EUROPEAN ECONOMY

EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

Supplement B
Business and Consumer
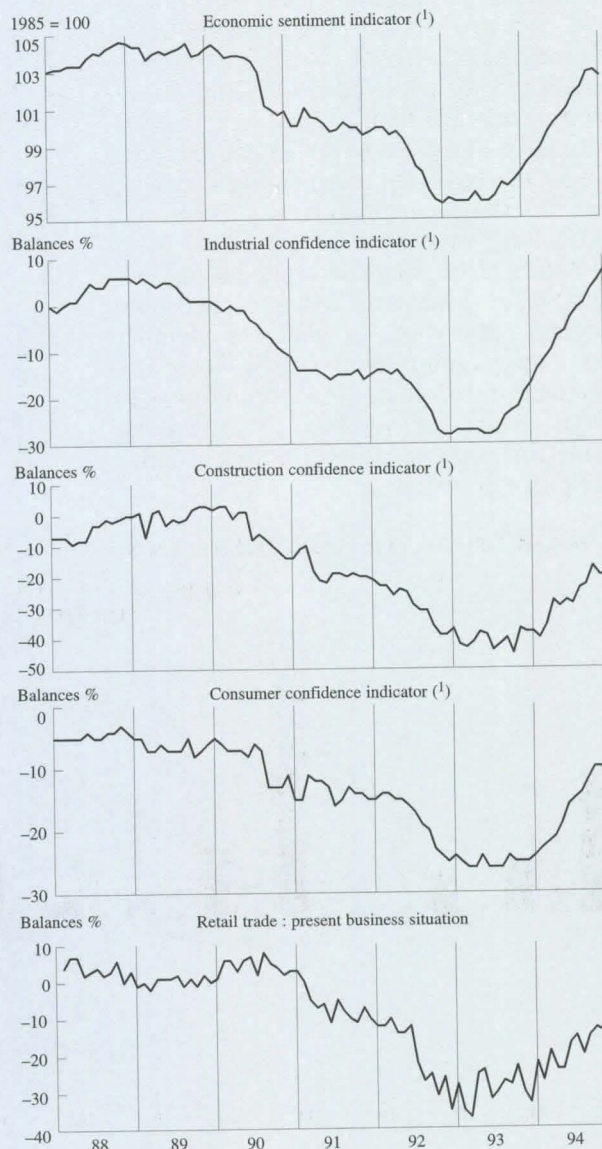**Survey Results**
No 1 – January 1995

THE MAIN POINTS IN BRIEF

- Businesses expect *industrial investment* to rise sharply in 1995 (Table 5). After a 2% decline in 1994, industrialists are now planning to increase investment by 9% in real terms in 1995.

- EU *industrialists'* mounting confidence in the future economic trend and their plans to increase industrial output further in the coming months underpin these optimistic investment intentions.

- By contrast, *consumer confidence* has ebbed slightly. However, it is still at a high level and would have remained almost unchanged if the loss of confidence in the United Kingdom had not been so pronounced.

GRAPH 1 : **Indicators of economic sentiment — European Community (s.a.)**

$(^1)$ See notes to Table 1.

Confidence in the economic trend in the European Union remained strong at the end of 1994. – The economic trend in the EU continued to point upwards at the end of 1994. This is borne out by the latest business survey results up to December 1994. *Industrialists'* and *retailers'* assessments confirm a growing confidence, particularly as far as the future economic trend in Europe is concerned. The indicator for the *construction* industry is unchanged on the previous month. By contrast, for the first time since December 1993, *consumer* confidence has not seen any improvement. Nevertheless, there are no discernible signs of any interruption in the economic recovery.

The EU's leading economic indicator remains at a high level. – The EU's indicator of economic sentiment for December fell slightly, by 0.3 percentage point compared with the previous month, but was only just below the high level recorded in October. The reasons were the weakness of stock markets and, above all, the decline in consumer confidence compared with November. However, no change in the current growth rate can be inferred from these developments, which are probably attributable to exceptional factors.

Ambitious investment plans in industry for 1995. – The initial results of the investment survey of manufacturing industry conducted in October/November 1994 point to strong investment demand in 1995. After a 2% decline in real terms in 1994, industrialists are now planning to increase investment substantially by 9% (Table 5). A growth rate of this magnitude was last achieved in 1989. Industrialists are thus demonstrating that their competitive position in Europe seems to have improved to the extent that they would like to create the basis for augmenting capacity. Planned investment in extra capacity is above the Community average (9%) in Belgium (18%), Greece (33%), Italy (11%), the Netherlands (20%) and the United Kingdom (14%). Implementation of these plans will also contribute to a better investment climate in the other EU Member States and thus boost the economic recovery. However, the continued improvement and resilience of economic growth depend to a large extent on whether the measures introduced or planned in the EU to create an climate conducive to investment prove effective.

Differing assessments of the economic climate among businesses and consumers. – In *industry*, the indicator of economic sentiment continued to rise uninterrupted and even surpassed the level recorded at the top of the last upswing. The number of industrialists planning to increase output in the coming months has again risen and exceeds by 21 percentage points the number of those planning a reduction; the propensity to expand clearly predominated in all Member States. At the same time, the level of domestic and export order–books was reckoned to be more than adequate in seven of the twelve Member States (the balance for the Community as a whole also being positive). The pressure of stocks has also fallen according to many industrialists' assessments, with the result that, taking the average for the Community, stocks of finished products are now regarded as normal. Industrial output is increasingly proving to be the driving force behind the current economic trend.

The climate in the *construction industry* was unchanged compared with November. Although the survey results point to stabilization, unusually bad weather conditions probably account for the lack of any improvement, and this is reflected above all in the more pessimistic employment expectations.

In December, for the first time in twelve months, *consumers* were slightly more pessimistic than in the previous month about their own financial situation and about the general economic situation and trend. The loss of confidence was above average in the United Kingdom (9%); without that deterioration, the EU average for consumer confidence would have hardly changed. In France, Ireland and Portugal the consumer confidence indicator actually rose. The decline in consumer confidence, primarily in Germany and the United Kingdom, might be influenced by the tax increases being introduced in 1995.

Retailers viewed their economic situation more positively in November than in the previous months, but this improvement seems – according to the results available, for individual countries – not to have held in December. Nevertheless, retailers were more optimistic than in previous months about the business situation in the next six months.

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GRAPH 2 :   **Industrial investment in manufacturing industry**

% change in relation to preceding year
(current prices)
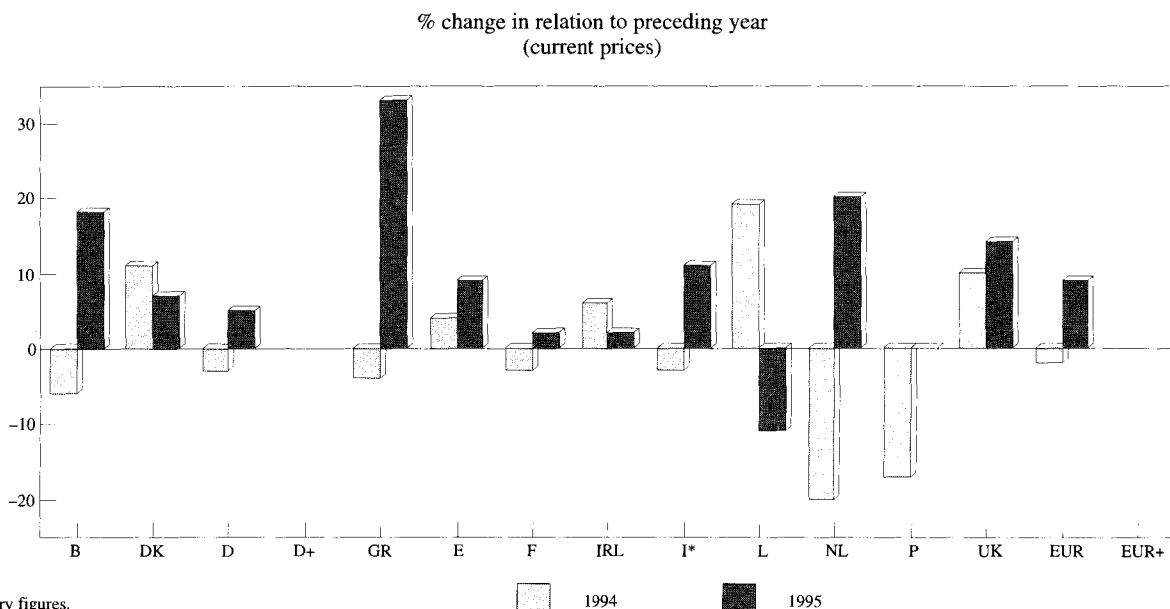
* Preliminary figures.
Source : EC investment surveys.

☐ 1994   ■ 1995

TABLE 1* : Indicators of confidence and economic sentiment (s.a.)

