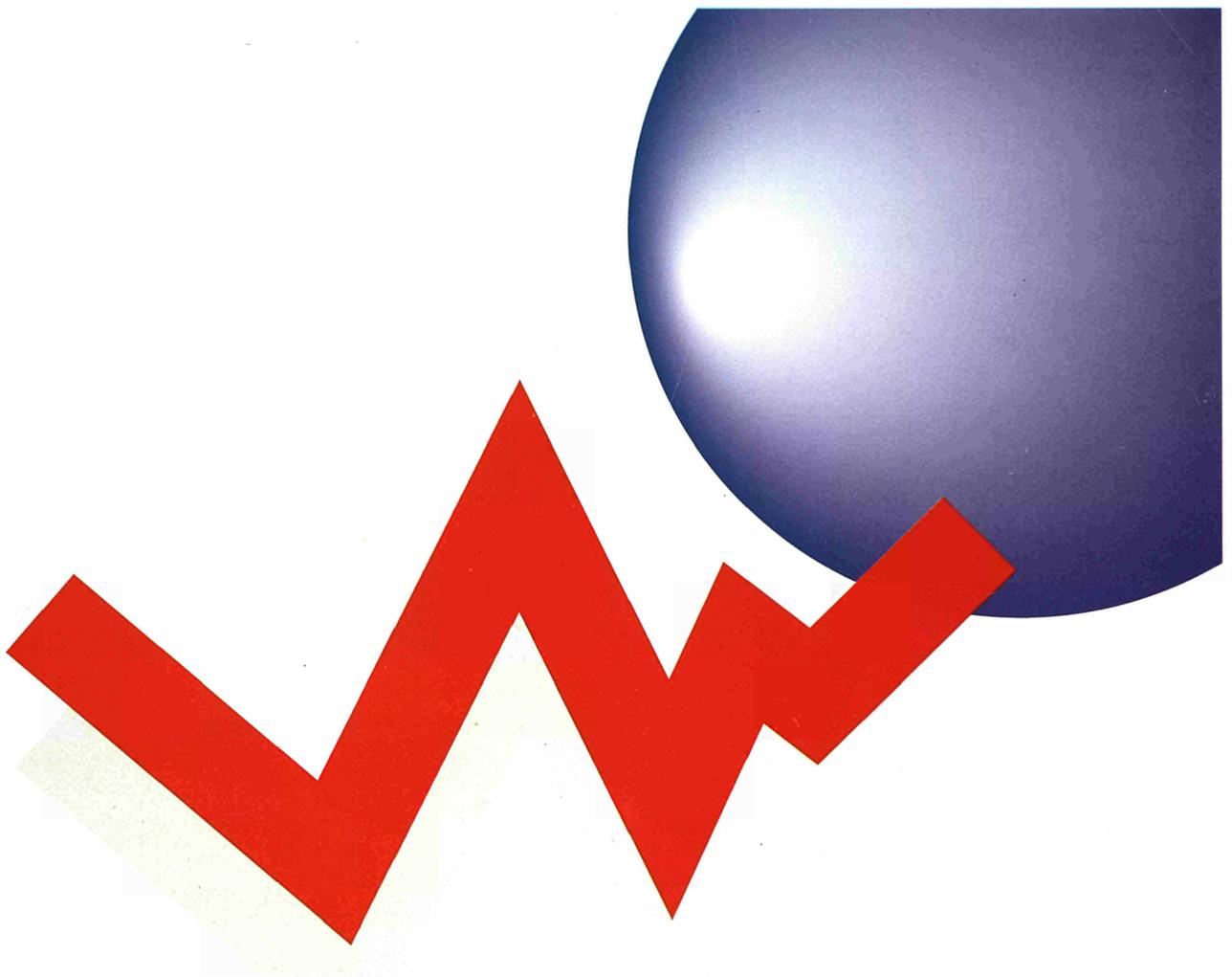


Panorama of EU industry

Short-term supplement
latest information on EU industry

bimonthly

3/1995





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DE EUROPÆISKE FÆLLESSKABERS STATISTISKE KONTOR
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ΣΤΑΤΙΣΤΙΚΗ ΥΠΗΡΕΣΙΑ ΤΩΝ ΕΥΡΩΠΑΪΚΩΝ ΚΟΙΝΟΤΗΤΩΝ
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Energy and industry
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Short-term statistics

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In spite of European industrial production growing fast in the last quarter of 1994 (growth between the third and fourth quarters equalled 1.3% for the EU, compared with 1.1% for the USA and 0.9% for Japan), surveys of business confidence in March showed a deterioration in some Member States. This may have been prompted by the instability of the foreign exchange markets in the first quarter, when several European currencies and the US dollar fell to record lows against the DM and Yen. Manufacturers in strong currency countries face severe pressure on export prices, whilst those in weak currency countries see rising inflation due to higher import prices.

In this issue, there are special articles on

- ★ the electrical engineering industry
- ★ the clothing industry
- ★ Austrian industry

The electrical engineering industry covers a wide range of products: consumer goods such as TVs and refrigerators; intermediate goods such as insulated wires, and capital goods such as electrical machinery and telecoms equipment. Last year was a year of recovery with rising order books and improved capacity utilisation. The industry faces fierce competition from abroad. Imports accounted for 23.8% of apparent consumption, up from 21.3% in 1993. The industry continued to shed labour in 1994 in a bid to improve productivity and contain unit labour costs.

The European clothing industry is also exposed to strong foreign competition. In 1994, 34.1% of apparent consumption was supplied by imports. Italy and Portugal are the only two EU countries which run consistent extra-EU trade surpluses in clothing. Italy and Germany are the largest producers in the EU. However the volume of Germany's production fell by nearly 13% in 1994. Nevertheless, total Community production rose 1.5% in 1994. In contrast, employment continued to decline, with the 1994 level some 17% below that of 1990.

The final article is the first of three planned on industry on the new Member States. In this issue, we look at Austria. With a population of 7.9 million, Austria is one of the smaller EU countries, but with a well developed industrial sector. Its largest industries are electrical engineering, the food industry, mechanical engineering, metal products, furniture, and transport equipment. Of the largest 125 Austrian enterprises in manufacturing and services, some 35% are owned by multinationals, 35% are large private sector national enterprises, and the remaining 30% are state owned. Even before entry, two thirds of external trade was already carried out with the Community, the largest partner being, of course, its neighbour Germany (with 43.5% of trade).

Photis Nanopoulos, Director

BUSINESS AND ENERGY STATISTICS, R & D, AND STATISTICAL METHODS

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The supplement appears six times during the course of the year.

The Panorama of EU Industry provides users of enterprise statistics each year with a complete and detailed publication on the state of and main trends in industry and services.

The Panorama Short-term Supplement has a simple objective: to furnish readers of the annual Panorama with an instrument which will allow them to follow the evolution of industrial short-term trends and also show the structure and activity of industry at the sectorial level.

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In coming issues:
Non-metallic mineral products
Paper and publishing
Country profile: Sweden

IN BRIEF....

- ★ **WORLD TRADE IN GOODS GREW BY 9% IN 1994**
- ★ **RETURN TO GROWTH IN SWEDEN AND FINLAND IN 1994, DUE TO STRONG EXPORT PERFORMANCE**
- ★ **FRENCH GOVERNMENT FORECAST GDP INCREASE OF 3.3% FOR 1995**
- ★ **EU CONSUMER PRICES INCREASED BY 3.3% (ANNUAL RATE) TO MARCH 1995**
- ★ **EU UNEMPLOYMENT REMAINED AT 11% IN FEBRUARY 1995**
- ★ **DOLLAR-YEN CURRENCY CRISIS, WITH DOLLAR FALLING TO RECORD LOWS**
- ★ **GROWTH IN THE JAPANESE ECONOMY IN 1995 WAS EXPECTED TO BE HELD BACK BY THE HIGH VALUE OF THE YEN.**

The economic climate continued to improve in the majority of Member States. Latest data showed that the EU economy grew by 0.9% in the third quarter of 1994 compared to the second quarter. This gave rise to year-on-year growth of 2.3% in the first nine months of 1994. Nevertheless, there was some concern that economic growth was slowing in both the United States and some of the Member States. This was reflected in the latest survey on business and consumer confidence for the Commission, where it was reported that business confidence in March dropped marginally.

Other economic institutions continued to make positive forecasts for economic growth in the coming years. The World Bank stated in mid-April that they thought there would be a decade of economic growth for the developing countries. They forecast growth of 3 per cent in the industrialised countries and nearly six per cent in the developing countries. Growth in the Asian economies was forecast to continue in 1995/96, following an increase of 8.2% in 1994. The Asian Development Bank gave a buoyant account of trends for the coming two years, whilst stressing the importance of minimising inflation.

Fundamental behind the increase in economic activity has been a resurgence in trade. World trade in goods rose by 9 per cent in 1994, more than twice its growth in 1993 according to the WTO. The growth in trade was far above that of output, which recorded a 3.5% gain. The two regions where trade was seen to be expanding at the quickest rate were Latin America and Eastern Europe (with both imports and exports up by between fifteen and twenty per cent). Furthermore, the UN Economic Commission for Europe stated that GDP in Eastern Europe rose by 4 per cent in 1994 (excluding the former Soviet Union).

Prospects for economic growth in the Member States remained positive: for example, the French government increased their forecast for GDP growth to 3.3% for 1995 (spring 1995 statement). This buoyant mood was also shared by the new Member States, where Swedish GNP growth was equal to 2.2% in 1994, following three years of contraction. The Swedish current account surplus reached 4.1 billion Kr in March 1995, with a higher trade surplus largely responsible for the

MACRO-
ECONOMY

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FIGURE 1.1

INTERNATIONAL
COMPARISON OF
ANNUAL GROWTH
RATES FOR
INDUSTRIAL
PRODUCTION
(%)

SOURCE:  eurostat

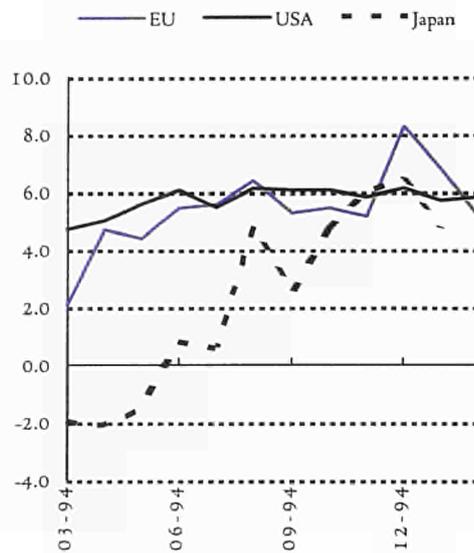


FIGURE 1.2

INTERNATIONAL
COMPARISON OF
ANNUAL GROWTH
RATES FOR
CONSUMER PRICES
(%)

SOURCE:  eurostat

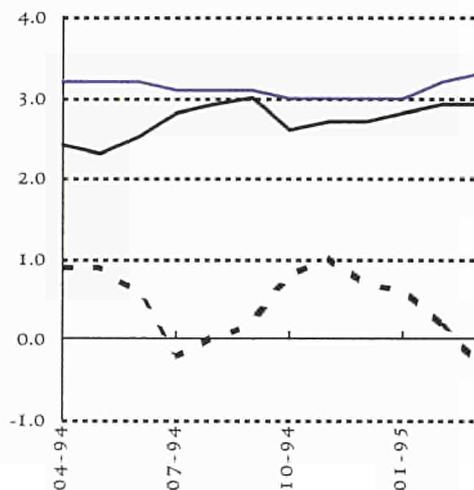
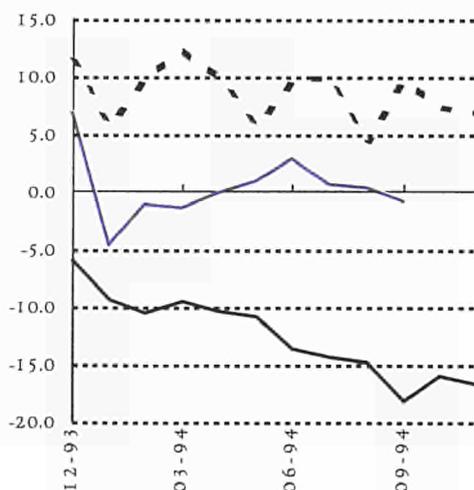


FIGURE 1.3

INTERNATIONAL
COMPARISON OF
MONTHLY TRADE
BALANCE
(BILLION ECU)

SOURCE:  eurostat



improvement in the figures. Much the same scenario was observed in Finland, where the recovery in the Finnish economy was largely exported. In the third quarter of 1994, Finland reported the highest growth of the EU Member States.

As for other general economic indicators, industrial production continued to grow at a fast pace in Europe to the end of 1994. Its growth rate between the third and fourth quarters equalled 1.3%, compared to 1.1% in the USA and 0.9% in Japan (over the same period). French industrial production declined slightly in the first three months of 1995 - although manufacturing goods did continue to expand. Production in Italy grew by 7.3% in February 1995 (at an annual rate) due largely to gains in the transport and precision machinery sectors.

There was an upswing in the consumer price index for EUR15, rising to an annual rate of 3.3% in March 1995. Inflationary pressure remained almost non-existent in Japan (0.2% annual rate to February 1995), and declined somewhat in the USA (the annual inflation rate being equal to 2.5% - again for February 1995). Consumer prices rose by 1.7% on the year to February 1995 in France. German producer prices rose by 1.8% at an annual rate in February 1994 - with little inflationary pressure so far evident. The Deutschmark remained strong in currency markets, increasing in value against the other European currencies. German money supply (as measured by M3) rose by 3.7% on an annual basis to February 1995. At the end of March 1995 the Bundesbank cut interest rates for the first time since the summer of 1994. It lowered the discount rate to 4 per cent and the repo rate to 4.5 per cent. The Lombard rate remained unchanged.

The Spanish consumer price index rose to an annual rate of 5.1% in March 1995, an upward swing in the figures, to the highest rate for more than two years. Increases in food prices were blamed for the rise and were expected to continue due to the drought. In addition, the increase was attributed to the increase in indirect taxation (VAT rise).

There was increased pressure on prices in the Italian economy: wholesale prices in Italy in January 1995 rose by six per cent compared to January 1994 figures, whilst, producer prices were up by 5.6% over the same period. Price growth displayed an upward trend from mid-1994 onwards. Consumer price inflation was running at 4.9% in March 1995 with the effects of the mini-budget (which included tax increases) and the lira's devaluation showing through. The weakness of sterling placed further upward pressure on raw materials costs in the United Kingdom, with some indications that the rate of output growth was slowing considerably. Consumer spending and industrial production remained almost unchanged in the first three months of 1995. Industrial output was down by 0.3 per cent in the three months to February 1995 compared to the three previous months. Nevertheless, data in late April showed that the UK economy expanded by 0.8% in the first quarter of 1995 (contrary to most predictions). EU unemployment was at 11 per cent in February 1995 (unchanged when compared to a year before). Unemployment in the USA fell to 5.4% in February 1995 - a reduction of 0.3 percentage points. The German unemployment rate stood at 8.9 per cent in February 1995, with the number of unemployed falling marginally - nevertheless, unemployment in former East Germany increased to some 17.3%. French unemployment fell for the sixth month in succession to some 3.29 million persons (or 12.3% of the workforce) in March 1995. Italian unemployment rose to 12.1% of the workforce - it was quite disproportionately spread over the country, with youth unemployment at around fifty per cent in the south of Italy. In the United Kingdom the reduction in the unemployment rate continued, albeit at a rate slower than that seen in previous months. Nevertheless, the unemployment rate attained its lowest level for four years - despite the fact that fewer new vacancies were being created. Unemployment in Sweden remained unchanged in March 1994 at 7.6%, whereas in Finland it was very high, at some 19.7% of the workforce in February 1995. One of the major economic event of the last few

	EUR12	USA	JAPAN
03-94	2.1	4.7	-1.9
04-94	4.7	5.0	-2.0
05-94	4.4	5.6	-1.5
06-94	5.5	6.1	0.8
07-94	5.6	5.4	0.6
08-94	6.4	6.1	4.8
09-94	5.3	6.1	2.5
10-94	5.5	6.0	4.7
11-94	5.2	5.8	6.0
12-94	8.3	6.1	6.5
01-95	6.8	5.7	4.7
02-95	5.2	5.8	N/A

TABLE I.1

INTERNATIONAL
COMPARISON OF
ANNUAL GROWTH
RATES FOR
INDUSTRIAL
PRODUCTION
(%)

SOURCE:  eurostat

	EUR12	USA	JAPAN
04-94	3.2	2.4	0.9
05-94	3.2	2.3	0.9
06-94	3.2	2.5	0.6
07-94	3.1	2.8	-0.2
08-94	3.1	2.9	0.0
09-94	3.1	3.0	0.2
10-94	3.0	2.6	0.8
11-94	3.0	2.7	1.0
12-94	3.0	2.7	0.7
01-95	3.0	2.8	0.6
02-95	3.2	2.9	0.2
03-95	3.3	2.9	-0.3

TABLE I.2

INTERNATIONAL
COMPARISON OF
ANNUAL GROWTH
RATES FOR
CONSUMER PRICES
(%)

SOURCE:  eurostat

	EUR12	USA	JAPAN
12-93	6.9	-6.0	11.5
01-94	-4.6	-9.4	5.4
02-94	-1.0	-10.5	9.8
03-94	-1.3	-9.5	12.2
04-94	0.1	-10.5	9.8
05-94	1.0	-10.9	5.6
06-94	3.0	-13.7	9.6
07-94	0.8	-14.4	10.1
08-94	0.4	-14.9	4.2
09-94	-0.8	-18.3	9.7
10-94	N/A	-16.1	7.4
11-94	N/A	-16.7	6.9

TABLE I.3

INTERNATIONAL
COMPARISON OF
MONTHLY TRADE
BALANCE
(BILLION ECU)

SOURCE:  eurostat

months was undoubtedly the currency crisis in foreign exchange markets. Much of the speculation surrounded the dollar-yen exchange rate, which fell to record lows of below eighty yen to the dollar.

Much debate in the United States was centred on whether the economy was slowing down or not - and how interest rate policy should be manipulated with regard to its effects on growth and the exchange rate. There was some belief that the slowdown in the US economy was due to the high growth recorded at the end of 1994, and that spending would rebound later in 1995. GDP growth was equal to 5.1% in the fourth quarter of 1994. There was in addition a fall in the purchasing managers' index, whilst there was no change in the producer price index for March 1995 - annual growth equal to 1.6%, in contrast to increases in the previous two months. On the currency market, the pressure on the dollar and the decline in the exchange rate to new record lows in mid-April prompted no action from the American authorities. The Federal Reserve did however increase the discount rate on February 1st 1995 to 5.25%. The US trade gap shrank (in dollar terms) by 24.6% in February 1995. However, whilst improving with respect to Japan, the American trade balance with Mexico turned into a deficit (1.25 billion dollars in February 1995).

The Japanese government presented a package of public spending increases and tax cuts to boost the domestic economy and help cope with the strength of the yen. However, this package coupled with the discount rate reduction had little effect on the Yen-dollar exchange rate. Though Japanese industrial production rose by 5.1% in the twelve months to March 1995, as a marked recovery from the Kobe earthquake took place, a MITI survey of company executives showed that a majority expected output to decline from May onwards, due largely to the appreciation of the yen.

IN BRIEF....

- ★ INDUSTRIAL PRODUCTION CONTINUED TO GROW STRONGLY IN DENMARK IN FIRST TWO MONTHS OF 1995
- ★ IRELAND'S CAPITAL GOODS SECTOR ACHIEVED 22 PER CENT GROWTH IN LAST QUARTER OF 1994
- ★ AUSTRIA'S INDUSTRIAL OUTPUT WAS UP 11 PER CENT IN JANUARY COMPARED TO THE YEAR BEFORE
- ★ PRODUCER PRICE INFLATION INCREASED ACROSS THE EU IN THE THREE MONTHS TO JANUARY 1995
- ★ THE EU'S TRADE BALANCE IMPROVED SLIGHTLY IN THE THREE MONTHS TO NOVEMBER 1994

Individual growth rates of industrial production among Member States varied greatly as they entered 1995. The latest data for Denmark shows that its industrial sector maintained impressive growth rates into 1995, averaging 10.6 per cent in the three months to February. Ireland's industrial sector ended 1994 with a quarterly growth rate of 12.9 per cent compared to the same quarter one year before. Capital goods and intermediate goods were the fastest growing sectors with rates of 22.2 per cent and 17.1 per cent respectively. Austria saw its industrial production rise by 11 per cent in the first month of 1995 from a year before. However, production volume increased by an average of 1.7 per cent in the months November 1994 to January 1995 in the Netherlands and by 1.1 per cent in Greece.

Producer price inflation was still showing signs of acceleration at the start of 1995. All countries with data available for January 1995 experienced an increase in producer price inflation. The increases in quarter-to-quarter growth rates (December 1994 to February 1995 compared to the same quarter one year before) were highest in Spain, Denmark and the Netherlands. Spain's producer price inflation increased by 0.7 percentage points to 5.3 per cent in the quarter to February 1995. For the same period, Denmark saw its inflation rise by 0.8 percentage points, while in the Netherlands it increased by 1.0 percentage point.

The value of manufacturing industry products exported increased by an average of 2.6 per cent during the three months to November 1994. The value of imports increased by 1.8 per cent in the same period, leading to a marginal improvement in the balance of trade compared to the same quarter in 1993. This development at EU level was mirrored by seven of the Member States. In contrast, Greece, Denmark, the Netherlands and Portugal experienced a worsening of their balance of trade, though only Greece saw the value of its exports actually decrease (by 5.0 per cent). Four Member States, Spain, Ireland, Italy and the United Kingdom, experienced a decline in their terms of trade index of two per cent or more, compared to the same quarter in the previous year. This decline in the ratio of export prices to import prices was partly due to a decline in the value of their currencies vis-a-vis the ECU.

TOTAL
INDUSTRY

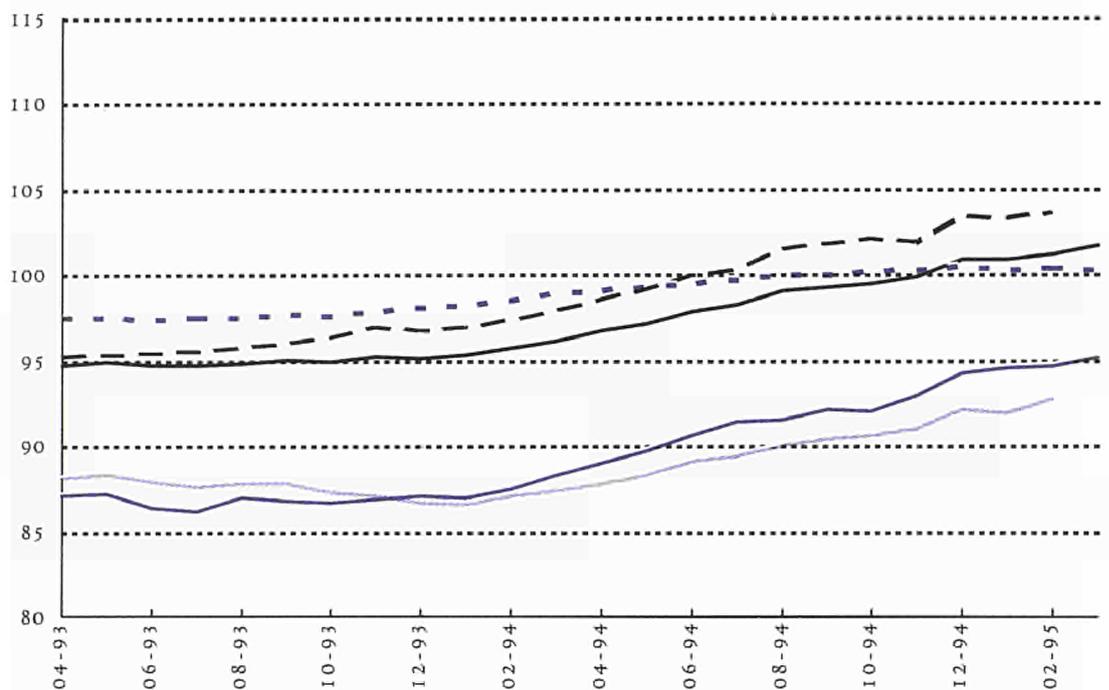
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FIGURE 2.1

EVOLUTION OF
EU PRODUCTION
INDEX BY
GOODS SECTOR
(1990=100)

— Total industry
- - Intermediate goods
— Capital goods
— Consumer durables
■ Consumer non-durables



SOURCE: eurostat

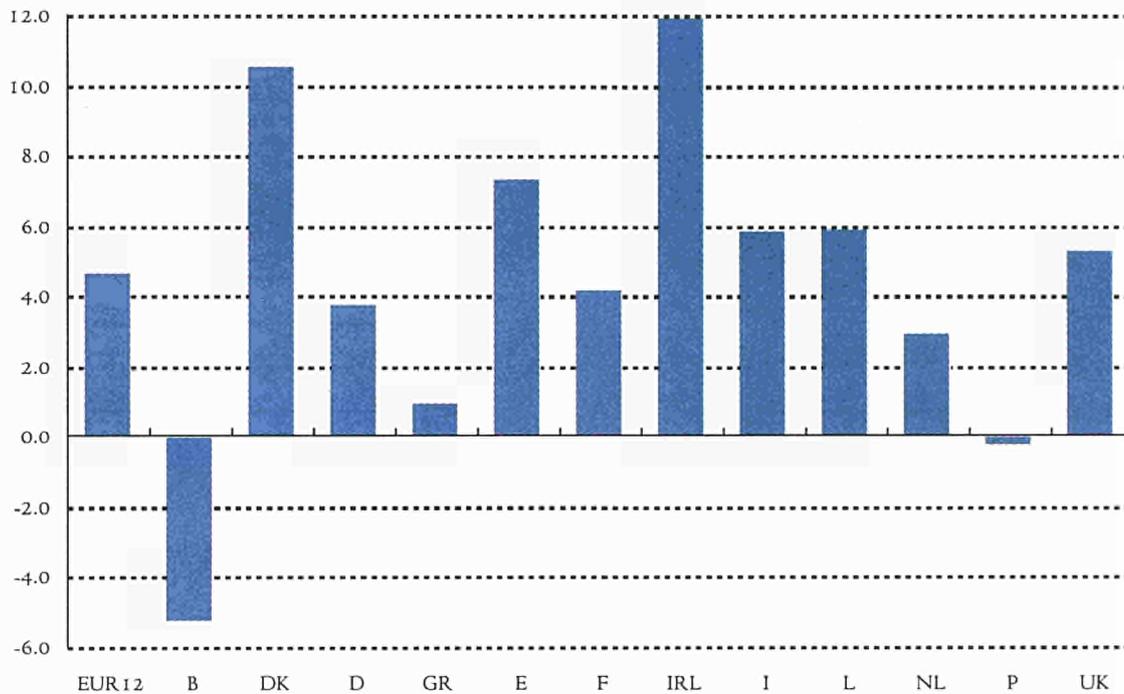
TABLE 2.1

QUARTERLY
PRODUCTION
INDEXES
(1990=100)

	Latest quarter available	Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR 12	12-94 ⇔ 02-95	101.1	103.6	92.8	94.8	100.5
Growth rate, t/t-4 (%)		6.0	6.5	6.4	8.2	1.9
B	07-94 ⇔ 09-94	94.2	93.7	92.4	92.9	95.0
Growth rate, t/t-4 (%)		0.3	1.2	0.4	-5.5	-4.6
DK	01-95 ⇔ 03-95	116.3	117.3	115.5	113.2	115.9
Growth rate, t/t-4 (%)		10.4	13.9	14.1	10.7	3.3
D	11-94 ⇔ 01-95	94.6	99.4	86.3	88.9	94.0
Growth rate, t/t-4 (%)		4.4	7.9	4.6	7.6	0.3
GR	12-94 ⇔ 02-95	95.8	94.9	94.8	87.4	100.9
Growth rate, t/t-4 (%)		0.8	4.2	-6.0	5.3	0.4
E	01-95 ⇔ 03-95	103.4	103.5	93.7	104.5	99.9
Growth rate, t/t-4 (%)		10.2	9.2	16.1	15.0	2.3
F	12-94 ⇔ 02-95	102.6	104.3	90.5	101.2	100.2
Growth rate, t/t-4 (%)		4.4	4.6	4.9	13.1	2.1
IRL	11-94 ⇔ 01-95	138.5	148.7	144.3	N/A	129.0
Growth rate, t/t-4 (%)		12.9	15.1	19.2	N/A	12.8
I	01-95 ⇔ 03-95	104.5	105.2	96.8	94.7	107.9
Growth rate, t/t-4 (%)		8.3	7.4	13.3	10.8	5.6
L	10-94 ⇔ 12-94	101.7	97.8	98.3	N/A	N/A
Growth rate, t/t-4 (%)		5.0	5.1	4.8	N/A	N/A
NL	01-95 ⇔ 03-95	104.0	106.3	101.8	98.0	102.1
Growth rate, t/t-4 (%)		3.4	3.9	5.9	-2.1	1.2
P	11-94 ⇔ 01-95	96.5	98.7	87.5	90.8	91.2
Growth rate, t/t-4 (%)		0.8	6.1	5.9	0.7	1.6
UK	01-95 ⇔ 03-95	104.8	109.9	97.8	101.5	97.9
Growth rate, t/t-4 (%)		4.7	5.8	4.5	6.6	-0.6

SOURCE: eurostat

FIGURE 2.2



ANNUAL GROWTH
RATE OF
TOTAL INDUSTRY
PRODUCTION
INDEX BY MEMBER
STATE (1)
(%)

(1) Growth rates are based on the latest annual data available for each country. Please see the table below for the year concerned.

