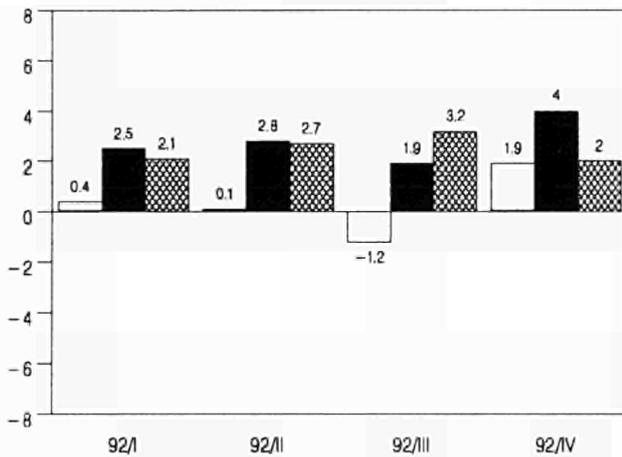
EUR 12



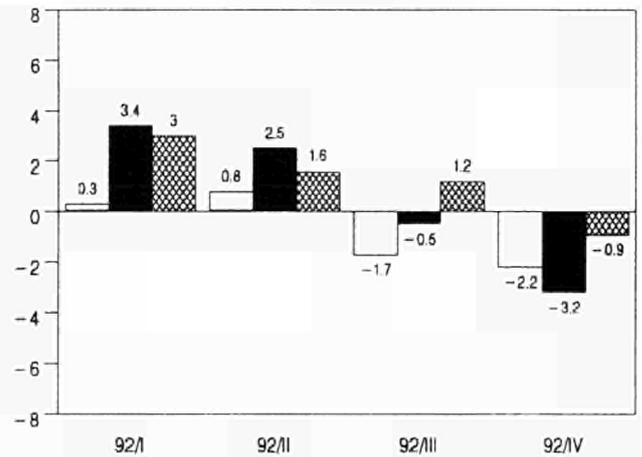
DEUTSCHLAND



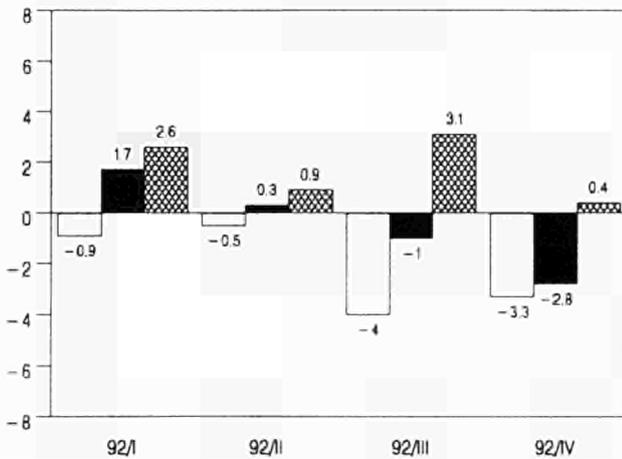
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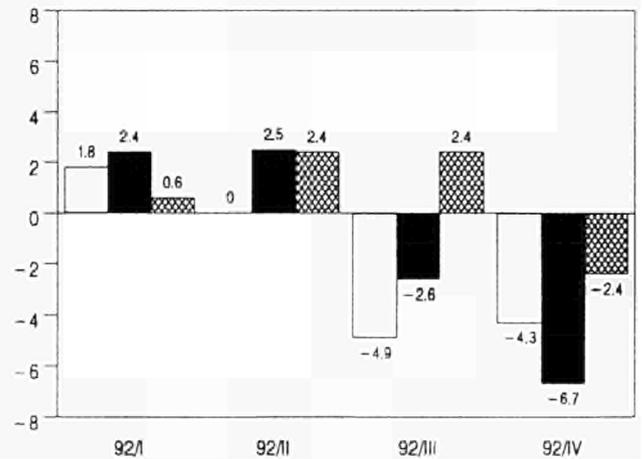
ITALIA



ESPAÑA



UNITED KINGDOM



 Einfuhr
 Ausfuhr
 Austauschrelation

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NACE 1 - 4

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

INDICATEURS COMMERCE EXTERIEUR

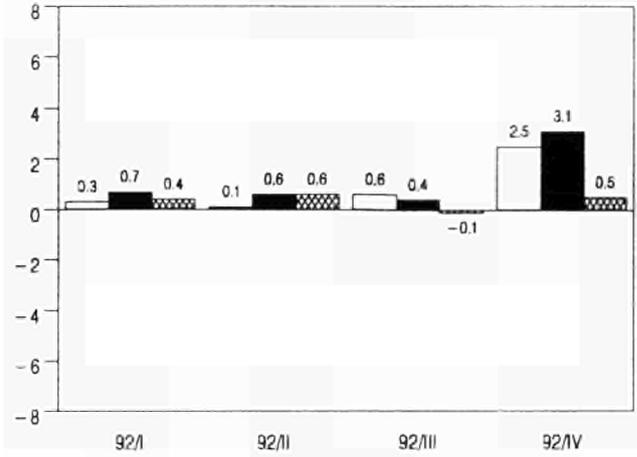
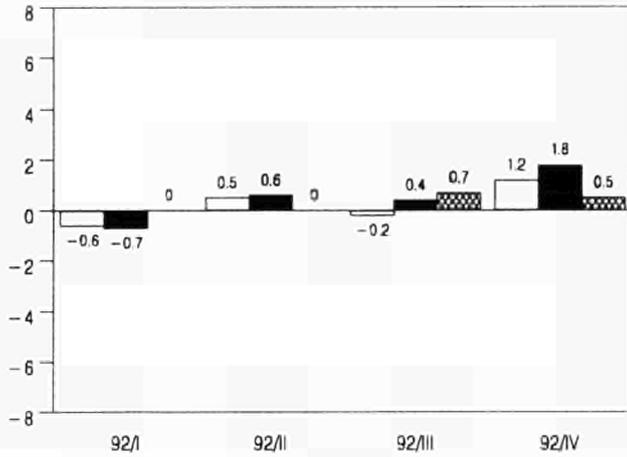
VERÄNDERUNGSRATE

GROWTH RATE

TAUX DE VARIATION

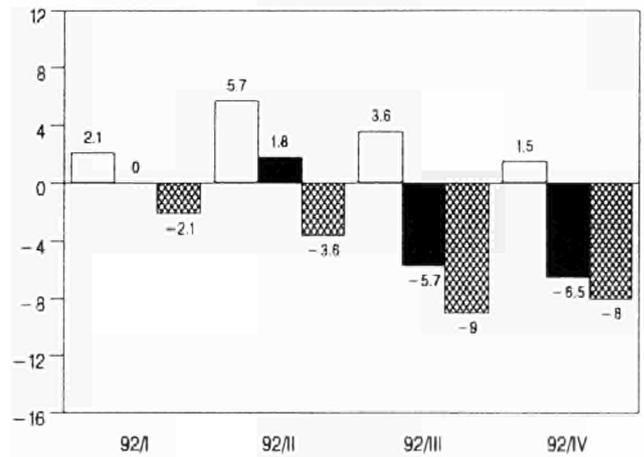
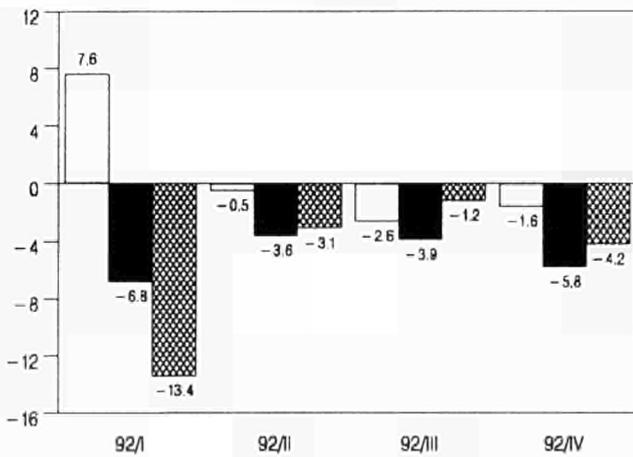
BELGIQUE - LUXEMBOURG

DANMARK



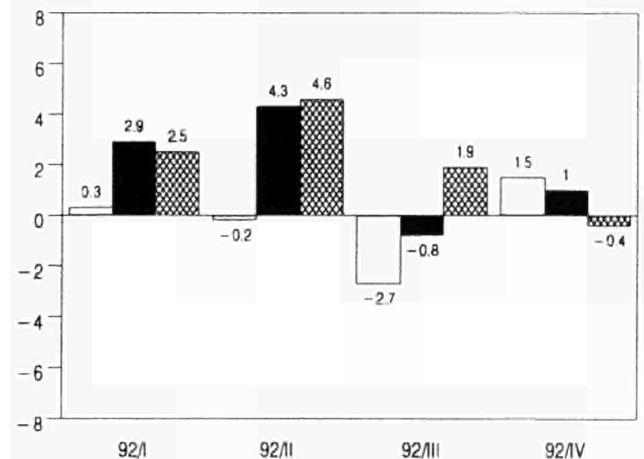
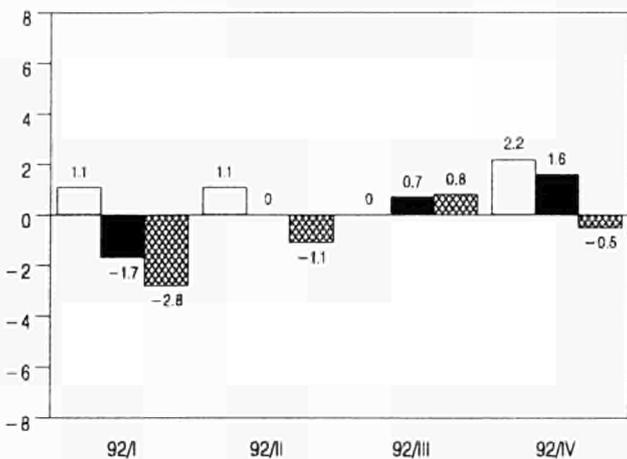
ELLADA

IRELAND



NEDERLAND

PORTUGAL



Einfuhr
 Ausfuhr
 Austauschrelation

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3. INSTRUMENT ENGINEERING (NACE 37)

- Value-added accounts for a 1.3% share in total manufacturing
- High investment levels during the late eighties
- Short production runs and high degrees of specialisation
- Diversification apparent from electronics and transport industry firms
- Increased competition from the NICs in lower-end markets
- Foreign direct investment into Ireland and France
- Trade balance growing wider since the mid-eighties
- Japan is the leading importer into EC markets

3.1. SHORT-TERM INDICATORS

Instrument engineering (Nace 37)

Production, prices and capacity utilization

1985 = 100		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Index of Production	1992	119.4	74.9	84.2	121.5	N/A	184.0	115.5	164.5	108.6	N/A	128.0	N/A	111.3
	Φ	116.3	75.4	97.0	112.2	N/A	169.6	113.0	188.6	103.0	N/A	139.3	N/A	116.5
Growth rate (%)	1992	1.7	-0.2	-3.8	2.1	N/A	2.6	-1.1	10.9	4.0	N/A	9.8	N/A	-0.8
	Φ	-0.6	6.1	1.7	-1.6	N/A	-12.5	-5.1	5.8	-8.8	N/A	0.0	N/A	3.8
Producer Price index	1992	N/A	120.0	128.1	117.8	231.1	133.5	N/A	78.2	124.9	N/A	112.8	N/A	143.1
	Φ	N/A	122.5	125.0	120.8	268.7	135.2	N/A	77.7	126.7	N/A	115.0	N/A	149.3
Growth rate (%)	1992	N/A	1.7	1.2	3.6	10.4	3.4	N/A	0.3	-0.8	N/A	1.9	N/A	3.6
	Φ	N/A	0.6	-3.8	0.6	5.5	0.7	N/A	0.1	0.1	N/A	0.3	N/A	1.2
Capacity Utilization %	92.IV	81.0	N/A	73.0	82.6	N/A	80.1	84.9	87.5	74.2	87.0	85.6	92.6	82.2
	93.I	80.7	N/A	67.0	82.6	N/A	80.6	81.5	81.3	77.3	75.0	85.2	93.8	81.8
	93.II	80.4	N/A	67.0	82.6	N/A	76.8	79.2	74.9	76.5	80.9	83.5	91.9	86.0
	93.III	80.7	N/A	78.0	81.0	N/A	85.9	79.9	75.3	75.3	75.9	85.5	91.1	86.8

Source: Eurostat

Capacity utilisation in the instrument engineering sector regained the ground it lost in the second quarter of 1993, as rates returned to an estimated level of 80.7% in the third quarter. Behind the Community total there was a large fall in the German rate (down an estimated 1.6 percentage points), which was hidden due to the gains recorded in Denmark, Spain, France, the Netherlands and the United Kingdom (compared to data for the second quarter). The last year saw annual average rates in Portugal at over 90%. The greatest losses were seen in Ireland and Luxembourg (both down by over ten percentage points between the last quarter of 1992 and the third quarter of 1993). Additionally, substantial losses were reported in France, where despite a slight recovery of 0.7 percentage

points in the third quarter of 1993 (compared to the second quarter) figures were down some 5 percentage points over the last year.

EC production fell quite sharply in mid-1993 compared to data from a year before, though this was largely due to the performance of German industry which has a strong influence on the overall European figure. German data for July 1993 showed the production index 4.9% below corresponding data from the same month a year before. Additionally, the Belgian and Italian instrument engineering sectors were hit badly by the recession.

Nevertheless, in Denmark, Ireland, the Netherlands and the United Kingdom data for June 1993 showed the

production index above that recorded in the same month of 1992. With the exception of Ireland (where large amounts of foreign direct investment have streamlined production processes) these countries all displayed increasing capacity utilisation figures as their output levels rose.

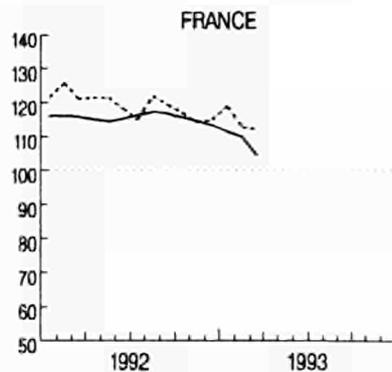
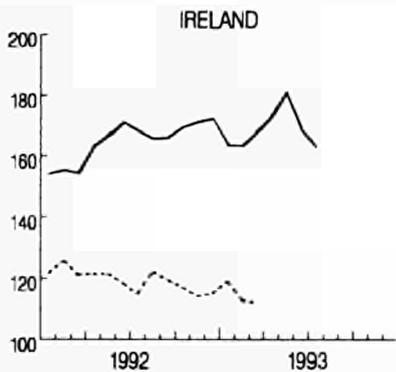
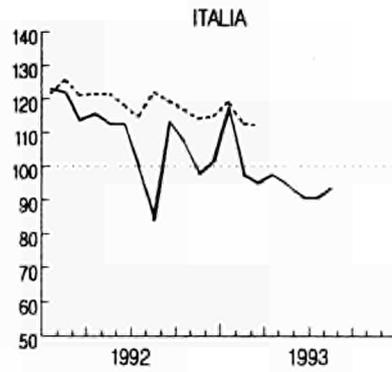
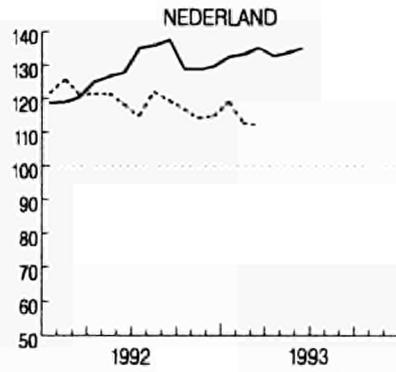
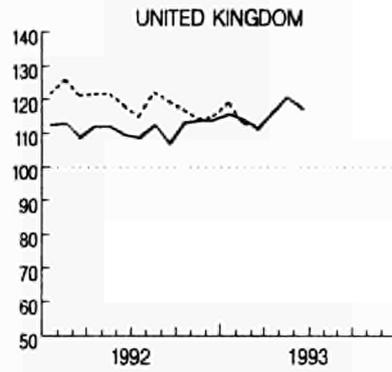
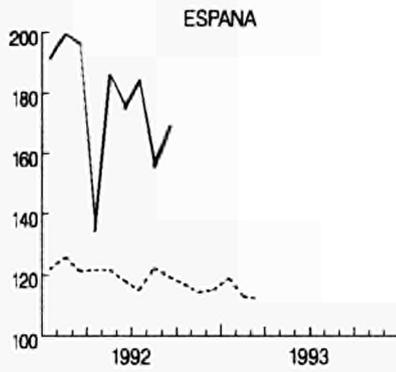
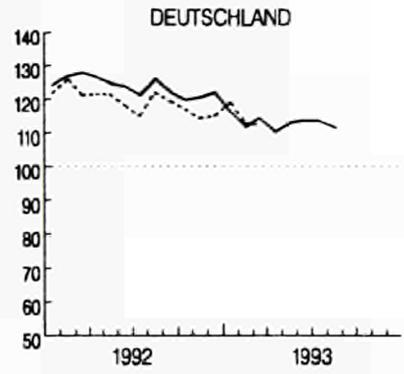
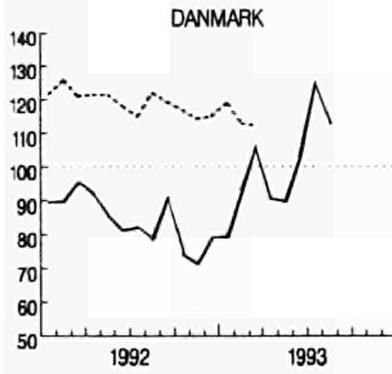
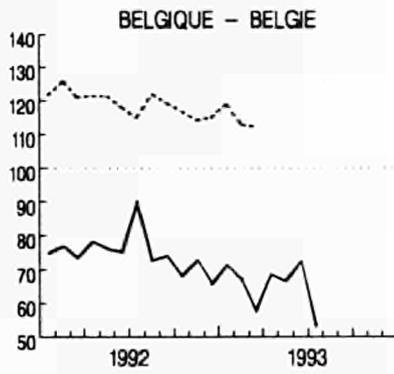
1992 saw prices increase in every Member State, with the exception of Italy, where a slight reduction of 0.8% was recorded. Latest data available did however show a marked trend towards price increases at a much slower rate. Indeed, in Denmark and Ireland data for August 1993 showed prices falling compared to data from the same month a year before.

