Panorama of EU industry

Short-term supplement
Latest information on EU industry

bi-monthly

6/1996

EA eurostat

Las publicaciones de Eurostat están clasificadas por temas y por series. La clasificación se encuentra al final de la obra. Para mayor información sobre las publicaciones, rogamos se pongan en contacto con Eurostat.
Para los pedidos, diríjanse a las oficinas de venta cuyas direcciones figuran en la página interior de la contracubierta.

Eurostats publikationer er klassificeret efter emne og serie. En oversigt herover findes bag i hæftet. Yderligere oplysninger om publikationerne kan fås ved henvendelse til Eurostat.
Bestilling kan afgives til de salgssteder, der er anført på omslagets side 3.

Die Veröffentlichungen von Eurostat sind nach Themenkreisen und Reihen gegliedert. Die Gliederung ist hinten in jedem Band aufgeführt. Genauere Auskünfte über die Veröffentlichungen erteilt Eurostat.
Ihre Bestellungen richten Sie bitte an die Verkaufsbüros, deren Anschriften jeweils auf der dritten Umschlagseite der Veröffentlichungen zu finden sind.

Οι εκδόσεις της Eurostat ταξινομούνται κατά θέμα και κατά σειρά. Η ακριβής ταξινόμηση αναφέρεται στο τέλος κάθε έκδοσης. Για λεπτομερέστερες πληροφορίες σχετικά με τις εκδόσεις, μπορείτε να απευθύνεσθε στην Eurostat.
Για τις παραγγελίες μπορείτε να απευθύνεσθε στα γραφεία πώλησης, των οποίων οι διευθύνσεις αναγράφονται στη σελίδα 3 του εξωφύλλου.

Eurostat's publications are classified according to themes and series. This classification is indicated at the end of the publication. For more detailed information on publications, contact Eurostat.
Orders are obtainable from the sales offices mentioned on the inside back cover.

Les publications d'Eurostat sont classées par thème et par série. Cette classification est précisée à la fin de l'ouvrage. Pour des informations plus détaillées sur les publications, contactez Eurostat.
Pour les commandes, adressez-vous aux bureaux de vente dont les adresses sont indiquées à la page 3 de la couverture.

Le pubblicazioni dell'Eurostat sono classificate per tema e per serie. Tale classificazione è precisata alla fine dell'opera. Per informazioni più dettagliate sulle pubblicazioni rivolgersi all'Eurostat.
Per eventuali ordinazioni rivolgersi a uno degli uffici di vendita i cui indirizzi figurano nella 3ª pagina della copertina.

De publikaties van Eurostat zijn ingedeeld naar onderwerp en serie. Deze indeling is achter in het boek opgenomen. Voor nadere informatie over de publikaties kunt u sich wenden tot Eurostat.
Gelieve bestellingen op te geven bij de verkoopbureaus, waarvan de adressen op bladzijde 3 van de omslag zijn vermeld.

As publicações do Eurostat estão classificadas por tema e por série. Esta classificação está indicada no fim da obra. Para mais informações sobre as publicações é favor contactar Eurostat.
Encomendas: serviços de venda cujos endereços estão indicados na contracapa.

Panorama
of EU industry

Short-term supplement
Latest information on EU industry

bi-monthly

6/1996

As stated in the last issue, this will be the last issue of the Panorama Supplement. The new publication will be named "Monthly Panorama of European Industry" (MPEI), and will feature a data diskette with time-series short-term trends data. We are also pleased to announce that there will be five special issues of the publication, which will provide a showcase of articles for other projects within Eurostat. These special issues which should appear at regular intervals during the course of the year will be on the following topics:

February	Data analysis
April	Construction statistics
June	Structure of industry
October	Competitiveness
December	Country analysis

There are eleven issues of the standard publication planned for during the course of next year. The structure of the new publication will be as follows: an article on macro-economic and total industry developments; a section of tables and graphs on recent trends; a section on a specific industry (at the Nace 2-digit level of detail), then either a more in-depth article on the industry being covered (written by a professional trade association) or an article of topical interest.

This final issue of the Supplement features special articles on the following subjects:

★ the electrical engineering industry;

★ performance measures in the Eurostat's competitiveness database;

★ an analysis of structural funds.

Eurostat second quarter estimates showed a slight slowdown in economic activity for the second quarter of 1996, with the annual growth in GDP standing at 0.8% for EUR 15. There was welcome news from Germany where industrial output returned to a positive trend.

Electrical engineering accounted for almost 10% of the European industrial economy in 1995, recording annual production growth of 5.3% for 1995 (in current prices).

The third article in our series on competitiveness looks at the domain of performance indicators, publishing for the first time data from the April release of Eurostat's database. At present Eurostat are involved in the planning of the third release of this database, analysis of which will form one of the special issues of next year's publication.

The final article concerns structural funds within the EU, looking at five of the Member States. The article looks at employment effects, examining eligible areas within NUTS 2-level regions.

PHOTIS NANOPOULOS, DIRECTOR
BUSINESS AND ENERGY STATISTICS, R&D, AND STATISTICAL METHODS

eurostat

eurostat

Provisional estimates made by Eurostat showed a slight deterioration in economic growth in the EUR 15 for the second quarter of 1996. After a negative quarterly growth rate for the fourth quarter of 1995 of -0.2%, the growth rate of GDP increased to 0.4% in the first quarter of 1996. Eurostat estimated economic growth to have declined slightly thereafter to 0.2% in the second quarter of 1996. The main causes behind the decline in growth were a decrease in the growth rate of private consumption and stocks and a decline in government consumption. On the other hand, international trade and investment in fixed capital had positive effects on GDP growth. The components' contributions to GDP growth in the second quarter of 1996 (from high to low) were +0.4% from imports, +0.3% from investment in fixed capital, +0.2% from exports, +0.1% from private consumption, -0.1% from government consumption and -0.7% from the change in stocks. The largest break in the series appeared for the change in stocks. As a percentage of GDP, stocks grew by an average of 0.8% during the two years up to the first quarter of 1996. In neither of these eight quarters did the percentage come below 0.4% of GDP. During the second quarter of 1996, stocks remained virtually unchanged from the quarter before, thereby breaking the two years old trend. The countries contributing most to the decline in GDP growth as compared to the first quarter rate of 1.5% annually were France and Italy, where GDP actually declined during the second quarter of 1996.

Germany experienced strong growth during the second quarter of 1996. While the quarterly growth rates had steadily declined from 0.7% in the first quarter of 1995 to 0.0% in the first quarter of 1996, the rate jumped to 1.5% in the second quarter of 1996 (6.1% at an annualised rate). This sudden rise in economic growth was caused by a widening of the trade surplus and a catching up in construction activity after the very cold winter of 1995/96 that delayed much work in this sector. The Ifo economic climate indicator closely mirrored the economic developments during the first half of 1996. Both its West German and East German indicators declined to a low in March 1996 after which they rebounded. Despite a temporary dip in the indicators in June, they continued their ascent up until August, reaching levels 4.1 and 3.3 percentage points above their lows in August. Growth in the volume of industrial production also rose. The trend in industrial production attained its lowest annual growth rate of recent years at -1.2% in March 1996. In April 1996, the trend seemed to reverse and by July 1996 the rate reached positive numbers again. The unemployment rate remained stable between April and August 1996 at 10.3%. Inflation also did not change as consumer prices increased by an annual rate of 1.4% in all months from June to September 1996.
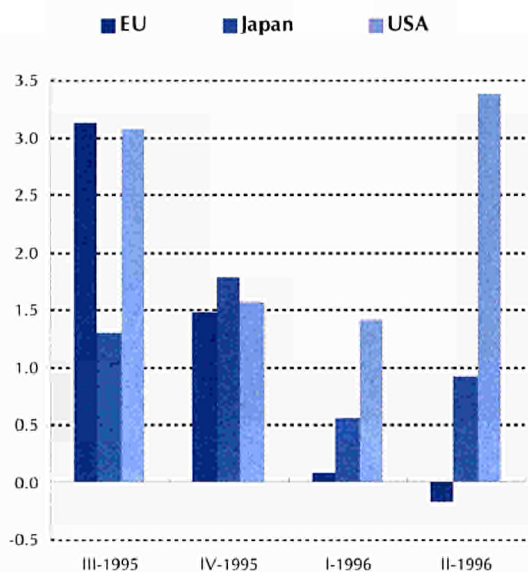
Eurostat estimated second quarter of 1996 GDP growth at around 0.8% per year

eurostat

■ EU   ■ Japan   ■ USA
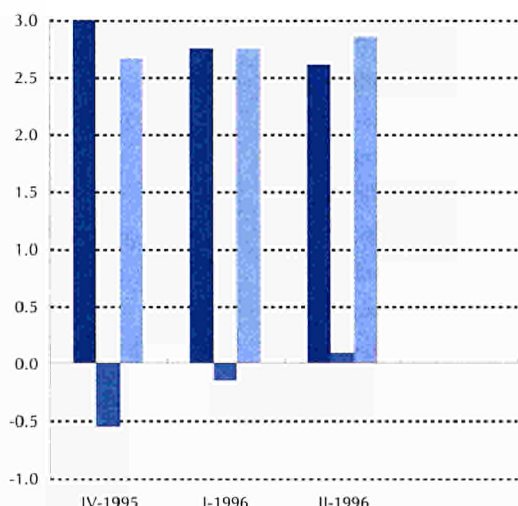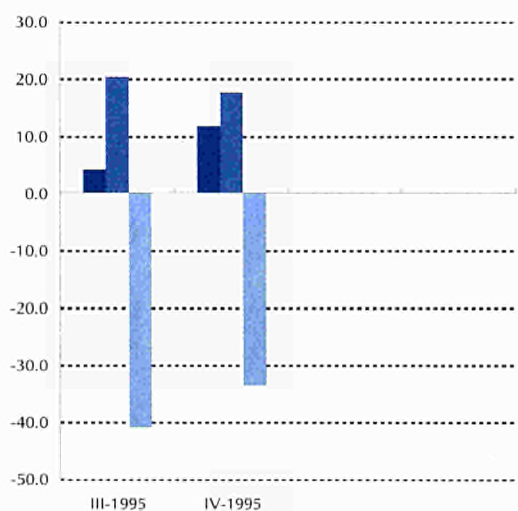
In France, the unemployment rose from 12.4% in May 1996 to 12.6% in August. The unemployment rate thus continued its upward trend from 11.8% in January 1996 accompanied by variable GDP growth. After a drop in the volume of GDP on the preceding quarter by 0.4% in the final quarter of 1995, quarterly growth jumped to 1.1% in the first quarter of 1996, only to fall again to -0.4% in the second quarter. In the absence of an expected improvement in the economic situation of French industry, many companies planned to reduce their workforces even further. Capacity utilisation decreased to 83% in July 1996 as the trend in the volume of production in industry remained on a downward path. In contrast to the improvement in the trend of production volume in industry in Germany during the summer months of 1996, the trend in France continued with negative annual growth rates of around -1.0%. Consumer prices remained under pressure from sluggish consumer demand. Annual inflation dropped from 2.4% in April 1996 to 1.6% in August, while consumer confidence failed to improve significantly. Car sales experienced a temporary boost in September 1996 because consumers profited from a government incentive scheme to replace old vehicles that was ended on the 30th of the same month. In consumer non-durables, the situation worsened during the summer of 1996. Production volume in this sector declined throughout the first half of 1996.

GDP growth in Italy displayed an evolution comparable to that in France. After a decline in the quarterly growth rate to -1.0% in the fourth quarter of 1995, the rate increased to 0.5% in the first quarter of 1996 and then dropped again to -0.5% in the second quarter. Nevertheless, unemployment declined to 11.7% in July 1996, down by 0.6 percentage points from 12.3% in April. The rise in employment which caused this took place mainly in services, where the number of jobs in enterprises with more than 500 employees increased by over 0.5% during the same period. For the same enterprise size class in industry,

eurostat

employment remained stable. The improvements on the labour markets did not feed into prices through increased consumption. Private consumption grew by less then 1.5% in the year to the second quarter of 1996, while government consumption continued to decline. The percentage increase in consumer prices from the same month in 1995 dropped from 4.5% in March 1996 to 3.4% in September 1996.

In the United Kingdom, GDP growth during the first two quarters of 1996 continued pretty much in the same fashion as during the period since the start of 1995. The quarterly growth rate for the second quarter of 1996 came to 0.5% compared to 0.4% in the two quarters before. The annual rate remained stable at around 1.8%, somewhat lower though than the 1995 average of 2.4%. The strong growth in consumer lending of last spring, which fuelled much of the rise in retail sales, slowed down during the summer and even reversed in August declining by -5.0%. Retail sales themselves where still up by 4.4% on the same month a year before. The trend growth rate of industrial production volume during the first half of 1996 was significantly lower than during the same period of 1995 and dropped slightly from 1.6% in January to 1.2% in July. The drop in the annual rate was due solely to a slowing down of activity in the intermediate goods sector. Helped by strong consumer spending, production growth in both the durable and non-durable consumer goods producing sectors increased. In the latter by 0.5 percentage points while in the former by 1.3 percentage points. The largest improvement in growth took place in the capital goods producing sectors, where the annual trend rate increased from 2.0% in January 1996 to 4.2% in July. Unemployment decreased further as a result of the rise in economic activity, from 7.7% in June to 7.5% in August 1996. Consumer prices have nevertheless not been affected. Inflation dropped during the six months to 2.1% in August 1996, from 2.7% in March.

TABLE 1.1

	EUR15	Japan	USA
09-95	2.3	1.2	3.1
10-95	1.0	1.1	1.7
11-95	1.9	1.2	1.7
12-95	1.5	3.0	1.2
01-96	0.2	1.8	0.7
02-96	0.1	1.3	2.1
03-96	0.0	-1.1	1.4
04-96	-0.4	-1.0	3.2
05-96	-1.0	2.6	3.2
06-96	0.8	1.3	3.7
07-96	1.2	3.7	3.7
08-96	0.7	N/A	N/A

Year on year growth rates (t / t-12) for industrial production (%)

SOURCE: eurostat

TABLE 1.2

	EUR15	Japan	USA
09-95	3.2	0.2	2.5
10-95	3.0	-0.7	2.8
11-95	3.0	-0.7	2.6
12-95	3.0	-0.3	2.5
01-96	2.8	-0.4	2.7
02-96	2.7	-0.2	2.7
03-96	2.7	0.1	2.8
04-96	2.7	0.3	2.9
05-96	2.7	0.2	2.9
06-96	2.5	-0.2	2.8
07-96	2.5	0.6	3.0
08-96	2.3	0.1	2.9

Year on year growth rates (t / t-12) for consumer prices (%)

SOURCE: eurostat

TABLE 1.3

	EUR12	Japan	USA
06-95	3.2	8.8	-12.8
07-95	2.9	7.0	-14.8
08-95	0.8	4.6	-13.9
09-95	0.4	8.8	-12.4
10-95	1.5	4.1	-14.0
11-95	3.8	5.0	-11.7
12-95	6.2	8.3	-8.0
01-96	N/A	0.4	-12.7
02-96	N/A	4.7	-9.8
03-96	N/A	8.3	-8.6
04-96	N/A	7.7	-10.8
05-96	N/A	1.7	-12.4

Monthly trade balance (billion ECU)

SOURCE: eurostat

Earlier reports of a rise in economic activity in the Netherlands, notably in industry and retail sales, were confirmed by a growth rate of GDP of 1.3% for the second quarter of 1996 (5.5% at an annual rate). Growth in the Netherlands had been accelerating since the third quarter of 1995. The acceleration in growth during the first half of 1996 was the effect of strong improvements in both domestic demand and the external trade balance. Likewise, in Sweden economic growth picked up to a quarterly rate of 0.5% in the second quarter of 1996, from 0.0% in the first quarter of 1996. Sweden had experienced a contraction of GDP during the fourth quarter of 1995, but growth recovered thereafter through increases in the growth of investment and again the external trade balance. In Spain, economic growth declined somewhat, from 0.8% in the first quarter of 1996 to 0.5% in the second quarter (3.2% and 2.0% at annual rates).

Although in most Member States inflation is falling, there is one item that has seen a dramatic increase in prices over the last few months: mineral oil and energy in general as a consequence. The price of North Sea Brent crude oil rose by over 50% in the year to the middle of October 1996 to around 24.6 US dollars per barrel. Most of the rise in the oil price took place after it became clear that Iraqi supplies would not enter the market after the latest conflict with the USA over Iraqi influence in the conflict between the two Kurdish factions in northern Iraq. The sale of Iraqi oil had been negotiated as part of an oil-for-food deal in order to soften the effects of the trade embargo on the Iraqi population. Oil companies had lowered their stocks in anticipation of the sale of Iraqi oil and this has resulted in depressed supply just when demand was mounting in preparation for the winter months.

In the USA unemployment dropped further to 5.1% in August 1996 and consumer price inflation has remained stable at around 2.9% since April 1996, the open-market committee of the Federal Reserve Bank decided not to raise the federal funds rate during its meeting of September 24th. This rate, at which banks can take short-term loans with the Fed, has remained at 5.25% since the beginning of 1996.

In Japan, due to a decline in private consumption, growth in the volume of GDP turned negative in the second quarter of 1996. After private and public consumption rose by 2.4% and 3.3% in the first quarter of 1996 on the fourth quarter of 1995, both declined by about 1.3% in the second quarter. Gross fixed capital formation continued to grow during the second quarter but at a lower rate than during the two preceding quarters. These figures might indicate that the expansive measures the Japanese government took during the last financial year (which runs from April to March) have had only a temporary effect. Uncertainties in the Japanese economy were exacerbated by the elections on October 20th.

In the same quarter the volume of industrial production of Eur 15, adjusted for the number of working days, rose by 3.9% over the previous year. This was due mainly to production growth in the capital goods and consumer durables sectors where, for the same period, growth rates were 8.1% and 6.8% respectively. In contrast, the volume of industrial production grew by only 0.1% between the first and second quarters of 1996. The highest growth was recorded in Ireland and in Sweden with annual rates of 12.8% and 10.8% respectively in the second quarter of 1996. Since the peak in annual growth in December 1994, the monthly volume of European industrial production has gradually slackened, until it stabilized in March 1996. After declining in April and in May 1996, it has begun to rise again, appearing to presage the beginning of a recovery, with annual rates of 0.9% for June 1996 and 0.4% for July 1996.

In the second quarter of 1996 the volume of Japanese production grew by 2.6% over the previous year, with capital goods experiencing the highest growth at 10.6% . Over the same period the United States saw the volume of production of its total industry rise by 1.7%, in the wake of the growth in capital goods and consumer durables production.

The production price index has not followed quite the same trend as production volume, increasing only 0.8% in the second quarter of 1996 compared to the previous year. However, it was consumer goods, durable and non-durable, which recorded the sharpest increases whereas intermediate goods fell by 0.6%. From one quarter to the next the decline in the prices of intermediate goods and the relatively low increase in the prices of other goods (consumer and capital goods) led to a drop in production prices for the whole of industry of 0.1%. Production prices in Japan fell by 0.9% in the second quarter of 1996. However, in the United States they rose 2.3% over the same period.

Capacity utilization in the whole of European industry (EUR 12) was 80.7% in the second quarter of 1996, slightly down on the previous quarter, i.e. 1.1 basis point. France had the highest capacity utilization at 84.7%, due mainly to a higher capacity utilization in the intermediate goods and capital goods sectors, where it had rates of 87.0% and 84.3% respectively.

The volume of industrial production grew by 3.9% in the second quarter of 1996

eurostat

FIGURE 2.1

EUR15 production
index by goods sector,
trend-cycle
(1990 = 100)

——— Total industry

- - - Intermediate goods

——— Capital goods

——— Consumer durables

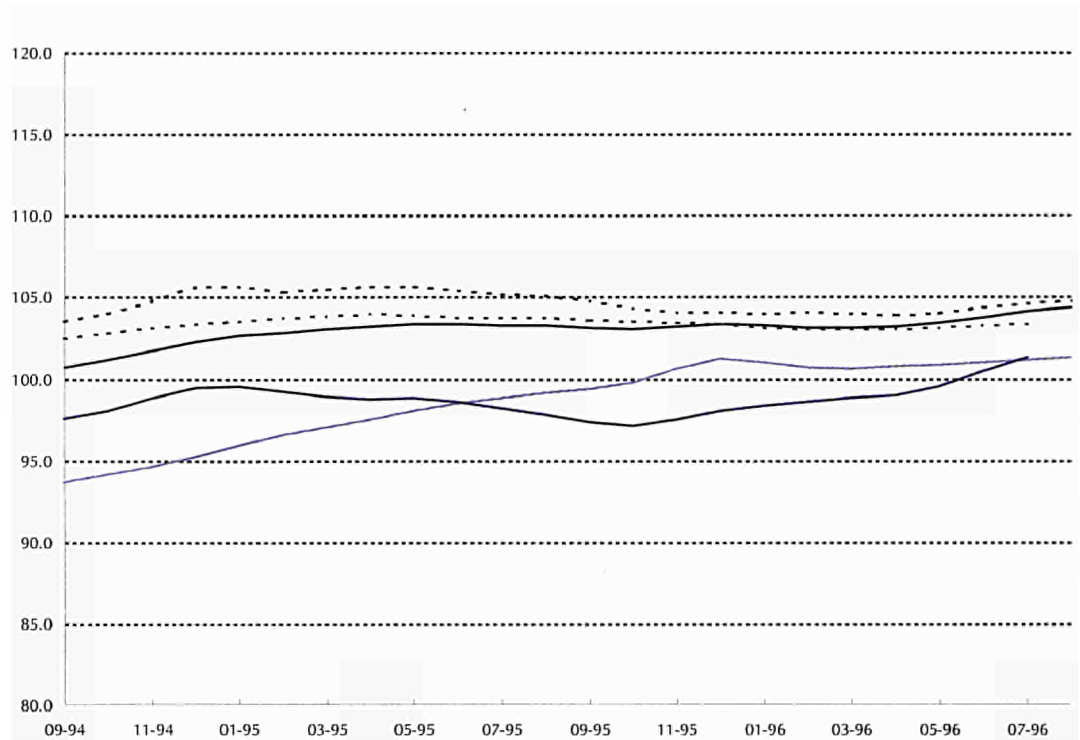- - - - Consumer non-durables

SOURCE: eurostat

TABLE 2.1

Three month on three
month growth rates for
the production index,
based on a seasonally
adjusted series
(%)

SOURCE: eurostat

	Latest quarter available			Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR15	05-96	⇨	07-96	0.8	0.4	0.5	2.2	0.4
B	05-96	⇨	07-96	5.0	5.0	8.7	14.2	3.0
DK	06-96	⇨	08-96	2.8	3.2	6.0	11.5	-1.3
D	06-96	⇨	08-96	1.9	2.4	2.0	6.0	-0.3
GR	05-96	⇨	07-96	3.2	4.7	0.2	3.4	-1.0
E	06-96	⇨	08-96	1.7	1.2	3.5	5.0	2.0
F	06-96	⇨	08-96	1.1	1.5	1.0	1.9	0.6
IRL	04-96	⇨	06-96	1.9	4.6	-0.2	N/A	3.9
I	05-96	⇨	07-96	0.2	-0.3	-2.1	3.5	1.5
L	05-96	⇨	07-96	-1.2	0.3	-5.9	22.1	-4.1
NL	06-96	⇨	08-96	-0.3	-1.1	-1.3	1.9	0.8
A		⇨		N/A	N/A	N/A	N/A	N/A
P	11-95	⇨	01-96	-0.1	-4.0	1.1	-4.3	-2.7
FIN	06-96	⇨	08-96	1.8	3.1	3.1	6.2	0.9
S	06-96	⇨	08-96	2.2	1.2	2.5	7.5	2.9
UK	06-96	⇨	08-96	-0.4	-1.0	0.6	-0.2	0.4

eurostat

	Latest quarter available			Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR15	05-96	⇨	07-96	0.3	-1.0	2.3	1.7	-0.2
B	05-96	⇨	07-96	4.2	3.3	7.9	4.2	4.2
DK	06-96	⇨	08-96	5.5	5.0	8.0	15.5	2.8
D	06-96	⇨	08-96	1.1	-0.8	2.7	5.2	-0.5
GR	05-96	⇨	07-96	2.1	5.4	-6.8	13.3	-1.9
E	06-96	⇨	08-96	-0.4	-2.6	3.3	1.6	-0.5
F	06-96	⇨	08-96	1.4	1.4	2.6	4.5	-0.3
IRL	04-96	⇨	06-96	9.8	14.8	13.2	N/A	1.6
I	05-96	⇨	07-96	-1.2	-2.3	2.3	-0.8	-1.0
L	05-96	⇨	07-96	-1.2	-2.6	6.4	26.3	-5.9
NL	06-96	⇨	08-96	3.2	2.4	3.5	7.7	3.9
A		⇨		N/A	N/A	N/A	N/A	N/A
P	11-95	⇨	01-96	3.5	-2.5	5.0	-3.9	-1.9
FIN	06-96	⇨	08-96	2.3	3.5	11.6	42.5	3.8
S	06-96	⇨	08-96	3.6	0.5	5.4	5.8	7.5
UK	06-96	⇨	08-96	0.9	-0.4	3.5	5.2	0.8

FIGURE 2.3

Production index by
goods sector,
trend-cycle
(1990 = 100)

BELGIQUE/BELGIË

DANMARK

DEUTSCHLAND

ELLADA

ESPAÑA

FRANCE

——— Total industry

- - - Intermediate goods

——— Capital goods

——— Consumer durables

- - - Consumer non-durables

SOURCE: eurostat

eurostat

IRELAND

ITALIA

FIGURE 2.3

Production index by
goods sector,
trend-cycle
(1990 = 100)

LUXEMBOURG

NEDERLAND

ÖSTERREICH

Not available

PORTUGAL

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

SOURCE: eurostat

FIGURE 2.3

Production index by
goods sector,
trend-cycle
(1990 = 100)

SUOMI/FINLAND
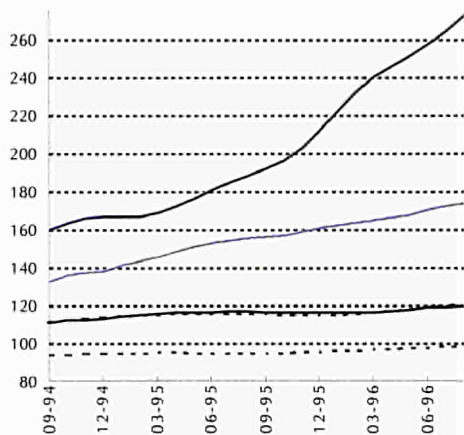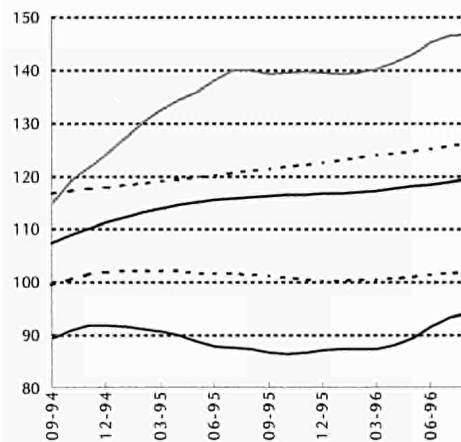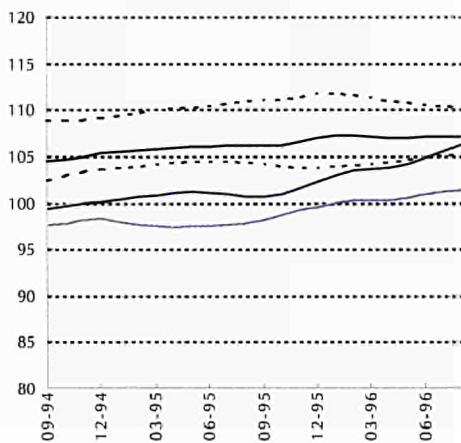
SVERIGE

UNITED KINGDOM

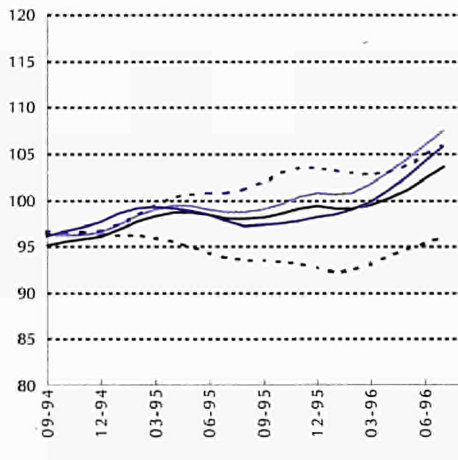|	
———	Total industry
· - - -	Intermediate goods
———	Capital goods
———	Consumer durables
- - - -	Consumer non-durables

SOURCE: eurostat
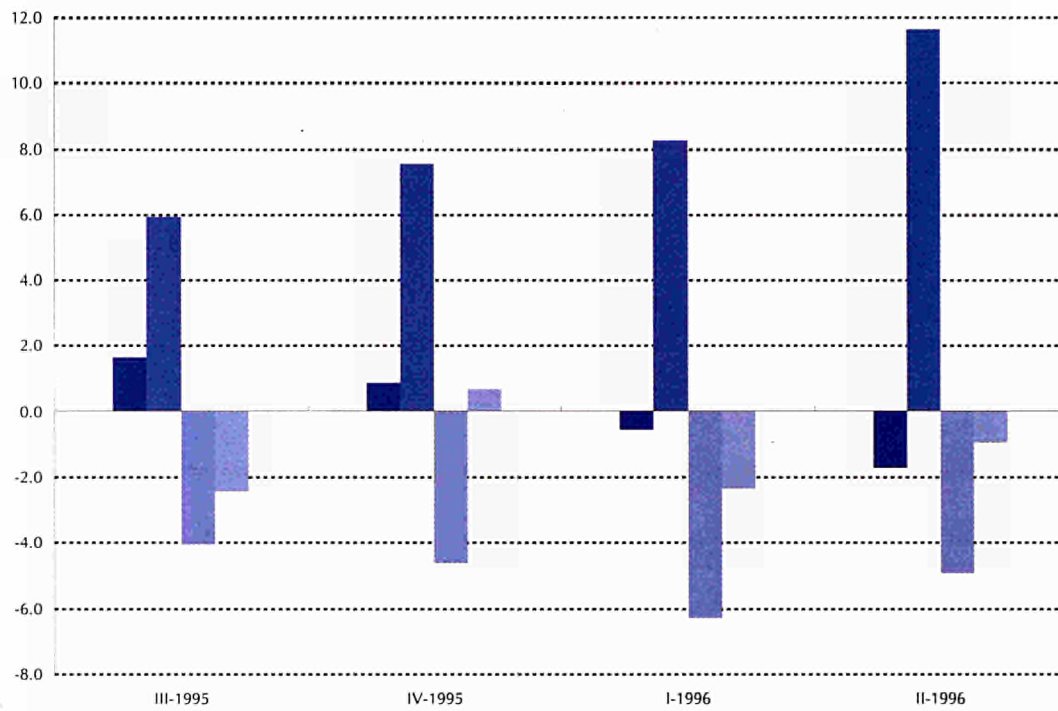
eurostat

FIGURE 2.4

Japanese year on year growth rates for industrial production, based on changes from the corresponding quarter of the previous year (%)