SOURCE: eurostat

	Latest year available	Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR12	1994	99.3	101.6	90.5	92.4	100.3
Growth rate, t/t-1 (%)		4.7	5.7	3.3	6.5	2.5
B	1993	93.0	92.4	92.5	97.7	99.0
Growth rate, t/t-1 (%)		-5.2	-5.5	-0.2	-1.5	-4.0
DK	1994	111.1	110.2	108.0	108.1	114.5
Growth rate, t/t-1 (%)		10.5	14.0	11.8	10.3	6.7
D	1994	93.4	97.3	86.1	86.8	93.8
Growth rate, t/t-1 (%)		3.8	6.4	2.3	4.6	0.0
GR	1994	95.7	93.5	95.0	86.8	101.2
Growth rate, t/t-1 (%)		1.0	2.4	-7.6	5.1	0.7
E	1994	98.6	99.1	85.3	96.8	99.4
Growth rate, t/t-1 (%)		7.3	7.3	7.6	11.0	4.9
F	1994	99.9	102.5	87.0	97.5	99.8
Growth rate, t/t-1 (%)		4.2	4.0	1.7	9.0	1.9
IRL	1994	133.3	144.1	138.1	N/A	122.7
Growth rate, t/t-1 (%)		11.9	14.5	17.1	N/A	6.2
I	1994	101.3	102.0	91.8	91.7	107.1
Growth rate, t/t-1 (%)		5.8	5.1	4.4	7.9	5.2
L	1994	102.3	98.9	101.1	N/A	N/A
Growth rate, t/t-1 (%)		5.9	6.5	2.3	N/A	N/A
NL	1994	102.5	104.3	99.0	99.4	102.1
Growth rate, t/t-1 (%)		2.9	3.2	4.0	-0.9	2.3
P	1994	95.0	96.4	84.5	89.4	90.3
Growth rate, t/t-1 (%)		-0.2	3.2	0.4	-3.0	-1.2
UK	1994	103.3	107.5	97.0	99.1	99.5
Growth rate, t/t-1 (%)		5.3	6.4	4.4	7.5	2.1

TABLE 2.2

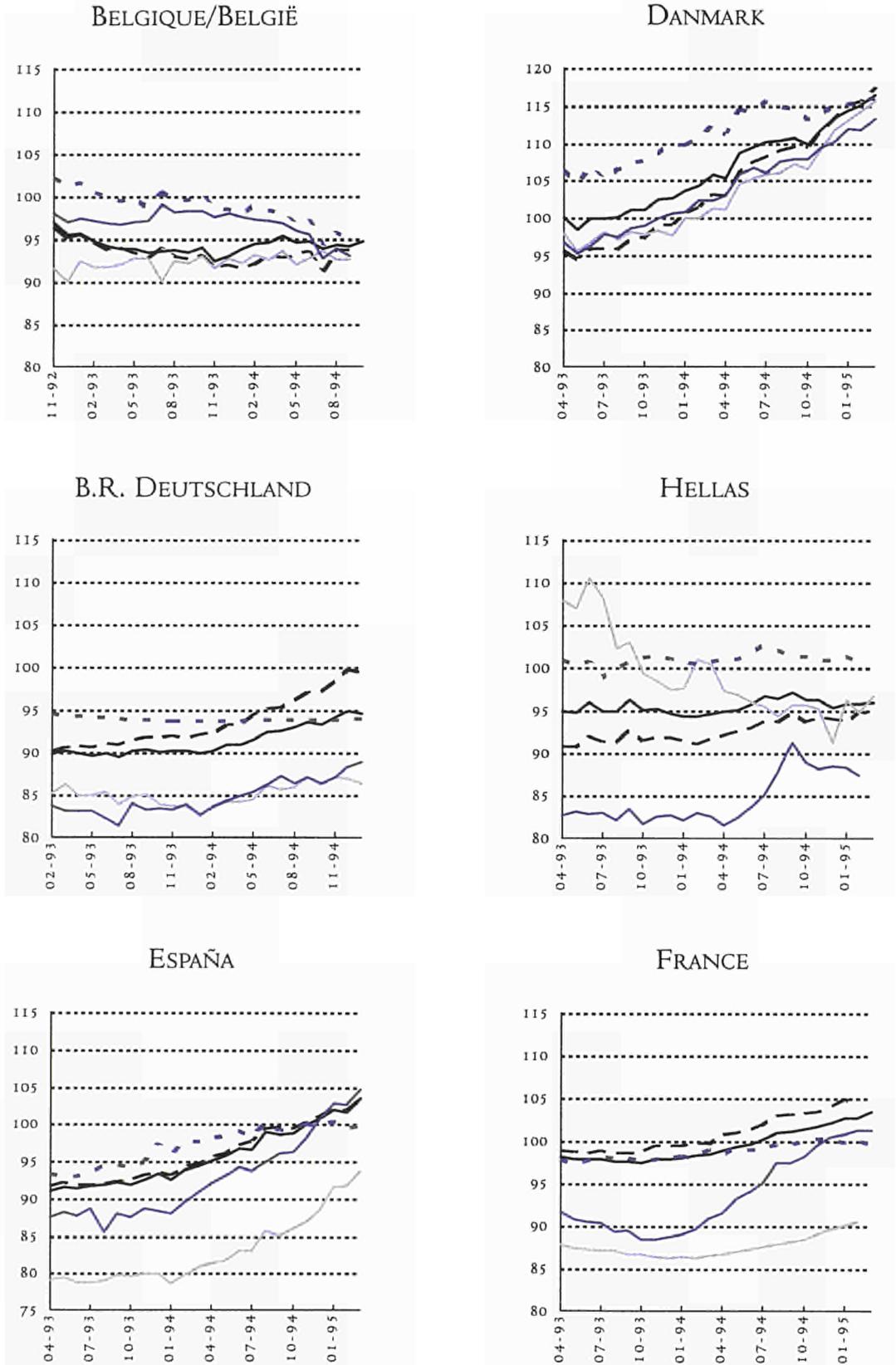
ANNUAL
PRODUCTION
INDEXES (1)
(1990=100)

(1) Annual growth rates are based on the latest annual data. Only when data to October is available will an annual estimate for the year be made.

SOURCE: eurostat

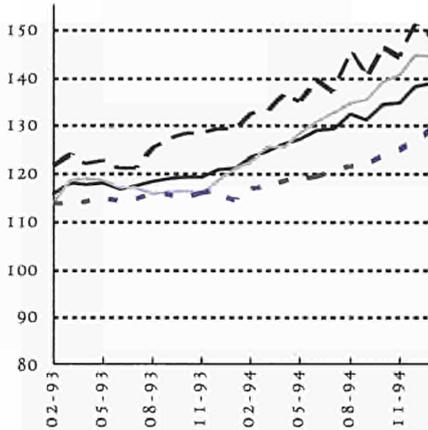
FIGURE 2.3

EVOLUTION OF
PRODUCTION
INDEX BY
GOODS SECTOR
(1990=100)



SOURCE: eurostat

IRELAND



ITALIA

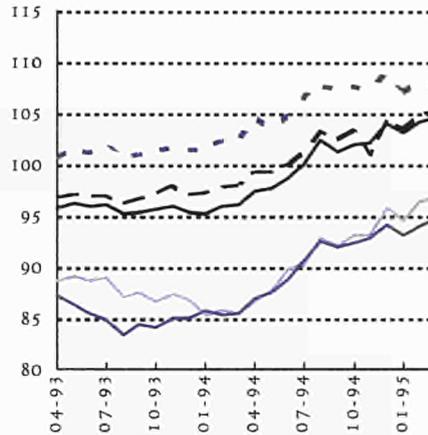
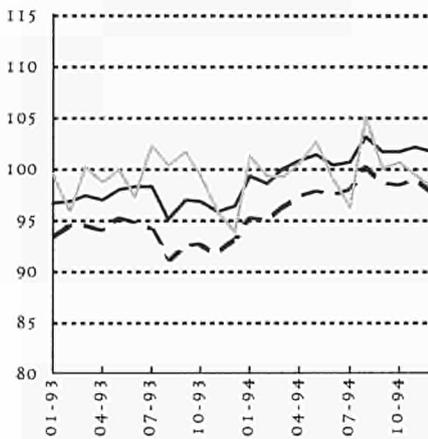


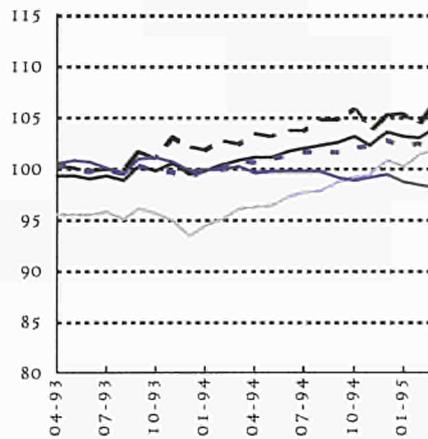
FIGURE 2.3

EVOLUTION OF
PRODUCTION
INDEX BY
GOODS SECTOR
(1990=100)

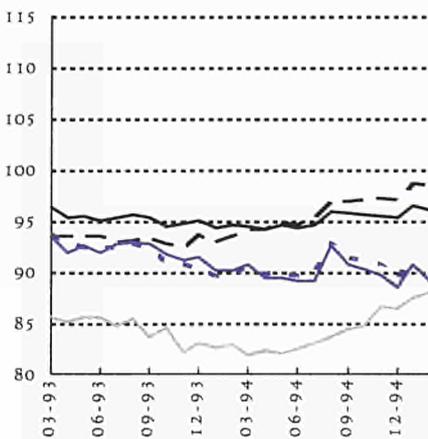
LUXEMBOURG



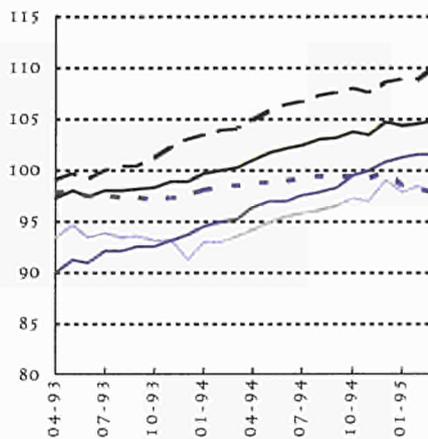
NEDERLAND



PORTUGAL



UNITED KINGDOM

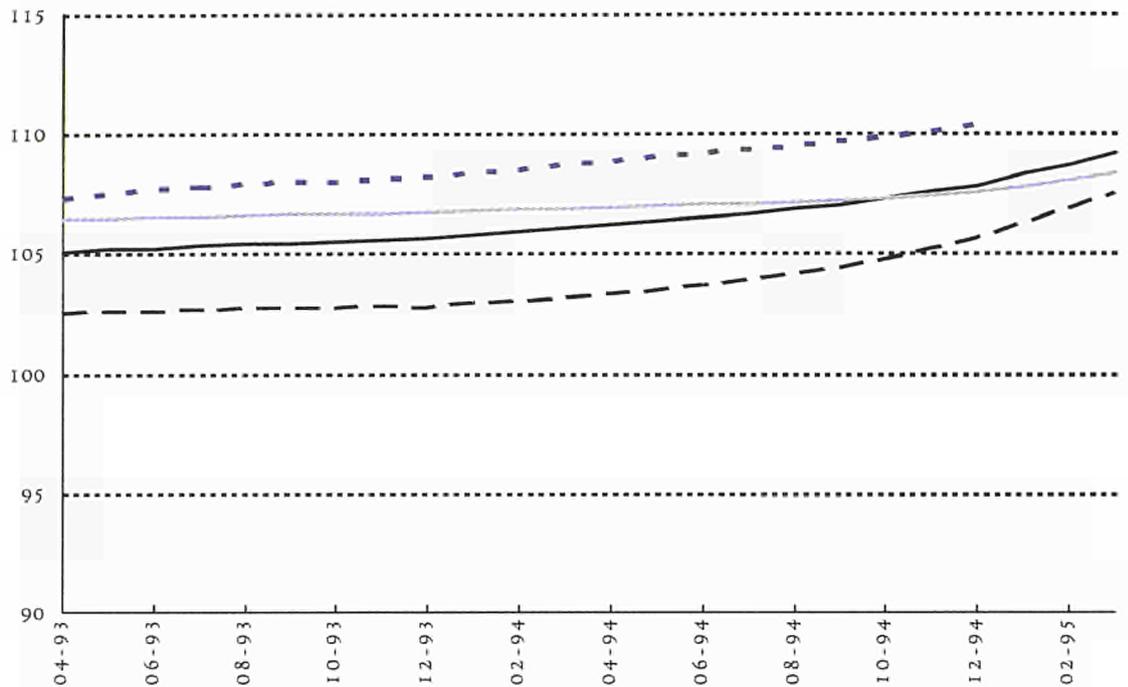
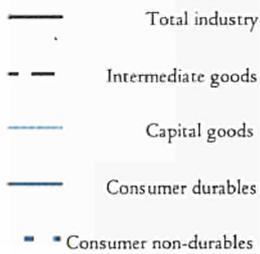


- Total industry
- - Intermediate goods
- ... Capital goods
- Consumer durables
- * Consumer non-durables

SOURCE:  eurostat

FIGURE 2.4

EVOLUTION OF
EU PRODUCER
PRICE INDEX BY
GOODS SECTOR
(1990=100)



SOURCE: eurostat

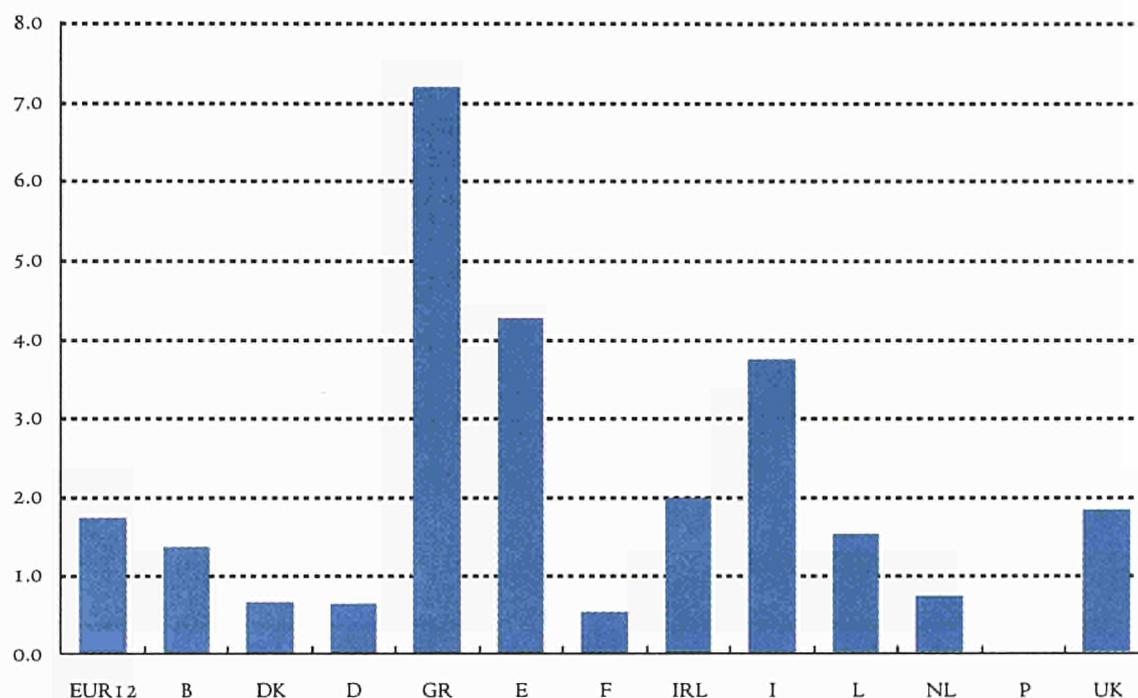
TABLE 2.3

QUARTERLY
PRODUCER
PRICE INDEXES
(1990=100)

	Latest quarter available	Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR12	10-94 ⇔ 12-94	107.8	105.6	107.5	N/A	110.3
Growth rate, t/t-4 (%)		2.1	2.8	0.8	N/A	2.0
B	12-94 ⇔ 02-95	100.3	95.6	107.3	108.8	N/A
Growth rate, t/t-4 (%)		2.1	2.6	0.7	0.3	N/A
DK	01-95 ⇔ 03-95	101.3	99.3	105.3	107.9	101.1
Growth rate, t/t-4 (%)		2.4	2.1	-0.5	1.5	3.8
D	01-95 ⇔ 03-95	105.6	103.3	109.1	N/A	107.2
Growth rate, t/t-4 (%)		1.4	2.0	0.8	N/A	0.9
GR	01-95 ⇔ 03-95	163.9	160.5	165.9	155.6	168.9
Growth rate, t/t-4 (%)		8.8	9.4	7.4	6.4	8.5
E	01-95 ⇔ 03-95	113.6	110.9	111.6	N/A	N/A
Growth rate, t/t-4 (%)		5.8	7.8	3.4	N/A	N/A
F	01-95 ⇔ 03-95	102.1	101.3	98.7	N/A	101.0
Growth rate, t/t-4 (%)		1.4	4.0	-0.4	N/A	0.6
IRL	12-94 ⇔ 02-95	108.8	96.3	N/A	N/A	107.9
Growth rate, t/t-4 (%)		2.4	-0.7	N/A	N/A	1.8
I	01-95 ⇔ 03-95	117.2	118.3	112.9	115.0	115.0
Growth rate, t/t-4 (%)		5.7	7.8	3.2	2.9	4.8
L	10-94 ⇔ 12-94	95.1	89.8	105.8	N/A	104.6
Growth rate, t/t-4 (%)		0.7	0.4	0.4	N/A	0.2
NL	01-95 ⇔ 03-95	102.9	101.4	105.0	108.4	104.2
Growth rate, t/t-4 (%)		2.8	3.2	1.3	0.8	1.5
P	⇔	N/A	N/A	N/A	N/A	N/A
Growth rate, t/t-4 (%)		N/A	N/A	N/A	N/A	N/A
UK	02-95 ⇔ 04-95	114.7	110.6	114.6	115.4	118.4
Growth rate, t/t-4 (%)		3.3	4.0	2.8	2.3	2.9

SOURCE: eurostat

FIGURE 2.5



ANNUAL GROWTH
RATE OF
TOTAL INDUSTRY
PRODUCER PRICE
INDEX BY MEMBER
STATE (1)
(%)

(1) Growth rates are based on the latest annual data available for each country. Please see the table below for the year concerned.

SOURCE: eurostat

	Latest year available	Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR 12	1994	107.2	104.6	107.3	N/A	109.8
Growth rate, t/t-1 (%)		1.7	1.9	0.7	N/A	1.7
B	1994	99.5	94.5	107.1	108.6	N/A
Growth rate, t/t-1 (%)		1.4	1.1	0.9	0.8	N/A
DK	1994	99.7	97.5	105.1	107.0	99.1
Growth rate, t/t-1 (%)		0.7	-0.4	0.1	1.6	2.0
D	1994	104.7	102.0	108.4	N/A	106.5
Growth rate, t/t-1 (%)		0.6	0.8	0.4	N/A	0.5
GR	1994	156.6	151.7	159.5	150.6	163.0
Growth rate, t/t-1 (%)		7.2	5.5	7.0	6.3	9.4
E	1994	109.8	105.7	109.3	N/A	N/A
Growth rate, t/t-1 (%)		4.3	4.8	1.8	N/A	N/A
F	1994	101.1	98.5	98.4	N/A	101.1
Growth rate, t/t-1 (%)		0.5	0.9	-1.3	N/A	0.6
IRL	1994	107.6	95.1	N/A	N/A	107.4
Growth rate, t/t-1 (%)		2.0	-3.7	N/A	N/A	2.2
I	1994	113.3	112.6	110.7	113.2	112.0
Growth rate, t/t-1 (%)		3.7	4.3	2.1	2.8	3.4
L	1994	95.0	89.8	105.9	N/A	104.2
Growth rate, t/t-1 (%)		1.5	1.7	0.5	N/A	-0.2
NL	1994	101.0	99.3	103.9	107.9	103.3
Growth rate, t/t-1 (%)		0.7	0.7	0.0	0.9	0.5
P		N/A	N/A	N/A	N/A	N/A
Growth rate, t/t-1 (%)		N/A	N/A	N/A	N/A	N/A
UK	1994	112.1	107.6	112.6	113.6	116.0
Growth rate, t/t-1 (%)		1.8	1.3	2.3	1.6	2.0

TABLE 2.4

ANNUAL
PRODUCER
PRICE INDEXES (1)
(1990=100)

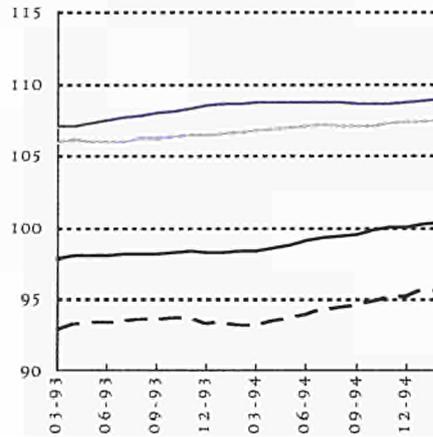
(1) Annual growth rates are based on the latest annual data. Only when data to October is available will an annual estimate for the year be made.

SOURCE: eurostat

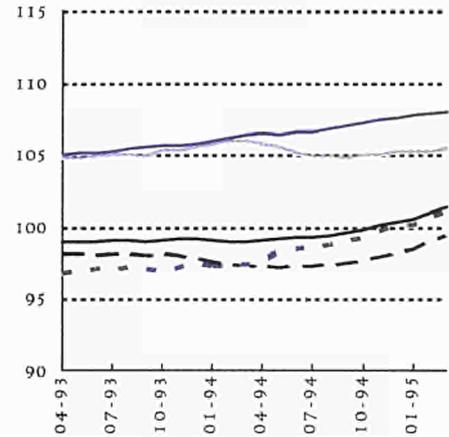
FIGURE 2.6

EVOLUTION OF
PRODUCER PRICE
INDEX BY
GOODS SECTOR
(1990=100)

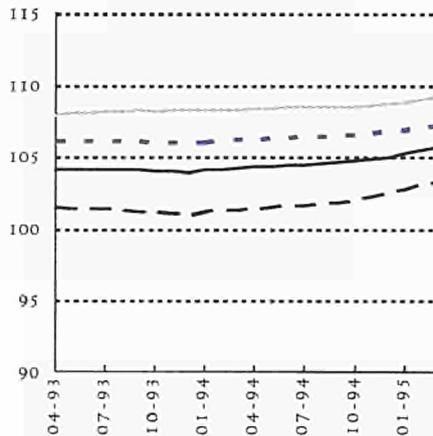
BELGIQUE/BELGIË



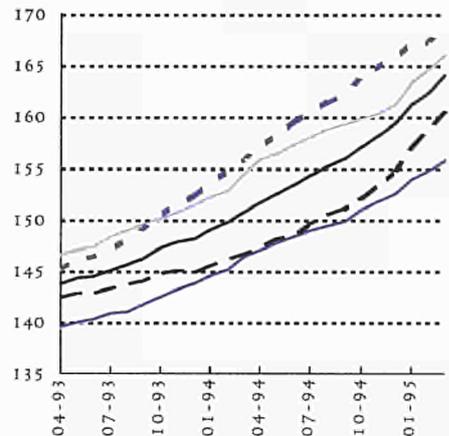
DANMARK



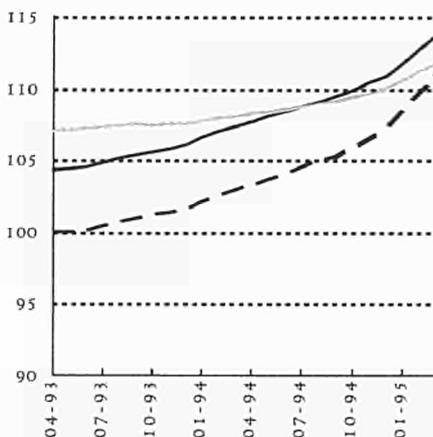
B.R. DEUTSCHLAND



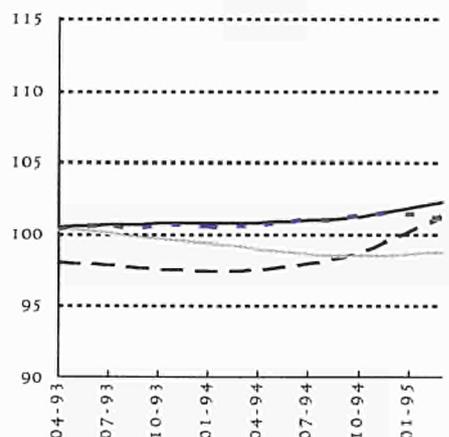
HELLAS



ESPAÑA



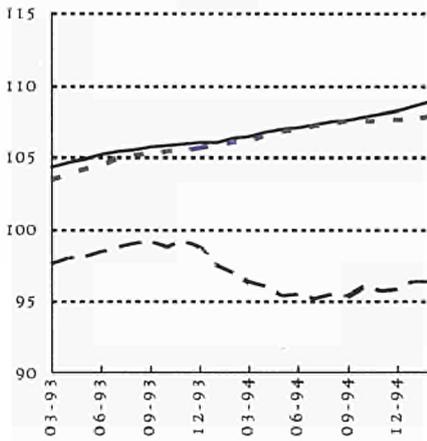
FRANCE



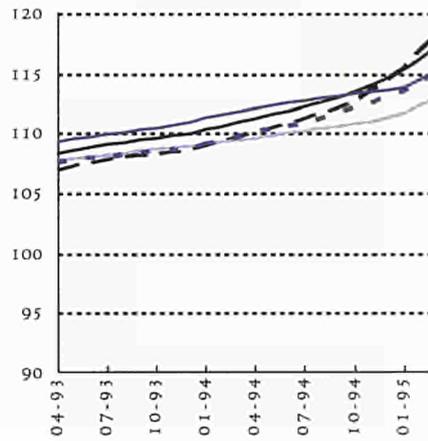
- Total industry
- - Intermediate goods
- ... Capital goods
- Consumer durables
- - Consumer non-durables

SOURCE:  eurostat

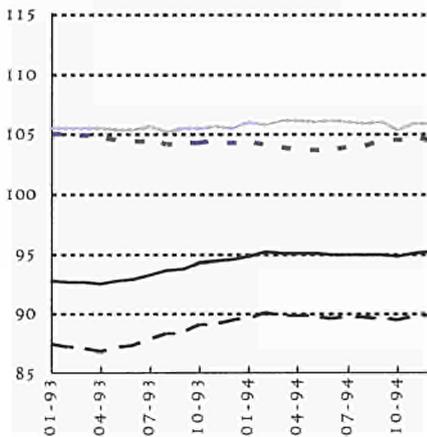
IRELAND



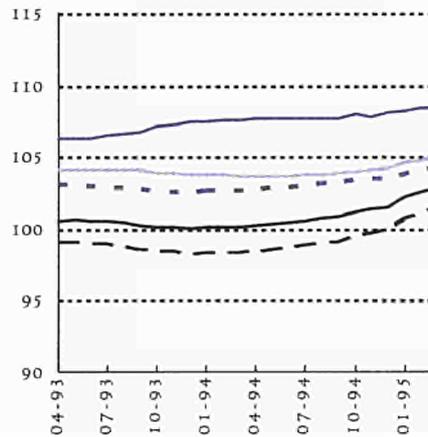
ITALIA



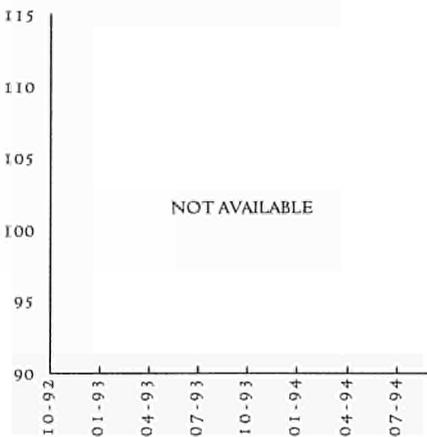
LUXEMBOURG



NEDERLAND



PORTUGAL



UNITED KINGDOM

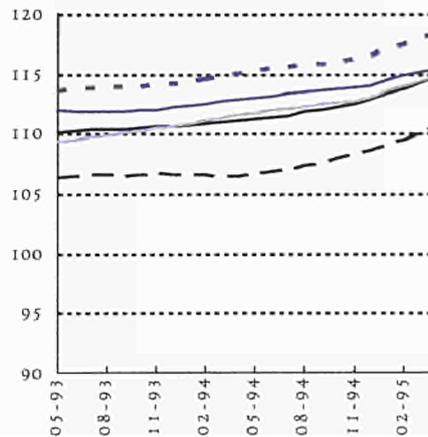


FIGURE 2.6

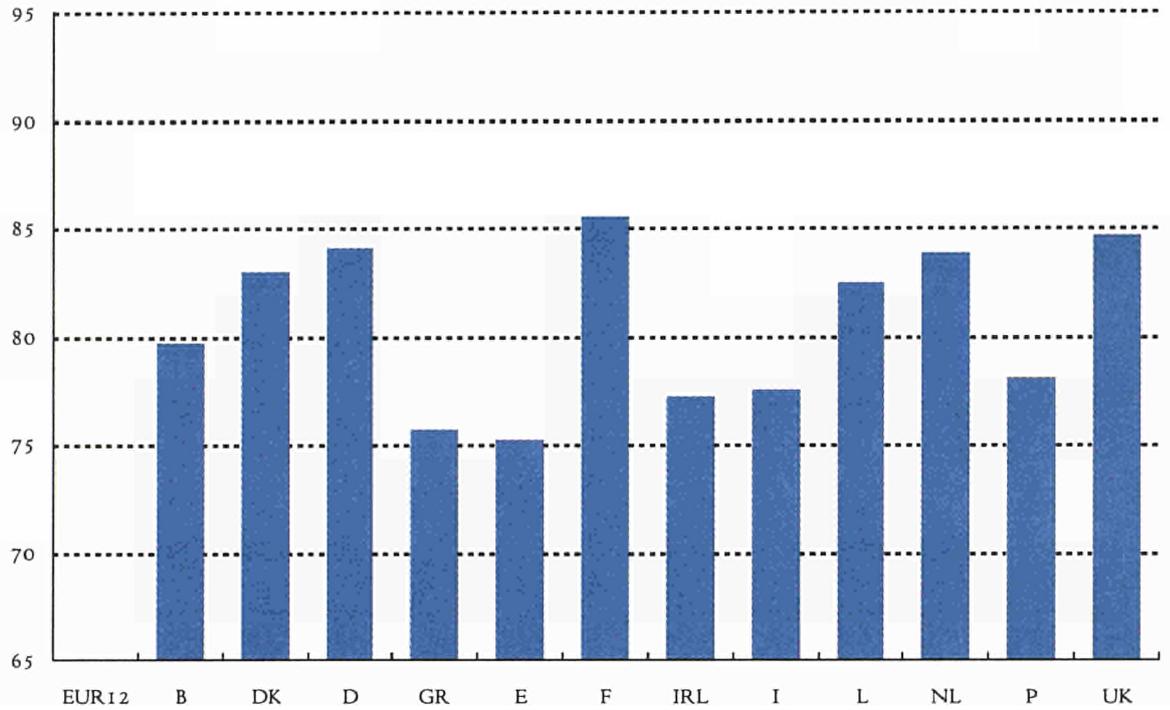
EVOLUTION OF
PRODUCER PRICE
INDEX BY
GOODS SECTOR
(1990=100)

- Total industry
- - Intermediate goods
- Capital goods
- - Consumer durables
- · Consumer non-durables