INDUSTRIELLE PRODUKTION

INDUSTRIAL PRODUCTION

PRODUCTION INDUSTRIELLE

NACE 37



----- EUR 12

1985 = 100

NACE 37

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

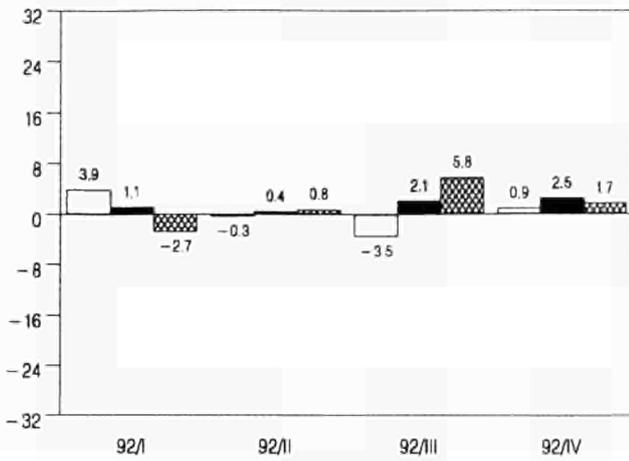
INDICATEURS COMMERCE EXTERIEUR

VERÄNDERUNGSRATE

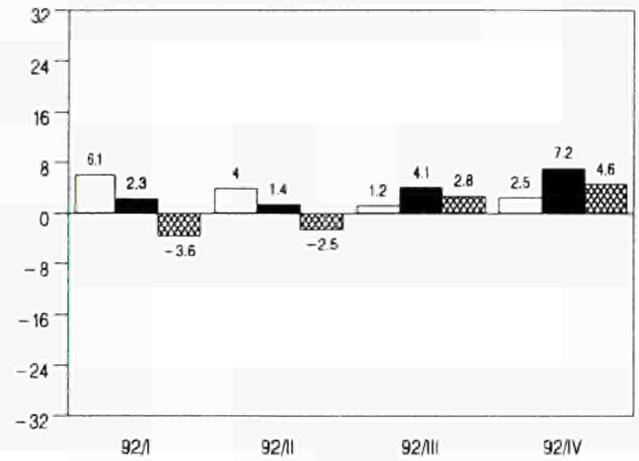
GROWTH RATE

TAUX DE VARIATION

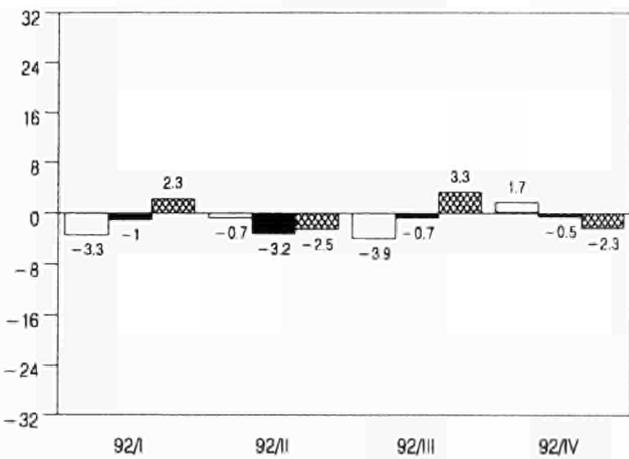
EUR 12



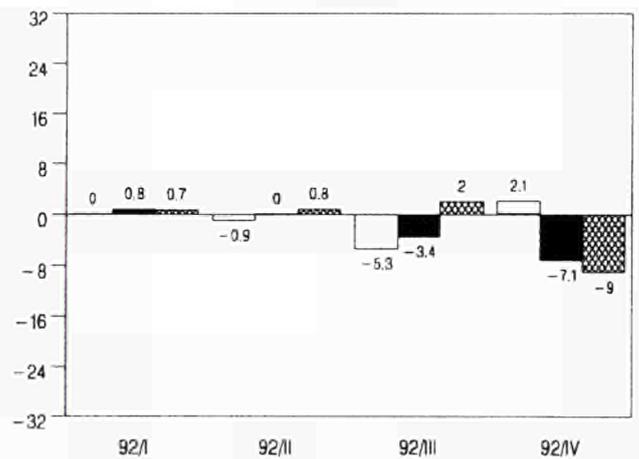
DEUTSCHLAND



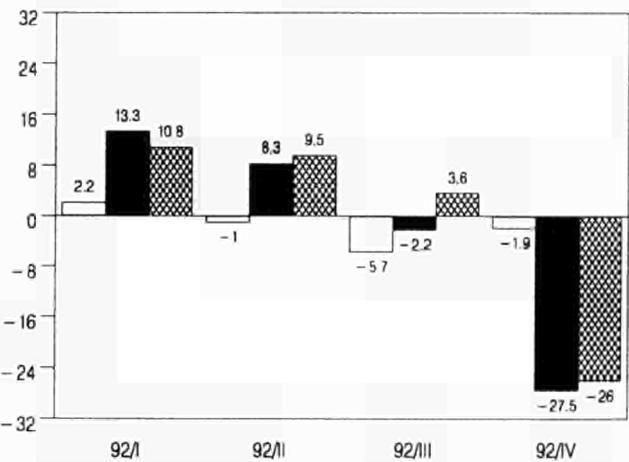
FRANCE



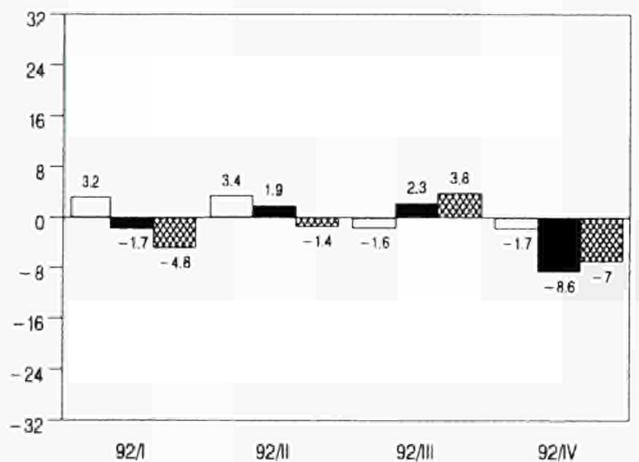
ITALIA



ESPAÑA



UNITED KINGDOM



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 Ausfuhr
 Austauschrelation

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NACE 37

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

INDICATEURS COMMERCE EXTERIEUR

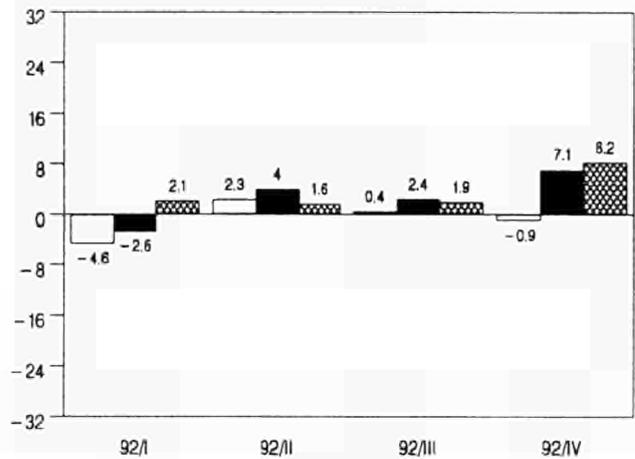
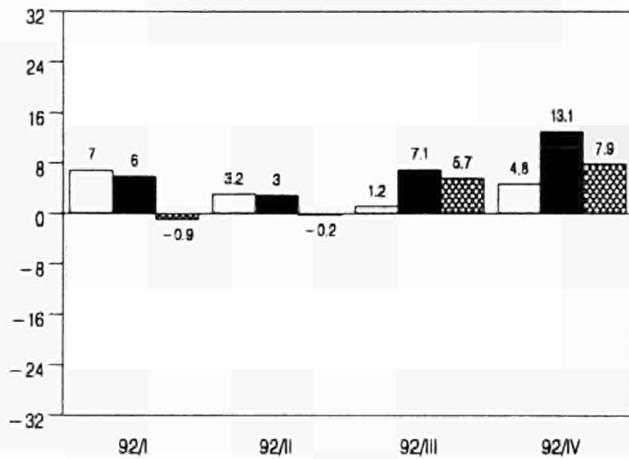
VERÄNDERUNGSRATE

GROWTH RATE

TAUX DE VARIATION

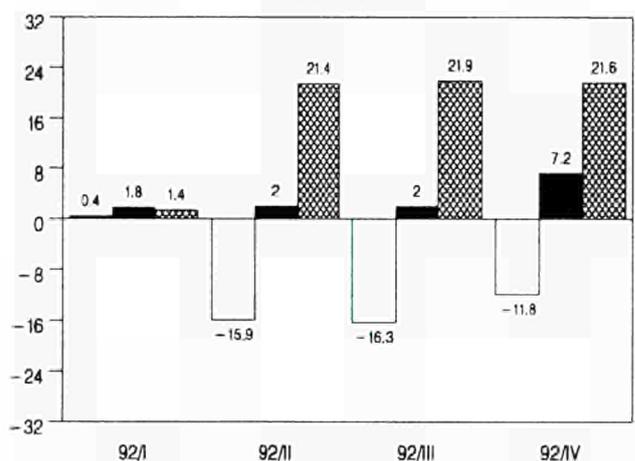
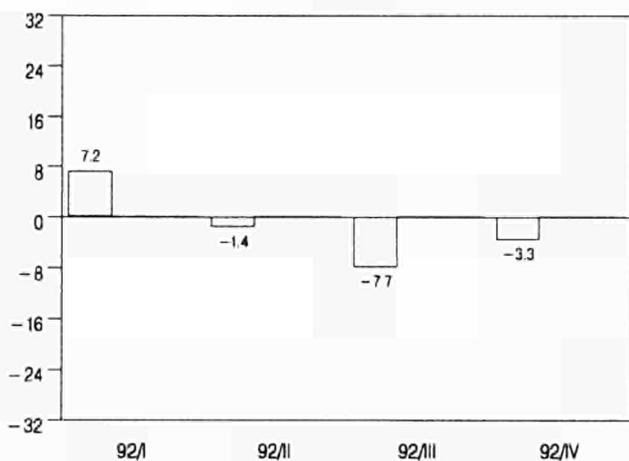
BELGIQUE – LUXEMBOURG

DANMARK



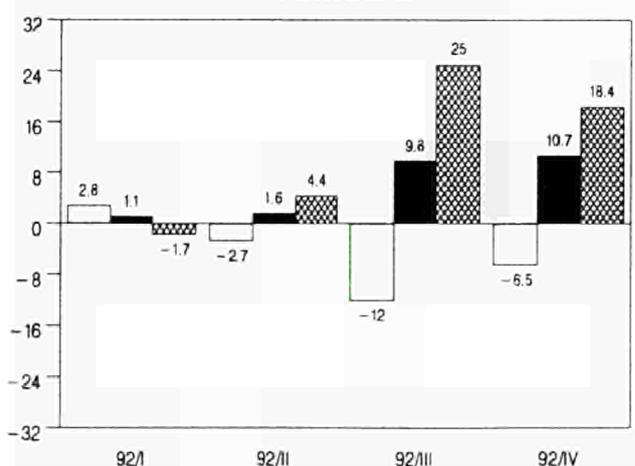
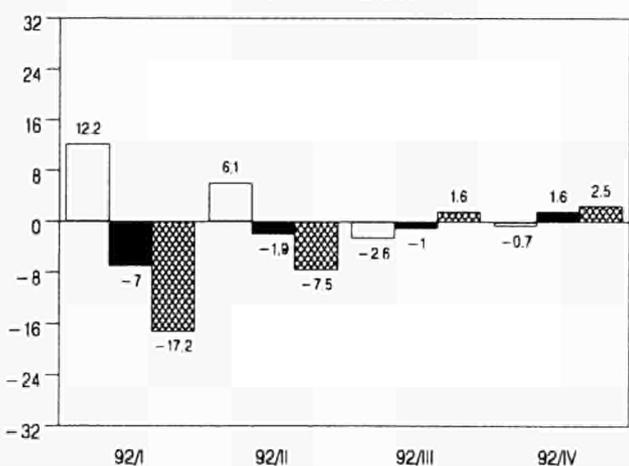
ELLADA

IRELAND



NEDERLAND

PORTUGAL



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Instrument engineering (Nace 37)

External trade indicators

1985 = 100			EUR 12	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK
Exports	Volume	1992	132.1	163.1	201.1	140.4	N/A	299.2	201.6	150.3	124.5	205.5	198.8	152.7
		Φ	140.0	166.0	227.4	149.3	N/A	322.4	206.5	149.0	132.1	216.7	201.4	152.5
	Growth rate (%)	1992	2.2	-1.6	10.6	0.8	N/A	22.2	6.8	13.0	3.8	7.7	1.3	1.8
		Φ	10.1	0.1	43.5	16.4	N/A	25.8	16.1	28.7	6.7	10.7	-7.7	0.9
	Value	1992	105.6	102.5	96.5	108.9	N/A	95.5	93.8	132.1	145.4	96.4	94.0	105.7
		Φ	106.9	109.8	100.7	112.7	N/A	80.8	95.6	134.5	141.0	95.7	101.9	98.6
	Growth rate (%)	1992	1.6	7.3	2.6	3.8	N/A	-4.1	-1.3	3.3	-2.5	-1.9	5.2	-1.5
		Φ	2.4	13.0	7.3	7.1	N/A	-27.2	-0.4	7.6	-6.3	1.8	10.4	-9.0
Imports	Volume	1992	189.3	211.7	197.5	213.7	201.7	284.6	186.8	196.0	164.1	184.5	621.8	143.9
		Φ	196.2	220.0	233.6	234.7	236.4	278.6	193.0	203.1	155.9	192.0	710.1	153.8
	Growth rate (%)	1992	2.0	0.1	10.6	3.0	18.4	1.9	3.2	19.8	2.1	-1.9	17.2	1.9
		Φ	10.3	9.7	26.0	18.0	24.0	6.8	14.4	47.0	-1.2	14.1	31.8	10.3
	Value	1992	97.9	89.1	73.2	105.1	128.9	95.9	104.1	88.0	130.3	104.8	60.5	99.2
		Φ	99.6	90.9	73.4	106.4	129.7	94.7	107.6	87.7	132.9	106.9	60.5	95.8
	Growth rate (%)	1992	0.2	4.0	-0.8	3.4	-1.5	-1.4	-1.5	-11.2	-0.9	3.6	-4.8	0.8
		Φ	0.8	4.5	-1.2	2.3	-3.3	-1.8	1.7	-12.7	1.9	-0.2	-6.5	-1.5
Terms of Trade	1992	Φ	107.8	115.0	131.8	103.6	N/A	99.5	90.1	150.1	111.5	91.9	155.3	106.5
		Φ	107.3	120.6	137.1	105.9	N/A	85.2	88.9	153.4	105.9	89.7	168.2	103.0
	Growth rate (%)	1992	1.4	3.1	3.5	0.3	N/A	-2.7	0.2	16.4	-1.6	-5.4	10.6	-2.3
		Φ	1.6	7.8	8.2	4.6	N/A	-25.9	-2.2	22.7	-8.2	2.3	18.0	-7.5

Source: Eurostat

Short-term trade indicators for the instrument engineering sector showed modest growth in the terms of trade variable for 1992, with increases for the Community of 1.4%. The level of 107.8 (1985 = 100) was well below that displayed generally for total industry (145.2). Furthermore, three Member States reported terms of trade below their 1985 levels, they were Spain (99.5), France (90.1) and the Netherlands (91.9). Growth in the indicator of more than ten per cent was recorded in Ireland and Portugal (up by 16.4% and 10.6% respectively), re-iterating the high levels of the indicator in these two countries.

EC export volumes grew by 2.2% in 1992, due mainly to the increases

seen in Denmark, Ireland, France, Spain and the Netherlands. However, with prices weak there was little or no growth in value terms. Data for the Community in 1992 showed an increase of 1.6% in value terms, taking the index to 105.6. At the level of the Member States, reduced export values were seen in Spain, France, Italy, the Netherlands and the United Kingdom.

