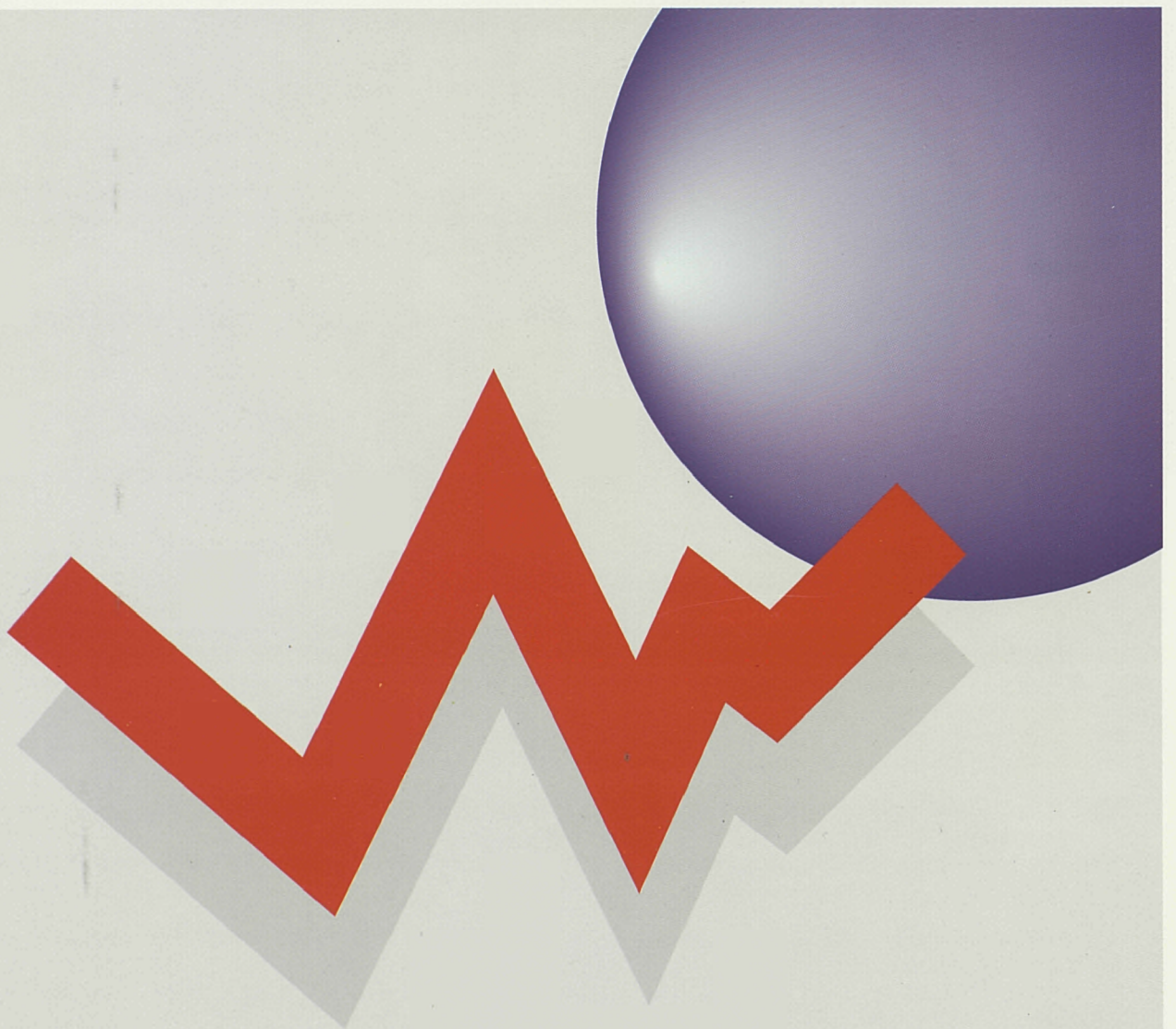


Panorama of EU industry

Short-term supplement
latest information on EU industry

bimonthly

5/1995





OFICINA ESTADÍSTICA DE LAS COMUNIDADES EUROPEAS
DE EUROPÆISKE FÆLLESSKABERS STATISTISKE KONTOR
STATISTISCHES AMT DER EUROPÄISCHEN GEMEINSCHAFTEN
ΣΤΑΤΙΣΤΙΚΗ ΥΠΗΡΕΣΙΑ ΤΩΝ ΕΥΡΩΠΑΪΚΩΝ ΚΟΙΝΟΤΗΤΩΝ
STATISTICAL OFFICE OF THE EUROPEAN COMMUNITIES
OFFICE STATISTIQUE DES COMMUNAUTÉS EUROPÉENNES
ISTITUTO STATISTICO DELLE COMUNITÀ EUROPEE
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latest information on EU industry**

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Theme
Energy and industry
Series
Short-term statistics

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Antenna

Sent to press in August 1995

Volume 13

Antenna

Antenna

Antenna

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

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After a rapid recovery in 1994, European industrial production was less buoyant in the early months of 1995. By May, the EUR12 year on year growth rate had declined to 3.9%. This faltering of growth affected all types of industry - intermediate, consumer and capital goods industries. On the other hand, real GDP growth was above 3% in the first quarter for all seven of the Member States for which data was available.

EUR12 producer price inflation rose in May to 4.0% 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 iron and steel industry
- ★ the transport equipment industry
- ★ Finnish industry

The Community is the world's largest producer of ferrous metals, followed by Japan and the USA. The EU and Japan are also the world's largest exporters. The EU industry was affected by a severe recession in 1992, reaching a low point in the fourth quarter of that year, and stagnating in 1993. EU steel production has since grown by 5% in 1994, and 6.1%

in the first five months of 1995, following rapid increases in EU steel consumption (up 13.6% in 1994). There has been a planned programme to shed surplus capacity, and employment in the industry declined by 10% in 1994.

Transport equipment is one of Europe's major industries, accounting for around 11% of employment and 13% of production in EU manufacturing industry in 1994. Like the iron and steel industry, it also showed a recovery in output in 1994 and 1995, with production volume up 8.4% in 1994 and 13.6% in the first quarter of 1995. The three largest segments of the industry are vehicle manufacture, with 62% of 1994 transport equipment production, vehicle parts (15%) and aerospace (12%).

The article on Finland completes our series on manufacturing industry in the new Member States. Finland has a population of 5.1 million, the third smallest of the EU. Of Finland's active labour force of 2 million in 1994, 8% worked in agriculture, 21% in industry, 6% in construction and 65% in services. The relatively large proportion of the labour force that worked in agriculture can be explained by the importance of the forestry sector. This also explains why the paper and paper products industry is Finland's largest industry. Together with printing and publishing, it accounted for 23% of manufacturing industry production. The two other largest industries are food, drink and tobacco with a 19% share and mechanical and electrical engineering with a 16% share.

Photis Nanopoulos, Director

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

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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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 Food, drink and tobacco industry
 Wood industry
 Small and medium-sized enterprises study

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IN BRIEF....

- ★ **FIRST QUARTER ANNUAL REAL GDP GROWTH WAS ABOVE 3.0 PER CENT IN SEVEN EU MEMBER STATES**
- ★ **THE EUROPEAN COMMISSION FORECAST A 9.2 PER CENT RISE IN THE VOLUME OF INVESTMENT IN EQUIPMENT FOR 1995**
- ★ **THE UPWARD TREND IN EUROPEAN INDUSTRIAL OUTPUT LEVELLED OFF SLIGHTLY**
- ★ **JAPANESE INDUSTRIAL OUTPUT GREW BY 1.2 PER CENT IN 1994 AFTER DECLINES IN 1992 AND 1993**
- ★ **THE AMERICAN FEDERAL RESERVE BANK AND THE BANK OF JAPAN LOWERED SHORT-TERM INTEREST RATES IN THE FIRST WEEK OF JULY**

Economic data for the first three months of 1995 showed that real GDP was growing at levels above 3 per cent in all seven EU Member States with data available. GDP growth was highest in Italy and Sweden, where first quarter GDP grew by 4.0 and 3.9 per cent respectively. The other countries were: France (3.8%), the United Kingdom (3.7%), Denmark (3.6%), the Netherlands (3.4%) and Spain (3.1%). The rise in economic activity did not feed through to a decrease in unemployment. EU unemployment did not change between February and May of 1995, the rate remaining at 10.9 per cent. Only France recorded a significant drop in its unemployment rate, from 12.2 per cent in April to 11.6 per cent in May. In its economic forecasts of spring 1995, the European Commission anticipated a surge in the volume of investment in equipment this year. If the forecast 9.2 per cent growth in real investment results in an increase in production capacity, employment could benefit and thereby initiate further decreases in unemployment. The expected 4.2 per cent rise in the volume of investment in construction, could mean an improvement in demand for the construction sector. Non-residential building activity was hit especially hard by the previous recession and had not recovered by late 1994.

EU Member States provided a mixed account with regard to inflation. The annual change in the level of consumer prices dropped during the second quarter of 1995 in Belgium and the Netherlands. In the former, inflation fell from 1.9 per cent in January to 1.3 per cent in June. In the latter, the same rates were 2.5 and 2.1 per cent. Inflation also decreased in Greece and, at an annual rate of 9.7 per cent in June 1995, remained under 10 per cent for the third month running. In contrast, consumer prices in the United Kingdom rose by 3.5 per cent in the year to June, up from an average of 2.5 per cent over 1994. German consumer price inflation accelerated in June to an annual rate of 2.4 per cent from 2.2 per cent in May. This was enough reason for the Bundesbank to decide not to lower short term interest rates on July 13, 1995. The last time the German central bank cut a short term interest rate was in March of this year, when it lowered the discount rate to 4 per cent. In Italy, the CPI increased 5.8 per cent in the year to June, up from 5.5 per cent in May.

MACRO-
ECONOMY

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FIGURE I.1

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

SOURCE:  eurostat

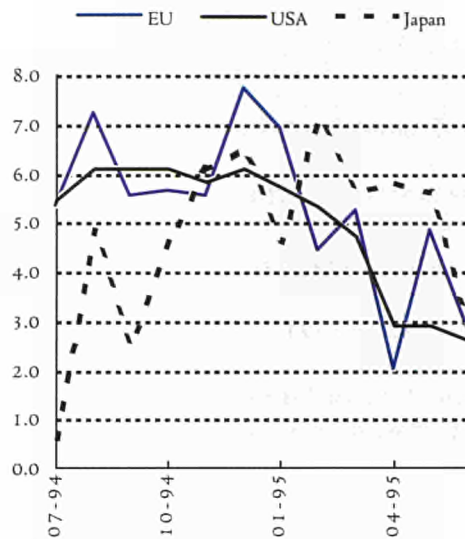


FIGURE I.2

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

SOURCE:  eurostat

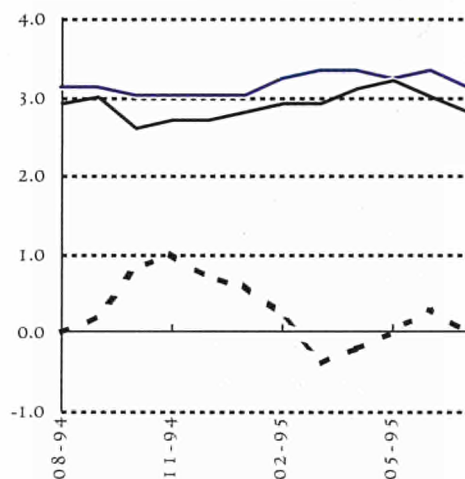
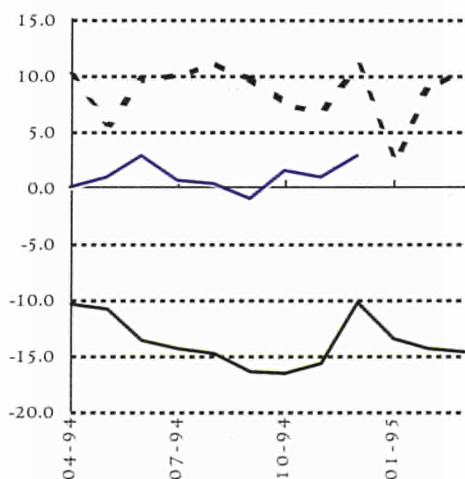


FIGURE I.3

INTERNATIONAL
COMPARISON OF
MONTHLY TRADE
BALANCE
(BILLION ECU)

SOURCE:  eurostat



Statistics also showed that the growth in industrial production volume had lost some of its vigour. Figures for April 1995 pointed to a drop in industry output as compared to March, for seven of the nine Member States with data available for the month. The exceptions were Sweden and Italy, which experienced positive growth rates in production volume during all three months to April 1995. All nine countries' industrial sectors did however have positive growth rates when compared to the level of activity in April of 1994. The largest rise in industrial activity occurred in Sweden, where output rose by 14.4 per cent in the year to April 1995.

A number of important decisions were taken pertaining to state finances. The new French government approved the revised budget for 1995 on June 28, incorporating a number of tax increases and measures to stimulate employment. It also continued the policy of privatisation. After the recent sale of the steel company Usinor Sacilor, plans were made to sell off shares in Renault and in P echiney (an aluminium manufacturer) in the near future. In Italy, Prime Minister Dini won a vote of confidence in the chamber of deputies on July 13, 1995, on the subject of the state's pension scheme. The Italian system of state pensions has presented a large burden on the budget, which is expected to grow with the aging of the population in the medium to long term. Mr. Dini needed the support of the chamber to push ahead structural reforms of the pension scheme.

In the USA, the Federal Reserve Bank changed the federal funds rate on July 6 to 5.75 per cent, a cut of 25 basis points. This was the first cut in the rate since the start of 1994. Many American private banks followed by cutting their prime lending rates for personal and corporate loans. Evidence was building up of a mid-cycle correction in the American economy. The USA went through the previous recession in 1991, two years earlier than the EU. The USA has thus already seen three consecutive

years of relatively strong economic growth. Some economists suspected that American firms built up their inventories too quickly during 1994 and were now in the process of correcting this by temporarily reducing production. Expectations were such that when stocks of unsold goods come down in the near future, growth will rebound. These expectations were partly confirmed by the latest employment data. The negative impression given by May employment figures had left experts with doubt over the level of economic activity. However, this changed to mild optimism when data for June turned out to be better than expected. The Labour department reported that non-farm payrolls increased by 215 thousand in June of 1995, significantly higher than was expected. April and May figures, which had ignited fears of a genuine slow-down, were revised upwards. The increase in American employment was concentrated in the services and construction sectors. Employment in manufacturing fell by 40 thousand. This decline ran parallel to the decline in industrial production volume and the reduction in capacity utilisation of recent months.

The situation of the Japanese economy was still precarious. Real GDP increased in the year to the first quarter of 1995 by just 0.1 per cent. On July 7 1995, one day after the American Federal Reserve Bank had lowered the federal funds rate, the Bank of Japan announced it would expand the supply of cash on money markets. This led to a decline in the call rate for inter-bank loans to 0.75 per cent down from 1.21 per cent. The Bank of Japan was using this instrument in an effort to actively stimulate the economy by expanding credit. Growth in commercial bank lending had dropped to zero in 1994, although surveys showed that banks were willing to lend. The tradition in Japan to mortgage loans and the decline in prices of real estate of the last 3 years have left many households with negative equity. The people that bought real estate in recent years, now owned a property whose value was lower than the amount borrowed to

	EUR12	USA	JAPAN
07-94	5.3	5.4	0.6
08-94	7.2	6.1	4.8
09-94	5.5	6.1	2.5
10-94	5.6	6.1	4.6
11-94	5.5	5.8	6.1
12-94	7.7	6.1	6.5
01-95	6.9	5.7	4.6
02-95	4.4	5.3	7.1
03-95	5.2	4.7	5.6
04-95	2.0	2.9	5.8
05-95	4.8	2.9	5.6
06-95	2.8	2.6	2.8

	EUR12	USA	JAPAN
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	3.2	3.2	0.0
06-95	3.3	3.0	0.3
07-95	3.1	2.8	0.0

	EUR12	USA	JAPAN
04-94	-0.2	-10.5	9.8
05-94	0.7	-10.9	5.6
06-94	2.6	-13.7	9.6
07-94	0.5	-14.4	10.1
08-94	0.1	-14.9	11.0
09-94	-1.2	-16.4	9.7
10-94	1.3	-16.6	7.4
11-94	0.7	-15.8	6.9
12-94	2.7	-10.3	10.7
01-95	N/A	-13.5	2.3
02-95	N/A	-14.4	9.0
03-95	N/A	-14.7	10.5

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

buy it. This drop in household's wealth also affected private demand. On top of that, the strong yen diverted much of the already depressed domestic demand to imports. This has led to depressed price levels. Producer prices in yen fell by 1.8 per cent in the year to May and the consumer price index stood at the same level in May 1995 as in the same month a year before. Japanese industry seemed to retain its positive trend in production volume, which increased by 1.2 per cent in 1994. It had declined by 5.8 and 4.2 per cent in 1992 and 1993 respectively. The latest data showed a small decline from April to May, but still 5.8 per cent up from the year before.

IN BRIEF....

- ★ IN APRIL 1995, EUR 12 GROWTH IN PRODUCTION VOLUME SLOWED DOWN TO 2.6 PER CENT
- ★ PRODUCTION VOLUME OF NON-DURABLES STAGNATED DURING THE THREE MONTHS TO APRIL 1995
- ★ INDUSTRIAL OUTPUT IN THE USA STATIC DURING THE SECOND QUARTER OF 1995
- ★ PRODUCER PRICE INFLATION INCREASED RAPIDLY TO 3.8 PER CENT IN MARCH 1995
- ★ DURING THE FIRST 5 MONTHS OF 1995, JAPANESE PRODUCER PRICES CONTINUED TO FALL BUT AT A SLOWING PACE

Seasonally adjusted EUR 12 industrial production in volume rose by 2.6 per cent during the year to April compared to a rise of 5.1 per cent in March. Production volume growth reached a peak in December of 1994, when its annual growth rate was 8.2 per cent. The decline in growth was shared by all groups of products. Annual growth in EUR-15 production volume dropped from 9.8 per cent in December of 1994 to 3.7 per cent in April for intermediate goods. The matching rates for capital goods and consumer durables were 11.3 to 6.3 per cent and 11.5 to 2.3 per cent. Growth in the production of consumer non-durables, which averaged 2.5 per cent in 1994, had dropped to zero during the three months to April 1995. Its level has lingered around that of 1990, the base year of the current series, since February of 1994. In the USA, industrial production volume went up by 0.1 per cent in June 1995 on the month before.

Annual change in producer prices picked up during the 12 months to April. Prices of intermediate goods increased most. The annual change exceeded 6 per cent in March compared to less than 2 per cent in July of last year. A major contribution to this was made by rising prices on world markets that have raised the costs of imports for many countries. During the year to July, world prices of industrial goods have risen by almost 7 per cent in ECU terms. In Sweden and Italy, the level of producer prices in May of 1995 were 11.7 and 9.0 per cent higher than in May of 1994. The decline in producer prices slowed in Japan. Producer prices were falling by almost 2 per cent a year in 1994. By April 1995, the annual rate had risen to -0.4 per cent. Although prices of Japanese goods have fallen in yen, they have become increasingly dearer to other countries because of recent appreciation. Japan therefore faces weakened demand in both its domestic and international markets. Nevertheless, the surplus on Japan's visible trade balance in May 1995 kept to the same level as in the same month of 1994, at 7.9 billion ECU.

TOTAL
INDUSTRY

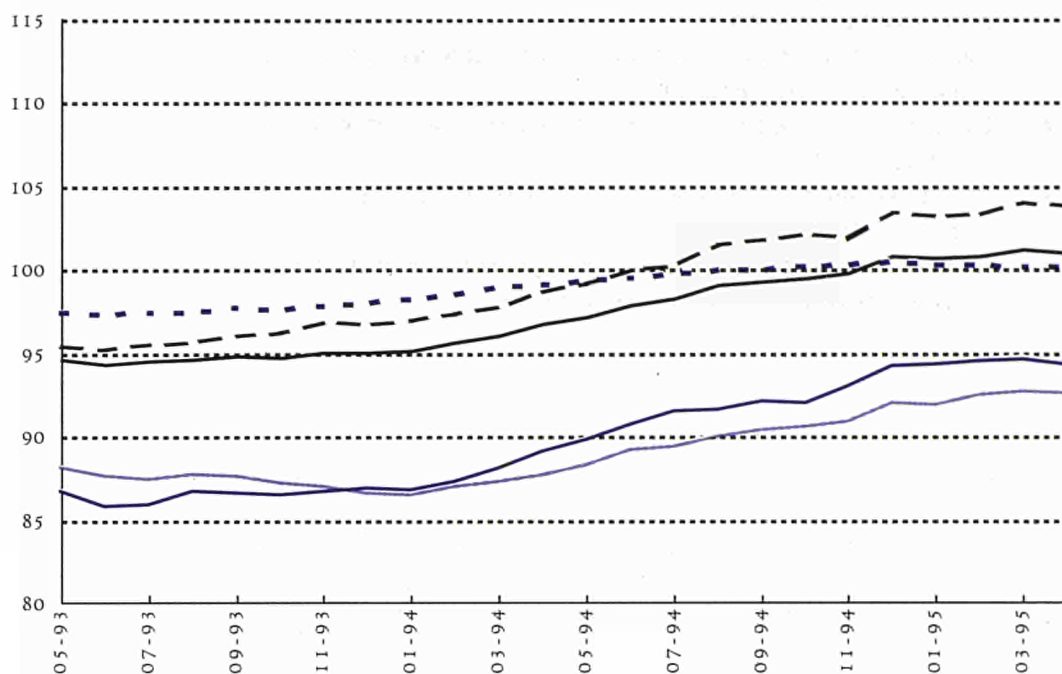
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FIGURE 2.1

EVOLUTION OF
EUR12
PRODUCTION
INDEX BY
GOODS SECTOR
(1990=100)

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



SOURCE: eurostat

TABLE 2.1

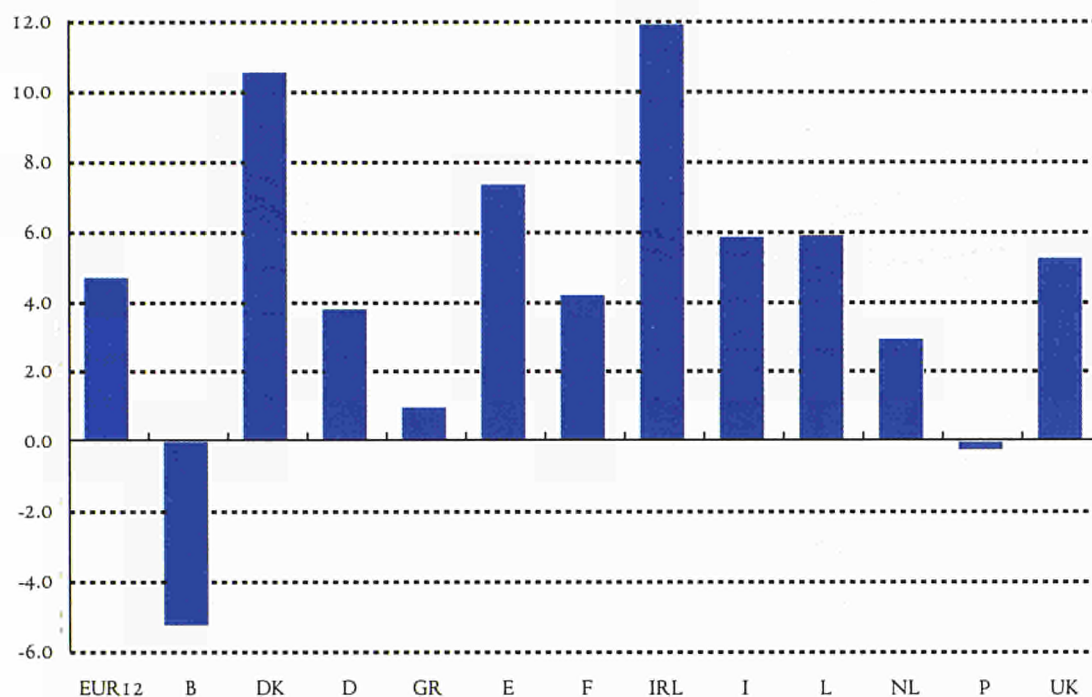
QUARTERLY
PRODUCTION
INDEXES
(1990=100)

	Latest quarter available	Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR12	02-95 ⇔ 04-95	101.0	103.8	92.8	94.4	100.4
Growth rate, t/t-4 (%)		5.2	5.3	5.4	5.9	1.1
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	03-95 ⇔ 05-95	116.2	116.7	117.7	113.5	115.0
Growth rate, t/t-4 (%)		10.6	10.1	13.4	7.4	0.5
D	03-95 ⇔ 05-95	94.5	99.2	87.3	87.9	94.0
Growth rate, t/t-4 (%)		3.5	4.9	3.2	3.0	0.2
GR	02-95 ⇔ 04-95	95.5	93.0	97.7	86.9	101.0
Growth rate, t/t-4 (%)		0.6	0.5	0.3	5.3	-0.3
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	02-95 ⇔ 04-95	103.0	105.5	91.1	101.0	99.8
Growth rate, t/t-4 (%)		4.5	4.7	5.2	10.1	1.4
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 (%)		8.7	6.6	13.7	11.1	3.9
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	02-95 ⇔ 04-95	103.5	104.9	102.0	98.0	103.0
Growth rate, t/t-4 (%)		2.6	1.5	6.1	-1.6	2.5
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	100.7	98.0
Growth rate, t/t-4 (%)		4.4	3.9	3.6	4.7	-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

TABLE 2.2

ANNUAL
PRODUCTION
INDEXES (1)
(1990=100)

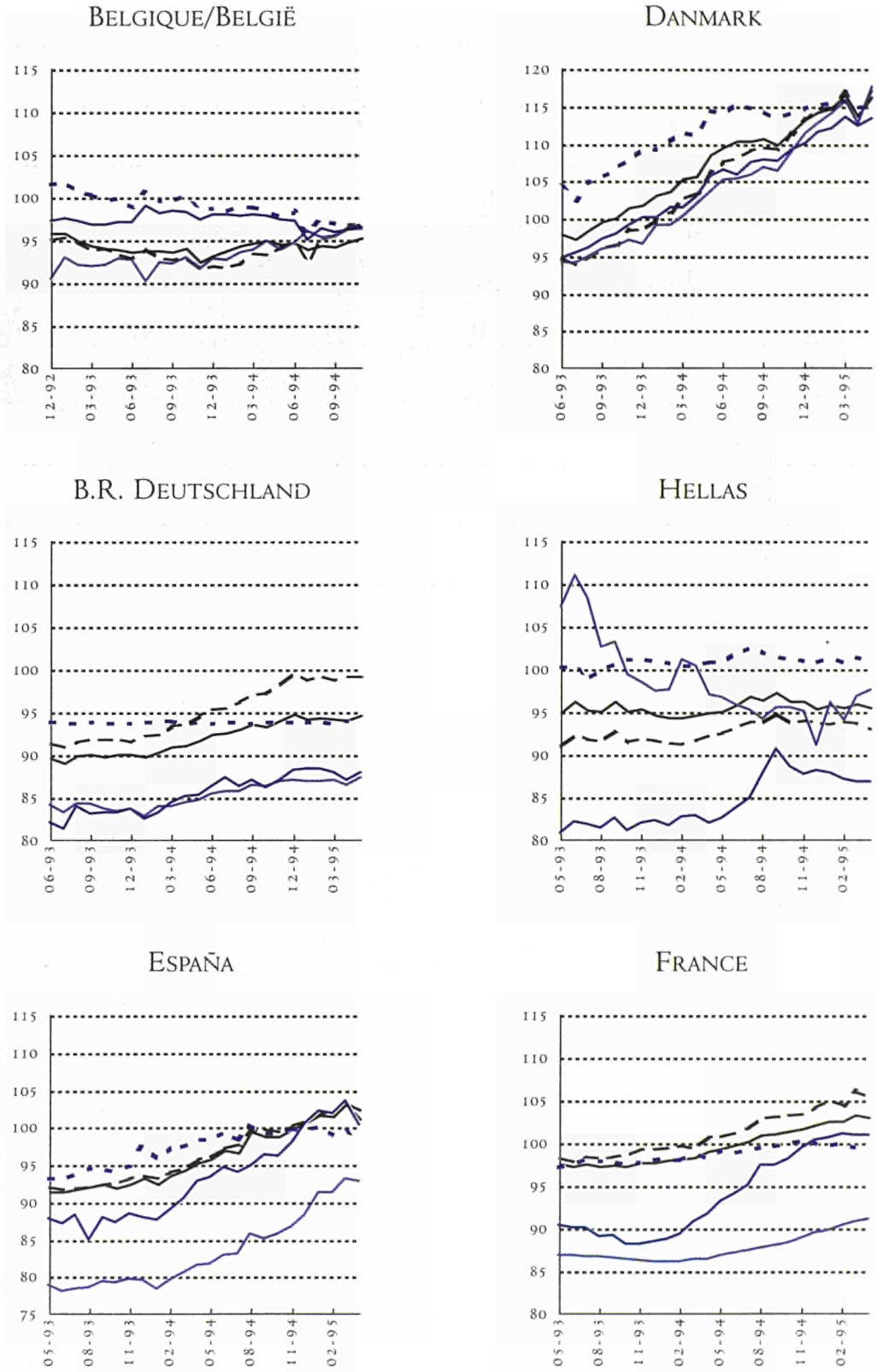
	Latest year available	Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR12	1994	99.2	101.6	90.5	92.4	100.3
Growth rate, t/t-1 (%)		4.7	5.7	3.4	6.6	2.5
B	1993	93.0	92.4	92.5	97.7	99.0
Growth rate, t/t-1 (%)		-5.2	-5.5	-0.2	-1.5	-4.0
DK	1994	111.1	110.2	108.0	108.1	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	98.8	99.4
Growth rate, t/t-1 (%)		5.2	6.4	4.4	7.4	2.0

