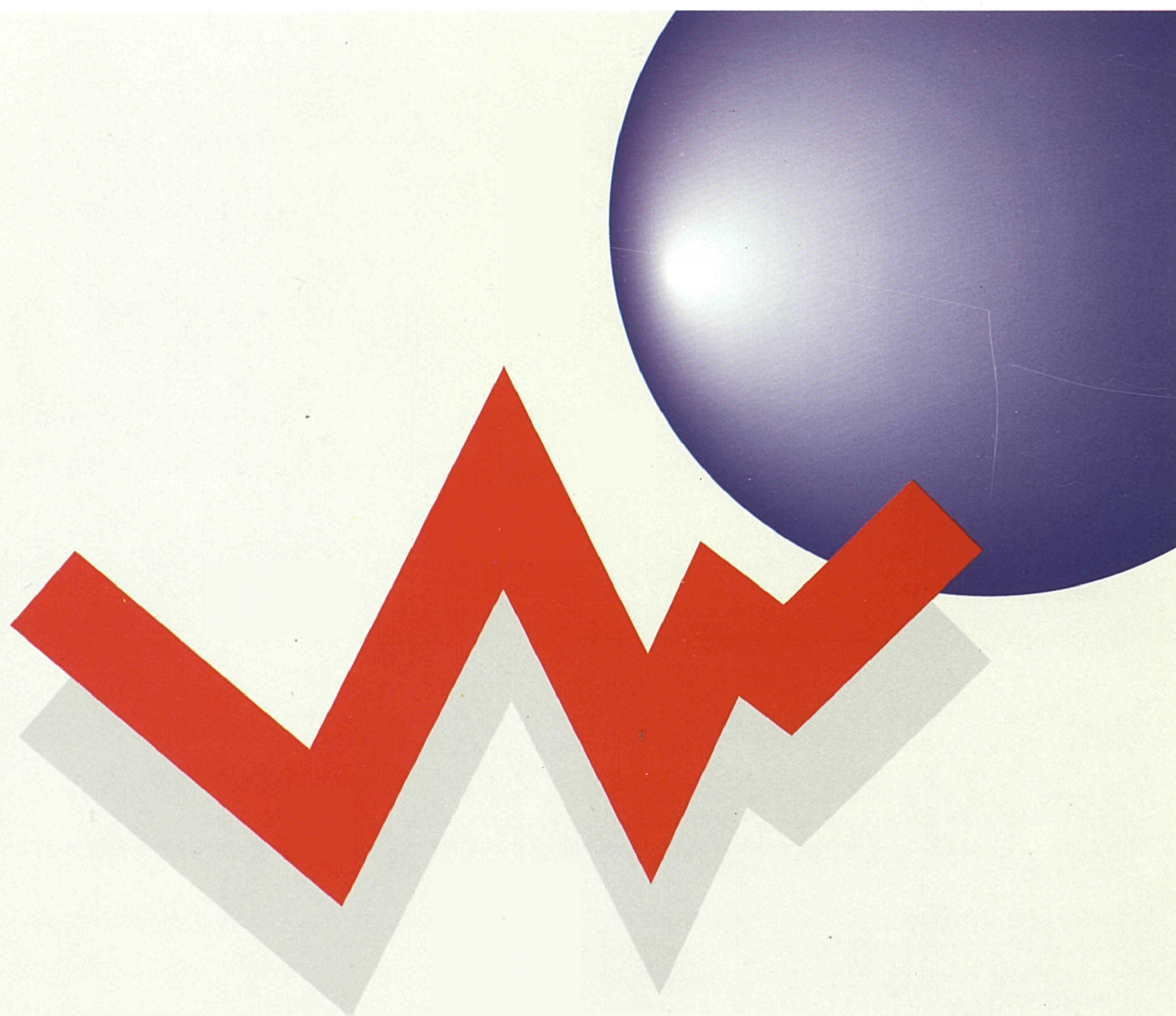


Panorama of EU industry

Short-term supplement
latest information on EU industry

bimonthly

4/1995





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Theme
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Short-term statistics

4
B

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European (EUR15) industrial production grew by 6.9% in January 1995, compared with the same month a year before, and by an estimated 6.4% in the first quarter as a whole. The latest Commission forecasts suggest that real GDP for the EU will grow by 3.1% in 1995, with a small slowdown in 1996 due to the effects of the appreciation of the German, Benelux and Austrian currencies against the dollar in the first quarter of 1995.

EU producer price inflation rose in the first quarter to 3.4% over 12 months. This may reflect growing capacity shortages in some sectors, as well as the effects of depreciating currencies in Spain, Italy, and the United Kingdom. Exports, which were a major source of increased demand at the beginning of 1994, showed some tempering of their expansion towards the end of the year, with year on year growth in the volume of exports of manufactures falling to 4.7% in the last quarter of 1994.

In this issue, there are special articles on

- ★ the non-metallic mineral products industry
- ★ the paper, printing and publishing industry
- ★ Swedish industry

Almost all the output of the non-metallic mineral products industry is directly or indirectly used by the construction industry, which has had some difficult years recently. However 1994 was a year of recovery, with the volume of production rising in all

Member States. Luxembourg and Denmark enjoyed double figure growth rates. The fourth quarter of 1994 saw a 9.9% year on year rise in EU production volume. Capacity utilisation as a consequence rose, reaching nearly 80% in the final quarter. The downward trend in employment continued in 1994, albeit at a slower rate than in previous years.

The paper, printing and publishing industry also showed a recovery in output in 1994, with production volume up 2.7%. The entry of Sweden and Finland into the EU will greatly increase the size of the EU pulp, paper, and board industry, bringing with them three of the largest companies in Europe. World demand for paper grew considerably in 1994, particularly in the Far East, and this led to some shortages in Europe, and to high levels of capacity utilisation world-wide.

The article on Swedish industry is the second of three planned on the new Member States. Sweden's population is around 8.8 million. Manufacturing accounts for less than 20% of its GDP. Sweden is specialised in a small number of manufacturing industries - namely, electronic engineering, motor vehicles, the pulp, paper and board industry and the pharmaceuticals sector. Manufacturing suffered a deep recession in the period 1990-92, which stimulated large increases in productivity and cost competitiveness. There was a marked recovery in 1994. Industrial production in the first quarter of 1995 was 13.2% up on a year before.

Photis Nanopoulos, Director

BUSINESS AND ENERGY STATISTICS, R & D, AND STATISTICAL METHODS

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Issue 4: 1995

Non-metallic mineral products Paper, printing and publishing Country profile: Sweden

The supplement appears six times during the course of the year.

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

The Panorama Short-term Supplement has a simple objective: to furnish readers of the annual Panorama with an instrument which will allow them to follow the evolution of industrial short-term trends and also show the structure and activity of industry at the sectorial level.

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In coming issues:
Iron and steel
Transport
Country profile: Finland

IN BRIEF....

- ★ THE COMMISSION FORECASTS EU GDP GROWTH OF 3.1 PER CENT IN 1995
- ★ GROWTH EXPECTATIONS WERE REVISED DOWNWARDS FOR STRONG CURRENCY EU MEMBERS
- ★ EU INFLATION REMAINED STABLE AT JUST OVER 3 PER CENT IN MARCH 1995
- ★ EMPLOYMENT AND PRODUCTION DATA AWAKENED FEARS OF A SLOWDOWN IN THE USA
- ★ UNEMPLOYMENT RATE IN JAPAN ROSE TO ALL TIME HIGH OF 3.2 PER CENT IN APRIL 1995.

The latest economic forecasts by the European Commission look to a growth rate of 3.1 per cent in real gross domestic product for 1995 for the European Union. Compared with the forecasts made in the autumn of last year this amounts to a revision of 0.1 percentage points upwards. Forecast growth rates of real GDP for 1995 were 3.0 per cent for Germany, 3.1 per cent for France and the United Kingdom and 3.3 per cent for Italy. The forecast for the EU for 1996 was revised downwards by 0.3 percentage points to 2.9 per cent, because of the anticipated effects of recent exchange rate movements.

Strong growth in areas outside the EU fuelled the economic recovery in 1994 as extra-EU exports increased by 10.7 per cent. Exports will remain an important source of growth for the EU, as the Commission expected extra-EU exports to grow by 8.7 per cent in 1995. The appreciation of the German mark and the currencies closely linked to it (the Belgian franc, the Dutch guilder and the Austrian schilling) vis-à-vis the US-dollar will however have a dampening effect on the economic growth of these countries. The extent of the effect depending on whether the dollar will make up some of its lost ground in the near future.

Manufacturing industry benefited considerably from the strong demand on international markets in 1994. Industrial production continued to grow into 1995 with growth rates in excess of 10 per cent in Ireland, Finland and Sweden. All three experienced growth rates in the volume of exports of goods, estimated also to be above 10 per cent in 1994. Industrial production volume for the whole of the EU increased by 6.9 per cent in January, compared with the same month in 1994. During the course of 1995, domestic demand is expected to take over some of the role of international trade. Investment in equipment in particular is expected to stimulate production. Low interest rates and the sustained recovery are likely to persuade many companies to expand their capacity. Furthermore, as higher economic growth works through to personal incomes, private consumption can provide another impetus to further expansion.

MACRO-
ECONOMY

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FIGURE 1.1

INTERNATIONAL
COMPARISON OF
ANNUAL GROWTH
RATES FOR
INDUSTRIAL
PRODUCTION
(%)

SOURCE:  eurostat

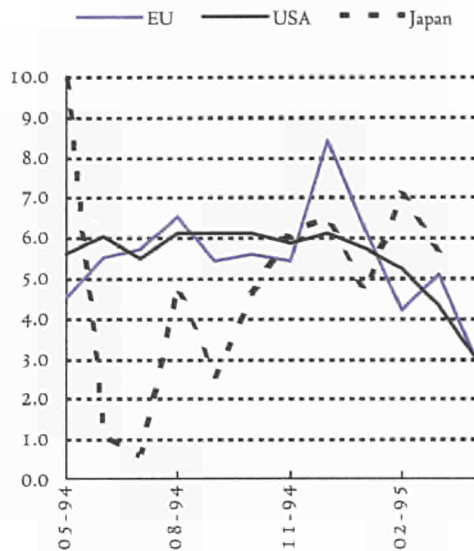


FIGURE 1.2

INTERNATIONAL
COMPARISON OF
ANNUAL GROWTH
RATES FOR
CONSUMER PRICES
(%)

SOURCE:  eurostat

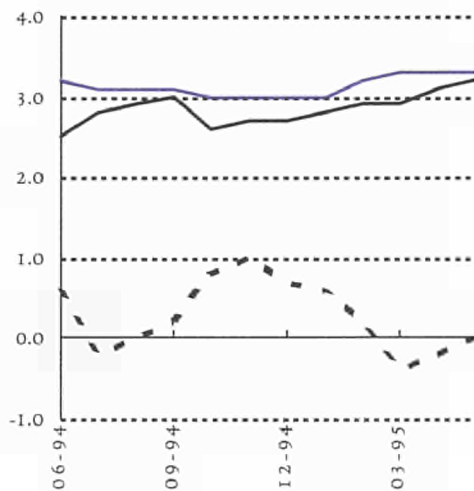
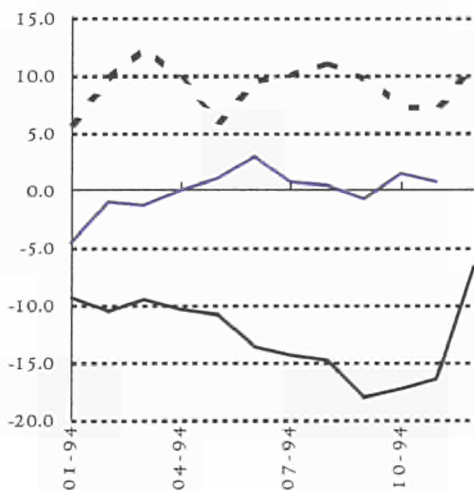


FIGURE 1.3

INTERNATIONAL
COMPARISON OF
MONTHLY TRADE
BALANCE
(BILLION ECU)

SOURCE:  eurostat



The effect of the upswing in economic activity on employment is expected to be strong. Unemployment is in decline in many of the Member States, although its high overall level remains a problem. EU unemployment fell to 10.8 per cent in March from 11.3 per cent in the same month the year before. Seasonally adjusted rates declined most over the year to April in Denmark, from 12.6 per cent in 1994 to 10.0 per cent, and in Finland from 18.9 per cent in 1994 to 16.9 per cent. In addition to Denmark and Finland, unemployment rates stood at or above 10 per cent in April in Belgium, Spain, France, Ireland and Italy. The unadjusted figures for Finland actually showed an increase in the number of people unemployed due to the inflow of students into the labour market. This effect is likely to be seen in more countries during the coming months.

Inflation within the European Union increased only slightly in March. Compared to the same month in 1994 price levels were 3.3 per cent higher, compared to a rise of 3.2 per cent to February 1995. In country terms the main contributors to this rise were Italy and Spain. The consumer price index grew by 4.8 per cent in Italy, up by half a percentage point from February. A provisional estimate for May 1995 indicated an annual rate of 5.5 per cent. Increased prices of imported raw materials, due to the recent devaluation in the lira, were regarded as one of the principle causes behind the rise in inflation. Producer prices rose by 7 per cent in the first quarter of 1995 and these were fed through into consumer prices. In response to the rise in inflation rates, the Italian central bank raised its key discount rate on May 26 from 8.25 per cent to 9.00 per cent. In Spain, annual inflation reached 5.2 per cent in April from a low of 4.3 in December 1994. On Wednesday, June 2, the Spanish central bank raised interest rates, by 75 basis points to 9.25 per cent, in what it called a preventive measure. Amidst expectations of further acceleration in inflation rates, it was thought that the central bank wanted to give

out a signal of its commitments before May inflation rates were published. Inflation remained below 3 per cent in the countries with recently appreciated exchange rates. In Germany, the annual rate even fell by a fifth of a percentage point to 2.1 per cent in May. In the Benelux countries, inflation was kept to relatively low levels.

In the USA, concerns arose that interest rates had risen too far in the bid to check inflation. Economic growth and inflation are now foreseen to slow down. First quarter growth in gross domestic product was 2.7 per cent, a significant drop from the 5.1 per cent during the final quarter of 1994. Industrial production fell for the third consecutive month in May. In addition, recent employment trends have been weak. A Labour Department report on non-farm payrolls released on 2 June showed a fall in employment. Experts had foreseen a rise in non-agricultural employment of 170 thousand for May and were surprised when the report showed a decline of 101 thousand jobs. Orders to factories in the USA fell by 1.9 per cent in April 1995, making for a third consecutive drop. Against this, consumer confidence stayed robust, suggesting no drop in domestic demand.

Economic recovery in Japan remained weak. On the one hand, industrial production increased by 6.7 per cent in April from the same month in 1994. On the other hand, unemployment did not yet reflect the recovery in output, and reached a level of 3.2 per cent, the highest rate ever recorded. A quarterly survey of companies conducted in May 1995 by the Bank of Japan showed that confidence remained fragile. The balance of companies foreseeing a "favourable" development in business against those having an "unfavourable" outlook was still negative in both manufacturing and non-manufacturing, although less so than in February. The appreciation of the yen against the American dollar was adding fears of a fall back to recession. Resulting decreases in import prices were start-

	EUR12	USA	JAPAN
05-94	4.5	5.6	9.9
06-94	5.5	6.0	1.1
07-94	5.7	5.4	0.6
08-94	6.5	6.1	4.8
09-94	5.4	6.1	2.5
10-94	5.6	6.1	4.6
11-94	5.4	5.8	6.1
12-94	8.4	6.1	6.5
01-95	6.2	5.7	4.6
02-95	4.2	5.2	7.1
03-95	5.1	4.3	5.6
04-95	3.0	3.0	N/A

	EUR15	USA	JAPAN
06-94	3.2	2.5	0.6
07-94	3.1	2.8	-0.2
08-94	3.1	2.9	0.0
09-94	3.1	3.0	0.2
10-94	3.0	2.6	0.8
11-94	3.0	2.7	1.0
12-94	3.0	2.7	0.7
01-95	3.0	2.8	0.6
02-95	3.2	2.9	0.2
03-95	3.3	2.9	-0.4
04-95	3.3	3.1	-0.2
05-95	3.3	3.2	0.0

	EUR12	USA	JAPAN
01-94	-4.6	-9.4	5.5
02-94	-1.0	-10.5	9.8
03-94	-1.3	-9.5	12.2
04-94	0.1	-10.5	9.8
05-94	1.0	-10.9	5.6
06-94	3.0	-13.7	9.6
07-94	0.8	-14.4	10.1
08-94	0.4	-14.9	11.0
09-94	-0.8	-18.1	9.7
10-94	1.5	-17.3	7.4
11-94	0.7	-16.5	6.9
12-94	N/A	-6.7	10.7

TABLE I.1

INTERNATIONAL
COMPARISON OF
ANNUAL GROWTH
RATES FOR
INDUSTRIAL
PRODUCTION
(%)

SOURCE:  eurostat

TABLE I.2

INTERNATIONAL
COMPARISON OF
ANNUAL GROWTH
RATES FOR
CONSUMER PRICES
(%)

SOURCE:  eurostat

TABLE I.3

INTERNATIONAL
COMPARISON OF
MONTHLY TRADE
BALANCE
(BILLION ECU)

SOURCE:  eurostat

ing to produce an effect on the current account surplus. It declined by 18.5 per cent in dollar terms to 11.35 billion in April. A rise in imports of goods and services of 39.7 per cent outpaced the rise in exports which increased by 20.7 per cent. The increase in the value of exports can be explained by the so-called J-curve effect. A delayed response of exports to the rise in the value of the yen temporarily increases its value.

The rise in imports of goods and services was caused mainly by a surge in demand for foreign goods and a rise in Japanese expenditure on tourism. Inflationary pressures were extremely subdued as the level of both consumer and producer prices dropped in April.

IN BRIEF....

- ★ **EUR15 PRODUCTION VOLUME IN THE FIRST QUARTER OF 1995 WAS UP BY 6.4 PER CENT OVER TWELVE MONTHS.**
- ★ **GROWTH IN PRODUCTION VOLUME OF CONSUMER NON-DURABLES REMAINED DEPRESSED DURING THE FIRST QUARTER OF 1995**
- ★ **PRODUCER PRICE INFLATION ROSE IN THE INTERMEDIATE GOODS SECTOR DUE TO CURRENCY DEPRECIATION**
- ★ **EXPORT VOLUME OF INDUSTRIAL GOODS INCREASED BY 8 PER CENT IN 1994**

With the economic recovery well established, European industry consolidated its gains in production. Production volume continued to grow strongly in the first months of 1995, especially in Denmark and Italy. Seasonally adjusted growth rates for production volume in the first quarter of 1995 were 10.3 and 9.1 per cent respectively. For EUR15, estimated production volume grew by 6.4 per cent in the first quarter of 1995. The average for total industry was kept down by low levels of growth in the consumer non-durables sector. Growth was 1.7 per cent in the three months to February 1995 compared to the same three months a year before. During the same period, the capital goods and the consumer durables sectors experienced growth rates of 8.4 per cent and 10.0 per cent respectively.

EU producer price inflation increased to 3.4 per cent in the first quarter of 1995, up from 2.4 per cent in the last quarter of 1994. Part of this increase is due to the recent turbulence on exchange rate markets. Recent depreciations of the Italian lira and the Spanish peseta led to an increase in the prices of their imports, which in turn were fed through into producer prices. In Italy, the level of producer prices was 7.5 per cent higher in March 1995 than in the same month the year before. In January, the difference was 5.7 per cent. The comparable figures for Spain were 5.8 per cent for January and 7.1 per cent for March. Dearer imports have most affected the intermediate goods sector, the prices of which increased by over 5 per cent in the three months to March.

Spurred by strong demand on international markets, extra-EU(12) exports of industrial goods increased by almost 8 per cent in volume in 1994. This result was achieved largely by rates in excess of 10 per cent in the first two quarters of 1994 compared to the same quarters in 1993. Export growth slowed to 4.7 per cent in the last quarter from 6.1 per cent in the third. Countries with above EU average fourth quarter growth in export volume were Denmark (9.0 per cent) and France (8.2 per cent). The Netherlands and the United Kingdom were the only countries with negative growth in export volumes in the final quarter of 1994. Strong growth in the three previous quarters pulled their annual rates upto 4.0 and 3.5%. Induced by the increase in economic activity within the EU, import volume resumed positive growth. After a decline in 1993 by 1.9 per cent, it grew by 6.4 per cent in 1994.

TOTAL INDUSTRY

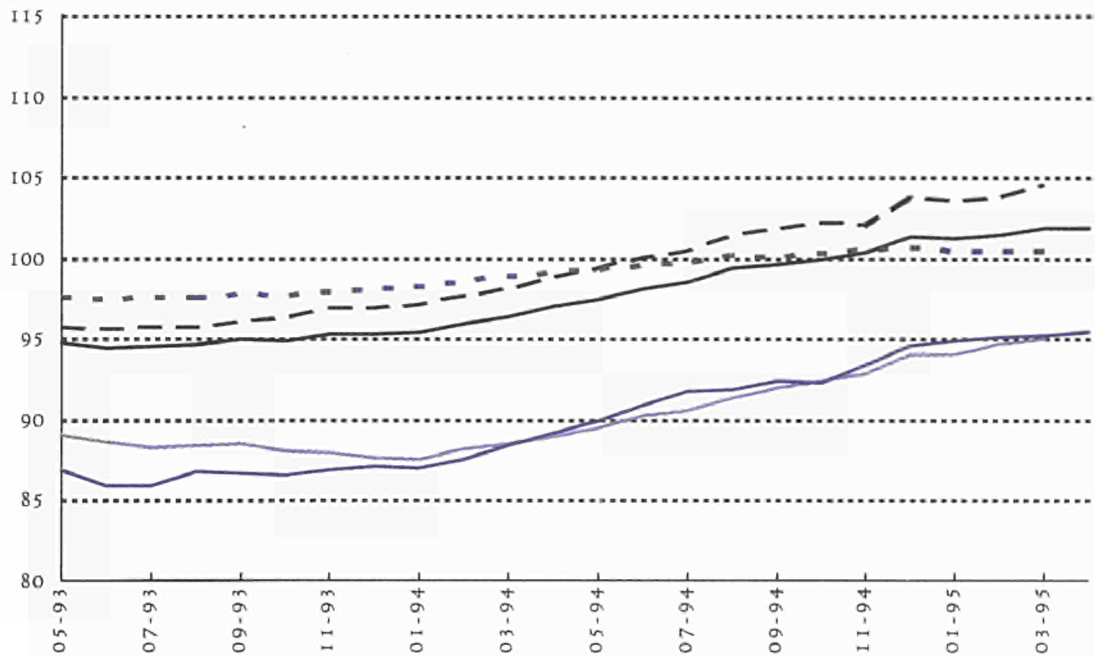
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FIGURE 2.1

EVOLUTION OF
EUR I 5
PRODUCTION
INDEX BY
GOODS SECTOR
(1990=100)

— Total industry
- - Intermediate goods
— Capital goods
— Consumer durables
▪ Consumer non-durables



SOURCE: eurostat

TABLE 2.1

QUARTERLY
PRODUCTION
INDEXES
(1990=100)

	Latest quarter available	Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR I 5	01-95 ⇨ 03-95	101.8	104.5	94.9	95.1	100.4
Growth rate, t/t-4 (%)		5.8	6.5	7.2	7.6	1.5
B	09-94 ⇨ 11-94	95.1	96.9	96.4	96.5	96.8
Growth rate, t/t-4 (%)		0.7	5.8	5.3	-0.9	-1.8
DK	02-95 ⇨ 04-95	113.5	113.5	112.1	112.9	114.9
Growth rate, t/t-4 (%)		10.4	9.7	10.2	9.4	3.3
D	02-95 ⇨ 04-95	94.4	99.8	87.1	88.6	93.2
Growth rate, t/t-4 (%)		4.1	6.7	3.5	4.6	-0.7
GR	01-95 ⇨ 03-95	95.9	93.7	96.6	87.1	101.8
Growth rate, t/t-4 (%)		1.6	2.2	-3.6	5.3	1.2
E	02-95 ⇨ 04-95	101.0	102.2	92.9	100.5	97.6
Growth rate, t/t-4 (%)		8.3	6.9	13.9	8.3	-0.8
F	01-95 ⇨ 03-95	103.3	106.1	90.8	101.0	99.5
Growth rate, t/t-4 (%)		4.7	6.6	5.0	11.2	0.6
IRL	12-94 ⇨ 02-95	140.1	149.0	147.5	N/A	129.5
Growth rate, t/t-4 (%)		14.4	12.5	20.5	N/A	10.8
I	02-95 ⇨ 04-95	105.1	105.7	98.3	96.1	108.6
Growth rate, t/t-4 (%)		8.5	6.5	13.4	10.7	3.8
L	10-94 ⇨ 12-94	101.7	97.8	98.3	N/A	N/A
Growth rate, t/t-4 (%)		5.0	5.1	4.8	N/A	N/A
NL	01-95 ⇨ 03-95	104.0	106.3	101.8	98.0	102.1
Growth rate, t/t-4 (%)		3.4	3.9	5.9	-2.1	1.2
P	12-94 ⇨ 02-95	95.8	99.0	88.2	90.0	90.1
Growth rate, t/t-4 (%)		0.2	6.0	6.3	0.0	0.6
UK	02-95 ⇨ 04-95	104.3	109.0	97.6	101.0	98.1
Growth rate, t/t-4 (%)		4.4	3.9	3.6	5.0	-0.6

SOURCE: eurostat

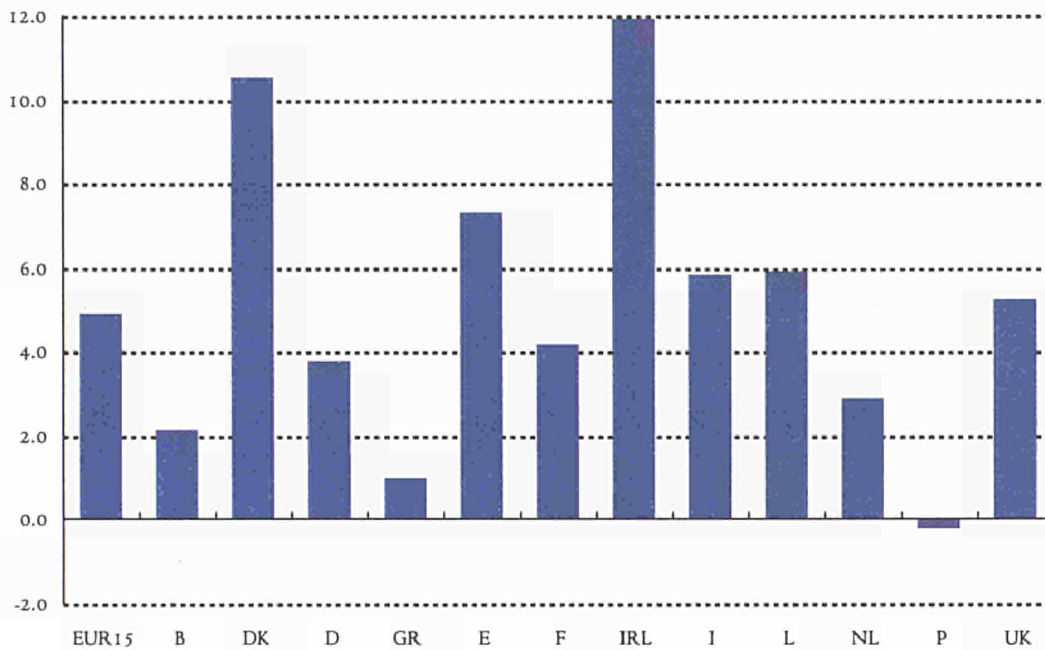


FIGURE 2.2

ANNUAL GROWTH
RATE OF
TOTAL INDUSTRY
PRODUCTION
INDEX BY MEMBER
STATE (1)
(%)

(1) Growth rates are based on the latest annual data available for each country. Please see the table below for the year concerned.

SOURCE: eurostat

	Latest year available	Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR15	1994	99.7	101.8	91.9	92.5	N/A
Growth rate, t/t-1 (%)		4.9	5.9	4.1	6.6	N/A
B	1994	95.0	95.9	96.1	97.3	97.1
Growth rate, t/t-1 (%)		2.2	3.8	3.9	-0.4	-1.9
DK	1994	111.1	110.2	108.0	108.1	114.5
Growth rate, t/t-1 (%)		10.5	14.0	11.8	10.3	6.7
D	1994	93.4	97.3	86.1	86.8	93.8
Growth rate, t/t-1 (%)		3.8	6.4	2.3	4.6	0.0
GR	1994	95.7	93.5	95.0	86.8	101.2
Growth rate, t/t-1 (%)		1.0	2.4	-7.6	5.1	0.7
E	1994	98.6	99.1	85.3	96.9	99.4
Growth rate, t/t-1 (%)		7.3	7.3	7.6	11.1	4.9
F	1994	99.9	102.5	87.0	97.6	99.8
Growth rate, t/t-1 (%)		4.2	4.1	1.7	9.1	1.9
IRL	1994	133.3	144.1	138.1	N/A	122.7
Growth rate, t/t-1 (%)		11.9	14.5	17.1	N/A	6.2
I	1994	101.3	102.0	91.8	91.7	107.1
Growth rate, t/t-1 (%)		5.8	5.1	4.4	7.9	5.2
L	1994	102.3	98.9	101.1	N/A	N/A
Growth rate, t/t-1 (%)		5.9	6.5	2.3	N/A	N/A
NL	1994	102.5	104.3	99.0	99.4	102.1
Growth rate, t/t-1 (%)		2.9	3.2	4.0	-0.9	2.3
P	1994	95.0	96.4	84.4	89.4	90.2
Growth rate, t/t-1 (%)		-0.2	3.3	0.2	-3.1	-1.2
UK	1994	103.3	107.5	97.0	98.9	99.5
Growth rate, t/t-1 (%)		5.2	6.4	4.4	7.4	2.1

TABLE 2.2

ANNUAL
PRODUCTION
INDEXES (1)
(1990=100)

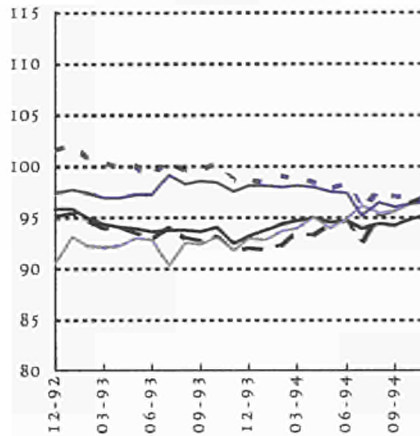
(1) Annual growth rates are based on the latest annual data. Only when data to October is available will an annual estimate for the year be made.