Import volumes were up strongly in Denmark, Greece, Ireland and Portugal (all rising by more than ten per cent). Nevertheless, with weak prices in the sector none of these countries saw their import values rise. Indeed, most countries experienced a decline in their import values for 1992. Ex-

ceptions to the rule were the Benelux countries, Germany and the United Kingdom (the largest of these increases being recorded in Belgium, up by 4.0%). Nevertheless, EC import values in the sector (97.9 for 1992) remained well above those seen for total industry (79.1).

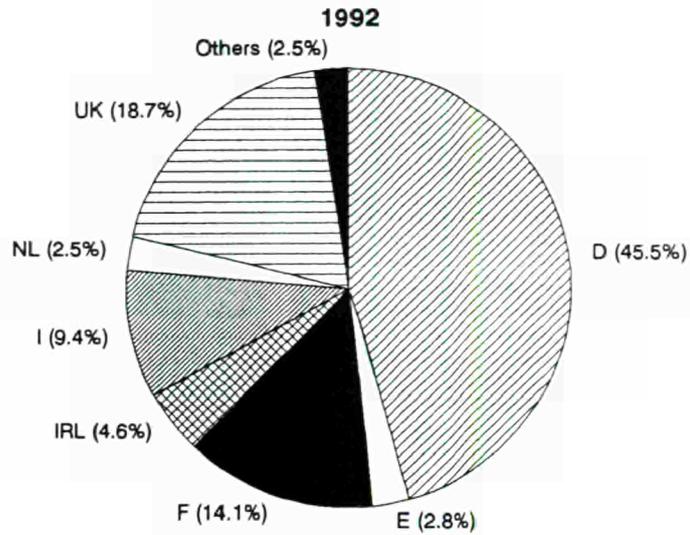
Latest data available (for the last three months of 1992) showed large movements in volume indicators, with Danish, Irish and Spanish export volumes up by more than twenty per cent compared to data for the last three months of 1991. As regards imports, volume indicators were also increasing at a fast rate (up by 10.3% for the Community).

3.2. STRUCTURAL INDICATORS

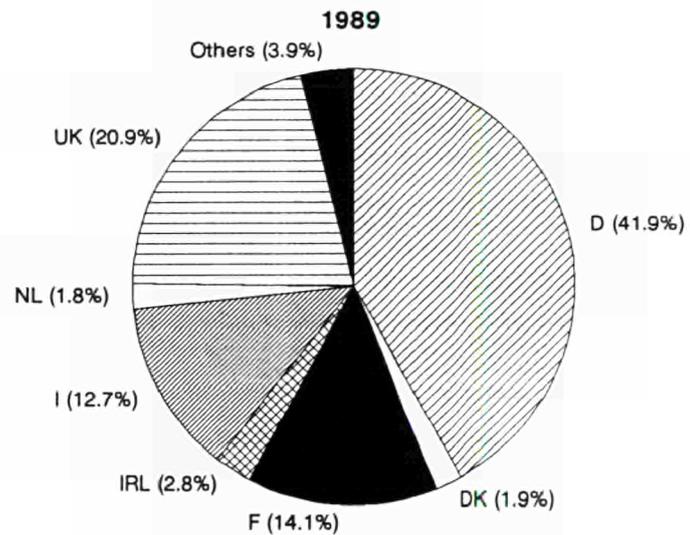
Although a fairly small industry that accounts for only 1.3% of value-added in the manufacturing industry total, the instrument engineering industry is of strategic importance to the European economy. Since 1985 output in real terms has expanded at levels consistent with those of total manufacturing industry, whilst employment remains at 1985 levels.

The sector includes products such as metering devices, control instruments, drawing and calculating instruments, precision and measuring instruments. It saw a marked upturn during the eighties due to the increased levels of investment within the EC, as firms sought to re-equip with new technologies through the introduction of electronic components and precision items to many manufacturing processes. This phenomenon led to new product innovations and developments, as the movement to substitute electronic for mechanical technology gathered pace. The nature of the industry's output gives rise to generally short production runs and firms that operate with a high degree of specialisation. Hence, the industry is characterised by small and medium-sized industries, most with a limited scope of activity. Indeed, estimates show that in 1988, 89.3% of all enterprises in the sector employed less than twenty persons. Nevertheless, in more recent years larger concerns have diversified into the industry from other areas such as consumer electronics, computing and motor vehicles. Examples of these firms include CSF (Thomson), Siebe, Magneti Marelli and Fisons. Industrial strategy is now based around the belief that to survive in the industry, firms now have to operate on at least a pan-European level, if not a global

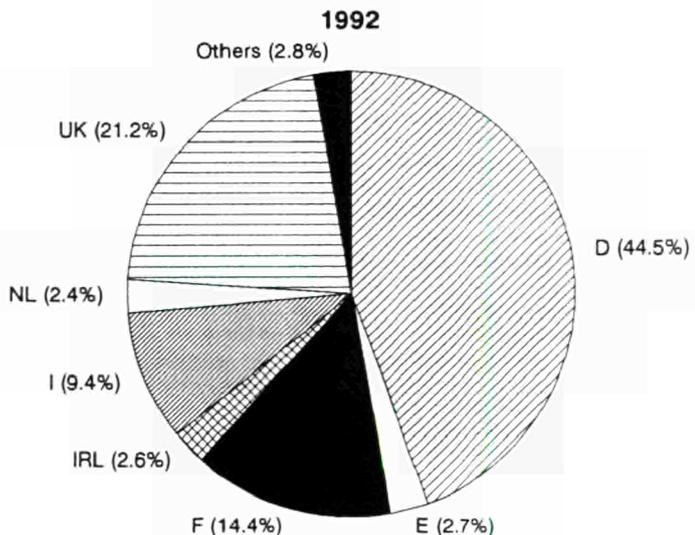
Value added at factor cost



Investment



Employment

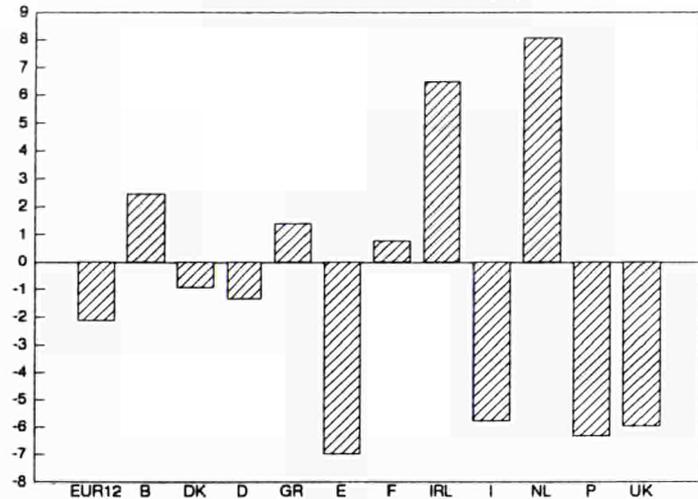


one. For example, new technologies such as sensors require higher levels of R&D which may only be funded if EC manufacturers adapt to higher degrees of concentration. In 1988, firms employing one hundred or more persons accounted for 62.7% of the sector's total turnover. This level may be expected to rise further in the future.

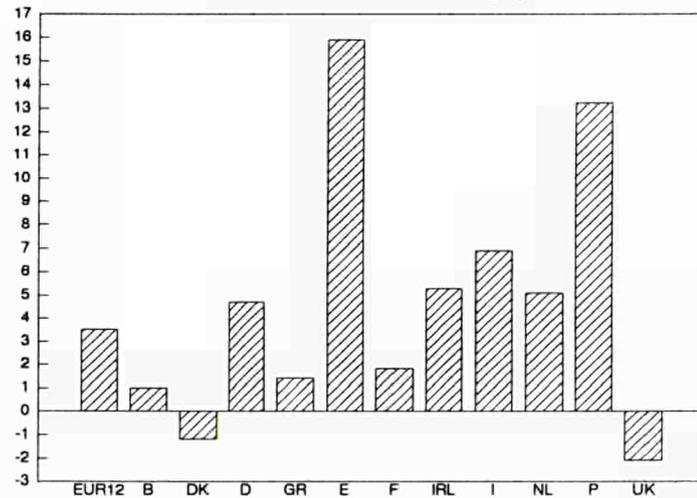
With increasing international competition, such large firms would seem to represent the future of the European industry, as traditional markets have come under threat, particularly from Far Eastern producers in recent years. New competition exists in higher-end markets from Japan and in lower-end markets from the NIC's (these countries having distinct cost advantages, especially as regards labour costs). Indeed, the fastest growth rates during the eighties were recorded in Japan, which overtook the EC in 1990 as the second most important world producer, behind the United States. Japanese producers are generally much larger in size than European firms and may well have benefited from economies of scale and synergies to increase their market share. Production in the United States has not grown at such a prolific rate with real growth in 1992 only eight per cent above the levels of 1985 (compared to nineteen per cent growth in the EC and even more in Japan).

Demand in Europe is spread across a wide range of manufacturing and service sectors, as well as personal household consumption. The introduction of the Single Market has additionally widened the potential market for European producers, following the harmonisation of Community regulations. Nevertheless,

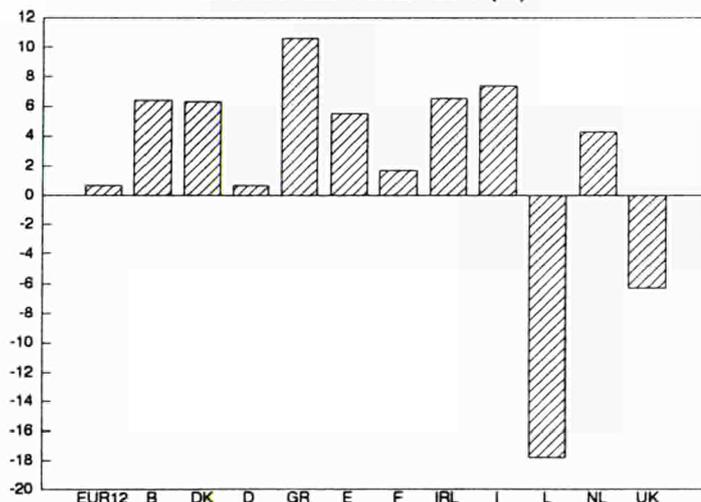
Profitability
Growth rate 1992/1991 (%)



Average labour unit cost
Growth rate 1992/1991 (%)



Productivity
Growth rate 1992/1991 (%)



markets in third countries are not as open to free competition, with local regulations and standards acting as a major barrier to entry. Although production has risen quickly, especially during the investment boom of the late eighties, consumption has increased at an even quicker rate, and imports from the Far East have expanded to take new markets.

Of the Member States in the Community the largest producer is Germany, accounting for 42.9% of EC output, followed by the United Kingdom (18.9%), France (15.7%) and Italy (11.5%), leaving only eleven per cent of production distributed amongst the eight remaining Member States.

As regards the individual sectors, the following shares in the industry total were reported in 1992: measuring, checking and precision instruments (38.4%), medical and surgical equipment (31.5%), optical and photographic equipment (24.6%) and clocks and watches (5.5%). The clocks and watches sector is by far the most labour intensive and consequently reports the lowest levels of productivity. Of the four largest EC economies, the United Kingdom reported a comparatively strong presence in the measuring and precision instruments sector, whereas in France the clocks and watches industry is more highly developed (especially in high-value markets, such as luxury watches and move-

ments). The specialisation seen in the clocks and watches industry in France has attracted foreign direct investment from major players, such as Hattori-Seiko, in an attempt to consolidate their market share within Europe.

Finally, it is worth noting the performance of the Irish industry in this domain since the mid-eighties. Foreign direct investment has helped Irish productivity levels expand rapidly. Indeed, the share of Irish value-added in the Community total has now risen to 4.6% of the EC total (whereas the share of Irish production accounts for only 3.4% of the EC total).

Instrument engineering (Nace 37)

Value added, turnover and investment

		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Gross	1988	10004.5	70.6	166.8	4433.1	8.6	215.3	1383.2	348.9	1052.4	3.6	195.5	21.7	2104.8
Value-added	1989	10282.6	58.6	159.2	4526.0	9.1	230.6	1404.0	407.8	1214.0	4.3	218.7	22.9	2027.4
at factor cost	1990	10906.8	76.4	156.4	4901.9	9.2	295.7	1545.2	434.5	1142.0	4.4	245.3	27.5	2068.4
(mio ECU)	1991	11896.3	83.3	168.1	5305.3	10.7	317.3	1657.9	489.8	1120.9	4.1	266.5	30.0	2442.5
	1992	12053.2	86.2	164.5	5482.6	11.0	342.0	1701.5	549.2	1129.3	3.9	302.8	31.8	2248.5
Gross	1988	10.8	-5.2	21.3	5.4	38.7	-2.8	6.4	N/A	7.0	N/A	4.3	-10.0	32.5
Value-added	1989	2.8	-17.0	-4.6	2.1	5.8	7.1	1.5	16.9	15.4	19.4	11.9	5.5	-3.7
at factor cost	1990	6.1	30.4	-1.8	8.3	1.1	28.2	10.1	6.5	-5.9	2.3	12.2	20.1	2.0
Δ%	1991	9.1	9.0	7.5	8.2	16.3	7.3	7.3	12.7	-1.8	-6.8	8.6	9.1	18.1
	1992	1.3	3.5	-2.1	3.3	2.8	7.8	2.6	12.1	0.7	-4.9	13.6	6.0	-7.9
Gross	1988	100	0.7	1.7	44.3	0.1	2.2	13.8	3.5	10.5	0.0	2.0	0.2	21.0
Value-added	1989	100	0.6	1.5	44.0	0.1	2.2	13.7	4.0	11.8	0.0	2.1	0.2	19.7
at factor cost	1990	100	0.7	1.4	44.9	0.1	2.7	14.2	4.0	10.5	0.0	2.2	0.3	19.0
share (%)	1991	100	0.7	1.4	44.6	0.1	2.7	13.9	4.1	9.4	0.0	2.2	0.3	20.5
	1992	100	0.7	1.4	45.5	0.1	2.8	14.1	4.6	9.4	0.0	2.5	0.3	18.7
Turnover	1988	21856.1	134.2	335.6	9583.8	21.1	425.7	3221.7	636.5	2520.2	8.6	412.8	46.7	4509.2
(mio ECU)	1989	23946.5	140.0	341.9	10131.2	23.1	477.4	3556.4	716.7	3155.4	11.3	466.0	53.6	4873.5
	1990	24985.8	156.9	353.7	10638.9	23.7	572.5	3939.4	732.9	2999.0	11.1	550.7	62.6	4944.3
	1991	26333.7	171.1	349.7	11483.6	26.8	620.9	4095.9	826.2	2948.6	10.2	589.4	68.5	5142.8
	1992	27045.6	177.1	324.4	11830.8	28.5	669.2	4212.3	926.4	2973.3	9.8	670.9	72.5	5150.3
Turnover	1988	10.2	-12.6	-5.6	6.5	25.6	0.4	9.9	15.7	10.2	N/A	7.2	N/A	22.3
Δ%	1989	9.6	4.3	1.9	5.7	9.5	12.1	10.4	12.6	25.2	31.4	12.9	14.8	8.1
	1990	4.3	12.1	3.5	5.0	2.6	19.9	10.8	2.3	-5.0	-1.8	18.2	16.8	1.5
	1991	5.4	9.1	-1.1	7.9	13.1	8.5	4.0	12.7	-1.7	-8.1	7.0	9.4	4.0
	1992	2.7	3.5	-7.2	3.0	6.3	7.8	2.8	12.1	0.8	-3.9	13.8	5.8	0.1
Turnover	1988	100	0.6	1.5	43.8	0.1	1.9	14.7	2.9	11.5	0.0	1.9	0.2	20.6
share (%)	1989	100	0.6	1.4	42.3	0.1	2.0	14.9	3.0	13.2	0.0	1.9	0.2	20.4
	1990	100	0.6	1.4	42.6	0.1	2.3	15.8	2.9	12.0	0.0	2.2	0.3	19.8
	1991	100	0.6	1.3	43.6	0.1	2.4	15.6	3.1	11.2	0.0	2.2	0.3	19.5
	1992	100	0.7	1.2	43.7	0.1	2.5	15.6	3.4	11.0	0.0	2.5	0.3	19.0
Total	1987	1026.6	N/A	22.1	493.8	0.1	14.0	113.4	32.9	124.7	N/A	17.9	8.3	168.3
investment	1988	1088.5	N/A	15.0	468.1	0.3	19.4	152.1	27.8	119.2	N/A	20.9	2.8	239.6
(mio ECU)	1989	1279.7	N/A	23.9	535.7	1.9	18.6	180.5	36.2	162.4	N/A	23.0	2.1	268.0
	1990	N/A	N/A	14.9	596.3	1.3	23.2	175.5	N/A	N/A	N/A	22.7	N/A	223.8
	1991	N/A	N/A	20.2	N/A	0.8	N/A	164.4	N/A	N/A	N/A	26.0	N/A	N/A
Total	1988	6.0	N/A	-32.1	-5.2	200.0	38.6	34.1	-15.5	-4.4	N/A	16.8	-66.3	42.4
investment	1989	17.6	N/A	59.3	14.4	533.3	-4.1	18.7	30.2	36.2	N/A	10.0	-25.0	11.9
Δ%	1990	N/A	N/A	-37.7	11.3	-31.6	24.7	-2.8	N/A	N/A	N/A	-1.3	N/A	-16.5
	1991	N/A	N/A	35.6	N/A	-38.5	N/A	-6.3	N/A	N/A	N/A	14.5	N/A	N/A
Total	1987	100	N/A	2.2	48.1	0.0	1.4	11.0	3.2	12.1	N/A	1.7	0.8	16.4
investment	1988	100	N/A	1.4	43.0	0.0	1.8	14.0	2.6	11.0	N/A	1.9	0.3	22.0
share (%)	1989	100	N/A	1.9	41.9	0.1	1.5	14.1	2.8	12.7	N/A	1.8	0.2	20.9

Source: Eurostat, DEBA (estimates in bold).