- Intermediate goods
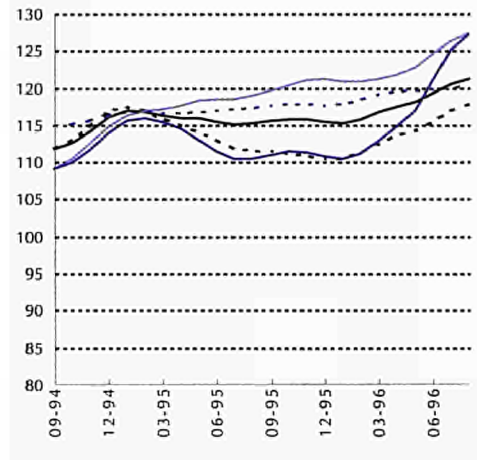- Capital goods
- Consumer durables
- Consumer non-durables
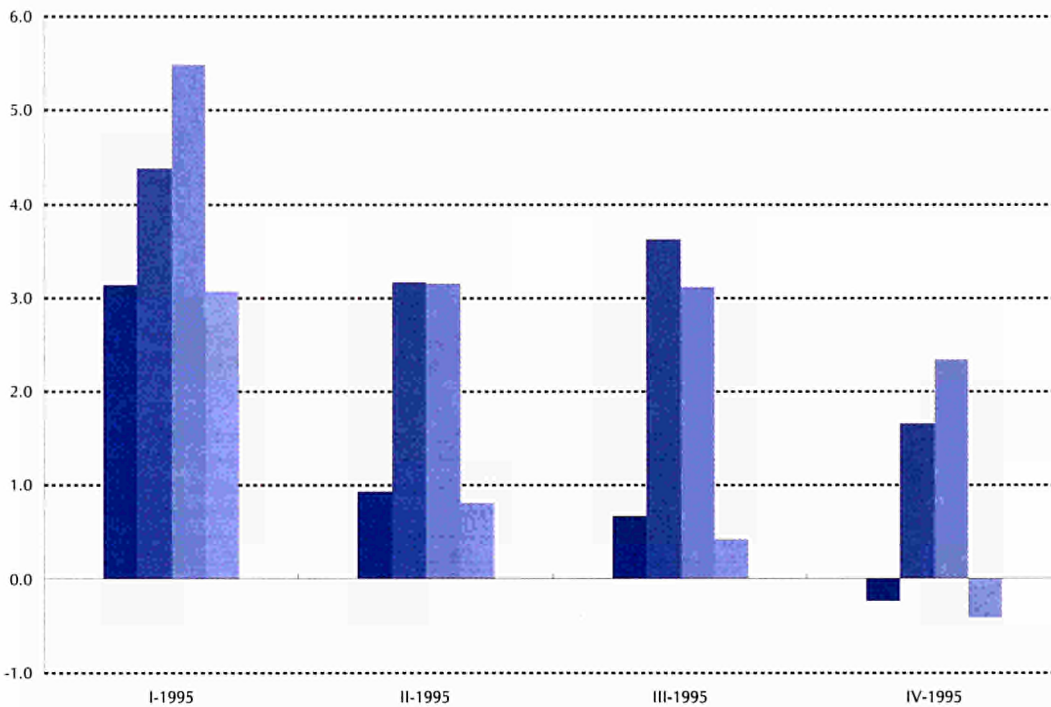
SOURCE: eurostat

FIGURE 2.5

American year on year growth rates for industrial production, based on changes from the corresponding quarter of the previous year (%)

- Intermediate goods
- Capital goods
- Consumer durables
- Consumer non-durables

SOURCE: eurostat

FIGURE 2.6

EUR15 producer price
index by goods sector,
in national currencies
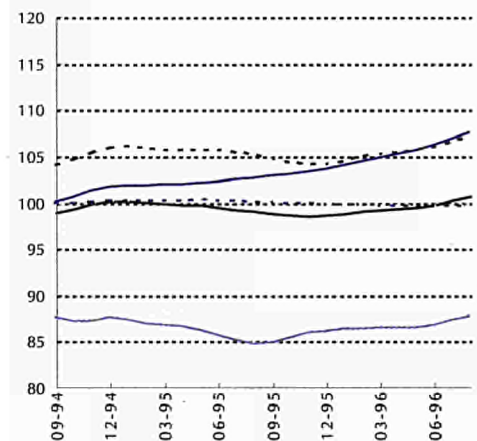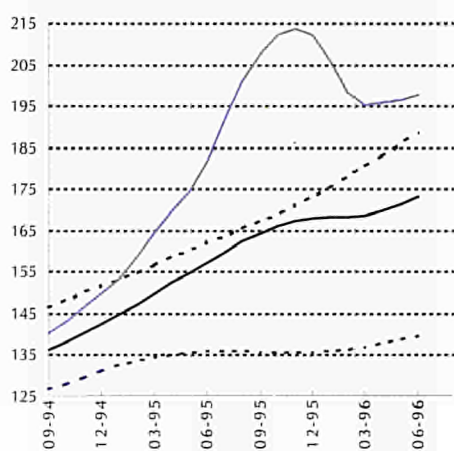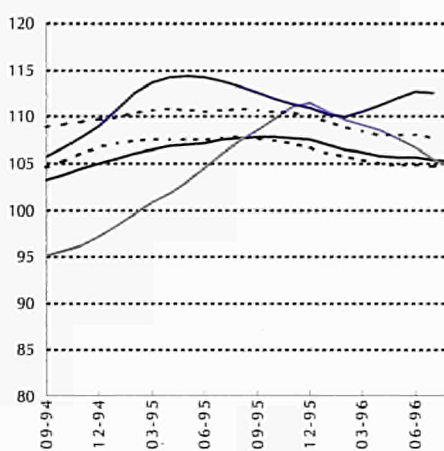(1990 = 100)
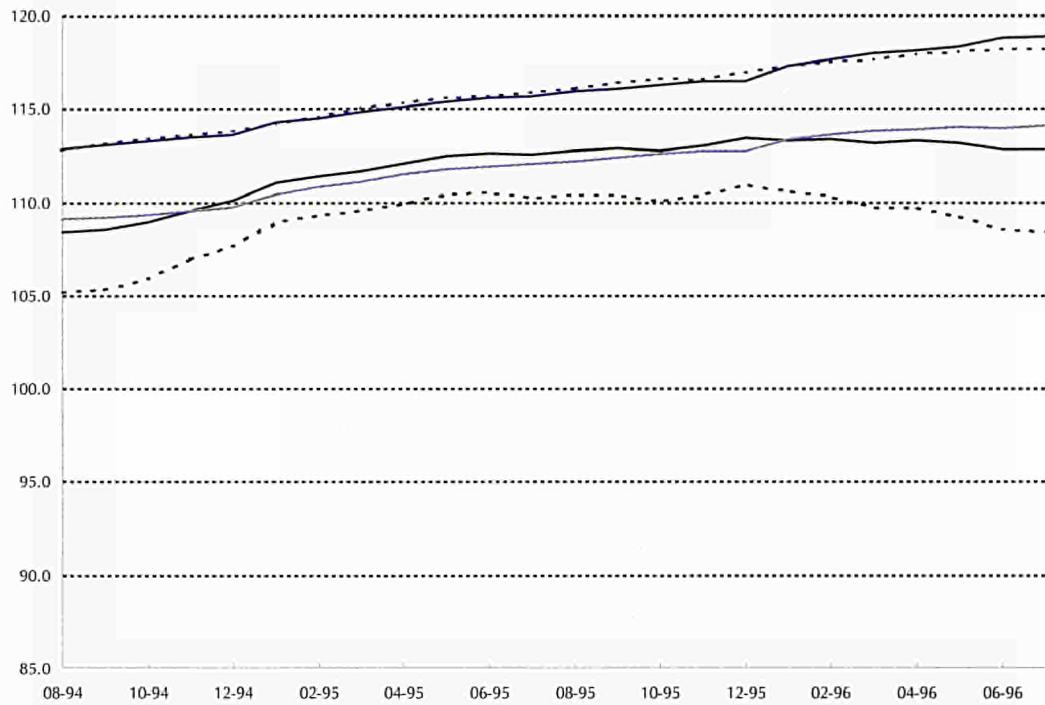
——— Total industry

- - - - Intermediate goods

——— Capital goods

——— Consumer durables
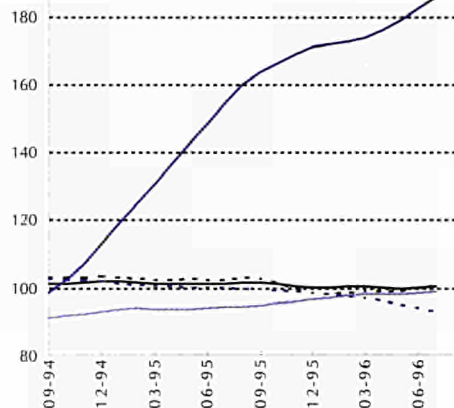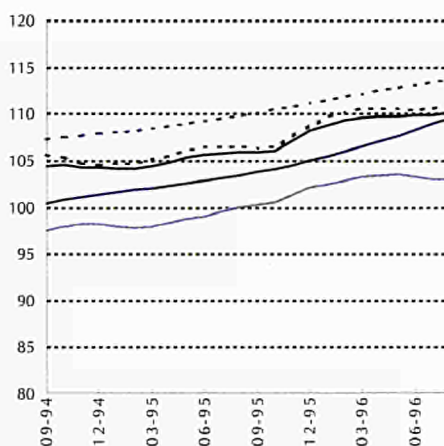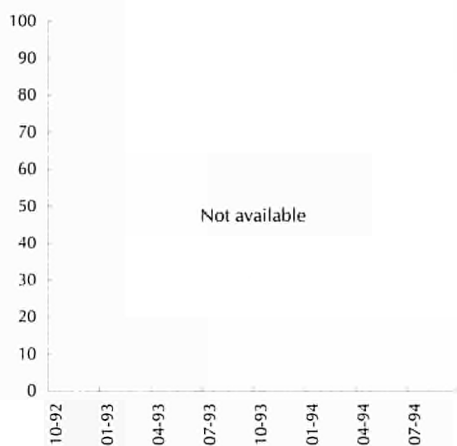
- - - - Consumer non-durables

SOURCE: eurostat

TABLE 2.3

Three month on three
month growth rates
for the producer price
index, in national
currencies
(%)

SOURCE: eurostat

	Latest quarter available			Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR15	05-96	⇨	07-96	-0.3	-1.1	0.2	0.6	0.4
B	05-96	⇨	07-96	-0.5	-1.3	0.2	N/A	0.3
DK	06-96	⇨	08-96	0.1	-0.2	-0.1	0.8	0.4
D	07-96	⇨	09-96	0.0	-0.1	0.1	0.2	0.3
GR	06-96	⇨	08-96	0.0	-1.1	0.4	0.0	1.2
E	06-96	⇨	08-96	-0.2	-0.9	0.2	0.7	0.5
F	06-96	⇨	08-96	-0.3	-0.8	-0.2	-0.1	0.4
IRL	12-94	⇨	02-95	1.0	0.5	N/A	N/A	0.3
I	05-96	⇨	07-96	-0.4	-1.2	0.6	1.9	0.2
L	06-96	⇨	08-96	0.2	-2.0	-0.2	0.1	1.4
NL	06-96	⇨	08-96	0.4	0.3	0.1	0.0	0.9
A		⇨		N/A	N/A	N/A	N/A	N/A
P		⇨		N/A	N/A	N/A	N/A	N/A
FIN	07-96	⇨	09-96	-0.6	-1.1	0.4	-1.8	0.5
S	06-96	⇨	08-96	-0.1	-0.8	-0.2	0.5	0.7
UK	07-96	⇨	09-96	-0.5	-0.7	0.4	0.0	-0.2

eurostat

Year on year growth
rates for the producer
price index, based on
changes from the
corresponding quarter
of the previous year, in
national currencies
(%)

SOURCE: eurostat

Year on year growth
rates for the producer
price index, based on
changes from the
corresponding quarter
of the previous year, in
national currencies
(%)

SOURCE: eurostat

	Latest quarter available			Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR15	05-96	⇨	07-96	0.3	-1.5	1.9	2.7	2.1
B	05-96	⇨	07-96	0.2	-0.8	0.8	N/A	0.8
DK	06-96	⇨	08-96	1.2	0.9	1.5	2.9	1.2
D	07-96	⇨	09-96	-0.6	-2.2	1.4	1.2	0.4
GR	06-96	⇨	08-96	7.1	5.5	8.2	4.7	9.1
E	06-96	⇨	08-96	1.0	-1.9	2.3	3.5	4.4
F	06-96	⇨	08-96	0.2	-0.6	0.4	0.5	0.9
IRL	12-94	⇨	02-95	2.7	0.9	N/A	N/A	2.6
I	05-96	⇨	07-96	0.7	-1.4	3.2	6.4	2.3
L	06-96	⇨	08-96	-0.7	-7.4	1.7	1.1	2.4
NL	06-96	⇨	08-96	1.9	1.9	0.2	0.8	3.0
A		⇨		N/A	N/A	N/A	N/A	N/A
P		⇨		N/A	N/A	N/A	N/A	N/A
FIN	07-96	⇨	09-96	-0.8	-2.0	2.4	-1.5	0.5
S	06-96	⇨	08-96	-0.3	-1.2	1.0	4.2	-0.3
UK	07-96	⇨	09-96	0.3	-1.9	2.4	2.2	2.3

eurostat

FIGURE 2.8

Producer price index
by goods sector,
in national currencies
(1990 = 100)

BELGIQUE/BELGIË

DANMARK

DEUTSCHLAND

ELLADA

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

ESPAÑA

FRANCE

eurostat

IRELAND

ITALIA

FIGURE 2.8

Producer price index
by goods sector,
in national currencies
(1990 = 100)

LUXEMBOURG

NEDERLAND

ÖSTERREICH

Not available

PORTUGAL

Not available

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

SOURCE: eurostat

FIGURE 2.8

Producer price index
by goods sector,
in national currencies
(1990 = 100)

SUOMI/FINLAND

SVERIGE

UNITED KINGDOM

——— Total industry

- - - Intermediate goods

———— Capital goods

——— Consumer durables

- - - - Consumer non-durables

FIGURE 2.9

Japanese year on year growth rates for producer prices, based on changes from the corresponding quarter of the previous year, in national currency (%)

SOURCE: eurostat

FIGURE 2.10

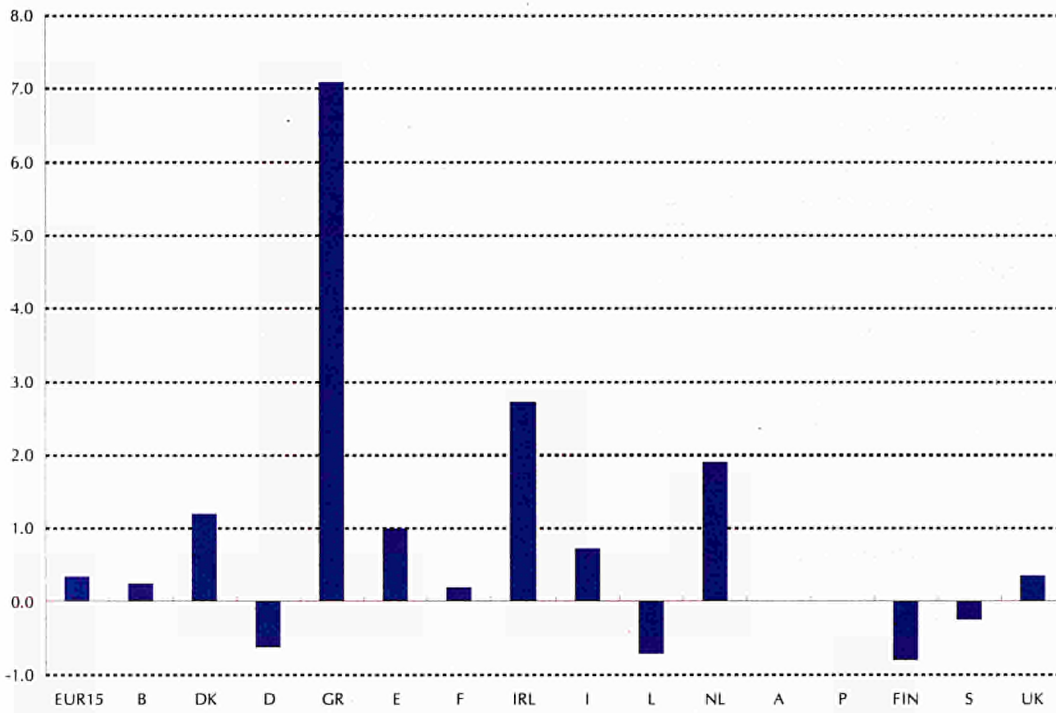American year on year growth rates for producer prices, based on changes from the corresponding quarter of the previous year, in national currency (%)
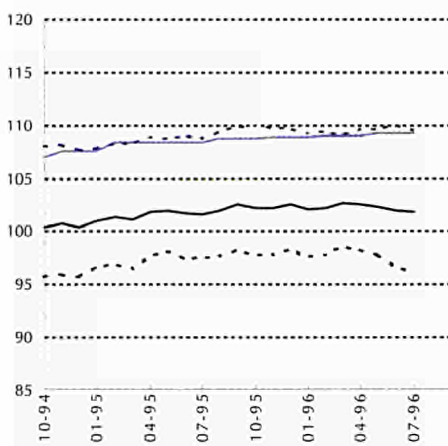
SOURCE: eurostat

FIGURE 2.11

Total industry:
capacity utilisation
rates, third quarter
1996
(%)
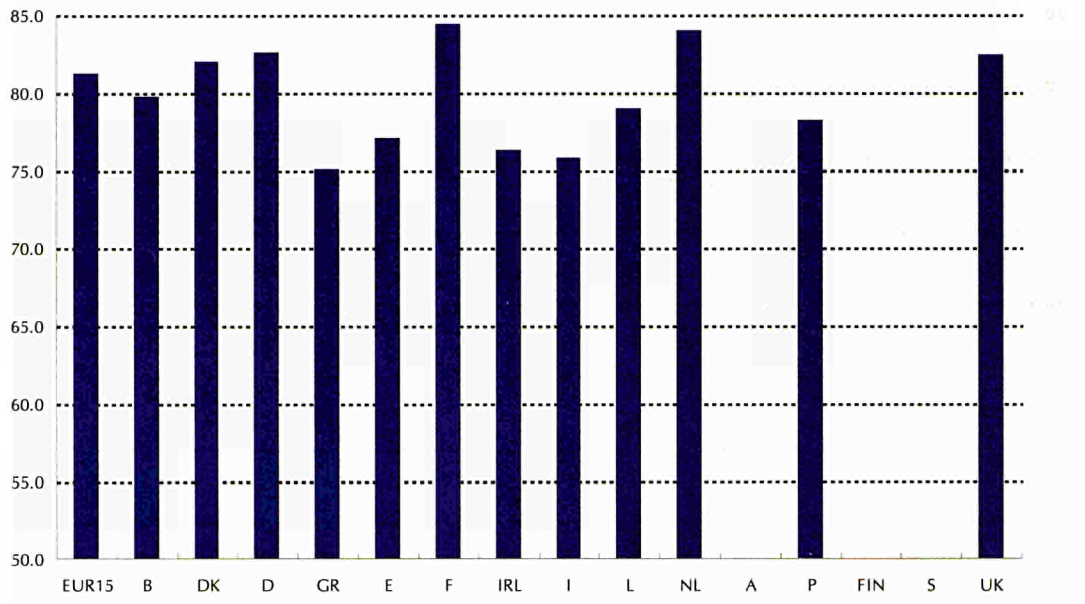
SOURCE: DGII,
BUSINESS SURVEY

TABLE 2.5

Total industry:
capacity utilisation
rates
(%)

SOURCE: DGII,
BUSINESS SURVEY

	Annual growth rate: latest quarter, t / t-4	Fourth quarter 1995	First quarter 1996	Second quarter 1996	Third quarter 1996
EUR15	-2.4	82.6	81.8	80.8	81.2
B	-1.8	80.2	78.7	79.1	79.7
DK	-1.2	82.0	81.0	80.0	82.0
D	-4.1	84.7	83.2	82.0	82.6
GR	-1.8	78.3	76.3	73.5	75.1
E	-1.0	77.8	77.8	76.1	77.1
F	-1.3	85.8	84.4	84.7	84.4
IRL	-3.7	82.2	82.1	74.4	76.3
I	-3.6	77.6	78.5	76.0	75.8
L	-5.3	81.6	78.8	80.7	79.0
NL	-1.3	84.2	83.6	83.2	84.0
A	N/A	N/A	N/A	N/A	N/A
P	-0.4	78.6	77.0	76.8	78.2
FIN	N/A	N/A	N/A	N/A	N/A
S	N/A	N/A	N/A	N/A	N/A
UK	-2.0	83.8	82.9	82.1	82.4

eurostat
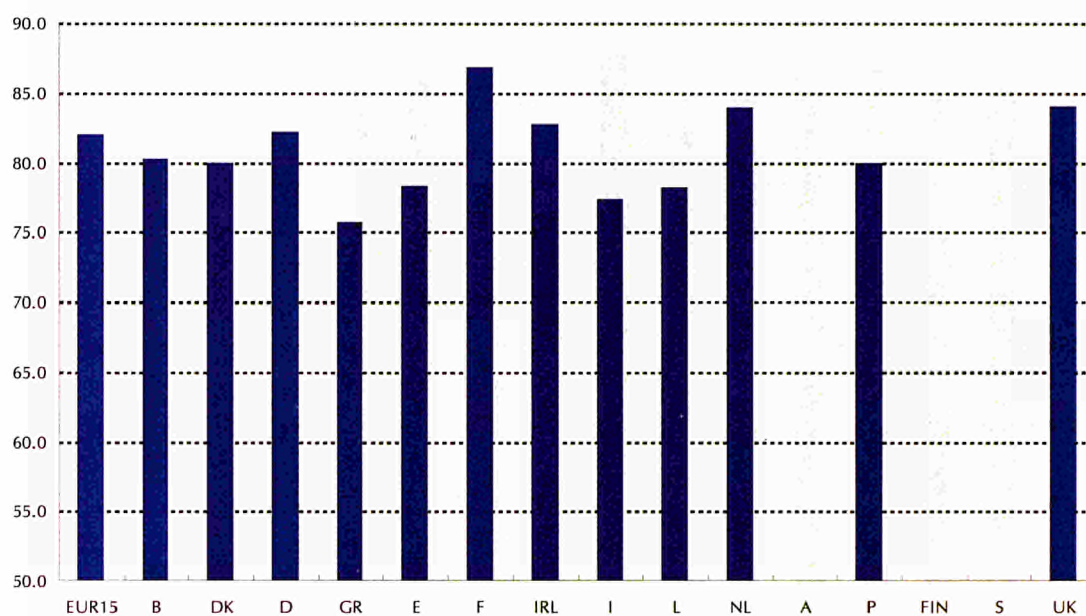
FIGURE 2.12

Intermediate goods:
capacity utilisation
rates, third quarter
1996
(%)

SOURCE: DGII,
BUSINESS SURVEY

	Annual growth rate: latest quarter, t / t-4	Fourth quarter 1995	First quarter 1996	Second quarter 1996	Third quarter 1996
EUR15	-3.0	83.3	81.7	80.8	82.0
B	-4.5	80.4	76.1	77.7	80.2
DK	-1.2	80.0	79.0	77.0	80.0
D	-5.8	84.4	81.7	81.0	82.2
GR	-3.4	78.9	78.2	74.7	75.7
E	-1.4	78.7	79.3	77.7	78.3
F	-1.8	87.4	86.1	87.0	86.8
IRL	11.7	83.2	81.5	81.6	82.8
I	-2.5	78.4	78.3	75.0	77.3
L	-5.4	80.6	77.1	79.2	78.2
NL	-1.8	82.7	81.3	82.4	83.9
A	N/A	N/A	N/A	N/A	N/A
P	-2.1	80.4	79.5	78.6	80.0
FIN	N/A	N/A	N/A	N/A	N/A
S	N/A	N/A	N/A	N/A	N/A
UK	-1.3	86.0	84.8	82.9	84.0

TABLE 2.6

Intermediate goods:
capacity utilisation
rates
(%)

SOURCE: DGII,
BUSINESS SURVEY

FIGURE 2.13

Capital goods: capacity utilisation rates, third quarter 1996 (%)

TABLE 2.7

Capital goods: capacity utilisation rates (%)

	Annual growth rate: latest quarter, t / t-4	Fourth quarter 1995	First quarter 1996	Second quarter 1996	Third quarter 1996
EUR15	-2.1	83.0	82.9	82.0	81.1
B	-1.8	81.6	81.3	80.6	80.3
DK	-3.5	85.0	83.0	83.0	82.0
D	-4.1	85.3	84.9	82.4	82.0
GR	0.5	85.3	77.7	81.7	80.8
E	2.5	80.5	78.3	77.7	78.1
F	1.2	85.7	84.6	84.3	83.2
IRL	-12.1	81.2	85.0	72.5	73.2
I	-5.7	77.2	78.4	78.7	75.0
L	-3.2	85.5	83.7	84.4	81.4
NL	-1.1	85.8	85.5	82.9	83.3
A	N/A	N/A	N/A	N/A	N/A
P	10.0	77.7	78.1	79.4	82.6
FIN	N/A	N/A	N/A	N/A	N/A
S	N/A	N/A	N/A	N/A	N/A
UK	-1.1	81.4	81.2	82.0	82.0
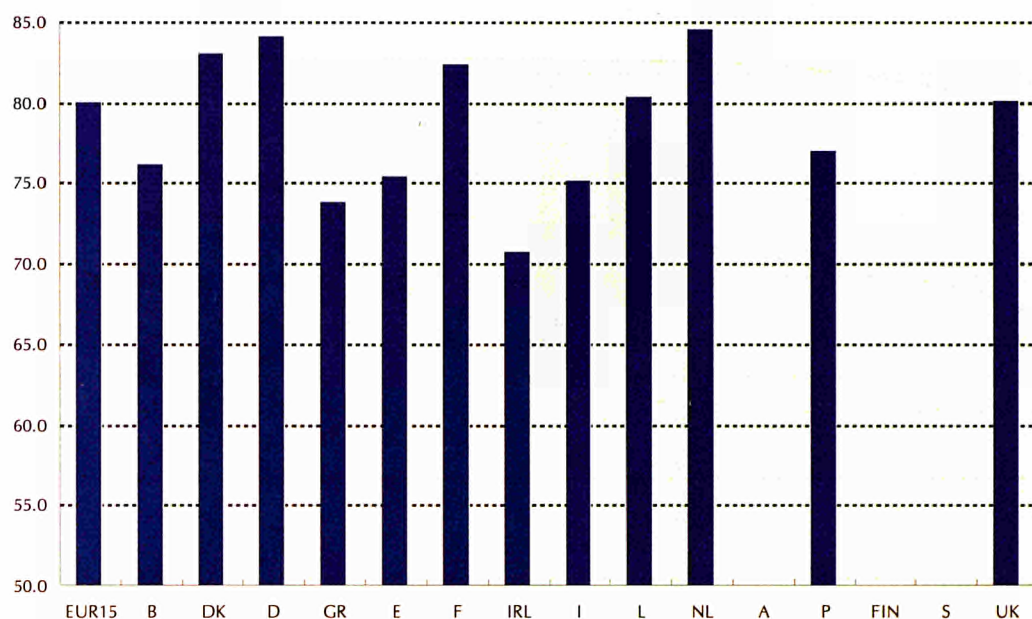
eurostat

	Annual growth rate: latest quarter, t / t-4	Fourth quarter 1995	First quarter 1996	Second quarter 1996	Third quarter 1996
EUR15	-1.9	81.3	81.5	78.6	80.0
B	-1.9	79.0	78.5	78.7	76.1
DK	0.0	82.0	83.0	82.0	83.0
D	-0.9	85.4	85.8	84.1	84.1
GR	0.7	76.9	73.7	71.1	73.8
E	-2.1	75.6	75.3	73.8	75.4
F	-1.8	83.9	82.2	82.2	82.3
IRL	-14.5	81.7	81.2	67.6	70.7
I	-2.7	76.4	78.1	76.4	75.1
L	-6.3	82.8	81.7	83.7	80.3
NL	-1.1	85.1	85.3	84.5	84.5
A	N/A	N/A	N/A	N/A	N/A
P	-2.8	78.7	79.9	77.4	77.0
FIN	N/A	N/A	N/A	N/A	N/A
S	N/A	N/A	N/A	N/A	N/A
UK	-3.9	82.7	81.9	81.1	80.1

FIGURE 2.15

Trade indicators,
trend cycle
(1990 = 100)