SOURCE: eurostat

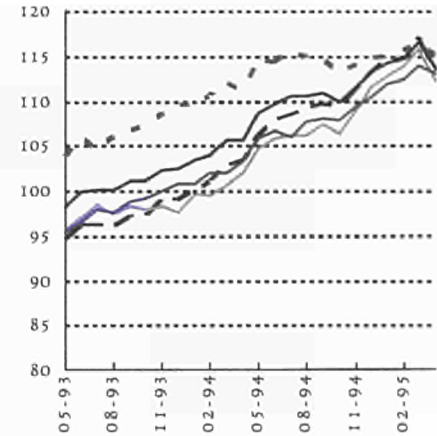
FIGURE 2.3

EVOLUTION OF
PRODUCTION
INDEX BY
GOODS SECTOR
(1990=100)

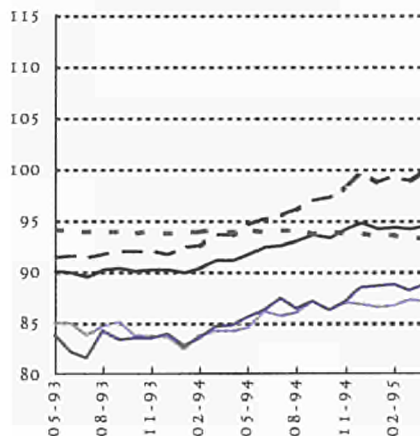
BELGIQUE/BELGIË



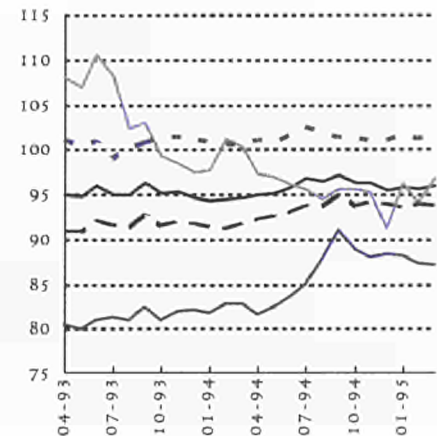
DANMARK



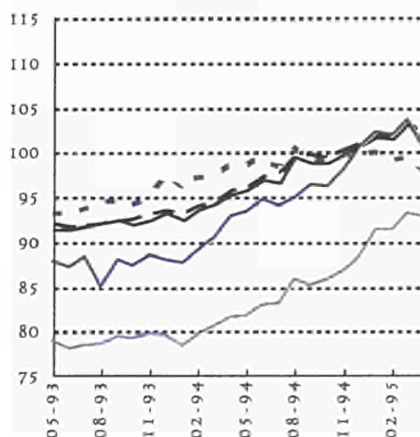
B.R. DEUTSCHLAND



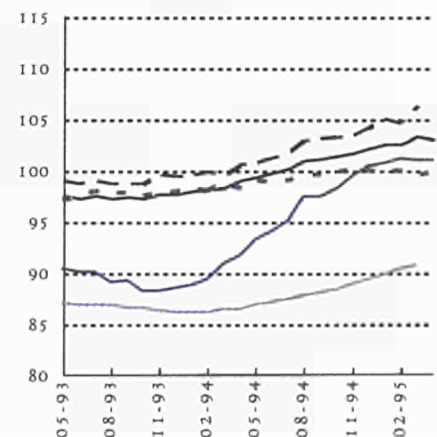
HELLAS



ESPAÑA



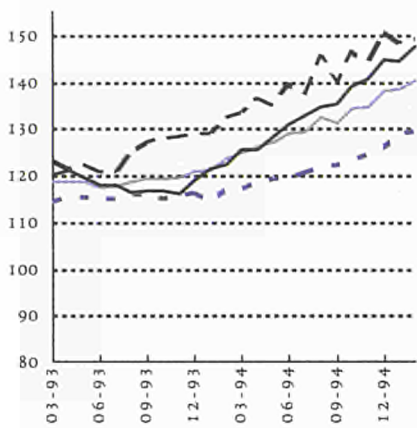
FRANCE



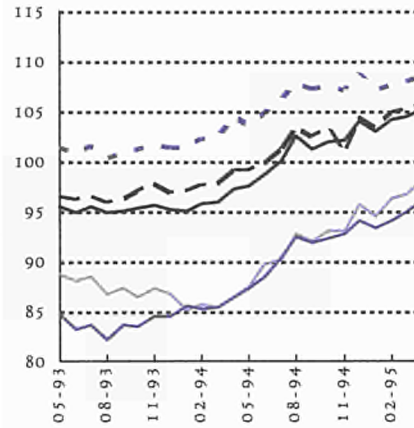
- Total industry
- - Intermediate goods
- Capital goods
- Consumer durables
- Consumer non-durables

SOURCE:  eurostat

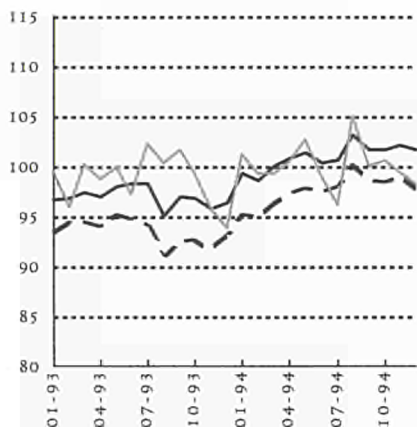
IRELAND



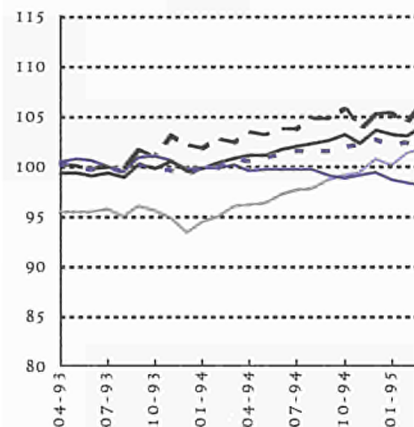
ITALIA



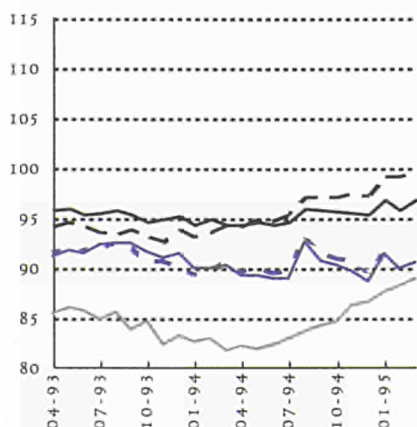
LUXEMBOURG



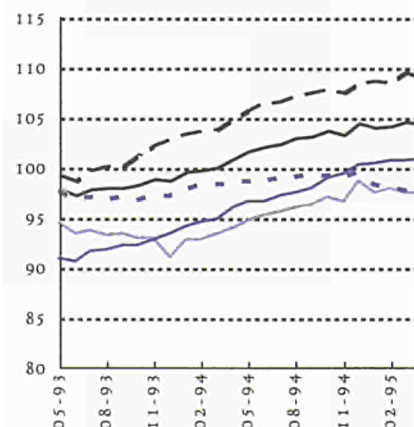
NEDERLAND



PORTUGAL



UNITED KINGDOM



- Total industry
- - Intermediate goods
- Capital goods
- Consumer durables
- - Consumer non-durables

FIGURE 2.3

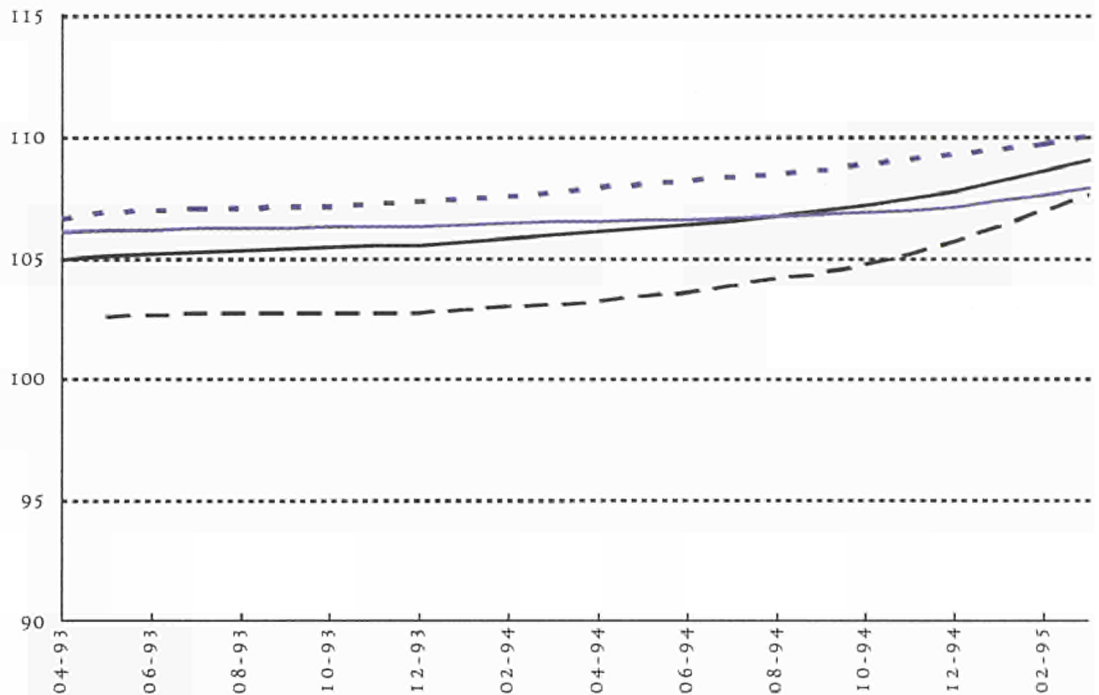
EVOLUTION OF
PRODUCTION
INDEX BY
GOODS SECTOR
(1990=100)

SOURCE:  eurostat

FIGURE 2.4

EVOLUTION OF
EUR15 PRODUCER
PRICE INDEX BY
GOODS SECTOR
(1990=100)

— Total industry
- - Intermediate goods
- - - Capital goods
— Consumer durables
- - - Consumer non-durables



SOURCE: eurostat

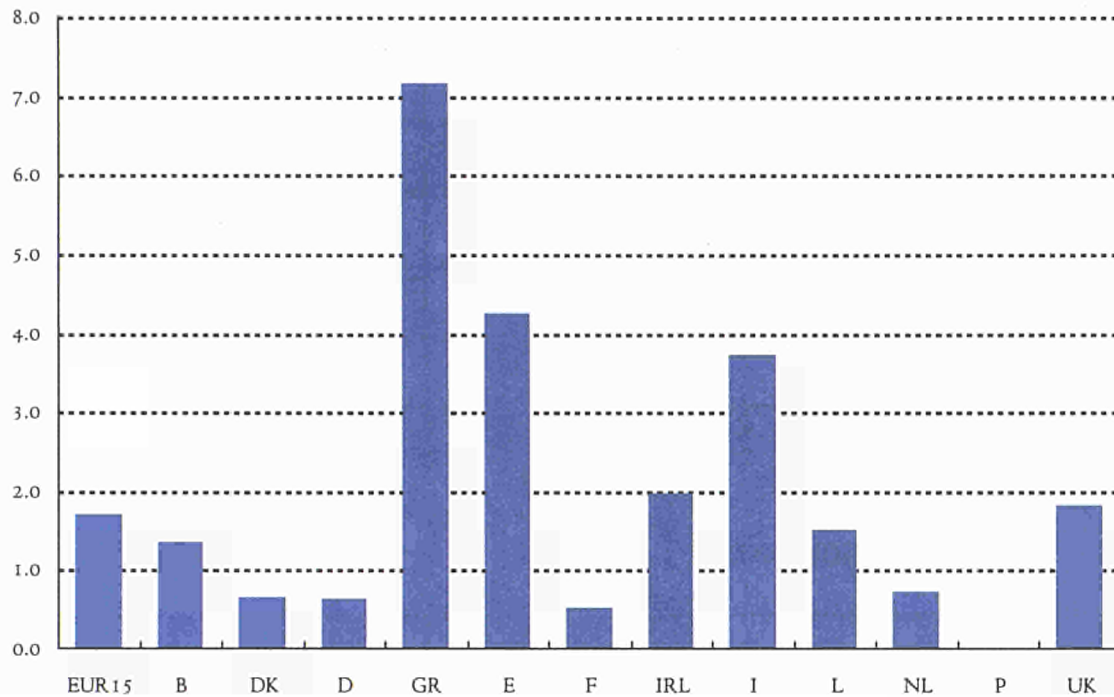
TABLE 2.3

QUARTERLY
PRODUCER
PRICE INDEXES
(1990=100)

	Latest quarter available	Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR15	01-95 ⇔ 03-95	109.0	107.6	107.8	N/A	110.0
Growth rate, t/t-4 (%)		2.9	4.4	1.3	N/A	2.1
B	01-95 ⇔ 03-95	100.6	95.9	107.7	108.6	N/A
Growth rate, t/t-4 (%)		2.4	3.0	1.0	0.3	N/A
DK	02-95 ⇔ 04-95	101.8	100.0	105.8	108.0	101.5
Growth rate, t/t-4 (%)		2.8	2.9	0.1	1.6	4.0
D	03-95 ⇔ 05-95	106.0	103.7	109.5	N/A	107.4
Growth rate, t/t-4 (%)		1.6	2.2	1.0	N/A	1.0
GR	01-95 ⇔ 03-95	163.9	160.5	165.9	155.6	168.9
Growth rate, t/t-4 (%)		8.8	9.4	7.4	6.4	8.5
E	02-95 ⇔ 04-95	114.3	111.9	112.1	N/A	N/A
Growth rate, t/t-4 (%)		6.2	8.4	3.6	N/A	N/A
F	01-95 ⇔ 03-95	102.1	101.3	98.7	N/A	101.0
Growth rate, t/t-4 (%)		1.4	4.0	-0.4	N/A	0.4
IRL	12-94 ⇔ 02-95	108.8	96.3	N/A	N/A	107.9
Growth rate, t/t-4 (%)		2.4	-0.7	N/A	N/A	1.8
I	01-95 ⇔ 03-95	117.2	118.3	112.9	114.8	115.2
Growth rate, t/t-4 (%)		5.7	7.8	3.2	2.9	4.4
L	10-94 ⇔ 12-94	95.1	89.8	105.8	N/A	N/A
Growth rate, t/t-4 (%)		0.7	0.4	0.4	N/A	N/A
NL	02-95 ⇔ 04-95	103.3	101.9	105.2	105.6	104.4
Growth rate, t/t-4 (%)		3.0	3.6	1.5	0.9	1.7
P	⇔	N/A	N/A	N/A	N/A	N/A
Growth rate, t/t-4 (%)		N/A	N/A	N/A	N/A	N/A
UK	03-95 ⇔ 05-95	115.2	111.1	115.0	N/A	120.4
Growth rate, t/t-4 (%)		3.5	4.2	2.9	N/A	3.1

SOURCE: eurostat

FIGURE 2.5



ANNUAL GROWTH
RATE OF
TOTAL INDUSTRY
PRODUCER PRICE
INDEX BY MEMBER
STATE (1)
(%)

(1) Growth rates are based on the latest annual data available for each country. Please see the table below for the year concerned.

SOURCE: eurostat

TABLE 2.4

ANNUAL
PRODUCER
PRICE INDEXES (1)
(1990=100)

	Latest year available	Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR 15	1994	107.0	104.6	106.8	N/A	108.8
Growth rate, t/t-1 (%)		1.7	2.0	0.6	N/A	1.6
B	1994	99.5	94.5	107.1	108.4	N/A
Growth rate, t/t-1 (%)		1.4	1.1	0.9	0.7	N/A
DK	1994	99.7	97.5	105.1	107.0	99.1
Growth rate, t/t-1 (%)		0.7	-0.4	0.1	1.6	2.0
D	1994	104.7	102.0	108.4	N/A	106.5
Growth rate, t/t-1 (%)		0.6	0.8	0.4	N/A	0.5
GR	1994	156.6	151.7	159.5	150.6	163.0
Growth rate, t/t-1 (%)		7.2	5.5	7.0	6.3	9.4
E	1994	109.8	105.7	109.3	N/A	N/A
Growth rate, t/t-1 (%)		4.3	4.8	1.8	N/A	N/A
F	1994	101.1	98.5	98.4	N/A	101.1
Growth rate, t/t-1 (%)		0.5	0.9	-1.3	N/A	0.5
IRL	1994	107.6	95.1	N/A	N/A	107.4
Growth rate, t/t-1 (%)		2.0	-3.7	N/A	N/A	2.2
I	1994	113.3	112.6	110.7	113.1	112.3
Growth rate, t/t-1 (%)		3.7	4.3	2.1	2.8	3.2
L	1994	95.0	89.8	105.9	N/A	N/A
Growth rate, t/t-1 (%)		1.5	1.7	0.5	N/A	N/A
NL	1994	101.0	99.3	103.9	104.8	103.3
Growth rate, t/t-1 (%)		0.7	0.7	0.0	0.4	0.6
P		N/A	N/A	N/A	N/A	N/A
Growth rate, t/t-1 (%)		N/A	N/A	N/A	N/A	N/A
UK	1994	112.1	107.6	112.6	N/A	117.5
Growth rate, t/t-1 (%)		1.8	1.3	2.3	N/A	2.3

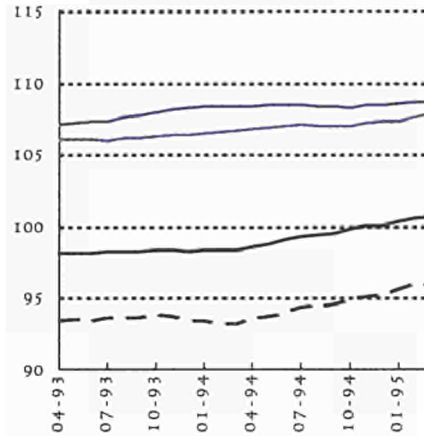
(1) Annual growth rates are based on the latest annual data. Only when data to October is available will an annual estimate for the year be made.

SOURCE: eurostat

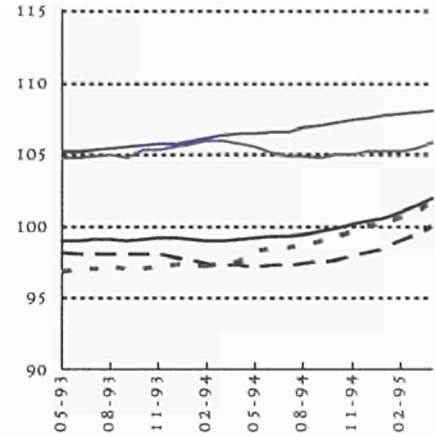
FIGURE 2.6

EVOLUTION OF
PRODUCER PRICE
INDEX BY
GOODS SECTOR
(1990=100)

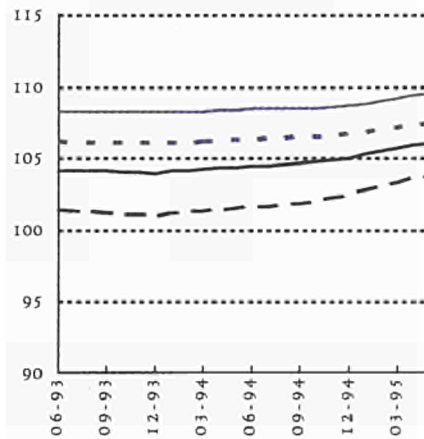
BELGIQUE/BELGIË



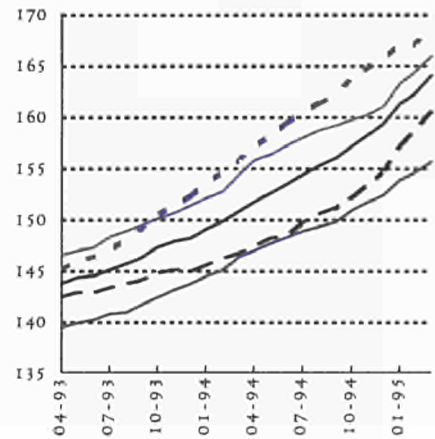
DANMARK



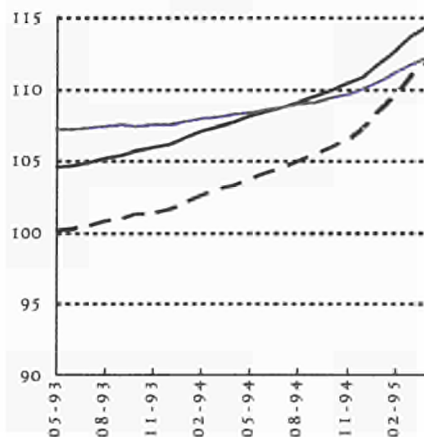
B.R. DEUTSCHLAND



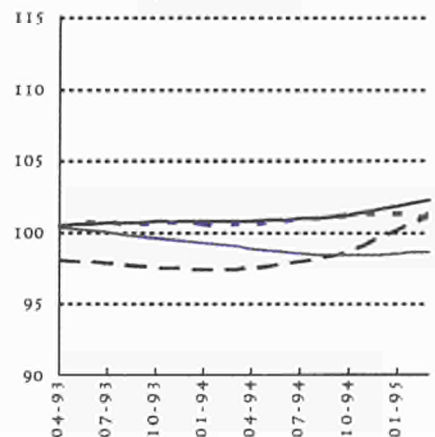
HELLAS



ESPAÑA



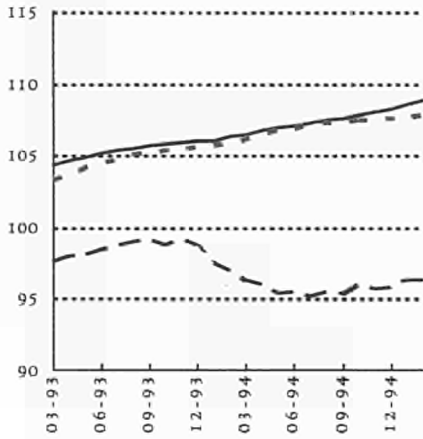
FRANCE



- Total industry
- - Intermediate goods
- Capital goods
- Consumer durables
- - Consumer non-durables

SOURCE:  eurostat

IRELAND



ITALIA

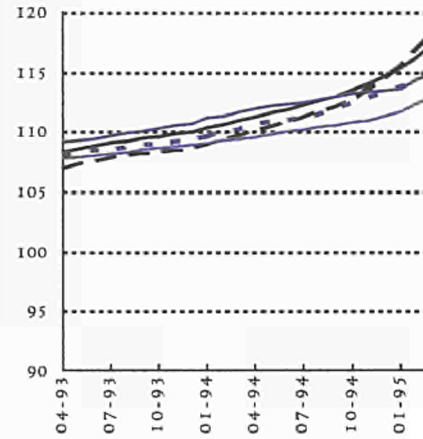
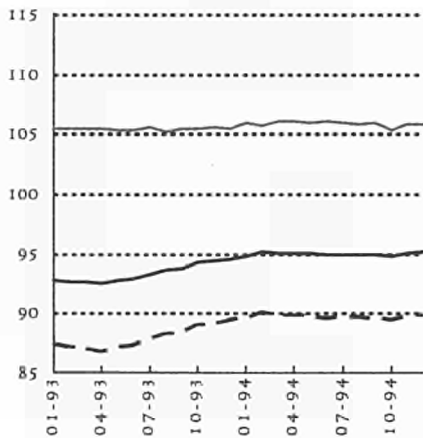


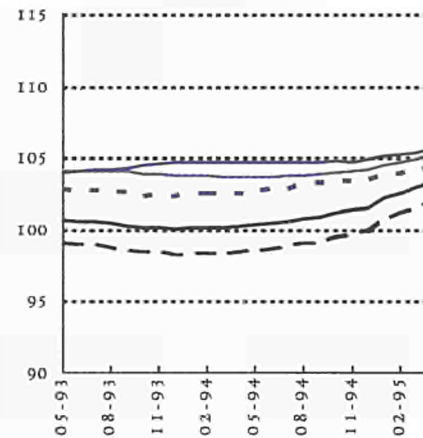
FIGURE 2.6

EVOLUTION OF
PRODUCER PRICE
INDEX BY
GOODS SECTOR
(1990=100)

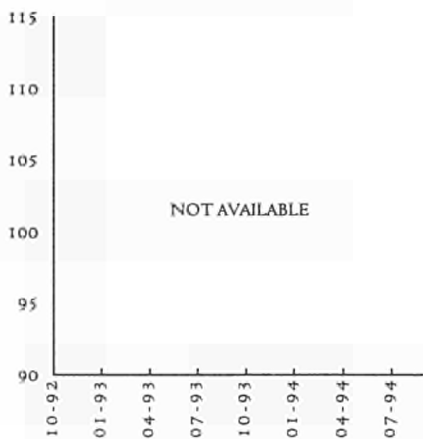
LUXEMBOURG



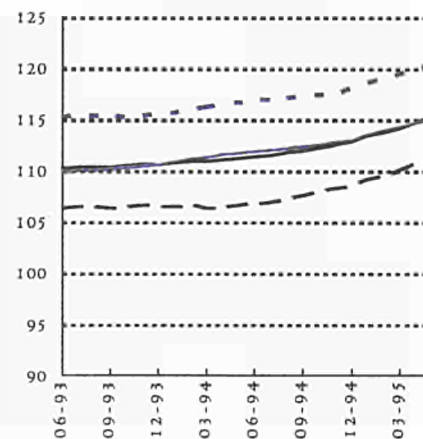
NEDERLAND



PORTUGAL



UNITED KINGDOM

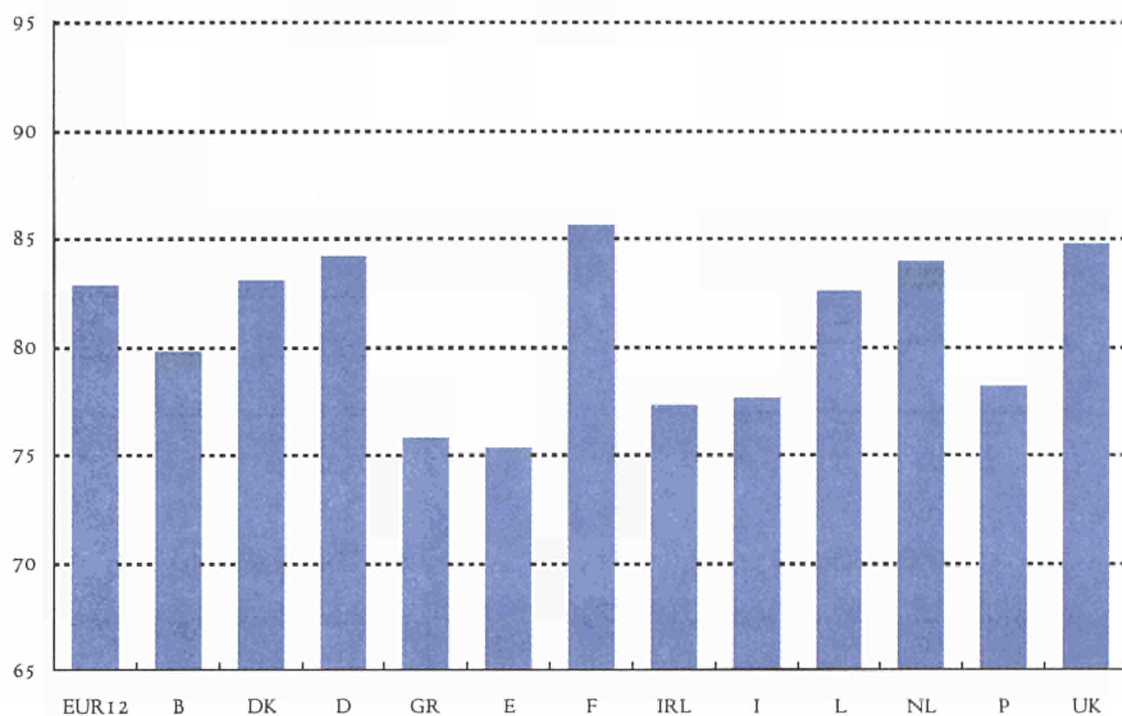


- Total industry
- - Intermediate goods
- ... Capital goods
- Consumer durables
- - Consumer non-durables

SOURCE:  eurostat

FIGURE 2.7

TOTAL INDUSTRY:
CAPACITY
UTILISATION
RATES BY
MEMBER STATE,
FIRST QUARTER
1995
(%)



SOURCE: DG II -
BUSINESS SURVEY

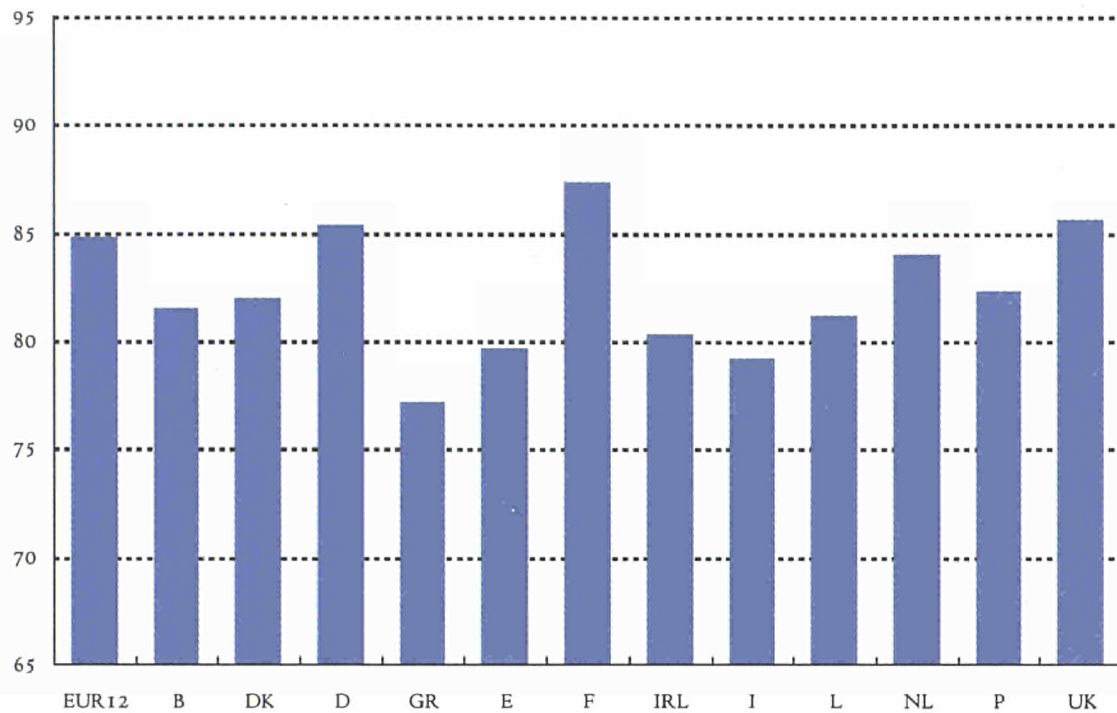
TABLE 2.5

TOTAL INDUSTRY:
CAPACITY
UTILISATION
RATES BY
MEMBER STATE
(%)