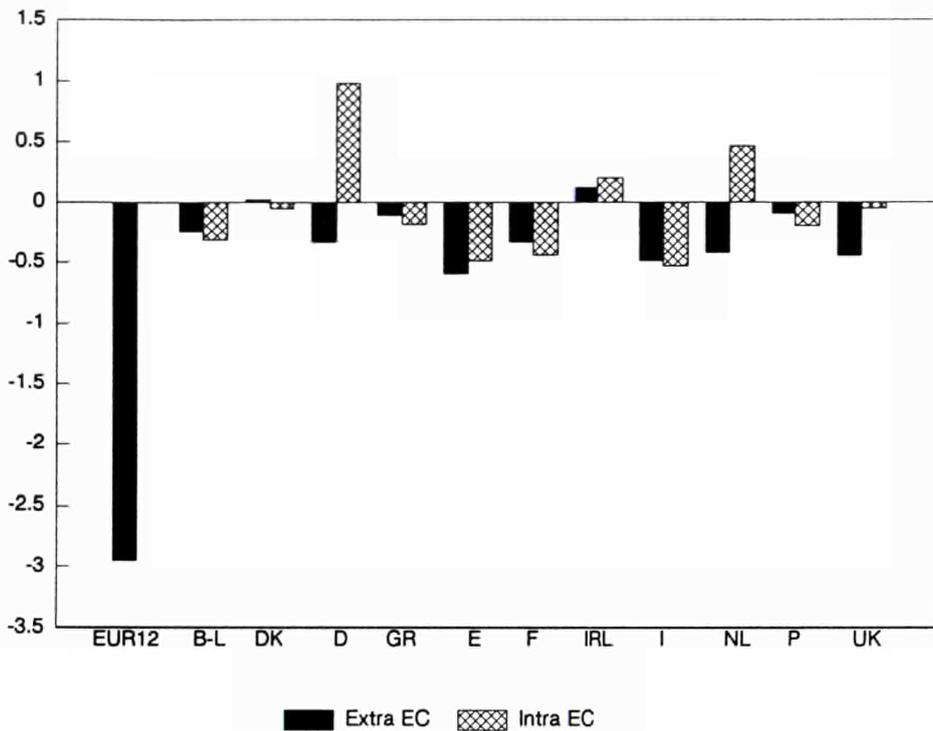
Gross value-added: P = G.V.A. at market prices. Turnover: E, P = Production value. Total investment: E,P = Investments minus disposals

Instrument engineering (Nace 37)
Employment, labour cost and productivity

		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Labour cost (mio ECU)	1988	7207.5	45.9	121.4	3480.6	5.5	135.1	1049.3	126.2	726.7	N/A	147.0	13.2	1344.6
	1989	7733.9	40.6	115.3	3652.3	6.4	145.9	1135.7	134.8	860.1	N/A	153.4	15.7	1460.5
	1990	8217.4	43.6	116.8	3914.2	6.7	170.0	1211.6	147.9	913.9	N/A	169.9	17.4	1489.8
	1991	8724.2	40.1	121.4	4285.0	7.3	173.9	1273.3	165.3	933.8	N/A	161.8	20.5	1524.1
	1992	9032.2	40.5	119.9	4487.7	7.4	201.5	1296.5	174.0	998.5	N/A	170.1	23.2	1491.8
Labour cost Δ%	1988	6.0	-14.4	-0.5	2.4	25.0	16.5	3.4	12.0	6.2	N/A	-1.0	-9.6	19.9
	1989	7.3	-11.5	-5.0	4.9	16.4	8.0	8.2	6.8	18.4	N/A	4.4	18.9	8.6
	1990	6.3	7.4	1.3	7.2	4.7	16.5	6.7	9.7	6.3	N/A	10.8	10.8	2.0
	1991	6.2	-8.0	3.9	9.5	9.0	2.3	5.1	11.8	2.2	N/A	-4.8	17.8	2.3
	1992	3.5	1.0	-1.2	4.7	1.4	15.9	1.8	5.3	6.9	N/A	5.1	13.2	-2.1
Number of persons employed	1988	325777	1905	4881	138436	634	8672	46063	6630	31921	N/A	6344	2491	77134
	1989	333213	1744	4675	141729	657	8653	47742	7161	33618	N/A	N/A	2528	77367
	1990	333455	1767	4386	142321	620	9358	48041	7211	33122	N/A	N/A	2492	76191
	1991	330834	1756	4394	146928	678	8686	47804	7923	32221	N/A	7324	2441	69891
	1992	322823	1665	3897	143505	649	8808	46538	8240	30225	N/A	7624	2362	68434
Number of persons employed Δ%	1988	1.5	-14.8	-2.8	-0.0	11.4	2.6	2.8	1.8	-0.8	N/A	-0.8	-5.5	5.7
	1989	2.3	-8.5	-4.2	2.4	3.6	-0.2	3.6	8.0	5.3	N/A	N/A	1.5	0.3
	1990	0.1	1.3	-6.2	0.4	-5.6	8.1	0.6	0.7	-1.5	N/A	N/A	-1.4	-1.5
	1991	-0.8	-0.6	0.2	3.2	9.4	-7.2	-0.5	9.9	-2.7	N/A	N/A	-2.0	-8.3
	1992	-2.4	-5.2	-11.3	-2.3	-4.3	1.4	-2.6	4.0	-6.2	N/A	4.1	-3.2	-2.1
Number of persons employed share (%)	1988	100	0.6	1.5	42.5	0.2	2.7	14.1	2.0	9.8	N/A	1.9	0.8	23.7
	1989	100	0.5	1.4	42.5	0.2	2.6	14.3	2.1	10.1	N/A	N/A	0.8	23.2
	1990	100	0.5	1.3	42.7	0.2	2.8	14.4	2.2	9.9	N/A	N/A	0.7	22.8
	1991	100	0.5	1.3	44.4	0.2	2.6	14.4	2.4	9.7	N/A	2.2	0.7	21.1
	1992	100	0.5	1.2	44.5	0.2	2.7	14.4	2.6	9.4	N/A	2.4	0.7	21.2
Average labour unit cost (1000 ECU per capita)	1988	22.1	24.1	24.9	25.1	8.7	15.6	22.8	19.0	22.8	N/A	23.2	5.3	17.4
	1989	23.2	23.3	24.7	25.8	9.7	16.9	23.8	18.8	25.6	N/A	N/A	6.2	18.9
	1990	24.6	24.7	26.6	27.5	10.8	18.2	25.2	20.5	27.6	N/A	N/A	7.0	19.6
	1991	26.4	22.8	27.6	29.2	10.8	20.0	26.6	20.9	29.0	N/A	22.1	8.4	21.8
	1992	28.0	24.3	30.8	31.3	11.4	22.9	27.9	21.1	33.0	N/A	22.3	9.8	21.8
Average labour unit cost Δ%	1988	4.4	0.6	2.4	2.5	12.2	13.5	0.5	10.0	7.1	N/A	-0.2	-4.3	13.4
	1989	4.9	-3.4	-0.8	2.5	12.3	8.2	4.4	-1.1	12.4	N/A	N/A	17.2	8.3
	1990	6.2	6.0	8.0	6.7	10.9	7.7	6.0	9.0	7.8	N/A	N/A	12.4	3.6
	1991	7.0	-7.5	3.7	6.0	-0.4	10.2	5.6	1.7	5.0	N/A	N/A	20.3	11.5
	1992	6.1	6.5	11.4	7.2	5.9	14.3	4.6	1.2	14.0	N/A	1.0	17.0	-0.0
Productivity Δ%	1988	6.3	10.9	26.4	4.1	-2.7	-10.3	1.8	N/A	7.4	N/A	4.1	N/A	13.1
	1989	-2.8	8.7	-5.3	-2.5	9.1	-2.3	-6.6	9.1	2.0	7.3	5.1	N/A	-8.6
	1990	2.5	-3.0	-4.6	4.0	34.2	8.5	5.2	4.0	-8.7	-6.8	0.7	N/A	3.7
	1991	5.9	5.9	4.1	1.4	-0.6	10.0	6.0	2.4	-5.6	-18.2	3.8	N/A	18.5
	1992	0.7	6.4	6.3	0.7	10.6	5.5	1.7	6.5	7.4	-17.8	4.3	N/A	-6.3

Source: Eurostat, DEBA (estimates in bold)

Trade balance (Nace 37) 1992 (mrd ECU)



There is a negative trade balance in this sector which has grown quite rapidly since the mid-eighties, suggesting that EC manufacturers were unable to meet the increased demand associated with the investment boom of the late eighties. As a result, the deficit grew with imports being sucked in during consecutive years from 1985 onwards. Hence, EC markets have been increasingly susceptible to foreign imports from third countries, as witnessed by the import penetration rate of over 40% in 1992. In addition, with imports expanding at a much faster rate than exports the cover ratio of the sector has moved from 1.01 in 1985 to 0.74 in 1992. However, in 1992 the situation with regard to trade with third countries improved slightly, the deficit running at just under 3 billion ECU. The origin of EC imports in 1992 was divided in the following shares for the Community's major trading partners: almost thirty per cent came from Japan;

whilst around twenty five per cent came from the United States and EFTA respectively. The large majority of EFTA imports were from Switzerland and were found in the clocks and watches market. In recent years there has been growth in the level of imports from China, mainly at the expense of Japanese imports, as Far Eastern production has been re-located to lower labour cost regions.

The industry exported nearly thirty five per cent of all its output to third countries in 1992. Within the total, a gradual tendency has seen reduced shares destined for EFTA and American markets, such that in 1992 they each accounted for just under twenty five per cent of EC exports in 1992. There was very moderate growth in the share of exports to Japan, rising to 5.3% in 1992. In real terms export growth has been very uniform in its trend, rising 4.9% between 1983 and 1988, and by 4.3% between 1988 and

1992. Similarly, the real growth of imports slowed slightly over the same two periods, from 8.2% to 6.7%. The majority of the exports to third countries were accounted for by the optical and photographic instruments sector (36%), followed by medical and surgical equipment (29%), measuring and control instruments (23%) and clocks and watches (12%).

The share of intra-EC trade in the total did not improve between 1988 and 1992, staying at just under fifty per cent of the total. Germany had by far the largest share of exports to fellow Member States. In 1992 only three countries were able to report that they were running healthy balances with other Community countries: they were Germany (981 million ECU surplus), the Netherlands (462 million ECU) and Ireland (203 million ECU). Largest net importers were Italy and Spain, both with deficits of around 500 million ECU.

Instrument engineering (Nace 37)

External trade indicators

			EUR12	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK
Exports	Total trade (mio ECU)	1988	14436.0	423.4	359.1	5507.5	4.3	246.7	2332.2	335.9	1306.4	1517.0	50.9	2352.2
		1989	16365.5	487.0	397.5	5989.3	3.8	289.4	2542.9	394.8	1579.5	1921.3	55.0	2704.6
		1990	17127.7	515.1	385.9	6123.0	4.9	333.0	2752.5	424.2	1743.1	2217.4	63.1	2565.0
		1991	18358.2	563.5	382.4	6398.9	7.7	411.6	2935.4	513.0	1875.7	2396.6	73.8	2799.7
		1992	19249.5	598.9	433.8	6722.9	6.3	470.3	3091.8	599.7	1899.4	2529.2	78.1	2818.9
	Extra-EC trade (mio ECU)	1988	6960.7	92.8	157.0	2866.0	2.3	108.3	1196.2	147.3	612.9	577.0	9.0	1191.5
		1989	7818.1	112.5	169.4	3067.5	2.0	135.8	1296.2	172.8	767.6	667.4	9.8	1416.7
		1990	7908.8	113.6	169.1	3191.6	2.4	145.7	1350.4	166.4	838.1	652.9	11.2	1266.9
		1991	8223.0	127.6	171.9	3395.6	3.0	187.1	1355.7	187.0	862.5	649.9	13.6	1269.1
		1992	8581.5	131.3	194.8	3507.8	2.6	231.2	1383.2	215.7	884.0	688.8	14.4	1327.6
	Extra-EC trade % share EC	1988	100	1.3	2.3	41.2	0.0	1.6	17.2	2.1	8.8	8.3	0.1	17.1
		1989	100	1.4	2.2	39.2	0.0	1.7	16.6	2.2	9.8	8.5	0.1	18.1
		1990	100	1.4	2.1	40.4	0.0	1.8	17.1	2.1	10.6	8.3	0.1	16.0
		1991	100	1.6	2.1	41.3	0.0	2.3	16.5	2.3	10.5	7.9	0.2	15.4
		1992	100	1.5	2.3	40.9	0.0	2.7	16.1	2.5	10.3	8.0	0.2	15.5
	Intra-EC trade % share total trade	1988	51.1	78.0	56.2	47.5	44.2	55.9	48.7	56.1	52.9	61.9	82.1	46.6
		1989	51.6	76.9	57.2	48.3	44.7	52.7	49.0	56.2	51.2	65.2	81.6	44.9
		1990	53.1	77.8	56.1	47.5	49.0	55.8	50.9	60.7	51.9	70.5	81.0	47.2
		1991	54.5	77.2	55.0	46.6	61.0	54.2	53.8	63.5	54.0	72.9	80.9	50.7
		1992	54.1	77.9	55.1	47.5	58.7	50.6	54.5	64.0	53.4	72.8	80.8	45.4
Imports	Total trade (mio ECU)	1988	16330.5	855.6	394.3	3915.9	143.6	994.2	3028.8	196.9	2103.6	1618.9	214.1	2864.1
		1989	18805.1	976.3	422.3	4385.9	214.5	1269.9	3430.6	219.9	2443.7	1969.2	230.1	3242.2
		1990	19808.4	1073.4	411.3	4776.3	234.7	1388.8	3556.1	243.6	2562.5	2207.9	278.7	3074.5
		1991	21898.3	1117.2	428.1	5705.2	267.1	1541.0	3783.9	262.2	2906.0	2446.5	338.1	3103.0
		1992	22705.8	1168.3	469.9	6086.5	311.0	1548.3	3850.1	278.7	2943.8	2486.5	376.5	3186.2
	Extra-EC trade (mio ECU)	1988	8491.3	277.3	191.3	2564.2	48.8	528.7	1390.2	66.8	1042.5	665.3	59.8	1656.0
		1989	9856.6	345.0	196.0	2830.1	80.4	673.0	1586.0	79.5	1235.0	869.2	64.0	1898.0
		1990	10070.6	368.5	173.3	2988.6	86.7	729.7	1632.1	84.0	1231.9	988.1	75.1	1712.1
		1991	11269.0	357.6	167.0	3552.8	103.8	839.0	1753.3	99.8	1428.0	1097.5	103.0	1767.3
		1992	11530.0	381.8	177.3	3844.1	119.0	824.6	1718.4	97.7	1372.4	1107.9	112.7	1774.1
	Extra-EC trade % share EC	1988	100	3.3	2.3	30.2	0.6	6.2	16.4	0.8	12.3	7.8	0.7	19.5
		1989	100	3.5	2.0	28.7	0.8	6.8	16.1	0.8	12.5	8.8	0.6	19.3
		1990	100	3.7	1.7	29.7	0.9	7.2	16.2	0.8	12.2	9.8	0.7	17.0
		1991	100	3.2	1.5	31.5	0.9	7.4	15.6	0.9	12.7	9.7	0.9	15.7
		1992	100	3.3	1.5	33.3	1.0	7.2	14.9	0.8	11.9	9.6	1.0	15.4
	Intra-EC trade % share total trade	1988	47.3	67.4	51.5	33.7	65.9	46.8	53.7	66.0	50.1	58.9	72.1	40.2
		1989	47.0	64.2	53.6	34.8	62.5	47.0	53.7	63.8	49.2	55.9	72.1	39.6
		1990	48.5	65.0	57.9	36.8	63.0	47.5	53.9	65.5	51.6	55.2	73.0	42.1
		1991	48.0	67.6	61.0	37.2	61.1	45.6	53.5	61.9	50.5	55.1	69.5	40.8
		1992	48.5	66.9	62.3	36.3	61.7	46.7	55.2	64.9	52.4	55.4	70.0	41.8
Trade balance	Total trade (mio ECU)	1988	-1894.5	-432.2	-35.2	1591.6	-139.3	-747.5	-696.6	139.0	-797.2	-101.9	-163.2	-511.9
		1989	-2439.6	-489.3	-24.8	1603.4	-210.7	-980.5	-887.7	174.9	-864.2	-47.9	-175.1	-537.6
		1990	-2680.7	-558.3	-25.4	1346.7	-229.8	-1055.8	-803.6	180.6	-819.4	9.5	-215.6	-509.5
		1991	-3540.1	-553.7	-45.7	693.7	-259.4	-1129.4	-848.5	250.8	-1030.3	-49.9	-264.3	-303.3
		1992	-3456.3	-569.4	-36.1	636.4	-304.7	-1078.0	-758.3	321.0	-1044.4	42.7	-298.4	-367.3

Source: Eurostat

4. FOOD, DRINK AND TOBACCO (NACE 41/42)

- Production value reaches 454 billion ECU
- Strong output growth maintained only in Greece and Ireland
- Employment in the sector accounts for 10.9% of the manufacturing total
- Movement to capital-intensive production techniques
- Changes in consumer demand as out-of-town shopping develops
- Meat preparation sub-sector accounts for 17.5% of total output
- Multi-national activity high in the northern Member States
- Import values grew by 4.3% per annum between 1987 and 1992

4.1. SHORT-TERM INDICATORS

Food, drink and tobacco (Nace 41/42)

Production, prices and capacity utilization

1985 = 100		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Index of Production	1992	118.8	121.1	111.1	136.1	110.5	111.0	114.1	114.2	117.1	107.8	123.0	N/A	142.4
	Φ	116.3	116.5	108.7	126.1	97.3	109.2	114.0	155.8	113.6	118.0	120.7	N/A	103.7
Growth rate (%)	1992	0.6	0.5	-0.4	-0.5	5.5	-3.8	0.6	7.4	1.4	0.8	2.3	N/A	1.5
	Φ	-1.8	-4.9	-5.2	-0.3	4.5	-1.8	-3.7	-3.3	-5.5	4.3	2.7	N/A	-0.6
Producer Price index	1992	118.3	104.4	100.6	105.5	270.9	119.8	111.1	118.2	123.8	121.5	96.5	N/A	135.8
	Φ	120.9	102.3	97.7	105.7	298.6	123.2	109.4	123.5	130.6	122.9	96.0	N/A	144.2
Growth rate (%)	1992	3.4	2.7	-0.8	3.2	11.9	2.7	1.6	3.2	3.8	5.0	3.1	N/A	5.4
	Φ	1.0	-0.4	0.3	-0.2	2.8	1.2	0.5	2.2	2.0	-0.2	0.0	N/A	2.6
Capacity Utilization	92.IV	79.6	74.9	80.0	83.0	77.7	70.7	80.6	76.2	74.2	84.0	85.6	72.2	86.0
%	93.I	78.3	73.2	80.0	82.4	74.3	73.9	79.7	67.3	70.6	73.9	86.1	69.3	82.6
	93.II	78.5	72.3	79.0	80.4	73.5	69.0	78.4	71.4	72.8	73.6	85.8	65.6	90.2
	93.III	79.9	74.9	82.0	83.2	72.2	68.9	79.9	76.0	73.3	75.7	86.4	66.4	91.5

Source: Eurostat

This sector covers the activities relating to the transformation of agricultural, tobacco and drinks products. Products in the sector display vastly different demand patterns for a number of reasons, for example the presence of both necessity items and luxury goods, as well as large seasonal variations in supply (related to patterns of crop harvests). This latter phenomenon is especially apparent in the data for Greece, where August and September show output at nearly three times the levels recorded in February.