SOURCE:  eurostat

FIGURE 2.7

TOTAL INDUSTRY:
CAPACITY
UTILISATION
RATES BY
MEMBER STATE,
FIRST QUARTER
1995
(%)



SOURCE: DG II -
BUSINESS SURVEY

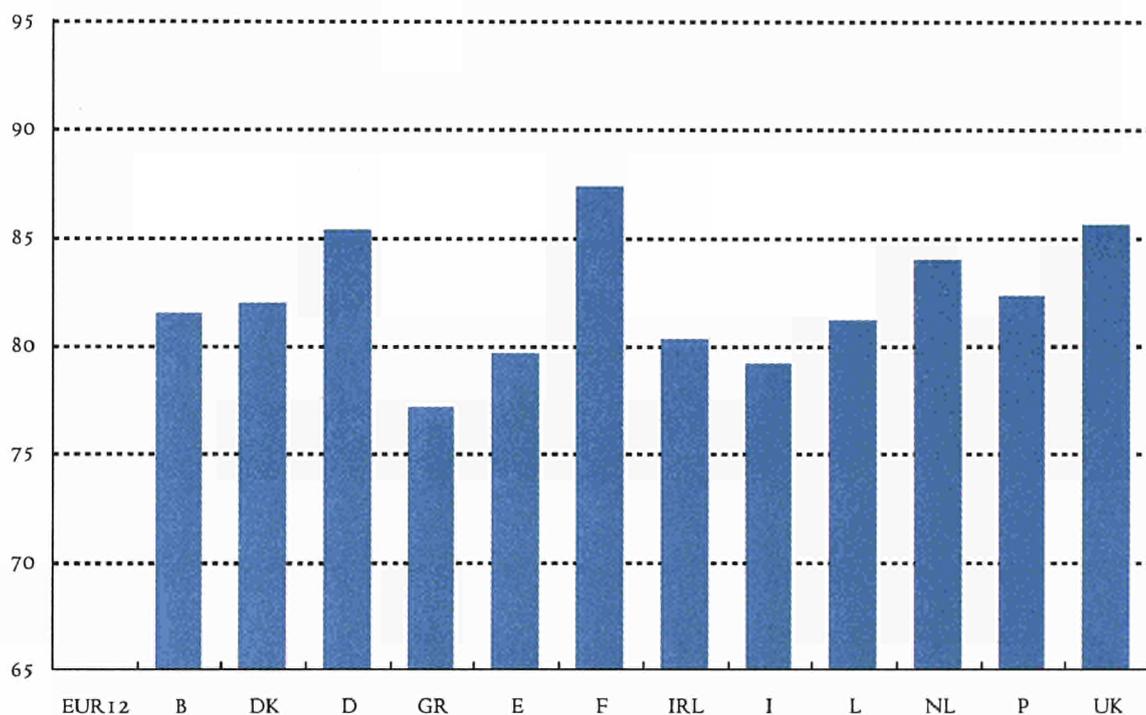
TABLE 2.5

TOTAL INDUSTRY:
CAPACITY
UTILISATION
RATES BY
MEMBER STATE
(%)

	Annual growth rate: latest quarter, t/t-4	Second quarter 1994	Third quarter 1994	Fourth quarter 1994	First quarter 1995
EUR12	5.2	78.5	80.9	81.6	N/A
B	5.1	76.9	78.3	79.3	79.7
DK	3.8	80.0	83.0	83.0	83.0
D	7.3	80.5	82.5	83.6	84.1
GR	1.3	73.7	74.1	76.8	75.7
E	-1.3	71.9	74.6	75.6	75.2
F	8.1	79.8	84.5	84.6	85.6
IRL	2.8	75.0	74.5	74.6	77.2
I	4.3	74.5	76.0	75.8	77.6
L	3.4	80.8	82.7	82.1	82.5
NL	5.0	82.4	83.3	84.6	83.9
P	3.9	76.2	76.1	77.1	78.1
UK	1.9	82.2	84.3	85.6	84.7

SOURCE: DG II -
BUSINESS SURVEY

FIGURE 2.8



INTERMEDIATE
GOODS: CAPACITY
UTILISATION
RATES BY
MEMBER STATE,
FIRST QUARTER
1995
(%)

SOURCE: DG II -
BUSINESS SURVEY

	Annual growth rate: latest quarter, t/t-4	Second quarter 1994	Third quarter 1994	Fourth quarter 1994	First quarter 1995
EUR12	4.3	79.7	83.0	83.0	N/A
B	9.2	78.6	80.5	81.9	81.5
DK	6.5	80.0	82.0	84.0	82.0
D	9.6	81.5	84.0	85.1	85.4
GR	2.5	74.7	75.9	77.8	77.2
E	3.6	71.4	73.4	73.9	79.7
F	7.1	82.8	88.3	88.3	87.4
IRL	0.0	82.8	73.6	70.9	80.3
I	4.3	75.3	77.1	76.2	79.2
L	0.7	81.1	81.6	81.6	81.2
NL	6.1	81.9	83.9	84.6	84.0
P	6.5	78.0	79.1	80.6	82.3
UK	1.1	83.1	88.5	87.7	85.6

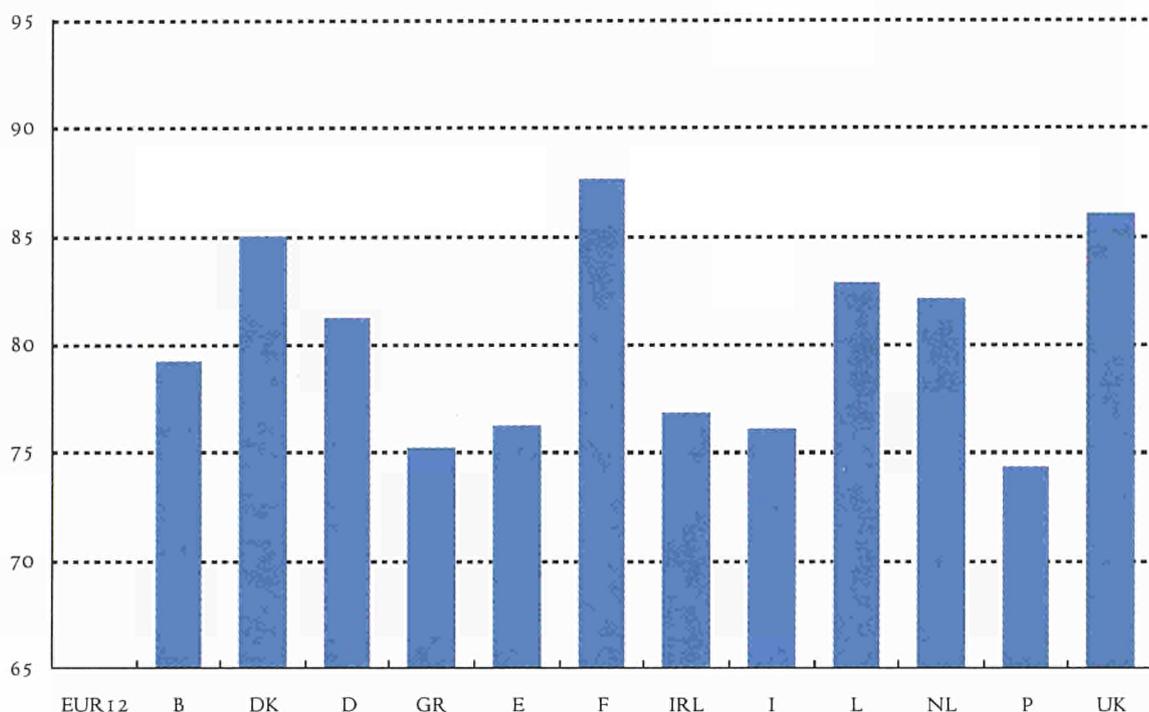
TABLE 2.6

INTERMEDIATE
GOODS: CAPACITY
UTILISATION
RATES BY
MEMBER STATE
(%)

SOURCE: DG II -
BUSINESS SURVEY

FIGURE 2.9

CAPITAL GOODS:
CAPACITY
UTILISATION
RATES BY
MEMBER STATE,
FIRST QUARTER
1995
(%)



SOURCE: DG II -
BUSINESS SURVEY

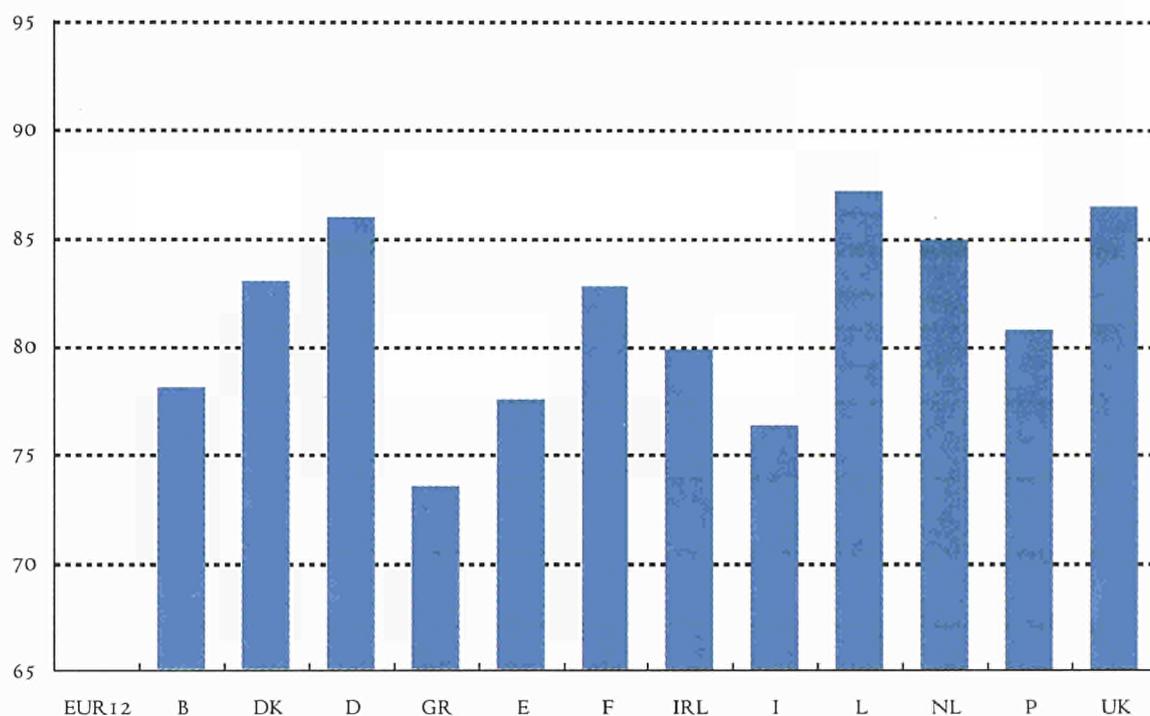
TABLE 2.7

CAPITAL GOODS:
CAPACITY
UTILISATION
RATES BY
MEMBER STATE
(%)

	Annual growth rate: latest quarter, t/t-4	Second quarter 1994	Third quarter 1994	Fourth quarter 1994	First quarter 1995
EUR12	6.5	77.0	79.7	79.2	N/A
B	6.0	74.9	77.3	79.5	79.2
DK	7.6	80.0	82.0	84.0	85.0
D	8.0	77.0	79.4	80.6	81.2
GR	11.6	76.1	72.5	67.8	75.2
E	-3.8	73.2	76.0	75.6	76.2
F	14.5	78.0	82.6	81.5	87.6
IRL	-4.1	77.4	79.0	81.9	76.8
I	4.2	74.4	76.6	73.8	76.1
L	11.1	81.0	86.8	85.1	82.8
NL	5.1	80.5	80.5	82.2	82.1
P	3.5	72.2	74.3	76.3	74.3
UK	8.4	78.4	81.0	79.7	86.0

SOURCE: DG II -
BUSINESS SURVEY

FIGURE 2.10



CONSUMER
GOODS: CAPACITY
UTILISATION
RATES BY
MEMBER STATE,
FIRST QUARTER
1995
(%)

SOURCE: DG II -
BUSINESS SURVEY

	Annual growth rate: latest quarter, t/t-4	Second quarter 1994	Third quarter 1994	Fourth quarter 1994	First quarter 1995
EUR12	4.8	79.7	80.6	83.0	N/A
B	1.6	77.3	77.1	75.2	78.1
DK	0.0	82.0	83.0	81.0	83.0
D	3.6	83.4	83.1	84.8	85.9
GR	-4.0	76.2	75.4	78.3	73.5
E	14.3	70.7	73.6	76.5	77.5
F	4.7	77.9	82.9	84.6	82.7
IRL	3.4	71.7	71.2	75.0	79.8
I	4.2	73.6	74.5	76.2	76.3
L	8.6	79.1	84.7	82.6	87.1
NL	2.9	84.4	84.5	86.2	84.9
P	2.2	79.1	79.4	78.8	80.7
UK	1.4	86.4	84.3	89.8	86.4

TABLE 2.8

CONSUMER
GOODS: CAPACITY
UTILISATION
RATES BY
MEMBER STATE
(%)

SOURCE: DG II -
BUSINESS SURVEY

FIGURE 2.11

EVOLUTION OF
EXTRA-EU
TRADE INDEXES
(1990=100)

— Export value
— Import value
- - - Terms of trade

SOURCE:  eurostat

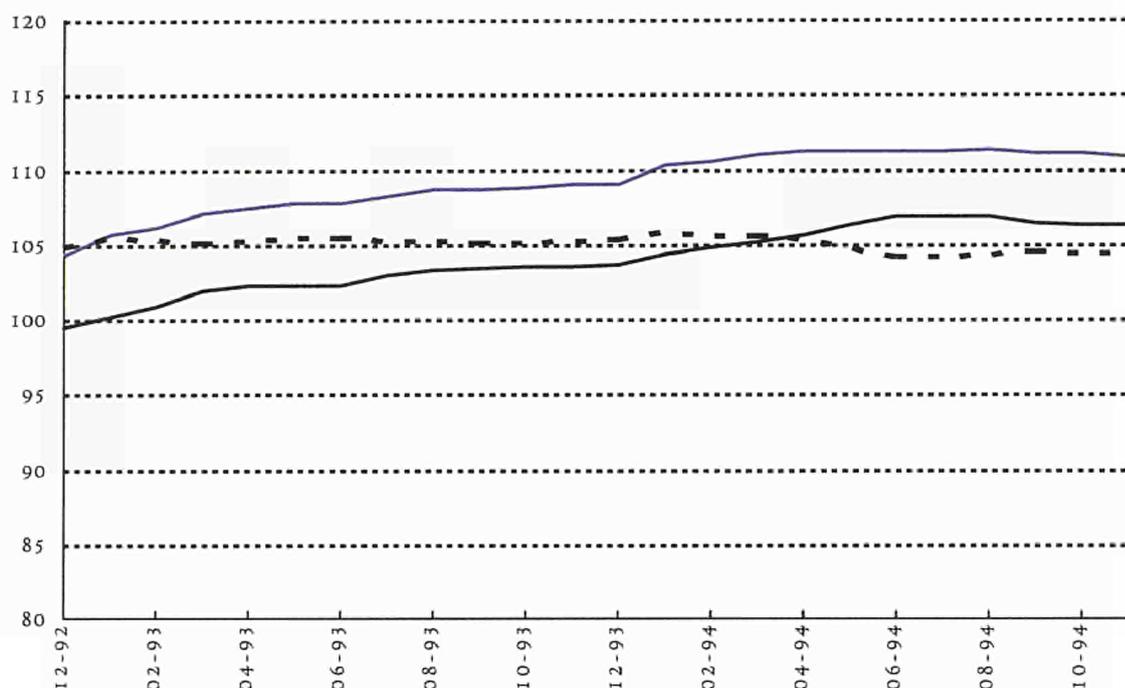


TABLE 2.9

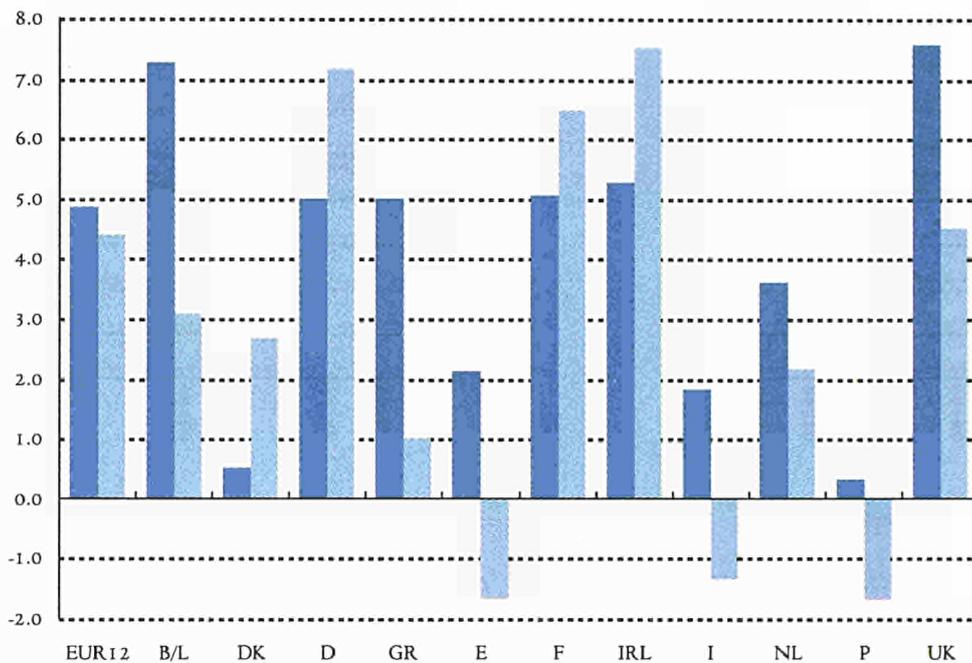
QUARTERLY
EXTRA-EU
TRADE INDEXES
(1990=100)

	Latest quarter available	Exports		Imports		Terms of trade index
		Value	Volume	Value	Volume	
EUR12	09-94 ⇔ 11-94	106.2	114.8	110.9	124.5	104.3
Growth rate, t/t-4 (%)		2.6	6.1	1.8	7.7	-0.9
B/L	09-94 ⇔ 11-94	110.0	108.2	105.7	143.1	96.1
Growth rate, t/t-4 (%)		3.7	14.4	2.6	12.6	-1.1
DK	09-94 ⇔ 11-94	101.9	123.4	104.5	135.3	102.5
Growth rate, t/t-4 (%)		2.0	15.4	2.0	10.5	0.0
D	09-94 ⇔ 11-94	110.2	121.9	117.6	115.7	106.7
Growth rate, t/t-4 (%)		2.7	5.3	2.6	10.3	0.0
GR	09-94 ⇔ 11-94	102.4	104.3	100.0	122.6	97.7
Growth rate, t/t-4 (%)		-5.0	-23.9	0.6	-20.2	5.8
E	09-94 ⇔ 11-94	98.0	105.3	97.3	156.8	99.3
Growth rate, t/t-4 (%)		1.9	9.9	-1.7	9.0	-3.6
F	09-94 ⇔ 11-94	104.7	103.2	113.8	114.8	108.6
Growth rate, t/t-4 (%)		3.1	2.7	3.0	5.9	-0.1
IRL	09-94 ⇔ 11-94	109.2	155.1	100.6	192.5	92.4
Growth rate, t/t-4 (%)		0.2	19.0	-3.2	13.1	-3.4
I	09-94 ⇔ 11-94	98.4	111.3	103.6	131.8	105.2
Growth rate, t/t-4 (%)		3.6	7.8	0.2	8.8	-3.3
NL	09-94 ⇔ 11-94	101.5	118.5	105.6	139.3	104.0
Growth rate, t/t-4 (%)		0.6	15.5	1.3	0.4	0.7
P	09-94 ⇔ 11-94	94.5	110.7	105.7	111.6	111.9
Growth rate, t/t-4 (%)		1.6	4.1	3.9	10.4	2.2
UK	09-94 ⇔ 11-94	112.0	117.0	110.7	123.4	98.8
Growth rate, t/t-4 (%)		3.3	1.5	1.2	4.1	-2.0

SOURCE:  eurostat

FIGURE 2.12

ANNUAL GROWTH
RATE OF EXTRA-
EU TRADE
INDEXES BY
MEMBER STATE
(1) (%)



■ Export value
■ Import value

(1) Growth rates are based on the latest annual data available for each country. Please see the table below for the year concerned.

SOURCE: eurostat

TABLE 2.10

ANNUAL
EXTRA-EU
TRADE INDEXES
(1990=100)

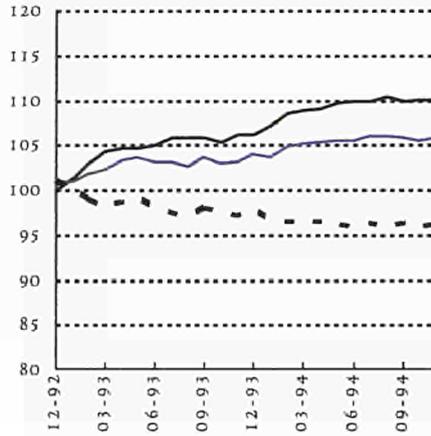
	Latest year available	Exports		Imports		Terms of trade index
		Value	Volume	Value	Volume	
EUR12	1993	103.6	106.2	109.1	112.3	105.3
Growth rate, t/t-1 (%)		4.9	-1.9	4.4	10.4	-0.4
B/L	1993	106.4	93.3	103.5	121.9	97.2
Growth rate, t/t-1 (%)		7.3	-7.2	3.1	18.0	-4.0
DK	1993	99.9	105.1	103.3	116.1	103.4
Growth rate, t/t-1 (%)		0.5	-0.6	2.7	9.5	2.2
D	1993	107.3	112.9	114.0	103.6	106.2
Growth rate, t/t-1 (%)		5.0	-1.7	7.1	3.6	2.0
GR	1993	107.0	132.2	99.4	139.7	92.9
Growth rate, t/t-1 (%)		5.0	8.0	1.0	21.2	-3.7
E	1993	96.1	94.9	100.0	133.0	104.0
Growth rate, t/t-1 (%)		2.1	-17.8	-1.7	19.5	-3.7
F	1993	102.2	98.3	111.8	106.4	109.3
Growth rate, t/t-1 (%)		5.0	-6.4	6.5	0.9	1.3
IRL	1993	105.7	131.0	103.0	161.1	97.4
Growth rate, t/t-1 (%)		5.3	31.1	7.5	27.0	2.1
I	1993	95.4	103.0	103.4	118.9	108.3
Growth rate, t/t-1 (%)		1.8	-1.9	-1.3	19.5	-3.1
NL	1993	100.9	100.4	104.6	129.9	103.6
Growth rate, t/t-1 (%)		3.6	-11.6	2.1	15.8	-1.4
P	1993	92.6	107.2	103.4	96.3	111.6
Growth rate, t/t-1 (%)		0.3	-5.2	-1.7	-1.7	-2.0
UK	1993	108.1	113.0	109.0	114.7	100.8
Growth rate, t/t-1 (%)		7.6	11.5	4.5	22.3	-2.8

SOURCE: eurostat

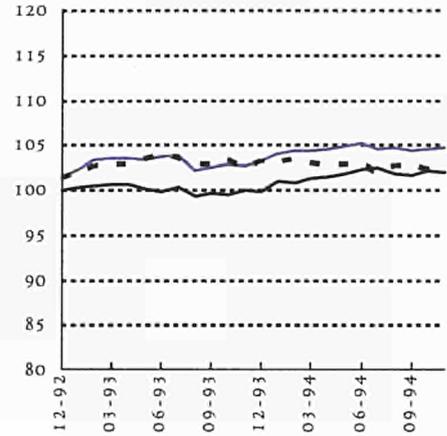
FIGURE 2.13

EVOLUTION OF
EXTRA-EU
TRADE INDEXES
(1990=100)

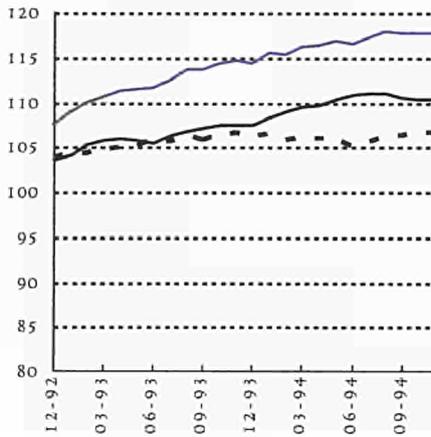
BELGIQUE/BELGIË, LUXEMBOURG



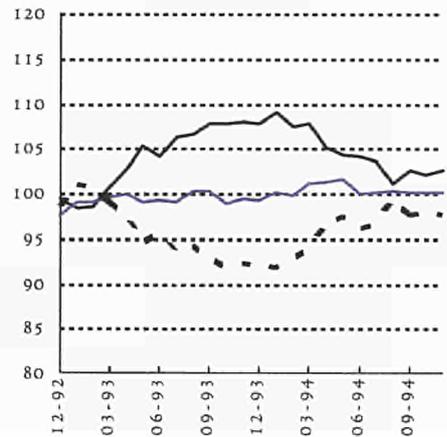
DANMARK



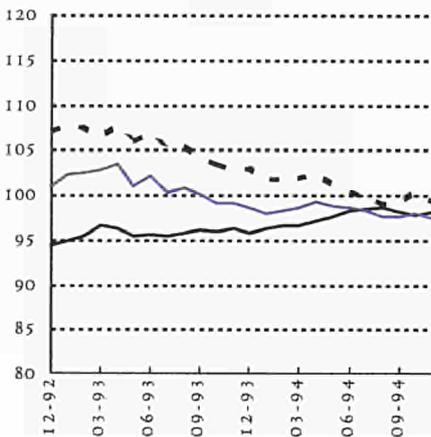
B.R. DEUTSCHLAND



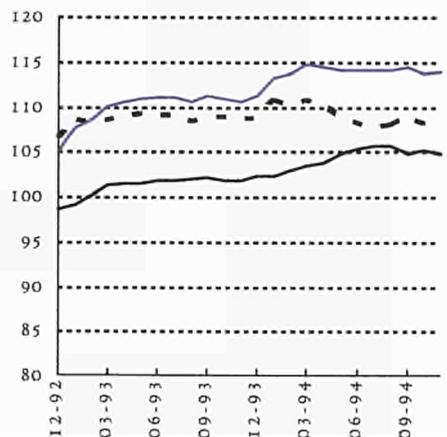
HELLAS



ESPAÑA



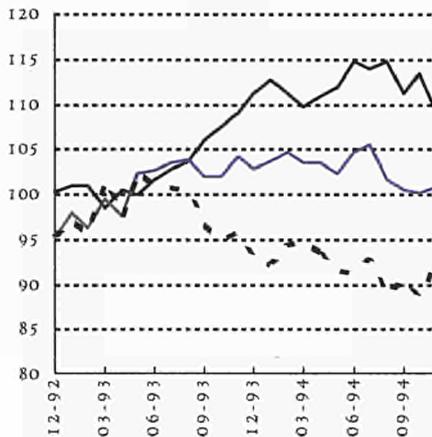
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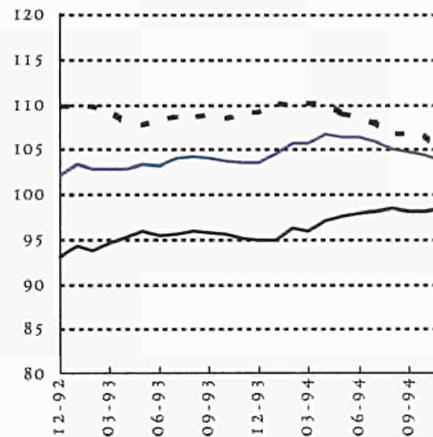
— Export value
- - - Import value
· · · Terms of trade

SOURCE: eurostat

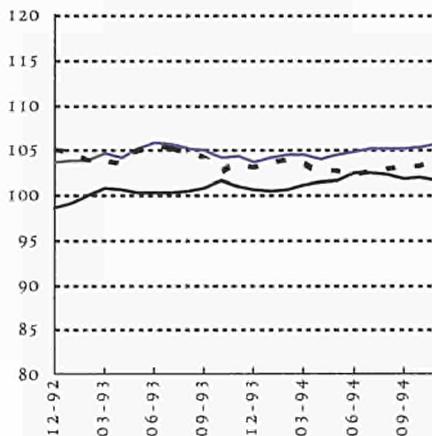
IRELAND



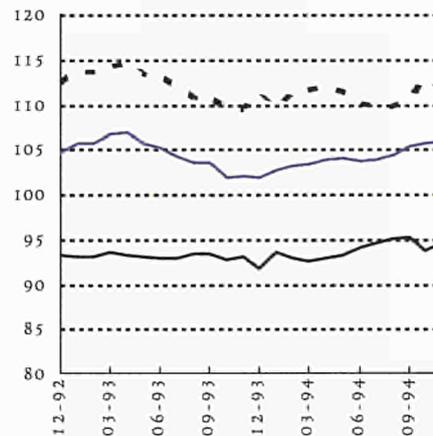
ITALIA



NEDERLAND



PORTUGAL



UNITED KINGDOM

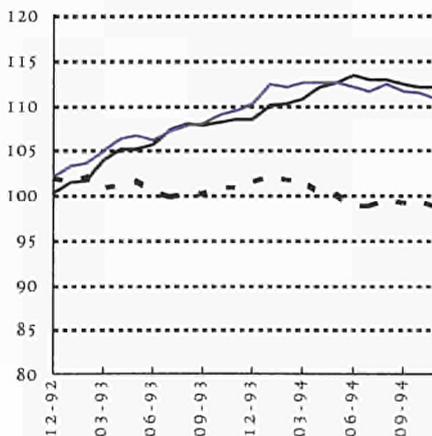


FIGURE 2.13

EVOLUTION OF
EXTRA-EU
TRADE INDEXES
(1990=100)

— Export value
— Import value
- - - Terms of trade

SOURCE:  eurostat

IN BRIEF....