	Annual growth rate: latest quarter, t/t-4	Second quarter 1994	Third quarter 1994	Fourth quarter 1994	First quarter 1995
EUR12	5.9	78.5	80.9	81.6	82.8
B	5.1	76.9	78.3	79.3	79.7
DK	3.8	80.0	83.0	83.0	83.0
D	7.3	80.5	82.5	83.6	84.1
GR	1.3	73.7	74.1	76.8	75.7
E	-1.3	71.9	74.6	75.6	75.2
F	8.1	79.8	84.5	84.6	85.6
IRL	2.8	75.0	74.5	74.6	77.2
I	4.3	74.5	76.0	75.8	77.6
L	3.4	80.8	82.7	82.1	82.5
NL	5.0	82.4	83.3	84.6	83.9
P	3.9	76.2	76.1	77.1	78.1
UK	1.9	82.2	84.3	85.6	84.7

SOURCE: DG II -
BUSINESS SURVEY

FIGURE 2.8



INTERMEDIATE
GOODS: CAPACITY
UTILISATION
RATES BY
MEMBER STATE,
FIRST QUARTER
1995
(%)

SOURCE: DG II -
BUSINESS SURVEY

TABLE 2.6

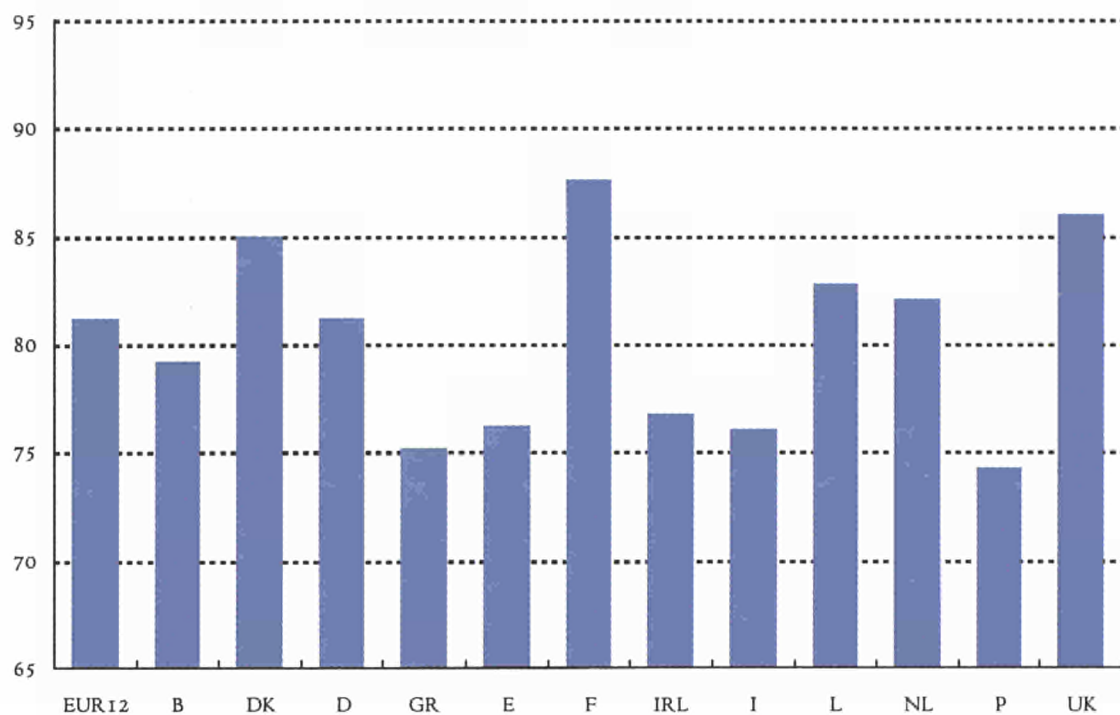
INTERMEDIATE
GOODS: CAPACITY
UTILISATION
RATES BY
MEMBER STATE
(%)

SOURCE: DG II -
BUSINESS SURVEY

	Annual growth rate: latest quarter, t/t-4	Second quarter 1994	Third quarter 1994	Fourth quarter 1994	First quarter 1995
EUR12	7.1	79.7	83.0	83.0	84.8
B	9.2	78.6	80.5	81.9	81.5
DK	6.5	80.0	82.0	84.0	82.0
D	9.6	81.5	84.0	85.1	85.4
GR	2.5	74.7	75.9	77.8	77.2
E	3.6	71.4	73.4	73.9	79.7
F	7.1	82.8	88.3	88.3	87.4
IRL	0.0	82.8	73.6	70.9	80.3
I	4.3	75.3	77.1	76.2	79.2
L	0.7	81.1	81.6	81.6	81.2
NL	6.1	81.9	83.9	84.6	84.0
P	6.5	78.0	79.1	80.6	82.3
UK	1.1	83.1	88.5	87.7	85.6

FIGURE 2.9

CAPITAL GOODS:
CAPACITY
UTILISATION
RATES BY
MEMBER STATE,
FIRST QUARTER
1995
(%)



SOURCE: DG II -
BUSINESS SURVEY

TABLE 2.7

CAPITAL GOODS:
CAPACITY
UTILISATION
RATES BY
MEMBER STATE
(%)

	Annual growth rate: latest quarter, t/t-4	Second quarter 1994	Third quarter 1994	Fourth quarter 1994	First quarter 1995
EUR12	6.4	77.0	79.7	79.2	81.2
B	6.0	74.9	77.3	79.5	79.2
DK	7.6	80.0	82.0	84.0	85.0
D	8.0	77.0	79.4	80.6	81.2
GR	11.6	76.1	72.5	67.8	75.2
E	-3.8	73.2	76.0	75.6	76.2
F	14.5	78.0	82.6	81.5	87.6
IRL	-4.1	77.4	79.0	81.9	76.8
I	4.2	74.4	76.6	73.8	76.1
L	11.1	81.0	86.8	85.1	82.8
NL	5.1	80.5	80.5	82.2	82.1
P	3.5	72.2	74.3	76.3	74.3
UK	8.4	78.4	81.0	79.7	86.0

SOURCE: DG II -
BUSINESS SURVEY

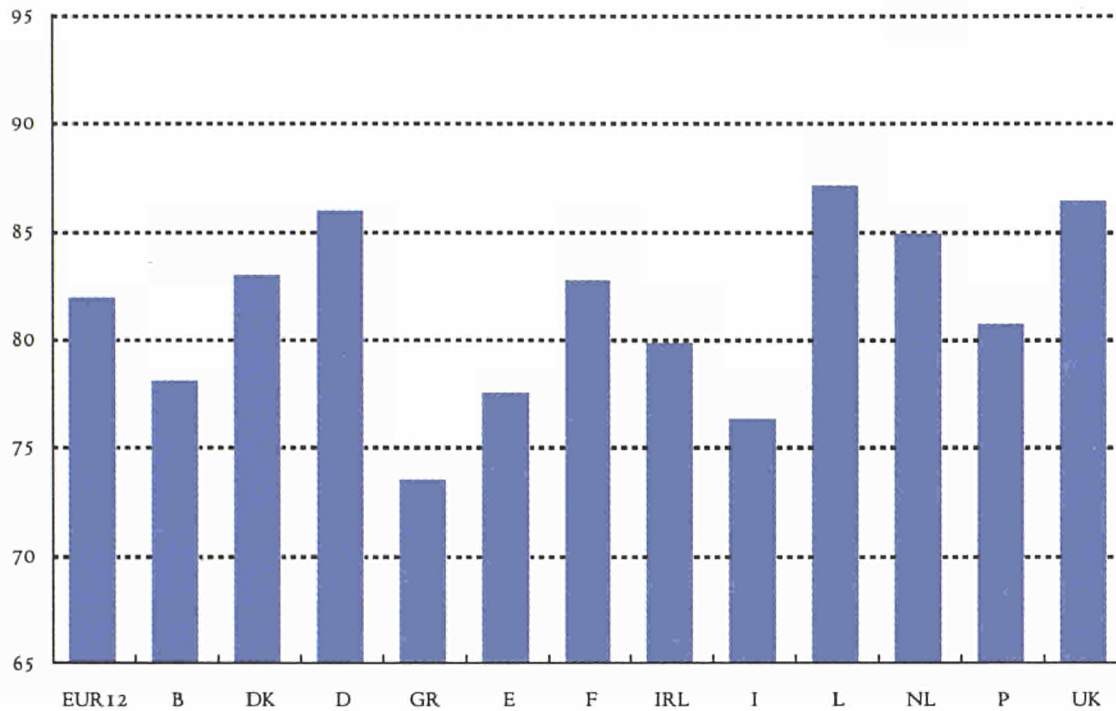


FIGURE 2.10

CONSUMER
GOODS: CAPACITY
UTILISATION
RATES BY
MEMBER STATE,
FIRST QUARTER
1995
(%)

SOURCE: DG II -
BUSINESS SURVEY

	Annual growth rate: latest quarter, t/t-4	Second quarter 1994	Third quarter 1994	Fourth quarter 1994	First quarter 1995
EUR12	3.4	79.7	80.6	83.0	81.9
B	1.6	77.3	77.1	75.2	78.1
DK	0.0	82.0	83.0	81.0	83.0
D	3.6	83.4	83.1	84.8	85.9
GR	-4.0	76.2	75.4	78.3	73.5
E	14.3	70.7	73.6	76.5	77.5
F	4.7	77.9	82.9	84.6	82.7
IRL	3.4	71.7	71.2	75.0	79.8
I	4.2	73.6	74.5	76.2	76.3
L	8.6	79.1	84.7	82.6	87.1
NL	2.9	84.4	84.5	86.2	84.9
P	2.2	79.1	79.4	78.8	80.7
UK	1.4	86.4	84.3	89.8	86.4

TABLE 2.8

CONSUMER
GOODS: CAPACITY
UTILISATION
RATES BY
MEMBER STATE
(%)

SOURCE: DG II -
BUSINESS SURVEY

FIGURE 2.11

EVOLUTION OF
EXTRA-EU
TRADE INDEXES
(1990=100)

— Export value
— Import value
- - - Terms of trade

SOURCE: 

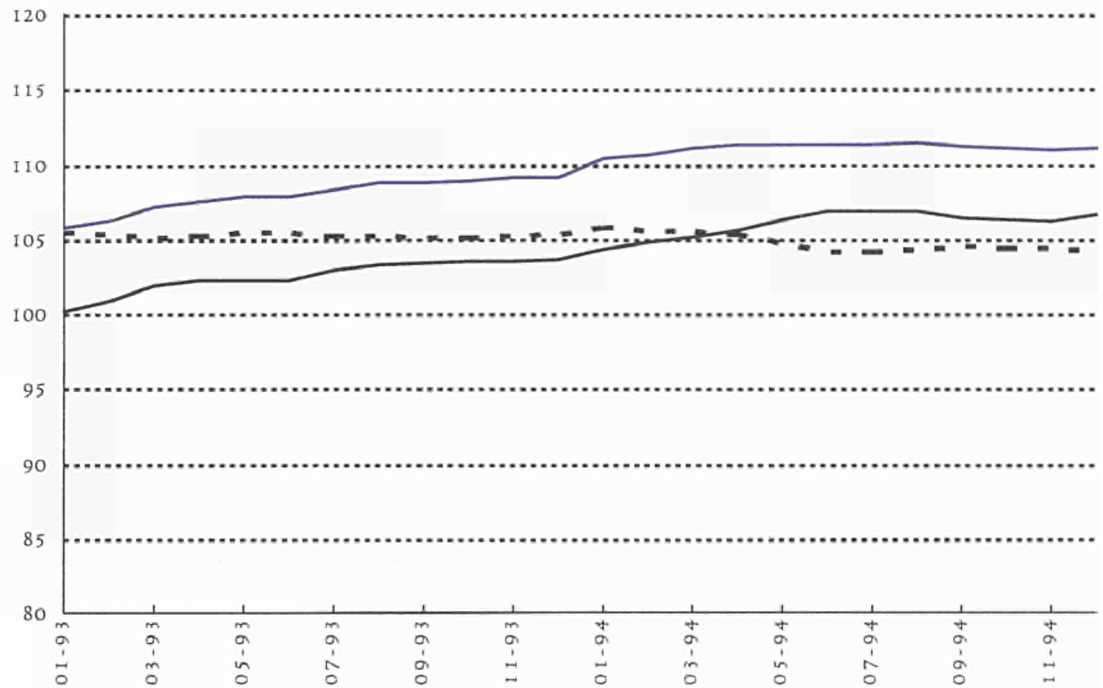


TABLE 2.9

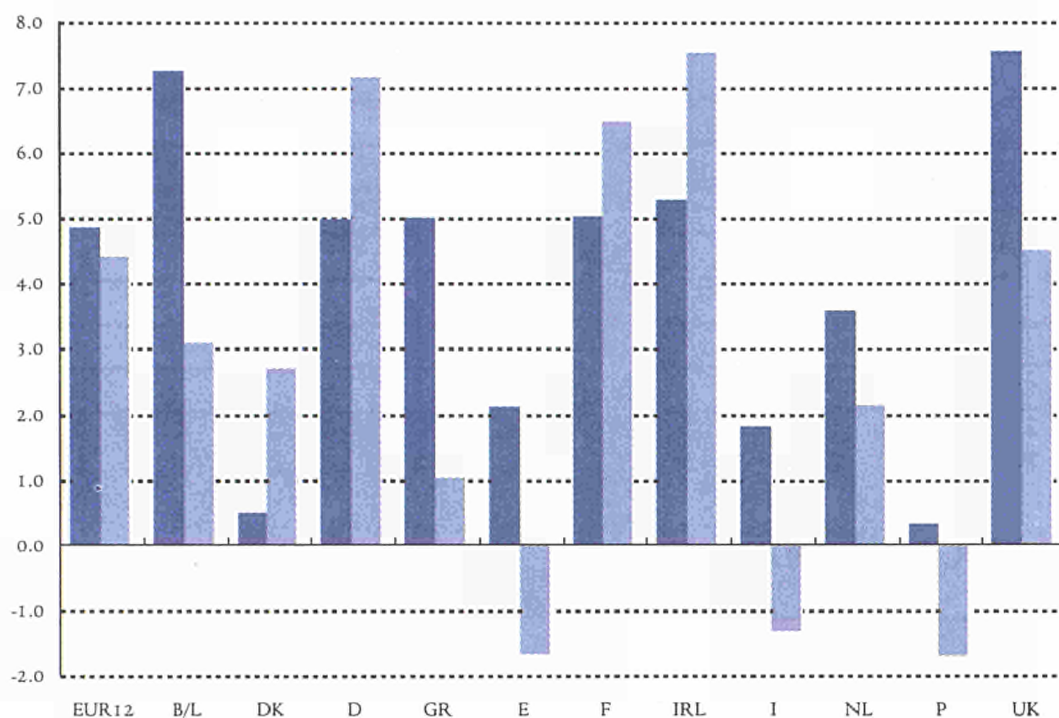
QUARTERLY
EXTRA-EU
TRADE INDEXES
(1990=100)

	Latest quarter available	Exports		Imports		Terms of trade index
		Value	Volume	Value	Volume	
EUR 12	10-94 ⇔ 12-94	106.6	115.6	111.0	127.7	104.1
Growth rate, t/t-4 (%)		2.9	7.6	1.8	5.2	-1.1
B/L	10-94 ⇔ 12-94	110.2	107.8	105.6	141.4	95.8
Growth rate, t/t-4 (%)		3.9	6.8	1.6	8.0	-2.2
DK	10-94 ⇔ 12-94	102.8	122.1	105.1	136.7	102.2
Growth rate, t/t-4 (%)		3.1	13.1	2.0	9.8	-1.0
D	10-94 ⇔ 12-94	110.5	125.5	117.8	118.9	106.5
Growth rate, t/t-4 (%)		2.9	7.9	3.1	5.4	0.3
GR	10-94 ⇔ 12-94	98.3	159.2	99.0	253.8	100.8
Growth rate, t/t-4 (%)		-8.8	7.2	-0.2	54.7	9.5
E	10-94 ⇔ 12-94	97.0	103.4	97.6	153.3	100.6
Growth rate, t/t-4 (%)		1.5	7.8	-0.9	7.3	-2.3
F	10-94 ⇔ 12-94	106.2	102.0	114.0	122.6	107.3
Growth rate, t/t-4 (%)		3.9	4.4	2.5	7.1	-1.2
IRL	10-94 ⇔ 12-94	108.5	158.5	99.7	188.7	92.0
Growth rate, t/t-4 (%)		-2.3	25.6	-2.9	8.5	-0.6
I	10-94 ⇔ 12-94	99.1	109.4	103.7	137.9	104.6
Growth rate, t/t-4 (%)		4.6	8.8	0.3	7.3	-4.1
NL	10-94 ⇔ 12-94	101.4	118.9	105.8	140.0	104.3
Growth rate, t/t-4 (%)		0.9	16.3	2.1	-3.3	1.2
P	10-94 ⇔ 12-94	95.2	107.7	106.1	103.1	111.5
Growth rate, t/t-4 (%)		3.9	0.0	4.2	-0.3	0.3
UK	10-94 ⇔ 12-94	112.2	115.6	110.6	121.0	98.6
Growth rate, t/t-4 (%)		3.4	3.5	0.4	-0.6	-2.9

SOURCE: 

FIGURE 2.12

ANNUAL GROWTH
RATE OF EXTRA-
EU TRADE
INDEXES BY
MEMBER STATE
(1) (%)



■ Export value
■ Import value

(1) Growth rates are based on the latest annual data available for each country. Please see the table below for the year concerned.

SOURCE: eurostat

TABLE 2.10

ANNUAL
EXTRA-EU
TRADE INDEXES
(1990=100)

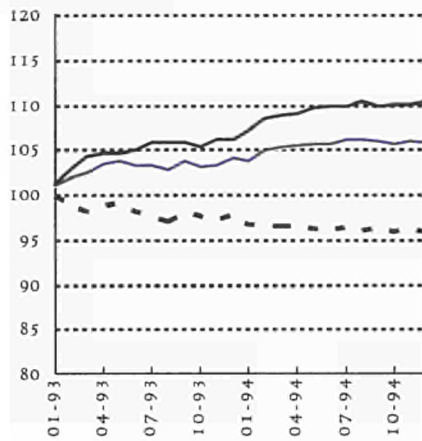
	Latest year available	Exports		Imports		Terms of trade index
		Value	Volume	Value	Volume	
EUR12	1993	103.6	106.2	109.1	112.3	105.3
Growth rate, t/t-1 (%)		4.9	-1.9	4.4	10.4	-0.4
B/L	1993	106.4	93.3	103.5	121.9	97.2
Growth rate, t/t-1 (%)		7.3	-7.2	3.1	18.0	-4.0
DK	1993	99.9	105.1	103.3	116.1	103.4
Growth rate, t/t-1 (%)		0.5	-0.6	2.7	9.5	2.2
D	1993	107.3	112.9	114.0	103.6	106.2
Growth rate, t/t-1 (%)		5.0	-1.7	7.1	3.6	2.0
GR	1993	107.0	132.2	99.4	139.7	92.9
Growth rate, t/t-1 (%)		5.0	8.0	1.0	21.2	-3.7
E	1993	96.1	94.9	100.0	133.0	104.0
Growth rate, t/t-1 (%)		2.1	-17.8	-1.7	19.5	-3.7
F	1993	102.2	98.3	111.8	106.4	109.3
Growth rate, t/t-1 (%)		5.0	-6.4	6.5	0.9	1.3
IRL	1993	105.7	131.0	103.0	161.1	97.4
Growth rate, t/t-1 (%)		5.3	31.1	7.5	27.0	2.1
I	1993	95.4	103.0	103.4	118.9	108.3
Growth rate, t/t-1 (%)		1.8	-1.9	-1.3	19.5	-3.1
NL	1993	100.9	100.4	104.6	129.9	103.6
Growth rate, t/t-1 (%)		3.6	-11.6	2.1	15.8	-1.4
P	1993	92.6	107.2	103.4	96.3	111.6
Growth rate, t/t-1 (%)		0.3	-5.2	-1.7	-1.7	-2.0
UK	1993	108.1	113.0	109.0	114.7	100.8
Growth rate, t/t-1 (%)		7.6	11.5	4.5	22.3	-2.8

SOURCE: eurostat

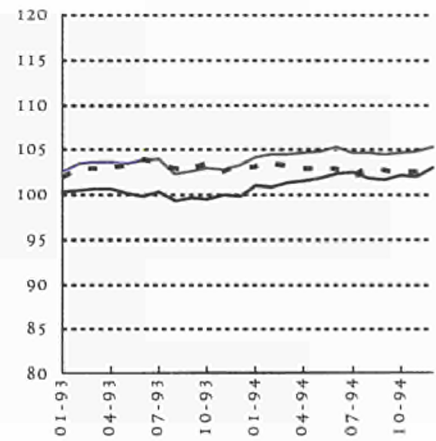
FIGURE 2.13

EVOLUTION OF
EXTRA-EU
TRADE INDEXES
(1990=100)

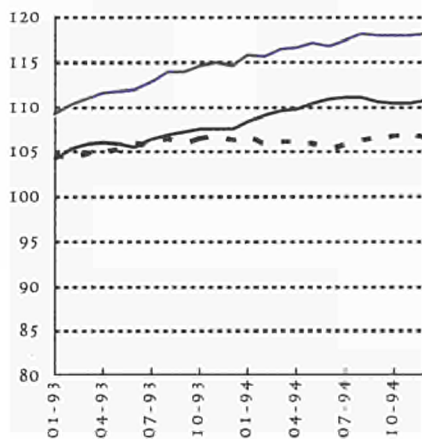
BELGIQUE/BELGIË, LUXEMBOURG



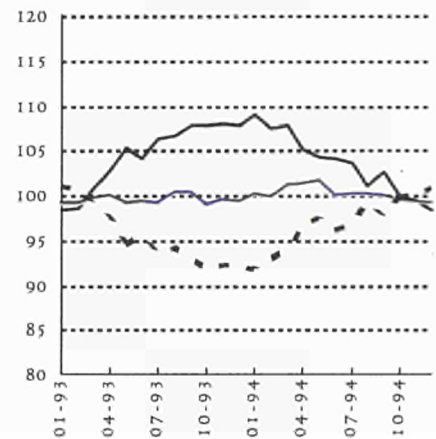
DANMARK



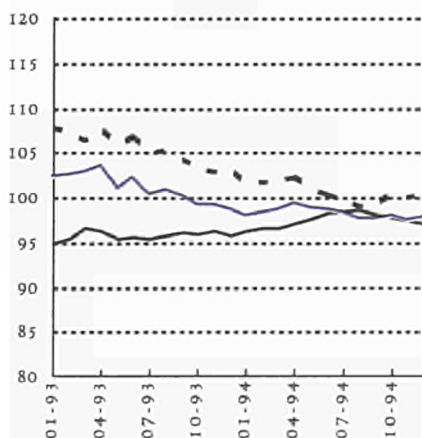
B.R. DEUTSCHLAND



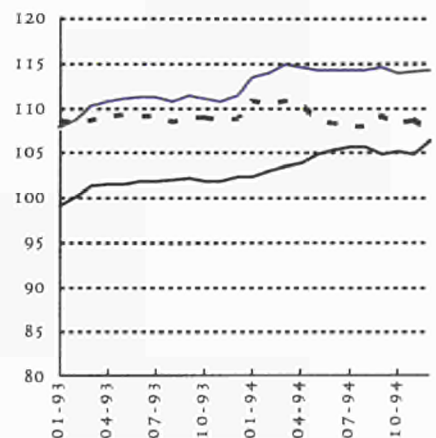
HELLAS



ESPAÑA



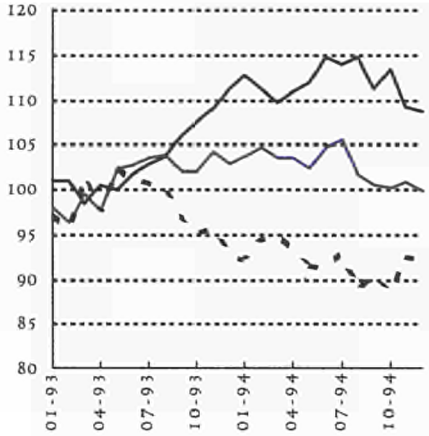
FRANCE



— Export value
- - - Import value
· · · Terms of trade

SOURCE: eurostat

IRELAND



ITALIA

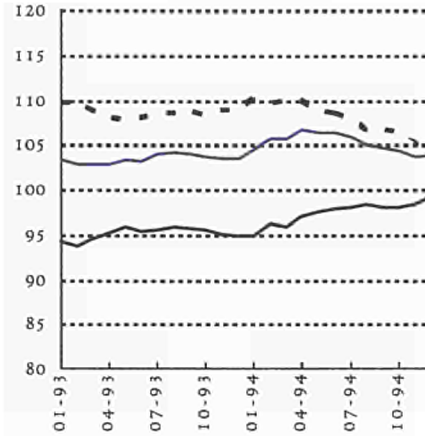
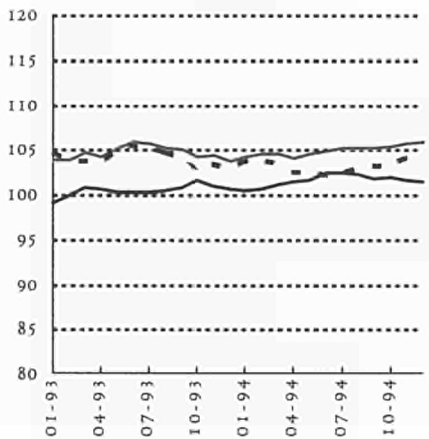


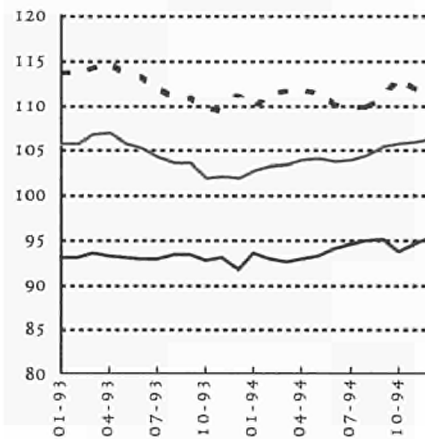
FIGURE 2.13

EVOLUTION OF
EXTRA-EU
TRADE INDEXES
(1990=100)

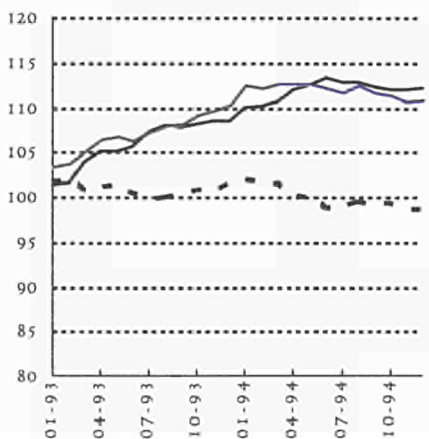
NEDERLAND



PORTUGAL



UNITED KINGDOM



— Export value
- - - Import value
· · · Terms of trade

SOURCE:  eurostat

IN BRIEF....

- ★ RECOVERY IN THE MANUFACTURE OF NON-METALLIC MINERAL PRODUCTS IN 1994
- ★ THE VOLUME PRODUCTION OF THE EU GREW BY 9.9% DURING THE LAST QUARTER OF 1994
- ★ IN DENMARK, VOLUME PRODUCTION GREW BY 32.6% DURING THE LAST QUARTER OF 1994
- ★ PRODUCER PRICES GREW BY A MODEST 2.0% IN 1994
- ★ THE FALL IN EMPLOYMENT IN THE EU CONTINUED IN 1994 FOR THE FOURTH CONSECUTIVE YEAR
- ★ CAPACITY UTILISATION: 79.7% DURING THE LAST QUARTER OF 1994
- ★ TOTAL EXTRA-EU TRADE FLOWS UP 11.1% IN 1994

Non-metallic mineral products covers the following industries: manufacture of construction products of baked clay, manufacture of cement, lime, plaster, asbestos products, the working of stone and non-metallic mineral products, grindstones and other applied abrasive products, glass and ceramics.

The sector is picking up again after the 1993 slowdown. During the last quarter of 1994, production in the sector grew by a sound 9.9%. This recovery follows on from that in the construction industry, on which the non-metallic mineral products industry is heavily dependent (practically all of the sector's production is used directly or indirectly in construction).

At national level, Portugal, Belgium and Greece saw production fall by 2.6%, 2.5% and 0.2% respectively during the last quarter of 1994 (third quarter of 1994 for Belgium). The highest growth rates were in Denmark, Luxembourg and the Netherlands, with rates of 32.6%, 29.3% and 22.7% respectively. The growth rates for Germany and Spain, although not as high, were also good (14.5% and 14.4% respectively).

Annual data seem to confirm a recovery, no Member State having recorded a fall in 1994. Growth was highest in Luxembourg and Denmark, at 20.9% and 14.7% respectively.

In 1994, capacity utilisation was slightly up. In the EU as a whole, it rose from 76.9% during the second quarter of 1994 to 79.7% during the last quarter of 1994. The highest capacity utilisation during the last quarter of 1994 was in France and Belgium (87.5% and 87.1% respectively). The lowest figure for the last quarter of 1994, 75.9%, was recorded by the United Kingdom.