——— Export value

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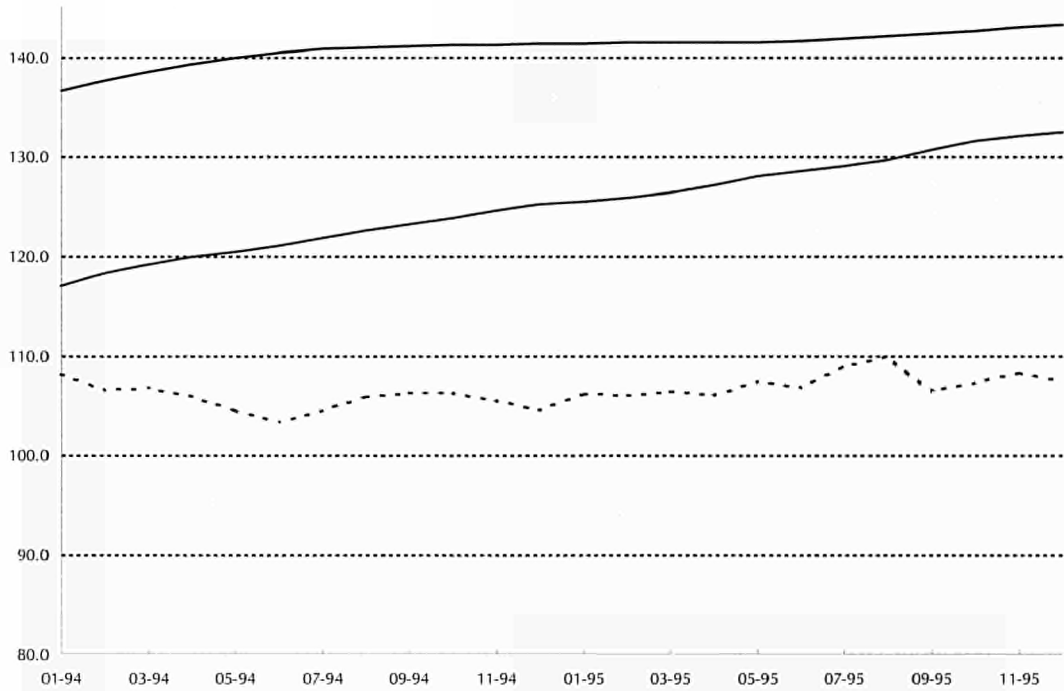
- - - - Terms of trade

SOURCE: eurostat

TABLE 2.9

Three month on three
month growth rates
for trade indicators,
in ECU terms
(%)

SOURCE: eurostat

	Latest quarter available			Exports Value	Volume	Imports Value	Volume	Terms of trade
EUR15	10-95	⇒	12-95	1.1	1.0	2.9	2.2	-0.7
B / L	09-95	⇒	11-95	-0.1	-0.5	1.2	-0.5	-0.8
DK	10-95	⇒	12-95	-1.6	-2.3	0.6	2.7	2.8
D	10-95	⇒	12-95	1.4	0.3	0.2	0.8	-0.7
GR	09-95	⇒	11-95	0.5	-2.3	4.2	2.9	-0.6
E	10-95	⇒	12-95	2.5	2.6	2.7	3.0	1.4
F	10-95	⇒	12-95	3.6	0.0	0.5	-0.6	0.1
IRL	08-95	⇒	10-95	6.4	4.9	2.6	0.4	-1.5
I	10-95	⇒	12-95	0.8	-0.8	3.2	0.9	0.6
NL	06-95	⇒	08-95	-5.4	-8.6	-13.6	-5.9	2.5
A		⇒		N/A	N/A	N/A	N/A	N/A
P	10-95	⇒	12-95	6.1	1.6	1.7	0.9	1.1
FIN		⇒		N/A	N/A	N/A	N/A	N/A
S		⇒		N/A	N/A	N/A	N/A	N/A
UK	10-95	⇒	12-95	0.8	-2.1	-0.7	-1.7	0.9

eurostat

	Latest quarter available			Exports		Imports		Terms of trade
				Value	Volume	Value	Volume	
EUR15	10-95	⇨	12-95	3.7	0.0	6.6	4.9	2.1
B / L	09-95	⇨	11-95	-3.0	-6.2	-0.1	-6.2	-2.9
DK	10-95	⇨	12-95	-5.6	-5.4	-0.7	-0.1	0.5
D	10-95	⇨	12-95	-1.2	-3.4	-1.2	-3.0	0.4
GR	09-95	⇨	11-95	8.8	-2.2	8.7	-2.8	-0.3
E	10-95	⇨	12-95	7.0	1.7	7.0	1.8	0.1
F	10-95	⇨	12-95	-0.4	-3.9	0.5	-3.3	-0.3
IRL	08-95	⇨	10-95	20.6	15.1	16.3	8.4	-2.4
I	10-95	⇨	12-95	19.0	5.9	16.0	4.4	1.1
NL	10-95	⇨	12-95	-21.3	-25.8	-13.9	-15.0	4.6
A		⇨		N/A	N/A	N/A	N/A	N/A
P	10-95	⇨	12-95	14.6	11.2	1.2	-3.3	-1.8
FIN		⇨		N/A	N/A	N/A	N/A	N/A
S		⇨		N/A	N/A	N/A	N/A	N/A
UK	10-95	⇨	12-95	2.9	-8.5	5.2	-6.5	0.0

FIGURE 2.17

Trade indicators,
trend-cycle
(1990 = 100)

BELGIQUE/BELGIË, LUXEMBOURG

DANMARK

DEUTSCHLAND

ELLADA

———— Export value
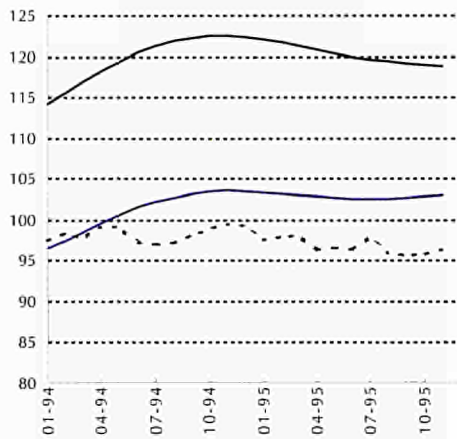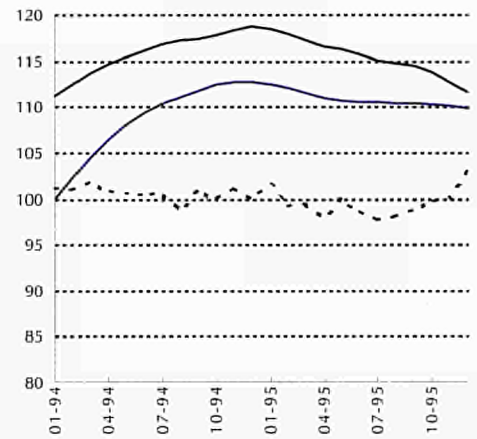
———— Import value
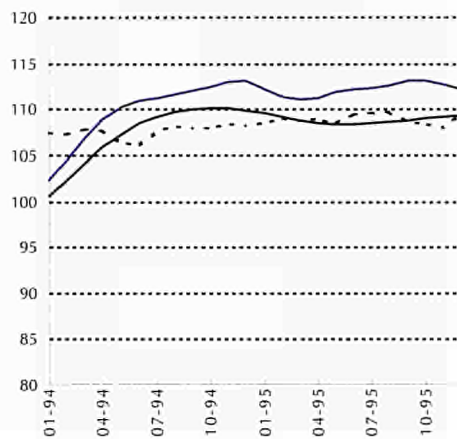
- - - - Terms of trade
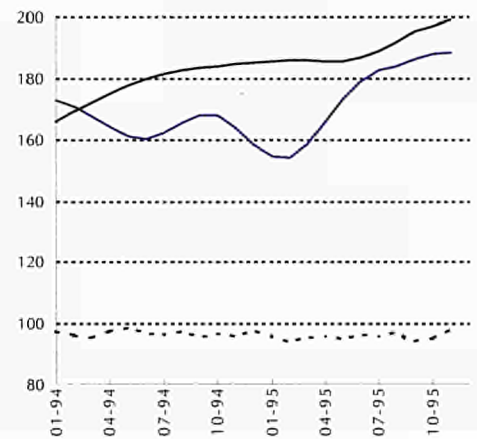
ESPAÑA
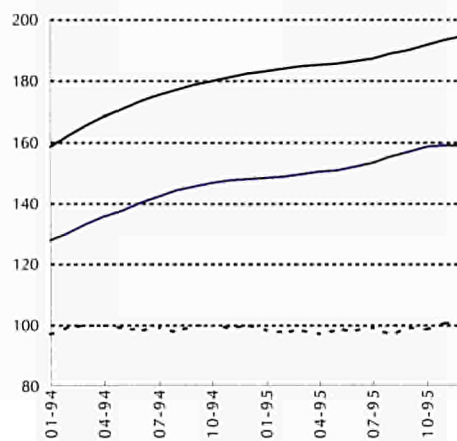
FRANCE
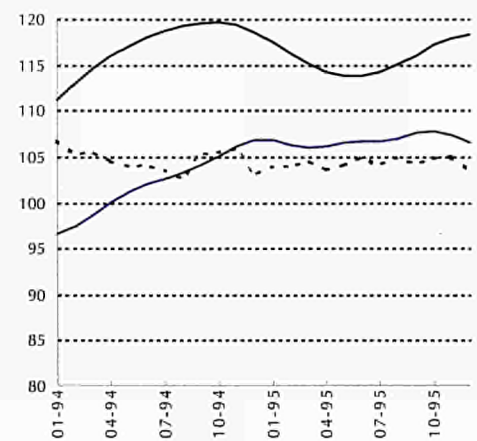
SOURCE: eurostat

eurostat

IRELAND
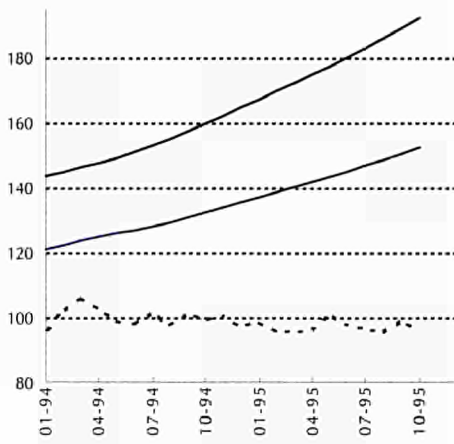
ITALIA

FIGURE 2.17

Trade indicators,
trend-cycle
(1990 = 100)
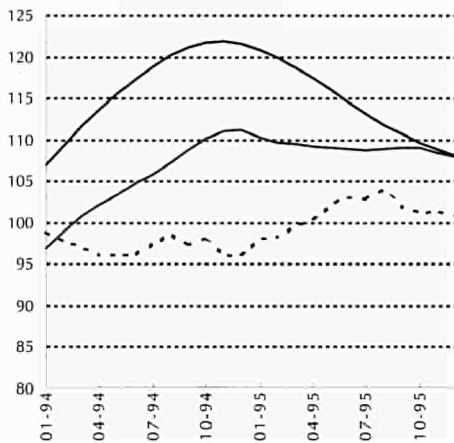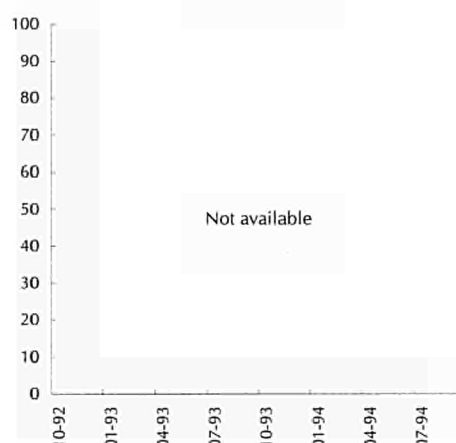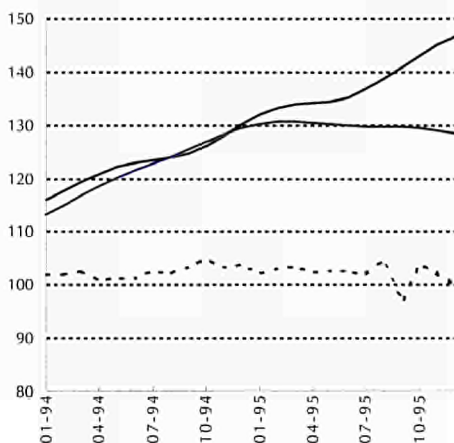
NEDERLAND

ÖSTERREICH

Not available

PORTUGAL

SUOMI/FINLAND

Not available

——— Export value

——— Import value
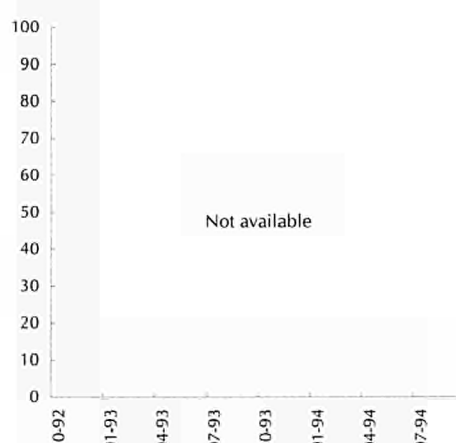
- - - Terms of trade

SOURCE: eurostat

eurostat

SVERIGE

UNITED KINGDOM

FIGURE 2.17

Trade indicators by,
trend-cycle
(1990 = 100)

Not available
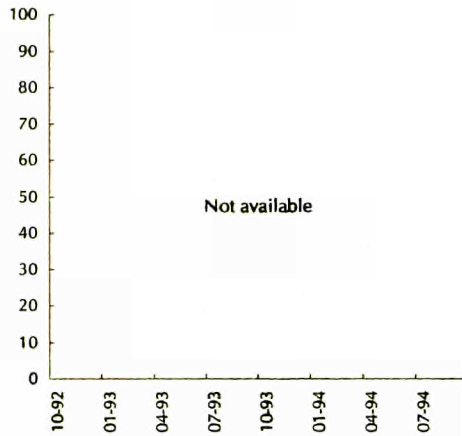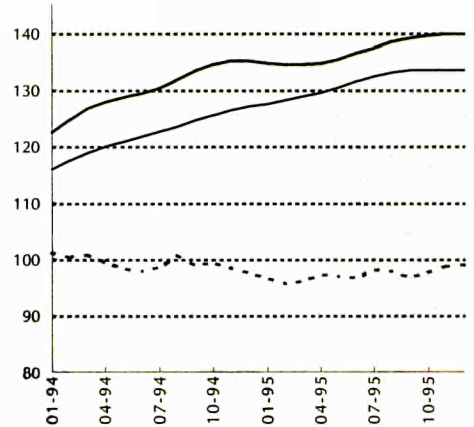
Export value

Import value

- - - - Terms of trade

eurostat

In 1995, production by the electrical engineering sector was worth ECU 306.8 billion, which represented an annual growth rate of 4.6% and made up 9.5% of total output by manufacturing industry in EUR 15. During the period from 1985 to 1990, this sector, along with the rubber and plastics processing industry, had the highest average real annual growth rate (5.8%) of any sector in EUR 12. For 1990-1995, the corresponding growth rate was 2.7%. In 1995, production by this sector in the United States stood at ECU 302.4 billion and the total in Japan was ECU 435.7 billion. The main European producer was Germany with 35.6% of EUR 15 production in 1995, followed by France, Italy and the United Kingdom with 16.9%, 12.3% and 11.7% respectively. Approximately one-third of production was used for intermediate consumption, either in the sector itself or in other industries (particularly mechanical engineering and transport). In 1995, EUR 12 consumption amounted to ECU 286.2 billion, a year-on-year increase of 4.8%. Germany accounted for 34.8% of total consumption, way ahead of France (18.1%) and the United Kingdom (13.2%).

In terms of output, the smoothed index reveals an annual growth rate of 0.9% in France in July 1996. At the same point in time, production was up by 4.1% in Germany and 34.5% in Sweden, but down 1.9% in Italy and 2.7% in Spain. Both Ireland and Denmark recorded substantial annual growth rates, returning figures of +14.5% in May 1996 and +17.4% in June 1996 respectively. All in all, EUR 15 output was up 3.9% between April 1995 and April 1996.

Between August 1995 and August 1996, national producer prices in the electrical engineering industry stagnated in the Netherlands, but fell by 5.9% in Finland. Between July 1995 and July 1996, they rose by 0.1% in Germany and by 1.7% in Italy.

The rate of capacity utilisation in the electrical sector - which encompasses electric wires and cables, electrical machinery for industrial use, household appliances and lighting - stood at 81.5% in Germany, 76.6% in Italy and 82.3% in the United Kingdom at the end of March 1996. In the communications equipment, electronic components and consumer electronics sector, the corresponding rates were 79.3%, 87.1% and 84.7%.

In 1995, the electrical engineering sector employed 2.5 million workers, or 11.6% of all those employed in industry in EUR 15. This was an increase of 0.4% on

EUR 15 production in

this sector up 3.9%

between April 1995 and

April 1996

EUR15 production in
constant prices
(billion ECU)

Between 1985 and 1990, investment in this sector amounted on average to 10.1% of total investment in industry, compared with the sector's 9.2% share of production. The electrical engineering industry has a higher-than-average capital intensity and the outlay on investment is relatively higher than for industry as a whole. Expenditure on investment was particularly pronounced in EUR 12, with an average real annual growth rate of 4.1% between 1985 in 1990 in Europe, as opposed to an 11.7% reduction in the United States and a minimal 0.9% increase in Japan. Between 1993 and 1994, investment rose by 2.0% in Germany and by 9.0% in France, but stagnated in the Netherlands. The electrical engineering sector has a high research coefficient, and current investment and research expenditure are also indicators of future trends in sectoral production. The particular importance of this sector lies in its technology-intensive nature and the impact of its innovations in both the sector itself and other industries, whether this be through providing new technologies or supplying an infrastructure.

1994. 35.8% of those employed worked in Germany, 16.4% in the United Kingdom and 15.7% in France. Between 1994 and 1995, the numbers employed rose by 3.2% in the United Kingdom, but fell by 0.2% in France and by 3.5% in Germany.

In 1992, 3.0% of the enterprises in this sector had over 100 employees, and were responsible for 75.4% of the sector's output and 80.5% of its turnover. In 1994, the largest European enterprise was Siemens (Germany) with a turnover of ECU 44.0 billion, followed by Philips (Netherlands), with a turnover of ECU 28.3 billion, Alcatel Alsthom (France), Electrolux (Sweden) and Thomson (France).

The electrical engineering industry comprises a number of different products, which leads to a wide variety of structures and trends within its sub-sectors. Electrical components and telecommunications equipment (sectors in which technological progress plays a determining role) are two of the more dynamic sectors, whilst household appliances and consumer electronics are marking time. The sub-sector for the manufacture of electrical wires encompasses products such as electric power cables for the transmission of electricity from production sites to consumption points. These are basically manufactured in order to replace worn cables, given that the network is virtually complete in terms of geographical coverage. On the other hand, the demand for telecommunications cables is expected to increase due to the development of the mobile phone and the liberalisation of the telecommunications sector.

Share of value-added
at factor cost, 1995
(%)

When it comes to household appliances, trends in demand depend both on the business cycle and innovation. The penetration rate of certain appliances (refrigerators and washing machines) is in fact such that most of the demand is for replacement equipment. This demand is susceptible to fluctuations depending on whether the economy is experiencing an upswing or a downturn, so that replacement of these goods may be deferred. Given these conditions, growth in the household appliances sector is generated by new products and appliances for which the penetration rate has yet to reach a ceiling, and this is the case with microwave ovens, cooking plates or smaller appliances. Whilst households in the European Union tend to be well equipped, the growth in demand from South-East Asia is likely to be substantial over the coming years.

The market for electrical equipment is, however, reaching saturation point, and while technical harmonisation in the EU will allow economies of scale it will also intensify intra-Community competition and competition with Japan and the Asian NICs.

Electronics is, on the whole, a high-growth sector, but the trends differ depending on the product. The consumer electronics sector, for example, is suffering from saturation in the markets for televisions and video recorders, and in order to maintain growth in output it has to rely on technological innovation and the growing penetration of new products incorporating recent technology, such as digital television and interactive CDs. On a world scale, it is South-East Asia which dominates this sector: 6 out of the top 10 enterprises (accounting for three-quarters of world-wide production) are Japanese, 2 are European (Philips and Thomson) and 2 South Korean.
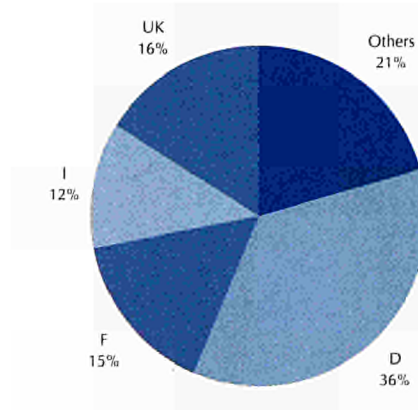
FIGURE 3.1.3

Share of number of employees, 1995 (%)

SOURCE: DEBA GEIE
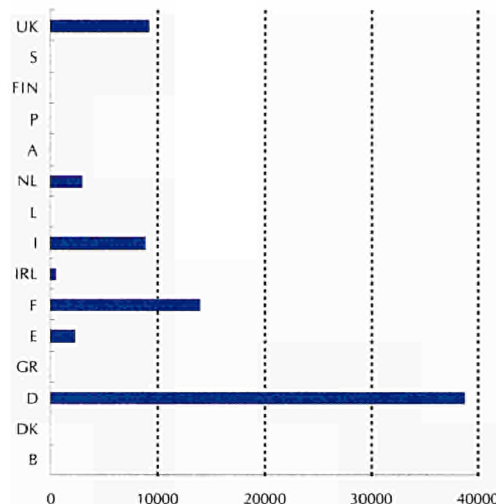
FIGURE 3.1.4

Labour costs, 1994 (million ECU)

SOURCE: DEBA GEIE
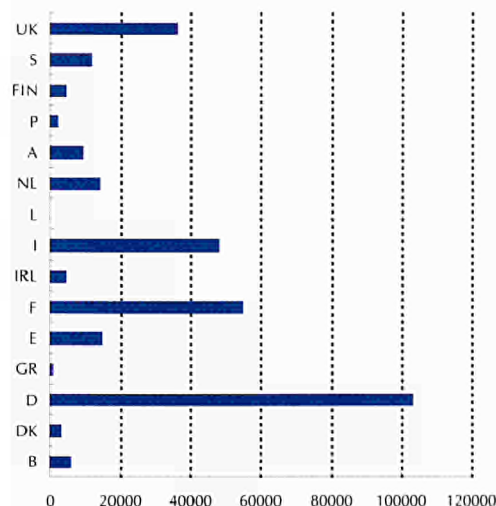
FIGURE 3.1.5

Production in constant prices, 1995 (million ECU)

SOURCE: DEBA GEIE

FIGURE 3.1.6

Share of world
exports, 1995
(EUR 12)
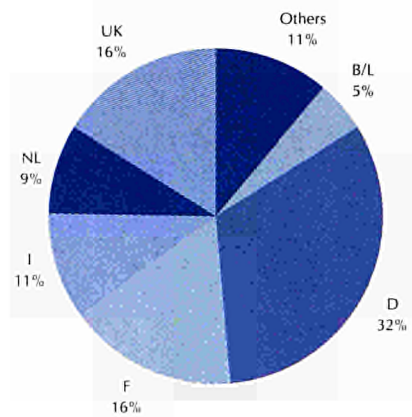
SOURCE: eurostat

Various environmental protection measures have
been adopted with, for example, fewer and fewer
electrical cables using halogen or PVC as a base
material. CFCs (which are responsible for the
destruction of the ozone layer) have been banned
from refrigerators and the appliances manufac-
tured nowadays consume less water and energy.
In addition, products are now equipped with a
scale to indicate consumption. Finally, the battery
production sub-sector now implements a policy
for reducing the amount of mercury in waste and
for collecting and recycling used batteries.

There is much more variety in the export destina-
tions than in the origin of imports, over 60% of
which come from the United States, Japan and the
EFTA countries. Nevertheless, China and South

Korea are now emerging as more significant trad-
ing partners, making South-East Asia a factor
which needs to be taken into account in any pro-
duction strategies adopted by European enterpris-
es. EUR 12 extra-Community imports totalled ECU
70.1 billion in 1995 (up 11.9% on 1994), as
against an export total of ECU 67.4 billion (up
15.1% over the same period). There is, therefore,
a balance of trade deficit, with the cover ratio
standing at 96.2%. In 1995, the volume of imports
rose by over 3.0% in France and Germany and by
almost 15% in Spain. In the United Kingdom,
imports of electrical equipment fell by 14.1%,
whereas imports of electronic equipment were up
26.6%. The volume of exports for the electrical
sector rose by 4.2% in France, 7.7% in Germany,
2.8% in Italy and 8.0% in Spain, but fell by 11.9%
in the Netherlands and by 13.2% in the United
Kingdom. The electronics sector in Germany
recorded a fall of 0.3%, whilst the United
Kingdom recorded a 25.9% increase. In 1995,
50.7% of all imports and 44.8% of exports were
intra-Community, although Germany trades more
with non-Community countries. In 1995, the
cover ratio varied from one Member State to the
next: from 124,9% in Germany (a trade surplus of
ECU 9.7 billion) to 107.4% in France, 88.3% in
the United Kingdom, 70.0% in Spain and 21.9%
in Greece.

FIGURE 3.1.7

Share of world
imports, 1995
(EUR 12)
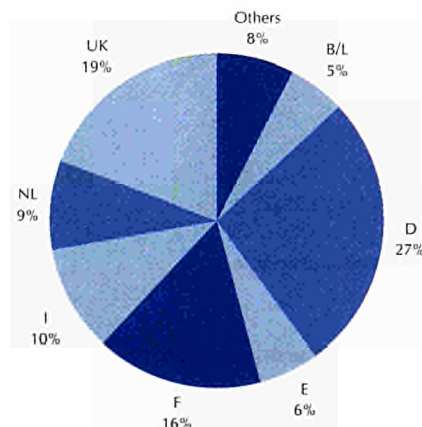
SOURCE: eurostat

eurostat

TABLE 3.1.1

Value-added at factor cost (million ECU)

	1991	t / t-1 (%)	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)	1995	t / t-1 (%)
EUR15	112578.0	2.3	111558.7	-0.9	109196.6	-2.1	115465.9	5.7	120016.7	3.9
B	2361.1	-1.5	2376.3	0.6	2453.7	3.3	2656.3	8.3	2785.8	4.9
share (%)	2.1		2.1		2.2		2.3		2.3	
DK	1178.6	-5.3	1224.7	3.9	1239.7	1.2	1499.0	20.9	1739.0	16.0
share (%)	1.0		1.1		1.1		1.3		1.4	
D	45779.8	6.2	46958.7	2.6	45223.8	-3.7	45594.9	0.8	46379.1	1.7
share (%)	40.7		42.1		41.4		39.5		38.6	
GR	217.9	19.9	229.2	5.2	252.8	10.3	260.1	2.9	276.5	6.3
share (%)	0.2		0.2		0.2		0.2		0.2	
E	4675.5	-0.8	4300.7	-8.0	3905.6	-9.2	4191.4	7.3	4798.7	14.5
share (%)	4.2		3.9		3.6		3.6		4.0	
F	17544.9	0.0	16887.1	-3.7	17189.4	1.8	18266.4	6.3	19272.0	5.5
share (%)	15.6		15.1		15.7		15.8		16.1	
IRL	1035.0	11.5	1098.7	6.2	1290.3	17.4	1650.5	27.9	2128.3	28.9
share (%)	0.9		1.0		1.2		1.4		1.8	
I	15282.3	10.4	14455.6	-5.4	12642.8	-12.5	13790.3	9.1	14702.2	6.6
share (%)	13.6		13.0		11.6		11.9		12.3	
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	3978.3	-4.8	4363.3	9.7	4466.6	2.4	4670.1	4.6	5113.2	9.5
share (%)	3.5		3.9		4.1		4.0		4.3	
A	3206.4	4.0	3150.4	-1.7	3172.7	0.7	3404.1	7.3	3648.4	7.2
share (%)	2.8		2.8		2.9		2.9		3.0	
P	730.4	6.0	800.3	9.6	769.9	-3.8	808.6	5.0	1003.1	24.1
share (%)	0.6		0.7		0.7		0.7		0.8	
FIN	1029.3	-28.5	1104.1	7.3	1473.1	33.4	1875.1	27.3	2240.1	19.5
share (%)	0.9		1.0		1.3		1.6		1.9	
·S	2426.9	-23.2	2463.8	1.5	2946.8	19.6	3569.3	21.1	3975.0	11.4
share (%)	2.2		2.2		2.7		3.1		3.3	
UK	13086.9	-2.8	12202.6	-6.8	12298.3	0.8	13392.5	8.9	13354.4	-0.3
share (%)	11.6		10.9		11.3		11.6		11.1	

SOURCE: DEBA GEIE

TABLE 3.1.2

Production in current prices (million ECU)

