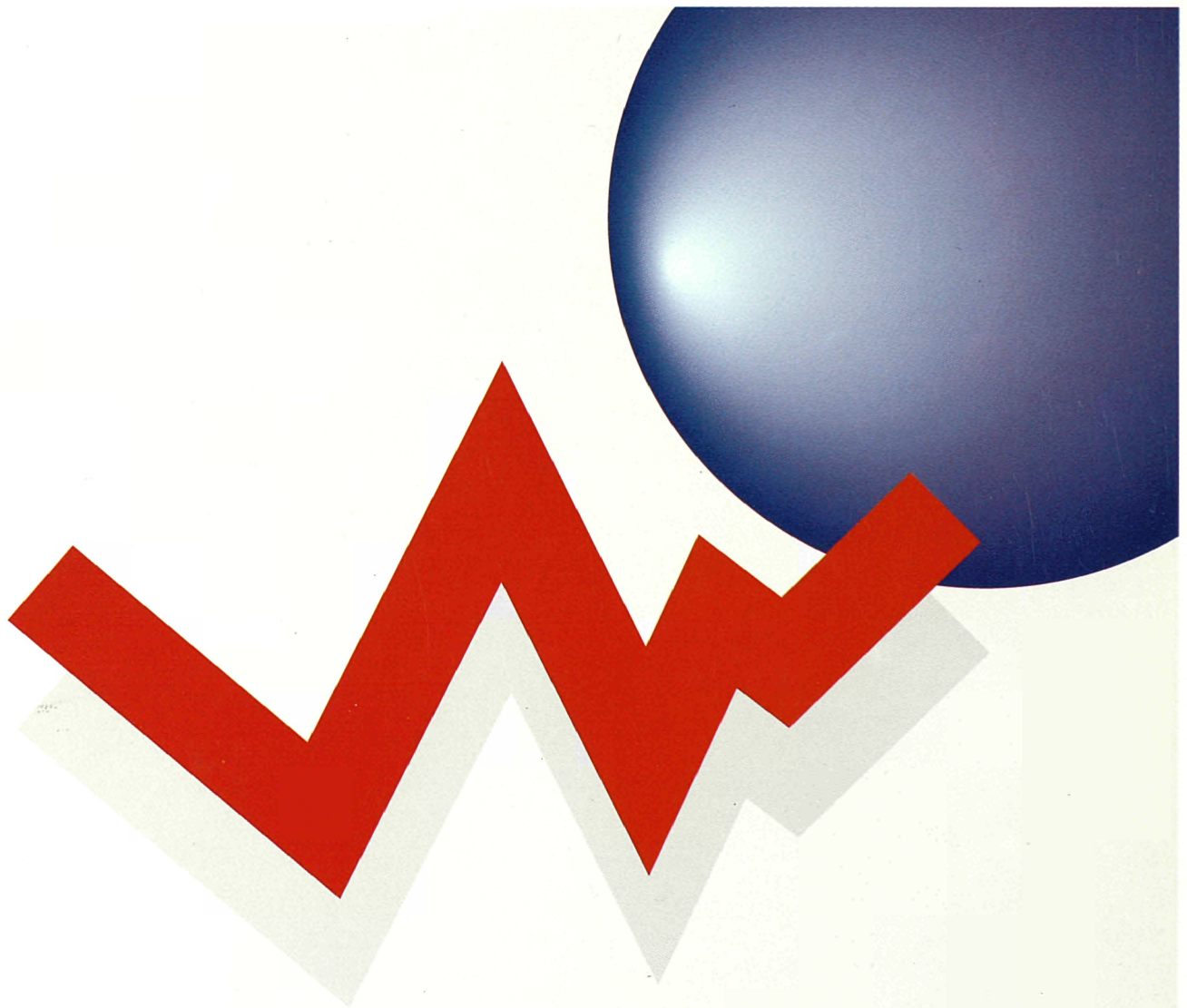


Panorama of EU industry

Short-term supplement
latest information on EU industry

bimonthly

1/1995





OFICINA ESTADÍSTICA DE LAS COMUNIDADES EUROPEAS
DE EUROPÆISKE FÆLLESSKABERS STATISTISKE KONTOR
STATISTISCHES AMT DER EUROPÄISCHEN GEMEINSCHAFTEN
ΣΤΑΤΙΣΤΙΚΗ ΥΠΗΡΕΣΙΑ ΤΩΝ ΕΥΡΩΠΑΪΚΩΝ ΚΟΙΝΟΤΗΤΩΝ
STATISTICAL OFFICE OF THE EUROPEAN COMMUNITIES
OFFICE STATISTIQUE DES COMMUNAUTÉS EUROPÉENNES
ISTITUTO STATISTICO DELLE COMUNITÀ EUROPEE
BUREAU VOOR DE STATISTIEK DER EUROPESE GEMEENSCHAPPEN
SERVIÇO DE ESTATÍSTICA DAS COMUNIDADES EUROPEIAS

L-2920 Luxembourg — Tél. 43 01-1 — Télex COMEUR LU 3423
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Theme **4**
Energy and industry
Series **B**
Short-term statistics

Sent to press in February 1995

Luxembourg: Office for Official Publications of the European Communities, 1995

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Printed in Luxembourg

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OVERVIEW

The recovery in the EU economy continued in the second half of 1994. The Commission's autumn 1994 forecasts looked for EU GDP growth of 2½% in 1994, with the prospect of 3% growth in 1995. One of the motors of the first stage of the recovery has been the rapid growth in exports. The expansion of investment is expected to underpin the next stages of recovery. In the second half of 1994, growth in industrial production was led by the capital & intermediate goods industries, stimulated by an increasing rate of capacity utilisation in industry. Growth in the consumer goods industry remained somewhat weaker.

Consumer price inflation in the EU continued to decline. By October 1994, year on year inflation had declined to 3%, the lowest rate for seven and a half years. No doubt, one of the factors behind this has been the modest rate of inflation in EU producer prices, which grew by 1.7% in the year to September 1994.

In this issue, there are special articles on

- the chemicals and man-made fibres industry
- the rubber and plastics industries.

The EU chemicals industry has overtaken the American one in terms of value of production in recent years, and is roughly double the size of the Japanese industry. It is one of the EU's major exporters, with exports of 59.2 billion ECU and a trade surplus of 23.0 billion ECU in 1993. Output is estimated to have grown by over 6% in 1994 in value terms, partly reflecting higher prices for basic chemicals. Exports also grew rapidly in 1994. Pharmaceuticals, and soaps and detergents were the fastest growing sectors in the five years to 1994.

Plastics now account for nearly 80% of the value of production of the rubber and plastics industry. Demand for plastics comes from packaging, building materials, electrical goods, automotive components and furniture markets, and remained quite resilient during the recession. The two major uses of rubber are in tyre production and industrial rubber products. Higher car sales in 1994 led to a modest recovery in rubber industry production though it was still below its 1992 level in value terms.

Ph. Nanopoulos,

Director,

Business and energy statistics, R & D, and statistical methods directorate

1. MACROECONOMIC OVERVIEW

- **Strong recovery in the world economy continues**
- **EU annual production growth 6.1% in September 1994**
- **American economy continued to grow rapidly in 1994**
- **US interest rates rose officially for the sixth time in mid-November 1994**
- **Japanese trade surplus declined for the third consecutive month in October 1994**
- **EU exports to Japan expanded by 33.6% in the year to October 1994**
- **EU inflation at seven and a half year low, 3.0% in November 1994**

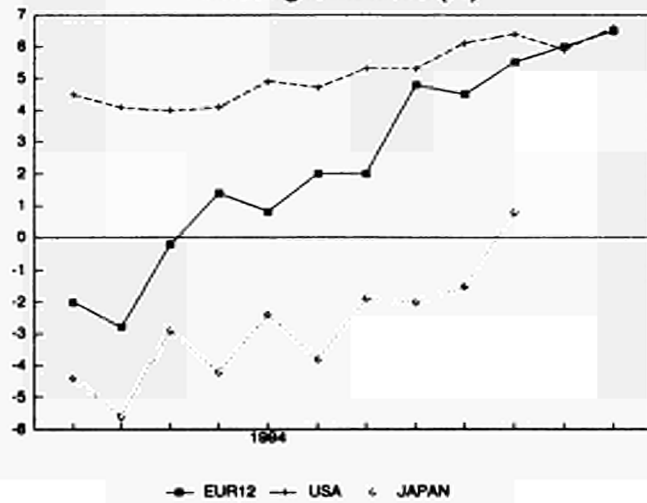
MACROECONOMIC OVERVIEW

The broad mass of economic statistics released from the spring of 1994 onwards point to the growing strength of the recovery in the World economy. The EU was no exception to this rule: with year-on-year growth of industrial output equal to 6.1% in September 1994. Further evidence of the recovery was provided by the Commission services' "Business and Consumer survey" for November 1994, which reported that there was a large increase in EU industrial confidence and that capacity utilisation levels were improving too.

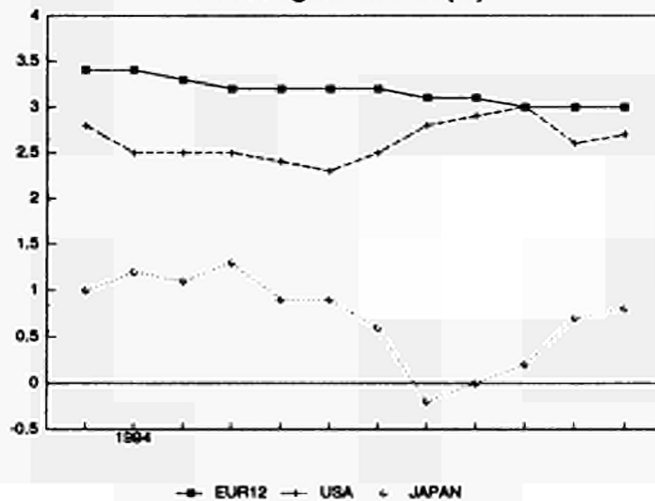
Inflationary pressure in Europe continued to decline. The EU inflation rate in November 1994 was equal to 3.0% - its lowest rate for seven and a half years. Compared to data from October 1993, the inflation rate fell by 0.3 percentage points. Consumer price growth in Germany (October 1994) was equal to 2.8% (compared to 3.9% a year earlier). This pattern of declining inflation rates was repeated in seven more of the Member States. French consumer prices were the lowest in the EU, provisionally estimated at 1.6% in October 1994. The annual rate of inflation in the USA has been drifting upwards recently to 3.0% by September 1994 (though data for October showed the rate falling by 0.4 percentage points to 2.6% annual growth). Japan was one of the last economies to enter the recession and to recover. There appeared to be no pressure on prices, with the inflation rate during the year to September 1994 at 0.2%. Nevertheless, data for November 1994 showed provisional estimates at 0.8%.

Undoubtedly the speed of growth in the global economy has been faster than most commentators expected.

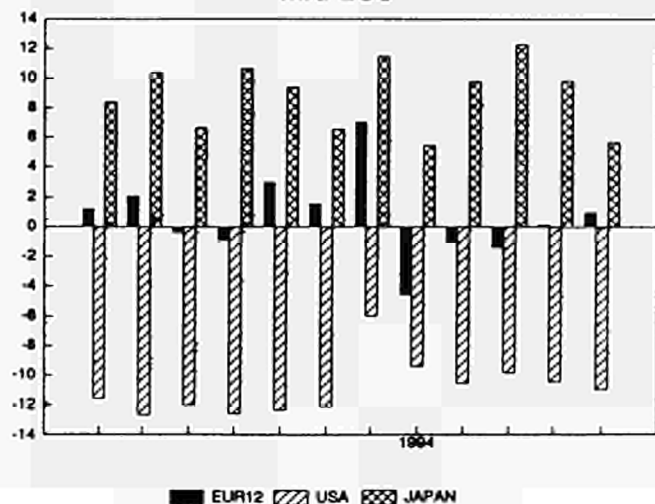
Industrial production
Annual growth rate (%)



Consumer prices
Annual growth rate (%)



Trade balance
mrd ECU



MAIN INDICATORS

The Commission services forecasts for the European economy (autumn 1994) showed output growth in 1994 equal to 2¹/₂%. This growth was expected to accelerate to 3% during 1995. German GDP in the third quarter of 1994 rose by an estimated one per cent, leading to an aggregate figure for the first three quarters of 1994 of 2¹/₄% growth. The forecasts of the "Five Wise Men", an independent group of economists, in mid-November were in line with those of the Commission in predicting that the German economy would grow by some three per cent in 1995. They forecast that growth would be much higher in former East Germany, as recovery from the low-point of 1992 continued apace. They also stated that the German recovery would be based on export-led growth (where annual gains of 5.5% were expected).

In Europe, the recovery seemed to be bringing positive news to nearly all aspects of the economy. The Commission services foresaw a slight reduction in the inflation rate. Furthermore, budget deficits were forecast to fall, whilst the strong export performance of the EU was expected to be consolidated in 1995. With export growth slowing to some degree, the expectation of economic growth was based more on a renewed period of rapid expansion in investment, which started in 1994.

Industrial production continued to grow apace in the majority of the EU countries. In most cases growth was led by the capital and intermediate goods industries. Indeed, the latest data available showed that the capital goods sector was growing at a fast

		EUR 12	USA	JAPAN	
Industrial production	93.09	-2.0	4.5	-4.4	
	Annual growth rate (%)	93.10	-2.8	4.1	-5.6
		93.11	-0.2	4.0	-2.9
		93.12	1.4	4.1	-4.2
		94.01	0.8	4.9	-2.4
		94.02	2.0	4.7	-3.8
		94.03	2.0	5.3	-1.9
		94.04	4.8	5.3	-2.0
		94.05	4.5	6.1	-1.5
		94.06	5.5	6.4	0.8
	94.07	6.0	5.9	N/A	
	94.08	6.5	6.6	N/A	
Consumer prices	93.12	3.4	2.8	1.0	
	Annual growth rate (%)	94.01	3.4	2.5	1.2
		94.02	3.3	2.5	1.1
		94.03	3.2	2.5	1.3
		94.04	3.2	2.4	0.9
		94.05	3.2	2.3	0.9
		94.06	3.2	2.5	0.6
		94.07	3.1	2.8	-0.2
		94.08	3.1	2.9	0.0
		94.09	3.0	3.0	0.2
	94.10	3.0	2.6	0.7	
	94.11	3.0	2.7	0.8	
Trade balance (mio ECU)	93.06	1194	-11544	8371	
	93.07	2081	-12674	10396	
	93.08	-383	-11966	6614	
	93.09	-899	-12566	10641	
	93.10	2959	-12277	9393	
	93.11	1537	-12100	6571	
	93.12	7033	-5962	11470	
	94.01	-4563	-9404	5448	
	94.02	-989	-10541	9762	
	94.03	-1366	-9486	12230	
94.04	73	-10478	9789		
94.05	962	-10930	5633		

Source: Eurostat

rate (up by 1.7% in the third quarter of 1994 compared to the second quarter). Growth in consumer goods (both durable and non-durable) remained somewhat weaker. The pace of growth in industrial production far exceeded that seen during the recovery from the recession in the early

eighties. Nevertheless, the rate of recovery was uneven both across countries and across industries. Whilst growth was particularly strong in Ireland, Denmark and the United Kingdom, it was somewhat weak in Portugal and Greece.

However, the Commission services forecast that there will be a tendency towards a convergence in growth, such that rates will range between 2³/₄% and 3¹/₄% in 1995 for virtually all the Member States.

Further demand was triggered from re-stocking. Growth in private consumption was less spectacular. Nevertheless, as consumer confidence gradually improves the savings ratio is expected to fall at a moderate pace, with private consumption forecast to rise by 2.0% in 1995. In contrast, there is little pro-

spect of growth in public consumption throughout the Community.

Conditions in labour markets have improved after unemployment having reached 11% in the spring of 1994. Forecasts for 1995 anticipated a moderate decline to some 10.4%. Denmark, Ireland and the United Kingdom are the only countries where a considerable reduction in unemployment is expected. This trend was already evident in data for the United Kingdom where the unemployment rate fell to 8.7% in October 1994, the largest decline since October 1988 (however, there were few

signs of expansion in manufacturing jobs).

With American interest rates rising (the sixth official interest rate rise of the year took place on the 15th November 1994 - up three-quarters of a percentage point), there was pressure on EU rates. The latest rise in the USA seemed to be triggered by the continued strong growth in the USA economy, such as retail sales growth of 7.5% (year-on-year) in October 1994 - and a 6.7% rise in industrial production (again an annualised rate in October 1994).

2. TOTAL INDUSTRY (NACE 1-4)

- Industrial production up by 6.1% in September 1994 (annual growth rate)
- Italian production expanding rapidly in the summer of 1994
- Producer price increases of 1.3% in June 1994 (annual growth rate)
- Rapid growth in utilization in the investment goods sector (fourth quarter of 1994)
- UK consumer goods capacity utilization rose by 5.5 percentage points in the fourth quarter of 1994
- Strong export growth in the major European economies

Total Industry (Nace 1-4)

Index of production

1990 = 100		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Total Industry	1993	94.8	93.0	100.5	89.0	94.8	91.8	95.1	119.1	95.7	96.6	101.9	95.2	98.1
	Φ	100.5	95.5	111.2	93.4	98.1	100.0	102.1	134.7	105.1	103.7	105.3	97.3	103.9
Growth rate (%)	1993	1.0	0.9	1.0	0.9	1.0	1.0	1.0	1.1	1.0	1.0	1.0	1.0	1.0
	Φ	1.6	3.2	-0.1	1.2	2.0	2.4	1.6	3.6	4.3	0.5	0.8	2.9	0.6
Intermediate Goods	1993	96.2	92.4	98.7	90.8	91.3	92.3	96.5	125.9	97.0	92.9	103.1	93.8	100.7
	Φ	103.3	94.9	110.2	96.3	95.3	101.5	104.6	148.6	105.9	101.6	107.0	99.5	108.2
Growth rate (%)	1993	1.0	0.9	1.0	0.9	1.0	1.0	1.0	1.1	1.0	1.0	1.0	0.9	1.0
	Φ	2.3	5.0	0.6	1.5	1.7	2.9	2.1	6.6	3.9	1.8	0.5	3.8	0.4
Capital Goods	1993	87.8	92.5	96.6	84.0	102.8	79.3	85.6	117.9	87.9	96.9	97.8	84.2	93.0
	Φ	92.1	94.5	106.5	87.3	95.1	86.6	88.3	138.9	95.4	101.7	100.5	84.4	97.2
Growth rate (%)	1993	0.9	1.0	0.9	0.9	0.9	0.9	0.9	1.1	1.0	1.0	1.0	0.9	1.0
	Φ	1.5	2.8	-0.6	1.2	2.7	2.6	0.8	5.7	3.5	-0.2	0.9	2.7	1.0
Consumer Durables:	1993	87.4	97.7	97.9	82.7	82.6	88.6	90.7	N/A	84.9	N/A	N/A	N/A	95.9
	Φ	94.9	96.4	107.7	87.5	96.5	97.1	103.0	N/A	96.1	N/A	N/A	N/A	103.6
Growth rate (%)	1993	0.9	1.0	1.0	0.9	1.0	1.0	0.9	N/A	0.9	N/A	N/A	N/A	1.0
	Φ	1.3	0.6	-1.0	-0.1	15.3	-1.6	4.7	N/A	5.1	N/A	N/A	N/A	0.5
Consumer Non-durables:	1993	98.0	99.0	107.3	93.2	100.5	95.0	96.0	115.4	101.8	N/A	102.1	92.5	97.6
	Φ	101.2	98.9	115.0	93.8	101.9	99.2	97.2	122.3	110.7	N/A	103.0	93.3	98.9
Growth rate (%)	1993	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	N/A	1.0	0.9	1.0
	Φ	1.3	1.2	-0.7	0.5	-0.1	0.4	1.0	1.0	3.6	N/A	0.1	-0.0	0.9

Source: Eurostat

Data to September 1994 showed that EU industrial production continued its growth observed over the previous eight months. The index recorded growth of 6.1% during the third quarter (annual growth rate compared with data from the third quarter of 1993). When looking at the latest data available a more reliable source for viewing the trends in industrial production is the three month moving average. For the three months to September 1994, compared to the previous three months (the second

quarter of 1994), the growth rate was 1.6% (figures being seasonally adjusted).

At a more disaggregated level there was growth in the capital goods sector, where a 1.5% increase in the production index (third quarter compared to the second quarter - seasonally adjusted data) was recorded. Other goods sectors results were as follows: intermediate goods (+2.3%), consumer durables (+1.3%) and consumer non-dura-

bles (+1.3%) - over the same time period.

At a country level the Member States reported quite large differences - ranging from 4.3% growth in Italy to -0.1% in Denmark (growth rate of the last three months data compared with the previous three months - seasonally adjusted data).

Latest data showed that German industrial output gained momentum during September 1994 (after slow

growth in August) - increasing by 1.2% in the third quarter compared to the second quarter. Likewise, in Spain there was a strong upswing in the latest data available - September 1994 saw growth of 2.4% compared to data from the second quarter.

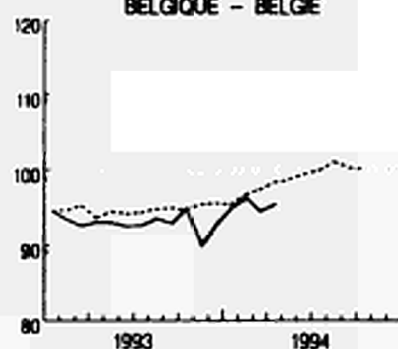
International comparison showed that growth had resumed in the Japanese economy, with the production index rising by 1.5% in the third quarter compared to the second quarter - seasonally adjusted data. Figures for the United States (for the

third quarter) showed that growth was continuing apace - up by 1.8% compared to data from the second quarter of 1994 (though growth was somewhat weaker in the intermediate goods sector).

