

STRUCTURE AND ACTIVITY OF INDUSTRY

FIRST RESULTS

The brief analysis in this rapid report is based on the first results of the structural data for 1991 provided to Eurostat by four European Community Member States: France, Luxembourg, the Netherlands and the United Kingdom. In addition, the final results of the annual survey in Denmark are already available and have hence been included in the following analysis. The first results data covers approximately 7 variables at the NACE 2-digit (class) level, though the exact data sets provided vary slightly from country to country. The coverage of these first results is expected to improve in the near future.

The analysis also makes use of data from the publication *Structure and activity of Industry: Annual inquiry - Main results 1989/1990*, issued recently by Eurostat. This publication contains structural data on the industrial sectors of the 12 Member States of the European Community for 1989 and 1990. Data is provided for 18 variables and 8 ratios in 150 activities. These data are drawn from the Eurostat data base INDE.

The general situation in industry between 1990 and 1991

The reduced data sets make any analysis of the structure of the industrial sector as a whole rather limited. In particular, **division 1** (energy and water) of NACE is very poorly covered. The

data that is available for this division (principally mineral oil refining (class 14) and the production and distribution of electricity, gas, steam and hot water supply (class 16)) indicates a generally stable or improving economic situation measured in turnover and value added terms. Care should be taken not to draw too much from these classes as they can not really be regarded as representative of the division as a whole.

Division 2 (extraction and processing of non-energy producing minerals and derived products; chemical industry) is more complete, only class 21 (extraction and preparation of metalliferous ores) not being available and NACE classes 25 and 26 (Chemical industry and the man-made fibres industry) being available for all countries as an aggregate. Throughout this division, the number of enterprises hardly moved between 1990 and 1991. Employment fell in all sectors in France and in all but one in the United Kingdom (class 23 - extraction of minerals other than metalliferous and energy producing minerals; peat extraction). Denmark and Luxembourg showed growth in employment in two sectors (classes 22 (production and preliminary processing of metals) and 23 and classes 23 and 25/26 respectively) whilst declining in the others. Meanwhile labour costs rose in Denmark and the Netherlands and also in Luxembourg (except for class 22). Turnover and value added moved in tandem throughout the division, both falling for class 22 and both rising for class 23. The

remaining two sectors saw mixed economic performances, France and the Netherlands improving in class 24 (manufacture of non-metallic mineral products) and Denmark, Luxembourg and the United Kingdom improving in classes 25/26.

In **Division 3** (metal manufacture; mechanical, electrical and instrument engineering), the number of enterprises generally increased with only Denmark (class 37 - instrument engineering) and France (class 33 - manufacture of office machinery and data processing machinery) showing any significant falls. Employment was more mixed, with Denmark generally rising with a few exceptions and both France and the United Kingdom failing to rise significantly (except class 33 for the United Kingdom). Apart from one or two particular exceptions, labour costs rose everywhere. Value added and turnover again showed mixed results, only Denmark showing any consistent growth, but even there some classes recorded falls; Class 34 (electrical engineering) fell by both measures and class 37 fell in terms of turnover contrary to the trend in other countries, but rose with the others when measured by value added. All of the other countries provided a mixed set of performances across the sectors, a generally weak set of figures for the United Kingdom being the only common theme, though even here there were also some positive trends, with growth in classes 33 and 37

The number of enterprises in **division 4** (other manufacturing industries) failed to increase in any sector in Denmark, was relatively flat in France (with growth in class 41/42 (food, drink and tobacco industry) and a fall in class 49 (other manufacturing industries)) and grew consistently in the Netherlands except for classes 43 (textile industry) and 45 (footwear and clothing industry). Employment fell in the two large countries, France and the United Kingdom, with few exceptions. The Netherlands employment figures followed the same trend as the number of enterprises, increasing everywhere except classes 43 and 45. In terms of labour cost the Netherlands recorded

increases across all sectors and Denmark and the United Kingdom registered only one fall each in wages and salaries (class 43 and 44 (leather and leather goods industry) respectively). As expected turnover and value added generally followed each other, but not as closely as was the case in division 3. By turnover, Denmark showed increases in every class except class 43. The Netherlands figures also fell in class 43 and in class 49 but rose elsewhere. Looking at value added, class 43 again diverged from Denmark's usual upward trend, as did class 47 (manufacture of paper and paper products; printing and publishing); the figures for both classes remaining relatively stable. The

United Kingdom's economy showed some stability in this division, a rise in class 41/42 and a fall in class 46 (timber and wooden furniture industries) being the only notably exceptions.