		Values		1992	1993	1994	1994			1994					
		Max. 88/90	Min. 91/93				II	III	IV	July	Aug.	Sept.	Oct.	Nov.	Dec.
B	1. industrial confidence indicator	2	−33	−20	−29	−6	−9	−4	0	−7	−4	−1	−2	−1	3
	2. construction confidence indicator	7	25	−13	−21	−15	−14	−15	−16	−15	−15	−15	−16	−14	−17
	3. consumer confidence indicator	5	−30	−12	−26	−15	−17	−12	−8	−16	−12	−8	−6	−8	−9
	4. share-price index[a]	:	:	175,3	191,4	211,4	216,2	211,1	198,7	213,4	215,5	204,4	195,9	199,6	200,5
	= 5. economic sentiment indicator	107,6	98,0	102,0	99,2	103,4	103,0	104,1	104,9	103,3	104,2	104,9	105,0	104,9	104,9
DK	1. industrial confidence indicator	5	−20	−7	−12	12	10	15	15	15	:	:	15	:	:
	2. construction confidence indicator	12	−37	−22	−26	3	−5	12	16	12	:	:	16	:	:
	3. consumer confidence indicator	−4	−10	−2	−5	8	8	10	10	9	9	11	9	11	10
	4. share-price index[a]	:	:	144,7	147,7	176,3	176,8	171,1	167,6	179,6	166,7	166,9	169,2	165,5	168,2
	= 5. economic sentiment indicator	98,5	95,9	96,0	95,3	:	100,1	101,0	:	100,8	100,9	101,2	101,1	:	:
D	1. industrial confidence indicator	11	−36	−18	−34	−13	−16	−10	−1	−10	−10	−9	−4	0	1
	2. construction confidence indicator	3	−33	−15	−28	−27	−26	−26	−26	−27	−26	−26	−25	−26	−27
	3. consumer confidence indicator	6	−30	−20	−28	−15	−17	−10	−6	−11	−11	−9	−5	−6	−8
	4. share-price index[a]	:	:	137,5	147,4	168,2	172,5	167,7	160,9	165,8	170,2	167,1	160,2	161,6	160,9
	= 5. economic sentiment indicator	104,6	95,0	98,7	96,1	99,5	99,1	100,3	101,3	100,2	100,3	100,5	101,2	101,5	101,3
GR	1. industrial confidence indicator	5	−11	−4	−6	0	1	4	−2	3	4	4	−4	−3	1
	2. construction confidence indicator	−12	−50	−13	−23	−38	−18	−51	−45	−51	:	:	−45	:	:
	3. consumer confidence indicator	−7	−36	−31	−27	−22	−21	−24	−28	−24	−23	−24	−26	−28	−30
	4. share-price index[a]	:	:	560,7	473,6	551,4	543,5	506,0	500,0	495,0	521,1	501,9	501,3	484,7	514,0
	= 5. economic sentiment indicator	100,9	98,5	99,0	99,2	100,0	100,4	99,8	99,3	99,7	99,8	99,8	99,3	99,2	99,3
E	1. industrial confidence indicator	0	44	−25	−35	−9	−10	−6	1	−5	−6	−8	−2	2	1
	2. construction confidence indicator	32	−59	−37	−44	−18	−24	−15	4	−20	−16	−10	14	0	−4
	3. consumer confidence indicator	5	−39	−20	−34	−25	−30	−20	−15	−25	−19	−17	−17	−14	−15
	4. share-price index[a]	:	:	270,0	316,0	369,7	371,9	360,5	349,2	367,5	365,5	348,4	347,1	353,2	347,3
	= 5. economic sentiment indicator	102,0	96,1	98,2	96,6	99,2	98,7	99,6	100,4	99,3	99,7	99,8	100,2	100,6	100,4
F	1. industrial confidence indicator	12	−40	−21	−35	−4	−5	2	9	−2	2	6	9	9	9
	2. construction confidence indicator	2	−59	−43	−57	−38	−40	−37	−30	−37	:	:	−30	:	:
	3. consumer confidence indicator	−9	−28	−22	−25	−17	−18	−15	−13	−16	−16	−13	−13	−14	−13
	4. share-price index[a]	:	:	217,2	241,2	252,5	255,1	244,1	235,5	243,7	250,6	237,9	230,8	237,0	238,6
	= 5. economic sentiment indicator	106,0	97,1	99,9	97,9	101,8	101,5	102,5	103,4	102,1	102,4	103,1	103,3	103,3	103,6
IRL	1. industrial confidence indicator	14	−22	−4	−13	2	−2	4	7	2	−1	10	6	4	11
	2. construction confidence indicator	30	−38	−13	−27	−2	−27	18	22	−8	23	38	19	29	19
	3. consumer confidence indicator	−3	−26	−21	−14	−1	−3	−1	2	−2	−2	1	4	0	2
	4. share-price index[a]	:	:	223,9	280,8	318,6	305,2	320,7	315,5	318,0	329,6	314,4	313,6	314,3	318,7
	= 5. economic sentiment indicator	105,1	100,5	101,2	101,7	104,2	103,4	104,6	105,1	104,0	104,5	105,3	105,2	104,8	105,2
I	1. industrial confidence indicator	13	−22	−15	−17	1	−1	3	9	2	4	4	8	9	11
	2. construction confidence indicator	21	−68	−16	−48	−35	−33	−32	−15	−46	−27	−24	−15	−16	−14
	3. consumer confidence indicator	0	−36	−19	−32	−21	−22	−18	−15	−20	−19	−15	−16	−15	−15
	4. share-price index[a]	:	:	136,9	168,2	209,6	233,7	211,6	193,4	216,0	210,9	207,8	195,6	194,8	189,8
	= 5. economic sentiment indicator	103,5	96,2	98,7	96,8	100,0	100,0	100,7	101,5	100,1	100,6	101,3	101,3	101,5	101,6
NL	1. industrial confidence indicator	3	−12	−6	−10	−1	−2	2	3	1	1	3	2	2	5
	2. construction confidence indicator	9	−20	−15	−17	−11	−12	−8	−9	−8	−8	−8	−10	−9	−9
	3. consumer confidence indicator	11	−21	−10	−17	−7	−9	−4	−1	−8	−4	0	−1	0	−3
	4. share-price index[a]	:	:	142,4	167,0	196,4	191,3	197,1	196,8	193,9	199,4	198,0	194,9	197,3	198,2
	= 5. economic sentiment indicator	103,5	97,3	99,0	97,9	100,4	99,9	101,0	101,4	100,4	101,0	101,5	101,3	101,5	101,3
P	1. industrial confidence indicator	5	−28	−12	−25	−5	−6	−3	1	−1	−5	−3	2	0	2
	2. construction confidence indicator	12	−51	−32	−47	−45	−52	−43	−41	−43	−41	−45	−41	−40	−43
	3. consumer confidence indicator	4	−31	−5	−24	−26	−27	−26	−25	−28	−24	−27	−25	−25	−24
	4. share-price index[a]	:	:	93,9	110,6	145,1	141,4	143,4	144,0	137,6	147,4	145,1	142,3	145,4	144,4
	= 5. economic sentiment indicator	103,5	95,1	98,0	95,7	97,7	97,4	97,9	98,4	97,8	98,1	97,8	98,3	98,3	98,5
UK	1. industrial confidence indicator	21	−40	−24	−11	2	−3	4	8	0	8	4	6	8	11
	2. construction confidence indicator	42	−78	−53	−38	−20	−24	−15	−17	−18	−12	−14	−15	−18	−20
	3. consumer confidence indicator	7	−31	−15	−13	−12	−17	−11	−10	−13	−10	−11	−9	−6	−15
	4. share-price index[a]	:	:	198,1	228,2	245,3	241,7	243,2	236,8	237,3	249,5	242,8	236,9	239,1	234,4
	= 5. economic sentiment indicator	103,8	96,1	98,0	99,1	100,2	99,6	100,5	100,5	100,1	100,9	100,5	100,6	100,8	100,2
EUR	1. industrial confidence indicator	6	−28	−19	−26	−5	−7	−2	5	−3	−1	0	3	5	7
	2. construction confidence indicator	3	−44	−29	−40	−28	−29	−25	−19	−29	−24	−23	−17	−20	−20
	3. consumer confidence indicator	−3	−26	−18	−25	−17	−19	−14	−11	−15	−14	−12	−10	−10	−12
	4. share-price index[a]	:	:	179,0	201,3	227,1	232,2	224,0	215,0	223,6	227,7	220,7	213,9	216,3	214,7
	= 5. economic sentiment indicator	104,6	95,9	98,5	96,5	100,8	100,1	101,6	102,9	101,0	101,7	102,1	102,9	103,0	102,7

(a) Not seasonally adjusted. *Source :* Eurostat, DRI. Weights for the calculation of EUR have been updated according to GDP.

* Used data-sign in the tables : (s.a.) = seasonally adjusted, : = not available.
The figures for the Federal Republic of Germany refer to Western Germany, if not mentioned otherwise.
Economic sentiment indicator and share-price index : 1985 = 100; the confidence indicators : balances.
Source, unless stated otherwise : European Commission business and consumer surveys.

TABLE 2 : **Monthly survey of manufacturing industry** — Monthly questions and the composite industrial confidence indicator [a]

Balances : i.e. differences between the percentages of respondents giving positive and negative replies (s.a.)

		Values		1992	1993	1994	1994			1994					
		Max. 88/90	Min. 91/93				II	III	IV	July	Aug.	Sept.	Oct.	Nov.	Dec.
INDUSTRIAL	B	2	–33	–20	–29	–6	–9	–4	0	–7	–4	–1	–2	–1	3
CONFIDENCE	DK	5	–20	–7	–13	12	10	15	15	15	:	:	15	:	:
INDICATOR	D	11	–38	–18	–34	–13	–16	–10	–1	–10	–10	–9	–4	0	1
	GR	5	–11	–4	–6	0	1	4	–2	3	4	4	–4	–3	1
	E	0	–44	–25	–35	–9	–10	–6	1	–5	–6	–8	–2	2	1
	F	12	–40	–21	–35	–4	–5	2	9	–2	2	6	9	9	9
	IRL	14	–22	–4	–13	3	–2	4	7	2	–1	10	6	4	11
	I	13	–22	–15	–18	1	–1	3	9	2	4	4	8	9	11
	L	11	–36	–28	–25	–8	–12	–5	5	–8	–7	–1	3	5	8
	NL	3	–12	–6	–10	–1	–2	2	3	1	1	3	2	2	5
	P	5	–28	–12	–25	–5	–6	–3	1	–1	–5	–3	2	0	2
	UK	21	–40	–24	–11	2	–3	4	8	0	8	4	6	8	11
	EUR	6	–28	–19	–26	–5	–8	–1	5	–3	–1	0	3	5	7
PRODUCTION	B	12	–36	–16	–28	2	–3	4	13	–1	4	8	10	13	17
EXPECTATIONS	DK	15	–5	7	–28	19	21	18	21	18	:	:	21	:	:
	D	14	–31	–10	–20	7	7	9	15	11	9	8	13	18	15
	GR	29	3	25	20	25	24	32	25	30	32	34	22	23	29
	E	16	–19	–4	–10	7	5	6	15	7	6	5	10	18	13
	F	23	–27	–4	–20	11	11	12	20	10	13	14	22	19	18
	IRL	27	–15	1	–3	15	10	14	23	11	9	23	24	18	26
	I	28	–14	1	–1	18	14	20	26	16	22	23	27	25	27
	L	19	–42	–28	–16	–1	–5	4	4	3	2	8	3	4	5
	NL	12	–4	4	1	10	8	13	11	12	12	14	11	9	12
	P	18	–11	3	–8	9	9	13	14	14	13	12	13	12	18
	UK	34	–38	–1	11	22	16	23	26	16	29	24	22	26	31
	EUR	28	–16	–4	–9	13	10	14	20	12	16	15	19	20	21
ORDER-BOOKS	B	–1	–51	–33	–45	–21	–24	–17	–11	–20	–17	–14	–16	–11	–7
	DK	11	–45	–17	–31	14	11	26	26	26	:	:	26	:	:
	D	12	–59	–29	–57	–34	–40	–29	–15	–32	–29	–25	–20	–16	–9
	GR	–7	–30	–21	–26	–18	–18	–18	–18	–18	–18	–18	–20	–20	–13
	E	–3	–65	–43	–58	–19	–22	–12	–4	–12	–10	–14	–6	–5	–1
	F	16	–65	–39	–57	–14	–17	–4	5	–9	–5	1	4	5	7
	IRL	16	–36	–8	–20	1	–6	4	6	1	–4	14	4	5	10
	I	12	–44	–30	–38	–9	–12	–5	3	–4	–8	–4	–1	3	7
	L	16	–63	–44	–44	–19	–29	–19	12	–21	–24	–11	8	14	15
	NL	1	–25	–15	–23	–9	–10	–7	–1	–7	–8	–5	–3	–2	3
	P	0	–52	–30	–48	–20	–22	–18	–10	–19	–19	–15	–12	–9	–8
	UK	26	–62	–49	–26	–5	–11	–1	8	–7	3	2	5	7	11
	EUR	5	–49	–35	–46	–17	–21	–12	–2	–14	–12	–9	–5	–3	2
EXPORT	B	–3	–56	–36	–49	–22	–24	–19	–10	–24	–18	–15	–16	–8	–7
ORDER-BOOKS	DK	17	–39	–9	–24	13	9	22	20	22	:	:	20	:	:
	D	1	–68	–39	–63	–43	–49	–39	–25	–42	–40	–36	–30	–26	–19
	GR	–16	–36	–26	–24	–2	–2	–5	2	–3	–4	–7	3	–2	6
	E	–17	–55	–38	–48	–15	–16	–9	–4	–10	–4	–13	–10	–1	–1
	F	24	–62	–32	–54	–11	–14	–1	11	–4	–1	2	5	10	17
	IRL	29	–53	–20	–18	–6	–13	–3	5	–1	–8	0	2	6	8
	I	0	–41	–35	–26	9	8	13	15	13	14	13	11	17	18
	L	52	–74	–51	–42	–19	–28	–19	15	–20	–25	–11	10	15	19
	P	1	–58	–29	–50	2	3	5	15	1	7	8	16	14	15
	UK	12	–42	–35	–19	–2	–8	2	9	–1	3	4	3	15	10
	EUR	0	–49	–35	–46	–19	–23	–15	–5	–16	–15	–13	–9	–4	–1
STOCKS	B	–1	21	12	13	0	0	–1	2	–1	0	–2	0	4	2
OF FINISHED	DK	–1	20	11	10	–1	1	0	1	0	:	:	1	:	:
PRODUCTS	D	–9	30	15	27	12	15	10	3	10	10	9	6	2	2
	GR	1	21	15	12	8	4	3	14	3	3	3	14	13	14
	E	8	47	27	37	13	12	12	9	9	13	14	9	8	9
	F	–3	32	19	27	8	9	3	–2	7	3	–2	0	–2	–3
	IRL	–6	23	5	15	8	9	7	8	5	7	8	10	12	3
	I	–4	22	17	13	5	7	5	2	6	3	6	3	2	2
	L	–10	26	11	15	3	1	2	0	5	0	0	1	4	–5
	NL	0	11	7	9	4	5	1	1	3	0	1	2	1	0
	P	0	25	9	18	5	5	5	1	–1	8	7	–4	4	3
	UK	4	30	20	18	12	15	10	9	10	8	13	9	10	9
	EUR	2	25	17	22	9	11	7	4	8	7	7	5	3	3
SELLING-PRICE	B	24	–18	–3	–6	9	5	12	20	12	12	13	16	20	25
EXPECTATIONS	D	26	–7	10	–2	9	4	14	20	12	13	16	17	19	25
	GR	41	13	28	22	27	29	27	31	28	26	26	28	31	35
	E	21	–18	–5	–10	10	7	13	18	14	13	11	14	20	21
	F	34	–11	8	–3	10	6	13	19	12	13	14	16	19	21
	IRL	23	–25	–4	–4	–1	1	5	–2	5	4	5	–3	4	–6
	I	32	6	13	11	19	18	21	24	21	21	20	24	23	24
	L	62	–50	–14	1	13	–13	22	43	14	26	26	35	46	48
	P	28	–2	10	3	22	18	26	30	25	24	28	29	30	30
	UK	34	–6	–1	5	11	5	17	21	13	19	20	20	22	20
	EUR	28	–1	7	1	12	8	16	21	15	15	17	19	21	23

