

# EUROPEAN ECONOMY

EUROPEAN COMMISSION  
DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

**Supplement B**  
Business and Consumer  
Survey Results  
No 4 – April 1994

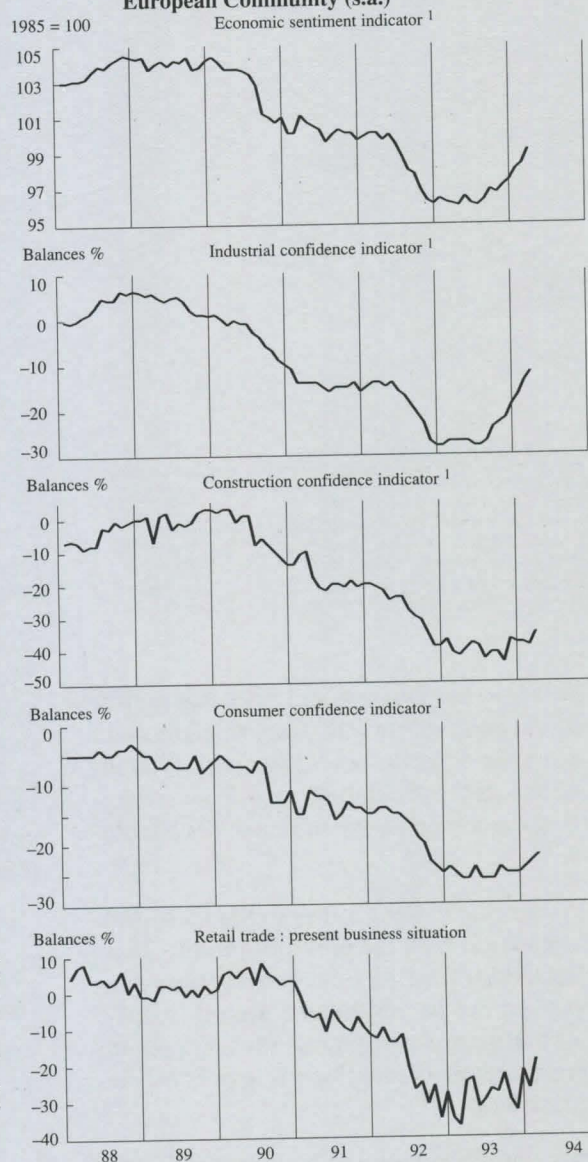


*In this number :  
The export trend*

## THE MAIN POINTS IN BRIEF

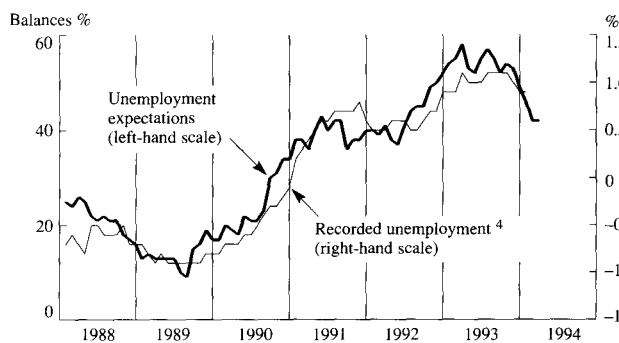
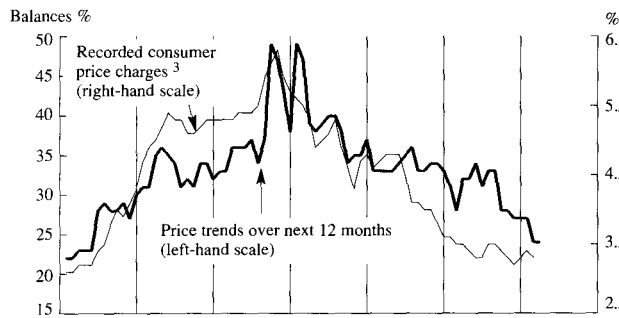
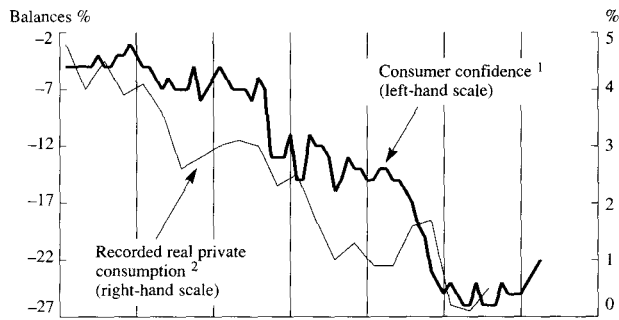
- The cyclical upturn in European economic activity is continuing. This is reflected in a continued improvement of the climate in industry, construction and the retail trade as well as among consumers.
- The *EU's leading economic indicator* rose in March by 0.8 percentage point compared with the previous month. For the first time in four years, the corresponding indicators for industry, construction and consumers all pointed upwards at the same time.
- The economic recovery is being driven by exports, underpinned by the European economy's improved competitive position and largely stable currency markets.

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



<sup>1</sup> See notes to Table 1.

GRAPH 2: Consumer survey results and objective economic indicators — European Community (s.a.)



<sup>1</sup> 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.  
<sup>2</sup> Quarterly data: percentage change on corresponding quarter of preceding year.  
<sup>3</sup> Percentage change on corresponding period of preceding year.  
<sup>4</sup> Variation in unemployment rate compared with corresponding month of preceding year.  
 Source: European Community consumer survey and Eurostat.

**The economic climate in the European Union has again improved.** —

The cyclical upturn in European economic activity is continuing. The climate has further improved in industry, construction and the retail trade as well as among consumers. This is underscored by the indicators available up to March 1994.

The EU's leading economic indicator rose in March by 0.8 percentage point compared with the previous month. This marked rise is reflected for the first time in four years in a simultaneous improvement in confidence among industrialists, construction firms and consumers. This pick-up in the economic climate is accompanied by a less pessimistic sentiment among retailers.

The gradually emerging economic recovery in the European Union is being spurred by external trade, which,

coupled with considerable stability on the foreign-exchange markets and Europe's improved competitive position, is increasingly underpinning the economic trend. By contrast, domestic demand continues to be less buoyant and, despite falling interest rates, is staging only a very sluggish revival. Consequently, private consumption is still imparting little, if any appreciable impetus to an economic upturn.

Although confidence among consumers improved in March, the confidence indicator is still only slightly above its low point of 1993. Even so, pessimism among consumers has recently been abating in all Member States except the United Kingdom. European consumers take a less negative view than in previous months of their present general economic position and their financial situation over the next twelve months and are less reticent about making major purchases. However, their expectations concerning the general state of the economy and the unemployment trend in the next twelve months have remained low; this is particularly true of consumers in the United Kingdom.

The recent results among retailers, who expect a further improvement in business activity, also point to a consolidation of confidence in the business trend and confirm that consumers' are now less reluctant to make purchases. They are increasingly ready to set aside their misgivings about placing orders.

The climate indicator for industry continued to rise. The number of firms planning to expand production in the coming months has again increased and exceeds for the third time by a significant margin in March the number of pessimistically minded firms. This majority in favour of expansion was recorded in ten of the twelve Member States. Only in Belgium and Luxembourg are most industrialists still sceptical about the future production trend. The much more positive assessment of order books has contributed to this improved industrial climate. This is true for both domestic and export orders, but their level is still generally regarded as being too low. At the same time, many industrialists consider that stocks have fallen on a broad front, further reinforcing the production-side stimulus to a more positive development in the economy as a whole.

The climate in the construction industry also improved in March. Firms take the view that the contraction in building activity was not as pronounced in March as in the previous month, while their assessment of order books was also less pessimistic. Likewise, their intentions of shedding labour have been significantly scaled back. All the same, price developments are again exerting increased pressure on revenue.