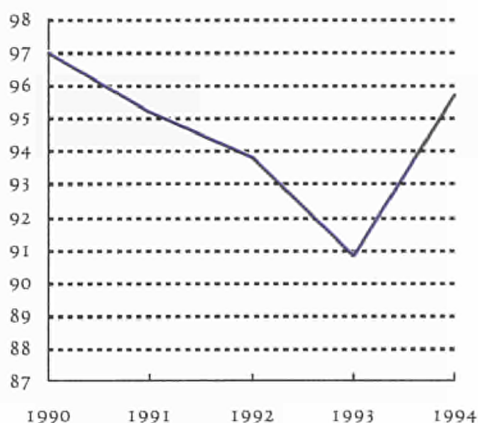
NON-METALLIC
MINERAL PRODUCTS

IN THIS SECTION:

Commentary	29
Structural indicators	33
Short-term indicators	36

FIGURE 3.1.1

EVOLUTION OF EU
PRODUCTION IN
CONSTANT PRICES
(BILLION ECU)

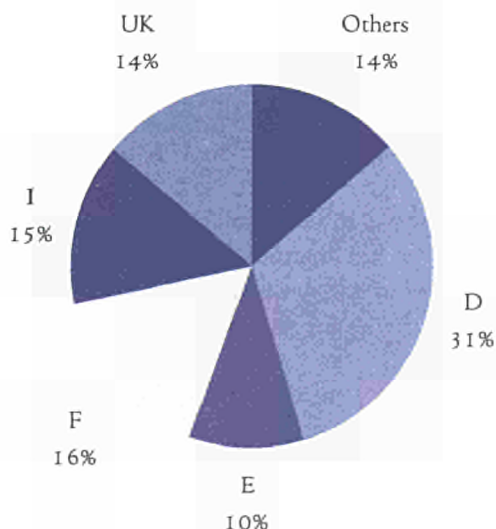


SOURCE: DEBA

Although the manufacture of non-metallic mineral products increased sharply in 1994, production prices remained relatively low in most Member States. Only three countries - Greece, Spain and the United Kingdom - recorded growth rates in the first quarter of 1995 (6.7%, 4.7% and 4.4% respectively). These figures were higher than the European average, which was 2.0% during the last quarter of 1994. The lowest inflation rates for production prices were in France (0.8% during the last quarter of 1994) and Denmark (1.0% during the first quarter of 1995).

FIGURE 3.1.2

SHARE OF
VALUE-ADDED AT
FACTOR COST BY
MEMBER STATE,
1994
(%)



SOURCE: DEBA

Most non-metallic mineral products such as cement, bricks or tiles of baked clay, lime, plaster, fresh or precast concrete, are facing a similar problem: production costs are relatively high (basically because of the high energy consumption) in relation to a final product whose sales value is still very low. Transport costs are also very high (because of the volumes involved), and this tends to concentrate markets.

Furthermore, in the glass industry, a trade dispute between Japan and the United States has just been resolved. The Japanese flat-glass market had been virtually closed to foreigners as a result of manoeuvrings by local producers with a dominant market position, i.e. very close to distributors. The agreement should provide foreigners with easier access to the Japanese market, although no target figures have been set.

In 1994, the leading Member States in the non-metallic mineral products industry were Germany, France, Italy and the United Kingdom. These countries accounted for 75.5% of Community production in the sector, 76.3% of Community value added in the sector and 71.2% of Community employment in the sector. This sector accounted for 4.7% of value added generated by manufacturing in 1994.

These four countries were net exporters, with trade surpluses of ECU 108.5 million, ECU 427.5 million, ECU 3 901.1 million and ECU 50.4 million in 1993. In terms of the production specialization ratio, the countries most specialized in the production of non-metallic mineral products, with the exception of Luxembourg, were the southern countries - Italy, Greece, Spain and Portugal. Furthermore, three Member States - the Netherlands, Ireland and Greece - were net importers overall. If the analysis is limited to extra-EU trade, the Netherlands and Denmark were net importers

in 1994, whilst a study of intra-EU trade reveals differences in respect of the overall trade balance: Italy and BLEU were the main suppliers of non-metallic mineral products, whereas Germany and France were the main intra-EU importers. Overall, the EU was a net exporter, with an estimated trade surplus of ECU 5 585 million in 1994, a record high. Extra-EU exports grew by 11.9%, whereas intra-EU imports grew by 9.4% in 1994. Imports represented 17.9% of apparent consumption in 1993, compared with 19.8% the previous year. In 1993, total intra-EU and extra-EU trade flows (imports plus exports) declined by 6.4%. However, extra-EU trade in non-metallic mineral products then picked up again, showing a growth rate of 6.0% in 1993 (estimated at 14.0% in 1994).

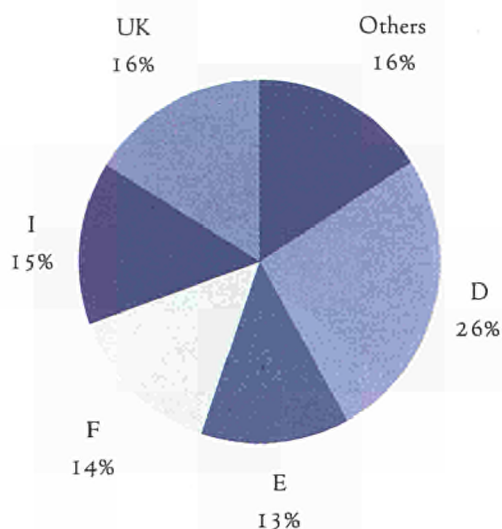


FIGURE 3.1.3

SHARE OF
NUMBER OF
EMPLOYEES BY
MEMBER STATE,
1994
(%)

SOURCE: DEBA

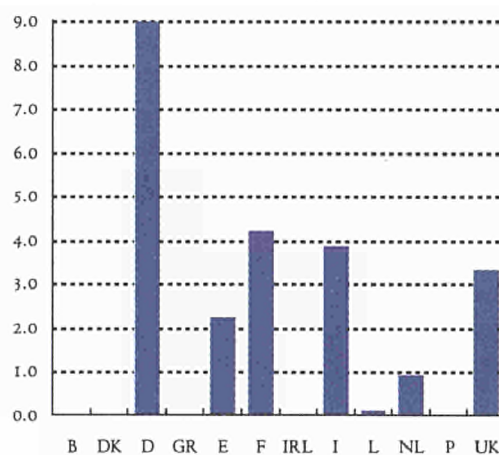


FIGURE 3.1.4

LABOUR COSTS BY
MEMBER STATE,
1994
(BILLION ECU)

SOURCE: DEBA

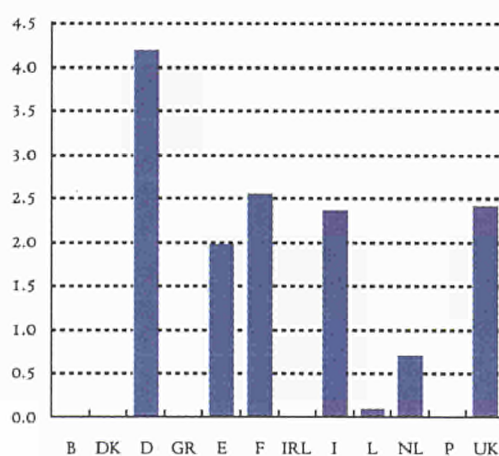


FIGURE 3.1.5

GROSS
OPERATING
SURPLUS BY
MEMBER STATE,
1994
(BILLION ECU)

SOURCE: DEBA

FIGURE 3.I.6

SHARE OF
EXTRA-EU
EXPORTS BY
MEMBER STATE,
1994
(%)



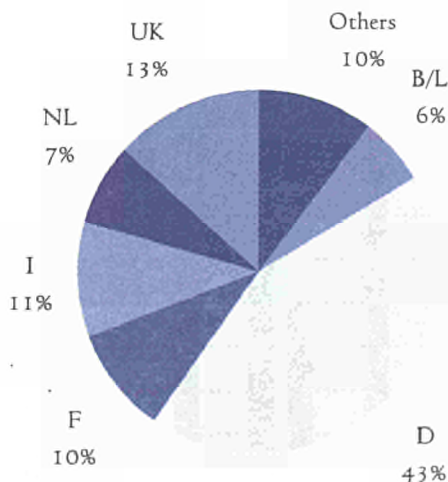
SOURCE: eurostat

After a fall of 5.8% in 1993, employment in this industry fell a further 3.3% in 1994 according to estimates. The Member States that most reduced labour costs in 1993 were Spain, Portugal and Italy. However, these countries, where labour costs are relatively higher in this industry than in others, managed to reduce costs by cutting the overall payroll cost without sacrificing too many jobs. There was a slight increase in productivity of 3.0% between 1990 and 1993, and the unit cost of labour grew by 11.7% over the same period. However, in 1993, the latter fell by 1.2%.

As total unit costs fell by 1.4% in 1993, competitiveness in the sector increased.

FIGURE 3.I.7

SHARE OF
EXTRA-EU
IMPORTS BY
MEMBER STATE,
1994
(%)



SOURCE: eurostat

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR 12	40,537	2.2	41,222	1.7	40,755	-1.1	39,126	-4.0	41,675	6.5
B	1,023	-17.5	1,004	-1.8	1,079	7.5	1,140	5.7	1,202	5.4
share (%)	2.5		2.4		2.6		2.9		2.9	
DK	686	-6.2	669	-2.5	692	3.4	669	-3.3	776	16.0
share (%)	1.7		1.6		1.7		1.7		1.9	
D	10,166	7.6	11,213	10.3	11,866	5.8	12,320	3.8	13,150	6.7
share (%)	25.1		27.2		29.1		31.5		31.6	
GR	240	2.3	194	-19.3	253	30.4	248	-1.9	257	3.8
share (%)	0.6		0.5		0.6		0.6		0.6	
E	5,168	13.8	5,212	0.9	4,755	-8.8	3,984	-16.2	4,183	5.0
share (%)	12.7		12.6		11.7		10.2		10.0	
F	6,382	4.4	6,389	0.1	6,199	-3.0	6,146	-0.8	6,719	9.3
share (%)	15.7		15.5		15.2		15.7		16.1	
IRL	433	-3.6	436	0.6	432	-0.9	418	-3.3	484	15.9
share (%)	1.1		1.1		1.1		1.1		1.2	
I	7,234	2.7	7,649	5.7	7,551	-1.3	6,155	-18.5	6,207	0.8
share (%)	17.8		18.6		18.5		15.7		14.9	
L	177	5.8	167	-5.2	162	-3.0	169	4.3	182	7.8
share (%)	0.4		0.4		0.4		0.4		0.4	
NL	1,314	4.1	1,314	0.0	1,420	8.1	1,493	5.2	1,628	9.0
share (%)	3.2		3.2		3.5		3.8		3.9	
P (I)	926	30.8	1,118	20.7	1,215	8.7	1,262	3.9	1,308	3.7
share (%)	N/A		N/A		N/A		N/A		N/A	
UK	6,875	-12.0	5,975	-13.1	5,259	-12.0	5,253	-0.1	5,712	8.7
share (%)	17.0		14.5		12.9		13.4		13.7	

TABLE 3.1.1

VALUE-ADDED AT
FACTOR COST BY
MEMBER STATE
(MILLION ECU)

(1) Value-added
at market prices.

SOURCE: DEBA

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR 12	101,492	4.4	104,780	3.2	105,103	0.3	100,762	-4.1	107,545	6.7
B	3,631	2.9	3,495	-3.8	3,765	7.7	3,983	5.8	4,202	5.5
share (%)	3.6		3.3		3.6		4.0		3.9	
DK	1,536	6.0	1,485	-3.3	1,499	0.9	1,441	-3.9	1,661	15.3
share (%)	1.5		1.4		1.4		1.4		1.5	
D	25,177	6.7	27,569	9.5	30,043	9.0	30,831	2.6	32,923	6.8
share (%)	24.8		26.3		28.6		30.6		30.6	
GR	1,063	7.4	1,100	3.4	1,089	-1.0	1,128	3.5	1,167	3.5
share (%)	1.0		1.0		1.0		1.1		1.1	
E (I)	11,445	11.0	12,310	7.6	11,060	-10.2	9,350	-15.5	9,869	5.5
share (%)	N/A		N/A		N/A		N/A		N/A	
F	16,653	7.0	16,802	0.9	16,664	-0.8	16,358	-1.8	17,991	10.0
share (%)	16.4		16.0		15.9		16.2		16.7	
IRL	924	-4.5	906	-2.0	895	-1.2	863	-3.5	998	15.7
share (%)	0.9		0.9		0.9		0.9		0.9	
I	19,344	4.9	20,567	6.3	20,386	-0.9	16,545	-18.8	16,719	1.1
share (%)	19.1		19.6		19.4		16.4		15.5	
L	350	5.0	354	1.0	345	-2.5	359	4.0	385	7.2
share (%)	0.3		0.3		0.3		0.4		0.4	
NL	3,272	7.2	3,309	1.1	3,492	5.5	3,684	5.5	4,012	8.9
share (%)	3.2		3.2		3.3		3.7		3.7	
P (I)	1,832	25.1	2,148	17.2	2,470	15.0	2,567	3.9	2,665	3.8
share (%)	N/A		N/A		N/A		N/A		N/A	
UK	16,278	-7.2	14,734	-9.5	13,393	-9.1	13,649	1.9	14,949	9.5
share (%)	16.0		14.1		12.7		13.5		13.9	

TABLE 3.1.2

TURNOVER IN
CURRENT PRICES
BY MEMBER STATE
(MILLION ECU)

(1) Production in
current prices.

SOURCE: DEBA

TABLE 3.1.3

NUMBER OF
EMPLOYEES BY
MEMBER STATE
(THOUSANDS)

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR 12	1,048	0.8	1,037	-1.1	1,011	-2.5	953	-5.8	921	-3.3
B	32	2.4	32	-0.2	31	-1.1	30	-2.9	N/A	N/A
share (%)	3.0		3.1		3.1		3.2		N/A	N/A
DK	15	0.5	15	-4.8	14	-4.4	13	-4.6	N/A	N/A
share (%)	1.5		1.4		1.4		1.4		N/A	N/A
D	254	1.0	261	2.7	257	-1.3	249	-3.2	241	-3.2
share (%)	24.2		25.1		25.5		26.1		26.2	
GR	18	-0.9	16	-6.2	16	-6.0	15	-3.9	14	-6.7
share (%)	1.7		1.6		1.5		1.6		1.5	
E	136	4.9	139	1.5	141	1.9	123	-13.1	120	-2.0
share (%)	13.0		13.4		14.0		12.9		13.0	
F	142	0.3	142	0.3	138	-2.6	132	-4.6	130	-1.6
share (%)	13.5		13.7		13.7		13.9		14.1	
IRL	9	-1.1	9	-2.4	9	-5.5	8	-4.3	N/A	N/A
share (%)	0.9		0.9		0.9		0.9		N/A	N/A
I	158	-2.0	159	0.3	154	-2.6	148	-4.0	136	-8.5
share (%)	15.1		15.3		15.3		15.6		14.7	
L	3	11.0	3	-4.3	3	-3.7	3	-0.8	3	2.5
share (%)	0.3		0.3		0.3		0.3		0.3	
NL	29	3.2	29	-1.4	29	0.1	28	-1.2	28	-1.9
share (%)	2.8		2.8		2.9		3.0		3.0	
P	57	17.5	57	0.8	55	-4.2	51	-6.6	N/A	N/A
share (%)	5.4		5.5		5.4		5.4		N/A	N/A
UK	195	-4.2	176	-9.9	163	-7.0	151	-7.6	149	-1.1
share (%)	18.6		17.0		16.2		15.9		16.2	

SOURCE: DEBA

TABLE 3.1.4

LABOUR COSTS BY
MEMBER STATE
(MILLION ECU)

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR 12	24,801	5.6	26,314	6.1	26,935	2.4	26,075	-3.2	25,885	-0.7
B	934	10.0	974	4.4	996	2.2	1,018	2.2	N/A	N/A
share (%)	3.8		3.7		3.7		3.9		N/A	N/A
DK	431	6.8	426	-1.2	426	0.0	427	0.1	N/A	N/A
share (%)	1.7		1.6		1.6		1.6		N/A	N/A
D	7,187	5.0	7,795	8.5	8,327	6.8	8,832	6.1	8,974	1.6
share (%)	29.0		29.6		30.9		33.9		34.7	
GR	250	6.3	257	2.6	260	1.4	262	0.5	N/A	N/A
share (%)	1.0		1.0		1.0		1.0		N/A	N/A
E	2,379	16.1	2,653	11.5	2,853	7.6	2,323	-18.6	2,229	-4.1
share (%)	9.6		10.1		10.6		8.9		8.6	
F	3,872	6.3	4,001	3.3	4,097	2.4	4,125	0.7	4,189	1.5
share (%)	15.6		15.2		15.2		15.8		16.2	
IRL	226	-7.0	232	2.7	226	-2.6	208	-8.1	N/A	N/A
share (%)	0.9		0.9		0.8		0.8		N/A	N/A
I	4,364	5.3	4,795	9.9	4,772	-0.5	4,213	-11.7	3,853	-8.5
share (%)	17.6		18.2		17.7		16.2		14.9	
L	72	16.1	74	2.9	76	3.0	83	8.1	89	8.2
share (%)	0.3		0.3		0.3		0.3		0.3	
NL	769	8.1	809	5.1	851	5.3	912	7.2	926	1.5
share (%)	3.1		3.1		3.2		3.5		3.6	
P	422	36.4	510	20.9	548	7.5	472	-13.8	N/A	N/A
share (%)	1.7		1.9		2.0		1.8		N/A	N/A
UK	3,896	-2.3	3,788	-2.8	3,502	-7.5	3,202	-8.6	3,311	3.4
share (%)	15.7		14.4		13.0		12.3		12.8	

SOURCE: DEBA

TABLE 3.I.5

EXTRA-EU
EXPORTS BY
MEMBER STATE
(MILLION ECU)

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR 12	8,520	-1.2	8,583	0.7	8,624	0.5	9,317	8.0	10,425	11.9
B/L	282	3.9	265	-6.2	237	-10.4	302	27.3	377	25.0
share (%)	3.3		3.1		2.7		3.2		3.6	
DK	207	20.9	192	-7.4	195	1.6	185	-5.0	171	-7.8
share (%)	2.4		2.2		2.3		2.0		1.6	
D	2,203	0.5	2,314	5.1	2,243	-3.1	2,434	8.5	2,717	11.6
share (%)	25.9		27.0		26.0		26.1		26.1	
GR	151	-13.3	140	-7.5	164	17.7	168	2.3	237	40.9
share (%)	1.8		1.6		1.9		1.8		2.3	
E	741	-4.0	776	4.8	899	15.8	1,013	12.6	1,140	12.5
share (%)	8.7		9.0		10.4		10.9		10.9	
F	1,246	0.6	1,244	-0.2	1,273	2.4	1,297	1.9	1,466	13.0
share (%)	14.6		14.5		14.8		13.9		14.1	
IRL	76	-31.6	87	15.2	73	-17.0	80	10.5	98	22.1
share (%)	0.9		1.0		0.8		0.9		0.9	
I	2,471	-2.7	2,418	-2.2	2,394	-1.0	2,553	6.6	2,808	10.0
share (%)	29.0		28.2		27.8		27.4		26.9	
NL	177	-2.1	168	-5.1	171	1.6	198	15.9	224	13.3
share (%)	2.1		2.0		2.0		2.1		2.1	
P	149	7.8	151	1.0	171	13.3	167	-2.0	171	1.9
share (%)	1.8		1.8		2.0		1.8		1.6	
UK	817	-2.5	829	1.5	803	-3.1	920	14.5	1,017	10.6
share (%)	9.6		9.7		9.3		9.9		9.8	

SOURCE:  eurostat

TABLE 3.I.6

EXTRA-EU
IMPORTS BY
MEMBER STATE
(MILLION ECU)

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR 12	3,436	7.4	4,012	16.8	4,342	8.2	4,427	2.0	4,841	9.4
B/L	202	-3.3	232	14.7	245	5.7	266	8.5	286	7.8
share (%)	5.9		5.8		5.6		6.0		5.9	
DK	141	0.9	145	2.9	147	1.4	143	-3.0	172	20.3
share (%)	4.1		3.6		3.4		3.2		3.5	
D	1,125	15.1	1,497	33.1	1,657	10.7	1,856	12.0	2,086	12.4
share (%)	32.7		37.3		38.2		41.9		43.1	
GR	55	12.1	64	15.9	70	9.9	80	15.2	79	-2.4
share (%)	1.6		1.6		1.6		1.8		1.6	
E	232	29.9	289	24.5	296	2.5	198	-33.2	182	-7.9
share (%)	6.8		7.2		6.8		4.5		3.8	
F	352	1.4	364	3.2	395	8.7	406	2.8	464	14.3
share (%)	10.3		9.1		9.1		9.2		9.6	
IRL	25	-6.4	29	17.7	37	24.9	40	9.8	47	17.7
share (%)	0.7		0.7		0.8		0.9		1.0	
I	518	9.6	573	10.5	602	5.1	502	-16.6	509	1.3
share (%)	15.1		14.3		13.9		11.3		10.5	
NL	218	11.2	250	14.4	300	20.3	335	11.7	356	6.1
share (%)	6.3		6.2		6.9		7.6		7.3	
P	19	18.4	20	3.6	23	17.0	28	19.7	22	-22.9
share (%)	0.6		0.5		0.5		0.6		0.4	
UK	548	-6.5	551	0.5	570	3.5	573	0.5	639	11.5
share (%)	16.0		13.7		13.1		12.9		13.2	

SOURCE:  eurostat

FIGURE 3.2.1

EVOLUTION OF
EUR15
PRODUCTION AND
PRODUCER PRICE
INDEXES
(1990=100)

— Index of production
— Producer price index

SOURCE:  eurostat

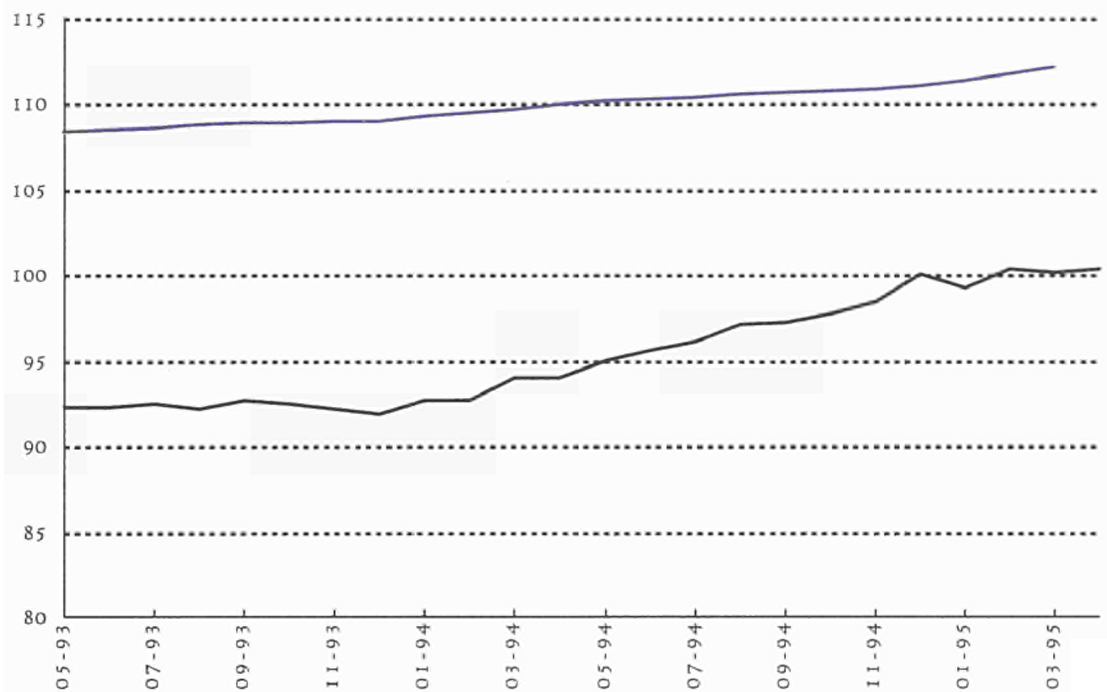


TABLE 3.2.1

QUARTERLY
AND ANNUAL
PRODUCTION
INDEXES (1)
(1990=100)

(1) Annual growth rates are based on the latest annual data. Only when data to October is available will an annual estimate for the year be made.

SOURCE:  eurostat

	Latest quarter available	Index	Quarterly t/t-4 (%)	Index	Annual t/t-1 (%)
EUR15	02-95 ⇔ 04-95	100.3	6.6	97.8	6.1
B	09-94 ⇔ 11-94	104.0	7.7	102.8	5.7
DK	02-95 ⇔ 04-95	109.9	18.5	100.5	14.7
D	02-95 ⇔ 04-95	113.2	7.5	110.9	8.3
GR	01-95 ⇔ 03-95	87.4	2.2	87.6	3.3
E	02-95 ⇔ 04-95	101.2	11.0	96.1	9.5
F	02-95 ⇔ 04-95	94.4	7.8	92.7	9.3
IRL	12-94 ⇔ 02-95	103.2	6.3	104.0	10.5
I	02-95 ⇔ 04-95	92.2	3.4	90.1	1.0
L	10-94 ⇔ 12-94	125.6	23.9	121.6	20.6
NL	12-94 ⇔ 02-95	106.6	15.5	103.1	10.4
P	12-94 ⇔ 02-95	107.2	0.1	108.2	1.7
UK	02-95 ⇔ 04-95	95.4	5.5	92.6	3.6

FIGURE 3.2.2

ANNUAL GROWTH
RATE OF EU
PRODUCTION
AND PRODUCER
PRICE
INDEXES (1)
(%)

■ Production
■ Producer prices

(1) Growth rates are based on the latest annual data available for each country. Please see the table below for the year concerned.

SOURCE:  eurostat

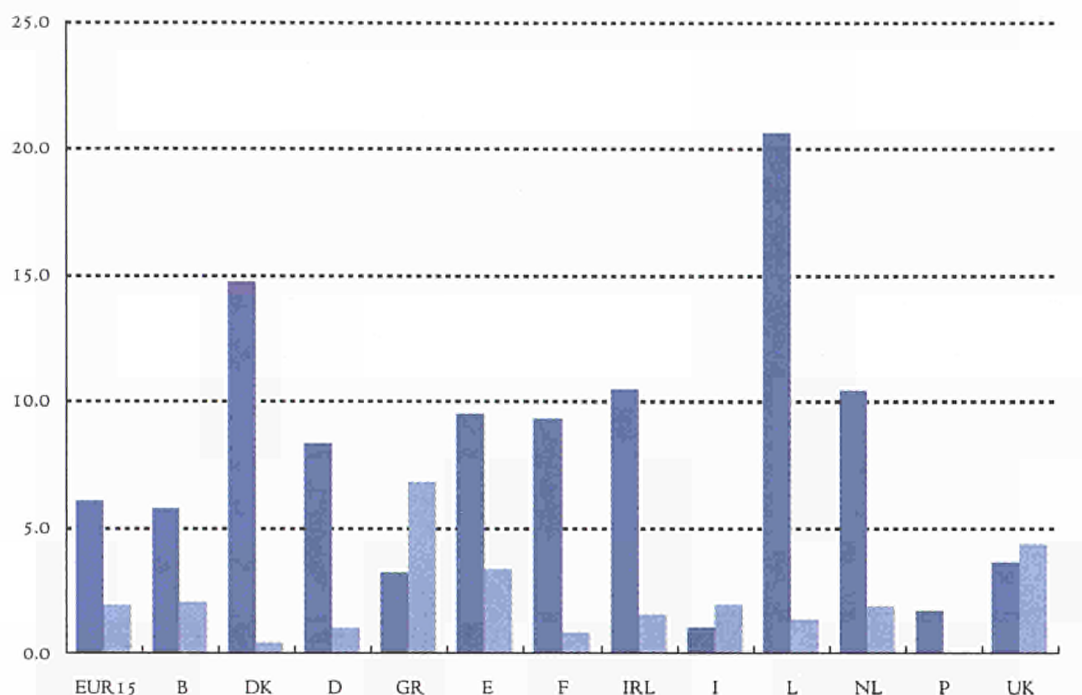


TABLE 3.2.2

QUARTERLY
AND ANNUAL
PRODUCER PRICE
INDEXES (1)
(1990=100)

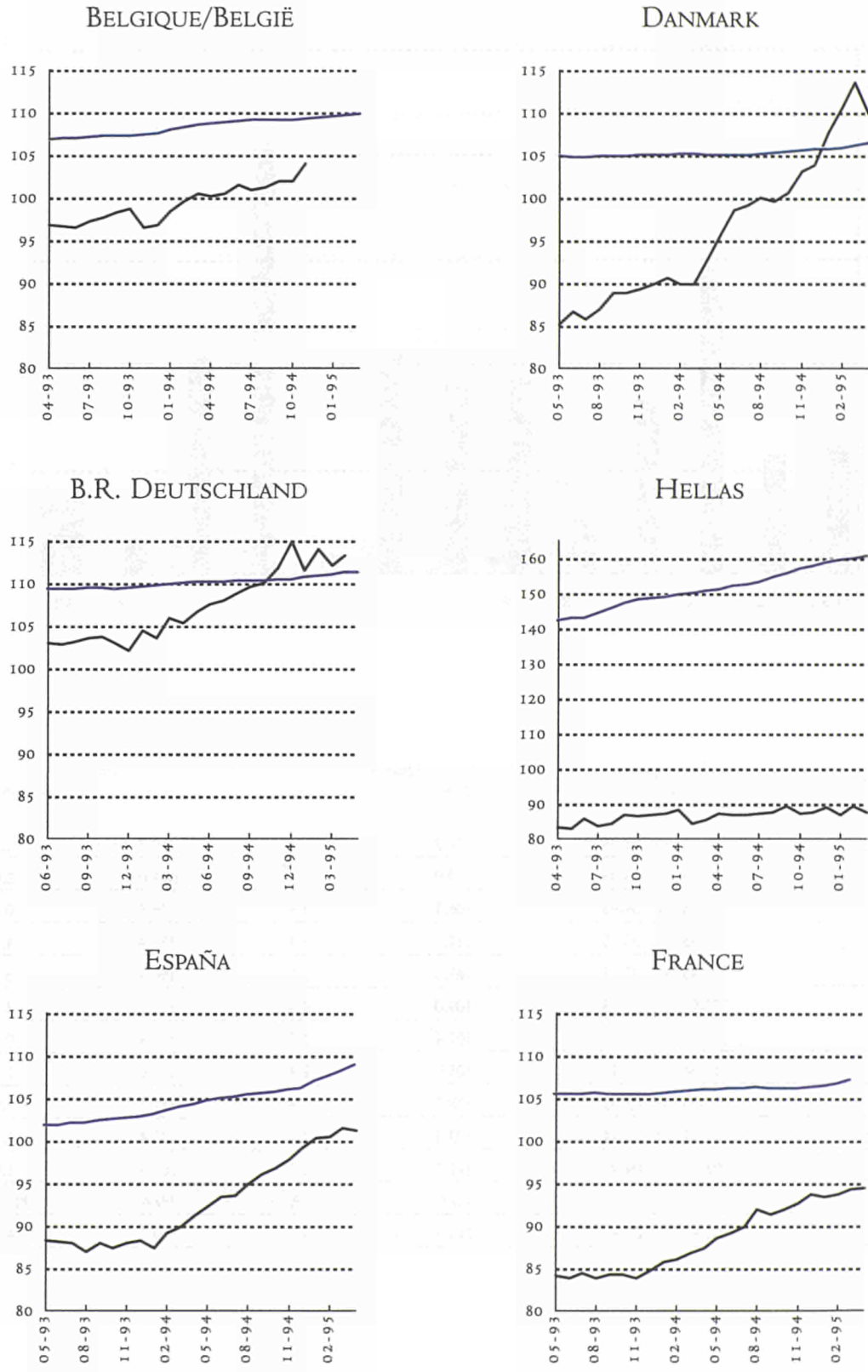
(1) Annual growth rates are based on the latest annual data. Only when data to October is available will an annual estimate for the year be made.