(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

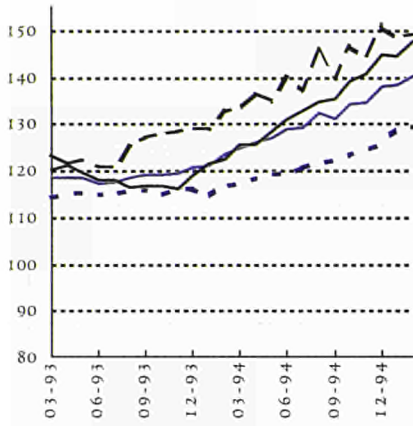
FIGURE 2.3

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

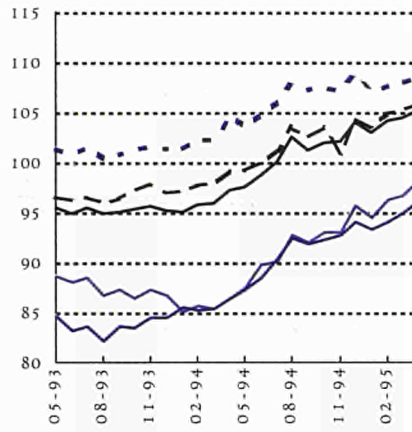


SOURCE:  eurostat

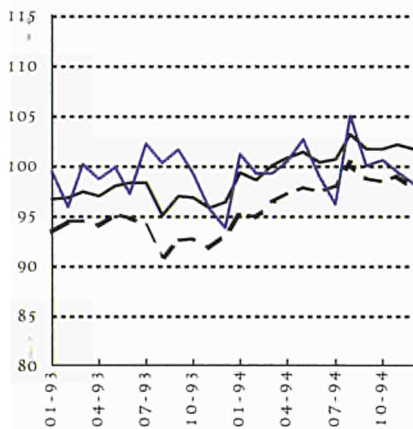
IRELAND



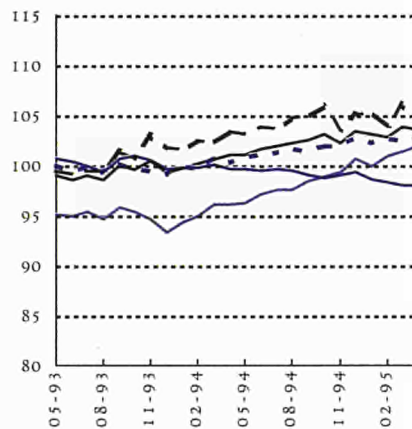
ITALIA



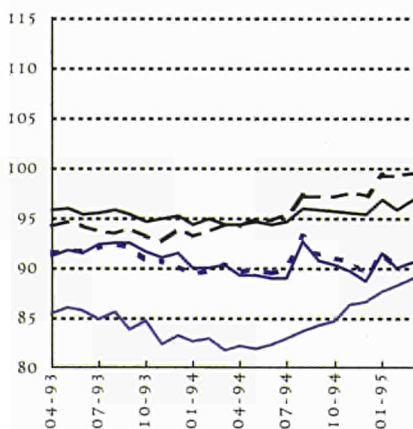
LUXEMBOURG



NEDERLAND



PORTUGAL



UNITED KINGDOM

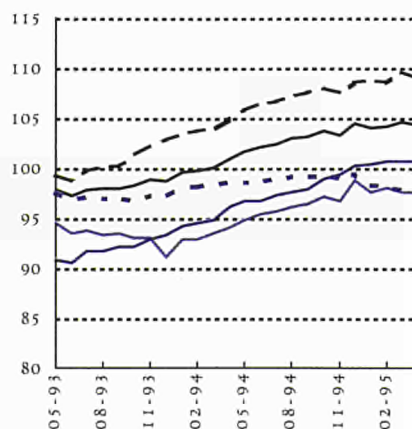


FIGURE 2.3

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

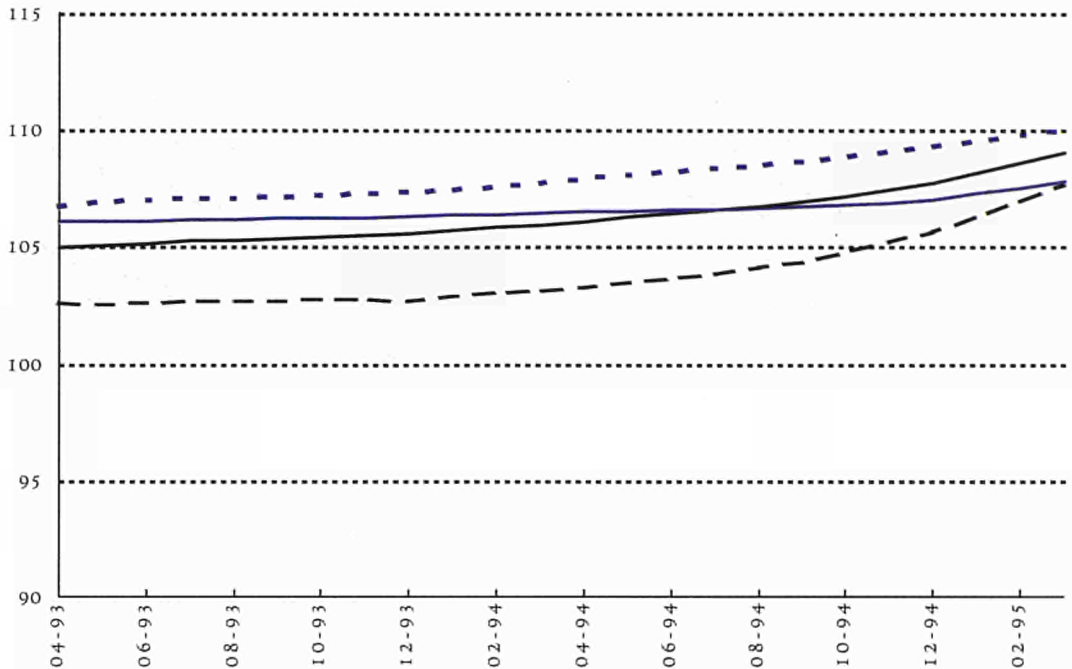
- Total industry
- - Intermediate goods
- Capital goods
- Consumer durables
- - Consumer non-durables

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
EUR12	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	03-95 ⇔ 05-95	102.2	100.6	106.0	108.2	101.8
Growth rate, t/t-4 (%)		3.0	3.5	0.5	1.7	3.7
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	03-95 ⇔ 05-95	115.0	112.7	112.5	N/A	N/A
Growth rate, t/t-4 (%)		6.4	8.7	3.8	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	02-95 ⇔ 04-95	118.3	119.8	113.6	115.4	116.0
Growth rate, t/t-4 (%)		6.3	8.8	3.7	3.1	4.8
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	03-95 ⇔ 05-95	103.4	102.1	105.4	105.7	104.5
Growth rate, t/t-4 (%)		3.1	3.6	1.7	1.0	1.6
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

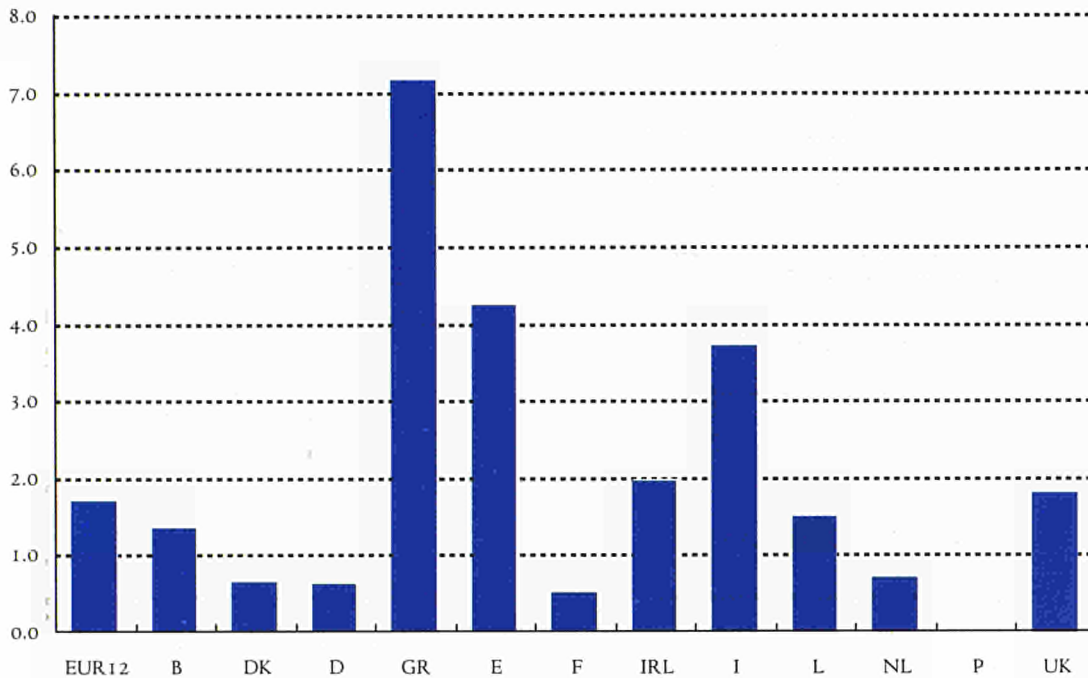
SOURCE: eurostat

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



	Latest year available	Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR12	1994	107.1	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

TABLE 2.4

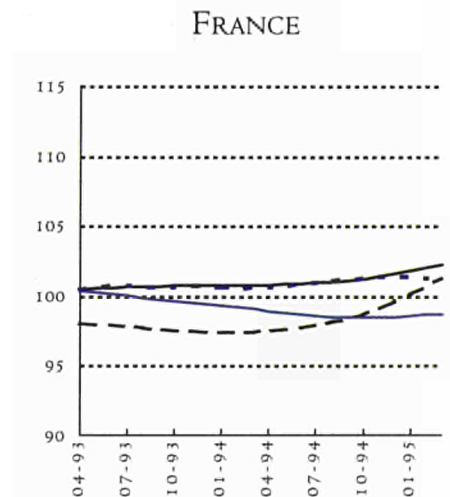
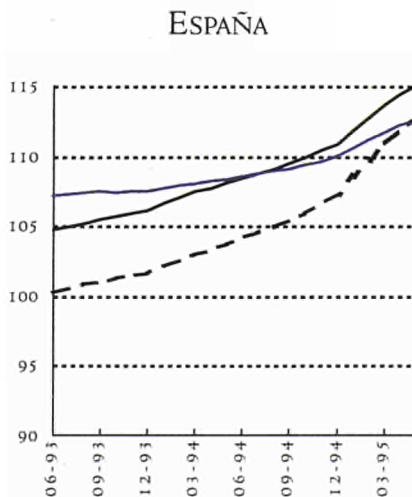
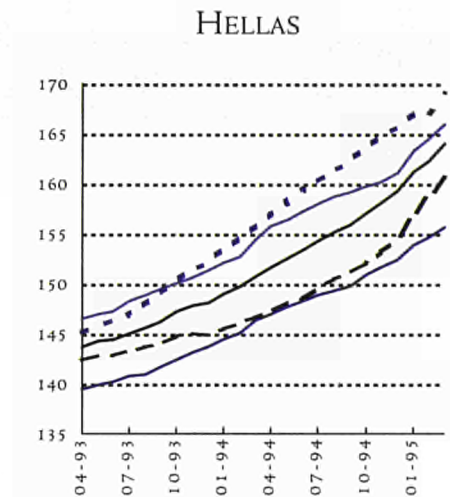
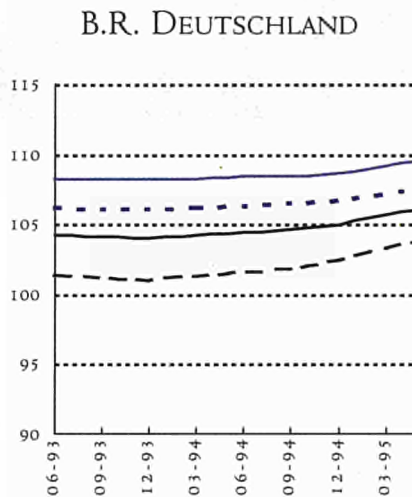
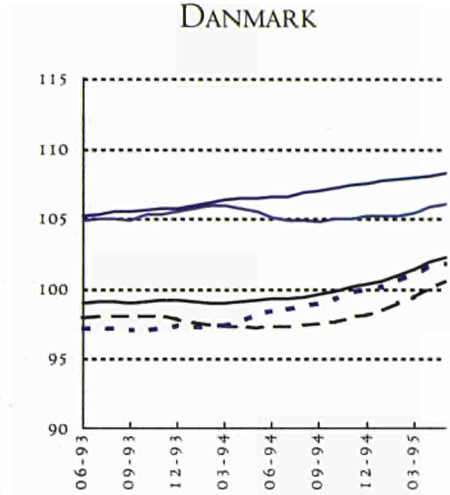
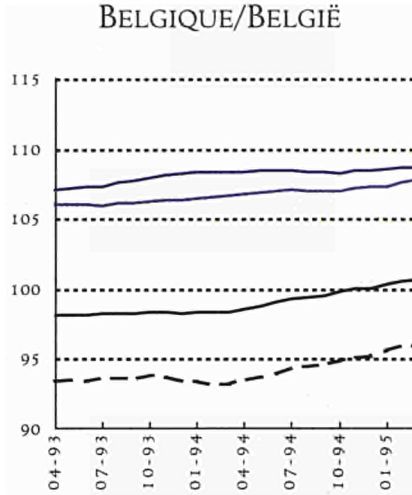
ANNUAL
PRODUCER
PRICE INDEXES (1)
(1990=100)

(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 2.6

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



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

SOURCE:  eurostat

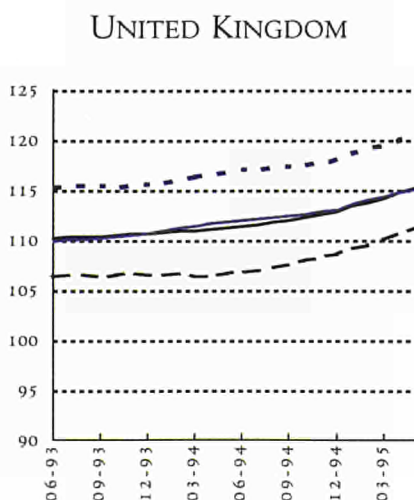
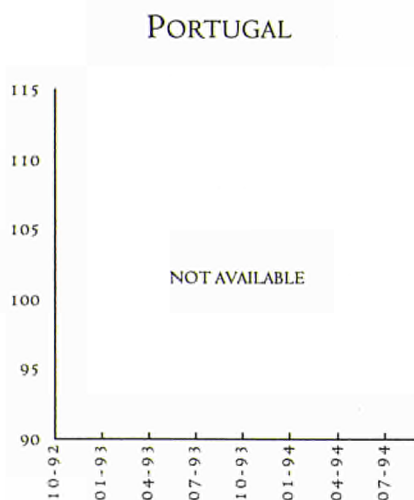
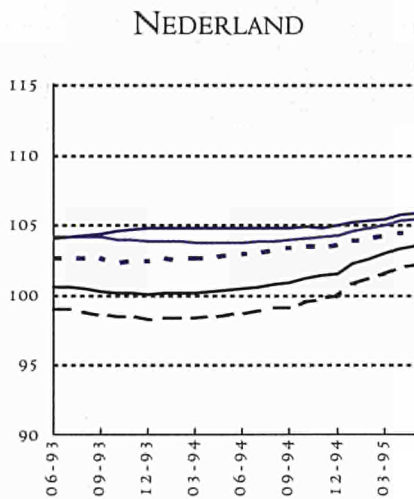
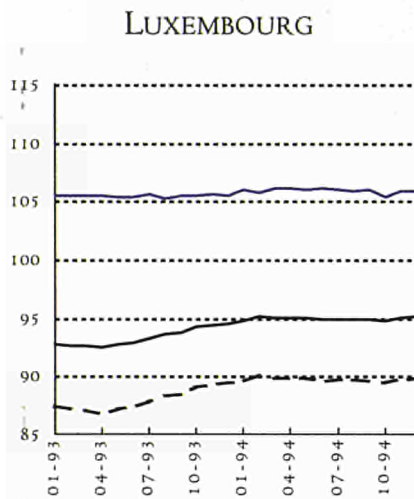
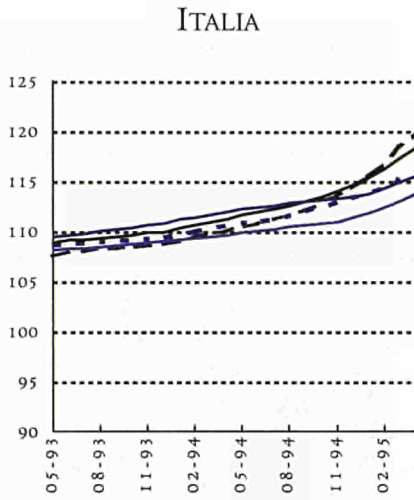
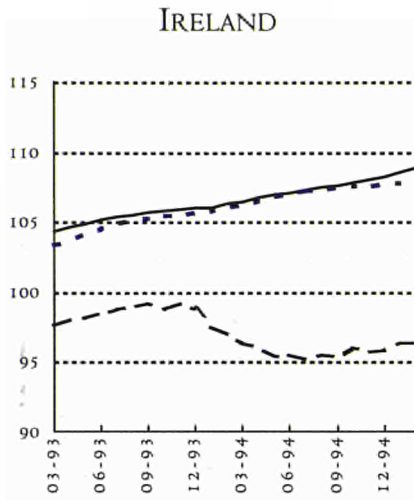


FIGURE 2.6

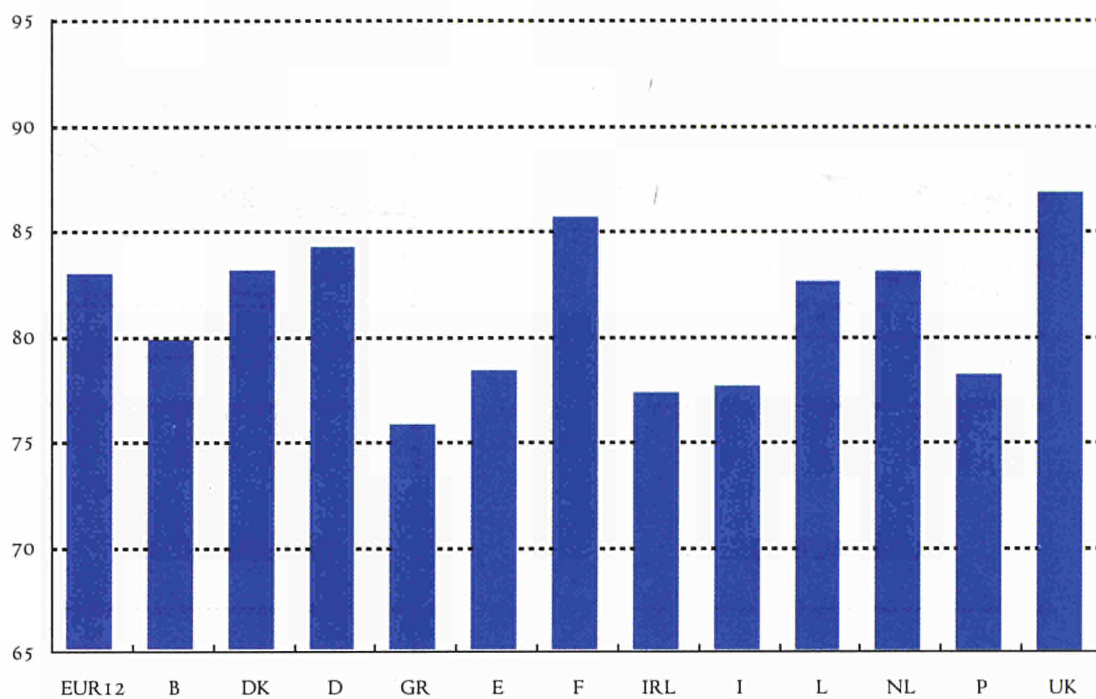
EVOLUTION OF
PRODUCER PRICE
INDEX BY
GOODS SECTOR
(1990=100)

- 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

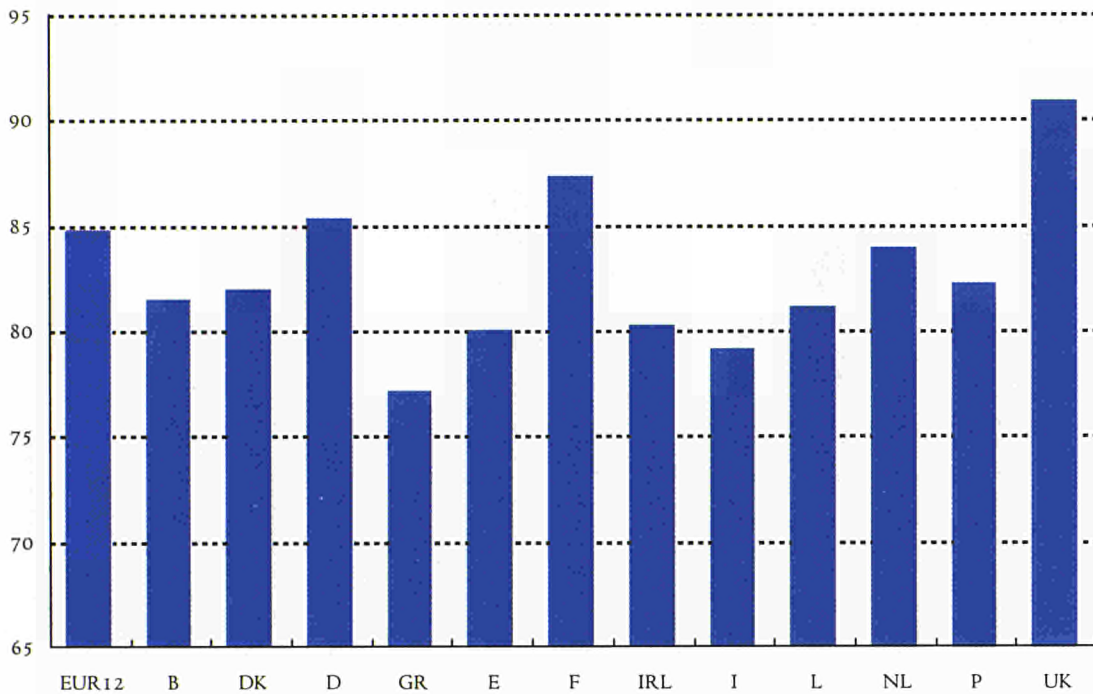
TOTAL INDUSTRY:
CAPACITY
UTILISATION
RATES BY
MEMBER STATE
(%)

	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	82.9
B	5.1	76.9	78.3	79.3	79.7
DK	3.8	80.0	83.0	84.0	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	2.8	71.9	74.6	75.6	78.3
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	81.8	82.5
NL	3.9	82.0	83.0	84.0	83.0
P	3.9	76.2	76.1	77.1	78.1
UK	4.5	82.2	84.3	85.6	86.8

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

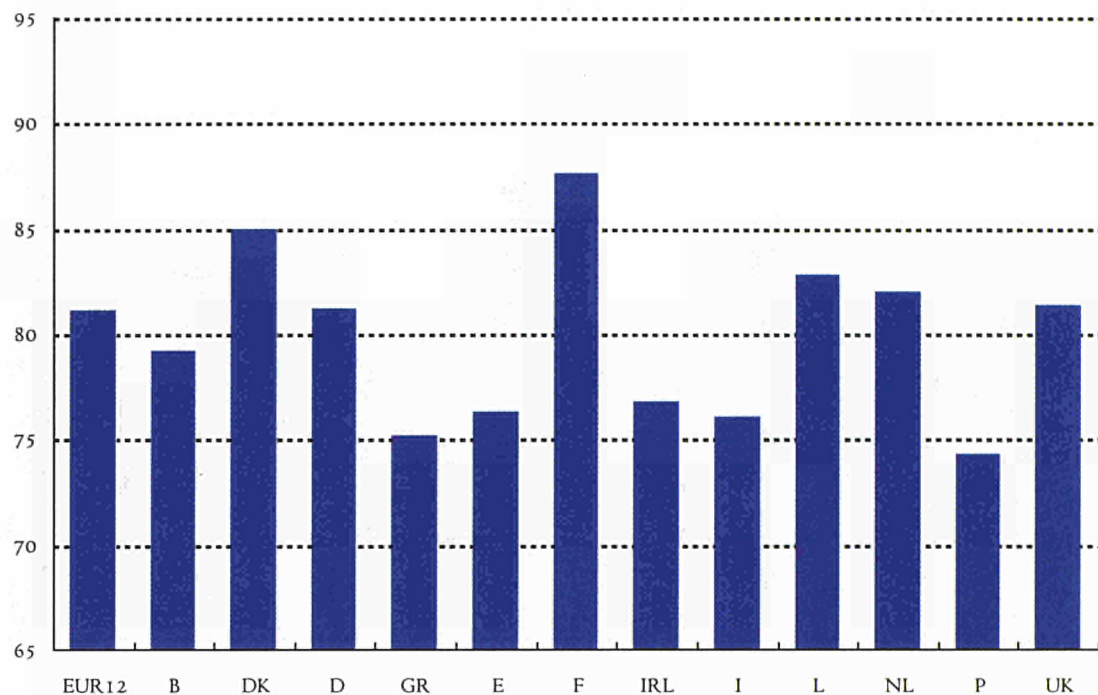
INTERMEDIATE
GOODS: CAPACITY
UTILISATION
RATES BY
MEMBER STATE
(%)

	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	82.9	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	4.2	71.4	73.4	73.9	80.1
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	80.9	81.2
NL	6.1	81.0	83.0	84.0	84.0
P	6.5	78.0	79.1	80.6	82.3
UK	7.4	83.1	88.5	87.7	91.0

