

# Panorama of EC industry

Short-term supplement  
latest information on EC industry

bimonthly

2/1994





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DE EUROPÆISKE FÆLLESSKABERS STATISTISKE KONTOR  
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BUREAU VOOR DE STATISTIEK DER EUROPESE GEMEENSCHAPPEN  
SERVIÇO DE ESTATÍSTICA DAS COMUNIDADES EUROPEIAS

L-2920 Luxembourg — Tél. 43 01-1 — Télex COMEUR LU 3423  
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Theme  
Energy and Industry  
Series  
Short-term trends



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## **1. MACROECONOMIC OVERVIEW**

- GDP in current value up 0.7% in the year to the second quarter of 1993
- American recovery set to continue
- EC output falls 2.9% in the year to October 1993
- Trade deficit improves for the fourth consecutive month
- Community inflation at 3.3% in December 1993
- Stock market activity generally buoyant in early 1994
- French and Italian unemployment rates continue to rise
- United Kingdom inflation falls to 1.4% in November 1993



## MACROECONOMIC OVERVIEW

Figures for the second quarter of 1993 revealed that GDP in current value had increased by 1.2% on the previous quarter. Economic growth trends were slightly up in the second quarter for most countries. Spanish and Danish GDP continued to fall, whilst United Kingdom, Italian and German GDP levels rose quite markedly. This upturn followed two successive quarters of falling GDP. Nevertheless, the first half of 1993 saw a fall of 0.7% in current value GDP compared with the same period of 1992.

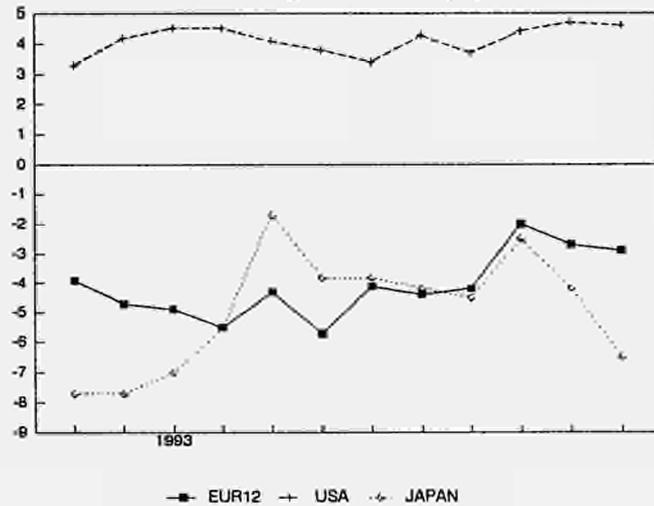
Improving GDP figures were recorded in the United States where second quarter GDP growth in current value was equal to 0.5%. There was additionally renewed vigour in American investment growth (up 2.2% in the second quarter). Private consumption too rose by 0.9% in the second quarter of 1993. First estimates for the third quarter of 1993 showed these trends continuing. The consumer price index for December 1993 in the United States was equal to 2.7% (whilst it had been 3.0% a year before).

Japanese GDP saw further declines, falling by 0.4%. Private consumption and investment also fell in the second quarter of 1993. Japanese inflation stood at 1.1% in December 1993.

Investment indicators in the second quarter of 1993 (in current value from quarterly national accounts) showed a fifth consecutive decline in the EU, falling by 1.3%. Particularly affected were Spain (-2.3%, the seventh successive fall), Italy (-1.5%) and Germany (-1.1%).

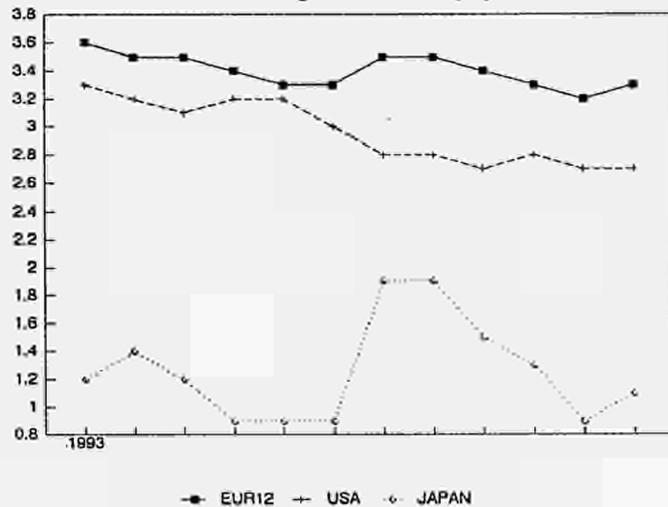
### Industrial production

Annual growth rate (%)



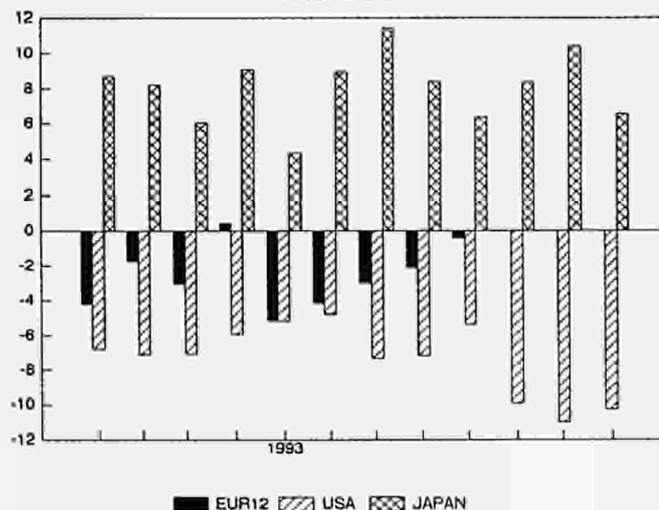
### Consumer prices

Annual growth rate (%)



### Trade balance

mrd ECU



## MAIN INDICATORS

EU industrial production fell at an annual rate of 2.9% in October 1993 (three-monthly average compared to the same three months of a year before). This was in contrast to the improved data seen in August and September 1993. Japanese industrial production also displayed a downturn, with an annual decline of 6.5% in October 1993. American data showed that the revival in the US economy was continuing apace, with annual growth of 4.6%.

The EU trade balance improved substantially in May 1993, with a deficit of 418 million ECU. This was the fourth consecutive month the deficit had been reduced, from the high of 5.1 billion ECU in January 1993. American trade data showed the US increasing its imports in recent months as the economy picked up, the deficit reaching 10.3 billion ECU in August 1993. Japan continued to record a strong surplus, 6.6 billion ECU in August.

The annual inflation rate for the Community stood at 3.3% in December 1993. This represented a rise of 0.1 percentage points on the figure for November 1993. In November consumer price increases had reached their lowest level since May 1988. Eight of the Member States reported inflation rates below the levels seen a year before. In particular there was notable progress made by the Member States normally associated with higher levels of inflation in reducing their rates (for example Greek inflation rates were reduced from 15.0% in November 1992 to 12.3% in November 1993).

|                            |       | EUR 12  | USA      | JAPAN   |
|----------------------------|-------|---------|----------|---------|
| Industrial production      | 92.11 | -3.9    | 3.3      | -7.7    |
| Annual growth rate (%)     | 92.12 | -4.7    | 4.2      | -7.7    |
|                            | 93.01 | -4.9    | 4.5      | -7.0    |
|                            | 93.02 | -5.5    | 4.5      | -5.5    |
|                            | 93.03 | -4.3    | 4.1      | -1.7    |
|                            | 93.04 | -5.7    | 3.8      | -3.8    |
|                            | 93.05 | -4.1    | 3.4      | -3.8    |
|                            | 93.06 | -4.4    | 4.3      | -4.2    |
|                            | 93.07 | -4.2    | 3.7      | -4.5    |
|                            | 93.08 | -2.0    | 4.4      | -2.5    |
|                            | 93.09 | -2.7    | 4.7      | -4.2    |
|                            | 93.10 | -2.9    | 4.6      | -6.5    |
| Consumer prices            | 93.01 | 3.6     | 3.3      | 1.2     |
| Annual growth rate (%)     | 93.02 | 3.5     | 3.2      | 1.4     |
|                            | 93.03 | 3.5     | 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 | 3.3     | 2.8      | 1.3     |
|                            | 93.11 | 3.2     | 2.7      | 0.9     |
|                            | 93.12 | 3.3     | 2.7      | 1.1     |
| Trade balance<br>(mio ECU) | 92.09 | -4226.9 | -6738.0  | 8693.8  |
|                            | 92.10 | -1744.1 | -7104.6  | 8190.2  |
|                            | 92.11 | -3055.6 | -7050.1  | 6067.0  |
|                            | 92.12 | 404.5   | -5969.8  | 9036.9  |
|                            | 93.01 | -5143.5 | -5142.2  | 4344.6  |
|                            | 93.02 | -4167.3 | -4793.8  | 8945.6  |
|                            | 93.03 | -2994.5 | -7318.4  | 11371.7 |
|                            | 93.04 | -2126.4 | -7148.7  | 8422.0  |
|                            | 93.05 | -418.4  | -5366.7  | 6414.7  |
|                            | 93.06 | N/A     | -9917.5  | 8372.0  |
|                            | 93.07 | N/A     | -10995.4 | 10396.6 |
|                            | 93.08 | N/A     | -10253.9 | 6610.5  |

Source: Eurostat

Of the applicant Member States the following inflation rates were recorded in November 1993: Finland (1.3%), Norway (1.9%), Austria (3.5% - October) and Sweden (4.8%). The Scandinavian economies in particular continued to be badly hit by the recession (in the second quarter of 1993),

with Finland recording its fifth consecutive fall in current value GDP (-0.8%). Swedish (-0.3%) and Norwegian (-0.1%) GDP also fell in the second quarter of 1993.

There was renewed optimism in German stock markets. The German in-

flation rate fell by 0.1 percentage points to 3.6% in November 1993, whilst at the same time there were gradual reductions in interest rates. Hence, the outlook for the German economy into 1994 seems somewhat better. However, the German broad money supply was still growing at a rate of 7.4% in November 1993. Additionally, many firms still faced problems, with export markets in traditionally strong German manufacturing sectors (automobiles, engineering and chemicals) badly hit. Indeed, many enterprises were forced to rely on reserves of capital they had saved during the late eighties. In addition, German management has moved to rationalise in-

dustry in an attempt to concentrate on core activities.

In France, comparatively high real interest rates and the increasing fear of unemployment (up to some twelve per cent of the working population in November 1993) led to reduced domestic demand. French consumer prices rose by 2.2% in the year to November 1993. French broad money supply was seen to contract by 1.3% in the year to November 1993.

Unemployment in Italy continued to rise, reaching almost the same level as French rates. Italian consumer prices increased by 4.6% during the year to November 1993. The fall in

Italian interest rates has stimulated a resurgence in activity for Italian stocks. This phenomenon has been emphasised as privatisation policy continues. The Netherlands too has seen strong merger activity over the past year, especially Dutch firms looking to take-over fellow national companies.

In the United Kingdom there were again mixed indicators: high street spending fell, whilst unemployment figures improved. There were additionally gains in industrial output. United Kingdom inflation (as measured by the consumer price index) fell to 1.4% in November 1993. Broad money supply growth was equal to 4.9% in November 1993.



## **2. TOTAL INDUSTRY (NACE 1-4)**

- Declining production trend seems to have bottomed-out
- Capital goods sector records largest declines in output in 1992
- Consumer goods production still expanding (at moderate rates)
- Producer price index rises to 115.8 in September 1993
- Negative price trends in Germany, France and the Benelux countries
- Producer prices in ECU terms falling by 1.2% per annum in September 1993
- Capacity utilization data steady throughout 1993 at 77.6%
- Some growth in extra-EU trade indicators



## 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 | 114.7  | 115.2 | 112.0 | 121.2 | 100.7 | 112.0 | 112.8 | 162.1 | 113.7 | 117.6 | 113.0 | 132.1 | 104.5 |
|                    | Φ    | 117.2  | 110.0 | 119.0 | 117.0 | 105.9 | 114.4 | 112.5 | 159.5 | 119.0 | 104.0 | 117.0 | 115.9 | 117.5 |
| Growth rate (%)    | 1992 | -0.9   | -0.0  | 1.7   | -1.0  | -1.0  | -2.9  | -1.2  | 9.1   | -1.6  | -0.9  | -0.2  | -2.3  | -0.5  |
|                    | Φ    | -8.7   | -12.6 | -1.5  | -2.3  | 2.2   | -11.1 | -11.8 | -8.8  | -19.9 | -17.6 | -10.8 | -9.8  | -3.1  |
| Intermediate Goods | 1992 | 111.5  | 115.2 | 114.9 | 118.2 | 97.5  | 105.9 | 114.9 | 155.5 | 113.3 | 114.0 | 110.0 | 118.4 | 100.3 |
|                    | Φ    | 114.7  | 109.0 | 121.7 | 114.0 | 101.2 | 106.6 | 112.7 | 157.7 | 118.1 | 98.4  | 113.7 | 98.9  | 114.6 |
| Growth rate (%)    | 1992 | -0.4   | -0.3  | 2.7   | 0.4   | -2.9  | -2.5  | 0.2   | 9.2   | -1.0  | -2.4  | 0.0   | -3.0  | -0.1  |
|                    | Φ    | -9.1   | -13.0 | -4.1  | -2.5  | -3.5  | -10.3 | -12.4 | -7.5  | -18.7 | -20.4 | -10.2 | -17.2 | -3.7  |
| Capital Goods      | 1992 | 114.4  | 106.1 | 109.9 | 122.0 | 122.0 | 123.9 | 107.4 | 226.1 | 110.9 | 112.0 | 109.0 | 106.7 | 111.1 |
|                    | Φ    | 112.4  | 107.7 | 113.3 | 114.3 | 103.4 | 127.4 | 96.9  | 206.8 | 111.8 | 108.5 | 111.3 | 76.3  | 118.2 |
| Growth rate (%)    | 1992 | -3.7   | -11.1 | 1.3   | -3.0  | 3.4   | -5.4  | -5.9  | 13.0  | -6.2  | -6.5  | -0.3  | -8.0  | -2.9  |
|                    | Φ    | -9.7   | -20.8 | -8.8  | -3.2  | -20.4 | -19.2 | -7.6  | -15.5 | -26.8 | -1.5  | -12.6 | -27.9 | -4.8  |
| Consumer Goods     | 1992 | 119.1  | 118.6 | 112.0 | 124.7 | 100.9 | 117.5 | 114.3 | 139.8 | 116.2 | 143.7 | 124.0 | 126.7 | 109.7 |
|                    | Φ    | 124.0  | 107.5 | 121.7 | 124.8 | 115.6 | 121.8 | 121.4 | 114.9 | 125.5 | 137.8 | 130.7 | 122.2 | 121.3 |
| 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  | 1.1   |
|                    | Φ    | -7.6   | -8.7  | 5.0   | -2.0  | 19.8  | -9.3  | -12.8 | -3.7  | -18.1 | -12.2 | -9.6  | -0.2  | -1.0  |

Source: Eurostat

Despite few signs of growth in the European economy, production indexes seem to show that the recession has at least finished its downward trend. Data for the last six months shows that the long-term trend has failed to deteriorate. At an individual country level there were signs of a recovery in the United Kingdom, Spain, Luxembourg and Denmark. All these countries show their long-term trend to be in ascendancy for at least the past six months after dramatic reductions during 1991 and/or 1992. On the other hand, French, Italian, Belgian and Portuguese trends were not as encouraging with little signs of recovery.

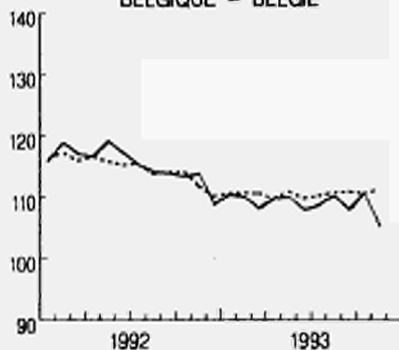
However, reductions were not uniformly spread across the different goods sectors. For example, whilst the capital goods sector saw its production index decline from 114.4 in 1992 to 106.9 in November 1993, the consumer goods index moved from 119.1 in 1992 to 114.9 in November 1993 (the annual decline in this sector being less significant). The decline of the capital goods sector was due to reduced activity in France, Italy, BLEU and Spain. The consumer goods sector generally displayed far less dramatic fluctuations than the other two goods sectors, where month-on-month changes were often very large. Latest data (which should be interpreted with caution) showed the EU production index in November

1993 almost identical to that of November 1992. Four of the Member States were able to record higher production indexes compared to a year before (November 1993). Nevertheless, the German, French, Italian and BLEU data showed reductions on a year before. The German production index stood at 108.3 in November 1993 compared to 115.3 in the same month of 1992. United Kingdom and Irish production indexes continued to show signs of growth. In 1992 the production index for total industry had stood at 114.7, down from 115.7 in 1991. Ireland and Denmark were the only Member States to record increased production compared to 1991.

INDUSTRIELLE PRODUKTION

GESAMTE INDUSTRIE

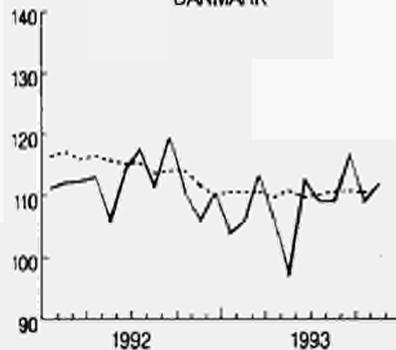
BELGIQUE - BELGIE



INDUSTRIAL PRODUCTION

TOTAL INDUSTRY

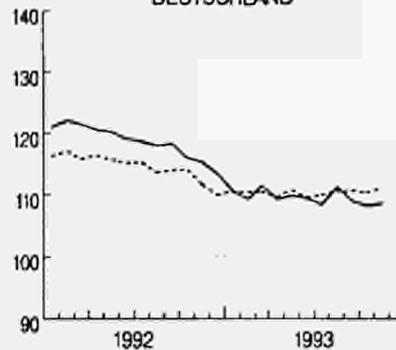
DANMARK



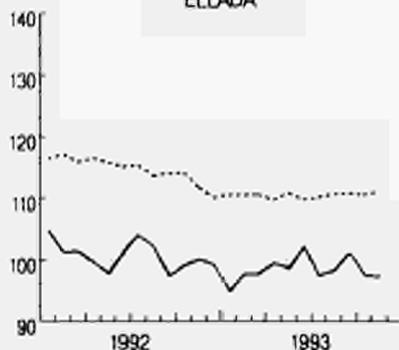
PRODUCTION INDUSTRIELLE

ENSEMBLE DE L'INDUSTRIE

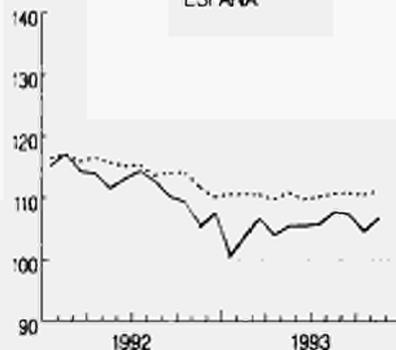
DEUTSCHLAND



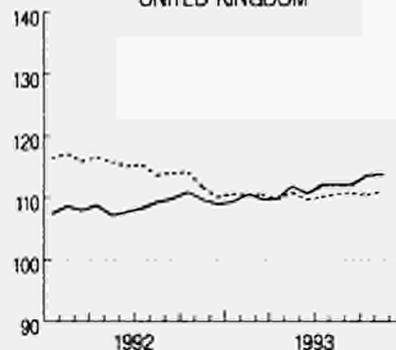
ELLADA



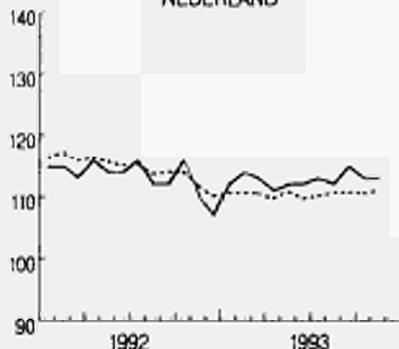
ESPAÑA



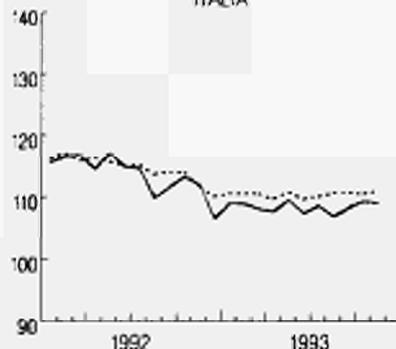
UNITED KINGDOM



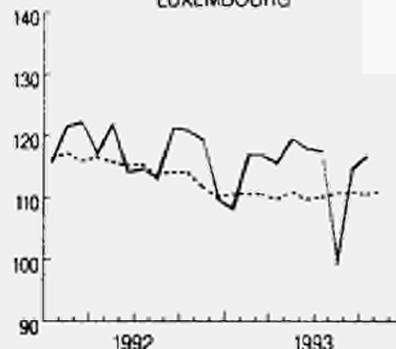
NEDERLAND



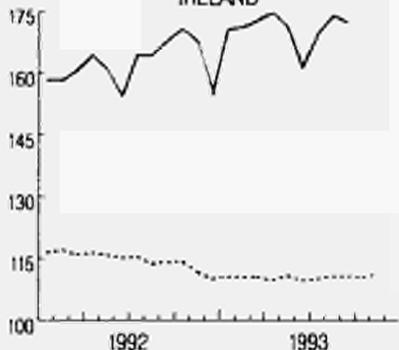
ITALIA



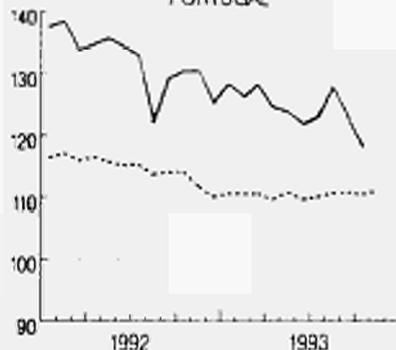
LUXEMBOURG



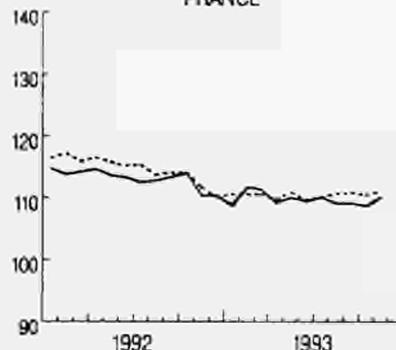
IRELAND



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FRANCE



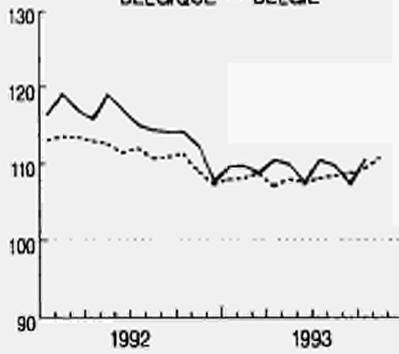
----- EUR 12

1985 = 100

INDUSTRIELLE PRODUKTION

VORLEISTUNGSINDUSTRIE

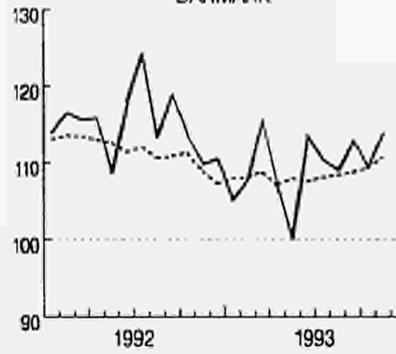
BELGIQUE - BELGIE



INDUSTRIAL PRODUCTION

INTERMEDIATE GOODS

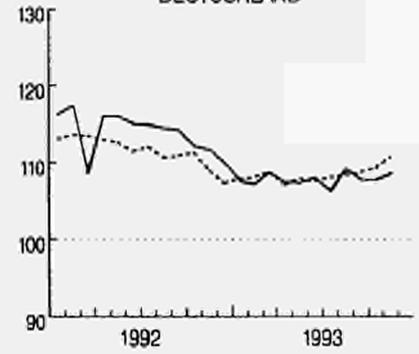
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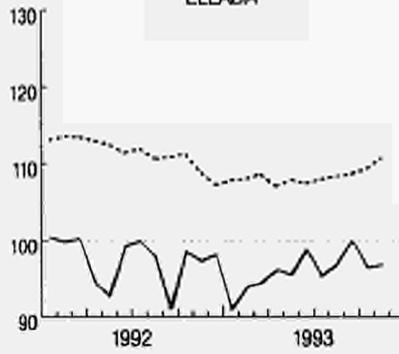
PRODUCTION INDUSTRIELLE

BIENS INTERMEDIAIRES

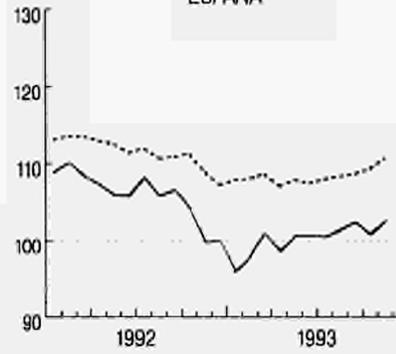
DEUTSCHLAND



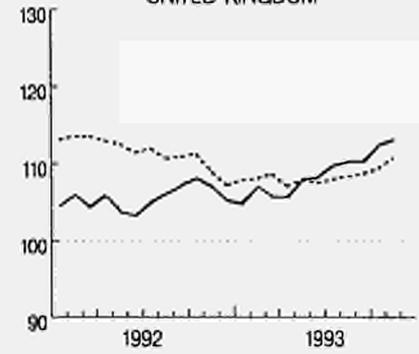
ELLADA



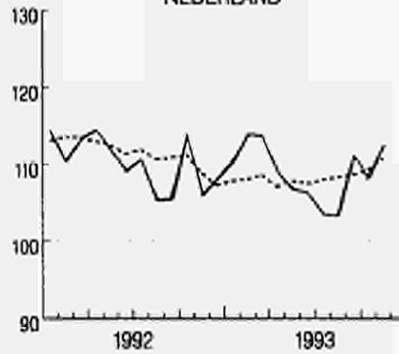
ESPAÑA



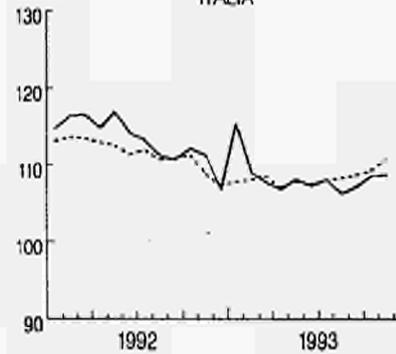
UNITED KINGDOM



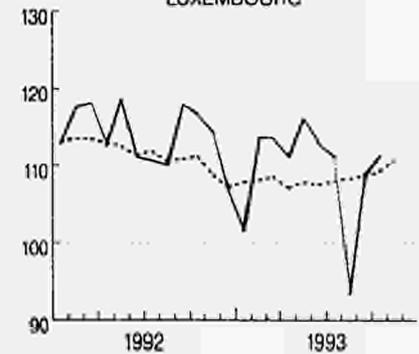
NEDERLAND



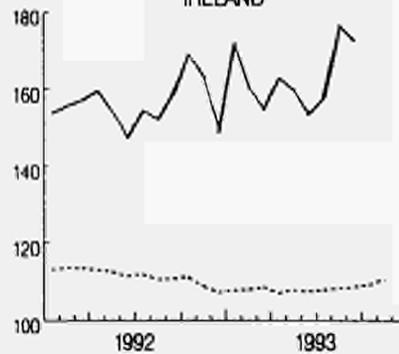
ITALIA



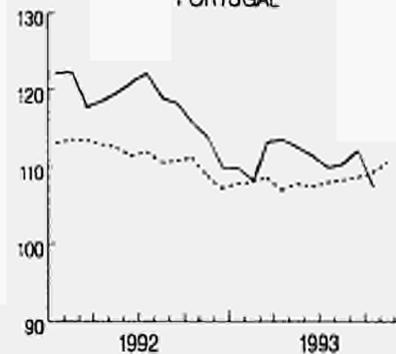
LUXEMBOURG



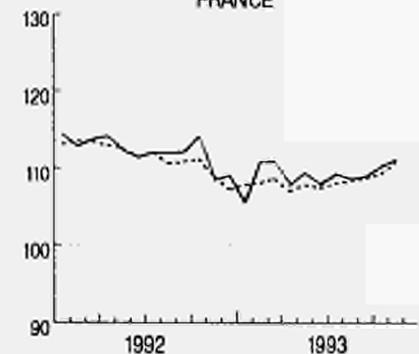
IRELAND



PORTUGAL



FRANCE



..... EUR 12

1985 = 100



INDUSTRIELLE PRODUKTION

INDUSTRIAL PRODUCTION

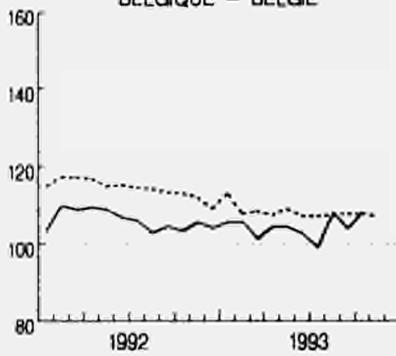
PRODUCTION INDUSTRIELLE

INVESTITIONSGUETERINDUSTRIE

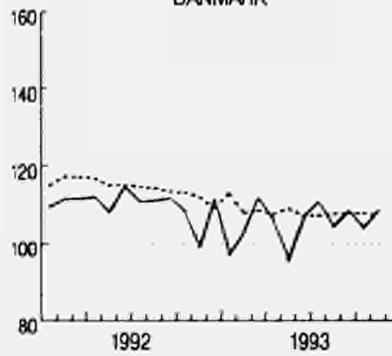
CAPITAL GOODS

BIENS D'INVESTISSEMENT

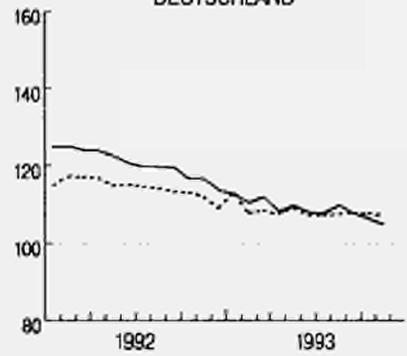
BELGIQUE - BELGIE



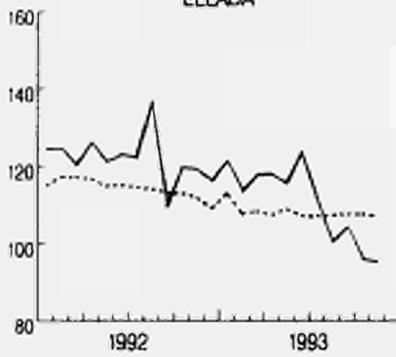
DANMARK



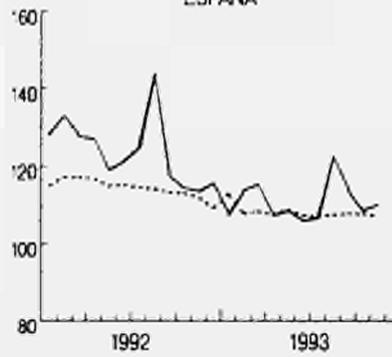
DEUTSCHLAND



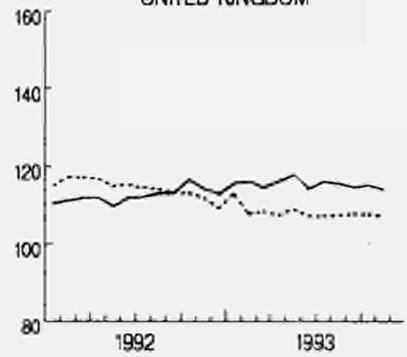
ELLADA



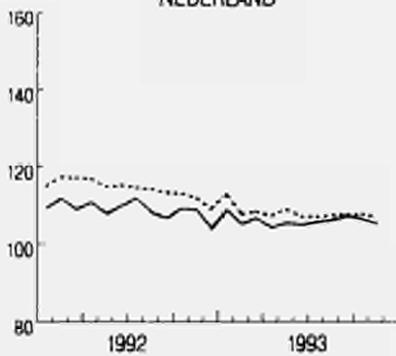
ESPANA



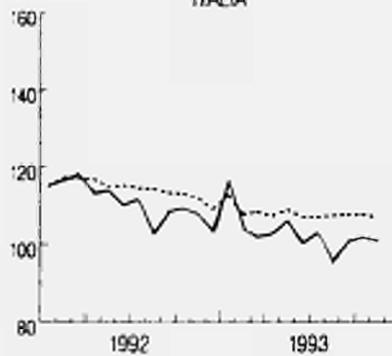
UNITED KINGDOM



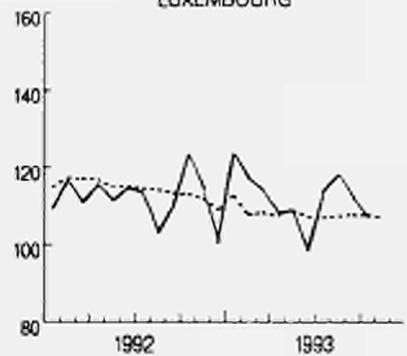
NEDERLAND



ITALIA



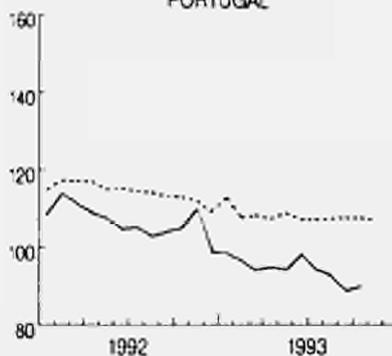
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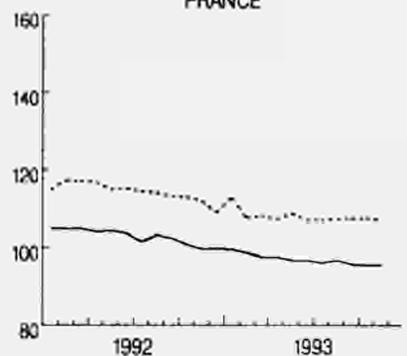
IRELAND



