

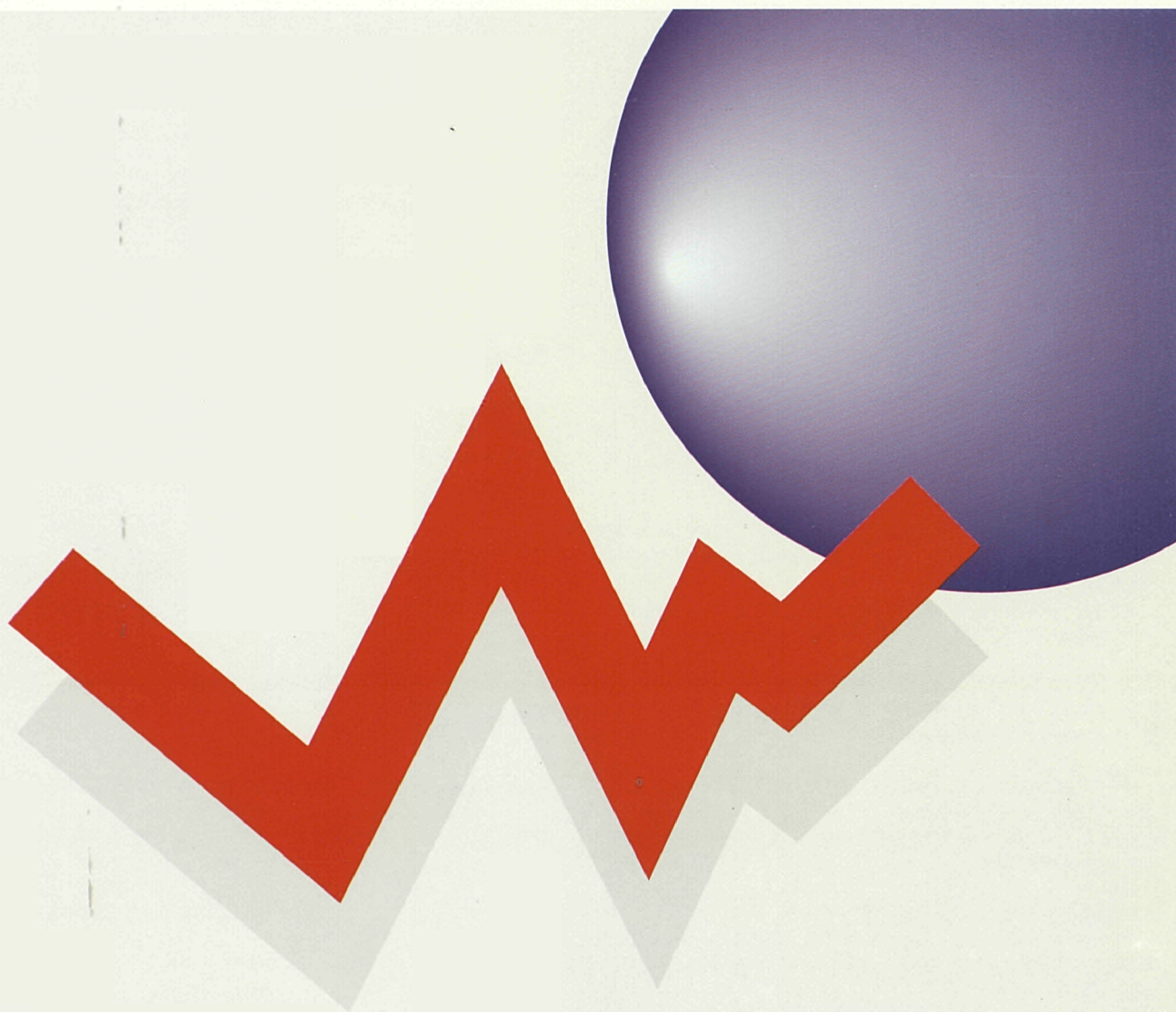
# Panorama of EU industry

Short-term supplement  
Latest information on EU industry

This issue: Focus on small and medium-sized enterprises

bi-monthly

6/1995







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

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European GDP growth was lower than previously expected in the first half of 1995; surveys of consumer confidence also showed a decline during this period. European industrial production followed a similar pattern. In July 1995, the year on year growth rate in EUR15 manufacturing production was 3.7 per cent, a decline of 2.5 percentage points on the January growth rate.

European producer price inflation rose in the first half of 1995, to reach an annual rate of 4.4% in June. The intermediate goods category had the highest inflation rate (6.2 per cent in May), fuelled by higher industrial commodity prices in world markets. In contrast, consumer price inflation declined in most EU countries to reach 3.1 per cent in September 1995.

In this issue, there are special articles on

- ★ the food, drink and tobacco industries
- ★ the timber and wooden furniture industries
- ★ three articles on aspects of small and medium sized enterprises

The food, drink and tobacco industries employed around 2.5 million people in Europe, and accounted for 11.9 per cent of manufacturing value added in 1994. They are typically less affected by the economic cycle than most industries. The sector's production grew by 2.3 per cent in the second quarter of 1995, somewhat below the growth rate of other manufacturing industries.

Wooden furniture accounted for just over half the output of the timber and wooden furniture industries in 1994. The fortunes of the sector are strongly linked to those of the building industry, and so have been adversely affected by its weak performance in recent years. In the second quarter of 1995, the production of the wood products industry in Europe grew by 1.0 per cent, mainly due to a 9.1 per cent rate of growth in Sweden, output being stagnant in most other EU countries.

The articles on small and medium sized enterprises arise from work done by Eurostat with Directorate General XXIII of the Commission to improve the statistical information available on this important part of the economy. The data is drawn from a much larger collection of figures which will be published in the new edition of Enterprises in Europe in the first half of 1996. The first article is on enterprise demography, the second gives a summary of the main figures in the forthcoming Enterprises in Europe, whilst the final article concerns the structure of SMEs during the recession in Europe.

**Photis Nanopoulos, Director**

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

**I**N THIS  
ISSUE:

<b>Contents</b>	<b>5</b>
<b>Macro-economy</b>	<b>7</b>
<b>Total industry</b>	<b>11</b>
<b>Food, drink and tobacco</b>	<b>29</b>
<b>Wood and wood products</b>	<b>45</b>
<b>Small and medium-sized enterprises</b>	<b>61</b>





1. Macro-economy	7
Industrial production	8
Consumer prices	8
Trade balance	8
2. Total industry	11
Index of production	12
Producer price index	16
Capacity utilisation	20
Trade indicators	24
3. Food, drink and tobacco industry	29
3.1 Structural indicators	
Value added and turnover	33
Employment and labour cost	34
External trade	35
3.2 Short term indicators	
Index of production	36
Producer price index	36
Capacity utilisation	40
Trade indicators	41
4. Wood and wood products	45
4.1 Structural indicators	
Value added and turnover	49
Employment and labour cost	50
External trade	51
4.2 Short term indicators	
Index of production	52
Producer price index	52
Capacity utilisation	56
Trade indicators	57
5. Small and medium-sized enterprises study	61
6. Enterprise demography	63
7. Enterprises in Europe in 1992	71
8. SMEs during the recession in Europe	79
Methodological notes	87

#### Issue 6: 1995

#### Food, drink and tobacco Wood and wood products Small and medium-sized enterprises study

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

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

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

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In coming issues:

Chemicals and man made fibres  
Rubber and Plastics  
Investment in European industry





**IN BRIEF....**

- ★ **ESTIMATED EUR 15 ANNUAL INFLATION RATE DECLINED TO 3.1 PER CENT IN THE THIRD QUARTER OF 1995**
- ★ **LOWER THAN EXPECTED ECONOMIC GROWTH AMONG EUROPEAN ECONOMIES IN THE FIRST HALF OF 1995**
- ★ **THE ECONOMY IN THE USA ACHIEVED A "SOFT LANDING": CONTINUED GROWTH AND LOW INFLATION**
- ★ **IMF PUBLISHED REVISED ECONOMIC GROWTH FORECASTS FOR 1996: JAPAN REMAINS IN RECESSION**

Inflation rates have declined in the third quarter of 1995 for most EU countries. Denmark, the Netherlands and Finland are good illustrations of this. All three countries saw their annual changes in the consumer price index decline by about 1 percentage point during the period of January to September 1995. Some countries encountered more mixed experiences. The Italian lira, for instance, lost 15 per cent of its value against the ECU in April, but had regained most of its loss by August. This boosted consumer price inflation via Italian imports some months later. Annual CPI growth increased from 3.9 per cent in January to 5.6 per cent in September. A comparable experience was observed in the United Kingdom, although inflation remained much more subdued at 3.9 per cent in the same month compared to 3.3% in January. For the Union as a whole, the EUR 15 consumer price index increased by 3.1 per cent over the 12 months to September 1995. Inflation reached 3.2 per cent in June and then stayed at 3.1 per cent throughout the third quarter.

Economic growth in the European Union (EUR 15), as measured by the quarterly percentage change in gross domestic product at constant prices, had been positive for eight quarters running into the first quarter of 1995. There were, however, a number of cases where recorded growth in the first half of 1995 did not fulfil earlier forecasts. A report on the first six months of 1995 showed that German GDP was up 2.6 per cent on the same period in 1994. The less than expected growth in former West Germany does not seem to have had major consequences for growth in former East Germany yet. First and second quarter GDP growth was 7.0 and 6.9 per cent respectively in the latter, compared with 2.5 and 1.8 per cent for the former. The implied catching-up process in former East Germany was thus continuing steadily. In the UK, annual GDP growth in the second quarter of 1995 (excluding the sector "oil and gas extraction") amounted to 2.8 per cent on the same quarter in 1994. This represents a considerable slowing down compared to the 3.7 percent of the first quarter, but is still in line with the European Commission forecast of 3.0 per cent for the first six months made in May of 1995. The latest second quarter estimates of GDP in Denmark were less buoyant.

MACRO-  
ECONOMY

**I**N THIS  
SECTION:

<b>Commentary</b>	<b>7</b>
<b>Industrial production</b>	<b>8</b>
<b>Consumer prices</b>	<b>8</b>
<b>Trade balance</b>	<b>8</b>

FIGURE 1.1

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

SOURCE:  eurostat

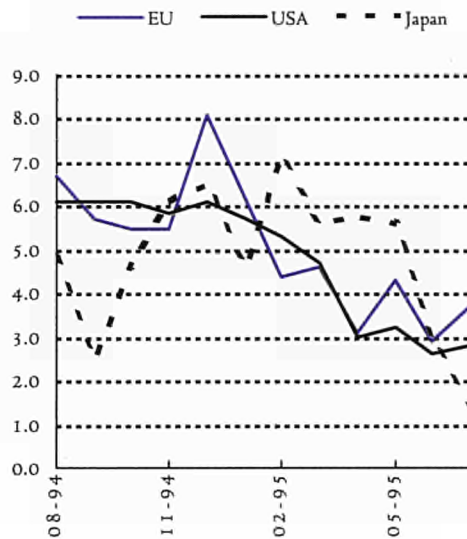


FIGURE 1.2

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

SOURCE:  eurostat

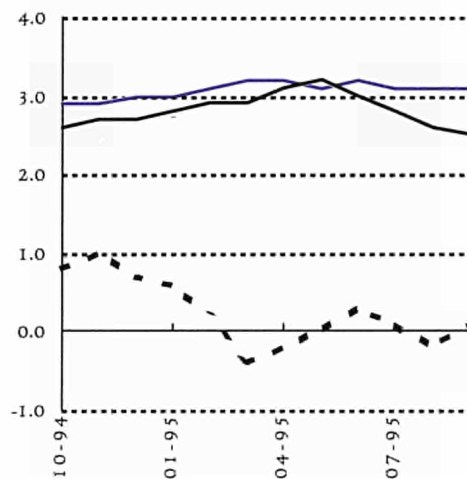
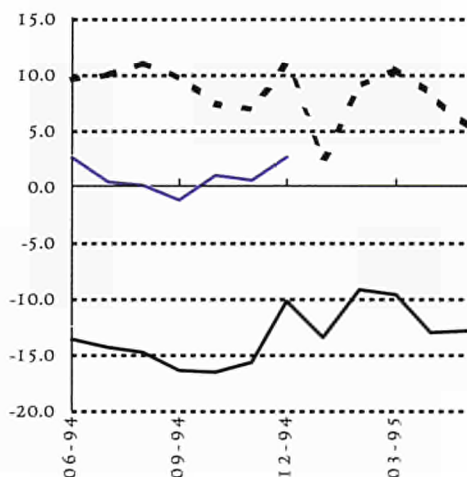


FIGURE 1.3

INTERNATIONAL  
COMPARISON OF  
MONTHLY TRADE  
BALANCE  
(BILLION ECU)

SOURCE:  eurostat



Compared to the first quarter, real GDP declined by 0.5 per cent, although it was still 2.6 per cent higher than in the second quarter of 1994. Sweden and Finland both experienced annual growth rates of over 4 per cent in the first two quarters after strong exports led the recovery in 1994. Both these countries have been through unusually severe recessions at the start of the nineties. A common factor in the lower than expected economic growth among European economies in the first half of 1995 has been the decline in consumer confidence. While corporate profits and expanding industrial investment are steadily taking over as factors behind economic growth, continued high levels of unemployment and job insecurity have made consumers think again before spending large sums. This was especially noticeable for consumer durables. Growth in the output of non-durables was, as usual, lower than for industry as a whole because of the "basic" nature of non-durable goods. Growth in the volume of output of industries producing consumer durables was consistently higher than that for total industry from September 1994 to March of 1995. But since March, the difference has been negative and by August amounted to -1.6 per cent. The eight month production spurt seemed to have gone mostly into restocking, as EUR 15 retail sales increased by only 1 per cent in volume during the first quarter of 1995.

After a temporary slowdown in the growth of economic activity during the summer, industry in the USA seemed to have regained its strength in August 1995. Production volume increased by 1.1 per cent on the month before, bringing the annual rate to 3.2 per cent. Capacity utilisation stood at 84.2 per cent. In September however, production volume dropped again by 0.2 per cent compared to August and capacity utilisation slipped by 0.4 percentage points. Despite moderate economic growth, the merchandise trade deficit widened further to 49 billion dollars in the second quarter of 1995, perhaps due to the initial



effect of the decline in the dollar's value. Over the year to the second quarter of 1995, exports of goods and services (in dollars) increased by 7.5 per cent. During the same period, imports increased by 11.6 per cent. Inflation was keeping to levels well under 3 per cent a year, reinforcing hopes that the Federal Reserve had succeeded in controlling inflation without causing a new recession. Short-term interest rates had reached a high of 6.3 per cent in December, after which they declined to 5.7 per cent in October.

The International Monetary Fund published GDP growth forecasts for 1995 and 1996 in its "World Economic Outlook", released during the second week of October. For 1995, it revised its forecasts for the industrial countries to 2.5 per cent, down half a percentage point on an earlier estimate made in May of this year. A major contributor to this correction was Japan, whose GDP was expected to grow by only 0.5 per cent in 1995. The IMF forecast a return to higher growth rates for Japan in 1996, but there were important assumptions behind this projection. First of all, there was the solution to the banking crisis. Japanese banks have to write off large sums due to bad debts arising from property lending. However the Japanese authorities have promised to act as lender of last resort to protect the creditors of vulnerable banks. The second assumption involved was that of the anticipated effects of the fiscal and monetary stimuli of recent months. The government of Japan introduced a package of supplementary spending, containing, among other things, large sums to support land prices. If land prices rise in response, it would increase the value of banks' collateral and perhaps reduce losses on banks' bad loans. The third assumption may carry a more positive consequence with it. The IMF made its forecasts when the yen was still at a level well under 90 to the American dollar. Since then, it dropped again to around 100 yen to the dollar and restored some of Japan's export competitiveness. A more expensive dollar should also increase import prices and thereby make it pos-

	EUR12	USA	JAPAN
08-94	6.7	6.1	4.8
09-94	5.7	6.1	2.5
10-94	5.5	6.1	4.6
11-94	5.5	5.8	6.1
12-94	8.1	6.1	6.5
01-95	6.2	5.7	4.6
02-95	4.4	5.3	7.1
03-95	4.6	4.7	5.6
04-95	3.1	3.0	5.8
05-95	4.3	3.2	5.6
06-95	2.9	2.6	2.9
07-95	3.7	2.8	1.4

	EUR12	USA	JAPAN
10-94	2.9	2.6	0.8
11-94	2.9	2.7	1.0
12-94	3.0	2.7	0.7
01-95	3.0	2.8	0.6
02-95	3.1	2.9	0.2
03-95	3.2	2.9	-0.4
04-95	3.2	3.1	-0.2
05-95	3.1	3.2	0.0
06-95	3.2	3.0	0.3
07-95	3.1	2.8	0.1
08-95	3.1	2.6	-0.2
09-95	3.1	2.5	0.1

	EUR12	USA	JAPAN
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	1.1	-16.6	7.4
11-94	0.6	-15.8	6.9
12-94	2.7	-10.3	10.7
01-95	N/A	-13.5	2.3
02-95	N/A	-9.3	9.0
03-95	N/A	-9.7	10.5
04-95	N/A	-13.1	8.1
05-95	N/A	-12.9	5.3

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

sible for Japanese producers to raise domestic prices. Thus the deflationary pressure that has kept the economy from reaching higher growth rates since the start of the recession in 1991 could be removed.



**IN BRIEF....**

- ★ **GROWTH OF EUR 15 PRODUCTION VOLUME DECLINED TO AN ANNUAL RATE OF 3.7 PER CENT IN JULY**
- ★ **PRODUCER PRICE INFLATION INCREASED FURTHER UNDER PRESSURE FROM WORLD MARKETS**
- ★ **INDUSTRIAL CONFIDENCE REMAINED OPTIMISTIC DESPITE A DROP IN ORDERS FOR EXPORTS**
- ★ **INVESTMENT IN MANUFACTURING EXPECTED TO RISE BY 13 PER CENT IN 1995**

**E**UR 15 manufacturing and total industry year-on-year output growth continued to decline in the months to July 1995. In December of 1994 and January 1995, the latter reached levels of 8.1 and 6.2 per cent respectively. By July 1995, annual growth for both had dropped by a further 2.5 per cent. Producer price inflation retained its rising trend. Producer prices in manufacturing were 4.4 per cent higher in both May and June 1995 than in the same months in 1994. Intermediate goods still displayed the highest levels of inflation, with an annual rate of 6.2 per cent in May 1995. The increase in the prices of intermediate goods was fuelled by high levels of industrial commodity prices on world markets.

The industrial confidence indicator for EUR-12 dropped slightly in June to +1, from +2 the month before. This indicator, calculated by the Directorate-General for Economic and Financial Affairs from its monthly business survey results, reports the balance between positive and negative answers given by the management of the enterprises surveyed. The drop was mainly due to a deterioration in order books for exports. The balance between positive and negative responses in the survey on exports dropped from +3 in May to 0 in June. In combination with a somewhat stronger but still negative consumer confidence, production expectations dropped to a less buoyant level than observed at the start of the year. They were still relatively optimistic though - the positive responses in the business survey outnumbered the negative by 11 percentage points.

The positive outlook of managers in industry was having its effects on industrial investment. The expectations of industrial managers, recorded during the March/April of 1995 survey, pointed towards a 13 per cent increase for 1995. This represents an increase of 4 percentage points over the previous estimate, calculated from the results of the October/November 1994 survey. Two reasons were put forward for the expected rise in investment: falling long-term interest rates and continuously high levels of capacity utilisation. EUR-12 capacity utilisation remained high at 83.7 per cent in the third quarter of 1995, down only 0.3 percentage points compared to the second quarter.

TOTAL  
INDUSTRY

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SECTION:

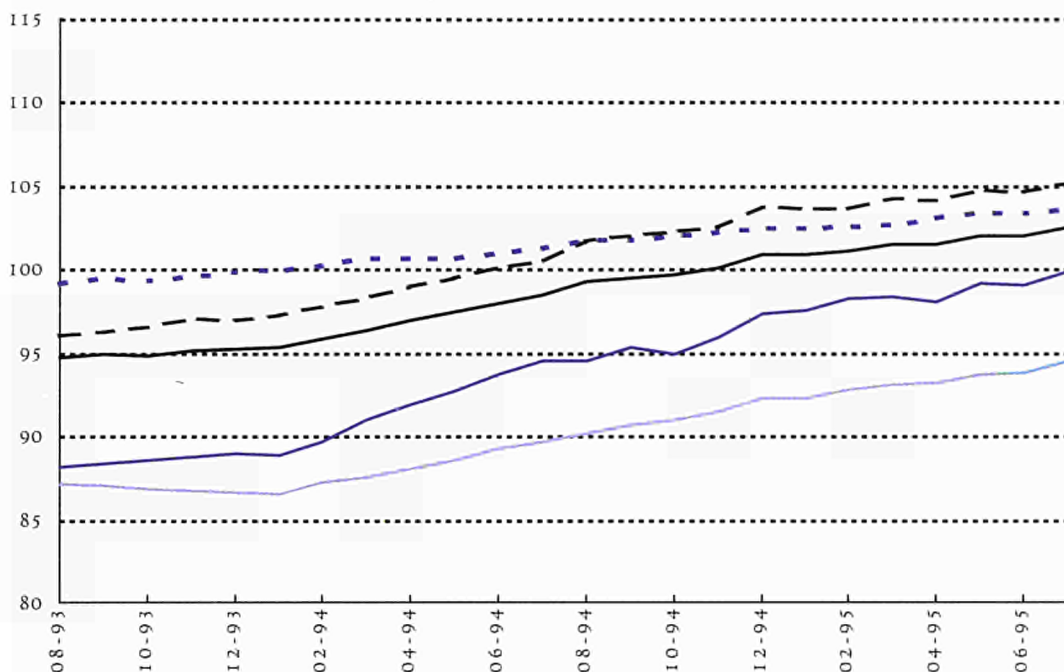
<b>Index of production</b>	<b>12</b>
<b>Producer prices</b>	<b>16</b>
<b>Capacity utilisation</b>	<b>20</b>
<b>Trade indicators</b>	<b>24</b>



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

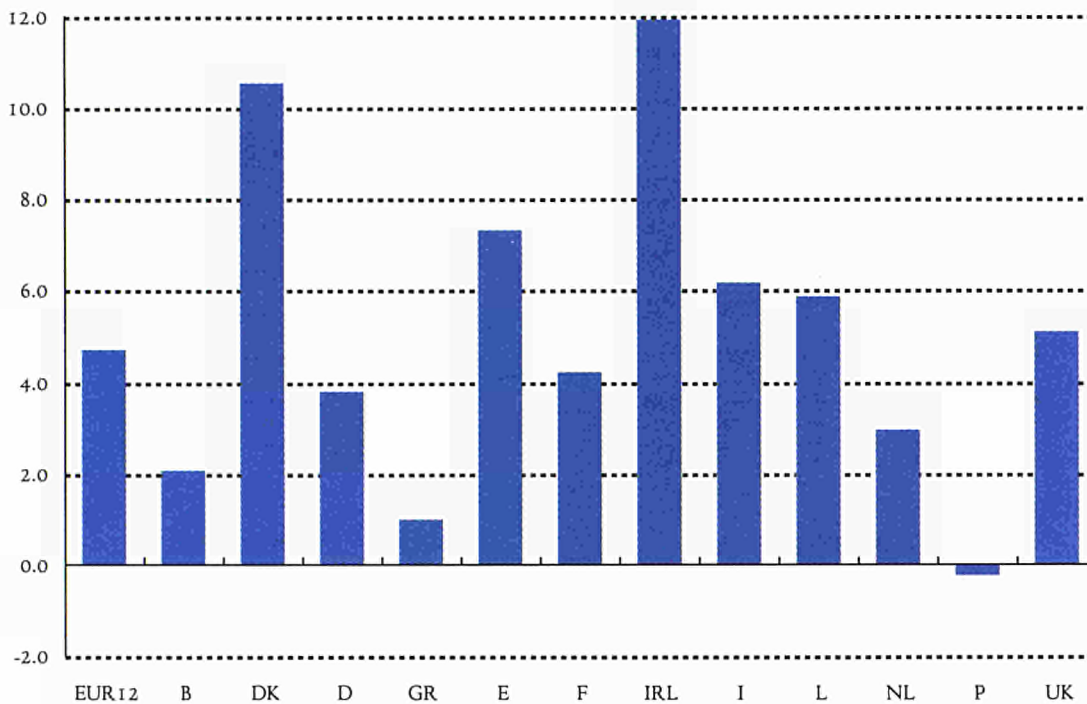
QUARTERLY  
PRODUCTION  
INDEXES  
(1990=100)

	Latest quarter available	Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
<b>EUR12</b>	05-95 ⇔ 07-95	102.5	105.1	94.4	99.8	103.6
Growth rate, t/t-4 (%)		4.3	4.6	5.2	5.6	2.2
<b>B</b>	11-94 ⇔ 01-95	94.6	94.4	93.3	97.4	95.6
Growth rate, t/t-4 (%)		3.1	2.6	0.0	-0.4	-3.0
<b>DK</b>	06-95 ⇔ 08-95	114.9	113.6	117.5	111.0	115.4
Growth rate, t/t-4 (%)		6.0	4.6	11.8	3.1	1.0
<b>D</b>	05-95 ⇔ 07-95	96.1	100.0	89.7	92.4	98.2
Growth rate, t/t-4 (%)		3.4	4.9	3.4	1.3	0.7
<b>GR</b>	05-95 ⇔ 07-95	97.7	93.5	103.3	85.9	103.9
Growth rate, t/t-4 (%)		1.3	-0.3	8.9	0.4	2.0
<b>E</b>	05-95 ⇔ 07-95	103.5	104.1	97.5	106.3	98.0
Growth rate, t/t-4 (%)		7.9	6.3	17.2	12.9	-0.8
<b>F</b>	06-95 ⇔ 08-95	104.4	107.9	91.2	102.1	105.1
Growth rate, t/t-4 (%)		4.1	4.9	3.6	6.6	2.9
<b>IRL</b>	04-95 ⇔ 06-95	148.2	157.4	160.0	N/A	134.8
Growth rate, t/t-4 (%)		16.1	13.3	22.8	N/A	13.2
<b>I</b>	06-95 ⇔ 08-95	110.7	110.3	110.0	118.5	111.1
Growth rate, t/t-4 (%)		7.1	6.8	18.3	19.3	3.5
<b>L</b>	04-95 ⇔ 06-95	103.4	103.6	92.8	78.5	110.2
Growth rate, t/t-4 (%)		2.9	2.2	8.5	15.0	8.6
<b>NL</b>	04-95 ⇔ 06-95	104.7	108.0	101.6	98.2	102.7
Growth rate, t/t-4 (%)		2.3	4.3	4.3	-1.4	1.5
<b>P</b>	04-95 ⇔ 06-95	96.9	98.9	86.2	89.9	88.6
Growth rate, t/t-4 (%)		2.9	4.3	4.6	1.0	0.1
<b>UK</b>	06-95 ⇔ 08-95	105.1	108.8	96.3	100.7	104.2
Growth rate, t/t-4 (%)		2.5	1.1	1.6	3.9	3.1

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)

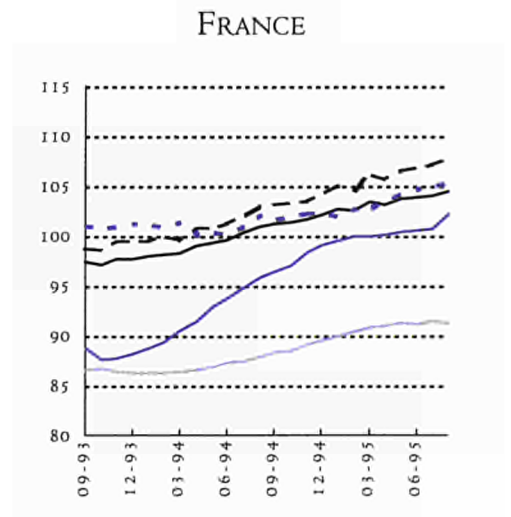
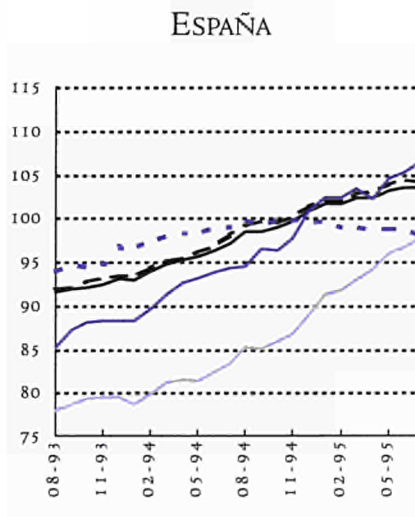
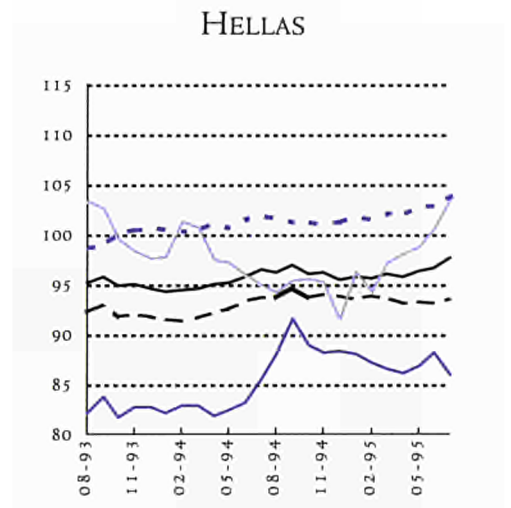
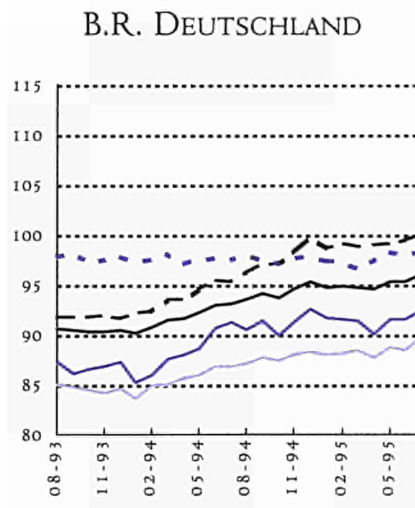
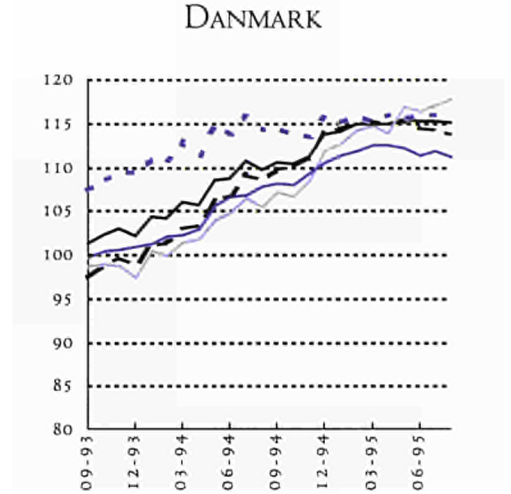
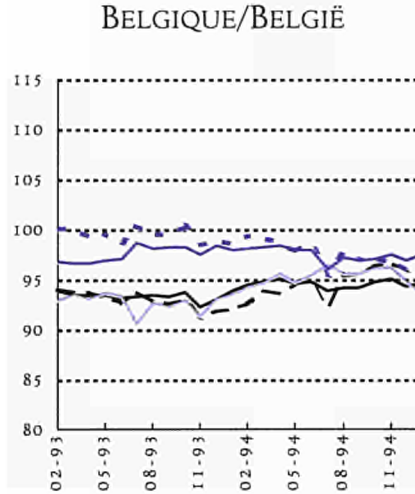
	Latest year available	Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR12	1994	99.5	101.9	90.7	95.3	101.9
Growth rate, t/t-1 (%)		4.7	5.8	3.5	7.3	2.3
B	1994	94.9	95.6	95.8	97.1	97.0
Growth rate, t/t-1 (%)		2.1	3.5	3.6	-0.5	-2.0
DK	1994	111.1	110.2	108.0	108.1	114.5
Growth rate, t/t-1 (%)		10.5	14.0	11.8	10.3	6.7
D	1994	93.9	97.3	87.3	90.6	97.6
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	96.8	99.4
Growth rate, t/t-1 (%)		7.3	7.3	7.6	11.0	4.9
F	1994	99.9	102.5	87.0	96.6	101.5
Growth rate, t/t-1 (%)		4.2	4.1	1.7	7.7	0.4
IRL	1994	133.3	144.1	138.1	N/A	122.6
Growth rate, t/t-1 (%)		11.9	14.5	17.1	N/A	6.2
I	1994	101.7	103.1	92.4	100.6	107.5
Growth rate, t/t-1 (%)		6.2	6.3	5.0	12.9	5.0
L	1994	100.8	103.5	87.5	74.6	103.2
Growth rate, t/t-1 (%)		5.8	7.6	4.0	-2.3	2.5
NL	1994	102.5	104.3	99.0	99.4	102.2
Growth rate, t/t-1 (%)		2.9	3.2	4.0	-0.9	2.4
P	1994	95.0	96.5	84.3	89.3	88.5
Growth rate, t/t-1 (%)		-0.2	3.4	0.1	-3.1	-5.0
UK	1994	103.4	107.7	96.2	97.6	101.5
Growth rate, t/t-1 (%)		5.1	5.8	4.6	7.7	3.0