SOURCE: DG II -
BUSINESS SURVEY

FIGURE 2.9

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



SOURCE: DG II -
BUSINESS SURVEY

TABLE 2.7

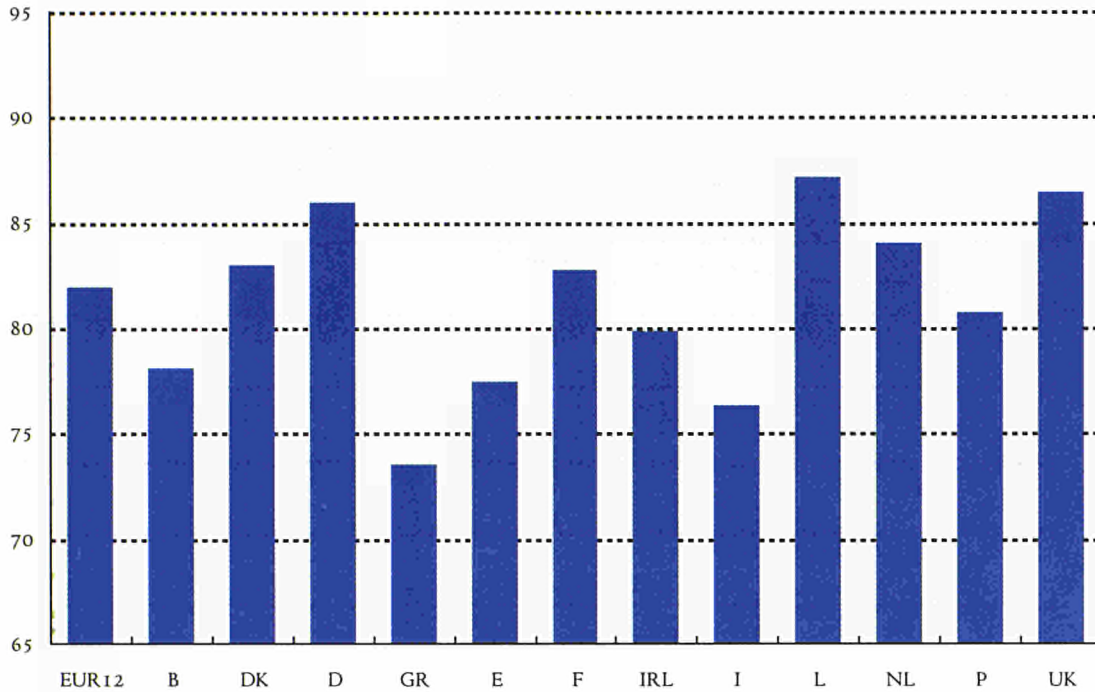
CAPITAL GOODS:
CAPACITY
UTILISATION
RATES BY
MEMBER STATE
(%)

	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	-3.7	73.2	76.0	75.6	76.3
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	81.6	82.8
NL	5.0	80.0	80.0	82.0	82.0
P	3.5	72.2	74.3	76.3	74.3
UK	2.6	78.4	81.0	79.7	81.4

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	14.2	70.7	73.6	76.5	77.4
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	85.5	87.1
NL	1.8	84.0	84.0	86.0	84.0
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:  eurostat

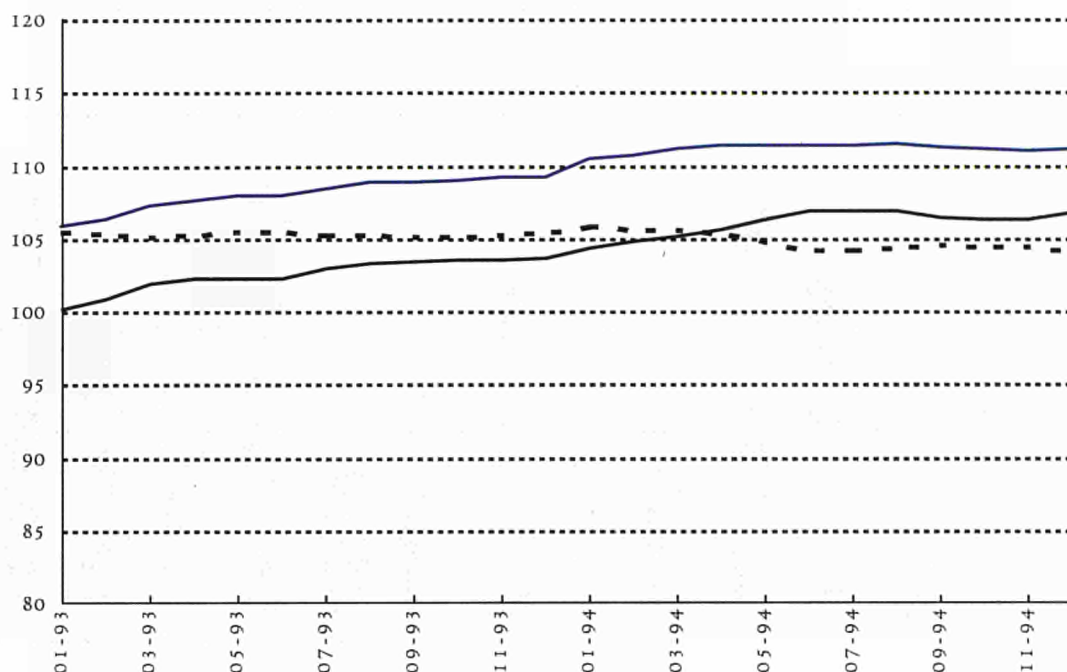


TABLE 2.9

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	106.7	115.4	111.0	127.6	104.0
Growth rate, t/t-4 (%)		3.0	7.3	1.8	5.1	-1.2
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	101.5	134.7	99.7	214.9	98.3
Growth rate, t/t-4 (%)		-5.8	-9.3	0.6	31.0	6.8
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	102.2	119.3	106.2	141.2	103.9
Growth rate, t/t-4 (%)		1.7	16.7	2.5	-2.5	0.8
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:  eurostat

FIGURE 2.I2

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

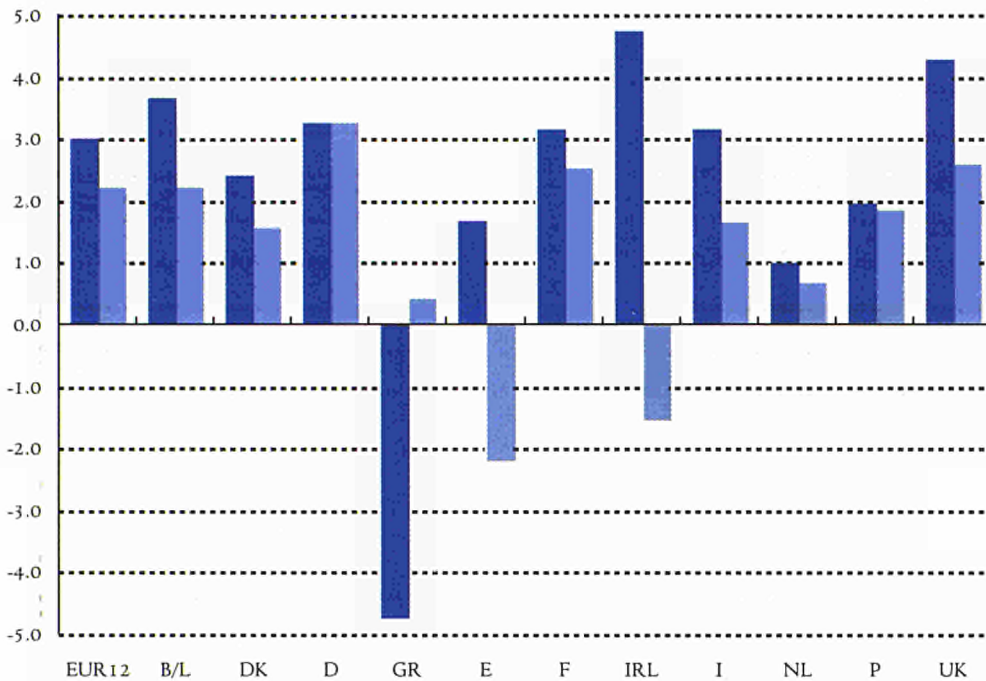


TABLE 2.I0

ANNUAL
EXTRA-EU
TRADE INDEXES
(1990=100)

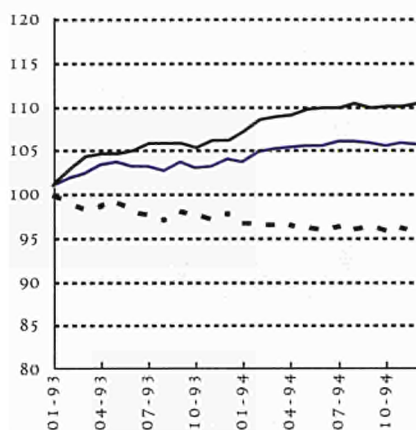
	Latest year available	Exports		Imports		Terms of trade index
		Value	Volume	Value	Volume	
EUR12	1994	106.7	113.9	111.5	121.5	104.5
Growth rate, t/t-1 (%)		3.0	7.3	2.2	8.2	-0.8
B/L	1994	110.3	106.6	105.8	140.7	95.9
Growth rate, t/t-1 (%)		3.7	14.3	2.2	15.4	-1.3
DK	1994	102.3	118.5	104.9	129.6	102.5
Growth rate, t/t-1 (%)		2.4	12.7	1.5	11.6	-0.9
D	1994	110.8	119.1	117.7	111.8	106.2
Growth rate, t/t-1 (%)		3.3	5.5	3.2	7.9	0.0
GR	1994	101.9	117.9	99.8	161.8	97.9
Growth rate, t/t-1 (%)		-4.8	-10.8	0.4	15.8	5.4
E	1994	97.7	102.0	97.8	150.8	100.1
Growth rate, t/t-1 (%)		1.7	7.5	-2.2	13.4	-3.8
F	1994	105.4	101.7	114.6	113.4	108.7
Growth rate, t/t-1 (%)		3.1	3.5	2.5	6.6	-0.5
IRL	1994	110.7	154.2	101.4	182.3	91.6
Growth rate, t/t-1 (%)		4.7	17.7	-1.6	13.2	-6.0
I	1994	98.4	108.6	105.1	129.5	106.8
Growth rate, t/t-1 (%)		3.1	5.4	1.6	8.9	-1.4
NL	1994	101.9	128.5	105.3	141.3	103.3
Growth rate, t/t-1 (%)		1.0	28.0	0.7	8.8	-0.3
P	1994	94.4	109.3	105.3	102.5	111.5
Growth rate, t/t-1 (%)		1.9	2.0	1.8	6.4	-0.1
UK	1994	112.7	116.0	111.8	119.3	99.2
Growth rate, t/t-1 (%)		4.3	2.7	2.6	4.0	-1.6

SOURCE:  eurostat

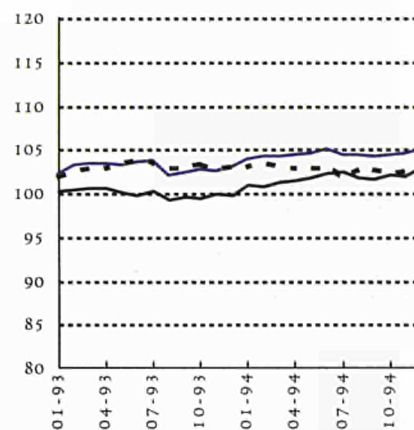
FIGURE 2.13

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

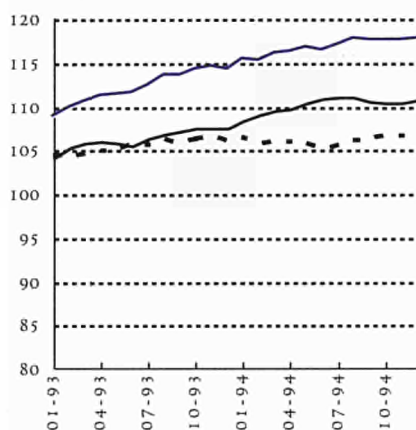
BELGIQUE/BELGIË, LUXEMBOURG



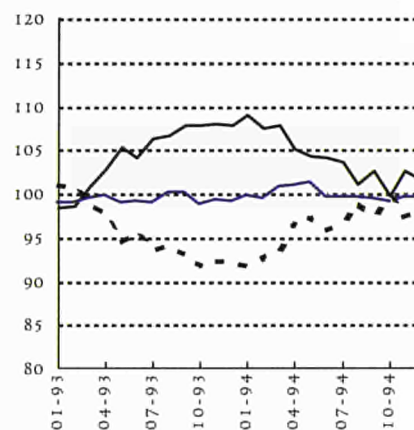
DANMARK



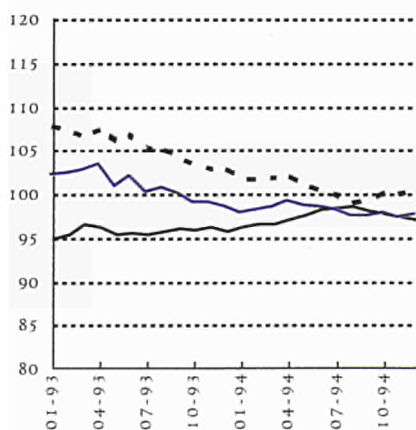
B.R. DEUTSCHLAND



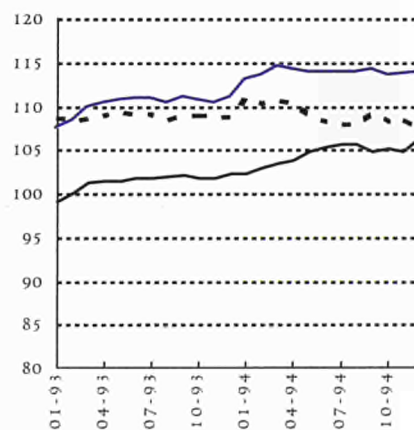
HELLAS



ESPAÑA



FRANCE



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

SOURCE:  eurostat

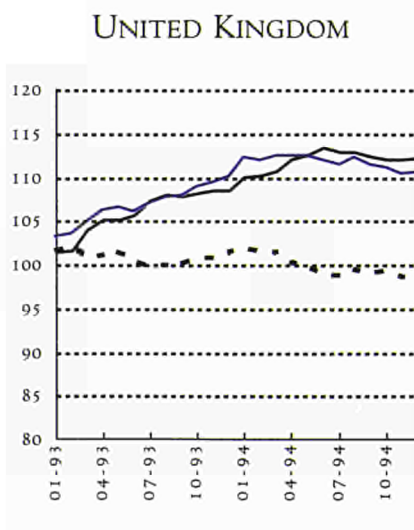
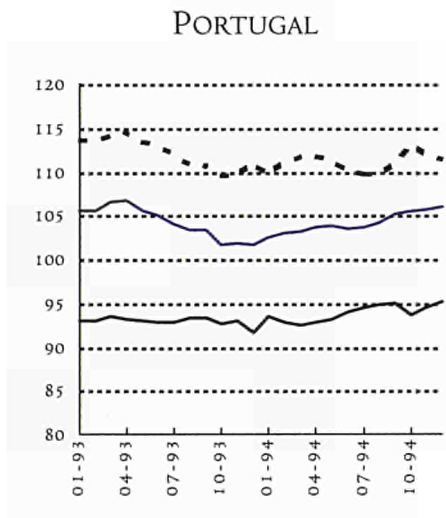
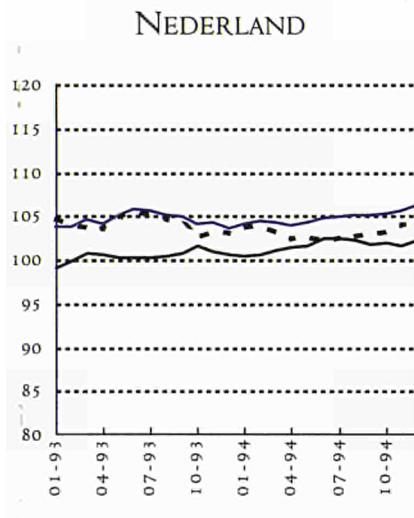
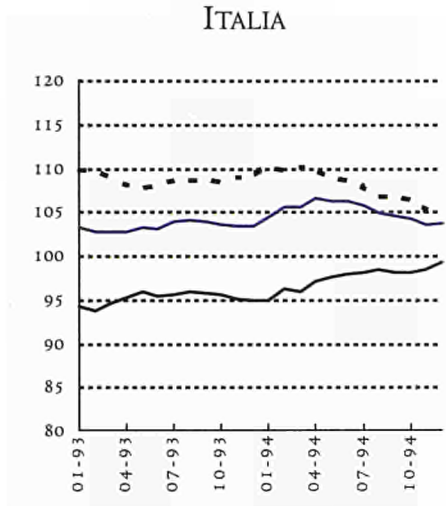
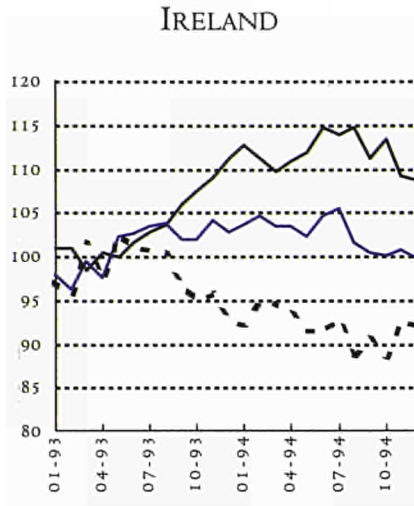


FIGURE 2.13

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

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

SOURCE: eurostat

Subject: English

Section A

Q.1. Read the passage and answer the questions.

The first part of the passage discusses the importance of education in a developing country. It highlights how education can lead to economic growth and social progress. The author argues that without a strong educational system, a country cannot achieve its full potential.

In the second part, the author talks about the challenges of providing quality education to all children. Issues like lack of infrastructure, teacher shortages, and poverty are mentioned. The author suggests that the government should invest more in education and ensure that every child has access to a school.

The third part of the passage focuses on the role of parents in their children's education. It emphasizes that parents should be actively involved in their children's learning process. Encouraging children to read and providing a supportive home environment are key to their success.

Finally, the author concludes by stating that education is the key to a better future. It is a right that every child should have, and it is the responsibility of society to ensure that this right is fulfilled. Only through education can we build a more just and prosperous world.

Q.2. Read the passage and answer the questions.

The passage describes the beauty of a sunset over the ocean. The colors are vibrant and the atmosphere is peaceful. The author expresses a sense of awe and wonder at the natural world's beauty.

The author reflects on the transient nature of life and how the sunset serves as a metaphor for the end of a day. It is a time to appreciate the things we have and to let go of our worries.

The passage ends with a call to cherish the moments we have. The sunset is a reminder that beauty is everywhere if we only take the time to look for it.

Section B

Q.3. Write a paragraph on the following topic.

My favorite hobby is reading.

Reading is a great way to learn and grow.

It helps me to understand the world better.

I love to read books about history and science.

IN BRIEF....

- ★ STEEL CONSUMPTION IN THE EU INCREASED 13.6% IN 1994
- ★ STEEL PRODUCTION IN THE EU INCREASED 5% IN 1994
- ★ WORLD STEEL PRODUCTION STAGNANT IN 1994
- ★ WORLD STEEL CONSUMPTION INCREASED 5.2% IN JANUARY/MAY 1995
- ★ EU STEEL EXPORT VOLUME DECREASED 13.3% IN 1994
- ★ EU STEEL EXPORT VALUE INCREASED 0.5% IN 1994
- ★ PRODUCTION IN 1995 (5 MONTHS) 6.1% HIGHER THAN IN 1994
- ★ INVESTMENT DOWN BY 6% IN 1994
- ★ EMPLOYMENT DECLINED BY 10% IN 1994

In 1994 activity in the iron and steel industry recovered sharply from the recession in 1992/1993. During the whole of 1993 steel production stagnated at a rather low level, slightly above the lowest point reached in the fourth quarter of 1992. The acceleration of the growth started in the second quarter of 1994 and is still continuing. The growth in production in 1994 was 5%. Germany, the BLEU and Denmark had above average growth of 8.5%, 11.3% and 19.5% respectively. Portugal, Luxembourg, Greece and Ireland stayed behind with -4.5%, -6.1%, -13.7% and -14.0% respectively. Production in 1995 continued to grow. The latest available quarter (March to May) showed a growth of 3.3%. Capacity utilisation increased from 69.7% in 1993 to 74.4% in 1994, a figure second only to the previous peak of 79.6% in 1989. In the first quarter of 1995 the utilisation rate climbed to 77.8%, with the Netherlands leading with 96.4%, followed by Denmark, Germany and the United Kingdom with around 86% and Belgium with 84%. Crude steel capacity in the EU was reduced by 3 million tonnes in 1993, or by -1.5%. For 1994 the reduction foreseen at the beginning of that year was also 3 million tonnes. Because of the restructuring measures for the steel industry, further capacity reductions to a total of 13 million tonnes of crude steel were announced in 1994 but have not yet been realised. At the moment, Germany has the disposal of 26.8% of this capacity, followed by Italy with 21.9%, whereas for production these shares are 29.4% and 18.8% respectively. Increases in producer prices (measured in national currency) in early 1995 ranged from 7.3% in Belgium (February) to 14.6% in Greece (March) compared to the level of the same month a year before. Compared to the low point reached in early 1993, the increase in most countries was around 20%, except for Spain with 34% and Germany with 10.6%. These divergences partly reflected the changes in exchange rate between the currencies. Compared to the base year 1990, producer prices of the Spanish steel industry have risen vis-à-vis the EU average, whilst prices in Greece and Italy have decreased. Producer prices for the EU are not available, but an indication is given by the unit value for intra-EU trade, which was up 6.0% in the fourth quarter of 1994. Compared to the low point of the prices around the fourth quarter 1992 and the first quarter of 1993, this implies an increase of prices of 13.5%.

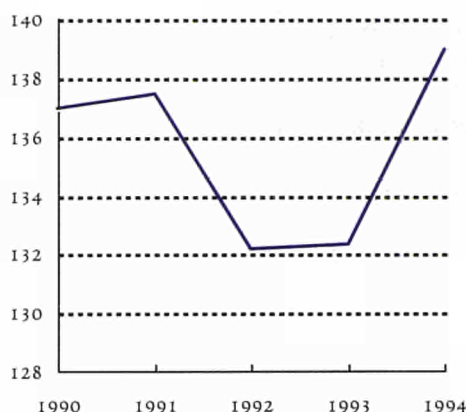
IRON AND STEEL

IN THIS
SECTION:

Commentary	29
Structural indicators	33
Short-term indicators	36

FIGURE 3.1.1

EVOLUTION OF EU
PRODUCTION
(MIO TONNES)



SOURCE: eurostat

In comparison, similar indices calculated for trade with third countries showed increases of 26.8% and 12.1% for exports and imports respectively. Comparison of the unit value of exports to third countries with the unit value of deliveries within the EU showed that export prices equalled the prices for intra-EU exports. Equality last occurred in the first quarter of 1990 after the peak in prices of 1989. At the low point of the last cycle, export prices were about 12% below the intra-EU prices.

The value of exports to third countries in 1994 was about equal to the 1993 value (+0.5%). However the volume of exports

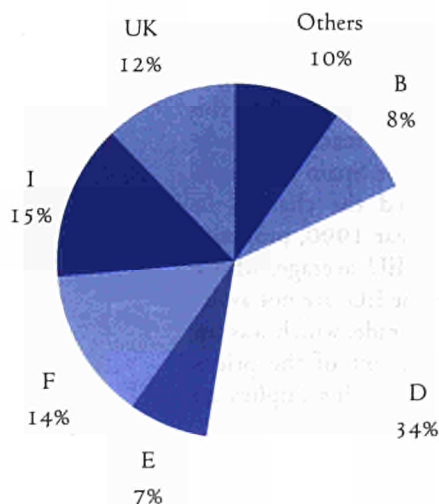
(tonnes) decreased by 13.3%. For the fourth quarter the figures were -12.1% and -25.2% respectively. In Italy the decrease of the exports to third countries was 37.7%. On the other hand, and partly due to the changes in the exchange rates, the Italian steel industry was able to increase exports to the other EU countries by 19.7%, so total exports fell only 16.6%. Although the price developments as shown above had the result that the unit value calculated for exports to third countries in the fourth quarter was equal to the unit value calculated for intra EU deliveries, the export share of production decreased considerably, from 28% in the fourth quarter of 1993 to 19% in the fourth quarter of 1994.

Imports into the EU showed an increase in 1994 of 42%, after a decrease of 19% in 1993. As a result, the share of imports in steel consumption increased from 11% to 13.7%. The cover ratio for the steel industry (exports as a percentage of imports) fell from 300% to 183% (tonnes), and from 262% to 192% when measured in value. The cover ratio is well above the average for EU industry, underlining the importance of the steel industry as an EU exporter.

Because of the positive development recorded for prices and production volume, the turnover of the steel industry increased by 12.2% in 1994. The best result was achieved by Belgium, +21.1%, followed by France, +15.7% and Germany with +12.3%. Gross value added increased at about the same rate, up by 12.3%, with increases of 20.9% for Belgium and 17.2% for Denmark. Germany is by far the largest EU producer, having a share of 29.4% in EU production, and 34.4% in gross value added. However gross value added per tonne of steel produced was highest in Luxembourg, at 156 ECU/tonne, followed by Portugal with 149 ECU/tonne and Germany with 137 ECU/tonne.

FIGURE 3.1.2

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



SOURCE: DEBA GEIE

Employment in the iron and steel industry decreased by 9.9% in 1994. The most dramatic declines were seen in Ireland (-16.7%) and Germany (-15.9%). Germany is still the largest employer in the EU (33.1%). The decrease in

employment also lead to a reduction of labour costs estimated at -3.9% for the EU and -6.8% for Germany.

Productivity, measured as steel production per head, has increased from 394 kg/head in 1993 to 459 kg/head in 1994, or a rise of 16.5%, compared to 10.1% in 1993. The highest increase was recorded for Germany, from 316 kg/head to 408 kg/head. However although production per head is a good indicator of the development of the productivity in a region, it is less suited for making comparisons between regions, as there may be big differences in production structure, i.e. the product mix as regards the quality and the further processing of steel. Differences in production structure will result in differences in the gross value added per tonne. Thus Germany has a relatively high gross value added/tonne, but because of the lower than average production per head in Germany, it has higher labour costs per tonne (110 ECU compared to 88 ECU/tonne for the EU).

Due to the combined effect of restructuring measures and improved market conditions, the profitability of the steel industry improved considerably. Gross income (partly estimated), measured as gross value added less labour costs, increased to 4.0 billion ECU for the EU, an increase of more than 50%, and there were increases of +739% for Spain and 789% for Germany. Still the level remained far from satisfactory at 22 ECU/tonne of capacity for the EU, compared to 58 ECU/tonne in 1989. By country, Gross income per tonne of capacity ran from 9 ECU/tonne in France to 42 ECU/tonne in the United Kingdom.