INDUSTRIELLE PRODUKTION

GESAMTE INDUSTRIE

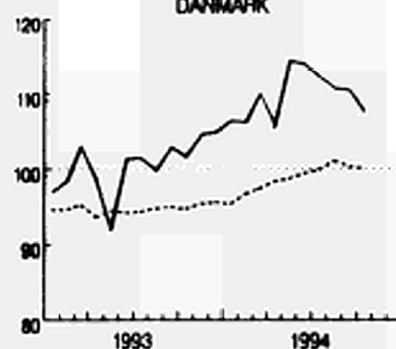
BELGIQUE - BELGIE



INDUSTRIAL PRODUCTION

TOTAL INDUSTRY

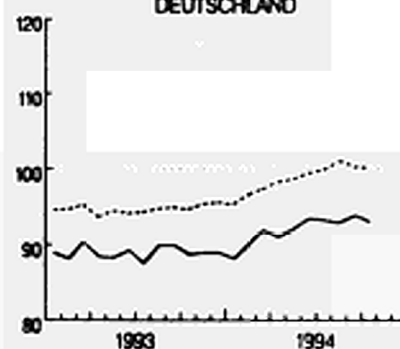
DANMARK



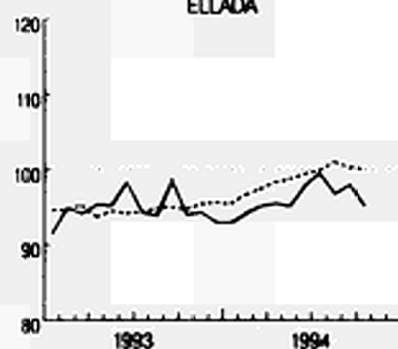
PRODUCTION INDUSTRIELLE

ENSEMBLE DE L'INDUSTRIE

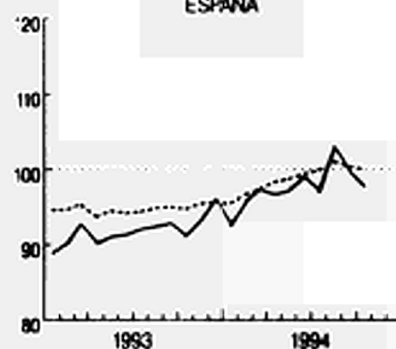
DEUTSCHLAND



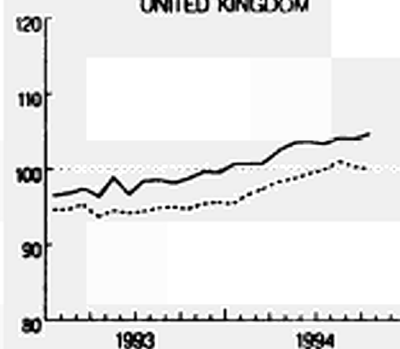
ELLADA



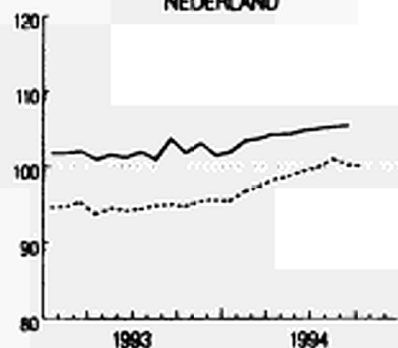
ESPAÑA



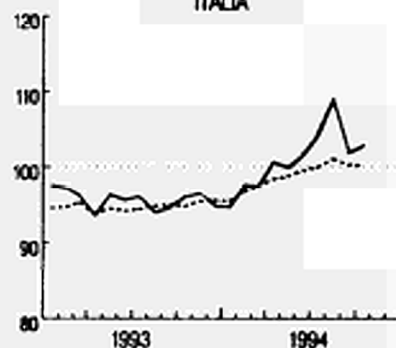
UNITED KINGDOM



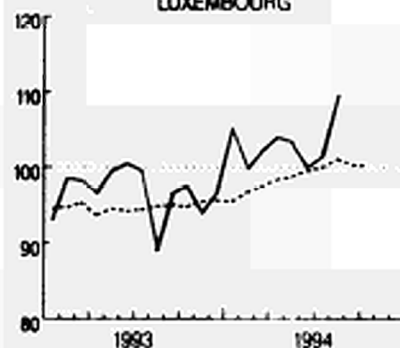
NEDERLAND



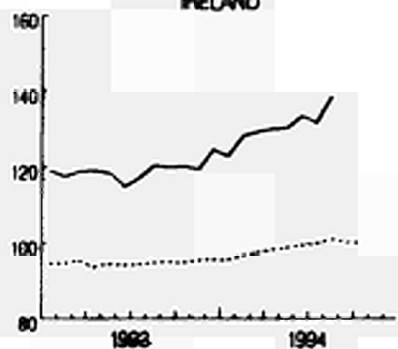
ITALIA



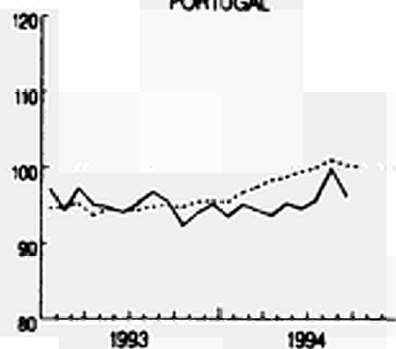
LUXEMBOURG



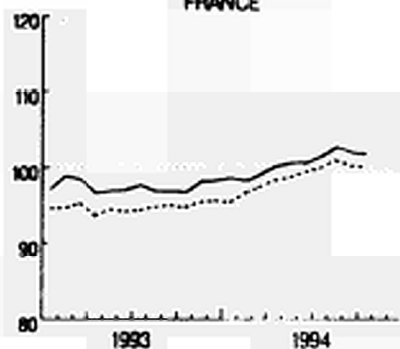
IRELAND



PORTUGAL



FRANCE



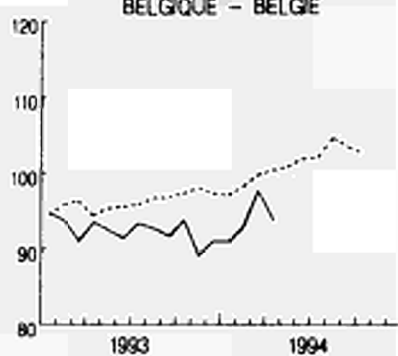
----- EUR 12

1990 = 100

INDUSTRIELLE PRODUKTION

VORLEISTUNGSINDUSTRIE

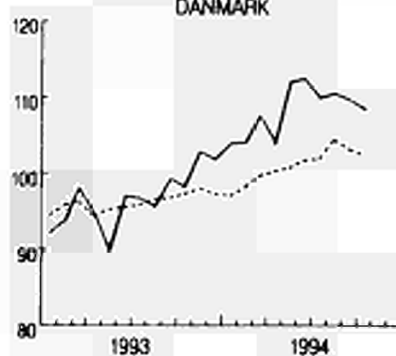
BELGIQUE - BELGIE



INDUSTRIAL PRODUCTION

INTERMEDIATE GOODS

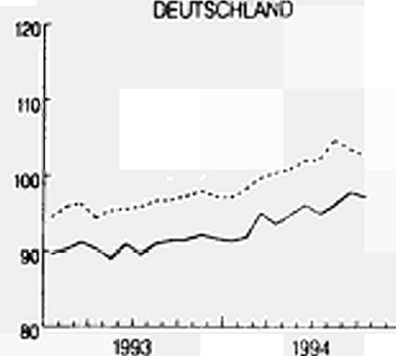
DANMARK



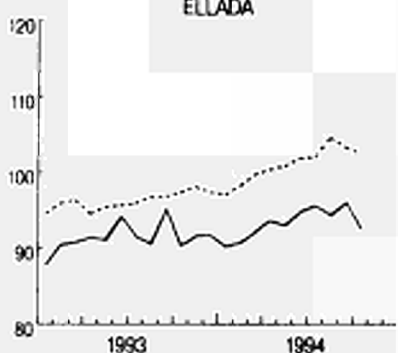
PRODUCTION INDUSTRIELLE

BIENS INTERMEDIAIRES

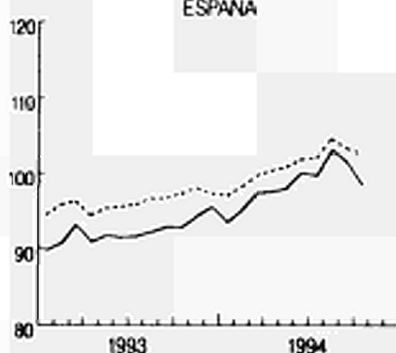
DEUTSCHLAND



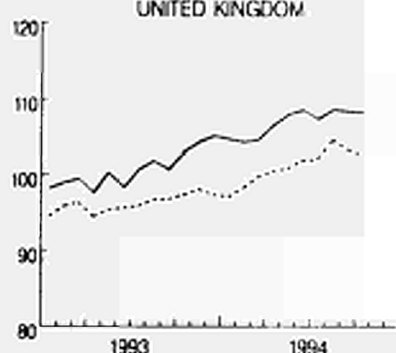
ELLADA



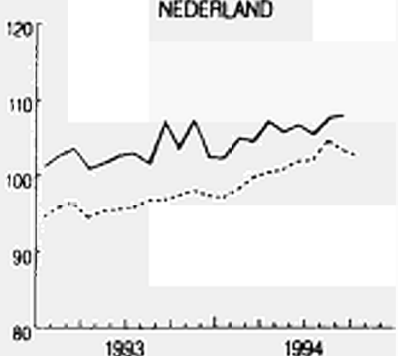
ESPAÑA



UNITED KINGDOM



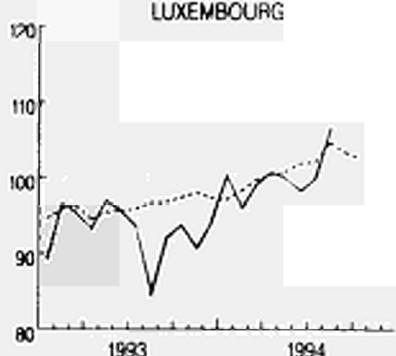
NEDERLAND



ITALIA



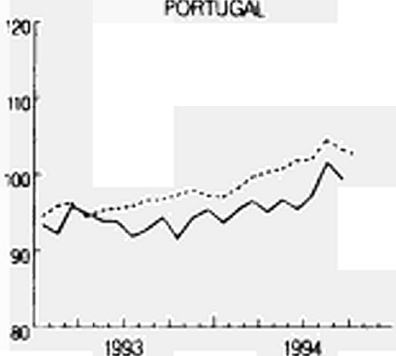
LUXEMBOURG



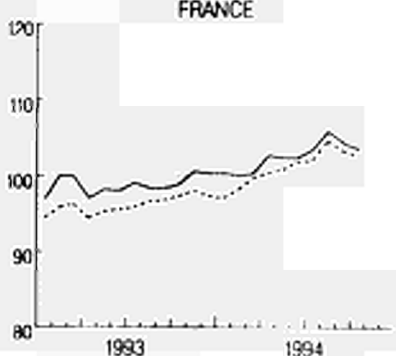
IRELAND



PORTUGAL



FRANCE



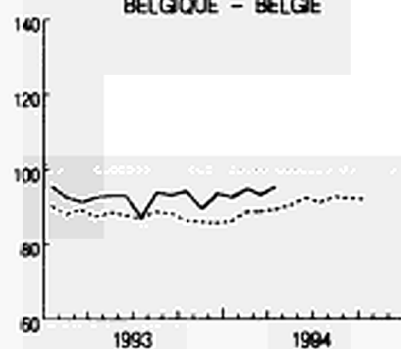
..... EUR 12

1990 = 100

INDUSTRIELLE PRODUKTION

INVESTITIONSGUETERINDUSTRIE

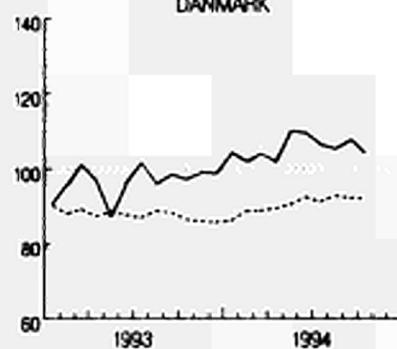
BELGIQUE - BELGIE



INDUSTRIAL PRODUCTION

CAPITAL GOODS

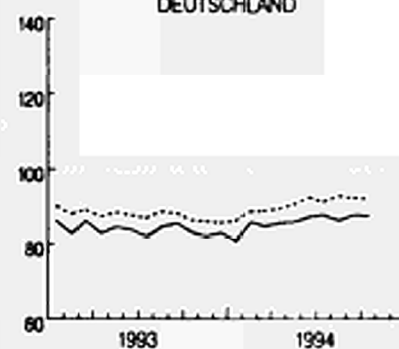
DANMARK



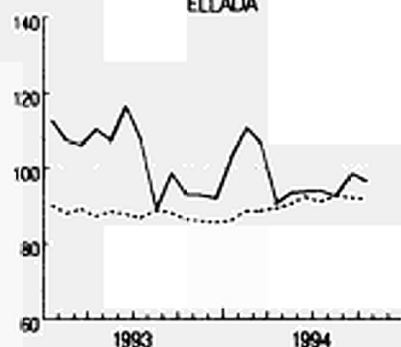
PRODUCTION INDUSTRIELLE

BIENS D'INVESTISSEMENT

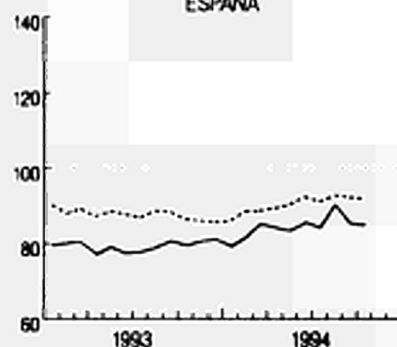
DEUTSCHLAND



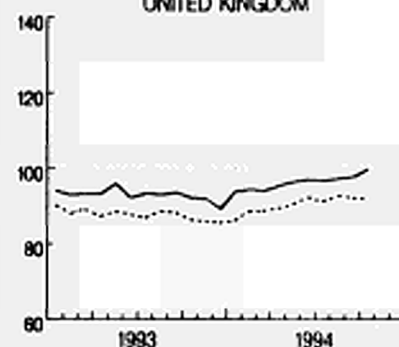
ELLADA



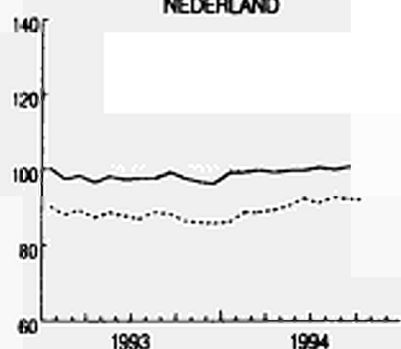
ESPANA



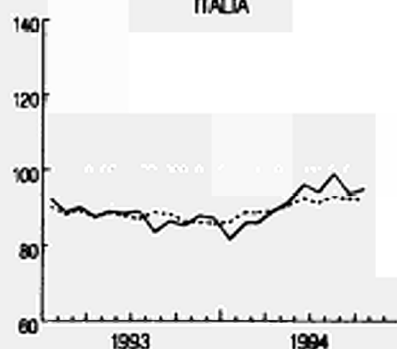
UNITED KINGDOM



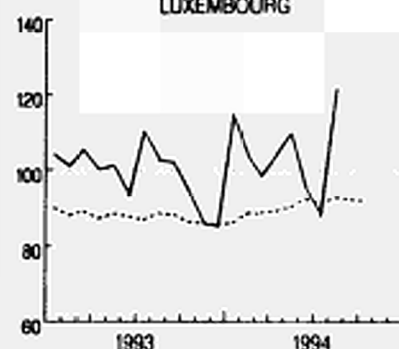
NEDERLAND



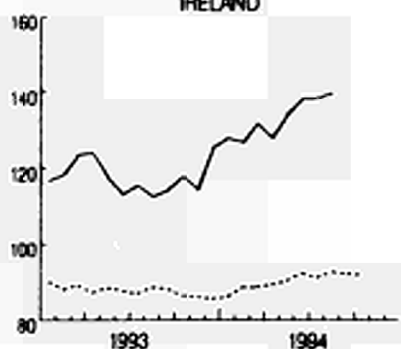
ITALIA



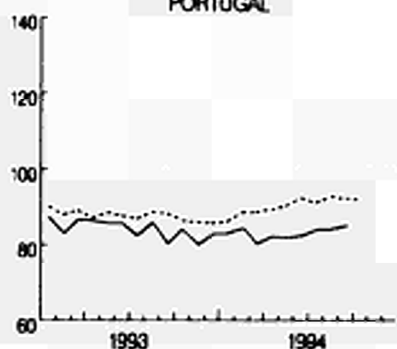
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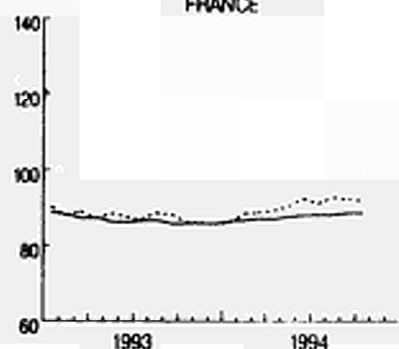
IRELAND



PORTUGAL



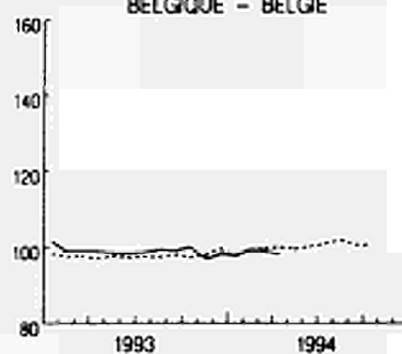
FRANCE



INDUSTRIELLE PRODUKTION

VERBRAUCHSGÜTERINDUSTRIE

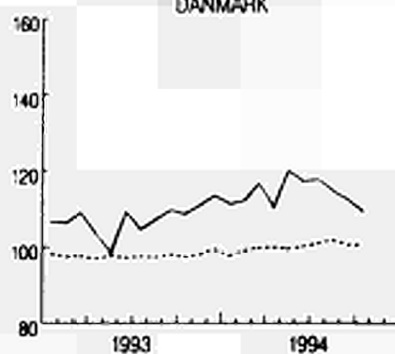
BELGIQUE - BELGIE



INDUSTRIAL PRODUCTION

CONSUMER GOODS

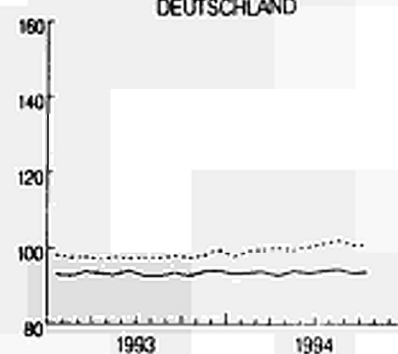
DANMARK



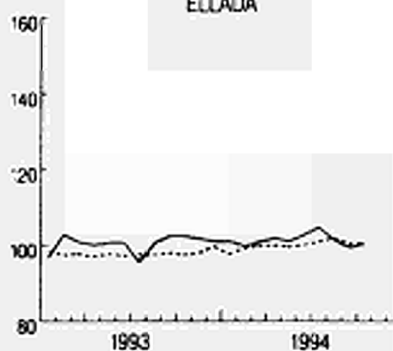
PRODUCTION INDUSTRIELLE

BIENS DE CONSOMMATION

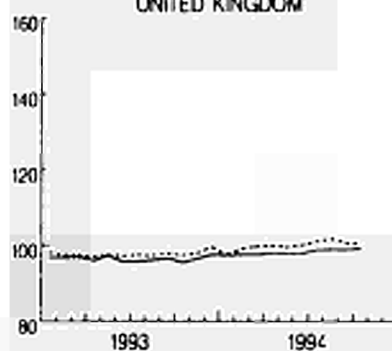
DEUTSCHLAND



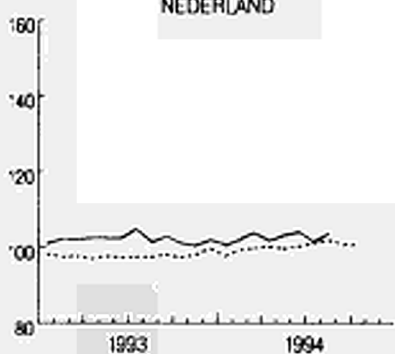
ELLADA



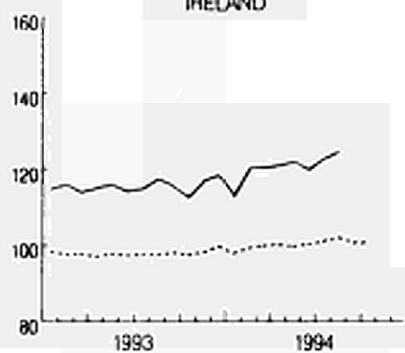
UNITED KINGDOM



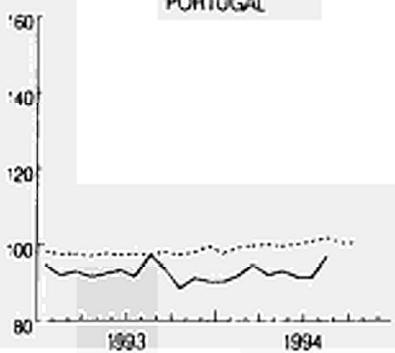
NEDERLAND



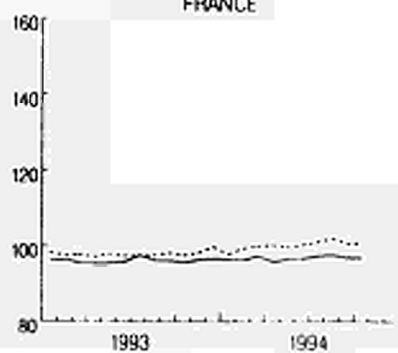
IRELAND



PORTUGAL



FRANCE



..... EUR 12

1990 = 100

Total industry (Nace 1-4)

Producer price index

1990 = 100		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Total Industry	1993	105.2	98.2	99.0	104.0	146.1	105.3	100.6	105.6	109.2	93.7	100.2	N/A	110.1
	Φ	107.1	99.9	99.7	104.7	157.7	110.1	101.2	108.0	113.6	94.8	101.0	N/A	112.3
Growth rate (%)	1993	1.2	-1.0	-1.1	0.2	11.4	2.4	-1.0	2.3	3.8	-1.3	-1.6	N/A	3.3
	Φ	0.5	0.5	0.3	0.2	1.6	0.9	0.2	0.4	0.9	0.1	0.4	N/A	0.6
Intermediate Goods	1993	102.0	93.5	97.9	101.1	143.8	100.9	97.6	98.8	108.0	88.3	98.6	N/A	106.2
	Φ	103.8	95.0	97.6	102.0	152.8	106.1	98.7	95.3	112.8	89.5	99.4	N/A	108.0
Growth rate (%)	1993	0.3	-1.3	-0.3	-0.9	11.7	1.8	-1.9	1.8	4.0	-2.3	-2.2	N/A	3.0
	Φ	0.7	0.7	0.5	0.3	1.9	1.3	0.8	0.8	1.2	0.1	0.6	N/A	1.2
Capital Goods	1993	106.7	106.1	105.1	108.1	149.0	107.3	99.8	N/A	108.4	105.4	103.9	N/A	110.0
	Φ	107.7	107.0	104.4	108.4	160.7	109.4	99.2	N/A	110.9	105.5	104.0	N/A	112.7
Growth rate (%)	1993	1.2	0.7	1.4	1.7	12.4	1.3	-2.0	N/A	3.0	-0.1	0.2	N/A	2.6
	Φ	0.2	-0.1	-0.3	0.0	0.7	0.5	-0.1	N/A	0.5	-0.6	0.4	N/A	0.4
Consumer Durables	1993	N/A	N/A	105.4	N/A	141.7	N/A	N/A	N/A	110.2	N/A	101.9	N/A	N/A
	Φ	N/A	N/A	107.1	N/A	150.8	N/A	N/A	N/A	113.4	N/A	101.7	N/A	N/A
Growth rate (%)	1993	N/A	N/A	1.2	N/A	7.5	N/A	N/A	N/A	3.5	N/A	-0.3	N/A	N/A
	Φ	N/A	N/A	0.5	N/A	0.6	N/A	N/A	N/A	0.4	N/A	0.0	N/A	N/A
Consumer Non-durables	1993	108.0	N/A	97.1	108.0	149.0	N/A	100.3	105.0	109.0	104.4	102.7	N/A	116.6
	Φ	109.0	N/A	99.2	108.6	164.3	N/A	100.7	106.4	111.7	103.7	103.6	N/A	119.6
Growth rate (%)	1993	1.7	N/A	-3.1	0.4	11.1	N/A	-1.7	3.5	3.3	-1.2	-1.3	N/A	5.0
	Φ	0.3	N/A	0.1	0.1	1.5	N/A	0.6	0.5	1.0	0.3	0.4	N/A	0.2

Source: Eurostat

The EU producer prices index reached 107.1 in September 1994, an increase of 0.5% compared to data for August. The annual growth rate was equal to 1.7%.

Producer price increases in the EU remained at modest rates. Indeed, for Belgium, Denmark and Luxembourg the producer price index remained below 1990 levels during the summer of 1994. Many other Member States displayed producer prices less than five per cent above the levels of 1990.

However, in Greece, Spain, Italy and the United Kingdom producer prices had risen by more than ten per cent (when compared to the data for 1990).

The latest data available showed that the generally weak growth (and at times negative rates) in producer prices seen in 1992 and 1993 was over. Data for the Member States showed that only in the Benelux countries were producer prices still falling - rates of increase were partic-

ularly strong in Spain and Italy (in September 1994).

When looking at producer prices in ECU terms the effects of the shock in currency markets at the end of 1992 have now phased out of the annual growth rates. Indeed, since October 1993, the ECU and national currency data have shown very similar trends. Nevertheless, in September 1994 the EU producer price index (in ECU terms) fell slightly when compared to the data for August 1994. The annual

growth rate - compared to data from September 1993 - was up by 0.7%. Data for the individual Member States showed that the decline in the EU index was in part due to reductions for Spain and Italy - due to currency depreciation (in the summer / autumn of 1994).

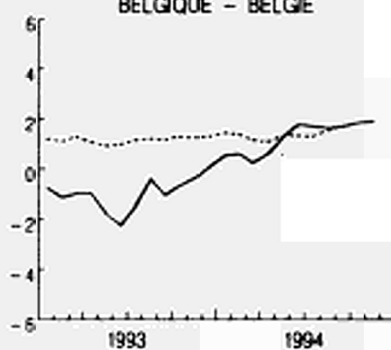
Given the recent weakness of the dollar, it was not surprising to see USA producer prices decline by 5.5% in 1993 (in ECU terms). The latest data for September 1994 showed a 2.8% reduction compared to data from September 1993. Due to the appreciation of the Yen, Japanese pro-

ducer prices in ECU terms were almost fifty per cent higher than in 1990 - however, in national currency they were seen to be falling (at an annual rate of 1.8% in 1993), such that the index stood at 96.5 in September 1994.

ERZEUGERPREISINDEX

GESAMTE INDUSTRIE
VERÄNDERUNGSRATE

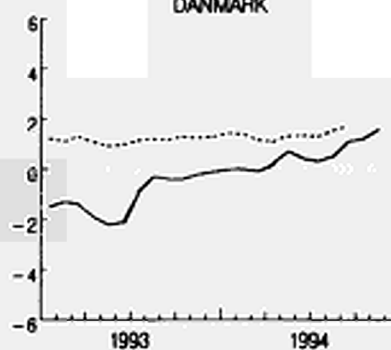
BELGIQUE - BELGIE



PRODUCER PRICE INDEX

TOTAL INDUSTRY
GROWTH RATE

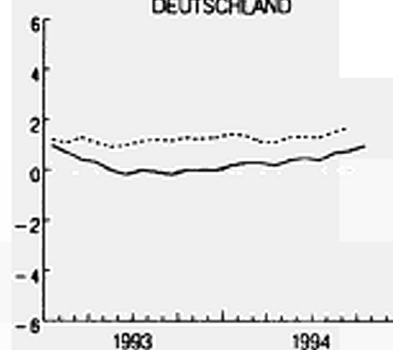
DANMARK



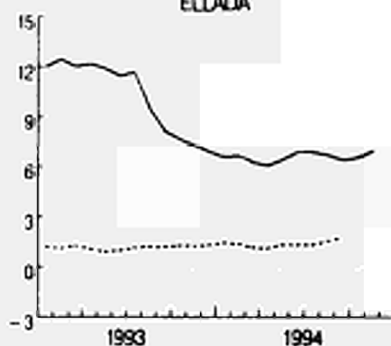
INDICE DES PRIX A LA PRODUCTION

ENSEMBLE DE L'INDUSTRIE
TAUX DE VARIATION

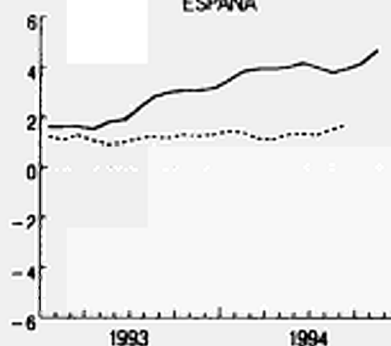
DEUTSCHLAND



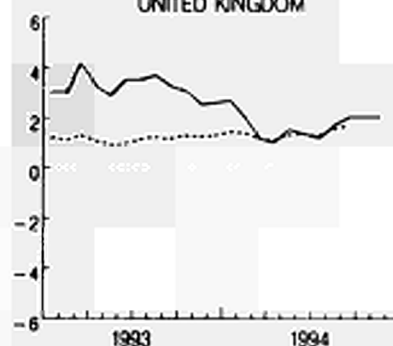
ELLADA



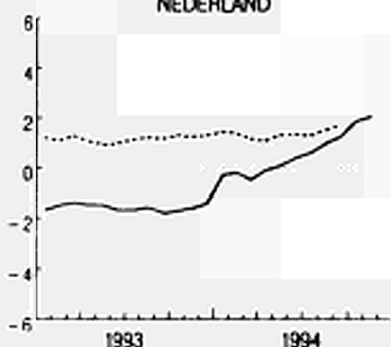
ESPAÑA



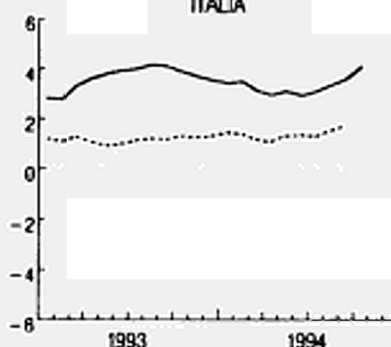
UNITED KINGDOM



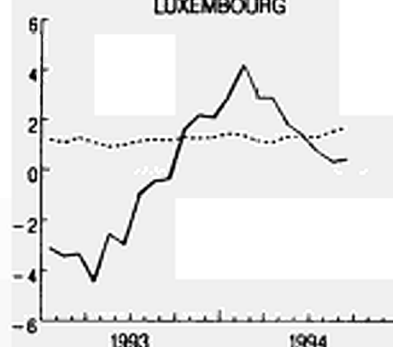
NEDERLAND



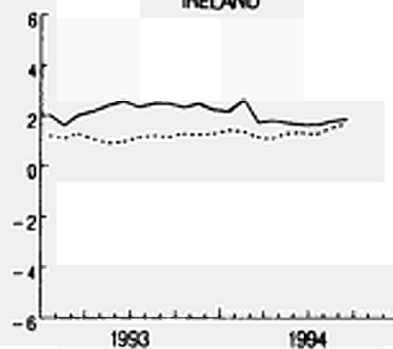
ITALIA



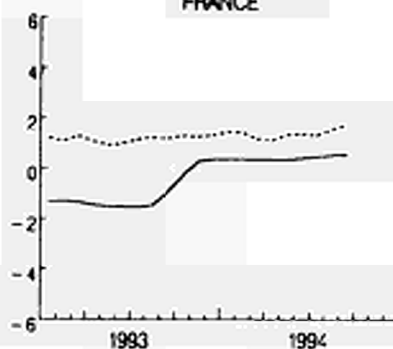
LUXEMBOURG



IRELAND

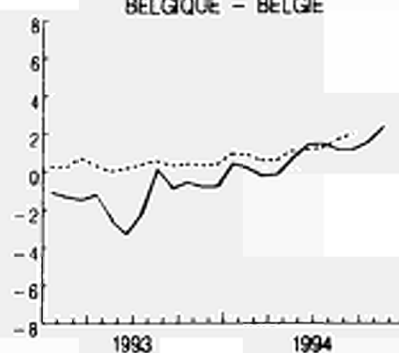


FRANCE



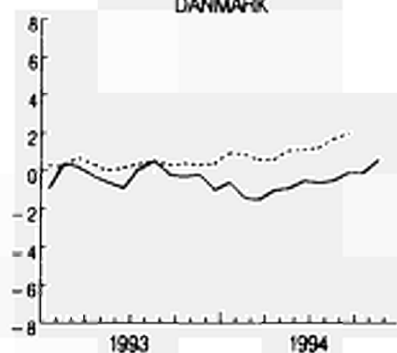
ERZEUGERPREISINDEX
VORLEISTUNGSINDUSTRIE
VERÄNDERUNGSRATE

