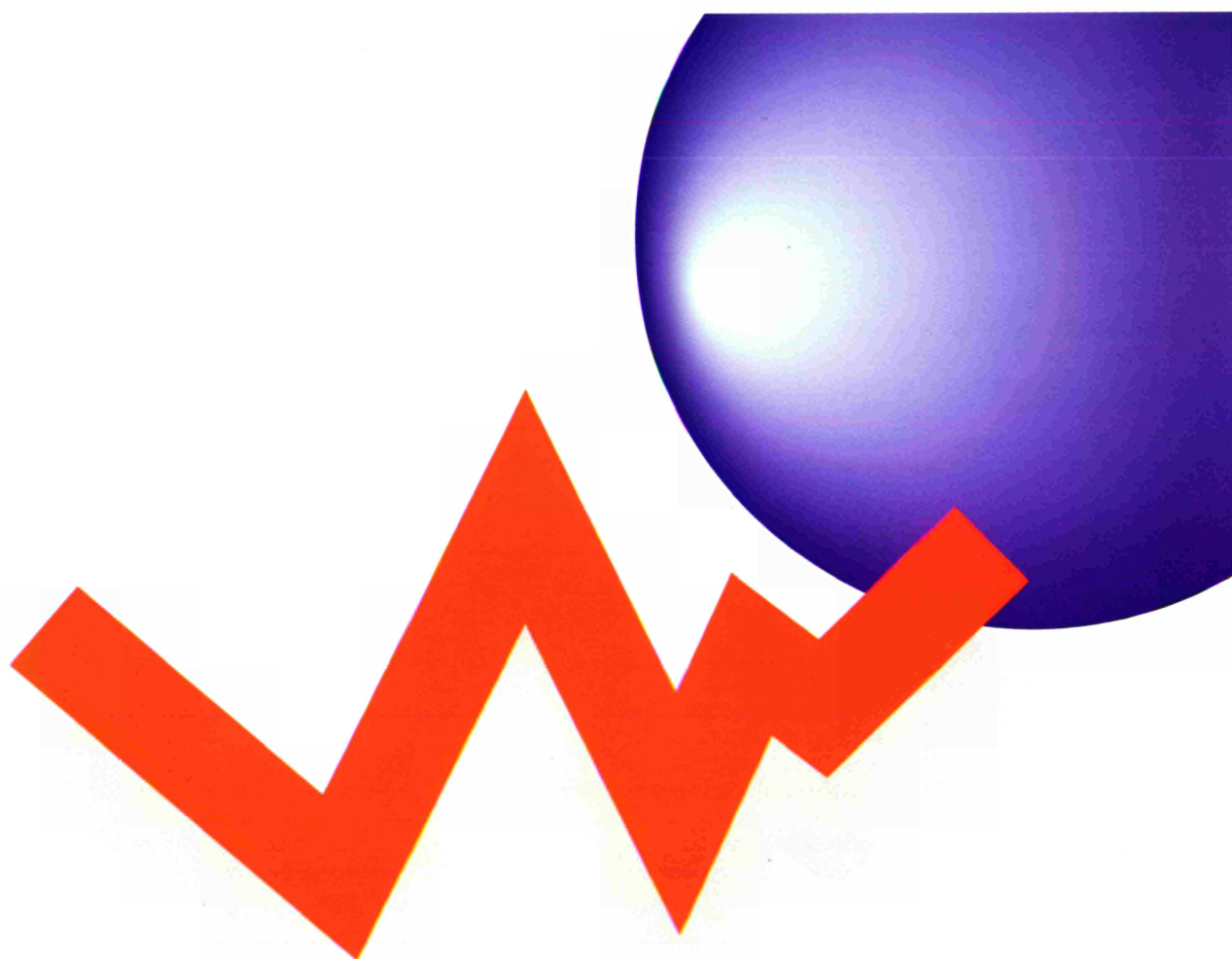


Panorama of EC industry

Short-term supplement
Latest information on EC industry

bimonthly

2/1993





OFICINA ESTADÍSTICA DE LAS COMUNIDADES EUROPEAS
DE EUROPÆISKE FÆLLESSKABERS STATISTISKE KONTOR
STATISTISCHES AMT DER EUROPÄISCHEN GEMEINSCHAFTEN
ΣΤΑΤΙΣΤΙΚΗ ΥΠΗΡΕΣΙΑ ΤΩΝ ΕΥΡΩΠΑΪΚΩΝ ΚΟΙΝΟΤΗΤΩΝ
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Theme
Energy and Industry
Series
Short-term trends



Luxembourg: Office for Official Publications of the European Communities, 1993

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Printed in Belgium

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INTRODUCTION

The Panorama of EC Industry provides users of enterprise statistics each year with a very complete and detailed publication on the state of and main trends in industry and services.

The short-term supplement has a simple objective: to furnish readers of the annual Panorama with an instrument which will allow them to follow the evolution of industrial short-term trends and also show the structure and activity of enterprises at the sector level has evolved recently.

It aims to complement the annual publication. Consequently priority is given to presenting the most recent indicators even if the level of aggregation is greater than that in the annual publication.

The first number of this new Commission publication consists of three parts:

- - developments at the macro-economic level
- - trends in the main areas of industrial activity
- - the presentation of recent results for several sectors of industry.

Conceived so as to meet the needs of users of industry data at an infra-annual rhythm, the short-term supplement is not a publication with a rigidly fixed format. It is expected to evolve, and to adapt itself to requirements of the subject matter on the one hand, and on the other to developments in the European statistical system.

First appearing at the start of 1993, this new instrument is at the service of the participants in the Single Market, which has been in place some weeks. So it is useful to adapt statistical diffusion products to undertake the obligations which arise from this new context. The short-term supplement of the Panorama of EC Industry aims to be of use to the partners in the large European market: enterprises, administrations, analysts...

To do this, it already contains data from several domains of statistics covering industry and external trade. To meet the need for recent information, certain data has been updated using estimates.

We want it to fulfil the mission for which it was conceived. Your comments, criticisms and suggestions will help us to progress in this direction.

This publication has been produced inside Eurostat by Mrs Rita Keenan and Messrs François Lefort and Andrew Redpath under the responsibility of Mr Douglas Koszerek who work in unit D2 of Eurostat "Industry, Steel, Coordination of Industrial Surveys" headed by Mr Daniel Byk.

Photis NANOPOULOS
Director of the Directorate
"Business Statistics"
Eurostat

METHODOLOGICAL NOTES

Industry Classification System

The industry groupings used in this publication are based on the NACE classification system. This classifies economic activity in terms of the nature of goods and services produced or by the nature of the production process employed. It is arranged on the decimal system and is subdivided into divisions (1-digit codes), classes (2-digit codes), groups (3-digit codes), sub-groups (4-digit codes) and items (5-digit codes). More information is contained in the General Industrial Classification of Economic Activities within the European Community published by Eurostat (1985 reprint of the 1970 edition). This publication is available from the usual outlets for Community publications. A major revision to the NACE classification has been incorporated in a Council Regulation (OJ L293 24th October 1990) and will start being used for data collection over the next few years.

The broad groups used in Section 1 of this publication have the following definitions in terms of NACE:

Total industry

1, 2, 3, 4

Intermediate goods industries

1, 211-246, 247, 2474-2476, 2481-2485, 2488, 2489, 251-256, 26, 311-313, 3161-3164, 3167-319, 353, 422, 431-435, 437, 439, 441, 461-466, 471, 472, 481, 483

Capital goods industries

314, 315, 32, 33, 341-344, 347, 348, 352, 361, 362, 364, 365, 371, 372

Consumer goods industries

2472, 2473, 2477, 2486, 2487, 257-259, 3165, 363, 373, 374, 411-421, 423-429, 436, 438, 442, 45, 467, 473, 474, 482, 49

Statistical Sources

Most of the data in this publication is harmonized data supplied to Eurostat by Member States. The exceptions are:

- 1) The capacity utilisation series which come from the business surveys carried out on behalf of the Directorate General for Economic Affairs of the Commission.
- 2) The estimates for the latest years' structural data, which are supplied by the DEBA European Economic Interest Group.
- 3) The OECD has supplied the indices of industrial production for the USA and Japan.

Data sources are indicated for each statistical table.

Every effort has been made to include data for all 12 Member States. The indices from 1991 onwards are on a post-unification basis and include East-Germany. However the structural data is still on a pre-unification basis unless otherwise stated.

Short term indicators

The index of production measures changes in the volume of the gross value added created by industry, the branch indices being aggregated by means of a system of weighting according to gross value added (in prin-

ciple, at factor cost). The indices are adjusted in two stages; firstly to take account of the varying number of working days in the month (except for Spain and Japan) and secondly by seasonal adjustment. The other short term indices in this publication are not adjusted for working days.

The index of producer prices shows (in the national currency of the Member State in question) changes in the ex-works selling prices of all products sold on the domestic markets of the various countries. The Community indices (EUR11, since there are no producer price indices for Portugal) refer to overall weighted price changes. No seasonal adjustment is carried out on them.

For the indices of imports and exports, external trade data of industrial products were grouped according to the industrial NACE branch to which they belong. The value indices are all in ECU terms. The indices for EUR12 refer only to extra Community trade, whilst the indices for Member States reflect also intra Community trade. The indices are seasonally adjusted.

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

The changes which are given in the tables for the latest three months on the corresponding period of the year before, are calculated from non seasonally adjusted series.

Structural data

Data for value added at factor cost, turnover, investment, labour costs, and employment come from annual

enquiries conducted by Member States involving all enterprises with 20 or more employees. The exceptions to this are Spain and Portugal where the coverage is for local units of all sizes. The employment data relates to persons employed excluding home workers. The definitions are standardized and so the figures are

comparable across industries and countries.

Estimates are not supplied to Eurostat by Member States for the smaller firms not covered by the enquiries, and the figures under-report the actual values. Where this is particularly significant, a note is made in the commentary.

Gaps in Eurostat's data have been filled by estimates supplied by DEBA. Thus EC totals often contain estimates for missing countries.

Data in the structural tables are in current ECU unless otherwise stated. The productivity measure used is based on value added at factor cost in 1985 prices per person employed.

Signs and abbreviations

EUR 12:	Community of 12
B/L:	Belgo-Luxembourg Economic Union
ECU:	European currency unit
Mio:	millions
Mrd:	thousand million
N/A:	not available
0.0:	Figure less than half of the chosen unit
%:	percent
1985 = 100:	reference year
Φ:	moving average (August)
Δ:	growth rate

1. MACROECONOMIC OVERVIEW

MAIN INDICATORS

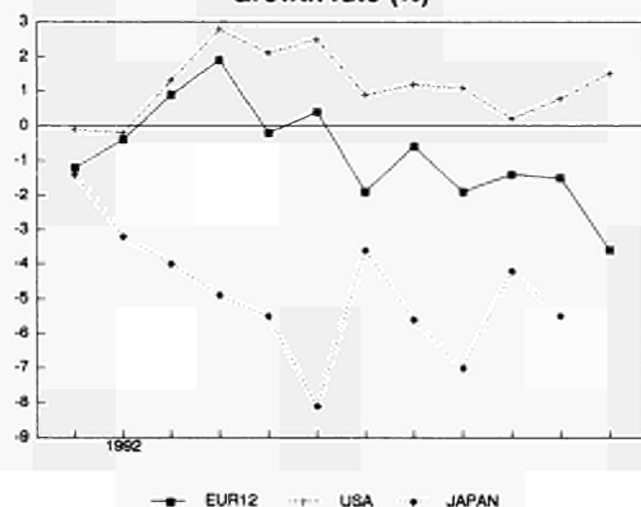
The state of the world economy continued to deteriorate into late 1992 with few countries escaping depressed levels of activity. Output in the EC was down 3.6% on the year (November 1991 to 1992), confirming the deepening economic malaise.

There was particular concern for the state of the German economy, highlighted by the projected slump in German car sales for 1993 (due in part to the end of the post re-unification boom, but nonetheless forecast to fall fifteen per cent in the domestic market) and employment levels (forecast to be down fifty thousand jobs). However, the weakening of demand for cars was seen Europe-wide and most big players were hit by the recession (only BMW and Renault being able to show rising profits; Volvo and Rover finishing the year with losses). Japanese "transplants" coming on-line in the United Kingdom would be expected to raise output in 1993, especially considering the reduced level of activity in 1992.

German inflation (former West Germany) rose to 4.4% in January 1993, higher than in most other European countries (mainly due to a one per cent rise in VAT). The increment continued recent tendencies, despite the fact that lower import prices were seen due to the strength of the deutschmark (up five per cent against the dollar and appreciation against most other currencies). German money supply figures showed fast expansion (rising 9.4% in the last quarter of 1992, well beyond the 5.5% target level set by the Bundesbank). However, with recession gripping Germany, the growth in price levels was expected to slow and lower wage settlements were forecast, with the expectation from most

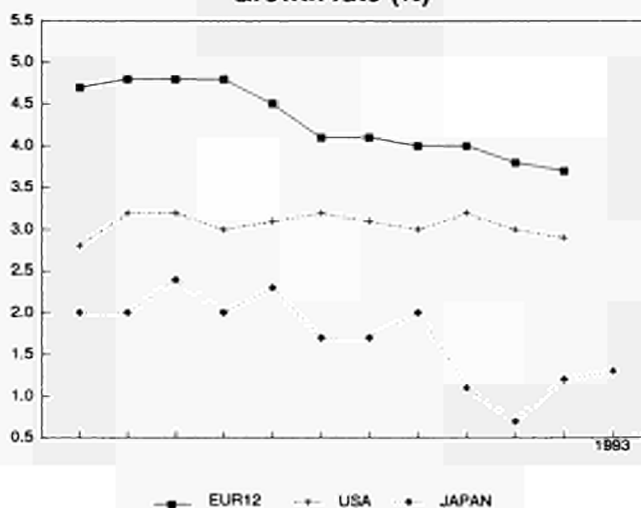
Industrial production

Growth rate (%)



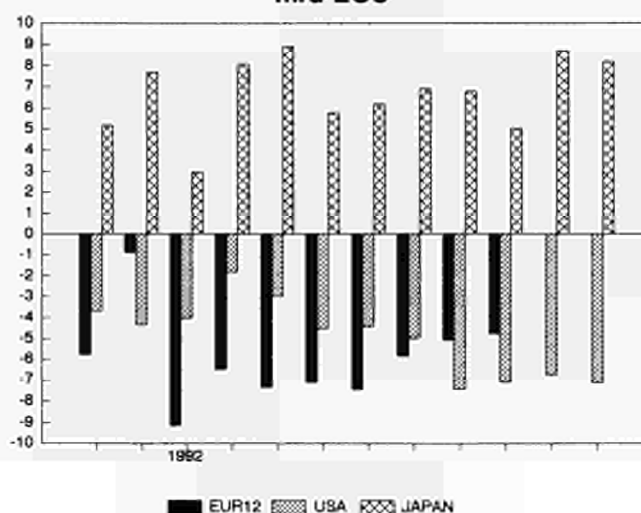
Consumer prices

Growth rate (%)



Trade balance

mrd ECU



commentators that German interest rates would fall further (after the half per cent reduction in the key Lombard Rate on February 4th 1993) in the short to mid-term and thus help to stimulate recovery.

French economic policy continued along recent lines, with a strong-willed defence of the franc. Real interest rates stood at 11.5%, inflation continuing to fall to two per cent (the second lowest level in the Community at the start of February). Government policy protected borrowers to some degree by maintaining pressure on the banks to restrict the base lending rate to only ten per cent. Additionally, the predicament of the French economy was seen to worsen as unemployment figures escalated (rising to 10.5%) and exporters faced difficulties following the devaluations of the lire and sterling. However, the French economy remained in good health compared to most of the other Member States, with a current account surplus, low inflation and a comparatively small budget deficit when expressed as a percentage of GDP.

The United Kingdom economy showed contrasting evidence that the recession had bottomed-out: with another serious deterioration in the level of unemployment, money supply targets being exceeded (a 4.5% increase was recorded for the year to the end of 1992) and poor trade statistics (the highest ever level of imports in both value and volume terms was recorded in December 1992, leading to an increase in the likelihood of imported inflation). On the other hand, lower interest rates, a more competitive exchange rate and increasing business confidence were favourable factors.

		EUR 12	USA	JAPAN
Industrial production	91.12			
	Growth rate (%)			
	92.01	-0.4	-0.2	-3.2
	92.02	0.9	1.3	-4.0
	92.03	1.9	2.8	-4.9
	92.04	-0.2	2.1	-5.5
	92.05	0.4	2.5	-8.1
	92.06	-1.9	0.9	-3.6
	92.07	-0.6	1.2	-5.6
	92.08	-1.9	1.1	-7.0
	92.09	-1.4	0.2	-4.2
	92.10	-1.5	0.8	-5.5
92.11	-3.6	1.5	N/A	
Consumer prices	92.02	4.7	2.8	2.0
	Growth rate (%)			
	92.03	4.8	3.2	2.0
	92.04	4.8	3.2	2.4
	92.05	4.8	3.0	2.0
	92.06	4.5	3.1	2.3
	92.07	4.1	3.2	1.7
	92.08	4.1	3.1	1.7
	92.09	4.0	3.0	2.0
	92.10	4.0	3.2	1.1
	92.11	3.8	3.0	0.7
	92.12	3.7	2.9	1.2
93.01	N/A	N/A	1.3	
Trade balance (mio ECU)	91.11	-5776.1	-3698.0	5196.0
	91.12	-856.2	-4333.8	7711.9
	92.01	-9141.4	-4028.8	2961.2
	92.02	-6506.6	-1804.9	8087.0
	92.03	-7339.3	-3005.2	8914.8
	92.04	-7104.6	-4518.0	5788.9
	92.05	-7440.0	-4435.4	6193.9
	92.06	-5852.4	-4971.7	6894.1
	92.07	-5066.6	-7398.0	6779.0
	92.08	-4757.0	-7053.5	5044.8
92.09	N/A	-6738.0	8693.8	
92.10	N/A	-7104.6	8190.2	

Source: Eurostat

Budgetary deficits continued to be a major problem in Italy (more than eleven per cent of GDP), the United Kingdom, Belgium and Spain, where unemployment continued around sixteen per cent and the worst current account deficit was recorded (3.4% of GDP for 1992).

Debate throughout the Community focused on how to improve the current economic climate. One of the most worrying facets of the recession remained the lack of new investment: the capital goods' sector again showing poor levels of activity (down some four per cent in the third quarter of 1992 compared to the corresponding quarter of 1991). However, the Edin-

burgh summit gave almost four billion ECU to boost EIB funds for trans-national projects to help redress the problem. Unemployment continued to show a rising trend in the majority of the Member States. At the same time the inflation rate Europe-wide fell to 3.7% for the year to December 1992, the lowest level since August 1988. This was partly due to anticipation of the winter sales and falling prices of motor vehicles. Only Luxembourg showed a gain in its inflation rate compared to the same period in 1991 (rising from 2.6% to 2.9%), all others countries saw their levels fall (the Greek inflation rate moving from 18.0% in December 1991 to 14.7% in December 1992). In terms of foreign trade the EC deficit was reduced for the third consecutive month, falling to 4.8 billion ECU (the second lowest figure for the past two years).

Unilaterally, the Benelux countries and the United Kingdom felt able to lower their interest rates in an attempt to stimulate recovery. Faced with the departure of sterling from the ERM and subsequent reductions in UK interest rates, pressure increased on

the Irish currency, leading to a ten per cent devaluation on January 30th. This was the largest realignment of a single currency within the ERM and occurred despite low inflation, a budget deficit of only 2.5% of GDP and the most healthy current account surplus in the Community.

Internationally, the American economy showed signs of recovery, consistently out-performing the EC and Japan as regards most leading indicators. For example, production growth was again positive (for the tenth month in succession) with an annual increase of 1.5% in November 1992; durable goods orders rose by 9.1% in December 1992; whilst personal incomes also grew by one per cent during the month. If unemployment continues to fall the prospects for a rapid recovery in the USA seem good. The American economy once again started to suck in imports (running a deficit of 7.1 billion ECU in November 1992). Furthermore, concern over trade mounted in relation to the GATT talks which have so far received little attention from the new Clinton administration, and seeming-

ly will not be terminated before the start of March. Additionally, new levies on steel imports into the USA were imposed. The Japanese surplus continued to expand (especially in September 1992, reaching 8.7 billion ECU), although there was a marked change in the distribution of Japanese exports - with south-east Asia receiving an ever-increasing share, whilst the share of exports to America fell and European levels only expanded moderately. The Japanese surplus was accompanied by poor levels of output (production having fallen 5.5% on the year to October 1992) and weak domestic demand. Further proof of the recession in Japan was provided by recent indicators: investment levels slumped, falling ten per cent on the year to the end of the second quarter of 1992; however, although suffering a serious recession, levels of unemployment in Japan remained very modest, rising only 0.1% in December 1992 to 2.4%. Japanese consumer prices rose to 1.3% in January 1993, lower than the falling inflation rates witnessed in the United States (2.9% in December 1992) and the EC.

2. NACE 1-4: TOTAL INDUSTRY

Nace 1-4: Total industry

Index of production

1985 = 100		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Total Industry	1991	115.1	115.3	110.2	121.2	101.7	115.0	114.3	148.5	115.4	118.6	113.2	135.1	106.1
	Φ	118.6	113.6	118.6	123.7	106.4	101.9	115.6	161.4	119.9	106.6	116.3	117.2	111.0
Growth rate (%)	1991	-0.1	-2.0	2.2	2.8	-1.5	-1.0	0.2	3.3	-2.1	0.5	2.8	-0.1	-2.9
	Φ	-3.6	-0.4	-2.6	-5.9	1.5	-0.5	-3.9	12.2	-5.4	-1.0	-3.2	-5.3	0.5
Intermediate Goods	1991	111.1	115.5	111.9	115.0	100.4	108.3	115.0	142.4	114.4	116.8	110.0	122.0	101.7
	Φ	113.9	113.3	124.5	117.4	99.1	96.9	114.0	151.7	119.0	102.2	111.3	104.8	105.7
Growth rate (%)	1991	-0.1	-2.0	1.3	1.2	-3.8	-1.2	1.5	8.2	-2.0	-0.8	3.8	-2.8	-1.3
	Φ	-2.9	-1.3	0.9	-5.0	1.8	0.2	-4.8	14.8	-4.2	-0.3	-4.8	-6.5	0.3
Capital Goods	1991	119.9	119.4	108.5	126.2	118.0	131.3	113.3	200.0	118.2	119.9	109.2	115.9	114.4
	Φ	120.1	108.7	112.7	124.6	120.6	104.8	101.9	217.8	115.3	107.2	112.4	88.0	114.8
Growth rate (%)	1991	-1.4	4.2	0.6	2.9	6.4	-9.0	-3.0	-2.6	-5.7	7.6	1.1	-3.8	-5.9
	Φ	-6.4	-8.7	-6.2	-7.7	-7.2	1.1	-6.2	14.8	-11.8	-17.3	-1.7	-4.8	-0.8
Consumer Goods	1991	117.9	117.9	110.4	124.9	100.1	120.0	114.0	130.9	115.9	128.6	123.1	132.8	109.6
	Φ	127.0	116.0	119.6	132.5	115.4	108.0	126.9	147.5	124.6	134.6	130.3	117.4	120.0
Growth rate (%)	1991	1.3	0.8	3.8	4.8	-0.1	1.7	0.9	3.8	0.3	5.3	3.1	-0.1	-3.9
	Φ	-2.4	-0.1	-0.9	-5.1	4.5	-1.8	-1.0	9.3	-3.7	8.7	-2.2	-2.8	2.1

Source: Eurostat

The trend of industrial production continued to decline, falling 3.6% over the year to November 1992. Perhaps the most worrying facet of the recession was that European economies were seen to be at vastly different stages in the economic cycle: indeed, some were only just entering recession.

Countries particularly badly hit at the end of 1992 (percentage change of the last three months figures available compared to the same three months in 1991) were Germany (-5.9%), Italy (-5.4%), and Portugal (-5.3%). Only three countries were able to display positive gains over the same period: they were Ireland (12.2%), Greece (1.5%) and the United Kingdom

(0.5%, though from a depressed level). Such figures should be taken with some caution, although smooth trends (calculated on the basis of a moving average) showed Ireland (0.5%, September) and the United Kingdom (0.0%, November) remaining the only two countries not to display negative trends.

Losses were spread across all sectors: with the capital goods' sector again badly hit (losing 6.4% over the year on the levels displayed in late 1991). Even the consumer goods' sector (which had until recently continued to display growth) showed a 2.4% annual loss to the end of 1992. International comparison showed the United States registering

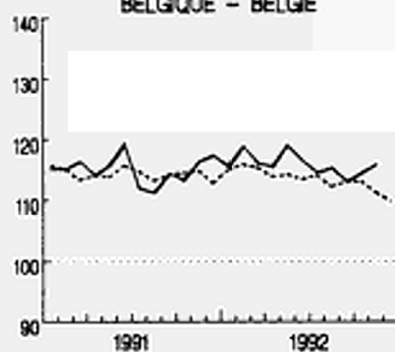
annual growth up to November 1992 in the order of one to two per cent for all three sectors (with investment growing at a much improved rate). Expansion of the consumer goods' sector in the American economy slowed during 1992, due to an increasing trade deficit and low consumer confidence.

Japan continued to exhibit poor production levels, especially in the capital goods' sector, with an annual reduction of almost ten per cent in the third quarter of 1992. However, the most recent data available suggests that the recession in Japan may have bottomed out, with the smooth trend of total production ceasing to fall further (0.0%).