The depressed situation prevailing for the steel industry in 1992 and 1993 has led to a further reduction of the investment by the steel industry of -5.8% (expected realisation) in 1994 after a fall of 26.3% in 1993. The ratio of investment to turnover equalled 4.5% for the EU, but 7.4% in Luxembourg, 6.2% in Belgium and 5.9% in Germany versus as low as 2% or less in Denmark, Greece and Portugal. Clearly there is a relation across countries

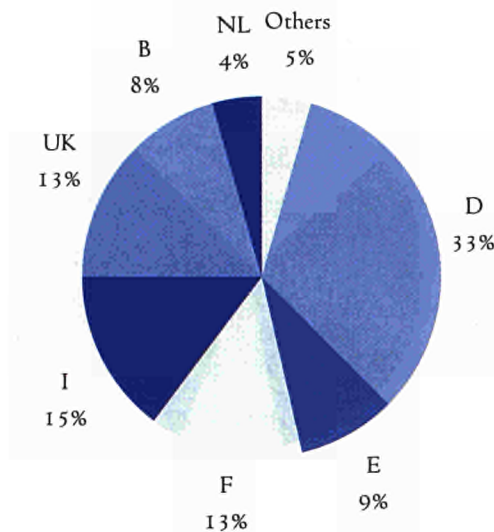


FIGURE 3.I.3

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

SOURCE: eurostat

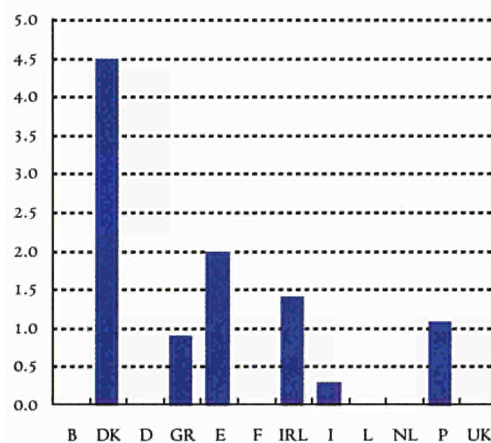


FIGURE 3.I.4

LABOUR COSTS BY
MEMBER STATE,
1994
(BILLION ECU)

SOURCE: DEBA GEIE

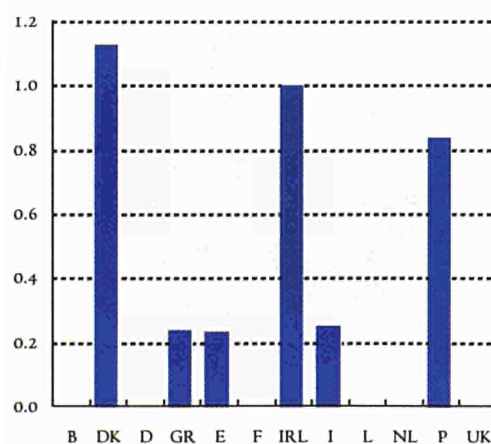


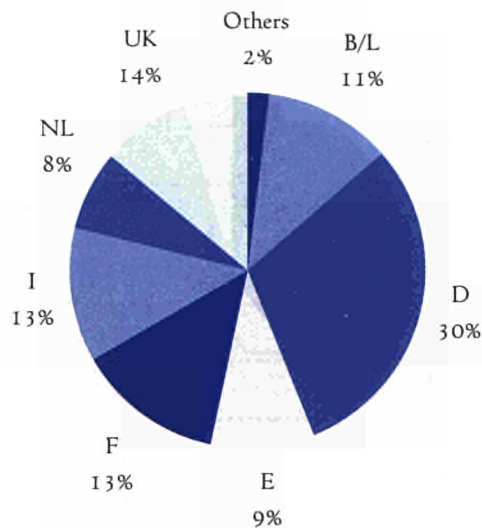
FIGURE 3.I.5

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

SOURCE: DEBA GEIE

FIGURE 3.I.6

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



SOURCE: eurostat

between a high value added per tonne and relatively high investment.

The trends in steel production and exports and imports shown above were caused by specific developments in steel consumption within the EU, but even more by developments in the international steel market.

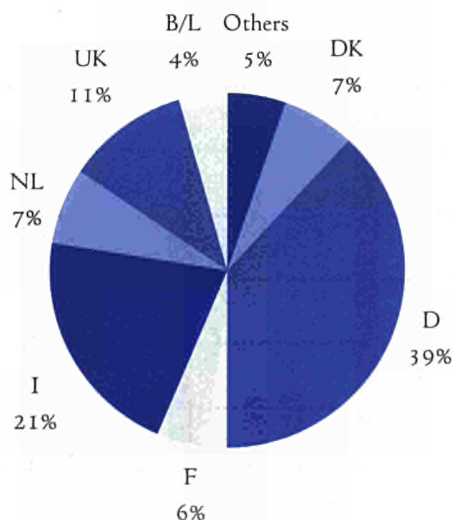
The steel market in the EU clearly had its low in the third quarter of 1993 and the recovery did not start earlier than the first quarter of 1994, which was 4.8% above the level of the first quarter of 1993. The strength of the recovery is shown by the growth in the suc-

ceeding quarters, 8.1% in the second quarter, 20.6% in the third and 22.9% in the fourth quarter of 1994, all with respect to the previous year. The growth of steel demand has been fuelled mainly by strong growth in the production of investment goods and durable consumer goods of around 10% in the December/February quarter compared to the same period of the previous year, and also by the up phase of the inventory cycle. The building industry and civil engineering, that together count for more than 30% of steel consumption, have shown only a very moderate growth.

Due to the increased demand from the home market, the EU steel industry in 1994 was able to expand production by 5%, compared to a growth of the internal market of 13.6%. For 1995, further growth in consumption and production is generally expected, a view reflected by the available information on the order books of the steel industry and the results of business surveys.

FIGURE 3.I.7

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



SOURCE: eurostat

TABLE 3.1.1

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR 12	19,888	-16.8	17,191	-13.6	15,464	-10.0	14,592	-5.6	16,386	12.3
B	1,565	-23.6	1,395	-10.9	1,202	-13.8	1,116	-7.2	1,349	20.9
share (%)	7.9		8.1		7.8		7.6		8.2	
DK	91	-14.4	89	-2.3	94	5.2	82	-12.8	96	17.2
share (%)	0.5		0.5		0.6		0.6		0.6	
D	6,378	-8.1	5,839	-8.5	5,483	-6.1	5,026	-8.3	5,634	12.1
share (%)	32.1		34.0		35.5		34.4		34.4	
GR	113	-3.6	81	-28.5	57	-29.8	60	5.5	58	-2.8
share (%)	0.6		0.5		0.4		0.4		0.4	
E	1,754	-9.8	1,340	-23.6	1,104	-17.6	1,021	-7.5	1,168	14.4
share (%)	8.8		7.8		7.1		7.0		7.1	
F	3,003	-23.7	2,444	-18.6	2,209	-9.6	1,949	-11.8	2,255	15.7
share (%)	15.1		14.2		14.3		13.4		13.8	
IRL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
share (%)	N/A		N/A		N/A		N/A		N/A	
I	3,009	-17.4	2,545	-15.4	2,386	-6.2	2,254	-5.6	2,438	8.2
share (%)	15.1		14.8		15.4		15.4		14.9	
L	550	-12.6	511	-7.1	449	-12.1	527	17.4	585	10.9
share (%)	2.8		3.0		2.9		3.6		3.6	
NL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
share (%)	N/A		N/A		N/A		N/A		N/A	
P (1)	137		74	-45.6	60	-20.0	60	1.2	59	-1.5
share (%)	N/A		N/A		N/A		N/A		N/A	
UK	2,424	-27.7	2,130	-12.1	1,763	-17.2	1,774	0.7	1,947	9.7
share (%)	12.2		12.4		11.4		12.2		11.9	

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

(1) Value-added
at market prices.

SOURCE: DEBA GEIE

TABLE 3.1.2

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR 12	68,564	-10.2	61,974	-9.6	56,764	-8.4	54,320	-4.3	60,956	12.2
B	5,433	-6.4	4,803	-11.6	4,146	-13.7	3,853	-7.1	4,665	21.1
share (%)	7.9		7.8		7.3		7.1		7.7	
DK	341	-6.2	286	-16.1	238	-16.7	208	-12.6	229	9.9
share (%)	0.5		0.5		0.4		0.4		0.4	
D	20,878	-5.5	18,861	-9.7	17,713	-6.1	16,266	-8.2	18,273	12.3
share (%)	30.5		30.4		31.2		29.9		30.0	
GR	785	-10.7	651	-17.1	612	-6.0	561	-8.2	545	-2.9
share (%)	1.1		1.1		1.1		1.0		0.9	
E (1)	6,050	-6.3	5,414	-10.5	4,418	-18.4	4,316	-2.3	4,956	14.8
share (%)	N/A		N/A		N/A		N/A		N/A	
F	10,280	-9.7	9,770	-5.0	9,185	-6.0	8,642	-5.9	10,002	15.7
share (%)	15.0		15.8		16.2		15.9		16.4	
IRL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
share (%)	N/A		N/A		N/A		N/A		N/A	
I	11,272	-19.9	10,011	-11.2	9,386	-6.2	8,864	-5.6	9,588	8.2
share (%)	16.4		16.2		16.5		16.3		15.7	
L	1,902	-6.4	1,723	-9.4	1,527	-11.4	1,805	18.2	2,014	11.6
share (%)	2.8		2.8		2.7		3.3		3.3	
NL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
share (%)	N/A		N/A		N/A		N/A		N/A	
P (1)	465		358	-23.0	362	1.0	366	1.1	360	-1.5
share (%)	N/A		N/A		N/A		N/A		N/A	
UK	8,963	-13.3	8,124	-9.4	7,362	-9.4	7,449	1.2	8,213	10.3
share (%)	13.1		13.1		13.0		13.7		13.5	

TURNOVER IN
CURRENT PRICES
BY MEMBER STATE
(MILLION ECU)

(1) Production in
current prices.

SOURCE: DEBA GEIE

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 (%)
EUR12	385	-4.3	396	2.9	369	-6.8	336	-9.1	303	-9.8
B	27	-2.7	27	-2.6	26	-2.4	25	-3.4	24	-3.6
share (%)	7.1		6.7		7.0		7.5		8.0	
DK	2	-0.7	1	-3.3	1	-10.3	1	-9.2	1	-6.8
share (%)	0.4		0.4		0.4		0.4		0.4	
D	127	-2.8	150	-3.9	137	-8.7	119	-13.4	100	-15.9
share (%)	33.0		38.0		37.2		35.5		33.1	
GR	3	0.0	3	-3.8	3	-5.2	3	-4.8	3	-8.1
share (%)	0.9		0.8		0.8		0.9		0.9	
E	37	-7.3	36	-2.4	35	-3.8	30	-13.1	27	-11.1
share (%)	9.6		9.1		9.4		9.0		8.9	
F	48	-6.9	45	-5.4	44	-3.0	41	-6.1	40	-1.9
share (%)	12.4		11.4		11.9		12.3		13.4	
IRL	1	0.0	1.0	-7.1	1	-13.8	1	7.1	1	-16.7
share (%)	0.2		0.2		0.2		0.2		0.2	
I	57	-4.3	56	-2.1	52	-6.4	50	-3.1	46	-9.5
share (%)	14.8		14.0		14.1		15.0		15.1	
L	10	-7.0	9	-5.4	8	-10.2	7	-11.6	7	-6.4
share (%)	2.5		2.3		2.2		2.1		2.2	
NL	17	-3.2	17	-2.3	16	-3.7	15	-10.5	13	-9.9
share (%)	4.5		4.3		4.4		4.3		4.3	
P	4	-15.0	4	-9.6	3	-8.5	3	-8.2	3	-7.6
share (%)	1.1		0.9		0.9		0.9		1.0	
UK	52	-3.7	47	-10.3	42	-9.9	40	-5.1	38	-4.3
share (%)	13.6		11.9		11.5		12.0		12.7	

SOURCE:  eurostat

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 (%)
EUR12	13,815	1.6	13,861	0.3	13,657	-1.5	12,745	-6.7	12,296	-3.5
B	1,100	5.4	1,172	6.5	1,212	3.4	1,233	1.8	N/A	N/A
share (%)	8.0		8.5		8.9		9.7		N/A	
DK	61	6.6	60	-1.6	58	-4.1	58	0.7	N/A	N/A
share (%)	0.4		0.4		0.4		0.5		N/A	
D	4,940	4.2	5,011	1.4	5,078	1.3	4,830	-4.9	4,503	-6.8
share (%)	35.8		36.2		37.2		37.9		36.6	
GR	70	8.6	69	-0.4	74	6.6	68	-7.5	N/A	N/A
share (%)	0.5		0.5		0.5		0.5		N/A	
E	1,112	2.1	1,172	5.5	1,143	-2.5	969	-15.3	924	-4.6
share (%)	8.0		8.5		8.4		7.6		7.5	
F	2,132	3.1	2,073	-2.8	2,043	-1.5	2,046	0.2	2,016	-1.5
share (%)	15.4		15.0		15.0		16.1		16.4	
IRL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
share (%)	N/A		N/A		N/A		N/A		N/A	
I	2,099	-2.4	2,052	-2.3	1,909	-7.0	1,497	-21.6	1,433	-4.3
share (%)	15.2		14.8		14.0		11.7		11.7	
L	353	-1.4	350	-0.9	348	-0.4	335	-3.6	328	-2.1
share (%)	2.6		2.5		2.5		2.6		2.7	
NL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
share (%)	N/A		N/A		N/A		N/A		N/A	
P	79	34.2	79	0.0	88	11.2	81	-7.9	N/A	N/A
share (%)	0.6		0.6		0.6		0.6		N/A	
UK	1,357	-6.8	1,306	-3.8	1,157	-11.4	1,095	-5.4	1,103	0.8
share (%)	9.8		9.4		8.5		8.6		9.0	

SOURCE: DEBA GEIE

TABLE 3.1.5

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR 12	8,405	-8.7	8,022	-4.6	7,477	-6.8	10,987	46.9	10,914	-0.7
B/L	1,141	-9.9	997	-12.6	825	-17.3	1,165	41.2	1,252	7.5
share (%)	13.6		12.4		11.0		10.6		11.5	
DK	84	-8.4	73	-13.1	71	-2.7	84	18.3	102	21.4
share (%)	1.0		0.9		0.9		0.8		0.9	
D	2,835	-16.4	2,732	-3.6	2,550	-6.7	3,169	24.3	3,328	5.0
share (%)	33.7		34.1		34.1		28.8		30.5	
GR	45	-47.8	42	-6.7	73	73.8	100	37.0	84	-16.0
share (%)	0.5		0.5		1.0		0.9		0.8	
E	652	-8.3	772	18.4	630	-18.4	1,157	83.7	1,000	-13.6
share (%)	7.8		9.6		8.4		10.5		9.2	
F	1,311	-4.2	1,120	-14.6	1,055	-5.8	1,447	37.2	1,431	-1.1
share (%)	15.6		14.0		14.1		13.2		13.1	
IRL	6	-12.5	5	-16.7	4	-20.0	11	175.0	3	-72.7
share (%)	0.1		0.1		0.1		0.1		0.0	
I	893	-2.1	835	-6.5	917	9.8	1,785	94.7	1,373	-23.1
share (%)	10.6		10.4		12.3		16.2		12.6	
NL	434	-6.7	420	-3.2	477	13.6	722	51.4	827	14.5
share (%)	5.2		5.2		6.4		6.6		7.6	
P	19	33.3	13	-31.6	15	15.4	51	240.0	37	-27.5
share (%)	0.2		0.2		0.2		0.5		0.3	
UK	985	4.7	1,012	2.7	860	-15.0	1,297	50.8	1,477	13.9
share (%)	11.7		12.6		11.5		11.8		13.5	

EXTRA-EU
EXPORTS BY
MEMBER STATE
(MILLION ECU)

SOURCE:  eurostat

TABLE 3.1.6

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR 12	4,753	-0.4	4,245	-10.7	4,385	3.3	4,135	-5.7	5,684	37.5
B/L	269	-0.4	166	-38.3	181	9.0	171	-5.5	245	43.3
share (%)	5.7		3.9		4.1		4.1		4.3	
DK	296	0.8	311	5.1	352	13.2	283	-19.6	382	35.0
share (%)	6.2		7.3		8.0		6.8		6.7	
D	1,577	-3.0	1,689	7.1	1,742	3.1	1,650	-5.3	2,152	30.4
share (%)	33.2		39.8		39.7		39.9		37.9	
GR	166	17.5	148	-10.8	100	-32.4	63	-37.0	113	79.4
share (%)	3.5		3.5		2.3		1.5		2.0	
E	200	11.7	156	-22.0	180	15.4	102	-43.3	131	28.4
share (%)	4.2		3.7		4.1		2.5		2.3	
F	310	-7.4	289	-6.8	266	-8.0	262	-1.5	352	34.4
share (%)	6.5		6.8		6.1		6.3		6.2	
IRL	20	-5.3	15	-25.0	13	-13.3	23	76.9	30	30.4
share (%)	0.4		0.4		0.3		0.6		0.5	
I	1,230	3.2	878	-28.6	990	12.8	787	-20.5	1,210	53.7
share (%)	25.9		20.7		22.6		19.0		21.3	
NL	177	-10.7	173	-2.3	169	-2.3	271	60.4	404	49.1
share (%)	3.7		4.1		3.9		6.6		7.1	
P	59	21.3	51	-13.6	54	5.9	34	-37.0	26	-23.5
share (%)	1.2		1.2		1.2		0.8		0.5	
UK	448	-13.6	370	-17.4	338	-8.6	489	44.7	639	30.7
share (%)	9.4		8.7		7.7		11.8		11.2	

EXTRA-EU
IMPORTS BY
MEMBER STATE
(MILLION ECU)

SOURCE:  eurostat

FIGURE 3.2.1

EVOLUTION OF
EUR12
PRODUCTION AND
PRODUCER PRICE
QUARTERLY
INDEXES
(1990=100)

— Index of production
— Producer price index

SOURCE:  eurostat

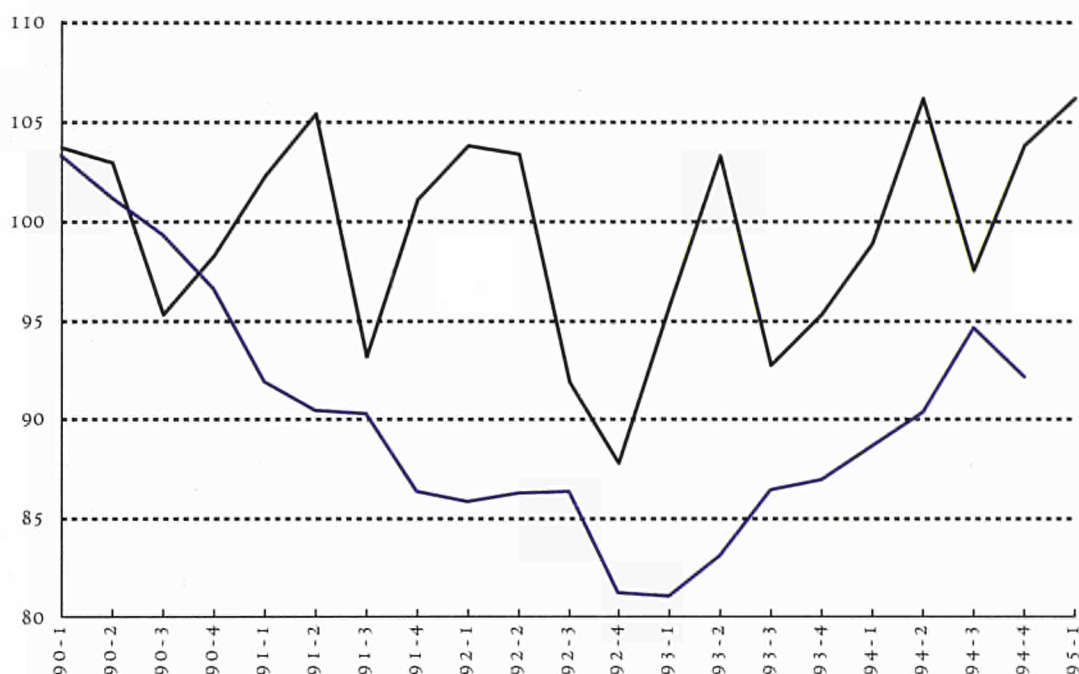


TABLE 3.2.1

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

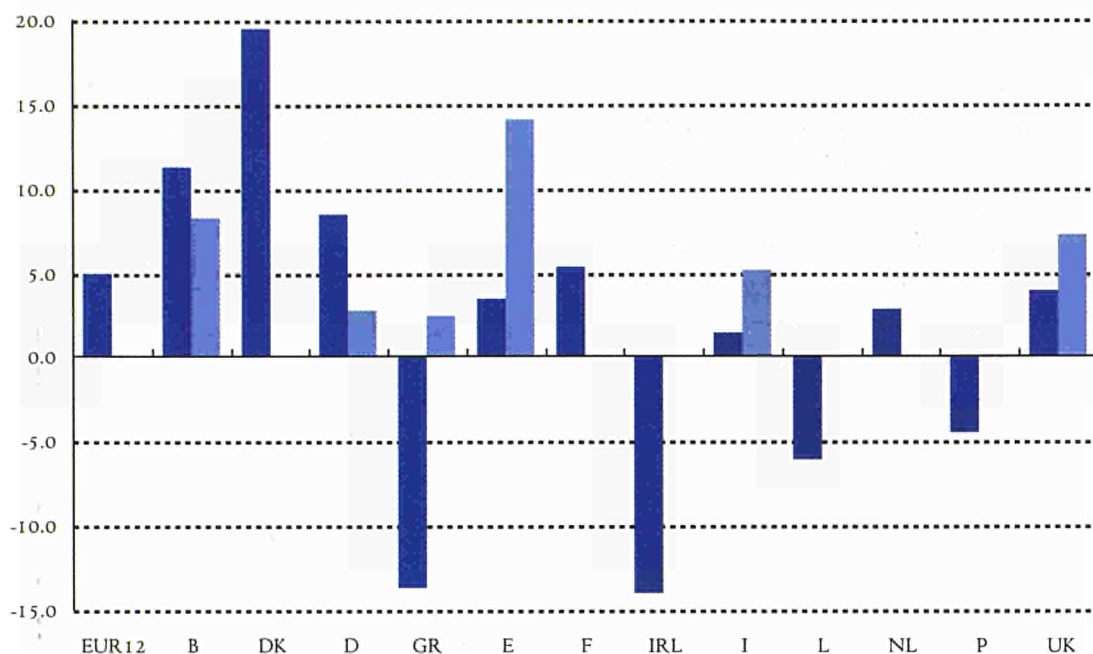
(1) Annual growth rates are based on the latest annual data. Only when data to October is available will an annual estimate for the year be made.

SOURCE:  eurostat

	Latest quarter available	Index	Quarterly $t/t-4$ (%)	Index	Annual $t/t-1$ (%)
EUR12	03-95 ⇔ 05-95	110.5	3.3	101.5	5.0
B	03-95 ⇔ 05-95	108.2	4.2	98.9	11.3
DK	03-95 ⇔ 05-95	114.8	-7.9	118.4	19.5
D	03-95 ⇔ 05-95	115.5	6.6	106.2	8.5
GR	03-95 ⇔ 05-95	86.1	-1.8	84.7	-13.7
E	03-95 ⇔ 05-95	109.2	-2.3	103.7	3.5
F	03-95 ⇔ 05-95	102.4	5.2	94.8	5.4
IRL	03-95 ⇔ 05-95	111.7	9.6	86.8	-14.0
I	03-95 ⇔ 05-95	118.5	2.3	102.4	1.4
L	03-95 ⇔ 05-95	76.2	-19.9	86.9	-6.1
NL	03-95 ⇔ 05-95	124.8	13.1	114.1	2.9
P	03-95 ⇔ 05-95	98.1	15.1	99.2	-4.5
UK	03-95 ⇔ 05-95	103.6	1.1	97.1	4.0

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

	Latest quarter available	Index	Quarterly t/t-4 (%)	Index	Annual t/t-1 (%)
EUR12	⇒	N/A	N/A	N/A	N/A
B	12-94 ⇒ 02-95	87.1	8.6	83.3	8.3
DK	⇒	N/A	N/A	N/A	N/A
D	01-95 ⇒ 03-95	93.4	7.5	88.5	2.8
GR	01-95 ⇒ 03-95	122.6	11.1	110.7	2.4
E	01-95 ⇒ 03-95	116.1	9.5	108.6	14.1
F	⇒	N/A	N/A	N/A	N/A
IRL	⇒	N/A	N/A	N/A	N/A
I	12-94 ⇒ 02-95	106.3	8.8	101.2	5.2
L	⇒	N/A	N/A	N/A	N/A
NL	⇒	N/A	N/A	N/A	N/A
P	⇒	N/A	N/A	N/A	N/A
UK	12-94 ⇒ 02-95	119.1	9.4	112.0	7.3

TABLE 3.2.2

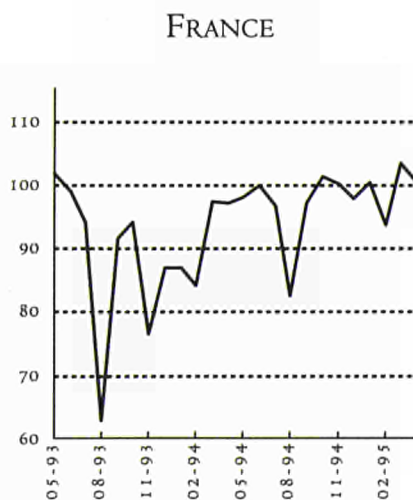
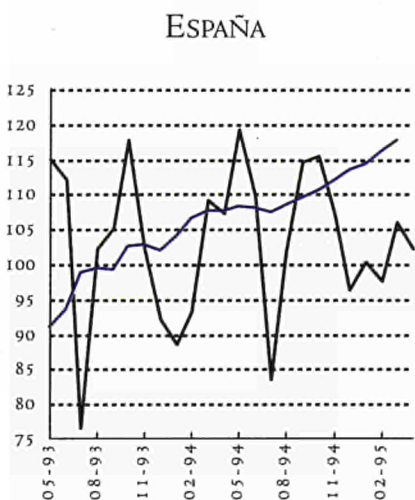
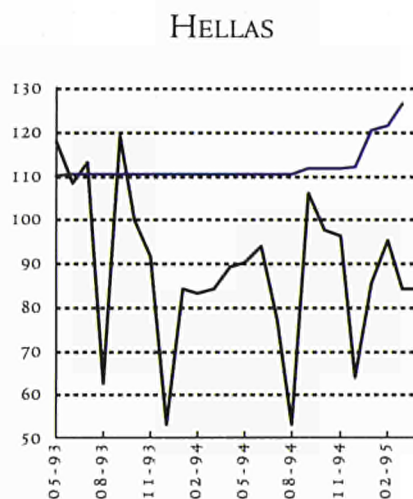
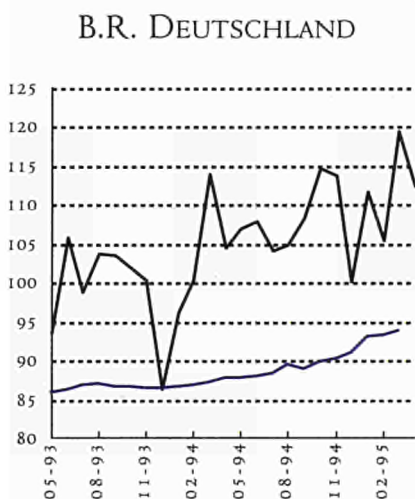
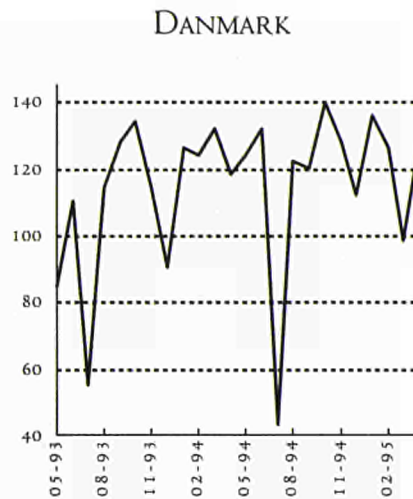
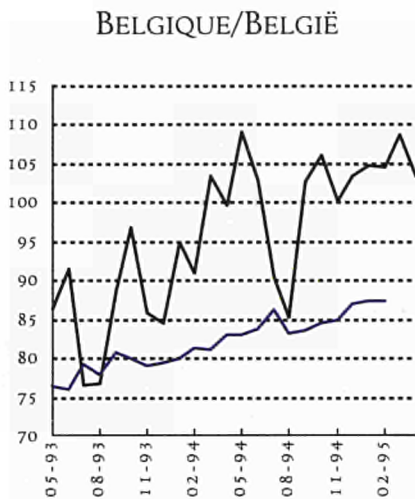
QUARTERLY AND ANNUAL PRODUCER PRICE INDEXES (1990=100) (1)