PORTUGAL



FRANCE



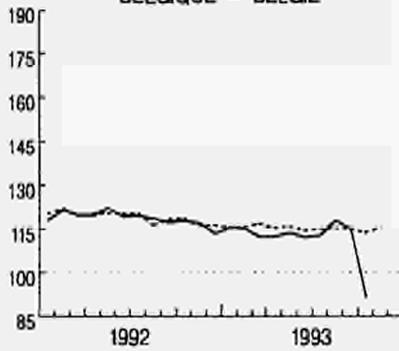
..... EUR 12

1985 = 100

INDUSTRIELLE PRODUKTION

VERBRAUCHSGUETERINDUSTRIE

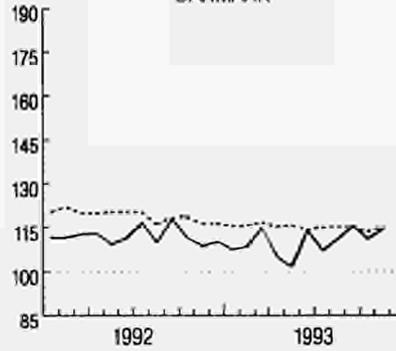
BELGIQUE - BELGIE



INDUSTRIAL PRODUCTION

CONSUMER GOODS

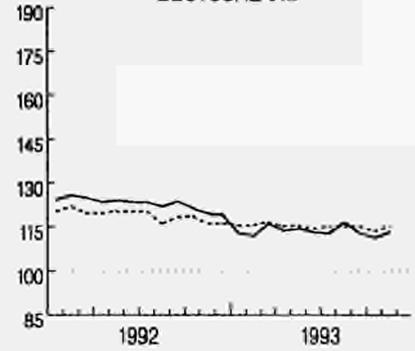
DANMARK



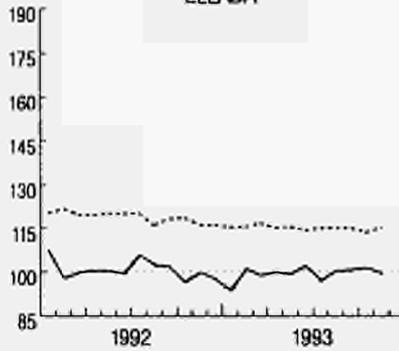
PRODUCTION INDUSTRIELLE

BIENS DE CONSOMMATION

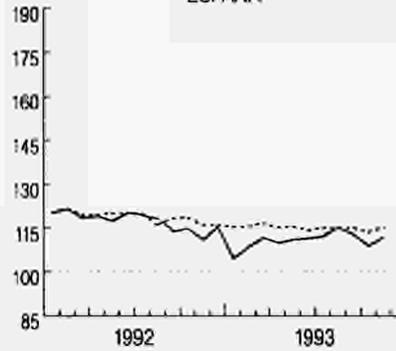
DEUTSCHLAND



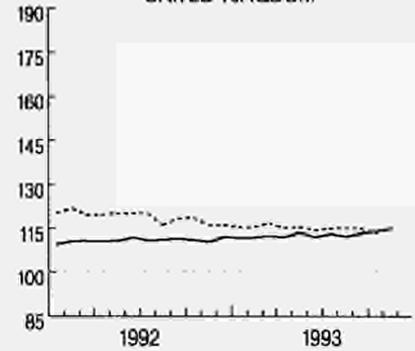
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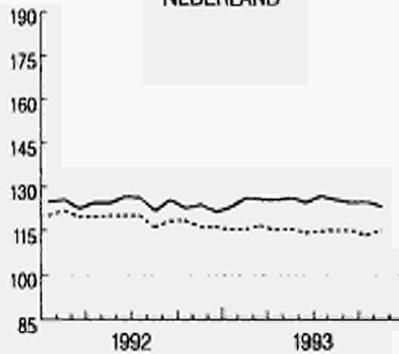
ESPANA



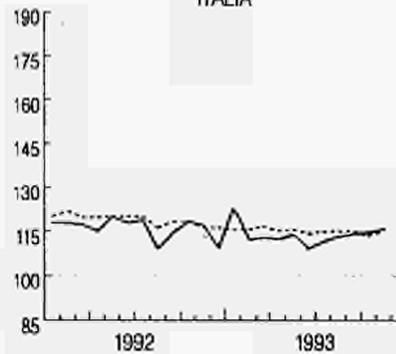
UNITED KINGDOM



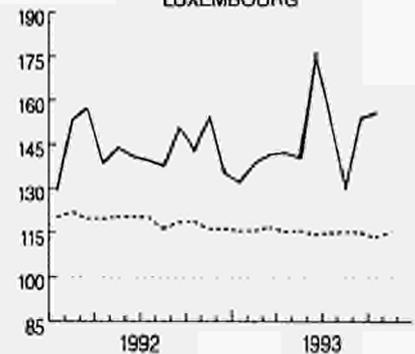
NEDERLAND



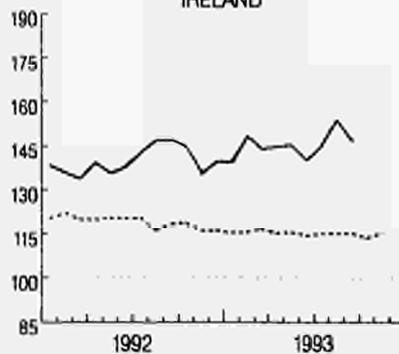
ITALIA



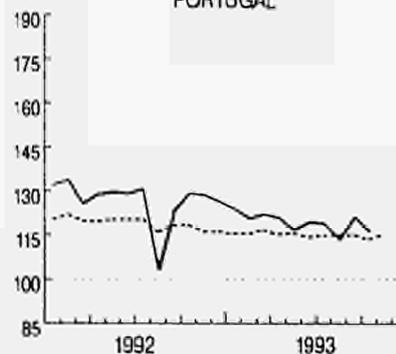
LUXEMBOURG



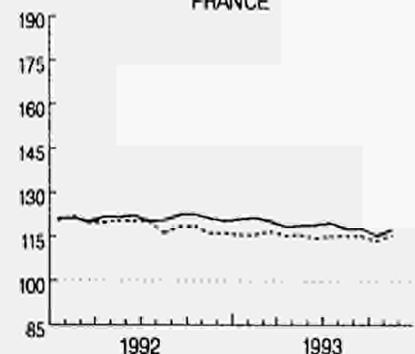
IRELAND



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 | 114.8 | 109.5 | 116.6 | 124.0 | 93.7  | 90.1  | N/A | 125.3 |
|                    | Φ    | 115.8  | 91.9  | 107.7 | 104.8 | 278.3 | 118.0 | 109.3 | 119.9 | 129.3 | 93.2  | 88.9  | N/A | 130.0 |
| 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    | 0.3    | 0.0   | -0.3  | -0.1  | 1.4   | 1.1   | 0.1   | 0.4   | 0.6   | 1.6   | -0.3  | N/A | 0.3   |
| 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    | 105.1  | 80.4  | 102.0 | 94.3  | 262.3 | 102.7 | 99.8  | 92.2  | 121.1 | 83.9  | 81.3  | N/A | 116.5 |
| 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    | 0.1    | 0.0   | 0.0   | -0.3  | 0.7   | 1.2   | -0.4  | 0.4   | 0.5   | 2.3   | -0.5  | N/A | 0.2   |
| Capital Goods      | 1992 | 125.9  | 117.0 | 120.1 | 119.0 | 247.1 | 134.5 | N/A   | N/A   | 134.5 | 122.0 | 110.2 | N/A | 138.0 |
|                    | Φ    | 127.8  | 117.9 | 122.7 | 121.0 | 281.9 | 136.7 | N/A   | N/A   | 139.0 | 121.9 | 110.1 | N/A | 142.0 |
| Growth rate (%)    | 1992 | 2.2    | 2.4   | -0.1  | 2.9   | 13.0  | 2.3   | N/A   | N/A   | 2.5   | 1.7   | 1.1   | N/A | 2.0   |
|                    | Φ    | 0.1    | 0.3   | 0.6   | 0.1   | 2.4   | 0.4   | N/A   | N/A   | 0.4   | 0.2   | -0.1  | N/A | 0.6   |
| 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    | 124.8  | 106.8 | 106.7 | 112.7 | 299.9 | 134.6 | 112.7 | 124.1 | 136.7 | 127.3 | 99.5  | N/A | 145.5 |
| 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    | 0.3    | 0.1   | -0.3  | 0.1   | 2.0   | 1.2   | 0.0   | 0.6   | 0.7   | 0.3   | -0.1  | N/A | 0.3   |

Source: Eurostat

Data for September 1993 showed the producer price index reaching 115.8. Thus, the moderate gains of 1992, when the index recorded 113.8 (1985 = 100) continued. Latest data for Germany (December 1993) showed prices slightly below those of a year earlier, continuing the downward trend seen for German prices since July 1993. At the same time French and Benelux producer prices for total industry were also displaying negative growth. Nevertheless, in Belgium and Luxembourg prices started to show a tendency towards price increases, whilst German and Dutch prices showed no signs of a resurgence back to positive growth. United Kingdom and Italian producer prices continued to grow at

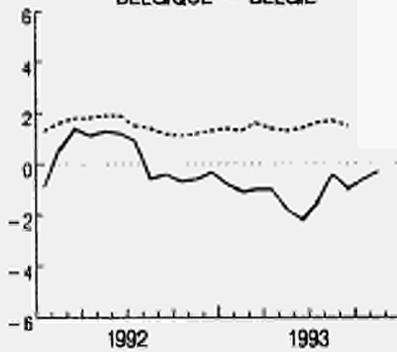
moderate rates (around the two per cent level). Indeed, Spanish producer price increases grew over the last few months of 1993, such that Spanish prices were also rising by nearly four per cent per annum in December 1993. The rate of increase in Greek prices slowed markedly during the autumn months of 1993. Prices in the intermediate goods sector increased by a minimal amount, and stood only five per cent above 1985 levels in September 1993. Hence, the slow growth trend of prices in this sector was seen to continue. Capital goods producer prices reached 127.8 in September 1993, whilst consumer goods reached 124.8. Behind these figures though there was a trend for both sectors to have slower growth than

that traditionally displayed. Capital goods price increases have moved from three per cent gains in 1991 to one per cent annual increases in late 1993. At the same time price movements in the consumer goods sector have been from annual growth of some four per cent in 1991 to two per cent growth in late 1993. Nevertheless, the declining trend of price developments in the consumer goods sector seem to have halted in the last six months. In ECU terms producer prices were falling at an annual rate of almost three per cent in early 1993. This situation has since changed, whereby prices in ECU terms were falling by 1.2% per annum in September 1993.

ERZEUGERPREISINDEX

GESAMTE INDUSTRIE  
VERÄNDERUNGSRATE

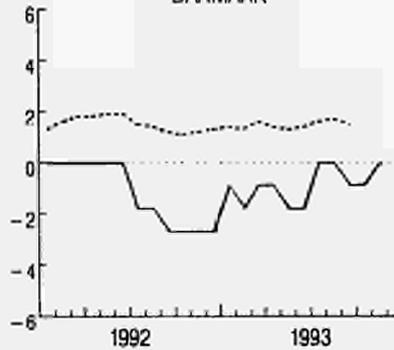
BELGIQUE – BELGIE



PRODUCER PRICE INDEX

TOTAL INDUSTRY  
GROWTH RATE

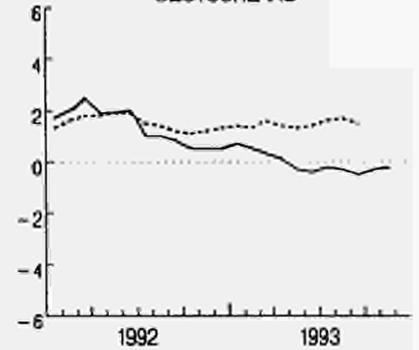
DANMARK



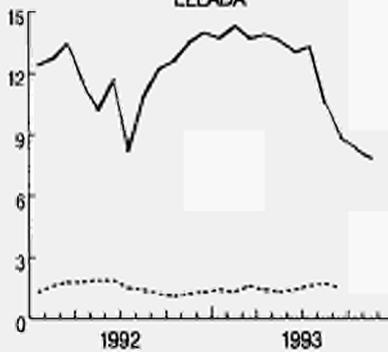
INDICE DES PRIX A LA PRODUCTION

ENSEMBLE DE L'INDUSTRIE  
TAUX DE VARIATION

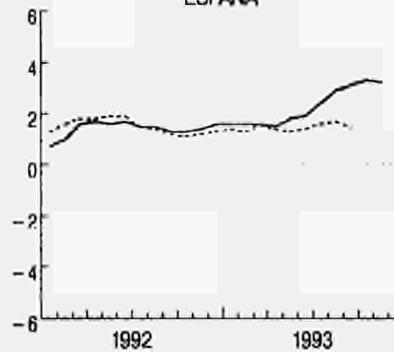
DEUTSCHLAND



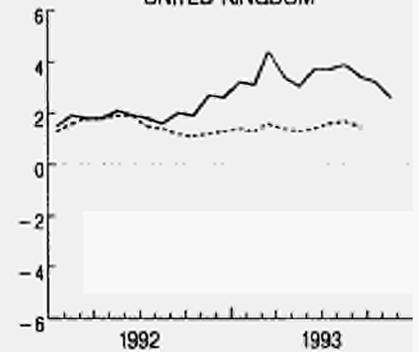
ELLADA



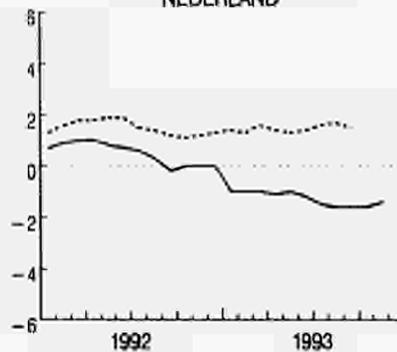
ESPAÑA



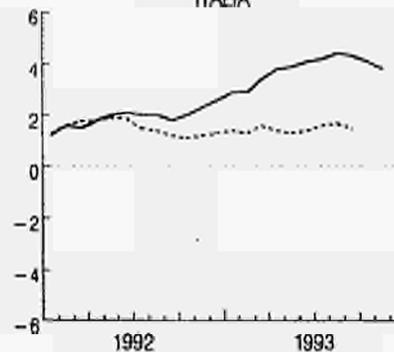
UNITED KINGDOM



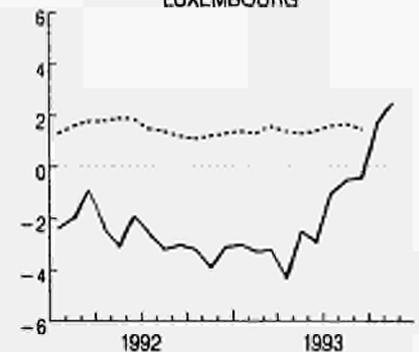
NEDERLAND



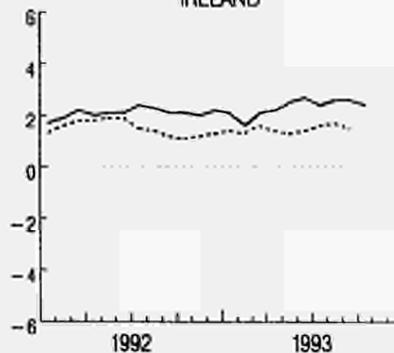
ITALIA



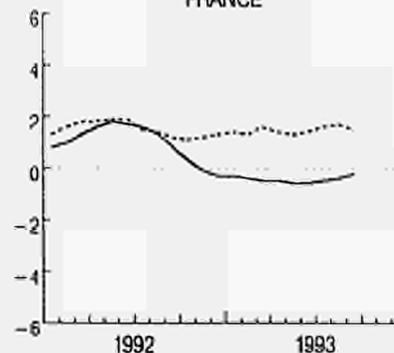
LUXEMBOURG



IRELAND



FRANCE



ERZEUGERPREISINDEX  
VORLEISTUNGSINDUSTRIE  
VERÄNDERUNGSRATE

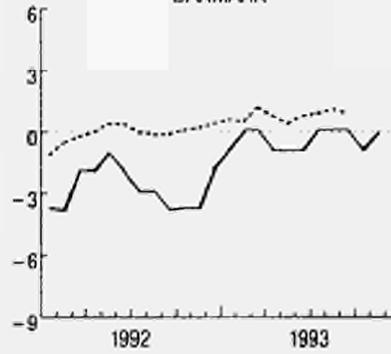
PRODUCER PRICE INDEX  
INTERMEDIATE GOODS  
GROWTH RATE

INDICE DES PRIX A LA PRODUCTION  
BIENS INTERMEDIAIRES  
TAUX DE VARIATION

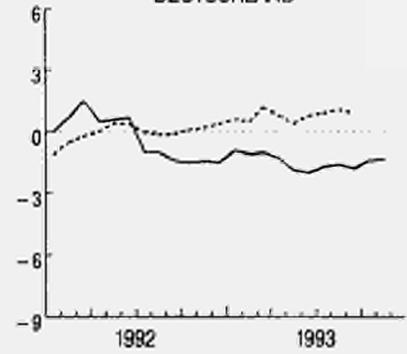
BELGIQUE - BELGIE



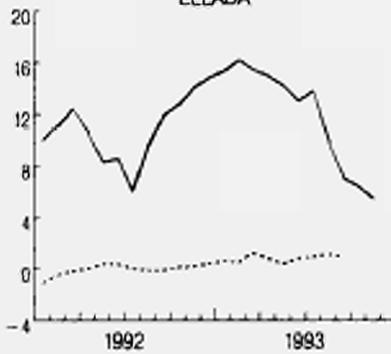
DANMARK



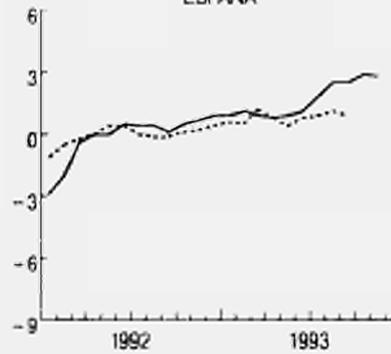
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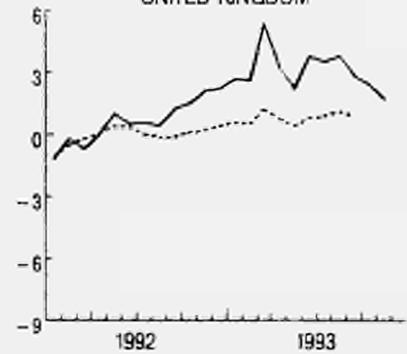
ELLADA



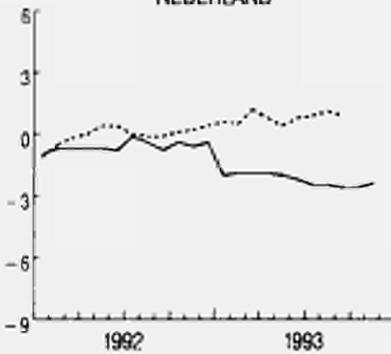
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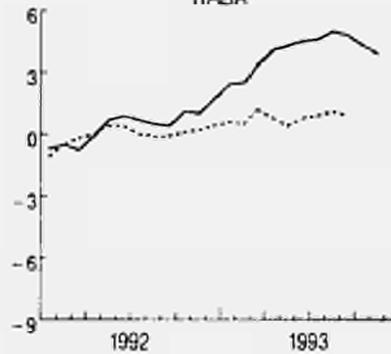
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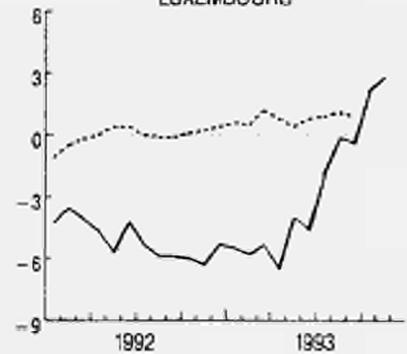
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ITALIA



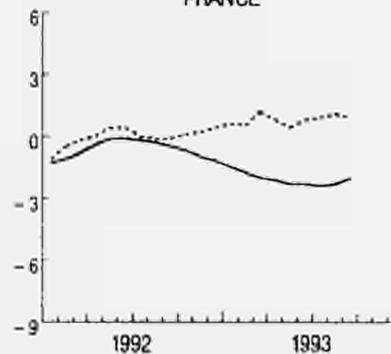
LUXEMBOURG



IRELAND



FRANCE



----- EUR 12

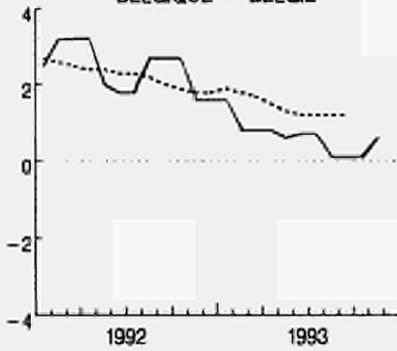
1985 = 100

**ERZEUGERPREISINDEX**  
**INVESTITIONSGÜTERINDUSTRIE**  
**VERÄNDERUNGSRATE**

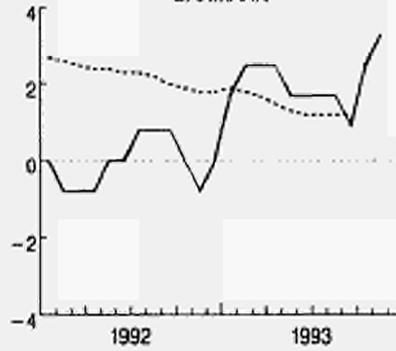
**PRODUCER PRICE INDEX**  
**CAPITAL GOODS**  
**GROWTH RATE**

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

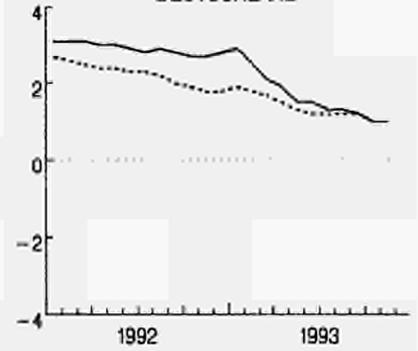
BELGIQUE - BELGIE



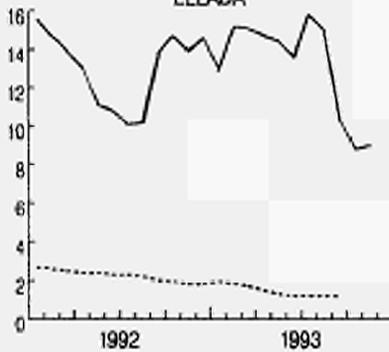
DANMARK



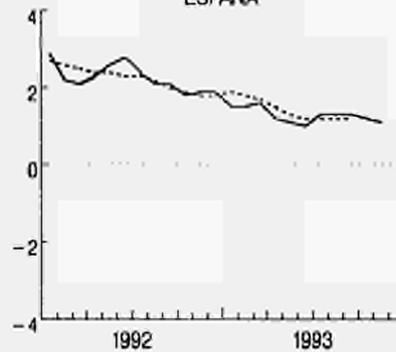
DEUTSCHLAND



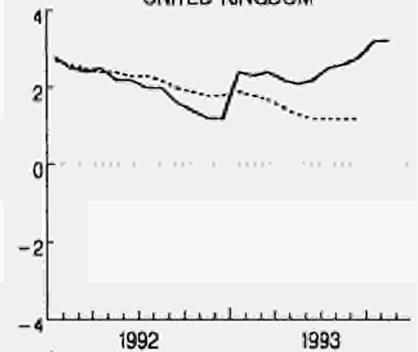
ELLADA



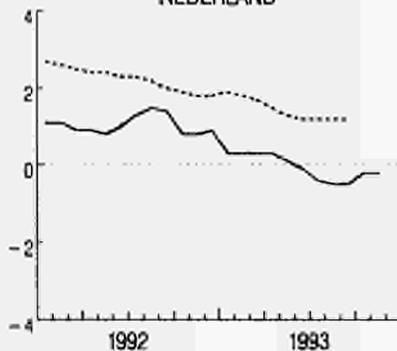
ESPAÑA



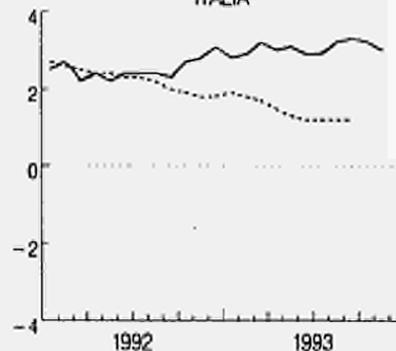
UNITED KINGDOM



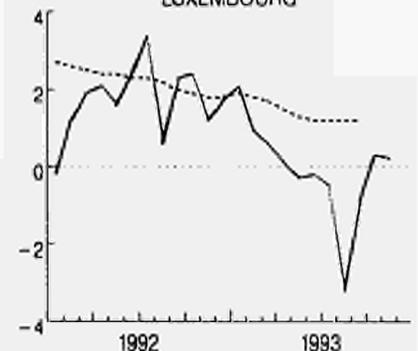
NEDERLAND



ITALIA



LUXEMBOURG

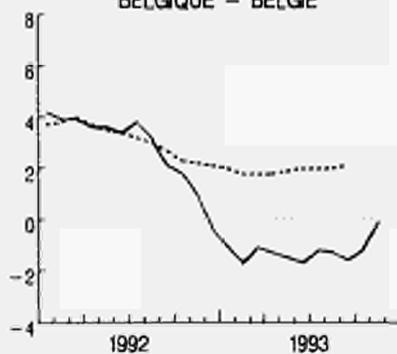


ERZEUGERPREISINDEX  
VERBRAUCHSGUETERINDUSTRIE  
VERÄNDERUNGSRATE

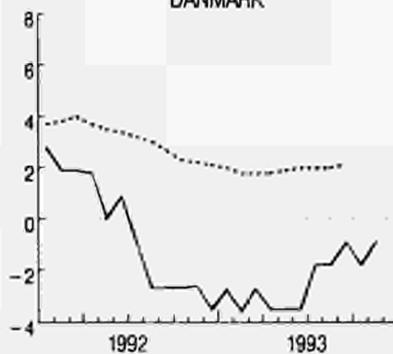
PRODUCER PRICE INDEX  
CONSUMER GOODS  
GROWTH RATE

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

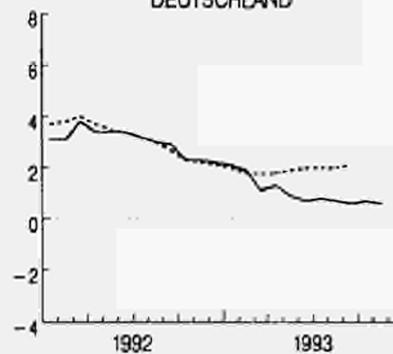
BELGIQUE - BELGIE



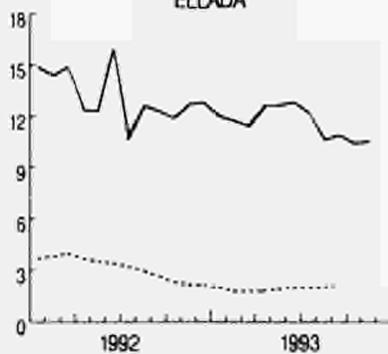
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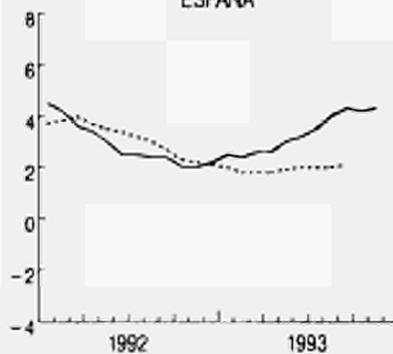
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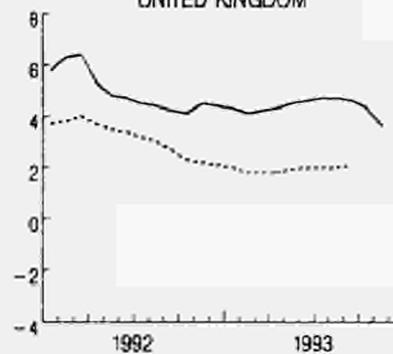
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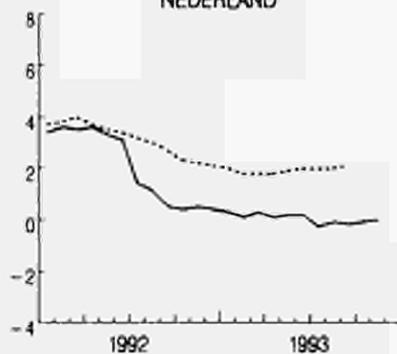
ESPAÑA