BELGIQUE - BELGIE



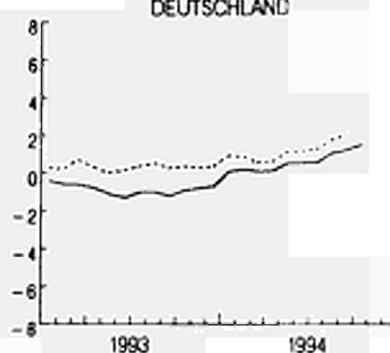
PRODUCER PRICE INDEX
INTERMEDIATE GOODS
GROWTH RATE

DANMARK

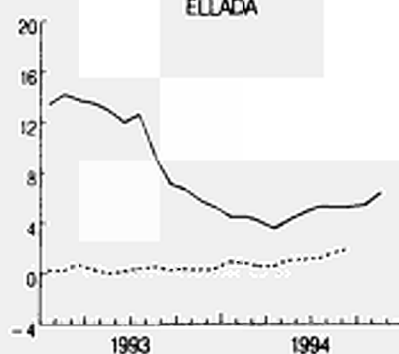


INDICE DES PRIX A LA PRODUCTION
BIENS INTERMEDIAIRES
TAUX DE VARIATION

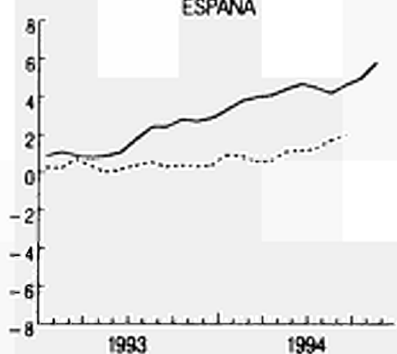
DEUTSCHLAND



ELLADA



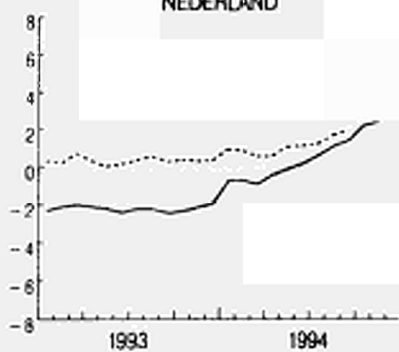
ESPAÑA



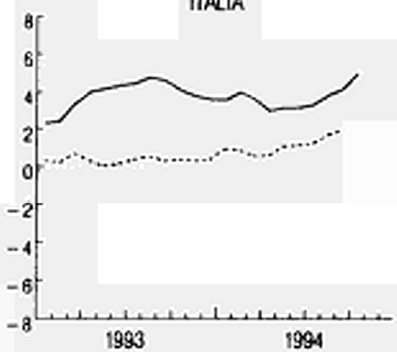
UNITED KINGDOM



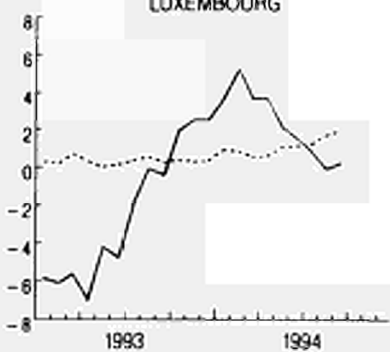
NEDERLAND



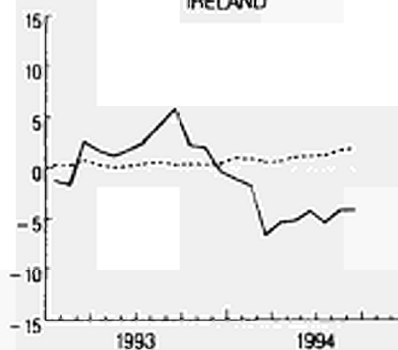
ITALIA



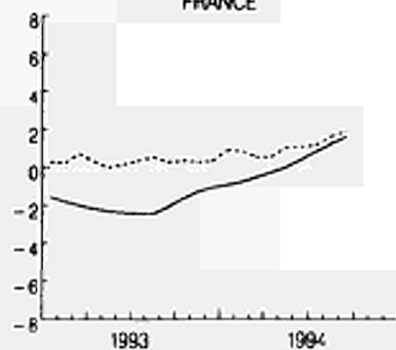
LUXEMBOURG



IRELAND



FRANCE

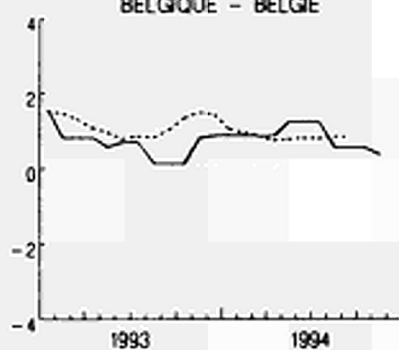


..... EUR 12

1990 = 100

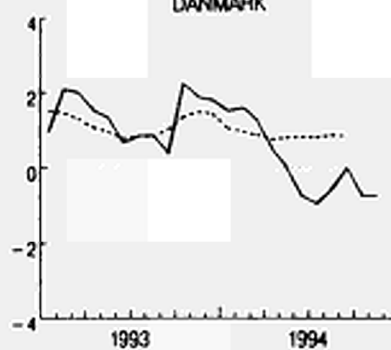
ERZEUGERPREISINDEX
INVESTITIONSGÜTERINDUSTRIE
VERÄNDERUNGSRATE

BELGIQUE - BELGIE



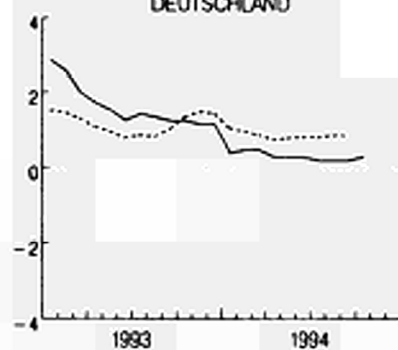
PRODUCER PRICE INDEX
CAPITAL GOODS
GROWTH RATE

DANMARK

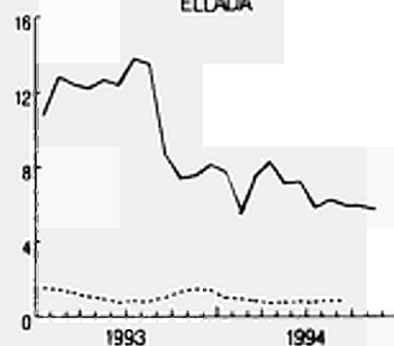


INDICE DES PRIX A LA PRODUCTION
BIENS D'INVESTISSEMENT
TALX DE VARIATION

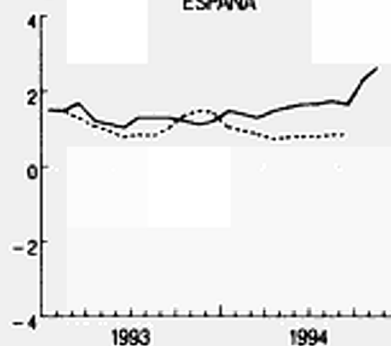
DEUTSCHLAND



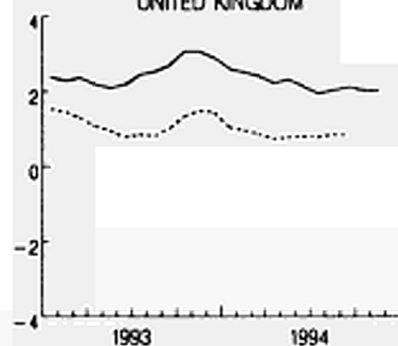
ELLADA



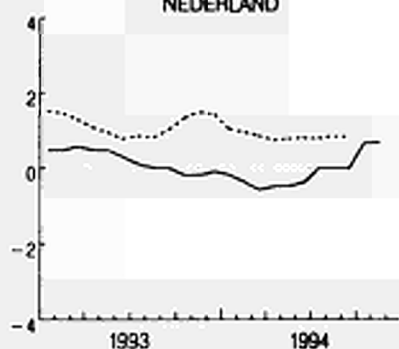
ESPAÑA



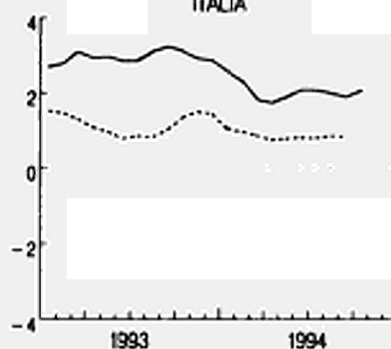
UNITED KINGDOM



NEDERLAND



ITALIA



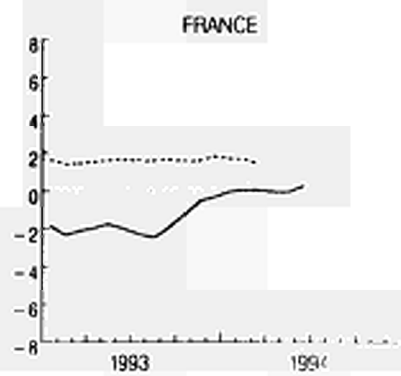
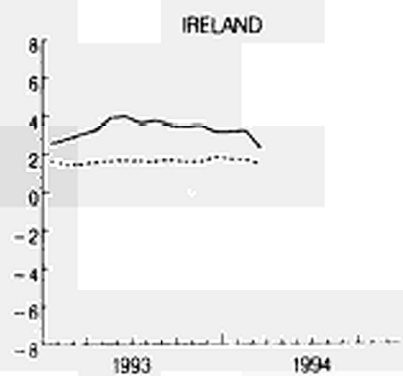
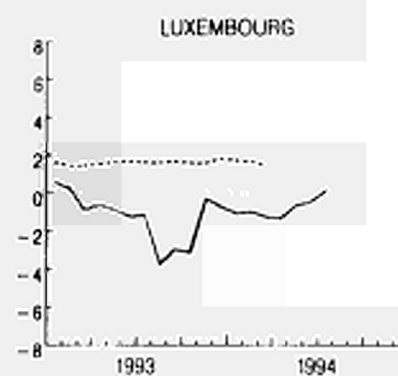
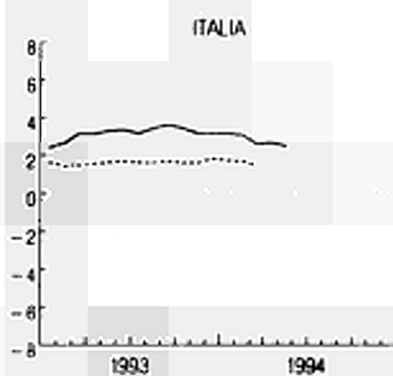
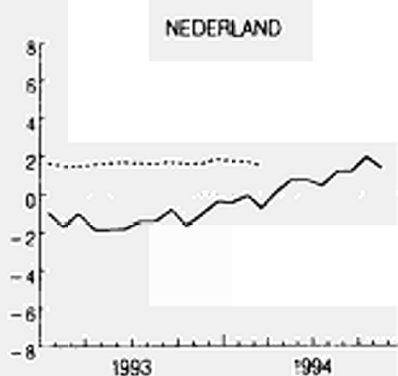
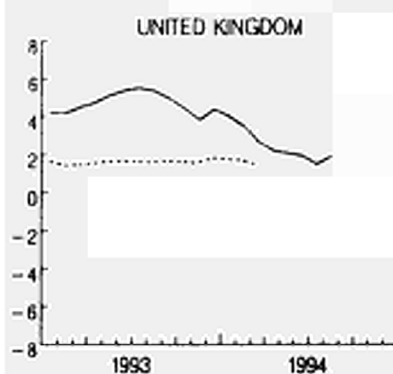
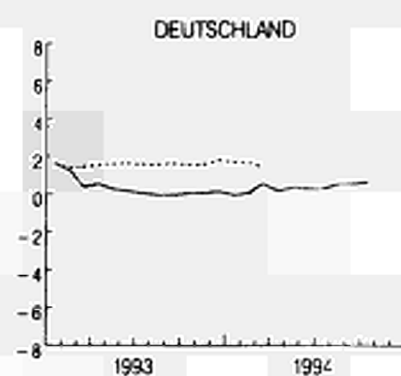
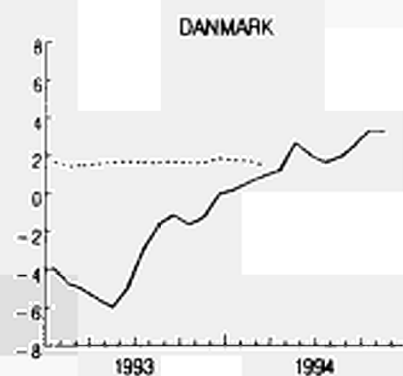
LUXEMBOURG



ERZEUGERPREISINDEX
VERBRAUCHSGÜTERINDUSTRIE
VERÄNDERUNGSRATE

PRODUCER PRICE INDEX
CONSUMER GOODS
GROWTH RATE

INDICE DES PRIX A LA PRODUCTION
BIENS DE CONSOMMATION
TAUX DE VARIATION



Total industry (Nace 1-4)

Capacity utilization

%		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Total Industry	94.I	78.2	75.8	80.0	78.4	74.7	76.2	79.2	75.1	74.4	79.8	79.9	75.2	83.1
	94.II	78.5	76.9	80.0	80.5	73.7	71.9	79.8	75.0	74.5	80.8	82.4	76.2	82.2
	94.III	80.9	78.3	83.0	82.5	74.1	74.6	84.5	74.5	76.0	82.7	83.3	76.1	84.3
	94.IV	81.6	79.3	83.0	83.6	76.8	75.6	84.6	74.6	75.8	82.1	84.6	77.1	85.6
Intermediate Goods	94.I	79.2	74.6	77.0	77.9	75.3	76.9	81.6	80.3	75.9	80.6	79.2	77.3	84.7
	94.II	79.7	76.6	80.0	81.5	74.7	71.4	82.8	82.8	75.3	81.1	81.9	78.0	83.1
	94.III	82.9	80.5	82.0	84.0	75.9	73.4	88.3	73.6	77.1	81.6	83.9	79.1	88.5
	94.IV	83.0	81.9	84.0	85.1	77.8	73.9	88.3	70.9	76.2	81.6	84.6	80.6	87.7
Capital Goods	94.I	76.3	74.7	79.0	75.2	67.4	79.2	76.5	80.1	73.0	74.5	78.1	71.8	79.3
	94.II	77.0	74.9	80.0	77.0	76.1	73.2	78.0	77.4	74.4	81.0	80.5	72.2	78.4
	94.III	79.7	77.3	82.0	79.4	72.5	76.0	82.6	79.0	76.6	86.8	80.5	74.3	81.0
	94.IV	79.2	79.5	84.0	80.6	67.8	75.6	81.5	81.9	73.8	85.1	82.2	76.3	79.7
Consumer Goods	94.I	79.2	76.9	83.0	82.9	76.6	67.8	79.0	77.2	73.2	80.2	82.5	79.0	85.2
	94.II	79.7	77.3	82.0	83.4	76.2	70.7	77.9	71.7	73.6	79.1	84.4	79.1	86.4
	94.III	80.6	77.1	83.0	83.1	75.4	73.6	82.9	71.2	74.5	84.7	84.5	79.4	84.3
	94.IV	83.0	75.2	81.0	84.8	78.3	76.5	84.6	75.0	76.2	82.6	86.2	78.8	89.8

Source: Eurostat

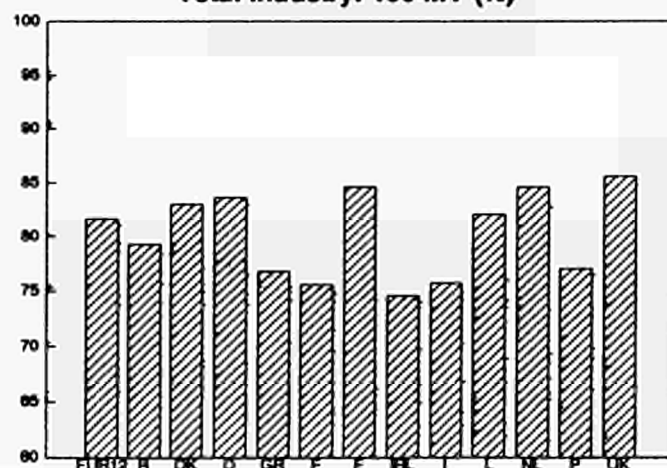
Data on capacity utilization was available to the fourth quarter of 1994 at the time of writing this text (figures being estimates). The latest data showed that capacity utilization rose markedly over the second half of 1994. Nevertheless, it is not thought that there will be any capacity shortages in the immediate future. If capacity constraints were to be encountered, they would be most likely in the footwear and clothing, paper and leather industries (Commission services' estimates from "Business and Consumer Survey Results").

The capacity utilization high reached in 1988 was equal to some 85.8% - although European levels were still well below this level (at 81.6%) they were nonetheless well above the recession low of 77.2%. Data showed that the industries where utilization

rose at the fastest rate were basic materials and producer goods. The intermediate goods and consumer goods sectors reported the highest

levels of utilization in the European economy: rising to an estimated 83.0% utilization in the fourth quarter of 1994.

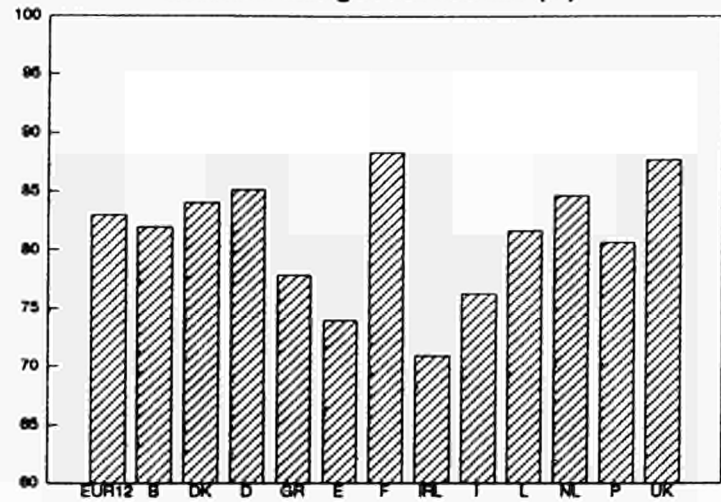
Capacity utilization
Total industry: 1994.IV (%)



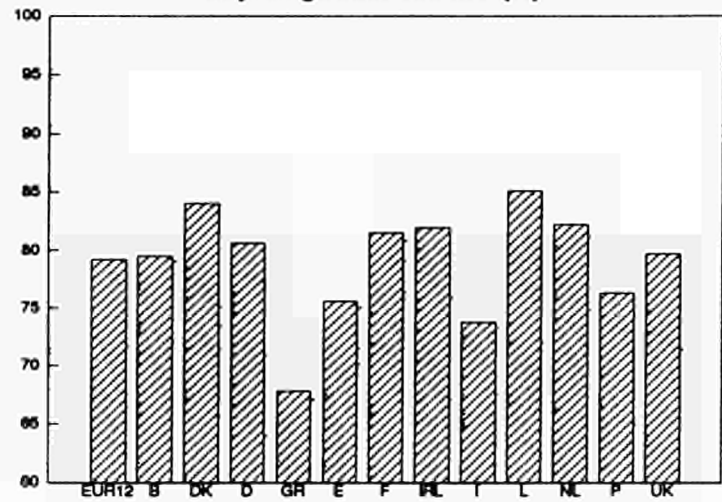
The investment goods sector once again reported the lowest levels of utilization. Nevertheless, gains seen in the investment goods sector were quite large - notable growth was seen in utilization in the office and data processing machinery sector (rising to an estimated 90.5% in the third quarter of 1994 - compared to 75.6% in the third quarter of 1993).

Whilst the consumer goods sector reported capacity above the eighty per cent level for the first time since 1992, the gains recorded in the third quarter were moderate compared to those in the other goods sectors. This trend was reversed in the fourth quarter when an increase of 2.4 percentage points was recorded. Hence, there was mixed evidence as to whether the recovery was export-led and not based on a consumer boom (as seen in the late eighties). Otherwise, commentators cited inventory building as another reason why the consumer goods sector was growing at a moderate pace. Looking at the individual Member States there was mixed performance in the fourth quarter of 1994. Four countries reported declining utilization rates, they were Belgium, Luxembourg, Denmark and Portugal. However, large increases in utilization were recorded in the United Kingdom (up 5.5 percentage points on the third quarter), Ireland (+3.8 percentage points), Spain and Greece (+2.7 percentage points) and Germany, France, Italy and the Netherlands (all gaining +1.7 percentage points).

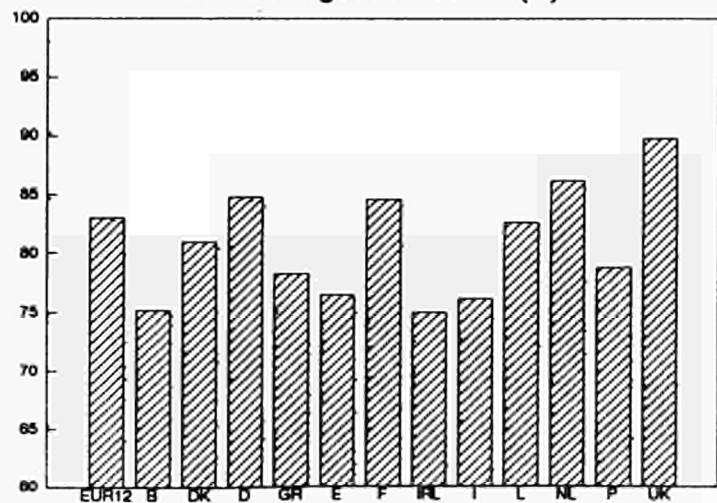
Capacity utilization
Intermediate goods: 1994.IV (%)



Capacity utilization
Capital goods: 1994.IV (%)



Capacity utilization
Consumer goods: 1994.IV (%)



Total Industry (Nace 1-4)

External trade indicators

1990 = 100			EUR 12	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK
Exports	Volume	1993	110.1	119.7	115.7	103.0	136.2	130.9	99.8	146.1	117.7	125.6	93.9	113.8
		Φ	127.2	136.4	130.6	116.5	175.6	197.4	115.2	172.2	134.9	150.1	110.7	126.4
	Growth rate (%)	1993	8.4	15.8	9.1	3.0	18.1	17.7	-5.4	15.2	18.2	13.7	-4.1	21.3
		Φ	13.7	23.8	115.2	10.8	13.3	23.7	15.2	32.8	11.8	26.7	5.9	8.7
Value	1993	109.0	103.6	103.4	114.0	99.4	99.3	111.8	103.5	103.4	104.5	102.5	109.0	
		Φ	109.2	103.7	103.4	115.2	98.2	95.0	111.0	104.0	102.8	102.8	99.7	111.4
	Growth rate (%)	1993	4.3	3.1	2.7	7.1	1.0	-2.3	6.4	8.0	-1.3	2.0	-2.5	4.5
		Φ	2.7	1.1	0.8	4.2	3.3	-3.3	1.9	-1.5	3.9	-1.6	-1.1	3.7
Imports	Volume	1993	104.0	83.1	104.7	112.7	132.1	91.5	91.9	127.8	101.9	100.2	106.0	112.4
		Φ	107.5	92.8	109.4	119.4	155.4	93.7	92.9	127.2	101.8	102.0	108.6	113.0
	Growth rate (%)	1993	-3.9	-17.3	-0.9	-1.9	8.0	-20.7	-12.3	27.9	-2.8	-11.7	-6.1	11.0
		Φ	7.9	32.1	12.6	6.3	-12.3	2.8	7.1	6.3	4.3	20.5	6.8	3.8
Value	1993	103.8	106.3	100.2	107.3	106.6	100.2	102.2	106.6	95.4	101.1	93.1	107.9	
		Φ	104.0	106.1	100.1	107.8	108.0	100.0	102.0	115.5	94.2	101.0	92.0	108.9
	Growth rate (%)	1993	4.9	7.1	0.7	4.9	4.5	6.4	5.0	6.1	1.8	3.7	0.8	7.4
		Φ	3.3	3.5	1.8	3.9	-6.1	2.5	2.8	12.0	1.3	0.9	-0.4	5.4
Terms of Trade	1993	105.0	97.4	103.1	106.2	93.2	99.1	109.3	97.0	108.3	103.3	110.1	101.0	
		Φ	104.9	97.6	103.3	106.7	90.8	94.9	108.8	90.0	109.0	101.7	108.4	102.2
	Growth rate (%)	1993	-0.6	-3.7	1.9	2.0	-3.3	-8.2	1.2	1.6	-3.1	-1.7	-3.3	-2.6
		Φ	-0.5	-2.3	-0.9	0.2	10.2	-5.7	-0.8	-12.0	2.6	-2.6	-0.6	-1.5

Source: Eurostat

Data in the table above is given only for extra-EU trade flows. After having displayed slow growth during most of 1993, EU trade indicators have shown a fast expansion in recent months. The latest data available showed that export volume growth was equal to 13.7%, whilst import volumes were growing by nearly eight per cent. Value growth was far more restrained (export values up by 2.7%, import values by 3.3%).