(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 3.2.3

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



— Index of production
— Producer price index

SOURCE: eurostat

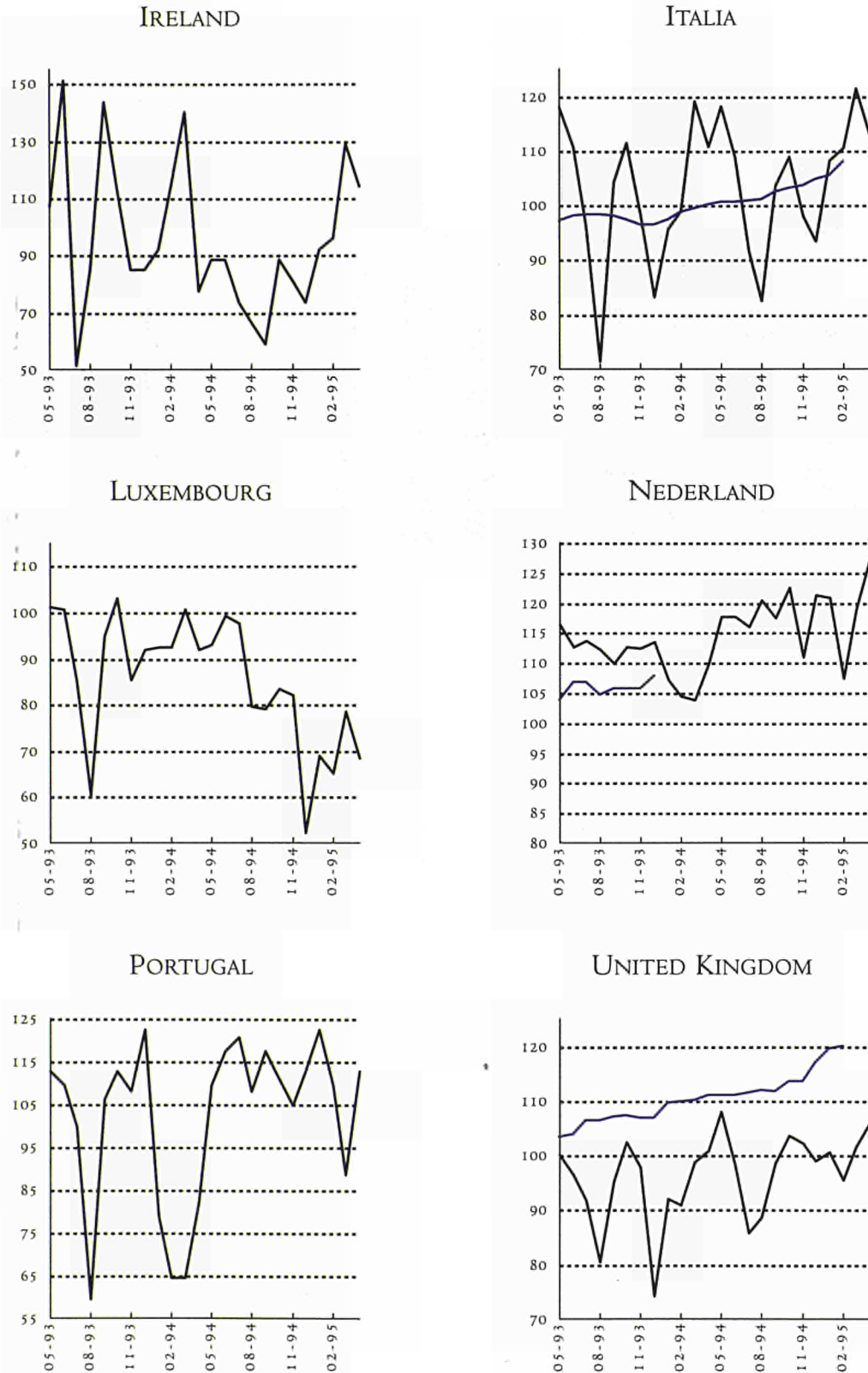


FIGURE 3.2.3

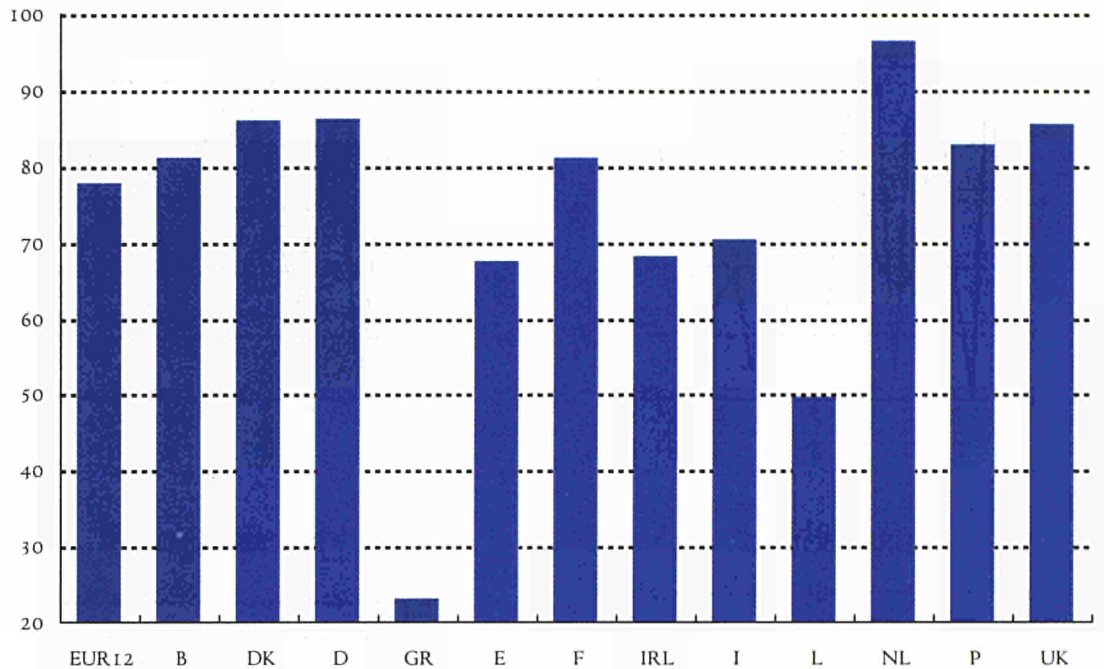
EVOLUTION OF
PRODUCTION AND
PRODUCER PRICE
INDEXES
(1990=100)

— Index of production
— Producer price index

SOURCE:  eurostat

FIGURE 3.2.4

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



SOURCE:  eurostat

TABLE 3.2.3

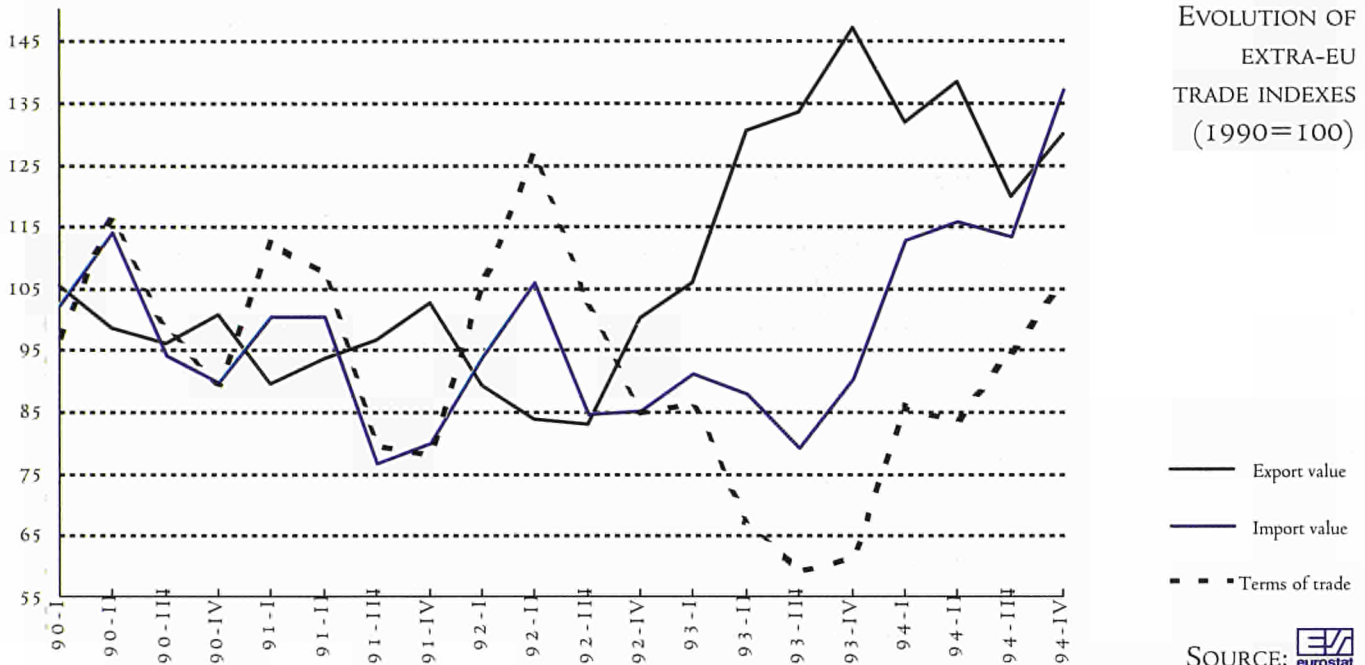
CAPACITY
UTILISATION
RATES BY
MEMBER STATE
(%)

	Annual growth rate: latest quarter, t/t-4	Second quarter 1994	Third quarter 1994	Fourth quarter 1994	First quarter 1995
EUR12	7.8	77.7	71.5	76.1	77.8
B	10.9	82.1	73.6	82.0	81.0
DK	-5.7	89.2	68.4	90.6	85.9
D	9.2	81.8	81.6	84.4	86.1
GR	5.0	23.8	20.6	22.5	23.1
E	3.9	74.8	66.6	70.8	67.4
F	13.8	79.1	74.7	81.3	81.0
IRL	-8.5	55.2	43.2	52.8	68.1
I	7.8	70.1	57.5	62.1	70.3
L	-25.2	66.1	59.8	50.8	49.6
NL	9.9	96.0	98.3	98.5	96.4
P	53.3	81.0	91.1	86.1	82.9
UK	5.6	88.3	78.5	87.6	85.5

SOURCE:  eurostat

FIGURE 3.2.5

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



SOURCE: eurostat

	Latest quarter available	Exports		Imports		Terms of trade index
		Value	Volume	Value	Volume	
EUR 12	10-94 ⇔ 12-94	129.7	144.0	136.9	129.2	105.5
Growth rate, t/t-4 (%)		-11.8	58.3	51.8	-24.8	72.2
B/L	10-94 ⇔ 12-94	111.0	104.6	110.9	121.0	99.9
Growth rate, t/t-4 (%)		-14.8	97.3	70.7	-26.4	100.4
DK	10-94 ⇔ 12-94	129.5	155.4	150.7	120.6	116.3
Growth rate, t/t-4 (%)		1.1	25.7	43.3	-8.3	41.7
D	10-94 ⇔ 12-94	129.3	195.1	158.5	129.0	122.6
Growth rate, t/t-4 (%)		-4.4	42.7	46.1	-20.5	52.9
GR	10-94 ⇔ 12-94	222.2	114.8	89.2	257.6	40.1
Growth rate, t/t-4 (%)		23.2	194.9	118.9	23.2	77.8
E	10-94 ⇔ 12-94	124.1	81.5	78.6	135.0	63.3
Growth rate, t/t-4 (%)		-30.3	96.1	72.4	-38.1	147.2
F	10-94 ⇔ 12-94	104.7	117.5	115.6	94.8	110.4
Growth rate, t/t-4 (%)		-16.9	19.9	28.4	-29.6	54.5
IRL	10-94 ⇔ 12-94	40.0	181.8	162.0	35.6	405.0
Growth rate, t/t-4 (%)		-68.4	26.6	15.7	-72.9	266.4
I	10-94 ⇔ 12-94	142.5	111.8	110.6	131.6	77.6
Growth rate, t/t-4 (%)		-17.9	96.0	76.0	-32.5	114.4
NL	10-94 ⇔ 12-94	212.3	233.6	269.2	204.1	126.8
Growth rate, t/t-4 (%)		5.3	65.7	69.9	-12.9	61.4
P	10-94 ⇔ 12-94	218.9	46.9	48.1	299.0	22.0
Growth rate, t/t-4 (%)		-41.6	9.0	6.0	-44.9	81.4
UK	10-94 ⇔ 12-94	136.5	162.2	156.8	128.8	114.9
Growth rate, t/t-4 (%)		-12.8	44.3	29.1	-19.8	48.0

TABLE 3.2.4

QUARTERLY
EXTRA-EU
TRADE INDEXES
(1990=100)

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

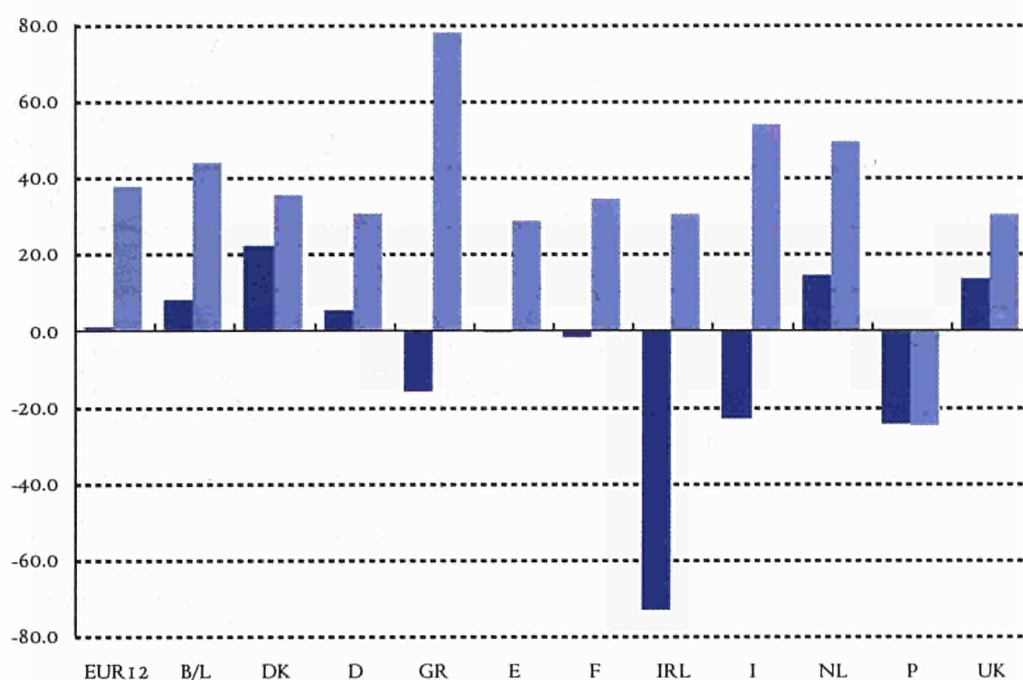


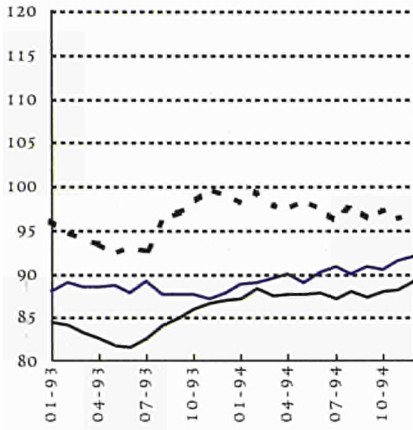
TABLE 3.2.5

ANNUAL
EXTRA-EU
TRADE INDEXES
(1990=100)

	Latest year available	Exports Value	Exports Volume	Imports Value	Imports Volume	Terms of trade index
EUR 12	1994	129.8	137.7	119.6	125.3	92.1
Growth rate, t/t-1 (%)		0.5	-13.2	37.4	42.8	36.7
B/L	1994	109.7	121.6	91.1	85.1	83
Growth rate, t/t-1 (%)		7.6	-6.1	43.5	58.1	33.4
DK	1994	121.5	116.3	129.1	139.9	106.2
Growth rate, t/t-1 (%)		22	15.3	35.2	24.9	10.9
D	1994	117.4	125	136.4	168.3	116.2
Growth rate, t/t-1 (%)		5	-9.4	30.4	32.6	24.3
GR	1994	185.6	191.9	67.7	83.5	36.5
Growth rate, t/t-1 (%)		-16.3	-32	77.6	110.3	112.2
E	1994	153.4	179.7	65.3	64.1	42.6
Growth rate, t/t-1 (%)		-0.6	-5.8	28.7	49.2	29.4
F	1994	109.2	105	113.6	124.1	104.1
Growth rate, t/t-1 (%)		-1.8	-13.7	34.3	38	36.7
IRL	1994	50	53.3	151	161.1	302
Growth rate, t/t-1 (%)		-73.5	-80.6	30.2	27.1	390.3
I	1994	153.7	156.9	98.3	98.8	64
Growth rate, t/t-1 (%)		-23.4	-37.7	53.8	64.3	100.8
NL	1994	190.6	197.5	228.5	190.6	119.8
Growth rate, t/t-1 (%)		14.6	-5.8	49.2	36.4	30.1
P	1994	192.1	248.8	43.7	41.8	22.8
Growth rate, t/t-1 (%)		-24.6	-39.9	-25	-30.8	-0.5
UK	1994	149.9	148.3	142.5	147	95.1
Growth rate, t/t-1 (%)		13.6	2.9	30.5	40.8	14.9

SOURCE:  eurostat

BELGIQUE/BELGIË, LUXEMBOURG



DANMARK

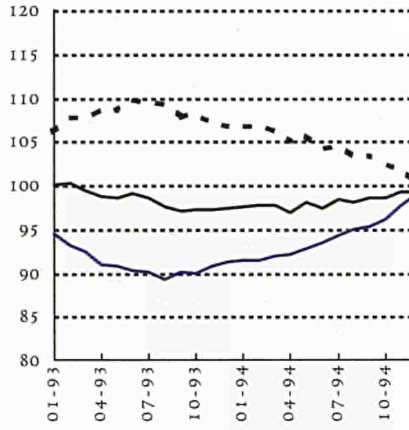
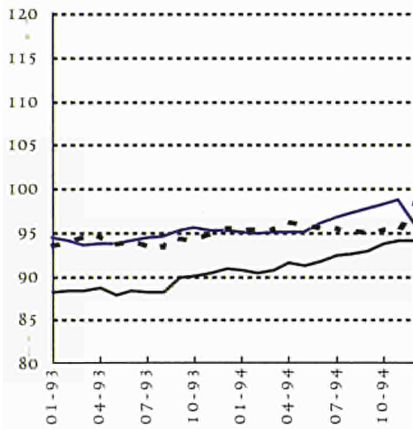


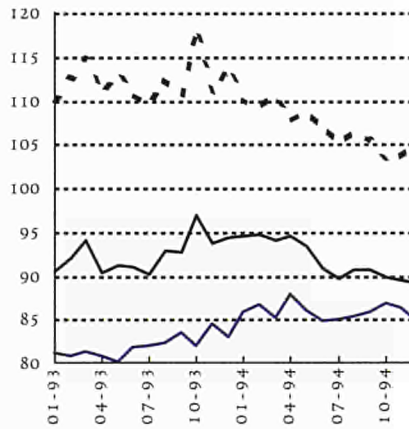
FIGURE 3.2.7

EVOLUTION OF
EXTRA-EU
TRADE INDEXES
NACE 22I
(1990=100)

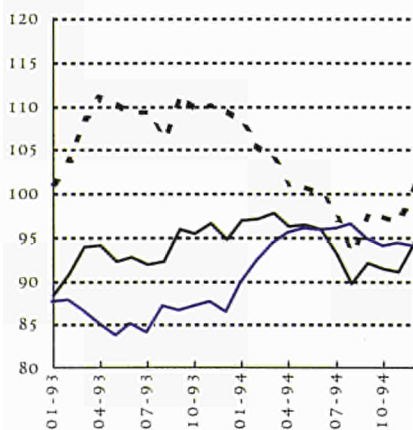
B.R. DEUTSCHLAND



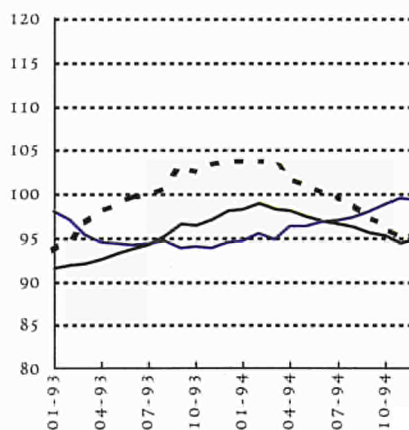
HELLAS



ESPAÑA



FRANCE

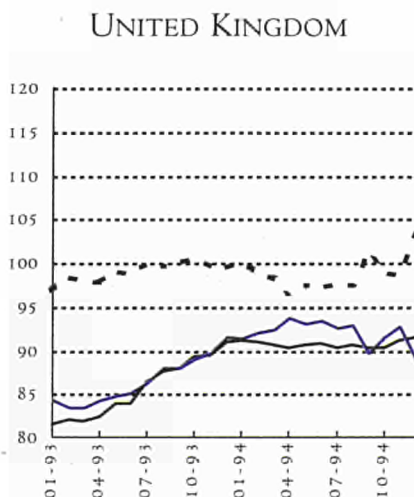
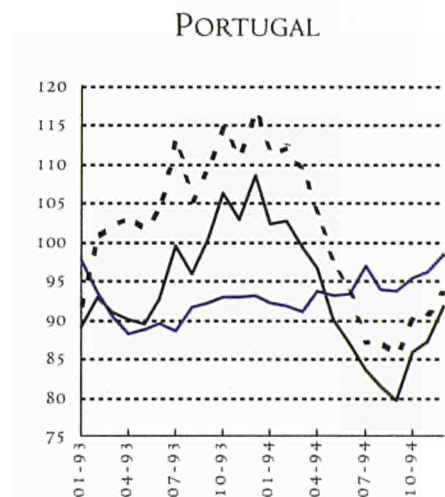
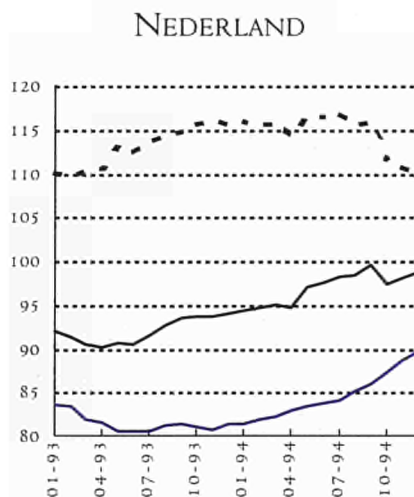
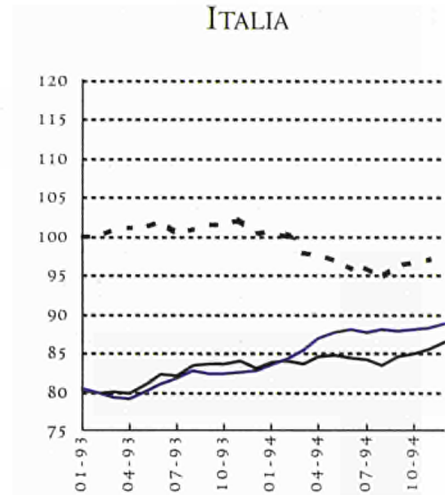
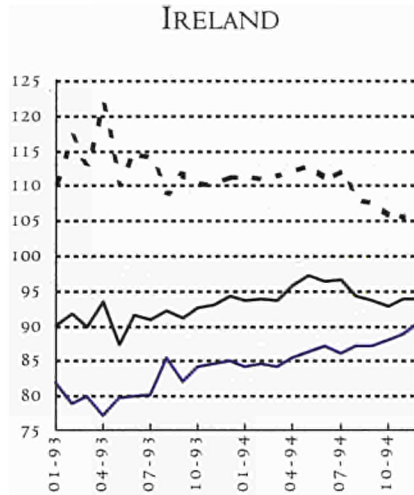


— Export value
- - - Import value
· · · Terms of trade

SOURCE:  eurostat

FIGURE 3.2.7

EVOLUTION OF
EXTRA-EU
TRADE INDEXES
NACE 22 I
(1990=100)



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

SOURCE: eurostat

IN BRIEF....

- ★ TOTAL EXTRA-EU TRADE FLOWS UP 14.1% IN 1994
- ★ EU PRODUCTION UP BY 13.6% DURING THE FIRST QUARTER OF 1995
- ★ IN ITALY, PRODUCTION UP BY 23.2% DURING THE FIRST QUARTER OF 1995
- ★ CAPACITY UTILISATION IN THE MOTOR VEHICLE MANUFACTURING INDUSTRY: 82.4% DURING THE LAST QUARTER OF 1994
- ★ PRODUCER PRICES IN THE TRANSPORT SECTOR UP BY 2.0% DURING THE FIRST QUARTER OF 1995.

The “manufacture of transport equipment” comprises the motor vehicle industry (including the manufacture of parts and accessories), the manufacture of bicycles and motorcycles, the aircraft and spacecraft industry, the shipbuilding industry and the manufacture of railway equipment.

In 1994, the main transport equipment manufacturing countries were Germany, France, the United Kingdom, Italy and Spain. These countries accounted for almost 92.1% of Community production in this sector, almost 92.5% of the value added and over 92.2% of those employed. The manufacture of transport equipment made up 12% of the total value added created by manufacturing industry in 1994.

Sweden’s entry into the EU will have an important impact on the European figures for this sector, since it is home to manufacturers such as Volvo, Saab and Scania. Volvo is one of the top ten European manufacturers of cars and lorries, and ranks amongst the world’s 100 largest business groups. Saab, which is 50%-owned by GM, is active in both the motor vehicle and aeronautical sectors. Scania, which is no longer part of Saab, is one of the five largest European lorry manufacturers and one of the most profitable.

With the accession of Austria, Sweden and Finland, the quota for exports of Japanese cars into the EU was raised by 1.7%, but as the yen has gone from strength to strength, the competitiveness of Japanese companies in this sector has been steadily eroded. Likewise, German car manufacturers felt the negative effects of a strong Deutschmark. The Japanese companies look set to record losses in 1995 and, for the first time since the Second World War, a Japanese car factory in the shape of the Nissan assembly line at Zama is going to have to close.

Under its “trans-European networks” programme, the Commission is seeking to attract public and private funds to finance large projects which have a high impact in terms of economic development and employment but also respect the environment. It is within this framework, and in keeping with Article XII of the Treaty on European Union, that enterprises manufacturing transport equipment in general, and those directly or indirectly associated with railways in particular, can play an active role or act as potential sources of finance.

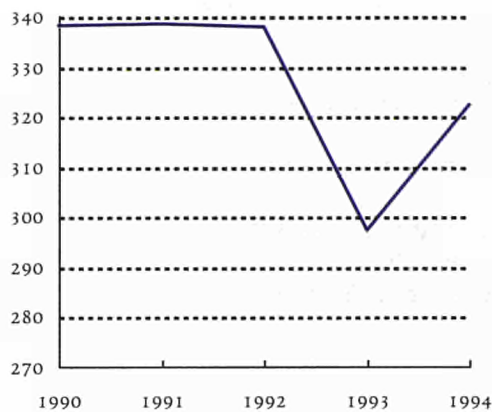
TRANSPORT

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FIGURE 4.1.1

EVOLUTION OF EU PRODUCTION IN CONSTANT PRICES (BILLION ECU)



SOURCE: DEBA GEIE

The "White Paper" also specifies that the "trans-European networks" should enable citizens, economic operators and regional and local authorities to derive the maximum benefit from the opportunities offered by this area without internal frontiers.