SOURCE:  eurostat

	Latest quarter available	Quarterly Index	Quarterly t/t-4 (%)	Annual Index	Annual t/t-1 (%)
EUR15	01-95 ⇌ 03-95	112.2	2.3	110.7	1.9
B	01-95 ⇌ 03-95	109.9	1.3	109.0	2.0
DK	02-95 ⇌ 04-95	106.7	1.4	105.5	0.4
D	03-95 ⇌ 05-95	111.3	1.1	110.4	1.0
GR	01-95 ⇌ 03-95	161.0	6.5	156.4	6.8
E	02-95 ⇌ 04-95	109.0	4.4	105.7	3.4
F	01-95 ⇌ 03-95	107.4	1.2	106.4	0.8
IRL	12-94 ⇌ 02-95	105.9	2.4	104.9	1.6
I	01-95 ⇌ 03-95	118.7	2.4	117.1	1.9
L	10-94 ⇌ 12-94	103.5	2.7	102.4	1.4
NL	02-95 ⇌ 04-95	111.5	2.2	109.9	1.9
P	⇌	N/A	N/A	N/A	N/A
UK	03-95 ⇌ 05-95	113.7	4.7	110.1	4.3

FIGURE 3.2.3

EVOLUTION OF
PRODUCTION AND
PRODUCER PRICE
INDEXES
(1990=100)

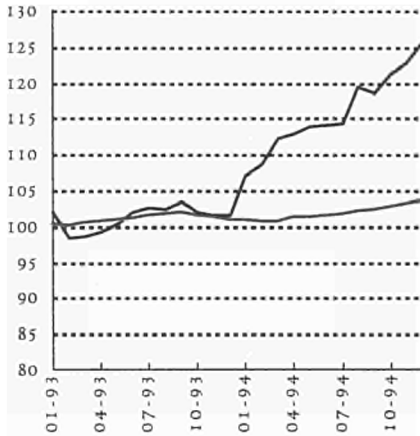


SOURCE: eurostat

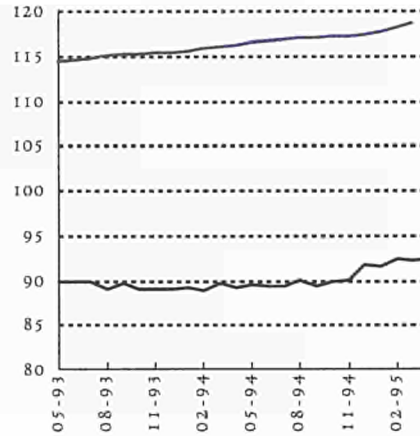
FIGURE 3.2.3

EVOLUTION OF
PRODUCTION AND
PRODUCER PRICE
INDEXES
(1990=100)

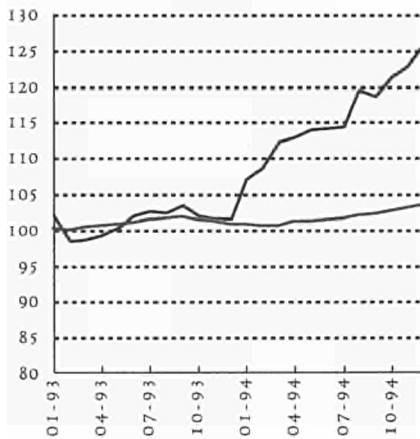
IRELAND



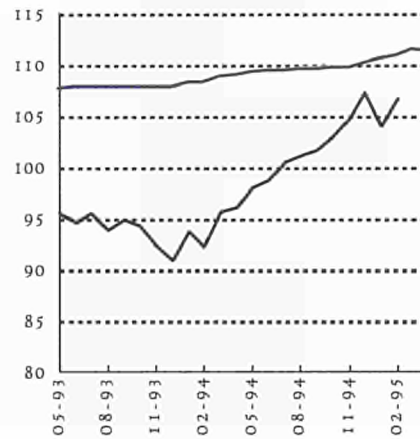
ITALIA



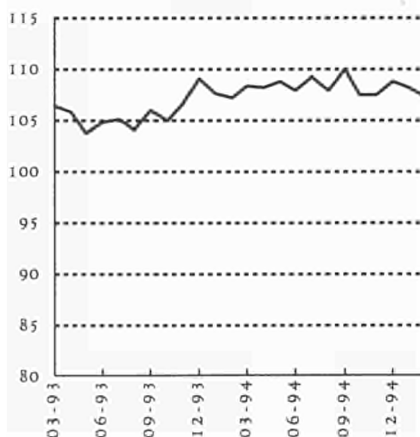
LUXEMBOURG



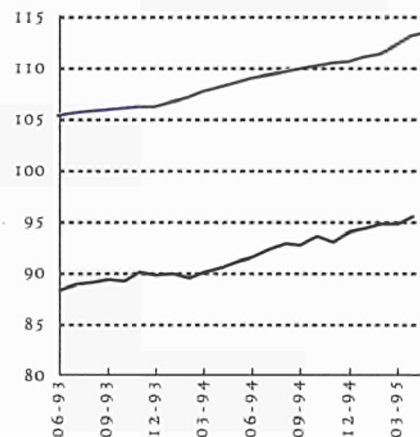
NEDERLAND



PORTUGAL



UNITED KINGDOM

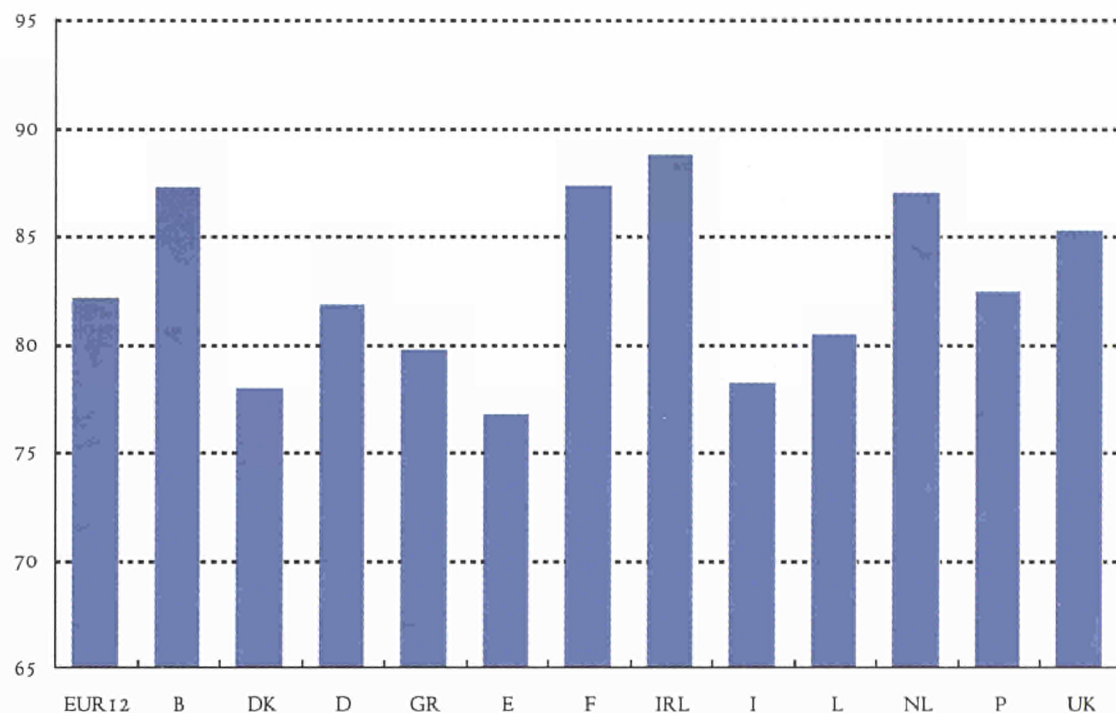


— Index of production
— Producer price index

SOURCE:  eurostat

FIGURE 3.2.4

CAPACITY
UTILISATION
RATES BY
MEMBER STATE,
FIRST QUARTER
1995
(%)



SOURCE: DG II -
BUSINESS SURVEY

TABLE 3.2.3

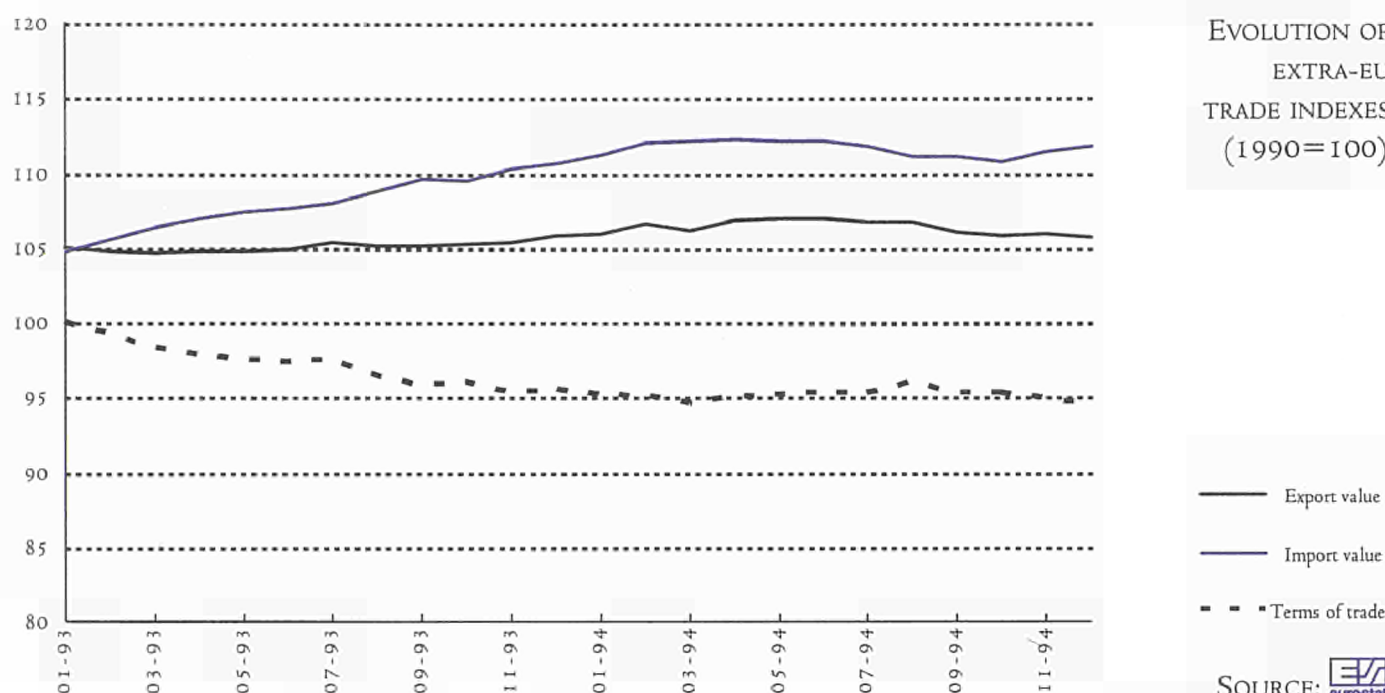
CAPACITY
UTILISATION
RATES BY
MEMBER STATE
(%)

	Annual growth rate: latest quarter, t/t-4	Second quarter 1994	Third quarter 1994	Fourth quarter 1994	First quarter 1995
EUR12	8.2	76.9	78.9	79.7	82.1
B	6.9	85.8	86.2	87.1	87.2
DK	5.4	68.0	N/A	81.0	78.0
D	6.4	80.2	82.7	82.7	81.8
GR	-2.7	81.0	81.6	84.1	79.7
E	17.3	67.3	68.1	75.1	76.8
F	8.3	82.5	85.1	87.5	87.3
IRL	3.1	84.0	82.2	78.9	88.8
I	6.1	76.2	74.1	75.8	78.2
L	-7.3	86.7	91.9	81.2	80.4
NL	5.7	N/A	N/A	N/A	87.0
P	4.7	79.2	N/A	82.9	82.4
UK	9.8	74.2	82.6	75.9	85.2

SOURCE: DG II -
BUSINESS SURVEY

FIGURE 3.2.5

EVOLUTION OF
EXTRA-EU
TRADE INDEXES
(1990=100)



SOURCE: eurostat

TABLE 3.2.4

QUARTERLY
EXTRA-EU
TRADE INDEXES
(1990=100)

	Latest quarter available	Exports		Imports		Terms of trade index
		Value	Volume	Value	Volume	
EUR12	10-94 ⇔ 12-94	111.8	129.6	105.6	121.4	94.5
Growth rate, t/t-4 (%)		1.1	10.5	-0.1	9.0	-1.1
B/L	10-94 ⇔ 12-94	108.2	121.3	104.9	126.6	97.0
Growth rate, t/t-4 (%)		-0.5	3.1	-2.2	17.5	-1.8
DK	10-94 ⇔ 12-94	102.9	132.8	101.7	83.0	98.8
Growth rate, t/t-4 (%)		3.1	21.2	-2.0	-4.1	-5.0
D	10-94 ⇔ 12-94	118.2	169.4	118.9	109.0	100.6
Growth rate, t/t-4 (%)		2.0	13.7	2.4	5.9	0.3
GR	10-94 ⇔ 12-94	113.3	140.0	114.1	231.8	100.8
Growth rate, t/t-4 (%)		-0.8	-8.0	-4.7	109.0	-4.0
E	10-94 ⇔ 12-94	95.7	76.6	88.2	174.6	92.2
Growth rate, t/t-4 (%)		0.5	-2.0	-1.9	7.1	-2.3
F	10-94 ⇔ 12-94	114.7	112.6	113.3	110.6	98.9
Growth rate, t/t-4 (%)		1.8	12.1	0.1	9.9	-1.6
IRL	10-94 ⇔ 12-94	99.6	225.0	141.3	81.6	141.7
Growth rate, t/t-4 (%)		1.3	50.8	3.5	-3.9	1.9
I	10-94 ⇔ 12-94	100.4	95.2	98.2	118.6	97.8
Growth rate, t/t-4 (%)		-1.6	7.4	-0.5	6.9	1.2
NL	10-94 ⇔ 12-94	112.0	143.0	102.3	126.1	91.4
Growth rate, t/t-4 (%)		-0.1	3.4	1.3	6.3	1.3
P	10-94 ⇔ 12-94	99.0	106.2	108.0	108.0	109.3
Growth rate, t/t-4 (%)		-10.1	-14.6	-1.1	-1.0	10.1
UK	10-94 ⇔ 12-94	115.2	100.4	99.4	130.4	86.4
Growth rate, t/t-4 (%)		0.8	11.4	-1.9	7.9	-2.8

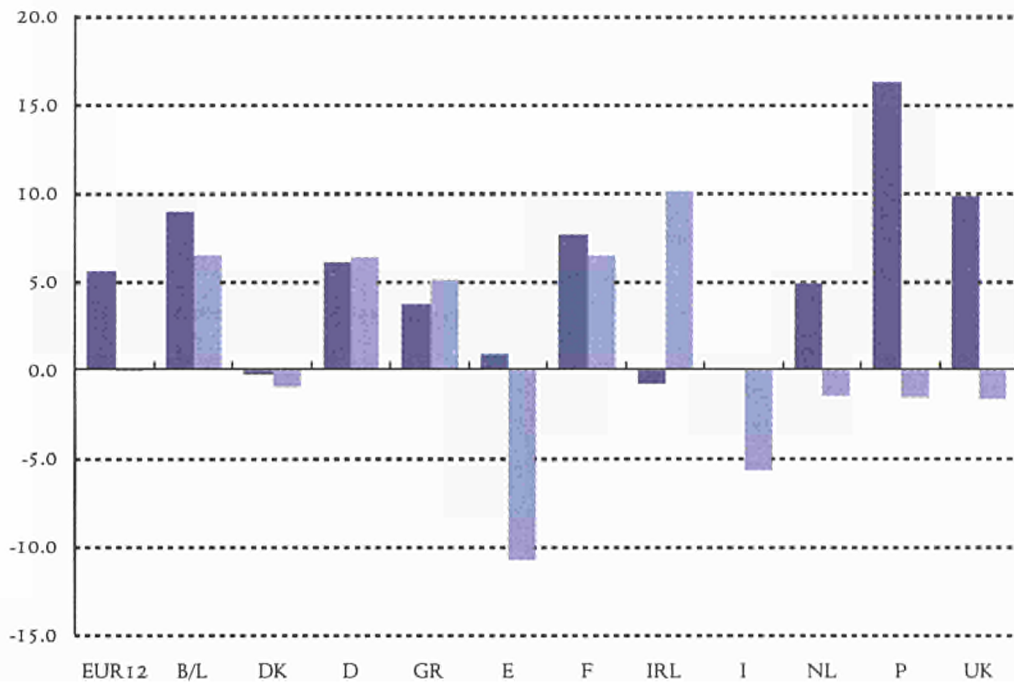
SOURCE: eurostat

FIGURE 3.2.6

ANNUAL GROWTH
RATE OF
EXTRA-EU TRADE
INDEXES (1)
(%)

■ Export value
■ Import value

(1) Growth rates are based on the latest annual data available for each country. Please see the table below for the year concerned.



SOURCE: eurostat

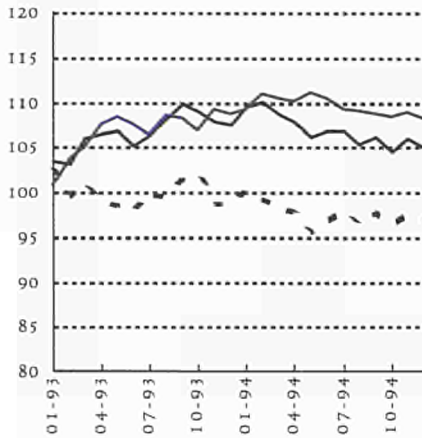
TABLE 3.2.5

ANNUAL
EXTRA-EU
TRADE INDEXES
(1990=100)

	Latest year available	Exports		Imports		Terms of trade index
		Value	Volume	Value	Volume	
EUR 12	1993	109.6	117.4	105.3	104.6	96.0
Growth rate, t/t-1 (%)		5.6	-3.7	-0.1	8.8	-5.4
B/L	1993	108.9	120.8	107.7	99.3	98.9
Growth rate, t/t-1 (%)		8.9	-0.4	6.4	19.5	-2.3
DK	1993	100.2	101.0	100.5	89.2	100.3
Growth rate, t/t-1 (%)		-0.3	-3.0	-1.0	-4.4	-0.7
D	1993	114.9	143.7	115.9	95.4	100.8
Growth rate, t/t-1 (%)		6.1	5.7	6.3	2.1	0.2
GR	1993	114.5	128.0	114.8	97.0	100.2
Growth rate, t/t-1 (%)		3.7	7.1	5.1	-2.7	1.3
E	1993	96.1	88.4	92.0	151.9	95.7
Growth rate, t/t-1 (%)		0.8	-34.1	-10.8	28.1	-11.5
F	1993	112.9	101.8	112.6	95.5	99.7
Growth rate, t/t-1 (%)		7.6	-4.8	6.4	-1.0	-1.1
IRL	1993	99.2	162.5	146.3	72.1	147.4
Growth rate, t/t-1 (%)		-0.8	10.9	10.1	0.3	10.9
I	1993	101.7	95.2	97.3	106.2	95.6
Growth rate, t/t-1 (%)		0.0	-16.6	-5.7	13.1	-5.7
NL	1993	110.0	137.4	103.0	107.7	93.6
Growth rate, t/t-1 (%)		4.9	4.8	-1.4	16.8	-6.0
P	1993	111.3	131.2	109.2	104.5	98.1
Growth rate, t/t-1 (%)		16.3	0.4	-1.5	-1.1	-15.3
UK	1993	109.6	95.4	100.0	112.7	91.2
Growth rate, t/t-1 (%)		9.8	-8.5	-1.7	16.5	-10.5

SOURCE: eurostat

BELGIQUE/BELGIË, LUXEMBOURG



DANMARK

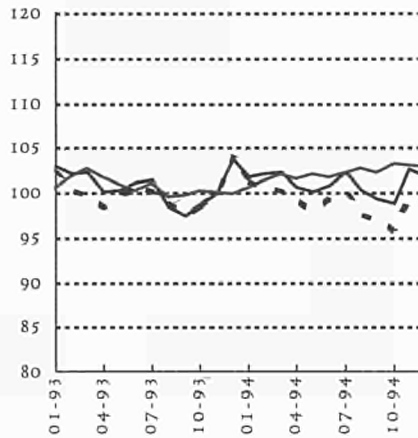
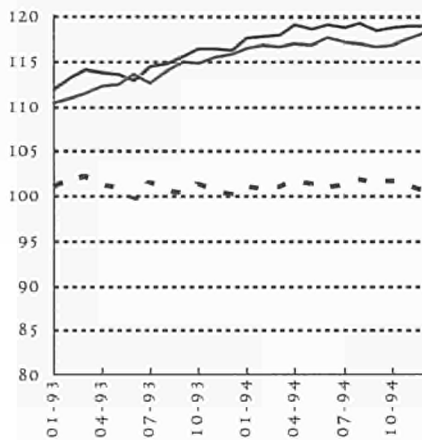


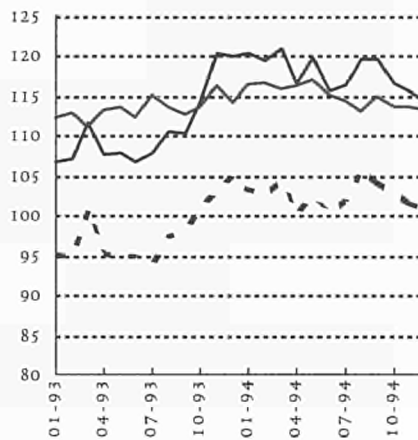
FIGURE 3.2.7

EVOLUTION OF
EXTRA-EU
TRADE INDEXES
(1990=100)

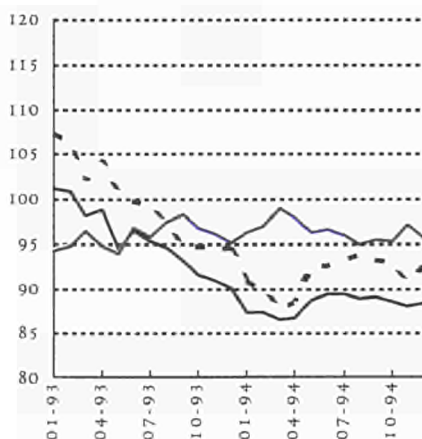
B.R. DEUTSCHLAND



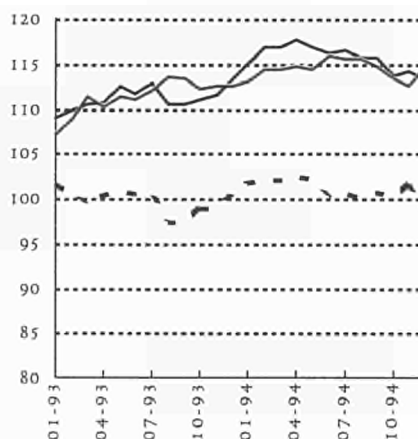
HELLAS



ESPAÑA



FRANCE

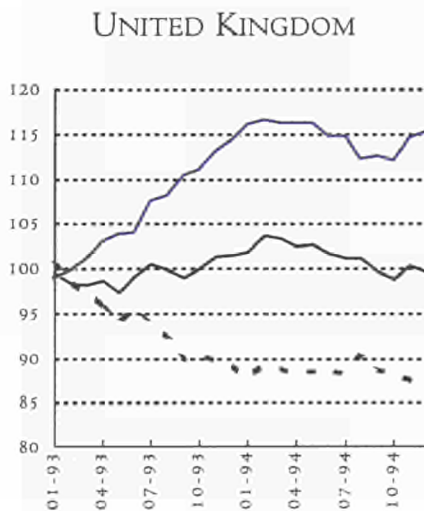
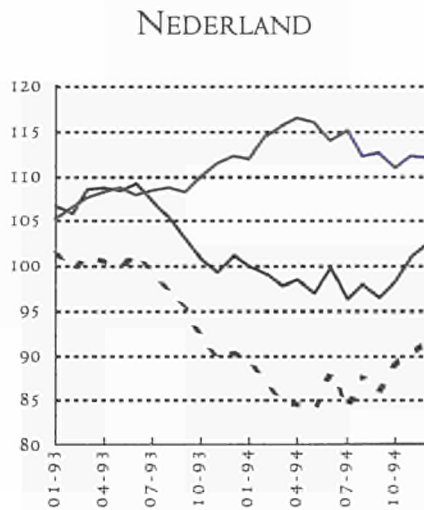
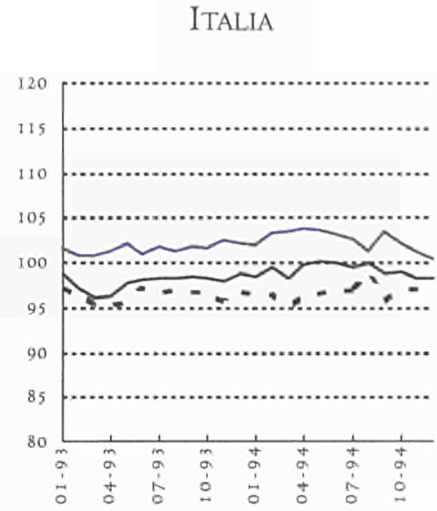
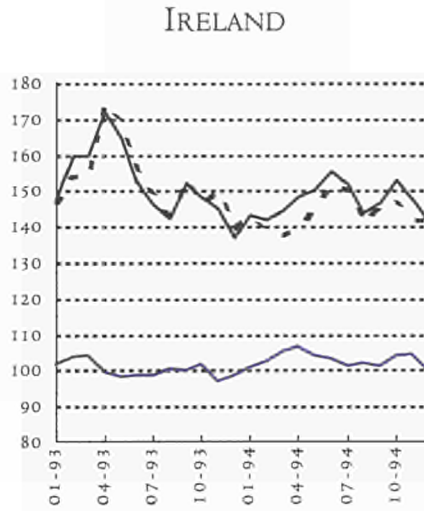


— Export value
- - - Import value
· · · Terms of trade

SOURCE: eurostat

FIGURE 3.2.7

EVOLUTION OF
EXTRA-EU
TRADE INDEXES
(1990=100)



— Export value
- - - Import value
· · · Terms of trade

SOURCE:  eurostat

IN BRIEF....

- ★ THE PAPER AND PUBLISHING INDUSTRY PICKED UP AGAIN IN 1994
- ★ EU PRODUCTION AT CONSTANT PRICES GREW BY 2.7% IN 1994
- ★ IN PORTUGAL, VOLUME PRODUCTION GREW BY 9.1% DURING THE LAST QUARTER OF 1994
- ★ PRODUCTION PRICES IN THE PAPER SECTOR GREW BY 2.5% IN 1994
- ★ THE FALL IN EMPLOYMENT IN THE EU IN THIS SECTOR CONTINUED IN 1994 FOR THE THIRD YEAR RUNNING
- ★ CAPACITY UTILISATION: 85.3% DURING THE LAST QUARTER OF 1994
- ★ TOTAL EXTRA-EU TRADE FLOWS GREW BY 14.0% IN 1994

The paper industry, manufacture of paper products, printing and publishing covers the following: the manufacture of pulp and pulp products, the manufacture and processing of paper and paperboard, printing and publishing.

After a gradual slowdown since 1991 and a fall in 1993 for the first time since 1982, production at constant prices in this sector picked up again by 2.7% in 1994.

The strongest growth in volume production was in Portugal, the Netherlands and Denmark, which recorded annual growth rates of 9.1%, 7.2% and 7.2% respectively during the last quarter of 1994 (first quarter of 1995 for Denmark). Belgium and Spain saw production fall by 3.4% and 0.9% respectively during the last quarter of 1994 (third quarter of 1994 in the case of Belgium).

Annual data did not show any fall in production during 1994. Highest growth rates were in Denmark and Portugal, with values of 6.9% and 6.1% respectively. The least marked growth was in Germany and the United Kingdom, owing to the increase in the price of newsprint (these two countries being the two largest European importers of newsprint).

The accession of Sweden and Finland to the EU will have a major impact on European production figures for this sector. Indeed, these countries are home to Europe's largest producers of pulp and paper: in January 1995, SCA-PWA (Sweden), Stora (Sweden) and Enzo-Gutzeit (Finland) were classified as the world's 5th, 6th and 8th largest producers of pulp and paper respectively.