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

		Ranges		1991	1992	1993	1993		1994			1993			1994		
		Trough 81/83	Peak 88/90				III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.		
<b>B</b>	1. industrial confidence indicator	-33	2	-15	-20	-29	-29	-24	-12	-28	-23	-21	-15	-9	-12		
	2. construction confidence indicator	-63	7	-7	-13	-21	-20	-21	-17	-25	-22	-17	-18	-16	-18		
	3. consumer confidence indicator	-29	5	-7	-12	-26	-29	-29	-24	-28	-29	-30	-25	-24	-22		
	4. share-price index <sup>(a)</sup>	:	:	177.4	175.3	191.4	197.1	207.9	227.6	201.7	205.4	216.6	226.2	229.9	226.7		
	= 5. economic sentiment indicator	96.5	106.6	102.3	100.5	97.2	96.7	97.1	99.0	96.9	97.1	97.3	98.6	99.2	99.2		
<b>DK</b>	1. industrial confidence indicator	-22	5	-8	-7	-12	-10	-3	6	-3	:	:	6	:	:		
	2. construction confidence indicator	-37	12	-32	-22	-26	-23	-18	-11	-18	:	:	-11	:	:		
	3. consumer confidence indicator	-20	-4	-2	-2	-5	-4	-2	:	-4	-1	-1	0	5	3		
	4. share-price index <sup>(a)</sup>	:	:	157.9	144.7	147.7	148.0	163.7	189.3	161.9	159.4	169.7	193.4	190.2	184.3		
	= 5. economic sentiment indicator	95.3	99.0	97.2	97.2	97.0	97.3	98.3	:	98.0	98.2	98.7	99.5	100.1	:		
<b>D</b>	1. industrial confidence indicator	-38	11	0	-18	-34	-35	-31	-24	-32	-31	-29	-28	-25	-20		
	2. construction confidence indicator	-63	3	-5	-15	-28	-31	-30	-30	-30	-32	-30	-31	-30	-31		
	3. consumer confidence indicator	-32	6	-12	-20	-28	-28	-29	-27	-30	-29	-29	-29	-29	-24		
	4. share-price index <sup>(a)</sup>	:	:	141.3	137.5	147.4	150.8	166.9	171.4	162.0	165.8	172.9	173.8	170.9	169.6		
	= 5. economic sentiment indicator	93.9	104.2	101.3	98.6	96.1	96.0	96.6	97.3	96.3	96.5	96.9	96.9	97.1	98.0		
<b>E</b>	1. industrial confidence indicator	:	0	-22	-25	-35	-35	-28	-21	-30	-28	-26	-23	-20	-19		
	2. construction confidence indicator	:	32	-8	-37	-44	-42	-35	-38	-50	-32	-25	-35	-46	-34		
	3. consumer confidence indicator	:	5	-6	-20	-34	-35	-35	-33	-35	-36	-35	-36	-32	-32		
	4. share-price index <sup>(a)</sup>	:	:	311.2	270.0	316.0	335.9	360.8	399.5	361.0	343.2	378.1	419.7	397.6	381.2		
	= 5. economic sentiment indicator	:	104.6	101.5	100.0	98.9	99.0	99.6	100.5	99.4	99.5	100.0	100.3	100.6	100.7		
<b>F</b>	1. industrial confidence indicator	-38	12	-20	-21	-35	-39	-31	-21	-31	-34	-29	-24	-21	-16		
	2. construction confidence indicator	-59	2	-16	-43	-57	-58	-58	-46	-58	:	:	-46	:	:		
	3. consumer confidence indicator	-27	-9	-21	-22	-25	-27	-25	-22	-26	-25	-24	-22	-22	-22		
	4. share-price index <sup>(a)</sup>	:	:	208.6	217.2	241.2	248.1	263.0	277.0	260.3	257.6	271.2	279.9	281.2	269.9		
	= 5. economic sentiment indicator	98.5	106.1	101.3	99.8	97.9	97.4	98.4	100.0	98.1	98.1	98.9	99.7	100.1	100.3		
<b>IRL</b>	1. industrial confidence indicator	-36	14	-9	-4	-13	-15	-9	1	-8	-12	-7	2	1	0		
	2. construction confidence indicator	-60	30	-22	-11	-26	-23	-24	-22	-21	-21	-31	-22	-22	-22		
	3. consumer confidence indicator	-46	-3	-18	-21	-14	-10	-7	-2	-4	-9	-9	-1	-3	-1		
	4. share-price index <sup>(a)</sup>	:	:	241.4	223.9	280.8	293.5	317.8	334.3	309.5	315.6	328.2	358.3	329.9	314.8		
	= 5. economic sentiment indicator	97.3	104.7	101.3	101.1	101.4	101.8	102.3	103.3	102.7	102.1	102.2	103.6	103.1	103.3		
<b>I</b>	1. industrial confidence indicator	-38	13	-13	-15	-17	-18	-12	-6	-15	-13	-8	-8	-7	-3		
	2. construction confidence indicator	-51	21	-7	-16	-48	-57	-53	-58	-68	-40	-51	-59	-65	-50		
	3. consumer confidence indicator	-28	0	-13	-19	-32	-32	-31	-30	-28	-34	-30	-31	-29	-29		
	4. share-price index <sup>(a)</sup>	:	:	156.4	136.9	168.2	180.1	177.0	199.4	180.5	168.2	182.2	189.1	205.8	203.2		
	= 5. economic sentiment indicator	95.8	103.7	100.1	98.8	97.1	97.0	97.6	98.4	97.7	97.2	98.0	97.9	98.4	98.8		
<b>NL</b>	1. industrial confidence indicator	-27	3	-4	-6	-10	-11	-9	-6	-8	-8	-9	-6	-6	-6		
	2. construction confidence indicator	-45	9	-6	-15	-17	-19	-18	-16	-19	-18	-17	-17	-17	-14		
	3. consumer confidence indicator	-36	11	-10	-10	-17	-18	-16	-13	-19	-15	-15	-15	-12	-11		
	4. share-price index <sup>(a)</sup>	:	:	136.0	142.4	163.3	169.5	180.0	195.6	172.2	181.6	186.2	196.7	198.7	191.3		
	= 5. economic sentiment indicator	93.3	103.4	99.2	98.7	97.6	97.5	97.9	98.8	97.5	98.1	98.2	98.5	98.9	99.0		
<b>UK</b>	1. industrial confidence indicator	-57	21	-32	-24	-11	-9	-8	-2	-10	-6	-6	-3	1	-2		
	2. construction confidence indicator	-57	42	-64	-50	-36	-33	-30	-21	-30	-31	-29	-24	-20	-19		
	3. consumer confidence indicator	-24	7	-17	-15	-13	-11	-11	-11	-10	-11	-13	-9	-10	-14		
	4. share-price index <sup>(a)</sup>	:	:	190.3	198.1	228.2	229.3	242.3	258.5	239.0	237.5	250.4	262.9	262.8	249.8		
	= 5. economic sentiment indicator	97.0	103.8	97.2	98.0	99.2	99.5	99.7	100.4	99.6	99.7	99.7	100.4	100.6	100.1		
<b>EUR</b>	1. industrial confidence indicator	-35	6	-14	-19	-26	-26	-21	-14	-23	-22	-19	-17	-14	-12		
	2. construction confidence indicator	-50	3	-18	-28	-40	-42	-39	-37	-44	-37	-38	-38	-39	-35		
	3. consumer confidence indicator	-22	3	-14	-18	-25	-25	-25	-23	-25	-25	-25	-24	-23	-22		
	4. share-price index <sup>(a)</sup>	:	:	174.9	177.1	199.5	203.0	216.5	239.8	212.8	212.8	223.8	233.4	233.7	252.2		
	= 5. economic sentiment indicator	96.1	104.4	100.2	98.6	96.4	96.3	97.1	98.5	96.7	97.1	97.4	98.0	98.3	99.1		

\* Used data-signs 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.  
Source, unless stated otherwise : European Community business surveys.

(a) Not seasonally adjusted.

TABLE 2: **Monthly survey of manufacturing industry** — Monthly questions and the composite industrial confidence indicator <sup>(a)</sup>  
Balances : i.e. differences between the percentages of respondents giving positive and negative replies (s.a.)