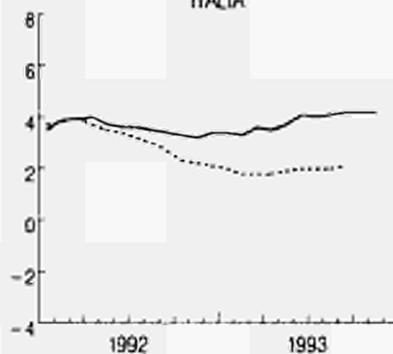
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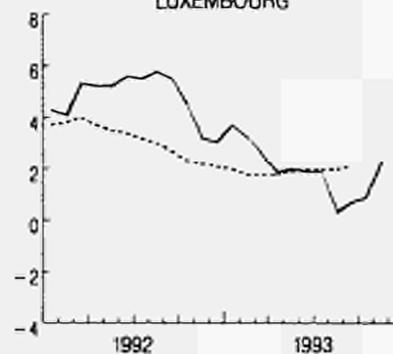
NEDERLAND



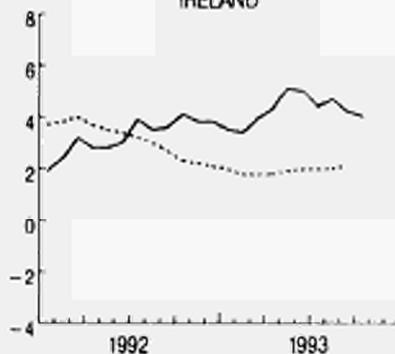
ITALIA



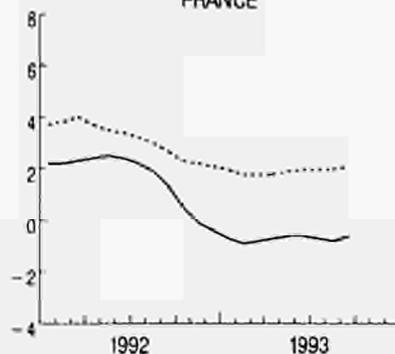
LUXEMBOURG



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              | 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 |
| Industry           | 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 |
|                    | 93.IV  | 77.6   | 75.4 | 79.0 | 78.6 | 75.4 | 72.6 | 79.4 | 75.9 | 73.7 | 79.0 | 80.6 | 73.0 | 81.8 |
| Intermediate Goods | 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 |
|                    | 93.IV  | 77.9   | 72.9 | 75.0 | 78.0 | 76.9 | 72.2 | 80.4 | 77.9 | 75.5 | 79.3 | 79.7 | 75.2 | 81.6 |
| Capital Goods      | 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 |
|                    | 93.IV  | 75.9   | 75.4 | 79.0 | 75.6 | 65.4 | 76.3 | 76.5 | 80.2 | 71.5 | 79.8 | 79.1 | 68.9 | 78.4 |
| Consumer Goods     | 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 |
|                    | 93.IV  | 79.2   | 77.6 | 81.0 | 82.9 | 75.4 | 65.0 | 81.3 | 68.5 | 72.3 | 76.6 | 83.1 | 77.2 | 85.6 |

Source: Eurostat

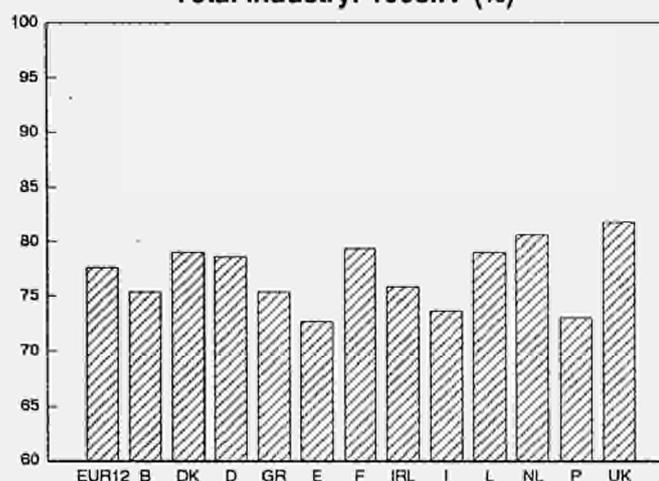
Capacity utilization figures, after declining since 1990 have since stabilised during the last year. Nevertheless, data for 1993 showed no growth, as the utilization rate remained at 77.6% during the whole of 1993. Furthermore, utilization rates remained well below those traditionally seen in recent years. For example, 1990 saw utilization rates average around 85%. This fell in 1991 to around 82% and was followed by a further reduction in 1992 to some 80%.

The capital goods sector has borne the brunt of the recession (more so than the other two goods sectors), as the investment climate has deteriorated significantly. Figures show that the capital goods sector has now failed to register an increase in its utilization rate since the third quarter of 1990. Additionally, the capital

goods sector recorded a utilization rate well below that seen in the other two goods sectors at the end of 1993, with an estimated utilization rate of 75.9%.

On the other hand, the deterioration of the intermediate and consumer goods sectors seemed to have slowed down somewhat, as figures showed signs of stabilising.

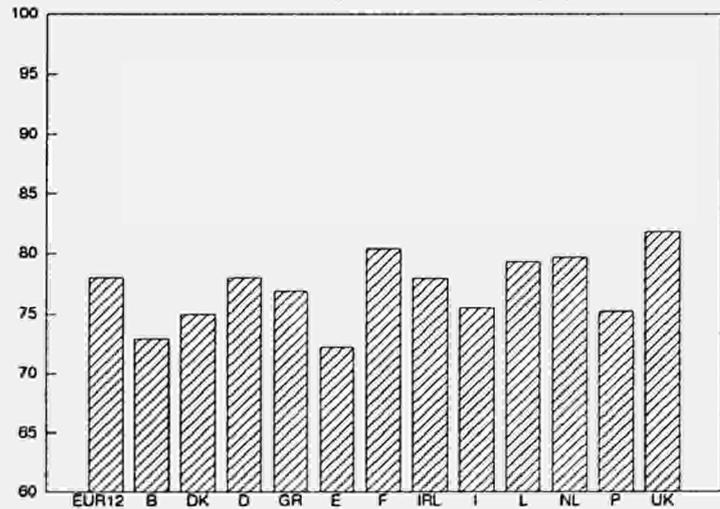
**Capacity utilization**  
Total industry: 1993.IV (%)



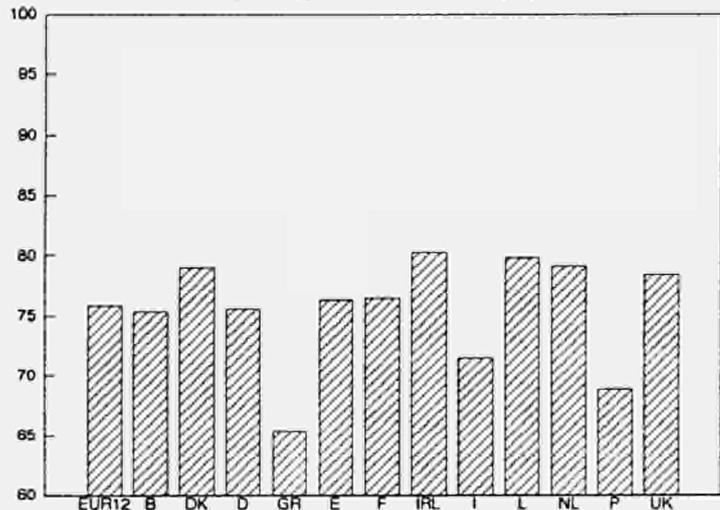
Modest growth took place in the intermediate goods sector in both the second and fourth quarters of 1993 (estimates), with a utilization rate of 77.9% in the final quarter of 1993. The consumer goods sector saw an annual decline of 1.9 percentage points in its utilization rate. Nevertheless, consumer goods still recorded the highest utilization rate (of the three sectors), standing at 79.2% at the end of 1993 (estimated).

As regards individual country data, the decline in German utilization figures continued, with the total industry estimate at 78.6% at the end of 1993. French and Italian rates also continued to decline during 1993 (to 79.4% and 73.7% respectively). Improved performance was seen in Belgium, Denmark and the United Kingdom (where rates reached an estimated 81.8% in the final quarter of 1993 - with particularly strong growth in the consumer goods sector).

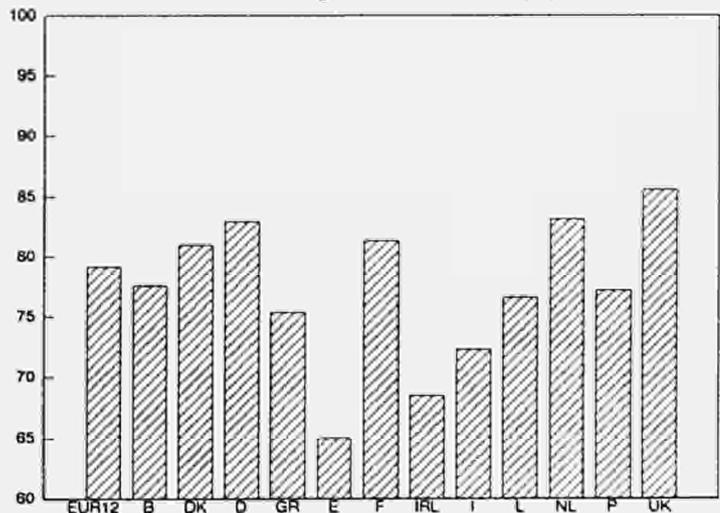
**Capacity utilization**  
Intermediate goods: 1993.IV (%)



**Capacity utilization**  
Capital goods: 1993.IV (%)



**Capacity utilization**  
Consumer goods: 1993.IV (%)



## 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   | 119.0 | 106.3 | 96.7  | 133.6 | 88.5  | 104.9 | 142.6 | 85.6  | 115.1 | 116.1 | 89.8  |
|                |                 | Φ     | 106.3  | 137.1 | 116.5 | 98.3  | 184.3 | 130.4 | 103.7 | 109.5 | 99.7  | 95.0  | 104.2 | 111.6 |
|                | Growth rate (%) | 1992  | 1.2    | 2.4   | 3.7   | -3.3  | 8.3   | 14.1  | 2.3   | 14.1  | 3.8   | 8.0   | 5.4   | 1.3   |
|                |                 | Φ     | 10.8   | 22.9  | 2.0   | 5.3   | 40.0  | 55.5  | 1.3   | -26.1 | 16.3  | -15.5 | -13.8 | 25.5  |
| Value          | 1992            | 114.9 | 96.8   | 102.0 | 126.2 | 69.8  | 107.8 | 115.3 | 94.3  | 127.5 | 103.8 | 102.6 | 100.3 |       |
|                |                 | Φ     | 118.3  | 98.7  | 103.6 | 135.7 | 70.9  | 102.3 | 122.0 | 69.5  | 126.9 | 71.5  | 97.9  | 104.0 |
|                | Growth rate (%) | 1992  | 2.1    | -0.3  | 1.0   | 4.9   | -5.4  | -1.7  | 2.7   | -1.0  | 0.2   | 2.1   | 0.9   | -0.9  |
|                |                 | Φ     | 3.3    | 2.8   | 2.7   | 8.4   | 2.2   | -4.4  | 7.1   | -25.1 | -1.5  | -30.9 | -4.0  | 2.1   |
| Imports        | Volume          | 1992  | 155.0  | 154.6 | 117.3 | 170.6 | 126.3 | 220.1 | 167.4 | 141.3 | 125.9 | 177.2 | 219.8 | 130.3 |
|                |                 | Φ     | 144.2  | 122.7 | 108.0 | 167.0 | 151.0 | 170.2 | 142.4 | 108.2 | 110.0 | 111.7 | 192.7 | 146.9 |
|                | Growth rate (%) | 1992  | 0.5    | -3.0  | -1.4  | -1.1  | 0.1   | 6.6   | -2.2  | -18.5 | 1.9   | 4.4   | 10.1  | 3.7   |
|                |                 | Φ     | -4.5   | -18.9 | -11.8 | 1.5   | 16.7  | -20.0 | -11.9 | -22.2 | -5.7  | -35.9 | -14.9 | 11.9  |
| Value          | 1992            | 79.1  | 81.0   | 89.0  | 91.7  | 74.9  | 59.6  | 72.3  | 91.7  | 71.6  | 68.8  | 57.0  | 84.8  |       |
|                |                 | Φ     | 81.6   | 87.0  | 88.9  | 95.9  | 79.0  | 63.1  | 75.8  | 64.1  | 73.1  | 46.9  | 57.5  | 92.2  |
|                | Growth rate (%) | 1992  | -1.4   | -1.9  | -1.3  | 1.2   | -2.4  | -5.2  | -2.4  | 11.5  | -4.5  | -1.2  | -5.0  | -2.9  |
|                |                 | Φ     | 3.6    | 8.2   | 0.2   | 5.5   | 4.3   | 5.4   | 6.3   | -28.6 | 1.9   | -31.7 | 0.8   | 8.5   |
| Terms of Trade | 1992            | 145.2 | 119.5  | 114.6 | 137.6 | 93.1  | 180.8 | 159.4 | 102.8 | 178.0 | 150.8 | 180.0 | 118.2 |       |
|                |                 | Φ     | 144.9  | 113.4 | 116.4 | 141.4 | 89.8  | 162.1 | 160.8 | 71.9  | 173.3 | 101.0 | 170.2 | 112.7 |
|                | Growth rate (%) | 1992  | 3.6    | 1.7   | 2.5   | 3.6   | -3.0  | 3.6   | 5.2   | -11.3 | 4.9   | 3.5   | 6.3   | 1.9   |
|                |                 | Φ     | -0.3   | -4.9  | 2.5   | 2.7   | -2.1  | -9.4  | 0.7   | -30.4 | -3.3  | -32.9 | -4.8  | -5.9  |

Source: Eurostat

With modifications to the method of collection of trade statistics, data is only available to the end of 1992 for world and intra-EU trade flows. Nevertheless, more recent data for extra-EU trade flows is available. In 1992 EU export volumes grew by 1.2%, whilst import growth remained even more modest, recording annual gains of only 0.5%. This pattern was different from that seen in recent years; import volumes in 1992 (155.0, 1985 = 100) ran at over fifty per cent more than levels displayed in 1985, whereas export volumes continued to display a similar trend to that of the mid-eighties (97.9). EU terms of trade rose by 3.6% in 1992, however, the latest data saw the indicator fall by 0.3% during the year to August 1993.

Import volume indicators for EU industry were seen to recover somewhat compared to data for the first half of 1993 in the three month period to August 1993. Nevertheless, the index continued to fall (at an annual rate of 4.5%). Import volumes were falling in all Member States for extra-EU trade flows (except Germany, Greece and the United Kingdom). At the same time, the export volume index rose sharply, by some 10.8% with the index well above levels traditionally displayed.

Value indicators also showed some signs of recovery. Export values grew by 3.3%, compared to 2.1% during 1992. Import values were up by 3.6%, following an annual reduction of 1.4% in 1992. This trend was contrary to

that normally seen (as import values were still well below 1985 levels). This change in trend may be explained by the strength of currencies (such as the yen) and the relative weakness of certain currencies amongst the Member States. Import values increased in all Member States except Ireland and the Netherlands

Latest data for the individual Member States showed large fluctuations in trading patterns: for example, Irish and Dutch trade was reduced markedly for both imports and exports (in value and volume terms). German value data was seen to be rising at a faster rate than in 1992, with export values up by 8.4% and import values by some 5.5% to August 1993.

# NACE 1 - 4

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

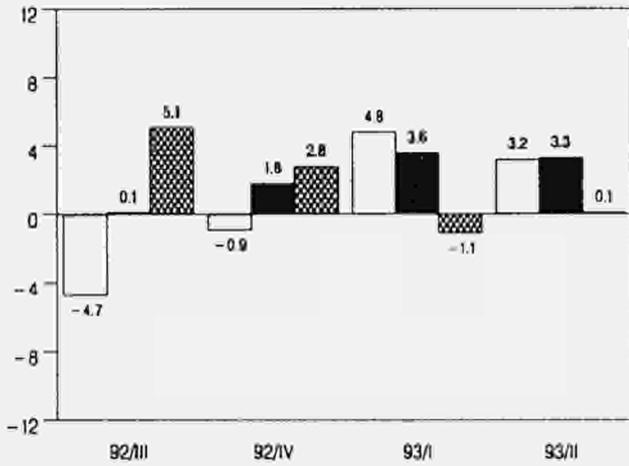
INDICATEURS COMMERCE EXTERIEUR

VERÄNDERUNGSRATE

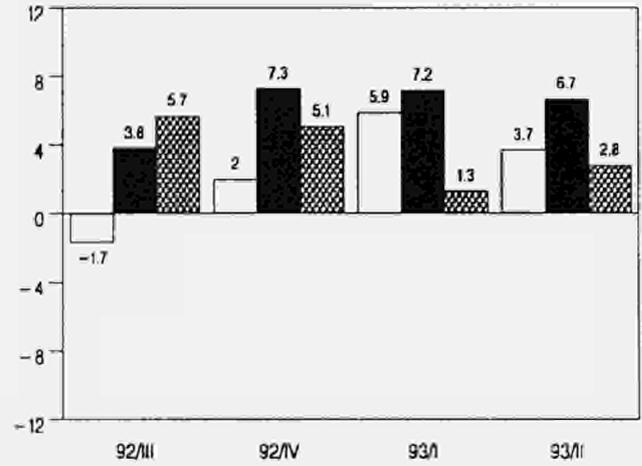
GROWTH RATE

TAUX DE VARIATION

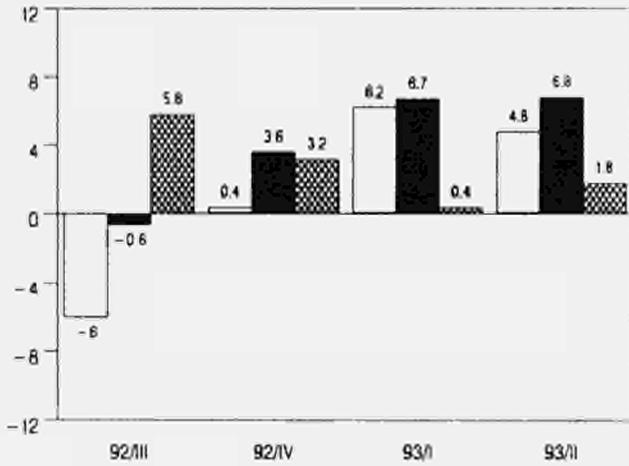
EUR 12



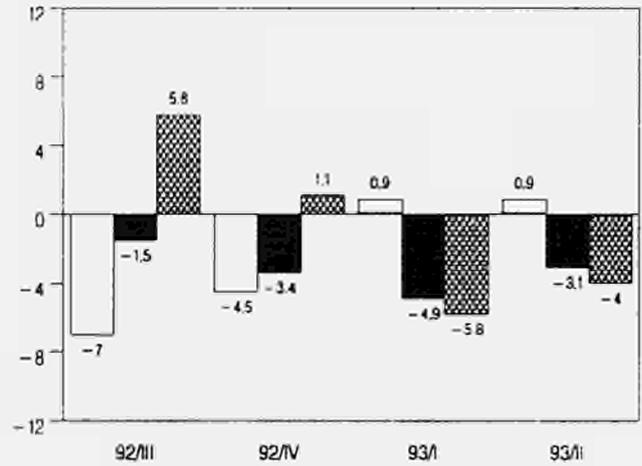
DEUTSCHLAND



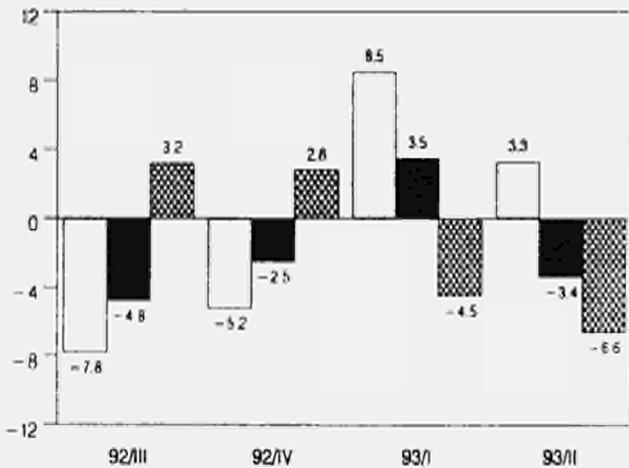
FRANCE



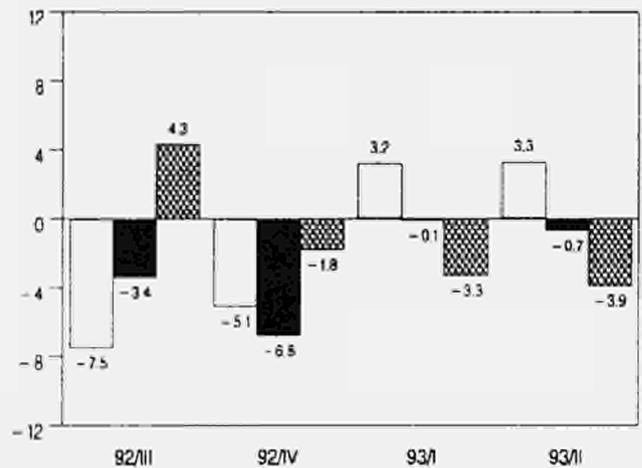
ITALIA



ESPAÑA



UNITED KINGDOM



Einfuhr  
 Ausfuhr  
 Austauschrelation

Import  
 Export  
 Terms of trade

Importation  
 Exportation  
 Termes de l'échange

# NACE 1 - 4

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

INDICATEURS COMMERCE EXTERIEUR

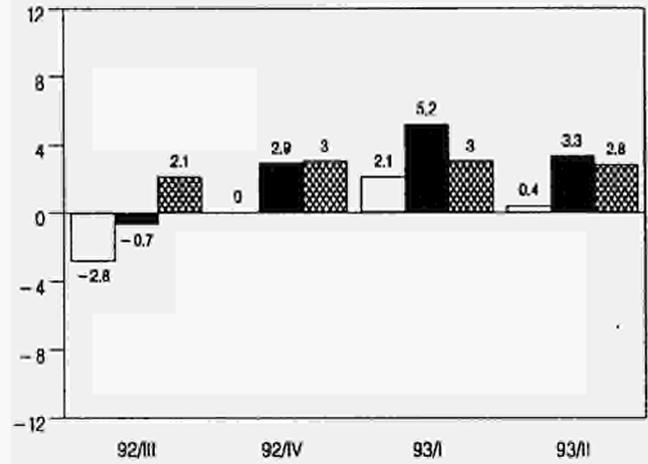
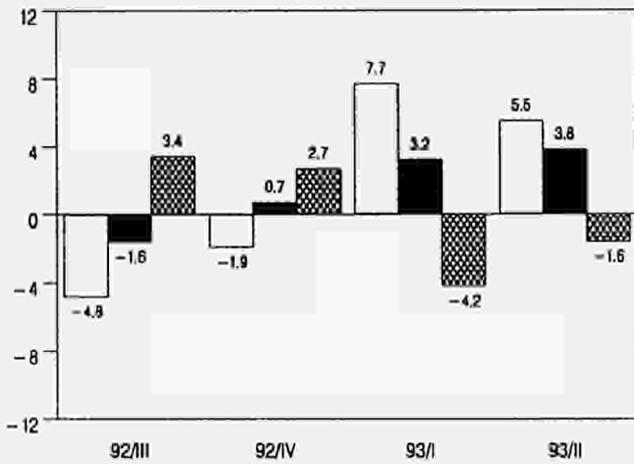
VERÄNDERUNGSRATE

GROWTH RATE

TAUX DE VARIATION

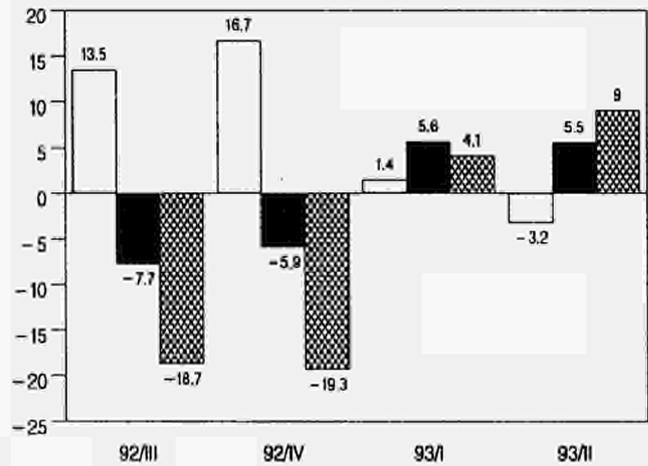
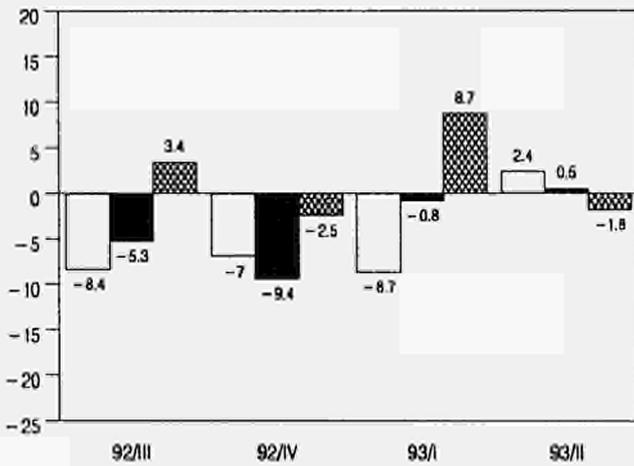
BELGIQUE - LUXEMBOURG

DANMARK



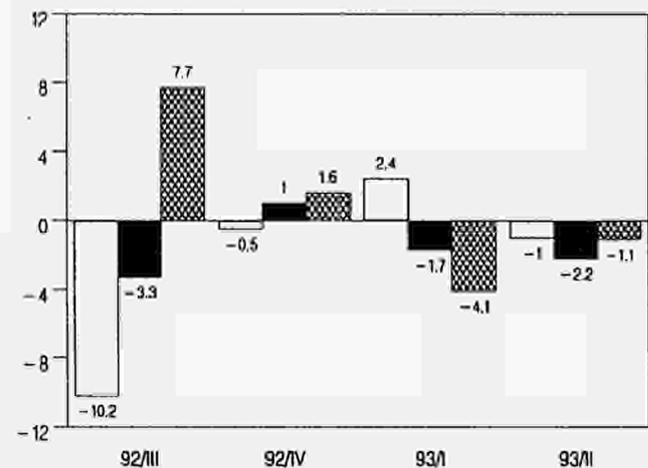
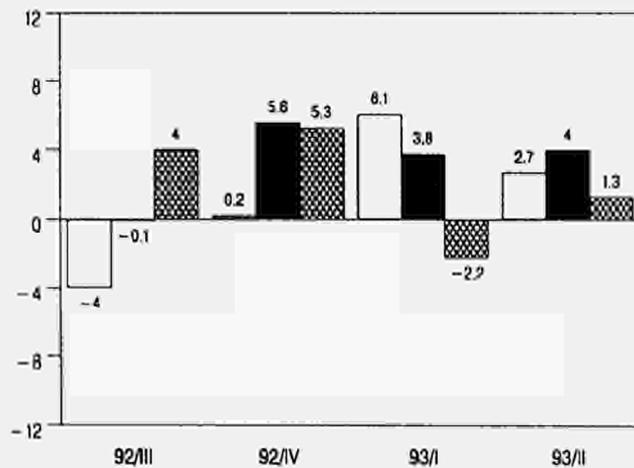
ELLADA

IRELAND



NEDERLAND

PORTUGAL



Einfuhr

Ausfuhr

Austauschrelation

Import

Export

Terms of trade

Importation

Exportation

Termes de l'échange



### **3. MANUFACTURE OF METAL ARTICLES (NACE 31)**

- Major intermediate supplier of goods to other manufacturing sectors
- Demand strongly tied to downstream industries
- Cyclical development of the sector related to the changing economic climate
- Skilled workforce due to the introduction of new technologies (such as CAD/CAM)
- EC output equal to 167 billion ECU in 1993
- France, the United Kingdom and Italy record large output declines
- Trade surplus of 4.6 billion ECU in 1992
- Recent import value growth (extra-EU) quite pronounced



### 3.1. SHORT-TERM INDICATORS

#### Manufacture of metal articles (Nace 31)

##### 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   | 114.2  | 110.7 | 125.4 | 140.4 | 76.4  | 125.1 | 106.6 | 99.1  | 107.5 | 136.6 | 115.0 | 134.5 | 95.4  |
|                      | Φ      | 112.7  | 94.7  | 131.0 | 119.4 | 74.0  | 117.9 | 107.0 | 93.8  | 114.0 | 119.4 | 102.0 | 98.4  | 99.5  |
| Growth rate (%)      | 1992   | -1.8   | -0.3  | 1.0   | -0.1  | 9.8   | -3.1  | -3.9  | -2.6  | -2.2  | -0.1  | -3.2  | -5.4  | -3.7  |
|                      | Φ      | -12.3  | -19.5 | -5.3  | -1.2  | -19.1 | -20.7 | -19.5 | -6.6  | -24.2 | -12.7 | -13.8 | -24.7 | -5.1  |
| Producer Price index | 1992   | 125.8  | 109.1 | 115.2 | 115.9 | 268.9 | 137.3 | N/A   | 114.9 | 131.3 | 97.5  | 114.0 | N/A   | 138.3 |
|                      | Φ      | 127.7  | 108.4 | 116.7 | 116.0 | 312.7 | 138.9 | N/A   | 115.5 | 135.6 | 97.3  | 113.0 | N/A   | 142.4 |
| Growth rate (%)      | 1992   | 2.6    | 1.1   | -1.8  | 2.2   | 14.5  | 4.4   | N/A   | -1.1  | 1.9   | -3.6  | 1.3   | N/A   | 2.1   |
|                      | Φ      | 0.1    | -0.4  | 0.9   | -0.2  | 3.4   | 0.5   | N/A   | 0.2   | 0.4   | 1.8   | -0.9  | N/A   | 0.9   |
| Capacity Utilization | 93.I   | 74.1   | 71.0  | 70.0  | 75.6  | 65.5  | 67.7  | 77.6  | 65.7  | 73.3  | 80.6  | 77.3  | 70.6  | 73.0  |
|                      | 93.II  | 73.3   | 68.8  | 68.0  | 75.3  | 61.2  | 64.7  | 76.2  | 58.0  | 70.8  | 83.2  | 76.2  | 71.3  | 76.8  |
|                      | 93.III | 73.2   | 70.0  | 70.0  | 74.8  | 57.8  | 63.5  | 74.9  | 64.7  | 71.8  | 84.6  | 76.7  | 68.9  | 77.6  |
|                      | 93.IV  | 72.9   | 71.3  | 71.0  | 73.9  | 65.4  | 67.4  | 74.3  | 64.0  | 72.2  | 79.8  | 76.2  | 70.0  | 73.8  |

Source: Eurostat

The effects of the recession on the metal articles sector have been quite marked over recent months. The industry saw a steady decline in its European capacity utilization rate throughout 1993. In the first quarter of 1993 some 74.1% of capacity was in use. However, by the final quarter only 72.9% (estimated) of capacity was being utilised. German capacity utilization fell from 75.6% in the first quarter to 73.9% in the final quarter (estimated). French industry followed the same trend with declines being seen in each quarter. On the other hand, in seven the Member States there were declines in the middle of the year, followed by a resurgence in the data for the final quarter. The United Kingdom, the Netherlands and

Luxembourg were the exceptions to this rule; showing gains during the summer, only for the latest data to show falling utilization United Kingdom rates. By the end of the year, only Belgian and Danish rates were above those recorded in the first quarter of 1993.