- ★ EU PRODUCTION VOLUME OF ELECTRICAL MACHINERY UP BY 6.1 PER CENT IN THE FINAL QUARTER OF 1994
- ★ EU PRODUCTION VOLUME OF ELECTRONIC EQUIPMENT UP BY 9.4 PER CENT IN THE FINAL QUARTER OF 1994
- ★ PRODUCTION VOLUME OF ELECTRICAL MACHINERY IN DENMARK GREW BY 24.0 PER CENT IN 1994
- ★ PRODUCER PRICE INFLATION REMAINED EXTREMELY LOW AT -0.6 PER CENT IN 1994
- ★ THE CONSUMER ELECTRONICS AND TELECOMMUNICATION EQUIPMENT SECTOR FINISHED 1994 WITH GROWTH IN PRODUCTION VOLUME OF 6.1 PER CENT
- ★ EU EMPLOYMENT GROWTH WAS ESTIMATED TO REMAIN NEGATIVE IN 1994 FOR FIFTH YEAR RUNNING
- ★ IMPORT-CONSUMPTION RATIO INCREASED BY 2.5 PERCENTAGE POINTS IN 1994

The sector is comprised of the following industries: insulated wires and cables, electrical machinery and equipment, telecommunication equipment, consumer electronics, domestic type appliances and electric lamps. The new NACE revision 1 classification has recently been introduced for all short-term indicators, including production volume, producer prices and capacity utilisation indices. Comparability between these indicators and the structural data is limited because the "domestic type appliances" sector (group 346 under NACE 70) is no longer included. It belongs to a division in NACE revision 1 different from that of the other sectors formerly making up the electrical engineering industry.

The final quarter of 1994 saw fast growth of 6.1 per cent for electrical machinery (exclusive of domestic type appliances) and 9.4 per cent for electronic equipment in the volume of EU production. European recovery was due to stimulated domestic demand in European markets and the recovery of emerging export markets such as Asia, South America and Eastern Europe.

After experiencing the traditional cyclical swings associated with the recession for a supplier of intermediate and capital goods: the electrical engineering industry saw a market recovery in 1994. As capital spending recovered, along with business confidence and the global economy, order books improved and capacity utilisation rose. European investment spending was up by 2 per cent in 1994 (as compared to a decline of 12 per cent in 1993). Forecasts by Merrill Lynch indicated real growth of 7 per cent for 1995, which gave cause for continued optimism in the industry.

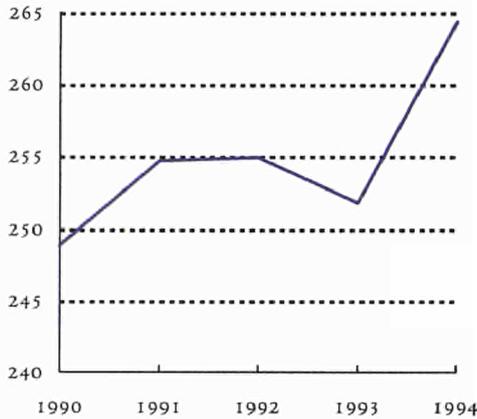
ELECTRICAL
ENGINEERING

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SECTION:

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FIGURE 3.1.1

EVOLUTION OF EU
PRODUCTION IN
CONSTANT PRICES
(BILLION ECU)



SOURCE: DEBA

One of the most important markets for the sector is that of motor vehicles. With the upswing in demand for cars there has been a subsequent recovery of firms in the engineering sector. The industry should be noted for the presence of Swedish firms in the domains of telecoms and domestic appliances (Ericsson and Electrolux respectively). The electrical white goods market picked up by 5 per cent in 1994 (and by 7 per cent in the final quarter). Forecasts for a further 3 to 5 per cent growth in 1995, as well as price rises in domestic EU and American markets were foreseen by Electrolux in their latest annual report. One of the major concerns of the industry, other than the cyclical nature of demand (linked to investment decisions) was that of

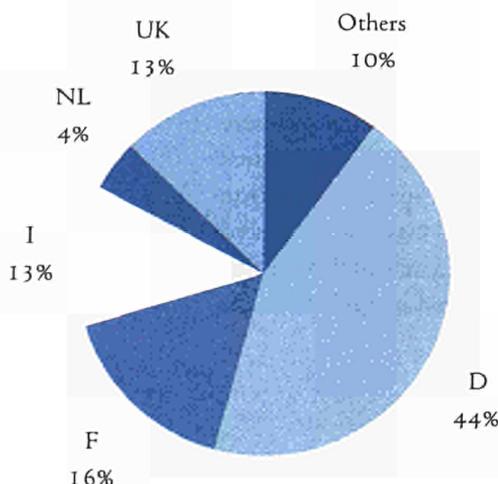
product development. In a constantly evolving market where innovation and product development are increasingly important, European firms need to constantly speed up innovation, faced with increased competition from low-cost firms in south-east Asia. As an example, Siemens the largest electrical and electronics group in Europe reported turnover growth in the first four months of the 1994/95 financial year equal to 8%. This was generated through cutting costs, increasing productivity by 6 per cent and spending 9 per cent of turnover on R & D. This resulted in two-thirds of Siemens turnover coming from products with a life-cycle of less than five years.

In the electrical machinery sector, the highest growth rates were recorded in Denmark and Spain with 24.0 and 19.9 per cent growth respectively at the start of 1995. Italy and Germany also had fast growth rates but at a lower level, respectively 8.2 and 8.0 per cent at the end of 1994. For the electronic equipment sector, the highest growth rates for the electrical machinery sector were also recorded in Denmark and Spain. Growth was equal to 14.8 and 13.2 per cent at the start of 1995. France and Germany had similar growth rates, 12.8 and 12.3 per cent at the end of 1994.

In view of the positive developments in the production of electronic equipment, producer price inflation remained relatively low. Recently many of the major players have been reporting increased profits and expectations that price margins would increase. Four Member States: Germany, Greece, Denmark and the Netherlands had negative producer price growth rates (-1.0, -0.8, -0.5 and -0.1 per cent in the three months to the beginning of 1995). The biggest increases in producer prices were recorded in Italy (2.0 per cent) and in the United Kingdom (1.2 per cent).

FIGURE 3.1.2

SHARE OF
VALUE-ADDED AT
FACTOR COST BY
MEMBER STATE,
1994
(%)



SOURCE: DEBA

Capacity utilisation was highest during the first quarter of 1995 in France at 84.5 per cent, Denmark (at 84.0 per cent) and Italy (at 82.7 per cent). In the United Kingdom, capacity utilisation declined in the same quarter by as much as 9.6 per cent to 73.0 per cent. Capacity utilisation in the EU as a whole increased by 2.8 percentage points over a three year period from the low of 78.0 per cent in the third quarter of 1993, to 80.8 per cent in the final quarter of 1994.

Employment decreased by over 5 per cent in 1992 and 1993 and is estimated to have declined by a further 4.2 per cent in 1994. Countries that employed relatively more people in the sector compared to the EU average (such as Germany and the Netherlands) were estimated to have faced the biggest employment decrease in 1994 (with reductions of 7.9 and 6.9 per cent respectively). In order to raise their productivity, companies were seen to cut costs, particularly with respect to labour. This led indeed to an increase in labour productivity of 15.7 per cent between 1990 and 1993, while unit labour costs rose by only 2.4 per cent during the same period.

The four largest Member States in electrical engineering in 1994 accounted for more than 85 per cent of production and 86.1 per cent of added value in the industry. Major players in the European market included: Germany (Siemens, AEG), France (Alcatel-Alstohm, Thompson, Schneider), Italy (Olivetti) and the United Kingdom (General Electric Co). The industry accounted for 10.8 per cent of the added value created in total manufacturing industry. Of the four countries, only Germany and France (60.8 per cent of the added value) were net exporters, with extra-EU trade surpluses of 1.6 and 1.9 billion ECU in 1994. Compared to the average size of the sector in the EU as a whole, only Germany and the Netherlands were relatively specialised in this sector. The EU was a net importer in this industry with a trade deficit since 1988. In 1991 the EU experienced a record deficit of 8.7 billion ECU. Since then

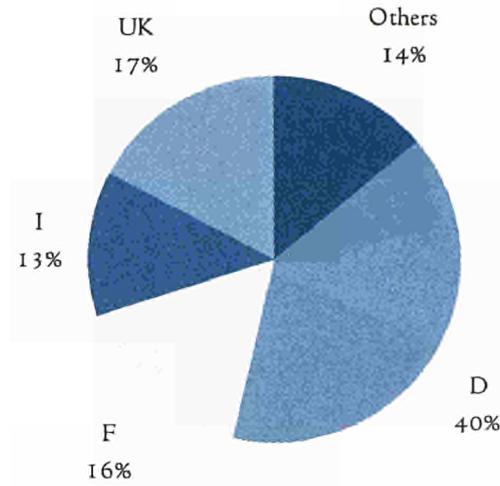


FIGURE 3.1.3

SHARE OF
NUMBER OF
EMPLOYEES BY
MEMBER STATE,
1994
(%)

SOURCE: DEBA

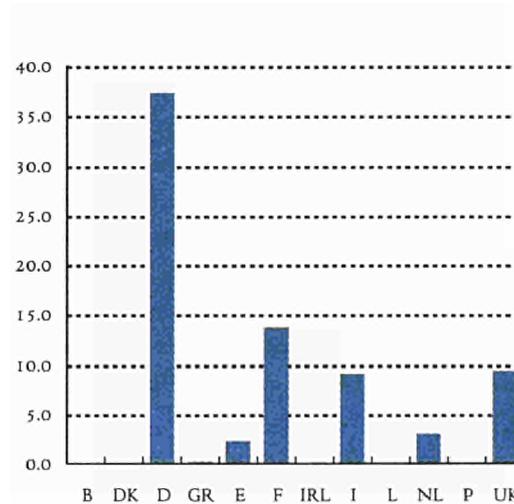


FIGURE 3.1.4

LABOUR COSTS BY
MEMBER STATE,
1994
(BILLION ECU)

SOURCE: DEBA

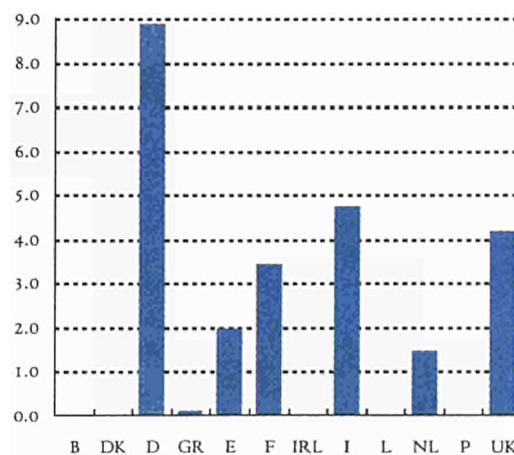


FIGURE 3.1.5

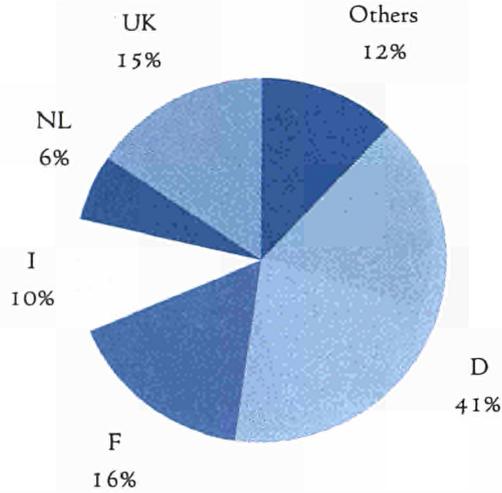
GROSS
OPERATING
SURPLUS BY
MEMBER STATE,
1994
(BILLION ECU)

SOURCE: DEBA

FIGURE 3.1.6

SHARE OF
EXTRA-EU
EXPORTS BY
MEMBER STATE,
1994
(%)

SOURCE:  eurostat



the trade balance has been improving steadily and was estimated to reach a level of -3.5 billion ECU in 1994. This improvement is due to double figure growth rates of extra-EU exports in 1994 in all Member States (except the Netherlands). The growth in the total value of extra-EU exports was 17.9 per cent, compared to a 16.1 per cent growth in the value of extra-EU imports in 1994. Imports accounted for 23.8 per cent of apparent consumption in 1994, up from 21.3 per cent in 1993 and compared with just over 16 per cent in 1986.

FIGURE 3.1.7

SHARE OF
EXTRA-EU
IMPORTS BY
MEMBER STATE,
1994
(%)

SOURCE:  eurostat

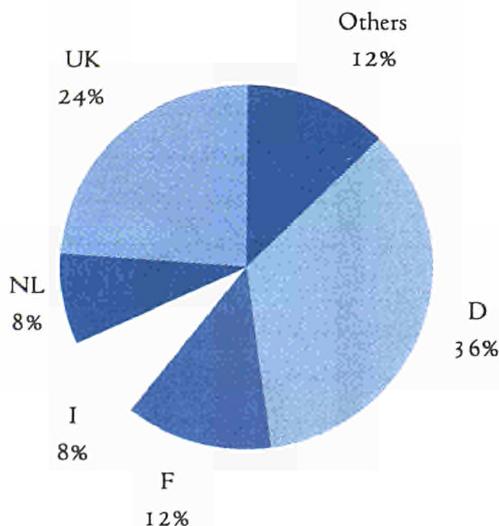


TABLE 3.1.1

VALUE-ADDED AT
FACTOR COST BY
MEMBER STATE
(MILLION ECU)

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	102,313	4.6	105,722	3.3	104,784	-0.9	102,083	-2.6	105,502	3.3
B	2,397	14.7	2,324	-3.0	2,237	-3.7	2,241	0.2	2,320	3.5
share (%)	2.3		2.2		2.1		2.2		2.2	
DK	1,245	5.4	1,179	-5.3	1,225	3.9	1,240	1.2	1,493	20.5
share (%)	1.2		1.1		1.2		1.2		1.4	
D	43,087	6.3	45,780	6.2	46,959	2.6	45,638	-2.8	46,103	1.0
share (%)	42.1		43.3		44.8		44.7		43.7	
GR	182	1.4	218	19.9	229	5.2	253	10.3	260	2.7
share (%)	0.2		0.2		0.2		0.2		0.2	
E	4,712	14.7	4,676	-0.8	4,230	-9.5	4,026	-4.8	4,165	3.4
share (%)	4.6		4.4		4.0		3.9		3.9	
F	17,539	4.9	17,545	0.0	16,887	-3.7	17,189	1.8	17,037	-0.9
share (%)	17.1		16.6		16.1		16.8		16.1	
IRL	928	-2.6	955	2.9	1,014	6.2	1,191	17.5	1,529	28.4
share (%)	0.9		0.9		1.0		1.2		1.4	
I	13,838	4.6	15,282	10.4	14,545	-4.8	12,722	-12.5	13,717	7.8
share (%)	13.5		14.5		13.9		12.5		13.0	
L	N/A	N/A								
share (%)	N/A									
NL	4,179	2.8	3,911	-6.4	4,363	11.6	4,455	2.1	4,530	1.7
share (%)	4.1		3.7		4.2		4.4		4.3	
P (I)	711	42.2	714	0.4	836	17.0	778	-6.9	809	4.0
share (%)	N/A									
UK	13,466	-5.0	13,087	-2.8	12,203	-6.8	12,286	0.7	13,458	9.5
share (%)	13.2		12.4		11.6		12.0		12.8	

(1) Value-added
at market prices.

SOURCE: DEBA

TABLE 3.1.2

TURNOVER IN
CURRENT PRICES
BY MEMBER STATE
(MILLION ECU)

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	267,789	6.3	278,424	4.0	279,599	0.4	270,465	-3.3	282,516	4.5
B	6,091	8.5	6,132	0.7	5,952	-2.9	6,006	0.9	6,257	4.2
share (%)	2.3		2.2		2.1		2.2		2.2	
DK	2,932	10.9	2,786	-5.0	2,848	2.2	2,854	0.2	3,422	19.9
share (%)	1.1		1.0		1.0		1.1		1.2	
D	103,791	7.9	109,505	5.5	115,256	5.3	109,750	-4.8	111,129	1.3
share (%)	38.8		39.3		41.2		40.6		39.3	
GR	814	-2.1	893	9.8	959	7.4	1,055	10.0	1,084	2.8
share (%)	0.3		0.3		0.3		0.4		0.4	
E (1)	11,791	9.4	11,796	0.0	10,621	-10.0	10,044	-5.4	10,413	3.7
share (%)	N/A									
F	48,841	6.6	50,862	4.1	50,220	-1.3	50,936	1.4	52,221	2.5
share (%)	18.2		18.3		18.0		18.8		18.5	
IRL	2,043	1.2	2,175	6.4	2,311	6.3	2,716	17.5	3,480	28.1
share (%)	0.8		0.8		0.8		1.0		1.2	
I	39,279	5.5	42,886	9.2	40,956	-4.5	35,364	-13.7	38,189	8.0
share (%)	14.7		15.4		14.6		13.1		13.5	
L	N/A	N/A								
share (%)	N/A									
NL	13,859	8.3	13,814	-0.3	14,240	3.1	14,945	4.9	15,457	3.4
share (%)	5.2		5.0		5.1		5.5		5.5	
P (I)	2,014	48.4	2,122	5.4	2,456	15.7	2,293	-6.6	2,411	5.1
share (%)	N/A									
UK	35,976	-1.5	35,053	-2.6	33,241	-5.2	33,915	2.0	37,691	11.1
share (%)	13.4		12.6		11.9		12.5		13.3	

(1) Production in
current prices.

SOURCE: DEBA

TABLE 3.1.3

NUMBER OF
EMPLOYEES BY
MEMBER STATE
(THOUSANDS)

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	2,746	-0.1	2,676	-2.5	2,541	-5.1	2,408	-5.2	2,307	-4.2
B	58	0.9	56	-3.0	52	-6.6	50	-5.4	N/A	N/A
share (%)	2.1		2.1		2.1		2.1		N/A	N/A
DK	36	1.1	34	-4.9	32	-5.1	30	-7.3	N/A	N/A
share (%)	1.3		1.3		1.3		1.2		N/A	N/A
D	1,127	2.1	1,109	-1.6	1,065	-3.9	991	-7.0	912	-7.9
share (%)	41.0		41.4		41.9		41.1		39.5	
GR	11	2.5	10	-9.8	10	-2.5	9	-6.8	9	-4.3
share (%)	0.4		0.4		0.4		0.4		0.4	
E	111	-1.6	110	-1.0	99	-9.5	88	-11.1	91	2.8
share (%)	4.0		4.1		3.9		3.7		3.9	
F	430	-0.1	426	-0.8	398	-6.7	383	-3.7	376	-1.8
share (%)	15.6		15.9		15.7		15.9		16.3	
IRL	21	9.2	21	-0.8	21	4.2	22	4.1	N/A	N/A
share (%)	0.8		0.8		0.8		0.9		N/A	N/A
I	325	-2.7	333	2.6	324	-2.7	317	-2.2	308	-3.0
share (%)	11.8		12.4		12.8		13.2		13.3	
L	N/A	N/A								
share (%)	N/A		N/A		N/A		N/A		N/A	N/A
NL	112	-1.4	103	-8.6	100	-2.5	96	-4.1	89	-6.9
share (%)	4.1		3.8		3.9		4.0		3.9	
P	37	18.9	35	-4.7	33	-5.8	30	-9.1	N/A	N/A
share (%)	1.3		1.3		1.3		1.2		N/A	N/A
UK	479	-4.5	439	-8.4	404	-7.9	391	-3.3	392	0.2
share (%)	17.4		16.4		15.9		16.2		17.0	

SOURCE: DEBA

TABLE 3.1.4

LABOUR COSTS BY
MEMBER STATE
(MILLION ECU)

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	76,444	5.8	80,559	5.4	81,074	0.6	79,669	-1.7	78,074	-2.0
B	1,816	8.4	1,851	1.9	1,783	-3.7	1,760	-1.3	N/A	N/A
share (%)	2.4		2.3		2.2		2.2		N/A	N/A
DK	964	8.2	930	-3.5	929	-0.1	893	-3.9	N/A	N/A
share (%)	1.3		1.2		1.1		1.1		N/A	N/A
D	35,047	7.6	37,077	5.8	38,676	4.3	39,103	1.1	37,242	-4.8
share (%)	45.8		46.0		47.7		49.1		47.7	
GR	143	7.0	147	2.8	153	3.8	153	0.3	161	4.8
share (%)	0.2		0.2		0.2		0.2		0.2	
E	2,503	9.6	2,715	8.5	2,559	-5.7	2,163	-15.5	2,193	1.4
share (%)	3.3		3.4		3.2		2.7		2.8	
F	13,014	6.1	13,601	4.5	13,465	-1.0	13,503	0.3	13,632	1.0
share (%)	17.0		16.9		16.6		16.9		17.5	
IRL	370	14.2	380	2.7	416	9.6	435	4.5	N/A	N/A
share (%)	0.5		0.5		0.5		0.5		N/A	N/A
I	9,624	5.4	10,663	10.8	10,605	-0.5	9,259	-12.7	8,982	-3.0
share (%)	12.6		13.2		13.1		11.6		11.5	
L	N/A	N/A								
share (%)	N/A		N/A		N/A		N/A		N/A	N/A
NL	3,084	-0.3	3,064	-0.7	3,093	1.0	3,201	3.5	3,066	-4.2
share (%)	4.0		3.8		3.8		4.0		3.9	
P	388	52.6	451	16.0	472	4.8	380	-19.7	N/A	N/A
share (%)	0.5		0.6		0.6		0.5		N/A	N/A
UK	9,476	-1.5	9,664	2.0	8,902	-7.9	8,796	-1.2	9,295	5.7
share (%)	12.4		12.0		11.0		11.0		11.9	

SOURCE: DEBA

TABLE 3.1.5

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	39,663	3.7	42,487	7.1	45,671	7.5	49,918	9.3	58,842	17.9
B/L	1,118	5.5	1,130	1.1	1,177	4.1	1,420	20.7	1,845	30.0
share (%)	2.8		2.7		2.6		2.8		3.1	
DK	1,256	1.5	1,227	-2.3	1,208	-1.5	1,239	2.5	1,544	24.6
share (%)	3.2		2.9		2.6		2.5		2.6	
D	16,516	2.2	18,447	11.7	19,406	5.2	20,200	4.1	23,624	16.9
share (%)	41.6		43.4		42.5		40.5		40.1	
GR	45	13.1	45	0.7	70	55.2	84	19.5	114	35.1
share (%)	0.1		0.1		0.2		0.2		0.2	
E	925	2.8	1,040	12.4	1,238	19.1	1,597	29.0	1,988	24.5
share (%)	2.3		2.4		2.7		3.2		3.4	
F	6,795	9.8	7,169	5.5	7,509	4.7	8,274	10.2	9,695	17.2
share (%)	17.1		16.9		16.4		16.6		16.5	
IRL	476	0.3	560	17.7	629	12.4	856	36.0	1,237	44.5
share (%)	1.2		1.3		1.4		1.7		2.1	
I	4,057	4.7	4,217	4.0	4,672	10.8	5,090	8.9	6,028	18.4
share (%)	10.2		9.9		10.2		10.2		10.2	
NL	1,502	-10.1	1,734	15.4	2,548	47.0	3,188	25.1	3,451	8.2
share (%)	3.8		4.1		5.6		6.4		5.9	
P	147	25.9	152	3.9	197	29.5	188	-4.9	223	19.0
share (%)	0.4		0.4		0.4		0.4		0.4	
UK	6,825	4.4	6,767	-0.9	7,017	3.7	7,783	10.9	9,094	16.8
share (%)	17.2		15.9		15.4		15.6		15.5	

EXTRA-EU
EXPORTS BY
MEMBER STATE
(MILLION ECU)

SOURCE:  eurostat

TABLE 3.1.6

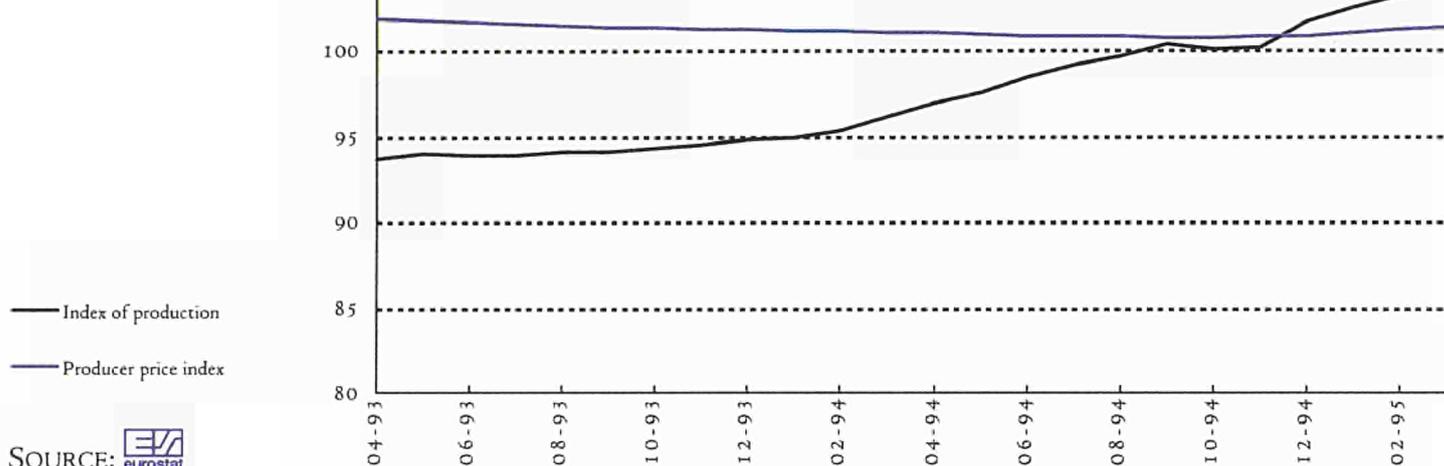
	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	45,608	3.4	51,241	12.3	50,944	-0.6	53,702	5.4	62,355	16.1
B/L	1,966	6.5	2,159	9.8	2,166	0.3	2,119	-2.1	2,319	9.5
share (%)	4.3		4.2		4.3		3.9		3.7	
DK	890	0.8	923	3.7	973	5.4	1,025	5.3	1,158	12.9
share (%)	2.0		1.8		1.9		1.9		1.9	
D	14,870	9.5	17,870	20.2	17,563	-1.7	18,772	6.9	21,999	17.2
share (%)	32.6		34.9		34.5		35.0		35.3	
GR	290	-11.3	333	14.8	361	8.4	466	29.2	378	-18.9
share (%)	0.6		0.6		0.7		0.9		0.6	
E	2,458	-5.1	2,800	13.9	2,766	-1.2	1,904	-31.1	2,115	11.1
share (%)	5.4		5.5		5.4		3.5		3.4	
F	6,462	10.1	7,133	10.4	6,680	-6.4	7,064	5.8	7,755	9.8
share (%)	14.2		13.9		13.1		13.2		12.4	
IRL	536	-8.7	658	22.8	735	11.7	1,061	44.4	1,336	25.9
share (%)	1.2		1.3		1.4		2.0		2.1	
I	4,603	2.0	4,870	5.8	4,789	-1.7	4,388	-8.4	4,833	10.2
share (%)	10.1		9.5		9.4		8.2		7.8	
NL	3,581	8.8	4,021	12.3	4,400	9.4	4,454	1.2	5,116	14.9
share (%)	7.9		7.8		8.6		8.3		8.2	
P	386	13.5	441	14.2	467	6.0	483	3.4	454	-6.1
share (%)	0.8		0.9		0.9		0.9		0.7	
UK	9,566	-7.1	10,033	4.9	10,045	0.1	11,965	19.1	14,891	24.5
share (%)	21.0		19.6		19.7		22.3		23.9	

EXTRA-EU
IMPORTS BY
MEMBER STATE
(MILLION ECU)

SOURCE:  eurostat

FIGURE 3.2.1

EVOLUTION OF EU
PRODUCTION AND
PRODUCER PRICE
INDEXES
(1990=100)



SOURCE: eurostat

TABLE 3.2.1

QUARTERLY
AND ANNUAL
PRODUCTION
INDEXES (1)
(1990=100)

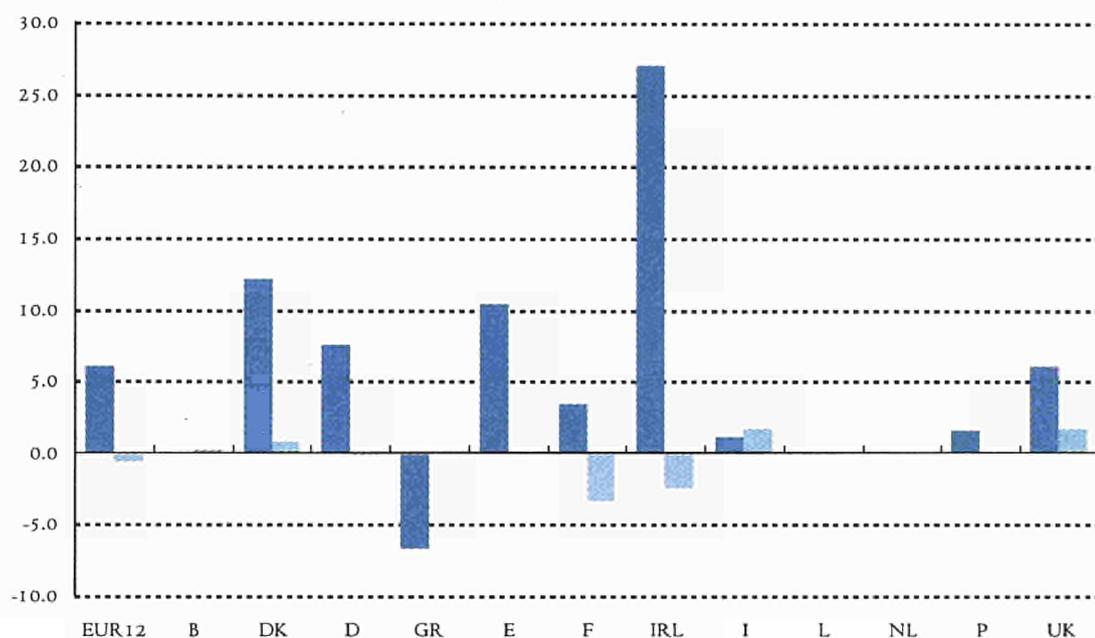
	Latest quarter available	Index	Quarterly t/t-4 (%)	Index	Annual t/t-1 (%)
EUR 12	01-95 ⇔ 03-95	103.5	7.7	99.9	6.1
B	⇔	N/A	N/A	N/A	N/A
DK	01-95 ⇔ 03-95	120.3	17.6	109.1	12.1
D	01-95 ⇔ 03-95	101.8	8.6	98.5	7.5
GR	12-94 ⇔ 02-95	150.9	-12.5	154.5	-6.7
E	01-95 ⇔ 03-95	114.8	12.5	106.4	10.4
F	01-95 ⇔ 03-95	105.3	8.6	99.9	3.4
IRL	11-94 ⇔ 01-95	172.5	20.0	169.6	27.0
I	01-95 ⇔ 03-95	95.0	4.4	94.7	1.1
L	⇔	N/A	N/A	N/A	N/A
NL	⇔	N/A	N/A	N/A	N/A
P	11-94 ⇔ 01-95	108.0	4.4	104.9	1.5
UK	01-95 ⇔ 03-95	100.1	3.8	98.6	6.0

(1) Annual growth rates are based on the latest annual data. Only when data to October is available will an annual estimate for the year be made.