		Ranges		1991	1992	1993	1993		1994	1993			1994		
		Trough 81/83	Peak 88/90				III	IV		I	Oct.	Nov.	Dec.	Jan.	Feb.
INDUSTRIAL CONFIDENCE INDICATOR	<b>B</b>	-33	2	-15	-20	-29	-29	-24	-12	-28	-23	-21	-15	-9	-12
	<b>DK</b>	-22	5	-8	-7	-13	-10	-3	6	-3	:	:	6	:	:
	<b>D</b>	-38	11	0	-18	-34	-35	-31	-24	-32	-31	-29	-28	-25	-20
	<b>GR</b>	:	5	-7	-4	-6	-4	-8	-3	-4	-10	-9	-5	-1	-2
	<b>E</b>	:	0	-22	-25	-35	-35	-28	-21	-30	-28	-26	-23	-20	-19
	<b>F</b>	-38	12	-20	-21	-35	-39	-31	-20	-31	-34	-29	-24	-21	-16
	<b>IRL</b>	-36	14	-9	-4	-13	-15	-9	1	-8	-12	-7	2	1	0
	<b>I</b>	-38	13	-13	-15	-18	-18	-12	-6	-15	-13	-8	-8	-7	-3
	<b>L</b>	-67	11	-24	-28	-25	-25	-24	-19	-25	-27	-21	-20	-18	-18
	<b>NL</b>	-27	3	-5	-6	-10	-11	-8	-6	-8	-8	-9	-6	-6	-6
	<b>P</b>	:	5	-7	-12	-25	-27	-21	-13	-24	-20	-19	-17	-12	-9
<b>UK</b>	-57	21	-32	-24	-11	-9	-7	-1	-10	-6	-6	-3	1	-2	
<b>EUR</b>	-35	6	-14	-19	-26	-26	-21	-14	-23	-22	-19	-17	-14	-12	
PRODUCTION EXPECTATIONS	<b>B</b>	-37	12	-12	-16	-28	-31	-21	-5	-28	-18	-17	-9	2	-7
	<b>DK</b>	-12	15	8	7	4	12	9	17	9	:	:	17	:	:
	<b>D</b>	-27	14	3	-10	-20	-18	-11	-2	-16	-9	-7	-6	-1	2
	<b>GR</b>	:	29	18	25	20	22	17	21	16	16	18	20	21	21
	<b>E</b>	:	16	-1	-4	-10	-9	-3	1	-5	-3	-1	-3	5	2
	<b>F</b>	-20	23	-4	-4	-20	-24	-14	1	-12	-18	-13	-5	0	7
	<b>IRL</b>	-37	27	4	1	-3	-4	1	14	5	-5	3	16	15	10
	<b>I</b>	-22	28	8	1	-1	1	6	9	-1	8	11	7	9	11
	<b>L</b>	-66	19	-27	-28	-16	-6	-14	-9	-18	-17	-7	-11	-8	-7
	<b>NL</b>	-13	12	5	4	1	0	4	8	4	7	2	12	6	5
	<b>P</b>	:	18	9	3	-8	-9	-5	-1	-7	-2	-5	-4	0	1
<b>UK</b>	-44	34	-14	-1	11	13	22	9	17	14	19	26	22	22	
<b>EUR</b>	-24	28	0	-4	-9	-9	-3	6	-6	-2	0	2	7	8	
ORDER-BOOKS	<b>B</b>	-49	-1	-26	-33	-45	-44	-41	-31	-45	-41	-38	-35	-31	-28
	<b>DK</b>	-32	11	-14	-17	-31	-36	-12	-6	-12	:	:	-6	:	:
	<b>D</b>	-54	12	-4	-29	-57	-58	-57	-51	-56	-59	-56	-56	-53	-45
	<b>GR</b>	:	-7	-23	-21	-26	-24	-25	-19	-16	-29	-30	-20	-18	-19
	<b>E</b>	:	-3	-39	-43	-58	-58	-52	-42	-51	-53	-51	-40	-43	-44
	<b>F</b>	-56	16	-35	-39	-57	-62	-57	-42	-58	-59	-54	-49	-45	-31
	<b>IRL</b>	-57	16	-22	-8	-20	-23	-10	-2	-11	-9	-11	-1	-3	-3
	<b>I</b>	-64	12	-28	-30	-38	-40	-29	-21	-28	-34	-25	-21	-25	-16
	<b>L</b>	-70	16	-38	-44	-44	-46	-44	-40	-40	-49	-44	-34	-44	-41
	<b>NL</b>	-42	1	-11	-15	-23	-22	-22	-18	-21	-22	-22	-22	-17	-14
	<b>P</b>	:	0	-21	-30	-48	-51	-45	-30	-50	-45	-40	-36	-31	-23
<b>UK</b>	-57	26	-56	-49	-26	-21	-20	-15	-22	-20	-18	-17	-11	-16	
<b>EUR</b>	-56	5	-28	-35	-46	-47	-42	-34	-42	-44	-40	-37	-35	-29	
EXPORT ORDER-BOOKS	<b>B</b>	-55	-3	-30	-36	-49	-49	-44	-34	-47	-43	-42	-39	-30	-32
	<b>DK</b>	10	17	-4	-9	-24	-25	-8	2	-8	:	:	2	:	:
	<b>D</b>	-48	1	-32	-39	-63	-66	-63	-59	-64	-63	-61	-62	-59	-56
	<b>GR</b>	:	-16	-24	-26	-24	-21	-15	-4	-16	-17	-13	-3	2	-10
	<b>E</b>	:	-17	-33	-38	-48	-47	-42	-33	-40	-41	-44	-34	-33	-33
	<b>F</b>	-52	24	-34	-32	-54	-59	-51	-37	-55	-52	-47	-42	-39	-31
	<b>IRL</b>	:	29	-20	2	-18	-24	-18	-15	-12	-19	-23	-8	-18	-18
	<b>I</b>	-57	0	-33	-35	-26	-25	-11	-2	-10	-17	-5	0	-4	-1
	<b>L</b>	-80	52	-47	-51	-42	-51	-51	-43	-51	-59	-42	-43	-46	-41
	<b>P</b>	:	1	-24	-29	-50	-53	-38	-15	-43	-39	-33	-14	-19	-11
	<b>UK</b>	-65	12	-35	-35	-19	-16	-16	-10	-17	-20	-11	-8	-14	-8
<b>EUR</b>	-50	0	-32	-35	-46	-48	-42	-35	-43	-44	-40	-36	-36	-32	
STOCKS OF FINISHED PRODUCTS	<b>B</b>	19	-1	7	12	13	13	9	0	10	9	7	1	-2	1
	<b>DK</b>	23	-1	18	11	10	5	5	-6	5	:	:	-6	:	:
	<b>D</b>	27	-9	0	15	27	27	25	20	25	26	23	22	20	18
	<b>GR</b>	:	1	14	15	12	10	14	10	11	17	14	16	7	8
	<b>E</b>	:	8	26	27	37	37	28	21	33	27	25	26	21	16
	<b>F</b>	42	-3	21	19	27	30	23	21	24	24	21	19	19	24
	<b>IRL</b>	29	-6	8	5	15	20	18	9	17	23	13	10	10	7
	<b>I</b>	28	-4	19	17	13	14	13	7	1	13	11	11	6	5
	<b>L</b>	58	-10	7	11	15	22	14	8	17	14	12	16	2	5
	<b>NL</b>	39	0	8	7	9	10	8	8	8	9	8	7	8	8
	<b>P</b>	:	0	10	9	18	20	13	8	15	13	11	12	6	5
<b>UK</b>	41	4	26	20	18	17	16	13	18	15	15	12	13	13	
<b>EUR</b>	31	2	15	17	22	23	20	15	21	20	18	16	15	14	
SELLING-PRICE EXPECTATIONS	<b>B</b>	12	24	2	-3	-6	-2	-2	-1	-2	-2	-3	-5	2	0
	<b>D</b>	2	26	14	10	-2	-1	-4	-4	0	-4	-7	-7	-4	-2
	<b>GR</b>	:	41	28	28	22	22	24	22	20	22	29	23	20	22
	<b>E</b>	:	21	0	-5	-10	-7	-6	2	-7	-6	-4	-5	3	7
	<b>F</b>	17	34	11	8	-3	-4	-5	-4	-3	-8	-5	-2	-3	-7
	<b>IRL</b>	1	23	-1	-4	-4	1	0	-9	6	-1	-6	-10	-11	-6
	<b>I</b>	6	32	16	13	11	10	9	12	8	8	11	11	13	13
	<b>L</b>	-38	62	-32	-14	1	10	14	-1	20	14	8	2	2	-7
	<b>P</b>	:	28	17	10	3	3	2	14	0	1	4	9	17	15
	<b>UK</b>	9	34	5	-1	5	4	1	2	0	6	-3	2	2	3
	<b>EUR</b>	22	28	11	7	1	1	0	1	1	0	-1	0	2	2

(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.)