The major EU economies all reported strong export value growth - Germany (4.2%), Italy (3.9%), the United Kingdom (3.7%) and France (1.9%). This was an encouraging sign as regards the emergence of these economies from the recession. It should also be stressed that the above data is only for extra-EU flows. Hence, any

expansion of intra-Community trade (due to increased demand from the internal market) would not be captured by these statistics. For the remaining Member States export value data was not as encouraging - with the exception of Greece (+3.3%) - Spain, Ireland, the Netherlands and Portugal all reported negative trends in export values.

Of the four largest EU economies, only Italy failed to report import values rising at a rapid pace too. A fast expansion in import values was also seen in Spain, Ireland and BLEU.

EU terms of trade remain moderately above 1990 levels (at 104.4). However, the terms of trade fell by 0.5% in 1993, and continued to fall at this rate in 1994. The latest data available re-

ported growth in the terms of trade for only three of the Member States - they were Germany, Greece and Italy. There were marked reductions for the terms of trade in Ireland and Spain.

Latest information available (from the National Statistical Offices) showed that the export-led recovery in Europe was without doubt continuing. Data from France for September 1994 showed that there was a current account surplus of 7.7 billion French Francs. In the United Kingdom there was a marked change in the trend of the data, as a trade surplus was reported in the third quarter of 1994 - this was the first time for any quarter in the past eight years that there was a positive figure returned.

NACE 1 - 4

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

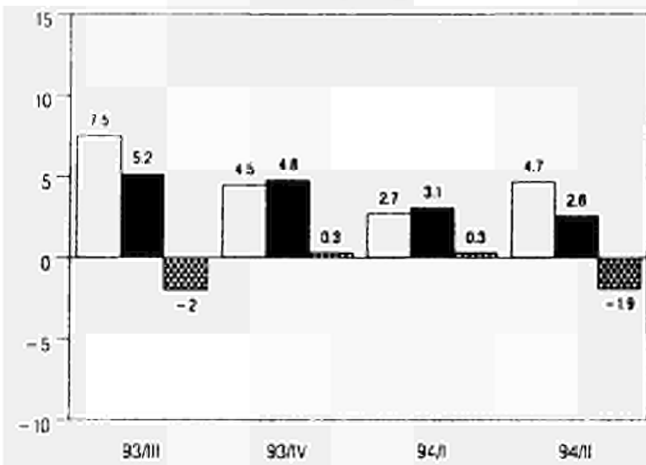
INDICATEURS COMMERCE EXTERIEUR

VERÄNDERUNGSRATE

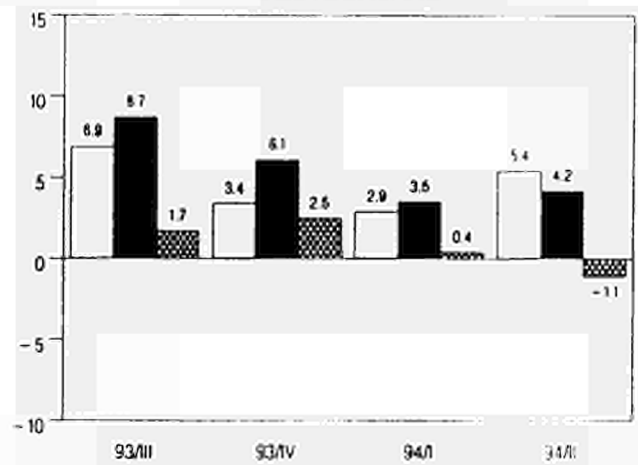
GROWTH RATE

TAUX DE VARIATION

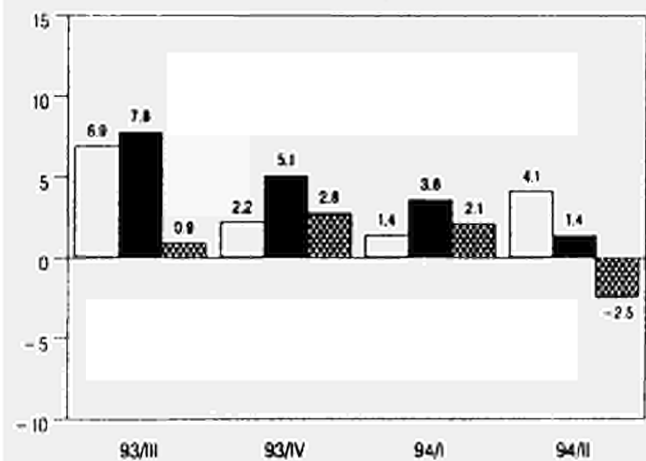
EUR 12



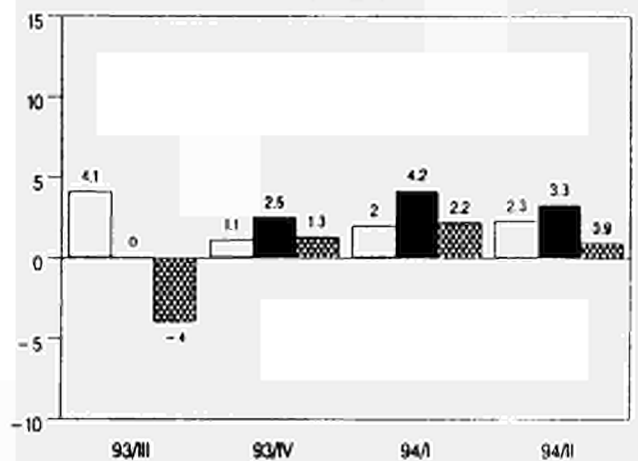
DEUTSCHLAND



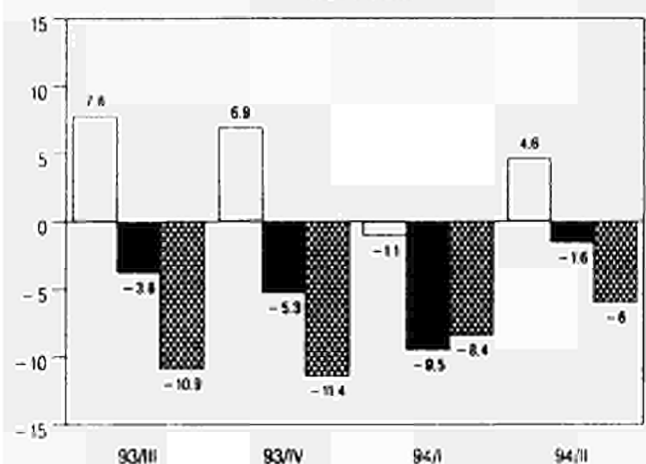
FRANCE



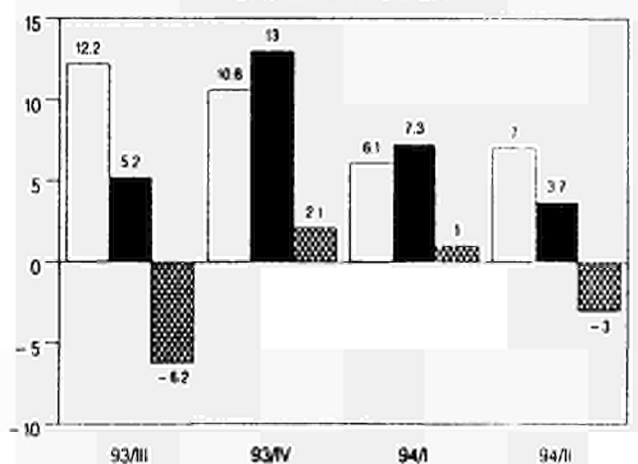
ITALIA



ESPAÑA



UNITED KINGDOM



Einfuhr



Ausfuhr



Austauschrelation

Import

Export

Terms of trade

Importation

Exportation

Termes de l'échange

NACE 1 - 4

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

INDICATEURS COMMERCE EXTERIEUR

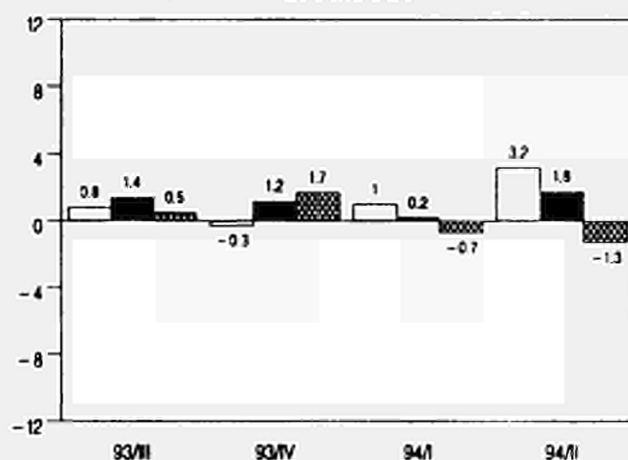
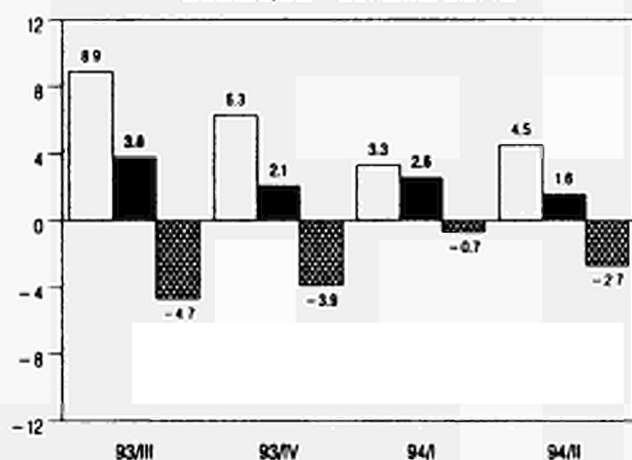
VERÄNDERUNGSRATE

GROWTH RATE

TAUX DE VARIATION

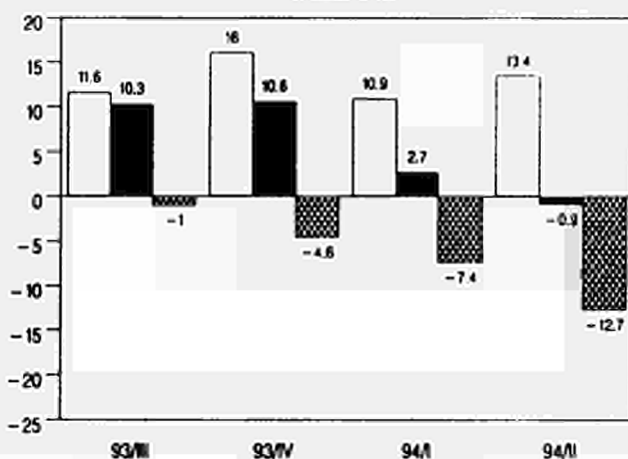
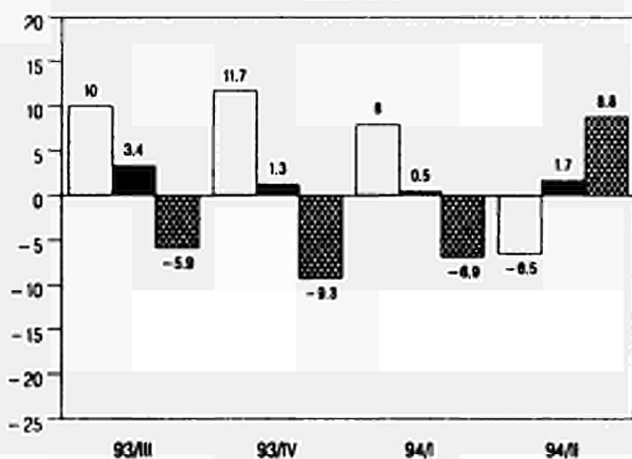
BELGIQUE - LUXEMBOURG

DANMARK



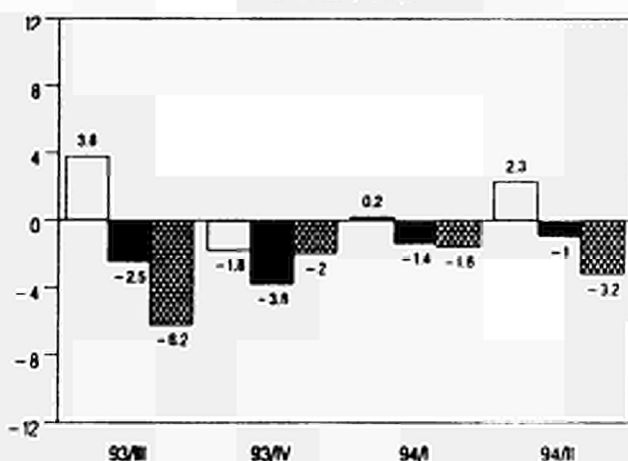
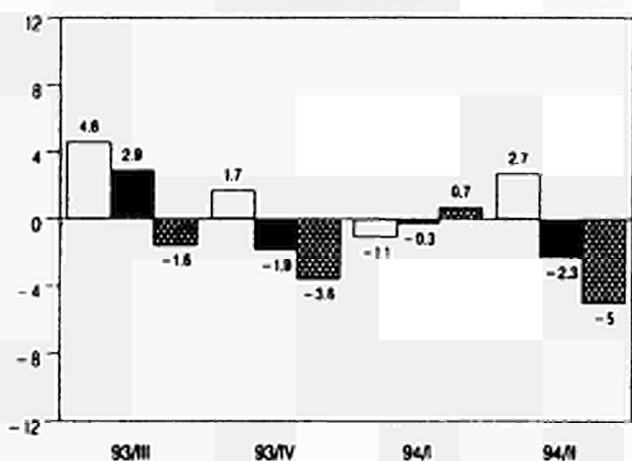
ELLADA

IRELAND



NEDERLAND

PORTUGAL



Einfuhr
 Ausfuhr
 Austauschrelation

Import
 Export
 Terms of trade

Importation
 Exportation
 Terms de l'échange

3. CHEMICAL AND MAN MADE FIBRES (NACE25 + 26)

- EU output expanded to 306 billion ECU in 1994
- Large trade surplus likely in 1994
- Industry characterised by cyclical fluctuations in performance
- Recovery in 1994 due to increased prices and higher demand
- Lowering of EU imports from third countries (especially the USA)
- Restructuring evident in industries where foreign competition was high
- Company profits soar in the second half of 1994
- Movement into prescription and healthcare markets by major chemicals firms

3.1. SHORT-TERM INDICATORS

Chemical and man-made fibres (Nace 25+26) Production, prices and capacity utilization

1990 = 100		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Index of Production	1993	102.5	107.8	109.3	96.3	95.4	98.2	110.0	156.6	96.7	177.6	99.0	72.8	107.4
	Φ	110.4	111.3	126.9	104.6	97.3	113.9	117.4	194.4	102.5	180.4	105.4	73.6	114.6
Growth rate (%)	1993	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.0	1.1	1.0	0.9	1.0
	Φ	1.6	4.8	4.9	2.3	1.6	2.8	1.4	9.3	2.4	-9.3	-0.5	-1.3	2.8
Producer Price index	1993	99.3	97.8	104.4	95.5	149.6	100.9	95.9	98.2	104.9	99.2	94.4	N/A	108.7
	Φ	101.1	100.7	104.4	95.6	165.5	106.1	97.1	100.4	110.3	100.7	98.7	N/A	112.0
Growth rate (%)	1993	-0.4	-0.8	0.3	-2.3	9.7	1.6	-2.1	-2.2	2.5	-0.9	-1.7	N/A	3.9
	Φ	1.0	1.2	-0.1	0.5	1.3	2.4	0.9	-0.2	1.6	3.8	3.1	N/A	1.5
Capacity Utilization	94.I	N/A	76.7	87.0	N/A	76.8	76.8	79.6	79.2	78.8	74.7	83.3	73.0	89.4
Chemicals (%)	94.II	N/A	77.3	86.0	N/A	77.9	76.4	79.3	82.7	67.2	82.8	N/A	76.6	88.1
	94.III	N/A	77.6	89.0	N/A	77.5	78.4	84.7	69.4	71.8	82.1	N/A	74.8	94.0
	94.IV	N/A	81.1	88.0	N/A	79.5	74.2	84.5	66.4	67.0	82.4	N/A	72.0	97.8

Source: Eurostat

One may ask whether the increase in prices seen from the start of 1994 in the chemicals industry was attributable to temporary constraints on production, or whether they reflected increased demand. Both factors were undoubtedly important - with some old plant not being able to respond to additional demand, whilst safety problems and industrial accidents accounted for further losses in capacity over the final months of 1994. For example, August and September 1994 saw a three million tonnes fall in naphtha cracking capacity in the USA and Italy due to industrial accidents.

The short-term outlook for the EU chemicals industry remained quite bright, as newly commissioned plant in the USA and Asia would not come on-stream until the end of 1995 or 1996. Furthermore, even when such extra capacity was available, it may be that the industrial recovery in the EU might provide extra demand to take up the slack thus induced. Latest data on capacity utilization showed generally large gains throughout 1994, at levels well above those seen in 1993. Indeed, in the man-made fibres industry the rate rose above the ninety per cent level (estimated) for

the last three quarters of 1994. In the chemicals sector, whilst capacity utilization rose to quite high levels in the majority of the northern Member States: Italy, Spain, Portugal (and Ireland) all reported utilization rates below the 75% level in the final quarter of 1994.

Nevertheless, in the medium-term it may be expected that higher profits will lead to greater capital investment and further capacity in the EU.

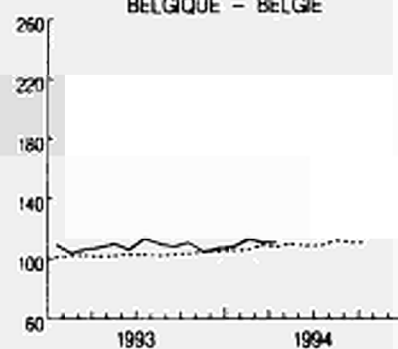
INDUSTRIELLE PRODUKTION

INDUSTRIAL PRODUCTION

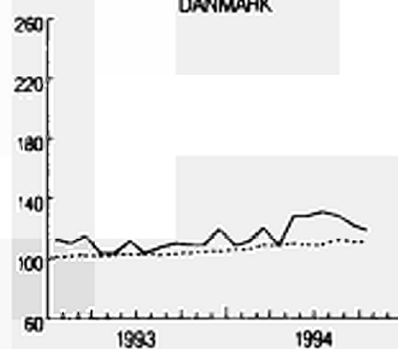
PRODUCTION INDUSTRIELLE

NACE 25 + 26

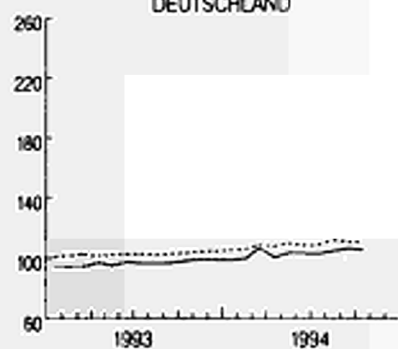
BELGIQUE - BELGIE



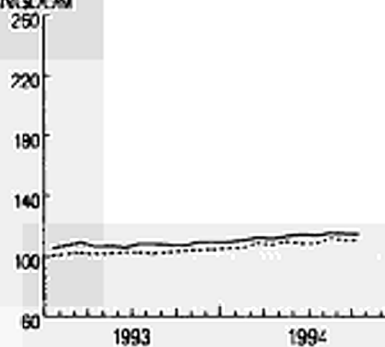
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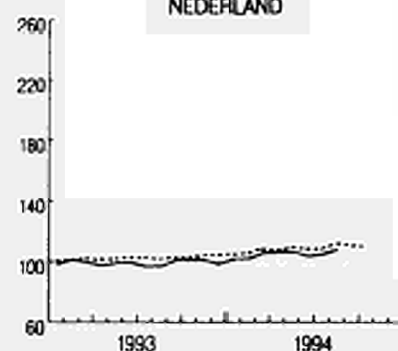
DEUTSCHLAND



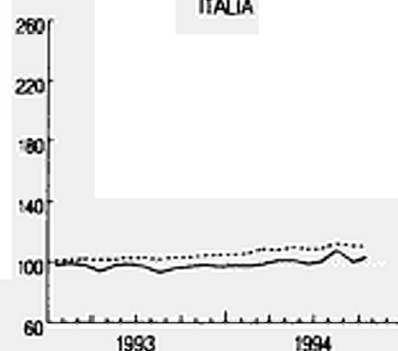
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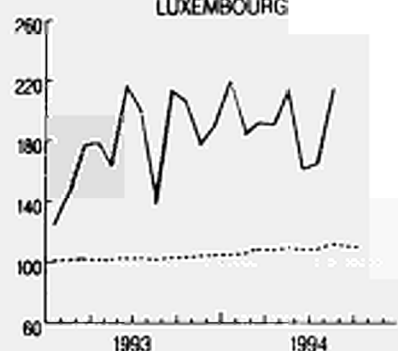
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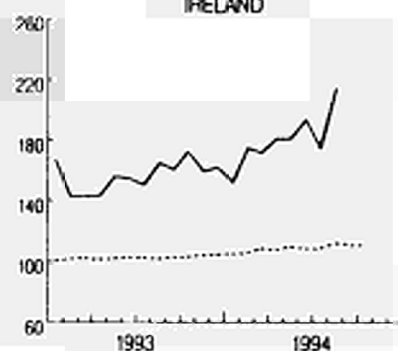
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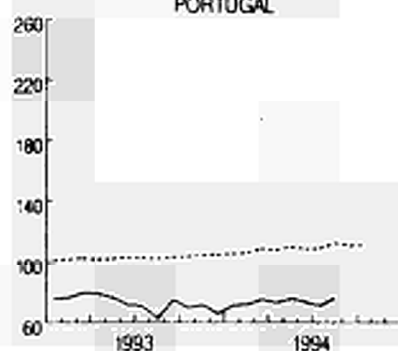
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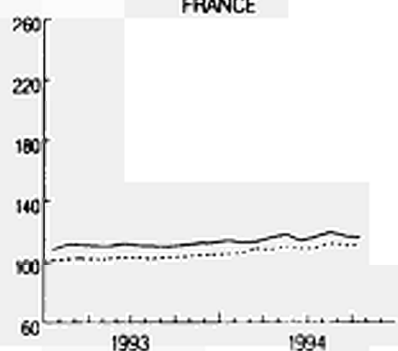
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PORTUGAL



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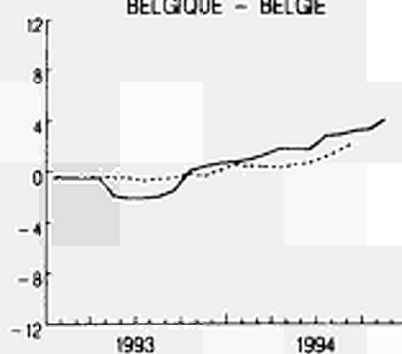