	1991	t / t-1 (%)	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)	1995	t / t-1 (%)
EUR15	276669.2	4.0	274611.8	-0.7	275869.3	0.5	293264.9	6.3	306841.1	4.6
B	5631.0	-2.4	5651.0	0.4	5910.9	4.6	6441.9	9.0	6778.3	5.2
share (%)	2.0		2.1		2.1		2.2		2.2	
DK	2625.3	-5.2	2701.5	2.9	2743.8	1.6	3318.3	20.9	3849.5	16.0
share (%)	0.9		1.0		1.0		1.1		1.3	
D	98565.1	5.6	102112.2	3.6	105629.4	3.4	106865.6	1.2	109293.3	2.3
share (%)	35.6		37.2		38.3		36.4		35.6	
GR	846.4	10.2	899.7	6.3	985.7	9.6	1017.3	3.2	1075.7	5.7
share (%)	0.3		0.3		0.4		0.3		0.4	
E	11796.1	0.0	11177.5	-5.2	10079.7	-9.8	10660.9	5.8	12199.3	14.4
share (%)	4.3		4.1		3.7		3.6		4.0	
F	47604.2	4.3	46239.8	-2.9	46904.4	1.4	49770.3	6.1	53608.4	7.7
share (%)	17.2		16.8		17.0		17.0		17.5	
IRL	2239.9	11.0	2378.9	6.2	2794.4	17.5	3573.6	27.9	4603.3	28.8
share (%)	0.8		0.9		1.0		1.2		1.5	
I	41192.0	7.6	38703.0	-6.0	32966.0	-14.8	36142.0	9.6	38226.5	5.8
share (%)	14.9		14.1		11.9		12.3		12.5	
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	12754.6	-1.9	13075.9	2.5	13634.3	4.3	14462.3	6.1	16056.5	11.0
share (%)	4.6		4.8		4.9		4.9		5.2	
A	8891.4	7.3	8736.3	-1.7	8798.1	0.7	9439.8	7.3	10117.2	7.2
share (%)	3.2		3.2		3.2		3.2		3.3	
P	2147.1	6.6	2380.6	10.9	2257.6	-5.2	2394.1	6.0	2964.1	23.8
share (%)	0.8		0.9		0.8		0.8		1.0	
FIN	2364.9	-21.6	2387.7	1.0	3185.8	33.4	4055.1	27.3	4844.5	19.5
share (%)	0.9		0.9		1.2		1.4		1.6	
S	7557.0	29.9	7562.8	0.1	9045.6	19.6	10956.3	21.1	12201.7	11.4
share (%)	2.7		2.8		3.3		3.7		4.0	
UK	32171.3	-3.4	30512.9	-5.2	31051.7	1.8	34354.2	10.6	34666.7	0.9
share (%)	11.6		11.1		11.3		11.7		11.3	

SOURCE: DEBA GEIE

TABLE 3.1.3

Number of employees

	1991	t / t-1 (%)	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)	1995	t / t-1 (%)
EUR15	2846062.0	-2.3	2715651.5	-4.6	2573514.1	-5.2	2494525.5	-3.1	2505015.9	0.4
B	54932.0	-5.1	51042.0	-7.1	49023.0	-4.0	46638.0	-4.9	47434.0	1.7
share (%)	1.9		1.9		1.9		1.9		1.9	
DK	33950.0	-4.9	32222.0	-5.1	29866.0	-7.3	N/A	N/A	N/A	N/A
share (%)	1.2		1.2		1.2		N/A		N/A	
D	1109003.0	-1.6	1065362.0	-3.9	994466.0	-6.7	922608.0	-7.2	889990.0	-3.5
share (%)	39.0		39.2		38.6		37.0		35.5	
GR	10297.0	-9.8	10042.0	-2.5	9372.0	-6.7	8944.0	-4.6	8601.0	-3.8
share (%)	0.4		0.4		0.4		0.4		0.3	
E	109520.0	-1.0	105313.0	-3.8	95611.0	-9.2	97568.0	2.0	94222.0	-3.4
share (%)	3.8		3.9		3.7		3.9		3.8	
F	426443.0	-0.8	397832.0	-6.7	383221.0	-3.7	387338.0	1.1	386447.0	-0.2
share (%)	15.0		14.6		14.9		15.5		15.4	
IRL	20698.0	-0.1	21675.0	4.7	22700.0	4.7	24854.0	9.5	27455.0	10.5
share (%)	0.7		0.8		0.9		1.0		1.1	
I	333009.0	2.6	324091.0	-2.7	317039.0	-2.2	307539.0	-3.0	307494.0	0.0
share (%)	11.7		11.9		12.3		12.3		12.3	
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	102549.0	-8.6	99954.0	-2.5	95833.0	-4.1	89701.0	-6.4	N/A	N/A
share (%)	3.6		3.7		3.7		3.6		N/A	
A	81000.0	-2.4	78157.5	-3.5	73667.7	-5.7	72249.8	-1.9	72140.1	-0.2
share (%)	2.8		2.9		2.9		2.9		2.9	
P	34872.0	-4.7	40446.0	16.0	37996.0	-6.1	36889.0	-2.9	40292.0	9.2
share (%)	1.2		1.5		1.5		1.5		1.6	
FIN	26000.0	-8.8	24400.0	-6.2	23436.5	-3.9	25692.1	9.6	30067.1	17.0
share (%)	0.9		0.9		0.9		1.0		1.2	
S	62659.0	13.9	58460.0	-6.7	48692.9	-16.7	52065.6	6.9	56699.7	8.9
share (%)	2.2		2.2		1.9		2.1		2.3	
UK	439046.0	-8.4	404267.0	-7.9	391028.0	-3.3	391975.0	0.2	404677.0	3.2
share (%)	15.4		14.9		15.2		15.7		16.2	

SOURCE: DEBA GEIE

TABLE 3.1.4

Labour costs
(million ECU)

	1991	t / t-1 (%)	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)	1995	t / t-1 (%)
EUR15	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
B	1816.4	8.4	1944.3	7.0	2087.1	7.3	2100.1	0.6	N/A	N/A
share (%)									N/A	
DK	963.7	8.2	930.2	-3.5	928.9	-0.1	893.0	-3.9	N/A	N/A
share (%)									N/A	
D	35046.6	7.6	37076.9	5.8	38675.8	4.3	40086.9	3.6	38919.6	-2.9
share (%)										
GR	143.3	7.0	147.3	2.8	152.9	3.8	153.4	0.3	157.8	2.9
share (%)										
E	2502.5	9.6	2715.0	8.5	2714.4	0.0	2337.0	-13.9	2352.0	0.6
share (%)										
F	13013.7	6.1	13600.9	4.5	13465.4	-1.0	13503.1	0.3	14024.9	3.9
share (%)										
IRL	369.8	14.2	385.0	4.1	420.1	9.1	446.0	6.2	517.5	16.0
share (%)										
I	9624.2	5.4	10662.8	10.8	10604.7	-0.5	9259.2	-12.7	8982.0	-3.0
share (%)										
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	3084.2	-0.3	3063.5	-0.7	3092.8	1.0	3214.5	3.9	3088.7	-3.9
share (%)										
A	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	388.3	52.6	450.6	16.0	561.3	24.6	517.7	-7.8	N/A	N/A
share (%)									N/A	
FIN	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	
S	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	
UK	9475.6	-1.5	9663.7	2.0	8902.1	-7.9	8796.3	-1.2	9295.0	5.7
share (%)										

SOURCE: DEBA GEIE

TABLE 3.1.5

Extra-EUR12 exports
(million ECU)

	1991	t / t-1 (%)	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)	1995	t / t-1 (%)
EUR12	36555.4	4.4	39326.4	7.6	42154.5	7.2	49130.2	16.5	58843.8	19.8
B / L	1111.9	5.5	1127.4	1.4	1176.5	4.4	1419.5	20.7	1827.9	28.8
share (%)	3.0		2.9		2.8		2.9		3.1	
DK	1206.6	1.8	1186.3	-1.7	1208.1	1.8	1243.6	2.9	1593.9	28.2
share (%)	3.3		3.0		2.9		2.5		2.7	
D	15748.9	3.6	17388.2	10.4	18770.5	7.9	20193.7	7.6	23411.2	15.9
share (%)	43.1		44.2		44.5		41.1		39.8	
GR	45.0	12.8	45.2	0.4	70.3	55.5	84.0	19.5	118.5	41.1
share (%)	0.1		0.1		0.2		0.2		0.2	
E	921.3	3.7	1008.0	9.4	1238.2	22.8	1564.6	26.4	1987.9	27.1
share (%)	2.5		2.6		2.9		3.2		3.4	
F	6668.6	11.2	7062.8	5.9	7509.1	6.3	8480.1	12.9	9700.6	14.4
share (%)	18.2		18.0		17.8		17.3		16.5	
IRL	453.2	0.1	540.2	19.2	629.2	16.5	855.8	36.0	1298.7	51.8
share (%)	1.2		1.4		1.5		1.7		2.2	
I	4006.7	4.6	4168.6	4.0	4672.0	12.1	5092.6	9.0	5953.0	16.9
share (%)	11.0		10.6		11.1		10.4		10.1	
NL	1448.9	-11.1	1685.1	16.3	2548.0	51.2	3129.3	22.8	3354.4	7.2
share (%)	4.0		4.3		6.0		6.4		5.7	
A	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	149.5	27.3	156.3	4.5	197.3	26.2	192.6	-2.4	223.2	15.9
share (%)	0.4		0.4		0.5		0.4		0.4	
FIN	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	
S	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	
UK	6490.0	4.0	6518.4	0.4	6942.6	6.5	7784.3	12.1	9097.1	16.9
share (%)	17.8		16.6		16.5		15.8		15.5	

SOURCE: eurostat

TABLE 3.1.6

Extra-EUR12 imports
(million ECU)

	1991	t / t-1 (%)	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)	1995	t / t-1 (%)
EUR12	43008.4	0.5	48493.2	12.8	47845.9	-1.3	51925.3	8.5	61463.3	18.4
B / L	1938.4	6.5	2137.1	10.3	2165.6	1.3	2119.1	-2.1	2258.9	6.6
share (%)	4.5		4.4		4.5		4.1		3.7	
DK	875.6	1.4	905.4	3.4	973.4	7.5	1026.7	5.5	1175.1	14.5
share (%)	2.0		1.9		2.0		2.0		1.9	
D	14493.8	9.4	17403.8	20.1	17562.7	0.9	18789.3	7.0	22139.5	17.8
share (%)	33.7		35.9		36.7		36.2		36.0	
GR	284.9	-11.7	328.1	15.2	360.9	10.0	466.3	29.2	371.7	-20.3
share (%)	0.7		0.7		0.8		0.9		0.6	
E	2398.5	-24.6	2734.6	14.0	2765.7	1.1	1898.5	-31.4	2115.0	11.4
share (%)	5.6		5.6		5.8		3.7		3.4	
F	6318.6	10.7	6974.8	10.4	6679.8	-4.2	7058.7	5.7	7769.2	10.1
share (%)	14.7		14.4		14.0		13.6		12.6	
IRL	515.7	-9.7	639.4	24.0	735.0	15.0	1061.4	44.4	1362.0	28.3
share (%)	1.2		1.3		1.5		2.0		2.2	
I	4523.2	2.0	4781.0	5.7	4788.7	0.2	4387.6	-8.4	4798.5	9.4
share (%)	10.5		9.9		10.0		8.4		7.8	
NL	3504.2	8.5	3945.5	12.6	4399.7	11.5	4157.0	-5.5	5265.5	26.7
share (%)	8.1		8.1		9.2		8.0		8.6	
A	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	382.3	13.7	436.9	14.3	467.4	7.0	487.6	4.3	453.8	-6.9
share (%)	0.9		0.9		1.0		0.9		0.7	
FIN	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	
S	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	
UK	9355.4	-7.2	9813.0	4.9	10044.6	2.4	11964.5	19.1	14886.5	24.4
share (%)	21.8		20.2		21.0		23.0		24.2	

SOURCE: eurostat

FIGURE 3.2.1

EUR15 production and
producer price indexes
(1990 = 100)

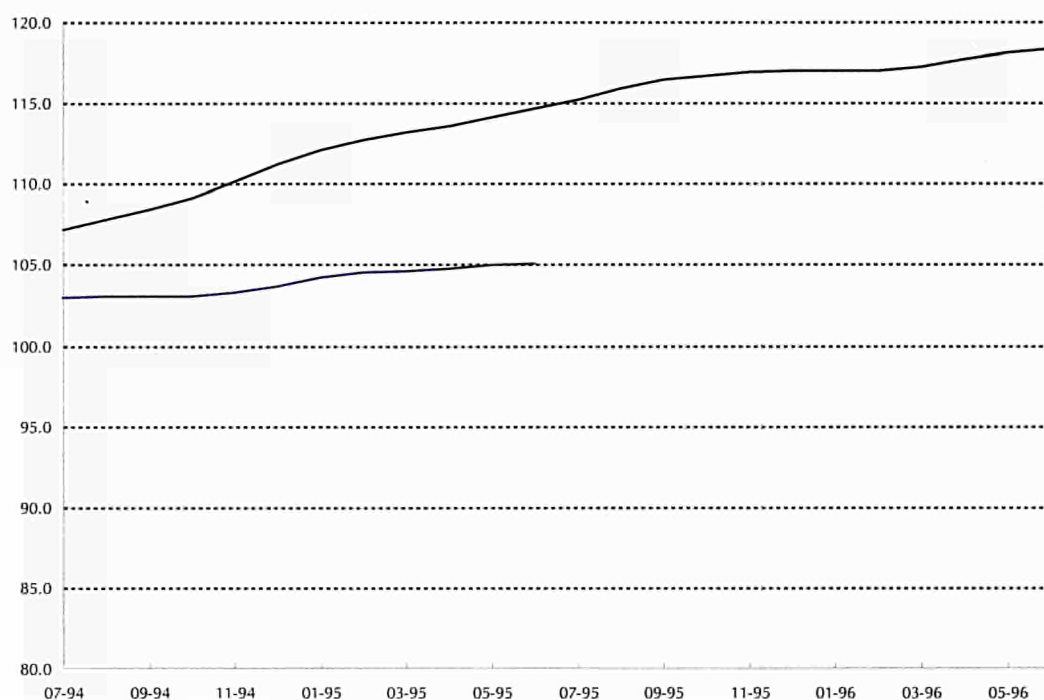——— Index of production

——— Producer price index

SOURCE: eurostat

TABLE 3.2.1

Three month on three
month and year on
year growth rates for
production and
producer prices
(%)

|	Latest quarter available			Production index t / t-1	t / t-4	Latest quarter available			Producer price index t / t-1	t / t-4
EUR15	04-96	⇨	06-96	1.2	3.5	04-95	⇨	06-95	0.5	2.1
B		⇨		N/A	N/A	05-96	⇨	07-96	1.0	1.6
DK	05-96	⇨	07-96	6.3	18.4	06-96	⇨	08-96	-0.2	-0.2
D	06-96	⇨	08-96	3.0	4.5	07-96	⇨	09-96	-0.4	0.0
GR	05-96	⇨	07-96	3.6	0.5	06-96	⇨	08-96	-2.7	-0.3
E	06-96	⇨	08-96	5.1	1.2	06-96	⇨	08-96	-0.1	1.7
F	06-96	⇨	08-96	2.2	3.0	04-95	⇨	06-95	-0.9	-1.3
IRL	04-96	⇨	06-96	-0.6	12.4	03-96	⇨	05-96	-0.5	-0.8
I	05-96	⇨	07-96	-1.7	2.8	05-96	⇨	07-96	0.1	1.8
L	05-96	⇨	07-96	-5.0	-3.0		⇨		N/A	N/A
NL	06-96	⇨	08-96	0.6	5.2	06-96	⇨	08-96	-0.2	0.0
A		⇨		N/A	N/A		⇨		N/A	N/A
P	11-95	⇨	01-96	5.5	16.1		⇨		N/A	N/A
FIN	06-96	⇨	08-96	1.5	6.9	07-96	⇨	09-96	-3.1	-5.0
S	06-96	⇨	08-96	7.8	24.4		⇨		N/A	N/A
UK		⇨		N/A	N/A	03-95	⇨	05-95	1.2	3.3

SOURCE: eurostat
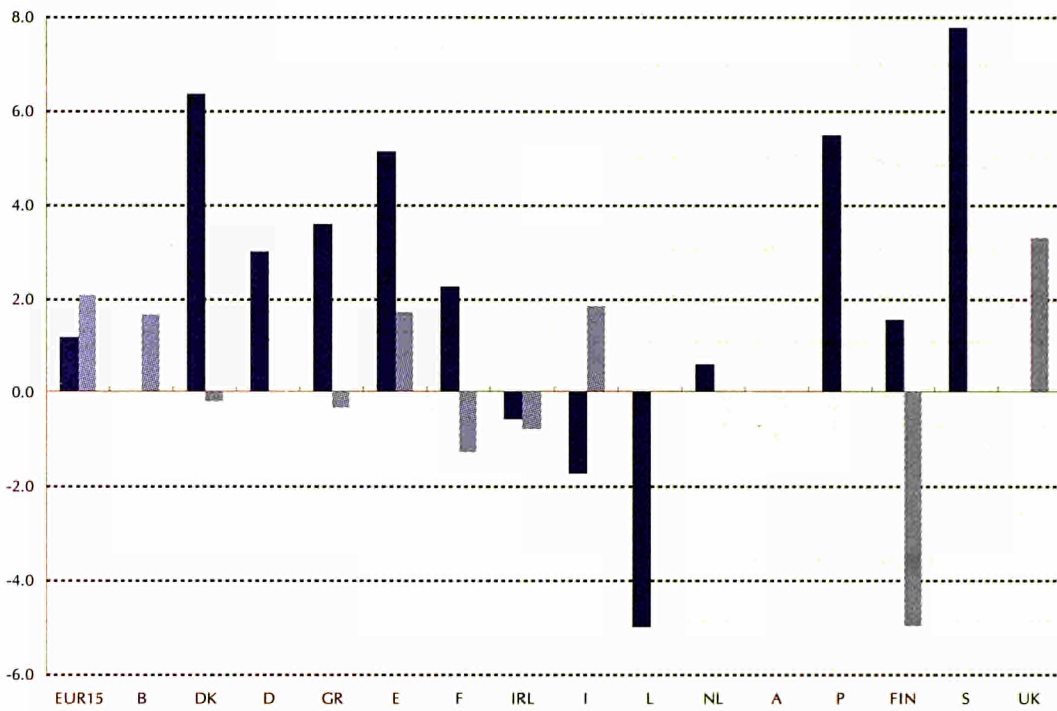
eurostat

FIGURE 3.2.2

Year on year growth rates for production and producer price indexes, based on changes from the corresponding quarter of the previous year (%)

■ Production
■ Producer prices

SOURCE: eurostat

PANORAMA
SUPPLEMENT

FIGURE 3.2.3

Production and
producer price indexes
(1990 = 100)

BELGIQUE/BELGIË

DANMARK

DEUTSCHLAND

ELLADA

— Index of production

— Producer price index

ESPAÑA

FRANCE

SOURCE: eurostat

eurostat

IRELAND

ITALIA

FIGURE 3.2.3

Production and
producer price indexes
(1990 = 100)

LUXEMBOURG

NEDERLAND

ÖSTERREICH

Not available

PORTUGAL

— Index of production

— Producer price index

SOURCE: eurostat

eurostat

FIGURE 3.2.3
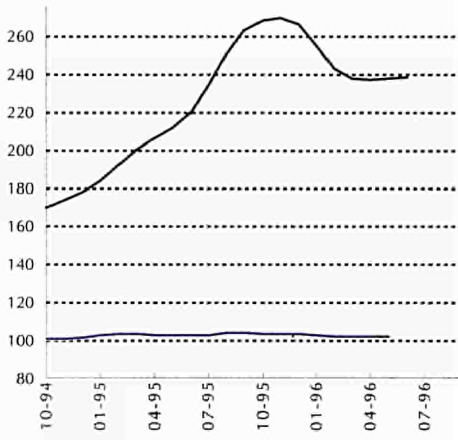
Production and
producer price indexes
(1990 = 100)
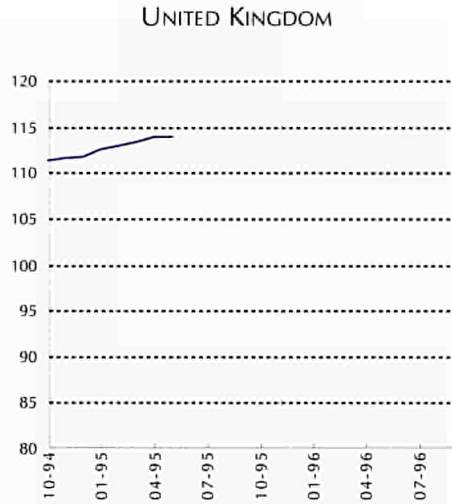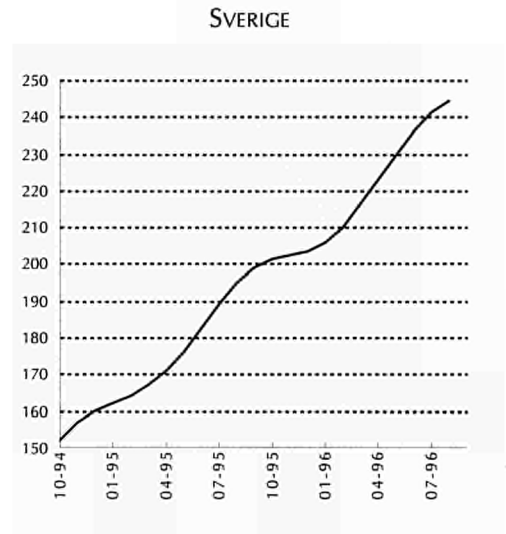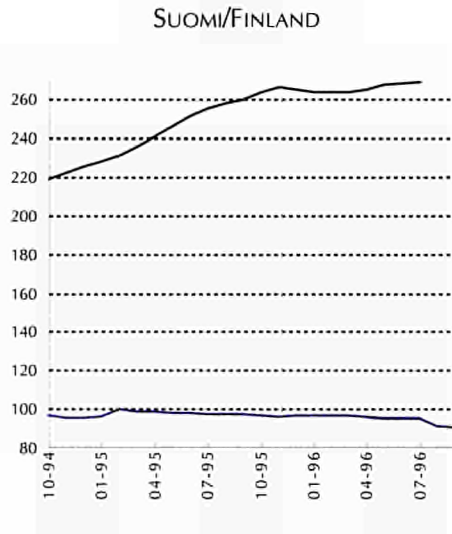
SUOMI/FINLAND

SVERIGE

UNITED KINGDOM

Index of production

Producer price index

eurostat

	Annual growth rate: latest quarter, t / t-4	Fourth quarter 1995	First quarter 1996	Second quarter 1996	Third quarter 1996
EUR15	N/A	N/A	N/A	N/A	N/A
B	-6.3	76.8	74.4	76.2	74.2
DK	3.8	81.0	82.0	78.0	81.0
D	-3.5	81.0	79.3	77.9	77.3
GR	1.1	73.8	76.8	76.2	71.9
E	9.8	78.7	79.8	77.4	83.8
F	N/A	N/A	N/A	N/A	N/A
IRL	-2.5	89.8	81.4	78.4	74.7
I	-7.4	74.1	87.1	83.4	81.2
L	N/A	N/A	N/A	N/A	N/A
NL	N/A	N/A	N/A	N/A	N/A
A	N/A	N/A	N/A	N/A	N/A
P	N/A	N/A	N/A	N/A	N/A
FIN	N/A	N/A	N/A	N/A	N/A
S	N/A	N/A	N/A	N/A	N/A
UK	3.4	86.6	84.7	84.9	86.3

eurostat

FIGURE 3.2.5

Trade indicators,
trend cycle
(1990 = 100)

—— Export value

—— Import value

- - - - Terms of trade
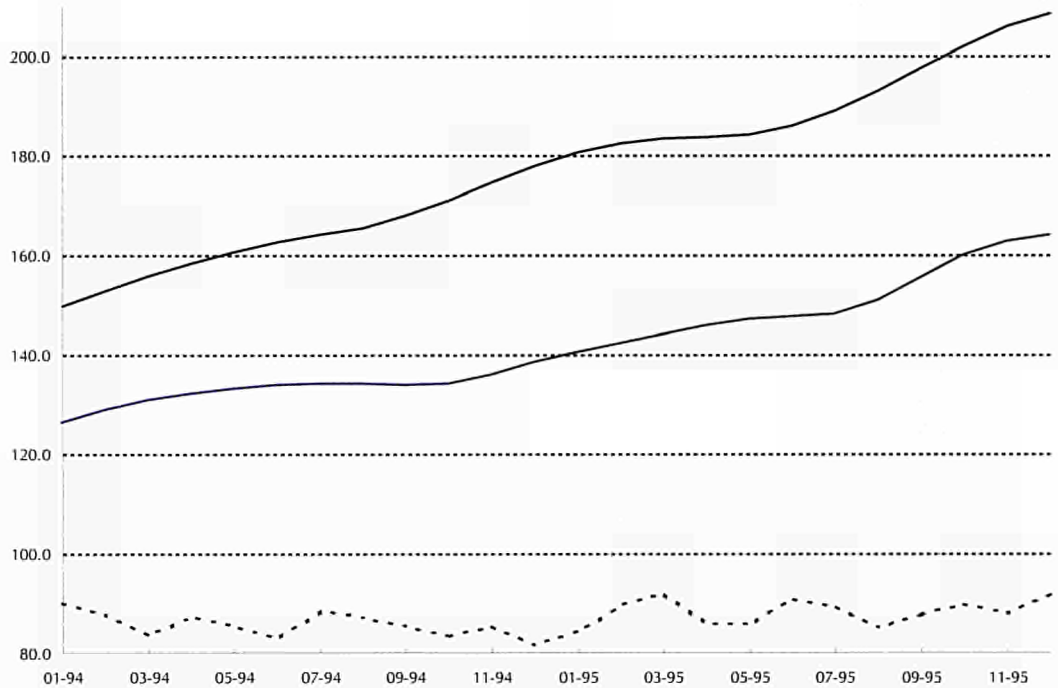
SOURCE: eurostat

TABLE 3.2.3

Three month on three
month growth rates
for trade indicators,
in ECU terms
(%)

SOURCE: eurostat

	Latest quarter available			Exports		Imports		Terms of trade
				Value	Volume	Value	Volume	
EUR15	10-95	⇨	12-95	9.0	8.8	9.0	7.7	2.9
B / L	09-95	⇨	11-95	0.8	-0.8	10.2	3.8	-3.0
DK	10-95	⇨	12-95	12.0	9.0	4.5	6.7	8.6
D	10-95	⇨	12-95	7.6	3.0	3.3	1.7	1.5
GR	09-95	⇨	11-95	62.3	56.4	11.8	3.4	-10.3
E	10-95	⇨	12-95	1.1	6.1	5.8	14.2	-1.4
F	10-95	⇨	12-95	6.5	0.7	0.6	-1.2	6.8
IRL	08-95	⇨	10-95	16.3	-0.2	1.7	-1.2	15.2
I	10-95	⇨	12-95	-1.3	-3.7	2.6	-2.1	-7.1
NL	06-95	⇨	08-95	-4.9	-2.4	-10.9	-4.7	-2.1
A		⇨		N/A	N/A	N/A	N/A	N/A
P	10-95	⇨	12-95	15.7	28.4	9.0	8.4	7.8
FIN		⇨		N/A	N/A	N/A	N/A	N/A
S		⇨		N/A	N/A	N/A	N/A	N/A
UK	10-95	⇨	12-95	2.4	3.8	8.8	9.0	2.3
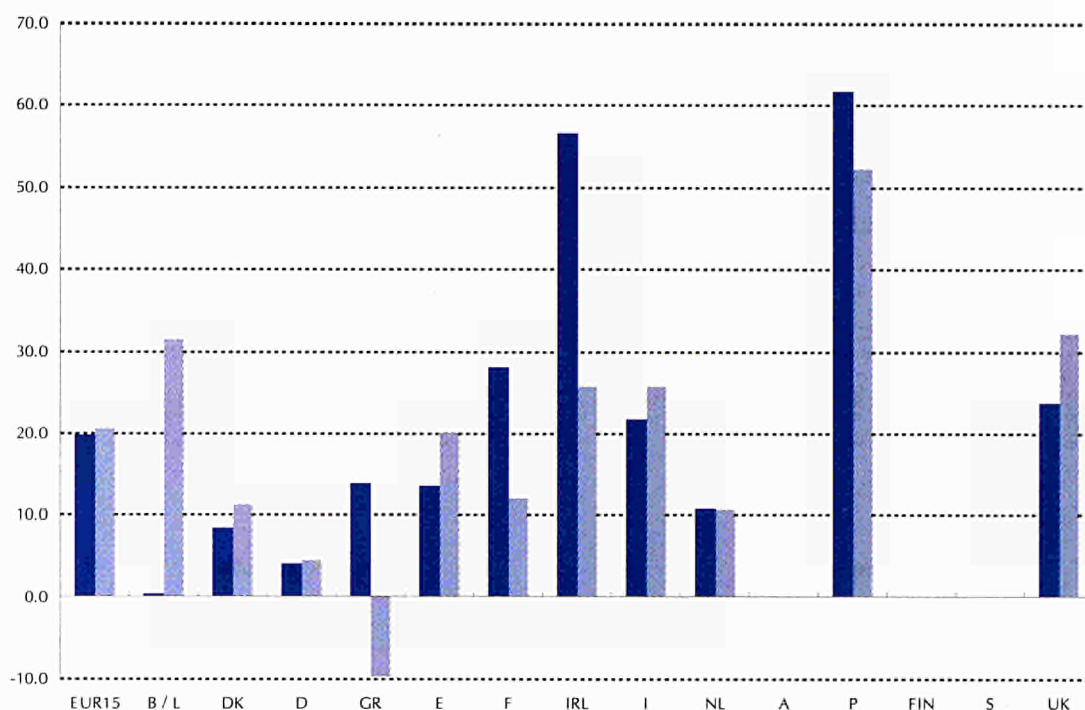
eurostat

FIGURE 3.2.6

Year on year growth rates for trade indicators, based on changes from the corresponding quarter of the previous year, in ECU terms (%)

■ Export value
▨ Import value

SOURCE: eurostat

	Latest quarter available			Exports		Imports		Terms of trade
				Value	Volume	Value	Volume	
EUR15	10-95	⇨	12-95	19.6	16.1	20.5	22.6	7.6
B / L	09-95	⇨	11-95	0.2	-0.8	31.3	24.3	-2.0
DK	10-95	⇨	12-95	8.4	22.7	11.1	20.2	-3.9
D	10-95	⇨	12-95	4.1	-1.2	4.2	3.8	5.8
GR	09-95	⇨	11-95	13.8	-10.9	-9.9	-11.2	30.4
E	10-95	⇨	12-95	13.4	10.7	20.0	21.1	2.0
F	10-95	⇨	12-95	27.9	14.0	11.9	3.2	3.4
IRL	08-95	⇨	10-95	56.4	77.3	25.6	18.0	-12.0
I	10-95	⇨	12-95	21.6	8.9	25.6	16.0	2.8
NL	06-95	⇨	08-95	10.7	9.9	10.5	10.8	-0.4
A		⇨		N/A	N/A	N/A	N/A	N/A
P	10-95	⇨	12-95	61.6	88.8	52.2	55.8	-1.1
FIN		⇨		N/A	N/A	N/A	N/A	N/A
S		⇨		N/A	N/A	N/A	N/A	N/A
UK	10-95	⇨	12-95	23.6	21.8	31.9	26.4	-2.6