Production data recorded consecutive declines in 1991 and 1992, the production index falling from 118.9 in 1990 to 114.2 by 1992. Large reductions were witnessed in France, Italy and the United Kingdom (where the production index fell below 1985 levels, as it did in Ireland and Greece). Latest data confirmed the declining trend in output, with the EU production index reaching 102.6 by October

1993. The decline of French and German industry continued apace into late 1993, whilst the reductions in Italy and the United Kingdom appear to have bottomed out at the start of 1993.

EU producer prices rose marginally during 1993 to reach 127.7 in September 1993. German prices were seen to be falling during most of 1993, especially in the second quarter. Belgian and Dutch prices were also falling from the spring of 1993 onwards. Italian, United Kingdom and Spanish producer prices rose at a faster rate, reaching 135.6, 142.4 and 138.9 respectively by late 1993. Greek producer prices expanded markedly during July 1993.

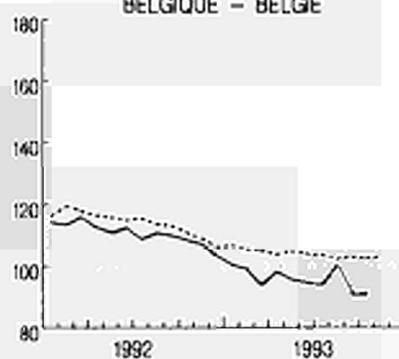
## INDUSTRIELLE PRODUKTION

## INDUSTRIAL PRODUCTION

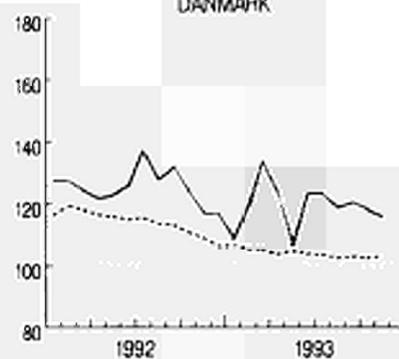
## PRODUCTION INDUSTRIELLE

NACE 31

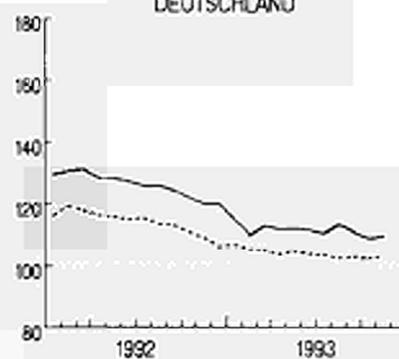
BELGIQUE - BELGIE



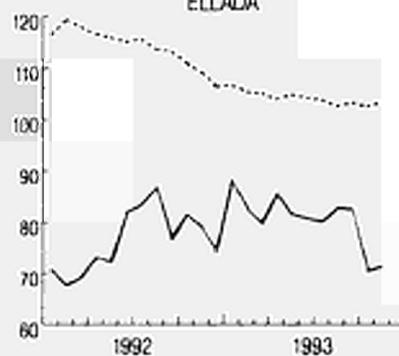
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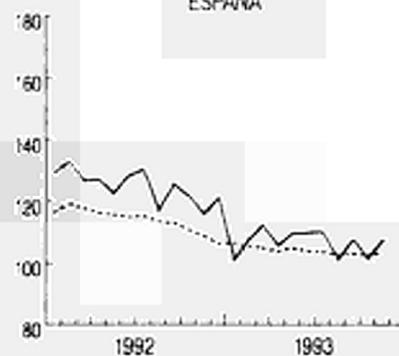
DEUTSCHLAND



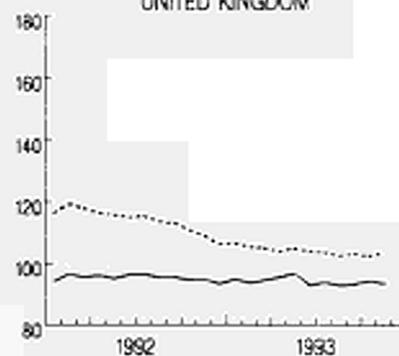
ELLADA



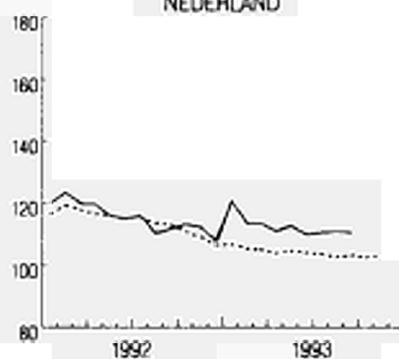
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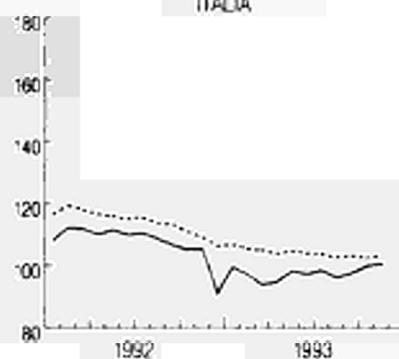
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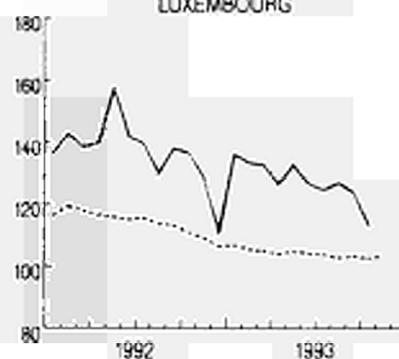
NEDERLAND



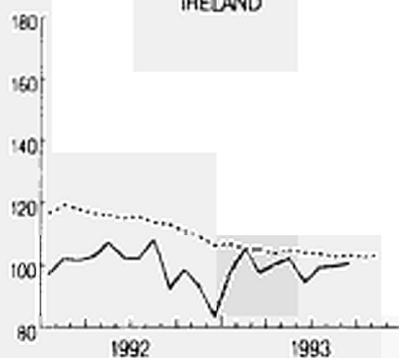
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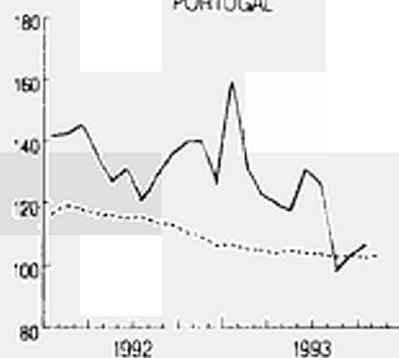
LUXEMBOURG



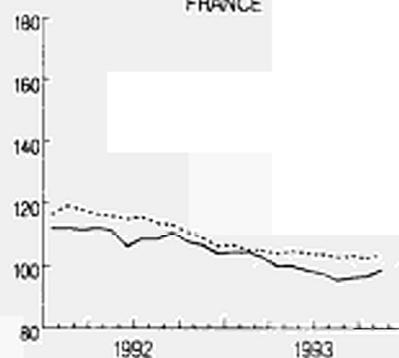
IRELAND



PORTUGAL



FRANCE



----- EUR 12

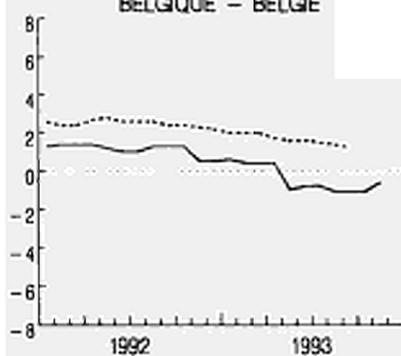
1985 = 100

ERZEUGERPREISINDEX  
VERÄNDERUNGSRATE

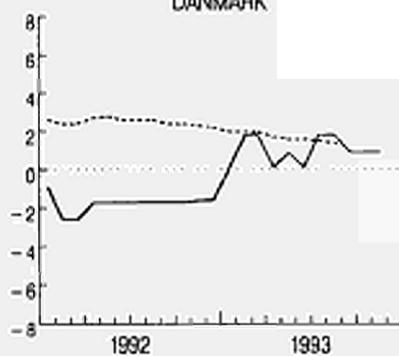
PRODUCER PRICE INDEX  
GROWTH RATE

INDICE DES PRIX A LA PRODUCTION  
TAUX DE VARIATION

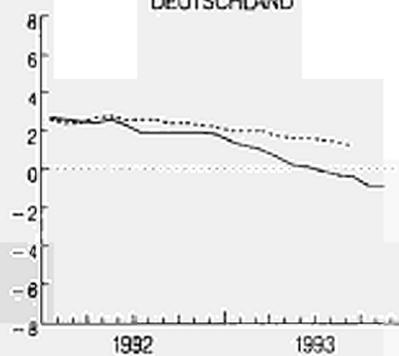
BELGIQUE - BELGIE



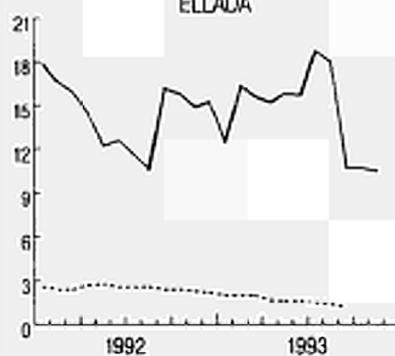
DANMARK



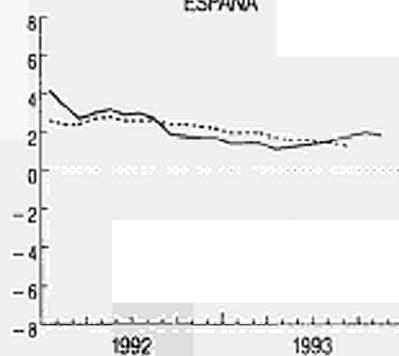
DEUTSCHLAND



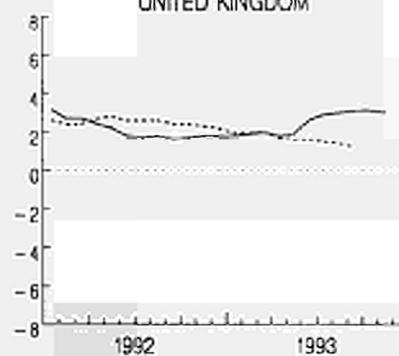
ELLADA



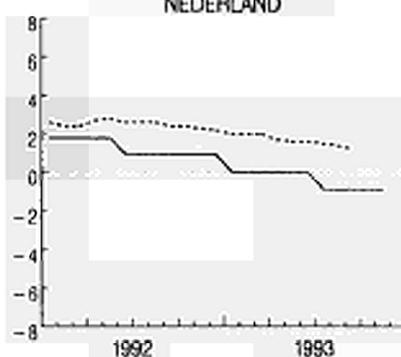
ESPAÑA



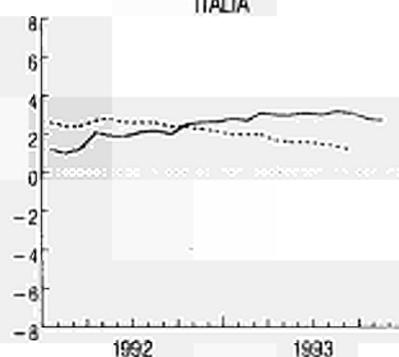
UNITED KINGDOM



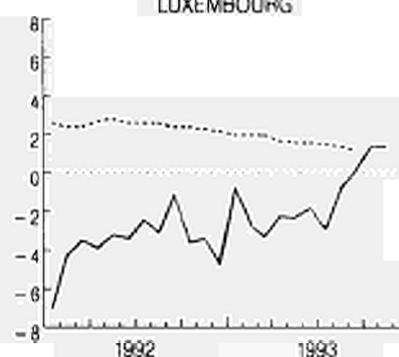
NEDERLAND



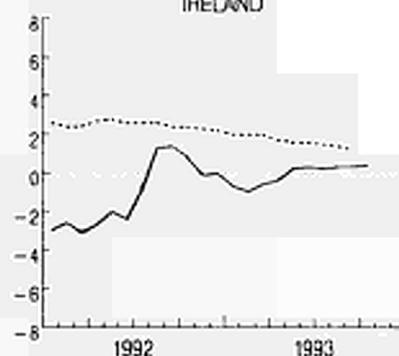
ITALIA



LUXEMBOURG



IRELAND



----- EUR 12

1985 = 100

# NACE 31

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

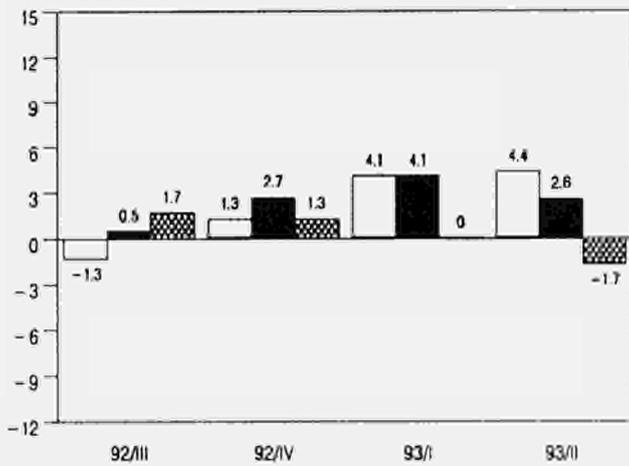
INDICATEURS COMMERCE EXTERIEUR

VERÄNDERUNGSRATE

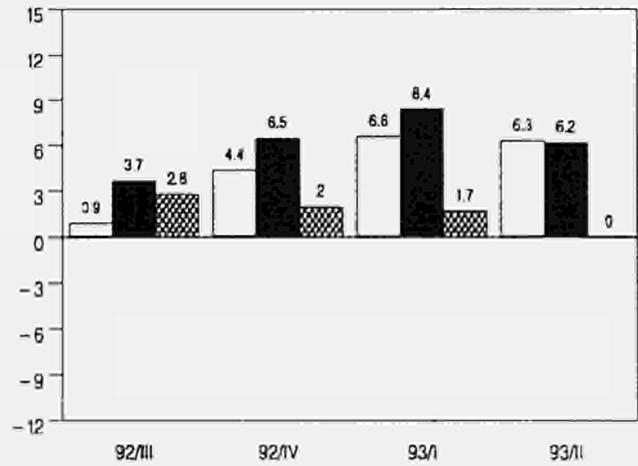
GROWTH RATE

TAUX DE VARIATION

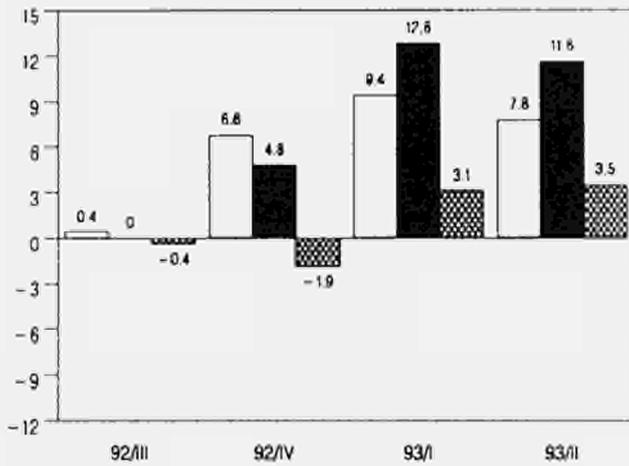
EUR 12



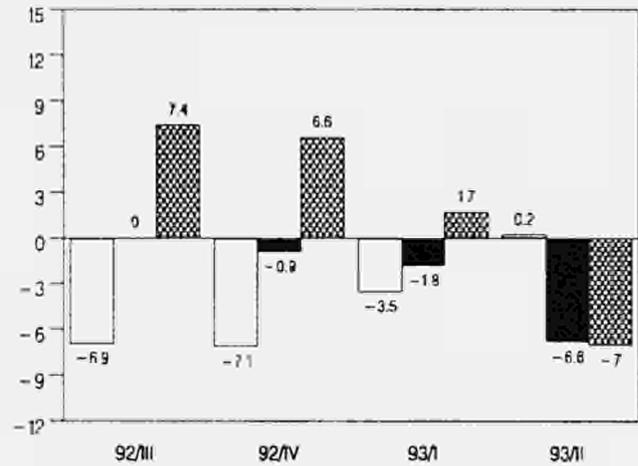
DEUTSCHLAND



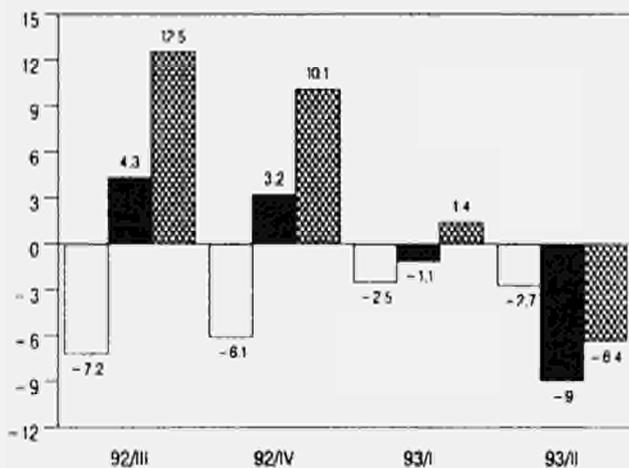
FRANCE



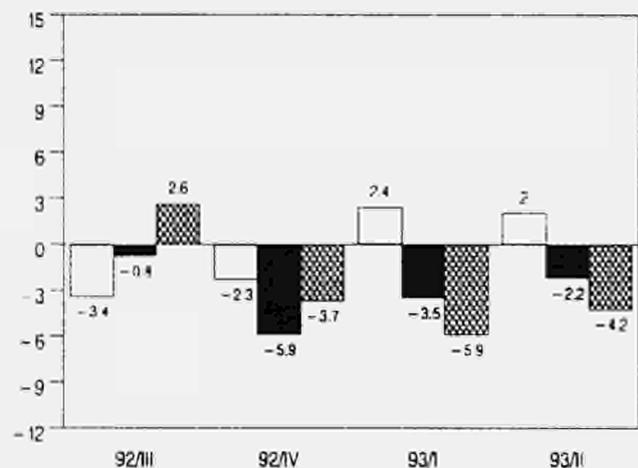
ITALIA



ESPANA



UNITED KINGDOM



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

# NACE 31

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

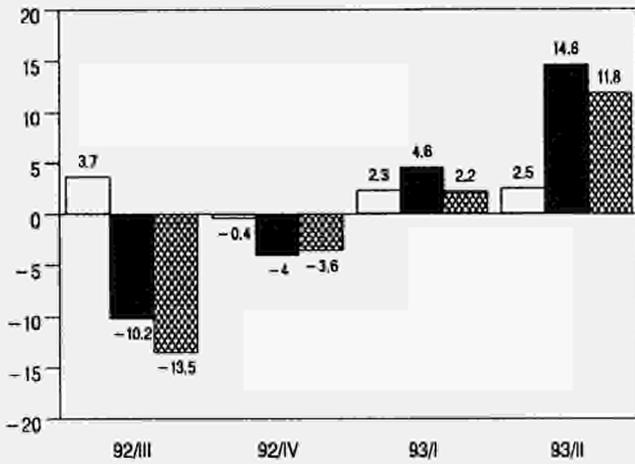
INDICATEURS COMMERCE EXTERIEUR

VERÄNDERUNGSRATE

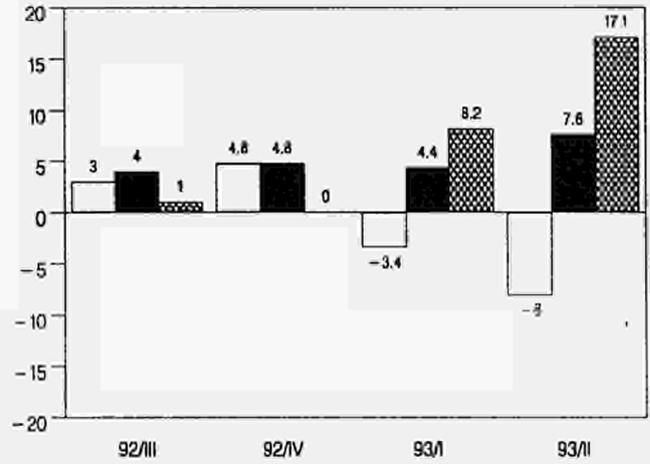
GROWTH RATE

TAUX DE VARIATION

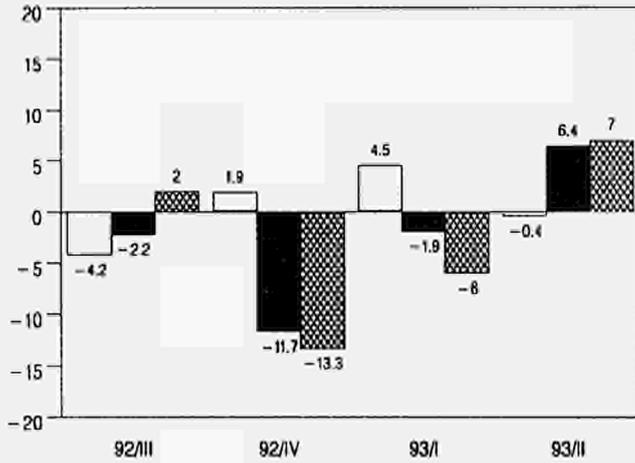
BELGIQUE – LUXEMBOURG



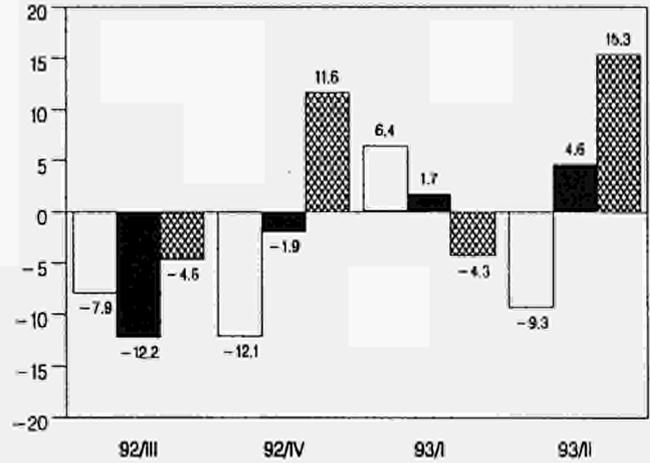
DANMARK



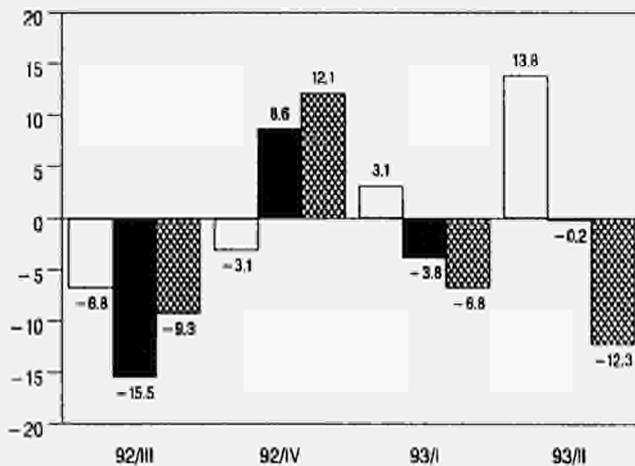
ELLADA



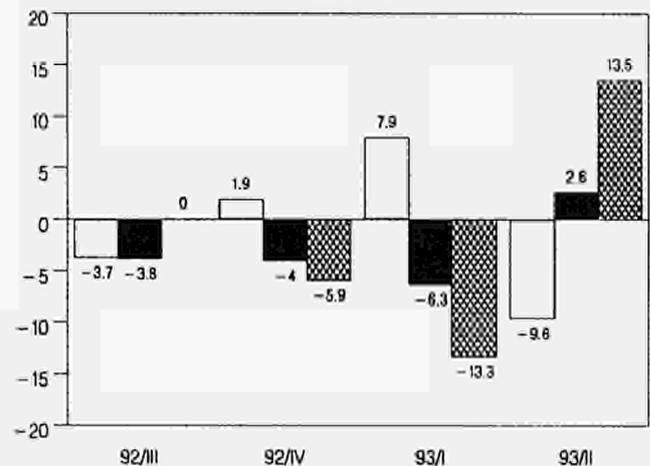
IRELAND



NEDERLAND



PORTUGAL



Einfuhr  
 Ausfuhr  
 Austauschrelation

Import  
 Export  
 Terms of trade

Importation  
 Exportation  
 Terms de l'échange

## Manufacture of metal articles (Nace 31)

### External trade indicators

| 1985 = 100     |                 |       | EUR 12 | B/L   | DK    | D     | GR    | E     | F     | IRL   | I     | NL    | P     | UK    |
|----------------|-----------------|-------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Exports        | Volume          | 1992  | 83.8   | 93.2  | 88.5  | 94.0  | 225.6 | 81.8  | 73.1  | 100.8 | 77.6  | 104.4 | 78.8  | 70.8  |
|                |                 | Φ     | 86.4   | 102.2 | 75.2  | 92.7  | 306.9 | 146.8 | 61.2  | 77.2  | 85.4  | 79.2  | 64.3  | 83.4  |
|                | Growth rate (%) | 1992  | -0.8   | 6.5   | -6.3  | -2.8  | 0.8   | 17.5  | 3.2   | 20.2  | 3.7   | -24.2 | 12.5  | -1.1  |
|                |                 | Φ     | 1.9    | 16.4  | -22.1 | -3.2  | 29.2  | 98.6  | -15.8 | -41.7 | 14.3  | -36.5 | -27.8 | 15.2  |
| Value          | 1992            | 121.7 | 108.3  | 133.9 | 123.7 | 48.0  | 130.2 | 125.1 | 85.2  | 126.5 | 94.3  | 128.5 | 116.0 |       |
|                |                 | Φ     | 126.5  | 137.7 | 140.0 | 133.0 | 49.8  | 116.8 | 142.5 | 54.5  | 124.8 | 60.9  | 131.5 | 117.0 |
|                | Growth rate (%) | 1992  | 3.0    | -1.0  | 4.0   | 5.4   | -2.8  | 5.6   | 2.8   | -9.1  | 1.6   | 1.2   | 1.4   | -0.4  |
|                |                 | Φ     | 4.2    | 26.4  | 8.2   | 9.3   | 6.3   | -14.4 | 16.7  | -31.5 | -4.8  | -33.4 | 1.2   | -1.2  |
| Imports        | Volume          | 1992  | 180.4  | 170.9 | 115.7 | 224.0 | 265.4 | 387.7 | 140.0 | 133.6 | 175.9 | 164.3 | 409.9 | 137.7 |
|                |                 | Φ     | 176.2  | 160.9 | 110.4 | 229.8 | 260.4 | 317.5 | 135.5 | 108.6 | 145.1 | 105.9 | 418.0 | 144.4 |
|                | Growth rate (%) | 1992  | 3.5    | -4.2  | -1.6  | 7.6   | 3.7   | 3.1   | -2.7  | 14.1  | 4.8   | 4.5   | -2.1  | -1.0  |
|                |                 | Φ     | 0.8    | -4.2  | -10.2 | 5.5   | 6.5   | -5.7  | 1.8   | -28.0 | -5.7  | -36.9 | -0.2  | 6.4   |
| Value          | 1992            | 118.7 | 115.9  | 110.7 | 124.1 | 102.9 | 103.3 | 118.8 | 95.5  | 123.9 | 116.9 | 82.5  | 114.2 |       |
|                |                 | Φ     | 122.9  | 124.2 | 101.4 | 131.3 | 103.9 | 99.4  | 127.2 | 58.0  | 127.8 | 87.0  | 81.5  | 120.7 |
|                | Growth rate (%) | 1992  | 1.8    | 5.0   | 2.8   | 2.9   | 1.4   | -1.6  | 3.6   | -9.3  | -1.5  | 0.5   | 1.6   | 0.1   |
|                |                 | Φ     | 4.6    | 7.4   | -6.6  | 7.1   | -0.2  | -4.1  | 9.0   | -42.1 | 2.4   | -21.9 | 2.3   | 5.2   |
| Terms of Trade | 1992            | 102.5 | 93.4   | 120.9 | 99.6  | 46.6  | 126.0 | 105.3 | 89.2  | 102.1 | 80.6  | 155.7 | 101.5 |       |
|                |                 | Φ     | 102.9  | 110.8 | 138.3 | 101.3 | 48.0  | 117.5 | 112.0 | 62.3  | 97.6  | 46.4  | 161.7 | 97.0  |
|                | Growth rate (%) | 1992  | 1.2    | -5.8  | 1.0   | 2.4   | -4.3  | 7.4   | -0.7  | 0.3   | 3.3   | 0.7   | -0.1  | -0.5  |
|                |                 | Φ     | -0.2   | 17.5  | 15.6  | 2.0   | 6.5   | -10.6 | 7.0   | -21.3 | -7.0  | -43.4 | -1.0  | -6.0  |

Source: Eurostat

All data covered in this section is given for extra-EC trade flows. The metal articles sector has a significantly higher import value index than that seen in total industry, with the latest data showing the index at 122.9 (1985 = 100) compared to the total manufacturing average of 81.6. Import volumes were also above those seen for total manufacturing (176.2 compared to 144.2). Nevertheless, the two import indexes closely followed the trends seen for total manufacturing over the past year, with volume indicators growing at a slower rate than they had in 1992 and value indicators expanding faster than they had in 1992.