Developments in the structure of industrial activities

Three classes have been selected for a more detailed analysis of the changes in the structure and activity of the five Member States.

1991 First results Employment (units) and turnover (ECU millions)

NACE	Variables	Denmark	France	Luxembourg	Netherlands	United Kingdom
1400	Emp.	2349	21893			13108
	Turnover	1370	32025			27972
1600	Emp.		159769	1030		214247
	Turnover		34865	336		54972
2200	Emp.	1866	108567	11280	27892	119339
	Turnover	692	20740	1627	3957	17899
2300	Emp.	673	26889	166		6170
	Turnover	83	2929	15		
2400	Emp.	14738	141725	3281	28915	175530
	Turnover	1485	16988	361	3325	14949
25 + 26	Emp.	18921	289648	1022	88766	295943
	Turnover	3196	64184	287	20599	50510
3100	Emp.	31478	391224	3010	74715	328399
	Turnover	2667	34360	373	7609	24661
3200	Emp.	54145	236335	2430		393561
	Turnover	4440	27738	284		34219
3300	Emp.	1931	54799			60720
	Turnover	179	11270			11674
3400	Emp.	33946	422841		102234	439892
	Turnover	2786	49775		13796	35920
3500	Emp.	4979	339930			239378
	Turnover	488	63679			30997
3600	Emp.	12336	147704			243369
	Turnover	1349	19150			19939
3700	Emp.	4394	47406		7324	69891
	Turnover	350	4144		589	5143
41/42	Emp.	66982	353014	2461	128521	538652
	Turnover	14888	89383	425	33371	83226
4300	Emp.	8670	160423		18480	171152
	Turnover	860	15446		211	10385
4400	Emp.	412	19611		1898	12535
	Turnover	33	1625		227	881
4500	Emp.	9590	161269	842	12657	218968
	Turnover	747	12242	165	1055	9459
4600	Emp.	20982	124543		24032	144070
	Turnover	1913	11597		2055	10774
4700	Emp.	28764	253006	1537	87975	370504
	Turnover	3087	34048	117	10948	34983
4800	Emp.	15616	191502	4302	31907	201904
	Turnover	1603	19459	747	4042	16917
4900	Emp.	5837	47089		4930	51912
	Turnover	666	4275		392	3458

1. Production and preliminary processing of metals (NACE class 22)

The number of enterprises remained relatively stable whilst employment fell everywhere except in Denmark. This led to a reduction in the average size of firms, particularly evident in the United Kingdom (214 to 193 persons employed). The ranking of countries in terms of the average size of enterprises did not change in 1991, the Netherlands having the largest firms (536 persons employed) and Denmark the smallest (157 persons employed). The United Kingdom remained the largest employer in this sector (119 000 persons employed).

Labour costs continued to rise in Denmark and the Netherlands and remained relatively unchanged in the United Kingdom. Average wages and salaries and unit labour cost fell in Denmark. Significant rises were experienced elsewhere continuing the trend established in all countries during the second half of the 1980s and early 1990s. The United Kingdom continued to have the lowest average wages and salaries.

After seeing turnover (figure 1) rise between a trough in 1987 and a peak in 1989, all countries experienced a reinforcement in 1991 of the decline in turnover which had started the year before, though Denmark's turnover fell only marginally during 1990 and 1991. France's turnover remained the highest in absolute terms (20.7 billion ECU).

Correspondingly, turnover per head (figure 2) fell between 1990 and 1991 in all countries, most sharply in France (-7.7%) and least noticeably in the United Kingdom (-1.0%), though France still had the highest ratio (191 000 ECU/persons employed) by a considerable margin.