(a) The indicator is an average of the responses (balances) to the questions on production expectations, order-books and stocks (the latter with inverted sign).

TABLE 3 : Survey of the construction industry
Balances : i.e. differences between the percentages of respondents giving positive and negative replies (s.a.)

		Values		1992	1993	1994	1994			1994					
		Max. 88/90	Min. 91/93				II	III	IV	July	Aug.	Sept.	Oct.	Nov.	Dec.
CONSTRUCTION	B	7	–25	–13	–21	–15	–14	–15	–16	–15	–15	–15	–16	–14	–17
CONFIDENCE	DK	12	–37	–22	–26	3	–5	12	16	12	:	:	16	:	:
INDICATOR(a)	D	3	–33	–15	–28	–27	–26	–26	–26	–27	–26	–26	–25	–26	–27
	GR	–12	–50	–13	–23	–38	–18	–51	–45	–51	:	:	–45	:	:
	E	31	–59	–37	–44	–18	–24	–15	4	–20	–16	–10	14	0	–4
	F	2	–59	–43	–57	–38	–40	–37	–30	–37	:	:	–30	:	:
	IRL	30	–39	–13	–27	–2	–27	18	22	–8	23	38	19	29	19
	I	21	–68	–16	–48	–35	–33	–32	–15	–46	–27	–24	–15	–16	–14
	L	24	–65	–23	–54	–51	–58	–44	–35	–49	–43	–42	–43	–35	–27
	NL	9	–20	–15	–17	–11	–12	–8	–9	–8	–8	–8	–10	–9	–9
	P	12	–51	–32	–47	–45	–52	–43	–41	–43	–41	–45	–41	–40	–43
	UK	42	–78	–53	–38	–20	–24	–15	–17	–18	–12	–14	–15	–18	–20
	EUR	3	–44	–29	–40	–28	–29	–25	–19	–29	–24	–23	–17	–20	–20
TREND OF ACTIVITY	B	36	–37	–5	–10	–4	–9	–1	1	3	–1	–4	–5	–5	14
COMPARED WITH	D	19	–29	–16	–24	–15	–17	–14	–9	–16	–16	–10	–14	–11	–3
PRECEDING MONTH	GR	30	–27	7	–8	–22	6	–36	–48	–36	:	:	–48	:	:
	E	45	–44	–25	–13	6	10	20	16	28	5	27	34	9	5
	F	32	–63	–38	–58	–21	–31	–16	0	–16	:	:	0	:	:
	IRL	24	–33	–10	–14	5	–15	21	30	–2	20	45	22	48	21
	I	32	–50	–5	–25	–14	–15	–9	2	–24	–12	9	10	4	–8
	L	39	–63	–16	–48	–24	–33	–20	–16	–29	–16	–15	–30	–15	–3
	NL	35	–35	–8	–13	–4	–4	–1	0	–1	–1	–2	–3	–2	6
	P	25	–32	–15	–19	–20	–26	–17	–15	–19	–24	–7	–15	–15	–14
	UK	50	–67	–20	–7	4	3	8	3	10	8	5	11	0	–2
	EUR	20	–34	–19	–26	–10	–13	–6	1	–8	–9	–1	2	–2	2
ORDER-BOOKS	B	–6	–37	–26	–29	–27	–26	–27	–28	–28	–27	–26	–28	–26	–30
	DK	13	–48	–32	–34	–2	–15	7	20	7	:	:	20	:	:
	D	–7	–43	–26	–38	–35	–33	–36	–34	–36	–36	–36	–34	–34	–35
	GR	–39	–73	–45	–56	–59	–47	–60	–69	–60	:	:	–69	:	:
	E	45	–64	–37	–42	–25	–31	–24	–2	–26	–25	–20	11	–10	–6
	F	4	–73	–55	–69	–52	–52	–51	–43	–51	:	:	–43	:	:
	IRL	30	–55	–13	–40	–27	–53	–11	–1	–58	2	24	–9	1	6
	I	17	–76	–17	–58	–45	–45	–43	–25	–59	–45	–25	–31	–22	–23
	L	12	–69	–22	–58	–51	–56	–44	–39	–49	–41	–43	–44	–38	–36
	NL	2	–30	–22	–25	–20	–20	–19	–18	–17	–19	–20	–18	–19	–16
	P	–6	–70	–49	–66	–71	–75	–69	–68	–63	–72	–73	–70	–66	–68
	UK	35	–85	–73	–63	–42	–45	–35	–39	–37	–33	–35	–37	–40	–39
	EUR	–2	–57	–38	–52	–40	–41	–38	–31	–42	–38	–34	–30	–31	–31
EMPLOYMENT	B	19	–18	–1	–12	–3	–1	–2	–3	–1	–2	–4	–4	–2	–3
EXPECTATIONS	DK	11	–26	–13	–18	8	5	16	12	16	:	:	12	:	:
	D	19	–22	–4	–18	–19	–18	–16	–18	–17	–15	–16	–16	–18	–19
	GR	20	–26	20	10	–18	12	–41	–20	–41	:	:	–20	:	:
	E	–0	–63	–36	–45	–12	–18	–6	9	–13	–7	1	17	10	–1
	F	8	–47	–31	–46	–25	–28	–22	–17	–22	:	:	–17	:	:
	IRL	37	–35	–13	–14	23	–1	46	45	43	44	51	46	57	31
	I	25	–60	–15	–39	–24	–22	–21	–4	–33	–8	–22	1	–9	–4
	L	36	–62	–25	–50	–52	–61	–44	–30	–49	–44	–40	–41	–32	–18
	NL	16	–15	–8	–9	–2	–4	3	0	2	3	4	–1	2	–2
	P	28	–37	–15	–27	–19	–28	–16	–14	–22	–9	–17	–11	–13	–17
	UK	51	–70	–32	–12	2	–3	6	4	1	9	7	8	5	–1
	EUR	12	–34	–19	–29	–16	–17	–12	–7	–16	–9	–11	–4	–8	–9
PRICE	B	28	–12	2	–8	–1	–2	1	3	1	1	0	3	5	1
EXPECTATIONS	D	45	–23	–6	–21	–10	–14	–3	–3	–6	–3	–1	–1	–2	–5
	GR	26	–28	8	–18	3	–16	19	29	19	:	:	29	:	:
	E	70	–21	12	0	5	1	3	20	6	1	3	12	29	20
	IRL	38	–46	–14	–11	16	5	27	29	42	16	22	28	34	26
	I	63	–16	25	–1	11	17	16	16	21	16	10	18	14	15
	L	23	–67	–31	–58	–45	–52	–37	–35	–43	–34	–35	–35	–38	–33
	NL	64	3	28	8	15	8	22	21	17	21	27	21	22	21
	P	70	–25	14	–12	–2	2	0	–2	0	3	–2	–2	–4	–1
	UK	70	–54	–13	5	27	22	36	33	35	36	36	35	34	29
	EUR	39	–11	6	–6	6	4	12	14	12	12	11	14	15	12

(a) The indicator is an average of the responses (balances) to the questions on order-books and employment expectations.

