



# KEY FIGURES

Bulletin of economic trends in Europe 03/95

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## Foreword

Annual inflation in the European Union of Fifteen rose in March 1995 to 3.3%.

Unemployment in the European Union of Fifteen, amounting to 10.8% in March 1995, is falling.

Industrial production in the European Union of Fifteen was still rising in January 1995 (+1.3%).

Exports from the Union of Twelve rose more than imports in the first ten months of 1994 (+1.5 percentage points).

Japanese interest rates fell in April 1995. On April 14 the Bank of Japan announced a 0.75% reduction in its official discount rate, which now stands at a record low of 1%.

This month, 'Data of the Month' focuses in the first part on *Retail Trade in the European Union* and in the second part presents a study on *Industrial production in the European Union : Results of 1994*, which was based on the *Panorama of EC Industry - Short-term Supplement No 02/95*.

## European Economy at a glance



	Period	B	DK	D <sup>(1)</sup>	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR 15
GDP, seasonally adjusted volume trends, T/T-1%	III/94	: -1.0	0.6	:	0.6	0.8	:	1.0	:	0.5	0.2	:	1.4	-0.1	0.7	0.7	
GFCF, seasonally adjusted volume trends, T/T-1%	III/94	: -1.8	0.4	:	1.2	1.5	:	-0.1	:	4.4	-2.0	:	3.2	0.9	-0.6	0.6 <sup>(2)</sup>	
Production index, 1990=100 total, seasonally adjusted <sup>(3)</sup>	1/95	: 116.8	97.3	96	104.8	103.9	145.7	103.2	101.4	103.8	:	95.1	113.4	112.4	104.6	101.9	
Consumer price index T/T-12%	3/95	1.7	2.5	2.3	10.3	5.1	1.8	2.5	4.8p	2.3	2.4	4.5	1.7	3.0	3.5	3.3p	
Conversion rate   ECU=... monthly average	4/95	38.1	7.29	1.85	301.8	166.7	6.5	0.82	2296	38.1	2.07	13.05	195.8	5.73	9.85	0.83	
Exchange rate   USD=... monthly average	3/95	29.0	5.64	1.41	228.9	128.5	4.98	0.63	1690	29.0	1.58	9.9	148.1	4.38	7.27	0.62	
Money supply, M1, T/T-12%	1/95	8.8	:	3.4	14.2	6.0	-0.7	13.6	:	:	1.0	8.9	7.8	6.0	:	:	
Yield on public sector long-term bonds %	3/95	8.1	8.9	7.1	:	12.1	8.0	8.7	10.6	6.1	7.1	7.1	11.5	10.2	10.2	8.5	
Unemployment rate seasonally adjusted %	3/95	10.1	9.2	8.0	:	23.2	12.4	14.7	11.7	3.8	7.0	:	7.7	16.5	9.1	8.5	10.8
Extra-EU Trade balance BN ECU, T/T-12%	10/94	-0.1*	0.2	2.6	-0.2	-0.2	1.6	0.0	1.1	-0.1*	-1.3	:	-0.2	:	:	-2.0	1.4 <sup>(2)</sup>

Data in italics are not necessarily for the indicated period but are the latest available (usually the previous month or quarter)

BLEU  
(<sup>1</sup>) Before 3 October 1990  
(<sup>2</sup>) EUR 12  
(<sup>3</sup>) Excluding construction

## Inflation rate

*European Union of fifteen annual inflation up in March 1995*

European Union of fifteen annual inflation stood at 3.3% in March. This was up slightly on February's revised 3.2%.

The rise reflects rising inflation in Italy, Portugal and Spain since the start of this year. However, the European Union of fifteen rate still shows considerable stability: since July 1992 it has remained within the range of 3% to 4%.

Belgium and Finland shared the lowest rate - 1.7%. France was next with 1.8%.

March rates in Member States, in ascending order of inflation, with corresponding figures for a year earlier, are as follows:

	<u>Mar 95</u>	<u>Mar 94</u>		<u>Mar 95</u>	<u>Mar 94</u>
	Mar 94	Mar 93		Mar 94	Mar 93
Belgium	1.7 %	2.3 %	Ireland**	2.5 %	1.7 %
Finland	1.7 %	0.4 %	Sweden	3.0 %	1.8 %
France	1.8 %	1.5 %	United Kingdom	3.5 %	2.3 %
Germany*	2.3 %	3.2 %	Portugal	4.5 %	6.0 %
Netherlands	2.3 %	3.0 %	Italy	4.8 % <sup>P</sup>	4.3 %
Luxembourg	2.3 %	2.3 %	Spain	5.1 %	4.9 %
Austria	2.4 %	3.1 %	Greece	10.3 %	10.2 %
Denmark	2.5 %	1.7 %			
EUR 15	3,3 % p	3,1 %			

\* The CPI for Germany continues to reflect the geographical borders prior to 3 October 1990.