		Ranges		1991	1992	1993	1993		1994			1994			
		Trough 81/83	Peak 88/90				III	IV	I	1993			1994		
										Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
CONSTRUCTION CONFIDENCE INDICATOR <sup>(a)</sup>	B	-63	7	-7	-13	-21	-20	-21	-17	-25	-22	-17	-18	-16	-18
	DK	-37	12	-32	-22	-26	-23	-18	-11	-18	:	:	-11	:	:
	D	-63	3	-5	-15	-28	-31	-30	-30	-30	-32	-30	-31	-30	-31
	GR	-73	-12	-32	-13	-23	-27	-31	-40	-31	:	:	-40	:	:
	E	:	31	-8	-37	-44	-42	-35	-38	-50	-32	-25	-35	-46	-34
	F	-59	2	-16	-43	-57	-58	-58	-46	-58	:	:	-46	:	:
	IRL	-60	30	-22	-11	-26	-23	-24	-22	-21	-21	-31	-22	-22	-22
	I	-51	21	-7	-16	-48	-57	-53	-58	-68	-40	-51	-59	-65	-50
	L	-75	24	-4	-23	-54	-61	-56	-68	-59	-54	-54	-61	-69	-74
	NL	-45	9	-6	-15	-17	-19	-18	-16	-19	-18	-17	-17	-17	-14
	P	:	12	-22	-32	-47	-50	-44	-46	-44	-43	-45	-52	-43	-45
UK	-57	42	-64	-50	-36	-33	-30	-21	-30	-31	-29	-24	-20	-19	
EUR	-50	3	-18	-28	-40	-42	-39	-37	-44	-37	-38	-38	-39	-35	
TREND OF ACTIVITY COMPARED WITH PRECEDING MONTH	B	-31	36	-8	-5	-10	-10	-22	-7	-19	-21	-27	-9	-8	-5
	D	-54	19	-11	-16	-24	-23	-30	-21	-24	-26	-41	-23	-20	-21
	GR	-39	30	-7	7	-8	1	-15	-11	-15	:	:	-11	:	:
	E	:	45	9	-25	-13	-5	-19	-23	-35	-19	-4	-3	-28	-37
	F	-47	32	-12	-38	-58	-63	-49	-38	-49	:	:	-38	:	:
	IRL	-49	24	-19	-10	-14	-16	-7	-12	-5	-18	1	-12	-12	-12
	I	-27	32	-9	-5	-25	-20	-26	-35	-24	-30	-25	-40	-41	-24
	L	-60	39	-15	-16	-48	-47	-54	-27	-52	-54	-57	-28	-26	-28
	NL	-39	35	-4	-8	-13	-12	-19	-11	-15	-11	-31	-17	5	-20
	P	:	25	-2	-15	-19	-22	-24	-22	-19	-23	-30	-32	-14	-19
	UK	-49	50	-44	-16	-6	-6	-4	-4	-2	-7	-3	-6	-2	-3
EUR	-28	20	-13	-18	-26	-25	-27	-24	-26	-27	-29	-24	-24	-23	
ORDER-BOOKS	B	-76	-6	-17	-26	-29	-26	-33	-27	-32	-37	-31	-30	-23	-27
	DK	-36	13	-43	-32	-34	-34	-22	-19	-22	:	:	-19	:	:
	D	-75	-7	-15	-26	-38	-41	-40	-36	-42	-41	-38	-36	-35	-37
	GR	-78	-39	-54	-45	-56	-59	-69	-58	-69	:	:	-58	:	:
	E	:	45	-11	-37	-42	-44	-39	-43	-54	-36	-27	-38	-49	-42
	F	-73	4	-27	-55	-69	-73	-68	-60	-68	:	:	-60	:	:
	IRL	-58	30	-18	-12	-39	-34	-39	-46	-37	-34	-46	-46	-46	-46
	I	-62	17	-4	-17	-58	-68	-63	-67	-76	-48	-64	-64	-84	-54
	L	-79	12	-8	-22	-58	-70	-65	-64	-64	-65	-65	-62	-60	-70
	NL	-61	2	-11	-22	-25	-28	-27	-24	-27	-27	-26	-26	-24	-22
	P	:	-6	-46	-49	-66	-69	-66	-73	-69	-62	-68	-77	-71	-71
UK	-74	35	-78	-71	-61	-58	-54	-46	-55	-55	-52	-50	-43	-44	
EUR	-66	-2	-26	-38	-52	-55	-52	-49	-56	-49	-50	-48	-52	-46	
EMPLOYMENT EXPECTATIONS	B	-53	19	4	-1	-12	-13	-9	-7	-17	-6	-3	-5	-8	-9
	DK	-35	11	-21	-13	-18	-12	-13	-2	-13	:	:	-2	:	:
	D	-53	19	6	-4	-18	-20	-20	-25	-18	-22	-21	-25	-24	-25
	GR	-77	20	-10	20	10	6	8	-22	8	:	:	-22	:	:
	E	:	30	-6	-36	-45	-40	-32	-33	-46	-27	-22	-31	-43	-25
	F	-47	8	-5	-31	-46	-42	-47	-32	-47	:	:	-32	:	:
	IRL	-61	37	-26	-11	-14	-11	-9	2	-4	-8	-16	2	2	2
	I	-39	25	-11	-15	-39	-46	-43	-49	-60	-31	-38	-54	-46	-46
	L	-75	36	0	-25	-50	-51	-46	-71	-54	-43	-42	-59	-77	-77
	NL	-31	16	-2	-8	-9	-10	-9	-8	-11	-8	-7	-8	-10	-6
	P	:	28	2	-15	-27	-31	-22	-20	-19	-24	-22	-26	-14	-19
UK	-50	51	-50	-28	-10	-8	-6	4	-5	-7	-5	2	3	7	
EUR	-36	12	-10	-18	-28	-28	-27	-26	-31	-25	-25	-27	-26	-24	
PRICE EXPECTATIONS	B	-18	28	11	2	-8	-7	-9	-5	-12	-9	-7	-7	-5	-4
	D	-49	45	12	-6	-21	-23	-17	-22	-18	-15	-19	-21	-22	-22
	GR	9	26	-4	8	-18	-11	-9	-22	-9	:	:	-22	:	:
	E	:	70	19	12	0	9	-11	-4	-21	-6	-7	-14	9	-7
	IRL	:	38	-30	-12	-11	-11	1	9	0	-1	4	9	9	9
	I	2	63	25	25	-1	-2	4	-7	17	-6	1	-12	1	-9
	L	-49	23	1	-31	-58	-61	-60	-56	-61	-58	-61	-59	-49	-60
	NL	:	64	34	28	8	8	6	9	6	6	7	10	10	6
	P	:	70	30	14	-12	-5	-8	-9	-21	-6	4	-13	-10	-4
	UK	-21	70	-32	-8	6	4	12	23	13	9	13	17	26	25
	EUR	:	39	9	7	-6	-6	-4	-5	-3	-6	-4	-8	-1	-6

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



TABLE 4 (continued) : Consumer opinion on economic and financial conditions<sup>(a)</sup> (s.a.)