TABLE 4 : **Consumer opinion on economic and financial conditions** (s.a.) [a]

		Values		1992	1993	1994	1994			1994					
		Max. 88/90*	Min. 91/93*				II	III	IV	July	Aug.	Sept.	Oct.	Nov.	Dec.
CONSUMER CONFIDENCE INDICATOR[b]	B	5	–30	–12	–26	–15	–17	–12	–8	–16	–12	–8	–6	–8	–9
	DK	2	10	–2	–5	8	8	10	10	9	9	11	9	11	10
	D	6	–30	–20	–28	–15	–17	–10	–6	–11	–11	–9	–5	–6	–8
	GR	–7	–36	–31	–27	–22	–21	–24	–28	–24	–23	–24	–26	–28	–30
	E	5	–39	–20	–34	–25	–30	–20	–15	–25	–19	–17	–17	–14	–15
	F	–9	–28	–22	–25	–17	–18	–15	–13	–16	–16	–13	–13	–14	–13
	IRL	–3	–26	–21	–13	–1	–3	–1	2	–2	–2	1	4	0	2
	I	0	–36	–19	–32	–21	–22	–18	–15	–20	–19	–15	–16	–15	–15
	NL	11	–21	–10	–17	–7	–9	–4	–1	–8	–4	0	–1	0	–3
	P	4	–31	–5	–24	–26	–27	–26	–25	–28	–24	–27	–25	–25	–24
	UK	7	–31	–15	–13	–12	–17	–11	–10	–13	–10	–11	–9	–6	–15
	EUR[c]	–3	–26	–18	–25	–17	–19	–14	–11	–15	–14	–12	–10	–10	–12
FINANCIAL SITUATION OF HOUSEHOLDS — over last 12 months	B	2	–16	–4	–11	–9	–9	–8	–6	–9	–8	–7	–7	–6	–6
	DK	2	–2	3	1	9	10	10	11	10	10	10	12	9	11
	D	4	–20	–15	–18	–15	–16	–12	–9	–13	–11	–11	–8	–9	–11
	GR	–8	–43	–39	–37	–24	–24	–25	–27	–25	–26	–24	–23	–27	–31
	E	0	–27	–12	–22	–20	–22	–19	–15	–22	–19	–17	–15	–15	–14
	F	–5	–16	–10	–12	–12	–13	–12	–10	–13	–13	–10	–10	–10	–9
	IRL	–13	–25	–22	–17	–11	–11	–12	–11	–8	–13	–14	–11	–11	–10
	I	–1	–24	–9	–20	–19	–20	–17	–16	–18	–18	–16	–16	–16	–16
	NL	12	–3	1	–1	–3	–2	–3	–5	–4	–2	–4	–4	–4	–8
	P	2	–23	–5	–18	–21	–22	–21	–21	–24	–19	–20	–22	–20	–20
	UK	–2	–32	–20	–21	–21	–23	–20	–20	–20	–21	–20	–20	–16	–23
	EUR[c]	–4	–19	–12	–17	–15	–17	–14	–13	–15	–14	–13	–12	–12	–14
— over next 12 months	B	8	–9	0	–5	–1	–1	–1	3	–3	–2	2	3	3	3
	DK	11	6	10	10	12	12	12	13	11	11	13	13	13	14
	D	4	–15	–9	–13	–8	–9	–4	–4	–4	–4	–5	–2	–3	–7
	GR	3	–31	–26	–18	–13	–12	–17	–22	–17	–16	–17	–21	–21	–23
	E	8	–16	–7	–11	–3	–5	0	3	–3	1	3	1	3	4
	F	3	–9	–1	–5	–1	–1	1	1	1	1	2	1	0	1
	IRL	0	–11	–8	–5	–1	–1	–2	0	–1	–2	–2	1	–1	0
	I	5	–13	–5	–12	–4	–4	–2	–1	–3	–3	–1	–1	0	–1
	NL	10	–3	2	–1	0	1	0	0	1	1	–2	0	1	0
	P	9	–18	1	–13	–11	–12	–12	–7	–13	–13	–11	–7	–8	–7
	UK	4	–22	–1	–7	–13	–18	–11	–9	–14	–9	–10	–8	–5	–14
	EUR[c]	2	–10	–4	–9	–5	–6	–3	–3	–4	–3	–3	–2	–2	–4
GENERAL ECONOMIC SITUATION — over last 12 months	B	7	–61	–32	–54	–35	–41	–28	–20	–36	–27	–21	–18	–19	–23
	DK	5	–27	–3	–14	11	11	16	17	15	15	19	15	20	16
	D	14	–60	–34	–54	–30	–36	–18	–8	–21	–20	–13	–8	–7	–8
	GR	–16	–41	–36	–34	–28	–27	–30	–33	–30	–31	–29	–28	–33	–37
	E	0	–62	–30	–54	–45	–54	–39	–28	–44	–41	–33	–30	–28	–26
	F	–23	–57	–46	–54	–43	–46	–39	–36	–41	–40	–35	–35	–37	–36
	IRL	–3	–59	–44	–36	–6	–11	–6	2	–10	–7	–2	4	–1	3
	I	–3	–74	–47	–70	–52	–57	–45	–37	–48	–48	–40	–40	–35	–35
	NL	21	–57	–26	–47	–23	–31	–14	–5	–23	–15	–3	–6	0	–9
	P	13	–44	–4	–33	–36	–36	–35	–38	–36	–34	–35	–36	–41	–36
	UK	4	–67	–50	–40	–26	–34	–27	–21	–31	–26	–25	–19	–17	–27
	EUR[c]	–10	–54	–40	–53	–36	–41	–30	–23	–34	–31	–25	–23	–22	–24
— over next 12 months	B	8	–45	–22	–40	–12	–16	–5	1	–11	–6	1	7	1	–4
	DK	5	–10	–4	–6	8	7	13	8	12	12	15	8	9	6
	D	6	–41	–24	–38	–11	–12	–5	2	–5	–7	–3	2	3	0
	GR	0	–26	–20	–13	–14	–12	–17	–25	–18	–18	–15	–24	–25	–27
	E	6	–38	–24	–25	–8	–14	2	2	–5	4	7	0	3	3
	F	–7	–36	–26	–27	–12	–13	–8	–7	–9	–9	–5	–7	–9	–6
	IRL	10	–29	–18	–11	4	1	5	9	0	4	10	13	7	8
	I	5	–39	–23	–29	0	3	5	4	2	3	10	4	4	4
	NL	11	–42	–24	–30	–4	–6	1	5	–7	2	7	5	6	3
	P	12	–30	–5	–25	–21	–22	–22	–20	–22	–21	–22	–16	–23	–20
	UK	1	–33	–7	–10	–10	–19	–6	–8	–10	–4	–5	–5	–3	–15
	EUR[c]	–3	–32	–20	–27	–9	–11	–3	–2	–6	–4	0	–1	–1	–4
MAJOR PURCHASES — at present	B	8	–29	–4	–21	–19	–19	–18	–16	–21	–17	–16	–16	–17	–16
	DK	–7	–27	–18	–17	–1	3	–2	3	–3	–3	–1	–1	5	5
	D	3	–20	–16	–18	–14	–14	–12	–11	–12	–11	–14	–9	–12	–13
	GR	–13	–42	–35	–31	–31	–31	–31	–34	–29	–25	–38	–34	–35	–34
	E	13	–64	–25	–58	–48	–53	–45	–38	–50	–40	–45	–42	–34	–39
	F	–1	–33	–26	–29	–19	–19	–17	–16	–17	–17	–17	–16	–15	–17
	IRL	5	–15	–11	4	9	9	9	8	9	8	11	13	5	6
	I	–2	–37	–14	–28	–32	–35	–30	–27	–31	–31	–29	–25	–29	–27
	NL	11	–16	–3	–7	–3	–3	–4	–2	–7	–6	1	–3	–1	–2
	P	–2	–47	–13	–34	–41	–43	–39	–38	–43	–30	–45	–42	–34	–38
	UK	28	–21	5	11	10	12	9	7	12	9	6	6	12	4
	EUR[c]	1	–23	–14	–21	–17	–17	–16	–14	–16	–15	–16	–14	–13	–16
— over next 12 months	B	–10	–17	–12	–14	–16	–16	–15	–17	–16	–16	–14	–16	–16	–18
	DK	–7	–14	–10	–9	–4	–3	–4	–6	–4	–4	–4	–6	–7	–4
	D	–13	–29	–22	–26	–24	–24	–21	–22	–21	–21	–22	–21	–22	–24
	GR	–26	–50	–41	–38	–37	–37	–34	–39	–33	–33	–36	–38	–39	–41
	E	–16	–47	–29	–37	–36	–43	–33	–29	–38	–31	–31	–33	–26	–28
	F	1	–1	0	0	0	0	0	0	0	0	0	0	0	0
	IRL	–4	–20	–15	–16	–14	–16	–12	–12	–12	–11	–14	–12	–10	–14
	I	–17	–32	–20	–21	–20	–20	–20	–19	–20	–20	–21	–17	–22	–19
	NL	–8	–15	–13	–12	–13	–12	–13	–14	–11	–14	–13	–15	–13	–13
	P	20	–23	3	–14	–10	–8	–9	–11	–11	–4	–11	–9	–11	–12
	UK	–8	–26	–19	–19	–18	–19	–17	–19	–17	–18	–17	–19	–19	–19
	EUR[c]	–12	–19	–17	–18	–18	–19	–16	–17	–17	–16	–16	–16	–17	–17

TABLE 4 (continued) : **Consumer opinion on economic and financial conditions** (s.a.) [a]