(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)

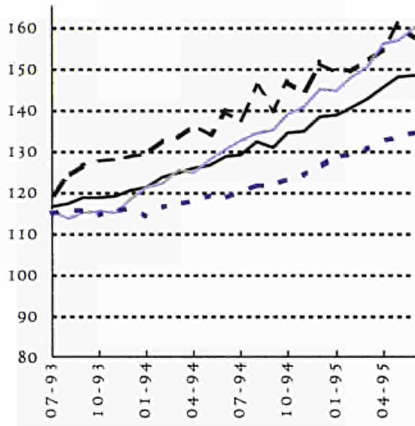


- Total industry
- - Intermediate goods
- Capital goods
- Consumer durables
- · · Consumer non-durables

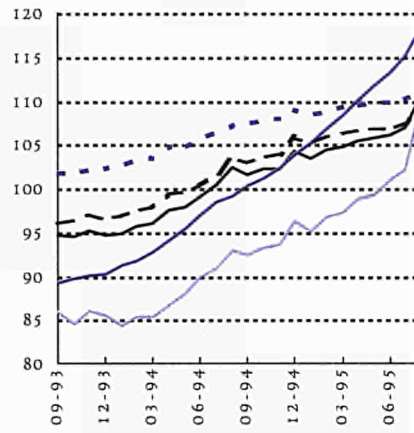
SOURCE: eurostat



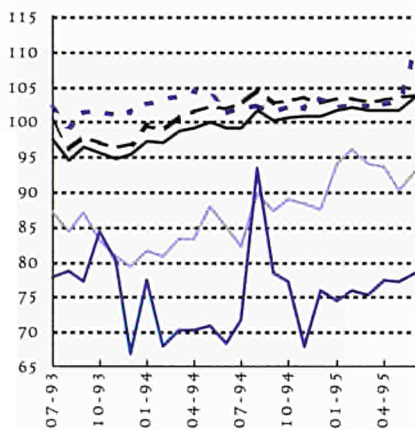
IRELAND



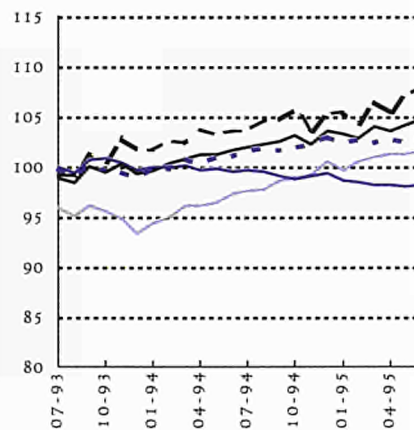
ITALIA



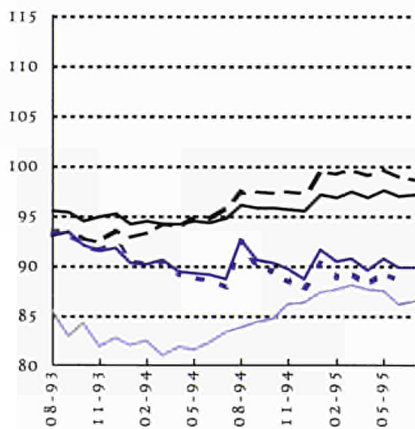
LUXEMBOURG



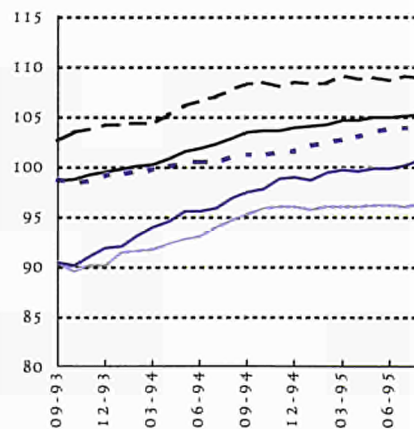
NEDERLAND



PORTUGAL



UNITED KINGDOM



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

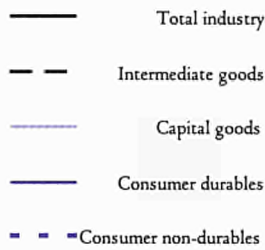
FIGURE 2.3

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

SOURCE:  eurostat

**FIGURE 2.4**

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



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
EUR 12	03-95 ⇔ 05-95	110.4	110.3	108.4	112.8	113.5
Growth rate, t/t-4 (%)		3.4	6.4	1.4	1.9	2.9
B	05-95 ⇔ 07-95	101.2	96.8	108.1	108.8	105.1
Growth rate, t/t-4 (%)		2.0	2.7	1.0	0.4	1.1
DK	06-95 ⇔ 08-95	103.1	101.5	107.4	108.8	102.6
Growth rate, t/t-4 (%)		3.8	4.2	2.5	1.9	4.0
D	07-95 ⇔ 09-95	106.4	104.1	110.0	109.7	107.8
Growth rate, t/t-4 (%)		1.8	2.2	1.4	0.8	1.3
GR	06-95 ⇔ 08-95	169.0	165.9	169.9	159.0	173.9
Growth rate, t/t-4 (%)		8.9	10.2	7.0	6.5	7.7
E	06-95 ⇔ 08-95	116.3	114.1	113.4	118.4	120.4
Growth rate, t/t-4 (%)		6.6	8.8	4.1	4.8	4.8
F	04-95 ⇔ 06-95	102.5	102.4	97.6	N/A	100.9
Growth rate, t/t-4 (%)		1.6	4.8	-1.0	N/A	0.0
IRL	12-94 ⇔ 02-95	108.8	96.3	N/A	N/A	109.1
Growth rate, t/t-4 (%)		2.4	-0.7	N/A	N/A	1.6
I	05-95 ⇔ 07-95	121.1	123.7	115.5	117.0	117.9
Growth rate, t/t-4 (%)		7.9	11.3	4.8	4.0	5.9
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	06-95 ⇔ 08-95	103.7	102.4	105.8	104.8	104.5
Growth rate, t/t-4 (%)		3.0	3.4	1.9	0.9	1.4
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	115.2	113.1	122.9
Growth rate, t/t-4 (%)		3.5	5.5	2.6	1.0	3.5

SOURCE: eurostat

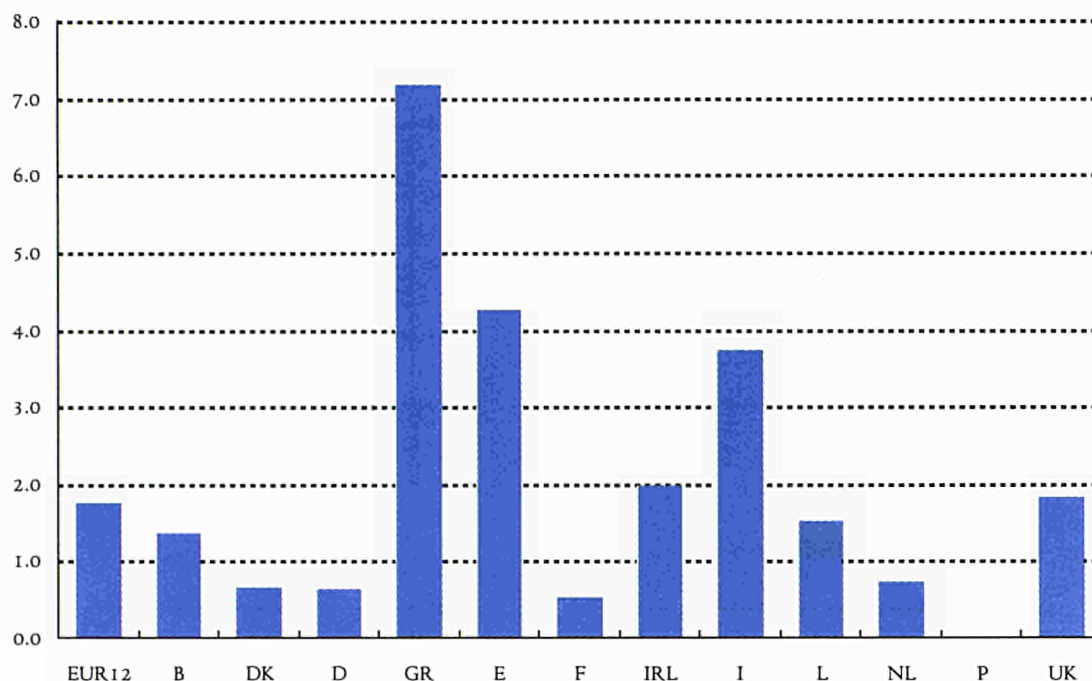


FIGURE 2.5

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
EUR 12	1994	107.6	105.1	107.2	111.3	111.2
Growth rate, t/t-1 (%)		1.8	2.0	0.6	1.7	2.3
B	1994	99.5	94.5	107.1	108.4	104.4
Growth rate, t/t-1 (%)		1.4	1.1	0.9	0.7	2.1
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	108.8	106.5
Growth rate, t/t-1 (%)		0.6	0.8	0.4	0.6	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	113.6	115.5
Growth rate, t/t-1 (%)		4.3	4.8	1.8	3.9	4.8
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	0.4
IRL	1994	107.6	95.1	N/A	N/A	108.5
Growth rate, t/t-1 (%)		2.0	-3.7	N/A	N/A	2.0
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	103.9	103.2
Growth rate, t/t-1 (%)		0.7	0.7	0.0	0.2	0.9
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	107.2	112.9	112.4	119.8
Growth rate, t/t-1 (%)		1.8	1.4	2.1	1.2	2.7

TABLE 2.4

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

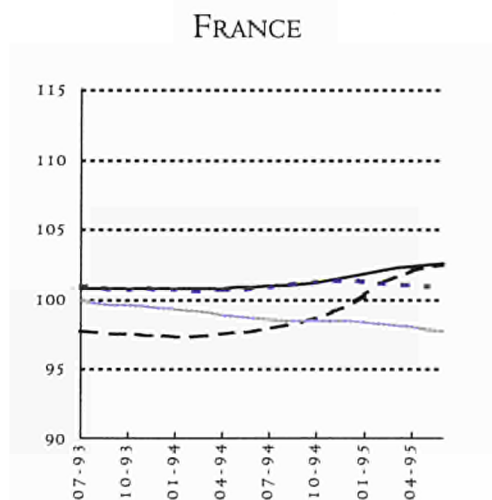
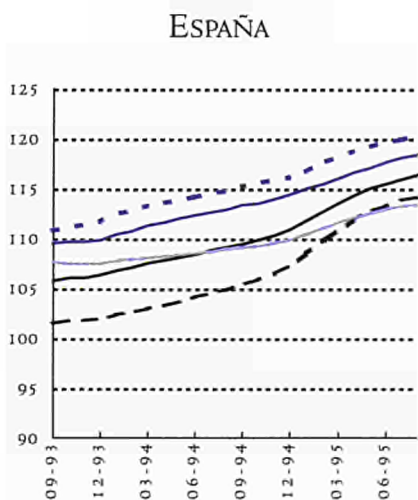
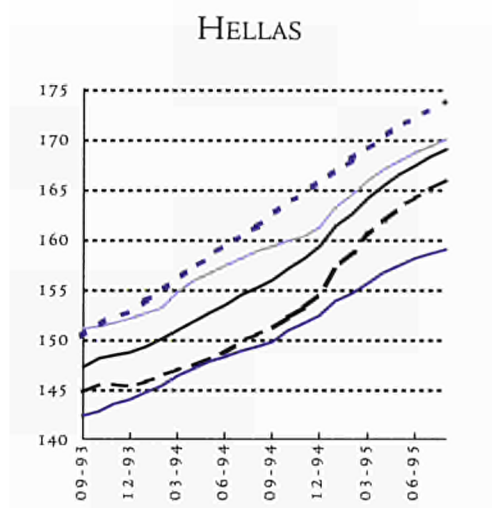
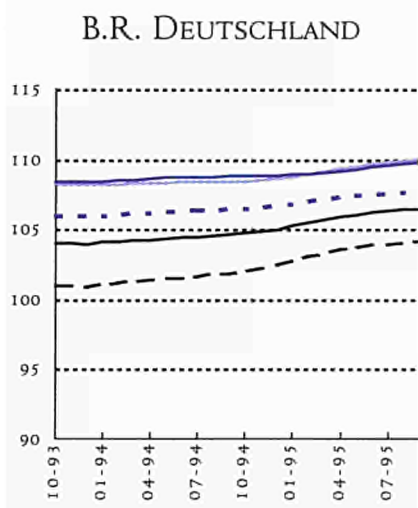
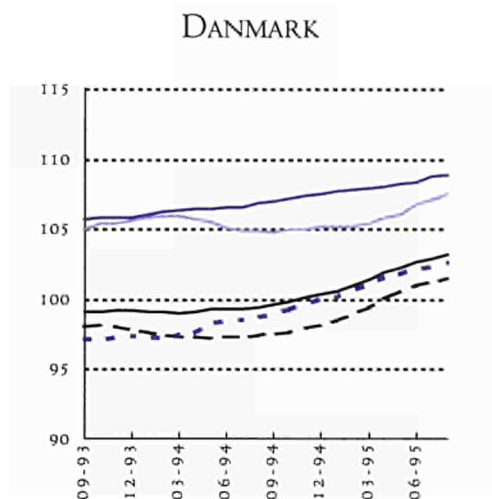
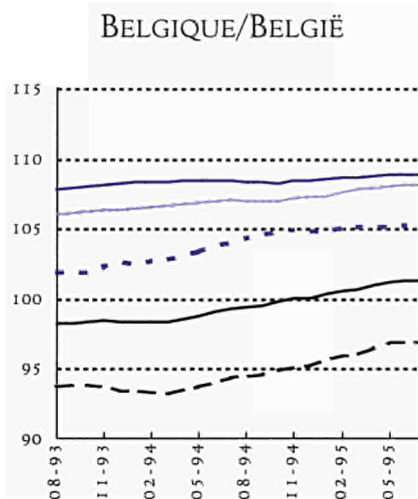
(1) Annual growth rates are based on the latest annual data. Only when data to October is available will an annual estimate for the year be made.

SOURCE: eurostat



**FIGURE 2.6**

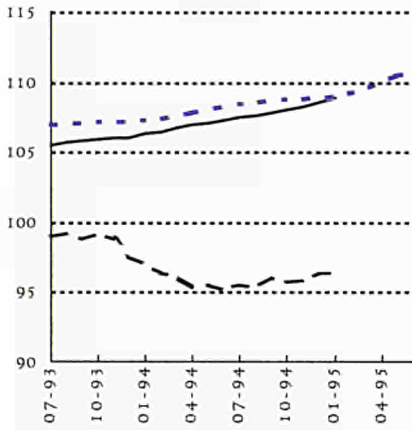
EVOLUTION OF  
PRODUCER PRICE  
INDEX BY  
GOODS SECTOR  
(1990=100)



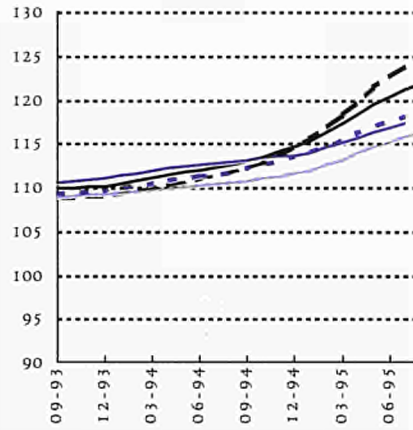
- Total industry
- - Intermediate goods
- Capital goods
- Consumer durables
- - Consumer non-durables

SOURCE:  eurostat

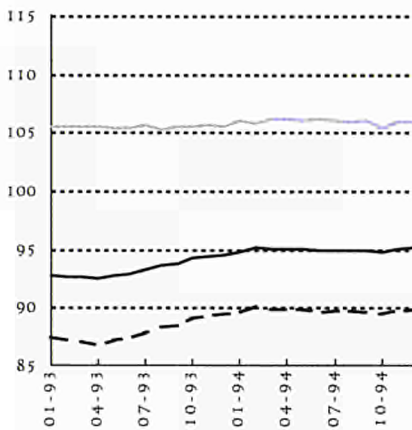
IRELAND



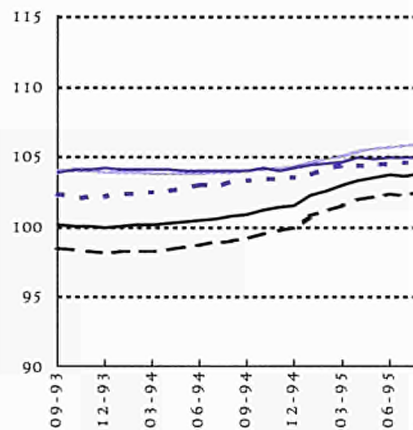
ITALIA



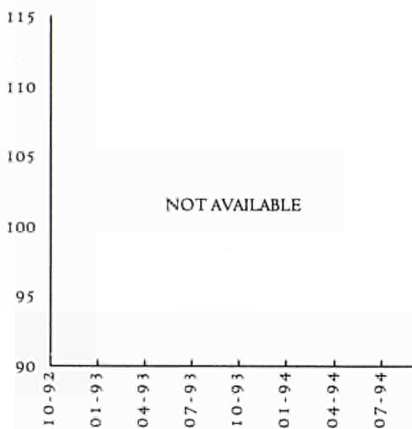
LUXEMBOURG



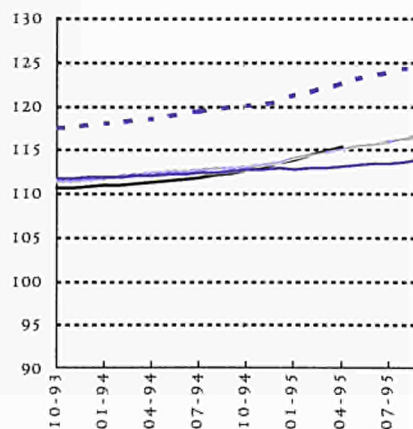
NEDERLAND



PORTUGAL



UNITED KINGDOM



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

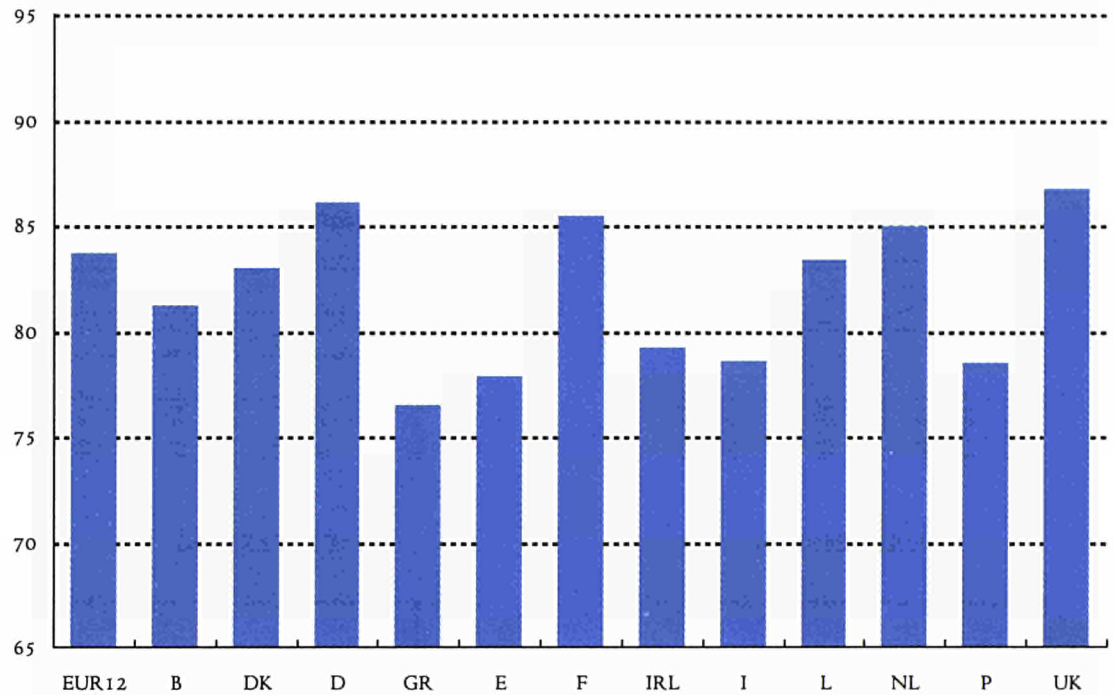
FIGURE 2.6

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

SOURCE:  eurostat

**FIGURE 2.7**

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



SOURCE: DG II -  
BUSINESS SURVEY

**TABLE 2.5**

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

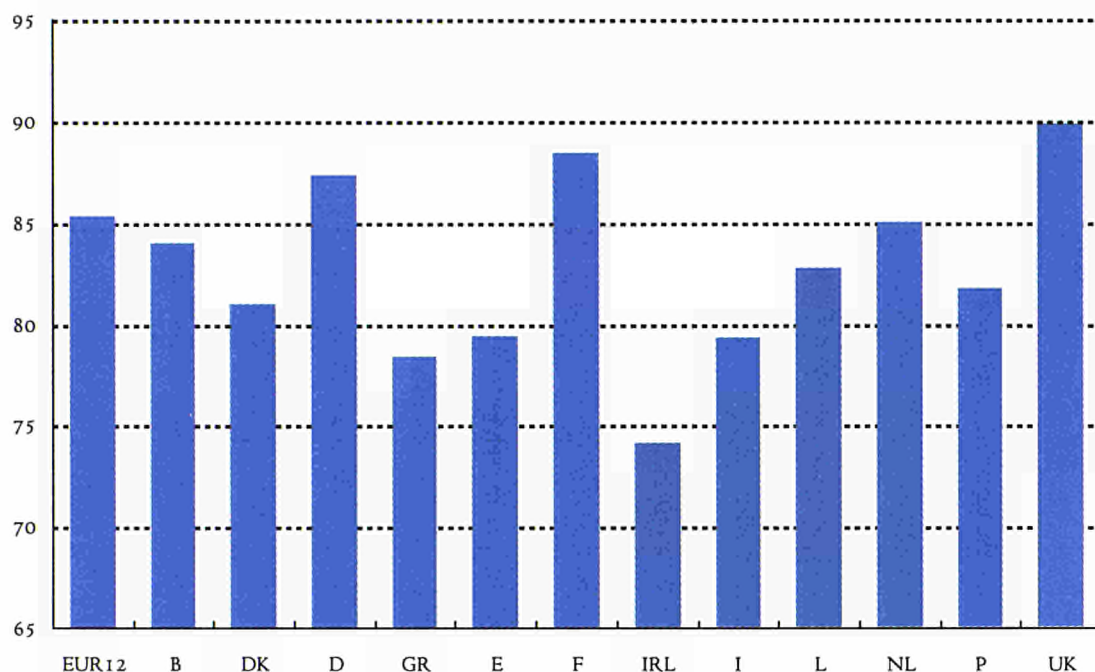
	Annual growth rate: latest quarter, t/t-4	Fourth quarter 1994	First quarter 1995	Second quarter 1995	Third quarter 1995
EUR12	3.5	81.8	82.9	84.0	83.7
B	3.7	79.3	79.7	81.3	81.2
DK	0.0	84.0	83.0	82.0	83.0
D	4.4	83.6	84.1	85.1	86.1
GR	3.2	76.8	75.7	75.2	76.5
E	4.4	75.6	78.3	78.6	77.9
F	1.2	84.6	85.6	85.7	85.5
IRL	6.3	74.6	77.2	80.9	79.2
I	3.4	75.8	77.6	78.2	78.6
L	0.8	81.8	82.5	83.2	83.4
NL	2.4	84.0	83.0	84.0	85.0
P	3.2	77.1	78.1	78.3	78.5
UK	3.0	85.6	86.8	90.2	86.8

SOURCE: DG II -  
BUSINESS SURVEY



FIGURE 2.8

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



SOURCE: DG II -  
BUSINESS SURVEY

TABLE 2.6

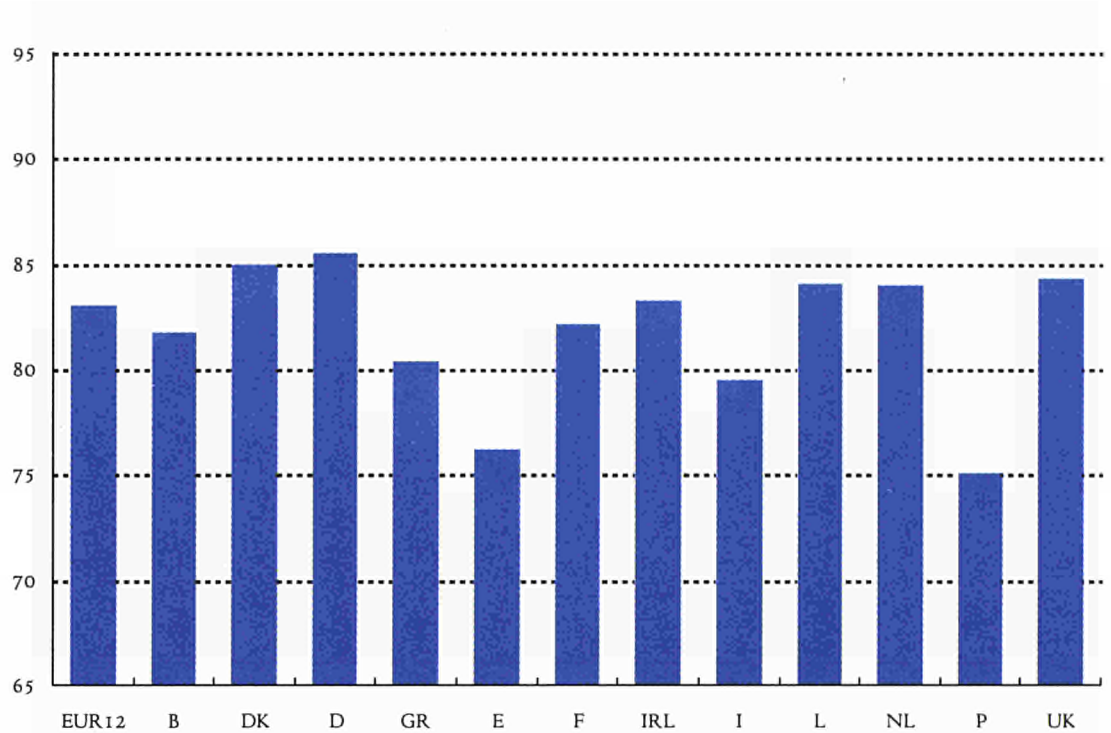
INTERMEDIATE  
GOODS: CAPACITY  
UTILISATION  
RATES BY  
MEMBER STATE  
(%)

	Annual growth rate: latest quarter, t/t-4	Fourth quarter 1994	First quarter 1995	Second quarter 1995	Third quarter 1995
EUR12	2.9	83.3	84.8	86.0	85.3
B	4.3	81.9	81.5	85.3	84.0
DK	-1.2	84.0	82.0	81.0	81.0
D	3.9	85.1	85.4	86.6	87.3
GR	3.3	77.8	77.2	78.2	78.4
E	8.2	73.9	80.1	81.6	79.4
F	0.1	88.3	87.4	87.8	88.4
IRL	0.7	70.9	80.3	83.8	74.1
I	2.9	76.2	79.2	79.6	79.3
L	1.3	80.9	81.2	82.0	82.7
NL	2.4	84.0	84.0	85.0	85.0
P	3.3	80.6	82.3	82.2	81.7
UK	1.5	87.7	91.0	93.1	89.8

SOURCE: DG II -  
BUSINESS SURVEY

**FIGURE 2.9**

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



SOURCE: DG II -  
BUSINESS SURVEY

**TABLE 2.7**

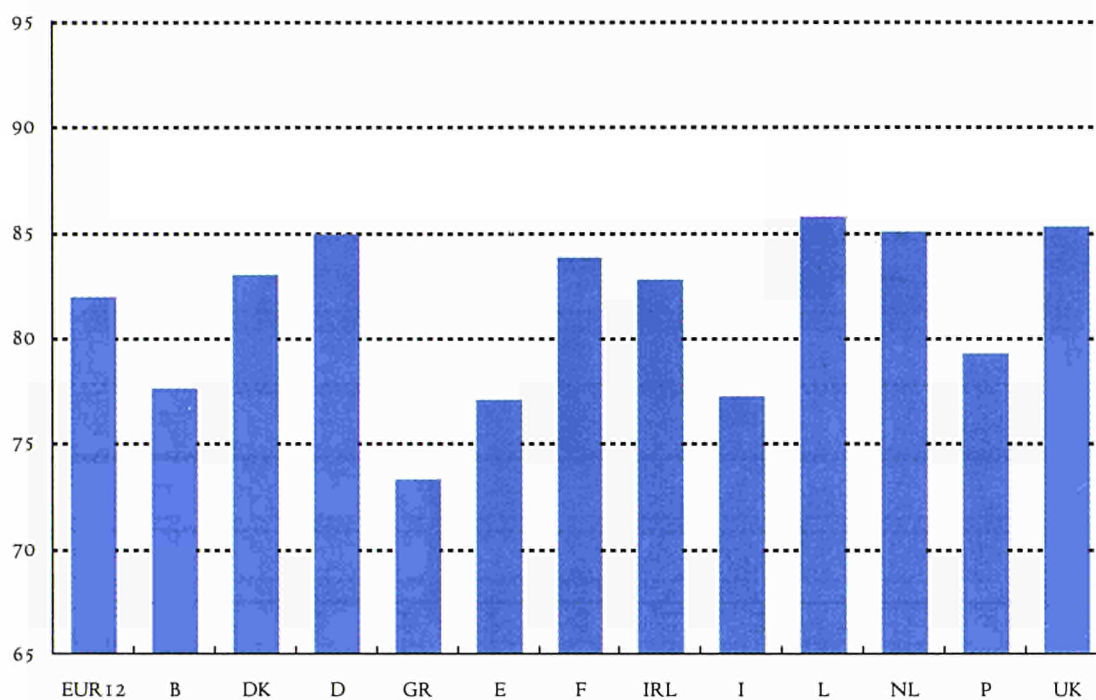
CAPITAL GOODS:  
CAPACITY  
UTILISATION  
RATES BY  
MEMBER STATE  
(%)

	Annual growth rate: latest quarter, t/t-4	Fourth quarter 1994	First quarter 1995	Second quarter 1995	Third quarter 1995
EUR12	4.2	79.2	81.2	82.5	83.0
B	5.8	79.5	79.2	80.0	81.8
DK	3.7	84.0	85.0	85.0	85.0
D	7.7	80.6	81.2	82.6	85.5
GR	10.9	67.8	75.2	79.0	80.4
E	0.3	75.6	76.3	77.9	76.2
F	-0.5	81.5	87.6	85.4	82.2
IRL	5.4	81.9	76.8	85.4	83.3
I	3.8	73.8	76.1	77.7	79.5
L	-3.1	81.6	82.8	84.7	84.1
NL	5.0	82.0	82.0	82.0	84.0
P	1.1	76.3	74.3	74.0	75.1
UK	4.1	79.7	81.4	85.6	84.3