Value added followed a similar trend to turnover during the late 1980s, with similar peaks and troughs and a decline in 1991. Denmark's figures for 1991 went against this trend and value added recouped most of its losses from the previous year. In consequence, Denmark was the only country whose value added per employee in 1991 rose in comparison to the 1990 figure (up 1.6%).

The investment figures for 1991 when compared to 1990 are somewhat varied, showing investment in Luxembourg, the Netherlands and the United Kingdom falling, whilst in both Denmark and France investment grew.

2. Manufacture of metal articles (except for mechanical, electrical and instrument engineering and vehicles) (NACE class 31)

Whilst the number of enterprises and the number of persons employed in this class increased in the Netherlands between 1990 and 1991, the average enterprise size fell slightly (-1.9%), as it did in all countries. The reduction was greatest in the United Kingdom (-8.2%), but it still had the largest average size (82 persons employed). In absolute terms, employment fell in Denmark, France and the United Kingdom, with only Luxembourg and the Netherlands in experiencing growth during 1991. France however remains the largest employer in the class in 1991 (more than 391 000 employees).

Despite the fall in employment in Denmark and the United Kingdom, their average wages and salaries continued to rise as they had done regularly since 1985. In 1991 the Netherlands also experienced an increase in total labour cost which was not simply the result of its increased employment as it also experienced quite a large rise in unit labour cost (14.4%).

Data for 1991 show a marked change in turnover (figure 3) compared to the trends established since the slow-down experienced in 1986 and 1987. Since 1987 turnover grew steadily in nearly all countries with only Luxembourg showing any reduction in 1990. In 1991 however, both France and Luxembourg saw a decline in their turnover (-0.7% and -10.3% respectively). Having slackened in 1990, the United Kingdom's growth practically stopped in 1991 and Denmark also registered a sharp decline in turnover growth. In 1991 only the Netherlands (7.2%) has managed to maintain sales growth at anything like the level enjoyed by the other countries prior to 1990.

The data for value added (figure 4) shadowed those for turnover for a number of years, the only significant difference being the slight fall experienced in 1991 in the United Kingdom. The fall in employment in Denmark and the United Kingdom produced increasing labour productivity figures in both of these countries, most noticeably in the United Kingdom (up 10.1% from 28 000 ECU/persons employed in 1990). Luxembourg's dramatic fall in turnover and value added, allied with the increased employment in this class, led to falls in labour productivity in 1990 and 1991 which together more than cancelled out the 23% gain achieved over the previous two years, and brought the 1991 figure close to its 1985 level.

Figure 1: Trends in turnover

(Nace 22: production and preliminary processing of metals)

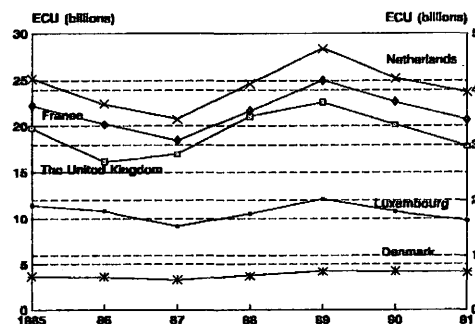


Figure 2: Trends in turnover per person employed

(Nace 22: production and preliminary processing of metals)

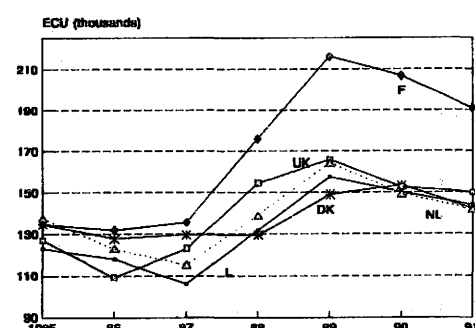


Figure 3: Trends in turnover

(Nace 31: manufacture of metal articles)