INDUSTRIELLE PRODUKTION

GESAMTE INDUSTRIE

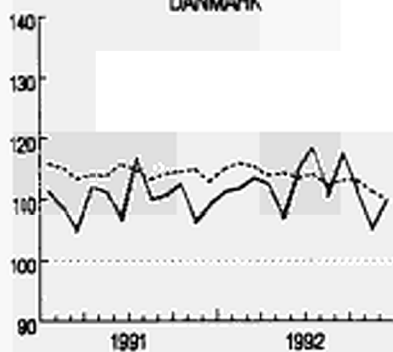
BELGIQUE - BELGIE



INDUSTRIAL PRODUCTION

TOTAL INDUSTRY

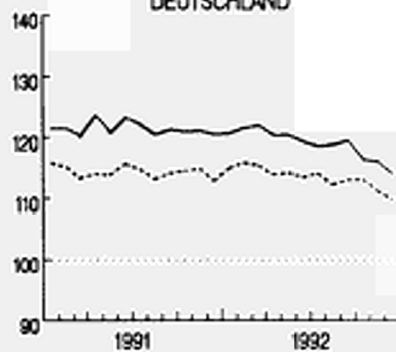
DANMARK



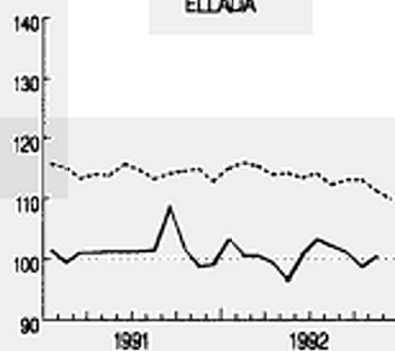
PRODUCTION INDUSTRIELLE

ENSEMBLE DE L'INDUSTRIE

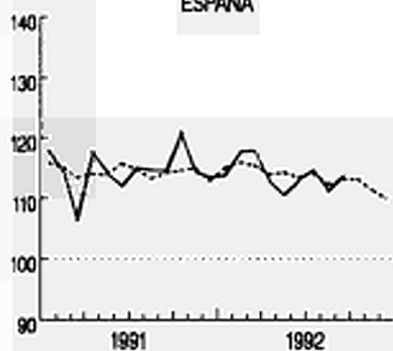
DEUTSCHLAND



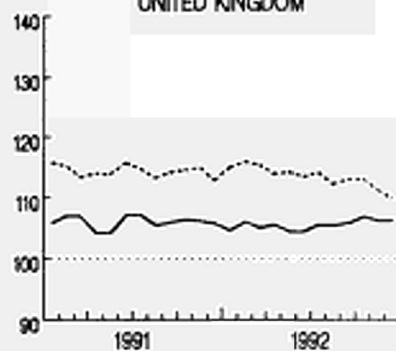
ELLADA



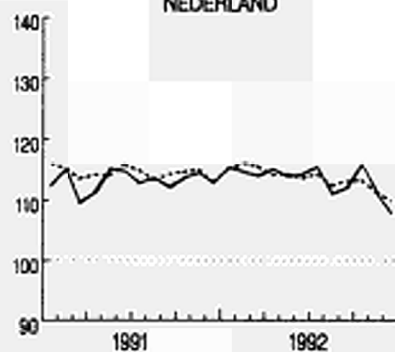
ESPAÑA



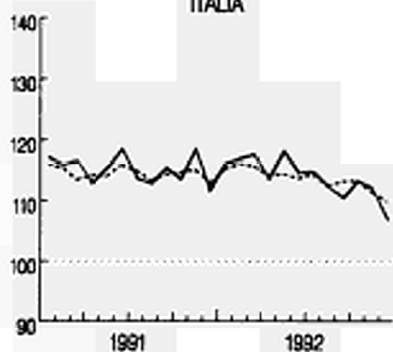
UNITED KINGDOM



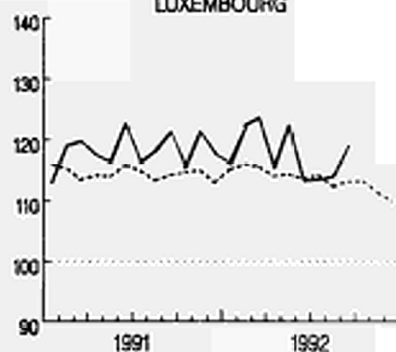
NEDERLAND



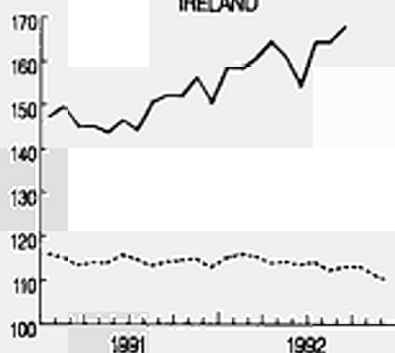
ITALIA



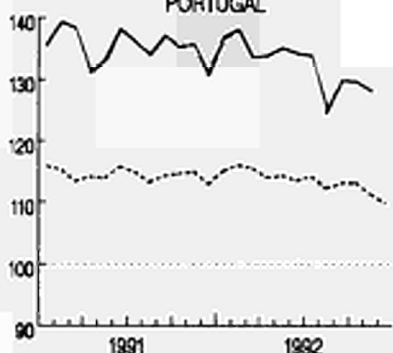
LUXEMBOURG



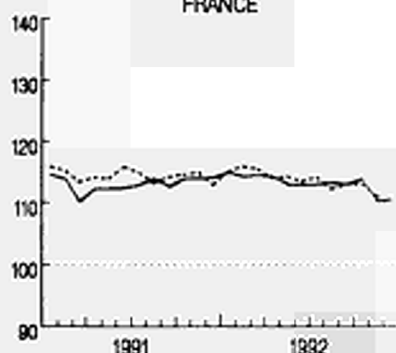
IRELAND



PORTUGAL



FRANCE



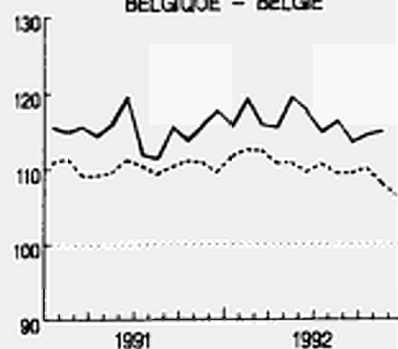
..... EUR 12

1985 = 100

INDUSTRIELLE PRODUKTION

VORLEISTUNGSINDUSTRIE

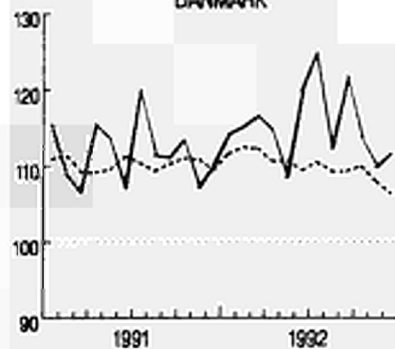
BELGIQUE - BELGIE



INDUSTRIAL PRODUCTION

INTERMEDIATE GOODS

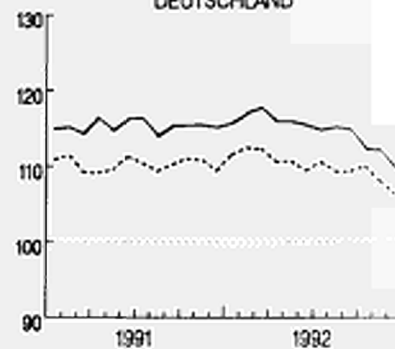
DANMARK



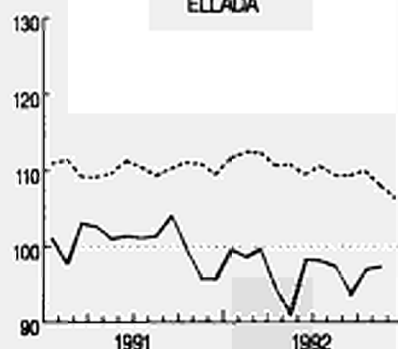
PRODUCTION INDUSTRIELLE

BIENS INTERMEDIAIRES

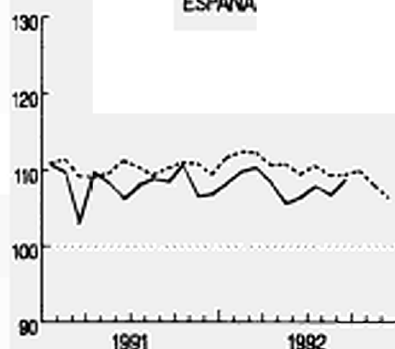
DEUTSCHLAND



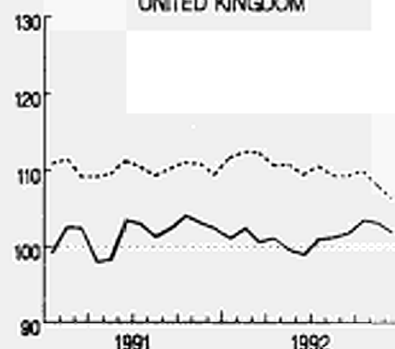
ELLADA



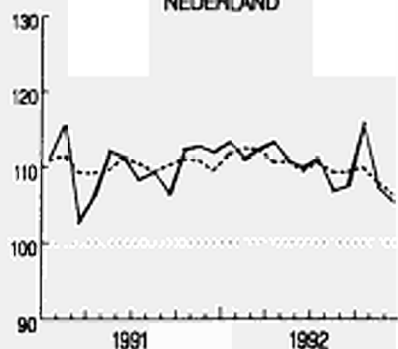
ESPAÑA



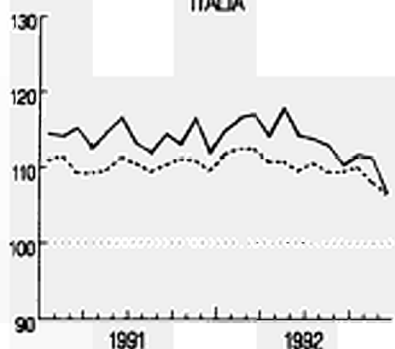
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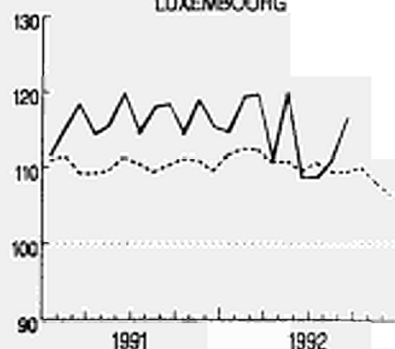
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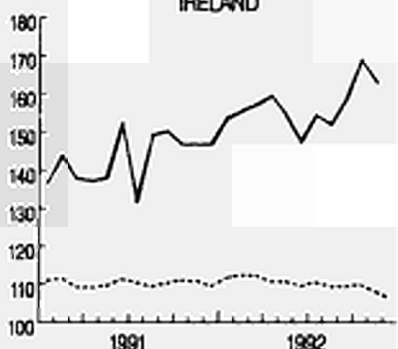
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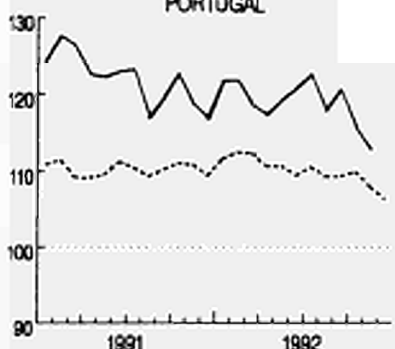
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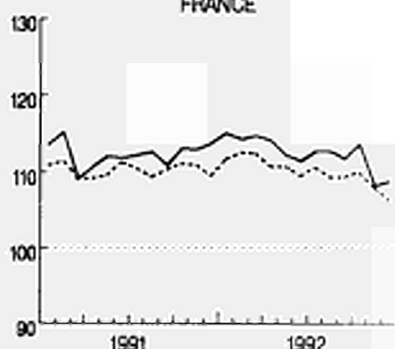
IRELAND



PORTUGAL



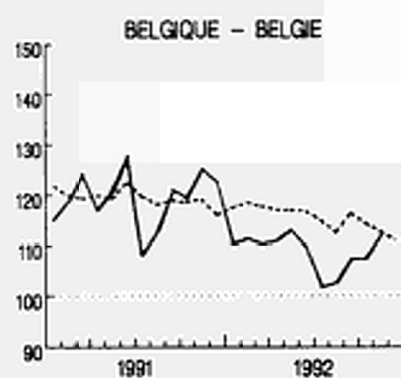
FRANCE



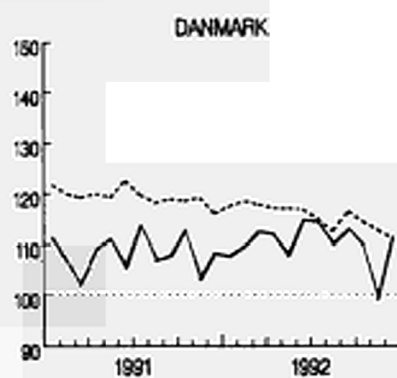
..... EUR 12

1985 = 100

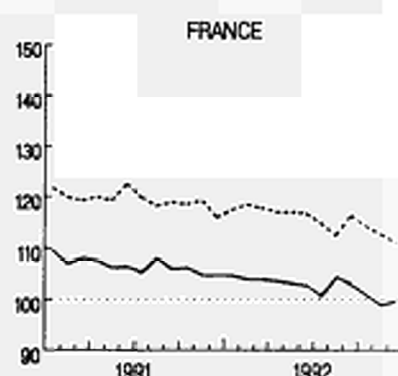
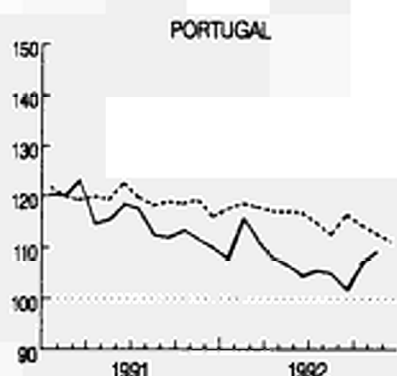
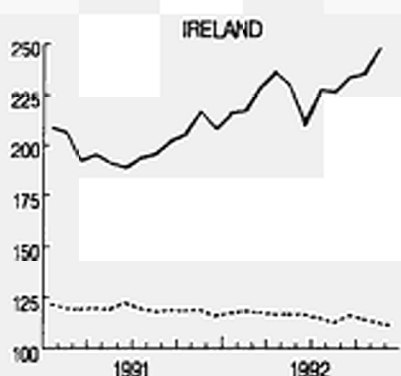
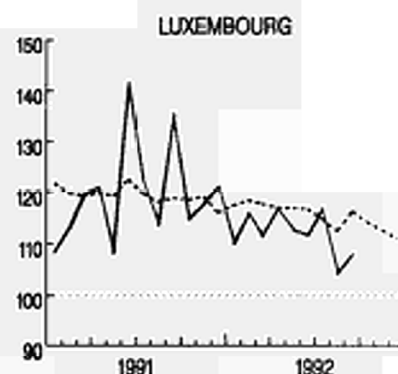
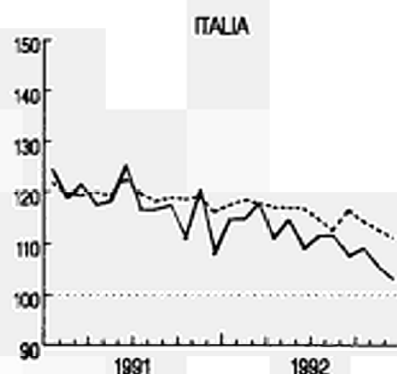
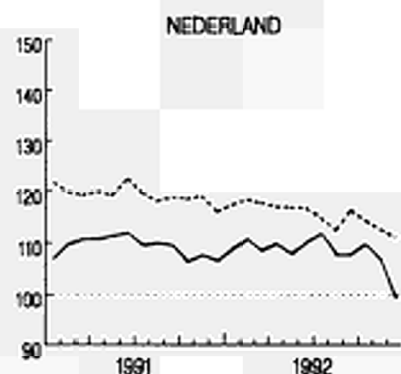
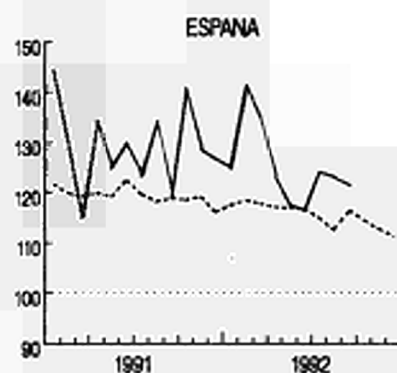
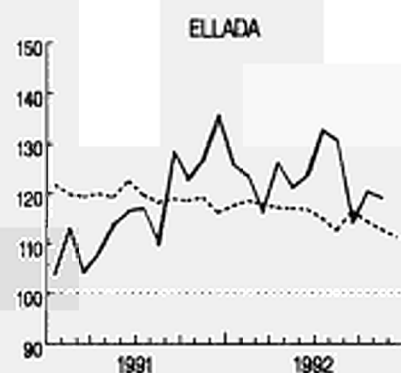
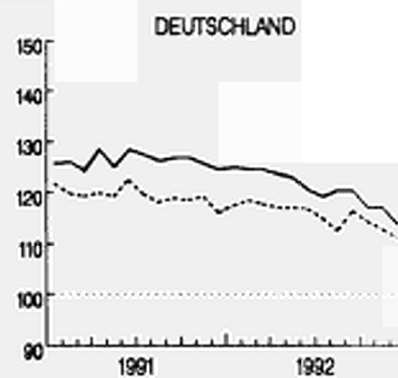
INDUSTRIELLE PRODUKTION
INVESTITIONSGÜTERINDUSTRIE



INDUSTRIAL PRODUCTION
CAPITAL GOODS



PRODUCTION INDUSTRIELLE
BIENS D'INVESTISSEMENT



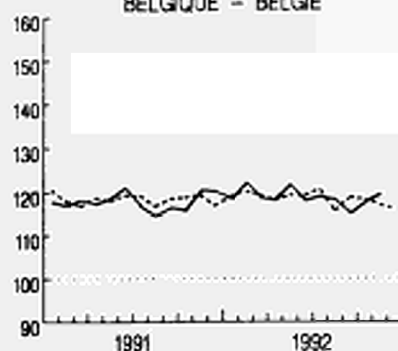
..... EUR 12

1985 = 100

INDUSTRIELLE PRODUKTION

VERBRAUCHSGÜTERINDUSTRIE

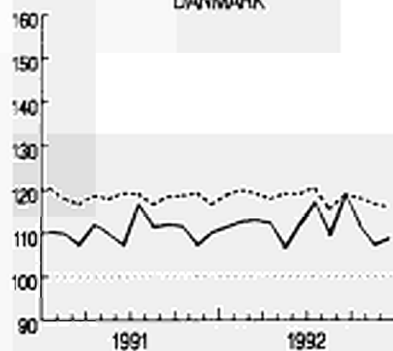
BELGIQUE - BELGIE



INDUSTRIAL PRODUCTION

CONSUMER GOODS

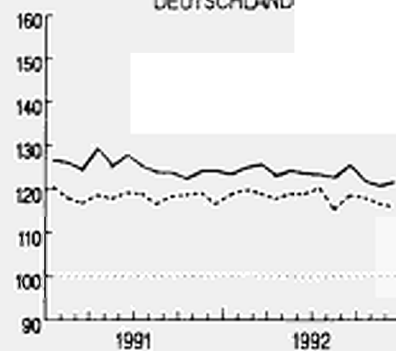
DANMARK



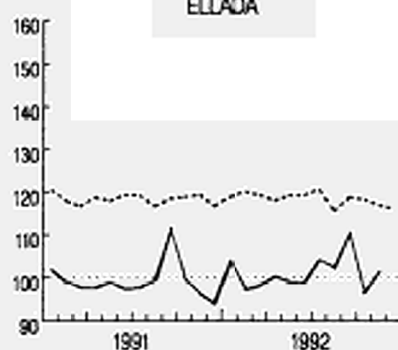
PRODUCTION INDUSTRIELLE

BIENS DE CONSOMMATION

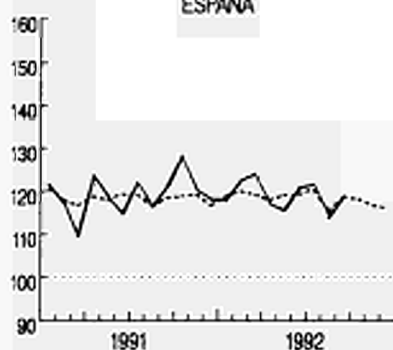
DEUTSCHLAND



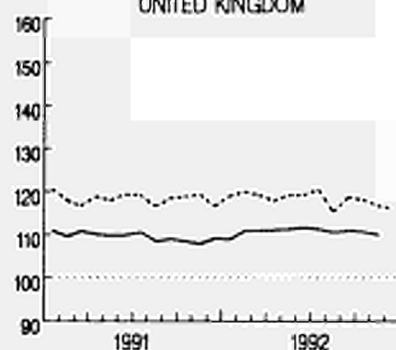
ELLADA



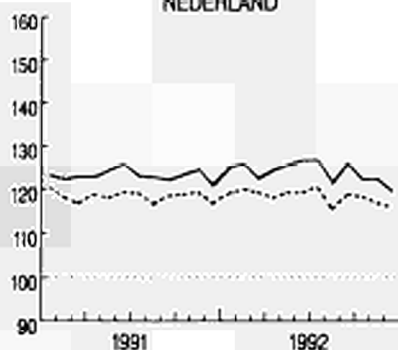
ESPAÑA



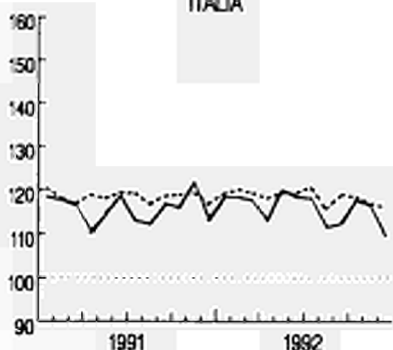
UNITED KINGDOM



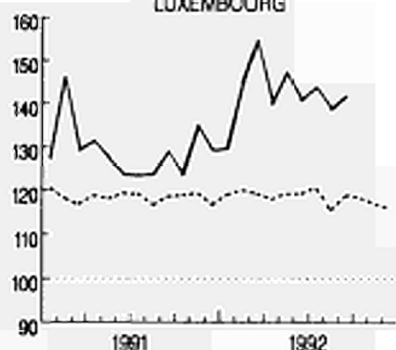
NEDERLAND



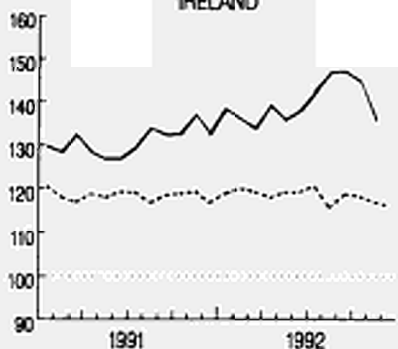
ITALIA



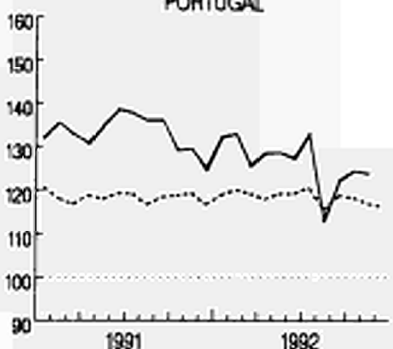
LUXEMBOURG



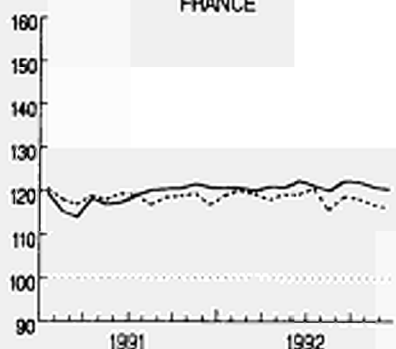
IRELAND



PORTUGAL



FRANCE



..... EUR 12

1985 = 100

Nace 1-4: Total industry

Producer price index

1985 = 100		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Total Industry	1991	112.9	92.6	110.0	103.4	221.5	113.2	108.5	114.3	121.7	96.2	89.7	N/A	122.9
	Φ	115.1	92.8	108.0	104.9	260.5	81.7	109.0	117.1	124.6	92.7	90.0	N/A	127.1
Growth rate (%)	1991	2.8	-1.1	1.1	2.4	17.2	1.5	N/A	1.1	3.3	-2.6	2.7	N/A	4.5
	Φ	1.5	-0.5	-2.7	0.5	13.5	1.2	0.6	2.0	2.2	-3.8	-0.1	N/A	3.2
Intermediate Goods	1991	104.6	82.8	105.3	96.1	211.8	100.7	102.9	96.2	115.3	89.5	83.8	N/A	112.0
	Φ	105.1	81.1	102.2	95.5	248.8	100.5	102.2	96.8	116.3	83.3	83.2	N/A	114.5
Growth rate (%)	1991	1.9	-3.5	0.8	2.0	16.7	-0.6	0.2	0.8	3.4	-4.8	2.1	N/A	2.5
	Φ	0.1	-2.1	-3.8	-1.4	14.0	-0.1	-0.3	0.4	1.1	-6.3	-0.4	N/A	2.4
Capital Goods	1991	123.2	114.3	120.2	115.6	218.6	131.6	N/A	115.9	131.2	119.9	109.0	N/A	135.2
	Φ	126.8	117.9	120.7	119.7	259.6	135.1	33.8	117.3	135.2	122.3	110.1	N/A	140.2
Growth rate (%)	1991	3.0	3.0	2.1	3.3	16.6	3.6	N/A	0.6	2.6	3.7	1.4	N/A	5.2
	Φ	2.4	2.1	-0.8	2.7	13.9	1.6	N/A	1.6	2.8	1.2	0.6	N/A	2.8
Consumer Goods	1991	119.9	105.3	109.8	108.3	235.5	125.8	111.4	115.2	126.5	119.0	97.5	N/A	132.1
	Φ	124.5	108.3	108.2	112.0	276.9	130.0	113.5	119.5	131.7	126.3	99.5	N/A	139.7
Growth rate (%)	1991	3.5	1.5	0.8	2.3	17.8	3.4	1.3	-0.2	3.4	3.9	3.7	N/A	6.3
	Φ	3.0	1.0	-1.8	2.2	12.7	2.6	1.8	3.1	3.3	3.2	0.2	N/A	4.4

Source: Eurostat

Producer prices in national currencies (as above) rose by 1.5% for the year up to the end of September 1992. Intermediate goods continued to display very slow price rises (having risen only five per cent since 1985). This may be contrasted with the higher levels of inflation for capital and consumer goods (both of which were around 125.0 in September 1992).

Figures for the Benelux countries and Denmark showed reduced producer prices for the year, though this was consistent with traditionally low levels displayed in the Benelux countries (latest data showing all three countries with price indices below 93.0 (1985 = 100)). With the exception of

Greece (annual increase of 13.5%), 1992 saw other Member States also register very low annual growth (the largest gain of the other eleven countries being a 3.2% increase in the United Kingdom). Despite reports of wage pressure in Germany, producer prices were almost static (rising by 0.5% to the end of November 1992).

The latest data confirmed even lower prices in the short-term, with only three countries reporting increases with respect to the previous month's data, Greece (+0.7%), Ireland (+0.3%) and Italy (+0.4%).

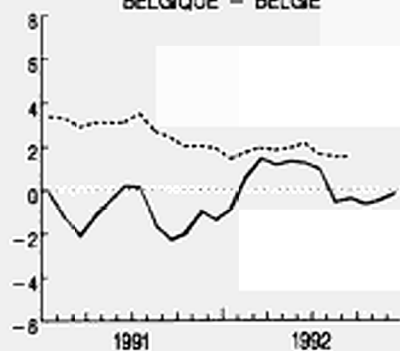
Expressed in ECU terms many figures were seen to be at even lower levels: for example, EC producer prices fell

0.3% during the year up to the end of September 1992. Following the devaluations of October (which already show through in the data for Italy and the United Kingdom), figures will no doubt fall further in the coming months. The effects of movements in the currency markets were reflected in the latest figures for the United Kingdom (-7.6%), Italy (-7.0%) and Spain (-3.5%) where producer prices fell sharply. Hence, these countries should become more competitive in terms of export markets, whilst producers in Germany (prices up 4.5% in ECU terms) and the Netherlands (up 4.0%) should face stiffer competition.