\*\* Feb 95 / Feb 94 and Feb 94 / Feb 93

<sup>P</sup> Provisional

## Unemployment

*European Union of fifteen unemployment - Down to 10.8% in March 1995*

Eurostat estimates European Union of fifteen seasonally-adjusted unemployment in March 1995 at 10.8%. This compares with February's revised 10.9% and a rate of 11.3% in March 1994.

Biggest falls in the last year have been in Spain (24.3% to 23.2% - the highest European Union rate), Finland (19.7% to 16.5% - second highest European Union rate), Denmark (10.7% to 9.2%) and the United Kingdom (9.8% to 8.5%). Germany fell from 8.5% to 8%.

The fall over the year has been more marked for men (10.2% to 9.6%) than women (12.8% to 12.6%). Eurostat says

this suggests female unemployment is less influenced by short-term economic trends.

Eurostat estimates that around 17.9 million people were unemployed in the European Union of fifteen in March 1995. This is a seasonally-adjusted figure in line with ILO criteria.

### Note

The unemployment rate and numbers of unemployed are estimated according to ILO recommendations after taking account of the differences between national methods of recording unemployment.

# Data of the month

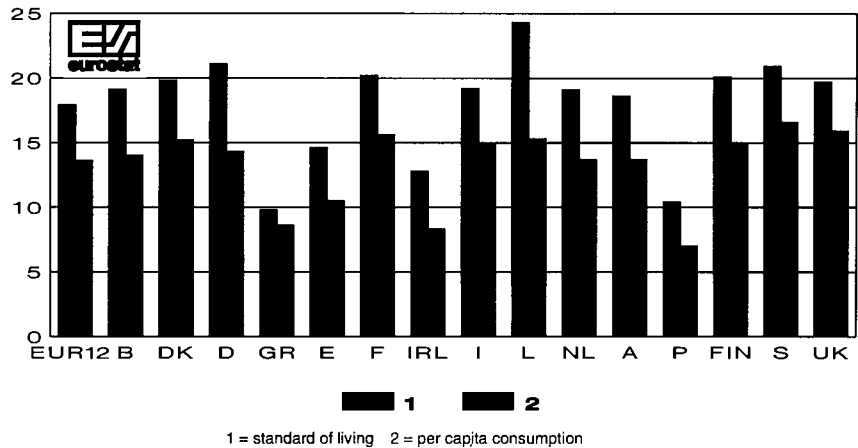
## Retail trade in the European Union

**In the European Union of the Twelve the standard of living was 17 857 PPS and per capita consumption 13 564 PPS in 1990.**

In Germany, France, Finland and Switzerland living standards exceeded 20 000 PPS in 1990. The highest value was for Luxembourg (24 303 PPS).

Per capita consumption was highest in Sweden in 1990 (16 579 PPS), followed by the United Kingdom (15 886 PPS)

Standard of living and per capita consumption in 1990 (000 PPS)



Per capita standard of living for households in 1990 (000 PPS)

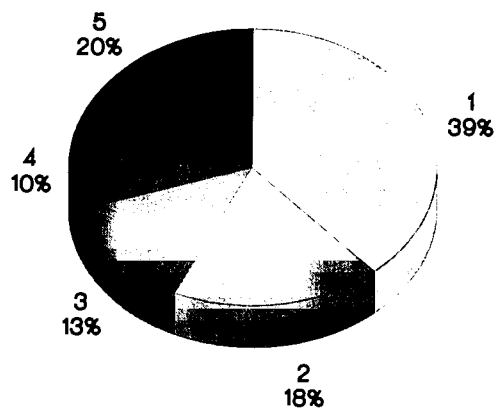
	EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK
1	17.9	19.1	19.8	21.1	9.8	14.6	20.2	12.8	19.2	24.3	19.1	18.6	10.4	20.1	20.9	19.7
2	13.6	14	15.2	14.3	8.6	10.5	15.6	8.3	14.9	15.3	13.7	13.7	7	14.8	16.6	15.9

**Nearly 3.3 million businesses in the European Union are in retail trade.**

Italy had the highest number of retail trade businesses (approximately 930 000) and the highest number of points of sale (983 000), followed by Germany, Spain and France.

In the period 1988-1990, nearly 39% of retail trade businesses in the European Union of the Twelve were in the foodstuffs sector.