SOURCE: DG II -  
BUSINESS SURVEY

FIGURE 2.10

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



SOURCE: DG II -  
BUSINESS SURVEY

	Annual growth rate: latest quarter, t/t-4	Fourth quarter 1994	First quarter 1995	Second quarter 1995	Third quarter 1995
EUR12	1.6	82.5	81.9	82.5	81.9
B	0.6	75.2	78.1	78.0	77.6
DK	0.0	81.0	83.0	82.0	83.0
D	2.2	84.8	85.9	86.4	84.9
GR	-2.8	78.3	73.5	70.9	73.3
E	4.6	76.5	77.4	75.8	77.0
F	1.1	84.6	82.7	83.3	83.8
IRL	16.2	75.0	79.8	75.4	82.7
I	3.6	76.2	76.3	76.5	77.2
L	1.2	85.5	87.1	86.8	85.7
NL	1.2	86.0	84.0	84.0	85.0
P	-0.3	78.8	80.7	79.1	79.2
UK	1.1	89.8	86.4	89.8	85.2

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

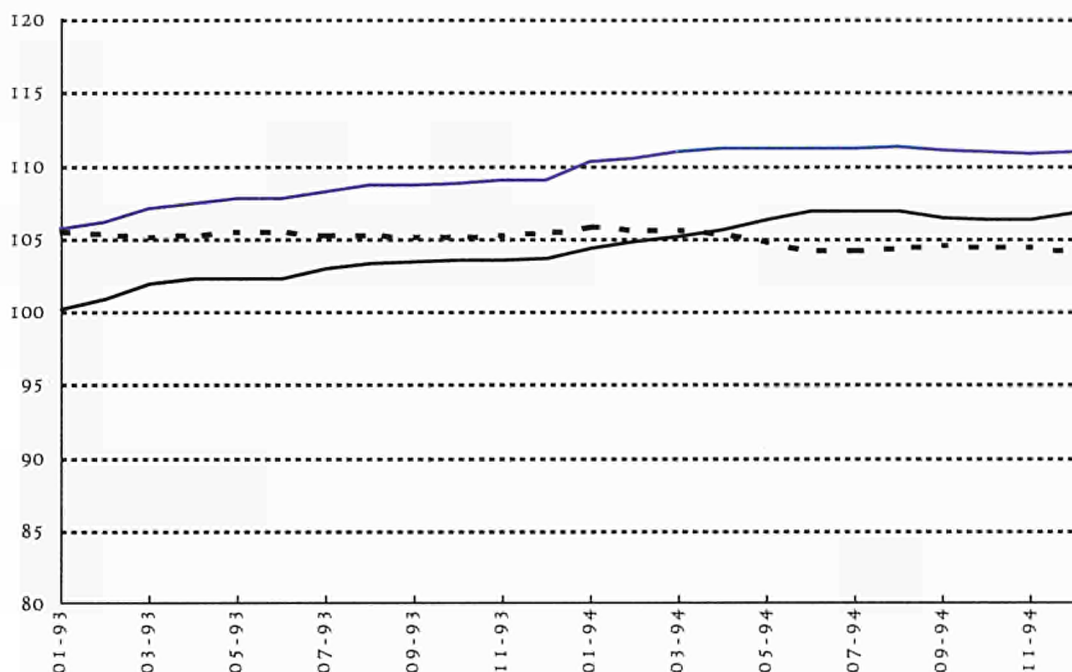


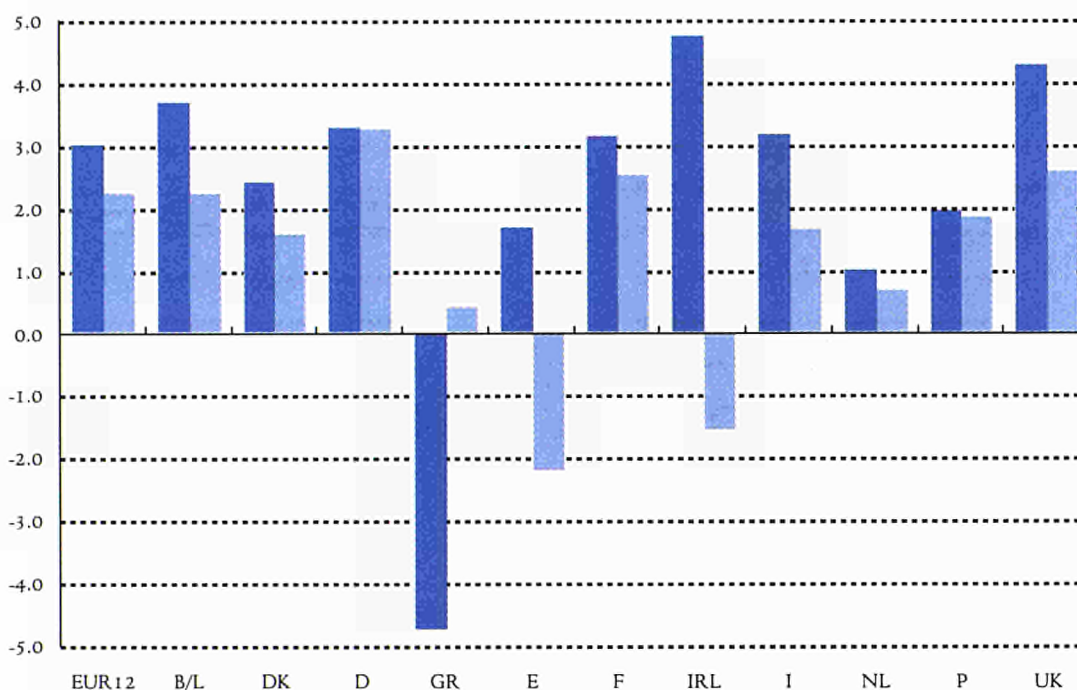
TABLE 2.9

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 2.12



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

■ Export value  
■ Import value

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

SOURCE: eurostat

	Latest year available	Exports		Imports		Terms of trade index
		Value	Volume	Value	Volume	
EUR 12	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

TABLE 2.10

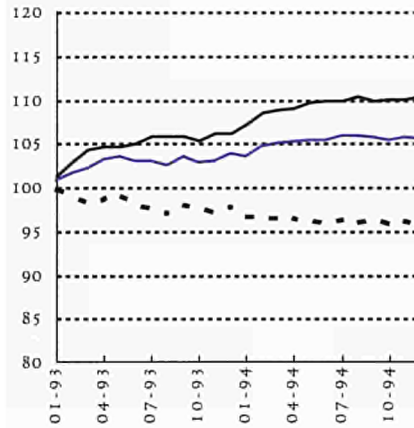
ANNUAL  
EXTRA-EU  
TRADE INDEXES  
(1990=100)

SOURCE: eurostat

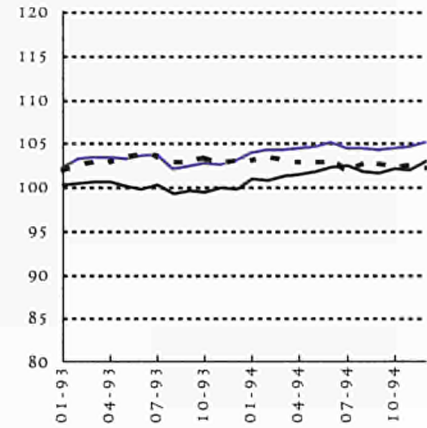
**FIGURE 2.13**

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

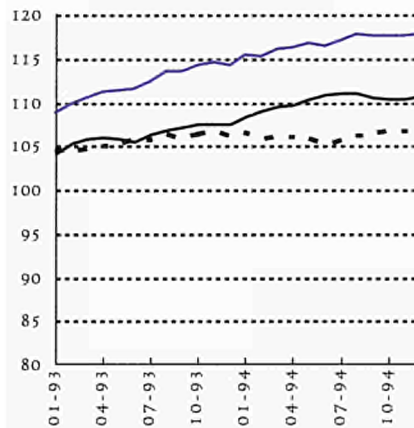
BELGIQUE/BELGIË, LUXEMBOURG



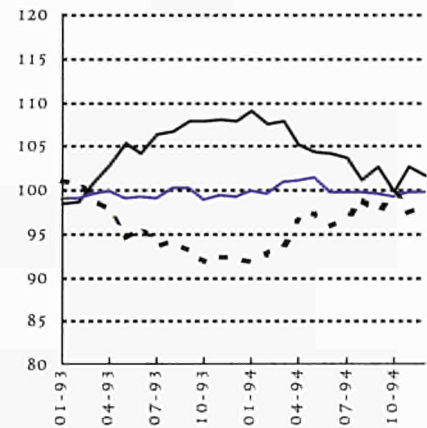
DANMARK



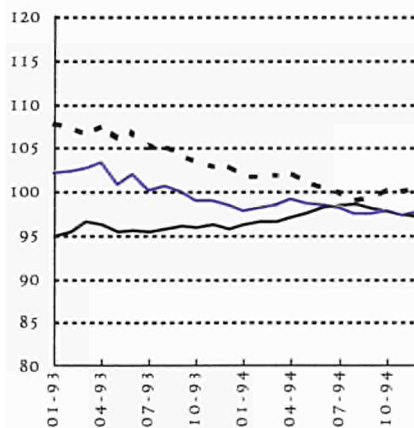
B.R. DEUTSCHLAND



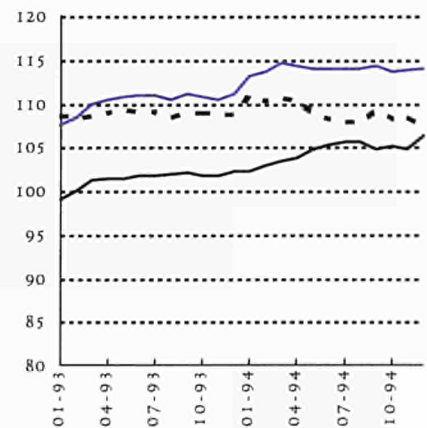
HELLAS



ESPAÑA



FRANCE



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

SOURCE:  eurostat



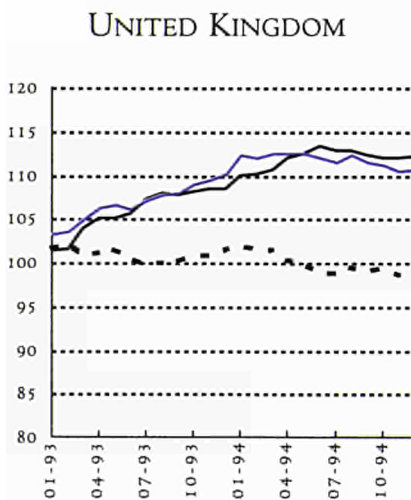
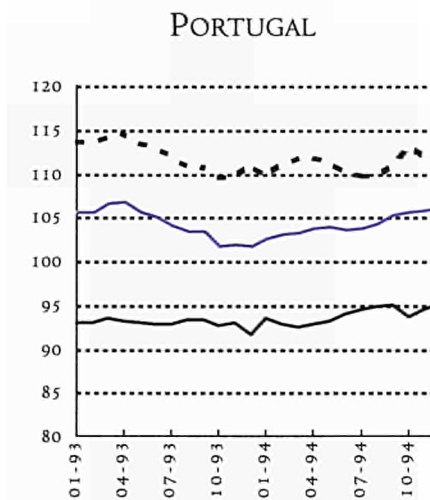
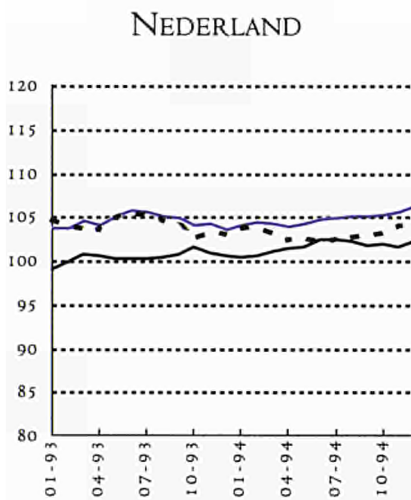
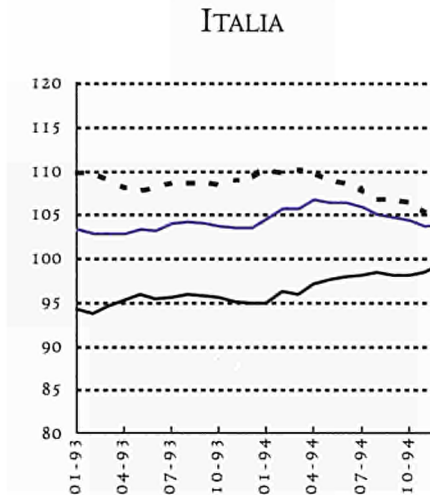
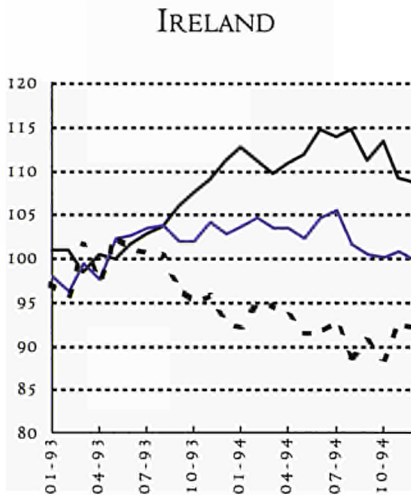


FIGURE 2.13

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

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

SOURCE:  eurostat



**IN BRIEF....**

- ★ TOTAL EXTRA-EU TRADE FLOWS INCREASED BY 9.7% IN 1994
- ★ EU PRODUCTION (EUR 15) WAS UP BY 2.3% IN THE SECOND QUARTER OF 1995
- ★ PRODUCTION IN GREECE WAS UP BY 5.8% IN THE SECOND QUARTER OF 1995
- ★ PRODUCER PRICES IN THE EU (EUR 15) INCREASED BY 2.1% IN THE FIRST QUARTER OF 1995
- ★ CAPACITY UTILISATION IN THE SECTOR WAS 80.4% IN THE THIRD QUARTER OF 1995
- ★ IN TERMS OF PRODUCTION AT CONSTANT PRICES, THE INDUSTRY IN THE EU SUFFERED LESS FROM THE RECESSION OF THE 1990S THAN IN THE UNITED STATES OR JAPAN

The food, drink and tobacco industry comprises sectors as diverse as the manufacture of oils and fats, the preserving of foodstuffs, the manufacture of spaghetti, macaroni, etc., sugar manufacturing and refining, distilling of ethyl alcohol, the manufacture of wine, brewing and malting, the manufacture of soft drinks and aerated waters, and the tobacco industry.

The structure of the subsectors of the food, drink and tobacco industry is relatively well balanced, with bread and flour confectionery accounting for the most jobs (19.4% of total employment in the sector), and slaughtering and the preparing and preserving of meat for the largest proportion of production and value added (17% of total production and 12% of total value added in the sector).

In 1994, the leading Member States in this sector were Germany, France, the United Kingdom, Italy, Spain and the Netherlands, accounting together for almost 87.8% of Community production, almost 88.7% of value added and over 86.9% of employment. The food, drink and tobacco industry represented 11.9% of the total value added generated by manufacturing industry in Europe in 1994.

The highest growth rate in the Member States in the production of food, drink and tobacco was in Greece with 5.8% in the second quarter of 1995. In Austria accession led to a restructuring of the sector, with two consecutive drops in production of over 11% in the first two quarters of 1995 compared with the same quarters in the previous year.

The highest annual growth rates in 1994 were in Denmark and Ireland with 6.3% and 5.8% respectively. The figure for the EU (EUR 15) was 2.0%. Production in Sweden, Portugal and Austria in 1994 was down by 4.9%, 3.4% and 0.4% down respectively.

FOOD, DRINK  
AND TOBACCO

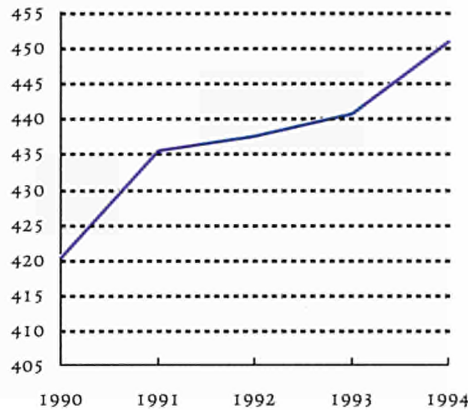
**I**N THIS  
SECTION:

Commentary	29
Structural indicators	33
Short-term indicators	36



**FIGURE 3.1.1**

EVOLUTION OF EU  
PRODUCTION IN  
CONSTANT PRICES  
(BILLION ECU)

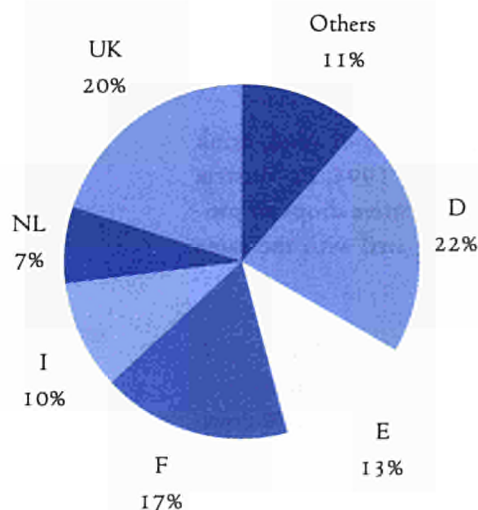


SOURCE: DEBA GEIE

The highest figure for capacity utilisation in the third quarter of 1995 was recorded in France, with 87.0%. Ireland and the United Kingdom followed with 86.9% and 86.4% respectively. Capacity utilisation in the United Kingdom, however, was down from the record 94.4% in the previous quarter. Overall, capacity utilisation in the food, drink and tobacco sector in Europe was also up by 2.4% in the third quarter of 1995 compared with the same quarter in 1994.

**FIGURE 3.1.2**

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



SOURCE: DEBA GEIE

In spite of the increase in capacity utilisation, producer prices increased only slightly - by 2.1% in the first quarter of 1995 for EUR 15 compared with the same quarter in the previous year. The largest price increase was in Greece with 7.5% in the second quarter of 1995 compared with the same quarter in the previous year. The accession of Finland, one of the consequences of which was the application of CAP price measures, enabled that country to bring about a drastic reduction in producer prices of 7.2% in the first quarter of 1995 and 10.1% in the second quarter of 1995 compared with the same quarters in the previous year. Prices in Austria and Finland for certain foodstuffs, such as cereals, are estimated to have fallen by 40% since December, thanks to their accession to the EU. In the case of other products such as alcoholic drinks, however, certain national barriers in Sweden and Finland would appear to be slowing down the drop in prices for the time being.

If one compares developments in production in the food, drink and tobacco sector with trends in other industries, it is readily apparent that the food industry is very much an anticyclical sector. It can also be seen that the production patterns of the three major economic powers (EU, United States and Japan) differ substantially. On the one hand the pressures on production do not occur at the same time, and on the other the industries react differently. One factor in this is the differences in food-consumption patterns.

If one examines the behaviour of the food industry in Europe during the recession in the 1990s, it can be seen that the EU managed to avoid a drop in production at constant prices. Unlike in 1982, the EU managed to control the growth of imports while enjoying steady growth in exports. The food industry in Japan, on the other hand, saw a greater reduction in production in 1993 than in 1984. Production in the United States dropped in 1989.

As regards employment, it can be seen that between 1981 and 1994 Japan was the country which managed most effectively to project employment in the sector, with an increase in jobs of 16.9% over the period, whereas the United States and Europe did not manage to prevent job losses.

In spite of a few phases in which the primary-income rate stagnated or fell, investment grew continuously in the EU from 1981 to 1991 and dropped only in 1992 and 1993, picking up again in 1994. Apart from the anticyclical nature of the sector, it is its profitability (profits/net turnover ratio) - among the highest in the EU - which encourages investment.

The main driving force behind demand in the EU, the United States and Japan is domestic consumption, external trade playing only a marginal role.

The countries in which production at constant prices in the food industry reacted best during the last recession are France, Ireland and Spain where there was virtually no change in the growth rate for production at constant prices. France is the only Member State where production at constant prices did not drop between 1981 and 1984: at the beginning of the 1980s, production at constant prices was sustained by strong growth in apparent consumption and subsequently, as in the majority of the other Member States, the impact of the recession of the 1990s was attenuated by the importance of external trade.

In the majority of Member States, apparent consumption corresponds to over 60% of production at current prices. Nevertheless, external trade is an major component of demand in certain countries such as Ireland, the United Kingdom, Denmark or Greece. During the recession in the 1980s, production fell as a result of stagnation in the growth of apparent consumption, as, for example, in Germany,

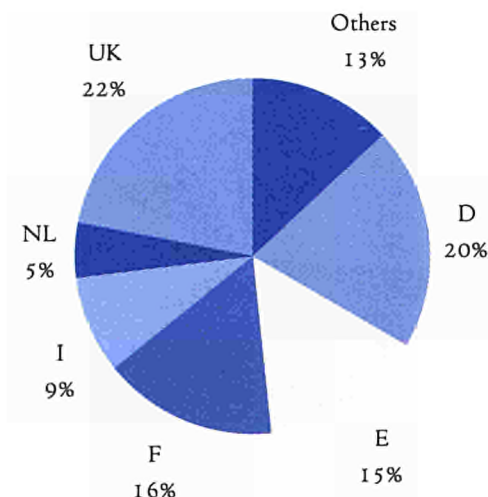


FIGURE 3.1.3

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

SOURCE: DEBA GEIE

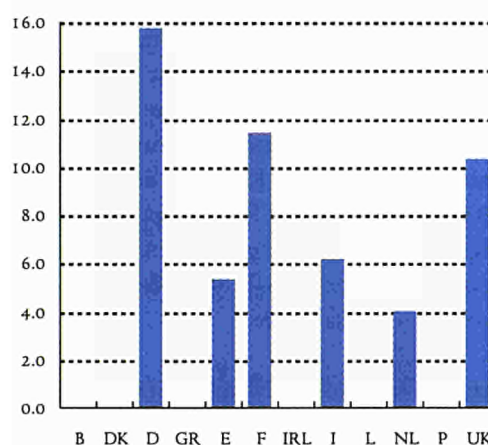


FIGURE 3.1.4

LABOUR COSTS BY  
MEMBER STATE,  
1994  
(BILLION ECU)

SOURCE: DEBA GEIE

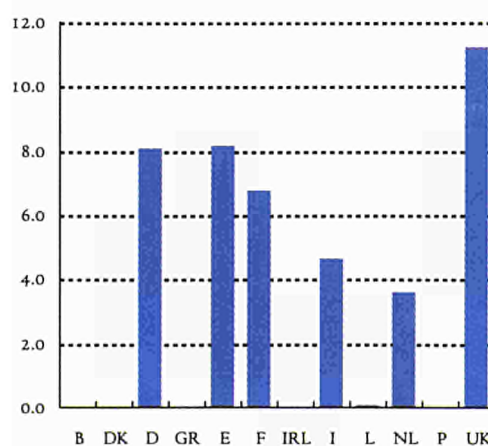


FIGURE 3.1.5

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

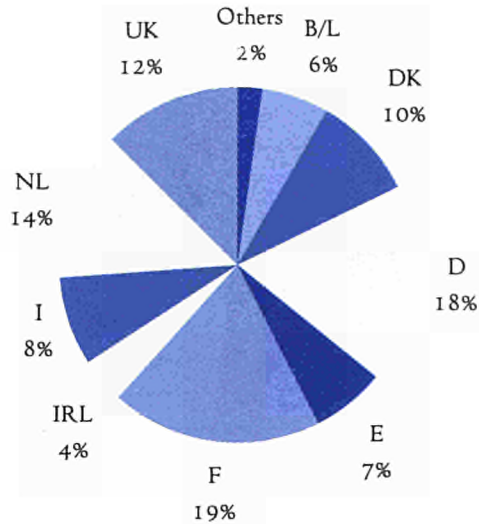
SOURCE: DEBA GEIE



**FIGURE 3.I.6**

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

SOURCE:  eurostat



France or the United Kingdom. In the recession in the 1990s, on the other hand, external trade played a much more important part in the growth in production, so that in some cases the variation in the external balance made it possible to maintain growth as, for example, in Benelux or the United Kingdom and Ireland in 1993. In Germany and France, apparent consumption continued to grow, even though its importance in the growth of production fell relative to external trade.

In the majority of the Member States, it was employment in the food, drink and tobacco industry which suffered most seriously from

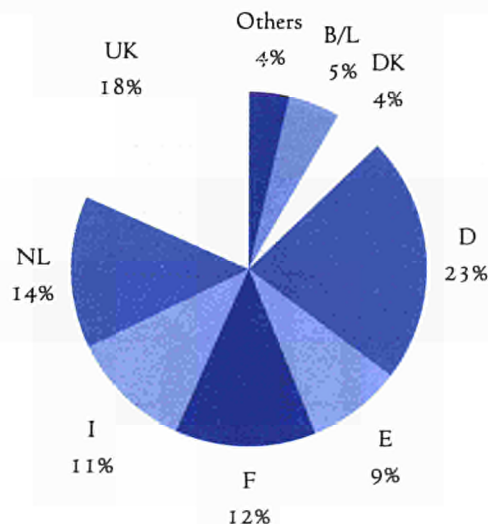
the effects of recession, with almost continuous reductions in jobs throughout the two recessions. In Germany, after the recession of the 1980s, the recovery made it possible for employment in the sector to reestablish and even exceed the pre-recession level. Nevertheless, with the recession of the 1990s, employment started to fall again. In France and the Netherlands, the resumption did not bring employment back up to the pre-recession level. In countries such as the United Kingdom or Ireland, the recovery had hardly any effect in terms of new jobs.

On the other hand, there was uninterrupted growth in investment, minus transfers, with the result that the food, drink and tobacco industry was able to maintain or even increase its level of production at constant prices. The effects of recession can be seen in the profitability of the sector with a reduction or a slowdown in growth, and in line with the profitability trend growth in investment slowed down or became negative. In countries where internal consumption is not always the main driving force behind demand, such as the Netherlands and Ireland, profitability grew almost continuously after the recession of the 1980s.

**FIGURE 3.I.7**

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

SOURCE:  eurostat





	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	93,109	8.1	100,279	7.7	103,335	3.0	103,086	-0.2	107,898	4.7
B	1,943	19.1	1,923	-1.0	2,067	7.5	2,069	0.1	2,102	1.6
share (%)	2.1		1.9		2.0		2.0		1.9	
DK	3,079	-1.9	3,568	15.9	3,657	2.5	3,656	0.0	4,131	13.0
share (%)	3.3		3.6		3.5		3.5		3.8	
D	19,115	17.7	21,591	13.0	22,315	3.4	23,177	3.9	23,849	2.9
share (%)	20.5		21.5		21.6		22.5		22.1	
GR	824	12.6	917	11.3	940	2.5	1,036	10.2	1,144	10.5
share (%)	0.9		0.9		0.9		1.0		1.1	
E	12,098	5.6	13,173	8.9	13,731	4.2	12,976	-5.5	13,542	4.4
share (%)	13.0		13.1		13.3		12.6		12.6	
F	16,157	6.3	16,735	3.6	17,358	3.7	17,514	0.9	18,169	3.7
share (%)	17.4		16.7		16.8		17.0		16.8	
IRL	2,590	4.4	2,809	8.5	3,063	9.1	3,234	5.6	3,654	13.0
share (%)	2.8		2.8		3.0		3.1		3.4	
I	10,528	9.0	11,595	10.1	11,717	1.0	10,631	-9.3	10,854	2.1
share (%)	11.3		11.6		11.3		10.3		10.1	
L	143	9.0	149	4.4	161	8.0	166	2.7	172	4.1
share (%)	0.2		0.1		0.2		0.2		0.2	
NL	6,017	9.6	6,454	7.3	6,870	6.5	7,263	5.7	7,649	5.3
share (%)	6.5		6.4		6.6		7.0		7.1	
P (I)	1,286		994	-22.7	1,152	15.9	1,091	-5.2	1,033	-5.3
share (%)	N/A		N/A		N/A		N/A		N/A	
UK	19,330	3.0	20,372	5.4	20,305	-0.3	20,273	-0.2	21,601	6.5
share (%)	20.8		20.3		19.6		19.7		20.0	

TABLE 3.1.1

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

(1) Value-added  
at market prices.

SOURCE: DEBA GEIE

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	452,288	6.5	481,033	6.4	495,637	3.0	498,554	0.6	516,858	3.7
B	15,833	5.0	16,715	5.6	17,498	4.7	17,533	0.2	17,596	0.4
share (%)	3.5		3.5		3.5		3.5		3.4	
DK	14,728	6.1	14,888	1.1	15,483	4.0	15,449	-0.2	17,139	10.9
share (%)	3.3		3.1		3.1		3.1		3.3	
D	97,539	9.7	108,327	11.1	112,283	3.7	117,412	4.6	121,190	3.2
share (%)	21.6		22.5		22.7		23.6		23.4	
GR	4,956	5.8	5,242	5.8	5,856	11.7	6,296	7.5	6,847	8.7
share (%)	1.1		1.1		1.2		1.3		1.3	
E (I)	44,396	5.7	47,559	7.1	48,308	1.6	45,674	-5.5	47,248	3.4
share (%)	N/A		N/A		N/A		N/A		N/A	
F	86,360	6.1	88,966	3.0	93,065	4.6	96,820	4.0	99,024	2.3
share (%)	19.1		18.5		18.8		19.4		19.2	
IRL	10,823	7.7	11,441	5.7	12,240	7.0	12,293	0.4	13,108	6.6
share (%)	2.4		2.4		2.5		2.5		2.5	
I	60,806	8.5	64,742	6.5	65,681	1.5	60,162	-8.4	61,008	1.4
share (%)	13.4		13.5		13.3		12.1		11.8	
L	436	12.9	445	2.1	471	5.9	477	1.3	489	2.5
share (%)	0.1		0.1		0.1		0.1		0.1	
NL	31,699	2.0	32,572	2.8	35,740	9.7	37,367	4.6	38,885	4.1
share (%)	7.0		6.8		7.2		7.5		7.5	
P (I)	6,991		7,756	11.0	8,840	14.0	8,687	-1.7	8,524	-1.9
share (%)	N/A		N/A		N/A		N/A		N/A	
UK	77,722	2.3	82,382	6.0	80,173	-2.7	80,383	0.3	85,802	6.7
share (%)	17.2		17.1		16.2		16.1		16.6	

TABLE 3.1.2

TURNOVER IN  
CURRENT PRICES  
BY MEMBER STATE  
(MILLION ECU)

(1) Production in  
current prices.