		Values		1992	1993	1994	1994			1994					
		Max. 88/90*	Min. 91/93*				II	III	IV	July	Aug.	Sept.	Oct.	Nov.	Dec.
UNEMPLOYMENT	B	3	64	41	57	33	35	30	21	36	29	26	23	21	19
	DK	14	40	31	29	−5	1	−14	−12	−14	−14	−13	−11	−14	−11
	D	1	58	33	52	28	33	22	12	24	24	19	14	11	11
	GR	15	56	49	41	39	40	39	44	41	39	38	43	44	45
	E	−4	67	47	59	29	36	18	15	21	17	17	20	12	14
	F	10	64	54	59	38	41	33	29	40	40	18	28	29	29
— over next 12 months	IRL	5	58	50	40	23	24	24	16	28	25	18	19	17	12
	I	26	71	53	66	31	28	18	19	20	19	16	21	19	18
	NL	−9	77	31	67	37	50	24	20	36	21	14	16	18	25
	P	−3	73	26	62	56	60	54	50	55	54	54	50	50	51
	UK	−12	52	41	34	20	· 25	20	14	21	20	20	11	13	17
	EUR[c]	9	57	43	54	30	33	24	18	27	25	19	19	18	17
PRICE TRENDS	B	21	49	43	44	36	38	35	33	36	37	32	35	28	35
	DK	−23	11	−29	−42	−38	−40	−35	−34	−36	−36	−33	−34	−33	−34
	D	−28	55	51	48	32	34	25	24	27	25	24	23	24	25
	GR	19	56	51	48	32	32	32	34	30	33	33	30	36	37
	E	18	42	35	23	24	24	24	24	25	24	24	24	22	25
	F	0	15	6	−4	−7	−11	−8	−3	−9	−9	−6	−3	1	−7
— over last 12 months	IRL	21	34	27	14	14	14	15	15	16	16	13	14	18	14
	I	30	52	48	43	34	34	30	30	31	31	29	31	30	30
	NL	−18	40	28	14	20	17	20	25	17	20	23	23	26	26
	P	35	59	51	46	38	44	29	37	26	32	28	38	38	35
	UK	9	49	20	15	15	16	15	13	16	15	13	12	11	17
	EUR[c]	11	37	32	25	19	19	17	18	17	17	17	17	17	19
	B	13	45	36	38	26	26	24	22	27	23	22	20	20	25
	DK	−31	−24	−17	−27	−20	−21	−18	−18	−18	−18	−17	−15	−19	−20
	D	−3	58	46	46	33	33	31	31	30	30	32	31	30	31
	GR	31	56	51	45	43	42	45	48	44	45	46	48	48	49
	E	8	32	27	9	9	10	6	10	9	5	4	10	6	13
— over next 12 months	F	−4	54	12	10	−1	−6	1	4	−1	−1	4	6	5	1
	IRL	14	32	24	16	17	18	20	19	21	21	17	15	23	19
	I	35	62	53	45	27	25	25	25	25	25	24	22	26	27
	NL	7	60	36	29	29	26	30	32	32	33	26	32	30	35
	P	21	48	41	36	28	32	21	24	19	23	20	25	24	23
	UK	37	57	24	35	37	37	36	38	36	37	36	35	37	43
	EUR[c]	22	49	34	30	22	21	21	23	21	21	22	22	22	24
SAVINGS	B	65	47	61	54	49	50	48	51	42	50	52	51	49	54
	DK	71	64	73	72	57	56	60	59	60	60	59	58	58	61
	D	52	30	35	33	37	36	39	40	37	39	41	41	41	39
	GR	−19	−47	−43	−38	−37	−39	−38	−39	−35	−41	−37	−38	−38	−41
	E	53	30	42	47	42	40	42	42	36	46	44	37	47	42
— at present	F	48	31	48	51	54	52	55	57	54	54	57	57	57	56
	IRL	23	−3	9	12	5	7	5	2	14	0	0	1	1	3
	I	50	33	45	42	48	46	50	51	48	49	52	54	51	49
	NL	60	47	56	59	58	59	61	60	62	61	59	62	57	61
	P	−15	−49	−23	−38	−41	−40	−39	−44	−41	−37	−40	−47	−44	−41
	UK	36	−6	15	−1	−2	−5	−2	4	−6	0	1	1	6	6
	EUR[c]	41	31	36	34	35	33	36	38	34	36	38	38	39	38
	B	14	−2	11	4	5	4	6	7	2	6	10	5	9	6
	DK	21	9	15	14	21	19	23	26	22	22	26	29	27	23
	D	22	−1	5	2	6	5	7	9	6	8	8	12	10	5
	GR	−32	−57	−53	−52	−50	−50	−51	−52	−53	−52	−49	−50	−49	−57
	E	−16	−33	−25	−28	−25	−23	−28	−23	−31	−25	−28	−26	−25	−19
— over next 12 months	F	−23	−33	−27	−29	−25	−24	−25	−23	−26	−26	−23	−24	−23	−23
	IRL	−12	−32	−26	−25	−20	−22	−20	−17	−16	−18	−25	−14	−20	−16
	I	0	−26	−6	−21	−19	−20	−15	−15	−16	−16	−14	−15	−16	−15
	NL	35	29	35	36	33	35	31	32	33	31	28	32	31	32
	P	−19	−38	−25	−33	−34	−35	−34	−35	−39	−33	−31	−39	−34	−31
	UK	−3	−25	−17	−20	−21	−24	−19	−19	−21	−17	−19	−19	−16	−21
	EUR[c]	−4	−16	−10	−15	−12	−13	−11	−10	−13	−11	−10	−10	−9	−10
FINANCIAL SITUATION OF HOUSEHOLDS	B	19	13	18	16	15	14	16	15	17	17	15	14	16	14
	DK	20	15	20	20	23	22	24	25	23	23	26	28	25	23
	D	22	11	13	12	13	13	15	15	14	15	15	15	16	13
	GR	6	1	3	3	5	4	5	5	4	4	6	6	5	4
	E	15	6	10	7	8	8	7	9	6	8	7	9	7	10
	F	7	2	5	5	4	4	3	5	4	3	3	5	4	6
— indicator of net acquisition of financial assets	IRL	7	1	3	4	7	8	8	4	9	7	7	7	9	−4
	I	20	7	17	10	9	9	10	10	10	10	11	11	10	10
	NL	27	22	24	23	25	25	24	24	25	23	25	24	24	25
	P	9	4	10	6	3	0	3	4	1	4	4	3	6	3
	UK	16	4	6	6	5	4	4	5	4	5	4	4	6	4
	EUR[c]	14	8	11	9	9	9	10	10	9	10	10	10	10	9

(a) The sum of the replies for each Member State are weighted in the Community total with the value of consumers' expenditure.
(b) The indicator represents the arithmetic average of results for five questions, namely the two on the financial situation of the household, the two on the general economic situation, and that concerning major purchases at present.
(c) If monthly data are not available, the EUR-averages incorporate the most recent available results.
* DK Max. 88/91 and Min. 92/93. UK Max. 88/89 and Min. 90/93.

TABLE 5 : Industrial investment in manufacturing industry by Member State
(% change in relation to preceding year)

Year	B	DK	D	D+*	GR	E	F	IRL	I**	L	NL	P	UK	EUR	EUR+*
1994															
in value terms	–4	13	–2	:	5	8	–1	9	1	22	–19	–12	12	1	:
in volume terms	–6	11	–3	:	–4	4	–3	6	–3	19	–20	–17	10	–2	:
1995															
in value terms	21	9	7	:	45	13	4	5	16	–9	22	4	17	12	:
in volume terms	18	7	5	:	33	9	2	2	11	–11	20	0	14	9	:

* Including the five new German Länder.
** Preliminary figures.

TABLE 6 : Results of business surveys in the retail trade
Balances : i.e. differences between the percentages of respondents giving positive and negative replies (seasonally adjusted)

		Peak 88/90	1992	1993	1994	1994 II	III	IV	1994 Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
PRESENT	B	30	–13	–25	:	–18	–20	:	–20	–20	–19	–9	–15	:
BUSINESS	DK	30	28	16	43	39	48	50	47	49	47	47	57	47
SITUATION	D	41	–8	–19	:	–19	–29	:	–37	–21	–29	–36	–37	:
	E	–4	–49	–64	–46	–54	–37	–41	–34	–38	–40	–43	–36	–43
	F	7	–38	–54	:	–12	–1	:	–10	0	7	13	13	:
	I	10	–16	–35	:	–29	–24	:	–32	–24	–17	–12	–12	:
	NL	55	26	24	:	22	18	:	16	12	25	20	15	:
	P	5	–9	–31	–33	–30	–30	–35	–29	–27	–34	–34	–35	–37
	UK	40	–34	–10	–10	–11	–4	–14	–1	–10	–1	–19	–13	–11
	EUR	8	–21	–29	:	–19	–16	:	–20	–15	–13	–14	–12	:
VOLUME	B	21	21	22	:	11	14	:	9	14	19	15	16	:
OF STOCKS	DK	16	20	18	9	10	11	8	10	13	9	9	11	5
	D	29	26	27	:	35	29	:	28	27	33	32	30	:
	E	10	8	8	5	3	6	5	7	8	3	2	5	7
	F	23	9	3	:	6	9	:	9	8	10	6	16	:
	I(b)	31	21	29	:	21	18	:	20	20	14	5	14	:
	NL	20	12	14	:	14	14	:	13	15	14	12	13	:
	P	26	11	16	7	8	6	3	1	6	11	5	3	1
	UK(a)	31	20	10	14	12	13	17	12	12	14	14	19	18
	EUR	21	18	17	:	17	17	:	16	17	17	14	18	:
INTENTIONS	B	17	–9	–18	:	–6	–4	:	1	–7	–7	–11	–12	:
OF PLACING	DK	17	21	5	42	37	50	41	60	43	48	33	45	44
ORDERS	D	19	–4	–11	:	–14	–22	:	–22	–21	–24	–20	–18	:
	E	21	–3	–17	2	–5	5	13	–2	7	10	11	15	13
	F	–7	–26	–27	:	–22	–19	:	–23	–17	–17	–12	–18	:
	I(b)	–1	–25	–47	:	–25	–17	:	–23	–18	–9	–4	–10	:
	NL	22	2	–8	:	3	1	:	1	0	1	–4	–2	:
	P	7	–15	–32	–14	–15	–9	–5	–5	–10	–11	–15	–24	24
	UK(a)	40	–17	11	15	16	20	10	27	15	18	7	14	9
	EUR	4	–14	–17	:	–10	–7	:	–8	–8	–6	–6	–6	:
EXPECTED	B	21	1	–9	:	–0	0	:	–16	3	13	5	1	:
BUSINESS	DK	28	41	31	59	55	67	58	72	62	66	57	67	50
SITUATION	D	25	–4	–11	:	–5	–7	:	–6	–8	–7	–4	–9	:
	E	32	0	–18	10	4	21	21	18	28	17	20	19	25
	F	–7	–34	–29	:	–17	–13	:	–16	–13	–10	5	1	:
	I(b)	14	–15	–38	:	–14	–1	:	–8	0	6	2	4	:
	NL	40	18	8	:	20	19	:	21	18	19	13	13	:
	P	39	8	–2	4	3	7	8	15	–1	6	8	7	8
	UK(a)	43	10	22	19	15	19	18	12	22	23	23	15	15
	EUR	9	–4	–12	:	–2	4	:	1	4	6	7	6	:

(a) Refers to volume of sales for the time of the year.
(b) Excl. large multiple shops.

Qualitative Business Surveys in the Central and Eastern European Countries

Overview

It is now several years since the first countries of Eastern Europe embarked on their transition to market economies.

Although, the decline in output that accompanied the initial stage of reform has been arrested, prospects for strong growth are still not good. Most of these economies are hampered by weak investment and by an external constraint. Stabilization and liberalization have been largely completed in all Central Eastern European Countries (CEEC); nevertheless macroeconomic policy continues to be dominated by the need to control inflation and, in those countries faced with fiscal crisis, by the need to reduce budget deficits.

The fall in output in recent years had adverse effects on individuals, in the form of falling real incomes. At the same time people have seen their savings eroded by inflation, and unemployment, which was almost unknown under central planning, has risen steeply in most countries. Furthermore, the wider dispersion of incomes that has resulted from increasingly decentralized market–based decision making has prompted resentment among those who have seen their relative position deteriorate.

All these effects have caused perceptions of the transition to become more negative. The high hopes of four years ago are giving way to despondency, frustration and apathy. Experts now feel that it will be the more difficult to achieve rapid and sustainable growth [see *European Economy, Suppl.A*, n.8/9, 1994].

Information concerning the general economic climate and, more specifically, entrepreneurs' opinions concerning important cyclical and structural variables such as order books, employment and selling prices may now be achieved by harmonized qualitative business surveys held in most Central Eastern European Countries (CEEC).