Import value growth was quite pronounced in France (up 9.0%), Germany (up 7.1%) and BLEU (up 7.4%)

over the three-month period to August 1993. On the other hand large declines were observed in Spain, Ireland and the Netherlands (indeed, large reductions were seen for all Dutch and Irish indicators, a similar scenario to that witnessed for total industry).

Export volumes were seen to be below those for total industry, recording a reduction of 14% since 1985. However, latest data showed that there had been growth of 1.9% in the three month period to August 1993. This was largely due to increases in the indexes for BLEU, Greece, Spain, Italy and the United Kingdom. Danish and Portuguese export volume data fell (by 22.1% and 27.8% respectively).

Export values grew by 4.2%, compared to the 3.0% growth recorded in 1992. Such growth was a result of improved performance in Germany, France and BLEU, where there was growth of 9.3%, 16.7% and 26.4% respectively.

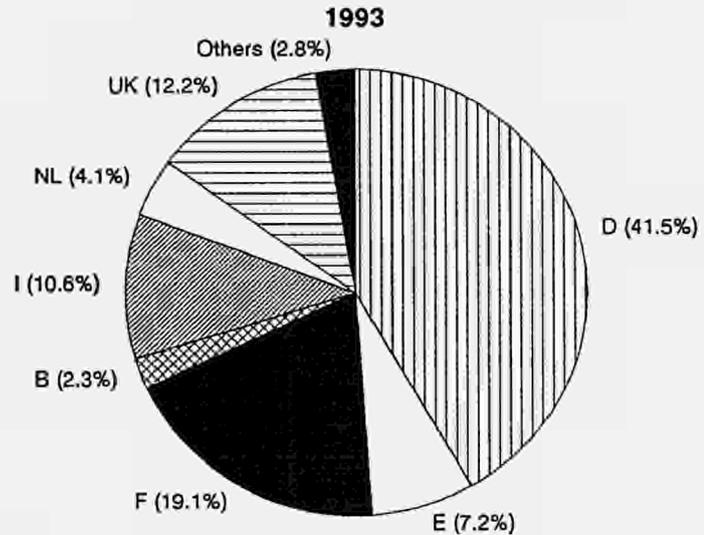
Metal articles terms of trade fell by 0.2% during the three months to August 1993. This may be compared to the slight gain of 1.2% seen for 1992. Italian, Spanish and French terms of trade were particularly low compared to their respective total industry averages (although the latest data available saw French, Danish and BLEU terms of trade showing signs of improvement).

### 3.2. STRUCTURAL INDICATORS

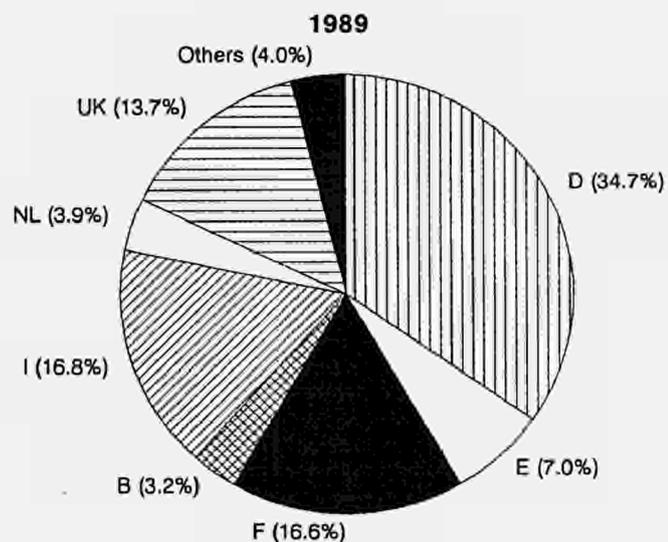
The metal products industry is a major intermediate supplier of goods to other manufacturing sectors. Products for final consumption account for around ten per cent of output. Demand is strongly linked to downstream industries which display cyclical trends, for example the automobile industry and the construction industry. Hence, with recession evident across Europe there has been a marked reduction in output of sectors such as forging (with output falling from 20.2 billion ECU in 1990 to 16.5 billion ECU in 1993). The changing economic climate and the need to find new markets has led firms away from their dependence on large industrial conglomerates towards more specialised production. With new technologies, the prospects for diversifying to cater for the needs of new clients has improved, as the use of computer-based technology has risen. This movement of resources has led in turn to a reduction in labour and energy costs. Furthermore, there have been implications on the composition of the workforce as a more skilled workforce has been required to work with the new technologies that have been introduced (for example, robotics and computer-aided design - CAD/CAM). Such new technologies have had a direct impact on employment levels (coupled with the impact of the recession). After having seen employment levels climb from the mid-eighties to a peak of 2.2 million in 1990, they have since been reduced quite rapidly. Seventy five thousand jobs were shed in 1992 and this was followed by a further reduction of 150 thousand jobs in 1993.

The industry displays a strong tendency towards a large number of small firms, with over two hundred thousand enterprises in 1990

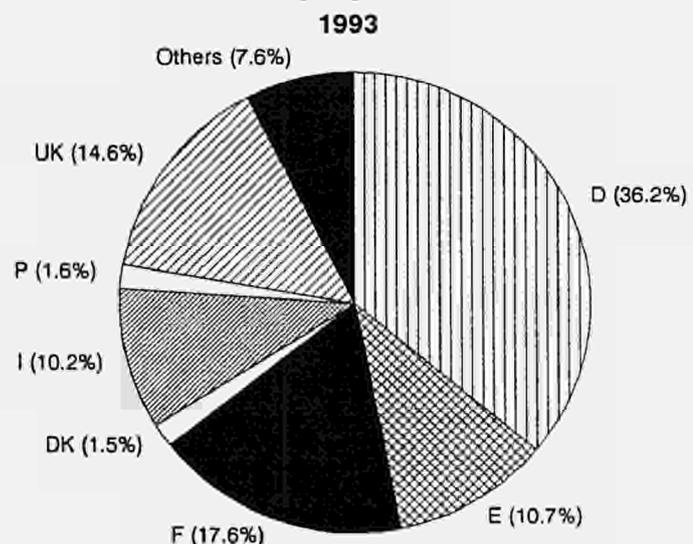
#### Value added at factor cost



#### Investment



#### Employment

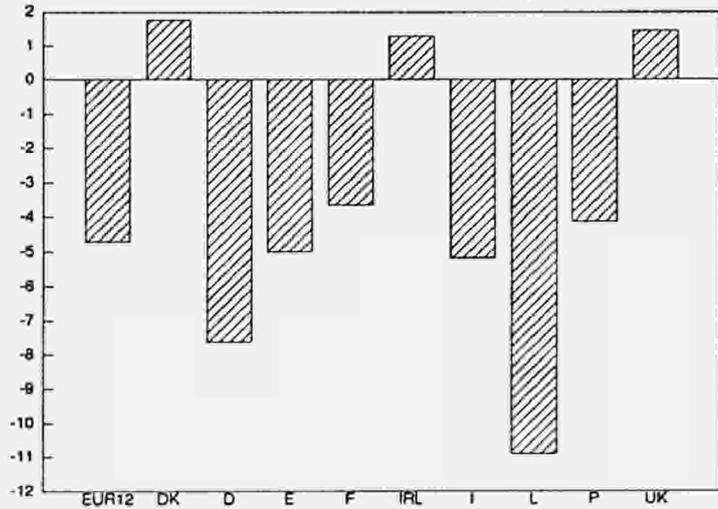


(estimated). Small firms (employing less than twenty persons) accounted for 19% of turnover (far above levels normally seen in manufacturing industry), whilst firms with between twenty and one hundred employees had 26% of industry turnover. The remaining 55% of turnover was produced by firms with more than one hundred employees. The largest three firms in 1992 were all French, namely Pechiney, CMB Packaging and CGIP. Other firms in the European top fifteen enterprises (based on turnover levels) were from Germany or the United Kingdom. The industry was far less concentrated in Italy than the other major European economies. Industrial concentration is found in the regions that are traditionally associated with heavy industry, as firms wish to keep transport costs as low as possible (for example casting works are generally found within close proximity of plants producing cars).

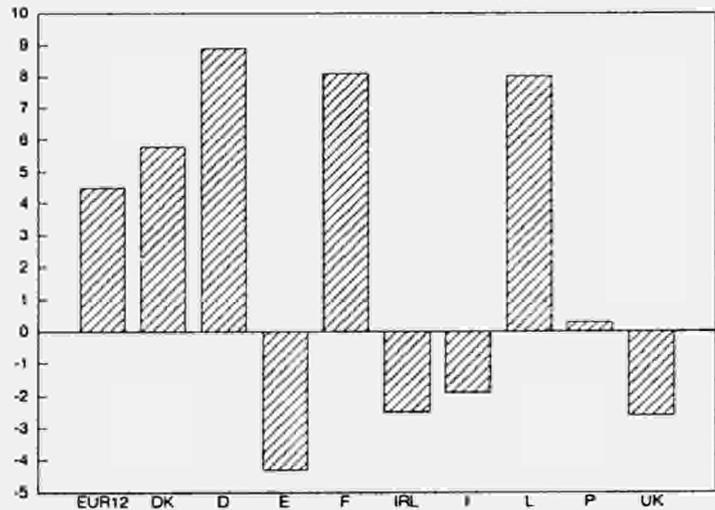
EU output for the sector in current value terms fell in 1992 by some 350 million ECU to 181 billion ECU. This was not as severe a reduction as may have been expected given the reliance on downstream industries. Nevertheless, early estimates for 1993 suggest that the industry was badly hit by recession (output falling markedly to 167 billion ECU). Demand remained constant during 1992, apparent consumption being equal to 176 billion ECU (hence, there was a slight reduction in the EU trade balance as production fell off somewhat).

To emphasise the downturn since 1990, the industry saw its gross operating surplus (defined as value-added minus labour costs) fall in consecutive years from 18.9 billion ECU to

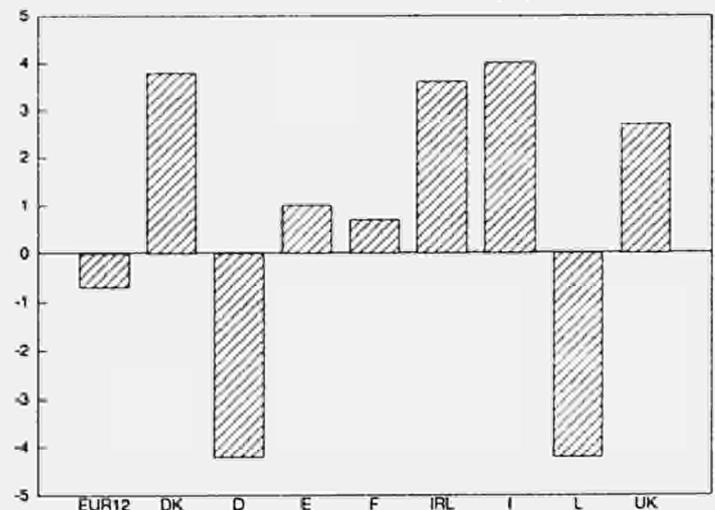
**Profitability**  
Growth rate 1993/1992 (%)



**Average labour unit cost**  
Growth rate 1993/1992 (%)



**Productivity**  
Growth rate 1993/1992 (%)



11.8 billion ECU (with the most notable fall in 1993).

EU manufacturers have been facing increasing competition in recent years, as south-east Asian firms have been moving into markets such as hand tools. Compared to its two major trading partners, the EU had a higher level of output in 1993. First estimates for 1993 showed Japanese shipments at 159.5 billion ECU, whilst American shipments were equal to 129.7 billion ECU. Over the last decade American production has fallen

in ECU terms, whilst there was quite pronounced growth in Japan. At the same time metal products are facing substitution by other alternative materials such as ceramics, concretes, composites and plastics. This is particularly the case in sectors such as packaging, containers and construction materials.

As regards the share of the Member States in the European total, Germany had the largest share in 1993, accounting for 38.6% of EU output. France with 18.6% was the second

largest producer, followed by Italy (13.1%), the United Kingdom (12.1%) and Spain (7.3%).

Of the sub-sectors in the industry, by far the most important is the manufacture of tools and finished metal goods (accounting for 66.0 billion ECU in 1993, or a forty per cent share in the metal goods total). This was followed by structural metal products (27.7 billion ECU), secondary transformation (22.6 billion ECU), boiler making (19.4 billion ECU), foundries (16.5 billion ECU) and forging (13.4 billion ECU).

## Manufacture of metal articles (Nace 31)

### Value added, turnover and investment

|                |      | EUR 12   | B      | DK     | D       | GR    | E       | F       | IRL   | I       | L     | NL     | P      | UK      |
|----------------|------|----------|--------|--------|---------|-------|---------|---------|-------|---------|-------|--------|--------|---------|
| Gross          | 1989 | 66206.2  | 1492.8 | 986.6  | 24203.7 | 161.0 | 5887.4  | 12330.4 | 194.9 | 8782.6  | 118.3 | 2229.8 | 396.6  | 9422.1  |
| Value-added    | 1990 | 71912.1  | 1644.0 | 1141.2 | 27393.3 | 126.0 | 6278.7  | 13233.6 | 225.2 | 8912.5  | 114.4 | 2447.1 | 439.1  | 9956.9  |
| at factor cost | 1991 | 73535.8  | 1633.2 | 1171.1 | 29035.2 | 95.1  | 6275.1  | 13810.9 | 222.7 | 8733.3  | 104.1 | 2656.4 | 466.6  | 9331.9  |
| (mio ECU)      | 1992 | 73244.8  | 1672.0 | 1157.8 | 30129.8 | 111.3 | 6017.4  | 13514.1 | 224.7 | 8411.3  | 99.6  | 2675.6 | 468.7  | 8762.6  |
|                | 1993 | 67837.6  | 1565.3 | 1142.4 | 28123.9 | 96.7  | 4907.0  | 12983.1 | 219.0 | 7211.3  | 90.6  | 2784.0 | 425.4  | 8288.7  |
| Gross          | 1989 | 10.4     | 23.5   | 3.1    | 10.4    | 33.2  | 19.2    | 7.4     | -0.6  | 8.5     | 21.2  | 9.1    | 8.0    | 10.4    |
| Value-added    | 1990 | 8.6      | 10.1   | 15.7   | 13.2    | -21.7 | 6.6     | 7.3     | 15.5  | 1.5     | -3.3  | 9.7    | 10.7   | 5.7     |
| at factor cost | 1991 | 2.3      | -0.7   | 2.6    | 6.0     | -24.5 | -0.1    | 4.4     | -1.1  | -2.0    | -9.0  | 8.6    | 6.3    | -6.3    |
| Δ%             | 1992 | -0.4     | 2.4    | -1.1   | 3.8     | 17.0  | -4.1    | -2.1    | 0.9   | -3.7    | -4.3  | 0.7    | 0.5    | -6.1    |
|                | 1993 | -7.4     | -6.4   | -1.3   | -6.7    | -13.1 | -18.5   | -3.9    | -2.5  | -14.3   | -9.0  | 4.1    | -9.2   | -5.4    |
| Gross          | 1989 | 100      | 2.3    | 1.5    | 36.6    | 0.2   | 8.9     | 18.6    | 0.3   | 13.3    | 0.2   | 3.4    | 0.6    | 14.2    |
| Value-added    | 1990 | 100      | 2.3    | 1.6    | 38.1    | 0.2   | 8.7     | 18.4    | 0.3   | 12.4    | 0.2   | 3.4    | 0.6    | 13.8    |
| at factor cost | 1991 | 100      | 2.2    | 1.6    | 39.5    | 0.1   | 8.5     | 18.8    | 0.3   | 11.9    | 0.1   | 3.6    | 0.6    | 12.7    |
| share (%)      | 1992 | 100      | 2.3    | 1.6    | 41.1    | 0.2   | 8.2     | 18.5    | 0.3   | 11.5    | 0.1   | 3.7    | 0.6    | 12.0    |
|                | 1993 | 100      | 2.3    | 1.7    | 41.5    | 0.1   | 7.2     | 19.1    | 0.3   | 10.6    | 0.1   | 4.1    | 0.6    | 12.2    |
| Turnover       | 1989 | 171411.3 | 4140.5 | 2308.6 | 58523.3 | 683.0 | 14491.9 | 32518.6 | 569.3 | 26594.9 | 480.4 | 6342.6 | 996.7  | 23761.5 |
| (mio ECU)      | 1990 | 183204.1 | 4931.6 | 2607.2 | 65118.7 | 641.1 | 15251.8 | 34113.0 | 641.3 | 26589.5 | 490.3 | 7096.7 | 1119.2 | 24603.7 |
|                | 1991 | 186883.8 | 4964.4 | 2666.9 | 68832.0 | 619.5 | 15507.4 | 34250.3 | 658.9 | 26399.1 | 464.3 | 7608.5 | 1204.8 | 23707.7 |
|                | 1992 | 186735.6 | 5137.7 | 2803.2 | 71572.5 | 695.3 | 14987.8 | 33520.6 | 661.9 | 25741.1 | 456.6 | 7643.9 | 1230.8 | 22284.4 |
|                | 1993 | 173137.8 | 4853.7 | 2780.4 | 66932.9 | 662.1 | 12255.2 | 32175.5 | 641.9 | 22298.6 | 425.4 | 7851.8 | 1138.9 | 21121.6 |
| Turnover       | 1989 | 14.5     | 23.2   | 8.2    | 12.4    | 5.8   | 22.0    | 14.7    | 9.3   | 17.9    | 29.0  | 14.2   | 10.7   | 11.1    |
| Δ%             | 1990 | 6.9      | 19.1   | 12.9   | 11.3    | -6.1  | 5.2     | 4.9     | 12.6  | -0.0    | 2.1   | 11.9   | 12.3   | 3.5     |
|                | 1991 | 2.0      | 0.7    | 2.3    | 5.7     | -3.4  | 1.7     | 0.4     | 2.7   | -0.7    | -5.3  | 7.2    | 7.6    | -3.6    |
|                | 1992 | -0.1     | 3.5    | 5.1    | 4.0     | 12.2  | -3.4    | -2.1    | 0.5   | -2.5    | -1.7  | 0.5    | 2.2    | -6.0    |
|                | 1993 | -7.3     | -5.5   | -0.8   | -6.5    | -4.8  | -18.2   | -4.0    | -3.0  | -13.4   | -6.8  | 2.7    | -7.5   | -5.2    |
| Turnover       | 1989 | 100      | 2.4    | 1.3    | 34.1    | 0.4   | 8.5     | 19.0    | 0.3   | 15.5    | 0.3   | 3.7    | 0.6    | 13.9    |
| share (%)      | 1990 | 100      | 2.7    | 1.4    | 35.5    | 0.3   | 8.3     | 18.6    | 0.4   | 14.5    | 0.3   | 3.9    | 0.6    | 13.4    |
|                | 1991 | 100      | 2.7    | 1.4    | 36.8    | 0.3   | 8.3     | 18.3    | 0.4   | 14.1    | 0.2   | 4.1    | 0.6    | 12.7    |
|                | 1992 | 100      | 2.8    | 1.5    | 38.3    | 0.4   | 8.0     | 18.0    | 0.4   | 13.8    | 0.2   | 4.1    | 0.7    | 11.9    |
|                | 1993 | 100      | 2.8    | 1.6    | 38.7    | 0.4   | 7.1     | 18.6    | 0.4   | 12.9    | 0.2   | 4.5    | 0.7    | 12.2    |
| Total          | 1988 | 7168.9   | 218.9  | 125.7  | 2467.2  | 38.1  | 543.8   | 1169.7  | 24.5  | 1283.9  | 13.8  | 248.5  | 62.0   | 972.8   |
| investment     | 1989 | 8704.5   | 277.5  | 158.0  | 3021.1  | 42.2  | 611.8   | 1444.5  | 47.3  | 1459.2  | 36.6  | 340.6  | 69.6   | 1196.1  |
| (mio ECU)      | 1990 | N/A      | 318.1  | 177.8  | 3409.5  | 57.7  | 624.7   | 1695.5  | 33.9  | N/A     | 43.0  | 309.1  | N/A    | 1110.5  |
|                | 1991 | N/A      | 352.9  | 151.1  | 4020.5  | 43.8  | N/A     | 1501.4  | N/A   | N/A     | N/A   | 374.3  | N/A    | 893.1   |
|                | 1992 | N/A      | 445.0  | N/A    | 4536.7  | N/A   | N/A     | 1443.9  | N/A   | N/A     | N/A   | N/A    | N/A    | 750.4   |
| Total          | 1989 | 21.4     | 26.8   | 25.7   | 22.5    | 10.8  | 12.5    | 23.5    | 93.1  | 13.7    | 165.2 | 37.1   | 12.3   | 23.0    |
| investment     | 1990 | N/A      | 14.6   | 12.5   | 12.9    | 36.7  | 2.1     | 17.4    | -28.3 | N/A     | 17.5  | -9.2   | N/A    | -7.2    |
| Δ%             | 1991 | N/A      | 10.9   | -15.0  | 17.9    | -24.1 | N/A     | -11.4   | N/A   | N/A     | N/A   | 21.1   | N/A    | -19.6   |
|                | 1992 | N/A      | 26.1   | N/A    | 12.8    | N/A   | N/A     | -3.8    | N/A   | N/A     | N/A   | N/A    | N/A    | -16.0   |
| Total          | 1988 | 100      | 3.1    | 1.8    | 34.4    | 0.5   | 7.6     | 16.3    | 0.3   | 17.9    | 0.2   | 3.5    | 0.9    | 13.6    |
| investment     | 1989 | 100      | 3.2    | 1.8    | 34.7    | 0.5   | 7.0     | 16.6    | 0.5   | 16.8    | 0.4   | 3.9    | 0.8    | 13.7    |
| share (%)      |      |          |        |        |         |       |         |         |       |         |       |        |        |         |

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

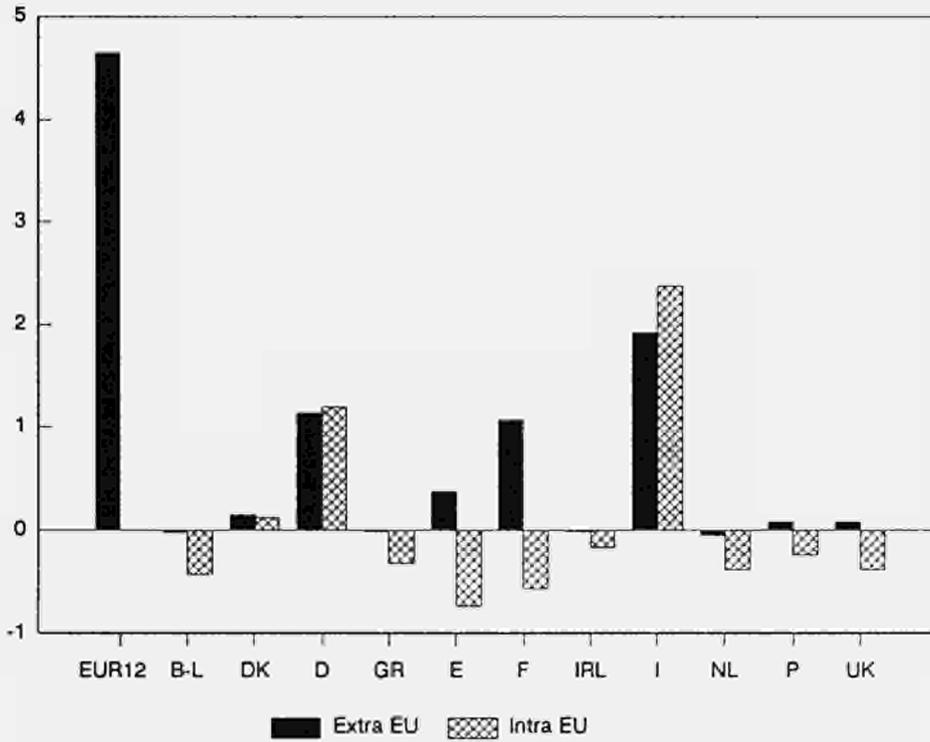
## Manufacture of metal articles (Nace 31)

### Employment, labour cost and productivity

|  |      | EUR 12         | B             | DK    | D              | GR    | E             | F              | IRL   | I             | L    | NL     | P            | UK            |
|--|------|----------------|---------------|-------|----------------|-------|---------------|----------------|-------|---------------|------|--------|--------------|---------------|
| Labour cost<br>(mio ECU)                                   | 1989 | <b>48428.8</b> | 1155.2        | 743.2 | 18899.1        | 165.3 | 3704.8        | 9235.1         | 135.7 | 6053.1        | 66.7 | 1565.4 | 251.2        | 6454.0        |
|  | 1990 | <b>53055.0</b> | <b>1268.2</b> | 839.5 | <b>21166.9</b> | 183.0 | <b>3999.9</b> | <b>10177.1</b> | 153.8 | <b>6431.6</b> | 75.6 | 1696.8 | <b>273.8</b> | <b>6788.8</b> |
|  | 1991 | <b>56699.3</b> | <b>1299.4</b> | 857.8 | <b>23119.8</b> | 163.6 | <b>4427.1</b> | <b>10438.4</b> | 153.7 | <b>7116.9</b> | 81.5 | 1881.7 | <b>313.1</b> | <b>6846.3</b> |
|  | 1992 | <b>57668.8</b> | <b>1336.2</b> | 894.3 | <b>24048.9</b> | 169.5 | <b>4592.0</b> | <b>10684.3</b> | 163.8 | <b>7236.9</b> | 90.2 | 2049.0 | <b>326.2</b> | <b>6077.5</b> |
|  | 1993 | <b>56042.4</b> | N/A           | 867.0 | <b>24299.1</b> | N/A   | <b>3941.9</b> | <b>10653.8</b> | 157.6 | <b>6543.8</b> | 92.1 | N/A    | <b>308.8</b> | <b>5667.4</b> |
| Labour cost<br>Δ%  | 1989 | <b>10.5</b>    | 21.0          | 0.6   | 9.8            | 10.1  | 19.0          | 7.0            | 15.5  | 14.7          | 8.5  | 4.7    | 9.5          | 10.2          |
|  | 1990 | <b>9.6</b>     | <b>9.8</b>    | 13.0  | <b>12.0</b>    | 10.7  | 8.0           | 10.2           | 13.3  | 6.3           | 13.3 | 8.4    | 9.0          | 5.2           |
|  | 1991 | <b>6.9</b>     | <b>2.5</b>    | 2.2   | <b>9.2</b>     | -10.6 | <b>10.7</b>   | 2.6            | -0.1  | <b>10.7</b>   | 7.8  | 10.9   | 14.4         | 0.8           |
|  | 1992 | <b>1.7</b>     | <b>2.8</b>    | 4.3   | <b>4.0</b>     | 3.6   | 3.7           | 2.4            | 6.6   | 1.7           | 10.7 | 8.9    | 4.2          | -11.2         |
|  | 1993 | <b>-2.8</b>    | N/A           | -3.1  | <b>1.0</b>     | N/A   | <b>-14.2</b>  | -0.3           | -3.8  | -9.6          | 2.1  | N/A    | -5.3         | -6.7          |
| Number of<br>persons<br>employed                           | 1989 | <b>2153413</b> | 46749         | 30489 | 715967         | 14374 | 243634        | 389790         | 8180  | 247579        | 2851 | 67205  | 39582        | 347013        |
|  | 1990 | <b>2200910</b> | <b>52187</b>  | 31864 | <b>755250</b>  | 15169 | <b>239974</b> | <b>391126</b>  | 8623  | <b>241859</b> | 2918 | 69960  | <b>39138</b> | <b>352842</b> |
|  | 1991 | <b>2177633</b> | <b>53592</b>  | 31499 | <b>776016</b>  | 12851 | <b>229621</b> | <b>395104</b>  | 8360  | <b>233014</b> | 3025 | 74715  | <b>36924</b> | <b>322912</b> |
|  | 1992 | <b>2102311</b> | <b>52639</b>  | 31389 | <b>762533</b>  | 13025 | <b>232661</b> | <b>373994</b>  | 8359  | <b>216892</b> | 3080 | 75121  | <b>33813</b> | <b>298805</b> |
|  | 1993 | <b>1954898</b> | N/A           | 28771 | <b>707324</b>  | N/A   | <b>208689</b> | <b>345001</b>  | 8253  | <b>199988</b> | 2913 | N/A    | <b>31928</b> | <b>286120</b> |
| Number of<br>persons<br>employed<br>Δ%                     | 1989 | <b>4.3</b>     | 14.1          | 2.1   | 6.5            | -3.5  | 3.2           | 3.2            | 10.8  | 3.4           | 2.4  | 4.6    | -3.8         | 2.9           |
|  | 1990 | <b>2.2</b>     | <b>11.6</b>   | 4.5   | 5.5            | 5.5   | -1.5          | 0.3            | 5.4   | -2.3          | 2.4  | 4.1    | -1.1         | 1.7           |
|  | 1991 | <b>-1.1</b>    | 2.7           | -1.1  | 2.7            | -15.3 | -4.3          | 1.0            | -3.0  | -3.7          | 3.7  | 6.8    | -5.7         | -8.5          |
|  | 1992 | <b>-3.5</b>    | -1.8          | -0.3  | -1.7           | 1.4   | 1.3           | -5.3           | -0.0  | -6.9          | 1.8  | 0.5    | -8.4         | -7.5          |
|  | 1993 | <b>-7.0</b>    | N/A           | -8.3  | -7.2           | N/A   | -10.3         | -7.8           | -1.3  | -7.8          | -5.4 | N/A    | -5.6         | -4.2          |
| Number of<br>persons<br>employed<br>share (%)              | 1989 | 100            | 2.2           | 1.4   | 33.2           | 0.7   | 11.3          | 18.1           | 0.4   | 11.5          | 0.1  | 3.1    | 1.8          | 16.1          |
|  | 1990 | 100            | 2.4           | 1.4   | 34.3           | 0.7   | 10.9          | 17.8           | 0.4   | 11.0          | 0.1  | 3.2    | 1.8          | 16.0          |
|  | 1991 | 100            | 2.5           | 1.4   | 35.6           | 0.6   | 10.5          | 18.1           | 0.4   | 10.7          | 0.1  | 3.4    | 1.7          | 14.8          |
|  | 1992 | 100            | 2.5           | 1.5   | 36.3           | 0.6   | 11.1          | 17.8           | 0.4   | 10.3          | 0.1  | 3.6    | 1.6          | 14.2          |
|  | 1993 | 100            | N/A           | 1.5   | 36.2           | N/A   | 10.7          | 17.6           | 0.4   | 10.2          | 0.1  | N/A    | 1.6          | 14.6          |
| Average<br>labour<br>unit cost<br>(1000 ECU<br>per capita) | 1989 | <b>22.5</b>    | 24.7          | 24.4  | 26.4           | 11.5  | 15.2          | 23.7           | 16.6  | 24.4          | 23.4 | 23.3   | 6.3          | 18.6          |
|  | 1990 | <b>24.1</b>    | <b>24.3</b>   | 26.3  | <b>28.0</b>    | 12.1  | 16.7          | 26.0           | 17.8  | <b>26.6</b>   | 25.9 | 24.3   | 7.0          | 19.2          |
|  | 1991 | <b>26.0</b>    | <b>24.2</b>   | 27.2  | <b>29.8</b>    | 12.7  | 19.3          | 26.4           | 18.4  | <b>30.5</b>   | 26.9 | 25.2   | 8.5          | 21.2          |
|  | 1992 | <b>27.4</b>    | <b>25.4</b>   | 28.5  | <b>31.5</b>    | 13.0  | 19.7          | 28.6           | 19.6  | <b>33.4</b>   | 29.3 | 27.3   | 9.6          | 20.3          |
|  | 1993 | <b>28.7</b>    | N/A           | 30.1  | <b>34.4</b>    | N/A   | 18.9          | 30.9           | 19.1  | <b>32.7</b>   | 31.6 | N/A    | 9.7          | 19.8          |
| Average<br>labour<br>unit cost<br>Δ%                       | 1989 | <b>5.9</b>     | 6.1           | -1.5  | 3.2            | 14.2  | 15.4          | 3.7            | 4.3   | 11.0          | 5.9  | 0.1    | 13.8         | 7.1           |
|  | 1990 | <b>7.2</b>     | -1.7          | 8.1   | <b>6.2</b>     | 4.9   | 9.6           | 9.8            | 7.5   | 8.8           | 10.7 | 4.1    | 10.2         | 3.4           |
|  | 1991 | <b>8.0</b>     | -0.2          | 3.4   | <b>6.3</b>     | 5.5   | 15.7          | 1.5            | 3.1   | 14.9          | 4.0  | 3.8    | 21.2         | 10.2          |
|  | 1992 | <b>5.4</b>     | 4.7           | 4.6   | <b>5.9</b>     | 2.2   | 2.4           | 8.1            | 6.6   | 9.2           | 8.7  | 8.3    | 13.8         | -4.1          |
|  | 1993 | <b>4.5</b>     | N/A           | 5.8   | <b>8.9</b>     | N/A   | -4.3          | 8.1            | -2.5  | -1.9          | 8.0  | N/A    | 0.3          | -2.6          |
| Productivity<br>Δ%   | 1989 | 0.7            | 5.6           | -4.0  | 0.0            | 31.5  | 3.9           | -0.3           | -14.9 | -3.5          | 4.5  | 1.1    | N/A          | 2.0           |
|  | 1990 | 2.9            | -6.0          | 5.2   | 3.8            | -29.1 | 3.3           | 2.8            | 5.3   | 1.0           | -7.0 | 2.1    | N/A          | 4.3           |
|  | 1991 | 0.0            | -6.0          | 3.3   | 0.0            | -15.7 | 0.5           | 2.4            | 2.5   | 0.3           | -7.8 | -0.7   | N/A          | -4.9          |
|  | 1992 | 1.1            | 1.5           | -0.3  | 2.0            | 12.9  | -4.6          | -2.3           | 1.2   | 5.8           | -3.8 | -3.4   | N/A          | 4.8           |
|  | 1993 | -0.7           | N/A           | 3.8   | -4.2           | N/A   | 1.0           | 0.7            | 3.6   | 4.0           | -4.2 | N/A    | N/A          | 2.7           |

Source: Eurostat, DEBA (estimates in bold)

**Trade balance (Nace 31)**  
1992 (mrd ECU)



EU trade in the metal articles sector continued to record a healthy surplus in 1992, despite a decline in the trade surplus of some 200 million ECU. The surplus in 1992 was equal to 4.6 billion ECU. With the trade surplus declining, the cover ratio fell from 1.54 to 1.50 between 1991 and 1992.