SOURCE: DEBA GEIE

**TABLE 3.I.3**

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR 12	2,451	1.7	2,467	0.6	2,447	-0.8	2,391	-2.3	2,356	-1.5
B	73	0.7	71	-2.3	69	-3.0	67	-3.3	N/A	N/A
share (%)	3.0		2.9		2.8		2.8		N/A	
DK	67	-0.3	67	-0.2	66	-1.4	65	-2.1	N/A	N/A
share (%)	2.7		2.7		2.7		2.7		N/A	
D	493	6.5	522	5.9	516	-1.1	489	-5.2	475	-2.9
share (%)	20.1		21.2		21.1		20.5		20.2	
GR	59	-2.2	57	-2.7	57	0.2	57	-0.4	57	0.9
share (%)	2.4		2.3		2.3		2.4		2.4	
E	362	0.5	362	0.1	357	-1.5	357	0.1	354	-1.1
share (%)	14.8		14.7		14.6		15.0		15.0	
F	354	-0.6	357	0.8	370	3.8	367	-1.0	367	0.1
share (%)	14.4		14.5		15.1		15.3		15.6	
IRL	42	-2.3	41	-1.7	41	-1.3	42	1.6	40	-4.4
share (%)	1.7		1.7		1.7		1.7		1.7	
I	230	2.0	226	-1.6	220	-2.7	216	-1.9	208	-3.8
share (%)	9.4		9.2		9.0		9.0		8.8	
L	3	8.7	3	1.7	3	-1.5	2	-2.8	2	-4.4
share (%)	0.1		0.1		0.1		0.1		0.1	
NL	126	0.7	128	2.1	131	2.0	129	-1.5	125	-3.1
share (%)	5.1		5.2		5.3		5.4		5.3	
P	90	18.1	91	0.8	90	-1.3	82	-8.3	N/A	N/A
share (%)	3.7		3.7		3.7		3.4		N/A	
UK	553	-0.9	541	-2.2	528	-2.5	518	-1.8	518	0.0
share (%)	22.6		21.9		21.6		21.7		22.0	

SOURCE: DEBA GEIE

**TABLE 3.I.4**

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR 12	52,865	7.5	57,384	8.5	59,466	3.6	59,674	0.3	60,124	0.8
B	2,039	13.4	2,093	2.7	2,105	0.6	2,128	1.1	N/A	N/A
share (%)	3.9		3.6		3.5		3.6		N/A	
DK	1,796	6.5	1,847	2.9	1,902	3.0	1,938	1.9	N/A	N/A
share (%)	3.4		3.2		3.2		3.2		N/A	
D	12,347	10.2	13,988	13.3	14,907	6.6	15,732	5.5	15,777	0.3
share (%)	23.4		24.4		25.1		26.4		26.2	
GR	668	7.4	696	4.2	772	11.0	815	5.5	N/A	N/A
share (%)	1.3		1.2		1.3		1.4		N/A	
E	5,210	9.2	5,654	8.5	5,896	4.3	5,558	-5.7	5,360	-3.6
share (%)	9.9		9.9		9.9		9.3		8.9	
F	9,702	6.0	10,054	3.6	10,592	5.4	11,103	4.8	11,424	2.9
share (%)	18.4		17.5		17.8		18.6		19.0	
IRL	942	6.9	968	2.7	998	3.1	994	-0.4	N/A	N/A
share (%)	1.8		1.7		1.7		1.7		N/A	
I	6,464	8.4	7,206	11.5	7,351	2.0	6,452	-12.2	6,209	-3.8
share (%)	12.2		12.6		12.4		10.8		10.3	
L	52	15.8	57	9.6	61	6.7	64	4.4	66	3.9
share (%)	0.1		0.1		0.1		0.1		0.1	
NL	3,417	6.3	3,606	5.6	3,798	5.3	4,036	6.3	4,037	0.0
share (%)	6.5		6.3		6.4		6.8		6.7	
P	657	50.4	802	22.1	934	16.5	857	-8.2	N/A	N/A
share (%)	1.2		1.4		1.6		1.4		N/A	
UK	9,573	1.6	10,413	8.8	10,150	-2.5	9,997	-1.5	10,368	3.7
share (%)	18.1		18.1		17.1		16.8		17.2	

SOURCE: DEBA GEIE



TABLE 3.I.5

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR 12	24,860	-0.8	26,099	5.0	27,908	6.9	30,758	10.2	33,306	8.3
B/L	987	25.9	1,186	20.2	1,294	9.2	1,421	9.8	2,011	41.5
share (%)	4.0		4.5		4.6		4.6		6.0	
DK	2,278	-5.3	2,470	8.4	2,429	-1.6	2,770	14.0	3,203	15.6
share (%)	9.2		9.5		8.7		9.0		9.6	
D	3,946	5.3	4,551	15.3	4,529	-0.5	5,272	16.4	5,955	13.0
share (%)	15.9		17.4		16.2		17.1		17.9	
GR	304	-2.3	323	6.0	426	31.9	435	2.3	482	10.7
share (%)	1.2		1.2		1.5		1.4		1.4	
E	1,519	-1.2	1,678	10.5	1,814	8.1	1,967	8.4	2,298	16.8
share (%)	6.1		6.4		6.5		6.4		6.9	
F	4,999	4.1	5,110	2.2	5,405	5.8	5,645	4.4	6,217	10.1
share (%)	20.1		19.6		19.4		18.4		18.7	
IRL	1,107	-13.8	1,012	-8.5	1,204	18.9	1,269	5.4	1,434	12.9
share (%)	4.5		3.9		4.3		4.1		4.3	
I	1,965	1.8	2,056	4.7	2,477	20.5	2,570	3.8	2,689	4.7
share (%)	7.9		7.9		8.9		8.4		8.1	
NL	3,763	-16.2	3,422	-9.1	3,829	11.9	4,676	22.1	4,703	0.6
share (%)	15.1		13.1		13.7		15.2		14.1	
P	214	-18.3	231	8.1	248	7.2	222	-10.6	250	12.8
share (%)	0.9		0.9		0.9		0.7		0.8	
UK	3,779	7.5	4,061	7.5	4,254	4.8	4,512	6.1	4,065	-9.9
share (%)	15.2		15.6		15.2		14.7		12.2	

EXTRA-EU  
EXPORTS BY  
MEMBER STATE  
(MILLION ECU)

SOURCE:  eurostat

TABLE 3.I.6

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR 12	19,917	-0.9	20,691	3.9	21,308	3.0	21,873	2.7	24,414	11.6
B/L	942	-0.1	902	-4.2	881	-2.3	966	9.6	1,187	22.9
share (%)	4.7		4.4		4.1		4.4		4.9	
DK	765	-8.9	773	1.0	883	14.2	910	3.1	1,023	12.4
share (%)	3.8		3.7		4.1		4.2		4.2	
D	4,355	2.7	4,899	12.5	5,076	3.6	5,053	-0.4	5,528	9.4
share (%)	21.9		23.7		23.8		23.1		22.6	
GR	240	-1.8	227	-5.6	234	3.0	200	-14.5	221	10.5
share (%)	1.2		1.1		1.1		0.9		0.9	
E	1,401	5.3	1,716	22.4	1,810	5.5	2,109	16.5	2,125	0.8
share (%)	7.0		8.3		8.5		9.6		8.7	
F	3,002	-3.7	3,035	1.1	2,949	-2.8	2,898	-1.7	3,026	4.4
share (%)	15.1		14.7		13.8		13.3		12.4	
IRL	175	-8.0	193	9.9	203	5.2	236	16.5	262	10.8
share (%)	0.9		0.9		1.0		1.1		1.1	
I	2,436	-3.5	2,420	-0.6	2,291	-5.3	2,346	2.4	2,740	16.8
share (%)	12.2		11.7		10.8		10.7		11.2	
NL	2,271	0.6	2,116	-6.8	2,511	18.7	2,419	-3.7	3,415	41.2
share (%)	11.4		10.2		11.8		11.1		14.0	
P	342	-5.2	384	12.3	398	3.5	395	-0.6	396	0.3
share (%)	1.7		1.9		1.9		1.8		1.6	
UK	3,989	-1.7	4,027	1.0	4,072	1.1	4,340	6.6	4,491	3.5
share (%)	20.0		19.5		19.1		19.8		18.4	

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

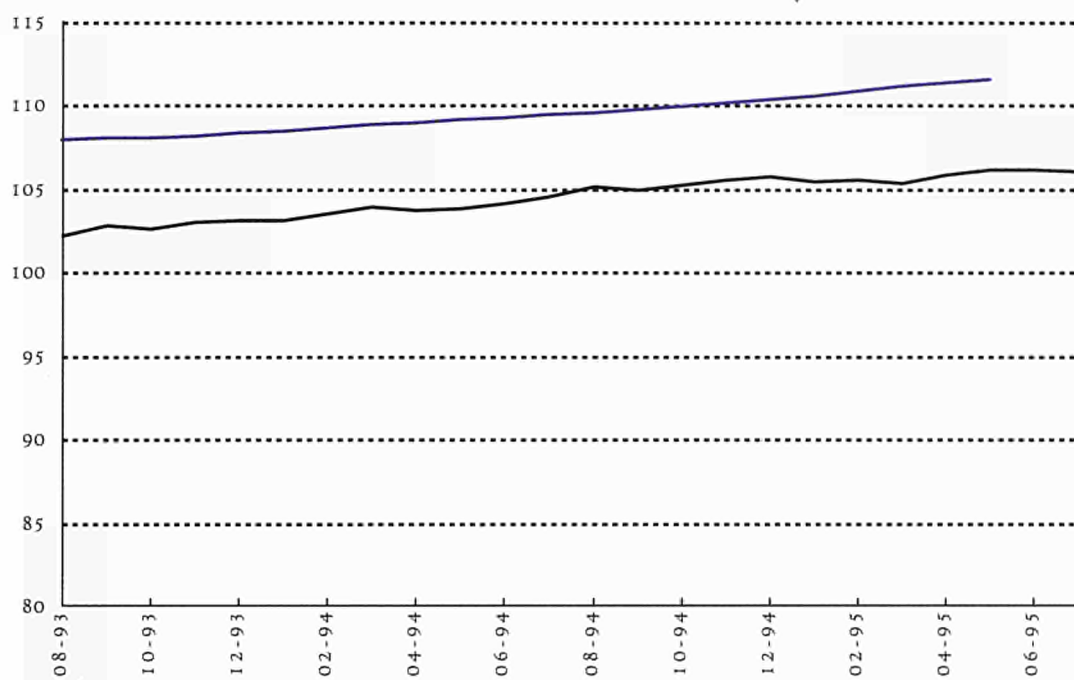


TABLE 3.2.1

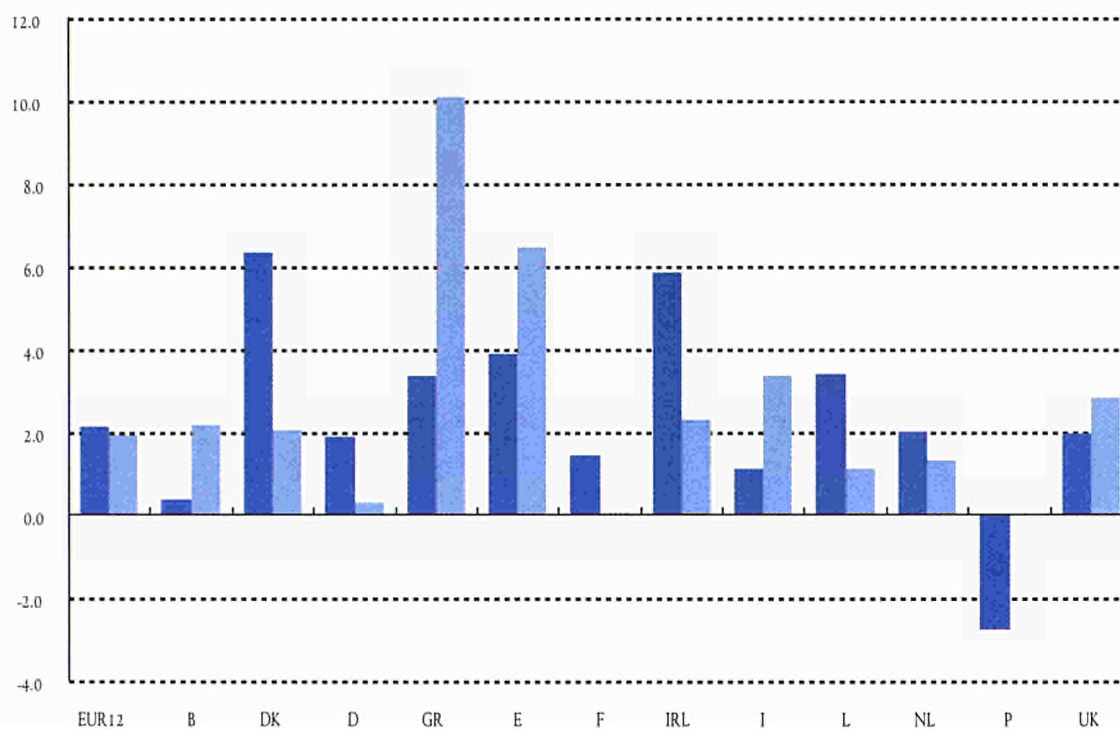
QUARTERLY  
AND ANNUAL  
PRODUCTION  
INDEXES (1)  
(1990=100)

(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	05-95 ⇔ 07-95	106.0	1.4	105.0	2.1
B	10-93 ⇔ 12-93	106.1	2.8	104.4	0.4
DK	06-95 ⇔ 08-95	111.3	-1.5	113.4	6.3
D	05-95 ⇔ 07-95	105.6	1.0	105.0	1.9
GR	05-95 ⇔ 07-95	123.2	4.9	114.5	3.3
E	05-95 ⇔ 07-95	101.4	-1.3	103.5	3.9
F	06-95 ⇔ 08-95	107.3	0.7	106.1	1.4
IRL	04-95 ⇔ 06-95	139.2	15.3	124.7	5.8
I	06-95 ⇔ 08-95	103.9	-1.2	104.2	1.1
L	04-95 ⇔ 06-95	103.4	-0.1	105.2	3.4
NL	03-95 ⇔ 05-95	104.5	2.9	102.9	2.0
P	04-95 ⇔ 06-95	95.8	0.6	95.5	-2.8
UK	06-95 ⇔ 08-95	104.9	2.2	102.0	2.0

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	Quarterly		Annual	
		Index	t/t-4 (%)	Index	t/t-1 (%)
EUR12	03-95 ⇔ 05-95	111.6	2.3	109.8	1.9
B	05-95 ⇔ 07-95	105.2	1.0	104.5	2.2
DK	06-95 ⇔ 08-95	100.6	3.7	97.3	2.1
D	07-95 ⇔ 09-95	105.6	0.8	104.8	0.3
GR	06-95 ⇔ 08-95	177.3	7.6	166.5	10.1
E	06-95 ⇔ 08-95	121.2	5.1	116.2	6.4
F	04-95 ⇔ 06-95	101.0	0.6	100.7	0.0
IRL	12-94 ⇔ 02-95	108.5	1.9	107.9	2.3
I	06-95 ⇔ 08-95	123.1	6.1	116.7	3.4
L	10-94 ⇔ 12-94	111.2	1.2	110.9	1.1
NL	06-95 ⇔ 08-95	104.3	0.8	103.7	1.3
P	⇔	N/A	N/A	N/A	N/A
UK	03-95 ⇔ 05-95	124.8	3.3	121.7	2.8

TABLE 3.2.2

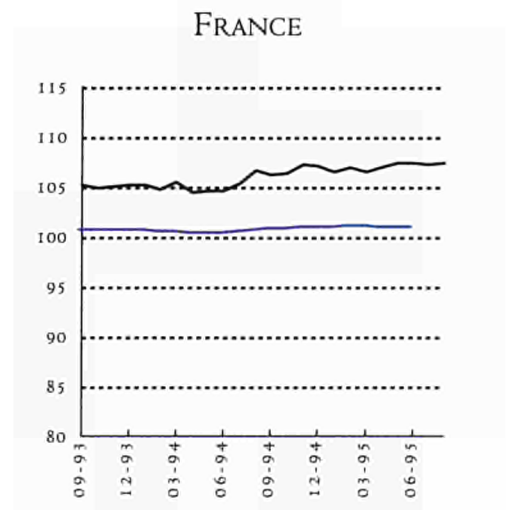
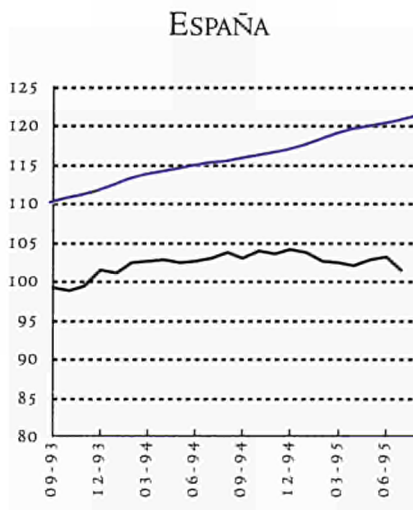
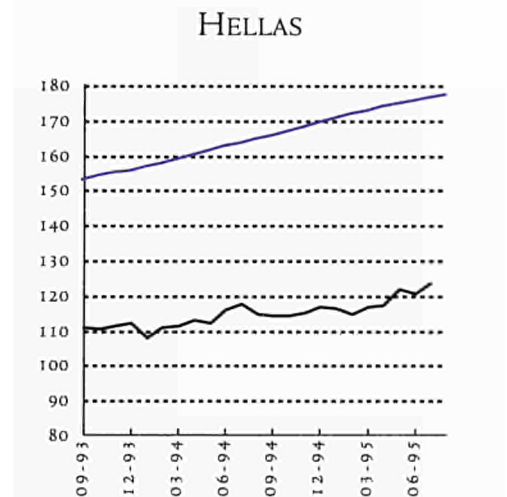
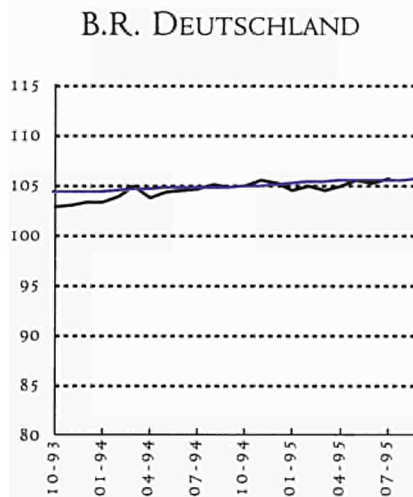
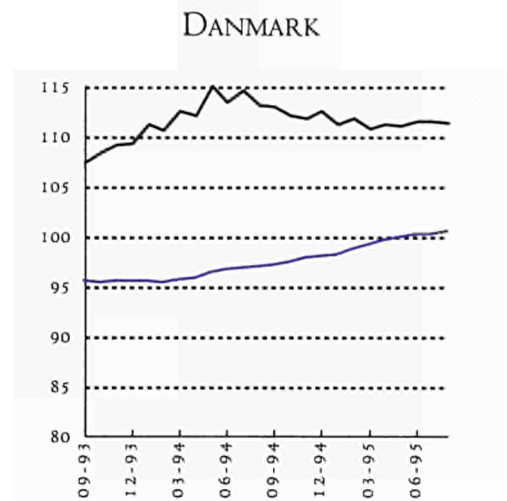
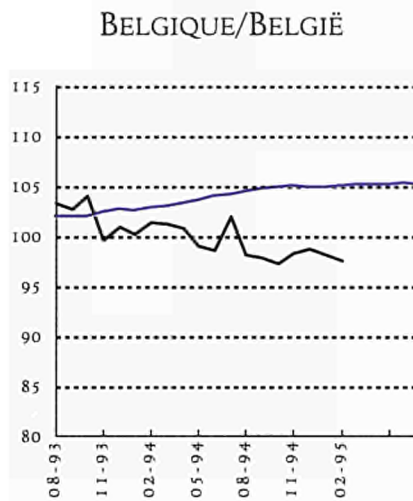
QUARTERLY  
AND ANNUAL  
PRODUCER PRICE  
INDEXES  
(1990=100)  
(1)

(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



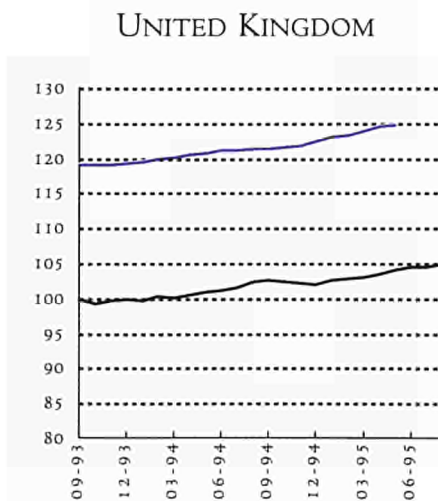
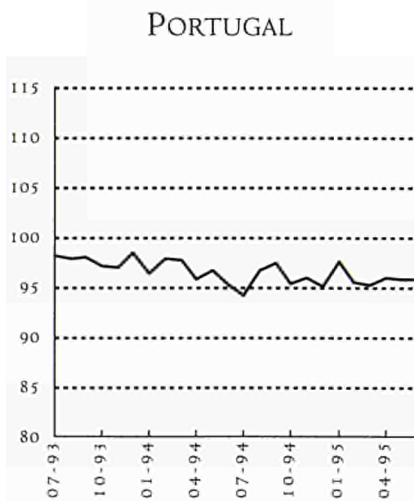
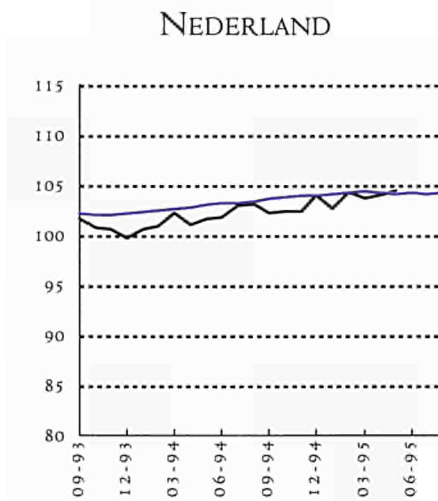
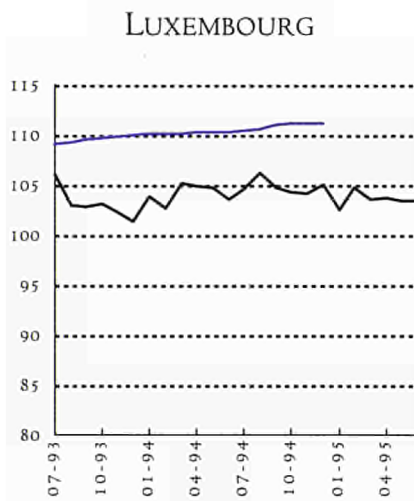
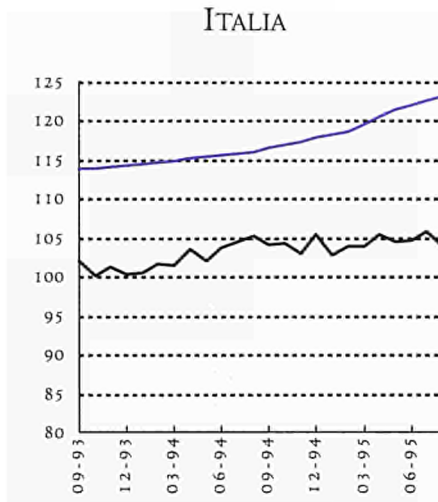
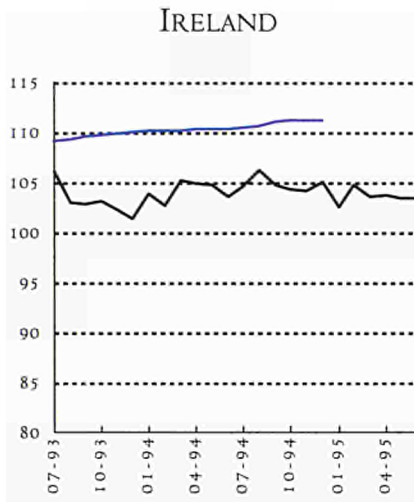


FIGURE 3.2.3

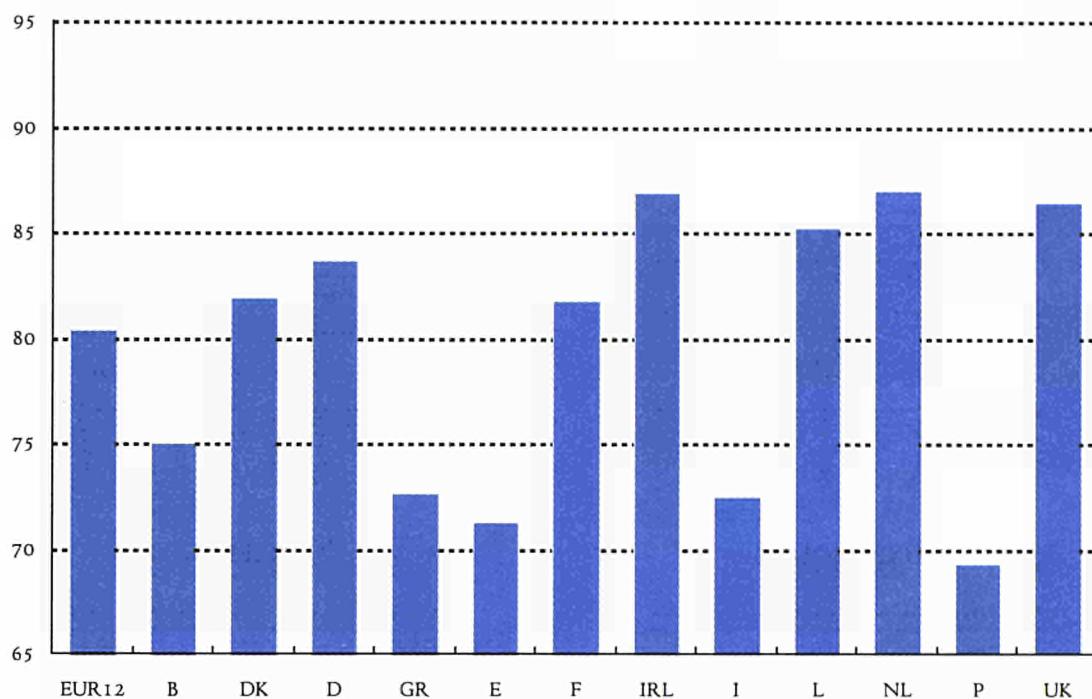
EVOLUTION OF  
PRODUCTION AND  
PRODUCER PRICE  
INDEXES  
(1990=100)

— Index of production  
— Producer price index

SOURCE: eurostat

**FIGURE 3.2.4**

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



SOURCE: DG II -  
BUSINESS SURVEY

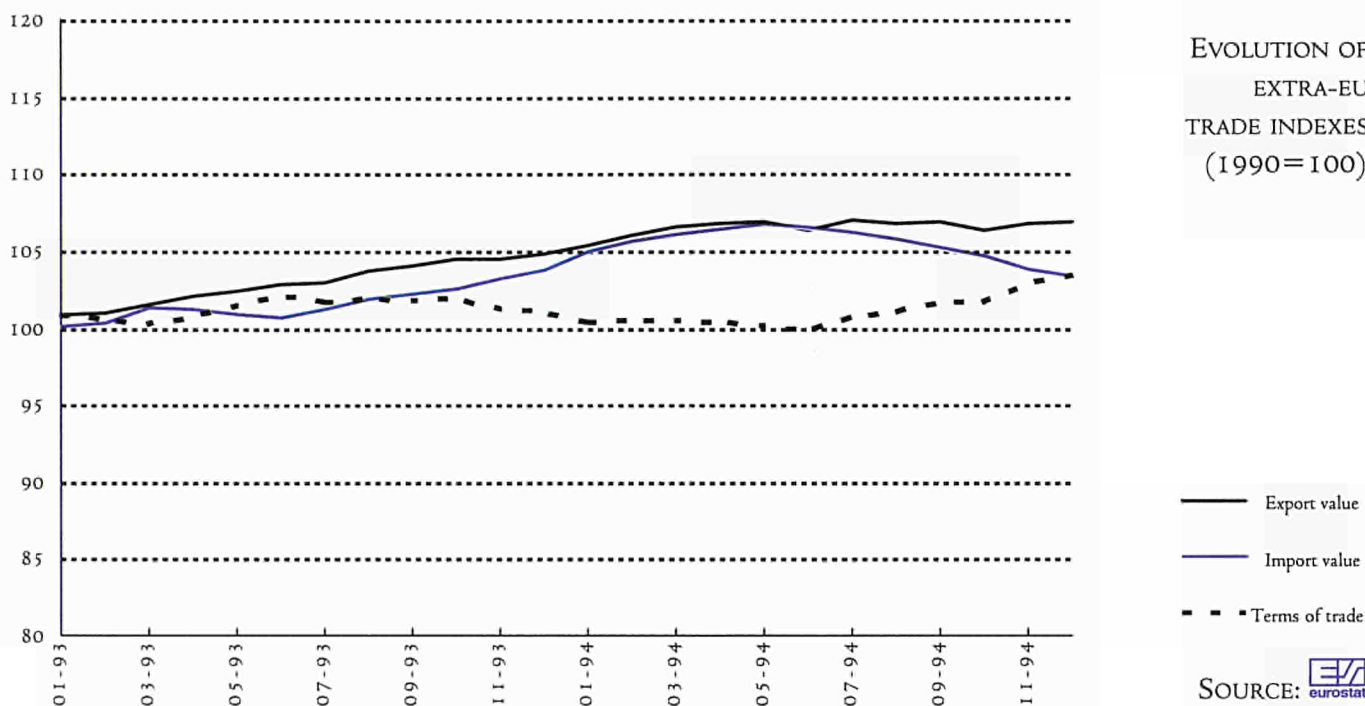
**TABLE 3.2.3**

CAPACITY  
UTILISATION  
RATES BY  
MEMBER STATE  
(%)

	Annual growth rate: latest quarter, t/t-4	Fourth quarter 1994	First quarter 1995	Second quarter 1995	Third quarter 1995
EUR12	3.1	80.4	79.7	80.7	80.4
B	0.1	78.1	76.6	75.0	75.1
DK	0.0	78.0	80.0	79.0	82.0
D	2.2	81.4	82.0	81.0	83.7
GR	3.4	76.0	72.6	69.5	72.7
E	1.0	72.4	71.9	67.1	71.3
F	1.5	80.6	81.4	81.5	81.8
IRL	19.0	71.2	72.7	73.8	86.9
I	0.0	74.9	73.9	74.2	72.5
L	-0.4	87.3	86.3	85.6	85.2
NL	1.2	88.0	85.0	85.0	87.0
P	6.9	67.3	65.7	68.6	69.3
UK	4.0	88.5	86.0	94.4	86.4

SOURCE: DG II -  
BUSINESS SURVEY

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	103.3	120.0	106.8	130.1	103.4
Growth rate, t/t-4 (%)		-0.4	5.8	2.0	-0.3	2.4
B/L	10-94 ⇔ 12-94	104.3	123.3	106.1	216.3	101.7
Growth rate, t/t-4 (%)		0.3	18.0	-2.2	47.4	-2.4
DK	10-94 ⇔ 12-94	98.5	134.8	109.0	130.4	110.6
Growth rate, t/t-4 (%)		-2.6	13.2	3.6	4.4	6.5
D	10-94 ⇔ 12-94	107.9	132.4	106.2	148.6	98.4
Growth rate, t/t-4 (%)		1.7	11.4	3.3	-0.9	1.5
GR	10-94 ⇔ 12-94	98.9	110.1	103.2	201.3	104.3
Growth rate, t/t-4 (%)		2.4	9.0	1.6	12.6	-0.9
E	10-94 ⇔ 12-94	93.8	158.7	112.4	128.3	124.1
Growth rate, t/t-4 (%)		-9.7	-7.4	-1.4	11.5	13.0
F	10-94 ⇔ 12-94	104.1	96.9	113.3	115.4	108.8
Growth rate, t/t-4 (%)		-0.1	-0.3	1.8	1.2	1.8
IRL	10-94 ⇔ 12-94	95.0	175.7	102.1	128.4	107.5
Growth rate, t/t-4 (%)		-1.6	29.2	1.9	3.2	3.6
I	10-94 ⇔ 12-94	103.7	111.3	98.6	150.1	95.1
Growth rate, t/t-4 (%)		2.7	10.9	2.6	7.4	-0.2
NL	10-94 ⇔ 12-94	100.3	126.8	108.4	116.4	108.1
Growth rate, t/t-4 (%)		-1.1	12.1	1.8	-6.8	2.9
P	10-94 ⇔ 12-94	109.2	97.2	103.1	124.5	94.7
Growth rate, t/t-4 (%)		2.4	-17.1	-4.1	9.5	-6.2
UK	10-94 ⇔ 12-94	105.4	107.2	102.1	106.4	96.9
Growth rate, t/t-4 (%)		0.1	0.3	3.0	-23.0	2.9