SOURCE: eurostat

FIGURE 3.2.2

ANNUAL GROWTH
RATE OF EU
PRODUCTION
AND PRODUCER
PRICE
INDEXES (1)
(%)



■ Production
■ Producer prices

(1) Growth rates are based on the latest annual data available for each country. Please see the table below for the year concerned.

SOURCE: eurostat

	Latest quarter available	Index	Quarterly t/t-4 (%)	Index	Annual t/t-1 (%)
EUR12	01-95 ⇒ 03-95	101.3	0.2	100.8	-0.6
B	12-94 ⇒ 02-95	103.1	0.0	103.1	0.2
DK	01-95 ⇒ 03-95	102.9	2.0	101.4	0.7
D	01-95 ⇒ 03-95	101.4	0.0	101.3	-0.2
GR	⇒	N/A	N/A	N/A	N/A
E	⇒	N/A	N/A	N/A	N/A
F	01-95 ⇒ 03-95	91.9	-2.2	92.4	-3.3
IRL	12-94 ⇒ 02-95	100.9	1.4	98.7	-2.4
I	01-95 ⇒ 03-95	107.5	3.0	105.1	1.7
L	⇒	N/A	N/A	N/A	N/A
NL	⇒	N/A	N/A	N/A	N/A
P	⇒	N/A	N/A	N/A	N/A
UK	02-95 ⇒ 04-95	112.7	2.9	110.5	1.6

TABLE 3.2.2

QUARTERLY
AND ANNUAL
PRODUCER PRICE
INDEXES (1)
(1990=100)

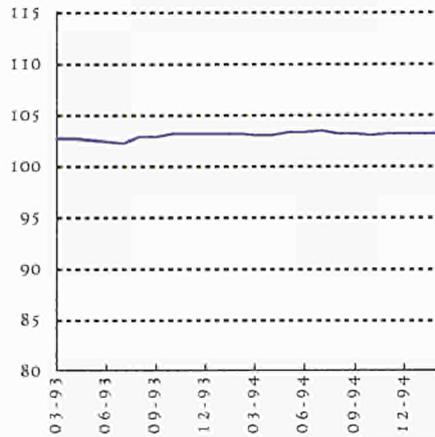
(1) Annual growth rates are based on the latest annual data. Only when data to October is available will an annual estimate for the year be made.

SOURCE: eurostat

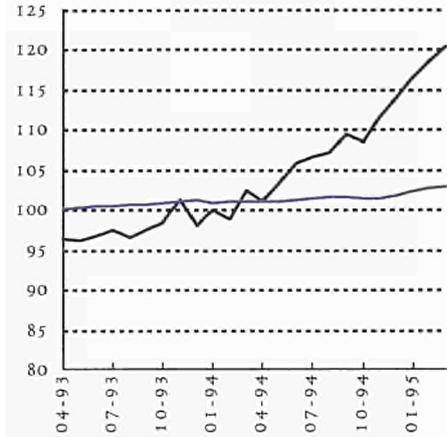
FIGURE 3.2.3

EVOLUTION OF
PRODUCTION AND
PRODUCER PRICE
INDEXES
(1990=100)

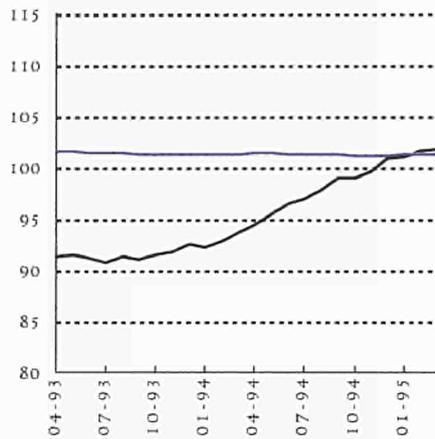
BELGIQUE/BELGIË



DANMARK



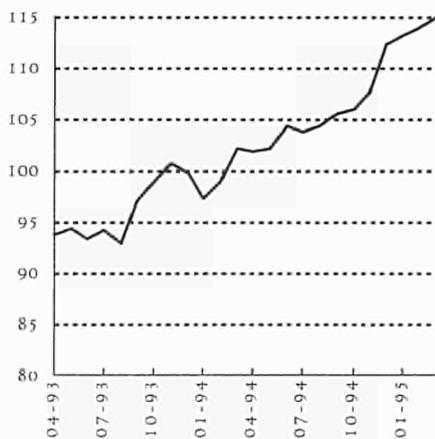
B.R. DEUTSCHLAND



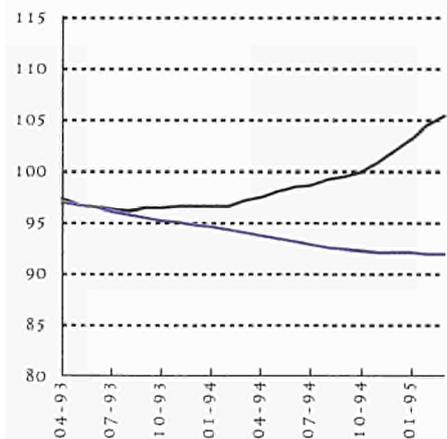
HELLAS



ESPAÑA



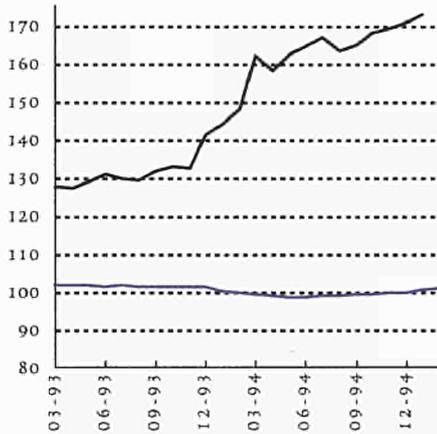
FRANCE



— Index of production
— Producer price index

SOURCE: eurostat

IRELAND



ITALIA

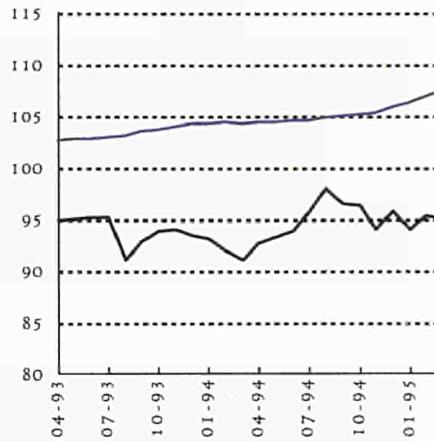
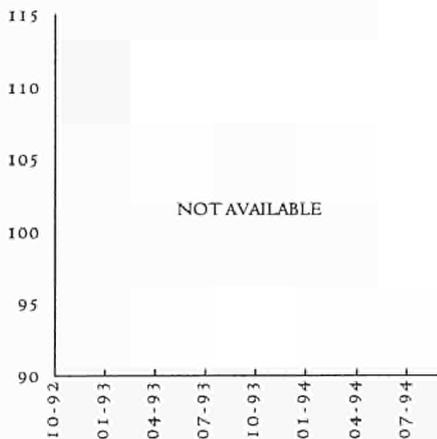


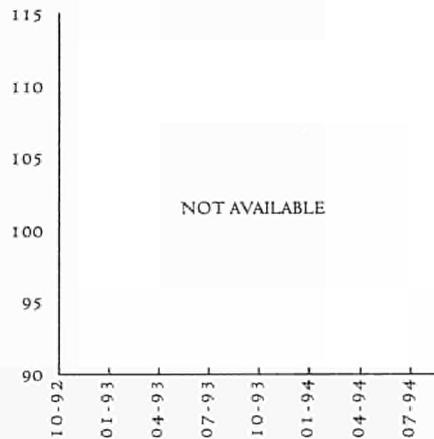
FIGURE 3.2.3

EVOLUTION OF
PRODUCTION AND
PRODUCER PRICE
INDEXES
(1990=100)

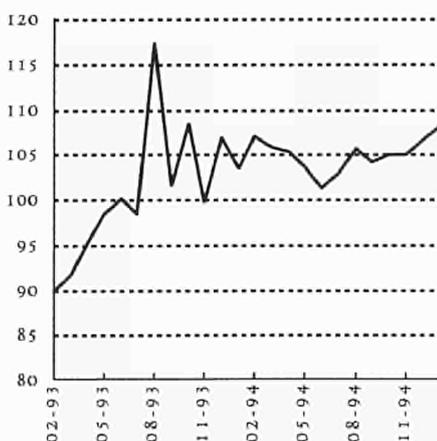
LUXEMBOURG



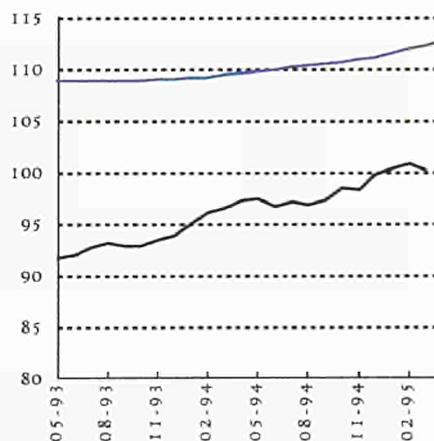
NEDERLAND



PORTUGAL



UNITED KINGDOM

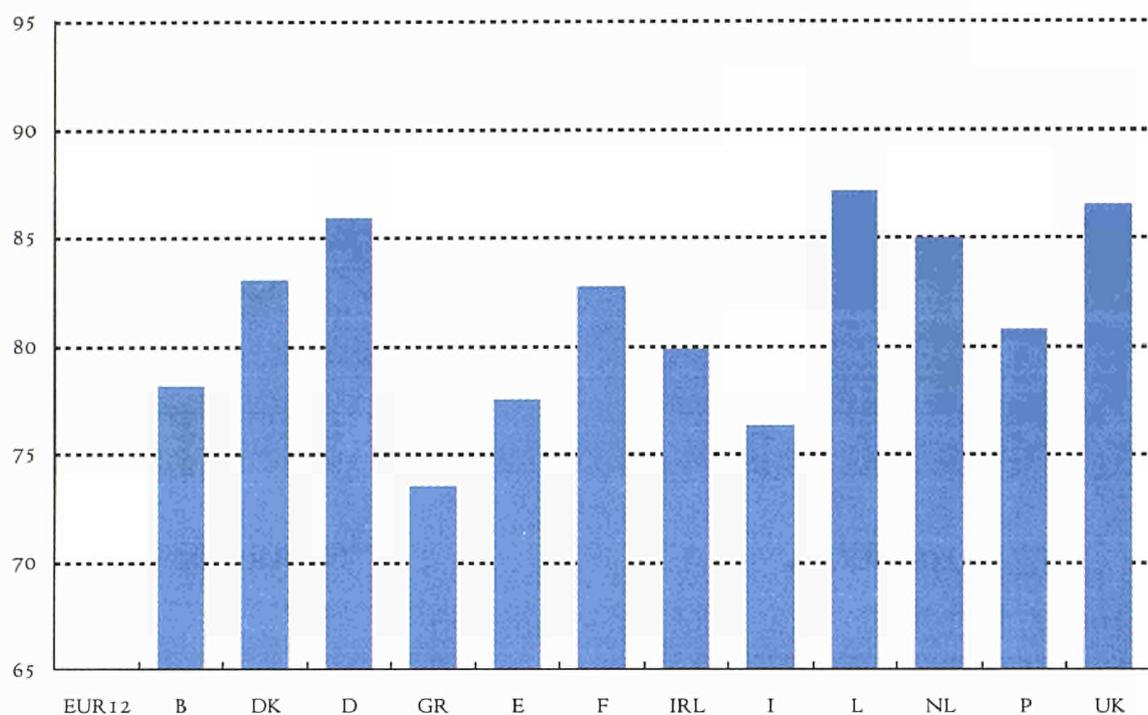


— Index of production
— Producer price index

SOURCE: eurostat

FIGURE 3.2.4

CAPACITY
UTILISATION
RATES BY
MEMBER STATE,
FIRST QUARTER
1995
(%)



SOURCE: DG II -
BUSINESS SURVEY

TABLE 3.2.3

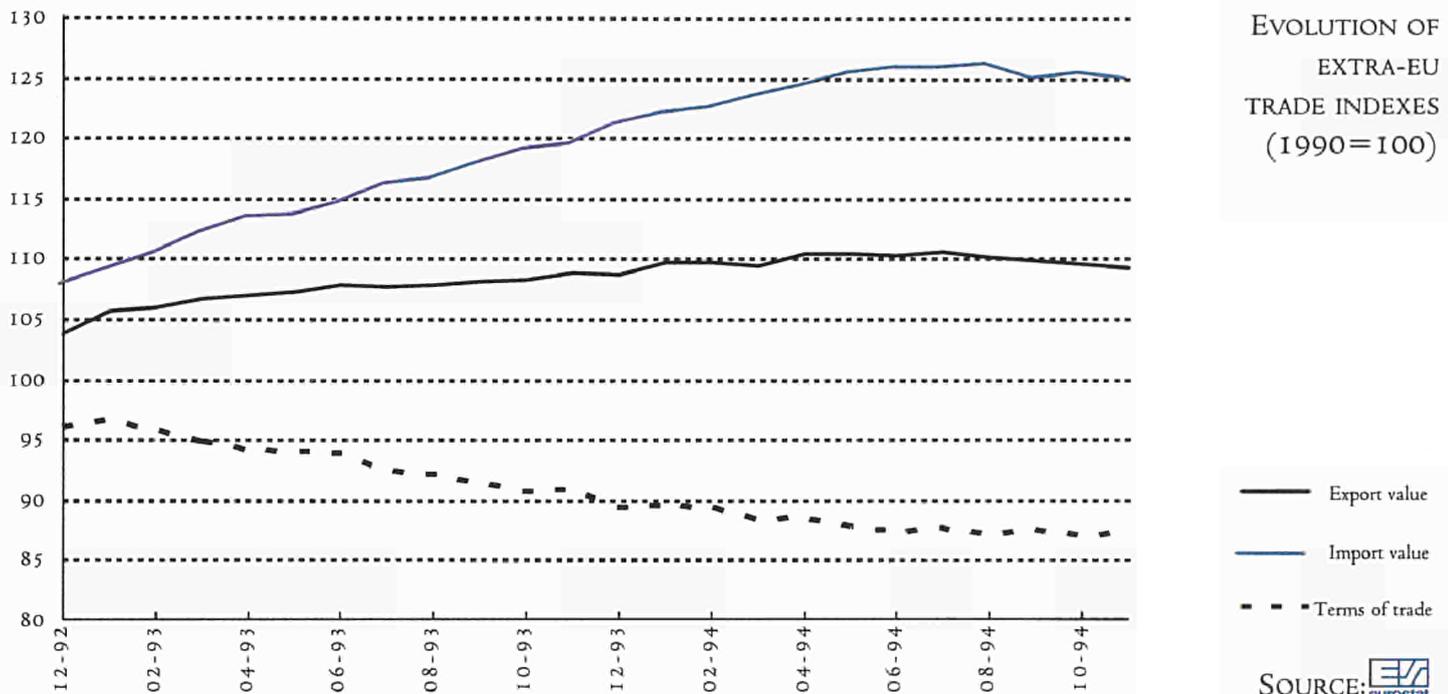
CAPACITY
UTILISATION
RATES BY
MEMBER STATE
(%)

	Annual growth rate: latest quarter, t/t-4	Second quarter 1994	Third quarter 1994	Fourth quarter 1994	First quarter 1995
EUR12	6.6	79.7	80.6	83.0	N/A
B	1.6	77.3	77.1	75.2	78.1
DK	0.0	82.0	83.0	81.0	83.0
D	3.6	83.4	83.1	84.8	85.9
GR	-4.0	76.2	75.4	78.3	73.5
E	14.3	70.7	73.6	76.5	77.5
F	4.7	77.9	82.9	84.6	82.7
IRL	3.4	71.7	71.2	75.0	79.8
I	4.2	73.6	74.5	76.2	76.3
L	8.6	79.1	84.7	82.6	87.1
NL	2.9	84.4	84.5	86.2	84.9
P	2.2	79.1	79.4	78.8	80.7
UK	1.4	86.4	84.3	89.8	86.4

SOURCE: DG II -
BUSINESS SURVEY

FIGURE 3.2.5

EVOLUTION OF
EXTRA-EU
TRADE INDEXES
(1990=100)



SOURCE: eurostat

TABLE 3.2.4

QUARTERLY
EXTRA-EU
TRADE INDEXES
(1990=100)

	Latest quarter available	Exports		Imports		Terms of trade index
		Value	Volume	Value	Volume	
EUR12	09-94 ⇔ 11-94	125.2	115.2	109.3	145.0	87.2
Growth rate, t/t-4 (%)		4.5	11.1	0.4	19.8	-4.0
B/L	09-94 ⇔ 11-94	131.3	87.1	88.2	193.3	67.1
Growth rate, t/t-4 (%)		3.8	-1.2	-4.0	19.6	-7.8
DK	09-94 ⇔ 11-94	100.4	138.5	101.0	142.0	100.7
Growth rate, t/t-4 (%)		0.5	13.6	5.5	29.8	5.0
D	09-94 ⇔ 11-94	128.1	123.2	116.9	132.3	91.3
Growth rate, t/t-4 (%)		4.3	12.6	1.5	21.6	-2.7
GR	09-94 ⇔ 11-94	101.6	124.5	105.7	224.8	104.2
Growth rate, t/t-4 (%)		-1.4	-21.0	-2.0	23.4	-1.3
E	09-94 ⇔ 11-94	115.0	84.2	99.7	223.0	86.7
Growth rate, t/t-4 (%)		1.8	15.7	-0.8	19.9	-2.9
F	09-94 ⇔ 11-94	118.3	107.6	105.4	138.2	89.0
Growth rate, t/t-4 (%)		2.2	9.1	0.2	13.4	-2.0
IRL	09-94 ⇔ 11-94	139.6	206.4	80.8	424.9	58.0
Growth rate, t/t-4 (%)		5.6	29.7	0.8	78.7	-4.7
I	09-94 ⇔ 11-94	114.7	95.6	101.0	151.0	88.1
Growth rate, t/t-4 (%)		5.0	4.0	1.5	20.1	-3.3
NL	09-94 ⇔ 11-94	121.4	117.0	104.1	223.8	85.8
Growth rate, t/t-4 (%)		4.5	12.6	-4.2	3.4	-8.6
P	09-94 ⇔ 11-94	96.3	130.9	109.3	149.7	113.7
Growth rate, t/t-4 (%)		0.3	-1.6	-1.6	18.6	-2.0
UK	09-94 ⇔ 11-94	135.9	121.1	112.1	130.0	82.5
Growth rate, t/t-4 (%)		6.9	13.4	-1.7	22.0	-8.1

SOURCE: eurostat

FIGURE 3.2.6

ANNUAL GROWTH RATE OF EXTRA-EU TRADE INDEXES (1) (%)

■ Export value
■ Import value

(1) Growth rates are based on the latest annual data available for each country. Please see the table below for the year concerned.

SOURCE:  eurostat

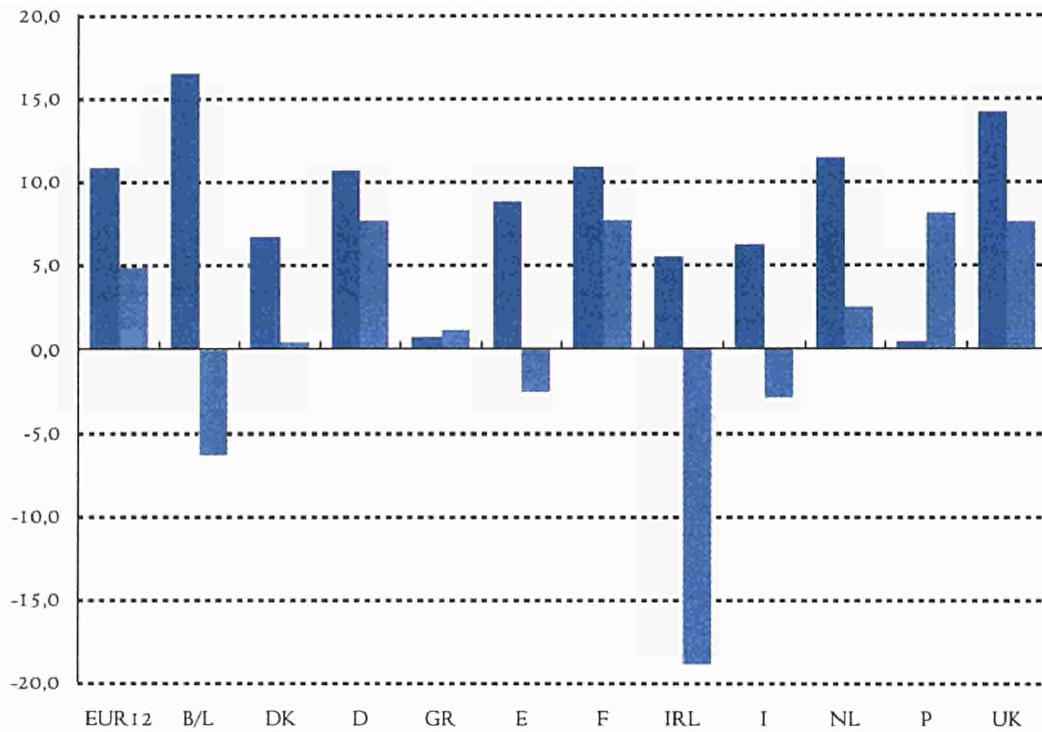


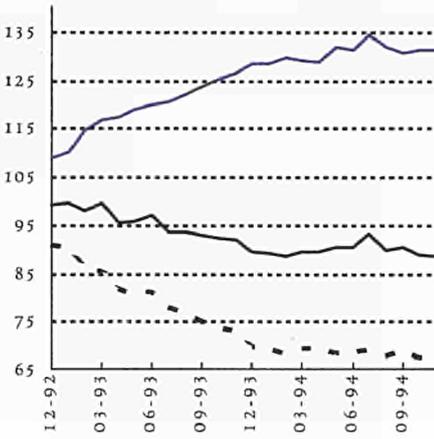
TABLE 3.2.5

ANNUAL EXTRA-EU TRADE INDEXES (1990=100)

	Latest year available	Exports Value	Exports Volume	Imports Value	Imports Volume	Terms of trade index
EUR12	1993	119.0	100.6	108.7	120.4	91.3
Growth rate, t/t-1 (%)		10.9	-2.8	4.8	10.4	-5.5
B/L	1993	125.0	87.4	92.0	138.7	73.6
Growth rate, t/t-1 (%)		16.5	-14.4	-6.4	30.5	-19.7
DK	1993	100.4	116.8	96.4	106.9	96.0
Growth rate, t/t-1 (%)		6.7	0.8	0.3	7.4	-6.0
D	1993	121.9	106.3	114.0	112.6	93.5
Growth rate, t/t-1 (%)		10.6	0.1	7.6	5.1	-2.7
GR	1993	99.9	163.9	108.8	171.6	108.9
Growth rate, t/t-1 (%)		0.7	29.7	1.1	19.4	0.5
E	1993	109.7	72.2	101.2	167.9	92.2
Growth rate, t/t-1 (%)		8.8	-35.4	-2.6	33.3	-10.5
F	1993	115.9	96.4	107.0	118.9	92.3
Growth rate, t/t-1 (%)		10.9	-1.9	7.6	6.8	-2.9
IRL	1993	124.6	165.2	75.0	251.9	60.1
Growth rate, t/t-1 (%)		5.5	41.7	-19.0	73.7	-23.3
I	1993	109.8	88.3	99.8	127.3	90.8
Growth rate, t/t-1 (%)		6.2	-11.8	-3.0	16.6	-8.7
NL	1993	115.8	102.5	109.5	197.3	94.5
Growth rate, t/t-1 (%)		11.3	-13.4	2.4	23.8	-8.0
P	1993	96.2	132.5	112.4	114.6	116.8
Growth rate, t/t-1 (%)		0.3	2.2	8.1	-14.0	7.7
UK	1993	126.1	101.4	113.2	106.0	89.7
Growth rate, t/t-1 (%)		14.1	7.2	7.5	8.5	-5.8

SOURCE:  eurostat

BELGIQUE/BELGIË, LUXEMBOURG



DANMARK

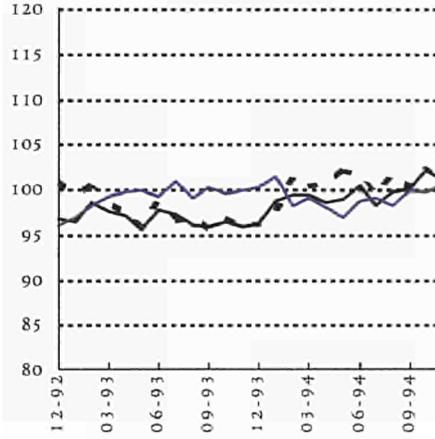
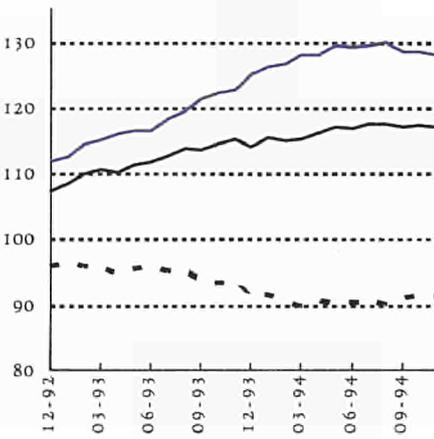


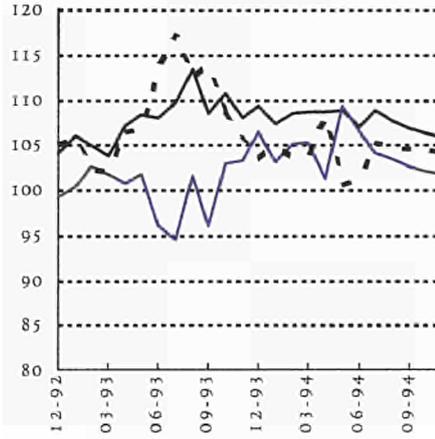
FIGURE 3.2.7

EVOLUTION OF
EXTRA-EU
TRADE INDEXES
(1990=100)

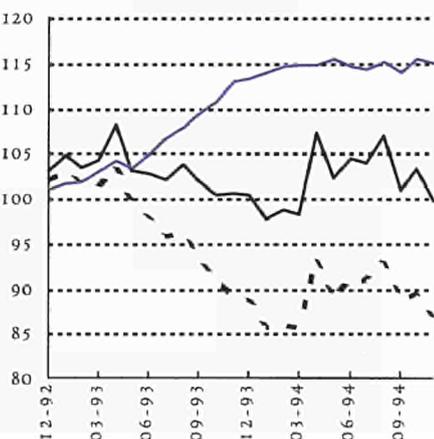
B.R. DEUTSCHLAND



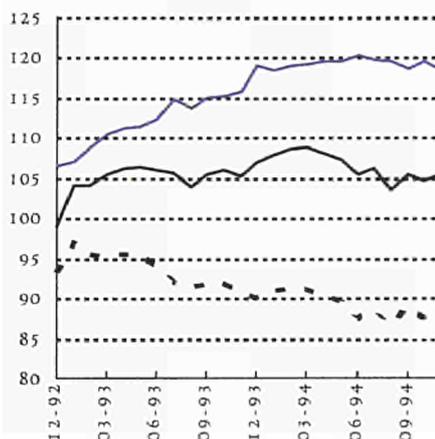
HELLAS



ESPAÑA



FRANCE

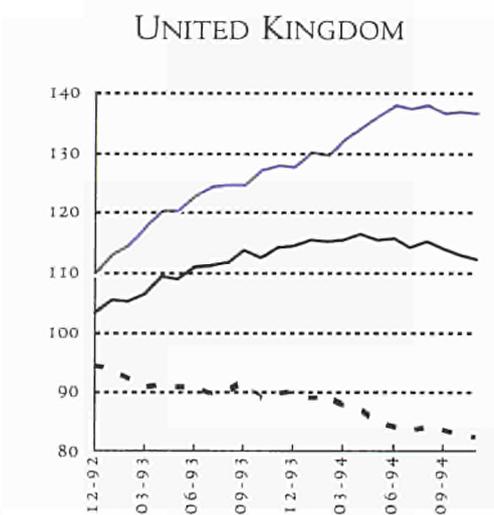
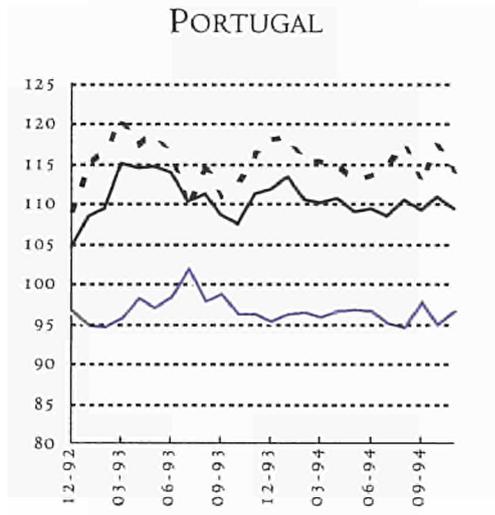
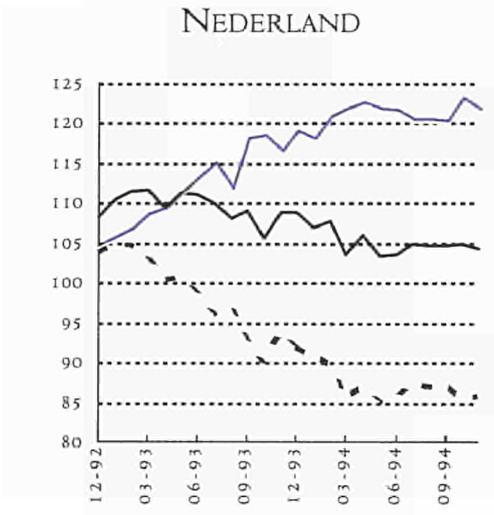
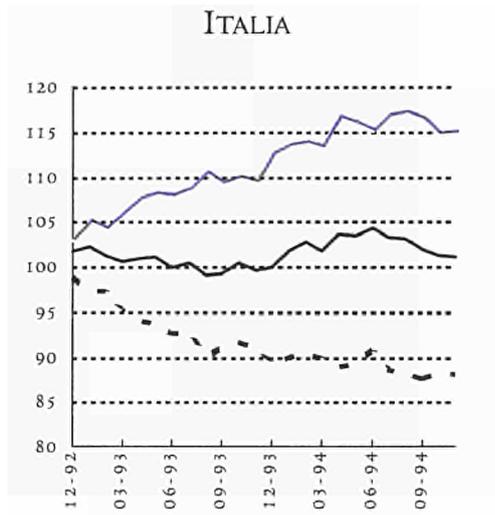
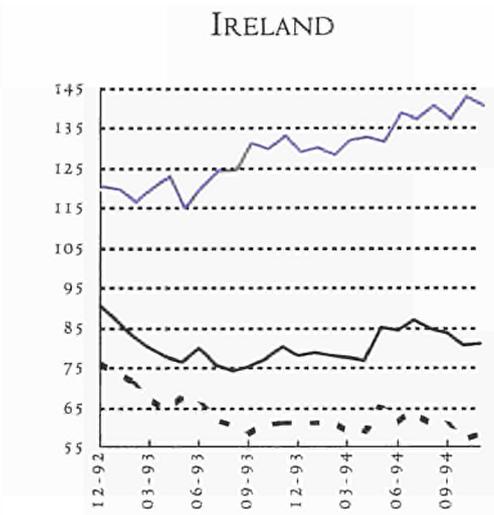


— Export value
- - - Import value
- · - · - Terms of trade

SOURCE:  eurostat

FIGURE 3.2.7

EVOLUTION OF
EXTRA-EU
TRADE INDEXES
(1990=100)



— Export value
— Import value
- - - Terms of trade

SOURCE: eurostat

IN BRIEF....