..... EUR 12

1990 = 100

ERZEUGERPREISINDEX
VERÄNDERUNGSRATE

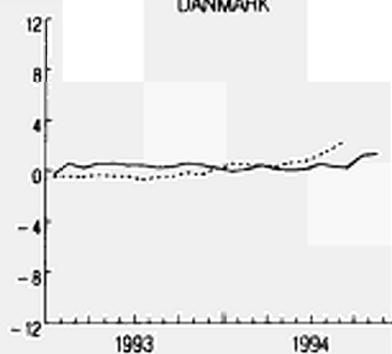
BELGIQUE - BELGIE



PRODUCER PRICE INDEX
GROWTH RATE

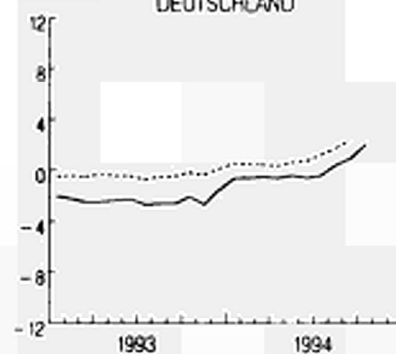
NACE 25 + 26

DANMARK

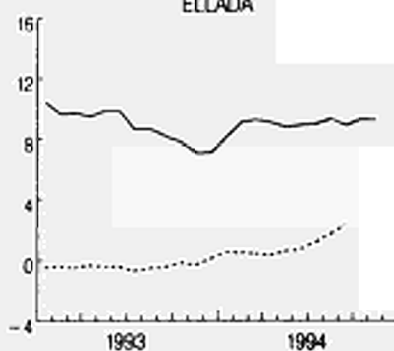


INDICE DES PRIX A LA PRODUCTION
TAUX DE VARIATION

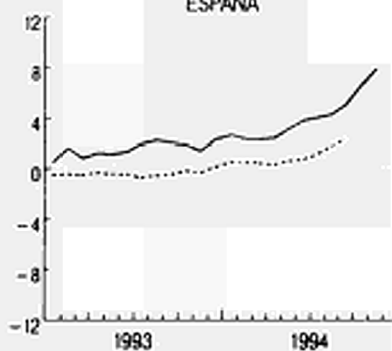
DEUTSCHLAND



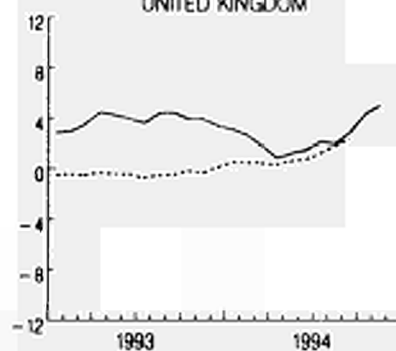
ELLADA



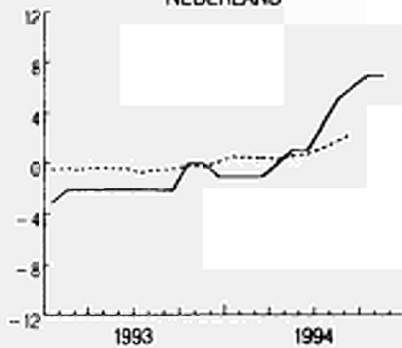
ESPAÑA



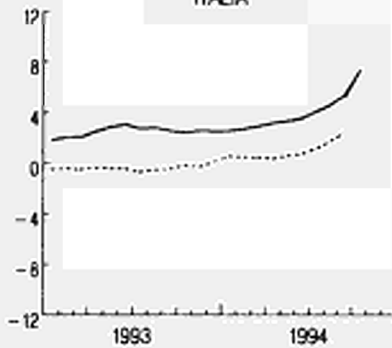
UNITED KINGDOM



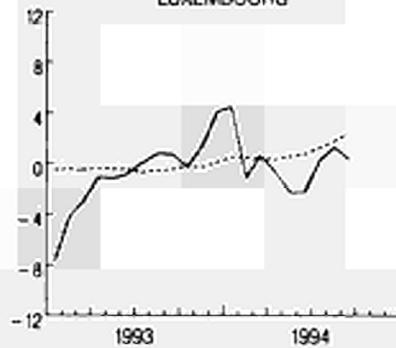
NEDERLAND



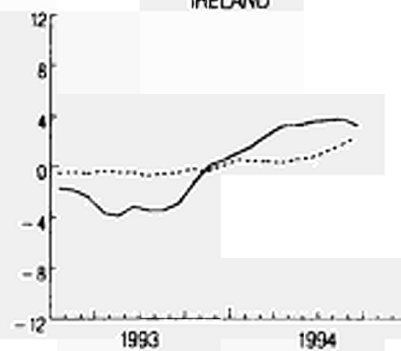
ITALIA



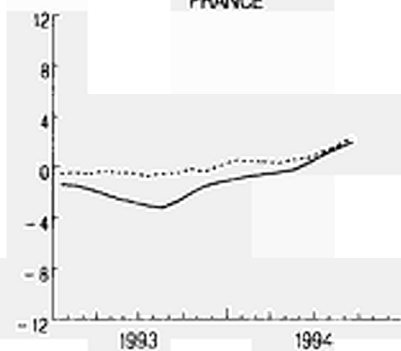
LUXEMBOURG



IRELAND



FRANCE



NACE 25 + 26

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

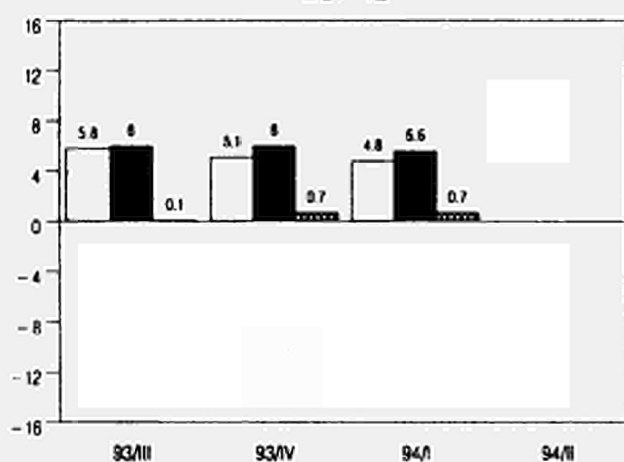
INDICATEURS COMMERCE EXTERIEUR

VERÄNDERUNGSRATE

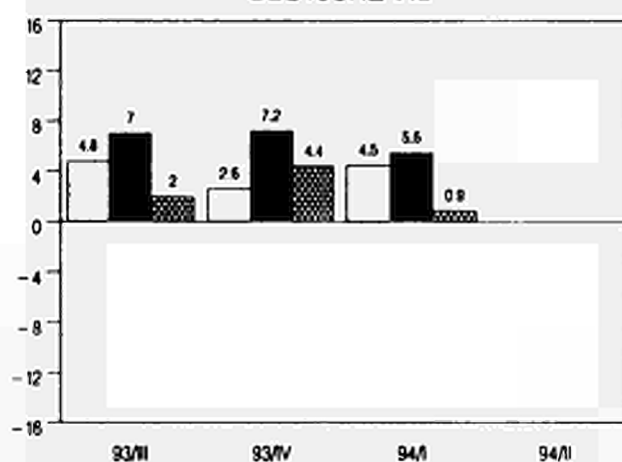
GROWTH RATE

TAUX DE VARIATION

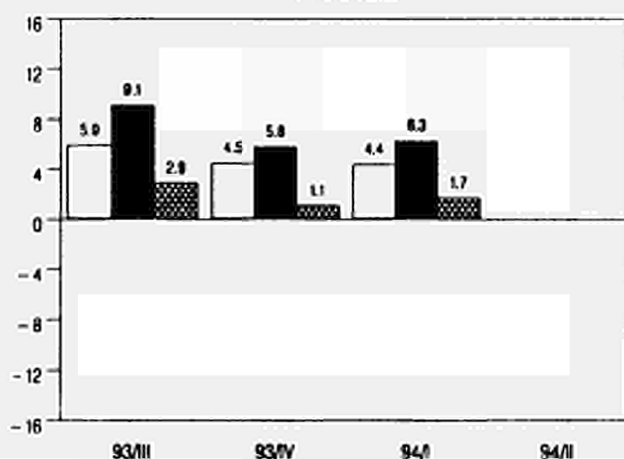
EUR 12



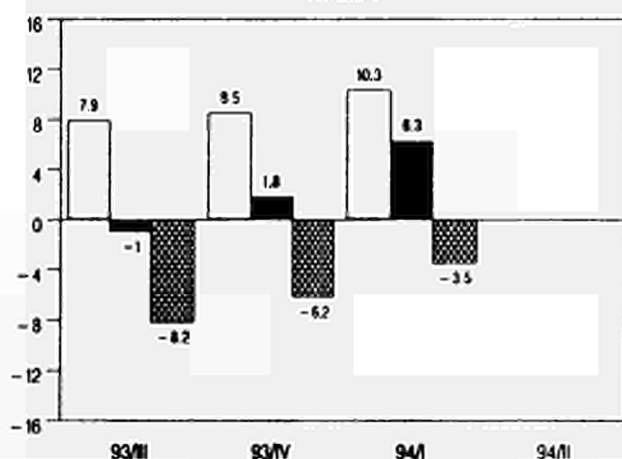
DEUTSCHLAND



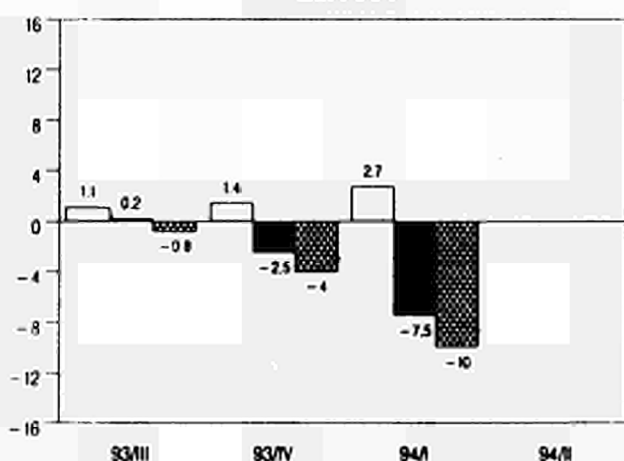
FRANCE



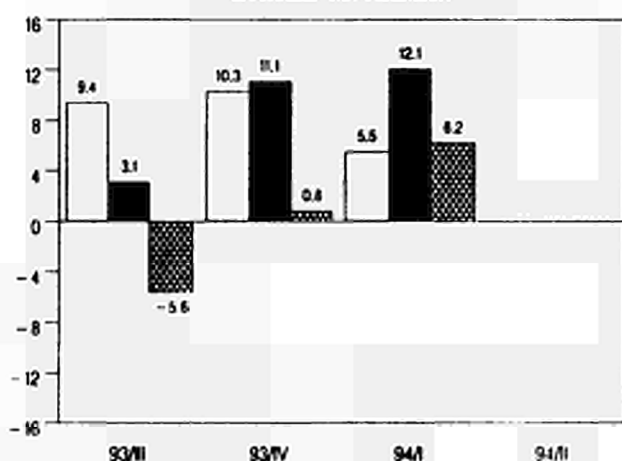
ITALIA



ESPANA



UNITED KINGDOM



Einfuhr



Ausfuhr



Austauschrelation

Import

Export

Terms of trade

Importation

Exportation

Termes de l'échange

NACE 25 + 26

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

INDICATEURS COMMERCE EXTERIEUR

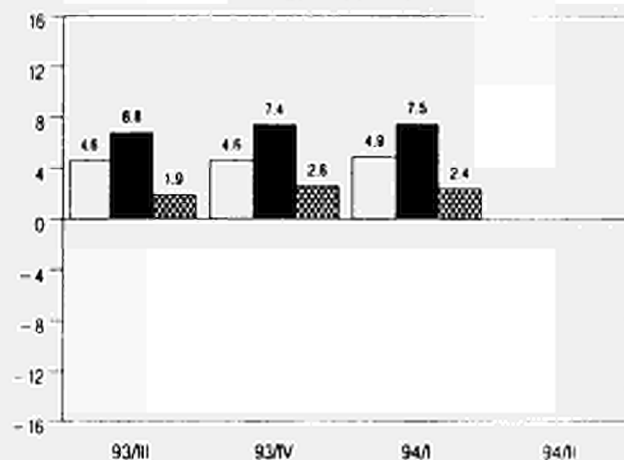
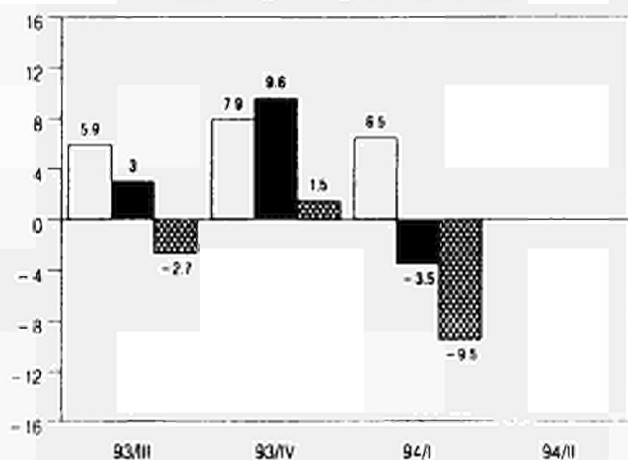
VERÄNDERUNGSRATE

GROWTH RATE

TAUX DE VARIATION

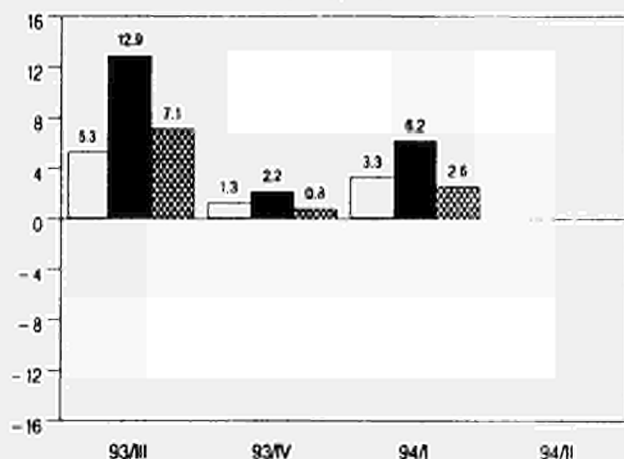
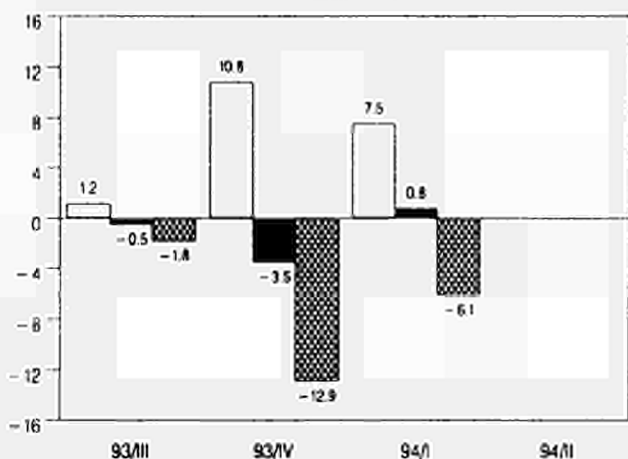
BELGIQUE – LUXEMBOURG

DANMARK



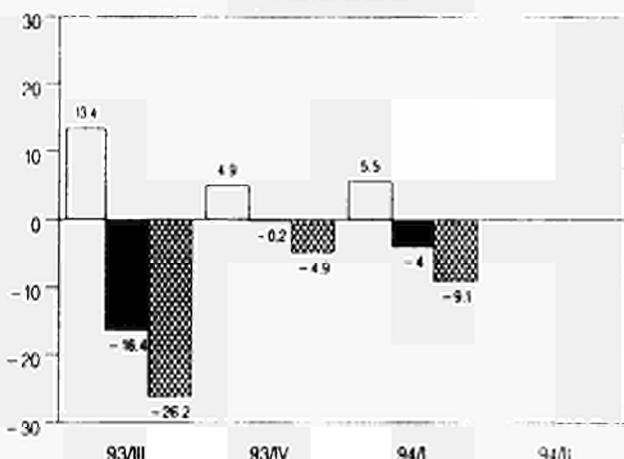
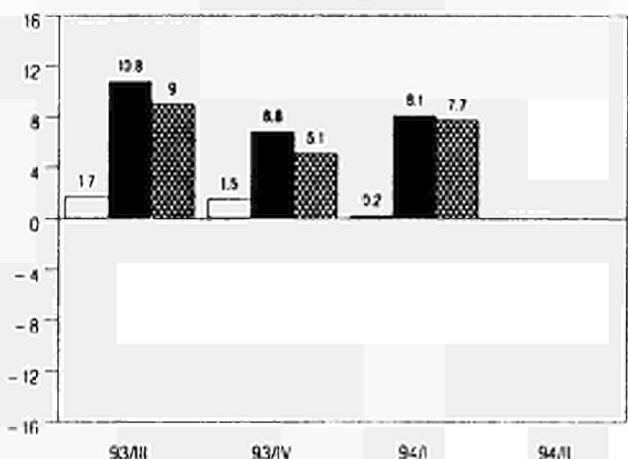
ELLADA

IRELAND



NEDERLAND

PORTUGAL



Einfuhr

Ausfuhr

Austauschrelation

Import

Export

Terms of trade

Importation

Exportation

Termes de l'échange

Chemical Industry (Nace 25)

External trade indicators

1990 = 100			EUR 12	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK
Exports	Volume	1993	114.9	140.6	164.9	112.4	152.2	123.4	107.7	165.2	103.6	114.3	83.4	110.7
		Φ	127.5	165.1	189.6	125.4	143.3	138.3	119.7	215.9	115.3	125.9	92.4	113.5
	Growth rate (%)	1993	8.8	17.0	46.8	8.0	25.0	10.0	3.6	2.8	5.7	12.9	-7.1	8.0
		Φ	11.5	19.4	13.8	11.1	26.7	15.0	10.1	32.4	9.8	18.9	-2.1	2.4
	Value	1993	114.7	101.7	112.0	116.4	104.1	97.9	118.6	115.2	122.3	102.4	91.5	120.6
		Φ	117.9	105.1	115.1	117.7	100.8	98.1	125.5	116.1	127.1	103.3	88.7	127.0
Growth rate (%)	1993	8.5	2.8	0.9	10.4	11.2	-1.9	9.8	22.5	9.7	0.1	1.3	10.0	
	F	2.3	0.0	3.1	2.7	-20.3	-2.0	4.4	-1.3	2.0	1.9	0.7	3.3	
Imports	Volume	1993	95.6	95.2	109.1	98.7	110.2	80.8	95.8	149.5	95.2	91.9	122.3	90.0
		Φ	105.7	118.7	116.5	101.3	107.1	97.4	104.8	169.0	107.0	107.7	153.7	98.0
	Growth rate (%)	1993	-8.6	-20.6	11.5	-8.7	-2.3	-28.5	-2.8	28.6	-3.2	-18.0	1.5	-3.5
		Φ	5.8	15.3	2.2	-0.2	-4.3	12.0	1.5	11.1	3.5	16.6	13.4	8.7
	Value	1993	112.3	105.1	108.1	113.4	130.1	109.3	114.1	115.0	110.2	103.5	98.1	123.2
		Φ	119.4	111.3	112.6	124.9	152.8	114.0	122.3	119.3	114.2	106.4	88.2	131.2
Growth rate (%)	1993	7.4	7.4	3.9	7.3	18.7	8.7	9.0	6.1	3.9	4.8	-1.0	10.5	
	Φ	6.6	6.7	2.7	10.3	7.7	4.4	9.7	11.0	2.6	1.4	-4.1	6.3	
Terms of Trade	1993	Φ	102.1	96.7	103.6	102.6	80.0	89.5	103.9	100.1	110.9	98.9	93.2	97.8
		Φ	98.7	94.5	102.2	94.2	65.9	86.1	102.5	99.1	111.2	97.1	100.4	96.8
	Growth rate (%)	1993	0.9	-4.3	-2.8	2.8	-6.3	-9.8	0.6	15.3	5.6	-4.4	2.3	-0.5
		Φ	-3.9	-6.1	0.1	-6.9	-26.4	-6.1	-4.9	-9.3	-0.6	0.5	4.6	-2.8

Source: Eurostat

The data given in the table above is for the chemical industry only (unlike the other tables in this section, which also include the man-made fibres industry). Data is given only for the extra-EU trade flow.

The chemicals industry external trade data reported strong growth in 1994. Annual extra-EU export growth reached eight per cent (in both value and volume terms) in 1993. The latest data available showed that there were very large increases in export volumes in the following countries: BLEU, Greece and Ireland - all showing increases of the magnitude of twenty per cent or more. Export value growth in the four major European economies continued to register

positive growth in 1994 (however, at rates lower than those seen in 1993).

Import volumes were markedly reduced in 1993, falling by more than eight per cent. They have since recovered, showing gains of 5.8%, such that the latest index was equal to 105.7. Import values were growing at quite a fast pace - up by 6.6% (following annual growth of 7.4% in 1993). The most significant increases were recorded in Germany, France and Ireland (all showing around ten per cent growth for the latest data available). Only in Portugal was the import value index seen to be falling (down by 4.1% for the latest data available - after having decreased by one per cent during 1993).

The terms of trade index for the chemicals sector reported a reduction of 3.9%, taking it below 1990 levels. In BLEU, Germany, Spain and Ireland the terms of trade were falling at an annual rate of more than five per cent per annum.

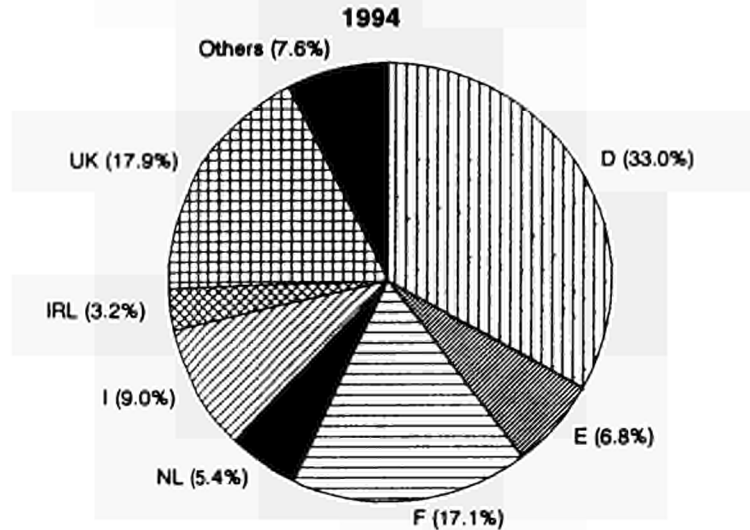
Portugal, the Netherlands and Denmark were the only three countries to be able to report favourable gains in their terms of trade (for the latest data available). Only in Ireland and Italy did the latest data available show the terms of trade more favourable in the chemicals industry than for total industry (99.1 and 111.2 respectively).

3.2. STRUCTURAL INDICATORS

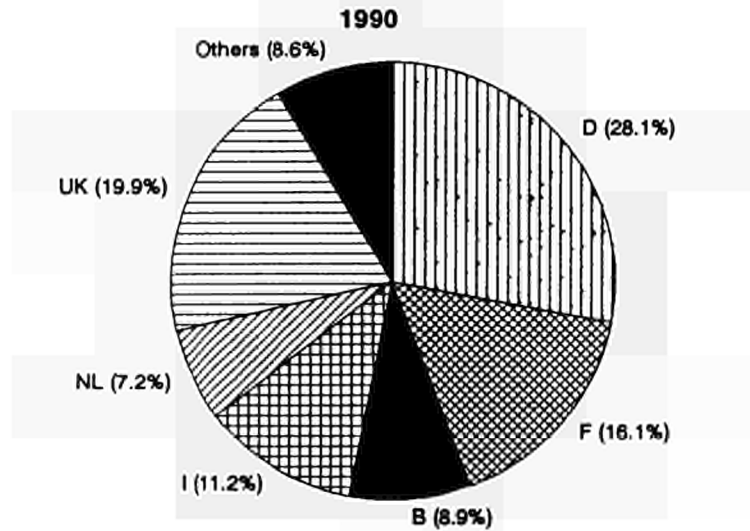
The chemical industry is one that has historically displayed a cyclical pattern of boom and recession - 1994 (especially the latter half) may be considered as a period of extremely strong recovery. The cyclical nature of development may be attributed to the fact that the sector supplies a large number of down-stream industries with chemicals or derivatives of chemicals (for example, plastics, petrochemicals and pharmaceuticals). For this reason the industry reflects to a large extent the general economic performance of the industrial side of the economy. This phenomenon may well explain why the industry experienced a marked recovery during 1994 - as the performance of the EU industrial economy improved. Nevertheless, the strong recovery seen in the EU chemicals sector has been influenced by a number of other contributing factors. These factors led to the EU chemicals sector coming out of the recession before many other manufacturing sectors and included increased prices, increased demand (both domestic and international) and restricted capacity. Output by the chemicals sector reached an estimated 306 billion ECU in 1994 (annual growth of over six per cent).

Prices in the chemicals industry in 1994 were particularly high. This was due to a lack of capacity for certain basic chemical products, and also due to increased demand. Many analysts believed that price increases were at first related to re-stocking as firms emerged from the recession - however, this was merely a short-term phenomenon. It is true however that the rising prices in the sector, seen since the start of 1994, convinced many buyers that the trend of rising prices was to continue -

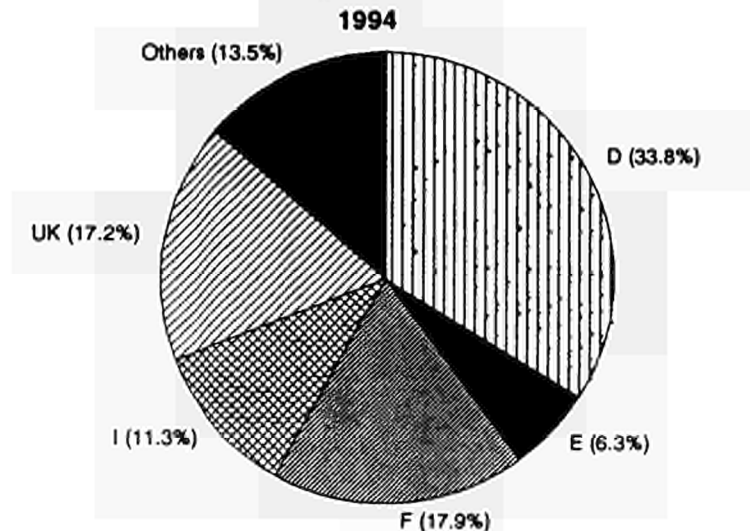
Value added at factor cost



Investment



Employment



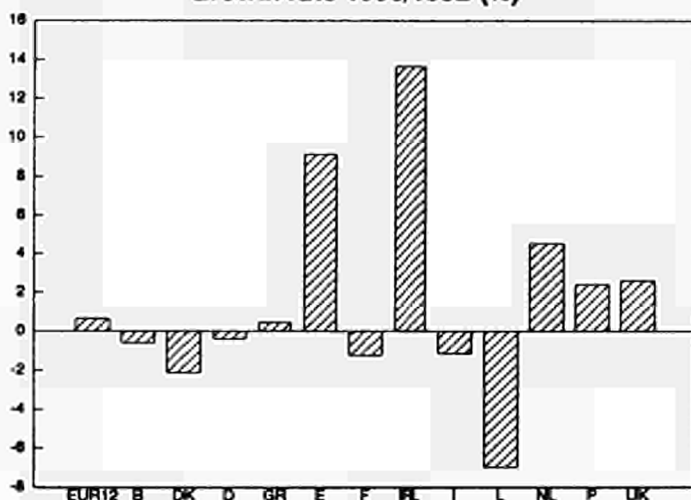
pushing both spot commodity prices, and more recently contract prices, even higher. At the start of 1994 price increases did little to improve profitability, as most large enterprises deal with contract prices fixed in advance. However, as commodity spot prices rose, contract prices followed, albeit with a lag (leading to increased profits).

At a more disaggregated level, the recent surge in price levels brought mixed fortunes for chemical producers. The large multinational concerns generally benefited from the increased prices. However, firms specialising in products (especially at the end of the production process - for example, those in the paints and varnishes sector) faced much higher input costs of basic chemicals, which may not have been possible to pass through to end clients.

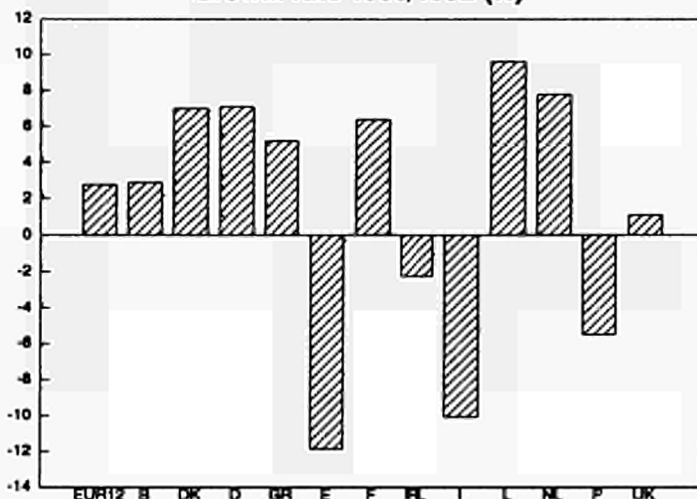
A further important influence on the EU chemicals sector in 1994 was increased demand from the USA and Asia. Both these markets grew at a very fast pace in 1994 and lacked domestic capacity to cater for their increased demand. This led to a three-fold effect - firstly, domestic producers in the USA and Asia concentrated on consolidating their home markets, re-directing output that was in the past exported; secondly, as imports from the USA and Asia were falling, domestic EU producers were able to expand their output; and thirdly, the lack of capacity in the USA and Asia led to increased export opportunities for EU producers.