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

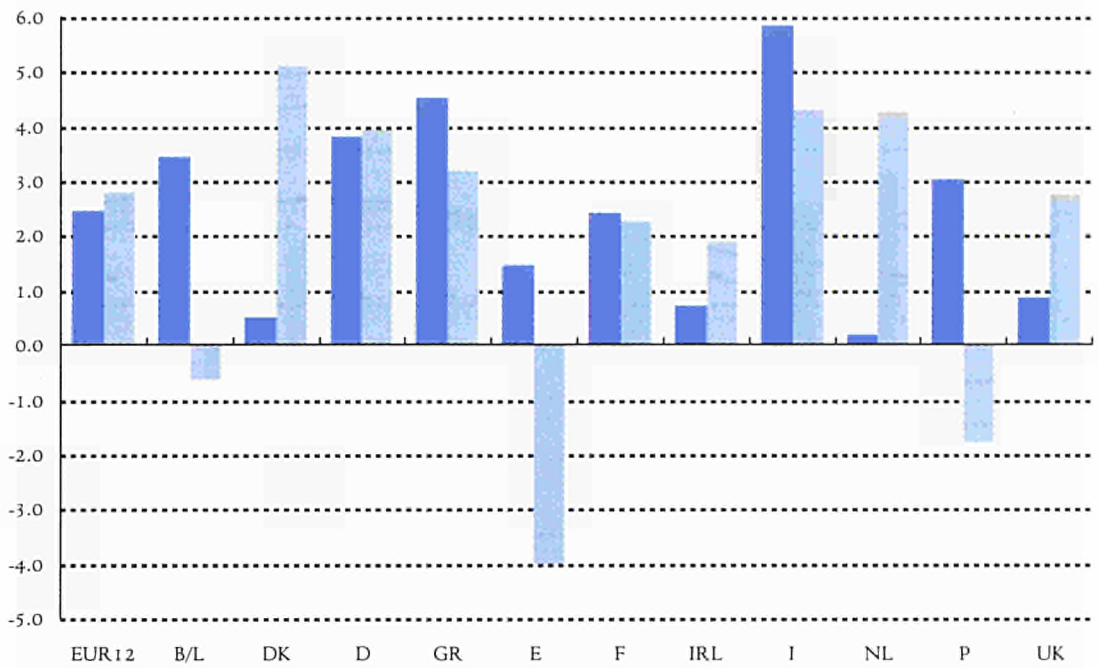


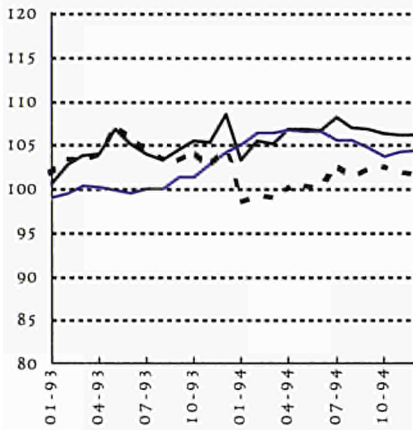
TABLE 3.2.5

ANNUAL EXTRA-EU TRADE INDEXES (1990=100)

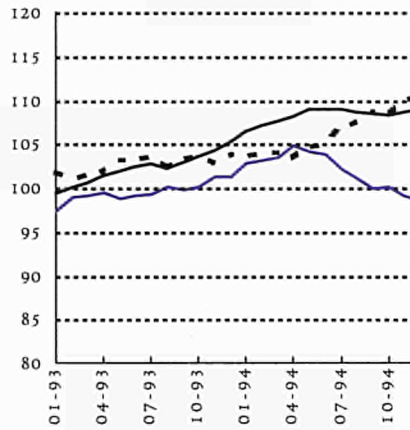
	Latest year available	Exports Value	Exports Volume	Imports Value	Imports Volume	Terms of trade index
EUR 12	1994	105.2	116.7	107.0	124.6	101.7
Growth rate, t/t-1 (%)		2.4	9.2	2.8	5.3	0.4
B/L	1994	105.4	119.6	105.8	192.7	100.3
Growth rate, t/t-1 (%)		3.4	18.9	-0.7	42.5	-4.0
DK	1994	100.9	132.5	109.2	129.1	108.2
Growth rate, t/t-1 (%)		0.5	11.7	5.1	10.0	4.6
D	1994	109.2	116.3	105.7	141.1	96.7
Growth rate, t/t-1 (%)		3.8	5.4	3.9	8.6	0.1
GR	1994	99.8	92.0	103.9	152.4	104.1
Growth rate, t/t-1 (%)		4.5	5.6	3.2	7.2	-1.2
E	1994	104.2	148.1	112.1	129.0	107.5
Growth rate, t/t-1 (%)		1.5	-0.4	-4.0	20.4	-5.5
F	1994	105.5	95.6	113.4	109.8	107.4
Growth rate, t/t-1 (%)		2.4	1.6	2.3	6.8	-0.2
IRL	1994	97.9	152.5	102.9	125.9	105.1
Growth rate, t/t-1 (%)		0.7	10.0	1.9	10.8	1.2
I	1994	104.9	107.2	99.7	137.3	95.0
Growth rate, t/t-1 (%)		5.9	10.3	4.3	0.4	-1.5
NL	1994	101.4	148.3	109.6	114.0	108.0
Growth rate, t/t-1 (%)		0.2	43.0	4.3	-2.1	4.0
P	1994	108.7	105.8	104.2	111.1	95.8
Growth rate, t/t-1 (%)		3.0	-3.0	-1.8	12.6	-4.7
UK	1994	105.4	106.9	101.1	106.4	95.9
Growth rate, t/t-1 (%)		0.9	2.7	2.7	-12.4	1.9

SOURCE:  eurostat

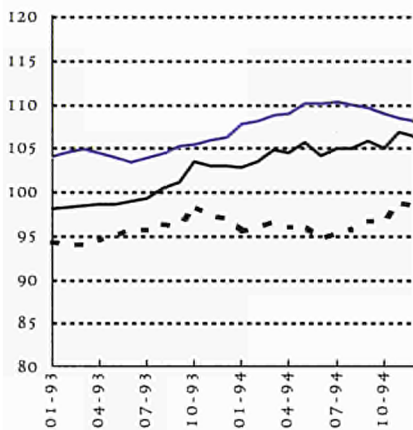
BELGIQUE/BELGIË, LUXEMBOURG



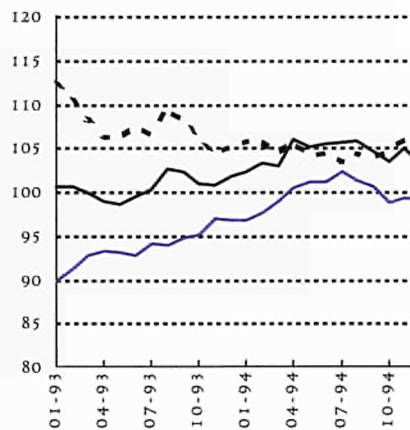
DANMARK



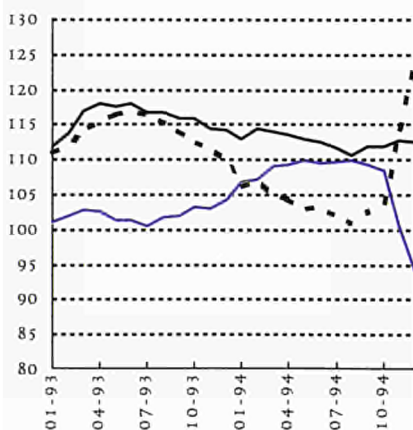
B.R. DEUTSCHLAND



HELLAS



ESPAÑA



FRANCE

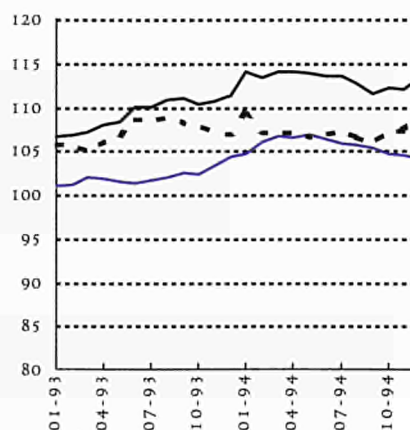


FIGURE 3.2.7

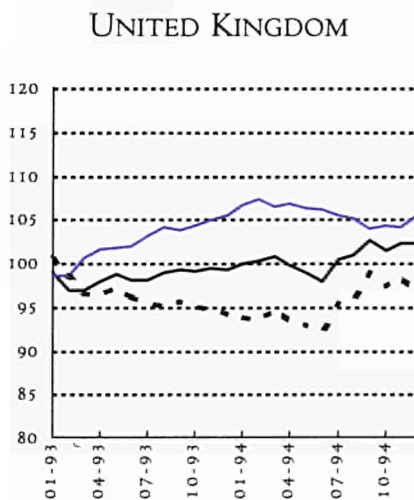
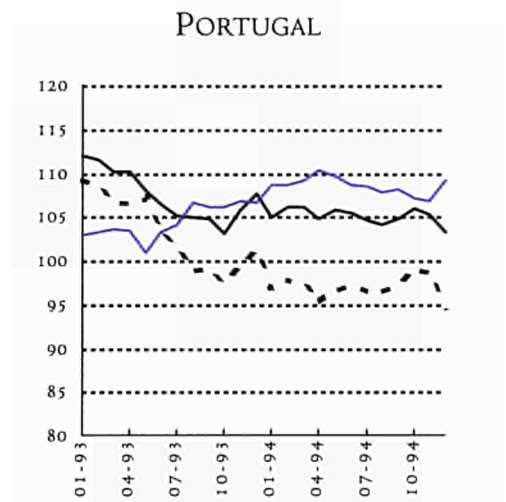
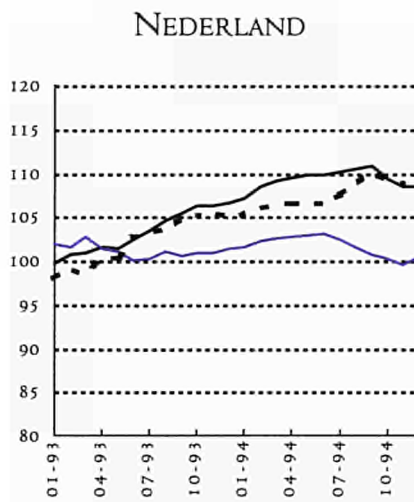
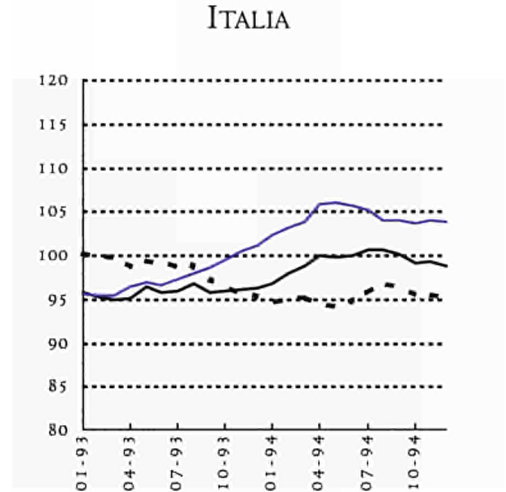
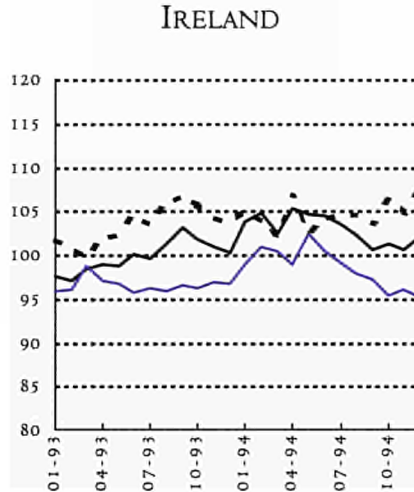
EVOLUTION OF  
EXTRA-EU  
TRADE INDEXES  
(1990=100)

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

SOURCE: eurostat

FIGURE 3.2.7

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



— Export value  
— Import value  
- - Terms of trade

SOURCE:  eurostat



**IN BRIEF....**

- ★ **TOTAL EXTRA-EU (EUR 12) TRADE FLOWS INCREASED BY 17% IN 1994**
- ★ **EU (EUR 15) PRODUCTION WAS UP BY 1.0% IN THE SECOND QUARTER OF 1995**
- ★ **PRODUCTION BY SWEDEN WAS UP BY 9.1% IN THE SECOND QUARTER OF 1995**
- ★ **PRODUCER PRICES IN THE EU (EUR 15) INCREASED BY 5.8 DURING THE FIRST QUARTER OF 1995**
- ★ **CAPACITY UTILISATION IN THE SECTOR IN EUROPE (EUR 12) WAS 80.1% IN THE THIRD QUARTER OF 1995**
- ★ **THE TIMBER INDUSTRY IN THE EU HAS SUFFERED LESS FROM THE RECESSION OF THE 1990S THAN IN THE UNITED STATES OR JAPAN**

The structure of the sector is relatively out of balance, with the wooden furniture industry accounting for more than 50.4% of production, 52.4% of value added and 54.1% of the total employment in the sector. The rest of the sector is dominated by the mass production of carpentry and joinery components and parquet flooring, which is the second most important subsector, accounting for 18.3% of production, 18.3% of value added and 17.3% of employment. The other subsectors are sawing and processing of wood, manufacture of semi-finished wood products, manufacture of wooden containers and manufacture of articles of cork, straw, wicker and cane.

Community production (EUR 15) in the timber and wooden furniture industries increased by 1% in the second quarter of 1995, mainly as a result of the accession of Sweden, since production stagnated in EUR 12. In the individual Member States, the greatest increases in production were in Greece and Sweden with 10.1% and 9.1% respectively in the second quarter of 1995. The only country in which production dropped was Germany, with -1.8% in the second quarter of 1995.

The highest annual increase in 1994 was in Sweden, with 12.8%, Portugal and Greece being the only countries in which production was down in that year. Growth in the EU (EUR 15) as a whole in 1994 was 9.2%.

The highest level of capacity utilisation in the sector in the third quarter of 1995 was in Denmark with 90.0%, followed by the Netherlands, Germany and France with 88.0%, 85.9% and 85.7% respectively. Capacity utilisation in Spain represented a record fall of 18.6% compared with the previous quarter, whereas in the first quarter of 1995 it had been up substantially by almost 7.3% over a single quarter. In Europe as a whole, capacity utilisation in the third quarter of 1995 was 80.1% - down slightly (by 1.3% compared with the same quarter in 1994) after increasing over two quarters, by 3.0% and 4.3% respectively in the first and second quarters of 1995 compared with the same quarters in 1994.

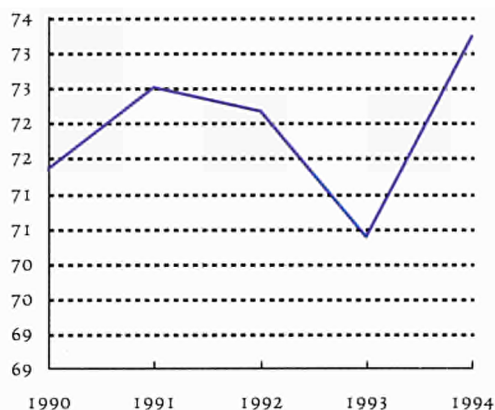
WOOD AND WOOD  
PRODUCTS

**I**N THIS  
SECTION:

<b>Commentary</b>	<b>45</b>
<b>Structural indicators</b>	<b>49</b>
<b>Short-term indicators</b>	<b>52</b>

**FIGURE 4.1.1**

EVOLUTION OF EU  
PRODUCTION IN  
CONSTANT PRICES  
(BILLION ECU)



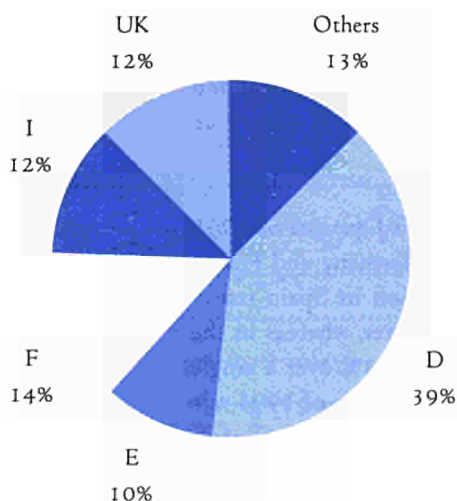
SOURCE: DEBA GEIE

The increase in capacity utilisation in the first two quarters of 1995 was reflected in fairly substantial increases in producer prices of 5.8% for EUR 15 in the first quarter of 1995 and 6.6% for EUR 12 in the second quarter of 1995. The sharpest price increase was in Greece, with 10.2% in the second quarter of 1995. The annual increase for 1994 was 3.0% for EUR 12 and 3.2% for EUR 15.

In 1993, employment in the sector fell by 3.8% and a further 1.8% reduction is estimated for 1994. Between 1990 and 1993, there was a

**FIGURE 4.1.2**

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



SOURCE: DEBA GEIE

major increase in productivity (11.5%), while unit labour costs increased by 5.2% over the same period, though there was a reduction of 2.4% in 1993. Total unit costs, however, increased by 2.6% between 1990 and 1993.

The fragmentation of the market, the domination of SMEs and a number of barriers to trade between Member States have always been characteristic features of the timber industry. The completion of the Single Market, the gradual elimination of trade barriers and the accession of Sweden and Finland should, however, lead to an increase in intra-EU trade. In addition, concentration is increasing in the wooden furniture sector as a result of increased competition from foreign suppliers of furniture and increased concentration in retailing.

In the timber sector, both products and customers are very varied. However, demand depends basically on only two sectors - the building industry and the furniture industry (which we have grouped together for this analysis). Given the dependence of these sectors on short-term economic trends, the timber industry tends to be cyclical - in other words, it is very much dependent on general trends in income and interest rates. If we examine the behaviour of the timber industry during the recession of the 1990s, it can be seen that neither the EU, nor the USA nor Japan managed to prevent a reduction in production at constant prices. However, it was in Europe that the timber industry suffered least: the drop in production at constant prices in the EU lasted two years compared with four in the United States and three in Japan, and the total drop in production was 3% compared with 9.1% in the United States and 11.1% in Japan.

The main driving force behind demand in the timber industry in the EU, the United States and Japan is apparent consumption by businesses. During the recession in the 1990s, apparent consumption in EU fell less sharply than in the recession in the 1980s, which enabled the EU to avoid any excessive drop in



production. Japan's production at constant prices, on the other hand, was the hardest hit by the most recent recession, with production in 1994 declining to a level lower than the lowest reached in the recession in the 1980s. The United States' production - the first to be hit by the last recession - was, however, better supported by apparent consumption than Japan's and therefore managed, after a relatively small reduction, to reestablish and even exceed the level before the recession.

As regards the means of production in the EU, the United States and Japan, it can be seen that investment hardly fell in the EU, while employment dropped during the two recessions with a slight upswing in the intervening period. In the United States, employment closely followed the ups and downs of production at constant prices. In Japan's timber industry employment fell steadily, whereas there was an almost unbroken rise in investment.

The primary-income rates in the EU appear to be very sensitive to short-term trends, falling rapidly during periods of recession and increasing equally rapidly during periods of prosperity, reflecting the cyclical nature of the sector. However, the 1990s recession had a less severe and less lasting impact than that of the 1980s on the profitability of Europe's timber industry, which, by 1994, had almost reestablished a level close to the peak of 1988.

At the level of the Member States, various production patterns can be observed. On the one hand, in the 1980s recession Germany, France, the Netherlands, Spain, Greece and Portugal, experienced a very severe depression followed by an equally dramatic upswing, whereas in the last recession any reduction there may have been was slight and short-lived. On the other hand, the other Member States experienced relatively regular growth in production interrupted by stagnation or reduction during the recession of the 1990s. Production in the United Kingdom, however, followed its own pattern, with a slump and a strong recovery in the

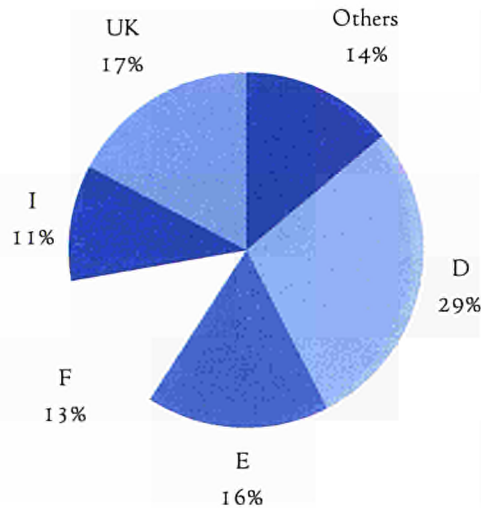


FIGURE 4.1.3

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

SOURCE: DEBA GEIE

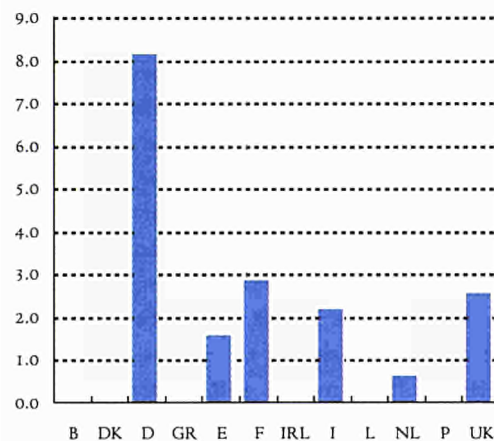


FIGURE 4.1.4

LABOUR COSTS BY MEMBER STATE, 1994 (BILLION ECU)

SOURCE: DEBA GEIE

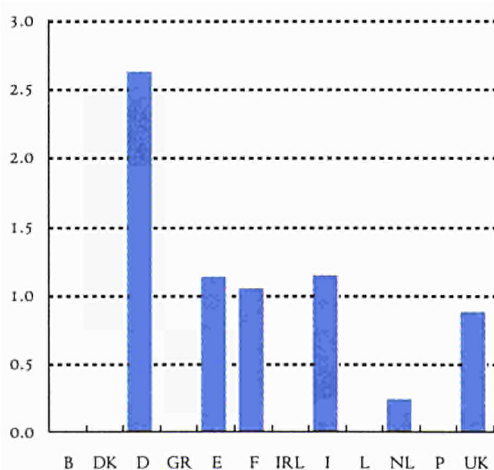


FIGURE 4.1.5

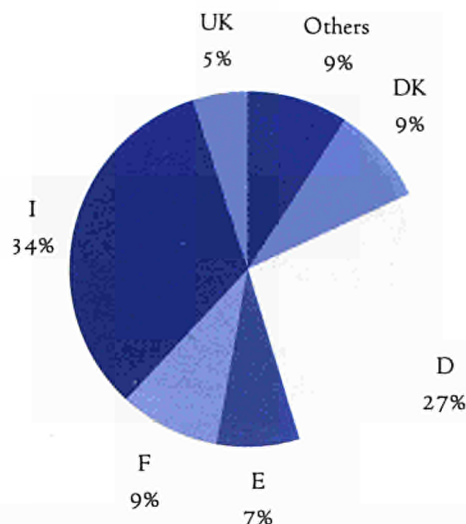
GROSS OPERATING SURPLUS BY MEMBER STATE, 1994 (BILLION ECU)

SOURCE: DEBA GEIE



**FIGURE 4.1.6**

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



SOURCE: eurostat

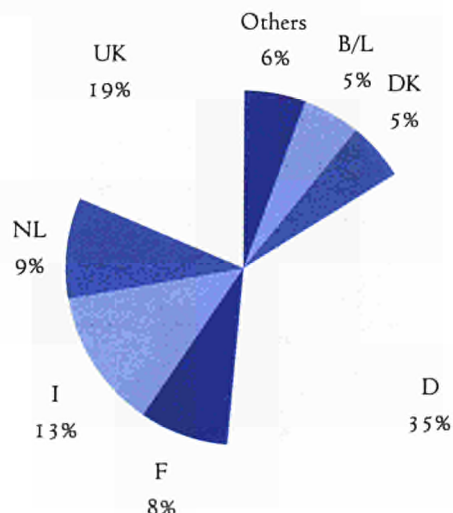
recession of the 1980s and a sharp drop during the most recent recession.

A slowdown, or even a reduction, in apparent consumption was the main reason for the drop in production in the majority of Member States during the recession of the 1980s. In the 1990s recession, there was the same phenomenon occurred: a reduction or slowdown in apparent consumption led to a drop in production. In certain countries, however, external trade was a more important source of demand during the recession of the 1990s, so that a levelling off of imports and an increase in exports helped to maintain growth, or at least to avoid a reduction, in production.

Investment trends in the timber industry were upset by changes in the profitability of the sector. However, in certain countries, such as Germany, France, Belgium, Greece or Portugal, investment has been increasing relatively regularly over the last fifteen years at the expense of employment. In other countries, such as the Netherlands, the United Kingdom, Denmark or Spain, production at constant prices, investment, profitability and employment have moved more or less in parallel, i.e. when production at constant prices fell, profitability also fell, resulting in reduced employment and investment, whereas when production increased, profitability also increased and the need for means of production resulted in new investment and the recruitment of extra staff.

**FIGURE 4.1.7**

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



SOURCE: eurostat

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
<b>EUR12</b>	<b>25,017</b>	<b>7.1</b>	<b>26,518</b>	<b>6.0</b>	<b>27,062</b>	<b>2.1</b>	<b>26,594</b>	<b>-1.7</b>	<b>27,783</b>	<b>4.5</b>
B	813	12.6	878	7.9	846	-3.7	856	1.2	898	5.0
share (%)	3.3		3.3		3.1		3.2		3.2	
DK	708	6.1	750	5.9	821	9.5	817	-0.5	984	20.4
share (%)	2.8		2.8		3.0		3.1		3.5	
D	8,390	11.9	9,484	13.1	10,310	8.7	10,580	2.6	10,768	1.8
share (%)	33.5		35.8		38.1		39.8		38.8	
GR	112	15.4	118	5.1	101	-14.1	101	-0.5	98	-2.6
share (%)	0.4		0.4		0.4		0.4		0.4	
E	2,934	10.9	3,121	6.4	3,094	-0.9	2,641	-14.6	2,726	3.2
share (%)	11.7		11.8		11.4		9.9		9.8	
F	3,669	9.2	3,734	1.8	3,726	-0.2	3,731	0.2	3,935	5.5
share (%)	14.7		14.1		13.8		14.0		14.2	
IRL	120	5.1	125	4.6	130	3.8	130	0.0	154	18.6
share (%)	0.5		0.5		0.5		0.5		0.6	
I	3,404	6.6	3,592	5.5	3,597	0.1	3,192	-11.2	3,355	5.1
share (%)	13.6		13.5		13.3		12.0		12.1	
L	4	46.2	6	52.6	6	-3.4	6	5.4	6	5.1
share (%)	0.0		0.0		0.0		0.0		0.0	
NL	658	7.6	712	8.2	766	7.7	802	4.7	885	10.3
share (%)	2.6		2.7		2.8		3.0		3.2	
P (1)	424		509	20.1	533	4.6	512	-3.9	522	1.9
share (%)	N/A		N/A		N/A		N/A		N/A	
UK	3,782	-7.3	3,489	-7.7	3,134	-10.2	3,227	3.0	3,452	7.0
share (%)	15.1		13.2		11.6		12.1		12.4	

TABLE 4.1.1

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

(1) Value-added  
at market prices.

SOURCE: DEBA GEIE

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
<b>EUR12</b>	<b>74,859</b>	<b>8.4</b>	<b>78,462</b>	<b>4.8</b>	<b>79,667</b>	<b>1.5</b>	<b>78,177</b>	<b>-1.9</b>	<b>82,082</b>	<b>5.0</b>
B	2,641	12.8	2,863	8.4	2,779	-2.9	2,830	1.8	2,987	5.6
share (%)	3.5		3.6		3.5		3.6		3.6	
DK	1,812	7.6	1,913	5.6	2,086	9.0	2,010	-3.7	2,385	18.7
share (%)	2.4		2.4		2.6		2.6		2.9	
D	23,484	11.2	26,113	11.2	28,027	7.3	28,740	2.5	29,423	2.4
share (%)	31.4		33.3		35.2		36.8		35.8	
GR	402	9.9	407	1.3	422	3.7	425	0.7	422	-0.9
share (%)	0.5		0.5		0.5		0.5		0.5	
E (1)	7,611	9.9	8,079	6.2	7,926	-1.9	6,724	-15.2	6,961	3.5
share (%)	N/A		N/A		N/A		N/A		N/A	
F	11,166	11.1	11,307	1.3	11,375	0.6	11,423	0.4	12,234	7.1
share (%)	14.9		14.4		14.3		14.6		14.9	
IRL	396	15.2	403	1.7	417	3.5	416	-0.3	492	18.3
share (%)	0.5		0.5		0.5		0.5		0.6	
I	12,464	9.2	12,941	3.8	13,043	0.8	11,571	-11.3	12,182	5.3
share (%)	16.6		16.5		16.4		14.8		14.8	
L	11	69.7	17	54.5	17	0.0	19	9.8	19	2.1
share (%)	0.0		0.0		0.0		0.0		0.0	
NL	1,982	8.7	2,063	4.1	2,233	8.2	2,365	5.9	2,597	9.8
share (%)	2.6		2.6		2.8		3.0		3.2	
P (1)	1,633		1,838	12.6	1,871	1.8	1,818	-2.8	1,884	3.6
share (%)	N/A		N/A		N/A		N/A		N/A	
UK	11,260	-4.8	10,519	-6.6	9,471	-10.0	9,837	3.9	10,496	6.7
share (%)	15.0		13.4		11.9		12.6		12.8	

TABLE 4.1.2

TURNOVER IN  
CURRENT PRICES  
BY MEMBER STATE  
(MILLION ECU)

(1) Production in  
current prices.