TABLE 3.2.4

Year on year growth rates for trade indicators, based on changes from the corresponding quarter of the previous year, in ECU terms (%)

SOURCE: eurostat
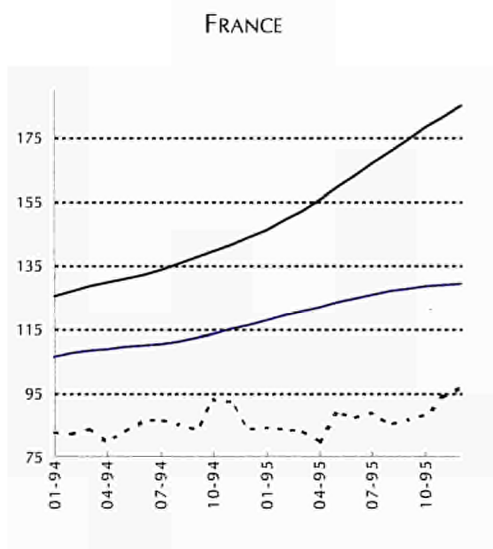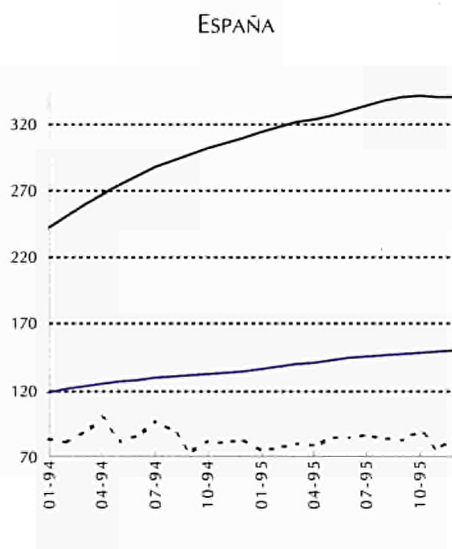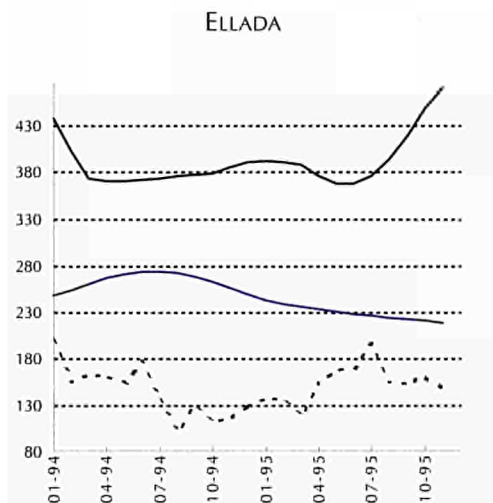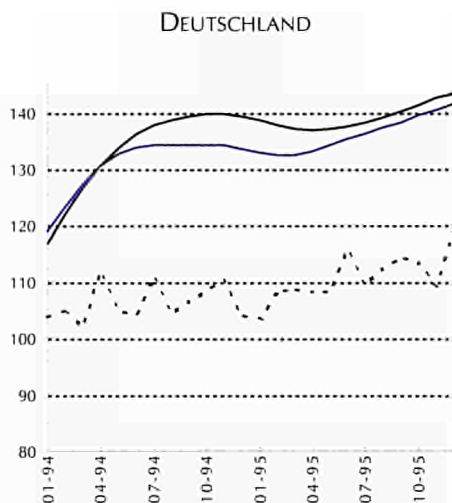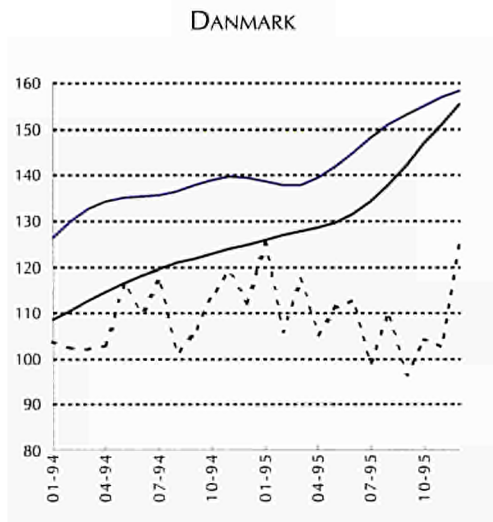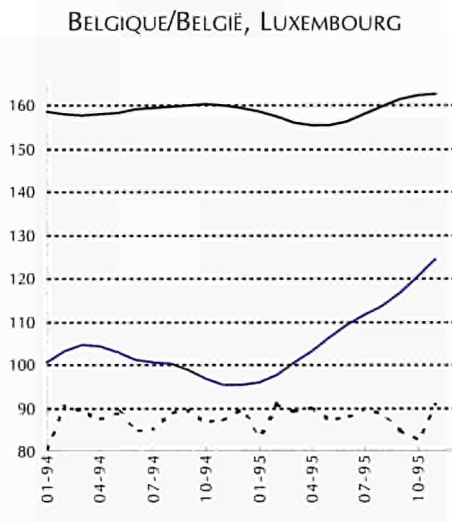
eurostat

FIGURE 3.2.7

Trade indicators,
trend cycle
(1990 = 100)

BELGIQUE/BELGIË, LUXEMBOURG

DANMARK

DEUTSCHLAND

ELLADA

ESPAÑA

FRANCE

——— Export value

——— Import value

- - - - Terms of trade

eurostat

IRELAND

ITALIA

FIGURE 3.2.7

Trade indicators,
trend cycle
(1990 = 100)

NEDERLAND

ÖSTERREICH

Not available

PORTUGAL

SUOMI/FINLAND

Not available
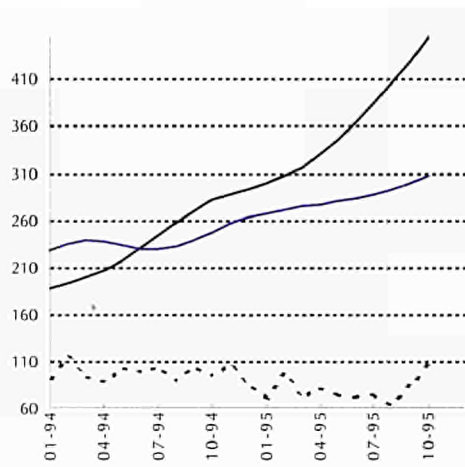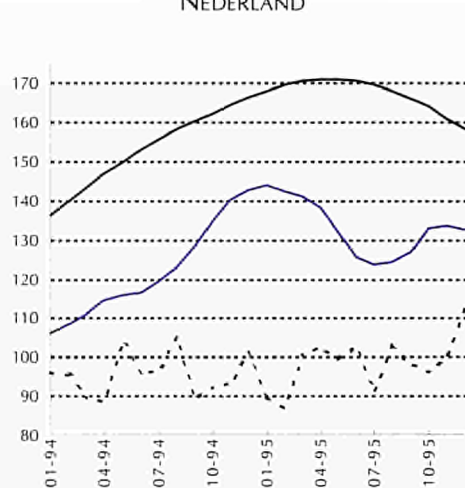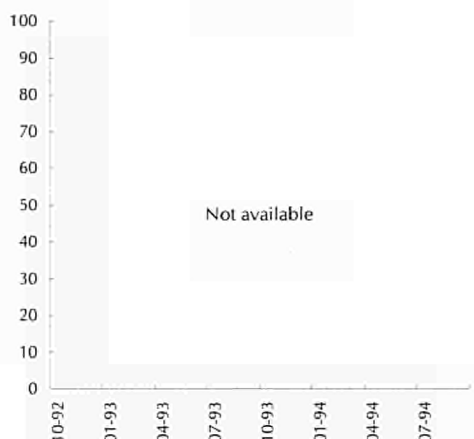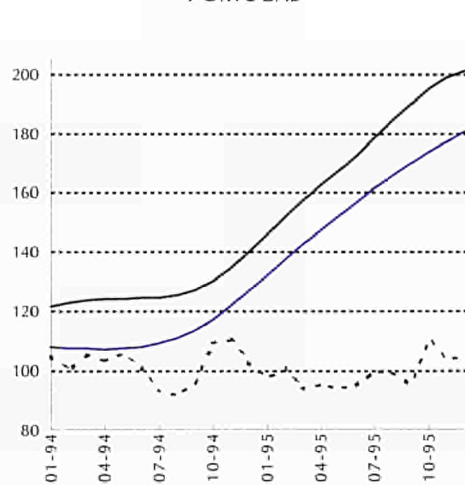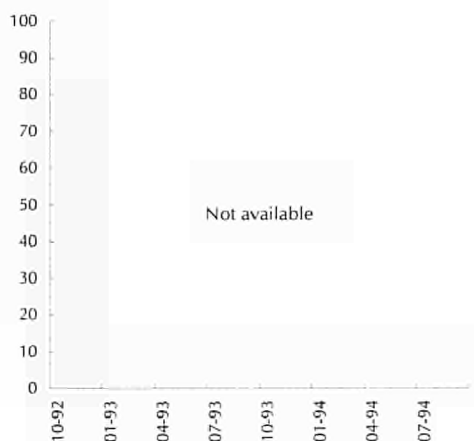
Export value

Import value

- - - - Terms of trade

SOURCE: eurostat

FIGURE 3.2.7

Trade indicators,
trend cycle
(1990 = 100)

SVERIGE

Not available

UNITED KINGDOM
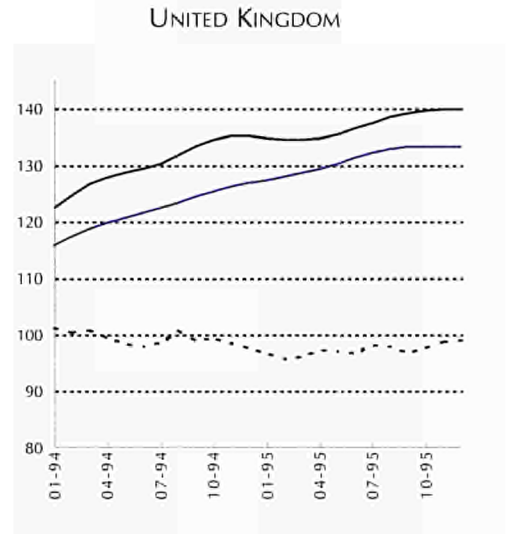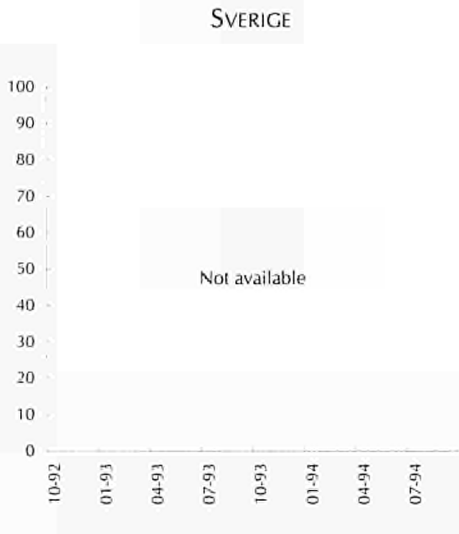
—— Export value

—— Import value

- - - Terms of trade
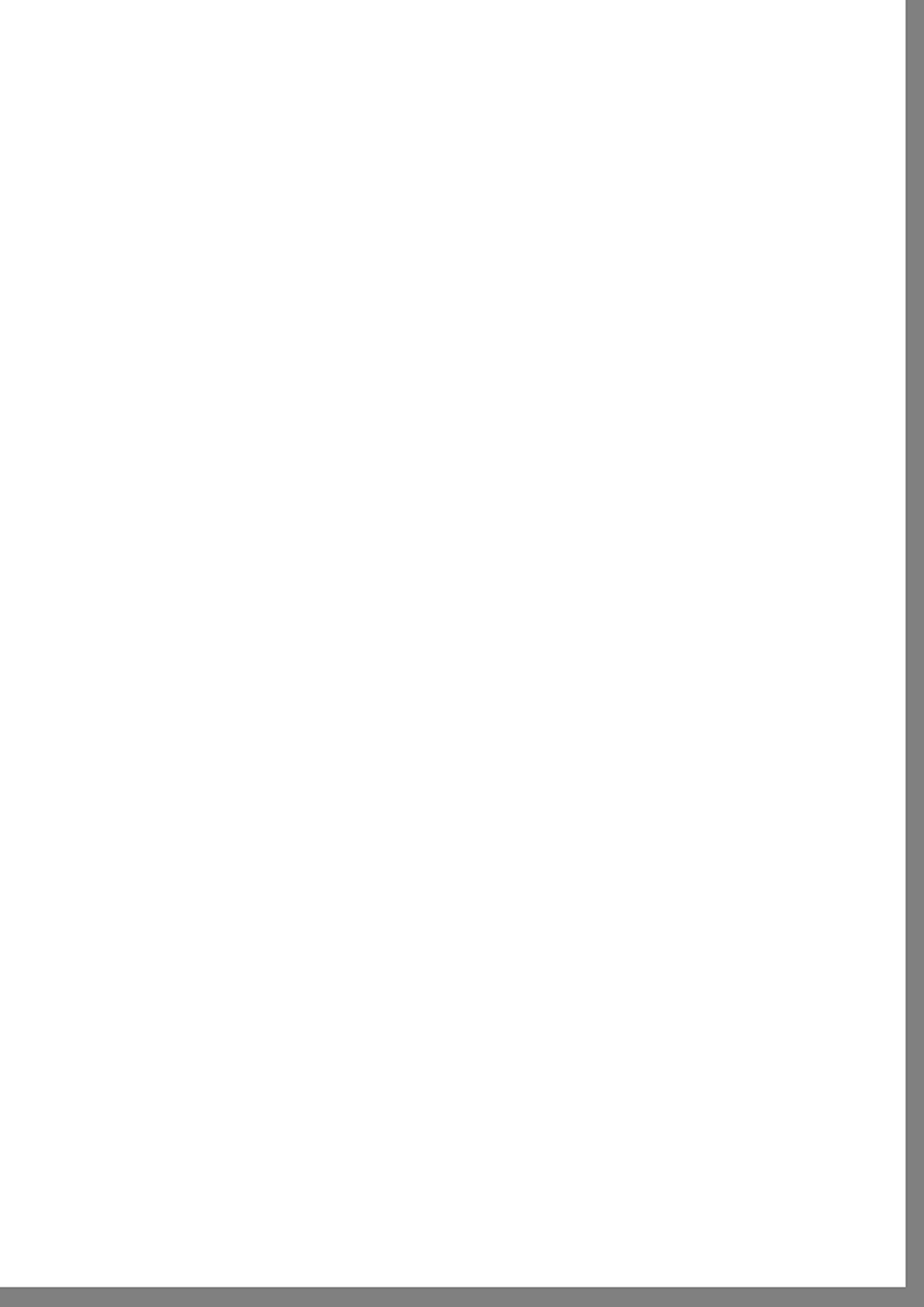
INDUSTRY CLASSIFICATION SYSTEM

The economic activities used in this publication are defined in the revised Classification of Economic Activities within the European Communities, Nace Rev.1. This classification was laid down in a Council Regulation in 1990 (OJ L293 24th October 1990). It should be noted that many series before 1990 and a large amount of annual data even between 1990 and now had to be converted from the old classification Nace 1970. This estimation process can reduce the reliability of the data. Broad industrial groups that are used in Section 2 of this publication have the following definitions in terms of NACE Rev.1.

TOTAL INDUSTRY

C + D + E

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 harmonised data supplied to Eurostat by the EU Member States. The exceptions are:

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

2) The estimates for the latest years' structural data, which are supplied by the DEBA European Economic Interest Group:
DEBA GEIE, EBBC F, 4-6, Route de Trèves, L-2633, Senningerberg, Luxembourg;
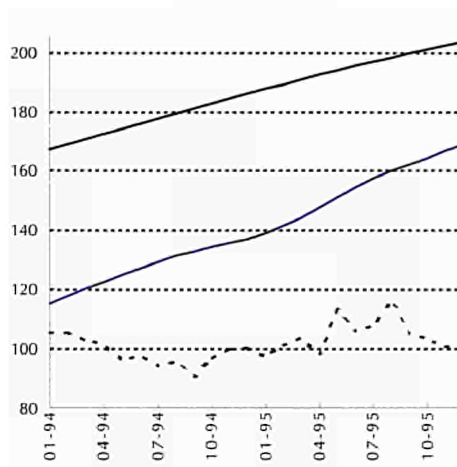tel: (352) 34 10 40 01.

3) The data 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 EUR15 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.

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 and secondly by seasonal adjustment with TRAMO / SEATS - the adjustment also takes account of one-off fluctuations.

The index of producer prices shows (in national currencies) the changes in the ex-works selling prices of all products sold on the domestic markets of the various countries. The EU indices refer to overall weighted price changes. There are not yet indices for Austria. No seasonal adjustment is carried out on these indices.

eurostat

For the indices of imports and exports, external trade data of 9000 industrial products were grouped according to the industrial NACE Rev.1 branch to which they belong. This grouping can cause certain inaccuracies in the data, which may reduce the reliability of foreign trade series. The value indices are all in ECU terms.

The indices for the EU refer only to extra-community trade.

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

GROWTH RATES

The changes which are given in the tables show two different growth rates. The first being for the latest three months data compared to the previous three months data - here a seasonally adjusted series is used. The second growth rate is for the latest three months data compared to the same three months of the previous year - here a series only adjusted for the number of working days is used. Estimates are sometimes made (especially to create a EUR15 total).

GRAPHS

The graphs show the trend cycle, i.e. seasonally adjusted series where additionally the irregular fluctuations have be excluded (using the program TRAMO / SEATS).

STRUCTURAL DATA

Data for structural statistics are in current ECU unless otherwise stated.

Data for value added at factor cost, production, labour costs and employment come from annual enquiries conducted by Member States involving all enterprises with 20 or more employees. The exceptions to this are Spain and Portugal (up to 1990) where the coverage is for local units of all sizes.

The employment data relates to the number of persons employed excluding home workers. The definitions are standardised 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 hence the figures under-report the actual values. In certain industries this may be a serious problem in the interpretation of series, especially when comparing with other industries.

Gaps in Eurostat's data have been filled by estimates supplied by DEBA GEIE and by Eurostat for the three new Member States. Thus EUR15 totals often contain estimates for missing countries. Estimates are again shown in bold.

SIGNS AND ABBREVIATIONS

EUR15: European union of 15
EUR12: 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

There have already been two articles on the subject of competitiveness in recent issues of the Supplement. This third article introduces the reader to the domain of performance indicators, which make up a substantial part of the Eurostat database. It gives the reader an idea of the different indicators available in this domain and then a short demonstration of how the data can be used in terms of analysis of industrial sectors. The analysis presented is one that is based largely on foreign trade indicators, however, the reader will see from the list that follows, that there is a wide diversity in the set of indicators proposed within this domain.

Performance indicators in reality are used as a measure of comparison between countries. These measures can give an ex-post evaluation of the competitive climate in a particular industry in a particular country, vis-à-vis other industries or countries. The comparison can also allow a analysis of the development through time. However, for the analyst to go further than this - we have a need for an explanatory analysis - this is not really possible using the performance indicators domain. Indeed, to make a more detailed explanatory analysis, it is prudent to look at other measures - such as those demonstrated in the second article of this series on cost and price competitiveness.

This article will therefore concentrate on performance indicators, where the analyst should be aware of the problems associated with relying too heavily on foreign trade statistics. The globalisation process entails that products may well be traded several times during the production process. Furthermore, the price that the trading takes place at may well be an internal transfer price and not a market price. The process of internationalisation leads to the fact that companies no longer operate within the confines of national boundaries, rather their operations are often determined at the global level. This causes the statistician problems in terms of measurement difficulties and the economist problems in terms of analysis. If firms are trying to obtain competitive advantage through the exploitation of economies of scale, localised specialisations, access to differentiated human skills, improved distribution networks, exploitation of fiscal advantages and other means then the process of measuring change, comparison and development trends becomes a difficult one. Any number of hypothesis can be dreamt up to explain the improved performance of a particular industry - however, the analyst should be aware of the complications imposed by the increasing phenomenon of globalisation, which clouds the measurement issue at present. Please note that Eurostat is involved in studies on the globalisation phenomenon - for more details please contact Marie-Paule Benassi, tel: (352) 4301 3 2297 or fax: (352) 4301 3 4359.

Competitiveness

database contains some

21 indicators measuring

the performance of

industrial sectors

FIGURE 5.1

Share of exports in
total OECD exports:
computer and office
equipment,
1984
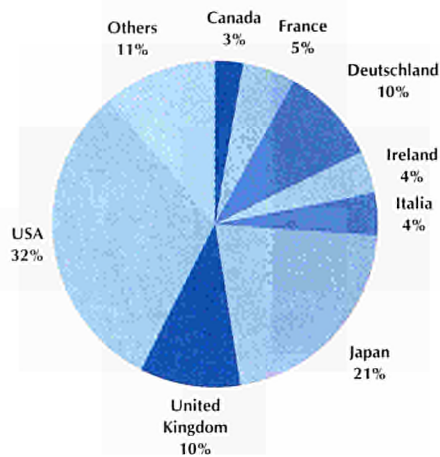
SOURCE: eurostat

Before giving an example of some of the data
available in the Eurostat database, the analyst
should also be aware of another interpretation dif-
ficulty. The analysis that follows presents data at
the structural aggregate of three-digit Nace. It
should be noted that to interpret the figures at this
level of detail is perhaps somewhat erroneous. For
example, can we really make sweeping statements
about an industry like the consumer electronics
industry in Europe, comparing the performance of
the television sector with that of VCR's or audio
amplifiers? Here we risk making comments that
refer to sectors which contain a number of dis-
parate products and whose markets may even
behave with conflicting trends. This problem
exists for a large number of consumer and capital
goods sectors. On the other hand, some sectors do

display a certain level of homogeneity, even at the
three-digit Nace level and may well benefit from
the analysis, for example, oil refining, the tanning
of leather or the processing of basic foodstuffs.
These sectors are characterised by lower levels of
product differentiation and niche markets and they
are invariably intermediate goods. For the moment
data at the three-digit Nace level remain the only
official statistics available to make such an analysis
- and until data from PRODCOM is received by
Eurostat from all Member States, an analysis based
at the product level is not possible.

At present the Eurostat database includes some
twenty one different indicators concerning the
measurement of economic performance. These
indicators have initially been divided up into three
groups: market share indicators, profitability indi-
cators and other performance indicators. In the
first group the indicators give simple ratios that are
commonly used in economic analysis, for exam-
ple, the share in OECD production

(1) Q_{ij} / Q_{oj}

(*where Q is production, i the country, j the industry and o the OECD*).

Alternatively, we could give the share of a coun-
try's exports compared to OECD exports

(2) X_{ij} / X_{oj}

(*where X are exports, i the country and j the industry*).

A final example is that of the comparative cover
ratio of an industry comparing its performance to
that of total manufacturing in the same country

(3) $(X_{ij} / M_{ij}) / (X_j / M_j)$

(*where X are exports, M are imports, i the country and j the industry*).

FIGURE 5.2

Share of exports in
total OECD exports:
computer and office
equipment,
1994
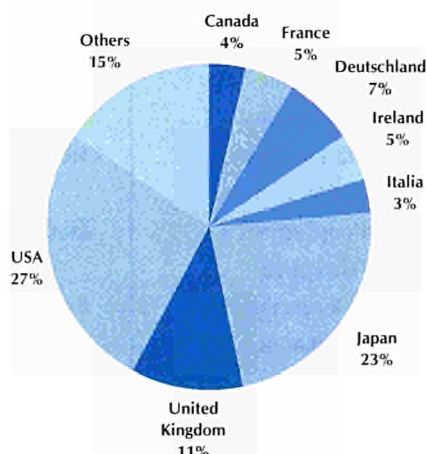
SOURCE: eurostat

eurostat

If we now look at some of the data, for the indicators described above. To begin with it is clear that the development over time does not show much change in the share of OECD trade (especially those at the Nace 2-digit level). This can be demonstrated by looking at the evolution of export performance of the OECD countries as regards the computer and office equipment industry.

This industry would normally be perceived as being dynamic and rapidly changing, whereby we would expect to see quite large shifts in the breakdown of exports by country. However, across countries this indicator remains quite stable, with the USA being the only country with a sizeable change in its performance. The deterioration in USA export performance is due to an increasing share of exports for the group of other countries in the OECD.

Despite the share of exports between countries remaining relatively stable over a decade, there are considerable shifts within the structure of individual country's manufacturing industry. If we turn to the third indicator, the comparative cover ratio of an industry (relative to its own total manufacturing), we see significant changes over time.

	1984	1994
Deutschland	61.6	46.3
France	60.7	58.1
Italia	58.3	64.8
United Kingdom	88.9	100.4
China	N/A	150.0
Indonesia	N/A	204.0
Japan	214.3	149.1
Malaysia	24.5	282.1
Philippines	4.6	108.2
Singapore	127.0	227.5
South Korea	72.7	128.4
Thailand	13.0	229.1
USA	217.6	94.1

Sectoral cover ratio relative to manufacturing industry: computer and office equipment (%)

SOURCE: eurostat

As the USA lost some of its export share in the computer and office equipment industry, its cover ratio deteriorated rapidly.

This was quite normal for the majority of the developed world countries. Conversely, very large gains were made in the south-east Asian countries, where trade performance in this sector improved rapidly, as production shifted to this region. As stated earlier, this observation is only a starting point for the analysis, whereby we need to look into other indicators to find a reason for the changing patterns. One reason which is generally cited to explain the shift of production facilities to

Development of EUR12 gross operating rate (%)

——— Plastics

——— Total manufacturing

SOURCE: eurostat

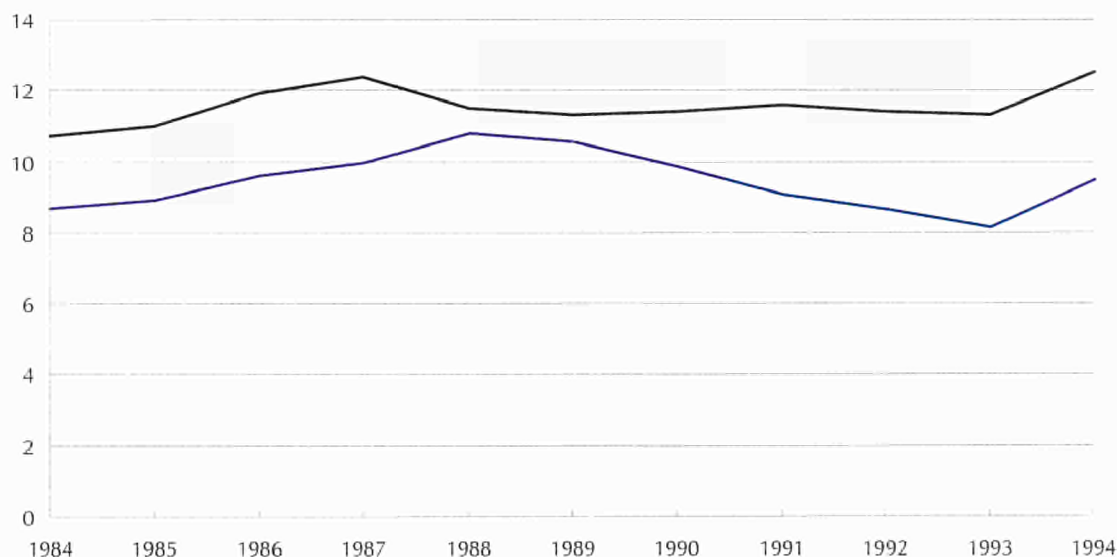south-east Asia is that of lower labour costs. Nevertheless, the role of the domain of performance indictors is not to explain why country A is more competitive than country B, it is merely to identify that country A is more competitive than country B. In the table above we see large positive movements in the relative cover ratios of south-east Asian countries compared to the developed world performance. To explain these changes we should concentrate on prices and costs, or training and education, or tax incentives, or improved infrastructure, to explain the shifts observed - the performance domain itself has no explanatory powers.

If we move on to the second set of measures in the database, that of profitability measures. At present Eurostat does not possess much information in this area. It is hoped that in the future there will be additional information coming from the Annual Enquiry. However, for the moment the only indi-

cator given is the gross operating rate, which is defined as

(4) Vaij - Lij / Tij

(*where VA is value-added, L are labour costs, T is turnover, i the country and j the industry*).

The data for the gross operating rate is only available for the EU Member States. As an example we can see the evolution of the European plastics industry compared to the manufacturing average. The industry sustained high levels of profitability during the recession of the early nineties.

Alternative means of collecting this data in the future may include sampling figures that are included in the DGIII database, DABLE, where company accounts figures are used.

This leaves us with the final category in the domain, that of other performance indicators. These indicators are slightly more complicated in their derivation. Firstly, we can give the example of the export specialisation relative to the OECD, defined as,

(5) (Xij / Xj) / (Xoj / Xo)

(*where X are exports, i the country, j the industry and o the OECD*).

Secondly, we can take this indicator and measure the weighted standard deviation of all sectors to obtain the inter-sectoral specialisation in exports

$$ (6) \quad \sqrt{\sum_j \frac{X_j^i}{X^i}\left(\frac{X_j^i X^o}{X^i X_j^o} - 100\right)^2} $$

(*where X are exports, i the country, j the industry and o the OECD*).

	1984	1994
EUR12	154.2	145.8
Deutschland	93.8	92.1
France	130.2	111.7
Ireland	189.5	287.3
Italia	85.0	72.6
United Kingdom	176.6	163.2
Österreich	112.6	120.0
Suomi / Finland	30.9	32.9
Sverige	N/A	229.4
Japan	11.6	15.4
Switzerland	420.0	426.4
USA	90.0	61.6

TABLE 5.3

Inter-sectoral specialisation in exports (%)

SOURCE: eurostat

	1984	1994
EUR12	53.5	55.6
Deutschland	74.2	62.1
France	96.6	152.6
Italia	318.5	302.6
United Kingdom	161.5	87.7
Japan	203.2	163.0
USA	130.4	85.3

eurostat

If we look at some data for these indicators we can see where countries specialise their export effort and secondly if their export effort is concentrated in a small number of key industries or if their export policy is more a broad coverage of the majority of sectors.