As is known, qualitative business surveys do present many advantages as sources of short–term economic information. First, they provide a rapid means of compiling simple statistics, with the results available before those obtained by traditional statistical methods. Second, business surveys provide information in areas not covered by quantitative statistics (e.g., about capacity utilization and stocks of finished goods) and therefore may be considered as complementary to official statistical sources.

The aim of this paper is to describe the general principles underlying qualitative business surveys in CEEC and to check the comparability of survey results among countries. Attention will be devoted to the harmonized questionnaires, the sampling procedures and the implementation of the survey.

The specific features of the CEEC's qualitative business surveys

It was in 1991 that the joint project between OECD and the European Commission (EUROSTAT and DGII) to assist transition countries in developing appropriate short–term indicators by using qualitative business surveys has initiated.

In fact, business surveys covering the industrial sector have been conducted on a regular basis for several years in Hungary and Poland. Moreover, regular surveys have been introduced during the recent years in many other countries (Bulgaria, CSFR, Estonia, Latvia, Lithuania and Romania). Such a rapid spreading of business surveys in transition countries has increased the need for a harmonization of questionnaires and methodologies to be adopted to hold data comparable at international level. The harmonized scheme which has been proposed is that adopted within the European Union, i.e. the result of the coordination by the Directorate General for Economic and Financial Affairs of the surveys carried out in several member countries, beginning from 1961.

The series of workshops organized during the last four years [Munich (June 1991), Bratislava (April 1992), Warsaw (November 1992), Poznan (June 1993), Tallinn (September 1994)]

has brought about the definition of a set of questions – comparable with those in the EU – which should be regularly used in transition countries. The *variables to be considered* are the following.

● **Business Survey:**
  – Production: present and future tendency;
  – Demand/order books, Total: present level and future tendency;
  – Demand/order books, Export: present level and future tendency;
  – Stocks of finished goods: present level;
  – Selling prices (rate of change): future tendency;
  – Employment: future tendency;
  – Limits to production: present situation;
  – Production Capacity: present situation;
  – Degree of capacity utilization: present level;
  – Investment: future tendency;
  – Type of investment: planned situation;
  – Factors limiting investment: planned situation;
  – Business situation: present situation and future tendency.

● **Construction Survey:**
  – Business activity: present situation;
  – Limits to production: present situation;
  – Order books (contracts): present level and future tendency;
  – Employment: future tendency;
  – Output prices: future tendency;
  – Period of secured production: months;
  – Financial situation: present situation;
  – Delays in payments from clients: present situation;
  – Technical capacity: future situation.

● **Retail Trade Survey:**
  – Business situation: present situation and future tendency;
  – Stocks: present level;
  – Orders placed with suppliers: future tendency;
  – Employment: future tendency;
  – Selling prices (rate of change): present situation and future tendency;
  – Financial situation: present situation;
  – Competition in own sector: present situation;
  – Limits to activity: present situation;
  – Sales (year–on–year changes): present situation *(optional)*;
  – Sales (changes on previous period): present situation *(optional)*;
  – Storage space: present situation *(optional)*.

Although the exact formulation of the questions may slightly vary according to national language, some *basic principles* have been agreed upon.

(i)   Unless otherwise stated, questions should be referred to the surveyed enterprise itself and not to the economy as a whole. For example, the question on "assessment of business situation" should aim to know the entrepreneur's opinion about the situation in his own business and **not** about the general economic situation of the country.

(ii) All questions referring to an assessment of the current situation should imply a comparison with a **normal** situation, despite the possible subjectivity which is introduced in the replies.

(iii) All questions concerning judgments about past/present and present/future changes should make use of a **three–point ordinal scale** (+, =, –).

(iv) All questions concerning past/present changes should refer to a common **time span** of one period (month or quarter according to the periodicity of the survey); all forecast variables should be evaluated on a three–four months basis, unless otherwise stated.

(v) All information required must be only **qualitative** (except for the degree of capacity utilization in the industry survey, and the months of operating time in the construction survey). There should be **no confusion as between quantitative and qualitative scales**.

Periodicity. The harmonized questions are to be surveyed at least on a **quarterly** basis (i.e., on **January, April, July** and **October**). It has been left to the single CEEC to decide whether to carry out monthly or quarterly surveys, although it has been stressed that monthly surveys present many advantages compared to the quarterly ones (e.g., questionnaires may be shorter because quarterly and special questions can be spread over the year). Questions on investment should have **yearly** or **bi-annual** periodicity.

Implementation of survey procedures. Technical design of qualitative business survey should focus primarily on the speed of execution. Since most CEEC's surveys are conducted by means of questionnaires sent by post, the normal timetable for a **monthly survey** should be the following, using an April survey as an example:

- **Despatch of questionnaires by March 25th**. It should be specified that the questionnaire must be filled in at the beginning of April and returned by **April 10th**.
- **Despatch of reminders by April 10th** (possibly by phone) to all enterprises which have not replied.
- **Calculation of survey results by April 25th**. Results should be made readily available to all Institutional bodies which might be interested in analysing them and to all enterprises which have been surveyed.

Presentation of results. Using survey results as short–term indicators imposes the **need of converting qualitative responses to a quantitative form**. In the case of the following question, for example,

> ### Assessment of total order–books present level:
> + above normal
> = normal
> − below normal

let n_{1t}, n_{2t}, n_{3t} be the percentages of answers in each category at period t and consider the index

$$YP_t = f(n_t, t)$$

which aggregates the survey results in a quantitative manner.

The choice of $f(.)$ must be guided by whether it satisfies some desirable properties in n_t.

An obvious property is **weak monotonicity**: whenever an agent changes his belief by moving from a lower to a higher category (e.g. from n_2 to n_1) the index should increase:

(P1) $$\delta f/\delta n_i > \delta f/\delta n_j \qquad \forall \ i > j$$

Category 2 (=) plays the role of a natural origin for the replies and one might require that:

(P2) $$\delta f/\delta n_1 > 0 > \delta f/\delta n_3$$

In other words, an agent moving from category 2 raises the index when he moves to category 1, lowers the index when he moves to category 3.

Properties P1 and P2 seem unexceptionable on the assumption that the survey data is unbiased at least as far as perceptions are concerned.

Indeed, the index adopted by the European Commission – the so called **balance** – satisfies both of the above properties, being

$$f(n_t, t) = 1n_{1t} + 0n_{2t} - 1n_{3t}$$

The balance has proved to be a very reliable method for converting qualitative information into a quantitative form. Survey data are usually available to the public in this form and composite indicators are calculated aggregating information concerning different variables quantified by the balance and then seasonally adjusted.

Table 1 shows some examples of composite indicators[1] stemming from the CEEC's harmonized qualitative business surveys. The shortness of the time–series does not allows for the use of seasonal adjustment procedures. However, in those cases where surveys have monthly periodicity, series are smoothed by the aggregation of results into quarterly figures.

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[1] The **Industrial Confidence Indicator** is obtained as the average of the industry survey results concerning production expectations and assessment of order–books and stocks of finished goods (the latter with inverted sign). The **Construction Confidence Indicator** is an average of the replies to the questions concerning order–books and employment expectations in the construction survey.

TABLE 1 : CEEC's Qualitative Business Surveys – Composite Indicators[1]

	1992	1993	1994	1992 I	1992 II	1992 III	1992 IV	1993 I	1993 II	1993 III	1993 IV	1994 I	1994 II	1994 III	1994 IV
Industrial Confidence Indicator															
BULGARIA	−15	−26	−17	−19	−14	−16	−11	−20	−29	−30	−25	−24	−21	−15	−7
CZECH REPUBLIC	−14	−21	−7	:	:	−20	−8	−14	−31	−20	−19	−9	−14	−6	1
ESTONIA	−18	−2	9	−9	−41	−17	−5	−4	−8	1	3	25	3	1	7
HUNGARY	−17	−5	4	−20	−22	−13	−11	−2	−11	−7	1	1	3	8	:
LATVIA	:	−45	−18	:	:	:	:	:	−43	−45	−28	−19	−29	−20	−24
LITHUANIA	:	−24	−26	:	:	:	:	−25	−27	−30	−14	−27	−37	−23	−15
POLAND 1	3	1	12	:	:	5	0	4	−1	3	0	8	13	17	9
POLAND 2	−17	−6	6	−29	−25	−11	−3	−5	−16	−8	2	−1	1	11	11
ROMANIA	−12	−6	−15	4	−1	−30	−19	−1	−7	−9	−7	−14	−16	−20	−8
SLOVAK REPUBLIC	:	0	3	:	:	:	:	:	:	−3	4	15	6	−3	−4
Construction Confidence Indicator															
BULGARIA	:	−53	−49	:	:	:	:	−55	−54	−48	−56	−50	−54	−53	−41
CZECH REPUBLIC	:	−29	−20	:	:	:	:	−15	−20	−34	−48	−20	−19	−17	−22
ESTONIA	:	:	9	:	:	:	:	:	:	:	−11	5	24	19	−10
HUNGARY	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
LATVIA	:	−59	−37	:	:	:	:	:	:	−60	−59	−49	−31	−27	−42
LITHUANIA	:	:	:	:	:	:	:	:	:	:	:	:	:	−67	:
POLAND 1	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
POLAND 2	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
ROMANIA	:	:	1	:	:	:	:	:	:	:	−36	−24	−35	14	−23
SLOVAK REPUBLIC	:	−72	−52	:	:	:	:	:	:	−71	−72	−57	−35	−58	−60

[1] In all tables "**Poland 1**" stands for the Central Statistical Office (GUS) whereas "**Poland 2**" refers to the Warsaw School of Economics (RIED).

Checking comparability among survey results

As is well known, comparability among surveys is obtained when always the same information is achieved. In principle, this happens when i) values for the same variables are estimated, ii) data referring to the same reporting unit are collected, iii) classification and sampling procedures are compatible, and iv) estimates are reasonably precise.

The actual choice of variables may be checked by comparing the different survey questionnaires country by country. To test the other three requirements attention must be drawn to the structural characteristics of the implemented surveys.

Harmonized Questionnaires

Business survey in industry

Information summarised in Table 2 allows us to check the degree of harmonization that has been achieved up to now and to take note of the surveys' periodicity in the various countries under consideration. (See questionnaire in Annex 1.)

As it is easy to see, we are not very far from achieving a good degree of harmonization as far as the business survey in industry is concerned. Many countries have modified their questionnaires from the beginning of 1994 to fit the requirements of harmonization and most variables are now comparable, at least on a quarterly basis. However, some problems do arise when the time spans implicit in some answers are considered. In fact, not all countries have specified in a clear way the time span to be considered by entrepreneurs in expressing their opinions and this might be the cause of spurious comparisons among national business trends.

The major discrepancies among national questionnaires concern questions 13, 14, and 15, namely the section referring to investment activity. Indeed quite a few Institutes have not implemented this section as yet or have implemented it only partially. There is even the case – in Poland – where two harmonized surveys are carried out and neither questionnaire does actually contain such questions.