ERZEUGERPREISINDEX

GESAMTE INDUSTRIE
VERÄNDERUNGSRATE

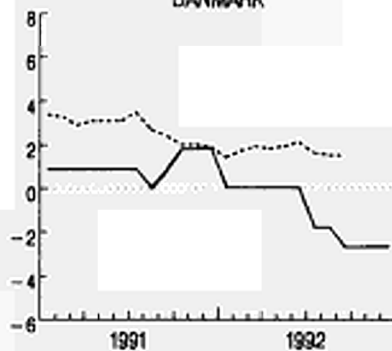
BELGIQUE - BELGIE



PRODUCER PRICE INDEX

TOTAL INDUSTRY
GROWTH RATE

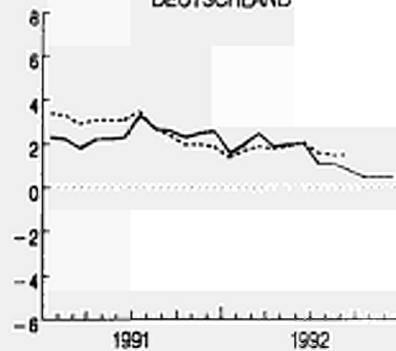
DANMARK



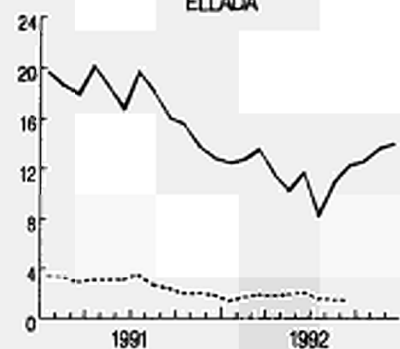
INDICE DES PRIX A LA PRODUCTION

ENSEMBLE DE L'INDUSTRIE
TAUX DE VARIATION

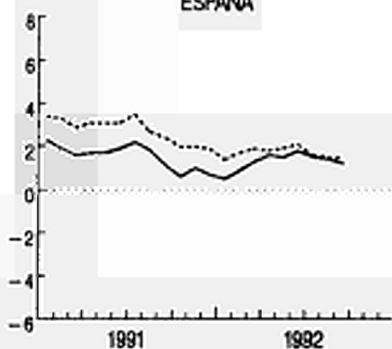
DEUTSCHLAND



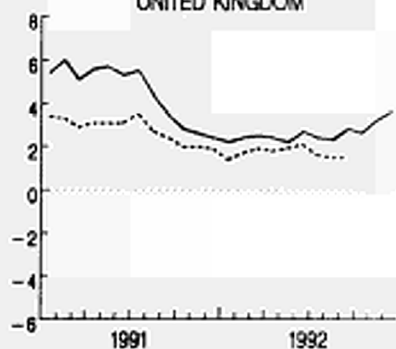
ELLADA



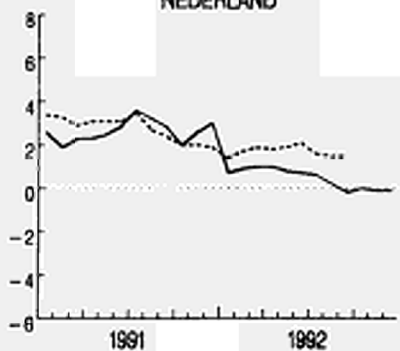
ESPAÑA



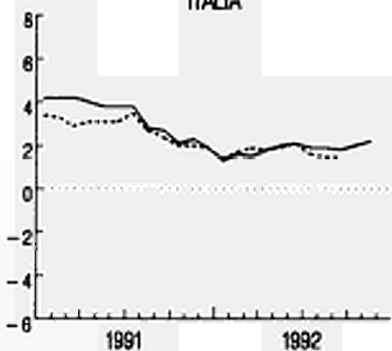
UNITED KINGDOM



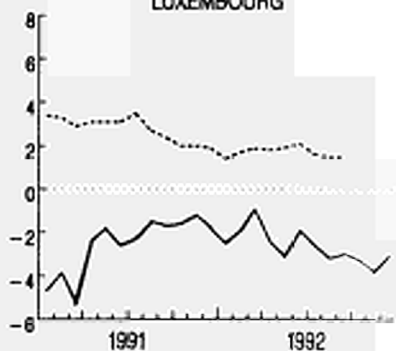
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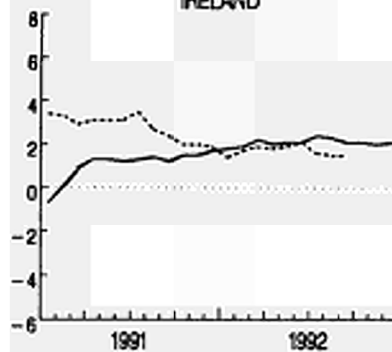
ITALIA



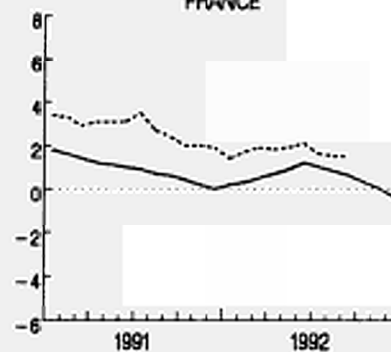
LUXEMBOURG



IRELAND



FRANCE



----- EUR 12

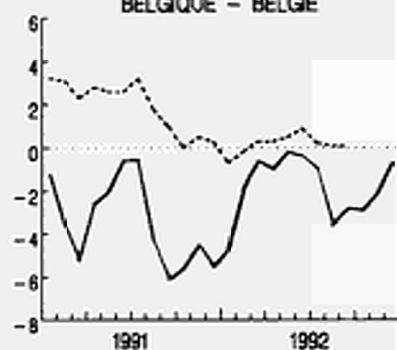
1985 = 100

ERZEUGERPREISINDEX
VORLEISTUNGSINDUSTRIE
VERÄNDERUNGSRATE

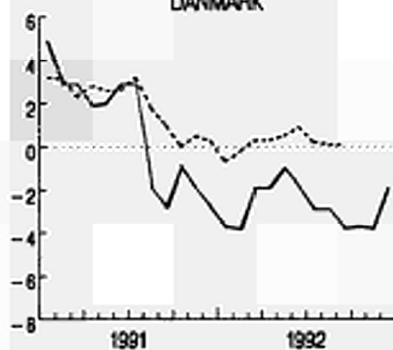
PRODUCER PRICE INDEX
INTERMEDIATE GOODS
GROWTH RATE

INDICE DES PRIX A LA PRODUCTION
BIENS INTERMEDIAIRES
TALX DE VARIATION

BELGIQUE - BELGIE



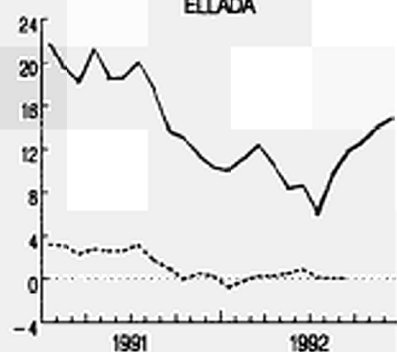
DANMARK



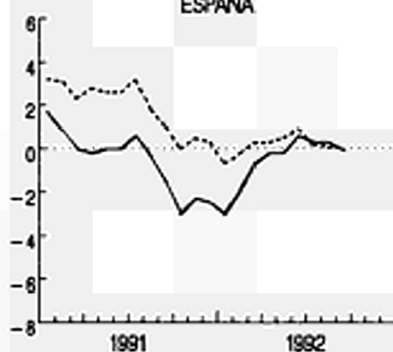
DEUTSCHLAND



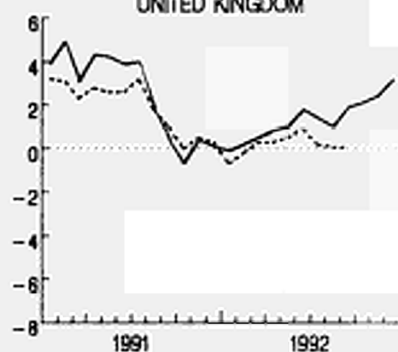
ELLADA



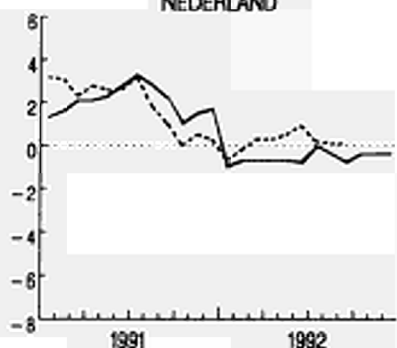
ESPAÑA



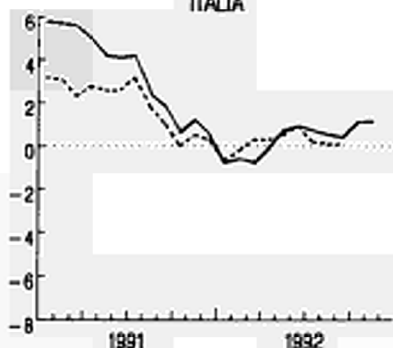
UNITED KINGDOM



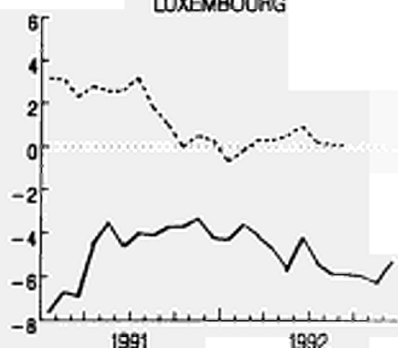
NEDERLAND



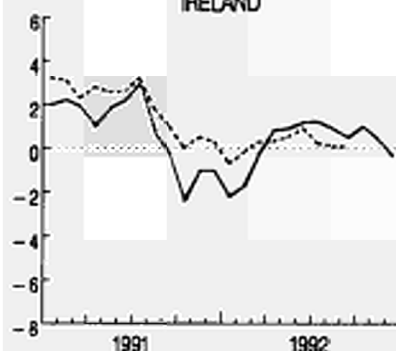
ITALIA



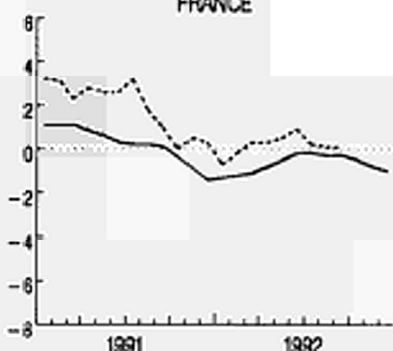
LUXEMBOURG



IRELAND



FRANCE

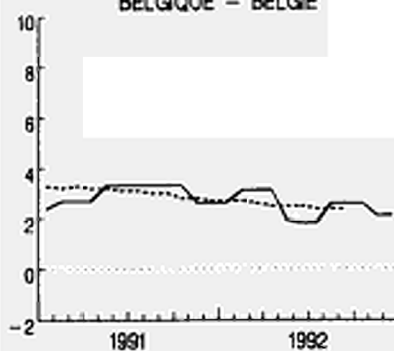


----- EUR 12
1985 = 100

ERZEUGERPREISINDEX

INVESTITIONSGÜTERINDUSTRIE
VERÄNDERUNGSRATE

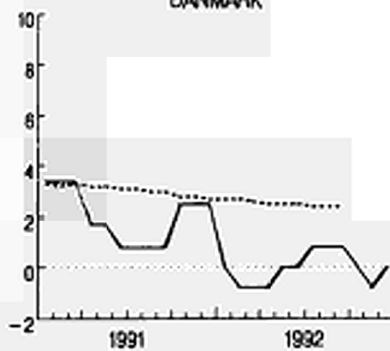
BELGIQUE - BELGIE



PRODUCER PRICE INDEX

CAPITAL GOODS
GROWTH RATE

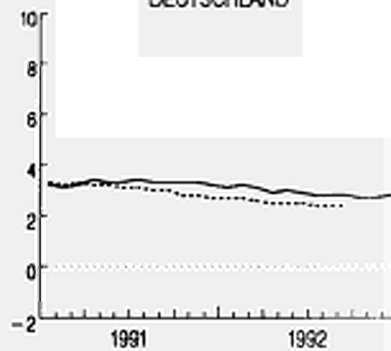
DANMARK



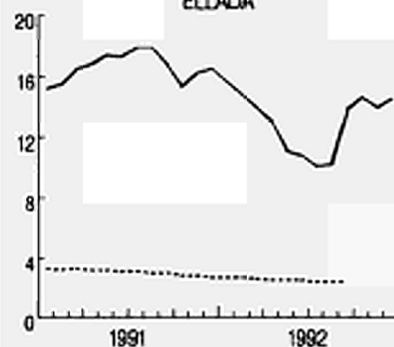
INDICE DES PRIX A LA PRODUCTION

BIENS D'INVESTISSEMENT
TAUX DE VARIATION

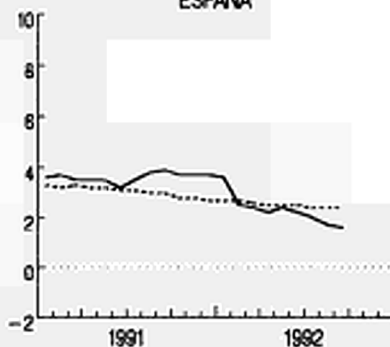
DEUTSCHLAND



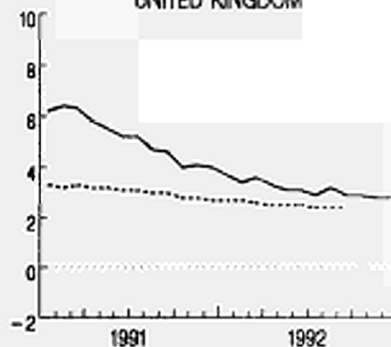
ELLADA



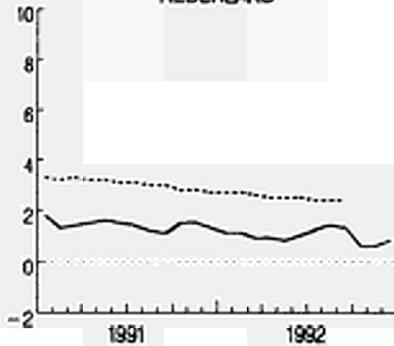
ESPANA



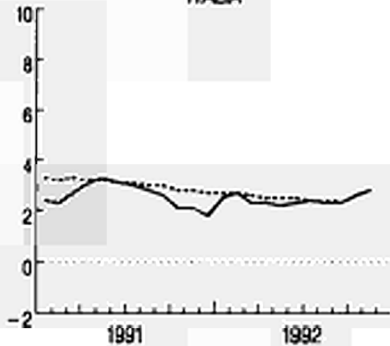
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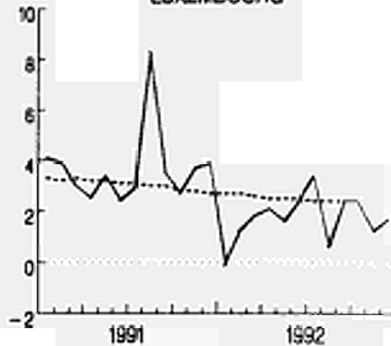
NEDERLAND



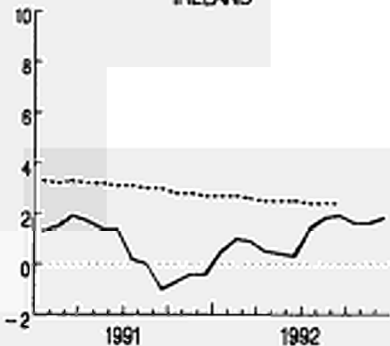
ITALIA



LUXEMBOURG



IRELAND



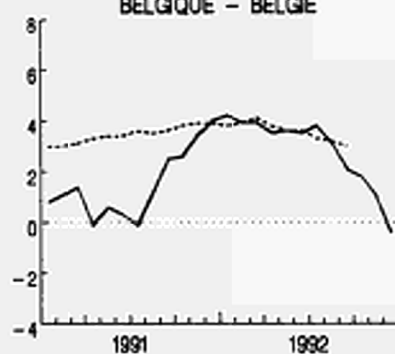
..... EUR 12

1985 = 100

ERZEUGERPREISINDEX

VERBRAUCHSGÜTERINDUSTRIE
VERÄNDERUNGSRATE

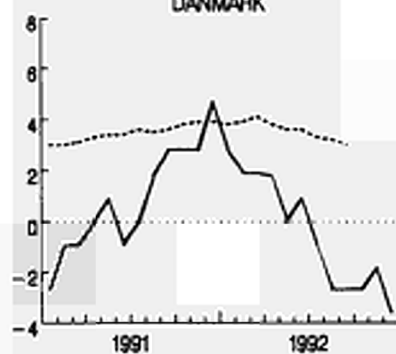
BELGIQUE - BELGIE



PRODUCER PRICE INDEX

CONSUMER GOODS
GROWTH RATE

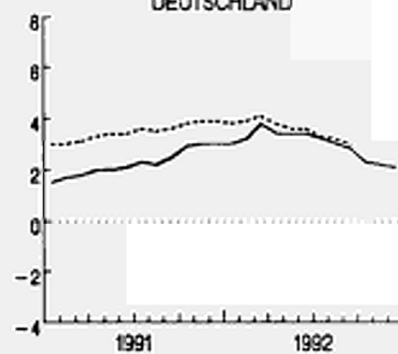
DANMARK



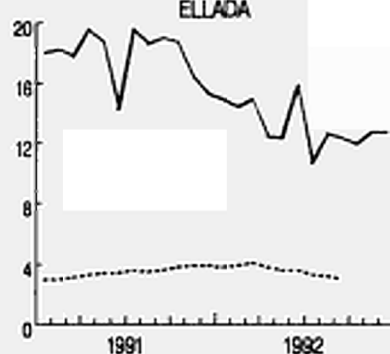
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BIENS DE CONSOMMATION
TAUX DE VARIATION

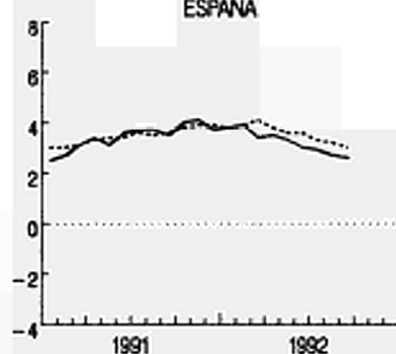
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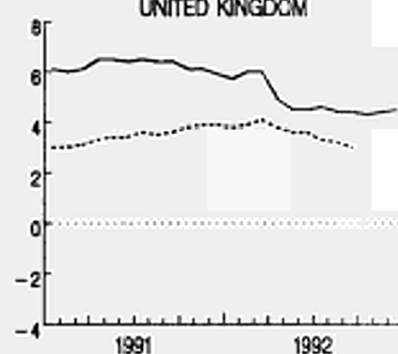
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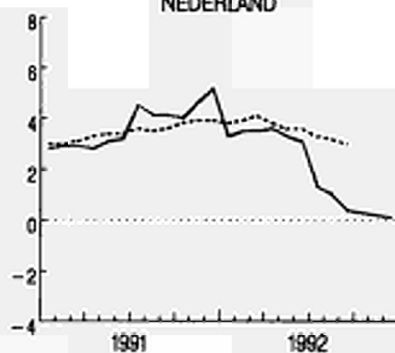
ESPAÑA



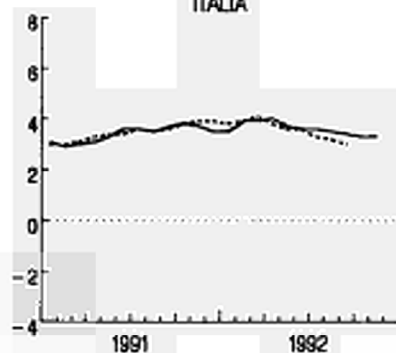
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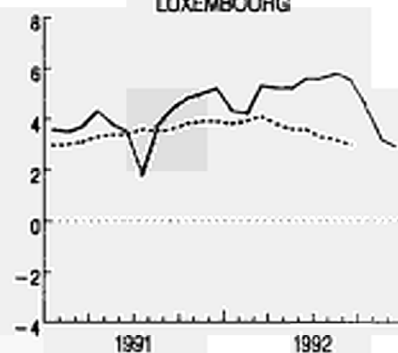
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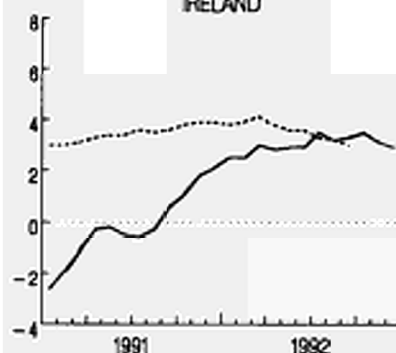
ITALIA



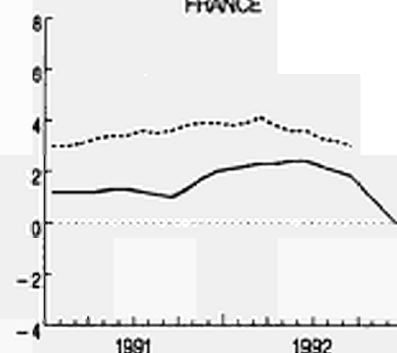
LUXEMBOURG



IRELAND



FRANCE



----- EUR 12

1985 = 100

Nace 1-4: Total industry

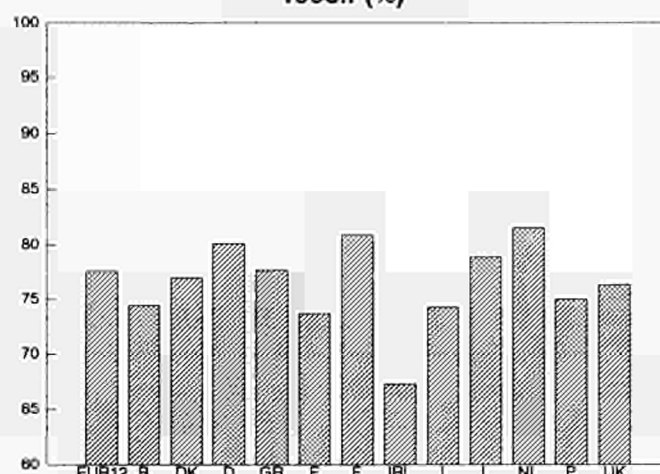
Capacity utilization

%		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Total Industry	92.II	80.5	77.8	79.0	85.3	77.9	74.6	82.3	78.3	77.8	81.0	83.8	76.9	77.6
	92.III	80.9	78.2	80.0	85.1	77.2	79.0	82.6	76.1	76.4	80.0	84.5	78.2	78.9
	92.IV	79.5	76.6	79.0	83.2	79.4	76.3	82.1	77.3	74.3	79.0	83.0	77.1	78.4
	93.I	77.6	74.5	77.0	80.1	77.7	73.7	80.9	67.3	74.3	78.9	81.5	75.0	76.3
Intermediate Goods	92.II	81.4	76.1	77.0	85.2	80.5	74.7	85.7	81.5	79.3	80.0	82.5	79.7	78.4
	92.III	81.0	76.0	79.0	84.5	79.6	78.4	84.9	75.7	76.6	79.0	83.1	80.6	78.9
	92.IV	79.6	73.9	78.0	82.5	81.8	77.8	84.5	78.6	74.2	79.0	81.4	78.5	78.0
	93.I	77.5	71.4	74.0	77.9	79.1	75.1	82.8	67.9	74.2	79.3	79.4	77.2	77.2
Capital Goods	92.II	79.1	79.3	79.0	83.4	83.2	74.8	80.0	83.1	74.7	82.0	84.9	79.0	75.5
	92.III	79.2	80.2	79.0	82.8	71.8	80.1	80.6	80.0	73.9	8.5	85.1	80.2	75.9
	92.IV	78.1	79.3	78.0	80.5	67.2	75.4	80.1	80.8	72.6	82.0	84.2	80.4	76.8
	93.I	76.9	77.9	75.0	79.1	81.7	72.0	78.8	78.1	73.2	81.6	82.1	76.6	75.5
Consumer Goods	92.II	81.4	79.1	81.0	90.0	77.3	74.3	80.9	73.0	77.4	83.0	84.8	76.3	79.3
	92.III	81.8	79.4	81.0	89.1	75.9	78.4	81.1	72.3	77.2	82.0	82.7	79.6	81.0
	92.IV	81.1	76.5	80.0	87.6	77.0	75.2	81.5	71.3	75.3	79.0	84.5	76.7	82.2
	93.I	79.8	74.3	80.0	85.9	77.6	74.9	81.0	70.9	75.0	74.7	84.4	72.8	78.4

Source: Eurostat

Figures within this section are based upon a survey of chiefs of enterprises and hence include estimates. Capacity utilisation levels were expected to fall into early 1993, with reductions in all EC Member States. The rate for total manufacturing was expected to be reduced to 77.6% in the first quarter of 1993, a decrease of three per cent over the past year. Part of the seven per cent reduction since the mid-eighties may be explained by increased investment levels witnessed in 1989 and 1990 creating surplus capacity. Additionally, European economies continued to exhibit depressed levels of activity, thus lowering activity rates still further. In the short-term there would appear to be little prospect of utilisation rates improving, as most economies were affected by lay-offs and by shorter working weeks. Problems were exacerbated in the car industry,

Total industry
1993.I (%)



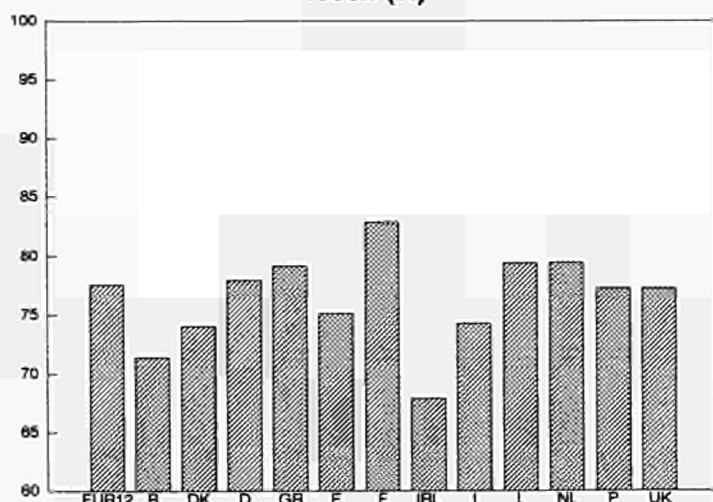
which faced chronic decline, not only in the Member States.

Individual performance by country showed that reductions expected in the first quarter would be particularly marked in Germany (annual fall of over five per cent) and Ireland (where a ten per cent decrease was expected for the first quarter of 1993). German figures were down largely as a result of a 4.6% expected reduction in the intermediate goods' sector during the first quarter of 1993. Despite estimated losses of over one per cent in French and Dutch rates (for the same period and sector), these two countries were expected to display the highest rates in the Community (above those of Germany, where peak levels have been traditionally recorded). Apart from the poor figures in Ireland: Italy (74.3%), Belgium (74.5%) and Spain (73.7%) also saw reduced levels.

As regards the three different goods' sectors: consumer goods continued to display rates considerably higher than other sectors. Within the sector, expansion was only expected in the Dutch and Greek economies. The increase in rates for French and United Kingdom consumer goods up to the end of 1992 was not expected to continue into the first quarter of 1993, with especially large reductions forecast in the United Kingdom (post-Christmas levels being lower than those witnessed throughout the whole of 1992).

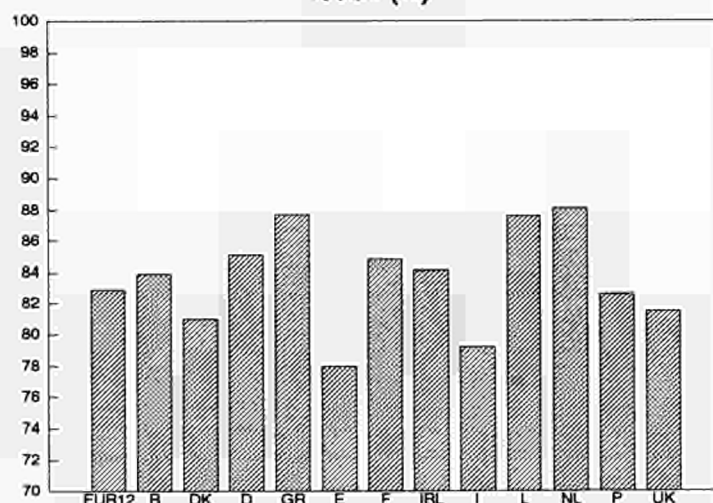
Intermediate goods

1993.I (%)



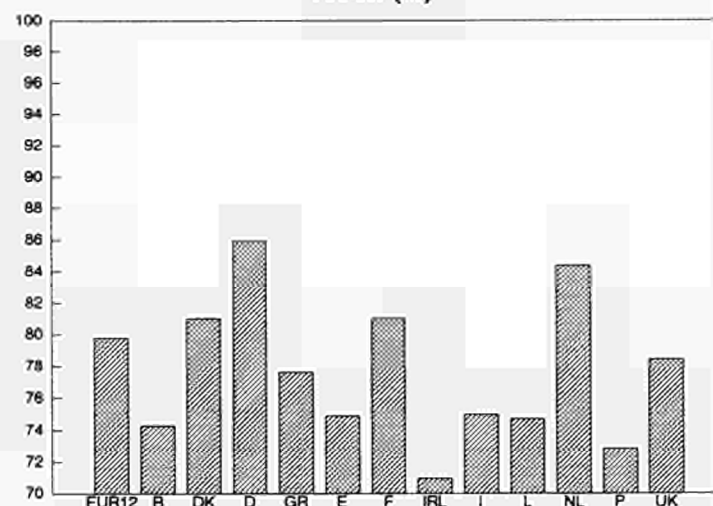
Capital goods

1993.I (%)



Consumer goods

1993.I (%)



Nace 1-4: Total industry

External trade indicators

1985 = 100			EUR 12	B-L	DK	D	GR	E	F	IRL	I	NL	P	UK
Exports	Volume	1991	96.7	122.2	125.7	111.9	136.8	129.5	131.6	146.3	102.7	124.2	170.8	116.1
			96.4	124.9	157.2	108.1	142.1	126.8	124.1	156.0	95.4	120.4	166.1	110.7
	Growth rate (%)	1991	0.3	1.7	5.8	2.0	6.4	4.5	6.7	6.4	-1.4	0.4	-0.8	-0.9
			-4.2	3.0	15.8	-4.8	0.8	-2.1	-6.0	2.3	-0.2	-4.0	0.3	-5.2
	Value	1991	112.5	103.1	102.8	118.8	83.9	114.5	112.1	99.3	128.0	90.6	102.0	93.9
			113.8	104.1	104.7	125.1	80.1	112.3	115.4	94.6	126.8	91.4	101.7	90.1
	Growth rate (%)	1991	2.4	0.3	-0.3	1.7	1.0	2.8	0.5	-0.8	3.5	0.3	2.2	3.9
			0.5	1.3	1.3	4.8	-4.7	-1.7	3.3	-4.7	-1.6	1.2	-0.2	-4.9
Imports	Volume	1991	154.1	135.4	115.7	164.9	135.2	237.2	151.5	136.1	127.0	132.4	261.4	116.2
			151.5	130.6	126.9	155.7	125.7	227.9	145.6	127.0	112.5	127.3	289.9	119.8
	Growth rate (%)	1991	7.6	2.9	4.5	16.4	9.7	8.6	3.3	3.4	3.1	3.5	5.4	-6.4
			-4.0	-4.6	4.9	-5.2	-0.5	-1.8	-0.4	-10.7	-6.2	-4.5	12.6	-0.7
	Value	1991	80.3	100.9	95.0	93.4	95.7	87.6	94.4	94.9	97.2	94.4	85.8	100.8
			77.5	100.9	96.5	94.3	94.2	83.9	94.6	96.2	95.1	95.5	85.1	95.1
	Growth rate (%)	1991	0.3	1.0	0.3	1.1	2.2	0.9	1.2	-0.1	-0.4	0.6	0.7	3.7
			-4.7	0.0	1.6	-0.1	-3.6	-4.3	-0.5	3.0	-2.8	0.6	-1.2	-6.4
Terms of Trade		1991	140.1	102.1	108.2	127.1	87.6	130.7	118.7	104.6	131.6	95.9	118.8	93.1
			146.8	103.0	108.4	132.7	85.1	133.8	121.9	98.3	133.2	95.7	119.4	94.7
	Growth rate (%)	1991	2.1	-0.6	-0.6	0.5	-1.1	1.9	-0.7	-0.7	3.9	-0.3	1.4	0.2
			5.5	1.3	-0.3	4.9	-1.1	2.7	3.8	-7.5	1.2	0.6	0.9	1.7

Source: Eurostat

EC export volumes failed to expand greatly during 1991, rising only 0.3% to 96.7 (index, 1985 = 100). They were showing even poorer performance in 1992 with the latest figures revealing a drop of 4.2% over the past year. Exporters however still received the same value for their reduced volume (due to strong European currencies), with export values rising a mere 0.5% during the last year (this being a much lower rate of increase than the norm displayed since 1985).