However, this was not the case for all sectors - for example, the textile dyes industry faced stiff competition from Asian producers, leading to restruc-

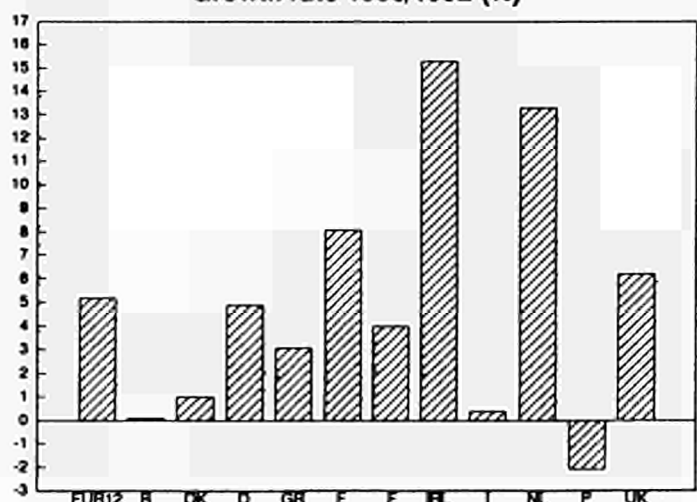
Profitability
Growth rate 1993/1992 (%)



Average labour unit cost
Growth rate 1993/1992 (%)



Productivity
Growth rate 1993/1992 (%)



turing. Two of Germany's "big three" chemicals groups (Hoechst and Bayer) announced a joint-venture in the autumn of 1994, whereby they merged their textile dye concerns together in an attempt to increase profitability and to gain economies of scale to compete more successfully against foreign competitors.

Although one may have expected a widespread restructuring of the EU chemicals industry during the last recession - very little actually took place. Despite over-capacity and somewhat lower prices there were very few plant closures. Indeed, products such as ethylene, propylene and styrene all reported their capacity levels holding up, despite agreements from the major players to reduce capacity by some ten per cent. However, the lack of restructuring did not prevent the industry from shedding some two hundred thousand jobs between 1989 and 1994 (in common with most other manufacturing sectors).

Looking at more disaggregated data, sectors that reported strong performance during the period 1989 to 1994 included pharmaceuticals, soaps and detergents. The basic chemicals and petrochemicals industry reported less spectacular growth to 1993 - although 1994 data showed a resurgence in performance. The industry under the most severe competition was undoubtedly the man-made fibres industry, where between 1989 and 1994 output fell by 1.7 billion ECU (despite an increase of around 370 million ECU between 1993 and 1994).

Company profits in 1994 soared in the chemicals sector - for example, ICI's profits rose by 59% (compared to a year earlier) in the third quarter of 1994. Likewise, the recently merged Dutch firm, Akzo Nobel, reported synergistic gains contributing to a profit increase of 35% (again in the autumn of 1994). There were also spectacular results from BP Chemicals, DSM and Rhône-Poulenc. The phenomenon was not restricted to Europe. Indeed,

Dow Chemical and Du Pont, the two largest American groups both reported strong profit growth. Nevertheless, in Japan, prices were still falling and demand remained weak in the first half of 1994. This has led to some merger activity in an attempt to pool costs and achieve economies of scale - for example, the recent merger of Mitsubishi Chemical.

During 1994, EU chemicals firms showed a large interest in diversifying into the healthcare market. Mid-November saw BASF announcing its intention to buy the prescription arm of Boots, in an attempt to improve its drugs division performance. This action marked a continuation of the policy adopted by all three of the largest German chemicals firms to strengthen their position in this market.

Chemical and man-made fibres (Nace 25+26)

Value added, turnover and investment

		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Gross	1990	100168.8	4185.0	1383.6	32265.0	409.7	7122.7	17167.3	1780.9	12190.6	65.1	5842.2	768.8	16987.9
Value-added	1991	101264.1	4218.4	1501.0	33080.9	397.5	7514.9	17027.5	1976.2	12365.6	85.2	5127.6	745.4	17223.9
at factor cost	1992	102064.1	4782.3	1709.0	33381.6	397.5	7392.7	17185.7	2478.3	11337.9	135.5	4976.1	755.3	17532.2
(mio ECU)	1993	102009.4	4715.2	1818.2	33990.0	416.3	6733.8	17795.4	2845.7	9639.2	140.2	5393.2	663.9	17858.3
	1994	108999.9	N/A	2078.5	35984.7	440.9	7432.6	18593.4	3449.7	9811.3	150.9	5855.6	671.1	19468.6
Gross	1990	-1.6	-11.0	-0.0	-1.0	12.2	5.0	3.5	13.1	-0.2	0.9	-9.3	-100	-7.2
Value-added	1991	1.1	0.8	8.5	2.5	-3.0	5.5	-0.8	11.0	1.4	30.9	-12.2	-3.0	1.4
at factor cost	1992	0.8	13.4	13.9	0.9	N/A	-1.6	0.9	25.4	-8.3	59.0	-3.0	1.3	1.8
Δ%	1993	-0.1	-1.4	6.4	1.8	4.7	-8.9	3.5	14.8	-15.0	3.5	8.4	-12.1	1.9
	1994	6.9	N/A	14.3	5.9	5.9	10.4	4.5	21.2	1.8	7.6	8.6	1.1	9.0
Gross	1990	100	4.2	1.4	32.2	0.4	7.1	17.1	1.8	12.2	0.1	5.8	0.8	17.0
Value-added	1991	100	4.2	1.5	32.7	0.4	7.4	16.8	2.0	12.2	0.1	5.1	0.7	17.0
at factor cost	1992	100	4.7	1.7	32.7	0.4	7.2	16.8	2.4	11.1	0.1	4.9	0.7	17.2
share (%)	1993	100	4.6	1.8	33.3	0.4	6.6	17.4	2.8	9.4	0.1	5.3	0.7	17.5
	1994	100	N/A	1.9	33.0	0.4	6.8	17.1	3.2	9.0	0.1	5.4	0.6	17.9
Turnover	1990	319954.6	14702.0	3023.9	95592.5	1837.6	20807.8	61493.9	3402.5	46048.3	328.0	21393.2	2800.5	48524.4
(mio ECU)	1991	325313.6	14547.4	3196.2	96975.6	1884.0	21553.5	61439.3	3942.8	48455.5	429.7	20587.6	2716.4	49585.5
	1992	325763.3	16418.2	3474.3	97156.7	1892.9	21254.4	63227.5	4849.8	44506.6	683.3	20462.1	2765.3	49072.3
	1993	320748.8	16123.2	3607.7	97173.2	2039.7	19292.4	66084.3	5500.2	38110.6	707.1	20037.5	2438.1	49634.8
	1994	341338.6	N/A	3997.2	102582.9	2160.6	21426.1	69133.7	6600.6	39172.8	760.9	21497.6	2470.8	54285.0
Turnover	1990	1.1	-2.9	0.4	0.2	3.8	5.7	5.9	8.5	1.3	7.6	-1.1	-100	-3.0
Δ%	1991	1.7	-1.1	5.7	1.4	2.5	3.6	-0.1	15.9	5.2	31.0	-3.8	-3.0	2.2
	1992	0.1	12.9	8.7	0.2	0.5	-1.4	2.9	23.0	-8.1	59.0	-0.6	1.8	-1.0
	1993	-1.5	-1.8	3.8	0.0	7.8	-9.2	4.5	13.4	-14.4	3.5	-2.1	-11.8	1.1
	1994	6.4	N/A	10.8	5.6	5.9	11.1	4.6	20.0	2.8	7.6	7.3	1.3	9.4
Turnover	1990	100	4.6	0.9	29.9	0.6	6.5	19.2	1.1	14.4	0.1	6.7	0.9	15.2
share (%)	1991	100	4.5	1.0	29.8	0.6	6.6	18.9	1.2	14.9	0.1	6.3	0.8	15.2
	1992	100	5.0	1.1	29.8	0.6	6.5	19.4	1.5	13.7	0.2	6.3	0.8	15.1
	1993	100	5.0	1.1	30.3	0.6	6.0	20.6	1.7	11.9	0.2	6.2	0.8	15.5
	1994	100	N/A	1.2	30.1	0.6	6.3	20.3	1.9	11.5	0.2	6.3	0.7	15.9
Total	1989	19604.6	1407.7	242.0	5705.2	N/A	57.1	2733.3	149.3	2377.2	5.0	1775.3	112.6	4202.9
investment	1990	21485.4	1917.1	252.4	6046.8	170.2	47.2	3469.1	229.9	2416.0	47.7	1538.5	N/A	4266.0
(mio ECU)	1991	N/A	1323.2	281.0	5765.6	240.7	57.4	3138.1	N/A	2645.0	N/A	1565.2	N/A	4430.7
	1992	N/A	998.3	295.2	5644.5	N/A	52.6	3158.0	N/A	N/A	N/A	1445.2	N/A	3838.1
	1993	N/A	795.3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3856.4
Total	1989	16.2	17.5	-7.4	13.4	N/A	-5.8	13.0	-7.7	19.3	56.3	44.5	36.7	12.1
investment	1990	9.6	36.2	4.3	6.0	N/A	-17.3	26.9	54.0	1.6	854.0	-13.3	N/A	1.5
Δ%	1991	N/A	-31.0	11.3	-4.7	41.4	21.6	-9.5	N/A	9.5	N/A	1.7	N/A	3.9
	1992	N/A	-24.6	5.1	-2.1	N/A	-8.4	0.6	N/A	N/A	N/A	-7.7	N/A	-13.4
	1993	N/A	-20.3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.5
Total	1989	100	7.2	1.2	29.1	N/A	0.3	13.9	0.8	12.1	0.0	9.1	0.6	21.4
investment	1990	100	8.9	1.2	28.1	0.8	0.2	16.1	1.1	11.2	0.2	7.2	N/A	19.9

Source: Eurostat, DEBA (estimates in bold).

Turnover: E = Production value. Total investments: P = Investment minus disposals.

Chemical and man-made fibres (Nace 25 + 26)

Employment, labour cost and productivity

		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Labour cost (mio ECU)	1990	60365.5	2505.3	630.0	23702.7	315.0	3282.5	10576.5	363.9	7721.7	19.5	3047.2	394.1	7807.1
	1991	63735.0	2621.6	659.2	24780.0	330.8	3589.2	10848.0	407.7	8383.4	29.5	3103.2	414.7	8567.7
	1992	65028.7	2671.3	714.2	25867.4	331.5	2760.5	11422.1	450.6	8496.9	50.7	3235.6	417.6	8610.3
	1993	64570.4	2649.3	776.3	26437.6	345.6	2304.4	11975.3	455.3	7308.2	56.4	3355.4	358.5	8548.1
	1994	63204.3	N/A	N/A	25570.0	N/A	2118.4	12299.1	N/A	6714.5	57.3	N/A	N/A	8560.9
Labour cost Δ%	1990	6.3	5.5	6.1	5.7	9.7	12.6	7.8	8.6	7.4	-9.3	5.7	26.4	2.4
	1991	5.6	4.6	4.6	4.5	5.0	9.3	2.6	12.0	8.6	51.3	1.8	5.2	9.7
	1992	2.0	1.9	8.3	4.4	0.2	-23.1	5.3	10.5	1.4	71.9	4.3	0.7	0.5
	1993	-0.7	-0.8	8.7	2.2	4.3	-16.5	4.8	1.0	-14.0	11.2	3.7	-14.2	-0.7
	1994	-2.1	N/A	N/A	-3.3	N/A	-8.1	2.7	N/A	-8.1	1.6	N/A	N/A	0.1
Number of persons employed (1000)	1990	1780.7	64.1	19.3	604.9	20.6	124.9	293.3	12.9	214.1	0.8	89.5	32.1	304.3
	1991	1759.1	63.9	18.9	601.0	20.0	124.3	289.1	13.7	214.7	1.1	88.7	27.7	296.0
	1992	1711.9	63.2	20.6	590.1	18.6	105.8	289.3	14.4	206.0	1.8	86.1	25.4	290.7
	1993	1653.6	60.9	20.9	562.9	18.4	100.2	285.1	14.9	197.0	1.9	82.8	23.0	285.4
	1994	1583.2	N/A	N/A	535.3	18.4	99.3	283.1	N/A	179.6	1.8	N/A	N/A	273.0
Number of persons employed Δ%	1990	-0.0	-3.8	-2.1	0.6	0.0	1.3	0.6	4.5	-0.7	-12.5	0.5	4.0	-1.5
	1991	-1.2	-0.3	-1.9	-0.6	-2.7	-0.5	-1.4	6.2	0.3	43.2	-0.9	-13.8	-2.7
	1992	-2.7	-1.2	8.8	-1.8	-7.1	-14.9	0.1	5.2	-4.0	67.6	-3.0	-8.3	-1.8
	1993	-3.4	-3.7	1.6	-4.6	-0.9	-5.2	-1.4	3.4	-4.4	1.5	-3.8	-9.1	-1.8
	1994	-4.3	N/A	N/A	-4.9	-0.4	-0.9	-0.7	N/A	-8.9	-3.0	N/A	N/A	-4.4
Number of persons employed share (%)	1990	100	3.6	1.1	34.0	1.2	7.0	16.5	0.7	12.0	0.0	5.0	1.8	17.1
	1991	100	3.6	1.1	34.2	1.1	7.1	16.4	0.8	12.2	0.1	5.0	1.6	16.8
	1992	100	3.7	1.2	34.5	1.1	6.2	16.9	0.8	12.0	0.1	5.0	1.5	17.0
	1993	100	3.7	1.3	34.0	1.1	6.1	17.2	0.9	11.9	0.1	5.0	1.4	17.3
	1994	100	N/A	N/A	33.8	1.2	6.3	17.9	N/A	11.3	0.1	N/A	N/A	17.2
Average labour unit cost (1000 ECU per capita)	1990	33.9	39.1	32.7	39.2	15.3	26.3	36.1	28.3	36.1	25.6	34.0	12.3	25.7
	1991	36.2	41.0	34.8	41.2	16.5	28.9	37.5	29.8	39.0	27.1	35.0	15.0	28.9
	1992	38.0	42.3	34.7	43.8	17.8	26.1	39.5	31.3	41.2	27.8	37.6	16.5	29.6
	1993	39.0	43.5	37.1	47.0	18.7	23.0	42.0	30.6	37.1	30.4	40.5	15.6	29.9
	1994	39.9	N/A	N/A	47.8	N/A	21.3	43.4	N/A	37.4	31.9	N/A	N/A	31.4
Average labour unit cost Δ%	1990	6.3	9.7	8.3	5.0	9.6	11.2	7.1	3.9	8.1	3.7	5.2	21.5	4.0
	1991	6.9	4.9	6.6	5.2	7.9	9.9	4.1	5.5	8.3	5.6	2.8	22.0	12.8
	1992	4.8	3.1	-0.5	6.3	7.9	-9.6	5.2	5.1	5.6	2.5	7.5	9.8	2.3
	1993	2.8	2.9	7.0	7.1	5.2	-11.9	6.4	-2.3	-10.1	9.6	7.8	-5.5	1.1
	1994	2.2	N/A	N/A	1.7	N/A	-7.2	3.4	N/A	0.8	4.8	N/A	N/A	4.7
Productivity Δ%	1990	-1.4	-6.8	-4.0	-0.7	10.6	1.8	0.3	3.5	0.5	12.8	-9.1	N/A	-3.3
	1991	1.2	0.2	7.5	3.9	-5.5	3.3	1.2	1.2	-0.9	-11.1	-8.4	N/A	-0.4
	1992	4.9	12.5	1.9	3.6	3.7	18.8	0.8	15.1	-1.2	-4.3	3.3	-1.3	7.0
	1993	5.2	0.1	1.0	4.9	3.1	8.1	4.0	15.3	0.4	N/A	13.3	-2.1	6.2
	1994	10.7	N/A	N/A	10.5	2.5	15.6	4.2	N/A	11.6	9.9	N/A	N/A	12.3

Source: Eurostat, DEBA (estimates in bold)

Chemical and man-made fibres (Nace 25 + 26)

External trade

mio ECU			EUR 12	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK
Exports	Extra-EU trade	1989	46308.9	2957.7	864.8	16918.9	146.6	1803.0	7007.2	1010.3	4476.9	3954.4	172.9	6995.2
		1990	45028.5	2864.1	841.3	16549.0	125.4	1866.0	6930.8	1023.7	4004.5	3825.6	209.4	6787.8
		1991	47795.2	3103.3	851.8	17783.2	134.7	2001.5	7194.0	1284.0	4060.8	3881.4	175.2	7325.2
		1992	50077.4	3394.5	987.5	18091.5	139.9	2025.5	7746.0	1543.5	4322.0	3949.3	176.2	7701.5
		1993	59227.9	4092.8	1543.1	21518.0	202.4	2188.0	8802.8	2029.7	4998.9	4541.6	196.3	9114.2
Imports	Extra-EU trade	1989	32666.2	2970.0	870.7	7759.1	367.1	1976.2	4747.5	433.5	4961.4	3690.0	338.6	4551.2
		1990	33870.1	3085.4	849.0	8061.8	387.8	2099.7	4910.9	448.5	4949.6	3763.6	372.1	4920.7
		1991	35568.5	3224.5	822.7	9077.4	463.7	2327.9	4861.5	554.7	5013.8	3789.4	399.9	5033.0
		1992	36854.8	3565.8	861.0	9134.2	469.9	2409.3	5067.1	555.6	5118.1	4159.1	416.9	5097.8
		1993	36179.3	3037.7	998.4	8954.4	554.2	1842.4	5339.3	751.9	5157.3	3723.9	414.7	5405.1

Source: Eurostat

The chemicals sector of the EU is able to boast a healthy trade surplus. Most of the surplus is derived from highly specialised production with a greater value-added (for example pharmaceuticals and refined chemicals). The only sector reporting a deficit in 1993 was the man-made fibres industry (109 million ECU - a considerable improvement on the deficit seen during the rest of the early nineties). The dollar exchange rate is of great importance to the industry as many basic chemicals prices are quoted in dollars - and inputs such as petroleum are also priced in dollar terms. Despite the strong export performance of the sector, the period 1989 to 1993 saw a gradual increase in the import penetration rate for the chemicals industry, rising from 11.9% to 13.7%. International comparisons showed that both the USA and Japan also recorded healthy trade surpluses for this industry.

There were spectacular gains in the EU's trading performance in the chemicals and man-made fibres industry in 1993. After recording a trade surplus of 13.2 billion ECU in 1992, the EU registered a surplus of 23 billion ECU in 1993. The increase in the surplus was due entirely to rising exports to third countries. Extra-EU exports rose from 50.1 billion ECU in 1992 to 59.2 billion ECU in 1993. Extra-EU imports remained almost constant at 36.2 billion ECU in 1993.

Fundamental to the encouraging figures was the German trade surplus which was equal to 16.8 billion ECU in 1993 (taking trade with the world as partner). A group of countries all reported trade surpluses of between two and three billion ECU in 1993, they were: the Netherlands, BLEU, the United Kingdom and Ireland. The southern European Member States all reported trade deficits for this sector, most notably Italy (approaching seven billion ECU in 1993).

With annual data only available to 1993, the extent of the strong performance of EU exports cannot be fully appreciated by looking at the data provided in the table above. However, data that was available for the first months of 1994 (extra-EU trade flows) showed that the growth in exports in 1993 was only the start of the phenomenon. Demand from the USA and Asia was still seen to continue to expand rapidly. Indeed, the EU reported a trade surplus of some 5.8 billion ECU in the first quarter of 1994.

At a more disaggregated level (data for the first quarter of 1994) it was interesting to note that the EU ran surpluses with the USA and Japan in basic chemicals and petrochemicals, whilst operating a deficit with respect to China and EFTA. The man-made fibres sector managed to record a surplus with China; whilst in the same sector there were large deficits with Japan and the USA.

4. RUBBER AND PLASTICS (NACE48)

- **Plastics sector quite resilient against the recession**
- **Tyre demand intrinsically linked to the new cars market**
- **Rubber industry dominated by several large multi-national concerns**
- **Increasing environmental legislation applied to the industry**
- **EU terms of trade fell by 1.2% per annum in the first quarter of 1994**
- **Capacity utilization equal to 83.3% in the final quarter of 1994**
- **2.1% increase in the production index in September 1994**
- **EU producer prices up by only 0.4% in September 1994**

4.1. SHORT-TERM INDICATORS

Rubber and plastics (Nace 48) Production, prices and capacity utilization

1990 = 100		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Index of Production	1993	91.4	100.7	100.5	77.3	88.2	95.3	96.9	N/A	98.4	82.4	95.0	N/A	100.7
	Φ	99.2	107.6	110.7	83.7	94.6	102.1	99.1	N/A	113.1	84.4	97.1	N/A	110.8
Growth rate (%)	1993	0.9	0.9	1.0	0.8	1.1	0.9	1.0	N/A	1.0	0.8	0.9	N/A	1.0
	Φ	2.1	5.5	1.1	3.4	-8.9	1.0	-1.3	N/A	7.2	2.7	2.2	N/A	1.5
Producer Price index	1993	105.2	99.5	97.4	103.6	143.0	106.7	100.9	101.7	109.9	96.1	102.2	N/A	110.4
	Φ	105.1	98.0	96.2	102.0	155.9	110.3	98.3	103.2	115.7	95.6	101.3	N/A	111.2
Growth rate (%)	1993	0.1	-4.0	-1.4	-1.0	9.7	1.0	-1.5	-3.6	3.2	-0.9	-0.7	N/A	2.1
	Φ	0.4	-0.1	0.9	-0.0	1.8	0.4	0.5	1.0	1.5	-0.5	0.3	N/A	0.4
Capacity	94.I	77.0	77.8	75.0	76.8	78.7	74.8	80.5	61.6	72.4	88.2	75.0	74.5	81.4
Utilization	94.II	78.5	81.3	79.0	78.8	75.5	73.7	80.8	66.5	73.0	84.5	N/A	76.0	84.3
Plastics	94.III	80.1	81.0	82.0	79.9	82.0	73.9	85.0	62.7	75.9	90.3	N/A	77.8	84.3
(%)	94.IV	81.3	79.8	80.0	81.8	83.0	73.0	85.4	61.7	77.8	80.8	N/A	78.5	86.0

Source: Eurostat

The latest data for September 1994 showed that there was a return in the EU to production levels above those of 1990, with the index reaching 99.2. There was a marked expansion on the data from a year before - in September 1993 the EU reported an index of 92.2. Indeed, at an individual Member State level there were large increases for all countries (with the exception of Greece) to September 1994 - compared to data from a year before (no data was available for Benelux or Italy for this period).

EU producer prices rose by a marginal amount in 1993, gaining 0.1% during the course of the year. Seven of the Member States reported declining producer prices in 1993 - they

were the Benelux countries, Denmark, Germany, Ireland and France. The largest decline was recorded in Belgium, where the annual decline was equal to 4.0%. There were moderate increases in the remaining Member States (with the exception of Greece, where the index reached 143.0).

Latest data available showed that prices continued at much the same level up to September 1994 as they had done in 1993. The EU index for September 1994 stood at 105.1 (compared to a figure of 105.0 in September 1993). However, most countries reported price indexes above 1993 levels - the European figure being strongly influenced by the German

and French data (102.0 and 98.3 in September 1994), where prices remained depressed.

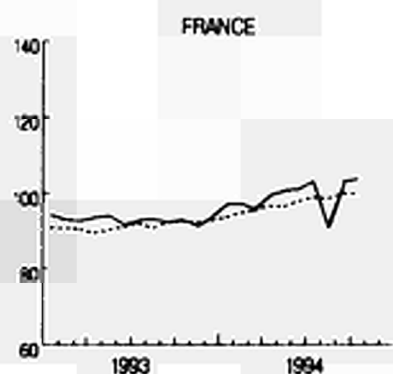
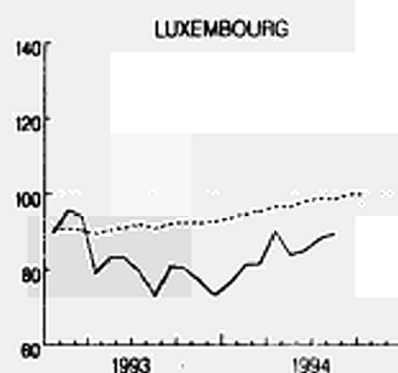
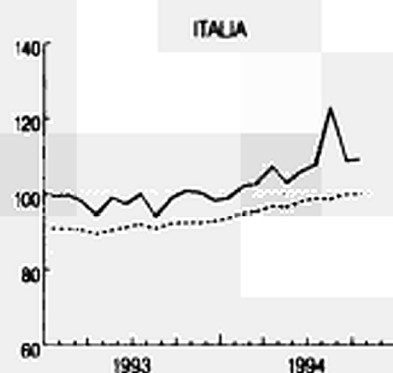
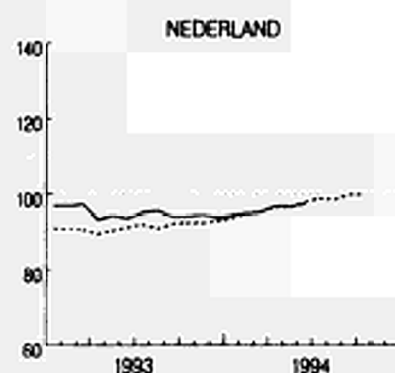
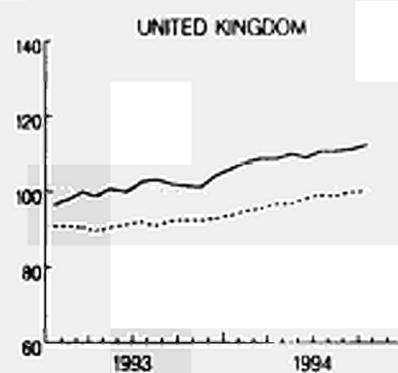
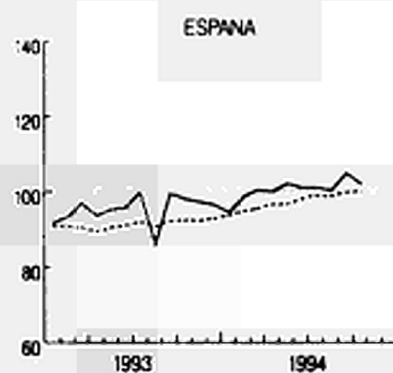
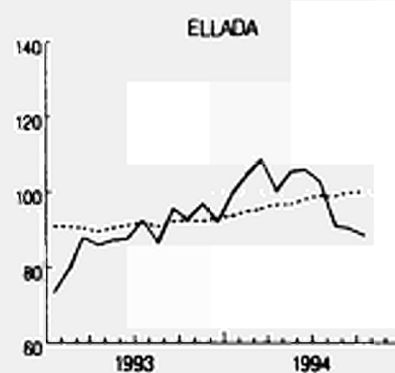
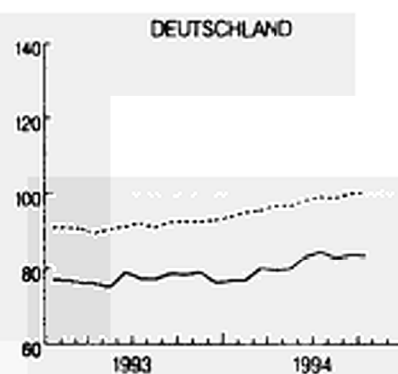
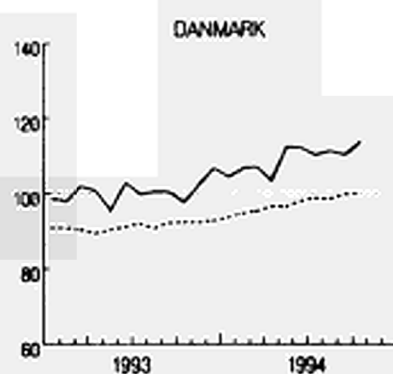
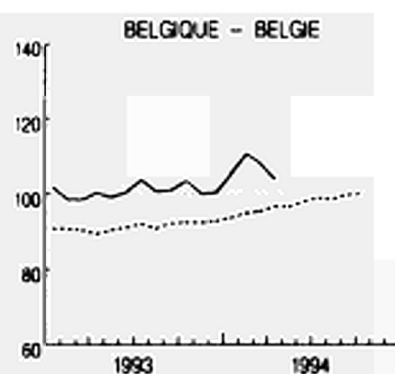
Capacity utilization data for the rubber industry showed that the utilization rates were increasing at a rapid rate in the sector towards the end of 1994, rising from a rate of 75.8% in the fourth quarter of 1993 to 83.3% in the final quarter of 1994 (estimated). Nevertheless, there was a decline in the rate when compared with the third quarter of 1994 (falling by 1.2 percentage points). Utilization was particularly high in Germany and Luxembourg (both over ninety per cent), as well as in Ireland and Denmark.