After feeling the effects of the recession in 1993, production in this sector started to rise again in 1994 and recorded a 13.6% growth rate in the first quarter of 1995. This was mainly due to strong growth in the automobile sector, where production rose by 16.3% during the first quarter of 1995. In 1994, new car sales in the EU totalled 11.9 million, almost 5.9% up on the previous year. Between January

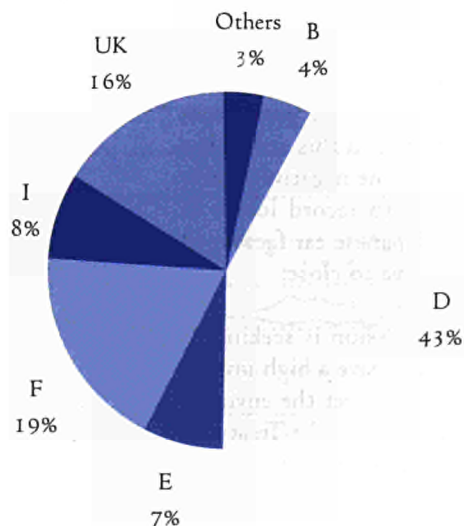
and May 1995, the figure was 5.4 million, which represents a 0.1% growth rate.

At national level, the strongest growth rate for the production of transport equipment was recorded by Italy with +23.2% in the first quarter of 1995, followed by France (15.5% in the first quarter of 1995), the Netherlands (11.5% in the last quarter of 1994) and Belgium (10.6% in the third quarter of 1994). The only fall in production took place in Ireland (-3.2% in the last quarter of 1994), despite the increase in production by its motor vehicle and motor vehicle parts and accessories industry. With the exception of Italy, Greece and the Netherlands, all the Member States recorded a fall in production by all sectors of the transport equipment manufacturing sector other than motor vehicles.

The aeronautical and shipbuilding sectors began to record profits again in 1994, in some cases after major restructuring had been carried out. Indeed, as the recession wore off, most of the industries started to invest again, and this acted as a tonic to demand which had been flagging not just because of the economic situation but also because most of the EU countries had cut back expenditure on national defence. According to some constructors in the aeronautical sector, there should be a more sustained growth in demand from Asia, notably China, than from Europe or North America, making this a very coveted market over the coming years.

FIGURE 4.1.2

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



SOURCE: DEBA GEIE

Despite the strong increase in capacity utilisation, there was only a slight rise in producer prices for motor vehicles (2.6% in the first quarter of 1995). In the transport equipment manufacturing sector as a whole, producer prices were up 2.0% in the first quarter of 1995, the highest increase being in Greece with 9.8% over that same period. Prices actually fell in one Member State, Denmark, where the 5.3% drop reflected falling prices in both the motor vehicle manufacturing sector and other sectors connected with the manufacture of transport equipment.

The structure of employment in the transport equipment manufacturing industry is very imbalanced, with the motor vehicle and motor vehicle parts and accessories industry accounting for almost 70.8% of employment in this sector. With the upturn in the transport sector in general, and the car industry in particular, the employment prospects look good. In Italy, the largest constructor, Fiat, has announced that it is taking on 3,000 workers in 1995. This said, however, employment in this sector shrank by 7.9% in 1993 and looks to have contracted by a further 5.2% in 1994.

Of the five main countries active in this sector, only Germany, France and Spain were net exporters, with respective trade surpluses of ECU 19.5 billion, ECU 8.1 billion and ECU 3.1 billion in 1993. Of the remaining Member States, only Belgium was a net exporter. The EU as a whole is a net exporter, with a trade surplus of ECU 18.7 billion in 1993 and ECU 26.3 billion in 1994. When these figures are broken down into the motor vehicle and motor vehicle parts and accessories industry on the one hand, and the manufacture of transport equipment other than motor vehicles on the other, it can be seen that the countries with an overall trade surplus in the transport sector are those with trade surpluses in the motor vehicle sector, even though some may have trade deficits from the manufacture of transport equipment other than motor vehicles.

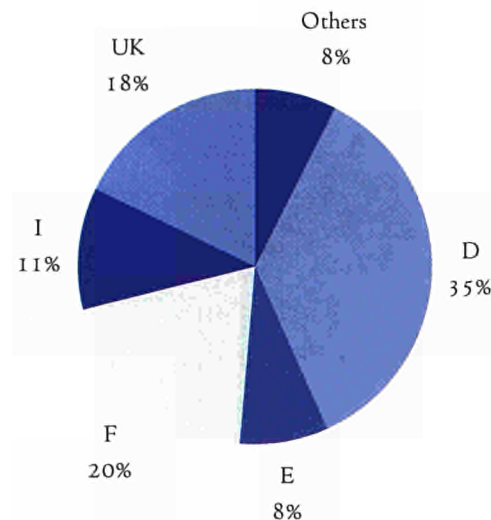


FIGURE 4.1.3

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

SOURCE: DEBA GEIE

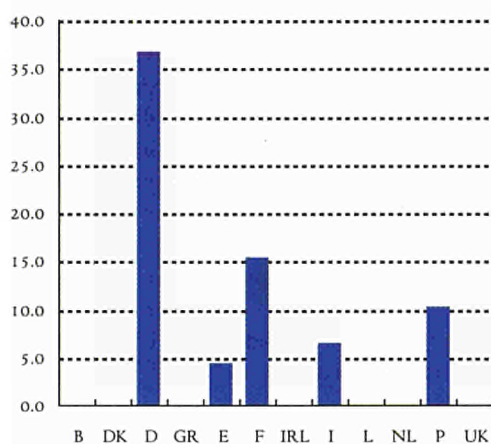


FIGURE 4.1.4

LABOUR COSTS BY
MEMBER STATE,
1994
(BILLION ECU)

SOURCE: DEBA GEIE

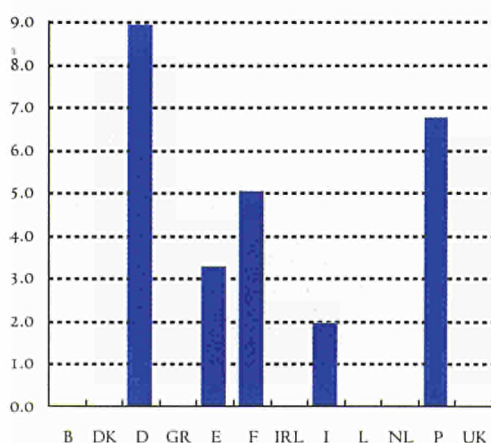


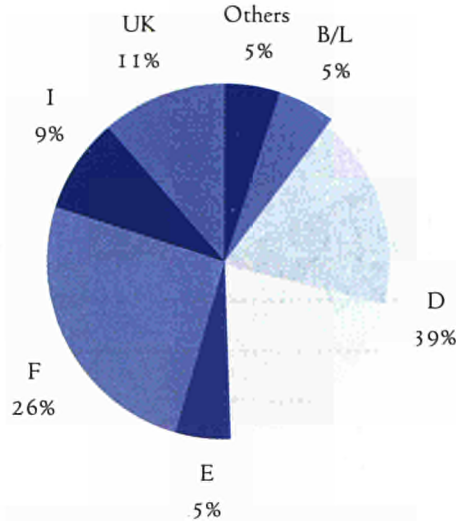
FIGURE 4.1.5

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

SOURCE: DEBA GEIE

FIGURE 4.I.6

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

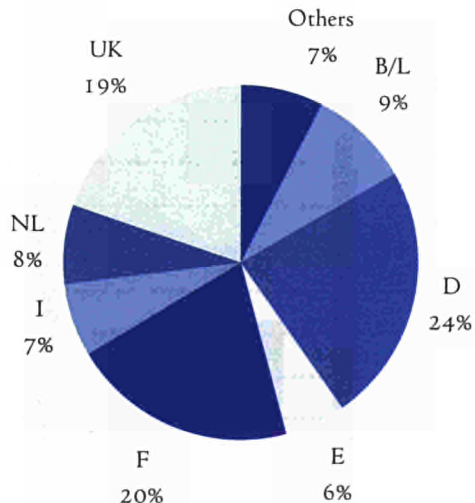


SOURCE:  eurostat

Extra-EU exports grew by 18.2% in 1994 whilst extra-EU imports went up 8.2%. The growth in total extra-EU trade is therefore estimated at 14.1% for 1994. Imports accounted for 46.7% of the sector's apparent consumption in 1993, whereas in 1980 they had made up 32.9% of apparent consumption. This can be partly explained by the fact that the sector's total unit costs escalated by 12% between 1990 and 1993 following a 19% increase in unit labour costs accompanied by a 3.3% drop in productivity over the same period. In addition, total intra-EU and extra-EU trade flows (imports and exports) in 1993 fell by almost 11.5%.

FIGURE 4.I.7

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



SOURCE:  eurostat

TABLE 4.1.1

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR 12	107,225	2.9	110,190	2.8	111,828	1.5	99,798	-10.8	108,244	8.5
B	3,760	7.6	3,941	4.8	4,139	5.0	4,336	4.8	4,680	7.9
share (%)	3.5		3.6		3.7		4.3		4.3	
DK	550	24.9	603	9.8	699	15.9	610	-12.8	762	25.0
share (%)	0.5		0.5		0.6		0.6		0.7	
D	41,410	8.6	46,020	11.1	47,923	4.1	42,303	-11.7	45,734	8.1
share (%)	38.6		41.8		42.9		42.4		42.3	
GR	257	4.4	292	13.5	203	-30.4	188	-7.7	173	-7.6
share (%)	0.2		0.3		0.2		0.2		0.2	
E	8,134	0.9	9,830	20.8	9,763	-0.7	7,249	-25.8	7,775	7.3
share (%)	7.6		8.9		8.7		7.3		7.2	
F	20,000	-1.5	19,693	-1.5	20,627	4.7	18,512	-10.3	20,619	11.4
share (%)	18.7		17.9		18.4		18.5		19.0	
IRL	89	16.3	81	-9.6	77	-4.6	72	-6.0	78	8.6
share (%)	0.1		0.1		0.1		0.1		0.1	
I	11,815	-1.5	11,019	-6.7	10,201	-7.4	7,939	-22.2	8,641	8.8
share (%)	11.0		10.0		9.1		8.0		8.0	
L	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
share (%)	N/A		N/A		N/A		N/A		N/A	
NL	1,980	5.2	2,013	1.7	2,102	4.4	2,062	-1.9	2,228	8.0
share (%)	1.8		1.8		1.9		2.1		2.1	
P (1)	455		487	6.9	456	-6.3	430	-5.8	423	-1.6
share (%)	N/A		N/A		N/A		N/A		N/A	
UK	18,765	-2.0	16,203	-13.7	15,630	-3.5	16,093	3.0	17,123	6.4
share (%)	17.5		14.7		14.0		16.1		15.8	

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

(1) Value-added
at market prices.

SOURCE: DEBA GEIE

TABLE 4.1.2

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR 12	364,115	7.1	378,481	3.9	386,565	2.1	345,385	-10.7	381,113	10.3
B	15,097	7.3	15,319	1.5	15,746	2.8	16,340	3.8	17,432	6.7
share (%)	4.1		4.0		4.1		4.7		4.6	
DK	1,614	15.2	1,837	13.8	2,009	9.4	1,878	-6.5	2,354	25.3
share (%)	0.4		0.5		0.5		0.5		0.6	
D	128,104	11.3	144,500	12.8	147,129	1.8	128,971	-12.3	140,615	9.0
share (%)	35.2		38.2		38.1		37.3		36.9	
GR	659	1.8	767	16.4	882	15.0	788	-10.6	749	-5.0
share (%)	0.2		0.2		0.2		0.2		0.2	
E (1)	27,862	3.9	30,523	9.6	32,016	4.9	23,788	-25.7	26,405	11.0
share (%)	N/A		N/A		N/A		N/A		N/A	
F	81,484	5.8	82,877	1.7	88,435	6.7	83,559	-5.5	95,264	14.0
share (%)	22.4		21.9		22.9		24.2		25.0	
IRL	276	1.4	264	-4.2	250	-5.4	232	-7.0	249	7.2
share (%)	0.1		0.1		0.1		0.1		0.1	
I	44,593	4.2	39,740	-10.9	36,399	-8.4	27,743	-23.8	30,961	11.6
share (%)	12.2		10.5		9.4		8.0		8.1	
L	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
share (%)	N/A		N/A		N/A		N/A		N/A	
NL	7,695	10.0	8,085	5.1	8,360	3.4	8,154	-2.5	8,802	7.9
share (%)	2.1		2.1		2.2		2.4		2.3	
P (1)	2,738		2,695	-1.6	3,002	11.4	2,687	-10.5	2,871	6.9
share (%)	N/A		N/A		N/A		N/A		N/A	
UK	53,966	1.6	51,849	-3.9	52,317	0.9	51,228	-2.1	55,390	8.1
share (%)	14.8		13.7		13.5		14.8		14.5	

TURNOVER IN
CURRENT PRICES
BY MEMBER STATE
(MILLION ECU)

(1) Production in
current prices.

SOURCE: DEBA GEIE

TABLE 4.1.3

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)	
NUMBER OF EMPLOYEES BY MEMBER STATE (THOUSANDS)	EUR 12	2,688	2.4	2,651	-1.4	2,561	-3.4	2,359	-7.9	2,235	-5.3
	B	71	2.2	71	0.5	70	-1.8	66	-6.2	62	-6.3
	share (%)	2.6		2.7		2.7		2.8		2.8	
	DK	17	1.2	17	2.9	17	0.4	16	-8.1	N/A	N/A
	share (%)	0.6		0.7		0.7		0.7		N/A	N/A
	D	949	4.2	963	1.5	938	-2.6	854	-8.9	799	-6.5
	share (%)	35.3		36.3		36.6		36.2		35.8	
	GR	21	2.4	20	-2.4	19	-3.6	16	-15.1	16	-2.6
	share (%)	0.8		0.8		0.8		0.7		0.7	
	E	203	-0.5	204	0.5	201	-1.7	184	-8.3	176	-4.6
	share (%)	7.6		7.7		7.8		7.8		7.9	
	F	492	1.0	487	-1.1	481	-1.3	457	-5.0	442	-3.3
	share (%)	18.3		18.4		18.8		19.4		19.8	
	IRL	3	9.7	3	3.2	3	1.0	3	1.3	3	0.7
	share (%)	0.1		0.1		0.1		0.1		0.1	
	I	319	3.1	313	-1.9	291	-7.0	269	-7.7	255	-5.1
	share (%)	11.9		11.8		11.4		11.4		11.4	
	L	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	share (%)	N/A		N/A		N/A		N/A		N/A	N/A
	NL	57	3.0	57	-0.7	57	0.2	51	-10.7	46	-8.6
	share (%)	2.1		2.1		2.2		2.2		2.1	
	P	37	6.8	31	-15.2	30	-2.3	28	-7.0	N/A	N/A
	share (%)	1.4		1.2		1.2		1.2		N/A	N/A
	UK	520	1.0	484	-6.9	453	-6.4	414	-8.6	394	-4.9
	share (%)	19.3		18.3		17.7		17.6		17.6	

SOURCE: DEBA GEIE

TABLE 4.1.4

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)	
LABOUR COSTS BY MEMBER STATE (MILLION ECU)	EUR 12	78,520	8.5	83,311	6.1	86,162	3.4	80,420	-6.7	79,134	-1.6
	B	2,215	11.1	2,333	5.3	2,361	1.2	2,412	2.2	N/A	N/A
	share (%)	2.8		2.8		2.7		3.0		N/A	N/A
	DK	466	9.4	492	5.7	542	10.1	524	-3.2	N/A	N/A
	share (%)	0.6		0.6		0.6		0.7		N/A	N/A
	D	32,925	11.0	36,236	10.1	39,077	7.8	37,269	-4.6	36,807	-1.2
	share (%)	41.9		43.5		45.4		46.3		46.5	
	GR	330	11.4	357	8.3	353	-1.2	324	-8.1	N/A	N/A
	share (%)	0.4		0.4		0.4		0.4		N/A	N/A
	E	5,045	4.1	5,263	4.3	5,505	4.6	4,779	-13.2	4,501	-5.8
	share (%)	6.4		6.3		6.4		5.9		5.7	
	F	14,441	6.3	14,865	2.9	15,687	5.5	15,660	-0.2	15,563	-0.6
	share (%)	18.4		17.8		18.2		19.5		19.7	
	IRL	55	21.1	60	9.4	65	8.1	63	-4.3	N/A	N/A
	share (%)	0.1		0.1		0.1		0.1		N/A	N/A
	I	9,196	9.5	9,432	2.6	8,824	-6.4	6,981	-20.9	6,686	-4.2
	share (%)	11.7		11.3		10.2		8.7		8.4	
	L	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	share (%)	N/A		N/A		N/A		N/A		N/A	N/A
	NL	1,510	8.5	1,557	3.1	1,702	9.3	1,665	-2.1	1,570	-5.7
	share (%)	1.9		1.9		2.0		2.1		2.0	
	P	372	21.2	382	2.8	432	13.2	389	-9.9	N/A	N/A
	share (%)	0.5		0.5		0.5		0.5		N/A	N/A
	UK	11,960	4.9	12,327	3.1	11,607	-5.8	10,346	-10.9	10,339	-0.1
	share (%)	15.2		14.8		13.5		12.9		13.1	

SOURCE: DEBA GEIE

TABLE 4.1.5

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR 12	51,555	4.1	52,890	2.6	56,214	6.3	61,157	8.8	71,569	17.0
B/L	2,413	6.2	2,215	-8.2	2,355	6.3	2,960	25.7	3,697	24.9
share (%)	4.7		4.2		4.2		4.8		5.2	
DK	999	34.3	817	-18.2	1,183	44.8	1,079	-8.8	1,246	15.5
share (%)	1.9		1.5		2.1		1.8		1.7	
D	21,911	7.5	21,200	-3.2	21,513	1.5	23,631	9.8	28,084	18.8
share (%)	42.5		40.1		38.3		38.6		39.2	
GR	21	26.9	29	35.4	37	28.9	66	77.0	62	-5.8
share (%)	0.0		0.1		0.1		0.1		0.1	
E	1,756	12.1	1,935	10.2	2,308	19.3	2,707	17.3	3,238	19.6
share (%)	3.4		3.7		4.1		4.4		4.5	
F	12,469	-5.2	15,134	21.4	16,831	11.2	14,747	-12.4	18,672	26.6
share (%)	24.2		28.6		29.9		24.1		26.1	
IRL	64	27.2	74	16.5	83	12.3	117	40.9	114	-2.6
share (%)	0.1		0.1		0.1		0.2		0.2	
I	4,793	15.2	4,840	1.0	4,781	-1.2	5,576	16.6	6,188	11.0
share (%)	9.3		9.2		8.5		9.1		8.6	
NL	1,509	0.8	1,703	12.9	2,369	39.1	2,715	14.6	2,042	-24.8
share (%)	2.9		3.2		4.2		4.4		2.9	
P	120	-35.9	78	-34.7	173	121.6	194	11.7	187	-3.7
share (%)	0.2		0.1		0.3		0.3		0.3	
UK	5,500	-0.1	4,866	-11.5	4,581	-5.9	7,365	60.8	8,039	9.1
share (%)	10.7		9.2		8.1		12.0		11.2	

EXTRA-EU
EXPORTS BY
MEMBER STATE
(MILLION ECU)

SOURCE:  eurostat

TABLE 4.1.6

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR 12	37,396	6.0	44,840	19.9	43,620	-2.7	42,460	-2.7	46,250	8.9
B/L	3,833	13.3	4,620	20.5	4,255	-7.9	3,670	-13.8	4,232	15.3
share (%)	10.3		10.3		9.8		8.6		9.2	
DK	1,335	7.5	1,363	2.1	1,055	-22.6	971	-8.0	1,282	32.1
share (%)	3.6		3.0		2.4		2.3		2.8	
D	9,798	14.4	12,406	26.6	12,255	-1.2	10,936	-10.8	10,974	0.3
share (%)	26.2		27.7		28.1		25.8		23.7	
GR	910	-11.2	1,459	60.3	1,338	-8.3	1,934	44.5	988	-48.9
share (%)	2.4		3.3		3.1		4.6		2.1	
E	2,242	6.8	2,130	-5.0	2,175	2.1	2,153	-1.0	2,571	19.4
share (%)	6.0		4.8		5.0		5.1		5.6	
F	7,423	1.9	10,079	35.8	9,334	-7.4	7,405	-20.7	9,413	27.1
share (%)	19.8		22.5		21.4		17.4		20.4	
IRL	608	12.1	560	-7.9	338	-39.7	512	51.4	538	5.0
share (%)	1.6		1.2		0.8		1.2		1.2	
I	2,577	7.2	3,334	29.4	3,399	1.9	2,934	-13.7	3,008	2.5
share (%)	6.9		7.4		7.8		6.9		6.5	
NL	2,913	13.8	3,842	31.9	3,940	2.6	3,490	-11.4	3,605	3.3
share (%)	7.8		8.6		9.0		8.2		7.8	
P	369	-10.0	394	6.8	553	40.4	491	-11.3	621	26.5
share (%)	1.0		0.9		1.3		1.2		1.3	
UK	5,387	-6.4	4,652	-13.6	4,977	7.0	7,964	60.0	9,018	13.2
share (%)	14.4		10.4		11.4		18.8		19.5	

EXTRA-EU
IMPORTS BY
MEMBER STATE
(MILLION ECU)

SOURCE:  eurostat

FIGURE 4.2.1

EVOLUTION OF
EUR12
PRODUCTION AND
PRODUCER PRICE
INDEXES
(1990=100)

— Index of production
— Producer price index

SOURCE:  eurostat

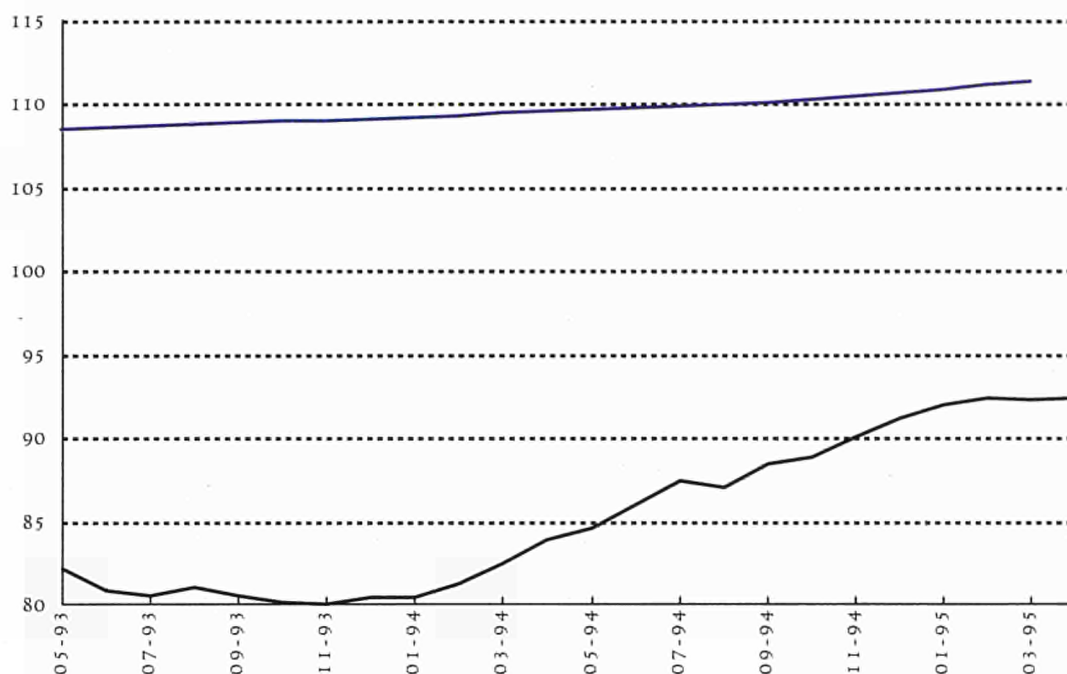


TABLE 4.2.1

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

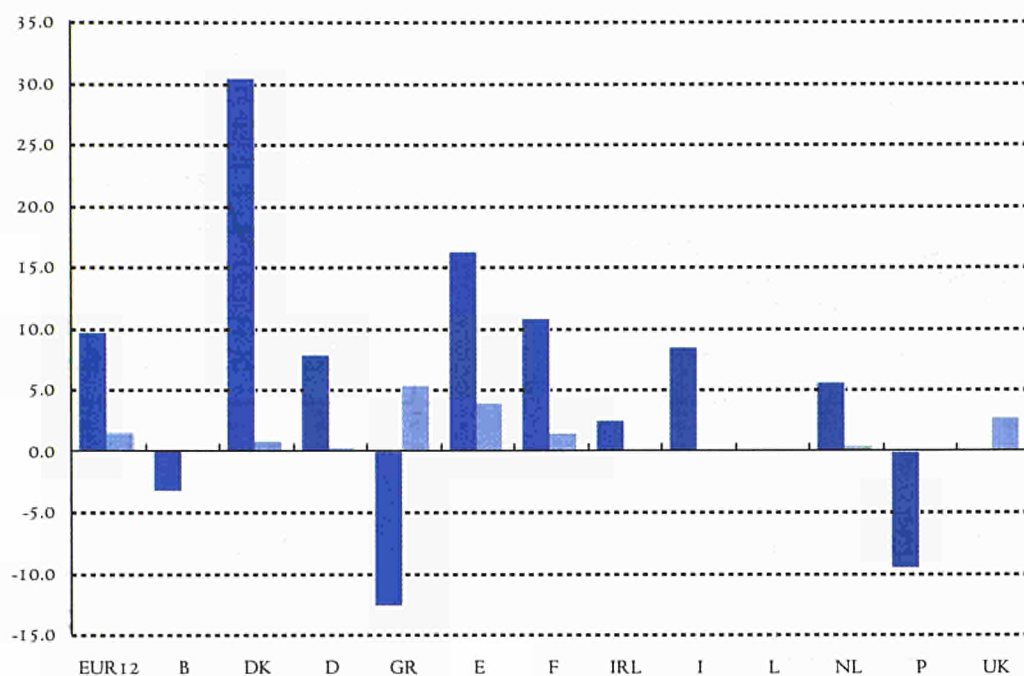
(1) Annual growth rates are based on the latest annual data. Only when data to October is available will an annual estimate for the year be made.