		Ranges		1991	1992	1993	1993		1994	1993			1994			
		Trough 81/83	Peak 88/90				III	IV		I	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
UNEMPLOYMENT	<b>B</b>	69	3	27	41	57	59	55	45	64	50	50	48	46	42	
	<b>DK</b>	44	14	27	31	29	26	22	6	24	22	19	11	2	5	
	<b>D</b>	54	1	33	33	52	55	56	46	58	58	53	51	47	39	
	<b>GR</b>	:	15	44	49	41	40	29	34	26	29	33	31	35	35	
	<b>E</b>	:	-4	27	47	59	58	52	48	54	54	49	51	46	46	
	<b>F</b>	59	10	52	54	59	61	59	50	63	58	56	51	49	51	
	— over next 12 months	<b>IRL</b>	65	5	43	50	40	35	37	29	30	42	40	30	28	29
		<b>I</b>	62	26	42	53	66	65	65	56	65	66	64	61	56	51
		<b>NL</b>	81	-9	24	31	67	71	64	56	66	62	64	66	52	51
		<b>P</b>	:	-3	9	26	62	67	70	61	73	71	67	62	63	58
		<b>UK</b>	59	-12	47	41	34	27	25	20	27	26	23	15	16	28
		<b>EUR<sup>(c)</sup></b>	54	9	39	43	54	55	52	43	54	53	49	46	42	42
PRICE TRENDS	<b>B</b>	78	21	40	43	44	45	41	38	44	40	38	37	40	38	
	<b>DK</b>	58	-38	-22	-30	-42	-46	-43	-45	-46	-43	-40	-49	-43	-42	
	<b>D</b>	56	-28	38	51	48	47	43	44	44	45	41	47	44	41	
	<b>GR</b>	:	19	51	51	48	48	41	30	46	44	34	32	30	28	
	<b>E</b>	:	18	34	35	23	22	25	25	23	26	25	27	25	24	
	<b>F</b>	79	0	11	6	-4	-2	-10	-5	-8	-10	-11	-3	-4	-8	
	— over last 12 months	<b>IRL</b>	89	21	29	27	14	15	15	12	14	18	12	10	15	12
		<b>I</b>	81	30	49	48	43	45	44	39	44	45	43	38	42	37
		<b>NL</b>	71	-18	23	28	14	8	13	16	15	12	11	16	18	15
		<b>P</b>	:	35	51	51	46	44	47	43	47	48	46	43	46	41
		<b>UK</b>	42	9	37	20	15	14	15	16	16	14	15	11	17	19
		<b>EUR<sup>(c)</sup></b>	63	11	33	32	25	25	23	23	24	23	22	24	24	22
— over next 12 months	<b>B</b>	48	13	32	36	38	37	36	32	34	38	35	33	32	30	
	<b>DK</b>	36	-39	-18	-17	-27	-28	-26	-23	-28	-25	-24	-21	-24	-24	
	<b>D</b>	53	-3	53	46	46	46	44	38	46	44	43	42	37	35	
	<b>GR</b>	:	31	51	51	45	44	38	37	37	39	37	34	41	37	
	<b>E</b>	:	8	22	27	9	9	7	9	8	6	6	8	8	10	
	<b>F</b>	55	-4	26	12	10	14	-3	-1	-3	-3	-3	1	-4	-1	
	<b>IRL</b>	56	14	28	24	16	14	14	10	12	18	12	6	10	15	
	<b>I</b>	62	35	54	53	45	46	39	35	36	41	40	39	34	33	
	<b>NL</b>	54	7	48	36	29	28	26	29	31	25	23	26	29	31	
	<b>P</b>	:	21	33	41	36	32	37	34	38	38	35	35	33	33	
	<b>UK</b>	39	25	34	24	35	35	43	38	46	41	42	35	38	40	
		<b>EUR<sup>(c)</sup></b>	44	22	39	34	30	31	27	25	28	27	27	27	24	24
SAVINGS	<b>B</b>	33	65	60	61	54	51	50	48	54	47	50	47	46	50	
	<b>DK</b>	20	78	62	73	72	70	67	55	70	67	64	55	58	53	
	<b>D</b>	18	52	42	35	33	32	32	34	30	32	34	34	33	34	
	<b>GR</b>	:	-19	-42	-43	-39	-38	-41	-44	-37	-37	-48	-36	-46	-49	
	<b>E</b>	:	53	40	42	47	39	45	45	37	51	46	43	48	45	
	<b>F</b>	-7	48	43	48	51	51	54	53	54	53	56	56	52	52	
	— at present	<b>IRL</b>	-13	23	10	9	12	14	13	8	17	17	5	8	6	9
		<b>I</b>	-19	50	48	45	42	41	45	44	48	42	46	41	47	45
		<b>NL</b>	22	60	52	56	59	57	58	53	56	58	59	52	49	58
		<b>P</b>	:	-15	-19	-23	-38	-38	-44	-42	-40	-47	-44	-49	-41	-36
		<b>UK</b>	2	25	26	15	-1	-3	-1	-4	3	-2	-3	-5	-5	-1
		<b>EUR<sup>(c)</sup></b>	1	41	39	36	34	32	34	33	34	34	35	33	33	34
— over next 12 months	<b>B</b>	-26	14	10	11	4	3	1	4	6	-1	-2	5	2	4	
	<b>DK</b>	-24	21	10	15	14	15	16	16	17	16	16	15	17	16	
	<b>D</b>	-6	22	13	5	2	1	1	1	1	2	1	1	-1	3	
	<b>GR</b>	:	-32	-49	-53	-52	-52	-48	-45	-49	-50	-46	-47	-44	-45	
	<b>E</b>	:	-16	-24	-25	-28	-28	-30	-25	-31	-27	-32	-27	-22	-25	
	<b>F</b>	-35	-23	-27	-27	-29	-32	-31	-28	-31	-33	-30	-27	-30	-28	
	<b>IRL</b>	-26	-12	-25	-26	-25	-25	-19	-22	-17	-20	-20	-24	-20	-22	
	<b>I</b>	-32	0	-1	-6	-21	-21	-21	-24	-19	-23	-20	-27	-23	-21	
	<b>NL</b>	-6	35	32	35	36	36	36	34	38	34	36	35	32	34	
	<b>P</b>	:	-19	-23	-25	-33	-34	-30	-33	-27	-35	-28	-35	-38	-26	
	<b>UK</b>	-30	-3	-16	-17	-20	-20	-21	-21	-20	-22	-22	-22	-19	-23	
		<b>EUR<sup>(c)</sup></b>	-18	-4	-7	-10	-15	-15	-15	-15	-15	-16	-15	-15	-15	-14
FINANCIAL SITUATION OF HOUSEHOLDS	<b>B</b>	4	19	16	18	16	15	14	17	15	14	13	18	16	16	
	<b>DK</b>	3	27	12	20	20	24	20	19	21	19	20	19	21	18	
	<b>D</b>	10	22	18	13	12	12	12	11	11	12	12	11	10	12	
	<b>GR</b>	:	6	5	3	3	3	5	5	4	4	6	2	6	6	
	<b>E</b>	:	15	8	10	7	7	7	8	5	8	7	7	9	8	
	<b>F</b>	6	7	5	5	5	3	3	4	4	3	3	4	4	3	
	— indicator of net acquisition of financial assets	<b>IRL</b>	-7	7	-3	-3	-4	-5	-7	-8	-6	-7	-8	-8	-7	-9
		<b>I</b>	8	20	19	17	10	9	9	7	10	7	10	6	7	8
		<b>NL</b>	16	27	25	24	23	23	23	25	22	25	23	25	23	27
		<b>P</b>	:	9	-5	11	7	6	5	5	7	1	8	6	3	7
		<b>UK</b>	6	16	7	6	6	6	5	5	6	6	4	7	4	4
		<b>EUR<sup>(c)</sup></b>	9	14	12	11	9	9	8	8	8	8	9	8	8	8

(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.

TABLE 5 : Results of business surveys in the retail trade

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

		Peak	1991	1992	1993	1993		1994	1993			1994		
		88/90				III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
PRESENT BUSINESS SITUATION	<b>B</b>	30	-10	-13	-25	-21	-20	:	-23	-20	-16	-17	-14	:
	<b>DK</b>	:	27	28	16	12	19	35	14	18	26	25	40	40
	<b>D</b>	41	21	-8	-19	-13	-28	-21	-37	-21	-25	-24	-19	-21
	<b>E</b>	-4	-33	-49	-64	-68	-62	-52	-64	-64	-58	-56	-54	-47
	<b>F</b>	7	-18	-38	-54	-57	-40	-30	-46	-42	-32	-39	-18	-32
	<b>I<sup>(b)</sup></b>	10	-10	-16	-35	-37	-35	:	-34	-38	-33	-39	-28	:
	<b>NL</b>	55	41	26	24	27	28	22	29	29	27	27	21	19
	<b>P</b>	5	-9	-9	-31	-34	-38	-35	-33	-39	-42	-37	-35	-34
	<b>UK<sup>(a)</sup></b>	40	-33	-34	-10	-2	-3	-10	-5	-5	1	-7	-9	-14
	<b>EUR</b>	8	-8	-21	-29	-26	-28	:	-30	-33	-22	-27	-19	:
VOLUME OF STOCKS	<b>B</b>	21	19	21	22	24	15	:	20	11	15	15	8	:
	<b>DK</b>	:	17	20	18	20	14	8	12	15	16	3	6	15
	<b>D</b>	29	19	26	27	27	28	27	32	27	25	31	25	25
	<b>E</b>	10	2	8	8	7	10	6	8	14	9	8	7	3
	<b>F</b>	23	13	9	3	0	5	13	1	3	11	19	5	15
	<b>I<sup>(b)</sup></b>	31	26	21	29	33	25	:	28	23	24	21	22	:
	<b>NL</b>	20	10	12	14	14	13	15	12	13	13	16	14	15
	<b>P</b>	26	11	11	16	18	14	10	15	15	13	9	8	12
	<b>UK<sup>(a)</sup></b>	31	27	20	10	12	12	15	11	12	12	17	16	13
	<b>EUR</b>	21	18	18	17	17	17	:	17	16	17	19	16	:
INTENTIONS OF PLACING ORDERS	<b>B</b>	17	-6	-9	-18	-22	-14	:	-13	-16	-12	-4	-5	:
	<b>DK</b>	:	19	21	5	3	15	39	12	15	17	30	46	42
	<b>D</b>	19	10	-4	-11	-9	-13	-8	-12	-13	-13	-13	-5	-7
	<b>E</b>	21	8	-3	-17	-17	-13	-6	-11	-21	-7	-9	-5	-3
	<b>F</b>	-7	-23	-26	-27	-25	-27	-23	-22	-23	-36	-22	-21	-25
	<b>I<sup>(b)</sup></b>	-1	-21	-25	-47	-46	-47	:	-49	-44	-47	-31	-26	:
	<b>NL</b>	22	8	2	-8	-9	-7	-1	-8	-6	-6	-1	1	-3
	<b>P</b>	7	-8	-15	-32	-31	-35	-28	-37	-36	-32	-31	-24	-29
	<b>UK<sup>(a)</sup></b>	40	-28	-17	11	20	20	10	13	17	31	16	18	-4
	<b>EUR</b>	4	-10	-14	-17	-15	-15	:	-15	-16	-14	-11	-7	:
EXPECTED BUSINESS SITUATION	<b>B</b>	21	2	1	-9	-13	-3	:	-4	-3	-1	8	-2	:
	<b>DK</b>	:	40	41	32	31	40	55	30	49	42	45	58	61
	<b>D</b>	25	12	-4	-11	-9	-13	-7	-17	-12	-10	-8	-9	-4
	<b>E</b>	32	24	0	-18	-23	-7	-6	-5	-13	-4	-6	-7	-5
	<b>F</b>	-7	-41	-34	-29	-29	-29	-14	-27	-24	-35	-6	-19	-18
	<b>I<sup>(b)</sup></b>	14	-12	-15	-38	-36	-29	:	-31	-30	-26	-30	-16	:
	<b>NL</b>	40	22	18	8	5	11	15	8	15	10	16	14	16
	<b>P</b>	39	17	8	-2	-4	-2	0	1	-2	-6	-4	5	-2
	<b>UK<sup>(a)</sup></b>	43	-1	10	22	29	30	25	32	29	29	30	22	23
	<b>EUR</b>	9	-3	-4	-12	-10	-7	:	-5	-7	-10	-6	-3	:

(a) Refers to volume of sales for the time of the year.