TABLE 2 : CEEC's Qualitative Business Surveys — Harmonized Questionnaires
(M=monthly; Q=quarterly; B=bi–annual; Y=yearly)

	Bulgaria	Czech R.	Estonia	Hungary	Latvia	Lithuania	Poland 1	Poland 2	Romania	Slovak R.
INDUSTRY										
Q.1	M	M	Q	Q	Q	M	M	M	Q	M
Q.2	M	M	Q	Q	Q	M	M	M(PE)	Q	M
Q.3	M	M	Q	Q	Q	M	M	M	Q	M
Q.4	M	M	Q	Q	Q	M	M	M	Q	M
Q.5	M	M	Q	Q	Q	M	M	M	Q	M
Q.6	M	M	Q	Q	Q	M	M	M	Q	M
Q.7	M	M	Q	Q	Q	Q	M	M	Q	M
Q.8	M	Q	Q	Q	Q	Q	Q	Q	Q	M
Q.9	M(*)	M(*)	Q	Q	Q	Q	Q	M	Q	M(*)
Q.10	M	M		Q	Q	Q	M	M(PE)	Q	M
Q.11	M	M	Q	Q	Q	Q	M	M	Q	M
Q.12	M(*)	Q	Q	Q	Q	Q	M		Q	Q
Q.13	B	B		Y	Q(*)	B			B	Y(*)
Q.14	B	Y		Y(*)	Q(*)	B	Q		B	Y(*)
Q.15	B(*)	Y			Q(*)	B			B	Y(*)
Q.16	M	M		Q	Q	Q	M	M	Q	M
Q.17	M	M		Q	Q	Q	M	M	Q	M
Q.18	(**)	M		Q				(**)	Q	M
CONSTRUCTION										
Q.1	M	M	Q(*)	Q	Q	Q(*)	M	Q(*)	Q	M
Q.2	M	M	Q(*)	Q	Q	Q(*)	M	Q(*)	Q	M
Q.3	M	M	Q(*)	Q	Q		M	Q(*)	Q	M
Q.4	M	M	Q(*)	Q	Q	Q(*)	M	Q(*)	Q	M
Q.5	M	M	Q(*)	Q	Q	Q(*)	M	Q(*)	Q	M
Q.6	M	Q(*)		Q	Q	Q(*)	M		Q	M(*)
Q.7	M	M			Q	Q(*)	M	Q(*)	Q	M
Q.8		M(*)	Q(*)		Q	Q(*)	M	Q(*)	Q	M(*)
Q.9	M	M	Q(*)		Q		M	Q(*)	Q(*)	M(*)
Q.10	M	M	Q(*)	Q	Q		M	Q(*)		M(*)
RETAIL TRADE										
Q.1	M	M	Q	Q			M	Q(*)	Q(*)	M
Q.2	M	M	Q	Q			M	Q(*)	Q(*)	M(*)
Q.3	M	M	Q	Q(*)				Q(*)	Q(*)	M
Q.4	M	M	Q	Q			M	Q(*)	Q(*)	M
Q.5	M(*)	M	Q	Q			M	Q(*)	Q(*)	M
Q.6	M	M(*)	Q	Q			M	Q(*)		M(*)
Q.7	M	M	Q	Q			M	Q(*)		M
Q.8	M	M(*)	Q	Q			M	Q(*)		M
Q.9	M	M	Q	Q			Q	Q(*)		M(*)
Q.10	M	M(*)	Q	Q			Q	Q(*)	Q(*)	M(*)
Q.11		M(*)							Q(*)	M(*)
Q.12		M	Q				M		Q(*)	M
Q.13	M(*)	M(*)		Q(*)				Q(*)	Q(*)	M(*)

(*) New Implementation; (**) Different surveys for private (PE) and public enterprises (G)

Moreover, some countries do not include in their questionnaire question 18 concerning the ownership of the participating firms. Such information is, however, vital to update the register and to follow the undergoing process of privatization that so much influences the CEEC's survey results.

Business survey in construction

It is in this field that harmonization has increased most strikingly. (See Annex 2 for the questionnaire).

Compared to 1993, three new harmonized surveys have been implemented and many adjustments have been made to the ex-

isting surveys to match the requirements of a full harmonization, at least on a quarterly basis.

Indeed, construction is a booming activity in CEEC; thus, national institutes are very much interested in acquiring information on the actual performance of firms operating in this sector of activity.

Most variables are already surveyed, but some improvement might be achieved by a better implementation of the second part of the harmonized questionnaire; namely that concerning variables as *period of secured production, financial situation, delays in payments from clients* and *technical capacity* (questions 6–10).

TABLE 3 : CEEC's Qualitative Business Surveys – Structural Characteristics

	Bulgaria	Czech R.	Estonia	Hungary	Latvia	Lithuania	Poland 1	Poland 2	Romania	Slovak R.
INDUSTRY										
FRAME										
Type of frame [1]	SR	SR	SR	SR + O	SR	SR	SR + O	SR	SR	SR
Source [2]	SO	SO	SO	SO + TA	SO	SO	SO	SO	SO	SO
Units [3]	26.000	160.925	3.000	11.670	2.520	2.000	17.064	45.000	3.000	1.382
Weights [4]	TU	E	E	P + E	E	TU	E	E	P	E
Timeliness [5]	Y(PE),M(G)	Y	Q	Y	Y	Y	Y	Y	Y	Q
SAMPLE										
Sampling units [6]	EN	EN	EN	EN	EN	EN	EN	EN	EN	EN
Weights [7]	TU + VA	E + P	E	E	E	P	P	E	VA	E
Size	1.250	200	3.700	260	300	3.400	5.500	419	220	220
Response	95%	70%	70%	15–20%	44–52%	50%	68%	25%	95–97%	75–77%
Sampling method [8]	SS + PS	SS + PS	SS + PS	RS	PS	SS	RS + SS	RS + SS	SS + PS	SS
Updating method [9]	PA1	PA2	PA2	NS	PA1	PA1	PA2	RP	PA1	PA2
CONSTRUCTION										
FRAME										
Type of frame [1]	SR	SR	BA	SR + TR	SR	SR	SR + O	SR	TR	SR
Source [2]	SO	SO	O	SO + O	SO	SO	SO	SO	O	SO
Units [3]	7.400	117.678	1.000	5.561	1.537	2.000	8219	210,000	1.882	525
Weights [4]	P + VA	E	E	E + P	E	E	P	E	E	E
Timeliness [5]	Y(PE),M(G)	Y	Y	Y	Y	Q	Y	Y	Y	O
SAMPLE										
Sampling units [6]	EN	EN	EN	EN	EN	EN	EN	EN	EN	EN
Weights [7]	TU + VA	E + P	E	E + P	E	E	P	E	E	E + P
Size	600	50	1.700	130	657	3.300	3.500	531	225	225
Response	95%	63%	60%	10 – 15%	35–47%	50%	50–60%	20%	70–73%	45–62%
Sampling method [8]	PS	SS + PS	PS	RS	PS	RS	RS + SS	RS + SS	SS + PS	SS
Updating method [9]	PA1	PA2	PA2	NS	PA1	RP	PA2	RP	PA1	PA2
RETAIL TRADE										
FRAME										
Type of frame [1]	SR	SR	BA	SR + O			SR + O	SR	TR	SR
Source [2]	SO	SO	O	SO + TA			SO	SO	O	SO
Units [3]	90.000	276.000	5.000	5.226			350.000	746,000	136.543	51.653
Weights [4]	TU	E	E + TU	TU			S	E	S	E
Timeliness [5]	Y(PE),M(G)	Y	Y	Y			Y	Y	Y	O
SAMPLE										
Sampling units [6]	EN	EN	EN	EN			EN	EN	EN	EN
Weights [7]	TU	E + TU	TU	TU + E			TU	E	S	E + TU
Size	600	100	1.750	3.000			3.500	1.760		300
Response	90%	50%	60%	10–15%			50%	20%	80–82%	36%
Sampling method [8]	SS +RS	SS + PS	PS	RS			RS + SS	RS + SS	SS + PS	SS
Updating method [9]	PA1	NS	PA2	NS			PA2	RP	PA1	NS

[1] Statistical register = SR, Business or trade directory = BA, Tax register = TR, Other =O.
[2] Statistical office = SO, Trade associations = TA, Other = O.
[3] Number of enterprises.
[4] Within classification groups: Employment = E, Production = P, Value added = VA, Turnover = TU, Sales = S.
[5] Quarterly = Q, Yearly = Y; Public Enterprises = G, Private Enterprises = PE.
[6] Enterprise = EN, Activity = AC, Establishment = ES, Other = O.
[7] To aggregate the total by classification groups: Employment = E, Production = P, Value added = VA, Turnover = TU.
[8] Random selection = RS, Purpose selection = PS, Stratified selection = SS.
[9] Fixed panel = PA1, Panel with new enterprises at regular intervals = PA2, Rotated panel = RP,New sample at regular intervals = NS.

Survey in retail trade

The retail trade is always a very difficult sector to survey, especially in Transition Countries. Most firms operating in this sector of activity are private, small and therefore difficult to track. However, to be able to study their performance and trace their path means to acquire important information on the private consumption trend and on the overall households' behaviour. CEEC's retail trade surveys have made a long step towards harmonization in the last year, although two countries (Latvia and Lithuania) are still out of the project. Most variables are now treated uniformly among participating countries, at least on a quarterly basis. Only Romania lacks of information concerning actual and expected selling prices as well as financial and competitive situation of interviewed firms (questions 6–9). However, this is mainly due to the preliminary state of the implemented survey.

Structural Characteristics

After having checked the degree of harmonization among specific country questionnaires, one can turn to the other three criteria for achieving comparability (*same reporting unit, same classification and sampling procedures, reasonable precision of estimates*), concentrating on the structural characteristics of the implemented surveys.

Firstly, looking at the kind of reporting unit which is used in the different countries, together with the classification and sampling procedures which are adopted there, no major discrepancies do arise in the case of these structural parameters:

(i) In all countries the *enterprise* is considered as both the sampling and reporting unit.

(ii) The same kind of classification of activities (*NACE*) is adopted in most countries, except Bulgaria and Estonia where this should be introduced soon.

(iii) *Stratified selection* (at least by employment and by sector of activity) is largely preferred as the sampling method, although it is often coupled either to *purpose selection* (e.g., for large firms) or to *random selection* (e.g., for small firms).

However, full comparability of the CEEC's survey results is threatened by the discrepancies among countries in terms of response rate and weighting system.

As Table 3 shows, CEEC's surveys differ quite widely as far as the adopted weights are concerned, although employment tends to be preferred in many countries. Since the weighting of results is a crucial feature of the estimation procedure, a wide agreement across CEEC should be achieved to assure a reasonable and comparable precision in the estimates.