The above data re-enforces the belief that the Swiss pharmaceuticals industry out-performs its rivals in terms of export performance. Other countries with above average performance in this sector include Sweden and Ireland.

When looking at the following table, where the inter-sectoral specialisation is given, we can see that the coverage of export markets by individual country may vary enormously - these variances usually become far more pronounced for the smaller countries in the database, as they are quite naturally more dependent on a limited number of export sectors. It is however interesting to note that Japan concentrates far more on specific industrial sectors than its main trading rivals. Also within the European Member States, Germany can be seen to have a far more wide-ranging export policy, whilst Italy concentrates far more on specific industrial sectors.

A preliminary look at trade performance data: If we look at the raw data for exports, there has been a general increase in the value of exports across most sectors, and most countries - this would be expected given the general trend of a rise in world trade and prices for most industries. As trade has grown, it has also been the norm that the vast majority of domestic markets are now more reliant on foreign imports than they were fifteen years ago. To demonstrate these effects we will return to the computer and office equipment industry. The graph below shows the ability of home production to meet the needs of the domestic market. It is possible to note the fairly rapid deterioration in the performance of the USA (which we discussed earlier), a gradual decline in the EU and a fairly constant performance in Japan.

This article will now move on to study whether or not there is a relationship between the trade balance and export specialisation. This analysis is based on the premise that if a country is specialised in exports in a certain industry, we would normally expect the trade balance in that particular industry to be above average - or in other words, countries will tend to specialise their exports (>100% for export specialisation) in areas where they run a trade surplus (also >100% for the adjusted cover ratio).
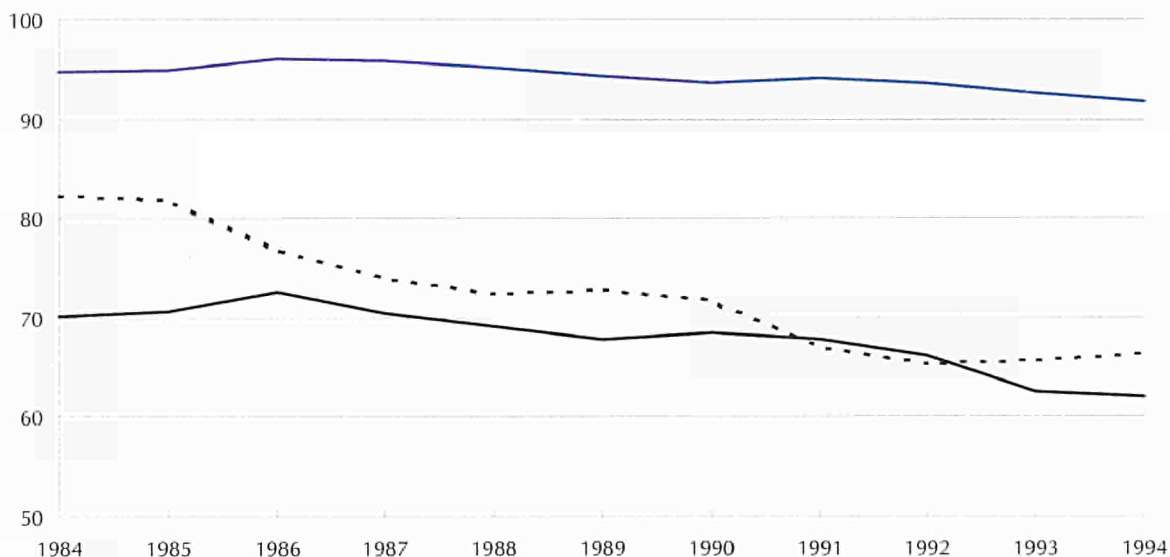
FIGURE 5.4

Ability to satisfy the total domestic market (%)

—— EUR12

—— Japan

- - - USA

TABLE 5.4

Trade performance of
the EU, 1994

(%)

SOURCE: eurostat

		Adjusted cover ratio	Export specialisation
Top ten sectors	Wine	1280.2	153.5
	Grain milling	1153.2	158.2
	Brewing and malting	1042.5	151.4
	Alcohol	934.2	195.8
	Pasta	617.3	139.1
	Soap, detergents, perfume and toilet preparations	450.3	141.2
	Clay products	407.2	124.2
	Bread and flour confectionery	384.2	100.6
	Textile machinery	377.5	161.1
	Dairy products	370.2	91.5
Bottom ten sectors	Household textiles	39.3	102.7
	Ready-made clothing	37.0	129.3
	Clocks and watches	35.9	66.1
	Oil and fats	35.0	109.5
	Non-ferrous metals	30.3	67.7
	Semi-finished wood products	25.7	54.9
	Carpentry and joinery components	24.6	78.2
	Cycles and motorcycles	23.5	44.5
	Fish	23.1	59.8
	Pulp, paper and board	18.9	40.2
	Sawing and processing of wood	4.4	12.2

TABLE 5.5

Trade performance of
Japan, 1994

(%)

SOURCE: eurostat

		Adjusted cover ratio	Export specialisation
Top ten sectors	Retreading and repairing of rubber tyres	6078.5	140.8
	Shipbuilding	2771.8	332.6
	Parts and accessories for motor vehicles	711.6	170.5
	Cement, lime and plaster	667.8	136.9
	Plant for mines, iron and steel and foundries	583.3	111.3
	Cycles and motorcycles	577.5	439.8
	Machine-tools for working metal	504.6	155.2
	Textile machinery	480.3	164.2
	Steel tubes	470.9	132.2
	Boilermaking	425.3	85.3
Bottom ten sectors	Footwear	2.1	3.9
	Furs and fur goods	1.7	2.8
	Leather products	1.3	8.4
	Fruit and vegetables	1.2	3.3
	Alcohol	1.1	1.8
	Starch	1.1	0.9
	Semi-finished wood products	0.7	4.1
	Meat	0.6	2.2
	Sugar	0.6	1.1
	Dairy products	0.2	0.1
	Sawing and processing of wood	0.2	0.7

eurostat

At first it should be noted that we perform this analysis at the most disaggregated level possible (that of Nace 3-digit). Nevertheless, it is true that to place too much emphasis on these results would be erroneous - as the behaviour of the computer and office equipment industry is far too generic a term to employ. Perhaps the laser printer sector is performing very well in a country and yet as a whole the industry is lamented for its performance, due to competition in other sectors, such as CD-Rom drives, scanners and screen manufacture.

Secondly, the choice of detail for the country will also gives widely diverging results - for example, whether we take the EU as a single geographical area or break it down into the individual Member States. Whilst the EU as a whole shows very low inter-sectoral specialisation, some of the smaller Member States report high inter-sectoral specialisation.

If we start by looking at some tables of the top ten and bottom ten industries for selected countries and their given cover ratios and export specialisations. These rankings were based on the cover ratio (total exports / total imports) performance in each industry. For the EU we have used the extra-EU trade flow, whilst for all other countries we have used the world trade flow.

When looking at the three tables for the Triad we can see that the extremes of the Japanese data distribution are far more pronounced than those of the EU or the USA. Indeed, the bottom ten industries in Japan all have an adjusted cover ratio of less than three per cent.

TABLE 5.6

		Adjusted cover ratio	Export specialisation
Top ten sectors	Tobacco	4367.8	306.4
	Starch	727.0	281.8
	Grain milling	534.6	98.3
	Aerospace	481.2	218.0
	Animal foods	410.0	95.4
	Structural metal products	368.9	56.0
	Paints, varnish and printing ink	333.7	67.7
	Meat	313.3	114.0
	Boilermaking	290.2	70.1
	Medical and surgical equipment	268.1	230.4
Bottom ten sectors	Cork and straw	33.0	51.2
	Household textiles	33.0	69.4
	Alcohol	29.7	21.4
	Knitting	25.0	53.9
	Iron and steel industry	20.8	18.2
	Clocks and watches	18.9	22.1
	Cement, lime and plaster	18.5	16.4
	Ready-made clothing	18.2	56.8
	Leather products	13.0	39.3
	Wine	12.8	5.8
	Footwear	8.3	23.5

Trade performance of the USA, 1994 (%)

SOURCE: eurostat

TABLE 5.7

Trade performance of
Germany, 1994
(%)

		Adjusted cover ratio	Export specialisation
Top ten sectors	Textile machinery	641.2	182.2
	Railways	388.8	195.2
	Shipbuilding	343.4	49.3
	Machinery for the food and chemical industries	337.9	147.0
	Grain milling	249.8	51.9
	Boilermaking	236.3	121.4
	Paints, varnish and printing ink	236.1	154.9
	Machine-tools for working metal	232.0	151.6
	Sugar	221.5	87.7
	Bodies for motor vehicles	219.9	172.7
Bottom ten sectors	Fish	30.6	36.0
	Clay products	29.8	59.1
	Ready-made clothing	28.6	94.6
	Fruit and vegetables	27.9	57.2
	Wine	26.2	31.2
	Knitting	25.0	70.1
	Footwear	22.9	47.1
	Sawing and processing of wood	22.1	22.0
	Cycles and motorcycles	18.9	29.3
	Carpentry and joinery components	17.5	67.5
	Pasta	17.3	20.1

SOURCE: eurostat

TABLE 5.8

Trade performance of
France, 1994
(%)

		Adjusted cover ratio	Export specialisation
Top ten sectors	Wine	883.8	469.2
	Alcohol	437.7	232.6
	Soft drinks	409.5	304.7
	Sugar	406.1	350.5
	Grain milling	392.5	192.6
	Soap, detergents, perfume and toilet preparations	374.1	312.6
	Wooden containers	344.0	259.0
	Clay products	261.2	140.0
	Boilermaking	230.1	117.1
	Animal foods	205.8	175.4
Bottom ten sectors	Sawing and processing of wood	45.4	26.9
	Starch	45.3	72.5
	Knitting	42.5	90.1
	Cycles and motorcycles	40.6	56.6
	Household textiles	40.0	72.0
	Footwear	39.9	63.2
	Pasta	32.0	49.3
	Oil and fats	29.2	65.4
	Fish	27.7	51.5
	Cork and straw	19.7	40.8
	Tobacco	11.7	18.9

SOURCE: eurostat

eurostat

		Adjusted cover ratio	Export specialisation
Top ten sectors	Pasta	7752.5	834.6
	Wooden furniture	1173.2	368.3
	Grain milling	731.9	135.7
	Shipbuilding	664.8	45.4
	Stone and non-metallic mineral products	622.3	399.2
	Structural metal products	538.6	123.1
	Ceramic goods	488.1	369.6
	Domestic type electrical appliances	461.7	322.4
	Agricultural machinery and tractors	405.8	163.4
	Machinery for the food and chemical industries	396.1	182.0
Bottom ten sectors	Clocks and watches	23.4	37.0
	Sugar	22.8	19.6
	Animal foods	21.6	38.1
	Dairy products	19.7	48.9
	Asbestos	16.3	17.8
	Non-ferrous metals	14.9	43.2
	Meat	14.5	38.7
	Fish	9.5	25.8
	Tobacco	6.2	11.9
	Brewing and malting	4.7	6.4
	Sawing and processing of wood	4.0	8.6

TABLE 5.9

Trade performance of Italy, 1994 (%)

SOURCE: eurostat

		Adjusted cover ratio	Export specialisation
Top ten sectors	Alcohol	1063.2	451.7
	Shipbuilding	931.1	47.2
	Retreading and repairing of rubber tyres	296.0	146.7
	Structural metal products	250.3	96.7
	Foundries	243.5	163.3
	Furs and fur goods	216.6	69.9
	Asbestos	210.4	140.7
	Tobacco	207.2	66.1
	Soap, detergents, perfume and toilet preparations	205.8	160.1
	Pharmaceutical products	203.8	163.2
Bottom ten sectors	Fish	36.0	68.0
	Oil and fats	27.5	41.5
	Pulp, paper and board	27.5	44.5
	Carpentry and joinery components	25.2	29.2
	Sugar	23.8	62.0
	Pasta	21.9	25.2
	Starch	21.8	41.7
	Fruit and vegetables	21.4	33.4
	Semi-finished wood products	11.6	24.5
	Wine	6.0	12.0
	Sawing and processing of wood	1.7	2.8

TABLE 5.10

Trade performance of the United Kingdom, 1994 (%)

SOURCE: eurostat

For the EU and the USA similar trends may be observed. In the EU the bottom ten industries have trade deficits slightly less negative than in the USA, but the top ten having slightly more positive trade surpluses. The extremes of the Japanese top ten are far more pronounced than either the EU or the USA.

As regards correlation between the two indicators, we can note that the bottom ten industries in Japan all possess export specialisation ratios of less than ten per cent. With the exception of one sector the top ten all possess an export specialisation ratio of greater than one hundred per cent. To look into whether or not there was any correlation between the two indicators, we took logarithmic scales, as the distribution around one hundred per cent is skewed in favour of positive values. The correlation coefficients realised were as follows: the EU (0.826), the USA (0.825) and Japan (0.954). This gives some weight to the argument that the Japanese are better at "picking winners" or which industries they should specialise in.

However, as stated earlier, to take the European market as one single market is perhaps not the ideal solution. Indeed, the argument could be taken still further, such that regions within the boundaries of a single country were studied. It would be quite logical to argue that the lower the disaggregation of region the higher the possible correlation. Thus, if we took NUTS four-digit regions, we could see much higher correlations than if we take countries as the geographical region of study.

Turning to the individual Member States we can see that the correlations are only higher than Japan in one country, namely Sweden. Nevertheless, with the exception of Germany the correlations in the individual Member States are always higher than those for the EU total. The correlations in descending order of magnitude are: Sweden (0.980), Finland (0.947), France (0.943), Spain (0.943), Portugal (0.939), Greece (0.932), Belgium - Luxembourg (0.920), Italy (0.916), Denmark (0.902), Ireland (0.886), United Kingdom (0.863), Netherlands (0.861), Austria (0.840) and Germany (0.750).

Export specialisation and adjusted cover ratio for Nace 3-digit sectors in Germany, 1994 (%)
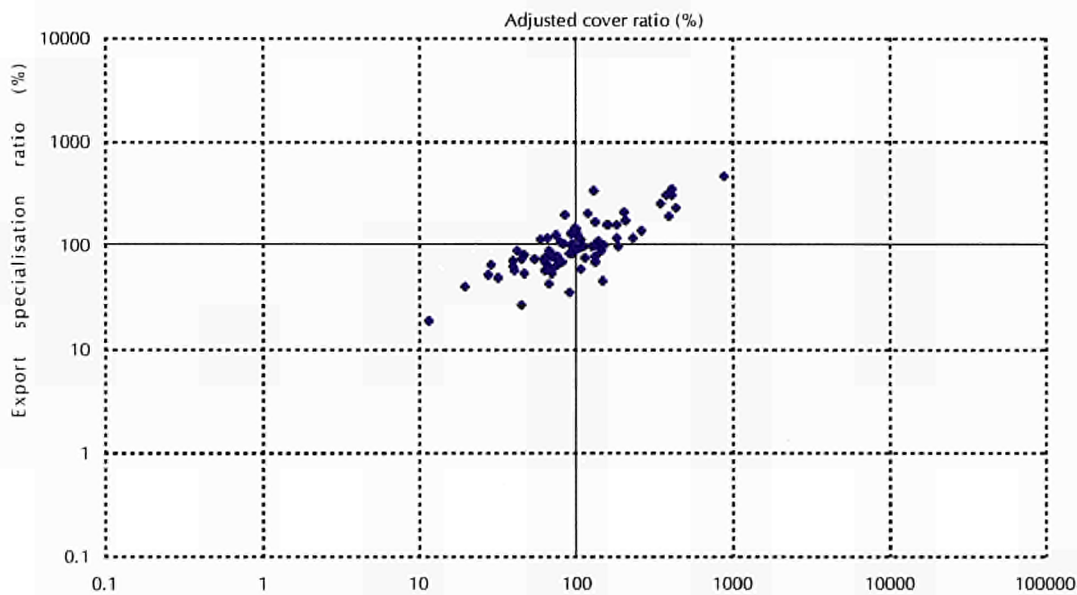

SOURCE: eurostat
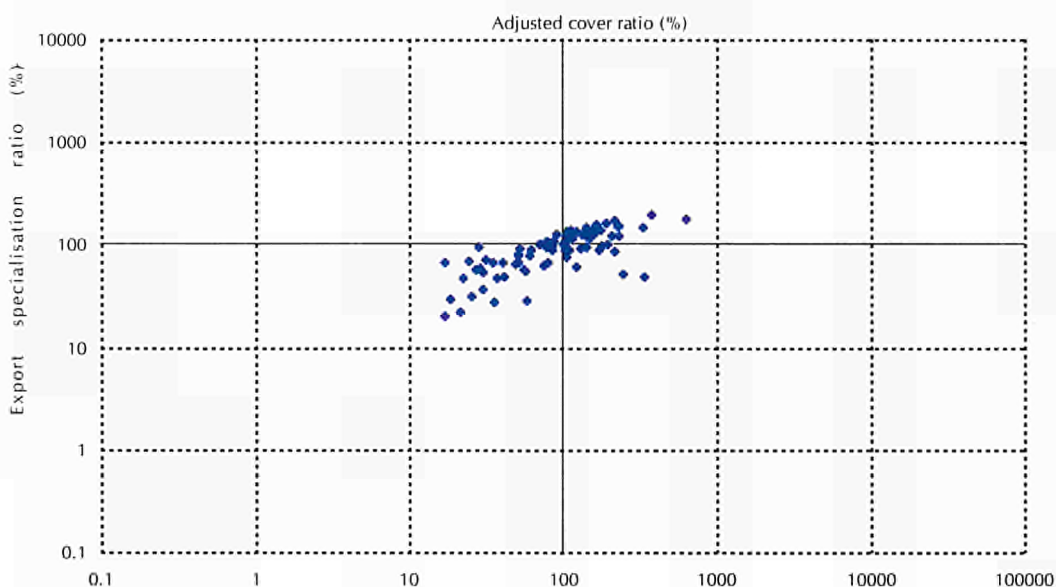
Adjusted cover ratio (%)

FIGURE 5.6

Export specialisation and adjusted cover ratio for Nace 3-digit sectors in France, 1994 (%)

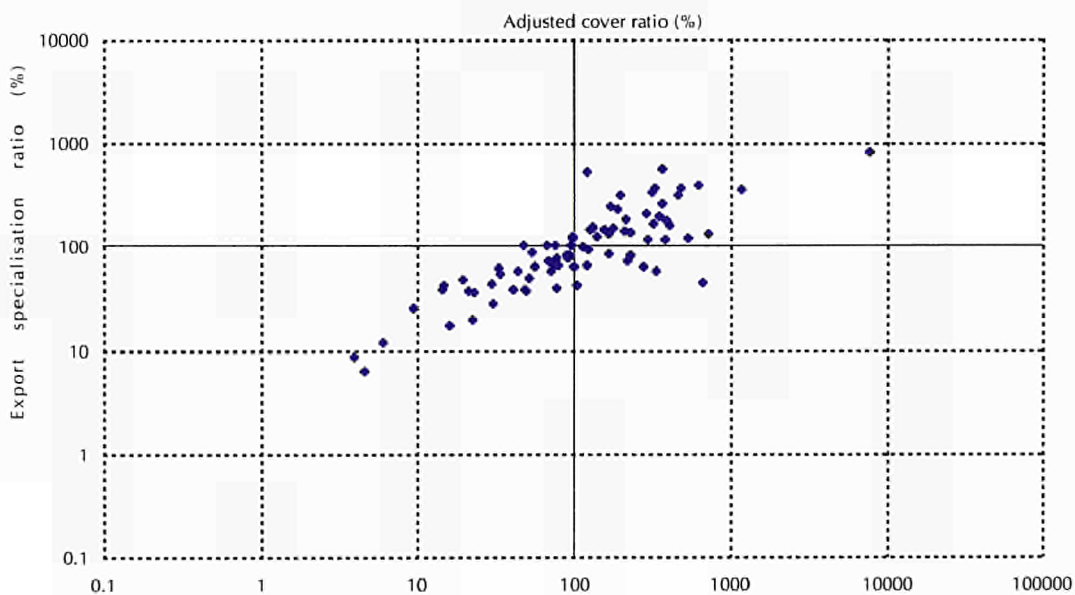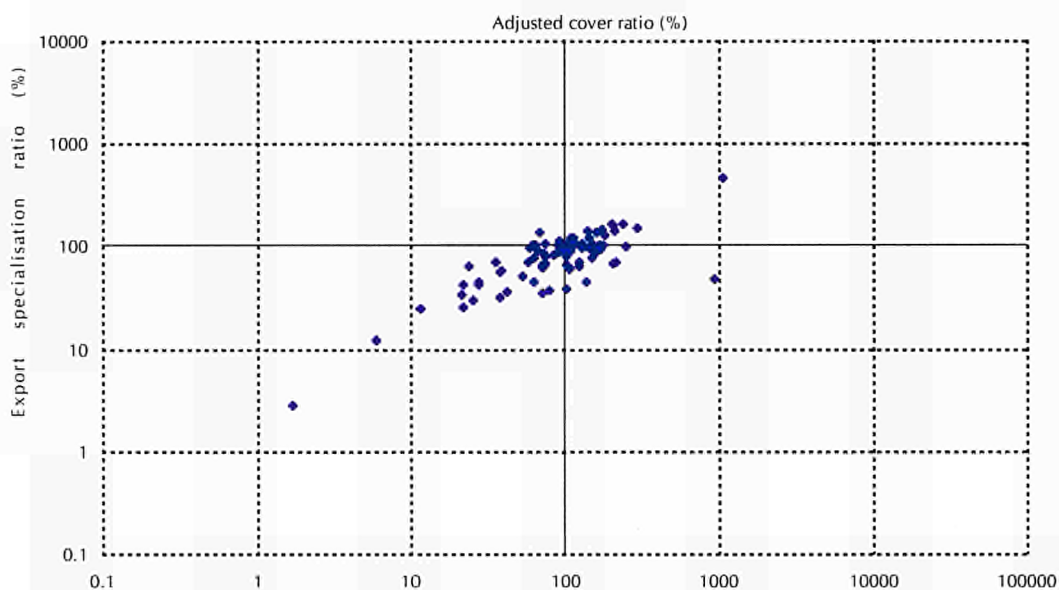SOURCE: eurostat

Adjusted cover ratio (%)

FIGURE 5.7

Export specialisation and adjusted cover ratio for Nace 3-digit sectors in Italy, 1994 (%)
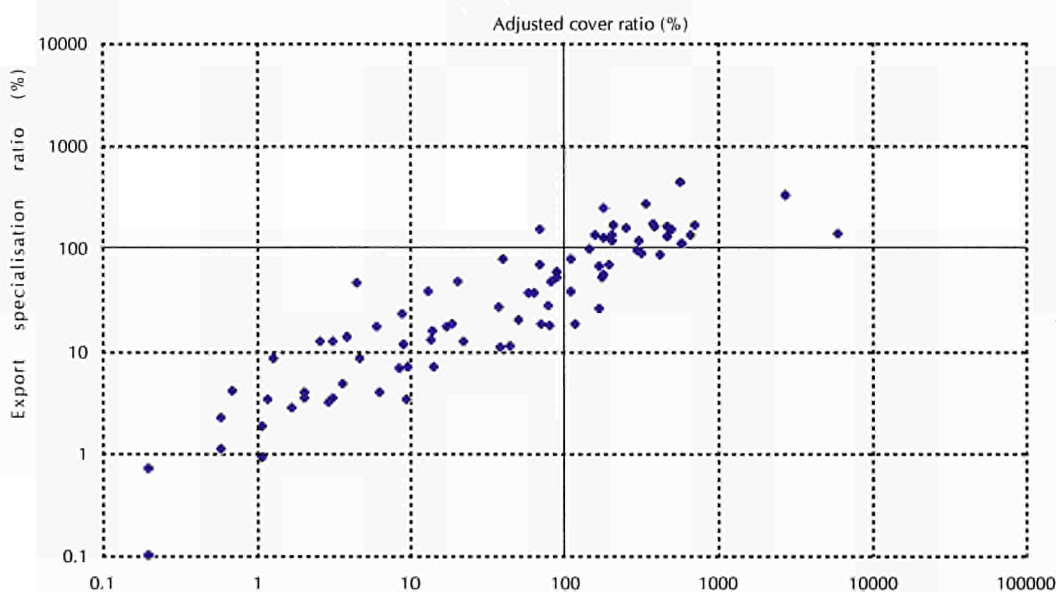
SOURCE: eurostat

FIGURE 5.8

Export specialisation
and adjusted cover
ratio for Nace 3-digit
sectors in the
United Kingdom,
1994
(%)

SOURCE: eurostat

FIGURE 5.9

Export specialisation
and adjusted cover
ratio for Nace 3-digit
sectors in Japan, 1994
(%)

SOURCE: eurostat

eurostat

To give some idea of the data concerning the European countries the next couple of pages include the tables for the four largest Member States.

Some stereotypical comments can immediately be made about the data, such as Italian trade performance is strong in the pasta industry, the French are strong in the wine industry, the British in alcohols and the Germans in machinery. The data does however show some surprising industries in the respective countries (for example the presence of the shipbuilding industry). This is due to the adjusted cover ratio not taking any account of the size of the sector, hence if there were almost no imports in an industry one year, the low level of the denominator will cause the indicator to grow rapidly.

If we move on to look at the data in terms of scatter-plots - we have graphed the two indicators against each other with logarithmic scales to help show the relationship between the two variables. These graphs show the distribution of all three-digit NACE groups, with the export specialisation plotted on the x-axis and the adjusted cover ratio on the y-axis. The patterns displayed vary quite considerably, for example, compare the distribution of Japanese three-digit Nace groups with those of Germany. All the graphs that follow show a general tendency to have their industrial sectors either in the top right or bottom left quadrants, where we would expect to see industries - nevertheless, there are cases where industries may be situated in the top left or the bottom right (especially the USA) quadrants.
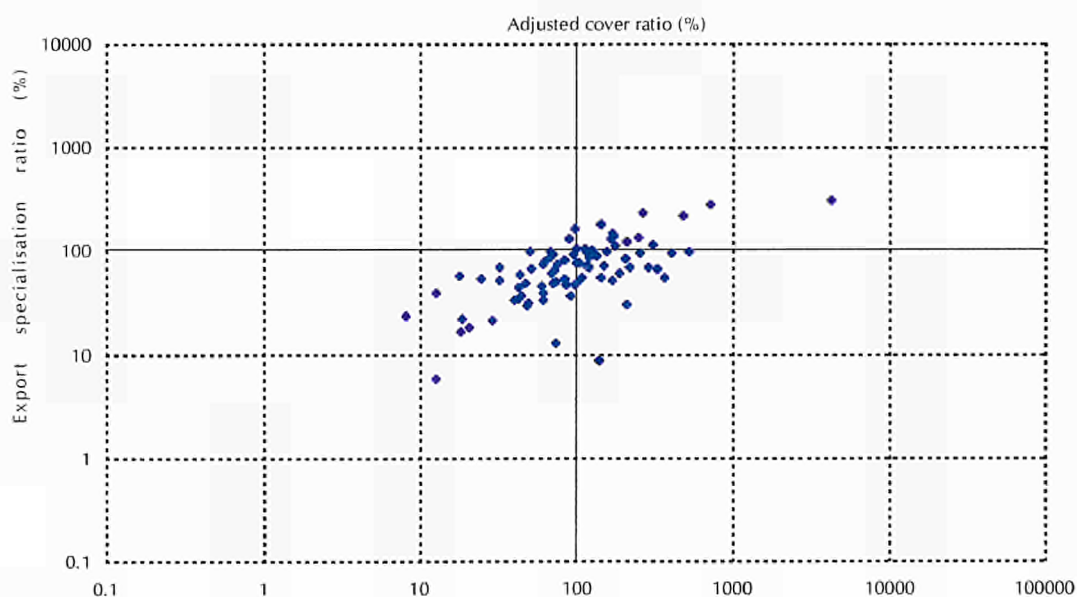

FIGURE 5.10

Export specialisation and adjusted cover ratio for the USA, 1994 (%)

This brief introduction to the domain of performance indicators hopefully shows the use that can be made of identifying competitive countries or sectors. The analysis of why these sectors are more competitive cannot really be answered by this domain of indicators. Rather the analyst should move into the other domains of the database to look for causal factors or explanatory variables. The analysis presented here aims simply to demonstrate how we can look at changing patterns of competitive performance. It should be remembered that the domain proposes a large number of simple ratios and derived indicators which should be looked at in unison - it is inadvisable for the analyst to base his studies on a single measure of competitive performance. Indeed, there may be a desire to create an overall index of competitiveness, however the weight or importance given by one analyst to a specific indicator will vary compared to those given by another.

This is one of the reasons why Eurostat has tried to produce as wide ranging a classification plan as possible, in order to facilitate the research made by various users.

Other articles on competitiveness that have appeared recently in the Supplement include "Competitiveness in industry: a first approach" which was in issue 2 of 1996; and "Price and cost competitiveness" which appeared in issue 4 of 1996. Next year in the new publication "Monthly Panorama of European Industry" there are plans to publish an article on competitiveness.

For more details on the Competitiveness Database please contact: Anna Abatzoglou - tel: (352) 4301 3 4665 or fax: (352) 4301 3 4359.

Alternatively, if you would like to purchase the data, please contact: Eurostat Datashop - tel: (352) 4335 2251 or fax: (352) 4335 22221.

Community regional policy is one of the tools which play a vital role in strengthening economic and social cohesion in the European Union. Through the various structural funds and particularly the ERDF (European Regional Development Fund) and the EAGGF (European Agricultural Guidance and Guarantee Fund), almost a quarter of the Community budget, or ECU 17 000 million in 1995, is devoted to reducing discrepancies in development between the regions. The regional policy is expressed via three clearly defined objectives:

★ Objective No. 1: to promote the development and structural adjustment of regions whose development is lagging behind
★ Objective No. 2: to assist in converting regions or parts of regions seriously affected by industrial decline
★ Objective No. 5b: to promote the development of rural areas.