INDUSTRIELLE PRODUKTION

INDUSTRIAL PRODUCTION

PRODUCTION INDUSTRIELLE

NACE 480

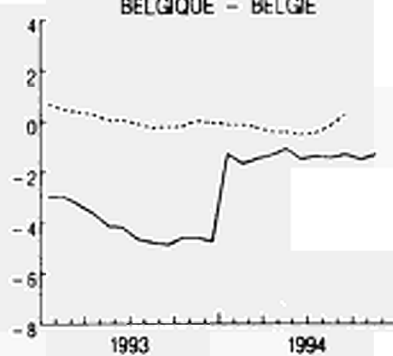


..... EUR 12

1990 = 100

ERZEUGERPREISINDEX
VERÄNDERUNGSRATE

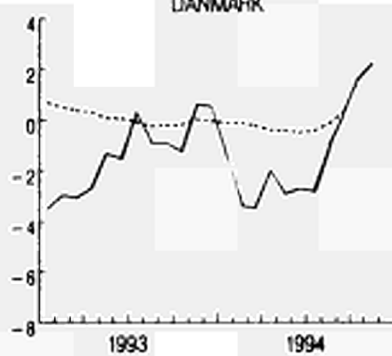
BELGIQUE - BELGIE



PRODUCER PRICE INDEX
GROWTH RATE

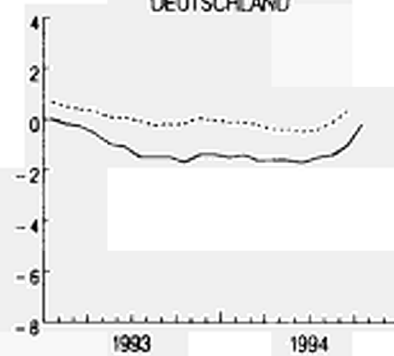
NACE 480

DANMARK

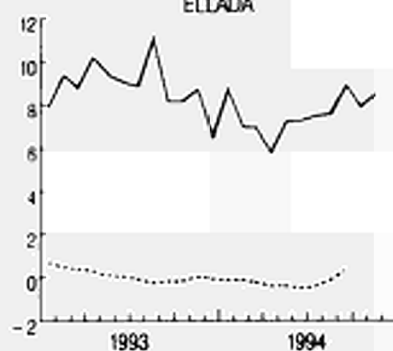


INDICE DES PRIX A LA PRODUCTION
TAUX DE VARIATION

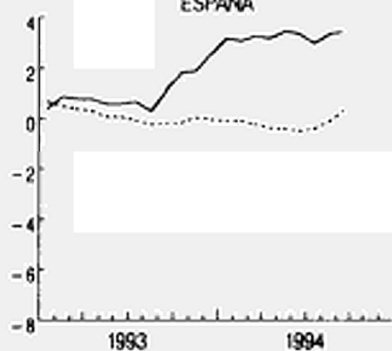
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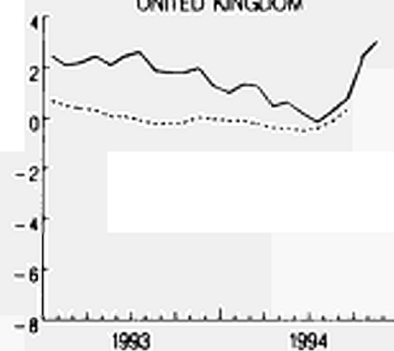
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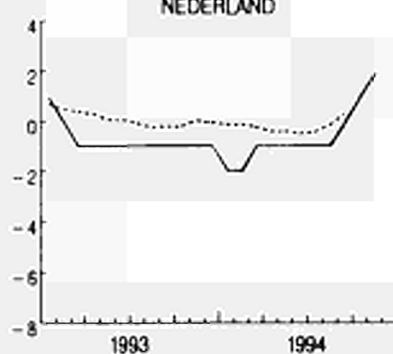
ESPAÑA



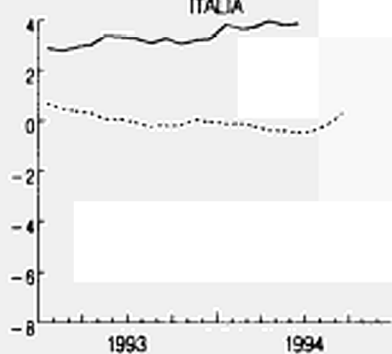
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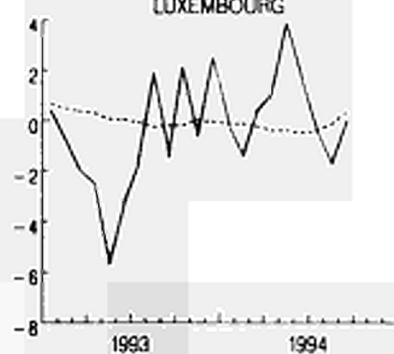
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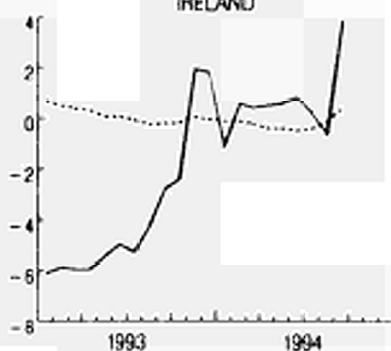
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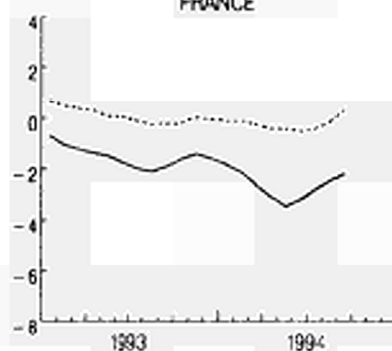
LUXEMBOURG



IRELAND



FRANCE



NACE 480

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

INDICATEURS COMMERCE EXTERIEUR

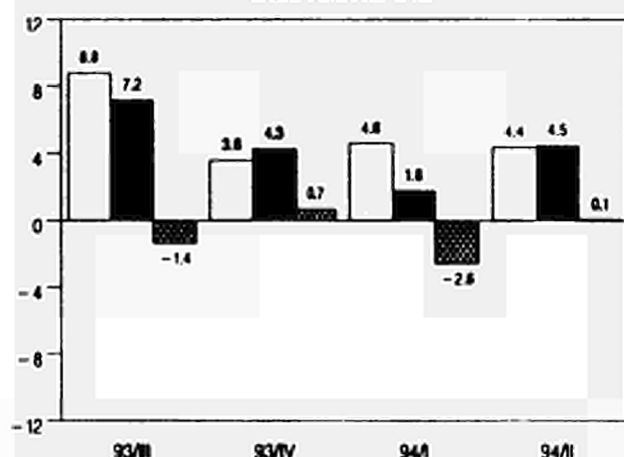
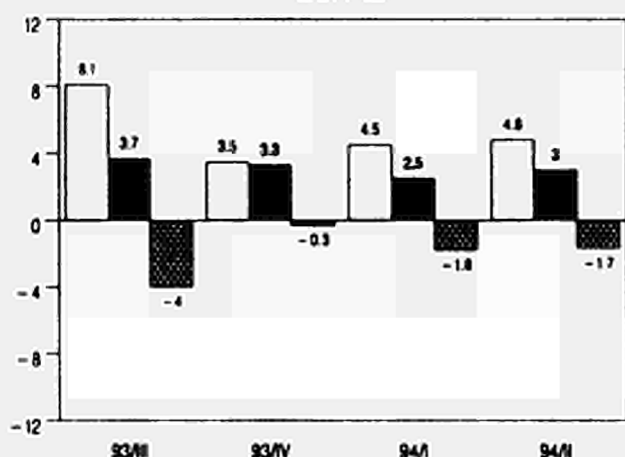
VERÄNDERUNGSRATE

GROWTH RATE

TAUX DE VARIATION

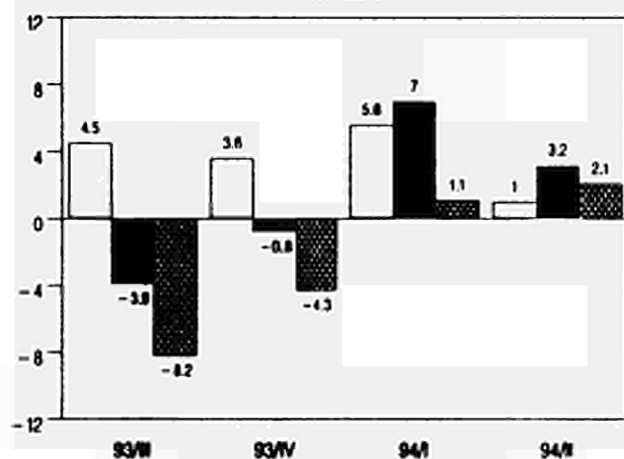
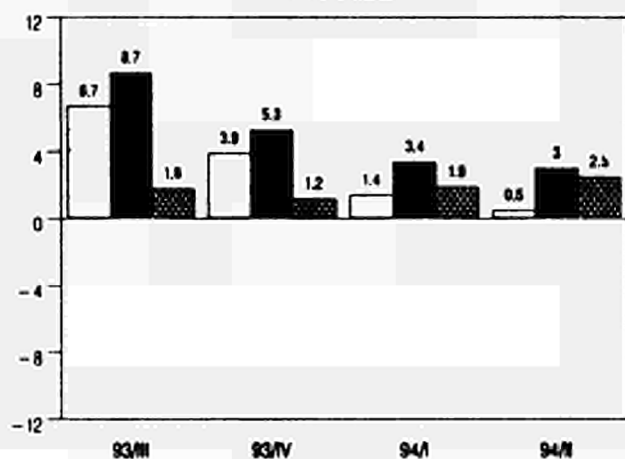
EUR 12

DEUTSCHLAND



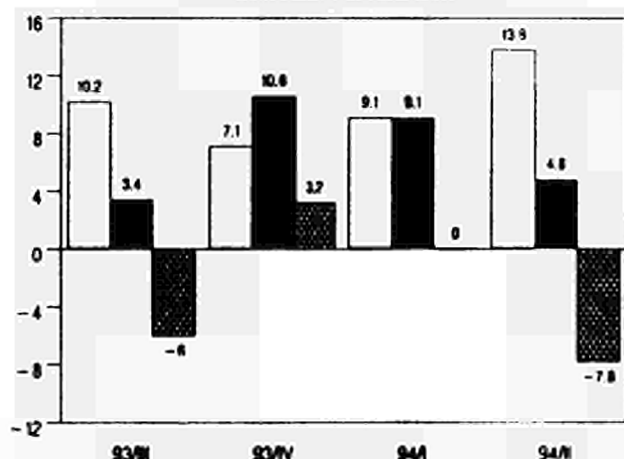
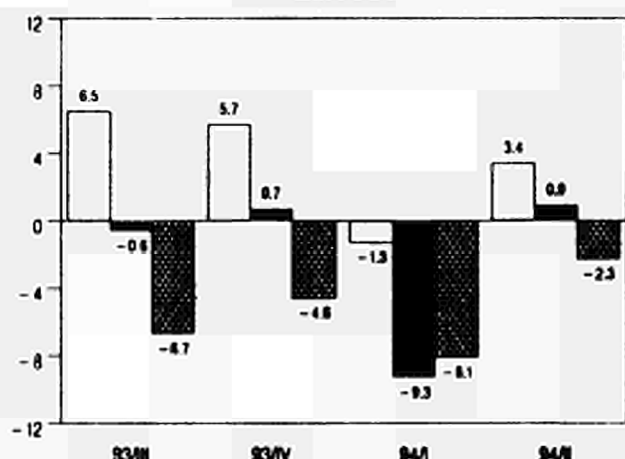
FRANCE

ITALIA



ESPAÑA

UNITED KINGDOM



	Einfuhr	Import	Importation
	Ausfuhr	Export	Exportation
	Austauschrelation	Terms of trade	Termes de l'échange

NACE 480

AUSSENHANDELSINDIKATOREN

EXTERNAL TRADE INDICATORS

INDICATEURS COMMERCE EXTERIEUR

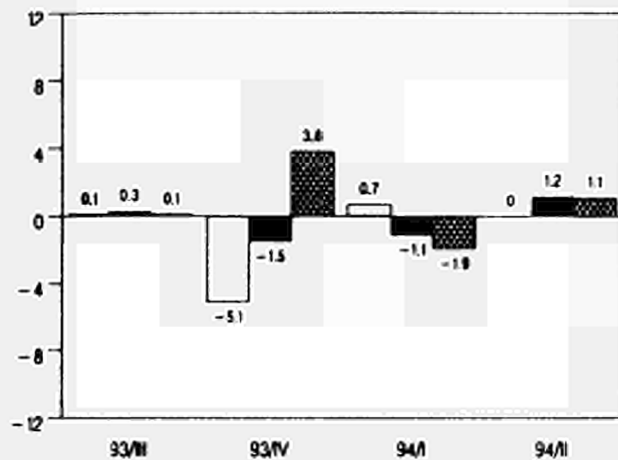
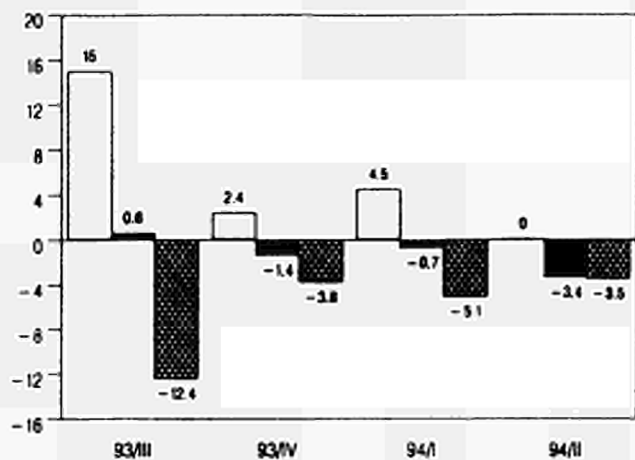
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GROWTH RATE

TAUX DE VARIATION

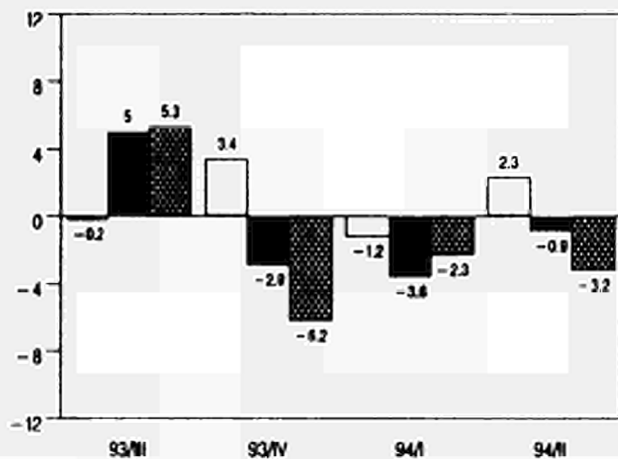
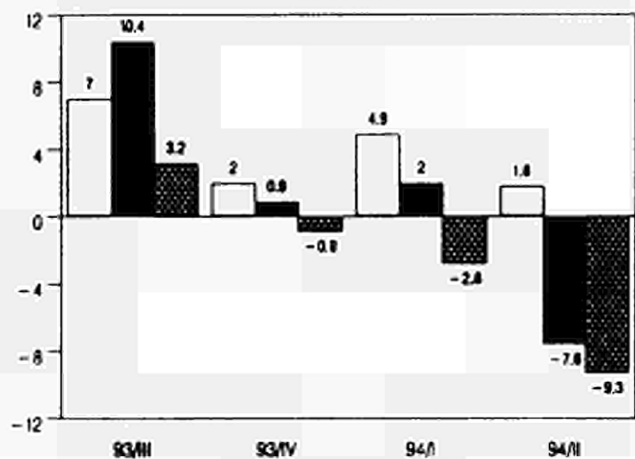
BELGIQUE – LUXEMBOURG

DANMARK



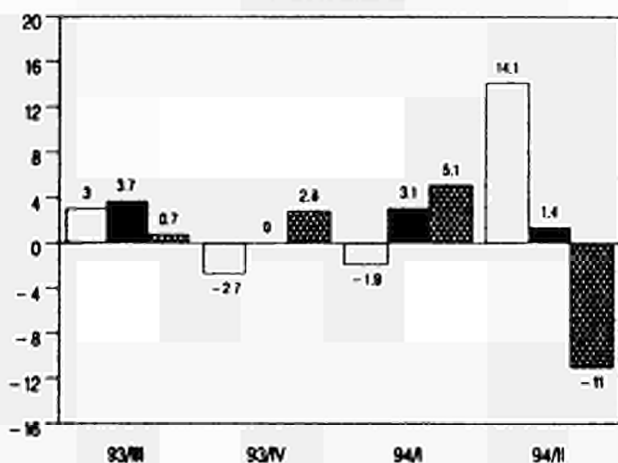
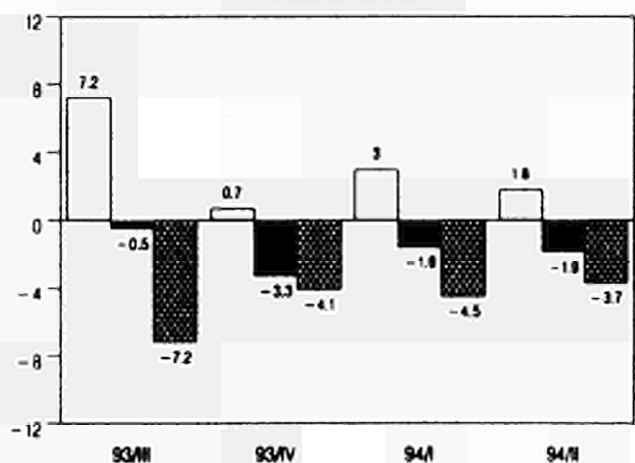
ELLADA

IRELAND



NEDERLAND

PORTUGAL



	Einfuhr	Import	Importation
	Ausfuhr	Export	Exportation
	Auslauschrelation	Terms of trade	Termes de l'échange

Rubber and plastics (Nace 48)

External trade indicators

1990 = 100			EUR12	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK
Exports	Volume	1993	110.9	113.5	92.5	108.8	225.9	101.0	98.7	119.6	124.6	139.1	89.9	111.8
		Φ	122.5	132.1	101.2	117.3	243.9	124.9	106.6	131.2	149.1	143.9	109.6	120.3
	Growth rate (%)	1993	6.7	11.7	-3.2	2.7	36.7	2.4	1.4	24.7	17.4	17.6	-18.4	9.3
		Φ	8.4	8.9	5.4	8.5	24.0	31.3	3.5	0.3	10.9	8.9	17.6	3.7
Value	1993	105.5	100.3	100.5	109.8	97.2	95.8	111.2	110.8	97.6	105.4	101.7	103.0	
		Φ	107.5	98.9	100.2	113.0	93.1	95.5	113.6	105.4	100.1	105.9	101.0	106.0
	Growth rate (%)	1993	2.2	0.8	0.3	4.5	2.7	-0.1	5.9	0.1	-3.8	1.8	-0.3	0.3
		Φ	2.9	-2.3	0.8	4.8	-3.0	-5.1	3.2	-1.3	4.9	-3.1	-3.6	3.7
Imports	Volume	1993	117.4	103.6	103.8	125.7	122.8	122.1	113.0	163.4	113.8	117.1	175.3	110.7
		Φ	136.6	127.7	113.7	142.4	124.7	153.9	135.9	182.2	141.3	135.4	175.4	129.0
	Growth rate (%)	1993	-0.4	-13.5	4.3	-0.1	3.4	-18.4	2.2	15.5	-6.7	-2.6	19.5	7.3
		Φ	11.0	11.0	12.7	8.9	-3.3	17.3	15.9	11.7	9.1	15.7	-4.3	14.9
Value	1993	107.1	107.3	102.5	109.8	108.0	104.4	108.9	99.9	100.9	110.1	91.8	104.7	
		Φ	110.7	110.1	104.8	111.3	114.0	104.3	109.2	106.6	103.6	113.4	101.8	114.9
	Growth rate (%)	1993	3.6	6.2	-1.0	4.9	3.4	4.0	4.6	-0.9	1.2	3.0	-2.1	2.9
		Φ	4.2	1.0	1.2	3.6	6.1	0.0	0.0	8.2	3.3	2.6	4.8	11.2
Terms of Trade	1993	98.5	93.4	98.0	100.0	90.0	91.7	102.1	110.9	96.7	95.7	110.7	98.3	
		Φ	97.1	89.9	95.6	101.4	81.6	91.5	103.9	98.9	96.6	93.3	99.1	92.2
	Growth rate (%)	1993	-1.4	-5.1	1.4	-0.3	-0.6	-4.0	1.2	1.1	-5.0	-1.2	1.7	-2.4
		Φ	-1.2	-3.2	-0.3	1.1	-8.6	-5.1	3.2	-8.8	1.6	-5.6	-8.5	-6.7

Source: Eurostat

External trade indexes for the extra-EU trade in the table above show that there was a surge in import volumes in this sector (rising by eleven per cent). This increase was particularly noticeable following the annual data for 1993, which reported a decline of 0.4% in the index. Otherwise, the latest data available continued to report similar trends to those that were displayed in 1993. For example, import values grew by 3.6% in 1993 - the latest data saw the index rising at an annual rate of 4.2%.

As regards exports, the EU volume index grew by 8.4% (with particularly large gains being registered in the southern Member States). Export

value growth was not as pronounced. Indeed, there was growth of 2.2% during 1993 - this rate changed very little into 1994, with growth of 2.9% per annum being reported for the latest data available. Export values were seen to rising fastest in the four largest European economies, with the following growth rates: Germany (4.8%), France (3.2%), Italy (4.9%) and the United Kingdom (3.7%).

Due to the generally modest growth in export values, there was a deterioration in the terms of trade for the majority of the Member States. At a Community level the terms of trade fell by 1.4% in 1993 - this pattern was repeated for the start of 1994 (with an

annual deterioration of 1.2% being recorded for the first quarter).

Indeed, only in Germany, France and Italy were terms of trade seen to be increasing in the first quarter of 1994. In addition, merely two of the Member States were able to report terms of trade above the levels seen in 1990 - they were Germany (101.4) and France (103.9) - data for the first quarter of 1994. Large declines in the terms of trade were reported in Greece, Ireland and Portugal (all greater than eight per cent per annum in the first quarter of 1994). This led to Greek terms of trade falling to 81.6 (BLEU terms of trade were also below ninety) - indexed values, 1990 = 100.

4.2. STRUCTURAL INDICATORS

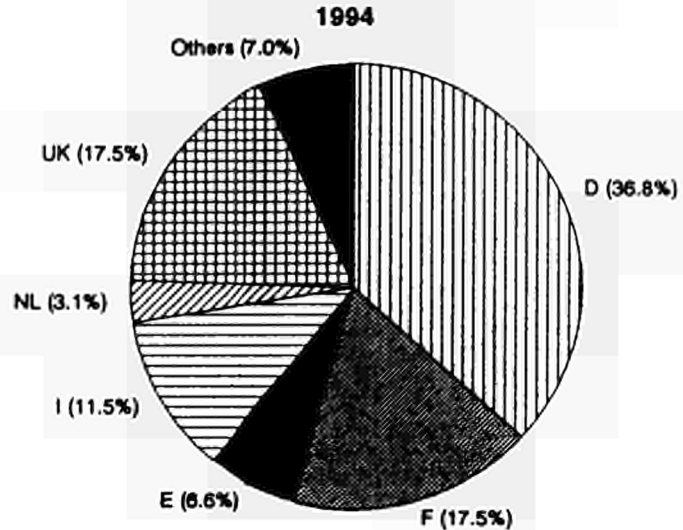
The rubber and plastics industries are composed of several distinct sub-sectors: the manufacture of tyres; the manufacture of industrial rubber products; the manufacture of standard plastics and the manufacture of technical plastics.

Demand for tyre production is closely linked to the development of the automotive industry. Hence, during the recent recession, when consumer demand for cars was markedly reduced, the tyre sector suffered accordingly. Demand for plastics is related to packaging, building materials, electrical goods, automotive components and furniture markets.

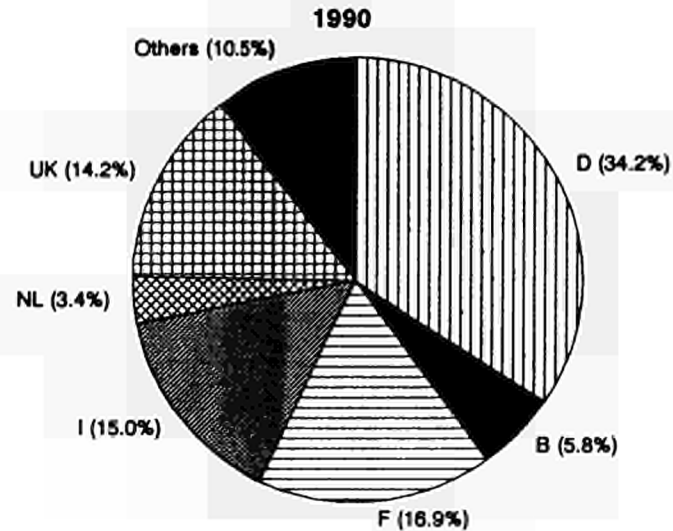
During the early nineties, market demand for certain plastics was depressed, with prices and margins lowered. This was particularly true in the case of polymer producers, where depressed demand, over capacity and increased foreign competition led to increased pressure on European producers. Despite lower input prices (due partly to the low oil prices seen between 1990 and 1993), European plastics producers were unable to realise increased profits, as they encountered customers expecting higher quality supplies at low prices. Hence, both the rubber and plastics industries experienced a period of rationalisation during the recession period. This was particularly the case for the rubber industry.