Breakdown of retail trade businesses by main sector of activity - EUR12, 1988-1990



1 = foodstuffs, beverages and tobacco 2 = textiles, clothing, footwear  
3 = household appliances 4 = motor vehicle trade 5 = other

Number of businesses and number of points of sale - 1990 (000)

	EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Number of businesses	3 285.6	127.8	48.1	439	175*	454.9	461.8	29.3	929.7	3.5	95	39.9	173.3	29.5	64.9	348.2
Number of points of sale	3 774.6	140*	51.5	533.7	184.9*	523.2	546.1	31.7	983	4.4	119.4	52.5	190*	39.7	72.2	466.6*

\* estimate



# Industrial production in the European Union : Results of 1994

4.9% growth in production in the European Union of Twelve in 1994

## 1- The production index

The annual rate of growth of production in the European Union of Twelve was estimated to be 4.9% in 1994. The trend is positive in most Member States by contrast with the previous year (1993 compared with 1992), when the overall trend in industrial production

was still clearly negative (- 3.2%). The highest rates are to be found in Ireland and Denmark. The growth rates in Portugal, Greece and the Netherlands were under 3% (cf. Table 1 and Fig. 1).

Growth in industrial production in 1994 was generated by the consumer durables and intermediate goods sector.

Table 1



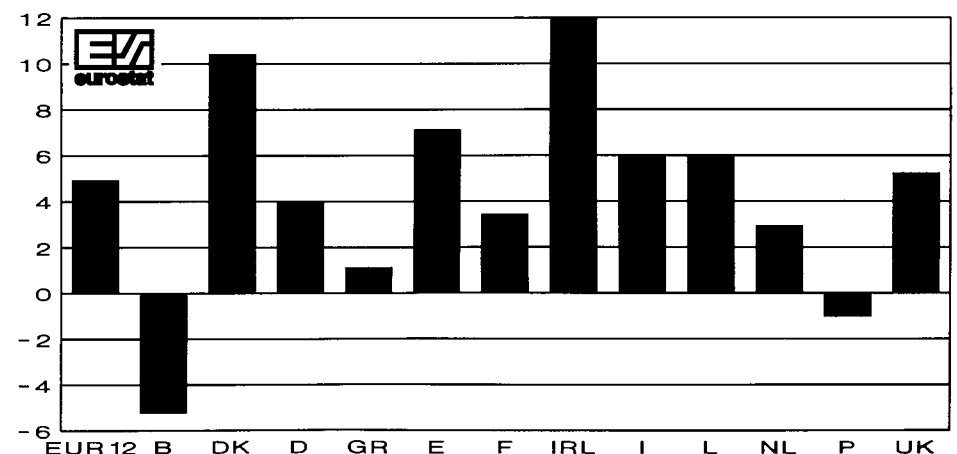
### Annual production indices for all industry in 1994

1994	EUR 12	B*	DK	D	GR	E	F	IRL	I	L	NL	P	UK
1990 = 100	99.3	93.0	111.0	97.1	95.8	98.4	98.5	133.0	101.3	102.0	102.5	94.0	103.2
Rate of change T/T-1 %	4.9	-5.2	10.4	4.0	1.1	7.1	3.4	12.0	5.9	6.0	2.9	-1.0	5.2

\* Belgium: 1993

Fig. 1

### Annual rate of change of the production index, in 1994 (\*Belgium: 1993)



1.6% increase in producer prices in 1994 in the European Union of Twelve.

## 2- The index of producer prices

Producer prices (in ecus) show an increase of 0.8% from one year to the next in October 1994. In ecu terms, Belgium, Denmark, Ireland and Luxembourg have the highest price increases.

Changes in producer prices are much different when expressed in national currencies, in which case Greece, Spain and Italy have the greatest increases. The index of producer prices rose by 1.6% in 1994 in the European Union of Twelve (expressed in national currency) (cf. Table 2).

Table 2



### Annual indices of producer prices for all industry in 1994

1994	EUR 12	B	DK	D	GR	E	F	IRL*	I	L	NL	P	UK
1990 = 100	106.9	99.5	99.7	104.7	156.6	109.8	101.2	105.6	113.3	95.0	101.0	:	112.1
Rate of change T/T-1 %	1.6	1.3	0.7	0.7	7.2	4.3	0.6	2.4	3.8	1.5	0.8	:	1.8

\* Ireland: 1993

5% growth in capacity utilisation in 1994 in the European Union of Twelve.

## 3- Capacity utilisation

The recovery is confirmed by the data on capacity utilisation, which rose by 5% in 1994 to reach nearly 82%. Ca-

capacity utilisation for all industry was highest in France, the United Kingdom, Germany, the Netherlands, Denmark and Luxembourg (in the first quarter of 1995) (cf. Table 3).

Table 3



### The capacity utilisation rate for all industry, first quarter of 1995

I/95	EUR 12*	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
%	81.6	79.7	83.0	84.1	75.7	75.2	85.6	77.2	77.6	82.5	83.9	78.1	84.7

\* EUR 12: last quarter of 1994

## Industrial production

*European Union of fifteen industrial output up again in January 1995*

The trend of European Union of fifteen industrial production rose by 1.3% in November to January compared to the three previous months.