SOURCE: DEBA GEIE

**TABLE 4.1.3**

NUMBER OF  
EMPLOYEES BY  
MEMBER STATE  
(THOUSANDS)

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	935	1.9	935	0.0	907	-3.0	873	-3.8	857	-1.8
B	25	2.9	25	0.8	25	-1.7	23	-6.6	N/A	N/A
share (%)	2.6		2.7		2.7		2.6		N/A	
DK	21	-1.2	21	1.8	22	3.7	21	-4.2	N/A	N/A
share (%)	2.2		2.2		2.4		2.4		N/A	
D	252	4.0	264	4.9	263	-0.7	249	-5.2	244	-1.9
share (%)	27.0		28.3		28.9		28.5		28.5	
GR	8	0.6	8	-5.5	8	0.4	7	-11.9	6	-5.1
share (%)	0.9		0.8		0.8		0.8		0.7	
E	163	3.9	162	-0.6	156	-3.5	147	-5.8	140	-4.5
share (%)	17.4		17.3		17.2		16.8		16.4	
F	124	1.0	125	0.7	120	-3.7	114	-4.8	113	-1.4
share (%)	13.2		13.3		13.2		13.1		13.1	
IRL	5	4.0	5	0.2	5	-1.1	5	-1.1	5	2.3
share (%)	0.5		0.5		0.5		0.6		0.6	
I	107	0.6	108	0.5	104	-3.4	100	-3.6	96	-4.6
share (%)	11.5		11.5		11.5		11.5		11.2	
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	23	4.4	24	5.3	24	2.3	24	-1.7	22	-6.5
share (%)	2.4		2.5		2.7		2.7		2.6	
P	49	9.1	51	3.2	47	-7.5	42	-9.8	N/A	N/A
share (%)	5.3		5.4		5.2		4.9		N/A	
UK	159	-3.6	144	-9.9	134	-6.6	140	4.5	145	3.2
share (%)	17.0		15.3		14.8		16.1		16.9	

SOURCE: DEBA GEIE

**TABLE 4.1.4**

LABOUR COSTS BY  
MEMBER STATE  
(MILLION ECU)

	1990	t/t-1 (%)	1991	t/t-1 (%)	1992	t/t-1 (%)	1993	t/t-1 (%)	1994	t/t-1 (%)
EUR12	17,979	8.3	19,392	7.9	19,898	2.6	19,599	-1.5	19,697	0.5
B	556	11.9	599	7.8	612	2.1	603	-1.5	N/A	N/A
share (%)	3.1		3.1		3.1		3.1		N/A	
DK	509	9.0	535	5.0	586	9.6	587	0.2	N/A	N/A
share (%)	2.8		2.8		2.9		3.0		N/A	
D	6,478	10.0	7,293	12.6	7,756	6.3	8,044	3.7	8,137	1.2
share (%)	36.0		37.6		39.0		41.0		41.3	
GR	83	9.3	87	4.0	91	4.9	87	-4.3	N/A	N/A
share (%)	0.5		0.4		0.5		0.4		N/A	
E	1,680	15.6	1,852	10.3	1,918	3.5	1,704	-11.1	1,590	-6.7
share (%)	9.3		9.6		9.6		8.7		8.1	
F	2,713	8.9	2,775	2.3	2,831	2.0	2,845	0.5	2,885	1.4
share (%)	15.1		14.3		14.2		14.5		14.6	
IRL	75	15.1	78	4.0	82	4.2	79	-2.7	N/A	N/A
share (%)	0.4		0.4		0.4		0.4		N/A	
I	2,354	6.7	2,606	10.7	2,607	0.0	2,254	-13.5	2,207	-2.1
share (%)	13.1		13.4		13.1		11.5		11.2	
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	493	8.3	549	11.4	605	10.1	655	8.3	642	-2.0
share (%)	2.7		2.8		3.0		3.3		3.3	
P	257	33.8	310	20.8	334	7.6	294	-12.1	N/A	N/A
share (%)	1.4		1.6		1.7		1.5		N/A	
UK	2,778	-0.9	2,703	-2.7	2,474	-8.5	2,443	-1.2	2,570	5.2
share (%)	15.5		13.9		12.4		12.5		13.0	

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 (%)
EUR12	5,614	0.3	5,584	-0.6	5,562	-0.4	6,004	7.9	7,287	21.4
B/L	111	1.4	109	-1.6	103	-5.2	131	26.9	162	24.1
share (%)	2.0		1.9		1.9		2.2		2.2	
DK	594	7.0	608	2.5	596	-2.0	547	-8.2	648	18.4
share (%)	10.6		10.9		10.7		9.1		8.9	
D	1,777	1.7	1,862	4.8	1,802	-3.2	1,846	2.4	1,997	8.2
share (%)	31.6		33.4		32.4		30.8		27.4	
GR	21	1.0	29	37.0	29	0.4	51	76.9	59	17.4
share (%)	0.4		0.5		0.5		0.8		0.8	
E	363	-5.7	349	-3.7	378	8.3	358	-5.4	517	44.4
share (%)	6.5		6.3		6.8		6.0		7.1	
F	588	7.6	559	-4.9	569	1.8	597	4.9	672	12.5
share (%)	10.5		10.0		10.2		9.9		9.2	
IRL	12	-1.7	12	5.1	12	-6.5	16	38.8	16	0.6
share (%)	0.2		0.2		0.2		0.3		0.2	
I	1,554	-4.4	1,460	-6.1	1,479	1.3	1,799	21.6	2,442	35.7
share (%)	27.7		26.1		26.6		30.0		33.5	
NL	103	14.5	109	5.9	105	-3.9	117	11.2	147	25.6
share (%)	1.8		2.0		1.9		1.9		2.0	
P	207	-8.0	221	6.6	218	-1.2	227	4.3	278	22.4
share (%)	3.7		4.0		3.9		3.8		3.8	
UK	286	1.3	265	-7.2	271	2.3	315	15.9	349	11.1
share (%)	5.1		4.7		4.9		5.2		4.8	

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 (%)
EUR12	12,437	4.4	12,273	-1.3	12,821	4.5	13,489	5.2	15,512	15.0
B/L	593	3.9	585	-1.2	599	2.3	718	19.9	806	12.2
share (%)	4.8		4.8		4.7		5.3		5.2	
DK	585	7.4	564	-3.5	593	5.1	592	-0.2	808	36.4
share (%)	4.7		4.6		4.6		4.4		5.2	
D	3,335	14.9	3,809	14.2	4,293	12.7	4,874	13.6	5,466	12.1
share (%)	26.8		31.0		33.5		36.1		35.2	
GR	197	3.2	217	10.2	168	-22.4	148	-11.8	175	18.2
share (%)	1.6		1.8		1.3		1.1		1.1	
E	497	4.7	482	-3.0	518	7.4	401	-22.6	470	17.2
share (%)	4.0		3.9		4.0		3.0		3.0	
F	1,173	2.2	1,131	-3.6	1,094	-3.3	1,100	0.6	1,228	11.7
share (%)	9.4		9.2		8.5		8.2		7.9	
IRL	136	12.3	109	-19.9	122	11.7	110	-9.5	157	42.5
share (%)	1.1		0.9		0.9		0.8		1.0	
I	1,871	7.3	1,924	2.8	1,960	1.9	1,741	-11.2	1,971	13.2
share (%)	15.0		15.7		15.3		12.9		12.7	
NL	1,097	5.1	1,008	-8.2	1,096	8.8	1,288	17.6	1,469	14.0
share (%)	8.8		8.2		8.5		9.6		9.5	
P	34	36.6	43	27.7	62	44.1	69	11.2	68	-0.6
share (%)	0.3		0.3		0.5		0.5		0.4	
UK	2,921	-7.5	2,402	-17.8	2,318	-3.5	2,448	5.6	2,895	18.3
share (%)	23.5		19.6		18.1		18.1		18.7	

EXTRA-EU  
IMPORTS BY  
MEMBER STATE  
(MILLION ECU)

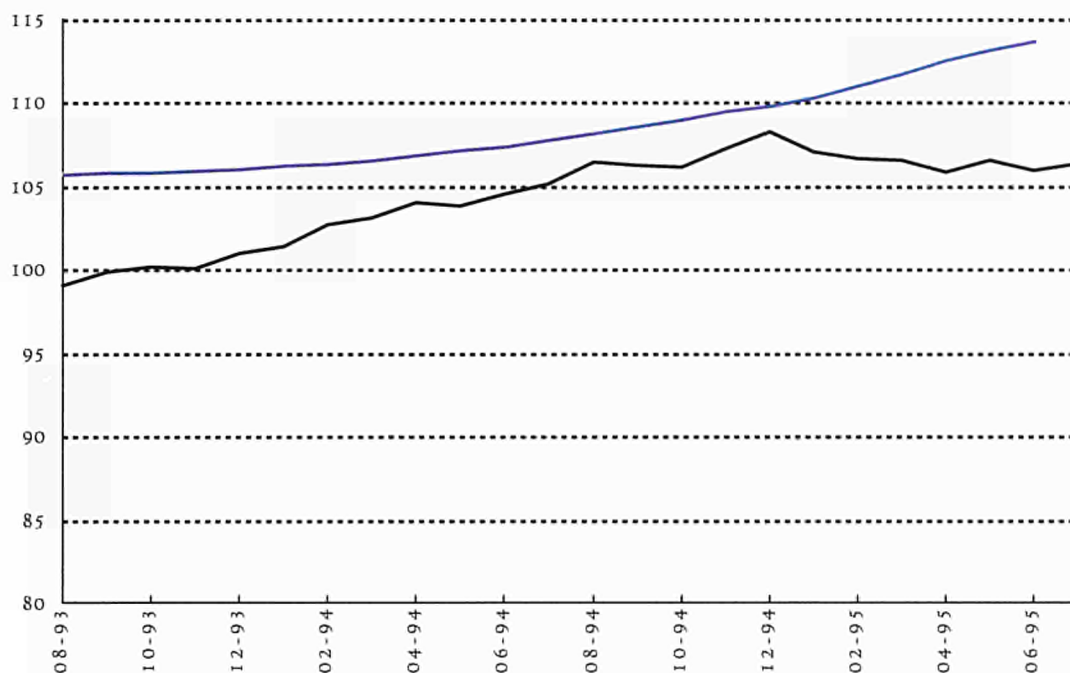
SOURCE:  eurostat

**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)

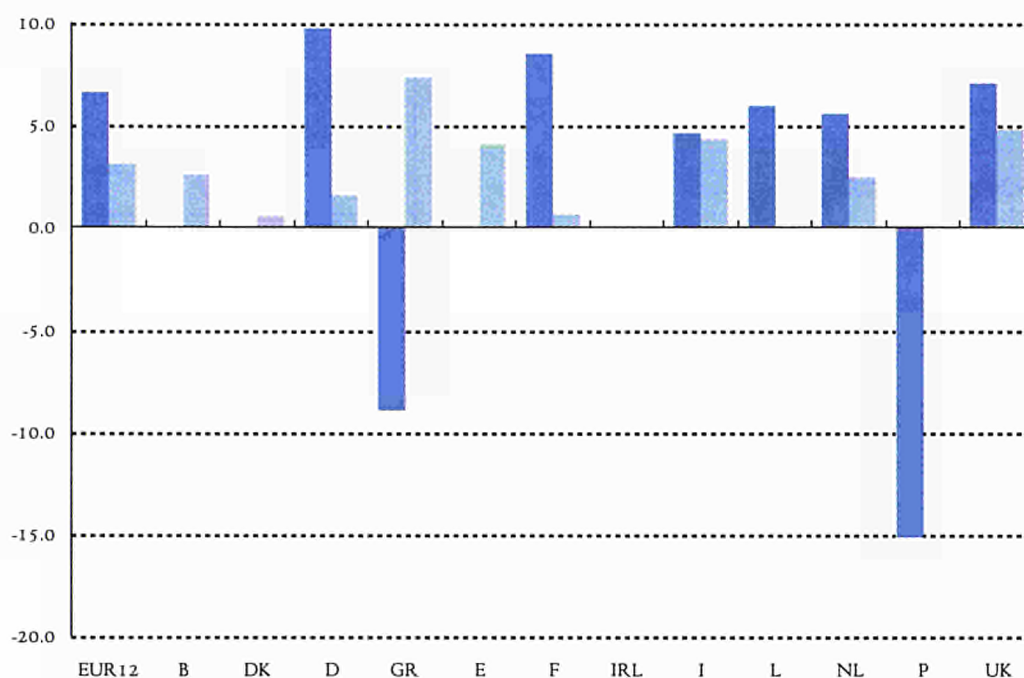
(1) Annual growth rates are based on the latest annual data. Only when data to October is available will an annual estimate for the year be made.

SOURCE:  eurostat

	Latest quarter available	Index	Quarterly t/t-4 (%)	Index	Annual t/t-1 (%)
EUR12	05-95 ⇔ 07-95	106.3	1.1	106.7	6.7
B	⇔	N/A	N/A	N/A	N/A
DK	⇔	N/A	N/A	N/A	N/A
D	05-95 ⇔ 07-95	114.4	1.2	115.7	9.8
GR	05-95 ⇔ 07-95	96.2	14.1	82.7	-8.9
E	⇔	N/A	N/A	N/A	N/A
F	06-95 ⇔ 08-95	101.6	2.2	98.1	8.5
IRL	⇔	N/A	N/A	N/A	N/A
I	06-95 ⇔ 08-95	113.0	2.2	110.3	4.6
L	04-95 ⇔ 06-95	80.4	-24.3	101.7	6.0
NL	03-95 ⇔ 05-95	111.9	4.3	111.1	5.6
P	04-95 ⇔ 06-95	101.8	2.9	96.8	-15.2
UK	06-95 ⇔ 08-95	92.3	-3.4	95.7	7.1

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	04-95 ⇒ 06-95	113.6	5.8	108.6	3.1
B	05-95 ⇒ 07-95	108.7	1.8	107.2	2.6
DK	06-95 ⇒ 08-95	104.5	5.4	99.9	0.6
D	07-95 ⇒ 09-95	102.4	3.3	99.1	1.6
GR	06-95 ⇒ 08-95	166.1	9.6	153.2	7.4
E	06-95 ⇒ 08-95	116.2	8.1	108.3	4.1
F	04-95 ⇒ 06-95	105.3	3.1	102.6	0.7
IRL	⇒	N/A	N/A	N/A	N/A
I	05-95 ⇒ 07-95	123.9	7.7	116.1	4.3
L	⇒	N/A	N/A	N/A	N/A
NL	06-95 ⇒ 08-95	109.4	2.8	106.7	2.5
P	⇒	N/A	N/A	N/A	N/A
UK	02-95 ⇒ 04-95	117.1	6.5	112.8	4.8

TABLE 4.2.2

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

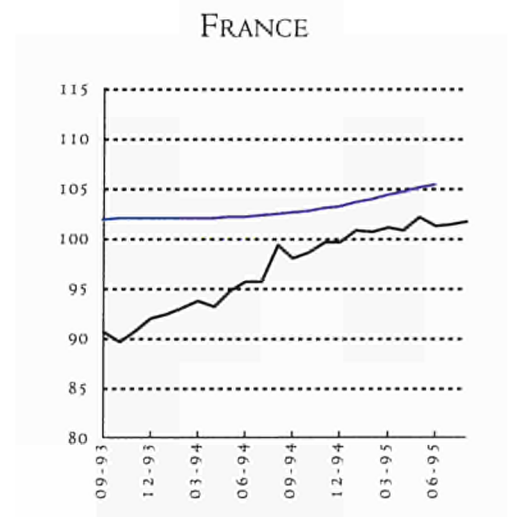
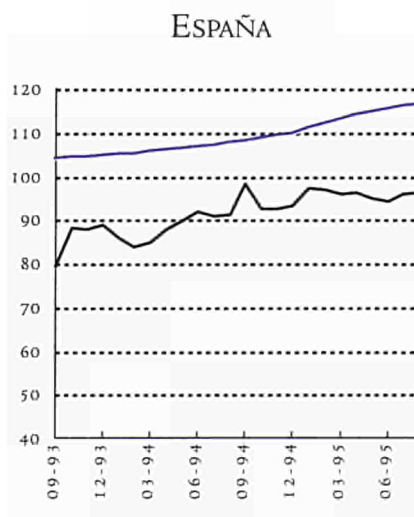
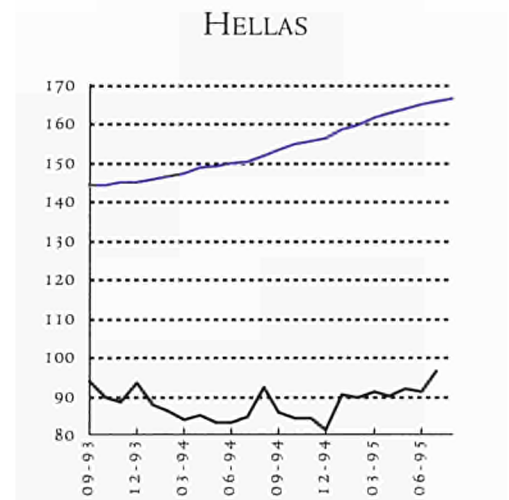
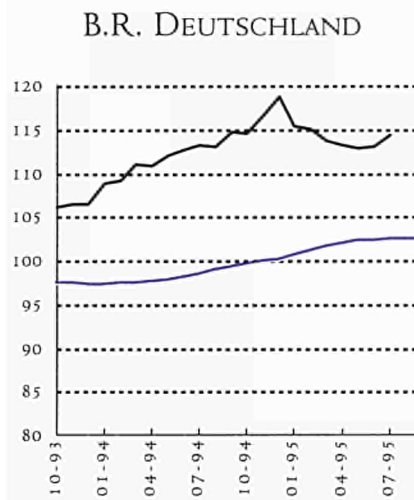
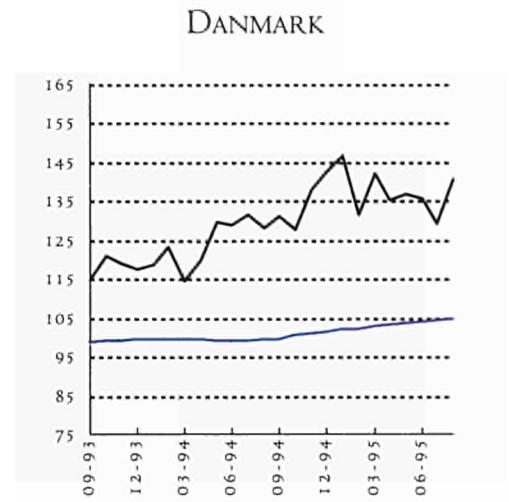
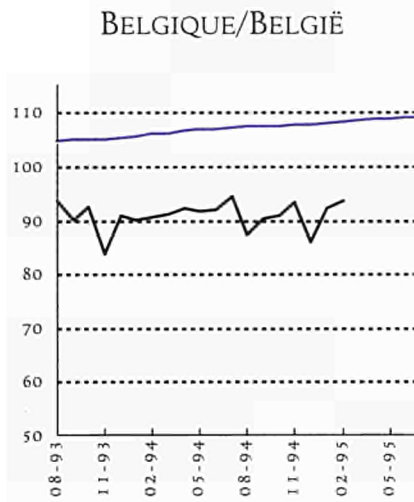
(1) Annual growth rates are based on the latest annual data. Only when data to October is available will an annual estimate for the year be made.

SOURCE: eurostat



**FIGURE 4.2.3**

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

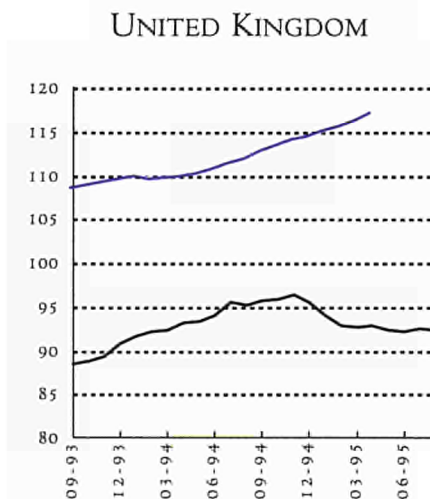
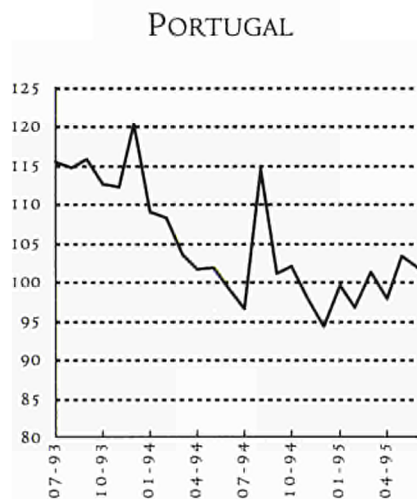
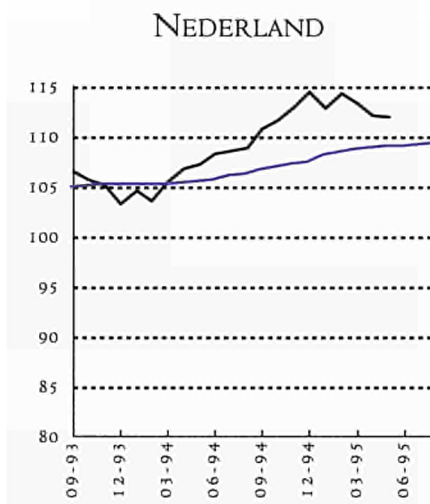
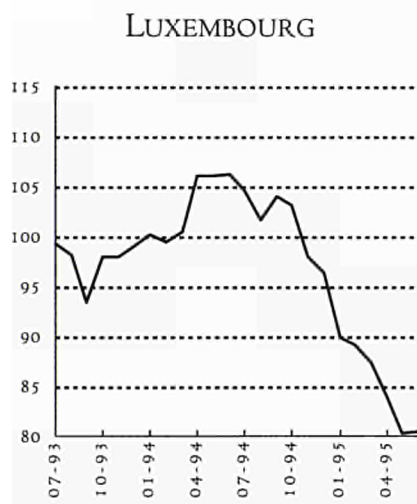
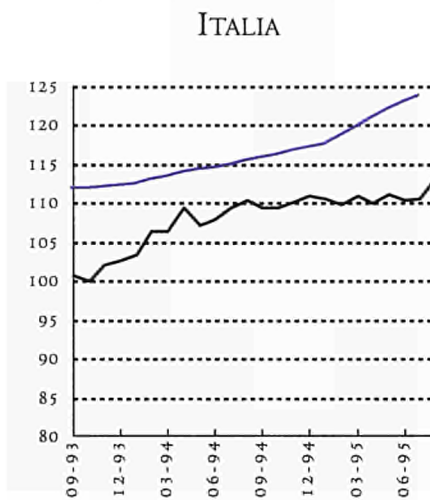
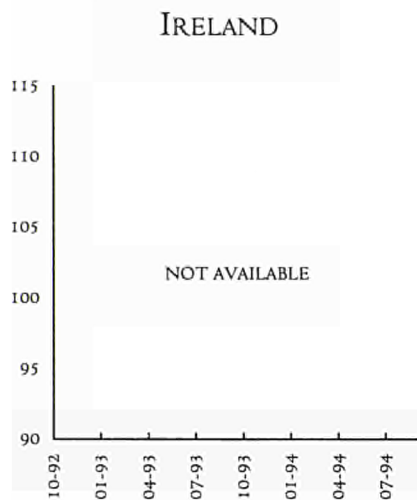


— Index of production  
— Producer price index

SOURCE: eurostat

FIGURE 4.2.3

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

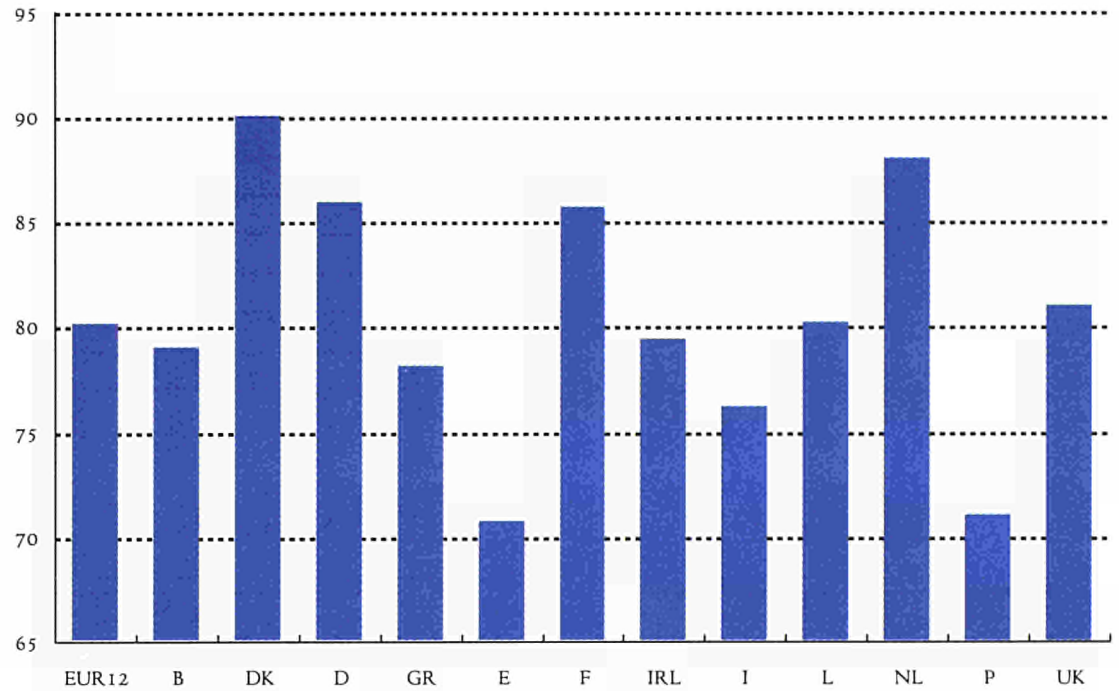


— Index of production  
— Producer price index

SOURCE: eurostat

**FIGURE 4.2.4**

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



SOURCE: DG II -  
BUSINESS SURVEY

**TABLE 4.2.3**

CAPACITY  
UTILISATION  
RATES BY  
MEMBER STATE  
(%)

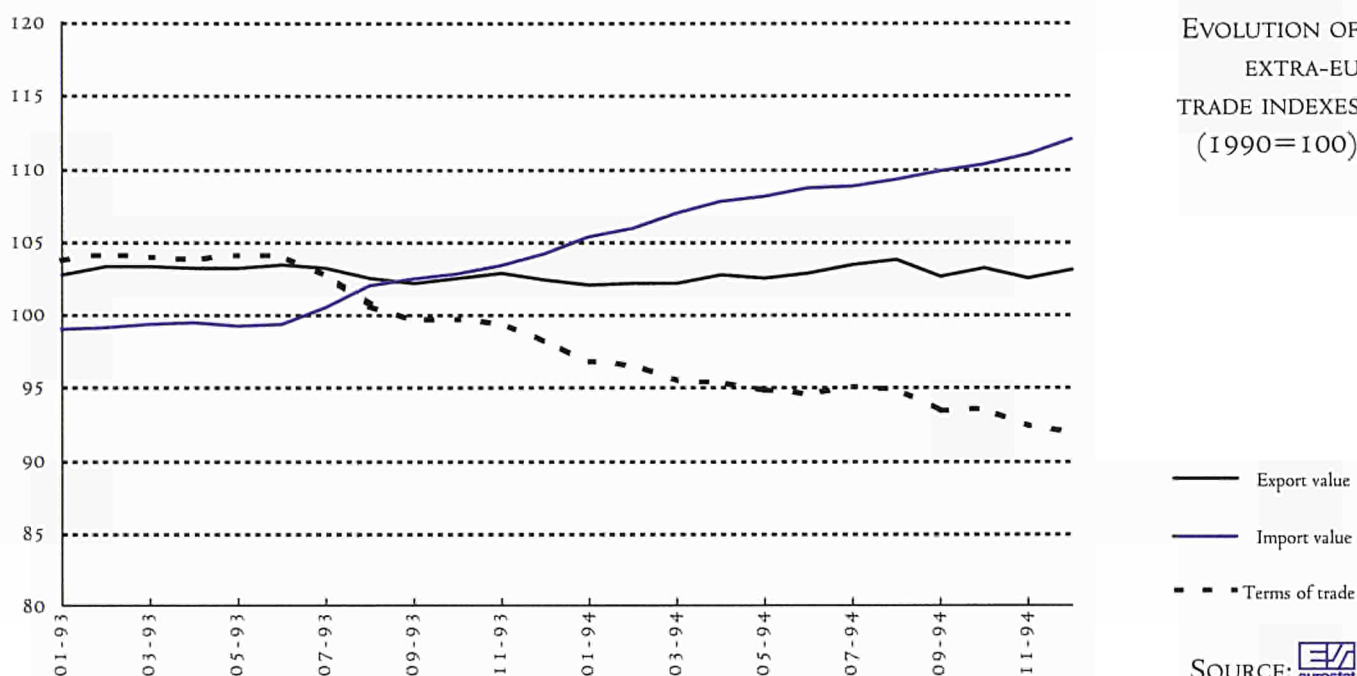
	Annual growth rate: latest quarter, t/t-4	Fourth quarter 1994	First quarter 1995	Second quarter 1995	Third quarter 1995
EUR12	-1.6	78.6	81.4	82.8	80.1
B	-6.3	81.7	82.2	79.8	79.0
DK	6.8	N/A	90.0	87.0	90.0
D	-2.2	88.1	85.7	87.0	85.9
GR	28.0	72.0	68.4	74.4	78.1
E	-16.5	85.6	89.2	89.3	70.7
F	3.0	83.5	83.0	85.8	85.7
IRL	-15.1	94.4	84.2	70.5	79.4
I	1.6	74.3	76.4	75.8	76.2
L	10.5	78.4	91.4	80.2	80.2
NL	0.0	86.0	85.0	83.0	88.0
P	-7.1	77.7	77.2	78.6	71.0
UK	0.0	76.3	80.1	84.7	81.0

SOURCE: DG II -  
BUSINESS SURVEY



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	10-94 ⇔ 12-94	112.0	112.3	103.0	135.0	92.0
Growth rate, t/t-4 (%)		7.5	6.1	0.7	17.8	-6.4
B/L	10-94 ⇔ 12-94	120.6	101.9	119.0	130.4	98.7
Growth rate, t/t-4 (%)		3.7	-2.8	-3.3	23.0	-7.0
DK	10-94 ⇔ 12-94	101.8	143.5	103.5	113.5	101.8
Growth rate, t/t-4 (%)		13.8	18.1	-1.5	18.7	-13.2
D	10-94 ⇔ 12-94	113.6	152.0	108.0	111.2	95.1
Growth rate, t/t-4 (%)		7.0	4.9	2.5	3.8	-4.2
GR	10-94 ⇔ 12-94	100.1	99.3	85.2	430.8	85.2
Growth rate, t/t-4 (%)		7.1	7.9	-11.5	29.1	-17.4
E	10-94 ⇔ 12-94	104.6	91.1	96.9	149.8	92.7
Growth rate, t/t-4 (%)		10.1	10.0	2.6	25.1	-6.8
F	10-94 ⇔ 12-94	115.6	88.6	120.4	101.5	104.1
Growth rate, t/t-4 (%)		6.1	2.4	4.9	9.5	-1.1
IRL	10-94 ⇔ 12-94	110.0	99.3	113.9	108.4	103.5
Growth rate, t/t-4 (%)		16.3	16.8	-2.0	-18.7	-15.7
I	10-94 ⇔ 12-94	104.6	101.3	94.7	182.4	90.6
Growth rate, t/t-4 (%)		6.8	13.2	-2.8	34.9	-9.0
NL	10-94 ⇔ 12-94	118.9	109.4	105.4	139.9	88.6
Growth rate, t/t-4 (%)		11.1	-0.1	11.2	8.4	-0.7
P	10-94 ⇔ 12-94	106.2	196.8	107.8	124.4	101.6
Growth rate, t/t-4 (%)		2.0	8.2	6.8	21.5	4.9
UK	10-94 ⇔ 12-94	113.0	84.8	88.2	144.2	78.1
Growth rate, t/t-4 (%)		6.3	7.0	-1.4	9.7	-7.3

TABLE 4.2.4

QUARTERLY  
EXTRA-EU  
TRADE INDEXES  
(1990=100)

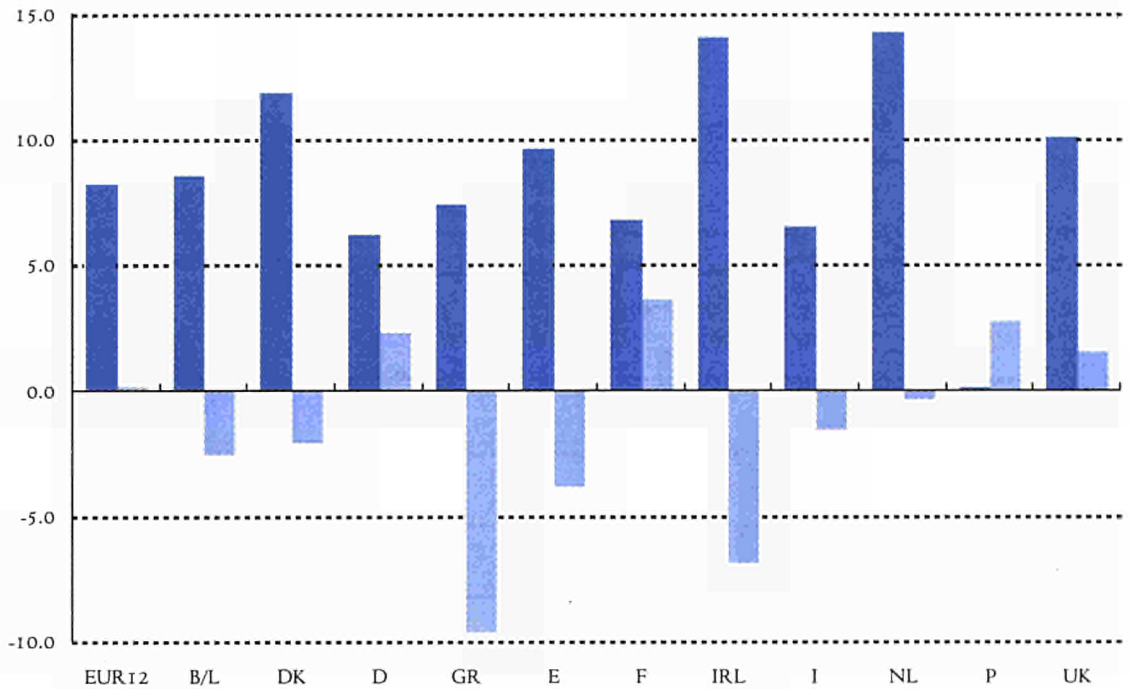
SOURCE: eurostat

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

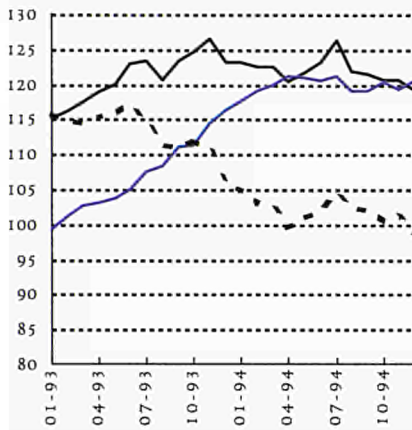
TABLE 4.2.5

ANNUAL  
EXTRA-EU  
TRADE INDEXES  
(1990=100)