Paper production prices increased by 2.5% in 1994 in the EU. However, Spain, Italy and the United Kingdom had relatively high growth rates of 8.3%, 4.2% and 4.0% respectively in 1994. Between the last quarter of 1994 and the first quarter of 1995, there was a general increase in the production price of pulp and paper. The rise for the EU as a whole was 4.8%, with peaks of 11.7% in Spain and 6.9% in Italy. The lowest inflation rates for production prices were recorded in Germany and Denmark during the first quarter of 1995 (2.9% and 3.2% respectively).

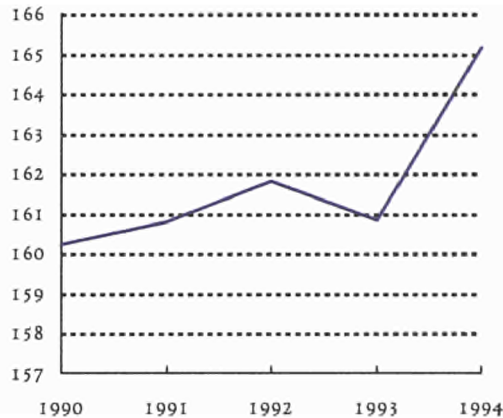
PAPER, PRINTING
AND PUBLISHING

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FIGURE 4.1.1

EVOLUTION OF EU
PRODUCTION IN
CONSTANT PRICES
(BILLION ECU)



SOURCE: DEBA

The paper-pulp market is entirely subject to the laws of supply and demand. The price increase in question was a direct result of a general increase in demand. South-East Asia was responsible for 70% of the growth in demand in 1994. The countries in this region (Japan, Indonesia, Korea and Taiwan in the main) are highly dependent on foreign countries for their supplies. They thus siphon off part of North-American and European supply via substantially higher prices, leading to stock-outs and price increases in these two markets. In addition to the pressure exerted by South-East Asia on demand, there are problems of

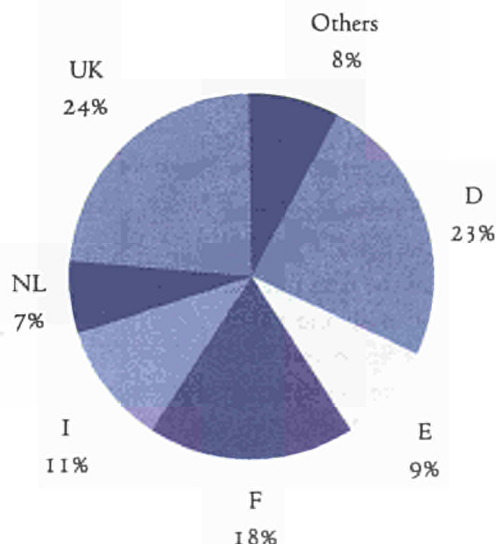
stocks being exhausted, strikes, delays in the arrival of new stock and supply failures, all of which add to the pressure.

The manufacture of pulp and paper is very much an "all or nothing" industry. The recent past has shown that prices may rise or fall quite unexpectedly. The market has become highly volatile.

Capacity utilisation was slightly up in 1994. For the EU sector as a whole, it increased from 82.2% during the last quarter of 1993 to 85.3% during the last quarter of 1994. Capacity utilisation in the EU was not the same in the paper-manufacturing industry as in the printing and publishing industry: in the former, it rose from 85.9% in 1993 to 93.1% in 1994, whereas in the latter, it rose from 81.0% in 1993 to 83.7% in 1994. Highest capacity utilisation for the sector as a whole during the last quarter of 1994 was in the United Kingdom and Germany, at 88.5% and 87.4% respectively. Thus, between the third and fourth quarters of 1994, capacity utilisation increased by 5% in the United Kingdom. This was due to the price war between the two British press giants, News International and the Telegraph Group, which began in mid-1993. However, the marked increase in the price of supplies has eased the situation somewhat. In general, the cost of newsprint represents between 20% and 25% of the total cost of a newspaper. This means that an increase in the price of newsprint will affect the total cost of a newspaper. This was indeed the case in most Member States, although the impact varied from country to country: between the last quarter of 1994 and the first quarter of 1995, the increase was modest in Germany and Denmark (1.7% and 0.9% respectively), whereas the rates in Greece and Spain were 6.2% and 3.3% respectively.

FIGURE 4.1.2

SHARE OF
VALUE-ADDED AT
FACTOR COST BY
MEMBER STATE,
1994
(%)



SOURCE: DEBA

Increased demand led to a 93% utilisation of the world paper industry's capacity in 1995. Paper producers are reluctant to make additional investments in production capacity, as they have no way of knowing whether demand will stay at the same level for a sufficient length of time. At the same time, they are fully aware that the recent recession in the sector was due not to insufficient demand, but to excess capacity in many of the producer countries.

In 1993, employment in the sector fell by 4.3% (with record falls in Portugal and Spain of 11.3% and 10.4% respectively), and in 1994 was scheduled to fall a further 2.5%. The fall in employment was more marked amongst paper producers in 1993 and 1994 (7.5% and 3.7% respectively). In terms of jobs lost, paper and paperboard processors were hardest hit in 1993 (41.1% of the total jobs lost in the sector), and printers and publishers in 1994 (63.8% of the total number of jobs lost in the sector).

Productivity in the pulp, paper and paperboard production sector increased by a full 18.8% between 1990 and 1993. Over the same period, the unit costs of labour fell by 4.3% (with a spectacular fall of 8.3% in 1993).

1993 thus saw total unit costs fall by 11.3%. Most of the enterprises in the sector, which were already in the red, cleared their losses and moved back into the black.

In the printing and publishing sector, by contrast, there was a 6.0% increase in productivity between 1990 and 1993, although this was offset by a 4.4% increase in the unit cost of labour over the same period. However, in 1993, the latter fell by 4.5%. Competitiveness in the sector was weakened by the rise in total unit costs (4.7% in 1993).

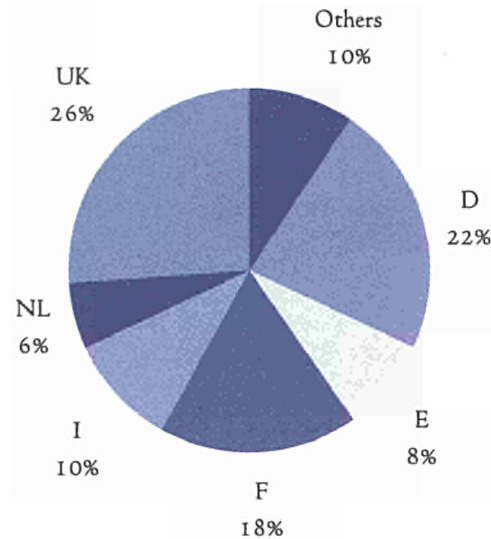


FIGURE 4.1.3

SHARE OF
NUMBER OF
EMPLOYEES BY
MEMBER STATE,
1994
(%)

SOURCE: DEBA

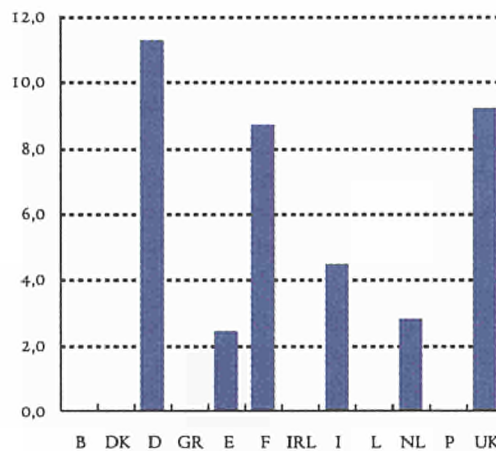


FIGURE 4.1.4

LABOUR COSTS BY
MEMBER STATE,
1994
(BILLION ECU)

SOURCE: DEBA

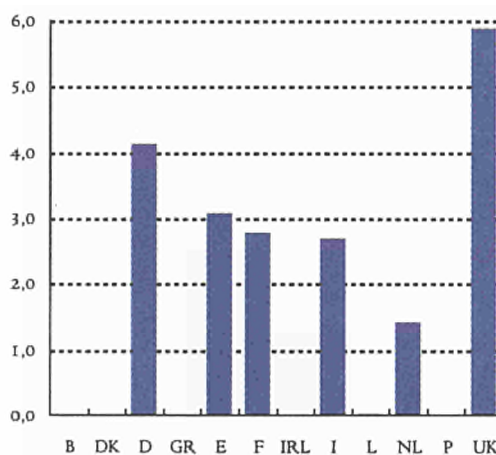


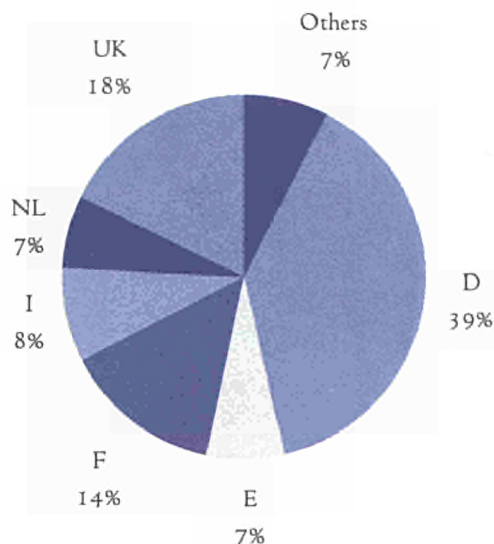
FIGURE 4.1.5

GROSS
OPERATING
SURPLUS BY
MEMBER STATE,
1994
(BILLION ECU)

SOURCE: DEBA

FIGURE 4.I.6

SHARE OF
EXTRA-EU
EXPORTS BY
MEMBER STATE,
1994
(%)



SOURCE: eurostat

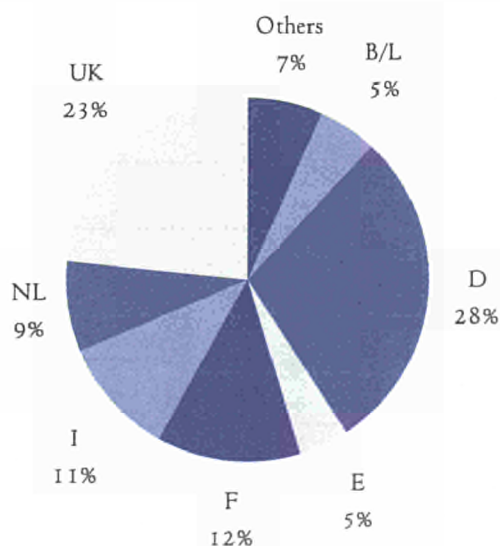
In 1994, the leading Member States in the sector were Germany, the United Kingdom, France and Italy. These countries accounted for more than 76.7% of Community production in this sector, more than 76.7% of Community value added in the sector and over 76.4% of Community employment in the sector. This sector accounted for 7.2% of the value added generated by manufacturing in 1994.

Of these four leading countries, Germany was the only net exporter, with a trade surplus of ECU 1 368 million in 1993. Furthermore, with the exception of Germany, Portugal was

the only overall net exporter, all the other Member States being net importers. The United Kingdom and France were the biggest net importers, with trade deficits of ECU 2 339 million and ECU 1 347 million respectively in 1993. A breakdown of the extra-EU and intra-EU components of European trade shows that no single Member State was a net extra-EU exporter, the overall surpluses recorded by Germany and Portugal being due to intra-EU trade. The EU was a total net importer, with a trade deficit of ECU 6 795 million in 1993 and an estimated deficit of ECU 8 241 in 1994. Extra-EU exports grew by 11.7% in 1994, and intra-EU imports by 15.4% in 1994 (this marked a pick-up in imports, which had been falling since 1989). Imports accounted for 21.1% of the sector's apparent consumption in 1993, whereas in 1989, when the price of paper peaked, imports accounted for 24.9% of apparent consumption. In 1993, total intra-EU and extra-EU trade flows (imports plus exports) declined by almost 9%. However, trade in pulp, paper and printed matter picked up again in 1994, and growth in extra-EU trade is in fact estimated at 14.0%.

FIGURE 4.I.7

SHARE OF
EXTRA-EU
IMPORTS BY
MEMBER STATE,
1994
(%)



SOURCE: eurostat

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	60,108.3	6.5	62,896.3	4.6	63,823.8	1.5	61,801.6	-3.2	64,065.5	3.7
B	1,911	18.2	1,895	-0.8	1,986	4.8	1,906	-4.0	1,934	1.5
share (%)	3.2		3.0		3.1		3.1		3.0	
DK	1,344.4	14.5	1,359.6	1.1	1,374.6	1.1	1,368.2	-0.5	1,473.7	7.7
share (%)	2.2		2.2		2.2		2.2		2.3	
D	13,437.1	15.2	14,666.5	9.1	14,913.5	1.7	14,995.6	0.6	15,413.5	2.8
share (%)	22.4		23.3		23.4		24.3		24.1	
GR	268.2	15.5	267.9	-0.1	283.8	5.9	289.5	2.0	297.4	2.7
share (%)	0.4		0.4		0.4		0.5		0.5	
E	5,126.9	8.5	5,519.8	7.7	5,880.0	6.5	5,286.2	-10.1	5,500.3	4.1
share (%)	8.5		8.8		9.2		8.6		8.6	
F	10,815.4	4.2	11,037.2	2.1	10,973.7	-0.6	10,951.6	-0.2	11,473.2	4.8
share (%)	18.0		17.5		17.2		17.7		17.9	
IRL	421.1	4.4	450.6	7.0	495.8	10.0	482.0	-2.8	501.3	4.0
share (%)	0.7		0.7		0.8		0.8		0.8	
I	7,675.4	5.7	8,151.7	6.2	8,158.8	0.1	7,038.4	-13.7	7,150.2	1.6
share (%)	12.8		13.0		12.8		11.4		11.2	
L	53.5	9.4	61.6	15.1	60.0	-2.6	62.1	3.5	65.6	5.6
share (%)	0.1		0.1		0.1		0.1		0.1	
NL	3,784.1	6.6	3,966.0	4.8	4,199.4	5.9	4,097.2	-2.4	4,219.1	3.0
share (%)	6.3		6.3		6.6		6.6		6.6	
P (I)	873.5	-6.4	831.5	-4.8	957.3	15.1	904.5	-5.5	934.6	3.3
share (%)	N/A		N/A		N/A		N/A		N/A	
UK	14,465.7	0.2	14,697.7	1.6	14,544.0	-1.0	14,423.6	-0.8	15,102.2	4.7
share (%)	24.1		23.4		22.8		23.3		23.6	

TABLE 4.1.1

VALUE-ADDED AT
FACTOR COST BY
MEMBER STATE
(MILLION ECU)

(1) Value-added
at market prices.

SOURCE: DEBA

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	164,648	6.7	170,724	3.7	172,379	1.0	166,723	-3.3	173,377	4.0
B	6,016	21.0	5,958	-1.0	6,211	4.3	5,897	-5.1	5,943	0.8
share (%)	3.7		3.5		3.6		3.5		3.4	
DK	3,039	5.9	3,087	1.6	3,022	-2.1	3,009	-0.4	3,253	8.1
share (%)	1.8		1.8		1.8		1.8		1.9	
D	37,194	14.4	40,501	8.9	40,583	0.2	40,055	-1.3	41,000	2.4
share (%)	22.6		23.7		23.5		24.0		23.6	
GR	878	3.1	848	-3.3	925	9.1	937	1.3	968	3.3
share (%)	0.5		0.5		0.5		0.6		0.6	
E (I)	13,086	7.3	14,271	9.1	15,361	7.6	13,973	-9.0	14,897	6.6
share (%)	N/A		N/A		N/A		N/A		N/A	
F	33,360	5.5	33,537	0.5	33,710	0.5	33,708	0.0	35,527	5.4
share (%)	20.3		19.6		19.6		20.2		20.5	
IRL	949	3.4	1,046	10.2	1,149	9.9	1,124	-2.2	1,176	4.6
share (%)	0.6		0.6		0.7		0.7		0.7	
I	22,761	6.2	23,150	1.7	23,245	0.4	20,116	-13.5	20,576	2.3
share (%)	13.8		13.6		13.5		12.1		11.9	
L	104	21.1	117	12.5	114	-2.6	118	3.6	125	5.5
share (%)	0.1		0.1		0.1		0.1		0.1	
NL	10,533	6.2	10,846	3.0	11,150	2.8	11,351	1.8	11,708	3.2
share (%)	6.4		6.4		6.5		6.8		6.8	
P (I)	2,308	5.7	2,406	4.2	2,767	15.0	2,604	-5.9	2,725	4.7
share (%)	N/A		N/A		N/A		N/A		N/A	
UK	34,476	-0.7	34,928	1.3	34,109	-2.3	33,792	-0.9	35,436	4.9
share (%)	20.9		20.5		19.8		20.3		20.4	

TABLE 4.1.2

TURNOVER IN
CURRENT PRICES
BY MEMBER STATE
(MILLION ECU)

(1) Production in
current prices.

SOURCE: DEBA

TABLE 4.1.3

NUMBER OF
EMPLOYEES BY
MEMBER STATE
(THOUSANDS)

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	1,475	1.6	1,476	0.0	1,435	-2.8	1,372	-4.3	1,338	-2.5
B	45	10.6	48	7.0	47	-2.1	45	-3.0	N/A	N/A
share (%)	3.0		3.2		3.3		3.3		N/A	N/A
DK	29	-2.7	29	-1.2	27	-5.5	27	-2.5	N/A	N/A
share (%)	2.0		2.0		1.9		1.9		N/A	N/A
D	331	5.8	346	4.5	341	-1.4	318	-6.6	302	-5.0
share (%)	22.4		23.4		23.8		23.2		22.6	
GR	16	1.4	15	-6.3	15	-0.3	15	1.4	16	2.1
share (%)	1.1		1.0		1.0		1.1		1.2	
E	131	3.0	129	-1.0	131	1.4	118	-10.4	111	-5.9
share (%)	8.9		8.8		9.2		8.6		8.3	
F	253	0.4	254	0.3	245	-3.4	237	-3.3	234	-1.1
share (%)	17.1		17.2		17.1		17.3		17.5	
IRL	12	-2.1	12	1.5	12	-0.2	12	-0.3	N/A	N/A
share (%)	0.8		0.8		0.8		0.9		N/A	N/A
I	145	-1.4	146	1.1	142	-3.0	138	-3.0	131	-4.7
share (%)	9.8		9.9		9.9		10.0		9.8	
L	1	14.7	1	2.2	1	-2.3	1	3.1	1	1.3
share (%)	0.1		0.1		0.1		0.1		0.1	
NL	85	1.2	88	3.4	88	0.5	83	-5.8	77	-7.3
share (%)	5.8		6.0		6.2		6.1		5.8	
P	40	-2.8	37	-6.2	34	-8.9	30	-11.3	N/A	N/A
share (%)	2.7		2.5		2.4		2.2		N/A	N/A
UK	388	-0.4	371	-4.6	351	-5.3	348	-0.8	355	1.9
share (%)	26.3		25.1		24.5		25.4		26.5	

SOURCE: DEBA

TABLE 4.1.4

LABOUR COSTS BY
MEMBER STATE
(MILLION ECU)

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	39,744	7.3	42,683	7.4	43,431	1.8	42,490	-2.2	42,396	-0.2
B	1,318	16.2	1,475	11.9	1,487	0.8	1,512	1.7	N/A	N/A
share (%)	3.3		3.5		3.4		3.6		N/A	N/A
DK	961	4.2	979	1.9	980	0.2	1,005	2.6	N/A	N/A
share (%)	2.4		2.3		2.3		2.4		N/A	N/A
D	9,571	12.0	10,692	11.7	11,346	6.1	11,512	1.5	11,284	-2.0
share (%)	24.1		25.0		26.1		27.1		26.6	
GR	207	8.2	214	3.6	232	8.1	249	7.5	N/A	N/A
share (%)	0.5		0.5		0.5		0.6		N/A	N/A
E	2,681	14.0	2,961	10.4	3,149	6.3	2,661	-15.5	2,439	-8.3
share (%)	6.7		6.9		7.3		6.3		5.8	
F	8,020	6.5	8,348	4.1	8,420	0.9	8,554	1.6	8,705	1.8
share (%)	20.2		19.6		19.4		20.1		20.5	
IRL	297	5.0	314	5.6	325	3.7	324	-0.5	N/A	N/A
share (%)	0.7		0.7		0.7		0.8		N/A	N/A
I	4,906	6.6	5,339	8.8	5,365	0.5	4,668	-13.0	4,455	-4.6
share (%)	12.3		12.5		12.4		11.0		10.5	
L	36	19.4	39	6.3	41	5.2	45	10.1	48	7.8
share (%)	0.1		0.1		0.1		0.1		0.1	
NL	2,391	5.1	2,597	8.6	2,777	6.9	2,873	3.5	2,801	-2.5
share (%)	6.0		6.1		6.4		6.8		6.6	
P	403	25.0	457	13.5	448	-1.9	337	-24.9	N/A	N/A
share (%)	1.0		1.1		1.0		0.8		N/A	N/A
UK	8,955	1.2	9,270	3.5	8,862	-4.4	8,752	-1.2	9,207	5.2
share (%)	22.5		21.7		20.4		20.6		21.7	

SOURCE: DEBA

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	9,202	2.8	9,659	5.0	10,185	5.4	10,938	7.4	12,214	11.7
B/L	308	-14.9	293	-4.8	318	8.6	335	5.2	368	9.9
share (%)	3.3		3.0		3.1		3.1		3.0	
DK	304	12.1	324	6.6	322	-0.5	333	3.4	352	5.6
share (%)	3.3		3.4		3.2		3.0		2.9	
D	3,499	0.0	3,767	7.7	3,948	4.8	4,203	6.5	4,759	13.2
share (%)	38.0		39.0		38.8		38.4		39.0	
GR	36	-41.8	42	18.4	43	0.9	50	16.4	46	-7.2
share (%)	0.4		0.4		0.4		0.5		0.4	
E	544	1.8	632	16.2	736	16.5	743	0.9	825	11.0
share (%)	5.9		6.5		7.2		6.8		6.8	
F	1,450	4.4	1,449	-0.1	1,531	5.7	1,583	3.4	1,736	9.7
share (%)	15.8		15.0		15.0		14.5		14.2	
IRL	20	-6.7	19	-3.1	19	2.6	21	9.8	38	78.4
share (%)	0.2		0.2		0.2		0.2		0.3	
I	777	2.0	832	7.1	856	2.8	905	5.8	1,026	13.4
share (%)	8.4		8.6		8.4		8.3		8.4	
NL	552	9.5	570	3.4	632	10.7	658	4.1	813	23.6
share (%)	6.0		5.9		6.2		6.0		6.7	
P	127	13.6	150	18.7	141	-6.1	114	-19.4	104	-8.5
share (%)	1.4		1.6		1.4		1.0		0.9	
UK	1,587	10.2	1,581	-0.4	1,640	3.7	1,994	21.6	2,147	7.7
share (%)	17.2		16.4		16.1		18.2		17.6	

TABLE 4.1.5

EXTRA-EU
EXPORTS BY
MEMBER STATE
(MILLION ECU)

SOURCE:  eurostat

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	20,198	-1.2	20,094	-0.5	19,324	-3.8	17,733	-8.2	20,456	15.4
B/L	944	-3.8	921	-2.5	815	-11.5	796	-2.3	1,068	34.1
share (%)	4.7		4.6		4.2		4.5		5.2	
DK	827	1.3	824	-0.3	785	-4.8	760	-3.2	813	7.0
share (%)	4.1		4.1		4.1		4.3		4.0	
D	5,988	3.9	6,123	2.3	5,836	-4.7	5,205	-10.8	5,895	13.3
share (%)	29.6		30.5		30.2		29.4		28.8	
GR	272	-5.0	291	6.9	230	-21.1	211	-8.3	227	7.7
share (%)	1.3		1.4		1.2		1.2		1.1	
E	826	17.6	921	11.4	905	-1.7	823	-9.1	931	13.1
share (%)	4.1		4.6		4.7		4.6		4.5	
F	2,788	1.6	2,664	-4.4	2,592	-2.7	2,260	-12.8	2,530	11.9
share (%)	13.8		13.3		13.4		12.7		12.4	
IRL	207	-0.5	230	11.3	214	-7.1	158	-25.9	170	7.6
share (%)	1.0		1.1		1.1		0.9		0.8	
I	2,157	-5.9	2,056	-4.7	2,037	-0.9	1,804	-11.5	2,165	20.0
share (%)	10.7		10.2		10.5		10.2		10.6	
NL	1,433	7.3	1,462	2.0	1,491	2.0	1,465	-1.8	1,749	19.4
share (%)	7.1		7.3		7.7		8.3		8.6	
P	125	2.6	151	21.1	148	-2.0	165	11.3	159	-3.6
share (%)	0.6		0.8		0.8		0.9		0.8	
UK	4,629	-10.8	4,451	-3.9	4,271	-4.0	4,087	-4.3	4,750	16.2
share (%)	22.9		22.1		22.1		23.0		23.2	

TABLE 4.1.6

EXTRA-EU
IMPORTS BY
MEMBER STATE
(MILLION ECU)

SOURCE:  eurostat

FIGURE 4.2.1

EVOLUTION OF
EUR 15
PRODUCTION AND
PRODUCER PRICE
INDEXES
(1990=100)

— Index of production
— Producer price index

SOURCE:  eurostat

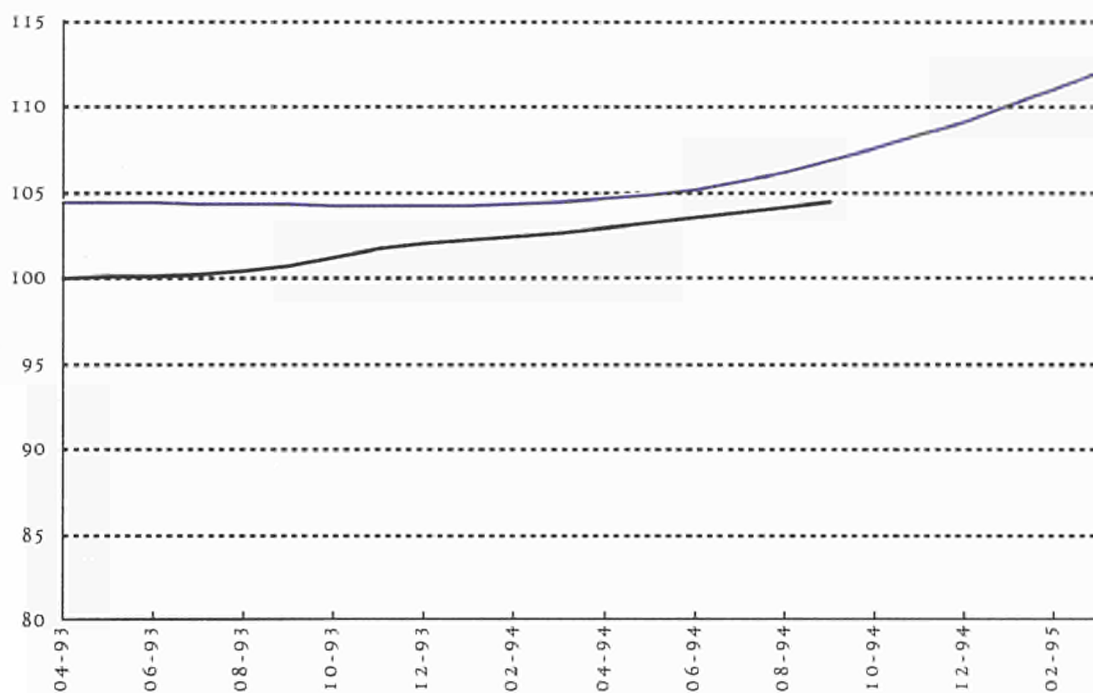


TABLE 4.2.1

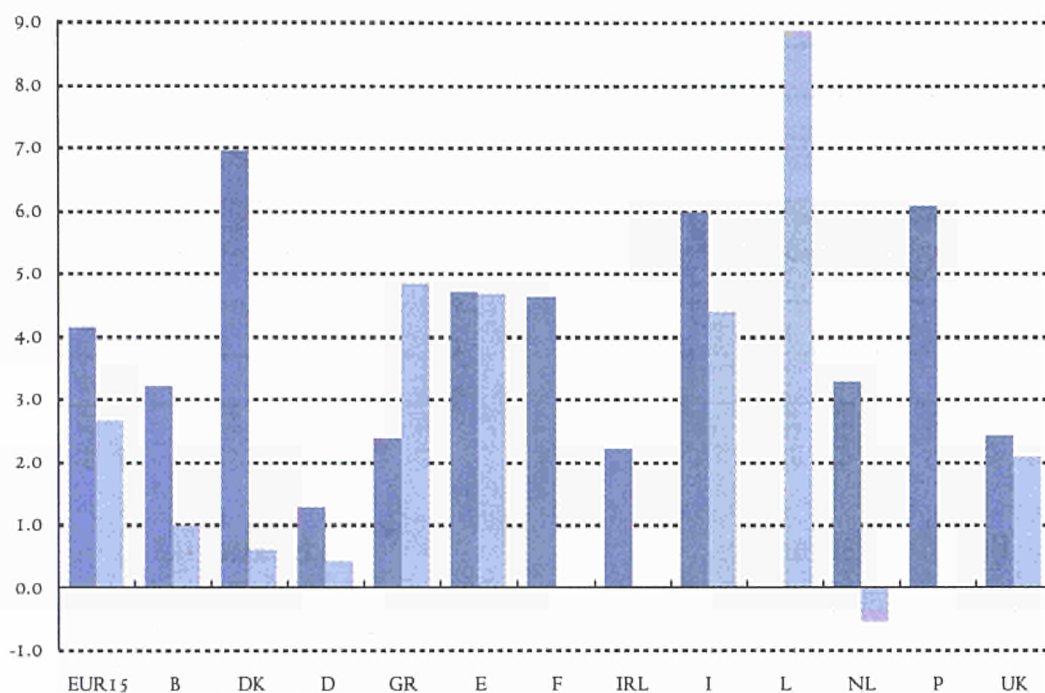
QUARTERLY
AND ANNUAL
PRODUCTION
INDEXES (1)
(1990=100)

(1) Annual growth rates are based on the latest annual data. Only when data to October is available will an annual estimate for the year be made.