Production trends for 1992 saw most Member States expand their production, albeit by very moderate growth rates. However, in Germany and Denmark there were slight reductions in respective production indexes. Ex-

ceptions to the rather static performance of the sector were provided by Greece and Ireland where strong growth rates were reported for the year (rising by 5.5% and 7.4% compared to data for 1991).

Most recent data for the first six months of 1993 was not at all encouraging, with declines being experienced in the majority of the Member States (and particularly poor figures being recorded in Belgium, Denmark and Italy).

Capacity utilisation rates were highest in the United Kingdom, where a remarkable recovery in figures was seen (rising to an estimated 91.5% in the third quarter of 1993). This may well be due to the closure of a number of plants though, as the latest produc-

tion data from the United Kingdom showed lower output (the index of production for June 1993 falling by 2.8% compared to the same month a year before). Furthermore, producer prices were also seen to be rising at a fast pace in the United Kingdom (up by 5.4% in 1992).

This increase in producer prices was not generally representative of the situation seen in the Community as a whole. The latest data available (in national currencies for the summer of 1993) showed prices actually falling in the Benelux countries and Germany. Indeed, prices in Denmark and the Netherlands (for August and July 1993 respectively) showed producer price levels actually below those of 1985.

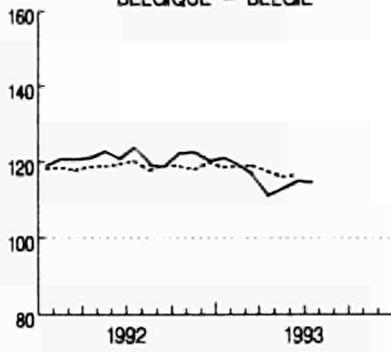
INDUSTRIELLE PRODUKTION

INDUSTRIAL PRODUCTION

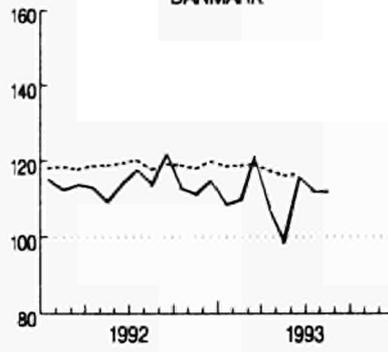
PRODUCTION INDUSTRIELLE

NACE 41 / 42

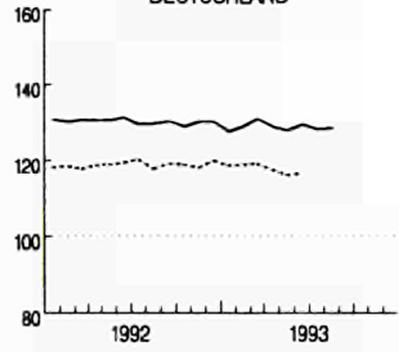
BELGIQUE - BELGIE



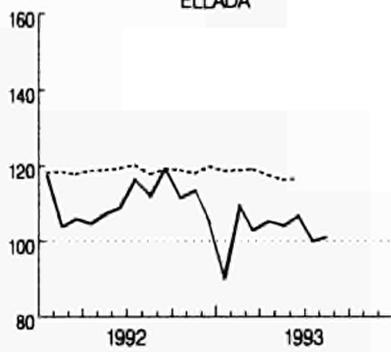
DANMARK



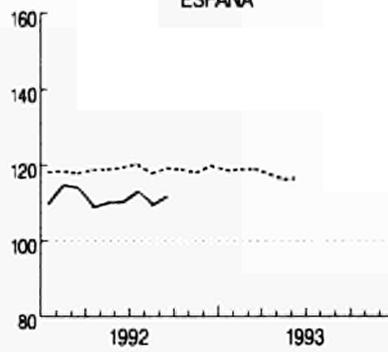
DEUTSCHLAND



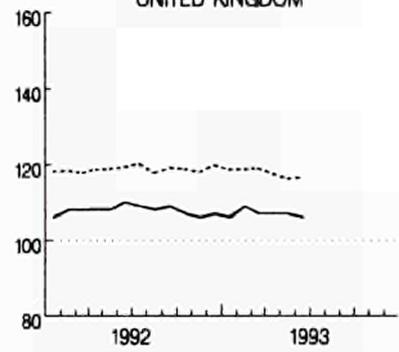
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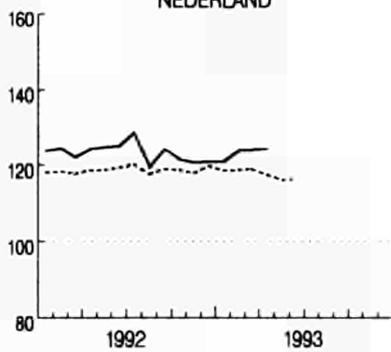
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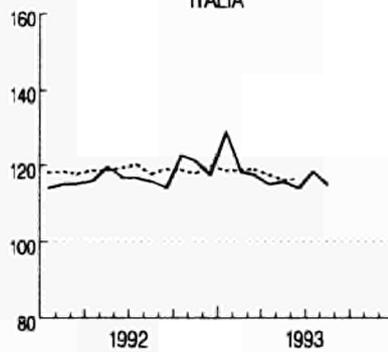
UNITED KINGDOM



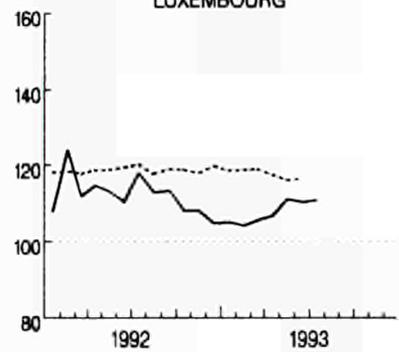
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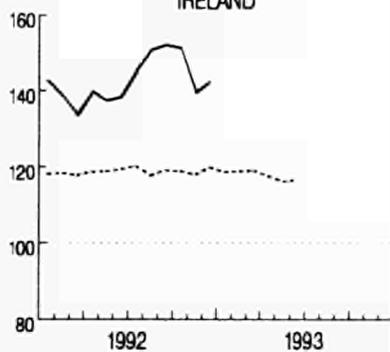
ITALIA



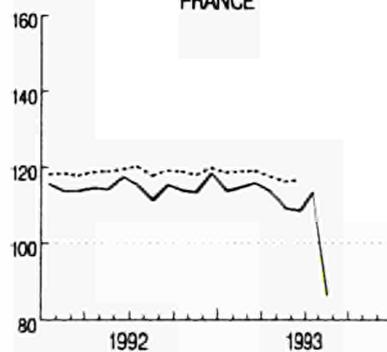
LUXEMBOURG



IRELAND



FRANCE



----- EUR 12

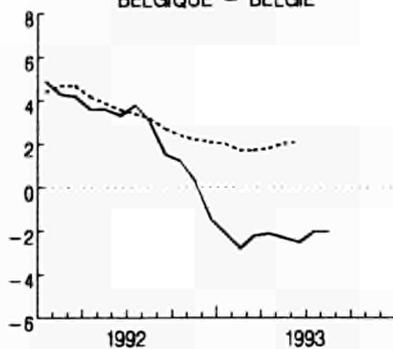
1985 = 100

ERZEUGERPREISINDEX
VERÄNDERUNGSRATE

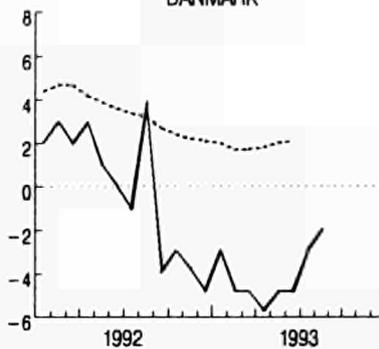
PRODUCER PRICE INDEX
GROWTH RATE
NACE 41 / 42

INDICE DES PRIX A LA PRODUCTION
TAUX DE VARIATION

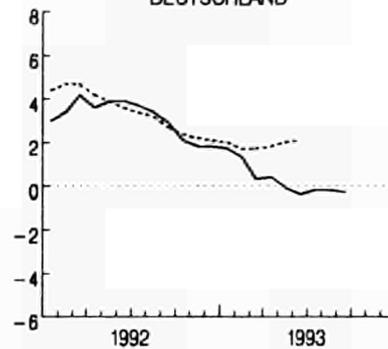
BELGIQUE - BELGIE



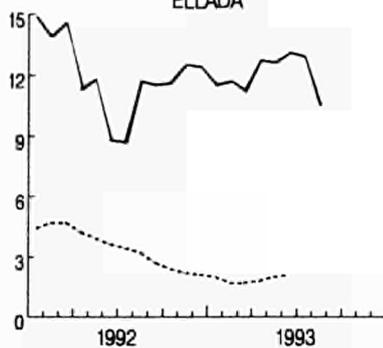
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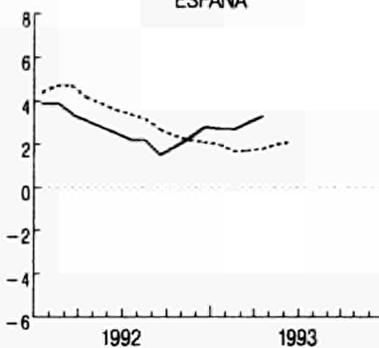
DEUTSCHLAND



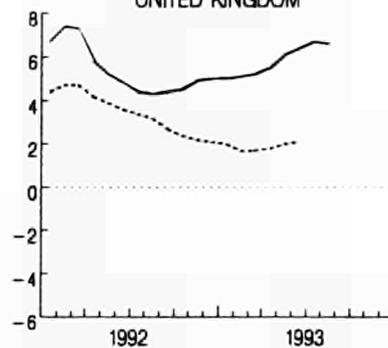
ELLADA



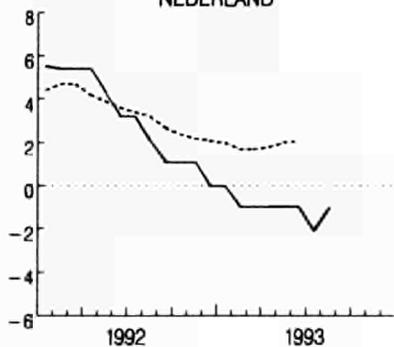
ESPAÑA



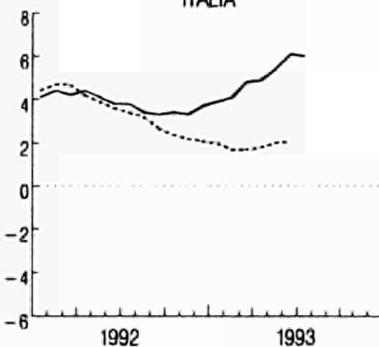
UNITED KINGDOM



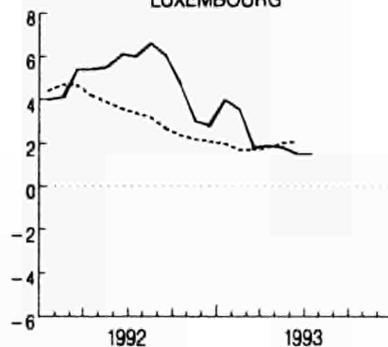
NEDERLAND



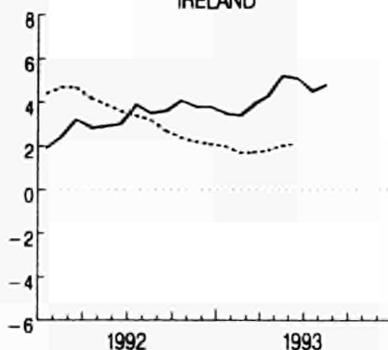
ITALIA



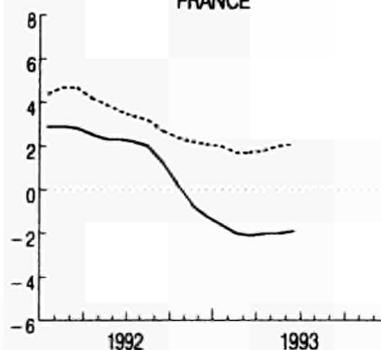
LUXEMBOURG



IRELAND



FRANCE



----- EUR 12

1985 = 100

NACE 41 + 42

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

INDICATEURS COMMERCE EXTERIEUR

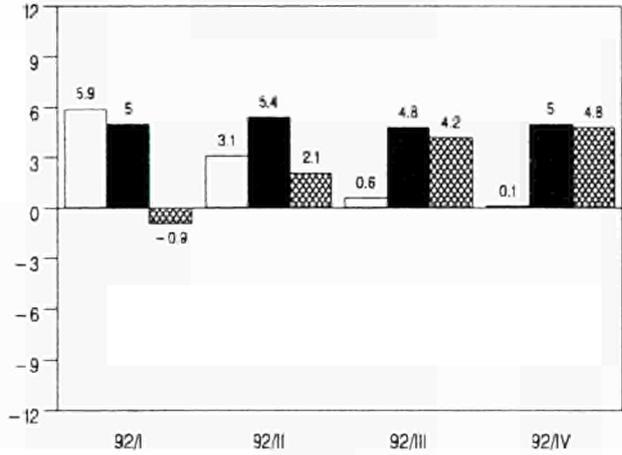
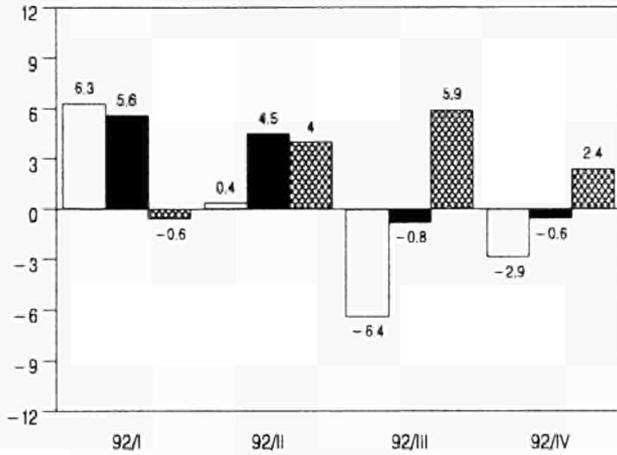
VERÄNDERUNGSRATE