The same table also shows that response rates vary considerably among countries and among surveys. If, as a general rule, we would consider as reliable, a response rate greater or equal to 70%, only some CEEC's surveys would pass such a test. Indeed response rates range from 15–20% (Hungary) to 95–97% (Bulgaria e Romania) for the industry survey, from 10–15% (Hungary) to 95% (Bulgaria) for the construction survey and from 10–15% (Hungary) to 90% (Bulgaria) for the retail trade survey.

Three main explanations may be given for such a phenomenon.

Firstly, we may notice that the lower is the response rate, the smaller is the average size of participating firms. Also, most enterprises appear to be private. Thus, on the one hand, we find countries characterized by very high response rates — Romania and Bulgaria — where participating firms are mostly state-owned and large; on the other hand, we observe very low response rate in countries such as Hungary, Latvia and Lithuania where the process of privatization has brought about a sharp reduction in the size of industrial firms. At intermediate stages we find all other countries where private and state-owned firms as well as large and medium-sized enterprises are more or less equally represented in the survey.

Secondly, it must be noted that, unlike in the EU countries, national institutes involved in carrying out the CEEC's surveys are primarily Central Statistical Offices whose contact with enterprises is therefore very formal. Participating firms receive information about the survey results indirectly from the media or directly through ad–hoc publications presenting data as balance figures. A lack of confidence in public institutions and a low degree of interaction may perhaps explain the weak response of private firms especially those of smaller size. A bigger effort in making data available to all economic agents without delays is of primary importance in expanding the participation of private firms across the transition countries.

TABLE 4 :	**CEEC's Qualitative Business Surveys – Coverage Degree** [c = % of turnover; d = % of employment]					
	INDUSTRY		CONSTRUCTION		RETAIL TRADE	
	c	d	c	d	c	d
Bulgaria	71*	n.a.	54*	n.a.	58*	n.a.
Czech R.	60	55	55	50	25	22
Estonia	60	60	50	40	20	20
Hungary	70	n.a.	60	n.a.	60	n.a.
Latvia	n.a.	47	n.a.	27	–	–
Lithuania	61	40	n.a.	n.a.	–	–
Poland 1	67	61	n.a.	n.a.	n.a.	n.a.
Poland 2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Romania	50	n.a.	n.a.	80	n.a.	n.a.
Slovak R.	55	48	56	49	23	25

(*) State – owned enterprises; for private firms = 34%, 32%, 24% respectively.

Finally, behind the low–response problem there might be a lack of quality of the register (especially in terms of updating) and/or an inadequate size of the sample. This sort of structural deficiencies show their effects also in terms of low coverage (see Table 4). Indeed, most of the CEEC's surveys suffer from undercoverage of the frame, the effect being that survey results do not reflect the activity of missing enterprises and give too little weight to the inadequately covered branches. Whenever incorrect classification of firms according to industrial activity occurs, its result would be undercoverage for the industrial branch which the reporting unit rightfully belongs to and overcoverage for the industrial branch to which it has been wrongly allocated. In general, national institutes involved in the project do not provide exact measures of undercoverage and overcoverage, but this issue is recognized to be extremely relevant.

Conclusions

As a whole, our analysis has shown that the proposed criteria for comparability of survey results are not too far from being satisfied by CEEC's qualitative business surveys. However, some further steps in this direction should be taken under the OECD/ European Commission supervision:

- All correct variables should be included in the questionnaires of *each* participating country.
- All national institutes should check the wording of the questions, to fit the harmonized questionnaire according to the highlighted *basic principles*.
- Technical design of implemented surveys should be improved by more synchronized scheduling of national surveys (e.g., all quarterly surveys should be carried out on **January, April, July** and **October**).
- A wide agreement across countries should be reached in terms of data processing (especially in the case of the *weighting* of survey results).
- A compatible way of treating non–responses and undercoverage/overcoverage problems should be identified and applied.

The final aim is to be able to exchange reliable information and thus become more aware of how our various economies compare with each other.

Annex 1: The Business Survey in Industry

Q1. **Assessment of production activities in the last month (quarter)**: up (+), unchanged (=), down (–).

Q2. **Assessment of total order–books present level**: above normal (+), normal (=), below normal (–).

Q3. **Assessment of export order–books present level**: above normal (+), normal (=), below normal (–).

Q4. **Assessment of stocks of finished goods present level**:above normal (+), normal (=), below normal (–).

Q5. **Production activities for the next 3–4 months**: up (+), unchanged (=), down (–).

Q6. **Selling prices expectations for the next 3–4 months**:
a) increase (+), remain stable (=), decrease (–).
b) **If increase**: at a higher rate (+), at about the same rate (=), at a lower rate (–).

Q7. **Employment expectations for the next 3–4 months**: up (+), unchanged (=), down (–).

Q8. **Limits to production (present situation)**:
– none;
– insufficient domestic demand;
– insufficient foreign demand;
– competitive imports;
– shortage of labour;
– shortage of skilled labour;
– lack of appropriate equipment;
– shortage of semi–finished goods;
– shortage of raw materials;
– shortage of energy;
– financial problems (e.g., insolvency, difficulties in obtaining credits);
– unclear economic laws;
– uncertainty of the economic environment;
– others, please specify..............................

Q9. **Assessment of current production capacity (regarding expected demand in the next 12 months)**: more than sufficient (+), sufficient (=), not sufficient (–).

Q10. **Expected total demand for the next 3–4 months**: up (+), unchanged(=), down (–).

Q11. **Export expectations for the next 3–4 months**: up (+), unchanged(=), down (–).

Q12. **Current level of capacity utilization (in % of normal capacity utilization)**: ....

Q13. **Fixed investment (machinery, buildings, etc.) (*)**
a) Is planned for this (next) year:yes, no
b) If yes: will be this (next) year compared to last (current) year higher (+), about the same (=), lower(–).

Q14. **If fixed investment is planned for next year, what type it will be primarily of**:
– replacement of old equipment;
– investment aimed at extending production capacity with an unchanged product range;
– investment aimed at extending production capacity so as to extend the product range;
– rationalization investment: mechanization or automation of existing manufacturing process;
– rationalization investment: introduction of new production techniques;
– rationalization investment: energy saving;
– others: pollution control;
– others: safety measures;
– others: please, specify ....

Q15. **Factors limiting planned investments for next year**:
– insufficient demand;
– too high cost of capital;
– difficulties in obtaining credits;
– insufficient profits;
– fear of indebtedness;
– technical factors;
– others: please, specify ....

Q16. **Assessment of present business situation**: good (+), sufficient (=), bad (–).

Q17. **Expected business situation 6 months ahead**: better (+), same (=), worse (–).

Q18. **Ownership of the company (state, private)**: ....

(*) In 13.a. the wording **this** year must be used in April, while the wording **next** year must be used in October; consequently, in 13.b. the comparison **this/last** year must be adopted in April and the comparison **next/current** year in October.

Annex 2: The Construction Survey

Q1. **Assessment of business activity compared to the last month (quarter)**: up (+), unchanged (=), down (–).

Q2. **Limits to production (present situation)**:
- none;
- demand;
- weather conditions;
- cost of materials;
- cost of labour;
- cost of finance (e.g., interest rates);
- access to bank credit;
- shortage of skilled labour;
- lack of equipment;
- shortage of materials;
- competition in own sector;
- others, please specify.............................

Q3. **Assessment of order–books or production schedules for domestic/foreign contracts**:
a) domestic: above normal (+), normal (=), below normal (–).
b) foreign: above normal (+), normal (=), below normal (–).
c) total: above normal (+), normal (=), below normal (–).

Q4. **Employment expectations for the next 3–4 months**: up (+), unchanged (=), down (–).

Q5. **Price expectations for the next 3–4 month:**
a) increase (+), remain stable (=), decrease (–).
b) **If increase:**
at higher rate (+), at about the same rate (=), at a lower rate (–).

Q6. **With normal working hours, the work in hand and work already contracted will account for approximately .... months operating time.**

Q7. **Orders (contracts) expectations for the next 3–4 months:**
up (+), unchanged(=), down (–).

Q8. **Assessment of financial situation compared to the last month (quarter)**:
better (+), same (=), worse (–).

Q9. **Delays in payment by public/private clients, compared to the last month (quarter)**:
a) public: more widespread (+), unchanged (=), less widespread (–).
b) private: more widespread (+), unchanged (=), less widespread (–).
c) total: more widespread (+), unchanged (=), less widespread (–).

Q10. **Assessment of technical capacity (amount and quality of equipment) regarding expected demand in the next 12 months**:
more than sufficient (+), sufficient (=), not sufficient (–).

Annex 3: The Retail Trade Survey
(N.B.: Questions 11, 12, 13 are **optional**)

Q1. **Assessment of present business situation**:
good (+), satisfactory (*normal for season*) (=), bad (–).

Q2. **Assessment of stocks**:
too small (–), adequate (*normal for season*) (=), too large (+).

Q3. **Expectations on orders to place with domestic/ foreign suppliers in the next 3–4 months:**
a) domestic: up (+), unchanged (=), down (–).
b) foreign: up (+), unchanged (=), down (–).
c) total: up (+), unchanged (=), down (–).

Q4. **Expected business situation 6 months ahead:**
better (+), same (=), worse (–).

Q5. **Employment expectations for the next 3–4 months**:
up (+), unchanged (=), down (–).

Q6. **Selling prices compared with the last month (quarter)**:
a) increase (+), remain stable (=), decrease (–).
b) **If increase:**
at a higher rate (+), at about the same rate (=), at a lower rate (–).

Q7. **Selling price expectations for the next 3–4 months**:
a) increase (+), remain stable (=), decrease (–).
b) **If increase:** at a higher rate (+), at about the same rate (=), at a lower rate (–).

Q8. **Assessment of financial situation compared to the last month (quarter)**:
better (+), same (=), worse (–).

Q9. **Assessment of competition in own sector compared to the last month (quarter)**:
up (+), unchanged (=), down (–).

Q10. **Factors limiting the improvement of present business situation**:
- none;
- demand;
- supply;
- cost of labour;
- cost of finance (e.g., interest rates);
- access to bank credit;
- sales surface;
- storage capacity;
- competition in own sector;
- others, please specify.............................

Q11. **Assessment of sales compared to the same period (month or quarter) of the previous year**:
up (+), unchanged(=), down (–).

Q12. **Assessment of sales compared to the last month (quarter)**:
up (+), unchanged(=), down (–).

Q13. **Assessment of storage space compared to the last month (quarter)**:
up (+), unchanged(=), down (–).

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The consumer spending outlook for 1994

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– Indicators of confidence and economic sentiment
– Monthly survey of manufacturing industry, among consumers and in retail trade

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Industrial investment in 1993 and 1994

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– Capacity utilization in industry
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Business and consumer survey results:
– 'Economic Survey International'
– Leading indicators for the USA, Japan and the World
– Indicators of confidence and economic sentiment
– Monthly survey of manufacturing industry, of construction industry, among consumers and in retail trade

The general principals underlying the business surveys: Special edition – July 1991

For the results by sector, see: 'Results of the business surveys carried out among managements in the Community.