SOURCE:  eurostat

	Latest quarter available	Quarterly Index	Quarterly t/t-4 (%)	Annual Index	Annual t/t-1 (%)
EUR 15	07-94 ⇨ 09-94	104.3	3.7	105.2	4.1
B	09-94 ⇨ 11-94	97.1	5.7	96.5	3.2
DK	02-95 ⇨ 04-95	109.3	5.2	106.9	6.9
D	01-95 ⇨ 03-95	97.8	-1.1	99.4	1.3
GR	01-95 ⇨ 03-95	94.2	1.0	94.8	2.4
E	02-95 ⇨ 04-95	109.2	2.3	108.8	4.7
F	02-95 ⇨ 04-95	103.4	1.8	103.0	4.6
IRL	12-94 ⇨ 02-95	132.4	2.9	127.9	2.2
I	02-95 ⇨ 04-95	118.9	1.9	119.5	6.0
L	⇨	N/A	N/A	N/A	N/A
NL	12-94 ⇨ 02-95	102.8	3.4	102.4	3.3
P	12-94 ⇨ 02-95	107.6	8.6	105.8	6.1
UK	02-95 ⇨ 04-95	101.5	1.1	101.1	2.4

FIGURE 4.2.2



ANNUAL GROWTH RATE OF EU PRODUCTION AND PRODUCER PRICE INDEXES (1) (%)

■ Production
■ Producer prices

(1) Growth rates are based on the latest annual data available for each country. Please see the table below for the year concerned.

SOURCE: eurostat

	Latest quarter available	Index	Quarterly t/t-4 (%)	Index	Annual t/t-1 (%)
EUR15	01-95 ⇔ 03-95	112.0	7.3	107.1	2.6
B	01-95 ⇔ 03-95	102.0	5.2	99.3	1.0
DK	02-95 ⇔ 04-95	103.3	6.3	98.3	0.6
D	03-95 ⇔ 05-95	105.1	5.9	100.5	0.4
GR	01-95 ⇔ 03-95	173.9	9.3	164.2	4.8
E	02-95 ⇔ 04-95	120.1	15.1	108.5	4.7
F	⇔	N/A	N/A	N/A	N/A
IRL	⇔	N/A	N/A	N/A	N/A
I	01-95 ⇔ 03-95	122.8	9.8	115.6	4.4
L	10-94 ⇔ 12-94	120.1	8.2	120.4	8.8
NL	02-95 ⇔ 04-95	104.0	4.8	100.1	-0.6
P	⇔	N/A	N/A	N/A	N/A
UK	03-95 ⇔ 05-95	116.0	6.6	110.3	2.1

TABLE 4.2.2

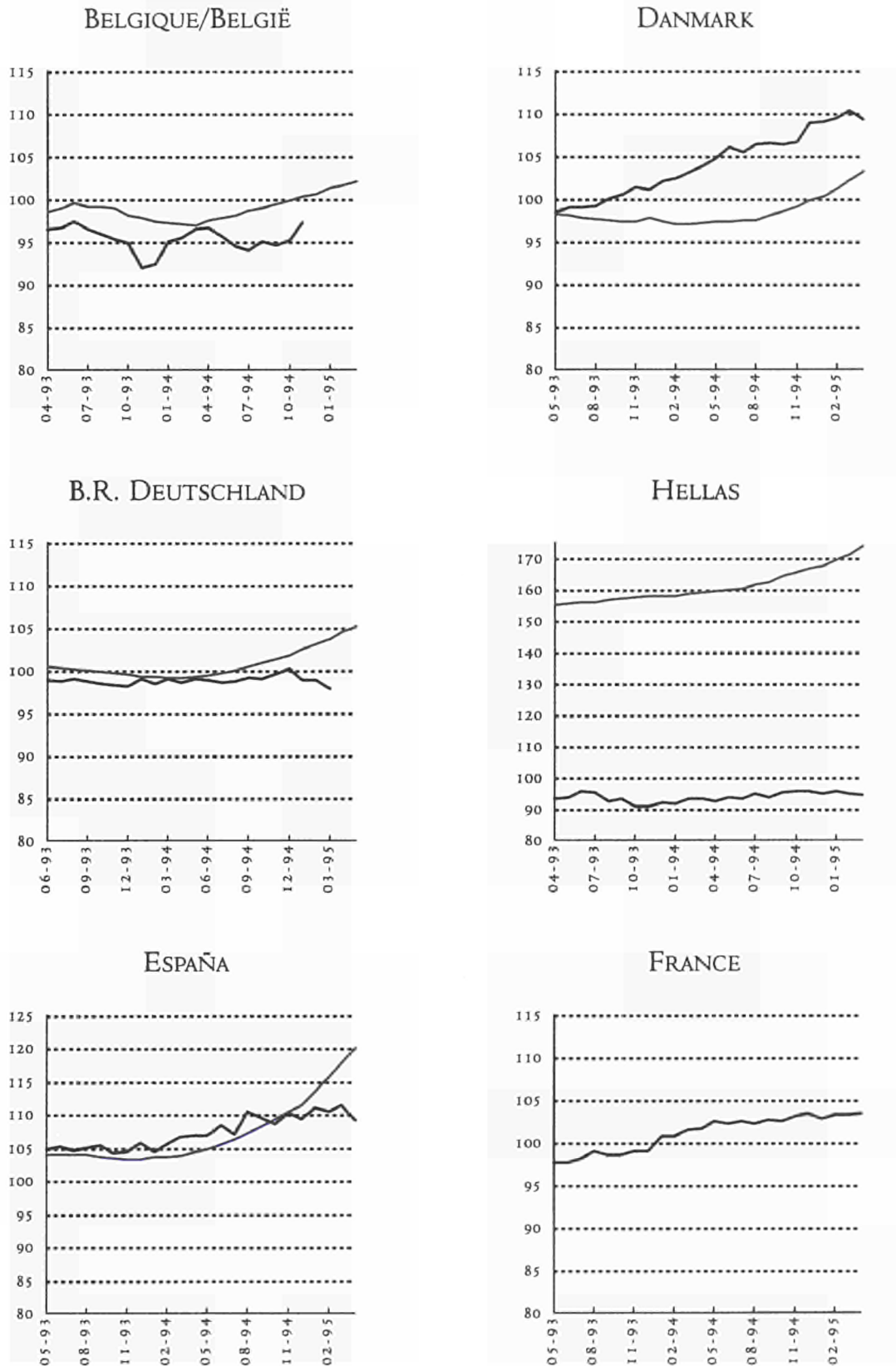
QUARTERLY AND ANNUAL PRODUCER PRICE INDEXES (1) (1990=100)

(1) Annual growth rates are based on the latest annual data. Only when data to October is available will an annual estimate for the year be made.

SOURCE: eurostat

FIGURE 4.2.3

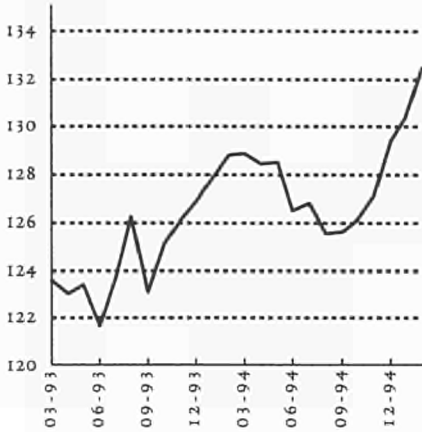
EVOLUTION OF
PRODUCTION AND
PRODUCER PRICE
INDEXES
(1990=100)



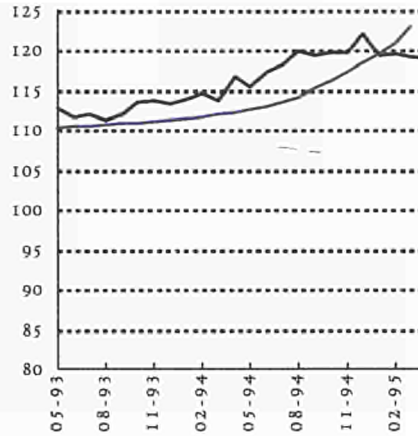
— Index of production
- - - Producer price index

SOURCE:  eurostat

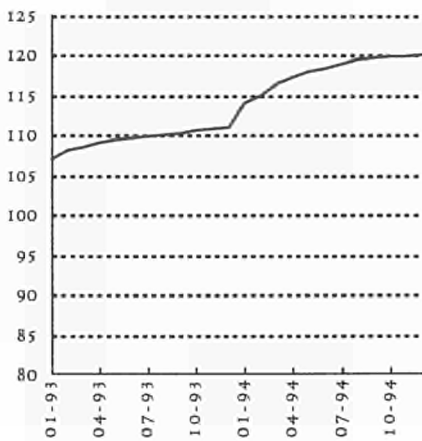
IRELAND



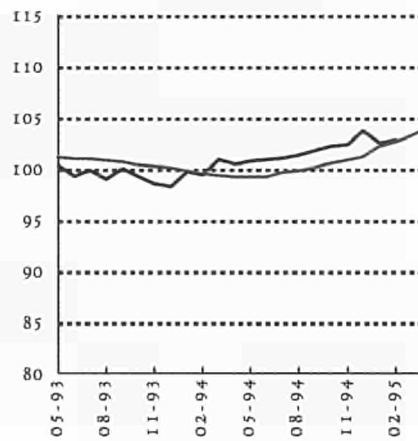
ITALIA



LUXEMBOURG



NEDERLAND



PORTUGAL



UNITED KINGDOM

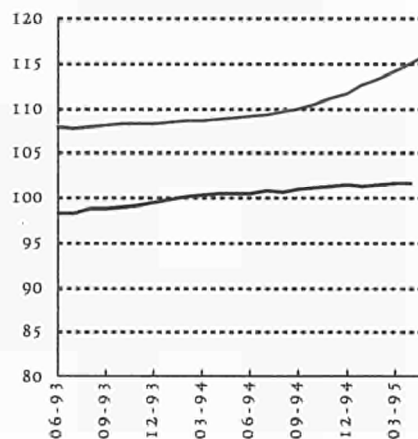


FIGURE 4.2.3

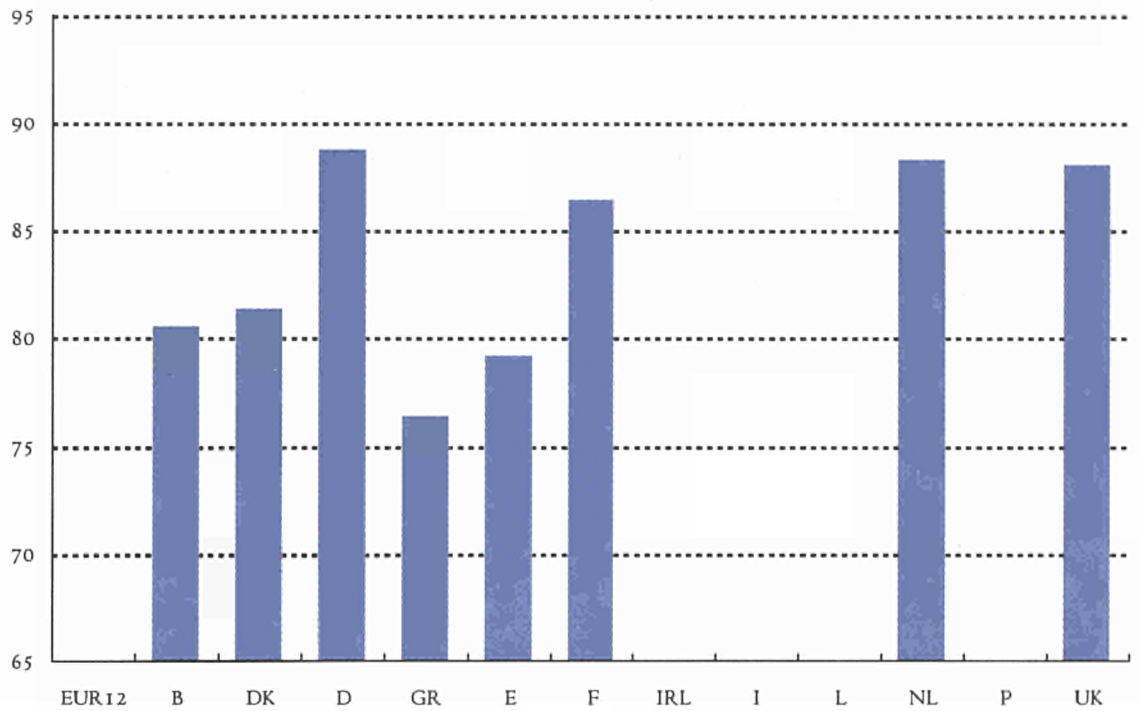
EVOLUTION OF
PRODUCTION AND
PRODUCER PRICE
INDEXES
(1990=100)

— Index of production
- - - Producer price index

SOURCE:  eurostat

FIGURE 4.2.4

CAPACITY
UTILISATION
RATES BY
MEMBER STATE,
FIRST QUARTER
1995
(%)



SOURCE: DG II -
BUSINESS SURVEY,



TABLE 4.2.3

CAPACITY
UTILISATION
RATES BY
MEMBER STATE
(%)

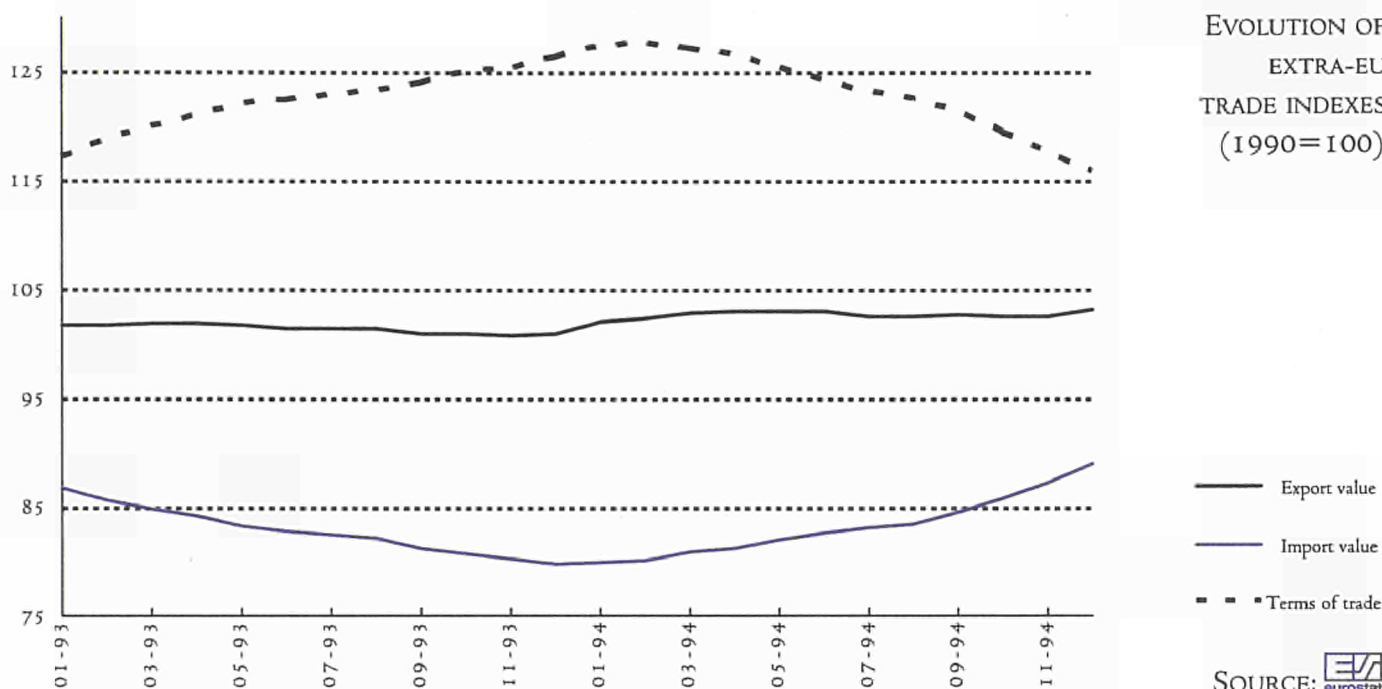
	Annual growth rate: latest quarter, t/t-4	Second quarter 1994	Third quarter 1994	Fourth quarter 1994	First quarter 1995
EUR12	N/A	82.3	82.3	85.3	N/A
B	2.3	79.4	83.4	83.2	80.6
DK	0.5	81.0	82.0	82.0	81.4
D	5.2	86.0	85.8	87.4	88.8
GR	6.0	71.3	73.7	72.8	76.4
E	5.0	77.1	76.7	81.0	79.2
F	4.2	81.3	81.7	84.5	86.5
IRL	N/A	66.5	71.0	65.3	N/A
I	N/A	77.8	78.2	82.2	N/A
L	N/A	75.5	77.8	80.6	N/A
NL	4.9	N/A	N/A	N/A	88.3
P	N/A	84.1	N/A	82.8	N/A
UK	3.4	84.7	83.5	88.5	88.1

SOURCE: DG II -
BUSINESS SURVEY,



FIGURE 4.2.5

EVOLUTION OF
EXTRA-EU
TRADE INDEXES
(1990=100)



— Export value
— Import value
- - - Terms of trade

SOURCE: eurostat

TABLE 4.2.4

QUARTERLY
EXTRA-EU
TRADE INDEXES
(1990=100)

	Latest quarter available	Exports		Imports		Terms of trade index
		Value	Volume	Value	Volume	
EUR 12	10-94 ⇨ 12-94	92.9	126.7	92.7	126.7	99.8
Growth rate, t/t-4 (%)		3.7	43.2	1.8	-12.2	-1.8
B/L	10-94 ⇨ 12-94	91.9	96.7	89.0	113.7	96.8
Growth rate, t/t-4 (%)		4.9	50.1	2.5	-15.1	-2.3
DK	10-94 ⇨ 12-94	99.0	124.4	99.2	115.4	100.3
Growth rate, t/t-4 (%)		8.6	25.7	1.9	7.8	-6.0
D	10-94 ⇨ 12-94	96.0	145.0	94.0	119.4	98.1
Growth rate, t/t-4 (%)		1.0	40.0	3.7	-6.9	2.8
GR	10-94 ⇨ 12-94	87.8	84.5	89.0	252.1	101.4
Growth rate, t/t-4 (%)		5.8	107.8	-5.6	72.7	-10.8
E	10-94 ⇨ 12-94	93.9	80.3	94.3	134.6	100.5
Growth rate, t/t-4 (%)		8.7	24.0	-0.3	-21.9	-8.2
F	10-94 ⇨ 12-94	99.3	94.7	94.8	98.1	95.5
Growth rate, t/t-4 (%)		5.0	13.5	-3.3	-12.9	-7.9
IRL	10-94 ⇨ 12-94	90.3	134.6	93.8	52.5	104.0
Growth rate, t/t-4 (%)		6.4	25.2	-0.4	-54.9	-6.5
I	10-94 ⇨ 12-94	88.6	112.6	86.3	149.4	97.4
Growth rate, t/t-4 (%)		7.2	65.6	4.0	-30.0	-3.0
NL	10-94 ⇨ 12-94	89.5	261.6	97.4	191.5	109.0
Growth rate, t/t-4 (%)		10.1	58.7	3.6	-0.9	-5.7
P	10-94 ⇨ 12-94	98.2	50.4	91.7	202.8	93.2
Growth rate, t/t-4 (%)		5.5	-0.9	-15.4	-29.9	-20.0
UK	10-94 ⇨ 12-94	88.9	144.0	91.5	143.5	103.3
Growth rate, t/t-4 (%)		-2.7	35.1	0.6	-3.3	3.8

SOURCE: eurostat

FIGURE 4.2.6

ANNUAL GROWTH RATE OF EXTRA-EU TRADE INDEXES (1) (%)

■ Export value
■ Import value

(1) Growth rates are based on the latest annual data available for each country. Please see the table below for the year concerned.

SOURCE:  eurostat

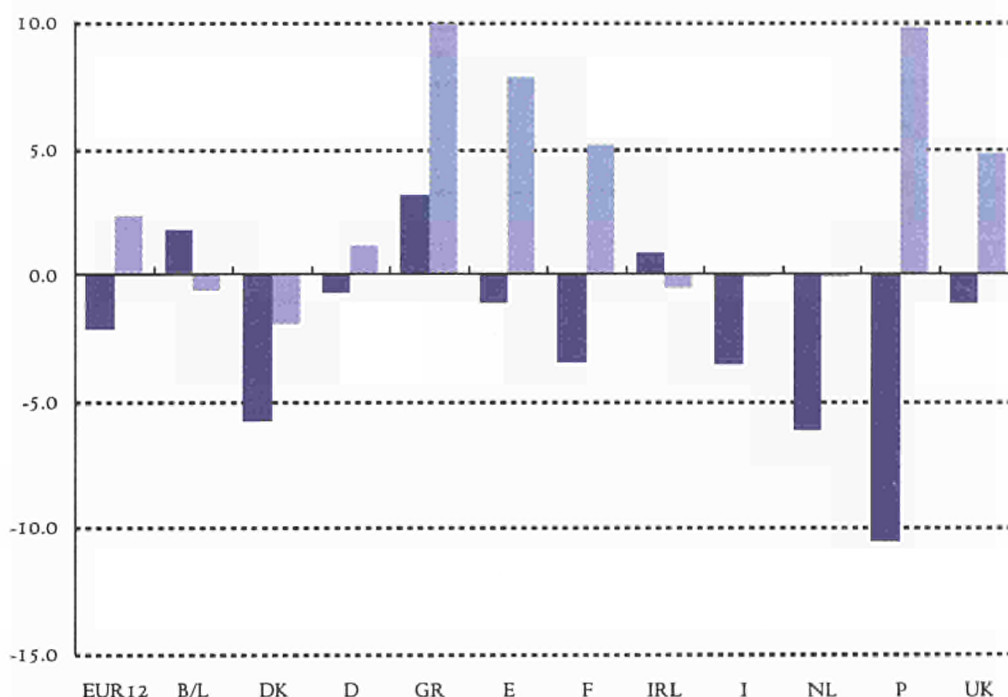


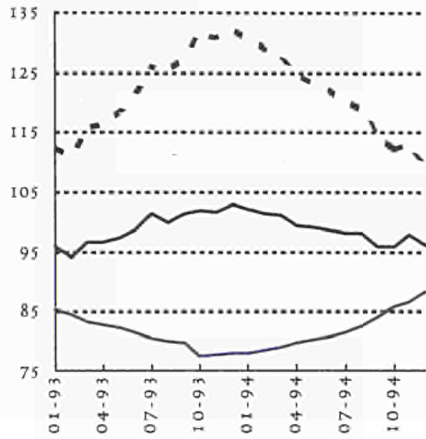
TABLE 4.2.5

ANNUAL EXTRA-EU TRADE INDEXES (1990=100)

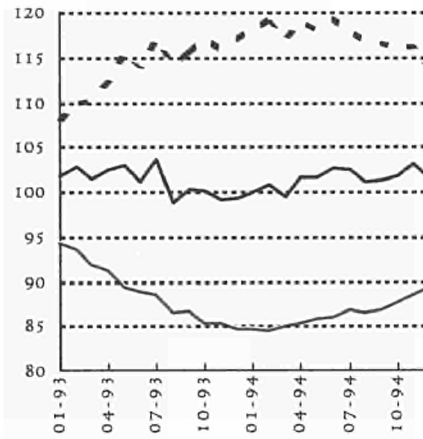
	Latest year available	Exports		Imports		Terms of trade index
		Value	Volume	Value	Volume	
EUR12	1993	88.3	89.7	89.8	135.2	101.7
Growth rate, t/t-1 (%)		-2.2	-13.7	2.3	30.4	4.6
B/L	1993	88.0	66.9	84.8	116.7	96.3
Growth rate, t/t-1 (%)		1.7	-23.4	-0.7	34.9	-2.4
DK	1993	89.8	97.0	97.5	93.5	108.5
Growth rate, t/t-1 (%)		-5.9	-21.2	-2.0	9.4	4.0
D	1993	94.3	103.1	89.6	115.5	95.0
Growth rate, t/t-1 (%)		-0.7	-12.6	1.1	13.1	1.9
GR	1993	83.0	42.7	93.8	196.1	113.0
Growth rate, t/t-1 (%)		3.1	-42.5	10.0	4.9	6.7
E	1993	85.9	61.1	95.1	161.2	110.7
Growth rate, t/t-1 (%)		-1.2	-42.2	7.8	31.6	9.1
F	1993	93.3	81.5	96.2	105.3	103.1
Growth rate, t/t-1 (%)		-3.5	-12.0	5.1	15.3	9.0
IRL	1993	82.0	102.9	92.0	194.0	112.2
Growth rate, t/t-1 (%)		0.9	17.3	-0.5	200.8	-1.3
I	1993	80.9	74.7	82.4	227.2	101.8
Growth rate, t/t-1 (%)		-3.6	-21.3	-0.1	80.0	3.6
NL	1993	80.4	163.8	92.6	176.7	115.1
Growth rate, t/t-1 (%)		-6.2	31.1	-0.1	47.9	6.5
P	1993	88.6	62.0	99.6	240.3	112.4
Growth rate, t/t-1 (%)		-10.6	-32.2	9.8	166.4	22.8
UK	1993	87.6	105.9	88.2	139.8	100.6
Growth rate, t/t-1 (%)		-1.1	15.6	4.8	33.1	5.9

SOURCE:  eurostat

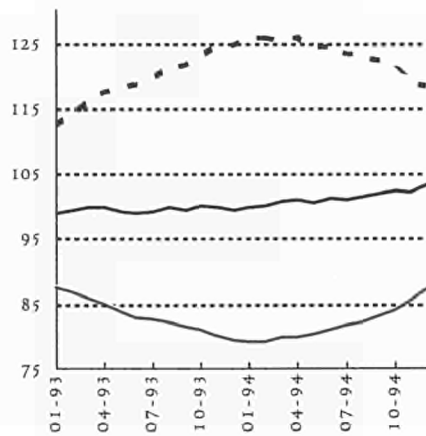
BELGIQUE/BELGIË, LUXEMBOURG



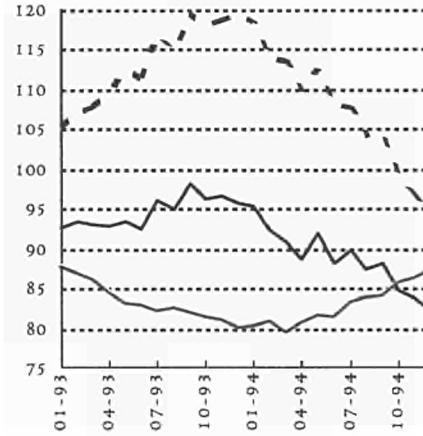
DANMARK



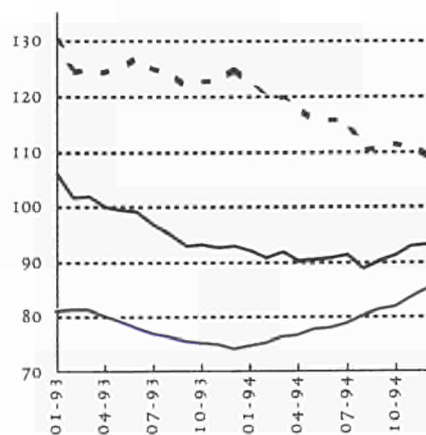
B.R. DEUTSCHLAND



HELLAS



ESPAÑA



FRANCE

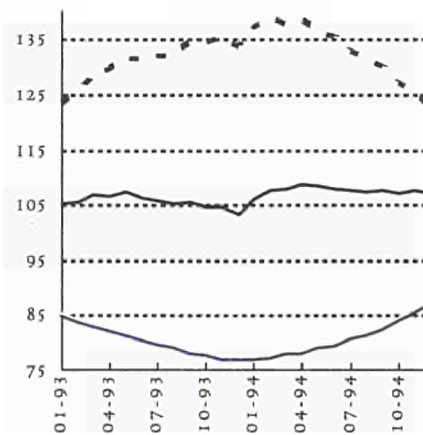


FIGURE 4.2.7

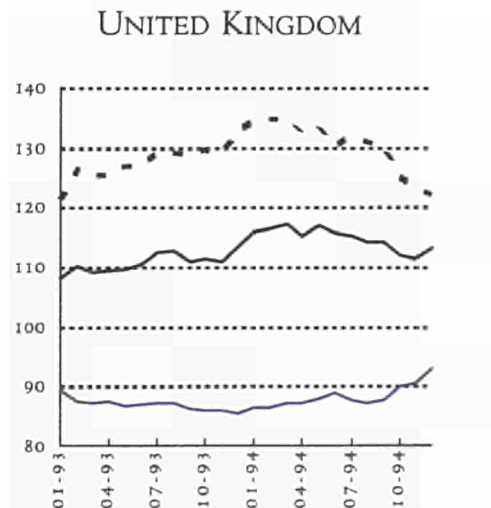
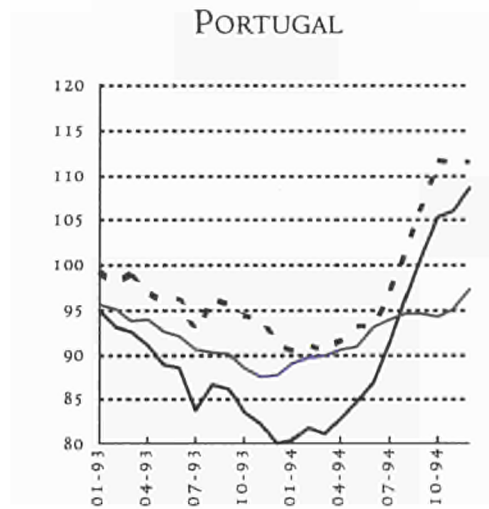
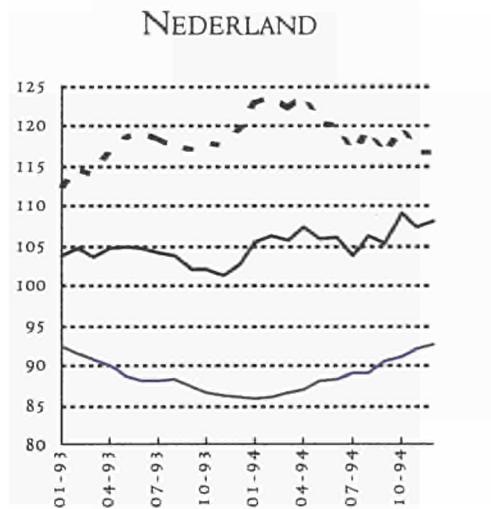
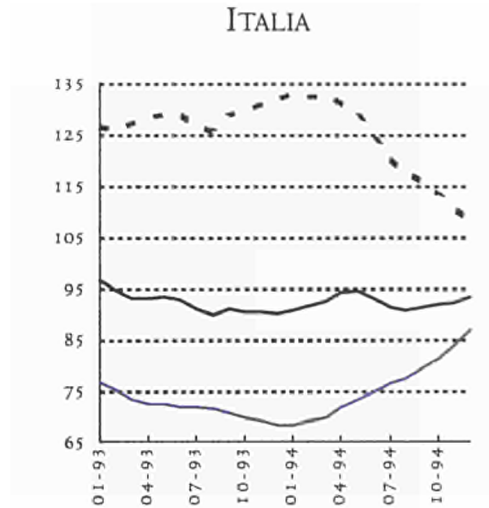
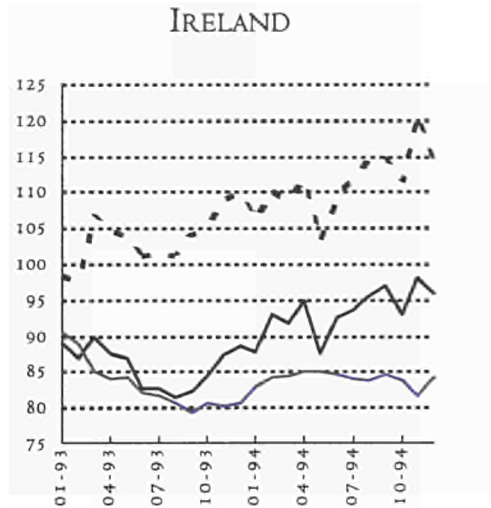
EVOLUTION OF
EXTRA-EU
TRADE INDEXES
(1990=100)

— Export value
— Import value
- - - Terms of trade

SOURCE:  eurostat

FIGURE 4.2.7

EVOLUTION OF
EXTRA-EU
TRADE INDEXES
(1990=100)



— Export value
- - - Import value
· · · Terms of trade

SOURCE:  eurostat

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 EU publications. A major revision to the NACE classification has been incorporated in a Council Regulation (OJ L293 24th October 1990) and is being used for short-term indicators already, whereas structural indicators are still based on NACE 1970.