Indeed, economic activity plays a large role in determining demand for rubber products. When economic activity is high, demand for new cars increases and hence the original equipment (OE) tyre market expands.

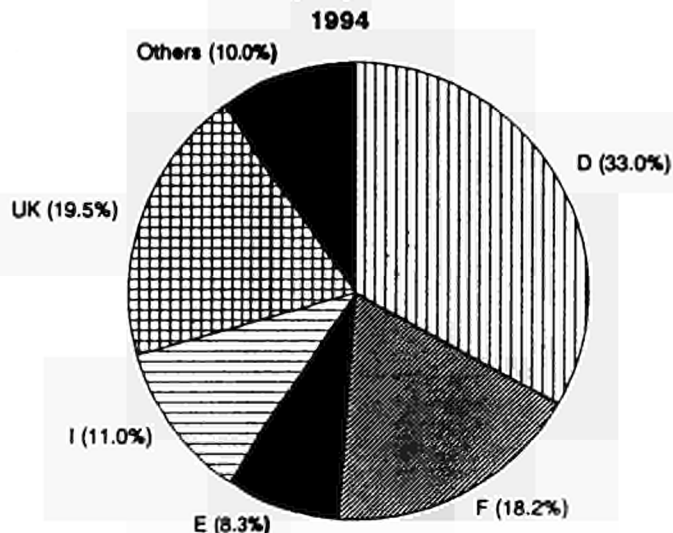
Value added at factor cost



Investment



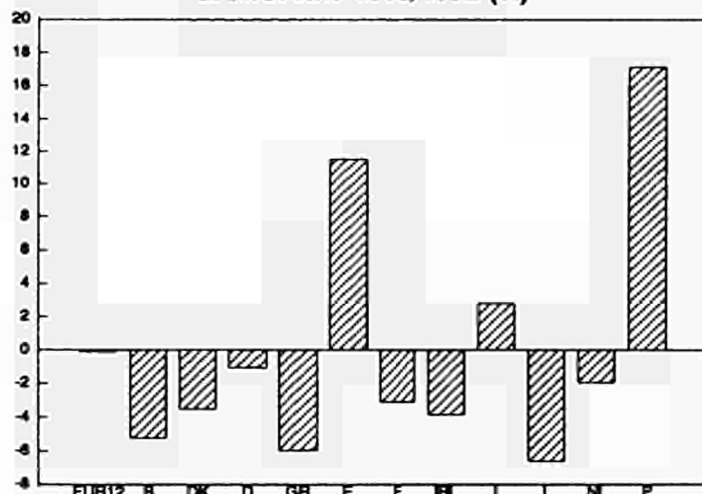
Employment



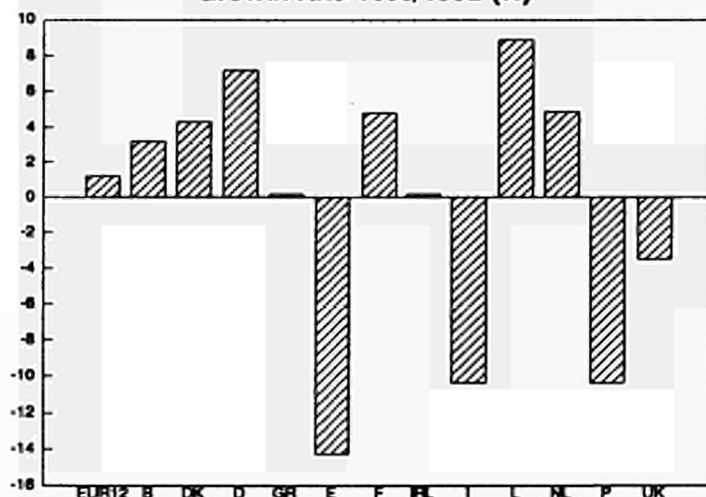
Nevertheless, this market is characterised by having a highly competitive nature due to the low number of customers (the major car firms). In periods of recession, the end-customer is more likely to keep the same car, resulting in a stronger demand for retreaded tyres. Nevertheless, depressed economic activity also results in reduced annual mileage (both commercially and privately). New technology, the pressure from the major car manufacturers and environmental concerns have led to the production of far more developed tyres, doubling mileage warranties over the past few years - leading to increased rationalisation. This has been made easier due to the fact that the sector is dominated by a few major multi-national concerns (American, Japanese and European). The tyre market was characterised by over-capacity, leading to downward pressure on prices. This phenomenon was reinforced by the new plant being introduced in south-east Asia

The remainder of the rubber sector (which accounts for around 40% of the market) has faced competition in recent years from products which may be substituted for rubber: such as plastics, metals and composites that have been developed to cater for specific demand. The market offers less opportunities in terms of taking advantage of economies of scale than the tyre market, due to the diverse and technical nature of demand. This means that competition is normally not as intense (especially regarding price). Furthermore, the globalised procurement policies seen in the tyre sector are not as common in the remainder of the rubber sector (as there is a far greater need for co-operation and consult-

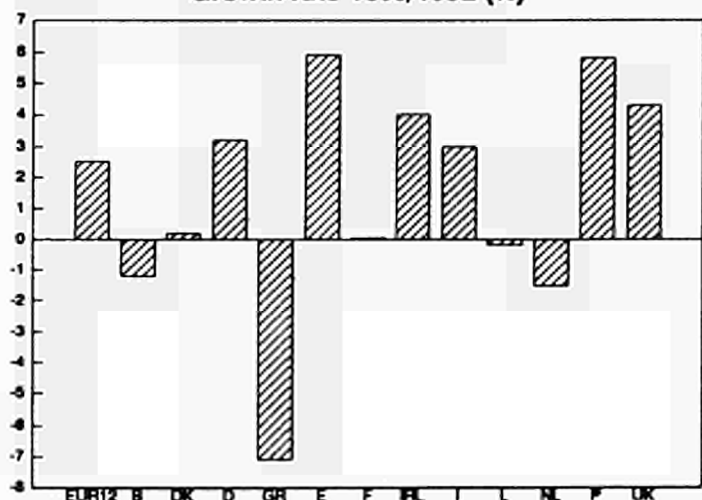
Profitability
Growth rate 1993/1992 (%)



Average labour unit cost
Growth rate 1993/1992 (%)



Productivity
Growth rate 1993/1992 (%)



ation between the customer and supplier).

In Europe, investment has been concentrated on improving production techniques and creating more specialised, high value-added products.

One of the major concerns of the rubber industry is the environmental protection legislation. There is pressure regarding recycling, incineration and the disposal of scrap tyres. Retreaded tyres answered many of the complaints the industry faced - nevertheless, there is a continued effort to find an ecologically viable method of incinerating tyres.

As regards the plastics processing sector there has also been increased competition from south-east Asia and Latin America. The industry is closely linked to the chemicals industry, with many firms vertically integrated from the petrochemicals sector through to final consumer products that have been moulded in plastics. The plastics sector faced less severe problems from the recession - indeed, it was one of the most successful industries, with output values increasing every year, except 1993. Plastics processing encompasses products from mass-produced injection

mouldings to packaging films to automotive components. Hence, demand is spread across practically every other manufacturing sector as there is a capability for almost all sectors to use plastics components somewhere in their production process. Demand therefore ranges from investment goods through to finished consumer goods. The market may be subdivided into five important categories: packaging, building components, the electrical sector, the transport sector and other markets (leisure, toys, garden furniture etc.). With the exception of the last group (consumer goods) the other markets are components used in the production of finished products.

The plastics industry is not dominated by a few multinational players. Rather, there are a large number of small and medium-sized enterprises in this sector. European producers employ highly advanced technology that adapts well to the constantly changing demand of consumer products. This is another reason why the sector endured the recession better than others. In common with the rubber sector, the plastics industry also faced increased environmental legislation. As yet, the industry has not fully satisfied its detractors. How-

ever, by limiting packaging and introducing degradable plastics the sector has gone some way to meeting this demand.

The aggregated data on the rubber and plastics industry hides the different fortunes of these two distinct sectors. The plastics industry increased its share of the aggregated output over the past decade, such that by 1994 it was fast approaching eighty per cent of production in value. Production in value in 1994 stood at 823 billion ECU compared to 275 billion ECU for the rubber sector. Employment levels in the rubber sector have fallen quite dramatically in recent years from 358 thousand employees in 1989 to only 298 thousand in 1994. However, in the plastics sector employment peaked as late as 1991 (at 1.14 million) to since fall to 1.05 million in 1994.

Taking both industries together, German output was the largest in 1994, equal to 37.9 billion ECU. France followed (with 20.2 billion ECU) then the United Kingdom and Italy. France and Italy were more specialised in the rubber sector, whilst Germany and the United Kingdom were more specialised in the plastics sector.

Rubber and plastics (Nace 48)

Value added, turnover and investment

		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Gross	1990	38907.9	1106.1	641.3	13857.8	146.8	3107.2	6333.5	249.6	5358.5	241.6	1246.7	219.5	6399.3
Value-added	1991	41876.7	1204.7	664.6	15038.7	144.4	3428.9	7255.3	269.0	5684.2	233.9	1309.5	228.0	6415.5
at factor cost	1992	42660.2	1329.3	747.1	15394.3	161.5	3358.1	7312.5	292.8	5353.5	260.6	1361.3	238.4	6850.8
(mio ECU)	1993	41215.3	1200.0	734.3	15419.6	149.1	2833.9	7262.8	277.9	4704.7	257.4	1334.0	218.5	6823.1
	1994	43465.7	N/A	795.9	15976.3	174.1	2868.4	7592.1	295.2	4986.0	277.8	1369.0	240.9	7590.2
Gross	1990	7.0	18.2	11.0	12.8	-2.8	9.6	0.7	3.3	5.3	-2.7	11.2	-100	0.6
Value-added	1991	7.6	8.9	3.6	8.5	-1.6	10.4	14.6	7.8	6.1	-3.2	5.0	3.9	0.3
at factor cost	1992	1.9	10.3	12.4	2.4	11.8	-2.1	0.8	8.8	-5.8	11.4	4.0	4.6	6.8
Δ%	1993	-3.4	-9.7	-1.7	0.2	-7.7	-15.6	-0.7	-5.1	-12.1	-1.2	-2.0	-8.3	-0.4
	1994	5.5	N/A	6.4	3.6	16.8	1.2	4.5	6.2	6.0	7.9	2.6	10.3	11.2
Gross	1990	100	2.8	1.6	35.6	0.4	6.0	16.3	0.6	13.6	0.6	3.2	0.6	16.4
Value-added	1991	100	2.9	1.6	35.9	0.3	8.2	17.3	0.6	13.6	0.6	3.1	0.5	15.3
at factor cost	1992	100	3.1	1.8	36.1	0.4	7.9	17.1	0.7	12.5	0.6	3.2	0.6	16.1
share (%)	1993	100	2.9	1.8	37.4	0.4	6.9	17.6	0.7	11.4	0.6	3.2	0.5	16.6
	1994	100	N/A	1.8	36.8	0.4	6.6	17.5	0.7	11.5	0.6	3.1	0.6	17.5
Turnover	1990	109306.9	3556.6	1556.3	36817.7	618.4	7915.4	18779.6	672.6	17357.9	757.6	3917.5	781.8	16575.5
(mio ECU)	1991	114537.7	3671.0	1603.2	40122.2	611.6	8275.6	19582.2	742.4	17742.4	734.8	4072.6	767.6	16612.1
	1992	116398.5	4061.9	1703.6	41175.4	622.9	8063.2	20232.6	802.8	16813.7	819.9	4137.8	821.6	17123.1
	1993	111732.6	3690.0	1668.1	40181.1	613.7	6775.7	20370.3	759.2	14797.4	811.1	4173.9	756.6	17135.5
	1994	117825.5	N/A	1796.9	41614.6	717.4	6784.9	21265.2	802.8	15688.2	876.6	4365.6	843.7	19062.4
Turnover	1990	7.4	18.6	7.5	12.1	4.8	9.8	4.9	0.1	6.8	-2.5	8.8	-100	-1.4
Δ%	1991	4.8	3.2	3.0	9.0	-1.1	4.6	4.3	10.4	2.2	-3.0	4.0	-1.8	0.2
	1992	1.6	10.6	6.3	2.6	1.8	-2.3	3.3	8.1	-5.2	11.6	1.6	7.0	3.1
	1993	-4.0	-9.2	-2.1	-2.4	-1.5	-16.2	0.7	-5.4	-12.0	-1.1	0.9	-7.9	0.1
	1994	5.5	N/A	7.7	3.6	16.9	0.1	4.4	5.7	6.0	8.1	4.6	11.5	11.2
Turnover	1990	100	3.3	1.4	33.7	0.6	7.2	17.2	0.6	15.9	0.7	3.6	0.7	15.2
share (%)	1991	100	3.2	1.4	35.0	0.5	7.2	17.1	0.6	15.5	0.6	3.6	0.7	14.5
	1992	100	3.5	1.5	35.4	0.5	6.9	17.4	0.7	14.4	0.7	3.6	0.7	14.7
	1993	100	3.3	1.5	36.0	0.5	6.1	18.2	0.7	13.2	0.7	3.7	0.7	15.3
	1994	100	N/A	1.5	35.3	0.6	5.8	18.0	0.7	13.3	0.7	3.7	0.7	16.2
Total	1989	6496.5	293.3	101.0	2003.0	N/A	29.5	1067.2	35.6	1053.3	37.9	306.6	58.5	1143.3
investment	1990	7027.5	407.6	110.5	2401.4	60.8	44.8	1190.5	61.1	1054.4	30.3	235.9	N/A	906.9
(mio ECU)	1991	N/A	497.5	140.3	2449.5	65.9	40.6	1007.0	N/A	1066.7	N/A	226.5	N/A	852.9
	1992	N/A	516.1	114.4	2350.5	N/A	30.0	1022.7	N/A	N/A	N/A	239.4	N/A	916.6
	1993	N/A	382.4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	927.0
Total	1989	15.5	7.9	-6.7	12.8	N/A	13.9	20.2	-4.0	5.8	29.4	56.4	212.8	15.1
investment	1990	8.2	39.0	9.4	19.9	N/A	51.9	11.6	71.6	0.1	-20.1	-23.6	N/A	-12.8
Δ%	1991	N/A	22.1	27.0	2.0	8.4	-9.4	-15.4	N/A	3.1	N/A	-4.0	N/A	-14.4
	1992	N/A	3.7	-18.5	-4.0	N/A	-26.1	1.6	N/A	N/A	N/A	5.7	N/A	7.5
	1993	N/A	-25.9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.1
Total	1989	100	4.5	1.6	30.8	N/A	0.5	16.4	0.5	16.2	0.6	4.8	0.9	17.6
investment	1990	100	5.8	1.6	34.2	0.9	0.6	16.9	0.9	15.0	0.4	3.4	N/A	14.2

Source: Eurostat, DEBA (estimates in bold).

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

Rubber and plastics (Nace 48)
Employment, labour cost and productivity

		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Labour cost (mio ECU)	1990	27249.8	719.0	423.6	10322.8	112.3	1980.0	4783.6	160.6	3651.4	132.3	785.7	133.9	4044.6
	1991	28822.1	751.0	437.0	11053.2	109.3	2089.2	5011.9	173.0	3865.7	141.2	838.8	143.5	4208.3
	1992	29973.2	774.1	474.1	11742.9	110.6	2074.0	5265.1	185.8	3840.2	151.0	900.9	135.1	4319.4
	1993	28959.8	737.5	483.0	11888.5	108.6	1569.9	5395.5	183.4	3283.2	159.7	900.7	105.7	4144.1
	1994	29093.4	N/A	N/A	11973.8	N/A	1417.3	5511.4	N/A	3088.8	160.4	N/A	N/A	4351.1
Labour cost Δ%	1990	10.1	22.8	8.8	13.5	10.2	20.3	7.2	13.4	7.7	5.5	9.8	12.8	1.6
	1991	5.8	4.5	3.2	7.1	-2.7	5.5	4.8	7.7	5.9	6.7	6.8	7.2	4.0
	1992	4.0	3.1	8.5	6.2	1.2	-0.7	5.1	7.4	-0.7	6.9	7.4	-5.9	2.6
	1993	-3.4	-4.7	1.9	1.2	-1.8	-24.3	2.5	-1.3	-14.5	5.8	-0.0	-21.8	-4.1
	1994	0.5	N/A	N/A	0.7	N/A	-9.7	2.1	N/A	-5.9	0.4	N/A	N/A	5.0
Number of persons employed (1000)	1990	1138.7	25.9	15.7	383.8	9.2	99.4	192.4	8.2	137.5	4.3	31.3	18.8	212.1
	1991	1139.7	25.7	15.7	395.0	8.5	99.8	195.4	8.6	135.8	4.3	32.1	17.6	201.0
	1992	1117.8	25.8	16.2	383.7	8.3	97.6	195.5	8.5	129.7	4.2	32.7	15.7	200.1
	1993	1067.5	23.8	15.8	362.5	8.1	86.3	191.1	8.3	123.8	4.1	31.1	13.7	198.9
	1994	1050.4	N/A	N/A	346.8	10.1	86.7	191.1	N/A	115.6	3.9	N/A	N/A	204.3
Number of persons employed Δ%	1990	3.6	11.6	1.6	7.4	5.2	8.2	0.5	4.7	1.1	-0.8	7.3	-1.1	-1.3
	1991	0.1	-0.6	0.0	2.9	-7.9	0.4	1.6	4.3	-1.2	-0.9	2.8	-6.5	-5.2
	1992	-1.9	0.1	3.2	-2.9	-2.8	-2.2	0.1	-1.5	-4.5	-3.0	1.7	-10.7	-0.5
	1993	-4.5	-7.7	-2.3	-5.5	-2.0	-11.7	-2.3	-1.5	-4.5	-2.9	-4.7	-12.7	-0.6
	1994	-1.6	N/A	N/A	-4.3	24.6	0.5	0.0	N/A	-6.7	-4.2	N/A	N/A	2.7
Number of persons employed share (%)	1990	100	2.3	1.4	33.7	0.8	8.7	16.9	0.7	12.1	0.4	2.7	1.7	18.6
	1991	100	2.3	1.4	34.7	0.7	8.8	17.1	0.8	11.9	0.4	2.8	1.5	17.6
	1992	100	2.3	1.5	34.3	0.7	8.7	17.5	0.8	11.6	0.4	2.9	1.4	17.9
	1993	100	2.2	1.5	34.0	0.8	8.1	17.9	0.8	11.6	0.4	2.9	1.3	18.6
	1994	100	N/A	N/A	33.0	1.0	8.3	18.2	N/A	11.0	0.4	N/A	N/A	19.5
Average labour unit cost (1000 ECU per capita)	1990	23.9	27.8	27.0	26.9	12.2	19.9	24.9	19.5	26.6	30.4	25.1	7.1	19.1
	1991	25.3	29.2	27.8	28.0	12.9	20.9	25.7	20.2	28.5	32.8	28.1	8.1	20.9
	1992	26.8	30.1	29.2	30.6	13.4	21.2	26.9	22.0	29.6	36.2	27.6	8.6	21.6
	1993	27.1	31.0	30.5	32.8	13.4	18.2	28.2	22.0	26.5	39.4	28.9	7.7	20.8
	1994	27.7	N/A	N/A	34.5	N/A	16.4	28.8	N/A	26.7	41.3	N/A	N/A	21.3
Average labour unit cost Δ%	1990	6.3	10.0	7.1	5.7	4.7	11.2	6.7	8.3	6.5	6.4	2.3	14.1	2.9
	1991	5.7	5.1	3.1	4.0	5.7	5.1	3.2	3.3	7.2	7.7	3.8	14.6	9.8
	1992	6.0	3.0	5.1	9.4	4.1	1.5	5.0	9.0	4.1	10.3	5.6	5.4	3.1
	1993	1.2	3.2	4.3	7.2	0.2	-14.3	4.8	0.2	-10.4	8.9	4.9	-10.4	-3.5
	1994	2.1	N/A	N/A	5.3	N/A	-10.2	2.1	N/A	0.8	4.8	N/A	N/A	2.2
Productivity Δ%	1990	1.8	0.2	3.6	3.1	-7.0	-1.6	-2.9	-4.1	3.2	-2.5	2.0	N/A	3.1
	1991	3.5	6.1	3.9	1.4	0.6	6.4	10.6	-2.3	4.1	-2.2	0.0	-1.7	-2.3
	1992	2.8	7.9	11.8	2.7	14.4	1.5	-1.4	9.1	-0.5	16.0	0.0	5.2	10.2
	1993	2.5	-1.2	0.2	3.2	-7.1	5.9	0.0	4.0	3.0	-0.2	-1.5	5.8	4.3
	1994	7.2	N/A	N/A	5.9	-6.5	4.2	8.4	N/A	12.5	11.4	N/A	N/A	7.4

Source: Eurostat, DEBA (estimates in bold)

Rubber and plastics (Nace 48)

External trade

mio ECU			EUR 12	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK
Exports	Extra-EU trade	1989	10576.6	551.6	472.0	3880.6	32.2	591.8	1506.2	79.5	1520.1	541.2	47.8	1353.0
		1990	10497.6	550.1	476.9	3921.9	34.3	552.5	1447.4	68.6	1464.5	576.3	50.8	1353.8
		1991	10731.0	527.9	452.5	4140.4	38.3	550.1	1449.0	71.3	1480.5	590.9	46.7	1383.4
		1992	11256.2	556.2	454.6	4360.1	53.7	523.6	1478.8	72.8	1577.9	705.0	54.9	1418.5
		1993	12307.2	626.9	442.5	4702.2	76.4	536.5	1589.3	91.4	1782.6	856.3	45.1	1558.2
Imports	Extra-EU trade	1989	6971.9	459.0	289.0	2190.6	87.4	182.1	854.2	91.3	670.8	586.2	42.2	1518.7
		1990	7343.7	480.7	291.5	2400.6	85.9	207.6	900.7	90.2	672.4	664.9	48.1	1500.6
		1991	8257.3	535.9	302.5	2892.7	99.9	255.5	987.2	102.7	733.1	777.3	57.0	1513.5
		1992	8938.9	582.5	300.1	3163.1	103.7	314.5	1035.3	128.8	818.3	854.2	65.0	1573.4
		1993	9274.7	536.1	310.4	3313.9	115.0	267.1	1110.3	147.6	783.3	875.5	76.9	1738.4

Source: Eurostat

The rubber and plastics industries have faced increasing competition from foreign producers. Whilst the import penetration rates of the plastics sector increased slowly over the past ten years, the rubber sector showed a more dramatic increase in its import penetration ratio. Overall, the aggregated figures showed the import penetration ratio reaching 9.2% in 1993.

International comparison showed the USA recording a deficit of some 2.9 billion ECU in 1992, whilst Japan registered a 4 billion ECU surplus in 1993.

The value of imports of plastics of products increased far faster than the increase in the value of exports. Yet, imports from the USA, Japan and EFTA countries decreased from the mid-eighties through to 1993 - being replaced by imports from the emerging economies of south-east Asia. EU producers, although finding it difficult to export to third countries, did see intra-EU trade growing at a rapid pace. Due to the high cost of trans-

porting finished items it was not surprising to see EFTA countries taking around 40% of all EU exports.

In the rubber sector, exports displayed a cyclical tendency linked to general economic activity: growth in the global economy, leading to increased rubber exports. Imports into the EU grew at quite a steady pace. Japanese imports have grown significantly in recent years (overtaking EFTA as the main importer into the EU). Malaysian imports into the EU were also seen to be growing rapidly. In contrast, the EU failed to export a significant amount to Japan - rather, EU exports were destined for EFTA, the USA and OPEC countries.

Nevertheless, the industry was able to display a trade surplus in 1993 of 3.0 billion ECU, a marked improvement on the 1992 figure. Hence, 1993 showed a resurgence in EU trading performance with a 0.7 billion ECU improvement in the surplus.

In terms of World-EU trade performance the growth in the Italian surplus, witnessed for several years, continued. The Italian surplus grew to 2.7 billion ECU in 1993 - just ahead of the German surplus, which was equal to 2.6 billion ECU in 1993. The French industry turned a deficit (which had reached 506 million ECU in 1990) into an 87 million ECU surplus by 1993. Deficits were recorded in the Netherlands (77 million ECU), the United Kingdom (642 million ECU), Ireland (119 million ECU), Spain (32 million ECU), Portugal (310 million ECU) and Greece (414 million ECU).

At a more disaggregated level the EU surplus in the plastics sector was equal to 2.2 billion ECU in 1993. The rubber sector reported a surplus of some 850 million ECU in 1993 (up by 287 million ECU on the 1992 figure). Nevertheless, this hid the fact that in the last boom period, the rubber sector was able to record a surplus of 1.3 billion ECU (in 1989), which declined during the recession to 563 million ECU in 1992.

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. 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 EU 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
1990 = 100:	reference year
Φ:	moving average
	External trade indicators: 07/08/09.93 (Partner: Extra-EU)
Δ:	growth rate

Methodological notes 1.95

Nace 1-4: Index of production

Φ = 7/8/9.94: IRL, L = 6/7/8.94, B = 2/3/4.94

Growth rate moving average: change in % for three months compared with previous three months (seasonally adjusted)
3 months ending 9.94

Nace 1-4: Producer Price Index

Φ = 7/8/9.94: Consumer non durables: EUR 12, IRL = 1/2/3.94

F = 4/5/6.94, I = 3/4/5.94, L = 5/6/7.94, UK = 6/7/8.94

Growth rate moving average: change in % for three months compared with previous three months
3 months ending 9.94

Chapter 3.1 Short-term indicators (Nace 25 + 26)

Index of production

Φ = 7/8/9.94, IRL, L, NL, P = 6/7/8.94, B = 2/3/4.94

Growth rate moving average: change in % for three months compared with previous three months (seasonally adjusted)
3 months ending 9.94

Producer price index

Φ = 7/8/9.94

Growth rate moving average: change in % for three months compared with previous three months
3 months ending 09.94

Chapter 4.1 Short-term indicators (Nace 48)

Index of production

Φ = 7/8/9.94, L = 6/7/8.94, NL = 4/5/6.94, B = 2/3/4.94

Growth rate moving average: change in % for three months compared with previous three months (seasonally adjusted)
3 months ending 9.94

Producer price index

Φ = 7/8/9.94

Growth rate moving average: change in % for three months compared with previous three months
3 months ending 9.94

External trade indicators

Φ = 10/11/12.93

Growth rate moving average: change in % for three months compared with the same period of the previous year: 3 months ending 12.93

Graphs

Consumer goods: Non durable consumer goods

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