GROWTH RATE

TAUX DE VARIATION

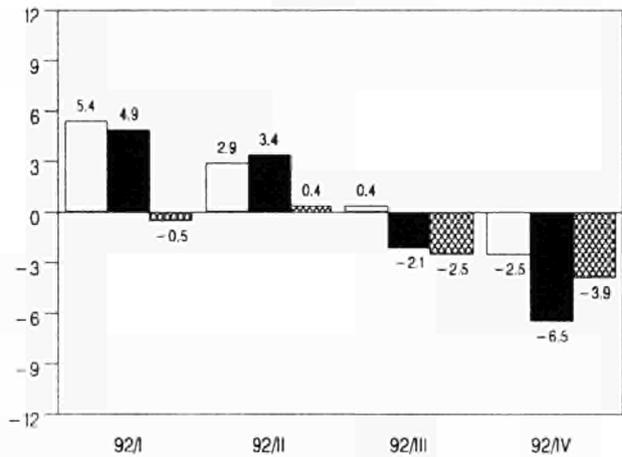
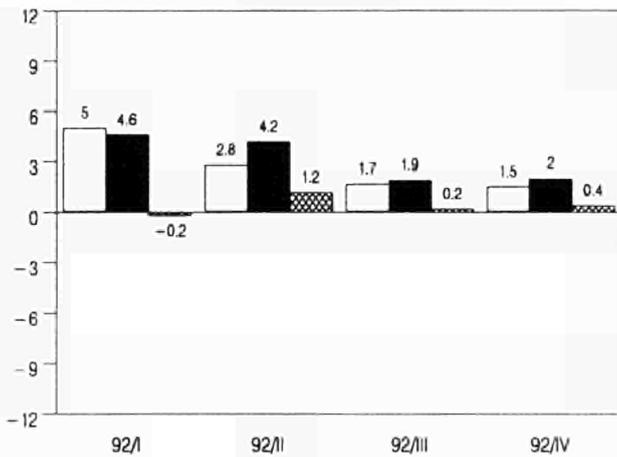
EUR 12

DEUTSCHLAND



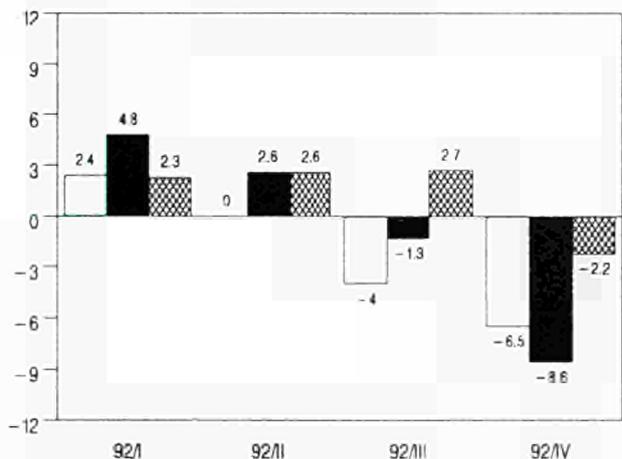
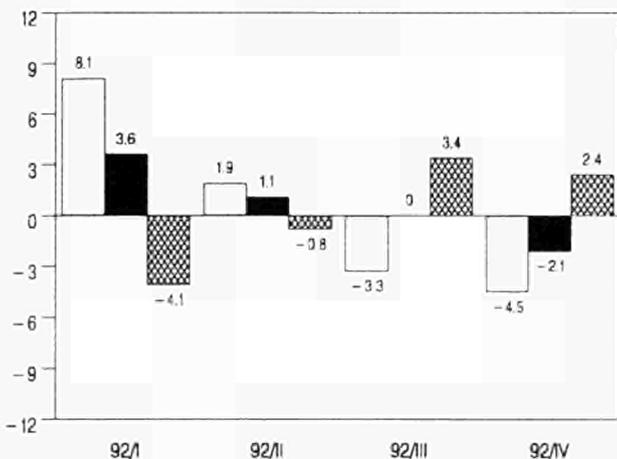
FRANCE

ITALIA



ESPAÑA

UNITED KINGDOM



Einfuhr
 Ausfuhr
 Austauschrelation

Import
 Export
 Terms of trade

Importation
 Exportation
 Terms de l'échange

NACE 41 + 42

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

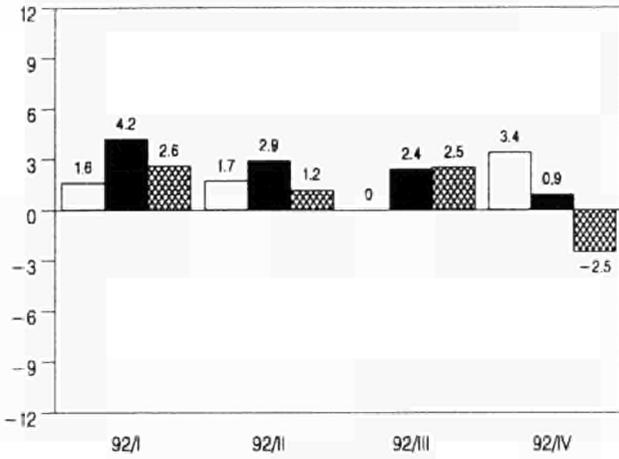
INDICATEURS COMMERCE EXTERIEUR

VERÄNDERUNGSRATE

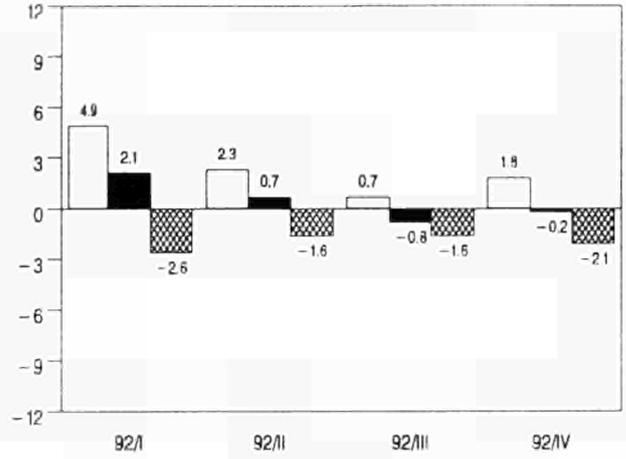
GROWTH RATE

TAUX DE VARIATION

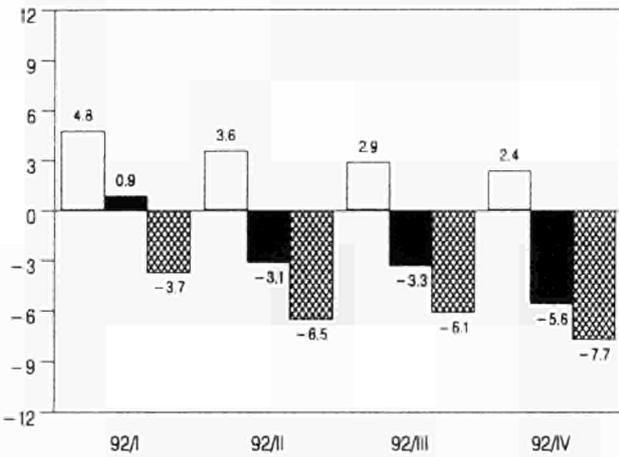
BELGIQUE – LUXEMBOURG



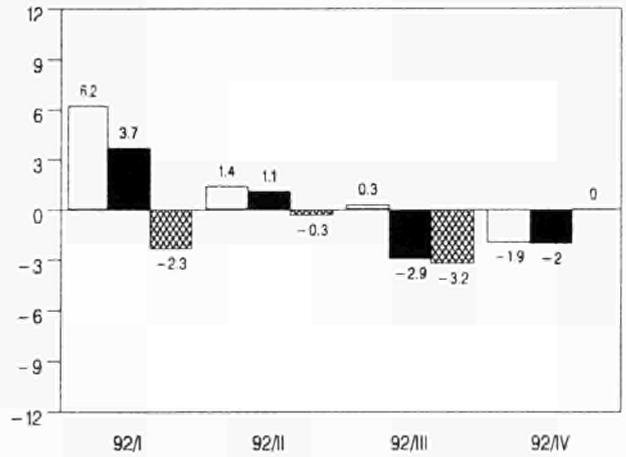
DANMARK



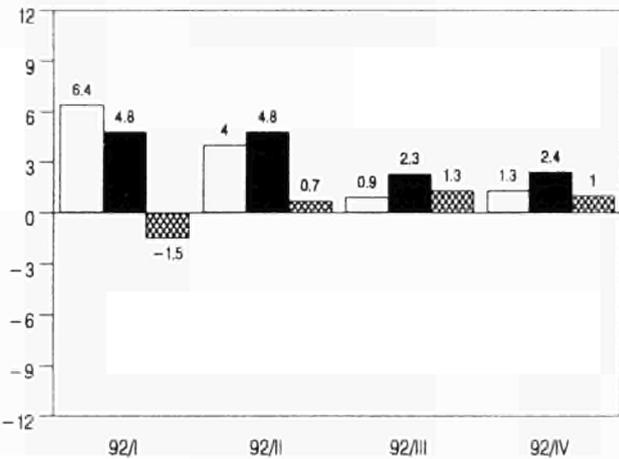
ELLADA



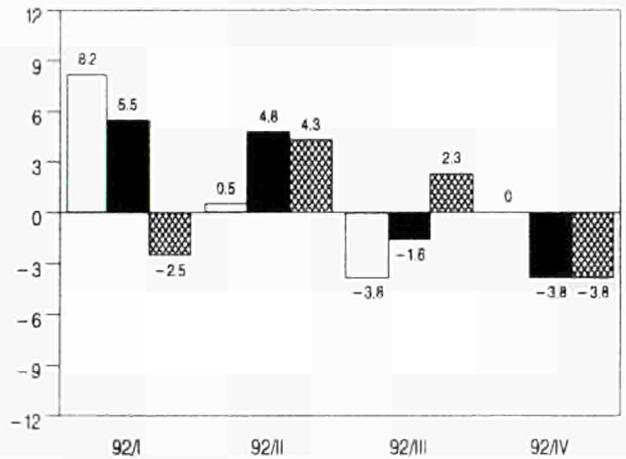
IRELAND



NEDERLAND



PORTUGAL



	Einfuhr	Import	Importation
	Ausfuhr	Export	Exportation
	Austauschrelation	Terms of trade	Termes de l'échange

Food, drink and tobacco (Nace 41/42)

External trade indicators

1985 = 100			EUR12	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK
Exports	Volume	1992	105.3	145.0	123.1	125.8	122.8	132.3	129.8	153.3	123.6	121.0	105.4	131.9
		Φ	114.3	154.1	142.7	127.7	161.4	144.1	143.4	152.7	133.6	125.1	117.7	154.2
	Growth rate (%)	1992	4.6	3.8	3.4	-1.9	21.1	10.2	3.9	23.5	10.1	1.4	-0.9	9.4
		Φ	2.8	1.4	14.2	-3.5	35.5	3.4	1.9	11.8	-1.1	1.3	-11.5	6.7
	Value	1992	105.5	98.9	98.7	109.3	97.5	115.9	113.5	106.8	103.5	105.3	115.1	108.4
		Φ	104.1	99.4	97.8	110.7	96.8	114.8	113.5	104.7	99.0	106.0	110.5	101.5
	Growth rate (%)	1992	2.0	2.4	0.4	5.1	-3.0	0.5	3.1	-0.2	-0.3	3.5	0.9	-1.1
		Φ	-0.6	0.8	-0.3	4.9	-6.2	-2.0	2.0	-2.1	-6.4	2.3	-3.6	-8.5
Imports	Volume	1992	125.5	135.2	149.5	153.8	122.7	367.5	134.6	145.7	107.7	118.9	271.5	128.0
		Φ	130.8	141.1	174.5	174.2	142.0	381.9	140.1	159.5	105.6	122.1	282.5	136.6
	Growth rate (%)	1992	3.6	4.6	7.3	5.6	11.2	11.3	0.8	6.3	-1.0	12.0	8.6	7.1
		Φ	-2.8	-0.7	16.6	8.0	5.7	-2.0	-2.2	4.2	-9.0	11.4	8.3	3.9
	Value	1992	82.5	101.5	91.0	100.1	111.7	105.4	98.8	97.9	105.5	110.4	114.1	90.3
		Φ	81.9	103.7	91.4	100.4	110.8	103.2	98.7	95.7	102.8	111.0	115.8	87.1
	Growth rate (%)	1992	-0.8	1.7	2.3	2.3	3.4	0.0	2.8	1.4	1.4	3.1	0.7	-2.2
		Φ	-2.9	3.3	1.7	0.1	2.5	-4.4	1.5	-1.9	-2.5	1.3	0.0	-6.4
Terms of Trade	1992	Φ	127.8	97.4	108.4	109.1	87.2	109.9	114.8	109.0	98.1	95.3	100.8	120.0
		Φ	127.2	95.7	106.9	110.2	87.2	111.2	114.9	109.4	96.3	95.5	95.4	116.4
	Growth rate (%)	1992	2.8	0.8	-1.9	2.7	-6.3	0.3	0.3	-1.7	-1.8	0.3	0.0	1.0
		Φ	2.3	-2.4	-1.9	4.8	-8.5	2.4	0.5	-0.2	-3.9	1.0	-3.7	-2.2

Source: Eurostat

After a deterioration of 1.7% in 1991, the EC terms of trade in the food and drink industry recovered lost ground, rising by 2.8% in 1992. Figures for the last three months of 1992 showed this trend continuing into 1993. Highest terms of trade were recorded in France and the United Kingdom, perhaps due to higher levels of trade in primary products.

1992 saw export volumes grow by some 4.6% (contrary to the static nature of the indicator since 1985), rising to 105.3 (1985 = 100). However, countries displaying a tendency to export greater volumes did not record complementary growth in export values. Rather, Greece, Ireland, Spain and Italy all managed to record volume growth of more than ten per

cent during 1992, whilst at the same time seeing almost no change in their export values. Largest gains in value terms were reported in Germany, the Netherlands and France (where increases of more than three per cent during 1992 were seen).

Import values were down by 0.8% in 1992 to 82.5, with data at the end of the year showing a declining trend. Indeed, data for the last three months of 1992 showed a fall of 2.9% when compared to the corresponding three months of 1991. Decreases seen in import values were largely a result of trading patterns with third countries, as at the level of the individual Member States, all countries (with the exception of Spain and the United Kingdom) recorded import value

growth in 1992. Nevertheless, increases in the import values were modest in 1992 (no more than 3.4% seen in Greece).

Import volumes were up by 3.6% in 1992, though the latest data available showed a decrease of 2.8% (for the last three months of 1992, compared to the same three months in 1991). Gains of more than ten per cent were seen in Greece, Spain and the Netherlands. However, the latest data available showed the rates of increase slowing markedly in Greece and Spain. Italy and France displayed weak import volume growth in 1992 (up 0.8% in France and down 1.0% in Italy).

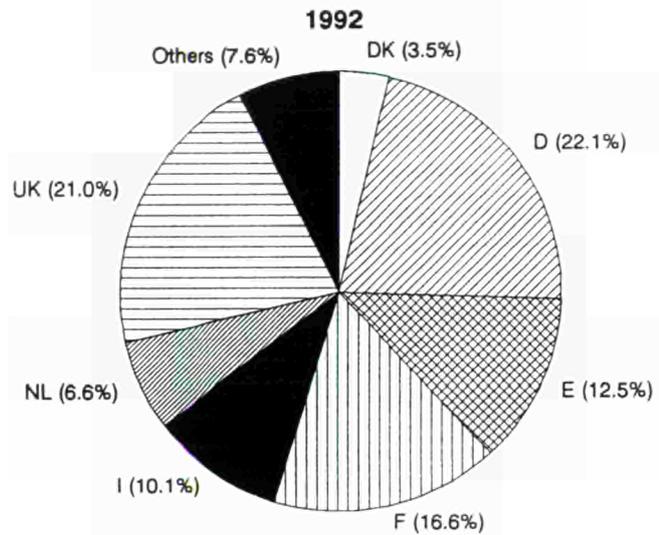
4.2. STRUCTURAL INDICATORS

The industry has not been as badly affected by cyclical swings in the global economy as most others due to a number of reasons: firstly, food is a necessity item; secondly, new technologies and processes have been introduced in the last few years which have given rise to expanding new markets; and thirdly, pronounced changes have occurred in consumer shopping patterns. Production in 1992 rose to a level of 454 billion ECU.

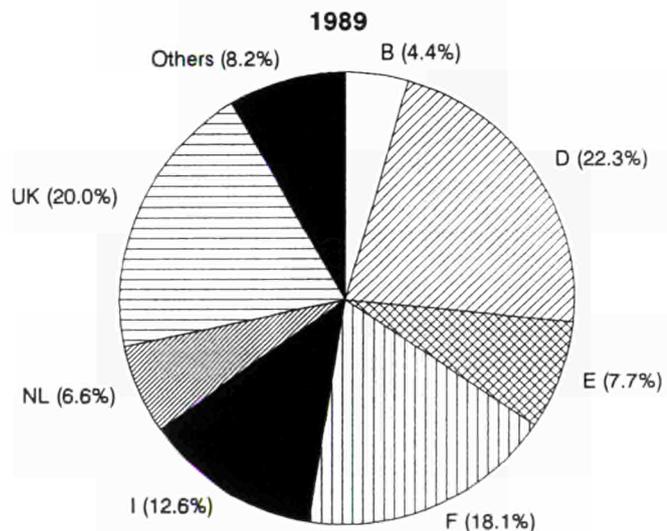
Industrial concentration has increased quite dramatically in the northern Member States, with the phenomenon being especially strong in the United Kingdom and the Netherlands, some of the largest firms in the industry including Unilever, Nestlé and BAT Industries (there is also a strong American multinational presence in the sector). This explains why the production specialisation coefficient is well over one in the Netherlands (although it is even higher in Ireland and Denmark). However, the industry is not one that as yet displays generally high levels of concentration, as the less developed markets are still characterised by small and medium-sized units. Nevertheless, economies of scale may be realised in industries such as sugar, baking, dairy products, fats, fruit, alcoholic beverages and food processing. Output in real terms has expanded rapidly during the past few years in France, Ireland, Spain and Germany, where the food industry (although the largest in the Community) recorded a production specialisation coefficient of only 0.7 in 1992.