(b) Excl. large multiple shops.

## BUSINESS SURVEY RESULTS POINT TO EXPORTS AS AN ENGINE OF EC GROWTH IN 1994

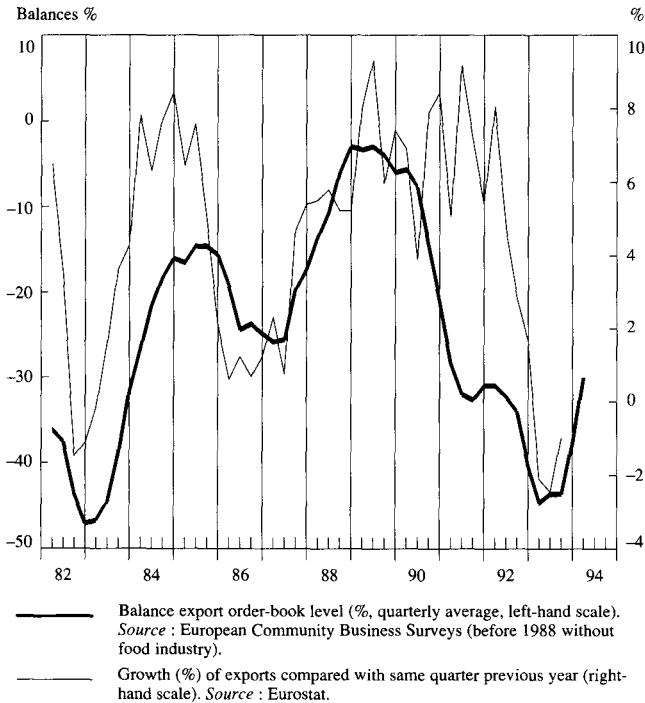
Business surveys indicate that in 1994 an important part of European GDP growth is likely to come from accelerating exports. The growth of export markets will lead the export performance, which could also be supported by improvement of the EC share in export markets.

**Exports will grow faster than domestic demand. Nevertheless, because of its size, domestic demand will contribute in 1994 by about the same amount to EC GDP growth as will net exports.** — Net exports will contribute in a positive way to GDP because, with relatively constant terms of trade, exports are expected to grow faster than imports. Indeed, the weak outlook for domestic demand restricts the growth of imports. The emerging picture is that of a classical recovery, where a pick-up in exports precedes the recovery of domestic demand.

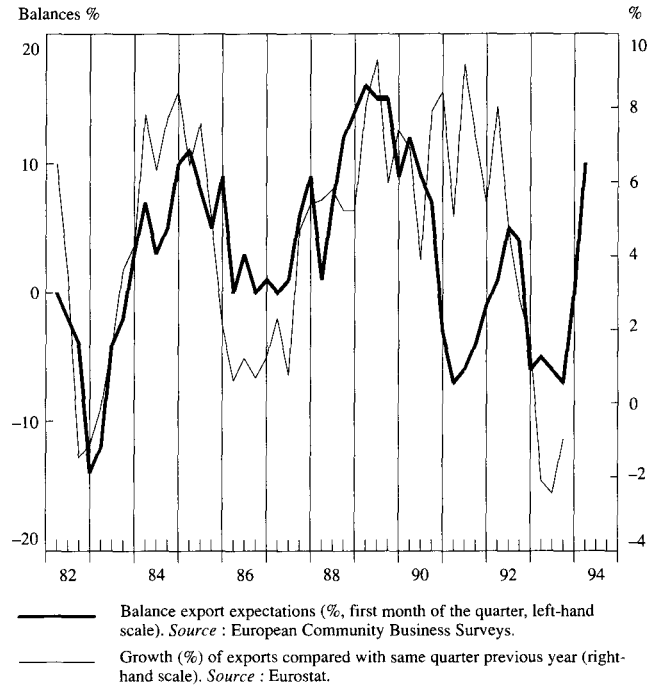
**Results from different surveys indicate that EC exports will grow fast.** — This evidence is found in the industry survey and for the whole economy, in the economic experts survey "Economic Survey International". In industry, the assessment of export order-books, which remained at a very low level throughout almost the whole of 1993, started to increase strongly from November 1993 on (Table 2 and Graph 3). Quite apart from orders already registered, the export expectations of EC industrialists for the months ahead also improved dramatically from the fourth quarter of 1993 (Graph 4). For both of these industry indicators, the rise is general throughout almost all Member countries. Table 6 shows the economic experts survey results for total-economy exports. Here a clear improvement can also be observed from July 1993 for most EC countries. However,



GRAPH 3 : Exports : Order-book assessment by industrialists and observed evolution, EUR 1982-1994 (s.a.)



GRAPH 4 : Exports : Industrialists' expectations and observed evolution, EUR 1982-1994 (s.a.)



expectations are rather low for Belgium, Denmark, France, Greece and Portugal. Whilst this evidence is symptomatic of an export led recovery, it must be seen against a background whereby, typically, exports do tend to grow faster than GDP.

**Evidence of strong growth of EC export markets in 1994 is easy to find.** — First, the EC leading indicator for the World economy has risen dramatically from Autumn 1993 on (see Graph 2 of the March 1994 issue). Furthermore, World imports are also assessed in a more positive way since Summer 1993 (Graph 5). Graph 6 confirms, for different regions, this optimism about imports. In 1993-1995, the USA and Canada will probably go through a period of continuous high real GDP growth, in the

2.5-3.5% range each year. This has positive implications for import volume prospects for North America. For Asia also, a strong import surge is expected, notwithstanding the relatively poor performance of Japan.

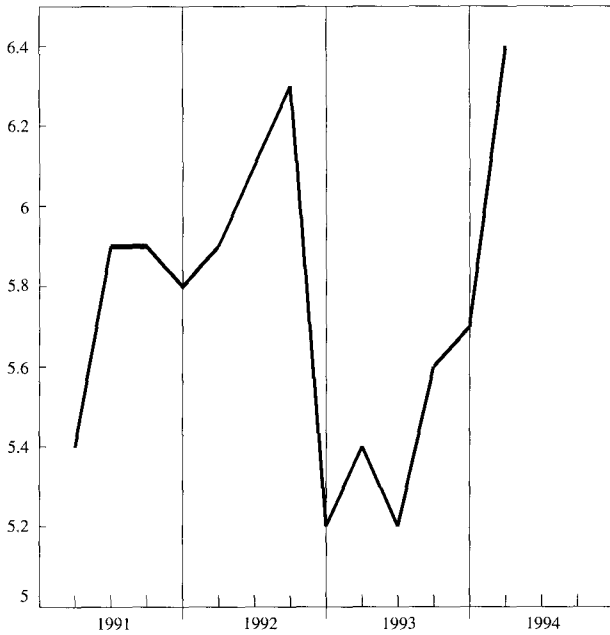
**More optimistic expectations for EC imports reflect the recent decrease in pessimism about EC domestic demand.** — Recently, consumer and investment surveys suggest a decrease in pessimism about EC domestic demand. These results reinforce the more optimistic EC import expectations, as observed in the economic experts survey "Economic Survey International". This is a significant evolution, given that the EC itself is the most important export market for EC Member countries (see also Graph 8). For the five main EFTA countries, the recent improvement in sentiment has been spectacular. Moreover, EC links with

TABLE 6 : Assessment of the expected export volume by the end of the next 6 months