At the same time import volumes were reduced at a rate similar to that of exports, down to 151.5 (1985 = 100), a fall of four per cent for the latest figures available (after having risen strongly in 1991, +7.6%). Reduced import levels were spread across most European economies,

Denmark (+4.9%) and Portugal (+12.6%) being the exceptions to the rule. Hence, the traditional expansion of import volumes failed to materialise during 1992, as the global economy slowed down affecting trade patterns. Although import values had held steady in 1991 (0.3% growth), there was an annual reduction of nearly five per cent in the latest figures, re-establishing the trend of falling import prices. The fall in import prices could be attributed to the slowdown in trade (as prices were bid down with increased competition for scarce demand), as well as the continuing strength of most European currencies.

Hence, the terms of trade continued to improve (+5.5% annual increase), rising to 146.8 (index, 1985 = 100). In-

deed, its rate of growth accelerated (from 2.1% in 1991 to 5.5% for the latest data available) as import values weakened in relation to those of exports. The most striking gains in terms of trade were seen in Germany (+4.9%), France (+3.8%) and Spain (+2.7%). These gains were at least in part due to currency fluctuations, with the deutschmark and French franc becoming much stronger. Conversely, Greek and Irish terms of trade deteriorated (with the Irish level falling below that displayed in 1985, as a result of a 7.5% reduction during the past year). Thus, four Community countries exhibited terms of trade at the end of 1992 worse than in 1985: they were Greece (85.1), the Netherlands (95.7), the United Kingdom (94.7) and Ireland (98.3).

NACE 1 - 4

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

INDICATEURS COMMERCE EXTERIEUR

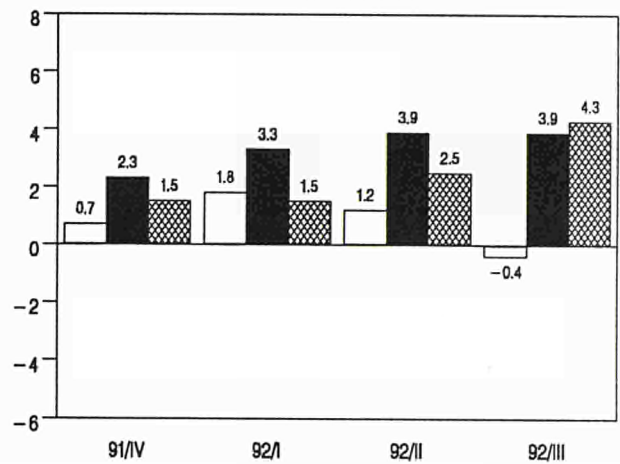
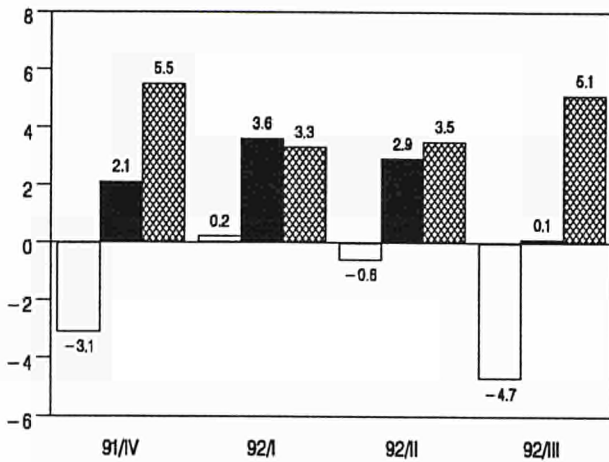
VERÄNDERUNGSRATE

GROWTH RATE

TAUX DE VARIATION

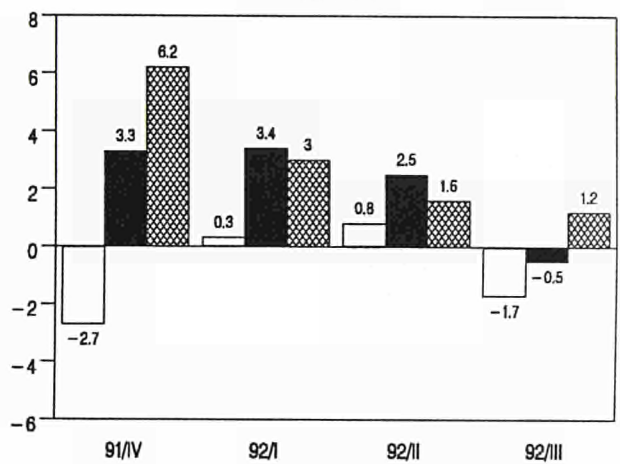
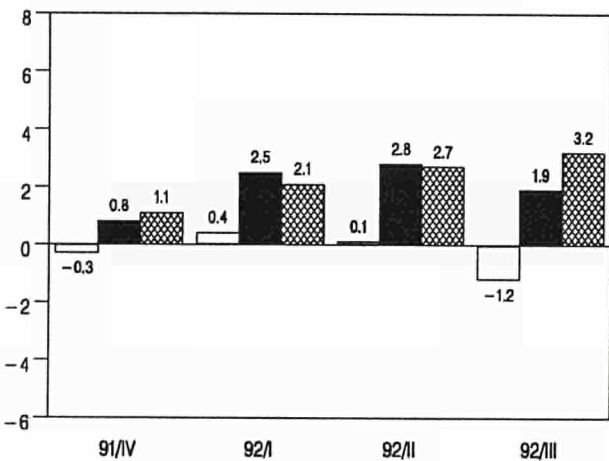
EUR 12

DEUTSCHLAND



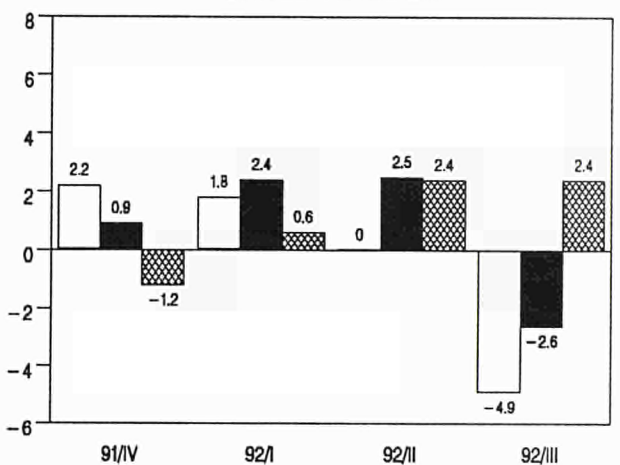
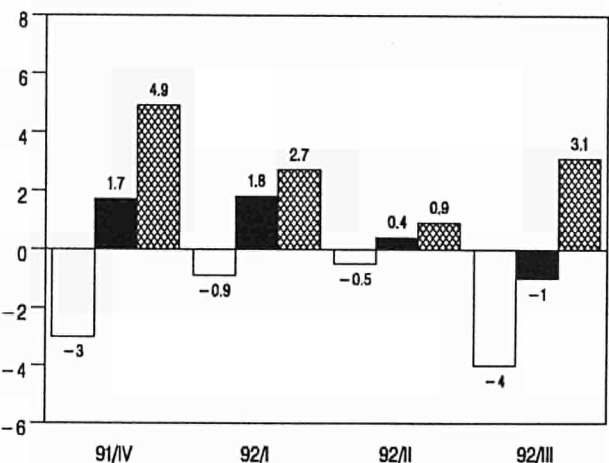
FRANCE




ITALIA



ESPAÑA

UNITED KINGDOM



 Einfuhr
 Ausfuhr
 Austauschrelation

Import
 Export
 Terms of trade

Importation
 Exportation
 Termes de l'échange

NACE 1 - 4

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

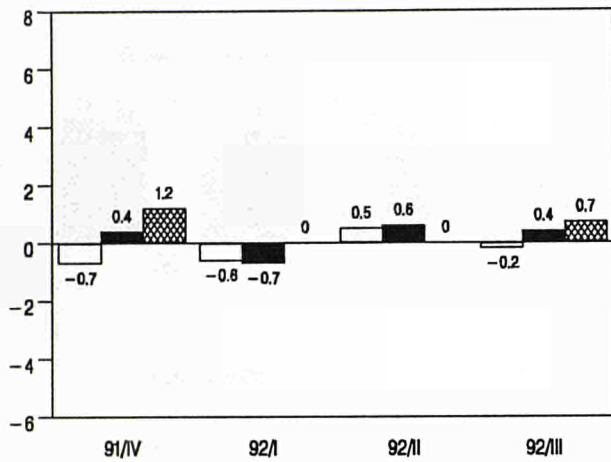
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VERÄNDERUNGSRATE

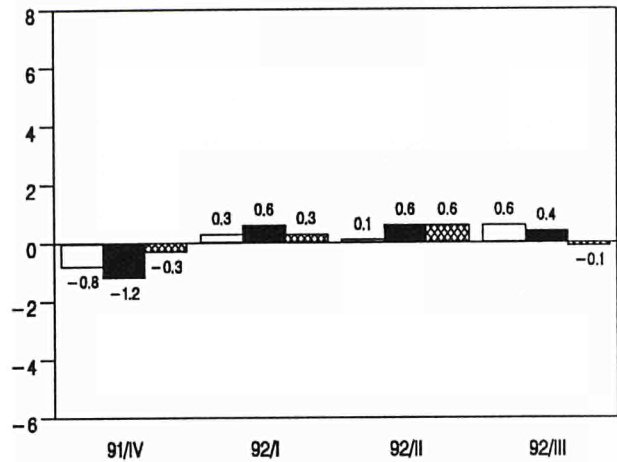
GROWTH RATE

TAUX DE VARIATION

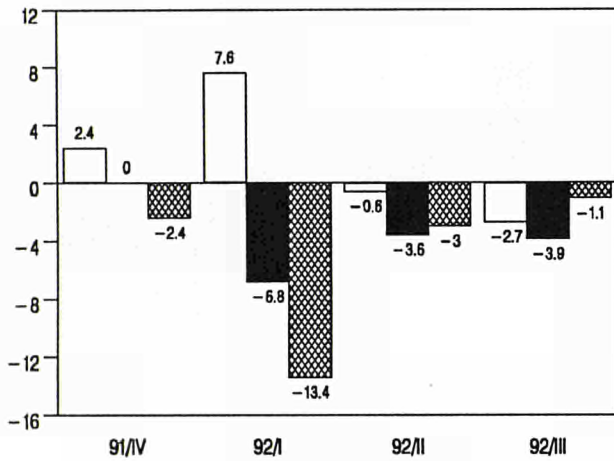
BELGIQUE - LUXEMBOURG



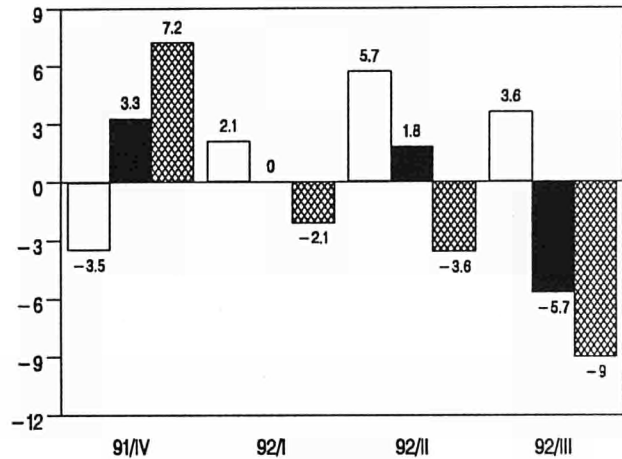
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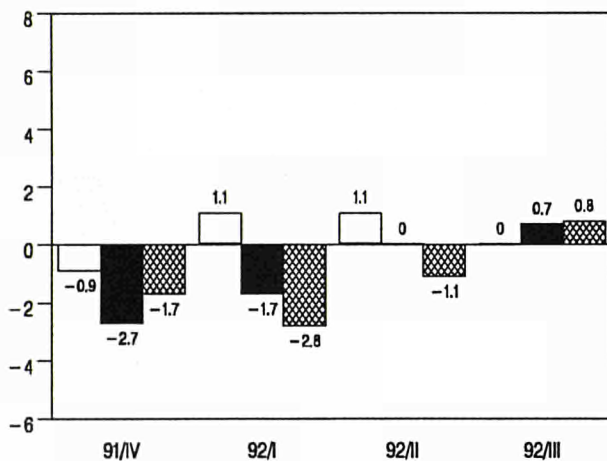
ELLADA



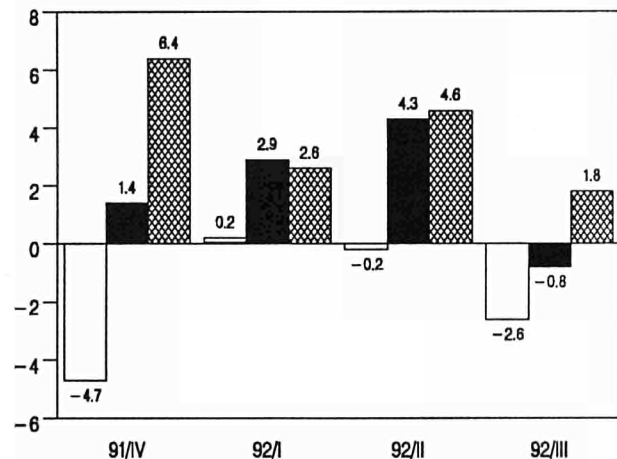
IRELAND



NEDERLAND



PORTUGAL



Einfuhr
 Ausfuhr
 Austauschrelation

Import
 Export
 Terms of trade

Importation
 Exportation
 Termes de l'échange

3. NACE 31: MANUFACTURE OF METAL ARTICLES

3.1. SHORT-TERM INDICATORS

Nace 31: Manufacture of metal articles

Production, prices and capacity utilization

1985 = 100		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Index of Production	1991	116.2	111.0	124.1	127.2	69.6	128.9	111.2	101.8	109.9	136.7	118.7	142.1	99.6
	Φ	120.0	123.2	138.8	130.0	73.7	109.1	117.8	102.8	114.7	146.1	102.9	123.5	103.0
Growth rate (%)	1991	-2.1	-3.5	2.7	3.2	-7.0	-3.2	-3.5	-5.1	-5.3	N/A	2.5	-0.3	-10.1
	Φ	-2.2	3.8	12.1	-2.4	7.0	4.0	-3.9	-9.2	-3.5	5.3	-5.7	-5.3	-1.0
Producer Price index	1991	123.2	107.9	117.2	113.4	234.4	125.9	N/A	116.2	128.8	101.2	112.6	N/A	135.4
	Φ	126.2	109.6	115.6	116.5	283.8	128.5	N/A	114.7	131.9	97.7	114.0	N/A	139.4
Growth rate (%)	1991	3.1	2.4	1.0	2.9	22.1	4.0	N/A	-0.5	2.1	-5.5	2.1	N/A	5.6
	Φ	1.7	1.4	-1.7	1.9	16.2	1.3	N/A	1.5	2.1	-1.0	0.9	N/A	2.2
Capacity Utilization	92.II	77.9	74.8	74.0	82.8	64.4	70.7	80.8	64.4	74.0	89.0	81.9	78.8	75.5
	92.III	76.9	77.8	75.0	81.8	63.6	71.0	79.4	64.1	70.3	8.6	82.8	72.0	78.9
%	92.IV	74.7	75.5	75.0	77.3	72.0	68.7	78.3	74.0	69.8	79.0	81.8	75.0	74.2
	93.I	74.1	71.0	70.0	75.6	65.5	67.7	77.6	80.0	73.3	80.6	77.3	70.6	73.0

Source: Eurostat

Figures within this chapter are based upon Nace 31. Latest data for September 1992 showed an annual reduction of 2.2% in the EC production index, a similar loss to that seen for 1991 (when the rate of decline was 2.1%).

The metal articles sector displayed considerably higher price increase than the average for the intermediate goods' sector and slightly higher levels of production (essentially due to the output performance of Germany, the Netherlands, Denmark, Spain and Portugal).

There were wide divergences in the activity of Member States: for

example, German and Dutch industry continued to expand during 1991, since when there has been a downturn in performance; whereas recession has been more prolonged and pronounced in the United Kingdom, France and Italy. The lack of demand placed downward pressure on producer prices with European figures showing producer prices rising by only 1.7%, with ten of the Member States recording slower rates of growth than at the end of 1991 (only Greece displayed annual price increases of more than three per cent). Price data for the end of 1992 was available for eight countries: Denmark, Ireland and Luxembourg displayed falling prices, whilst growth in

prices continued to slow in other countries.

Falling rates for capacity utilisation were reported (74.1% expected for the first quarter of 1993), down nearly four per cent since mid-1992. This decline may be explained by the sharp reductions seen in Germany, the Benelux countries and the United Kingdom from mid-1992 onwards. At the same time Italian and Irish rates showed some signs of recovery (although until production figures are available for the same period, it remains difficult to determine whether this was due to rejuvenation of the sector or alternatively due to many firms closing).

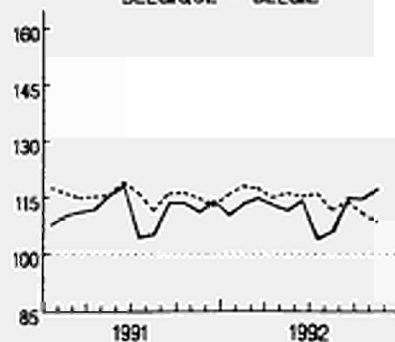
INDUSTRIELLE PRODUKTION

INDUSTRIAL PRODUCTION

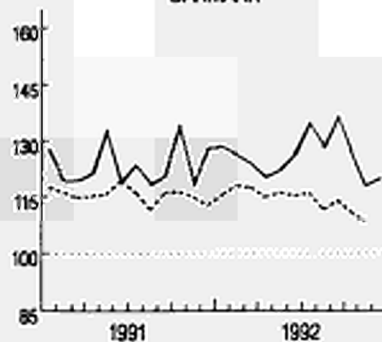
PRODUCTION INDUSTRIELLE

NACE 31

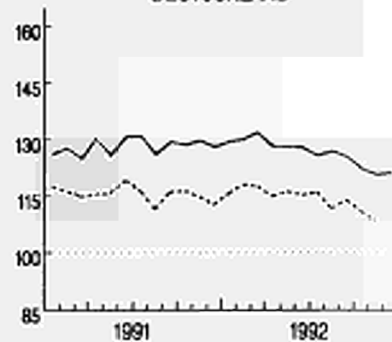
BELGIQUE - BELGIE



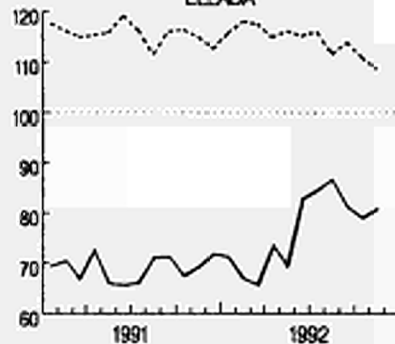
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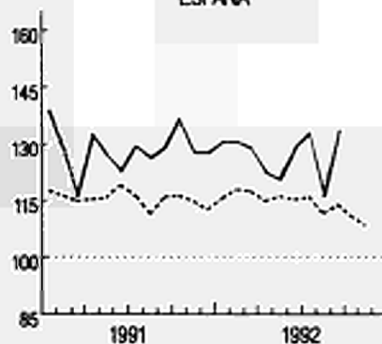
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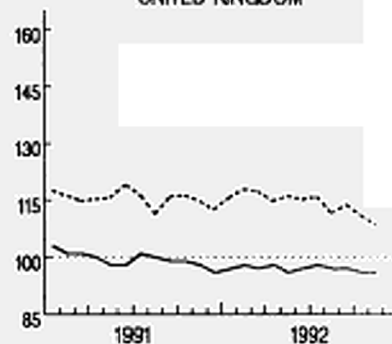
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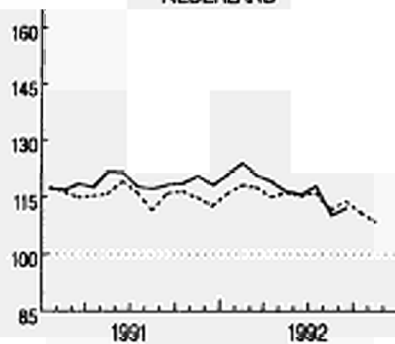
ESPANA



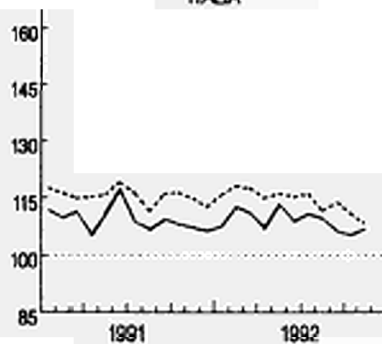
UNITED KINGDOM



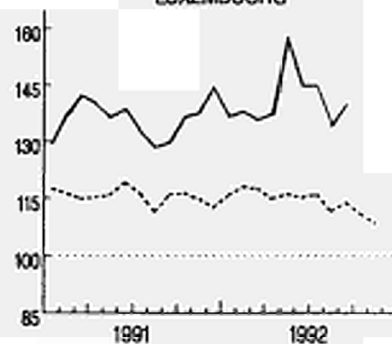
NEDERLAND



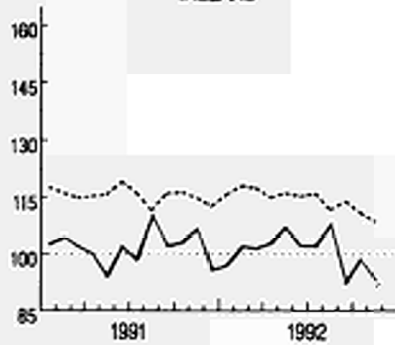
ITALIA



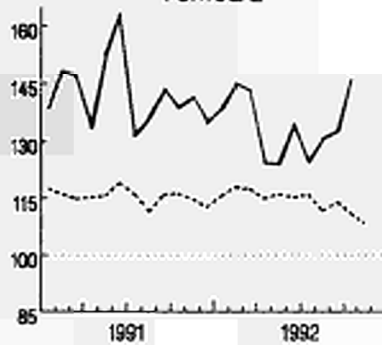
LUXEMBOURG



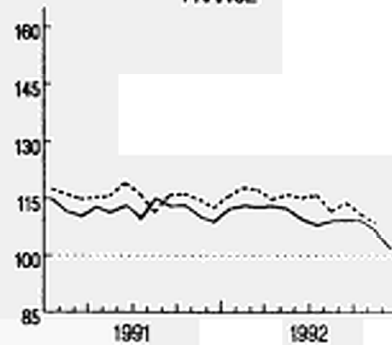
IRELAND



PORTUGAL



FRANCE

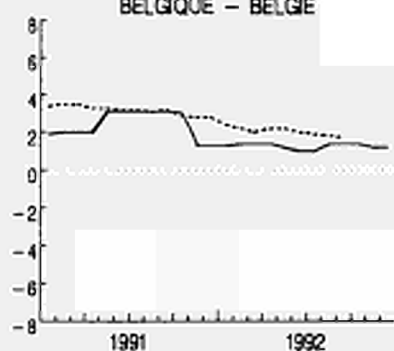


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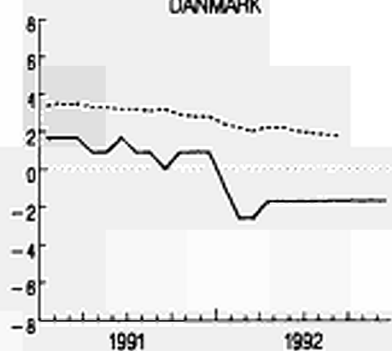
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BELGIQUE - BELGIE



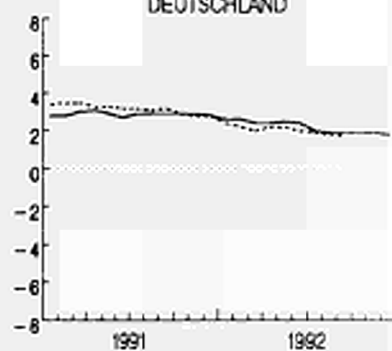
PRODUCER PRICE INDEX
GROWTH RATE

DANMARK

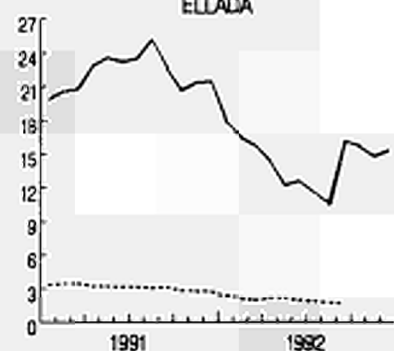


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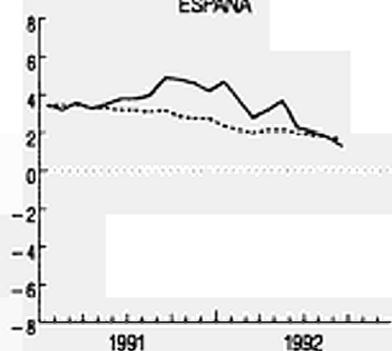
DEUTSCHLAND