The industry is characterised by firms that tend to use acquisition as their means to achieve a greater market share. Indeed, the late eighties in particular saw a dramatic increase in

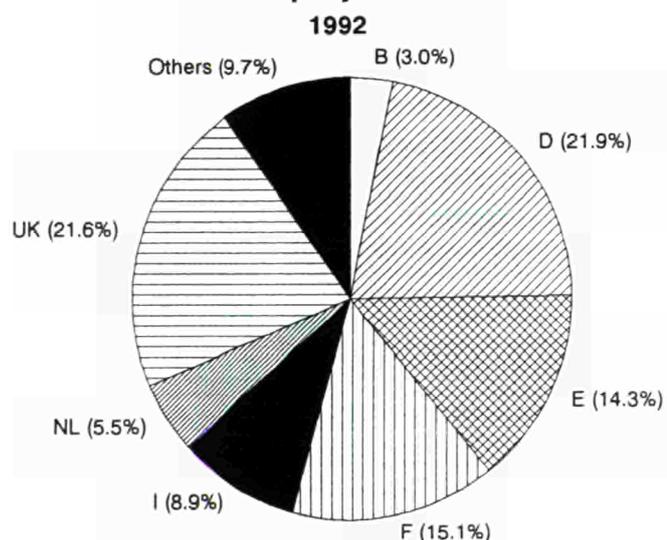
Value added at factor cost



Investment



Employment

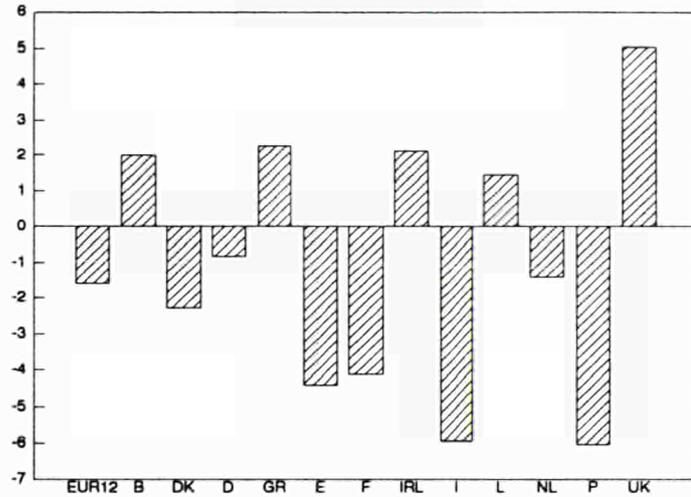


hostile take-over bids for brand names. Growth through merger is also preferred as it allows the predator firm to avoid large advertising costs associated with marketing a new product, whilst providing a quick means of increasing product diversification, spreading risk and reacting quickly to rapid changes in consumer demand. At the same time, through obtaining several brand names, large operators are able to use excess capacity to deter new entrants. Smaller firms use alternative strategies: such as searching for niche markets, or if indulging in integration, looking up or downstream to expand.

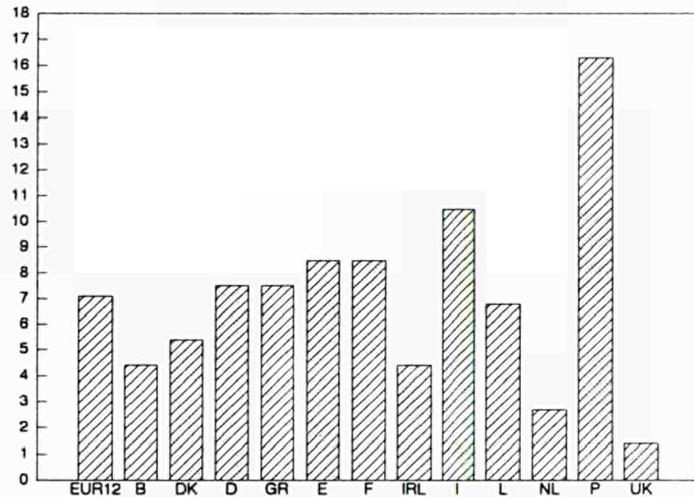
Scope for automation in the industry, especially for industries such as preservation, processing and packaging has been markedly developed over the past decade. The industry has therefore displayed an increasing propensity to substitute capital intensive technologies for formerly labour intensive practices, which has led to the share of employment in that of total manufacturing industry falling to 10.9% in 1992 (compared to the food industry's 16.7% share in total manufacturing production). Hence, it is no surprise to see that the sectors displaying the most favourable trends in value-added are those where automation has and will continue to play a significant role (meat, bread, soft drinks and other food products).

At the same time as changes have taken place in the industrial organisation of the sector, the industry has also witnessed new patterns of consumer demand. Growth in average income has had a direct influence on consumer preferences and has led to expanding markets such as freeze-dried meals, health and high-service content products. Demographic

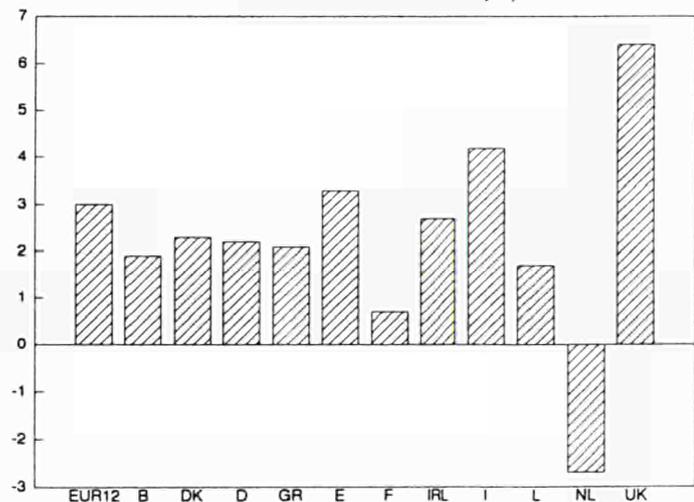
Profitability
Growth rate 1992/1991 (%)



Average labour unit cost
Growth rate 1992/1991 (%)



Productivity
Growth rate 1992/1991 (%)



changes have furthermore reinforced this trend, as far more small or single households now exist. Such changes have accentuated the movement towards capital intensive production techniques. There has therefore been a distinct substitution effect in evidence in recent years, as consumers have moved away from fresh products to easy to prepare and preservable products. This movement has been further facilitated by the growth in out-of-town shopping centres, which have reduced the

number of shopping visits per week. Such centres have also provided large retailers with increased bargaining power which they use to bid down prices through offering guaranteed fixed-term contracts, benefiting from logistical scale economies. Fresh produce additionally incurs a higher level of risk, as security of supply is not guaranteed due to climatic conditions (and over or under production results in price differentials being seen).

Sub-sectors that have seen their share of the food and drink total fall over the last couple of years include the fats and dairy products sectors. The largest expansion has been seen in the meat preparation sector, which is now the most important sector (accounting for 17.5% of the food and drink industry's total production in 1992).

Food, drink and tobacco (Nace 41/42)

Value added, turnover and investment

		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Gross	1988	80220.8	1404.4	2970.5	15370.5	687.8	9947.4	14045.3	2274.9	9617.5	81.9	5208.1	1069.2	17543.3
Value-added	1989	85543.2	1632.0	3137.9	16236.1	731.7	11452.0	14584.6	2480.4	9661.7	81.8	5487.8	1284.6	18772.6
at factor cost	1990	91880.7	1908.1	3079.0	19115.0	824.0	12098.0	15480.4	2677.0	9855.4	88.7	6017.1	1407.9	19330.1
(mio ECU)	1991	98606.3	2054.0	3568.3	21129.2	917.0	12748.6	16042.6	2798.4	10203.0	90.9	6485.6	1560.1	21008.5
	1992	101411.9	2129.5	3532.7	22398.8	982.3	12675.5	16849.1	2967.0	10260.2	97.3	6655.7	1549.4	21314.5
Gross	1988	5.5	-5.4	14.5	2.2	19.6	7.3	3.7	N/A	0.4	1.6	3.3	5.6	11.0
Value-added	1989	6.6	16.2	5.6	5.6	6.4	15.1	3.8	9.0	0.5	-0.1	5.4	20.1	7.0
at factor cost	1990	7.4	16.9	-1.9	17.7	12.6	5.6	6.1	7.9	2.0	8.4	9.6	9.6	3.0
Δ%	1991	7.3	7.6	15.9	10.5	11.3	5.4	3.6	4.5	3.5	2.5	7.8	10.8	8.7
	1992	2.8	3.7	-1.0	6.0	7.1	-0.6	5.0	6.0	0.6	7.0	2.6	-0.7	1.5
Gross	1988	100	1.8	3.7	19.2	0.9	12.4	17.5	2.8	12.0	0.1	6.5	1.3	21.9
Value-added	1989	100	1.9	3.7	19.0	0.9	13.4	17.0	2.9	11.3	0.1	6.4	1.5	21.9
at factor cost	1990	100	2.1	3.4	20.8	0.9	13.2	16.8	2.9	10.7	0.1	6.5	1.5	21.0
share (%)	1991	100	2.1	3.6	21.4	0.9	12.9	16.3	2.8	10.3	0.1	6.6	1.6	21.3
	1992	100	2.1	3.5	22.1	1.0	12.5	16.6	2.9	10.1	0.1	6.6	1.5	21.0
Turnover	1988	389977.1	13267.1	13141.8	83048.2	4210.9	37017.8	73493.2	9328.6	51006.2	358.9	28555.6	4394.2	72154.6
(mio ECU)	1989	424504.9	15076.8	13885.2	88930.7	4685.5	42020.5	81368.2	10052.0	56044.8	367.6	31087.3	4993.6	75992.7
	1990	447274.7	16094.7	14727.9	97539.2	4956.3	44396.1	86347.0	11085.0	56709.6	398.7	31699.3	5599.1	77721.8
	1991	472280.7	16933.0	14887.8	106620.8	5241.6	46304.0	88977.3	11759.8	58377.8	404.6	33371.3	6176.6	83226.0
	1992	486594.8	17592.1	15012.0	110903.7	5939.3	45550.1	95604.8	12763.5	58698.3	429.1	34193.6	6092.5	83816.0
Turnover	1988	5.7	1.3	2.0	1.2	9.2	13.9	5.8	6.9	3.1	-0.1	2.5	5.8	11.7
Δ%	1989	8.9	13.6	5.7	7.1	11.3	13.5	10.7	7.8	9.9	2.4	8.9	13.6	5.3
	1990	5.4	6.8	6.1	9.7	5.8	5.7	6.1	10.3	1.2	8.5	2.0	12.1	2.3
	1991	5.6	5.2	1.1	9.3	5.8	4.3	3.0	6.1	2.9	1.5	5.3	10.3	7.1
	1992	3.0	3.9	0.8	4.0	13.3	-1.6	7.4	8.5	0.5	6.1	2.5	-1.4	0.7
Turnover	1988	100	3.4	3.4	21.3	1.1	9.5	18.8	2.4	13.1	0.1	7.3	1.1	18.5
share (%)	1989	100	3.6	3.3	20.9	1.1	9.9	19.2	2.4	13.2	0.1	7.3	1.2	17.9
	1990	100	3.6	3.3	21.8	1.1	9.9	19.3	2.5	12.7	0.1	7.1	1.3	17.4
	1991	100	3.6	3.2	22.6	1.1	9.8	18.8	2.5	12.4	0.1	7.1	1.3	17.6
	1992	100	3.6	3.1	22.8	1.2	9.4	19.6	2.6	12.1	0.1	7.0	1.3	17.2
Total	1987	12583.7	478.1	448.2	2891.2	167.7	945.3	2157.7	257.6	1842.3	16.2	1006.1	145.7	2226.0
investment	1988	14048.7	625.4	491.7	3122.2	183.3	1060.8	2385.9	269.6	1999.9	18.5	974.0	201.9	2713.7
(mio ECU)	1989	15447.1	676.4	463.4	3448.3	239.9	1195.1	2799.5	290.1	1950.4	16.0	1019.0	242.0	3095.1
	1990	N/A	N/A	470.1	4042.0	274.8	1275.2	3068.6	N/A	N/A	N/A	1048.2	N/A	3034.0
	1991	N/A	N/A	569.6	N/A	247.3	N/A	3069.5	N/A	N/A	N/A	1204.7	N/A	3292.8
Total	1988	11.6	30.8	9.7	8.0	9.3	12.2	10.6	4.7	8.6	14.2	-3.2	38.6	21.9
investment	1989	10.0	8.2	-5.8	10.4	30.9	12.7	17.3	7.6	-2.5	-13.5	4.6	19.9	14.1
Δ%	1990	N/A	N/A	1.4	17.2	14.5	6.7	9.6	N/A	N/A	N/A	2.9	N/A	-2.0
	1991	N/A	N/A	21.2	N/A	-10.0	N/A	0.0	N/A	N/A	N/A	14.9	N/A	8.5
Total	1987	100	3.8	3.6	23.0	1.3	7.5	17.1	2.0	14.6	0.1	8.0	1.2	17.7
investment	1988	100	4.5	3.5	22.2	1.3	7.6	17.0	1.9	14.2	0.1	6.9	1.4	19.3
share (%)	1989	100	4.4	3.0	22.3	1.6	7.7	18.1	1.9	12.6	0.1	6.6	1.6	20.0

Source: Eurostat, DEBA (estimates in bold).

Gross value-added: P = G.V.A. at market prices Turnover: E, P = Production value. Total investment: E, P = Investments minus disposals

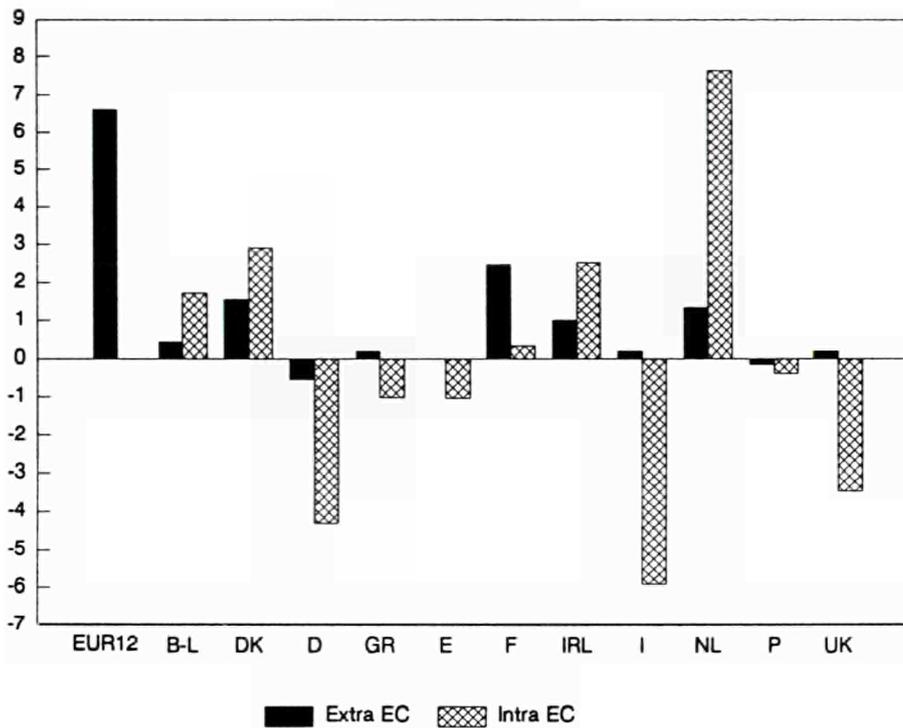
Food, drink and tobacco (Nace 41/42)