	Latest year available	Exports		Imports		Terms of trade index
		Value	Volume	Value	Volume	
EUR 12	1994	110.6	112.7	102.8	126.1	92.9
Growth rate, t/t-1 (%)		8.2	6.1	0.1	21.3	-7.5
B/L	1994	120.8	112.5	120.7	121.5	99.9
Growth rate, t/t-1 (%)		8.5	3.3	-2.6	27.5	-10.2
DK	1994	98.5	140.3	103.0	106.0	104.5
Growth rate, t/t-1 (%)		11.8	21.9	-2.1	20.9	-12.5
D	1994	111.9	146.5	107.2	104.9	95.8
Growth rate, t/t-1 (%)		6.2	5.7	2.3	5.7	-3.6
GR	1994	98.7	90.3	85.8	333.1	86.9
Growth rate, t/t-1 (%)		7.4	10.1	-9.7	30.3	-15.9
E	1994	103.6	90.9	97.4	143.8	94.0
Growth rate, t/t-1 (%)		9.6	7.2	-3.8	48.1	-12.3
F	1994	114.6	91.4	121.4	94.3	105.9
Growth rate, t/t-1 (%)		6.8	4.3	3.6	8.6	-3.0
IRL	1994	107.0	107.7	103.6	132.1	96.8
Growth rate, t/t-1 (%)		14.1	24.8	-6.9	8.5	-18.4
I	1994	103.3	102.0	94.7	165.9	91.6
Growth rate, t/t-1 (%)		6.5	6.4	-1.6	37.9	-7.6
NL	1994	116.3	115.1	100.3	141.7	86.2
Growth rate, t/t-1 (%)		14.2	-0.2	-0.4	27.1	-12.8
P	1994	104.7	188.1	105.3	127.1	100.5
Growth rate, t/t-1 (%)		0.1	-1.8	2.7	20.4	2.7
UK	1994	112.5	88.0	88.5	138.4	78.6
Growth rate, t/t-1 (%)		10.1	7.3	1.5	9.6	-7.9

SOURCE: eurostat

BELGIQUE/BELGIË, LUXEMBOURG



DANMARK

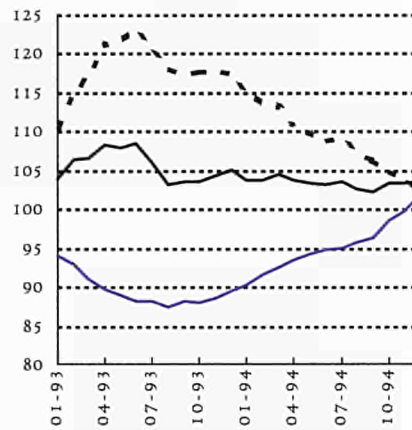
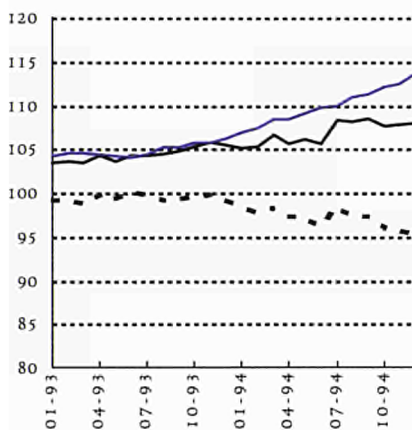


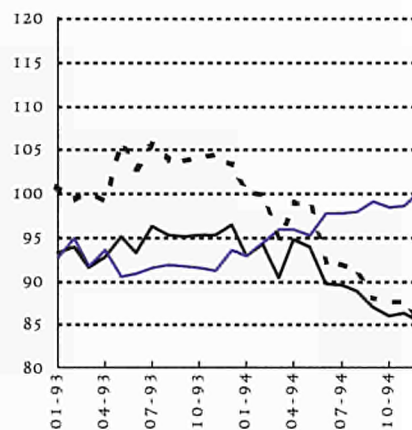
FIGURE 4.2.7

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

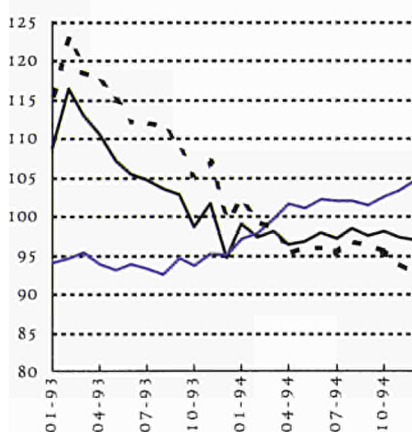
B.R. DEUTSCHLAND



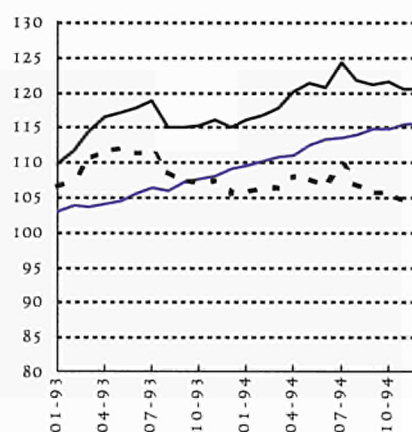
HELLAS



ESPAÑA



FRANCE



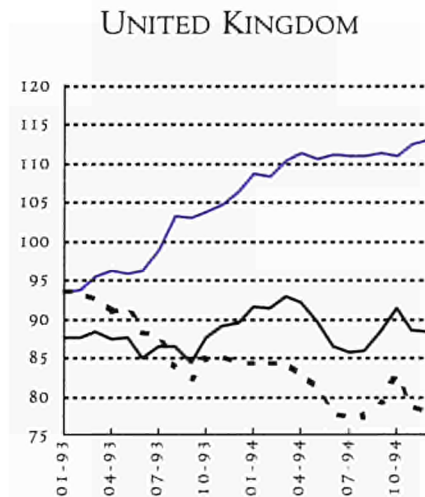
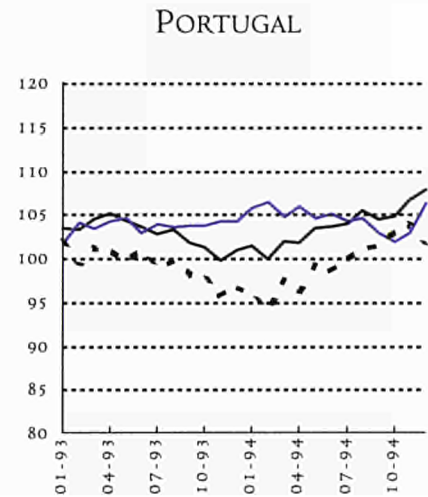
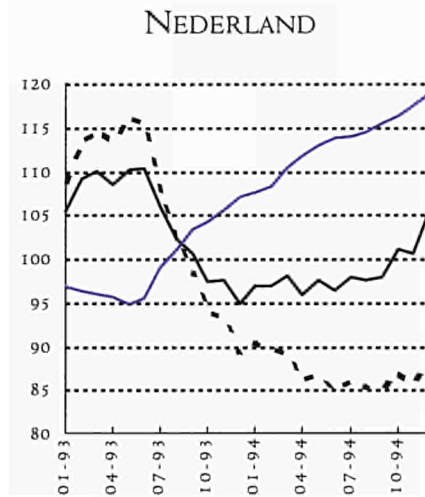
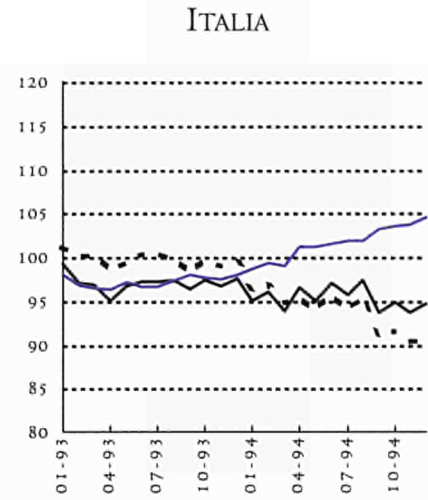
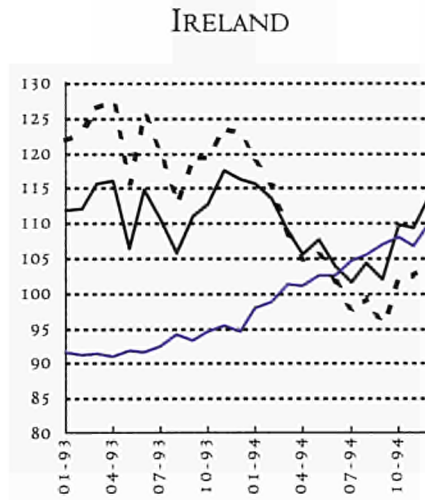
— Export value  
— Import value  
- - - Terms of trade

SOURCE:  eurostat



**FIGURE 4.2.7**

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



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

SOURCE:  eurostat

**S**MEs have been for several years the object of much political attention, both at national level and at Community level. Such enterprises are considered essential for the growth of employment and the improvement of the competitiveness of industries.

During the last decade, a growth in the share of small enterprises (less than 250 employees) has been noted in the employment in the industrial countries. This results partly from the restructuring of manufacturing industry towards smaller units, and with growing use of subcontracting and service suppliers. But it seems there is also a specific dynamism of small or very small units. In fact, each year, more than a million of enterprises are created in the EU. Unfortunately, few survive; in times of crisis the natural growth is close to zero or even negative; in periods of expansion, on the contrary, an increase in the population of enterprises is noted.

Economic information on the SMEs and especially on the smallest of them (less than 20 employees) is numerous but fragmented. There exists in the EU Member States many studies on one or other category of enterprises but it is difficult to have a complete and harmonised view on the total population of the Community enterprises.

This population is indeed very difficult to define from a statistical point of view: It is estimated that the 15 states of the EU have more than 16 million enterprises employing more than 100 million persons (non agricultural market sectors). 93% of these enterprises have less than 10 employees. More than 10% of these very small enterprises undergo each year a "demographic event": creation, cessation, change of owner, change of address, change of activity ...

Under these conditions, it is difficult to understand properly these enterprises and to draw up reliable statistics of their number, their employment and their production. A few years ago, very small enterprises were made the object of periodic estimates because their economic weight was judged not very important. Today, this is no longer the case and statistical programmes are in preparation in the EU countries to cover better the total population of enterprises. These projects should really bear their fruits in the next two years.

However, for several years, Eurostat has been carrying out a series of estimates on the population of EU enterprises. All the sources available are compiled so as to provide political decision makers with some essential data. These figures are published every two years in "Enterprises in Europe". The next issue will come out at the beginning of 96. The figures already available have been analysed and made the object of three articles included hereafter. These articles cover new data for EUR-15 (overall data, broken down by size and sectors of economic activity) and shed light on topics currently at the heart of the debate on the role of the SMEs in economic growth.

One article takes stock of the data currently available on the demography of enterprises in certain European states. It is the first time that such detailed data have been published, it still suffers from methodological problems but is extremely interesting for the tendencies it shows: little net clear creations of enterprises over the period under consideration (beginning of the nineties), very low survival rates increasing with the initial size, once created only a very small number of companies will really grow in employment.

Another article analyses how the economic crisis of the beginning of the 90's affected the companies and in particular their size. Partial data is also used here, but it shows clearly that there was a better resistance of small enterprises in the manufacturing sectors and the construction industry but a tendency to increasing concentration in the service sectors, especially financial services and distributive trades.

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IN BRIEF....

- ★ IN EIGHT EUROPEAN COUNTRIES DURING THE YEAR 1992, APPROXIMATELY ONE MILLION FIRMS WERE STARTED-UP AND ONE MILLION WERE CLOSED-DOWN
- ★ MOST OF THE NEWLY CREATED ENTERPRISES EMPLOY FEWER THAN FIVE PERSONS
- ★ 80% OF THE FIRM CREATIONS APPEAR IN THE SERVICE SECTORS
- ★ THE HIGHER THE INITIAL FIRM SIZE, THE HIGHER THE SURVIVAL CHANCES FOR NEW FIRMS

The enterprise population is undergoing important changes. In 1992 nearly a million new firms were registered throughout Denmark, Germany, France, the Netherlands, Austria, Finland, Sweden and the United Kingdom. However, in that year roughly the same amount of firms closed down in these countries. Some newly created businesses were forced to stop their activities after only a short time while others continued successfully for many years. This paper examines both the structure of newly registered businesses and their chances of survival in relation to both their main economic activity and their number of employees at the time of creation.

The main conclusion to be drawn is that most newly created businesses start with a very small staff, employing fewer than five persons. New firms in manufacturing are generally slightly larger than those in construction or services. Approximately 80% of all new creations are in the service sectors, half of which are in trade and hotel-restaurant (Horeca). The chances of survival for new firms appear to depend on initial firm size. The survival rates of firms run solely by the entrepreneur are significantly lower than the survival rates of firms with at least one employee. Generally the greater the initial size the greater the chances of survival in the following years.

Data for this study were provided by EU Member States in the framework of the demographic part of Eurostat's SME project (see also data sources and methodology at the end). Available data only allow for comment on eight Member States and some selected indicators.

When using data on the creation, closure and size structure of firms it is necessary to read cautiously because the definitions of creation and closure are not fully harmonised from country to country. Data on firm creations in Denmark and Sweden exclude take-overs, changes in the legal form and other administrative events which may cause movements in the underlying register but which do not represent "real" creations from the statistical point of view. On the other hand, data for Germany, France, the Netherlands, Austria, Finland and the United Kingdom do not take into account the differences between "real" and purely administrative creations. Therefore direct comparisons of figures both for creation and closure rates and for total amounts should be avoided.

However, despite methodological differences, some similar structures and tendencies can clearly be seen and, if carefully interpreted, they may lead to further insights into the dynamics of the firm population.

ENTERPRISE  
DEMOGRAPHY

IN THIS  
SECTION:

Enterprise creations	64
Initial firm size	65
Enterprise growth	66
Survival chances	67
Sectoral survival rates	68

Approximately 80% of new enterprises are found in the service sectors. In 1992 nearly a million businesses started economic activities in the countries reviewed with start-up rates (ie the number of start-ups divided by the existing business stock) ranging from 5.4% in Sweden to 19.3% in Germany (Table 5.1.1). In the early nineties the gap between enterprise creations and closures narrowed and in several countries the balance was actually negative. In Germany and the Netherlands the amount of new businesses registered exceeded the amount of existing firms which ceased their activities. Meanwhile in France, Austria, Finland, Sweden and the United Kingdom closures outstripped start-ups. In 1992 the net creation rate varied from +4.6% in Germany to -14% in Finland.

Roughly 80% of entrepreneurs started up their businesses in the service sectors and half of these selected wholesaling, retailing or hotel and catering. Another huge part of start-ups in services was in business services. New firms in manufacturing and construction accounted for approximately 10% of all firm creations. The sectoral structure of newly created firms closely resembled the structure of enterprises already in existence (Table 5.1.2).

*Some definitions (see last page of this chapter for differences between countries):*

*Gross creation rate = the number of business creations divided by the existing stock of firms.*

*Net creation rate = the difference between business creations and closures divided by the existing stock.*

TABLE 5.1.1

FIRM CREATIONS  
AND CLOSURES  
AND  
NET CREATION  
RATES  
1992

	N° of creations	N° of closures	Gross creation rate (%)	Net creation rate (%)
DK	16,758	N/A	6.0	N/A
D	416,900	318,000	19.3	4.60
F	274,541	306,005	11.7	-1.30
NL	24,000	16,300	6.4	2.10
A	658	787	4.9	-1.00
FIN	18,565	46,725	9.2	-14.00
S	18,364	18,700	5.4	-0.01
UK	183,452	223,765	12.5	-2.70

D: only West-Germany.

NL: only creations with less than 10 employees.

A: only industry and construction; firms with 0-19 employees only partially covered.

SOURCE:  eurostat

TABLE 5.1.2

SECTORAL  
BREAKDOWN  
OF START-UPS  
AND EXISTING  
FIRMS  
(%)

	DK 1992		D 1994*		F 1994		NL 1992		FIN 1992		S 1993		UK 1994	
	exist	new	exist	new	exist	new	exist	new	exist	new	exist	new	exist	new
Manuf. industry	14	9	N/A	N/A	12	9	12	9	13	12	10	8	10	8
Construction	14	7	N/A	N/A	14	13	10	9	13	12	13	10	15	11
Trade	32	32	28	35	28	32	37	35	29	37	29	30	29	24
Horeca	7	6	49	56	9	11	10	7					8	10
Other services	32	46			37	35	30	40	45	38	49	52	38	47
All	100	100	100	100	100	100	100	100	100	100	100	100	100	100

D 1994\* creations in industry = 1%, in the "Handwerk" = 8%.

The sectoral breakdown used in this table, in combination with the definition of the "Handwerk" in Germany, does not allow to sum-up to 100%.

NB: sectoral aggregates are shown in blue.

SOURCE:  eurostat



Approximately 80 to 90% of newly created businesses start with a maximum of one salaried person (Table 5.2.1).

In France 73% of start-ups are run solely by the owner, employing no salaried staff. Equivalent figures elsewhere are 60% for Finland, 36% for Sweden, 90% for Denmark, and 67% for the Netherlands. New Austrian firms employing fewer than 20 persons are only partially covered in the survey and therefore comparisons with other countries should be made with caution.

However, 36% of new firms there have fewer than five employees.

Only 8% of new Swedish firms employ three or more persons, while in Finland 8% employ at least five persons, and just 2% of new firms in France employ more than five persons. New firms in industry often employ at least three to five people, while this is rare in the service sectors. Other than the purely economic factors, this might be partly due to the fact that firms in the extractive and manufacturing industries are more likely to be subject to take-overs. Therefore, with the exceptions of Denmark and Sweden, the creation statistics may be inflated by a certain amount of relatively already large "new" firms.



Initial number of employees

		0	1	2	3	4	5	6-9	10-19	20-99	100+
DK	Industry	87	6			3		3		2	
	Construction	81	10			5		3		1	
	Trade	91	6			2		0		0	
	Horeca	68	18			7		5		2	
	Other services	93	5			1		1		0	
	All sectors	93	7			3		1		1	
F	Industry	60			31			4	4	2	0
	Construction	70			25			2	2	1	0
	Trade	73			24			2	1	0	0
	Horeca	69			29			2	1	0	0
	Other services	79			19			1	1	0	0
	All sectors	73			24			2	1	1	0
NL (creations with 1-9 employees)	Industry	60	21	8			11		N/A	N/A	N/A
	Construction	74	14	7			5		N/A	N/A	N/A
	Trade	63	24	8			5		N/A	N/A	N/A
	Horeca	45	30	19			6		N/A	N/A	N/A
	Other services	74	16	7			3		N/A	N/A	N/A
	All sectors	67	20	8			5		N/A	N/A	N/A
A*	Industry	13		12				9	16	44	6
	Construction	26		19				18	16	21	0
	All sectors	20		16				14	16	32	3
FIN	Industry	52			30			7	5	5	2
	Construction	60			32			5	2	1	0
	Trade/ Horeca	59			33			5	2	1	0
	Other services	64			30			4	1	1	0
	All sectors	60			31			5	2	1	0
S	Industry	31	43	13				13			
	Construction	24	49	14				13			
	Trade/ Horeca	37	41	14				8			
	Other services	38	46	9				7			
	All sectors	36	45	11				8			

\*A: firms with 0-19 employees only partially covered.

NB: very detailed breakdowns are not available in all countries.

TABLE 5.2.1

NEWLY  
CREATED FIRMS  
BY INITIAL SIZE  
1992  
(%)

SOURCE:  eurostat





**O**n average the number of employees in new firms does not grow significantly during the first five years.

No significant difference is apparent in the average employment size of a group of new firms observed one, three and five years after creation (Table 5.3.1). Firms may be slightly larger or smaller after a couple of years but on average they do not grow consequently. For example, Finnish firms start up with an average of 8.6 persons and five years later the size is barely changed at 8.5 persons. In the Netherlands new businesses in horeca start with 2.5 persons and after five years employ 2.8 persons. New construction firms in Austria start with 16.7 persons and increase to 20.7 persons after five years. Although only providing a snapshot of a few countries, these figures may lead to the conclusion that strong employment growth cannot be taken for granted as the general evolution within the group of new firms.

It may be the case that strong employment growth takes place in a small subgroup of extremely dynamic businesses but still their impact does not change the general trend.

More evidence of this may be found by comparing firm size at the time of starting up a business with the time of closing down. To this end the size of firms newly registered in 1992 has been compared to the size of firms which closed down in the same year (and which, therefore, for the most part were created several years earlier). On the whole the size of firms at the time of cessation of activities was barely larger than the average size of firms at the beginning of activities (Table 5.3.2). In 1992 new enterprises in the Netherlands employed an average of 1.7 persons while in the same year the average size of firms at closure was 1.6 persons. Respective figures for Finland were 3.8 persons and 2 persons, and for France 1.2 and 2. However, differences in firm size at both observation points were small, showing that on the whole new firms kept quite close to their initial size.

**TABLE 5.3.1**

AVERAGE  
EMPLOYMENT OF  
NEW FIRMS  
(NUMBER  
OF PERSONS)

Creation year		Average number of persons ... years after creation		
		1	3	5
DK* - 1990	All sectors	0.3	1.3	N/A
A* - 1986	Manufacturing industry	6.3	6.5	6.6
	Construction	16.7	18.5	20.7
NL - 1985	Industry	2.6	2.9	3.7
	Construction	3.1	3.2	3.5
	Trade	2.3	2.8	3.1
	Horeca	2.5	2.5	2.8
	Business services	1.9	2.5	3.0
FIN* - 1988	All sectors	8.6	7.8	8.5

\*DK: average number of employees.

\*A and FIN: calculated on the base of given survival rate and a fictitious cohort of 10,000 new enterprises.

SOURCE: eurostat

**TABLE 5.3.2**

AVERAGE  
EMPLOYMENT IN  
CREATED AND  
CLOSED FIRMS  
1992

	Industry		Construction		Trade/Horeca		Other services		All sectors	
	opening	closing	opening	closing	opening	closing	opening	closing	opening	closing
D	5.2	N/A	3.6	N/A	3.2	N/A	3.3	N/A	3.5	N/A
NL	1.9	1.9	1.6	1.9	1.8	1.6	1.5	1.5	1.7	1.6
F	2.9	5.3	1.3	2.0	1.0	1.4	0.8	1.6	1.2	2.0
A	35.4	21.6	12.2	9.0	N/A	N/A	N/A	N/A	23.2	15.8
FIN	11.3	3.7	2.7	2.1	2.7	2.3	2.9	1.3	3.8	2.0
S	2.5	N/A	2.1	N/A	2.4	N/A	2.2	N/A	2.3	N/A

D, F, S: average number of employees.

NL, A, FIN: average number of persons employed.

SOURCE: eurostat

Survival chances of new businesses: initial firm size is a crucial factor in surviving the first year. Table 5.4.1 shows that the chances of a size-class 0 firm (a firm run solely by the owner) surviving in subsequent years are far lower than those of a firm with at least one employee. For example, in France 80% of new firms created with no salaried staff are still alive after one year, compared to 92% of firms with one or two employees, and the survival rate increases to 95% for firms which started out with 20 or more employees. Newly created businesses in Finland and Austria show a very similar evolution: after one year 75% of Finnish firms run solely by the owner are still alive but the percentage rises to 85% for firms with one to four employees (Austria - 81% and 92%). In Sweden differences between the survival rates of

firms with and without salaried staff can also be found, but they are less obvious.

The disparity between survival rates of firms started up without any salaried staff and survival rates for firms with salaried staff from the outset can still be seen after a few years of economic operation, even though they are less evident.

When considering the high survival rates of new firms created with larger staffs of 10 or more persons, it is important to remember that, with the exception of Sweden, creation figures may include take-overs and re-structurings.

Because it is very likely that the survival chances of existing and taken-over firms are significantly higher than those of completely new firms, survival rates of larger firms should be interpreted with caution.



Creation year	Survival	Survival rates of new firms created with ... employees										
		0	1	2	3	4	5	6-9	10-19	20-99	100+	All
F 1987	after 1 year	80	92		94		95	95	95	95		84
	after 3 years	58	73		76		78	77	83		63	
	after 5 years	45	57		60		65	62	72		49	
A 1988	after 1 year	81		92			95	95	98	96	94	
	after 3 years	72		83			85	85	93	93	87	
	after 5 years	67		74			80	78	88	87	82	
FIN 1988	after 1 year	75		85			91	91	90	92	81	
	after 3 years	51		66			69	67	64	77	59	
	after 4 years	36		56			58	57	52	69	47	
S 1988	after 1 year	N/A	N/A	N/A			N/A				N/A	
	after 3 years	71	75	76			68				66	
	after 5 years	59	65	62			54				59	

TABLE 5.4.1

SURVIVAL RATES  
OF NEW  
BUSINESSES  
BY INITIAL  
SIZE-CLASS  
(%)

SOURCE:  eurostat



New firms in industry enjoy the highest chances of survival. Averages for all sectors show that approximately 80% of new firms still exist after the first year but after three years only about 65% are still alive, followed by only 50% after 5 years.

A new business in manufacturing or extractive industry is more likely to succeed than one in other sectors. For example, one, three and five years after their creation new French enterprises in industry show survival rates roughly three points higher than the average over all sectors. A similar picture can be observed in all the countries reviewed except the

United Kingdom where survival rates for new industrial firms are always one point below the average. New firms in industry generally start with a larger staff (Table 5.5.1) and two factors may explain their higher survival rates:

One, a creation in this area requires more preparatory work and higher initial capital. Therefore the chances of survival are probably greater. Two, as mentioned above, only data for Denmark and Sweden exclude take-overs and re-structurings and these may happen more often in industry and consequently inflate survival rates.

**TABLE 5.5.1**

SURVIVAL RATES  
OF NEW  
BUSINESSES  
BY ECONOMIC  
SECTOR  
(%)

Creation year	Survival	Industry	Construction	Trade	Horeca	Business services	All
DK 1985	after 1 year	N/A	N/A	N/A		N/A	N/A
	after 3 years	N/A	N/A	N/A		N/A	N/A
	after 5 years	48	50	37		49	45
F 1987	after 1 year	87	87	79	84	86	84
	after 3 years	67	64	56	58	67	63
	after 5 years	52	48	42	42	52	49
NL 1985	after 1 year	84	90	79	85	82	82
	after 3 years	68	83	62	75	62	67
	after 5 years	65	75	54	68	60	60
A 1986	after 1 year	96	90	N/A	N/A	N/A	94
	after 3 years	91	77	N/A	N/A	N/A	87
	after 5 years	87	71	N/A	N/A	N/A	82
FIN 1987	after 1 year	80	79	75		84*	79
	after 3 years	71	70	64		74*	69
	after 5 years	53	51	45		56*	51
S 1988	after 1 year	N/A	N/A	N/A		N/A	N/A
	after 3 years	66	70	59		70*	66
	after 5 years	61	59	49		64*	59
UK 1986	after 1 year	87	89	88*			88
	after 3 years	61	67	61*			62
	after 5 years	47	52	47*			48

\*FIN: whole banking and finance sector.

\*S: rest of services.

\*UK: all services.

SOURCE: eurostat



## DATA SOURCES

This analysis is based on data from Denmark, Germany, France, the Netherlands, Austria, Finland, Sweden and the United Kingdom. All data were provided by the National Statistical Institutes except in the case of Germany where data came from the Institut für Mittelstandsforschung.

The data are compiled by Eurostat's project on Small and Medium Enterprises (SMEs). The database of the SME project contains information on the number of enterprises, their employment, turnover, value added and labour costs, broken down by employment size-classes and detailed sectors of economic activity.

The project on enterprise demography is a sub-project of the SME project. It compiles data on the number of enterprise creations and closures and the corresponding employment along with data on business survival rates, broken down by employment size-classes and sectors of economic activity. Also, data are collected on the movements of enterprises between, and within, the employment size-classes.

## DEFINITIONS

Definitions still differ from country to country. The following summarises briefly how the countries reviewed arrive at their figures for creations.

### Definition of an enterprise creation

#### Denmark

Start-up of a firm in the legal form of personal ownership, excluding continuation, restarts and bankruptcies and changes in the method of registration.

#### Germany

Creation figures refer to firm registrations in the trading register; they partially exclude take-overs.

#### France

Creation figures are derived from the monthly register of firm movements; they exclude registrations of economically non-active units but include activations and resumptions of dormant units.

#### Netherlands

Start-up of an active economic unit which does not represent the continuation of a unit already in existence. Most cases of take-overs and changes of ownership or legal status are recognised as continuations and therefore not counted as creations.

#### Austria

Number of creations is arrived at by comparing two consecutive annual surveys.

#### Finland

Creations refer to administrative openings.

#### Sweden

Creation figures refer to enterprises involved in a completely new activity, an activity which has recommenced after a closure of at least two years or an activity carried out by someone who formerly worked as an employee for that same activity.

#### United Kingdom

Creation figures refer to administrative registrations.

**Creation rate in year t:** the number of new firms created during year t expressed as a percentage of the stock of firms at the beginning of year t.

**Net creation rate in year t:** the difference between creations and closures during year t, divided by the stock of firms at the beginning of year t.

**Survival rate after x years:** the percentage of firms created in year t and still alive after x years in the total amount of firms created in year t.

## THE BROAD ECONOMIC SECTORS

**Industry:** energy and water, extraction of non-energy-producing minerals, chemicals and manufacturing.

**Construction:** building and civil engineering.

**Trade:** wholesale and retail distribution as well as agents.

**Horeca:** hotels and catering.

**Other services:** transport and communications services, repairs, banking and finance, business services, other market services.

## SIGNS AND ABBREVIATIONS

EUR 12: Community of the 12

EU: European Union

DK: Denmark

D: Germany

F: France

NL: The Netherlands

A: Austria

FIN: Finland

S: Sweden

UK: The United Kingdom

N/A: data not available

%: percentage

250+: 250 or more employees





IN BRIEF....

- ★ IN 1992, THERE WERE APPROXIMATELY 16 MILLION ENTERPRISES IN THE 15 COUNTRIES OF THE EUROPEAN UNION
- ★ THE ENTERPRISES IN THE NON-AGRICULTURAL MARKET SECTORS EMPLOYED 101 MILLION PERSONS
- ★ ONE THIRD OF TOTAL EMPLOYMENT WORKS IN VERY SMALL ENTERPRISES (LESS THAN 10 EMPLOYEES)
- ★ HALF OF ALL EUROPEAN ENTERPRISES HAVE NO EMPLOYEES; THESE ENTERPRISES CONTRIBUTE 7% OF TOTAL SALES IN THE EU
- ★ MOST SMALL FIRMS ARE IN DISTRIBUTION AND IN THE SERVICE SECTORS

The 15 EU countries have a strong productive environment: 16 million enterprises are found in all economic activities (agriculture not included). Half of these enterprises are a "one-man business": self employed people and sole proprietors in manufacturing or distributive trades. The other half are constituted of mainly very small enterprises: 7 million units employ from 1 to 9 persons, and 1 million units employ from 10 to 49 persons. In comparison, medium enterprises (from 50 to 249 employees) and larger ones (more than 250 employees) are much less numerous, respectively 150,000 and 30,000 units, but they have a considerable economic weight: they count 45 to 50% of total employment and sales of non-agricultural market sectors.

However, the economic sectors of SMEs varies greatly according to the activity sector. In banking and insurance industries, less than 20% of jobs are to be found in SMEs, less than 30% in the chemical industry and less than 40% in the manufacturing of machinery (transport means, electrical and electronic machinery, mechanical engineering). On the other hand, more than 80% of jobs are to be found in SMEs in the construction industry and in hotels and restaurants, and more than 75% in the retail trade sector.

These figures are calculated for the year 1992 in the frame of the Eurostat SME project (see sources and methods at the end of this paper). They probably are still valid for the present enterprise population. Indeed, since then, European enterprises had to face a severe economic slowdown and a late upturn which did not permit the enterprise population to grow significantly (see paper on enterprise demography in this issue).

# ENTERPRISES IN EUROPE 1992

IN THIS  
SECTION:

Key figures	72
Size	
structure	73
Class zero	74
Sectoral	
structure	75
Sources and methodology	77





The data collected as part of the SME project show that, in 1992, there were some 16 million enterprises in the non-agricultural market sectors of the European Union of Fifteen. These firms employ 101 million persons out of a total population of 367 million, 163 million of whom are economically active. The average firm employs six persons. They recorded a total turnover of ECU 11,636 billion; by way of comparison, the GDP of the European Union was ECU 5,837 billion.

The Mediterranean countries Italy, Spain and Greece have a relatively large number of firms for the sizes of their economies.

The accession of three new Member States brought a further 700,000 enterprises, or 4.6% of the total, some 6 million employees (5% of the total) and a turnover of ECU 738 billion (6%).