An initial programming round was undertaken for the years 1989 to 1993 with financing of about ECU 56 000 million for the three regional development objectives. In compliance with the principles of partnership and additionality[1], Community action supplements the national and regional measures of Member States and is carried out in close consultation with various partners (Commission, Member States and other competent authorities). Since the partnership principle applies also to the retroactive evaluation of the measures introduced, Member States assist in evaluating the impact of the structural funds by providing the Commission with statistical data at a very detailed regional level.

Using these data, Eurostat has devised a series of analyses which can now provide answers to various questions regarding developments in the economic fabric of those regions which enjoyed Community financing under Objective No 2. Similar analyses are being prepared for regions eligible under objectives 1 and 5b.

Such analyses are useful not only to the Commission but may also be of interest to other national and regional partners who have invested substantial public resources in regional development.

The analyses presented later in the document are based on data extracted from the annual structural surveys conducted by the statistical institutes of the Member States[2].

They highlight the changes which have occurred in recent years by comparing the situations prior to and after 1989, the date on which the programming period began. They were carried out for five countries for which data covering a sufficiently long period (from 1985 to 1992) were available: Belgium, France, Italy, the Netherlands and the United Kingdom. These countries encompass 55 eligible regions[3] and represent about 70% of the objective 2 funds for the 1989-1993 programming period.

eurostat

Towards a gradual alignment of the eligible regions with the Community trend

The regions eligible under objective 2 are principally old industrial sites characterised by large production units.

In 1986 manufacturing industry in these 55 eligible regions accounted for just over 3 million jobs or 13.1% of total employment in manufacturing industry in the then 12 Member States. Between 1986 and 1992, large enterprises lost 270 000 jobs and the eligible regions' share of the jobs' total had fallen slightly, to 12.4%, by the end of the period.

As long ago as the end of the 1970s these regions had gone into somewhat of a decline, which took the form of job losses in manufacturing industry which remained higher than the Community average until 1988. Thus, more than two out of three eligible regions lost jobs between 1986 and 1992 and only a minority, mainly in the United Kingdom, experienced growth during this period.

From 1989 onwards, when the first Structural Funds' programming round began, a halt in this higher-than-average decline and an alignment with the general trend measured at Community level was noted.

Key to the graphs:
EUR5 = Belgium, France, Italy, the Netherlands and the United Kingdom.

EUR5 objective 2 = eligible regions of objective 2 situated in Belgium, France, Italy, the Netherlands and the United Kingdom.
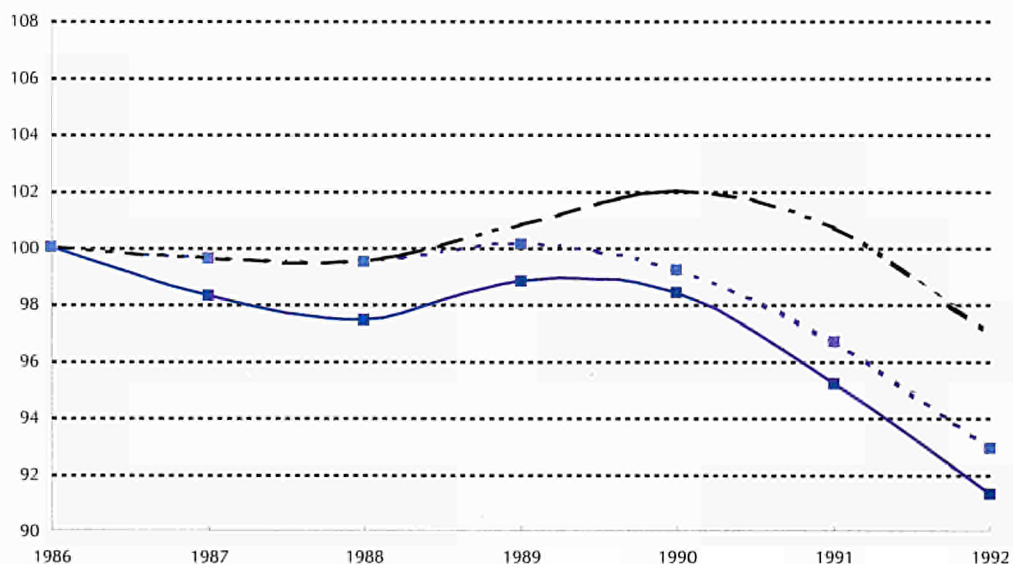
NB: If not indicated, the data concern enterprises in manufacturing industry employing more than 20 persons.

FIGURE 5.1

Employment in manufacturing industry (1986=100)

Legend:
- EUR5 objective 2
- EUR5
- EUR12

SOURCE: eurostat

eurostat

Regions at a disadvantage owing to the predominance of sectors in decline, but in which the industrial structure is recovering.

A comparison of the industrial structure of objective 2 regions with that of European manufacturing industry in 1986 reveals a strong predominance of some sectors: iron and steel, textiles, transport equipment and to a lesser extent the manufacturing of metal goods. Most of these sectors experienced a sharp decline in employment during the 1980s. In contrast, other sectors such as electronics and the agri-foodstuffs industry were sharply under-represented.

In 1992, the gap between the industrial structure of eligible regions and that of the European Community as a whole had narrowed. This was particularly visible in two sectors, textiles and iron and steel, where this gap had narrowed by 50%. Generally speaking, however, the eligible areas retained the same type of sectoral profile, with a predominance of industries using heavy-duty equipment and engaged in large-scale production. Overall, the structure of the industrial fabric of these regions changed slowly, although this concealed significant disparities which will be analysed later.

PANORAMA
SUPPLEMENT

FIGURE 5.2

Structure of
manufacturing industry
in 1986
(in % of the total
employment)

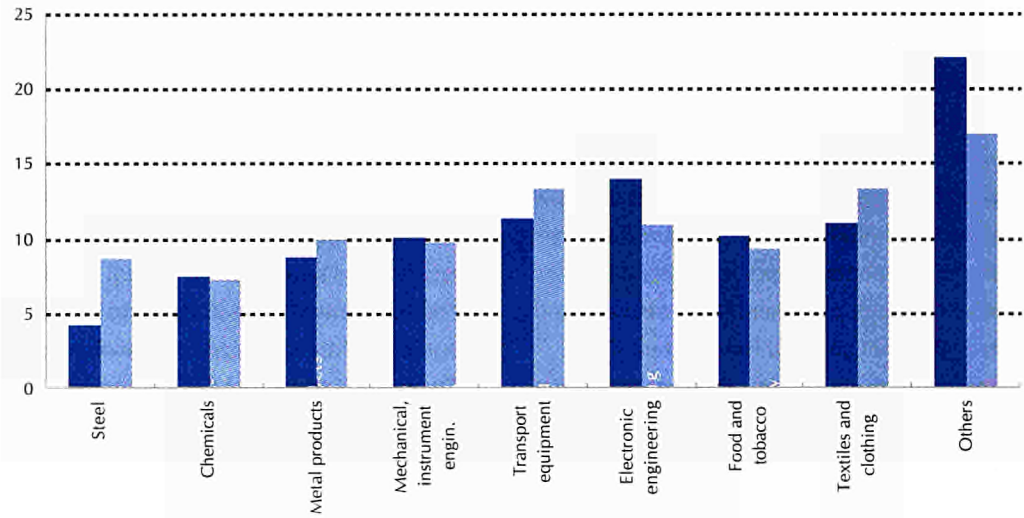■ EUR12

▨ EUR5
objective 2

SOURCE: eurostat

FIGURE 5.3

Structure of
manufacturing industry
in 1992
(in % of the total employ-
ment)

■ EUR12

▨ EUR5
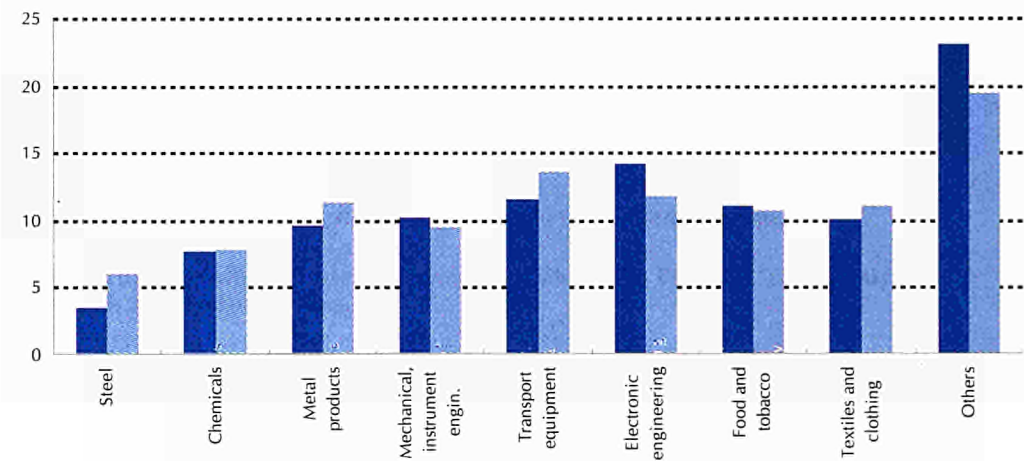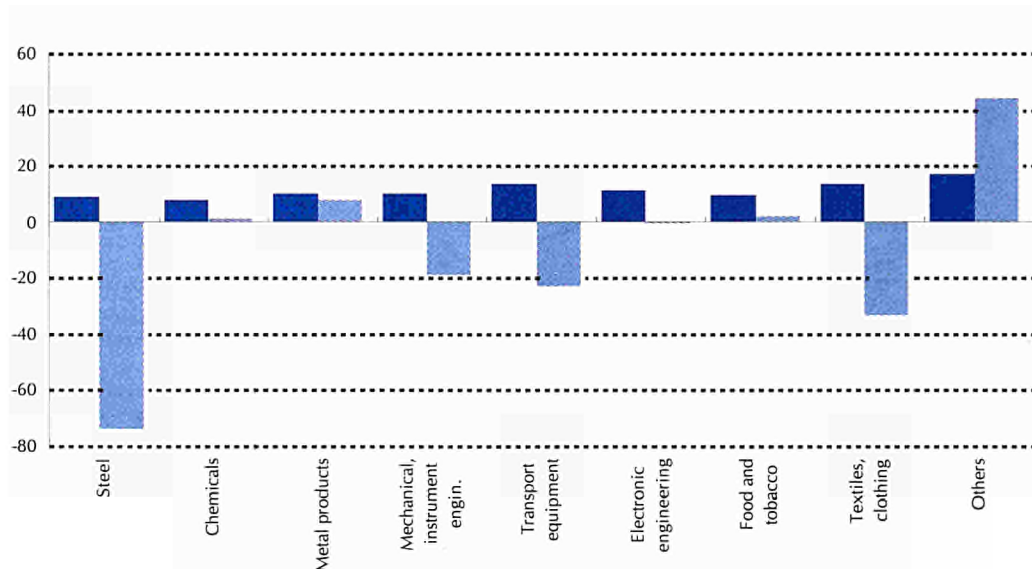objective 2

SOURCE: eurostat

FIGURE 5.4

Structure of employment
of the regions EUR 5 in
objective 2 areas and
contributions to changes
between 1986 and 1988
(in % of the total
employment)

■ Weight of industry in 1986

▨ Contributions to the changes
recorded between 1986 and
1988

SOURCE: eurostat

eurostat

Fall in the number of jobs attributable mainly to a few sectors

The decline in employment in the eligible regions can be traced mainly to a few sectors. Textiles/clothing and iron and steel contributed most to this decline. Whereas in 1986 these sectors represented about 7% and 12% of jobs respectively, combined they accounted for 40% of total jobs shed between 1986 and 1992.

Two periods are worthy of note: the years covered by the programming period (1989-1992) and the years prior to this (1986-1988).

Iron and steel accounted for more than 70% of the total jobs lost between 1986 and 1988, the remainder arising in three other sectors: textiles/clothing, transport equipment and mechanical engineering. During the same period, jobs increased in other industries (mainly the rubber and plastics industry, paper production, printing and furniture making).

Between 1989 and 1992, all sectors shed jobs, more or less proportionately to their share of total employment in manufacturing industry, with textiles/clothing contributing most. Iron and steel continued to shed jobs, though to a lesser extent than in the previous period.
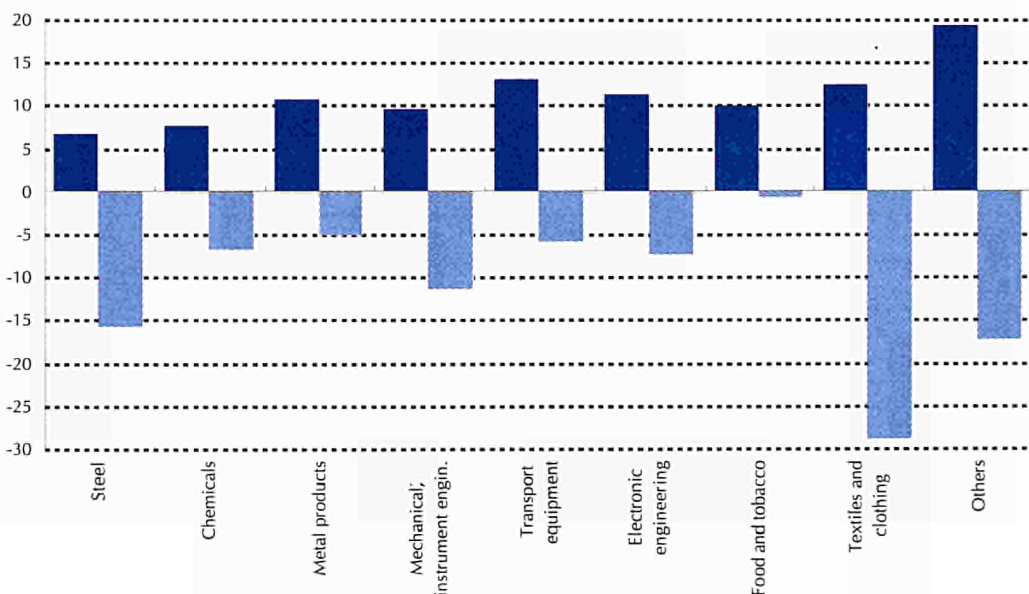

FIGURE 5.5

Structure of employment of the regions EUR5 in objective 2 areas and contributions to changes between 1989 and 1992 (in % of the total employment)

■ Weight of industry in 1986

▨ Contributions to the changes recorded between 1989 and 1992

SOURCE: eurostat

FIGURE 5.6

Weight of low-,
medium- and high-
demand industries of the
regions EUR5 in the
objective 2 areas
(in % of the total
employment)

■ Low demand
■ Medium demand
▨ High demand
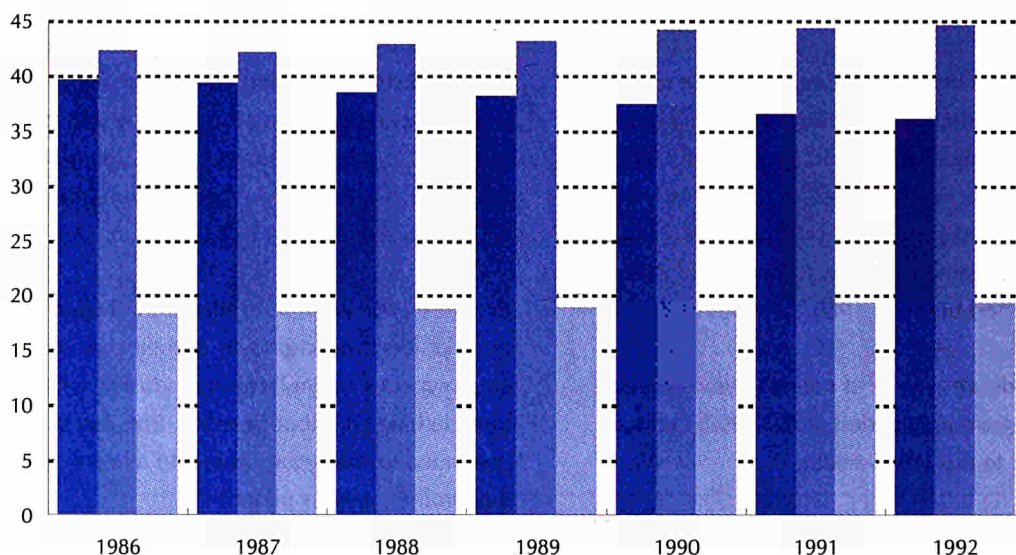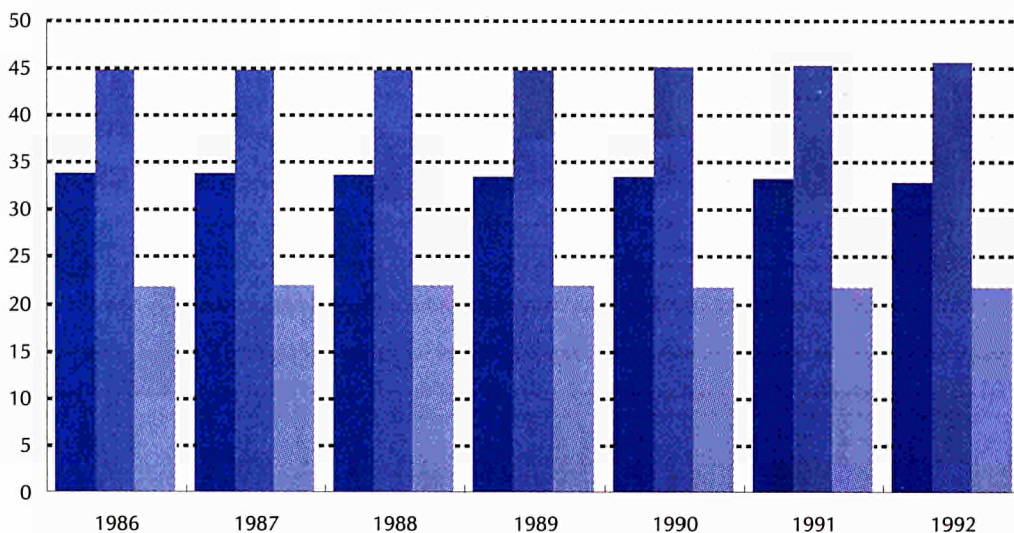
SOURCE: eurostat

FIGURE 5.7

Weight of low-,
medium- and high-
demand industries in the
European Union
(in % of the total
employment)

■ Low demand
■ Medium demand
■ High demand

SOURCE: eurostat

eurostat

A high degree of industrial specialisation in eligible regions but with a trend towards diversification

The problems encountered by the areas eligible under objective 2 were primarily due to their very specialised industrial fabric, which was heavily geared towards low-demand sectors[4]. However, this adverse specialisation changed between 1986 and 1992, with the weight of the low-demand industries declining by 4 points (compared with less than 1 point at Community level), mainly to the benefit of medium-demand sectors. The weight of high-demand sectors showed an increase but remained below the Community average.

This diagnosis of adverse industrial specialisation is less straightforward when the composition of the industrial fabric is analysed at the level of each eligible region. Here, three groups emerge:

21 regions situated primarily in France (half of all French regions) and in Italy (7 of 9 Italian regions) have more than 40% of jobs in low-demand sectors (referred to henceforth as "low-demand regions")

15 regions (5 British, 4 French, 3 Dutch, 2 Italian) have more than 25% of jobs in high-demand sectors ("high-demand regions")[5]

19 other regions (mainly in the United Kingdom and in France) have an intermediate sectoral composition ("medium demand regions")

To monitor the trend in industrial specialisation more closely, an index can be calculated which measures the gap between the detailed industrial composition of the eligible regions and that of Community industry as a whole. The closer the index is to zero, the closer the composition is to
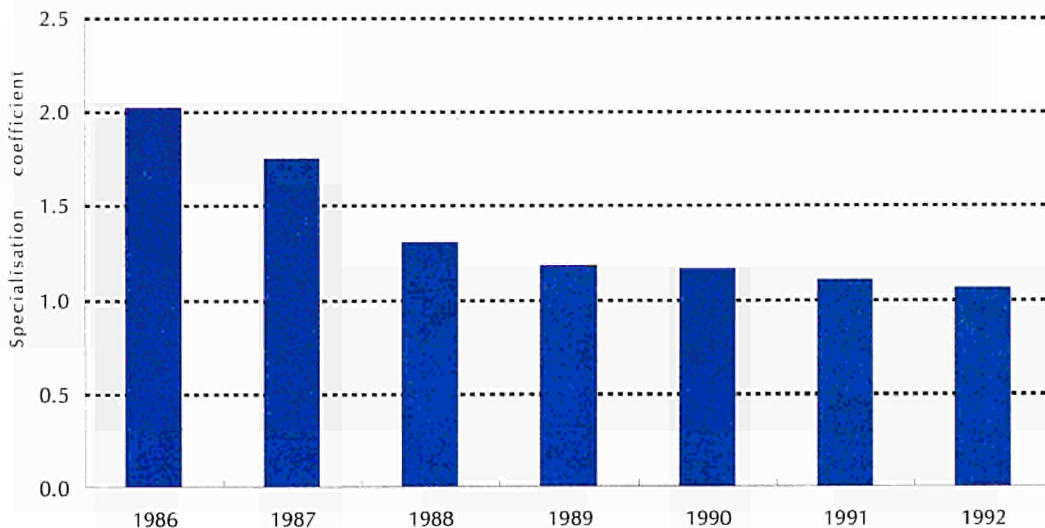
the Community average. There was a sharp decline in this index between 1986 and 1992, amounting to 50% over the whole period. A very sharp drop occurred between 1986 and 1988, which corresponds to the period during which some sectors, e.g. iron and steel and textiles/clothing, underwent drastic restructuring. This trend continued after 1988, though at a much slower pace.

The points of Figure 5.9 represent the 55 regions eligible under objective 2. They show clearly that the regions with a very high specialisation index were in a minority, and that for most regions this index was between 0 and 50.

In figure 5.9 the regions are positioned according to their specialisation coefficient in 1986 and in 1992, which enables the trend between these two years to be measured. The points situated on the bisector represent the regions for which the coefficient remained the same. Those situated below are regions for which the coefficient declined, reflecting a trend towards diversification of the industrial fabric.

It is worth noting that the coefficient developed favourably for the majority of regions between 1986 and 1992.

FIGURE 5.9

Specialisation coefficient for manufacturing industry for the regions EUR5 in objective 2 regions
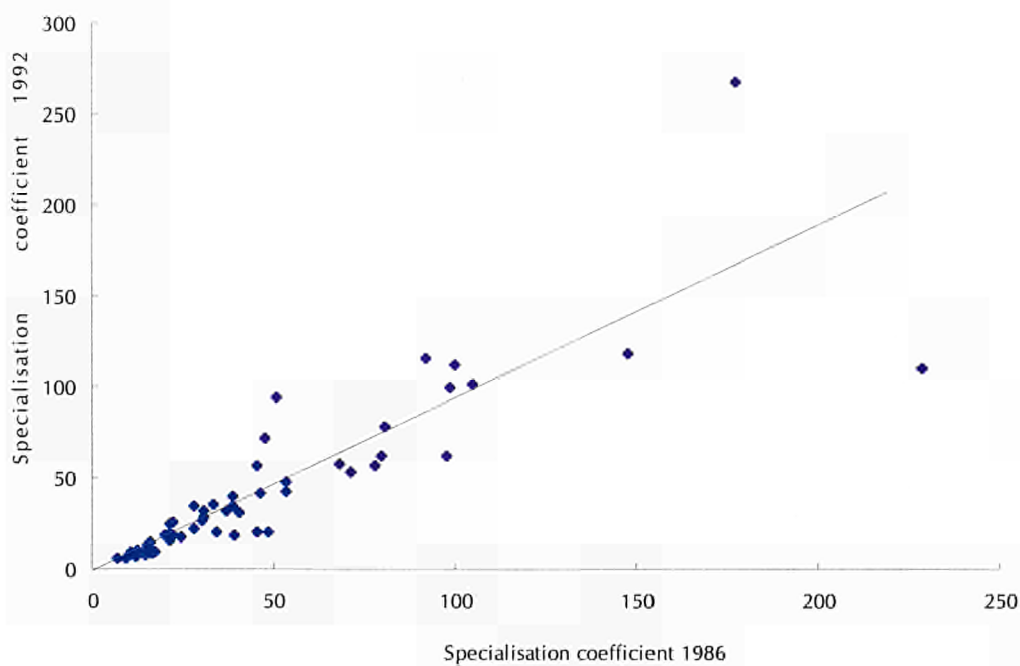
SOURCE: eurostat

Regions with a "mono-industries" slant

Another problem specific to regions eligible under objective 2 is the high concentration of jobs in a small number of industrial sectors which, in addition, are generally engaged in large-scale production. Figure 5.10 situates the regions by share of jobs concentrated in the three main sectors in 1986 and by concentration in these same sectors in 1992. The points situated below the bisector are the regions for which this share declined.

It can be noted that for half the regions, the weight of the three main sectors was more than 50%. In 1986, this share was even higher than 80% in three regions: North Yorkshire (UK), Val d'Aoste (I) and Luxembourg. The general trend between 1986 and 1992 was towards a definite reduction in the weight of the three main sectors. In some regions such as the Val d'Aoste and Liguria (I), North Yorkshire and Poitou Charentes (F), the share of the three main industries declined by more than 10%. This trend was reversed in only a minority of regions. A supplementary analysis of the annual figures during this period shows that the changes occurred mainly between 1986 and 1988 and were linked to the extensive restructuring of industries in decline.
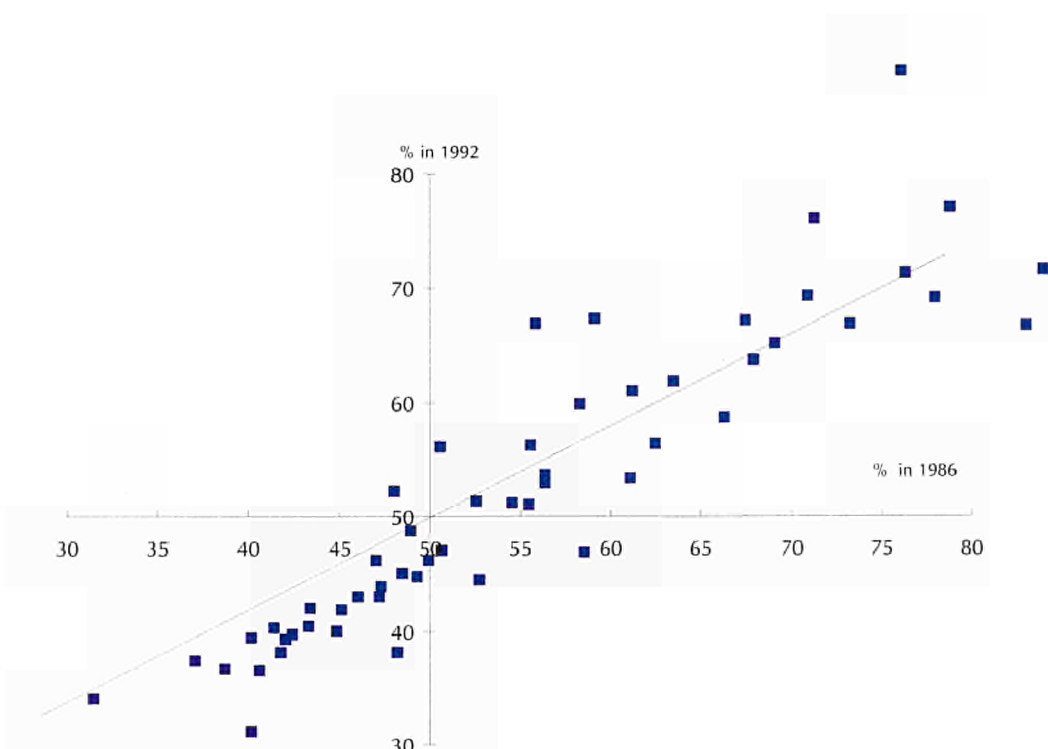

FIGURE 5.10

Weight of the three main manufacturing industries of the regions EUR5 in objective 2 regions (in % of the total employment)

SOURCE: eurostat

Non-structural factors affecting development.

It is clear that eligible areas' specialisation in sectors undergoing a recession was a major handicap to their economic development and was a key reason for the extent of job losses. However, other factors may also have played a role.

It is possible to single out within overall employment trends the share attributable to the structural specialisation of the industrial fabric of regions[6]. However, non-structural factors, which may be called local effects, can also be measured. After 1989, these obviously included the impact of the allocation of structural funds, although it is not possible to separate this out from other possible local economic effects.

Before the commencement of the programming period in 1989, the "local" effects were negative for half the regions (areas situated to the left of the

vertical). Over the following three years, the period of allocation of the funds, the "local" effect was close to zero and even clearly positive for most regions (areas situated above the horizontal). On the other hand, in about 10 regions, almost all in the United Kingdom, the measured local effect was clearly negative between 1990 and 1992. These British regions, which account for one-third of jobs in the eligible regions covered in this article, contributed sharply to lowering the average calculated for all objective 2 regions (an average which was - 3% over the period 1990-1992). It should be noted that one-quarter of the regions, among them 6 of the 9 Italian regions, show a clear favourable trend in the local effect between the two periods.