	1991				1992				1993				1994
	Jan.	April	July	Oct.	Jan.	April	July	Oct.	Jan.	April	July	Oct.	Jan.
<b>B</b>	3.5	3.7	6.2	7.0	3.3	4.3	6.2	4.6	3.7	3.8	3.0	3.5	3.9
<b>DK</b>	6.6	8.2	7.0	7.0	7.4	7.4	7.5	9.0	6.0	5.8	4.3	5.0	6.0
<b>D</b>	4.8	3.6	4.6	6.1	7.3	5.8	7.3	5.4	5.4	4.7	6.7	7.4	8.6
<b>GR</b>	5.8	7.4	5.7	5.0	6.3	5.8	5.7	3.0	9.0	5.0	5.0	5.0	5.0
<b>E</b>	6.6	7.2	7.1	6.1	5.5	4.6	5.3	4.0	6.7	6.3	7.8	8.3	8.0
<b>F</b>	4.5	5.5	5.5	4.5	6.4	7.2	7.4	3.9	3.4	3.8	4.0	6.7	6.0
<b>IRL</b>	7.0	6.3	5.7	5.0	5.0	6.3	7.3	7.7	4.3	7.3	7.7	9.0	8.2
<b>I</b>	4.3	5.3	4.4	6.3	4.7	5.0	5.0	7.4	8.4	9.0	7.9	8.1	8.3
<b>NL</b>	5.0	6.1	6.2	5.0	5.4	5.3	5.6	6.5	3.3	3.2	4.1	4.0	7.0
<b>P</b>	6.2	5.4	4.0	5.3	5.5	5.4	6.5	5.0	4.2	5.0	3.0	3.9	5.7
<b>UK</b>	4.7	6.6	5.9	7.4	6.2	6.3	6.6	7.3	7.7	7.7	7.6	6.1	8.1
<b>EUR</b>	4.8	5.2	5.4	6.0	6.0	5.8	6.5	5.7	5.5	5.4	5.9	6.5	7.4

The Economic Survey International is conducted four times per year (January, April, July and October) and is based on the answers of about 500 economic experts in about 66 countries. The replies are "graded": positive responses (+) receive a grade of 9, indifferent ones (=) a grade of 5 and negative ones (-) a grade of 1. Grades between 5 and 9 imply a preponderance of positive replies or increases, while grades between 1 and 5 indicate that negative replies or decreases predominate.  
 Source : European Community Business Surveys

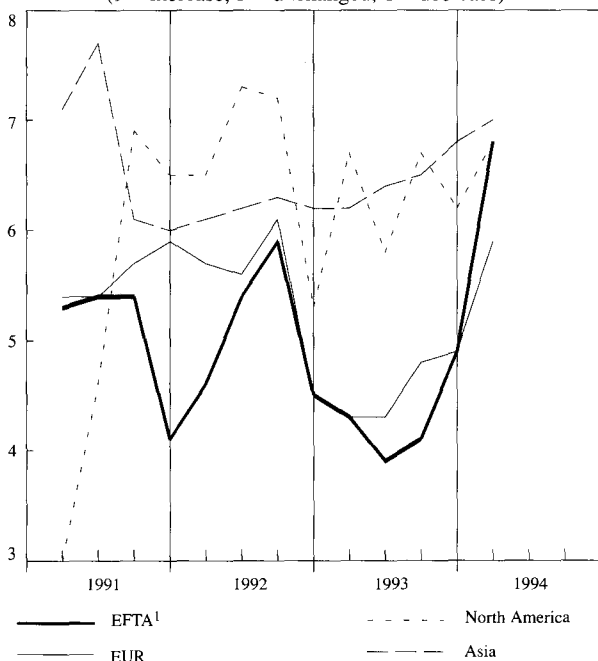
**GRAPH 5 : Expected import volume by the end of the next 6 months (all countries)**  
(9 = increase; 5 = unchanged; 1 = decrease)



Source : European Community Business Surveys (see note at Table 6).

these countries are intensifying because of the effects of the European Economic Area and the future EC membership of Austria, Finland, Norway and Sweden. For the other close neighbour of the EC, Eastern Europe, opinions on imports to this region became gradually less pessimistic

**GRAPH 6 : Expected import volume by the end of the next 6 months**  
(9 = increase; 5 = unchanged; 1 = decrease)



<sup>1</sup> EFTA : five main countries (Austria, Finland, Norway, Sweden and Switzerland)

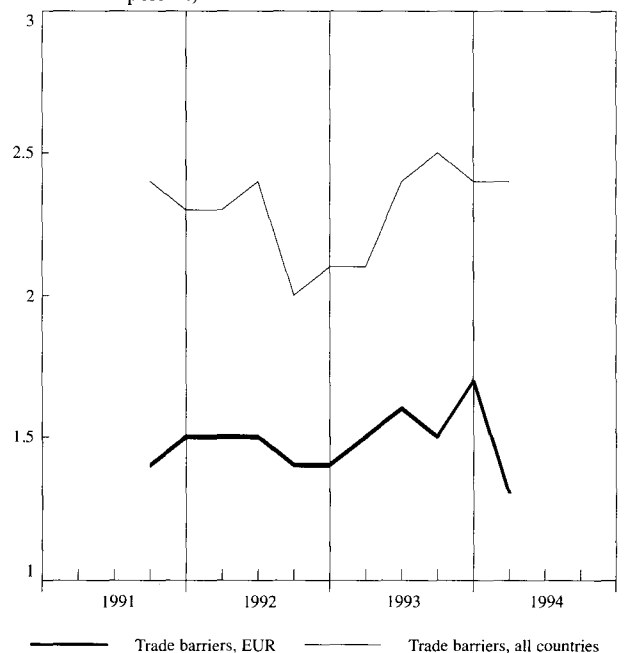
Source : European Community Business Surveys (see note at Table 6).

since the end of 1991. Going wider, the psychological effects of the successful outcome of the GATT negotiations<sup>1</sup> are also expected to improve the overall outlook. It is to be noted however, that in the recent past, trade barriers have not been considered to be an important problem for the EC or the World (Graph 7).

**EC competitiveness determines the EC share in export markets.** — The EC will only benefit from the strong growth in its export markets if its share in these markets is not declining, in other words, if EC products are considered attractive. Competitiveness depends on many factors, a number of which cannot be quantified easily<sup>2</sup>. — The competitiveness picture could hopefully be completed from July 1994, by asking EC industry managers regularly a specific question on the competitiveness of their products in their domestic market, outside their domestic market in the EC and outside the EC. — Competitiveness is particularly linked with the relative price of products. The main factors determining relative prices are relative labour costs and exchange rates. Labour costs seem to move in the right direction recently in most EC Member countries. The exchange

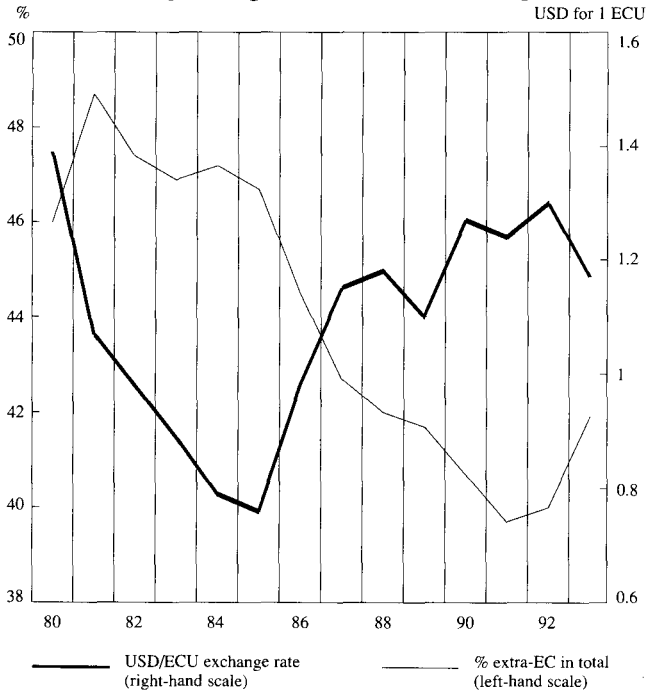
- 1 Import duties will be lowered, other obstructions to free trade will be partly and gradually removed and the field of the free trade negotiations is extended to services.
- 2 Elements of competitiveness that cannot be quantified easily are such things as product design, quality, the type of product (with growing demand), the skills of the labour force, infrastructure facilities, technological knowledge, marketing skills and so on.