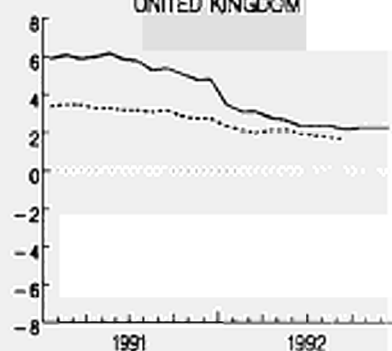
ELLADA



ESPAÑA



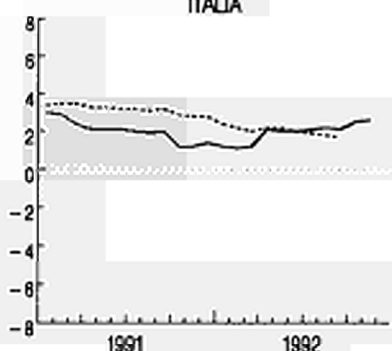
UNITED KINGDOM



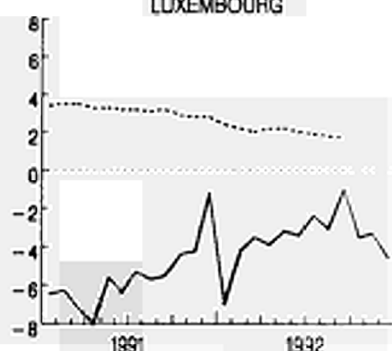
NEDERLAND



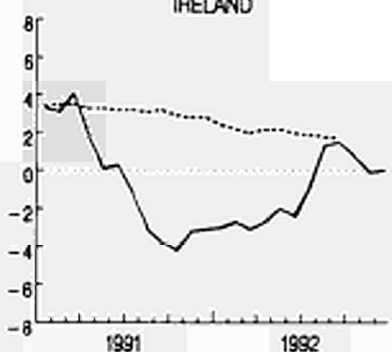
ITALIA



LUXEMBOURG



IRELAND



----- EUR 12
1985 = 100

NACE 31

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

INDICATEURS COMMERCE EXTERIEUR

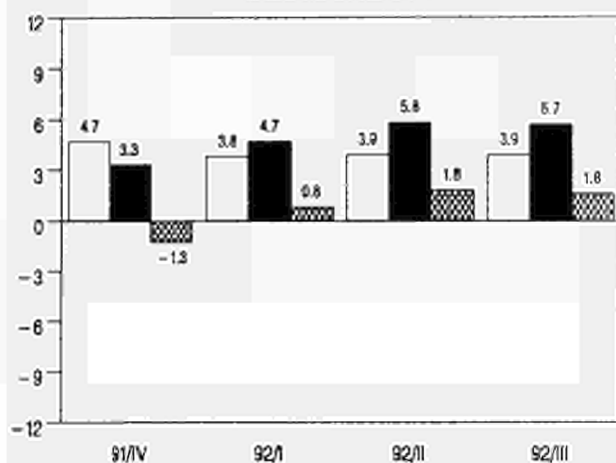
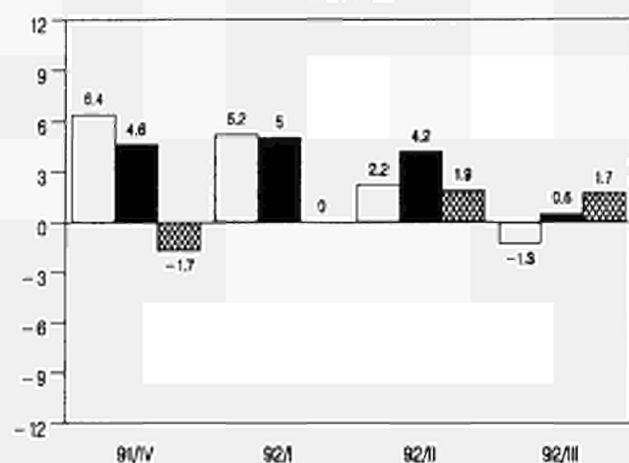
VERÄNDERUNGSRATE

GROWTH RATE

TAUX DE VARIATION

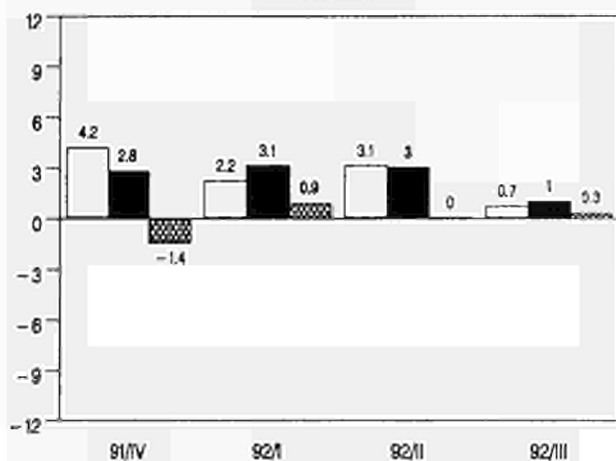
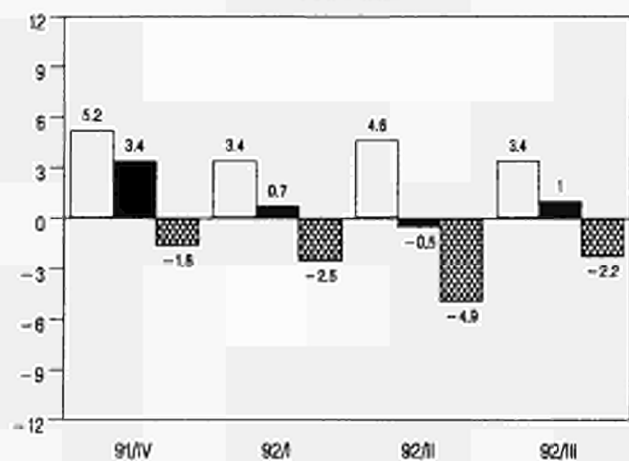
EUR 12

DEUTSCHLAND



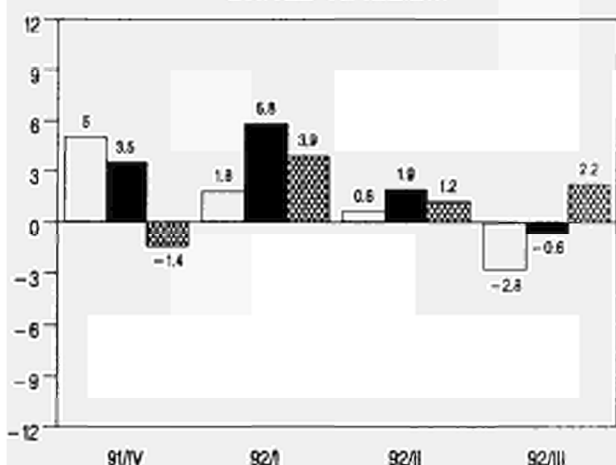
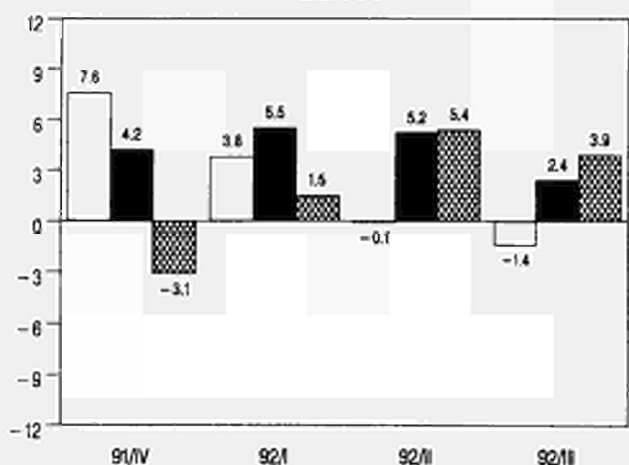
FRANCE

ITALIA



ESPAÑA

UNITED KINGDOM



Einfuhr

Ausfuhr

Austauschrelation

Import

Export

Terms of trade

Importation

Exportation

Termes de l'échange

NACE 31

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

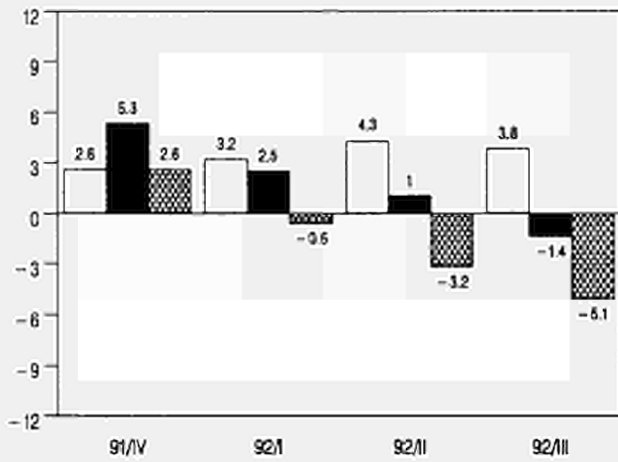
INDICATEURS COMMERCE EXTERIEUR

VERÄNDERUNGSRATE

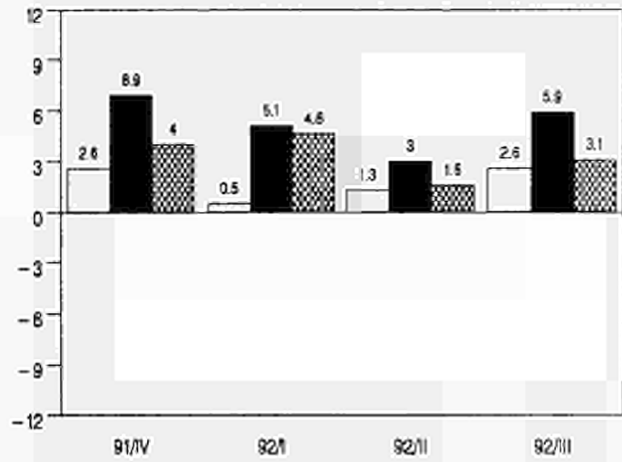
GROWTH RATE

TAUX DE VARIATION

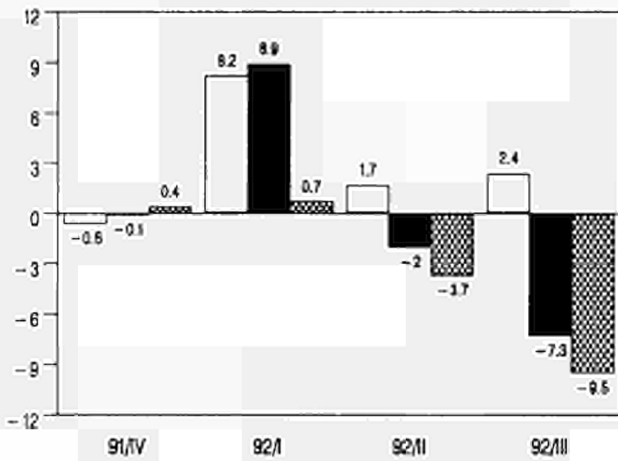
BELGIQUE – LUXEMBOURG



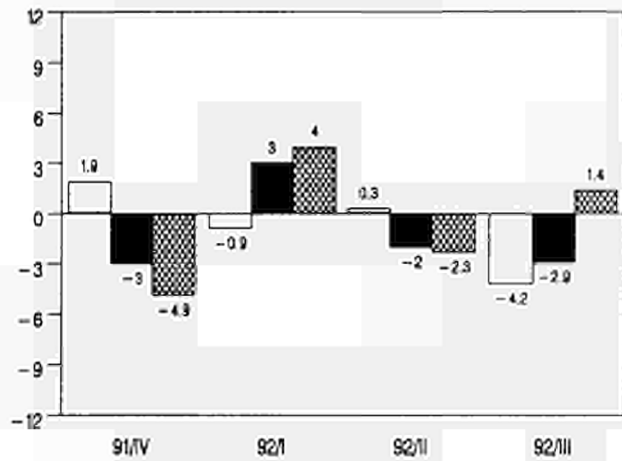
DANMARK



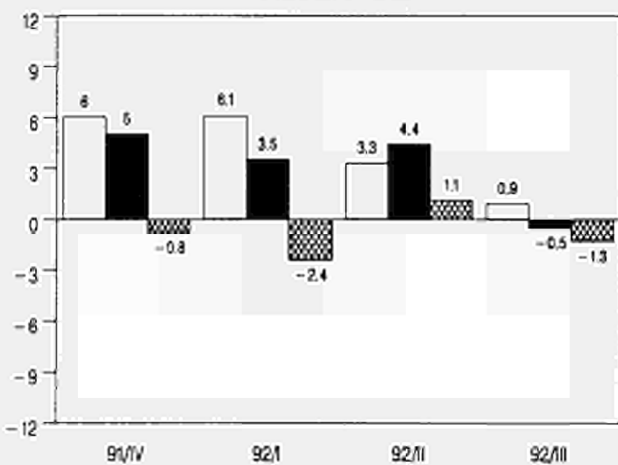
ELLADA



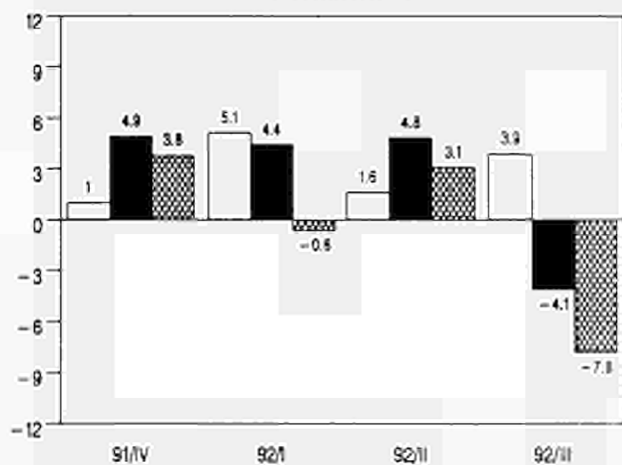
IRELAND



NEDERLAND



PORTUGAL



Nace 31: Manufacture of metal articles

External trade indicators

1985 = 100			EUR 12	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK
Exports	Volume	1991	84.5	127.9	125.9	112.9	258.9	108.2	108.8	132.3	107.3	173.7	141.0	107.0
		Φ	82.6	131.8	154.5	109.0	288.0	101.2	105.6	125.6	98.5	148.8	145.8	102.1
	Growth rate (%)	1991	-0.7	1.9	3.3	1.5	29.8	-8.4	5.8	4.7	2.7	16.1	1.6	-0.3
		Φ	0.9	1.4	6.9	1.3	22.3	5.3	-0.2	-12.2	8.0	-17.6	8.0	-0.5
	Value	1991	118.1	124.9	129.3	121.1	49.7	129.8	123.0	99.8	128.8	115.5	124.9	119.0
		Φ	120.4	126.4	135.9	129.2	47.3	134.1	125.8	97.9	129.4	117.0	120.4	116.1
	Growth rate (%)	1991	3.7	3.1	2.9	2.2	-8.1	3.0	3.1	-2.8	3.0	3.0	5.3	6.6
		Φ	1.6	0.1	5.9	6.4	0.6	-0.3	3.0	0.6	-0.4	2.1	-4.5	-2.7
Imports	Volume	1991	174.2	147.1	122.0	201.9	185.9	392.5	142.1	128.5	147.9	127.9	407.8	132.9
		Φ	176.7	142.9	133.3	197.1	189.6	356.0	124.9	131.4	132.4	118.1	466.1	126.5
	Growth rate (%)	1991	12.7	1.1	3.1	28.1	-4.2	14.5	-2.0	0.7	2.9	-0.6	12.3	-4.7
		Φ	1.5	-5.9	5.4	-2.5	12.5	0.8	-3.2	-1.2	2.7	-6.8	21.7	-3.0
	Value	1991	116.6	122.9	118.1	124.6	119.0	129.9	122.5	115.3	131.1	130.7	104.5	119.6
		Φ	118.0	129.4	123.2	131.6	121.2	128.3	127.8	110.6	131.2	134.5	107.5	115.4
	Growth rate (%)	1991	4.5	1.3	3.5	2.9	0.0	6.5	2.9	4.6	3.2	4.5	1.0	5.4
		Φ	-0.7	5.0	5.1	4.8	0.0	-1.4	2.9	-5.9	-1.3	1.5	3.2	-3.4
Terms of Trade	1991	Φ	101.2	101.6	109.4	97.1	41.7	99.9	100.4	86.5	98.2	88.3	119.5	99.5
		Φ	102.0	97.6	110.2	98.1	39.0	104.5	98.4	88.4	98.5	86.9	112.0	100.5
	Growth rate (%)	1991	-0.7	1.8	-0.5	-0.7	-8.1	-3.1	0.2	-7.0	-0.2	-1.4	4.1	1.1
		Φ	2.5	-4.7	0.7	1.5	0.6	1.2	0.1	6.9	0.8	0.6	-7.7	0.7

Source: Eurostat

The metal products industry displayed terms of trade almost on a par with 1985 levels (101.2 at the end of 1991). Latest data available showed an annual increase of 2.5%, although the performance of the sector remained well below levels seen for total manufacturing industry in the Member States (reaching 102.0 compared to 146.8 (1985 = 100)). The main causal attribute of this phenomenon was the unusually high level of import prices witnessed in the sector, especially as regards the more developed economies of the Community. Individually, only four countries were able to display terms of trade above 1985 levels: they were Denmark (110.2), Spain (104.5), Portugal (112.0) and the United Kingdom (100.5).

Exports in volume terms were below levels seen for total manufacturing industry, 82.6 compared to 96.4. However, export values reached 120.4, well above the corresponding level of 113.8 for total manufacturing. The largest gains in export value for 1991 were seen in the United Kingdom and Portugal (however, latest data showed these two countries suffering negative trends). At the same time there was a resurgence of values in Germany, Denmark, France and the Netherlands (for the period of late 1992). Such strong growth ran contrary to poor performance in volume terms, suggesting the figures were distorted by currency fluctuations. Greek producers experienced very low export prices (as half of the 1985 export value was reported in return for almost three times the 1985 volume).

As regards imports, the sector realised both volume and value figures higher than those for manufacturing industry. Latest figures did however show a marked slowdown in growth: for example, in volume terms 1991 saw a 12.7% increase in exports, which diminished sharply to an annual increase of only 1.5% for the latest data available. Spain and Portugal displayed extremely high levels of imports in volume terms at considerably lower value levels, suggesting these two countries were importing extremely basic materials for secondary transformation. Indeed, figures at the end of 1991 showed Spanish and Portuguese import volumes having quadrupled since 1985, well above the seventy five per cent growth seen in import volumes for the Community.

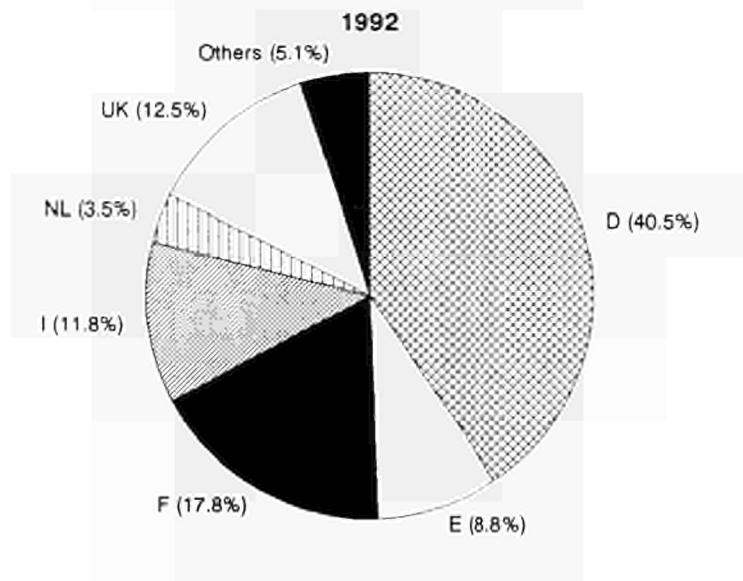
3.2. STRUCTURAL INDICATORS

Consumption by end users accounts for only ten per cent of the sector's total output. Down-stream industries hence determine demand patterns greatly: they include the transport equipment, construction and mechanical engineering industries. The sector additionally faces fierce competition from alternative materials such as ceramics, concretes, composites and plastics.

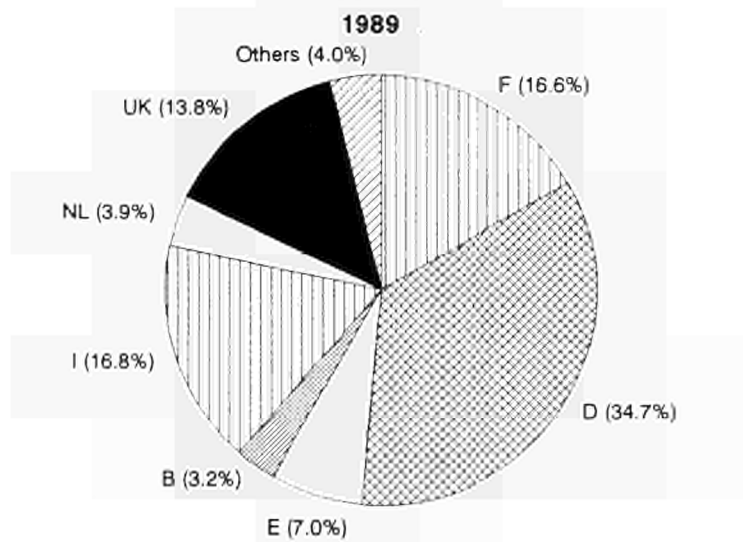
The economic decline during the early eighties hit the sector badly as firms supplied by the industry cut stock levels and generally looked for cost improvements. Hence, rationalisation of the industry took place and resulted in three areas where productivity gains were realised: labour and energy costs were reduced, robotisation and automation (CAD/CAM (computer automated design/computer automated manufacture) and J-I-T (just-in-time) technologies) were introduced and savings in raw materials procurement were made. However, the sector is still vulnerable to rising domestic energy prices, as they continue to account for a large share of fixed cost inputs.

Community production in constant prices remained static during the first half of the eighties, since when expansion occurred up until 1990. Generally there was little fluctuation in the variable for the past two years, with 1991 showing a small reduction in levels (1985 prices) and 1992 exhibiting slight gains. Apparent consumption rose steeply during the late eighties to fall somewhat at the start of the nineties. Productivity trends followed a similar pattern to those of production showing no growth in the last couple of years. Investment continued to grow reaching eight billion ECU in 1989 (although figures only

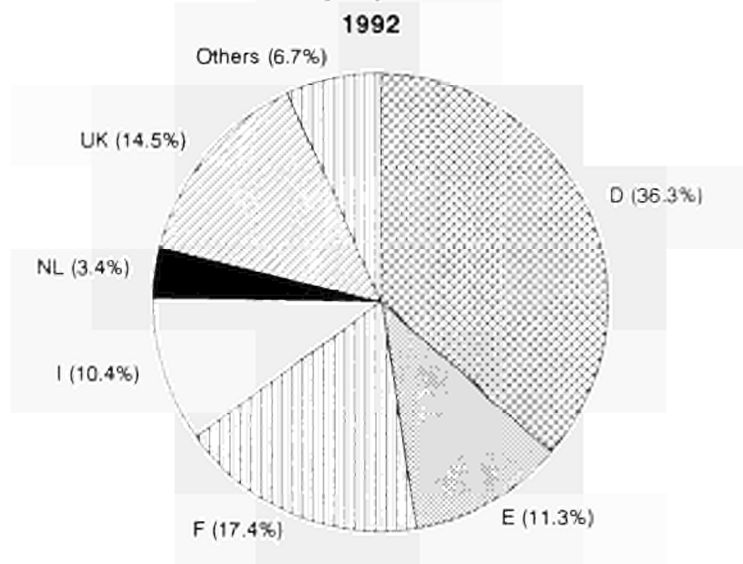
Value added at factor cost



Investment



Employment

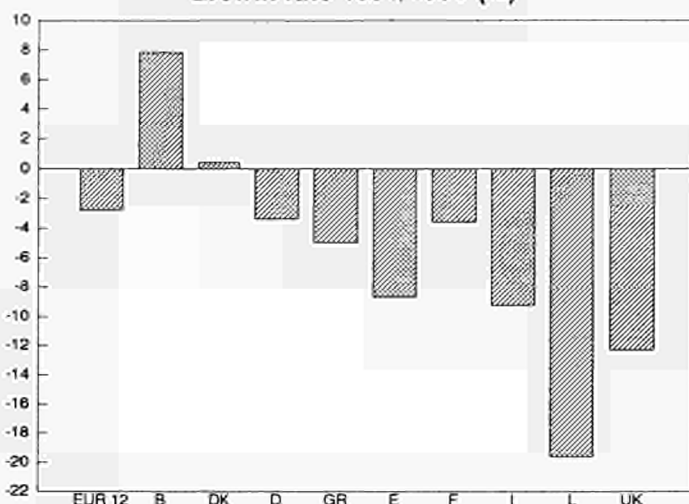


existed up to this year). Employment levels declined quite rapidly during the early eighties as rationalisation took place. Since then it first stabilised, and even grew at the end of the eighties, only to start falling again in 1991 and 1992 (although remaining at levels above those seen in the mid-eighties).

At a more disaggregated level the output of foundries was seen to be in part determined by demand from car manufacturers and fell during 1991 and 1992. Excess capacity and strong competition from eastern European producers put additional pressure on the industry. Constructional steelworks' output was generally dependent on demand from the construction industry, public works and infrastructure projects; for example demand for multistory buildings (notably in the United Kingdom) and bridges (notably in France). Hence, the poor performance exhibited by the building industry in the early eighties was passed through to the constructional steelworks sub-sector. The market became highly competitive for two reasons: firstly, due to substitute products such as concrete; and secondly due to Japanese firms exhibiting extremely high levels of automation. European manufacturers responded by improving product specifications: increasing anti-corrosive properties and introducing flexible production techniques to allow variable thickness steel sheets to be produced. Likewise, the markets for domestic heating appliances, door and window frames were strongly influenced by trends in the construction industry: not only new building but also renovations. Sluggish demand could be attributed to restrictive monetary policy and high mortgage rates seen in

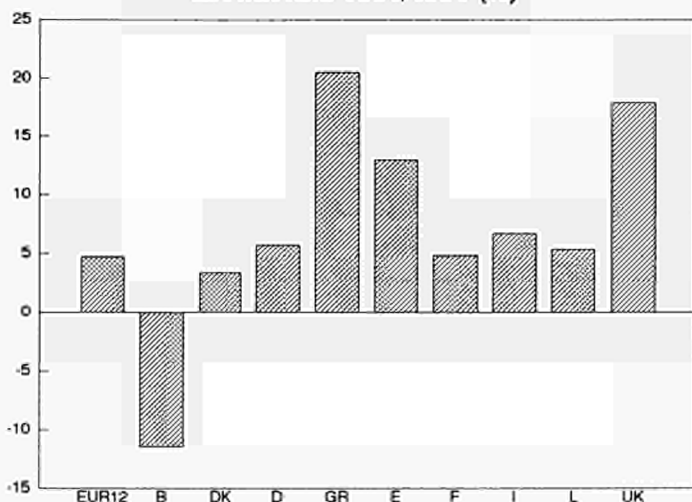
Profitability

Growth rate 1991/1990 (%)



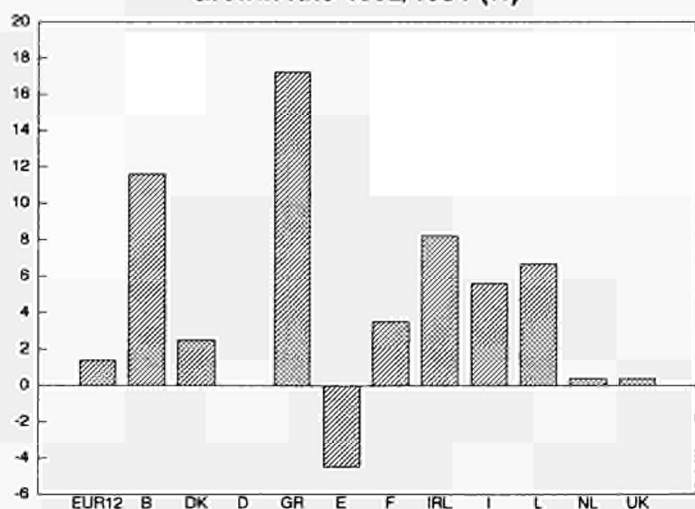
Average labour unit cost

Growth rate 1991/1990 (%)



Productivity

Growth rate 1992/1991 (%)



1991 and the first half of 1992. Door and window frame manufacturers also encountered competition from uPVC and wood substitutes. Environmental concerns may be attached to all three of these products: aluminium for the high energy levels required to convert bauxite into pure metal; wood for the destruction of rain-forests; and uPVC as it also incurs high energy costs. Production in the boilermaking industry for traditional markets (thermal and nuclear power plants and hydrocarbon installations) fell off and difficulties were compounded by a reduction in the purchasing power of south-east Asian manufacturers and oil-producing countries. Nevertheless, new opportunities opened up in the plastics, construction and food and drink industries (water tanks and distillation). The metal packaging sub-sector was dominated by supply to can manufacturers in the food and drink industry. Demand is expected to hold steady in the medium-term.

However, due to investment in the late eighties excess capacity was threatening to become a problem. Hence, large firms investing with modern technology would seem to be at an advantage.

Looking at the performance of the individual countries over the last decade, Denmark was able to display gains in employment (contrary to the general trend in the Community), rising by some seventeen per cent to thirty two thousand. This improvement in Danish industrial performance for the sector was confirmed by the figures relating to output: where the most vigorous growth was seen in smaller Member States, namely in Luxembourg (where the share of the sector in total manufacturing output rose from 2.8% in 1982 to 9.6% in 1991) and in Denmark itself. German and Spanish industries had comparatively large output levels in comparison to the rest of the Com-

munity (both with production specialisation coefficients of 1.2). Since 1990 the strongest growth rates have been displayed in Germany, the Netherlands, Belgium and Portugal. Productivity levels were seen to be highest in Denmark, Germany, France, Italy and the Netherlands.