SOURCE:  eurostat

	Latest quarter available	Index	Quarterly t/t-4 (%)	Index	Annual t/t-1 (%)
EUR12	02-95 ⇔ 04-95	92.3	9.7	88.6	9.6
B	09-94 ⇔ 11-94	96.5	8.3	91.6	-3.2
DK	03-95 ⇔ 05-95	127.9	23.7	116.2	30.3
D	03-95 ⇔ 05-95	93.7	7.8	89.7	7.7
GR	02-95 ⇔ 04-95	79.4	-1.8	77.4	-12.6
E	02-95 ⇔ 04-95	89.5	12.2	85.1	16.1
F	02-95 ⇔ 04-95	99.9	12.2	100.1	10.7
IRL	11-94 ⇔ 01-95	80.5	-2.5	82.1	2.4
I	02-95 ⇔ 04-95	80.8	21.0	73.8	8.4
L	⇔	N/A	N/A	N/A	N/A
NL	01-95 ⇔ 03-95	94.4	4.5	93.7	5.5
P	12-94 ⇔ 02-95	69.0	-1.1	69.5	-9.5
UK	⇔	N/A	N/A	N/A	N/A

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 $t/t-1$ (%)
EUR12	01-95 ⇨ 03-95	111.3	1.8	110.2	1.4
B	⇨	N/A	N/A	N/A	N/A
DK	03-95 ⇨ 05-95	112.5	-1.2	113.0	0.7
D	03-95 ⇨ 05-95	110.6	1.0	109.7	0.2
GR	01-95 ⇨ 03-95	159.6	8.4	151.7	5.3
E	03-95 ⇨ 05-95	115.7	4.0	112.8	3.8
F	01-95 ⇨ 03-95	106.9	1.9	105.8	1.4
IRL	⇨	N/A	N/A	N/A	N/A
I	⇨	N/A	N/A	N/A	N/A
L	⇨	N/A	N/A	N/A	N/A
NL	03-95 ⇨ 05-95	109.0	1.2	107.9	0.3
P	⇨	N/A	N/A	N/A	N/A
UK	03-95 ⇨ 05-95	118.8	3.0	116.2	2.7

TABLE 4.2.2

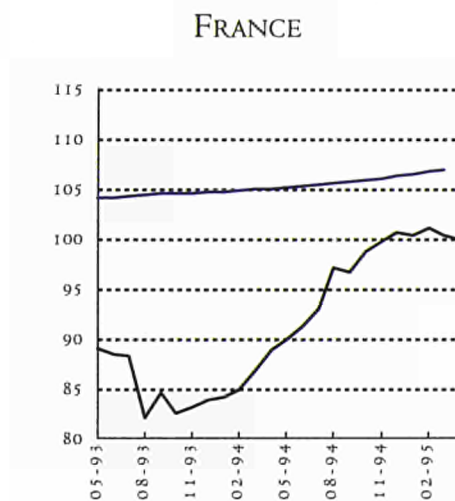
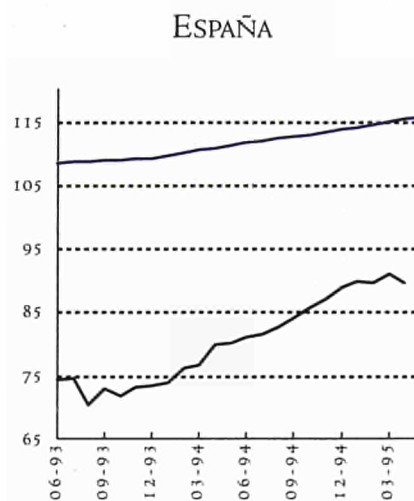
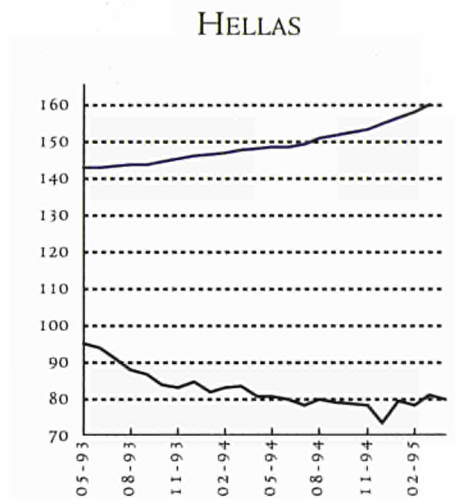
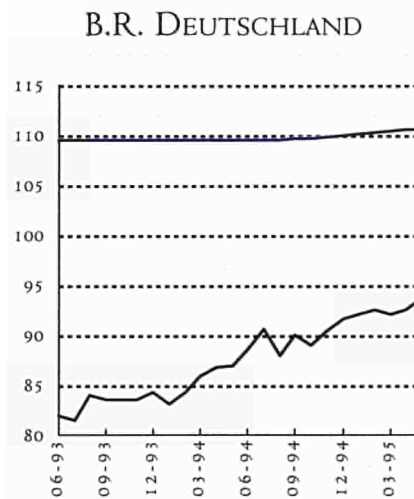
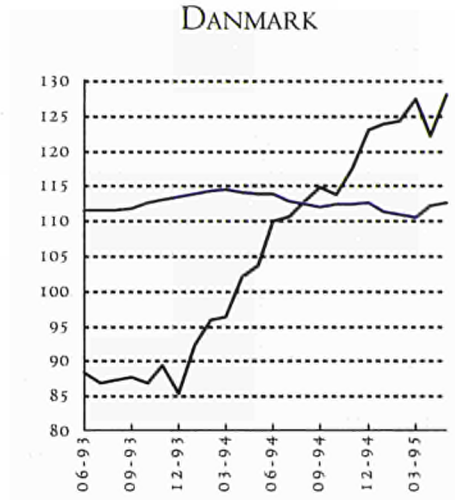
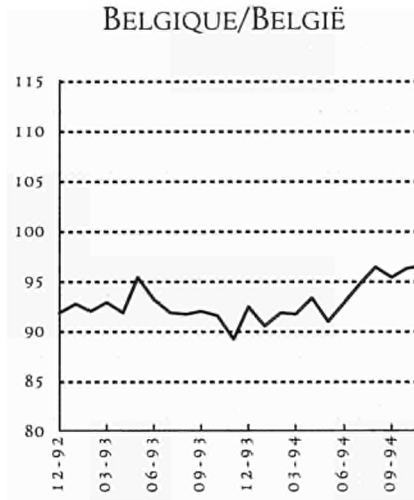
QUARTERLY AND ANNUAL PRODUCER PRICE INDEXES (1990=100) (1)

(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

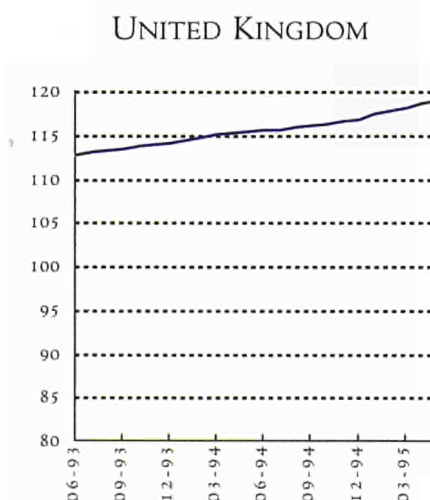
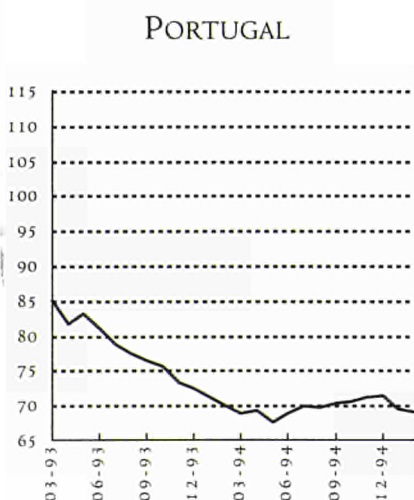
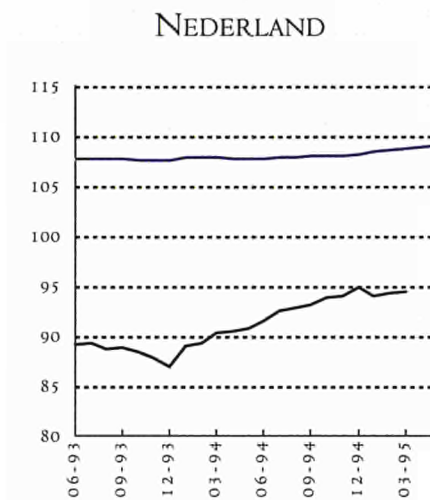
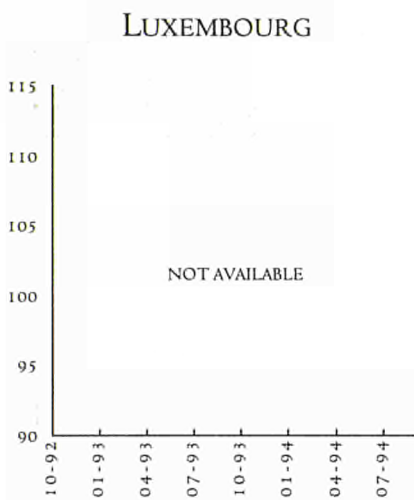
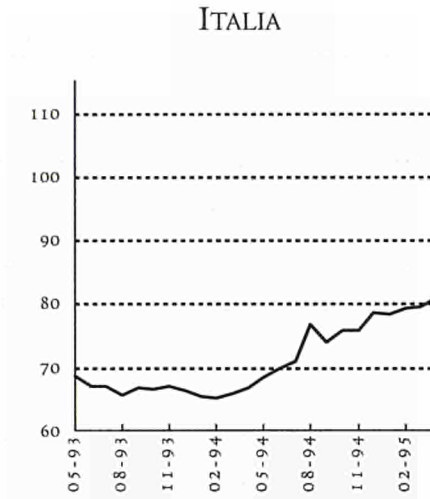
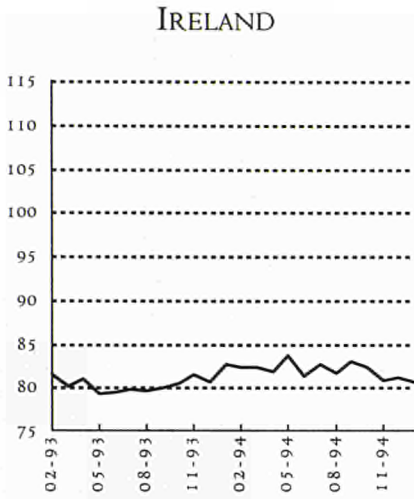




FIGURE 4.2.3

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,

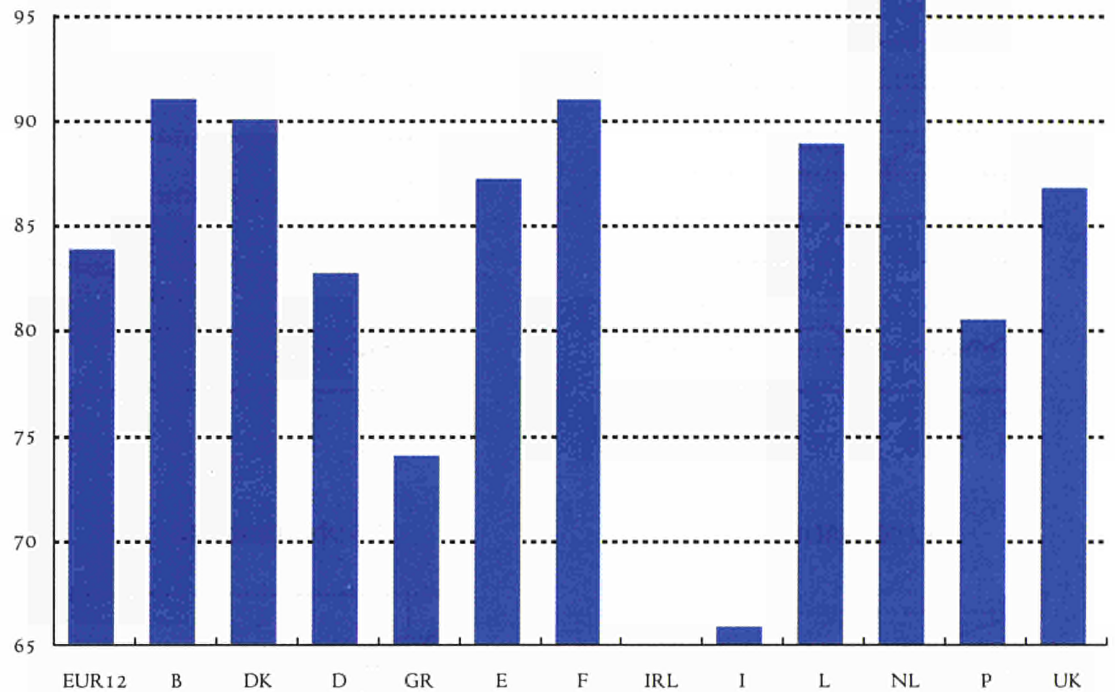


TABLE 4.2.3

CAPACITY
UTILISATION
RATES BY
MEMBER STATE
(%)

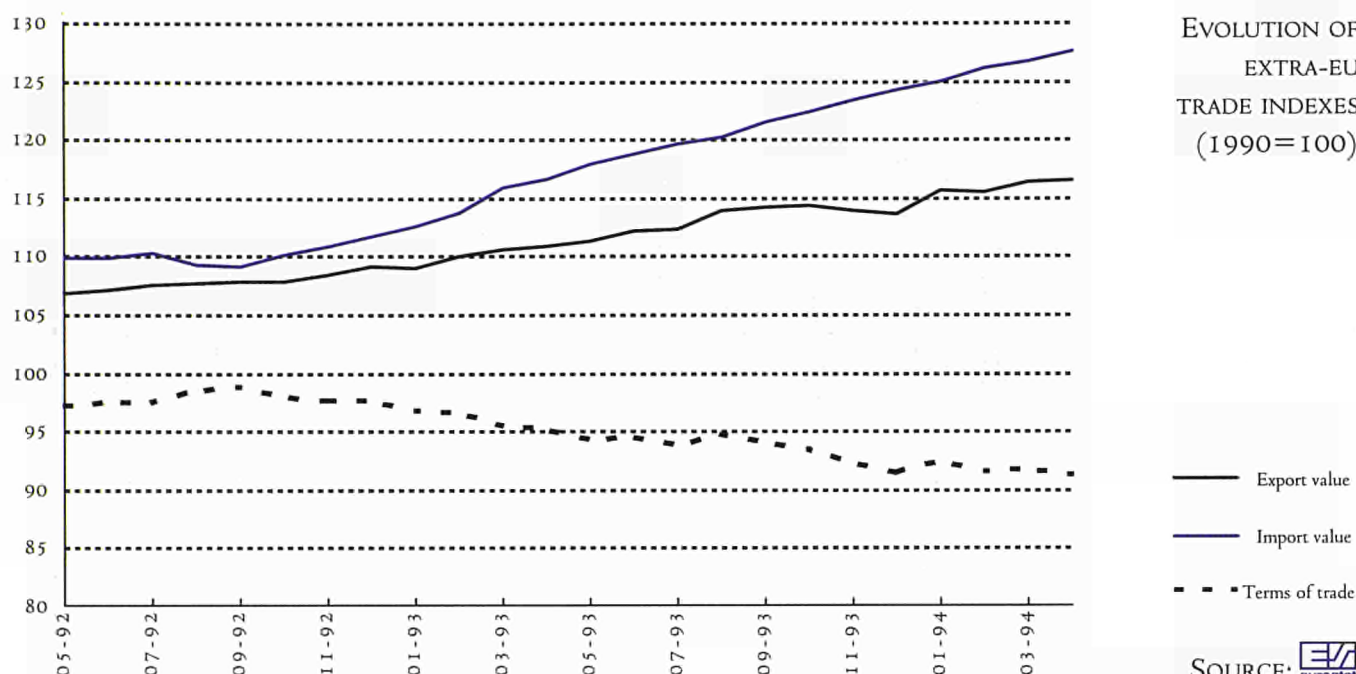
SOURCE: DG II -
BUSINESS SURVEY,



	Annual growth rate: latest quarter, t/t-4	Second quarter 1994	Third quarter 1994	Fourth quarter 1994	First quarter 1995
EUR12	12.5	74.5	79.8	82.4	83.8
B	0.3	92.4	94.0	75.8	91.0
DK	8.4	83.0	85.0	88.0	90.0
D	8.2	78.1	80.1	81.9	82.7
GR	0.0	82.7	60.0	56.6	74.0
E	6.0	74.4	80.2	81.9	87.2
F	19.3	71.8	84.9	86.5	91.0
IRL	N/A	25.0	25.0	25.0	N/A
I	8.9	66.5	66.9	65.7	65.9
L	16.4	77.0	81.5	86.8	88.9
NL	34.2	84.0	89.0	92.0	98.0
P	11.5	73.2	78.4	80.6	80.5
UK	25.4	70.9	80.1	97.3	86.8

FIGURE 4.2.5

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



SOURCE: eurostat

	Latest quarter available	Exports		Imports		Terms of trade index
		Value	Volume	Value	Volume	
EUR 12	02-94 ⇔ 04-94	127.5	96.4	116.4	113.3	91.3
Growth rate, t/t-4 (%)		9.4	-9.2	5.0	16.4	-4.0
B/L	02-94 ⇔ 04-94	131.2	84.1	113.6	134.4	86.6
Growth rate, t/t-4 (%)		9.9	-8.1	0.2	33.8	-9.0
DK	02-94 ⇔ 04-94	134.1	79.0	109.4	114.2	81.6
Growth rate, t/t-4 (%)		7.6	9.0	-3.4	3.6	-10.2
D	02-94 ⇔ 04-94	122.2	93.5	121.8	100.4	99.6
Growth rate, t/t-4 (%)		5.9	-8.1	7.7	14.3	1.7
GR	02-94 ⇔ 04-94	128.0	123.5	98.8	215.1	77.2
Growth rate, t/t-4 (%)		11.6	-33.6	-5.3	1.2	-15.4
E	02-94 ⇔ 04-94	110.7	98.3	100.6	169.3	91.0
Growth rate, t/t-4 (%)		5.4	27.0	-4.1	22.4	-9.0
F	02-94 ⇔ 04-94	134.3	75.6	118.2	114.2	88.1
Growth rate, t/t-4 (%)		11.1	-19.4	5.6	19.3	-5.1
IRL	02-94 ⇔ 04-94	140.3	52.0	93.2	251.6	66.5
Growth rate, t/t-4 (%)		19.8	-33.7	20.0	3.6	-0.5
I	02-94 ⇔ 04-94	122.8	93.5	111.8	108.4	91.0
Growth rate, t/t-4 (%)		7.0	-15.2	2.7	12.0	-4.1
NL	02-94 ⇔ 04-94	131.1	94.0	105.7	163.7	80.6
Growth rate, t/t-4 (%)		10.5	-20.8	0.6	6.1	-9.0
P	02-94 ⇔ 04-94	132.8	96.8	127.2	83.0	95.9
Growth rate, t/t-4 (%)		11.5	-22.1	-5.7	-51.1	-14.9
UK	02-94 ⇔ 04-94	127.6	157.0	110.1	128.9	86.4
Growth rate, t/t-4 (%)		13.7	4.3	6.0	20.9	-7.0

TABLE 4.2.4

QUARTERLY
EXTRA-EU
TRADE INDEXES
(1990=100)

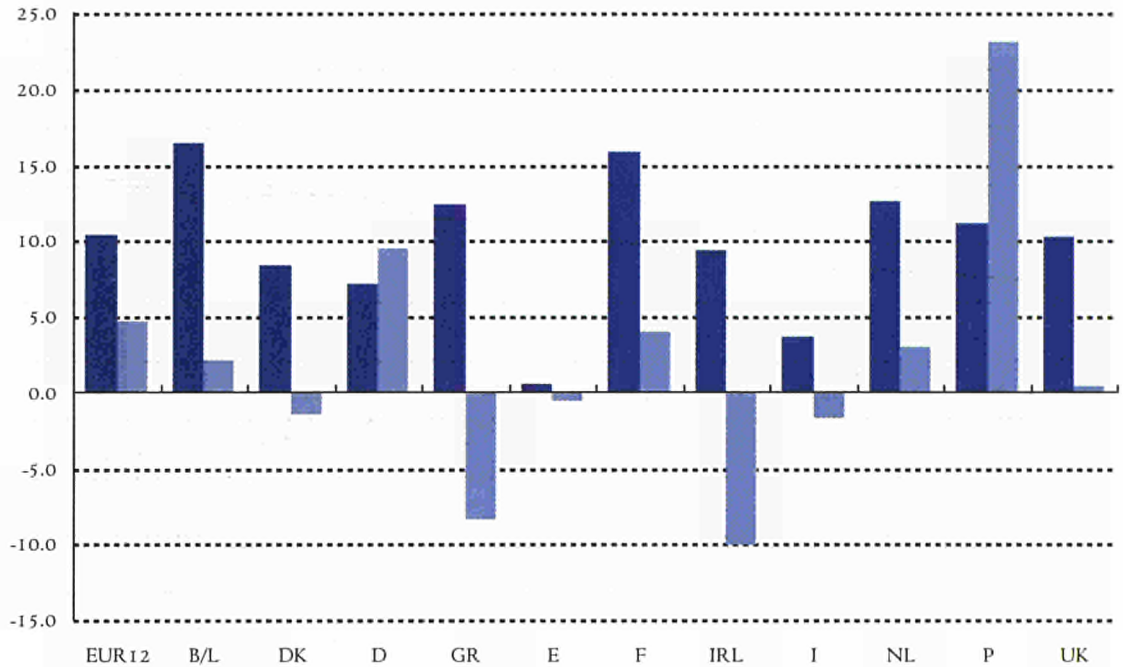
SOURCE: eurostat

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

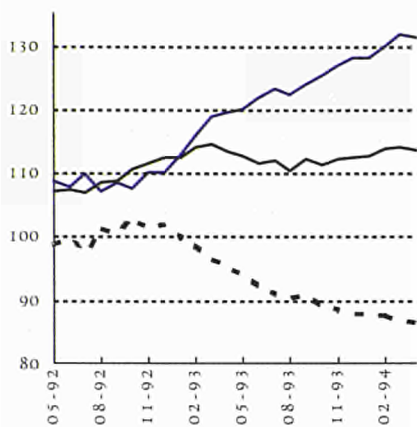
TABLE 4.2.5

ANNUAL EXTRA-EU TRADE INDEXES (1990=100)

	Latest year available	Value	Exports Volume	Imports Value	Imports Volume	Terms of trade index
EUR12	1993	121.9	94.3	113.4	104.7	93.0
Growth rate, t/t-1 (%)		10.3	-12.3	4.7	3.5	-5.1
B/L	1993	126.4	75.5	112.7	108.5	89.1
Growth rate, t/t-1 (%)		16.4	-26.1	2.1	22.7	-12.3
DK	1993	128.6	57.0	110.2	98.0	85.6
Growth rate, t/t-1 (%)		8.3	-15.2	-1.4	-7.6	-9.0
D	1993	118.1	94.5	118.3	91.0	100.1
Growth rate, t/t-1 (%)		7.2	-16.8	9.4	-0.9	2.1
GR	1993	124.9	170.0	98.5	307.4	78.8
Growth rate, t/t-1 (%)		12.4	28.0	-8.4	90.2	-18.5
E	1993	108.9	87.9	102.2	153.6	93.8
Growth rate, t/t-1 (%)		0.6	-1.6	-0.6	19.0	-1.2
F	1993	127.8	77.7	113.4	104.2	88.7
Growth rate, t/t-1 (%)		15.9	-31.8	4.0	-15.8	-10.2
IRL	1993	126.6	65.8	74.5	238.7	58.8
Growth rate, t/t-1 (%)		9.3	37.1	-10.1	51.6	-17.8
I	1993	117.7	96.1	108.6	106.9	92.2
Growth rate, t/t-1 (%)		3.6	-17.2	-1.7	18.4	-5.1
NL	1993	124.9	92.4	105.6	169.7	84.5
Growth rate, t/t-1 (%)		12.6	-24.3	3.0	10.8	-8.5
P	1993	124.2	106.9	135.3	121.9	108.9
Growth rate, t/t-1 (%)		11.2	-21.1	23.1	-10.4	10.8
UK	1993	118.8	141.3	107.3	125.8	90.3
Growth rate, t/t-1 (%)		10.2	45.2	0.5	60.1	-8.8

SOURCE: eurostat

BELGIQUE/BELGIË, LUXEMBOURG



DANMARK

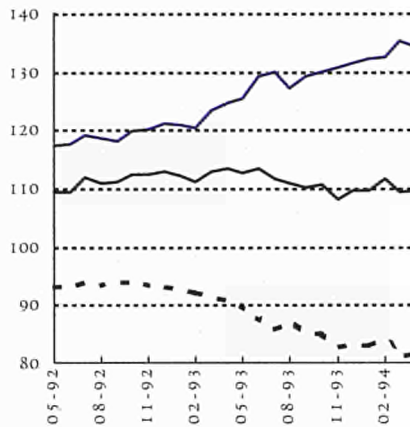
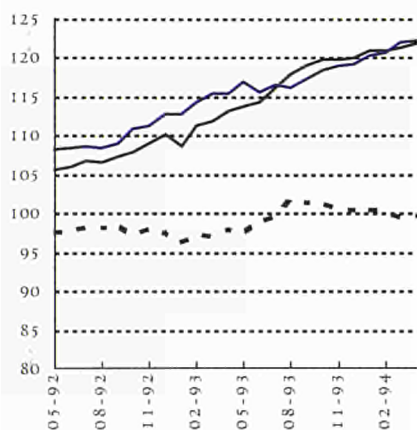


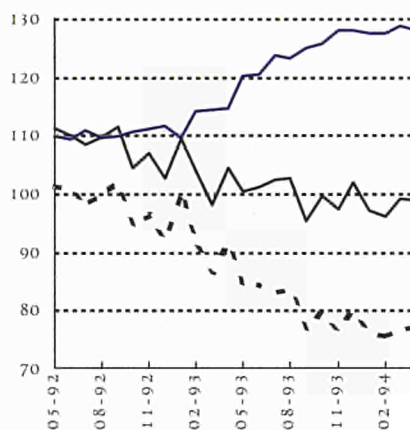
FIGURE 4.2.7

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

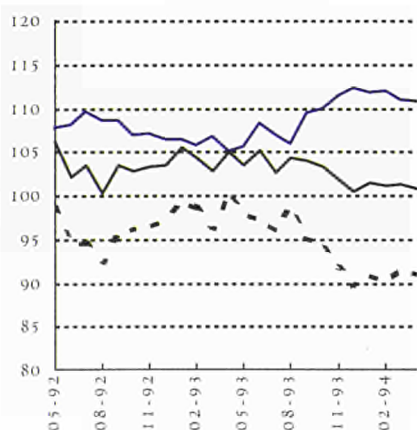
B.R. DEUTSCHLAND



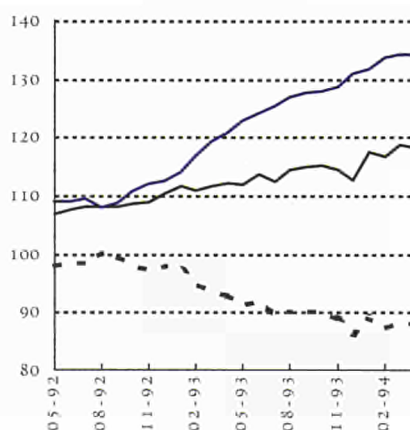
HELLAS



ESPAÑA



FRANCE

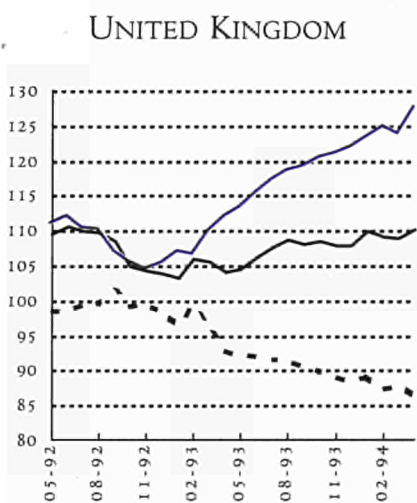
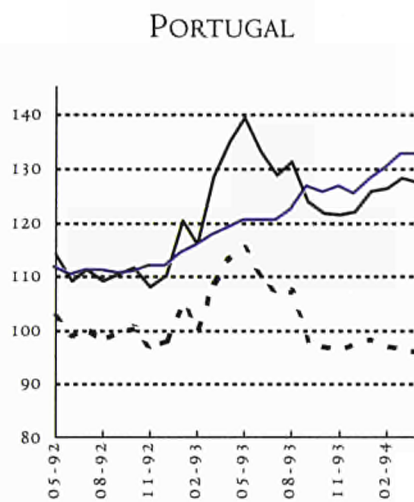
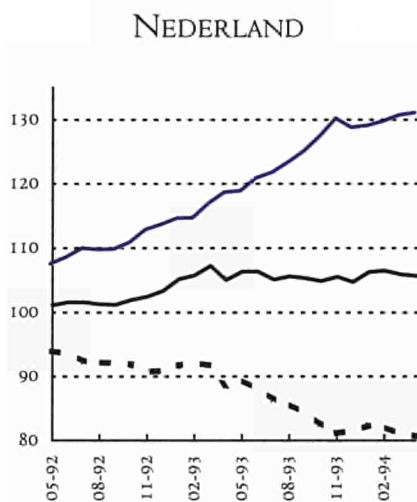
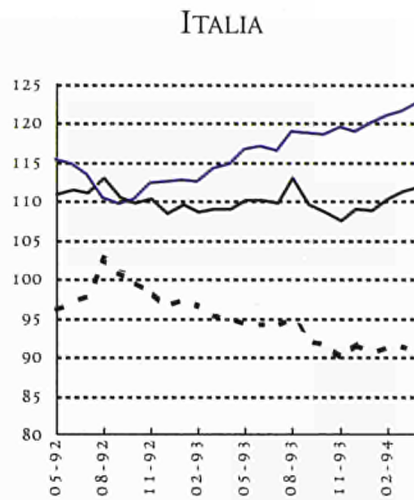
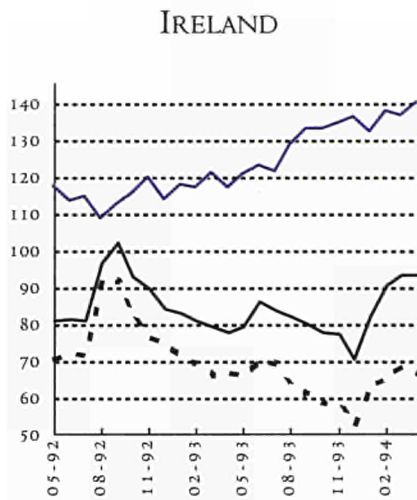


— Export value
— Import value
- - - Terms of trade

SOURCE:  eurostat

FIGURE 4.2.7

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



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

SOURCE:  eurostat



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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, EBBC F, 2-6, Rue de Trèves, L-2633 Senningerberg-Luxembourg; tél: (352) 3410 4000.
- 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
 Mio: Million
 Billion: Thousand million
 N/A: Not available
 %: Percent
 1990 = 100: Reference year

IN BRIEF....