**GRAPH 7 : Assessment of important problems for the economy**  
(9 = most important; 5 = very important; 1 = not so important)



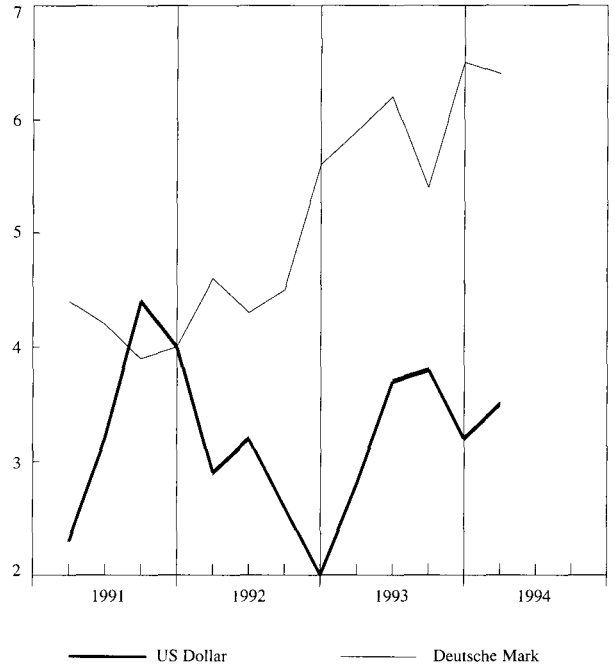
Source : European Community Business Surveys (see note at Table 6).

**GRAPH 8 : Evolution of the Dollar and part of extra-EC exports of goods in total (annual averages)**



Source : European Commission Services.

**GRAPH 9 : Evolution of US Dollar and Deutsche Mark by European Community Member States**  
(9 = over-valued; 5 = properly valued; 1 = undervalued)

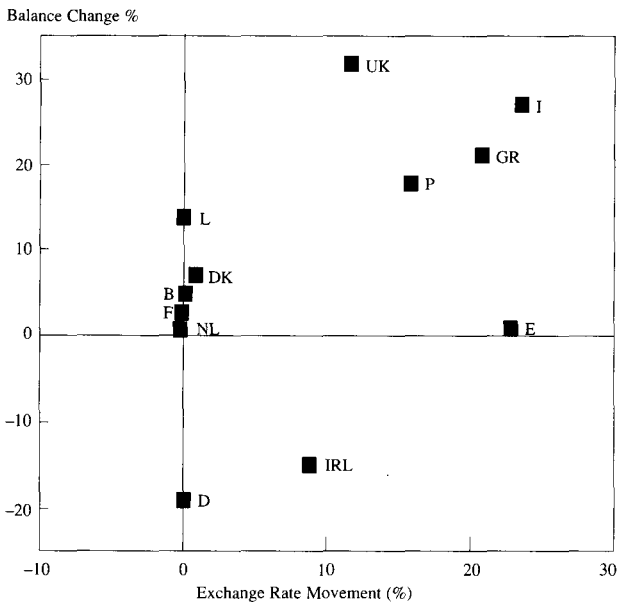


Source : European Community Business Surveys (see note at Table 6).

rate issue can be divided into two main areas : the intra- and the extra-EC developments. For the latter, the evolution of the US dollar, compared to the EC currencies, is important. Graph 8 shows the share of the EC exports outside the EC to be increasing with a strengthening dollar. Moreover, Graph 9 suggests that there is room for a rise in the dollar against the European currencies. Such a rise would give an impetus to EC exports to the USA and to other countries for which the dollar price of products is relevant.

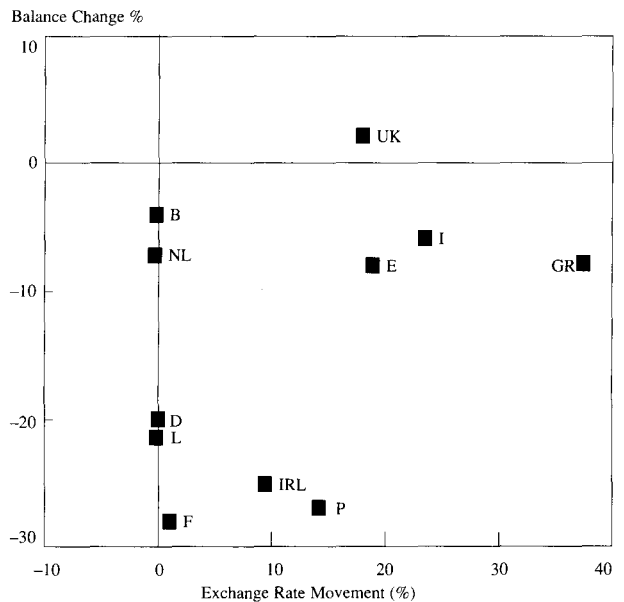
**The renewed exchange rate stability within the EC may help to restore export growth within the EC.** — Exporting firms on average, like to be fairly certain about future export earnings. For intra-EC exports, the level of exchange rates may in the future not be as important as the variability of exchange rates. The industry survey results suggest nevertheless, that in the recent past, changes in the levels of exchange rates have influenced export performance. Graph 10 suggests that EC Member countries can

**GRAPH 10 : Relation between exchange rate movements and export order-book assessment in industry**  
January 1992 – March 1994



Exchange Rate Movement : % change of exchange rate in DEM between Jan. 1992 and Mar. 1994 (monthly averages). Source : Eurostat.  
Balance Change : change in balance of answers on export order-book between Jan. 1992 and Mar. 1994. Source : European Community Business Surveys.

**GRAPH 11 : Relation between exchange rate movements and export expectations in industry**  
January 1990 – January 1994



Exchange Rate Movement : % change of exchange rate in DEM (average of last 12 months) between Jan. 1990 and Jan. 1994. Source : Eurostat.  
Balance Change : change in balance of answers on export expectations (average of last 4 quarters) between Jan. 1990 and Jan. 1994. Source : European Community Business Surveys.

be divided into two groups. For the first group (Belgium, Denmark, France, Germany, Luxembourg and the Netherlands) the exchange rate expressed in Deutsche Marks is approximately the same in March 1994 as in January 1992. In this group, the assessment of export order-books has not changed much over this period (with the exception of Germany).

These countries can be identified as the hard core of the Exchange Rate Mechanism. The second group (Greece, Italy, Portugal and the UK) has experienced large negative exchange rate movements (devaluations, leaving or staying out of the ERM), but the assessment of export order-books has clearly become more optimistic. On the basis of these very simple comparisons, Ireland and Spain do not seem to fit easily into either category. Doing the same kind of exercise over a longer period, using the results for export expectations, yields a similar result with some exceptions<sup>3</sup>

(Graph 11). The change in the assessment of export expectations is again less negative in those countries which have experienced large exchange rate movements, with the exceptions of Ireland and Portugal. Industrialists in Belgium and in the Netherlands perceive a positive influence of the renewed exchange rate stability on export performance.

**Devaluation or floating is not a panacea for restoring competitiveness.** — Graphs 10 and 11 need careful interpretation. First, these survey results only concern industry. For services, the influence of relative price movements is less pronounced. Second, the evolution of exports depends on factors other than exchange rates. For example, in the UK, the improvement in export assessment can also be explained by the difference in position in the business cycle (the UK went into recession earlier and recovered earlier). Moreover, other elements that cannot be quantified easily influence the assessment of exports. Third, exchange rate depreciations in the past, have all too often, only served to increase inflationary pressure, which in the medium term has tended to dissipate shorter run benefits.

<sup>3</sup> Note that Denmark does not have the question on export expectations.

Institutes carrying out the surveys					
Country	Survey : Manufacturing industry	Construction	Investment	Retail trade	Consumer
Belgium	BNB Banque Nationale de Belgique	BNB	BNB	BNB	DIMARSO Gallup Belgium
Denmark	DS Danmarks Statistik	DS	DS	GfK/Observa A/S	DS
Federal Republic of Germany	IFO Institut für Wirtschaftsforschung	IFO	IFO	IFO	GfK Marktforschung
Greece	FEIR Foundation of Economic and Industrial Research	FEIR	FEIR	FEIR	NSSG National Statistical Service of Greece
Spain	MIE Ministerio de Industria y Energica	MIE	MIE	INTERGALLUP SA	INTERGALLUP SA
France	INSEE Institut National de la Statistique et des Etudes Economiques	INSEE	INSEE	INSEE	INSEE
Ireland	CII and ESRI Confederation of Irish Industries and Economic and Social Research Institute	CIF Construction Industry Federation	CII and ESRI	—	TEAGASC The Agricultural and Food Development Authority
Italy	ISCO Istituto per lo Studio della Congiuntura	ISCO	ISCO	ISCO	ISCO
Luxembourg	STATEC Service Central de la Statistique et des Etudes Economiques	STATEC	STATEC	—	—
Netherlands	CBS Centraal Bureau voor de Statistiek	EIB Economisch Instituut voor de Bouwnijverheid	CBS	NIPO Nederlands Instituut voor de Publieke Opinie en het Marktonderzoek	CBS
Portugal	INE Instituto Nacional de Estatistica	AECOPS Associação de Empresas de Construção e Obras Públicas do Sul	INE	INE	NORMA
United Kingdom	CBI Confederation of British Industry	CFR Construction Forecasting and Research LTD	CBI	CBI	GALLUP Gallup Institute

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