Generally there were widespread losses in terms of employment with many countries seeing their respective workforces reduced by more than twenty per cent in the last decade. The worst performance of the Member States was that of the United Kingdom where during the eighties there was a marked slump in the industry's share in manufacturing, as recession and rationalisation accounted for many firms (the production level falling in real terms from the early eighties through to the early nineties), and employment levels losing around forty per cent of their total from the start of the eighties.

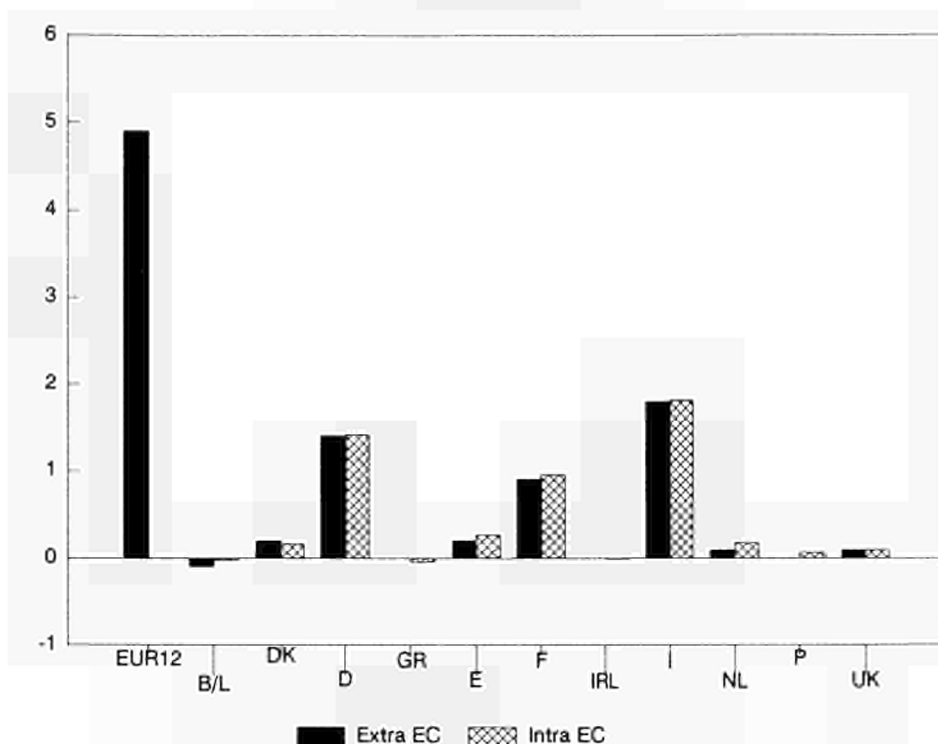
Nace 31: Manufacture of metal articles

Employment, labour cost and productivity

		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Total labour cost (mio ECU)	1987	41243.4	982.4	718.5	16625.1	141.8	2710.4	8327.6	111.4	4931.7	62.5	1434.6	213.2	4984.2
	1988	43832.9	954.7	738.9	17206.5	150.1	3112.2	8632.4	117.5	5276.1	62.4	1494.8	229.4	5857.9
	1989	48329.0	1054.5	743.2	18899.1	165.3	3704.8	9235.1	135.7	6053.1	67.6	1565.4	251.2	6454.0
	1990	52876.6	1240.1	839.5	21215.7	183.0	4040.0	10121.6	143.2	6331.1	74.9	1627.0	271.7	6788.9
	1991	55191.0	1130.9	857.8	23261.0	203.7	4467.2	10401.7	N/A	6791.8	81.7	N/A	286.6	7439.7
Total labour cost Δ%	1987	4.2	8.4	12.6	5.1	N/A	8.1	-0.4	-2.2	11.5	5.0	7.1	4.6	-1.8
	1988	6.3	-2.8	2.8	3.5	5.9	14.8	3.7	5.5	7.0	-0.2	4.2	7.6	17.5
	1989	10.3	10.5	0.6	9.8	10.1	19.0	7.0	15.5	14.7	8.3	4.7	9.5	10.2
	1990	9.4	17.6	13.0	12.3	10.7	9.0	9.6	5.5	4.6	10.8	3.9	8.2	5.2
	1991	4.4	-8.8	2.2	9.6	11.3	10.6	2.8	N/A	7.3	9.1	N/A	5.5	9.6
Number of employees (1000)	1988	2055.4	41.0	29.9	663.5	14.9	236.2	377.8	7.4	239.5	2.7	64.2	41.1	337.2
	1989	2145.4	42.1	30.5	716.0	14.4	243.6	389.8	8.2	247.6	2.8	63.9	39.6	347.0
	1990	2202.3	48.0	31.9	756.3	15.2	239.4	399.1	8.7	238.3	2.9	69.7	N/A	352.8
	1991	2196.2	49.5	31.5	784.4	14.0	234.2	391.3	8.4	239.6	3.0	73.0	N/A	328.1
	1992	2163.8	48.0	31.5	786.4	N/A	244.9	376.7	8.2	225.9	3.0	74.3	N/A	313.8
Number of employees Δ%	1988	1.3	-4.6	-1.7	-0.4	-3.8	5.7	1.9	2.4	1.8	-5.6	3.0	-2.1	2.0
	1989	4.4	2.7	2.1	7.9	-3.5	3.2	3.2	10.8	3.4	2.6	-0.5	-3.8	2.9
	1990	2.7	14.1	4.5	5.6	5.5	-1.7	2.4	5.8	-3.8	2.4	9.0	N/A	1.7
	1991	-0.3	3.1	-1.1	3.7	-7.6	-2.2	-1.9	-3.0	0.6	3.6	4.7	N/A	-7.0
	1992	-1.5	-3.0	-0.0	0.3	N/A	4.5	-3.7	-2.7	-5.7	0.3	1.8	N/A	-4.3
Number of employees share (%)	1988	100.0	2.0	1.5	32.3	0.7	11.5	18.4	0.4	11.7	0.1	3.1	2.0	16.4
	1989	100.0	2.0	1.4	33.4	0.7	11.4	18.2	0.4	11.5	0.1	3.0	1.8	16.2
	1990	100.0	2.2	1.4	34.3	0.7	10.9	18.1	0.4	10.8	0.1	3.2	N/A	16.0
	1991	100.0	2.3	1.4	35.7	0.6	10.7	17.8	0.4	10.9	0.1	3.3	N/A	14.9
	1992	100.0	2.2	1.5	36.3	N/A	11.3	17.4	0.4	10.4	0.1	3.4	N/A	14.5
Average labour unit cost (1000 ECU)	1987	20.3	22.9	23.7	25.0	9.2	12.1	22.5	15.5	21.0	21.5	23.0	5.1	15.1
	1988	21.3	23.3	24.8	25.9	10.1	13.2	22.9	15.9	22.0	22.7	23.3	5.6	17.4
	1989	22.5	25.1	24.4	26.4	11.5	15.2	23.7	16.6	24.4	24.0	24.5	6.3	18.6
	1990	24.0	25.8	26.3	28.1	12.1	16.9	25.4	16.5	26.6	25.9	23.3	N/A	19.2
	1991	25.1	22.8	27.2	29.7	14.5	19.1	26.6	N/A	28.3	27.3	N/A	N/A	22.7
Average labour unit cost Δ%	1987	4.3	5.3	9.0	5.8	N/A	4.0	2.2	-1.1	8.1	6.6	4.2	8.1	-0.1
	1988	4.9	1.9	4.6	3.9	10.0	8.6	1.7	3.0	5.1	5.7	1.2	9.9	15.2
	1989	5.6	7.6	-1.5	1.8	14.2	15.4	3.7	4.3	11.0	5.6	5.2	13.8	7.1
	1990	6.6	3.1	8.1	6.3	4.9	11.0	7.1	-0.3	8.7	8.2	-4.7	N/A	3.5
	1991	4.7	-11.5	3.4	5.7	20.5	13.0	4.8	N/A	6.7	5.3	N/A	N/A	17.9
Productivity Δ%	1988	4.9	6.3	11.9	7.2	-16.2	-1.9	4.4	N/A	5.3	19.2	3.2	N/A	6.0
	1989	0.0	-3.5	-3.7	-1.4	29.5	4.4	-0.3	-14.9	-3.1	0.0	4.9	N/A	2.0
	1990	2.9	0.7	4.8	3.8	-27.2	4.7	1.3	1.3	2.3	-12.1	-2.7	N/A	4.3
	1991	-1.1	-7.2	3.6	-0.7	4.8	-0.9	1.0	0.4	-4.4	-10.9	-3.8	N/A	-4.2
	1992	1.4	11.6	2.5	0.0	17.2	-4.5	3.5	8.2	5.6	6.7	0.4	N/A	0.4

Source: Eurostat, DEBA

Nace 31: Trade balance 1991 (mrd ECU)



External trade is not of major importance to this sector with only 5.2% of final consumption being accounted for by imports from third countries in 1991. However, the trade surplus deteriorated in 1991 continuing the general trend exhibited throughout the past decade as new production sources came on-line in south-east Asia and Latin America. Hence, the cover ratio fell from 3.6 in 1982 to 1.5 in 1991, reducing the surplus by some 0.8 billion ECU in 1991 to a level of five billion ECU.

Within the Community the major exporters were Italy and Germany. Although German levels were higher (11.8 billion ECU of exports), Italy showed the most impressive performance in 1991 with an export rate of 25.6% (the Italian surplus rising by two hundred million ECU). Conversely, there was a marked deterioration in the trade performance of Germany, where the surplus fell some thirty nine

per cent due to a considerable increase in the level of imports from other Member States. This led to modest improvements in the total trade performance of most other countries (with the exception of Spain, Portugal and Ireland) as intra-EC gains were made due to increased exports to Germany. French industry recovered many of its losses from the late eighties and once again recorded a surplus, as structural weaknesses were corrected. Domestic demand in the United Kingdom was slack with output levels falling. With no growth in consumption the level of imports into the United Kingdom remained unchanged for the second successive year, whilst exports increased slightly as home producers searched for more dynamic markets. Southern Member States showed contrasting performance, with Spain and Italy displaying low levels of import penetration (12.3% and 12.6% respectively) in contrast to Portugal

and Greece (33.8% and 39.9% respectively).

At a more disaggregated level, foundries and steel forging maintained robust surpluses into 1991, though they may face competition from emerging eastern European and Brazilian competition which is starting to penetrate traditional EC markets. Additionally, highly automated Japanese output provided intense competition in many other sub-sectors, especially constructional steel, which has seen the EC cover ratio fall from over ten to under three during the course of the last decade. For EC firms to maintain their markets it would seem necessary that they follow examples such as the boilermaking sub-sector, where high product specifications and expertise have led to French nuclear boilermaking firms establishing a strong base in world markets, through increasing productivity, quality and customer service.

Nace 31: Manufacture of metal articles

External trade indicators

			EUR12	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK
Exports	Total trade (mrd ECU)	1987	25.5	1.5	0.8	9.2	0.1	0.9	3.4	0.3	4.5	2.1	0.2	2.5
		1988	28.0	1.8	0.8	9.7	0.1	1.1	3.8	0.3	5.0	2.4	0.2	2.8
		1989	32.3	2.0	0.9	11.1	0.1	1.3	4.4	0.3	6.0	2.7	0.3	3.2
		1990	34.6	2.3	1.0	11.4	0.1	1.6	4.8	0.4	6.2	3.0	0.4	3.5
		1991	36.8	2.4	1.1	11.8	0.1	1.5	5.3	0.4	6.6	3.6	0.4	3.7
	Extra-EC trade (mrd ECU)	1987	11.3	0.2	0.4	4.3	0.0	0.5	1.6	0.0	2.1	0.6	0.1	1.4
		1988	11.5	0.3	0.4	4.4	0.0	0.5	1.6	0.0	2.1	0.5	0.1	1.5
		1989	13.1	0.3	0.5	4.9	0.1	0.6	1.8	0.1	2.6	0.6	0.1	1.6
		1990	13.4	0.3	0.5	4.9	0.1	0.7	1.9	0.1	2.5	0.6	0.1	1.6
		1991	13.8	0.3	0.5	5.2	0.1	0.6	1.9	0.1	2.5	0.8	0.1	1.6
	Extra-EC trade % share EC	1987	100.0	2.2	3.8	38.3	0.4	4.0	14.0	0.4	18.4	5.6	0.7	12.2
		1988	100.0	2.5	3.8	38.0	0.3	4.5	13.6	0.4	18.5	4.4	0.9	13.0
		1989	100.0	2.3	3.6	37.4	0.5	4.6	13.6	0.4	19.9	4.3	0.8	12.4
		1990	100.0	2.5	3.8	36.6	0.4	5.2	14.6	0.4	18.8	4.6	0.9	12.2
		1991	100.0	2.4	3.5	37.8	0.5	4.7	13.9	0.4	18.3	6.0	0.9	11.7
	Intra-EC trade % share total trade	1987	44.4	16.1	54.9	47.0	69.5	48.3	46.2	15.7	46.0	30.8	40.9	55.9
		1988	41.1	15.6	53.4	45.0	52.7	46.4	41.6	16.2	42.5	21.5	41.8	54.4
		1989	40.7	15.1	50.9	44.3	59.7	45.8	41.0	16.7	44.0	20.7	36.8	51.5
		1990	38.7	15.0	48.6	43.1	59.8	45.2	40.1	15.7	40.4	20.3	32.9	46.9
		1991	37.4	14.1	43.9	44.1	67.2	41.7	36.1	13.7	38.4	22.9	31.8	43.4
Imports	Total trade (mrd ECU)	1987	18.9	1.8	0.7	4.3	0.2	0.7	3.6	0.3	1.6	2.5	0.2	2.9
		1988	22.2	2.2	0.8	4.9	0.3	0.9	4.1	0.4	1.9	2.9	0.3	3.6
		1989	26.0	2.5	0.8	5.8	0.4	1.3	4.7	0.5	2.2	3.4	0.4	4.1
		1990	28.7	2.8	0.9	6.8	0.5	1.6	5.1	0.5	2.4	3.6	0.5	4.1
		1991	31.8	2.8	0.9	9.0	0.5	2.0	5.2	0.5	2.5	3.7	0.5	4.1
	Extra-EC (mrd ECU)	1987	5.1	0.2	0.3	1.8	0.0	0.1	0.7	0.1	0.4	0.4	0.0	1.0
		1988	6.0	0.3	0.3	2.1	0.1	0.2	0.8	0.1	0.5	0.5	0.0	1.3
		1989	7.1	0.4	0.3	2.5	0.1	0.2	0.9	0.1	0.6	0.6	0.0	1.5
		1990	7.6	0.4	0.3	2.9	0.1	0.3	0.9	0.1	0.7	0.6	0.1	1.5
		1991	8.9	0.4	0.3	3.8	0.1	0.4	1.0	0.1	0.7	0.7	0.1	1.5
	Extra-EC trade % share EC	1987	100.0	4.1	5.2	35.9	0.9	2.3	13.1	1.0	8.6	8.4	0.6	19.9
		1988	100.0	4.8	4.3	34.7	0.9	2.9	12.7	0.9	8.3	8.0	0.6	21.9
		1989	100.0	5.0	3.9	35.1	1.0	3.4	12.2	0.8	8.7	8.1	0.6	21.0
		1990	100.0	4.7	3.9	37.6	1.0	3.4	12.1	0.8	8.6	7.5	0.7	19.5
		1991	100.0	4.2	3.7	42.5	1.1	4.0	10.7	0.8	8.0	7.3	0.7	17.0
	Intra-EC trade % share total trade	1987	27.0	11.8	35.3	42.0	20.8	16.9	18.8	14.6	27.6	16.9	12.3	35.5
		1988	27.1	13.3	34.0	42.5	21.1	19.2	18.6	13.7	26.1	16.4	11.9	37.0
		1989	27.3	14.3	33.6	42.8	19.6	18.9	18.6	13.2	27.6	17.0	12.5	36.8
		1990	26.4	12.9	33.9	41.9	16.8	16.2	17.8	11.8	27.9	15.9	12.1	36.2
		1991	28.1	13.1	35.3	42.1	21.8	17.8	18.4	12.9	28.7	17.5	12.6	36.8
Trade balance	Total trade (mrd ECU)	1987	6.6	-0.2	0.0	4.9	-0.2	0.3	-0.1	-0.1	3.0	-0.5	-0.0	-0.4
		1988	5.8	-0.3	0.1	4.8	-0.2	0.2	-0.3	-0.1	3.1	-0.6	-0.1	-0.8
		1989	6.3	-0.5	0.1	5.3	-0.3	0.0	-0.3	-0.1	3.7	-0.7	-0.1	-0.9
		1990	5.8	-0.5	0.2	4.5	-0.4	-0.1	-0.3	-0.2	3.9	-0.6	-0.1	-0.6
		1991	5.0	-0.5	0.2	2.8	-0.3	-0.4	0.1	-0.2	4.1	-0.2	-0.1	-0.4

Source: Eurostat

4. NACE 32: MECHANICAL ENGINEERING

4.1. SHORT-TERM INDICATORS

Nace 32: Mechanical engineering Production, prices and capacity utilization

1985 = 100		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Index of Production	1991	111.3	109.9	101.2	120.2	91.8	108.4	111.8	117.2	106.9	111.3	110.2	108.7	100.2
	Φ	107.0	111.9	100.2	116.5	99.1	84.6	52.6	116.5	99.7	103.5	98.9	75.8	96.7
Growth rate (%)	1991	-6.5	-7.5	-1.2	-2.2	-2.8	-8.1	-7.8	-8.2	-11.0	7.6	-0.7	-12.0	-10.8
	Φ	-2.7	-6.0	0.9	-2.4	4.0	-0.5	-5.5	-6.9	-13.6	-30.9	-2.0	-19.1	-4.0
Producer Price index	1991	129.1	117.2	128.2	121.7	220.9	136.0	N/A	119.9	141.1	123.3	115.5	N/A	139.8
	Φ	134.8	121.1	131.7	127.1	247.9	128.1	N/A	125.8	148.3	126.8	119.0	N/A	145.3
Growth rate (%)	1991	3.8	2.9	3.5	4.1	13.3	4.0	N/A	3.5	3.4	3.7	3.0	N/A	5.7
	Φ	3.4	3.4	1.6	3.6	8.4	2.8	N/A	3.9	4.2	2.3	2.6	N/A	3.1
Capacity Utilization	92.II	77.5	74.7	79.0	84.6	68.5	74.2	73.6	73.4	72.0	87.0	86.0	77.3	77.2
%	92.III	78.6	75.9	79.0	83.5	68.2	75.7	77.1	73.0	74.1	88.0	85.8	82.4	78.4
	92.IV	77.8	73.8	78.0	82.5	68.3	73.2	75.9	72.9	73.7	90.0	85.8	77.6	79.3
	93.I	76.2	71.7	76.0	78.9	68.3	70.0	76.1	65.7	74.0	88.7	82.7	74.3	78.0

Source: Eurostat

Mechanical engineering showed weaker performance than the average of all capital goods' industries in terms of both production and capacity utilisation trends. Additionally, producer prices were seen to be increasing at a faster rate than those in the capital goods' sector in general (129.2 compared to 123.2 at the end of 1991 (1985 = 100)).

The index of production fell 6.5% in 1991, and although the rate of decline has since slowed, there was still a 2.7% annual decrease in September 1992. Only German (120.2) and Irish (117.2) industries showed levels considerably above those of 1985. Despite a slight recovery in capacity utilisation levels for the third quarter of 1992, latest figures showed lower utilisation (76.2% expected in the first quarter of 1993) than the capital goods' sector average.

Seven Member States recorded losses in production greater than seven per cent for 1991 (Belgium, France, Ireland, Italy, Portugal, Spain and the United Kingdom). Data for September showed these trends continuing, albeit at a more moderate rate: with only Greece (four per cent) and Denmark (0.9%) showing any growth in production.

German industry (by far the largest in the Community) suffered an annual loss of 2.2% in 1991 with a similar rate of decline being reported in September 1992 (-2.4%). Producer prices continued to expand (showing an annual increase of 3.6%), with the latest data available revealing the index to be at 126.1. Additional signs of recession were provided by the declining capacity utilisation rate, which was expected to fall 3.6% in the first quarter of 1993.

Italian and United Kingdom producer prices ran well above the Community average. However, the last two years have seen levels starting to converge towards the Community average, as the effects of reduced wage demands, rationalisation and productivity gains were realised. However, as a result, production was reduced drastically (falling eleven per cent in 1991). French and Belgian industries, although not so badly affected, were nonetheless subject to decline (registering a drop in production of some seven per cent in 1991).

Few indicators provided any evidence of a resurgence in output, as the sector continued to display depressed levels of activity and falling capacity utilisation rates.

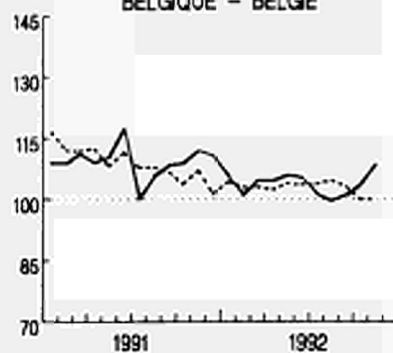
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INDUSTRIAL PRODUCTION

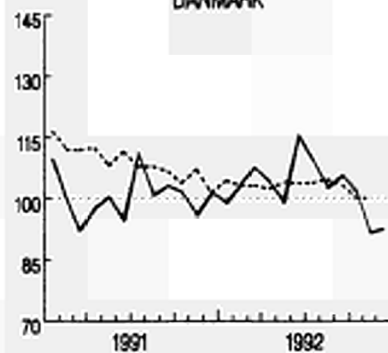
PRODUCTION INDUSTRIELLE

NACE 32

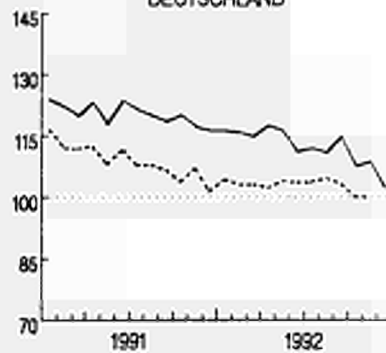
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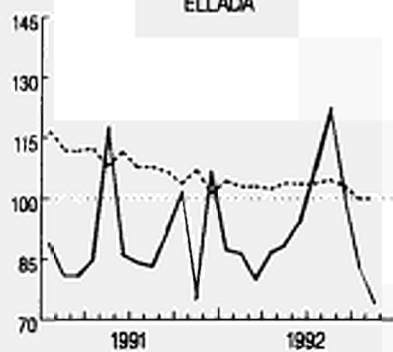
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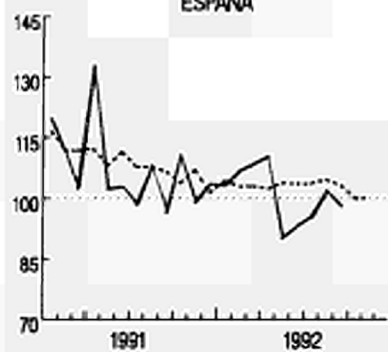
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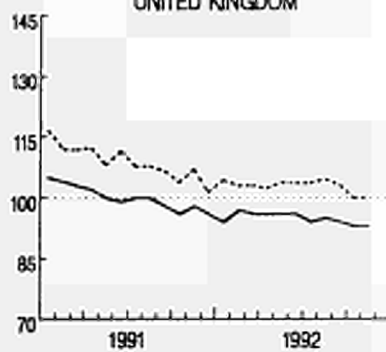
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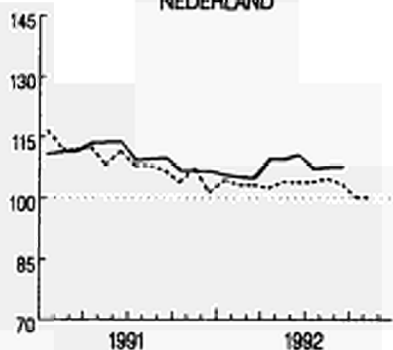
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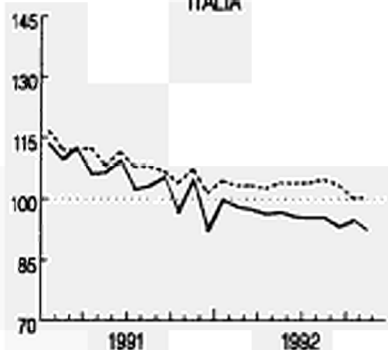
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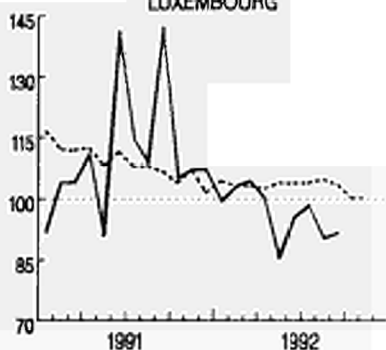
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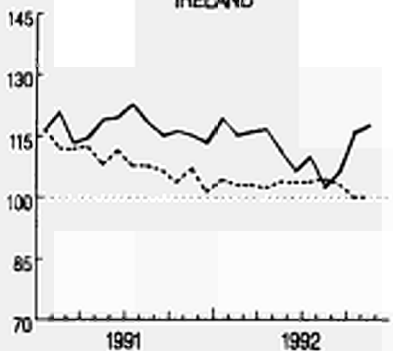
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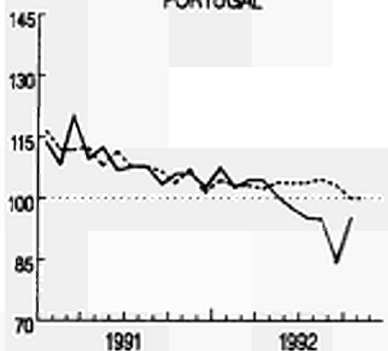
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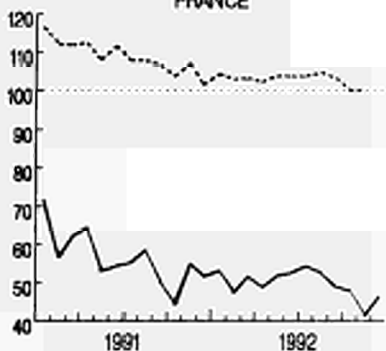
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PORTUGAL



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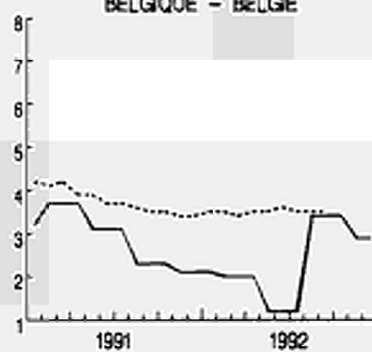


----- EUR 12

1985 = 100

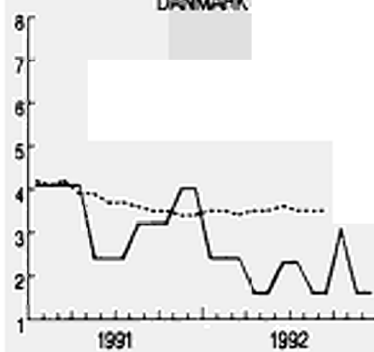
ERZEUGERPREISINDEX
VERÄNDERUNGSRATE

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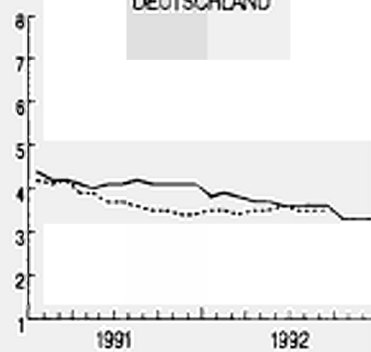
PRODUCER PRICE INDEX
GROWTH RATE
NACE 32

DANMARK

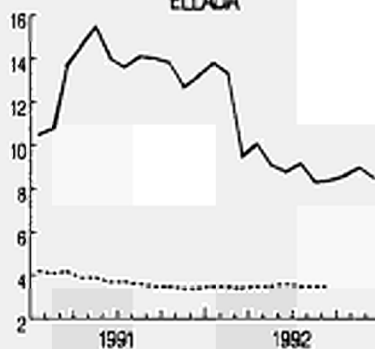


INDICE DES PRIX A LA PRODUCTION
TAUX DE VARIATION

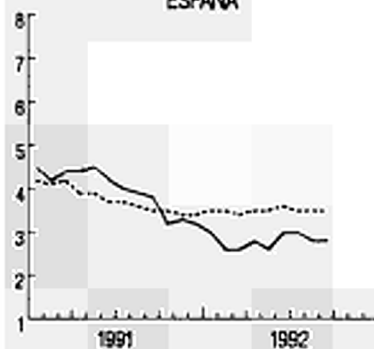
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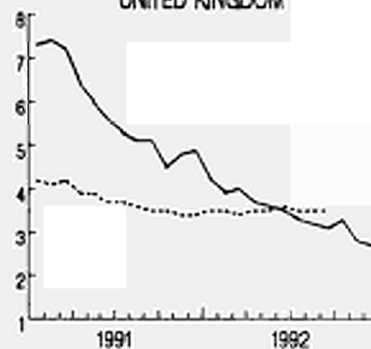
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ESPAÑA