Employment, labour cost and productivity

		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Labour cost (mio ECU)	1988	46134.2	1594.3	1747.4	10569.8	534.6	4192.7	8658.6	905.6	5490.0	41.7	3260.8	372.4	8766.3
	1989	49183.2	1798.5	1686.2	11200.2	621.5	4771.1	9149.3	881.5	5963.1	43.6	3213.4	436.6	9418.2
	1990	52463.9	1944.4	1795.5	12347.1	667.7	5210.1	9699.1	953.9	6336.4	48.3	3416.6	472.0	9572.8
	1991	55961.1	1986.6	1847.3	13678.3	695.6	5486.6	10053.4	1009.1	6473.9	52.5	3607.7	551.7	10518.4
	1992	58485.1	2019.4	1872.0	14620.6	728.6	5706.8	11012.2	1047.6	6922.6	55.4	3755.3	583.1	10161.5
Labour cost Δ%	1988	4.3	-1.6	1.2	-0.6	13.0	13.1	2.2	2.9	2.8	-4.4	0.7	6.0	13.1
	1989	6.6	12.8	-3.5	6.0	16.3	13.8	5.7	-2.7	8.6	4.6	-1.5	17.2	7.4
	1990	6.7	8.1	6.5	10.2	7.4	9.2	6.0	8.2	6.3	10.8	6.3	8.1	1.6
	1991	6.7	2.2	2.9	10.8	4.2	5.3	3.7	5.8	2.2	8.7	5.6	16.9	9.9
	1992	4.5	1.7	1.3	6.9	4.7	4.0	9.5	3.8	6.9	5.5	4.1	5.7	-3.4
Number of persons employed	1988	2382497	68518	69847	441966	58028	359418	354701	43864	230457	2296	125118	75883	552401
	1989	2408921	72206	67326	463225	60085	360248	355905	43121	225256	2328	124748	76334	558139
	1990	2428572	73933	67127	493186	58743	361940	353918	44055	221430	2426	125614	72948	553252
	1991	2436105	73133	67001	522820	57128	353908	356990	44416	219388	2468	128521	71680	538652
	1992	2378212	71199	64405	520015	55660	339207	360264	44173	212246	2439	130278	65157	513169
Number of persons employed Δ%	1988	-0.4	-1.2	-4.8	-1.7	0.8	3.3	0.2	-0.8	-2.9	-3.6	-1.0	-3.8	0.1
	1989	1.1	5.4	-3.6	4.8	3.5	0.2	0.3	-1.7	-2.3	1.4	-0.3	0.6	1.0
	1990	0.8	2.4	-0.3	6.5	-2.2	0.5	-0.6	2.2	-1.7	4.2	0.7	-4.4	-0.9
	1991	0.3	-1.1	-0.2	6.0	-2.7	-2.2	0.9	0.8	-0.9	1.7	2.3	-1.7	-2.6
	1992	-2.4	-2.6	-3.9	-0.5	-2.6	-4.2	0.9	-0.5	-3.3	-1.2	1.4	-9.1	-4.7
Number of persons employed share (%)	1988	100	2.9	2.9	18.6	2.4	15.1	14.9	1.8	9.7	0.1	5.3	3.2	23.2
	1989	100	3.0	2.8	19.2	2.5	15.0	14.8	1.8	9.4	0.1	5.2	3.2	23.2
	1990	100	3.0	2.8	20.3	2.4	14.9	14.6	1.8	9.1	0.1	5.2	3.0	22.8
	1991	100	3.0	2.8	21.5	2.3	14.5	14.7	1.8	9.0	0.1	5.3	2.9	22.1
	1992	100	3.0	2.7	21.9	2.3	14.3	15.1	1.9	8.9	0.1	5.5	2.7	21.6
Average labour unit cost (1000 ECU per capita)	1988	19.4	23.3	25.0	23.9	9.2	11.7	24.4	20.6	23.8	18.2	26.1	4.9	15.9
	1989	20.4	24.9	25.0	24.2	10.3	13.2	25.7	20.4	26.5	18.7	25.8	5.7	16.9
	1990	21.6	26.3	26.7	25.0	11.4	14.4	27.4	21.7	28.6	19.9	27.2	6.5	17.3
	1991	23.0	27.2	27.6	26.2	12.2	15.5	28.2	22.7	29.5	21.3	28.1	7.7	19.5
	1992	24.6	28.4	29.1	28.1	13.1	16.8	30.6	23.7	32.6	22.7	28.8	8.9	19.8
Average labour unit cost Δ%	1988	4.7	-0.5	6.2	1.2	12.2	9.4	1.9	3.7	5.8	-0.8	1.8	10.2	13.0
	1989	5.4	7.0	0.1	1.1	12.3	13.5	5.3	-1.0	11.1	3.1	-1.2	16.5	6.3
	1990	5.8	5.6	6.8	3.5	9.9	8.7	6.6	5.9	8.1	6.3	5.6	13.1	2.5
	1991	6.3	3.3	3.1	4.5	7.1	7.7	2.8	4.9	3.1	6.8	3.2	19.0	12.9
	1992	7.1	4.4	5.4	7.5	7.5	8.5	8.5	4.4	10.5	6.8	2.7	16.3	1.4
Productivity Δ%	1988	2.5	-5.1	16.7	2.2	13.4	-1.1	3.1	N/A	3.8	2.6	2.2	N/A	0.6
	1989	0.3	5.4	5.2	-1.2	-2.4	2.2	-1.2	5.6	-3.9	-4.7	2.4	N/A	2.5
	1990	5.7	13.6	-1.8	9.8	9.7	3.6	4.8	6.2	1.8	0.3	10.5	N/A	4.8
	1991	3.7	7.0	17.0	1.7	7.4	5.5	2.7	5.2	1.5	-2.6	2.4	N/A	3.2
	1992	3.0	1.9	2.3	2.2	2.1	3.3	0.7	2.7	4.2	1.7	-2.7	N/A	6.4

Source: Eurostat, DEBA (estimates in bold)

Trade balance (Nace 41/42) 1992 (mrd ECU)



When looking at trading patterns over the last decade there has been moderate growth in the level of imports (in value terms) from third countries. Nevertheless, the pattern of trade showed imports peaking in 1984 to fall quite sharply between 1985 and 1987, since when they have again recorded a tendency to expand at a moderate pace. These moderate rates of growth may in part be due to the fact that many imports are of commodities (after a first stage of processing) from developing countries where the terms of trade have been favourable to European countries and where prices have not risen generally in line with inflation. The result of such comparatively low import activity (whilst the European food and drink market has continued to expand) is that the import penetration ratio for the industry has fallen from 6.3% in 1983 to 4.8% in 1992.

Exports followed a similar pattern: realising moderate value growth up to the mid-eighties, a fall in value terms to 1987, and then once more a trend of moderate growth. This may in part be explained by the fluctuations in the value of the dollar with regard to the ECU (with many of the basic commodities used as inputs for the industry priced in dollars).

Trade with third countries has moved from a situation in 1983 where the trade surplus was equal to 1.6 billion ECU (and the cover ratio was 1.08) to a situation in 1992 where the trade surplus was equal to 6.6 billion ECU (and a corresponding cover ratio of 1.31). 1992 saw a marked increase in the trade surplus, with a rise of 1.2 billion ECU being recorded, largely due to the performance of the drinks, confectionery and tobacco sub-sectors.

The share of intra-EC trade accounted for 74.8% of total trade in 1992. Intra-EC trade has therefore nearly doubled in value during the past decade, whilst extra-EC exports have grown by just under forty per cent and extra-EC imports by nearer ten per cent.

Looking at the profiles of various sub-sectors in the industry strong growth, in value terms, has recently been apparent in the wine, brewing and soft drinks sub-sectors for extra-EC imports. For extra-EC exports on the other hand, spaghetti, confectionery, tobacco and soft drinks sub-sectors have all displayed rapid value growth. Notably lower levels of exports in value terms were seen for the sugar manufacturing and refining as well as grain milling sub-sectors; the value of imports recorded by the grain milling sub-sector have also fallen rapidly.

Food, drink and tobacco (Nace 41/42)

External trade indicators

			EUR 12	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK
Exports	Total trade (mio ECU)	1988	69953.9	6189.4	5321.2	12231.5	553.0	2602.3	12136.8	3753.2	4567.9	14963.6	576.0	7058.6
		1989	78698.7	7169.6	5864.1	13171.1	831.9	2818.7	13931.8	4242.5	4909.0	17170.9	627.7	7961.1
		1990	79361.2	7264.5	6054.3	13022.1	863.0	3014.3	14459.5	3827.1	5102.3	16898.5	639.1	8216.0
		1991	85623.1	8124.1	6493.5	14843.1	890.4	3295.8	15099.6	4130.0	5642.6	17337.2	712.4	9054.2
		1992	91590.3	8691.6	6743.0	15328.5	1044.3	3612.6	16192.3	5082.6	6192.7	18235.5	712.9	9754.4
	Extra-EC trade (mio ECU)	1988	21477.2	589.0	2230.7	3265.4	184.7	1437.6	4004.5	1035.0	1712.3	3679.6	212.0	3125.8
		1989	25067.5	783.4	2405.0	3747.9	311.6	1536.7	4801.0	1283.6	1929.6	4491.6	261.9	3514.7
		1990	24860.4	986.5	2277.7	3946.2	304.4	1518.9	4999.0	1106.7	1964.8	3763.1	213.9	3778.8
		1991	26099.1	1185.6	2469.9	4550.7	322.6	1677.7	5109.7	1012.2	2056.3	3422.3	231.3	4061.0
		1992	27908.4	1294.2	2429.3	4528.6	425.5	1814.1	5405.4	1203.8	2476.9	3828.8	247.9	4254.0
	Extra-EC trade % share EC	1988	100	2.7	10.4	15.2	0.9	6.7	18.6	4.8	8.0	17.1	1.0	14.6
		1989	100	3.1	9.6	15.0	1.2	6.1	19.2	5.1	7.7	17.9	1.0	14.0
		1990	100	4.0	9.2	15.9	1.2	6.1	20.1	4.5	7.9	15.1	0.9	15.2
		1991	100	4.5	9.5	17.4	1.2	6.4	19.6	3.9	7.9	13.1	0.9	15.6
		1992	100	4.6	8.7	16.2	1.5	6.5	19.4	4.3	8.9	13.7	0.9	15.2
	Intra-EC trade % share total trade	1988	68.0	90.2	55.1	71.6	65.2	42.2	66.9	72.4	61.7	73.6	62.1	54.0
		1989	66.9	88.7	56.2	70.2	60.9	41.9	65.5	69.7	59.8	72.1	57.2	54.2
		1990	67.4	86.0	59.8	68.4	62.7	46.3	65.4	71.1	60.5	75.9	64.9	52.6
		1991	68.4	84.9	59.7	68.2	61.1	45.9	66.1	75.5	62.5	77.9	66.1	55.0
		1992	68.8	84.7	61.6	69.3	57.4	49.2	66.6	76.3	59.1	78.0	63.7	56.3
Imports	Total trade (mio ECU)	1988	67264.3	5076.7	1751.8	13665.0	1433.9	2673.0	10988.8	1198.5	10118.3	8128.9	840.9	11387.8
		1989	72669.3	5412.7	1876.2	14704.9	1680.3	3057.2	12065.6	1295.6	11248.6	8396.3	812.3	12119.0
		1990	74090.1	5585.3	1801.9	16178.5	1656.9	3422.7	12244.1	1303.9	11145.5	7672.2	892.9	12185.7
		1991	80182.6	6169.2	1929.4	18633.7	1615.1	4194.2	12934.6	1450.4	11797.6	7873.4	1133.0	12452.1
		1992	85554.8	6571.5	2126.4	20161.6	1854.2	4637.1	13420.0	1564.2	11856.4	9101.2	1235.5	13026.8
	Extra-EC trade (mio ECU)	1988	19054.0	937.0	757.3	3936.4	172.9	1340.7	2934.1	172.6	2251.3	2206.4	351.5	3993.1
		1989	20105.7	943.0	839.7	4238.7	244.7	1330.2	3117.9	190.4	2523.7	2257.6	360.8	4058.3
		1990	19917.4	941.7	765.1	4354.9	240.4	1401.3	3001.5	175.1	2435.5	2270.7	342.2	3988.5
		1991	20691.4	901.9	772.9	4898.8	227.0	1715.8	3034.8	192.5	2420.3	2116.4	384.4	4026.6
		1992	21307.6	881.0	882.9	5075.8	233.9	1810.4	2948.6	202.6	2291.2	2511.2	397.7	4072.4
	Extra-EC trade % share EC	1988	100	4.9	4.0	20.7	0.9	7.0	15.4	0.9	11.8	11.6	1.8	21.0
		1989	100	4.7	4.2	21.1	1.2	6.6	15.5	0.9	12.6	11.2	1.8	20.2
		1990	100	4.7	3.8	21.9	1.2	7.0	15.1	0.9	12.2	11.4	1.7	20.0
		1991	100	4.4	3.7	23.7	1.1	8.3	14.7	0.9	11.7	10.2	1.9	19.5
		1992	100	4.1	4.1	23.8	1.1	8.5	13.8	1.0	10.8	11.8	1.9	19.1
	Intra-EC trade % share total trade	1988	71.2	81.5	55.4	69.2	87.7	49.8	73.3	85.6	77.7	72.7	58.2	64.9
		1989	72.0	82.6	55.0	70.0	85.3	56.4	74.1	85.3	77.5	72.9	55.6	66.5
		1990	72.8	83.1	57.5	71.9	85.4	58.8	75.5	86.6	78.1	70.2	61.6	67.3
		1991	73.9	85.1	59.9	72.7	85.9	59.1	76.5	86.7	79.5	72.9	66.1	67.7
		1992	74.8	86.1	58.5	74.0	87.3	60.9	78.0	87.0	80.7	72.2	67.8	68.7
Trade balance	Total trade (mio ECU)	1988	2689.6	1112.7	3569.4	-1433.5	-880.9	-70.7	1148.0	2554.7	-5550.4	6834.7	-264.9	-4329.2
		1989	6029.4	1756.9	3987.9	-1533.8	-848.4	-238.5	1866.2	2946.9	-6339.6	8774.6	-184.6	-4157.9
		1990	5271.1	1679.2	4252.4	-3156.4	-793.9	-408.4	2215.4	2523.2	-6043.2	9226.3	-253.8	-3969.7
		1991	5440.5	1954.9	4564.1	-3790.6	-724.7	-898.4	2165.0	2679.6	-6155.0	9463.8	-420.6	-3397.9
		1992	6035.5	2120.1	4616.6	-4833.1	-809.9	-1024.5	2772.3	3518.4	-5663.7	9134.3	-522.6	-3272.4

Source: Eurostat

METHODOLOGICAL NOTES

Industry Classification System

The industry groupings used in this publication are based on the NACE classification system. This classifies economic activity in terms of the nature of goods and services produced or by the nature of the production process employed. It is arranged on the decimal system and is subdivided into divisions (1-digit codes), classes (2-digit codes), groups (3-digit codes), sub-groups (4-digit codes) and items (5-digit codes). More information is contained in the General Industrial Classification of Economic Activities within the European Community published by Eurostat (1985 reprint of the 1970 edition). This publication is available from the usual outlets for Community publications. A major revision to the NACE classification has been incorporated in a Council Regulation (OJ L293 24th October 1990) and will start being used for data collection over the next few years.

The broad groups used in Section 1 of this publication have the following definitions in terms of NACE:

Total industry

1, 2, 3, 4

Intermediate goods industries

1, 211-246, 247, 2474-2476, 2481-2485, 2488, 2489, 251-256, 26, 311-313, 3161-3164, 3167-319, 353, 422, 431-435, 437, 439, 441, 461-466, 471, 472, 481, 483

Capital goods industries

314, 315, 32, 33, 341-344, 347, 348, 352, 361, 362, 364, 365, 371, 372

Consumer goods industries

2472, 2473, 2477, 2486, 2487, 257-259, 3165, 363, 373, 374, 411-421, 423-429, 436, 438, 442, 45, 467, 473, 474, 482, 49

Statistical Sources

Most of the data in this publication is harmonized data supplied to Eurostat by Member States. The exceptions are:

1) The capacity utilisation series which come from the business surveys carried out on behalf of the Directorate General for Economic Affairs of the Commission.

2) The estimates for the latest years' structural data, which are supplied by the DEBA European Economic Interest Group.

3) The OECD has supplied the indices of industrial production for the USA and Japan.

Data sources are indicated for each statistical table.

Every effort has been made to include data for all 12 Member States. The indices from 1991 onwards are on a post-unification basis and include East-Germany. However the structural data is still on a pre-unification basis unless otherwise stated.

Short term indicators

The index of production measures changes in the volume of the gross value added created by industry, the branch indices being aggregated by means of a system of weighting according to gross value added (in prin-

ciple, at factor cost). The indices are adjusted in two stages; firstly to take account of the varying number of working days in the month (except for Spain and Japan) and secondly by seasonal adjustment. The other short term indices in this publication are not adjusted for working days.

The index of producer prices shows (in the national currency of the Member State in question) changes in the ex-works selling prices of all products sold on the domestic markets of the various countries. The Community indices (EUR11, since there are no producer price indices for Portugal) refer to overall weighted price changes. No seasonal adjustment is carried out on them.

For the indices of imports and exports, external trade data of industrial products were grouped according to the industrial NACE branch to which they belong. The value indices are all in ECU terms. The indices for EUR12 refer only to extra Community trade, whilst the indices for Member States reflect also intra Community trade. The indices are seasonally adjusted.

The capacity utilization series come from quarterly European Community business surveys, and are not seasonally adjusted.

The changes which are given in the tables for the latest three months on the corresponding period of the year before, are calculated from non seasonally adjusted series.

Structural data

Data for value added at factor cost, turnover, investment, labour costs, and employment come from annual

enquiries conducted by Member States involving all enterprises with 20 or more employees. The exceptions to this are Spain and Portugal where the coverage is for local units of all sizes. The employment data relates to persons employed excluding home workers. The definitions are standardized and so the figures are

comparable across industries and countries.

Estimates are not supplied to Eurostat by Member States for the smaller firms not covered by the enquiries, and the figures under-report the actual values. Where this is particularly significant, a note is made in the commentary.

Gaps in Eurostat's data have been filled by estimates supplied by DEBA. Thus EC totals often contain estimates for missing countries.

Data in the structural tables are in current ECU unless otherwise stated. The productivity measure used is based on value added at factor cost in 1985 prices per person employed.

Signs and abbreviations

EUR 12: Community of 12

B/L: Belgo-Luxembourg Economic Union

ECU: European currency unit

Mio: millions

Mrd: thousand million

N/A: not available

0.0: Figure less than half of the chosen unit

%: percent

1985 = 100: reference year

Φ: moving average

External trade indicators: 10/11/12.92

Index of production : 04/05/06.93; F, EUR: 01/02/03.93; NL: 02/03/04.93

Producer Price Index: 04/05/06.93

Growth rate moving average: change in % for three months ending **06.93** as compared with previous three months (seasonally adjusted). Index of production NACE 37: EUR, F: 01/02/03.93; NACE 41/42: NL: 02/03/04.93; IRL: 10/11/12.92

Δ: growth rate

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