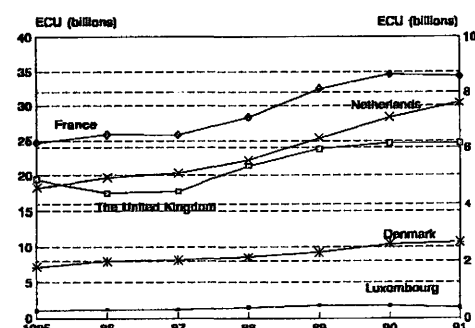
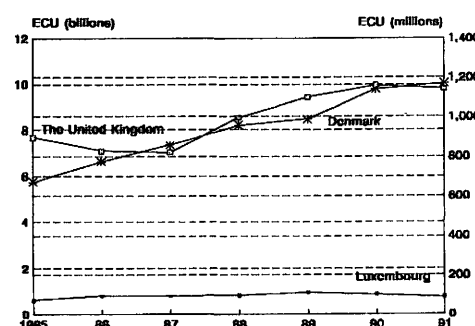


Figure 4: Trends in value added

(Nace 31: manufacture of metal articles)



After a slight fall in 1990 the **investment** figures for 1991 in the Netherlands grew by 21.1%; a continuation of the growth experienced since 1985. Both France and the United Kingdom saw investment drop off after steady increases since 1986. The recovery in Denmark's investment figures which had started from the low point on 1988 and was still evident in 1990, but came to a halt in 1991 as they fell back below their 1989 level.

3. Food, drink and tobacco industry (class 41/42)

The trends in the **number of enterprises** in the second half of the 1980s differ from country to country: France (+1.0%) and the Netherlands (+3.1%) to a greater or lesser extent show a continuation of the increase observed since 1985 with the exception of 1990 (-2.4% and -3.5% respectively). In comparison the rate of -4.2% in Denmark in 1991 confirmed the reduction in the number of enterprises which had started in 1985. The United Kingdom differs from the other countries due to the relative stability in the number of enterprises (+0.8% in 1991 and an annual average rate of +0.4% between 1985 and 1990).

Looking at the progression of **employment** (figures 5-7) for 1991, the slight fall (-2.6%) in the United Kingdom contrasts with the positive figures in Luxembourg (+1.9%) and the Netherlands (+2.5%). The two other countries, Denmark and France remained relatively stable in 1991.

Combining the number of enterprises and employment, in 1991 the **average enterprise size** in Denmark passed that for the United Kingdom.

Compared to 1990, **Labour costs** in 1991 increased in all of the countries for which data is available (DK, L, NL). The Netherlands saw the highest increase, growing by nearly 15% in 1991.

Leaving aside stable French turnover figures, the increase in **turnover** and **value added** figures in 1991 reinforced the positive trend established in the preceding years.

The 1991 **investment** figures show an increase for all countries following the positive growth established during recent years. Although France's increase was only about 4% in 1991, some countries saw investment rise much more strongly as in Denmark for example where the rate was above 20%.

Figure 5: Trends in employment and turnover
FRANCE (Nace 41/42: food, drink and tobacco industry)

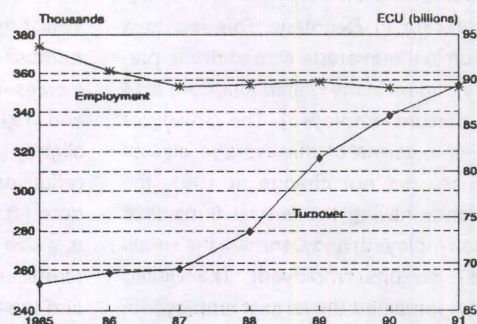


Figure 6: Trends in employment and turnover
NETHERLANDS (Nace 41/42: food, drink and tobacco industry)

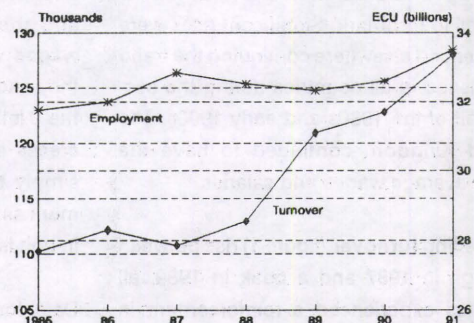


Figure 7: Trends in employment and turnover
LUXEMBOURG (Nace 41/42: food, drink and tobacco industry)