Since the late eighties there has been a gradual increase in the import penetration ratio. This variable has seen imports increase from 4.4% of the EU market in 1990 to 5.3% in 1992. With demand remaining constant in 1992, EU producers saw some of their market being taken by foreign competition (notably from the Far East). The five largest EU economies all displayed import penetration rates of less than twenty per cent in 1992, whilst the smaller economies had a far greater reliance on imports from the other Member States (and hence recorded higher penetration rates).

Italy recorded the largest surplus of the Member States in 1992 (equal to 4.3 billion ECU). This continued the strong export performance of Italian industry in the sector (the trade surplus having risen from 3.2 billion ECU in 1985 to its present level).

The German surplus was evenly distributed between intra and extra-EU partners. German imports have started to show a tendency to a far greater extra-EU orientation. Extra-EU imports have grown from 2.9 billion ECU in 1990 to 4.2 billion ECU in 1992, whilst at the same time, extra-EU exports have grown from 4.9 billion ECU to just 5.3 billion ECU. Thus, the German trade surplus has been reduced from 4.5 billion ECU in 1990 to 2.3 billion ECU in 1992. This may tend to suggest that cheaper foreign imports are replacing home production in low-end markets in Germany.

French industry recorded a moderate surplus of 505 million ECU, this was an improvement on the data for 1990 and 1991 (although the surplus has yet to return to the levels recorded in the mid-eighties).

The United Kingdom deficit in 1992 was equal to some 309 million ECU. As with the French data this represented an improvement on the past two years. The United Kingdom showed a greater propensity to import from non-Member States than either France or Italy. At a more disaggregated level, not one of the sub-sectors (as defined by the NACE classification system) in the metal articles industry recorded a trade deficit. The strongest trade performance was seen in the metal tools and finished metal goods sector and the manufacture of structural metal products sector (with surpluses of 1.9 billion ECU and 1.1 billion ECU respectively in 1992).

## Manufacture of metal articles (Nace 31)

### External trade indicators

|                               |  |        | EUR12   | B/L    | DK     | D       | GR     | E      | F      | IRL    | I      | NL     | P      | UK     |
|-------------------------------|--|--------|---------|--------|--------|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| Exports                       | Total trade<br>(mio ECU)                 | 1988   | 27975.5 | 1834.9 | 822.8  | 9709.2  | 73.1   | 1126.9 | 3761.8 | 300.0  | 4990.4 | 2356.3 | 239.4  | 2760.1 |
|                               |  | 1989   | 32318.7 | 2039.8 | 928.3  | 11093.3 | 108.0  | 1333.0 | 4365.0 | 324.4  | 5956.1 | 2707.0 | 296.4  | 3166.8 |
|                               |  | 1990   | 34556.4 | 2252.4 | 1041.4 | 11351.3 | 90.7   | 1550.1 | 4845.8 | 367.0  | 6209.6 | 3006.4 | 362.4  | 3478.9 |
|                               |  | 1991   | 36768.9 | 2353.4 | 1108.3 | 11783.3 | 106.5  | 1535.4 | 5287.4 | 372.8  | 6555.1 | 3583.8 | 389.4  | 3693.4 |
|                               |  | 1992   | 37703.1 | 2467.1 | 1188.4 | 12047.0 | 117.8  | 1689.6 | 5669.2 | 391.7  | 6823.2 | 3200.9 | 433.7  | 3674.6 |
|                               | Extra-EU trade<br>(mio ECU)              | 1988   | 11503.3 | 286.9  | 439.7  | 4369.2  | 38.5   | 523.1  | 1566.7 | 48.5   | 2122.5 | 507.0  | 100.0  | 1500.9 |
|                               |  | 1989   | 13138.4 | 308.1  | 472.5  | 4917.5  | 64.5   | 609.9  | 1791.1 | 54.3   | 2619.6 | 559.8  | 109.0  | 1631.6 |
|                               |  | 1990   | 13361.7 | 338.8  | 505.8  | 4891.0  | 54.2   | 700.2  | 1944.5 | 57.5   | 2509.2 | 611.0  | 119.2  | 1629.9 |
|                               |  | 1991   | 13755.1 | 333.4  | 486.4  | 5199.8  | 71.6   | 640.2  | 1909.1 | 51.2   | 2514.6 | 820.5  | 123.7  | 1604.5 |
|                               |  | 1992   | 14040.3 | 352.0  | 473.9  | 5326.5  | 70.2   | 731.3  | 2026.8 | 56.0   | 2653.0 | 632.6  | 139.8  | 1578.2 |
|                               | Extra-EU trade<br>% share EU             | 1988   | 100     | 2.5    | 3.8    | 38.0    | 0.3    | 4.5    | 13.6   | 0.4    | 18.5   | 4.4    | 0.9    | 13.0   |
|                               |  | 1989   | 100     | 2.3    | 3.6    | 37.4    | 0.5    | 4.6    | 13.6   | 0.4    | 19.9   | 4.3    | 0.8    | 12.4   |
|                               |  | 1990   | 100     | 2.5    | 3.8    | 36.6    | 0.4    | 5.2    | 14.6   | 0.4    | 18.8   | 4.6    | 0.9    | 12.2   |
|                               |  | 1991   | 100     | 2.4    | 3.5    | 37.8    | 0.5    | 4.7    | 13.9   | 0.4    | 18.3   | 6.0    | 0.9    | 11.7   |
|                               |  | 1992   | 100     | 2.5    | 3.4    | 37.9    | 0.5    | 5.2    | 14.4   | 0.4    | 18.9   | 4.5    | 1.0    | 11.2   |
|                               | Intra-EU trade<br>% share<br>total trade | 1988   | 58.0    | 84.3   | 46.5   | 54.3    | 46.9   | 53.4   | 58.3   | 83.8   | 57.4   | 71.5   | 57.8   | 45.4   |
|                               |  | 1989   | 58.5    | 83.9   | 49.1   | 55.1    | 37.9   | 54.0   | 59.0   | 83.3   | 56.0   | 72.3   | 62.9   | 48.3   |
|                               |  | 1990   | 60.4    | 84.0   | 51.4   | 56.2    | 37.9   | 54.6   | 59.9   | 84.3   | 59.5   | 72.8   | 66.7   | 52.9   |
|                               |  | 1991   | 61.7    | 85.7   | 56.1   | 55.1    | 32.4   | 58.0   | 63.9   | 86.2   | 61.6   | 70.9   | 68.1   | 56.4   |
|                               |  | 1992   | 62.7    | 85.6   | 60.1   | 55.6    | 40.2   | 56.6   | 64.2   | 85.7   | 61.0   | 80.2   | 67.7   | 56.9   |
| Imports                       | Total trade<br>(mio ECU)                 | 1988   | 22189.0 | 2155.0 | 753.9  | 4911.7  | 266.6  | 904.7  | 4094.1 | 388.3  | 1915.9 | 2942.5 | 296.3  | 3559.6 |
|                               |  | 1989   | 26030.6 | 2494.8 | 834.0  | 5833.0  | 363.8  | 1285.2 | 4690.3 | 457.5  | 2249.2 | 3396.0 | 360.0  | 4066.3 |
|                               |  | 1990   | 28720.4 | 2779.9 | 872.8  | 6816.8  | 472.9  | 1621.1 | 5136.4 | 518.2  | 2353.1 | 3605.4 | 451.6  | 4091.8 |
|                               |  | 1991   | 31759.7 | 2842.5 | 924.5  | 8995.0  | 452.1  | 1977.1 | 5161.0 | 546.0  | 2498.4 | 3740.7 | 517.7  | 4104.5 |
|                               |  | 1992   | 32618.2 | 2921.2 | 927.9  | 9728.0  | 478.2  | 2049.1 | 5164.3 | 573.2  | 2547.0 | 3645.0 | 600.3  | 3984.0 |
|                               | Extra-EU trade<br>(mio ECU)              | 1988   | 6012.2  | 287.0  | 256.5  | 2088.2  | 56.2   | 173.6  | 762.6  | 53.1   | 500.3  | 482.7  | 35.4   | 1316.1 |
|                               |  | 1989   | 7118.0  | 355.9  | 280.0  | 2497.1  | 71.3   | 243.4  | 870.6  | 60.2   | 619.8  | 576.9  | 44.9   | 1497.5 |
|                               |  | 1990   | 7595.9  | 359.3  | 295.9  | 2857.5  | 79.3   | 262.0  | 916.6  | 60.9   | 656.1  | 572.1  | 54.7   | 1480.9 |
|                               |  | 1991   | 8910.5  | 372.2  | 326.4  | 3790.7  | 98.5   | 352.5  | 951.3  | 70.3   | 716.5  | 654.3  | 65.3   | 1512.4 |
|                               |  | 1992   | 9393.1  | 374.2  | 330.5  | 4202.9  | 104.6  | 358.1  | 959.0  | 72.7   | 739.2  | 687.7  | 64.5   | 1499.7 |
|                               | Extra-EU trade<br>% share EU             | 1988   | 100     | 4.8    | 4.3    | 34.7    | 0.9    | 2.9    | 12.7   | 0.9    | 8.3    | 8.0    | 0.6    | 21.9   |
|                               |  | 1989   | 100     | 5.0    | 3.9    | 35.1    | 1.0    | 3.4    | 12.2   | 0.8    | 8.7    | 8.1    | 0.6    | 21.0   |
|                               |  | 1990   | 100     | 4.7    | 3.9    | 37.6    | 1.0    | 3.4    | 12.1   | 0.8    | 8.6    | 7.5    | 0.7    | 19.5   |
|                               |  | 1991   | 100     | 4.2    | 3.7    | 42.5    | 1.1    | 4.0    | 10.7   | 0.8    | 8.0    | 7.3    | 0.7    | 17.0   |
|                               |  | 1992   | 100     | 4.0    | 3.5    | 44.7    | 1.1    | 3.8    | 10.2   | 0.8    | 7.9    | 7.3    | 0.7    | 16.0   |
|                               | Intra-EU trade<br>% share<br>total trade | 1988   | 71.7    | 86.6   | 66.0   | 57.3    | 78.7   | 80.8   | 81.3   | 86.3   | 73.3   | 75.9   | 88.1   | 62.8   |
|                               |  | 1989   | 71.3    | 85.7   | 66.4   | 57.0    | 80.3   | 81.0   | 81.4   | 86.8   | 71.8   | 73.4   | 87.5   | 63.0   |
|                               |  | 1990   | 72.5    | 87.0   | 66.1   | 57.9    | 83.1   | 83.8   | 82.1   | 88.2   | 71.6   | 76.6   | 87.8   | 63.6   |
|                               |  | 1991   | 71.1    | 86.9   | 64.7   | 57.7    | 77.9   | 82.2   | 81.5   | 87.1   | 70.9   | 76.9   | 87.3   | 62.9   |
|                               |  | 1992   | 71.0    | 87.2   | 64.4   | 56.6    | 76.6   | 82.5   | 81.4   | 87.3   | 70.3   | 81.1   | 89.2   | 62.2   |
| Trade<br>balance<br>(mio ECU) | 1988                                     | 5786.5 | -320.1  | 68.9   | 4797.5 | -193.5  | 222.2  | -332.3 | -88.3  | 3074.5 | -586.2 | -56.9  | -799.5 |        |
|                               | 1989                                     | 6288.1 | -455.0  | 94.3   | 5260.3 | -255.8  | 47.8   | -325.3 | -133.1 | 3706.9 | -689.0 | -63.6  | -899.5 |        |
|                               | 1990                                     | 5836.0 | -527.5  | 168.6  | 4534.5 | -382.2  | -71.0  | -290.6 | -151.2 | 3856.5 | -599.0 | -89.2  | -612.9 |        |
|                               | 1991                                     | 5009.2 | -489.1  | 183.8  | 2788.3 | -345.6  | -441.7 | 126.4  | -173.2 | 4056.7 | -156.9 | -128.3 | -411.1 |        |
|                               | 1992                                     | 5084.9 | -454.1  | 260.5  | 2319.0 | -360.4  | -359.5 | 504.9  | -181.5 | 4276.2 | -444.1 | -166.6 | -309.4 |        |

Source: Eurostat



## **4. MECHANICAL ENGINEERING (NACE 32)**

- Heavy reliance on the investment climate in the industrial economy
- Main demand from motor vehicles, chemicals and construction sectors
- Strong EFTA presence in European markets
- German industry accounts for almost forty seven per cent of EU output
- Trade surplus of 36.5 billion ECU in 1992
- Capacity utilization equal to 74.8% at the end of 1993
- Slower growth observed in producer prices
- Terms of trade decline by 6.5% to August 1993



## 4.1. SHORT-TERM INDICATORS

### Mechanical engineering (Nace 32)

#### Production, prices and capacity utilization

| 1985 = 100              |        | EUR 12 | B     | DK    | D     | GR    | E     | F     | IRL   | I     | L     | NL    | P     | UK    |
|-------------------------|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Index of<br>Production  | 1992   | 98.9   | 101.5 | 102.2 | 113.9 | 91.2  | 97.0  | 105.4 | 112.7 | 97.8  | 96.3  | N/A   | 98.0  | 95.5  |
|                         | Φ      | 94.9   | 92.7  | 100.0 | 102.5 | 92.4  | 99.3  | 51.1  | 101.6 | 100.2 | 100.3 | N/A   | 68.4  | 98.2  |
| Growth rate (%)         | 1992   | -6.4   | -7.7  | 1.0   | -5.6  | -0.7  | -10.9 | -7.0  | -3.8  | -8.5  | -13.5 | N/A   | -9.9  | -5.3  |
|                         | Φ      | -13.3  | -20.8 | -6.6  | -6.9  | -28.3 | -16.0 | -30.9 | -11.1 | -29.0 | 16.9  | N/A   | -25.7 | -2.6  |
| Producer<br>Price index | 1992   | 133.5  | 119.8 | 130.8 | 126.1 | 242.8 | 139.5 | N/A   | 125.8 | 146.8 | 126.8 | 118.3 | N/A   | 143.3 |
|                         | Φ      | 136.9  | 121.9 | 133.0 | 129.2 | 264.3 | 142.2 | N/A   | 127.5 | 153.2 | 127.9 | 120.0 | N/A   | 148.2 |
| Growth rate (%)         | 1992   | 3.4    | 2.2   | 2.0   | 3.6   | 9.7   | 2.5   | N/A   | 4.8   | 4.1   | 2.8   | 2.5   | N/A   | 2.5   |
|                         | Φ      | 0.2    | 0.0   | 0.8   | 0.2   | 1.0   | 0.2   | N/A   | 0.3   | 0.6   | 0.9   | 0.0   | N/A   | 0.6   |
| Capacity<br>Utilization | 93.I   | 76.2   | 71.7  | 76.0  | 78.9  | 68.3  | 70.0  | 76.1  | 69.5  | 74.0  | 88.7  | 82.7  | 74.3  | 78.0  |
| %                       | 93.II  | 75.0   | 67.8  | 75.0  | 76.3  | 62.6  | 63.7  | 74.1  | 78.0  | 74.7  | 89.7  | 82.0  | 76.6  | 80.5  |
|                         | 93.III | 74.8   | 69.4  | 79.0  | 76.0  | 65.2  | 66.2  | 72.3  | 70.2  | 75.6  | 92.6  | 83.1  | 65.5  | 79.7  |
|                         | 93.IV  | 74.8   | 70.5  | 77.0  | 76.8  | 68.5  | 65.1  | 73.3  | 74.2  | 72.8  | 92.1  | 82.5  | 60.9  | 81.8  |

Source: Eurostat

Production in the mechanical engineering sector has fallen quite significantly over the last two years from 101.2 (index, 1985 = 100) in January 1992 to 91.1 in October 1993. The reductions seen in the industry have been widely spread across all European economies. For example, German industry has seen its production index fall from 116.2 (January 1992) to 92.4 (November 1993), whilst French industry recorded large reductions in output during the late eighties, and has since yet to recover. Italy and the United Kingdom both reported production indexes below 1985 levels in late 1993. Indeed, the latest monthly data showed that only Ireland and Luxembourg were able to display production indexes above 1985 levels (both September 1993).

Producer prices were seen to grow at a much faster rate in this sector compared to rates displayed for total industry. Latest data (for September 1993) showed the producer price index running some 37% above 1985 levels. Strong growth in prices was recorded in Italy, the United Kingdom, Spain and Greece. Latest data showed that price increases were moderate in the Benelux countries, whilst in France prices displayed a negative trend, falling during the year to September 1993. In Germany, after a fairly rapid expansion of prices in early 1993, there was no growth in prices between June 1993 and the latest data available (for December 1993). The German price index remained at 129.2 (1985 = 100).

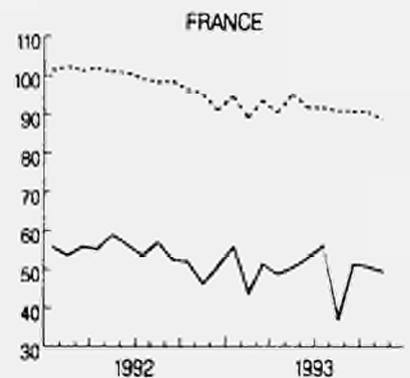
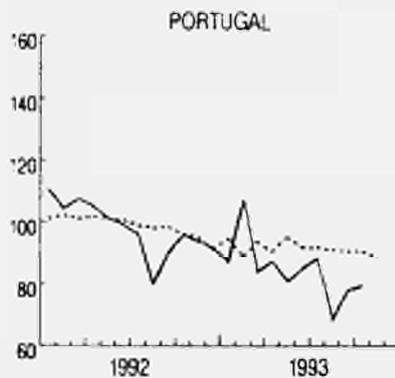
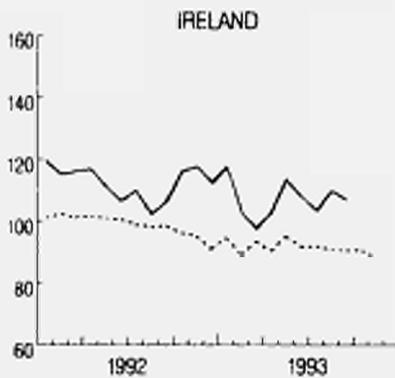
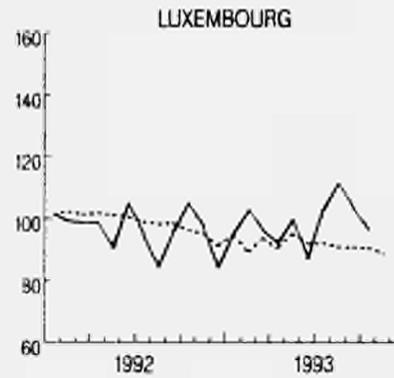
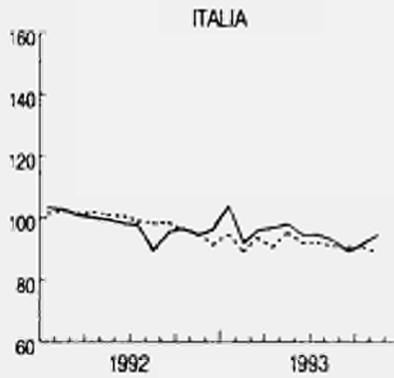
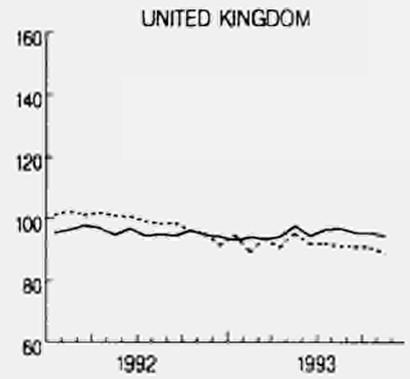
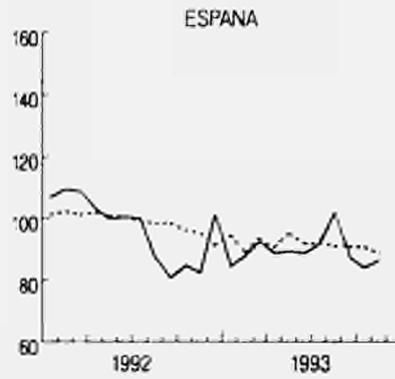
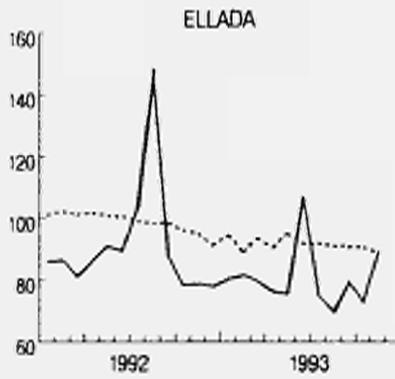
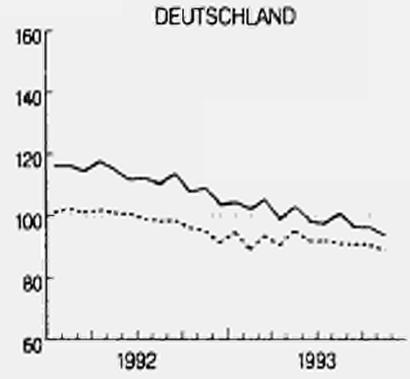
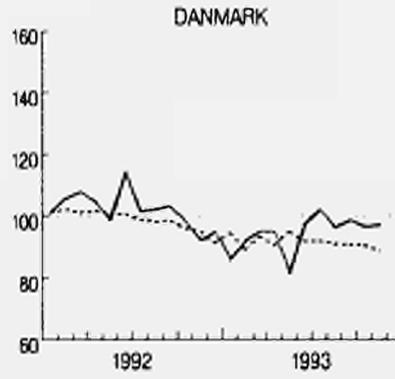
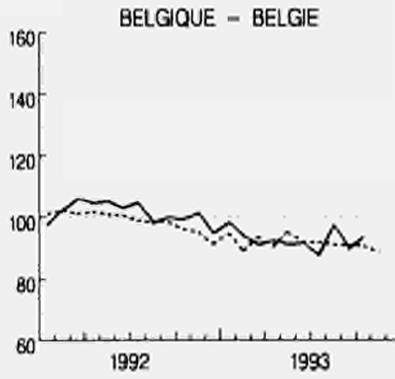
The mechanical engineering sector experienced a reduction in capacity utilization in the first three quarters of 1993. Hence, the sector reported utilization figures well below the total industry average of 77.6%. In the final quarter the figure held stable at 74.8%, with growth being reported in three of the four major European economies (Germany, up 0.8 percentage points; France, up one percentage point; and the United Kingdom gaining 2.1 percentage points). The southern Member States displayed particularly low utilization rates at the end of 1993.