- ★ **EU PRODUCTION VOLUME WAS UP BY 1.5 PER CENT IN 1994 AFTER THREE YEARS OF DECLINE**
- ★ **PRODUCTION IN GERMANY CONTINUED TO SHRINK RAPIDLY**
- ★ **HIGHEST GROWTH RATE OF PRODUCTION VOLUME OVER 1994 FOUND IN SPAIN**
- ★ **VOLUME OF EXTRA-EU IMPORTS ROSE BY 13.8 PER CENT IN THE THREE MONTHS TO NOVEMBER 1994**
- ★ **RECOVERY IN ITALY LED BY INCREASED VOLUME OF EXTRA-EU TRADE**
- ★ **EU EMPLOYMENT WAS ESTIMATED TO DECREASE FOR FOURTH CONSECUTIVE YEAR**

The European clothing industry achieved a production volume growth rate of 1.5 per cent in 1994. This average masked strongly divergent growth rates for the individual Member States. The largest decline in production volume, by 12.9 per cent, took place in Germany. The industry did not show any signs of a recovery in that country as production volume dropped by 13.4 per cent in the final quarter of 1994 compared to the same quarter in 1993. Spain experienced declines in production volume during the years 1991 to 1993, but achieved positive growth of 13.2 per cent in 1994. Growth has also turned positive in France during the months November 1994 to January 1995, at 9.3 per cent compared to the same months a year before. Italy, together with Germany the largest producer in the EU, experienced a similar pattern of recurring growth by the end of 1994.

Despite strong growth in a number of the large Member States, producer price inflation remained subdued. With an EU average of 1.3 per cent in 1994, it remained under 2 per cent for the second year in a row. Six of the Member States (out of the ten for which data was available) had producer price inflation rates in national currencies under 2.0 per cent in 1994. Spain, France and Italy all experienced strong growth by the end of 1994 and had quarterly producer price inflation rates of 1.4, 0.5 and 1.9 per cent respectively. In the months to the beginning of 1995, the smallest increases in producer prices were recorded in the Netherlands (0.0 per cent) and in Germany (0.1 per cent). Producer price inflation is usually seen to increase as capacity utilisation reaches levels well into the 80 to 90 per cent range. In the Netherlands, the capacity utilisation rate declined to 87.2 per cent during the first quarter of 1995, while in Germany it increased by 1.7 percentage points to 83.9 per cent. Capacity utilisation was highest during the first quarter of 1995 in Denmark at 91.0 per cent. The only three countries with capacity utilisation rates below 80 per cent in the first quarter of 1995 were Belgium, Spain and Greece. One explanation for producer prices being kept down despite relatively high levels of capacity utilisation was the fierce competition from outside the EU.

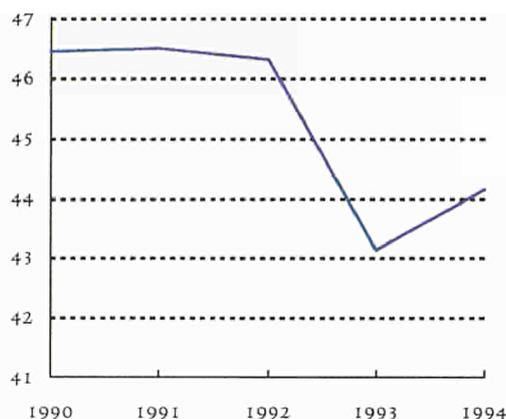
CLOTHING
INDUSTRY

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FIGURE 4.1.1

EVOLUTION OF EU PRODUCTION IN CONSTANT PRICES (BILLION ECU)

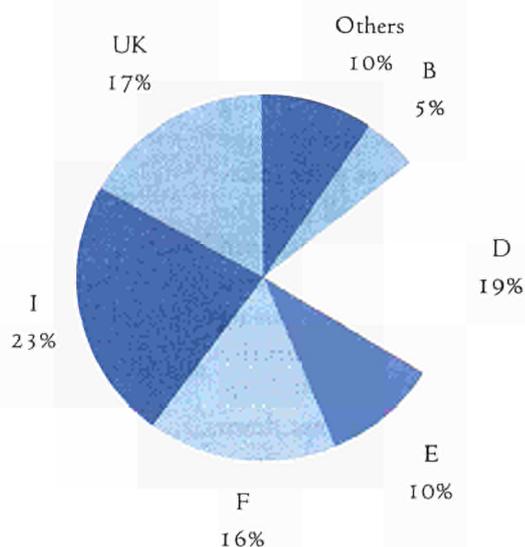


SOURCE: DEBA

The EU Member States imported 34.1 per cent of apparent consumption in 1994 while exporting only 18.2 per cent of their production. The extra-EU trade balance deficit increased from 2.1 billion ECU in 1985 to a record 10.9 billion in 1993. From the mid-eighties onwards, Italy and Portugal were the only countries which consistently had an extra-EU trade surplus in clothing. The value of Italy's extra-EU exports was estimated to have exceeded imports by 1.09 billion ECU in 1994. Portugal's surplus was 0.27 billion ECU in that same year. Greece had an extra-EU surplus until 1992 when its imports grew by 24 per cent and overtook exports. The same happened in Spain in 1990. The most important destination of extra-EU

FIGURE 4.1.2

SHARE OF VALUE-ADDED AT FACTOR COST BY MEMBER STATE, 1994 (%)



SOURCE: DEBA

exports in 1993 were Switzerland (15.5 per cent of the value of exports), the USA (13.1 per cent) and Austria (12.2 per cent). The largest net-importers were Germany, with an estimated extra-EU trade deficit of 7.0 billion ECU in 1994 and the United Kingdom with a deficit of 1.9 billion ECU.

During the five years to 1993, the origin of imports has shifted towards South and East Asia, North Africa and Eastern Europe. A traditional supplier of EU clothing imports like Hong Kong, has seen its share in the European market decline from 15.1 per cent in 1988 to 9.9 per cent in 1993. Most of this is now being supplied by China, which doubled its market share in the same period. Other upcoming suppliers are Tunisia, with 6.2 per cent of the value of imports in 1993, Morocco with a 5.6 per cent stake and Poland, which saw its share rise from 2.5 per cent in 1988 to 5.9 per cent in 1993. These developments reflect the move to Outward Processing Trade (OPT), where fabrics are exported to neighbouring countries with lower labour costs. The finished clothes are then re-imported for sale on the European market. The OETH reported OPT to account for 15 per cent of the volume of imports in 1993.

The recent indicators on extra-EU trade showed increases in the volume of both exports and imports for the three months to November 1994. These rises were more than compensated for by decreasing prices leading to a slight drop in the value of exports (1.4 per cent) and an even smaller decline in the value of imports (0.8 per cent). The volume of extra-EU imports grew by 13.8 per cent and consequently, import prices fell by 12.8 per cent. The decline in export prices was less pronounced at 4.6 per cent. The terms of trade thereby improved marginally by 0.6 per cent. The main contributors to the rise in imports were Belgium/Luxembourg, France, Italy and the Netherlands. Italy gained from a surge in its exports by 24.8 per cent. The volume of its imports grew even faster, by 30.9 per cent, reflecting the developments at the EU level in a

more extreme fashion. Italian export prices dropped by 22.4 per cent measured in ECU, approximately a fifth of which was due to devaluation of the lire. The improvement in Italy's competitiveness was made up for by an even greater decline in import prices of 25.2 per cent. Denmark and Spain have also been able to stimulate exports by reducing their export prices. They lowered their export prices by 18.7 and 20.9 per cent respectively and recorded volume growth of 21.0 and 16.5 per cent. Competition in international trade may intensify even more in the coming years as the European Commission is considering partial lifting of trade restrictions, a few of which are covered under the Multifibre Arrangement (MFA).

The sector has had to dramatically increase productivity in order to make the necessary price cuts mentioned above. Italy and Spain achieved estimated improvements of more than 20 per cent in gross value added per employee by cutting over 10 per cent of their respective workforces in 1994. In the case of Italy, this led to a estimated rise in the gross operating rate from 7.4 per cent in 1993 to 10.7 per cent in 1994. Since clothing is a relatively labour intensive sector, cutting the labour force, thereby pushing down labour costs, and improving output per employee, is the major element in improving competitiveness. In the years 1990 to 1993, the EU clothing sector lost almost 114 thousand jobs. It is estimated to have lost another 36 thousand in 1994, the total loss adding up to 17 per cent of employment in 1990. Total labour costs have dropped by 5.4 per cent which resulted in unit labour costs being barely one per cent higher in 1993 than in 1990. Labour productivity increased by 10 per cent during the same period.

Although employment decreased in 1993 in every Member State except the United Kingdom (where restructuring of the sector had finished by 1992, having shed 28 per cent of employment between 1988 and 1992), the phase of development the sector is in differs by country. Production specialisation coefficients show that

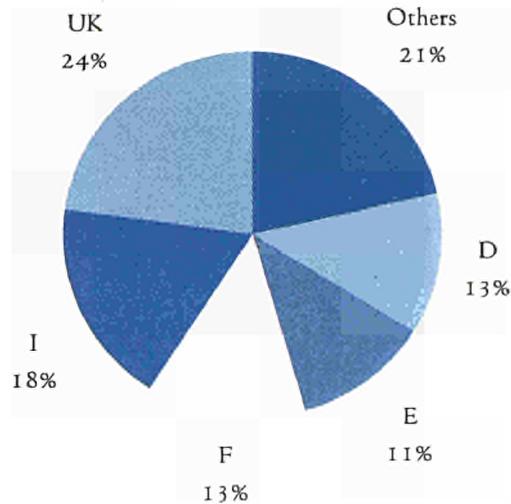


FIGURE 4.1.3

SHARE OF
NUMBER OF
EMPLOYEES BY
MEMBER STATE,
1994
(%)

SOURCE: DEBA

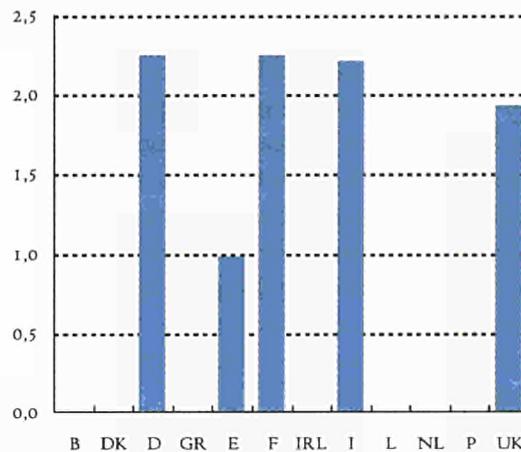


FIGURE 4.1.4

LABOUR COSTS BY
MEMBER STATE,
1994
(BILLION ECU)

SOURCE: DEBA

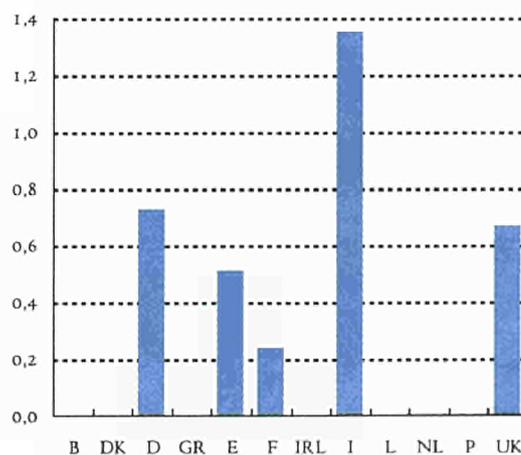


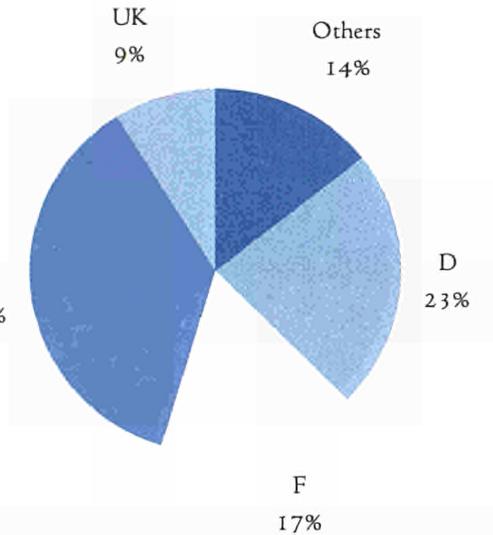
FIGURE 4.1.5

GROSS
OPERATING
SURPLUS BY
MEMBER STATE,
1994
(BILLION ECU)

SOURCE: DEBA

FIGURE 4.1.6

SHARE OF
EXTRA-EU
EXPORTS BY
MEMBER STATE,
1994
(%)

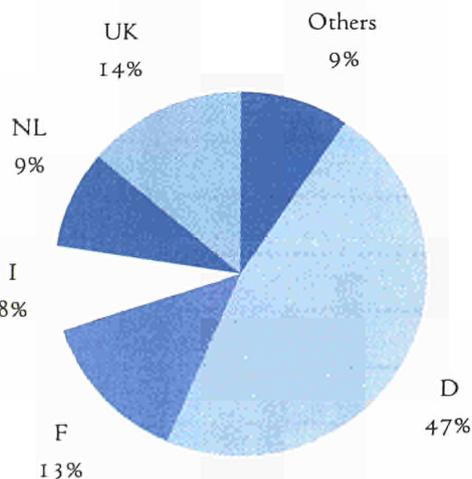


SOURCE: eurostat

the industry has been relocating towards the southern Member States, where the recession is expected to have had the effect of a temporary adjustment. Of the northern Members, only Belgium had a relatively large share of the clothing. The decline of the industry in the north of the EU can thus be seen as a more structural phenomenon. The country most specialised in clothing within the EU was Portugal, where specialisation was over four times the EU average for both production and employment in 1993. According to data on local units, 15.4 per cent of Portuguese workers were employed in the clothing sector.

FIGURE 4.1.7

SHARE OF
EXTRA-EU
IMPORTS BY
MEMBER STATE,
1994
(%)



SOURCE: eurostat

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	16,396	8.5	16,951	3.4	17,012	0.4	15,279	-10.2	15,318	0.3
B	603	26.5	611	1.2	639	4.6	726	13.6	752	3.7
share (%)	3.7		3.6		3.8		4.7		4.9	
DK	164	44.0	173	5.1	201	16.3	174	-13.3	188	8.0
share (%)	1.0		1.0		1.2		1.1		1.2	
D	3,404	5.3	3,469	1.9	3,336	-3.8	3,216	-3.6	2,977	-7.4
share (%)	20.8		20.5		19.6		21.0		19.4	
GR	245	7.3	242	-1.0	232	-4.0	217	-6.4	186	-14.3
share (%)	1.5		1.4		1.4		1.4		1.2	
E	1,742	16.5	1,976	13.4	1,749	-11.5	1,387	-20.7	1,487	7.2
share (%)	10.6		11.7		10.3		9.1		9.7	
F	2,733	11.8	2,687	-1.7	2,680	-0.3	2,565	-4.3	2,483	-3.2
share (%)	16.7		15.9		15.8		16.8		16.2	
IRL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
share (%)	N/A		N/A		N/A		N/A		N/A	
I	3,841	1.5	4,168	8.5	4,472	7.3	3,391	-24.2	3,561	5.0
share (%)	23.4		24.6		26.3		22.2		23.2	
L	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
share (%)	N/A		N/A		N/A		N/A		N/A	
NL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
share (%)	N/A		N/A		N/A		N/A		N/A	
P (1)	565		618	9.4	702	13.6	640	-8.9	568	-11.2
share (%)	N/A		N/A		N/A		N/A		N/A	
UK	2,679	-0.1	2,501	-6.6	2,454	-1.9	2,435	-0.8	2,593	6.5
share (%)	16.3		14.8		14.4		15.9		16.9	

TABLE 4.1.1

VALUE-ADDED AT
FACTOR COST BY
MEMBER STATE
(MILLION ECU)

(1) Value-added
at market prices.

SOURCE: DEBA

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	48,446	9.3	50,767	4.8	51,901	2.2	47,060	-9.3	47,623	1.2
B	1,468	17.7	1,610	9.7	1,686	4.8	1,919	13.8	1,991	3.8
share (%)	3.0		3.2		3.2		4.1		4.2	
DK	393	6.8	401	2.1	469	16.8	384	-18.2	406	5.9
share (%)	0.8		0.8		0.9		0.8		0.9	
D	11,413	8.2	11,981	5.0	11,541	-3.7	11,300	-2.1	10,653	-5.7
share (%)	23.6		23.6		22.2		24.0		22.4	
GR	702	11.4	693	-1.3	705	1.7	740	5.1	694	-6.3
share (%)	1.4		1.4		1.4		1.6		1.5	
E (1)	4,228	17.0	4,808	13.7	4,514	-6.1	3,879	-14.1	4,473	15.3
share (%)	N/A		N/A		N/A		N/A		N/A	
F	7,703	10.3	7,603	-1.3	7,844	3.2	7,520	-4.1	7,175	-4.6
share (%)	15.9		15.0		15.1		16.0		15.1	
IRL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
share (%)	N/A		N/A		N/A		N/A		N/A	
I	13,509	4.4	14,366	6.3	15,577	8.4	11,938	-23.4	12,690	6.3
share (%)	27.9		28.3		30.0		25.4		26.6	
L	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
share (%)	N/A		N/A		N/A		N/A		N/A	
NL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
share (%)	N/A		N/A		N/A		N/A		N/A	
P (1)	1,988		2,341	17.7	2,729	16.6	2,549	-6.6	2,317	-9.1
share (%)	N/A		N/A		N/A		N/A		N/A	
UK	5,980	-4.5	5,921	-1.0	5,742	-3.0	5,725	-0.3	6,102	6.6
share (%)	12.3		11.7		11.1		12.2		12.8	

TABLE 4.1.2

TURNOVER IN
CURRENT PRICES
BY MEMBER STATE
(MILLION ECU)

(1) Production in
current prices.

SOURCE: DEBA

TABLE 4.1.3

NUMBER OF
EMPLOYEES BY
MEMBER STATE
(THOUSANDS)

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	881	5.1	860	-2.3	807	-6.1	767	-5.0	730	-4.8
B	24	-3.1	22	-6.4	20	-9.0	18	-8.6	N/A	N/A
share (%)	2.7		2.6		2.5		2.4		N/A	
DK	6	-0.5	6	-3.1	7	6.4	6	-7.7	N/A	N/A
share (%)	0.7		0.7		0.8		0.8		N/A	
D	147	-2.1	139	-5.5	122	-12.0	105	-14.0	94	-10.9
share (%)	16.7		16.2		15.2		13.7		12.8	
GR	31	-1.1	29	-5.4	27	-6.5	25	-9.4	22	-10.4
share (%)	3.5		3.4		3.4		3.2		3.0	
E	97	5.4	98	1.1	93	-4.9	89	-4.5	83	-6.6
share (%)	11.0		11.4		11.5		11.6		11.4	
F	119	-2.4	116	-2.4	111	-4.1	101	-8.9	98	-3.2
share (%)	13.5		13.5		13.8		13.2		13.4	
IRL	N/A	N/A								
share (%)	N/A									
I	155	-3.7	157	1.4	155	-1.0	152	-2.0	134	-11.8
share (%)	17.6		18.2		19.2		19.8		18.4	
L	N/A	N/A								
share (%)	N/A									
NL	N/A	N/A								
share (%)	N/A									
P	113		123	9.3	114	-7.3	101	-11.2	N/A	N/A
share (%)	12.8		14.3		14.1		13.2		N/A	
UK	172	-6.1	154	-10.9	142	-7.3	155	8.9	166	7.2
share (%)	19.6		17.9		17.6		20.2		22.7	

SOURCE: DEBA

TABLE 4.1.4

LABOUR COSTS BY
MEMBER STATE
(MILLION ECU)

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	11,950	5.6	12,484	4.5	12,380	-0.8	11,307	-8.7	10,926	-3.4
B	350	3.5	344	-1.7	322	-6.3	317	-1.6	N/A	N/A
share (%)	2.9		2.8		2.6		2.8		N/A	
DK	115	3.3	110	-4.0	127	15.4	122	-4.5	N/A	N/A
share (%)	1.0		0.9		1.0		1.1		N/A	
D	2,638	3.2	2,691	2.0	2,609	-3.0	2,387	-8.5	2,249	-5.8
share (%)	22.1		21.6		21.1		21.1		20.6	
GR	225	2.9	223	-1.1	217	-2.8	208	-3.8	N/A	N/A
share (%)	1.9		1.8		1.8		1.8		N/A	
E	1,064	16.5	1,193	12.2	1,192	-0.1	1,073	-10.0	977	-9.0
share (%)	8.9		9.6		9.6		9.5		8.9	
F	2,258	4.6	2,267	0.4	2,306	1.7	2,258	-2.1	2,246	-0.6
share (%)	18.9		18.2		18.6		20.0		20.6	
IRL	N/A	N/A								
share (%)	N/A									
I	2,728	2.6	2,985	9.4	3,019	1.2	2,504	-17.1	2,209	-11.8
share (%)	22.8		23.9		24.4		22.1		20.2	
L	N/A	N/A								
share (%)	N/A									
NL	N/A	N/A								
share (%)	N/A									
P	495		619	24.9	622	0.5	492	-20.9	N/A	N/A
share (%)	4.1		5.0		5.0		4.4		N/A	
UK	1,841	-4.2	1,822	-1.0	1,736	-4.7	1,716	-1.2	1,926	12.2
share (%)	15.4		14.6		14.0		15.2		17.6	

SOURCE: DEBA

TABLE 4.1.5

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	6,727	8.2	6,682	-0.7	6,853	2.6	7,086	3.4	8,221	16.0
B/L	122	29.5	125	2.8	133	6.2	117	-11.9	119	1.7
share (%)	1.8		1.9		1.9		1.7		1.5	
DK	206	18.2	232	12.7	255	10.3	220	-14.0	235	6.9
share (%)	3.1		3.5		3.7		3.1		2.9	
D	1,648	10.6	1,741	5.7	1,777	2.1	1,799	1.2	1,890	5.1
share (%)	24.5		26.1		25.9		25.4		23.0	
GR	51	-14.3	52	1.0	49	-4.8	50	1.2	51	2.4
share (%)	0.8		0.8		0.7		0.7		0.6	
E	238	-6.1	236	-1.0	247	4.8	268	8.5	291	8.4
share (%)	3.5		3.5		3.6		3.8		3.5	
F	1,119	2.7	1,029	-8.1	1,111	8.0	1,156	4.0	1,405	21.5
share (%)	16.6		15.4		16.2		16.3		17.1	
IRL	26	13.1	23	-12.7	22	-3.5	32	45.4	24	-24.3
share (%)	0.4		0.3		0.3		0.4		0.3	
I	2,280	7.9	2,215	-2.8	2,201	-0.6	2,357	7.1	3,035	28.7
share (%)	33.9		33.1		32.1		33.3		36.9	
NL	106	8.5	105	-0.3	114	8.1	139	22.3	165	18.6
share (%)	1.6		1.6		1.7		2.0		2.0	
P	429	13.8	404	-5.9	388	-3.9	305	-21.3	302	-1.3
share (%)	6.4		6.0		5.7		4.3		3.7	
UK	503	12.3	522	3.8	556	6.4	643	15.6	704	9.6
share (%)	7.5		7.8		8.1		9.1		8.6	

EXTRA-EU
EXPORTS BY
MEMBER STATE
(MILLION ECU)

SOURCE:  eurostat

TABLE 4.1.6

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	13,781	15.5	16,684	21.1	16,592	-0.6	17,984	8.4	19,101	6.2
B/L	519	34.5	600	15.7	692	15.3	714	3.2	760	6.3
share (%)	3.8		3.6		4.2		4.0		4.0	
DK	308	21.0	439	42.2	389	-11.2	397	1.8	492	24.0
share (%)	2.2		2.6		2.3		2.2		2.6	
D	6,899	18.6	8,482	22.9	7,666	-9.6	8,636	12.6	8,930	3.4
share (%)	50.1		50.8		46.2		48.0		46.7	
GR	29	24.6	41	38.8	51	24.3	65	29.0	66	0.3
share (%)	0.2		0.2		0.3		0.4		0.3	
E	273	55.0	461	68.9	621	34.6	397	-36.0	410	3.1
share (%)	2.0		2.8		3.7		2.2		2.1	
F	2,055	20.6	2,278	10.9	2,354	3.3	2,486	5.6	2,576	3.6
share (%)	14.9		13.7		14.2		13.8		13.5	
IRL	43	7.3	44	3.3	42	-5.4	47	11.7	49	4.1
share (%)	0.3		0.3		0.3		0.3		0.3	
I	716	3.3	1,091	52.3	1,389	27.3	1,357	-2.4	1,530	12.8
share (%)	5.2		6.5		8.4		7.5		8.0	
NL	1,013	15.3	1,119	10.4	1,232	10.1	1,481	20.2	1,658	12.0
share (%)	7.3		6.7		7.4		8.2		8.7	
P	14	11.1	21	51.4	26	21.2	31	21.8	32	3.2
share (%)	0.1		0.1		0.2		0.2		0.2	
UK	1,911	-2.0	2,108	10.3	2,130	1.1	2,373	11.4	2,601	9.6
share (%)	13.9		12.6		12.8		13.2		13.6	

EXTRA-EU
IMPORTS BY
MEMBER STATE
(MILLION ECU)

SOURCE:  eurostat

FIGURE 4.2.1

EVOLUTION OF EU
PRODUCTION AND
PRODUCER PRICE
INDEXES
(1990=100)

— Index of production
— Producer price index

SOURCE:  eurostat

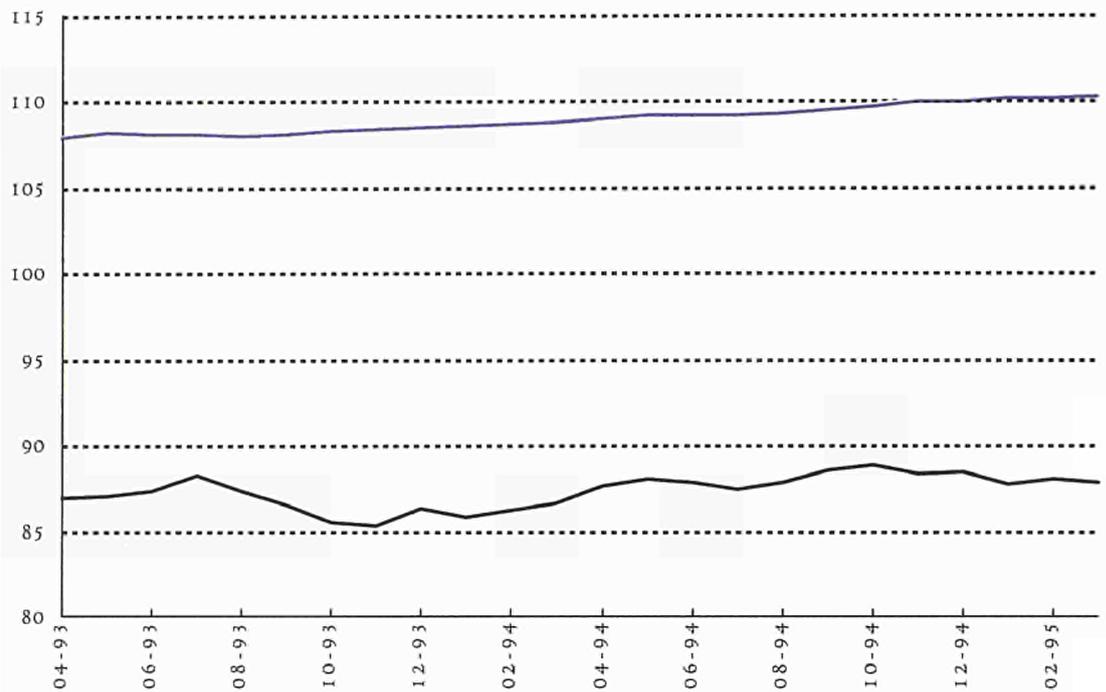


TABLE 4.2.1

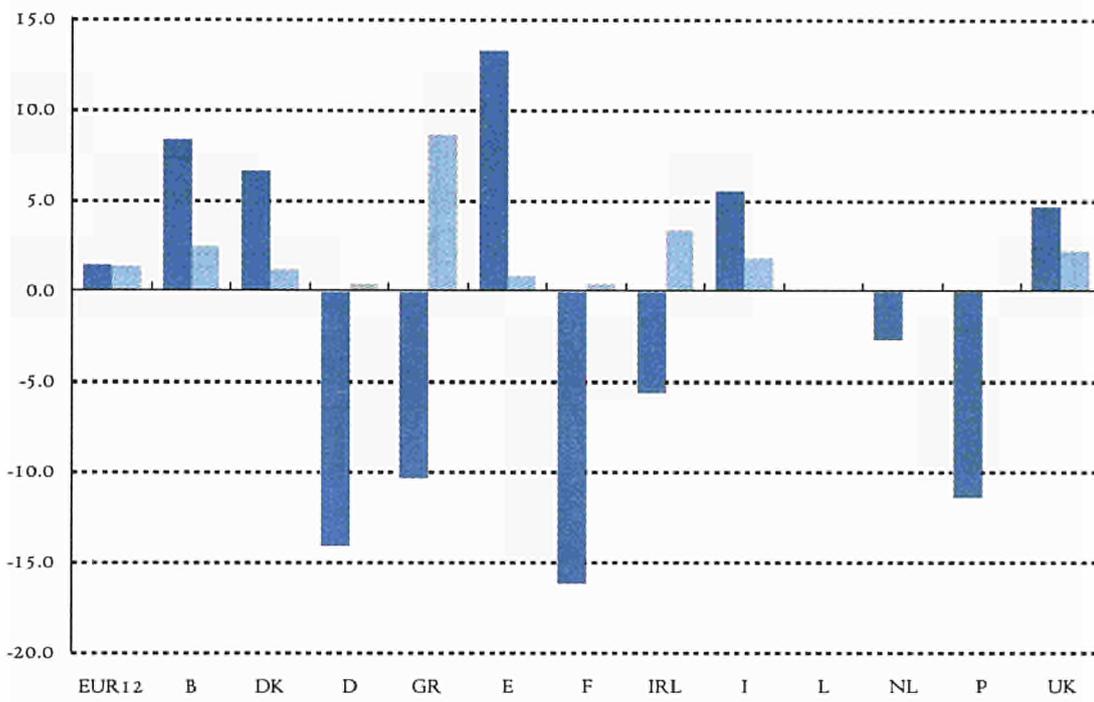
QUARTERLY
AND ANNUAL
PRODUCTION
INDEXES (1)
(1990=100)

(1) Annual growth rates are based on the latest annual data. Only when data to October is available will an annual estimate for the year be made.