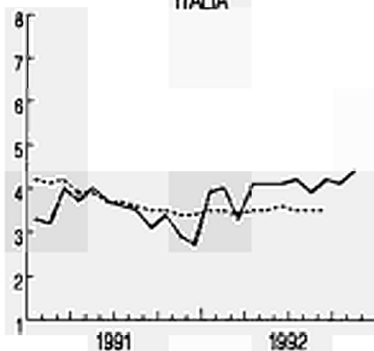
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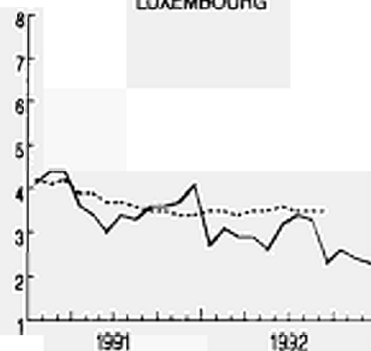
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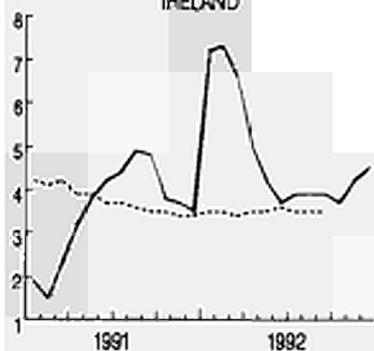
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LUXEMBOURG



IRELAND



..... EUR 12

1985 = 100

NACE 32

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

INDICATEURS COMMERCE EXTERIEUR

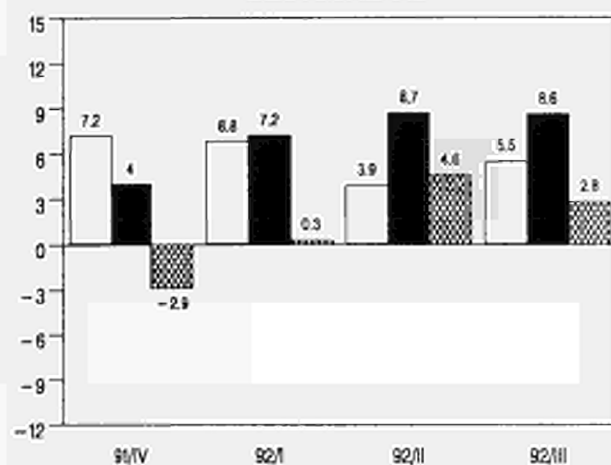
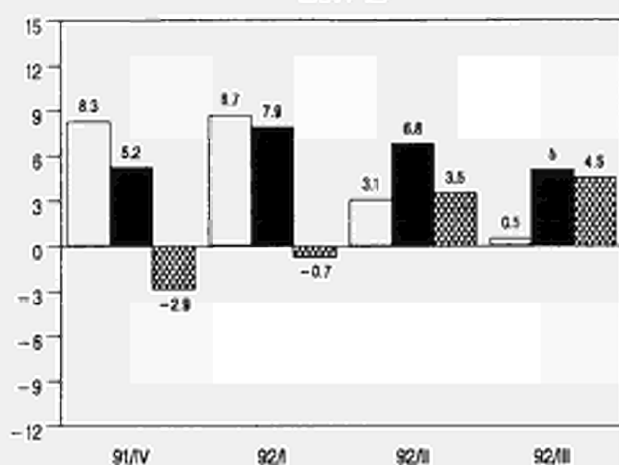
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GROWTH RATE

TAUX DE VARIATION

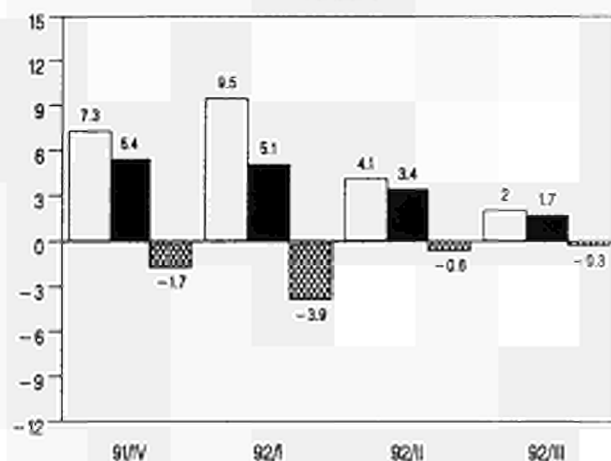
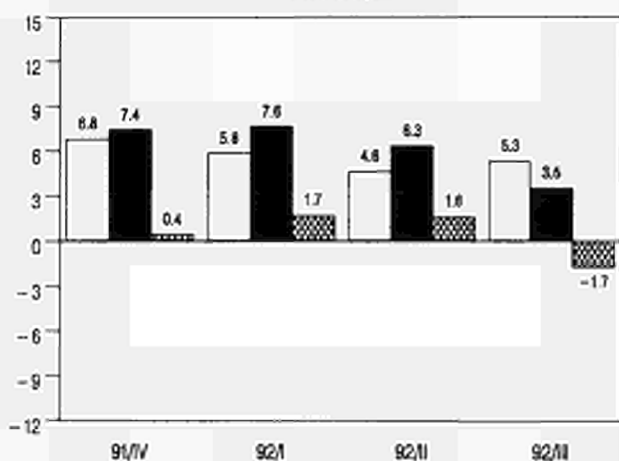
EUR 12

DEUTSCHLAND



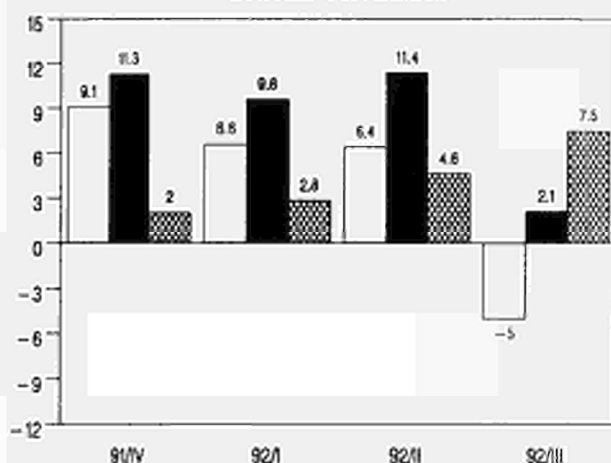
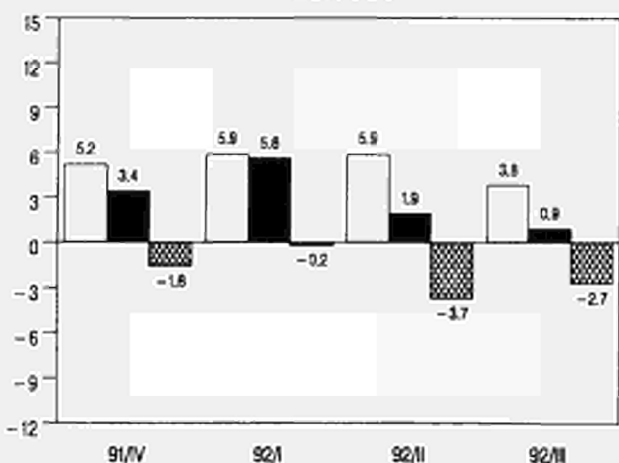
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ITALIA



ESPAÑA

UNITED KINGDOM



Einfuhr
 Ausfuhr
 Austauschrelation

Import
 Export
 Terms of trade

Importation
 Exportation
 Termes de l'échange

NACE 32

AUßSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

INDICATEURS COMMERCE EXTERIEUR

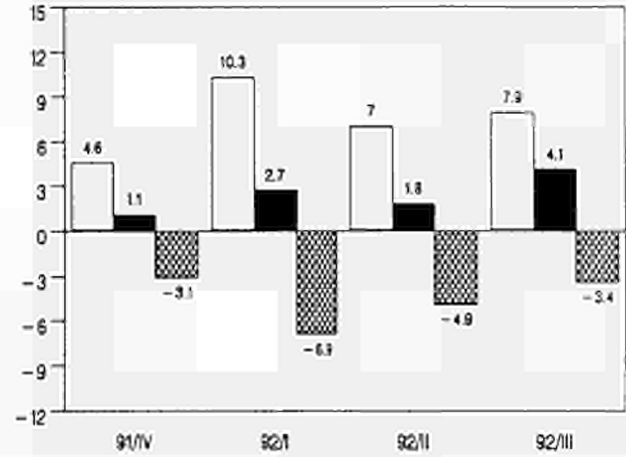
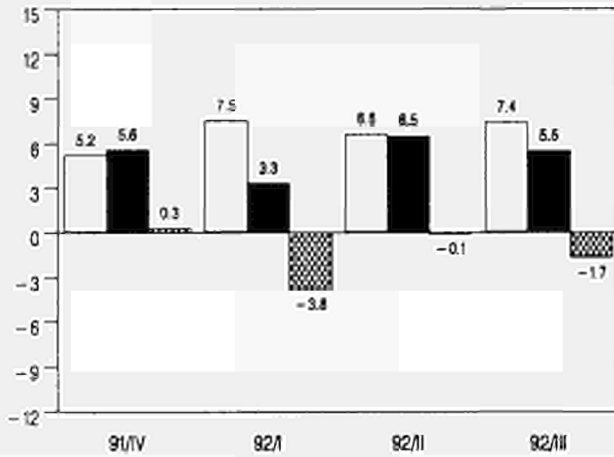
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TAUX DE VARIATION

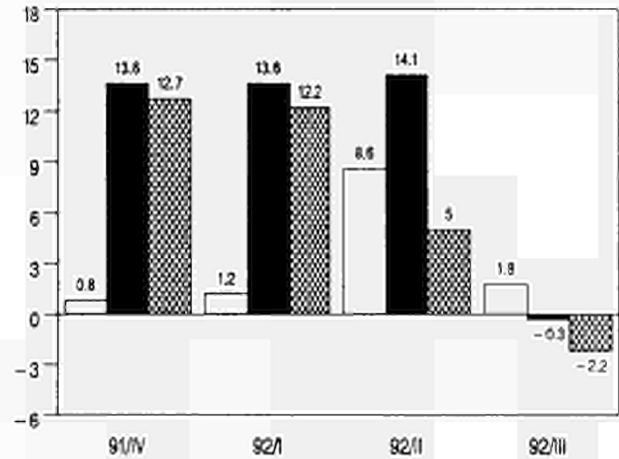
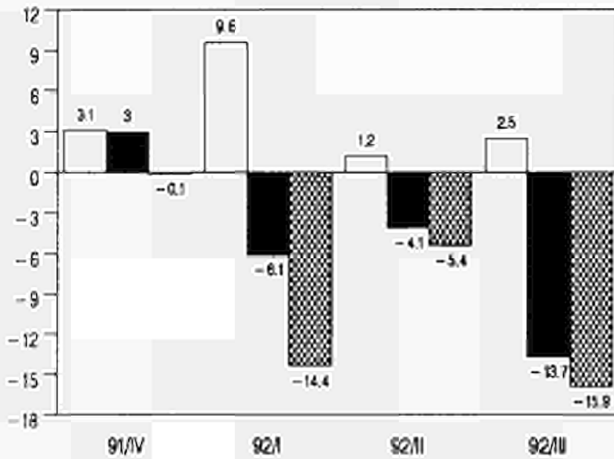
BELGIQUE - LUXEMBOURG

DANMARK



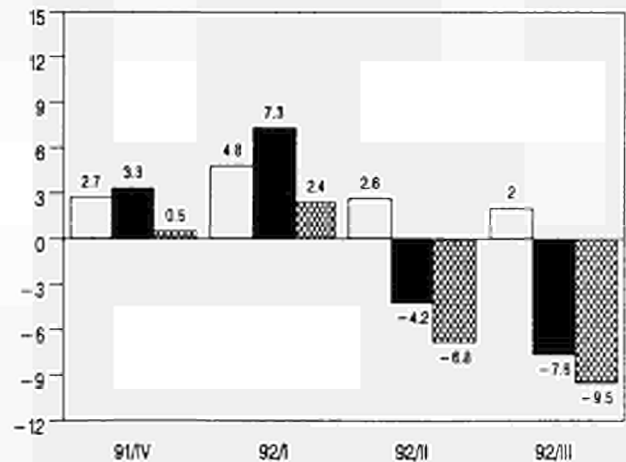
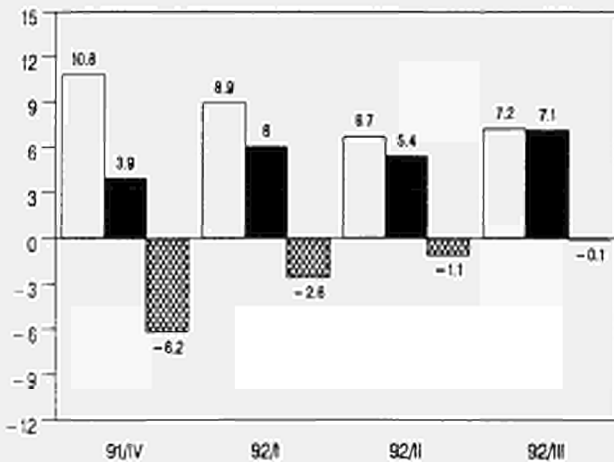
ELLADA

IRELAND



NEDERLAND

PORTUGAL



Nace 32: Mechanical Engineering

External trade indicators

1985 = 100			EUR12	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK
Exports	Volume	1991	82.9	99.6	99.1	96.1	193.9	115.1	97.3	118.0	107.5	106.2	152.1	77.6
		Φ	75.0	97.1	103.7	85.5	237.1	100.5	84.4	88.0	86.9	94.7	158.4	66.4
	Growth rate (%)	1991	-5.5	-10.7	-3.6	-4.2	11.2	-7.7	-5.1	-7.3	-3.4	-3.0	2.0	-13.7
		Φ	-9.9	1.4	2.0	-12.8	19.9	-0.9	-7.9	-22.8	-8.9	-13.3	11.3	-11.7
	Value	1991	143.9	135.0	136.2	147.8	124.2	149.6	146.4	120.7	145.5	141.9	100.4	146.7
		Φ	152.6	143.3	145.4	163.4	100.2	145.3	153.7	124.3	147.7	154.8	89.4	151.0
Growth rate (%)	1991	6.7	4.7	4.1	5.4	8.3	7.6	7.0	6.1	6.2	5.0	4.1	11.3	
	Φ	5.7	4.7	6.1	10.4	-20.5	-3.4	4.2	0.4	1.3	9.7	-9.1	0.3	
Imports	Volume	1991	131.8	135.1	89.3	155.8	109.3	215.8	129.2	98.1	121.9	98.4	193.0	89.0
		Φ	113.1	117.2	84.9	133.1	95.8	160.1	102.4	91.3	91.5	84.0	179.6	82.6
	Growth rate (%)	1991	-2.4	-4.5	-7.0	11.5	-6.8	-3.7	-6.1	-7.1	-5.6	-3.2	-12.5	-14.6
		Φ	-13.0	-15.4	-1.8	-13.8	5.9	-23.9	-11.1	-5.7	-14.4	-13.6	0.2	-5.0
	Value	1991	130.9	144.4	129.1	135.7	135.0	139.1	134.8	132.7	154.7	147.3	140.1	140.0
		Φ	136.5	154.1	143.9	145.6	140.9	147.1	145.4	133.9	161.9	160.4	145.3	136.6
Growth rate (%)	1991	7.2	5.2	5.1	6.6	5.2	4.6	5.9	4.9	6.7	7.2	5.2	8.3	
	Φ	2.4	7.0	10.1	6.8	1.9	5.8	6.6	1.2	3.0	8.8	2.5	-5.2	
Terms of Trade	1991	Φ	109.9	93.4	105.5	108.9	92.0	107.5	108.6	90.9	94.0	96.3	71.6	104.7
		Φ	111.7	93.0	101.0	112.2	71.0	98.6	105.6	92.7	91.2	96.4	61.6	110.5
	Growth rate (%)	1991	-0.4	-0.5	-0.9	-1.1	3.0	2.8	1.0	1.1	-0.4	-2.1	-1.1	2.6
		Φ	3.2	-2.1	-3.7	3.4	-22.0	-8.8	-2.2	-0.8	-1.6	0.7	-11.2	5.8

Source: Eurostat

Trade indicators for both imports and exports showed volume levels running below those of total manufacturing, whilst value figures outperformed total manufacturing levels. With high prices being exhibited within the sector (especially for imports), the terms of trade were seen to be at a much lower level than those of manufacturing industry. Latest data available showed the indicator at 111.7 (1985 = 100), well below the 146.8 of total manufacturing industry. This poor performance was compounded by recent trends: showing the indicator failing to match the improvements generally seen in the Community, with only a moderate increase of 3.2% for the latest figures available (compared to 5.5% for manufacturing industry in general). EC export values rose to 152.6, an increase of 5.7%

over the past year, with the last three countries to join the Community being the only ones to display reduced levels (Greece and Portugal showing losses of 20.5% and 9.1% respectively). In volume terms there was a widespread fall in activity: latest data showing export volumes running at three quarters their 1985 level (following a decrease of 9.9% over the last year).

However, the decline in export volumes was more than matched by the reduction in the level of imports (-13.0%). Yet, there was nonetheless a slight expansion in the level of import values, up 2.4% to 136.5 (compared to the total manufacturing level of 77.5). All Member States recorded import values greater than 130.0, re-iterating the high level of prices within the

sector (the majority of imports coming from other developed world economies). Only in the United Kingdom were import values seen to be letting up, by some 5.2% (this reduction was largely offset by a corresponding fall in the level of import volumes, 5.0%). Denmark and the Benelux countries reported the fastest expanding import values (Danish gains being equal to 10.1%).

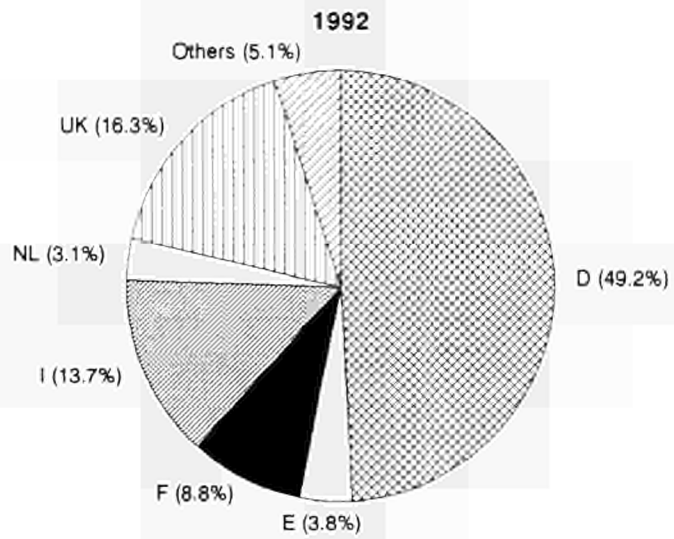
The largest economies in the Community recorded the highest terms of trade: Germany (112.2), followed by the United Kingdom (110.5) and France (105.6). Latest data confirmed these trends with Germany (+3.4%), the United Kingdom (+5.8%) and the Netherlands (+0.7%) being the only countries able to display improvements in their respective levels.

4.2. STRUCTURAL INDICATORS

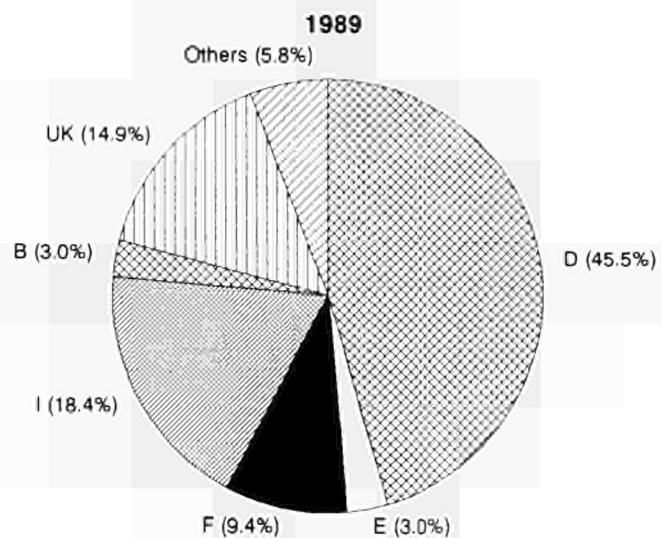
The industry is a major supplier of capital goods and has a considerable presence in world markets. Growing trends exist towards customised production with the majority of firms being quite small in size, concentrating on high levels of value-added. To achieve this goal they specialise in single piece, small-scale production, that is to say, wide product diversity. The industry is highly automated and employs many recent innovations: CAD/CAM (computer automated design/computer automated manufacture) technology, J-I-T (just-in-time) principles, computer inventory systems, self-diagnostic systems etc. These processes allow manufacturers to reduce stock inventories (hence, cutting costs) and lower down-times when machines are out of operation. An investment boom in the mid to late eighties allowed the industry to develop flexible multi-product lines, capable of adapting to new consumer preferences and production techniques (investment rose by almost one and a half billion ECU in nominal terms in 1989).

As the majority of demand is linked to industries further down the chain of manufacturing numerous effects influence demand patterns. For example, central government spending on infrastructure and construction projects strongly determined the performance of civil engineering equipment, and global climatic conditions affected demand for agricultural machinery. More specifically: new laws relating to CFC's had a striking effect on refrigeration products, forcing manufacturers to develop alternative markets and invest heavily in R&D; the food and drink industry experienced widespread merger activity in the eighties which resulted in restructuring and stimulated demand for

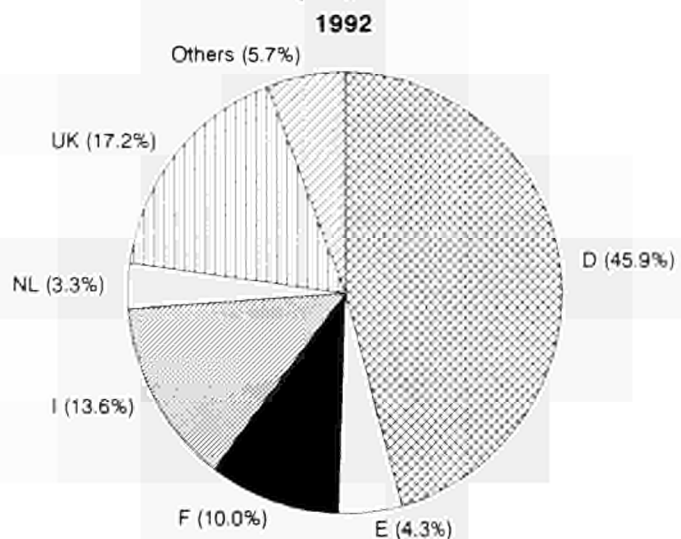
Value added at factor cost



Investment



Employment

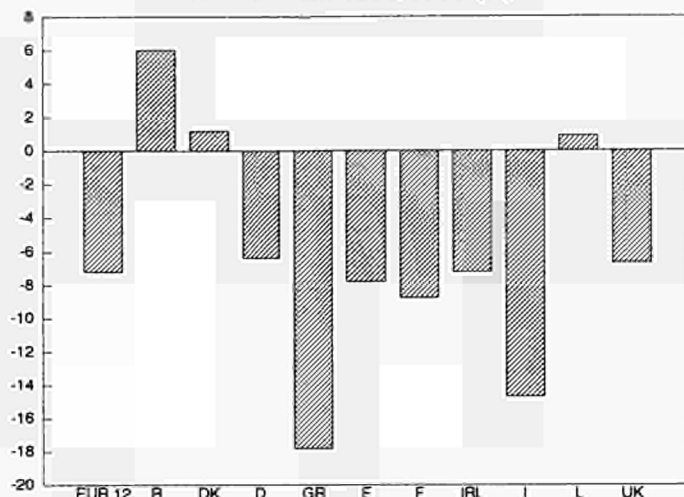


more flexible machinery; the ball-bearing industry was hit by the downturn in the car industry and a reduction in military expenditures; and the mining equipment sub-sector faced depletion of many coal reserves, subsidised foreign competition and hence modified government energy policies which all led to output levels falling. Three sub-sectors were able to continue displaying strong performance into 1992 despite the recession: they were the manufacture of machinery for the food, chemical and related industries; the manufacture of machinery for mines, iron and steel, building and civil engineering; and other machinery (including compressors, refrigerating machines and air-conditioning equipment).

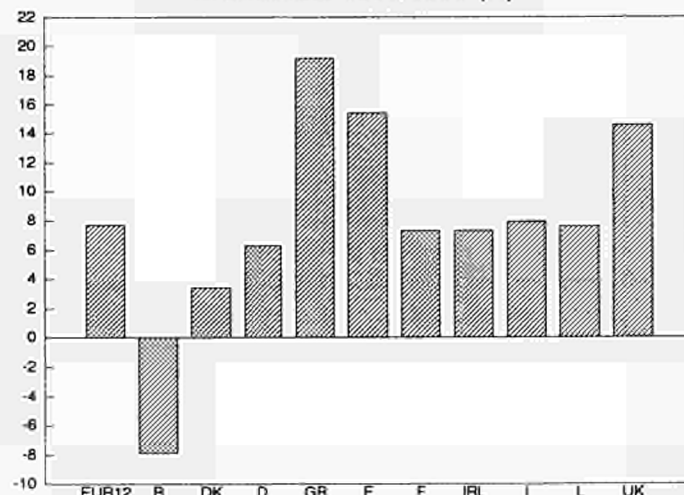
Constant price production (1985 = 100) displayed a step-like progression up to 1990, since when there has been a subsequent deterioration of output in real terms, with a loss of nearly twenty billion ECU between 1990 and 1992. Demand also peaked in 1990, followed by a three billion ECU loss in apparent consumption figures for 1991. Employment grew during the late eighties, but has since weakened almost to record-low levels. Coupled to the downturn in the number of persons employed: productivity losses were additionally witnessed, especially in 1992, as the effects of the investment boom of the late eighties faded.

At a country specific level, Germany displayed the most impressive performance due to investment in new technologies, which allowed the production specialisation coefficient to remain at 1.5 throughout the last decade. Consumption expanded in only four Member States in 1991, namely Germany, the Netherlands,

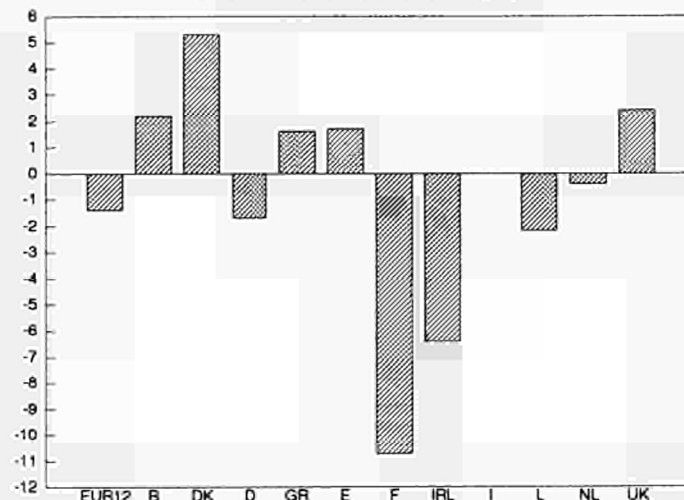
Profitability
Growth rate 1991/1990 (%)



Average labour unit cost
Growth rate 1991/1990 (%)



Productivity
Growth rate 1992/1991 (%)



Denmark and Spain. Latest figures concerning output levels show that German production has started to fall, whereas output in the Netherlands, Belgium, Denmark and Portugal was holding up. All other countries displayed a deterioration in their level of production, with French and Spanish production levels remaining considerably lower than one would expect taking into account the size of their respective economies (production specialisation coefficients of 0.7 and 0.4). The worst employment statistics were recorded in the United Kingdom (down one hundred and fifty thousand persons in the last decade) and France (down some sixty thousand in the same period). Concerning the latest data available (1992), job losses were most pronounced in Italian and German industries (5.1% and 3.7% respectively); only the Netherlands was able to show expansion of its labour market (up 1.6%).