- ★ FINLAND'S REAL GDP GREW BY AN ESTIMATED 3.9 PER CENT IN 1994 AFTER 3 YEARS OF DECLINE
- ★ A 14 PER CENT RISE IN EXPORTS RESULTED IN A CURRENT ACCOUNT SURPLUS IN 1994
- ★ IN 1994 EUR 12 ACCOUNTED FOR 46 PER CENT OF FINNISH EXPORTS AND 44 PER CENT OF IMPORTS
- ★ THE FINNISH GOVERNMENT INTRODUCED MARKET BASED PRINCIPLES TO INDUSTRY AND EMPLOYMENT POLICIES
- ★ EU'S SELF-SUFFICIENCY IN TIMBER AND PAPER INCREASED SIGNIFICANTLY WITH THE ACCESSION OF FINLAND, SWEDEN AND AUSTRIA

This is the third and last in the series of articles on the three new Member States. It presents some basic economic and industrial statistics on Finland. The Finnish population voted in favour of European Union membership in October of 1994. After ratification of the accession treaty by the Finnish parliament in November of 1994, Finland entered the EU on the first of January 1995. With a population of 5.1 million in 1994, it was the third smallest country of the current fifteen Member States, after Luxembourg and Ireland. It traditionally has had close cultural and economic ties with Sweden (with which it shares one of the two official languages), the Baltic States (with which the EU has had a free trade agreement since the first of January 1995) and Russia. It was the least densely populated country in the EU with 16.6 inhabitants per square kilometre in 1994.

As for its economy, in 1993 it had a GDP of 71.5 billion ECU. However, this figure understates the real size of the Finnish economy as it was recorded during the deepest recession experienced since the second world war. Some of the causes behind the extreme downturn in the Finnish economy during the 1990-93 period will be discussed in the next section. Manufacturing industry generated just over 24 per cent of GDP in 1993, up from 21 per cent in 1991 and 22 per cent in 1992. The rise in its share of GDP was caused not so much by strong growth but by the rapid shrinking of the construction, wholesale/retail trade and financial sectors. The three largest industries in 1993, with regard to their share in production value, were: paper, paper products, printing and publishing with 23 per cent, food, drink and tobacco with 18.8 per cent and mechanical and electrical engineering with 15.6 per cent.

Of Finland's active labour force of 2 million in 1994, 8 per cent worked in agriculture, 21 per cent in industry, 6 per cent in construction and 65 per cent in services. The relatively large proportion of the labour force that worked in agriculture can be explained by the importance of the forestry sector. Some of the timber harvest was exported, to the value of 6.7 billion Finnish markka in 1993 of which 73 per cent was to EU countries. However, most of the timber was processed nationally in the wood and paper industries. International trade of these industries, worth 36.6 billion Finnish markka in 1993, accounted for 27 per cent of total merchandise exports. Machinery and transport equipment accounted for the largest share of both exports and imports in 1993. Exports of these industries amounted to 42.2 billion markka or 31 per cent of the total, while expenditure on imports summed to 35.0 billion markka or 34 per cent. Finland's other major imports (in which it had a considerable trade deficit) were mineral fuels and chemicals (both approximately 13 per cent of total merchandise imports in 1993).

FINLAND

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Macro-economy	66
Industry	67
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The Finnish economy has just recovered from a severe and long recession, lasting from 1990 to 1993. The most important contributors to the decline in real GDP were private consumption and gross fixed capital formation. Both households and private companies had acquired large debts during the credit boom of the late eight-

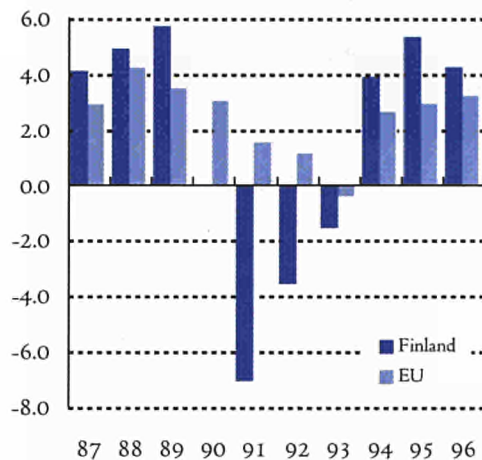
fixed capital formation dropped by almost a third between 1991 and 1993. Investment in machinery and equipment, nearly 40 per cent of fixed investment in 1993, dropped by over 50 per cent in volume, followed by investment in non-residential building with a decline of 46 per cent. As the result of a drop in housing starts, from its peak at the start of 1989 to a level 60 per cent lower by 1993, construction of residential buildings experienced a decline comparable to non-residential building.

GDP growth would have been more negative without the improvements in exports. In 1992 and 1993, exports added 3 and 5 per cent respectively to GDP (in constant prices), more than made up for by the declines in private consumption and fixed investment. The volume of exports rose by 8.8 per cent in 1992 and by 18.5 per cent in the year after. The wood, metals and engineering sectors recorded higher than average growth in export volume. The metals and engineering sectors also profited from a rise in the unit value of their exports. Since Finland has few natural resources of its own, growth in the exporting manufacturing industries was accompanied by a substantial rise in the volume of imports of raw materials and fuels in 1992 and 1993. However, the general trend in the volume of imports was down in 1992 and 1993. Due to the decline in consumer spending and fixed investment, the volume of imports declined by a total of 14 and 18 per cent respectively in those two years. The decline in the volume of imports was counterbalanced by the depreciation in the Finnish markka and the total value of imports increased to 134 billion markka in 1993 from 93 billion in 1991.

The recession resulted in high levels of unemployment and rapidly growing social benefit payments. As employment declined by 470 thousand in the 5 years to 1994, the unemployment rate increased from 5.5 to 18.5 per cent. The government finance account had shown a surplus between current receipts and expenditures up until 1991. This turned into a deficit in 1992 as unemployment benefits and interest payments on public debt almost doubled with respect to their levels in 1990 and direct tax receipts dropped. The ratio of public debt to GDP rose from 14.5 per cent in 1990 to 60.1 per cent by 1994. Unemployment was seen to be falling again by late 1994 and growth in GDP had returned to positive values. The same demand components that had contributed most to the decline in GDP during the recession, private consumption and

FIGURE 5.1.1

GROSS DOMESTIC
PRODUCT :
REAL ANNUAL
GROWTH RATE
(%)

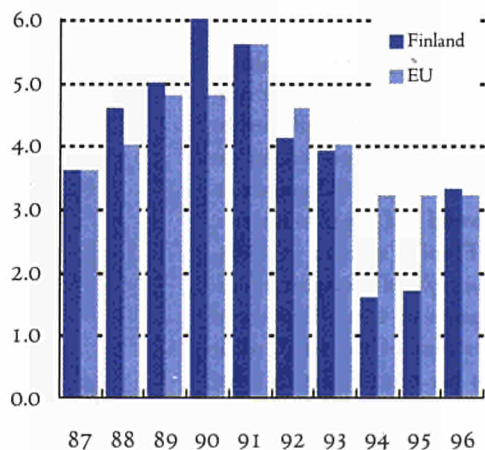


SOURCE: eurostat

ies, when real interest rates were low. When inflation came down after 1991, mounting debt service obligations led both sectors to cut spending. Private consumption in constant prices of 1990, declined by over 8 per cent between 1991 and 1993. The brunt of this decline was taken by consumer durables. One example of this was the drop in new car registrations over the same period of over 50 per cent. Gross

FIGURE 5.1.2

INFLATION :
ANNUAL
GROWTH RATE
(%)



SOURCE: eurostat

fixed capital formation, were estimated to have taken over from exports as the most important factors in the recovery. Investment in equipment led the improvement in fixed capital formation. Many companies expanded their production capacity in 1994 as capacity utilisation rates increased to levels above 85 per cent. The rise in economic activity was expected to have a small effect on unemployment though. The European Commission forecast a growth rate in real GDP of 5.3 per cent for 1995, preceded by an estimated 3.9 per cent for 1994. Employment is expected to rise by 3 per cent in 1995, implying a continuation of the increase in labour productivity of recent years.

Finish inflation remained below 2 per cent in 1994, after rates of above 4 per cent from 1988 to 1992.

Finland's GDP growth became negative in 1990 and turned positive only during the second half of 1993. The recession in industry was shorter than this three year period. Growth in production volume turned negative in the second half of 1990, as did GDP growth, but resumed a positive trend by the first quarter of 1992. By the end of 1993, production volume had reached pre-recession levels again. Capital goods sectors suffered most in 1991 as output dropped by nearly 20 per cent. The decline in fixed investment mentioned earlier was responsible for most of this fall. The sector quickly rebounded during 1992 and 1993 as exports increased rapidly. By 1994, domestic demand began to recover and added to industrial output in all manufacturing sectors. Over the 1992-1994 period, electrical engineering and paper and



TABLE 5.2.1

	05-94	06-94	07-94	08-94	09-94	10-94	11-94	12-94	01-95	02-95	03-95	04-95	05-95
Production	112.7	113.5	79.1	104.0	115.7	118.8	119.0	111.8	112.0	114.4	118.0	120.4	N/A
Producer prices	105.2	105.6	106.3	106.5	106.8	107.3	107.2	107.4	107.3	107.2	107.1	107.5	107.8

	1988	1989	1990	1991	1992	1993	1994
Value of production (mio ECU)	72,934	72,699	94,852	77,931	74,886	56,563	N/A
Production	97.1	100.3	100.2	91.2	92.4	97.4	107.9
Producer prices	91.7	96.9	100.0	99.8	101.1	103.9	105.8

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

SOURCE:  eurostat

Consumer prices rose 0.9 per cent in June of 1994 due to the adoption of a VAT tax on services in preparation for EU membership. During the other months of 1994, the month-to-month rate stayed at or below 0.2 per cent. Behind this phenomenon, were a lack of wage pressures and declining import prices as the markka started to appreciate in the second half of the year. During the months November 1994 to January 1995, consumer price levels actually dropped as food prices came down due to the adjustment of agricultural prices to the EU's Common Agricultural Policy (CAP). The European Commission forecast inflation to remain stable in 1995, at 1.7 per cent.

paper products were the sectors that recovered fastest.

After a 10.8 per cent rise in industrial production in 1994, output growth continued steadily in the first three months of 1995. Total industry output volume (excluding construction) was 11.3 per cent higher in the first quarter of the year compared with the same three months in 1994. Capital goods producing sectors outgrew total industry, achieving an annual growth rate of 21.6 per cent in March 1995.

The role of exports in the growth of industrial production diminished due to the appreciation of the markka and the meeting of capacity constraints in some industries. Two important export sectors, wood and paper and metals and engineering, saw capacity utilisation reaching 93 and 91 per cent respectively in the final quarter of 1994. Growth in the volume of exports of goods for 1995 was accordingly forecast at 8 per cent by the European Commission, down from an estimated 12.9 per cent in 1994.

Producer prices increased by 2.5 per cent in the year to May 1995. Export prices grew faster than the prices of goods produced for the home market. Part of the rise in export prices was due to the general increase in demand on world markets. In combination with capacity constraints, this was having an effect on domestic prices too. The prices in markka of some traditional export sectors began to rise substantially in the first months of 1995. The annual increase in the producer price of basic metals amounted to 11.5 per cent in May 1995 in comparison to 5.7 per cent in the same month of 1994.

Producer prices for pulp, paper and paper products grew even faster. They rose by 24.6 per cent in the twelve months to May of 1995. Producer prices for intermediate goods as a total rose by 5.7 per cent in the same period. The decline in the producer prices of non-durable consumer goods was caused by the drop in agricultural goods mentioned in the section on the macro-economy. Prices of food products and beverages were 10 per cent lower in May of 1995 than in the same month of 1994.

For the last few years, the Finnish government has been in the process of introducing more market based principles into its industrial policy. In 1991 it introduced a plan to privatise state-owned companies in energy and manufacturing. The largest companies involved are Outokumpu (mining and metals), Valmet (engineering), Enso-Gutzeit (forestry), Neste (oil and chemicals) and Kemira (chemicals). The Finnish government will retain at least a minority stake in all these firms except in Enso-Gutzeit, of which all shares will be sold. The 1995 budget also announced that subsidies to industry will in the future depend on stricter criteria with regard to expected costs and benefits, the duration of the assistance programme and the possibility of mobilising private finance.

TABLE 5.2.2

**PRODUCTION
VALUE
(MILLION ECU)**

	1988	1989	1990	1991	1992	1993
Paper, paper-products, printing and publishing	16,880	16,829	20,878	17,848	17,140	13,034
Food, drink and tobacco	13,308	12,477	16,867	15,428	14,211	10,616
Mechanical and electrical engineering, office and dp equipment	10,052	10,266	14,119	10,299	10,610	8,852
Production and preliminary processing of metals	5,520	5,774	6,609	5,536	6,238	4,913
Wood products	5,143	5,488	7,115	5,088	4,724	3,853
Non-metallic mineral products	2,480	2,598	3,424	2,620	2,044	1,405
Textile, clothing, leather and footwear	2,803	2,353	2,748	2,029	1,735	1,234
Rubber and plastics	1,118	1,095	1,512	1,157	1,124	876
Other industries	15,630	15,819	21,579	17,926	17,061	11,781
Total manufacturing industry	72,934	72,699	94,852	77,931	74,886	56,563

SOURCE:  eurostat

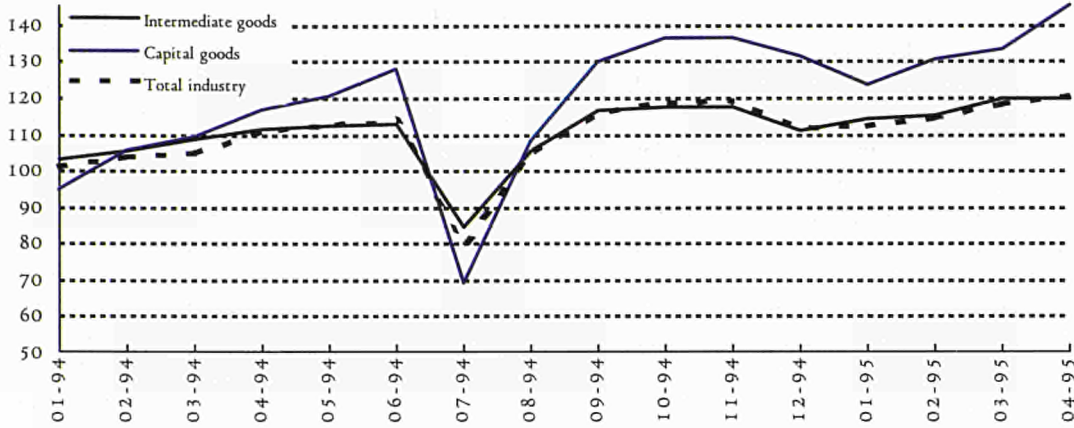


FIGURE 5.2.1

EVOLUTION OF
PRODUCTION
INDEX
(1990=100)

SOURCE: eurostat

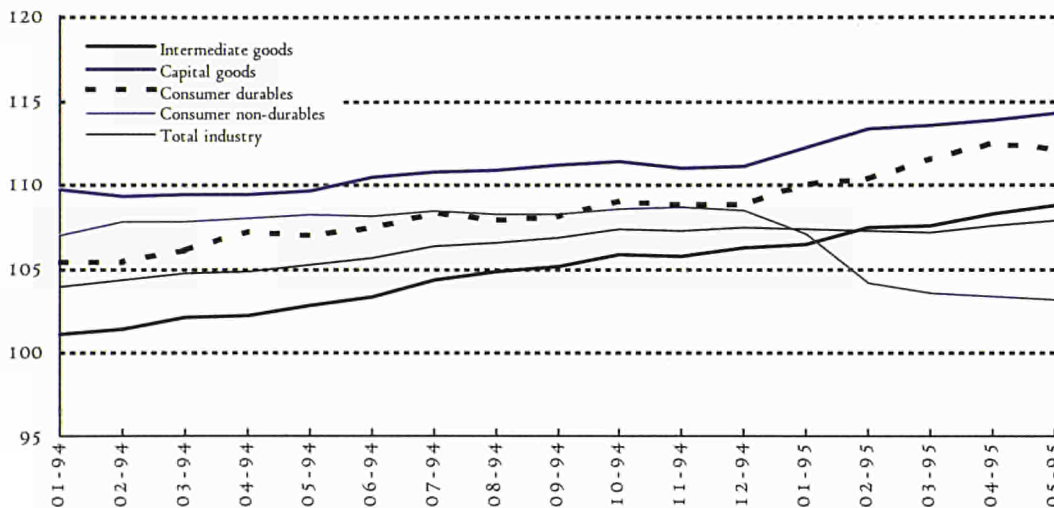


FIGURE 5.2.2

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	97.0	100.6	100.1	91.2	92.8	98.4	108.6
Capital goods	91.7	97.9	100.5	81.6	87.7	101.8	115.4
Producer price index	1988	1989	1990	1991	1992	1993	1994
Intermediate goods	91.4	97.6	100.0	97.6	98.1	101.9	103.7
Capital goods	89.0	94.7	100.0	102.5	106.1	109.1	110.3
Consumer durables	N/A	N/A	100.0	99.8	100.7	103.9	107.5
Consumer non-durables	N/A	N/A	100.0	102.9	105.1	105.8	108.1

SOURCE: eurostat

The seasonally adjusted series of industrial employment (which includes employees in mining and public utilities) showed a small rise in the second half of 1994. Employment in industry reached a low of 420 thousand during April and May 1994, down by almost a quarter from 556 thousand in 1990. This implied a gain in labour productivity of around 40 per cent over the four year period. The Finnish government has initiated a number of employment stimulating measures in the recent past. During the 1993 and 1994 private sector wage negotiations, the government decided to refrain from aiming for a central agreement. Instead, it let the wage levels be determined independently by the individual parties involved in each sector. In addition, through the 1994 Employment Services Act, restrictions on private placement services were abolished.

Finland's industry is very dependent on forestry products which is highlighted by the relative size of its paper and wood industries. The share in value added of the paper industry was 5.6 times larger than the EU 12 average in 1993. For wood products, the factor was 3.9. Together with Sweden and Austria, accession of Finland raised the EU's self-sufficiency in timber and paper products to 75 and 95 per cent respectively. Finland's best known multinational is Nokia, a telecommunication equipment maker. Although the largest company in Finland, electrical engineering is not an industry in which the Finns specialised. Its share in value added was 8.5 per cent in comparison with an EU 12 average of 12.9 per cent. Finnish industry is least specialised in rubber products, footwear and ceramics.

TABLE 5.3.1

	1988	1989	1990	1991	1992	1993
VALUE OF PRODUCTION (MILLION ECU)						
Total manufacturing industry	72,934	72,699	94,852	77,931	74,886	56,563
Paper and paper products	12,362	12,333	14,819	12,552	12,660	9,904
Food products	11,921	11,102	14,900	13,517	12,522	9,352
Mechanical engin. (incl. office and dp equip.)	6,623	6,635	9,232	6,668	6,586	5,145
Electrical engineering	3,429	3,631	4,887	3,631	4,023	3,707
Wood products, except furniture	4,113	4,466	5,811	4,080	3,862	3,250

SOURCE:  eurostat

TABLE 5.3.2

	1988	1989	1990	1991	1992	1993
NUMBER OF PERSONS EMPLOYED (UNITS)						
Total manufacturing industry	453,200	446,600	432,100	401,700	363,600	355,136
Paper and paper products	41,200	45,500	44,400	41,800	40,100	38,953
Food products	49,500	47,300	46,600	44,600	41,500	41,003
Mechanical engin. (incl. office and dp equip.)	53,300	50,800	52,400	47,700	42,900	42,246
Electrical engineering	30,900	29,300	28,500	25,900	24,400	24,052
Wood products, except furniture	30,600	32,300	30,400	27,300	24,100	23,815

SOURCE:  eurostat

The trade balance surplus in goods and services widened for the second consecutive year in 1994 to more than 31 billion markka. Exports of goods and services grew by 14 per cent to a level of 181 billion markka. The largest absolute increase in exports of over 7 billion markka, was achieved by the metals and engineering sector. Its total exports reached a level of 56 billion markka or 36 per cent of the export of goods. The increasing surplus on the trade balance produced a surplus on the current account for the first time in 1994. Interest payments to the rest of the world declined in 1994 but still represented the second largest negative item, after imports of goods and services. Net foreign debt reached a level of over 50 per cent of GDP in 1993 as the result of the persistent current account deficits during the years before.

Under the influence of the surplus on the current account and declining international interest rates, interest payments to the rest of the world were expected to drop in the next few years. The single largest trading partner of Finland in 1994 was Germany. Exports to Germany amounted to 20.7

billion markka or 13 per cent of the total after a rise of 17.2 per cent with respect to 1993. Other EU members to which exports increased significantly were Denmark (17.9 per cent) and Belgium and Luxembourg (17.0 per cent). Total exports to EU members rose by 13.7 per cent and amounted to 46 per cent of the total. Other large trading partners of Finland outside the EU were the USA (7 per cent of exports in 1994) and Russia (5 per cent). After the collapse of the USSR, Finnish exports to former COMECON countries dropped to a level 60 per cent lower than the amount in 1990 in dollar terms. But trade with these countries rebounded again in 1993 and 1994. One example were the exports to Russia, which grew by 32 per cent in 1994. On the import side, raw materials (excluding crude oil) represented by far the largest group at 65.9 billion markka or 55 per cent of the total imports of goods. (The second largest group was consumer goods at 24.6 billion markka.) The import of raw materials declined in markka terms from 1990 to 1991 by 14 per cent under influence of the recession. As industrial output resumed growth during and after 1992, imports of raw materials rose too.



TABLE 5.3.3

VALUE ADDED AT
FACTOR COST
(MILLION ECU)

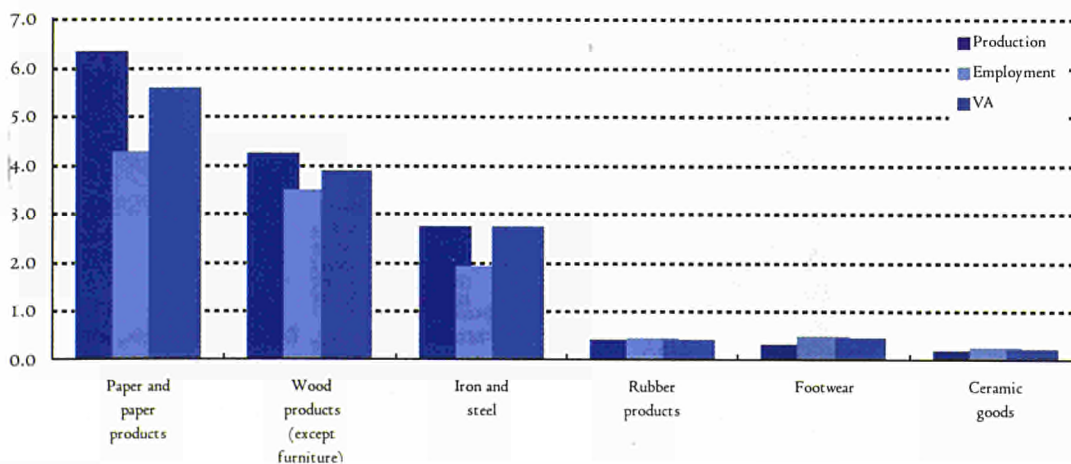
SOURCE:  eurostat

	1988	1989	1990	1991	1992	1993
Total manufacturing industry	26,927	27,080	34,351	26,842	26,350	19,940
Paper and paper products	4,416	4,330	4,588	3,418	3,917	3,088
Food products	2,658	2,456	3,280	3,129	2,946	2,202
Mechanical engin. (incl. office and dp equip.)	3,227	2,908	4,271	2,891	2,776	2,154
Electrical engineering	1,643	1,730	2,333	1,581	1,861	1,703
Wood products, except furniture	1,384	1,528	2,010	1,179	1,317	1,104

FIGURE 5.3.1

SPECIALISATION
RATE BY SECTOR,
1993

SOURCE:  eurostat

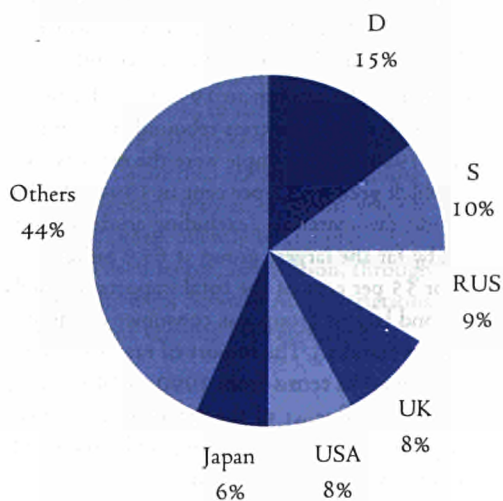


The same pattern was found for imports of crude oil, fuels and lubricants (11.6 billion markka in 1994) and investment goods (17.1 billion markka). The 17 per cent increase in the imports of consumer goods in 1994 provided an indication of the return to growth of consumer spending. Germany was also the largest supplier of imported goods to Finland.

in 1994 in markka terms. Higher than average import growth was recorded for Spain (26.6 per cent), Italy (22.3 per cent) and, again, Sweden (18.9 per cent). EU members had a 44 per cent share of total Finnish imports of goods in 1994.

FIGURE 5.4.1

SHARE OF IMPORTS BY COUNTRY OF ORIGIN (%)

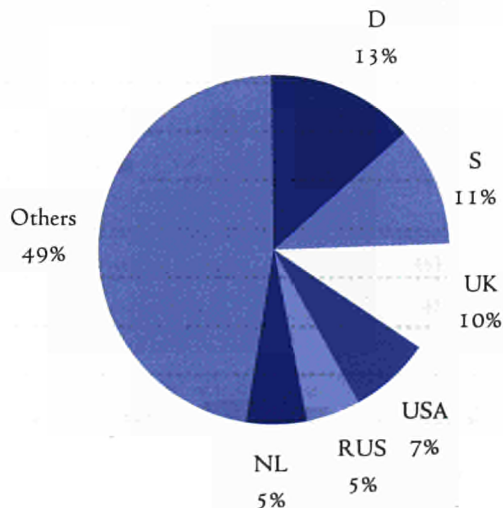


SOURCE: eurostat

In 1994 Finland bought 17.7 billion markka worth of German goods, which accounted for 15 per cent of total imports. This implied a trade surplus with Germany of 2.9 billion markka. Other major suppliers of imported goods were Sweden (12.5 billion markka) and the United Kingdom (10.0 billion markka). Finland also had a trade surplus with these countries of 4.3 and 5.9 billion markka respectively. Imports from EU countries increased by 9 per cent

FIGURE 5.4.2

SHARE OF EXPORTS TO DESTINATION MARKETS (%)



SOURCE: eurostat

Statistical sources:
-Macro-economic data: DGII, Bank of Finland, OECD.
-Sectoral, general and specialisation data: UN (UNIDO), EUROSTAT.
-External trade: EUROSTAT, UN (COMTRADE).

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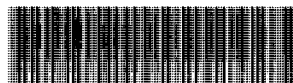
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