SOURCE:  eurostat

	Latest quarter available	Index	Quarterly t/t-4 (%)	Index	Annual t/t-1 (%)
EUR 12	01-95 ⇔ 03-95	87.8	1.4	88.2	1.4
B	07-94 ⇔ 09-94	109.7	-6.8	117.3	8.4
DK	01-95 ⇔ 03-95	106.5	4.7	104.0	6.6
D	11-94 ⇔ 01-95	58.4	-14.8	61.1	-14.1
GR	12-94 ⇔ 02-95	81.5	-7.0	82.1	-10.3
E	01-95 ⇔ 03-95	85.1	6.3	84.6	13.2
F	01-95 ⇔ 03-95	85.6	3.6	69.4	-16.1
IRL	11-94 ⇔ 01-95	69.0	-4.4	70.1	-5.6
I	01-95 ⇔ 03-95	103.6	10.3	99.7	5.5
L	⇔	N/A	N/A	N/A	N/A
NL	10-94 ⇔ 12-94	90.3	-3.0	90.4	-2.7
P	11-94 ⇔ 01-95	81.6	-2.1	78.8	-11.4
UK	01-95 ⇔ 03-95	88.6	-7.8	96.2	4.6

FIGURE 4.2.2



ANNUAL GROWTH RATE OF EU PRODUCTION AND PRODUCER PRICE INDEXES (1) (%)

■ Production
■ Producer prices

(1) Growth rates are based on the latest annual data available for each country. Please see the table below for the year concerned.

SOURCE: eurostat

	Latest quarter available	Quarterly		Annual	
		Index	t/t-4 (%)	Index	t/t-1 (%)
EUR12	01-95 ⇔ 03-95	110.3	1.4	109.7	1.4
B	12-94 ⇔ 02-95	109.0	1.6	108.7	2.4
DK	01-95 ⇔ 03-95	106.9	1.4	105.7	1.2
D	01-95 ⇔ 03-95	107.8	0.1	107.7	0.3
GR	01-95 ⇔ 03-95	162.9	10.2	155.1	8.7
E	01-95 ⇔ 03-95	111.1	1.4	110.3	0.9
F	01-95 ⇔ 03-95	103.4	-0.5	104.6	0.3
IRL	12-94 ⇔ 02-95	111.2	1.7	111.1	3.4
I	01-95 ⇔ 03-95	109.9	1.9	108.9	1.9
L	⇔	N/A	N/A	N/A	N/A
NL	01-95 ⇔ 03-95	105.0	0.0	105.0	0.0
P	⇔	N/A	N/A	N/A	N/A
UK	02-95 ⇔ 04-95	118.8	3.0	116.3	2.2

TABLE 4.2.2

QUARTERLY AND ANNUAL PRODUCER PRICE INDEXES (1) (1990=100)

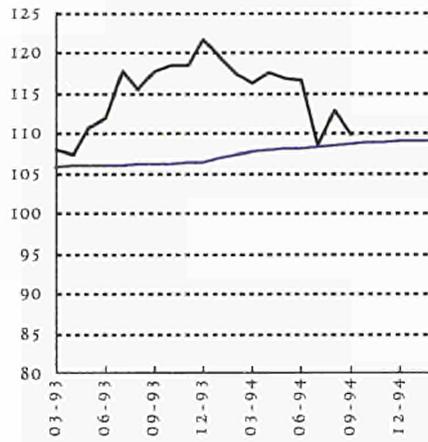
(1) Annual growth rates are based on the latest annual data. Only when data to October is available will an annual estimate for the year be made.

SOURCE: eurostat

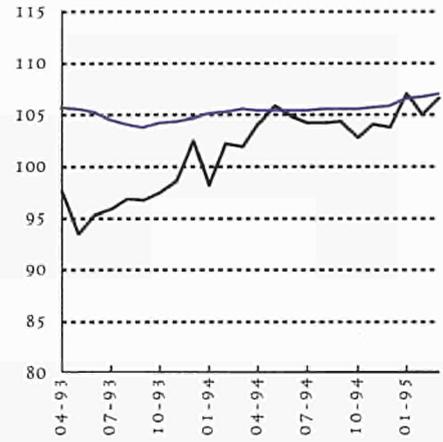
FIGURE 4.2.3

EVOLUTION OF
PRODUCTION AND
PRODUCER PRICE
INDEXES
(1990=100)

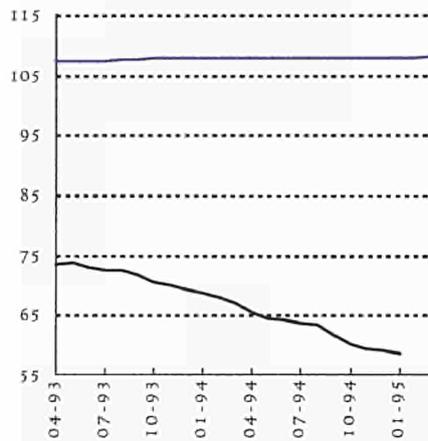
BELGIQUE/BELGIË



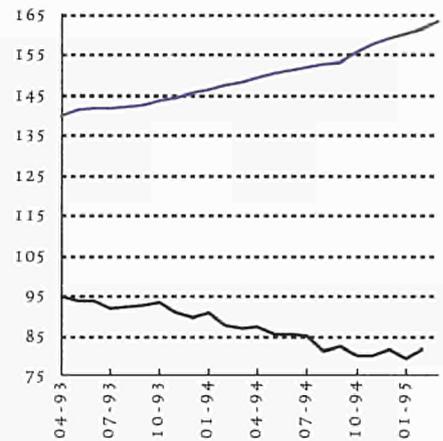
DANMARK



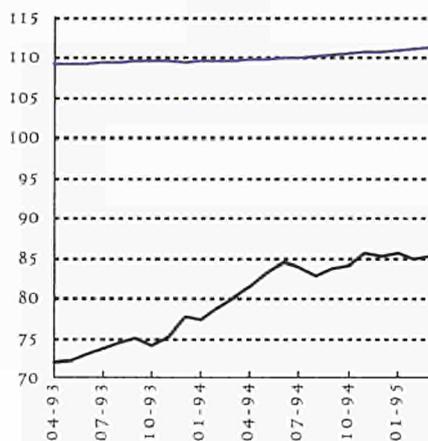
B.R. DEUTSCHLAND



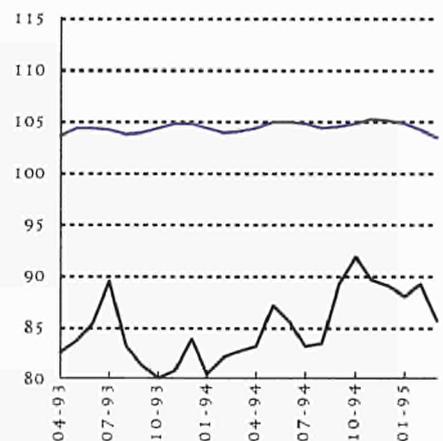
HELLAS



ESPAÑA



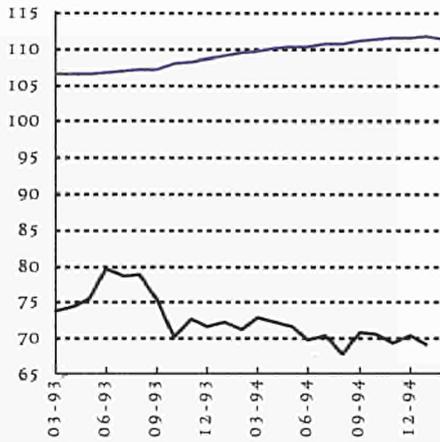
FRANCE



— Index of production
— Producer price index

SOURCE: eurostat

IRELAND



ITALIA

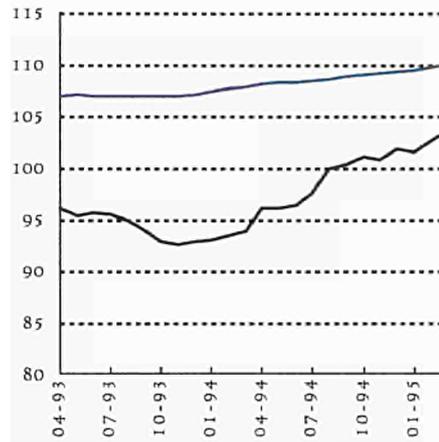
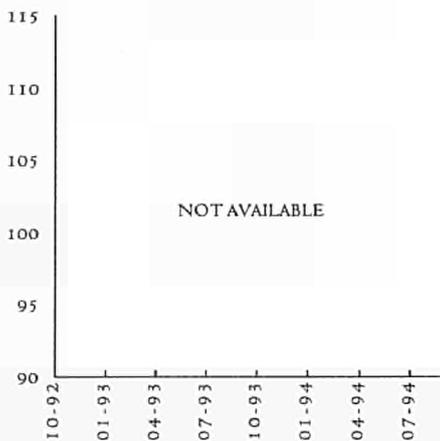


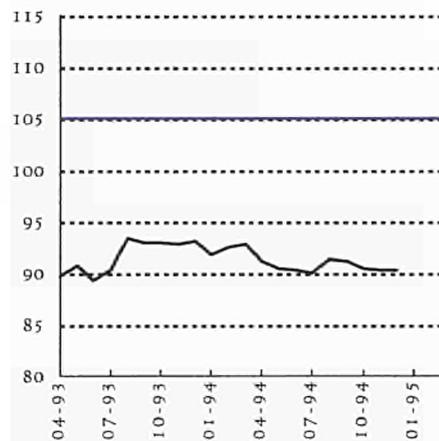
FIGURE 4.2.3

EVOLUTION OF
PRODUCTION AND
PRODUCER PRICE
INDEXES
(1990=100)

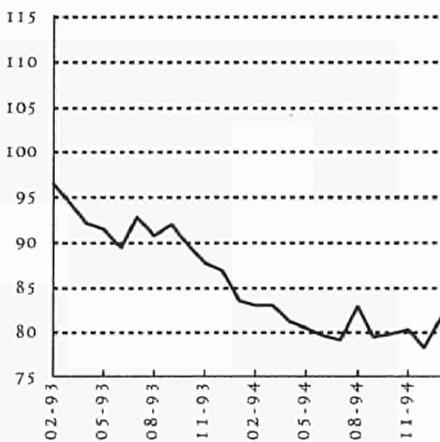
LUXEMBOURG



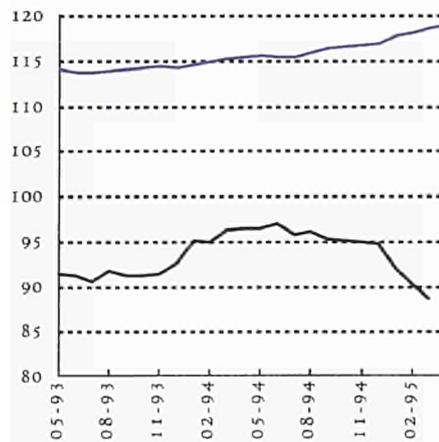
NEDERLAND



PORTUGAL



UNITED KINGDOM

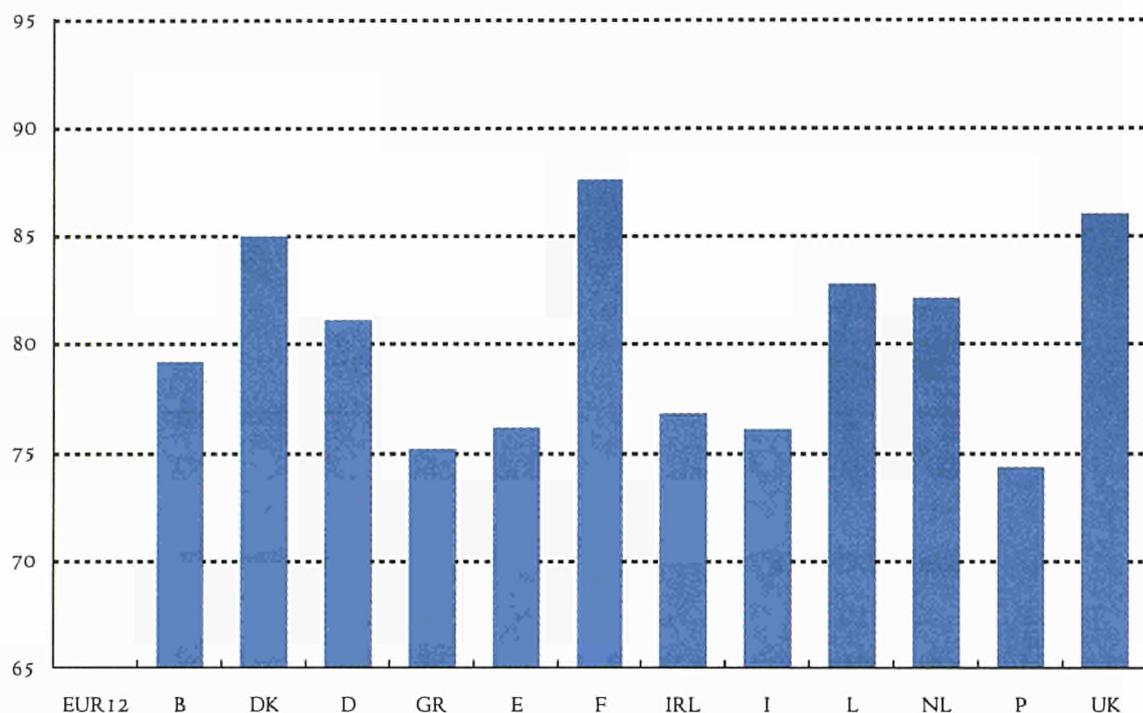


— Index of production
— Producer price index

SOURCE:  eurostat

FIGURE 4.2.4

CAPACITY
UTILISATION
RATES BY
MEMBER STATE,
FIRST QUARTER
1995
(%)



SOURCE: DG II -
BUSINESS SURVEY

TABLE 4.2.3

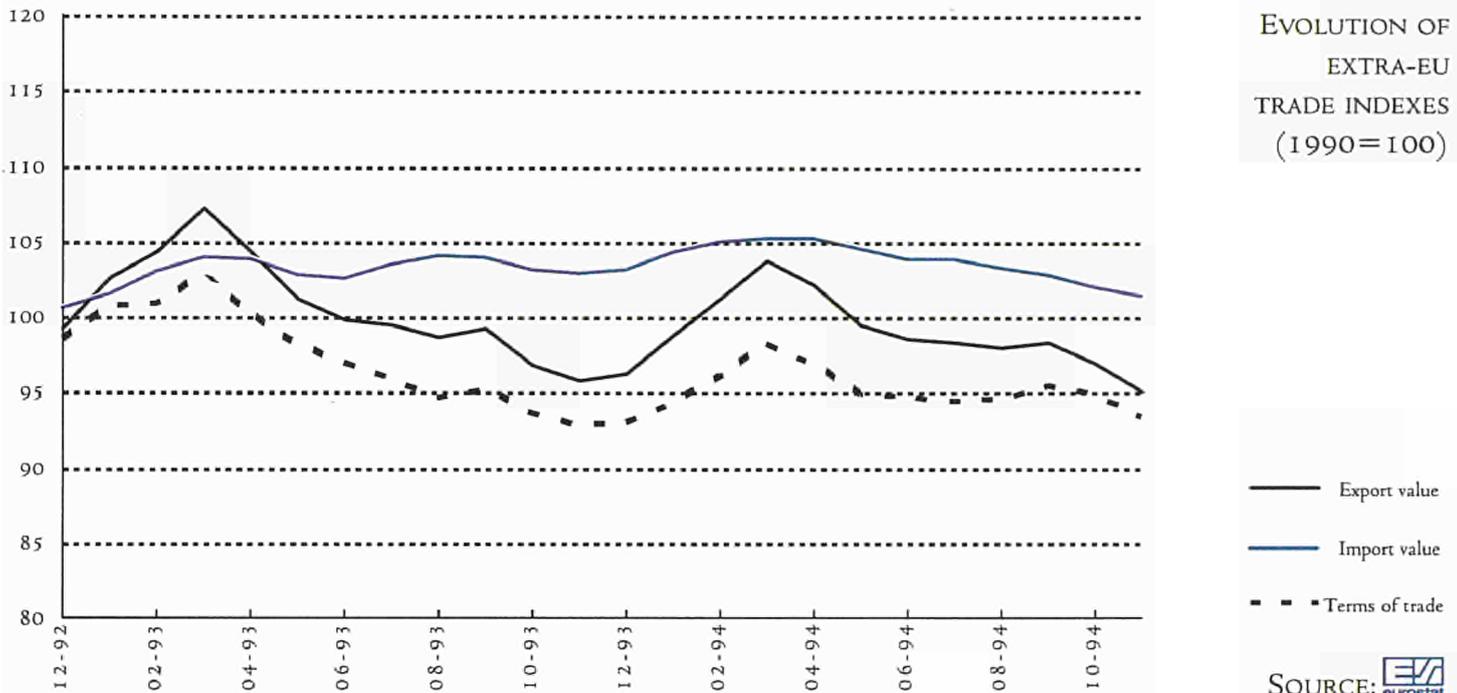
CAPACITY
UTILISATION
RATES BY
MEMBER STATE
(%)

	Annual growth rate: latest quarter, t/t-4	Second quarter 1994	Third quarter 1994	Fourth quarter 1994	First quarter 1995
EUR12	2.7	77.0	79.7	79.2	N/A
B	6.0	74.9	77.3	79.5	79.2
DK	7.6	80.0	82.0	84.0	85.0
D	8.0	77.0	79.4	80.6	81.2
GR	11.6	76.1	72.5	67.8	75.2
E	-3.8	73.2	76.0	75.6	76.2
F	14.5	78.0	82.6	81.5	87.6
IRL	-4.1	77.4	79.0	81.9	76.8
I	4.2	74.4	76.6	73.8	76.1
L	11.1	81.0	86.8	85.1	82.8
NL	5.1	80.5	80.5	82.2	82.1
P	3.5	72.2	74.3	76.3	74.3
UK	8.4	78.4	81.0	79.7	86.0

SOURCE: DG II -
BUSINESS SURVEY

FIGURE 4.2.5

EVOLUTION OF
EXTRA-EU
TRADE INDEXES
(1990=100)



— Export value
— Import value
- - - Terms of trade

SOURCE: eurostat

TABLE 4.2.4

QUARTERLY
EXTRA-EU
TRADE INDEXES
(1990=100)

	Latest quarter available	Exports		Imports		Terms of trade index
		Value	Volume	Value	Volume	
EUR12	09-94 ⇔ 11-94	101.5	132.7	95.0	128.0	93.4
Growth rate, t/t-4 (%)		-1.4	3.4	-0.8	13.8	0.6
B/L	09-94 ⇔ 11-94	96.7	152.5	80.6	119.2	83.3
Growth rate, t/t-4 (%)		-0.5	6.3	-12.8	22.5	-12.3
DK	09-94 ⇔ 11-94	98.3	159.6	77.6	147.3	78.9
Growth rate, t/t-4 (%)		-1.6	21.0	-0.4	9.6	1.2
D	09-94 ⇔ 11-94	104.2	118.2	102.1	106.3	97.9
Growth rate, t/t-4 (%)		-1.2	-1.1	0.0	1.4	1.1
GR	09-94 ⇔ 11-94	89.8	252.4	95.6	79.8	107.2
Growth rate, t/t-4 (%)		-0.4	-15.0	3.7	-33.2	4.2
E	09-94 ⇔ 11-94	77.2	207.0	143.7	87.2	186.3
Growth rate, t/t-4 (%)		-7.8	16.5	12.8	-11.8	22.5
F	09-94 ⇔ 11-94	99.6	121.9	90.6	136.3	90.9
Growth rate, t/t-4 (%)		-1.2	4.0	-1.0	18.4	0.3
IRL	09-94 ⇔ 11-94	97.2	132.3	103.9	114.9	107.4
Growth rate, t/t-4 (%)		-1.6	6.3	6.6	-31.5	7.7
I	09-94 ⇔ 11-94	96.3	223.9	89.1	150.1	92.4
Growth rate, t/t-4 (%)		-3.2	24.8	-2.1	30.9	1.2
NL	09-94 ⇔ 11-94	103.9	141.5	77.5	209.5	74.6
Growth rate, t/t-4 (%)		-6.0	4.7	-4.0	27.4	2.3
P	09-94 ⇔ 11-94	91.2	270.3	101.0	69.3	111.0
Growth rate, t/t-4 (%)		-2.1	-0.3	-2.3	-5.0	-0.8
UK	09-94 ⇔ 11-94	105.3	134.1	95.6	160.2	90.9
Growth rate, t/t-4 (%)		2.0	1.7	1.4	3.2	-0.6

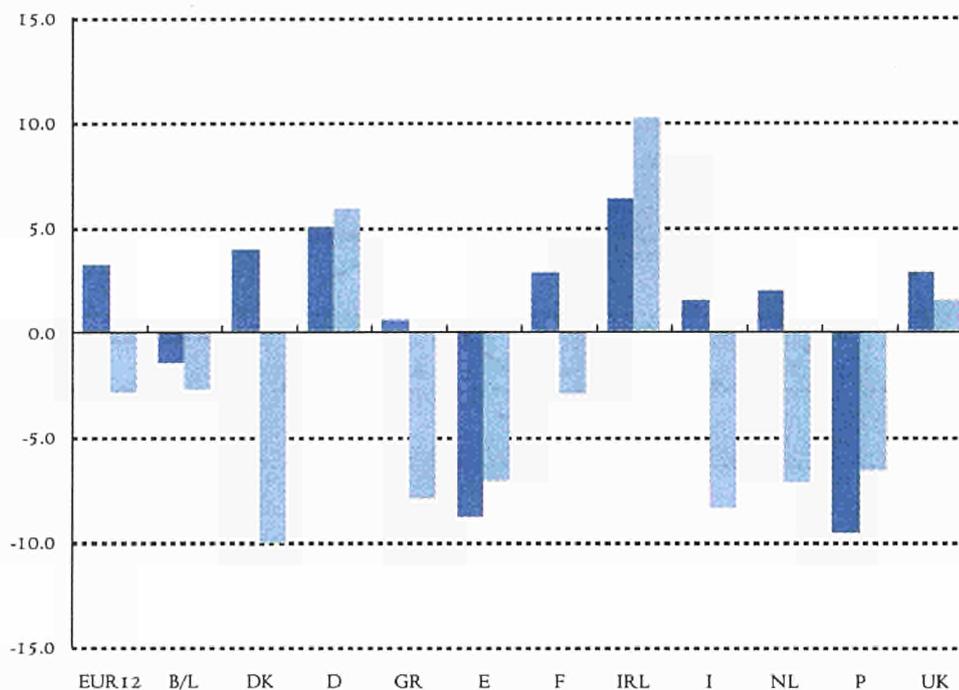
SOURCE: eurostat

FIGURE 4.2.6

ANNUAL GROWTH RATE OF EXTRA-EU TRADE INDEXES (1) (%)

■ Export value
■ Import value

(1) Growth rates are based on the latest annual data available for each country. Please see the table below for the year concerned.



SOURCE: eurostat

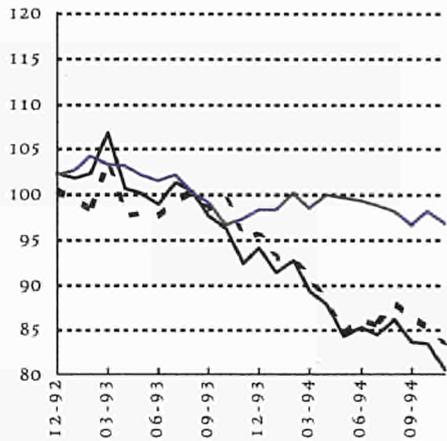
TABLE 4.2.5

ANNUAL EXTRA-EU TRADE INDEXES (1990=100)

	Latest year available	Exports Value	Exports Volume	Imports Value	Imports Volume	Terms of trade index
EUR12	1993	104.2	125.3	99.6	106.0	95.5
Growth rate, t/t-1 (%)		3.2	5.1	-2.9	6.5	-5.9
B/L	1993	99.8	138.0	97.2	99.0	97.3
Growth rate, t/t-1 (%)		-1.5	4.9	-2.7	-9.3	-1.3
DK	1993	100.8	127.8	82.3	130.1	81.6
Growth rate, t/t-1 (%)		3.9	-2.1	-10.1	-4.4	-13.5
D	1993	106.5	117.6	106.6	102.5	100.0
Growth rate, t/t-1 (%)		5.0	7.3	5.9	-4.4	0.7
GR	1993	92.8	239.8	90.2	107.8	97.2
Growth rate, t/t-1 (%)		0.5	26.1	-8.0	10.0	-8.4
E	1993	86.8	166.8	131.9	85.3	151.9
Growth rate, t/t-1 (%)		-8.8	-29.4	-7.1	18.1	1.9
F	1993	102.2	118.8	94.5	110.5	92.4
Growth rate, t/t-1 (%)		2.8	2.9	-3.0	8.3	-5.6
IRL	1993	96.2	113.2	98.6	123.8	102.4
Growth rate, t/t-1 (%)		6.3	3.3	10.2	32.0	3.5
I	1993	101.6	186.4	95.8	107.9	94.2
Growth rate, t/t-1 (%)		1.5	-3.8	-8.4	16.9	-9.9
NL	1993	110.2	132.5	82.3	158.5	74.6
Growth rate, t/t-1 (%)		1.9	17.8	-7.2	30.7	-9.0
P	1993	96.3	230.4	105.7	68.2	109.7
Growth rate, t/t-1 (%)		-9.6	30.9	-6.6	-17.7	3.3
UK	1993	103.7	119.7	94.3	135.6	90.9
Growth rate, t/t-1 (%)		2.8	8.4	1.5	13.9	-1.2

SOURCE: eurostat

BELGIQUE/BELGIË, LUXEMBOURG



DANMARK

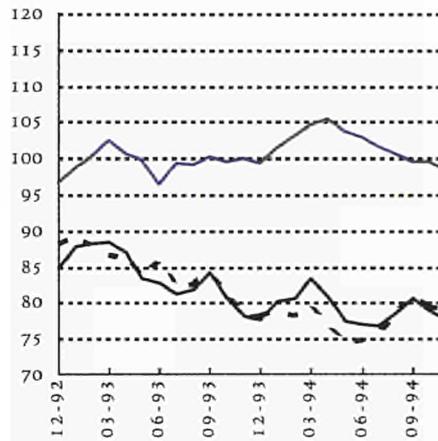
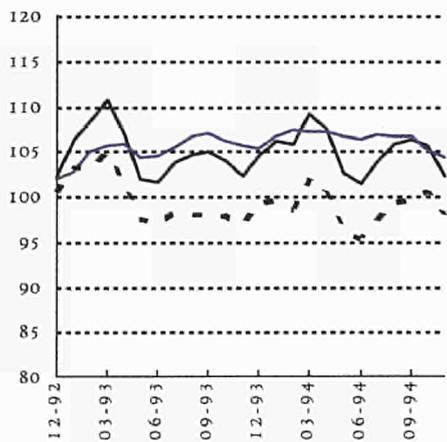


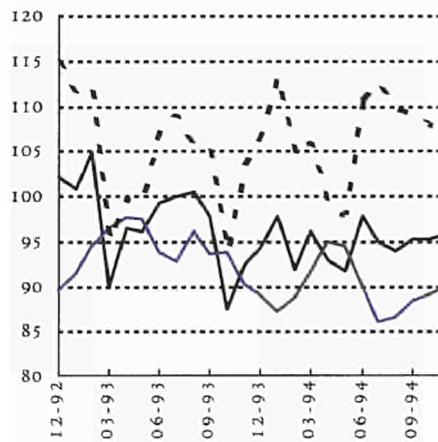
FIGURE 4.2.7

EVOLUTION OF
EXTRA-EU
TRADE INDEXES
(1990=100)

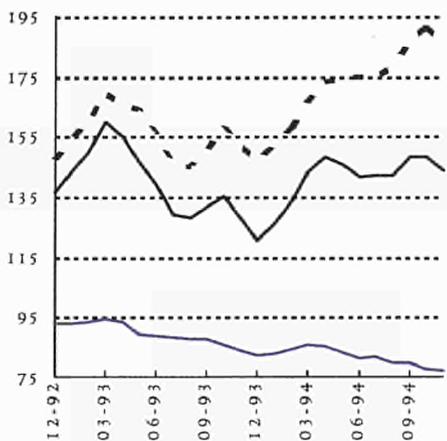
B.R. DEUTSCHLAND



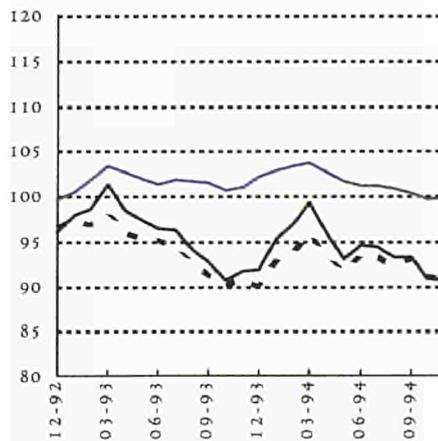
HELLAS



ESPAÑA



FRANCE

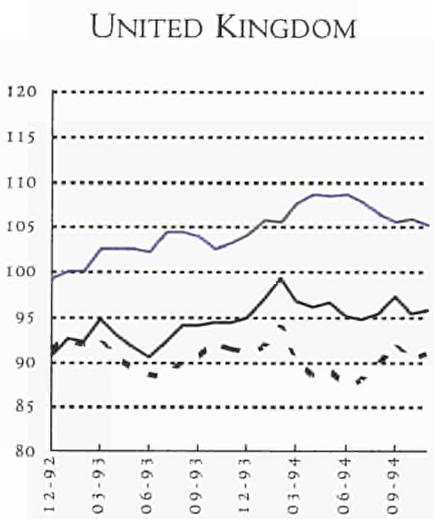
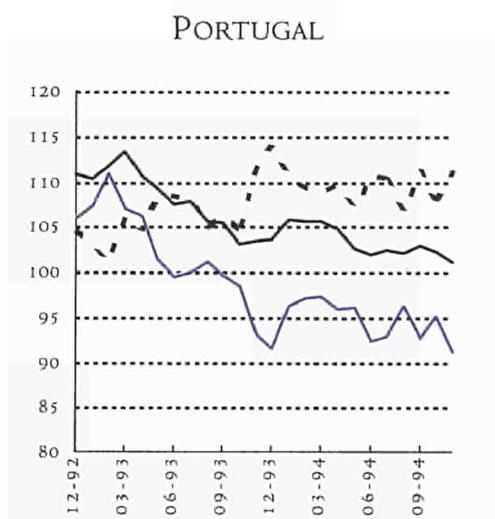
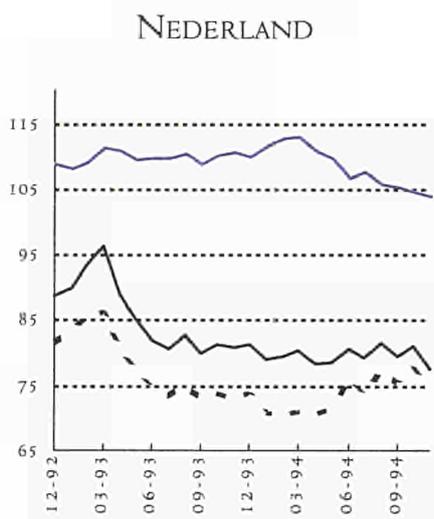
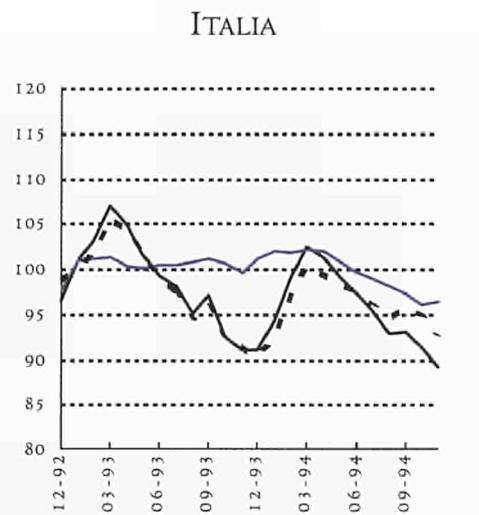
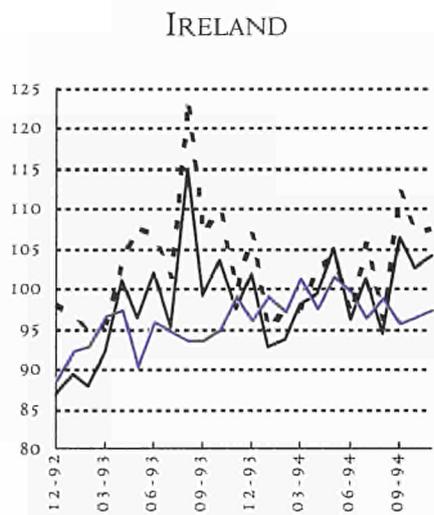


— Export value
— Import value
- - - Terms of trade

SOURCE:  eurostat

FIGURE 4.2.7

EVOLUTION OF
EXTRA-EU
TRADE INDEXES
(1990=100)



— Export value
— Import value
- - Terms of trade

SOURCE:  eurostat

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 EU publications. A major revision to the NACE classification has been incorporated in a Council Regulation (OJ L293 24th October 1990) and is being used for short-term indicators already, whereas structural indicators are still based on NACE 1970.