INDUSTRIELLE PRODUKTION

INDUSTRIAL PRODUCTION

PRODUCTION INDUSTRIELLE

NACE 32

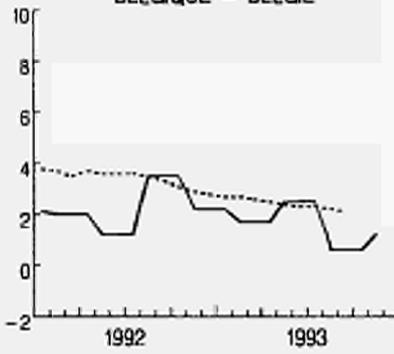


----- EUR 12

1985 = 100

ERZEUGERPREISINDEX  
VERÄNDERUNGSRATE

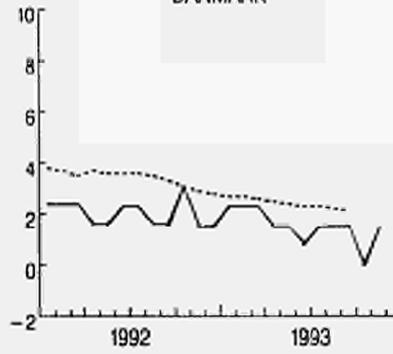
BELGIQUE - BELGIE



PRODUCER PRICE INDEX  
GROWTH RATE

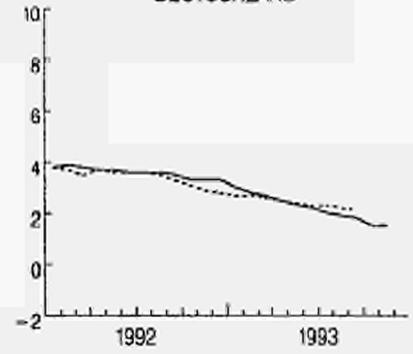
NACE 32

DANMARK

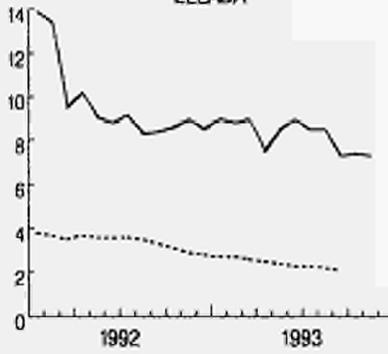


INDICE DES PRIX A LA PRODUCTION  
TAUX DE VARIATION

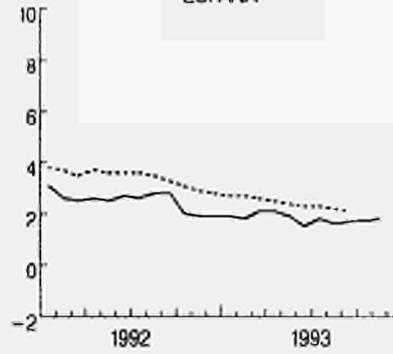
DEUTSCHLAND



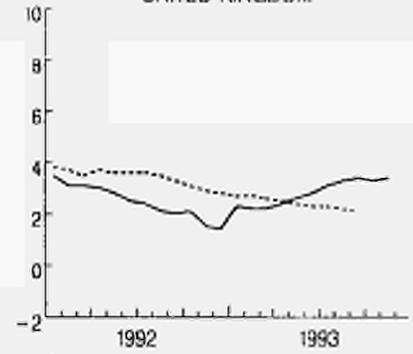
ELLADA



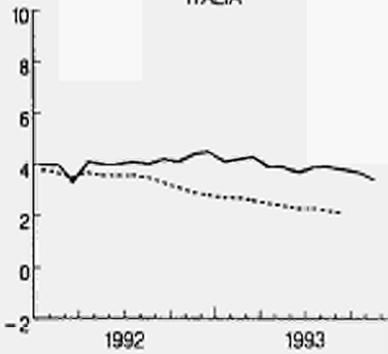
ESPAÑA



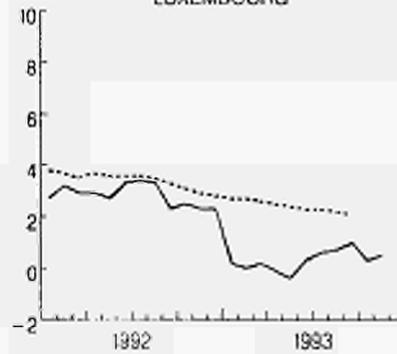
UNITED KINGDOM



ITALIA



LUXEMBOURG



IRELAND



----- EUR 12

1985 = 100

# NACE 32

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

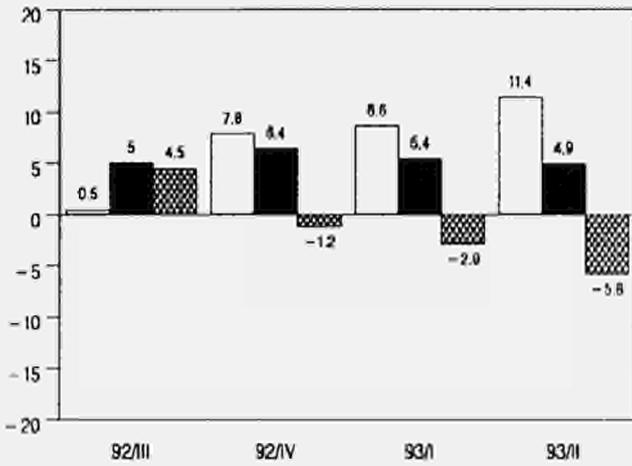
INDICATEURS COMMERCE EXTERIEUR

VERÄNDERUNGSRATE

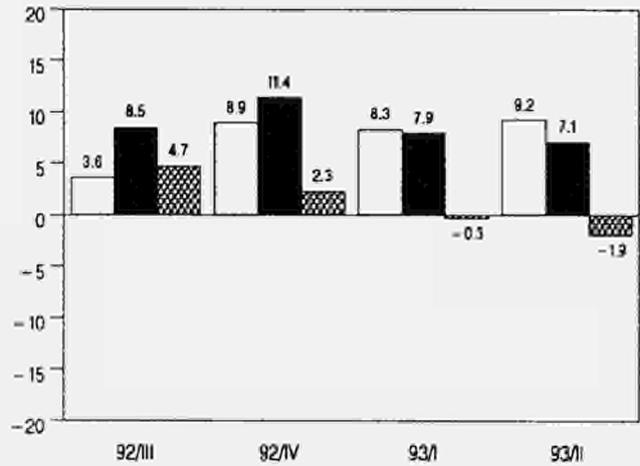
GROWTH RATE

TAUX DE VARIATION

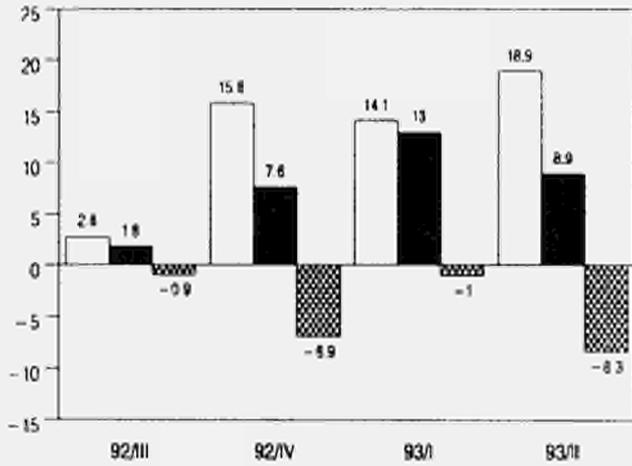
EUR 12



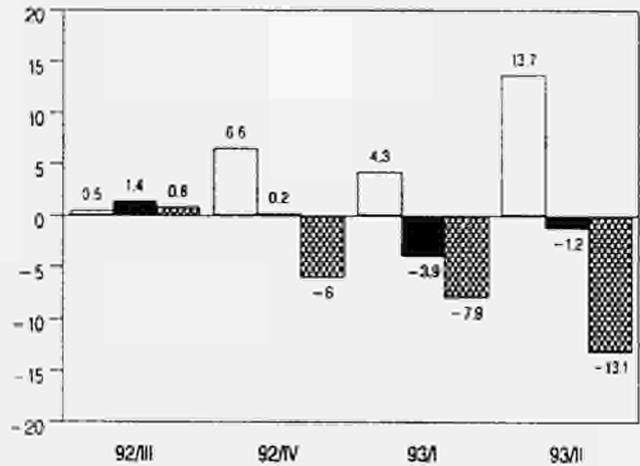
DEUTSCHLAND



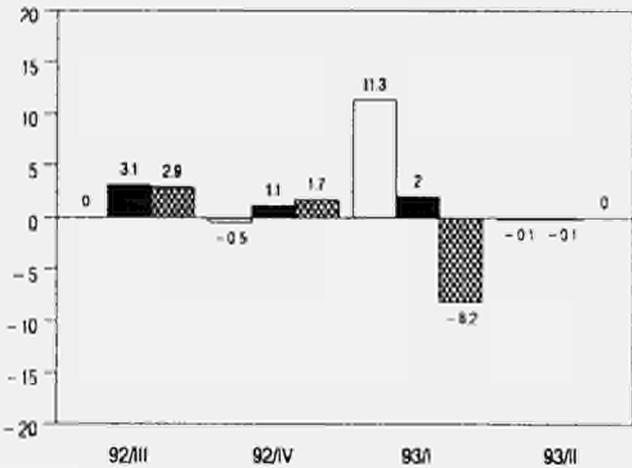
FRANCE



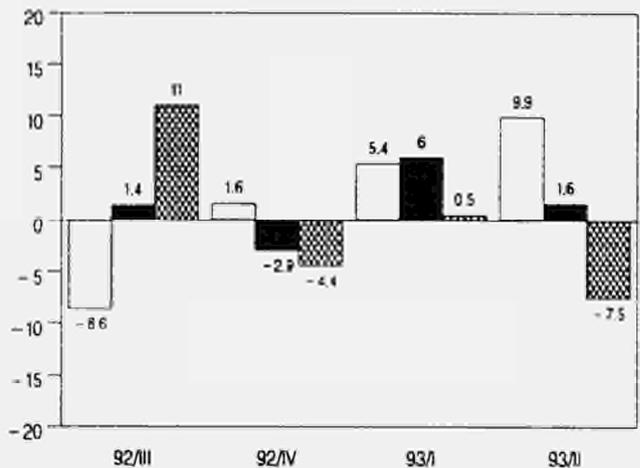
ITALIA



ESPAÑA



UNITED KINGDOM



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

# NACE 32

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

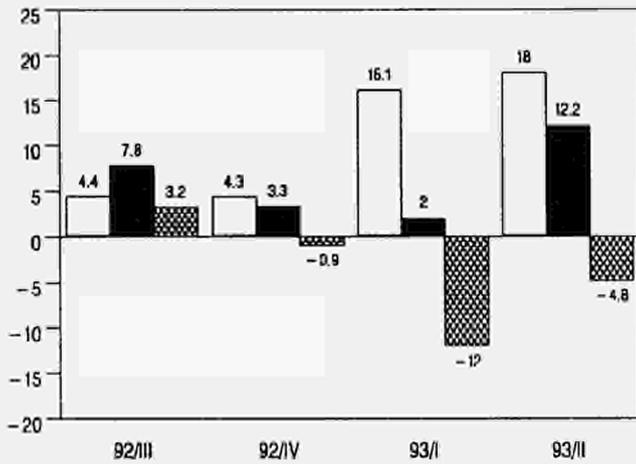
INDICATEURS COMMERCE EXTERIEUR

VERÄNDERUNGSRATE

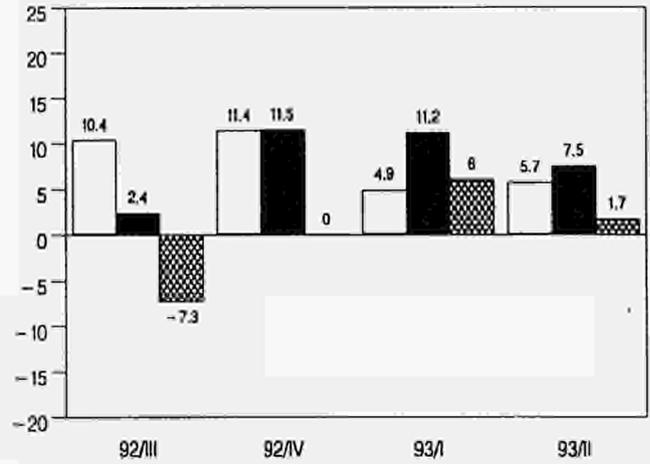
GROWTH RATE

TAUX DE VARIATION

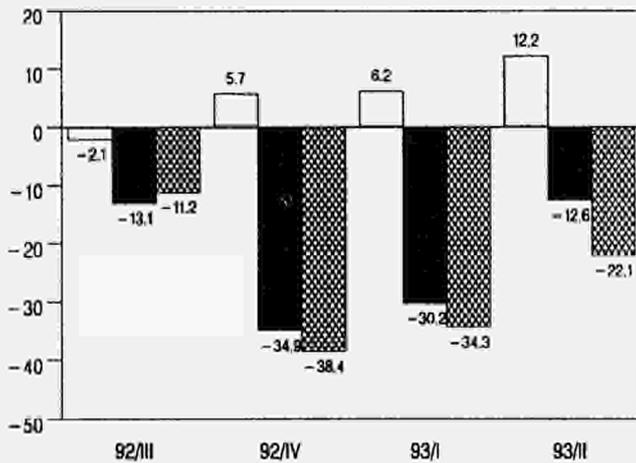
BELGIQUE – LUXEMBOURG



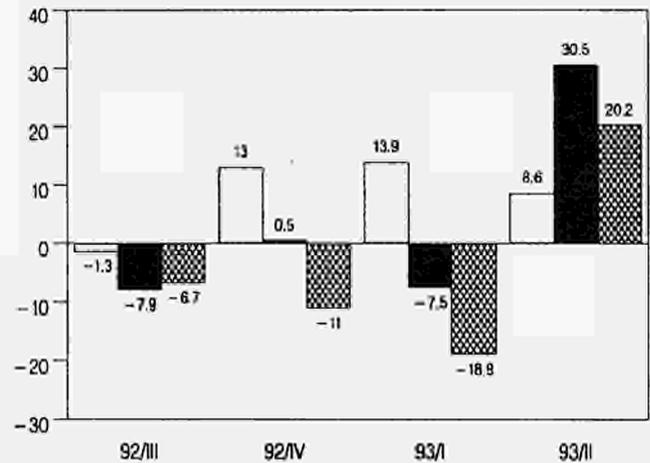
DANMARK



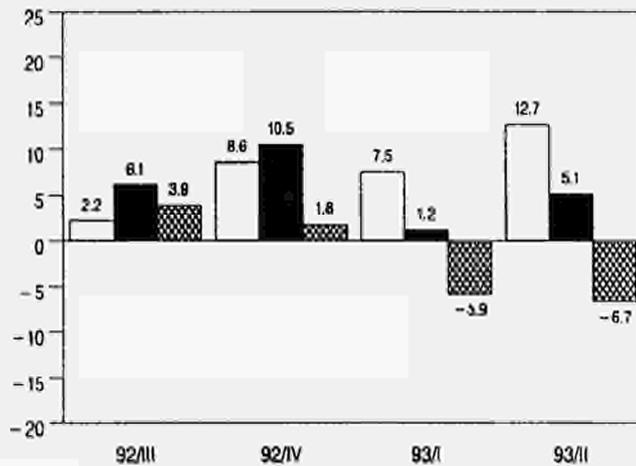
ELLADA



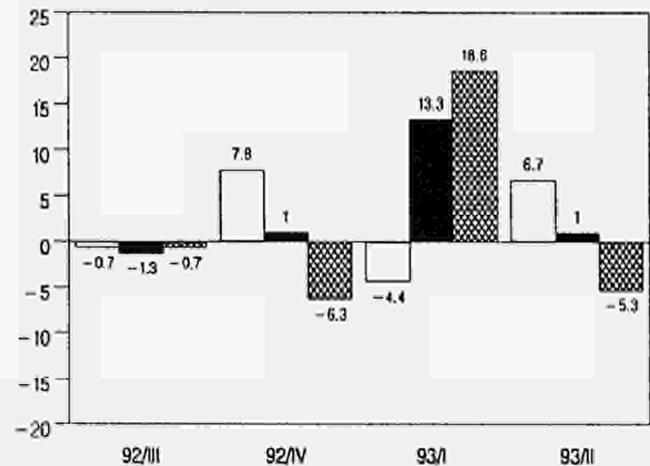
IRELAND



NEDERLAND



PORTUGAL



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

## Mechanical engineering (Nace 32)

### External trade indicators

| 1985 = 100     |                 |      | EUR12 | B/L   | DK    | D     | GR    | E     | F     | IRL   | I     | NL    | P     | UK    |
|----------------|-----------------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Exports        | Volume          | 1992 | 78.5  | 76.0  | 80.8  | 80.4  | 279.6 | 94.1  | 74.3  | 65.0  | 91.6  | 95.5  | 88.1  | 59.5  |
|                |                 | Φ    | 82.8  | 92.0  | 76.0  | 78.3  | 422.5 | 119.2 | 76.7  | 42.8  | 112.6 | 86.9  | 95.2  | 63.9  |
|                | Growth rate (%) | 1992 | -5.3  | -2.1  | 0.2   | -8.2  | 17.3  | 11.8  | -3.6  | -24.5 | -1.7  | -4.4  | 11.5  | -6.0  |
|                |                 | Φ    | 6.9   | 30.1  | -18.0 | 0.9   | 87.9  | 29.1  | 6.7   | -37.1 | 19.9  | -16.7 | 9.0   | 10.6  |
| Value          | Value           | 1992 | 153.3 | 129.4 | 142.3 | 161.0 | 101.8 | 139.4 | 154.0 | 137.1 | 145.5 | 131.8 | 81.3  | 156.3 |
|                |                 | Φ    | 162.1 | 137.9 | 147.6 | 174.4 | 102.0 | 137.9 | 161.0 | 118.6 | 149.5 | 87.3  | 80.7  | 173.5 |
|                | Growth rate (%) | 1992 | 6.5   | 4.8   | 5.2   | 9.0   | -16.8 | 0.9   | 6.7   | 6.4   | 2.6   | 5.9   | -5.5  | 5.6   |
|                |                 | Φ    | 5.7   | 3.7   | 6.1   | 8.4   | -7.5  | -4.6  | 6.2   | -6.7  | 3.1   | -33.6 | -1.5  | 8.4   |
| Imports        | Volume          | 1992 | 123.4 | 142.8 | 76.6  | 141.0 | 141.0 | 200.2 | 122.7 | 119.0 | 119.3 | 111.2 | 170.2 | 96.3  |
|                |                 | Φ    | 100.1 | 105.1 | 61.9  | 121.5 | 137.6 | 149.8 | 87.6  | 66.6  | 81.0  | 63.3  | 148.0 | 94.0  |
|                | Growth rate (%) | 1992 | -6.3  | -8.8  | -13.0 | -6.3  | 4.1   | -5.6  | -10.5 | -6.8  | -6.5  | -6.1  | -5.4  | -1.1  |
|                |                 | Φ    | -19.4 | -18.5 | -25.5 | -12.3 | -4.0  | -21.4 | -28.0 | -43.5 | -28.7 | -43.0 | -17.7 | -13.4 |
| Value          | Value           | 1992 | 137.5 | 134.5 | 138.7 | 143.8 | 118.0 | 124.6 | 127.7 | 107.2 | 160.4 | 146.3 | 124.8 | 131.3 |
|                |                 | Φ    | 152.4 | 162.6 | 145.0 | 156.1 | 129.5 | 129.3 | 149.3 | 77.2  | 188.8 | 108.7 | 131.9 | 152.3 |
|                | Growth rate (%) | 1992 | 5.0   | 5.1   | 10.8  | 5.6   | 2.4   | 3.5   | 5.5   | 8.2   | 6.2   | 7.0   | 2.5   | 1.3   |
|                |                 | Φ    | 13.1  | 20.4  | 4.8   | 10.5  | 10.5  | 1.0   | 18.9  | -25.1 | 19.0  | -24.2 | 3.6   | 21.0  |
| Terms of Trade | Terms of Trade  | 1992 | 111.4 | 96.2  | 102.6 | 111.9 | 86.2  | 111.8 | 120.6 | 127.8 | 90.7  | 90.0  | 65.1  | 119.0 |
|                |                 | Φ    | 106.3 | 84.8  | 101.7 | 111.7 | 78.8  | 106.5 | 107.8 | 101.8 | 79.1  | 53.3  | 62.4  | 113.8 |
|                | Growth rate (%) | 1992 | 1.3   | -0.2  | -5.0  | 3.2   | -18.8 | -2.6  | 1.1   | -1.7  | -3.3  | -1.0  | -7.9  | 4.2   |
|                |                 | Φ    | -6.5  | -13.9 | 1.1   | -1.9  | -16.3 | -5.6  | -10.6 | -17.2 | -13.3 | -41.8 | -3.0  | -10.5 |

Source: Eurostat

Terms of trade in the mechanical engineering industry were well below those seen for total industry. In 1992 EU terms of trade rose by 1.3% to 111.4 compared to the total industry average of 145.2. The three months to August 1993 saw a deterioration in the terms of trade (at an annual rate of 6.5%). Denmark was the only Member State to report a gain in its terms of trade during this period, rising only slightly by 1.1%. Seven of the Member States recorded reductions of more than ten per cent in their terms of trade to August 1993. Ireland and the United Kingdom were the only countries to record terms of trade above their respective total industry averages.

Import volumes (extra-EU trade flows, as for all data in this section) fell quite dramatically to August 1993 (at an annual rate of 19.4%). This reduction was shared between all the Member States, with the four per cent decline in the Greek index being the most moderate. Dutch and Irish import volumes were reduced significantly (both by over forty per cent).

Import values grew by five per cent in 1992 to 137.5. Such growth quickened during the three-month period to August 1993, as the annual growth rate rose to 13.1%. Largest gains were realised in BLEU, Italy and the United Kingdom. Only in the Netherlands and Ireland did import values decline.

Export volumes fell by 5.3% during 1992 to 78.5 (1985 = 100). Export volumes were still found some seventeen per cent below those of 1985, despite annual growth of 6.9% in the three months to August 1993. Indeed, only Denmark, Ireland and the Netherlands reported declining export volumes over this period.

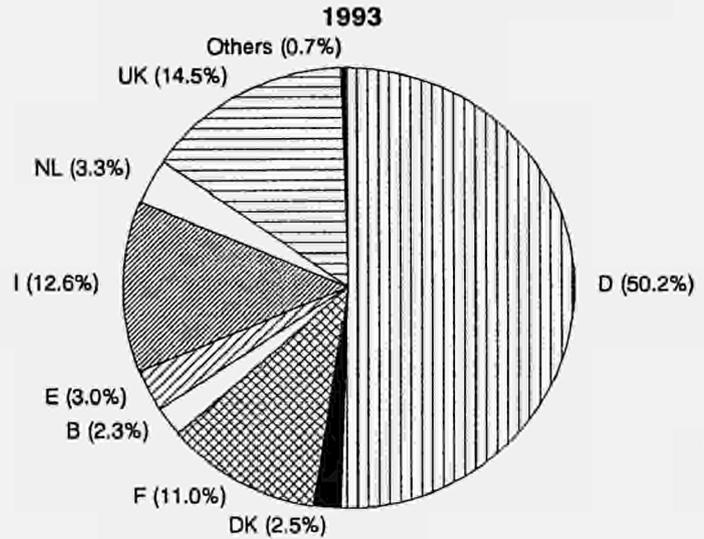
Export values continued to grow at a similar rate to those seen in 1992 (up by 5.7% to 162.1, compared to the 6.5% growth seen in 1992). Highest rates of growth to August 1993 (partly extra-EU) were recorded in Germany, the United Kingdom and France. All three of these countries reported export values well above their total industry averages.

## 4.2. STRUCTURAL INDICATORS

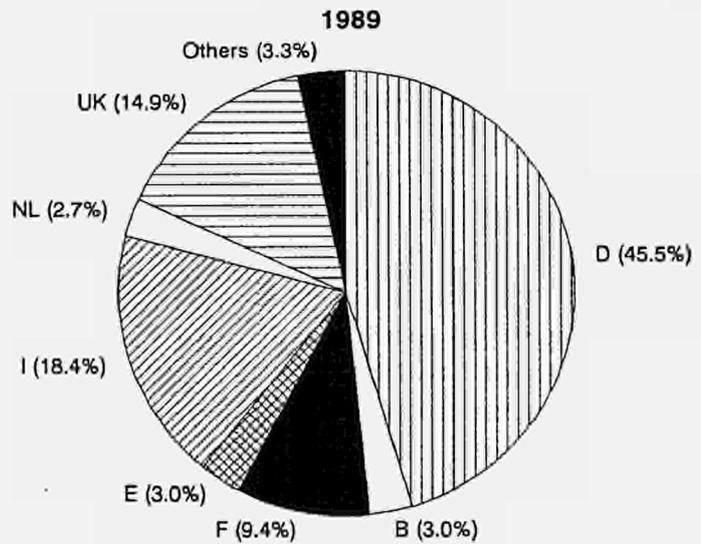
Output of the mechanical engineering sector ranges from small component items to large-scale fully integrated production plants for industries as diverse as food and drink processing, chemicals, iron and steel and agriculture. Production is composed almost wholly of capital goods. The industry is therefore characterised by its reliance on the investment climate in the industrial economy in general. Well over fifty per cent of the output of the mechanical engineering sector is in the form of finished capital goods. Indeed, the largest client industry for non-finished mechanical engineering output is other mechanical engineering firms. The major clients of the sector include the motor vehicles sector, the chemicals industry and the construction sector.

With demand being so strongly dependent on investment decisions, price is not the sole criteria, but rather technology content, quality and service all play a part in the final decision. Price elasticities are therefore much lower than those found in most other industries. At the same time with often lengthy negotiations as regards completion schedules and specifications, prices are generally slow to react to market pressures. The sensitivity of output to movements in investment patterns may be demonstrated by the surge in production between 1988 and 1990, when production rose to 227 billion ECU. There was then a period of stagnation, before output started to fall quite markedly, reaching an estimated 207 billion ECU in 1993. Nevertheless, some industrial sectors fared better than others. Indeed, the reduction in output of the chemicals and food machinery sectors was marginal, even into 1993.

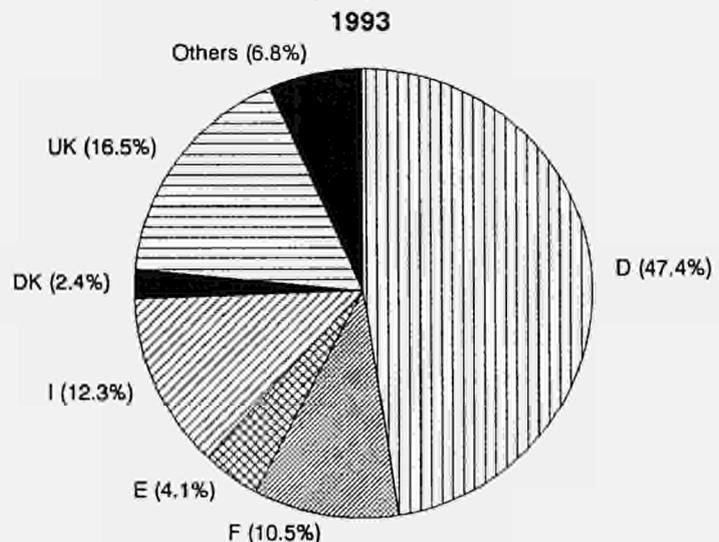
### Value added at factor cost



### Investment



### Employment

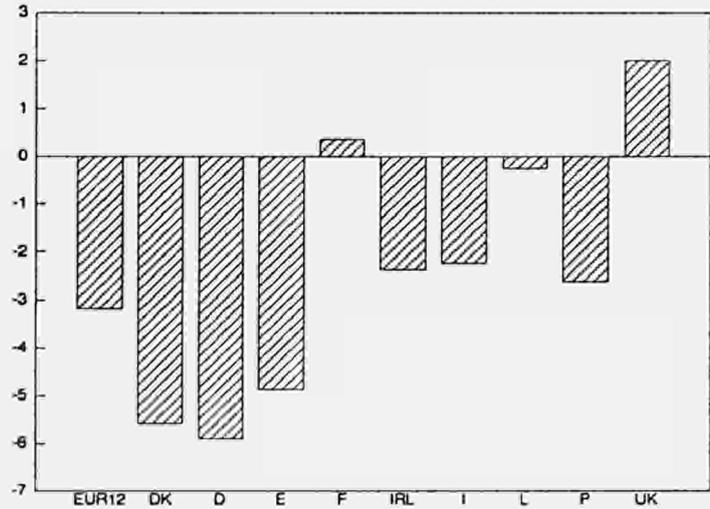


This may be contrasted with the agricultural machinery sector, where production value has returned to the level of a decade ago.

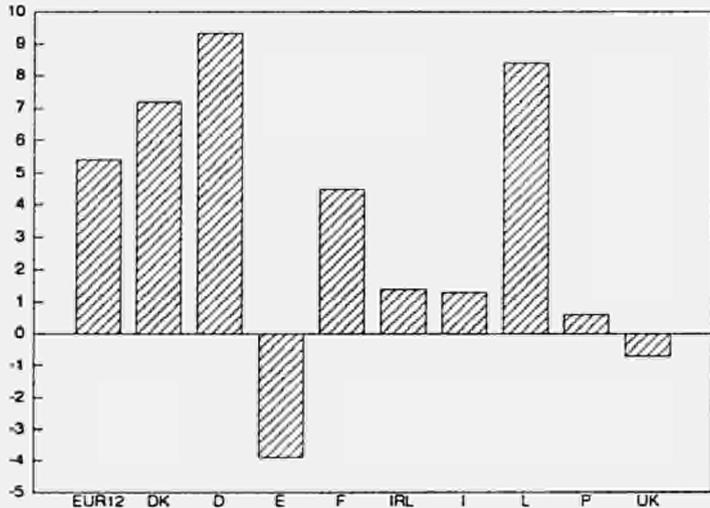
With such cyclical patterns of surging demand and then periods of recession, the industry finds it difficult to attract a highly-skilled workforce when required. Additionally, in times of recession firms are often loath to lay-off skilled workers, as the next upturn may arrive in the near future. However, employment levels have followed a similar peak and trough development, rising to 2.40 million in 1990, before falling to 2.22 million in 1992. First estimates for 1993 show the reduction continuing apace with 2.07 million employees. It would appear that small and medium-sized firms are far more able to adapt to the cyclical swings in demand than their larger counterparts.

There are a large number of small and medium-sized firms in the market, specialising in one-off contracts for specific equipment and small batch-runs. Twelve per cent of the industry's turnover was recorded by firms employing less than twenty employees, whilst some twenty four per cent was recorded by firms employing between twenty and one hundred employees. Larger firms tend to be found in sectors producing more standard products where economies of scale may be realised. Additionally, large firms concentrate on plant installations and fully integrated systems. The largest EC firms in the sector are from Germany (for example, Mannesmann and Thyssen Industrie). There is additionally a strong presence of firms from the EFTA countries, accounting for over half of the top fifteen enterprises in the sector in Europe. These firms are found in both

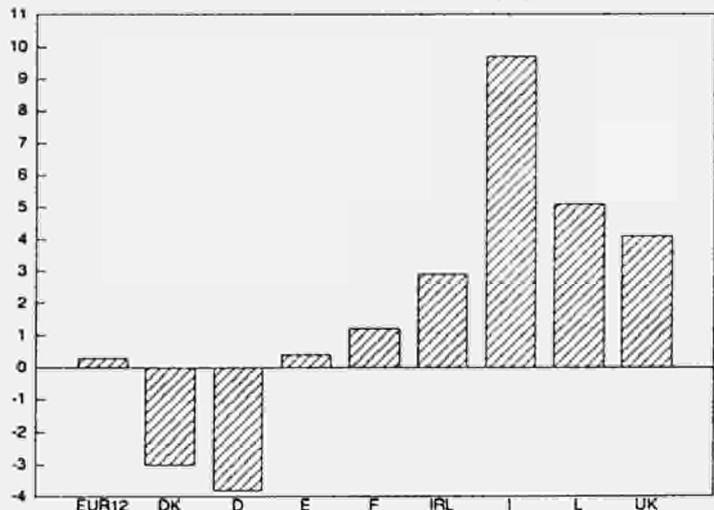
**Profitability**  
Growth rate 1993/1992 (%)



**Average labour unit cost**  
Growth rate 1993/1992 (%)



**Productivity**  
Growth rate 1993/1992 (%)



Switzerland and the Scandinavian countries.

Of the Member States, Germany is by far the largest producer recording almost forty seven per cent of output in 1993. This was followed by Italy (15.5%), the United Kingdom (13.4%) and France (12.6%). The other Member States accounted for very small shares of the total output in the sector (some 11.6% shared between eight countries).

The EC remains the largest world producer of mechanical engineering products. Indeed, export performance, even given the weakness of the dollar (compared to the mid-eighties), is well ahead of that displayed by the United States. The main areas of production in the EC are those of the industrial heartlands, for example, Baden-Württemberg, Nordrhein-Westfalen, Lombardy, the Paris Basin and the Midlands in the United Kingdom. By siting their operations in these locations firms are able to be

within close proximity of their main clients.

However, in standardised products and large-scale production there is increasing competition from Japanese and other fast expanding economies of south-east Asian competitors. Japanese industry has expanded at a very fast rate in the past decade, due to new demand being created by the large number of firms setting-up in the Pacific Rim.