The American economy showed few signs of growth in 1991 and this contributed to the 1.2 billion ECU loss in output for 1992, despite improved terms of trade which threatened traditional EC markets (American export markets taking up surplus capacity left by slack home demand). Consequently, the US export rate grew to thirty one per cent, whilst the import penetration level was at nineteen per cent. Yet, the medium-term outlook for the American market looks dynamic, with growth forecast in nearly all destination industries and a relatively weak dollar which should continue to aid trade performance.

During the eighties the fastest production growth was displayed by the Japanese economy, averaging over five per cent per annum in real terms, although more recently world recession (and more precisely Japanese

recession) and the strength of the Yen have inhibited this trend.

Prospects for the sector on an EC level appear quite encouraging as developing countries will increase their demand for mining, food and drink, agriculture and construction related products in an attempt to gain a greater share of value-added. However, domestic demand for agricultural machinery faces uncertainty dependent on the results of the Uruguay Round of GATT talks and investment decisions following reductions in CAP subsidies. With a technological lead (and hence comparative advantage that may be exploited) many EC manufacturers should be able to maintain their position at the forefront of world markets and product innovation.

Nace 32: Mechanical engineering

Value added, turnover and investment

		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Gross	1988	75.1	1.5	1.7	34.5	0.1	2.4	8.0	0.2	11.7	0.1	2.1	N/A	12.7
Value-added	1989	83.5	1.6	1.8	38.3	0.1	3.0	8.3	0.2	12.8	0.1	2.3	N/A	14.9
at factor cost	1990	89.4	1.8	2.0	43.0	0.1	3.4	9.0	0.2	13.3	0.1	2.5	N/A	13.8
(mrd ECU)	1991	88.2	1.7	2.1	43.1	0.1	3.4	8.5	0.2	12.1	0.1	2.6	N/A	14.1
	1992	86.6	1.7	2.2	42.6	0.1	3.3	7.6	0.2	11.9	0.1	2.7	N/A	14.1
Gross	1988	8.5	-2.1	18.8	6.5	-5.5	2.4	5.6	N/A	7.4	2.5	3.3	N/A	19.6
Value-added	1989	11.2	11.0	4.8	11.0	16.3	25.8	3.5	10.5	9.2	3.9	9.2	N/A	17.0
at factor cost	1990	7.0	10.1	10.9	12.3	4.8	11.2	9.3	-5.2	3.7	11.5	11.7	N/A	-7.4
Δ%	1991	-1.3	-6.1	5.3	0.2	-8.1	1.6	-5.6	-2.5	-8.4	7.5	1.5	N/A	2.2
	1992	-1.8	1.9	5.6	-1.2	-1.7	-3.8	-11.0	-2.2	-2.4	-10.4	4.4	N/A	-0.2
Gross	1988	100.0	1.9	2.3	45.9	0.1	3.2	10.6	0.3	15.6	0.1	2.8	N/A	17.0
Value-added	1989	100.0	1.9	2.1	45.8	0.1	3.6	9.9	0.3	15.3	0.1	2.7	N/A	17.9
at factor cost	1990	100.0	2.0	2.2	48.1	0.1	3.8	10.1	0.2	14.8	0.1	2.8	N/A	15.5
share (%)	1991	100.0	1.9	2.4	48.8	0.1	3.9	9.7	0.2	13.8	0.1	2.9	N/A	16.0
	1992	100.0	2.0	2.5	49.2	0.1	3.8	8.8	0.2	13.7	0.1	3.1	N/A	16.3
Turnover	1988	192.0	4.6	3.6	82.0	0.2	6.1	23.5	0.5	34.2	0.3	5.4	0.4	31.3
(mrd ECU)	1989	217.8	5.2	4.0	92.3	0.2	7.8	26.9	0.6	39.6	0.3	5.8	0.5	34.7
	1990	233.7	5.7	4.2	103.0	0.2	8.4	29.4	0.5	40.5	0.3	5.7	0.5	35.2
	1991	228.8	5.4	4.4	104.0	0.2	8.5	27.7	0.5	37.1	0.3	6.4	0.5	33.7
	1992	226.1	5.5	4.7	103.1	N/A	8.1	26.8	0.5	36.2	0.3	6.6	N/A	33.5
Turnover	1988	8.8	5.4	7.6	5.9	5.4	14.1	6.6	15.2	8.0	16.0	5.3	8.5	20.5
Δ%	1989	13.4	12.6	8.5	12.6	8.8	27.7	14.5	15.9	15.8	3.8	7.5	9.6	10.9
	1990	7.3	10.6	7.6	11.5	-3.2	7.0	9.3	-2.6	2.3	11.5	-1.5	16.4	1.4
	1991	-2.1	-5.7	4.5	1.0	2.1	1.3	-5.7	-2.5	-8.3	7.6	11.3	-1.1	-4.2
	1992	-1.2	2.3	5.5	-0.9	N/A	-3.8	-3.5	-2.2	-2.4	-10.4	3.8	N/A	-0.8
Turnover	1988	100.0	2.4	1.9	42.7	0.1	3.2	12.2	0.3	17.8	0.1	2.8	0.2	16.3
share (%)	1989	100.0	2.4	1.8	42.4	0.1	3.6	12.4	0.3	18.2	0.1	2.7	0.2	15.9
	1990	100.0	2.4	1.8	44.1	0.1	3.6	12.6	0.2	17.3	0.1	2.5	0.2	15.1
	1991	100.0	2.4	1.9	45.4	0.1	3.7	12.1	0.2	16.2	0.1	2.8	0.2	14.7
	1992	100.0	2.4	2.1	45.6	N/A	3.6	11.8	0.2	16.0	0.1	2.9	N/A	14.8
Total	1988	7900.8	261.6	224.4	3585.9	19.0	179.4	806.3	18.0	1416.0	6.6	182.2	20.7	1180.7
investment	1989	9367.7	281.1	234.9	4258.2	4.9	278.6	877.1	26.9	1725.8	11.8	248.9	23.6	1395.9
(mio ECU)	1990	N/A	N/A	253.8	4811.3	7.2	N/A	1070.9	N/A	N/A	N/A	326.0	N/A	1390.3
	1991	N/A	N/A	238.5	4771.8	N/A	N/A	962.5	N/A	N/A	N/A	N/A	N/A	N/A
	1992	N/A	N/A	N/A	4603.4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	1988	8.1	32.3	4.7	-0.3	187.9	0.8	31.4	21.6	8.0	-29.0	-11.3	76.9	24.4
investment	1989	18.6	7.5	4.7	18.7	-74.2	55.3	8.8	49.4	21.9	78.8	36.6	14.0	18.2
Δ%	1990	N/A	N/A	8.0	13.0	46.9	N/A	22.1	N/A	N/A	N/A	31.0	N/A	-0.4
	1991	N/A	N/A	-6.0	-0.8	N/A	N/A	-10.1	N/A	N/A	N/A	N/A	N/A	N/A
	1992	N/A	N/A	N/A	-3.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	1986	100.0	2.7	3.6	49.6	N/A	N/A	8.1	0.2	16.6	0.1	3.4	N/A	13.5
investment	1987	100.0	2.7	2.9	49.2	0.1	2.4	8.4	0.2	17.9	0.1	2.8	0.2	13.0
share (%)	1988	100.0	3.3	2.8	45.4	0.2	2.3	10.2	0.2	17.9	0.1	2.3	0.3	14.9
	1989	100.0	3.0	2.5	45.5	0.1	3.0	9.4	0.3	18.4	0.1	2.7	0.3	14.9
	1990	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Eurostat, DEBA.

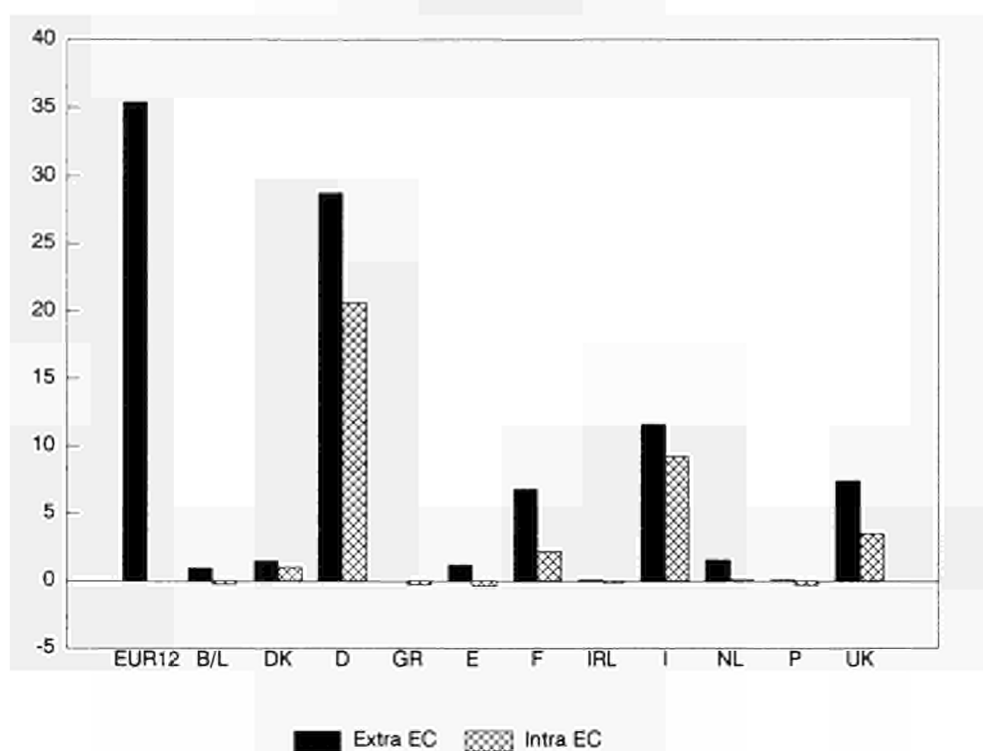
Turnover: E, P = Production value. Total investment: E, P = Investments minus disposals

Nace 32: Mechanical engineering
Employment, labour cost and productivity

		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Total labour cost (mio ECU)	1987	53983.8	1275.7	1250.0	27354.0	49.3	1397.5	6095.9	93.2	7623.5	77.3	1620.6	108.0	7038.8
	1988	56882.1	1234.9	1324.8	28366.6	48.6	1592.8	6126.9	103.8	8018.4	80.9	1637.5	115.2	8231.7
	1989	62247.9	1283.9	1343.9	30963.2	56.8	1903.0	6537.4	116.2	9157.5	80.4	1709.2	122.5	8973.9
	1990	66543.1	1419.7	1471.1	34262.4	57.7	2048.2	7120.7	123.5	9485.8	86.4	1776.7	136.6	9278.9
	1991	70799.3	1257.2	1531.0	36667.0	64.5	2256.9	7362.8	129.7	10176.1	92.1	N/A	140.4	10157.3
Total labour cost Δ%	1987	2.1	1.9	-2.8	2.9	N/A	2.0	-2.7	-1.5	10.4	6.9	4.2	2.6	-4.1
	1988	5.4	-3.2	6.0	3.7	-1.4	14.0	0.5	11.4	5.2	4.7	1.0	6.7	16.9
	1989	9.4	4.0	1.4	9.2	16.9	19.5	6.7	11.9	14.2	-0.6	4.4	6.3	9.0
	1990	6.9	10.6	9.5	10.7	1.6	7.6	8.9	6.3	3.6	7.5	3.9	11.5	3.4
	1991	6.4	-11.4	4.1	7.0	11.8	10.2	3.4	5.0	7.3	6.6	N/A	2.8	9.5
Number of employees (1000)	1988	2282.5	47.3	52.0	995.1	5.3	98.4	235.5	5.9	327.0	2.8	63.9	17.3	431.9
	1989	2359.1	50.3	52.9	1046.6	5.0	101.4	241.6	6.5	332.9	2.6	68.4	17.0	434.0
	1990	2424.1	50.6	53.8	1092.2	4.9	113.1	245.2	6.6	333.5	2.7	72.6	N/A	431.4
	1991	2395.3	48.6	54.2	1099.2	4.6	108.0	236.3	6.5	331.5	2.7	74.7	N/A	411.9
	1992	2306.6	47.5	53.7	1057.9	N/A	100.3	229.6	6.5	314.1	2.6	75.8	N/A	397.8
Number of employees Δ%	1988	0.2	-4.1	-0.3	0.6	-3.7	2.7	-2.2	5.0	-0.5	-4.5	0.3	-4.2	1.4
	1989	3.4	6.4	1.8	5.2	-4.9	3.0	2.6	9.8	1.8	-6.0	7.0	-1.8	0.5
	1990	2.8	0.6	1.7	4.4	-2.5	11.6	1.5	1.7	0.2	1.8	6.1	N/A	-0.6
	1991	-1.2	-3.9	0.7	0.6	-6.2	-4.5	-3.6	-2.1	-0.6	-0.9	2.9	N/A	-4.5
	1992	-3.7	-2.4	-0.9	-3.8	N/A	-7.2	-2.8	-0.4	-5.3	-2.2	1.5	N/A	-3.4
Number of employees share (%)	1988	100.0	2.1	2.3	43.6	0.2	4.3	10.3	0.3	14.3	0.1	2.8	0.8	18.9
	1989	100.0	2.1	2.2	44.4	0.2	4.3	10.2	0.3	14.1	0.1	2.9	0.7	18.4
	1990	100.0	2.1	2.2	45.1	0.2	4.7	10.1	0.3	13.8	0.1	3.0	N/A	17.8
	1991	100.0	2.0	2.3	45.9	0.2	4.5	9.9	0.3	13.8	0.1	3.1	N/A	17.2
	1992	100.0	2.1	2.3	45.9	N/A	4.3	10.0	0.3	13.6	0.1	3.3	N/A	17.2
Average labour unit cost (1000 ECU)	1987	23.7	25.9	24.0	27.6	9.0	14.6	25.3	16.5	23.2	26.4	25.4	6.0	16.5
	1988	24.9	26.1	25.5	28.5	9.2	16.2	26.0	17.5	24.5	28.9	25.6	6.6	19.1
	1989	26.4	25.5	25.4	29.6	11.3	18.8	27.1	17.8	27.5	30.6	25.0	7.2	20.7
	1990	27.5	28.1	27.3	31.4	11.8	18.1	29.0	18.6	28.4	32.3	24.5	N/A	21.5
	1991	29.6	25.9	28.3	33.4	14.1	20.9	31.2	20.0	30.7	34.7	N/A	N/A	24.7
Average labour unit cost Δ%	1987	4.8	6.7	6.1	5.4	N/A	5.3	2.5	1.7	8.0	13.1	6.0	6.9	0.4
	1988	5.2	1.0	6.3	3.1	2.3	11.0	2.8	6.0	5.8	9.6	0.7	11.4	15.4
	1989	5.9	-2.3	-0.3	3.8	22.9	16.0	4.0	2.0	12.2	5.8	-2.5	8.3	8.5
	1990	4.0	9.9	7.7	6.0	4.2	-3.5	7.3	4.5	3.4	5.6	-2.0	N/A	4.0
	1991	7.7	-7.9	3.4	6.3	19.2	15.4	7.3	7.3	7.9	7.6	N/A	N/A	14.6
Productivity Δ%	1988	4.9	0.7	16.5	3.5	-6.5	-7.5	6.6	0.0	8.6	7.1	1.4	N/A	6.2
	1989	2.4	0.4	-2.4	2.0	18.0	9.0	-3.5	-4.2	-0.6	6.0	-0.7	N/A	10.7
	1990	-0.3	3.2	2.8	2.6	11.9	-5.4	4.3	-10.4	-1.6	3.6	1.1	N/A	-8.7
	1991	-4.0	-5.5	2.0	-4.5	-3.8	0.4	-2.0	-3.9	-10.1	4.3	-4.5	N/A	-0.7
	1992	-1.4	2.2	5.3	-1.7	1.6	1.7	-10.7	-6.4	0.0	-2.2	-0.4	N/A	2.4

Source: Eurostat, DEBA

Nace 32: Trade balance 1991 (mrd ECU)



Despite the trade balance losing 2.6 billion ECU, the Community continued to record a healthy surplus of thirty five billion ECU in 1991 for the mechanical engineering sector, maintaining the position of the sector as the most successful exporting industry at Nace 2-digit level.

In the late eighties even though there was an investment boom and the dollar was seen to depreciate markedly, EC manufacturers held on to many of the gains they had made in American markets earlier in the decade. Counter to this trend, European firms lost export markets in the developing world due to increased competition from the Pacific Rim and problems of international debt encountered by many trading partners.

In 1991 trade activity in the sector became sluggish with a downturn in worldwide demand. European export levels were almost stationary (due in

part to a stronger exchange rate); imports continued to expand at a moderate pace. This prolonged the gradual erosion of the cover ratio seen throughout the eighties, falling quite sharply in 1991 from 2.6 to 2.1, with the import penetration rate rising to 17.7%. The share of intra-Community trade in total trade prevailed around the historical level of sixty five per cent.

Turning to the figures for specific countries, an explanation could be found for the disappointing figures of 1991, in that the major contributor to the surplus, Germany, saw its balance reduced by 3.3 billion ECU. However, it should be emphasised that the German trade surplus remained by far the largest in the Community, around some thirty two billion ECU, well ahead of the Italian figure of 13.2 billion ECU. Germany and Italy remained at the forefront of product innovation and technological ad-

vancement by investing in sub-sectors with new and emerging technologies such as food and chemical machinery; whereas they displayed falling output in older sectors such as textile machinery, where there seemed little scope for expansion.

Only two additional countries were able to generate surpluses in 1991: Denmark (1.1 billion ECU) and the United Kingdom (2.5 billion ECU). They have both traditionally shown positive trade balances, although in the case of the United Kingdom there has been a resurgence since 1989 in trade performance, largely as a result of redressing deficits with other Member States. Poor trade figures were returned by Spain (-3.8 billion ECU), France and BLEU (both -2.5 billion ECU), corresponding to the particular weakness of the mechanical engineering sector observed in these countries.

Nace 32: Mechanical engineering

External trade indicators

			EUR 12	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK
Exports	Total trade (mrd ECU)	1987	96.0	3.8	2.7	41.9	0.0	2.1	10.5	0.5	16.4	4.9	0.3	12.9
		1988	105.4	4.0	2.9	45.4	0.1	2.4	11.9	0.7	17.8	5.5	0.3	14.5
		1989	121.7	4.9	3.3	51.4	0.1	3.0	14.0	0.8	21.7	6.3	0.3	15.9
		1990	129.8	5.2	3.6	54.1	0.1	3.4	15.6	0.8	22.9	6.8	0.4	16.9
		1991	129.9	4.9	3.6	54.5	0.1	3.5	15.7	0.8	23.5	6.9	0.4	16.0
	Extra-EC trade (mrd ECU)	1987	53.1	1.4	1.6	24.7	0.0	1.0	5.7	0.2	9.0	1.8	0.1	7.6
		1988	56.6	1.4	1.6	25.8	0.0	1.1	6.1	0.2	9.5	2.0	0.1	8.7
		1989	64.6	1.7	1.8	29.0	0.1	1.4	7.1	0.3	11.7	2.4	0.1	9.1
		1990	68.4	1.8	1.9	31.0	0.1	1.4	7.9	0.3	12.0	2.4	0.1	9.5
		1991	68.4	1.5	1.8	31.7	0.1	1.5	7.8	0.2	12.3	2.4	0.2	8.9
	Extra-EC trade % share EC	1987	100.0	2.7	3.0	46.5	0.0	1.9	10.7	0.3	17.0	3.4	0.3	14.3
		1988	100.0	2.5	2.8	45.5	0.1	2.0	10.8	0.4	16.8	3.5	0.2	15.4
		1989	100.0	2.6	2.8	44.9	0.1	2.1	11.0	0.4	18.1	3.7	0.2	14.1
		1990	100.0	2.6	2.8	45.3	0.1	2.1	11.5	0.4	17.5	3.5	0.2	14.0
		1991	100.0	2.3	2.6	46.3	0.1	2.2	11.4	0.3	18.0	3.5	0.2	13.0
	Intra-EC trade % share total trade	1987	55.3	37.7	58.9	58.9	53.6	47.3	54.1	29.9	55.0	36.2	52.8	59.1
		1988	53.7	35.6	55.5	56.8	61.0	46.5	51.5	33.0	53.4	35.9	42.7	60.1
		1989	53.1	34.8	54.8	56.5	63.3	46.6	50.6	32.9	53.7	37.5	40.1	57.3
		1990	52.6	34.0	54.2	57.2	62.1	41.9	50.3	32.8	52.2	35.4	36.0	56.6
		1991	52.7	31.6	50.0	58.1	65.8	43.0	49.4	30.8	52.5	34.8	35.6	55.6
Imports	Total trade (mrd ECU)	1987	63.3	4.5	2.2	12.4	0.9	4.4	12.4	0.9	7.2	6.3	1.5	10.7
		1988	72.8	5.4	2.1	13.3	1.0	5.6	14.4	1.1	8.1	6.4	1.9	13.5
		1989	84.6	6.4	2.2	16.0	1.4	6.7	16.4	1.3	9.4	7.3	2.1	15.4
		1990	92.1	7.3	2.5	19.2	1.4	7.3	18.4	1.3	10.2	7.7	2.2	14.6
		1991	94.7	7.4	2.4	22.8	1.3	7.3	18.2	1.3	10.2	8.0	2.2	13.5
	Extra-EC (mrd ECU)	1987	20.7	1.0	0.7	6.1	0.2	1.0	3.5	0.3	2.1	1.5	0.3	4.0
		1988	24.5	1.3	0.7	6.7	0.3	1.5	4.1	0.3	2.4	1.8	0.4	5.2
		1989	29.0	1.6	0.7	8.0	0.4	1.7	4.5	0.4	2.9	2.2	0.4	6.0
		1990	31.5	1.7	0.8	9.4	0.3	1.9	5.5	0.4	3.2	2.1	0.4	5.8
		1991	33.0	1.7	0.8	11.0	0.4	1.9	5.5	0.4	3.1	2.3	0.4	5.4
	Extra-EC trade % share EC	1987	100.0	4.6	3.6	29.6	0.9	5.0	17.1	1.2	10.1	7.3	1.4	19.2
		1988	100.0	5.1	2.7	27.2	1.2	5.9	16.7	1.3	9.8	7.2	1.7	21.1
		1989	100.0	5.6	2.6	27.8	1.5	5.9	15.5	1.2	9.9	7.8	1.4	20.9
		1990	100.0	5.5	2.6	29.8	1.1	6.0	17.6	1.1	10.1	6.7	1.4	18.2
		1991	100.0	5.3	2.5	33.3	1.1	5.8	16.8	1.1	9.5	7.0	1.3	16.4
	Intra-EC trade % share total trade	1987	32.7	21.2	33.9	49.5	21.7	23.6	28.5	28.5	28.9	24.1	19.6	37.1
		1988	33.7	23.2	32.5	49.9	30.6	25.8	28.4	30.6	29.4	27.8	22.2	38.4
		1989	34.3	25.1	33.5	50.2	31.0	25.7	27.4	28.0	30.5	30.7	20.1	39.2
		1990	34.2	23.5	32.2	49.0	25.4	25.9	30.1	27.1	31.1	27.5	19.4	39.4
		1991	34.8	23.6	33.1	48.2	26.8	25.9	30.3	29.5	30.6	28.8	19.8	40.0
Trade balance	Total trade (mrd ECU)	1987	32.6	-0.7	0.5	29.5	-0.8	-2.3	-1.9	-0.4	9.2	-1.3	-1.2	2.2
		1988	32.6	-1.4	0.8	32.0	-0.9	-3.2	-2.5	-0.4	9.6	-0.9	-1.6	1.0
		1989	37.2	-1.6	1.1	35.4	-1.3	-3.7	-2.4	-0.5	12.3	-1.0	-1.7	0.5
		1990	37.8	-2.1	1.1	35.0	-1.3	-3.9	-2.7	-0.5	12.7	-0.9	-1.9	2.3
		1991	35.2	-2.5	1.1	31.7	-1.2	-3.8	-2.5	-0.5	13.2	-1.1	-1.8	2.5

Source: Eurostat

METHODOLOGICAL NOTES

Industry Classification System

The industry groupings used in this publication are based on the NACE classification system. This classifies economic activity in terms of the nature of goods and services produced or by the nature of the production process employed. It is arranged on the decimal system and is subdivided into divisions (1-digit codes), classes (2-digit codes), groups (3-digit codes), sub-groups (4-digit codes) and items (5-digit codes). More information is contained in the General Industrial Classification of Economic Activities within the European Community published by Eurostat (1985 reprint of the 1970 edition). This publication is available from the usual outlets for Community publications. A major revision to the NACE classification has been incorporated in a Council Regulation (OJ L293 24th October 1990) and will start being used for data collection over the next few years.

The broad groups used in Section 1 of this publication have the following definitions in terms of NACE:

Total industry

1, 2, 3, 4

Intermediate goods industries

1, 211-246, 247, 2474-2476, 2481-2485, 2488, 2489, 251-256, 26, 311-313, 3161-3164, 3167-319, 353, 422, 431-435, 437, 439, 441, 461-466, 471, 472, 481, 483

Capital goods industries

314, 315, 32, 33, 341-344, 347, 348, 352, 361, 362, 364, 365, 371, 372

Consumer goods industries

2472, 2473, 2477, 2486, 2487, 257-259, 3165, 363, 373, 374, 411-421, 423-429, 436, 438, 442, 45, 467, 473, 474, 482, 49

Statistical Sources

Most of the data in this publication is harmonized data supplied to Eurostat by Member States. The exceptions are:

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

2) The estimates for the latest years' structural data, which are supplied by the DEBA European Economic Interest Group.

3) The OECD has supplied the indices of industrial production for the USA and Japan.

Data sources are indicated for each statistical table.

Every effort has been made to include data for all 12 Member States. The indices from 1991 onwards are on a post-unification basis and include East-Germany. However the structural data is still on a pre-unification basis unless otherwise stated.

Short term indicators

The index of production measures changes in the volume of the gross value added created by industry, the branch indices being aggregated by means of a system of weighting according to gross value added (in prin-

ciple, at factor cost). The indices are adjusted in two stages; firstly to take account of the varying number of working days in the month (except for Spain and Japan) and secondly by seasonal adjustment. The other short term indices in this publication are not adjusted for working days.

The index of producer prices shows (in the national currency of the Member State in question) changes in the ex-works selling prices of all products sold on the domestic markets of the various countries. The Community indices (EUR11, since there are no producer price indices for Portugal) refer to overall weighted price changes. No seasonal adjustment is carried out on them.

For the indices of imports and exports, external trade data of industrial products were grouped according to the industrial NACE branch to which they belong. The value indices are all in ECU terms. The indices for EUR12 refer only to extra Community trade, whilst the indices for Member States reflect also intra Community trade. The indices are seasonally adjusted.

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

The changes which are given in the tables for the latest three months on the corresponding period of the year before, are calculated from non seasonally adjusted series.

Structural data

Data for value added at factor cost, turnover, investment, labour costs, and employment come from annual

enquiries conducted by Member States involving all enterprises with 20 or more employees. The exceptions to this are Spain and Portugal where the coverage is for local units of all sizes. The employment data relates to persons employed excluding home workers. The definitions are standardized and so the figures are

comparable across industries and countries.

Estimates are not supplied to Eurostat by Member States for the smaller firms not covered by the enquiries, and the figures under-report the actual values. Where this is particularly significant, a note is made in the commentary.

Gaps in Eurostat's data have been filled by estimates supplied by DEBA. Thus EC totals often contain estimates for missing countries.

Data in the structural tables are in current ECU unless otherwise stated. The productivity measure used is based on value added at factor cost in 1985 prices per person employed.

Signs and abbreviations

EUR 12:	Community of 12
B/L:	Belgo-Luxembourg Economic Union
ECU:	European currency unit
Mio:	millions
Mrd:	thousand million
N/A:	not available
0.0:	Figure less than half of the chosen unit
%:	percent
1985 = 100:	reference year
Φ:	moving average (09/10/11.92) 2. NACE 1-4 Index of production ; L,E: 07/08/09.92; B,IRL,P: 08/09/10.92 2. NACE 1-4 Producer Price Index: E: 07/08/09.92 3.1 and 4.1 Short-term indicators: NL,E: 07/08/09.92; P:08/09/10.92
Δ:	growth rate

Price (excluding VAT) in Luxembourg
Subscription: ECU 45



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CA-CV-93-002-EN-C