FIGURE 5.11

Effects of local growth in manufacturing industry over the periods 1987 to 1989 and 1990 to 1992 of the regions EUR5 in objective 2 areas (%)

Local growth effect 1990-1992

Local growth effect 1987-1989
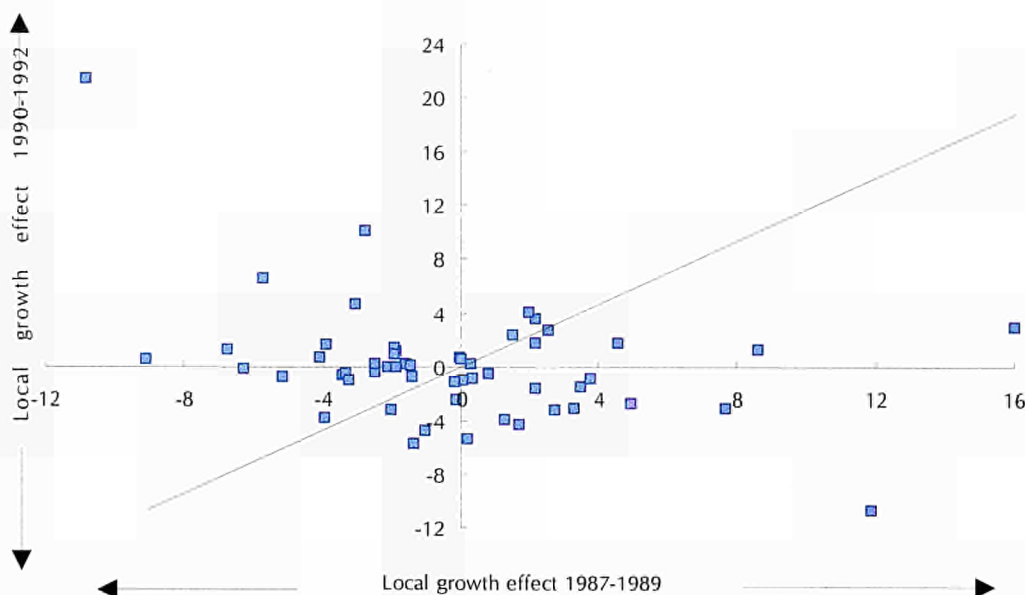
**The regions most affected by industrial decline
display the greatest trend reversals after 1989.**

When the composition of the regions is considered, it is evident that after 1989 the local effect improved most in "low-demand regions", where the industrial fabric had been particularly damaged by major industrial restructuring and which probably benefited from a combination of Community, national and regional subsidies. In "medium-demand regions", the development of the local effect was favourable in French regions and unfavourable in British regions. Developments diverge hugely in "high-demand regions". While some of these regions are highly specialised in sectors enjoying "high demand", these sectors are also subject to competition requiring productivity gains and rationalisation which can lead to restructuring and factory closures.

PANORAMA
SUPPLEMENT

FIGURE 5.12

Low-demand regions in the EUR5 objective 2 areas

—— Local effect 1987-1989
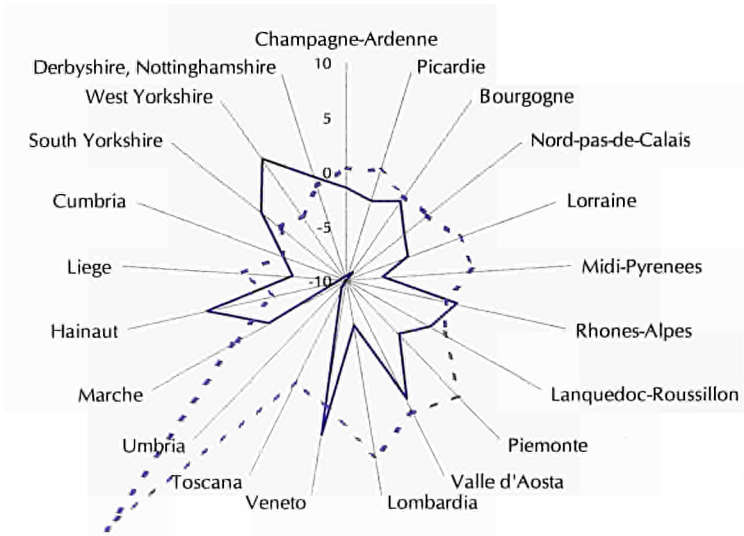
– – Local Effect 1990-1992

SOURCE: eurostat

FIGURE 5.13

Medium-demand regions in the EUR5 objective 2 areas

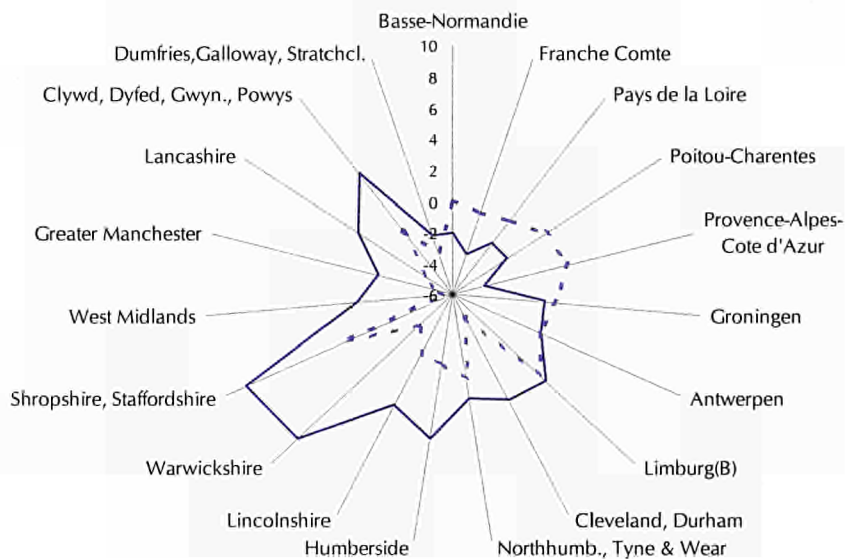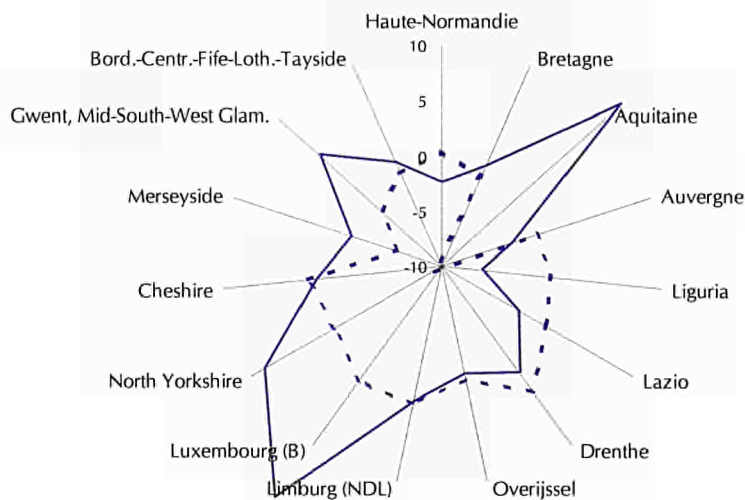—— Local effect 1987-1989

– – Local Effect 1990-1992

SOURCE: eurostat

FIGURE 5.14

High-demand regions in the EUR5 objective 2 areas

—— Local effect 1987-1989

– – Local Effect 1990-1992

SOURCE: eurostat

eurostat

Regeneration in small enterprises...

The above analyses were carried out on the population of enterprises employing more than 20 persons. When the data became available, the same type of analysis was carried out on the population of enterprises employing fewer than 20 persons. These show that small enterprises did not behave in the same way as larger units.

Small enterprises followed a counter-cyclical trend compared to that of larger enterprises. In particular, there were two growth phases in 1988-1989

and 1991-1992. In general, whereas the large production units located in the eligible regions lost almost 270 000 jobs between 1986 and 1992, small enterprises gained 22 000. This employment growth in small enterprises is common to all regions with a few rare exceptions. Of a total of 51[7]regions, only six recorded a contrary trend: five British regions (Greater Manchester, West Yorkshire, Lancashire, Dumfries and Galloway, Merseyside) and one Italian region (Tuscany).

Key to the graphs:
EUR4 objective 2 Small local units = enterprises employing less than 20 persons in manufacturing industry and situated in the eligible areas of objective 2 in Belgium, France, Italy and the United Kingdom.

EUR4 objective 2 Large local units = enterprises with more than 20 persons employed in manufacturing industry situated in the eligible areas of objective 2 in Belgium, France, Italy and the United Kingdom.
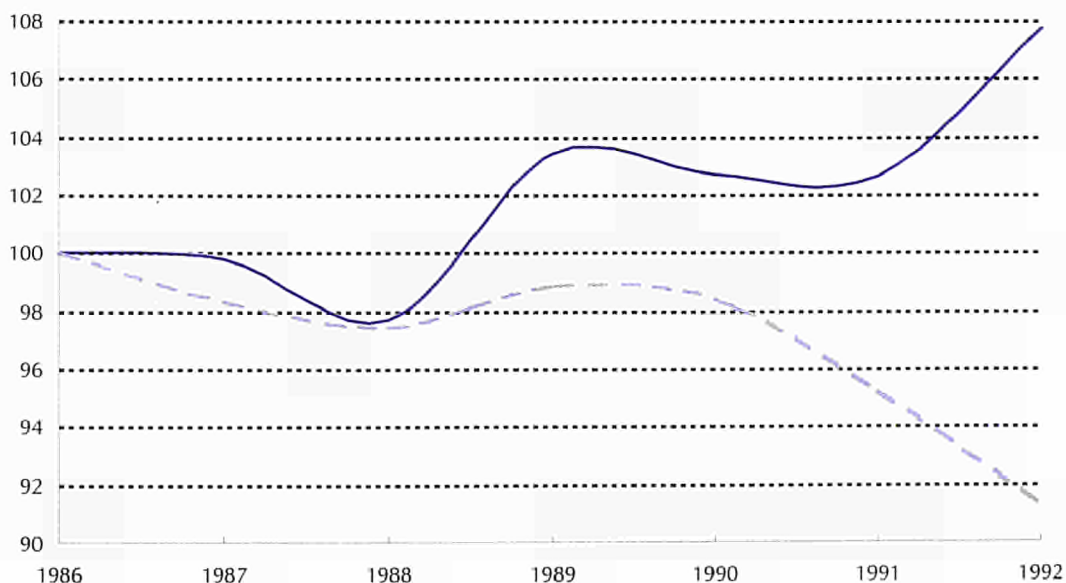

FIGURE 5.15

Employment in manufacturing industry (1986 = 100)

EUR4 objective 2 Small local units

EUR4 objective 2 Large local units

SOURCE: eurostat

All sectors, with the exception of the agri-food-stuffs and textiles-clothing industries, contributed to a growth in employment between 1989 and 1992. The two sectors contributing most to this positive development were mechanical and instrument engineering and electronics.

An index measuring the quality of the industrial structure has been calculated on the basis of the composition of the industrial fabric of the eligible regions. Points situated below the bisector represent regions in which the index for small enterprises is better than that for large enterprises. It can be seen that for all regions, with a few rare exceptions, the index is better for smaller enterprises.

FIGURE 5.16

Employment structure of the regions EUR4 in objective 2 regions little local units (in % of the total employment)
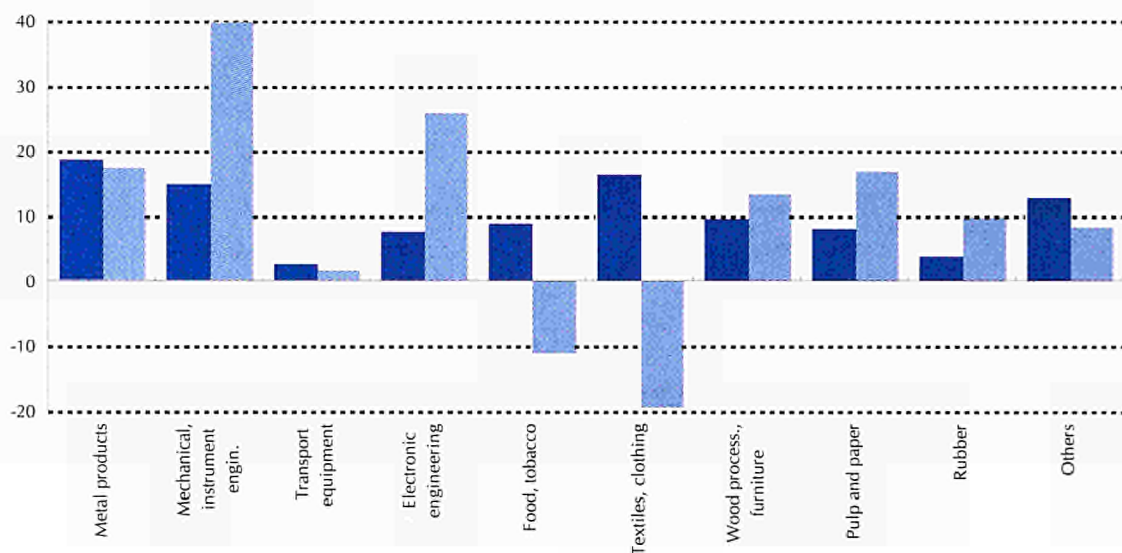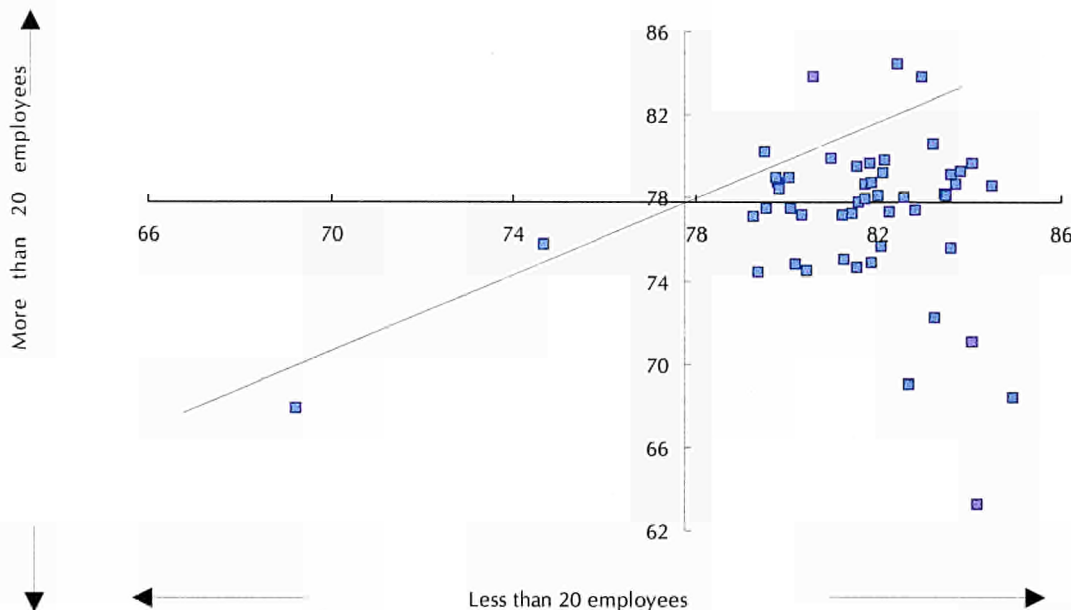
■ Weight of the industry in 1989

▨ Contributions to the changes recorded between 1989-92

SOURCE: eurostat

FIGURE 5.17

Quality of the structure of manufacturing industry by size class of the regions EUR4 in objective 2 areas

SOURCE: eurostat

eurostat

Figure 5.18 has been devised using a similar lay-out but concerns the indicator of the local effect. Here again it can be seen that for the period 1990-1992 this effect was better for small enter-prises with an average of + 2%, compared to -3% for larger enterprises. The local effect on small enterprises is therefore positive in all regions with the exception of 6. Some regions such as Basse Normandie, Brittany, Champagne Ardennes and Aquitaine (F) even recorded a local effect in two figures during this period.

In general, it appears that small enterprises con-tribute most to modernising the industrial fabric of objective 2 regions.
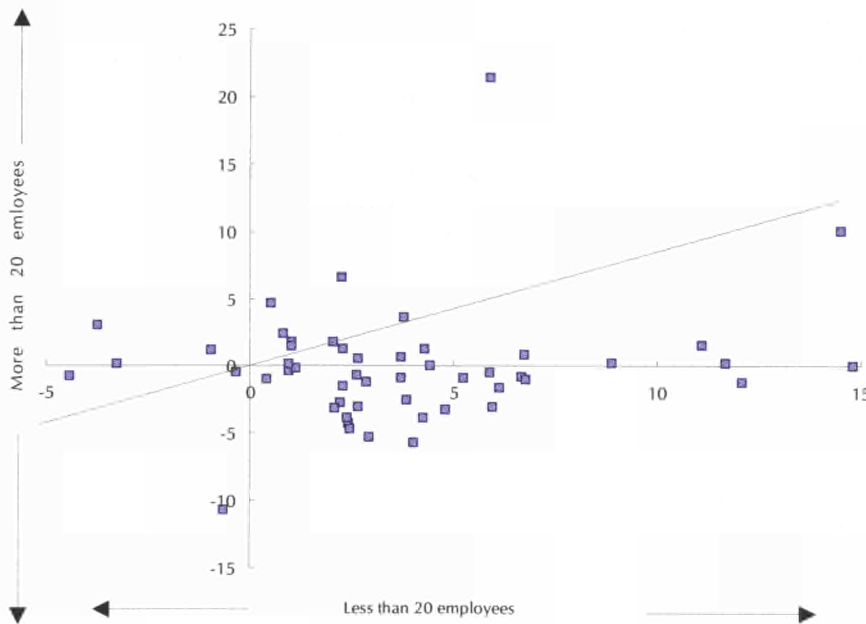

FIGURE 5.18

Effects of local growth in manufacturing industry between 1990 and 1992 of the regions EUR4 in objective 2 areas
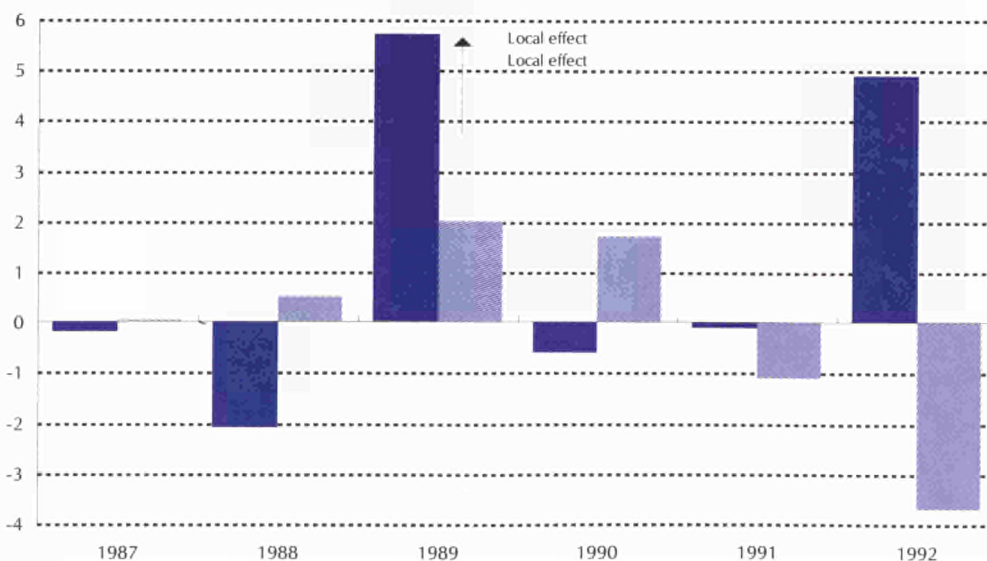(%)

SOURCE: eurostat

FIGURE 5.19

Growth in employment of the regions EUR4 in objective 2 areas
(%)

■ Total growth

■ Growth caused by structural factors

SOURCE: eurostat

Footnotes

1   Cf. Regulation (EEC) on coordination, No 2081/93.

2   Pending the receipt of ISTAT data, which are being prepared, the data used for Italy originate from the Italian Chambers of Commerce and have been supplied by the CERVED.

3   55 groupings in reality: all the eligible areas belonging to the same NUTS II level region have been grouped together.

4   A supplementary analysis confirmed that there was no correlation, other than structural, between the degree of industrial specialisation and the effect.

5   When the share of low-demand sectors is higher than 50%, the regions are classified in the "low-demand" group, even if the share of high-demand sectors is above 25%. This is the case in only two regions.

6   Growth arising from structural factors is calculated by applying the average Community growth rates (measured for different sectors of activity) to the industrial composition of the eligible regions.

7   Here the analysis covers the regions for which data on enterprises with fewer than 20 employees were available, i.e. on the same countries as previously with the exception of four regions in the Netherlands.

Venta · Salg · Verkauf · Πωλήσεις · Sales · Vente · Vendita · Verkoop · Venda · Myynti · Försäljning

BELGIQUE/BELGIE

Moniteur belge/Belgisch Staatsblad
Rue de Louvain 40-42/
Leuvenseweg 40-42
B-1000 Bruxelles/Brussel
Tél. (32-2) 552 22 11
Fax (32-2) 511 01 84

Jean De Lannoy
Avenue du Roi 202/
Koningslaan 202
B-1060 Bruxelles/Brussel
Tél. (32-2) 538 51 69
Fax (32-2) 538 08 41
e-mail: jean.de.lannoy@infoboard.be

**Librairie européenne/
Europese Boekhandel**
Rue de la Loi 244/
Wetstraat 244
B-1040 Bruxelles/Brussel
Tél. (32-2) 295 26 39
Fax (32-2) 735 08 60

DANMARK

J. H. Schultz Information A/S
Herstedvang 10-12
DK-2620 Albertslund
Tlf. (45) 43 63 23 00
Fax (45) 43 63 19 69
e-mail: schultz@schultz.dk

DEUTSCHLAND

Bundesanzeiger Verlag
Breite Straße 78-80
Postfach 10 05 34
D-50667 Köln
Tel. (49-221) 20 29-0
Fax (49-221) 20 29 278

GREECE/ELLADA

G.C. Eleftheroudakis SA
International Bookstore
Panepistimiou 17
GR-105 64 Athens
Tel. (30-1) 331 41 82
Fax (30-1) 323 98 21

ESPAÑA

Mundi Prensa Libros, SA
Castelló, 37
E-28001 Madrid
Tel. (34-1) 431 33 99/431 32 22/435 36 37
Fax (34-1) 575 39 98
e-mail: mundiprensa@tsai.es

Boletín Oficial del Estado
Trafalgar 27-29
E-28010 Madrid
Tel. (34-1) 538 22 95/538 22 97
Fax (34-1) 538 22 67

Sucursal:

Mundi Prensa Barcelona
Consell de Cent, 391
E-08009 Barcelona
Tel. (34-3) 488 34 92
Fax (34-3) 487 76 59

Libreria de la Generalitat de Catalunya
Rambla dels Estudis, 118
Palau Moja
E-08002 Barcelona
Tel. (34-3) 302 68 35/302 64 62
Fax (34-3) 302 12 99

FRANCE

Journal officiel
Service des publications des CE
26, rue Desaix
F-75727 Paris Cedex 15
Tél. (33-1) 40 58 77 01/31
Fax (33-1) 40 58 77 00

IRELAND

Government Supplies Agency
Publications Section
4-5 Harcourt Road
Dublin 2
Tel. (353-1) 661 31 11
Fax (353-1) 475 27 60

ITALIA

Licosa SpA
Via Duca di Calabria 1/1
Casella postale 552
I-50125 Firenze
Tel. (39-55) 64 54 15
Fax (39-55) 64 12 57
e-mail: licosa@ftbcc.it

GRAND-DUCHÉ DE LUXEMBOURG

Messageries du livre Sàrl
5, rue Raiffeisen
L-2411 Luxembourg
Tél. (352) 40 10 20
Fax (352) 490 661
e-mail: mdl@pt.lu

Abonnements:

Messageries Paul Kraus
11, rue Christophe Plantin
L-2339 Luxembourg
Tél. (352) 499 88 88
Fax (352) 499 888 444
e-mail: mpk@pt.lu

NEDERLAND

SDU Uitgeverijen
Externe Fondsen
Christoffel Plantijnstraat 2
Postbus 20014
2500 EA 's-Gravenhage
Tel. (31-70) 378 98 80
Fax (31-70) 378 97 83

ÖSTERREICH

**Manz'sche Verlags-
und Universitätsbuchhandlung Gmbh**
Siebenbrunnengasse 21
Postfach 1
A-1050 Wien
Tel. (43-1) 53 161 (334 oder 340)
Fax (43-1) 53 161 (339)
e-mail: auslieferung@manz.co.at

PORTUGAL

Imprensa Nacional-Casa da Moeda, EP
Rua Marquês de Sá da Bandeira, 16 A
P-1050 Lisboa Codex
Tel. (351-1) 353 03 99
Fax (351-1) 353 02 94/384 01 32

Distribuidora de Livros
Bertrand Ld.ª
Grupo Bertrand, SA
Rua das Terras dos Vales, 4-A
Apartado 60037
P-2700 Amadora Codex
Tel. (351-1) 495 90 50/495 87 87
Fax (351-1) 496 02 55

SUOMI/FINLAND

**Akateeminen Kirjakauppa /
Akademiska Bokhandeln**
Pohjoisesplanadi 39/
Norra esplanaden 39
PL/PB 128
FIN-00101 Helsinki/Helsingfors
Tel. (358) 121 41
Fax (358) 121 44 35
e-mail: akatilaus@stockmann.mailnet.fi

SVERIGE

BTJ AB
Traktorvägen 11
PO Box 200
S-221 00 LUND
Tel. (46) 18 00 00
Fax (46) 18 01 25

UNITED KINGDOM

HMSO Books (Agency Section)
HMSO Publications Centre
51, Nine Elms Lane
London SW8 5DR
Tel. (44-171) 873 9090
Fax (44-171) 873 8463

ICELAND

Bokabud Larusar Blöndal
Skólavördustig, 2
IS-101 Reykjavik
Tel. (354) 55 15 650
Fax (354) 55 25 560

NORGE

NIC Info A/S
Bertrand Narvesens vei 2
Boks 6512 Etterstad
N-0606 Oslo
Tel. (47-22) 57 33 34
Fax (47-22) 68 19 01

SCHWEIZ/SUISSE/SVIZZERA

OSEC
Stampfenbachstraße 85
CH-8035 Zürich
Tel. (41-1) 365 54 54
Fax (41-1) 365 54 11
e-mail: urs.leimbacher@ecs.osec.inet.ch

BĂLGARIJA

Europress Klassica Bk Ltd
76, Gurko Street
BG-1463 Sofia
Tel. (359-2) 81 64 73
Fax (359-2) 81 64 73

ČESKÁ REPUBLIKA

NIS ČR - prodejna
Konviktská 5
CZ-113 57 Praha 1
Tel. (42-2) 24 22 94 33/24 23 09 07
Fax (42-2) 24 22 94 33
e-mail: nkposp@dec.nis.cz

HRVATSKA

Mediatrade Ltd
Pavla Hatza 1
HR-4100 Zagreb
Tel. (38-1) 43 03 92
Fax (38-1) 44 40 59

MAGYARORSZÁG

Euro Info Service
Európa Ház
Margitsziget
H-1138 Budapest
Tel. (36-1) 11 16 061/11 16 216
Fax (36-1) 302 50 35

POLSKA

Business Foundation
ul. Krucza 38/42
PL-00-512 Warszawa
Tél. (48-22) 621 99 93/628 28 82
Fax (48-22) 621 97 61- Free line (0-39) 12 00 77

ROMÂNIA

Euromedia
Str. G-ral Berthelot Nr 41
RO-70749 Bucuresti
Tél. (41) 210 44 01/614 06 64
Fax (41) 210 44 01

RUSSIA

CCEC
9,60-letiya Oktyabrya Av.
117312 Moscow
Tel. (095) 135 52 27
Fax (095) 135 52 27

SLOVAKIA

Slovenska Technicka Kniznica
Nàmestie slobody 19
SLO-81223 Bratislava 1
Tel. (42-7) 53 18 364
Fax (42-7) 53 18 364
e-mail: europ@tbb1.sltk.stuba.sk

MALTA

Miller Distributors Ltd
Malta International Airport
PO Box 25
LQA 05 Malta
Tel. (356) 66 44 88
Fax (356) 67 67 99

TÜRKIYE

Dünya Infotel A.S.
Istiklâl Caddesi No 469
TR-80050 Tünel-Istanbul
Tel. (90-212) 251 91 96 / 427 02 10
Fax (90-212) 251 91 97

ISRAEL

R.O.Y. International
17, Shimon Hatarssi Street
PO Box 13056
61130 Tel Aviv
Tel. (972-3) 546 14 23
Fax (972-3) 546 14 42
e-mail: royil@netvision.net.il

Sub-agent for the Palestinian Authority:

Index Information Services
PO Box 19502
Jerusalem
Tel. (972-2) 27 16 34
Fax (972-2) 27 12 19

EGYPT

The Middle East Observer
41, Sherif Street
Cairo
Tel. (20-2) 39 26 919
Fax (20-2) 39 39 732

UNITED STATES OF AMERICA

Unipub
4611-F Assembly Drive
MD20706 Lanham
Tel. (800) 274-4888 (toll free telephone)
Fax (800) 865-3450 (toll free fax)

CANADA

Uniquement abonnements/
Subscriptions only:

Renouf Publishing Co. Ltd
1294 Algoma Road
K1B 3W8 Ottawa, Ontario
Tel. (1-613) 741 73 33
Fax (1-613) 741 54 39
e-mail: renouf@fox.nstn.ca
For monographs see: Unipub

AUSTRALIA

Hunter Publications
PO Box 404
3167 Abbotsford, Victoria
Tel. (3) 9417 53 61
Fax (3) 9419 71 54

JAPAN

PSI-Japan
Kyoku Dome, Tokyo Kojimachi P.O.
Tokyo 102
Tel. (81-3) 3234 69 21
Fax (81-3) 3234 69 15
e-mail: psijapan@gol.com
URL: www.psi-japan.com

SOUTH AND EAST ASIA

Legal Library Services Limited
Orchard
PO Box 0523
912318 Singapore
Tel. (65) 243 24 98
Fax (65) 243 24 79
e-mail: elaine@leg-liby.demon.co.uk

SOUTH AFRICA

Safto
5th Floor Export House,
CNR Maude & West Streets
PO Box 782 706
2146 Sandton
Tel. (27-11) 883 37 37
Fax (27-11) 883 65 69

**ANDERE LÄNDER
OTHER COUNTRIES
AUTRES PAYS**

Bitte wenden Sie sich an ein Büro Ihrer Wahl
Please, address yourself to the sales office of your choice
Veuillez vous adresser au bureau de vente de votre choix

Price (excluding VAT) in Luxembourg: ECU 13

Subscription: ECU 63