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

13.1, 13.2, 14.1-14.5, 15.6, 15.7, 17.1-17.3, 20.1-20.5, 21.1, 21.2, 24.1-24.3, 24.6, 24.7, 25.1, 25.2, 26.1-26.8, 27.1-27.5, 28.4-28.7, 31.2-31.6, 32.1, 34.3, 37.1, 37.2, 41.0

Capital goods industries

28.1-28.3, 29.1-29.6, 30.0, 31.1, 32.2, 33.1-33.3, 34.1, 34.2, 35.1-35.3

Durable consumer goods industries

29.7, 32.3, 33.4, 33.5, 35.4, 35.5, 36.1-36.3

Non durable consumer goods industries

15.1-15.5, 15.8-16.0, 17.4-17.7, 18.1-18.3, 19.1-19.3, 22.1-22.3, 24.4, 24.5, 36.4-36.6

STATISTICAL SOURCES:

Most of the data in this publication is harmonized data supplied to Eurostat by the EUR12 Member States. The exceptions are:

- 1) The capacity utilization series which come from the business surveys carried out on behalf of the Directorate General for Economic Affairs of the Commission (DG II).
- 2) The estimates for the latest years' structural data, which are supplied by the DEBA European Economic Interest Group: DEBA, 5th Floor, 12 rue Jean Engling, L-1466, Dommeldange, Luxembourg; tel: (352) 42403053.
- 3) The indices of industrial production for the USA and Japan, which are supplied by the OECD.

Data sources are indicated for each statistical table. Every effort has been made to include data for the EUR 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 principle, 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 EU 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 refer only to extra-EU trade. The indices are not seasonally adjusted.

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

The changes which are given in the tables show the growth rate for the moving average of the latest three months compared to the same three months of the previous year (t/t-4). These series are derived from data which has not been seasonally adjusted. Estimates are shown in bold. For annual data, estimates are made if data exists to October of the year concerned. In this case the estimates of the indexes are rounded to the nearest integer, as are the corresponding growth rates.

Structural data:

Data in the structural tables are in current ECU unless otherwise stated.

Data for value added at factor cost, turnover, labour costs, gross operating surplus 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 (upto 1990) 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.

Gaps in Eurostat's data have been filled by estimates supplied by DEBA. Thus EU totals often contain estimates for missing countries. Estimates are shown in bold.

SIGNS AND ABBREVIATIONS:

EUR 12: European Union of 12
B/L: Belgo-Luxembourg Economic Union
ECU: European currency unit
Billion: Thousand million
N/A: Not available
%: Percent
1990 = 100: Reference year

IN BRIEF....

- ★ 68.2% OF AUSTRIAN TOTAL EXTERNAL TRADE IN 1994 WAS MADE WITH THE EU, WITH GERMANY ACCOUNTING FOR 43.5%.
- ★ IN 1994, GDP GROWTH WAS 2.8%.
- ★ INFLATION IN 1994 FELL TO 2.9%.
- ★ 1994 UNEMPLOYMENT REMAINED HIGH AT 6%
- ★ DEBT RATIO OF 1994 WAS 4.4%
- ★ EU MEMBERSHIP REDUCED AUSTRIAN MONTHLY PRODUCTION PRICE INDEX BY 0.5% (IN JANUARY 1995).
- ★ IN 1994, AUSTRIAN INDUSTRY WAS SPECIALISED IN ELECTRICAL MACHINERY, FOOD PRODUCTS, MACHINERY AND FABRICATED METAL PRODUCTS.

Since 1 January 1995 the Community has been enlarged by the accession of three new Member countries, Austria, Finland and Sweden. In the first of these three countries, recent economic developments have confirmed the existence of a strong correlation between industrial trends in Austria and the EU. This is because 68.2% of the country's total external trade (imports + exports) is with the EU countries. Furthermore, 63.8% of that trade with other member countries, or 43.5% of the overall value of Austria's external trade, is with Germany.

After feeling the impact of the general slowdown of the international economy at the start of the 1990s, the Austrian economy has made a good recovery since 1994. According to DG II (European economy, supplement A, Economic trends, November-December 1994), this uptrend can be expected to continue for some time, thanks to the improvement in the international situation, the implementation of a national macro-economic and structural adjustment programme and the impetus imparted by the country's accession to the EU. The positive effects of this new accession can be described in terms of

- ★ activity, due to rising confidence and the integration of trade;
- ★ inflation, mainly due to falling food prices;
- ★ national accounts and the balance of trade, due to transfers to and from the budget.

Austrian industry specializes in a few sectors including electrical engineering, the food industry, mechanical engineering, the manufacture of metal articles, the manufacture of furniture (excluding meal furniture) and the manufacture of other means of transport. These sectors account for over 43% of the country's total manufacturing output, 45% of total employment in Austria and over 41% of total industrial VA.

Austria's balance of trade in goods reflects the needs of these industries; hence the prominence, on the imports side, of products serving as inputs for the manufacture of electrical machinery, the mechanical engineering sector, the production of transport equipment and the manufacture of furniture and, on the exports side, of electrical machinery, mechanical engineering products and transport equipment, together with pulp, paper and board and, last but not least, iron and steel.

AUSTRIA

IN THIS SECTION:

Macro-Economy	64
Industry	66
Industrial specialisation	68
External trade	70

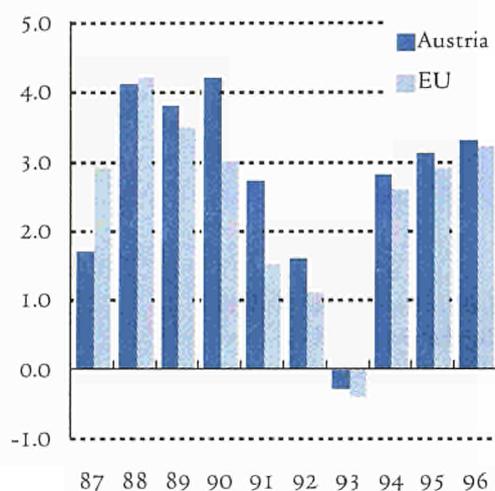
The rates of growth of Austria's GDP have not always been above the European average, but they have been since 1989. The economy started to recover in 1994 (with a growth-rate of 2.8%), because external demand was rising and internal demand was responding relatively well to higher levels of investment and a more favourable

the local suppliers might suddenly find themselves in a non-competitive position.

The Austrian rate of inflation tends to follow (and is gradually converging with) the trend of the European average. The levels forecast by DG II in its publication of last December are 2.5% for 1995 and 3.1% for 1996, i.e. 0.3% lower and 0.1% higher than the European average.

FIGURE 5.I.1

GROSS DOMESTIC
PRODUCT
REAL ANNUAL
GROWTH RATE
(%)



SOURCE: eurostat

Levels of unemployment in Austria have traditionally been very low in relation to those in the Community, averaging slightly less than 4.6% since 1987 compared with the Community average of 9.8% (the difference between the two rates has been more or less the same over the years, averaging 5.2%). According to DG II, the level of unemployment, which reached a peak of 6.2% in the recession of 1993 can be expected to drop back rapidly to less than 4%.

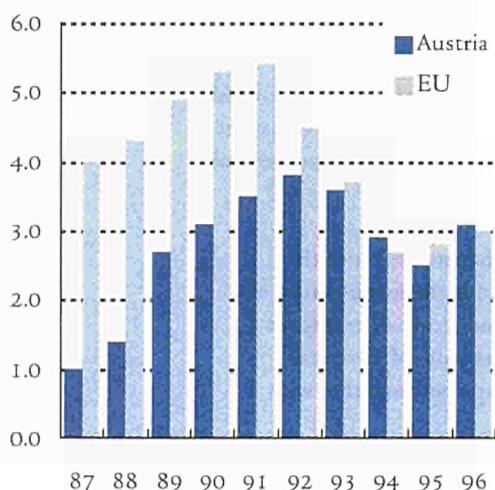
The level of government debt is directly dependent on the budgetary deficit. It is not now expected to exceed 7.5 billion ECU in 1995, the original estimate of 12 billion ECU having been cut back drastically by:

fiscal climate. The rate of Austrian economic revival, at over 3% (3.1% in 1995 and 3.3% in 1996) has been consistently better than the EU average. The Austrian Institute of Economic Research expects the rate of real economic growth to be maintained by exports and investment unless it is affected by an over-rapid rise in imports in the sectors in which

- * cutting expenditure by ECU 262 million
- * raising the tax on petrol by 0.09 ECU/l (expected to bring in ECU 749 million of additional revenue for the Treasury;
- * raising funds by the privatization of government-run enterprises (the country's two biggest banks, valued at ECU 1 124 million).

FIGURE 5.I.2

INFLATION
ANNUAL
GROWTH RATE
(%)



SOURCE: eurostat

The trend of the exchange rate shows the value of the schilling to be appreciating in relation to the ECU, largely because Austria is trying to follow the monetary policy of Germany and has tied itself closely to the fortunes of the German mark.

At the end of the period under review, the value of industrial production at current prices was in excess of 82 billion ECU. It had risen steadily between 1980 and 1993, by a factor of 2.3. Observed terms of the annual index of industrial production, the rate of growth was not so well maintained (the index falling 2% in 1994 compared with 1993) and the index rose by a factor of only 1.3 between 1980 and 1994.

The monthly price index enables us to visualise the impact on prices of Austrian accession to the EU: between December 1994 and January 1995, the general index of producer prices dropped by almost 5 points, largely because of falling food prices.

	01-94	02-94	03-94	04-94	05-94	06-94	07-94	08-94	09-94	10-94	11-94	12-94	01-95
Production	92.9	100.1	103.6	98.4	105.2	105.6	97.2	87.2	104.6	111.2	111.7	109.7	N/A
Prices	101.8	102.0	102.1	102.1	102.3	102.4	102.4	102.5	102.7	102.6	102.7	102.9	102.4

	1988	1989	1990	1991	1992	1993	1994
Value of production (mio ECU)	59,544	65,592	71,059	74,134	77,392	82,274	N/A
Production	87.6	92.9	100.0	101.6	100.5	98.5	N/A
Prices	96.7	98.5	100.0	100.6	102.0	101.6	102.4

TABLE 5.2.1

EVOLUTION OF
PRODUCTION AND
PRODUCER PRICE
INDEXES FOR
TOTAL INDUSTRY
(1990=100)

SOURCE:  eurostat

The sectors selected for this more detailed approach are those which play a decisive role in Austria's trade balance (i.e. the 5 industries contributing most positively to this balance and the 5 industries contributing most negatively to it).

Production in volume terms has been increasing in all these sectors, albeit less steadily in the case of iron and steel, mechanical engineering and the timber industry.

The annual production indices show a similar trend, with a drop in production in 1993 and a recovery in 1994.

The price indices for these ten sectors have followed a similar trend except in the case of the food industry which has seen a significant fall in prices since 1995 as a result of Austrian succession to the EU and, more precisely, its participation in the CAP (Common Agricultural Policy). The changes affecting Austrian consumers can be illustrated by two examples: Between 31 December 1994 and 2

January 1995 (the day on which Austrian shops reopened) the price of fresh cream was halved and the prices of margarine and butter dropped by 15-20%. Certain big stores started a price war, cutting the prices of over 800 articles: hence the expectation that the coming months will see price reductions on an even larger number of consumer goods, including those of new cars and insurance policies. According to the Austrian Ministry of European Affairs, this will reduce the monthly expenditure of Austrian households by approximately 75 ECU, i.e. almost 900 ECU per annum.

TABLE 5.2.2

PRODUCTION
VALUE
(MILLION ECU)

	1988	1989	1990	1991	1992	1993
Electrical engineering	6231.0	7431.4	8286.0	8891.4	9101.9	9981.4
Mechanical engineering	5363.2	6023.1	7165.6	7716.9	7736.3	8193.9
Transport	2702.5	3084.3	3727.1	4366.1	4612.3	4759.1
Pulp, paper and board	2857.3	3138.5	3277.8	3311.3	3559.8	3885.1
Iron and steel	3496.3	3982.2	3801.9	3613.8	3649.3	3880.2
Textiles	2502.5	2623.3	2825.0	2820.8	2873.8	2761.3
Wood and products of wood	1827.9	2136.9	2529.7	2421.4	2607.0	2760.8
Furniture	1742.3	1918.7	1950.1	2270.1	2448.6	2588.3
Plastics	977.3	1042.7	1174.8	1294.1	1345.8	1251.9
Other manufacturing industry	489.0	521.4	482.4	482.4	552.1	610.7

SOURCE:  eurostat

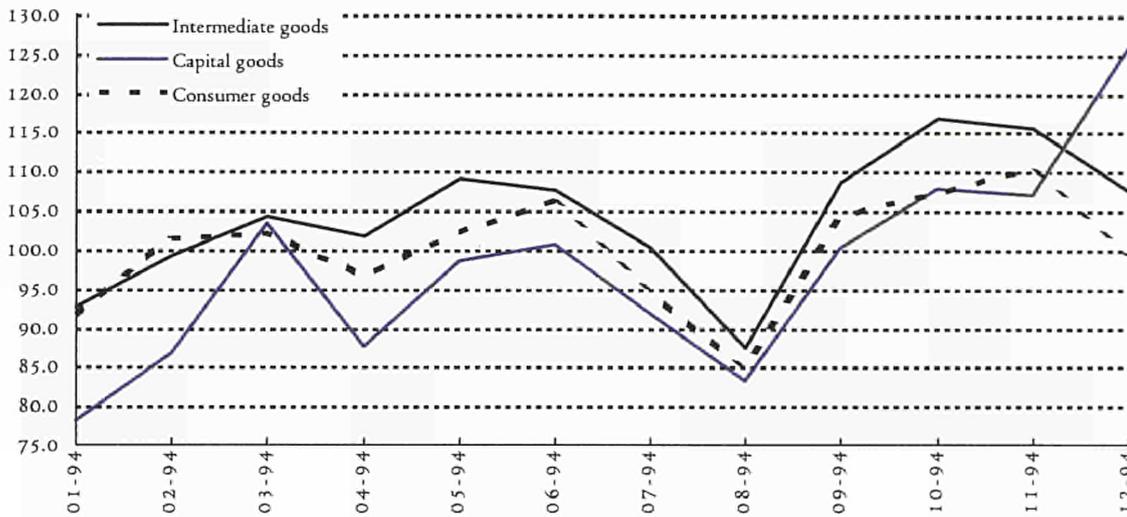


FIGURE 5.2.1

EVOLUTION OF
PRODUCTION
INDEX
(1990=100)

SOURCE: eurostat

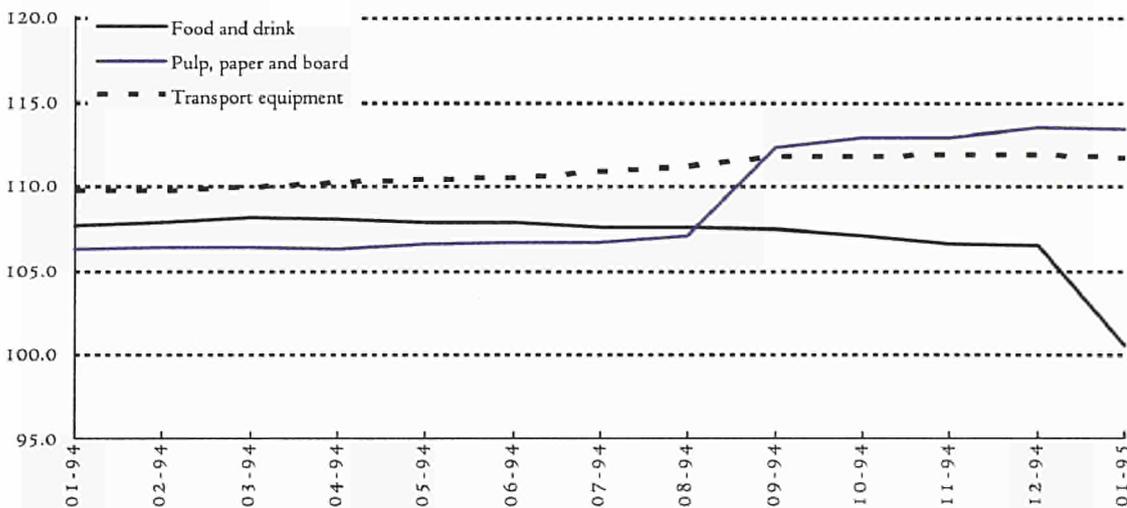


FIGURE 5.2.2

EVOLUTION OF
PRODUCER PRICE
INDEX
(1990=100)

SOURCE: eurostat

TABLE 5.2.3

ANNUAL
PRODUCTION
AND PRODUCER
PRICE INDEXES
(1990=100)

Production	1988	1989	1990	1991	1992	1993	1994
Intermediate goods	87.4	93.2	100.0	100.2	100.5	97.1	104.2
Capital goods	79.5	84.8	100.0	104.5	100.2	95.6	97.5
Consumer goods	88.9	94.6	100.0	101.9	100.2	99.0	100.1

Producer price index	1988	1989	1990	1991	1992	1993	1994
Food and drink	104.0	103.7	100.0	101.0	105.7	106.9	107.5
Pulp, paper and board	94.7	98.2	100.0	103.3	104.8	105.4	108.6
Transport equipment	94.4	97.3	100.0	102.4	105.3	108.0	110.8

SOURCE: eurostat

★ ★ ★

In Austria, in 1993, industrial production was dominated by the manufacture of electrical and electronic equipment (11.4% of total industrial production), the food industry (11.2%), mechanical engineering (9.4%), the manufacture of metal articles (6.1%) and transport equipment (5.4%). Total industrial production rose by 134% (i.e. multiplied by 2.3) between 1980 and 1993. Over the same period, the production of electrical equipment was multiplied by 3.2, compared with only 2.3 in the case of food, while production in the three last-mentioned sectors was multiplied by 2.5, 2.3 and 3 respectively. In 1993, the sectors making the biggest contributions to employment in Austria were those of electrical and electronic equipment (12.5% of total industrial employment), mechanical engineering (11.1%) the manufacture of metal articles, (8.7%), the food industry (7.9%) and the manufacture of furniture (excluding metal furniture) (5.4%). The figures show an overall reduction of industrial employment by nearly 15% since 1980: but employment in the electrical engineering and furniture industries (excluding metal furniture) rose over the

period by 6.5% and 17.4% respectively while on the other hand dropping by 0.9% in the mechanical engineering sector, 4.8% in the food industry, 10.5% in the field of manufacture of metal articles and 15.3% in the transport equipment sector.

Between 1980 and 1993, total value added by industry was multiplied by 2.5. Over the same period, VA was multiplied by 3.2 in the electrical engineering sector and by 3.1 in the transport equipment sector, while the improvement of value-added in the food and mechanical engineering sectors was in line with the national average (150%) followed by the manufacture of metal articles (140%). In 1993, the origins of VA in Austria were to be found mainly in the sectors of electrical and electronic equipment (11.8% of total industrial production), mechanical engineering (9.6%), the food industry (7.4%), the manufacture of metal articles (7.3%) and transport (5.2%).

TABLE 5.3.1

VALUE OF
PRODUCTION
(MILLION ECU)

	1988	1989	1990	1991	1992	1993
Total industry	59 544	65 592	71 059	74 134	77 392	82 274
Electrical engineering	6 231	7 431	8 286	8 891	9 102	9 981
Food and drink	7 316	7 536	8 025	8 402	8 898	9 811
Mechanical engineering	5 363	6 023	7 166	7 717	7 736	8 194
Fabricated metal products	3 883	4 240	4 646	4 782	5 089	5 312
Transport	2 703	3 084	3 727	4 366	4 612	4 759

SOURCE: 

TABLE 5.3.2

NUMBER OF
PERSONS
EMPLOYED
(UNITS)

	1988	1989	1990	1991	1992	1993
Total industry	620 600	631 900	642 100	625 400	613 533	593 977
Electrical engineering	77 300	81 000	83 000	81 000	80 757	80 855
Mechanical engineering	63 200	67 600	73 000	74 000	72 378	71 551
Fabricated metal products	57 700	57 800	57 900	57 000	56 777	56 000
Food and drink	51 600	51 200	52 800	51 000	51 049	51 145
Furniture	29 100	30 300	30 800	33 000	33 346	33 000

SOURCE: 

The degree of specialisation in the manufacture of furniture and electrical equipment is greater in Austria than in the EU as a whole. Furthermore, in comparison with the Union as a whole, the Austrian furniture industry provides 2.7 times as many jobs and produces twice as much VA as the average for all the Member countries taken together. The figures for the food industry are also (but not so outstandingly) higher than the EU averages for employment and VA.

In the Austrian transport equipment sector, on the other hand, productivity, employment and VA are lower than the corresponding average values for the Member countries of the EU as a whole.

The productivity of labour in the different sectors of the Austrian economy can be measured in terms of the ratios of output per employee to VA per employee. Generally speaking, the values for Austria are not very different from those for the EU; and for industry as a whole, there is virtually no difference.

From the shareholding standpoint, the 125 biggest enterprises in Austria can be broken down into three groups, namely the biggest Austrian companies (35%), the foreign multinationals (35%) and the enterprises which are directly or indirectly dominated by the State (30%). The Austrian government is directly involved in the public services (the Post Office and the Austrian Airlines) and indirectly involved in the industrial sector (via the country's largest holding company, the OIAG). German multinationals predominate (55%) in the manufacture of motor vehicles, the mechanical engineering sector and the manufacture of electrical and electronic equipment, while the sectors favoured by the other multinationals are those of electrical and electronic equipment, foodstuffs and petroleum products.

	1988	1989	1990	1991	1992	1993
Total industry	21 235	22 825	24 597	25 721	26 726	28 386
Electrical engineering	2 333	2 682	3 084	3 206	3 282	3 600
Mechanical engineering	2 002	2 237	2 586	2 768	2 777	2 939
Food and drink	1 562	1 627	1 808	1 951	2 062	2 268
Fabricated metal products	1 676	1 799	1 990	2 001	2 131	2 224
Transport	1 034	1 133	1 297	1 464	1 544	1 594

TABLE 5.3.3

VALUE ADDED AT
FACTOR COST
(MILLION ECU)

SOURCE:  eurostat

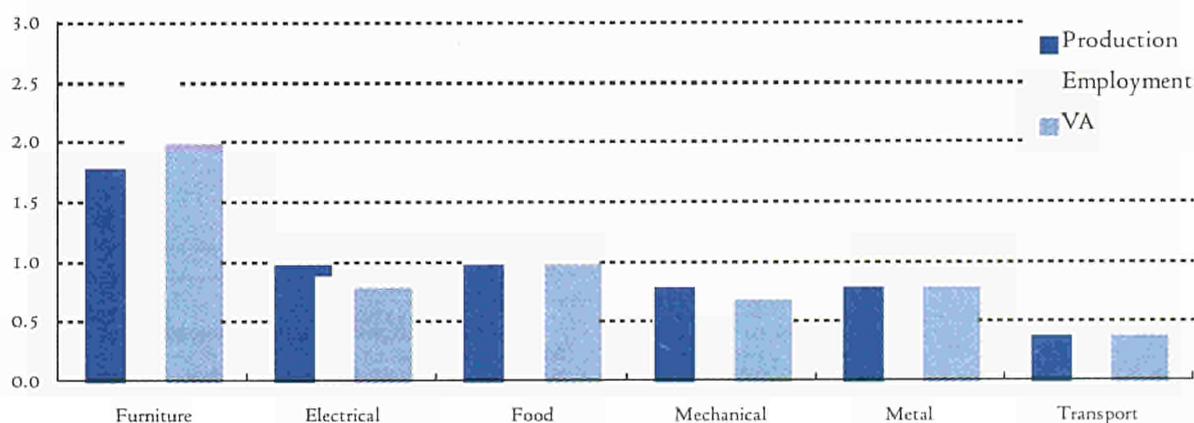


FIGURE 5.3.1

SPECIALISATION
RATE BY SECTOR
1993

SOURCE:  eurostat

The figures show that the EU is Austria's main trading partner with 66.5% of Austria's total external trade (imports + exports) over the five-year period (1989-1993). They also show that Germany is Austria's main European trading partner with 63.8% of Austria's

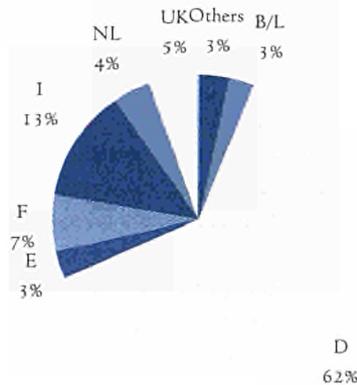
Austria's main exports in 1994 consisted of equipment for the mechanical engineering industry (19%), electrical equipment (13.2%), vehicles of all types (7.8%), pulp, paper and board (5.1%) and iron and steel (5.1%).

Austria's overall balance of trade is negative. In 1989-1993 (on average) 82% of the trade deficit was on intra-EU trade: the rest was on trade with non-member countries, including Japan and the United States).

The products weighing most heavily in the country's balance of trade are pulp and paper, timber, iron and steel products and electrical equipment on the positive side and motor vehicles, plastics, mechanical engineering and clothing (other than knitted clothing) on the negative side.

FIGURE 5.4.1

SHARE OF
IMPORTS FROM
EU MEMBER
STATES
(%)

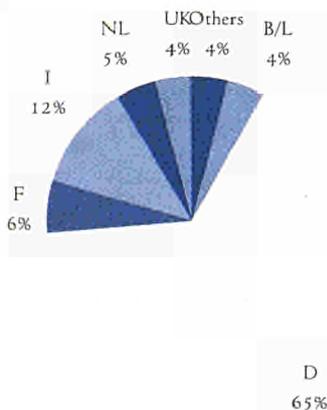


SOURCE: eurostat

intra-EU trade (1994), representing 43.5% of Austria's total external trade. Germany it is therefore Austria's main trading partner world-wide. Austria's main imports in 1994 consisted of equipment for the mechanical engineering industry (17.4%), vehicles of every type (14.8%), electrical equipment (9.4%), plastics (5.1%) and furniture (3.3%).

FIGURE 5.4.2

SHARE OF
EXPORTS TO EU
MEMBER STATES
(%)



SOURCE: eurostat

Statistical sources:
-Macro economic data: DG II
-Sectorial, general and specialisation data: UN (UNIDO), EUROSTAT.

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