TABLE 6.I.1

KEY FIGURES  
OF ENTERPRISES  
IN EUROPE  
1992

EUROSTAT  
ESTIMATIONS  
BY COUNTRY

SOURCE:  eurostat

	Enterprises (1,000)	Employment (Million)	Turnover (Billion ECU)
EUR 15	15,777	101.20	11,636.20
B	396	2.95	377.58
DK	163	1.41	172.96
D	2,420	24.13	2,865.19
GR	1,038	1.95	N/A
E	2,166	10.37	N/A
F	1,956	14.40	1,753.88
IRL	81	0.54	N/A
I	3,243	13.49	1,695.45
L	15	0.16	20.46
NL	395	4.27	475.01
A	188	2.16	232.90
P	626	2.95	151.38
FIN	199	1.15	137.19
S	341	2.24	368.25
UK	2,549	18.85	2,189.59

**A**lmost 32 million people work in very small firms (of fewer than ten employees). Very small firms account for over 92% of the population of enterprises. Their economic weight is highly significant: over 32% of employees and over 25% of total turnover. There are also almost a million small firms of 10-49 employees each, which employ just under 19 million persons, or 19% of the total.

Medium enterprises (50-249 employees) employ 15 million persons and contribute 19% of total turnover.

There are scarcely more than 30,000 large firms (of 250 or more employees) in the European Union, but their weight is crucial to both employment and turnover (34% of total employees and 35% of total turnover).



	Enterprises		Employment		Turnover	
	(1,000)	%	(Million)	%	(Billion ECU)	%
Enterprises without	7,845	49.72	9.40	9.32	835	7.18
Very small (1-9 employees)	6,782	42.99	23.36	23.13	2,131	18.32
Small (10-49)	971	6.16	18.99	18.80	2,367	20.36
Medium (50-249)	146	0.93	15.06	14.92	2,230	19.17
Large (250+)	31	0.20	34.17	33.83	4,070	34.98
All	15,777	100.00	101.02	100.00	11,636	100.00

**TABLE 6.2.1**

BREAKDOWN OF  
EUROPEAN  
ENTERPRISES  
BY EMPLOYMENT  
SIZE-CLASS  
EUR 15  
1992

SOURCE:  eurostat



Half the firms have no employees. There are approximately eight million firms without employees in the non-agricultural market sectors of the European Union of 15. These occupy some nine million persons, or 9% of the total, and contribute a turnover of ECU 835 billion, or 7% of the total.

Most firms without employees are to be found in the distributive trades, services and building and civil engineering, where they are of considerable economic importance (over 10% of employment). In industry they contribute only 3% of employment, however.

Firms without employees build a class which requires careful analysis.

Sole proprietorships and family firms without employees are known as size-class zero (enterprises without employees). Their large number and instability makes it difficult to collect information on them. Since they do not supply administrative data on salaried employment, they do not appear in the statistics compiled by social-security organisations, which are an important information source.

In some countries such as France, firms whose turnover is below a certain threshold, including many without employees, are excluded from statistics. In other countries, size-class zero consists of firms with less than one full-time employee. These data-collection problems usually result in an underestimate of such firms, as probably happens in Germany, Austria, France and Luxembourg. The figures appear to be overestimated in Belgium and Spain, on the other hand.

It is therefore not clear whether the disparate distributions of these firms from one Member State to the next are due to methodology or to economic structure.

Since this size class hugely inflates the number of firms in a given country, it is preferable to consider them separately in comparative analyses of countries or sectors of activity, which minimises the effects of methodological discrepancies.

TABLE 6.3.1

BREAKDOWN OF  
ENTERPRISES  
WITHOUT  
EMPLOYEES BY  
ECONOMIC  
SECTOR  
EUR 15  
1992

SOURCE:  eurostat

	Enterprises		Employment		Turnover
	(1,000)	%	%	%	
Industry	911	43.33	3.33	2.33	
Construction	951	47.29	10.87	8.84	
Distribution-HORECA	2,893	45.53	13.15	7.63	
Transports, communications	430	52.68	8.01	N/A	
Banking and finance	1,399	58.15	11.69	N/A	
Other services	1,258	60.40	13.69	17.32	
All	7,845	49.72	9.32	7.17	



Most small firms are in the tertiary sector. The structure of firms differs widely from one sector to another. Large enterprises dominate in industry in terms of persons employed and turnover (50% of persons employed in industry work for enterprises with 250 employees or more, which account for over 62% of turnover in this sector).

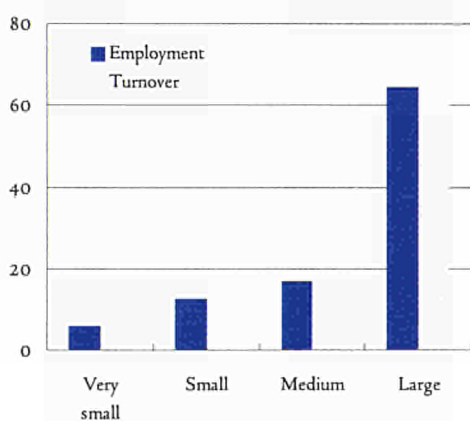
The distribution varies with the type of industry. Sectors such as mechanical engineering (mechanical or electrical machinery, office machinery, precision engineering) and the chemical industry are highly

concentrated, with 70-95% of staff working for firms of over 250 employees.

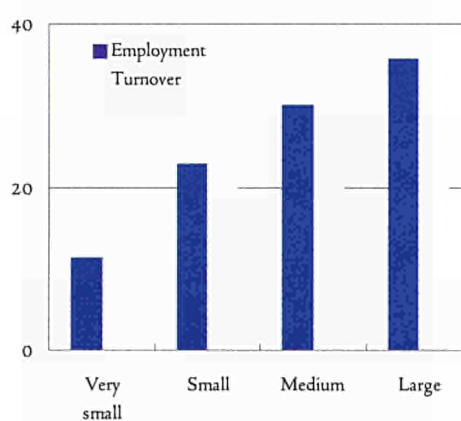
Small and medium-sized enterprises play an important role in less capital-intensive sectors such as the textile industry. Apparent productivity (turnover per employee) in the various size classes is almost identical. In capital-intensive sectors, on the other hand, large enterprises have a higher apparent productivity. In building and civil engineering, the weight of firms diminishes with size, while productivity increases fairly sharply with size.



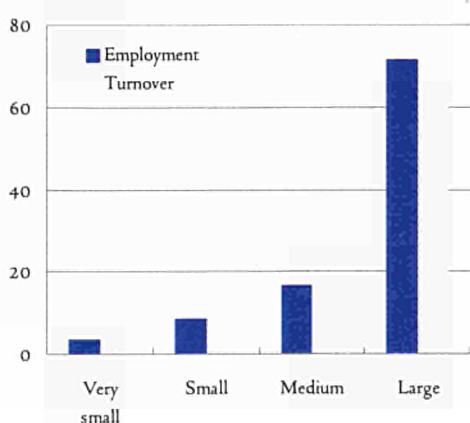
MECHANICAL ENGINEERING, VEHICLES...



TEXTILE INDUSTRY



CHEMICAL INDUSTRY



CONSTRUCTION

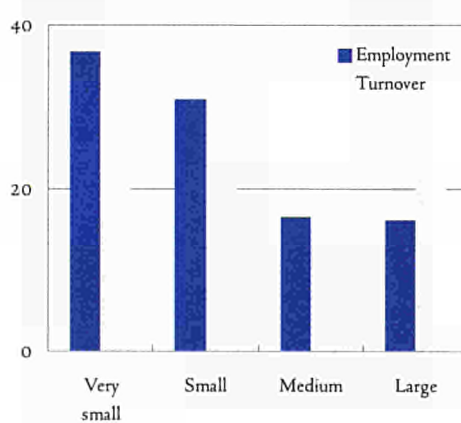


FIGURE 6.4.1

ENTERPRISES  
BY EMPLOYMENT  
SIZE-CLASS  
(WITHOUT  
SIZE-CLASS 0)  
EUR 15  
1992  
(%)

SOURCE:  eurostat

The tertiary sectors consist primarily of small firms. However, banking, insurance, transport (except urban and road transport) and communications are dominated by enterprises of 250 or more employees.

In retail distribution and business services (including ancillary financial services), both employ-

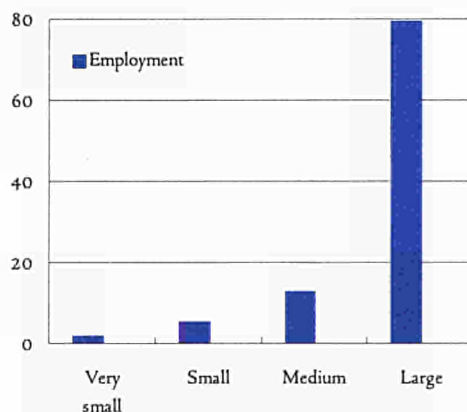
ment and turnover show a U-shaped distribution, with the smallest and largest firms dominating both variables.

In the hotels and catering sector the weight of firms diminishes rapidly with size. This sector has the largest number of very small firms.

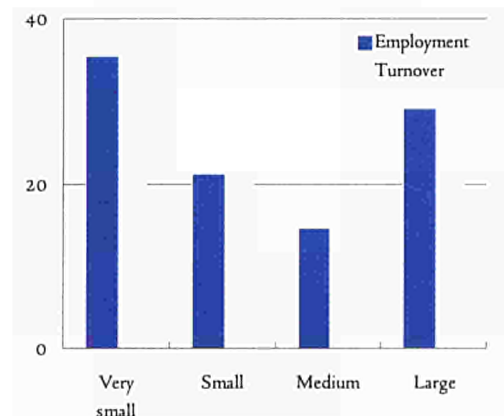
**FIGURE 6.4.2**

ENTERPRISES  
BY EMPLOYMENT  
SIZE-CLASS  
(WITHOUT  
SIZE-CLASS 0)  
EUR 15  
1992  
(%)

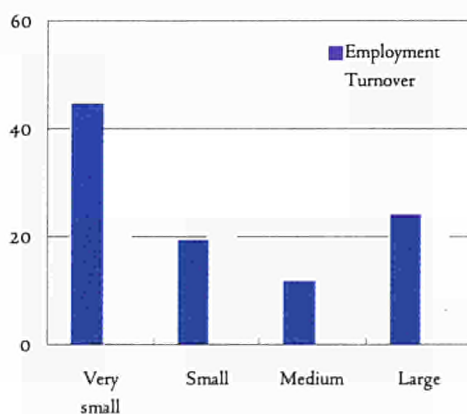
**BANKING, FINANCE AND INSURANCE**



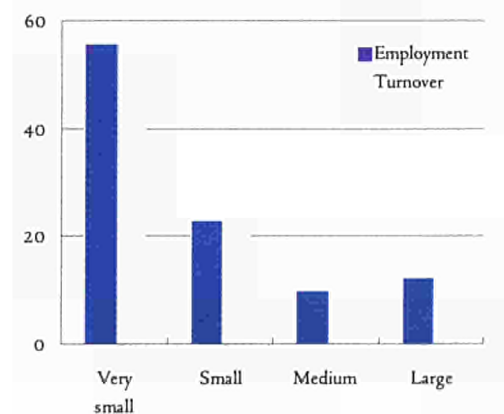
**BUSINESS SERVICES**



**RETAIL TRADE**



**HOTELS AND CATERING**



SOURCE:  eurostat

## SOURCES AND METHODOLOGY

The figures used in this document are Eurostat estimates based on data collected as part of the SME project on firms broken down by employment size classes for the 15 Member States of the European Union (the figures for Germany refer to the former Federal Republic).

These estimates are necessary in view of the heterogeneous nature of the statistics. For many countries, data on certain sectors and/or sizes of enterprise are missing. Some national statistical offices do not possess all the variables, and there are wide economic and institutional discrepancies between countries which give rise to disparity in the statutory organisation of enterprises. Data collection depends on such organisation.

The lack of harmonisation of the statistical concepts used by the Member States for data-collection purposes also makes it necessary to use estimates. A number of adjustments are made in order to arrive at a coherent set of statistics at European level.

The data used here concern non-agricultural market sectors, which exclude agriculture, fisheries, public administration, national defence, social-security services and domestic services.

The railways and communications sectors, which consist primarily of large government enterprises, are excluded from estimates of the turnover variable. Other sectors such as banking and insurance have also been excluded from the estimates, since the various Member States' definitions of turnover in these sectors are too disparate.

## ECONOMIC SECTORS

**Industry:** energy, water, extraction and processing of non-energy-producing minerals and derived products, chemical industry and manufacturing industry.

**Mechanical engineering, vehicles...:** mechanical, electrical and instrument engineering; vehicles.

**Construction:** building and civil engineering.

**Distributive trades and horeca:** wholesale and retail, hotels, restaurants, catering, repairs.

**Transport and communications:** railways, land transport, water and air transport, agents, communication.

**Banking and finance:** credit institutions, insurance.

**Other services:** education, medical services, recreation and culture, personal services.



## SIGNS AND ABBREVIATIONS

EUR 15: Community of the 15

B: Belgium

DK: Denmark

D: Germany

GR: Greece

E: Spain

F: France

IRL: Ireland

I: Italy

L: Luxembourg

NL: the Netherlands

A: Austria

P: Portugal

FIN: Finland

S: Sweden

UK: United Kingdom

ECU: European Currency Unit

GDP: Gross domestic product

SME: Small and medium enterprises

N/A: data not available





### IN BRIEF....

- ★ IN EUROPE THE RECESSIONAL TENDENCIES OF THE EARLY NINETIES AFFECTED SMALL AND LARGE ENTERPRISES IN DIFFERENT WAYS, BUT WITH CLEAR DIFFERENCES BETWEEN THE SECTORS
- ★ BIG INDUSTRIAL ENTERPRISES WERE MORE HIT BY EMPLOYMENT LOSSES THAN SMEs
- ★ IN THE CONSTRUCTION SECTOR ENTERPRISES OF ALL SIZE, SHOWED A TENDENCY TO DECREASING AVERAGE EMPLOYMENT
- ★ IN THE SERVICE SECTORS, AND PARTICULARLY IN BANKING AND FINANCE AS WELL AS IN RETAIL TRADE, BIG ENTERPRISES WERE THE MOST DYNAMIC

At the beginning of the 1990s the economies of the EU - along with those of other economic areas such as the United States, Canada and the South East Asian countries - faced a significant slowing-down after the expansion of the late eighties. This study examines how European enterprises of different size-classes changed in response. The main conclusion is that size-class effects can be seen, but within major sectoral changes.

Between 1991 and 92, enterprises in industry and construction were far more badly hit by economic stagnation, large enterprises being the most affected. Services sectors resisted, especially banking, finance and the retail trade, where large enterprises actually gained market share.

The data used in this study is enterprise structural data broken down by size-classes collected in the frame of Eurostat's project on SMEs (see sources and methodology on the last page). According to data availability, figures refer so far only to 10 European countries.

# SMEs IN THE RECESSION

### IN THIS SECTION:

Economic stagnation	80
Industry	81
Construction	82
Services	83
Methodology	86



**T**hroughout the EU GDP growth rates dropped from 3% in 1990 to 1.5% in 1991 (1985 prices). In 1992 many EU economies still experienced a growth of GDP, around 1%, but in 1993 the rate became negative for most member states.

**ENTERPRISES INVESTED LESS.**

There was a decline in gross capital formation in most economies, varying from -0.2% in Ireland to -8.2% in Denmark. The decrease in investment played a major role in the overall weakening of demand.

**UNEMPLOYMENT INCREASED.**

In 1991 many EU countries experienced employment stagnation. In 1991-92 employment in the EU

decreased by an average of 0.6%.

With low economic growth rates and an overall decrease in employment, the EU unemployment rate rose again from 8.7% in 1991 to 9.4% in 1992. This was after a period of relative stability, albeit of high unemployment, in the late eighties.

**DIFFERENCES BETWEEN COUNTRIES.**

Compared to the EU average, changes in GDP and employment in 1991-92 were more favourable in Denmark, France, Luxembourg, Austria and Norway. In Greece, Spain, Portugal and the United Kingdom one or both indicators were below average.

**TABLE 7.1.1**

CHANGES IN  
EMPLOYMENT IN  
EUROPEAN  
ENTERPRISES  
1991-92,  
(NUMBER OF  
EMPLOYEES)

	Industry		Construction		Services		All	
	absolute	%	absolute	%	absolute	%	absolute	%
D	-14,728	-3.3	-4,989	-3.5	12,304	2.0	-7,413	-1.6
GR	-9,308	-2.9	N/A	N/A	N/A	N/A	N/A	N/A
E	-54,770	-2.1	-158,204	-15.9	200,570	6.0	-12,404	-0.3
F	-160,551	-8.3	5,966	0.5	134,675	2.2	-19,910	-0.2
L	-450	-1.5	1,608	7.8	3,004	3.9	4,162	2.9
A	-23,785	-3.6	2,803	1.6	N/A	N/A	N/A	N/A
P	-42,659	-3.8	632	0.3	-29,168	-2.9	-71,195	-2.8
UK	-201,005	-4.1	N/A	N/A	N/A	N/A	N/A	N/A
N	-4,659	-1.4	-9 845	-8.5	1,468	0.3	-13,036	-1.5

SOURCE:  eurostat



In the countries under review 450,000 jobs were lost in 1991-92. In these years employment decreased significantly in the energy, water and manufacturing industries. Within the different industrial sectors, employment losses were above average in the mineral processing and chemical industry and in metal manufacturing. In the UK employment decreased by more than 200,000 persons and in France by more than 160,000.

**LARGE ENTERPRISES ACCOUNTED FOR MOST OF THE DECLINE IN EMPLOYMENT.**

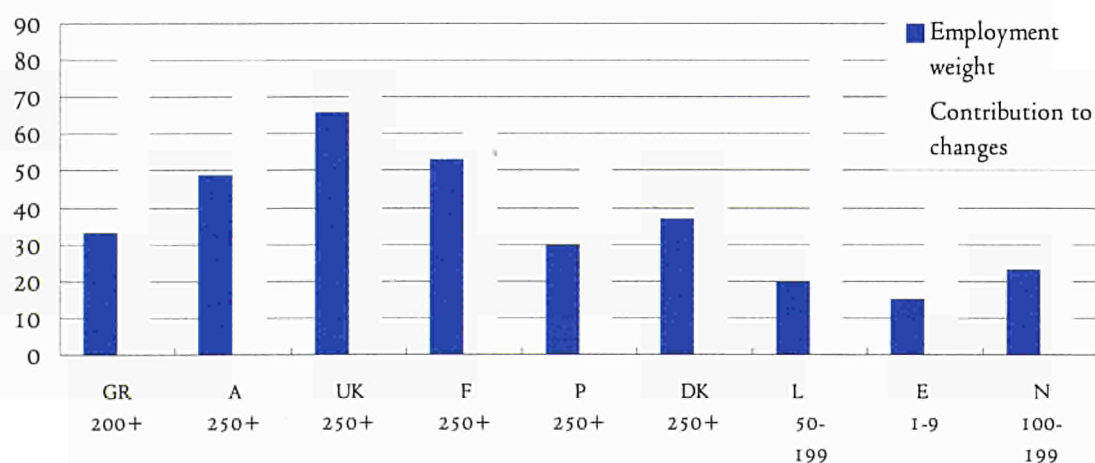
Large enterprises contributed more than their share to the decrease in employment. Changes in employment were observed by aggregated size-classes, ie very small enterprises (1-9 employees), small and medium enterprises (10-249 employees) and large enterprises (250 employees or more). In most of the countries examined the decrease in industrial employment was mainly due to large absolute job losses in large enterprises.

However, in European industry nearly 50% of employment is in large enterprises (they account for 2% of all enterprises in industry).

The significance of this change was evaluated by comparing the following:

- the extent to which job losses in large enterprises affected total employment changes in industry,
- the overall share in employment of large enterprises in industry.

Figure 7.2.1 shows that in most countries there was a gap between the contribution of the large enterprises to employment variations and their employment weight. For example, in 1992 in Austria large industrial enterprises represented 49% of total employment in industry while their employment losses accounted for 80% of the total employment changes of enterprises of all size-classes. Therefore large enterprises contributed disproportionately more to the decrease in industrial employment than their employment weight.



**FIGURE 7.2.1**  
INDUSTRY:  
SIZE-CLASSES  
MOST RESPONSIBLE FOR DECREASE  
IN EMPLOYMENT  
1991-92  
(%)

SOURCE:  eurostat



**L**arge enterprises hit harder by recession than SMEs. Unlike in industry, there was no clear reduction in employment in construction in 1992. However, the weakening of the economy appeared to hit large enterprises. There was a consistent decrease in employment in large enterprises in all the countries reviewed except in Austria (Table 7.3.1). Further to employment, value added and total sales also declined in medium and large enterprises.

On the other hand micro and small enterprises increased their value added in several countries.

A decrease in average employment per unit of production was also observed. In the countries reviewed, businesses in the construction sector showed, over all size-classes, a tendency to smaller average employment. Medium sized enterprises were the exception with a slight increase in average employment. It seems likely that during the recession there was a shift from large enterprises to medium sized ones (Table 7.3.2).

**TABLE 7.3.1**

CONSTRUCTION:  
CHANGE IN  
EMPLOYMENT  
1991-92  
(%)

	Very small (1-9)	Small (10-49)	Medium (50-249)	Large (250+)	Absolute change (N° of employees)
D	-5.4	-1.8	-0.1	-5.1	-4,989
F	1.3	4.5	-2.7	-3.4	5,966
L	5.3	12.7	9.3	-5.2	1,608
A	3.0	-1.4	2.0	4.0	2,803
P	-5.0	11.0	5.3	-11.3	632
N	-5.7	-12.3	-9.3	-8.4	-9,845

SOURCE: eurostat

**TABLE 7.3.2**

CONSTRUCTION:  
AVERAGE SIZE OF  
ENTERPRISES  
(NUMBER OF  
EMPLOYEES)

	A	L	D	E	P	F	N
1991	48	21	10	9	8	5	5
1992	48	20	11	7	7	5	4

SOURCE: eurostat

Services: still on a dynamic trend in 1992. Data for Denmark, Spain, France, Luxembourg, Portugal and Norway show the decline was less serious in the service sectors than in the other sectors.

Except in Portugal, where employment in services decreased by 2.9%, these countries recorded rises varying from 0.3% in Norway to 6% in Spain.

Services: the share of large enterprises increased. Unlike the industrial and construction sectors, the major increase in overall employment in services took place in medium and large enterprises. Indeed, 72% of the new jobs were found in enterprises with 50 persons or more, representing 42% of the total employment of the enterprises reviewed. This trend was particularly obvious in banking and finance services and retail trade.

The overall growth in employment in services was mainly sustained by enterprises in banking, finance and insurance. Only here did employment increase in all the countries (Figure 7.4.1).

BANKING, FINANCE AND INSURANCE SERVICES: LARGE ENTERPRISES ACCOUNTED FOR THE HIGHEST SHARE OF EMPLOYMENT GROWTH.

In 1991-92 approximately 240,000 jobs were created in banking and finance businesses in the countries reviewed. In Denmark and Norway employment actually increased despite a reduction in the number of firms in banking and finance in 1991-92.

As well as in employment, banking and finance businesses also increased their turnover which in turn was generally much higher than in the other services.

Almost half the new jobs were found in enterprises with more than 250 employees. These represent an employment weight varying from 20% in Portugal to 47% in France.

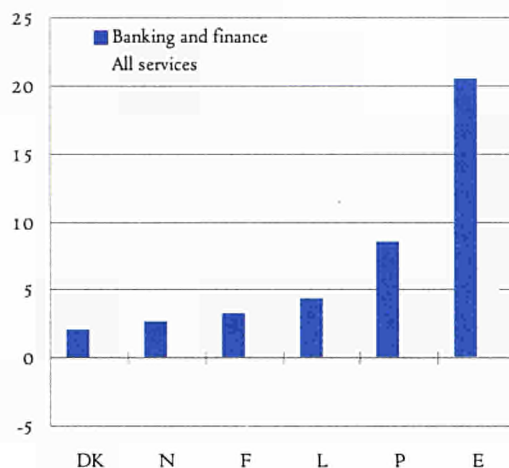


FIGURE 7.4.1

SERVICES:  
VARIATION OF  
EMPLOYMENT  
1991-92  
(%)

SOURCE: eurostat

In Portugal and Luxembourg the very small and small enterprises evolved more dynamically than the larger ones. Elsewhere large enterprises contributed more than proportionally to the increase in employment than their employment share.

However, it should be remembered that some growth in employment in the large enterprises may be explained by the expansion of some medium-sized enterprises above the upper employment boundary (Figure 7.4.2).

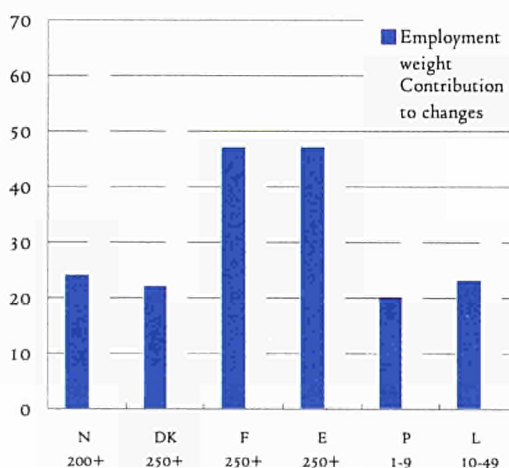


FIGURE 7.4.2

BANKING AND  
FINANCE:  
SIZE-CLASSES  
MOST RESPONSIBLE  
FOR INCREASE  
IN EMPLOYMENT  
1991-92  
(%)

SOURCE: eurostat





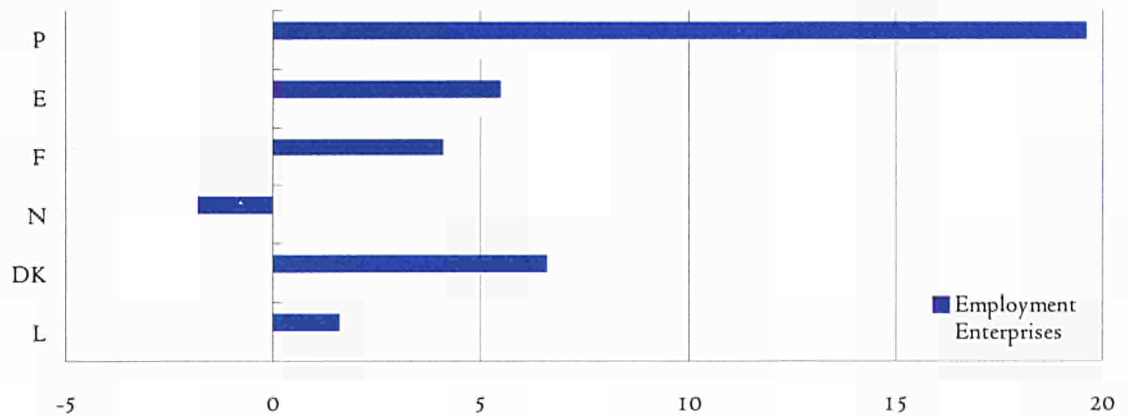
**D**istribution, HORECA, repairs: recession hit large enterprises less than small ones. Again, the recession had less effect on large enterprises. In 1992 employment in enterprises with 250 employees or more was higher than in 1991 in all the countries reviewed except Norway.

Furthermore, a higher stock of large businesses was recorded everywhere except in Luxembourg where the stock remained unchanged. This change may be due partly to increases in employment in medium-sized enterprises. In particular very small firms employing fewer than 10 persons reduced their staff.

**FIGURE 7.4.3**

**DISTRIBUTION,  
HORECA,  
REPAIRS:  
VARIATION OF  
LARGE  
ENTERPRISES  
1991-92  
(%)**

SOURCE: eurostat



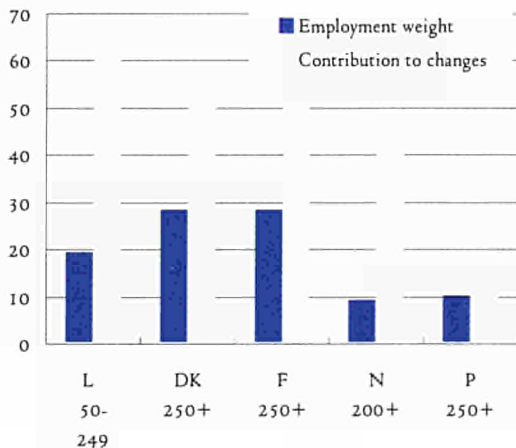
**R**etail trade: a shift to larger enterprises. Retail businesses were the most dynamic in terms of employment and turnover within the distributive trades. In 1990 European retail businesses accounted for 22% of the enterprise population, 13% of total employment and 15% of turnover.

Retail trade is an economic sector whose structure is closely linked to the country-specific economic, social and cultural conditions. For example, in the countries of Southern Europe there is a much higher density of retail businesses with a smaller average employment than in the northern countries.

**FIGURE 7.4.4**

**RETAIL TRADE:  
SIZE-CLASSES  
MOST RESPONSIBLE FOR INCREASE  
IN EMPLOYMENT  
1991-92  
(%)**

SOURCE: eurostat



As in banking and finance, large retail firms contributed more to the growth in employment than it would have been expected from their employment weight.

In 1992 more than 51,000 new jobs were created in large retail businesses in Denmark, France, Luxembourg, Portugal and Norway. Firms with 50 employees or more increased their size in all the countries reviewed but in most cases smaller enterprises suffered employment losses (Figure 7.4.4).

Contrasting employment changes in the different sizes of enterprise led to clear shifts in employment shares. Micro firms with fewer than 10 employees lost employment weights in all the countries reviewed, whereas large enterprises gained weight in all the countries (Table 7.4.1).

The evolution observed reflects the structural change currently taking place in European retail trade.

Increasing competition in the European single market, more complex business relations between retail firms and their suppliers and changing consumer attitudes are leading to new business forms in retail trade. At present this is characterised by a process of concentration and co-operation, with an increase in

franchising. This tendency is causing a decline in the number of independent enterprises, particularly in the countries of Northern Europe.

The figures for 1992 illustrate the trend towards concentration in the retail trade. Large enterprises in France accounted for 0.2% of the enterprise population and 33% of turnover (only enterprises with salaried employment were taken into account). Respective figures for Portugal were 0.1% of enterprises and 13% of turnover and for Denmark 0.2% of enterprises and 41% of turnover.

Small independent retail businesses must increasingly face the fact that they can only maintain their market share through greater co-operation.

	Very small (1-9)	Small (10-49)	Medium (50-249)	Large (250+)
N		10-99	100-200	200+
P				
L			50-199	200+
DK				
F				
Increasing employment weight				
Decreasing employment weight				

As for some countries not all size-classes were available, the most similar available aggregations have been used, as indicated in several cells.

TABLE 7.4.1

RETAIL TRADE:  
SHIFTS IN  
EMPLOYMENT  
WEIGHTS OF  
SIZE-CLASSES  
1991-92  
(NUMBER OF  
EMPLOYEES)

SOURCE:  eurostat



#### DATA SOURCES

The analysis is based on data for Denmark, Greece, Spain, France, Luxembourg, Austria, Portugal, the United Kingdom and Norway. However, for Greece only establishments with 10 or more persons are included while only industry is covered for Austria, Greece and the UK.

Data are compiled by Eurostat's project on Small and Medium Enterprises (SMEs). The SME database contains the number of enterprises, their employment, turnover, value added and labour costs broken down by employment size-classes and detailed sectors of activity.

Differences in those figures provided by the SME project and those of other sources, notably the National Accounts, are mainly due to:

- different sectoral coverage;
- different sources.

#### ECONOMIC SECTORS

**Industry:** enterprises in the energy and water, the extraction and processing of non-energy-producing minerals, chemical and manufacturing.

**Construction:** enterprises in building and civil engineering.

**Services:** all market services, ie distributive trades, hotels and catering (HORECA), transport and communication and banking and finance services.

#### SIGNS AND ABBREVIATIONS

EUR 12:

EU: European Union

DK: Denmark

GR: Greece

E: Spain

F: France

L: Luxembourg

A: Austria

P: Portugal

UK: The United Kingdom

N: Norway

N/A: data not available

%: percentage

250+: 250 or more employees





#### 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 Revision 1:

##### **Total industry**

C, D, E

##### **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 utilisation 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 GEIE, 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:**

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. They are based on the NACE 70 classification.

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











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