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

13.1, 13.2, 14.1-14.5, 15.6, 15.7, 17.1-17.3, 20.1-20.5, 21.1, 21.2, 24.1-24.3, 24.6, 24.7, 25.1, 25.2, 26.1-26.8, 27.1-27.5, 28.4-28.7, 31.2-31.6, 32.1, 34.3, 37.1, 37.2, 41.0

Capital goods industries

28.1-28.3, 29.1-29.6, 30.0, 31.1, 32.2, 33.1-33.3, 34.1, 34.2, 35.1-35.3

Durable consumer goods industries

29.7, 32.3, 33.4, 33.5, 35.4, 35.5, 36.1-36.3

Non durable consumer goods industries

15.1-15.5, 15.8-16.0, 17.4-17.7, 18.1-18.3, 19.1-19.3, 22.1-22.3, 24.4, 24.5, 36.4-36.6

STATISTICAL SOURCES:

Most of the data in this publication is harmonized data supplied to Eurostat by the EUR12 Member States. The exceptions are:

- 1) The capacity utilization series which come from the business surveys carried out on behalf of the Directorate General for Economic Affairs of the Commission (DG II).
- 2) The estimates for the latest years' structural data, which are supplied by the DEBA European Economic Interest Group: DEBA, 5th Floor, 12 rue Jean Engling, L-1466, Dommeldange, Luxembourg; tel: (352) 42403053.
- 3) The indices of industrial production for the USA and Japan, which are supplied by the OECD.

Data sources are indicated for each statistical table. Every effort has been made to include data for the EUR 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:

Please note that indexes of production and producer prices in this issue are based on EUR15 aggregates and not EUR12 as before.

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 principle, 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 EU indices 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 refer only to extra-EU trade. The indices are not seasonally adjusted.

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

The changes which are given in the tables show the growth rate for the moving average of the latest three months compared to the same three months of the previous year ($t/t-4$). These series are derived from data which has not been seasonally adjusted. Estimates are shown in bold. For annual data, estimates are made if data exists to October of the year concerned. In this case the estimates of the indexes are rounded to the nearest integer, as are the corresponding growth rates.

Structural data:

Data in the structural tables are in current ECU unless otherwise stated.

Data for value added at factor cost, turnover, labour costs, gross operating surplus 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 (upto 1990) 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.

Gaps in Eurostat's data have been filled by estimates supplied by DEBA. Thus EU totals often contain estimates for missing countries. Estimates are shown in bold.

SIGNS AND ABBREVIATIONS:

EUR 12: European Union of 12
 EUR 15: European Union of 15
 B/L: Belgo-Luxembourg Economic Union
 ECU: European currency unit
 Billion: Thousand million
 N/A: Not available
 %: Percent
 1990 = 100: Reference year

IN BRIEF....

- ★ CHANGE IN THE FUNDAMENTAL ECONOMIC STRUCTURE, WITH GREATER MOVEMENT TOWARDS A MARKET BASED ECONOMY
- ★ UNEMPLOYMENT RATE ROSE SHARPLY THROUGH THE EARLY NINETIES, DESPITE TRADITIONALLY LOW-LEVELS
- ★ PUBLIC FINANCE PROBLEM WAS BEING URGENTLY TACKLED
- ★ GDP FORECAST TO RISE BY 3.0% IN 1996
- ★ FIRST QUARTER 1995 INDUSTRIAL PRODUCTION: ANNUAL GROWTH EQUAL TO 7.8%
- ★ LARGE COMPETITIVENESS GAINS MADE IN 1993 AND 1994
- ★ 53% OF SWEDISH EXPORTS WENT TO EUR 12 COUNTRIES IN 1993

Following the positive result of a referendum on November 13th 1994, Sweden became a member of the EU on the 1st January 1995. This is the second article in a series of three that concern the new Member States. In the previous issue there was an article on Austria. An article on Finland will follow in the next issue, during the autumn.

Sweden has a population of around 8.75 million people. Its industrial base accounts for less than twenty per cent of the country's GDP. Long before accession to the European Union, the Swedish economy was intrinsically inter-dependent on the other Member States of the EU. This may be demonstrated by the fact that the two major trading partners of Sweden in 1993 were Germany and the United Kingdom. Nevertheless, the Swedish economy has a somewhat different appearance to many seen within the EU. Sweden may be distinguished from the other countries of the western world by the importance it has traditionally placed on the role of the social welfare state and state ownership in the economy. Another major difference is the country's decision to maintain its neutrality, which will continue despite accession to the EU.

Over seventy per cent of all enterprises in the Swedish economy were found to be in the services sector. In 1991 there were an estimated 340,000 enterprises, the share of industrial enterprises accounting for only 13% of all enterprises, whilst construction accounted for the remaining 15%. During the period 1987 to 1991, the Swedish manufacturing base fared poorly, recording more bankruptcies than the construction or service sectors; whilst at the same time recording fewer new births than either of the other two sectors.

As in most countries, Sweden experienced a deep recession at the start of the nineties. The recession in Swedish manufacturing industries took place before that in most of the other Member States. It was seen to hit manufacturing industry during the period 1990-1992 (when industrial production was seen to decline for three consecutive years). Investment levels fell by some 20% during this period, with both foreign and domestic demand in decline. With a lag of some two years, the Swedish unemployment rate rose at a rapid pace (from 1992 onwards), to move over nine per cent by the start of 1995.

The recession caused a change in economic policy, as Sweden faced two distinct problems:

- ★ firstly, the need to combat the rising level of unemployment (in a country which until 1990 had traditionally displayed unemployment rates of below two per cent).
- ★ secondly, the need to control a rapidly expanding public debt problem.

SWEDEN

IN THIS SECTION:

Macro-economy	66
Industry	67
Industrial specialisation	70
External trade	72



With Sweden suffering badly from the recession and falling behind its major competitors in the early nineties there were reforms to encourage market based policies. These included a privatisation policy and a reduction in government spending for the first time. One of the major concerns of the Swedish administration

increases equal to forty billion Swedish Krone in the budget. They continued to announce further indirect tax measures, as well as reductions in government spending into the course of 1995.

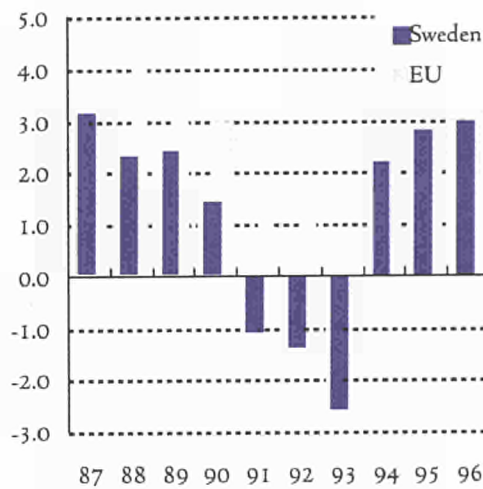
The Swedish economy grew by some 2.2% in 1994, fuelled by an export boom resulting in part from the devaluation of the Krone seen since late 1992. Growth in GDP in the final quarter of 1994 was equal to 4.3% (at an annualised rate, when compared to data from the third quarter). Concerns over the expansion of the economy were based around a lack of expansion in domestic demand. Indeed, private consumption rose by a modest 0.5% in 1994, whilst public consumption declined by 1.0%.

By February 1995 the unemployment rate stood at 9.1% (seasonally adjusted figures). This represented a figure slightly below the EU average of 11% for EUR15. Another component giving concern over a slowdown in activity was the fact that the household savings rate stood at over eight per cent (no doubt due to the effects of the unusually high unemployment figures and high interest rates).

As far as prospects for the Swedish economy were concerned, the Commission Services forecast in their report of the spring of 1995 that export growth was expected to continue at an above average pace, and that domestic demand would stage a marked recovery. GDP was forecast to rise by 3.0 per cent in 1996, following growth of 2.8 per cent in 1995. The report went on to forecast that Sweden would be one of only four EU Member States to record an unemployment rate of below 6.5 per cent by 1996. Inflation predictions placed Sweden in a "middle group" of countries, expected to report inflation rates around the three per cent level in 1996 (somewhat above the rates of the eight traditionally low inflation countries). The budget deficit was expected to be reduced dramatically, reflecting the fiscal measures taken by the present administration.

FIGURE 5.1.1

GROSS DOMESTIC
PRODUCT :
REAL ANNUAL
GROWTH RATE
(%)

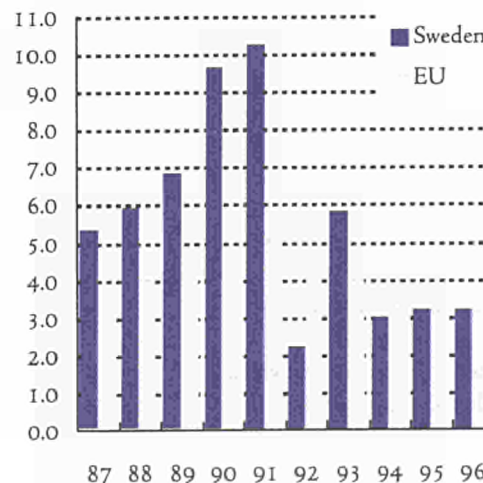


SOURCE: eurostat

in the past couple of years was the control of public finances. Swedish public debt rose to around ninety per cent of GNP (by the end of 1994). Long-term interest rates were some three percentage points above the German benchmark at the turn of the year. With the public deficit forecast at seven per cent of GNP by 1997, the government introduced tax

FIGURE 5.1.2

INFLATION :
ANNUAL
GROWTH RATE
(%)



SOURCE: eurostat

Manufacturing industry competitiveness gains during 1994 and 1995 resulted from two distinct phenomenon. Firstly, the devaluation of the Krone by some twenty five per cent from the end of 1992 allowed Swedish firms to become far more competitive in European and other world-wide markets. Secondly, Swedish manufacturing industry has seen large increases in levels of productivity. These gains were brought about by a transformation of the social benefits sys-

tem (leading to greatly reduced levels of labour absenteeism) and by industrial restructuring (leading to improved management, logistics and design). For these gains to be consolidated Swedish industrial chiefs are hoping for a movement away from tax increases towards government spending cuts. The extent of the recovery was demonstrated by company profitability, with Volvo, Ericsson, Electrolux and the forestry groups all making large profits in 1994.



	04-94	05-94	06-94	07-94	08-94	09-94	10-94	11-94	12-94	01-95	02-95	03-95
Production	108.8	108.9	116.3	67.7	94.8	114.4	117.0	118.4	123.5	106.6	107.5	129.3
Producer prices	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

	1988	1989	1990	1991	1992	1993	1994
Value of production (mio ECU)	117,183	115,257	147,016	160,521	168,247	121,326	N/A
Production	95.4	98.9	100.0	94.4	91.1	93.4	103.7
Producer prices	89.3	95.7	100.0	102.0	101.5	108.4	N/A

TABLE 5.2.1

EVOLUTION OF PRODUCTION AND PRODUCER PRICE INDEXES FOR TOTAL INDUSTRY (1990=100)

SOURCE: Eurostat

Swedish industrial production rose by an estimated 7.8% in the first quarter of 1995 compared to the last quarter of 1994 (annualised growth rate). When compared to data from a year before (March 1995 over March 1994), growth was equal to 13.2%. Such growth meant that along with Ireland, Sweden was reporting the fastest expansion in industrial output at the start of 1995 - despite the financial markets fears over the state of the economy.

Price pressures were largely suppressed due to weak demand through to 1994. However, with the upturn from recession, indirect tax rises and the effects of devaluation, some additional pressures were coming through in the data. In April 1994 consumer price inflation stood at 1.8% (annual rate). However, by April 1995, the CPI had climbed to 3.3% (0.1 percentage points above the EUR 15 average). The most notable movement in price data came in April 1995, when the producer price index was seen to rise by 11.6% compared to data from a year before (non seasonally adjusted).

Some fifteen per cent of the manufacturing workforce were laid off during the period 1990 to 1993. More recent data released by the National Statistical Office showed that non seasonally adjusted data

reported unemployment at 7.2% in April 1995 (compared to a figure of 7.4% in April 1994). Historically, Sweden has recorded very low levels of unemployment due to government job creation schemes. If these schemes were included in the jobless figures, many commentators feel the unemployment rate would be over fifteen per cent (as it is in Finland).

With the accession to the EU, the Swedish Prime Minister has stated that market reforms directly affecting labour markets will be introduced (probably lowering social protection). However, Sweden would nevertheless like to see some of its own social policy reflected in EU policy. This may well be used as a bargaining tool in return for supporting closer union in monetary areas.

Other intervention of direct concern to manufacturing industry included the Swedish government's continued efforts to encourage R&D initiatives: particularly in high technology sectors such as information technology and biotechnology.

TABLE 5.2.2

PRODUCTION
VALUE
(MILLION ECU)

	1988	1989	1990	1991	1992	1993
Transport equipment	16,730.7	15,826.4	19,519.0	22,342.2	23,952.4	16,206.9
Food industry	14,231.4	13,668.1	17,471.2	19,650.1	21,501.9	16,065.7
Mechanical engineering and computers	12,058.3	12,152.2	15,896.6	19,165.3	19,750.6	13,944.9
Paper	13,011.7	12,466.7	14,947.9	14,917.3	15,441.5	11,278.4
Electrical engineering	7,393.6	7,329.6	9,432.5	11,603.9	12,743.6	10,545.6
Metal articles	8,341.2	8,332.8	10,697.4	10,451.2	10,409.7	7,278.4
Wood products	6,880.3	7,081.8	9,800.4	9,167.8	9,117.8	6,437.6
Printing and publishing	5,124.0	4,952.5	6,358.6	8,479.6	9,143.6	6,159.0
Iron and steel	6,820.4	7,023.7	7,987.0	6,815.9	6,968.2	5,158.7
Paints, pharmaceuticals, household chemicals	4,257.5	3,896.4	5,070.1	5,827.3	6,596.4	5,043.0

SOURCE:  eurostat

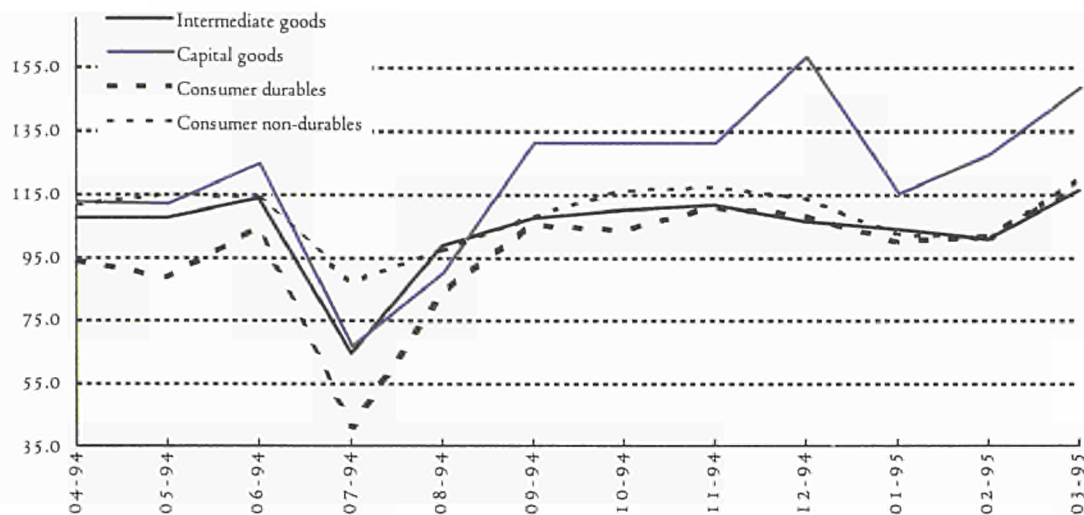


FIGURE 5.2.1

EVOLUTION OF
PRODUCTION
INDEX
(1990=100)

SOURCE: eurostat

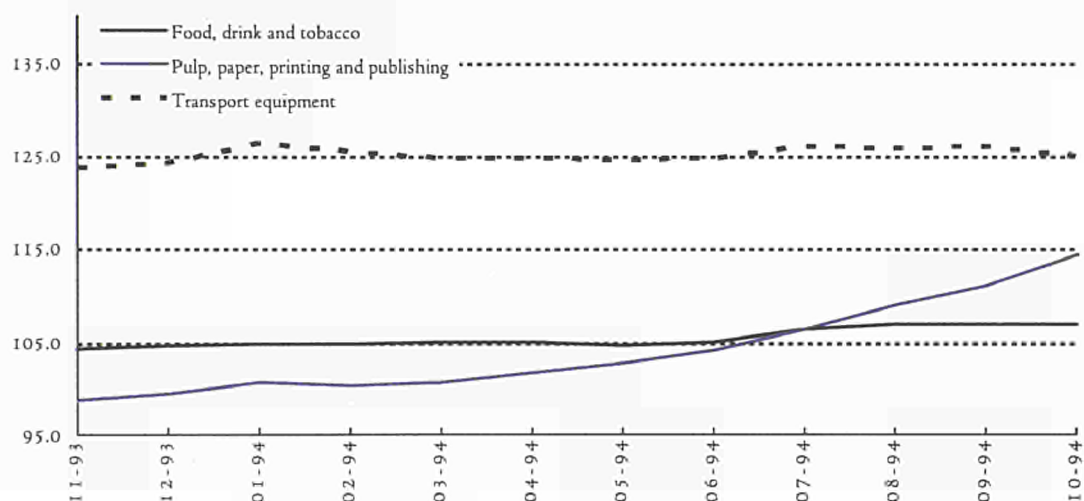


FIGURE 5.2.2

EVOLUTION OF
PRODUCER PRICE
INDEX
(1990=100)

SOURCE: eurostat

TABLE 5.2.3

ANNUAL
PRODUCTION
AND PRODUCER
PRICE INDEXES
(1990=100)

Production index	1988	1989	1990	1991	1992	1993	1994
Intermediate goods	87.4	93.2	100.0	100.2	100.5	97.1	104.2
Capital goods	79.5	84.8	100.0	104.5	100.2	95.6	97.5
Consumer goods	88.9	94.6	100.0	101.9	100.2	99.0	100.1

Producer price index	1988	1989	1990	1991	1992	1993	1994
Food, drink and tobacco	104.0	103.7	100.0	101.0	105.7	106.9	107.5
Pulp, paper, printing and publishing	94.7	98.2	100.0	103.3	104.8	105.4	108.6
Transport equipment	94.4	97.3	100.0	102.4	105.3	108.0	110.8

SOURCE: eurostat



When looking at the Swedish economy it is of interest to note that there was growth in the production index in December 1994 of 21% in the metal articles industry. High production growth was also recorded in the textiles and chemicals industries (11.3% and 10.9% respectively).

Price data (at a sector level) was only available on an annual basis to 1993. There was strong growth in producer prices in the motor vehicles industry - up 14.3%. This could be compared to the pulp, paper and board industry where gains of 2.0% were recorded. However, monthly data showed the rapid expansion of prices in the pulp, paper and board sector, where data to October 1994 reported annual gains of 21.2%, consistent with the renewed vigour displayed by the sector.

Sweden was seen to be specialised in a small number of manufacturing industries - namely, electronic engineering, motor vehicles, the pulp, paper and board industry and increasingly the pharmaceuticals sector.

The engineering sector accounted for around half of all manufacturing output in 1993. The end of 1993 saw robust growth in export performance, due largely to the effects of devaluation and expanding demand from third countries coming out of recession. Over half of the output of the engineering sector was exported in 1993. The industry was dominated by a small number of indigenous multinationals: Asea Brown Boveri and LM Ericsson. However, a number of major international companies were also found to have invested in plant in the Swedish economy, such as Philips, IBM, Nokia and Siemens.

TABLE 5.3.1

VALUE OF
PRODUCTION
(MILLION ECU)

SOURCE: 

	1988	1989	1990	1991	1992	1993
Manufacturing industry	117,182.7	115,257.4	147,016.2	160,521.2	168,247.2	121,325.9
Transport equipment	16,730.7	15,826.4	19,519.0	22,342.2	23,952.4	16,206.9
Food industry	14,231.4	13,668.1	17,471.2	19,650.1	21,501.9	16,065.7
Mechanical engineering and computers	12,058.3	12,152.2	15,896.6	19,165.3	19,750.6	13,944.9
Paper	13,011.7	12,466.7	14,947.9	14,917.3	15,441.5	11,278.4
Electrical engineering	7,393.6	7,329.6	9,432.5	11,603.9	12,743.6	10,545.6

TABLE 5.3.2

NUMBER OF
PERSONS
EMPLOYED
(UNITS)

SOURCE: 

	1988	1989	1990	1991	1992	1993
Manufacturing industry	758,500	750,900	719,100	717,800	659,800	648,419
Mechanical engineering and computers	102,200	101,900	99,700	103,400	95,200	95,200
Transport equipment	112,500	115,300	107,600	102,900	96,400	94,204
Metal articles	74,000	74,700	72,900	65,500	58,100	58,273
Food industry	63,300	63,700	61,500	62,900	58,900	57,518
Electrical engineering	67,800	60,400	55,000	62,700	58,500	55,305

Most important was the telecoms sector where the major player was Ericsson (with telecoms accounting for around fifty per cent of electronic engineering output). The Asea Boveri Group were found to be specialised in control and automation equipment.

Another industry of major importance in Sweden is that of the pulp, paper and board industry. In this industry too there were significant gains in performance in 1994, following the recession of 1991 to 1993. With profits growing, prices rising and demand increasing, capacity utilisation and sales have boomed. The price of long fibre pulp doubled during the course of 1994. Nearly all other sectors were experiencing or would experience price rises of a similar nature. Investment returned to peak levels last seen in the late eighties, which worried analysts somewhat, as the last recession was caused more by over capacity than by weak demand. Another concern for Swedish manufacturers was future EU environmental policy on recycling: where ecological taxes and government assistance regarding recycling directly affect the production of virgin fibre.

In the automotive industry the pressure of rising development costs, globalisation and over capacity had led to Volvo seeking a partner to overcome the recession. However, since the failure of the proposed merger with Renault, Volvo has seen a turnaround in performance. Production in the trucks division rose by sixty per cent in the eighteen months from mid 1993 to the end of 1994. Furthermore, there were plans to expand into other European and Asian markets. In the cars division, Volvo was looking to expand its broad base in the family market by pursuing an aggressive product development programme.

	1988	1989	1990	1991	1992	1993
Manufacturing industry	52,060.4	51,305.6	65,481.3	46,773.1	48,631.8	34,786.8
Mechanical engineering and computers	5,859.3	6,017.2	7,926.8	6,483.2	6,809.2	4,775.2
Transport equipment	7,743.0	7,240.8	8,223.6	5,577.5	5,051.3	3,416.6
Electrical engineering	4,031.7	4,043.3	5,119.6	3,726.4	4,151.4	3,321.3
Food industry	4,141.7	3,988.7	5,410.0	3,843.6	4,393.9	3,250.9
Paper	5,220.5	5,106.3	5,760.6	3,951.0	3,980.9	2,893.4

TABLE 5.3.3

VALUE ADDED AT
FACTOR COST
(MILLION ECU)

SOURCE:  eurostat

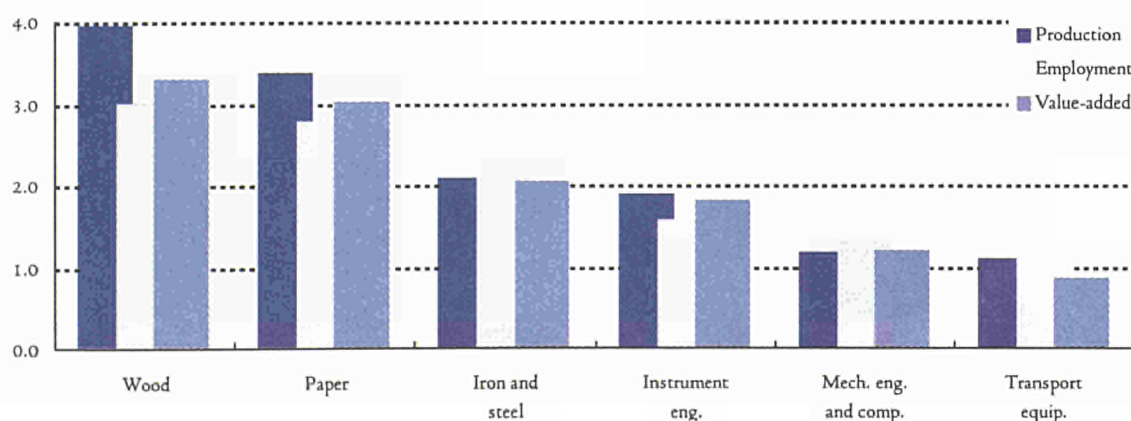


FIGURE 5.3.1

SPECIALISATION
RATE BY SECTOR,
1993

SOURCE:  eurostat



In recent years, Sweden has reported a surplus (in trade of all products) with the rest of the world. From 1990, the surplus increased at a rapid pace, increasing from 2.3 billion ECU to 6.2 billion ECU in 1993. With regard to manufacturing industry in 1993, trade performance improved dra-

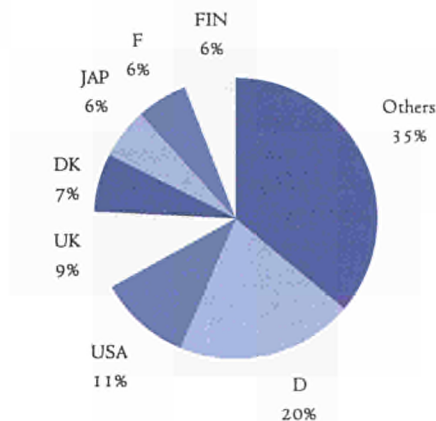
The main trading partners of Sweden were: in order of importance in 1993, Germany, the United Kingdom, Norway, the United States and Denmark. To give some idea of the importance of trade with the other EU Member States, 55.5% of Swedish imports came from EUR-12 countries in 1993, whilst 53.0% of Swedish exports were destined for EUR-12 countries in the same year. Sweden therefore attained the position of fifth most important trading partner of the EU in 1993. The other major origin of imports into Sweden in 1993 were as follows (for manufacturing industries): EFTA countries (15.9%), USA (11%), Japan (6.0%) and the NICs (4.1%).

The most important import markets in Sweden in 1993 were: mechanical engineering (13.5% of all manufactured imports), electrical and electronic engineering (13.2%), motor vehicles (12.0%) and chemicals (10.1%).

The pulp, paper and board industry exported 16.9% of all manufactured exports in 1993 (some 73.3% of these exports being to EU Member States). It was followed by mechanical engineering (16.3%), motor vehicles (15.5%) and electrical and electronic engineering (11.4%). Of particular importance were the gains made by Swedish enterprises in the pharmaceuticals industry where two companies moved into the global top thirty (Astra and Pharmacia). Pharmaceuticals become the fastest growing export industry. Overseas sales accounted for eighty six per cent of the industry's income in 1993. It was also interesting to note that 7.1% of Swedish exports in the telecoms industry were to Latin America and 4.5% of them were to the Mediterranean Basin.

FIGURE 5.4.1

SHARE OF
IMPORTS BY
COUNTRY OF
ORIGIN
(%)

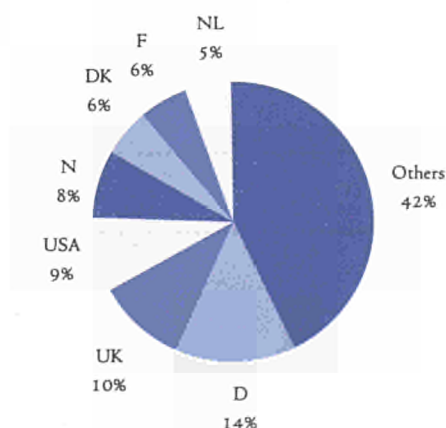


SOURCE: eurostat

matically, as export growth gathered pace, whilst imports stagnated. Exports benefited from major competitive gains, due to the currency devaluation and the productivity gains from employment losses during the recession.

FIGURE 5.4.2

SHARE OF
EXPORTS TO
DESTINATION
MARKETS
(%)



SOURCE: eurostat

Statistical sources::

-Macro-economic data: DGII.

-Sectorial, general and specialisation date: UN (UNIDO), EUROSTAT.

-External trade: EUROSTAT, UN (COMTRADE).

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