Eurostat comments that output continues to rise with no sign of faltering. However, the January index (1990 = 100) was 100.1, which means the

EUR 15	1.3
Ireland*	3.8
Sweden*	3.3
Denmark	2.3
Austria	2.3
Spain	2.1
Germany*	1.6
Finland	1.4

1992 - 93 downturn has only just been made up for.

Recovery in the United States is also firm with a rise of 1.2% in November-January.

Figures (in %) for Member States, where available, are (\* = estimate):

Italy	1.2
France	1.0
United Kingdom	0.8
Netherlands	0.3
Luxembourg*	0.1
Portugal*	-0.3
Greece	-0.3

## External trade

*European Union of twelve's exports increased more than imports during the first ten months of 1994 (+1.5 percentage points).*

In October 1994 the European Union's external trade recorded a surplus of ECU 1.4 billion compared to the ECU 3 billion registered in the same month in 1993. Nevertheless, the cumulated deficit for January-October 1994 narrowed to ECU 1.1 billion from ECU 6.5 registered a year earlier.

In the period January-October 1994, Germany registered both the largest extra-EU surplus among the EU member states (ECU 20.3 billion) and the most important improvement compared to the same period a year earlier (ECU 6.3 billion).

During the first ten months of 1994, the Italian trade balance improved its surplus by ECU 2.6 billion, reaching ECU 10.1 billion from ECU 7.5 billion recorded in 1993.

In the period January-October 1994, the United Kingdom was the European Union country that experienced the largest trade deficit which reached ECU 17.6 billion. The UK's trade position showed a slight deterioration (ECU 0.7 billion) with reference to the same period of 1993, even if the gap between the exports' and imports' growth rates was positive (+0.8 percentage points).

The Dutch extra-EU deficit recorded the most important deterioration between January-October 1993 and 1994 (ECU 4.9 billion) reaching ECU 15.6 billion.

In the first ten months of 1994, the external position of BLEU and Ireland worsened if compared to the same period in 1993. The BLEU's deficit went up to ECU 0.9 billion from ECU 0.4 billion, while the Irish surplus was slightly reduced.

France's extra-EU trade surplus improved by ECU 1.4 billion between the above mentioned period in 1994 and a year earlier (from ECU 6.7 billion to ECU 8.1 billion).

Between the periods January-October 1993 and 1994, the external trade positions of Denmark and Portugal were almost stable (respectively ECU 2 billion surplus and ECU 2.3 billion deficit).

From January to October 1994 Spain and Greece improved their trade balances compared to the corresponding period a year earlier: both countries reduced their extra-EU deficits respectively by ECU 0.2 billion and ECU 1.1 billion.

# Money and finance

## Japanese interest rates fell in April 1995

### Exchange rates

On April 14 the Bank of Japan announced a 0.75% reduction in its official discount rate, which now stands at a record low of 1%. The rate reduction was accompanied by a government package of public spending and deregulation. These moves were intended to boost the Japanese economy, which is already recovering only slowly from recession, and is further suffering from the yen's more than 20% appreciation against the dollar so far in this year.

The yen had reached a new low in Asian trading on April 10, when it traded at 80.15 against the dollar. This particular downwards move was attributed to Asian central banks diversifying their foreign official reserves away from the dollar. The dollar seemed to take little support from the cut in Japanese rates, and on April 19 dipped below ¥80 for the first time in the post-1945 period. However, it later strengthened slightly to close at ¥84.125 on April 26.

The dollar's weakness against the mark has not been quite as marked as against the yen, since it has not touched historic lows, trading between DM1.36 and DM1.40 for much of April, although this represents a depreciation of around 17% since the start of 1995.

Within the EU, currency pressures have receded somewhat in recent weeks, with several currencies strengthening against the mark. Following the reduction in German rates at the end of March, official interest rates were reduced twice in Belgium, where the central rate now stands at 4.75%, its lowest level for some time. Having strengthened below the FF3.50 level in recent weeks, the French franc weakened slightly after the first round of the Presidential elections on April 23, but recovered in the following days, to close in London on April 26 at FF3.522.

After depreciating in early March, the Italian lire was rather more stable in April, trading at around 1230-1250 to the mark. The performance of the Swedish krona was rather mixed: it reached a further low against the mark of Skr5.428 in early April, then recovered somewhat to around Skr 5.22, before falling again to Skr5.38 towards the end of the month and then recovering to Skr5.308.

On April 25 the Dutch guilder remained at the top of the ERM grid, followed by the Belgian franc, mark, schilling, Danish krona, escudo, peseta, French franc and punt.

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