## Mechanical engineering (Nace 32)

### Value added, turnover and investment

|                |      | EUR 12          | B      | DK     | D        | GR    | E      | F       | IRL   | I       | L     | NL     | P     | UK      |
|----------------|------|-----------------|--------|--------|----------|-------|--------|---------|-------|---------|-------|--------|-------|---------|
| Gross          | 1989 | <b>83578.8</b>  | 1668.8 | 1779.1 | 38282.6  | 62.2  | 3033.1 | 8260.1  | 234.1 | 12782.8 | 101.6 | 2273.2 | 190.7 | 14910.5 |
| Value-added    | 1990 | <b>89392.0</b>  | 1956.1 | 1973.1 | 42979.8  | 65.2  | 3294.9 | 8850.7  | 215.2 | 13450.2 | 115.2 | 2465.4 | 220.6 | 13805.5 |
| at factor cost | 1991 | <b>88516.5</b>  | 1863.8 | 2077.8 | 43153.4  | 58.4  | 3280.1 | 9524.7  | 220.6 | 12340.5 | 127.3 | 2601.5 | 223.5 | 13044.9 |
| (mio ECU)      | 1992 | <b>86005.1</b>  | 1782.7 | 2159.9 | 43143.8  | 56.3  | 2984.8 | 9018.7  | 219.2 | 11312.9 | 114.3 | 2640.2 | 221.1 | 12351.1 |
|                | 1993 | <b>81631.8</b>  | 1860.6 | 2033.7 | 40942.5  | 50.6  | 2440.4 | 9009.5  | 208.5 | 10250.5 | 117.7 | 2706.6 | 197.5 | 11813.6 |
| Gross          | 1989 | 11.3            | 14.9   | 4.8    | 11.0     | 16.3  | 25.8   | 3.5     | 10.5  | 9.2     | 5.2   | 9.2    | 11.5  | 17.0    |
| Value-added    | 1990 | 7.0             | 17.2   | 10.9   | 12.3     | 4.8   | 8.6    | 7.2     | -8.1  | 5.2     | 13.4  | 8.5    | 15.7  | -7.4    |
| at factor cost | 1991 | -1.0            | -4.7   | 5.3    | 0.4      | -10.4 | -0.4   | 7.6     | 2.5   | -8.3    | 10.5  | 5.5    | 1.3   | -5.5    |
| Δ%             | 1992 | -2.8            | -4.4   | 4.0    | -0.0     | -3.6  | -9.0   | -5.3    | -0.6  | -8.3    | -10.2 | 1.5    | -1.1  | -5.3    |
|                | 1993 | -5.1            | 4.4    | -5.8   | -5.1     | -10.1 | -18.2  | -0.1    | -4.9  | -9.4    | 3.0   | 2.5    | -10.7 | -4.4    |
| Gross          | 1989 | 100             | 2.0    | 2.1    | 45.8     | 0.1   | 3.6    | 9.9     | 0.3   | 15.3    | 0.1   | 2.7    | 0.2   | 17.8    |
| Value-added    | 1990 | 100             | 2.2    | 2.2    | 48.1     | 0.1   | 3.7    | 9.9     | 0.2   | 15.0    | 0.1   | 2.8    | 0.2   | 15.4    |
| at factor cost | 1991 | 100             | 2.1    | 2.3    | 48.8     | 0.1   | 3.7    | 10.8    | 0.2   | 13.9    | 0.1   | 2.9    | 0.3   | 14.7    |
| share (%)      | 1992 | 100             | 2.1    | 2.5    | 50.2     | 0.1   | 3.5    | 10.5    | 0.3   | 13.2    | 0.1   | 3.1    | 0.3   | 14.4    |
|                | 1993 | 100             | 2.3    | 2.5    | 50.2     | 0.1   | 3.0    | 11.0    | 0.3   | 12.6    | 0.1   | 3.3    | 0.2   | 14.5    |
| Turnover       | 1989 | <b>217994.3</b> | 5260.3 | 3950.6 | 92320.2  | 180.2 | 7806.3 | 26909.8 | 563.9 | 39578.9 | 250.4 | 6006.9 | 459.6 | 34707.2 |
| (mio ECU)      | 1990 | <b>237189.7</b> | 6144.9 | 4249.4 | 102952.6 | 174.4 | 8398.9 | 30030.2 | 545.3 | 42067.4 | 285.1 | 6611.9 | 541.5 | 35188.0 |
|                | 1991 | <b>233262.7</b> | 5879.8 | 4440.4 | 104939.0 | 160.5 | 8292.6 | 29344.3 | 584.7 | 38655.5 | 316.0 | 6856.4 | 550.2 | 33243.4 |
|                | 1992 | <b>227211.2</b> | 5645.1 | 4881.1 | 105298.2 | 167.2 | 7711.3 | 27755.8 | 578.8 | 35515.4 | 284.3 | 7461.1 | 546.0 | 31366.9 |
|                | 1993 | <b>216043.8</b> | 5911.6 | 4601.2 | 100259.0 | 150.3 | 6408.8 | 27337.0 | 548.7 | 32096.6 | 293.3 | 7611.5 | 488.7 | 30337.0 |
| Turnover       | 1989 | 13.4            | 14.6   | 8.5    | 12.6     | 8.8   | 27.7   | 14.5    | 15.9  | 15.8    | 12.8  | 7.4    | 9.6   | 10.9    |
| Δ%             | 1990 | 8.8             | 16.8   | 7.6    | 11.5     | -3.2  | 7.6    | 11.6    | -3.3  | 6.3     | 13.9  | 10.1   | 17.8  | 1.4     |
|                | 1991 | -1.7            | -4.3   | 4.5    | 1.9      | -8.0  | -1.3   | -2.3    | 7.2   | -8.1    | 10.8  | 3.7    | 1.6   | -5.5    |
|                | 1992 | -2.6            | -4.0   | 9.9    | 0.3      | 4.2   | -7.0   | -5.4    | -1.0  | -8.1    | -10.0 | 8.8    | -0.8  | -5.6    |
|                | 1993 | -4.9            | 4.7    | -5.7   | -4.8     | -10.1 | -16.9  | -1.5    | -5.2  | -9.6    | 3.2   | 2.0    | -10.5 | -3.3    |
| Turnover       | 1989 | 100             | 2.4    | 1.8    | 42.3     | 0.1   | 3.6    | 12.3    | 0.3   | 18.2    | 0.1   | 2.8    | 0.2   | 15.9    |
| share (%)      | 1990 | 100             | 2.6    | 1.8    | 43.4     | 0.1   | 3.5    | 12.7    | 0.2   | 17.7    | 0.1   | 2.8    | 0.2   | 14.8    |
|                | 1991 | 100             | 2.5    | 1.9    | 45.0     | 0.1   | 3.6    | 12.6    | 0.3   | 16.6    | 0.1   | 2.9    | 0.2   | 14.3    |
|                | 1992 | 100             | 2.5    | 2.1    | 46.3     | 0.1   | 3.4    | 12.2    | 0.3   | 15.6    | 0.1   | 3.3    | 0.2   | 13.8    |
|                | 1993 | 100             | 2.7    | 2.1    | 46.4     | 0.1   | 3.0    | 12.7    | 0.3   | 14.9    | 0.1   | 3.5    | 0.2   | 14.0    |
| Total          | 1988 | <b>7900.8</b>   | 261.6  | 224.4  | 3585.9   | 19.0  | 179.4  | 806.3   | 18.0  | 1416.0  | 6.6   | 182.2  | 20.7  | 1180.7  |
| investment     | 1989 | <b>9367.8</b>   | 281.1  | 234.9  | 4258.2   | 4.9   | 278.6  | 877.1   | 26.9  | 1725.8  | 11.9  | 248.9  | 23.6  | 1395.9  |
| (mio ECU)      | 1990 | N/A             | 282.3  | 253.8  | 4811.3   | 7.2   | 289.0  | 1089.0  | 27.9  | N/A     | 7.0   | 265.5  | N/A   | 1390.3  |
|                | 1991 | N/A             | 224.6  | 238.5  | 4771.8   | 5.9   | N/A    | 996.3   | N/A   | N/A     | N/A   | 310.0  | N/A   | 1131.3  |
|                | 1992 | N/A             | 213.6  | N/A    | 4603.4   | N/A   | N/A    | 814.9   | N/A   | N/A     | N/A   | N/A    | N/A   | 950.6   |
| Total          | 1989 | 18.6            | 7.5    | 4.7    | 18.7     | -74.2 | 55.3   | 8.8     | 49.4  | 21.9    | 80.3  | 36.6   | 14.0  | 18.2    |
| investment     | 1990 | N/A             | 0.4    | 8.0    | 13.0     | 46.9  | 3.7    | 24.2    | 3.7   | N/A     | -41.2 | 6.7    | N/A   | -0.4    |
| Δ%             | 1991 | N/A             | -20.4  | -6.0   | -0.8     | -18.1 | N/A    | -8.5    | N/A   | N/A     | N/A   | 16.8   | N/A   | -18.6   |
|                | 1992 | N/A             | -4.9   | N/A    | -3.5     | N/A   | N/A    | -18.2   | N/A   | N/A     | N/A   | N/A    | N/A   | -16.0   |
| Total          | 1988 | 100             | 3.3    | 2.8    | 45.4     | 0.2   | 2.3    | 10.2    | 0.2   | 17.9    | 0.1   | 2.3    | 0.3   | 14.9    |
| investment     | 1989 | 100             | 3.0    | 2.5    | 45.5     | 0.1   | 3.0    | 9.4     | 0.3   | 18.4    | 0.1   | 2.7    | 0.3   | 14.9    |
| share (%)      |      |                 |        |        |          |       |        |         |       |         |       |        |       |         |

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

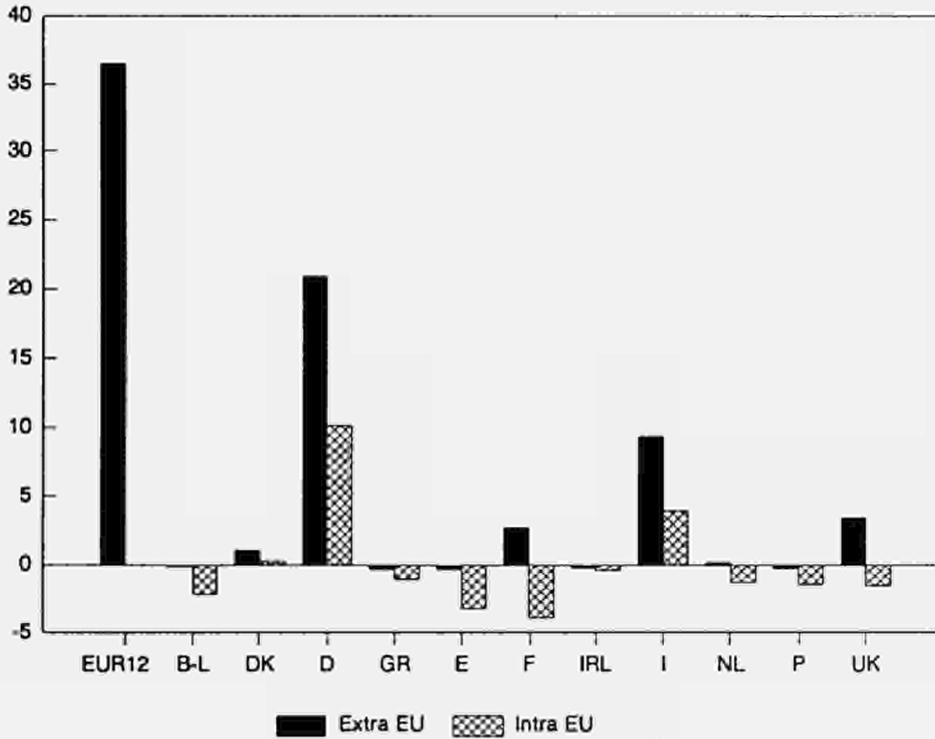
## Mechanical engineering (Nace 32)

### Employment, labour cost and productivity

|  |      | EUR 12  | B      | DK     | D       | GR    | E      | F      | IRL   | I       | L     | NL     | P     | UK     |
|--|------|---------|--------|--------|---------|-------|--------|--------|-------|---------|-------|--------|-------|--------|
| Labour cost<br>(mio ECU)                                   | 1989 | 62342.1 | 1387.2 | 1343.9 | 30963.2 | 56.8  | 1903.0 | 6537.4 | 116.2 | 9157.5  | 71.3  | 1709.2 | 122.5 | 8973.9 |
|  | 1990 | 67491.5 | 1451.4 | 1471.1 | 34262.4 | 57.7  | 2214.1 | 7113.1 | 126.9 | 9435.9  | 78.4  | 1868.3 | 133.4 | 9278.8 |
|  | 1991 | 71105.6 | 1279.8 | 1531.0 | 36369.4 | 54.3  | 2421.3 | 7621.2 | 132.1 | 10159.0 | 82.0  | 1997.2 | 149.5 | 9308.8 |
|  | 1992 | 71761.8 | 1263.8 | 1561.2 | 37508.6 | 63.4  | 2536.0 | 7115.6 | 148.1 | 10531.4 | 86.4  | 2150.1 | 170.5 | 8626.7 |
|  | 1993 | 70361.3 | N/A    | 1556.8 | 37830.3 | N/A   | 2179.6 | 7083.4 | 144.3 | 9760.3  | 89.2  | N/A    | 156.4 | 8089.5 |
| Labour cost<br>Δ%  | 1989 | 9.6     | 12.3   | 1.4    | 9.2     | 16.9  | 19.5   | 6.7    | 11.9  | 14.2    | -0.6  | 4.4    | 6.3   | 9.0    |
|  | 1990 | 8.3     | 4.6    | 9.5    | 10.7    | 1.6   | 16.3   | 8.8    | 9.2   | 3.0     | 10.0  | 9.3    | 8.9   | 3.4    |
|  | 1991 | 5.4     | -11.8  | 4.1    | 6.1     | -5.9  | 9.4    | 7.1    | 4.1   | 7.7     | 4.6   | 6.9    | 12.1  | 0.3    |
|  | 1992 | 0.9     | -1.3   | 2.0    | 3.1     | 16.8  | 4.7    | -6.6   | 12.1  | 3.7     | 5.4   | 7.7    | 14.0  | -7.3   |
|  | 1993 | -2.0    | N/A    | -0.3   | 0.9     | N/A   | -14.1  | -0.5   | -2.6  | -7.3    | 3.2   | N/A    | -8.3  | -6.2   |
| Number of<br>persons<br>employed                           | 1989 | 2358527 | 49951  | 52925  | 1046551 | 5016  | 101352 | 241564 | 6515  | 332861  | 2396  | 68423  | 17017 | 433956 |
|  | 1990 | 2403996 | 49600  | 53800  | 1092228 | 4892  | 105213 | 244977 | 6701  | 323626  | 2438  | 72569  | 16558 | 431394 |
|  | 1991 | 2358133 | 48115  | 54172  | 1102299 | 4207  | 100145 | 256188 | 6581  | 302568  | 2416  | 74409  | 15908 | 391125 |
|  | 1992 | 2223721 | 43687  | 53505  | 1062083 | 4591  | 95310  | 227407 | 6757  | 277078  | 2365  | 74613  | 15841 | 360484 |
|  | 1993 | 2068808 | N/A    | 49754  | 980496  | N/A   | 85226  | 216669 | 6493  | 253434  | 2253  | N/A    | 14447 | 340448 |
| Number of<br>persons<br>employed<br>Δ%                     | 1989 | 3.3     | 5.7    | 1.8    | 5.2     | -4.9  | 3.0    | 2.6    | 9.8   | 1.8     | -4.9  | 4.3    | -1.8  | 0.5    |
|  | 1990 | 1.9     | -0.7   | 1.7    | 4.4     | -2.5  | 3.8    | 1.4    | 2.9   | -2.8    | 1.8   | 6.1    | -2.7  | -0.6   |
|  | 1991 | -1.9    | -3.0   | 0.7    | 0.9     | -14.0 | -4.8   | 4.6    | -1.8  | -6.5    | -0.9  | 2.5    | -3.9  | -9.3   |
|  | 1992 | -5.7    | -9.2   | -1.2   | -3.6    | 9.1   | -4.8   | -11.2  | 2.7   | -8.4    | -2.1  | 0.3    | -0.4  | -7.8   |
|  | 1993 | -7.0    | N/A    | -7.0   | -7.7    | N/A   | -10.6  | -4.7   | -3.9  | -8.5    | -4.7  | N/A    | -8.8  | -5.6   |
| Number of<br>persons<br>employed<br>share (%)              | 1989 | 100     | 2.1    | 2.2    | 44.4    | 0.2   | 4.3    | 10.2   | 0.3   | 14.1    | 0.1   | 2.9    | 0.7   | 18.4   |
|  | 1990 | 100     | 2.1    | 2.2    | 45.4    | 0.2   | 4.4    | 10.2   | 0.3   | 13.5    | 0.1   | 3.0    | 0.7   | 17.9   |
|  | 1991 | 100     | 2.0    | 2.3    | 46.7    | 0.2   | 4.2    | 10.9   | 0.3   | 12.8    | 0.1   | 3.2    | 0.7   | 16.6   |
|  | 1992 | 100     | 2.0    | 2.4    | 47.8    | 0.2   | 4.3    | 10.2   | 0.3   | 12.5    | 0.1   | 3.4    | 0.7   | 16.2   |
|  | 1993 | 100     | N/A    | 2.4    | 47.4    | N/A   | 4.1    | 10.5   | 0.3   | 12.3    | 0.1   | N/A    | 0.7   | 16.5   |
| Average<br>labour<br>unit cost<br>(1000 ECU<br>per capita) | 1989 | 26.4    | 27.8   | 25.4   | 29.6    | 11.3  | 18.8   | 27.1   | 17.8  | 27.5    | 29.8  | 25.0   | 7.2   | 20.7   |
|  | 1990 | 28.1    | 29.3   | 27.3   | 31.4    | 11.8  | 21.0   | 29.0   | 18.9  | 29.2    | 32.2  | 25.7   | 8.1   | 21.5   |
|  | 1991 | 30.2    | 26.6   | 28.3   | 33.0    | 12.9  | 24.2   | 29.7   | 20.1  | 33.6    | 33.9  | 26.8   | 9.4   | 23.8   |
|  | 1992 | 32.3    | 28.9   | 29.2   | 35.3    | 13.8  | 26.6   | 31.3   | 21.9  | 38.0    | 36.5  | 28.8   | 10.8  | 23.9   |
|  | 1993 | 34.0    | N/A    | 31.3   | 38.6    | N/A   | 25.6   | 32.7   | 22.2  | 38.5    | 39.6  | N/A    | 10.8  | 23.8   |
| Average<br>labour<br>unit cost<br>Δ%                       | 1989 | 6.1     | 6.3    | -0.3   | 3.8     | 22.9  | 16.0   | 4.0    | 2.0   | 12.2    | 4.5   | 0.0    | 8.3   | 8.5    |
|  | 1990 | 6.2     | 5.4    | 7.7    | 6.0     | 4.2   | 12.1   | 7.3    | 6.2   | 6.0     | 8.1   | 3.1    | 11.9  | 4.0    |
|  | 1991 | 7.4     | -9.1   | 3.4    | 5.2     | 9.4   | 14.9   | 2.5    | 6.0   | 15.2    | 5.5   | 4.3    | 16.6  | 10.7   |
|  | 1992 | 7.0     | 8.8    | 3.2    | 7.0     | 7.0   | 10.1   | 5.2    | 9.2   | 13.2    | 7.6   | 7.4    | 14.5  | 0.5    |
|  | 1993 | 5.4     | N/A    | 7.2    | 9.3     | N/A   | -3.9   | 4.5    | 1.4   | 1.3     | 8.4   | N/A    | 0.6   | -0.7   |
| Productivity<br>Δ%   | 1989 | 3.1     | 5.0    | -2.7   | 2.0     | 17.2  | 10.1   | -1.6   | -4.4  | -0.3    | 5.7   | 1.8    | N/A   | 10.3   |
|  | 1990 | 0.0     | 11.2   | 2.1    | 2.6     | 12.1  | -0.4   | 0.6    | -13.9 | 2.9     | 5.6   | -2.1   | N/A   | -8.4   |
|  | 1991 | -3.0    | -4.9   | 1.7    | -4.5    | 3.1   | -0.8   | 1.9    | 1.0   | -4.3    | 6.9   | 0.0    | N/A   | -3.1   |
|  | 1992 | -0.3    | 1.3    | 2.0    | -1.4    | -11.9 | -3.8   | 1.2    | -8.7  | 0.0     | -12.0 | -2.9   | N/A   | 3.9    |
|  | 1993 | 0.3     | N/A    | -3.0   | -3.8    | N/A   | 0.4    | 1.2    | 2.9   | 9.7     | 5.1   | N/A    | N/A   | 4.1    |

Source: Eurostat, DEBA (estimates in bold)

**Trade balance (Nace 32)**  
1992 (mrd ECU)



EU trade performance in the mechanical engineering sector has been consistently good. The industry remains one of the major successes in terms of export performance. The trade surplus recorded by the sector increased in 1992 by over one billion ECU to 36.5 billion ECU. During the mid to late eighties demand outstripped supply and there was a downturn in trade performance (as extra imports were sucked into the European economy). However, since 1990, with a slowdown in growth of the market, there has been a corresponding slowdown in the growth of extra-EU imports of mechanical engineering goods (rising from 31.5 billion ECU in 1990 to 32.4 billion ECU in 1992). There has been a similar evolution of exports from the Community to third countries, with strong growth (from 55.9 billion ECU in 1985 to 68.4 billion ECU in 1990), followed

by a considerable slowdown of growth in export markets with only marginal gains of 0.5 billion ECU in the following two years.

The cover ratio for the Community has declined from levels seen in the mid-eighties (2.94 in 1985) to 2.13 in 1992. The import penetration ratio of the sector has grown from 15.4% in 1985 to 18.0% in 1992. The largest share of EU markets is held by the EFTA countries, accounting for 39.6% of all imports into the Community in 1992, followed by the United States (29.1%) and Japan (17.7%). As regards the destination of EU exports in 1992, the largest percentage went to the EFTA countries (18.6% of the total), followed by the United States (16.7%), Iran (3.9%), China (3.3%) and Japan (with only 2.9%). Extra-EU exports account for around thirty per cent of all Community production.

At an individual country level, the German surplus in 1992 was equal to 31.3 billion ECU, down somewhat on the figure for 1990 of 35.0 billion ECU. Of the other Member States, Italy recorded a large surplus (equal to 13.2 billion ECU in 1992). Otherwise, trade performance ranged between the 2.1 billion ECU surplus seen in the United Kingdom and the 3.4 billion ECU deficit seen in Spain.

The sectors with the largest surpluses in 1992 were the food and chemical machinery sector (5.9 billion ECU), the textile machinery sector (4.1 billion ECU) and the building, iron and steel and mining machinery sector (5.1 billion ECU). Expanding surpluses were seen in the two former sectors, whilst the latter has displayed a declining surplus since 1985, as have the agricultural machinery and the machine tools sectors.

## Mechanical engineering (Nace 32)

### External trade indicators

|                  |  |      | EUR 12   | B/L     | DK     | D       | GR      | E       | F       | IRL    | I       | NL      | P       | UK      |
|------------------|--|------|----------|---------|--------|---------|---------|---------|---------|--------|---------|---------|---------|---------|
| Exports          | Total trade<br>(mio ECU)                 | 1988 | 105405.3 | 4036.4  | 2867.8 | 45374.4 | 50.3    | 2432.5  | 11896.4 | 716.0  | 17755.0 | 5499.7  | 275.0   | 14501.3 |
|                  |  | 1989 | 121740.9 | 4858.4  | 3285.1 | 51421.3 | 86.4    | 2969.1  | 14049.1 | 781.0  | 21730.8 | 6299.9  | 328.5   | 15931.0 |
|                  |  | 1990 | 129835.0 | 5240.8  | 3576.7 | 54132.0 | 103.1   | 3374.0  | 15632.9 | 765.1  | 22945.6 | 6814.5  | 393.5   | 16856.3 |
|                  |  | 1991 | 129882.5 | 4885.0  | 3575.6 | 54496.7 | 124.8   | 3504.9  | 15739.9 | 752.2  | 23497.7 | 6910.9  | 422.5   | 15972.3 |
|                  |  | 1992 | 129903.6 | 5119.0  | 3794.2 | 54351.6 | 114.8   | 3559.5  | 16264.1 | 715.5  | 23036.2 | 6889.7  | 434.8   | 15624.2 |
|                  | Extra-EU trade<br>(mio ECU)              | 1988 | 56599.6  | 1436.2  | 1593.0 | 25756.4 | 30.7    | 1130.2  | 6130.9  | 236.0  | 9480.8  | 1975.0  | 117.5   | 8712.3  |
|                  |  | 1989 | 64607.4  | 1688.8  | 1799.6 | 29033.8 | 54.7    | 1383.4  | 7102.7  | 257.2  | 11664.9 | 2362.3  | 131.7   | 9127.7  |
|                  |  | 1990 | 68358.0  | 1780.3  | 1937.5 | 30976.1 | 64.0    | 1412.1  | 7862.6  | 250.7  | 11982.6 | 2412.9  | 141.7   | 9537.0  |
|                  |  | 1991 | 68388.1  | 1545.2  | 1789.5 | 31687.2 | 82.1    | 1506.0  | 7772.1  | 232.0  | 12335.9 | 2404.5  | 150.3   | 8883.4  |
|                  |  | 1992 | 68946.3  | 1582.7  | 1891.5 | 31764.4 | 80.1    | 1585.0  | 7974.0  | 186.1  | 12452.6 | 2439.4  | 156.6   | 8833.7  |
|                  | Extra-EU trade<br>% share EU             | 1988 | 100      | 2.5     | 2.8    | 45.5    | 0.1     | 2.0     | 10.8    | 0.4    | 16.8    | 3.5     | 0.2     | 15.4    |
|                  |  | 1989 | 100      | 2.6     | 2.8    | 44.9    | 0.1     | 2.1     | 11.0    | 0.4    | 18.1    | 3.7     | 0.2     | 14.1    |
|                  |  | 1990 | 100      | 2.6     | 2.8    | 45.3    | 0.1     | 2.1     | 11.5    | 0.4    | 17.5    | 3.5     | 0.2     | 14.0    |
|                  |  | 1991 | 100      | 2.3     | 2.6    | 46.3    | 0.1     | 2.2     | 11.4    | 0.3    | 18.0    | 3.5     | 0.2     | 13.0    |
|                  |  | 1992 | 100      | 2.3     | 2.7    | 46.1    | 0.1     | 2.3     | 11.6    | 0.3    | 18.1    | 3.5     | 0.2     | 12.8    |
|                  | Intra-EU trade<br>% share<br>total trade | 1988 | 45.2     | 64.4    | 44.3   | 42.3    | 38.8    | 53.1    | 48.4    | 67.0   | 46.5    | 63.2    | 56.7    | 35.7    |
|                  |  | 1989 | 45.8     | 65.2    | 45.0   | 42.6    | 35.9    | 53.2    | 49.4    | 67.0   | 46.3    | 62.1    | 59.8    | 37.0    |
|                  |  | 1990 | 46.3     | 66.0    | 45.7   | 41.8    | 37.3    | 57.9    | 49.7    | 67.2   | 47.7    | 64.2    | 63.9    | 38.5    |
|                  |  | 1991 | 46.8     | 68.3    | 49.8   | 41.4    | 33.9    | 56.8    | 50.6    | 69.1   | 47.5    | 64.8    | 64.4    | 41.8    |
|                  |  | 1992 | 46.3     | 69.0    | 50.1   | 41.0    | 29.5    | 55.4    | 51.0    | 73.9   | 45.9    | 64.6    | 64.0    | 40.2    |
| Imports          | Total trade<br>(mio ECU)                 | 1988 | 72806.9  | 5431.5  | 2057.6 | 13347.2 | 977.8   | 5649.9  | 14383.3 | 1072.6 | 8135.2  | 6359.1  | 1892.3  | 13500.0 |
|                  |  | 1989 | 84582.9  | 6436.6  | 2230.3 | 16036.7 | 1375.9  | 6676.8  | 16399.9 | 1252.9 | 9385.2  | 7315.8  | 2076.1  | 15396.2 |
|                  |  | 1990 | 92070.2  | 7335.6  | 2505.0 | 19155.2 | 1372.6  | 7287.9  | 18371.5 | 1296.0 | 10199.3 | 7694.9  | 2248.4  | 14603.4 |
|                  |  | 1991 | 94698.6  | 7351.6  | 2445.1 | 22794.0 | 1342.7  | 7337.9  | 18221.1 | 1263.4 | 10249.4 | 7991.7  | 2194.6  | 13507.0 |
|                  |  | 1992 | 93536.0  | 7376.0  | 2404.3 | 23016.1 | 1450.5  | 6984.5  | 17394.5 | 1295.4 | 9855.6  | 8051.7  | 2170.5  | 13536.9 |
|                  | Extra-EU trade<br>(mio ECU)              | 1988 | 24521.0  | 1258.4  | 668.9  | 6658.7  | 299.3   | 1455.7  | 4084.7  | 328.2  | 2390.8  | 1770.6  | 420.4   | 5185.0  |
|                  |  | 1989 | 28973.8  | 1613.0  | 746.4  | 8049.1  | 426.6   | 1717.3  | 4499.1  | 350.5  | 2864.9  | 2248.0  | 416.4   | 6041.7  |
|                  |  | 1990 | 31533.2  | 1725.7  | 807.8  | 9392.5  | 348.2   | 1890.4  | 5538.4  | 351.7  | 3172.8  | 2117.8  | 437.0   | 5750.4  |
|                  |  | 1991 | 32966.0  | 1732.2  | 808.6  | 10988.0 | 359.8   | 1896.9  | 5526.4  | 372.9  | 3139.2  | 2304.9  | 435.3   | 5401.9  |
|                  |  | 1992 | 32403.3  | 1660.4  | 778.6  | 10873.7 | 383.8   | 1852.0  | 5220.6  | 376.4  | 3117.6  | 2310.8  | 416.1   | 5413.3  |
|                  | Extra-EU trade<br>% share EU             | 1988 | 100      | 5.1     | 2.7    | 27.2    | 1.2     | 5.9     | 16.7    | 1.3    | 9.8     | 7.2     | 1.7     | 21.1    |
|                  |  | 1989 | 100      | 5.6     | 2.6    | 27.8    | 1.5     | 5.9     | 15.5    | 1.2    | 9.9     | 7.8     | 1.4     | 20.9    |
|                  |  | 1990 | 100      | 5.5     | 2.6    | 29.8    | 1.1     | 6.0     | 17.6    | 1.1    | 10.1    | 6.7     | 1.4     | 18.2    |
|                  |  | 1991 | 100      | 5.3     | 2.5    | 33.3    | 1.1     | 5.8     | 16.8    | 1.1    | 9.5     | 7.0     | 1.3     | 16.4    |
|                  |  | 1992 | 100      | 5.1     | 2.4    | 33.6    | 1.2     | 5.7     | 16.1    | 1.2    | 9.6     | 7.1     | 1.3     | 16.7    |
|                  | Intra-EU trade<br>% share<br>total trade | 1988 | 65.7     | 76.6    | 67.5   | 50.1    | 69.4    | 74.2    | 71.5    | 69.4   | 69.7    | 72.0    | 77.7    | 59.1    |
|                  |  | 1989 | 65.2     | 74.9    | 66.5   | 49.8    | 69.0    | 74.3    | 72.5    | 72.0   | 68.7    | 69.1    | 79.9    | 58.4    |
|                  |  | 1990 | 65.3     | 76.4    | 67.7   | 51.0    | 74.6    | 74.0    | 69.8    | 72.8   | 68.1    | 72.3    | 80.5    | 58.3    |
|                  |  | 1991 | 64.7     | 76.4    | 66.9   | 51.8    | 73.2    | 74.1    | 69.6    | 70.5   | 68.6    | 71.0    | 80.1    | 57.3    |
|                  |  | 1992 | 64.8     | 77.2    | 67.6   | 52.7    | 73.5    | 73.5    | 69.9    | 71.0   | 67.5    | 71.3    | 80.8    | 57.4    |
| Trade<br>balance | Total trade<br>(mio ECU)                 | 1988 | 32598.4  | -1395.1 | 810.2  | 32027.2 | -927.5  | -3217.4 | -2486.9 | -356.6 | 9619.8  | -859.4  | -1617.3 | 1001.3  |
|                  |  | 1989 | 37158.0  | -1578.2 | 1054.8 | 35384.6 | -1289.5 | -3707.7 | -2350.8 | -471.9 | 12345.6 | -1015.9 | -1747.6 | 534.8   |
|                  |  | 1990 | 37764.8  | -2094.8 | 1071.7 | 34976.8 | -1269.5 | -3913.9 | -2738.6 | -530.9 | 12746.3 | -880.4  | -1854.9 | 2252.9  |
|                  |  | 1991 | 35183.9  | -2466.6 | 1130.5 | 31702.7 | -1217.9 | -3833.0 | -2481.2 | -511.2 | 13248.3 | -1080.8 | -1772.1 | 2465.3  |
|                  |  | 1992 | 36367.6  | -2257.0 | 1389.9 | 31335.5 | -1335.7 | -3425.0 | -1130.4 | -579.9 | 13180.6 | -1162.0 | -1735.7 | 2087.3  |

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. 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 EU 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: 02/03/04.93 (Partner: Extra-EU)

Index of production : 08/09/10.93; IRL, NL, P: 06/07/08.93; B, L: 07/08/09.93

Producer Price Index: 06/07/08.93

Growth rate moving average: change in % for three months compared with previous three months (seasonally adjusted). Producer price index three months ending 09.93; Index of production: 11.93

Δ: growth rate







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